COMPANY UPDATE

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Finance/Consumer Goods Team

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Hanwha Life (088350)

Subsidiary performance key to share price

- Hanwha Life reported an earnings surprise in 1Q, with net profit beating consensus by 47%.
- Investment profit skyrocketed y-y on huge valuation gains from alternative investments as well as dividend income.
- Earning contribution from consolidated subsidiaries (eg, asset management, securities, and overseas subsidiaries) warrant investors' attention.

WHAT'S THE STORY?

1Q review—earnings surprise: Hanwha Life reported 1Q26 net profit of KRW247.8b, exceeding FnGuide consensus by 47%.

- **Insurance profit:** Hanwha Life's insurance profit tumbled 40.1% y-y to KRW62.4b. While CSM amortization profit fell 3.6% y-y to KRW191.4b, experience variances came to -KRW91.9b and onerous insurance contract cost came in at -KRW40.2b. However, total CSM balance expanded 2.4% q-q to KRW8.9t as: 1) claims variances improved compared to the prior two quarters; and 2) CSM adjustment amount narrowed y-y by KRW320.9b to -KRW300.7b due to VFA adjustment stabilization. New business CSM rose 25.1% y-y to KRW610.9b, with the new business multiple increasing to 8.7x.
- **Investment profit:** Investment profit skyrocketed 443.6% y-y to KRW241.9b, driven by: 1) KRW198b in valuation gains from alternative investments (eg, AI, technology, and solar energy) via private equity funds; and 2) KRW220b in dividend income.

(Continued on the next page)

Hanwha Life 1Q26 review

(KRWb)	1Q26	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	Consensus	Diff (%)
Insurance service profit	62.4	205.0	-69.6	104.2	-40.1	n/a	n/a
Investment profit	241.9	-168.8	흑전	44.5	443.6	n/a	n/a
Operating profit	304.3	36.3	739.3	148.7	104.6	232.2	31.0
Net profit	247.8	-2.5	흑전	122.0	103.2	168.2	47.3
Ending CSM	8,920.9	8,713.7	2.4	8,865.7	0.6	n/a	n/a
Investment yield (%)	3.4	2.6	0.8	3.1	9.6	n/a	n/a

Source: Company data, Samsung Securities estimates

Valuation

(KRWb)	Insurance service profit	Investment profit	Net profit	BVPS (KRW)	EPS (KRW)	P/B (x)	P/E (x)	ROE (%)	Dividend Yield (%)
2023	651	90	616	13,111	710	0.2	4.0	4.5	5.3
2024	506	390	720	11,899	830	0.2	3.0	6.6	0.0
2025	344	87	313	14,347	361	0.3	13.8	2.7	0.0
2026E	522	493	772	15,913	888	0.3	5.6	5.9	3.0
2027E	747	689	1,053	17,125	1,212	0.3	4.1	7.3	4.0

Source: Company data, Samsung Securities estimates

AT A GLANCE

HOLD

Target price	KRW5,500	2%
Current price	**KRW5,390**	
Market cap	KRW4.7t/USD3.1b	
Shares (float)	868,530,000 (41.4%)	
52-week high/low	KRW6,600/KRW2,535	
Avg daily trading value (60-day)	KRW74.3b/ USD49.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hanwha Life (%)	10.3	72.2	104.2
Vs Kospi (%pts)	-10.3	-7.8	-28.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	5,500	4,400	25.0%
2025E EPS	361	361	0.0%
2026E EPS	888	878	1.1%

SAMSUNG vs THE STREET

No of estimates	12
Target price	6,158
Recommendation	3.7

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

Future upside hinges on operating results of consolidated subsidiaries: We increase our target price by 25% to KRW5,500, reflecting: 1) a reduction in the discount rate applied to Hanwha Life relative to its peers—from 30% to 20%—due to improved capital adequacy and lower leverage amid a rising rate environment; and 2) our revised earnings estimates, which lift our forecast of sustainable ROE. In 1Q26, consolidated pre-tax profit (KRW484.6b), KRW17.7b came from general agencies & subsidiaries, KRW61b from affiliates outside the insurance industry (eg, securities), KRW98.9b from non-life insurance, and KRW45.3b from overseas operations. This showed a rapid growth in non-life earnings. We maintain HOLD rating as resumption of dividend payment remains uncertain due to ongoing provisioning. However, if earnings momentum from consolidated subsidiaries continues and this prompts a change in valuation methodology, the stock could rerate further.

Calculation of target price

Hanwha Life: Valuation

		2026E~2027E
~I. P/B-ROE valuation		
Forward ROA (%)		0.6
Total asset / total equity (x)		9.7
Sustainable ROE (%)	(A)	5.6
Cost of capital (%)	(B)	7.99
Long-term growth (%)	(C)	0.0
Target P/B (x)	(D = {A-C}/{B-C})	0.6
Forward BVPS (KRW)	(E)	15,913
Fair price (KRW)	(F = D*E)	9,194
II. Total shareholder return yield valuation		
Industry target yield (%)	(G)	4.0
* discount (premium) rate (%)	(H)	-20%
Company target yield (%)	(I = G * {1-H})	4.8
Total shareholder return amount (KRWb)	(J)	45.8
Estimated total payout ratio (%)		14.6
Target market cap (KRWb)	(K = J / I)	1,623.9
Fair price (KRW)	(L)	2,161
III. Target price		
Fair price (KRWb)	(F+L) / 2	5,678
Target price (KRW)		5,500
**Current price (KRW)		4,980
Upside (%)		10.4%
Previous target price (KRW)		4,400
Diff (%)		25.0%

Note: * The discount (or premium) rate is derived based on: the 1) company's capital policy, and 2) its capital adequacy (K-ICS ratio).
** As of May 14, 2026
Source: Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Total assets	**114,793**	**122,135**	**125,777**	**128,295**	**135,655**
Invested assets	97,010	105,018	107,602	107,013	109,169
Cash & Deposits	1,871	1,064	1,607	917	936
Stocks	3,973	4,593	4,568	4,580	4,672
Bonds	54,068	60,386	59,944	58,530	59,710
Loans	14,198	12,571	12,129	12,185	12,431
Overseas securities	12,119	14,643	17,337	18,312	18,681
Real estate	2,780	2,233	2,218	2,274	2,319
Other invested assets	8,001	8,760	8,631	9,619	9,530
Other assets	17,783	17,117	18,175	21,282	26,486
Total liabilities	**103,406**	**111,800**	**113,316**	**114,474**	**120,781**
Policy reserve	83,364	91,187	92,012	91,064	97,371
Insurance contract liabilities	74,287	81,898	81,760	81,039	87,346
Contractual service margin (CSM)	9,238	9,109	8,714	9,368	10,097
Best estimate liability (BEL)	63,400	72,034	71,046	69,509	74,919
Risk adjustment (RA)	1,644	1,899	1,994	2,157	2,324
Other liabilities	20,042	20,613	21,304	23,410	23,410
Separate account liabilities	15,561	14,626	15,727	16,113	16,113
Total shareholders' equity	**11,387**	**10,335**	**12,461**	**13,821**	**14,874**
Paid-in capital	4,343	4,343	4,343	4,343	4,343
Capital surplus	485	485	485	485	485
Retained earnings	6,307	6,886	7,085	7,724	8,777
Surrender value provisions	2,505	3,631	6,508	7,508	8,532
Capital adjustment	-1,119	-1,114	-1,107	-1,095	-1,095
Accumulated other comprehensive income (AOCI)	873	-1,363	-1,414	-704	-704
Hybrid bonds	498	1,097	3,068	3,068	3,068
Non-controlling assets	0	0	0	0	0

Dividend & Per-share data

Year-end Dec 31 (KRW, %)	2023	2024	2025	2026E	2027E
EPS (KRW)	710	830	361	888	1,212
BPS (KRW)	13,111	11,899	14,347	15,913	17,125
P/E (x)	4.0	3.0	13.8	5.6	4.1
P/B (x)	0.2	0.2	0.3	0.3	0.3
ROA (%)	0.5	0.6	0.3	0.6	0.8
ROE (%)	4.5	6.6	2.7	5.9	7.3
DPS (KRW)	150	0	0	150	200
Cash dividend yield (%)	5.3	0.0	0.0	3.0	4.0
Dividend payout ratio (%)	0.0	0.0	0.0	14.6	14.3
Total payout ratio (%)	0.0	0.0	0.0	14.6	14.3

Note: Parent basis

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Insurance operating profit	**651**	**506**	**344**	**522**	**747**
Experience variance	-54	-224	-310	-260	-156
Amortization of CSM	888	852	787	793	852
Release of RA	118	138	156	147	146
Other insurance profit	-301	-260	-289	-159	-95
Investment operating profit	**90**	**390**	**87**	**493**	**689**
General account inv' profit	97	330	179	509	702
Investment income	2,808	3,058	2,905	3,174	3,535
Investment expense	-2,711	-2,728	-2,726	-2,665	-2,833
Variable account inv' profit	-14	123	10	89	71
Corporate pension inv' profit	7	-62	-102	-105	-84
Equity method / Dividend income	0	0	0	0	0
Operating profit	**741**	**897**	**431**	**1,015**	**1,436**
Non-operating income	19	27	12	24	24
Non-operating expense	7	19	30	7	7
Pre-tax income	**753**	**905**	**413**	**1,031**	**1,452**
Income taxes	137	184	99	259	399
Net profit	**616**	**720**	**313**	**772**	**1,053**

Key assumptions

Year-end Dec 31	2023	2024	2025	2026E	2027E
Insurance profitability (%)					
CSM amortization rate	9.6	9.4	9.0	8.5	8.4
RA amortization rate	7.2	7.3	7.8	6.8	6.3
Investment profitability (%)					
Investment yield	2.9	2.9	2.7	3.0	3.2
Cost of funds	3.7	3.4	3.4	3.4	3.3
CSM movement (KRWb)					
Beginning CSM	9,763	9,238	9,109	8,714	9,368
New business CSM	2,541	2,123	2,066	2,285	2,393
Amortization of CSM	-888	-852	-787	-793	-852
Unwind of discount	353	350	358	365	391
Experience adjustments	-2,531	-1,751	-2,032	-1,203	-1,203
Ending CSM	9,238	9,109	8,714	9,368	10,097

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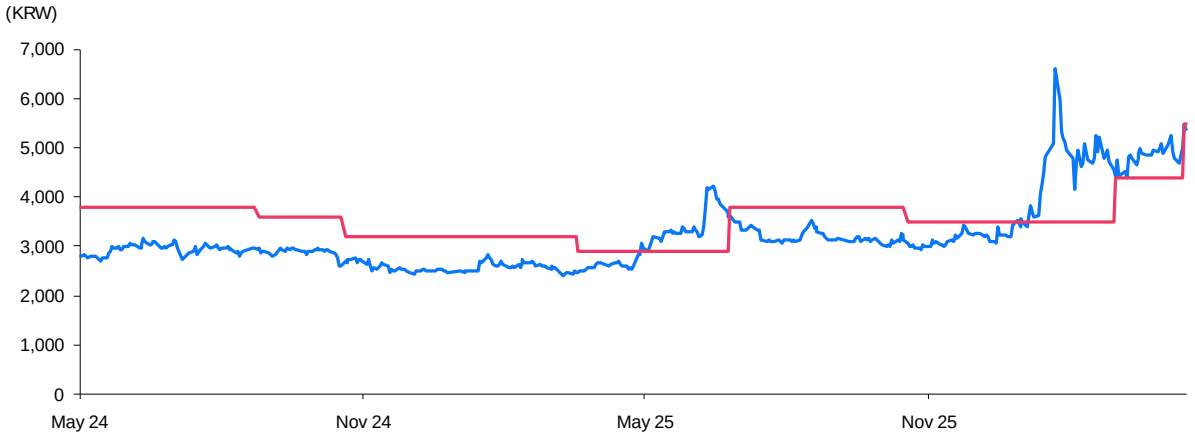
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/5/16	9/23	11/18	2025/4/17	7/25	11/17	2026/3/31	5/14
Recommendation	BUY	BUY	BUY	BUY	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	3800	3600	3200	2900	3800	3500	4400	5500
Gap* (average)	-22.83	-19.84	-19.52	7.56	-15.74	9.02	9.69	
(max or min)**	-17.11	-17.22	-11.41	46.21	-7.24	88.57	0.00	

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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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
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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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