COMPANY UPDATE

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SM Entertainment (041510)

Improving profit by enhancing IP power

- SM Entertainment logged 4Q consolidated operating profit of KRW54.6b. The earnings surprise owed much to solid growth in merchandise & licensing sales.
- The agency has outlined its "SM Next 3.0" strategy and is preparing debuts of new artists in Korea, Thailand, Japan, and China.

WHAT'S THE STORY?

4Q review: SM Entertainment (SME) reported 4Q consolidated sales of KRW319b (up 16.6% y-y) and operating profit of KRW54.6b (up 62.2% y-y; topping consensus by a whopping 38.8%). While album and digital music distribution sales declined y-y on reduced sales of new albums (2.72 m copies vs. 3.67 m copies in 4Q24), the company's concert and merchandise & licensing sales remained robust, driving the overall topline growth. Concert sales surged 53.6% y-y, boosted by tours of Super Junior, NCT Dream, aespa, and NCT WISH. Merchandise & licensing revenue jumped 50.6% y-y thanks to strong demand for merchandise and concert-related products. Notably, aespa's collaboration with PUBG contributed meaningfully to licensing revenue. SME's consolidated subsidiaries also achieved solid earnings improvements. It turned to a consolidated operating profit of KRW12.9b (vs a loss of KRW2.5b in 4Q24), backed by the inclusion of Dear U into consolidated accounting and improved profitability at SM C&C, SM Entertainment Japan, and Dream Maker. Meantime, the agency recognized valuation losses on investment assets, which were partially offset by the rise in deferred tax assets.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW150,000	24.8%
Current price	**KRW120,200**	
Market cap	KRW2.8t/USD1.9b	
Shares (float)	22,894,690 (58.3%)	
52-week high/low	KRW153,000/KRW89,200	
Avg daily trading value (60-day)	KRW23.7b/ USD16.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SM Entertainment (%)	5.1	-18.4	26.5
Vs Kosdaq (%pts)	-10.7	-40.6	-14.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	150,000	150,000	0.0%
2025E EPS	14,994	14,752	1.6%
2026E EPS	5,980	5,838	2.4%

SAMSUNG vs THE STREET

No of estimates	15
Target price	157,267
Recommendation	4.0

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

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	319.0	16.6	-0.8	12.2	8.9
Operating profit	54.6	62.2	13.3	42.4	38.8
Pre-tax profit	8.4	nm	-85.1	-75.8	-78.5
Net profit	27.3	nm	-38.7	13.6	1.6
Margins (%)					
Operating profit	17.1				
Pre-tax profit	2.6				
Net profit	8.6				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	97.2	9.0	20.1
P/B	2.6	3.1	2.5
EV/EBITDA	10.5	11.4	9.0
Div yield (%)	0.5	1.2	1.2
EPS growth (% y-y)	-78.8	1,826.9	-60.1
ROE (%)	2.6	41.4	13.1
Per-share data (KRW)			
EPS	778	14,994	5,980
BVPS	29,037	43,587	47,947
DPS	400	1,620	1,400

Things to watch: SME has outlined its "SM Next 3.0" strategy, which focuses on building a sustainable growth foundation by increasing sales and profitability and balancing long-term IP competitiveness. The company plans to strengthen its IP capabilities via organizational restructuring. Its artist lineup should be reinforced by the debuts of: 1) a team comprising some of the members of SMTR25—a multinational male trainee group—in 2H26; 2) a Thai boy group in collaboration with True Corporation in 2027; 3) a Japanese boy group in 2027–2028; and 4) a Chinese boy group co-produced with Tencent Music Entertainment.

Maintaining BUY: The agency should keep growing its concert revenue by expanding the size of tours. Its merchandise & licensing sales should remain stable based on strong planning capabilities.

