COMPANY UPDATE

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EV/Mobility Team

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Kumho Petrochemical (011780)

4Q preview: Impact of one-off factors

- We believe Kumho Petrochemical will post a 4Q operating profit of KRW45.2b, missing consensus by 18%. Deepening negative lag effects q-q, along with one-offs (*eg*, additional labor costs), likely weighed on its results.
- Its operating profit should rise 18% in 2026. In 2H26, investors will likely pay attention to how the company plans to use its treasury shares from 2027.
- In light of improving sentiment towards the chemical sector, we raise our target P/B and target price. Expecting profits to keep growing this year and given its shareholder-friendly policies, we maintain our BUY rating.

WHAT'S THE STORY?

4Q preview—one-offs to weigh on results: We believe Kumho Petrochemical will post a 4Q operating profit of KRW45.2b (down 46% q-q), missing consensus (KRW55b; FnGuide) by 18%. The miss likely stemmed from negative lag effects (falling butadiene prices) and one-time costs (*eg*, additional labor costs).

- At the synthetic rubber division, operating profit likely came in at KRW4.4b (operating margin down 4.2%pts q-q to 0.7%). The SBR spot and one-month lagging spread widened a respective 12% and 3% q-q. Falling feedstock prices likely had a negative inventory effect, and one-time costs such as year-end bonuses and additional labor costs likely cut into profitability.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	7,155	6,965	6,471	6,424
Operating profit (KRWb)	273	315	373	405
Net profit (adj) (KRWb)	349	333	462	465
EPS (adj) (KRW)	11,321	11,270	15,878	16,842
EPS (adj) growth (% y-y)	-18.4	-0.4	40.9	6.1
EBITDA margin (%)	7.7	8.4	9.8	10.2
ROE (%)	5.9	5.4	7.2	6.9
P/E (adj) (x)	8.0	10.7	8.7	8.2
P/B (x)	0.4	0.5	0.5	0.5
EV/EBITDA (x)	5.1	5.4	5.1	4.4
Dividend yield (%)	2.4	2.7	2.9	2.9

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW175,000	26.2%
Current price	KRW138,700	
Market cap	KRW3.6t/USD2.4b	
Shares (float)	26,031,742 (57.4%)	
52-week high/low	KRW138,700/KRW91,500	
Avg daily trading value (60-day)	KRW10.5b/ USD7.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kumho Petrochemical (%)	12.1	10.3	51.6
Vs Kospi (%pts)	-0.4	-25.3	-19.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	175,000	155,000	12.9%
2025E EPS	11,270	11,270	0.0%
2026E EPS	15,878	15,878	0.0%

SAMSUNG vs THE STREET

No of estimates	17
Target price	158,706
Recommendation	3.9

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

- The synthetic resin division likely logged an operating loss of KRW1.6b (operating margin down 2.2%pts q-q to -0.6%). ABS spot and 1-month lagging spreads rose 3% q-q and fell 1% q-q, respectively. Like the synthetic rubber division, the synthetic resin division probably had to deal with negative inventory effects and one-time costs.
- Phenol subsidiary Kumho P&B likely incurred an operating loss of KRW13.3b (operating margin up 0.4%pts q-q to -3.4%). Weak phenol/acetone spreads likely kept it in the red.
- Operating profit at Kumho Polychem likely improved q-q to KRW22.6b (operating margin up 0.3%pts q-q to 11.8%) thanks to solid demand in the market.
- The energy and 'others' divisions likely recorded a combined operating profit of KRW33.2b (operating margin down 3%pts q-q to 20.3%). Profit likely shrank due to a reduction in steam/electricity sales volume as a result of regular maintenance work at the synthetic rubber division, Kumho P&B, and the energy division.

