COMPANY UPDATE

2026. 7. 15

Tech Team

Donghwan Oh
Senior Analyst
dh1.oh@samsung.com

Hyerim Yu
Research Associate
hyerim0705.yu@samsung.com

AT A GLANCE

BUY

Target price	KRW44,000	26.6%
Current price	**KRW34,750**	
Market cap	KRW15.4t/USD10.2b	
Shares (float)	442,981,070 (75.7%)	
52-week high/low	KRW67,700/KRW33,150	
Avg daily trading value (60-day)	KRW89.9b/ USD59.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kakao (%)	-16.3	-41.4	-42.1
Vs Kospi (%pts)	-0.1	-59.6	-73.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	44,000	60,000	-26.7%
2026E EPS	1,538	1,564	-1.7%
2027E EPS	1,959	2,208	-11.3%

SAMSUNG vs THE STREET

No of estimates	17
Target price	65,235
Recommendation	4.0

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

Samsung Securities

Scan to go to
Research Center report database

Kakao (035720)

Challenges to growth strategy

- We believe Kakao's 2Q sales grew only 1.2% y-y due to the divestiture of several subsidiaries. However, the resulting improvement in profitability likely drove an 18% y-y increase in operating profit.
- Reflecting underwhelming AI services, waning restructuring momentum amid labor-management tensions, and a lack of new growth drivers, we cut our target price by 26.7% to KRW44,000.

WHAT'S THE STORY?

2Q preview—Profitability improves following subsidiary divestitures: Following the May divestiture of AXZ, the operator of Daum, Kakao is likely to see a decline in portal sales from 2Q. Consolidated sales likely grew just 1.2% y-y following the divestiture of portal, gaming, and healthcare businesses, but operating profit likely rose 18.3% y-y to KRW231.1b on related cost reductions. KakaoTalk ad sales likely increased 17% y-y, supported by strong growth in brand message ads, while Kakao Pay's sales likely jumped 40% y-y, fueled by higher securities trading volumes. We believe the commerce, mobility, and music segments maintained stable single-digit sales growth, while story sales likely fell 9.6% y-y amid continued weakness in the webtoon market.

KakaoTalk ad sales still growing: KakaoTalk ad sales continued to grow strongly, driven by the expansion of brand message ads launched in May 2025 and additional ad inventory from new tabs such as Feed and Short Form. Kakao expects ad sales to grow more than 10% this year, supported by ad product launches. However, nearly 60% of consumers report discomfort with receiving promotional messages according to a Seoul YMCA survey, while user feedback on the Feed and Now tabs remains largely negative. To sustain ad sales growth, Kakao must first deliver greater value to consumers.

SUMMARY FINANCIAL DATA

(Continued on the next page)

(KRWb)	2025	2026E	2027E	2028E
Revenue	8,099	8,311	8,981	9,702
Operating profit	732	961	1,130	1,280
Net profit (adj)	518	703	817	955
EPS (adj) (KRW)	1,527	1,538	1,959	2,222
EPS (adj) growth (% y-y)	nm	0.7	27.4	13.4
EBITDA margin (%)	19.4	21.2	22.1	22.7
ROE (%)	4.6	5.0	6.0	6.6
P/E (adj) (x)	39.4	22.6	17.7	15.6
P/B (x)	2.3	1.3	1.2	1.1
EV/EBITDA (x)	16.4	8.3	7.6	7.2
Dividend yield (%)	0.1	0.3	0.3	0.3

Source: Company data, Samsung Securities estimates

AI strategy requires a complete reset: Kakao is pursuing a dual-track AI agent strategy centered on Kanana and ChatGPT, but both services are underperforming. Kanana suffers from weak model capabilities and a design misaligned with conversational context; ChatGPT for Kakao offers little differentiation from standalone AI apps and has failed to generate meaningful traffic. Although Kakao plans to expand Kakao Tools from an internal service into an external platform to foster an agent ecosystem, its current functionality remains limited to basic conversational search and information retrieval—far short of the experience users expect. Kakao needs to redesign its AI services from the ground up, beginning with consumer needs rather than provider-driven assumptions.