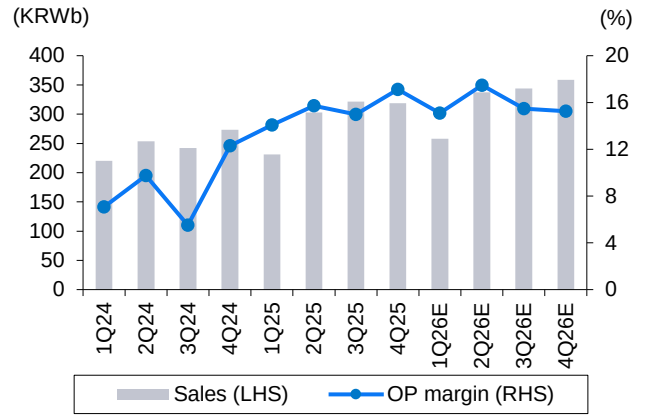
Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E
Sales	**220.1**	**253.9**	**242.2**	**273.6**	**231.4**	**302.9**	**321.6**	**319.0**	**258.1**	**337.4**	**343.8**	**359.0**	**989.7**	**1,174.9**	**1,298.2**	**1,378.3**
SM Ent.	136.1	174.1	172.1	181.8	165.5	220.3	224.5	202.2	170.9	231.2	248.2	232.4	664.1	812.5	882.6	935.1
SM C&C	23.9	27.9	24.8	33.4	17.7	21.1	25.4	36.3	18.3	21.7	26.0	37.2	109.9	100.5	103.2	108.6
SM Ent. Japan	27.4	18.7	22.0	20.2	20.8	26.0	24.4	25.7	22.0	34.6	21.0	34.5	88.3	96.9	112.1	135.7
Dear U	-	-	-	-		20.2	22.3	23.8	23.6	24.1	24.7	25.5	-	66.3	97.9	106.1
Dream Maker	12.9	7.5	10.5	5.0	23.0	14.9	8.5	16.5	15.7	19.0	20.0	20.0	35.9	63.0	74.6	73.4
Keyeast	25.4	16.1	13.3	21.0	4.5	3.0	3.6	4.6	2.7	2.4	1.8	4.2	75.8	15.7	11.0	11.6
COGS	148.9	176.1	168.9	188.6	148.0	188.4	202.6	203.4	164.8	210.9	217.1	230.3	682.5	742.4	823.1	867.0
Gross profit	**71.1**	**77.7**	**73.4**	**85.0**	**83.4**	**114.5**	**119.0**	**115.6**	**93.3**	**126.5**	**126.6**	**128.7**	**307.2**	**432.5**	**475.1**	**511.2**
SG&A costs	55.6	53.0	60.0	51.3	50.8	66.9	70.8	61.0	54.3	67.5	73.5	73.9	219.9	249.5	269.2	287.9
Operating profit	**15.5**	**24.7**	**13.3**	**33.7**	**32.6**	**47.6**	**48.2**	**54.6**	**38.9**	**59.0**	**53.2**	**54.8**	**87.3**	**183.0**	**205.9**	**223.4**
Operating margin (%)	7.1	9.7	5.5	12.3	14.1	15.7	15.0	17.1	15.1	17.5	15.5	15.3	8.8	15.6	15.9	16.2
Non-operating gains (losses)	3.7	-3.6	3.2	-64.5	229.3	-8.3	7.8	-46.2	6.4	7.4	6.9	-24.4	-61.2	183.4	-3.7	5.3
Pre-tax profit	19.3	21.1	16.5	-30.8	261.9	39.3	56.9	8.5	45.3	66.3	60.1	30.4	26.1	366.5	202.1	228.7
Net profit (controlling)	**12.1**	**7.3**	**6.3**	**-7.3**	**248.2**	**29.3**	**39.8**	**27.0**	**30.4**	**46.0**	**39.8**	**20.7**	**18.3**	**344.3**	**136.9**	**154.7**
