COMPANY UPDATE

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Hanssem (009240)

4Q review: Business environment still difficult

- Hanssem's 4Q operating profit (KRW3b) missed consensus by 63.6%, despite solid B2C earnings, as the B2B unit logged the lowest quarterly sales since 4Q13.
- We maintain HOLD rating on prospects of ongoing headwinds in both B2C and B2B segments (eg, the low housing transactions and move-in volume).

WHAT'S THE STORY?

4Q review: Hanssem reported 4Q consolidated sales of KRW400.3b (-18.4% y-y) and an operating profit of KRW3b (-23.5% y-y), the latter missing consensus (KRW8.1b) by 63.6%. The B2C unit delivered solid results, but the company suffered the earnings shock as the B2B segment recorded its lowest quarterly sales since 4Q13.

- **B2C:** Hanssem's B2C sales fell 13% y-y to KRW252.8b. While Rehaus sales stayed solid, home furnishing sales diminished y-y. With housing transaction volume plummeting since the government's real estate measures announced on Oct 15, the B2C segment is unlikely to recover in 1H26.
- **B2B:** Its B2B sales tumbled 40.8% y-y to KRW71.9b in 4Q on a continued decline in move-in volume. This marks the lowest quarterly sales since 4Q13. Given the inevitable contraction in presale volume, a further drop in B2B sales seems unavoidable.

(Continued on the next page)

AT A GLANCE

HOLD

Target price	KRW48,500	-0.2%
Current price	**KRW48,600**	
Market cap	KRW1.1t/USD0.8b	
Shares (float)	23,533,928 (34.6%)	
52-week high/low	KRW50,200/KRW36,500	
Avg daily trading value (60-day)	KRW2.6b/ USD1.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hanssem (%)	13.8	9.8	6.7
Vs Kospi (%pts)	-3.0	-35.7	-50.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	48,500	48,500	0.0%
2025 EPS	1,967	2,012	-2.2%
2026E EPS	651	1,149	-43.3%

SAMSUNG vs THE STREET

No of estimates	3
Target price	46,167
Recommendation	3.0

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

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	400.3	-18.4	-9.3	-6.2	-12.8
Operating profit	3.0	-22.2	-56.2	-63.2	-63.6
Pre-tax profit	-1.8	nm	nm	nm	nm
Net profit	4.6	nm	nm	-18.7	-33.3
Margins (%)					
Operating profit	0.7				
Pre-tax profit	-0.4				
Net profit	1.1				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025P	2026E
Valuation (x)			
P/E	7.4	23.5	74.6
P/B	2.3	1.9	2.2
EV/EBITDA	11	11.8	13.1
Div yield (%)	17.9	6.5	6.2
EPS growth (% y-y)	nm	-69.4	-66.9
ROE (%)	43.6	12.4	4
Per-share data (KRW)			
EPS	6,422	1,967	651
BVPS	21,124	23,944	21,867
DPS	8,530	3,000	3,000

Maintaining HOLD rating: Considering the unfavorable market conditions affecting both the B2C and B2B units—including the low housing transactions and move-in volume—we maintain our HOLD rating on the stock. However, the company has taken steps to enhance brand appeal, such as partnering with the popular TV show Black and White Chef 2 and featuring star educator Jeong Seung-je as a brand ambassador to target the back-to-school season. Furthermore, investments in key offline channels, such as the Centum flagship store and Nonhyeon store, are intended to increase customer engagement. These efforts could yield positive results once market conditions improve. We may consider upgrading our rating if key indicators show a clear turnaround in the near future.

