COMPANY UPDATE

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KCC Corporation (002380)

Investment asset value surges KRW1.5t in just 2 months

- We forecast KCC Corporation's 4Q operating profit to come in at KRW54.3b, down 54% q-q and missing consensus by 40% due to reduced silicon sales volume and one-off costs.
- The value of the company's investment holdings has jumped KRW1.5t in just two months—up from KRW4.9t in mid-November to KRW6.4 now. Even with our 75% NAV discount assumption, this should add approximately KRW0.4t to the company's enterprise value.
- Reflecting the hike in the investment asset value, we raise our target price (based on a SOTP valuation) for the stock by 5%. Expectations for treasury share cancellation and asset liquidation should rise further in line with the rising value of investment assets. The stock remains our sector top pick.

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AT A GLANCE

BUY

Target price	KRW580,000	32.3%
Current price	KRW438,500	
Market cap	KRW3.9t/USD2.7b	
Shares (float)	8,886,471 (47.1%)	
52-week high/low	KRW453,000/KRW231,500	
Avg daily trading value (60-day)	KRW11.0b/ USD7.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
KCC Corporation (%)	5.4	16.9	74.4
Vs Kospi (%pts)	-13.7	-23.5	-10.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	580,000	550,000	5.5%
2025E EPS	210,064	210,064	0.0%
2026E EPS	88,836	88,836	0.0%

SAMSUNG vs THE STREET

No of estimates	6
Target price	533,667
Recommendation	4.0

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

WHAT'S THE STORY?

4Q preview—To miss consensus: We forecast KCC Corporation's operating profit to come in at KRW54.3b (down 54% q-q and missing FnGuide consensus by 40% on decreased silicon sales volume and one-offs, such as labor costs). We estimate that operating profit: 1) at the silicon division hit KRW13.5b (down 37% q-q due to one-off costs and a hike in fixed cost burden resulting from falling commodity product sales volume)—nb, we, however, see the fall in the commodity product sales volume as one-off, expecting the shortfall to be deferred to 1Q26; 2) at the building materials division hit KRW13.1b (down 61% q-q due to reduced sales volume and one-off costs); 3) at the costings division hit KRW30b (down 47% q-q due to one-off costs; despite favorable operating conditions, especially in vessel-use segments). Meanwhile, revaluation gains on investment holdings—to be reflected in pre-tax profit—should hit KRW934b (up KRW435b q-q thanks to the continued strength in Samsung C&T's share price).

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	6,659	6,490	6,818	6,985
Operating profit	471	415	462	480
Net profit (adj) (KRWb)	293	1,867	789	247
EPS (adj) (KRW)	34,948	210,064	88,836	27,747
EPS (adj) growth (% y-y)	46.0	501.1	-57.7	-68.8
EBITDA margin (%)	13.7	13.8	14.1	14.1
ROE (%)	6.1	31.5	11.0	3.2
P/E (adj) (x)	6.7	2.0	4.9	15.8
P/B (x)	0.3	0.5	0.4	0.4
EV/EBITDA (x)	7.3	8.4	7.0	6.3
Dividend yield (%)	4.2	2.4	2.3	2.3

Source: Company data, Samsung Securities estimates

Investment asset value continues to rise: The company's financial assets--measured at fair value through profit or loss (FVTPL)--have risen from KRW4.9t in mid-November to KRW6.4t, up a staggering KRW1.5t in just two months driven by improving investor sentiment. Even with our 75% NAV discount assumption, this should add approximately KRW0.4t to the company's enterprise value.

View—Rising asset value to fuel shareholder value-hike expectations: Reflecting the increase in the value of its investment holdings, we raise our target price for the stock by 5% to KRW580,000. With the revised Commercial Act taking effect in 2026, the asset value momentum should strengthen further. Expectations for not only treasury share cancellation but also asset liquidation (backed by the hike in the value of investment assets) should grow. As asset liquidation (if any) would bring about narrowing of the NAV discount (currently 75%), we see that the stock holds significant upside. The stock remains our sector top pick.