Growth (% y-y)																
Sales	**7.9**	**5.9**	**-9.0**	**9.0**	**5.2**	**19.3**	**32.8**	**16.6**	**11.5**	**11.4**	**6.9**	**12.5**	**3.0**	**18.7**	**10.5**	**6.2**
SM Ent.	6.2	25.4	-8.8	11.0	21.5	26.5	30.4	11.2	3.3	4.9	10.5	15.0	7.2	22.3	8.6	5.9
SM C&C	11.7	-5.1	-26.9	-21.7	-26.1	-24.2	2.6	8.7	3.2	3.0	2.2	2.5	-13.6	-8.6	2.7	5.2
SM Ent. Japan	2.4	-6.4	-8.5	65.7	-23.9	38.6	11.1	27.1	5.6	33.1	-14.1	34.3	6.4	9.8	15.6	21.1
Dear U	-	-	-	-				-	-	19.3	10.9	7.2	-	-	47.7	8.4
Dream Maker	-42.1	-78.4	-40.3	-74.4	78.1	99.0	-18.8	228.8	-31.9	27.1	134.9	21.2	-61.9	75.3	18.5	-1.6
Keyeast	31.6	22.6	39.2	110.0	-82.3	-81.7	-73.0	-78.0	-40.0	-20.0	-50.0	-10.0	45.8	-79.3	-29.7	5.1
COGS	**13.1**	**12.5**	**5.5**	**9.9**	**-0.6**	**6.9**	**20.0**	**7.9**	**11.3**	**12.0**	**7.1**	**13.2**	**10.1**	**8.8**	**10.9**	**5.3**
Gross profit	**-1.4**	**-6.5**	**-30.9**	**7.0**	**17.2**	**47.3**	**62.2**	**36.0**	**11.8**	**10.4**	**6.5**	**11.3**	**-9.9**	**40.8**	**9.8**	**7.6**
SG&A costs	3.1	11.5	7.8	-27.1	-8.6	26.3	17.9	18.8	7.0	0.9	3.8	21.2	-3.4	13.4	7.9	6.9
Operating profit	**-14.9**	**-30.6**	**-73.6**	**272.9**	**109.6**	**92.4**	**261.6**	**62.2**	**19.4**	**23.8**	**10.3**	**0.3**	**-23.1**	**109.7**	**12.5**	**8.5**
Operating margin (%pts)	-1.9	-5.1	-13.5	8.7	7.0	6.0	9.5	4.8	1.0	1.8	0.5	-1.9	-3.0	6.8	0.3	0.3
Non-operating gains (losses)	-66.2	nm	-93.7	nm	6,083.8	nm	144.8	nm	-97.2	nm	-21.1	nm	nm	nm	nm	nm
Pre-tax profit	-34.2	-47.5	-83.7	nm	1,260.0	85.7	244.6	nm	-82.7	68.9	5.5	257.7	-78.1	1,305.5	-44.9	13.1
Net profit (controlling)	**-43.5**	**-71.4**	**-92.4**	**nm**	**1,959.3**	**303.7**	**530.3**	**nm**	**-87.8**	**57.2**	**0.1**	**-23.4**	**-79.0**	**1,780.2**	**-60.2**	**13.0**

