COMPANY UPDATE

2026. 4. 29

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Hanwha Solution (009830)

Chemicals turnaround drives 1Q earnings beat

- Hanwha Solutions reported an operating profit of KRW92.6b (+KRW582.3b q-q), beating consensus (KRW11.5b). Profit contributions from basic materials and renewable energy exceeded expectations.
- Reflecting recent runup in renewable energy stocks, we raise our SOTP-based target price by 31% (from KRW42,000 to KRW55,000). But given stretched valuation, we maintain our HOLD rating.

▶ AT A GLANCE

HOLD

Target price	KRW55,000	14.7%
Current price	**KRW47,950**	
Market cap	KRW8.2t/USD5.5b	
Shares (float)	171,892,536 (60.8%)	
52-week high/low	KRW58,500/KRW26,100	
Avg daily trading value (60-day)	KRW344.7b/ USD233.1m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Hanwha Solution (%)	34.5	54.9	55.7
Vs Kospi (%pts)	9.3	-5.5	-40.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	55,000	42,000	31.0%
2026E EPS	1,108	1,108	0.0%
2027E EPS	3,335	3,335	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	14
Target price	45,929
Recommendation	3.6

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

WHAT'S THE STORY?

View—Reduction in rights issue positive, but valuation stretched: In light of recent share price appreciation among domestic and international peers, as well as the premium valuation assigned to Hanwha Solutions' solar manufacturing facilities in the US, we bump up the peer multiple from 10.4x to 15.7x. Also given the reduction in the company's planned rights issue size from KRW2.4t to KRW1.81t, we raise our SOTP-based target price by 31% from KRW42,000 to KRW55,000. While the smaller rights issue is a positive development, the company's shares have risen 41% over the past month, largely pricing in the improved momentum in renewable energy investments. We therefore maintain our HOLD rating. Looking ahead, if the company's US wafer and cell factories achieve operational normalization from 3Q26, it could enable a premium pricing strategy in the US market—potentially supporting a future upgrade to BUY.

1Q review—results beat consensus: Hanwha Solutions reported an operating profit of KRW92.6b (+KRW582.3b q-q), beating consensus (KRW11.5b; FnGuide) and our estimate (KRW11.9b loss). Much of the upside versus our estimate came from the basic materials division (KRW34.1b vs our estimate of KRW20.5b loss) and the renewable energy division (KRW62.2b vs our estimate of KRW19.1b).

(Continued on the next page)

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	3,882.0	25.4	3.3	0.0	5.2
Operating profit	92.6	205.5	nm	-0.0	706.2
Pre-tax profit	-42.4	nm	nm	nm	nm
Net profit	-38.2	nm	nm	nm	nm
Margins (%)					
Operating profit	2.4				
Pre-tax profit	-1.1				
Net profit	-1.0				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	n/a	43.3	14.4
P/B	0.5	1.0	0.9
EV/EBITDA	46.4	14.9	9.8
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	201.0
ROE (%)	-7.0	1.9	6.7
Per-share data (KRW)			
EPS	-3,728	1,108	3,335
BVPS	52,947	48,524	51,895
DPS	0	0	0

- **Basic materials:** The basic materials division turned to an operating profit of KRW34.1b (+KRW136.2b q-q), supported by positive inventory effects from rising raw material prices and improved TDI profitability. While the PVC-naphtha spread and caustic soda prices rose 2% and fell 4% q-q, respectively, the TDI-toluene spread widened 13% q-q in 1Q.
- **Processed materials:** The processed materials division recorded an operating profit of KRW12.2b (+KRW17.6b q-q), returning to profitability due to: 1) improved cost structure and higher US sales of solar materials; and 2) strong exports of lightweight composite materials.
- **Renewable energy:** The renewable energy division posted sales of KRW2.11t (+2% q-q) and an operating profit of KRW62.2b (operating margin of 2.9%; or -7.4% if excluding AMPC), above our forecasts of KRW1.66t in sales and KRW19.1b in operating profit. Compared to our estimates, the module manufacturing business (KRW169b loss vs our estimate of KRW177b loss) and the power generation business (KRW8.1b profit vs our estimate of KRW6b profit) were broadly in line; while IRA AMPC (KRW218b vs our estimate of KRW206b) and the residential energy business (KRW5.1b profit vs KRW15b loss) excelled. IRA AMPC improved significantly as sales volume increased following the normalization of US customs clearance. The residential energy business performed better than worried.

