COMPANY UPDATE

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Finance/Consumer Goods Team

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Hansae (105630)

4Q results soft, but margins growing structurally

- Hansae's 4Q operating profit missed consensus by 20%, primarily due to: 1) a higher COGS ratio stemming from tariff impacts; and 2) a drop in utilization at the textile division.
- We see it positive that: 1) its 2026 opening of a Guatemala fabric factory will bolster long-term earnings; and 2) the company remains committed to increasing shareholder returns despite a y-y drop in 2025 earnings.
- We maintain BUY rating and 12-month target price of KRW17,000 (based on 11x P/E).

▶ AT A GLANCE

BUY

Target price	KRW17,000	31.2%
Current price	**KRW12,960**	
Market cap	KRW518.4b/USD357.49m	
Shares (float)	40,000,000 (32.8%)	
52-week high/low	KRW15,510/KRW9,090	
Avg daily trading value (60-day)	KRW2.8b/ USD1.9m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Hansae (%)	-7.2	24.9	-1.0
Vs Kospi (%pts)	-20.5	-25.2	-53.1

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	17,000	17,000	0.0%
2025E EPS	1,419	1,551	-8.5%
2026E EPS	1,557	1,694	-8.1%

▶ SAMSUNG vs THE STREET

No of estimates	8
Target price	16,375
Recommendation	3.9

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

WHAT'S THE STORY?

4Q review—operating profit misses consensus by 20%: Hansae reported 4Q sales of KRW456.1b (up 13% y-y and 9% in US dollar-denominated terms) and an operating profit of KRW12.8b (down 22%)—the former topping FnGuide consensus by 5% and the latter missing 20%. The topline growth was driven by a rebound in orders from large retailers, which represent around 25% of total orders. Operating profit diminished y-y due to: 1) the COGS ratio rising to 87% in 2025 (vs 83% in 2024) on tariff impacts; 2) reduced order volumes and a subsequent drop in utilization rates at the textile division. In 1Q26, however, the textile business should achieve q-q earnings improvement on strong seasonality.

Strategy to lift long-term profitability—essential: Hansae's operating profit have declined for seven consecutive quarters, so that a strategy to enhance earnings (ie, its 2026 opening of a Guatemala fabric factory) should be crucial. Its operating results should pick up this year because the operation of its Guatemala fabric factory should immediately lead to shipment growth, given strong buyer demand for production within Guatemala, because of: 1) the low reciprocal tariffs of 10%; and 2) its proximity to the US. Meanwhile, we note that the company has decided to raise 2025 DPS by 20% y-y to KRW600, despite the y-y decline in annual earnings.

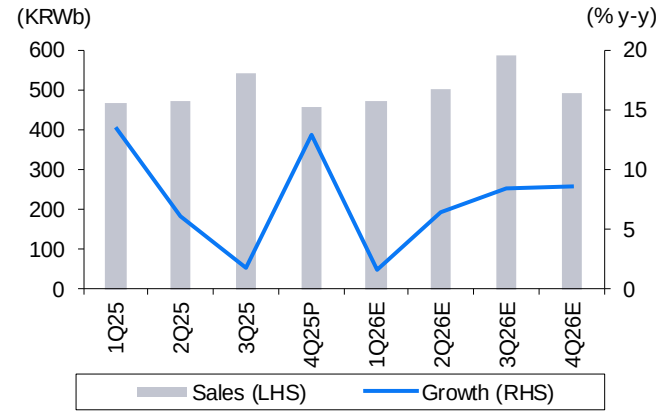
Maintaining KRW17,000 target and BUY rating: Reflecting a rise in its competitors' average multiple (from 17x 2026 P/E to 18x), we keep our target price unchanged (based on 11x, a 40% discount to its competitors' average of 18x). We also reiterate BUY rating in light of: 1) solid long-term earnings prospect; and 2) the announced 2025 DPS implying dividend yield of 4.7% based on the current share price.

Hansae: Earnings forecast

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025P	2026E
Sales	412	448	534	404	467	475	543	456	475	505	589	489	1,798	1,942	2,059
Operating profit	38	43	45	16	20	12	37	13	21	14	41	24	142	82	95
Net income	18	22	36	(18)	9	7	20	6	9	21	22	16	58	57	62
Margin (%)															
OPM	9.3	9.5	8.5	4.0	4.3	2.6	6.8	2.8	4.4	2.7	7.0	5.0	7.9	4.2	4.6
NPM	4.4	5.0	6.7	(4.4)	2.0	1.5	3.8	1.3	2.0	4.6	3.7	2.7	3.2	3.2	3.3
Growth (% y-y)															
Sales	0.2	4.1	4.3	13.6	13.5	6.0	1.8	12.9	1.6	6.4	8.4	8.6	5.2	8.0	6.0
Operating profit	6.2	(4.1)	(25.4)	(40.3)	(46.8)	(71.0)	(18.2)	(21.9)	3.4	10.4	12.2	25.6	(15.5)	(42.1)	14.9
Net income	(24.6)	(23.8)	(10.2)	nm	(47.8)	(1.7)	(43.0)	nm	2.9	5.9	11.0	18.3	(47.9)	(2.8)	9.7

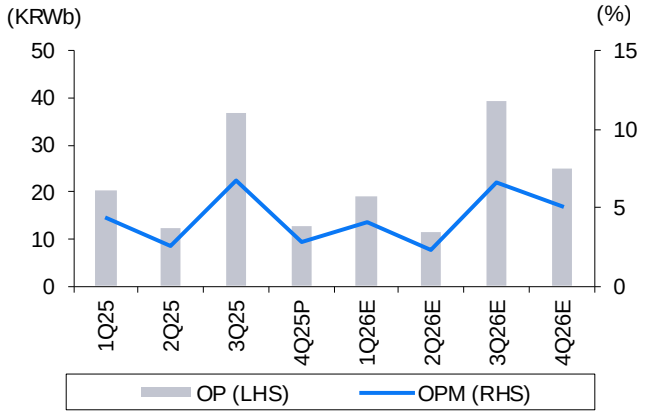
Source: company data, Samsung Securities estimates

Hansae: Sales vs growth



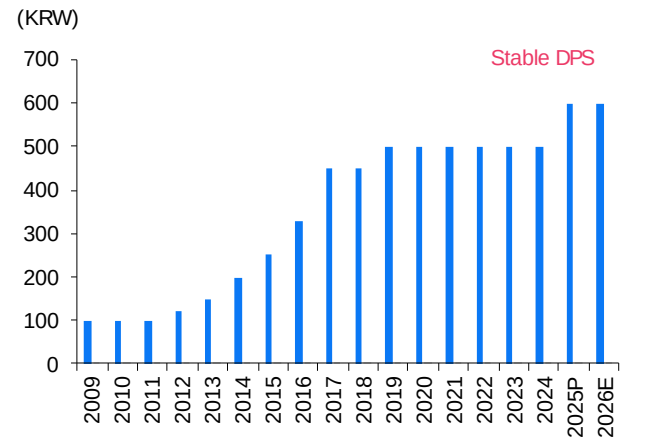
Source: company data, Samsung Securities estimates

Hansae: Operating profit vs operating margin



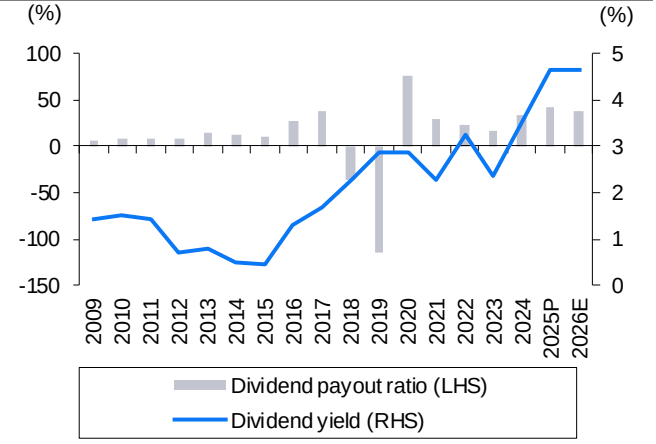
Source: company data, Samsung Securities estimates

Hansae: DPS



Source: company data, Samsung Securities estimates

Dividend payout ratio and dividend yield



Source: company data, Samsung Securities estimates

Changes in inventory, by client

Chg (% y-y)	Walmart	Target	Kohl's	GAP (30%)	AEO (15%)
1Q21	(9.8)	0.6	85.1	99.8	76.9
2Q21	(13.8)	(17.3)	29.2	41.0	15.6
3Q21	(6.6)	(4.3)	14.6	1.1	(8.6)
4Q21	(25.2)	(21.1)	(12.6)	(4.1)	(19.8)
1Q22	(29.7)	(39.1)	(44.5)	(28.6)	(44.2)
2Q22	(17.1)	(32.6)	(55.7)	(36.3)	(36.1)
3Q22	(3.8)	(11.1)	(40.8)	(11.5)	(10.5)
4Q22	7.2	4.2	(11.4)	(10.6)	(6.5)
1Q23	14.6	17.0	1.7	0.7	10.8
2Q23	11.1	12.4	9.2	6.4	7.5
3Q23	6.4	9.7	7.8	5.4	8.4
4Q23	8.7	13.6	8.6	9.6	2.7
1Q24	8.8	3.9	7.3	4.2	(3.2)
2Q24	6.7	3.4	5.1	1.4	3.3
3Q24	6.5	(1.9)	(5.2)	(6.4)	(5.5)
4Q24	1.3	(10.3)	(11.6)	(12.4)	(3.8)
1Q25	(1.2)	(14.0)	(6.2)	(5.2)	0.5
2Q25	1.0	(3.1)	(0.0)	(8.7)	(8.8)
3Q25	2.6	0.2	1.3	(2.5)	(5.1)