Note: Dear U was consolidated in 2Q25
SM Entertainment's stake in Keyeast is in the process of being sold, and upon the closing of the transaction, Keyeast may be excluded from SM Entertainment's consolidated financial results

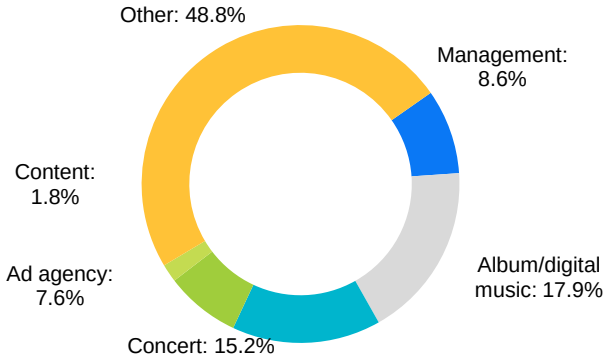
Source: Company data, Samsung Securities

Chart 1. Sales and operating margin



Source: Company data, Samsung Securities

Chart 2. Sales, by business (4Q25)



Source: Company data, Samsung Securities

Table 2. Album sales: 4Q25 vs 4Q24

4Q25				4Q24			
Rank	**Artists**	**Key album**	**Sales (units)**	**Rank**	**Artists**	**Key album**	**Sales (units)**
1	NCT DREAM	Total	1,018,233	1	NCT Dream	Total	1,558,792
		Beat It Up	973,086			Dreamscape	1,407,843
2	RIIZE	Total	707,260	2	Aespa	Total	1,104,483
		Fame	442,881			Whiplash - The 5th Mini Album	1,000,643
3	Hearts2Hearts	Total	447,860	3	WayV	Total	394,732
		FOCUS - The 1st Mini Album	319,821			FREQUENCY - The 6th Mini Album	335,694
4	WayV	Total	205,493	4	Irene	Total	363,461
		白色定格 (Eternal White)	146,204		(Red Velvet)	Like A Flower - The 1st Mini Album	288,202
5	Yunho	Total	133,999	5	NCT Wish	Total	175,798
	(TVXQ)	I-KNOW - The 1st Album	79,999			Steady - The 1st Mini Album	53,243
Total album sales			**2,765,207**				**4,100,250**

Note: Based on Circle Chart Top 100 / Source: Company data, Circle Chart, Samsung Securities

Table 3. Albums released since 4Q25

Artists	Album/EP	Release	Category	Sales (units)*
Hearts2Hearts	FOCUS	Oct 20	1st EP	447,860
Chanyeol (EXO)	Hibi	Oct 22	Japanese 1st EP	
Yuta (NCT)	Persona	Oct 26	Japanese 1st album	
Suho (EXO)	Winter is coming	Nov 2	Digital single	
Yunho (TVXQ)	I-KNOW	Nov 5	1st album	133,999
SM Jazz Trio	Pink Note	Nov 10	(SM Classics) Project album	
NCT Dream	Beat It Up	Nov 17	6th EP	1,018,233
Aespa	SYNK : aeXIS LINE	Nov 17	Special digital single	
RIIZE	Fame	Nov 24	2nd single	707,260
Jungwoo (NCT)	Sugar	Nov 28	Digital single	
Taeyeon	Panorama: The Beast of Taeyeon	Dec 1	10th anniversary album	
WayV	Eternal White	Dec 8	Winter special album	205,493
Doyoung (NCT)	Promise	Dec 9	1st single	45,363
Minho (Shinee)	Tempo	Dec 15	1st single	25,918
GPP	Bring it Back	Dec 16	(SM Entertainment Japan) Digital single	
NCT WISH	Wishlist	Jan 14	Japanese 1st EP	
GPP	Bring it Back	Jan 14	(SM Entertainment Japan) Japanese 1st single	
EXO	Reverxe	Jan 19	8th album	907,900*
RIIZE	All of You	Feb 18	Japanese 2nd single	
Hearts2Hearts	Rude!	Feb 20	Digital single	
NCT JNJM	Both Sides	Feb 23	1st EP	
Minho (Shinee)	Sunkissed	Feb 25	Japanese single	
Irene (Red Velvet)	TBD	1Q26	1st album	
HYO	TBD	1Q26	single	
Yesung (Super Junior)	TBD	2Q26	Japanese 2nd album	
Taeyong (NCT)	TBD	2Q26		
Aespa	TBD	2Q26		
NCT Wish	TBD	2Q26		
WayV	TBD	2Q26		
Riize	TBD	2Q26		
Seunghan & Soul	TBD	2Q26		
Hearts2Hearts	TBD	2Q26		
Ryewook	TBD	2Q26		
SMTR25	TBD	2H26	TBD	

Notes: Based on Circle Chart Top-100; figures span from release date to Dec 31, 2025
*EXO album sales are first week's sale
Source: Local media, Company data, Circle Chart, Hanteo Chart, Samsung Securities

