COMPANY UPDATE

2026. 7. 22

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YG Entertainment (122870)

Building lineup to complete growth puzzle

- We forecast YG Entertainment's (YGE) 2Q operating profit missed consensus due to promotional expenses related to Treasure's sub-unit 'HyunAyo' and Babymonster's digital single and music video productions.
- BigBang and Babymonster's world tours should pick up in 2H. We lower our 12-month target price to reflect industry-wide valuation compression.

AT A GLANCE

BUY

Target price	KRW61,000	59.1%
Current price	**KRW38,350**	
Market cap	KRW716.8b/USD486.49m	
Shares (float)	18,691,049 (0.0%)	
52-week high/low	KRW107,400/KRW38,350	
Avg daily trading value (60-day)	KRW5.4b/ USD3.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
YG Entertainment (%)	-15.2	-43.4	-57.9
Vs Kosdaq (%pts)	8.7	-28.6	-54.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	61,000	61,000	0.0%
2026E EPS	2,881	2,881	0.0%
2027E EPS	3,222	3,222	0.0%

SAMSUNG vs THE STREET

No of estimates	17
Target price	72,059
Recommendation	4.0

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

WHAT'S THE STORY?

2Q preview—To miss consensus: We forecast YG Entertainment's (YGE) 2Q sales and operating profit came in at KRW105.5b (up 5.1% y-y) and KRW8.7b (up 4.1% y-y), respectively, the latter below consensus. About 1.91m physical albums were sold in 2Q, including Treasure's new album (1.06m units), Babymonster's new album (810,000 units), and Blackpink's third mini-album (released in 1Q; 50,000 units). Concerts contributing to 2Q results likely included Treasure's Asia tour (7 shows) and Seoul fan concert (3 shows), as well as Babymonster's Seoul concert (3 shows). Profitability, however, likely fell short of expectations due to promotional expenses related to Treasure's sub-unit 'HyunAyo' and Babymonster's digital single and music video productions for album tracks (*eg*, Babymonster announced plans to release four music videos in 2Q: The title track from their third mini-album (May), a digital single (June), and album tracks I Like It (July) and Moon (August)).

To accelerate growth in 2H: Babymonster's second world tour is set to pick up in the following quarters. Following engagements in Japan and major Asian cities, the tour should move to Oceania in 2H (14 shows in 3Q, 11 in 4Q) and then to Europe, North America, and South America in 2027.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	545	590	561	607
Operating profit (KRWb)	71	78	74	81
Net profit (adj) (KRWb)	54	68	73	80
EPS (adj) (KRW)	1,974	2,881	3,222	3,544
EPS (adj) growth (% y-y)	99.2	45.9	11.8	10.0
EBITDA margin (%)	15.1	17.2	16.9	16.5
ROE (%)	7.4	10.0	10.2	10.3
P/E (adj) (x)	35.2	13.3	11.9	10.8
P/B (x)	2.5	1.3	1.2	1.1
EV/EBITDA (x)	15.6	6.9	6.9	6.1
Dividend yield (%)	0.4	1.0	1.2	1.2

Source: Company data, Samsung Securities estimates

Samsung Securities

BigBang's (wildly celebrated at the kings of K-pop) long-awaited world tour, "XX: COSMOS," is set to begin in August, marking the band's first tour in nearly nine years and their inaugural stadium tour. With 33 performances planned and venue capacity averaging 59,000 seats, the tour is expected to make a substantial contribution to the firm's 2H results. Treasure should continue activities not only as a group but also through sub-units and solo projects, further demonstrating strong, consistent fan engagement supported by the popularity of its new album (1m sold in 2Q).

Maintaining BUY: The company should add to its artist lineup by debuting a new boy group in 2H26 and a new girl group in 2027. A hike in the scale and scope of activities put on by Treasure and Babymonster are anticipated to strengthen the firm's earnings performance in 2H. However, reflecting on the broader industry valuation compression, we lower our target P/E from 22x to 20x, and revise down out target price to KRW61,000 (based on 20x 12-month forward P/E, the average of its global peers, Bloomberg basis).

