COMPANY UPDATE

2026. 5. 20

Tech Team

Minha Choi
Senior Analyst
minha22.choi@samsung.com

Scan to go to
Research Center report database

SM Entertainment (041510)

Earnings show improved resilience

- SM Entertainment reported a 1Q operating profit of KRW38.6b (up 18.5% y-y), around the top end of market forecasts. Profit growth was driven by higher sales from concerts, merchandise, and licensing, as well as profitability improvements across key subsidiaries.
- Larger-scale concerts by key artists in 2H and the upcoming debut of SMTR25 are developments worth monitoring.

▶ AT A GLANCE

BUY

Target price	KRW133,000	47%
Current price	**KRW90,500**	
Market cap	KRW2.1t/USD1.4b	
Shares (float)	22,894,690 (58.3%)	
52-week high/low	KRW153,000/KRW83,000	
Avg daily trading value (60-day)	KRW10.4b/ USD6.9m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
SM Entertainment (%)	-4.4	-10.7	-23.9
Vs Kosdaq (%pts)	3.1	-28.2	-49.9

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	133,000	150,000	-11.3%
2026E EPS	5,902	5,980	-1.3%
2027E EPS	6,668	6,758	-1.3%

▶ SAMSUNG vs THE STREET

No of estimates	19
Target price	130,105
Recommendation	4.0

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

WHAT'S THE STORY?

1Q results around top end of market forecasts: SM Entertainment reported 1Q consolidated sales of KRW279.1b (up 20.6% y-y) and operating profit of KRW38.6b (up 18.5% y-y), both around the top end of market forecasts. Top-line growth was led by: 1) concert sales rising 56.0% y-y due to larger-scale performances from key artists; and 2) merchandise and licensing sales growing 20.3% y-y on strong sales of merchandise tied to pop-up events and tours. Album and digital music sales declined 15.2% y-y, due to a high base from last year's one-time revenue generated by a China-bound digital music distribution agreement. However, the decline was contained by stronger new album sales by artists like EXO (1.01m copies) and NCT JNJM (0.52m copies). Profitability improvements across key subsidiaries were also notable. SM Japan turned profitable, supported by expanded activities in the Japanese market. Dream Maker recorded a decline in sales due to fewer large-scale concerts, yet expanded its profit through cost cuts.

(Continued on the next page)

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	279.1	20.6	-12.5	8.1	8.3
Operating profit	38.6	18.5	-29.3	-0.8	5.9
Pre-tax profit	57.4	-78.1	494.4	26.6	38.6
Net profit	36.7	-85.5	18.1	16.1	22.3
Margins (%)					
Operating profit	13.8				
Pre-tax profit	20.6				
Net profit	13.1				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	8.9	15.3	13.6
P/B	3.1	1.9	1.7
EV/EBITDA	11.7	7.1	6.0
Div yield (%)	1.2	1.5	1.8
EPS growth (% y-y)	1,843.8	-61.0	13.0
ROE (%)	41.6	12.9	13.2
Per-share data (KRW)			
EPS	15,126	5,902	6,668
BVPS	43,793	48,007	53,275
DPS	1,620	1,400	1,650

Outlook: In 2Q, new album releases and promotional activities are planned for aespa, RIIZE, NCT WISH, and Hearts2Hearts. Recently, aespa completed a dome tour in two Japanese cities and announced its fourth world tour, launching in Aug 2026 with stops in North America and Europe. Hearts2Hearts continues to grow its global fanbase and is gaining visibility on music charts, strengthening its position as a next-generation IP. One key area to watch this year is SM Entertainment's progress in improving presence and concert scale in Western markets—historically cited as a weakness compared to competitors—where early signs of improvement appear to be emerging.

Maintaining BUY: SMTR25, a boy group trainee, has been building a strong fanbase through broadcasts and fan meetings even before their official debut, which is expected before year-end. Additionally, an official pop-up store in Shanghai will open to help the SM Entertainment capture local demand and further grow merchandise sales. Reflecting an industry-wide decline in valuations, we lower our target price to KRW133,000, based on a forward P/E of 22x—a 10% discount to the average of domestic and international peers (Bloomberg), down from 25x previously.

