COMPANY UPDATE

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Hankook T&T (161390)

1Q preview; a fragmented market, only the prepared make money

- Hankook Tire & Technology is likely to be the only player in the domestic auto sector to consensus-beating 1Q results, thanks to: 1) price increases in Europe and Korea; and 2) an earnings recovery at subsidiary Hanon Systems.
- Rising raw material and logistics costs linked to the Middle East war should be recognized from 3Q. In response, Hankook T&T is evaluating further product price hikes.
- EV tire demand is growing in Europe, while replacement tire demand is rising in the US amid a lengthening of vehicle replacement cycles. Once war risks subside, the company's stock price should rebound quickly.

AT A GLANCE

BUY

Target price	KRW85,000	34.3%
Current price	KRW63,300	
Market cap	KRW7.8t/USD5.3b	
Shares (float)	123,875,069 (55.3%)	
52-week high/low	KRW75,900/KRW36,200	
Avg daily trading value (60-day)	KRW26.8b/ USD18.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hankook T&T (%)	11.1	64.2	74.9
Vs Kospi (%pts)	0.9	0.9	-30.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	85,000	85,000	0.0%
2026E EPS	12,367	12,367	0.0%
2027E EPS	14,146	14,146	0.0%

SAMSUNG vs THE STREET

No of estimates	16
Target price	84,125
Recommendation	4.0

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

WHAT'S THE STORY?

Characteristics of global tire industry: Global tire demand is growing at a modest pace of 2-3% *pa*.

- **Tire market more resilient than new-vehicle market:** In 2025, global tire demand reached roughly 2b units—80% stemmed from replacement needs, which demand type is steady and immune to the state of the economy.
- **Second-tier companies capture growing market share:** Top-tier global tire makers have lost market share worldwide due to high pricing. The combined market share of the top-four companies shrank 15%pts from 60% in 2005 to 45% in 2025. Second-tier tire makers have gained market share by offering quality products (on a par with those offered by top-tier firms) at prices 10-15% lower.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	21,202	21,629	22,948	23,891
Operating profit (KRWb)	1,841	2,199	2,394	2,265
Net profit (adj) (KRWb)	972	1,366	1,563	1,489
EPS (adj) (KRW)	8,795	12,367	14,146	13,479
EPS (adj) growth (% y-y)	-2.3	40.6	14.4	-4.7
EBITDA margin (%)	15.2	16.6	16.5	15.1
ROE (%)	9.4	12.0	12.5	10.9
P/E (adj) (x)	6.6	5.1	4.5	4.7
P/B (x)	0.6	0.6	0.5	0.5
EV/EBITDA (x)	4.1	3.5	3.0	2.7
Dividend yield (%)	3.9	5.2	6.3	6.3

Source: Company data, Samsung Securities estimates

- **No significant pressure from Chinese competitors:** 1) While Chinese tire manufacturers face oversupply risk, the industry is not a strategic priority for the Chinese government, because its technology has limited spillover effects (on other sectors) and creates relatively few jobs. Although two Chinese brands are among the global top 10 (sales basis), their global market influence pales in comparison to that of Chinese EV makers. 2) The US imposes anti-dumping duties (14.35-87.99%) and countervailing duties (15.56-119.46%) on Chinese tires. In Europe, tires are considered high-involvement consumer goods due to their safety-critical nature, creating high brand barriers.

Investment point 1—Well-prepared player in fragmenting market: Geopolitical conflicts and the US-China technological rivalry have fragmented global markets and led to a splintering of technical standards. EV tire replacement cycles are about to pick up in China and Europe, while the vehicle replacement cycle in the US continues to lengthen.

- **EV penetration high only in China and Europe:** As of 2025, the EV penetration stands at 54% in China and 33% in Europe, led by pure-play EV makers such as BYD and Tesla. Since the widespread adoption of EVs began in 2020, the first major cohort of vehicles is now entering its first tire replacement cycle.

  EV tires as a portion of Hankook Tire & Technology's (Hankook T&T) OE tire sales has expanded 9%pts y-y to 32%—exceeding the global EV penetration of 25% in 2025. EV tires as a portion of its replacement (RE) tire sales has expanded 5%pts y-y to 7-8% and continues to climb as aging EVs enter their tire replacement cycle.

- **Used car demand exceeds new car demand in US:** In the US, high auto loan rates and inflation have lengthened auto replacement cycles. For every new car sold, 1.7-1.9 used cars are sold. The average age of vehicles on US roads has risen from 11.8 years in 2019 to a record 13 years in 2026. As the vehicle replacement cycle lengthens, demand for aftermarket services and RE tires should rise.

  Amid growing demand for RE tires, Hankook T&T launched the second phase of its Tennessee plant expansion in late 2025 (total capacity after the second expansion: 6m units). As the facility begins to also produce truck and bus radial (TBR) tires, it is likely to pursue supply deals for Tesla's Semi Truck.

Investment point 2—Hankook T&T's tire brand designed for EVs—tier jumping strategy to turn into higher earnings: Hankook T&T should rise to become a top-tier player on a combination of the EV tire replacement cycle and Tesla's robotaxis.

- **Separate EV tire brand iON launches in 2022:** Functionalized polymer and silica are added to iON tires to improve their performance. They are designed to be quiet and ecofriendly, and were first launched in Europe before being rolled out in Korea, the US, and China. As there is no established top-tier brand for EV tires yet, Hankook T&T aims to ascend to the top tier through this segment.
- **Tesla and BYD are key clients:** Hankook T&T has a diversified OE tire clientele. Its largest client is HMG (30% of sales), followed by VW (20%), Tesla (10%), and BYD (5%). It derives 5-10% of sales from each Japanese automaker. The affordable versions of Tesla's Model 3 and Model Y, which debuted in late October, have been kitted out with iON tires as standard. Tesla's robotaxis, set to enter production in Apr 2026, are also expected to feature Hankook T&T tires.

