COMPANY UPDATE

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Tech Team

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CJ ENM (035760)

Mixed signals in 1Q, but hopes remain

- CJ ENM reported a 1Q operating profit of KRW1.5b, significantly missing consensus, due to a decline in TV ad sales, continued operating loss at Tving due to rising content acquisition costs, and weak profitability in the music division.
- The growth trajectory for digital platforms like Tving and the music business remains valid.

WHAT'S THE STORY?

1Q results miss consensus: CJ ENM reported 1Q consolidated sales KRW1.33t (up 16.8% y-y) and an operating profit of KRW1.5b (up 107.1% y-y), the latter significantly missing consensus of KRW25.8b. The media/platform division maintained top-line growth, helped by Tving's net subscriber gains, but faced profitability pressure, due to: 1) a continued decline in TV ad sales (down 20.7% y-y), which prevented meaningful relief from fixed cost pressures; and 2) higher content acquisition costs tied to Tving's exclusive OTT live broadcast of the WBC Mar 5-17). Tving posted sales of KRW107.3b (up 21% y-y) and an operating loss of KRW19.2b (narrowing from KRW26.1b loss in 1Q25). The movie/drama division successfully turned profitable y-y, confirming its upward momentum, thanks to more content production—including from Fifth Season—and robust overseas sales. The music division slid into loss, due to continued investments in digital platform Mnet Plus and a high base from 1Q25. The commerce division continued to grow mobile live commerce GMV by expanding IP-based content commerce, but margin squeeze led to lower profits.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	5,135	5,471	5,776	6,135
Operating profit (KRWb)	133	129	204	231
Net profit (adj) (KRWb)	17	53	125	165
EPS (adj) (KRW)	1,345	2,239	3,713	5,055
EPS (adj) growth (% y-y)	nm	66.4	65.8	36.2
EBITDA margin (%)	27.0	21.3	21.8	21.5
ROE (%)	1.1	1.8	3.0	3.9
P/E (adj) (x)	48.0	19.1	11.5	8.4
P/B (x)	0.5	0.3	0.3	0.3
EV/EBITDA (x)	2.8	2.8	2.5	2.3
Dividend yield (%)	0.0	0.0	0.9	1.6

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW71,000	66.3%
Current price	**KRW42,700**	
Market cap	KRW936.37b/USD621.02m	
Shares (float)	21,929,154 (51.8%)	
52-week high/low	KRW81,800/KRW42,500	
Avg daily trading value (60-day)	KRW4.1b/ USD2.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
CJ ENM (%)	-23.5	-33.2	-20.8
Vs Kosdaq (%pts)	-17.4	-46.3	-47.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	71,000	71,000	0.0%
2026E EPS	2,239	2,239	0.0%
2027E EPS	3,713	3,713	0.0%

SAMSUNG vs THE STREET

No of estimates	12
Target price	74,250
Recommendation	4.0

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

Pinning hopes on digital business, including Tving: The media/platform division's 1Q operating loss narrowed only slightly, but when excluding one-off content acquisition costs, improvements in profitability are evident—driven by growing subscriber numbers and stronger content offerings. This shows the digital business is on solid ground and is likely to surpass quarterly break-even starting in 2Q.

Trajectory of improvement intact: Fifth Season is making fewer content delivery than usual this year, while TV ad sales are languishing. Still, the overall trajectory of improvement is intact, and the growth potential of digital platforms like Tving and the music business remains valid. Reducing our estimate of the company's operating profit and equity holdings, we cut our target price by 11% to KRW71,000 (based on SOTP method; table 9).

Table 1. 1Q results vs forecasts

(KRWb)	1Q25	4Q25	1Q26	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	1,138.3	1,437.8	1,329.7	-7.5	16.8	1,200.1	10.8
Gross profit	0.7	86.0	1.5	-98.3	107.2	25.8	-94.3
Operating profit	0.1	6.0	0.1	-5.9	0.0	2.1	-2.0
Operating margin (%)	-72.2	-50.3	0.2	nm	nm	9.6	-98.3
Pre-tax profit	-62.1	-80.1	6.1	nm	nm	0.3	1,735.2

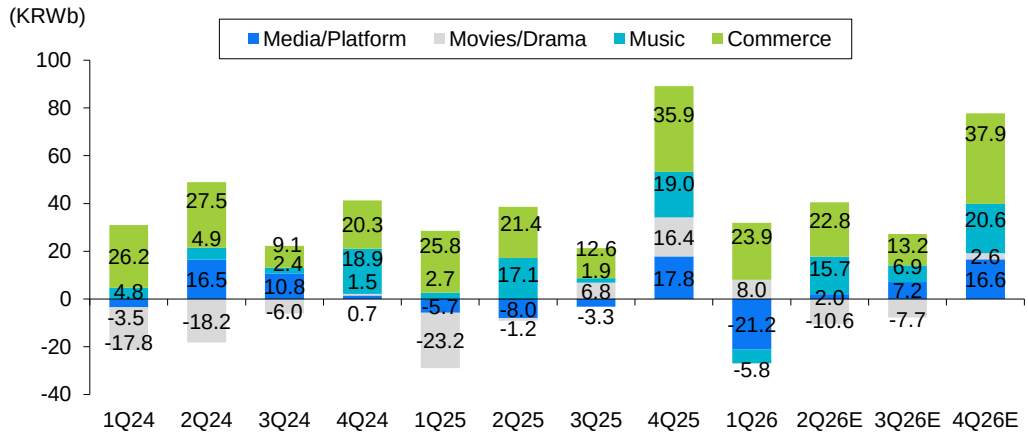
Source: Company data, Samsung Securities

