# COMPANY UPDATE

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# Hanwha Solutions (009830)

## Commentary on rights offering

- On Mar 26, Hanwha Solutions announced a plan to raise KRW2.4t by issuing 72m new shares, which would be equivalent to 42% of its current total shares outstanding (172m shares).
- The proceeds should be used to repay debt and to fund the development of a new product (slated for commercialization in three years). The timing and scale of the rights offering seems somewhat disappointing to investors.
- To reflect a change in when it should recognize earnings from its renewable energy business, we lift our target price from KRW34,000 to KRW42,000 but downgrade the stock to HOLD. We may revisit our investment rating if its operating results improve significantly or industry conditions perk up.

### ▶ AT A GLANCE

**HOLD**

| | | |
|---|---|---|
| Target price | KRW42,000 | 14.1% |
| Current price | KRW36,800 | |
| Market cap | KRW6.3t/USD4.2b | |
| Shares (float) | 171,892,536 (60.9%) | |
| 52-week high/low | KRW58,500/KRW18,410 | |
| Avg daily trading value (60-day) | KRW281.9b/ USD187.1m | |

### ▶ ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| Hanwha Solution (%) | -28.0 | 28.2 | 84.1 |
| Vs Kospi (%pts) | -16.8 | -20.5 | -10.9 |

### ▶ KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | HOLD | BUY | |
| Target price | 42,000 | 34,000 | 23.5% |
| 2026E EPS | -1,250 | -1,250 | 0.0% |
| 2027E EPS | 2,858 | 2,858 | 0.0% |

### ▶ SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 14 |
| Target price | 48,429 |
| Recommendation | 3.9 |

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

### WHAT'S THE STORY?

**Announces KRW2.4t rights offering:** On Mar 26, Hanwha Solutions said it would raise KRW2.4t by issuing 72m new shares at KRW33,300/shares—the issuance would be equivalent to 42% of its total shares outstanding (172m shares). The proceeds should be used to repay debt (KRW1.49t) and fund strategic capital investments (KRW0.9t, breaking down as KRW0.1t to support a pilot line for next-generation perovskite-TOPCon tandem solar cells and KRW0.8t for future GW-scale production facilities). The company targets mass-production of the product in 2029, with plans to expand into the space solar market using this technology.

*(Continued on the next page)*

### SUMMARY FINANCIAL DATA

| | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| Revenue (KRWb) | 13,333 | 12,925 | 13,221 | 13,661 |
| Operating profit (KRWb) | -365 | 331 | 1,398 | 2,032 |
| Net profit (adj) (KRWb) | -615 | -183 | 740 | 1,336 |
| EPS (adj) (KRW) | -3,728 | -1,250 | 2,858 | 5,275 |
| EPS (adj) growth (% y-y) | nm | nm | nm | 84.6 |
| EBITDA margin (%) | 3.1 | 8.9 | 17.0 | 21.2 |
| ROE (%) | -7.0 | -2.1 | 6.1 | 10.3 |
| P/E (adj) (x) | n/a | n/a | 12.9 | 7.0 |
| P/B (x) | 0.5 | 0.8 | 0.8 | 0.7 |
| EV/EBITDA (x) | 46.4 | 17.1 | 8.7 | 6.4 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company data, Samsung Securities estimates

**Need to validate space suitability of new production facilities:** While tandem solar cells are technically well-suited for space-based solar applications, most major players (*eg*, SpaceX) are already preparing to mass-produce perovskite-HJT tandem cells, not perovskite-TOPCon. This is because HJT technology offers key advantages: lower-temperature processing, higher voltage characteristics, and superior compatibility with tandem stacking. Against this backdrop, the viability of perovskite-TOPCon for the space market requires further validation.

**View—timing and scale of rights offering not the best:** We increase our SOTP-based target price from KRW34,000 to KRW42,000 to reflect a change in when it should start recognizing earnings from its renewable energy business (from 2026 to 2027). But we downgrade the stock to HOLD. The timing and scale of the rights offering are a bit disappointing. We may revisit our investment rating if the company delivers meaningful operational improvements or if broader industry conditions improve.

**Hanwha Solutions: Sum-of-the-parts valuation**

| (KRWb) | Forward EBITDA | Multiple (x) | EV | Details |
|---|---|---|---|---|
| **Operating value (A)** | | | | |
| Basic materials | 182 | 7.6 | 1,379 | Peers (chemical companies*) |
| Process materials | 83 | 8.3 | 690 | Peers (Hyosung Advanced Materials, Nitto Denko, Sumitomo) |
| Solar | 755 | 10.4 | 7,891 | Peers (global solar equipment companies**) |
| Other | 193 | 7.6 | 1,465 | Same multiple as basic material division |
| **Total** | **1,214** | **9.4** | **11,425** | |
| Asset value (B) | | | 4,230 | 30% discount |
| Net debt (C) | | | 5,407 | Based on end-2025;<br>**reflects KRW2.4t in proceeds from the rights offering. Reflects 100% of the present value of residential energy earnings*** and AMPC**** tax benefits** |
| Market capitalization of preferred shares (D) | | | 61 | As of Mar 26 close |
| **Fair market capitalization (E=A+B-C-D)** | | | **10,187** | **Reflects the increase in outstanding shares following the rights offering (172m shares → 244m shares)** |
| Outstanding shares ('000) | | | 243,893 | |
| Fair value per share (KRW) | | | 41,770 | |
| **Target price (KRW)** | | | **42,000** | **Revised up by 24% (KRW34,000 previously)** |
| Current price (KRW) | | | 36,800 | As of Mar 26 close |
| Upside (%) | | | 14.1 | |
| 2026 implied P/E (x) | | | nm | |
| 2027 implied P/E (x) | | | 14.7 | |
| 2026 implied P/B (x) | | | 0.9 | |
| 2027 implied P/B (x) | | | 0.9 | |

Note: * LG Chem, Lotte Chemical, BASF, LyondellBasell, Westlake, Wanhua Chemical
** Hyundai Energy Solutions, Canadian Solar, Jinko Solar, and First Solar
*** For residential energy earnings, which are highly dependent on the IRA ITC, the present value (at a 5% discount rate) of cash flows to be monetized by 2028 was calculated as of the beginning of 2025, factoring in the early termination of the ITC (end of 2027). A total cash inflow of KRW1.1t is expected on a present value basis (revised down from previous estimate of KRW1.3t).
**** The present value (at a 5% discount rate) of cash flows to be generated from the IRA AMPC was calculated as of the beginning of 2025. A total cash inflow of KRW5t is expected on a present value basis (revised down from previous estimate of KRW5.1t).

Source: Bloomberg, Samsung Securities estimates

### Hanwha Solutions: Simulation of tax credit benefits under IRA

| (GW) | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Advanced Manufacturing Production Credit** | | | | | | | | | | | | | |
| Polysilicon (cent/watt) | | | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.60 | 0.40 | 0.20 | |
| Wafer (cent/watt) | | | 4.70 | 4.70 | 4.70 | 4.70 | 4.70 | 4.70 | 4.70 | 3.52 | 2.35 | 1.17 | |
| Cell (cent/watt) | | | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 3.00 | 2.00 | 1.00 | |
| Module (cent/watt) | | | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 5.25 | 3.50 | 1.75 | |
| **Hanwha Solutions' US solar PV production capacity** | | | | | | | | | | | | | |
| Wafer | | | | | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | |
| Cell | | | | | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | |
| Module | 1.7 | 1.7 | 3.1 | 5.1 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | |
| Georgia #1 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | |
| Georgia #2 | | | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | |
| Georgia #3 | | | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | |
| Georgia #4 | | | | | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | |
| **Hanwha Solutions' US solar PV operating rate** | | | | | | | | | | | | | |
| Wafer | | | | | 0% | 28% | 73% | 100% | 100% | 100% | 100% | 100% | |
| Cell | | | | | 0% | 19% | 73% | 100% | 100% | 100% | 100% | 100% | |
| Module | 100% | 100% | 51% | 87% | 64% | 97% | 97% | 100% | 100% | 100% | 100% | 100% | |
| Georgia #1 | 100% | 100% | 78% | 90% | 64% | 97% | 97% | 100% | 100% | 100% | 100% | 100% | |
| Georgia #2 | | | 19% | 86% | 64% | 97% | 97% | 100% | 100% | 100% | 100% | 100% | |
| Georgia #3 | | | | 84% | 64% | 97% | 97% | 100% | 100% | 100% | 100% | 100% | |
| Georgia #4 | | | | | 64% | 97% | 97% | 100% | 100% | 100% | 100% | 100% | |
| **Hanwha Solutions' US solar PV production** | | | | | | | | | | | | | |
| Wafer | | | | | 0.0 | 0.9 | 2.4 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | |
| Cell | | | | | 0.0 | 0.6 | 2.4 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | |
| Module | 1.7 | 1.7 | 1.6 | 4.4 | 5.4 | 8.1 | 8.1 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | |
| Georgia #1 | 1.7 | 1.7 | 1.3 | 1.5 | 1.1 | 1.6 | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | |
| Georgia #2 | | | 0.3 | 1.2 | 0.9 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | |
| Georgia #3 | | | | 1.7 | 1.3 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | |
| Georgia #4 | | | | | 2.1 | 3.2 | 3.2 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | |
| **Hanwha Solutions IRA tax credit benefits (USDm)** | | | | | | | | | | | | | |
| Total | | | 160 | 405 | 376 | 635 | 778 | 875 | 875 | 656 | 438 | 219 | 5,416 |
| Wafer | | | | | 0 | 43 | 112 | 155 | 155 | 116 | 78 | 39 | 698 |
| Cell | | | | | 0 | 25 | 96 | 132 | 132 | 99 | 66 | 33 | 582 |
| Module | | | 160 | 405 | 376 | 568 | 569 | 588 | 588 | 441 | 294 | 147 | 4,136 |
| **Hanwha Solutions IRA tax credit benefits (KRWb)** | | | | | | | | | | | | | |
| Total | | | 210 | 555 | 536 | 886 | 1,038 | 1,138 | 1,138 | 853 | 569 | 284 | 7,206 |
| Wafer | | | | | 0 | 60 | 150 | 202 | 202 | 151 | 101 | 50 | 915 |
| Cell | | | | | 0 | 35 | 128 | 172 | 172 | 129 | 86 | 43 | 763 |
| Module | | | 210 | 555 | 535 | 794 | 760 | 764 | 764 | 573 | 382 | 191 | 5,529 |
| **Present value* of IRA tax credit benefits (KRWb)** | | | | | | | | | | | | | |
| Total | | | 210 | 555 | 509 | 806 | 897 | 936 | 891 | 637 | 404 | 192 | 6,037 |
| Wafer | | | | | 0 | 54 | 130 | 166 | 158 | 113 | 72 | 34 | 726 |
| Cell | | | | | 0 | 31 | 110 | 141 | 134 | 96 | 61 | 29 | 603 |
| Module | | | 210 | 555 | 509 | 720 | 657 | 629 | 599 | 428 | 272 | 129 | 4,708 |

Note: *Discounted to the beginning of 2025 using a discount rate of 5%

Source: Samsung Securities estimates

### Hanwha Q Cells: Results and forecasts

| (KRWb) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26E | 2Q26E | 3Q26E | 4Q26E | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KRW/USD (average) | 1,453 | 1,401 | 1,387 | 1,449 | 1,459 | 1,420 | 1,380 | 1,335 | 1,365 | 1,422 | 1,398 | 1,335 |
| **Sales** | **1,599** | **1,446** | **1,752** | **2,062** | **1,661** | **1,747** | **1,770** | **1,822** | **5,780** | **6,859** | **7,000** | **7,400** |
| Growth (% q-q) | -44.3 | -9.6 | 21.1 | 17.7 | -19.5 | 5.2 | 1.3 | 2.9 | | | | |
| Growth (% y-y) | 105.4 | 47.6 | 52.0 | -28.1 | 3.8 | 20.8 | 1.1 | -11.6 | -12.6 | 18.7 | 2.0 | 5.7 |
| Module Manufacturing / Others | 587 | 573.9 | 432 | 300 | 533.5 | 576 | 588 | 613 | 2,542 | 1,893 | 2,311 | 2,585 |
| Growth (% q-q) | -41.7 | -2.2 | -24.7 | -30.6 | 77.8 | 8.0 | 2.0 | 4.3 | | | | |
| Growth (% y-y) | 36.3 | 1.1 | -19.8 | -70.2 | -9.0 | 0.4 | 36.0 | 104.5 | -44.3 | -25.5 | 22.1 | 11.8 |
| Power generation business / EPC | 419 | 394.2 | 819 | 1,422 | 648.9 | 668 | 655 | 655 | 2,960 | 3,054 | 2,627 | 2,594 |
| Growth (% q-q) | -74.4 | -5.9 | 107.7 | 73.7 | -54.4 | 3.0 | -2.0 | 0.0 | | | | |
| Growth (% y-y) | 22.3 | -2.7 | 41.5 | -13.0 | 54.9 | 69.6 | -20.0 | -53.9 | 44.4 | 3.2 | -14.0 | -1.3 |
| Residential energy business | 594 | 478.3 | 501 | 340 | 478.2 | 502 | 527 | 554 | 278 | 1,913 | 2,061 | 2,221 |
| Growth (% q-q) | 158.1 | -19.4 | 4.7 | -32.0 | 40.5 | 5.0 | 5.0 | 5.0 | | | | |
| Growth (% y-y) | 10,583.6 | 6,363.5 | 1,318.1 | 48.0 | -19.4 | 5.0 | 5.3 | 62.6 | | 587.5 | 7.8 | 7.8 |
| **Operating profit** | **136** | **156** | **8** | **-386** | **19** | **114** | **153** | **275** | **-259** | **-85** | **561** | **1,404** |
| Growth (% q-q) | 124.8 | 14.7 | -94.9 | Turned neg | To turn pos | 495.3 | 34.8 | 79.6 | | | | |
| Growth (% y-y) | Turned pos | Turned pos | Turned pos | Turned neg | -86.0 | -27.2 | 1,839.3 | To turn pos | Turned neg | Remained neg | To turn pos | 150.2 |
| Module Manufacturing / Others | -135 | -20 | -159 | -298 | -177 | -134 | -107 | -20 | -959 | -611 | -439 | 208 |
| Growth (% q-q) | Remained neg | Remained neg | Remained neg | Remained neg | To remain neg | To remain neg | To remain neg | To remain neg | | | | |
| Growth (% y-y) | Remained neg | Remained neg | Remained neg | Remained neg | To remain neg | To remain neg | To remain neg | To remain neg | Turned neg | Remained neg | To remain neg | To turn pos |
| Power generation business / EPC | -42 | -61 | 19 | -168 | 6 | 13 | 3 | 10 | 89 | -253 | 33 | 69 |
| Growth (% q-q) | Turned neg | Remained neg | Turned pos | Turned neg | To turn pos | 106.0 | -75.5 | 200.0 | | | | |
| Growth (% y-y) | Remained neg | Remained neg | -39.3 | Turned neg | To turn pos | To turn pos | -82.5 | To turn pos | -5.2 | Turned neg | To turn pos | 110.5 |
| Residential energy business | 129 | 55 | 80 | -21 | -15 | 24 | 36 | 37 | 56 | 243 | 82 | 88 |
| Growth (% q-q) | 78.9 | -57.3 | 44.2 | Turned neg | To remain neg | To turn pos | 49.0 | 5.0 | | | | |
| Growth (% y-y) | Turned pos | Turned pos | Turned pos | Turned neg | To turn neg | -56.6 | -55.1 | To turn pos | | 337.5 | -66.3 | 7.8 |
| IRA AMPC | 184 | 182 | 68 | 102 | 206 | 210 | 222 | 248 | 555 | 536 | 886 | 1,038 |
| Growth (% q-q) | -3.3 | -1.0 | -62.5 | 49.4 | 101.7 | 2.4 | 5.3 | 11.9 | | | | |
| Growth (% y-y) | 90.4 | 24.0 | -43.9 | -46.4 | 11.8 | 15.6 | 225.0 | 143.3 | 164.8 | -3.4 | 65.2 | 17.2 |
| **Margins (%)** | | | | | | | | | | | | |
| Operating profit | 8.5 | 10.8 | 0.5 | -18.7 | 1.1 | 6.5 | 8.7 | 15.1 | -4.5 | -1.2 | 8.0 | 19.0 |
| Module Manufacturing / Others | -23.0 | -3.4 | -36.7 | -99.3 | -33.3 | -23.3 | -18.3 | -3.3 | -37.7 | -32.3 | -19.0 | 8.1 |
| Power generation business / EPC | -10.0 | -15.6 | 2.3 | -11.8 | 1.0 | 2.0 | 0.5 | 1.5 | 3.0 | -8.3 | 1.3 | 2.7 |
| Residential energy business | 21.8 | 11.5 | 15.9 | -6.2 | -3.2 | 4.8 | 6.8 | 6.8 | 19.9 | 12.7 | 4.0 | 4.0 |

Source: Company data, Samsung Securities estimates

### Hanwha Solutions: Results and forecasts

| (KRWb) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26E | 2Q26E | 3Q26E | 4Q26E | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KRW/USD (average) | 1,453 | 1,401 | 1,387 | 1,449 | 1,459 | 1,420 | 1,380 | 1,335 | 1,365 | 1,422 | 1,398 | 1,335 |
| **Sales** | **3,094** | **3,117** | **3,364** | **3,757** | **3,177** | **3,193** | **3,250** | **3,306** | **12,394** | **13,333** | **12,925** | **13,221** |
| Growth (% q-q) | -33.4 | 0.7 | 7.9 | 11.7 | -15.4 | 0.5 | 1.8 | 1.7 | | | | |
| Growth (% y-y) | 31.5 | 17.6 | 22.5 | -19.1 | 2.7 | 2.4 | -3.4 | -12.0 | -5.2 | 7.6 | -3.1 | 2.3 |
| Basic materials | 1,074 | 1,239 | 1,160 | 1,151 | 1,061 | 1,028 | 1,004 | 976 | 4,817 | 4,624 | 4,070 | 3,915 |
| Process materials | 274 | 308 | 258 | 271 | 315 | 284 | 287 | 279 | 1,038 | 1,111 | 1,165 | 1,200 |
| Solar | 1,599 | 1,446 | 1,752 | 2,062 | 1,661 | 1,747 | 1,770 | 1,822 | 5,780 | 6,859 | 7,000 | 7,400 |
| Other | 148 | 124 | 195 | 294 | 161 | 155 | 209 | 250 | 773 | 760 | 775 | 791 |
| **Operating profit** | **30** | **102** | **-7** | **-490** | **-12** | **31** | **97** | **214** | **-300** | **-365** | **331** | **1,398** |
| Growth (% q-q) | -71.7 | 236.7 | Turned neg | Remained neg | To remain neg | To turn pos | 210.7 | 119.8 | | | | |
| Growth (% y-y) | Turned pos | Turned pos | Remained neg | Turned neg | To turn neg | -69.3 | To turn pos | To turn pos | Turned neg | Remained neg | To turn pos | 322.8 |
| Basic materials | -91 | -47 | -9 | -102 | -20 | -74 | -45 | -50 | -122 | -249 | -189 | 29 |
| Growth (% q-q) | Remained neg | Remained neg | Remained neg | Remained neg | To remain neg | To remain neg | To remain neg | To remain neg | | | | |
| Growth (% y-y) | Remained neg | Remained neg | Remained neg | Remained neg | To remain neg | To remain neg | To remain neg | To remain neg | Turned neg | Remained neg | To remain neg | To turn pos |
| Process materials | -2 | 10 | 4 | -5 | 6 | 9 | 6 | 6 | 24 | 6 | 26 | 30 |
| Growth (% q-q) | Remained neg | Turned pos | -63.3 | Turned neg | To turn pos | 35.1 | -32.5 | -2.7 | | | | |
| Growth (% y-y) | Turned neg | 8.9 | -41.0 | Remained neg | To turn pos | -12.8 | 60.2 | To turn pos | -63.5 | -73.6 | 323.6 | 13.5 |
| Solar | 136 | 156 | 8 | -386 | 19 | 114 | 153 | 275 | -259 | -85 | 561 | 1,404 |
| Growth (% q-q) | 124.8 | 14.7 | -94.9 | Turned neg | To turn pos | 495.3 | 34.8 | 79.6 | | | | |
| Growth (% y-y) | Turned pos | Turned pos | Turned pos | Turned neg | -86.0 | -27.2 | 1,839.3 | To turn pos | Turned neg | Remained neg | To turn pos | 150.2 |
| Other | -13 | -17 | -10 | 15 | -5 | -5 | -5 | -5 | 55 | -25 | -22 | -18 |
| Growth (% q-q) | Turned neg | Remained neg | Remained neg | Turned pos | To turn neg | To remain neg | To remain neg | To remain neg | | | | |
| Growth (% y-y) | Remained neg | Remained neg | Remained neg | -85.7 | To remain neg | To remain neg | To remain neg | To turn neg | Turned pos | Turned neg | To remain neg | To remain neg |
| Consolidation adjustments | 0 | -0 | -0 | -11 | -11 | -11 | -11 | -11 | 2 | -11 | -46 | -46 |
| Growth (% q-q) | Turned pos | Turned neg | Remained neg | Remained neg | To remain neg | To remain neg | To remain neg | To remain neg | | | | |
| Growth (% y-y) | -99.3 | Turned neg | Remained neg | Remained neg | To turn neg | To remain neg | To remain neg | To remain neg | Turned pos | Turned neg | To remain neg | To remain neg |
| Equity-method income | 135 | 3 | 99 | -202 | -57 | -54 | -54 | -30 | -327 | 34 | -196 | -107 |
| Growth (% q-q) | Turned pos | -97.7 | 3,045.3 | Turned neg | To turn neg | To remain neg | To remain neg | To remain neg | | | | |
| Growth (% y-y) | Turned pos | Turned pos | Turned pos | Remained neg | To turn neg | To turn neg | To turn neg | To remain neg | Turned neg | Turned pos | To turn neg | To remain neg |
| Pre-tax profit | -68 | -148 | -40 | -582 | -174 | -116 | -49 | 92 | -1,424 | -838 | -247 | 902 |
| Growth (% q-q) | Remained neg | Remained neg | Remained neg | Remained neg | To remain neg | To remain neg | To remain neg | To turn pos | | | | |
| Growth (% y-y) | Remained neg | Remained neg | Remained neg | Remained neg | To remain neg | To remain neg | To remain neg | To turn pos | Turned neg | Remained neg | To remain neg | To turn pos |
| **Net profit** | **-30** | **-178** | **5** | **-411** | **-123** | **-95** | **-41** | **76** | **-1,369** | **-615** | **-183** | **740** |
| Growth (% q-q) | Remained neg | Remained neg | Turned pos | Turned neg | To remain neg | To remain neg | To remain neg | To turn pos | | | | |
| Growth (% y-y) | Remained neg | Remained neg | Turned pos | Remained neg | To remain neg | To remain neg | To turn neg | To turn pos | Remained neg | Remained neg | To remain neg | To turn pos |
| Attributable to parent company | -44 | -202 | -12 | -392 | -132 | -104 | -49 | 67 | -1,404 | -650 | -218 | 704 |
| **Margins (%)** | | | | | | | | | | | | |
| Operating profit | 1.0 | 3.3 | -0.2 | -13.0 | -0.4 | 1.0 | 3.0 | 6.5 | -2.4 | -2.7 | 2.6 | 10.6 |
| Basic materials | -8.5 | -3.8 | -0.8 | -8.9 | -1.9 | -7.2 | -4.5 | -5.1 | -2.5 | -5.4 | -4.6 | 0.7 |
| Process materials | -0.7 | 3.2 | 1.4 | -2.0 | 2.0 | 3.0 | 2.0 | 2.0 | 2.3 | 0.6 | 2.3 | 2.5 |
| Solar | 8.5 | 10.8 | 0.5 | -18.7 | 1.1 | 6.5 | 8.7 | 15.1 | -4.5 | -1.2 | 8.0 | 19.0 |
| Other | -8.7 | -13.8 | -5.1 | 5.0 | -3.4 | -3.5 | -2.6 | -2.2 | 7.1 | -3.3 | -2.8 | -2.3 |
| Pre-tax profit | -2.2 | -4.8 | -1.2 | -15.5 | -5.5 | -3.6 | -1.5 | 2.8 | -11.5 | -6.3 | -1.9 | 6.8 |
| Net profit | -1.0 | -5.7 | 0.1 | -10.9 | -3.9 | -3.0 | -1.2 | 2.3 | -11.0 | -4.6 | -1.4 | 5.6 |

Source: Company data, Samsung Securities estimates

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **12,394** | **13,333** | **12,925** | **13,221** | **13,661** |
| Cost of goods sold | 11,008 | 11,845 | 10,790 | 9,981 | 9,725 |
| **Gross profit** | **1,386** | **1,488** | **2,135** | **3,240** | **3,937** |
| Gross margin (%) | 11.2 | 11.2 | 16.5 | 24.5 | 28.8 |
| SG&A expenses | 1,686 | 1,853 | 1,805 | 1,841 | 1,905 |
| **Operating profit** | **-300** | **-365** | **331** | **1,398** | **2,032** |
| Operating margin (%) | -2.4 | -2.7 | 2.6 | 10.6 | 14.9 |
| **Non-operating gains (losses)** | **-1,383** | **-475** | **-577** | **-497** | **-404** |
| Financial profit | 108 | 98 | 215 | 259 | 280 |
| Financial costs | 548 | 539 | 603 | 640 | 665 |
| Equity-method gains (losses) | -327 | 34 | -196 | -107 | -11 |
| Other | -616 | -69 | 7 | -8 | -8 |
| **Pre-tax profit** | **-1,683** | **-840** | **-247** | **902** | **1,628** |
| Taxes | -316 | -225 | -64 | 162 | 292 |
| Effective tax rate (%) | 18.7 | 26.8 | 26.0 | 17.9 | 17.9 |
| Profit from continuing operations | -1,109 | -613 | -183 | 740 | 1,336 |
| Profit from discontinued operations | -260 | -2 | 0 | 0 | 0 |
| **Net profit** | **-1,369** | **-615** | **-183** | **740** | **1,336** |
| Net margin (%) | -11.0 | -4.6 | -1.4 | 5.6 | 9.8 |
| Net profit (controlling interests) | -1,404 | -650 | -218 | 704 | 1,300 |
| Net profit (non-controlling interests) | 35 | 35 | 35 | 35 | 35 |
| EBITDA | 415 | 419 | 1,147 | 2,241 | 2,898 |
| EBITDA margin (%) | 3.4 | 3.1 | 8.9 | 17.0 | 21.2 |
| EPS (parent-based) (KRW) | -8,050 | -3,728 | -1,250 | 2,858 | 5,275 |
| EPS (consolidated) (KRW) | -7,847 | -3,527 | -1,047 | 3,002 | 5,419 |
| Adjusted EPS (KRW)* | -8,050 | -3,728 | -1,250 | 2,858 | 5,275 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **10,883** | **12,637** | **14,955** | **16,344** | **17,914** |
| Cash & equivalents | 2,184 | 2,470 | 5,100 | 6,263 | 7,497 |
| Accounts receivable | 2,305 | 1,543 | 1,496 | 1,530 | 1,581 |
| Inventories | 4,258 | 5,680 | 5,506 | 5,632 | 5,820 |
| Other current assets | 2,136 | 2,943 | 2,853 | 2,918 | 3,015 |
| **Fixed assets** | **19,154** | **20,507** | **21,230** | **21,611** | **22,029** |
| Investment assets | 5,434 | 5,876 | 6,020 | 6,144 | 6,328 |
| Tangible assets | 10,727 | 11,182 | 11,823 | 12,132 | 12,412 |
| Intangible assets | 1,756 | 1,846 | 1,789 | 1,737 | 1,691 |
| Other long-term assets | 1,238 | 1,603 | 1,598 | 1,598 | 1,598 |
| **Total assets** | **30,037** | **33,144** | **36,185** | **37,955** | **39,943** |
| **Current liabilities** | **11,708** | **12,736** | **12,894** | **13,132** | **13,442** |
| Accounts payable | 2,610 | 2,709 | 2,626 | 2,686 | 2,776 |
| Short-term debt | 5,110 | 6,320 | 6,320 | 6,320 | 6,320 |
| Other current liabilities | 3,987 | 3,707 | 3,948 | 4,126 | 4,347 |
| **Long-term liabilities** | **7,722** | **9,223** | **9,937** | **10,728** | **11,070** |
| Bonds & long-term debt | 6,423 | 7,852 | 8,593 | 9,365 | 9,677 |
| Other long-term liabilities | 1,300 | 1,371 | 1,344 | 1,364 | 1,393 |
| **Total liabilities** | **19,430** | **21,959** | **22,831** | **23,860** | **24,513** |
| **Owners of parent equity** | **9,450** | **9,101** | **11,235** | **11,940** | **13,240** |
| Capital stock | 889 | 889 | 1,249 | 1,249 | 1,249 |
| Capital surplus | 1,562 | 1,771 | 3,809 | 3,809 | 3,809 |
| Retained earnings | 4,132 | 3,443 | 3,225 | 3,929 | 5,230 |
| Other | 2,866 | 2,998 | 2,953 | 2,953 | 2,953 |
| **Non-controlling interests' equity** | **1,157** | **2,084** | **2,119** | **2,155** | **2,190** |
| **Total equity** | **10,607** | **11,185** | **13,355** | **14,094** | **15,430** |
| Net debt | 10,701 | 12,706 | 11,156 | 10,872 | 10,066 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **638** | **-655** | **1,351** | **2,023** | **2,496** |
| Net profit | -1,369 | -615 | -183 | 740 | 1,336 |
| Non-cash profit and expenses | 1,942 | 1,432 | 1,374 | 1,523 | 1,563 |
| Depreciation | 649 | 720 | 759 | 791 | 820 |
| Amortization | 66 | 64 | 58 | 52 | 46 |
| Other | 1,227 | 648 | 558 | 680 | 697 |
| Changes in A/L from operating activities | 94 | -1,395 | 104 | -75 | -112 |
| **Cash flow from investments** | **-3,287** | **-1,749** | **-1,218** | **-909** | **-878** |
| Change in tangible assets | -3,344 | -1,972 | -1,400 | -1,100 | -1,100 |
| Change in financial assets | -107 | -22 | 20 | -15 | -22 |
| Other | 163 | 245 | 162 | 206 | 244 |
| **Cash flow from financing** | **2,676** | **2,714** | **2,884** | **274** | **-196** |
| Change in debt | 3,485 | 2,353 | 1,066 | 889 | 442 |
| Change in equity | 66 | 209 | 2,398 | 0 | 0 |
| Dividends | -138 | -166 | 0 | 0 | 0 |
| Other | -737 | 318 | -580 | -615 | -639 |
| Change in cash | 226 | 286 | 2,630 | 1,163 | 1,234 |
| Cash at beginning of year | 1,958 | 2,184 | 2,470 | 5,100 | 6,263 |
| Cash at end of year | 2,184 | 2,470 | 5,100 | 6,263 | 7,497 |
| **Gross cash flow** | **573** | **817** | **1,192** | **2,263** | **2,899** |
| **Free cash flow** | **-2,759** | **-2,665** | **-49** | **923** | **1,396** |

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | -5.2 | 7.6 | -3.1 | 2.3 | 3.3 |
| Operating profit | nm | nm | nm | 322.8 | 45.3 |
| Net profit | nm | nm | nm | nm | 80.5 |
| Adjusted EPS** | nm | nm | nm | nm | 84.6 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | -8,050 | -3,728 | -1,250 | 2,858 | 5,275 |
| EPS (consolidated) | -7,847 | -3,527 | -1,047 | 3,002 | 5,419 |
| Adjusted EPS** | -8,050 | -3,728 | -1,250 | 2,858 | 5,275 |
| BVPS | 54,974 | 52,947 | 46,046 | 48,934 | 54,262 |
| DPS (common) | 300 | 0 | 0 | 0 | 0 |
| **Valuations (x)** | | | | | |
| P/E*** | n/a | n/a | n/a | 12.9 | 7.0 |
| P/B*** | 0.3 | 0.5 | 0.8 | 0.8 | 0.7 |
| EV/EBITDA | 35.3 | 46.4 | 17.1 | 8.7 | 6.4 |
| **Ratios (%)** | | | | | |
| ROE | -16.0 | -7.0 | -2.1 | 6.1 | 10.3 |
| ROA | -5.0 | -1.9 | -0.5 | 2.0 | 3.4 |
| ROIC | -1.6 | -1.5 | 1.3 | 6.0 | 8.6 |
| Payout ratio | -3.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend yield (common) | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt to equity | 100.9 | 113.6 | 83.5 | 77.1 | 65.2 |
| Interest coverage (x) | -0.5 | -0.7 | 0.5 | 2.2 | 3.1 |

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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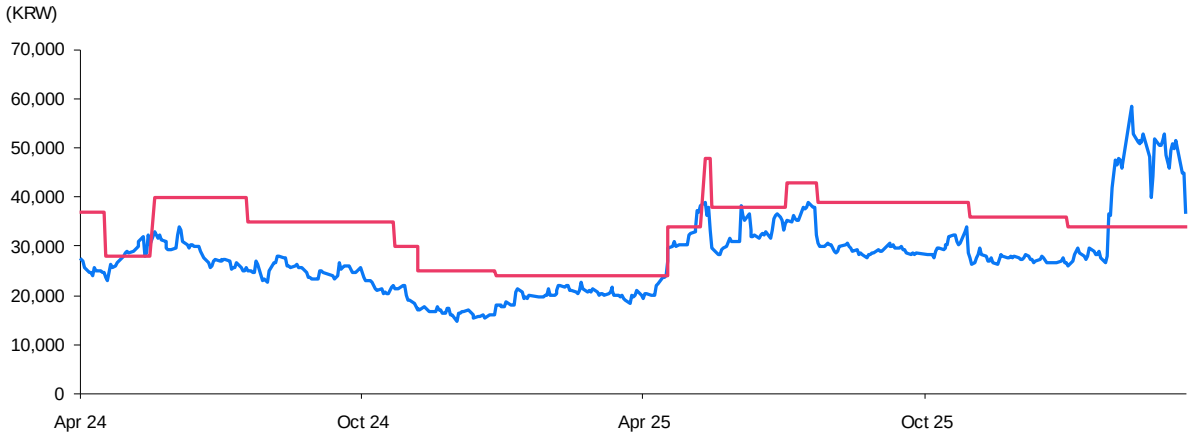
## Target price changes in past two years




## Rating changes over past two years (adjusted share prices)

| Date | 2024/2/22 | 4/25 | 5/27 | 7/26 | 10/30 | 11/14 | 2025/1/3 | 4/25 | 5/19 | 5/23 | 7/11 | 7/31 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Recommendation | HOLD | HOLD | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 37000 | 28000 | 40000 | 35000 | 30000 | 25000 | 24000 | 34000 | 48000 | 38000 | 43000 | 39000 |
| Gap* (average) | -27.49 | 1.65 | -28.46 | -30.39 | -33.88 | -33.96 | -14.79 | -3.03 | -25.24 | -13.71 | -14.92 | -24.04 |
| (max or min)** | -21.49 | 15.18 | -15.25 | -19.71 | -26.17 | -29.32 | 12.92 | 12.94 | -20.94 | 0.66 | -9.30 | -13.33 |

| Date | 11/6 | 2026/1/9 | 3/27 |
|---|---|---|---|
| Recommendation | BUY | BUY | HOLD |
| Target price (KRW) | 36000 | 34000 | 42000 |
| Gap* (average) | -23.85 | 21.18 | |
| (max or min)** | -17.92 | 72.06 | |

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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| | |
|---|---|
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**Industry**

| | |
|---|---|
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