Table 4. Concerts since 4Q25

Artists	Country	Concert/fan meeting	Dates	Cities	Sessions
Yuta (NCT)	Japan	Persona	Oct 2-Dec 6	10 Japanese cities	13
Chanyeol	Japan	The Days	Oct 4-27	4 Japanese cities	4
Key (Shinee)	Global	Uncanny Valley	Oct 4- Dec 15	4 Asian cities, 6 US cities	11
Super Junior	Global	Super Show 10	Oct 4-Dec 14	4 Asian cities, 4 Latin cities	12
Aespa	Japan	Aexis LINE	Oct 4-Nov 27	5 Japanese cities, Bangkok	12
Doyoung (NCT)	Korea	Doors	Oct 9-11	Incheon	3
Changmin (TVXQ)	Japan	Changmin	Oct 10-Dec 7	4 Japanese cities	9
NCT Dream	Asia	Future the Dream	Oct 18-Dec 14	Singapore, Saitama, Taiwan, Kuala Lumpur	8
WayV	Asia	No Way Out	Oct 18-Nov 14	4 Asian cities	6
Riize	US	Riizing Loud	Oct 30-Nov 14	6 US Cities, Mexico City	7
NCT Wish	Asia	Into The Wish: Our Wish	Nov 1-Dec 23	Incheon, 7 Japanese cities	20
TVXQ	Japan	(Fan Meeting) Bigeast Rain	Nov 2-24	Tokyo, Hyogo	6
Minho (Shinee)	Korea	(Fan Meeting) Out Movie	Dec 13-14	Seoul	2
EXO	Korea	(Fan Meeting) Exo'verse	Dec 14	Incheon	2
Super Junior	Asia	Super Show 10	Jan 2-Mar 8	6 Asian cities	12
NCT Wish	Asia	Into the Wish: Our Wish	Jan 3-Mar 28	8 Asian cities	12
NCT Dream	Japan	Future the Dream	Jan 8-25	Osaka, Nagoya	5
Riize	Asia	Riizing Loud	Jan 10-Feb 23	5 Asian cities	11
Minho (Shinee)	Japan	(Fan Meeting) Our Movie	Jan 10-11	Yokohama	2
Yuta (NCT)	Japan	Persona	Jan 21	Tokyo	1
Taeyong (NCT)	Asia	TY Track	Jan 24-Mar 29	5 Asian cities	8
SM Town	Asia	SM Town Live	Jan 31-Feb 14	Fukuoka, Bangkok	3
aespa	Asia	Aexis LINE	Feb 7-Mar9	Hongkong, Macau	4
NCT Wish	Korea	(Fan Meeting) 6 princes	Feb 21	Seoul	2
Hearts2Hearts	Asia	(Fan Meeting) Hearts 2 House	Feb 21-Mar 28	Seoul, Jakarta	3
NCT Dream	Korea	Future the Dream	Mar 20-29	Seoul	6
NCT Wish	Asia	Into The Wish : Our Wish	Apr 4-11	Bangkok, Jakarta	3
aespa	Asia	Aexis LINE	Apr 4-26	Jakarta, Osaka, Tokyo	5
Taeyong	Asia	TY Track	Apr 11	Kuala Lumpur	5
TVXQ	Japan	Red Ocean	Apr 25-26	Yokohama	16

Source: Local media, Company data, Samsung Securities

Chart 3. SMTR25 <W.O.W> (Oct 10)

Note: Content have been uploaded Youtube channel from Oct 10
Source: Company data, Samsung Securities

Chart 4. SMTR25 <Reply High School> (Feb 13)

Note: Co-production with Egg is Coming
Source: Company data, Samsung Securities

Chart 5. PUBG collaborates with Aespa

Note: 1. Following the release of a partnership teaser video on Jul 3, 2025, PUBG: Battle Ground has introduced a variety of collaborative content across PC and console platforms
2. PUBG Mobile x Aespa collaboration is currently underway, running from Jan 15-Feb 28, 2026