Table 2. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	**1,154.1**	**1,164.7**	**1,124.6**	**1,787.9**	**1,138.3**	**1,312.9**	**1,245.6**	**1,437.8**	**1,329.7**	**1,308.3**	**1,302.0**	**1,531.0**	**5,231.4**	**5,134.5**	**5,471.0**	**5,775.8**
Media/Platform	314.2	352.9	356.5	349.6	292.8	319.3	319.8	409.6	326.8	346.5	339.2	441.4	1,373.2	1,341.6	1,454.0	1,580.6
Commerce	366.4	287.6	251.6	799.2	315.9	410.5	372.9	357.9	457.3	364.4	379.6	379.7	1,704.7	1,457.3	1,581.0	1,628.4
Movie/Drama	125.8	152.3	182.7	241.3	167.2	197.2	197.3	255.9	167.0	210.3	217.2	287.0	702.1	817.6	881.6	973.5
Music	347.8	371.9	333.8	397.9	362.3	385.8	355.7	414.3	378.5	387.0	366.0	422.8	1,451.4	1,518.0	1,554.4	1,593.2
Gross profit	**401.2**	**442.7**	**404.6**	**462.8**	**386.6**	**424.1**	**396.0**	**498.9**	**393.0**	**422.8**	**402.7**	**511.4**	**1,711.2**	**1,705.6**	**1,729.9**	**1,872.3**
Operating profit	**12.3**	**35.3**	**15.8**	**41.0**	**0.7**	**28.6**	**17.6**	**86.0**	**1.5**	**29.8**	**19.6**	**77.8**	**104.5**	**132.9**	**128.6**	**204.0**
Media/Platform	-3.5	16.5	10.8	1.5	-5.7	-8.0	-3.3	17.8	-21.2	2.0	7.2	16.6	25.3	0.8	4.6	25.4
Commerce	-17.8	-18.2	-6.0	0.7	-23.2	-1.2	6.8	16.4	8.0	-10.6	-7.7	2.6	-41.3	-1.0	-7.7	32.5
Movie/Drama	4.8	4.9	2.4	18.9	2.7	17.1	1.9	19.0	-5.8	15.7	6.9	20.6	30.9	40.7	37.4	46.9
Music	26.2	27.5	9.1	20.3	25.8	21.4	12.6	35.9	23.9	22.8	13.2	37.9	83.1	95.8	97.8	99.2
Pre-tax profit	-17.0	29.4	-400.9	-143.4	-72.2	121.6	85.1	-50.3	0.2	22.1	25.3	32.0	-531.9	84.2	79.6	165.5
Net profit (controlling)	**-15.1**	**20.9**	**-482.8**	**-26.4**	**-62.1**	**126.0**	**45.8**	**-80.1**	**6.1**	**9.1**	**15.9**	**18.1**	**-503.4**	**29.5**	**49.1**	**81.4**
Gross margin (%)	34.8	38.0	36.0	25.9	34.0	32.3	31.8	34.7	29.6	32.3	30.9	33.4	32.7	33.2	31.6	32.4
Operating margin (%)	1.1	3.0	1.4	2.3	0.1	2.2	1.4	6.0	0.1	2.3	1.5	5.1	2.0	2.6	2.4	3.5
Net margin (%)	-1.3	1.8	-42.9	-1.5	-5.5	9.6	3.7	-5.6	0.5	0.7	1.2	1.2	-9.6	0.6	0.9	1.4
Chg (%)																
Sales	**21.6**	**11.0**	**1.2**	**41.9**	**-1.4**	**12.7**	**10.8**	**-19.6**	**16.8**	**-0.4**	**4.5**	**6.5**	**19.8**	**-1.9**	**6.6**	**5.6**
Media/Platform	13.1	3.0	13.4	6.9	-6.8	-9.5	-10.3	17.2	11.6	8.5	6.1	7.8	8.8	-2.3	8.4	8.7
Commerce	55.2	25.3	-22.9	166.3	-13.8	42.7	48.2	-55.2	44.8	-11.2	1.8	6.1	56.1	-14.5	8.5	3.0
Movie/Drama	5.7	16.4	7.4	-6.0	32.9	29.5	8.0	6.0	-0.1	6.6	10.1	12.2	3.8	16.4	7.8	10.4
Music	10.0	7.6	11.2	5.9	4.2	3.7	6.5	4.1	4.5	0.3	2.9	2.1	8.5	4.6	2.4	2.5
Gross profit	**13.9**	**17.7**	**13.0**	**7.5**	**-3.6**	**-4.2**	**-2.1**	**7.8**	**1.7**	**-0.3**	**1.7**	**2.5**	**12.8**	**-0.3**	**1.4**	**8.2**
Operating profit	**nm**	**nm**	**113.8**	**-30.2**	**-94.3**	**-19.0**	**11.0**	**109.8**	**107.2**	**4.3**	**11.3**	**-9.6**	**nm**	**27.2**	**-3.2**	**58.6**
Media/Platform	nm	nm	471.5	-32.2	nm	nm	nm	1,048.9	nm	nm	nm	-6.7	nm	-96.7	453.4	455.0
Commerce	nm	nm	nm	nm	nm	nm	nm	2,386.2	nm	nm	nm	-84.0	nm	nm	nm	nm
Movie/Drama	-41.0	-59.2	-84.8	-46.7	-43.9	248.7	-20.2	0.9	nm	-8.2	265.2	8.2	-56.5	31.8	-8.1	25.5
Music	49.7	47.0	29.6	-21.9	-1.4	-22.0	37.5	77.0	-7.6	6.2	5.1	5.6	20.1	15.2	2.1	1.4
Pre-tax profit	nm	nm	nm	nm	nm	313.3	nm	nm	nm	-81.8	-70.3	nm	nm	nm	-5.5	107.9
Net profit (controlling)	**nm**	**nm**	**nm**	**nm**	**nm**	**501.8**	**nm**	**nm**	**nm**	**-92.8**	**-65.3**	**nm**	**nm**	**nm**	**66.4**	**65.8**
Gross margin (%pts)	-2.3	2.1	3.7	-8.3	-0.8	-5.7	-4.2	8.8	-4.4	0.0	-0.9	-1.3	-2.0	0.5	-1.6	0.8
Operating margin (%pts)	6.4	5.9	0.7	-2.4	-1.0	-0.9	0.0	3.7	0.0	0.1	0.1	-0.9	2.3	0.6	-0.2	1.2
Net margin (%pts)	5.9	11.1	-39.3	7.2	-4.2	7.8	46.6	-4.1	5.9	-8.9	-2.5	6.8	-2.4	10.2	0.3	0.5