2Q preview—to beat consensus again: We expect its operating profit to grow 117% q-q to KRW201.1b in 1Q, again beating consensus (KRW114.8b; FnGuide), on yet another surprise from the basic materials division. The basic materials division is likely to log sales of KRW66b (+94% q-q), supported by favorable inventory effects from rising raw material prices following the Middle East war, alongside tighter global supply for some products such as TDI due to production halts by Middle East producers. The renewable energy division is likely to register sales of KRW2.9t (+37% q-q) and an operating profit of KRW138.5b (+KRW76.3b; for a margin of 4.8%), the latter a net result of a KRW148.2b loss from module manufacturing (+KRW20.8b q-q; for a margin of -22.1%), a KRW34.2b profit from power generation (+322% q-q; for a margin of 1.9%), a KRW33.2b profit from residential energy (+550% q-q; for a margin of 8.4%) and KRW219.3b in IRA AMPC (+1% q-q).

Hanwha Solutions: Quarterly results

(KRWb)	1Q26P	4Q25	1Q25	Consensus	Samsung	Diff (%)			
						(%q-q)	(%y-y)	Consensus	Samsung
Sales	3,882	3,757	3,094	3,691	3,177	3.3	25.4	5.2	22.2
Operating income	93	-490	30	11	-12	Turned pos	205.5	706.3	Turned pos
Pre-tax income	-42	-582	-68	-135	-174	Remained neg	Remained neg	Remained neg	Remained neg
Net income	-38	-411	-30	-24	-123	Remained neg	Remained neg	Remained neg	Remained neg
Attributable to parent	-49	-392	-44	-73	-132	Remained neg	Remained neg	Remained neg	Remained neg
Margins (%)									
Operating income	2.4	-13.0	1.0	0.3	-0.4				
Pre-tax income	-1.1	-15.5	-2.2	-3.7	-5.5				
Net income	-1.0	-10.9	-1.0	-0.7	-3.9				
Attributable to parent	-1.3	-10.4	-1.4	-2.0	-4.1				

Source: Company data, FnGuide, Samsung Securities estimates

Hanwha Solutions: Quarterly results, by division

(KRWb)	1Q26P	4Q25	1Q25	Chg (% q-q)	Chg (% y-y)
Sales	3,882	3,757	3,094	3.3	25.4
Basic materials	1,340	1,151	1,074	16.4	24.8
Process materials	286	271	274	5.3	4.3
Solar	2,111	2,062	1,599	2.4	32.0
Other	145	294	148	-50.5	-1.7
Operating profit	93	-490	30	Turned pos	205.5
Basic materials	34	-102	-91	Turned pos	Turned pos
Process materials	12	-5	-2	Turned pos	Turned pos
Solar	62	-396	136	Turned pos	-54.3
Other	-16	14	-13	Turned neg	Remained neg
Pre-tax income	-42	-582	-68	Remained neg	Remained neg
Net income	-38	-411	-30	Remained neg	Remained neg
Margins (%)					
Operating income	2.4	-13.0	1.0		
Basic materials	2.5	-8.9	-8.5		
Process materials	4.3	-2.0	-0.7		
Solar	2.9	-19.2	8.5		
Other	-10.9	4.7	-8.7		
Pre-tax income	-1.1	-15.5	-2.2		
Net income	-1.0	-10.9	-1.0		