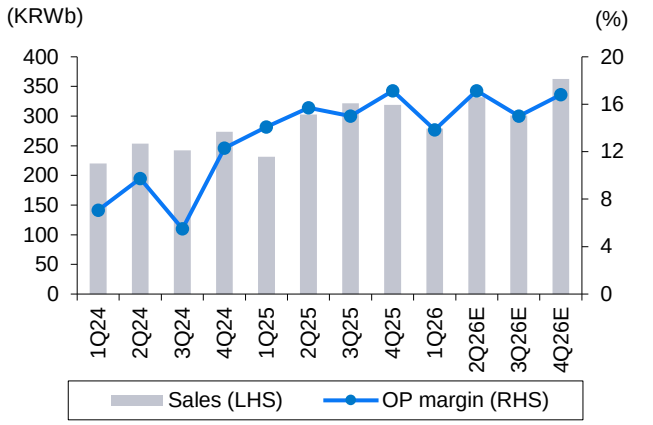
Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	220.1	253.9	242.2	273.6	231.4	302.9	321.6	319.0	279.1	331.9	300.9	362.5	989.7	1,174.9	1,274.4	1,388.6
SM Ent.	136.1	174.1	172.1	181.8	165.5	220.3	224.5	202.2	189.3	236.4	208.0	239.0	664.1	812.5	872.8	948.1
SM C&C	23.9	27.9	24.8	33.4	17.7	21.1	25.4	36.3	21.5	22.1	25.9	37.2	109.9	100.5	106.7	112.3
SM Ent. Japan	27.4	18.7	22.0	20.2	20.8	26.0	24.4	25.7	30.5	34.6	21.0	34.5	88.3	96.9	120.6	135.7
Dear U	-	-	-	-	-	20.2	22.3	23.8	23.4	23.6	24.3	25.3	-	66.3	96.5	105.0
Dream Maker	12.9	7.5	10.5	5.0	23.0	14.9	8.5	16.5	7.3	12.6	18.4	20.0	35.9	62.9	58.3	66.9
Keyeast	25.4	16.1	13.3	21.0	4.5	3.0	3.6	4.6	8.5	3.8	1.8	4.4	75.8	15.7	18.6	19.0
COGS	148.9	176.1	168.9	188.6	148.0	188.4	202.6	203.4	178.7	207.7	190.4	232.2	682.5	742.4	809.0	873.9
Gross profit	71.1	77.7	73.4	85.0	83.4	114.5	119.0	115.6	100.4	124.2	110.5	130.4	307.2	432.5	465.5	514.7
SG&A costs	55.6	53.0	60.0	51.3	50.8	66.9	70.8	61.0	61.8	67.3	65.4	69.4	219.9	249.5	263.9	286.7
Operating profit	15.5	24.7	13.3	33.7	32.6	47.6	48.2	54.6	38.6	56.9	45.1	60.9	87.3	183.0	201.6	228.0
Operating margin (%)	7.1	9.7	5.5	12.3	14.1	15.7	15.0	17.1	13.8	17.1	15.0	16.8	8.8	15.6	15.8	16.4
Non-operating gains (losses)	3.7	-3.6	3.2	-64.5	229.3	-8.3	8.7	-45.0	18.8	9.4	10.8	-18.3	-61.2	184.7	20.7	25.3
Pre-tax profit	19.3	21.1	16.5	-30.8	261.9	39.3	56.9	9.7	57.4	66.4	55.9	42.6	26.1	367.7	222.3	253.3
Net profit (controlling)	12.1	7.3	6.3	-7.3	248.2	29.3	39.8	29.9	32.5	42.9	33.9	25.9	18.3	347.2	135.1	152.7
Growth (% y-y)																
Sales	7.9	5.9	-9.0	9.0	5.2	19.3	32.8	16.6	20.6	9.6	-6.4	13.6	3.0	18.7	8.5	9.0
SM Ent.	6.2	25.4	-8.8	11.0	21.5	26.5	30.5	11.2	14.4	7.3	-7.4	18.2	7.2	22.3	7.4	8.6
SM C&C	11.7	-5.1	-26.9	-21.7	-26.1	-24.2	2.5	8.7	21.3	4.5	2.2	2.5	-13.6	-8.6	6.2	5.3
SM Ent. Japan	2.4	-6.4	-8.5	65.7	-23.9	38.6	11.1	27.1	46.5	33.1	-14.1	34.3	6.4	9.8	24.4	12.5
Dear U	-	-	-	-	-	-	-	-	-	16.7	8.8	6.2	-	-	45.6	8.8
Dream Maker	-42.1	-78.4	-40.3	-74.4	78.1	99.0	-19.1	228.8	-68.1	-15.8	117.2	21.2	-61.9	75.2	-7.3	14.6
Keyeast	31.6	22.6	39.2	110.0	-82.3	-81.7	-72.8	-78.0	89.8	30.0	-50.0	-5.0	45.8	-79.3	18.3	2.4
COGS	13.1	12.5	5.5	9.9	-0.6	6.9	20.0	7.9	20.7	10.3	-6.0	14.2	10.1	8.8	9.0	8.0
Gross profit	-1.4	-6.5	-30.9	7.0	17.2	47.3	62.2	36.0	20.4	8.4	-7.1	12.7	-9.9	40.8	7.6	10.6
SG&A costs	3.1	11.5	7.8	-27.1	-8.6	26.3	17.9	18.8	21.6	0.5	-7.6	13.8	-3.4	13.4	5.8	8.6
Operating profit	-14.9	-30.6	-73.6	272.9	109.6	92.4	261.6	62.2	18.5	19.5	-6.4	11.5	-23.1	109.7	10.1	13.1
Operating margin (%pts)	-1.9	-5.1	-13.5	8.7	7.0	6.0	9.5	4.8	-0.3	1.4	0.0	-0.3	-3.0	6.8	0.2	0.6
Non-operating gains (losses)	-66.2	nm	-93.7	nm	6,083.8	nm	173.6	nm	-91.8	nm	24.1	nm	nm	nm	-88.8	22.3
Pre-tax profit	-34.2	-47.5	-83.7	nm	1,260.0	85.7	244.6	nm	-78.1	69.0	-1.7	341.0	-78.1	1,310.0	-39.6	14.0
Net profit (controlling)	-43.5	-71.4	-92.4	nm	1,959.3	303.7	530.3	nm	-86.9	46.5	-14.8	-13.6	-79.0	1,796.3	-61.1	13.0