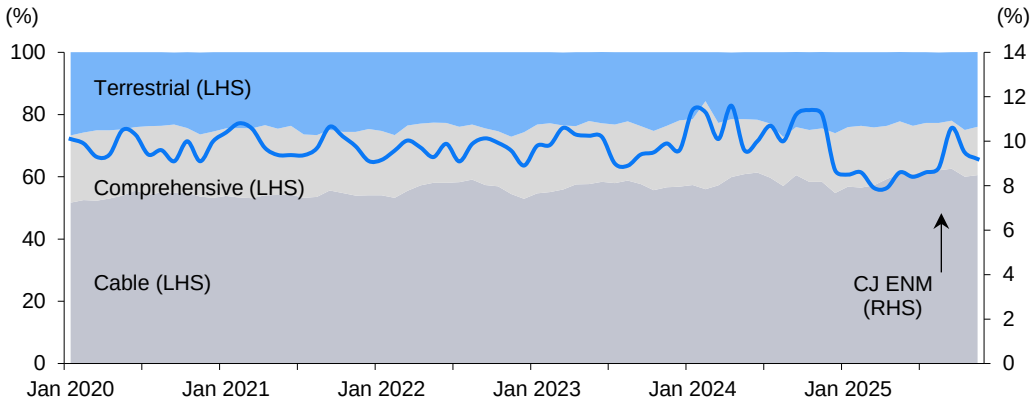
Note: In 2Q25, CJ E&M's financial income surged on derivative gains from a price return swap contract, as Netmarble's shares rose following a partial stake sale in Jul 2024
Source: Company data, Samsung Securities estimates

Chart 1. Operating income, by division



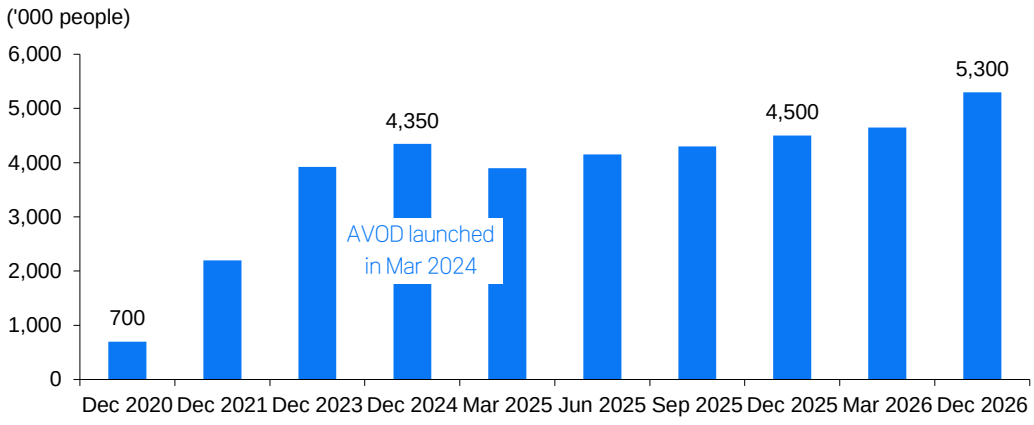
Source: Company data, Samsung Securities

