SECTOR UPDATE

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Tech Team

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▶ **AT A GLANCE**

SK Telecom (017670 KS, 99,700)		
Target price	KRW115,000	15.3%
BUY		
KT (030200 KS, 53,900)		
Target price	KRW73,000	35.4%
BUY		
LG Uplus (032640 KS, 14,710)		
Target price	KRW21,000	42.8%
BUY		

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Telecom Services

(OVERWEIGHT)

Finding a new growth avenue in AI infrastructure

- Telcos are leveraging their expertise in networks, power, cooling, and site operations to expand into AI data centers as a new growth engine.
- We believe SK Telecom's (SKT) 2Q results came in at the high end of market estimates in 2Q, while KT's missed and LG Uplus's broadly met consensus.
- SKT remains our top pick.

WHAT'S THE STORY?

Pivoting toward AI data centers: Korea's three major telcos are repositioning themselves for the AI infrastructure era, with each identifying AI data centers as a core growth driver and announcing major investment plans. Facing structural constraints from domestic market saturation and stagnant traditional wireless and fixed-line services, telcos are turning to AI data centers as a natural strategic extension. Their expertise in data center operations, power management, cooling, and site operations gives them a strong competitive position. Each is pursuing a distinct strategy: SKT is leveraging its group-wide ecosystem by integrating the energy and cooling capabilities of its affiliates; KT is focusing on a distributed central-edge architecture and expanding undersea cable connectivity; and LG Uplus is pursuing integrated operations through "One LG" cross-affiliate collaboration. While their strategic targets represent long-term roadmaps rather than near-term financial guidance, the direction is clear: these investments signal a structural shift from legacy telecom services toward an AI infrastructure-focused business model. Execution speed and capex trends are key metrics to monitor, but this repositioning is already reshaping long-term valuation narratives. We see the transition as a meaningful catalyst for sustained multiple expansion over the longer term.

2Q preview: Last year's 2Q was marked by industry-wide disruption following the cyberattack on SK Telecom (SKT), from which several peers benefited indirectly. We believe 2Q will mark the start of a sustained earnings recovery for SKT, with a low base following weak profitability driving strong y-y profit growth. Supported by robust earnings growth at SK Broadband, particularly in its data center business, SKT likely came in at the high end of market forecasts. KT likely missed expectations, as mobile service revenue was probably flat q-q due to the "customer appreciation" program it ran from February through July, which prompted some subscribers to downgrade their plans. We believe LG Uplus broadly met consensus, supported by stable mobile revenue and continued growth in its AI data center business on stronger colocation demand, driving profit improvement.

(Continued on the next page)

Top pick: We maintain OVERWEIGHT on the telecom services sector, which offers a compelling combination of: 1) downside protection through stable dividends and shareholder returns; and 2) upside from AI infrastructure-driven growth. Telcos' fundamentals and cash-generating capabilities remain solid. SKT remains our top pick among the carriers, as we forecast that it will deliver the strongest earnings growth in 2026, with tangible benefits emerging from group-wide AI infrastructure synergies. The potential revaluation of its strategic equity stakes, including its investment in Anthropic, could also provide further upside.

From telecom to AI infrastructure

Telecom operators reinventing themselves as AI infrastructure providers

As telecom operators advance their AI transition initiatives, they are increasingly turning to AI data centers as they rush to offset stagnation in traditional telecom services and develop new growth engines. With wireless ARPU flat or growing only modestly, surging demand for GPU-based computing infrastructure—driven by generative AI—has created a natural opportunity for telcos, given their expertise in data center operations, power management, cooling, and site operations.

Government policy is accelerating this shift. Korea's goal of becoming a "top-three AI powerhouse," together with its regional development agenda, has created a favorable policy environment and encouraged carriers to fast-track investments. SKT has unveiled a roadmap to develop 15 GW of AI data center capacity, with the aim of making Korea Asia's preeminent AI infrastructure hub. KT has set out its vision of becoming an "AX platform company" (where "AX" stands for "AI transition"), pledging KRW18t in investment. LG Uplus plans to expand its AI data center capacity to 600 MW by 2030, anchored by its hyperscale facility under construction in Paju.

Korea's geographic and industrial advantages further strengthen its appeal. The country offers stable, high-capacity power from nuclear and LNG sources, global leadership in high-bandwidth memory (HBM) production, and decades of experience operating GW-scale infrastructure through its semiconductor fabs. These strengths make it an attractive destination for global tech giants expanding their Asian data center footprints.

SKT is partnering with AWS and Nvidia to build a hyperscale AI data center in Ulsan, while KT is expanding its undersea cable capacity to attract cross-border AI traffic and global investment. These are not isolated projects but strategic investments aimed at positioning Korea as the central node in Asia's AI infrastructure network.

Ultimately, mobile carriers are leveraging their core capabilities in network infrastructure, power management, and site operations to expand into AI infrastructure. Their goal is to transform mature, slow-growth telecom businesses into high-potential, long-term growth platforms anchored in AI infrastructure—a shift reflected in their recent announcements of massive investments in AI data centers.

AI data center development and growth strategy, by carrier

SKT: 15 GW roadmap to establish an AI infrastructure hub in Asia

SK Group has unveiled a phased roadmap to build up to 15 GW of AI data center capacity by 2035, with SKT leading execution. The plan calls for 5 GW by 2029, followed by an additional 10 GW through 2035, subject to market demand.

Phase 1 (by 2029): The first phase begins with the construction of a hyperscale AI data center in Ulsan in partnership with AWS, with commercial operations targeted for 2H27. The facility should anchor a broader regional cluster in Gyeongsang-do with more than 2 GW of capacity. A further 1 GW is planned for Jeollanam-do, bringing total domestic capacity to 5 GW by 2029.

Phase 2 (by 2035): Subject to demand and investment conditions, SKT plans to expand total capacity to 15 GW by 2035.

Separately, SKT and Nvidia plan to co-develop a next-generation AI data center, dubbed the "AI Factory," with operations targeted to begin in 2027.

Disclosure on long-term data center development plan

Category	Details
Future plan	Initiative for long-term development of AI data centers
Objective	To respond to growing demand for AI data centers
Key details	1) Evaluate phased implementation of 15 GW of AI data centers (AIDCs) over the medium-to-long term 2) Phase 1: Target gradual launch a 5 GW of AIDCs, starting in 2029 3) Subject to Phase 1 progress and market demand, plan to add a further 10 GW by 2035
Funding source	Exploring funding options through strategic partnerships with global Big Tech and overseas capital, utilizing diverse investment structures
Investment scale	To be determined based on timing of implementation, investment structure, and terms
Expected impact	Capture new business opportunities by meeting rising demand for AI infrastructure

Note: *Future Business Strategy* (Jun 29, 2026)
Source: Dart, Samsung Securities, company data

KT: Transformation into an "AX platform company"

KT has announced a comprehensive KRW18t investment plan over the next five years to reposition itself as an "AX platform company" (where "AX" stands for "AI transition") integrating AI data centers, next-generation networks, cybersecurity, and undersea cable infrastructure into a unified digital ecosystem.

KT plans to invest KRW5t to deploy 1 GW of AI data center capacity within five years, focusing on a hybrid architecture that links centralized AI data centers with edge facilities near industrial sites. This distributed model is designed to support low-latency workloads in physical AI, autonomous driving, smart manufacturing, and healthcare.

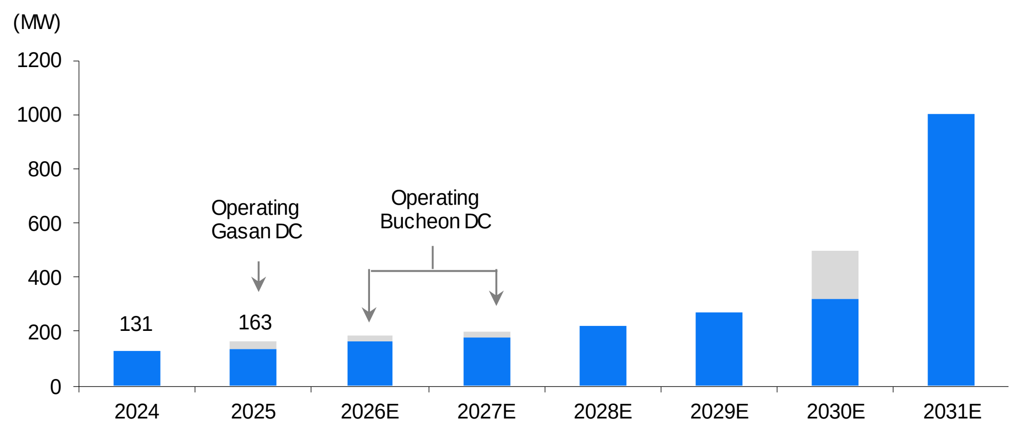
Over the next three years, KT plans to allocate KRW8t to strengthen its network infrastructure, including next-generation network technologies, satellite communications, data center interconnectivity, and 6G. It also plans to invest KRW1t over five years to expand undersea cable capacity to 90 Tbps, enabling its network to handle rising cross-border AI traffic.

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 2) KRW6t for AX infrastructure 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

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 given in *Future Business and Management Plan* (Jun 2026)
Source: Company data, Samsung Securities

LG Uplus: Aiming to become an "AI Factory operator" centered on its Paju AI data center

LG Uplus is constructing a hyperscale AI data center (AIDC) in Paju, Gyeonggi-do—the only such facility in the Seoul metropolitan area with 200 MW of secured power capacity—spanning approximately 15,000 square meters. The first phase, scheduled for completion in June next year, is already fully contracted, with operations expected to begin in 2H27.

LG Uplus summarizes its core strategy as “The Ace on Trust” and “ONE LG.” It aims to deliver rapid deployment, large-scale power capacity, scalability, and cooling efficiency, underpinned by operational reliability.

The company is pursuing the initiative in collaboration with other LG Group affiliates under the “ONE LG” framework. LG Electronics is co-developing liquid-cooling equipment and pre-cooling chillers, while LG Energy Solution is supplying UPS battery systems.

The Paju AIDC will be Korea’s first to simultaneously support air and liquid cooling through a hybrid architecture. Initial results indicate significantly better energy efficiency than conventional air-cooled systems.

LG Uplus plans to expand its AIDC capacity to more than 600 MW by 2030, targeting KRW5t in cumulative contract orders and annual revenue growth of 15-20%. It is shifting from a simple space-leasing model toward becoming an “AI Factory operator,” providing end-to-end management of GPUs, power, and cooling.

Hyperscale Paju AI data center (scheduled to open in 2H27)

Source: Company data, Samsung Securities estimates

Announcement of “The Ace on Trust” strategy: Becoming an “AI factory” operator

Source: Company data, Samsung Securities estimates

Big-3 telcos: Status of data center operations

KT, SK Telecom, LG Uplus: Data centers

Category	KT (KT Cloud)		SK Telecom (SK Broadband)		LG Uplus	
	Location	Note	Location	Note	Location	Note
Seoul / Seoul metropolitan area	Bundang		Seocho		Nonhyeon	
	Gangnam		Ilsan1		Seocho 1	
	Mokdong 1		Bundang1		Seocho 2	
	Yeouido		Gasan		Gasan	
	Mokdong 2		Ilsan2		Sangam	
	Yongsan		Bundang2		Pyeongchon 1	
	Namguro		Yangju		Pyeongchon 2	
	Baeksuk		Pangyo	Acquired from SK AX (2025)	Paju	Scheduled to launch in 2027
	Gasan	Launched Nov 5, 2025	Guro	Scheduled to launch in 2030		
	Bucheon	Scheduled to launch in 2026				
Provinces	Cheonan		Busan		Daegu	
	Gimhae		Ulsan	Scheduled to launch in 2027 (Phase 1), and 2029 (Phase 2)	Busan	
	Daejeon				Daejeon	
	Cheonan				Gwangju	
	Cheongju				Jeonju	
	Busan					
	Yecheon	Launched in Jun 2025				

Source: Company data

Distinguishing AI data centers from traditional data centers

AI data centers are not merely larger versions of traditional facilities; they represent a fundamental shift in infrastructure strategy, with physical constraints—including power availability, cooling efficiency, and site selection—becoming critical competitive differentiators. Major telecom operators are therefore leveraging their broader corporate ecosystems to compete effectively.

