COMPANY UPDATE

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SM Entertainment (041510)

Solid fundamentals and strong growth foundations

- SM Entertainment's 2Q consolidated operating profit rose 11% y-y KRW52.9b, meeting consensus. The in-line results were attributable to solid growth in concert and merchandise/licensing sales and earnings improvement at consolidated subsidiaries—although album & streaming sales fell 8% y-y.
- The ability of SMTR25 (set to debut in 2H) and aespa to significantly grow their fanbases in Western markets should be a key determinant of the agency's earnings and valuation.

WHAT'S THE STORY?

2Q review: SM Entertainment's 2Q consolidated sales rose 15.4% y-y to KRW349.6b and its operating profit climbed 11% y-y KRW52.9b, with both figures meeting consensus. Album & streaming sales declined 8% y-y due to lower sales volume of new albums released by rookie groups. However, parent-based sales grew 9.2% y-y, as concert and merchandise/licensing sales expanded 24% and 22% y-y, respectively. Yet, parent-based operating profit fell 2.6%pts y-y to 18.2% on a rising portion of earnings from the concerts of veteran acts such as TVXQ, Super Junior, and EXO. Meanwhile, consolidated earnings climbed 61.2% y-y to KRW13b, backed by: 1) better profitability at Dream Maker based on more concert production and stronger collaboration with the parent; and 2) increased earnings at Dear U.

2H outlook: NCT 127, celebrating its 10th anniversary in 3Q, is scheduled to embark on a global tour following its upcoming studio album. Rookie groups (eg, aespa, Riize, NCT Wish, and Hearts2Hearts) are set to become more active in Japan by releasing Japanese albums.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW105,000	38.9%
Current price	KRW75,600	
Market cap	KRW1.7t/USD1.2b	
Shares (float)	22,894,690 (58.3%)	
52-week high/low	KRW153,000/KRW66,500	
Avg daily trading value (60-day)	KRW9.4b/ USD6.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SM Entertainment (%)	-7.7	-28.3	-43.8
Vs Kosdaq (%pts)	-3.9	-3.0	-43.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	105,000	114,000	-7.9%
2026E EPS	4,917	5,392	-8.8%
2027E EPS	6,277	6,335	-0.9%

SAMSUNG vs THE STREET

No of estimates	18
Target price	118,167
Recommendation	4.0

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

SUMMARY 2Q26 RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	349.6	15.4	25.3	5.8	5.4
Operating profit	52.9	11.1	36.9	2.9	0.9
Pre-tax profit	42.0	6.9	-26.8	-30.9	-23.4
Net profit	29.1	-5.6	-20.6	-27.1	-26.5
Margins (%)					
Operating profit	15.1				
Pre-tax profit	12.0				
Net profit	8.3				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	8.9	15.4	12.0
P/B	3.1	1.6	1.5
EV/EBITDA	11.7	6.2	5.1
Div yield (%)	1.2	2.1	2.2
EPS growth (% y-y)	1,843.8	-67.5	27.6
ROE (%)	41.6	10.8	12.7
Per-share data (KRW)			
EPS	15,126	4,917	6,277
BVPS	43,793	47,022	51,749
DPS	1,620	1,550	1,650

Samsung Securities

4Q should see solo and unit activities from multiple groups (eg, NCT Dream), alongside comebacks of younger acts. A new boy group, to be composed of select members from SMTR25, has been building a presence through SMTown concerts and original content, and it is expected to debut in 2H and establish itself rapidly.

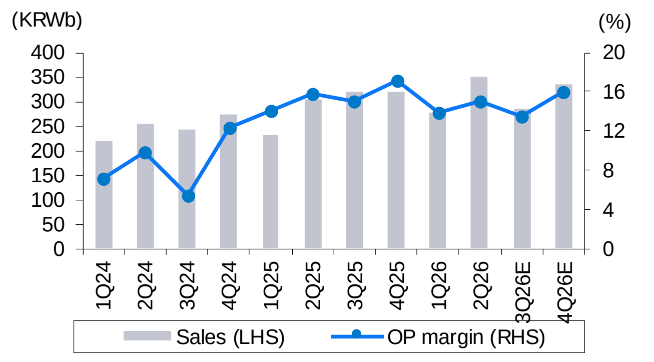
Growth foundation remains solid: Younger artists have successfully established market presence, providing a solid foundation for future growth. We believe aespa's upcoming global tour in North America and Europe will be a critical factor for SME's long-term earnings and valuation. Based on current activity schedules, we reduce our 2026 net profit estimate by 9% and cut our target price by 8% to KRW105,000 (based on a forward P/E of 20x; the average of global peers; Bloomberg).

Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	**220.1**	**253.9**	**242.2**	**273.6**	**231.4**	**302.9**	**321.6**	**319.0**	**279.1**	**349.6**	**286.7**	**334.5**	**989.7**	**1,174.9**	**1,249.9**	**1,367.0**
SM Ent.	136.1	174.1	172.1	181.8	165.5	220.3	224.5	202.2	189.3	240.6	186.1	219.4	664.1	812.5	835.4	922.1
SM C&C	23.9	27.9	24.8	33.4	17.7	21.1	25.4	36.3	21.5	27.2	25.9	36.8	109.9	100.5	111.4	117.2
SM Ent. Japan	27.4	18.7	22.0	20.2	20.8	26.0	24.4	25.7	30.5	28.8	33.5	31.1	88.3	96.9	124.0	135.7
Dear U	-	-	-	-	-	20.2	22.3	23.8	23.4	23.4	23.4	24.1	-	66.3	94.2	101.1
Dream Maker	12.9	7.5	10.5	5.0	23.0	14.9	8.5	16.5	7.3	41.6	17.6	19.2	35.9	62.9	85.7	66.9
Keyeast	25.4	16.1	13.3	21.0	4.5	3.0	3.6	4.6	8.5	10.7	1.8	4.4	75.8	15.7	25.5	25.8
COGS	148.9	176.1	168.9	188.6	148.0	188.4	202.6	203.4	178.7	233.8	185.6	219.5	682.5	742.4	817.7	879.2
Gross profit	**71.1**	**77.7**	**73.4**	**85.0**	**83.4**	**114.5**	**119.0**	**115.6**	**100.4**	**115.8**	**101.1**	**115.0**	**307.2**	**432.5**	**432.2**	**487.7**
SG&A costs	55.6	53.0	60.0	51.3	50.8	66.9	70.8	61.0	61.8	62.9	62.2	61.3	219.9	249.5	248.2	271.1
Operating profit	**15.5**	**24.7**	**13.3**	**33.7**	**32.6**	**47.6**	**48.2**	**54.6**	**38.6**	**52.9**	**38.9**	**53.7**	**87.3**	**183.0**	**184.0**	**216.7**
Operating margin (%)	7.1	9.7	5.5	12.3	14.1	15.7	15.0	17.1	13.8	15.1	13.6	16.1	8.8	15.6	14.7	15.9
Non-operating gains (losses)	3.7	-3.6	3.2	-64.5	229.3	-8.3	8.7	-45.0	18.8	-10.9	7.6	-23.3	-61.2	184.7	-7.8	-6.0
Pre-tax profit	19.3	21.1	16.5	-30.8	261.9	39.3	56.9	9.7	57.4	42.0	46.4	30.4	26.1	367.7	176.2	210.6
Net profit (controlling)	**12.1**	**7.3**	**6.3**	**-7.3**	**248.2**	**29.3**	**39.8**	**29.9**	**32.5**	**29.5**	**30.5**	**20.3**	**18.3**	**347.2**	**112.8**	**143.7**