Chart 2. Share of viewers



Source: Company data, Samsung Securities

Chart 3. Tving: Number of paying subscribers



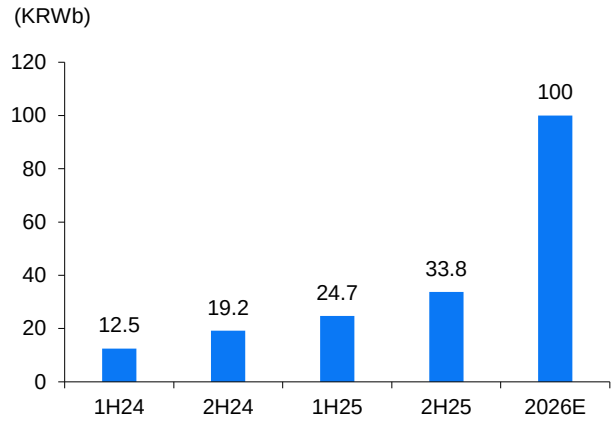
Source: Company data, Samsung Securities

Table 3. Tving original content lineup

Title	Genre	Broadcast date	Episodes	Writer	Director
Watch together (content)	Interactive	Jul 2025-			
Watch together (sport)	Interactive	Jul 2025-			
EXchange Season 4	Variety	Oct 1 – Nov 21	21		Kim Minha
Villans	Drama	Dec 18-Jan 9	8	Kim Hyungjoon	Jin Hyeok
Baseball player Lim Chan Gyu	Variety	Jan 12~			Go Gyeongdeok
Show me the money 12: Yacha's world	Variety	Jan 17~Feb 14	5	Cho Geunae	Park Sojeong
Terror man	Animation	Jan 29	8		Seok Jongseo
2026 WBC	Sports	Mar 5-17			
Yumi's Cells Season 3	Drama	Apr 13-May 4	8	Song Jaejung	Lee Sangyub
Becoming a Cooking Soldier Legend	Drama	May 11-Jun 16	12	Choi Ryong	Jo Namhyng
The Winner of the Lottery Will Go to Work	Drama	2026	10		Yoon Youngbin
Make Me Tremble	Drama	2026	10	Ahn Saebom	Kim Yeji
Substitute College Entrance Exam	Drama	2026		Choi Hyesoo	Park Soyeon
Nano List	Animation	TBD	12		
Tale of the Nine-Tailed: Beginning	Animation	TBD			
Sell Me the Show	Variety	TBD			
New Exorcism Chronicles	Variety	TBD			
Study Group Season 2	Drama	TBD		KiTproject	Lee Janghoon
Night of Heaven	Drama	TBD			Yoon Jongho
M: Reboot	Drama	TBD		Hong Eunmi	
EXchange Season 5	Variety	TBD			
Shamon S2	Documentary	TBD			

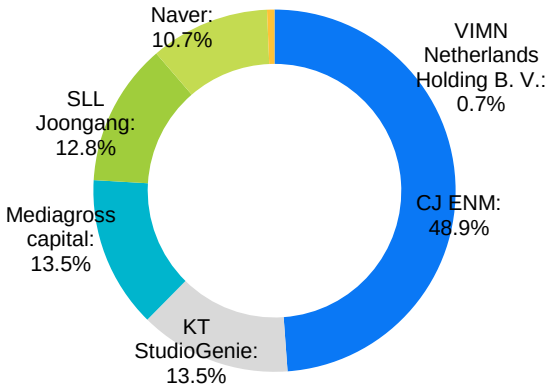
Note: Exclusive OTT live streaming of all 2026 WBC games over approximately two weeks from March 5.
Source: Company data, Samsung Securities

Chart 4. Tving's advertising sales vs 2026 goal



Note: 2026E Tving revenue target announced at 4Q25 earnings conference
Source: Company data, Samsung Securities

Chart 5. Tving: Major shareholders



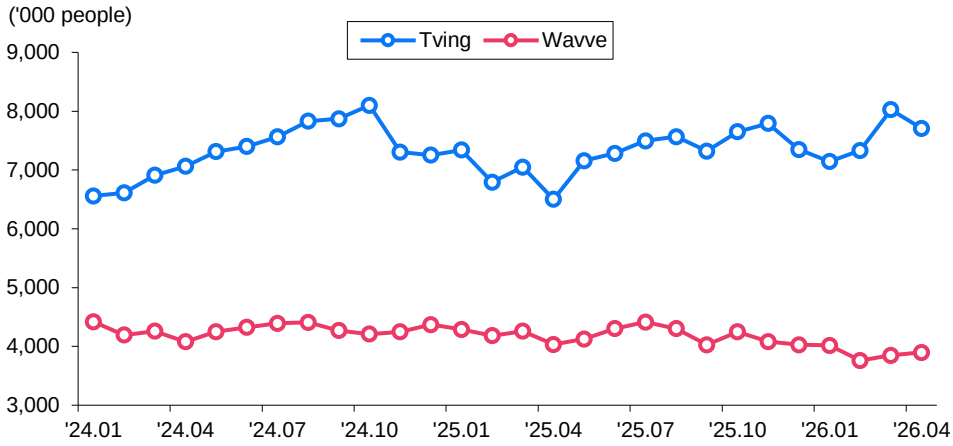
Source: Company data, Samsung Securities

