COMPANY UPDATE

2026. 1. 29

Scan to go to
Research Center report database

LG H&H (051900)

4Q review: Navigating in the dark

- LG Household & Health Care (LG H&H) posted 4Q sales of KRW1.47t and operating loss of KRW72.7b, falling far short of consensus and our estimates. Its net loss amounted to a whopping KRW251.2b.
- The poor results were ascribable to the costs related with workforce restructuring: 1) KRW50b at the cosmetics and household goods divisions and KRW10b at the beverage unit; and 2) KRW25b in long-term service award provision at the beverage business. Yet, even excluding these, the cosmetics segment's operating margin would have been -7%.
- The only source of hope now is the US sales of the company's own brands, which account for 4% of total sales. It, however, should be insufficient to offset the sales decline in key channels and regions for the time being.

WHAT'S THE STORY?

4Q review: LG Household & Health Care reported disappointing 4Q results, with sales down 8.5% y-y to KRW1.47t and operating loss of KRW72.7b—the first quarterly loss since the company began reporting such figures. The cosmetics division saw sales of KRW566.3b (down 19% y-y) and an operating loss of KRW81.4b for an operating margin of -14%. The household goods segment posted sales of KRW523b (up 4.7% y-y), an operating profit of KRW18.7b, and an operating margin of 3.6%. The beverage unit recorded sales of KRW383.5b (down 6.7% y-y), an operating loss of KRW9.9b, and a margin of -2.6%. The poor results were partly attributable to one-off costs related to workforce restructuring (KRW85b; booked all at once in 4Q) but mainly due to the firm's failure to adapt to changing consumer trends—a factor that makes this more than a temporary setback.

(Continued on the next page)

LG H&H 4Q2 5 review

(KRWb)	4Q25	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	1,472.7	1,580.0	-6.8	1,609.9	-8.5	1,517.0	-2.9	1,485.5	-0.9
Operating profit	-72.7	46.2	nm	43.4	nm	4.2	nm	1.6	nm
Pre-tax profit	-285.2	32.5	nm	-84.2	nm	-27.8	nm	-1.4	nm
Net profit	-251.7	18.2	nm	-85.6	nm	-23.7	nm	-1.0	nm
Margins (%)									
Operating profit	-4.9	2.9		2.7		0.3		0.1	
Pre-tax profit	-19.4	2.1		-5.2		-1.8		-0.1	
Net profit	-17.1	1.2		-5.3		-1.6		-0.1	

Source: Company data, Samsung Securities estimates

Global Equity

Kayoung Lee
Analyst
kayoung.l.lee@samsung.com

Hyerim Yu
Research Associate
hyerim0705.yu@samsung.com

AT A GLANCE

HOLD

Target price	KRW234,000	-14.9%
Current price	**KRW275,000**	
Market cap	KRW4.2t/USD3.0b	
Shares (float)	15,302,459 (61.1%)	
52-week high/low	KRW349,500/KRW258,000	
Avg daily trading value (60-day)	KRW18.4b/ USD12.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
LG H&H (%)	5.8	-15.8	-7.6
Vs Kospi (%pts)	-15.5	-47.7	-54.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	234,000	270,000	-13.3%
2025E EPS	-5,689	8,559	-166.5%
2026E EPS	1,234	8,304	-85.1%

SAMSUNG vs THE STREET

No of estimates	11
Target price	280,000
Recommendation	3.2

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

The company also incurred a net loss of KRW251.2b for a net margin of -17%, largely due to impairment losses (KRW186b) on intangible and tangible assets at overseas subsidiaries. Impairment losses came in at: 1) KRW75b at The Creme Shop (the US) due to poor performance; 2) KRW60b at Everlife (Japan) on rising interest rates; and 3) KRW15b at Chinese subsidiary as a result of weak sales.