Hanssem: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2021	2022	2023	2024	2025P	2026E
Sales	**443.4**	**459.4**	**441.4**	**400.3**	**414.4**	**403.2**	**403.2**	**410.4**	**2,231.2**	**2,000.9**	**1,966.9**	**1,908.4**	**1,744.6**	**1,631.3**
Growth (% q-q)	-9.6	3.6	-3.9	-9.3	3.5	-2.7	-0.0	1.8						
Growth (% y-y)	-8.7	-3.9	-2.8	-18.4	-6.5	-12.2	-8.6	2.5	7.9	-10.3	-1.7	-3.0	-8.6	-6.5
B2C	**257.8**	**257.4**	**253.9**	**252.8**	**265.8**	**253.6**	**252.6**	**258.9**	**1,566.0**	**1,248.8**	**1,120.1**	**1,068.7**	**1,021.9**	**1,030.9**
Rehaus	114.7	147.4	137.1	144.9	138.6	139.4	145.7	152.3	888.0	667.8	590.9	518.9	544.1	576.0
Home furnishing	143.1	110.0	116.8	107.9	127.2	114.2	106.9	106.6	678.0	581.0	529.2	549.8	477.8	454.9
B2B	110.6	114.6	98.6	71.9	73.2	73.8	74.3	74.5	424.2	457.9	541.3	490.8	395.7	295.8
Affiliates & other	**75.0**	**87.4**	**88.9**	**75.6**	**75.5**	**75.8**	**76.3**	**76.9**	**241.0**	**294.2**	**305.5**	**348.9**	**327.0**	**304.6**
Operating profit	**6.4**	**2.3**	**6.8**	**3.0**	**4.7**	**5.4**	**6.3**	**7.3**	**69.3**	**-21.7**	**1.9**	**31.2**	**18.5**	**23.7**
Operating margin (%)	**1.5**	**0.5**	**1.6**	**0.7**	**1.1**	**1.3**	**1.6**	**1.8**	**3.1**	**-1.1**	**0.1**	**1.6**	**1.1**	**1.5**
Growth (% q-q)	66.9	-65.0	203.4	-56.9	57.7	16.3	16.3	15.9						
Growth (% y-y)	-50.4	-68.2	-6.1	-23.5	-27.7	140.1	-8.0	147.2	-25.6	nm	nm	1,504.3	-40.8	28.0
Net profit	**9.6**	**32.2**	**-0.1**	**4.6**	**2.8**	**3.4**	**4.1**	**4.9**	**57.2**	**-71.3**	**-62.2**	**151.1**	**46.3**	**15.3**
Net margin (%)	**2.2**	**7.0**	**-0.0**	**1.1**	**0.7**	**0.9**	**1.0**	**1.2**	**2.6**	**-3.6**	**-3.2**	**7.9**	**2.7**	**0.9**
Growth (% q-q)	nm	235.1	nm	nm	-37.9	20.8	19.9	18.8						
Growth (% y-y)	-80.2	137.5	nm	nm	-70.3	-89.3	TTP	6.9	-14.4	nm	nm	nm	-69.4	-66.9

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2022	2023	2024	2025P	2026E
Sales	**2,001**	**1,967**	**1,908**	**1,745**	**1,631**
Cost of goods sold	1,562	1,535	1,465	1,312	1,247
Gross profit	**439**	**432**	**444**	**432**	**385**
Gross margin (%)	22.0	22.0	23.3	24.8	23.6
SG&A expenses	461	430	413	414	361
Operating profit	**-22**	**2**	**31**	**18**	**24**
Operating margin (%)	-1.1	0.1	1.6	1.1	1.5
Non-operating gains (losses)	**-62**	**-51**	**159**	**30**	**-4**
Financial profit	11	8	9	9	0
Financial costs	10	14	17	14	4
Equity-method gains (losses)	0	0	-20	0	0
Other	-63	-46	186	35	0
Pre-tax profit	**-83**	**-49**	**190**	**49**	**20**
Taxes	-12	13	39	3	4
Effective tax rate (%)	14.5	-25.8	20.5	5.1	22.1
Profit from continuing operations	-71	-62	151	46	15
Profit from discontinued operations	0	0	0	0	0
Net profit	**-71**	**-62**	**151**	**46**	**15**
Net margin (%)	-3.6	-3.2	7.9	2.7	0.9
Net profit (controlling interests)	-71	-62	151	46	15
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	52	78	106	88	82
EBITDA margin (%)	2.6	4.0	5.5	5.0	5.0
EPS (parent-based) (KRW)	-3,031	-2,641	6,422	1,967	651
EPS (consolidated) (KRW)	-3,031	-2,641	6,422	1,967	651
Adjusted EPS (KRW)*	-3,031	-2,641	6,422	1,967	651

Balance sheet

Year-end Dec 31 (KRWb)	2022	2023	2024	2025P	2026E
Current assets	**372**	**368**	**512**	**541**	**571**
Cash & equivalents	37	82	60	171	192
Accounts receivable	114	119	89	72	74
Inventories	121	110	105	86	88
Other current assets	100	57	259	211	217
Fixed assets	**728**	**684**	**555**	**475**	**419**
Investment assets	86	84	87	62	64
Tangible assets	421	415	338	314	260
Intangible assets	24	21	17	11	7
Other long-term assets	196	163	113	88	88
Total assets	**1,100**	**1,052**	**1,067**	**1,016**	**990**
Current liabilities	**464**	**523**	**472**	**412**	**420**
Accounts payable	164	183	157	128	131
Short-term debt	53	44	88	99	99
Other current liabilities	247	295	227	185	190
Long-term liabilities	**191**	**186**	**245**	**206**	**207**
Bonds & long-term debt	25	30	40	0	0
Other long-term liabilities	166	156	205	206	207
Total liabilities	**654**	**709**	**717**	**618**	**627**
Owners of parent equity	**445**	**343**	**351**	**397**	**363**
Capital stock	24	24	24	24	24
Capital surplus	35	44	44	44	44
Retained earnings	689	548	553	600	565
Other	-301	-273	-271	-270	-270
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**445**	**343**	**351**	**397**	**363**
Net debt	177	156	50	-49	-74

Cash flow statement

Year-end Dec 31 (KRWb)	2022	2023	2024	2025P	2026E
Cash flow from operations	**-21**	**80**	**49**	**56**	**76**
Net profit	-71	-62	151	46	15
Non-cash profit and expenses	149	166	-15	65	62
Depreciation	69	71	68	64	54
Amortization	5	5	7	6	4
Other	75	90	-90	-5	4
Changes in A/L from operating activities	-81	-20	-68	-9	3
Cash flow from investments	**81**	**25**	**91**	**112**	**-6**
Change in tangible assets	3	-27	130	-11	0
Change in financial assets	64	14	-204	57	-6
Other	15	37	165	66	0
Cash flow from financing	**-141**	**-60**	**-163**	**-56**	**-49**
Change in debt	-6	11	74	-30	1
Change in equity	0	10	0	0	0
Dividends	-32	-74	-141	0	-50
Other	-103	-7	-96	-26	0
Change in cash	-80	44	-22	112	21
Cash at beginning of year	118	37	82	60	171
Cash at end of year	37	82	60	171	192
Gross cash flow	**77**	**104**	**136**	**111**	**78**
Free cash flow	**-46**	**53**	**38**	**44**	**76**

Financial ratios

Year-end Dec 31	2022	2023	2024	2025P	2026E
Growth (%)					
Sales	-10.3	-1.7	-3.0	-8.6	-6.5
Operating profit	nm	nm	1,504.3	-40.8	28.0
Net profit	nm	nm	nm	-69.4	-66.9
Adjusted EPS**	nm	nm	nm	-69.4	-66.9
Per-share data (KRW)					
EPS (parent-based)	-3,031	-2,641	6,422	1,967	651
EPS (consolidated)	-3,031	-2,641	6,422	1,967	651
Adjusted EPS**	-3,031	-2,641	6,422	1,967	651
BVPS	28,093	20,648	21,124	23,944	21,867
DPS (common)	800	4,500	8,530	3,000	3,000
Valuations (x)					
P/E***	n/a	n/a	7.4	23.5	74.6
P/B***	1.6	2.6	2.3	1.9	2.2
EV/EBITDA	23.5	18.1	11.0	11.8	13.1
Ratios (%)					
ROE	-13.4	-15.8	43.6	12.4	4.0
ROA	-6.1	-5.8	14.3	4.4	1.5
ROIC	-3.8	0.5	6.8	6.1	7.5
Payout ratio	-18.4	-120.2	93.7	107.6	325.0
Dividend yield (common)	1.8	8.4	17.9	6.5	6.2
Net debt to equity	39.6	45.4	14.3	-12.2	-20.2
Interest coverage (x)	-2.2	0.1	1.9	n/a	n/a

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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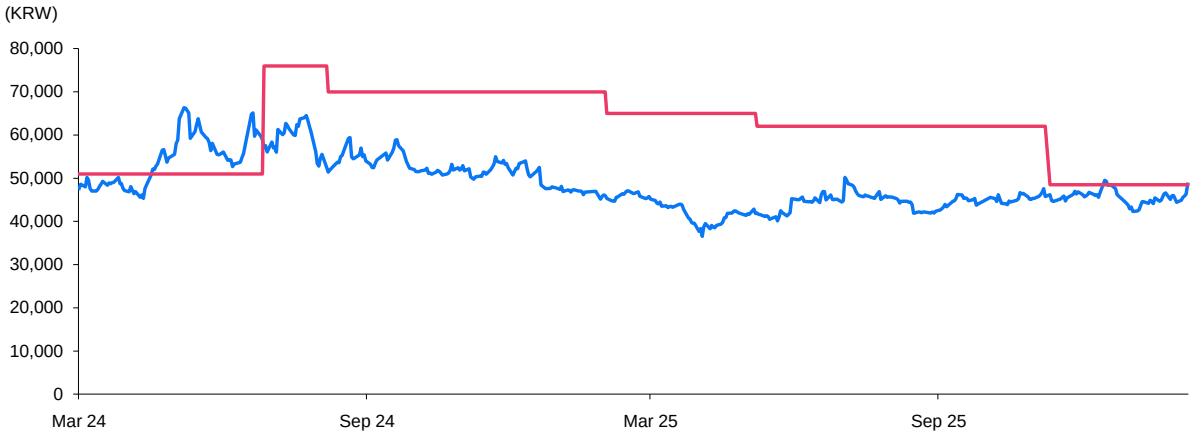
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/8/4	2024/7/3	8/13	2025/2/7	5/14	11/17
Recommendation	HOLD	BUY	BUY	BUY	BUY	HOLD
Target price (KRW)	51000	76000	70000	65000	62000	48500
Gap* (average)	3.20	-22.07	-26.03	-34.19	-27.99	
(max or min)**	30.00	-15.13	-15.14	-27.54	-19.03	

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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* 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

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