Labor dispute threatens restructuring momentum: The union representing employees across five Kakao entities, including Kakao itself, continues to take industrial action, including partial strikes, in pursuit of performance-based bonuses, wage increases, and greater job security. Although the dispute has yet to significantly disrupt operations, Kakao may need to offer wage increases or slow subsidiary restructuring to reach an agreement. Restructuring-led profitability improvement has been the company's most compelling investment thesis this year, but prolonged labor tensions threaten to undermine that momentum.

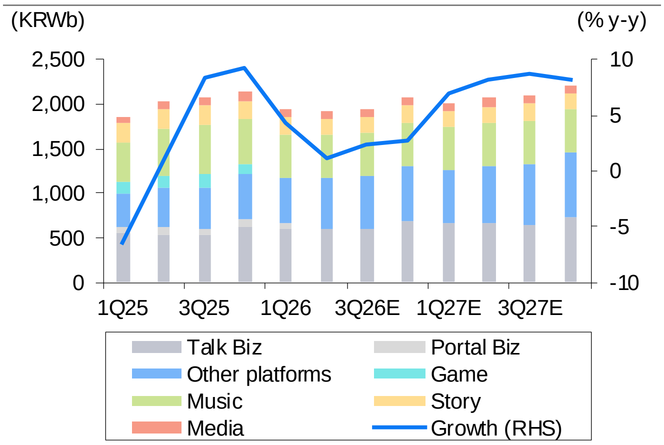
Digital Asset Basic Act offers potential upside: We have shifted our valuation methodology for Kakao from a P/S-based approach to a P/E-based approach. This leads us to cut our target price by 26.7% from KRW60,000 to KRW44,000. Our new target is based on a P/E multiple of 22.4x applied to our 2027 EPS forecast, which reflects improved profitability following subsidiary divestitures. The target multiple is the 2027 average P/E multiple of global mobile-platform, stablecoin, and mobility companies. Kakao's AI agent initiatives, positioned as a key growth driver, have yet to deliver measurable results, while union resistance has weakened restructuring momentum. Kakao therefore lacks sufficient grounds to command a valuation premium to peers. Nevertheless, we maintain our BUY rating, noting that Kakao Pay and Kakao Bank stand to gain from new business opportunities if Korea's won-pegged stablecoin market gains traction. Market activation, however, hinges on passage of the government's proposed Digital Asset Basic Act. Investors should closely monitor legislative developments.

Forecast and consensus

(KRWb)	2Q26			Diff (%)		2Q25	1Q26	Chg	
	Actual	Samsung	Consensus	Samsung	Consensus			(% y-y)	(% q-q)
Sales	**2,048.3**	**2,005.7**	**2,056.0**	**2.1**	**(0.9)**	**2,024.2**	**1,942.1**	**1.2**	**5.5**
Platform	1,190.3	1,159.6		2.6		1,051.1	1,182.7	13.2	0.6
Talk Biz	606.9	623.0		(2.6)		542.1	608.6	12.0	(0.3)
Portal Biz	20.3	0.0		nm		78.3	67.6	(74.1)	(70.0)
Other platforms	563.1	536.6		4.9		434.8	506.5	29.5	11.2
Content	858.0	846.1		1.4		973.1	759.4	(11.8)	13.0
Game	0.0	0.0		nm		142.6	0.0	nm	nm
Music	564.1	548.6		2.8		517.5	484.6	9.0	16.4
Story	197.8	198.6		(0.4)		218.7	182.4	(9.6)	8.4
Media	96.1	98.9		(2.8)		94.2	92.4	2.0	4.0
Operating expenses	**1,817.2**	**1,787.8**		**1.6**		**1,828.9**	**1,730.7**	**(0.6)**	**5.0**
Labor costs	440.7	439.7		0.2		482.5	444.9	(8.7)	(0.9)
Cost of sales	732.9	707.0		3.7		713.0	701.2	2.8	4.5
Marketing costs	86.0	90.3		(4.7)		87.3	72.5	(1.4)	18.6
Outsourcing/infra	251.9	250.7		0.5		232.2	208.2	8.5	21.0
D&A expenses	200.8	190.9		5.2		221.2	196.8	(9.2)	2.0
Other	104.9	109.2		(3.9)		92.8	107.1	13.1	(2.0)
Operating profit	**231.1**	**217.9**	**223.4**	**6.1**	**3.5**	**195.3**	**211.4**	**18.3**	**9.3**
Pre-tax profit	302.4	254.9	255.0	18.6	18.6	145.7	286.6	107.6	5.5
Net profit	229.8	193.7	200.4	18.6	14.7	171.8	226.8	33.7	1.3
Net profit (controlling)	195.3	164.6	170.6	18.6	14.5	161.2	171.7	21.1	13.8
Margins (%)									
Operating profit	11.3	10.9	10.9			9.6	10.9		
Pre-tax profit	14.8	12.7	12.4			7.2	14.8		
Net profit	11.2	9.7	9.7			8.5	11.7		
Net profit (controlling)	9.5	8.2	8.3			8.0	8.8		

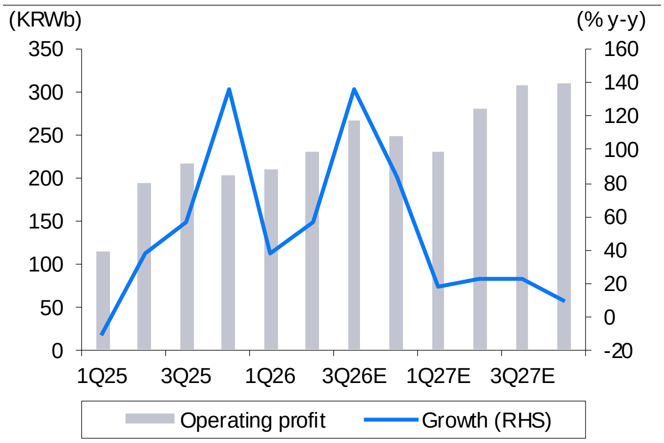
Source: Company data, FnGuide, Samsung Securities estimates

Quarterly sales, by division



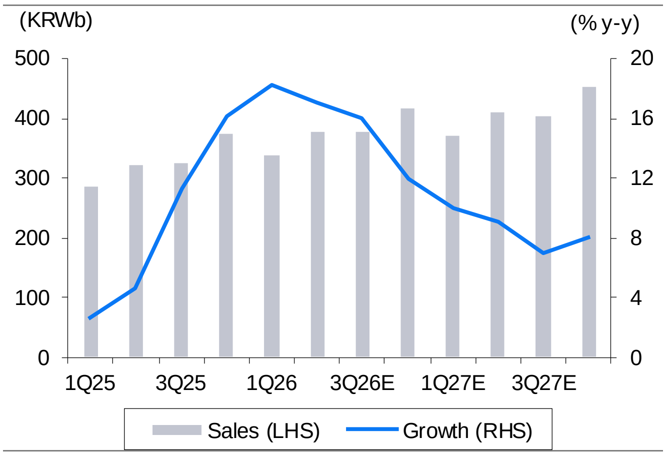
Source: Company data, Samsung Securities estimates

Quarterly operating profit



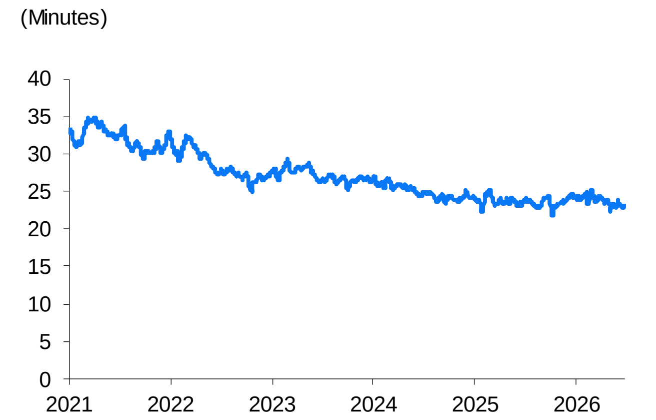
Source: Company data, Samsung Securities estimates

Talk Biz: Ad sales



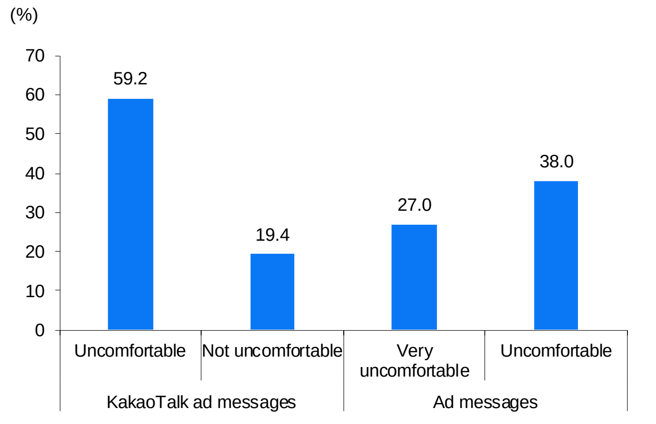
Source: Company data, Samsung Securities estimates

KakaoTalk: Average daily time spent



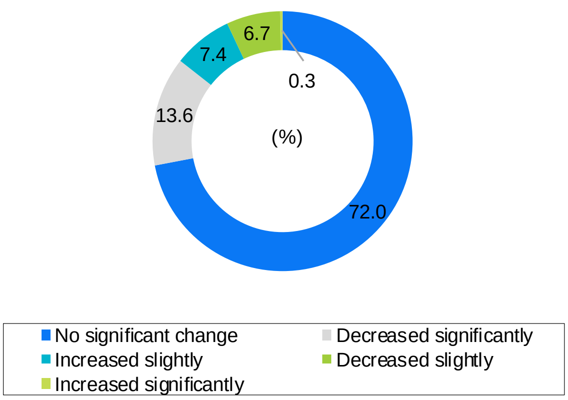
Source: Sensor tower

KakaoTalk brand message ads: User perception



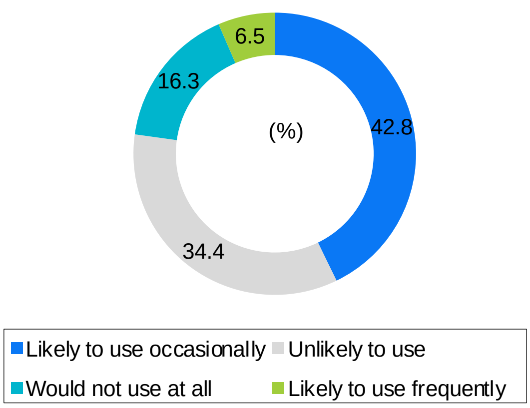
Note: Survey of 2,000 KakaoTalk users
Source: Seoul YMCA

Impact of Short-Form tab on KakaoTalk usage time



Note: Survey of 1,000 respondents aged 20-60
Source: Media Research Center, Korea Press Foundation

ChatGPT for Kakao: User response



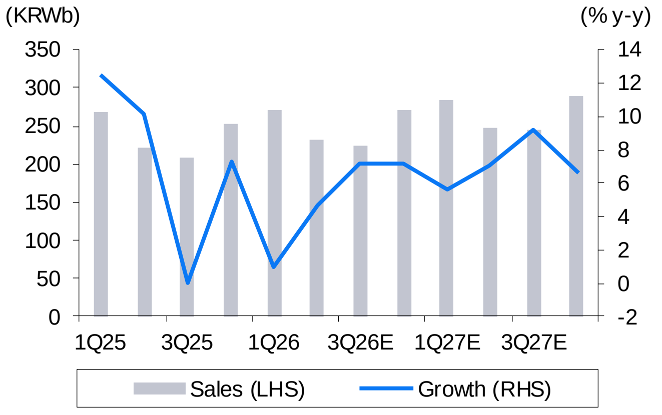
Note: Survey of 1,000 respondents aged 20-60
Source: Media Research Center, Korea Press Foundation

Kakao: Key labor union demands

Category	Key labor union demands
Management reform & accountability	Strengthening management accountability and establishing check-and-balance systems for management failures
Job security & safety net	Alleviating job insecurity caused by reorganization, divestments, spinoffs, and restructuring
Performance reward & profit sharing	Performance bonus pool linked to operating profit (approx. 13-14%), excluding RSU bonuses
Working environment & welfare	Improving working hours, fairness in evaluation and recruitment, and welfare/office settlement

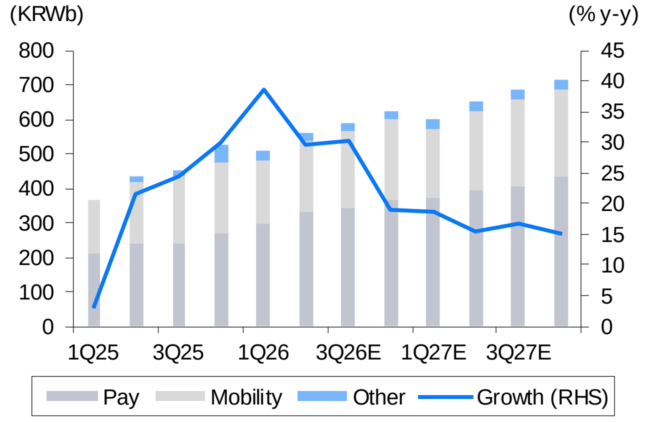
Source: Company data, Samsun Securities

Talk Biz: Commerce sales



Source: Company data, Samsung Securities estimates

Other platforms: Sales



Source: Company data, Samsung Securities estimates

Kakao: Valuation

(KRWb)	
12-month forward sales	1,959
Target P/E* (x)	22.4
Fair market value	43,888
Target price (KRW)	**44,000**
Current price (KRW)	35,350
Upside (%)	24.5%

Note: *Peer group's 2027 P/E;
Based on Jul 10 closing price
Source: Samsung Securities estimates

Peers: P/S and P/E valuations

(x)	P/E		P/S	
	2026E	2027E	2026E	2027E
Alphabet	25.2	23.5	10.2	8.5
Meta Platforms	14.7	15.2	5.8	4.9
Tencent	12.4	11.2	4.1	3.8
LY corporation	16.3	16.6	1.5	1.3
Circle	64.1	37.1	5.2	3.9
Gojek	71.8	30.7	2.8	2.5
Target multiple	**34.1**	**22.4**	**4.9**	**4.2**

Note: As of Jul 10 close
Source: Bloomberg

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**7,864**	**8,099**	**8,311**	**8,981**	**9,702**
Cost of goods sold	0	0	0	0	0
Gross profit	**7,864**	**8,099**	**8,311**	**8,981**	**9,702**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	7,369	7,367	7,350	7,851	8,422
Operating profit	**495**	**732**	**961**	**1,130**	**1,280**
Operating margin (%)	6.3	9.0	11.6	12.6	13.2
Non-operating gains (losses)	**-498**	**-119**	**-48**	**-55**	**-24**
Financial profit	405	393	384	420	423
Financial costs	368	398	379	431	462
Equity-method gains (losses)	56	90	147	125	140
Other	-592	-204	-199	-169	-125
Pre-tax profit	**-3**	**613**	**913**	**1,076**	**1,257**
Taxes	160	95	196	258	302
Effective tax rate (%)	-5,701.5	15.5	21.5	24.0	24.0
Profit from continuing operations	-111	527	763	817	955
Profit from discontinued operations	-51	-9	-60	0	0
Net profit	**-162**	**518**	**703**	**817**	**955**
Net margin (%)	-2.1	6.4	8.5	9.1	9.8
Net profit (controlling interests)	55	491	576	728	853
Net profit (non-controlling interests)	-217	26	128	89	102
EBITDA	1,331	1,572	1,764	1,983	2,204
EBITDA margin (%)	16.9	19.4	21.2	22.1	22.7
EPS (parent-based) (KRW)	124	1,110	1,300	1,644	1,926
EPS (consolidated) (KRW)	-365	1,170	1,588	1,845	2,156
Adjusted EPS (KRW)*	-193	1,527	1,538	1,959	2,222

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**10,722**	**12,374**	**17,340**	**18,124**	**18,721**
Cash & equivalents	6,170	6,374	7,720	7,291	6,474
Accounts receivable	549	569	557	602	652
Inventories	81	77	85	92	99
Other current assets	3,922	5,354	8,978	10,138	11,495
Fixed assets	**15,051**	**15,409**	**14,495**	**15,543**	**16,890**
Investment assets	5,750	6,066	6,514	7,477	8,732
Tangible assets	1,363	1,557	1,574	1,636	1,703
Intangible assets	5,171	5,228	3,859	3,882	3,908
Other long-term assets	2,768	2,559	2,547	2,547	2,547
Total assets	**25,773**	**27,784**	**31,835**	**33,666**	**35,611**
Current liabilities	**8,545**	**8,780**	**12,952**	**13,932**	**14,889**
Accounts payable	228	228	129	139	149
Short-term debt	1,458	938	894	894	894
Other current liabilities	6,859	7,613	11,929	12,898	13,845
Long-term liabilities	**3,285**	**3,779**	**2,986**	**3,064**	**3,140**
Bonds & long-term debt	328	991	354	354	354
Other long-term liabilities	2,957	2,788	2,632	2,710	2,787
Total liabilities	**11,830**	**12,559**	**15,938**	**16,996**	**18,029**
Owners of parent equity	**10,141**	**11,276**	**11,893**	**12,578**	**13,388**
Capital stock	44	44	44	44	44
Capital surplus	8,911	8,803	8,645	8,645	8,645
Retained earnings	1,943	2,685	3,327	4,012	4,822
Other	-758	-256	-123	-123	-123
Non-controlling interests' equity	**3,802**	**3,949**	**4,003**	**4,092**	**4,194**
Total equity	**13,943**	**15,225**	**15,897**	**16,671**	**17,582**
Net debt	-3,384	-4,792	-4,766	-4,433	-3,752

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,250**	**1,405**	**3,050**	**1,630**	**1,630**
Net profit	-162	518	703	817	955
Non-cash profit and expenses	1,462	1,014	814	949	1,046
Depreciation	576	583	572	619	671
Amortization	260	258	231	234	253
Other	627	174	10	95	122
Changes in A/L from operating activities	-4	-106	1,543	-58	-245
Cash flow from investments	**10**	**-478**	**-763**	**-1,184**	**-1,293**
Change in tangible assets	-348	-465	-558	-681	-738
Change in financial assets	164	-843	313	-300	-335
Other	194	830	-517	-202	-221
Cash flow from financing	**-521**	**-708**	**37**	**-58**	**-69**
Change in debt	-36	-404	1,116	184	179
Change in equity	71	-108	-158	0	0
Dividends	-43	-39	-33	-44	-44
Other	-513	-158	-888	-198	-204
Change in cash	781	204	1,346	-429	-817
Cash at beginning of year	5,389	6,170	6,374	7,720	7,291
Cash at end of year	6,170	6,374	7,720	7,291	6,474
Gross cash flow	**1,300**	**1,532**	**1,517**	**1,766**	**2,001**
Free cash flow	**871**	**926**	**2,488**	**949**	**893**

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

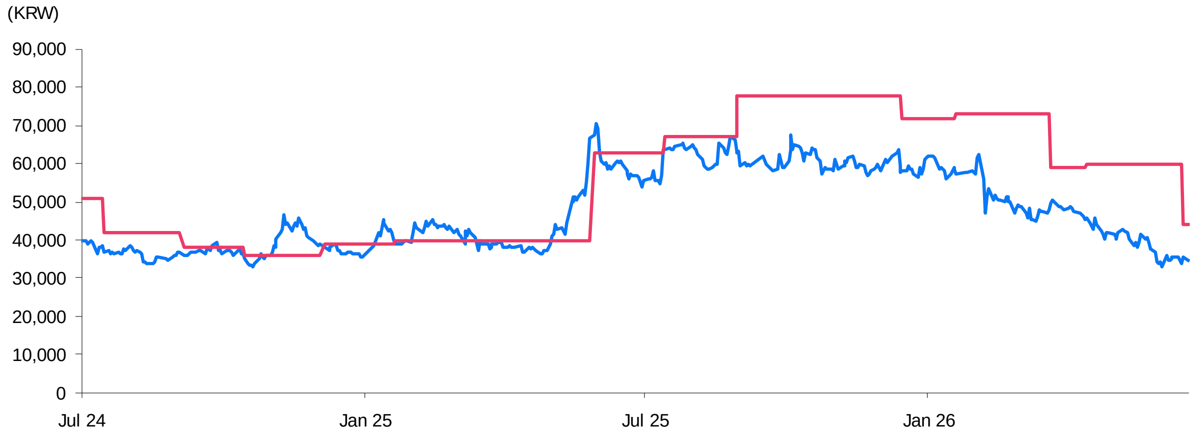
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	4.1	3.0	2.6	8.1	8.0
Operating profit	7.5	47.8	31.3	17.6	13.3
Net profit	nm	nm	35.8	16.2	16.8
Adjusted EPS**	nm	nm	0.7	27.4	13.4
Per-share data (KRW)					
EPS (parent-based)	124	1,110	1,300	1,644	1,926
EPS (consolidated)	-365	1,170	1,588	1,845	2,156
Adjusted EPS**	-193	1,527	1,538	1,959	2,222
BVPS	23,100	25,625	26,911	28,460	30,292
DPS (common)	68	75	98	98	98
Valuations (x)					
P/E***	n/a	39.4	22.6	17.7	15.6
P/B***	1.7	2.3	1.3	1.2	1.1
EV/EBITDA	13.0	16.4	8.3	7.6	7.2
Ratios (%)					
ROE	0.6	4.6	5.0	6.0	6.6
ROA	-0.6	1.9	2.4	2.5	2.8
ROIC	-22.5	16.0	23.3	26.4	27.2
Payout ratio	54.0	6.7	7.6	6.0	5.1
Dividend yield (common)	0.2	0.1	0.3	0.3	0.3
Net debt to equity	-24.3	-31.5	-30.0	-26.6	-21.3
Interest coverage (x)	2.4	4.1	5.0	5.7	6.3

Compliance notice

- As of 7/14 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 7/14 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	2024/7/12	8/9	9/30	11/8	12/30	2025/2/14	6/23	8/8	9/24	2026/1/9	2/13	4/15
Recommendation	BUY	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	BUY	BUY	BUY	BUY
Target price (KRW)	51000	42000	38000	36000	39000	40000	63000	67000	78000	72000	73000	59000
Gap* (average)	-22.09	-13.99	-2.04	9.84	-0.25	5.22	-6.72	-6.11	-22.40	-17.97	-30.41	-18.29
(max or min)**	-17.84	-7.86	3.68	29.44	16.15	66.50	-14.13	0.00	-13.21	-13.61	-14.66	-14.24

Date	5/8	7/10
Recommendation	BUY	BUY
Target price (KRW)	60000	44000
Gap* (average)	-34.76	
(max or min)**	-23.42	

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 2026.06.30

BUY (85.5%)·HOLD (14.5%)·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.

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