Suffering negative growth across most channels & regions; pivot to US market challenging: LG H&H's cosmetics and beverage units suffered negative growth across most channels & regions and most categories, respectively. At the cosmetics unit, the company likely suffered a y-y decline of 41% in duty-free sales, 15% in Chinese online sales, 42% in Chinese offline sales, and 22% in domestic online and multi-brand store (MBS) sales. While its own brands achieved a 100% y-y sales growth in the US, the total figure hit just KRW64.8b (or 4% of total sales), with a significant portion of this including household goods. Beverage sales also declined y-y, with carbonated drinks likely down 3% (Coca-Cola down 1%) and non-carbonated drinks likely down 17%. Household goods sales, however, grew by 4.7% y-y thanks to the Dr. Groot brand.

Cutting target price by 13%: The company's new CEO, who took office three months ago, is actively exploring the acquisition of popular indie beauty brands as part of a strategic pivot. However, without concrete details or execution of these plans, the current business environment suggests insufficient momentum to drive significant growth in the near term. We cut our target price by 13% to KRW234,000 (based on a sum-of-the-parts valuation).

LG H&H: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E	2027E
Sales	**1,728.7**	**1,759.7**	**1,713.6**	**1,609.9**	**1,697.9**	**1,604.9**	**1,580.0**	**1,472.7**	**1,571.6**	**1,515.2**	**1,588.3**	**1,491.3**	**6,804.8**	**6,811.9**	**6,368.2**	**6,334.9**	**6,482.4**
Cosmetics	733.1	749.9	640.4	699.4	708.1	604.6	471.0	566.3	570.7	510.5	465.1	559.2	2,815.7	2,822.8	2,325.5	2,122.1	2,191.9
Duty-free	168.6	180.0	166.5	76.9	134.5	114.9	37.7	45.3	36.3	34.5	32.0	46.7	733.8	592.0	320.2	136.9	132.8
China local	168.6	165.0	115.3	237.8	155.8	145.1	108.3	192.5	135.1	132.0	103.2	179.1	599.5	686.7	576.1	571.9	593.2
China online	67.4	97.3	50.7	149.8	54.5	82.7	59.6	127.1	49.1	75.3	55.4	116.9	n/a	365.3	294.2	300.9	309.9
China dept. store	101.2	67.6	64.6	88.0	101.3	62.4	48.7	65.5	86.1	56.8	47.8	62.2	n/a	321.3	281.9	271.0	283.3
