

COMPANY UPDATE

2026. 5. 19

Tech Team

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▶ AT A GLANCE

BUY

Target price **KRW420,000** 31.5%

Current price **KRW319,500**

| | |
|----------------------------------|-----------------------|
| Market cap | KRW3.6t/USD2.4b |
| Shares (float) | 11,012,899 (76.8%) |
| 52-week high/low | KRW338,000/KRW118,200 |
| Avg daily trading value (60-day) | KRW23.2b/ USD15.5m |

▶ ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---------------------|------|-------|-------|
| Hansol Chemical (%) | 10.9 | 42.0 | 157.7 |
| Vs Kospi (%pts) | -8.6 | -25.3 | -9.9 |

▶ KEY CHANGES

| (KRW) | New | Old | Diff |
|--------------|---------|---------|-------|
| Recommend. | BUY | BUY | |
| Target price | 420,000 | 270,000 | 55.6% |
| 2026E EPS | 15,304 | 13,584 | 12.7% |
| 2027E EPS | 17,353 | 15,111 | 14.8% |

▶ SAMSUNG vs THE STREET

| | |
|-----------------|---------|
| No of estimates | 8 |
| Target price | 370,625 |
| Recommendation | 4.0 |

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



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Hansol Chemical (014680)

Earnings growth to return

- Hansol Chemical's 1Q operating profit missed consensus by 8.5% due to the impact from high oil prices. But the heavy cost burden should be passed on to clients from 2Q.
- Its hydrogen-peroxide capacity expansion and robust precursor sales are extending growth visibility through 2028. We increase our target price to KRW420,000.

WHAT'S THE STORY?

Raising target price to KRW420,000 and maintaining BUY: We revise up our 2026 and 2027 operating profit forecasts by 1% and 21%, respectively. The 2026 estimate factors in weaker hydrogen peroxide margins (resulting from rising raw-material costs) and sluggish QD materials sales. However, precursor sales—led by TSA—should expand 31% y-y in 2026 and 18% y-y in 2027, driving overall profitability. Meanwhile, battery binders and Tapex (key subsidiary)—both having performed poorly—are showing some signs of recovery. We note that Hansol Chemical is strategically aligned with the upcoming fab expansions at Samsung Electronics and SK Hynix, with plans to increase its hydrogen peroxide capacity by 25%. This should position the company for sustained growth through 2028, offering clear upside potential. Our new target price of KRW420,000 is based on a 24x 2027 P/E (5-year average). We reiterate BUY rating.

(Continued on the next page)

SUMMARY FINANCIAL DATA

| | 2024 | 2025 | 2026E | 2027E |
|--------------------------|--------|--------|--------|--------|
| Revenue (KRWb) | 776 | 884 | 971 | 1,039 |
| Operating profit (KRWb) | 129 | 156 | 190 | 229 |
| Net profit (adj) (KRWb) | 125 | 148 | 172 | 192 |
| EPS (adj) (KRW) | 10,823 | 12,993 | 15,304 | 17,353 |
| EPS (adj) growth (% y-y) | 16.5 | 20.1 | 17.8 | 13.4 |
| EBITDA margin (%) | 23.2 | 23.8 | 25.6 | 27.9 |
| ROE (%) | 13.5 | 14.3 | 14.9 | 14.8 |
| P/E (adj) (x) | 9.0 | 17.5 | 20.9 | 18.4 |
| P/B (x) | 1.1 | 2.3 | 2.8 | 2.4 |
| EV/EBITDA (x) | 7.5 | 13.3 | 15.3 | 12.8 |
| Dividend yield (%) | 2.2 | 1.1 | 0.8 | 0.8 |

Source: Company data, Samsung Securities estimates

Earnings miss consensus in 1Q but to rebound from 2Q: Hansol Chemical reported 1Q sales of KRW231.9b (up 4% q-q and 11% y-y; meeting consensus) and an operating profit of KRW44.4b (up 163% q-q and 7% y-y; 8.5% shy of consensus due to rising oil prices that pushed up raw material and logistics costs, alongside continued weakness in QD material sales). However, sales and earnings from semiconductor-grade hydrogen peroxide and precursors held up well, and battery binder sales have been returning to normal levels. We expect the company to raise ASP from 2Q to pass on the heavy cost burden to clients, leading to a return to normalized earnings from 2Q onward.