View—profits to keep growing in 2026: Reflecting recent improvements in investor sentiment towards the chemical sector, we raise our target forward P/B multiple from 0.6x to 0.68x (0.75 standard deviations below its post-2013 average), which pushes our target price up 13% (from KRW155,000 to KRW175,000). While we expect its 4Q results to prove soft, a rebound should emerge in 1Q, with full-year 2026 operating profit set to grow 18% to KRW372.6b (for an operating margin of 5.8%). Additionally, given its dividend yield of 3% and ongoing treasury share cancellations (4-5% of shares outstanding *pa*), investors in 2H26 will likely start paying more attention to how the company plans to use its treasury shares from 2027. (Its 2024-2026 treasury share utilization plan is underway, with the firm cancelling the equivalent of 3% of outstanding shares *pa*.) Considering its strong fundamentals and shareholder-friendly policies, we maintain BUY.

Kumho Petrochemical: P/B valuation

(KRW)	Old	New	Details
Target P/B (x)	0.60	0.68	0.75 standard deviations below post-2013 average
12MF BPS	259,118	256,666	Revised down by 0.9%
Fair price per share	**154,859**	**173,314**	
Target price	**155,000**	**175,000**	**Revised up by 12.9%**
Current price		138,700	As of Jan 13 close
Upside (%)		26.2	
2026 implied P/E (x)	9.8	11.0	
2027 implied P/E (x)	9.2	10.4	

Source: Samsung Securities estimates

Kumho Petrochemical: Quarterly results

(KRWb)	4Q25E	3Q25	4Q24	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	1,639	1,644	1,807	1,649	-0.3	-9.3	-0.6
Operating profit	45	84	10	55	-46.4	353.4	-17.7
Pre-tax profit	52	128	70	92	-59.2	-25.1	-42.8
Net profit	44	107	61	73	-59.2	-28.9	-40.5
Attributable to parent	44	107	61	71	-59.2	-29.0	-38.3
Margins (%)							
Operating profit	2.8	5.1	0.6	3.3			
Pre-tax profit	3.2	7.8	3.9	5.5			
Net profit	2.7	6.5	3.4	4.4			
Attributable to parent	2.7	6.5	3.4	4.3			

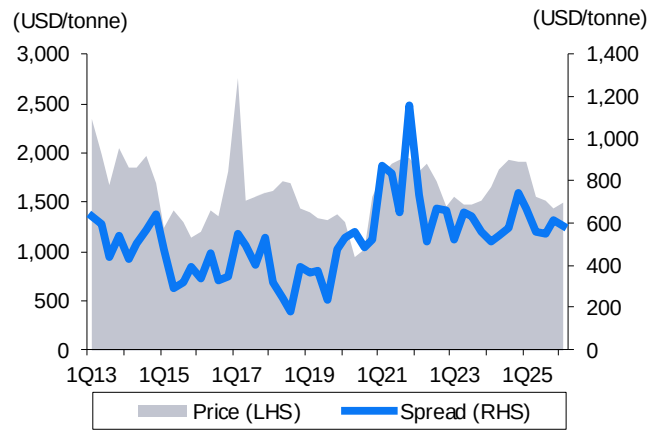
Source: Company data, FnGuide, Samsung Securities estimates

Kumho Petrochemical: Quarterly results, by division

(KRWb)	4Q25E	3Q25	4Q24	Chg (% q-q)	Chg (% y-y)
Sales	**1,639**	**1,644**	**1,807**	**-0.3**	**-9.3**
Synthetic rubber	629	632	759	-0.6	-17.1
Synthetic resin	266	273	316	-2.3	-15.7
Energy	391	379	386	3.1	1.3
Kumho P&B	191	175	166	8.8	14.8
Kumho Polychem	163	185	181	-11.8	-9.9
Operating income	**45**	**84**	**10**	**-46.4**	**353.4**
Synthetic rubber	4	31	18	-85.9	-76.1
Synthetic resin	-2	4	-10	To turn neg	To remain neg
Energy	-13	-14	-22	To remain neg	To remain neg
Kumho P&B	23	20	11	11.7	114.8
Kumho Polychem	33	43	13	-22.9	159.6
Pre-tax profit	52	128	70	-59.2	-25.1
Net income	**44**	**107**	**61**	**-59.2**	**-28.9**
Margins (%)					
Operating profit	2.8	5.1	0.6		
Synthetic rubber	0.7	4.9	2.4		
Synthetic resin	-0.6	1.6	-3.0		
Energy	-3.4	-3.8	-5.8		
Kumho P&B	11.8	11.5	6.3		
Kumho Polychem	20.3	23.3	7.1		
Pre-tax profit	3.2	7.8	3.9		
Net profit	2.7	6.5	3.4		

