COMPANY UPDATE

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Finance/Consumer Goods Team

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Hanwha Corp (000880)

Profit keeps rising, but NAV recovery in question

- We believe Hanwha Corp's parent and consolidated sales and operating profit expanded y-y in 1Q.
- The company plans to invest KRW600b in its subsidiary's rights offering, and the timing of visible returns on this investment is important.
- Whether the holding company can narrow its discount to NAV should depend on progress in its capital allocation strategy—following its participation in the rights offering and planned spin-off in Jul 2026.

WHAT'S THE STORY?

1Q preview—parent-based and consolidated profits both up y-y: We now expect Hanwha Corp's 1Q results to show parent sales of KRW1.1t (up 0.8% y-y) and operating profit of KRW158b (up 4% y-y), mainly thanks to a KRW28.8b y-y (53% y-y) increase in dividend income from the firm's defense subsidiaries. Meanwhile, we estimate consolidated 1Q sales at KRW18.8t (up 13% y-y) and operating profit at KRW1.3t (up 18% y-y), the increases stemming from: 1) y-y growth at defense/energy subsidiaries; and 2) top-line growth at Hanwha Hotels & Resorts, which acquired Ourhome in May 2025.

To participate in Hanwha Solutions' rights offering: Hanwha Corp plans to invest around KRW600b in Hanwha Solutions' KRW1.8t rights offering—which is 120% the level implied by its stake in the subsidiary—funded through asset securitization (including real estate). Hanwha Solutions has reduced the scale of the rights offering (from an initial target of KRW2.4t), reducing the financial burden on Hanwha Corp. The subsidiary intends to allocate KRW900b of the proceeds to capex and KRW900b to financial restructuring. For the parent, the key focus should be when returns on this investment begin to materialize through improved earnings at the subsidiary.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	55,647	74,785	80,143	84,477
Operating profit	2,416	4,147	6,279	8,140
Net profit (adj)	1,690	1,992	3,513	4,895
EPS (adj) (KRW)	7,916	3,939	11,512	16,255
EPS (adj) growth (% y-y)	103.7	-50.2	192.3	41.2
EBITDA margin (%)	7.2	8.7	11.7	13.5
ROE (%)	7.2	3.3	8.5	10.9
P/E (adj) (x)	3.4	20.7	11.3	8.0
P/B (x)	0.2	0.6	0.9	0.8
EV/EBITDA (x)	17.2	14.0	10.6	8.8
Dividend yield (%)	3.0	1.3	0.9	1.1

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW150,000	14.9%
Current price	KRW130,500	
Market cap	KRW9.8t/USD6.7b	
Shares (float)	70,507,919 (36.7%)	
52-week high/low	KRW139,200/KRW44,050	
Avg daily trading value (60-day)	KRW47.6b/ USD32.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hanwha Corp (%)	8.1	43.7	196.3
Vs Kospi (%pts)	-2.2	-14.0	15.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	150,000	150,000	0.0%
2026E EPS	11,512	11,036	4.3%
2027E EPS	16,255	15,098	7.7%

SAMSUNG vs THE STREET

No of estimates	9
Target price	147,000
Recommendation	4.0

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

Proving value as a holding company matters more than near-term earnings: Hanwha Corp is trading at a 67% discount to NAV, widening from its narrowest discount of 58%. To reverse this, the firm must prove its value as a true holding company. With the upcoming rights offering and spin-off, investors should focus on how concretely the company outlines its future cash generation and capital allocation strategies.

Earnings forecasts (parent)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Revenue	**1,102.5**	**1,130.2**	**1,076.1**	**1,006.4**	**1,111.6**	**1,114.5**	**1,088.1**	**1,087.8**	**5,882.5**	**4,315.2**	**4,402.0**	**4,539.3**
Cost of goods sold	866.3	916.0	928.1	907.6	874.8	909.6	943.0	982.7	5,083.5	3,618.1	3,710.0	3,812.6
Gross profit	236.2	214.2	148.0	98.8	236.8	204.9	145.1	105.1	799.1	697.2	692.0	726.7
Gross margin (%)	21.4	19.0	13.8	9.8	21.3	18.4	13.3	9.7	13.6	16.2	15.7	16.0
SG&A expenses	84.4	84.5	83.0	103.8	78.8	90.0	87.9	87.8	490.8	355.7	344.5	366.6
Operating profit	**151.8**	**129.6**	**65.0**	**-5.0**	**158.0**	**114.9**	**57.3**	**17.3**	**308.2**	**341.5**	**347.5**	**360.1**
Operating margin (%)	**13.8**	**11.5**	**6.0**	**-0.5**	**14.2**	**10.3**	**5.3**	**1.6**	**5.2**	**7.9**	**7.9**	**7.9**

