COMPANY UPDATE

2026. 4. 10

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HYBE (352820)

Earnings growth to accelerate from 2Q

- We forecast HYBE to post a 1Q operating profit of KRW42.1b (up 94.8% y-y), missing consensus due to a higher-than-expected COGS-to-sales ratio.
- Reflecting the hike in COGS-to-sales ratio and the decline in peers' valuation multiples, we cut our enterprise value forecast for the company from KRW19t to KRW16t and thus lower our target price to KRW380,000 (SOTP method).

WHAT'S THE STORY?

1Q preview—To miss consensus: We forecast HYBE to post consolidated 1Q sales of KRW651.3b (up 30.1% y-y) and an operating profit of KRW42.1b (up 94.8% y-y), the latter missing consensus of KRW50.9b. We believe that: 1) robust album sales—reaching about 9.1m units (vs 2.68m units in 1Q25) driven by new releases from BTS and Enhypen—led to strength in album & digital sales; 2) tour-related merchandise (MD) drove a rapid growth in MD/licensing sales; and 3) Netflix's "BTS: Comeback Live" and the documentary "BTS: The Return" contributed to content sales. While overall sales were likely in line with consensus, profitability likely undershoot it due to: 1) promotional activities—including music video releases for BTS' title and other tracks; and 2) partial upfront recognition of tour production expenses.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW380,000	48.7%
Current price	**KRW255,500**	
Market cap	KRW11.0t/USD7.4b	
Shares (float)	43,102,249 (56.5%)	
52-week high/low	KRW404,500/KRW215,000	
Avg daily trading value (60-day)	KRW128.2b/ USD86.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
HYBE (%)	-26.2	-4.5	18.8
Vs Kospi (%pts)	-32.9	-41.3	-52.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	380,000	470,000	-19.1%
2026E EPS	8,938	9,575	-6.7%
2027E EPS	8,851	9,376	-5.6%

SAMSUNG vs THE STREET

No of estimates	22
Target price	464,318
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	2,650	4,186	4,024	4,180
Operating profit (KRWb)	49	526	507	532
Net profit (adj) (KRWb)	-254	376	382	396
EPS (adj) (KRW)	-5,673	8,938	8,851	9,130
EPS (adj) growth (% y-y)	nm	nm	-1.0	3.1
EBITDA margin (%)	7.4	15.5	15.2	14.9
ROE (%)	-7.3	11.4	10.6	10.1
P/E (adj) (x)	n/a	28.6	28.9	28.0
P/B (x)	4.3	3.2	2.9	2.7
EV/EBITDA (x)	69.9	16.1	16.6	15.9
Dividend yield (%)	0.2	0.9	0.9	1.0

Source: Company data, Samsung Securities estimates

Quantitative performance and growth momentum of next-generation artists: Starting in 2Q, BTS and Enhypen's world tour should commence, followed by comebacks from TXT, Le Sserafim, BoyNextDoor, TWS, ILLIT, and Cortis. As HYBE's artists continue to enjoy strong recognition in Western markets with high consumer spending power, album sales and MD/licensing revenue are expected to grow in tandem as global tours expand. Particular attention should be paid to Cortis' (showing rapid growth since debut) comeback performance and Katseye's upcoming tour scheduled for 2H. Expanded tour geography and scale, along with higher average ticket prices (ATP), are expected to generate meaningful revenue upside. In 2026, HYBE also plans domestic and global girl group debuts, further diversifying its regional lineup and reinforcing artist influence and growth momentum across both domestic and global music markets.

Short-term volatility vs sustainable growth trajectory: We cut our target price for the stock to KRW380,000 (SOTP valuation), as: 1) we revise down our 2026 operating margin forecast from 13.1% to 12.6% to reflect a hike in COGS-to-sales ratio; and 2) we lower our target P/E multiple from 35x to 30x (a 20% premium to the average of domestic and global entertainment peers) to factor into recent industry-wide stock weakness), reducing our enterprise value estimate from KRW19t to KRW16t. While recent share price corrections have been steep weighed on by peak-out concerns and profit-taking, the underlying growth narrative (anchored in expanding artist performance across global labels) remains intact. Local artist successes in Japan, the US, and Latin America should also gradually accelerate, and Weverse, which turned profitable last year, should further strengthen its position in the entertainment platform market as its monetization strategy gains full momentum. We maintain our BUY rating.