Table 1. Quarterly forecasts and consensus

(KRWb)	2Q25	1Q26	2Q26E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	100.4	147.1	105.5	-28.3	5.1	116.2	-9.2
Operating income	8.4	19.4	8.7	-55.2	4.1	11.4	-23.4
Operating margin (%)	8.3	13.2	8.2	-5.0	-0.1	9.8	-1.5
Pre-tax income	13.8	17.8	12.8	-28.2	-7.6	17.0	-24.9
Net profit (controlling)	8.0	4.8	8.2	72.1	2.7	9.8	-15.7

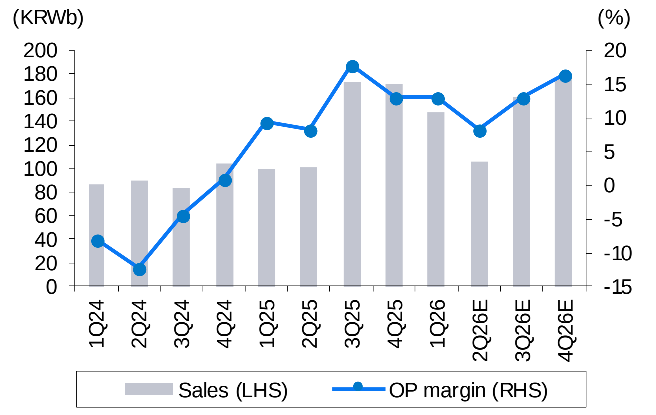
Source: Company data, FnGuide, Samsung Securities

