COMPANY UPDATE

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SK Telecom (017670)

Entering re-rating phase beyond normalization

- SK Telecom is back on track, shaking off the impact from a cyberattack in Apr 2025. It should also resume paying dividends.
- Its 1Q operating results likely met consensus, supported by net subscriber additions and rising ARPU.
- B2B sales should keep growing on higher utilization rates at data centers.

WHAT'S THE STORY?

Earnings back on growth trajectory: SK Telecom's (SKT) earnings are back on track as it moved beyond the impact of a cyberattack in Apr 2025. Earnings improvement is set to accelerate on normalization of its operations and a low base. SK Broadband's evolution into a platform operator of AI infrastructure (eg, data centers) warrants a renewed assessment of its growth prospects. We raise our valuation of SK Broadband from KRW3.54t to KRW4.67t (based on 4x 12-month forward EV/EBITDA), bringing it in line with the KRW4.6t enterprise value at the time of the telco's 24.8% stake acquisition from Taekwang Industrial in May 2025. We raise our SOTP-based target price to KRW115,000 as we: 1) revise up the value of SKT's core business, factoring in our revised earnings estimates; and 2) use market cap to value its listed equity stakes. We estimate SKT's stake in Anthropic at KRW1.68t, based on its 0.3% ownership share from its latest funding round. While much of this equity value is already priced in, the possibility of a 2026 IPO leaves room for upside driven by news flow and evolving market expectations. Ultimately, the focus should now shift to SKT's underlying earnings momentum and the resumption of shareholder returns.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW115,000	19.2%
Current price	**KRW96,500**	
Market cap	KRW20.7t/USD14.0b	
Shares (float)	214,790,053 (68.6%)	
52-week high/low	KRW98,300/KRW50,700	
Avg daily trading value (60-day)	KRW107.6b/ USD72.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SK Telecom (%)	22.5	77.1	67.2
Vs Kospi (%pts)	13.8	8.6	-33.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	115,000	115,000	0.0%
2026E EPS	6,156	6,156	0.0%
2027E EPS	6,628	6,628	0.0%

SAMSUNG vs THE STREET

No of estimates	17
Target price	101,647
Recommendation	3.8

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

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	17,099	17,807	18,218	18,700
Operating profit (KRWb)	1,073	1,887	2,009	2,186
Net profit (adj) (KRWb)	375	1,286	1,382	1,541
EPS (adj) (KRW)	1,901	6,156	6,628	7,381
EPS (adj) growth (% y-y)	-67.3	223.7	7.7	11.4
EBITDA margin (%)	27.3	30.4	31.0	31.7
ROE (%)	3.3	9.4	9.1	9.7
P/E (adj) (x)	28.1	15.7	14.6	13.1
P/B (x)	0.9	1.4	1.3	1.2
EV/EBITDA (x)	4.4	5.1	4.9	4.6
Dividend yield (%)	3.1	3.7	3.7	4.0

Source: Company data, Samsung Securities estimates

1Q preview: We expect SKT to report 1Q consolidated sales of KRW4.39t and operating profit KRW515.3b, down a respective 1.2% and 9.2% y-y, the latter in line with consensus. Its ARPU likely rose 0.3% q-q to KRW28,928 thanks to: 1) net subscriber additions of 165,000 In January, when a local competitor waved the early termination fee; and 2) some subscribers upgrading to higher-tier plans. SK Broadband's B2B sales likely maintained growth, backed by the full-year contribution from the Pangyo data center (reflected since 3Q25) and also higher utilization rates across its existing data center portfolio.

Improving earnings, dividend, and AI-driven growth: We forecast SKT's 2026 sales and operating profit will reach KRW17.8t (up 4.1%) and KRW1.89t (up 75.9%), respectively. The parent-based sales should expand 4.8% y-y to KRW12.63t as wireless sales grow 5.4% y-y on gradual recovery of subscribers. Dividends, suspended in 2H25 due to the cyberattack's financial impact, are expected to resume in 2026 following operational normalization from 1Q26. We forecast a 2026 DPS of KRW 3,540, matching the 2023–2024 payout level. In March, shareholders approved a KRW1.7t reduction in capital reserves, reclassifying the amount as retained earnings (to create distributable profits that are treated as non-taxable). SKT is refocusing its portfolio around AI and infrastructure, with aggressive expansion in its AI data center (AIDC) business powered by next-generation solutions. Over the medium to long term, we expect a re-rating as the market increasingly recognizes the telco as a strategic AI infrastructure provider.