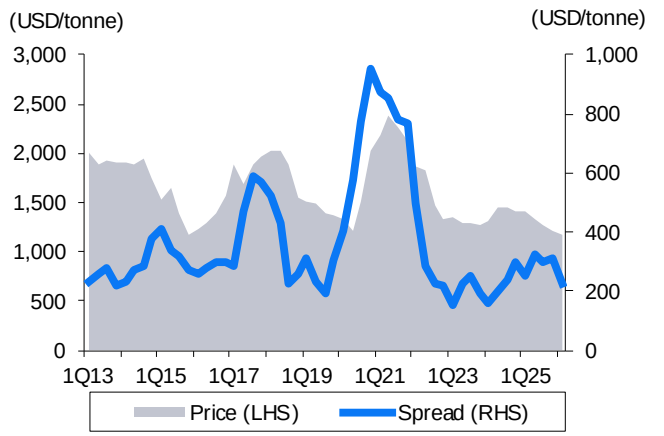
Source: Company data, Samsung Securities estimates

SBR prices vs SBR-SM/BD spread*



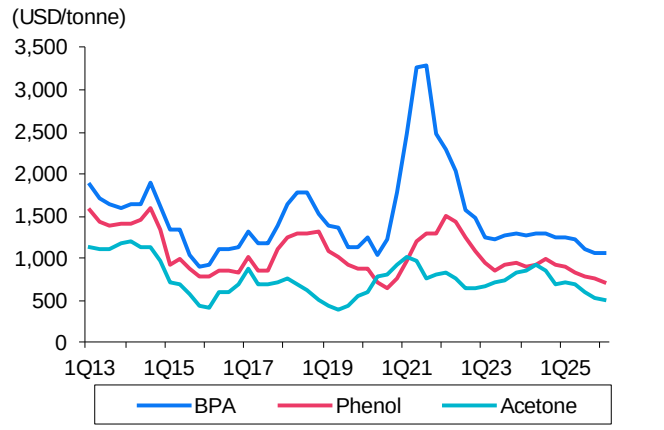
Source: Industry data, Samsung Securities

ABS prices vs ABS-AN/SM/BD spread*



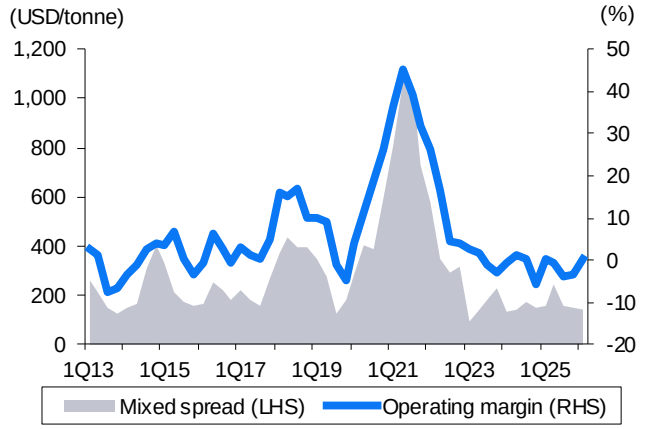
Source: Industry data, Samsung Securities