Growth (% y-y)																
Sales	**7.9**	**5.9**	**-9.0**	**9.0**	**5.2**	**19.3**	**32.8**	**16.6**	**20.6**	**15.4**	**-10.9**	**4.9**	**3.0**	**18.7**	**6.4**	**9.4**
SM Ent.	6.2	25.4	-8.8	11.0	21.5	26.5	30.5	11.2	14.4	9.2	-17.1	8.5	7.2	22.3	2.8	10.4
SM C&C	11.7	-5.1	-26.9	-21.7	-26.1	-24.2	2.5	8.7	21.3	29.0	2.0	1.5	-13.6	-8.6	10.9	5.2
SM Ent. Japan	2.4	-6.4	-8.5	65.7	-23.9	38.6	11.1	27.1	46.5	10.9	37.5	20.8	6.4	9.8	27.9	9.5
Dear U	-	-	-	-	-	-	-	-		15.7	4.8	1.2	-		42.1	7.3
Dream Maker	-42.1	-78.4	-40.3	-74.4	78.1	99.0	-19.1	228.8	-68.1	178.5	107.9	16.1	-61.9	75.2	36.2	-21.9
Keyeast	31.6	22.6	39.2	110.0	-82.3	-81.7	-72.8	-78.0	89.8	263.3	-50.0	-5.0	45.8	-79.3	62.2	1.2
COGS	**13.1**	**12.5**	**5.5**	**9.9**	**-0.6**	**6.9**	**20.0**	**7.9**	**20.7**	**24.1**	**-8.4**	**8.0**	**10.1**	**8.8**	**10.1**	**7.5**
Gross profit	**-1.4**	**-6.5**	**-30.9**	**7.0**	**17.2**	**47.3**	**62.2**	**36.0**	**20.4**	**1.1**	**-15.0**	**-0.6**	**-9.9**	**40.8**	**-0.1**	**12.8**
SG&A costs	3.1	11.5	7.8	-27.1	-8.6	26.3	17.9	18.8	21.6	-6.0	-12.0	0.4	-3.4	13.4	-0.5	9.2
Operating profit	**-14.9**	**-30.6**	**-73.6**	**272.9**	**109.6**	**92.4**	**261.6**	**62.2**	**18.5**	**11.0**	**-19.4**	**-1.7**	**-23.1**	**109.7**	**0.5**	**17.8**
Operating margin (%pts)	-1.9	-5.1	-13.5	8.7	7.0	6.0	9.5	4.8	-0.3	-0.6	-1.4	-1.1	-3.0	6.8	-0.9	1.1
Non-operating gains (losses)	-66.2	nm	-93.7	nm	6,083.8	nm	173.6	nm	-91.8	nm	-13.0	nm	nm	nm	nm	nm
Pre-tax profit	-34.2	-47.5	-83.7	nm	1,260.0	85.7	244.6	nm	-78.1	6.9	-18.4	215.1	-78.1	1,310.0	-52.1	19.5
Net profit (controlling)	**-43.5**	**-71.4**	**-92.4**	**nm**	**1,959.3**	**303.7**	**530.3**	**nm**	**-86.9**	**0.6**	**-23.2**	**-32.3**	**-79.0**	**1,796.3**	**-67.5**	**27.4**