Source: Company data, Samsung Securities

Hanwha Solutions: Sum-of-the-parts valuation

(KRWb)	Forward EBITDA	Multiple (x)	EV	Details
Operating value (A)				
Basic materials	272	7.5	2,047	Peers (chemical companies*)
Process materials	108	6.9	743	Peers (Hyosung Advanced Materials, Nitto Denko, Sumitomo)
Solar	694	15.7	10,886	90% premium compared to peers (global solar equipment companies**); **Revised up from 10.4x**
Other	217	7.5	1,638	Same multiple as retail division
Total	**1,291**	**11.9**	**15,315**	
Asset value (B)			4,113	30% discount
Net debt (C)			6,829	Based on end-2025E; reflects KRW 1.8 trillion in rights offering proceeds. Reflects 100% of the present value of residential energy profits*** and AMPC**** tax benefits.
Market capitalization of preferred shares (D)			73	As of Apr 27 close
Fair market capitalization (E=A+B-C-D)			**12,527**	
Outstanding shares ('000)			227,893	Reflects the increase in the number of shares following the rights offering (172mn shares → 228mn shares)
Fair value per share (KRW)			54,967	
Target price (KRW)			**55,000**	**Revised up by 31% (KRW42,000 previously)**
Current price (KRW)			50,200	As of Apr 27 close
Upside (%)			9.6	
2025 implied P/E (x)			49.6	
2026 implied P/E (x)			16.5	
2025 implied P/B (x)			1.1	
2026 implied P/B (x)			1.1	

Notes: *LG Chem, Lotte Chemical, BASF, LyondellBasell, Westlake, and Wanhua Chemical;
**HD Hyundai Energy Solutions, Canadian Solar, Jinko Solar, and First Solar;
***For residential energy profits, where the IRA ITC contribution is dominant, the present value was calculated as of early 2025 (5% discount rate) based on cash flows to be securitized through 2028, assuming early termination of the ITC (end-2027). A total cash inflow of KRW0.5t is expected on a PV basis;
****The present value of cash flows from IRA AMPCs was calculated as of early 2025 (5% discount rate). A total cash inflow of KRW5.3t is expected on a PV basis

Source: Bloomberg, Samsung Securities estimates

Hanwha Solutions: Simulation of tax credit benefits under IRA

(GW)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Advanced Manufacturing Production Credit													
Polysilicon (cent/watt)			0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.60	0.40	0.20	
Wafer (cent/watt)			4.70	4.70	4.70	4.70	4.70	4.70	4.70	3.52	2.35	1.17	
Cell (cent/watt)			4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	2.00	1.00	
Module (cent/watt)			7.00	7.00	7.00	7.00	7.00	7.00	7.00	5.25	3.50	1.75	
Hanwha Solutions' US solar PV production capacity													
Wafer					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Cell					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Module	1.7	1.7	3.1	5.1	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	
Georgia #1	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
Georgia #2			1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
Georgia #3				2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Georgia #4					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Hanwha Solutions' US solar PV operating rate													
Wafer					0%	28%	73%	100%	100%	100%	100%	100%	
Cell					0%	19%	73%	100%	100%	100%	100%	100%	
Module	100%	100%	51%	87%	64%	101%	101%	100%	100%	100%	100%	100%	
Georgia #1	100%	100%	78%	90%	64%	101%	101%	100%	100%	100%	100%	100%	
Georgia #2			19%	86%	64%	101%	101%	100%	100%	100%	100%	100%	
Georgia #3				84%	64%	101%	101%	100%	100%	100%	100%	100%	
Georgia #4					64%	101%	101%	100%	100%	100%	100%	100%	
Hanwha Solutions' US solar PV production													
Wafer					0.0	0.9	2.4	3.3	3.3	3.3	3.3	3.3	
Cell					0.0	0.6	2.4	3.3	3.3	3.3	3.3	3.3	
Module	1.7	1.7	1.6	4.4	5.4	8.5	8.5	8.4	8.4	8.4	8.4	8.4	
Georgia #1	1.7	1.7	1.3	1.5	1.1	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
Georgia #2			0.3	1.2	0.9	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
Georgia #3				1.7	1.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Georgia #4					2.1	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Hanwha Solutions IRA tax credit benefits (USDm)													
Total			160	405	376	662	803	849	875	656	438	219	5,441
Wafer					0	43	112	138	155	116	78	39	680
Cell					0	25	96	117	132	99	66	33	568
Module			160	405	376	594	594	594	588	441	294	147	4,194
Hanwha Solutions IRA tax credit benefits (KRWb)													
Total			210	555	536	924	1,071	1,134	1,138	853	569	284	7,273
Wafer					0	60	150	184	202	151	101	50	897
Cell					0	35	128	156	172	129	86	43	748
Module			210	555	535	832	793	793	764	573	382	191	5,630
Present value* of IRA tax credit benefits (KRWb)													
Total			210	555	509	841	925	933	891	637	404	192	6,097
Wafer					0	54	130	151	158	113	72	34	711
Cell					0	31	110	129	134	96	61	29	591
Module			210	555	509	755	685	653	599	428	272	129	4,795