Prices of phenol and related products



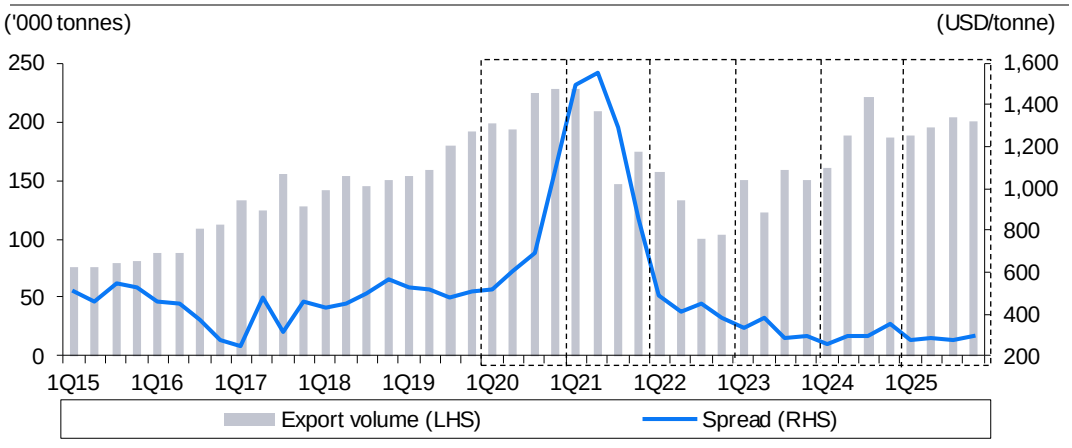
Source: Industry data, Cischem, Samsung Securities

Kumho P&B: Mixed spread and operating margin



Source: Company data, Samsung Securities

NB latex: Quarterly volume and spread



Source: KITA, TRASS, Platts, Samsung Securities

Kumho Petrochemical: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,449	1,430	1,390	1,350	1,315	1,365	1,422	1,371	1,315
Sales	**1,908**	**1,773**	**1,644**	**1,639**	**1,679**	**1,625**	**1,595**	**1,572**	**7,155**	**6,965**	**6,471**	**6,424**
Chg (% q-q)	5.6	-7.1	-7.3	-0.3	2.4	-3.2	-1.9	-1.4				
Chg (% y-y)	14.4	-4.3	-10.1	-9.3	-12.0	-8.3	-3.0	-4.1	13.2	-2.7	-7.1	-0.7
Synthetic rubber	757	675	632	629	624	607	593	576	2,795	2,692	2,400	2,325
Synthetic resin	336	298	273	266	264	255	249	244	1,283	1,173	1,013	981
Energy	432	433	379	391	387	375	366	358	1,635	1,634	1,486	1,439
Kumho P&B	188	181	175	191	206	206	206	206	668	735	823	922
Kumho Polychem	196	187	185	163	198	182	181	188	774	731	750	758
Operating profit	**121**	**65**	**84**	**45**	**95**	**103**	**93**	**82**	**273**	**315**	**373**	**405**
Chg (% q-q)	1,109.5	-45.9	29.4	-46.4	110.5	8.2	-10.1	-11.4				
Chg (% y-y)	53.4	-45.3	29.7	353.4	-21.1	57.8	9.6	81.3	-24.0	15.6	18.1	8.6
Synthetic rubber	46	9	31	4	33	33	25	25	101	90	116	118
Chg (% q-q)	150.0	-81.5	267.1	-85.9	648.0	1.1	-25.7	0.8				
Chg (% y-y)	83.3	-81.8	191.6	-76.1	-28.5	291.2	-20.8	466.2	4.1	-10.6	28.4	2.2
Synthetic resin	5	5	4	-2	3	4	-1	0	-18	13	6	18
Chg (% q-q)	Turned pos	1.9	-17.0	To turn neg	To turn pos	41.1	To turn neg	To turn pos				
Chg (% y-y)	Turned pos	341.7	Turned pos	To remain neg	-46.3	-25.7	To turn neg	To turn pos	Remained neg	To turn pos	-56.6	206.4
Energy	2	-2	-14	-13	1	5	5	0	-18	-28	11	15
Chg (% q-q)	Turned pos	Turned neg	Remained neg	To remain neg	To turn pos	246.9	10.4	To turn neg				
Chg (% y-y)	Turned pos	Turned neg	Turned neg	To remain neg	-27.3	To turn pos	To turn pos	To remain neg	Turned neg	To remain neg	To turn pos	35.0
Kumho P&B	24	15	20	23	24	26	28	24	70	82	102	123
Chg (% q-q)	127.6	-37.2	34.7	11.7	5.9	8.6	7.9	-14.7				
Chg (% y-y)	3.0	-33.0	44.3	114.8	0.0	73.0	38.7	5.9	-18.9	16.5	24.6	21.1
Kumho Polychem	44	39	43	33	34	35	36	33	138	159	138	131
Chg (% q-q)	195.4	-32.5	2.7	-62.4	86.7	8.6	16.1	-25.6				
Chg (% y-y)	49.6	20.3	-17.4	-22.9	-51.3	-21.7	-11.5	75.0	-38.1	9.2	-20.7	0.4
Pre-tax profit	157	68	128	52	130	152	139	141	408	406	562	547
Chg (% q-q)	-61.4	-57.1	90.1	-59.2	-68.0	17.5	-8.9	1.6				
Chg (% y-y)	30.7	-56.6	108.3	-25.1	-17.5	125.5	8.2	169.3	-16.0	-0.5	38.6	-2.7
Net profit	**125**	**58**	**107**	**44**	**107**	**125**	**114**	**116**	**349**	**333**	**462**	**465**
Chg (% q-q)	103.5	-53.8	85.2	-59.2	144.3	17.5	-8.9	1.6				
Chg (% y-y)	21.7	-56.1	101.2	-28.9	-14.7	116.7	6.7	165.6	-22.0	-4.4	38.6	0.8
Attrib. to parent company	125	58	107	44	106	125	114	116	349	333	461	465
Margins (%)												
Operating profit	6.3	3.7	5.1	2.8	5.7	6.3	5.8	5.2	3.8	4.5	5.8	6.3
Synthetic rubber	6.1	1.3	4.9	0.7	5.3	5.5	4.2	4.3	3.6	3.3	4.8	5.1
Synthetic resin	1.5	1.8	1.6	-0.6	1.1	1.5	-0.5	0.2	-1.4	1.1	0.6	1.8
Energy	0.4	-0.5	-3.8	-3.4	0.4	1.3	1.4	-0.1	-1.1	-1.7	0.7	1.0
Kumho P&B	12.7	8.3	11.5	11.8	11.6	12.6	13.6	11.6	10.5	11.1	12.4	13.4
Kumho Polychem	22.3	20.7	23.3	20.3	17.3	19.2	19.8	17.6	17.9	21.7	18.4	17.2
Pre-tax profit	8.2	3.8	7.8	3.2	7.7	9.4	8.7	9.0	5.7	5.8	8.7	8.5
Net profit	6.5	3.3	6.5	2.7	6.3	7.7	7.2	7.4	4.9	4.8	7.1	7.2