Strong commitment to shareholder returns: On May 18, Hansol Chemical announced a share buyback and cancellation program to enhance shareholder value. It will cancel 357,296 treasury shares (3.14% of total outstanding shares; KRW47.1b in book value) on May 22. In addition, the company plans to repurchase and cancel KRW60b in treasury shares (184,050 shares; 1.62%) over the next three months. Given the low ownership of the largest shareholder and improving cash flow, we believe the firm's shareholder return policy will likely improve over the long term.

1Q results

| (KRWb) | 1Q26 | 4Q25 | 1Q25 | Diff | |
|--------------------|-------|-------|-------|---------|---------|
| | | | | (% q-q) | (% y-y) |
| Sales | 231.9 | 222.4 | 209.6 | 4.2 | 10.6 |
| Operating profit | 44.4 | 16.9 | 41.7 | 163.2 | 6.5 |
| Pre-tax profit | 44.4 | 22.3 | 45.8 | 98.9 | -3.1 |
| Net profit | 41.3 | 17.5 | 35.5 | 136.0 | 16.2 |
| Margins (%) | | | | | |
| Operating margin | 19.2 | 7.6 | 19.9 | | |
| Pre-tax margin | 19.2 | 10.0 | 21.9 | | |
| Net margin | 17.8 | 7.9 | 17.0 | | |

Source: Company data, Samsung Securities

Hansol Chemical: Target-price calculation

| (KRW) | 2027E |
|----------------------|----------------|
| EPS | 17,353 |
| Target P/E (x) | 24 |
| Fair value per share | 421,825 |
| Target price | 420,000 |
| Current price | 319,500 |
| Upside (%) | 31.5 |

Source: Samsung Securities estimates

Hansol Chemical: Changes to full-year earnings estimates

| (KRWb) | Old | | New | | Diff (%) | |
|------------------|-------|-------|-------|---------|----------|-------|
| | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E |
| Sales | 899.3 | 899.3 | 971.4 | 1,039.0 | 8.0 | 15.5 |
| Operating profit | 188.9 | 188.9 | 190.1 | 228.7 | 0.6 | 21.1 |
| Pre-tax profit | 208.0 | 208.0 | 219.5 | 249.6 | 5.5 | 20.0 |
| Net profit | 160.2 | 160.2 | 171.6 | 192.2 | 7.1 | 20.0 |

Source: Company data, Samsung Securities estimates

Hansol Chemical: Results and forecasts

| (KRWb) | 1Q26 | 2Q26 | 3Q26 | 4Q26 | 1Q27 | 2Q27 | 3Q27 | 4Q27 | 2025 | 2026 | 2027 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Sales | 231.9 | 246.8 | 253.2 | 239.6 | 240.8 | 264.6 | 266.0 | 267.7 | 884.0 | 971.4 | 1039.0 |
| Hydrogen peroxide | 62.3 | 66.2 | 68.1 | 61.1 | 64.1 | 71.8 | 73.9 | 67.0 | 229.4 | 257.7 | 276.8 |
| Semiconductor | 45.8 | 160.9 | 49.4 | 50.7 | 48.4 | 183.3 | 52.7 | 60.7 | 173.1 | 200.7 | 225.0 |
| LCD | 9.2 | 19.6 | 9.5 | 8.6 | 8.4 | 18.3 | 9.3 | 8.3 | 36.8 | 36.4 | 35.1 |
| Precursor | 42.0 | 42.5 | 44.1 | 48.1 | 50.9 | 51.3 | 50.7 | 55.7 | 134.4 | 176.6 | 208.5 |
| Electronic materials | 34.0 | 38.7 | 38.3 | 35.1 | 34.5 | 41.1 | 37.8 | 36.5 | 164.5 | 146.1 | 149.8 |
| Quantum dot | 25.0 | 27.3 | 26.0 | 25.0 | 26.5 | 28.3 | 23.8 | 25.2 | 127.4 | 103.3 | 103.8 |
| Gas and others | 7.0 | 9.4 | 10.4 | 8.1 | 6.0 | 10.8 | 11.9 | 9.3 | 29.2 | 34.8 | 38.0 |
| Battery binder | 11.5 | 13.2 | 14.6 | 13.0 | 12.7 | 14.6 | 16.1 | 14.3 | 48.1 | 52.4 | 57.7 |
| Tapex | 38.6 | 41.2 | 42.2 | 40.5 | 40.6 | 43.3 | 44.3 | 42.6 | 141.1 | 162.6 | 170.7 |
| Latex | 5.8 | 6.5 | 6.7 | 6.6 | 5.8 | 6.5 | 6.7 | 6.6 | 25.6 | 25.6 | 25.6 |
| Other | 33.4 | 33.5 | 34.1 | 30.9 | 28.1 | 31.0 | 31.5 | 40.7 | 126.3 | 128.8 | 131.4 |
| Operating profit | 44.4 | 52.9 | 57.4 | 35.3 | 55.0 | 62.8 | 67.1 | 43.8 | 156.2 | 190.1 | 228.7 |
| Pre-tax profit | 44.4 | 60.1 | 64.9 | 40.5 | 60.2 | 68.6 | 73.1 | 47.7 | 179.5 | 219.5 | 249.6 |
| Net profit | 41.3 | 46.9 | 50.6 | 31.6 | 46.4 | 52.8 | 56.3 | 36.7 | 148.1 | 171.6 | 192.2 |
| Margins (%) | | | | | | | | | | | |
| Operating profit | 19.2 | 21.5 | 22.7 | 14.7 | 22.8 | 23.8 | 25.2 | 16.4 | 17.7 | 19.6 | 22.0 |
| Pre-tax profit | 19.2 | 24.3 | 25.6 | 16.9 | 25.0 | 25.9 | 27.5 | 17.8 | 20.3 | 22.6 | 24.0 |
| Net profit | 17.8 | 19.0 | 20.0 | 13.2 | 19.3 | 20.0 | 21.2 | 13.7 | 16.8 | 17.7 | 18.5 |

Source: Company data, Samsung Securities estimates

Income statement

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025 | 2026E | 2027E |
|--|------------|------------|------------|------------|--------------|
| Sales | 772 | 776 | 884 | 971 | 1,039 |
| Cost of goods sold | 567 | 572 | 634 | 678 | 700 |
| Gross profit | 205 | 205 | 250 | 293 | 339 |
| Gross margin (%) | 26.6 | 26.4 | 28.3 | 30.2 | 32.6 |
| SG&A expenses | 81 | 76 | 94 | 103 | 110 |
| Operating profit | 124 | 129 | 156 | 190 | 229 |
| Operating margin (%) | 16.1 | 16.6 | 17.7 | 19.6 | 22.0 |
| Non-operating gains (losses) | 11 | 19 | 23 | 29 | 21 |
| Financial profit | 9 | 12 | 11 | 11 | 12 |
| Financial costs | 9 | 7 | 13 | 8 | 8 |
| Equity-method gains (losses) | 13 | 20 | 23 | 21 | 22 |
| Other | -1 | -6 | 1 | 6 | -5 |
| Pre-tax profit | 136 | 148 | 180 | 219 | 250 |
| Taxes | 27 | 23 | 31 | 48 | 57 |
| Effective tax rate (%) | 19.8 | 15.5 | 17.5 | 21.8 | 23.0 |
| Profit from continuing operations | 109 | 125 | 148 | 172 | 192 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| Net profit | 109 | 125 | 148 | 172 | 192 |
| Net margin (%) | 14.1 | 16.1 | 16.8 | 17.7 | 18.5 |
| Net profit (controlling interests) | 105 | 123 | 147 | 171 | 191 |
| Net profit (non-controlling interests) | 3 | 2 | 1 | 1 | 1 |
| EBITDA | 177 | 180 | 210 | 248 | 290 |
| EBITDA margin (%) | 23.0 | 23.2 | 23.8 | 25.6 | 27.9 |
| EPS (parent-based) (KRW) | 9,294 | 10,823 | 12,993 | 15,304 | 17,353 |
| EPS (consolidated) (KRW) | 9,589 | 11,018 | 13,069 | 15,393 | 17,454 |
| Adjusted EPS (KRW)* | 9,294 | 10,823 | 12,993 | 15,304 | 17,353 |

Cash flow statement

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025 | 2026E | 2027E |
|--|-------------|------------|-------------|-------------|-------------|
| Cash flow from operations | 144 | 162 | 200 | 217 | 242 |
| Net profit | 109 | 125 | 148 | 172 | 192 |
| Non-cash profit and expenses | 80 | 60 | 95 | 91 | 104 |
| Depreciation | 52 | 49 | 52 | 56 | 60 |
| Amortization | 1 | 2 | 2 | 2 | 2 |
| Other | 27 | 9 | 41 | 33 | 42 |
| Changes in A/L from operating activities | -17 | -9 | -14 | -8 | -7 |
| Cash flow from investments | -172 | -72 | -131 | -120 | -109 |
| Change in tangible assets | -158 | -108 | -83 | -120 | -110 |
| Change in financial assets | -7 | 31 | -15 | -5 | -4 |
| Other | -7 | 5 | -33 | 5 | 5 |
| Cash flow from financing | -5 | -77 | -40 | -118 | -47 |
| Change in debt | 32 | -23 | 20 | -89 | -20 |
| Change in equity | 0 | 27 | 0 | 0 | 0 |
| Dividends | -25 | -24 | -23 | -28 | -27 |
| Other | -12 | -57 | -36 | 0 | 0 |
| Change in cash | -32 | 17 | 29 | -41 | 78 |
| Cash at beginning of year | 99 | 67 | 84 | 113 | 72 |
| Cash at end of year | 67 | 84 | 113 | 72 | 150 |
| Gross cash flow | 189 | 185 | 243 | 263 | 296 |
| Free cash flow | -15 | 54 | 117 | 97 | 132 |

Note: *Excluding one-off items

**Fully diluted, excluding one-off items

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025 | 2026E | 2027E |
|--|--------------|--------------|--------------|--------------|--------------|
| Current assets | 367 | 348 | 448 | 433 | 532 |
| Cash & equivalents | 67 | 84 | 113 | 72 | 150 |
| Accounts receivable | 90 | 90 | 95 | 102 | 109 |
| Inventories | 124 | 126 | 124 | 137 | 147 |
| Other current assets | 86 | 48 | 116 | 122 | 127 |
| Fixed assets | 984 | 1,117 | 1,152 | 1,225 | 1,281 |
| Investment assets | 85 | 98 | 110 | 120 | 128 |
| Tangible assets | 801 | 862 | 881 | 945 | 995 |
| Intangible assets | 79 | 78 | 79 | 77 | 75 |
| Other long-term assets | 19 | 78 | 82 | 82 | 82 |
| Total assets | 1,351 | 1,465 | 1,600 | 1,658 | 1,813 |
| Current liabilities | 248 | 272 | 275 | 219 | 209 |
| Accounts payable | 45 | 36 | 36 | 40 | 43 |
| Short-term debt | 19 | 69 | 53 | 53 | 53 |
| Other current liabilities | 183 | 167 | 186 | 126 | 113 |
| Long-term liabilities | 162 | 121 | 148 | 129 | 129 |
| Bonds & long-term debt | 150 | 106 | 138 | 118 | 118 |
| Other long-term liabilities | 11 | 15 | 10 | 11 | 11 |
| Total liabilities | 409 | 393 | 423 | 347 | 338 |
| Owners of parent equity | 846 | 974 | 1,080 | 1,212 | 1,376 |
| Capital stock | 57 | 57 | 57 | 57 | 57 |
| Capital surplus | 33 | 60 | 60 | 60 | 60 |
| Retained earnings | 811 | 909 | 1,030 | 1,172 | 1,336 |
| Other | -56 | -51 | -66 | -77 | -77 |
| Non-controlling interests' equity | 96 | 97 | 97 | 98 | 99 |
| Total equity | 941 | 1,071 | 1,177 | 1,310 | 1,475 |
| Net debt | 164 | 157 | 130 | 77 | -24 |