Table 1. Quarterly results and forecasts

(KRWb)	1Q25	4Q25	1Q26E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	4,453.7	4,328.7	4,398.4	1.6	-1.2	4,400.3	-0.0
Operating profit	567.4	119.1	515.3	332.5	-9.2	511.3	0.8
Operating margin (%)	12.7	2.8	11.7	9.0	-1.0	11.6	0.1
Pre-tax profit	507.9	137.8	461.2	234.6	-9.2	453.1	1.8
Net profit (controlling)	364.4	112.5	332.6	195.5	-8.7	348.5	-4.6

Source: Company data, FnGuide, Samsung Securities

Table 2. Consolidated results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**4,474.6**	**4,422.4**	**4,532.1**	**4,511.5**	**4,453.7**	**4,338.8**	**3,978.1**	**4,328.7**	**4,398.4**	**4,403.0**	**4,485.4**	**4,519.8**	**17,099.2**	**17,806.7**	**18,217.6**
Parent	3,188.7	3,191.5	3,203.2	3,190.6	3,167.5	3,135.1	2,664.7	3,083.7	3,087.2	3,150.4	3,170.8	3,225.0	12,051.1	12,633.4	12,823.0
Operating costs	3,976.1	3,884.9	3,998.9	4,257.4	3,886.3	4,000.5	3,929.6	4,209.5	3,883.1	3,879.6	3,964.5	4,191.9	16,026.0	15,919.2	16,208.2
Labor	660.6	624.0	639.4	801.8	671.6	594.2	605.3	840.1	656.9	603.4	621.0	793.1	2,711.3	2,674.4	2,761.0
Marketing (parent)	719.5	715.5	726.2	747.4	691.7	725.1	719.4	763.5	708.3	742.1	730.5	777.2	2,899.7	2,958.2	3,034.5
Depreciation	930.1	916.9	920.6	927.0	897.5	894.4	897.7	900.6	889.6	886.5	891.4	893.3	3,590.2	3,560.9	3,523.5
Operating profit	**498.5**	**537.5**	**533.3**	**254.1**	**567.4**	**338.3**	**48.4**	**119.1**	**515.3**	**523.4**	**520.9**	**327.9**	**1,073.2**	**1,887.5**	**2,009.4**
Operating margin (%)	11.1	12.2	11.8	5.6	12.7	7.8	1.2	2.8	11.7	11.9	11.6	7.3	6.3	10.6	11.0
Pre-tax profit	440.7	478.2	364.7	478.1	507.9	240.4	-163.9	137.8	461.2	473.9	444.0	328.5	722.3	1,707.6	1,832.8
Net profit (controlling)	**353.0**	**337.4**	**268.9**	**290.9**	**364.4**	**89.6**	**-158.2**	**112.5**	**332.6**	**364.5**	**384.2**	**241.0**	**408.4**	**1,322.2**	**1,423.6**
Chg (% y-y)															
Sales	**2.3**	**2.7**	**2.9**	**-0.3**	**-0.5**	**-1.9**	**-12.2**	**-4.1**	**-1.2**	**1.5**	**12.8**	**4.4**	**-4.7**	**4.1**	**2.3**
Parent	2.3	2.3	1.7	-0.4	-0.7	-1.8	-16.8	-3.3	-2.5	0.5	19.0	4.6	-5.7	4.8	1.5
Operating costs	2.5	1.1	2.4	0.6	-2.3	3.0	-1.7	-1.1	-0.1	-3.0	0.9	-0.4	-0.6	-0.7	1.8
Labor	7.0	5.6	4.1	20.5	1.7	-4.8	-5.3	4.8	-2.2	1.5	2.6	-5.6	-0.5	-1.4	3.2
Marketing (parent)	-4.9	-5.1	-3.0	-4.9	-3.9	1.3	-0.9	2.1	2.4	2.3	1.5	1.8	-0.3	2.0	2.6
Depreciation	-0.3	-3.4	-0.8	-1.4	-3.5	-2.5	-2.5	-2.9	-0.9	-0.9	-0.7	-0.8	-2.8	-0.8	-1.1
Operating profit	**0.8**	**16.0**	**7.1**	**-14.4**	**13.8**	**-37.1**	**-90.9**	**-53.1**	**-9.2**	**54.7**	**975.4**	**175.2**	**-41.1**	**75.9**	**6.5**
Operating margin (%pts y-y)	-0.2	1.4	0.5	-0.9	1.6	-4.4	-10.5	-2.9	-1.0	4.1	10.4	4.5	-3.9	4.3	0.4
Pre-tax profit	4.7	6.3	-8.8	119.9	15.2	-49.7	nm	-71.2	-9.2	97.1	nm	138.3	-59.0	136.4	7.3
Net profit (controlling)	**21.5**	**2.5**	**-9.7**	**65.3**	**3.2**	**-73.4**	**nm**	**-61.3**	**-8.7**	**306.6**	**nm**	**114.1**	**-67.3**	**223.7**	**7.7**

