COMPANY UPDATE

2026. 4. 28

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Kolon Industries (120110)

Expected to benefit from competitor's shutdown

- On Apr 27, foreign media reported that SABIC, a global mPPO producer, has halted PPO resin production at its Saudi Arabia plant since early April following Iranian strikes.
- SABIC's halted plant accounts for 70% of global high-purity PPO output. This disruption could drive increased demand for Kolon Industries' mPPO as customers seek alternative suppliers.
- The second mPPO plant, scheduled for completion in 2Q26, is likely to reach higher utilization rates sooner than anticipated, due to tight global supply.

WHAT'S THE STORY?

SABIC's Middle East PPE plant reportedly halted: According to foreign media reports on Apr 27, SABIC's high-purity polyphenylene ether (PPE; identical to PPO) resin plant has been offline since early April following Iranian strikes. PPE resin is a key intermediate raw material for modified PPE (mPPE; identical to mPPO). SABIC operates PPE resin facilities in Jubail, Saudi Arabia; Selkirk, US; and Bergen op Zoom, Netherlands. The Jubail plant accounts for 70% of global PPE resin production capacity. As a result, printed circuit board (PCB) prices jumped by as much as 40% in April compared to March.

(Continued on the next page)

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AT A GLANCE

Not rated

Target price	n/a
Current price	KRW90,000
Market Cap	KRW2.7t/USD1.8b
Shares (float)	29,946,032 (67.9%)
52-week high/low	KRW91,000/KRW29,850
Avg daily trading value (60-day)	KRW26.7b/ USD18.2m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kolon Industries (%)	12.5	144.2	197.0
Vs Kospi (%pts)	-7.5	49.3	14.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	Not Rated		
Target price	n/a		
2026E EPS	n/a		
2027E EPS	n/a		

SAMSUNG vs THE STREET

No of estimates	6
Target price	100,667
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

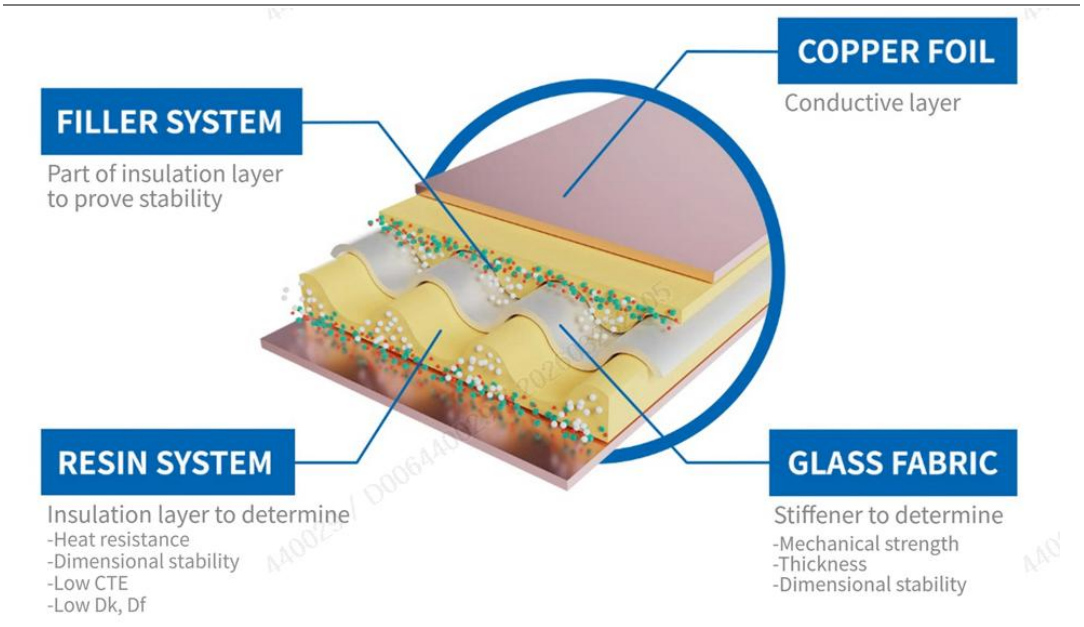
(KRWb)	2022	2023	2024	2025
Revenue	5,367	4,735	4,843	4,873
Operating profit	242	200	159	109
Net profit	189	51	111	52
EPS (adj) (KRW)	6,455	1,534	3,538	1,374
EPS (adj) growth (%)	(5.0)	(76.2)	130.6	(61.2)
EBITDA margin (%)	8.9	9.5	8.7	7.6
ROE (%)	7.1	1.6	3.1	1.0
P/E (adj) (x)	2.9	17.4	9.0	15.9
P/B (x)	0.2	0.3	0.2	0.2
EV/EBITDA (x)	4.7	4.8	5.7	6.6
Dividend yield (%)	n/a	n/a	n/a	n/a