Domestic e-commerce/MBS	44.0	37.5	32.0	62.9	77.9	46.6	47.1	46.4	74.8	44.2	46.1	46.0	n/a	176.4	245.2	277.5	312.2
Other	351.9	367.5	326.6	321.7	339.9	298.1	277.9	282.0	324.5	299.7	283.8	287.4	n/a	1,367.7	1,184.0	1,135.9	1,153.7
Daily products	561.2	531.2	572.8	499.5	573.3	542.0	596.4	523.0	602.0	564.8	622.0	552.8	2,182.1	2,164.7	2,236.2	2,363.2	2,421.3
Beverage	434.4	478.6	500.4	411.0	416.4	458.3	512.5	383.5	398.9	440.0	501.2	379.3	1,807.0	1,824.4	1,806.4	1,849.6	1,869.1
Operating profit	**151.0**	**158.5**	**106.1**	**43.4**	**142.4**	**54.8**	**46.2**	**-72.7**	**23.5**	**39.2**	**74.0**	**27.0**	**487.0**	**459.0**	**245.0**	**246.4**	**313.6**
Cosmetics	66.3	75.9	12.9	11.0	58.9	-16.3	-58.8	-81.4	-48.5	-39.3	-23.3	-11.2	146.5	166.1	-65.0	-80.8	-26.5
Daily products	32.2	30.8	39.7	22.2	36.6	28.6	42.4	18.7	36.1	36.7	46.7	24.9	125.3	124.9	130.7	167.5	174.8
Beverage	52.5	51.8	53.5	10.2	46.9	42.5	62.6	-9.9	35.9	41.8	50.6	13.3	215.3	168.0	179.2	159.7	165.3
Net profit (Controlling)	**106.6**	**100.4**	**67.8**	**-85.6**	**98.2**	**35.1**	**18.2**	**-251.7**	**17.2**	**21.6**	**44.3**	**-61.8**	**142.8**	**189.1**	**150.6**	**144.5**	**181.7**
Growth (% y-y)																	
Sales	**2.7**	**-2.7**	**-1.9**	**2.7**	**-1.8**	**-8.8**	**-7.8**	**-8.5**	**-7.4**	**-5.6**	**0.5**	**1.3**	**-5.3**	**0.1**	**-6.5**	**-0.5**	**2.3**
Cosmetics	4.5	-3.9	-4.4	5.4	-3.4	-19.4	-26.5	-19.0	-19.4	-15.6	-1.3	-1.3	-12.3	0.3	-17.6	-8.7	3.3
Duty-free	-9.6	-25.6	-24.0	-10.8	-20.2	-36.2	-77.4	-41.1	-73.0	-70.0	-15.0	3.0	-28.1	-19.3	-45.9	-57.2	-3.0
China local	7.4	8.5	17.6	23.5	-7.6	-12.0	-6.0	-19.0	-13.3	-9.0	-4.8	-7.0	-22.8	14.5	-16.1	-0.7	3.7
China online	nm	nm	nm	nm	-19.2	-15.0	17.5	-15.2	-10.0	-9.0	-7.0	-8.0	nm	nm	-19.5	2.3	3.0
China dept. store	nm	nm	nm	nm	0.1	-7.8	-24.5	-25.6	-15.0	-9.0	-2.0	-5.0	nm	nm	-12.3	-3.9	4.5
Domestic e-commerce/MBS	nm	nm	nm	nm	77.1	24.2	47.1	-21.9	-4.0	-5.0	-2.2	-1.0	nm	nm	39.0	13.2	12.5
Other	-1.7	-4.9	-7.5	-16.4	-3.4	-18.9	-14.9	-13.3	-4.5	0.6	2.1	1.9	nm	nm	-13.4	-4.1	1.6
Daily products	-0.3	-2.7	0.5	-0.7	2.2	2.0	4.1	4.7	5.0	4.2	4.3	5.7	-1.3	-0.8	3.3	5.7	2.5