Table 4. Tving's partnerships with domestic and overseas platforms

Platform	Date	Details
Apple TV+	Dec 10, 2024	Launched AppleTV+ branded section in Tving (for premium subscribers)
Baemin Club	Jun 2, 2025	Launched Tving and Baemin Club bundle
Wavve	Jun 16, 2025	Launched Double Plan (a bundle of Tving and Wavve)
SK Telecom (T Universe)	Jul 15, 2025	T Universe added Tving as a selectable membership option
HBO Max (WBD)	Nov 2025 (pre-release) Early 2026 (Official)	To launch Tving-branded section in HBO Max in early 2026
Disney+	Nov 5, 2025	Launched Tving-branded section in Disney+ Japan
SSG.com	Mar 5, 2025	Launched SSG7 club service
Lottecard	Mar 20, 2025	Launched 'Digiloca X Tving' service

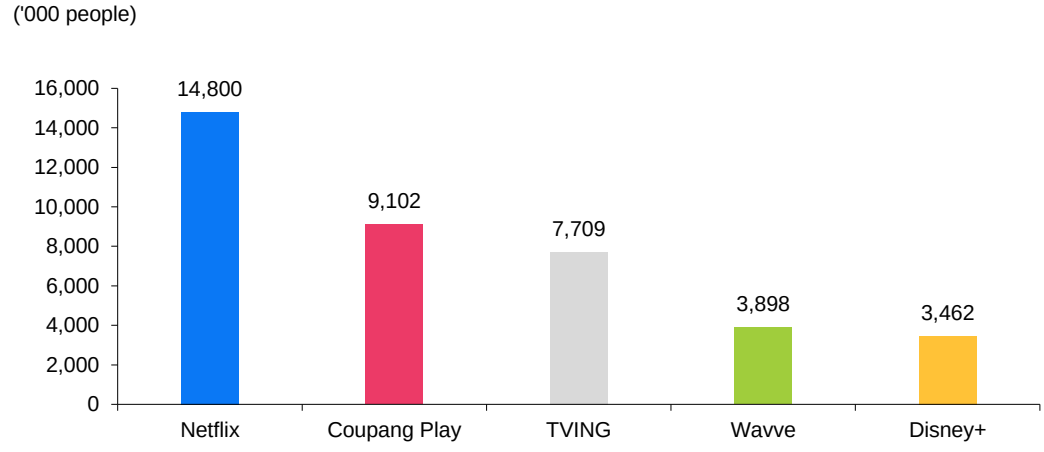
Note: Netflix, Wavve and Disney+ launched an ad-supported plan (Nov 18, 2025)
Source: Company data, Samsung Securities

Chart 6. Tving vs Wavve MAU



Note: Android + iOS
Source: Mobile Index, Samsung Securities

Chart 7. Korean OTT apps: MAU (Apr 2026)



Note: Android + iOS
Source: Mobile Index, Samsung Securities

Table 5. Tving's partnerships with domestic and overseas platforms

Subsidiary	Stake	Acquisition date	Key artists
Wakeone	100%	Mar 2014	(Center 1) ZB1, izna (Center 2) ALD1 (Solo) Kim Feel, Ha Hyeonsang, Jo Yuri (IP) I.O.I, Kepler
AOMG	75.5%	Dec 2015	Yugeom, Jung Chansung, Kian84, Hoody, Kibitz
Higher Music	100%	Jun 2017	Ph-1, Big Naughty
Ameba Culture	60%	Nov 2017	Dynamic Duo, Gumi
Lapone Entertainment	70%	May 2019	JO1, INI, Dxteen, New boy (Produce 101 Japan: Shinsekai)
- Lapone Girls	100%	Feb 2024	ME:I, Is:sue
Chapter I	67%	Sep 2025	H//PE Princess
Onecead			Modyssey

Note: 1. Groups highlighted in blue are debuted or scheduled to debut in 2026
2. ONECEAD: joint venture by CJ ENM and NCC(JYP-Tecent Music JV)
Source: Company data, Samsung Securities

Chart 8. Artists debuting 2026 or 2027

Note: 1. Alpha Drive One (8-member boy group) debut (Jan 12, 2026, 1st mini album EUPHORIA)
2. Planet C survival program, 7-member Chinese boy group MODYSSEY debut (Apr 13, 2026)
3. Keyveatz (AOMG 75.5% subsidiary) 5-member girl group formation, debut on Apr 29
4. H//PE Princess, 7-member Korea-Japn girl group, re-release single released on Apr 29 and first mini album scheduled on May 27
5. Produce 101 Japan: SHINSEKAI (season 4), broadcast start (Mar 26, 2026), debut scheduled late-2026 or early-2027
Source: Company data, Samsung Securities