Note: *Discounted to the beginning of 2025 using a discount rate of 5%

Source: Samsung Securities estimates

Hanwha Q Cells: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**1,599**	**1,446**	**1,752**	**2,062**	**2,111**	**2,901**	**2,570**	**2,617**	**5,780**	**6,859**	**10,199**	**10,432**
Growth (% q-q)	-44.3	-9.6	21.1	17.7	2.4	37.4	-11.4	1.8				
Growth (% y-y)	105.4	47.6	52.0	-28.1	32.0	100.6	46.7	26.9	-12.6	18.7	48.7	2.3
Module manufacturing / Other	587	573.9	432	300	624	670.4	687	713	2,542	1,893	2,694	2,993
Growth (% q-q)	-41.7	-2.2	-24.7	-30.6	107.9	7.5	2.5	3.9				
Growth (% y-y)	36.3	1.1	-19.8	-70.2	6.3	16.8	58.9	137.8	-44.3	-25.5	42.3	11.1
Power generation business / EPC	419	394.2	819	1,422	1,226	1,838.4	1,471	1,471	2,960	3,054	6,005	5,824
Growth (% q-q)	-74.4	-5.9	107.7	73.7	-13.8	50.0	-20.0	0.0				
Growth (% y-y)	22.3	-2.7	41.5	-13.0	192.5	366.4	79.7	3.4	44.4	3.2	96.7	-3.0
Residential energy business	594	478.3	501	340	262	392.6	412	433	278	1,913	1,499	1,615
Growth (% q-q)	158.1	-19.4	4.7	-32.0	-23.1	50.0	5.0	5.0				
Growth (% y-y)	10,583.6	6,363.5	1,318.1	48.0	-55.9	-17.9	-17.7	27.1		587.5	-21.6	7.8
Operating profit	**136**	**156**	**8**	**-396**	**62**	**138.5**	**153**	**298**	**-259**	**-96**	**651**	**1,400**
Growth (% q-q)	124.8	14.7	-94.9	Turned neg	Turned pos	122.6	10.4	94.8				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	Turned neg	-54.3	-11.3	1,835.5	To turn pos	Turned neg	Remained neg	To turn pos	115.0
Module manufacturing / Other	-135	-20	-159	-308	-169	-148.2	-117	-15	-959	-622	-450	69
Growth (% q-q)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	To remain neg	Turned neg	Remained neg	To remain neg	To turn pos
Power generation business / EPC	-42	-61	19	-168	8	34.2	5	20	89	-253	68	148
Growth (% q-q)	Turned neg	Remained neg	Turned pos	Turned neg	Turned pos	322.4	-84.5	277.1				
Growth (% y-y)	Remained neg	Remained neg	-39.3	Turned neg	Turned pos	To turn pos	-71.6	To turn pos	-5.2	Turned neg	To turn pos	118.4
Residential energy business	129	55	80	-21	5	33.2	35	37	56	243	110	112
Growth (% q-q)	78.9	-57.3	44.2	Turned neg	Turned pos	550.3	5.0	5.0				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	Turned neg	-96.1	-39.9	-56.3	To turn pos		337.5	-54.8	2.3
IRA AMPC	184	182	68	102	218	219.3	230	256	555	536	924	1,071
Growth (% q-q)	-3.3	-1.0	-62.5	49.4	113.9	0.6	5.0	11.3				
Growth (% y-y)	90.4	24.0	-43.9	-46.4	18.5	20.5	237.6	151.5	164.8	-3.4	72.3	16.0
Margins (%)												
Operating profit	8.5	10.8	0.5	-19.2	2.9	4.8	6.0	11.4	-4.5	-1.4	6.4	13.4
Module manufacturing / Other	-23.0	-3.4	-36.7	-102.8	-27.1	-22.1	-17.1	-2.1	-37.7	-32.8	-16.7	2.3
Power generation business / EPC	-10.0	-15.6	2.3	-11.8	0.7	1.9	0.4	1.4	3.0	-8.3	1.1	2.5
Residential energy business	21.8	11.5	15.9	-6.2	1.9	8.4	8.4	8.4	19.9	12.7	7.3	6.9