Table 5. Artist lineup

Group	Member	Debut	Group	Member	Debut	Group	Member	Debut	Group	Member	Debut
Kangta		1996	Red Velvet**	Irene	2014	WayV	Kun	2019	Dear Alice	James sharp	Feb 2025
TVXQ	Yunho	2003		Seulgi			Ten			Dexter Greenwood	
	Changmin			Joy			Winwin			Oliver Queen	
Super Junior	Leeteuk	2005	NCT	Jonny	2016		Xiaojun			Reese Carter	
	Heechul			Taeyong			Hendery			Blaise Noon	
	Yesung			Yuta			Yangyang		Hearts2Hearts	Jiwoo	Feb 2025
	Sindong			Doyoung		Aespa	Karina	2020		Carmen	
	Siwon			Jaehyun			Giselle			Yuha	
	Ryeowook			Jungwoo			Winter			Stella	
	Sungmin			Mark			Ningning			Juun	
Girl's Generation	Taeyeon	2007		Renjun		Riize	Shotaro	Sep 2023		A-Na	
	Hyoyeon			Jeno			Eunseok			Leean	
	Yuri			Haechan			Sungchan			Ye-on	
	Yoona			Jaemin			Wonbin		Seunghan & Soul*	Seounghan	Jul 2025
Super Junior M	Zhoumi	2008		Chenle			Sohee		SMTR25		2H26
				Jisung			Anton		(Boy group)		
Shinee	Key		Lucas		2018	NCT Wish	Sion	Feb 2024	Boy (Thailand)		2027
	Minho						Riku		Boy (Japan)		2027-28
EXO	Suho	2014					Yushi		Boy (China)		
	Chanyeol						Jahee				
	Kai						Ryo				
	Sehun						Sakuya				

Note: *Seunghan announced his departure from Riize (Oct 14, 2024) but debuted by solo on Jul 2025
**Wendy and Yeri announced departure from SM Entertainment but group activities are will be continued with SM Entertainment
*** Boa announced departure from SM Entertainment (2000-2025)

Source: Company data, Samsung Securities

Table 6. Partnership with Tencent Music Entertainment

Category	Details
SM Entertainment	Extensive global distribution network & global fandom management expertise
	World-class A&R system and music/music-video production capabilities
	Strong experience in artist-driven merchandise planning and execution of global concerts
	Structured casting and training management system
Tencent Music Entertainment	Dominant platform influence and localized marketing power in China
	Supporting China-tailored content creation through in-house studios
	Platform traffic based on 500m MAU and diversified monetization channels
	Advanced fandom analysis and market forecasting capabilities based on user data
Expected benefits	Value chain expansion through end-to-end collaboration
	Tangible results from IP monetization
	Creation of a success model for idol development

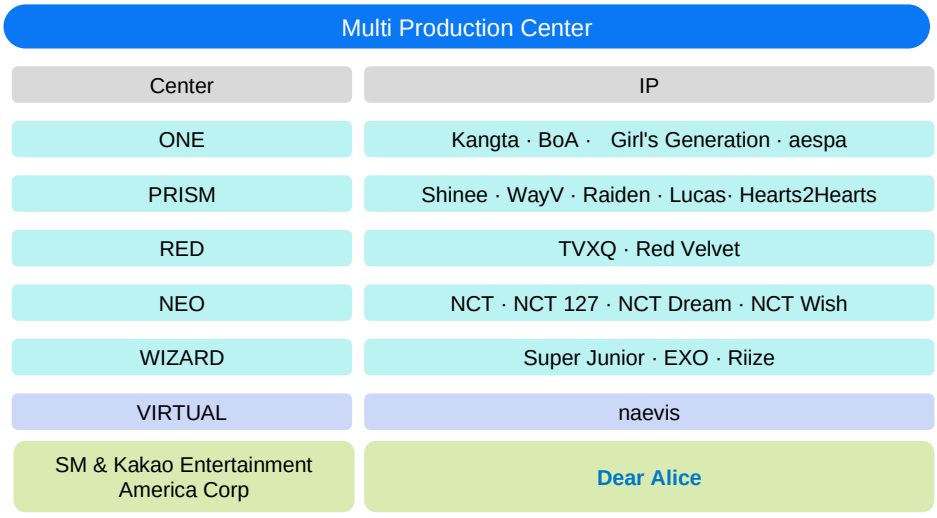
Source: Company data, Samsung Securities

Table 7. SM Entertainment signs agreement to sell stake in Dreamus

Category	Details
Assigner	SM Entertainment (5.5%)
Assignee	Be My Friends
Total Amount (KRW)	9,650,350,656 (KRW2,368 per share)
Number of Share	4,075,317
Change in stake	12.55% → 7.05%
Contract date	Oct 30, 2025
Closing date	Nov 28, 2025