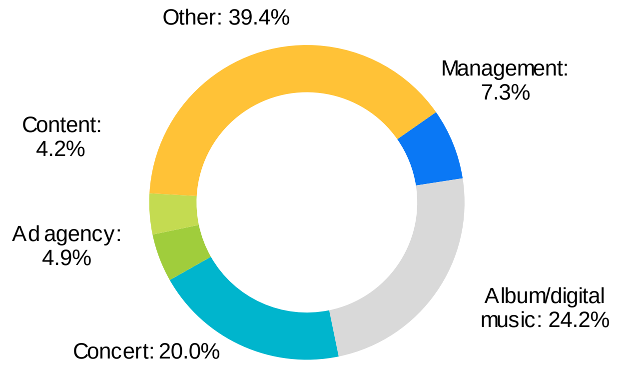
Note: Dear U was consolidated in 2Q25;
SM Entertainment is in the process of selling its stake in Keyeast, and upon the closing of the transaction, Keyeast may be excluded from SM Entertainment's consolidated financial results
Source: Company data, Samsung Securities

Chart 1. Sales and operating margin



Source: Company data, Samsung Securities

Chart 2. Sales, by business (2Q26)



Source: Company data, Samsung Securities

Table 2. Album sales: 2Q26 vs 2Q25

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

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

Table 3. Albums released in 2026

Artist	Album/EP	Release	Category	Sales* (units)
Taeyong (NCT)	Rock Solid	Apr 17	Digital single	
NCT WISH	Ode to Love	Apr 20	1st album	1,913,051
XngHan & Xoul	Glow	Apr 27	1st EP	109,962
Aespa	WDA (Whole Different Animal)	May 11	Pre-release single (2nd album)	
Taeyong (NCT)	WYLD	May 18	1st album	362,662
Yesung (Super Junior)	Waiting for the Time to Bloom	May 27	Japan 2nd album	
aespa	Lemonade	May 29	2nd album	1,062,698
Shinee	Atmos	Jun 1	6th EP	141,192
Renjiun (NCT)	Echoes Between Us	Jun 1	China special EP	
RIIZE	Ⅱ	Jun 15	2nd EP	1,401,094
Hearts2Hearts	Lemon Tang	Jun 22	2nd EP	620,304
Ryeowook (Super Junior)	Runaway	Jun 23	Single 1st album	27,434
Taeyeon (SNSD)	J-POP Remake Vol.1	Jun 29	Digital single	
Jaehyun (NCT)	99 Degrees	Jul 10	Digital single	
Super Junior -83z	Promise	Jul 13	1st EP	136,773*
NCT WISH	YO-I-DON! / Boy Meets Girl	Jul 15	Japan 3rd single	
Yunho (TVXQ)	Time's Tickin	Jul 20	Single 1st album	66,723*
Aespa	Kiss N Tell	Jul 24	Japan 1st EP	
Redvelvet	Velvet Summer	Aug 3	8th EP	
Ryeowook (Super Junior)	Boku no Hoshi (僕のほし)	Aug 5	Japan 3rd single	
WayV	Vision Wings	Aug 10	8th EP	
Hearts2Hearts	Iconic Heart	Aug 12	Japan 1st single	
NCT 127	TBD	Aug 24	7th album	
RIIZE	Sunburst	Aug 26	Japan 3rd single	
Minho (Shinee)	TBD	3Q26	2nd EP	
Chanyeol (EXO)	TBD	3Q26	Japan 2nd EP	
Irene & Seulgi (Red Velvet)	TBD	3Q26	Japan 1st EP	
Hyorisu (SNSD)	TBD	3Q26	Digital single	
XngHan & Soul	TBD	3Q26	Japan 1st single	
Yesung (Super Junior)	TBD	4Q26	2nd album	
Taeyeon (SNSD)	TBD	4Q26	4th album	
Jaehyun (NCT)	TBD	4Q26	1st album	
NCT DREAM	TBD	4Q26	6th album	
Changmin (TVXQ)	TBD	4Q26	3rd EP	
Exo Unit	TBD	4Q26	1st EP	
Xiao Dejun	TBD	4Q26	1st EP	
NCT WISH	TBD	4Q26	3rd EP	
Hearts2Heartd	TBD	4Q26	2nd single	
RIIZE	TBD	4Q26	TBA	

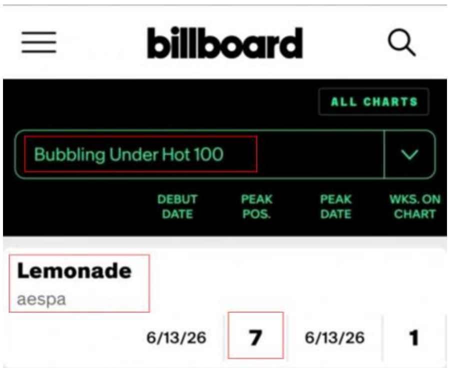
Notes: Based on Circle Chart Top-100;
Figures span from release date to Jun 30, 2025;
Source: Local media, company data, Circle Chart, Hanteo Chart, Samsung Securities

