COMPANY UPDATE

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EV/Mobility Team

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SK Chemicals (285130)

Leader in plastic recycling

- One of SK Chemicals' Chinese subsidiary, SK Shantou, is engaged in chemical recycling of PET, with a production capacity of 70,000 tonnes of r-BHET and 50,000 tonnes of chemically recycled PET.
- By investing early in chemical recycling while many other Korean chemical firms held back, the company established itself as a technology leader in the field.
- As the Middle East war persists, major countries are increasingly likely to announce policies aimed at expanding the plastic recycling market from a resource circularity perspective, potentially benefiting the company's recycling business.

▶ AT A GLANCE

BUY

Target price	KRW80,000	55.3%
Current price	KRW51,500	
Market cap	KRW890.89b/USD597.51m	
Shares (float)	17,298,766 (57.2%)	
52-week high/low	KRW79,800/KRW49,500	
Avg daily trading value (60-day)	KRW3.5b/ USD2.4m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
SK Chemicals (%)	-9.5	-34.7	3.6
Vs Kospi (%pts)	-32.3	-67.2	-65.7

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	80,000	80,000	0.0%
2026E EPS	553	553	0.0%
2027E EPS	4,720	4,720	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	2
Target price	86,500
Recommendation	4.0

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

WHAT'S THE STORY?

SK Shantou, the foundational base of chemical recycling: SK Shantou, a subsidiary of SK Chemicals located in Shantou, China, operates a PET recycling plant that specializes in chemical recycling (CR-PET), not mechanical recycling (MR-PET) which degrades material properties with each cycle. The facility has a production capacity of 70,000 tonnes of r-BHET, an intermediate material produced during the PET recycling process, and 50,000 tonnes of CR-PET. Since r-BHET is essential for manufacturing SK Chemicals' core product, copolyester, SK Shantou serves as the foundational base for SK Chemicals' transition to a circular economy.

(Continued on the next page)

SUMMARY FINANCIAL DATA

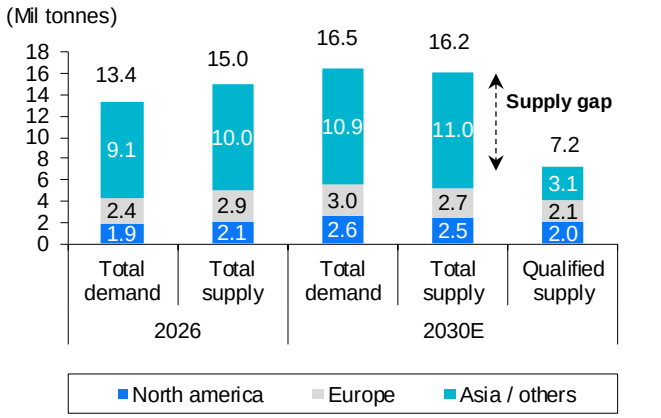
	2025	2026E	2027E	2028E
Revenue (KRWb)	2,365	2,680	2,826	2,997
Operating profit (KRWb)	-0	-21	90	165
Net profit (adj) (KRWb)	27	-10	85	155
EPS (adj) (KRW)	2,304	553	4,720	8,218
EPS (adj) growth (% y-y)	404.8	-76.0	753.2	74.1
EBITDA margin (%)	8.0	5.9	10.1	12.7
ROE (%)	2.0	0.5	4.0	6.7
P/E (adj) (x)	28.4	93.1	10.9	6.3
P/B (x)	0.6	0.4	0.4	0.4
EV/EBITDA (x)	14.4	17.1	9.9	7.4
Dividend yield (%)	1.8	2.2	3.0	5.9

Source: Company data, Samsung Securities estimates

EU PPWR, a turning point for expansion of recycling industry: The EU Packaging and Packaging Waste Regulation (PPWR), which entered into force in Feb 2025, will generally apply across EU starting Aug 2026, following an 18-month transition period. It introduces stricter rules on packaging recyclability, use of recycled content, and labeling. Although mandatory recycled content targets are set for 2030, global customers are looking to adopt recycled materials as soon as the PPWR becomes applicable. This makes PPWR a turning point for expansion of the plastic recycling industry

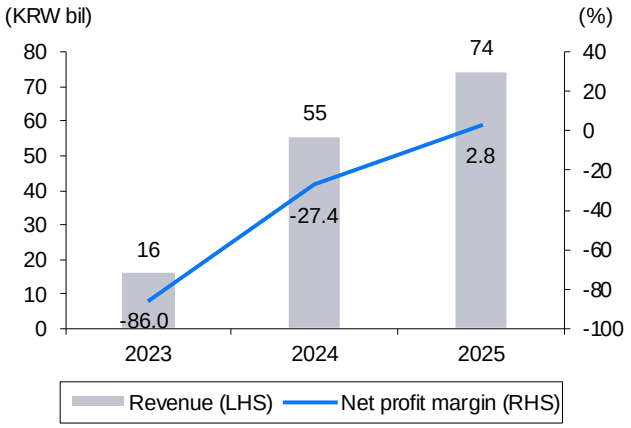
Middle East war to renew focus on recycling industry: Following the outbreak of the Middle East war, prices of virgin plastic have surged, accelerating demand for plastic recycling. The increased adoption of recycled raw materials extends beyond economic considerations, reflecting a strategic move toward raw material diversification for resource security. As the war persists, demand for recycled plastic is likely to grow further, benefiting SK Chemicals.

Global recycled PET supply-demand balance outlook



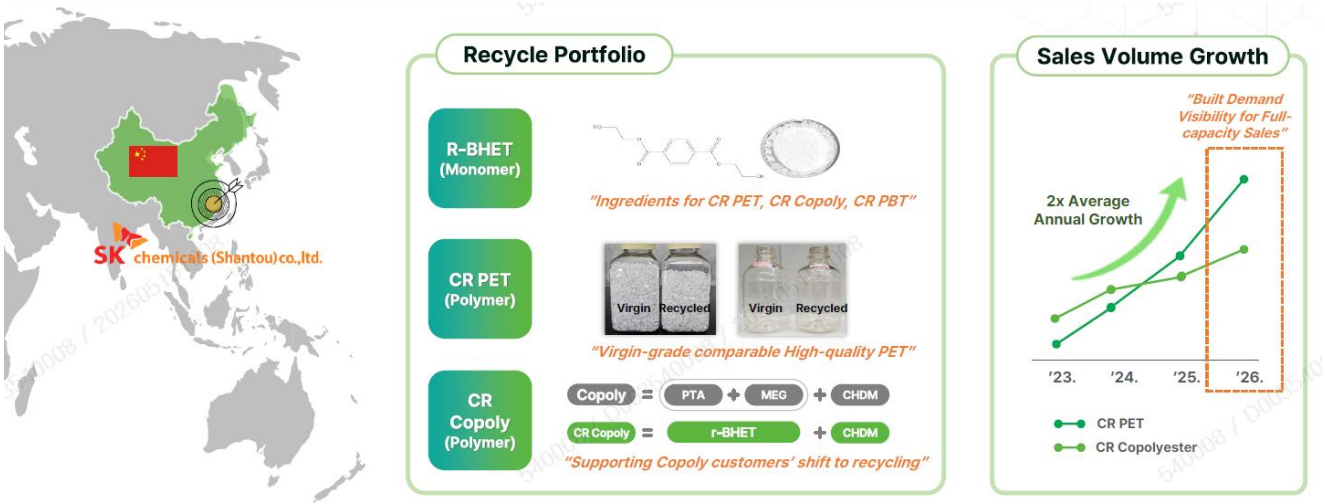
Source: Company data, Samsung Securities