- **Targeting higher share of EV tires in OE tire sales:** Hankook T&T managed to grow the EV tire portion of its total OE tire sales from 15% in 2023 to 22% in 2024, and it is targeting 29% this year. The company generates 50% of its EV tire sales in China, 35% in Europe, and 15% in North America and Korea. OE tires generate margins similar to those on auto parts (5-6%), but their sales typically lead to greater demand for RE tires (which have higher margins) down the line. Hankook T&T has secured EV pure-plays Tesla, BYD, Xpeng, and Rivian as customers, and also supplies legacy automakers VW, HMC, and GM with EV tires.
- **Truck and bus tires have three times the ASP:** The tiremaker is believed to be in talks to supply tires for electric school buses and commercial vehicles in the US. A North American EV maker plans to begin robo-trucking services in 2026, and landing a deal to supply it with tires would create additional growth momentum for Hankook T&T. Truck and bus tires have three times the ASP of sedan/SUV tires. Hankook T&T is building a truck and bus tire plant in the US with 1m units of capacity, and the facility is scheduled to become operational in late 2026.
- **EV tires have shorter replacement cycles:** Tires on new internal combustion engine (ICE) cars are typically replaced after 4-5 years (or 80,000-100,000 miles of use) vs 3-4 years on EVs (60,000-80,000 miles)—EVs weigh more and can accelerate faster than ICE autos. Robotaxis/robotrucks in around-the-clock service with annual mileage of 50,000-80,000 miles should need more-frequent tire replacement—probably every 2 years.
- **Tires for EVs are 10-15% more expensive than those for ICE autos:** Hankook T&T is a second-tier player in the ICE vehicle tire industry, pricing its products 10-15% lower than those of top-tier companies Michelin and Bridgestone. Yet, the Korean firm prices its EV tires on par with those of Michelin and Bridgestone, as the top tier has yet to be established in the EV tire segment. OE tires for EVs command a 5-10% premium vs tires for ICE vehicles, as EV tires are generally larger (typically 18-22 inches). RE tires for ICE vehicles offer an operating margin of 15-20%, but RE tires for EVs can be more lucrative, providing an operating margin of 30%. By 2026, EV tires should account for more than 10% (up 3%pts y-y) of Hankook T&T's RE tire sales (80% of total tire sales). We estimate that every 10%pt increase in the EV tire portion of RE sales will boost operating margin by 0.8%pts.
- **Tires up for replacement:** Hankook T&T enjoys a 4-5%pts higher operating margin during periods when RE tire demand is strong. Its shares surged: 1) in 2013 as a replacement cycle began—autos sold during the 2010 motorization of China needed new tires; and 2) in 2016 on the start of a replacement cycle—SUV sales surged in 2012. The EV boom began in 2020, and the first wave of EV tire replacements is expected in 2025. As a supplier of tires to pure-play EV manufacturers, Hankook T&T stands to benefit the most from the upcoming replacement cycle.

Investment point 3—Strengthening shareholder return program: Hankook T&T has introduced interim dividends and plans to raise its dividend payout ratio to 35% (based on tire earnings) by 2027. It should manage to narrow the valuation gap with its peer group.

- **The most undervalued tiremaker:** Despite boasting high profitability, Hankook T&T is trading at 5.1x forward P/E vs the global tire maker average of 11x. We attribute this to investor disappointment over the acquisition of Hanon Systems, with which potential synergies are questionable. Hankook T&T's valuation should recover—2025 profitability at Hanon Systems confirms that it has turned around following restructuring.

- **Strengthening shareholder return program:** Based on tire business earnings over 2025-2027, the tiremaker plans to increase its interim dividends and lift its dividend payout ratio to 35% by 2027. We assume the ratio will rise 5%pts every year. Hankook T&T's DPS increased 15% y-y to KRW2,200 in 2025 (including an interim dividend of KRW800), making shareholder dividend income eligible for separate taxation. We expect its DPS to reach KRW3,300 in 2026 (up 43%) and KRW4,000 in 2027 (up 21%).

Temporary hike in raw material and logistics costs: In March, due to the Middle East conflict, the price of butadiene surged 206% m-m and the Shanghai Containerized Freight Index (SCFI) rose 39% m-m.

- **Raw material price pass-through with 3-month lag:** The hike in butadiene prices (from KRW1,250/tonne at end-February to KRW2,570/tonne in early April) should cause synthetic rubber prices (which are equal to 7% of its total sales) to rise, probably from end-2Q. However, tire manufacturers in Europe and Korea raised their ASPs by 2% in 1Q. With further adjustments under review for 2H, tier makers should be able to offset ongoing cost pressure.
- **Logistics costs to stabilize quickly:** For the tire industry, logistics expenses account for 5-6% of firms' sales (2.5-3x higher than the Korean manufacturing average of 2.5%). Freight rates are negotiated semi-annually, and thanks to recently reduced geopolitical risks, the freight index should stabilize at a lower level.

1Q earnings outlook: In the domestic auto sector, Hankook T&T should be the only company with consensus-beating results.

- **1Q preview:** Hankook T&T should post 1Q sales of KRW510b (up 4.8% y-y) and an operating profit of KRW55.3b (up 55.9% y-y), for an operating margin of 10.8%. This reflects continued improvement at subsidiary Hanon Systems and robust growth at its tire business.

  In the tire segment, sales, operating profit and operating margin are estimated at KRW240b (down 11.6% q-q but up 3.8% y-y), KRW45.9b (flat q-q and up 37.6% y-y), and 17.7%, respectively. Sales should be subdued as 1Q is a low season, but improved profitability is expected thanks to lower raw material costs and tariff refunds.

