SECTOR UPDATE

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Oil Refining (OVERWEIGHT) / Chemicals (OVERWEIGHT)

2H26 outlook

What happens after the Middle East conflict?

Samsung Securities

2H26 outlook: What will change after the Middle East conflict?

Dear Investor,

The outbreak of conflict in the Middle East has reshaped fossil fuel markets in 2026. Although the war continues with no clear signs of an imminent resolution, US-Iran negotiations are gaining momentum, and a reopening of the Strait of Hormuz appears increasingly likely in the near term.

What changes should investors expect in refining and chemicals after the conflict?

In refining, capacity expansion remains constrained. Although recent price spikes have begun to weigh on demand for some products, supply contraction remains the dominant driver. Despite strong profit growth during the conflict, sector share prices have largely given back their gains amid persistent policy uncertainty. Once the war ends, however, this uncertainty should dissipate. Refining capacity is also likely to remain below pre-conflict levels due to damaged infrastructure. As a result, we expect a more sustainable and resilient operating environment—clearer and more favorable than before the conflict—to emerge.

For chemicals, planned capacity additions for commodity products, including ethylene, have been scaled back significantly, largely due to structural adjustments in Korea. However, as these adjustments mainly involve temporary idling rather than permanent closures, effective new supply could prove higher than headline capacity addition forecasts imply. At the same time, demand in China has weakened further, while the country's recent ECC expansion is emerging as a long-term threat to Japanese and Korean producers, which lack comparable capital and infrastructure.

Beyond fundamentals, shareholder activism is likely to intensify y-y in 2026, especially from 3Q, as the revised Commercial Act takes effect and companies prepare for next year's AGMs. In this environment, companies with clear momentum on shareholder value enhancement should remain attractive. Our top picks are S-Oil in refining; LG Chem and KCC in chemicals; and OCI and SK Chem among mid- and small-caps. We hope this report helps deepen your understanding of both industries and supports your investment decisions.

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LG Chem

KCC

OCI

SK Chemicals

PART 01

Valuations and investment strategy

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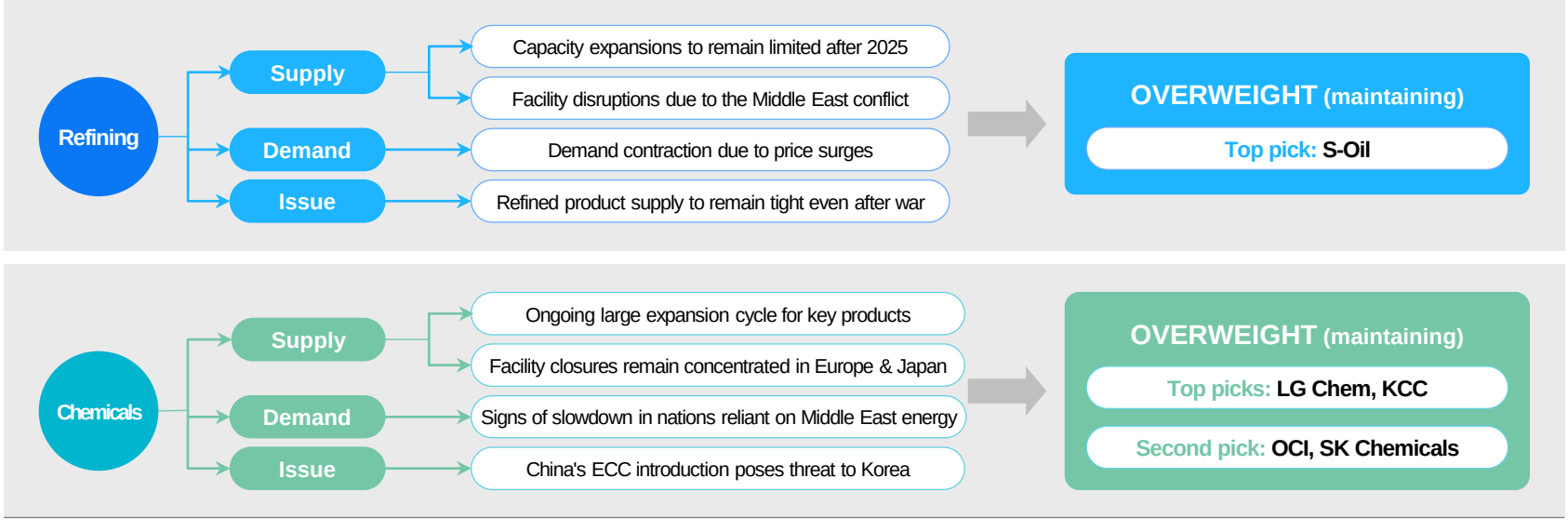
Sector investment strategy

Industry preference unchanged: Chemicals > Refining

- We maintain our preference for chemicals over refining, with a tilt toward specialty and non-petroleum-based chemical companies.
- Refining faces potential demand contraction due to post-war price spikes, but supply-side constraints should exert stronger upward pressure on margins.
- Although major capacity expansions in chemicals have been delayed by 1-2 years, the industry remains in a prolonged cycle of major capacity additions, which should sustain strong downstream profitability.
- On shareholder value enhancement, chemical companies have stronger momentum than refiners across three dimensions: share buybacks, investment assets, and subsidiary equity valuations. Following the revised Commercial Act's implementation in late 2026, activist investor interest should re-emerge.

Refining and chemicals: 2H26 investment strategy



Source: Samsung Securities

Top picks

Our top picks are S-Oil in refining and LG Chem and KCC in chemicals. For mid- and small-caps, we recommend OCI and SK Chemicals

- S-Oil remains our top refining pick, with refining margins expected to stay robust even after the conflict is resolved, as policy uncertainty dissipates and earnings power becomes more visible.
- In chemicals, we prefer LG Chem and KCC. For mid- and small-caps, we prefer OCI and SK Chemicals.
- LG Chem's cathode materials business should turn profitable in 2H, while KCC stands to benefit from rising asset values and improved profitability in silicon and construction materials.
- OCI is preferred on strong demand for semiconductor-grade materials, while SK Chemicals offers an attractive valuation after an overcorrection, with upside expected from improved earnings at subsidiary SK Multi Utility in 2H.
- LG Chem, KCC, and SK Chemicals are also likely to draw greater investor attention after the revised Commercial Act takes effect, supported by their shareholder return enhancement potential.

Samsung universe: Valuations

(KRW)	Target P/B	Rating	Current price	Target price	Diff	P/E (x)			P/B (x)			ROE (%)		
	(x)				(%)	2025	2026E	2027E	2025	2026E	2027E	2025	2026E	2027E
S-Oil	**1.65**	**BUY**	**107,000**	**150,000**	**40.2**	**54.7**	**7.1**	**13.5**	**1.1**	**1.2**	**1.1**	**2.0**	**17.9**	**8.5**
LG Chem	**1.15**	**BUY**	**344,500**	**500,000**	**45.1**	**n/a**	**n/a**	**10.2**	**0.8**	**0.8**	**0.8**	**(5.5)**	**(0.4)**	**7.8**
Hanwha Solutions	1.13	HOLD	40,700	55,000	35.1	n/a	35.5	11.5	0.8	0.8	0.8	(7.0)	2.0	7.1
OCI Holdings	1.68	BUY	364,000	380,000	4.4	n/a	22.0	17.9	1.7	1.6	1.5	(2.3)	7.6	8.7
SKC	11.93	HOLD	137,200	140,000	2.0	n/a	n/a	n/a	6.0	11.7	13.4	(73.3)	(41.6)	(13.3)
KCC	**0.63**	**BUY**	**550,000**	**800,000**	**45.5**	**2.4**	**3.6**	**26.7**	**0.4**	**0.4**	**0.4**	**23.5**	**15.7**	**2.0**
Kumho Petrochemical	0.69	BUY	135,800	175,000	28.9	13.8	9.5	8.7	0.6	0.5	0.5	4.7	6.4	6.4
Lotte Chemical	0.38	HOLD	81,500	110,000	35.0	n/a	n/a	n/a	0.3	0.3	0.3	(15.1)	(3.9)	(2.3)
SK Chemicals	**0.68**	**BUY**	**43,550**	**80,000**	**83.7**	**28.4**	**78.7**	**9.2**	**0.6**	**0.4**	**0.4**	**2.0**	**0.5**	**4.0**
Lotte Fine Chemical	0.79	BUY	52,600	82,000	55.9	12.8	5.0	6.4	0.6	0.5	0.5	4.4	10.7	7.8
OCI	**0.46**	**BUY**	**128,200**	**155,000**	**20.9**	**n/a**	**11.8**	**9.5**	**0.5**	**0.9**	**0.8**	**(5.4)**	**8.3**	**9.4**
Korea Petrochemical	0.74	BUY	128,300	235,000	83.2	26.3	5.9	7.3	0.4	0.4	0.4	1.7	7.4	5.7
Unid	0.58	BUY	71,500	97,000	35.7	7.5	5.5	4.4	0.5	0.4	0.4	6.3	8.1	9.4
LG Energy Solutions	6.90	BUY	442,000	600,000	35.7	n/a	822.4	36.6	5.1	5.1	4.5	(5.2)	0.6	13.0
L&F	14.02	BUY	169,200	250,000	47.8	n/a	274.8	57.5	9.7	9.5	8.1	(77.0)	3.6	15.7

Note: As of May 28 close
Source: Samsung Securities estimates

PART
02

Oil Refining

1H review: Supply tightness driven by Middle East disruptions

2H outlook: Capacity expansions to remain constrained

Issue: What happens when the war ends?

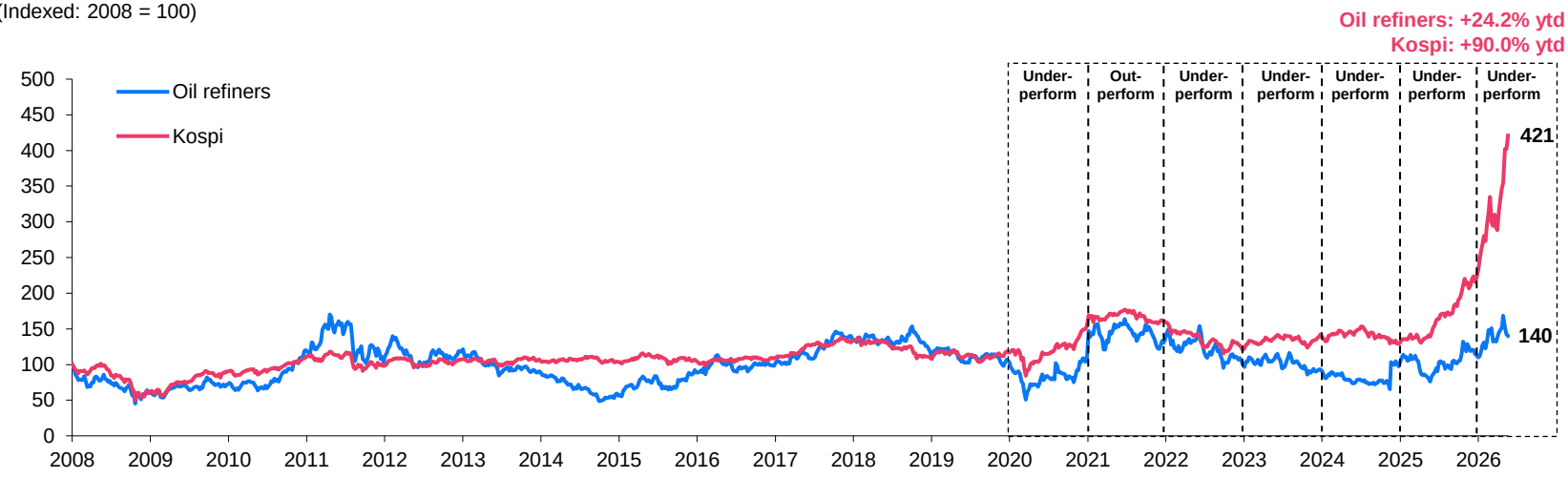
1H review: Stock performances still trail benchmark

▶ Despite continued price gains in 2026, domestic refining stocks continue to underperform the benchmark—a trend that has persisted since 2022

- The combined market cap of Korea's major refiners, SK Innovation and S-Oil, has risen 22% ytd to KRW32.9t, from KRW27t at the start of the year.
- However, this pales in comparison with the Kospi's 76% gain over the same period, underscoring sustained relative underperformance.
- In 2026, SK Innovation and S-Oil delivered share-price returns of 16% and 34%, respectively.
- By contrast, GS Holdings and HD Hyundai posted stronger gains of 41% each, outperforming traditional refiners.
- While the Middle East conflict tightened supply and supported upward price momentum, Korean refining stocks have partially corrected due to risks to earnings, including fuel-price caps

Post-2008 relative share-price performance: Korean refiners* vs Kospi

(Indexed: 2008 = 100)



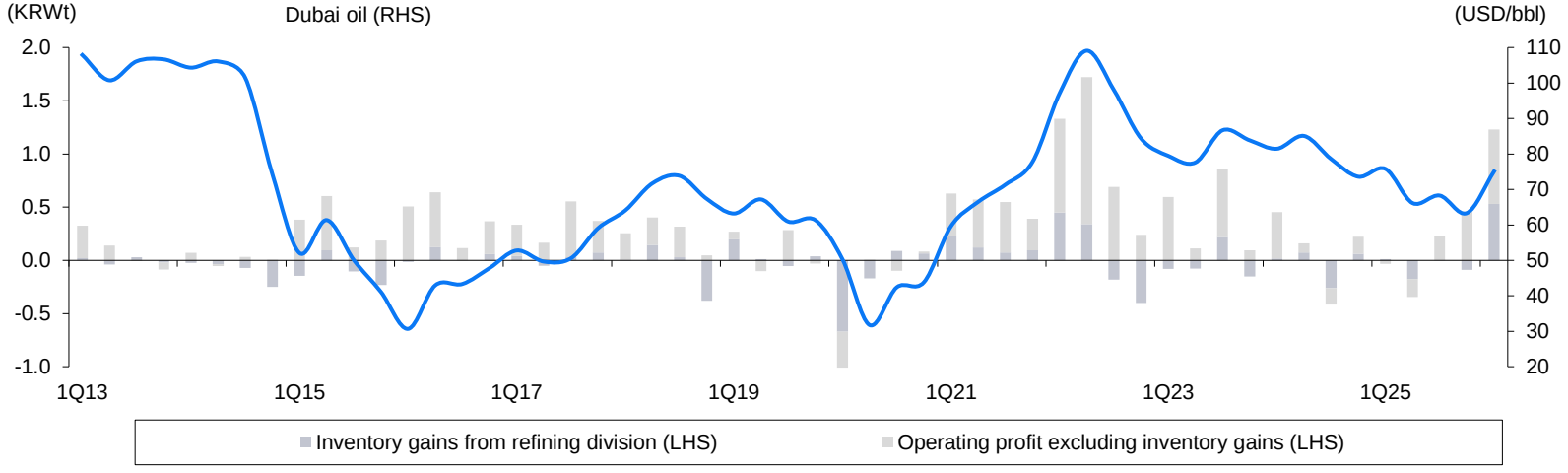
Note: *Combined market cap of SK Innovation and S-Oil. Excluding the effect of the 2024 merger between SK E&S and SK Innovation, the sector underperformed the Kospi
Source: QuantiWise, Samsung Securities

1H review: Earnings surge in wake of Middle East conflict

▶ Earnings surge driven by y-y increases in oil prices and refining margins

- S-Oil's 1Q26 operating profit reached KRW1.23t, marking a massive KRW1.25t y-y swing.
- Inventory valuation gains surged to KRW530b from just KRW10b in 1Q25, primarily thanks to the sharp rise in crude prices after the Middle East conflict broke out in Feb 2026.
- Excluding inventory gains, operating profit also jumped to KRW700b, compared with a loss of KRW30b in 1Q25.
- This reflects supply disruptions caused by the Middle East conflict, in addition to sustained tightness in diesel supply since 2025.

S-Oil: Impact of inventory valuation gains/losses on operating income



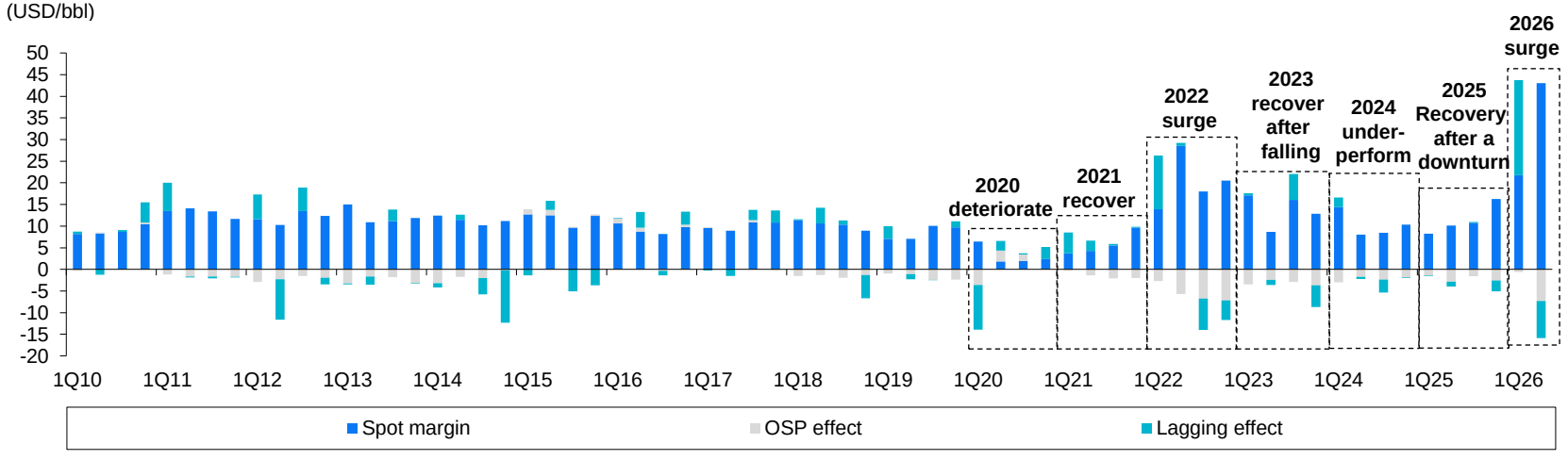
Source: Bloomberg, company data, Samsung Securities

1H review: Fossil fuel supply tightens further due to Middle East conflict

▶ Refining profits in 2026 increasingly shaped by deepening supply constraints stemming from Middle East conflict

- Refining-margin earnings comprise three key components: spot refining margins, lagged inventory effects, and oil supply premium (OSP) benefits.
- At SK Innovation and S-Oil, quarterly earnings averaged USD6.3/bbl in 2021, USD15/bbl in 2022, USD10.6/bbl in 2023, USD7.7/bbl in 2024, and USD8.3/bbl in 2025.
- After demand collapsed in 2020 due to the Covid-19 pandemic, earnings recovered strongly over 2021-2023, supported by vaccine rollouts and geopolitical disruptions linked to Russia.
- Earnings declined in 2024 as refining margins fell following the fading of pent-up post-pandemic demand, but gradually improved in 2025 thanks to more-stringent European sanctions on Russian oil.
- In 1Q26 and 2Q26, average earnings surged to USD43.1/bbl and USD30.2/bbl, respectively, driven primarily by disruptions to fossil fuel flows through the Strait of Hormuz.
- However, Korean refiners have been unable to fully capture these elevated margins domestically due to the government's ceiling-price system for refined products, which has led to losses in the domestic market. Nevertheless, compared with pre-conflict levels, companies have significantly strengthened their earnings resilience.

SK Innovation and S-Oil: Refining margin breakdown*



Note: *Reflects spot margins, OSP effects, and lag-related effects, but excludes inventory valuation gains/losses
Source: Samsung Securities

1H review: Inventories stabilizing; downward trend expected

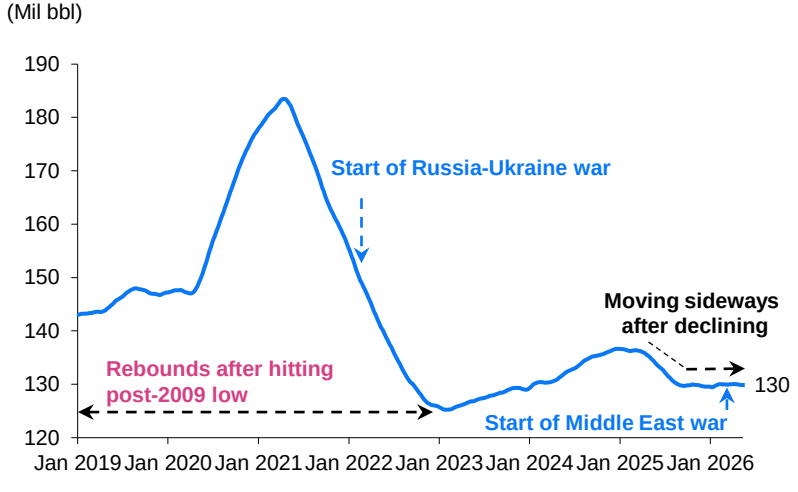
▶ Refining inventories expected to decline due to Middle East conflict

- Global refined product inventories, which fell to record lows in 2023 amid geopolitical shocks centered on Russia, have since rebounded.
- Global gasoline inventories rose 0.6% y-y in 2025 and increased a further 0.4% from the start of 2026. However, the upward trend reversed after Mar 2026, signaling a shift toward contraction.
- Global diesel inventories fell 5.2% in 2025 due to tighter EU sanctions on Russian exports, and have risen only 0.2% ytd in 2026, indicating stagnation after a prolonged decline. However, since the end of February, following the start of the Middle East conflict, tight supply in refined products has intensified in the US and the Middle East, which should drive inventories lower for both gasoline and diesel

Global* light distillates: Inventory (gasoline)**

Note: *Total of US, Singapore, UAE, and Europe / ** 52-week rolling average
Source: Enterprise Singapore, Platts, Samsung Securities

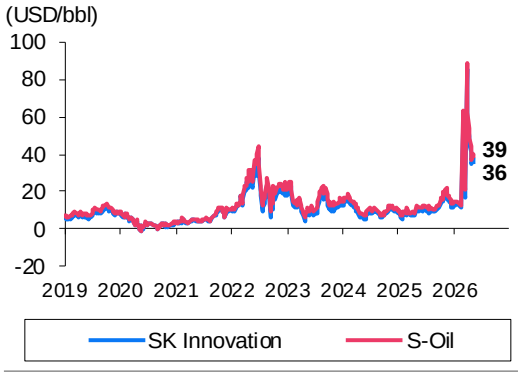
Global* middle distillates: Inventory (diesel and kerosene)**



Note: *Total of US, Singapore, UAE, and Europe / ** 52-week rolling average
Source: Enterprise Singapore, Platts, Samsung Securities

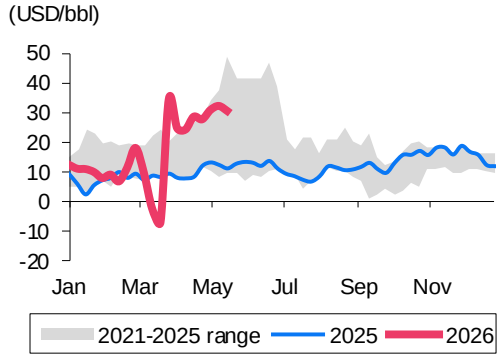
1H review: Refining margin, by product

SK Innovation and S-Oil: Mixed margin



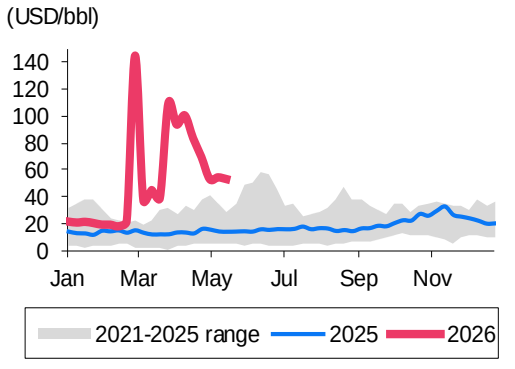
Source: Petronet, Samsung Securities

Gasoline: Spot refining margin



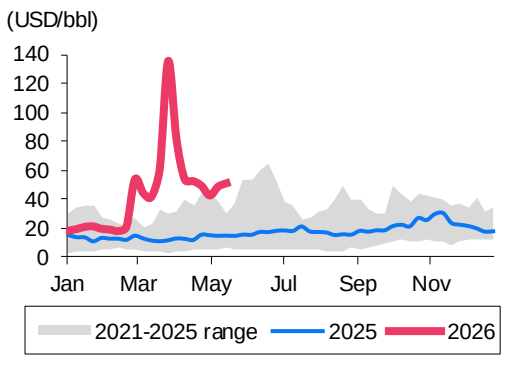
Source: Petronet, Samsung Securities

Kerosene: Spot refining margin



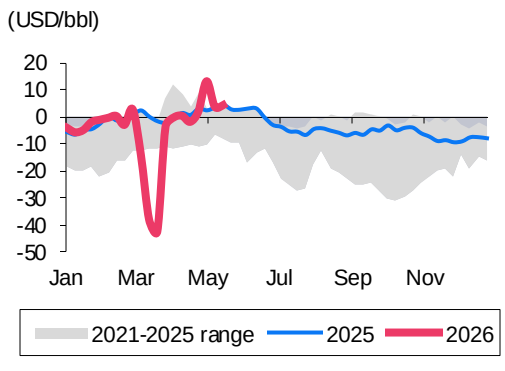
Source: Petronet, Samsung Securities

Diesel: Spot refining margin



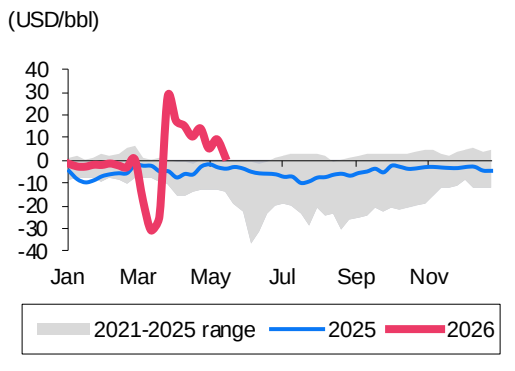
Source: Petronet, Samsung Securities

Bunker-C: Spot refining margin



Source: Petronet, Samsung Securities

Naphtha: Spot refining margin



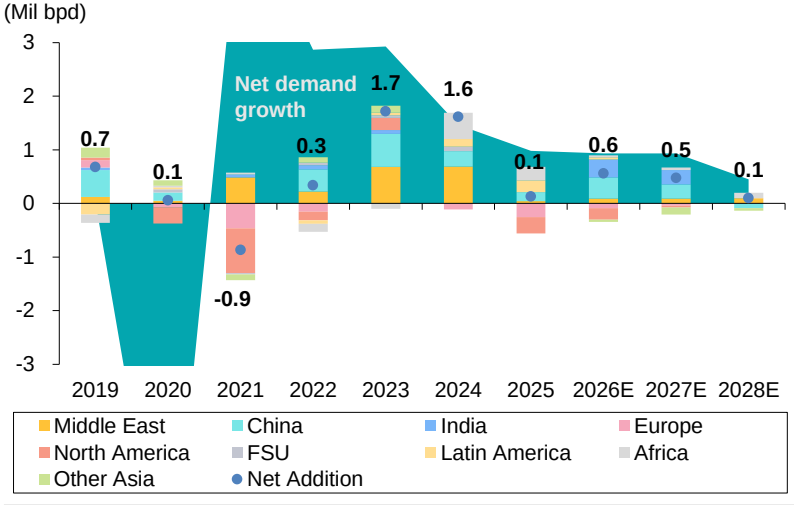
Source: Petronet, Samsung Securities

2H supply outlook: Capacity additions to be limited over 2026-2027

▶ Net capacity additions to remain limited over 2026-2027

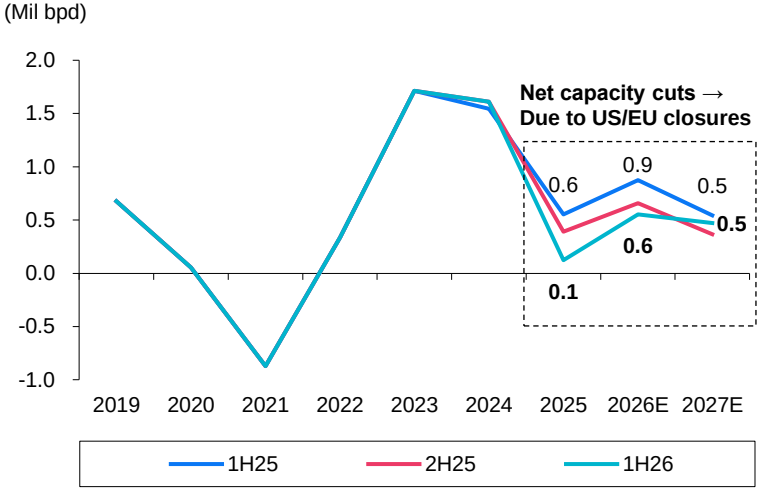
- Net changes in global refining capacity were -0.87m bpd in 2021, +0.34m bpd in 2022, +1.71m bpd in 2023, and +1.61m bpd in 2024.
- A year ago, net capacity additions in 2025 were projected to reach 0.55m bpd, but that figure has since fallen to just +0.12m bpd.
- This reflects delays in the startup of new facilities, including in Mexico, and an increase in plant closures in the US and Europe.
- Net capacity growth in 2026 is likely to reach 0.55m bpd, down from 0.66m bpd expected six months ago, as even more plants are set to close in developed markets.
- Annual net capacity additions should remain below 1m bpd over 2025-2027.

Global: Refining product supply-demand balance



Note: Adjusted capacity based on start-up period (effective additional capacity)
Source: Thai Oil, Samsung Securities

Global net refining capacity change forecasts for 1H25-2026



Source: Thai Oil, Samsung Securities

2H supply outlook: Global refining capacity down 5.5%

▶ Global refining capacity down 5.5% due to the Middle East conflict

- Critical refining assets in the Middle East—and Asian refineries heavily reliant on Middle Eastern crude—have been forced offline due to restrictions on transit through the Strait of Hormuz.
- Asia: Combined disruptions in China, India, Singapore, Korea, and Japan total 2.49m bpd, equivalent to 2.3% of global capacity.
- Middle East: Shutdowns in Kuwait, the UAE, and Saudi Arabia amount to 3.45m bpd, or 3.2% of global capacity.