Beverage	3.6	-0.5	-1.1	2.6	-4.1	-4.2	2.4	-6.7	-4.2	-4.0	-2.2	-1.1	2.4	1.0	-1.0	2.4	1.1
Operating profit	**3.5**	**0.4**	**-17.4**	**-20.7**	**-5.7**	**-65.4**	**-56.4**	**nm**	**-83.5**	**-28.5**	**60.2**	**nm**	**-31.5**	**-5.7**	**-46.6**	**0.6**	**27.3**
Cosmetics	8.3	8.4	61.3	50.7	-11.2	nm	nm	nm	nm	nm	nm	nm	-52.6	13.4	-139.1	24.4	-67.3
Daily products	-1.5	11.6	-15.0	22.0	13.7	-7.1	6.8	-15.8	-1.3	28.4	10.0	33.0	-34.0	-0.3	4.6	28.2	4.4
Beverage	1.0	-14.0	-27.5	-65.1	-10.7	-18.0	17.0	nm	-23.4	-1.7	-19.1	nm	1.4	-22.0	6.7	-10.9	3.5
Net profit (controlling)	**16.6**	**12.5**	**-19.5**	**nm**	**-7.8**	**-65.0**	**-73.1**	**nm**	**-82.5**	**-38.4**	**143.3**	**nm**	**-39.7**	**32.5**	**-20.4**	**-4.0**	**25.7**
Margin (%)																	
Operating profit	**8.7**	**9.0**	**6.2**	**2.7**	**8.4**	**3.4**	**2.9**	**-4.9**	**1.5**	**2.6**	**4.7**	**1.8**	**7.2**	**6.7**	**3.8**	**3.9**	**4.8**
Cosmetics	9.0	10.1	2.0	1.6	8.3	-2.7	-12.5	-14.4	-8.5	-7.7	-5.0	-2.0	5.2	5.9	-2.8	-3.8	-1.2
Daily products	5.7	5.8	6.9	4.4	6.4	5.3	7.1	3.6	6.0	6.5	7.5	4.5	5.7	5.8	5.8	7.1	7.2
Beverage	12.1	10.8	10.7	2.5	11.3	9.3	12.2	-2.6	9.0	9.5	10.1	3.5	11.9	9.2	9.9	8.6	8.8
Net profit (controlling)	**6.2**	**5.7**	**4.0**	**-5.3**	**5.8**	**2.2**	**1.2**	**-17.1**	**1.1**	**1.4**	**2.8**	**-4.1**	**2.1**	**2.8**	**2.4**	**2.3**	**2.8**
Contribution to sales (%)																	
Cosmetics	42.4	42.6	37.4	43.4	41.7	37.7	29.8	38.5	36.3	33.7	29.3	37.5	41.4	41.4	36.5	33.5	33.8
Duty-free	9.8	10.2	9.7	4.8	7.9	7.2	2.4	3.1	2.3	2.3	2.0	3.1	10.8	8.7	5.0	2.2	2.0
China local	9.8	9.4	6.7	14.8	9.2	9.0	6.9	13.1	8.6	8.7	6.5	12.0	8.8	10.1	9.0	9.0	9.2
China online	3.9	5.5	3.0	9.3	3.2	5.2	3.8	8.6	3.1	5.0	3.5	7.8	n/a	5.4	4.6	4.7	4.8
China dept. store	5.9	3.8	3.8	5.5	6.0	3.9	3.1	4.4	5.5	3.7	3.0	4.2	n/a	4.7	4.4	4.3	4.4
Domestic e-commerce/MBS	2.5	2.1	1.9	3.9	4.6	2.9	3.0	3.2	4.8	2.9	2.9	3.1	n/a	2.6	3.9	4.4	4.8
Other	20.4	20.9	19.1	20.0	20.0	18.6	17.6	19.1	20.6	19.8	17.9	19.3	n/a	20.1	18.6	17.9	17.8
Daily products	32.5	30.2	33.4	31.0	33.8	33.8	37.7	35.5	38.3	37.3	39.2	37.1	32.1	31.8	35.1	37.3	37.4
Beverage	25.1	27.2	29.2	25.5	24.5	28.6	32.4	26.0	25.4	29.0	31.6	25.4	26.6	26.8	28.4	29.2	28.8