SKT is integrating the energy and cooling expertise of SK Gas and SK Innovation to provide an end-to-end infrastructure solution. LG Uplus is drawing on LG Electronics' advanced cooling systems and LG Energy Solution's battery technologies to enhance reliability. KT, meanwhile, is differentiating itself through a distributed central-edge architecture and expanded undersea cable capacity, strengthening its international connectivity.

General data centers vs AI data centers

AI data centers	Category	General data centers
Deep learning training, inference, NLP, image/video recognition	Purpose	Webhosting, enterprise application, database and cloud
Optimized for large-scale data analysis and AI workloads	Use case	Business system and general computing
Relies on GPUs and AI accelerators; requires high-performance servers	Hardware	CPU-based servers; standard networking
Liquid or immersion cooling for high-heat GPUs (40-100 kW per rack)	Cooling	Primarily air cooling (10-12 kW per rack)
20-40+ kW per rack due to GPU demand	Power	5-10 kW per rack

Source: Company data, Samsung Securities

Big-3 telcos: 2Q preview

SK Telecom (BUY, TP: KRW115,000)

To come in at the high end of market estimates

We now expect SK Telecom's 2Q results to show consolidated sales of KRW4.41t (up 1.7% y-y) and operating profit of KRW553.2b (up 63.5% y-y), the latter in line with the upper end of market forecasts. The sharp y-y increase in operating profit should largely reflect the low base created by the 2Q25 cyber incident, which resulted in subscriber losses, free SIM card replacements, and agent compensation costs of roughly KRW200b. Subsidiary SK Broadband likely saw profitability improve, supported by continued growth in IPTV and ultra-high-speed internet subscribers, ongoing contributions from the Pangyo data center (fully reflected since 3Q25), and higher utilization at existing facilities. The subsidiary's quarterly operating profit is likely to remain at around KRW100b going forward.

KT (BUY, TP: KRW 73,000)

To miss consensus

We now expect KT's 2Q results to show consolidated sales of KRW6.8t (down 8.5% y-y) and operating profit of KRW576.8b (down 43.2% y-y), the latter missing consensus of KRW631.5b. 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. 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 widely 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.

LG Uplus (BUY, TP: KRW 21,000)

To meet consensus

We expect LG Uplus to report 2Q consolidated revenue of KRW3.9t (up 1.6% y-y) and operating profit of KRW315.1b (up 3.5% y-y and meeting consensus of KRW307b). Mobile revenue likely remained broadly stable, although growth slowed against the high base created by a rival's USIM data breach last year. In corporate infrastructure, AI data center revenue likely rose 24% y-y on stronger colocation demand, supporting earnings momentum. Operating profit likely increased y-y, aided by improved handset margins (which helped offset marketing expense growth) and cost-control measures (including labor cost reductions).

2Q preview

(KRWb)	2Q25	1Q26	2Q26E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
SK Telecom							
Sales	4,338.8	4,392.3	4,413.1	0.5	1.7	4,406.6	0.1
Operating income	338.3	537.6	553.2	2.9	63.5	537.6	2.9
Operating margin (%)	*7.8*	*12.2*	*12.5*	*0.3*	*4.7*	*12.2*	*0.3*
Pre-tax income	240.4	465.6	503.7	8.2	109.5	472.4	6.6
Net profit (controlling)	89.6	322.4	388.0	20.4	332.9	368.9	5.2
KT							
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
LG Uplus							
Sales	3,844.4	3,803.8	3,907.3	2.7	1.6	3,901.1	0.2
Operating income	304.5	272.3	315.1	15.7	3.5	307.0	2.6
Operating margin (%)	*7.9*	*7.2*	*8.1*	*0.9*	*0.1*	*7.9*	*0.2*
Pre-tax income	272.3	222.5	269.7	21.2	-0.9	269.3	0.2
Net profit (controlling)	219.5	176.9	220.9	24.8	0.6	204.7	7.9

Source: Company data, FnGuide, Samsung Securities

COMPANY UPDATE

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AT A GLANCE

BUY

Target price	KRW115,000	22.2%
Current price	**KRW94,100**	
Market cap	KRW20.2t/USD13.6b	
Shares (float)	214,790,053 (68.6%)	
52-week high/low	KRW125,200/KRW52,100	
Avg daily trading value (60-day)	KRW145.7b/ USD98.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SK Telecom (%)	-0.1	52.5	66.5
Vs Kospi (%pts)	33.9	11.1	-22.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	115,000	115,000	0.0%
2026E EPS	6,116	6,047	1.1%
2027E EPS	6,577	6,505	1.1%

SAMSUNG vs THE STREET

No of estimates	18
Target price	117,444
Recommendation	3.8

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

Samsung Securities

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SK Telecom (017670)

Becoming an architect of AI infrastructure

- We now expect SK Telecom (SKT) to report a 2Q operating profit that meets the upper end of market estimates, supported by continued earnings growth at subsidiary SK Broadband.
- SKT has unveiled an AI data center development roadmap, positioning itself as an architect of AI infrastructure. A valuation rerating also appears plausible, supported by further potential appreciation in the value of its stake in Anthropic.

WHAT'S THE STORY?

2Q preview—Operating profit to reach upper end of market forecasts: We now expect SK Telecom's (SKT) 2Q results to show consolidated sales of KRW4.413t (up 1.7% y-y) and operating profit of KRW553.2b (up 63.5% y-y), the latter in line with the upper end of market forecasts. The sharp y-y increase in operating profit should largely reflect the low base created by the 2Q25 cyber incident, which resulted in subscriber losses, free SIM card replacements, and agent compensation costs of roughly KRW200b. Subsidiary SK Broadband likely saw profitability improve, supported by continued growth in IPTV and ultra-high-speed internet subscribers, ongoing contributions from the Pangyo data center (fully reflected since 3Q25), and higher utilization at existing facilities. The subsidiary's quarterly operating profit is likely to remain at around KRW100b going forward.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	17,099	17,810	18,221	18,703
Operating profit	1,073	1,917	2,042	2,223
Net profit (adj)	375	1,274	1,369	1,501
EPS (adj) (KRW)	1,901	6,116	6,577	7,206
EPS (adj) growth (% y-y)	-67.3	221.6	7.5	9.6
EBITDA margin (%)	27.3	31.3	31.9	32.7
ROE (%)	3.3	9.4	9.1	9.5
P/E (adj) (x)	28.1	15.4	14.3	13.1
P/B (x)	0.9	1.3	1.3	1.2
EV/EBITDA (x)	4.4	5.0	4.8	4.5
Dividend yield (%)	3.1	3.8	3.8	4.1

Source: Company data, Samsung Securities estimates

AI data center expansion roadmap: In its long-term business and management plan, SKT outlined a longer-term strategy to expand its AI data center capacity in response to growing demand (see Table 6). Under a group-wide initiative, SKT and SK Broadband should accelerate data center development to speed up AI infrastructure expansion. Beginning with the Ulsan AI Data Center, whose first phase is scheduled to launch by end-2027, the company plans to progressively open AI data centers with a combined capacity of 5 GW from 2029, increasing to as much as 15 GW by 2035. This should strengthen its competitive position in AI infrastructure.

Maintaining BUY: Leveraging its full-stack AI infrastructure capabilities, SKT is expanding its role as a key architect and lead operator in the AI era. The company should translate its decades of network operations expertise and infrastructure know-how into core competitive advantages that support long-term growth. With the impact of the cyber incident now largely behind it, SKT should enjoy a clear earnings turnaround in 2Q and onward. Meanwhile, further upside in the value of its Anthropic stake could also drive a rerating of the company's overall valuation.

Table 1. Quarterly results and consensus

(KRWb)	2Q25	1Q26	2Q26E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff. (%)
Sales	4,338.8	4,392.3	4,413.1	0.5	1.7	4,406.6	0.1
Operating profit	338.3	537.6	553.2	2.9	63.5	537.6	2.9
Operating margin (%)	7.8	12.2	12.5	0.3	4.7	12.2	0.3
Pre-tax profit	240.4	465.6	503.7	8.2	109.5	472.4	6.6
Net profit (controlling)	89.6	322.4	388.0	20.4	332.9	368.9	5.2

Source: Company data, FnGuide, Samsung Securities

Table 2. Consolidated results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**4,474.6**	**4,422.4**	**4,532.1**	**4,511.5**	**4,453.7**	**4,338.8**	**3,978.1**	**4,328.7**	**4,392.3**	**4,413.1**	**4,485.2**	**4,519.6**	**17,099.2**	**17,810.3**	**18,221.3**
Parent	3,188.7	3,191.5	3,203.2	3,190.6	3,167.5	3,135.1	2,664.7	3,083.7	3,105.8	3,145.3	3,170.6	3,224.8	12,051.1	12,646.6	12,836.6
Operating costs	3,976.1	3,884.9	3,998.9	4,257.4	3,886.3	4,000.5	3,929.6	4,209.5	3,854.7	3,859.9	3,962.7	4,216.2	16,026.0	15,893.6	16,179.3
Labor	660.6	624.0	639.4	801.8	671.6	594.2	605.3	840.1	634.3	613.4	621.0	793.1	2,711.3	2,661.7	2,747.9
Marketing (parent)	719.5	715.5	726.2	747.4	691.7	725.1	719.4	763.5	740.8	742.1	730.5	777.2	2,899.7	2,990.6	3,067.5
Depreciation	930.1	916.9	920.6	927.0	897.5	894.4	897.7	900.6	878.6	877.6	891.4	893.3	3,590.2	3,541.1	3,503.8
Operating profit	**498.5**	**537.5**	**533.3**	**254.1**	**567.4**	**338.3**	**48.4**	**119.1**	**537.6**	**553.2**	**522.5**	**303.4**	**1,073.2**	**1,916.7**	**2,042.0**
Operating margin (%)	11.1	12.2	11.8	5.6	12.7	7.8	1.2	2.8	12.2	12.5	11.7	6.7	6.3	10.8	11.2
Pre-tax profit	440.7	478.2	364.7	478.1	507.9	240.4	-163.9	137.8	465.6	503.7	451.9	287.6	722.3	1,708.7	1,834.3
Net profit (controlling)	**353.0**	**337.4**	**268.9**	**290.9**	**364.4**	**89.6**	**-158.2**	**112.5**	**322.4**	**388.0**	**391.7**	**211.4**	**408.4**	**1,313.6**	**1,412.7**
Chg (% y-y)															
Sales	**2.3**	**2.7**	**2.9**	**-0.3**	**-0.5**	**-1.9**	**-12.2**	**-4.1**	**-1.4**	**1.7**	**12.7**	**4.4**	**-4.7**	**4.2**	**2.3**
Parent	2.3	2.3	1.7	-0.4	-0.7	-1.8	-16.8	-3.3	-1.9	0.3	19.0	4.6	-5.7	4.9	1.5
Operating costs	2.5	1.1	2.4	0.6	-2.3	3.0	-1.7	-1.1	-0.8	-3.5	0.8	0.2	-0.6	-0.8	1.8
Labor	7.0	5.6	4.1	20.5	1.7	-4.8	-5.3	4.8	-5.6	3.2	2.6	-5.6	-0.5	-1.8	3.2
Marketing (parent)	-4.9	-5.1	-3.0	-4.9	-3.9	1.3	-0.9	2.1	7.1	2.3	1.5	1.8	-0.3	3.1	2.6
Depreciation	-0.3	-3.4	-0.8	-1.4	-3.5	-2.5	-2.5	-2.9	-2.1	-1.9	-0.7	-0.8	-2.8	-1.4	-1.1
Operating profit	**0.8**	**16.0**	**7.1**	**-14.4**	**13.8**	**-37.1**	**-90.9**	**-53.1**	**-5.3**	**63.5**	**978.8**	**154.7**	**-41.1**	**78.6**	**6.5**
Operating margin (%pts y-y)	-0.2	1.4	0.5	-0.9	1.6	-4.4	-10.5	-2.9	-0.5	4.7	10.4	4.0	-3.9	4.5	0.4
Pre-tax profit	4.7	6.3	-8.8	119.9	15.2	-49.7	nm	-71.2	-8.3	109.5	nm	108.6	-59.0	136.6	7.3
Net profit (controlling)	**21.5**	**2.5**	**-9.7**	**65.3**	**3.2**	**-73.4**	**nm**	**-61.3**	**-11.5**	**332.9**	**nm**	**87.9**	**-67.3**	**221.6**	**7.5**

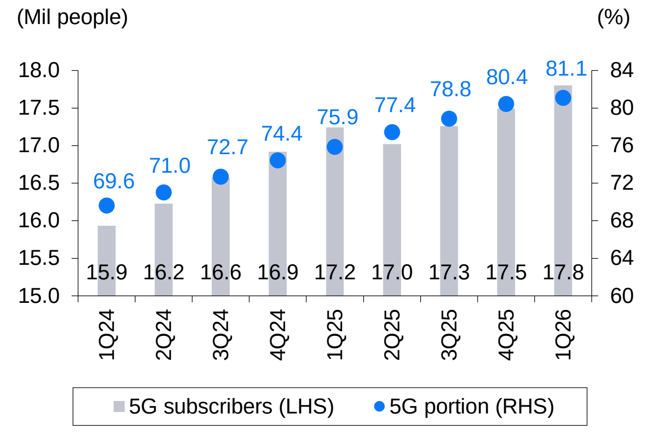
Source: Company data, Samsung Securities

Table 3. Key operating metrics and forecasts

('000 people)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Mobile subscribers*	**33,884**	**34,147**	**34,228**	**34,276**	**34,376**	**33,939**	**33,426**	**33,452**	**33,473**	**33,601**	**33,649**	**33,687**	**33,452**	**33,687**	**33,930**
Net additions (q-q)	225	263	81	48	101	-437	-513	26	21	129	48	38	-824	235	243
LTE	6,918	6,598	6,264	5,892	5,601	5,079	4,932	4,637	4,568	4,357	4,203	4,049	4,637	4,049	3,545
5G	15,932	16,226	16,577	16,917	17,242	17,022	17,260	17,492	17,800	17,945	18,111	18,207	17,492	18,207	18,840
Fixed-line service subscribers	**16,578**	**16,651**	**16,729**	**16,765**	**16,815**	**16,666**	**16,655**	**16,688**	**16,763**	**16,782**	**16,799**	**16,819**	**16,688**	**16,819**	**16,939**
Broadband	6,990	7,048	7,113	7,156	7,215	7,173	7,196	7,238	7,311	7,317	7,323	7,332	7,238	7,332	7,409
IPTV	9,588	9,603	9,616	9,608	9,600	9,494	9,459	9,450	9,452	9,464	9,476	9,487	9,450	9,487	9,530
Mobile ARPU (KRW)	**29,239**	**29,298**	**29,389**	**29,495**	**29,202**	**29,204**	**24,125**	**28,848**	**29,261**	**29,480**	**29,363**	**28,745**	**27,845**	**29,212**	**29,220**
Chg (% q-q)	-1.1	0.2	0.3	0.4	-1.0	0.0	-17.4	19.6	1.4	0.7	-0.4	-2.1	-5.1	4.9	0.0

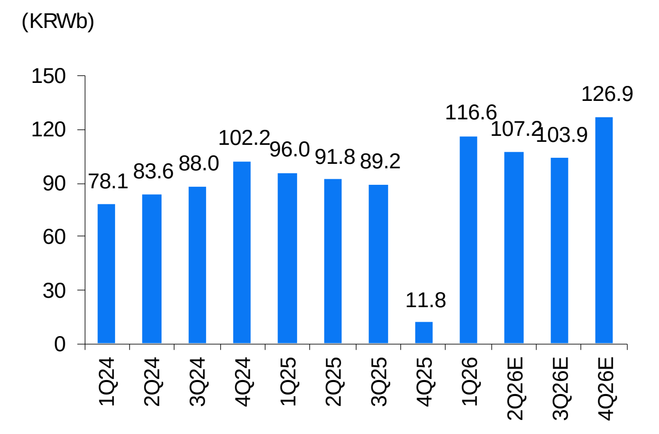
Note: *Mobile subscriber data from 3Q23 reflects changed standards
Source: Company data, Samsung Securities

Chart 1. 5G subscribers: Absolute and as portion of total



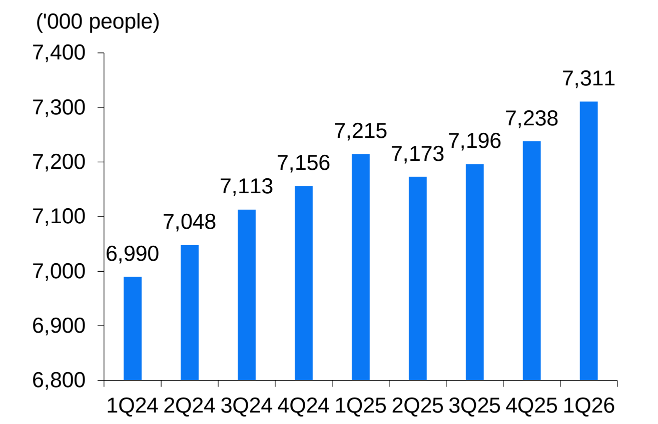
Source: Company data, Samsung Securities

Chart 2. SK Broadband: Operating profit



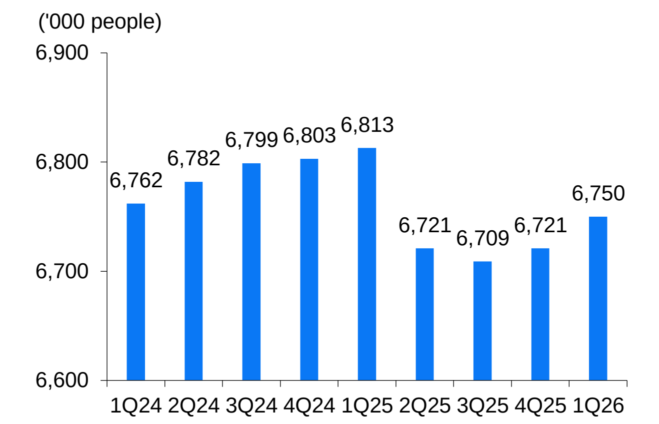
Source: Company data, Samsung Securities

Chart 3. Number of broadband subscribers



Source: Company data, Samsung Securities

Chart 4. Number of IPTV subscribers



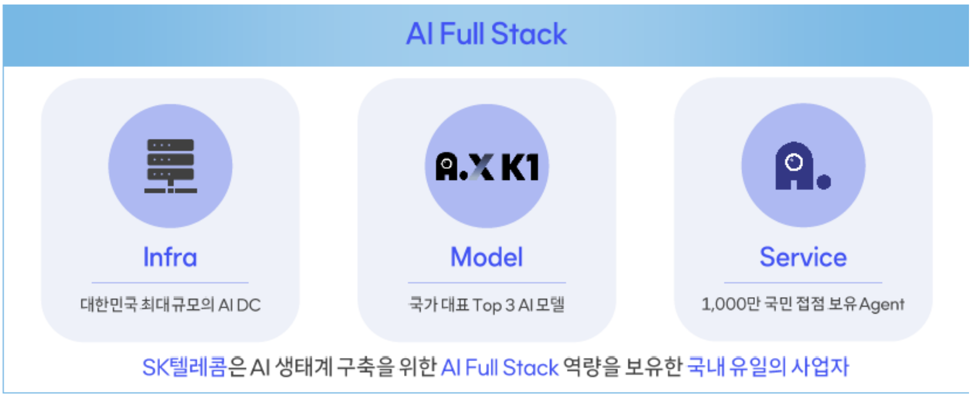
Source: Company data, Samsung Securities

Table 4. SK Telecom: Investments in AI companies

Company	Business	Investment amount	Investment date	AI intra				AIX	AI Service
				AI DC	AI Chip	Edge AI	Telco LLM		
Konan Technologies	AI software (LLM)	KRW22.4b	Oct 2022						✓
Scatter lab	AI agent	KRW15.0b	Apr 2023						✓
Anthropic	Generative AI (LLM)	USD100m	Aug 2023				✓		
Persona AI	AI customer service	KRW5b	Aug 2023					✓	
Allganize	LLM all-in-one solution	USD4m	Nov 2023					✓	
ImpriMed	Anticancer drug diagnosis	USD3m	Nov 2023						
Lambda	GPU cloud	USD20m	Dec 2024	✓				✓	
Sapeon-Rebellions	AX semi-conductor X330		Jun 2024		✓				
Perplexity	Generative AI search engine	USD10m	Jun 2024						✓
GTAA JV	Global Telco AI Alliance		Jul 2024						
Penguin Solution	AI data center solution	USD200m	Jul 2024	✓		✓			
Twelve Labs	AI video analyze	USD3m	Dec 2024					✓	
Together AI	AI cloud and opensource		Feb 2025					✓	
TimeTree	Scheduling platform	JYP2.2b	Sep 2025						✓

Source: Company data, press reports, Samsung Securities

Chart 5. SK Telecom "AI Full Stack"



Source: Company data, Samsung Securities

Table 5. SK-AWS Ulsan AI data center project

Category	Detail
Location	Ulsan Mipo National Industrial Complex
Total investment	About KRW7t
Participating companies	SK Group's affiliates, Amazon Web Service (AWS) - SK Broadband (SK Telecom): Cloud network infrastructure - SK Hynix: Supply of HBM-based AI semiconductors - SK Innovation and ·SK Gas: Power supply via LNG cogeneration plant - SK Ecoplant: Design, construction, and eco-friendly infrastructure - SK AX: IT infrastructure integration and data center operation
Purpose	Construction and operation of a hyperscale AI data center - Secure high-performance AI computing infrastructure to strengthen Korea's AI competitiveness
Key features	1) Largest in Korea: The nation's first and largest hyperscale AI-dedicated data center 2) Location: 10,000-pyeong site adjacent to the SKMU power plant 3) Eco-friendly AI DC: Highest efficiency in Korea, powered by LNG-based district electricity 4) Global partner AWS: Partnership with AWS, the world's No.1 cloud provider, to boost domestic AI capabilities and growth
Ground breaking	Sep 1, 2025
Operation starts	Phase 1: Nov 2027 (41 MW) / Phase 2: Feb 2029 (103 MW)

Note: SK Broadband acquired land and buildings in Nam-gu, Ulsan from SK Chemicals for KRW28.3b on Apr 17, 2025;
SK-AWS held a contract signing ceremony, officially announcing the construction of the Ulsan AI data center;
SK Broadband will serve as the owner and operator of the Ulsan AI data center

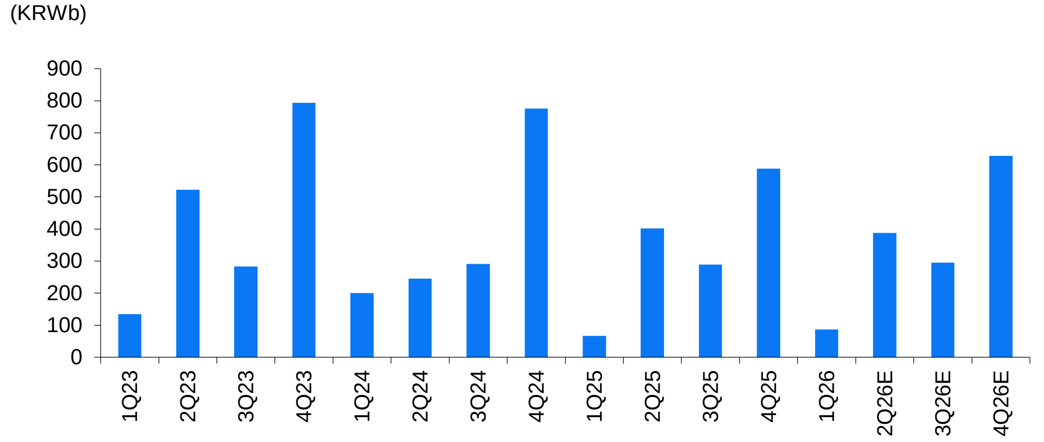
Source: Company data, Samsung Securities

Table 6. Disclosure on long-term data center development plan

Category	Details
Future Plan	Initiative for long-term development of AI data centers
Objective	To respond to growing demand for AI data centers
Key Details	1) Evaluate phased implementation of a total 15 GW AI data center (AIDC) development program over the medium to long term 2) Phase 1: Target to gradually launch a 5 GW AIDC starting in 2029 3) Subject to progress of Phase 1 and market demand, plan to sequentially expand by an additional 10 GW by 2035
Funding Source	Exploring funding options through strategic partnerships with global big tech firms and overseas capital, utilizing diverse investment structures
Investment Scale	To be determined based on timing of implementation, investment structure, and terms
Expected Impact	Capture new business opportunities by meeting rising demand for AI infrastructure

Note: Disclosure of Future Business Strategy (Jun 29, 2026)
Source: Dart, Samsung Securities

Chart 6. SKT: Capex



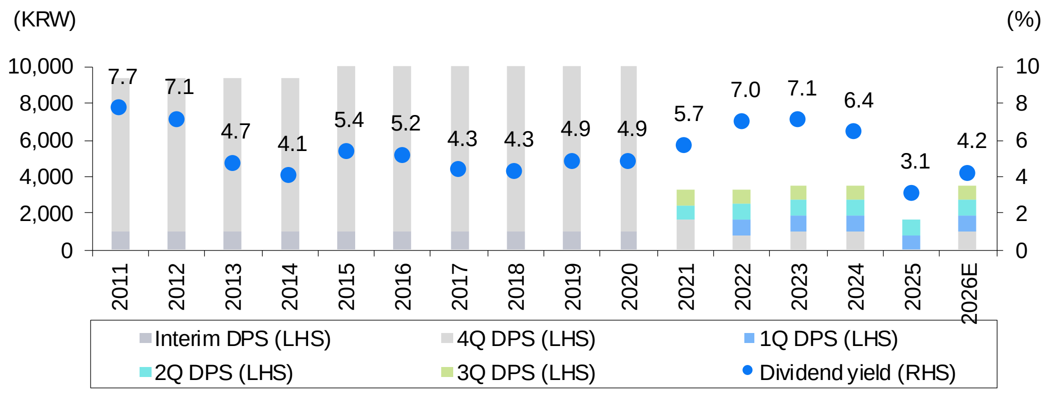
Note: Based on parent financial statements;
Source: Company data, Samsung Securities

Table 7. Changes to shareholder return policy

Category	Before	After
Year	2021-2023	2024-2026
Resources	30-40% of EBITDA-capex	At least 50% of adjusted profit for the year on a consolidated basis
Method	Cash dividend	Cash dividend and share buyback/cancellation

Note: Excluding non-recurring items
Source: Company data, Samsung Securities

Chart 7. SK Telecom's value-up plan



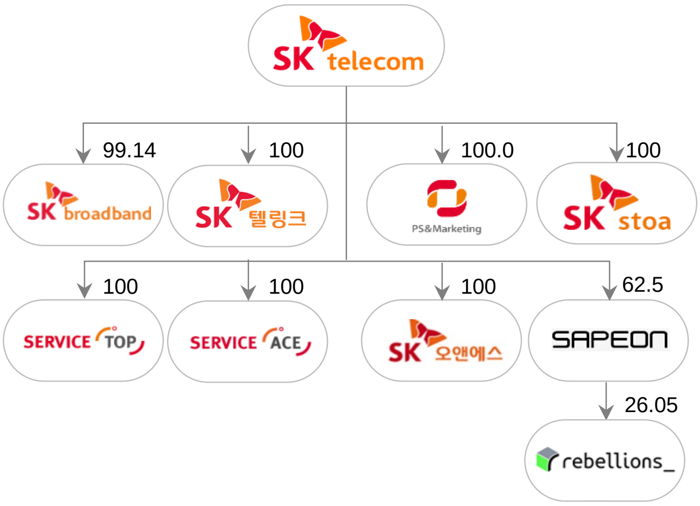
Note: 2021 DPS reflects spinoff (Nov 1, 2021);
Adopted quarterly dividend payout policy in 2Q21;
No dividend paid for 3Q25 and 4Q25;
As of Jul 14 close
Source: QuantiWise, Company data, Samsung Securities

Chart 1. SK Telecom's value-up plan

Capital efficiency	Shareholder returns	AI Vision 2030
ROE 10%+ (2026)	Adjusted consolidated profit 50%+ (2024~2026)	Total revenue KRW30t with AI business 35% of this figure (2030)
Maintain industry-leading profitability	Shareholder returns based on total consolidated profit	Operate competitive AI business
AI & OI strategies to increase profitability	Remove upper limit on shareholder returns	Secure AI leadership based on cooperation
Improve financial soundness via asset efficiency	Shareholder return ratio exceeds industry's average	Develop 'profit-generating AI' (AI DC + AI B2B + AI B2C)

Note: Announced on Oct 24, 2024
Source: Company data, Samsung Securities

Chart 9. Ownership structure



Note: As of end-2025;
SK Broadband to become wholly owned subsidiary via share swap (decision announced Mar 26, 2026);
In Dec 2024, Sapeon Korea merged with Rebellions, with Sapeon Korea as the surviving legal entity and the merged company relaunched under the Rebellions name; Sapeon Inc holds a 26.05% stake in the merged entity
SK Telecom holds a 0.3% stake (3,703,141 shares) in Anthropic
Source: Company data, Samsung Securities

Table 8. SK Telecom: Sum-of-the-parts valuation

(KRWb)	Value	Stake (%)	Net profit	Multiple (x)	Note
Parent	**20,161**		**1,344**	15	**Based on 12MF**
SK Broadband	4,594	100		4	
Anthropic	3,593	0.25*			
Other*	3,996				SK Stoa; other investments
Net debt	7,431				Based on 2026 estimates
Fair value	**24,914**				
Outstanding shares ('000)	214,790				
Fair value per share	115,994				
Target price (KRW)	**115,000**				

Note: Holds a 0.25% stake (3.7m shares) in Anthropic as of 1H26;
Anthropic stake valued based on latest funding round valuation (USD965b; Series E in May 2026);
SK Broadband to become a wholly owned subsidiary following acquisition of minority shares on May 29, 2026;
*Unlisted firms valued at book value, listed firms valued based on market cap, and Rebellions valued based on latest funding round
Source: Samsung Securities estimates

Table 9. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	17,818.2	17,810.3	-0.0	18,229.0	18,221.3	-0.0
Operating profit	1,897.1	1,916.7	1.0	2,021.6	2,042.0	1.0
Operating margin (%, %pts)	10.6	10.8	0.1	11.1	11.2	0.1
Pre-tax profit	1,689.2	1,708.7	1.2	1,813.9	1,834.3	1.1
Net profit	1,298.8	1,313.6	1.1	1,397.3	1,412.7	1.1

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**17,941**	**17,099**	**17,810**	**18,221**	**18,703**
Cost of goods sold	0	0	0	0	0
Gross profit	**17,941**	**17,099**	**17,810**	**18,221**	**18,703**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	16,117	16,026	15,894	16,179	16,481
Operating profit	**1,823**	**1,073**	**1,917**	**2,042**	**2,223**
Operating margin (%)	10.2	6.3	10.8	11.2	11.9
Non-operating gains (losses)	**-62**	**-351**	**-208**	**-208**	**-211**
Financial profit	355	219	214	202	189
Financial costs	606	482	432	414	398
Equity-method gains (losses)	322	-64	-8	8	8
Other	-133	-25	18	-3	-9
Pre-tax profit	**1,762**	**722**	**1,709**	**1,834**	**2,012**
Taxes	375	347	435	465	511
Effective tax rate (%)	21.3	48.1	25.4	25.4	25.4
Profit from continuing operations	1,387	375	1,274	1,369	1,501
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,387**	**375**	**1,274**	**1,369**	**1,501**
Net margin (%)	7.7	2.2	7.2	7.5	8.0
Net profit (controlling interests)	1,250	408	1,314	1,413	1,548
Net profit (non-controlling interests)	137	-33	-39	-44	-46
EBITDA	5,523	4,663	5,569	5,811	6,108
EBITDA margin (%)	30.8	27.3	31.3	31.9	32.7
EPS (parent-based) (KRW)	5,810	1,901	6,116	6,577	7,206
EPS (consolidated) (KRW)	6,446	1,746	5,932	6,373	6,990
Adjusted EPS (KRW)*	5,810	1,901	6,116	6,577	7,206

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**7,477**	**6,727**	**7,873**	**7,851**	**8,114**
Cash & equivalents	2,024	1,490	2,105	2,063	2,046
Accounts receivable	1,989	1,919	2,106	2,162	2,282
Inventories	210	168	186	190	201
Other current assets	3,254	3,151	3,477	3,436	3,585
Fixed assets	**23,039**	**23,381**	**24,233**	**24,764**	**25,266**
Investment assets	4,476	5,763	6,544	6,747	6,906
Tangible assets	12,617	11,902	12,108	12,459	12,809
Intangible assets	4,267	3,783	3,686	3,648	3,617
Other long-term assets	1,678	1,933	1,895	1,910	1,935
Total assets	**30,515**	**30,108**	**32,105**	**32,615**	**33,380**
Current liabilities	**9,224**	**6,530**	**6,611**	**6,384**	**6,472**
Accounts payable	127	111	119	120	123
Short-term debt	100	130	130	130	130
Other current liabilities	8,998	6,289	6,362	6,134	6,219
Long-term liabilities	**9,463**	**10,623**	**10,225**	**10,347**	**10,320**
Bonds & long-term debt	6,567	7,594	7,354	7,329	7,329
Other long-term liabilities	2,897	3,028	2,870	3,017	2,990
Total liabilities	**18,688**	**17,152**	**16,836**	**16,730**	**16,791**
Owners of parent equity	**11,699**	**12,863**	**15,216**	**15,875**	**16,626**
Capital stock	30	30	30	30	30
Capital surplus	1,771	1,771	1,771	1,771	1,771
Retained earnings	22,976	22,938	23,721	24,380	25,131
Other	-13,079	-11,877	-10,306	-10,306	-10,306
Non-controlling interests' equity	**129**	**92**	**53**	**9**	**-37**
Total equity	**11,828**	**12,955**	**15,269**	**15,884**	**16,589**
Net debt	8,604	9,030	7,431	7,431	7,334

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**5,087**	**3,924**	**5,027**	**5,043**	**5,274**
Net profit	1,387	375	1,274	1,369	1,501
Non-cash profit and expenses	4,313	4,437	4,238	4,390	4,533
Depreciation	3,700	3,590	3,652	3,769	3,886
Amortization	0	0	0	0	0
Other	613	846	586	620	647
Changes in A/L from operating activities	-109	-144	137	-84	-104
Cash flow from investments	**-2,712**	**-1,737**	**-3,931**	**-4,063**	**-4,263**
Change in tangible assets	-2,440	-1,966	-3,858	-4,121	-4,235
Change in financial assets	-213	201	-160	17	-49
Other	-59	28	87	41	21
Cash flow from financing	**-1,810**	**-2,712**	**-1,394**	**-871**	**-893**
Change in debt	-192	-388	-845	-99	-80
Change in equity	0	0	0	0	0
Dividends	-804	-628	-530	-754	-797
Other	-814	-1,695	-18	-17	-16
Change in cash	569	-534	615	-42	-17
Cash at beginning of year	1,455	2,024	1,490	2,105	2,063
Cash at end of year	2,024	1,490	2,105	2,063	2,046
Gross cash flow	**5,700**	**4,812**	**5,512**	**5,759**	**6,034**
Free cash flow	**2,600**	**1,717**	**1,169**	**922**	**1,039**

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	1.9	-4.7	4.2	2.3	2.6
Operating profit	4.0	-41.1	78.6	6.5	8.8
Net profit	21.0	-73.0	239.7	7.4	9.7
Adjusted EPS**	16.3	-67.3	221.6	7.5	9.6
Per-share data (KRW)					
EPS (parent-based)	5,810	1,901	6,116	6,577	7,206
EPS (consolidated)	6,446	1,746	5,932	6,373	6,990
Adjusted EPS**	5,810	1,901	6,116	6,577	7,206
BVPS	54,952	60,395	71,422	74,513	78,038
DPS (common)	3,540	1,660	3,540	3,590	3,840
Valuations (x)					
P/E***	9.5	28.1	15.4	14.3	13.1
P/B***	1.0	0.9	1.3	1.3	1.2
EV/EBITDA	3.7	4.4	5.0	4.8	4.5
Ratios (%)					
ROE	10.8	3.3	9.4	9.1	9.5
ROA	4.6	1.2	4.1	4.2	4.6
ROIC	7.7	3.1	7.9	8.3	8.8
Payout ratio	60.3	86.5	57.4	54.1	52.9
Dividend yield (common)	6.4	3.1	3.8	3.8	4.1
Net debt to equity	72.7	69.7	48.7	46.8	44.2
Interest coverage (x)	4.5	2.8	5.4	6.0	6.9

COMPANY UPDATE

2026. 7. 7

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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

Samsung Securities

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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 10. 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 11. 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

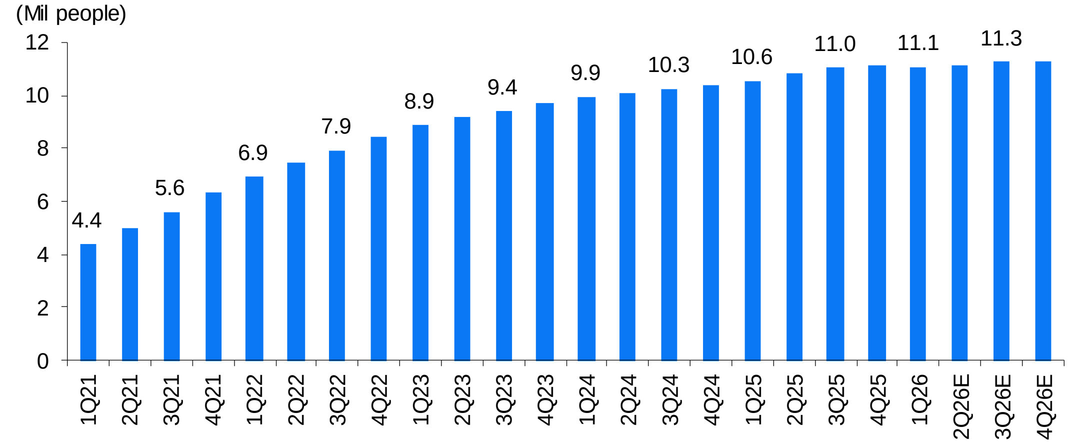
Table 12. Key operating metrics

('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



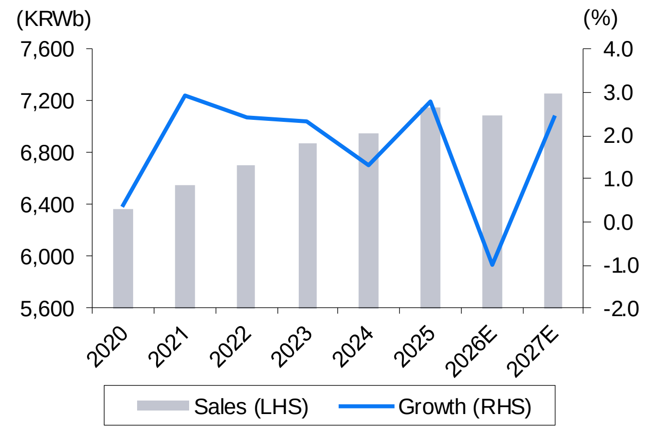
Source: Company data, Samsung Securities

Table 13. 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)

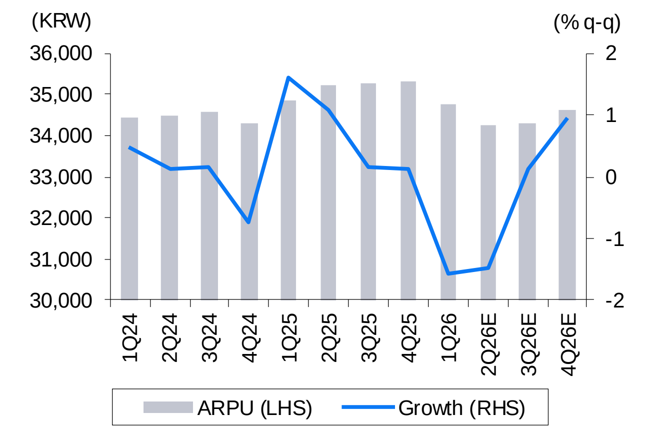
Source: Company data, Samsung Securities

Chart 2. Wireless sales (parent)



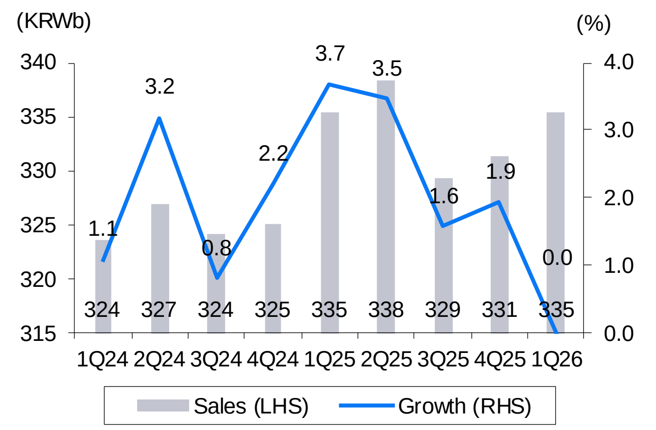
Source: Company data, Samsung Securities

Chart 3. ARPU



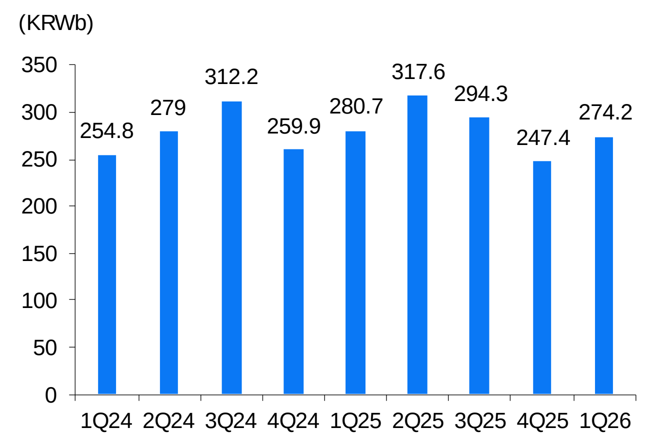
Source: Company data, Samsung Securities

Chart 4. Enterprise broadband and data sales



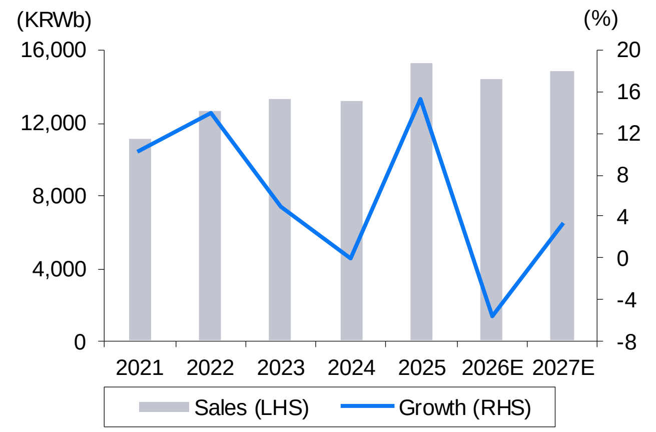
Source: Company data, Samsung Securities

Chart 5. AI/IT sales



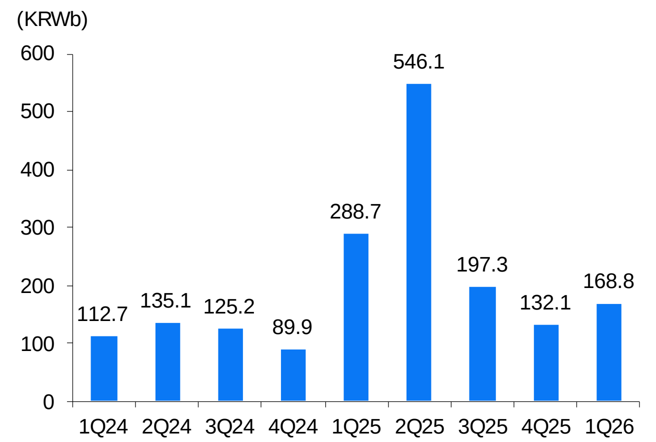
Source: Company data, Samsung Securities

Chart 6. Subsidiaries: Sales



Source: Company data, Samsung Securities

Chart 7. Subsidiaries: Contribution to consolidated OP



Source: Company data, Samsung Securities

Table 14. 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

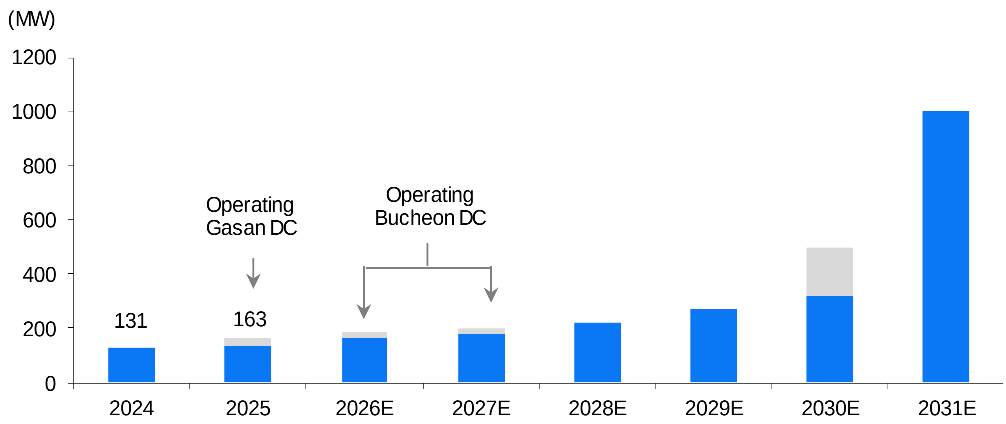
Note: AX stands for AI transformation;
AICT stands for AI + ICT
Source: Company data, Samsung Securities

Table 15. 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



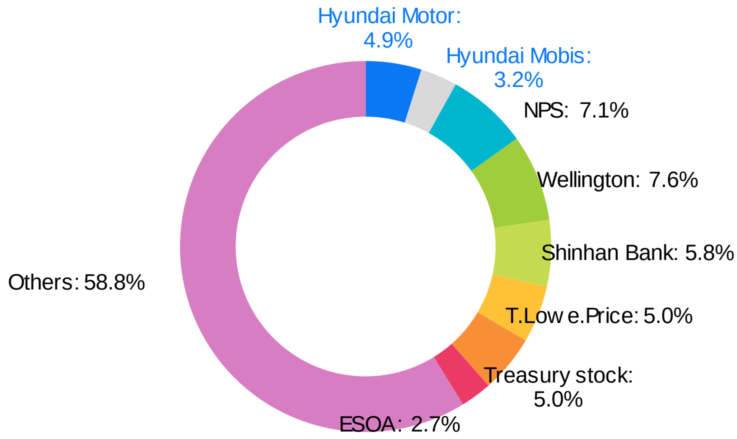
Note: Total data center capacity is 163 MW in 4Q25;
Plans to add 60-100 MW annually through 2027, securing more than 500 MW over the longer term;
Aims to be operating 1 GW of AI data center capacity within five years—goal in "future business and management plan" disclosure in Jun 2026 (table 8)
Source: Company data, Samsung Securities

Table 16. 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)



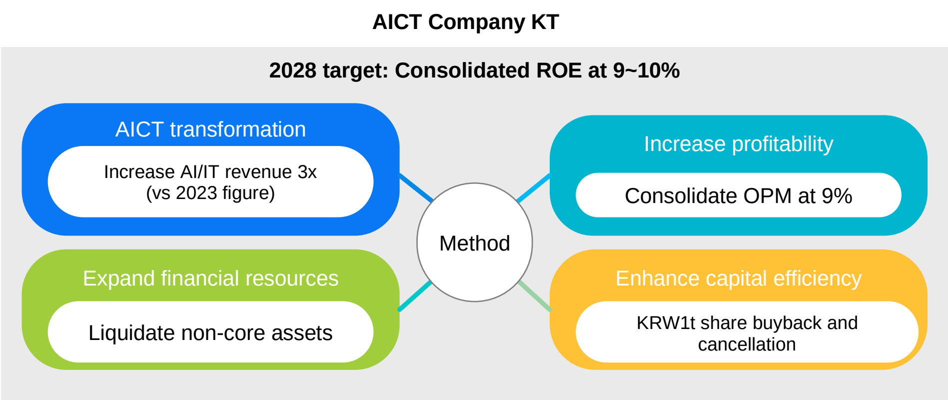
Note: Wellington is as of Jun 15, 2026;
NPS is as of Jan 29, 2026;
T.Lowe.Price is as of Feb 3, 2026;
Treasury stock is as of Jun 10, 2026
Source: Company data, Samsung Securities

Table 17. 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 18. 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 19. 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

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

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

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

COMPANY UPDATE

2026. 7. 23

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LG Uplus (032640)

Growth and shareholder returns go hand in hand

- We believe LG Uplus will report 2Q operating profit in line with consensus, backed by strong AI data center revenue growth and ongoing cost-control efforts.
- Its AI data center business is expanding beyond colocation into a design-build-operate model. With earnings momentum strengthening, we expect the telco to increase shareholder returns through share buybacks followed by cancellation and potential dividend growth.

AT A GLANCE

BUY

Target price	KRW21,000	43.4%
Current price	**KRW14,640**	
Market cap	KRW6.2t/USD4.2b	
Shares (float)	424,427,732 (61.3%)	
52-week high/low	KRW17,810/KRW13,900	
Avg daily trading value (60-day)	KRW20.9b/ USD14.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
LG Uplus (%)	1.1	-4.8	-3.2
Vs Kospi (%pts)	35.6	-30.6	-54.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	21,000	21,000	0.0%
2026E EPS	1,786	1,803	-1.0%
2027E EPS	1,948	1,958	-0.5%

SAMSUNG vs THE STREET

No of estimates	17
Target price	19,941
Recommendation	3.9

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

WHAT'S THE STORY?

2Q results to meet consensus: We expect LG Uplus to report 2Q consolidated revenue of KRW3.9t (up 1.6% y-y) and operating profit of KRW315.1b (up 3.5% y-y and meeting consensus). Mobile revenue likely remained broadly stable, although growth slowed against the high base created by a rival's USIM data breach last year. In corporate infrastructure, AI data center revenue likely rose 24% y-y on stronger colocation demand, supporting earnings momentum. Operating profit likely increased y-y, aided by improved handset margins (which helped offset marketing expense growth) and cost-control measures (including labor cost reductions).

AI data center expansion: LG Uplus' AI data center business is expanding beyond colocation into a full-service design-build-operate (DBO) model. Its hyperscale AI data center in Paju, currently under construction, is scheduled to come online in phases from 2H27, with the first building already committed under a pre-sale agreement, securing early demand. The company is targeting a 15-20% CAGR in AI data center revenue through 2030, establishing a clear, scalable foundation for long-term growth.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	15,452	15,647	16,035	16,442
Operating profit	892	1,151	1,225	1,301
Net profit (adj)	509	738	799	860
EPS (adj) (KRW)	1,208	1,786	1,948	2,099
EPS (adj) growth (% y-y)	40.8	47.9	9.1	7.7
EBITDA margin (%)	23.2	24.7	24.6	24.3
ROE (%)	6.0	8.4	8.6	8.8
P/E (adj) (x)	12.2	8.2	7.5	7.0
P/B (x)	0.7	0.7	0.6	0.6
EV/EBITDA (x)	3.5	3.1	3.1	3.0
Dividend yield (%)	4.5	4.9	5.3	5.5

Source: Company data, Samsung Securities estimates

Samsung Securities

Shareholder returns to accelerate on strong earnings momentum: Robust earnings momentum should enable the company to expand both the scope and scale of shareholder returns. We forecast 2026 operating profit of KRW1.15t (up 29% y-y), creating a virtuous circle in which earnings growth strengthens its capacity to increase shareholder returns. The company has made share buybacks followed by cancellation as core pillar of its corporate value enhancement strategy. Given strong free cash flow generation in 2026 and further earnings upside, we believe additional buybacks are highly likely this year.

Table 20. Quarterly forecasts and consensus

(KRWb)	2Q25	1Q26	2Q26E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	3,844.4	3,803.8	3,907.3	2.7	1.6	3,901.1	0.2
Operating profit	304.5	272.3	315.1	15.7	3.5	307.0	2.6
Operating margin (%)	7.9	7.2	8.1	0.9	0.1	7.9	0.2
Pre-tax profit	272.3	222.5	269.7	21.2	-0.9	269.3	0.2
Net profit (controlling)	219.5	176.9	220.9	24.8	0.6	204.7	7.9

Source: Company data, FnGuide, Samsung Securities

Table 21. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Revenue	**3,577.0**	**3,493.7**	**3,801.3**	**3,753.2**	**3,748.1**	**3,844.4**	**4,010.8**	**3,848.4**	**3,803.8**	**3,907.3**	**3,981.6**	**3,954.0**	**15,451.7**	**15,646.6**	**16,035.2**
Sales	2,686.7	2,732.9	2,786.3	2,799.3	2,736.0	2,803.1	2,897.2	2,968.2	2,829.0	2,873.4	2,941.1	2,996.2	11,404.5	11,639.7	12,012.5
Mobile	1,580.7	1,593.1	1,620.4	1,633.3	1,612.2	1,654.2	1,711.4	1,689.4	1,652.6	1,661.8	1,708.4	1,687.4	6,667.2	6,710.1	6,853.6
Smart home	615.5	620.1	650.9	619.4	630.5	636.6	673.3	649.3	656.3	664.5	671.0	674.0	2,589.7	2,665.8	2,755.5
Phone	89.2	90.6	86.5	91.9	83.6	84.6	84.6	87.1	84.5	84.2	83.4	85.5	339.9	337.6	331.3
B2B	401.3	429.1	428.5	454.7	409.7	427.7	427.9	542.4	435.6	463.0	478.2	549.4	1,807.7	1,926.2	2,072.1
Product	683.1	549.8	810.9	738.0	809.2	828.0	894.2	657.1	766.8	776.8	825.4	751.6	3,188.5	3,120.5	3,118.1
LG HelloVision	267.2	283.6	323.3	322.3	313.5	354.1	298.5	299.5	255.4	353.8	298.2	299.2	1,206.6	1,206.6	1,299.3
SG&A costs	3,356.0	3,239.7	3,555.3	3,611.0	3,492.7	3,539.9	3,849.2	3,677.9	3,531.5	3,592.2	3,664.6	3,707.5	14,559.6	14,495.9	14,810.0
Labor	487.0	493.9	481.9	516.3	490.7	486.7	631.2	522.9	477.9	478.0	479.2	498.1	2,131.5	1,933.2	1,915.7
Depreciation	543.6	547.0	551.9	537.7	542.0	550.7	549.2	568.0	563.0	553.5	552.5	558.3	2,209.8	2,227.2	2,216.1
Amortization	122.8	119.2	122.7	118.9	123.9	121.9	120.5	120.9	123.6	123.8	121.7	122.7	487.2	491.7	500.9
Marketing	546.7	521.7	556.1	584.6	555.8	540.1	585.2	633.3	614.2	588.5	642.1	536.0	2,314.4	2,380.9	2,520.2
Operating profit	**220.9**	**254.0**	**246.0**	**142.2**	**255.4**	**304.5**	**161.7**	**170.5**	**272.3**	**315.1**	**316.9**	**246.4**	**892.1**	**1,150.7**	**1,225.2**
Operating margin (%)	6.2	7.3	6.5	3.8	6.8	7.9	4.0	4.4	7.2	8.1	8.0	6.2	5.8	7.4	7.6
Pre-tax profit	165.8	204.5	196.0	-115.7	200.5	272.3	104.8	102.8	222.5	269.7	269.7	195.8	680.4	957.7	1,041.1
Net profit (controlling)	**131.1**	**163.6**	**137.5**	**-57.8**	**165.7**	**219.5**	**49.7**	**88.9**	**176.9**	**220.9**	**205.7**	**157.8**	**523.9**	**761.3**	**826.9**
Growth (% y-y)															
Revenue	**1.0**	**1.9**	**6.2**	**-1.8**	**4.8**	**10.0**	**5.5**	**2.5**	**1.5**	**1.6**	**-0.7**	**2.7**	**5.7**	**1.3**	**2.5**
Sales	2.7	2.0	3.6	0.2	1.8	2.6	4.0	6.0	3.8	2.8	1.9	1.3	3.6	2.4	3.2
Mobile	1.3	1.1	2.1	3.0	2.0	3.8	5.6	3.4	3.2	1.0	0.4	0.5	3.7	1.3	2.1
Smart home	3.6	2.8	5.6	3.3	2.4	2.7	3.4	4.8	4.1	4.4	-0.3	3.8	3.3	2.9	3.4
Phone	-3.8	-1.1	-3.8	-0.6	-6.3	-6.6	-2.2	-5.2	1.1	-0.5	-1.4	-1.8	-5.1	-0.7	-1.9
B2B	8.9	4.8	8.6	-12.1	2.1	-0.3	-0.1	19.3	6.3	8.3	11.8	1.3	5.5	6.6	7.6
Product	-4.7	3.3	20.0	-9.0	18.5	50.6	10.3	-11.0	-5.2	-6.2	-7.7	14.4	14.6	-2.1	-0.1
LG HelloVision	-3.7	-1.1	12.0	-4.5	17.3	24.9	-7.7	-7.1	-18.5	-0.1	-0.1	-0.1	-4.7	-4.7	7.7
SG&A costs	2.3	3.1	6.9	-0.4	4.1	9.3	8.3	1.9	1.1	1.5	-4.8	0.8	5.8	-0.4	2.2
Labor	8.4	12.0	4.5	9.3	0.7	-1.4	31.0	1.3	-2.6	-1.8	-24.1	-4.8	7.7	-9.3	-0.9
Depreciation	4.5	3.4	3.1	-2.1	-0.3	0.7	-0.5	5.6	3.9	0.5	0.6	-1.7	1.4	0.8	-0.5
Amortization	23.9	19.3	12.6	-8.0	0.9	2.3	-1.8	1.7	-0.3	1.5	1.0	1.5	0.7	0.9	1.9
Marketing	2.3	-3.3	0.5	8.8	1.7	3.5	5.2	8.3	10.5	9.0	9.7	-15.4	4.8	2.9	5.9
Operating profit	**-15.1**	**-11.8**	**-3.2**	**-27.3**	**15.6**	**19.9**	**-34.3**	**20.0**	**6.6**	**3.5**	**96.0**	**44.5**	**3.4**	**29.0**	**6.5**
Operating margin (%pts)	-1.2	-1.1	-0.6	-1.3	0.6	0.7	-2.4	0.6	0.3	0.1	3.9	1.8	-0.1	1.6	0.3
Pre-tax profit	-21.4	-17.2	1.0	na	21.0	33.1	-46.5	na	10.9	-0.9	157.4	90.4	51.0	40.7	8.7
Net profit (controlling)	**-13.6**	**-23.2**	**-12.4**	**na**	**26.4**	**34.1**	**-63.9**	**na**	**6.8**	**0.6**	**313.8**	**77.4**	**39.9**	**45.3**	**8.6**

Note: This table reflects revised revenue figures for the mobile, smart home, and B2B divisions for past periods

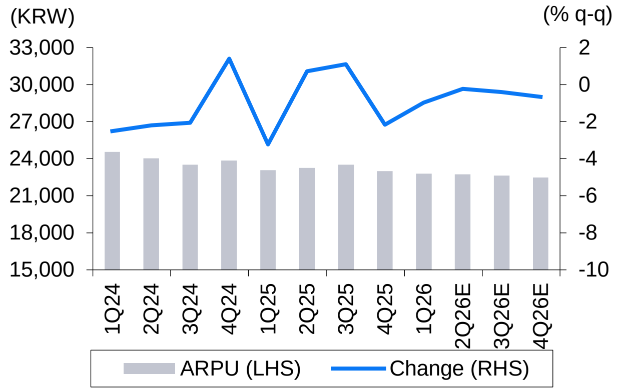
Source: Company data, Samsung Securities estimates

Table 22. Key operating metrics

('000 people)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Mobile subscribers	**26,265**	**27,223**	**27,873**	**28,515**	**29,075**	**29,917**	**30,259**	**30,711**	**30,931**	**30,841**	**30,880**	**30,959**	**30,711**	**30,959**	**31,453**
Net additions (q-q)	1,168	958	650	642	560	842	342	452	220	-90	39	79	2,196	248	494
LTE	3,759	3,532	3,261	2,988	2,425	2,251	2,069	2,008	1,706	1,448	1,252	1,060	1,895	1,060	490
5G	7,187	7,413	7,686	7,952	8,196	8,930	9,155	9,314	9,473	9,472	9,553	9,634	9,314	9,634	9,958
Fixed-line service subscribers	**14,419**	**14,449**	**14,487**	**14,482**	**14,547**	**14,704**	**14,773**	**14,782**	**14,823**	**14,883**	**14,914**	**14,951**	**14,782**	**14,951**	**15,094**
IPTV	5,479	5,518	5,554	5,576	5,611	5,699	5,739	5,739	5,767	5,783	5,787	5,789	5,739	5,789	5,810
Broadband	5,218	5,269	5,313	5,353	5,396	5,479	5,541	5,578	5,640	5,700	5,753	5,805	5,578	5,805	6,017
PSTN+VoIP	3,722	3,662	3,620	3,553	3,540	3,526	3,493	3,465	3,416	3,400	3,373	3,356	3,465	3,356	3,266
ARPU (KRW)	**24,563**	**24,023**	**23,526**	**23,855**	**23,085**	**23,253**	**23,510**	**23,002**	**22,776**	**22,724**	**22,634**	**22,485**	**23,213**	**22,655**	**22,318**
Chg (% q-q, % y-y)	-2.5	-2.2	-2.1	1.4	-3.2	0.7	1.1	-2.2	-1.0	-0.2	-0.4	-0.7	-3.2	-2.4	-1.5

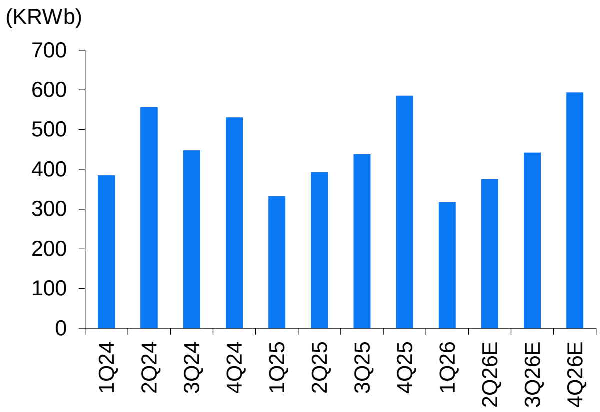
Source: Company data, Samsung Securities estimates

Chart 1. Mobile ARPU



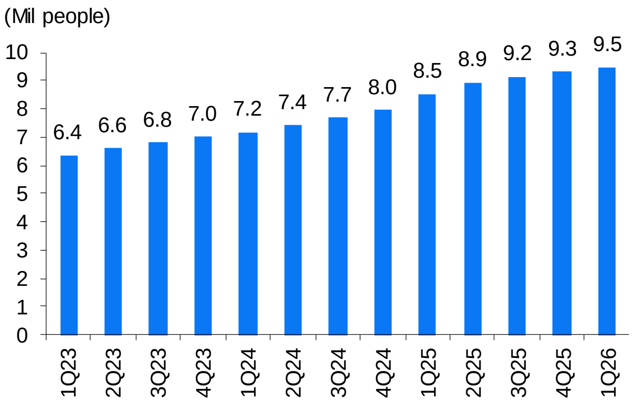
Source: Company data, Samsung Securities

Chart 2. Capex and forecasts



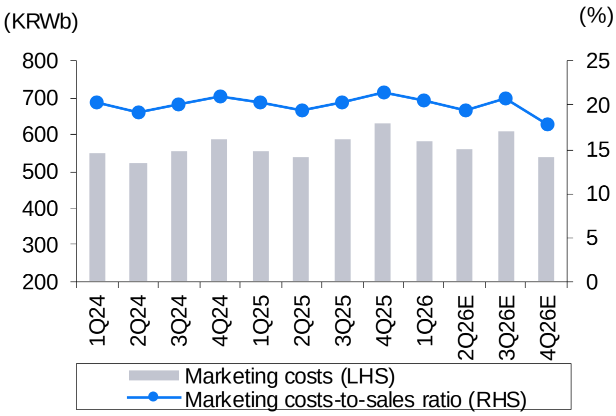
Source: Company data, Samsung Securities

Chart 3. Number of 5G subscribers



Source: Company data, Samsung Securities

Chart 4. Marketing costs vs marketing costs-to-sales ratio



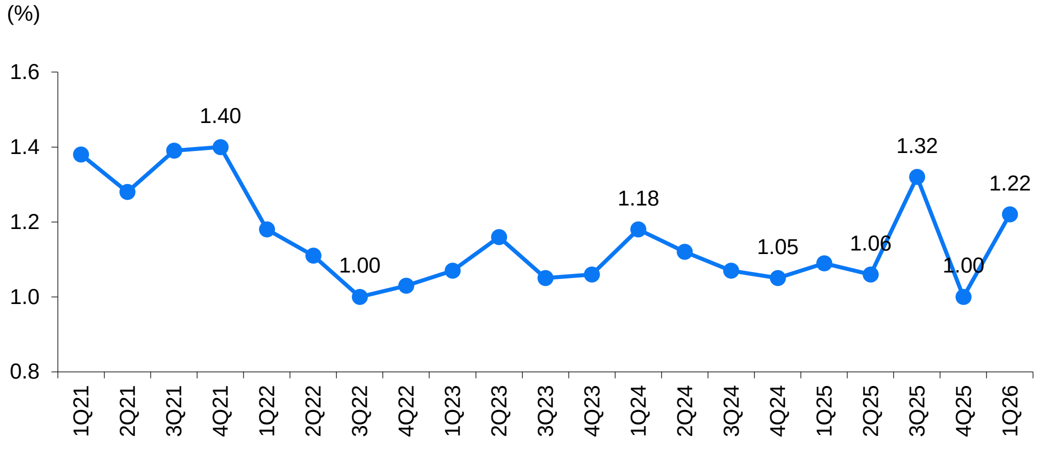
Source: Company data, Samsung Securities

Table 23. To exit various non-core businesses

Business	Details	Withdrawal date	Note
I-dol Plus	K-pop content platform	Jun 2024	Launched in Oct 2018
Home Training Now	Home training content	Sep 2024	Launched in Aug 2021
Cargo Connect	Cargo transport platform	Jan 2025	Launched in Oct 2023
U+ Smart Drone	Drone service	Jan 2025	Launched in 2017
U+ Elementary Nation	Home schooling service	Feb 2025	Launched in Sep 2020
U+ Family Keeper	Child safety	Mar 2025	KRW2,200/month
Spoky	Sport community platform	Mar 2025	Launched in Sep 2022
Metaslap and Uverse	Operation of Metaslap (a metaverse for office workers) has been discontinued, and Uverse (a metaverse for university students) is being scaled down	Mar 2025	
U+ News	Data based personalized news subscription service	Mar 2025	Launched in Apr 2023
Better	Daily life journaling platform	Mar 2025	Launched in Mar 2023
Money Me	Mydata for finance business	Apr 2025	Launched in Jul 2023
U+ Parentnara	Parenting education content platform	Jun 2025	Launched in Sep 2023
1Row	Content review platform	Jun 2025	Launched in Oct 2024
Podong	Pet care service platform	Jul 2025	Launched in Jul 2022
Dapda	Emotion-tracking journal & mental wellness platform	Aug 2025	Launched in Sep 2023
U+ serving robot	Robot service for SOHO customer	Sep 2025	Launched in Mar 2023
U+ Information & delivery robot	Robot service for enterprise customers	Sep 2025	Launched in Feb 2024
U+ Kiosk	Order and payment service for shop owner	Dec 2025	Launched in Apr 2024
Studio X+U	Content production	Dec 2025	Launched in Oct 2022
U+Page	Mobile portal service	Dec 2025	Launched in 2015
U+Mobile TV	OTT service	May 2026	Launched in Nov 2010

Note: In Dec 2025, Studio X+U (content production company) is decided to withdraw from the business
Source: Company data, Samsung Securities

Chart 5. MNO: Churn rate



Source: Company data, Samsung Securities

Chart 6. LG AI Research: One of the top-3 Korean AI foundation model teams (as of Jan 15)

Note: Selected as one of five teams by MSIT on Aug 4, the four other teams are Naver Cloud, Upstage, SK Telecom, and NC AI;
As of Jan 15, LG AI Research, SK Telecom and Upstage selected as finalists for the second-round
Source: Company data, Samsung Securities

Table 24. LG Uplus: Data centers

Category	Location	Note	Capacity
Seoul Metropolitan Area (7+ centers)	Nonhyeon		
	Seocho 1		
	Seocho 2		
	Gasan		
	Sangam		
	Pyeongchon 1		90 MW
	Pyeongchon 2		45 MW
	Paju	Scheduled to be launched in 2027	30 MW
Province (5+ centers)	Daegu		
	Busan		
	Daejeon		
	Gwangju		
	Jeonju		

Note: Capacity estimated based on IT load;
Paju AIDC Phase 1 targeted for completion in May 2027;
Paju AIDC (to be completed in 2027) referenced at ~200 MW capacity at MWC26
Source: Company data, Samsung Securities

Chart 7. LG Uplus: Data center capacity forecasts

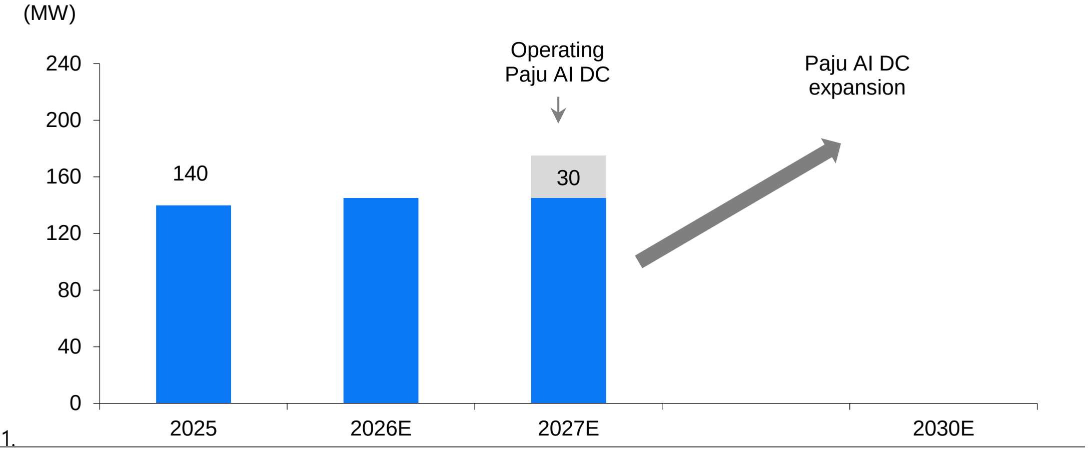


표 1.

Note: Paju AI data center expected to start operations in 2027 and later expand capacity (give existing idle space)
Source: Company data, Samsung Securities estimates

Table 25. New facility investments

Category	Details
Investment type	New facility investment
Investment object	New construction (Paju AIDC)
Investment amount	KRW615.6b
Investment purpose	Building new AIDC to deal with growing customer demand
Investment period	May 7-25, 2025

Note: Announced on Apr 29, 2025;
Investment amount is set at 130% of the expected amount, in consideration of changes in prices and exchange rate
Source: Dart, Company data, Samsung Securities

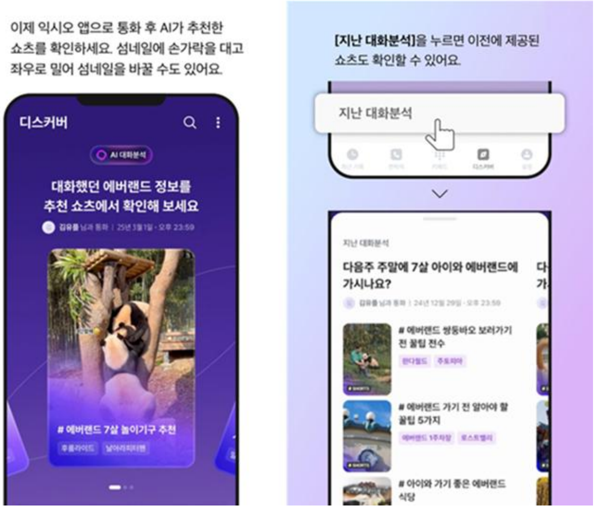
Chart 8. Hyper-scale ‘Paju AI Data Center’ scheduled to open in 2H27

Source: Company data, Samsung Securities estimates

Chart 9. Announcement of The Ace on Trust Strategy – Transitioning to an AI Factory Operator

Source: Company data, Samsung Securities estimates

Chart 10. ixi-O, voice-based content recommendation

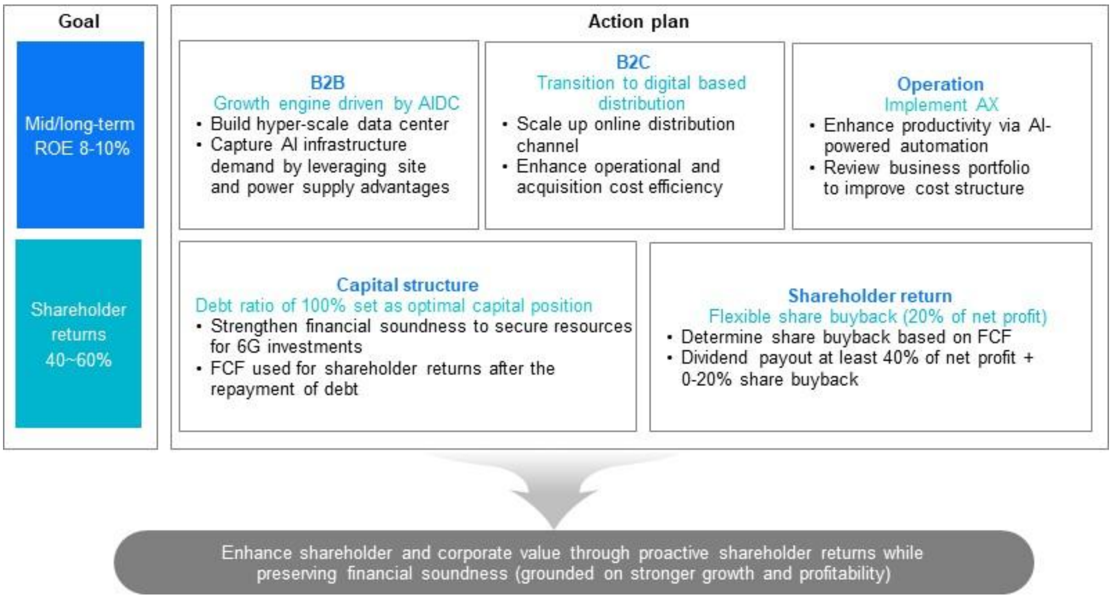


Source: Company data, Samsung Securities

Chart 11. Humanoid robot integrated with ixi-O unveiled at MWC26

Note: Integration with LG Uplus 'ixi-O and humanoid from 'A-robot'
Source: Company data, Samsung Securities

Chart 12. LG Uplus' value-up plan



Source: Company data, Samsung Securities

Table 26. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	15,659.9	15,646.6	-0.1	16,052.2	16,035.2	-0.1
Operating profit	1,153.0	1,150.7	-0.2	1,225.5	1,225.2	-0.0
Operating margin (%, %pts)	*7.4*	*7.4*	*-0.0*	*7.6*	*7.6*	*0.0*
Pre-tax profit	967.0	957.7	-1.0	1,046.7	1,041.1	-0.5
Net profit	768.9	761.3	-1.0	830.9	826.9	-0.5

Note: Difference between changes in net profit and EPS due to cancellation of treasury shares
Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**14,625**	**15,452**	**15,647**	**16,035**	**16,442**
Cost of goods sold	0	0	0	0	0
Gross profit	**14,625**	**15,452**	**15,647**	**16,035**	**16,442**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	13,762	14,560	14,496	14,810	15,142
Operating profit	**863**	**892**	**1,151**	**1,225**	**1,301**
Operating margin (%)	5.9	5.8	7.4	7.6	7.9
Non-operating gains (losses)	**-413**	**-212**	**-193**	**-184**	**-179**
Financial profit	75	67	52	54	56
Financial costs	312	279	263	253	250
Equity-method gains (losses)	-2	-2	-7	-6	-6
Other	-174	2	25	21	21
Pre-tax profit	**451**	**680**	**958**	**1,041**	**1,122**
Taxes	136	171	220	243	262
Effective tax rate (%)	30.2	25.2	23.0	23.3	23.4
Profit from continuing operations	315	509	738	799	860
Profit from discontinued operations	0	0	0	0	0
Net profit	**315**	**509**	**738**	**799**	**860**
Net margin (%)	2.2	3.3	4.7	5.0	5.2
Net profit (controlling interests)	374	524	761	827	891
Net profit (non-controlling interests)	-60	-15	-24	-28	-31
EBITDA	3,527	3,589	3,866	3,938	3,998
EBITDA margin (%)	24.1	23.2	24.7	24.6	24.3
EPS (parent-based) (KRW)	858	1,208	1,786	1,948	2,099
EPS (consolidated) (KRW)	721	1,174	1,730	1,882	2,026
Adjusted EPS (KRW)*	858	1,208	1,786	1,948	2,099

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**5,264**	**5,414**	**6,003**	**6,338**	**6,575**
Cash & equivalents	896	794	865	873	882
Accounts receivable	1,694	1,681	1,845	1,963	2,035
Inventories	252	210	261	257	282
Other current assets	2,421	2,729	3,032	3,245	3,376
Fixed assets	**14,444**	**14,267**	**13,669**	**13,798**	**13,892**
Investment assets	335	357	369	365	369
Tangible assets	10,709	10,625	10,535	10,517	10,478
Intangible assets	1,805	1,460	1,553	1,555	1,542
Other long-term assets	1,595	1,826	1,212	1,361	1,503
Total assets	**19,708**	**19,682**	**19,672**	**20,136**	**20,467**
Current liabilities	**5,116**	**4,676**	**4,349**	**4,377**	**4,162**
Accounts payable	206	220	188	179	162
Short-term debt	0	0	0	0	0
Other current liabilities	4,910	4,457	4,160	4,198	4,000
Long-term liabilities	**5,823**	**5,938**	**5,804**	**5,756**	**5,768**
Bonds & long-term debt	4,489	4,468	4,468	4,468	4,468
Other long-term liabilities	1,334	1,470	1,336	1,287	1,300
Total liabilities	**10,939**	**10,614**	**10,153**	**10,132**	**9,930**
Owners of parent equity	**8,556**	**8,867**	**9,342**	**9,855**	**10,419**
Capital stock	2,574	2,574	2,574	2,574	2,574
Capital surplus	872	872	872	872	872
Retained earnings	5,204	5,474	5,956	6,469	7,032
Other	-93	-53	-59	-59	-59
Non-controlling interests' equity	**212**	**201**	**177**	**149**	**118**
Total equity	**8,768**	**9,068**	**9,519**	**10,004**	**10,536**
Net debt	6,168	6,104	5,655	5,678	5,521

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**3,335**	**2,964**	**2,849**	**3,131**	**3,277**
Net profit	315	509	738	799	860
Non-cash profit and expenses	5,760	5,960	3,128	3,144	3,148
Depreciation	2,180	2,210	2,189	2,184	2,175
Amortization	484	487	527	528	523
Other	3,097	3,263	412	432	450
Changes in A/L from operating activities	-2,355	-3,155	-601	-379	-282
Cash flow from investments	**-2,391**	**-2,019**	**-2,989**	**-2,858**	**-2,792**
Change in tangible assets	-1,896	-1,596	-2,099	-2,166	-2,136
Change in financial assets	11	-25	-13	-12	-4
Other	-506	-398	-877	-679	-652
Cash flow from financing	**-611**	**-1,045**	**-647**	**-270**	**-472**
Change in debt	-206	-139	-366	44	-145
Change in equity	35	0	0	0	0
Dividends	-284	-279	-280	-314	-327
Other	-155	-627	0	0	0
Change in cash	337	-102	70	8	8
Cash at beginning of year	560	896	794	865	873
Cash at end of year	896	794	865	873	881
Gross cash flow	**6,075**	**6,469**	**3,866**	**3,943**	**4,007**
Free cash flow	**1,420**	**1,352**	**750**	**964**	**1,141**

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	1.8	5.7	1.3	2.5	2.5
Operating profit	-13.5	3.4	29.0	6.5	6.2
Net profit	-50.1	61.9	44.9	8.2	7.6
Adjusted EPS**	-39.9	40.8	47.9	9.1	7.7
Per-share data (KRW)					
EPS (parent-based)	858	1,208	1,786	1,948	2,099
EPS (consolidated)	721	1,174	1,730	1,882	2,026
Adjusted EPS**	858	1,208	1,786	1,948	2,099
BVPS	19,906	20,826	22,010	23,219	24,548
DPS (common)	650	660	720	770	800
Valuations (x)					
P/E***	12.0	12.2	8.2	7.5	7.0
P/B***	0.5	0.7	0.7	0.6	0.6
EV/EBITDA	3.1	3.5	3.1	3.1	3.0
Ratios (%)					
ROE	4.4	6.0	8.4	8.6	8.8
ROA	1.6	2.6	3.8	4.0	4.2
ROIC	4.0	4.6	6.0	6.0	6.2
Payout ratio	74.6	53.7	40.1	39.5	38.1
Dividend yield (common)	6.3	4.5	4.9	5.3	5.5
Net debt to equity	70.3	67.3	59.4	56.8	52.4
Interest coverage (x)	3.1	3.4	4.6	5.0	5.4

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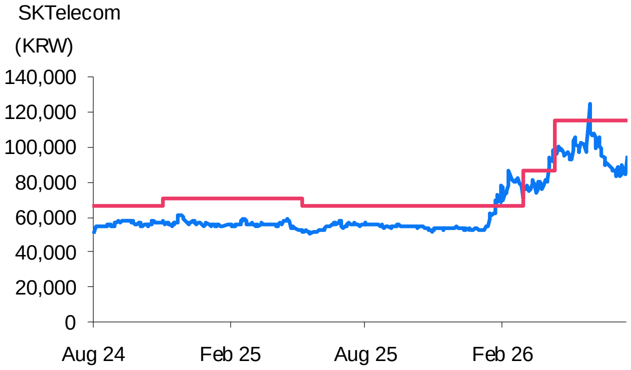

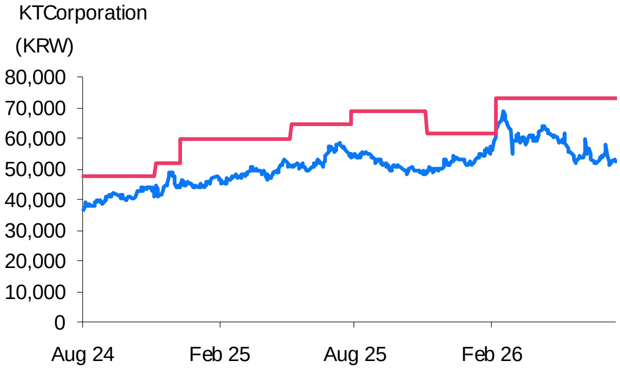

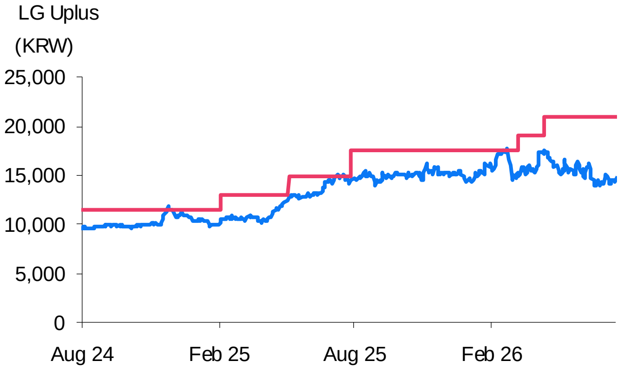

Rating changes over past two years (adjusted share prices)

SK Telecom

Date	2024/7/17	11/7	2025/5/13	2026/3/5	4/17
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	66000	71000	66000	87000	115000
Gap* (average)	-15.43	-20.65	-13.50	-5.94	
(max or min)**	-11.52	-13.38	31.06	12.76	

KT

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	

LG Uplus

Date	2023/11/8	2024/11/8	2025/1/24	2/6	5/9	8/1	2026/3/13	4/17
Recommendation	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	11500	11500	11500	13000	15000	17500	19000	21000
Gap* (average)	-13.24	-6.94	-12.61	-16.36	-8.10	-12.78	-15.81	
(max or min)**	-8.70	3.48	-11.39	-3.92	0.80	1.77	-8.05	

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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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

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BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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