Table 2. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	87.3	90.0	83.5	104.1	100.2	100.4	173.1	171.8	147.1	105.5	160.1	177.3	364.9	545.4	590.0	560.7
Album/DVD	2.9	4.7	2.8	4.9	5.9	2.0	11.8	8.8	25.2	20.7	12.0	15.9	15.3	28.5	73.7	47.2
Digital content	15.8	17.7	14.7	19.1	15.8	19.8	20.2	20.0	19.6	20.1	21.7	22.7	67.3	75.8	84.2	89.8
Merchandising	16.4	16.4	13.9	23.0	26.0	19.2	28.1	24.1	20.5	14.2	33.1	29.8	69.6	97.5	97.6	83.7
Concert	2.0	7.0	3.1	4.9	7.5	8.8	50.8	59.3	30.9	5.2	37.7	34.7	17.0	126.4	108.5	102.7
Ads	10.9	9.2	6.4	8.4	5.1	5.3	9.2	8.6	6.6	6.6	7.4	7.8	34.9	28.2	28.4	30.3
Royalties	11.2	-1.2	10.5	4.8	3.7	9.3	16.3	15.7	11.6	3.9	11.2	27.1	25.4	45.0	53.9	48.2
Guarantee	2.7	2.7	4.4	6.8	2.6	4.1	4.5	1.8	0.9	1.7	3.0	4.2	16.5	13.0	9.8	12.9
Music service	17.0	21.5	19.2	21.0	22.4	22.1	21.2	21.6	20.5	22.7	22.6	22.8	78.6	87.2	88.6	97.8
Commission	8.5	12.1	8.5	11.2	11.1	9.9	11.0	11.8	11.3	10.5	11.4	12.2	40.3	43.7	45.4	48.1
Operating profit	-7.0	-11.0	-3.6	1.0	9.5	8.4	31.1	22.3	19.4	8.7	20.9	29.4	-20.6	71.3	78.4	73.8
Operating margin (%)	-8.0	-12.2	-4.3	1.0	9.5	8.3	18.0	13.0	13.2	8.2	13.0	16.6	-5.6	13.1	13.3	13.2
Non-operating gains (los	10.1	12.5	4.5	22.3	3.1	5.5	4.7	-9.4	-1.6	4.1	7.0	4.9	49.4	3.9	14.4	21.5
Pre-tax profit	3.1	1.5	0.9	23.3	12.7	13.8	35.8	12.9	17.8	12.8	27.9	34.3	28.8	75.2	92.7	95.3
Net profit (controlling)	0.4	-1.9	-0.2	20.3	5.2	8.0	17.0	6.7	4.8	8.2	18.0	22.8	18.5	36.9	53.9	60.2
Chg (% y-y)																
Sales	-44.5	-43.1	-42.0	-4.9	14.7	11.6	107.2	65.1	46.9	5.1	-7.5	3.2	-35.9	49.4	8.2	-5.0
Album/DVD	-80.9	-24.6	-86.3	171.1	104.1	-57.6	321.9	77.7	323.7	944.5	1.6	80.8	-64.9	85.9	158.8	-36.0
Digital content	-16.6	-9.3	-12.1	-8.5	0.2	12.1	37.1	4.8	24.1	1.5	7.5	13.5	-11.5	12.7	11.0	6.7
Merchandising	-4.1	-33.0	-25.9	31.1	59.1	17.1	102.2	5.1	-21.4	-25.8	17.7	23.6	-10.5	40.0	0.2	-14.2
Concert	-95.0	-77.7	-90.7	-23.7	270.5	26.9	1,528.3	1,115.1	313.0	-41.8	-25.8	-41.4	-84.8	644.0	-14.2	-5.3
Ads	-34.8	-39.1	-49.2	-42.0	-53.0	-42.4	43.5	2.9	27.6	23.9	-19.3	-9.2	-40.7	-19.2	0.5	6.8
Royalties	-16.9	nm	221.6	-46.9	-67.2	nm	55.4	225.8	216.1	-57.8	-31.2	72.2	-45.3	77.7	19.6	-10.6
Guarantee	-47.1	-33.2	-1.4	73.1	-3.6	49.5	2.5	-73.0	-65.4	-58.2	-32.8	129.2	-5.3	-21.7	-24.4	31.5
Music service	-21.5	-6.5	-18.8	1.4	31.9	2.7	10.9	2.7	-8.3	2.7	6.3	5.7	-11.6	11.0	1.5	10.4
Commission	-3.6	-11.9	-21.3	-22.2	30.7	-18.6	28.3	5.6	1.8	6.2	4.2	3.5	-15.6	8.4	3.8	6.0
Operating profit	nm	nm	nm	149.6	nm	nm	nm	2,146.0	103.9	4.1	-32.9	31.4	nm	nm	9.8	-5.8
Operating margin (%pts)	-31.2	-30.4	-19.0	0.6	17.5	20.5	22.2	12.0	3.7	-0.1	-4.9	3.6	-20.9	18.7	0.2	-0.1
Non-operating gains (los	91.9	nm	nm	942.2	-69.0	-56.3	4.6	nm	nm	-25.6	49.6	nm	688.9	-92.1	270.1	49.9
Pre-tax profit	-92.5	-94.5	-95.6	817.6	306.1	794.3	3,865.8	-44.4	40.4	-7.6	-22.1	165.1	-69.1	161.0	23.3	2.8
Net profit (controlling)	-98.6	nm	nm	378.1	1,375.6	nm	nm	-66.8	-7.7	2.7	6.0	240.1	-69.8	99.3	45.9	11.8

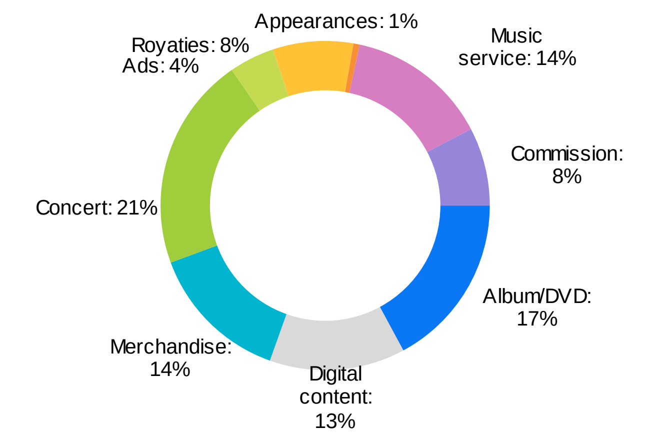
Source: Company data, Samsung Securities

Chart 1. Sales and operating margin



Source: Company data, Samsung Securities

Chart 2. Sales, by division (1Q26)



Source: Company data, Samsung Securities

Table 3. Album sales: 2Q26 vs 2Q25

2Q26				2Q25			
Rank	**Artist**	**Album**	**Sales volume**	**Rank**	**Artist**	**Album**	**Sales volume**
1	Treasure	Total	1,056,066	1	Babymonster	Total	99,186
		4th MINI ALBUM [NEW WAV]	1,013,769			DRIP	50,126
2	Babymonster	Total	805,302	2	Blackpink	Total	16,465
		Choom	526,303			Born Pink	12,206
3	Blackpink	Total	47,951	3	Rose (Blackpink)	Total	6,944
		Deadline	47,951			R	6,944
				4	Treasure	Total	6,598
						[Pleasure]	6,598
				5	BigBang	Total	6,024
						4th EP	6,024
Total			1,909,319		**Total**		135,217

Note: Based on Circle Chart Top 100; Since Blackpink members' solo activities have been managed separately since 2024. Only catalog sales are included
Source: Company data, Circle Chart, Samsung Securities

Table 4. Albums and concerts from 2026

Artist	Album	Release	Category	Sales (units)
Blackpink	Deadline	Feb 27	3rd EP	47,951
Babymonster	Choom	May 04	3rd EP	805,302
Treasure	New Wav	Jun 01	4th EP	1,013,769
Babymonster	Sugar Honey	Jun 08	Digital single	
HyunAyo (Treasure)	NALLY-NA	Jun 22	4th EP track	
BigBang	TBD	Aug	Pre-released single	
BigBang	TBD	3Q26	20th anniversary album	
New Boy group	TBD	Sep		

Artist	Country	Concert/fan meeting	Dates	Cities	Appearances
Babymonster	Asia	(Fan concert) Love Monsters	Jan 2-3	Taipei	2
Yoon (Winner)	Asia	Passsage#2	Jan 3-Mar 15	Korea 4 cities, Japan 2 cities	7
Blackpink	Asia	Deadline	Jan 16-26	Tokyo, Hong Kong	6
Treasure	Asia	Pulse On	Feb 10-Mar 28	Kanagawa, Osaka, Macao, Taipei	6
Treasure	Asia	Pulse On	Apr 18- May 30	Asia 6 cities	7
Treasure	Korea	(Fan concert) The Stage 2026	Jun 19-21	Seoul	3
Babymonster	Korea	Choom	Jun 26-28	Seoul	3
Treasure	Japan	(Fan concert) The Stage 2026	Jul 8-Sep 6	Japan 7 cities	15
Babymonster	Japan	Choom	Jul 8-Sep 23	Asia 8 cities	14
BigBang	Global	Big Show: Reborn	Aug 21-Sep 26	Korea, US, France, UK	8
BigBang	Global	Big Show: Reborn	Oct 10-Dec 27	Asia 5 cities, Japan 4 cities, Sydney	20
Babymonster	Global	Choom	Oct 17-Dec 13	Asia 5 cities, Australia 3 cities	11
BigBang	Global	Big Show: Reborn	Jan 9-Feb 28, 2027	Asia 3 cities	5
Babymonster	Global	Choom	9Jan, 2027	Hong Kong (+add)	1

Note: Album sales volumes are as of Jun 30, 2026; Treasure sales are from the first week only
Source: Company data, Circle Chart Top-100, Samsung Securities

Chart 3. Babymonster world tour 'Choom'

Source: Company data, Samsung Securities

Chart 4. BigBang 20th anniversary world tour teaser

Note: BigBang announced 20th anniversary world tour will begin in August at Coachella
Source: Company data, Samsung Securities