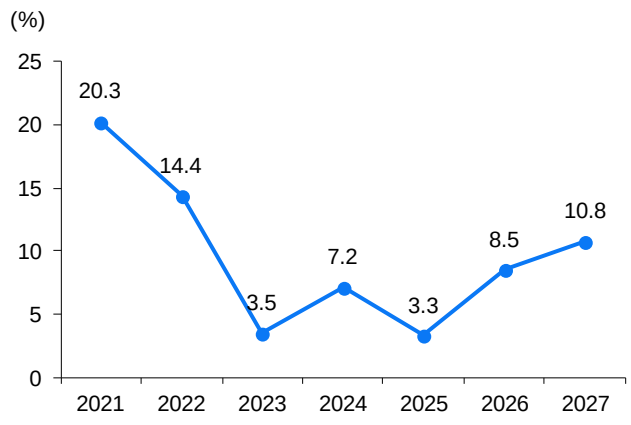
Source: WiseFn, Samsung Securities estimates

Earnings forecasts (consolidated)

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Revenue	**16,642.6**	**19,242.2**	**17,786.6**	**21,114.0**	**18,778.0**	**20,559.2**	**19,042.1**	**21,763.7**	**55,646.8**	**74,785.4**	**80,142.9**	**84,477.5**
Cost of goods sold	14,328.2	16,531.1	15,064.5	18,823.4	16,087.2	17,229.8	15,885.7	18,653.3	48,723.7	64,747.2	67,855.9	70,174.9
Gross profit	2,314.4	2,711.1	2,722.1	2,290.6	2,690.8	3,329.4	3,156.4	3,110.4	6,923.1	10,038.2	12,287.0	14,302.6
Gross margin (%)	13.9	14.1	15.3	10.8	14.3	16.2	16.6	14.3	12.4	13.4	15.3	16.9
SG&A expenses	1,241.9	1,376.3	1,377.9	1,895.3	1,423.9	1,429.3	1,437.1	1,717.3	4,507.0	5,891.4	6,007.6	6,162.2
Operating profit	**1,072.6**	**1,334.8**	**1,344.2**	**395.3**	**1,266.9**	**1,900.0**	**1,719.3**	**1,393.1**	**2,416.1**	**4,146.9**	**6,279.4**	**8,140.3**
Operating margin (%)	**6.4**	**6.9**	**7.6**	**1.9**	**6.7**	**9.2**	**9.0**	**6.4**	**4.3**	**5.5**	**7.8**	**9.6**
EBITDA	1,547.5	1,932.7	1,893.7	1,130.7	1,924.5	2,568.6	2,398.7	2,083.2	4,018.2	6,504.6	8,975.0	11,003.1
EBITDA margin (%)	9.3	10.0	10.6	5.4	10.2	12.5	12.6	9.6	7.2	8.7	11.2	13.0
Non-operating profit	-524.1	-838.1	-221.5	-552.6	-376.2	-452.3	-432.6	-456.2	-348.1	-2,136.3	-1,717.4	-1,783.4
Pre-tax profit	548.5	496.8	1,122.7	-157.4	890.7	1,447.7	1,286.6	936.9	2,068.0	2,010.6	4,561.9	6,357.0
Pre-tax margin (%)	3.3	2.6	6.3	-0.7	4.7	7.0	6.8	4.3	3.7	2.7	5.7	7.5
Tax expenses	82.7	228.1	96.9	-388.7	204.9	333.0	295.9	215.5	377.6	19.0	1,049.2	1,462.1
Net profit	465.7	268.7	1,025.8	231.4	685.8	1,114.7	990.7	721.4	1,690.4	1,991.6	3,512.7	4,894.9
Net profit (controlling)	**85.9**	**74.5**	**365.4**	**-153.2**	**205.2**	**333.6**	**296.5**	**215.9**	**773.0**	**372.5**	**1,051.1**	**1,464.7**
Net margin (%)	**0.5**	**0.4**	**2.1**	**-0.7**	**1.1**	**1.6**	**1.6**	**1.0**	**1.4**	**0.5**	**1.3**	**1.7**
Net profit (non-controlling)	379.9	194.2	660.4	384.6	480.6	781.2	694.2	505.5	917.5	1,619.1	2,461.6	3,430.1
EPS (KRW)	129.3	126.9	125.6	193.4	138.6	121.2	127.8	195.2	7,916.0	3,939.0	14,022.9	19,540.6
ROE (controlling) (%)									**7.2**	**3.3**	**8.5**	**10.8**

