

COMPANY UPDATE

2026. 6. 26

EV/Mobility Team

Esther Yim

Team Leader

esther.yim@samsung.com

Hyunji Kim

Research Associate

hyunzi.kim@samsung.com

▶ AT A GLANCE

BUY

Target price **KRW95,000** 58.6%

Current price **KRW59,900**

Market cap	KRW7.4t/USD4.8b
Shares (float)	123,875,069 (55.3%)
52-week high/low	KRW75,900/KRW38,100
Avg daily trading value (60-day)	KRW29.9b/ USD19.4m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Hankook T&T (%)	-5.4	1.4	48.8
Vs Kospi (%pts)	-16.8	-53.4	-48.2

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	95,000	85,000	11.8%
2026E EPS	10,205	9,175	11.2%
2027E EPS	12,113	10,984	10.3%

▶ SAMSUNG vs THE STREET

No of estimates	15
Target price	85,733
Recommendation	4.0

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



Scan to go to
Research Center report database

Hankook T&T (161390)

Growth in Europe facilitating push into top tier

- Hankook T&T's is entering a pivotal phase where its Europe- and EV-focused growth strategy is translating into tangible earnings expansion and market-share gains.
- Leveraging its 2018 acquisition of a German distribution network and sustained quality-driven marketing, the company has taken market share from top-tier competitors Bridgestone and Michelin in Germany, where it is now the number-one player in RE tire market share. Across Europe, its market share has risen to 12-13%.
- The EV tire replacement cycle constitutes an opportunity for Hankook T&T to transition from a second-tier supplier to a first-tier one.

WHAT'S THE STORY?

Raising target price: We expect Hankook Tire & Technology to solidify its status as a global top-tier tire manufacturer as its expansion in Europe converges with the EV tire replacement cycle.

- **European M/S growing as EV replacement cycle gets underway:** We raise our 12-month target price to KRW95,000, which is the simple average of two fair-value-per-share estimates—the first derived by applying an EV/EBITDA multiple of 4.2x (up 10%) to our 2027 EBITDA forecast, and the second by applying a P/E of 10x (up 16%) to our 2027 EPS forecast. Both multiples are at the lower end of ranges observed during the SUV tire replacement cycle of 2015-2018, when Hankook T&T traded at 4-5x EV/EBITDA and 10-12x P/E. Although the firm's earnings growth potential exceeds that of the 2015-2018 period, we have applied conservative multiple premiums to reflect lingering concerns over corporate governance.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	21,202	22,216	23,219	24,330
Operating profit (KRWb)	1,841	2,144	2,461	2,730
Net profit (adj) (KRWb)	972	1,360	1,614	1,836
EPS (adj) (KRW)	8,795	10,205	12,113	13,775
EPS (adj) growth (% y-y)	-2.3	16.0	18.7	13.7
EBITDA margin (%)	15.2	15.9	16.6	16.8
ROE (%)	9.4	10.0	11.0	11.5
P/E (adj) (x)	6.6	5.9	4.9	4.3
P/B (x)	0.6	0.6	0.5	0.5
EV/EBITDA (x)	4.1	3.5	3.0	2.5
Dividend yield (%)	3.9	5.5	6.7	7.5

Source: Company data, Samsung Securities estimates

- **European portion of revenue expands from 28% in 2015 to hit to 47% in 1Q26:** While anti-dumping duties on Chinese-made tires took effect in 2Q, Hankook T&T is relatively well-positioned vs its peers, as its tariff rate was set at a low 3.4%, reflecting its limited reliance on China-produced volumes.
- **EV replacement cycle began in 2025:** Management confirms that the EV tire replacement cycle began in 2025, with EV tires accounting for 6-7% of RE tire sales that year. In OE tires, EV tire penetration has risen steadily by 5-6%pts annually since 2021, when it stood at 5%. EV RE tires carry a 20-30% margin. For every 10%pt increase in EV tire penetration within the RE tire segment (which constitutes 80% of total tire sales), overall profitability should improve by 0.8-1.0%pts.

Hankook T&T's strategic focus on Europe: Hankook T&T has strategically prioritized Europe over the US, targeting a market where consumers place premium value on safety and brand credibility.

- **Europe and the US—both mature markets:** Europe and the US each represent 16m-17m annual new vehicle sales, with RE tire demand remaining robust. In 2025, total tire demand stood at 400m units in Europe and 380m in North America (of which 306m in the US). European consumers prioritize safety and brand heritage, favoring tier-one suppliers. US buyers, by contrast, are price-sensitive. This creates structural advantages for low-cost imports. Since 2015, the US has imposed anti-dumping and countervailing duties of 19.17-87.99% on Chinese passenger-vehicle and light-truck tires, and of 20.98-63.34% on Chinese truck and bus tires. However, distributors continue to circumvent tariffs by rebranding Chinese tires as “non-Chinese” through third-country transshipment.
- **EV demand surges in Europe but collapses in the US:** European adoption of EVs accelerated sharply in 2H25, as Germany, France, and the UK reinstated purchase incentives. Over January-April of this year, EV sales reached 1.66m units (up 30% y-y), now equivalent to 60% of China's volume. In stark contrast, US sales of EVs plunged 34% y-y to 326,000 units over the same period.
- **Hankook T&T's European portion of revenue rises from 28% in 2015 to 47% in 1Q26:** The Korean tiremaker's European expansion is underpinned by four strategic pillars: 1) local production from 2006, with the commissioning of its plant in Hungary; 2) OE diversification based on expanded partnerships with German carmakers such as Volkswagen; 3) distribution by acquiring Reifen-Muller, Germany's leading tire retailer (which operates 40-50 retail outlets) in Jul 2018 for roughly KRW100b; and 4) quality leadership—the Korean company has consistently ranked among the top performers in European tire performance tests.
- **Market-share leadership in Europe generally and Germany specifically:** Hankook T&T's European market share has grown by a steady 0.5%pts *pa* to reach 13% in 1Q26. In Germany, the firm holds a 40% market share—surpassing Continental—and is the undisputed number-one brand in the premium RE tire segment.
- **Pricing power in Europe:** In 1Q26, Hankook T&T was the only major tire manufacturer in Europe to implement a price increase (3%), and this did not result in it sacrificing volume growth. On ICE vehicle tires, the price gap with Michelin has narrowed from 15% to 10% for equivalent specifications. For EV tires, pricing is now virtually aligned with Michelin.

European market—Opportunity from EU’s anti-dumping duties on Chinese tires

- **Investigation timeline:** The EU launched a 12-month investigation into tire dumping in May 2025. Final duty rates will be determined by May 7, 2026, following submissions from affected companies. Anti-dumping duties were scheduled to take effect on Jun 18, 2026.
- **Duty rates:** Duties will be levied at 30% for companies that fully cooperate with the investigation and 52% for non-cooperating ones.
- **Hankook T&T faces 3.4% duty:** Hankook T&T received a significantly lower rate thanks to consistent pricing adjustments and transparent cost structures that demonstrate its pricing is not aligned with the dumped Chinese products under review. With a significantly lower duty rate than competitors and leveraging its plant in Hungary, Hankook T&T aims to expand its market share in Europe.

Hankook T&T’s tire brand designed for EVs—a tier-jumping strategy: Hankook T&T should rise to become a top-tier player on a combination of the EV tire replacement cycle and Tesla’s robotaxis.

- **Separate EV tire brand iON launches in 2022:** Functionalized polymer and silica are added to iON tires to improve their performance. They are designed to be quiet and ecofriendly, and were first launched in Europe before being rolled out in Korea, the US, and China. As there is no established top-tier brand for EV tires yet, Hankook T&T aims to ascend to the top tier through this segment.
- **Tesla and BYD are key clients:** Hankook T&T has a diversified OE tire clientele. Its largest client is HMG (30% of sales), followed by VW (20%), Tesla (10%), and BYD (5%). It derives 5-10% of sales from each Japanese automaker. The affordable versions of Tesla’s Model 3 and Model Y, which debuted in late October, have been kitted out with iON tires as standard. Tesla’s robotaxis, set to enter production in Apr 2026, are also expected to feature Hankook T&T tires.
- **Targeting higher share of EV tires in OE tire sales:** Hankook T&T managed to grow the EV tire portion of its total OE tire sales from 15% in 2023 to 22% in 2024, and it is targeting 29% this year. The company generates 50% of its EV tire sales in China, 35% in Europe, and 15% in North America and Korea. OE tires generate margins similar to those on auto parts (5-6%), but their sales typically lead to greater demand for RE tires (which have higher margins) down the line. Hankook T&T has secured EV pure-plays Tesla, BYD, Xpeng, and Rivian as customers, and also supplies legacy automakers VW, HMC, and GM with EV tires.
- **Truck and bus tires have three times the ASP:** The tiremaker is believed to be in talks to supply tires for electric school buses and commercial vehicles in the US. A North American EV maker plans to begin robo-trucking services in 2026, and landing a deal to supply it with tires would create additional growth momentum for Hankook T&T. Truck and bus tires have three times the ASP of sedan/SUV tires. Hankook T&T is building a truck and bus tire plant in the US with 1m units of capacity, and the facility is scheduled to become operational in late 2026.
- **EV tires have shorter replacement cycles:** Tires on new internal combustion engine (ICE) cars are typically replaced after 4-5 years (or 80,000-100,000 miles of use) vs 3-4 years on EVs (60,000-80,000 miles)—EVs weigh more and can accelerate faster than ICE autos. Robotaxis/robotrucks in around-the-clock service with annual mileage of 50,000-80,000 miles should need more-frequent tire replacement—probably every 2 years.

- **Tires for EV are 10-15% more expensive than those for ICE autos:** Hankook T&T is a second-tier player in the ICE vehicle tire industry, pricing its products 10-15% lower than those of top-tier companies Michelin and Bridgestone. Yet, the Korean firm prices its EV tires on par with those of Michelin and Bridgestone, as the top tier has yet to be established in the EV tire segment. OE tires for EVs command a 5-10% premium vs tires for ICE vehicles, as EV tires are generally larger (typically 18-22 inches). RE tires for ICE vehicles offer an operating margin of 15-20%, but RE tires for EVs can be more lucrative, providing an operating margin of 20-30%.
- **Tires up for replacement:** Hankook T&T enjoys a 4-5%pts higher operating margin during periods when RE tire demand is strong. Its shares surged: 1) in 2013 as a replacement cycle began—autos sold during the 2010 motorization of China needed new tires; and 2) in 2016 on the start of a replacement cycle—SUV sales surged in 2012. The EV boom began in 2020, and the first wave of EV tire replacements is expected in 2025. As a supplier of tires to pure-play EV manufacturers, Hankook T&T stands to benefit the most from the upcoming replacement cycle. By 2026, EV tires should account for more than 10% of Hankook T&T's RE tire sales (which themselves make up 80% of its total tire sales). We estimate that every 10%pt increase in the EV tire portion of RE sales will boost operating margin by 0.8%pts.

Hankook Tire, the only player capable of jumping tiers: Hankook Tire can rise to become a top-tier player through European EV tire market-share growth.

- **Path to top-tier status via sales growth:** The revenue gap between Hankook Tire and Pirelli, the world's 5th largest company by revenue, is only around 5%.
- **Low consumer price sensitivity:** Tires are replaced every 4-5 years. Hankook Tire's operating margin could rise above 20%, supported by a narrowing price gap vs top-tier ICE tires and rising demand for the company's EV tires, which are priced broadly on par with top-tier products.
- **Foreign investors the only ones increasing stakes in Korean mobility sector:** Hankook Tire is recognized as the player that stands to benefit the most from the anticipated surge in EV tire replacement demand.

Raw material prices to stabilize at lower level again in 2027: With the Middle East war winding down, oil prices are easing. While elevated raw material costs may have an impact in 3Q, Hankook T&T plans to offset this through price hikes. With EV adoption accelerating, Chinese demand for oil likely peaked in 2025, and global demand is likely to begin a sustained decline in 2027. Given that automobiles account for 45% of global oil consumption, the fall in oil prices reflects a structural shift.

- **Higher raw material costs to affect 2H results:** In 2025, raw material costs equated to 30% of Hankook T&T's sales, with the largest components being natural rubber (8.2% of sales), synthetic rubber (6.7%), tire cord (4.69%), and carbon black (4.27%). Butadiene, a feedstock for synthetic rubber, is produced through naphtha cracking, while carbon black is made by thermal decomposition of heavy fuel oil.

Raw material input prices (based on the Korean plants) should fall 4.8% y-y to USD1,769 per tonne in 2Q, but they have begun rising q-q after hitting a bottom in 4Q25.

Since the start of the year, synthetic rubber and carbon black prices have increased 12% and 20%, respectively, due to conflict in the Middle East. Tire inventories remain at three months' supply,

meaning cost impacts will be reflected from 3Q. Without mitigation efforts, this could pressure operating margin by 1.6-2.0%pts.

- **Raw-material cost mitigation strategies:** For natural rubber, Hankook T&T is seeking to diversify procurement to include sources in Africa and Laos. The company plans to hike prices in response to cost pressures from synthetic rubber and carbon black. In early 2026, the firm hiked prices 3% in Europe and Korea, and it plans to hike prices an additional 2-3% in 2H.
- **Logistics costs to remain stable:** Logistics expenses are expected to remain at 4-5% of sales. While the Shanghai Containerized Freight Index rose due to the Middle East conflict, Hankook T&T's good do not pass through the Strait of Hormuz. Freight-rate negotiations for 2H are ongoing, and due to distinct shipping routes, a material impact on costs is not anticipated.
- **Spread between tire prices and raw-material costs to widen from 2027:** While global tire demand is stagnant, Hankook T&T continues to expand its EV tire portion of total sales volume.

2Q earnings outlook

- **Margin to fall q-q due to rising raw material costs:** We forecast Hankook T&T to post 2Q sales of KRW5.6t (up 6% q-q and 5.0% y-y), operating profit of KRW518.3b (up 2.2% q-q and 46.6% y-y), and an operating margin of 9.2%. If anti-dumping duty refunds are recognized, operating profit could rise to KRW560b. FnGuide consensus estimates sales at KRW5.6t, operating profit at KRW541.5 billion, and an operating margin at 9.5%.
- **Anti-dumping duty refunds to be recognized in 2Q-3Q:** Refunds previously received annually in 4Q (due to lower US anti-dumping duties) were initially deferred to 1Q26 due to a US government shutdown and are now expected to be further delayed until 2Q-3Q26. The US anti-dumping duty on Korean tires was originally set on May 24, 2021. Hankook T&T and two other domestic tire manufacturers submitted data and pursued legal appeals, resulting in a downward revision in early Feb 2024. Hankook T&T's duty rate was reduced from 27.05% to 6.3% (by 20.75%pts). Refunds for the duty differential—to be recognized for a three-year period—were received in 4Q23 (KRW100 billion) and 4Q24 (KRW70b). A KRW40b refund, originally expected in 4Q25, has now been deferred to 2Q-3Q26.
- **Tennessee plant #2 to reach more than 90% utilization in 2H26:** An additional 6m units of capacity came online in 4Q25. At a capacity of 12m units, local production will account for 50% of US output, cutting annual tariffs by KRW33b.

In 2025, just 25% of Hankook T&T's tires sold in the US were produced locally, with 45% coming from Indonesia and 30% from Korea. The company plans to shift exports from Indonesia toward other markets in Southeast Asia and Latin America. Its annual tariff burden is currently around KRW100b.

Hankook T&T: Valuation

(KRWb)		Notes
EV/EBITDA valuation		
2026E-2027E EBITDA average	3,697	
Target EV/EBITDA (x)	4.2	10% premium to the previous multiple (3.8x)
EV	15,454	
Net debt	4,753	As of end-2025
Market value	10,701	
Number of shares ('000)	123,875	
Fair price per share (KRW) (A)	86,382	
P/E valuation		
2026E-2027E avg EPS	11,159	
Target P/E (x)	10.0	16% premium to the previous multiple (8.4x)
Fair price per share (KRW) (B)	111,591	
Valuation		
Average $([A+B]/2)$ (KRW)	98,987	
Target price (KRW)	95,000	

Source: Samsung Securities estimates

Hankook T&T: 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	1,452	1,467	1,450	1,430	1,420	1,365	1,423	1,442	1,390
Revenue	4,964	5,370	5,413	5,456	5,314	5,644	5,632	5,625	9,412	21,202	22,216	23,219
Chg (% y-y)	133.3	131.7	122.3	115.5	7.1	5.1	4.1	3.1	5.3	125.3	4.8	4.5
Tire	2,346	2,511	2,707	2,754	2,566	2,728	2,891	2,790	9,412	10,319	10,975	11,695
Chg (% y-y)	10.3	8.3	11.2	8.8	9.3	8.6	6.8	1.3	5.3	9.6	6.4	6.6
Thermal management	2,617	2,858	2,706	2,703	2,748	2,917	2,741	2,835	n/a	10,884	11,241	11,523
Chg (% y-y)	n/a	n/a	n/a	n/a	5.0	2.0	1.3	4.9	n/a	n/a	3.3	2.5
Gross profit	964	1,098	1,297	1,306	1,202	1,273	1,387	1,399	3,468	4,665	5,261	5,734
Operating profit	355	354	586	547	507	523	519	594	1,762	1,841	2,144	2,461
Chg (% y-y)	-11.1	-15.8	24.6	15.5	43.0	48.0	-11.4	8.6	32.7	4.5	16.4	14.8
Tire	334	289	491	457	428	415	416	444	1,762	1,571	1,684	1,971
Chg (% y-y)	-16.3	-31.1	4.3	-3.4	28.4	43.5	-15.3	-3.0	32.7	-10.9	7.2	17.0
Thermal management	21	64	95	90	97	108	104	150	n/a	270	460	490
Chg (% y-y)	-67.7	-10.2	-1.0	nm	361.1	68.6	9.0	67.5	n/a	n/a	70.0	6.7
Net profit	312	179	390	91	372	296	306	385	1,131	972	1,360	1,614
Controlling profit	320	182	390	197	346	276	284	358	1,115	1,089	1,264	1,501
Margins (%)												
Gross profit	19.4	20.4	24.0	23.9	22.6	22.5	24.6	24.9	36.8	22.0	23.7	24.7
Operating profit	7.1	6.6	10.8	10.0	9.5	9.3	9.2	10.6	18.7	8.7	9.6	10.6
Tire	14.2	11.5	18.1	16.6	16.7	15.2	14.4	15.9	18.7	15.2	15.3	16.9
Thermal management	0.8	2.2	3.5	3.3	3.5	3.7	3.8	5.3	n/a	2.5	4.1	4.3
Net profit	6.3	3.3	7.2	1.7	7.0	5.3	5.4	6.8	12.0	4.6	6.1	7.0
Controlling profit	6.4	3.4	7.2	3.6	6.5	4.9	5.1	6.4	11.8	5.1	5.7	6.5

Source: Company data, Samsung Securities estimates

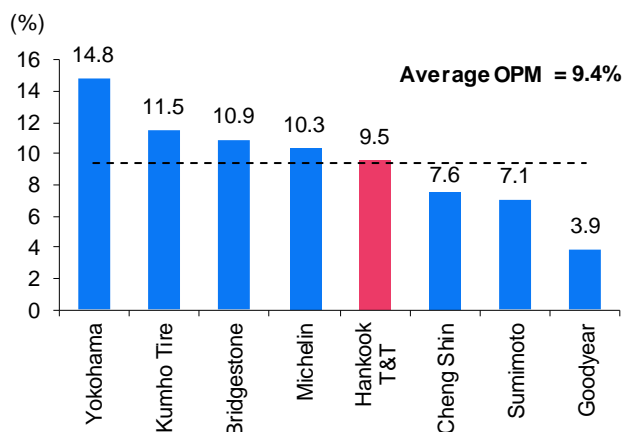
Global tire makers: Tier-2 players delivering higher sales growth

			Market cap (USD\$b)	P/E (X)	P/B (X)	ROE (%)	2024 sales* (USD\$m)	2025 sales* (USD\$m)	Chg (%)	Note
Tier 1	1	Michelin	26.8	12.6	1.3	9.9	29,417	29,382	-0.1	
	2	Bridgestone	29.2	12.7	1.2	8.9	27,334	27,734	1.5	
	3	Goodyear	1.9	n/a	0.5	1.1	18,878	18,280	-3.2	
	4	Continental	16.9	11.3	3.1	28.9	14,894	15,536	4.3	Spun off its automotive components business
	5	Pirelli	8.2	12.6	1.1	8.7	7,327	7,660	4.5	
Tier 2	6	Yokohama	8.0	10.5	1.1	10.9	6,481	7,500	15.7	
	7	Hankook Tire	6.1	6.7	0.7	10.6	6,903	7,262	5.2	Acquired Hanon Systems; annual revenue of KRW1t
	8	Sumitomo Rubber	3.7	10.5	0.8	8.2	6,913	6,981	1.0	
	9	Zhongce Rubber Group	6.3	9.1	1.6	17.7	5,452	6,258	14.8	
	10	Sailun Group	6.3	9.3	1.7	18.0	4,417	5,121	15.9	
	14	Kumho Tire	1.0	4.0	0.6	16.3	3,324	3,309	-0.5	Suffered a fire at manufacturing plant in Gwangju
	17	Nexen Tire	0.5	4.5	0.4	7.9	2,089	2,245	7.5	

Note: *Tire business segment revenue only

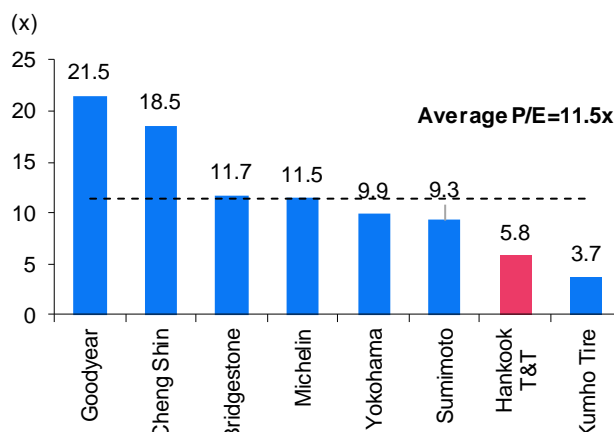
Source: Bloomberg, Samsung Securities

Global tire makers: Operating margin (12m forward)



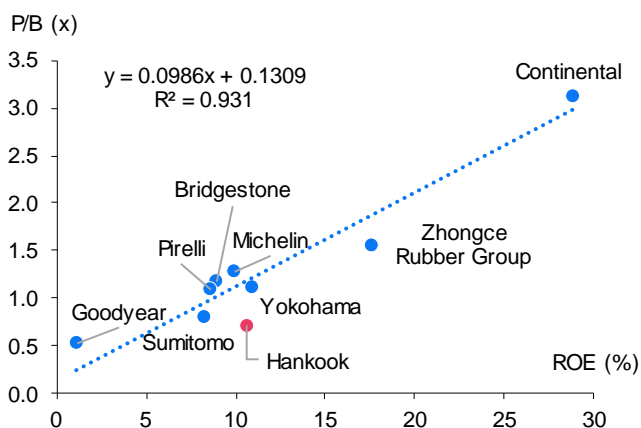
Source: Bloomberg, Samsung Securities

Global tire makers: 12m forward P/E valuation



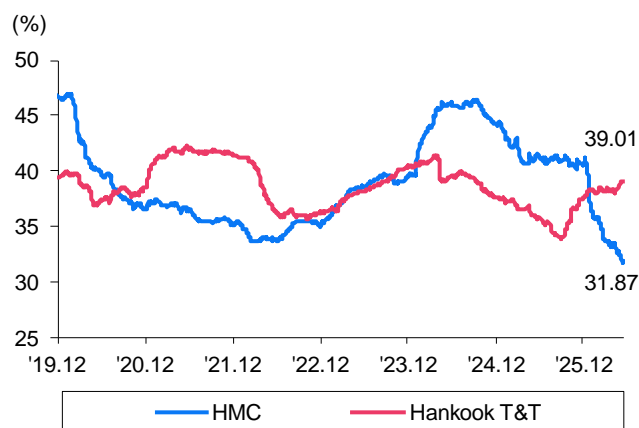
Source: Bloomberg, Samsung Securities

Global tire maker: P/B vs ROE (2026E)



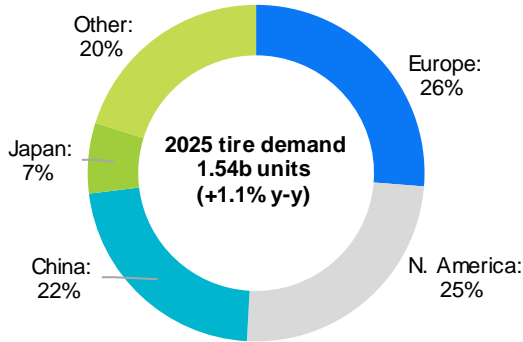
Source: Bloomberg, Samsung Securities

Foreign ownership: HMC vs Hankook T&T



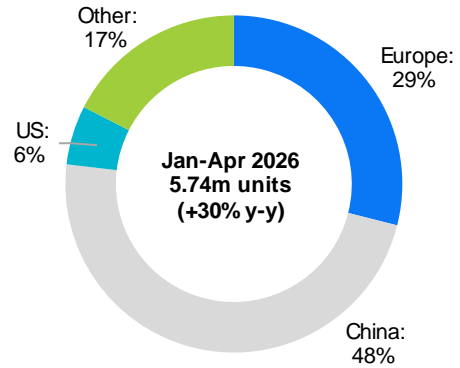
Source: Bloomberg, Samsung Securities

Global tire demand



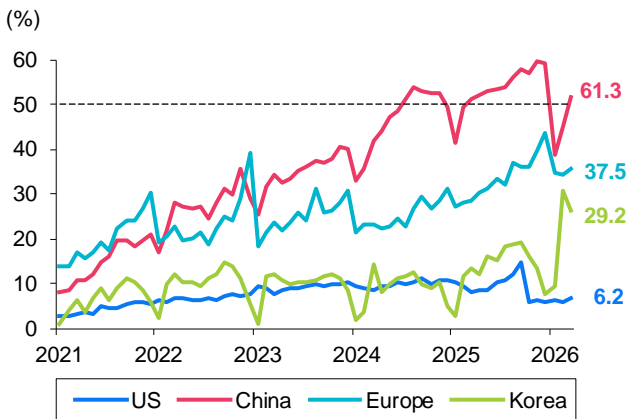
Source: EV-Volumes, Samsung Securities

Global EV demand, by region/country



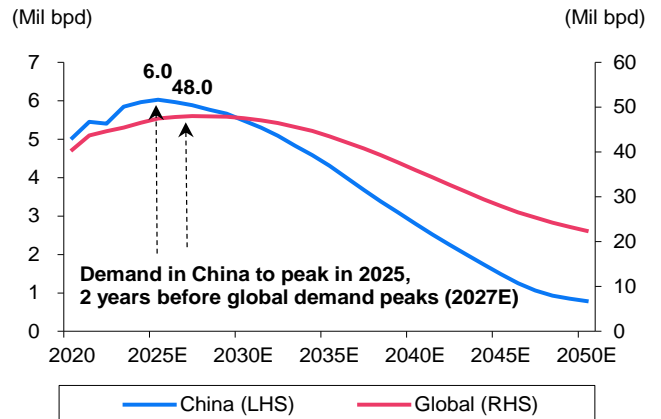
Source: Company data, Samsung Securities

Global xEV penetration, by region



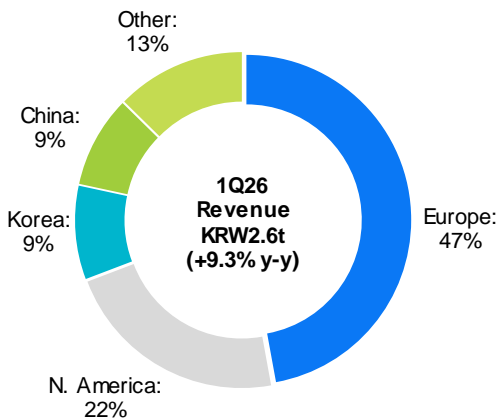
Source: EV-Volumes, Samsung Securities

Global transportation fuel: Peak demand—China vs the world



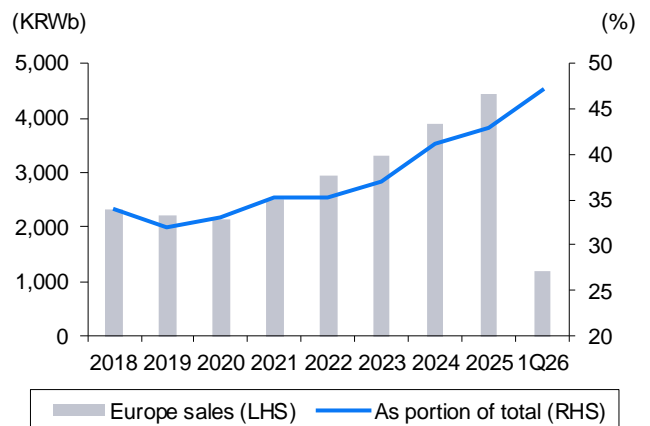
Source: Bloomberg NEF, Samsung Securities

Hankook T&T: Sales, by country



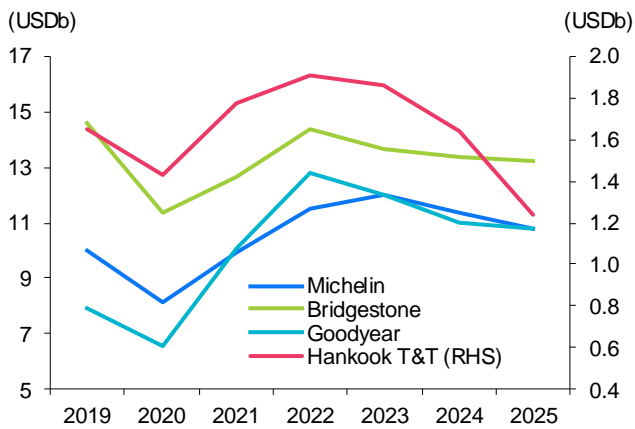
Source: Company data, Samsung Securities

Hankook T&T's revenue from Europe



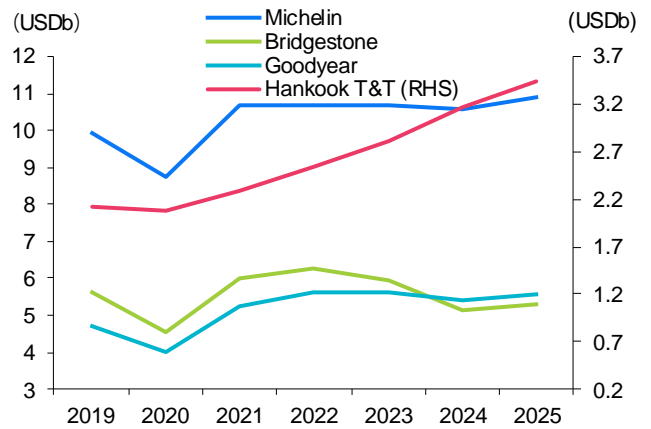
Source: Company data, Samsung Securities

US sales: All top firms seeing decline in sales



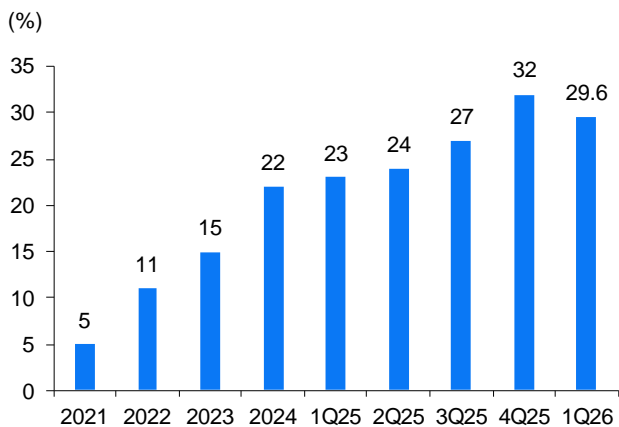
Source: Bloomberg, Samsung Securities

Europe sales: Hankook T&T alone enjoying sales growth



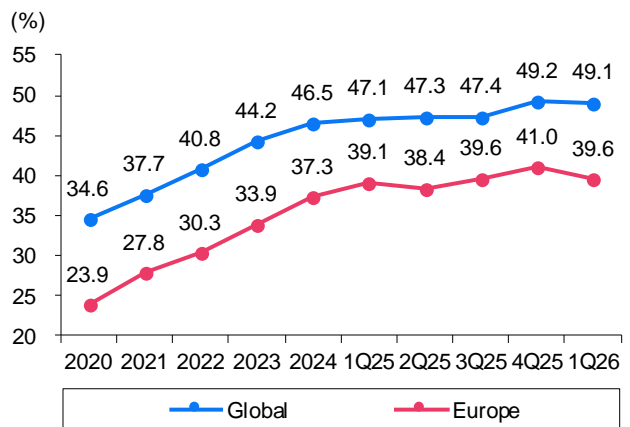
Source: Bloomberg, Samsung Securities

Hankook T&T: EV tire portion of total OE tire sales volume



Source: Company data, Samsung Securities

Hankook T&T: 18-inch-or-larger portion of tires



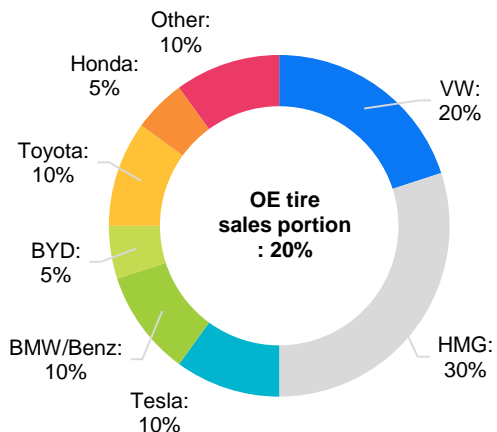
Source: Company data, Samsung Securities

Tesla: Model Y (comes with 19- or 20-inch tires)



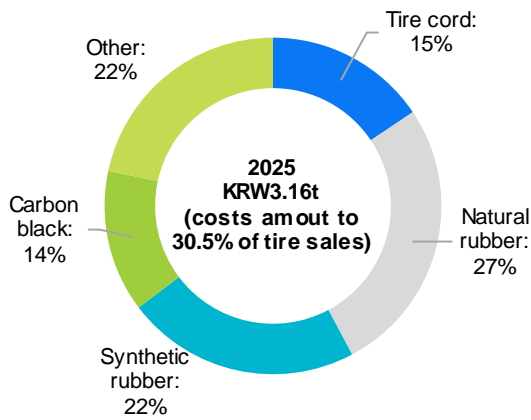
Source: Company data

Hankook T&T: OE tire sales, by customer



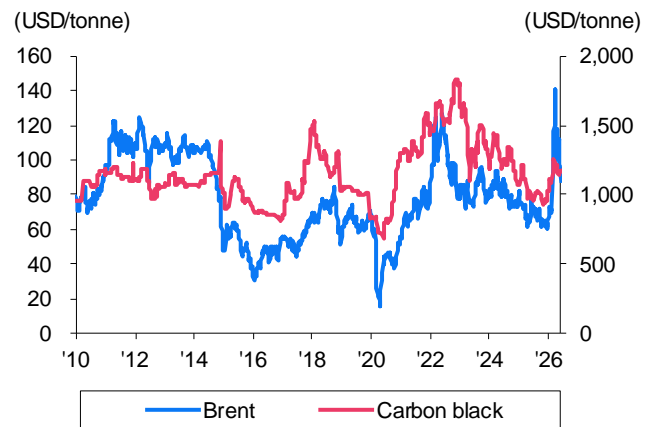
Source: Company data, Samsung Securities

Hankook T&T: Material cost breakdown



Source: Company data, Samsung Securities

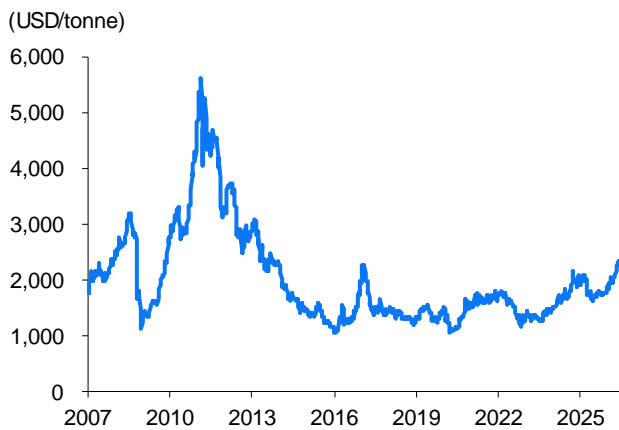
Oil prices vs carbon black prices



Note: Based on Brent crude

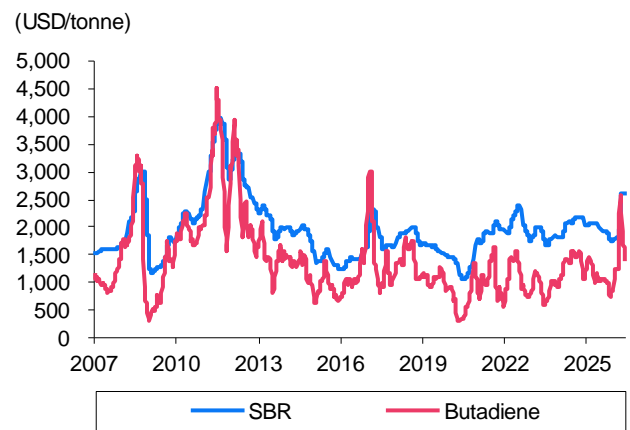
Source: Bloomberg, Samsung Securities

Natural rubber price



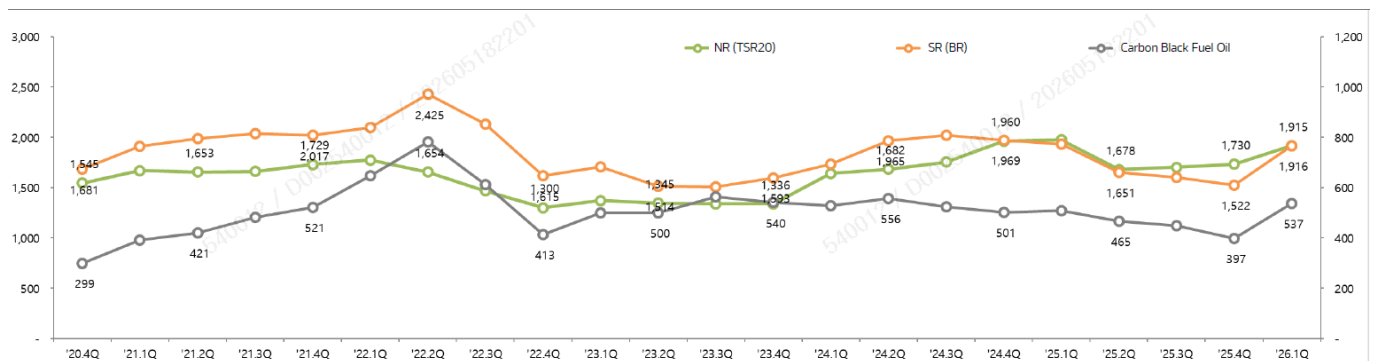
Source: Bloomberg, Samsung Securities

Synthetic rubber and butadiene prices



Source: Bloomberg, Samsung Securities

Hankook T&T: Raw material input costs



Note 1) TSR20 : SICOM Price (Natural Rubber)

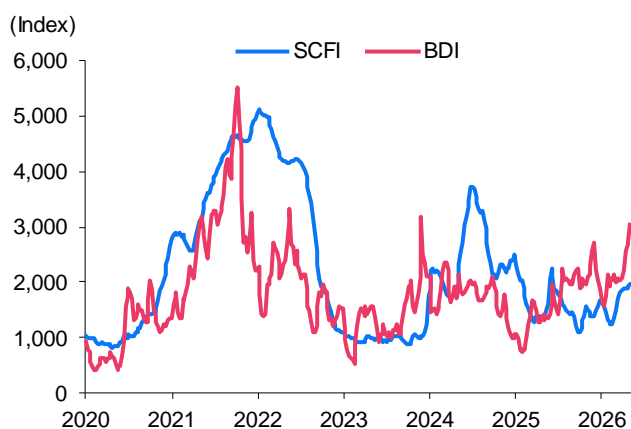
Note 2) BR(Butadiene Rubber) : ICIS CFR NE/SE Asia Average Price

Note 3) Carbon Black Fuel Oil: Index Price of refined Oil

Note: Unit = USD/tonne

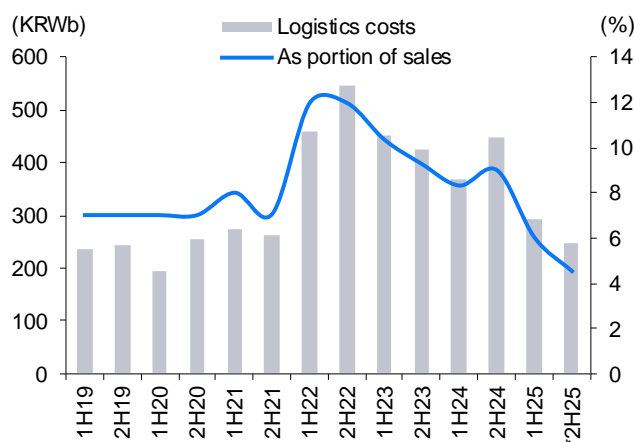
Source: Company data

Shipping indices: SCFI and BDI



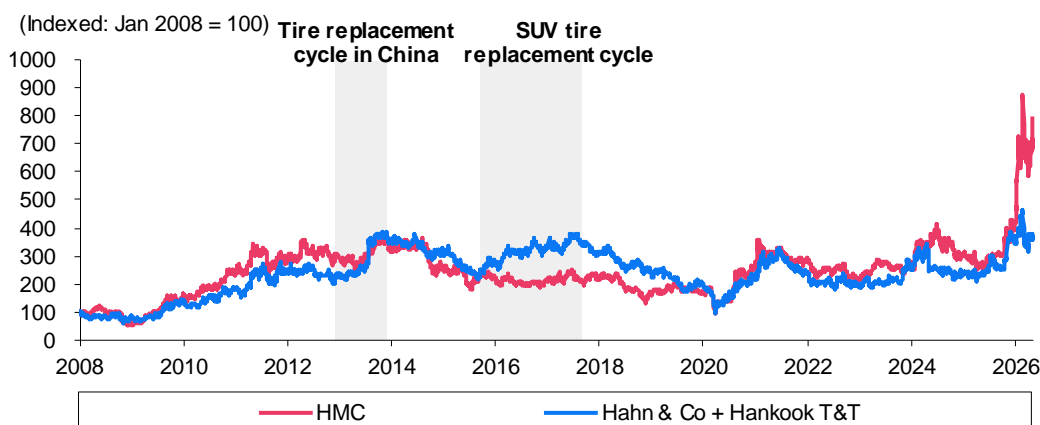
Source: Bloomberg, Samsung Securities

Hankook T&T: Logistics costs



Source: Company data, Samsung Securities estimates

Relative market cap: Hankook T&T + Hahn & Co vs HMC



Note: Transitioned to a holding company structure in 2012;
Hankook T&T was Hahn & Co before 2

Source: Bloomberg, Samsung Securities

Hankook T&T: Global capacity and utilization rates

Capacity (mil units)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Korea	42	42	42	40	40	38	38	31	31	31	31
China	30	30	30	30	28	28	28	28	28	28	28
Hungary	18	18	18	18	18	18	18	18	18	18	22
Indonesia	11	11	11	11	11	11	11	11	11	11	11
US	0	0	0	5	5	5	5	5	5	10	12
Global total	101	101	101	104	102	100	100	93	93	98	104
Chg (% y-y)	-	-	-	3	-1.9	-2	-	-7	-	5.4	6.1
Utilization (%)	96	95	96	86	79	83	88	95	98	98	98

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	9,412	21,202	22,216	23,219	24,330
Cost of goods sold	5,944	16,537	16,955	17,485	18,077
Gross profit	3,468	4,665	5,261	5,734	6,253
Gross margin (%)	36.8	22.0	23.7	24.7	25.7
SG&A expenses	1,706	2,824	3,117	3,272	3,523
Operating profit	1,762	1,841	2,144	2,461	2,730
Operating margin (%)	18.7	8.7	9.6	10.6	11.2
Non-operating gains (losses)	-188	-402	-280	-280	-250
Financial profit	220	356	141	188	246
Financial costs	145	541	487	497	506
Equity-method gains (losses)	-93	76	3	3	3
Other	-170	-292	62	26	6
Pre-tax profit	1,574	1,439	1,863	2,181	2,481
Taxes	443	468	503	567	645
Effective tax rate (%)	28.1	32.5	27.0	26.0	26.0
Profit from continuing operations	1,131	972	1,360	1,614	1,836
Profit from discontinued operations	0	0	0	0	0
Net profit	1,131	972	1,360	1,614	1,836
Net margin (%)	12.0	4.6	6.1	7.0	7.5
Net profit (controlling interests)	1,115	1,089	1,264	1,501	1,706
Net profit (non-controlling interests)	16	-118	96	114	129
EBITDA	2,277	3,224	3,540	3,855	4,082
EBITDA margin (%)	24.2	15.2	15.9	16.6	16.8
EPS (parent-based) (KRW)	8,998	8,795	10,205	12,113	13,775
EPS (consolidated) (KRW)	9,131	7,843	10,979	13,032	14,819
Adjusted EPS (KRW)*	8,998	8,795	10,205	12,113	13,775

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	1,886	1,608	2,619	2,872	3,037
Net profit	1,131	972	1,360	1,614	1,836
Non-cash profit and expenses	1,359	2,492	2,232	2,255	2,242
Depreciation	497	1,069	1,112	1,136	1,118
Amortization	18	314	284	258	234
Other	844	1,109	836	862	890
Changes in A/L from operating activities	-284	-1,004	-134	-133	-147
Cash flow from investments	-2,610	-735	-1,420	-1,319	-1,021
Change in tangible assets	-1,025	-2,039	-1,400	-1,300	-1,000
Change in financial assets	-146	395	-20	-19	-21
Other	-1,439	909	-0	-0	-0
Cash flow from financing	182	-214	-190	-233	-417
Change in debt	1,063	4,486	115	170	71
Change in equity	0	-113	0	0	0
Dividends	-159	-344	-305	-403	-488
Other	-722	-4,243	0	0	0
Change in cash	-362	721	1,048	1,313	1,592
Cash at beginning of year	2,244	1,882	2,603	3,651	4,964
Cash at end of year	1,882	2,603	3,651	4,964	6,556
Gross cash flow	2,490	3,464	3,592	3,870	4,078
Free cash flow	853	-500	1,219	1,572	2,037

Note: *Excluding one-off items;

**Fully diluted, excluding one-off items;

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	7,275	11,553	13,022	14,752	16,806
Cash & equivalents	1,882	2,603	3,651	4,964	6,556
Accounts receivable	1,862	3,583	3,754	3,924	4,111
Inventories	2,384	3,905	4,092	4,277	4,481
Other current assets	1,147	1,461	1,525	1,588	1,657
Fixed assets	8,575	15,095	15,114	15,036	14,701
Investment assets	2,046	455	470	485	502
Tangible assets	4,693	9,924	10,212	10,377	10,258
Intangible assets	250	3,736	3,452	3,194	2,961
Other long-term assets	1,586	979	979	979	979
Total assets	15,850	26,647	28,136	29,788	31,506
Current liabilities	3,687	6,775	6,587	6,951	7,238
Accounts payable	538	1,695	1,776	1,856	1,945
Short-term debt	977	1,492	1,592	1,692	1,692
Other current liabilities	2,171	3,588	3,219	3,403	3,601
Long-term liabilities	968	5,670	6,247	6,323	6,406
Bonds & long-term debt	147	3,008	3,518	3,528	3,538
Other long-term liabilities	821	2,662	2,729	2,795	2,868
Total liabilities	4,655	12,445	12,834	13,274	13,644
Owners of parent equity	11,100	12,105	13,110	14,208	15,426
Capital stock	62	62	62	62	62
Capital surplus	3,007	2,894	2,894	2,894	2,894
Retained earnings	7,354	8,139	9,098	10,196	11,414
Other	677	1,011	1,056	1,056	1,056
Non-controlling interests' equity	94	2,096	2,192	2,306	2,436
Total equity	11,195	14,202	15,302	16,514	17,862
Net debt	-349	3,834	2,887	1,730	194

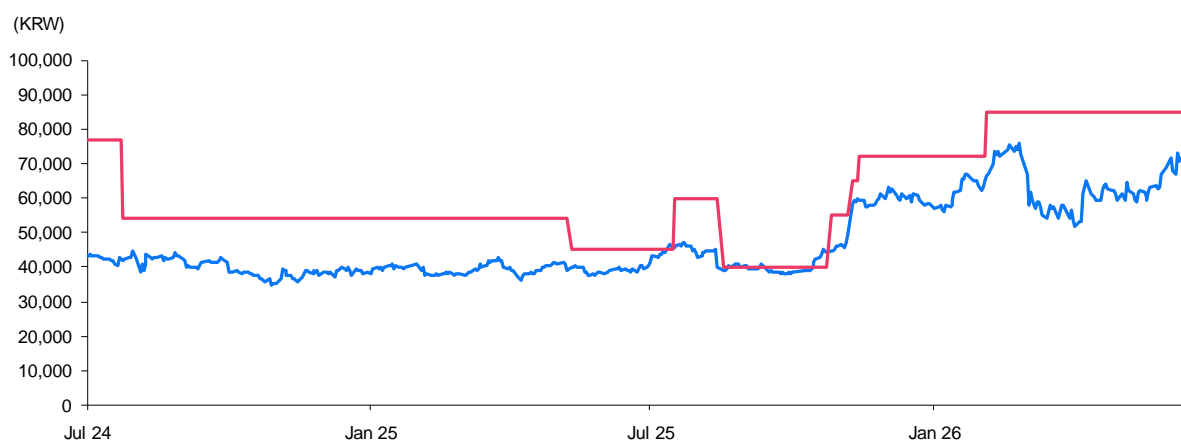
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	5.3	125.3	4.8	4.5	4.8
Operating profit	32.7	4.5	16.4	14.8	10.9
Net profit	55.2	-14.1	40.0	18.7	13.7
Adjusted EPS**	54.8	-2.3	16.0	18.7	13.7
Per-share data (KRW)					
EPS (parent-based)	8,998	8,795	10,205	12,113	13,775
EPS (consolidated)	9,131	7,843	10,979	13,032	14,819
Adjusted EPS**	8,998	8,795	10,205	12,113	13,775
BVPS	90,995	99,234	107,467	116,468	126,456
DPS (common)	2,000	2,300	3,300	4,000	4,500
Valuations (x)					
P/E***	4.3	6.6	5.9	4.9	4.3
P/B***	0.4	0.6	0.6	0.5	0.5
EV/EBITDA	2.0	4.1	3.5	3.0	2.5
Ratios (%)					
ROE	10.8	9.4	10.0	11.0	11.5
ROA	7.9	4.6	5.0	5.6	6.0
ROIC	16.8	9.2	8.5	9.8	10.9
Payout ratio	21.9	25.8	31.8	32.5	32.2
Dividend yield (common)	5.2	3.9	5.5	6.7	7.5
Net debt to equity	-3.1	27.0	18.9	10.5	1.1
Interest coverage (x)	39.7	5.7	4.4	5.0	5.4

Compliance notice

- As of 6/25 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 6/25 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/5/2	7/25	2025/5/12	7/17	8/18	10/27	11/10	11/14	2026/2/5	6/18
Recommendation	BUY	BUY	HOLD	BUY	HOLD	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	77000	54000	45000	60000	40000	55000	65000	72000	85000	95000
Gap* (average)	-42.64	-26.89	-10.33	-25.13	0.11	-15.80	-8.72	-15.70	-25.62	
(max or min)**	-31.56	-17.31	3.89	-21.17	13.38	-10.27	-8.15	-6.67	-10.71	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%

** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

Samsung Securities uses the following investment ratings*

Company

- BUY** Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
- HOLD** Expected to increase/decrease in value by less than 15% within 12 months
- SELL** Expected to decrease in value by 15% or more within 12 months

Industry

- OVERWEIGHT** Expected to outperform market by 5% or more within 12 months
- NEUTRAL** Expected to outperform/underperform market by less than 5% within 12 months
- UNDERWEIGHT** Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)-HOLD(14.8%)-SELL(0%)

Global Disclosures & Disclaimers

General

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

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

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

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

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

For reports to be distributed to US:

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

For reports to be distributed to UK:

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

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

For reports to be distributed to Korea:

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

For reports to be distributed to Singapore:

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

Analyst certification

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

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

Samsung Securities

SAMSUNG SECURITIES

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

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

**For more information,
please call our sales representatives:**

LONDON

Samsung Securities Europe Limited

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

NEW YORK

Samsung Securities America Limited

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

HONG KONG

Samsung Securities (Asia) Limited

Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office

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

TOKYO

Samsung Securities Tokyo Representative Office

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



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