Source: Company data, Samsung Securities

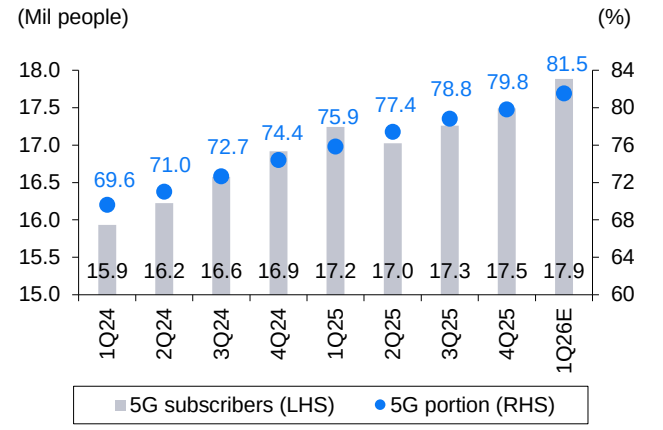
Table 3. Key operating metrics

('000 people)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Mobile subscribers*	**33,884**	**34,147**	**34,228**	**34,276**	**34,376**	**33,939**	**33,426**	**33,452**	**33,388**	**33,433**	**33,481**	**33,519**	**33,452**	**33,711**	**33,864**
Net additions (q-q)	225	263	81	48	101	-437	-513	26	-64	45	48	38	-824	259	154
LTE	6,918	6,598	6,264	5,892	5,601	5,079	4,932	4,637	4,385	4,141	3,948	3,747	4,637	3,747	3,094
5G	15,932	16,226	16,577	16,917	17,242	17,022	17,260	17,492	17,884	18,030	18,197	18,293	17,492	18,293	18,929
Fixed-line service subscribers	**16,578**	**16,651**	**16,729**	**16,765**	**16,815**	**16,666**	**16,655**	**16,688**	**16,723**	**16,726**	**16,755**	**16,779**	**16,688**	**16,779**	**16,899**
Broadband	6,990	7,048	7,113	7,156	7,215	7,173	7,196	7,238	7,262	7,252	7,270	7,282	7,238	7,282	7,359
IPTV	9,588	9,603	9,616	9,608	9,600	9,494	9,459	9,450	9,462	9,474	9,486	9,497	9,450	9,497	9,540
Mobile ARPU (KRW)	**29,239**	**29,298**	**29,389**	**29,495**	**29,202**	**29,204**	**24,125**	**28,848**	**28,928**	**29,056**	**28,984**	**28,414**	**27,845**	**28,846**	**28,775**
Chg (% q-q)	-1.1	0.2	0.3	0.4	-1.0	0.0	-17.4	19.6	0.3	0.4	-0.2	-2.0	-5.1	3.6	-0.2

Note: *Mobile subscriber data from 3Q23 reflects changed standards

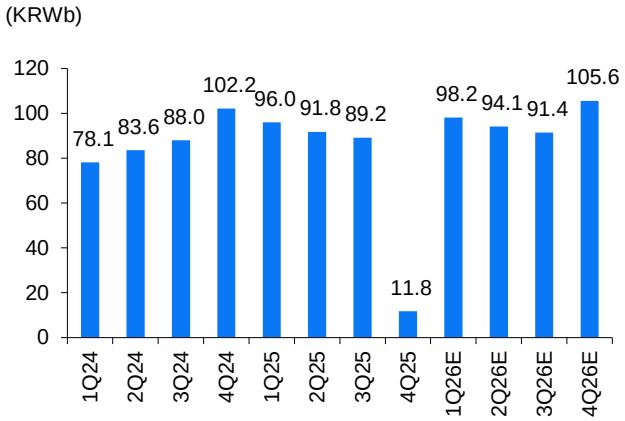
Source: Company data, Samsung Securities

Chart 1. 5G subscribers: Absolute and as portion of total



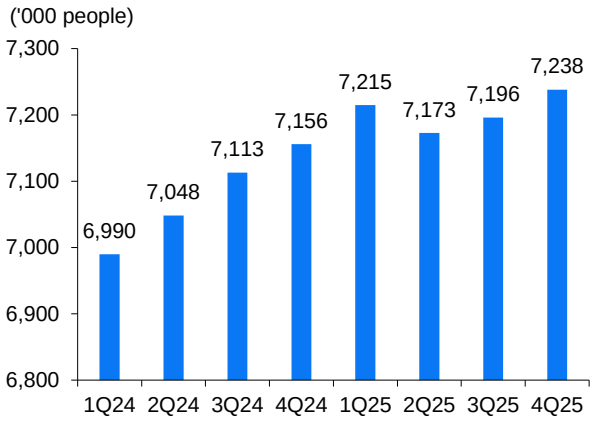
Source: Company data, Samsung Securities

Chart 2. SK Broadband: Operating profit



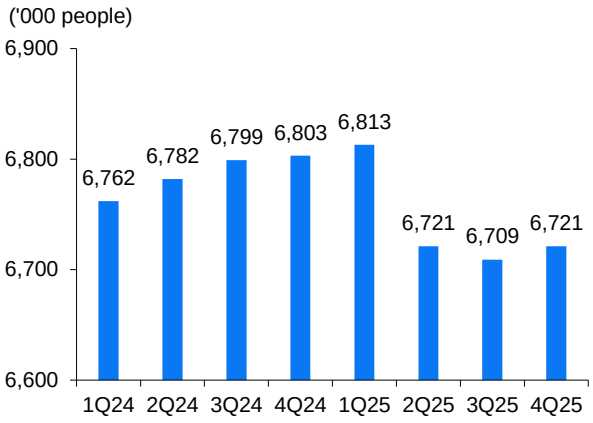
Source: Company data, Samsung Securities