SK Shantou: Earnings trend



Source: Company data, Samsung Securities

SK Chemicals: Chinese subsidiary's (SK Shantou) product portfolio



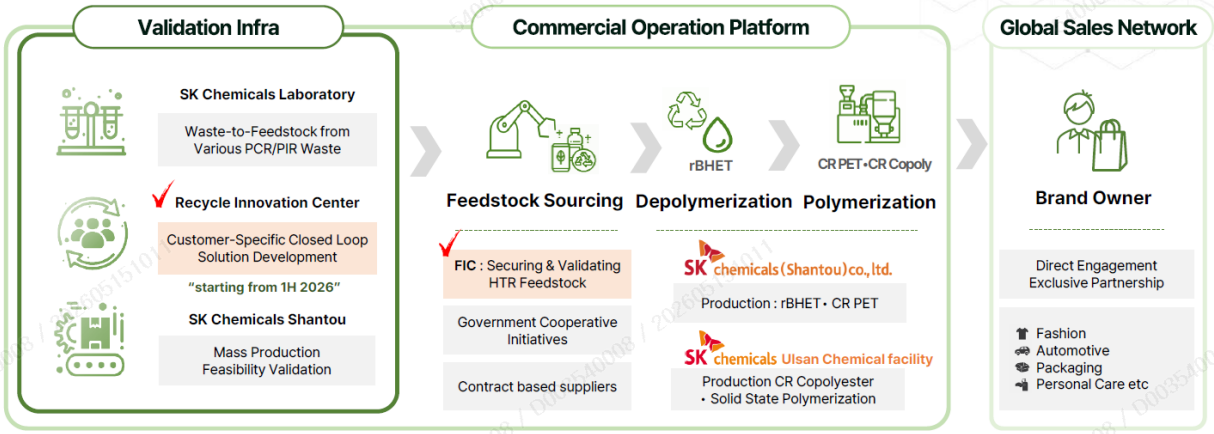
Source: Company data, Samsung Securities

SK Chemicals: Chemical recycling value chain and responsible entities

Value chain	Description	Responsible entity (within SK Chemicals)
Plastic waste	Procures fine plastic powder (plastic fines), discarded bedding, etc.	
Sorting	Sorts PET from collected plastic waste	FIC
Pre-treatment / raw materialization	Pre-treatment for impurity removal and converting hard-to-recycle (HTR) waste into valuable raw materials	FIC
Chemical recycling	Produces high-quality r-BHET at the world's first chemical recycling facilities, SK Shantou and RIC	SK Shantou & RIC
Commercialization	Converts r-BHET into various circular recycling products	SK Chemicals Ulsan Plant
New products	Produces high-quality products identical to virgin plastics using circular recycled plastics	SK Chemicals Ulsan Plant

Source: Company data, Samsung Securities

SK Chemicals: Recycling business's growth strategy



"Achieving global competitiveness through the internalization of core assets at every stage of the value chain and offering tailored, optimized solutions to customers."

Source: Company data, Samsung Securities

SK Chemicals: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	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	**536.6**	**596.9**	**609.9**	**621.8**	**655.9**	**665.7**	**652.3**	**705.7**	**1,736.8**	**2,365.2**	**2,679.6**	**2,826.4**
Chg (% q-q)	4.1	11.2	2.2	1.9	5.5	1.5	-2.0	8.2				
Chg (% y-y)	40.9	44.2	43.1	20.6	22.2	11.5	6.9	13.5	-0.7	36.2	13.3	5.5
1. Green Chemicals	257.0	270.1	236.5	227.0	235.1	260.0	240.7	244.6	995.3	990.6	980.4	1,034.1
1-1. Copolyester/Monomer	232.0	241.7	208.5	200.8	199.0	219.7	203.2	207.9	909.9	883.0	829.8	871.4
1-2. Others	25.0	28.4	28.0	26.2	36.1	40.4	37.5	36.6	85.4	107.6	150.6	162.6
2. Life Science	251.9	289.3	288.6	309.7	295.4	299.2	304.6	354.2	624.8	1,139.5	1,253.5	1,334.0
2-1. Pharma	97.3	127.4	137.9	125.5	126.8	130.6	139.2	140.4	357.2	488.1	536.9	617.5
2-2. SK Bioscience	154.6	161.9	150.8	184.2	168.6	168.6	165.5	213.9	267.5	651.4	716.5	716.5
3. SK Multi Utility	34.4	29.6	71.0	84.6	94.6	102.6	103.1	103.1	126.5	219.6	403.3	415.9
EBITDA	**68.5**	**43.8**	**61.9**	**14.2**	**3.1**	**47.3**	**56.7**	**52.2**	**90.4**	**188.3**	**159.3**	**286.5**
Chg (% q-q)	348.0	-36.1	41.4	-77.1	-78.1	1,422.4	19.8	-7.9				
Chg (% y-y)	204.7	11.7	361.3	-7.3	-95.5	8.1	-8.3	268.3	-53.9	108.4	-15.4	79.8
1. Green Chemicals	52.3	42.9	45.3	29.4	41.8	49.8	46.4	49.5	162.7	169.9	187.5	233.1
1-1. Copolyester/Monomer	64.0	58.0	53.0	40.7	48.8	54.7	50.2	50.4	186.4	215.7	204.1	230.7
1-2. Others	-11.6	-15.1	-7.7	-11.3	-7.0	-5.0	-3.9	-0.8	-23.7	-45.8	-16.6	2.4
2. Life Science	13.4	-5.8	14.6	-23.7	-13.9	-8.3	-6.9	-17.6	-62.9	-1.5	-46.8	-6.3
2-1. Pharma	7.3	10.1	11.4	2.2	9.3	9.6	10.2	10.3	26.3	31.0	39.5	51.6
2-2. SK Bioscience	6.0	-15.9	3.2	-25.9	-6.7	-6.7	-6.6	-8.5	-89.2	-32.5	-28.6	-21.4
3. SK Multi Utility	2.4	0.2	4.6	10.8	8.2	10.0	21.3	24.4	14.4	18.0	64.0	104.6
Operating profit	**24.3**	**-1.0**	**15.6**	**-39.1**	**-18.9**	**-6.5**	**4.8**	**-0.4**	**-45.2**	**-0.2**	**-21.0**	**90.1**
Chg (% q-q)	Turned pos	Turned neg	Turned pos	Turned neg	Remained neg	To remain neg	To turn pos	To turn neg				
Chg (% y-y)	Turned pos	Turned neg	Turned pos	Remained neg	Turned neg	To remain neg	-69.3	To remain neg	Turned neg	Remained neg	To remain neg	To turn pos
1. Green Chemicals	31.9	22.8	24.2	4.6	21.9	27.7	25.9	28.7	88.9	83.5	104.2	136.6
1-1. Copolyester/Monomer	45.5	40.0	34.4	18.7	31.4	35.6	32.5	32.2	118.9	138.7	131.7	145.9
1-2. Others	-13.6	-17.2	-10.2	-14.1	-9.6	-7.9	-6.6	-3.5	-30.0	-55.2	-27.5	-9.3
2. Life Science	-9.7	-29.2	-9.9	-51.1	-39.2	-33.6	-32.0	-43.0	-119.3	-99.8	-147.8	-108.5
2-1. Pharma	5.5	8.2	9.5	0.5	5.3	5.9	6.0	6.0	19.2	23.7	23.1	26.6
2-2. SK Bioscience	-15.1	-37.4	-19.4	-51.6	-44.5	-39.5	-37.9	-49.0	-138.4	-123.5	-170.9	-135.1
3. SK Multi Utility	-0.8	-2.5	-1.9	2.9	-1.5	-0.6	10.8	13.9	-2.6	-2.3	22.6	62.0
Pre-tax profit	19.5	-3.9	19.5	-18.5	-27.3	-0.7	7.5	10.3	-27.4	16.7	-10.1	92.4
Net profit	**21.1**	**8.2**	**47.9**	**-49.9**	**-26.1**	**-0.6**	**6.9**	**9.5**	**-4.4**	**27.3**	**-10.3**	**84.7**
Attrib. to parent company	20.0	14.0	42.9	-32.2	-12.1	1.6	9.1	12.3	8.8	44.6	10.7	91.6
Margins (%)												
EBITDA	12.8	7.3	10.1	2.3	0.5	7.1	8.7	7.4	5.2	8.0	5.9	10.1
Operating profit	4.5	-0.2	2.6	-6.3	-2.9	-1.0	0.7	-0.1	-2.6	-0.0	-0.8	3.2
1. Green Chemicals	12.4	8.5	10.2	2.0	9.3	10.7	10.8	11.7	8.9	8.4	10.6	13.2
1-1. Copolyester/Monomer	19.6	16.6	16.5	9.3	15.8	16.2	16.0	15.5	13.1	15.7	15.9	16.7
1-2. Others	-54.6	-60.6	-36.6	-53.9	-26.5	-19.5	-17.5	-9.5	-35.2	-51.3	-18.3	-5.7
2. Life Science	-3.8	-10.1	-3.4	-16.5	-13.3	-11.2	-10.5	-12.1	-19.1	-8.8	-11.8	-8.1
2-1. Pharma	5.6	6.5	6.9	0.4	4.2	4.5	4.3	4.3	5.4	4.9	4.3	4.3
2-2. SK Bioscience	-9.8	-23.1	-12.8	-28.0	-26.4	-23.4	-22.9	-22.9	-51.7	-19.0	-23.9	-18.9
3. SK Multi Utility	-2.2	-8.6	-2.7	3.5	-1.5	-0.5	10.5	13.5	-2.1	-1.1	5.6	14.9
Pre-tax profit	3.6	-0.7	3.2	-3.0	-4.2	-0.1	1.2	1.5	-1.6	0.7	-0.4	3.3
Net profit	3.9	1.4	7.8	-8.0	-4.0	-0.1	1.1	1.3	-0.3	1.2	-0.4	3.0

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,737**	**2,365**	**2,680**	**2,826**	**2,997**
Cost of goods sold	1,341	1,866	2,101	2,122	2,172
Gross profit	**396**	**499**	**578**	**705**	**826**
Gross margin (%)	22.8	21.1	21.6	24.9	27.5
SG&A expenses	441	499	599	614	661
Operating profit	**-45**	**-0**	**-21**	**90**	**165**
Operating margin (%)	-2.6	-0.0	-0.8	3.2	5.5
Non-operating gains (losses)	**18**	**17**	**11**	**2**	**9**
Financial profit	98	99	27	18	14
Financial costs	92	125	32	31	22
Equity-method gains (losses)	-1	1	2	3	3
Other	13	42	13	13	13
Pre-tax profit	**-27**	**17**	**-10**	**92**	**173**
Taxes	-23	-11	0	8	18
Effective tax rate (%)	84.1	-63.7	-2.6	8.4	10.6
Profit from continuing operations	-4	27	-10	85	155
Profit from discontinued operations	0	0	0	0	0
Net profit	**-4**	**27**	**-10**	**85**	**155**
Net margin (%)	-0.3	1.2	-0.4	3.0	5.2
Net profit (controlling interests)	9	45	11	92	160
Net profit (non-controlling interests)	-13	-17	-21	-7	-5
EBITDA	90	188	159	286	380
EBITDA margin (%)	5.2	8.0	5.9	10.1	12.7
EPS (parent-based) (KRW)	456	2,304	553	4,720	8,218
EPS (consolidated) (KRW)	-225	1,408	-533	4,361	7,980
Adjusted EPS (KRW)*	456	2,304	553	4,720	8,218

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**2,386**	**2,541**	**2,597**	**2,715**	**2,813**
Cash & equivalents	542	568	361	356	312
Accounts receivable	258	313	355	374	397
Inventories	565	625	708	747	793
Other current assets	1,020	1,035	1,173	1,237	1,312
Fixed assets	**2,981**	**3,546**	**3,759**	**3,918**	**4,003**
Investment assets	105	326	329	330	331
Tangible assets	2,459	2,729	2,925	3,070	3,180
Intangible assets	163	228	241	255	228
Other long-term assets	254	264	264	264	264
Total assets	**5,367**	**6,088**	**6,356**	**6,633**	**6,817**
Current liabilities	**983**	**1,136**	**1,256**	**1,303**	**1,351**
Accounts payable	118	204	231	244	259
Short-term debt	303	326	326	326	326
Other current liabilities	562	605	698	732	766
Long-term liabilities	**1,351**	**1,811**	**1,989**	**2,157**	**2,167**
Bonds & long-term debt	1,203	1,662	1,822	1,982	1,982
Other long-term liabilities	148	149	167	175	185
Total liabilities	**2,334**	**2,947**	**3,245**	**3,460**	**3,518**
Owners of parent equity	**2,201**	**2,259**	**2,251**	**2,321**	**2,450**
Capital stock	99	99	99	99	99
Capital surplus	1,240	1,242	1,242	1,242	1,242
Retained earnings	861	884	873	942	1,072
Other	1	34	37	37	37
Non-controlling interests' equity	**832**	**881**	**860**	**853**	**848**
Total equity	**3,033**	**3,140**	**3,111**	**3,174**	**3,299**
Net debt	270	645	919	1,031	1,008

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**-89**	**236**	**130**	**260**	**337**
Net profit	-4	27	-10	85	155
Non-cash profit and expenses	23	199	171	197	217
Depreciation	119	162	154	170	189
Amortization	17	26	26	26	26
Other	-112	10	-9	0	1
Changes in A/L from operating activities	-70	66	-32	-15	-17
Cash flow from investments	**-157**	**-685**	**-511**	**-411**	**-356**
Change in tangible assets	-405	-306	-350	-315	-299
Change in financial assets	349	-99	-128	-60	-69
Other	-102	-280	-34	-36	13
Cash flow from financing	**380**	**463**	**171**	**144**	**-28**
Change in debt	554	500	193	167	1
Change in equity	28	2	0	0	0
Dividends	-18	-23	-22	-22	-30
Other	-184	-17	-0	-0	0
Change in cash	138	25	-206	-5	-45
Cash at beginning of year	404	542	568	361	356
Cash at end of year	542	568	361	356	312
Gross cash flow	**19**	**226**	**160**	**281**	**372**
Free cash flow	**-511**	**-149**	**-220**	**-55**	**38**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-0.7	36.2	13.3	5.5	6.1
Operating profit	nm	nm	nm	nm	82.5
Net profit	nm	nm	nm	nm	83.0
Adjusted EPS**	-77.8	404.8	-76.0	753.2	74.1
Per-share data (KRW)					
EPS (parent-based)	456	2,304	553	4,720	8,218
EPS (consolidated)	-225	1,408	-533	4,361	7,980
Adjusted EPS**	456	2,304	553	4,720	8,218
BVPS	114,678	117,452	117,026	120,634	127,373
DPS (common)	1,150	1,150	1,150	1,550	3,050
Valuations (x)					
P/E***	97.1	28.4	93.1	10.9	6.3
P/B***	0.4	0.6	0.4	0.4	0.4
EV/EBITDA	21.1	14.4	17.1	9.9	7.4
Ratios (%)					
ROE	0.4	2.0	0.5	4.0	6.7
ROA	-0.1	0.5	-0.2	1.3	2.3
ROIC	-0.3	-0.0	-0.6	2.2	3.7
Payout ratio	224.1	44.4	184.9	29.2	33.0
Dividend yield (common)	2.6	1.8	2.2	3.0	5.9
Net debt to equity	8.9	20.5	29.5	32.5	30.6
Interest coverage (x)	-1.1	-0.0	n/a	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 5/14 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 5/14 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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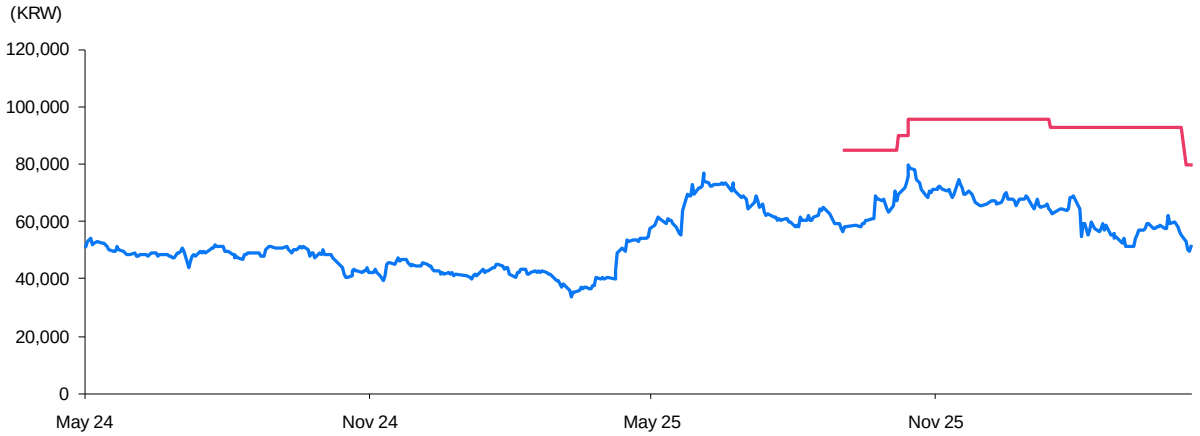
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/10/2	11/6	11/13	2026/2/12	5/11
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	85000	90000	96000	93000	80000
Gap* (average)	-24.71	-18.92	-27.95	-37.48	
(max or min)**	-16.82	-15.56	-17.81	-26.02	

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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