KCC: SOTP valuation

(KRWb)	12MF EBITDA	Multiples (x)	EV	Details
Operating value (A)				
Silicone	374	8.9	3,319	Peers (Dow, Wacker, Shin-Etsu); **Revised up from 8.1x**
Building materials	157	5.7	900	Peers (LX Hausys, Nippon Sheet Glass, Saint Gobain, Owens Corning)
Coatings	242	9.3	2,253	Peers (Akzo Nobel, PPG Industries, Nippon Paint Holdings); **Revised down from 9.6x**
Others	95	8.0	755	Applying the average multiples to the silicone/building materials/coatings segment
Total	**868**	**8.3**	**7,228**	
Net Asset Value (B)			1,730	75%* discount on investment assets; **Revised up from KRW1.58t**
Net debt (C)			3,841	End 2025E
Fair market cap (E = A + B - C)			**5,116**	
Total shares outstanding ('000)			8,886	
Fair price (KRW)			575,737	
Target price (KRW)			**580,000**	**Revised up by 5% (from KRW550,000)**
Current price (KRW)			438,500	As of Jan 21 close
Upside (%)			32.3	
2026 implied P/E (x)			6.5	
2027 implied P/E (x)			20.9	
2026 implied P/B (x)			0.57	
2027 implied P/B (x)			0.55	

Note: * Applying a 75% NAV discount to the listed company's shares
Source: Bloomberg, Samsung Securities estimates

KCC: Status of financial assets measured at fair value through profit or loss (FVTPL)

(KRWb)	Ownership (%)	Acquisition cost	Fair value						
			End-2023	End-2024	End-1Q25	End-2Q25	End-3Q25	End-4Q25	Now*
Samsung C&T	10.01	1,081.1	2,405.8	2,043.0	1,989.0	2,746.2	3,140.9	4,075.0	5,087.4
HD Korea Shipbuilding & Offshore Engineering	3.91	173.0	334.6	630.9	556.2	1,012.8	1,137.3	1,126.3	1,185.8
Hyundai Mobis	0.001	0.0	0.2	0.2	0.2	0.3	0.3	0.3	0.4
HDC	1.79	5.6	7.4	12.7	15.9	25.1	18.6	20.0	17.9
HDC Hyundai Development Company	2.37	18.3	22.8	28.2	31.2	35.1	31.8	34.2	31.3
Hyundai Corporation	12.00	31.1	30.0	30.3	34.8	46.0	33.6	34.2	34.1
Hyundai Corporation Holdings	12.00	25.4	11.7	11.2	11.3	14.2	13.3	13.3	12.8
HL D&I	9.78	50.0	7.6	8.2	8.1	9.9	8.8	10.0	10.0
HL Holdings	4.59	27.2	15.5	15.5	14.9	17.5	16.7	19.0	19.8
Total		**1,411.7**	**2,835.6**	**2,780.4**	**2,661.8**	**3,907.1**	**4,401.4**	**5,332.3**	**6,399.5**

Note: * As of Jan 21 close
Source: Company data, Samsung Securities

KCC: 4Q25 forecast

(KRWb)	4Q25E	3Q25	4Q24	Consensus	Diff (%)		
					QoQ	YoY	Consensus
Sales	1,563	1,623	1,657	1,648	-3.7	-5.7	-5.2
Operating income	54	117	98	91	-53.7	-44.8	-40.3
Pre-tax income	886	479	-153	582	84.8	To turn pos	52.2
Net income	603	326	-84	564	84.8	To turn pos	7.0
Attributable to parent	603	326	-84	565	84.8	To turn pos	6.7
Margins (%)							
Operating income	3.5	7.2	5.9	5.5			
Pre-tax income	56.7	29.5	-9.3	35.3			
Net income	38.6	20.1	-5.1	34.2			
Attributable to parent	38.6	20.1	-5.1	34.3			

Source: Company data, FnGuide, Samsung Securities estimates

KCC: 4Q25 result and forecasts, by division

(KRWb)	4Q25E	3Q25	4Q24	Chg (% q-q)	Chg (% y-y)
Sales	**1,563**	**1,623**	**1,657**	**-3.7**	**-5.7**
Silicone	726	749	746	-3.1	-2.7
Building materials	236	247	277	-4.5	-14.8
Coatings	484	483	507	0.3	-4.5
Others	117	144	128	-18.5	-8.1
Operating income	**54**	**117**	**98**	**-53.7**	**-44.8**
Silicone	13	21	26	-37.1	-48.1
Building materials	13	33	35	-60.9	-62.5
Coatings	30	57	39	-47.3	-23.2
Others	-7	-0	-7	To remain neg	To remain neg
Consolidation adj.	5	6	5	-12.0	-1.2
Pre-tax income	886	479	-153	84.8	To turn pos
Net income	**603**	**326**	**-84**	**84.8**	**To turn pos**
Margins (%)					
Operating income	3.5	7.2	5.9		
Silicone	1.9	2.9	3.5		
Building materials	5.5	13.5	12.6		
Coatings	6.2	11.8	7.7		
Others	-6.2	-0.2	-5.2		
Pre-tax income	56.7	29.5	-9.3		
Net income	38.6	20.1	-5.1		