Table 4. Concerts in 2026

Artist	Country	Concert/fan meeting	Dates	Cities	Shows
Super Junior	Korea	SUPER SHOW 10	Apr 3-5	Seoul	3
NCT WISH	Asia	INTO THE WISH: Our WISH	Apr 4-19	Bangkok, Jakarta, Seoul	5
Aespa	Asia	aeXIS LINE	Apr 4-26	Jakarta, Osaka, Tokyo	5
EXO	Asia	EXhorizon	Apr 10-Jun 20	Asia 9 cities	19
Taeyong (NCT)	Asia	TY TRACK	Apr 11	Kuala Lumpur	1
TVXQ	Japan	RED OCEAN	Apr 25-26	Yokohama	2
SMTR25	Asia	(Fan meeting) Graduation Trip	May1-30	Seoul, Macao, Yokohama, Bangkok	7
Yesung (Super Junior)	Japan	咲き誇る時を待つのは	May 5-30	Osaka, Aichi, Tokyo	5
Irene (Red Velvet)	Asia	I-WILL	May 23-Jun 20	Seoul, Taipei, Macao	5
Shinee	Korea	The Invert	May 29-Jun 7	Seoul. Saitama	5
Jaehyun (NCT)	Asia	(Fan concert) MONO	Jun 6-28	Seoul, Macao, Jakarta, Bangkok	6
NCT JNJM	Asia	(Fan meeting) Duality	Jun 13-28	Seoul, Tokyo	5
Jaehyun (NCT)	Asia	(Fan concert) MONO	Jul 4-5	Taipei	2
Irene (Red Velvet)	Asia	I-WILL	Jul 4-18	Singapore, Bangkok	2
EXO	Asia	EXhorizon	Jul 4-26	Asia 4 cities	8
NCT JNJM	Asia	(Fan meeting) Duality	Jul 4-Aug 8	Asia 4 cities	8
Renjun&Chenle (NCT)	China	(Fan meeting) ROOMMATE	Jul 5-Jul 25	China 5 cities	5
RIIZE	Japan	(Fan meeting) RPG- RIIZE Playing Game	Jul 10-24	Japan 3 cities	6
Ryeowook (Super Junior)	Asia	DIVE TO BLUE	Jul 10-Sep 20	Seoul, Bangkok, Macao, Taiwan	9
Yunho (TVXQ)	Korea	PROJECT 26: SCENE#1	Jul 17-Sep 26	Seoul, Macao, Singapore, Taibei	10
Aespa	Japan	(Fan meeting) MY CLASSMaeTE	Jul 18-20	Tokyo	3
Super Junior-83z	Asia	(Fan concert) '1983'	Jul 24-Sep19	Seoul, Asia 5 cities	9
Red velvet	Global	(Fan concert) A day in Red&Velvet	Jul 31-Aug 2	Seoul	3
Aespa	Global	SYNK:COMPLæXITY	Aug 7-Sep 29	South America 4 cities, North America 6 cities	13
NCT DREAM	Korea	(Fan meeting) THE SWEET DREAM HOTEL	Aug 22-Aug 23	Incheon	2
NCT WISH	Asia	NCT WISH 2ND ANNIVERSARY FANMEETING	Sep 5-Sep 19	Taibei, Hong Kong	4
WavY	Korea	Born This Way	Sep 12-Sep 13	Seoul	2
RIIZE	Korea	Ch. RIIZE : ON AIR	Sep 12-Sep 13	Incheon	2
NCT 127	Korea	THE REDLINE	Sep 18-Sep 20	Seoul	3
Aespa	America	SYNK: COMPLæXITY	Oct 3-11	North America 4 cities	4
Super Junior-83z	Asia	(Fan concert) '1983'	Oct 3-Nov 21	Asia 3 cities	3
NCT 127	Asia	THE REDLINE	Oct 3-Nov 1	Jakarta, Hong Kong, Singapore, Bangkok	8
Chanyeol (Exo)	Japan	Japan Tour 2026 - The Route	Oct 14-Nov 11	Japan 4 cities	4
Yesung (Super Junior)	Asia	About the Things we called ordinary	Oct 17-Dec 19	Seoul, Macao, Hong Kong, Singapore	7
NCT 127	Asia	THE REDLINE	Jan 2	Taipei	1
Aespa	Europe	SYNK : COMPLæXITY	Jan 14-Feb 2	Europe 9 cities	9
WavY	Korea	Born This Way	Jan 30-Jan 31	Yokohama	2
Aespa	Asia	About the Things we called ordinary	Feb 12-Feb 13	Japan, Taipei(+add)	2

Source: Local media, Company data, Samsung Securities

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



Source: Company data, Samsung Securities

Chart 4. PUBG: Battle Ground X aespa collaboration

Source: Company data, Mnet, Samsung Securities

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

Source: Company data, Samsung Securities

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

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

Table 5. Artist lineup

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

Note: BoA announced departure from SM Entertainment (2000-2025);
Mark and Ten announced departure from SM (Apr 8,2026);
Lucas announced departure from SM (Apr 24, 2026)
Winwin announced departure from SM (Jul 9, 2026)
James Sharp announced departure from SM (Jul 10)
Source: Company data, Samsung Securities