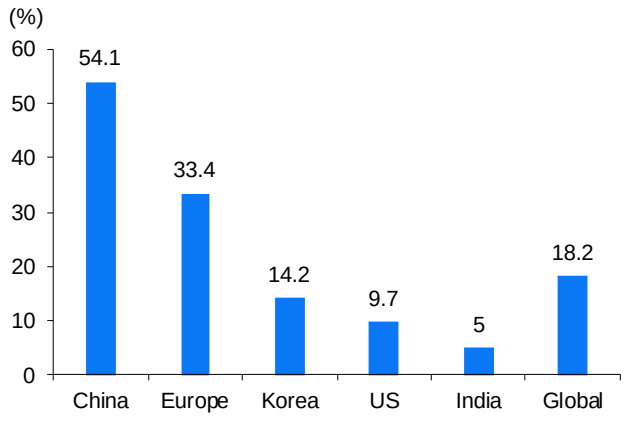
  According to FnGuide consensus, sales will be KRW522b, operating profit KRW49.2b, and operating margin 9.4%.
- **Tariff refunds recognized in 1Q:** Tariff refunds for 2025 (estimated at KRW40b) tied to a reduction in anti-dumping duties were postponed to 1Q because of the US government shutdown. The US set anti-dumping duties on imported tires on May 24, 2021. Korea's top-three tire makers responded by submitting data and filing complaints. In early Feb 2024, the duties were adjusted lower by 20.75%pts from 27.05% to 6.3% for Hankook T&T. The difference was to be refunded every 4Q over a three-year period. A refund of KRW100b was paid out in 4Q23 and KRW70b in 4Q24. A refund of KRW40b was expected in 4Q25, but this has been deferred to 1Q26.
- **2026 earnings guidance:** Hankook T&T targets sales growth this year and an operating margin above 13.4% (its five-year average). It believes large-diameter tires will account for 51% of its sales volume (up 6.7%pts y-y) and OE electric vehicle tires will make up over 33% of its sales volume (up 6%pts y-y). The company estimates its global EV tires will account for 28% of its tire sales volume.

Global tire company: Sales growth in 2025; Sales at tier-1 firms stall but grow at tier-2 companies

			2024	2025	Growth (%)	Note
Tier 1	1	Michelin	29,417	29,382	-0.1	
	2	Bridgestone	29,269	29,627	1.2	
	3	Goodyear	18,878	18,280	-3.2	
	4	Continental	42,967	22,242	-48.2	Spun off automotive parts division; tire segment growth: -0.5% y-y
Tier 2	5	Pirelli	7,327	7,660	4.5	
	6	Sumitomo Rubber	8,007	8,074	0.8	
	7	Hankook T&T	6,903	14,922	116.2	Acquired Hanon Systems (Rev; KRW1t); tire segment growth: +9% y-y
	8	Yokohama Rubber	7,233	8,260	14.2	
	9	Zhongce Rubber Group	5,452	6,410	17.6	
	10	Sailun Group	4,417	5,324	20.5	
	14	Kumho Tire	3,320	3,306	-0.4	Plant fire in Gwangju
	17	Nexen Tire	2,086	2,243	7.5	

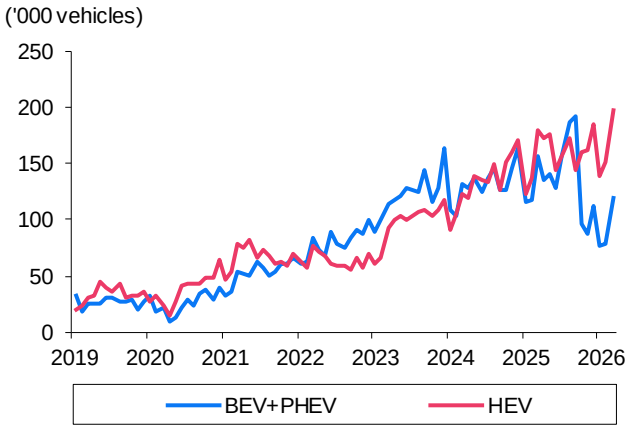
Source: Bloomberg, Samsung Securities

EV penetration in major countries



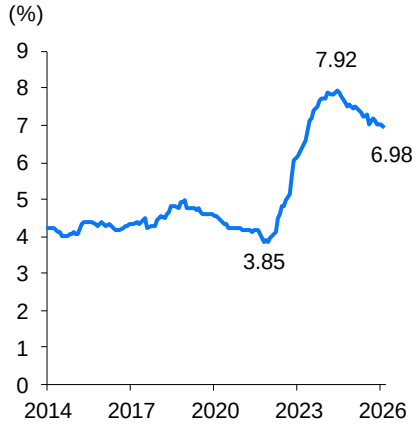
Source: EV-Volumes, Marklines, Samsung Securities