Source: Company data, Samsung Securities estimates

KCC: 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	**1,599**	**1,705**	**1,623**	**1,563**	**1,671**	**1,792**	**1,744**	**1,611**	**6,659**	**6,490**	**6,818**	**6,985**
Growth (% q-q)	-3.5	6.6	-4.8	-3.7	6.9	7.2	-2.7	-7.6				
Growth (% y-y)	0.7	-4.1	-0.7	-5.7	4.5	5.1	7.4	3.1	5.9	-2.5	5.0	2.5
Silicone	774	797	749	726	853	866	838	843	2,995	3,046	3,400	3,542
Building materials	232	252	247	236	229	246	259	283	1,097	967	1,017	1,107
Coatings	458	518	483	484	474	565	532	370	1,944	1,943	1,941	1,940
Others	135	138	144	117	115	115	115	115	623	535	460	395
Operating profit	**103**	**140**	**117**	**54**	**115**	**142**	**136**	**69**	**471**	**415**	**462**	**480**
Growth (% q-q)	5.2	35.7	-16.5	-53.7	110.9	24.1	-4.0	-49.4				
Growth (% y-y)	-3.2	-0.1	-6.4	-44.8	10.7	1.2	16.3	27.2	50.7	-11.8	11.3	3.8
Silicone	21	41	21	13	31	34	30	27	73	96	122	115
Growth (% q-q)	-20.5	98.5	-47.6	-37.1	128.4	11.7	-12.2	-11.5				
Growth (% y-y)	651.3	122.2	-17.3	-48.1	49.2	-16.0	40.8	98.3	Turned pos	32.1	26.5	-6.0
Building materials	24	32	33	13	26	34	38	19	174	102	116	129
Growth (% q-q)	-32.0	34.4	4.8	-60.9	96.1	31.1	11.9	-50.8				
Growth (% y-y)	-46.6	-40.3	-18.0	-62.5	8.1	5.4	12.5	41.6	-10.1	-41.1	13.0	11.3
Coatings	56	65	57	30	56	70	64	25	217	208	215	218
Growth (% q-q)	43.3	15.6	-11.9	-47.3	85.4	26.8	-9.5	-61.1				
Growth (% y-y)	2.4	-2.1	-0.1	-23.2	-0.6	9.0	12.0	-17.3	23.3	-4.3	3.4	1.7
Others	-4	-1	0	-7	-3	-1	0	-6	-12	-13	-10	-2
Growth (% q-q)	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg	To remain neg	To remain neg				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg	To remain neg	To remain neg	Turned neg	To remain neg	To remain neg	To remain neg
Consolidation adj.	8	4	6	5	5	5	5	5	20	22	20	20
Growth (% q-q)	49.2	-49.8	50.0	-12.0	0.0	0.0	0.0	0.0				
Growth (% y-y)	24.6	-6.5	17.7	-1.2	-33.8	32.0	-12.0	0.0	-11.5	10.1	-9.2	0.0
Pre-tax profit	75	1,267	479	886	824	122	115	52	470	2,707	1,113	348
Growth (% q-q)	-84.0	1,580.2	-62.2	84.8	-69.6	-85.2	-5.8	-54.6				
Growth (% y-y)	-88.1	11,449.0	Turned pos	To turn pos	992.8	-90.4	-76.0	-94.1	92.2	476.2	-58.9	-68.8
Net profit	**44**	**893**	**326**	**603**	**585**	**86**	**81**	**37**	**293**	**1,867**	**789**	**247**
Growth (% q-q)	Turned pos	1,927.9	-63.5	84.8	-3.1	-85.2	-5.8	-54.6				
Growth (% y-y)	-90.4	Turned pos	Turned pos	To turn pos	1,227.0	-90.3	-75.0	-93.9	217.1	536.5	-57.7	-68.8
Attributable to parent	44	893	326	603	585	86	81	37	311	1,867	789	247
Margins (%)												
Operating profit	6.5	8.2	7.2	3.5	6.9	7.9	7.8	4.3	7.1	6.4	6.8	6.9
Silicone	2.7	5.1	2.9	1.9	3.6	4.0	3.6	3.2	2.4	3.2	3.6	3.2
Building materials	10.2	12.7	13.5	5.5	11.2	13.7	14.5	6.5	15.8	10.6	11.4	11.6
Coatings	12.2	12.5	11.8	6.2	11.7	12.5	12.0	6.7	11.2	10.7	11.1	11.3
Others	-3.3	-0.7	-0.2	-6.2	-2.2	-1.2	-0.2	-5.2	-2.0	-2.4	-2.2	-0.4
Pre-tax profit	4.7	74.3	29.5	56.7	49.3	6.8	6.6	3.2	7.1	41.7	16.3	5.0
Net profit	2.8	52.4	20.1	38.6	35.0	4.8	4.7	2.3	4.4	28.8	11.6	3.5

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**6,288**	**6,659**	**6,490**	**6,818**	**6,985**
Cost of goods sold	4,960	5,028	4,957	5,175	5,299
Gross profit	**1,328**	**1,631**	**1,533**	**1,643**	**1,686**
Gross margin (%)	21.1	24.5	23.6	24.1	24.1
SG&A expenses	1,016	1,160	1,118	1,181	1,206
Operating profit	**313**	**471**	**415**	**462**	**480**
Operating margin (%)	5.0	7.1	6.4	6.8	6.9
Non-operating gains (losses)	**-68**	**-1**	**2,292**	**651**	**-132**
Financial profit	723	709	2,613	966	194
Financial costs	554	770	345	347	347
Equity-method gains (losses)	-200	72	10	10	10
Other	-37	-13	14	21	11
Pre-tax profit	**244**	**470**	**2,707**	**1,113**	**348**
Taxes	152	177	841	323	101
Effective tax rate (%)	62.2	37.6	31.1	29.1	29.1
Profit from continuing operations	93	293	1,867	789	247
Profit from discontinued operations	0	0	0	0	0
Net profit	**93**	**293**	**1,867**	**789**	**247**
Net margin (%)	1.5	4.4	28.8	11.6	3.5
Net profit (controlling interests)	213	311	1,867	789	247
Net profit (non-controlling interests)	-120	-17	0	0	0
EBITDA	756	913	898	962	987
EBITDA margin (%)	12.0	13.7	13.8	14.1	14.1
EPS (parent-based) (KRW)	23,931	34,948	210,064	88,836	27,747
EPS (consolidated) (KRW)	10,409	33,005	210,064	88,836	27,747
Adjusted EPS (KRW)*	23,931	34,948	210,064	88,836	27,747

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**4,178**	**3,994**	**4,444**	**5,592**	**6,182**
Cash & equivalents	1,045	501	1,398	2,393	2,905
Accounts receivable	1,040	1,213	1,098	1,153	1,181
Inventories	1,399	1,583	1,432	1,505	1,541
Other current assets	694	696	515	541	554
Fixed assets	**9,175**	**9,114**	**10,391**	**10,093**	**9,745**
Investment assets	3,440	3,114	4,263	4,280	4,289
Tangible assets	3,447	3,525	3,316	3,040	2,717
Intangible assets	1,282	1,407	1,364	1,326	1,292
Other long-term assets	1,007	1,068	1,448	1,448	1,448
Total assets	**13,353**	**13,109**	**14,834**	**15,686**	**15,928**
Current liabilities	**3,836**	**3,231**	**2,714**	**2,805**	**2,851**
Accounts payable	647	770	751	789	808
Short-term debt	1,217	910	910	910	910
Other current liabilities	1,972	1,550	1,053	1,106	1,133
Long-term liabilities	**4,069**	**4,838**	**5,316**	**5,360**	**5,383**
Bonds & long-term debt	3,010	3,807	4,307	4,307	4,307
Other long-term liabilities	1,059	1,031	1,009	1,053	1,076
Total liabilities	**7,906**	**8,069**	**8,030**	**8,165**	**8,234**
Owners of parent equity	**5,177**	**5,039**	**6,805**	**7,521**	**7,694**
Capital stock	48	48	48	48	48
Capital surplus	553	350	350	350	350
Retained earnings	4,902	5,166	6,959	7,675	7,848
Other	-326	-525	-552	-552	-552
Non-controlling interests' equity	**270**	**0**	**0**	**0**	**0**
Total equity	**5,448**	**5,039**	**6,805**	**7,521**	**7,694**
Net debt	4,081	4,537	3,841	2,841	2,326

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**788**	**597**	**66**	**672**	**873**
Net profit	93	293	1,867	789	247
Non-cash profit and expenses	760	783	-1,168	218	734
Depreciation	397	393	440	462	473
Amortization	47	48	43	38	34
Other	316	341	-1,651	-282	227
Changes in A/L from operating activities	87	-346	207	-13	-7
Cash flow from investments	**-355**	**282**	**-259**	**-8**	**57**
Change in tangible assets	-344	-251	-230	-186	-151
Change in financial assets	-31	21	178	-19	-10
Other	19	511	-207	197	218
Cash flow from financing	**-162**	**-1,454**	**-396**	**-407**	**-414**
Change in debt	390	-98	23	13	7
Change in equity	0	-203	0	0	0
Dividends	-59	-59	-74	-74	-74
Other	-493	-1,094	-345	-347	-347
Change in cash	268	-544	897	995	512
Cash at beginning of year	777	1,045	501	1,398	2,393
Cash at end of year	1,045	501	1,398	2,393	2,905
Gross cash flow	**852**	**1,076**	**699**	**1,008**	**981**
Free cash flow	**409**	**339**	**-204**	**446**	**683**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-7.2	5.9	-2.5	5.0	2.5
Operating profit	-33.2	50.7	-11.8	11.3	3.8
Net profit	222.7	217.1	536.5	-57.7	-68.8
Adjusted EPS**	528.0	46.0	501.1	-57.7	-68.8
Per-share data (KRW)					
EPS (parent-based)	23,931	34,948	210,064	88,836	27,747
EPS (consolidated)	10,409	33,005	210,064	88,836	27,747
Adjusted EPS**	23,931	34,948	210,064	88,836	27,747
BVPS	704,004	685,232	925,279	1,022,625	1,046,154
DPS (common)	8,000	10,000	10,000	10,000	10,000
Valuations (x)					
P/E***	9.5	6.7	2.0	4.9	15.8
P/B***	0.3	0.3	0.5	0.4	0.4
EV/EBITDA	8.4	7.3	8.4	7.0	6.3
Ratios (%)					
ROE	4.1	6.1	31.5	11.0	3.2
ROA	0.7	2.2	13.4	5.2	1.6
ROIC	1.8	4.5	4.5	5.4	5.9
Payout ratio	27.7	23.7	3.9	9.3	29.8
Dividend yield (common)	3.5	4.2	2.4	2.3	2.3
Net debt to equity	74.9	90.0	56.4	37.8	30.2
Interest coverage (x)	1.2	1.4	1.2	1.3	1.4

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

Source: Company data, Samsung Securities estimates

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- As of 1/21 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 1/21 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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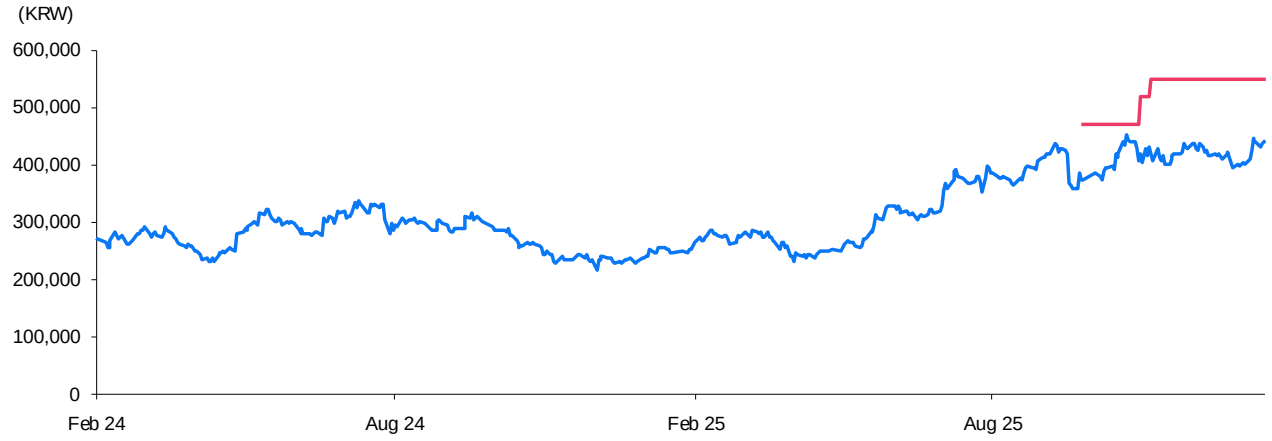
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/10/2	11/6	11/13	2026/1/22
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	470000	520000	550000	580000
Gap* (average)	-12.30	-19.40	-23.71	
(max or min)**	-3.62	-17.31	-18.82	

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

Samsung Securities uses the following investment ratings*

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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General

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