Asian refineries: Post-war production disruption status

Country	Refinery	Total capacity	Disrupted capacity	Portion of Asian capacity	Date
China	CNOOC	473	142	0.4%	Mid-Mar 2026
	FREP	301	90	0.2%	Mid-Mar 2026
	Sinochem	323	65	0.2%	Mid-Mar 2026
	Zhejiang	800	200	0.5%	Mid-Mar 2026
	Teapots		500	1.2%	Apr 2026
	Total	**1,897**	**997**	**2.5%**	
India	**MRPL**	**368**	**121**	**0.3%**	**Mid-Mar 2026**
Singapore	SRC	290	116	0.3%	Mid-Mar 2026
	Jurong	592	296	0.7%	Mid-Mar 2026
	Total	**882**	**412**	**1.0%**	
Korea	**SK Energy**	**560**	**560**	**1.4%**	**Mid-Mar 2026**
Malaysia	**Prefchem**	**300**	**300**	**0.7%**	**Early Apr 2026**
Japan	**Cosmo Oil**	**300**	**100**	**0.2%**	**Early Mar 2026**
Asia total		**4,307**	**2,490**	**6.2%**	

Source: FACTS, Energy Aspect, Samsung Securities

Middle East refineries: Post-war production disruption status

(k bpd)	Refinery	Total capacity	Disrupted capacity	% of M. East capacity	Date
Kuwait	Alzour	615	410	3.5%	Late Mar 2026
	KPC	836	666	5.7%	Mar 18, 2026
	Total	1,451	1,076	9.3%	
Bahrain	**Sitra**	**405**	**220**	**1.9%**	**Early Apr 2026**
Saudi	Ras Tanura	550	150	1.3%	Mid-Mar 2026
Arabia	SAMREF	400	50	0.4%	Late Mar 2026
	Riyadh	120	30	0.3%	Late Mar 2026
	SATORP/SA SREF	785	275	2.4%	Apr 7-8, 2026
	Total	**1,855**	**505**	**4.4%**	
UAE	Fujairah	82	82	0.7%	Late Mar 2026
	Ruwais	817	555	4.8%	Late Mar 2026
	Jebel Ali	210	140	1.2%	Late Mar 2026
	Total	**1,109**	**777**	**6.7%**	
Qatar	Mesaieed	137	50	0.4%	Late Mar 2026
	Ras Laffan	292	292	2.5%	Late Mar 2026
	Total	**429**	**342**	**2.9%**	
Iraq	KRG	300	100	0.9%	Late Mar 2026
	Federal	1,300	140	1.2%	Late Mar 2026
	Total	**1,600**	**240**	**2.1%**	
Oman	Duqm	255	68	0.6%	Late Mar 2026
Iran	All		220	1.9%	Late Mar 2026
Middle East total			**3,448**	**29.7%**	

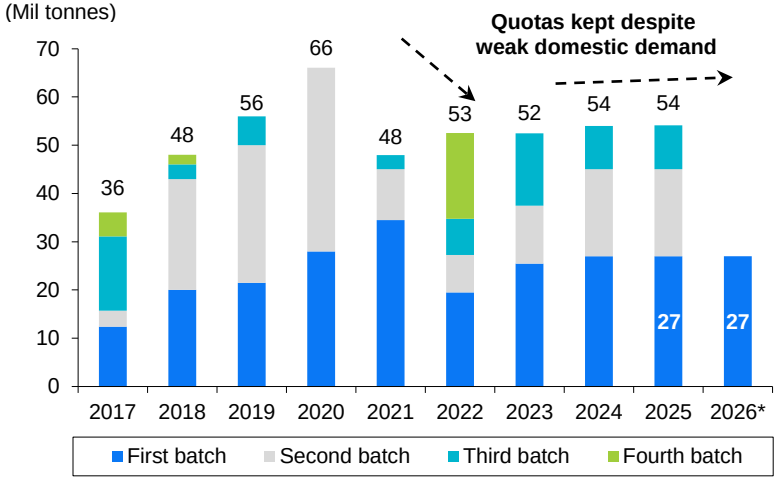
Source: FACTS, Energy Aspect, Samsung Securities

2H supply outlook: China's export quotas to fall y-y

China's export quotas set to decline y-y on suspension of refined oil exports

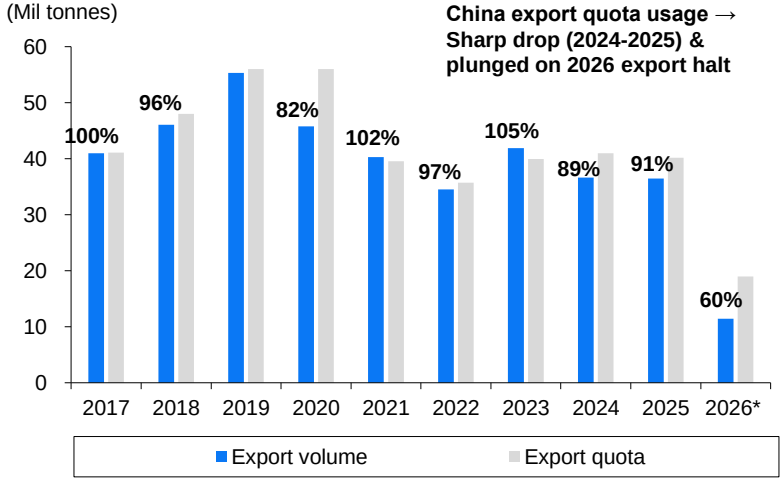
- China's export quotas for refined products are no longer expanding as they did over 2017-2020, due to decarbonization policies and industry restructuring.
- Since 2022, China has kept export quotas below 55m tonnes annually despite weak domestic demand.
- Following the start of the Middle East conflict, China prioritized domestic supply. In March, major refiners were ordered to halt exports entirely. Over April-May, exports were restricted to a limited set of countries.
- This policy shift is likely to persist. As a result, quota utilization should remain low, and this year's export quotas should decline y-y.

China: Refined oil product export quotas



Note: *Based on 1Q26, remaining at the same level as 1Q25
Source: JLC, Samsung Securities

China: Export quota utilization rate* for refined products



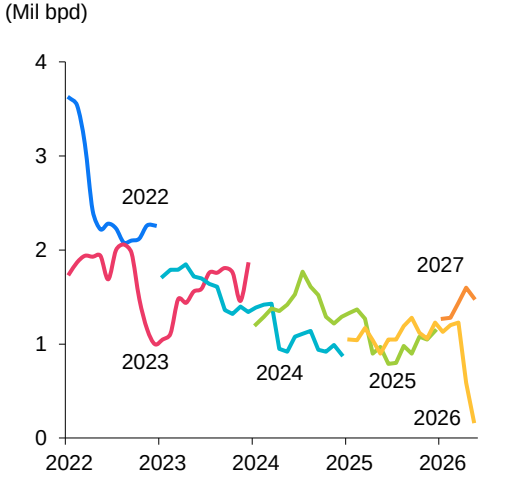
Note: *Export quota utilization rate = Export volume/export quota
Source: Bloomberg NEF, Samsung Securities

2H demand outlook: Forecasts cut sharply

▶ World's three major energy agencies slash their 2026 crude demand estimates y-y

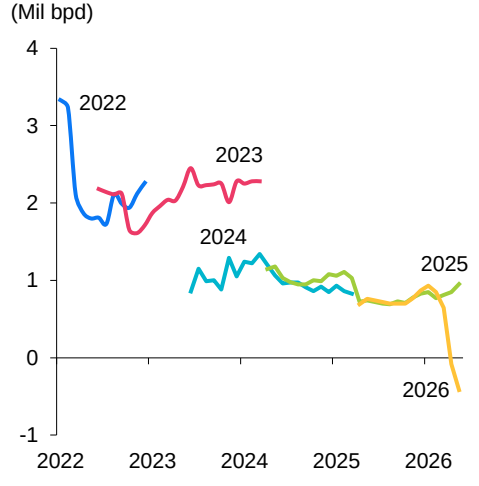
- The EIA lowered its 2026 net global crude demand growth forecast from +1.12m bpd (1.1% y-y) in Oct 2025 to +0.18m bpd (0.2% y-y) in Apr 2026.
- The IEA cut its 2026 growth estimate from +0.7m bpd (0.7% y-y) in Oct 2025 to -0.42m bpd (-0.4% y-y) in Apr 2026.
- OPEC trimmed its 2026 forecast from +1.38m bpd (1.3% y-y) in Oct 2025 to +1.17m bpd (1.1% y-y) in Apr 2026.
- All three agencies revised down their 2026 forecasts due to the surge in oil prices following the start of the Middle East conflict.
- However, 2027 demand forecasts remain unchanged, suggesting market participants view the current slowdown as temporary and contingent on the conflict being resolved in the near term.

EIA forecasts:
Net changes in global crude demand



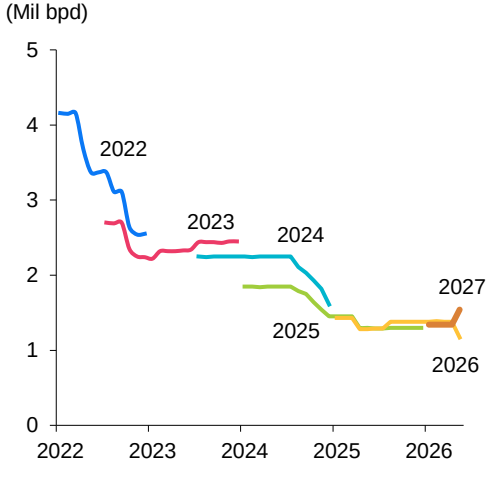
Source: EIA, Samsung Securities

IEA forecasts:
Net changes in global crude demand



Source: IEA, Samsung Securities

OPEC forecasts:
Net changes in global crude demand



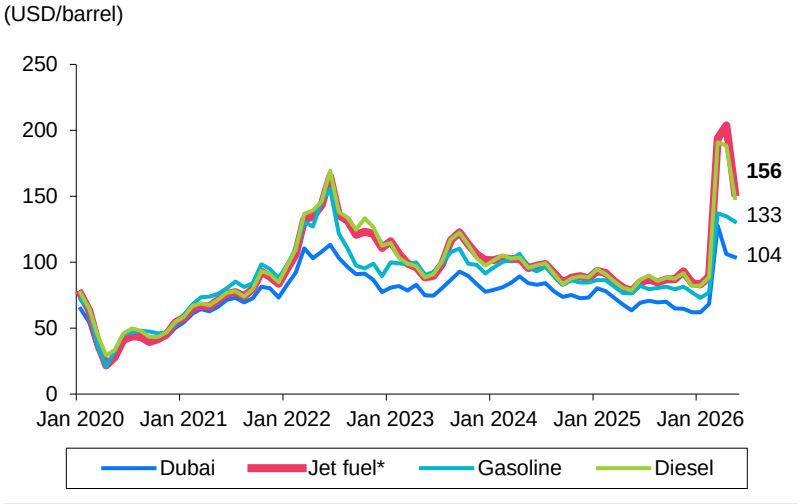
Source: OPEC, Samsung Securities

2H demand outlook: Jet fuel demand under pressure

▶ Soaring jet fuel prices likely to dampen demand

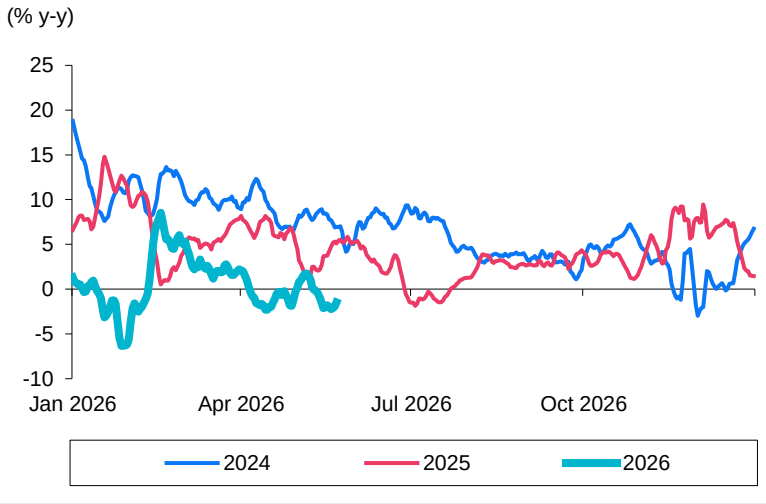
- Among refined products, jet fuel and diesel have seen the steepest price increases since the Middle East conflict began.
- Among oil products transported through the Strait of Hormuz, jet fuel accounts for 23% of volume, trailing naphtha at 37% and crude oil at 32%, but ahead of diesel at 10% and gasoline at 6%.
- While naphtha supply disruptions have been partly offset by weaker chemical plant demand, jet fuel—given its inelastic demand—has come under sharp price pressure. In May, the average jet fuel price reached USD161/bbl, up 93% from the January average of USD83/bbl.
- If supply constraints persist, airlines may respond by cutting flights, leading to meaningful demand erosion in the coming months.

Asian jet fuel and other product price trends



Note: *Kerosene prices used as a proxy for jet fuel prices
Source: Petronet, Samsung Securities

Growth rate of global daily commercial flights



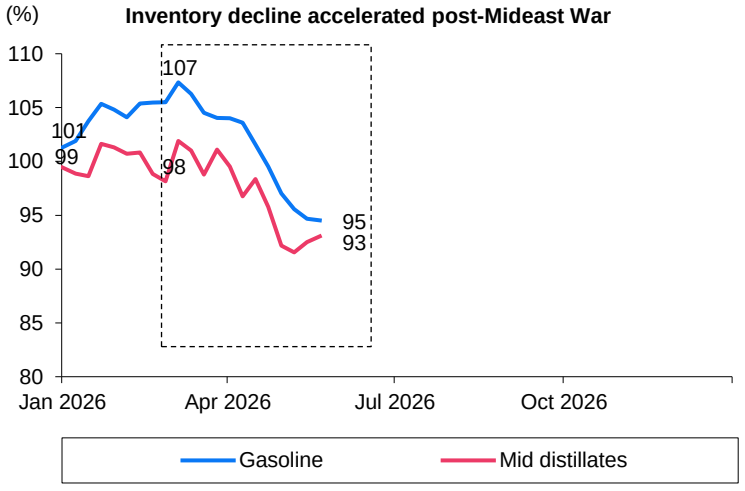
Source: Flightradar24, Samsung Securities

Issue: What happens when the war ends?

Oil prices and refining margins expected to remain above pre-war levels even after the conflict ends

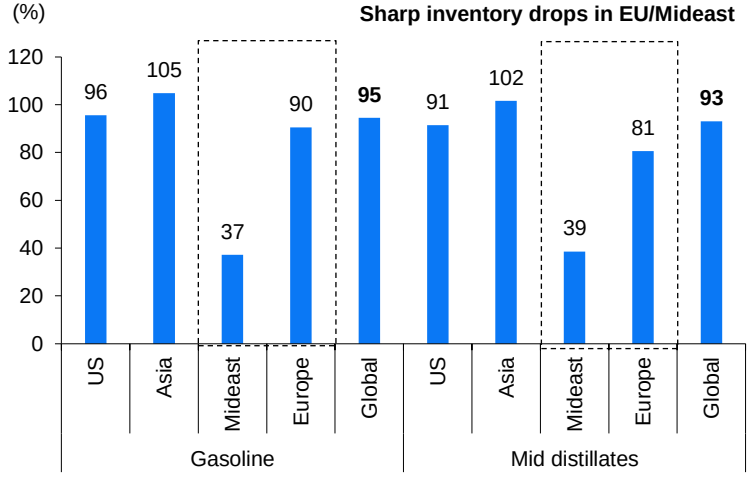
- A reopening of the Strait of Hormuz would ease price pressure but is unlikely to fully reverse it.
- This is because the war has triggered widespread refinery outages and drawn global inventories down to critical lows.
- As of end-February, global gasoline and kerosene/diesel inventories stood at 107% and 98% of their five-year averages, respectively. Those levels have since fallen to 95% and 93%.
- As a result, inventory rebuilding demand and persistent supply constraints should keep markets tight even after peace returns.

Global refined product inventories:
inventory levels vs. 5-year historical average



Source: Bloomberg, Samsung Securities

Regional refined product inventories:
current inventory levels vs. 5-year historical average



Source: Bloomberg, Samsung Securities

PART 03

Chemicals

1H review: Fundamentals continue to deteriorate

2H outlook: Supply-demand dynamics to improve for broadening range of products

Issue #1: What happens when the war ends?

Issue #2: Impact of China's shift to ECCs on Korea's chemical industry

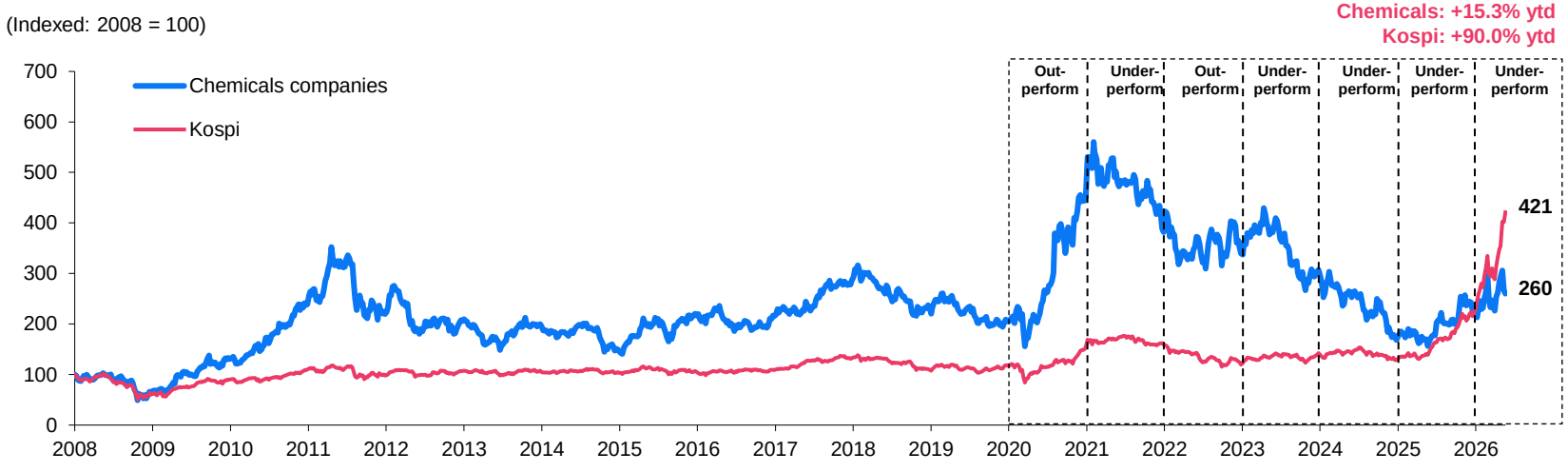
Issue #3: Shareholder value momentum to accelerate in 2H

1H review: Chemicals underperforms benchmark again and trails refining

Chemicals underperforms both the Kospi and refiners in 1H26

- The combined market cap of Korea's nine major chemicals companies—LG Chem, Hanwha Solutions, SKC, KCC, Lotte Chemical, Kumho Petrochemical, Lotte Fine Chemical, SK Chemicals, and Korea Petrochemical—now stands at KRW55.5t, up 15% ytd from KRW48.1t at end-2025.
- Over the same period, the Kospi has gained 90%.
- The chemicals sector has also underperformed refining, which is up 24% ytd, reflecting divergent industry conditions driven by the Middle East conflict.

Post-2008 relative share-price performance: Korean chemicals firms* vs Kospi



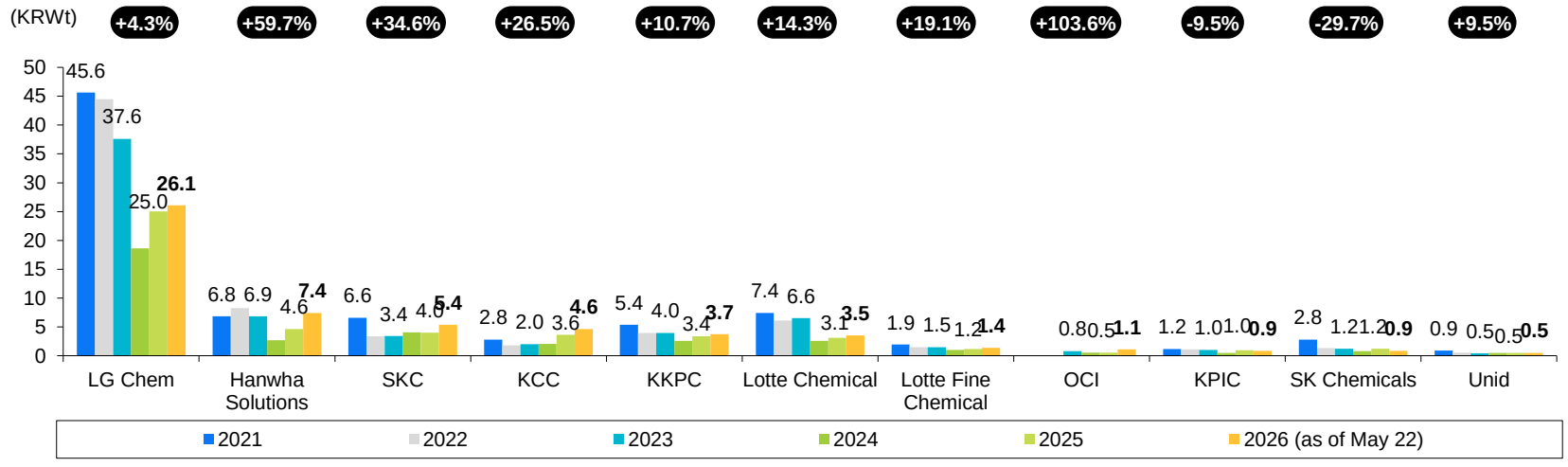
Note: *Combined market cap of LG Chem, Hanwha Solutions, SKC, KCC, Lotte Chemical, KKPC, Lotte Fine Chemical, SK Chemical, KPIC, Unid, and OCI
Source: QuantiWise, Samsung Securities

1H review: Share-price gains driven mainly by non-petrochemical factors

▶ Sector market cap supported by strong performances from Hanwha Solutions, KCC, and OCI

- The combined market cap of the nine major chemicals companies has risen 15% ytd, with Hanwha Solutions (+60%), SKC (+35%), KCC (+27%), and OCI (+104%) accounting for much of the gain.
- Hanwha Solutions has surged ytd, driven by a turnaround from weak 2H25 earnings and stronger momentum in the global solar industry.
- SKC advanced on renewed momentum in its glass-substrate business, while KCC gained on expectations for treasury-share cancellations and improved utilization of investment assets in response to investor demands.
- OCI strengthened on improved fundamentals, including rising demand for semiconductor-grade specialty chemicals and recovering profitability in carbon chemicals.
- Share-price gains at these four companies were driven mainly by earnings improvement and renewed momentum in non-petrochemical segments.

Korean chemicals firms: Yearly changes in market cap



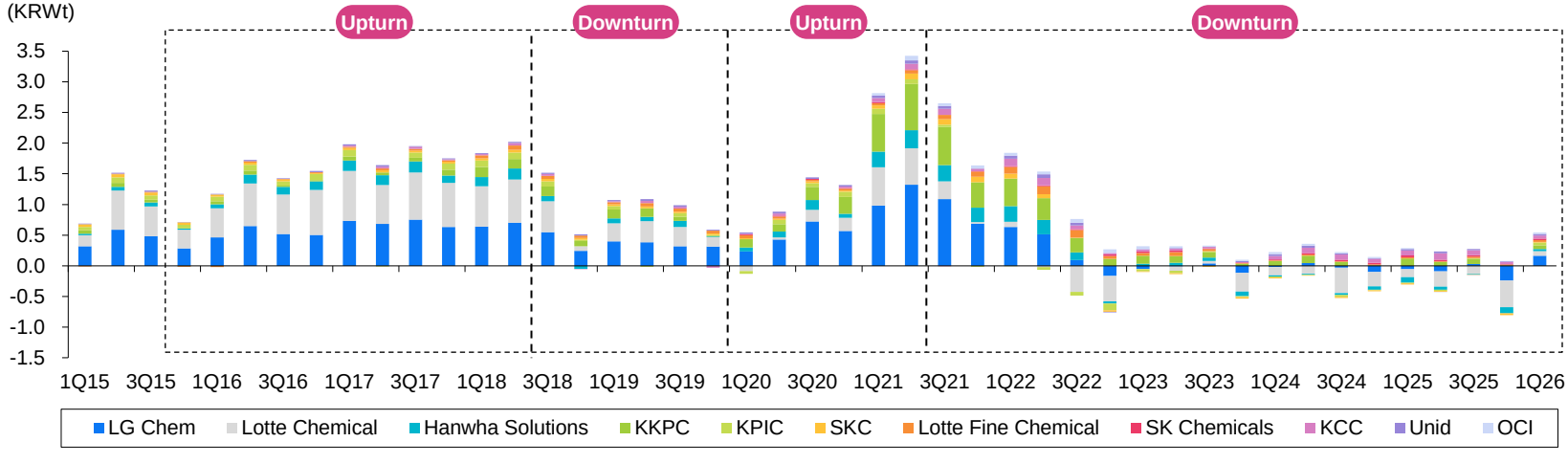
Source: QuantiWise, Samsung Securities

1H review: Profit recovers, but mainly thanks to inventory effects

▶Chemicals operating profit rises y-y on favorable inventory effects from surging oil prices

- The 11 chemicals companies' combined quarterly operating profit fell from an average of KRW0.78t in 2022 to KRW70b in 2023, then to losses of KRW90b in 2024 and KRW200b in 2025.
- The figure rebounded sharply to KRW0.55t in 1Q, up KRW0.56t y-y, driven by positive inventory effects from the March surge in oil prices. All 11 firms posted profits—the first such occurrence since 2Q21, the final phase of the previous industry upturn. These inventory effects are likely to persist through end-2Q26.
- However, signs of improvement in the supply-demand balance remain limited, and most firms are likely to return to losses from 3Q26 onward. We believe the downcycle is still underway.

Korean chemicals companies: Quarterly operating income



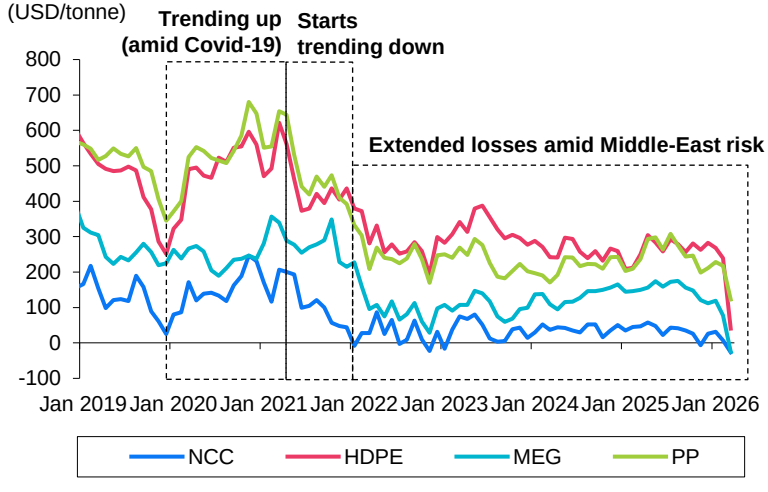
Note: LG Chem, Hanwha Solutions, and SK Chemicals are based on petrochemical metrics; KCC is based on combined silicone/coating metrics
Source: Industry data, Samsung Securities

1H review: Spreads broadly weak since Middle East war

▶ Middle East war drives broad-based spread compression, except in select products

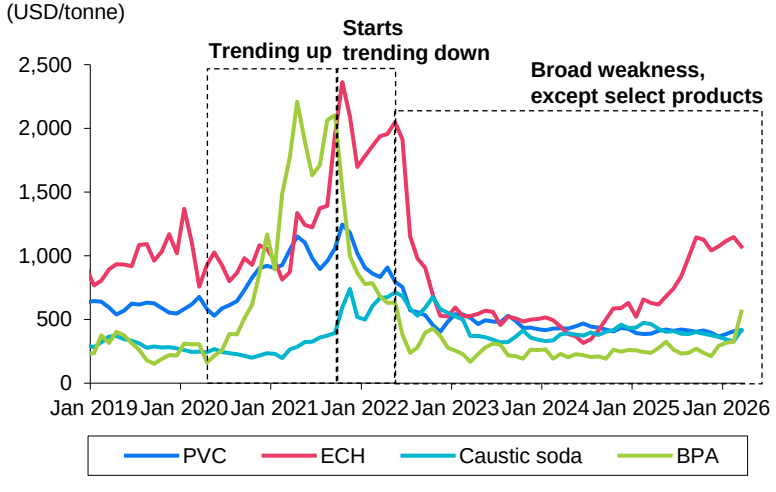
- Chemical product spreads have been narrowing since Mar 2021, a period of five years and two months.
- The downturn reflects a combination of soft demand, supply growth, and weakened cost competitiveness.
- The outbreak of the Middle East war in Feb 2026 triggered a sharp rise in naphtha prices, putting further pressure on overall product spreads.
- Among commodity olefins, all spreads declined except for butadiene. PE, PP, MEG, and NCC spreads all narrowed.
- Among downstream products, all spreads narrowed except for PVC. The PVC spread widened thanks to supply constraints caused by disruptions to feedstock (ethylene) availability.

Monthly spreads: NCC, HDPE, MEG, and PP



Source: Platts, Samsung Securities

Monthly spreads: PVC, ECH, caustic soda, and BPA



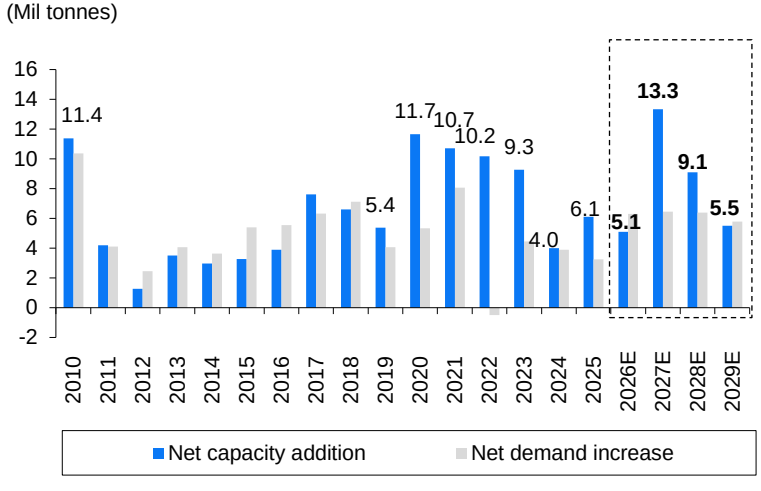
Source: Platts, Samsung Securities

2H supply outlook: Ethylene

▶ Expected ethylene capacity for 2026-2027 has fallen significantly, reflecting shutdowns and production cuts at Korean and Chinese facilities

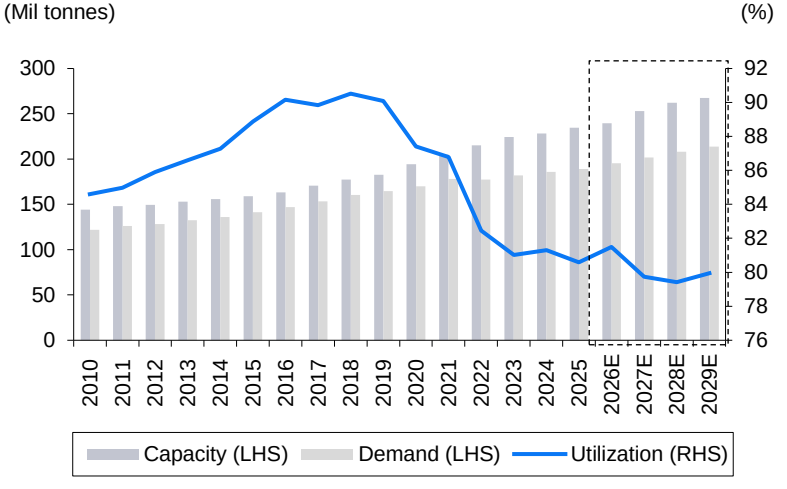
- Ethylene capacity is now expected to increase by a net 5.1m tonnes in 2026 (+2.2%), below the forecast six months ago of 7.68m tonnes (+3.3%).
- Ethylene capacity is now expected to increase by a net 13.35m tonnes in 2027 (+5.6%), also below the forecast six months ago of 16.91m tonnes (+7%).
- The 2026 revision reflects the impact of Korea's NCC restructuring (-2.67m tonnes). The 2027 revision reflects downward adjustments to China's planned capacity additions (-6.07m tonnes).
- However, Korea's NCC restructuring mainly reflects temporary idling, not permanent closures, while 3.73m tonnes of the reduction in China's capacity additions has been deferred to 2028-2029.
- As a result, downward revisions to expected capacity are unlikely to provide meaningful supply-demand relief. Oversupply pressure is likely to persist through 2028.

Ethylene: Net capacity changes vs demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

Ethylene: Global supply-demand balance



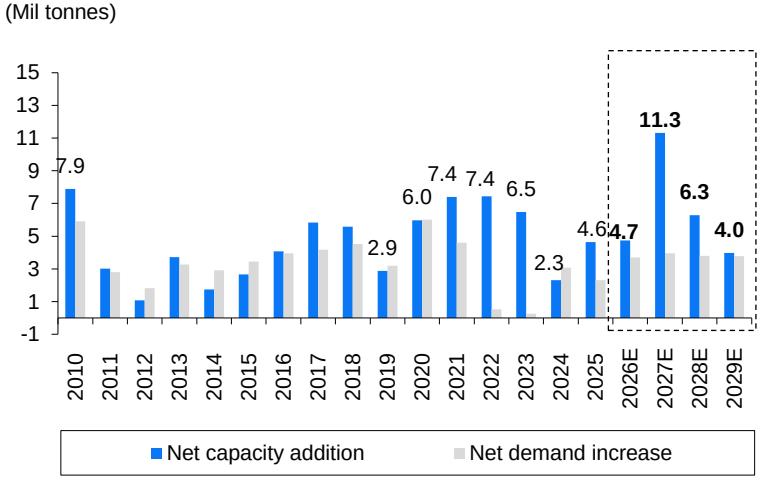
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: Polyethylene (PE)

▶ Planned PE capacity additions for 2026-2027 deferred to 2028-2029

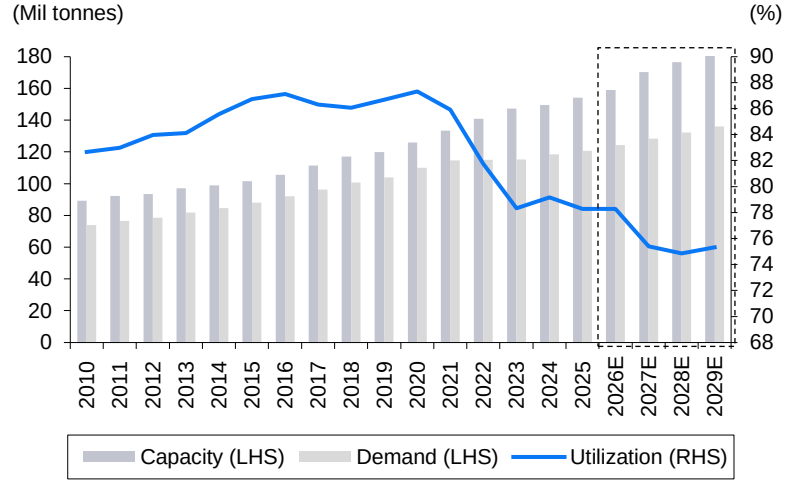
- PE capacity is expected to increase by a net 4.74m tonnes in 2026 (+3.1%), with demand expected to grow 3.7m tonnes (+3.1%).
- Capacity additions for 2026 have been revised down to reflect Korea's restructuring, while planned additions for 2027 have been deferred to 2028-2029, similar to the trend in ethylene.
- Even so, net PE capacity should increase by 11.31m tonnes in 2027 (+7.1%), almost 2.4x the average annual additions over 2025-2026 of 4.69m tonnes.
- Meanwhile, net demand growth is estimated at only 3.95m tonnes (+3.2%), pointing to an inevitable deterioration in supply-demand dynamics.