US: Auto demand - HEVs vs BEVs+PHEVs



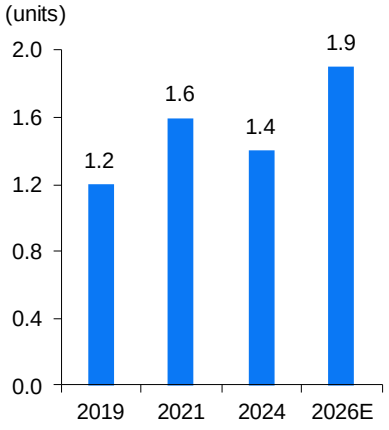
Source: Marklines, Samsung Securities

US: Rates on 60-month loans for new cars



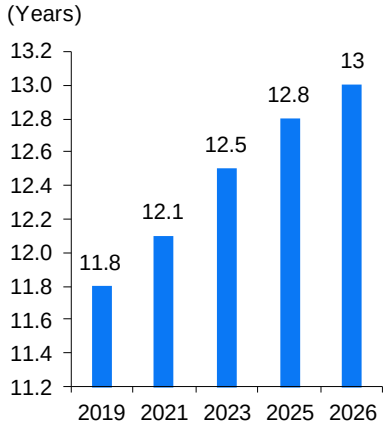
Source: Statista, Samsung Securities

US: Number of used vehicles sold per new vehicle



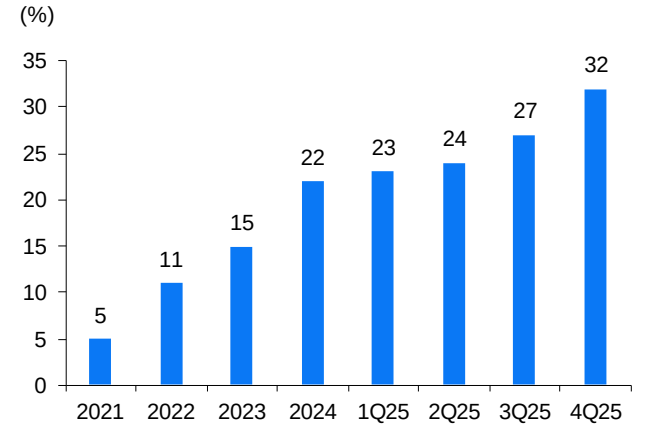
Source: Cox Automotive, Samsung Securities

US: Average age of vehicles in operation



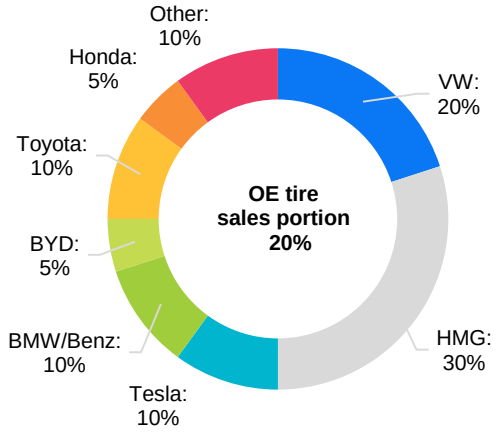
Source: S&P Global Mobility, Samsung Securities

Hankook T&T: EV tire portion of total OE tire sales volume



Source: Company data, Samsung Securities

Hankook T&T: OE tire sales, by customer



Source: Company data, Samsung Securities

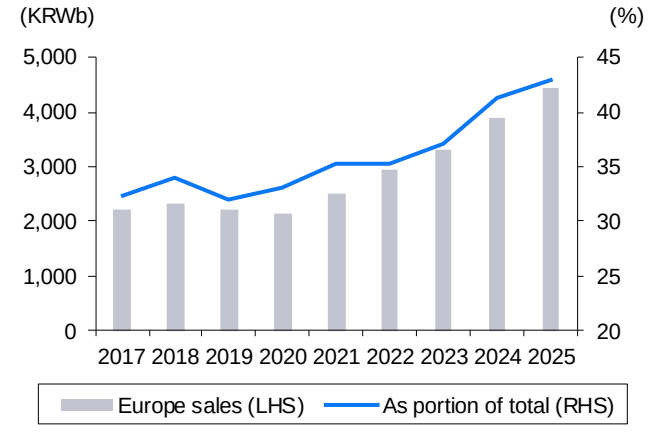
Tesla: Model Y (comes with 19- or 20-inch tires)

Source: Company data

Ford: F-150 Lightning (18- 20- or 22-inch tires)

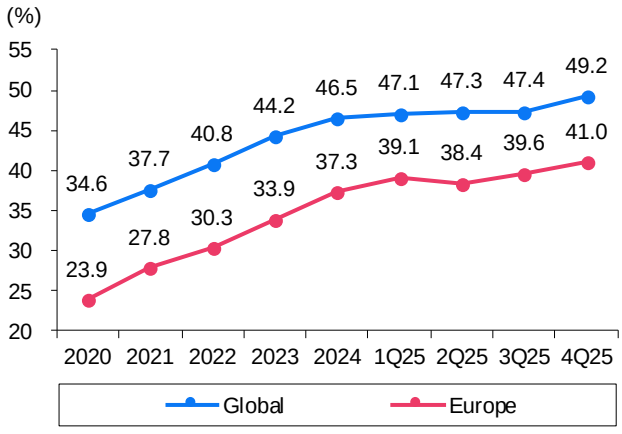
Source: Company data

Hankook T&T's revenue from Europe: Absolute and as portion of total



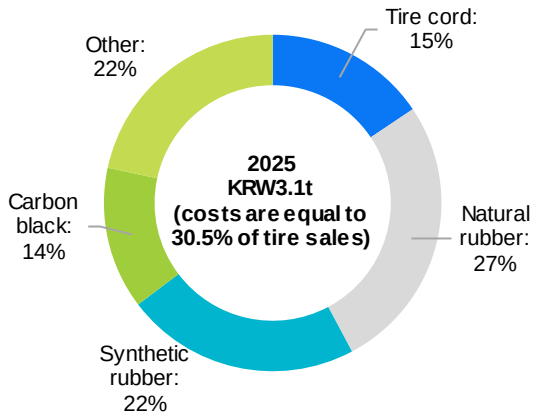
Source: Company data, Samsung Securities