Note: Mart buyers (Walmart, Kohl's, Target *etc*) comprise 25% of sales
Source: Bloomberg, Samsung Securities

OEM: Global peer valuation

	Market cap	P/E		EPS Growth		P/B		ROE		Dividend payout	
Company	(KRWb)	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Youngone	4,028	8.5	7.8	21.3	9.6	1.0	0.9	12.1	12.1	15.7	16.7
Hansae	551	9.6	7.8	(20.0)	22.9	0.7	0.7	7.9	9.2	35.2	29.9
Hwaseung	330	-	10.8	(133.7)	(356.9)	0.8	0.8	(2.4)	6.8	-	10.6
Korean average		9.0	8.8	(44.2)	(108.1)	0.8	0.8	5.9	9.3	25.5	19.1
Eclat	5,286	21.2	17.5	(19.0)	20.8	3.9	3.6	18.6	21.8	73.2	69.7
Makalot	3,624	22.0	19.0	(14.3)	15.8	5.6	5.2	24.8	28.4	94.6	88.1
ShenZhou	17,879	13.1	11.8	11.2	10.6	2.1	2.0	17.0	17.2	59.1	59.6
Bosideng	10,848	13.9	12.8	23.3	8.2	3.2	2.7	23.9	21.8	82.6	82.5
Yueyuan	5,314	10.1	9.4	(16.7)	7.6	0.8	0.8	8.0	8.3	67.9	69.3
Feng Tay	4,243	17.6	15.2	(12.7)	15.7	3.5	3.3	20.1	22.4	83.9	82.6
Global average		16.3	14.3	(4.7)	13.1	3.2	2.9	18.7	20.0	76.9	75.3

Note: as of Feb 8, 2026
Source: Bloomberg, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**1,709**	**1,798**	**1,942**	**2,059**	**2,143**
Cost of goods sold	1,388	1,489	1,675	1,765	1,825
Gross profit	**321**	**308**	**267**	**293**	**318**
Gross margin (%)	18.8	17.2	13.7	14.3	14.8
SG&A expenses	153	166	185	199	188
Operating profit	**168**	**142**	**82**	**95**	**130**
Operating margin (%)	9.8	7.9	4.2	4.6	6.1
Non-operating gains (losses)	**-27**	**-53**	**-3**	**-16**	**-11**
Financial profit	10	11	20	22	25
Financial costs	27	29	39	47	47
Equity-method gains (losses)	0	2	10	2	2
Other	-11	-37	6	6	9
Pre-tax profit	**141**	**89**	**80**	**78**	**119**
Taxes	29	31	23	16	25
Effective tax rate (%)	20.5	34.5	28.8	20.5	21.0
Profit from continuing operations	112	58	57	62	94
Profit from discontinued operations	0	0	0	0	0
Net profit	**112**	**58**	**57**	**62**	**94**
Net margin (%)	6.6	3.2	2.9	3.0	4.4
Net profit (controlling interests)	112	58	57	62	94
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	200	176	123	133	168
EBITDA margin (%)	11.7	9.8	6.3	6.5	7.9
EPS (parent-based) (KRW)	2,801	1,451	1,419	1,557	2,351
EPS (consolidated) (KRW)	2,801	1,460	1,419	1,557	2,351
Adjusted EPS (KRW)*	2,801	1,451	1,419	1,557	2,351

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**679**	**688**	**820**	**864**	**937**
Cash & equivalents	72	69	32	30	76
Accounts receivable	178	205	231	248	258
Inventories	259	303	342	367	382
Other current assets	170	112	216	219	221
Fixed assets	**558**	**736**	**765**	**776**	**783**
Investment assets	239	316	240	249	254
Tangible assets	218	283	346	349	351
Intangible assets	11	29	27	26	25
Other long-term assets	89	108	152	152	152
Total assets	**1,237**	**1,425**	**1,586**	**1,640**	**1,720**
Current liabilities	**500**	**568**	**650**	**662**	**669**
Accounts payable	49	61	69	74	77
Short-term debt	362	421	478	478	478
Other current liabilities	89	86	103	110	114
Long-term liabilities	**93**	**147**	**207**	**210**	**213**
Bonds & long-term debt	44	72	129	129	129
Other long-term liabilities	50	75	77	81	83
Total liabilities	**594**	**715**	**857**	**872**	**882**
Owners of parent equity	**644**	**710**	**729**	**768**	**838**
Capital stock	20	20	20	20	20
Capital surplus	59	59	59	59	59
Retained earnings	579	611	649	687	758
Other	-14	20	2	2	2
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**644**	**710**	**729**	**768**	**838**
Net debt	349	463	618	620	575