Source: Company data, Samsung Securities

Chart 6. Multi production center



Source: Company data, Samsung Securities

Table 1. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg %
Sales	1,267.0	1,298.2	2.5	1,401.0	1,378.3	-1.6
Operating profit	184.1	205.9	11.8	207.3	223.4	7.8
Operating margin (%, %pts)	14.5	15.9	1.3	14.8	16.2	1.4
Pre-tax profit	201.8	202.1	0.1	225.4	228.7	1.4
Net profit (controlling)	133.7	136.9	2.4	149.2	154.7	3.7

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**961**	**990**	**1,175**	**1,298**	**1,378**
Cost of goods sold	620	682	742	823	867
Gross profit	**341**	**307**	**433**	**475**	**511**
Gross margin (%)	35.5	31.0	36.8	36.6	37.1
SG&A expenses	228	220	249	269	288
Operating profit	**113**	**87**	**183**	**206**	**223**
Operating margin (%)	11.8	8.8	15.6	15.9	16.2
Non-operating gains (losses)	**5**	**-61**	**183**	**-4**	**5**
Financial profit	22	23	21	22	22
Financial costs	9	9	14	14	14
Equity-method gains (losses)	47	-2	214	-3	-2
Other	-55	-73	-38	-9	-1
Pre-tax profit	**119**	**26**	**366**	**202**	**229**
Taxes	36	25	11	59	67
Effective tax rate (%)	30.5	96.9	3.0	29.2	29.3
Profit from continuing operations	83	1	356	143	162
Profit from discontinued operations	0	0	0	0	0
Net profit	**83**	**1**	**356**	**143**	**162**
Net margin (%)	8.6	0.1	30.3	11.0	11.7
Net profit (controlling interests)	87	18	344	137	155
Net profit (non-controlling interests)	-5	-17	11	6	7
EBITDA	171	149	221	230	238
EBITDA margin (%)	17.8	15.1	18.8	17.7	17.3
EPS (parent-based) (KRW)	3,664	778	14,994	5,980	6,758
EPS (consolidated) (KRW)	3,470	35	15,491	6,251	7,060
Adjusted EPS (KRW)*	3,664	778	14,994	5,980	6,758

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**858**	**814**	**1,248**	**1,417**	**1,587**
Cash & equivalents	303	358	708	820	953
Accounts receivable	153	158	187	207	220
Inventories	26	28	33	37	39
Other current assets	376	270	320	353	375
Fixed assets	**683**	**605**	**603**	**603**	**604**
Investment assets	253	242	278	302	317
Tangible assets	71	76	57	45	39
Intangible assets	204	140	121	109	101
Other long-term assets	156	147	147	147	147
Total assets	**1,541**	**1,419**	**1,851**	**2,020**	**2,191**
Current liabilities	**519**	**485**	**565**	**624**	**662**
Accounts payable	211	210	250	276	293
Short-term debt	42	5	5	5	5
Other current liabilities	266	269	310	343	364
Long-term liabilities	**112**	**105**	**112**	**117**	**120**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	112	105	112	117	120
Total liabilities	**632**	**590**	**677**	**741**	**782**
Owners of parent equity	**723**	**665**	**998**	**1,098**	**1,220**
Capital stock	12	12	12	12	12
Capital surplus	362	353	353	353	353
Retained earnings	365	320	655	755	877
Other	-17	-20	-22	-22	-22
Non-controlling interests' equity	**187**	**164**	**176**	**182**	**189**
Total equity	**909**	**829**	**1,174**	**1,280**	**1,409**
Net debt	-346	-370	-744	-869	-1,009