Source: Company data, Samsung Securities estimates

Hanwha Solutions: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**3,094**	**3,117**	**3,364**	**3,757**	**3,882**	**5,110**	**4,592**	**4,450**	**12,394**	**13,333**	**18,035**	**17,589**
Growth (% q-q)	-33.4	0.7	7.9	11.7	3.3	31.6	-10.1	-3.1				
Growth (% y-y)	31.5	17.6	22.5	-19.1	25.4	63.9	36.5	18.5	-5.2	7.6	35.3	-2.5
Basic materials	1,074	1,239	1,160	1,151	1,340	1,796	1,552	1,315	4,817	4,624	6,004	5,278
Process materials	274	308	258	271	286	258	260	253	1,038	1,111	1,057	1,088
Solar	1,599	1,446	1,752	2,062	2,111	2,901	2,570	2,617	5,780	6,859	10,199	10,432
Other	148	124	195	294	145	155	209	265	773	760	775	791
Operating profit	**30**	**102**	**-7**	**-490**	**93**	**201**	**148**	**298**	**-300**	**-365**	**740**	**1,446**
Growth (% q-q)	-71.7	236.7	Turned neg	Remained neg	Turned pos	117.2	-26.5	101.8				
Growth (% y-y)	Turned pos	Turned pos	Remained neg	Turned neg	205.5	97.1	To turn pos	To turn pos	Turned neg	Remained neg	To turn pos	95.4
Basic materials	-91	-47	-9	-102	34	66	-10	-26	-122	-249	64	14
Growth (% q-q)	Remained neg	Remained neg	Remained neg	Remained neg	Turned pos	93.6	To turn neg	To remain neg				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	Remained neg	Turned pos	To turn pos	To remain neg	To remain neg	Turned neg	Remained neg	To turn pos	-78.4
Process materials	-2	10	4	-5	12	14	11	11	24	6	48	52
Growth (% q-q)	Remained neg	Turned pos	-63.3	Turned neg	Turned pos	11.3	-18.1	-2.7				
Growth (% y-y)	Turned neg	8.9	-41.0	Remained neg	Turned pos	38.5	208.8	To turn pos	-63.5	-73.6	669.6	8.2
Solar	136	156	8	-396	62	138	153	298	-259	-96	651	1,400
Growth (% q-q)	124.8	14.7	-94.9	Turned neg	Turned pos	122.6	10.4	94.8				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	Turned neg	-54.3	-11.3	1,835.5	To turn pos	Turned neg	Remained neg	To turn pos	115.0
Other	-13	-17	-10	14	-16	-17	-6	16	55	-26	-23	-19
Growth (% q-q)	Turned neg	Remained neg	Remained neg	Turned pos	Turned neg	To remain neg	To remain neg	To turn pos				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	-86.7	Remained neg	To remain neg	To remain neg	14.7	Turned pos	Turned neg	To remain neg	To remain neg
Consolidation adjustments	0	-0	-0	0	0	0	0	0	2	0	0	0
Growth (% q-q)	Turned pos	Turned neg	Remained neg	Turned pos	-87.2	0.0	0.0	0.0				
Growth (% y-y)	-99.3	Turned neg	Remained neg	Turned pos	-28.6	To turn pos	To turn pos	-87.2	Turned pos	-97.9	-2.4	0.0
Equity-method income	135	3	99	-202	63	-28	-28	-35	-327	34	-27	-43
Growth (% q-q)	Turned pos	-97.7	3,045.3	Turned neg	83.3	To turn neg	To remain neg	To remain neg				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	Remained neg	-53.0	To turn neg	To turn neg	To remain neg	Turned neg	Turned pos	To turn neg	To remain neg