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**6,323**	**7,155**	**6,965**	**6,471**	**6,424**
Cost of goods sold	5,677	6,569	6,344	5,815	5,738
Gross profit	**646**	**586**	**621**	**656**	**686**
Gross margin (%)	10.2	8.2	8.9	10.1	10.7
SG&A expenses	287	313	305	283	281
Operating profit	**359**	**273**	**315**	**373**	**405**
Operating margin (%)	5.7	3.8	4.5	5.8	6.3
Non-operating gains (losses)	**126**	**135**	**90**	**189**	**142**
Financial profit	75	77	24	129	47
Financial costs	60	70	78	67	69
Equity-method gains (losses)	111	93	135	149	164
Other	1	33	9	-21	0
Pre-tax profit	**485**	**408**	**406**	**562**	**547**
Taxes	38	59	72	100	81
Effective tax rate (%)	7.8	14.5	17.9	17.9	14.9
Profit from continuing operations	447	349	333	462	465
Profit from discontinued operations	0	0	0	0	0
Net profit	**447**	**349**	**333**	**462**	**465**
Net margin (%)	7.1	4.9	4.8	7.1	7.2
Net profit (controlling interests)	447	349	333	461	465
Net profit (non-controlling interests)	0	-0	-0	0	0
EBITDA	610	548	583	633	658
EBITDA margin (%)	9.7	7.7	8.4	9.8	10.2
EPS (parent-based) (KRW)	13,880	11,321	11,270	15,878	16,842
EPS (consolidated) (KRW)	13,887	11,320	11,270	15,884	16,848
Adjusted EPS (KRW)*	13,880	11,321	11,270	15,878	16,842

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,571**	**2,711**	**2,735**	**3,039**	**3,345**
Cash & equivalents	452	429	680	1,129	1,449
Accounts receivable	742	869	784	728	723
Inventories	746	958	829	771	765
Other current assets	632	454	442	411	408
Fixed assets	**5,408**	**5,629**	**5,616**	**5,569**	**5,592**
Investment assets	1,139	1,213	1,186	1,116	1,110
Tangible assets	3,965	4,102	4,122	4,150	4,184
Intangible assets	37	38	31	26	21
Other long-term assets	268	277	277	277	277
Total assets	**7,980**	**8,340**	**8,352**	**8,608**	**8,936**
Current liabilities	**1,530**	**1,534**	**1,397**	**1,322**	**1,315**
Accounts payable	494	544	529	492	488
Short-term debt	346	346	346	346	346
Other current liabilities	690	645	522	485	481
Long-term liabilities	**616**	**764**	**756**	**736**	**735**
Bonds & long-term debt	295	428	428	428	428
Other long-term liabilities	321	336	328	309	307
Total liabilities	**2,146**	**2,298**	**2,153**	**2,059**	**2,050**
Owners of parent equity	**5,829**	**6,038**	**6,194**	**6,545**	**6,882**
Capital stock	167	167	167	167	167
Capital surplus	404	404	404	404	404
Retained earnings	5,392	5,571	5,847	6,226	6,589
Other	-133	-104	-224	-253	-279
Non-controlling interests' equity	**5**	**4**	**4**	**5**	**5**
Total equity	**5,834**	**6,042**	**6,199**	**6,549**	**6,886**
Net debt	-107	160	-190	-615	-933