PE: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

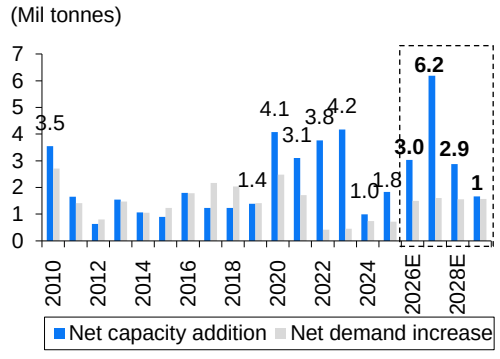
PE: Global supply-demand balance



Source: S&P Global Platts, ICIS, Samsung Securities estimates

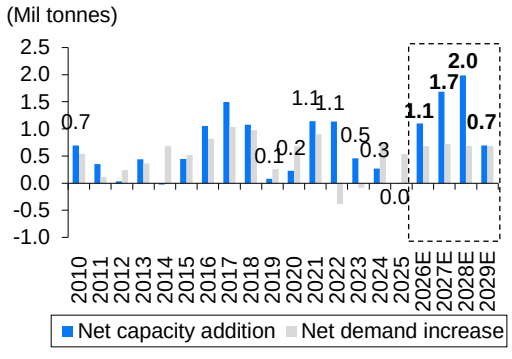
2H supply outlook: Polyethylene (PE)

HDPE: Net changes in capacity & demand



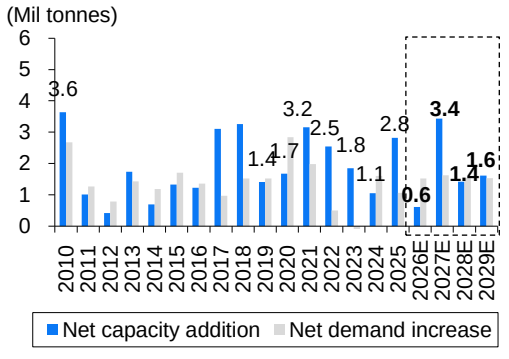
Source: S&P Global Platts, ICIS, Samsung Securities estimates

LDPE: Net changes in capacity & demand



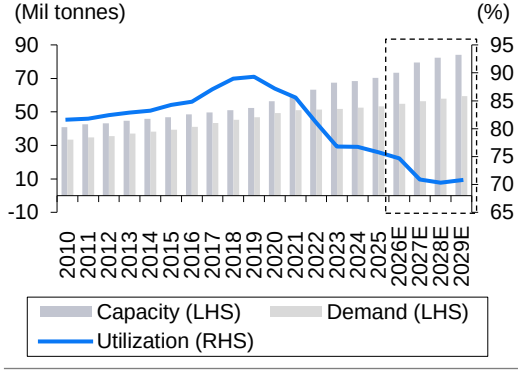
Source: S&P Global Platts, ICIS, Samsung Securities estimates

LLDPE: Net changes in capacity & demand



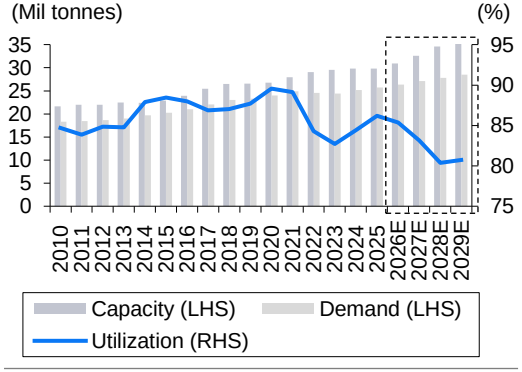
Source: S&P Global Platts, ICIS, Samsung Securities estimates

HDPE: Global supply-demand balance



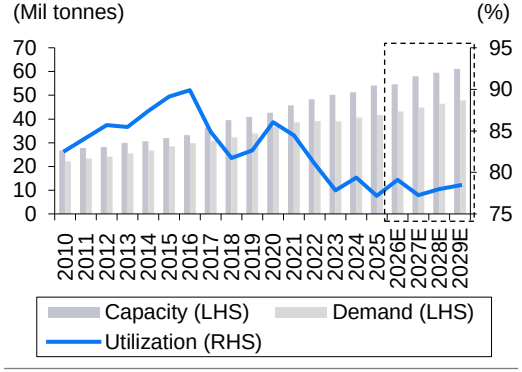
Source: S&P Global Platts, ICIS, Samsung Securities estimates

LDPE: Global supply-demand balance



Source: S&P Global Platts, ICIS, Samsung Securities estimates

LLDPE: Global supply-demand balance



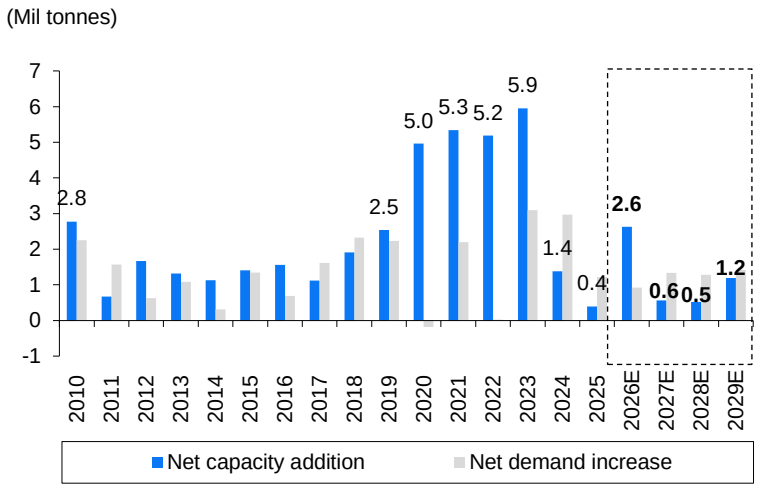
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: MEG

▶ MEG capacity expansion to be limited after 2026

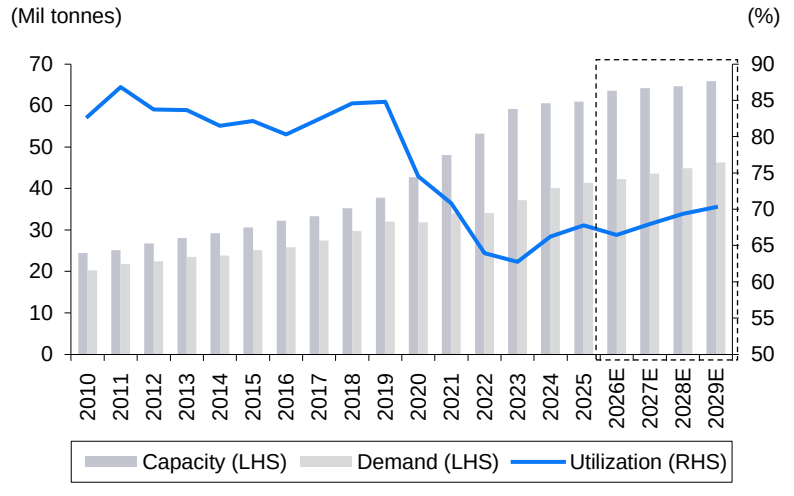
- In 2026, MEG capacity is projected to increase by a net 2.63m tonnes (+4.3%), while demand is set to rise 0.92m tonnes (+2.2%).
- Massive capacity additions over 2021-2023 (+12.1% pa) gave way to limited growth in 2024 (+2.3%) and 2025 (+0.6%).
- The first notable increase in net capacity growth since 2023 is expected in 2026 (+4.3%), which may result in a supply glut.
- However, capacity additions should decline meaningfully over 2027-2028.

MEG: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

MEG: Global supply-demand balance



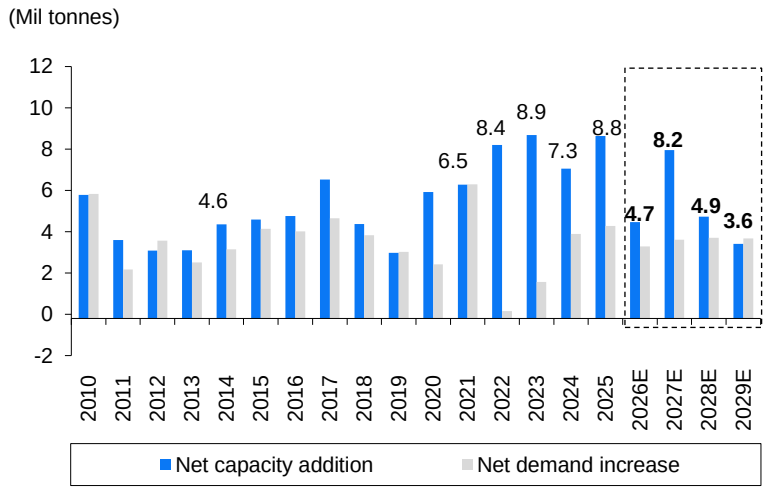
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: Propylene

▶ Planned propylene capacity expansion for 2026 delayed by one year

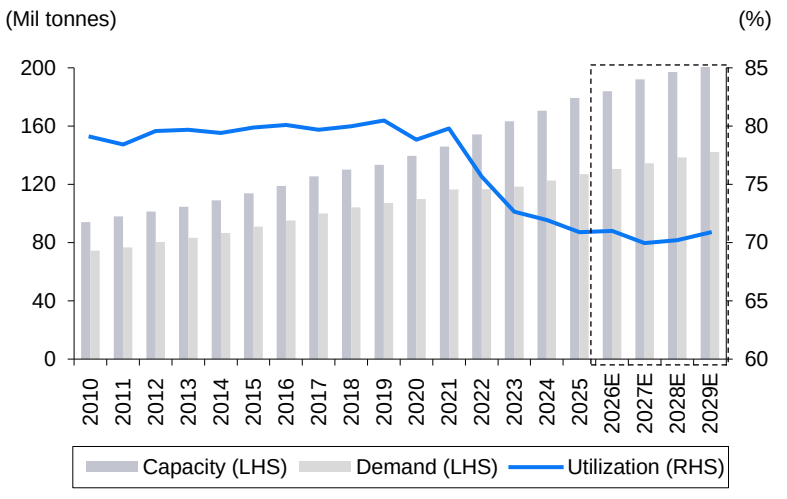
- Propylene capacity is expected to increase by a net 4.67m tonnes in 2026 (+2.6%), while demand is set to grow 3.48m tonnes (+2.7%).
- The 2026 net capacity addition has been revised down sharply from the forecast six months ago of 8.03m tonnes (+4.5%). However, the 2027 projection has been raised from 4.76m tonnes (+2.5%) to 8.15m tonnes (+4.4%), implying a delay in the 2026 expansion schedule into 2027.
- Supply pressure has eased this year, but should rise again over 2027-2028, weighing on the supply-demand balance.

Propylene: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

Propylene: Global supply-demand balance



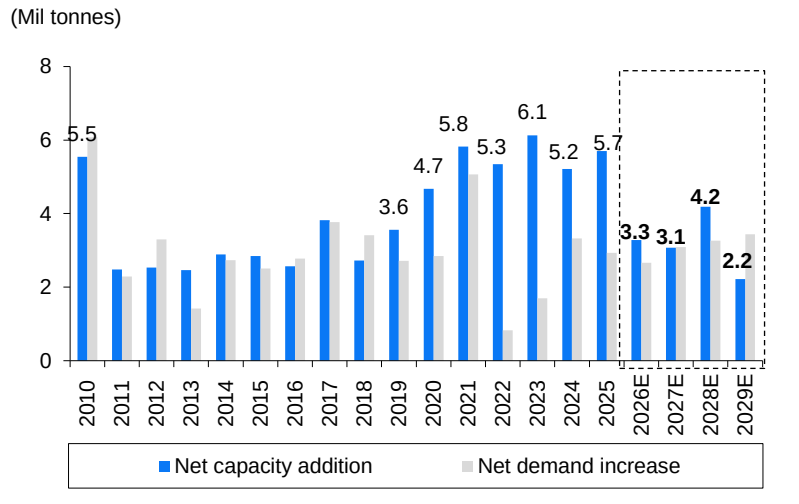
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: Polypropylene (PP)

PP capacity expansions to slow in 2026, then accelerate over 2027-2028

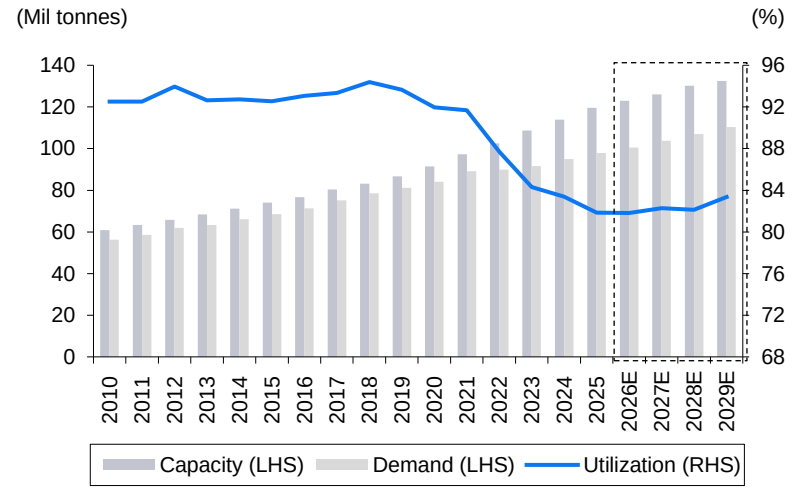
- Polypropylene (PP) capacity is expected to increase by a net 3.28m tonnes in 2026 (+2.7%), while demand is set to grow 2.66m tonnes (+2.7%).
- The 2026 net capacity addition has been revised down from the forecast six months ago of 4.11m tonnes (+3.5%). However, projections for 2027-2028 have been raised, implying a 1-2-year delay in the 2026 expansion schedule.
- Companies have remained cautious on investment due to negative margins caused by large-scale capacity additions over 2019-2025. As a result, supply-demand imbalances are likely to ease gradually.

PP: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

PP: Global supply-demand balance



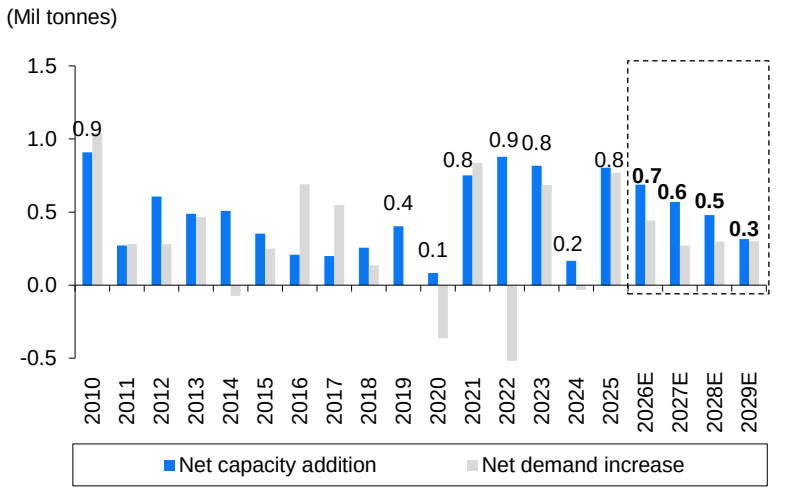
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: Butadiene

▶ Butadiene supply overhang to persist despite lower net capacity additions

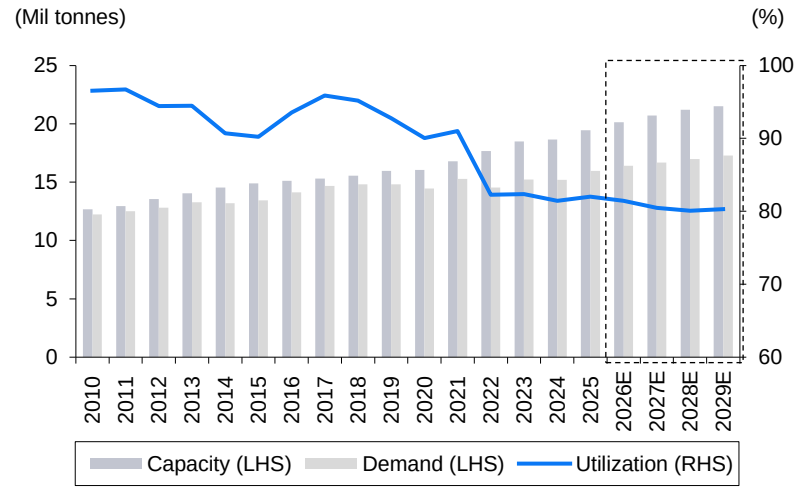
- Butadiene capacity is now expected to increase by a net 0.69m tonnes in 2026 (+3.5%) and 0.57m tonnes in 2027 (+2.8%), below the forecasts six months ago of 0.81m tonnes and 1.02m tonnes, respectively.
- This likely reflects lower net ethylene capacity additions, as butadiene is produced as a byproduct of ethylene manufacturing.
- Butadiene demand is projected to rise 0.44m tonnes in 2026 (+2.8%) and 0.27m tonnes in 2027 (+1.7%), lagging supply growth.
- Although new butadiene supply is set to moderate amid downward revisions to NCC expansion plans, the supply overhang—where supply significantly outsizes demand—is expected to persist.

Butadiene: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

Butadiene: Global supply-demand balance



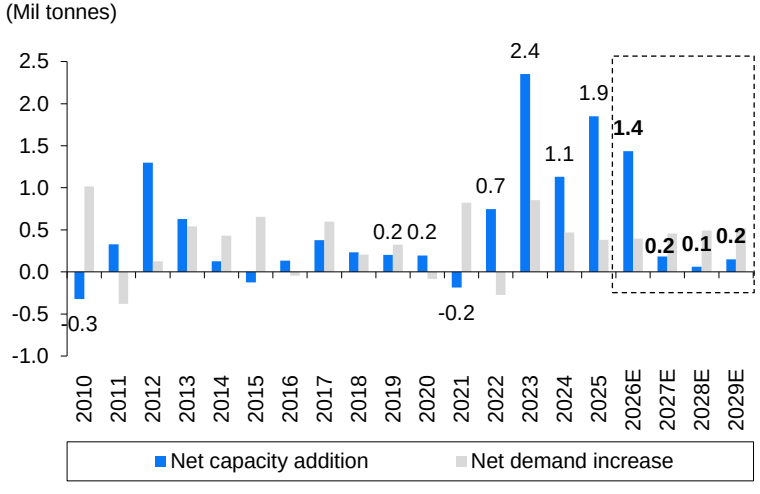
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: ABS

▶ Massive ABS capacity expansions to end in 2026

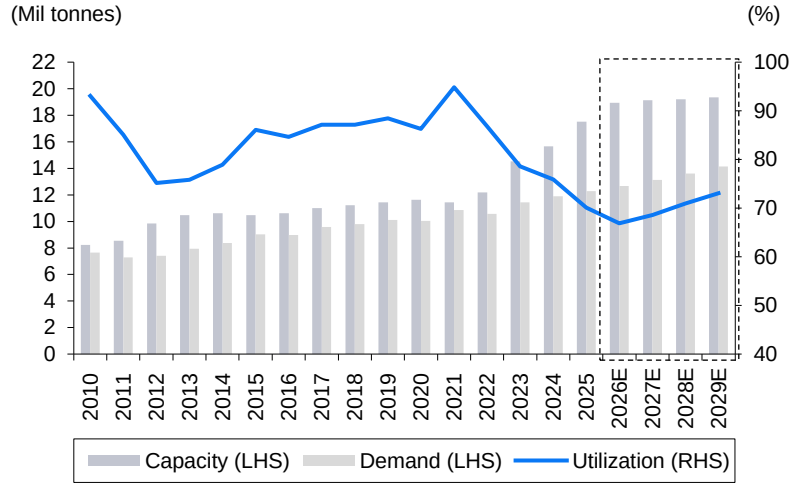
- In 2026, ABS capacity is expected to grow by a net 1.44m tonnes (+8.2%), while demand should rise 0.4m tonnes (+3.2%).
- ABS net capacity growth was 6.5% in 2022, surged to 19.3% in 2023, and has since remained around 10% pa.
- This reflects large-scale expansion decisions by Chinese producers during the COVID-19 boom.
- Virtually no new capacity expansions are planned from 2027, so supply-demand dynamics should improve.

ABS: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

ABS: Global supply-demand balance



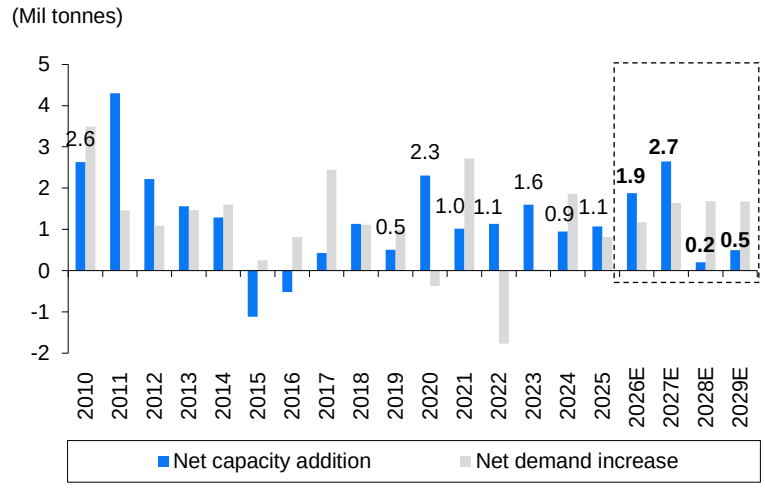
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: PVC

▶ PVC capacity additions delayed from 2025 to 2026-2027, raising supply glut risk

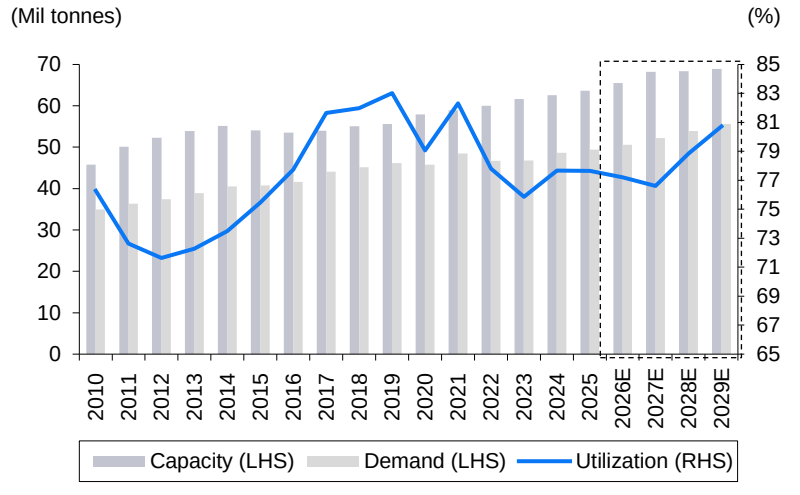
- PVC capacity is set to increase by a net 1.88m tonnes in 2026 (+2.9%), versus a net increase of 1.07m tonnes in 2025 (+1.7%).
- This reflects the postponement of 0.68m tonnes of capacity additions originally planned for 2025.
- Net capacity growth is projected to accelerate to 2.65m tonnes in 2027 (+4%).
- However, tightening carbon-related regulations in China are increasing the likelihood of coal-based PVC plant closures. If confirmed, these shutdowns could reduce net capacity growth.

PVC: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

PVC: Global supply-demand balance



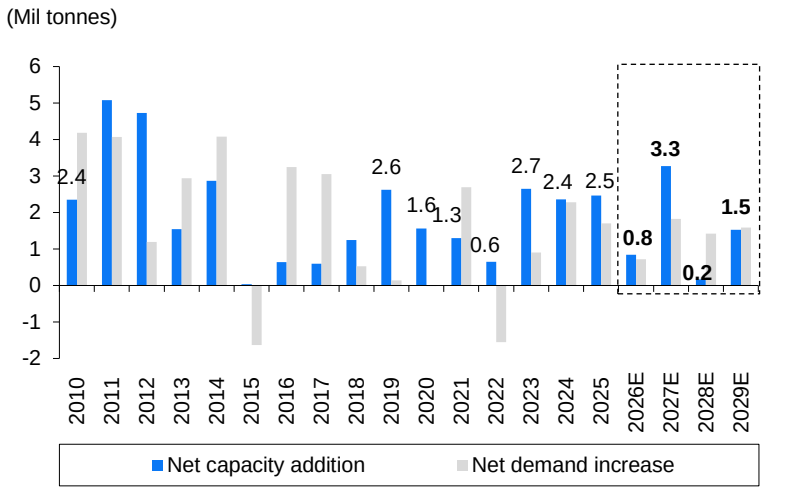
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: Caustic soda

▶ Caustic soda's 2026 supply plan pushed back by one year

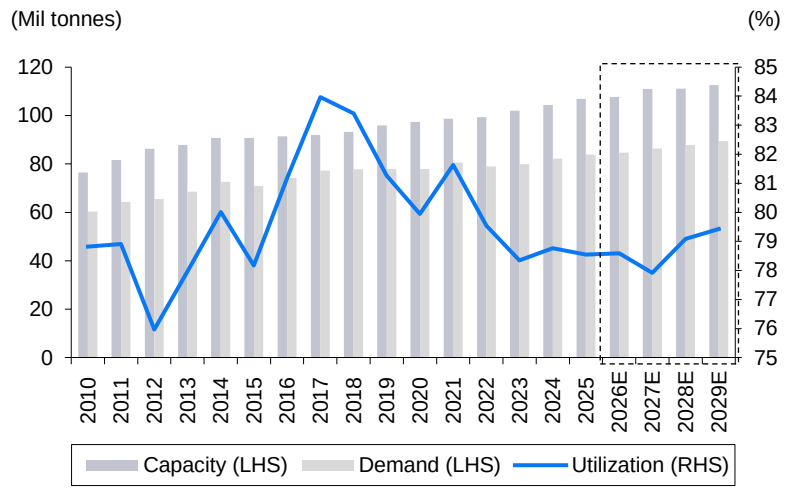
- Caustic soda capacity is expected to increase by a net 0.84m tonnes in 2026 (+0.8%), while demand is estimated to expand by 3.27m tonnes (+3%).
- Caustic soda capacity additions originally planned for 2025-2026 have been shifted to 2027, meaning supply plans are now one year behind PVC.
- As a result, the supply-demand balance should remain comfortable in 2026, but the risk of supply overhang is likely to intensify in 2027.

Caustic soda: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

Caustic soda: Global supply-demand balance



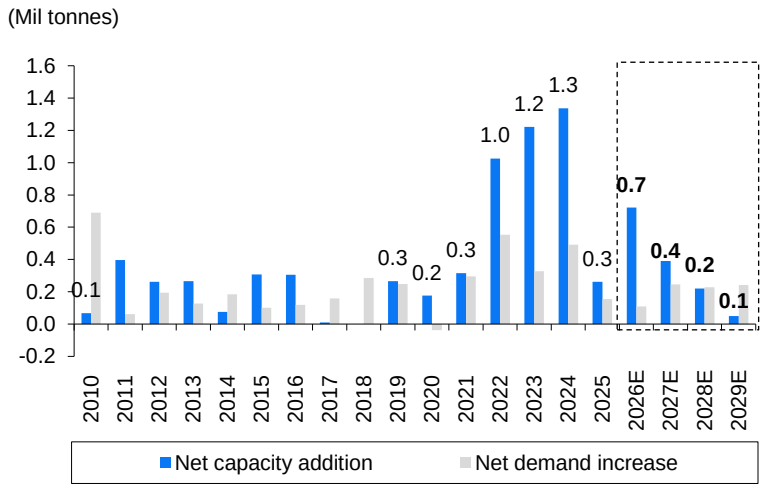
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: Bisphenol A (BPA)

▶ BPA oversupply to worsen over 2026-2027

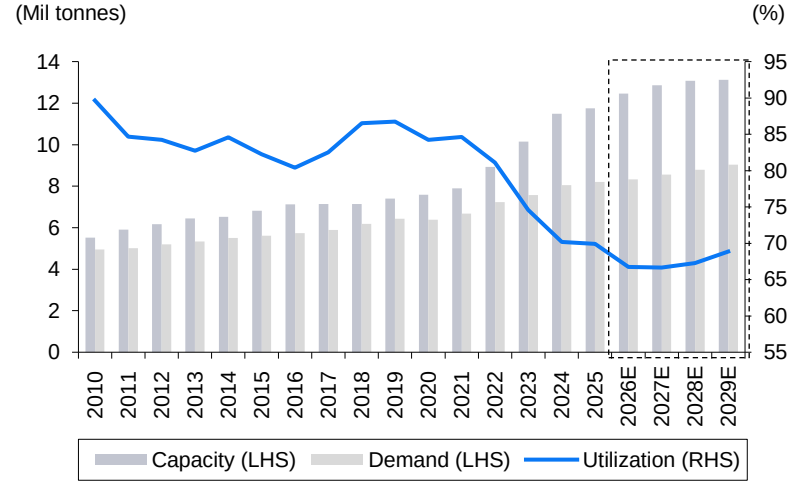
- BPA capacity is set to increase by a net 0.72m tonnes in 2026 (+6.1%), after rising 0.26m tonnes in 2025 (+4.3%).
- BPA demand growth is now forecast at 0.28m tonnes in 2026 (+1.3%), still below the four-year average of 5.3%.
- BPA capacity expansions should slow thereafter, with net additions of 3.1% in 2027 and 1.7% in 2028.
- After hitting a trough in 2027, BPA supply-demand dynamics should start to recover.

BPA: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

BPA: Global supply-demand balance



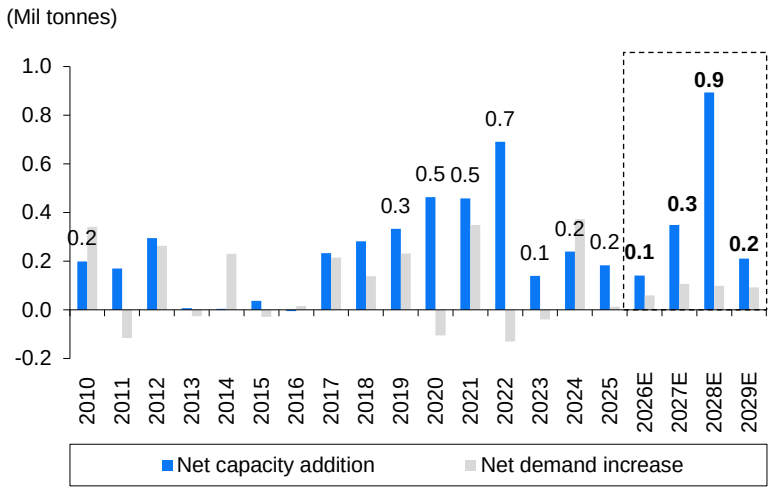
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: Polycarbonate (PC)

▶ Polycarbonate capacity expansions delayed by 1-2 years

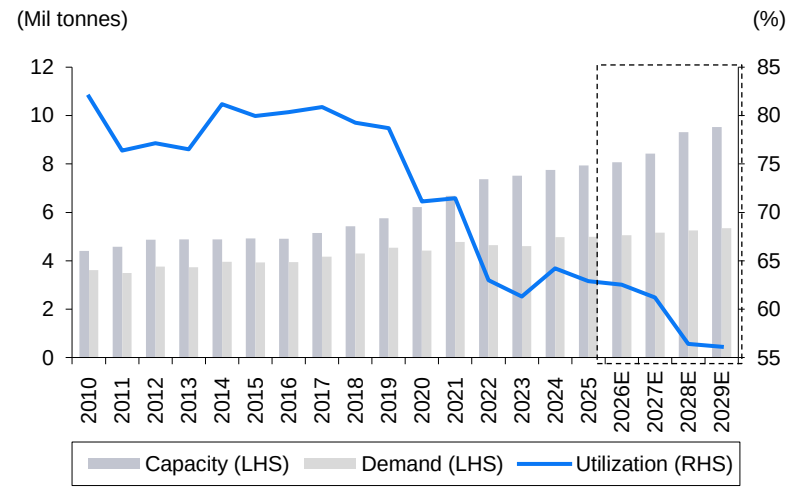
- Polycarbonate (PC) capacity is forecast to increase by a net 0.14m tonnes in 2026 (+1.8%) and 0.35m tonnes in 2027 (+4.3%), down from prior expectations of 0.27m and 0.67m tonnes, respectively.
- The missing capacity is not disappearing; it is being pushed into 2028, where new additions are now projected at 0.89m tonnes, vs the previous forecast of 0.18m tonnes.
- In short, capacity expansion should remain modest over 2026-2027, and industry conditions are likely to remain sluggish through 2028.