Pre-tax profit	-68	-148	-40	-582	-42	86	20	221	-1,424	-838	285	1,004
Growth (% q-q)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To turn pos	-76.5	985.7				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To turn pos	To turn pos	To turn pos	Turned neg	Remained neg	To turn pos	252.2
Net profit	**-30**	**-178**	**5**	**-411**	**-38**	**71**	**17**	**181**	**-1,369**	**-615**	**231**	**804**
Growth (% q-q)	Remained neg	Remained neg	Turned pos	Turned neg	Remained neg	To turn pos	-76.5	985.7				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	Remained neg	Remained neg	To turn pos	268.9	To turn pos	Remained neg	Remained neg	To turn pos	248.7
Attributable to parent company	-44	-202	-12	-392	-49	62	8	172	-1,404	-650	193	769
Margins (%)												
Operating profit	1.0	3.3	-0.2	-13.0	2.4	3.9	3.2	6.7	-2.4	-2.7	4.1	8.2
Basic materials	-8.5	-3.8	-0.8	-8.9	2.5	3.7	-0.7	-2.0	-2.5	-5.4	1.1	0.3
Process materials	-0.7	3.2	1.4	-2.0	4.3	5.3	4.3	4.3	2.3	0.6	4.5	4.7
Solar	8.5	10.8	0.5	-19.2	2.9	4.8	6.0	11.4	-4.5	-1.4	6.4	13.4
Other	-8.7	-13.8	-5.1	4.7	-10.9	-10.9	-2.7	5.9	7.1	-3.4	-2.9	-2.4
Pre-tax profit	-2.2	-4.8	-1.2	-15.5	-1.1	1.7	0.4	5.0	-11.5	-6.3	1.6	5.7
Net profit	-1.0	-5.7	0.1	-10.9	-1.0	1.4	0.4	4.1	-11.0	-4.6	1.3	4.6

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**12,394**	**13,333**	**18,035**	**17,589**	**17,972**
Cost of goods sold	11,008	11,845	14,777	13,693	13,685
Gross profit	**1,386**	**1,488**	**3,258**	**3,896**	**4,288**
Gross margin (%)	11.2	11.2	18.1	22.2	23.9
SG&A expenses	1,686	1,853	2,518	2,450	2,506
Operating profit	**-300**	**-365**	**740**	**1,446**	**1,782**
Operating margin (%)	-2.4	-2.7	4.1	8.2	9.9
Non-operating gains (losses)	**-1,383**	**-475**	**-455**	**-442**	**-397**
Financial profit	108	98	171	251	272
Financial costs	548	539	604	642	667
Equity-method gains (losses)	-327	34	-27	-43	6
Other	-616	-69	6	-8	-8
Pre-tax profit	**-1,683**	**-840**	**285**	**1,004**	**1,385**
Taxes	-316	-225	55	200	276
Effective tax rate (%)	18.7	26.8	19.1	19.9	19.9
Profit from continuing operations	-1,109	-613	231	804	1,109
Profit from discontinued operations	-260	-2	0	0	0
Net profit	**-1,369**	**-615**	**231**	**804**	**1,109**
Net margin (%)	-11.0	-4.6	1.3	4.6	6.2
Net profit (controlling interests)	-1,404	-650	193	769	1,073
Net profit (non-controlling interests)	35	35	37	35	35
EBITDA	415	419	1,556	2,289	2,648
EBITDA margin (%)	3.4	3.1	8.6	13.0	14.7
EPS (parent-based) (KRW)	-8,050	-3,728	1,108	3,335	4,657
EPS (consolidated) (KRW)	-7,847	-3,527	1,322	3,489	4,811
Adjusted EPS (KRW)*	-8,050	-3,728	1,108	3,335	4,657