Note: Dear U was consolidated in 2Q25;
SM Entertainment is in the process of selling its stake in Keyeast, and upon the closing of the transaction, Keyeast may be excluded from SM Entertainment's consolidated financial results

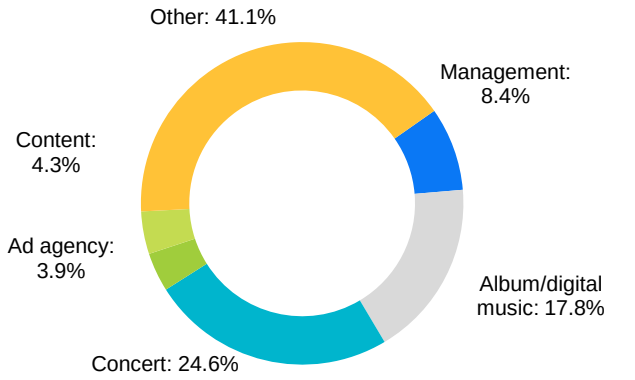
Source: Company data, Samsung Securities

Chart 1. Sales and operating margin



Source: Company data, Samsung Securities

Chart 2. Sales, by business (1Q26)



Source: Company data, Samsung Securities

Table 2. Album sales: 1Q26 vs 1Q25

1Q26				1Q25			
Rank	**Artists**	**Key album**	**Sales (units)**	**Rank**	**Artists**	**Key album**	**Sales (units)**
1	EXO	Total	1,006,773	1	Hearts2Hearts	Total	420,032
		REVERXE	776,374			The Chase	355,831
2	NCT JNJM	Total	520,428	2	Ten (NCT)	Tota	155,069
		BOTH SIDES	463,606			STUNNER	130,069
3	Irene	Total	220,445	3	SM TOWN	Tota	153,194
	(Red Velvet)	Biggest Fan	213,717			2025 SM TOWN	67,553
4	Taeyeon	Total	40,364	4	Seulgi	Tota	137,707
	(SNSD)	Panorama: The Best of TAEYEON (LP)	30,789		(Red Velvet)	Accidentally On Purpose	137,707
5	Hearts2Hearts	Total	26,131	5	aespa	Tota	71,605
		I FOCUS	18,879			Drama	32,420
Total album sales			**1,849,691**				**4,100,250**

Note: Based on Circle Chart Top 100

Source: Company data, Circle Chart, Samsung Securities

Table 3. Albums released in 2026

Artist	Album/EP	Release	Category	Sales* (units)
NCT WISH	WISHLIST	Jan 14	Japan 1st EP	
GPP (*SM Japan)	Bring it Back	Jan 14	Japan 1st single	
EXO	REVERXE	Jan 19	8th album	1,006,773
RIIZE	All of You	Feb 18	Japan 2nd single	
Hearts2Hearts	RUDE!	Feb 20	Digital single	
NCT JNJM	BOTH SIDES	Feb 23	1st EP	520,428
Minho (Shinee)	Sunkissed	Feb 25	Japan single	
HYO (SNSD)	MOVEURBODY	Feb 23	Digital single	
Irene (Redvelvet)	Biggest Fan	Mar 30	1st album	220,445
Taeyong (NCT)	Rock Solid	Apr 17	Digital single	
NCT WISH	Ode to Love	Apr 20	1st album	1,825,925*
XngHan & Xoul	Glow	Apr 27	1st EP	111,807*
Aespa	WDA (Whole Different Animal)	May 11	Pre-release single (2nd album)	
Taeyong (NCT)	WYLD	May 18	1st album	
Yesung (Super Junior)	Waiting for the Time to Bloom	May 27	Japan 2nd album	
Aespa	Lemonade	May 29	2nd album	
RIIZE	TBD	Jun 15	2nd EP	
Shinee	TBD	2Q26	6th EP	
Hearts2Hearts	TBD	2Q26	2nd EP	
Ryeowook (Super Junior)	TBD	2Q26	1st single	
Taeyeon (SNSD)	TBD	3Q26	4th album	
NCT127	TBD	3Q26	7th album	
Super Junior -83z	TBD	3Q26	1st EP	
Yesung (Super Junior)	TBD	3Q26	2nd album	
Minho (Shinee)	TBD	3Q26	2nd EP	
Chanyeol (EXO)	TBD	3Q26	Japan 1st EP	
Red Velvet	TBD	3Q26	8th EP	
Irene & Seulgi (Red Velvet)	TBD	3Q26	Japan 1st EP	
WayV	TBD	3Q26	8th EP	
Aespa	TBD	3Q26	Japan 1st EP	
Yunho (TVXQ)	TBD	3Q26	Single 1st	
RIIZE	TBD	3Q26	Japan 3rd single	
Ryeowook (Super Junior)	TBD	3Q26	Japan 3rd single	
NCT WISH	TBD	3Q26	Japan 3rd single	
Hearts2Hearts	TBD	3Q26	Japan 1st single	
SMTR25	TBD	4Q26	TBD	

Notes: Based on Circle Chart Top-100;
Figures span from release date to Mar 31, 2025;
*NCT WISH's 1st album and XngHan & Xoul's 1st EP sales are from the first week only
Source: Local media, company data, Circle Chart, Hanteo Chart, Samsung Securities

Table 4. Concerts in 2026

Artist	Country	Concert/fan meeting	Dates	Cities	Shows
Super Junior	Asia	SUPER SHOW 10	Jan 2-Mar 8	Asia 6 cities	12
NCT WISH	Asia	INTO THE WISH: Our WISH	Jan 3-Mar 28	Asia 8 cities	12
NCT DREAM	Japan	FUTURE THE DREAM	Jan 8-Jan 25	Osaka, Nagoya	5
RIIZE	Asia	RIIZING LOUD	Jan 10-Mar 8	Asia 6 cities	11
Minho (Shinee)	Japan	(Fan meeting) Our Movie	Jan 10-Jan 11	Yokohama	2
Yuta (NCT)	Japan	PERSONA	Jan 21	Tokyo	1
Taeyong (NCT)	Asia	TY TRACK	Jan 24-Mar 29	Asia 5 cities	8
SM TOWN	Asia	SM TOWN LIVE	Jan 31-Feb 14	Hong Kong, Bangkok	3
Aespa	Asia	aeXIS LINE	Feb 7-Mar 9	Hong Kong, Macau	4
NCT WISH	Korea	(Fan meeting) 6 princes	Feb 21	Seoul	2
Hearts2Hearts	Asia	(Fan meeting) Hearts 2 House	Feb 21-Mar 28	Seoul, Jakarta	3
NCT DREAM	Korea	FUTURE THE DREAM: Finale	Mar 20-29	Seoul	6
Super Junior	Korea	SUPER SHOW 10	Apr 3-5	Seoul	3
NCT WISH	Asia	INTO THE WISH: Our WISH	Apr 4-19	Bangkok, Jakarta, Seoul	5
Aespa	Asia	aeXIS LINE	Apr 4-26	Jakarta, Osaka, Tokyo	5
EXO	Asia	EXhorizon	Apr 10-Jun 20	Asia 9 cities	19
Taeyong (NCT)	Asia	TY TRACK	Apr 11	Kuala Lumpur	1
TVXQ	Japan	RED OCEAN	Apr 25-26	Yokohama	2
XngHan & Xoul	Korea	(Fan meeting) Let's Glow	Apr 26	Seoul	2
SMTR25	Asia	(Fan meeting) Graduation Trip	May1-30	Seoul, Macau, Yokohama, Bangkok	7
Yesung (Super Junior)	Japan	咲き誇る時を待つのは	May 5-30	Osaka, Aichi, Tokyo	5
Irene (Red Velvet)	Asia	I-WILL	May 23-Jun 20	Seoul, Taipei, Macau	5
Shinee	Korea	The Invert	May 29-Jun 7	Seoul. Saitama	5
Jaehyun (NCT)	Asia	(Fan concert) MONO	Jun 6-28	Seoul, Macau, Jakarta, Bangkok	6
NCT JNJM	Asia	(Fan meeting) Duality	Jun 13-28	Seoul, Tokyo	5
Jaehyun (NCT)	Asia	(Fan concert) MONO	Jul 4-5	Taipei	2
Irene (Red Velvet)	Asia	I-WILL	Jul 4-18	Singapore, Bangkok	2
EXO	Asia	EXhorizon	Jul 4-26	Asia 4 cities	7
NCT JNJM	Asia	(Fan meeting) Duality	Jul 4-Aug 8	Asia 4 cities	5
RIIZE	Japan	(Fan meeting)	Jul 10-24	Japan 3 cities	5
Ryeowook (Super Junior)	Asia	RPG- RIIZE Playing Game DIVE TO BLUE	Jul 11-Aug 1	Seoul, Bangkok, Macau, Taiwan	5
Yunho (TVXQ)	Korea	PROJECT 26: SCENE#1	Jul 17-19	Seoul	3
Aespa	Japan	(Fan meeting) MY CLASSMaeTE	Jul 18-20	Tokyo	3
Super Junior-83z	Asia	(Fan concert) '1983'	Jul 25-Sep19	Seoul, Asia 5 cities	8
Aespa	Global	SYNK: COMPLæXITY	Aug 7-Sep 29	Seoul, Taipei, South America 4 cities, North America 6 cities	13
Aespa	America	SYNK: COMPLæXITY	Oct 3-11	North America 4 cities	4
Super Junior-83z	Asia	(Fan concert) '1983'	Oct 3-Nov 21	Asia 3 cities	3
Aespa	Europe	SYNK: COMPLæXITY	Jan 14-Feb 2	Europe 9 cities	9

Source: Local media, Company data, Samsung Securities

Chart 3. SMTR25: Fan meeting tour (May 1-30)

Note: SMTR25 held 7 fan meetings across 4 cities
Source: Company data, Samsung Securities

Chart 4. SMTown Store Shanghai: SM Entertainment's first merchandise store in China

Note: Opened Apr 29
Source: Company data, Mnet, Samsung Securities

Table 5. Artist lineup

Group	Member	Debut	Group	Member	Debut	Group	Member	Debut	Group	Member	Debut
Kangta		1996	**Red Velvet**	Irene	2014	**Aespa**	Karina	2020	**Hearts2Hearts**	Jiwoo	Feb 2025
TVXQ	Yunho	2003		Seulgi			Giselle			Carmen	
	Changmin			Joy			Winter			Yuha	
Super	Leeteuk	2005	**NCT**	Jonny	2016		Ningning			Stella	
Junior	Heechul			Taeyong		**RIIZE**	Shotaro	Sep 2023		Juun	
	Yesung			Yuta			Eunseok			A-Na	
	Sindong			Doyoung			Sungchan			Leean	
	Siwon			Jaehyun			Wonbin			Ye-on	
	Ryeowook			Jungwoo			Sohee		**XngHan & Xoul**	Seounghan	Jul 2025
	Sungmin			Renjun			Anton		**SMTR25**		2H26
Girl's	Taeyeon	2007		Jeno		**NCT WISH**	Sion	Feb 2024	**(Boy group)**		
Generation	Hyoyeon			Haechan			Riku		**Boy (Thailand)**		2027
	Yuri			Jaemin			Yushi		**Boy (Japan)**		2027-28
Super Junior M	Zhoumi	2008		Chenle			Jahee		**Boy (China)**		
Shinee	Key	2008		Jisung			Ryo				
	Minho		**WayV**	Kun	2019		Sakuya				
EXO	Suho	2014		Winwin		**dearALICE**	James sharp	Feb 2025			
	Chanyeol			Xiaojun			Dexter Greenwood				
	Kai			Hendery			Oliver Queen				
	Sehun			Yangyang			Reese Carter				
							Blaise Noon				

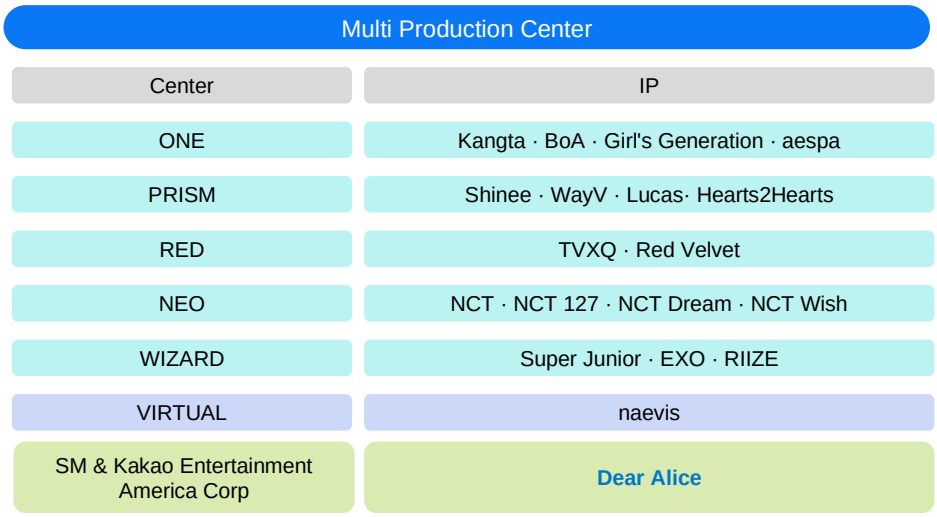
Note: BoA announced departure from SM Entertainment (2000-2025);
Mark and Ten announced departure from SM (Apr 8,2026);
Lucas announced departure from SM (Apr 24, 2026)
Source: Company data, Samsung Securities

Table 6. Partnership with Tencent Music Entertainment

Category	Details
SM Entertainment	Extensive global distribution network & global fandom management expertise
	World-class A&R system and music/music-video production capabilities
	Strong experience in artist-driven merchandise planning and execution of global concerts
	Structured casting and training management system
Tencent Music Entertainment	Dominant platform influence and localized marketing power in China
	Supporting China-tailored content creation through in-house studios
	Platform traffic based on 500m MAU and diversified monetization channels
	Advanced fandom analysis and market forecasting capabilities based on user data
Expected benefits	Value chain expansion through end-to-end collaboration
	Tangible results from IP monetization
	Creation of a success model for idol development