PC: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

PC: Global supply-demand balance



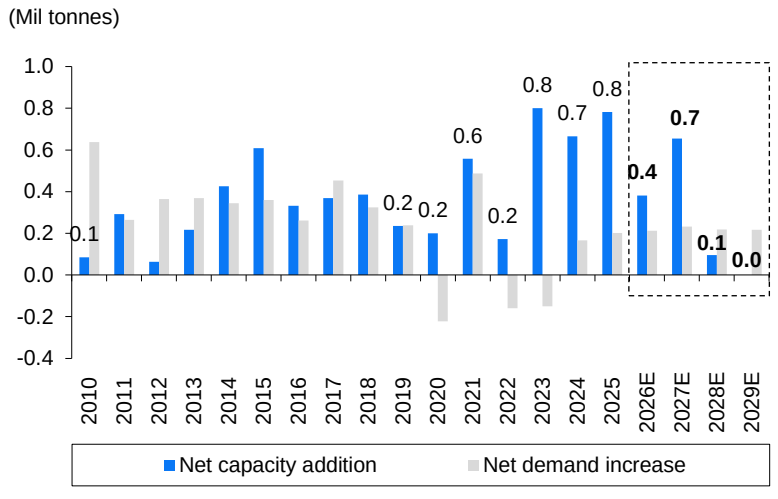
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: MDI

▶ MDI supply-demand balance to be worse than previously expected

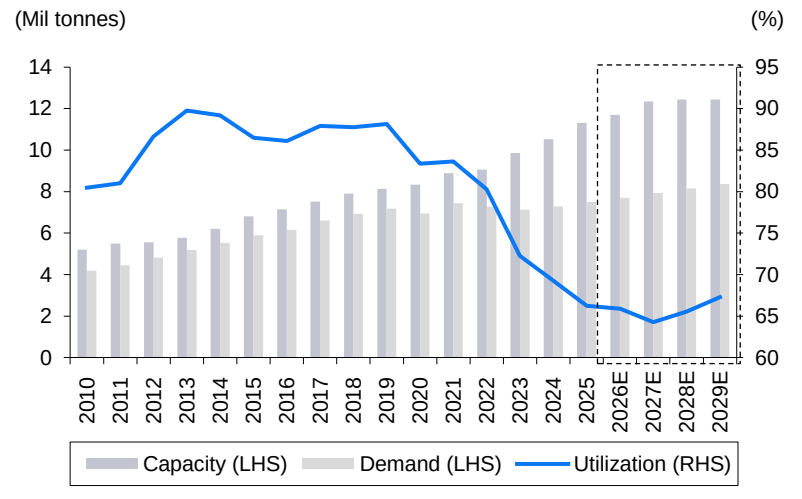
- MDI net capacity additions are now forecast at 0.38m tonnes in 2026 (+3.4% y-y) and 0.66m tonnes in 2027 (+5.6% y-y), a dramatic upward revision from forecasts six months ago of just 50,000 tonnes and zero, respectively.
- This surge reflects two key factors: 1) the delayed 0.2m tonnes of capacity originally planned for 2025, now set to come online over 2026-2027; and 2) additional capacity expansions announced by key producers.
- As supply should significantly outstrip demand over 2026-2027, industry conditions are unlikely to improve until 2028.

MDI: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

MDI: Global supply-demand balance



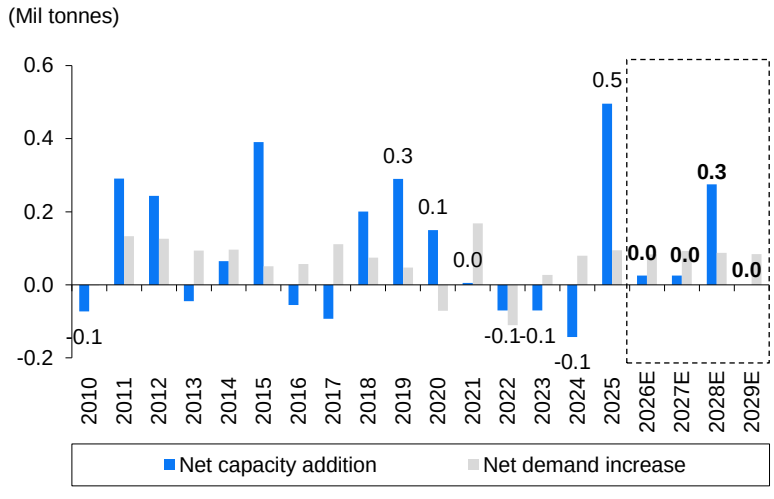
Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H supply outlook: TDI

▶ TDI supply-demand balance to continue improving over 2026-2027

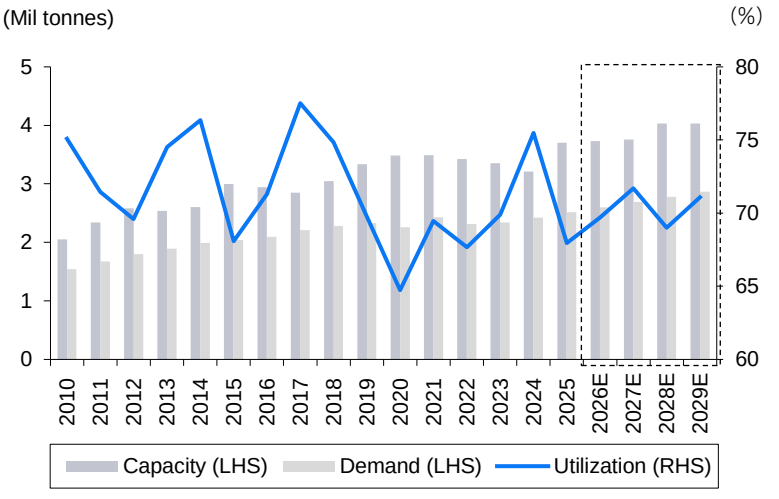
- TDI, a key raw material used in flexible polyurethane, is primarily consumed in bedding (35%), automobiles (20%), construction (15%), coatings (10%), and other sectors (20%).
- Due to its higher vapor toxicity vs MDI, TDI is subject to stricter safety and environmental regulations, which have led to several plant closures.
- For 2026-2027, net capacity additions are projected at just 25,000 tonnes (+0.7%), while net demand growth is forecast at 90,000 tonnes.
- Although a significant 280,000-tonne expansion is planned for 2028, limited new additions over 2026-2027 should improve supply-demand dynamics.

TDI: Net capacity changes and demand changes



Source: S&P Global Platts, ICIS, Samsung Securities estimates

TDI: Global supply-demand balance



Source: S&P Global Platts, ICIS, Samsung Securities estimates

2H outlook: Global supply-demand dynamics, by product

▶ 2026-2027 supply-demand outlook worse than projected six months ago, due to delayed facility startups and weaker demand forecasts

- In oil refining and chemicals, utilization rates not only reflect supply-demand dynamics but also serve as a key indicator of industry conditions.
- The list of products expected to see supply-demand improvement over 2026-2027 has narrowed significantly since our last update, as: 1) new facilities scheduled to come online over 2025-2026 have been delayed by 1-2 years; and 2) demand forecasts have been revised down due to the Middle East conflict.
- Although capacity rationalization in Korea does currently involve some temporary shutdowns, we are treating it as permanent in our model. This means our capacity forecasts could still be revised upward if these units come back online.

Main chemical products: Global utilization rates and forecasts

(%)	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	Growth (%pts y-y)			
											2026E	2027E	2028E	2029E
Ethylene	87.4	86.8	82.5	81.0	81.3	80.6	81.5	79.7	79.4	79.9	**0.9**	-1.8	-0.3	**0.5**
PE	87.3	85.9	81.8	78.3	79.2	78.3	78.3	75.4	74.9	75.3	-0.0	-2.9	-0.5	**0.4**
HDPE	87.2	85.6	81.1	76.8	76.7	75.8	74.7	70.9	70.3	70.8	-1.1	-3.8	-0.6	**0.5**
LDPE	89.5	89.1	84.3	82.7	84.4	86.2	85.4	83.2	80.4	80.7	-0.9	-2.2	-2.8	**0.4**
LLDPE	86.1	84.5	81.0	77.8	79.4	77.2	79.1	77.2	78.0	78.4	**1.9**	-1.9	**0.7**	**0.5**
MEG	74.5	70.8	64.0	62.8	66.2	67.8	66.4	67.9	69.4	70.3	-1.4	**1.5**	**1.4**	**0.9**
PVC	79.1	82.3	77.8	75.8	77.7	77.7	77.2	76.6	78.8	80.7	-0.4	-0.6	**2.2**	**1.9**
Caustic soda	79.9	81.6	79.5	78.4	78.8	78.5	78.6	77.9	79.1	79.4	0.0	-0.7	**1.2**	**0.3**
Propylene	78.8	79.8	75.7	72.6	71.9	70.9	71.0	70.0	70.2	70.9	**0.1**	-1.0	**0.2**	**0.7**
PP	92.0	91.7	87.7	84.3	83.4	81.9	81.8	82.3	82.1	83.4	-0.0	**0.5**	-0.1	**1.2**
BPA	84.3	84.6	81.1	74.6	70.2	69.9	66.8	66.6	67.3	68.9	-3.2	-0.1	**0.6**	**1.6**
AN	81.5	82.6	73.1	71.2	71.9	72.1	69.6	65.6	63.9	60.4	-2.4	-4.0	-1.7	-3.5
Butadiene	90.0	91.0	82.3	82.3	81.4	82.0	81.4	80.5	80.1	80.3	-0.6	-0.9	-0.4	**0.2**
ABS	86.3	94.9	86.8	78.6	75.9	70.1	66.9	68.6	70.9	73.1	-3.2	**1.7**	**2.3**	**2.1**
PC	71.1	71.5	63.0	61.3	64.2	62.9	62.5	61.2	56.4	56.1	-0.4	-1.3	-4.8	-0.3
MDI	83.4	83.6	80.3	72.2	69.3	66.3	65.9	64.3	65.5	67.3	-0.3	-1.6	**1.3**	**1.7**
TDI	64.7	69.5	67.7	69.9	75.5	67.9	69.7	71.7	69.0	71.1	**1.8**	**2.0**	-2.7	**2.1**

Source: S&P Global Platts, ICIS, Samsung Securities

2H supply outlook: Plant closures to continue

▶ Facility closures, accelerating since 2024, to gradually increase in scale in Europe and Japan

- Facility closures began to accelerate in 2024 due to the prolonged global downturn in chemicals (since 2021).
- Ethylene capacity closures announced in 2024 totaled 2.64m tonnes, or about 1.1% of global capacity.
- Permanent closures announced in 2025 reached 3.82m tonnes, or about 1.6% of global capacity.
- Plant closures are concentrated in Europe and Japan, as: 1) both regions have older facilities; 2) the small size of their plants discourages reinvestment; and 3) high energy costs have undermined cost competitiveness in both regions.

Global chemical firms: Announced ethylene capacity closures (2024-2026)

Company	Region	Announcement date	Closure date	Capacity ('000 tonnes)	Feedstock	Portion of global 2026E capacity (%)
ExxonMobil	Notre Dame, France	1H24	2H24	425	Naphtha	0.2
SABIC	Geleen, Netherlands	1H24	2Q24	575	Naphtha	0.2
Qenos	Botany Bay, Australia	1H24	2Q24	265	Naphtha	0.1
Mitsui/Idemitsu Kosan JV	Chiba, Japan	2H24	FY27	413	Naphtha	0.2
Eni	Brindisi, Italy	2H24	2025-2026	468	Naphtha	0.2
Eni	Priolo, Italy	2H24	2025-2026	490	Naphtha	0.2
Total announced in 2024				**2,636**		**1.1**
Maruzen	Chiba, Japan	1H25	FY26	525	Naphtha	0.2
TotalEnergies	Antwerp, Belgium	1H25	2027	550	Naphtha	0.2
ENEOS	Kawasaki, Japan	1H25	2027	443	Naphtha	0.2
SABIC	Wilton, UK	1H25	1H25	865	Naphtha	0.4
Dow	Bohlen, Germany	2H25	4Q27	610	Naphtha	0.3
ExxonMobil	Mossmorran, UK	2H25	1H26	830	Ethane	0.3
Total announced in 2025				**3,823**		**1.6**
Asahi Kasei/Mitsubishi	Mizushima, Japan	1H26	2030	567	Naphtha	0.2
Total announced in 2026 ytd				**567**		**0.2**

Source: S&P Global Platts, ICIS, Samsung Securities

2H supply outlook: China to close old facilities

▶ China's chemical industry increasingly expanding through new, larger-scale facilities while shutting down older assets

- China's chemical sector is increasingly retiring outdated facilities as part of a strategy to replace them with new investments.
- As a result, newly planned facilities are significantly larger than the outdated units they are set to replace.
- Planned closures, concentrated over 2029-2030, total 2.64m tonnes, or roughly 4% of China's 2026 capacity.
- However, China plans to add 26.88m tonnes of new ethylene capacity between 2025 and 2030, lifting capacity from 59.75m tonnes to 86.64m tonnes.
- In short, China is not cutting back—it is consolidating and upgrading its industrial base.

Chinese chemical firms: List of facilities slated for closure instead of new investments

Company	Region	Announcement date	Closure date	Capacity ('000 tonnes)	Feedstock	Portion of 2026E China capacity (%)
PetroChina Fushun	Fushun, China	1H25	2029	160	Naphtha	0.2
Sinopec Qilu	Zibo, China	1H25	2029	450	Naphtha	0.7
Sinopec Qilu	Zibo, China	1H25	2029	350	Naphtha	0.5
PetroChina Jilin	Jilin, China	2H25	1H26	150	Naphtha	0.2
PetroChina Lanzhou	Lanzhou, China	1H26	2029	460	Naphtha	0.7
PetroChina Lanzhou	Lanzhou, China	1H26	2029	240	Naphtha	0.4
Sinopec Maoming	Maoming, China	1H26	1H29	360	Naphtha	0.5
Sinopec Shanghai	Shanghai, China	2H25	2H30	700	N aphtha	1.1
Total				**2,636**		**4.0**

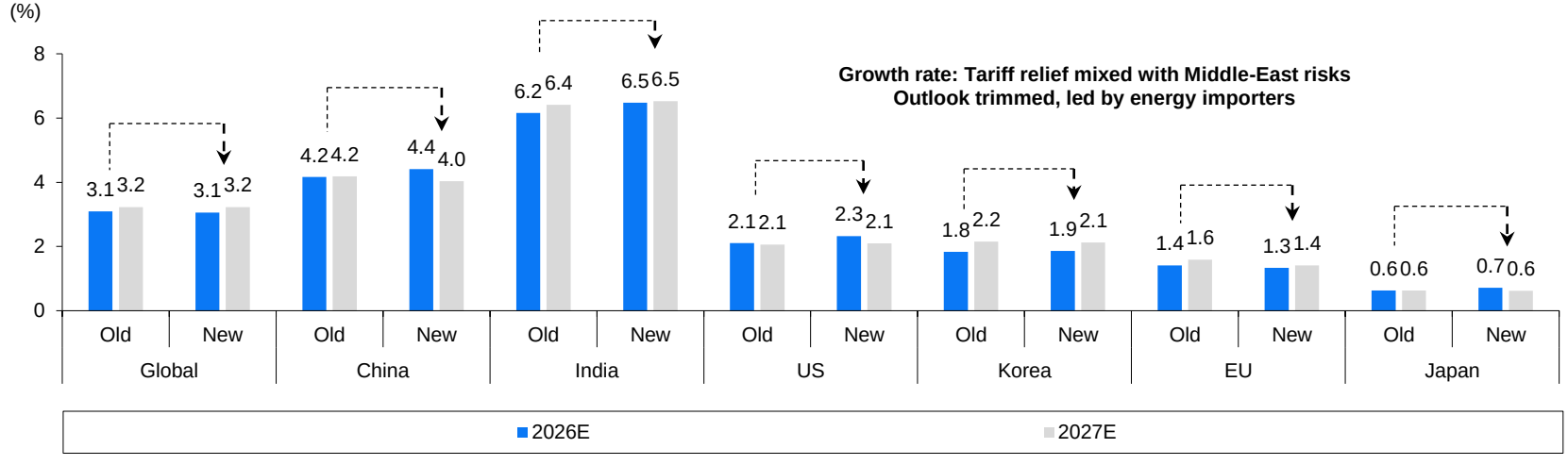
Source: S&P Global Platts, ICIS, Samsung Securities

2H demand outlook: Growth forecasts subject to both positive and negative factors

▶ Economic growth forecasts for 2026-2027 remain broadly unchanged from six months ago

- The IMF continues to forecast global growth of 3.1% in 2026 and 3.2% in 2027, unchanged from its Oct 2025 outlook.
- Easing concerns over US tariffs, an upside factor, have been offset by the ongoing Middle East conflict, a downside risk.
- The IMF has revised down its 2027 growth forecasts for countries and regions heavily reliant on energy imports, including China, Korea, and the EU.
- However, it raised its 2026 forecast for the US, citing the country's high energy self-sufficiency and a weaker-than-forecast impact from US tariffs.

Global GDP growth outlook: Oct 2025 vs Apr 2026



Source: IMF, Samsung Securities

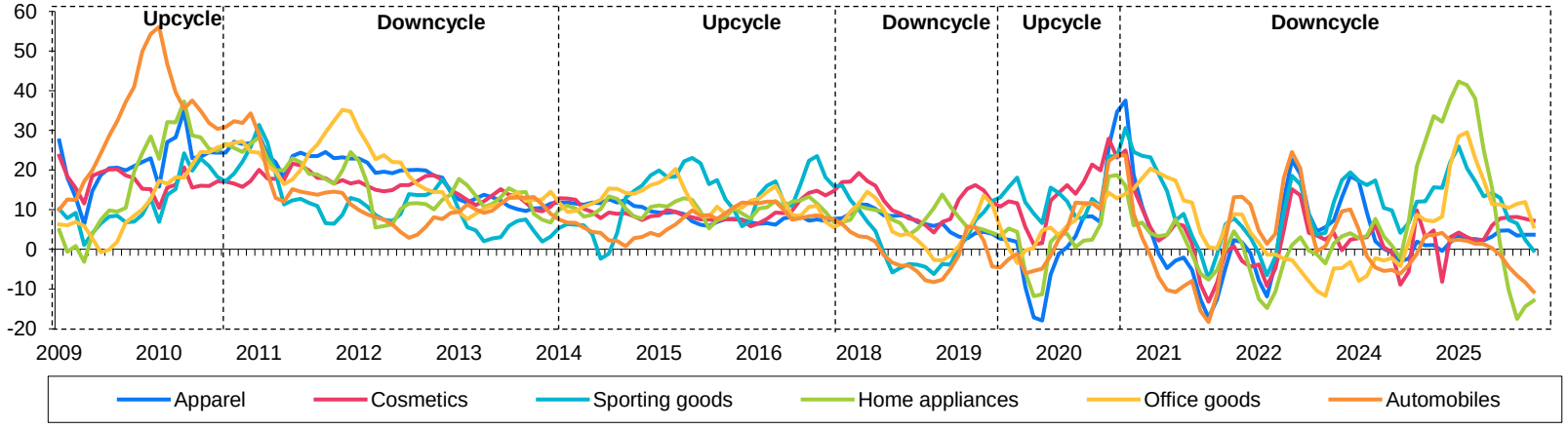
2H demand outlook: Chinese demand weak as stimulus boost fades

▶ Chinese demand weakens sharply on fading boost from consumption stimulus

- China's retail sales were down 1% in 2022, before rising 7.1% in 2023, 3.5% in 2024, and 4% in 2025.
- Retail sales growth notably slowed to below 3% in mid-2024, from June to September, before recovering to the 4% range in 2025, supported by government stimulus, including a consumer goods trade-in scheme. However, growth began to slow in 2H25 and decelerated to 1.3% in March and 0.9% in April.
- By product, retail sales growth was particularly anemic for construction materials, automobiles, and sporting goods, mainly due to the end of government stimulus.

China: Retail sales growth, by category

3-month moving average (% y-y)



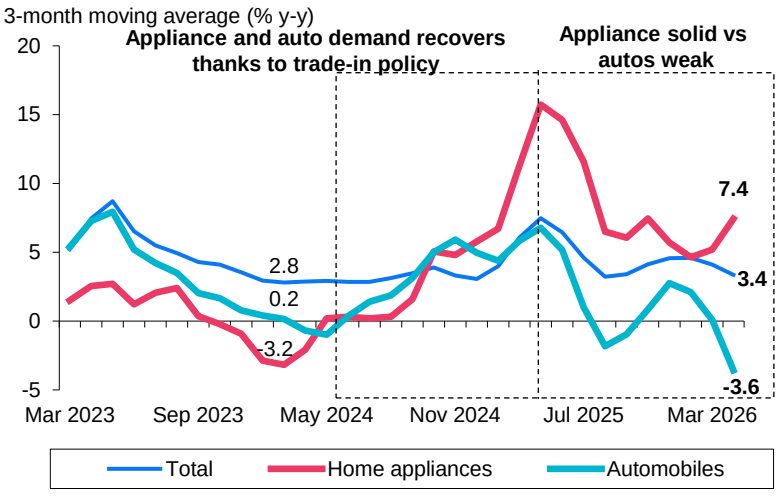
Source: CEIC, Samsung Securities

2H demand outlook: China extends trade-in policy to 2026

Home appliance demand still solid after China extends trade-in subsidy program through 2026, but auto sales continue to weaken

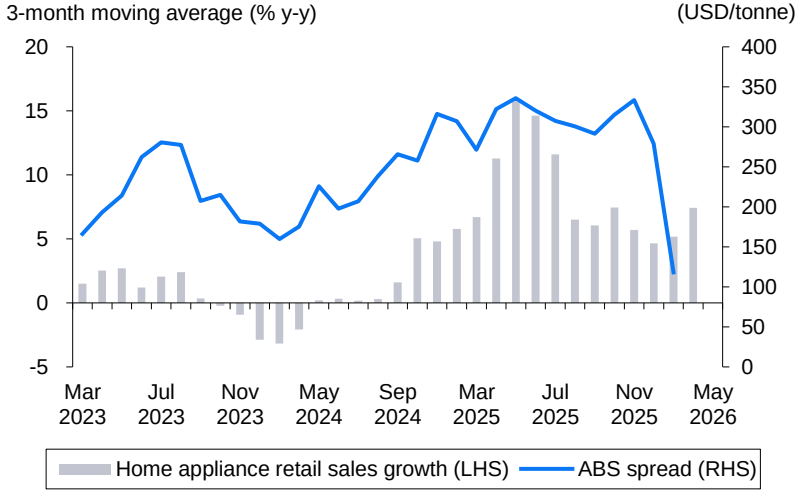
- China has extended its trade-in policy, launched in 2024 and expanded in 2025, which provides subsidies for consumers replacing old autos and home appliances with new ones.
- The central government allocated CNY300b (KRW60t) to the program last year, vs CNY150b (KRW30t) in 2024, but scaled this back to CNY250b (KRW50t) this year.
- In this process, home appliance sales have held up well, but auto sales have weakened further. This reflects not only subsidy exhaustion but, more importantly, structural changes in subsidy design.
- Starting in 2026, auto subsidies shifted from a flat-rate model of up to CNY20,000 per vehicle to a percentage-based model of 12% of the vehicle price, capped at CNY20,000. This disproportionately reduces benefits for low-cost models. For example, the subsidy for BYD's Seagull dropped from CNY20,000 in 2025 to just CNY8,400 in 2026.
- At the same time, the NEV purchase tax exemption, fully waived in 2024 and 2025, was reduced to 50% for 2026 and 2027.

China: Home appliances & autos* growth vs total retail sales growth*



Note: *3-year average growth applied to adjust for base effects (*eg*, Mar 2025 = CAGR from Mar 2022 to Mar 2025)
Source: CEIC, S&P Global Platts, Samsung Securities

China: Home appliances retail sales growth* vs ABS spread



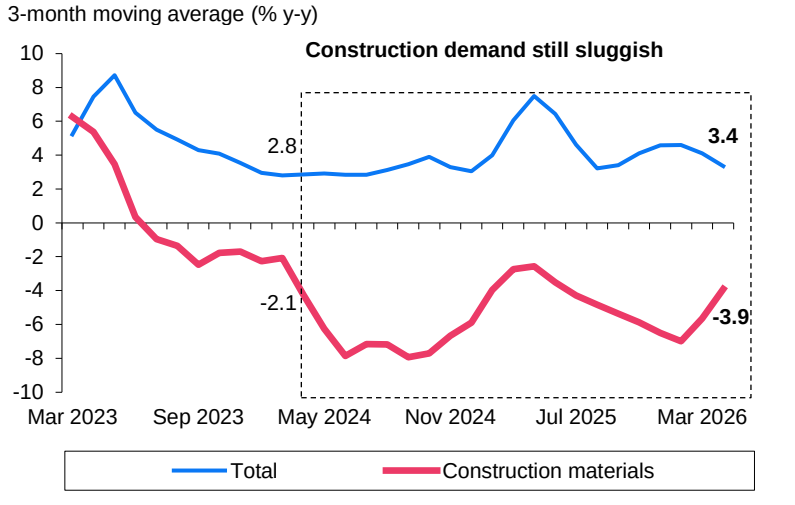
Note: *3-year average growth applied to adjust for base effects (*eg*, Mar 2025 = CAGR from Mar 2022 to Mar 2025)
Source: CEIC, S&P Global Platts, Samsung Securities

2026 demand outlook: Chinese construction market remains sluggish

Chinese construction market remains sluggish despite stimulus measures

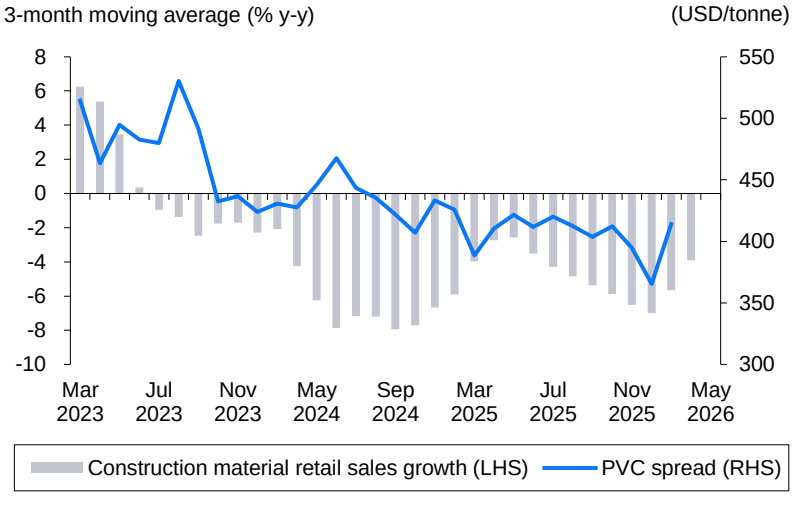
- In addition to measures to boost durable goods purchases, including home appliances and autos, China has introduced measures to stimulate its property market. So far, however, the property market recovery remains tepid.
- Retail sales of construction materials ytd have not fallen as precipitously as last year, though they remain down y-y.
- Separately, PVC spreads, which are closely linked to construction demand, have surged since Mar 2026, due to supply disruptions stemming from the Middle East conflict.
- Should the conflict subside and global supply chains normalize, PVC spreads could weaken again.

China retail sales growth: Construction materials* vs total*



Note: * 3-year average growth applied to adjust for base effects
(*eg*, Mar 2025 = CAGR from Mar 2022 to Mar 2025)
Source: CEIC, Samsung Securities

China: Construction materials retail sales growth* vs PVC spread



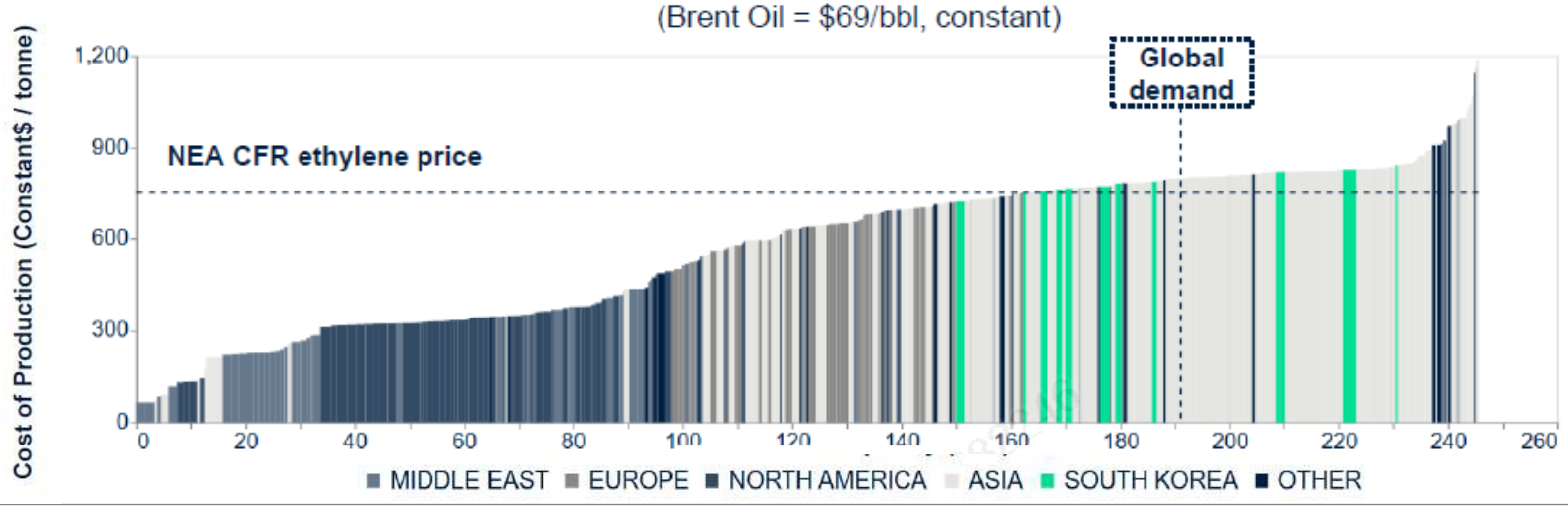
Note: * 3-year average growth applied to adjust for base effects
(*eg*, Mar 2025 = CAGR from Mar 2022 to Mar 2025)
Source: CEIC, S&P Global Platts, Samsung Securities

Issue #1: What happens when the war ends?

▶ Oversupply and weak profitability likely to persist even after the conflict ends

- A ceasefire in the Middle East could lead to the reopening of the Strait of Hormuz and a drop in oil prices, reducing input costs for chemical producers.
- However, this benefit may be partly offset, as facilities idled during the conflict are likely to ramp back up quickly, adding significant new supply to the market.
- Korean producers' profitability should be eroded by: 1) rapid expansion of global ethylene capacity; and 2) heavy investment by Asian players in ECCs and alternative feedstocks.

Global ethylene cost curve (based on 2025 demand)



Source: ICIS, Samsung Securities

Issue #2 : Impact of China's shift to ECCs on Korea's chemical industry

▶ China's chemical industry is shifting feedstocks to enhance cost competitiveness

- Amid prolonged underperformance among Asian NCCs, China's chemical sector is: 1) switching feedstocks to reduce production costs; and 2) expanding its specialty chemicals portfolio.
- New ethylene crackers under construction—replacing aging NCC units—are designed as mixed-feed facilities capable of processing both naphtha and ethane. Even existing NCCs are being retrofitted to accommodate ethane.
- This transition requires massive upstream investment, including in very large ethane carriers (VLECs) and dedicated ethane terminals. Only well-capitalized players, such as China's state-backed giants, can execute this shift at scale.
- For Korean and Japanese producers, which lack the capital and infrastructure to match this shift, China's move poses a structural threat.