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**10,883**	**12,637**	**17,195**	**18,545**	**19,928**
Cash & equivalents	2,184	2,470	3,444	5,133	6,224
Accounts receivable	2,305	1,543	2,088	2,036	2,080
Inventories	4,258	5,680	7,683	7,493	7,656
Other current assets	2,136	2,943	3,981	3,882	3,967
Fixed assets	**19,154**	**20,507**	**21,315**	**21,437**	**21,787**
Investment assets	5,434	5,876	6,105	5,969	6,086
Tangible assets	10,727	11,182	11,823	12,132	12,412
Intangible assets	1,756	1,846	1,789	1,737	1,691
Other long-term assets	1,238	1,603	1,598	1,598	1,598
Total assets	**30,037**	**33,144**	**38,510**	**39,982**	**41,715**
Current liabilities	**11,708**	**12,736**	**15,044**	**14,970**	**15,256**
Accounts payable	2,610	2,709	3,664	3,574	3,651
Short-term debt	5,110	6,320	6,320	6,320	6,320
Other current liabilities	3,987	3,707	5,060	5,076	5,285
Long-term liabilities	**7,722**	**9,223**	**10,281**	**11,023**	**11,361**
Bonds & long-term debt	6,423	7,852	8,593	9,365	9,677
Other long-term liabilities	1,300	1,371	1,688	1,658	1,684
Total liabilities	**19,430**	**21,959**	**25,325**	**25,993**	**26,617**
Owners of parent equity	**9,450**	**9,101**	**11,063**	**11,832**	**12,905**
Capital stock	889	889	1,169	1,169	1,169
Capital surplus	1,562	1,771	3,306	3,306	3,306
Retained earnings	4,132	3,443	3,636	4,405	5,478
Other	2,866	2,998	2,953	2,953	2,953
Non-controlling interests' equity	**1,157**	**2,084**	**2,121**	**2,156**	**2,192**
Total equity	**10,607**	**11,185**	**13,185**	**13,989**	**15,097**
Net debt	10,701	12,706	12,707	11,912	11,250