Table 6. Partnership with Tencent Music Entertainment

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

Source: Company data, Samsung Securities

Chart 8. Multi production center

Multi Production Center

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

Source: Company data, Samsung Securities

Table 7. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg %
Sales	1,240.2	1,249.9	0.8	1,361.2	1,367.0	0.4
Operating profit	186.1	184.0	-1.2	219.2	216.7	-1.1
Operating margin (%, %pts)	15.0	14.7	-0.3	16.1	15.9	-0.3
Pre-tax profit	203.4	176.2	-13.4	240.7	210.6	-12.5
Net profit (controlling)	123.5	112.8	-8.8	145.0	143.7	-0.9

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**990**	**1,175**	**1,250**	**1,367**	**1,454**
Cost of goods sold	682	742	818	879	928
Gross profit	**307**	**433**	**432**	**488**	**526**
Gross margin (%)	31.0	36.8	34.6	35.7	36.2
SG&A expenses	220	250	248	271	287
Operating profit	**87**	**183**	**184**	**217**	**239**
Operating margin (%)	8.8	15.6	14.7	15.9	16.5
Non-operating gains (losses)	**-61**	**185**	**-8**	**-6**	**-8**
Financial profit	23	22	34	31	31
Financial costs	9	14	23	23	23
Equity-method gains (losses)	-2	214	0	2	2
Other	-73	-37	-20	-15	-17
Pre-tax profit	**26**	**368**	**176**	**211**	**231**
Taxes	25	8	56	59	65
Effective tax rate (%)	96.9	2.3	31.9	28.1	28.0
Profit from continuing operations	1	359	120	152	166
Profit from discontinued operations	0	0	0	0	0
Net profit	**1**	**359**	**120**	**152**	**166**
Net margin (%)	0.1	30.6	9.6	11.1	11.4
Net profit (controlling interests)	18	347	113	144	158
Net profit (non-controlling interests)	-17	12	7	8	9
EBITDA	149	250	233	253	268
EBITDA margin (%)	15.1	21.3	18.6	18.5	18.4
EPS (parent-based) (KRW)	778	15,126	4,917	6,277	6,890
EPS (consolidated) (KRW)	35	15,655	5,230	6,619	7,265
Adjusted EPS (KRW)*	778	15,126	4,917	6,277	6,890

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**814**	**980**	**1,133**	**1,335**	**1,530**
Cash & equivalents	358	365	478	619	768
Accounts receivable	158	180	192	210	223
Inventories	28	24	25	28	30
Other current assets	270	412	438	479	509
Fixed assets	**605**	**1,027**	**983**	**954**	**931**
Investment assets	242	145	150	157	163
Tangible assets	76	74	55	44	38
Intangible assets	140	601	572	546	523
Other long-term assets	147	207	207	207	207
Total assets	**1,419**	**2,008**	**2,117**	**2,290**	**2,461**
Current liabilities	**485**	**497**	**519**	**568**	**604**
Accounts payable	210	211	225	246	261
Short-term debt	5	5	5	5	5
Other current liabilities	269	281	290	317	337
Long-term liabilities	**105**	**152**	**157**	**166**	**173**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	105	152	157	166	173
Total liabilities	**590**	**649**	**677**	**734**	**776**
Owners of parent equity	**665**	**1,003**	**1,077**	**1,185**	**1,305**
Capital stock	12	12	12	12	12
Capital surplus	353	353	353	353	353
Retained earnings	320	618	694	802	922
Other	-20	19	17	17	17
Non-controlling interests' equity	**164**	**356**	**363**	**371**	**380**
Total equity	**829**	**1,359**	**1,440**	**1,556**	**1,684**
Net debt	-370	-510	-647	-810	-975

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**136**	**195**	**180**	**206**	**209**
Net profit	1	359	120	152	166
Non-cash profit and expenses	157	-80	93	81	75
Depreciation	33	34	19	11	6
Amortization	29	34	30	26	23
Other	95	-148	45	44	46
Changes in A/L from operating activities	1	-38	12	18	13
Cash flow from investments	**56**	**-150**	**-18**	**-29**	**-21**
Change in tangible assets	-22	-6	0	0	0
Change in financial assets	71	-131	-18	-29	-21
Other	7	-12	0	0	0
Cash flow from financing	**-144**	**-33**	**-44**	**-33**	**-36**
Change in debt	-36	-6	-7	3	2
Change in equity	-9	-0	0	0	0
Dividends	-28	-13	-37	-35	-38
Other	-72	-14	0	0	0
Change in cash	55	6	114	141	149
Cash at beginning of year	303	358	365	478	619
Cash at end of year	358	365	478	619	768
Gross cash flow	**158**	**279**	**213**	**232**	**241**
Free cash flow	**111**	**186**	**180**	**206**	**209**

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

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	3.0	18.7	6.4	9.4	6.4
Operating profit	-23.1	109.7	0.5	17.8	10.4
Net profit	-99.0	43,786.4	-66.7	26.5	9.8
Adjusted EPS**	-78.8	1,843.8	-67.5	27.6	9.8
Per-share data (KRW)					
EPS (parent-based)	778	15,126	4,917	6,277	6,890
EPS (consolidated)	35	15,655	5,230	6,619	7,265
Adjusted EPS**	778	15,126	4,917	6,277	6,890
BVPS	29,037	43,793	47,022	51,749	56,989
DPS (common)	400	1,620	1,550	1,650	1,750
Valuations (x)					
P/E***	97.2	8.9	15.4	12.0	11.0
P/B***	2.6	3.1	1.6	1.5	1.3
EV/EBITDA	10.5	11.7	6.2	5.1	4.2
Ratios (%)					
ROE	2.6	41.6	10.8	12.7	12.7
ROA	0.1	21.0	5.8	6.9	7.0
ROIC	1.1	40.5	19.0	25.6	30.4
Payout ratio	50.0	10.7	31.5	26.3	25.4
Dividend yield (common)	0.5	1.2	2.1	2.2	2.3
Net debt to equity	-44.6	-37.6	-44.9	-52.1	-57.9
Interest coverage (x)	16.0	33.5	35.8	43.1	46.5

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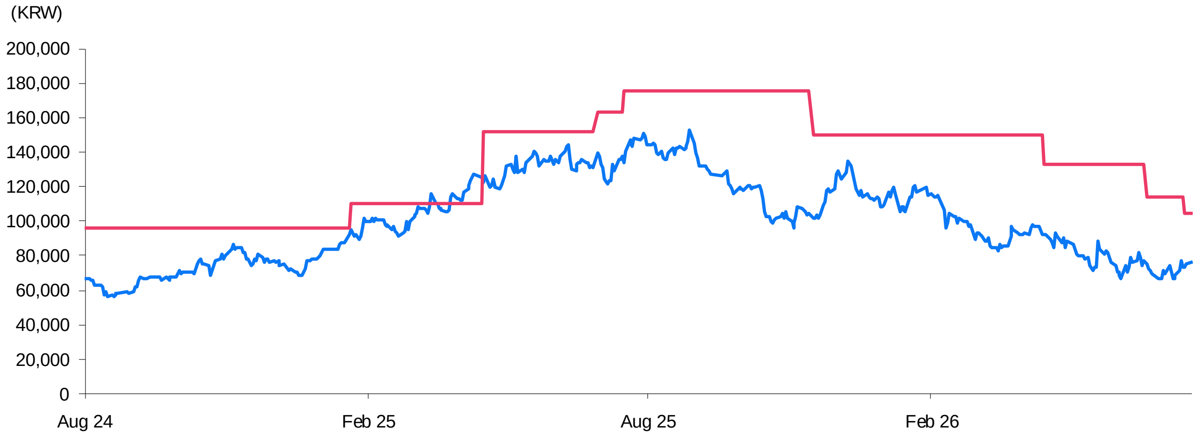
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/8/8	2025/2/11	5/8	7/21	8/7	12/8	2026/5/7	7/13	8/6
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	96000	110000	152000	163000	176000	150000	133000	114000	105000
Gap* (average)	-24.84	-5.09	-13.15	-19.92	-28.62	-29.81	-39.81	-38.43	
(max or min)**	-3.85	15.91	-4.93	-15.21	-13.07	-10.00	-29.70	-32.72	

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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