Chinese market: Status of new or retrofitted ethylene facilities utilizing ethane

Company	Location	Type	Ethylene capacity ('000 tonnes)	Ethane input ratio & characteristics	Status & start-up schedule
Satellite Chemical	Lianyungang, Jiangsu	New	2,500	100% imported ethane (China's first pure ethane cracker)	P1 (May 2021), P2 (Jun 2022) currently operating
Wanhua Chemical	Yantai, Shandong	Retrofit	1,000	Propane → Converted to 100% pure ethane feed (Phase 1)	Retrofit completed Jan 2026
Wanhua Chemical	Yantai, Shandong	New	1,200	Mixed feed (Approx. 40% ethane + naphtha/LPG) (Phase 2)	Started up Apr 2025
CNPC (PetroChina) Dushanzi	Tarim, Xinjiang	New	600	By-product ethane from own gas field (P1)	Operating since Aug 2021
CNPC (PetroChina) Dushanzi	Tarim, Xinjiang	New	1,200	By-product ethane from own gas field (P2)	Scheduled to operate from 2026 (Under construction)
CNPC (PetroChina) Lanzhou	Yulin, Shaanxi	New	800	By-product ethane from own gas field (P1)	Operating since Aug 2021
SP Chemicals	Taixing, Jiangsu	Upgrade	780	Increased ethane ratio (75% → 90%)	Target completion in 2028
Huatai Shengfu	Ningbo, Zhejiang	Retrofit	600	Converted from LPG to ethane-dedicated furnace	Retrofit completed Jan 2026
Sinopec-INEOS JV	Nangang, Tianjin	New	1,200	Mixed feed with high ethane ratio	Started up Nov 2024
SPC	Jinshan, Shanghai	New	1,200	Mixed feed **(**naphtha+ethane**/LPG)** after shutting down existing **700,000** tonnes	Construction started 2025, target operation in **2028**
Sinopec Zhenhai	Ningbo, Zhejiang	New	1,500	Mixed feed (utilizing ethane-rich gas, *etc*) (P2)	Scheduled to operate from 2028 (Under construction)
Sinopec Yangzi	Nanjing, Jiangsu	Upgrade	1,000	JV with BASF, upgraded for mixed feed input	Target completion in 2027
Sinopec Qilu	Zibo, Shandong	Upgrade	1,000	Oil-to-Chemicals enhancement & mixed feed input	Target completion in 2027
Sinopec Maoming	Maoming, Guangdong	Retrofit	1,000	Shutting down existing 360,000 tonnes to build a New, large, mixed-feed facility	Scheduled to operate from 2027
Sinopec Luoyang	Luoyang, Henan	New	1,000	Flexible facility for LPG/naphtha/ethane	Scheduled to operate from 2026

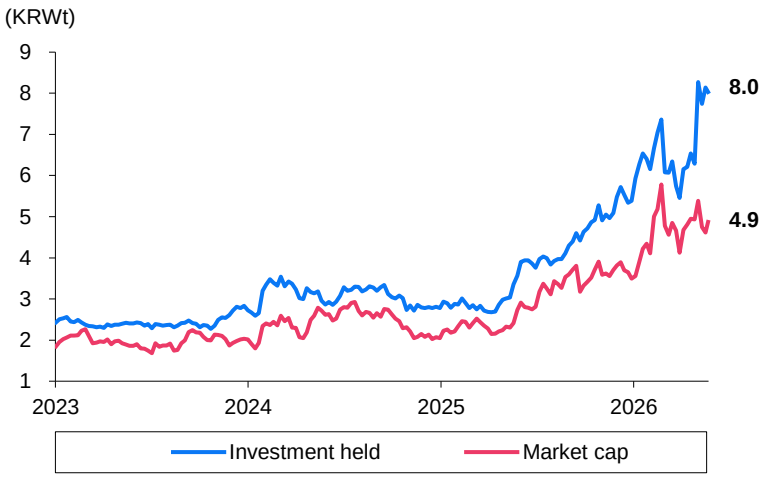
Source: Samsung Securities

Issue #3: Shareholder value momentum to accelerate in 2H

Shareholder value momentum, already building in 1H, is set to intensify in 2H

- As foreign investor interest in Korean equities rises and the revised Commercial Act—passed in Jul 2025—, takes effect in 2H26, companies should face greater pressure to deliver tangible shareholder returns.
- In the chemicals sector, investors should focus on three shareholder value enhancement angles.
- 1) Companies with high treasury-share ratios, which should benefit from expectations for treasury-share cancellations, such as KCC at 14% and Kumho Petrochemical at 13%.
- 2) Firms whose investment assets exceed their market caps and that could see their valuation discounts narrow, such as KCC, whose investment assets amount to KRW8t vs a market cap of KRW4.9t.
- 3) Companies with substantial discounts applied to their stakes in listed subsidiaries and for which monetization of these stakes could narrow the discount, such as LG Chem and SK Chemicals.

KCC: Market cap vs value of investment held



Source: QuantiWise, Samsung Securities

LG Chem / SK Chemicals: Mkt cap and value of subsidiary stakes

(KRWt)	End-2024			Current		
	Subsidiary stake value	Market cap	Ratio	Subsidiary stake value	Market cap	Ratio
LG Chem	73.4	23.7	32%	71.3	23.4	33%
SK Chemicals	2.56	1.15	45%	2.14	0.76	35%

Source: Company data, Samsung Securities

PART 04

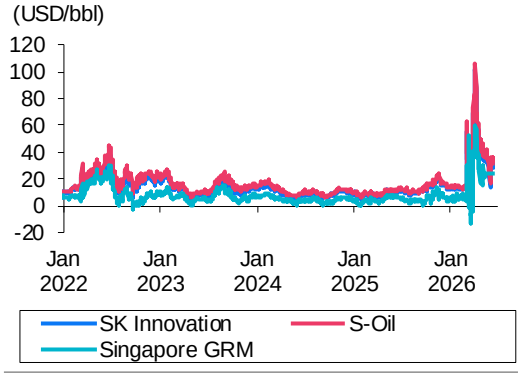
Appendix

Key indicators

Earnings forecasts

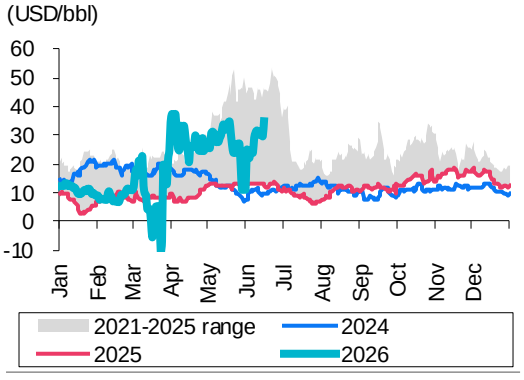
Key indicators: Mixed margin and product margin

SK Innovation and S-Oil: Mixed margin



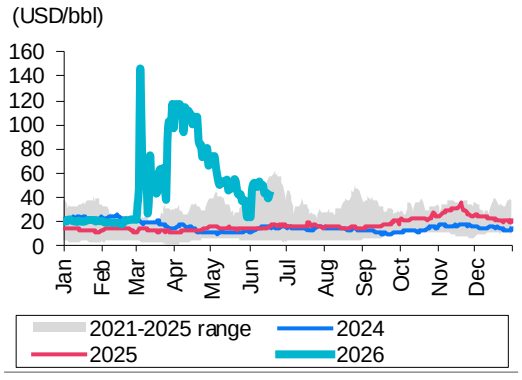
Source: Company data, DataStream, Samsung Securities

Gasoline: Spot refining margin vs Dubai oil



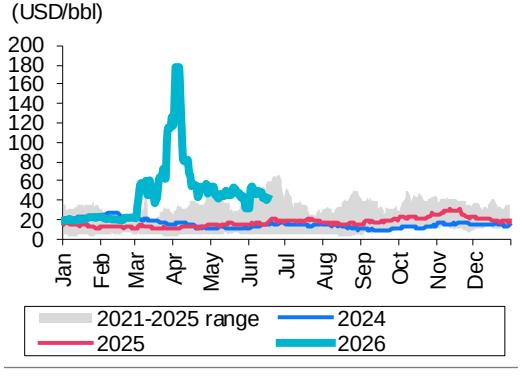
Source: Petronet, Samsung Securities

Kerosene: Spot refining margin vs Dubai oil



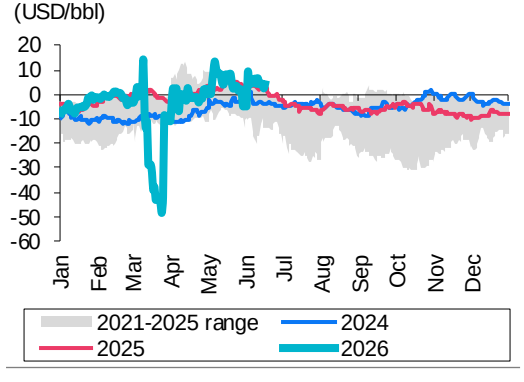
Source: Petronet, Samsung Securities

Diesel: Spot refining margin vs Dubai oil



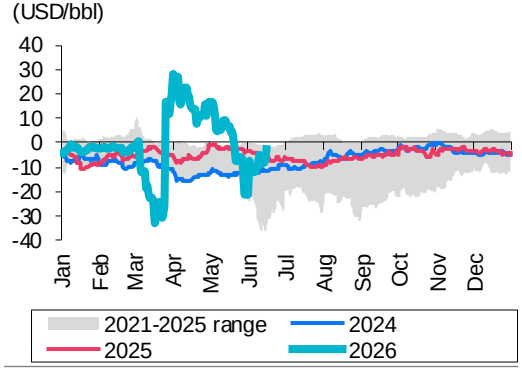
Source: Petronet, Samsung Securities

Bunker-C: Spot refining margin vs Dubai oil



Source: Petronet, Samsung Securities

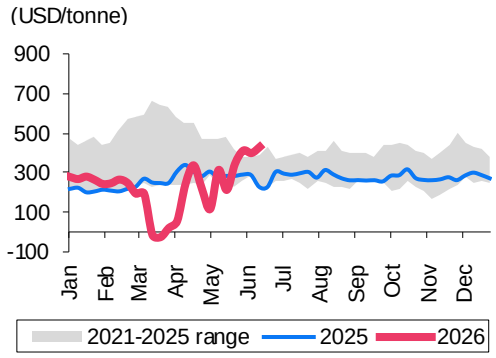
Naphtha: Spot refining margin vs Dubai oil



Source: Petronet, Samsung Securities

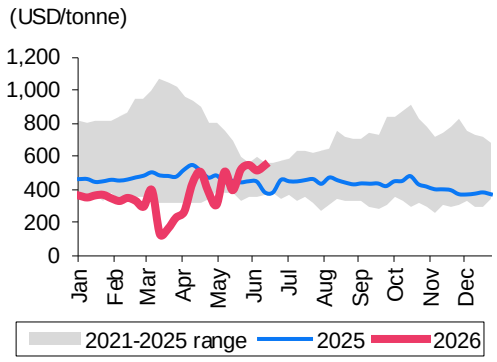
Key indicators: Chemical product spreads

HDPE-naphtha spread



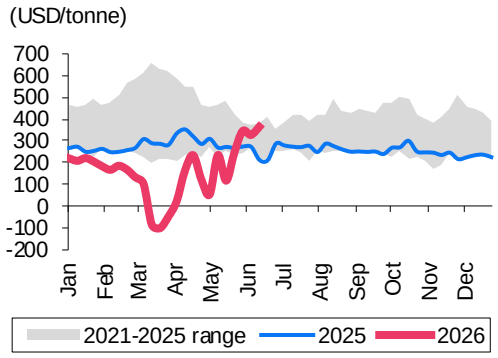
Source: Platts, Samsung Securities

LDPE-naphtha spread



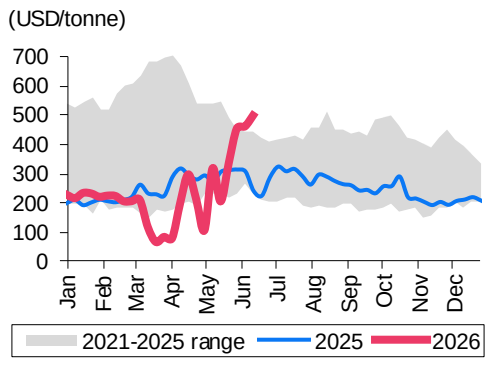
Source: Platts, Samsung Securities

LLDPE-naphtha spread



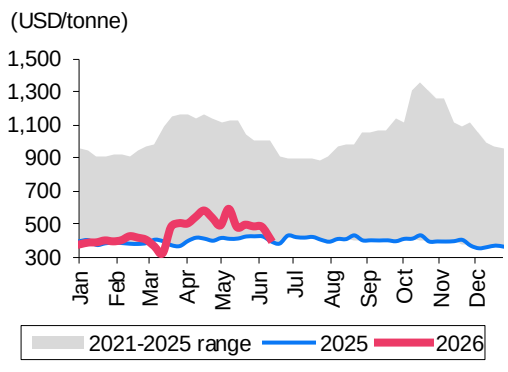
Source: Platts, Samsung Securities

PP-naphtha spread



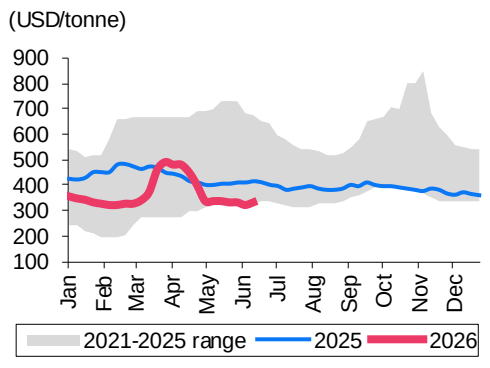
Source: Platts, Samsung Securities

PVC-naphtha spread



Source: Platts, Samsung Securities

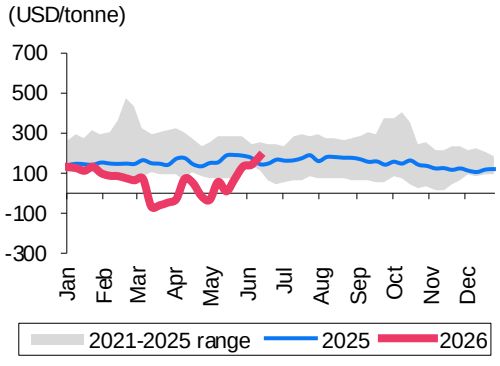
Caustic soda prices



Source: Platts, Samsung Securities

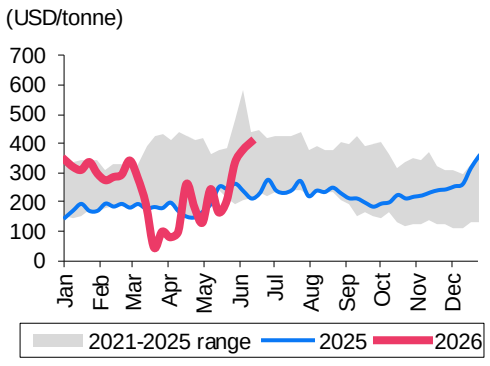
Key indicators: Chemical product spreads

MEG-naphtha spread



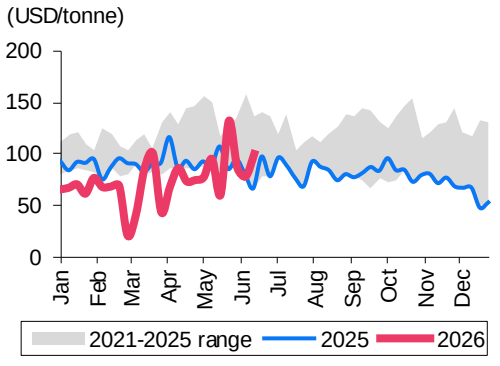
Source: Platts, Samsung Securities

PX-naphtha spread



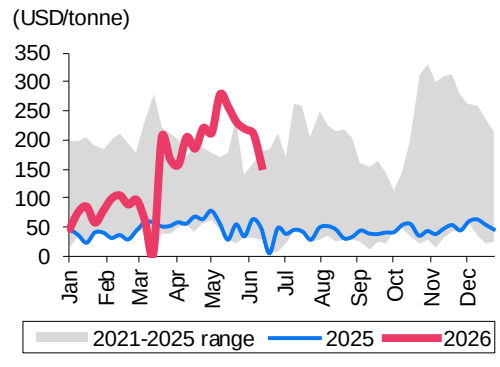
Source: Platts, Samsung Securities

PTA-PX spread



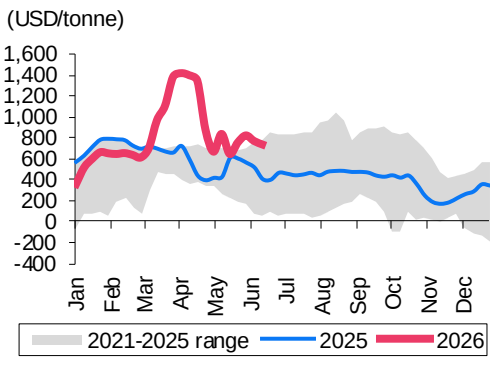
Source: Platts, Samsung Securities

PET-MEG/PTA spread



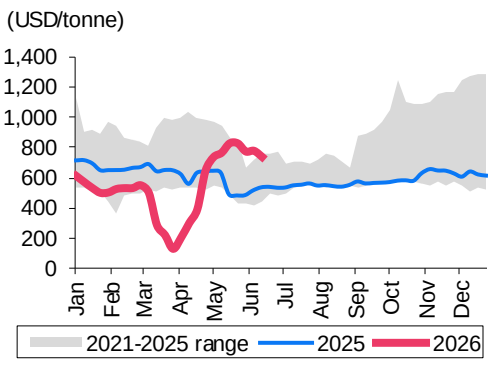
Source: Platts, Samsung Securities

Butadiene-naphtha spread



Source: Platts, Samsung Securities

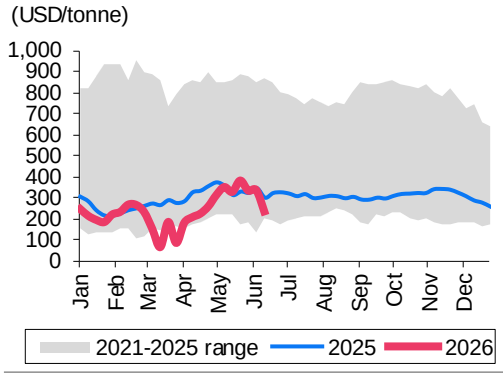
SBR-SM/BD spread



Source: Platts, Samsung Securities

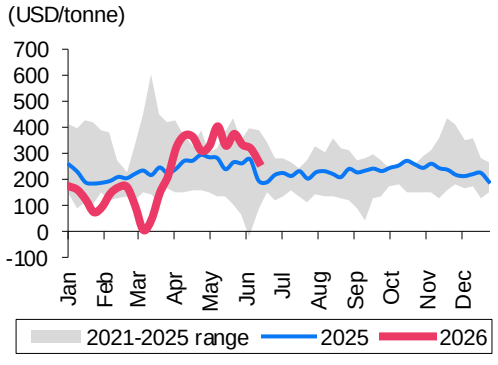
Key indicators: Chemical product spreads

ABS-AN/BD/SM spread



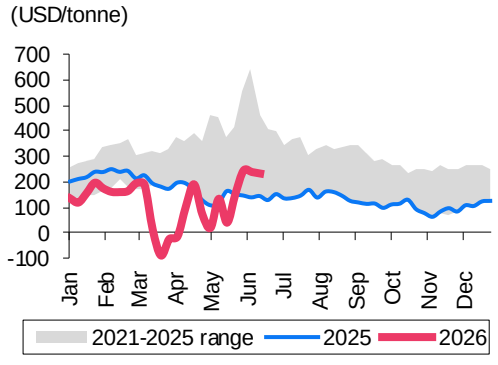
Source: Platts, Samsung Securities

PS-SM spread



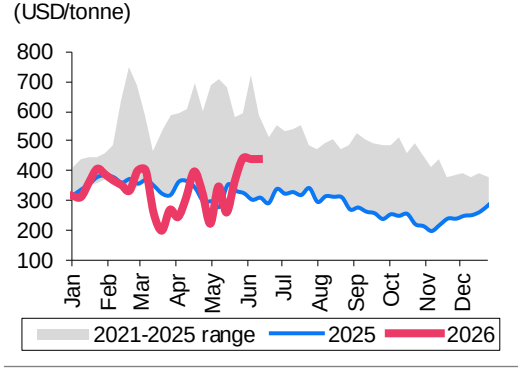
Source: Platts, Samsung Securities

Benzene-naphtha spread



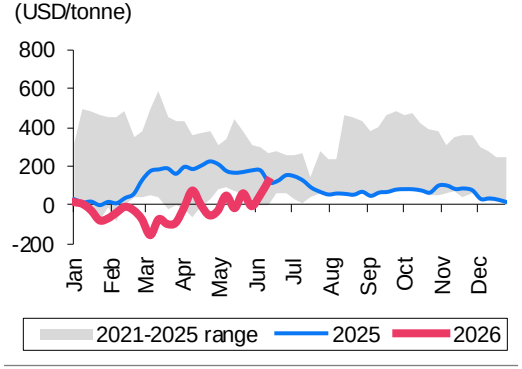
Source: Platts, Samsung Securities

SM-naphtha spread



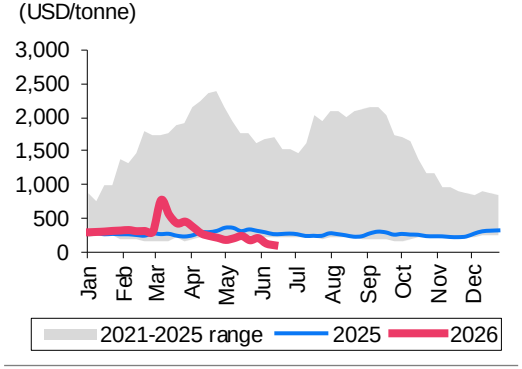
Source: Platts, Samsung Securities

Phenol/acetone-propylene/benzene spread



Source: Platts, Samsung Securities

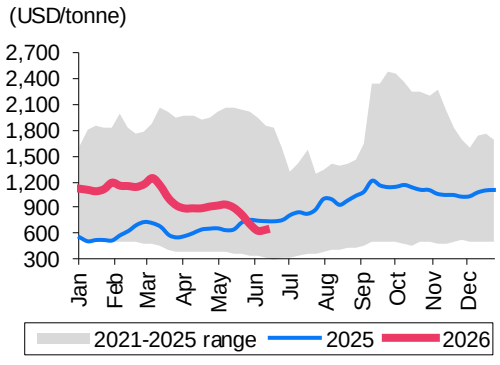
BPA-phenol/acetone spread



Source: Platts, Samsung Securities

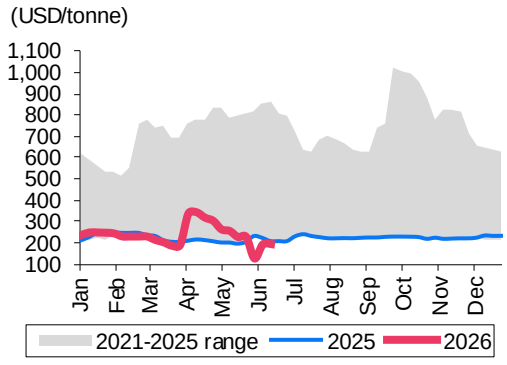
Key indicators: Chemical product spreads

ECH-propylene spread



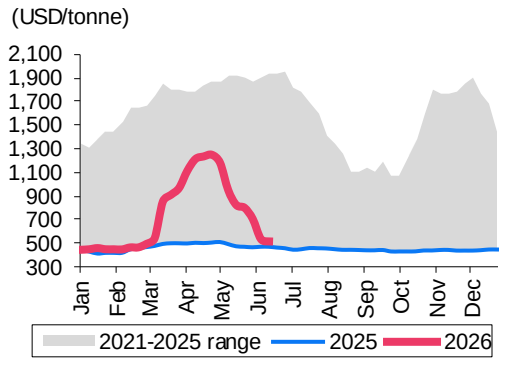
Source: Platts, Samsung Securities

AA-methanol spread



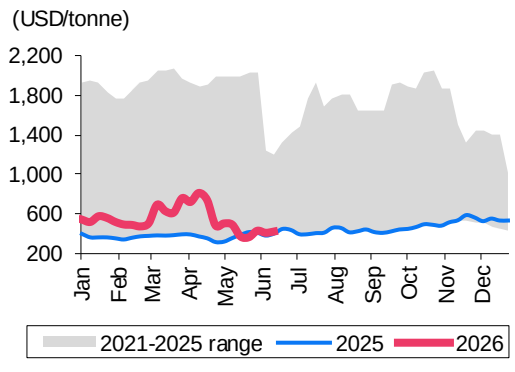
Source: Platts, Samsung Securities

VAM-AA spread



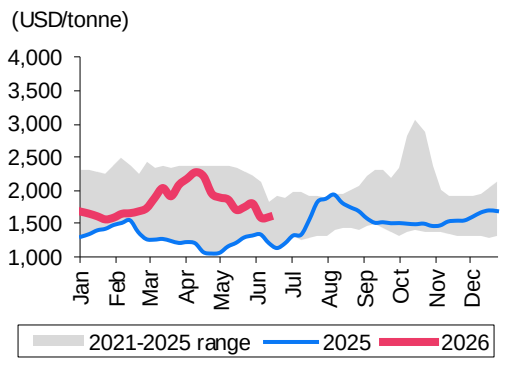
Source: Platts, Samsung Securities

PO-propylene spread



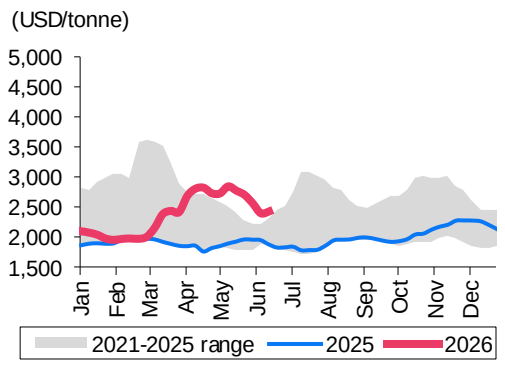
Source: Platts, Samsung Securities

TDI-toluene spread



Source: Platts, Samsung Securities

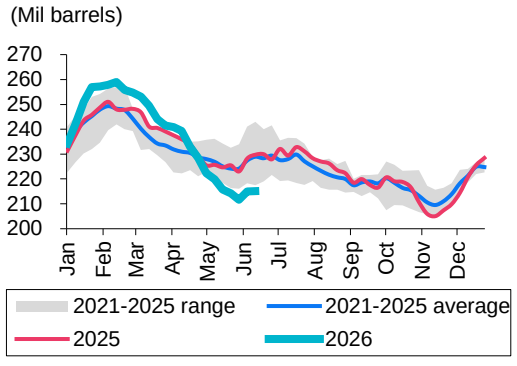
MDI-benzene spread



Source: Platts, Samsung Securities

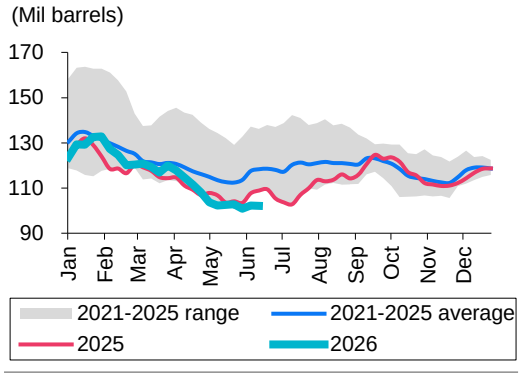
Key indicators: Refining product inventories

US light distillates inventory (gasoline)



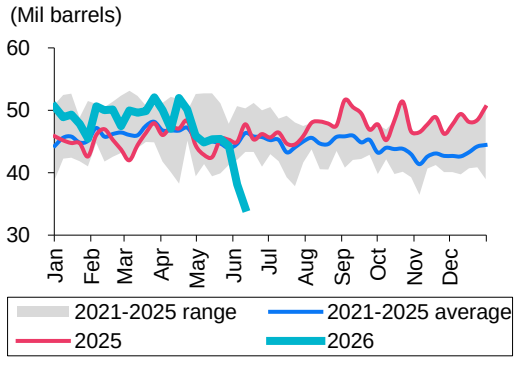
Source: EIA, Samsung Securities

US middle distillates inventory (diesel and kerosene)



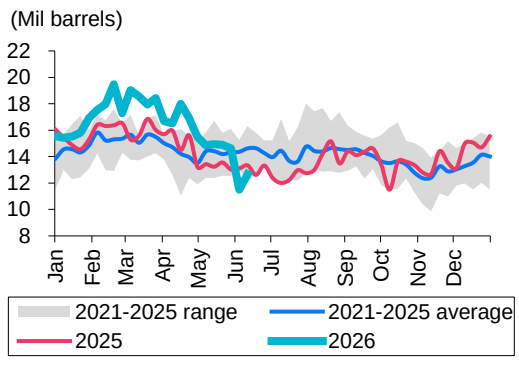
Source: EIA, Samsung Securities

Singapore refined products inventory (light distillates + mid distillates + residue)



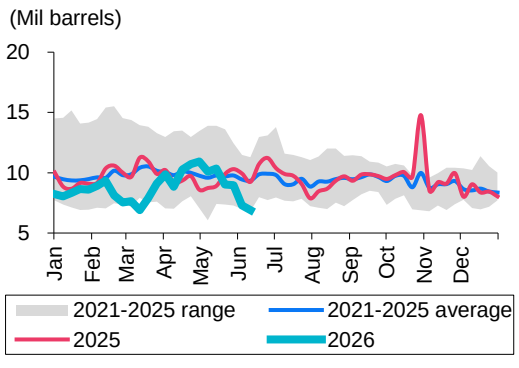
Source: Enterprise Singapore, Samsung Securities

Singapore light distillates inventory (gasoline)



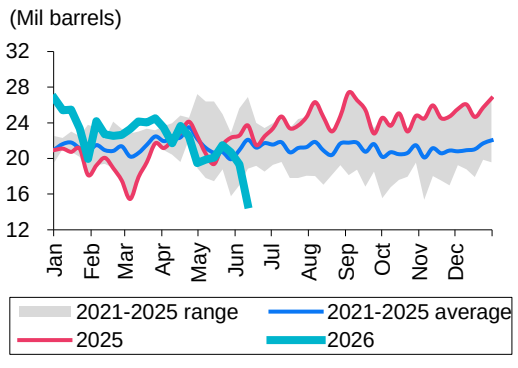
Source: Enterprise Singapore, Samsung Securities

Singapore middle distillates inventory (diesel and kerosene)



Source: Enterprise Singapore, Samsung Securities

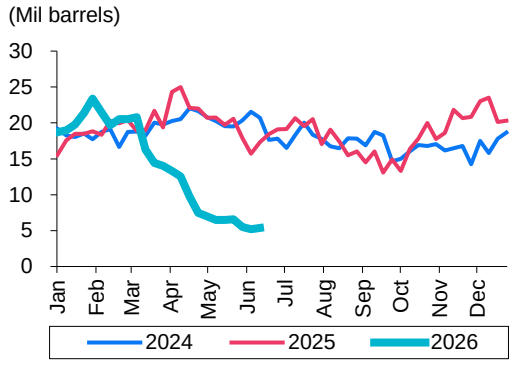
Singapore residue inventory (HSFO and LSFO)



Source: Enterprise Singapore, Samsung Securities

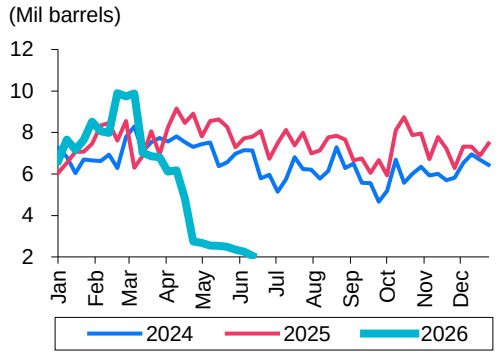
Key indicators: Refining product inventories

Fujairah (UAE) refined products inventory (light distillates + mid distillates + residue)



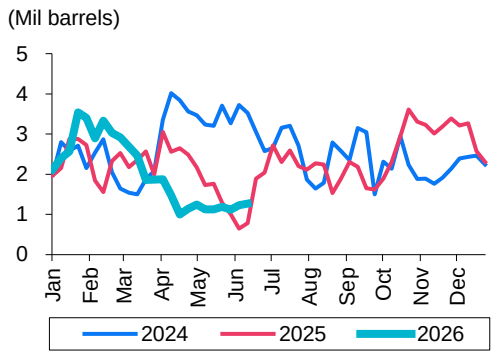
Source: Bloomberg, Samsung Securities

Fujairah (UAE) light distillates inventory (gasoline)



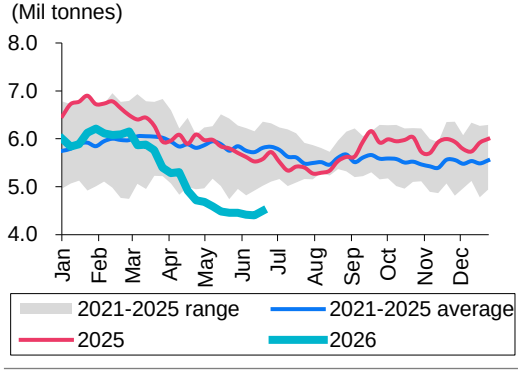
Source: Bloomberg, Samsung Securities

Fujairah (UAE) middle distillates inventory (diesel and kerosene)