Table 6. Lapone Entertainment and Lapone Girls' schedule

Date	Artist	Classification	Title	Note
Jan 4-8, 2026	Is:sue	Concert	IS:SUE is coming	1st tour (2cities)
Jan 9	Me:I	Song	LとR	Digital single
Jan 14, 2026	Is:sue	Album	Phase	4th single
Feb 27	ME:I	Song	Best Match	Digital single
Mar 25	DXTEEN	Album	Heart Beat	2nd album
Apr 8-23	JO1	Concert	JO1DER SHOW 2026 'EIEN 永遠	Tokyo, Kyosera Dome (2 cities, 4 shows)
Apr 22	INI	Album	PULSE	8th single
Apr 26-May 9	DXTEEN	Concert	2ND ONE MAN LIVE TOUR	2nd live tour (3 cities, 3 shows)
May 20	IS:SUE	Album	QUARTET	1st album
May 24	IS:SUE	Concert	IS:SUE is coming - Final	1st tour (Tokyo, 1 shows)
Jun 3	JI BLUE*	Album	Keshiki	Special single
Aug 1-Sep 23	ME:I	Concert	ME:I WAY	2nd arena tour (4 cities, 8 shows)
Sep 16-Nov 15	INI	Concert	2026 INI DOME LIVE TOUR	Tokyo Dome, Kyocera Dome (2 cities, 4 shows)

Note: JI BLUE, 12-member special unit with selected JO1 and INI members, Japan national football team official ambassador
Source: Lapone Entertainment, Lapone Girls, Samsung Securities

Chart 9. Global K-pop content platform 'Mnet Plus'

Source: Company data, Samsung Securities

Table 7. Film distribution

Year	No.	Film	Released	Genre	Tickets ('000)
2024	1	Alienoid 2	Jan 10	SF, action	1,430
	2	Dog Days	Feb 7	Drama	368
	3	Project Silence	Jul 12	Action	690
	4	Veteran 2	Sep 13	Crime, action	7,525
	5	Harbin	Dec 18	Crime, action	4,911
2025	1	Pretty Crazy	Aug 13	Romance, comedy	438
	2	There is no choice	Sep 24	Drama	2,943
	3	Bugonia (US)	Nov 5	SF, comedy	74
2026	1	Tazza 4	TBD	Drama, crime	
	2	Ode to My Father 2	TBD	Drama	
	3	Paradise	TBD	Mystery	
TBD	2	Veteran 3	TBD	Crime, action	

Note: 1. Domestic cumulative audience (as of May 8, 2026)
2. *Bugonia, remake of Save the Green Planet, US release (Oct 31,2025), Korea release (Nov 5, 2025)

Source: Media reports, Korean Film Council, Samsung Securities

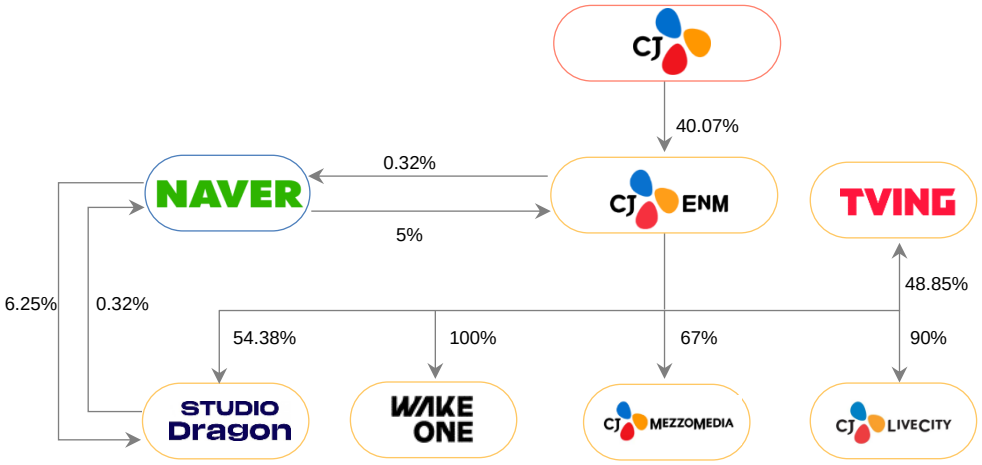
Table 8. Equity holdings

Company (ticker)	Stake (%)	Value of stake (KRWb)	Company (ticker)
Netmarble (251270)*	16.8	591.4	Nov 2011
Studio Dragon (253450)	54.4	518.1	May 2016
Naver (035420)	0.3	114.5	Oct 2020
KT Genie Music (043610)	15.4	15.3	Oct 2018
APR (278470)	0.1	9.1	Jun 2023
Dexter (206560)	6.7	4.0	Mar 2020
YLab (432430)	9.3	5.0	Aug 2021
Total	-	1,257.5	-
Treasury stock	5.4	59.3	-

Note: 1. Treasury stock acquisition (merger-related put option exercise, Jul 1, 2018), treasury share swap with Naver (Oct 27, 2020)
2. Stake reference (2025 annual report), valuation reference (Apr 3, 2026 closing price)

