COMPANY UPDATE

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EV/Mobility Team

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Chunbo (278280)

Earnings momentum limited

- Chunbo's 1Q results topped consensus.
- Gradual ASP hikes and rising F-lithium salt shipments are positive, but depreciation burdens are still burdensome.
- We cut our target price to KRW47,000 and maintain HOLD rating.

WHAT'S THE STORY?

Q1 review: Chunbo reported 1Q consolidated sales of KRW40.8b and an operating loss of KRW3.4b, the latter beating FnGuide consensus of KRW5b in operating loss. The better-than-expected result owed much to the electronics materials segment, where strong demand for semiconductor materials—fueled by favorable industry conditions—pushed operating margins to 23%. The battery materials segment, however, delivered mixed results. While D-lithium salt sales more than tripled y-y, P-lithium salt volume dropped by half. F- lithium salt production scaled up, but the full impact of depreciation pushed the segment's operating margin to -33%.

Gradual ASP hikes and rising F-lithium salt shipments—positive; depreciation burdens remain: The battery materials segment's sale should balloon 62% y-y, as: 1) quarterly sales of P-lithium salt should expand on gradual ASP hikes (resulting from higher LiPF6 costs); and 2) new facilities for F-lithium salt came online (ie, more shipments). However, annual depreciation expenses from the new plant (exceeding KRW40b) should continue to offset these gains, leaving the full-year loss outlook unchanged.

Cutting target price to KRW47,000 and maintaining HOLD: We reduce our target price by 8% to KRW47,000, reflecting a sharp decline in its peers' P/E average—from 81x to 53x (Bloomberg)—despite an upward revision in our EPS forecast (from KRW444 to KRW620). We keep the stock at HOLD rating, because F- lithium salt production is underway but the anticipated cost reductions have yet to materialize and the depreciation cost should weigh on near-term earnings.

(Continued on the next page)

AT A GLANCE

HOLD

Target price	KRW47,000	-7.1%
Current price	**KRW50,600**	
Market cap	KRW616.34b/USD410.81m	
Shares (float)	12,180,680 (53.9%)	
52-week high/low	KRW79,400/KRW31,650	
Avg daily trading value (60-day)	KRW7.3b/ USD4.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Chunbo (%)	-23.3	-11.2	44.8
Vs Kosdaq (%pts)	-19.3	-29.8	-5.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	47,000	51,000	-7.8%
2026E EPS	-1,679	-1,211	38.6%
2027E EPS	620	444	39.6%

SAMSUNG vs THE STREET

No of estimates	1
Target price	79,000
Recommendation	4.0

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	40.8	14.7	18.0	2.2	3.4
Operating profit	-3.4	nm	nm	nm	nm
Pre-tax profit	-4.2	nm	nm	nm	n/a
Net profit	-9.5	nm	nm	nm	n/a
Margins (%)					
Operating profit	-8.3				
Pre-tax profit	-10.3				
Net profit	-23.3				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	n/a	n/a	81.6
P/B	1.3	1.5	1.5
EV/EBITDA	35.2	5.3	5.3
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	nm
ROE (%)	-14.6	-4.9	1.9
Per-share data (KRW)			
EPS	-5,710	-1,679	620
BVPS	36,443	33,161	33,785
DPS	0	0	0

Quarterly results

(KRWb)	1Q26	1Q25	4Q25	Chg	
				(% y-y)	(% q-q)
Sales	40.8	35.6	34.6	14.7	17.9
Operating profit	-3.4	2.8	-2.5	Turned neg	Remained neg
Pre-tax profit	-8.5	1.8	-54.3	Turned neg	Remained neg
Net profit	-8.5	0.5	-51.2	Turned neg	Remained neg
Margins (%)					
Operating profit	-8.4	7.9	-7.4		
Pre-tax profit	-20.8	5.0	-157.1		
Net profit	-20.8	1.4	-148.0		

Source: Company data, Samsung Securities estimates

Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Diff (%)	Old	New	Diff (%)
Sales	177.6	189.1	6.5	208.5	229.0	9.8
Operating profit	-24.2	-20.3	-15.9	21.6	16.1	-25.5
Pre-tax profit	-42.5	-34.2	nm	6.9	7.4	6.7
Net profit	-17.0	-23.9	nm	6.2	8.9	42.3

Source: Samsung Securities estimates

Target-price calculation

(KRW)		Note
EPS	620	
Target P/E (x)	74.5	40% premium to 2026E average at which material peers are trading (given capacity expansion (20%pt premium) and tariffs on Chinese imports (20%pt premium))
Fair value per share	46,203	
Target price	**47,000**	
Current price	51,700	As of May 15 close
Upside (%)	-9.1%	

Source: Bloomberg, Samsung Securities estimates

Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E
Sales	35.6	33.1	30.6	34.6	40.8	41.9	44.4	62.1	48.7	53.2	54.5	72.7	137.8	189.1	229.0
Battery materials	19.5	17.3	14.9	16.2	22.2	25.2	27.0	42.1	29.1	34.9	34.8	51.2	71.8	116.5	150.0
Electronics materials	12.3	12.4	12.5	14.2	14.4	13.4	14.2	15.6	15.3	14.8	16.4	17.1	51.4	57.6	63.7
Pharmaceutical and other	3.8	3.3	3.2	4.2	4.2	3.4	3.2	4.3	4.2	3.4	3.3	4.4	14.5	15.1	15.4
Operating profit	2.8	2.9	0.6	-2.2	-3.4	-8.8	-6.3	-1.8	1.3	3.1	5.3	6.4	4.0	-20.3	16.1
Battery materials	1.6	-0.2	-1.4	-3.2	-7.4	-10.1	-8.1	-4.2	-1.5	-0.3	1.1	2.3	-3.3	-29.7	1.5
Electronics materials	1.4	2.7	2.4	1.2	3.3	0.9	1.4	2.3	2.3	2.8	3.6	3.4	7.7	8.0	12.2
Pharmaceutical and other	-0.2	0.4	-0.4	-0.2	0.7	0.3	0.3	0.1	0.5	0.6	0.6	0.7	-0.4	1.4	2.4
Operating margin (%)	7.9	8.7	1.8	-6.4	-8.4	-21.0	-14.3	-2.8	2.7	5.8	9.7	8.8	2.9	-10.8	7.0
Battery materials	8.0	-0.9	-9.4	-20.1	-33.2	-40.0	-30.0	-10.0	-5.0	-1.0	3.0	4.5	-4.5	-25.5	1.0
Electronics materials	11.6	21.5	19.2	8.4	22.8	7.0	10.0	15.0	15.0	19.0	22.0	20.0	15.0	13.8	19.1
Pharmaceutical and other	-4.3	11.3	-14.1	-3.8	16.0	9.4	10.4	2.2	11.4	17.1	18.5	16.0	-2.7	9.4	15.5

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**145**	**134**	**189**	**229**	**268**
Cost of goods sold	159	120	190	193	220
Gross profit	**-14**	**13**	**-1**	**36**	**48**
Gross margin (%)	-9.7	10.0	-0.5	15.8	18.0
SG&A expenses	9	10	19	20	21
Operating profit	**-23**	**4**	**-20**	**16**	**27**
Operating margin (%)	-15.7	2.8	-10.8	7.0	10.2
Non-operating gains (losses)	**-5**	**-67**	**-14**	**-9**	**-14**
Financial profit	4	16	2	4	5
Financial costs	24	81	18	18	20
Equity-method gains (losses)	1	1	2	6	0
Other	15	-2	-0	-0	-0
Pre-tax profit	**-28**	**-63**	**-34**	**7**	**13**
Taxes	5	-3	-10	-1	1
Effective tax rate (%)	-16.7	4.5	30.0	-20.0	4.8
Profit from continuing operations	-32	-60	-24	9	12
Profit from discontinued operations	0	0	0	0	0
Net profit	**-32**	**-60**	**-24**	**9**	**12**
Net margin (%)	-22.3	-44.8	-12.7	3.9	4.6
Net profit (controlling interests)	-27	-58	-20	8	11
Net profit (non-controlling interests)	-5	-2	-4	1	2
EBITDA	-3	27	166	151	116
EBITDA margin (%)	-2.2	19.8	87.8	65.8	43.5
EPS (parent-based) (KRW)	-2,740	-5,710	-1,679	620	863
EPS (consolidated) (KRW)	-3,232	-5,931	-1,975	730	1,016
Adjusted EPS (KRW)*	-2,740	-5,710	-1,679	620	863

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**247**	**126**	**247**	**383**	**477**
Cash & equivalents	16	15	92	195	257
Accounts receivable	24	26	36	43	51
Inventories	32	31	45	54	64
Other current assets	175	53	75	90	106
Fixed assets	**760**	**724**	**582**	**487**	**438**
Investment assets	34	47	61	71	81
Tangible assets	705	652	496	392	333
Intangible assets	1	1	1	1	1
Other long-term assets	20	23	23	23	23
Total assets	**1,008**	**850**	**829**	**871**	**915**
Current liabilities	**490**	**320**	**325**	**357**	**388**
Accounts payable	3	5	6	7	9
Short-term debt	128	97	97	97	97
Other current liabilities	359	218	222	253	283
Long-term liabilities	**103**	**62**	**62**	**63**	**63**
Bonds & long-term debt	101	60	60	60	60
Other long-term liabilities	2	1	2	3	3
Total liabilities	**593**	**382**	**387**	**420**	**452**
Owners of parent equity	**366**	**424**	**402**	**409**	**420**
Capital stock	5	6	6	6	6
Capital surplus	121	236	236	236	236
Retained earnings	144	86	66	74	84
Other	96	95	94	94	94
Non-controlling interests' equity	**49**	**44**	**40**	**42**	**43**
Total equity	**415**	**467**	**442**	**451**	**463**
Net debt	402	318	228	144	100