Source: Company data, Samsung Securities estimates

Kolon Industries' upcoming mPPO plant to ramp up utilization rapidly: As of last year, Kolon Industries' mPPO production capacity stood at an annual sales scale of KRW80b. Completion of a second plant in Gimcheon (scheduled for mechanical completion by end-2Q26) would double the capacity to KRW160b. The supply disruption at SABIC, one of its major competitors, is likely to drive faster-than-anticipated increases in utilization rates at the company's new facility. Moreover, as SABIC was the dominant supplier of mPPO for artificial intelligence (AI) copper-clad laminate (CCL) resins, several CCL manufacturers are likely to pursue supply chain dual-sourcing, possibly demanding additional capacity expansion.

View—Earnings and valuation could rise together: Moves to diversify mPPO sourcing would enhance the company's growth profile. This could lead to a reassessment of its valuation, considering profit outlook and high-growth potential. Additionally, the company is well positioned to win new customers in the colorless polyimide (CPI) segment. Profit recovery in its established industrial materials business is also encouraging.

Components of copper clad laminate (CCL): Insulating layer (resin, glass fiber, filler, *etc*) and copper foil



Source: Company data, Samsung Securities

Kolon Industries: Results

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2022	2023	2024	2025
KRW/USD (average)	1,329	1,371	1,358	1,400	1,453	1,401	1,387	1,449	1,292	1,306	1,365	1,422
Sales	**1,143**	**1,258**	**1,144**	**1,298**	**1,232**	**1,259**	**1,181**	**1,203**	**5,367**	**4,735**	**4,843**	**4,873**
Growth (% q-q)	-6.8	10.1	-9.0	13.5	-5.1	2.2	-6.2	1.9				
Growth (% y-y)	-1.4	-2.3	7.7	5.9	7.8	0.1	3.2	-7.4	15.1	-11.8	2.3	0.6
Industrial Materials	547	574	559	571	590	611	593	508	2,370	2,201	2,251	2,302
Chemicals	297	320	322	315	343	308	317	282	1,052	893	1,254	1,250
Fashion	274	327	231	381	263	296	228	378	1,229	1,274	1,212	1,165
Film/Electronic Materials	0	0	0	0	0	0	0	0	559	224	0	0
Others	24	38	33	32	35	43	43	35	158	143	126	157
Operating profit	**31**	**61**	**31**	**36**	**27**	**45**	**27**	**10**	**242**	**200**	**159**	**109**
Growth (% q-q)	-44.1	95.9	-49.4	16.0	-24.7	68.2	-40.6	-63.7				
Growth (% y-y)	-16.3	-19.3	-1.4	-35.7	-13.5	-25.7	-12.8	-72.7	-4.0	-17.7	-20.5	-31.4
Industrial Materials	32	41	30	26	11	10	22	-12	199	136	128	31
Chemicals	10	11	14	17	39	20	24	28	47	58	52	111
Fashion	2	16	-15	13	-1	8	-17	13	64	45	16	3
Film/Electronic Materials	0	0	0	0	0	0	0	0	-71	-49	0	0
Others	-13	-7	2	-20	-22	8	-3	-19	2	8	-38	-36
Pre-tax profit	32	54	13	23	25	29	16	-29	170	147	121	41
Growth (% q-q)	-78.5	69.6	-75.2	73.3	-79.2	13.4	-44.3	Turned neg				
Growth (% y-y)	-34.0	-24.5	41.5	24.5	-19.9	-46.4	20.5	Turned neg	-39.0	-13.6	-17.2	-66.3
Net profit	**20**	**44**	**-4**	**51**	**20**	**29**	**10**	**-8**	**131**	**51**	**111**	**52**
Growth (% q-q)	-60.0	116.2	Turned neg	Turned pos	-82.1	47.1	-64.9	Turned neg				
Growth (% y-y)	-78.9	21.3	Remained neg	Turned pos	-2.7	-33.8	Turned pos	Turned neg	-24.3	-61.3	117.9	-53.4
Attributable to parent	**18**	**41**	**-9**	**49**	**16**	**25**	**6**	**-10**	**131**	**43**	**99**	**38**
Margins (%)												
Operating profit	2.7	4.8	2.7	2.8	2.2	3.6	2.3	0.8	4.5	4.2	3.3	2.2
Industrial Materials	5.9	7.1	5.3	4.5	1.8	1.6	3.7	-2.4	8.4	6.2	5.7	1.3
Chemicals	3.2	3.5	4.4	5.4	11.4	6.5	7.6	10.0	4.5	6.5	4.1	8.9
Fashion	0.9	4.9	-6.5	3.4	-0.3	2.5	-7.2	3.3	5.2	3.5	1.4	0.2
Film/Electronic Materials									-12.7	-21.7		
Others	-53.8	-18.1	5.9	-62.3	-62.7	18.8	-6.7	-54.3	1.5	5.9	-29.7	-22.9
Pre-tax profit	2.8	4.3	1.2	1.8	2.1	2.3	1.4	-2.4	3.2	3.1	2.5	0.8
Net profit	1.8	3.5	-0.4	3.9	1.6	2.3	0.9	-0.6	2.4	1.1	2.3	1.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Sales	**4,662**	**5,367**	**4,735**	**4,843**	**4,873**
Cost of goods sold	3,360	3,886	3,398	3,519	3,596
Gross profit	**1,302**	**1,481**	**1,337**	**1,324**	**1,277**
Gross margin (%)	27.9	27.6	28.2	27.3	26.2
SG&A expenses	1,049	1,239	1,137	1,165	1,168
Operating profit	**253**	**242**	**200**	**159**	**109**
Operating margin (%)	5.4	4.5	4.2	3.3	2.2
Non-operating gains (losses)	**25**	**(73)**	**(53)**	**(37)**	**(68)**
Financial profit	21	30	51	49	66
Financial costs	44	74	113	113	153
Equity-method gains (losses)	53	(8)	32	32	59
Other	(5)	(21)	(23)	(5)	(39)
Pre-tax profit	**278**	**170**	**147**	**121**	**41**
Taxes	53	(17)	39	11	(11)
Effective tax rate (%)	19.2	(9.9)	26.7	8.7	(26.4)
Profit from continuing operations	225	187	108	111	52
Profit from discontinued operations	(21)	3	(57)	(0)	(0)
Net profit	**204**	**189**	**51**	**111**	**52**
Net margin (%)	4.4	3.5	1.1	2.3	1.1
Net profit (controlling interests)	189	180	43	99	38
Net profit (non-controlling interests)	15	9	8	12	13
EBITDA	488	478	449	419	368
EBITDA margin (%)	10.5	8.9	9.5	8.7	7.6
EPS (parent-based) (KRW)	6,794	6,455	1,534	3,538	1,374
EPS (consolidated) (KRW)	7,321	6,790	1,822	3,969	1,850
Adjusted EPS (KRW)*	6,794	6,455	1,534	3,538	1,374