Source: Dart, FnGuide, Samsung Securities

Chart 10. CJ ENM: Ownership structure



Source: Company data, Samsung Securities

Table 9. Sum-of-the-parts valuation

(KRWb)	NOPLAT	Multiple (x)	Value	Note
Operating value (a)			2,484	**12MF basis**
Media/Platform	49	20	972	
Pictures/Drama	25	20	499	Excludes value of Studio Dragon
Music	49	10	488	IP value
Commerce	75	7	525	Peer 12-month forward PER
Equity value (b)			731	
Studio Dragon			311	40% discount to market cap; 54.5% stake
Netmarble			355	40% discount to market cap; 16.8% stake*
Naver			65	40% discount to market cap; 0.32% stake
Total value			3,215	
Net debt (c)			1,659	
Fair value			1,556	**=(a)+(b)-(c)**
Shares ('000)			21,929	
Fair value per share			70,947	
Target price (KRW)			71,000	
Current price			50,100	
Upside (%)			41.7	

Note: based on May 8 closing prices

Source: FnGuide, Samsung Securities estimates

Table 10. Adjustments to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Diff (%)	New	Diff (%)	Old
Sales	5,513.1	5,471.0	-0.8	5,856.3	5,775.8	-1.4
Operating profit	182.5	128.6	-29.5	215.8	204.0	-5.5
Operating margin (%, %pts)	3.3	2.4	-1.0	3.7	3.5	-0.2
Pre-tax profit	97.2	79.6	-18.1	142.3	165.5	16.3
Net profit (controlling)	64.2	49.1	-23.5	88.2	81.4	-7.7

Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**5,231**	**5,135**	**5,471**	**5,776**	**6,135**
Cost of goods sold	3,520	3,429	3,741	3,904	4,161
Gross profit	**1,711**	**1,706**	**1,730**	**1,872**	**1,974**
Gross margin (%)	32.7	33.2	31.6	32.4	32.2
SG&A expenses	1,607	1,573	1,601	1,668	1,744
Operating profit	**104**	**133**	**129**	**204**	**231**
Operating margin (%)	2.0	2.6	2.4	3.5	3.8
Non-operating gains (losses)	**-636**	**-49**	**-49**	**-39**	**-11**
Financial profit	150	131	91	85	86
Financial costs	292	237	185	184	164
Equity-method gains (losses)	-0	37	70	76	83
Other	-493	21	-24	-16	-16
Pre-tax profit	**-532**	**84**	**80**	**165**	**219**
Taxes	49	67	26	40	54
Effective tax rate (%)	-9.2	79.8	33.0	24.5	24.5
Profit from continuing operations	-581	17	53	125	165
Profit from discontinued operations	0	0	0	0	0
Net profit	**-581**	**17**	**53**	**125**	**165**
Net margin (%)	-11.1	0.3	1.0	2.2	2.7
Net profit (controlling interests)	-503	30	49	81	111
Net profit (non-controlling interests)	-77	-12	4	44	55
EBITDA	1,706	1,387	1,164	1,261	1,317
EBITDA margin (%)	32.6	27.0	21.3	21.8	21.5
EPS (parent-based) (KRW)	-22,955	1,345	2,239	3,713	5,055
EPS (consolidated) (KRW)	-26,487	776	2,430	5,700	7,543
Adjusted EPS (KRW)*	-22,955	1,345	2,239	3,713	5,055

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,403**	**1,166**	**944**	**1,181**	**1,202**
Net profit	-581	17	53	125	165
Non-cash profit and expenses	2,315	1,480	1,126	1,151	1,181
Depreciation	81	82	71	64	58
Amortization	1,521	1,172	964	993	1,028
Other	714	226	91	94	95
Changes in A/L from operating activities	-148	-179	-70	79	37
Cash flow from investments	**-936**	**-1,023**	**-764**	**-1,157**	**-1,167**
Change in tangible assets	106	-25	-54	-65	-65
Change in financial assets	-23	-21	-5	-33	-23
Other	-1,019	-977	-705	-1,059	-1,080
Cash flow from financing	**-569**	**-330**	**-70**	**-104**	**-66**
Change in debt	-341	-323	-70	-104	-58
Change in equity	-24	-2	0	0	0
Dividends	0	0	0	0	-8
Other	-204	-5	0	0	0
Change in cash	-59	-191	14	29	58
Cash at beginning of year	1,033	973	782	797	826
Cash at end of year	973	782	797	826	884
Gross cash flow	**1,735**	**1,497**	**1,180**	**1,276**	**1,347**
Free cash flow	**1,339**	**1,137**	**890**	**1,116**	**1,137**