Table 1. Quarterly results and forecasts

(KRWb)	1Q25	4Q25	1Q26E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	500.6	716.4	651.3	-9.1	30.1	619.0	5.2
Operating income	21.6	4.6	42.1	820.3	94.8	50.9	-17.2
Operating margin (%)	4.3	0.6	6.5	5.8	2.1	8.2	-1.7
Pre-tax income	80.2	-266.3	42.1	nm	-47.6	69.2	-39.2
Net profit (controlling)	60.2	-267.8	29.4	nm	-51.2	48.9	-39.9

Source: Company data, Samsung Securities

Table 2. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E
Sales	**360.9**	**640.5**	**527.8**	**726.4**	**500.6**	**705.6**	**727.2**	**716.4**	**651.3**	**1,227.9**	**1,258.5**	**1,048.6**	**2,255.6**	**2,649.9**	**4,186.2**	**4,024.5**
Recorded music	145.1	249.6	214.5	251.8	136.5	228.6	189.8	218.0	276.5	231.3	190.0	262.2	861.0	773.0	960.0	894.9
Concert	44.0	144.0	74.0	188.9	155.2	188.7	245.0	175.1	94.6	537.8	606.2	410.5	450.9	763.9	1,649.1	1,617.4
Ads/appearance fees	27.8	30.3	34.5	41.9	30.8	30.6	42.6	43.1	32.4	35.3	48.1	47.9	134.5	147.2	163.7	177.5
Merchandising/licensing	60.7	109.1	99.1	151.2	106.4	152.9	168.3	142.9	126.7	311.1	319.2	222.8	420.2	570.6	979.8	882.6
Content	61.3	83.8	79.8	62.5	41.2	70.2	46.8	100.6	80.1	69.5	58.6	65.4	287.3	258.8	273.6	294.0
Fanclub and other	21.9	23.7	26.0	30.2	30.5	34.6	34.6	36.7	41.0	42.9	36.3	39.8	101.8	136.4	160.0	158.0
Operating profit	**14.4**	**50.9**	**54.2**	**64.6**	**21.6**	**65.9**	**-42.2**	**4.6**	**42.1**	**169.3**	**167.4**	**147.3**	**184.0**	**49.9**	**526.1**	**507.0**
Operating margin (%)	4.0	7.9	10.3	8.9	4.3	9.3	-5.8	0.6	6.5	13.8	13.3	14.0	8.2	1.9	12.6	12.6
Non-operating profit (losses)	6.6	-17.2	-60.7	-93.3	58.6	-34.7	12.3	-270.9	-0.1	-4.7	12.4	-21.6	-164.6	-234.8	-13.9	9.8
Pre-tax profit	21.0	33.7	-6.6	-28.7	80.2	31.1	-29.9	-266.3	42.1	164.6	179.8	125.8	19.4	-184.9	512.2	516.8
Net profit (controlling)	**17.2**	**14.6**	**6.4**	**-28.8**	**60.2**	**18.1**	**-50.3**	**-267.8**	**29.4**	**127.0**	**127.8**	**100.8**	**9.4**	**-239.8**	**385.0**	**381.5**
Chg (% y-y)																
Sales	**-12.1**	**3.1**	**-1.9**	**19.4**	**38.7**	**10.2**	**37.8**	**-1.4**	**30.1**	**74.0**	**73.1**	**46.4**	**3.6**	**17.5**	**58.0**	**-3.9**
Recorded music	-21.3	1.5	-18.8	-8.8	-5.9	-8.4	-11.5	-13.4	102.5	1.2	0.1	20.3	-11.3	-10.2	24.2	-6.8
Concert	74.5	-8.6	-14.8	111.0	252.3	31.0	231.1	-7.3	-39.0	185.0	147.4	134.4	25.6	69.4	115.9	-1.9
Ads/appearance fees	11.4	-8.2	9.8	-20.2	10.9	0.9	23.4	3.0	5.0	15.3	13.1	11.0	-5.2	9.4	11.2	8.4
Merchandising/licensing	-11.9	-2.5	15.7	156.0	75.2	40.2	69.8	-5.5	19.0	103.4	89.6	55.9	29.1	35.8	71.7	-9.9
Content	-29.8	64.9	63.6	-39.4	-32.7	-16.2	-41.3	61.0	94.3	-1.0	25.2	-35.0	-0.9	-9.9	5.7	7.4
Fanclub and other	9.8	8.6	23.4	6.5	39.0	46.2	33.3	21.5	34.5	24.0	4.8	8.5	11.6	34.0	17.3	-1.3
Operating profit	**-72.6**	**-37.4**	**-25.4**	**-27.6**	**50.3**	**29.4**	**nm**	**-92.9**	**94.8**	**157.0**	**nm**	**3,119.0**	**-37.7**	**-72.9**	**954.5**	**-3.6**
Operating margin (%pts y-y)	-8.8	-5.2	-3.2	-5.8	0.3	1.4	-16.1	-8.3	2.1	4.5	19.1	13.4	-5.4	-6.3	10.7	0.0
Non-operating profit (losses)	nm	nm	nm	nm	791.6	nm	nm	nm	nm	nm	1.2	nm	nm	nm	nm	nm
Pre-tax profit	-59.2	-76.9	nm	nm	282.8	-7.6	nm	nm	-47.6	428.6	nm	nm	-92.2	nm	nm	0.9
Net profit (controlling)	**-29.1**	**-87.6**	**-93.8**	**nm**	**249.2**	**23.8**	**nm**	**nm**	**-51.2**	**603.2**	**nm**	**nm**	**-95.0**	**nm**	**nm**	**-0.9**