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**638**	**-655**	**324**	**2,252**	**2,301**
Net profit	-1,369	-615	231	804	1,109
Non-cash profit and expenses	1,942	1,432	1,353	1,543	1,570
Depreciation	649	720	759	791	820
Amortization	66	64	58	52	46
Other	1,227	648	536	700	703
Changes in A/L from operating activities	94	-1,395	-1,193	113	-97
Cash flow from investments	**-3,287**	**-1,749**	**-1,495**	**-911**	**-908**
Change in tangible assets	-3,344	-1,972	-1,400	-1,100	-1,100
Change in financial assets	-107	-22	-232	22	-19
Other	163	245	137	167	211
Cash flow from financing	**2,676**	**2,714**	**2,362**	**263**	**-199**
Change in debt	3,485	2,353	1,128	880	442
Change in equity	66	209	1,814	0	0
Dividends	-138	-166	0	0	0
Other	-737	318	-581	-617	-641
Change in cash	226	286	973	1,690	1,090
Cash at beginning of year	1,958	2,184	2,470	3,444	5,133
Cash at end of year	2,184	2,470	3,444	5,133	6,224
Gross cash flow	**573**	**817**	**1,583**	**2,347**	**2,678**
Free cash flow	**-2,759**	**-2,665**	**-1,076**	**1,152**	**1,201**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-5.2	7.6	35.3	-2.5	2.2
Operating profit	nm	nm	nm	95.4	23.2
Net profit	nm	nm	nm	248.7	37.9
Adjusted EPS**	nm	nm	nm	201.0	39.6
Per-share data (KRW)					
EPS (parent-based)	-8,050	-3,728	1,108	3,335	4,657
EPS (consolidated)	-7,847	-3,527	1,322	3,489	4,811
Adjusted EPS**	-8,050	-3,728	1,108	3,335	4,657
BVPS	54,974	52,947	48,524	51,895	56,603
DPS (common)	300	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	43.3	14.4	10.3
P/B***	0.3	0.5	1.0	0.9	0.8
EV/EBITDA	35.3	46.4	14.9	9.8	8.2
Ratios (%)					
ROE	-16.0	-7.0	1.9	6.7	8.7
ROA	-5.0	-1.9	0.6	2.0	2.7
ROIC	-1.6	-1.5	3.1	5.6	6.9
Payout ratio	-3.6	0.0	0.0	0.0	0.0
Dividend yield (common)	1.9	0.0	0.0	0.0	0.0
Net debt to equity	100.9	113.6	96.4	85.2	74.5
Interest coverage (x)	-0.5	-0.7	1.2	2.3	2.7

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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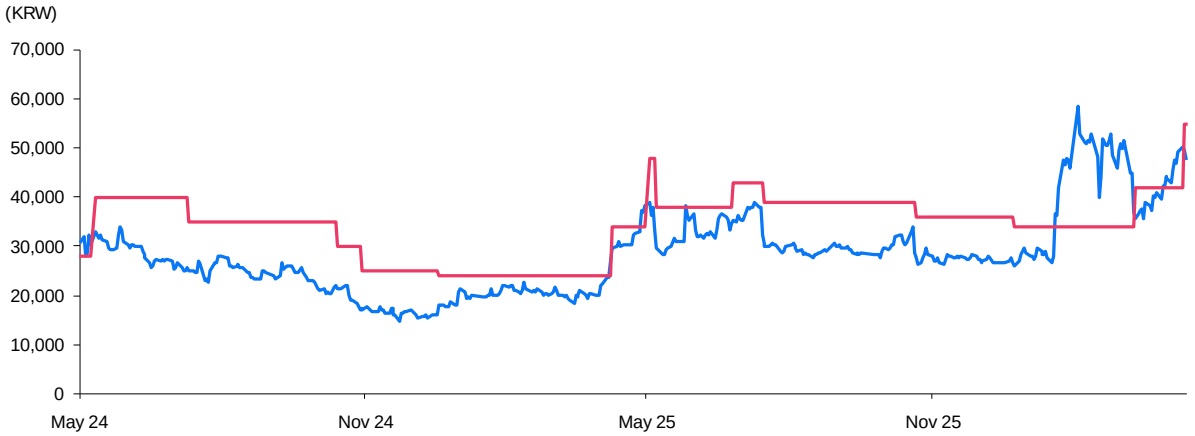
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/4/25	5/27	7/26	10/30	11/14	2025/1/3	4/25	5/19	5/23	7/11	7/31	11/6
Recommendation	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	28000	40000	35000	30000	25000	24000	34000	48000	38000	43000	39000	36000
Gap* (average)	1.65	-28.46	-30.39	-33.88	-33.96	-14.79	-3.03	-25.24	-13.71	-14.92	-24.04	-23.85
(max or min)**	15.18	-15.25	-19.71	-26.17	-29.32	12.92	12.94	-20.94	0.66	-9.30	-13.33	-17.92

Date	2026/1/9	3/27	4/28
Recommendation	BUY	HOLD	HOLD
Target price (KRW)	34000	42000	55000
Gap* (average)	21.18	-0.54	
(max or min)**	72.06	19.52	

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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