Financial ratios

| Year-end Dec 31 | 2023 | 2024 | 2025 | 2026E | 2027E |
|-----------------------------|--------|--------|--------|---------|---------|
| Growth (%) | | | | | |
| Sales | -12.9 | 0.6 | 13.9 | 9.9 | 7.0 |
| Operating profit | -33.3 | 3.8 | 21.3 | 21.6 | 20.3 |
| Net profit | -34.9 | 14.9 | 18.6 | 15.8 | 12.0 |
| Adjusted EPS** | -32.1 | 16.5 | 20.1 | 17.8 | 13.4 |
| Per-share data (KRW) | | | | | |
| EPS (parent-based) | 9,294 | 10,823 | 12,993 | 15,304 | 17,353 |
| EPS (consolidated) | 9,589 | 11,018 | 13,069 | 15,393 | 17,454 |
| Adjusted EPS** | 9,294 | 10,823 | 12,993 | 15,304 | 17,353 |
| BVPS | 77,725 | 88,053 | 99,420 | 114,965 | 130,487 |
| DPS (common) | 2,100 | 2,100 | 2,600 | 2,600 | 2,600 |
| Valuations (x) | | | | | |
| P/E*** | 24.4 | 9.0 | 17.5 | 20.9 | 18.4 |
| P/B*** | 2.9 | 1.1 | 2.3 | 2.8 | 2.4 |
| EV/EBITDA | 16.0 | 7.5 | 13.3 | 15.3 | 12.8 |
| Ratios (%) | | | | | |
| ROE | 13.1 | 13.5 | 14.3 | 14.9 | 14.8 |
| ROA | 8.3 | 8.9 | 9.7 | 10.5 | 11.1 |
| ROIC | 10.5 | 10.2 | 11.4 | 12.7 | 14.3 |
| Payout ratio | 21.7 | 18.9 | 19.2 | 16.1 | 14.3 |
| Dividend yield (common) | 0.9 | 2.2 | 1.1 | 0.8 | 0.8 |
| Net debt to equity | 17.4 | 14.6 | 11.0 | 5.9 | -1.7 |
| Interest coverage (x) | 21.4 | 24.2 | 21.5 | 33.6 | 43.8 |

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

| Date | 2023/12/5 | 2024/8/14 | 2025/2/28 | 8/19 | 11/17 | 2026/5/19 |
|--------------------|-----------|-----------|-----------|--------|--------|-----------|
| Recommendation | BUY | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 250000 | 220000 | 160000 | 220000 | 270000 | 420000 |
| Gap* (average) | -24.08 | -47.84 | -11.39 | -8.83 | -0.57 | |
| (max or min)** | -7.40 | -31.05 | 15.25 | 5.68 | 25.19 | |

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
- HOLD** Expected to increase/decrease in value by less than 15% within 12 months
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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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