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**190**	**56**	**41**	**77**	**118**
Net profit	112	58	57	62	94
Non-cash profit and expenses	90	110	99	61	67
Depreciation	31	34	39	37	37
Amortization	0	1	1	1	1
Other	58	76	59	22	28
Changes in A/L from operating activities	41	-60	-53	-30	-18
Cash flow from investments	**-150**	**-84**	**-189**	**-17**	**-10**
Change in tangible assets	-43	-58	-109	-40	-40
Change in financial assets	7	-54	-12	-8	-5
Other	-114	28	-67	31	34
Cash flow from financing	**-141**	**21**	**101**	**-62**	**-62**
Change in debt	-106	94	119	1	0
Change in equity	-0	0	0	0	0
Dividends	-20	-20	-20	-24	-24
Other	-16	-54	1	-39	-39
Change in cash	-101	-3	-37	-2	46
Cash at beginning of year	173	72	69	32	30
Cash at end of year	72	69	32	30	76
Gross cash flow	**202**	**169**	**156**	**123**	**161**
Free cash flow	**146**	**-3**	**-69**	**37**	**78**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-22.5	5.2	8.0	6.0	4.1
Operating profit	-6.3	-15.5	-42.1	14.9	37.1
Net profit	30.8	-47.9	-2.8	9.7	51.0
Adjusted EPS**	30.8	-48.2	-2.2	9.7	51.0
Per-share data (KRW)					
EPS (parent-based)	2,801	1,451	1,419	1,557	2,351
EPS (consolidated)	2,801	1,460	1,419	1,557	2,351
Adjusted EPS**	2,801	1,451	1,419	1,557	2,351
BVPS	16,345	18,020	18,508	19,489	21,277
DPS (common)	500	500	600	600	600
Valuations (x)					
P/E***	7.5	9.8	9.4	8.3	5.5
P/B***	1.3	0.8	0.7	0.7	0.6
EV/EBITDA	6.0	5.8	9.3	8.6	6.5
Ratios (%)					
ROE	19.0	8.6	7.9	8.3	11.7
ROA	9.0	4.4	3.8	3.9	5.6
ROIC	20.7	12.8	6.6	7.6	10.1
Payout ratio	17.6	33.9	41.6	37.9	25.1
Dividend yield (common)	2.4	3.5	4.5	4.6	4.6
Net debt to equity	54.2	65.2	84.8	80.8	68.6
Interest coverage (x)	6.3	4.9	2.2	2.4	3.3

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

Source: Company data, Samsung Securities estimates

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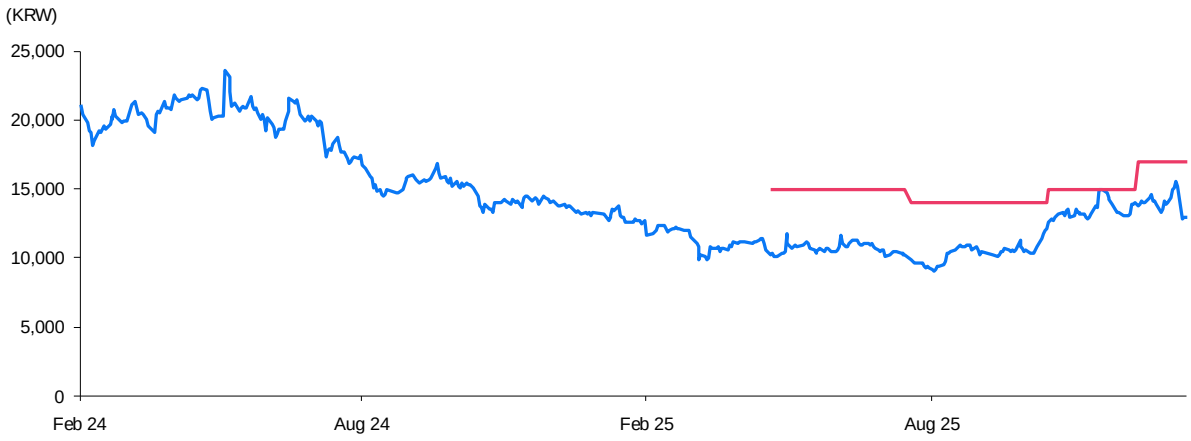

Rating changes over past two years (adjusted share prices)

Date	2025/5/20	8/18	11/14	2026/1/12
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	15000	14000	15000	17000
Gap* (average)	-28.61	-26.03	-9.91	
(max or min)**	-21.47	-13.79	0.20	

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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Percentage of ratings in 12 months prior to 2025.12.31

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