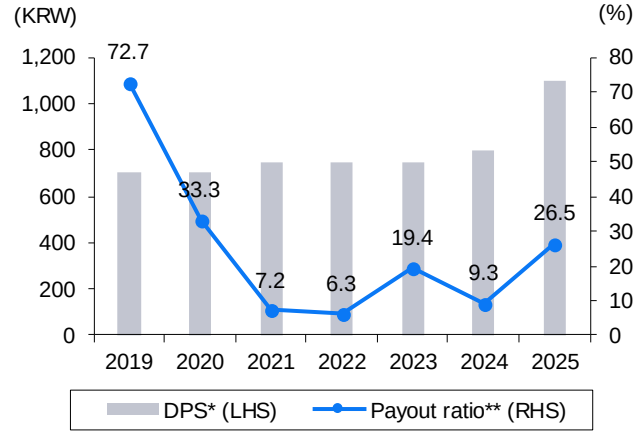
Source: WiseFn, Samsung Securities estimates

ROE (controlling)



Source: WiseFn, Samsung Securities estimates

DPS and dividend payout ratio



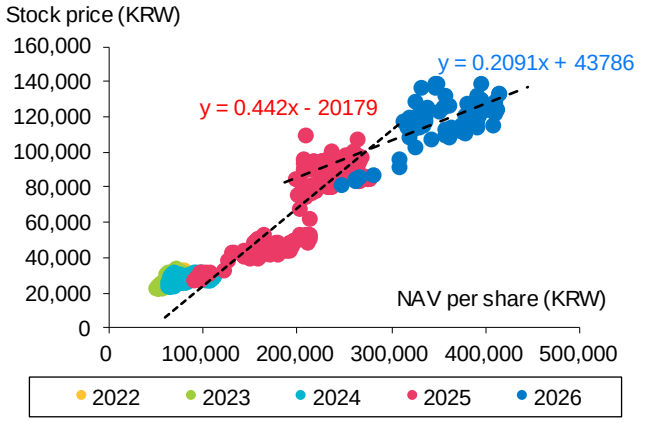
Note: *Common shares; **Consolidated basis
Source: WiseFn, Samsung Securities estimates

Hanwha Corp: SOTP valuation

	Market cap (KRWb)	Stake (%)	Current value (KRWb)	Valuation	Target value (KRWb)	Note
Invested asset			**30,683.3**		**30,821.6**	
Listed company			**29,601.9**		**29,740.2**	
Hanwha Aerospace	73,477.9	32.2	23,645.2		24,093.8	Samsung target price applied
Hanwha Solutions	7,391.4	36.3	2,683.8		2,558.9	Samsung target price applied
Hanwha Life	4,203.7	43.2	1,817.7		1,632.2	Samsung target price applied
Hanwha Vision	4,286.5	34.0	1,455.3	Market value	1,455.3	
Other						
Unlisted company			930.9		930.9	
Hanwha Momentum		100.0	238.3	Book value	238.3	
Hanwha Robotics		68.0	42.4	Book value	42.4	
Hanwha Hotel & Resort		49.8	124.1	Book value	124.1	
Other			650.1	Book value	650.1	
Treasury shares	9,722.2	1.5	150.5		150.5	
Operating value			**2,425.8**		**2,425.8**	
Parent business			2,425.8	EV/EBITDA	2,425.8	Target multiple of 7.4x*
Deduction			**4,824.3**		**4,824.3**	
Net debt			4,575.1		4,575.1	
Debt			4,858.3		4,858.3	
Cash & equivalents			283.1		283.1	
Preferred shares			249.1		249.1	
Net asset value (NAV)			28,284.9		28,423.1	
Issued shares ('000 shares)			70,508			
NAV per share (KRW)			**401,159**		**403,120**	
Current price (KRW)			129,700			
NAV discount (%)			67.7			
Target market cap (KRWb)					10,800.8	
Target NAV discount (%)					62.0	
Target price (KRW)					**150,000**	
Upside (%)					**15.7**	

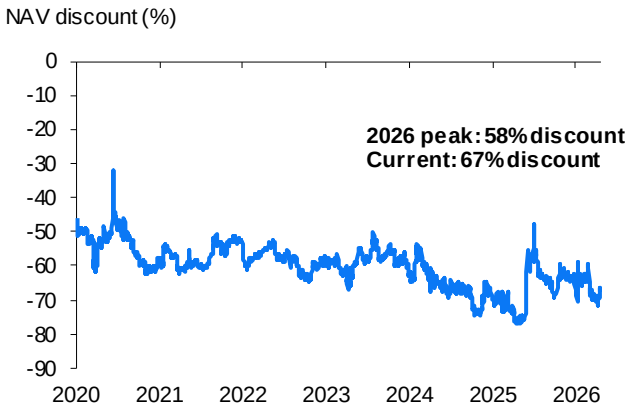
Note: *Kospi's 1-year average EV/EBITDA multiple
Source: WiseFn, Samsung Securities estimates