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**631**	**322**	**635**	**585**	**539**
Net profit	447	349	333	462	465
Non-cash profit and expenses	195	251	143	131	73
Depreciation	244	267	260	254	249
Amortization	8	9	7	6	4
Other	-56	-24	-124	-129	-181
Changes in A/L from operating activities	101	-297	181	28	3
Cash flow from investments	**-592**	**-259**	**-272**	**-270**	**-287**
Change in tangible assets	-588	-435	-281	-282	-283
Change in financial assets	53	185	10	25	2
Other	-57	-10	-1	-14	-7
Cash flow from financing	**-153**	**-91**	**-166**	**-83**	**-102**
Change in debt	86	60	-109	-1	-0
Change in equity	0	-0	0	0	0
Dividends	-147	-77	-57	-82	-102
Other	-93	-73	0	0	0
Change in cash	-115	-23	250	450	320
Cash at beginning of year	567	452	429	680	1,129
Cash at end of year	452	429	680	1,129	1,449
Gross cash flow	**642**	**599**	**477**	**592**	**539**
Free cash flow	**41**	**-114**	**354**	**303**	**256**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-20.7	13.2	-2.7	-7.1	-0.7
Operating profit	-68.7	-24.0	15.6	18.1	8.6
Net profit	-56.2	-22.0	-4.4	38.6	0.8
Adjusted EPS**	-55.0	-18.4	-0.4	40.9	6.1
Per-share data (KRW)					
EPS (parent-based)	13,880	11,321	11,270	15,878	16,842
EPS (consolidated)	13,887	11,320	11,270	15,884	16,848
Adjusted EPS**	13,880	11,321	11,270	15,878	16,842
BVPS	221,466	232,363	242,376	256,082	273,859
DPS (common)	2,900	2,200	3,200	4,000	4,000
Valuations (x)					
P/E***	9.6	8.0	10.7	8.7	8.2
P/B***	0.6	0.4	0.5	0.5	0.5
EV/EBITDA	6.4	5.1	5.4	5.1	4.4
Ratios (%)					
ROE	7.8	5.9	5.4	7.2	6.9
ROA	5.7	4.3	4.0	5.4	5.3
ROIC	7.2	4.7	5.2	6.2	7.0
Payout ratio	15.1	14.5	21.6	19.5	19.4
Dividend yield (common)	2.2	2.4	2.7	2.9	2.9
Net debt to equity	-1.8	2.7	-3.1	-9.4	-13.5
Interest coverage (x)	11.8	8.2	9.7	12.2	13.3

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Compliance notice

- As of 1/13 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 1/13 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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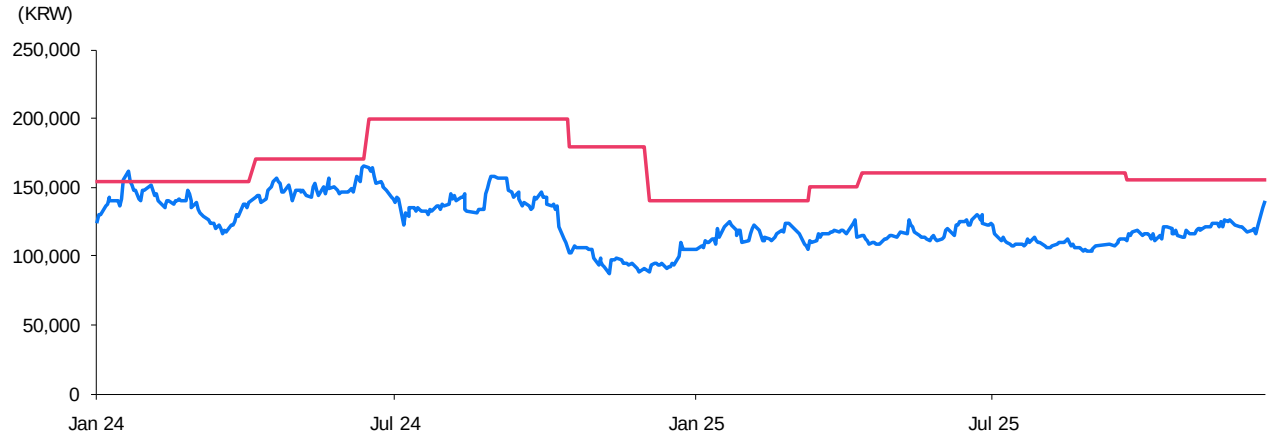
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/8/4	2024/1/29	5/7	7/15	11/14	2025/1/2	4/10	5/12	10/21	2026/1/14
Recommendation	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	144000	154000	170000	200000	180000	140000	150000	160000	155000	175000
Gap* (average)	-12.23	-11.30	-12.30	-30.01	-45.45	-20.78	-22.09	-29.07	-22.94	
(max or min)**	0.14	4.87	-2.82	-18.05	-40.33	-10.21	-15.67	-18.56	-10.52	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.12.31

BUY (85.8%)·HOLD (14.2%)·SELL (0%)

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