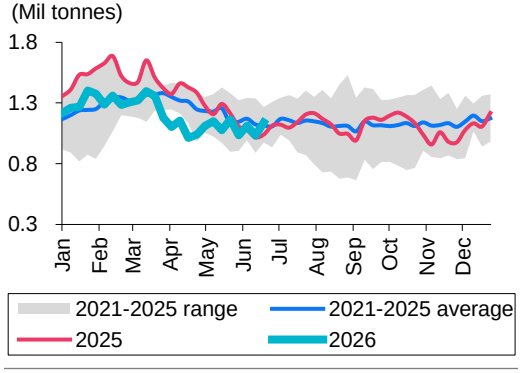
Source: Bloomberg, Samsung Securities

ARA (Europe) refining product inventory



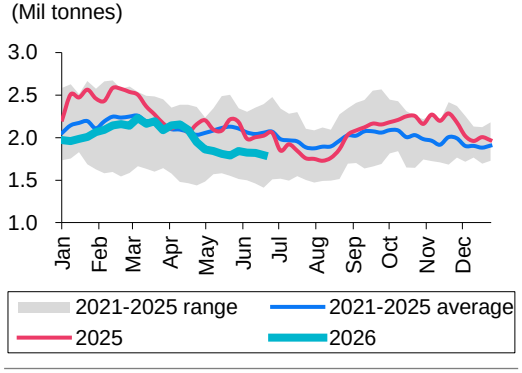
Source: Bloomberg, Samsung Securities

ARA (Europe) light distillates inventory



Source: Bloomberg, Samsung Securities

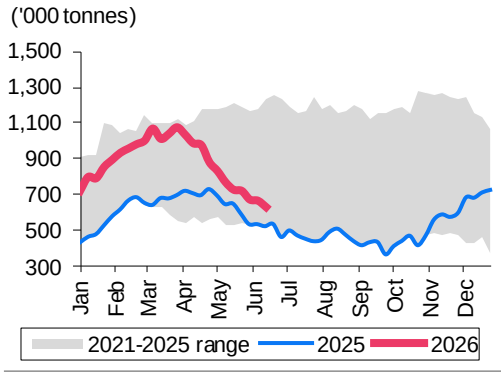
ARA (Europe) diesel inventory



Source: Bloomberg, Samsung Securities

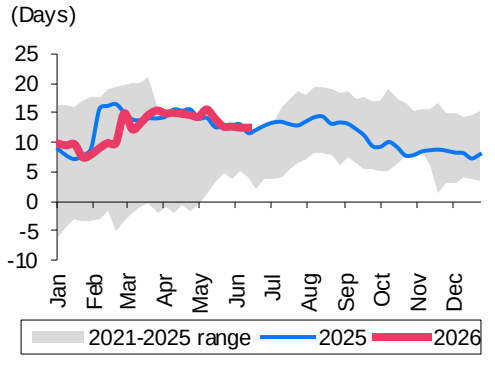
Key indicators: Chemical product inventories

MEG: China inventory



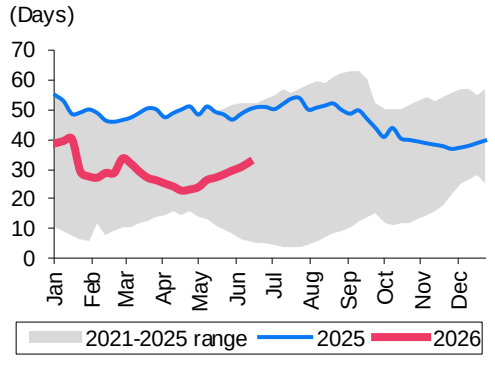
Source: CCFEI, Samsung Securities

Polyester staple: China inventory



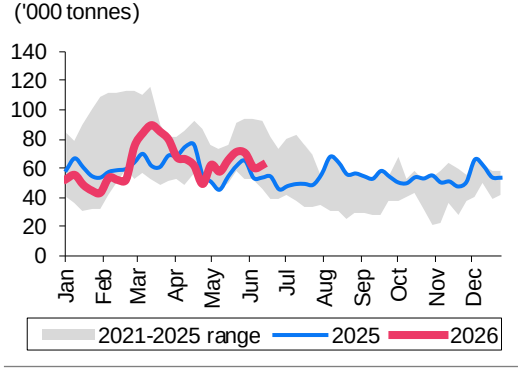
Source: CCFEI, Samsung Securities

Spandex: China inventory



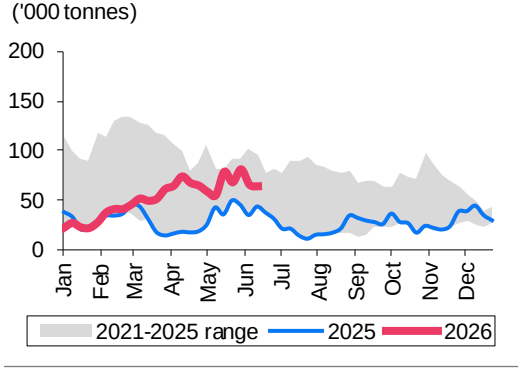
Source: CCFEI, Samsung Securities

Toluene: China inventory



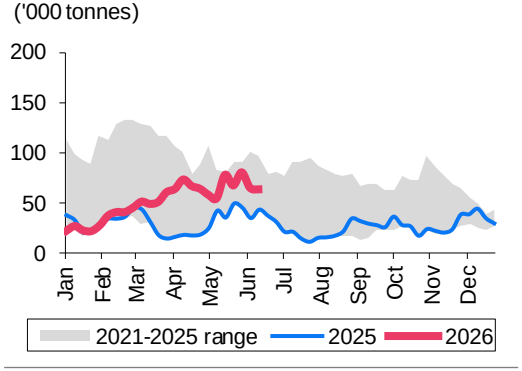
Source: CCFEI, Samsung Securities

Xylene: China inventory



Source: Platts, Samsung Securities

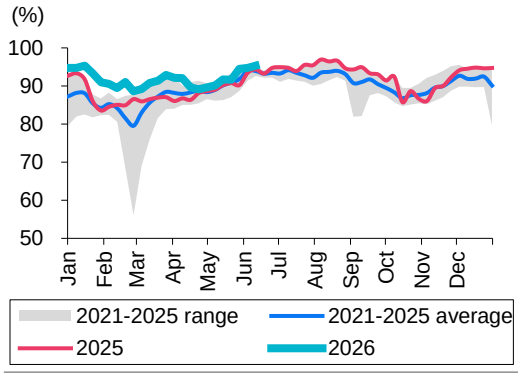
SM: China inventory



Source: Platts, Samsung Securities

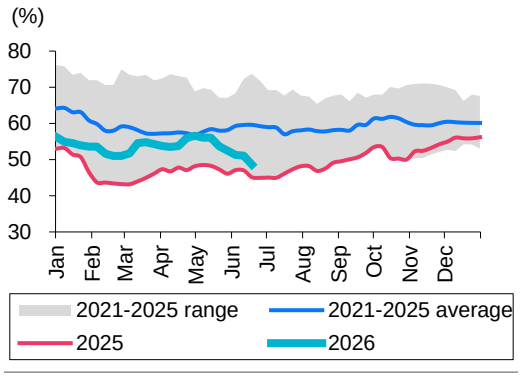
Key indicators: Refining/chemical product utilization rates

US refineries: Utilization rate



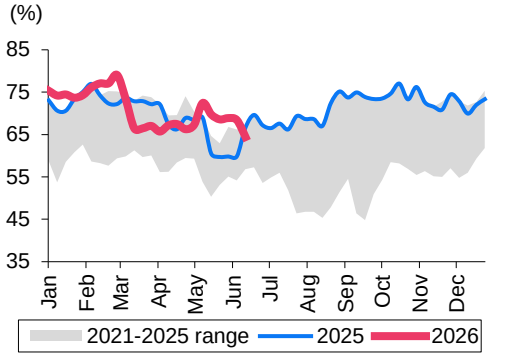
Source: EIA, Samsung Securities

China: Utilization rates at independent refiners in Shangdong area



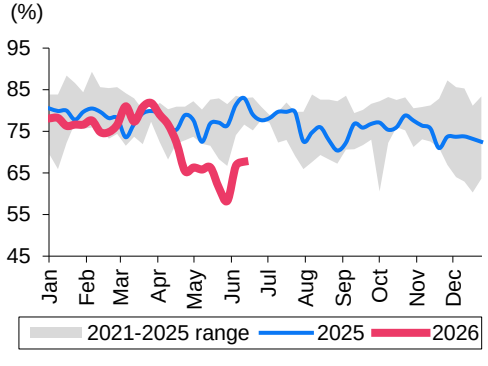
Source: Bloomberg, Samsung Securities

MEG: Utilization rates in China



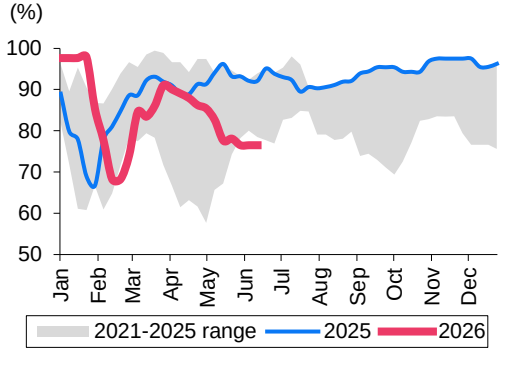
Source: CCFEI, Samsung Securities

PTA: Utilization rates in China



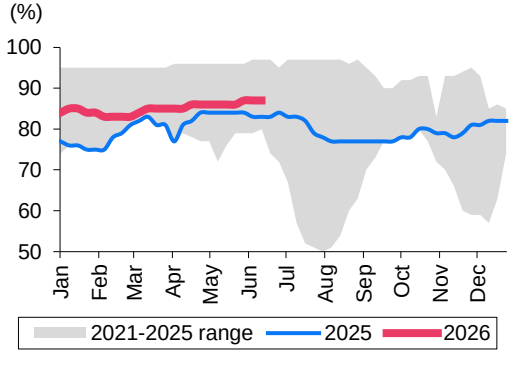
Source: CCFEI, Samsung Securities

Polyester staple: Utilization rates in China



Source: CCFEI, Samsung Securities

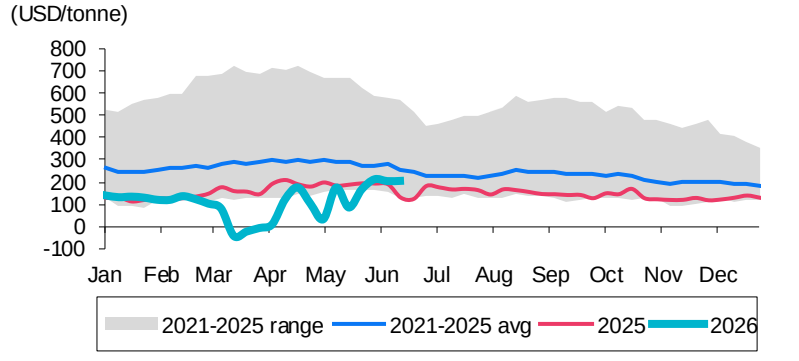
Spandex: Utilization rates in China



Source: CCFEI, Samsung Securities

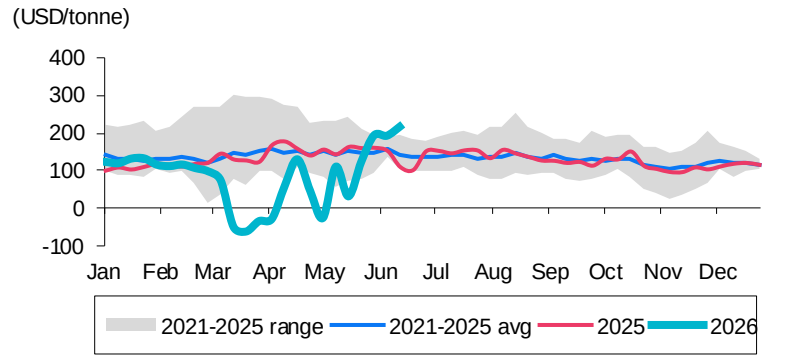
Key indicators: Chemical companies' mixed spreads

LG Chem: Mixed spread



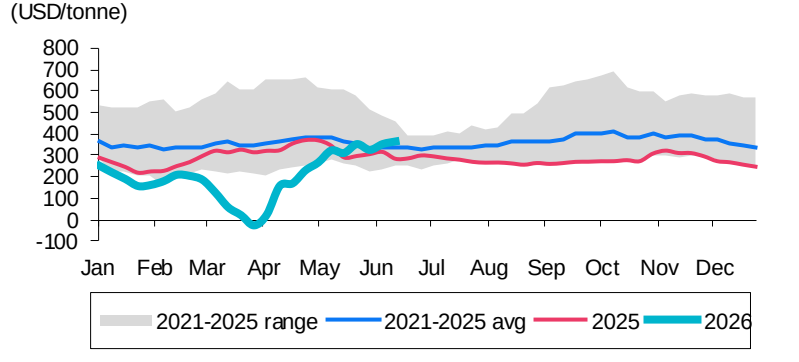
Source: Samsung Securities estimates

Lotte Chemical: Mixed spread



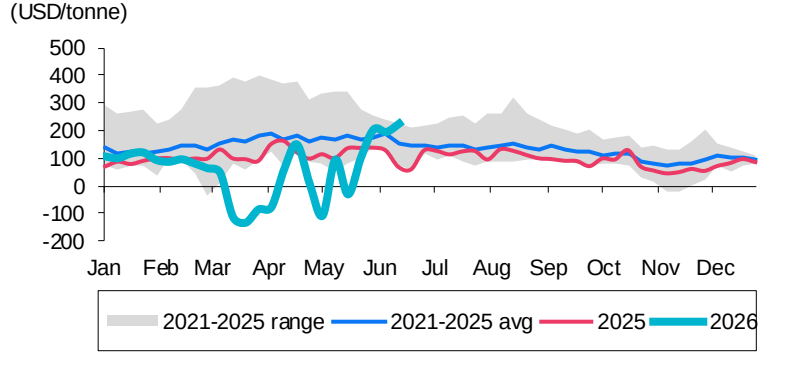
Source: Samsung Securities estimates

Kumho Petrochemical: Mixed spread



Source: Samsung Securities estimates

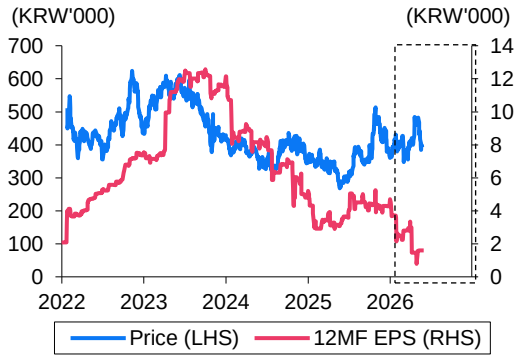
Korea Petrochemical: Mixed spread



Source: Samsung Securities estimates

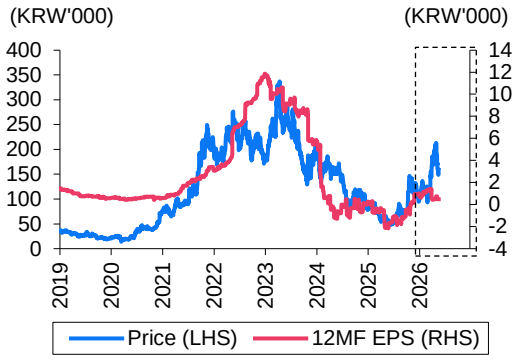
Key indicators: Covered companies—Forward EPS vs share price

LGES: Forward EPS vs share price



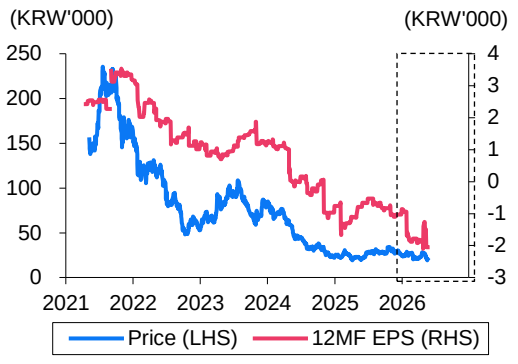
Source: QuantiWise, Samsung Securities

L&F: Forward EPS vs share price



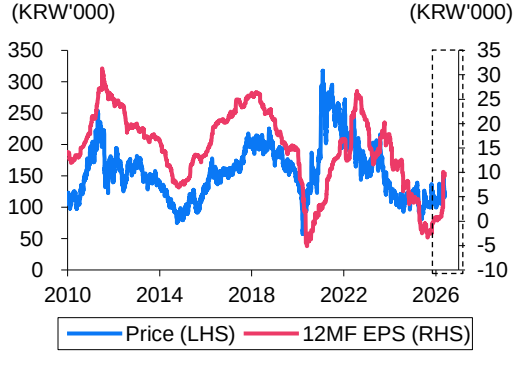
Source: QuantiWise, Samsung Securities

SK IET: Forward EPS vs share price



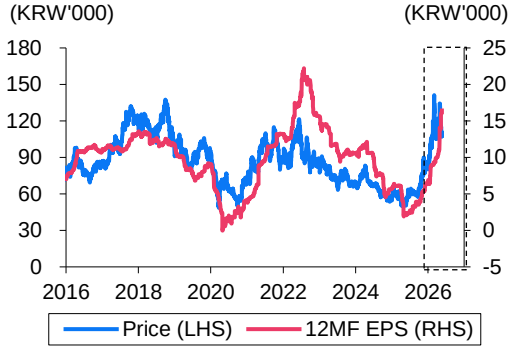
Source: QuantiWise, Samsung Securities

SK Innovation: Forward EPS vs share price



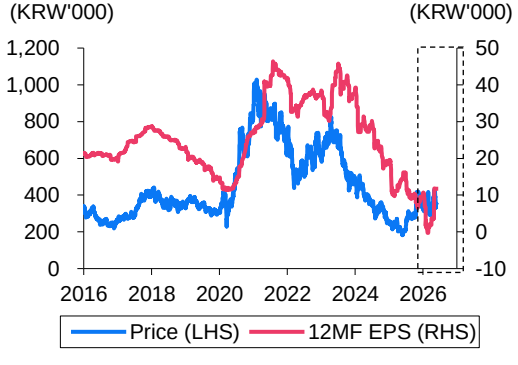
Source: QuantiWise, Samsung Securities

S-Oil: Forward EPS vs share price



Source: QuantiWise, Samsung Securities

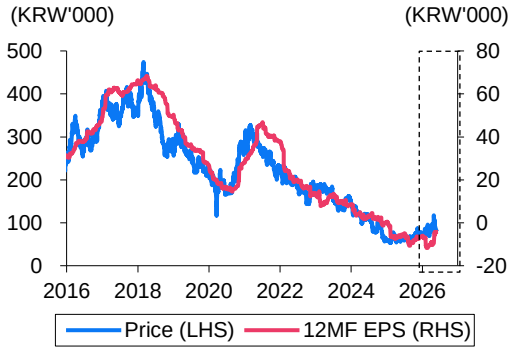
LG Chem: Forward EPS vs share price



Source: QuantiWise, Samsung Securities

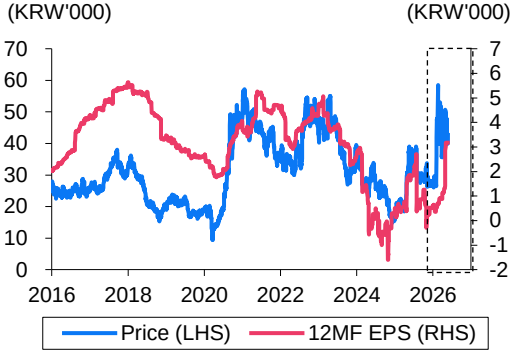
Key indicators: Covered companies—Forward EPS vs share price

Lotte Chemical: Forward EPS vs share price



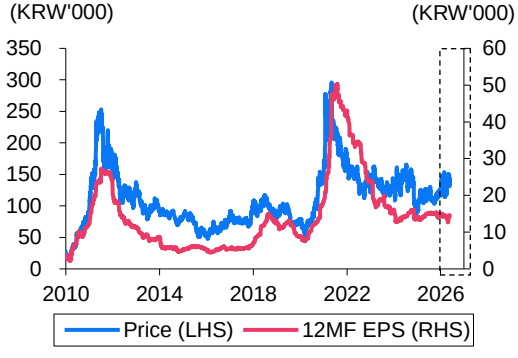
Source: QuantiWise, Samsung Securities

Hanwha Solutions: Forward EPS vs share price



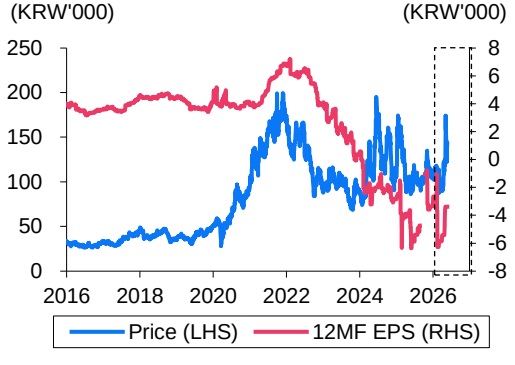
Source: QuantiWise, Samsung Securities

KKPC: Forward EPS vs share price



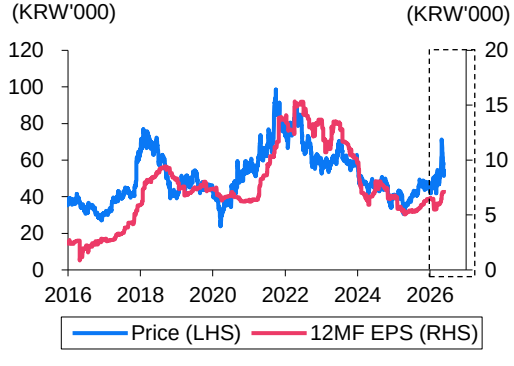
Source: QuantiWise, Samsung Securities

SKC: Forward EPS vs share price



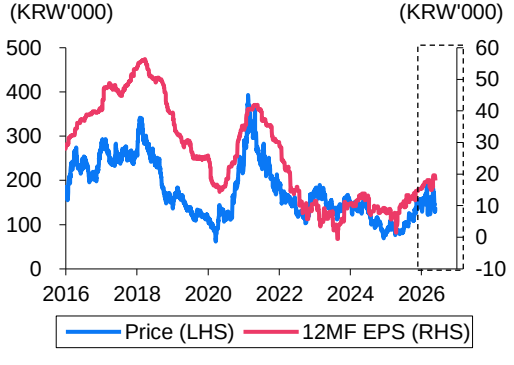
Source: QuantiWise, Samsung Securities

Lotte Fine Chemical: Forward EPS vs share price



Source: QuantiWise, Samsung Securities

KPIC: Forward EPS vs share price



Source: QuantiWise, Samsung Securities

LG Energy Solution: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,496	1,440	1,380	1,365	1,423	1,446	1,380
Sales	**7,180**	**5,598**	**6,065**	**6,474**	**6,555**	**7,887**	**8,134**	**8,531**	**25,620**	**23,672**	**31,107**	**40,960**
Small batteries	2,103	1,095	1,653	1,976	1,999	2,216	2,300	2,246	7,363	6,826	8,761	9,364
EV batteries	4,568	4,087	3,784	3,068	2,950	3,127	2,844	2,821	16,408	15,508	11,741	12,987
ESS	510	417	628	1,431	1,606	2,544	2,990	3,464	1,849	2,985	10,604	18,610
EBITDA	**1,689**	**917**	**1,519**	**913**	**887**	**1,456**	**1,890**	**2,030**	**3,621**	**5,037**	**6,264**	**11,424**
Operating profit	**832**	**34**	**601**	**-122**	**-208**	**226**	**654**	**768**	**575**	**1,346**	**1,440**	**5,195**
Small batteries	581	-366	115	126	134	151	218	123	195	457	626	639
EV batteries	-107	-91	87	-488	-310	-141	-10	-10	-880	-599	-470	-22
ESS	-99	0	34	-93	-222	-80	-5	99	-219	-158	-208	536
AMPC	458	491	365	333	190	296	451	555	1,480	1,647	1,492	4,042
Pre-tax profit	**365**	**-27**	**553**	**-476**	**-859**	**65**	**726**	**382**	**349**	**414**	**315**	**4,375**
Net profit	**227**	**91**	**536**	**-772**	**-944**	**58**	**655**	**344**	**339**	**81**	**114**	**3,945**
Attributable to parent	-146	-297	247	-877	-676	0	430	127	-1,019	-1,073	-119	2,712
Margins (%)												
EBITDA	23.5	16.4	25.0	14.1	13.5	18.5	23.2	23.8	14.1	19.9	20.1	27.9
Operating profit	11.6	0.6	9.9	-1.9	-3.2	2.9	8.0	9.0	2.2	5.3	4.6	12.7
Small batteries	27.6	-33.4	6.9	6.4	6.7	6.8	9.5	5.5	2.6	6.7	7.1	6.8
EV batteries	-2.4	-2.2	2.3	-15.9	-10.5	-4.5	-0.4	-0.3	-5.4	-3.9	-4.0	-0.2
ESS	-19.5	0.0	5.4	-6.5	-13.8	-3.2	-0.2	2.8	-11.9	-5.3	-2.0	2.9
Pre-tax profit	5.1	-0.5	9.1	-7.4	-13.1	0.8	8.9	4.5	1.4	1.6	1.0	10.7
Net profit	3.2	1.6	8.8	-11.9	-14.4	0.7	8.1	4.0	1.3	0.3	0.4	9.6

Source: Company data, Samsung Securities estimates

L&F: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**365**	**520**	**652**	**618**	**740**	**851**	**823**	**789**	**1,907**	**2,155**	**3,202**	**3,630**
Growth (% q-q)	-0.2	42.6	25.4	-5.3	19.7	15.0	-3.3	-4.1				
Growth (% y-y)	-42.6	-6.3	85.5	69.1	102.8	63.6	26.1	27.8	-58.9	13.0	48.6	13.3
EBITDA	**-118**	**-99**	**44**	**101**	**137**	**63**	**56**	**55**	**-495**	**-72**	**310**	**344**
Growth (% q-q)	Remained neg	Remained neg	Turned pos	128.4	35.2	-54.3	-10.1	-3.1				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	Turned pos	Turned pos	To turn pos	26.9	-46.1	Remained neg	Remained neg	To turn pos	10.8
Operating profit	**-140**	**-121**	**22**	**82**	**117**	**43**	**36**	**34**	**-559**	**-157**	**230**	**212**
Growth (% q-q)	Remained neg	Remained neg	Turned pos	272.8	42.2	-63.6	-14.9	-7.6				
Growth (% y-y)	Remained neg	Remained neg	Turned pos	Turned pos	Turned pos	To turn pos	64.3	-59.3	Remained neg	Remained neg	To turn pos	-7.7
Pre-tax profit	**-145**	**-145**	**-102**	**-176**	**-56**	**33**	**27**	**36**	**-520**	**-568**	**40**	**140**
Growth (% q-q)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To turn pos	-19.3	36.8				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To turn pos	To turn pos	To turn pos	Remained neg	Remained neg	To turn pos	246.8
Net profit	**-111**	**-113**	**-118**	**-193**	**-65**	**31**	**25**	**34**	**-381**	**-535**	**25**	**120**
Growth (% q-q)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To turn pos	-19.3	36.8				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To turn pos	To turn pos	To turn pos	Remained neg	Remained neg	To turn pos	378.4
Controlling net profit	-111	-112	-118	-192	-65	31	25	34	-378	-534	25	119
Margins (%)												
EBITDA	-32.4	-19.1	6.8	16.4	18.5	7.4	6.8	6.9	-26.0	-3.3	9.7	9.5
Operating profit	-38.4	-23.3	3.4	13.3	15.9	5.0	4.4	4.3	-29.3	-7.3	7.2	5.8
Pre-tax income	-39.9	-27.9	-15.6	-28.4	-7.5	3.9	3.2	4.6	-27.2	-26.3	1.3	3.9
Net profit	-30.5	-21.6	-18.1	-31.2	-8.8	3.6	3.0	4.3	-20.0	-24.8	0.8	3.3

Source: Company data, Samsung Securities estimates

Hanwha Q Cells: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**1,599**	**1,446**	**1,752**	**2,062**	**2,111**	**2,901**	**2,570**	**2,617**	**5,780**	**6,859**	**10,199**	**10,432**
Module manufacturing / Other	587	573.9	432	300	624	670.4	687	713	2,542	1,893	2,694	2,993
Power generation business / EPC	419	394.2	819	1,422	1,226	1,838.4	1,471	1,471	2,960	3,054	6,005	5,824
Residential energy business	594	478.3	501	340	262	392.6	412	433	278	1,913	1,499	1,615
Operating profit	**136**	**156**	**8**	**-396**	**62**	**138.5**	**153**	**298**	**-259**	**-96**	**651**	**1,400**
Module manufacturing / Other	-135	-20	-159	-308	-169	-148.2	-117	-15	-959	-622	-450	69
Power generation business / EPC	-42	-61	19	-168	8	34.2	5	20	89	-253	68	148
Residential energy business	129	55	80	-21	5	33.2	35	37	56	243	110	112
IRA AMPC	184	182	68	102	218	219.3	230	256	555	536	924	1,071
Margins (%)												
Operating profit	8.5	10.8	0.5	-19.2	2.9	4.8	6.0	11.4	-4.5	-1.4	6.4	13.4
Module manufacturing / Other	-23.0	-3.4	-36.7	-102.8	-27.1	-22.1	-17.1	-2.1	-37.7	-32.8	-16.7	2.3
Power generation business / EPC	-10.0	-15.6	2.3	-11.8	0.7	1.9	0.4	1.4	3.0	-8.3	1.1	2.5
Residential energy business	21.8	11.5	15.9	-6.2	1.9	8.4	8.4	8.4	19.9	12.7	7.3	6.9

Source: Company data, Samsung Securities estimates

Hanwha Solution: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**3,094**	**3,117**	**3,364**	**3,757**	**3,882**	**5,110**	**4,592**	**4,450**	**12,394**	**13,333**	**18,035**	**17,589**
Basic materials	1,074	1,239	1,160	1,151	1,340	1,796	1,552	1,315	4,817	4,624	6,004	5,278
Process materials	274	308	258	271	286	258	260	253	1,038	1,111	1,057	1,088
Solar	1,599	1,446	1,752	2,062	2,111	2,901	2,570	2,617	5,780	6,859	10,199	10,432
Other	148	124	195	294	145	155	209	265	773	760	775	791
Operating profit	**30**	**102**	**-7**	**-490**	**93**	**201**	**148**	**298**	**-300**	**-365**	**740**	**1,446**
Basic materials	-91	-47	-9	-102	34	66	-10	-26	-122	-249	64	14
Process materials	-2	10	4	-5	12	14	11	11	24	6	48	52
Solar	136	156	8	-396	62	138	153	298	-259	-96	651	1,400
Other	-13	-17	-10	14	-16	-17	-6	16	55	-26	-23	-19
Consolidation adjustments	0	-0	-0	0	0	0	0	0	2	0	0	0
Equity-method income	135	3	99	-202	63	-28	-28	-35	-327	34	-27	-43
Pre-tax profit	-68	-148	-40	-582	-42	86	20	221	-1,424	-838	285	1,004
Net profit	**-30**	**-178**	**5**	**-411**	**-38**	**71**	**17**	**181**	**-1,369**	**-615**	**231**	**804**
Attributable to parent company	-44	-202	-12	-392	-49	62	8	172	-1,404	-650	193	769
Margins (%)												
Operating profit	1.0	3.3	-0.2	-13.0	2.4	3.9	3.2	6.7	-2.4	-2.7	4.1	8.2
Basic materials	-8.5	-3.8	-0.8	-8.9	2.5	3.7	-0.7	-2.0	-2.5	-5.4	1.1	0.3
Process materials	-0.7	3.2	1.4	-2.0	4.3	5.3	4.3	4.3	2.3	0.6	4.5	4.7
Solar	8.5	10.8	0.5	-19.2	2.9	4.8	6.0	11.4	-4.5	-1.4	6.4	13.4
Other	-8.7	-13.8	-5.1	4.7	-10.9	-10.9	-2.7	5.9	7.1	-3.4	-2.9	-2.4
Pre-tax profit	-2.2	-4.8	-1.2	-15.5	-1.1	1.7	0.4	5.0	-11.5	-6.3	1.6	5.7
Net profit	-1.0	-5.7	0.1	-10.9	-1.0	1.4	0.4	4.1	-11.0	-4.6	1.3	4.6

Source: Company data, Samsung Securities estimates

OCI Holdings: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**948**	**776**	**845**	**811**	**892**	**1,062**	**1,059**	**961**	**3,577**	**3,380**	**3,974**	**4,189**
OCI TerraSus (Polysilicon)	112	39	132	145	101	133	156	167	497	427	557	692
OCI Enterprises (Power generation business)	68	44	61	36	80	123	107	44	176	209	354	421
OCI SE (CHP plant)	88	81	72	51	71	62	64	46	350	292	243	203
DCRE (Urban development)	148	88	105	110	133	176	198	202	532	452	709	723
OCI (Fine chemicals)	539	527	476	467	507	569	537	508	2,215	2,009	2,120	2,159
Consolidation adjustment	-6	-3	-2	1	1	-2	-2	-5	-193	-10	-9	-8
EBITDA	**105**	**-18**	**8**	**91**	**77**	**175**	**170**	**154**	**295**	**186**	**576**	**738**
Operating profit	**49**	**-80**	**-53**	**27**	**11**	**108**	**101**	**83**	**102**	**-58**	**303**	**450**
OCI TerraSus	12	-74	-65	33	-27	15	31	37	72	-93	56	205
OCI Enterprises	9	-12	13	-16	4	67	17	-6	-19	-6	82	53
OCI SE	7	3	2	-12	-1	2	2	-2	60	0	1	2
DCRE	18	-5	13	12	9	-9	18	18	-142	37	36	40
OCI	10	-2	-10	3	28	33	33	34	110	0	128	149
Pre-tax profit	29	-85	-115	32	4	166	130	78	176	-140	378	448
Net profit	**-15**	**-82**	**-73**	**25**	**9**	**140**	**112**	**68**	**114**	**-146**	**329**	**394**
Attributable to parent	**-2**	**-77**	**-36**	**25**	**0**	**137**	**108**	**64**	**98**	**-90**	**309**	**380**
Margins (%)												
EBITDA	11.1	-2.3	1.0	11.2	8.6	16.5	16.1	16.0	8.3	5.5	14.5	17.6
OCI TerraSus	24.6	-146.2	-35.5	36.2	-4.6	28.3	35.5	36.6	23.5	-5.4	26.8	44.8
OCI Enterprises	19.1	-18.8	26.5	-31.7	9.6	57.9	19.4	-3.8	-3.1	4.4	27.7	16.5
OCI SE	16.9	12.9	13.8	-8.0	9.6	16.6	16.2	13.5	25.5	10.7	13.9	17.7
DCRE	12.2	-5.2	12.2	10.9	6.9	-5.2	9.1	9.3	-26.6	8.5	5.2	5.7
OCI	5.7	4.1	2.7	5.4	9.9	9.7	10.4	11.2	7.8	4.5	10.3	11.2
Operating profit	5.1	-10.4	-6.3	3.4	1.2	10.2	9.6	8.6	2.8	-1.7	7.6	10.7
OCI TerraSus	10.9	-190.9	-49.2	22.9	-26.4	10.9	19.9	21.9	14.5	-21.7	10.0	29.7
OCI Enterprises	13.7	-28.1	20.7	-43.0	4.7	54.7	15.7	-13.0	-11.1	-2.9	23.3	12.6
OCI SE	8.3	3.4	3.0	-23.7	-1.8	3.4	3.4	-4.7	17.0	0.0	0.4	1.0
DCRE	12.0	-5.4	11.9	10.6	6.7	-5.4	8.9	9.1	-26.7	8.3	5.0	5.5
OCI	1.9	-0.4	-2.2	0.6	5.5	5.8	6.2	6.7	5.0	0.0	6.0	6.9
Pre-tax profit	3.0	-10.9	-13.6	3.9	0.5	15.6	12.3	8.1	4.9	-4.1	9.5	10.7
Net profit	-1.6	-10.6	-8.7	3.0	1.0	13.2	10.5	7.1	3.2	-4.3	8.3	9.4

Source: Company data, Samsung Securities estimates

SKC: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**438**	**467**	**506**	**428**	**497**	**587**	**581**	**573**	**1,718**	**1,840**	**2,237**	**2,542**
Chemicals	295	275	274	248	271	280	275	269	1,187	1,091	1,095	1,055
Semiconductor materials	44	61	65	72	68	69	74	78	210	242	291	334
SK Nexilis	99	127	167	113	157	237	232	227	318	506	853	1,154
Absolics								8			8	144
Other	1	4	1	-5	1	0	-1	-9	3	1	-9	-146
Operating profit	**-74**	**-70**	**-53**	**-108**	**-29**	**-16**	**-11**	**-12**	**-276**	**-305**	**-68**	**96**
Chemicals	-18	-16	-7	-31	10	14	6	-3	-53	-73	28	18
Semiconductor materials	7	14	17	22	24	24	24	24	45	61	95	107
SK Nexilis	-35	-38	-35	-67	-33	-29	-17	-10	-151	-175	-88	50
Absolics								1			1	43
Other	-28	-30	-28	-32	-29	-25	-24	-24	-117	-118	-103	-122
Pre-tax profit	-127	-172	-131	-469	-69	-67	-62	-74	-661	-899	-272	-58
Net profit	**-118**	**-4**	**-99**	**-499**	**-76**	**-64**	**-59**	**-70**	**-455**	**-719**	**-269**	**-55**
Attr. to parent	-105	3	-91	-542	-82	-69	-63	-71	-443	-734	-285	-67
Margins (%)												
Operating profit	-17.0	-15.0	-10.4	-25.1	-5.8	-2.7	-2.0	-2.1	-16.1	-16.6	-3.0	3.8
Chemicals	-6.2	-5.8	-2.7	-12.4	3.5	5.2	2.3	-1.0	-4.4	-6.7	2.5	1.7
Semiconductor materials	15.4	23.8	27.0	30.3	34.6	34.6	31.6	30.6	21.3	25.1	32.7	32.1
SK Nexilis	-35.1	-29.9	-21.0	-59.0	-20.8	-12.3	-7.3	-4.3	-47.3	-34.5	-10.4	4.3
Absolics								10.0			10.0	30.0
Pre-tax profit	-29.0	-36.9	-25.8	-109.5	-13.9	-11.4	-10.7	-12.9	-38.5	-48.9	-12.2	-2.3
Net profit	-26.9	-0.9	-19.6	-116.4	-15.2	-10.8	-10.2	-12.3	-26.5	-39.1	-12.0	-2.2

Source: Company data, Samsung Securities estimates

Kumho Petrochemical: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**1,908**	**1,773**	**1,644**	**1,590**	**1,780**	**1,855**	**2,086**	**1,993**	**7,155**	**6,915**	**7,714**	**7,979**
Synthetic rubber	757	675	632	607	734	767	840	766	2,795	2,671	3,106	3,091
Synthetic resin	336	298	273	266	302	304	426	383	1,283	1,173	1,415	1,538
Kumho P&B	432	433	379	365	399	394	430	425	1,635	1,608	1,648	1,710
Kumho Polychem	188	181	175	186	197	204	204	212	668	729	817	915
Energy/other	196	187	185	166	149	186	186	208	774	734	728	725
Operating profit	**121**	**65**	**84**	**2**	**59**	**112**	**102**	**52**	**273**	**272**	**326**	**373**
Synthetic rubber	46	9	31	16	15	41	30	11	101	102	97	107
Synthetic resin	5	5	4	-10	-2	4	1	-10	-18	5	-7	-9
Kumho P&B	2	-2	-14	-22	-9	3	3	-11	-18	-37	-14	-1
Kumho Polychem	24	15	20	20	31	34	28	25	70	79	119	115
Energy/other	44	39	43	-2	24	30	40	37	138	123	131	161
Pre-tax profit	157	68	128	-4	118	189	165	30	408	349	503	510
Net profit	**125**	**58**	**107**	**1**	**96**	**155**	**135**	**25**	**349**	**291**	**411**	**422**
Attrib. to parent company	125	58	107	1	96	155	135	25	349	291	411	422
Margins (%)												
Operating profit	6.3	3.7	5.1	0.1	3.3	6.1	4.9	2.6	3.8	3.9	4.2	4.7
Synthetic rubber	6.1	1.3	4.9	2.6	2.0	5.4	3.6	1.5	3.6	3.8	3.1	3.5
Synthetic resin	1.5	1.8	1.6	-3.6	-0.7	1.4	0.3	-2.7	-1.4	0.5	-0.5	-0.6
Kumho P&B	0.4	-0.5	-3.8	-6.1	-2.2	0.7	0.7	-2.7	-1.1	-2.3	-0.9	-0.1
Kumho Polychem	12.7	8.3	11.5	10.7	15.8	16.8	13.8	11.8	10.5	10.8	14.5	12.6
Energy/other	22.3	20.7	23.3	-1.4	16.3	16.0	21.4	18.0	17.9	16.8	18.0	22.2
Pre-tax profit	8.2	3.8	7.8	-0.3	6.6	10.2	7.9	1.5	5.7	5.0	6.5	6.4
Net profit	6.5	3.3	6.5	0.1	5.4	8.3	6.5	1.2	4.9	4.2	5.3	5.3

Source: Company data, Samsung Securities estimates

Lotte Chemical: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**4,790**	**4,197**	**4,786**	**4,710**	**4,991**	**4,792**	**5,703**	**3,996**	**19,895**	**18,483**	**19,481**	**16,162**
Olefin	2,200	1,751	2,112	1,967	1,977	1,234	2,250	927	8,920	8,030	6,389	3,603
Aromatic	514	357	312	319	375	387	421	334	2,366	1,502	1,517	1,341
LC Titan	487	466	806	887	933	1,272	1,145	1,000	2,216	2,647	4,349	4,019
Lotte Advanced Materials	1,108	1,046	1,022	933	1,023	1,244	1,137	1,030	4,382	4,108	4,435	4,142
LC USA	155	114	154	170	164	75	178	132	590	593	549	531
Lotte Fine Chemical	446	425	443	439	511	492	469	451	1,671	1,753	1,923	1,917
Lotte Energy Materials	158	205	144	171	160	240	255	275	902	678	929	1,217
Operating profit	**-127**	**-250**	**-133**	**-433**	**73**	**207**	**-195**	**-135**	**-915**	**-943**	**-49**	**-174**
Olefin	-77	-128	-76	-166	36	82	-137	-76	-407	-447	-96	-127
Aromatic	15	3	12	11	25	25	12	23	-35	39	85	86
LC Titan	-41	-52	-51	-206	-9	59	-94	-105	-262	-350	-148	-381
Lotte Advanced Materials	73	56	58	19	62	72	49	67	188	206	249	284
LC USA	-5	-38	-7	-34	-7	8	7	-13	-107	-84	-6	5
Lotte Fine Chemical	19	9	28	19	33	32	33	29	50	74	126	159
Lotte Energy Materials	-46	-31	-34	-34	-5	-9	-3	2	-64	-145	-15	44
Pre-tax profit	-241	-507	-246	-1,716	46	159	-255	-608	-2,266	-2,703	-719	-671
Net profit	**-246**	**-471**	**-164**	**-1,595**	**33**	**115**	**-185**	**-440**	**-1,826**	**-2,476**	**-537**	**-486**
Attributable to parent	-191	-405	-118	-1,324	50	44	-163	-408	-1,711	-2,037	-477	-280
Margins (%)												
Operating profit	-2.6	-6.0	-2.8	-9.2	1.5	4.3	-3.4	-3.4	-4.6	-5.1	-0.3	-1.1
Olefin	-3.5	-7.3	-3.6	-8.4	1.8	6.6	-6.1	-8.2	-4.6	-5.6	-1.5	-3.5
Aromatic	2.8	0.8	3.7	3.3	6.7	6.6	2.7	6.9	-1.5	2.6	5.6	6.4
LC Titan	-8.4	-11.2	-6.3	-23.3	-0.9	4.6	-8.2	-10.5	-11.8	-13.2	-3.4	-9.5
Lotte Advanced Materials	6.6	5.4	5.6	2.1	6.0	5.8	4.3	6.5	4.3	5.0	5.6	6.8
LC USA	-3.1	-33.7	-4.5	-20.2	-4.5	10.6	3.7	-9.8	-18.1	-14.2	-1.0	0.9
Lotte Fine Chemical	4.2	2.1	6.2	4.4	6.4	6.4	7.1	6.4	3.0	4.2	6.6	8.3
Lotte Energy Materials	-29.1	-15.2	-23.9	-19.8	-3.1	-3.9	-1.2	0.8	-7.1	-21.4	-1.6	3.6
Pre-tax profit	-5.0	-12.1	-5.1	-36.4	0.9	3.3	-4.5	-15.2	-11.2	-14.7	-3.7	-4.2
Net profit	-5.1	-11.2	-3.4	-33.9	0.7	2.4	-3.2	-11.0	-9.2	-13.4	-2.8	-3.0

Source: Company data, Samsung Securities estimates

Lotte Fine Chemical: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**446**	**425**	**443**	**439**	**511**	**492**	**469**	**451**	**1,671**	**1,753**	**1,923**	**1,917**
Chlorine	150	140	176	173	184	194	179	169	555	638	725	693
Cellulose	127	137	135	121	142	140	139	129	529	521	550	596
Ammonia trading	160	138	133	145	185	158	151	153	556	576	647	628
Electronic materials	9	9							31	18		
Operating profit	**19**	**9**	**28**	**19**	**33**	**32**	**33**	**29**	**50**	**74**	**126**	**159**
Chlorine	-6	-6	3	2	7	12	13	11	-55	-8	43	64
Cellulose	12	7	9	7	10	6	11	8	57	35	35	55
Ammonia trading	14	12	16	11	16	13	10	9	45	52	48	40
Electronic materials	-1	-4							3	-5		
Pre-tax profit	34	18	36	30	55	155	58	45	26	118	313	243
Net profit	**28**	**16**	**35**	**27**	**45**	**137**	**51**	**39**	**36**	**106**	**272**	**212**
Attributable to parent	28	16	35	27	45	137	51	39	36	106	272	212
Margins (%)												
Operating profit	4.2	2.1	6.2	4.4	6.4	6.4	7.1	6.4	3.0	4.2	6.6	8.3
Chlorine	-4.1	-4.6	1.6	1.1	3.7	6.1	7.0	6.7	-9.8	-1.2	5.9	9.3
Cellulose	9.5	5.1	6.9	5.5	6.9	4.5	7.9	6.5	10.7	6.7	6.4	9.3
Ammonia trading	8.6	8.5	11.7	7.4	8.7	8.5	6.4	6.0	8.1	9.0	7.4	6.4
Electronic materials	-12.4	-40.2							9.4	-26.8		
Pre-tax profit	7.6	4.3	8.0	6.8	10.8	31.4	12.2	10.0	1.6	6.7	16.3	12.7
Net profit	6.4	3.7	7.9	6.1	8.8	27.9	11.0	8.7	2.2	6.1	14.1	11.1

Note: Divisional operating profit figures are Samsung Securities estimates
Source: Company data, Samsung Securities estimates

Korea Petrochemical: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**742**	**847**	**910**	**849**	**847**	**1,200**	**1,076**	**955**	**2,800**	**3,348**	**4,069**	**3,874**
Chemicals	736	712	707	674	637	998	874	752	2,779	2,829	3,262	3,056
Industrial gas (Korea Air-Tech)	15	15	16	14	17	18	17	18	52	61	70	80
Group energy (Hanju)		133	166	154	177	177	177	177		453	709	709
Salt (Hanju)		11	15	15	15	15	15	15		42	62	62
EBITDA	**34**	**44**	**80**	**65**	**116**	**137**	**92**	**86**	**120**	**222**	**432**	**379**
Operating income	**-10**	**-5**	**43**	**24**	**74**	**76**	**38**	**38**	**-60**	**53**	**225**	**182**
Chemicals	-12	-22	10	1	45	47	9	9	-65	-23	111	68
Industrial gas (Korea Air-Tech)	2	2	2	2	2	2	2	2	5	8	9	10
Group energy (Hanju)		13	28	21	24	24	24	24		61	96	95
Salt (Hanju)		3	3	1	2	2	2	2		6	9	9
Pre-tax income	3	10	46	13	83	77	38	37	-33	72	235	198
Net income	**3**	**8**	**42**	**3**	**67**	**60**	**30**	**29**	**-9**	**56**	**185**	**156**
Attributable to parent	3	1	30	-3	55	49	19	18	-9	32	141	115
Margins (%)												
EBITDA	4.6	5.2	8.8	7.6	13.7	11.4	8.6	9.0	4.3	6.6	10.6	9.8
Operating income	-1.3	-0.5	4.7	2.9	8.7	6.4	3.5	3.9	-2.1	1.6	5.5	4.7
Chemicals	-1.6	-3.1	1.4	0.2	7.1	4.7	1.1	1.2	-2.3	-0.8	3.4	2.2
Industrial gas (Korea Air-Tech)	12.8	12.3	12.8	11.9	12.6	12.6	12.6	13.4	9.9	12.5	12.8	13.1
Group energy (Hanju)		9.5	17.0	13.4	13.6	13.6	13.6	13.6		13.6	13.6	13.4
Salt (Hanju)		23.4	19.5	5.3	15.1	15.1	15.1	15.1		15.3	15.1	14.9
Pre-tax income	0.5	1.1	5.1	1.5	9.9	6.4	3.5	3.9	-1.2	2.1	5.8	5.1
Net income	0.4	0.9	4.7	0.3	7.9	5.0	2.8	3.0	-0.3	1.7	4.6	4.0

Source: Company data, Samsung Securities estimates

Unid: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,449	1,430	1,390	1,350	1,315	1,365	1,422	1,371	1,315
Sales	**323**	**341**	**329**	**346**	**379**	**409**	**395**	**359**	**1,112**	**1,339**	**1,542**	**1,727**
Domestic	154	163	151	134	179	183	170	123	609	602	655	632
China	172	183	182	218	205	232	231	242	522	755	910	1,117
EBITDA	**44**	**48**	**34**	**24**	**43**	**50**	**48**	**41**	**149**	**151**	**182**	**232**
Domestic	26	28	20	12	26	28	24	15	89	85	93	104
China	17	20	14	9	18	23	25	26	60	60	92	129
Operating profit	**29**	**33**	**19**	**8**	**24**	**30**	**28**	**20**	**95**	**88**	**102**	**127**
Domestic	19	20	12	4	15	17	14	6	60	55	53	59
China	9	12	6	3	8	12	13	13	36	29	46	65
Pre-tax profit	28	34	23	-4	22	27	29	20	87	82	99	123
Net profit	**22**	**24**	**17**	**2**	**20**	**24**	**26**	**18**	**76**	**65**	**87**	**109**
Attributable to parent	22	24	17	2	20	24	26	18	76	65	87	109
Margins (%)												
EBITDA	13.7	14.2	10.4	7.0	11.3	12.2	12.1	11.4	13.4	11.3	11.8	13.5
Domestic	17.0	17.0	13.2	8.7	14.5	15.4	14.3	12.0	14.5	14.2	14.2	16.5
China	9.9	10.9	7.5	4.1	9.0	10.1	10.7	10.6	11.6	7.9	10.1	11.6
Operating profit	8.9	9.6	5.7	2.2	6.4	7.3	7.1	5.5	8.6	6.6	6.6	7.4
Domestic	12.2	12.4	8.2	3.1	8.6	9.5	8.4	4.5	9.8	9.2	8.1	9.3
China	5.3	6.5	3.1	1.2	3.9	5.1	5.7	5.6	6.9	3.9	5.1	5.8
Pre-tax profit	8.8	10.0	7.0	-1.1	5.9	6.6	7.3	5.7	7.8	6.1	6.4	7.1
Net profit	6.9	7.0	5.1	0.5	5.2	5.8	6.5	5.0	6.9	4.8	5.7	6.3

Source: Company data, Samsung Securities estimates

PART 05

Company analysis

S-Oil

LG Chem

KCC

OCI

SK Chemicals

S-Oil (010950/KRW109,800/BUY/TP: KRW150,000)

Investment points

1. Refining margins to remain strong even after the war

The Middle East war has triggered a sharp rise in refining margins, particularly for diesel and kerosene products. Although margins may ease slightly after the war ends, they are likely to remain elevated versus pre-war levels, as repairing damaged refining facilities will take time, and demand to rebuild globally depleted refined product inventories is likely to be robust.

2. Operating environment to become clearer once war ends

Even as refining margins surged during the war, share prices failed to rise, due to policy uncertainty tied to Korea's push for energy security. With the Strait of Hormuz expected to reopen, restrictive policies such as domestic price caps are likely to be lifted. As these headwinds fade, the industry's underlying strength should no longer be obscured.

Key information

Price as of Jun 17	KRW109,800
Market cap	KRW12.4t/USD8.2b
60-day average turnover	KRW56.5b/USD37.4m
52-week high/low	KRW141,300/KRW57,800
Dividend yield	2.3%
Free float	36.6%
Foreign ownership	79.2%

Share performance (%)	1M	3M	6M	12M
Absolute	-2.1	3.1	29.3	79.4
Relative	-17.2	-34.4	-40.8	-40.3

Key data

Year-end Dec 31	Sales (KRWb)	Op profit (KRWb)	Pre-tax profit (KRWb)	Net profit* (KRWb)	EPS* (KRW)	Chg (% y-y)	P/E (x)	Net debt (KRWb)	EV/EBITDA (x)	P/B (x)	ROE (%)
2024	36,637	422	-333	-193	-1,656	nm	n/a	6,001	10.5	0.7	-2.2
2025	34,247	236	173	177	1,518	nm	54.7	6,065	15.0	1.1	2.0
2026E	37,816	2,557	2,399	1,745	14,965	886.2	7.1	4,208	4.8	1.2	17.9
2027E	34,153	1,534	1,270	924	7,924	-47.1	13.5	3,492	6.1	1.1	8.5
2028E	33,984	1,637	1,312	954	8,182	3.3	13.1	2,326	5.3	1.0	8.2

Note: *Attributable to parent company
Source: Company data, Samsung Securities estimates

S-Oil: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**8,991**	**8,049**	**8,415**	**8,793**	**8,943**	**11,388**	**9,244**	**8,241**	**36,637**	**34,247**	**37,816**	**34,153**
Refining	7,072	6,260	6,694	6,979	7,101	9,339	7,179	6,265	28,805	27,005	29,884	22,736
Petrochemical	1,128	1,034	1,016	1,056	1,104	1,181	1,205	1,160	4,703	4,234	4,650	8,128
Lube base oil	791	755	705	757	737	869	861	816	3,130	3,007	3,282	3,289
Operating income	**-22**	**-344**	**229**	**372**	**1,231**	**923**	**203**	**200**	**422**	**236**	**2,557**	**1,534**
Refining	-57	-441	115	184	1,039	728	22	44	-273	-199	1,833	876
Petrochemical	-75	-35	-20	-14	26	-12	-17	-27	127	-143	-30	26
Lube base oil	110	132	134	202	167	207	198	183	568	578	754	631
Pre-tax income	-67	-106	81	265	991	1,055	180	173	-333	173	2,399	1,270
Net income	**-45**	**-67**	**63**	**225**	**721**	**767**	**131**	**126**	**-193**	**177**	**1,745**	**924**
Attributable to parent	-45	-67	63	225	721	767	131	126	-193	177	1,745	924
Margins (%)												
Operating income	-0.2	-4.3	2.7	4.2	13.8	8.1	2.2	2.4	1.2	0.7	6.8	4.5
Refining	-0.8	-7.0	1.7	2.6	14.6	7.8	0.3	0.7	-0.9	-0.7	6.1	3.9
Petrochemical	-6.6	-3.4	-2.0	-1.4	2.3	-1.0	-1.4	-2.3	2.7	-3.4	-0.6	0.3
Lube base oil	13.9	17.5	19.0	26.7	22.6	23.9	22.9	22.4	18.2	19.2	23.0	19.2
Pre-tax income	-0.7	-1.3	1.0	3.0	11.1	9.3	1.9	2.1	-0.9	0.5	6.3	3.7
Net income	-0.5	-0.8	0.8	2.6	8.1	6.7	1.4	1.5	-0.5	0.5	4.6	2.7

Source: Company data, Samsung securities estimates

LG Chem (051910/KRW361,000/BUY/TP: KRW500,000)

Investment points

1. Cathode materials turnaround ahead

The cathode materials business, which operated at below 20% capacity in 1H and posted heavy losses, is likely to recover sharply as sales volumes begin to improve in 3Q, bringing it close to breakeven. A further rise in utilization in 4Q could push the business into profitability, driven by new shipments to a leading EV maker through its subsidiary and a Japanese battery maker.

2. NAV discount to narrow

We currently apply a 73% NAV discount to the company's stake in a subsidiary, with net debt (excluding the subsidiary) estimated at KRW7.9t. Monetizing part of the stake—potentially 9.4% over the next five years—would narrow the NAV discount even if the proceeds were used solely to repay debt. If proceeds are directed toward shareholder returns or M&A in new businesses, the company could receive a more favorable market assessment.

Key information

Price as of Jun 17	KRW361,000
Market cap	KRW25.5t/USD16.8b
60-day average turnover	KRW132.4b/USD87.5m
52-week high/low	KRW429,500/KRW202,500
Dividend yield	0.6%
Free float	65.0%
Foreign ownership	37.2%

Share performance (%)	1M	3M	6M	12M
Absolute	-3.5	17.4	-0.8	74.4
Relative	-18.4	-25.3	-54.6	-42.0

Key data

Year-end	Sales	Op profit	Pre-tax profit	Net profit*	EPS*	Chg	P/E	Net debt	EV/EBITDA	P/B	ROE
Dec 31	(KRWb)	(KRWb)	(KRWb)	(KRWb)	(KRW)	(% y-y)	(x)	(KRWb)	(x)	(x)	(%)
2024	48,700	875	568	515	-8,825	nm	n/a	19,483	13.0	0.6	-2.1
2025	45,932	1,181	-961	-977	-23,242	nm	n/a	23,345	13.0	0.8	-5.5
2026E	52,851	1,678	550	280	-1,725	nm	n/a	27,252	12.1	0.8	-0.4
2027E	60,968	5,510	4,523	3,876	33,826	nm	10.2	25,125	9.3	0.8	7.8
2028E	68,413	8,211	7,309	6,263	58,680	73.5	5.9	19,882	8.0	0.7	12.4

Note: *Attributable to parent company
Source: Company data, Samsung Securities estimates

LG Chem: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**12,121**	**11,418**	**11,196**	**11,197**	**12,247**	**13,725**	**13,151**	**13,728**	**48,700**	**45,932**	**52,851**	**60,968**
Chemicals	4,782	4,696	4,461	3,947	4,472	5,097	4,240	4,097	19,160	17,886	17,906	16,043
Advanced Materials	1,440	1,061	838	725	843	942	1,259	1,629	6,412	4,064	4,673	6,532
Batteries	6,723	6,056	6,065	6,474	6,555	7,548	8,041	8,577	25,620	25,319	30,720	40,562
Farm Hannong	246	242	102	185	266	257	115	184	762	775	822	887
Life Sciences	286	337	375	356	313	421	387	405	1,334	1,353	1,526	1,721
Operating profit	**438**	**477**	**680**	**-413**	**-50**	**472**	**489**	**767**	**875**	**1,181**	**1,678**	**5,510**
Chemicals	-57	-90	29	-239.0	165	185	-69	-30	-105	-357	251	-63
Advanced Materials	118	71	7	-50	-43	-6	34	89	510	146	73	384
Batteries	375	492	601	-122	-208	298	559	705	575	1,346	1,354	5,133
Farm Hannong	31	13	-20	14	35	14	-21	14	44	37	41	43
Life Sciences	-13	25	101	16	34	12	17	17	110	128	79	133
Consol. adj.	-16	-33	-39	-32	-32	-30	-30	-28	-260	-120	-120	-120
Pre-tax profit	437	-185	457	-2,489	-567	250	265	602	-310	-1,780	550	4,523
Net profit	**260**	**-112**	**447**	**-1,573**	**-782**	**345**	**219**	**498**	**515**	**-977**	**280**	**3,876**
Attributable to parent	-108	-434	119	-1,397	-650	251	33	230	-691	-1,819	-135	2,648
Margins (%)												
Operating profit	3.6	4.2	6.1	-3.7	-0.4	3.4	3.7	5.6	1.8	2.6	3.2	9.0
Chemicals	-1.2	-1.9	0.7	-6.1	3.7	3.6	-1.6	-0.7	-0.5	-2.0	1.4	-0.4
Advanced Materials	8.2	6.7	0.9	-6.9	-5.1	-0.7	2.7	5.5	8.0	3.6	1.6	5.9
Batteries	5.6	8.1	9.9	-1.9	-3.2	3.9	7.0	8.2	2.2	5.3	4.4	12.7
Farm Hannong	12.6	5.2	-19.7	7.6	13.1	5.3	-18.7	7.6	5.8	4.8	5.0	4.9
Life Sciences	-4.7	7.3	26.9	4.5	10.8	2.8	4.3	4.3	8.3	9.4	5.2	7.7
Pre-tax profit	3.6	-1.6	4.1	-22.2	-4.6	1.8	2.0	4.4	-0.6	-3.9	1.0	7.4
Net profit	2.1	-1.0	4.0	-14.0	-6.4	2.5	1.7	3.6	1.1	-2.1	0.5	6.4

Note: Divisional operating profits are our estimates
Source: Company data, Samsung Securities estimates

KCC (002380/KRW549,000/BUY/TP: KRW800,000)

Investment points

1. Profitability to recover across silicone, building materials, and coatings

KCC is likely to show a marked h-h earnings recovery in 2H, with improvements across its core businesses. In silicone, profitability should rebound as the company scales back sales of low-end products and raises prices for mid- and high-end products. Coatings, which absorbed sharp cost increases due to the Middle East war, are now passing those costs through to customers, paving the way for margin recovery. Building materials should also become more profitable, supported by higher sales from new semiconductor fab construction.

2. Investment-asset momentum to regain attention

KCC's portfolio of listed equity investments has risen from KRW2.8t at end-2024 to KRW5.3t at end-2025 and now stands at KRW8t. The gap between the value of these investments and KCC's market cap has widened from an average of KRW0.88t in 2025 to KRW3.15t today. With the company's share price lagging the rapid rise in its investment portfolio, investor focus on this hidden value is likely to return.

Key information

Price as of Jun 17	KRW549,000
Market cap	KRW4.7t/USD3.1b
60-day average turnover	KRW20.5b/USD13.5m
52-week high/low	KRW680,000/KRW304,500
Dividend yield	2.7%
Free float	50.0%
Foreign ownership	19.5%

Share performance (%)	1M	3M	6M	12M
Absolute	2.8	3.6	29.3	73.2
Relative	-13.1	-34.1	-40.8	-42.4

Key data

Year-end	Sales	Op profit	Pre-tax profit	Net profit*	EPS*	Chg	P/E	Net debt	EV/EBITDA	P/B	ROE
Dec 31	(KRWb)	(KRWb)	(KRWb)	(KRWb)	(KRW)	(% y-y)	(x)	(KRWb)	(x)	(x)	(%)
2024	6,659	471	508	327	38,691	61.7	6.1	4,537	7.3	0.3	6.6
2025	6,484	428	2,389	1,538	173,128	347.5	2.4	4,481	9.3	0.4	23.5
2026E	6,877	420	1,908	1,325	152,461	-11.9	3.6	4,522	9.7	0.4	15.7
2027E	7,351	462	248	177	20,626	-86.5	26.7	4,148	8.7	0.4	2.0
2028E	7,570	488	319	228	26,549	28.7	20.7	3,675	8.0	0.4	2.5

Note: *Attributable to parent company
Source: Company data, Samsung Securities estimates

KCC: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**1,599**	**1,705**	**1,623**	**1,556**	**1,626**	**1,678**	**1,724**	**1,848**	**6,659**	**6,484**	**6,877**	**7,351**
Silicone	774	797	749	747	800	866	902	900	2,995	3,067	3,468	3,785
Building materials	232	252	247	235	230	248	261	274	1,097	967	1,012	1,104
Coatings	458	518	483	451	474	442	433	531	1,944	1,910	1,878	1,965
Other	135	138	144	122	122	123	130	144	623	540	518	497
Operating profit	**103**	**140**	**117**	**67**	**88**	**97**	**118**	**117**	**471**	**428**	**420**	**462**
Silicone	21	41	21	-2	4	22	25	26	73	81	77	101
Building materials	24	32	33	26	25	28	36	34	174	115	123	137
Coatings	56	65	57	42	47	42	52	52	217	219	193	204
Other	-4	-1	0	-5	-2	-1	-1	-1	-12	-11	-4	-2
Consolidation adj.	8	4	6	6	13	6	6	6	20	23	30	23
Pre-tax profit	75	1,267	479	567	312	1,468	62	65	508	2,389	1,908	248
Net profit	**44**	**893**	**326**	**275**	**217**	**1,019**	**43**	**45**	**327**	**1,538**	**1,325**	**177**
Attributable to parent	44	893	326	275	217	1,019	43	45	344	1,538	1,325	177
Margins (%)												
Operating profit	6.5	8.2	7.2	4.3	5.4	5.8	6.8	6.3	7.1	6.6	6.1	6.3
Silicone	2.7	5.1	2.9	-0.2	0.5	2.6	2.8	2.9	2.4	2.6	2.2	2.7
Building materials	10.2	12.7	13.5	11.0	11.0	11.2	13.7	12.3	15.8	11.9	12.1	12.4
Coatings	12.2	12.5	11.8	9.3	10.0	9.5	12.0	9.8	11.2	11.5	10.3	10.4
Other	-3.3	-0.7	-0.2	-4.3	-1.5	-0.5	-0.5	-0.5	-2.0	-2.0	-0.7	-0.5
Pre-tax profit	4.7	74.3	29.5	36.4	19.2	87.5	3.6	3.5	7.6	36.8	27.7	3.4
Net profit	2.8	52.4	20.1	17.7	13.3	60.7	2.5	2.5	4.9	23.7	19.3	2.4

Source: Company data, Samsung Securities estimates

OCI (456040/KRW107,700/BUY/TP: KRW160,000)

Investment points

1. Beneficiary of improving semiconductor industry conditions

OCI generates a significant share of revenue from manufacturing and selling high-purity materials used directly in semiconductor manufacturing. Since 4Q25, the company has seen clear signs of demand recovery as semiconductor industry conditions have improved. These benefits should expand further this year, with supply shortages likely to intensify h-h across more products in 2H26.

2. Sector-best ROE recovery expected in 2026

OCI's ROE is set to surge from -5.4% in 2025 to +8.3% in 2026, a 13.7%pt y-y improvement, driven by: 1) margin improvement in basic chemicals, supported by renewed demand for semiconductor-grade materials; and 2) higher carbon chemicals earnings, benefiting from rising oil prices and tighter supply. Despite the likelihood of this remarkable improvement in ROE, the stock is trading below 0.9x forward P/B.

Key information

Price as of Jun 17	KRW107,700
Market cap	KRW964.18b/USD637.1m
60-day average turnover	KRW14.9b/USD9.8m
52-week high/low	KRW150,000/KRW52,600
Dividend yield	2.3%
Free float	52.6%
Foreign ownership	12.5%

Share performance (%)	1M	3M	6M	12M
Absolute	-11.3	24.7	77.4	92.0
Relative	-25.0	-20.7	-18.8	-36.1

Key data

Year-end	Sales	Op profit	Pre-tax profit	Net profit*	EPS*	Chg	P/E	Net debt	EV/EBITDA	P/B	ROE
Dec 31	(KRWb)	(KRWb)	(KRWb)	(KRWb)	(KRW)	(% y-y)	(x)	(KRWb)	(x)	(x)	(%)
2024	2,215	110	115	90	10,840	3.2	5.4	364	5.0	0.4	8.8
2025	2,009	0	-66	-68	-6,994	nm	n/a	519	12.0	0.5	-5.4
2026E	2,311	154	129	105	12,272	nm	8.8	519	6.3	0.8	9.3
2027E	2,407	178	159	130	15,184	23.7	7.1	432	5.3	0.7	10.5
2028E	2,464	191	183	150	17,400	14.6	6.2	317	4.6	0.6	11.0

Note: *Attributable to parent company
Source: Company data, Samsung Securities estimates

OCI: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,452.6	1,400.9	1,386.9	1,452.0	1,467.1	1,495.7	1,440.0	1,380.0	1,364.7	1,423.1	1,445.7	1,380.0
Sales	**538.8**	**527.0**	**476.4**	**467.3**	**506.6**	**648.1**	**595.2**	**561.2**	**2,215.3**	**2,009.4**	**2,311.0**	**2,407.2**
Basic chemicals	187.9	199.7	189.2	200.3	184.7	222.9	197.0	191.8	824.5	777.1	796.3	915.5
Carbon chemicals	365.5	349.8	312.2	284.1	336.1	445.0	418.0	389.2	1,487.5	1,311.6	1,588.4	1,571.0
EBITDA	**30.8**	**21.7**	**16.6**	**21.5**	**50.1**	**62.8**	**65.3**	**64.3**	**185.0**	**90.6**	**242.5**	**269.1**
Basic chemicals	1.6	8.3	1.2	17.0	12.2	27.5	30.7	29.9	87.9	28.2	100.4	116.3
Carbon chemicals	27.0	14.7	14.4	9.7	39.0	37.1	36.3	36.2	110.1	65.7	148.7	156.0
Operating profit	**10.2**	**-2.3**	**-10.3**	**2.8**	**27.8**	**41.0**	**43.3**	**42.0**	**110.5**	**0.4**	**154.2**	**178.4**
Basic chemicals	-6.6	-1.9	-9.1	6.3	1.4	16.7	19.9	19.1	59.9	-11.3	57.1	73.1
Carbon chemicals	18.1	4.4	4.9	1.5	31.7	29.6	28.6	28.2	77.2	28.9	118.1	122.5
Pre-tax profit	-16.0	-0.7	-45.5	-4.0	30.4	28.7	33.9	36.1	115.5	-66.3	129.0	159.1
Net profit	**-17.3**	**-2.4**	**-52.2**	**3.5**	**24.8**	**23.4**	**27.6**	**29.4**	**89.7**	**-68.5**	**105.2**	**129.8**
Attributable to parent	**-15.8**	**-0.7**	**-51.2**	**5.0**	**24.8**	**24.9**	**29.2**	**31.0**	**96.0**	**-62.6**	**109.9**	**135.9**
Margins (%)												
EBITDA	5.7	4.1	3.5	4.6	9.9	9.7	11.0	11.5	8.4	4.5	10.5	11.2
Basic chemicals	-3.0	-0.1	-9.6	-0.9	6.0	4.4	5.7	6.4	5.2	-3.3	5.6	6.6
Carbon chemicals	-3.2	-0.5	-11.0	0.7	4.9	3.6	4.6	5.2	4.0	-3.4	4.6	5.4
Operating profit	-2.9	-0.1	-10.7	1.1	4.9	3.8	4.9	5.5	4.3	-3.1	4.8	5.6
Basic chemicals	-3.5	-1.0	-4.8	3.1	0.3	3.4	7.7	7.8	7.3	-1.5	4.7	5.8
Carbon chemicals	4.9	1.3	1.6	0.5	6.1	6.3	5.7	5.2	5.2	2.2	5.8	6.3
Pre-tax profit	-3.0	-0.1	-9.6	(0.9)	2.2	4.3	5.8	5.5	5.2	-3.3	4.5	5.3
Net profit	-3.2	-0.5	-11.0	0.7	1.8	3.5	4.7	4.5	4.0	-3.4	3.6	4.4
Attributable to parent	-2.9	-0.1	-10.7	1.1	2.1	3.8	5.0	4.8	4.3	-3.1	3.9	4.6

Source: Company data, Samsung Securities estimates

SK Chemicals (285130/KRW45,750/BUY/TP: KRW80,000)

Investment points

1. Power subsidiary profit turnaround ahead

SK Multi Utility, SK Chemicals' power generation subsidiary, has fully commissioned its new power plant. Until now, earnings have been held back as electricity was sold at the volatile, market-driven system marginal price (SMP), which failed to keep pace with soaring gas costs. However, starting in Jun 2026, the company can sell power under long-term power purchase agreements following the designation of a Distributed Energy Special Zone. The subsidiary's earnings should improve from 3Q.

2. NAV discount to narrow further

We apply a 95% NAV discount to SK Chemicals' stake in SK Bioscience. Given that SK Chemicals' share-price underperformance is largely attributable to SK Bioscience's weak earnings, investor pressure to unlock value from the subsidiary stake should intensify. Coupled with rising shareholder demands for value enhancement following the revised Commercial Act's enactment, the current 95% NAV discount is likely to narrow.

Key information

Price as of Jun 17	KRW45,750
Market cap	KRW791.42b/USD522.94m
60-day average turnover	KRW3.5b/USD2.3m
52-week high/low	KRW79,800/KRW38,750
Dividend yield	2.5%
Free float	57.2%
Foreign ownership	11.4%

Share performance (%)	1M	3M	6M	12M
Absolute	-6.1	-20.8	-36.1	-19.7
Relative	-20.6	-49.6	-70.8	-73.3

Key data

Year-end	Sales	Op profit	Pre-tax profit	Net profit*	EPS*	Chg	P/E	Net debt	EV/EBITDA	P/B	ROE
Dec 31	(KRWb)	(KRWb)	(KRWb)	(KRWb)	(KRW)	(% y-y)	(x)	(KRWb)	(x)	(x)	(%)
2024	1,737	-45	-27	-4	456	-77.8	97.1	270	21.1	0.4	0.4
2025	2,365	-0	17	27	2,304	404.8	28.4	645	14.4	0.6	2.0
2026E	2,680	-21	-10	-10	553	-76.0	78.7	919	16.2	0.4	0.5
2027E	2,826	90	92	85	4,720	753.2	9.2	1,031	9.4	0.4	4.0
2028E	2,997	165	173	155	8,218	74.1	5.3	1,008	7.0	0.3	6.7

Note: *Attributable to parent company
Source: Company data, Samsung Securities estimates

SK Chemicals: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,420	1,380	1,335	1,365	1,423	1,401	1,335
Sales	**536.6**	**596.9**	**609.9**	**621.8**	**655.9**	**665.7**	**652.3**	**705.7**	**1,736.8**	**2,365.2**	**2,679.6**	**2,826.4**
Green Chemicals	257.0	270.1	236.5	227.0	235.1	260.0	240.7	244.6	995.3	990.6	980.4	1,034.1
Copolyester/Monomer	232.0	241.7	208.5	200.8	199.0	219.7	203.2	207.9	909.9	883.0	829.8	871.4
Other	25.0	28.4	28.0	26.2	36.1	40.4	37.5	36.6	85.4	107.6	150.6	162.6
Life Science	251.9	289.3	288.6	309.7	295.4	299.2	304.6	354.2	624.8	1,139.5	1,253.5	1,334.0
Pharma	97.3	127.4	137.9	125.5	126.8	130.6	139.2	140.4	357.2	488.1	536.9	617.5
SK Bioscience	154.6	161.9	150.8	184.2	168.6	168.6	165.5	213.9	267.5	651.4	716.5	716.5
SK Multi Utility	34.4	29.6	71.0	84.6	94.6	102.6	103.1	103.1	126.5	219.6	403.3	415.9
Operating profit	**24.3**	**-1.0**	**15.6**	**-39.1**	**-18.9**	**-6.5**	**4.8**	**-0.4**	**-45.2**	**-0.2**	**-21.0**	**90.1**
Green Chemicals	31.9	22.8	24.2	4.6	21.9	27.7	25.9	28.7	88.9	83.5	104.2	136.6
Copolyester/Monomer	45.5	40.0	34.4	18.7	31.4	35.6	32.5	32.2	118.9	138.7	131.7	145.9
Other	-13.6	-17.2	-10.2	-14.1	-9.6	-7.9	-6.6	-3.5	-30.0	-55.2	-27.5	-9.3
Life Science	-9.7	-29.2	-9.9	-51.1	-39.2	-33.6	-32.0	-43.0	-119.3	-99.8	-147.8	-108.5
Pharma	5.5	8.2	9.5	0.5	5.3	5.9	6.0	6.0	19.2	23.7	23.1	26.6
SK Bioscience	-15.1	-37.4	-19.4	-51.6	-44.5	-39.5	-37.9	-49.0	-138.4	-123.5	-170.9	-135.1
SK Multi Utility	-0.8	-2.5	-1.9	2.9	-1.5	-0.6	10.8	13.9	-2.6	-2.3	22.6	62.0
Pre-tax profit	19.5	-3.9	19.5	-18.5	-27.3	-0.7	7.5	10.3	-27.4	16.7	-10.1	92.4
Net profit	**21.1**	**8.2**	**47.9**	**-49.9**	**-26.1**	**-0.6**	**6.9**	**9.5**	**-4.4**	**27.3**	**-10.3**	**84.7**
Attrib. to parent company	20.0	14.0	42.9	-32.2	-12.1	1.6	9.1	12.3	8.8	44.6	10.7	91.6
Margins (%)												
EBITDA	12.8	7.3	10.1	2.3	0.5	7.1	8.7	7.4	5.2	8.0	5.9	10.1
Operating profit	4.5	-0.2	2.6	-6.3	-2.9	-1.0	0.7	-0.1	-2.6	-0.0	-0.8	3.2
Green Chemicals	12.4	8.5	10.2	2.0	9.3	10.7	10.8	11.7	8.9	8.4	10.6	13.2
Copolyester/Monomer	19.6	16.6	16.5	9.3	15.8	16.2	16.0	15.5	13.1	15.7	15.9	16.7
Other	-54.6	-60.6	-36.6	-53.9	-26.5	-19.5	-17.5	-9.5	-35.2	-51.3	-18.3	-5.7
Life Science	-3.8	-10.1	-3.4	-16.5	-13.3	-11.2	-10.5	-12.1	-19.1	-8.8	-11.8	-8.1
Pharma	5.6	6.5	6.9	0.4	4.2	4.5	4.3	4.3	5.4	4.9	4.3	4.3
SK Bioscience	-9.8	-23.1	-12.8	-28.0	-26.4	-23.4	-22.9	-22.9	-51.7	-19.0	-23.9	-18.9
SK Multi Utility	-2.2	-8.6	-2.7	3.5	-1.5	-0.5	10.5	13.5	-2.1	-1.1	5.6	14.9
Pre-tax profit	3.6	-0.7	3.2	-3.0	-4.2	-0.1	1.2	1.5	-1.6	0.7	-0.4	3.3
Net profit	3.9	1.4	7.8	-8.0	-4.0	-0.1	1.1	1.3	-0.3	1.2	-0.4	3.0

Source: Company data, Samsung Securities estimates

Compliance Notice

- During the six months prior to 6/17 2026, Samsung Securities had participated as an underwriter in one or more securities issuances (rights offerings) by SKC.
- As of 6/17 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
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- 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.
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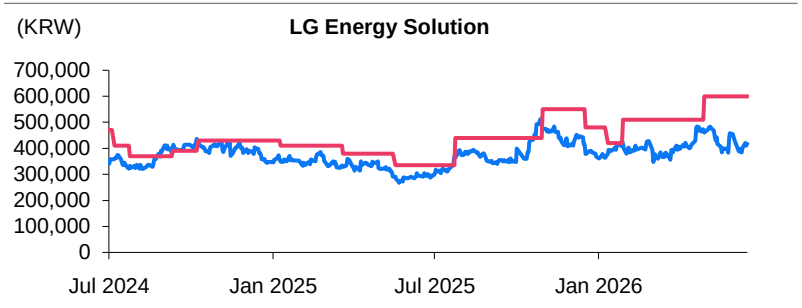
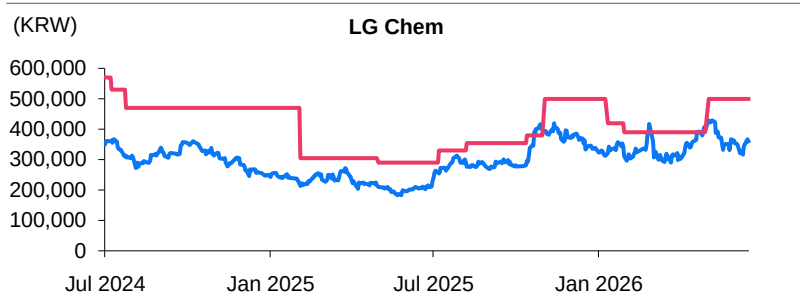
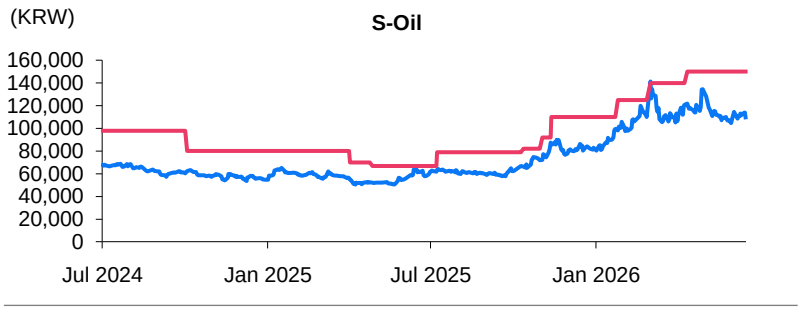
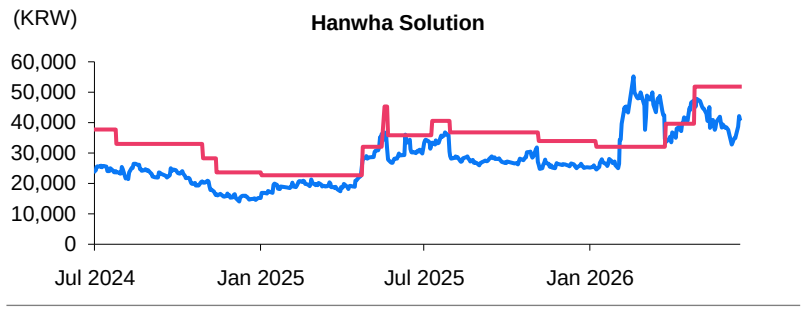
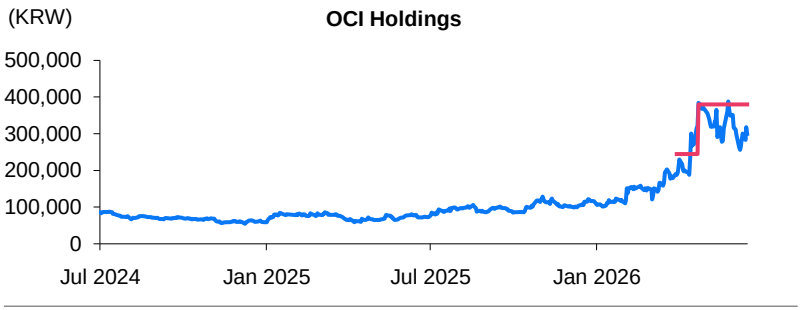
Target price changes in past two years

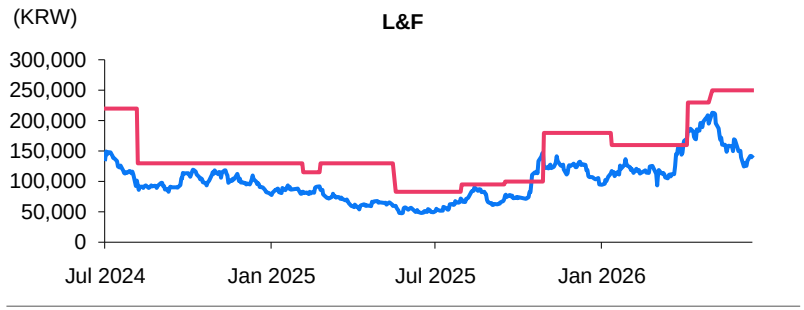




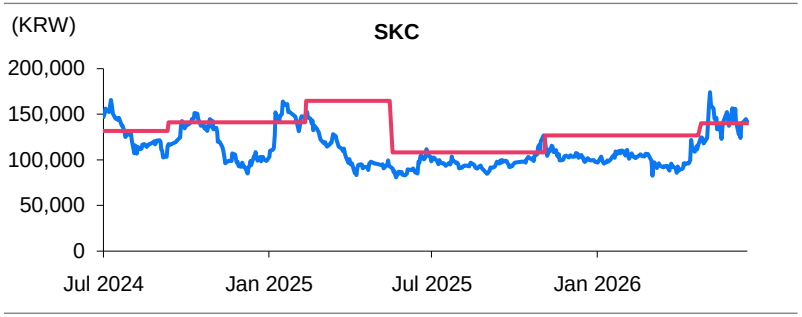


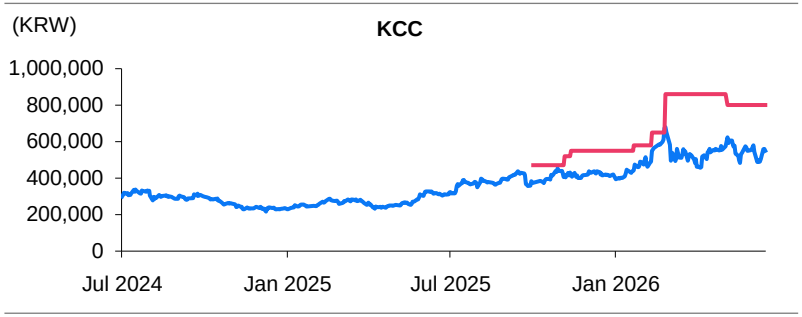


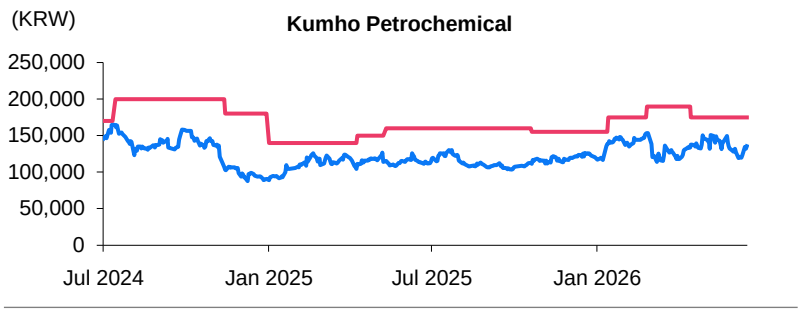


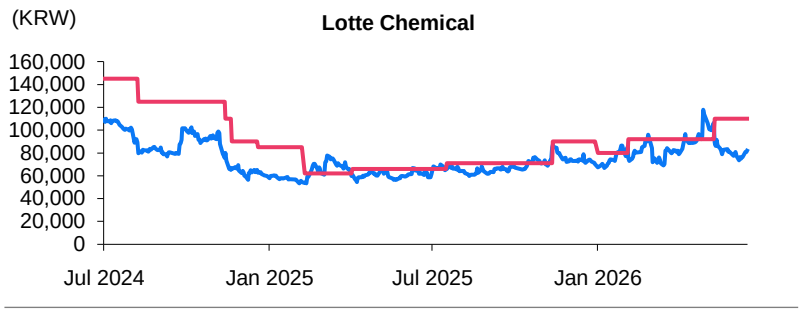


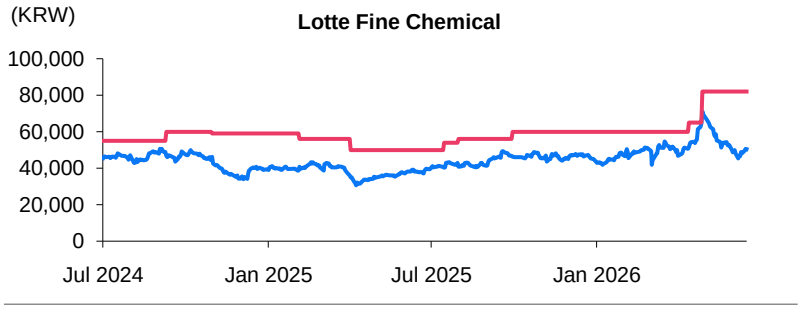
Target price changes in past two years

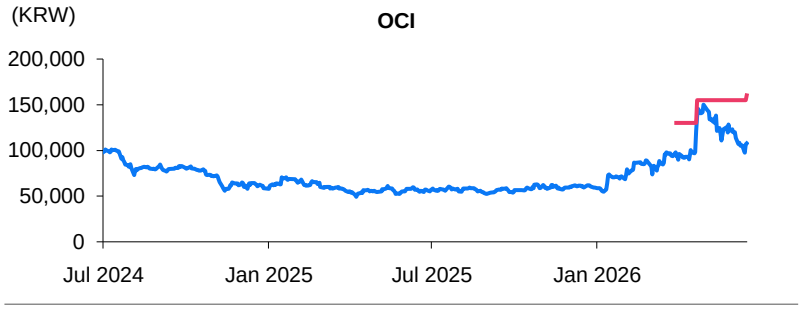




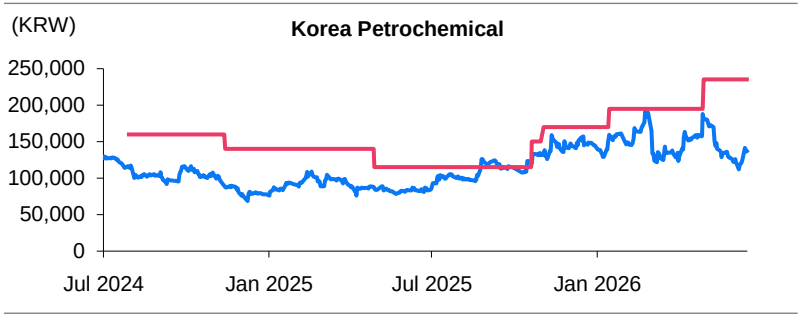


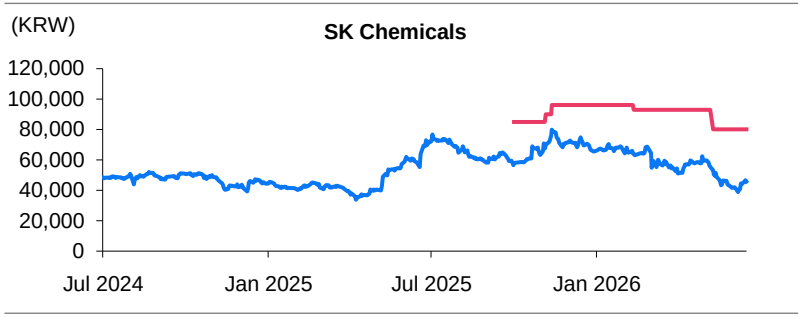


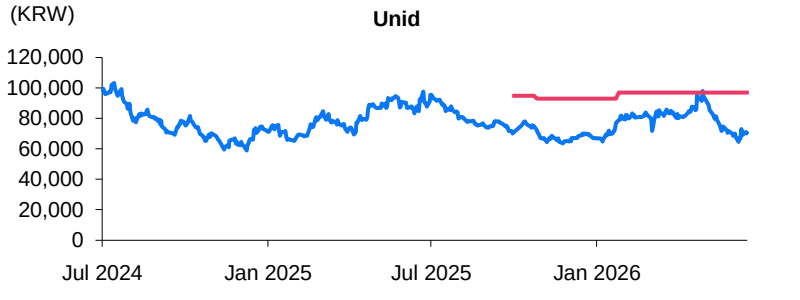




Target price changes in past two years







Rating changes over past two years (adjusted share prices)

LG Energy Solution												
Date	7/25	9/11	10/10	2025/1/10	3/21	5/19	7/25	10/31	12/18	2026/1/12	1/29	4/30
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	HOLD	HOLD	HOLD	BUY	BUY
Target price (KRW)	370,000	390,000	430,000	410,000	380,000	335,000	440,000	550,000	480,000	420,000	510,000	600,000
Gap* (average)	-3.89	5.00	-9.14	-14.77	-12.67	-10.19	-12.74	-19.50	-21.65	-3.83	-20.82	
(max or min)**	11.35	0.38	-0.70	-5.98	-5.26	9.85	16.82	-11.91	-18.65	2.62	-5.00	
LG Chem												
Date	2024/4/9	7/9	7/25	2025/2/4	5/2	7/8	8/8	10/14	11/3	2026/1/12	1/30	5/4
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	HOLD	BUY
Target price (KRW)	570,000	530,000	470,000	305,000	290,000	330,000	355,000	380,000	500,000	420,000	390,000	500,000
Gap* (average)	-34.08	-35.93	-37.05	-23.11	-28.41	-12.72	-20.02	-1.68	-26.61	-18.52	-13.98	
(max or min)**	-28.95	-30.66	-23.19	-10.82	-8.79	-5.15	-15.21	9.74	-16.10	-14.76	7.05	
S-Oil												
Date	2024/4/4	6/25	10/4	2025/4/3	4/28	7/9	10/13	11/3	11/13	2026/1/26	3/3	4/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	104,000	98,000	80,000	70,000	67,000	79,000	82,000	92,000	110,000	125,000	140,000	150,000
Gap* (average)	-31.26	-34.27	-26.70	-25.77	-15.35	-22.55	-13.94	-14.35	-23.17	-15.34	-18.24	
(max or min)**	-19.71	-29.80	-18.38	-22.29	-4.93	-15.44	-8.66	-4.89	-9.55	-4.00	-24.79	
Hanwha Solution												
Date	10/30	11/14	2025/1/3	4/25	5/19	5/23	7/11	7/31	11/6	2026/1/9	3/27	4/28
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	HOLD	HOLD
Target price (KRW)	28,297	23,581	22,638	32,070	45,276	35,843	40,559	36,786	33,957	32,070	39,616	51,878
Gap* (average)	-33.88	-33.96	-14.79	-3.03	-25.24	-13.71	-14.92	-24.04	-23.85	21.18	-0.54	
(max or min)**	-26.17	-29.32	12.92	12.94	-20.94	0.66	-9.30	-13.33	-17.92	72.06	19.52	

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

Rating changes over past two years (adjusted share prices)

OCI Holdings

Date	2026/3/31	4/24									
Recommendation	BUY	BUY									
Target price (KRW)	245,000	380,000									
Gap* (average)	-3.25										
(max or min)**	31.43										

L&F

Date	2024/4/12	8/7	2025/2/6	2/25	5/19	7/31	9/17	10/30	2026/1/13	4/7	5/4
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	220,000	130,000	115,000	130,000	83,000	95,000	100,000	180,000	160,000	230,000	250,000
Gap* (average)	-34.28	-25.00	-26.56	-48.64	-34.18	-22.96	-5.18	-33.95	-23.13	-17.90	
(max or min)**	-22.00	-8.15	-20.26	-33.77	-13.25	-4.74	47.00	-21.33	6.63	-9.13	

SKC

Date	2024/5/3	9/12	2025/2/12	5/19	11/5	2026/4/27					
Recommendation	BUY	BUY	HOLD	HOLD	HOLD	HOLD					
Target price (KRW)	131,591	140,991	164,489	108,093	126,892	140,000					
Gap* (average)	-0.24	-12.47	-33.86	-11.14	-19.86						
(max or min)**	39.50	16.33	-7.37	17.22	-3.86						

KCC

Date	2025/10/2	11/6	11/13	2026/1/22	2/11	2/26	5/6				
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY				
Target price (KRW)	470,000	520,000	550,000	580,000	650,000	860,000	800,000				
Gap* (average)	-12.30	-19.40	-23.71	-17.28	-8.33	-38.31					
(max or min)**	-3.62	-17.31	-18.82	-11.38	3.85	-24.30					

Rating changes over past two years (adjusted share prices)

Kumho Petrochemical												
Date	2024/5/7	7/15	11/14	2025/1/2	4/10	5/12	10/21	2026/1/14	2/26	4/16		
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY		
Target price (KRW)	170,000	200,000	180,000	140,000	150,000	160,000	155,000	175,000	190,000	175,000		
Gap* (average)	-12.30	-30.01	-45.45	-20.78	-22.09	-29.07	-22.94	-18.07	-33.52			
(max or min)**	-2.82	-18.05	-40.33	-10.21	-15.67	-18.56	-10.52	-12.63	-19.26			
Lotte Chemical												
Date	2024/5/10	8/9	11/14	11/21	12/20	2025/2/10	4/4	7/18	11/13	12/31	2026/2/5	5/12
Recommendation	BUY	BUY	BUY	BUY	BUY	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	145,000	125,000	110,000	90,000	85,000	62,000	66,000	71,000	90,000	80,000	92,000	110,000
Gap* (average)	-24.60	-29.79	-38.25	-29.01	-31.50	8.77	-6.29	-5.38	-16.66	-5.60	-6.55	
(max or min)**	-16.07	-18.08	-33.27	-22.89	-25.53	25.65	6.06	19.44	-5.33	8.00	28.26	
Lotte Fine Chemical												
Date	2024/1/19	6/28	9/10	10/31	2025/2/5	4/3	7/16	8/1	9/30	2026/4/14	4/29	
Recommendation	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	
Target price (KRW)	55,000	55,000	60,000	59,000	56,000	50,000	54,000	56,000	60,000	65,000	82,000	
Gap* (average)	-14.95	-15.25	-22.06	-34.41	-27.10	-26.49	-21.44	-21.38	-21.06	-12.38		
(max or min)**	-6.91	-8.00	-16.83	-27.71	-22.68	-17.30	-19.81	-11.79	-8.83	-0.77		
OCI												
Date	2026/3/31	4/23	6/17									
Recommendation	BUY	BUY	BUY									
Target price (KRW)	130,000	155,000	160,000									
Gap* (average)	-26.05	-19.73										
(max or min)**	-6.62	-3.23										

Rating changes over past two years (adjusted share prices)

Korea Petrochemical								
Date	2023/10/30	2024/7/30	11/14	2025/4/29	10/21	11/3	2026/1/15	4/30
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	175,000	160,000	140,000	115,000	150,000	170,000	195,000	235,000
Gap* (average)	-18.32	-35.28	-36.33	-13.38	-11.42	-15.68	-22.88	
(max or min)**	-4.40	-26.75	-22.14	9.65	-10.33	-6.65	-2.21	

SK Chemicals					
Date	2025/10/2	11/6	11/13	2026/2/12	5/11
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	85,000	90,000	96,000	93,000	80,000
Gap* (average)	-24.71	-18.92	-27.95	-37.48	
(max or min)**	-16.82	-15.56	-17.81	-26.02	

Unid			
Date	2025/10/2	10/27	2026/1/26
Recommendation	BUY	BUY	BUY
Target price (KRW)	95,000	93,000	97,000
Gap* (average)	-20.18	-27.14	
(max or min)**	-17.79	-17.20	

Rating changes over past two years (adjusted share prices)

Samsung Securities uses the following investment ratings.
* 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

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

Percentage of ratings in 12 months prior to 2025.03.31

BUY (79%)•HOLD (21%)•SELL (0%)

MEMO

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