Table 5. BigBang: 2026-2027 world tour <BIG SHOW: REBORN>

Date	City	Appearances	Total seats	Seats (assuming 80% full)
Aug 21-23	Goyang	3	129,000	103,200
Sep 4-Sep 5	Oakland	2	100,000	80,000
Sep 11	East Rutherford	1	82,500	66,000
Sep 19	Paris	1	80,000	64,000
Sep 26	London	1	62,850	50,280
3Q26		**8**	**454,350**	**363,480**
Oct 10-11	Taipei	2	100,000	80,000
Oct 17	Singapore	1	55,000	44,000
Oct 24-25	Hanoi	2	80,384	64,307
Oct 31	Sydney	1	83,500	66,800
Nov 7	Bangkok	1	49,722	39,778
Nov 13-15	Hong Kong	3	150,000	120,000
Nov 27-29	Osaka	3	150,000	120,000
Dec 5-6	Nagoya	2	102,000	81,600
Dec 13-15	Tokyo	3	165,000	132,000
Dec 26-27	Fukuoka	2	95,000	76,000
4Q26		**20**	**1,030,606**	**824,485**
Jan 9, 2027	Kuala Lumpur	1	85,500	68,400
Jan 16, 2027	Jakarta	1	82,000	65,600
Feb 20, 2027	Manila	1	55,000	44,000
Feb 27, 2027-Feb 28, 2027	Kaohsiung	2	110,000	88,000
1Q27		**5**	**332,500**	**266,000**
		More concerts		
		33	**1,817,456**	**1,453,965**

Note: As of 15 Jul; may add more dates
Source: Company data, Samsung Securities

Table 6. Treasure's 2025-2026 plan

Date	Category	Details
Jan 10-May 30	Concert 'Pulse On'	4 concerts (Japan), 9 concerts (Asia 8 cities)
Jun 1	Album	4th EP
Jun 19-Sep 6	Fan concert 'The Stage 2026'	3 concerts (Korea), 17 concerts (Japan 7 cities)
2H26	Album	Solo, Sub-units

Source: Company data, Samsung Securities

Table 7. Treasure World tour <Pulse On>

Month	Dates	City	Appearances	Month	Dates	City	Appearances
October	10-12	Seoul	3	March	6	Macao	1
	25-26	Tokyo	2		28	Taipei	1
November	7-9	Aichi	3	April	18	Manila	1
	14-16	Fukuoka	3		25-26	Jakarta	2
	22-24	Kanagawa	3	May	3	Singapore	1
Jan 2026	10-11	Kanagawa	2		9	Hong Kong	1
February	10-11	Osaka	2		16	Bangkok	1
					30	Kula Lumpur	1

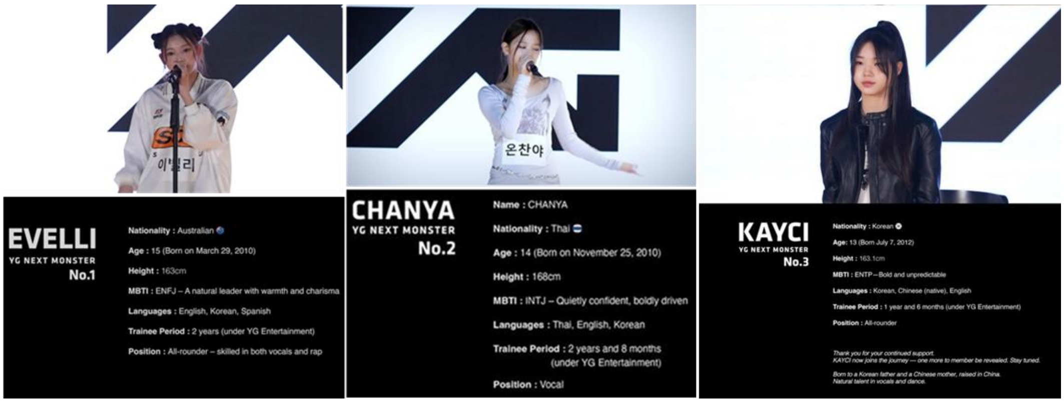
Note: 27 concerts 14 cities
Source: Company data, Samsung Securities

Table 8. Babymonster World tour <Choom>

Month	Dates	City	Appearances	Month	Dates	City	Appearances
June	26-28	Seoul	3	October	17	Jakarta	1
July	8-9	Kobe	2	November	7-8	Bangkok	2
	28-29	Fukuoka	2		14	Kuala Lumpur	1
August	1-2	Yokohama	2		21-22	Taipei	2
	11-12	Chiba	2		28-29	Singapore	2
	16	Nagoya	1	December	8	Auckland	1
September	5	Manila	1		11	Melbourne	1
	11-12	Macao	2		13	Sydney	1
	22-23	Osaka	2	Jan 2027	9	Hong Kong	1

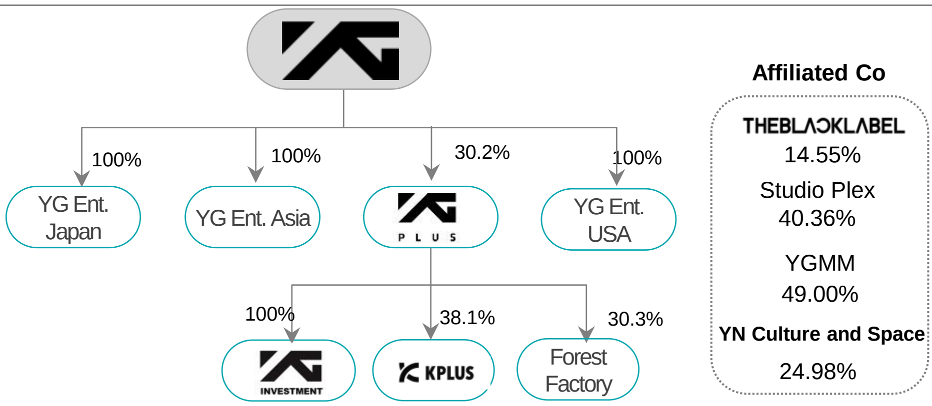
Note: Based on currently announced concerts (29 concerts across 18 cities);
Also expected to announce dates in Europe, North America, and South America
Source: Company data, Samsung Securities

Chart 5. Three members of an upcoming girl group revealed



Note: Member reveal of upcoming four-member rookie girl group (Evelli in May 2025, Chanya in Jun 2025, Kayci in Apr 2026)
Source: Company data, Samsung Securities

Chart 6. Governance structure (as of 2025)



Source: Company data, Samsung Securities

Table 9. Lineup

Group	Member	Debut	Group	Member	Debut	Group	Member	Debut
Jinu-Sean	Sean	1997	**Treasure***	Jaehyuk	Aug 2020	**Babymonster****	Ruka	Apr 2024
Eun Ji-won		1997		Haruto			Pharita	
BigBang	Only group	Aug 2006		Junghwan			Asa	
	(G-dragon, Taeyang, Daesung)			Junkyu			Ahyeon	
Winner	Seungyoon	Aug 2014		Jeongwoo			Haram	
	Jinwoo			Hyunsuk			Rora	
	Seunghoon			Doyoung			Chiquita	
	Mino			Yoshi		**New boy group**	TBD	2026
Blackpink	*Only group	2016		Jihoon		**New girl group**	4 members	2027
	(Jisoo, Jennie, Rose, Lisa)			Asahi				

Note: *Treasure (debuted Aug 7, 2020) announced in Mar 2025 media interview that early contract renewal had been completed;
**Babymonster began activities with digital single *Batter Up* on Nov 27, 2023, but official debut was Apr 1, 2024, when they released an EP as a full 7-member group;
***Akmu announced departure from YG (Dec 2025)
Source: Company data, Samsung Securities

Table 10. Shareholder return policy

Category	Details
Subject	Establish three-year shareholder return policy (2024-2026)
Disclosure date	Feb 29, 2024
Purpose	Shareholder value enhancement
Method	Dividends
Policy	Annual dividend payout ratio of 10-20% of net income; reflecting business conditions and market environment
Policy period	Three years (2024-2026)

Source: Company data, Samsung Securities

Table 11. YG Plus: Consolidated results

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Chg (% q-q)	Chg (% y-y)	2023	2024	2025
Sales	41.5	48.1	41.0	54.4	59.0	48.3	69.9	58.8	53.5	-9.1	-9.4	223.6	184.9	236.0
Operating profit	-2.0	0.4	-1.1	2.0	8.7	4.2	14.1	5.4	5.3	-1.6	-39.5	21.2	-0.7	32.3
Pre-tax profit	0.3	3.2	-0.7	1.3	7.9	5.4	14.7	0.9	8.2	784.6	2.6	25.0	4.1	28.9
Net profit	-0.1	2.2	-1.0	0.9	7.0	4.5	10.5	1.7	7.0	320.2	0.2	22.3	2.0	23.6

