

COMPANY UPDATE

2026. 7. 7

Tech Team

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▶ AT A GLANCE

BUY

Target price **KRW73,000** **33.9%**

Current price **KRW54,500**

Market cap	KRW13.7t/USD9.0b
Shares (float)	252,021,685 (83.7%)
52-week high/low	KRW68,900/KRW48,250
Avg daily trading value (60-day)	KRW27.1b/ USD17.7m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
KT (%)	0.9	3.2	-5.5
Vs Kospi (%pts)	2.3	-42.0	-64.2

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	73,000	73,000	0.0%
2026E EPS	5,784	5,795	-0.2%
2027E EPS	6,204	6,184	0.3%

▶ SAMSUNG vs THE STREET

No of estimates	17
Target price	75,294
Recommendation	4.0

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



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KT (030200)

Earnings growth to slow, but growth strategy building

- We expect KT to report a 2Q consolidated operating profit that misses consensus, with results weighed on by: 1) a decline in wireless sales due to a customer appreciation program that prompted some users to downgrade plans; and 2) a high base stemming from gains on real estate sales last year.
- The company is advancing its AI transformation strategy to bolster longer-term growth. We maintain our BUY rating on KT.

WHAT'S THE STORY?

2Q results to miss consensus: We now expect KT's 2Q results to show consolidated sales of KRW6.797t (down 8.5% y-y) and operating profit of KRW576.8b (down 43.2% y-y), both figures missing consensus. Despite net-adding mobile subscribers since February, KT likely saw mobile revenue come in flat q-q in 2Q. We estimate mobile service sales at KRW1.68t for the quarter (down 0.3% q-q and 1.6% y-y). This reflects the full-quarter impact of a customer appreciation program that ran from February through July and prompted some users to downgrade plans (table 4). On a parent basis, however, operating profit likely grew q-q in 2Q thanks to cost discipline—particularly in sales and marketing expenses. A y-y contraction in profit is largely anticipated because last year's results include gains from the sale of real estate in Jayang-dong, Gwangjin-gu. Subsidiary KT Cloud likely saw sales growth again, supported by rising utilization at the Gasan data center.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	28,244	27,513	28,042	28,903
Operating profit	2,469	2,035	2,235	2,361
Net profit (adj)	1,837	1,530	1,664	1,759
EPS (adj) (KRW)	6,869	5,784	6,204	6,552
EPS (adj) growth (% y-y)	271.3	-15.8	7.3	5.6
EBITDA margin (%)	22.7	21.3	21.5	20.9
ROE (%)	10.2	7.9	8.0	8.0
P/E (adj) (x)	7.7	9.4	8.8	8.3
P/B (x)	0.7	0.7	0.6	0.6
EV/EBITDA (x)	3.9	4.3	4.1	4.1
Dividend yield (%)	4.6	4.4	4.6	4.8

Source: Company data, Samsung Securities estimates

Accelerating investment in AI-centric infrastructure: On Jul 6, KT unveiled its medium-term growth roadmap (table 8) to transform into an AX platform company (where “AX” stands for “AI transformation”). The strategy is to strengthen core telecommunications competitiveness while expanding AI infrastructure investments to secure new growth drivers. The telco plans to invest around KRW5t to build an additional 1 GW of AI data center capacity as part of its transition toward an AI-centric infrastructure model.

Expecting earnings recovery and corporate value enhancement: KT’s performance in 1H was likely subdued in light of: 1) a high base stemming from last year’s real estate sales; and 2) the impact of a customer appreciation program. From 2H, however, profitability should return to a growth trajectory, supported by the normalization of wireless sales and enhanced AI infrastructure competitiveness. Since February, KT has been executing a KRW250b share buyback program—with acquired shares to be canceled—and is expected to maintain dividends at last year’s level, signaling its ongoing commitment to strengthening shareholder returns.

Table 1. 2Q26 preview

(KRWb)	2Q25	1Q26	2Q26E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff
Sales	7,427.4	6,778.4	6,797.4	0.3	-8.5	6,898.4	-1.5
Operating income	1,014.8	482.7	576.8	19.5	-43.2	613.5	-6.0
Operating margin (%)	13.7	7.1	8.5	1.4	-5.2	8.9	-0.4
Pre-tax income	974.9	512.5	564.8	10.2	-42.1	558.5	1.1
Net profit (controlling)	687.9	352.2	409.9	16.4	-40.4	414.5	-1.1

Source: Company data, FnGuide, Samsung Securities

Table 2. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Operating revenue (consolidated)	6,654.6	6,546.4	6,654.7	6,575.6	6,845.1	7,427.4	7,126.7	6,845.0	6,778.4	6,797.4	7,052.8	6,884.5	28,244.2	27,513.0	28,042.4
Services	5,722.7	5,776.6	5,752.0	5,754.7	5,700.4	5,817.8	5,920.8	5,949.4	5,733.4	5,309.6	5,956.5	6,009.6	23,388.4	23,009.1	23,590.2
Products	931.9	769.8	902.7	820.9	1,144.7	1,609.6	1,205.9	895.6	1,045.0	1,487.8	1,096.3	874.8	4,855.8	4,503.9	4,452.1
Operating revenue (parent)	4,694.8	4,548.3	4,765.0	4,571.6	4,682.0	4,772.8	5,109.0	4,760.2	4,834.6	4,667.8	4,999.3	4,746.4	19,324.0	19,248.1	19,484.3
Wireless	1,736.5	1,765.1	1,740.4	1,717.8	1,753.1	1,781.7	1,809.6	1,811.0	1,757.4	1,755.8	1,776.6	1,795.4	7,155.4	7,085.2	7,257.6
Fixed-line	1,322.4	1,316.6	1,312.6	1,317.1	1,311.7	1,334.5	1,331.9	1,333.0	1,321.6	1,341.0	1,335.2	1,336.0	5,311.1	5,333.8	5,348.2
B2B	895.0	882.7	926.4	856.5	892.2	922.7	932.7	858.6	872.4	956.1	955.6	885.4	3,606.2	3,669.4	3,752.1
Real estate, etc	86.7	83.6	89.6	104.3	87.4	92.8	105.6	120.0	117.6	95.6	112.4	112.7	405.8	438.4	457.0
Handset	654.2	500.3	696.0	575.8	637.5	641.1	929.1	637.7	765.5	519.3	819.5	616.9	2,845.4	2,721.2	2,669.4
Subsidiaries	3,202.2	3,286.9	3,248.8	3,518.3	3,524.2	4,159.5	3,681.4	3,913.2	3,430.3	3,660.6	3,615.2	3,725.6	15,278.3	14,431.7	14,911.1
Operating costs	6,148.1	6,052.4	6,190.6	7,230.7	6,156.3	6,412.6	6,588.5	6,617.7	6,295.7	6,220.6	6,458.6	6,503.6	25,775.1	25,478.5	25,807.6
Labor	1,100.9	1,213.2	1,118.3	2,189.6	1,121.8	1,119.4	1,167.6	1,184.0	1,173.9	1,130.6	1,178.3	1,208.8	4,592.8	4,691.5	4,782.9
Depreciation	973.7	966.2	964.8	973.1	968.7	975.9	965.7	969.9	957.3	960.8	956.4	959.5	3,880.2	3,833.9	3,849.8
Marketing	32.1	40.8	44.4	52.0	32.2	37.3	45.5	53.7	32.3	37.8	46.1	54.5	168.7	170.7	175.7
SG&A expenses	599.6	600.8	600.8	608.4	598.0	615.1	632.6	874.8	652.7	605.3	626.8	796.2	2,720.5	2,681.0	2,734.6
Operating profit	506.5	494.0	464.1	-655.1	688.8	1,014.8	538.2	227.3	482.7	576.8	594.1	380.9	2,469.1	2,034.5	2,234.8
Operating margin (%)	7.6	7.5	7.0	-10.0	10.1	13.7	7.6	3.3	7.1	8.5	8.4	5.5	8.7	7.4	8.0
Pre-tax profit	529.0	556.7	509.1	-1,010.1	711.8	974.9	593.4	137.9	512.5	564.8	642.4	321.6	2,418.1	2,041.4	2,223.4
Net profit (controlling)	375.5	393.0	357.3	-655.6	539.8	687.9	391.5	111.7	352.2	409.9	466.8	228.6	1,731.0	1,457.6	1,563.4
Chg (% y-y)															
Operating revenue	3.3	0.0	-0.6	-1.8	2.9	13.5	7.1	4.1	-1.0	-8.5	-1.0	0.6	6.9	-2.6	1.9
Services	2.2	-1.0	-1.5	0.6	-0.4	0.7	2.9	3.4	0.6	-8.7	0.6	1.0	1.7	-1.6	2.5
Products	10.1	8.0	5.6	-16.1	22.8	109.1	33.6	9.1	-8.7	-7.6	-9.1	-2.3	41.8	-7.2	-1.1
KT (parent)	1.6	1.4	2.0	-0.4	-0.3	4.9	7.2	4.1	3.3	-2.2	-2.1	-0.3	4.0	-0.4	1.2
Wireless	1.7	2.5	1.9	-0.8	1.0	0.9	4.0	5.4	0.2	-1.5	-1.8	-0.9	2.8	-1.0	2.4
Fixed-line	1.0	-0.3	-1.3	0.4	-0.8	1.4	1.5	1.2	0.8	0.5	0.2	0.2	0.8	0.4	0.3
B2B	5.0	-1.0	2.5	5.3	-0.3	4.5	0.7	0.2	-2.2	3.6	2.5	3.1	1.3	1.8	2.3
Real estate, etc	2.8	-1.1	15.0	23.3	0.8	11.0	17.9	15.1	34.6	3.0	6.5	-6.0	11.4	8.0	4.3
Handset	-1.8	6.7	6.6	-11.5	-2.6	28.1	33.5	10.8	20.1	-19.0	-11.8	-3.3	17.3	-4.4	-1.9
Subsidiaries	5.4	-0.4	-2.8	-2.1	10.1	26.5	13.3	11.2	-2.7	-12.0	-1.8	-4.8	15.3	-5.5	3.3
Operating costs	3.2	1.4	-2.9	12.4	0.1	6.0	6.4	-8.5	2.3	-3.0	-2.0	-1.7	0.6	-1.2	1.3
Labor	3.0	7.2	-6.1	89.1	1.9	-7.7	4.4	-45.9	4.6	1.0	0.9	2.1	-18.3	2.1	1.9
Depreciation	4.8	4.0	2.9	-4.0	-0.5	1.0	0.1	-0.3	-1.2	-1.5	-1.0	-1.1	0.1	-1.2	0.4
Marketing	-9.1	1.7	15.0	31.0	0.3	-8.6	2.5	3.3	0.3	1.4	1.4	1.4	-0.4	1.2	2.9
SG&A expenses	-0.2	-5.2	-3.6	-5.8	-0.3	2.4	5.3	43.8	9.1	-1.6	-0.9	-9.0	12.9	-1.5	2.0
Operating profit	4.2	-14.3	44.2	nm	36.0	105.4	16.0	nm	-29.9	-43.2	10.4	67.6	205.0	-17.6	9.8
Operating margin (%)	0.1	-1.3	2.2	-13.9	2.5	6.1	0.6	13.3	-2.9	-5.2	0.9	2.2	5.7	-1.3	0.6
Pre-tax profit	20.9	1.6	45.3	nm	34.6	75.1	16.6	nm	-28.0	-42.1	8.3	133.2	313.6	-15.6	8.9
Net profit (controlling)	26.6	-0.4	35.2	nm	43.8	75.0	9.6	nm	-34.7	-40.4	19.2	104.6	268.1	-15.8	7.3

Source: Company data, Samsung Securities

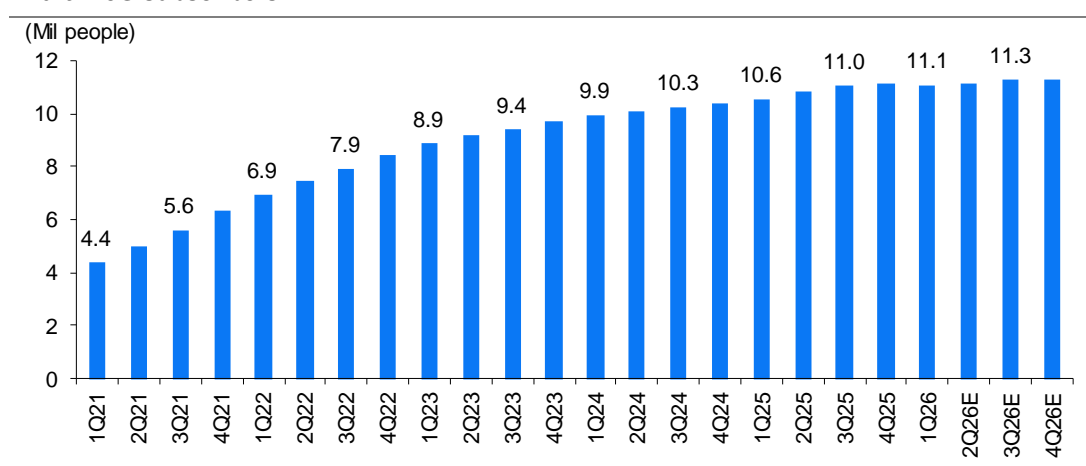
Table 3. Key operating metrics

('000 people)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Wireless subscribers	24,834	24,904	25,199	26,132	26,445	27,491	28,328	28,985	29,162	29,279	29,626	29,890	28,985	29,890	30,488
Net additions (q-q)	-63	70	295	933	313	1,046	837	657	177	117	348	263	2,853	905	598
5G	9,948	10,093	10,251	10,400	10,552	10,866	11,048	11,156	11,070	11,153	11,254	11,326	11,156	11,326	11,722
LTE	3,416	3,270	3,099	2,894	2,736	2,739	2,600	2,585	2,069	2,003	1,951	1,887	2,585	1,887	1,660
Fixed-line subscribers	21,321	21,171	21,171	20,924	20,758	20,665	20,559	20,423	20,260	20,172	20,089	19,962	20,423	19,962	19,707
Broadband	9,862	9,899	9,899	9,956	9,984	10,073	10,135	10,170	10,188	10,235	10,275	10,308	10,170	10,308	10,436
IPTV	9,418	9,423	9,423	9,449	9,438	9,490	9,520	9,533	9,520	9,537	9,546	9,551	9,533	9,551	9,572
PSTN + VoIP	11,903	11,748	11,748	11,475	11,320	11,175	11,039	10,890	10,740	10,635	10,543	10,411	10,890	10,411	10,135
ARPU	34,461	34,507	34,560	34,302	34,856	35,236	35,295	35,335	34,781	34,267	34,314	34,631	35,181	34,498	34,836
Chg (% q-q, % y-y)	0.5	0.1	0.2	-0.7	1.6	1.1	0.2	0.1	-1.6	-1.5	0.1	0.9	2.1	-1.9	1.0

Note: Changes in the Ministry of Science, ICT, and Future Planning's subscriber statistics standards (excluding 5G second devices and 5G IoT devices) retroactively applied from 1Q23

Source: Company data, Samsung Securities

Chart 1. 5G subscribers



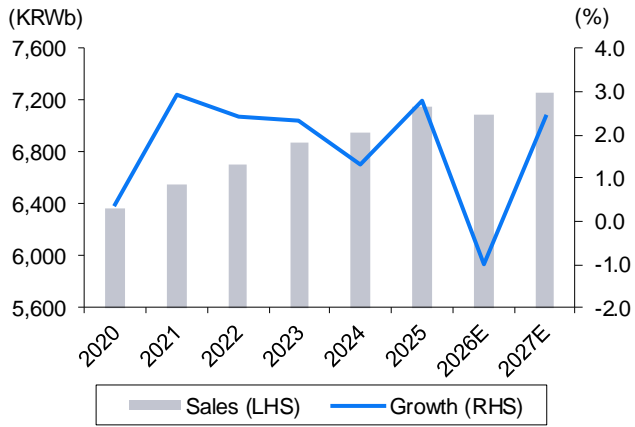
Source: Company data, Samsung Securities

Table 4. KT's "customer appreciation program"

Category	Details
Data	100 GB of data monthly for 6 months to all customers
OTT	OTT subscription pass
Membership	Discounts on popular brands for 6 months (Feb-Jul) Provided twice a month, up to 2 brands per session
Insurance	Safety/security insurance for 2 years Coverage for losses from the likes of phishing and hacking (up to KRW10m), and internet shopping fraud (up to KRW2m) Provided automatically to customers aged 65+
Roaming	50% additional data for 6 months (Mar-Aug)

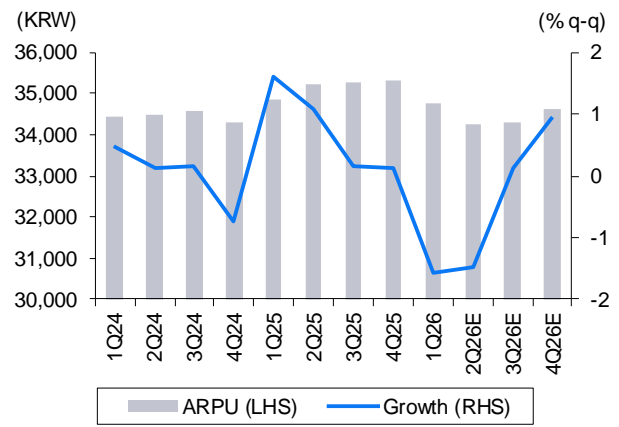
Source: Company data, Samsung Securities

Chart 2. Wireless sales (parent)



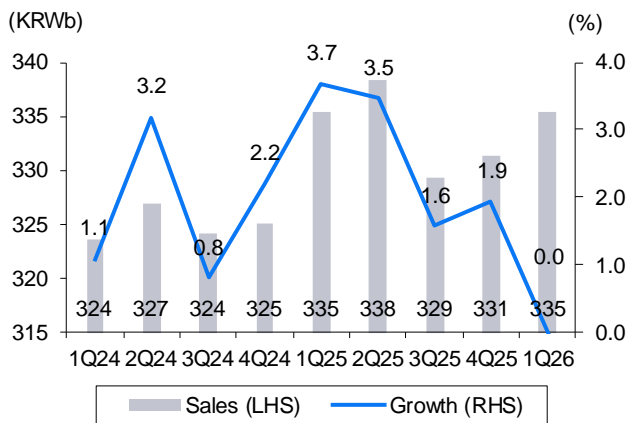
Source: Company data, Samsung Securities

Chart 3. ARPU



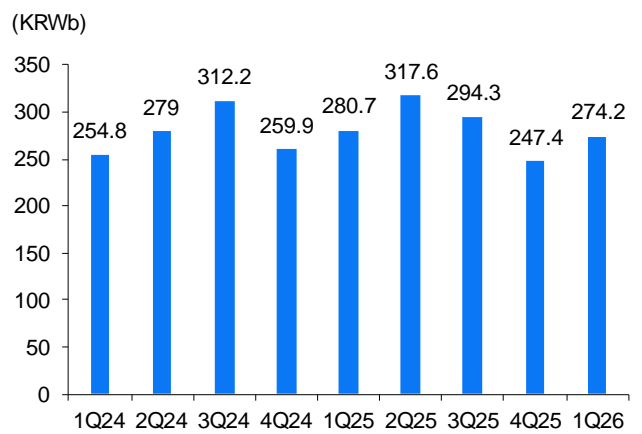
Source: Company data, Samsung Securities

Chart 4. Enterprise broadband and data sales



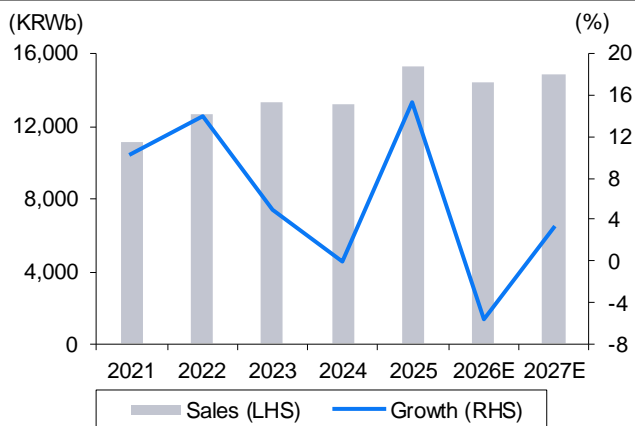
Source: Company data, Samsung Securities

Chart 5. AI/IT sales



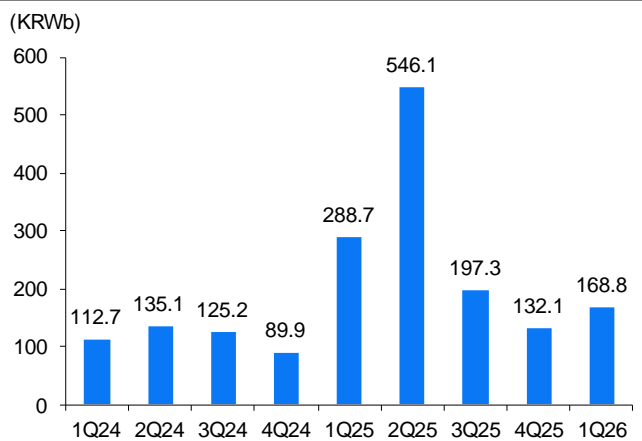
Source: Company data, Samsung Securities

Chart 6. Subsidiaries: Sales



Source: Company data, Samsung Securities

Chart 7. Subsidiaries: Contribution to consolidated OP



Source: Company data, Samsung Securities

Table 5. Growth plan for KT's transformation into an AICT Company

Stage	Phase 1 (2024)	Phase 2 (2025)	Phase 3 (2026~)
Growth plan	AX transformation: Securing foundations and capabilities	Full-scale growth of AX businesses (AI + cloud + IT)	Complete transition into an AX/AICT operator

Note: AX stands for AI transformation;

AICT stands for AI + ICT

Source: Company data, Samsung Securities

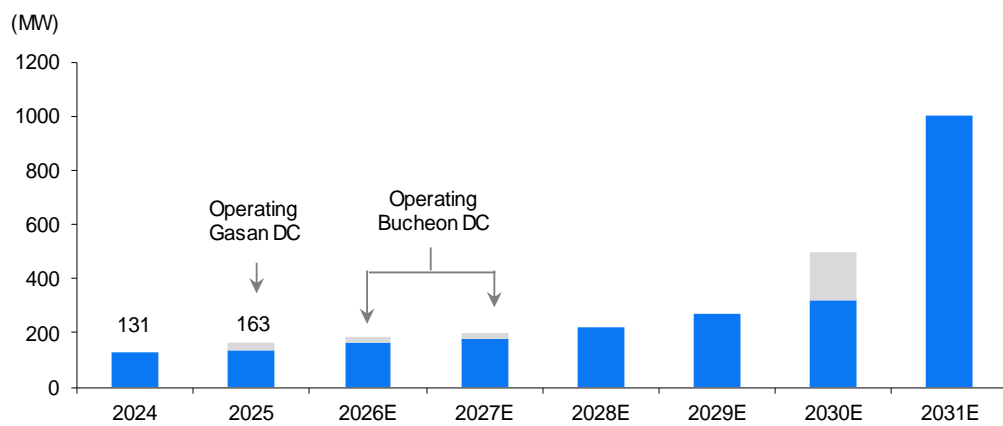
Table 6. KT: Data centers

Category	Location	Note	Capacity
Seoul Metropolitan Area (9+)	Bundang		
	Gangnam		
	Mokdong 1		
	Yeouido		
	Mokdong 2		
	Yongsan		40 MW
	Namguro		
	Baeksuk		
	Gasan	Launched Nov 5, 2025	26 MW
Bucheon	Scheduled to launch in 2026	24 MW	
Provinces (7+)	Cheonan		
	Gimhae		
	Daejeon		
	Cheonan		
	Cheongju		
	Busan		
	Yecheon	Launched in Jun 2025	

Note: As of Jul 2026, 9 sites in Seoul Metropolitan Area, 7 in the provinces in operation, Bucheon under construction targeting mid-2026 completion

Source: Company data, Samsung Securities

Chart 8. KT: Data center capacity forecasts



Note: Total data center capacity is 163 MW in 4Q25;

Plans to add 60-100 MW annually through 2027, securing more than 500 MW over the longer term;

Aims to be operating 1 GW of AI data center capacity within five years—goal in “future business and management plan” disclosure in Jun 2026 (table 8)

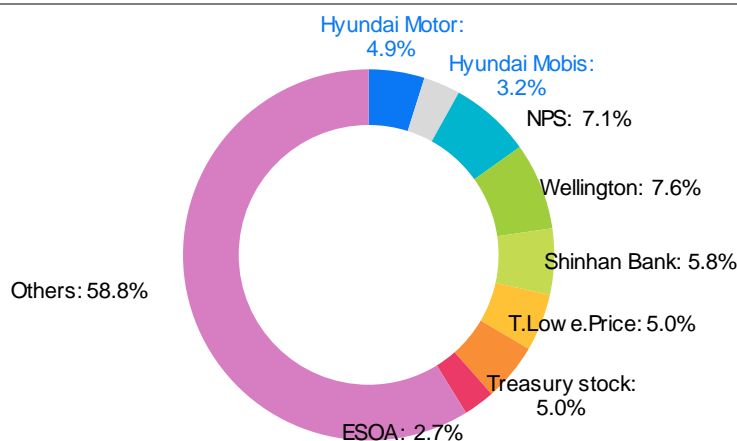
Source: Company data, Samsung Securities

Table 7. Main affiliates: Key financial metrics

(KRWb)		1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2023	2024	2025
BC Card	Sales	936	978	931	961	872	910	918	935	871	4,026.90	3,805.80	3,635.10
	Operating profit	35	47	36	16	36	46	33	20	43	98.6	132.6	134.5
	Net profit	50	50	29	14	35	60	41	16	58	75.5	143.3	151.7
KT Cloud	Sales	175	180	207	221	249	222	249	228	250	678.3	783.2	997.5
	Operating profit										43.1	52.7	66.3
	Net profit	3	11	22	-1	19	17	11	-10	4	64	35.7	38.1
KT Estate	Sales	136	156	148	181	135	160	190	235	237	603.6	620.5	719.3
	Operating profit										77.3	101.8	100.5
	Net profit	5	9	2	20	-2	5	10	39	20	17.4	34.7	51.8
KT Skylife	Sales	254	255	257	257	243	247	247	247	239	1,025.60	1,022.90	984.2
	Operating profit	3	0	2	-6	5	13	16	-12	6	14.1	-1.1	23
	Net profit	1	-2	2	-158	2	11	12	-23	0.4	-113.7	-156.1	1.5
KT Nasmedia	Sales	23	36	35	39	24	26	31	37	26	146.8	142.6	117.9
	Operating profit	2	7	6	5	2	3	4	4	3	20.5	19.9	12.3
	Net profit	3	7	6	-21	3	0	5	-1	4	17.7	-4.6	6.8
KT Genie Music	Sales	74	74	80	74	69	73	83	77	75	307	301.6	302.9
	Operating profit	3	5	3	1	4	5	6	1	5	15.4	12.2	16.2
	Net profit	3	-1	3	-19	2	4	4	-29	4	21.7	-13.8	-18.5
KT Alpha	Sales	97	108	99	84	97	100	96	103	96	430.4	388.2	395.9
	Operating profit	9	9	3	3	12	14	11	7	14	12.3	24.6	44.2
	Net profit	8	3	4	4	11	13	13	7	11	16.3	19.7	43.6
KT Studio Genie	Sales	107	99	121	129	113	117	122	118	120	540.3	455.2	470.3
	Operating profit										45.8	12	17.8
	Net profit	2	-5	3	-26	3	7	3	-55	3	13	-26	-41.6

Source: Company data, Samsung Securities

Chart 9. KT: Shareholders (as of 4Q25)



Note: Wellington is as of Jun 15, 2026;
NPS is as of Jan 29, 2026;
T.Low e.Price is as of Feb 3, 2026;
Treasury stock is as of Jun 10, 2026
Source: Company data, Samsung Securities

Table 8. KT's "Future business and management plan" (Jul 6, 2026)

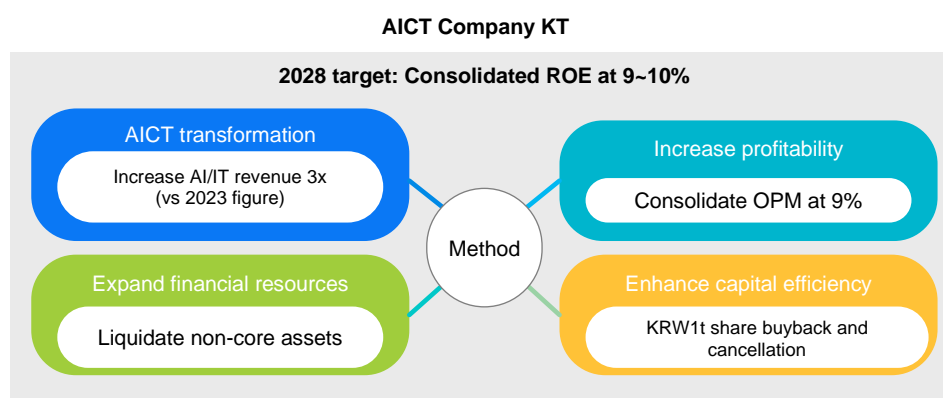
Category	Description
Future plan	Medium-term growth strategy
Objective	Transformation into an AX platform company
Details	1) Strengthening fundamental competitiveness in telecommunications - Establishing a system based on 'Zero Trust' in information security and IT fields - Enhancing core competitiveness by improving customer-perceived network quality and securing future technologies 2) Expanding AX infrastructure - Securing 1 GW of AI data center capacity over next 5 years to respond to increasing AI demand - Securing 90 Tbps of submarine cable capacity over next 5 years to respond to rising global AI traffic
Timeline	Jan 1, 2026-Dec 31, 2031
Estimated investment	1) KRW4t for information security and IT construction, KRW8t for network infrastructure investment 2) KRW6t for AX infrastructure investment over next 5 years (AIDC: KRW5t; submarine cable: KRW1t)
Expected effect	Establishing an Asian AX hub and securing longer-term growth

Note: AX stands for AI transformation;

AICT stands for AI + ICT

Source: Company data, DART, Samsung Securities

Chart 10. KT'S value-up plan



Note: Announced Nov 5, 2024;

Targeting 2028 ROE of 9-10% (announced Mar 31, 2026 in 2025 corporate value enhancement plan)

Source: Company data, Samsung Securities

Table 9. 2026-2028 shareholder return policy

Category	Details	
Title	Medium-term shareholder return policy	
Period	2026-2028	
Details	Shareholder return resources	50% of adjusted standalone net income
	Shareholder return method	Dividends and treasury share buyback/cancellation
	Adjustment items	Non-cash gains and non-recurring gains/loses

Source: Company data, Samsung Securities

Table 10. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	27,697.9	27,513.0	-0.7	28,101.9	28,042.4	-0.2
Operating income	2,045.4	2,034.5	-0.5	2,238.7	2,234.8	-0.2
Operating margin (%, %pts)	7.4	7.4	0.0	8.0	8.0	0.0
Pre-tax income	2,035.7	2,041.4	0.3	2,207.5	2,223.4	0.7
Net income	1,460.5	1,457.6	-0.2	1,558.5	1,563.4	0.3

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	26,431	28,244	27,513	28,042	28,903
Cost of goods sold	0	0	0	0	0
Gross profit	26,431	28,244	27,513	28,042	28,903
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	25,622	25,775	25,479	25,808	26,542
Operating profit	809	2,469	2,035	2,235	2,361
Operating margin (%)	3.1	8.7	7.4	8.0	8.2
Non-operating gains (losses)	-225	-51	7	-11	-11
Financial profit	918	627	828	792	775
Financial costs	995	772	982	945	982
Equity-method gains (losses)	9	18	16	14	14
Other	-156	76	145	128	182
Pre-tax profit	585	2,418	2,041	2,223	2,351
Taxes	168	581	511	559	591
Effective tax rate (%)	28.7	24.0	25.0	25.2	25.1
Profit from continuing operations	417	1,837	1,530	1,664	1,759
Profit from discontinued operations	0	0	0	0	0
Net profit	417	1,837	1,530	1,664	1,759
Net margin (%)	1.6	6.5	5.6	5.9	6.1
Net profit (controlling interests)	470	1,731	1,458	1,563	1,651
Net profit (non-controlling interests)	-53	106	73	101	108
EBITDA	4,739	6,407	5,872	6,016	6,040
EBITDA margin (%)	17.9	22.7	21.3	21.5	20.9
EPS (parent-based) (KRW)	1,850	6,869	5,784	6,204	6,552
EPS (consolidated) (KRW)	1,641	7,288	6,071	6,603	6,981
Adjusted EPS (KRW)*	1,850	6,869	5,784	6,204	6,552

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	5,066	4,942	4,796	5,317	5,435
Net profit	417	1,837	1,530	1,664	1,759
Non-cash profit and expenses	4,864	5,238	4,770	4,730	4,702
Depreciation	3,278	3,330	3,226	3,168	3,075
Amortization	652	608	611	613	603
Other	934	1,301	932	949	1,024
Changes in A/L from operating activities	69	-1,775	-950	-481	-410
Cash flow from investments	-2,845	-4,518	-4,109	-4,113	-4,195
Change in tangible assets	-2,806	-3,539	-2,707	-2,678	-2,756
Change in financial assets	-286	130	-100	-7	-61
Other	247	-1,110	-1,302	-1,428	-1,378
Cash flow from financing	-1,390	-631	-628	-696	-566
Change in debt	180	673	-54	-124	30
Change in equity	-0	-0	0	0	0
Dividends	-872	-578	-574	-572	-596
Other	-698	-727	0	0	0
Change in cash	837	-210	50	290	312
Cash at beginning of year	2,880	3,717	3,507	3,557	3,847
Cash at end of year	3,717	3,507	3,557	3,847	4,159
Gross cash flow	5,281	7,075	6,300	6,394	6,461
Free cash flow	2,156	1,345	2,089	2,639	2,679

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	14,252	13,978	14,921	15,740	16,901
Cash & equivalents	3,717	3,507	3,557	3,847	4,159
Accounts receivable	2,922	2,938	3,144	3,321	3,504
Inventories	940	416	727	692	775
Other current assets	6,673	7,116	7,494	7,880	8,463
Fixed assets	27,628	28,971	29,266	29,380	29,660
Investment assets	4,321	4,927	5,428	5,571	5,802
Tangible assets	14,826	14,258	13,740	13,250	12,931
Intangible assets	1,863	1,557	1,525	1,528	1,507
Other long-term assets	6,618	8,229	8,572	9,032	9,420
Total assets	41,880	42,949	44,187	45,120	46,560
Current liabilities	13,875	11,693	11,539	11,474	11,664
Accounts payable	1,037	1,144	1,141	1,184	1,234
Short-term debt	450	710	710	710	710
Other current liabilities	12,388	9,839	9,689	9,580	9,721
Long-term liabilities	10,009	11,798	11,694	11,600	11,686
Bonds & long-term debt	6,616	8,286	8,286	8,286	8,286
Other long-term liabilities	3,393	3,512	3,408	3,314	3,400
Total liabilities	23,883	23,491	23,233	23,074	23,351
Owners of parent equity	16,211	17,656	19,079	20,071	21,126
Capital stock	1,564	1,564	1,564	1,564	1,564
Capital surplus	1,443	1,443	1,443	1,443	1,443
Retained earnings	13,780	14,964	15,848	16,840	17,895
Other	-577	-316	224	224	224
Non-controlling interests' equity	1,786	1,802	1,875	1,975	2,084
Total equity	17,997	19,458	20,954	22,046	23,210
Net debt	8,754	9,707	9,535	9,123	8,796

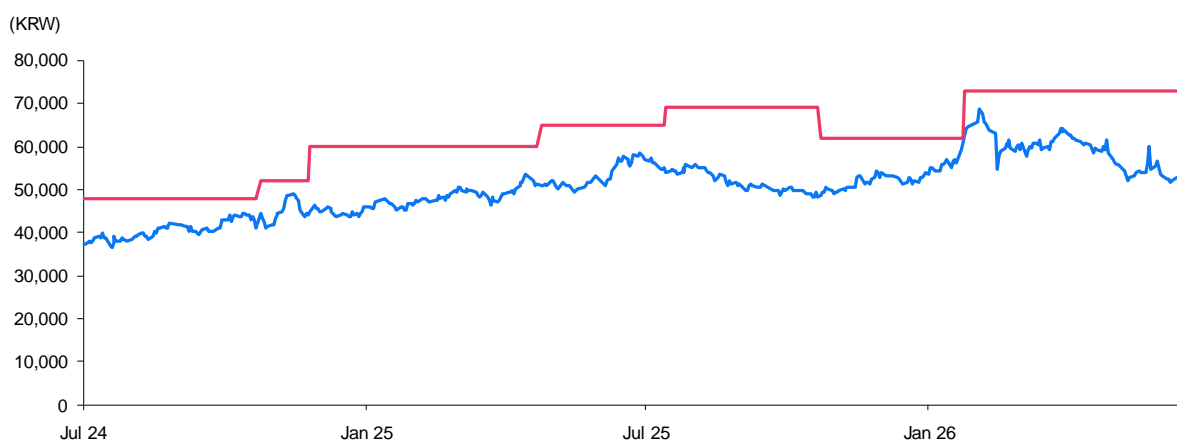
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	0.2	6.9	-2.6	1.9	3.1
Operating profit	-50.9	205.0	-17.6	9.8	5.7
Net profit	-57.8	340.4	-16.7	8.7	5.7
Adjusted EPS**	-52.4	271.3	-15.8	7.3	5.6
Per-share data (KRW)					
EPS (parent-based)	1,850	6,869	5,784	6,204	6,552
EPS (consolidated)	1,641	7,288	6,071	6,603	6,981
Adjusted EPS**	1,850	6,869	5,784	6,204	6,552
BVPS	65,942	73,231	80,037	84,196	88,623
DPS (common)	2,000	2,400	2,400	2,500	2,600
Valuations (x)					
P/E***	23.7	7.7	9.4	8.8	8.3
P/B***	0.7	0.7	0.7	0.6	0.6
EV/EBITDA	4.6	3.9	4.3	4.1	4.1
Ratios (%)					
ROE	2.9	10.2	7.9	8.0	8.0
ROA	1.0	4.3	3.5	3.7	3.8
ROIC	2.7	9.0	7.1	7.6	7.9
Payout ratio	104.5	33.6	39.3	38.1	37.5
Dividend yield (common)	4.6	4.6	4.4	4.6	4.8
Net debt to equity	48.6	49.9	45.5	41.4	37.9
Interest coverage (x)	2.2	6.7	5.5	5.9	6.3

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/5/14	11/11	12/13	2025/5/12	8/1	11/10	2026/2/11
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	48000	52000	60000	65000	69000	62000	73000
Gap* (average)	-18.62	-13.45	-20.80	-17.43	-24.94	-14.65	
(max or min)**	-7.60	-5.77	-10.83	-10.15	-19.28	-2.10	

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

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

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