Source: Company data, Samsung Securities

Table 1. Album sales: 1Q26 vs 1Q25

1Q26				1Q25			
Rank	**Artists**	**Key album**	**Sales (units)**	**Rank**	**Artists**	**Key album**	**Sales (units)**
1	BTS	Total	4,843,119	1	BSS	Total	705,749
		ARIRANG	4,175,303		(Seventeen)	Teleparty	499,999
2	ENHYPEN	Total	2,511,186	2	Le Sserafim	Total	689,912
		THE SIN: VANISH	2,122,561			Hot	649,092
3	DK X Seungkwan	Total	705,896	3	Hoshi X Woozi	Total	448,382
	(Seventeen)	1st Mini Album `Serenade`	698,896		(Seventeen)	1st Single Album `Beam'	339,925
4	CORTIS	Total	633,555	4	Seventeen	Total	223,677
		COLOR OUTSIDE THE LINES	613,764			Spill the feels	55,234
5	ILLIT	Total	102,821	5	BoyNextDoor	Total	197,196
		NOT CUTE ANYMORE	51,459			How	54,893
Total album sales			9,084,834				2,676,002
Weverse album sales			794,659				269,721

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

Table 2. 2026 albums

Group	Album/EP	Release date	Category	Sales (units)
Katseye	Internet Girl	Jan 2	Digital single	
DK X Seungkwan (Seventeen)	Serenade	Jan 12	1st EP	705,896
ILLIT	Sunday Morning	Jan 13	Japanese digital single	
Enhypen	The Sin: Vanish	Jan 16	7th EP	2,404,358
TXT	SSS	Jan 26	Japanese digital single	
Santos Bravos	Kawasaki	Jan 30	Digital single	
BoyNextDoor	Knock on vol 1 Final – Live	Feb 4	Live album	
TWS	Nice to see you again	Feb 8	Digital single	
Santos Bravos	DUAL	Mar 13	1st EP	
&TEAM	Sakura-iro Yell	Mar 14	Japanese digital single	
aoen	Instant Crush	Mar 18	Japanese 2nd single	
BTS	ARIRANG	Mar 20	5th album	4,743,605
BTS	Come OVer	Apr 3	Deluxe LP	
ILLIT	Bubee	Apr 6	Japanese digital single	
Katseye	Pinky Up	Apr 9	US digital single	
TXT	7TH YEAR: A Moment of Stillness in the Thorns	Apr 13	8th EP	
Cortis	REDRED	Apr 20	2nd EP	
&TEAM	We on Fire	Apr 21	Japanese 3rd EP	
TWS	NO TRAGEDY	Apr 27	5th EP	
ILLIT	MAMIHLAPINATAPAI	Apr 30	4th EP	
Le Sserafim	TBD	Apr		
Cortis	GREENGREEN	May 4	2nd EP	
BoyNextDoor	TBD	May	1st album	
THE 8 X Vernon (Seventeen)	TBD	Jun	album	