Source: Company data, Samsung Securities

Chart 5. Multi production center



Source: Company data, Samsung Securities

Table 7. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg %
Sales	1,298.2	1,274.4	-1.8	1,378.3	1,388.6	0.8
Operating profit	205.9	201.6	-2.1	223.4	228.0	2.1
Operating margin (%, %pts)	15.9	15.8	-0.0	16.2	16.4	0.2
Pre-tax profit	202.1	222.3	10.0	228.7	253.3	10.8
Net profit (controlling)	136.9	135.1	-1.3	154.7	152.7	-1.3

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**990**	**1,175**	**1,274**	**1,389**	**1,422**
Cost of goods sold	682	742	809	874	895
Gross profit	**307**	**433**	**465**	**515**	**527**
Gross margin (%)	31.0	36.8	36.5	37.1	37.1
SG&A expenses	220	250	264	287	292
Operating profit	**87**	**183**	**202**	**228**	**235**
Operating margin (%)	8.8	15.6	15.8	16.4	16.6
Non-operating gains (losses)	**-61**	**185**	**21**	**25**	**21**
Financial profit	23	22	36	33	32
Financial costs	9	14	14	14	14
Equity-method gains (losses)	-2	214	6	7	8
Other	-73	-37	-7	-0	-5
Pre-tax profit	**26**	**368**	**222**	**253**	**256**
Taxes	25	8	75	87	88
Effective tax rate (%)	96.9	2.3	33.6	34.5	34.4
Profit from continuing operations	1	359	148	166	168
Profit from discontinued operations	0	0	0	0	0
Net profit	**1**	**359**	**148**	**166**	**168**
Net margin (%)	0.1	30.6	11.6	12.0	11.8
Net profit (controlling interests)	18	347	135	153	155
Net profit (non-controlling interests)	-17	12	12	13	13
EBITDA	149	250	250	265	264
EBITDA margin (%)	15.1	21.3	19.6	19.1	18.6
EPS (parent-based) (KRW)	778	15,126	5,902	6,668	6,750
EPS (consolidated) (KRW)	35	15,655	6,446	7,250	7,335
Adjusted EPS (KRW)*	778	15,126	5,902	6,668	6,750

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**814**	**980**	**1,171**	**1,390**	**1,564**
Cash & equivalents	358	365	504	663	819
Accounts receivable	158	180	196	213	218
Inventories	28	24	26	28	29
Other current assets	270	412	446	486	498
Fixed assets	**605**	**1,027**	**985**	**956**	**929**
Investment assets	242	145	151	158	161
Tangible assets	76	74	55	44	38
Intangible assets	140	601	572	546	523
Other long-term assets	147	207	207	207	207
Total assets	**1,419**	**2,008**	**2,157**	**2,346**	**2,492**
Current liabilities	**485**	**497**	**530**	**577**	**590**
Accounts payable	210	211	229	249	255
Short-term debt	5	5	5	5	5
Other current liabilities	269	281	295	322	330
Long-term liabilities	**105**	**152**	**159**	**168**	**170**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	105	152	159	168	170
Total liabilities	**590**	**649**	**689**	**744**	**761**
Owners of parent equity	**665**	**1,003**	**1,099**	**1,220**	**1,336**
Capital stock	12	12	12	12	12
Capital surplus	353	353	353	353	353
Retained earnings	320	618	717	837	954
Other	-20	19	17	17	17
Non-controlling interests' equity	**164**	**356**	**369**	**382**	**395**
Total equity	**829**	**1,359**	**1,468**	**1,602**	**1,732**
Net debt	-370	-510	-677	-858	-1,020