NAV per share-stock price regression analysis



Source: Samsung Securities estimates

NAV discount



Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Sales	**53,135**	**55,647**	**74,785**	**80,143**	**84,477**
Cost of goods sold	46,735	48,724	64,747	67,856	70,175
Gross profit	**6,400**	**6,923**	**10,038**	**12,287**	**14,303**
Gross margin (%)	12.0	12.4	13.4	15.3	16.9
SG&A expenses	3,988	4,507	5,891	6,008	6,162
Operating profit	**2,412**	**2,416**	**4,147**	**6,279**	**8,140**
Operating margin (%)	4.5	4.3	5.5	7.8	9.6
Non-operating gains (losses)	**-165**	**-348**	**-2,136**	**-1,717**	**-1,783**
Financial profit	239	235	403	440	442
Financial costs	903	1,193	1,598	1,629	1,629
Equity-method gains (losses)	49	23	153	153	153
Other	449	587	-1,095	-681	-749
Pre-tax profit	**2,247**	**2,068**	**2,011**	**4,562**	**6,357**
Taxes	611	378	19	1,049	1,462
Effective tax rate (%)	27.2	18.3	0.9	23.0	23.0
Profit from continuing operations	1,636	1,690	1,992	3,513	4,895
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,636**	**1,690**	**1,992**	**3,513**	**4,895**
Net margin (%)	3.1	3.0	2.7	4.4	5.8
Net profit (controlling interests)	380	773	372	1,051	1,465
Net profit (non-controlling interests)	1,255	917	1,619	2,462	3,430
EBITDA	3,966	4,018	6,505	9,363	11,434
EBITDA margin (%)	7.5	7.2	8.7	11.7	13.5
EPS (parent-based) (KRW)	3,886	7,916	3,939	11,512	16,255
EPS (consolidated) (KRW)	16,704	17,311	21,061	38,472	54,320
Adjusted EPS (KRW)*	3,886	7,916	3,939	11,512	16,255

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Current assets	**60,512**	**83,305**	**105,999**	**109,820**	**113,838**
Cash & equivalents	8,529	8,844	14,685	13,370	16,623
Accounts receivable	4,826	7,339	7,291	8,560	8,774
Inventories	7,750	13,464	16,070	19,857	20,354
Other current assets	39,407	53,658	67,953	68,033	68,088
Fixed assets	**149,227**	**168,927**	**183,330**	**185,582**	**187,622**
Investment assets	114,279	119,206	125,203	125,234	125,256
Tangible assets	22,994	31,821	37,085	39,851	42,294
Intangible assets	4,982	10,598	11,445	10,711	10,090
Other long-term assets	6,972	7,302	9,597	9,785	9,983
Total assets	**209,738**	**252,232**	**289,329**	**295,402**	**301,460**
Current liabilities	**40,441**	**58,787**	**79,882**	**81,869**	**82,676**
Accounts payable	4,067	5,439	5,953	7,257	7,438
Short-term debt	13,703	20,125	29,679	30,179	30,679
Other current liabilities	22,671	33,224	44,250	44,433	44,558
Long-term liabilities	**136,099**	**153,667**	**161,012**	**161,684**	**162,143**
Bonds & long-term debt	12,482	18,781	23,423	23,423	23,423
Other long-term liabilities	123,617	134,886	137,588	138,260	138,719
Total liabilities	**176,539**	**212,455**	**240,894**	**243,553**	**244,818**
Owners of parent equity	**10,791**	**10,760**	**11,840**	**12,793**	**14,155**
Capital stock	490	474	474	474	474
Capital surplus	1,355	1,793	2,090	2,090	2,090
Retained earnings	7,599	8,159	8,479	9,432	10,794
Other	1,348	333	797	797	797
Non-controlling interests' equity	**22,408**	**29,018**	**36,595**	**39,057**	**42,487**
Total equity	**33,199**	**39,778**	**48,435**	**51,849**	**56,642**
Net debt	25,822	37,963	47,899	49,724	46,978