Source: Company data, Samsung Securities estimates

LG H&H: Target-price calculation

(KRWb)	
Beauty/HDB	
NOPLAT (12-month forward) (A=BxD+Cx(1-D))	21.0
2026E (B)	17.5
2027E (C)	62.9
2026 weighting (As of Jan 29, 2026) (D)	92.3%
Target P/E* (12-month-forward, x) (E)	7.0
Target value (F=AxE)	146.5
Beverage	
NOPLAT (12-month forward) (A=BxD+Cx(1-D))	325.9
2026E (B)	343.8
2027E (C)	109.6
2026 weighting (As of Jan 29, 2026) (D)	92.3%
Target P/E** (12-month-forward, x) (E)	10.8
Target value (F=AxE)	3,509.4
LG H&H target market cap (L=F+K)	3,656.0
Shares outstanding (M)	15,618,197
Target price (N=L/M, KRW)	234,000
Last price (O, KRW)	275,000
Upside (P=N/O-1)	-14.9%

Note: *50% discount to peer (K-beauty companies) average P/E;
**Average P/E at domestic beverage peer
Source: FnGuide, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**6,805**	**6,812**	**6,355**	**6,166**	**6,149**
Cost of goods sold	3,178	3,251	3,211	3,199	3,184
Gross profit	**3,627**	**3,561**	**3,145**	**2,968**	**2,965**
Gross margin (%)	53.3	52.3	49.5	48.1	48.2
SG&A expenses	3,140	3,102	2,974	2,804	2,748
Operating profit	**487**	**459**	**171**	**164**	**217**
Operating margin (%)	7.2	6.7	2.7	2.7	3.5
Non-operating gains (losses)	**-211**	**-142**	**-234**	**-135**	**-182**
Financial profit	49	62	44	66	72
Financial costs	39	21	38	31	33
Equity-method gains (losses)	8	6	5	5	5
Other	-228	-189	-244	-175	-225
Pre-tax profit	**276**	**317**	**-63**	**28**	**36**
Taxes	113	113	90	6	7
Effective tax rate (%)	40.8	35.6	-142.8	20.6	20.7
Profit from continuing operations	164	204	-86	23	28
Profit from discontinued operations	0	0	0	0	0
Net profit	**164**	**204**	**-86**	**23**	**28**
Net margin (%)	2.4	3.0	-1.3	0.4	0.5
Net profit (controlling interests)	143	189	-100	21	27
Net profit (non-controlling interests)	21	15	14	1	1
EBITDA	757	715	425	418	470
EBITDA margin (%)	11.1	10.5	6.7	6.8	7.6
EPS (parent-based) (KRW)	8,057	10,675	-5,689	1,234	1,552
EPS (consolidated) (KRW)	9,229	11,507	-4,875	1,299	1,633
Adjusted EPS (KRW)*	8,057	10,675	-5,689	1,234	1,552

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,430**	**2,856**	**2,635**	**2,256**	**1,899**
Cash & equivalents	910	1,253	1,086	849	498
Accounts receivable	529	576	488	473	472
Inventories	885	922	832	829	825
Other current assets	106	104	229	105	105
Fixed assets	**4,791**	**4,550**	**4,234**	**4,365**	**4,359**
Investment assets	139	89	96	96	96
Tangible assets	2,307	2,226	2,243	2,214	2,199
Intangible assets	2,008	1,964	1,799	1,949	1,949
Other long-term assets	337	270	96	106	116
Total assets	**7,220**	**7,406**	**6,869**	**6,620**	**6,259**
Current liabilities	**1,090**	**1,296**	**945**	**748**	**435**
Accounts payable	253	231	724	722	718
Short-term debt	138	241	84	84	84
Other current liabilities	698	824	136	-58	-367
Long-term liabilities	**582**	**424**	**354**	**364**	**364**
Bonds & long-term debt	2	0	0	0	0
Other long-term liabilities	580	424	354	364	364
Total liabilities	**1,671**	**1,720**	**1,299**	**1,112**	**799**
Owners of parent equity	**5,433**	**5,566**	**5,438**	**5,369**	**5,298**
Capital stock	89	89	89	89	89
Capital surplus	97	97	97	97	97
Retained earnings	5,604	5,696	5,570	5,502	5,431
Other	-357	-315	-319	-319	-319
Non-controlling interests' equity	**115**	**120**	**133**	**139**	**162**
Total equity	**5,549**	**5,686**	**5,570**	**5,508**	**5,460**
Net debt	-387	-637	-783	-546	-195