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**136**	**195**	**212**	**220**	**202**
Net profit	1	359	148	166	168
Non-cash profit and expenses	157	-80	112	108	97
Depreciation	33	34	19	11	6
Amortization	29	34	30	26	23
Other	95	-148	63	71	68
Changes in A/L from operating activities	1	-38	15	18	5
Cash flow from investments	**56**	**-150**	**-24**	**-28**	**-8**
Change in tangible assets	-22	-6	0	0	0
Change in financial assets	71	-131	-24	-28	-8
Other	7	-12	-0	-0	0
Cash flow from financing	**-144**	**-33**	**-43**	**-29**	**-37**
Change in debt	-36	-6	-6	3	1
Change in equity	-9	-0	0	0	0
Dividends	-28	-13	-37	-32	-38
Other	-72	-14	0	0	0
Change in cash	55	6	139	159	156
Cash at beginning of year	303	358	365	504	663
Cash at end of year	358	365	504	663	819
Gross cash flow	**158**	**279**	**259**	**274**	**265**
Free cash flow	**111**	**186**	**212**	**220**	**202**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	3.0	18.7	8.5	9.0	2.4
Operating profit	-23.1	109.7	10.1	13.1	3.2
Net profit	-99.0	43,786.4	-58.9	12.5	1.2
Adjusted EPS**	-78.8	1,843.8	-61.0	13.0	1.2
Per-share data (KRW)					
EPS (parent-based)	778	15,126	5,902	6,668	6,750
EPS (consolidated)	35	15,655	6,446	7,250	7,335
Adjusted EPS**	778	15,126	5,902	6,668	6,750
BVPS	29,037	43,793	48,007	53,275	58,375
DPS (common)	400	1,620	1,400	1,650	1,650
Valuations (x)					
P/E***	97.2	8.9	15.3	13.6	13.4
P/B***	2.6	3.1	1.9	1.7	1.6
EV/EBITDA	10.5	11.7	7.1	6.0	5.5
Ratios (%)					
ROE	2.6	41.6	12.9	13.2	12.1
ROA	0.1	21.0	7.1	7.4	6.9
ROIC	1.1	40.5	20.4	24.6	27.2
Payout ratio	50.0	10.7	23.7	24.7	24.4
Dividend yield (common)	0.5	1.2	1.5	1.8	1.8
Net debt to equity	-44.6	-37.6	-46.1	-53.6	-58.9
Interest coverage (x)	16.0	33.5	39.2	45.1	45.8

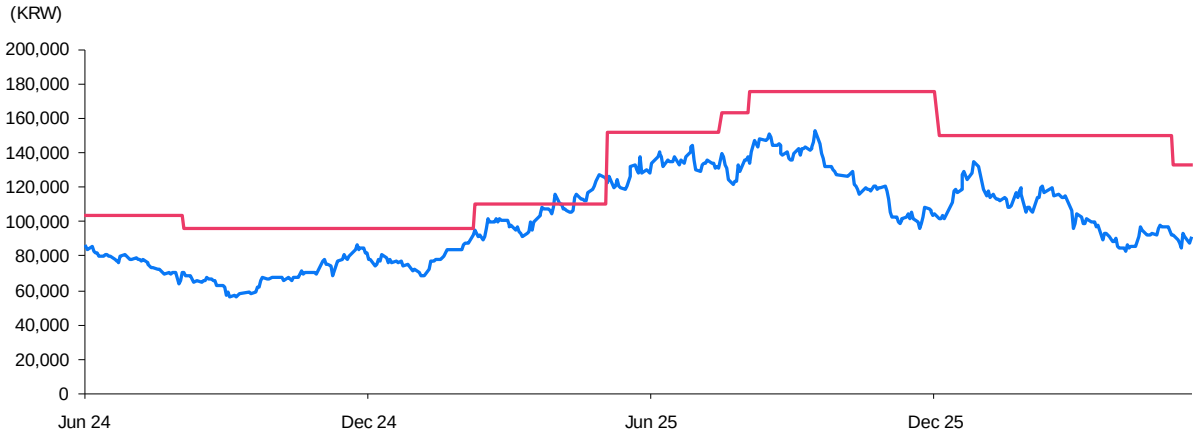
Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Compliance notice

- As of 5/19 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 5/19 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.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/8	8/8	2025/2/11	5/8	7/21	8/7	12/8	2026/5/7
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	104000	96000	110000	152000	163000	176000	150000	133000
Gap* (average)	-23.90	-24.84	-5.09	-13.15	-19.92	-28.62	-29.81	
(max or min)**	-7.88	-3.85	15.91	-4.93	-15.21	-13.07	-10.00	

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

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%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd.. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA