COMPANY UPDATE

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EV/Mobility Team

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Hanwha Solutions (009830)

2Q review: Risk-reward turns favorable

- Hanwha Solutions reported a 2Q operating profit of KRW306.5b (up 231% q-q), surpassing FnGuide consensus of KRW183.9b driven by a KRW90b tariff refund in renewable energy and stronger-than-expected results in the Other segment.
- We cut our target price for Hanwha Solutions (based on a SOTP valuation) by 40% from KRW55,000 to KRW33,000, reflecting recent weakness in renewable energy peer stocks and downward revisions to our 2027 operating profit forecasts (excluding IRA AMPC).
- Noteworthy, however, is that the rights issue size has been finalized, and earnings recovery should be underpinned by the commencement of a new US facility. At current valuation levels, the risk-reward profile has become more attractive. We thus upgrade the stock to BUY.

AT A GLANCE

BUY

Target price	KRW33,000	44.4%
Current price	**KRW22,850**	
Market cap	KRW3.9t/USD2.7b	
Shares (float)	224,892,536 (63.0%)	
52-week high/low	KRW55,180/KRW22,850	
Avg daily trading value (60-day)	KRW97.0b/ USD67.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hanwha Solutions (%)	-35.3	-16.0	-36.4
Vs Kospi (%pts)	-4.0	-22.6	-63.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	HOLD	
Target price	33,000	52,000	-40.0%
2026E EPS	1,798	1,108	62.3%
2027E EPS	2,630	3,335	-21.2%

SAMSUNG vs THE STREET

No of estimates	12
Target price	53,770
Recommendation	3.7

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

WHAT'S THE STORY?

View—The risk-reward profile has become more attractive: We cut our target price for Hanwha Solutions (based on a SOTP valuation) by 40% from KRW55,000 to KRW33,000, as: 1) we lower the renewable energy peer multiple from 15.7x to 13.5x, reflecting recent weakness in domestic and overseas peer stocks; and 2) we revise down our 2027 module manufacturing profitability estimate (excluding IRA AMPC benefits). Over the past month, the stock has declined 35%, but during this period, the rights issue size was finalized, and the wafer/cell plant in the US—previously a fixed-cost burden due to delayed commercial production—has now commenced operations. As a result, excluding one-off gains, we expect renewable energy profits to continue growing in 3Q. Given these developments, we believe the current price reflects a favorable risk-reward balance. We thus upgrade the stock from HOLD to BUY.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg (% y-y)	Chg (% q-q)	Diff (%) Samsung	Diff (%) Consensus
Sales	4,582.7	47.0	18.1	-10.3	1.2
Operating profit	306.5	200.3	231.0	52.4	66.7
Pre-tax profit	258.1	nm	nm	198.4	289.6
Net profit	292.9	nm	nm	312.5	148.7
Margins (%)					
Operating profit	6.7				
Pre-tax profit	5.6				
Net profit	6.4				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	n/a	12.7	8.7
P/B	0.5	0.5	0.5
EV/EBITDA	46.4	11.4	8.4
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	46.2
ROE (%)	-7.0	3.8	5.5
Per-share data (KRW)			
EPS	-3,377	1,798	2,630
BVPS	47,965	47,100	49,759
DPS	0	0	0

Samsung Securities

2Q review—Beating consensus: Hanwha Solutions reported a 2Q operating profit of KRW306.5b (up 231% q-q), surpassing both FnGuide consensus (KRW183.9b) and our estimate (KRW201.2b). The largest deviations from our estimate occurred in renewable energy (KRW166.4b vs our estimate of KRW138.5b) and the Other segment (KRW24.2b vs our estimate of a KRW17b loss).

- **Chemicals:** The chemicals division posted an operating profit of KRW87.1b (up KRW53b q-q), driven by: 1) positive lag effects from the Middle East conflict; and 2) selective product demand strength. The PVC-naphtha spread rose 23% q-q, caustic soda prices increased 3% q-q, and the TDI-toluene spread rose 7% q-q, all contributing to improved margins.
- **Advanced materials:** The advanced materials division posted an operating profit of KRW28.8b (up 136% q-q). While composite materials faced higher input costs due to the Middle East conflict and suffered from North American customer production adjustments, profitability was lifted by strong sales of solar materials from the company's North American facility.
- **Renewable energy:** The renewable energy division posted sales and operating profit of KRW2.48t (up 18% q-q) and KRW166.4b, respectively (for an operating margin of 6.7% or -2.1% excluding AMPC)—vs our estimates of KRW2.9t in sales and KRW138.5b in operating profit. 1) Power generation (KRW8.2b vs our estimate of KRW34.2b) and residential energy (KRW14b vs our estimate of KRW33.2b) underperformed our estimates, but module manufacturing (loss of KRW69.8b vs our estimate of a KRW148.2b loss) exceeded our forecast due to one-off gains (KRW90b in reciprocal-tariff refunds). Excluding this one-off item, module manufacturing would have slightly missed expectations. 2) IRA AMPC (KRW214b vs our estimate of KRW219.3b) met our forecasts, despite lower-than-anticipated sales volumes, supported by favorable exchange rate effects.

3Q preview—To beat consensus again: We forecast Hanwha Solutions' 3Q operating profit to come in at KRW213.5b (down 30% q-q), exceeding FnGuide consensus of KRW192.9b by 11%. The beat should be driven by continued strength in the renewable energy division.

- **Chemicals:** Operating profit is expected to decline to KRW25.4b (down 71% q-q), as the positive inventory effects from the Middle East conflict should dissipate.
- **Advanced materials:** Operating profit is projected at KRW30.7b (up 7% q-q), supported by increased sales of solar materials benefiting from the ramp-up of the new US wafer/cell facility.
- **Renewable energy:** Sales are forecast at KRW3.45t (up 39% q-q), with operating profit at KRW157.8b (down 5% q-q; for an operating margin of 4.6%). A hike in IRA AMPC benefits (following the commencement of the new wafer/cell plant) and earnings recovery in power generation and residential energy businesses should offset the loss of one-off tariff refund gains. Operating profit should break down into: 1) module manufacturing: loss of KRW132.5b (KRW62.7b worsened q-q; OPM -12.5%); 2) power generation: profit of KRW14.1b (up 72% q-q; OPM 0.9%); 3) residential energy: profit of KRW42b (up 200% q-q; OPM 5.2%); and 4) IRA AMPC: KRW234.2b (up 9% q-q).

Hanwha Solutions: Quarterly results

(KRWb)	2Q26P	1Q26	2Q25	Consensus	Samsung	Diff (%)			
						(%q-q)	(%y-y)	Consensus	Samsung
Sales	4,583	3,882	3,117	4,529	5,036	18.1	47.0	1.2	-9.0
Operating income	307	93	102	184	201	231.0	200.3	66.7	52.4
Pre-tax income	258	-42	-148	66	87	Turned pos	Turned pos	289.6	198.4
Net income	293	-38	-178	118	71	Turned pos	Turned pos	148.7	312.5
Attributable to parent	284	-49	-202	68	62	Turned pos	Turned pos	319.9	356.3
Margins (%)									
Operating income	6.7	2.4	3.3	4.1	4.0				
Pre-tax income	5.6	-1.1	-4.8	1.5	1.7				
Net income	6.4	-1.0	-5.7	2.6	1.4				
Attributable to parent	6.2	-1.3	-6.5	1.5	1.2				

Source: Company data, FnGuide, Samsung Securities estimates

Hanwha Solutions: Quarterly results, by division

(KRWb)	2Q26P	1Q26	2Q25	Chg (% q-q)	Chg (% y-y)
Sales	**4,583**	**3,882**	**3,117**	**18.1**	**47.0**
Basic materials	1,465	1,340	1,239	9.3	18.2
Process materials	300	286	308	5.1	-2.5
Solar	2,482	2,111	1,446	17.6	71.6
Other	335	145	124	130.4	170.4
Operating profit	**307**	**93**	**102**	**231.0**	**200.3**
Basic materials	87	34	-47	155.4	Turned pos
Process materials	29	12	10	136.1	193.9
Solar	166	62	156	167.5	6.5
Other	24	-16	-17	Turned pos	Turned pos
Pre-tax income	258	-42	-148	Turned pos	Turned pos
Net income	**293**	**-38**	**-178**	**Turned pos**	**Turned pos**
Margins (%)					
Operating income	6.7	2.4	3.3		
Basic materials	5.9	2.5	-3.8		
Process materials	9.6	4.3	3.2		
Solar	6.7	2.9	10.8		
Other	7.2	-10.9	-13.8		
Pre-tax income	5.6	-1.1	-4.8		
Net income	6.4	-1.0	-5.7		

Source: Company data, Samsung Securities

Hanwha Solutions: Sum-of-the-parts valuation

(KRWb)	Forward EBITDA	Multiple (x)	EV	Details
Operating value (A)				
Basic materials	389	7.0	2,710	Peers (chemical companies*); **Revised down from 7.5x**
Process materials	212	6.9	1,472	Peers (Hyosung Advanced Materials, Nitto Denko, Sumitomo)
Solar	459	13.5	6,170	90% premium compared to peers (global solar equipment companies**); **Revised down from 15.7x**
Other	53	7.0	372	Same multiple as retail division
Total	**1,113**	**9.6**	**10,725**	
Asset value (B)			4,500	30% discount
Net debt (C)			7,773	Based on end-2026E; reflects KRW1.1t in rights offering proceeds. Reflects 100% of the present value of residential energy profits*** and AMPC**** tax benefits.
Market capitalization of preferred shares (D)			39	As of Jul 29 close
Fair market capitalization (E=A+B-C-D)			**7,412**	
Outstanding shares ('000)			224,893	Reflects the increase in the number of shares following the rights offering (172mn shares → 225mn shares)
Fair value per share (KRW)			32,960	
Target price (KRW)			**33,000**	**Revised down by 40% (KRW55,000 previously)**
Current price (KRW)			22,850	As of Jul 29 close
Upside (%)			44.4	
2026 implied P/E (x)			18.4	
2027 implied P/E (x)			12.5	
2026 implied P/B (x)			0.70	
2027 implied P/B (x)			0.66	

Notes: *LG Chem, Lotte Chemical, BASF, LyondellBasell, Westlake, and Wanhua Chemical;
**HD Hyundai Energy Solutions, Canadian Solar, Jinko Solar, and First Solar;
***For residential energy profits, where the IRA ITC contribution is dominant, the present value was calculated as of early 2025 (5% discount rate) based on cash flows to be securitized through 2028, assuming early termination of the ITC (end-2027). A total cash inflow of KRW0.4t is expected on a PV basis;
****The present value of cash flows from IRA AMPCs was calculated as of early 2026 (5% discount rate). A total cash inflow of KRW5.2t is expected on a PV basis
Source: Bloomberg, Samsung Securities estimates

Hanwha Solutions: Simulation of tax credit benefits under IRA

(GW)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
Advanced Manufacturing Production Credit													
Polysilicon (cent/watt)			0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.60	0.40	0.20	
Wafer (cent/watt)			4.70	4.70	4.70	4.70	4.70	4.70	4.70	3.52	2.35	1.17	
Cell (cent/watt)			4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	2.00	1.00	
Module (cent/watt)			7.00	7.00	7.00	7.00	7.00	7.00	7.00	5.25	3.50	1.75	
Hanwha Solutions' US solar PV production capacity													
Wafer					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Cell					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Module	1.7	1.7	3.1	5.1	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	
Georgia #1	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
Georgia #2			1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
Georgia #3				2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Georgia #4					3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
Hanwha Solutions' US solar PV operating rate													
Wafer					0%	25%	98%	100%	100%	100%	100%	100%	
Cell					0%	25%	98%	100%	100%	100%	100%	100%	
Module	100%	100%	51%	87%	64%	99%	98%	100%	100%	100%	100%	100%	
Georgia #1	100%	100%	78%	90%	64%	99%	98%	100%	100%	100%	100%	100%	
Georgia #2			19%	86%	64%	99%	98%	100%	100%	100%	100%	100%	
Georgia #3				84%	64%	99%	98%	100%	100%	100%	100%	100%	
Georgia #4					64%	99%	98%	100%	100%	100%	100%	100%	
Hanwha Solutions' US solar PV production													
Wafer					0.0	0.8	3.2	3.3	3.3	3.3	3.3	3.3	
Cell					0.0	0.8	3.2	3.3	3.3	3.3	3.3	3.3	
Module	1.7	1.7	1.6	4.4	5.4	8.3	8.3	8.4	8.4	8.4	8.4	8.4	
Georgia #1	1.7	1.7	1.3	1.5	1.1	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
Georgia #2			0.3	1.2	0.9	1.4	1.4	1.4	1.4	1.4	1.4	1.4	
Georgia #3				1.7	1.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Georgia #4					2.1	3.3	3.2	3.3	3.3	3.3	3.3	3.3	
Hanwha Solutions IRA tax credit benefits (USDm)													
Total			160	405	376	652	859	860	875	656	438	219	5,500
Wafer					0	39	152	152	155	116	78	39	730
Cell					0	33	129	129	132	99	66	33	621
Module			160	405	376	580	579	579	588	441	294	147	4,149
Hanwha Solutions IRA tax credit benefits (KRWb)													
Total			210	555	536	940	1,186	1,187	1,138	853	569	284	7,458
Wafer					0	56	209	210	202	151	101	50	979
Cell					0	48	178	179	172	129	86	43	833
Module			210	555	535	840	799	799	764	573	382	191	5,648
Present value* of IRA tax credit benefits (KRWb)													
Total			210	555	535	899	1,076	1,025	936	668	424	202	6,531
Wafer					0	53	190	181	166	118	75	36	820
Cell					0	45	162	154	141	101	64	30	698
Module			210	555	535	800	724	690	629	449	285	136	5,013

Note: *Discounted to the beginning of 2026 using a discount rate of 5%
Source: Samsung Securities estimates

Hanwha Q Cells: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,502	1,440	1,380	1,365	1,423	1,447	1,380
Sales	**1,599**	**1,446**	**1,752**	**2,062**	**2,111**	**2,482**	**3,445**	**3,780**	**5,780**	**6,859**	**11,818**	**13,627**
Growth (% q-q)	-44.3	-9.6	21.1	17.7	2.4	17.6	38.8	9.7				
Growth (% y-y)	105.4	47.6	52.0	-28.1	32.0	71.6	96.7	83.3	-12.6	18.7	72.3	15.3
Module manufacturing / Other	587	573.9	432	300	624	559	1,060	1,192	2,542	1,893	3,434	4,861
Growth (% q-q)	-41.7	-2.2	-24.7	-30.6	107.9	-10.4	89.8	12.4				
Growth (% y-y)	36.3	1.1	-19.8	-70.2	6.3	-2.6	145.3	297.2	-44.3	-25.5	81.4	41.6
Power generation business / EPC	419	394.2	819	1,422	1,226	1,652	1,569	1,569	2,960	3,054	6,016	6,214
Growth (% q-q)	-74.4	-5.9	107.7	73.7	-13.8	34.8	-5.0	0.0				
Growth (% y-y)	22.3	-2.7	41.5	-13.0	192.5	319.0	91.7	10.4	44.4	3.2	97.0	3.3
Residential energy business	594	478.3	501	340	262	272	815	1,019	278	1,913	2,368	2,552
Growth (% q-q)	158.1	-19.4	4.7	-32.0	-23.1	3.9	200.0	25.0				
Growth (% y-y)	10,583.6	6,363.5	1,318.1	48.0	-55.9	-43.2	62.9	199.4		587.5	23.8	7.8
Operating profit	**136**	**156**	**8**	**-396**	**62**	**166**	**158**	**267**	**-259**	**-96**	**653**	**1,307**
Growth (% q-q)	124.8	14.7	-94.9	Turned neg	Turned pos	167.5	-5.2	69.2				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	Turned neg	-54.3	6.5	1,897.6	To turn pos	Turned neg	Remained neg	To turn pos	100.1
Module manufacturing / Other	-135	-20	-159	-308	-169	-70	-132	-89	-959	-622	-461	-148
Growth (% q-q)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg				
Growth (% y-y)	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	Remained neg	To remain neg	To remain neg	Turned neg	Remained neg	To remain neg	To turn pos
Power generation business / EPC	-42	-61	19	-168	8	8	14	30	89	-253	60	113
Growth (% q-q)	Turned neg	Remained neg	Turned pos	Turned neg	Turned pos	1.2	71.5	111.6				
Growth (% y-y)	Remained neg	Remained neg	-39.3	Turned neg	Turned pos	Turned pos	-24.8	To turn pos	-5.2	Turned neg	To turn pos	88.2
Residential energy business	129	55	80	-21	5	14	42	53	56	243	114	156
Growth (% q-q)	78.9	-57.3	44.2	Turned neg	Turned pos	174.5	200.0	25.0				
Growth (% y-y)	Turned pos	Turned pos	Turned pos	Turned neg	-96.1	-74.6	-47.2	To turn pos		337.5	-53.2	37.1
IRA AMPC	184	182	68	102	218	214	234	274	555	536	940	1,186
Growth (% q-q)	-3.3	-1.0	-62.5	49.4	113.9	-1.8	9.4	17.0				
Growth (% y-y)	90.4	24.0	-43.9	-46.4	18.5	17.6	243.4	168.9	164.8	-3.4	75.4	26.1
Margins (%)												
Operating profit	8.5	10.8	0.5	-19.2	2.9	6.7	4.6	7.1	-4.5	-1.4	5.5	9.6
Module manufacturing / Other	-23.0	-3.4	-36.7	-102.8	-27.1	-12.5	-12.5	-7.5	-37.7	-32.8	-13.4	-3.0
Power generation business / EPC	-10.0	-15.6	2.3	-11.8	0.7	0.5	0.9	1.9	3.0	-8.3	1.0	1.8
Residential energy business	21.8	11.5	15.9	-6.2	1.9	5.2	5.2	5.2	19.9	12.7	4.8	6.1

Source: Company data, Samsung Securities estimates

Hanwha Solutions: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,502	1,440	1,380	1,365	1,423	1,447	1,380
Sales	**3,094**	**3,117**	**3,364**	**3,757**	**3,882**	**4,583**	**5,155**	**5,250**	**12,394**	**13,333**	**18,870**	**20,074**
Growth (% q-q)	-33.4	0.7	7.9	11.7	3.3	18.1	12.5	1.9				
Growth (% y-y)	31.5	17.6	22.5	-19.1	25.4	47.0	53.2	39.7	-5.2	7.6	41.5	6.4
Basic materials	1,074	1,239	1,160	1,151	1,340	1,465	1,173	1,067	4,817	4,624	5,045	4,287
Process materials	274	308	258	271	286	300	327	319	1,038	1,111	1,232	1,369
Solar	1,599	1,446	1,752	2,062	2,111	2,482	3,445	3,780	5,780	6,859	11,818	13,627
Other	148	124	195	294	145	335	209	85	773	760	775	791
Operating profit	**30**	**102**	**-7**	**-490**	**93**	**307**	**213**	**276**	**-300**	**-365**	**888**	**1,507**
Growth (% q-q)	-71.7	236.7	Turnedneg	Remainedneg	Turnedpos	231.0	-30.4	29.1				
Growth (% y-y)	Turnedpos	Turnedpos	Remainedneg	Turnedneg	205.5	200.3	Toturnpos	Toturnpos	Turnedneg	Remainedneg	Toturnpos	69.6
Basic materials	-91	-47	-9	-102	34	87	25	9	-122	-249	155	93
Growth (% q-q)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	155.4	-70.9	-66.1				
Growth (% y-y)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	Turnedpos	Toturnpos	Toturnpos	Turnedneg	Remainedneg	Toturnpos	-39.9
Process materials	-2	10	4	-5	12	29	31	27	24	6	98	121
Growth (% q-q)	Remainedneg	Turnedpos	-63.3	Turnedneg	Turnedpos	136.1	6.7	-13.0				
Growth (% y-y)	Turnedneg	8.9	-41.0	Remainedneg	Turnedpos	193.9	753.7	Toturnpos	-63.5	-73.6	1,488.1	23.2
Solar	136	156	8	-396	62	166	158	267	-259	-96	653	1,307
Growth (% q-q)	124.8	14.7	-94.9	Turnedneg	Turnedpos	167.5	-5.2	69.2				
Growth (% y-y)	Turnedpos	Turnedpos	Turnedpos	Turnedneg	-54.3	6.5	1,897.6	Toturnpos	Turnedneg	Remainedneg	Toturnpos	100.1
Other	-13	-17	-10	14	-16	24	-0	-27	55	-26	-19	-15
Growth (% q-q)	Turnedneg	Remainedneg	Remainedneg	Turnedpos	Turnedneg	Turnedpos	Toturnneg	Toremainneg				
Growth (% y-y)	Remainedneg	Remainedneg	Remainedneg	-86.7	Remainedneg	Turnedpos	Toremainneg	Toturnneg	Turnedpos	Turnedneg	Toremainneg	Toremainneg
Consolidation adjustments	0	-0	-0	0	0	0	0	0	2	0	0	0
Growth (% q-q)	Turnedpos	Turnedneg	Remainedneg	Turnedpos	-87.2	240.0	0.0	0.0				
Growth (% y-y)	-99.3	Turnedneg	Remainedneg	Turnedpos	-28.6	Turnedpos	Toturnpos	-56.4	Turnedpos	-97.9	173.2	21.4
Equity-method income	135	3	99	-202	63	149	-42	-50	-327	34	121	-144
Growth (% q-q)	Turnedpos	-97.7	3,045.3	Turnedneg	83.1	136.3	Toturnneg	Toremainneg				
Growth (% y-y)	Turnedpos	Turnedpos	Turnedpos	Remainedneg	-53.1	4,633.5	Toturnneg	Toremainneg	Turnedneg	Turnedpos	249.8	Toturnneg
Pre-tax profit	-68	-148	-40	-582	-42	258	41	145	-1,424	-838	402	768
Growth (% q-q)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	-84.1	254.1				
Growth (% y-y)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	Toturnpos	Toturnpos	Turnedneg	Remainedneg	Toturnpos	91.1
Net profit	**-30**	**-178**	**5**	**-411**	**-38**	**293**	**34**	**120**	**-1,369**	**-615**	**408**	**634**
Growth (% q-q)	Remainedneg	Remainedneg	Turnedpos	Turnedneg	Remainedneg	Turnedpos	-88.5	254.1				
Growth (% y-y)	Remainedneg	Remainedneg	Turnedpos	Remainedneg	Remainedneg	Turnedpos	647.8	Toturnpos	Remainedneg	Remainedneg	Toturnpos	55.2
Attributable to parent company	-44	-202	-12	-392	-49	284	25	111	-1,404	-650	371	598
Margins (%)												
Operating profit	1.0	3.3	-0.2	-13.0	2.4	6.7	4.1	5.2	-2.4	-2.7	4.7	7.5
Basic materials	-8.5	-3.8	-0.8	-8.9	2.5	5.9	2.2	0.8	-2.5	-5.4	3.1	2.2
Process materials	-0.7	3.2	1.4	-2.0	4.3	9.6	9.4	8.4	2.3	0.6	8.0	8.9
Solar	8.5	10.8	0.5	-19.2	2.9	6.7	4.6	7.1	-4.5	-1.4	5.5	9.6
Other	-8.7	-13.8	-5.1	4.7	-10.9	7.2	-0.2	-31.4	7.1	-3.4	-2.4	-1.9
Pre-tax profit	-2.2	-4.8	-1.2	-15.5	-1.1	5.6	0.8	2.8	-11.5	-6.3	2.1	3.8
Net profit	-1.0	-5.7	0.1	-10.9	-1.0	6.4	0.7	2.3	-11.0	-4.6	2.2	3.2

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**12,394**	**13,333**	**18,870**	**20,074**	**20,602**
Cost of goods sold	11,008	11,845	15,347	15,771	15,952
Gross profit	**1,386**	**1,488**	**3,523**	**4,302**	**4,650**
Gross margin (%)	11.2	11.2	18.7	21.4	22.6
SG&A expenses	1,686	1,853	2,635	2,796	2,873
Operating profit	**-300**	**-365**	**888**	**1,507**	**1,777**
Operating margin (%)	-2.4	-2.7	4.7	7.5	8.6
Non-operating gains (losses)	**-1,352**	**-475**	**-485**	**-738**	**-690**
Financial profit	108	98	47	87	111
Financial costs	548	539	605	643	668
Equity-method gains (losses)	-327	34	121	-144	-95
Other	-585	-69	-47	-38	-38
Pre-tax profit	**-1,652**	**-840**	**404**	**768**	**1,086**
Taxes	-316	-225	-5	135	191
Effective tax rate (%)	19.1	26.8	-1.2	17.5	17.5
Profit from continuing operations	-1,109	-613	407	634	896
Profit from discontinued operations	-260	-2	2	0	0
Net profit	**-1,369**	**-615**	**408**	**634**	**896**
Net margin (%)	-11.0	-4.6	2.2	3.2	4.3
Net profit (controlling interests)	-1,404	-650	371	598	860
Net profit (non-controlling interests)	35	35	38	35	35
EBITDA	415	419	1,704	2,349	2,643
EBITDA margin (%)	3.4	3.1	9.0	11.7	12.8
EPS (parent-based) (KRW)	-7,292	-3,377	1,798	2,630	3,782
EPS (consolidated) (KRW)	-7,108	-3,195	1,981	2,785	3,938
Adjusted EPS (KRW)*	-7,292	-3,377	1,798	2,630	3,782

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**10,883**	**12,637**	**17,123**	**18,621**	**19,824**
Cash & equivalents	2,184	2,470	2,735	3,315	4,116
Accounts receivable	2,305	1,543	2,184	2,324	2,385
Inventories	4,258	5,680	8,039	8,552	8,776
Other current assets	2,136	2,943	4,165	4,431	4,547
Fixed assets	**19,154**	**20,507**	**21,329**	**21,937**	**22,325**
Investment assets	5,434	5,876	6,119	6,470	6,624
Tangible assets	10,727	11,182	11,823	12,132	12,412
Intangible assets	1,756	1,846	1,789	1,737	1,691
Other long-term assets	1,238	1,603	1,598	1,598	1,598
Total assets	**30,037**	**33,144**	**38,452**	**40,559**	**42,149**
Current liabilities	**11,708**	**12,736**	**15,396**	**16,016**	**16,363**
Accounts payable	2,610	2,709	3,834	4,078	4,186
Short-term debt	5,110	6,320	6,320	6,320	6,320
Other current liabilities	3,987	3,707	5,242	5,617	5,857
Long-term liabilities	**7,722**	**9,223**	**10,337**	**11,190**	**11,538**
Bonds & long-term debt	6,423	7,852	8,593	9,365	9,677
Other long-term liabilities	1,300	1,371	1,744	1,825	1,861
Total liabilities	**19,430**	**21,959**	**25,733**	**27,206**	**27,901**
Owners of parent equity	**9,450**	**9,101**	**10,598**	**11,196**	**12,056**
Capital stock	889	889	1,154	1,154	1,154
Capital surplus	1,562	1,771	2,678	2,678	2,678
Retained earnings	4,132	3,443	3,814	4,412	5,272
Other	2,866	2,998	2,953	2,953	2,953
Non-controlling interests' equity	**1,157**	**2,084**	**2,122**	**2,157**	**2,192**
Total equity	**10,607**	**11,185**	**12,719**	**13,353**	**14,248**
Net debt	10,701	12,706	13,399	13,679	13,305

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**638**	**-655**	**128**	**1,804**	**2,214**
Net profit	-1,369	-615	408	634	896
Non-cash profit and expenses	1,942	1,432	1,132	1,622	1,653
Depreciation	649	720	759	791	820
Amortization	66	64	58	52	46
Other	1,227	648	316	780	786
Changes in A/L from operating activities	94	-1,395	-1,405	-305	-134
Cash flow from investments	**-3,287**	**-1,749**	**-1,521**	**-1,030**	**-974**
Change in tangible assets	-3,344	-1,972	-1,400	-1,100	-1,100
Change in financial assets	-107	-22	-273	-59	-26
Other	163	245	152	129	152
Cash flow from financing	**2,676**	**2,714**	**1,729**	**282**	**-198**
Change in debt	3,485	2,353	1,138	900	443
Change in equity	66	209	1,171	0	0
Dividends	-138	-166	0	0	0
Other	-737	318	-581	-618	-642
Change in cash	226	286	265	580	801
Cash at beginning of year	1,958	2,184	2,470	2,735	3,315
Cash at end of year	2,184	2,470	2,735	3,315	4,116
Gross cash flow	**573**	**817**	**1,540**	**2,256**	**2,549**
Free cash flow	**-2,759**	**-2,665**	**-1,272**	**704**	**1,114**

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	-5.2	7.6	41.5	6.4	2.6
Operating profit	nm	nm	nm	69.6	17.9
Net profit	nm	nm	nm	55.2	41.4
Adjusted EPS**	nm	nm	nm	46.2	43.8
Per-share data (KRW)					
EPS (parent-based)	-7,292	-3,377	1,798	2,630	3,782
EPS (consolidated)	-7,108	-3,195	1,981	2,785	3,938
Adjusted EPS**	-7,292	-3,377	1,798	2,630	3,782
BVPS	49,802	47,965	47,100	49,759	53,582
DPS (common)	271	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	12.7	8.7	6.0
P/B***	0.3	0.5	0.5	0.5	0.4
EV/EBITDA	35.3	46.4	11.4	8.4	7.4
Ratios (%)					
ROE	-16.0	-7.0	3.8	5.5	7.4
ROA	-5.0	-1.9	1.1	1.6	2.2
ROIC	-1.6	-1.5	4.6	5.9	6.8
Payout ratio	-3.6	0.0	0.0	0.0	0.0
Dividend yield (common)	1.8	0.0	0.0	0.0	0.0
Net debt to equity	100.9	113.6	105.3	102.4	93.4
Interest coverage (x)	-0.5	-0.7	1.5	2.3	2.7

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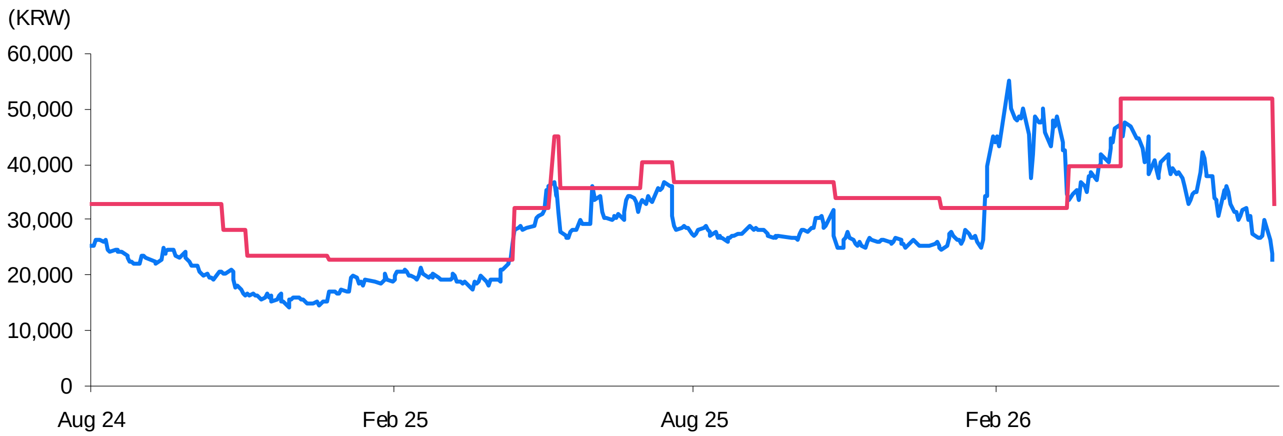
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/7/26	10/30	11/14	2025/1/3	4/25	5/19	5/23	7/11	7/31	11/6	2026/1/9	3/27
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	HOLD
Target price (KRW)	33014	28297	23581	22638	32070	45276	35843	40559	36786	33957	32070	39616
Gap* (average)	-30.39	-33.88	-33.96	-14.79	-3.03	-25.24	-13.71	-14.92	-24.04	-23.85	21.18	-0.54
(max or min)**	-19.72	-26.17	-29.32	12.92	12.94	-20.94	0.66	-9.30	-13.33	-17.92	72.06	19.52

Date	4/28	7/30
Recommendation	HOLD	BUY
Target price (KRW)	51878	33000
Gap* (average)	-30.82	
(max or min)**	-7.82	

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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