Chart 3. Number of broadband subscribers



Source: Company data, Samsung Securities

Chart 4. Number of IPTV subscribers



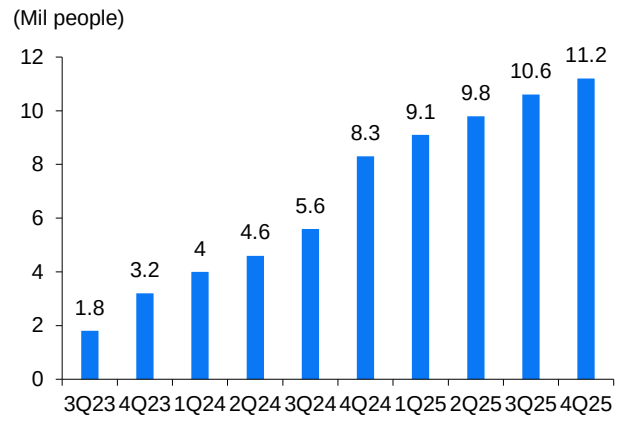
Source: Company data, Samsung Securities

Table 4. SK Telecom: Investments in AI companies

Company	Business	Investment amount	Investment date	AI intra				AIX	AI Service
				AI DC	AI Chip	Edge AI	Telco LLM		
Konan Technologies	AI software (LLM)	KRW22.4b	Oct 2022						✓
Scatter lab	AI agent	KRW15.0b	Apr 2023						✓
Anthropic	Generative AI (LLM)	USD100m	Aug 2023				✓		
Persona AI	AI customer service	KRW5b	Aug 2023					✓	
Allganize	LLM all-in-one solution	USD4m	Nov 2023					✓	
ImpriMed	Anticancer drug diagnosis	USD3m	Nov 2023						
Lambda	GPU cloud	USD20m	Dec 2024	✓				✓	
Sapeon-Rebellions	AX semi-conductor X330		Jun 2024		✓				
Perplexity	Generative AI search engine	USD10m	Jun 2024						✓
GTAA JV	Global Telco AI Alliance		Jul 2024						
Penguin Solution	AI data center solution	USD200m	Jul 2024	✓		✓			
Twelve Labs	AI video analyze	USD3m	Dec 2024					✓	
Together AI	AI cloud and opensource		Feb 2025					✓	
TimeTree	Scheduling platform	JYP2.2b	Sep 2025						✓

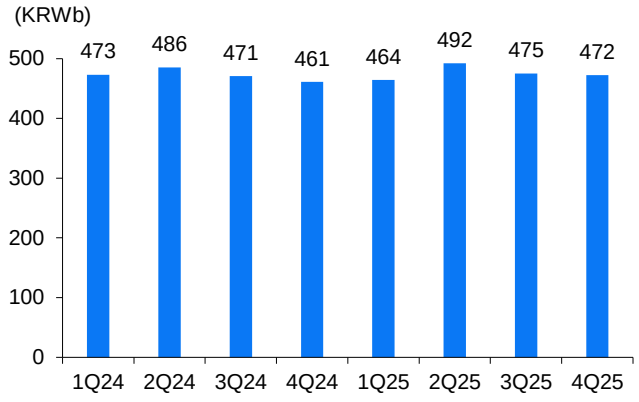
Source: Company data, press reports, Samsung Securities

Chart 5. A.: Number of subscribers



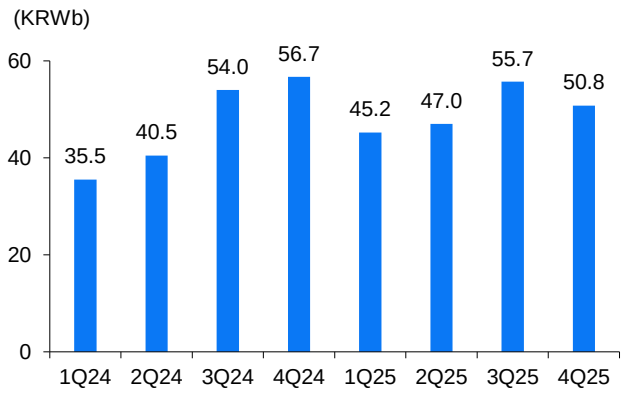
Note: Sep 26, 2023
Source: Company data, Samsung Securities

Chart 6. Telecom-related B2B: Sales



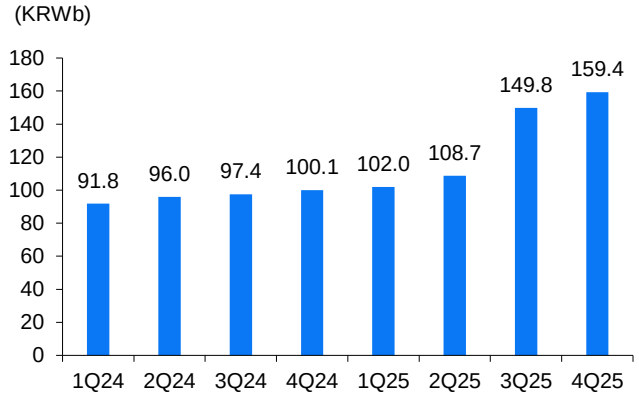
Note: B2B includes connectivity, business messaging service, payment, etc.
Source: Company data, Samsung Securities