Source: Dart, Samsung Securities

Table 1. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
			Chg (%)			
Sales	582.5	590.0	1.3	567.4	560.7	-1.2
Operating profit	79.7	78.4	-1.6	75.0	73.8	-1.6
Operating margin (%, %pts)	13.7	13.3	-0.4	13.2	13.2	-0.1
Pre-tax profit	97.8	92.7	-5.2	98.9	95.3	-3.6
Net profit (controlling)	57.2	53.9	-5.8	62.6	60.2	-3.8

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**365**	**545**	**590**	**561**	**607**
Cost of goods sold	265	359	398	378	415
Gross profit	**99**	**187**	**192**	**182**	**192**
Gross margin (%)	27.3	34.2	32.6	32.5	31.6
SG&A expenses	118	134	115	109	111
Operating profit	**-21**	**71**	**78**	**74**	**81**
Operating margin (%)	-5.6	13.1	13.3	13.2	13.4
Non-operating gains (losses)	**49**	**4**	**14**	**22**	**23**
Financial profit	19	18	19	18	19
Financial costs	4	11	11	4	4
Equity-method gains (losses)	23	0	3	3	4
Other	12	-3	4	4	4
Pre-tax profit	**29**	**75**	**93**	**95**	**105**
Taxes	9	21	25	23	25
Effective tax rate (%)	30.5	28.6	26.4	23.7	23.7
Profit from continuing operations	20	54	68	73	80
Profit from discontinued operations	0	0	0	0	0
Net profit	**20**	**54**	**68**	**73**	**80**
Net margin (%)	5.5	9.9	11.6	13.0	13.1
Net profit (controlling interests)	19	37	54	60	66
Net profit (non-controlling interests)	2	17	14	13	14
EBITDA	11	82	102	95	100
EBITDA margin (%)	3.1	15.1	17.2	16.9	16.5
EPS (parent-based) (KRW)	991	1,974	2,881	3,222	3,544
EPS (consolidated) (KRW)	1,072	2,875	3,650	3,891	4,271
Adjusted EPS (KRW)*	991	1,974	2,881	3,222	3,544

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**303**	**446**	**494**	**566**	**630**
Cash & equivalents	87	168	181	245	297
Accounts receivable	69	92	105	105	110
Inventories	10	21	21	21	23
Other current assets	137	165	187	195	201
Fixed assets	**431**	**393**	**411**	**403**	**413**
Investment assets	183	163	187	184	194
Tangible assets	188	175	176	176	178
Intangible assets	47	35	24	17	13
Other long-term assets	13	19	23	25	28
Total assets	**734**	**839**	**905**	**969**	**1,043**
Current liabilities	**110**	**171**	**173**	**172**	**174**
Accounts payable	35	34	39	38	36
Short-term debt	0	0	0	0	0
Other current liabilities	76	137	134	134	138
Long-term liabilities	**21**	**17**	**17**	**17**	**17**
Bonds & long-term debt	7	6	6	6	6
Other long-term liabilities	13	11	11	11	11
Total liabilities	**131**	**188**	**190**	**189**	**191**
Owners of parent equity	**483**	**514**	**563**	**616**	**674**
Capital stock	10	10	10	10	10
Capital surplus	227	227	227	227	227
Retained earnings	229	258	307	360	417
Other	18	19	20	20	20
Non-controlling interests' equity	**120**	**137**	**152**	**164**	**178**
Total equity	**603**	**651**	**715**	**780**	**852**
Net debt	-65	-152	-166	-230	-282

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**0**	**91**	**75**	**91**	**89**
Net profit	20	54	68	73	80
Non-cash profit and expenses	10	37	41	35	33
Depreciation	15	14	14	14	14
Amortization	15	16	11	7	4
Other	-20	7	17	14	14
Changes in A/L from operating activities	-20	11	-17	-2	-10
Cash flow from investments	**1**	**3**	**-28**	**-15**	**-21**
Change in tangible assets	-5	-5	-15	-14	-16
Change in financial assets	-5	7	-10	1	-2
Other	10	1	-4	-2	-3
Cash flow from financing	**-12**	**-12**	**-6**	**-8**	**-8**
Change in debt	6	-6	-0	-0	0
Change in equity	0	0	0	0	0
Dividends	-6	-5	-6	-7	-8
Other	-13	-1	0	0	0
Change in cash	-10	82	13	64	52
Cash at beginning of year	97	87	168	181	245
Cash at end of year	87	168	181	245	297
Gross cash flow	**30**	**91**	**110**	**107**	**113**
Free cash flow	**-7**	**85**	**60**	**77**	**73**