Hankook T&T: 18-inch-or-larger portion of tires



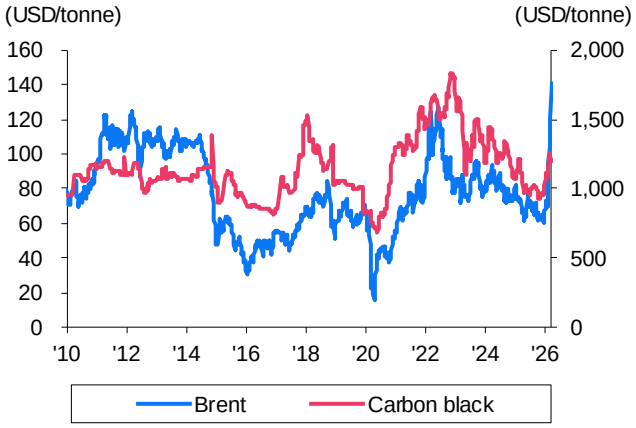
Source: Company data, Samsung Securities

Hankook T&T: Material cost breakdown



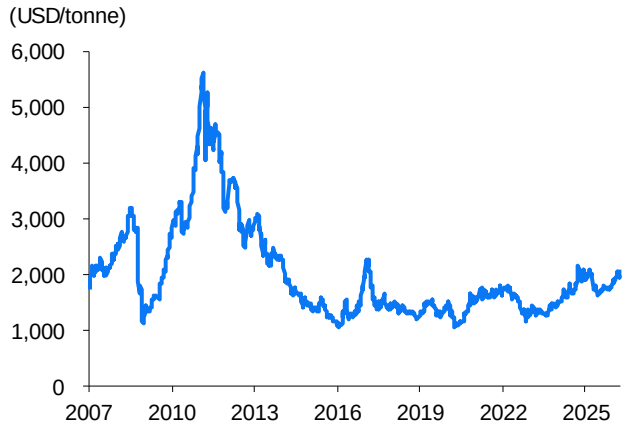
Source: Company data, Samsung Securities

Oil prices vs carbon black prices



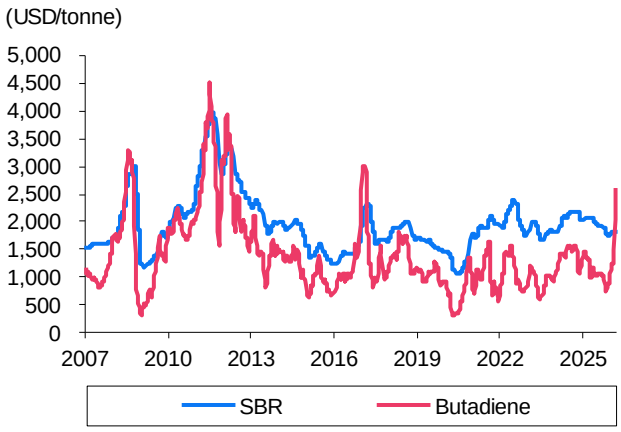
Note: Based on Brent crude
Source: Bloomberg, Samsung Securities

Natural rubber price



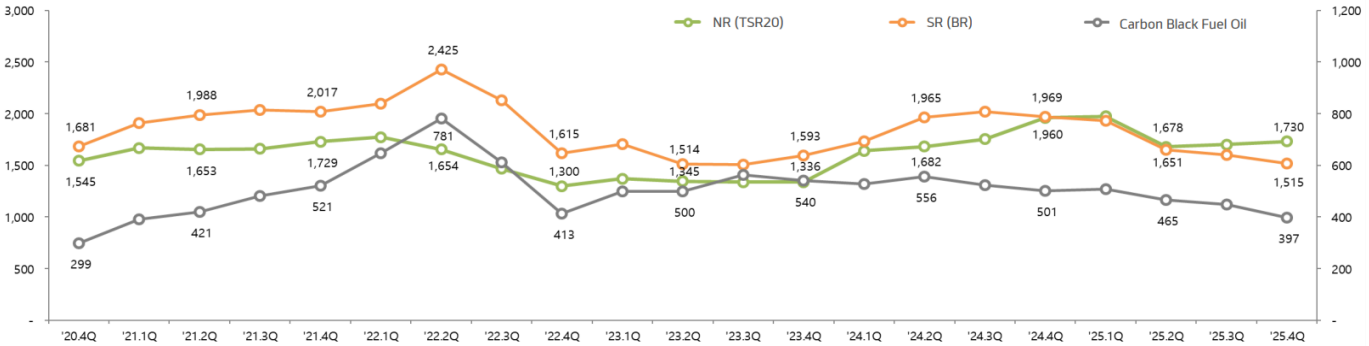
Source: Bloomberg, Samsung Securities

Synthetic rubber and butadiene prices



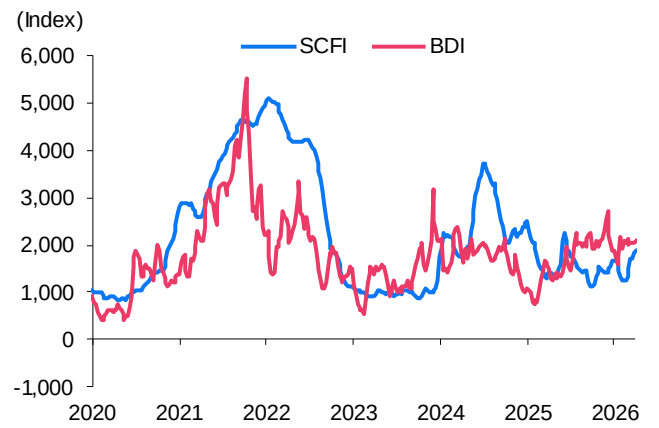
Source: Bloomberg, Samsung Securities

Hankook T&T: Raw material input costs



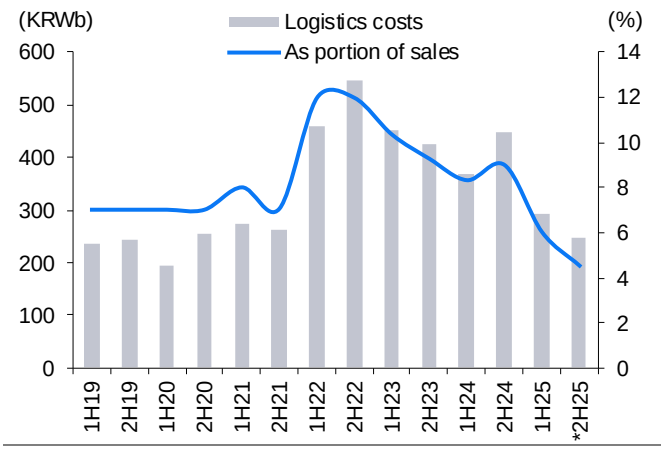
Note: Unit = USD/tonne
Source: Company data