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Cash flow from operations	**3,793**	**6,881**	**8,320**	**3,455**	**8,028**
Net profit	1,636	1,690	1,992	3,513	4,895
Non-cash profit and expenses	1,426	1,122	3,838	3,979	4,603
Depreciation	1,319	1,369	1,784	2,350	2,672
Amortization	235	233	574	733	621
Other	-128	-480	1,481	896	1,309
Changes in A/L from operating activities	-2,381	-420	-571	-2,987	-7
Cash flow from investments	**-6,668**	**-14,049**	**-12,800**	**-5,315**	**-5,317**
Change in tangible assets	-4,132	-5,282	-5,533	-5,115	-5,115
Change in financial assets	-820	-3,399	-555	-6	-4
Other	-1,716	-5,368	-6,712	-193	-197
Cash flow from financing	**1,799**	**7,179**	**10,330**	**412**	**405**
Change in debt	17,168	15,329	16,720	510	507
Change in equity	17	423	297	0	0
Dividends	-74	-74	-72	-99	-102
Other	-15,312	-8,499	-6,615	0	0
Change in cash	-1,067	316	5,840	-1,314	3,252
Cash at beginning of year	9,596	8,529	8,844	14,685	13,370
Cash at end of year	8,529	8,844	14,685	13,370	16,623
Gross cash flow	**3,061**	**2,813**	**5,830**	**7,492**	**9,497**
Free cash flow	**-487**	**1,286**	**2,636**	**-1,660**	**2,913**

Financial ratios

Year-end Dec 31	2023	2024	2025	2026E	2027E
Growth (%)					
Sales	4.4	4.7	34.4	7.2	5.4
Operating profit	1.8	0.2	71.6	51.4	29.6
Net profit	-18.6	3.4	17.8	76.4	39.3
Adjusted EPS**	-67.6	103.7	-50.2	192.3	41.2
Per-share data (KRW)					
EPS (parent-based)	3,886	7,916	3,939	11,512	16,255
EPS (consolidated)	16,704	17,311	21,061	38,472	54,320
Adjusted EPS**	3,886	7,916	3,939	11,512	16,255
BVPS	111,503	120,927	133,067	151,623	167,772
DPS (common)	750	800	1,100	1,200	1,400
Valuations (x)					
P/E***	6.6	3.4	20.7	11.3	8.0
P/B***	0.2	0.2	0.6	0.9	0.8
EV/EBITDA	12.7	17.2	14.0	10.6	8.8
Ratios (%)					
ROE	3.5	7.2	3.3	8.5	10.9
ROA	0.8	0.7	0.7	1.2	1.6
ROIC	6.2	4.8	8.0	8.7	10.5
Payout ratio	14.6	7.2	20.5	7.4	6.2
Dividend yield (common)	2.9	3.0	1.3	0.9	1.1
Net debt to equity	77.8	95.4	98.9	95.9	82.9
Interest coverage (x)	2.7	2.1	2.6	n/a	n/a

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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- As of Apr 22, 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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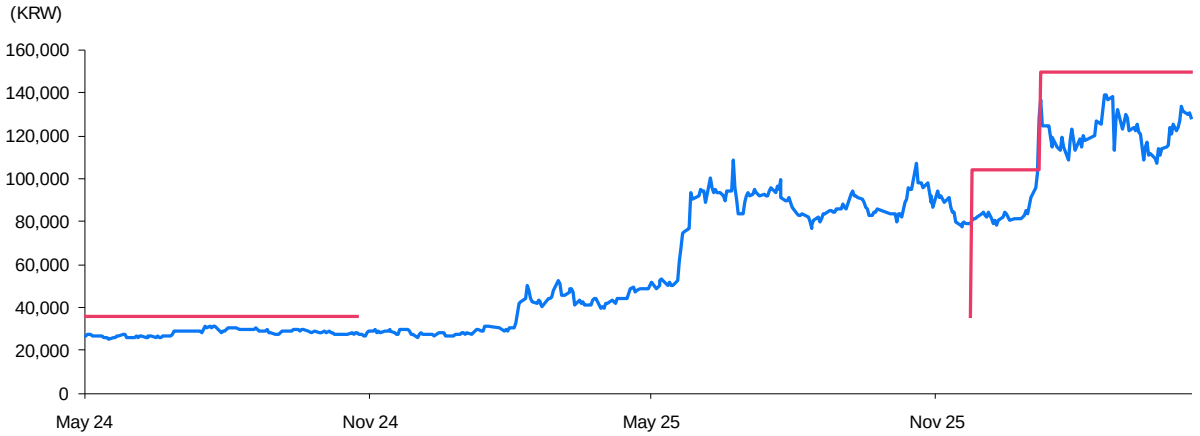
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/12/2	2026/1/15
Recommendation	BUY	BUY
Target price (KRW)	104000	150000
Gap* (average)	-17.73	
(max or min)**	23.56	

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

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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General

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