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)	2024	2025	2026E	2027E	2028E
Current assets	**2,909**	**2,552**	**2,707**	**2,801**	**2,970**
Cash & equivalents	973	782	797	826	884
Accounts receivable	1,115	1,021	1,121	1,160	1,233
Inventories	137	143	145	154	160
Other current assets	684	606	644	661	695
Fixed assets	**6,407**	**6,115**	**5,876**	**5,925**	**5,989**
Investment assets	1,994	2,021	2,054	2,032	2,033
Tangible assets	861	849	832	833	839
Intangible assets	2,664	2,321	2,068	2,104	2,146
Other long-term assets	889	923	923	957	971
Total assets	**9,317**	**8,667**	**8,583**	**8,726**	**8,959**
Current liabilities	**3,814**	**3,201**	**3,169**	**3,173**	**3,188**
Accounts payable	253	281	279	275	284
Short-term debt	1,046	763	682	618	640
Other current liabilities	2,515	2,158	2,209	2,281	2,264
Long-term liabilities	**1,824**	**2,020**	**2,049**	**2,063**	**2,124**
Bonds & long-term debt	1,010	1,197	1,197	1,173	1,203
Other long-term liabilities	814	822	852	890	921
Total liabilities	**5,639**	**5,221**	**5,218**	**5,236**	**5,312**
Owners of parent equity	**2,794**	**2,789**	**2,704**	**2,786**	**2,888**
Capital stock	111	111	111	111	111
Capital surplus	2,432	2,431	2,431	2,431	2,431
Retained earnings	380	412	461	542	645
Other	-129	-164	-298	-298	-298
Non-controlling interests' equity	**884**	**656**	**661**	**704**	**759**
Total equity	**3,678**	**3,446**	**3,365**	**3,490**	**3,647**
Net debt	1,886	1,747	1,659	1,505	1,374

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	19.8	-1.9	6.6	5.6	6.2
Operating profit	nm	27.2	-3.2	58.6	13.0
Net profit	nm	nm	213.2	134.6	32.3
Adjusted EPS**	nm	nm	66.4	65.8	36.2
Per-share data (KRW)					
EPS (parent-based)	-22,955	1,345	2,239	3,713	5,055
EPS (consolidated)	-26,487	776	2,430	5,700	7,543
Adjusted EPS**	-22,955	1,345	2,239	3,713	5,055
BVPS	134,764	134,461	130,362	134,287	139,231
DPS (common)	0	0	0	400	700
Valuations (x)					
P/E***	n/a	48.0	19.1	11.5	8.4
P/B***	0.4	0.5	0.3	0.3	0.3
EV/EBITDA	2.3	2.8	2.8	2.5	2.3
Ratios (%)					
ROE	-16.7	1.1	1.8	3.0	3.9
ROA	-6.0	0.2	0.6	1.4	1.9
ROIC	2.6	0.7	2.3	4.3	4.8
Payout ratio	0.0	0.0	0.0	10.2	13.1
Dividend yield (common)	0.0	0.0	0.0	0.9	1.6
Net debt to equity	51.3	50.7	49.3	43.1	37.7
Interest coverage (x)	0.6	0.8	0.8	1.3	1.5

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Target price changes in past two years

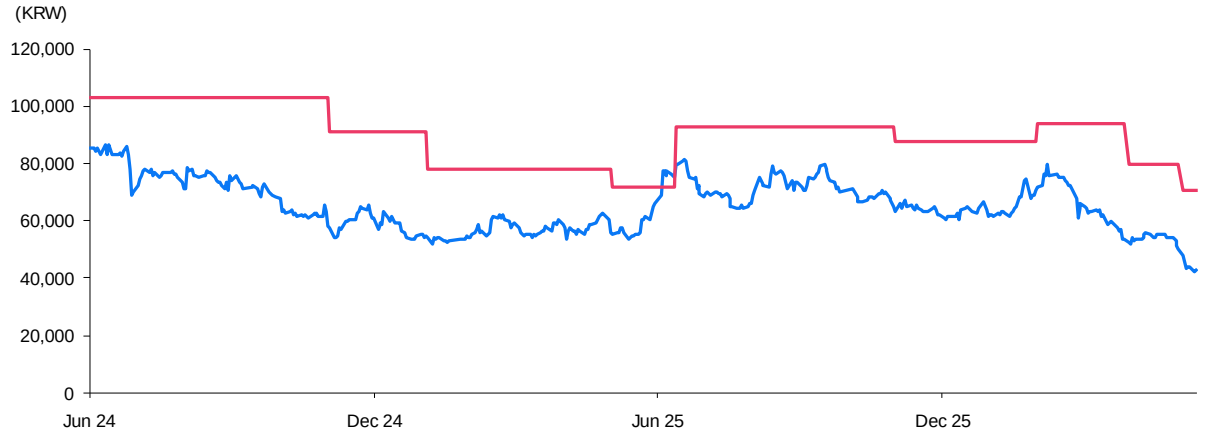

Chart 11. Rating changes over past two years (adjusted share prices)

Date	2024/2/8	11/8	2025/1/10	5/9	6/19	11/7	2026/2/6	4/6	5/11
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	103000	91000	78000	72000	93000	88000	94000	80000	71000
Gap* (average)	-26.04	-35.21	-27.11	-12.02	-23.09	-26.75	-29.99	-32.53	
(max or min)**	-11.55	-27.69	-19.87	7.64	-12.04	-15.00	-14.89	-30.25	

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

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Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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