Shipping indices: SCFI and BDI



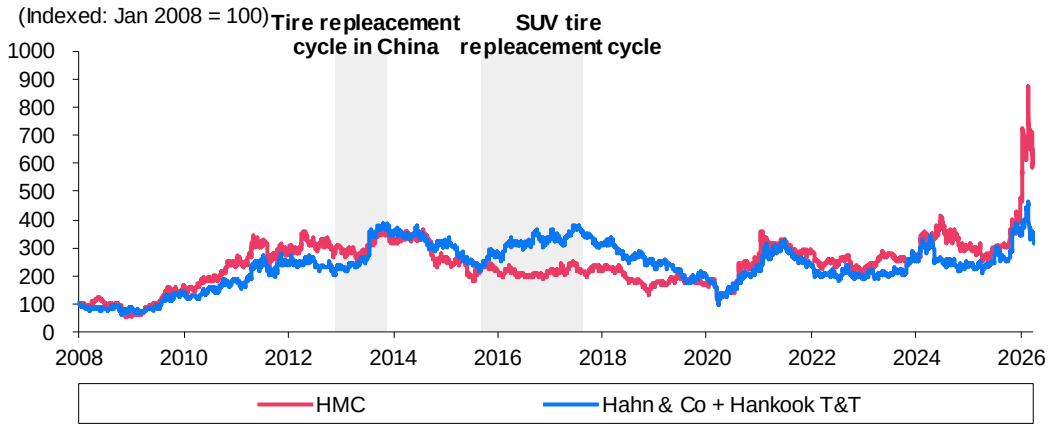
Source: Bloomberg, Samsung Securities

Hankook T&T: Logistics costs



Source: Company data, Samsung Securities estimates

Relative market cap: Hankook T&T + Hahn & Co vs HMC



Note: Transitioned to a holding company structure in 2012;
Hankook T&T was Hahn & Co before 2012

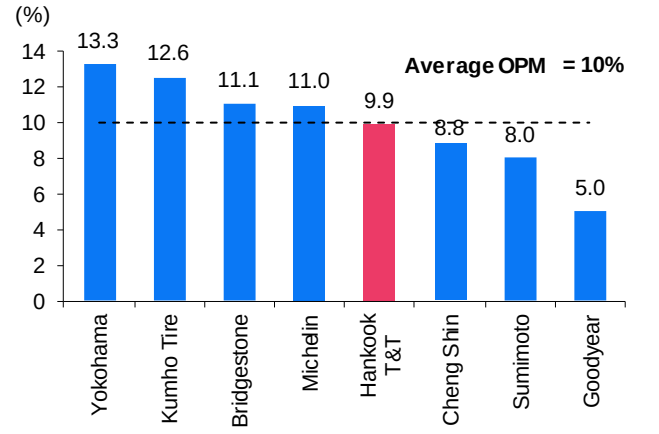
Source: Bloomberg, Samsung Securities

Hankook T&T: Global capacity and utilization rates

Capacity (mil units)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Korea	42	42	42	40	40	38	38	31	31	31	31
China	30	30	30	30	28	28	28	28	28	28	28
Hungary	18	18	18	18	18	18	18	18	18	18	22
Indonesia	11	11	11	11	11	11	11	11	11	11	11
US	0	0	0	5	5	5	5	5	5	10	12
Global total	**101**	**101**	**101**	**104**	**102**	**100**	**100**	**93**	**93**	**98**	**104**
Chg (% y-y)	-	-	-	3	-1.9	-2	-	-7	-	5.4	6.1
Utilization (%)	96	95	96	86	79	83	88	95	98	98	98

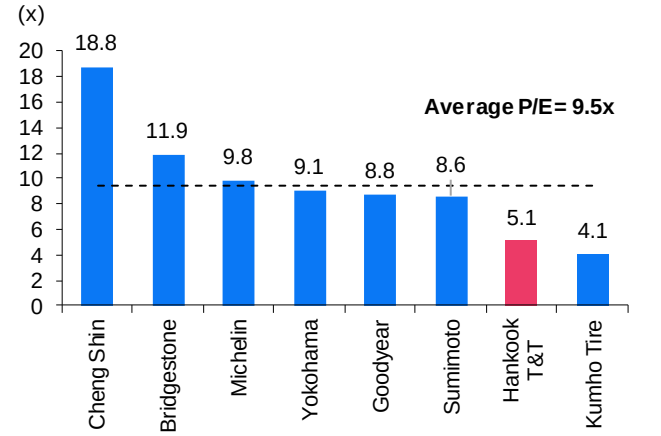
Source: Company data, Samsung Securities estimates

Global tire makers: Operating margin (2026E)



Source: Bloomberg, Samsung Securities

Global tire makers: 12m forward P/E valuation



Source: Bloomberg, Samsung Securities

Hankook T&T: 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	1,452	1,467	1,450	1,430	1,420	1,365	1,423	1,442	1,390
Revenue	4,964	5,370	5,413	5,456	5,111	5,571	5,451	5,497	9,412	21,202	21,629	22,948
Chg (% y-y)	133.3	131.7	122.3	115.5	3.0	3.7	0.7	0.7	5.3	125.3	2.0	6.1
Tire	2,346	2,511	2,707	2,754	2,435	2,722	2,774	2,729	9,412	10,319	10,660	11,424
Chg (% y-y)	10.3	8.3	11.2	8.8	3.8	8.4	2.5	-0.9	5.3	9.6	3.3	7.2
Thermal management	2,617	2,858	2,706	2,703	2,676	2,849	2,677	2,768	n/a	10,884	10,970	11,523
Chg (% y-y)	n/a	n/a	n/a	n/a	2.2	-0.3	-1.1	2.4	n/a	n/a	0.8	5.0
Gross profit	964	1,098	1,297	1,306	1,366	1,256	1,406	1,289	3,468	4,665	5,316	5,670
Operating profit	355	354	586	547	553	507	538	601	1,762	1,841	2,199	2,394
Chg (% y-y)	-11.1	-15.8	24.6	15.5	55.9	43.3	-8.2	9.9	32.7	4.5	19.4	8.9
Tire	334	289	491	457	459	398	423	502	1,762	1,571	1,782	1,904
Chg (% y-y)	-16.3	-31.1	4.3	-3.4	37.6	37.5	-13.8	9.9	32.7	-10.9	13.5	6.8
Thermal management	21	64	95	90	94	109	115	99	n/a	270	417	490
Chg (% y-y)	-67.7	-10.2	-1.0	흑전	344.9	69.7	20.6	10.0	n/a	n/a	54.1	17.6
Net profit	312	179	390	91	334	284	320	429	1,131	972	1,366	1,563
Controlling profit	320	182	390	197	374	319	359	481	1,115	1,089	1,532	1,752
Margins (%)												
Gross profit	19.4	20.4	24.0	23.9	26.7	22.5	25.8	23.4	36.8	22.0	24.6	24.7
Operating profit	7.1	6.6	10.8	10.0	10.8	9.1	9.9	10.9	18.7	8.7	10.2	10.4
Tire	14.2	11.5	18.1	16.6	18.9	14.6	15.3	18.4	18.7	15.2	16.7	16.7
Thermal management	0.8	2.2	3.5	3.3	3.5	3.8	4.3	3.6	n/a	2.5	3.8	4.3
Net profit	6.3	3.3	7.2	1.7	6.5	5.1	5.9	7.8	12.0	4.6	6.3	6.8
Controlling profit	6.4	3.4	7.2	3.6	7.3	5.7	6.6	8.7	11.8	5.1	7.1	7.6

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**9,412**	**21,202**	**21,629**	**22,948**	**23,891**
Cost of goods sold	5,944	16,537	16,313	17,278	18,104
Gross profit	**3,468**	**4,665**	**5,316**	**5,670**	**5,787**
Gross margin (%)	36.8	22.0	24.6	24.7	24.2
SG&A expenses	1,706	2,824	3,117	3,275	3,522
Operating profit	**1,762**	**1,841**	**2,199**	**2,394**	**2,265**
Operating margin (%)	18.7	8.7	10.2	10.4	9.5
Non-operating gains (losses)	**-188**	**-402**	**-353**	**-283**	**-253**
Financial profit	220	356	143	190	240
Financial costs	145	541	487	497	505
Equity-method gains (losses)	-93	76	0	0	0
Other	-170	-292	-9	24	13
Pre-tax profit	**1,574**	**1,439**	**1,846**	**2,112**	**2,012**
Taxes	443	468	480	549	523
Effective tax rate (%)	28.1	32.5	26.0	26.0	26.0
Profit from continuing operations	1,131	972	1,366	1,563	1,489
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,131**	**972**	**1,366**	**1,563**	**1,489**
Net margin (%)	12.0	4.6	6.3	6.8	6.2
Net profit (controlling interests)	1,115	1,089	1,532	1,752	1,670
Net profit (non-controlling interests)	16	-118	-166	-190	-181
EBITDA	2,277	3,224	3,595	3,788	3,617
EBITDA margin (%)	24.2	15.2	16.6	16.5	15.1
EPS (parent-based) (KRW)	8,998	8,795	12,367	14,146	13,479
EPS (consolidated) (KRW)	9,131	7,843	11,029	12,615	12,020
Adjusted EPS (KRW)*	8,998	8,795	12,367	14,146	13,479

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**7,275**	**11,553**	**12,873**	**14,635**	**16,297**
Cash & equivalents	1,882	2,603	3,746	4,960	6,230
Accounts receivable	1,862	3,583	3,655	3,878	4,037
Inventories	2,384	3,905	3,984	4,227	4,401
Other current assets	1,147	1,461	1,488	1,571	1,630
Fixed assets	**8,575**	**15,095**	**15,105**	**15,032**	**14,694**
Investment assets	2,046	455	462	481	496
Tangible assets	4,693	9,924	10,212	10,377	10,258
Intangible assets	250	3,736	3,452	3,194	2,961
Other long-term assets	1,586	979	979	979	979
Total assets	**15,850**	**26,647**	**27,978**	**29,667**	**30,991**
Current liabilities	**3,687**	**6,775**	**6,462**	**6,893**	**7,145**
Accounts payable	538	1,695	1,729	1,834	1,910
Short-term debt	977	1,492	1,592	1,692	1,692
Other current liabilities	2,171	3,588	3,141	3,367	3,543
Long-term liabilities	**968**	**5,670**	**6,208**	**6,305**	**6,377**
Bonds & long-term debt	147	3,008	3,518	3,528	3,538
Other long-term liabilities	821	2,662	2,690	2,777	2,839
Total liabilities	**4,655**	**12,445**	**12,670**	**13,198**	**13,522**
Owners of parent equity	**11,100**	**12,105**	**13,378**	**14,727**	**15,909**
Capital stock	62	62	62	62	62
Capital surplus	3,007	2,894	2,894	2,894	2,894
Retained earnings	7,354	8,139	9,366	10,715	11,897
Other	677	1,011	1,056	1,056	1,056
Non-controlling interests' equity	**94**	**2,096**	**1,931**	**1,741**	**1,561**
Total equity	**11,195**	**14,202**	**15,308**	**16,469**	**17,470**
Net debt	-349	3,834	2,795	1,735	522

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,886**	**1,608**	**2,705**	**2,781**	**2,716**
Net profit	1,131	972	1,366	1,563	1,489
Non-cash profit and expenses	1,359	2,492	2,209	2,238	2,130
Depreciation	497	1,069	1,112	1,136	1,118
Amortization	18	314	284	258	234
Other	844	1,109	813	845	778
Changes in A/L from operating activities	-284	-1,004	-57	-175	-125
Cash flow from investments	**-2,610**	**-735**	**-1,408**	**-1,325**	**-1,018**
Change in tangible assets	-1,025	-2,039	-1,400	-1,300	-1,000
Change in financial assets	-146	395	-8	-25	-18
Other	-1,439	909	-0	-0	-0
Cash flow from financing	**182**	**-214**	**-196**	**-230**	**-419**
Change in debt	1,063	4,486	109	173	69
Change in equity	0	-113	0	0	0
Dividends	-159	-344	-305	-403	-488
Other	-722	-4,243	0	0	0
Change in cash	-362	721	1,143	1,214	1,270
Cash at beginning of year	2,244	1,882	2,603	3,746	4,960
Cash at end of year	1,882	2,603	3,746	4,960	6,230
Gross cash flow	**2,490**	**3,464**	**3,575**	**3,801**	**3,619**
Free cash flow	**853**	**-500**	**1,305**	**1,481**	**1,716**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	5.3	125.3	2.0	6.1	4.1
Operating profit	32.7	4.5	19.4	8.9	-5.4
Net profit	55.2	-14.1	40.6	14.4	-4.7
Adjusted EPS**	54.8	-2.3	40.6	14.4	-4.7
Per-share data (KRW)					
EPS (parent-based)	8,998	8,795	12,367	14,146	13,479
EPS (consolidated)	9,131	7,843	11,029	12,615	12,020
Adjusted EPS**	8,998	8,795	12,367	14,146	13,479
BVPS	90,995	99,234	109,663	120,727	130,414
DPS (common)	2,000	2,300	3,300	4,000	4,000
Valuations (x)					
P/E***	4.3	6.6	5.1	4.5	4.7
P/B***	0.4	0.6	0.6	0.5	0.5
EV/EBITDA	2.0	4.1	3.5	3.0	2.7
Ratios (%)					
ROE	10.8	9.4	12.0	12.5	10.9
ROA	7.9	4.6	5.0	5.4	4.9
ROIC	16.8	9.2	8.9	9.6	9.1
Payout ratio	21.9	25.8	26.3	27.8	29.2
Dividend yield (common)	5.2	3.9	5.2	6.3	6.3
Net debt to equity	-3.1	27.0	18.3	10.5	3.0
Interest coverage (x)	39.7	5.7	4.5	4.8	4.5

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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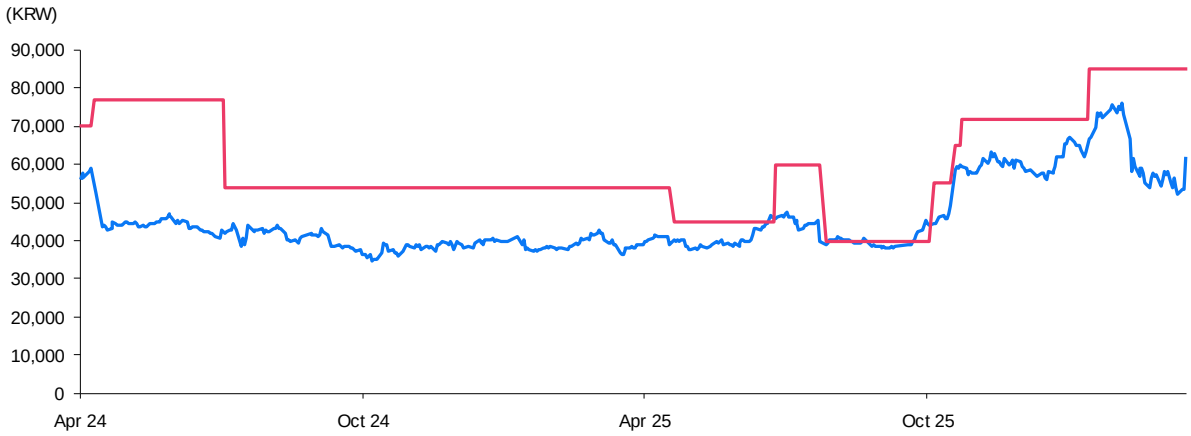
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/27	5/2	7/25	2025/5/12	7/17	8/18	10/27	11/10	11/14	2026/2/5
Recommendation	BUY	BUY	BUY	HOLD	BUY	HOLD	BUY	BUY	BUY	BUY
Target price (KRW)	70000	77000	54000	45000	60000	40000	55000	65000	72000	85000
Gap* (average)	-20.95	-42.64	-26.89	-10.33	-25.13	0.11	-15.80	-8.72	-15.70	
(max or min)**	-9.86	-31.56	-17.31	3.89	-21.17	13.38	-10.27	-8.15	-6.67	

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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