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**113**	**136**	**422**	**185**	**188**
Net profit	83	1	356	143	162
Non-cash profit and expenses	94	152	37	64	59
Depreciation	30	33	19	11	7
Amortization	28	29	19	12	8
Other	36	90	-2	40	45
Changes in A/L from operating activities	-34	6	28	18	12
Cash flow from investments	**-83**	**56**	**-29**	**-20**	**-13**
Change in tangible assets	-19	-22	0	0	0
Change in financial assets	23	71	-29	-20	-13
Other	-87	7	0	0	-0
Cash flow from financing	**-43**	**-144**	**-12**	**-34**	**-30**
Change in debt	33	-36	-2	3	2
Change in equity	-5	-9	0	0	0
Dividends	-28	-28	-9	-37	-32
Other	-42	-72	0	0	0
Change in cash	-14	55	349	113	133
Cash at beginning of year	318	303	358	708	820
Cash at end of year	303	358	708	820	953
Gross cash flow	**177**	**153**	**392**	**207**	**221**
Free cash flow	**94**	**111**	**422**	**185**	**188**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	13.0	3.0	18.7	10.5	6.2
Operating profit	24.7	-23.1	109.7	12.5	8.5
Net profit	0.8	-99.0	43,325.4	-59.8	12.9
Adjusted EPS**	8.9	-78.8	1,826.9	-60.1	13.0
Per-share data (KRW)					
EPS (parent-based)	3,664	778	14,994	5,980	6,758
EPS (consolidated)	3,470	35	15,491	6,251	7,060
Adjusted EPS**	3,664	778	14,994	5,980	6,758
BVPS	30,825	29,037	43,587	47,947	53,305
DPS (common)	1,200	400	1,620	1,400	1,650
Valuations (x)					
P/E***	25.1	97.2	9.0	20.1	17.8
P/B***	3.0	2.6	3.1	2.5	2.3
EV/EBITDA	11.9	10.5	11.4	9.0	8.1
Ratios (%)					
ROE	12.3	2.6	41.4	13.1	13.3
ROA	5.5	0.1	21.7	7.4	7.7
ROIC	31.4	1.1	105.6	121.7	177.3
Payout ratio	32.2	50.0	10.8	23.4	24.4
Dividend yield (common)	1.3	0.5	1.2	1.2	1.4
Net debt to equity	-38.0	-44.6	-63.4	-67.9	-71.6
Interest coverage (x)	19.9	16.0	39.6	44.3	46.8

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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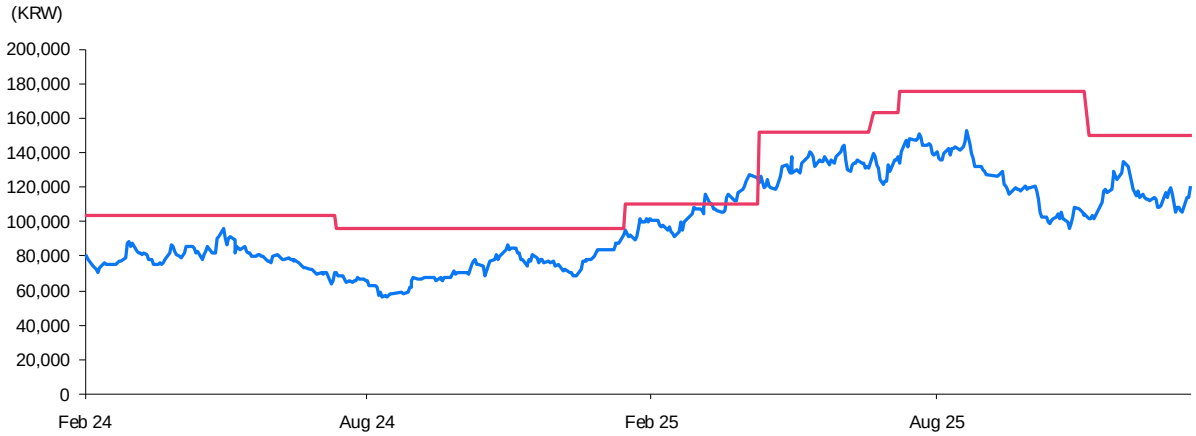
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/8	8/8	2025/2/11	5/8	7/21	8/7	12/8
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	104000	96000	110000	152000	163000	176000	150000
Gap* (average)	-23.90	-24.84	-5.09	-13.15	-19.92	-28.62	
(max or min)**	-7.88	-3.85	15.91	-4.93	-15.21	-13.07	

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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