Note: Album sales volumes are as of Dec 31, 2025

Source: Local media, Company data, Circle Chart, Samsung Securities

Table 3. 2026 Concerts

Artists	Region	Concert	Dates	City	Shows
TXT	Asia	Act: Tomorrow	Jan 10-Feb 14	6 Asian cities	12
S.Coups X Mingyu	Korea	Doulbe Up	Jan 23-25	Incheon	3
TWS	Asia	24/7 With Us	Jan 24-31	Macau, Kaoshiung	2
Le Sserafim	Korea	Easy crazy hot	Jan 31-Feb 1	Seoul	2
Zico	Japan	Tokyo Drive	Feb 7	Tokyo	1
TXT	Korea	(Fan-con) 2026 Txt Moa Con	Feb 27-Mar1	Seoul	3
Seventeen	Asia	New_	Feb 28-Mar 21	Hongkong, Singapore, Bangkok, Bullacan	6
ILLIT	Korea	Press Start	Mar 14-15	Seoul	2
TWS	Korea	(Fan meeting) <42:Club>	Mar 27-29	Seoul	3
Seventeen	Korea	New_[Encore]	Apr 4-5	Incheon	2
TWS	Japan	(Fan meeting) <42:Club>	Apr 8-9	Yokohama (4/9 twice)	3
BTS	Global	Arirang	Apr 9-Jun 27	3 Asian cities, 5 North American cities, Madrid	24
aoen	Japan	LIVE TOUR 2026	Apr 23-Jun 19	24 Japan cities	24
DK X Seungkwan (Seventeen)	Asia	Serenade On Stage	Apr 17-Jun 6	Seoul, Chiba, Daegu, Macao	8
Enhypen	Korea	BLOOD SAGA	May 1-3	Seoul	3
&TEAM	Asia	Blaze The Way	May 13-Jun 28	5 Japan cities, Taipei	11
TXT	Japan	(Fan-con) 2026 TXT MOA CON	May 23-Jun 24	Nagoya, Chiba, Hukuoka, Kobe	8
ILLIT	Japan	Press Start	Jun 13-30	Aichi, Osaka, Fukuoka	6
Seventeen	Korea	(Fan meeting) Seventeen in	Jun 20-21	Seoul	2
BTS	Global	ARIRANG	Jul 1-Sep 4	4 Europe cities, 7 North American cities	24
Enhypen	North America	BLOOD SAGA	Jul 4-Aug 1	3 South American, 5 North American cities	10
&TEAM	Asia	Blaze The Way	Jul 4-Aug 22	Seoul, Hongkong, Bangkok, Chiba, Singapore	7
ILLIT	Asia	Press Start	Jul 18-Aug 22	Hyogo, Tokyo, Hongkong	6
DK X Seungkwan (Seventeen)	Taiwan	Serenade On Stage	Jul 25	Kaohsiung	1
BTS	Global	Arirang	Oct 2-Dec 27	5 South American cities, 5 Asian cities	25
Enhypen	Asia	BLOOD SAGA	Oct 17-Dec 27	Macao, 2 Japan cities	6
Enhypen	Global	BLOOD SAGA	Jan 23-Mar14, 2027	4 Asian cities, 4 Europe cities	10
BTS	Global	Arirang	Feb 12-Mar14, 2027	2 Australian cities, 2 Asian cities	9

Source: Local media, Company data, Circle Chart, Samsung Securities

Chart 1. BTS comeback: Live concert (Mar 21)

Note: Exclusive live streaming across 190+ countries and regions via Netflix partnership
Source: Company data, Netflix, Samsung Securities

Chart 2. Netflix documentary *BTS: The Return* (Mar 27)

Note: Documentary covering new album production process
Source: Company data, Netflix, Samsung Securities

Table 4. BTS world tour *Arirang* schedule (82+)