Chart 7. AIX: Sales



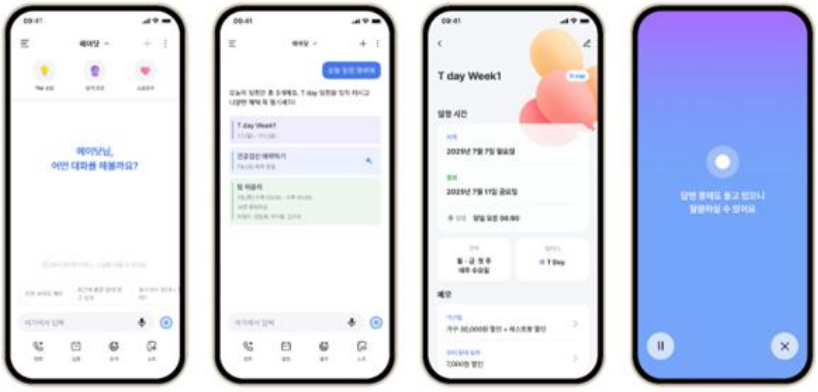
Note: Note: AIX includes AI cloud, AI Vision, AICC, etc.
Source: Company data, Samsung Securities

Chart 8. AI DC: Sales



Note: AI DC includes data centers, leased lines, GPUaaS, etc.
Source: Company data, Samsung Securities

Chart 9. AI agent 'A.'



Source: Company data, Samsung Securities

Table 5. Normal data center vs AI data center

AI data centers	Category	General data center
Deep learning training, inference, NLP, image/video recognition	Purpose	Webhosting, Enterprise Application, Database and Cloud
Optimized for large-scale data analysis and AI workloads	Use case	Business system and general computing
Relies on GPUs and AI accelerators; requires high-performance servers	Hardware	CPU-based servers; standard networking
Liquid or immersion cooling for high-heat GPUs (40-100 kW per rack)	Cooling	Primarily air cooling (10-12 kW per rack)
20-40+ kW per rack due to GPU demand	Power	About 5-10 kW per rack

Source: Company data, Samsung Securities

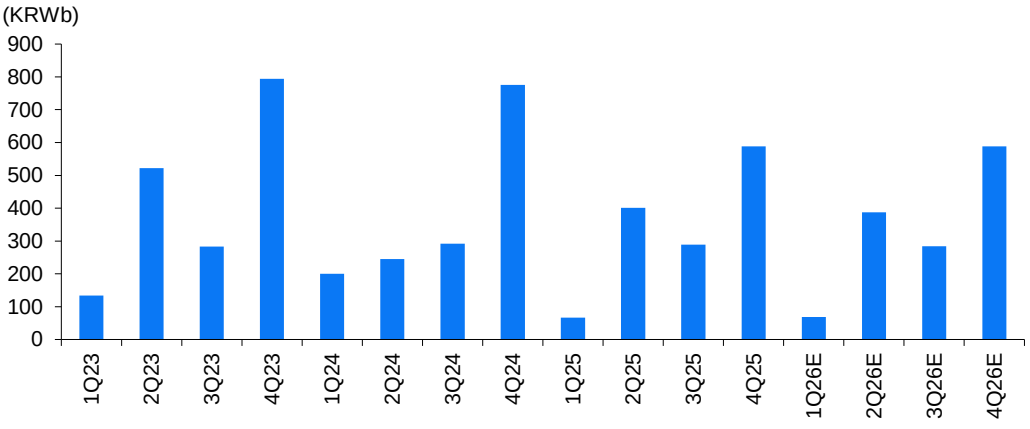
Table 6. SK-AWS Ulsan AI data center project

Category	Detail
Location	Ulsan Mipo National Industrial Complex
Total investment	About KRW7t
Participating companies	SK Group's affiliates, Amazon Web Service (AWS) - SK Broadband (SK Telecom): Cloud network infrastructure - SK Hynix: Supply of HBM-based AI semiconductors - SK Innovation and ·SK Gas: Power supply via LNG cogeneration plant - SK Ecoplant: Design, construction, and eco-friendly infrastructure - SK AX: IT infrastructure integration and data center operation
Purpose	Construction and operation of a hyperscale AI data center - Secure high-performance AI computing infrastructure to strengthen Korea's AI competitiveness
Key features	1) Largest in Korea: The nation's first and largest hyperscale AI-dedicated data center 2) Location: 10,000-pyeong site adjacent to the SKMU power plant 3) Eco-friendly AI DC: Highest efficiency in Korea, powered by LNG-based district electricity 4) Global partner AWS: Partnership with AWS, the world's No.1 cloud provider, to boost domestic AI capabilities and growth
Ground breaking	Sep 1, 2025
Operation starts	Phase 1: Nov 2027 (41 MW) / Phase 2: Feb 2029 (103 MW)

Note: SK Broadband acquired land and buildings in Nam-gu, Ulsan from SK Chemicals for KRW28.3b on Apr 17, 2025
SK-AWS held a contract signing ceremony, officially announcing the construction of the Ulsan AI data center
SK Broadband will serve as the owner and operator of the Ulsan AI data center

Source: Company data, Samsung Securities

Chart 10. SKT: Capex



Note: Based on separate financial statements; 2025 capex was KRW2,129b

Source: Company data, Samsung Securities

Chart 11. SK Telecom's value-up plan

Capital efficiency	Shareholder returns	AI Vision 2030
ROE 10%+ (2026)	Adjusted consolidated profit 50%+ (2024~2026)	Total revenue KRW30t with AI business 35% of this figure (2030)
Maintain industry-leading profitability	Shareholder returns based on total consolidated profit	Operate competitive AI business
AI & OI strategies to increase profitability	Remove upper limit on shareholder returns	Secure AI leadership based on cooperation
Improve financial soundness via asset efficiency	Shareholder return ratio exceeds industry's average	Develop 'profit-generating AI' (AI DC + AI B2B + AI B2C)

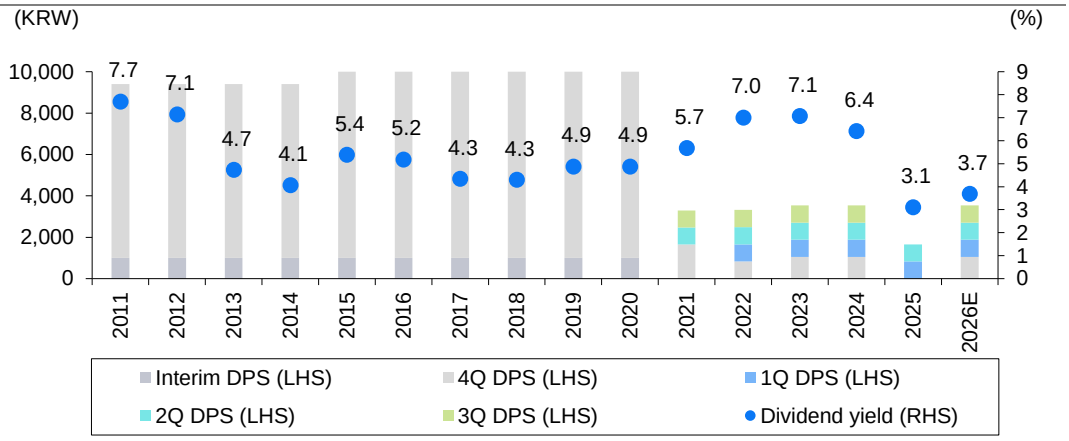
Note: Announced on Oct 24, 2024
Source: Company data, Samsung Securities

Table 7. Change of shareholder return policy

Category	Before	After
Year	2021-2023	2024-2026
Resources	30-40% of EBITDA-capex	At least 50% of adjusted profit for the year on a consolidated basis
Method	Cash dividend	Cash dividend and share buyback/cancellation

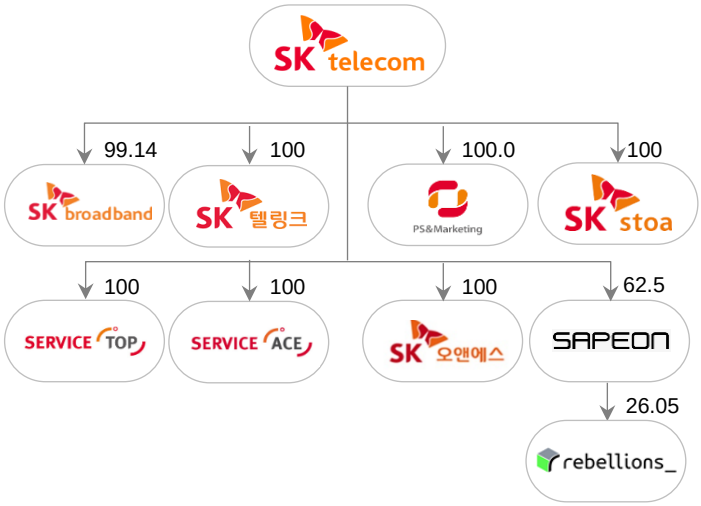
Note: excluding non-recurring items
Source: Company data, Samsung Securities

Chart 12. Dividend yield and DPS



Note: 2021 DPS reflects spinoff (Nov 1, 2021);
Adopted quarterly dividend payout policy in 2Q21;
No dividend paid for 3Q25 and 4Q25;
As of Apr 16 close;
Source: QuantiWise, Company data, Samsung Securities

Chart 13. Ownership structure



Note: As of end of 2025; SK broadband announced share exchange decision(Mar 26, 2026); 100% subsidiary conversion upon minority share exchange completion;
Sapeon Korea and Rebellions will merge through an absorption, with rebellions as the surviving entity. The merged corporation Rebellions launched in Dec 2024 (Sapeon holds a 26.05% stake in Rebellions);
Holds 0.3%(3,703,141 shares) in Anthropic;
Source: Company data, Samsung Securities

Table 8. Sum-of-the-parts valuation

(KRWb)	Value	Stake (%)	Net profit	Multiple (x)	Note
Parent	**20,908**		**1,394**	**15**	**Based on 12MF**
SK Broadband	4,666	100		4.0	
Anthropic	1,682	0.3			
Other	3,996				SK Stoa; other investments
Net debt	6,858				Based on 2026 estimates
Fair value	**24,394**				
Outstanding shares ('000)	214,790				
Fair value per share	**113,571**				
Target price (KRW)	**115,000**				

Note: The ownership stake in Anthropic is 0.7%(3.7m shares) as of end of 2025; valuation based on Series F(Sep 2025) and Series G(Feb 2026), using the latest funding round valuation(USD 380b);
SK Broadband assumed to become a wholly owned subsidiary(100%) after acquiring minority shares as of May 29;
Other investments valued at book value for unlisted firms and at market cap-based ownership for listed firms; Rebellions valued based on latest funding round valuation
Source: Samsung Securities estimates

Table 9. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	17,748.9	17,806.7	0.3	18,158.2	18,217.6	0.3
Operating profit	1,899.5	1,887.5	-0.6	2,017.0	2,009.4	-0.4
Operating margin (%, %pts)	10.7	10.6	-0.1	11.1	11.0	-0.1
Pre-tax profit	1,767.7	1,707.6	-3.4	1,894.0	1,832.8	-3.2
Net profit	1,283.5	1,322.2	3.0	1,371.8	1,423.6	3.8

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**17,941**	**17,099**	**17,807**	**18,218**	**18,700**
Cost of goods sold	0	0	0	0	0
Gross profit	**17,941**	**17,099**	**17,807**	**18,218**	**18,700**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	16,117	16,026	15,919	16,208	16,513
Operating profit	**1,823**	**1,073**	**1,887**	**2,009**	**2,186**
Operating margin (%)	10.2	6.3	10.6	11.0	11.7
Non-operating gains (losses)	**-62**	**-351**	**-180**	**-177**	**-142**
Financial profit	355	219	219	220	228
Financial costs	606	482	436	418	401
Equity-method gains (losses)	322	-64	7	8	8
Other	-133	-25	30	13	24
Pre-tax profit	**1,762**	**722**	**1,708**	**1,833**	**2,045**
Taxes	375	347	422	450	504
Effective tax rate (%)	21.3	48.1	24.7	24.6	24.6
Profit from continuing operations	1,387	375	1,286	1,382	1,541
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,387**	**375**	**1,286**	**1,382**	**1,541**
Net margin (%)	7.7	2.2	7.2	7.6	8.2
Net profit (controlling interests)	1,250	408	1,322	1,424	1,585
Net profit (non-controlling interests)	137	-33	-36	-41	-44
EBITDA	5,523	4,663	5,407	5,642	5,931
EBITDA margin (%)	30.8	27.3	30.4	31.0	31.7
EPS (parent-based) (KRW)	5,810	1,901	6,156	6,628	7,381
EPS (consolidated) (KRW)	6,446	1,746	5,987	6,436	7,175
Adjusted EPS (KRW)*	5,810	1,901	6,156	6,628	7,381

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**7,477**	**6,727**	**8,197**	**8,208**	**8,537**
Cash & equivalents	2,024	1,490	2,539	2,478	2,558
Accounts receivable	1,989	1,919	2,046	2,131	2,233
Inventories	210	168	186	190	201
Other current assets	3,254	3,151	3,426	3,410	3,545
Fixed assets	**23,039**	**23,381**	**23,781**	**24,299**	**24,783**
Investment assets	4,476	5,763	6,473	6,676	6,828
Tangible assets	12,617	11,902	11,727	12,066	12,404
Intangible assets	4,267	3,783	3,686	3,648	3,617
Other long-term assets	1,678	1,933	1,895	1,910	1,935
Total assets	**30,515**	**30,108**	**31,978**	**32,507**	**33,320**
Current liabilities	**9,224**	**6,530**	**6,551**	**6,329**	**6,423**
Accounts payable	127	111	119	120	123
Short-term debt	100	130	130	130	130
Other current liabilities	8,998	6,289	6,301	6,079	6,170
Long-term liabilities	**9,463**	**10,623**	**10,146**	**10,269**	**10,243**
Bonds & long-term debt	6,567	7,594	7,354	7,329	7,329
Other long-term liabilities	2,897	3,028	2,792	2,939	2,914
Total liabilities	**18,688**	**17,152**	**16,697**	**16,598**	**16,666**
Owners of parent equity	**11,699**	**12,863**	**15,225**	**15,895**	**16,684**
Capital stock	30	30	30	30	30
Capital surplus	1,771	1,771	1,771	1,771	1,771
Retained earnings	22,976	22,938	23,730	24,400	25,188
Other	-13,079	-11,877	-10,306	-10,306	-10,306
Non-controlling interests' equity	**129**	**92**	**56**	**15**	**-29**
Total equity	**11,828**	**12,955**	**15,281**	**15,910**	**16,654**
Net debt	8,604	9,030	6,858	6,885	6,698

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**5,087**	**3,924**	**5,003**	**4,853**	**5,198**
Net profit	1,387	375	1,286	1,382	1,541
Non-cash profit and expenses	4,313	4,437	4,086	4,229	4,384
Depreciation	3,700	3,590	3,520	3,633	3,745
Amortization	0	0	0	0	0
Other	613	846	566	596	639
Changes in A/L from operating activities	-109	-144	246	-137	-73
Cash flow from investments	**-2,712**	**-1,737**	**-3,408**	**-3,918**	**-4,108**
Change in tangible assets	-2,440	-1,966	-3,344	-3,972	-4,082
Change in financial assets	-213	201	-151	13	-46
Other	-59	28	87	41	21
Cash flow from financing	**-1,810**	**-2,712**	**-1,532**	**-864**	**-885**
Change in debt	-192	-388	-983	-92	-72
Change in equity	0	0	0	0	0
Dividends	-804	-628	-530	-754	-797
Other	-814	-1,695	-18	-17	-17
Change in cash	569	-534	1,049	-61	80
Cash at beginning of year	1,455	2,024	1,490	2,539	2,478
Cash at end of year	2,024	1,490	2,539	2,478	2,558
Gross cash flow	**5,700**	**4,812**	**5,372**	**5,612**	**5,925**
Free cash flow	**2,600**	**1,717**	**1,659**	**881**	**1,116**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	1.9	-4.7	4.1	2.3	2.6
Operating profit	4.0	-41.1	75.9	6.5	8.8
Net profit	21.0	-73.0	242.8	7.5	11.5
Adjusted EPS**	16.3	-67.3	223.7	7.7	11.4
Per-share data (KRW)					
EPS (parent-based)	5,810	1,901	6,156	6,628	7,381
EPS (consolidated)	6,446	1,746	5,987	6,436	7,175
Adjusted EPS**	5,810	1,901	6,156	6,628	7,381
BVPS	54,952	60,395	71,481	74,625	78,328
DPS (common)	3,540	1,660	3,540	3,590	3,840
Valuations (x)					
P/E***	9.5	28.1	15.7	14.6	13.1
P/B***	1.0	0.9	1.4	1.3	1.2
EV/EBITDA	3.7	4.4	5.1	4.9	4.6
Ratios (%)					
ROE	10.8	3.3	9.4	9.1	9.7
ROA	4.6	1.2	4.1	4.3	4.7
ROIC	7.7	3.1	8.0	8.5	9.0
Payout ratio	60.3	86.5	57.0	53.7	51.6
Dividend yield (common)	6.4	3.1	3.7	3.7	4.0
Net debt to equity	72.7	69.7	44.9	43.3	40.2
Interest coverage (x)	4.5	2.8	5.2	5.8	6.7

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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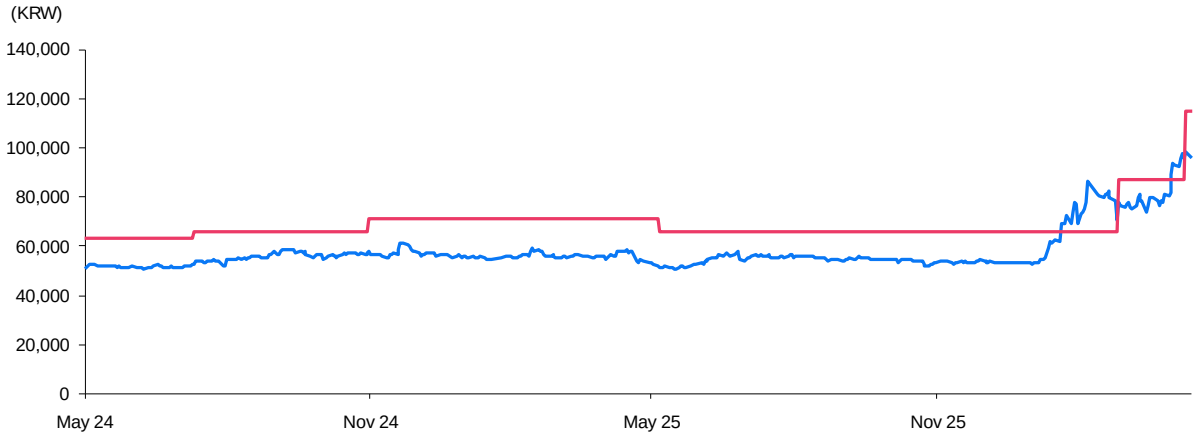
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/7/18	2024/7/17	11/7	2025/5/13	2026/3/5	4/17
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	63000	66000	71000	66000	87000	115000
Gap* (average)	-20.04	-15.43	-20.65	-13.50	-5.94	
(max or min)**	-14.13	-11.52	-13.38	31.06	12.76	

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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