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	-35.9	49.4	8.2	-5.0	8.3
Operating profit	nm	nm	9.8	-5.8	10.1
Net profit	-74.0	168.3	26.9	6.6	9.8
Adjusted EPS**	-69.8	99.2	45.9	11.8	10.0
Per-share data (KRW)					
EPS (parent-based)	991	1,974	2,881	3,222	3,544
EPS (consolidated)	1,072	2,875	3,650	3,891	4,271
Adjusted EPS**	991	1,974	2,881	3,222	3,544
BVPS	26,050	27,689	30,374	33,221	36,342
DPS (common)	250	300	400	450	450
Valuations (x)					
P/E***	46.2	35.2	13.3	11.9	10.8
P/B***	1.8	2.5	1.3	1.2	1.1
EV/EBITDA	80.3	15.6	6.9	6.9	6.1
Ratios (%)					
ROE	3.9	7.4	10.0	10.2	10.3
ROA	2.7	6.8	7.8	7.8	7.9
ROIC	-6.3	22.9	27.7	26.9	29.4
Payout ratio	25.0	15.1	13.8	13.9	12.6
Dividend yield (common)	0.5	0.4	1.0	1.2	1.2
Net debt to equity	-10.8	-23.4	-23.3	-29.5	-33.1
Interest coverage (x)	-27.2	125.4	163.9	157.3	172.5

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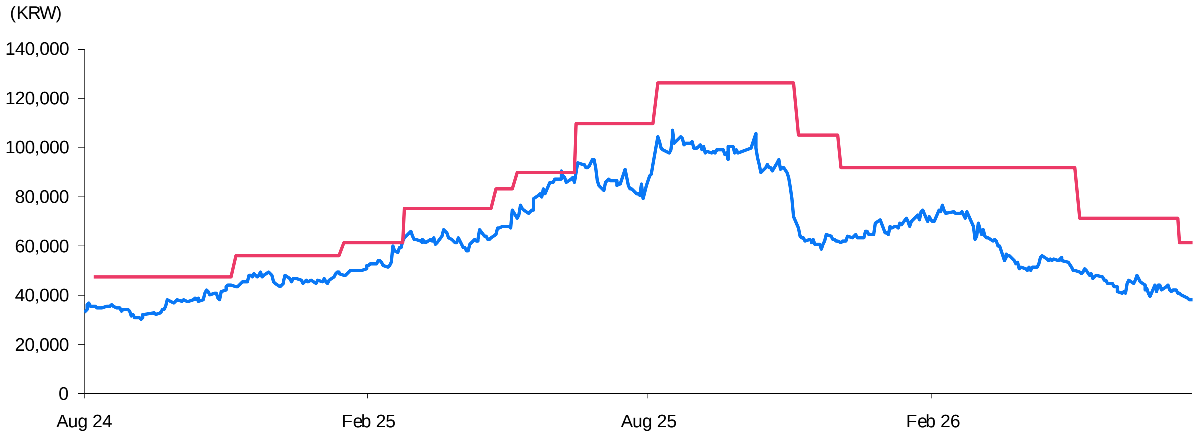
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/17	8/12	11/11	2025/1/20	2/28	4/28	5/12	6/19	8/11	11/10	12/8	2026/5/11
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	56000	47000	56000	61000	75000	83000	90000	110000	126000	105000	92000	71000
Gap* (average)	-25.77	-22.33	-16.95	-12.45	-16.69	-17.33	-9.40	-20.56	-23.06	-40.76	-31.51	-37.34
(max or min)**	-15.89	-5.96	-11.96	1.31	-10.93	-10.36	0.33	-13.45	-14.76	-38.19	-16.85	-28.59

Date	7/15
Recommendation	BUY
Target price (KRW)	61000
Gap* (average)	
(max or min)**	

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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Industry

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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%)

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