Date	Region	Stadium	Shows	Seats per venue	Total seats
Apr 9, 11-12	Goyang	Goyang Stadium	3	43,000	129,000
Apr 17-18	Tokyo	Tokyo Dome	2	50,000	100,000
Apr 25-26, 28	Tempa	Raymond James Stadium	3	75,000	225,000
May 2-3	El Paso	Sun Bowl Stadium	2	51,500	103,000
May 7, 9-10	Mexico City	Estadio GNP Seguros	3	65,000	195,000
May 16-17, 19	San Francisco	Stanford Stadium	3	50,424	151,272
May 23-24, 27-28	Las Vegas	Allegiant stadium	4	65,000	260,000
Jun 12-13	Busan	Asiad Main Stadium	2	53,769	107,538
Jun 26-27	Madrid	Riyadh Air Metropolitano	2	70,463	140,920
2Q26			24	58,822	1,411,730
Jul 1-2	Brussels	Stade Roi Baudouin		50,903	101,806
Jul 6-7	London	Tottenham Hotspur Stadium	2	62,850	125,700
Jul 11-12	Bayern	Allianz Arena	2	75,024	150,048
Jul 17-18	Paris	Stade de France	2	80,000	160,000
Aug 1-2	New Jersey	MetLife Stadium	2	82,500	165,000
Aug 5-6	Foxborough	Gillette Stadium	2	65,878	131,756
Aug 10-11	Baltimore	M&T Bank Stadium	2	71,088	142,176
Aug 15-16	Allington	AT&T Stadium	2	80,000	160,000
Aug 22-23	Toronto	Rogers Stadium	2	50,000	100,000
Aug 27-28	Chicago	Soldier Field	2	61,500	123,000
Sep 1-2, 5-6	LA	Sofi Stadium	4	70,000	280,000
3Q26			24	68,312	1,639,486
Oct 2-3	Bogota	Nemesio Camacho El Campin Stadium	2	39,000	78,000
Oct 9-10	Lima	Estadio Nacional del Peru	2	43,086	86,172
Oct 16-17	Santiago	Estadio Nacional Julio Marinez Pradanos	2	48,745	97,490
Oct 23-24	Buenos Aires	Estadio Monumental	2	85,018	170,036
Oct 28, 30-31	São Paulo	Estadio do Morumbi	3	72,039	216,117
Nov 19, 21-22	Kaohsiung	Kaohsiung National Stadium	3	55,000	165,000
Dec 3, 5-6	Bangkok	Rajamangala National Stadium	3	51,552	154,656
Dec 12-13	Kuala Lumpur	Bukit Jalil National Stadium	2	87,411	174,822
Dec 17, 19-20, 22	Singapore	Singapore National Stadium	4	55,000	220,000
Dec 26-27	Jakarta	Jakarta National Stadium	2	82,000	164,000
4Q26			25	61,051	1,526,293
2026년 합계			**73**	**62,706**	**4,577,509**
Feb 12-13	Melbourne	Melbourne Cricket Stadium	2	100,024	200,048
Feb 20-21	Sydney	Accor Stadium	2	83,500	167,000
Mar 4, 6-7	Hongkong	Kai Tak Stadium	3	50,000	150,000
Mar 13-14	Manila	Philippine Stadium	2	55,000	110,000
	+ Japan				
	+ West Asia				
	+ More				
1Q27			**9**	**69,672**	**627,048**
Total concert			**82**	**63,470**	**5,204,557**

Note: World tour schedule was announced Jan 14, and venues have been confirmed through Sep 2026;
Reflected US 3 additional shows (Jan 23-24, Tampa, San Francisco, Las Vegas);
34 Cities, 82 shows across regions (North America 14, Asia 19, Korea 5, Oceania 4, Japan 2);
5 Latin America cities venue and ticket schedules announced (Mar 27);
Green highlights indicate shows for which a specific stadium has yet to be announced—largest venue in each city assumed;
Additional cities in Japan and Middle East under consideration for 2027

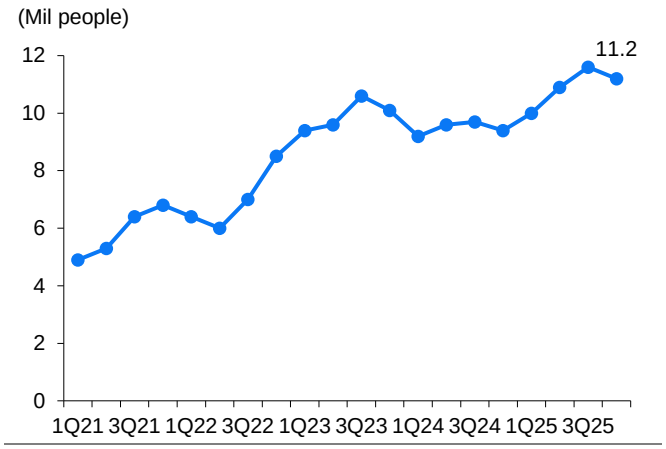
Source: Company data, Samsung Securities

Table 5. HYBE artists that have signed up to Weverse DM

Artist	Label	Month joined Weverse DM
&Team	HYBE Japan	Mar 2024
I'll-it	Belift Lab	Sep 2024
Katseye	HYBE UMG	Aug 2024
TXT	Bighit Music	Sep 2024
Le Sserafim	Source Music	Jan 2025
Hwang Minhyun	Pledis	Dec 2025
Aoen	YX Labels	Dec 2025

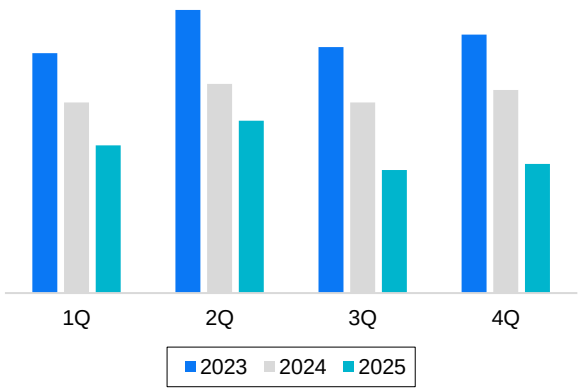
Source: Company data, Samsung Securities

Chart 3. Weverse: MAU



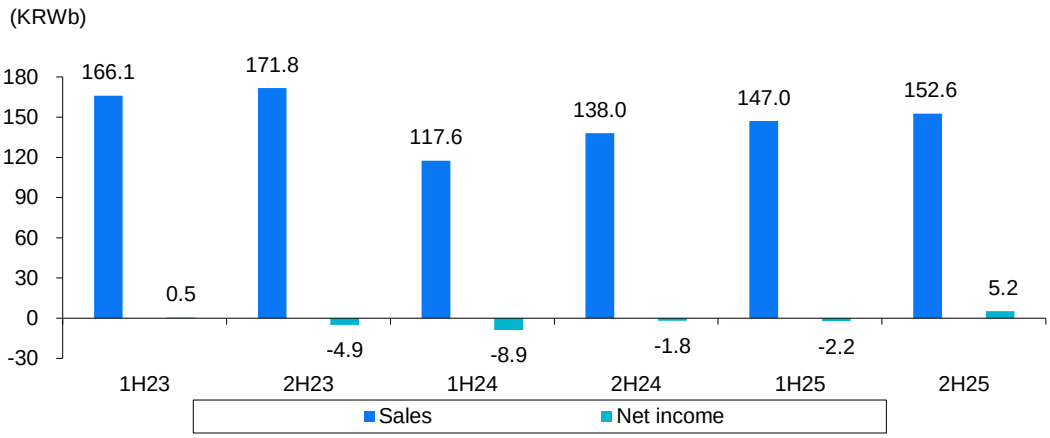
Source: Company data, Samsung Securities

Chart 4. Weverse: ARPPU



Source: Company data, Samsung Securities

Chart 5. Weverse: Company's earnings



Note: 2025 revenue of KRW299.7b (+17.3%), operating profit of KRW2n (vs loss of KRW14.1b in 2024), net profit of KRW3b (vs loss of KRW 10.7bn in 2024)

Source: Company data, Samsung Securities

Table 6. HYBE multiple labels

Label	Stake	Sales (KRWb)	Net income (KRWb)	Artists
Bighit Music	100%	322.1	23.1	BTS, TXT, Cortis
Pledis Entertainment	85%	227.2	46.6	Seventeen, TWS, Bumzu, Hwang Min-hyun
Source Music	80%	54,8	6.2	Le Sserafim
KOZ Entertainment	75%	48.6	10.7	Zico, BoyNextDoor
Ador	80%	24.4	4.5	NewJeans
Belift Lab	100%	113.8	28.6	Enhypen, I'll-it
HYBE America*	100%	214.7	-91.4	*US HQ
- HYBE UMG	51%			Katseye, New 4-member girl group (2026)
- Big Machine Label Group				It includes Big Machine Records, Valory Music, BMLG Records
- QC Music				Lil Baby, Lil Yachty
- HYBE America x AU				(Established in Apr 2025) collaborate with Allan Chikin Chow
- NFO LLC				(Established in Dec 2025). Tyla
HYBE Japan*	100%	511.4	43.0	*Japan HQ
- YX Labels	100%	15.3	-2.6	&Team
- Jconic	100%			(Established in Jan 2026) aoen
HYBE Latin America	100%	1.9	-45.3	* (Established in Dec 2023) Santos Bravos
- Zarpazo Entertainment	100%			(Acquired by HYBE in Nov 2023)
- Docemil Music	100%			(Established in Feb 2025), Meme Del Real
-S1ento Records	100%			Musza, Destino, Low Clika
HYBE China	100%			(Established in Apr 2025)
HYBE India	100%			(Established in Sep 2025)

Note: HYBE America's labels include Big Machine Labels, QC Music, HYBE UMG; HYBE Japan's labels include YX Labels;
HYBE America established joint venture 'NFO LLC' on Dec 2025 and acquired a majority stake to secure management rights. Signed South African artist Tyla;
In Jan 2026, Jconic was established under HYBE Japan, and Aoen was transferred from YX Labels to Jconic
Source: Company data, Dart, Samsung Securities

Table 7. HYBE: Sum-of-the-parts valuation

(KRWb)	12-mth fwd	Multiple (x)	Value	Note
Labels	**508.7**	**30**	**15,262.4**	**Including Ithaca Holdings, QC Music**
Weverse			**696.0**	**55.42% stake**
Equity investments			397.3	Based on book value in 4Q25
Dunamu			303.1	2.47% stake
Aqua Tree			30.0	14.29% stake
Supertone			29.0	56.60% stake
Naver Z			19.4	4.05% stake
Blast			6.2	9.94% stake
Lambda256			3.5	2.83% stake
Flint			3.1	3.05 stake
Hashed			2.3	1.25% stake
Macovill			0.7	7.1% stake
EV			16,355.6	
Outstanding shares ('000)			43,070	
Fair value (KRW)			379,742	
Target price (KRW)			380,000	
Current price (Apr 8)			260,500	
Upside (%)			45.9	

Source: Samsung Securities estimates

Table 8. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	4,235.1	4,186.2	-1.2	4,057.7	4,024.5	-0.8
Operating profit	552.9	526.1	-4.8	530.5	507.0	-4.4
Operating margin (%, %pts)	13.1	12.6	-0.5	13.1	12.6	-0.5
Pre-tax profit	545.3	512.2	-6.1	543.8	516.8	-5.0
Net profit (controlling)	411.9	385.0	-6.5	403.6	381.5	-5.5

Note: Difference between EPS growth and controlling net income growth due to share count changes
Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**2,256**	**2,650**	**4,186**	**4,024**	**4,180**
Cost of goods sold	1,296	1,714	2,572	2,487	2,577
Gross profit	**960**	**936**	**1,614**	**1,538**	**1,603**
Gross margin (%)	42.6	35.3	38.6	38.2	38.4
SG&A expenses	776	887	1,088	1,031	1,071
Operating profit	**184**	**49**	**526**	**507**	**532**
Operating margin (%)	8.2	1.9	12.6	12.6	12.7
Non-operating gains (losses)	**-165**	**-227**	**-14**	**10**	**2**
Financial profit	119	231	140	134	126
Financial costs	141	161	154	124	124
Equity-method gains (losses)	-18	-12	0	0	0
Other	-124	-285	-0	0	-0
Pre-tax profit	**19**	**-177**	**512**	**517**	**534**
Taxes	23	77	136	135	138
Effective tax rate (%)	117.7	-43.4	26.6	26.1	25.9
Profit from continuing operations	-3	-254	376	382	396
Profit from discontinued operations	0	0	0	0	0
Net profit	**-3**	**-254**	**376**	**382**	**396**
Net margin (%)	-0.2	-9.6	9.0	9.5	9.5
Net profit (controlling interests)	9	-237	385	382	394
Net profit (non-controlling interests)	-13	-17	-9	0	2
EBITDA	330	196	650	613	624
EBITDA margin (%)	14.6	7.4	15.5	15.2	14.9
EPS (parent-based) (KRW)	225	-5,673	8,938	8,851	9,130
EPS (consolidated) (KRW)	-82	-6,082	8,734	8,856	9,186
Adjusted EPS (KRW)*	225	-5,673	8,938	8,851	9,130

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**152**	**107**	**468**	**401**	**452**
Net profit	-3	-254	376	382	396
Non-cash profit and expenses	372	429	209	192	179
Depreciation	62	59	55	53	50
Amortization	85	88	68	53	41
Other	226	282	85	86	88
Changes in A/L from operating activities	-148	-34	10	-54	-9
Cash flow from investments	**-10**	**-169**	**-206**	**-175**	**-189**
Change in tangible assets	-32	-31	-51	-48	-43
Change in financial assets	245	-376	-142	-114	-131
Other	-224	238	-13	-13	-15
Cash flow from financing	**-118**	**187**	**57**	**-162**	**-105**
Change in debt	-72	-5	79	-63	-2
Change in equity	66	253	0	0	0
Dividends	-29	-8	-21	-99	-103
Other	-83	-52	0	-0	0
Change in cash	54	123	148	78	175
Cash at beginning of year	358	412	535	682	761
Cash at end of year	412	535	682	761	935
Gross cash flow	**369**	**174**	**585**	**574**	**575**
Free cash flow	**119**	**76**	**417**	**353**	**409**

ıe-off items
ɪ, excluding one-off items
panies subject to equity-method valuation
data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,788**	**2,364**	**2,705**	**2,949**	**3,281**
Cash & equivalents	412	535	682	761	935
Accounts receivable	262	284	304	325	337
Inventories	163	184	208	228	238
Other current assets	950	1,361	1,511	1,635	1,771
Fixed assets	**3,691**	**3,121**	**3,160**	**3,130**	**3,110**
Investment assets	763	520	618	633	646
Tangible assets	97	87	83	77	71
Intangible assets	2,244	1,987	1,919	1,866	1,824
Other long-term assets	587	527	541	554	569
Total assets	**5,479**	**5,485**	**5,865**	**6,079**	**6,391**
Current liabilities	**831**	**734**	**821**	**766**	**779**
Accounts payable	33	56	75	79	78
Short-term debt	0	0	0	0	0
Other current liabilities	798	678	746	687	701
Long-term liabilities	**1,134**	**1,200**	**1,287**	**1,274**	**1,279**
Bonds & long-term debt	742	859	859	859	859
Other long-term liabilities	392	340	428	415	420
Total liabilities	**1,965**	**1,934**	**2,109**	**2,040**	**2,059**
Owners of parent equity	**3,215**	**3,257**	**3,471**	**3,754**	**4,044**
Capital stock	21	21	21	21	21
Capital surplus	1,636	1,888	1,888	1,888	1,888
Retained earnings	1,401	1,155	1,518	1,801	2,091
Other	157	193	44	44	44
Non-controlling interests' equity	**299**	**294**	**286**	**286**	**288**
Total equity	**3,514**	**3,551**	**3,757**	**4,039**	**4,332**
Net debt	-125	-659	-836	-1,094	-1,399

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	3.6	17.5	58.0	-3.9	3.9
Operating profit	-37.7	-73.2	966.7	-3.6	5.0
Net profit	nm	nm	nm	1.5	3.7
Adjusted EPS**	-95.0	nm	nm	-1.0	3.1
Per-share data (KRW)					
EPS (parent-based)	225	-5,673	8,938	8,851	9,130
EPS (consolidated)	-82	-6,082	8,734	8,856	9,186
Adjusted EPS**	225	-5,673	8,938	8,851	9,130
BVPS	77,427	76,647	80,544	87,096	93,827
DPS (common)	200	500	2,300	2,400	2,500
Valuations (x)					
P/E***	858.8	n/a	28.6	28.9	28.0
P/B***	2.5	4.3	3.2	2.9	2.7
EV/EBITDA	24.9	69.9	16.1	16.6	15.9
Ratios (%)					
ROE	0.3	-7.3	11.4	10.6	10.1
ROA	-0.1	-4.6	6.6	6.4	6.3
ROIC	-1.4	3.0	17.0	16.5	17.5
Payout ratio	88.5	-9.1	25.7	27.1	27.4
Dividend yield (common)	0.1	0.2	0.9	0.9	1.0
Net debt to equity	-3.6	-18.6	-22.3	-27.1	-32.3
Interest coverage (x)	3.7	1.0	10.3	9.9	10.7

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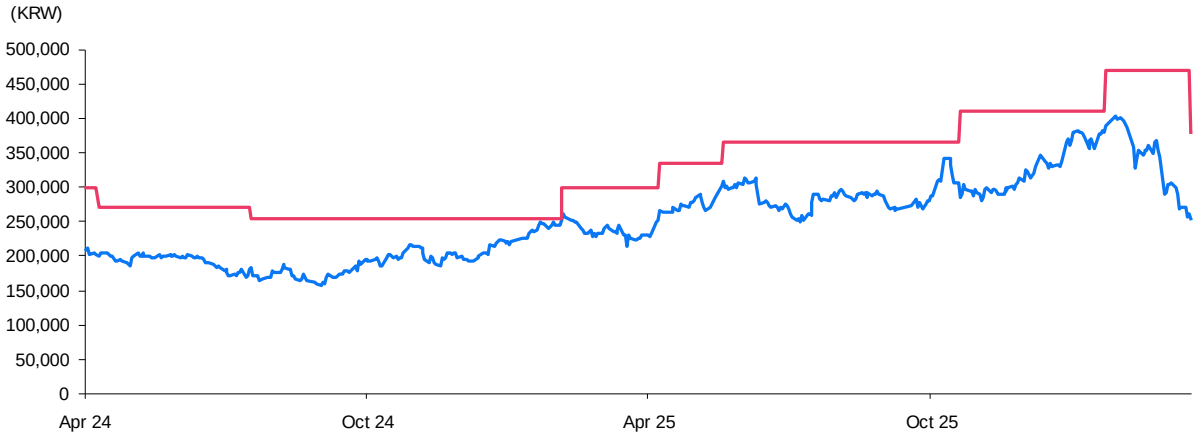
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/27	5/2	8/8	2025/2/26	4/30	6/10	11/11	2026/2/13	4/9
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	300000	270000	255000	300000	335000	365000	410000	470000	380000
Gap* (average)	-30.37	-28.66	-22.34	-21.23	-17.66	-21.45	-20.16	-28.50	
(max or min)**	-23.17	-24.26	-1.57	-12.50	-9.85	-6.16	-6.59	-13.94	

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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