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**659**	**528**	**344**	**278**	**270**
Net profit	164	204	-86	23	28
Non-cash profit and expenses	536	513	331	364	363
Depreciation	232	221	223	220	219
Amortization	38	34	31	34	34
Other	266	257	77	110	110
Changes in A/L from operating activities	113	-114	102	-105	-118
Cash flow from investments	**-141**	**-152**	**-78**	**-278**	**-428**
Change in tangible assets	-130	-130	-78	-78	-78
Change in financial assets	5	0	0	0	0
Other	-16	-23	0	-200	-350
Cash flow from financing	**-268**	**-53**	**-441**	**-245**	**-201**
Change in debt	-130	94	11	15	17
Change in equity	-0	0	0	0	0
Dividends	-97	-60	-34	-30	-38
Other	-41	-87	-419	-230	-180
Change in cash	255	343	-167	-237	-351
Cash at beginning of year	655	910	1,253	1,086	849
Cash at end of year	910	1,253	1,086	849	498
Gross cash flow	**700**	**716**	**245**	**387**	**391**
Free cash flow	**507**	**396**	**264**	**198**	**190**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-5.3	0.1	-6.7	-3.0	-0.3
Operating profit	-31.5	-5.7	-62.8	-4.1	32.8
Net profit	-36.7	24.7	nm	nm	25.7
Adjusted EPS**	-39.7	32.5	nm	nm	25.7
Per-share data (KRW)					
EPS (parent-based)	8,057	10,675	-5,689	1,234	1,552
EPS (consolidated)	9,229	11,507	-4,875	1,299	1,633
Adjusted EPS**	8,057	10,675	-5,689	1,234	1,552
BVPS	324,268	332,194	324,521	320,427	316,202
DPS (common)	3,500	3,500	2,000	1,914	2,250
Valuations (x)					
P/E***	44.1	28.6	n/a	222.8	177.2
P/B***	1.1	0.9	0.8	0.9	0.9
EV/EBITDA	7.4	6.3	8.3	9.7	9.4
Ratios (%)					
ROE	2.7	3.4	-1.8	0.4	0.5
ROA	2.3	2.8	-1.2	0.3	0.4
ROIC	5.4	5.7	8.4	2.7	3.4
Payout ratio	35.9	27.1	-30.6	136.4	127.5
Dividend yield (common)	1.0	1.1	0.8	0.7	0.8
Net debt to equity	-7.0	-11.2	-14.1	-9.9	-3.6
Interest coverage (x)	25.1	26.6	8.9	8.6	11.4

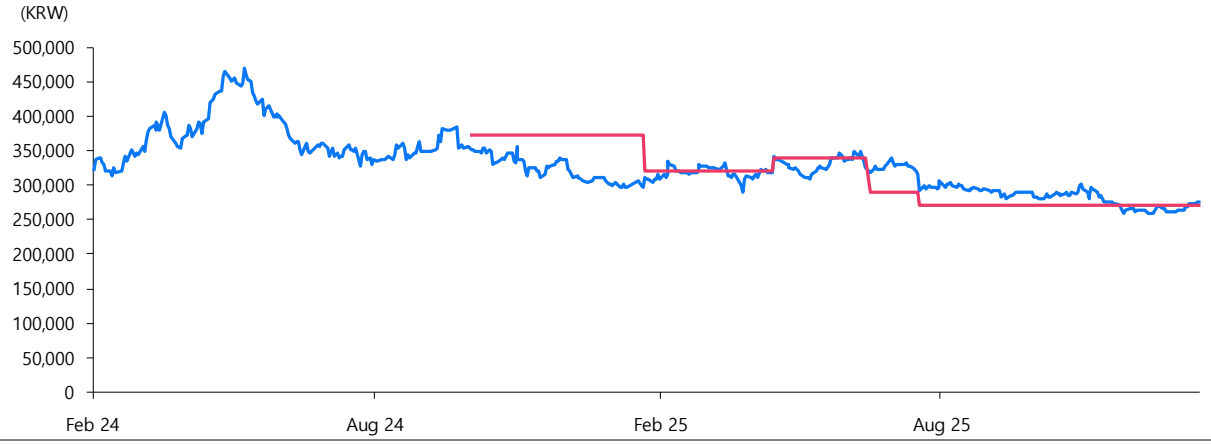
Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Compliance notice

- As of 1/28 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 1/28 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.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	10/16	2025/2/5	4/29	6/30	8/1	2026/1/29
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	372000	320000	340000	290000	270000	234000
Gap* (average)	-12.96	-0.71	-2.86	12.75	4.73	
(max or min)**	-4.03	4.69	-8.97	8.97	-4.44	

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%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd.. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

**For more information,
please call our sales representatives:**

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA