COMPANY UPDATE

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Tech Team

Minha Choi
Senior Analyst
minha22.choi@samsung.com

Hyerim Yu
Research Associate
hyerim0705.yu@samsung.com

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SM Entertainment (041510)

Gradually expanding global reach

- We now expect SM Entertainment to post a 2Q operating profit of KRW51.4b, up 7.9% y-y and meeting consensus. Our optimism stems from new-album releases by rookie groups and global tours by established artists.
- SMTR25 (a multinational trainee boyband) is expected to debut in 2H. Keep an eye on rookie groups—their recent performances have been outstanding.
- We cut our target price to KRW114,000, reflecting on our revised earnings estimates and a drop in the sector's valuation.

AT A GLANCE

BUY		
Target price	KRW114,000	47.1%
Current price	KRW77,500	
Market cap	KRW1.8t/USD1.2b	
Shares (float)	22,894,690 (58.3%)	
52-week high/low	KRW153,000/KRW66,500	
Avg daily trading value (60-day)	KRW10.2b/ USD6.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SM Entertainment (%)	5.7	-32.3	-42.1
Vs Kosdaq (%pts)	20.1	-23.3	-44.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	114,000	133,000	-14.3%
2026E EPS	5,392	5,392	0.0%
2027E EPS	6,335	6,335	0.0%

SAMSUNG vs THE STREET

No of estimates	18
Target price	128,333
Recommendation	4.0

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

WHAT'S THE STORY?

2Q results to meet consensus: We now believe SM Entertainment's 2Q consolidated sales rose 9.1% y-y to KRW330.5b and its operating profit climbed 7.9% y-y KRW51.4b, with both figures meeting consensus. Strong releases by rookie groups—*eg*, NCT Wish (1.91m albums sold in 2Q26), Riize (1.4m), aes*pa* (1.06m), and Hearts2Hearts (0.62m)—likely resulted in solid results (given their strong fandoms), but the agency's album sales volume probably fell y-y. Global tours likely contributed significantly to the firm's earnings, led by veteran acts such as EXO, Super Junior, and TVXQ, whose global tours likely lifted the company's top-line growth. Aespa and NCT Wish likely boosted its concert revenue further. That said, the higher portion of tours put on by established artists likely limited the degree of margin improvement. Despite the high base (y-y; relating to NCT Wish exhibitions and Riize pop-up events), merchandise and licensing sales likely held up well thanks to: 1) ongoing concert-linked merchandise sales and multiple artist pop-ups; and 2) delayed revenue recognition from NCT Wish's 'Wish Bakery' merchandise.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	1,175	1,240	1,361	1,449
Operating profit (KRWb)	183	186	219	241
Net profit (adj) (KRWb)	359	135	158	170
EPS (adj) (KRW)	15,126	5,392	6,335	6,832
EPS (adj) growth (% y-y)	1,843.8	-64.4	17.5	7.8
EBITDA margin (%)	21.3	18.9	18.8	18.6
ROE (%)	41.6	11.8	12.7	12.4
P/E (adj) (x)	8.9	14.4	12.2	11.3
P/B (x)	3.1	1.6	1.5	1.3
EV/EBITDA (x)	11.7	6.3	5.2	4.3
Dividend yield (%)	1.2	2.0	2.1	2.3

Source: Company data, Samsung Securities estimates

Samsung Securities

2H outlook: NCT 127, celebrating its 10th anniversary in 2H26, is scheduled to embark on a global tour following its upcoming studio album. Key SM Entertainment artists are set to release albums in Japan in 3Q. Aespa intends to begin its new global tour in 3Q. The girl group's collaboration with PUBG Mobile in 1H—following last year's successful PC/console IP tie-up—should contribute to licensing revenue in 3Q.

Long-term growth potential intact, near-term profitability constrained: The sustained growth trajectory of SM Entertainment's rookie artists continues, through diversification of its artist portfolio, to strengthen the agency's long-term potential. A new boy group, to be composed of select members from SMTR25, has been building a presence through SMTown concerts and original content, and it is expected to debut in 2H and establish itself rapidly. Furthermore, aespa's recent entry into Billboard's 'Bubbling Under Hot 100' chart signals growing Western appeal, and its upcoming global tour in North America and Europe should be a critical test of its ability to convert international visibility into sustainable fanbase growth. That said, 2H earnings growth should be muted due to limited activities and a high base. Against this backdrop, we revise down our 2026 EPS forecast by 9%. Reflecting on the pullbacks in the entertainment sector amid heavy fund inflows into various hot sectors, we reduce our target multiple from 22x P/E to 20x (in line with its global peer average). SME's ability to rapidly onboard and monetize new artists, combined with its expanding IP and merchandise licensing capabilities, should continue to underpin its long-term growth potential. We maintain BUY.

Table 1. Quarterly results and forecasts

(KRWb)	2Q25	1Q26	2Q26E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	302.9	279.1	330.5	18.4	9.1	335.5	-1.5
Operating income	47.6	38.6	51.4	33.0	7.9	53.9	-4.7
Operating margin (%)	15.7	13.8	15.5	1.7	-0.2	16.1	-0.5
Pre-tax income	39.3	57.4	60.8	5.9	54.8	58.4	4.2
Net profit (controlling)	29.3	32.5	39.3	20.9	34.2	37.1	6.0

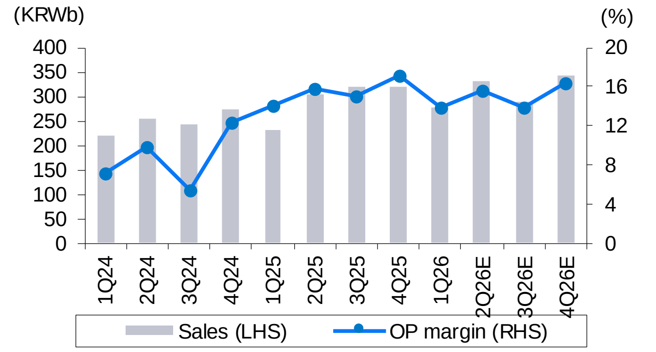
Source: Company data, FnGuide, Samsung Securities

Table 2. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	220.1	253.9	242.2	273.6	231.4	302.9	321.6	319.0	279.1	330.5	289.3	341.3	989.7	1,174.9	1,240.2	1,361.2
SM Ent.	136.1	174.1	172.1	181.8	165.5	220.3	224.5	202.2	189.3	232.0	187.8	225.0	664.1	812.5	834.1	922.4
SM C&C	23.9	27.9	24.8	33.4	17.7	21.1	25.4	36.3	21.5	22.3	25.9	36.8	109.9	100.5	106.5	112.1
SM Ent. Japan	27.4	18.7	22.0	20.2	20.8	26.0	24.4	25.7	30.5	33.2	33.5	31.1	88.3	96.9	128.4	135.7
Dear U	-	-	-	-	-	20.2	22.3	23.8	23.4	23.6	24.3	25.3	-	66.3	96.5	105.0
Dream Maker	12.9	7.5	10.5	5.0	23.0	14.9	8.5	16.5	7.3	14.7	17.6	19.2	35.9	62.9	58.8	66.9
Keyeast	25.4	16.1	13.3	21.0	4.5	3.0	3.6	4.6	8.5	5.8	1.8	4.4	75.8	15.7	20.6	21.0
COGS	148.9	176.1	168.9	188.6	148.0	188.4	202.6	203.4	178.7	213.9	185.0	221.5	682.5	742.4	799.0	863.0
Gross profit	71.1	77.7	73.4	85.0	83.4	114.5	119.0	115.6	100.4	116.6	104.3	119.9	307.2	432.5	441.2	498.2
SG&A costs	55.6	53.0	60.0	51.3	50.8	66.9	70.8	61.0	61.8	65.2	64.1	63.9	219.9	249.5	255.0	279.0
Operating profit	15.5	24.7	13.3	33.7	32.6	47.6	48.2	54.6	38.6	51.4	40.2	56.0	87.3	183.0	186.1	219.2
Operating margin (%)	7.1	9.7	5.5	12.3	14.1	15.7	15.0	17.1	*13.8*	*15.5*	*13.9*	*16.4*	8.8	15.6	*15.0*	*16.1*
Non-operating gains (losses)	3.7	-3.6	3.2	-64.5	229.3	-8.3	8.7	-45.0	18.8	9.4	10.0	-21.0	-61.2	184.7	17.2	21.5
Pre-tax profit	19.3	21.1	16.5	-30.8	261.9	39.3	56.9	9.7	57.4	60.8	50.2	35.0	26.1	367.7	203.4	240.7
Net profit (controlling)	12.1	7.3	6.3	-7.3	248.2	29.3	39.8	29.9	32.5	39.3	30.4	21.3	18.3	347.2	123.5	145.0
Growth (% y-y)																
Sales	7.9	5.9	-9.0	9.0	5.2	19.3	32.8	16.6	20.6	9.1	-10.1	7.0	3.0	18.7	5.6	9.8
SM Ent.	6.2	25.4	-8.8	11.0	21.5	26.5	30.5	11.2	14.4	5.3	-16.4	11.3	7.2	22.3	2.7	10.6
SM C&C	11.7	-5.1	-26.9	-21.7	-26.1	-24.2	2.5	8.7	21.3	5.7	2.0	1.5	-13.6	-8.6	6.0	5.3
SM Ent. Japan	2.4	-6.4	-8.5	65.7	-23.9	38.6	11.1	27.1	46.5	27.8	37.5	20.8	6.4	9.8	32.4	5.7
Dear U	-	-	-	-	-	-	-	-		16.7	8.8	6.2	-	-	45.6	8.8
Dream Maker	-42.1	-78.4	-40.3	-74.4	78.1	99.0	-19.1	228.8	-68.1	-1.8	107.9	16.1	-61.9	75.2	-6.6	13.8
Keyeast	31.6	22.6	39.2	110.0	-82.3	-81.7	-72.8	-78.0	89.8	98.0	-50.0	-5.0	45.8	-79.3	31.1	2.0
COGS	13.1	12.5	5.5	9.9	-0.6	6.9	20.0	7.9	20.7	13.6	-8.7	8.9	10.1	8.8	7.6	8.0
Gross profit	-1.4	-6.5	-30.9	7.0	17.2	47.3	62.2	36.0	20.4	1.8	-12.3	3.7	-9.9	40.8	2.0	12.9
SG&A costs	3.1	11.5	7.8	-27.1	-8.6	26.3	17.9	18.8	21.6	-2.5	-9.4	4.7	-3.4	13.4	2.2	9.4
Operating profit	-14.9	-30.6	-73.6	272.9	109.6	92.4	261.6	62.2	18.5	7.9	-16.6	2.5	-23.1	109.7	1.7	17.7
Operating margin (%pts)	-1.9	-5.1	-13.5	8.7	7.0	6.0	9.5	4.8	*-0.3*	*-0.2*	*-1.1*	*-0.7*	-3.0	6.8	*-0.6*	*1.1*
Non-operating gains (losses)	-66.2	nm	-93.7	nm	6,083.8	nm	173.6	nm	-91.8	nm	14.5	nm	nm	nm	-90.7	24.8
Pre-tax profit	-34.2	-47.5	-83.7	nm	1,260.0	85.7	244.6	nm	-78.1	54.8	-11.9	262.9	-78.1	1,310.0	-44.7	18.3
Net profit (controlling)	-43.5	-71.4	-92.4	nm	1,959.3	303.7	530.3	nm	-86.9	34.2	-23.6	-28.9	-79.0	1,796.3	-64.4	17.5

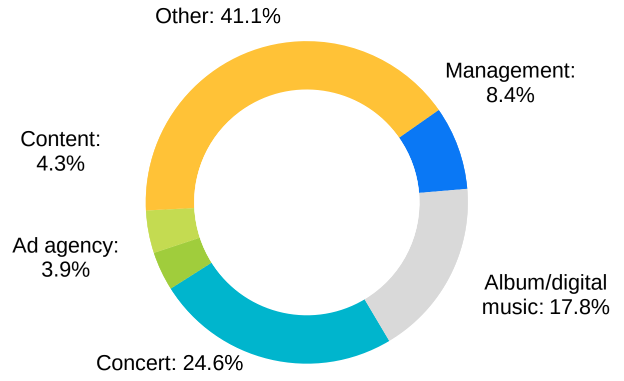
Note: Dear U was consolidated in 2Q25;
SM Entertainment is in the process of selling its stake in Keyeast, and upon the closing of the transaction, Keyeast may be excluded from SM Entertainment's consolidated financial results
Source: Company data, Samsung Securities

Chart 1. Sales and operating margin



Source: Company data, Samsung Securities

Chart 2. Sales, by business (1Q26)



Source: Company data, Samsung Securities

Table 3. Album sales: 2Q26 vs 2Q25

2Q26				2Q25			
Rank	**Artists**	**Key album**	**Sales (units)**	**Rank**	**Artists**	**Key album**	**Sales (units)**
1	NCT WISH	Total	1,913,051	1	RIIZE	Total	1,927,564
		Ode to Love - The 1st Album	1,398,022			ODYSSEY - The 1st Album	1,413,171
2	RIIZE	Total	1,401,094	2	NCT WISH	Total	1,350,261
		II - The 2nd Mini Album	1,018,651			poppop - The 2nd Mini Album	1,134,872
3	aespa	Total	1,062,698	3	aespa	Total	931,356
		LEMONADE - The 2nd Album	954,328			Dirty Work	889,776
4	Hearts2Hearts	Total	620,304	4	MARK	Total	504,784
		Lemon Tang - The 2nd Mini Album	560,671			The Firstfruit - The 1st Album	454,798
5	TAEYONG	Total	362,662	5	KAI	Total	256,595
		WYLD - The 1st Album	311,970			Wait On Me - The 4th Mini Album	235,170
Total album sales			**5,698,263**				**5,857,128**

Note: Based on Circle Chart Top 100
Source: Company data, Circle Chart, Samsung Securities

Table 4. Albums released in 2026

Artist	Album/EP	Release	Category	Sales* (units)
Irene (Redvelvet)	Biggest Fan	Mar 30	1st album	280,311
Taeyong (NCT)	Rock Solid	Apr 17	Digital single	
NCT WISH	Ode to Love	Apr 20	1st album	1,913,051
XngHan & Xoul	Glow	Apr 27	1st EP	109,962
Aespa	WDA (Whole Different Animal)	May 11	Pre-release single (2nd album)	
Taeyong (NCT)	WYLD	May 18	1st album	362,662
Yesung (Super Junior)	Waiting for the Time to Bloom	May 27	Japan 2nd album	
aespa	Lemonade	May 29	2nd album	1,062,698
Shinee	Atmos	Jun 1	6th EP	141,192
Renjiun (NCT)	Echoes Between Us	Jun 1	China special EP	
RIIZE	Ⅱ	Jun 15	2nd EP	1,401,094
Hearts2Hearts	Lemon Tang	Jun 22	2nd EP	620,304
Ryeowook (Super Junior)	Runaway	Jun 23	Single 1st album	
Taeyeon (SNSD)	J-POP Remake Vol.1	Jun 29	Digital single	
Jaehyun (NCT)	99 Degrees	Jul 10	Digital single	
NCT WISH	YO-I-DON! / Boy Meets Girl	Jul 15	Japan 3rd single	
Yunho (TVXQ)	Time's Tickin	Jul 20	Single 1st album	
Aespa	Kiss N Tell	Jul 24	Japan 1st EP	
Redvelvet	Velvet Summer	Aug 3	8th EP	
Ryeowook (Super Junior)	Boku no Hoshi (僕のほし)	Aug 5	Japan 3rd single	
Hearts2Hearts	Iconic Heart	Aug 12	Japan 1st single	
Super Junior -83z	Promise	Aug 13	1st EP	
NCT 127	TBD	Aug 24	7th album	
RIIZE	Sunburst	Aug 26	Japan 3rd single	
Taeyeon (SNSD)	TBD	3Q26	4th album	
Yesung (Super Junior)	TBD	3Q26	2nd album	
Minho (Shinee)	TBD	3Q26	2nd EP	
Chanyeol (EXO)	TBD	3Q26	Japan 2nd EP	
Irene & Seulgi (Red Velvet)	TBD	3Q26	Japan 1st EP	
WayV	TBD	3Q26	8th EP	
NCT WISH	TBD	4Q26	4th EP	
NCT DREAM	TBD	4Q26		
SMTR25	TBD	4Q26		

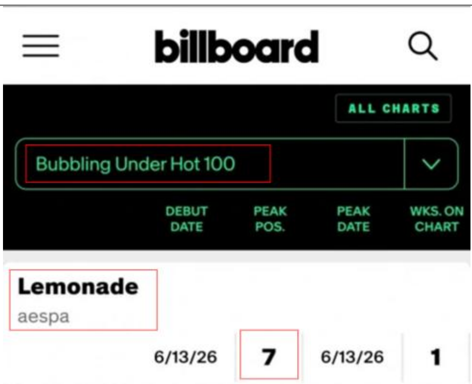
Notes: Based on Circle Chart Top-100;
Figures span from release date to Jun 30, 2025;
Source: Local media, company data, Circle Chart, Hanteo Chart, Samsung Securities

Table 5. Concerts in 2026

Artist	Country	Concert/fan meeting	Dates	Cities	Shows
Super Junior	Korea	SUPER SHOW 10	Apr 3-5	Seoul	3
NCT WISH	Asia	INTO THE WISH: Our WISH	Apr 4-19	Bangkok, Jakarta, Seoul	5
Aespa	Asia	aeXIS LINE	Apr 4-26	Jakarta, Osaka, Tokyo	5
EXO	Asia	EXhorizon	Apr 10-Jun 20	Asia 9 cities	19
Taeyong (NCT)	Asia	TY TRACK	Apr 11	Kuala Lumpur	1
TVXQ	Japan	RED OCEAN	Apr 25-26	Yokohama	2
XngHan & Xoul	Korea	(Fan meeting) Let's Glow	Apr 26	Seoul	2
SMTR25	Asia	(Fan meeting) Graduation Trip	May1-30	Seoul, Macao, Yokohama, Bangkok	7
Yesung (Super Junior)	Japan	咲き誇る時を待つのは	May 5-30	Osaka, Aichi, Tokyo	5
Irene (Red Velvet)	Asia	I-WILL	May 23-Jun 20	Seoul, Taipei, Macao	5
Shinee	Korea	The Invert	May 29-Jun 7	Seoul. Saitama	5
Jaehyun (NCT)	Asia	(Fan concert) MONO	Jun 6-28	Seoul, Macao, Jakarta, Bangkok	6
NCT JNJM	Asia	(Fan meeting) Duality	Jun 13-28	Seoul, Tokyo	5
Jaehyun (NCT)	Asia	(Fan concert) MONO	Jul 4-5	Taipei	2
Irene (Red Velvet)	Asia	I-WILL	Jul 4-18	Singapore, Bangkok	2
EXO	Asia	EXhorizon	Jul 4-26	Asia 4 cities	7
NCT JNJM	Asia	(Fan meeting) Duality	Jul 4-Aug 8	Asia 4 cities	5
RIIZE	Japan	(Fan meeting) RPG- RIIZE Playing Game	Jul 10-24	Japan 3 cities	5
Ryeowook (Super Junior)	Asia	DIVE TO BLUE	Jul 11-Aug 1	Seoul, Bangkok, Macao, Taiwan	5
Yunho (TVXQ)	Korea	PROJECT 26: SCENE#1	Jul 17-19	Seoul	3
Aespa	Japan	(Fan meeting) MY CLASSMaeTE	Jul 18-20	Tokyo	3
Super Junior-83z	Asia	(Fan concert) '1983'	Jul 25-Sep19	Seoul, Asia 5 cities	8
Red velvet	Global	(Fan concert) A day in Red&Velvet	Aug 1-Aug 2	Seoul	2
Aespa	Global	SYNK:COMPLæXITY	Aug 7-Sep 29	South America 4 cities, North America 6 cities	13
NCT DREAM	Korea	(Fan meeting) THE SWEET DREAM HOTEL	Aug 22-Aug 23	Incheon	2
NCT 127	Korea	THE REDLINE	Sep 18-Sep 20	Seoul	3
Aespa	America	SYNK: COMPLæXITY	Oct 3-11	North America 4 cities	4
Super Junior-83z	Asia	(Fan concert) '1983'	Oct 3-Nov 21	Asia 3 cities	3
NCT 127	Asia	THE REDLINE	Oct 3-Nov 1	Jakarta, Hong Kong, Singapore, Bangkok	6
NCT 127	Asia	THE REDLINE	Jan 2	Taipei	1
Aespa	Europe	SYNK: COMPLæXITY	Jan 14-Feb 2	Europe 9 cities	9

Source: Local media, Company data, Samsung Securities

Chart 3. aespa's 'Lemonade' enters the Billboard 'Bubbling Under Hot 100' chart at #7 (Chart dated June 13)



Source: Company data, Samsung Securities

Chart 4. PUBG: Battle Ground X aespa collaboration

Source: Company data, Mnet, Samsung Securities

Chart 5. **SMTR25 Fan Meeting Tour (May 1 – May 30)**

Source: Company data, Samsung Securities

Chart 6. **Opening of SMTown Store Shanghai, the First Official MD Store in China**

Note: On April 29, the first official offline MD store in China opened in Shanghai
Source: Company data, Mnet, Samsung Securities

Table 6. Artist lineup

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

Note: BoA announced departure from SM Entertainment (2000-2025);
Mark and Ten announced departure from SM (Apr 8,2026);
Lucas announced departure from SM (Apr 24, 2026)
Winwin announced departure from SM (Jul 9, 2026)
Source: Company data, Samsung Securities

Table 7. Partnership with Tencent Music Entertainment

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

Source: Company data, Samsung Securities

Chart 7. Multi production center

Multi Production Center

Center	IP
ONE	Kangta · BoA · Girl's Generation · aespa
PRISM	Shinee · WayV · Lucas· Hearts2Hearts
RED	TVXQ · Red Velvet
NEO	NCT · NCT 127 · NCT Dream · NCT Wish
WIZARD	Super Junior · EXO · RIIZE
VIRTUAL	naevis
SM & Kakao Entertainment America Corp	Dear Alice

Source: Company data, Samsung Securities

Table 1. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg %
Sales	1,274.4	1,240.2	-2.7	1,388.6	1,361.2	-2.0
Operating profit	201.6	186.1	-7.7	228.0	219.2	-3.9
Operating margin (%, %pts)	15.8	15.0	-0.8	16.4	16.1	-0.3
Pre-tax profit	222.3	203.4	-8.5	253.3	240.7	-5.0
Net profit (controlling)	135.1	123.5	-8.6	152.7	145.0	-5.0

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**990**	**1,175**	**1,240**	**1,361**	**1,449**
Cost of goods sold	682	742	799	863	913
Gross profit	**307**	**433**	**441**	**498**	**537**
Gross margin (%)	31.0	36.8	35.6	36.6	37.0
SG&A expenses	220	250	255	279	295
Operating profit	**87**	**183**	**186**	**219**	**241**
Operating margin (%)	8.8	15.6	15.0	16.1	16.6
Non-operating gains (losses)	**-61**	**185**	**17**	**22**	**18**
Financial profit	23	22	35	31	31
Financial costs	9	14	14	14	14
Equity-method gains (losses)	-2	214	4	6	6
Other	-73	-37	-8	-1	-5
Pre-tax profit	**26**	**368**	**203**	**241**	**259**
Taxes	25	8	68	83	89
Effective tax rate (%)	96.9	2.3	33.6	34.5	34.4
Profit from continuing operations	1	359	135	158	170
Profit from discontinued operations	0	0	0	0	0
Net profit	**1**	**359**	**135**	**158**	**170**
Net margin (%)	0.1	30.6	10.9	11.6	11.7
Net profit (controlling interests)	18	347	123	145	156
Net profit (non-controlling interests)	-17	12	12	13	14
EBITDA	149	250	235	256	270
EBITDA margin (%)	15.1	21.3	18.9	18.8	18.6
EPS (parent-based) (KRW)	778	15,126	5,392	6,335	6,832
EPS (consolidated) (KRW)	35	15,655	5,895	6,889	7,424
Adjusted EPS (KRW)*	778	15,126	5,392	6,335	6,832

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**814**	**980**	**1,144**	**1,354**	**1,553**
Cash & equivalents	358	365	494	641	794
Accounts receivable	158	180	190	209	222
Inventories	28	24	25	28	29
Other current assets	270	412	434	477	507
Fixed assets	**605**	**1,027**	**983**	**954**	**931**
Investment assets	242	145	149	157	162
Tangible assets	76	74	55	44	38
Intangible assets	140	601	572	546	523
Other long-term assets	147	207	207	207	207
Total assets	**1,419**	**2,008**	**2,127**	**2,308**	**2,483**
Current liabilities	**485**	**497**	**516**	**565**	**602**
Accounts payable	210	211	223	244	260
Short-term debt	5	5	5	5	5
Other current liabilities	269	281	288	316	336
Long-term liabilities	**105**	**152**	**157**	**166**	**172**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	105	152	157	166	172
Total liabilities	**590**	**649**	**672**	**731**	**774**
Owners of parent equity	**665**	**1,003**	**1,087**	**1,197**	**1,316**
Capital stock	12	12	12	12	12
Capital surplus	353	353	353	353	353
Retained earnings	320	618	705	814	933
Other	-20	19	17	17	17
Non-controlling interests' equity	**164**	**356**	**368**	**380**	**394**
Total equity	**829**	**1,359**	**1,455**	**1,577**	**1,709**
Net debt	-370	-510	-661	-831	-1,000

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**136**	**195**	**194**	**213**	**212**
Net profit	1	359	135	158	170
Non-cash profit and expenses	157	-80	105	104	99
Depreciation	33	34	19	11	6
Amortization	29	34	30	26	23
Other	95	-148	57	67	70
Changes in A/L from operating activities	1	-38	10	19	14
Cash flow from investments	**56**	**-150**	**-16**	**-30**	**-22**
Change in tangible assets	-22	-6	0	0	0
Change in financial assets	71	-131	-16	-30	-22
Other	7	-12	-0	0	0
Cash flow from financing	**-144**	**-33**	**-44**	**-33**	**-36**
Change in debt	-36	-6	-7	3	2
Change in equity	-9	-0	0	0	0
Dividends	-28	-13	-37	-35	-38
Other	-72	-14	0	0	0
Change in cash	55	6	130	147	152
Cash at beginning of year	303	358	365	494	641
Cash at end of year	358	365	494	641	794
Gross cash flow	**158**	**279**	**240**	**262**	**268**
Free cash flow	**111**	**186**	**194**	**213**	**212**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	3.0	18.7	5.6	9.8	6.5
Operating profit	-23.1	109.7	1.7	17.7	10.0
Net profit	-99.0	43,786.4	-62.4	16.9	7.8
Adjusted EPS**	-78.8	1,843.8	-64.4	17.5	7.8
Per-share data (KRW)					
EPS (parent-based)	778	15,126	5,392	6,335	6,832
EPS (consolidated)	35	15,655	5,895	6,889	7,424
Adjusted EPS**	778	15,126	5,392	6,335	6,832
BVPS	29,037	43,793	47,497	52,283	57,464
DPS (common)	400	1,620	1,550	1,650	1,750
Valuations (x)					
P/E***	97.2	8.9	14.4	12.2	11.3
P/B***	2.6	3.1	1.6	1.5	1.3
EV/EBITDA	10.5	11.7	6.3	5.2	4.3
Ratios (%)					
ROE	2.6	41.6	11.8	12.7	12.4
ROA	0.1	21.0	6.5	7.1	7.1
ROIC	1.1	40.5	18.7	23.6	27.9
Payout ratio	50.0	10.7	28.7	26.0	25.6
Dividend yield (common)	0.5	1.2	2.0	2.1	2.3
Net debt to equity	-44.6	-37.6	-45.4	-52.7	-58.5
Interest coverage (x)	16.0	33.5	36.3	43.7	46.9

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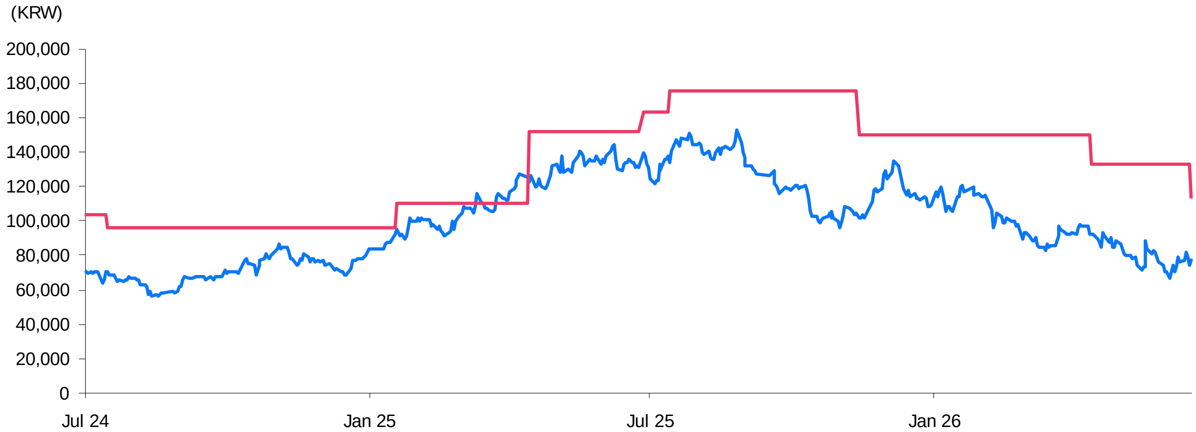
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/8	8/8	2025/2/11	5/8	7/21	8/7	12/8	2026/5/7	7/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	104000	96000	110000	152000	163000	176000	150000	133000	114000
Gap* (average)	-23.90	-24.84	-5.09	-13.15	-19.92	-28.62	-29.81	-39.81	
(max or min)**	-7.88	-3.85	15.91	-4.93	-15.21	-13.07	-10.00	-29.70	

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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Samsung Securities

SAMSUNG SECURITIES

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

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information, please call our sales representatives:

LONDON

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

NEW YORK

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

HONG KONG

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

BEIJING

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

TOKYO

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