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**22**	**8**	**136**	**125**	**83**
Net profit	-32	-60	-24	9	12
Non-cash profit and expenses	17	80	192	148	104
Depreciation	19	23	186	134	89
Amortization	0	0	0	0	0
Other	-2	57	6	13	15
Changes in A/L from operating activities	41	-8	-26	-19	-18
Cash flow from investments	**-176**	**151**	**-57**	**-49**	**-49**
Change in tangible assets	-129	-21	-30	-30	-30
Change in financial assets	-69	115	-27	-19	-19
Other	21	57	0	0	0
Cash flow from financing	**106**	**-159**	**0**	**29**	**28**
Change in debt	11	-211	0	29	28
Change in equity	-3	116	0	0	0
Dividends	0	0	0	0	0
Other	98	-65	-0	0	0
Change in cash	-45	-0	77	103	61
Cash at beginning of year	61	16	15	92	195
Cash at end of year	16	15	92	195	257
Gross cash flow	**-15**	**20**	**168**	**157**	**116**
Free cash flow	**-107**	**-13**	**106**	**95**	**53**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-20.7	-7.6	41.3	21.1	17.0
Operating profit	nm	nm	nm	nm	69.6
Net profit	nm	nm	nm	nm	39.2
Adjusted EPS**	nm	nm	nm	nm	39.2
Per-share data (KRW)					
EPS (parent-based)	-2,740	-5,710	-1,679	620	863
EPS (consolidated)	-3,232	-5,931	-1,975	730	1,016
Adjusted EPS**	-2,740	-5,710	-1,679	620	863
BVPS	36,848	36,443	33,161	33,785	34,653
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	n/a	81.6	58.6
P/B***	1.0	1.3	1.5	1.5	1.5
EV/EBITDA	n/a	35.2	5.3	5.3	6.5
Ratios (%)					
ROE	-8.3	-14.6	-4.9	1.9	2.5
ROA	-3.3	-6.5	-2.9	1.0	1.4
ROIC	-3.6	0.5	-2.2	3.5	5.4
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	96.9	68.1	51.6	31.8	21.7
Interest coverage (x)	-1.2	0.2	-1.2	0.9	1.4

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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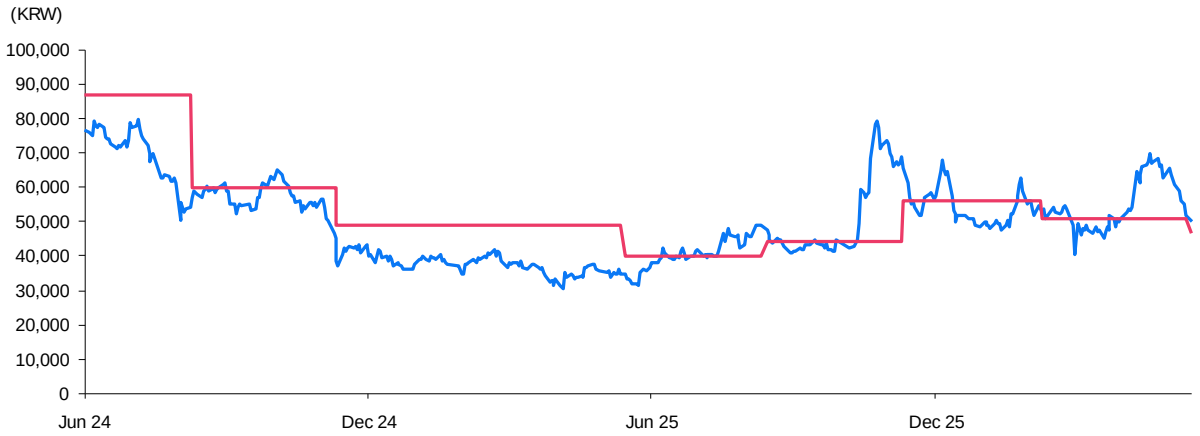
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/13	2024/5/20	8/13	11/14	2025/5/19	8/18	11/14	2026/2/11	5/18
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	110000	87000	60000	49000	40000	44000	56000	51000	47000
Gap* (average)	-15.06	-19.32	-5.16	-22.95	2.41	17.71	-2.78	7.59	
(max or min)**	19.55	-8.05	8.83	-11.33	23.00	-7.05	-14.82	-20.59	

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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Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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