Balance sheet

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Current assets	**2,213**	**2,457**	**2,288**	**2,402**	**2,376**
Cash & equivalents	241	204	174	252	264
Accounts receivable	746	745	693	726	693
Inventories	1,008	1,261	1,180	1,173	1,127
Other current assets	219	247	241	251	293
Fixed assets	**3,388**	**3,547**	**3,714**	**4,846**	**5,306**
Investment assets	670	672	749	1,027	1,538
Tangible assets	2,418	2,538	2,601	3,056	2,936
Intangible assets	134	133	129	111	125
Other long-term assets	166	203	235	653	708
Total assets	**5,601**	**6,003**	**6,003**	**7,248**	**7,683**
Current liabilities	**2,232**	**2,651**	**2,417**	**2,357**	**2,246**
Accounts payable	453	421	373	363	290
Short-term debt	989	1,388	1,120	1,152	1,201
Other current liabilities	790	842	924	842	754
Long-term liabilities	**818**	**619**	**656**	**1,118**	**1,372**
Bonds & long-term debt	657	509	534	895	1,060
Other long-term liabilities	162	110	122	223	312
Total liabilities	**3,051**	**3,270**	**3,073**	**3,475**	**3,618**
Owners of parent equity	**2,437**	**2,610**	**2,801**	**3,646**	**3,928**
Capital stock	151	151	151	151	151
Capital surplus	990	990	989	991	991
Retained earnings	1,354	1,526	1,502	1,525	1,468
Other	(59)	(58)	159	979	1,318
Non-controlling interests' equity	**114**	**123**	**128**	**127**	**137**
Total equity	**2,551**	**2,733**	**2,930**	**3,773**	**4,065**
Net debt	1,694	2,058	1,954	2,190	2,232

Cash flow statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Cash flow from operations	**256**	**30**	**402**	**291**	**355**
Net profit	204	189	51	111	52
Non-cash profit and expenses	311	341	363	318	351
Depreciation	226	227	241	252	253
Amortization	9	8	9	8	7
Other	75	106	113	57	91
Changes in A/L from operating activities	(158)	(430)	48	(126)	(27)
Cash flow from investments	**(193)**	**(221)**	**(291)**	**(584)**	**(204)**
Change in tangible assets	(177)	(285)	(312)	(251)	(156)
Change in financial assets	18	(7)	(4)	(31)	(48)
Other	(34)	71	25	(302)	1
Cash flow from financing	**7**	**155**	**(142)**	**360**	**(145)**
Change in debt	147	330	(125)	336	99
Change in equity	n/a	n/a	n/a	n/a	n/a
Dividends	(30)	(41)	(42)	(42)	(60)
Other	n/a	n/a	n/a	n/a	n/a
Change in cash	80	(37)	(30)	78	11
Cash at beginning of year	161	241	204	174	252
Cash at end of year	241	204	174	252	264
Gross cash flow	**515**	**530**	**413**	**429**	**402**
Free cash flow	**72**	**(256)**	**88**	**35**	**195**

Financial ratios

Year-end Dec 31	2021	2022	2023	2024	2025
Growth (%)					
Sales	17.4	15.1	(11.8)	2.3	0.6
Operating profit	54.8	(4.0)	(17.7)	(20.5)	(31.4)
Net profit	(0.8)	(7.2)	(73.2)	117.9	(53.4)
Adjusted EPS**	(7.1)	(5.0)	(76.2)	130.6	(61.2)
Per-share data (KRW)					
EPS (parent-based)	6,794	6,455	1,534	3,538	1,374
EPS (consolidated)	7,321	6,790	1,822	3,969	1,850
Adjusted EPS**	6,794	6,455	1,534	3,538	1,374
BVPS	89,445	95,720	102,728	133,662	140,916
DPS (common)	n/a	n/a	n/a	n/a	n/a
Valuations (x)					
P/E***	2.7	2.9	17.4	9.0	15.9
P/B***	0.2	0.2	0.3	0.2	0.2
EV/EBITDA	3.8	4.7	4.8	5.7	6.6
Ratios (%)					
ROE	8.2	7.1	1.6	3.1	1.0
ROA	3.8	3.3	0.8	1.7	0.7
ROIC	5.7	6.9	3.6	3.4	3.1
Payout ratio	n/a	n/a	n/a	n/a	n/a
Dividend yield (common)	n/a	n/a	n/a	n/a	n/a
Net debt to equity	66.4	75.3	66.7	58.1	54.9
Interest coverage (x)	5.8	3.5	1.9	1.5	0.9

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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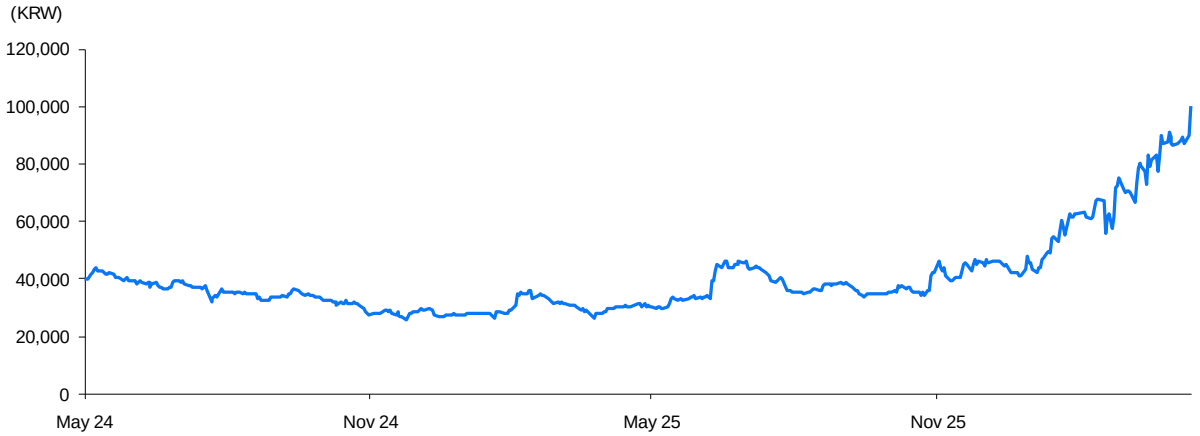
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/4/28
Recommendation	Not Rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

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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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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* 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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