COMPANY UPDATE

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SK Telecom (017670)

AI infrastructure reshaping corporate value

- SK Telecom reported a 2Q operating profit of KRW566b (up 67.3% y-y), in line with the upper end of consensus. Earnings have normalized, moving beyond the impact of the cyber incident in 2Q25. Subsidiary SK Broadband posted solid results led by expansion in its data center business.
- The company is accelerating its AI infrastructure business, with growing expectations for AIDC project expansion and improved corporate valuation.

AT A GLANCE

BUY

Target price	KRW115,000	30.4%
Current price	**KRW88,200**	
Market cap	KRW18.9t/USD13.3b	
Shares (float)	214,790,053 (68.6%)	
52-week high/low	KRW125,200/KRW52,100	
Avg daily trading value (60-day)	KRW165.1b/ USD116.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SK Telecom (%)	3.5	27.5	58.9
Vs Kospi (%pts)	26.6	3.6	-18.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	115,000	115,000	0.0%
2026E EPS	6,288	6,116	2.8%
2027E EPS	6,696	6,577	1.8%

SAMSUNG vs THE STREET

No of estimates	19
Target price	117,421
Recommendation	3.9

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

WHAT'S THE STORY?

2Q review–Operating profit in line with upper end of consensus: SK Telecom reported 2Q consolidated sales of KRW4.359t (up 0.5% y-y) and operating profit of KRW566b (up 67.3% y-y), the latter meeting the upper end of consensus. This reflects a favorable base effect from last year's cyber incident in 2Q25. Mobile service revenue dipped 1.9% y-y, as while mobile subscriber numbers posted a q-q net increase, it suffered a y-y subscriber decline. In contrast, AI revenue continued robust growth—eg, 1) AI DC revenue rose to KRW136.2b (up 92.5% y-y), driven by higher data center utilization rates, contributions from the Pangyo DC (recognized since 3Q25), and increased submarine cable sales; and 2) AI B2B/B2C revenue grew to KRW61.3b (up 24.5% y-y), supported by higher cloud contract wins. Meanwhile, subsidiary SK Broadband achieved an operating profit of KRW132.5b (up 44.3% y-y), benefiting from scale growth in its data center business and rising ultra-high-speed internet subscribers, alongside improved cost efficiency. Net profit attributable to controlling shareholders surged 425% y-y, aided by improved equity-method income from partial divestments of investments.

The beginning of AI infrastructure expansion: Building on its full-stack AI infrastructure capabilities, SK Telecom is evolving from a passive data center operator into a leading developer and planner of AI data centers (AIDCs).

(Continued on the next page)

SUMMARY 2Q26 RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	4,359.1	0.5	-0.8	-1.2	-1.2
Operating profit	566.0	67.3	5.3	2.3	3.7
Pre-tax profit	572.0	137.9	22.9	13.6	18.8
Net profit	466.0	459.8	47.3	23.1	31.4
Margins (%)					
Operating profit	13.0				
Pre-tax profit	13.1				
Net profit	10.7				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	28.1	14.8	13.9
P/B	0.9	1.3	1.2
EV/EBITDA	4.4	4.9	4.7
Div yield (%)	3.1	3.8	3.9
EPS growth (% y-y)	-67.3	230.7	6.5
ROE (%)	3.3	9.6	9.2
Per-share data (KRW)			
EPS	1,901	6,288	6,696
BVPS	60,395	71,596	74,807
DPS	1,660	3,540	3,590

Samsung Securities

SK Group's AIDC strategy should be structured with SK Telecom overseeing the overall initiative, SK Hyper leading new business development, and SK Broadband responsible for the construction and operation of existing data centers. Projects should be rolled out in phases: eg, the Ulsan AIDC is scheduled to open its first phase by end-2027, followed by a second phase in 2029, and the Guro AIDC is planned for launch in 2030. With the establishment of SK Hyper, large-scale AIDC projects are expected to advance across key regions nationwide—including Yeongnam, Chungcheong, and the Southwestern regions. Amid AI service competition increasingly shifting toward infrastructure, SK Telecom is reinforcing its medium- to long-term growth foundation as a full-stack infrastructure provider—from design and development to operation.

The growth driver is shifting to AI: Moving beyond the one-off impact of the cyber incident, the company is now seeing a solid recovery in its core business performance. At the same time, leveraging its accumulated expertise in network operations and infrastructure from its telecom business, SK Telecom is expanding its AI data center-focused infrastructure business to secure medium- to long-term growth drivers. The alignment of earnings normalization with increased AI infrastructure investment is expected to elevate growth expectations, while the rising valuation of its Anthropic stake could serve as an additional catalyst for corporate re-rating. Even amid expanded AI infrastructure investment, the company is expected to maintain a balanced approach between capital allocation and shareholder returns. For 2Q26, it reaffirmed the same quarterly dividend per share of KRW830 as last year, with the record date set for Aug 31. We maintain BUY on the stock with an unchanged target price of KRW115,000 (based on SOTP, see Table 9).

Table 1. Consolidated results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	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**	**4,359.1**	**4,484.2**	**4,476.8**	**17,099.2**	**17,712.4**	**18,131.5**
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	3,117.0	3,169.6	3,182.0	12,051.1	12,574.4	12,773.7
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	3,793.0	3,945.0	4,175.2	16,026.0	15,768.0	16,036.5
Labor	660.6	624.0	639.4	801.8	671.6	594.2	605.3	840.1	634.3	620.3	621.0	787.0	2,711.3	2,662.5	2,748.8
Marketing (parent)	719.5	715.5	726.2	747.4	691.7	725.1	719.4	763.5	740.8	747.7	730.5	777.2	2,899.7	2,996.2	3,073.2
Depreciation	930.1	916.9	920.6	927.0	897.5	894.4	897.7	900.6	878.6	876.3	874.4	882.5	3,590.2	3,511.9	3,474.9
Operating profit	**498.5**	**537.5**	**533.3**	**254.1**	**567.4**	**338.3**	**48.4**	**119.1**	**537.6**	**566.0**	**539.1**	**301.6**	**1,073.2**	**1,944.4**	**2,095.0**
Operating margin (%)	11.1	12.2	11.8	5.6	12.7	7.8	1.2	2.8	12.2	13.0	12.0	6.7	6.3	11.0	11.6
Pre-tax profit	440.7	478.2	364.7	478.1	507.9	240.4	-163.9	137.8	465.6	572.0	470.4	235.3	722.3	1,743.3	1,874.0
Net profit (controlling)	**353.0**	**337.4**	**268.9**	**290.9**	**364.4**	**89.6**	**-158.2**	**112.5**	**322.4**	**470.6**	**389.7**	**167.9**	**408.4**	**1,350.5**	**1,438.2**
Chg (% y-y)															
Sales	**2.3**	**2.7**	**2.9**	**-0.3**	**-0.5**	**-1.9**	**-12.2**	**-4.1**	**-1.4**	0.5	12.7	3.4	-4.7	3.6	2.4
Parent	2.3	2.3	1.7	-0.4	-0.7	-1.8	-16.8	-3.3	-1.9	-0.6	18.9	3.2	-5.7	4.3	1.6
Operating costs	2.5	1.1	2.4	0.6	-2.3	3.0	-1.7	-1.1	-0.8	-5.2	0.4	-0.8	-0.6	-1.6	1.7
Labor	7.0	5.6	4.1	20.5	1.7	-4.8	-5.3	4.8	-5.6	4.4	2.6	-6.3	-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	3.1	1.5	1.8	-0.3	3.3	2.6
Depreciation	-0.3	-3.4	-0.8	-1.4	-3.5	-2.5	-2.5	-2.9	-2.1	-2.0	-2.6	-2.0	-2.8	-2.2	-1.1
Operating profit	**0.8**	**16.0**	**7.1**	**-14.4**	**13.8**	**-37.1**	**-90.9**	**-53.1**	**-5.3**	**67.3**	**1,013.1**	**153.2**	**-41.1**	**81.2**	**7.7**
Operating margin (%pts y-y)	-0.2	1.4	0.5	-0.9	1.6	-4.4	-10.5	-2.9	-0.5	5.2	10.8	4.0	-3.9	4.7	0.6
Pre-tax profit	4.7	6.3	-8.8	119.9	15.2	-49.7	nm	-71.2	-8.3	137.9	nm	70.7	-59.0	141.4	7.5
Net profit (controlling)	**21.5**	**2.5**	**-9.7**	**65.3**	**3.2**	**-73.4**	**nm**	**-61.3**	**-11.5**	425.0	**nm**	49.1	-67.3	230.7	6.5

Source: Company data, Samsung Securities

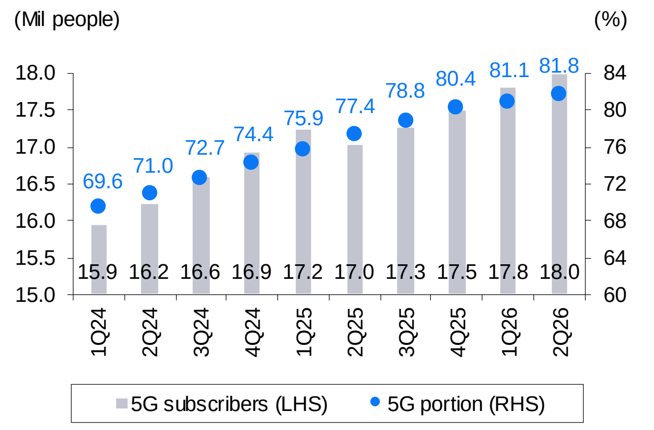
Table 2. Key operating metrics and forecasts

('000 people)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	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**	**33,576**	**33,597**	**33,636**	**33,452**	**33,636**	**33,878**
Net additions (q-q)	225	263	81	48	101	-437	-513	26	21	103	22	38	-824	184	243
LTE	6,918	6,598	6,264	5,892	5,601	5,079	4,932	4,637	4,568	4,392	4,245	4,099	4,637	4,099	3,630
5G	15,932	16,226	16,577	16,917	17,242	17,022	17,260	17,492	17,800	17,973	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**	**16,780**	**16,809**	**16,833**	**16,688**	**16,833**	**16,953**
Broadband	6,990	7,048	7,113	7,156	7,215	7,173	7,196	7,238	7,311	7,348	7,366	7,379	7,238	7,379	7,457
IPTV	9,588	9,603	9,616	9,608	9,600	9,494	9,459	9,450	9,452	9,431	9,443	9,454	9,450	9,454	9,496
Mobile ARPU (KRW)	**29,239**	**29,298**	**29,389**	**29,495**	**29,202**	**29,204**	**24,125**	**28,848**	**29,261**	**29,098**	**29,012**	**28,426**	**27,754**	**28,910**	**28,785**
Chg (% q-q)	-1.1	0.2	0.3	0.4	-1.0	0.0	-17.4	19.6	1.4	0.0	-0.3	-2.0	-5.1	4.2	-0.4

Note: *Mobile subscriber data from 3Q23 reflects changed standards

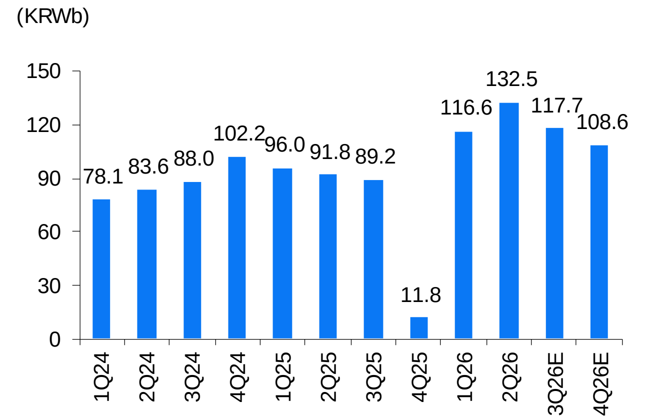
Source: Company data, Samsung Securities

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



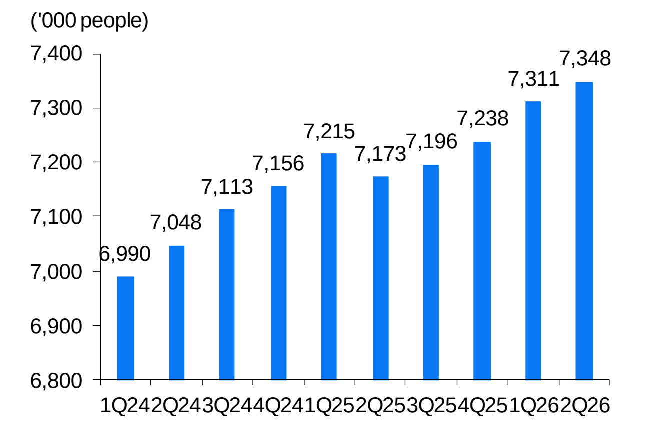
Source: Company data, Samsung Securities

Chart 2. SK Broadband: Operating profit



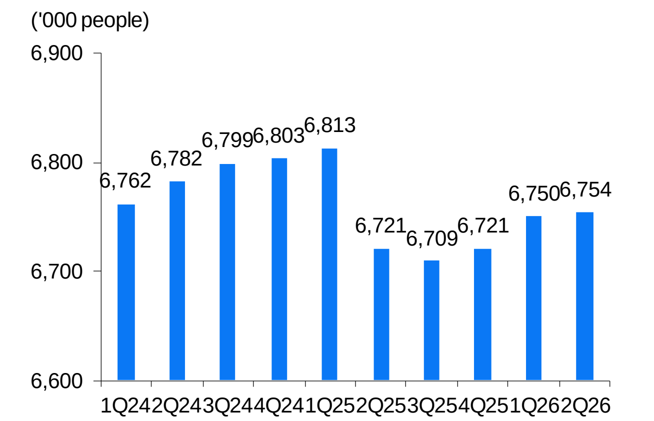
Source: Company data, Samsung Securities

Chart 3. Number of broadband subscribers



Source: Company data, Samsung Securities

Chart 4. Number of IPTV subscribers



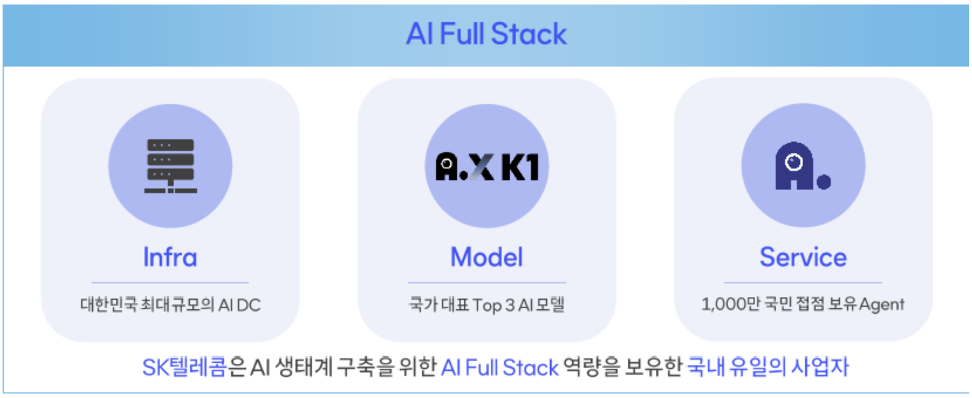
Source: Company data, Samsung Securities

Table 3. 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 4. 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 5. 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

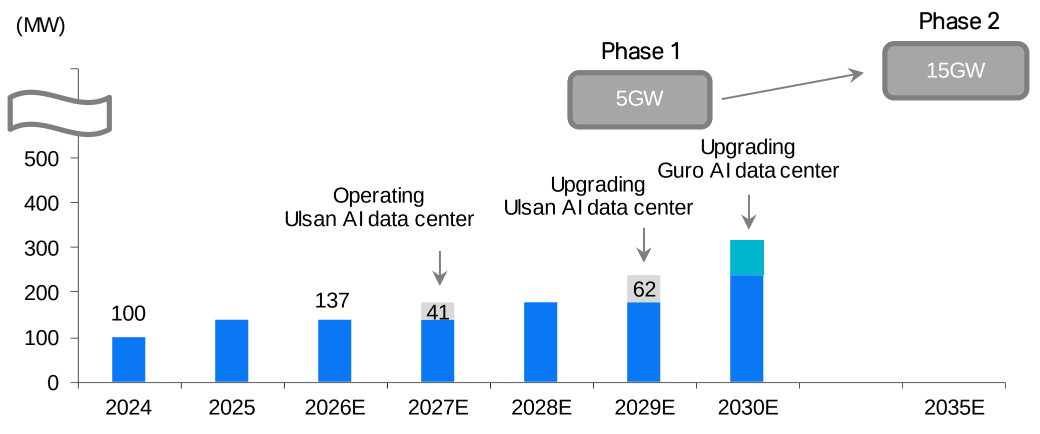
Table 6. Data centers:9 centers + α

Category	Location	Remarks	Capacity
SMA	Seocho		
(8+α)	Ilshan 1		
	Bundang1		
	Gasan		46 MW
	Ilsan 2		
	Bundang2		
	Yangju		
	Pangyo	Acquired from SK AX in 2025	30 MW
	Guro (planned)	Target operation in 2030	
Non-metropolitan areas	Busan Centum		
(1 site+α)	Ulsan	Target: 2027 (Phase 1), 2029 (Phase 2) Stage 1 (41 MW), Stage 2 (103 MW, cumulative)	

Note: As of Aug 2026, eight data centers are operating in the Seoul Metropolitan Area (SMA) and one in the provinces, with construction of data centers in Guro and Ulsan underway.

Source: Company data, Samsung Securities

Chart 6. SK Telecom's data center capacity and expansion plan



Note: 137 MW as of 2026

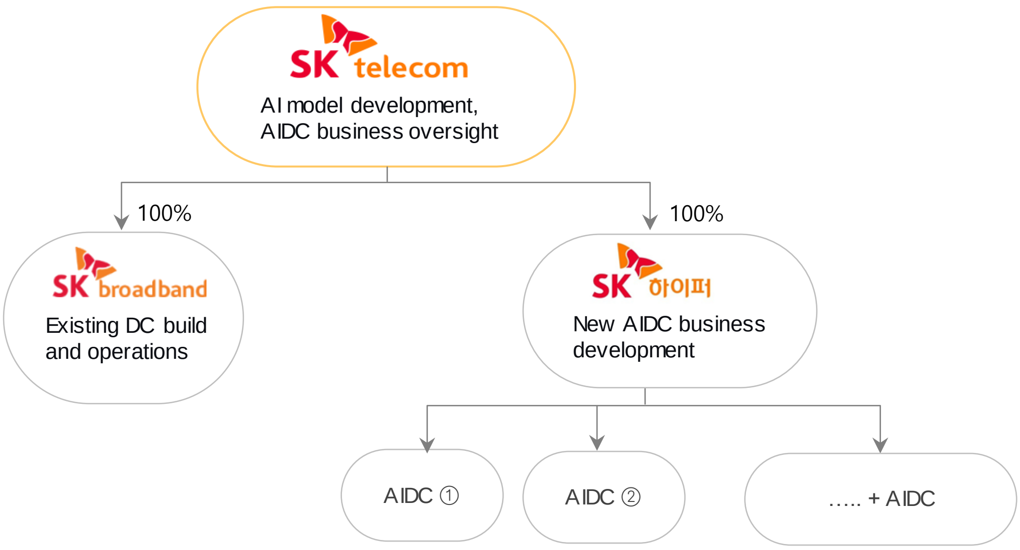
Source: Company data, Samsung Securities

Table 7. Public disclosure on the establishment of SK Hyper

Category	Details	
Title	Decision on Establishment and Equity Investment in SK Hyper Co., Ltd.	
Key Highlights	1) SK Telecom decided to establish and invest in SK Hyper Co., Ltd.	
	2) Issuing Company	
	- Company Name	SK Hyper Co., Ltd.
	- CEO	Seok-geun Jeong
	- Primary Business	AI data center business, etc.
	3) Shares to be Acquired	
	- Number of Shares	1.875m shares
	- Acquisition Amount	KRW750b
	- Expected Acquisition Date	KRW330b (by July 2026)
		KRW420b (to be invested based on business progress, by Dec 31, 2030)
	4) Acquisition Method	Cash investment
	5) Purpose of Acquisition	Strengthening competitiveness in the AI data center business

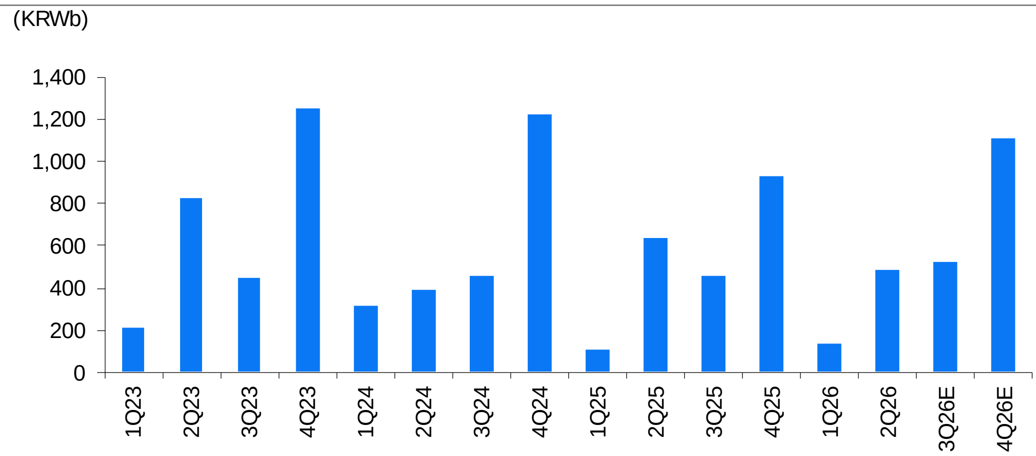
Note: Public disclosure on major management matters related to investment decisions and acquisition of shares in other corporations (Jul 23, 2026)
Source: Company data, Samsung Securities

Chart 7. SK Telecom's AI data center value chain



Source: Company data, Samsung Securities

Chart 8. SKT: Capex



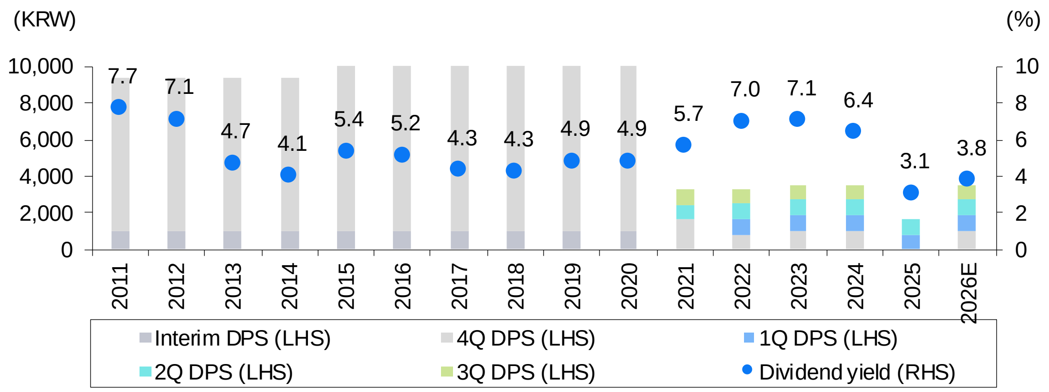
Note: Based on parent financial statements;
Source: Company data, Samsung Securities

Table 8. 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 9. SK Telecom's shareholder return policy



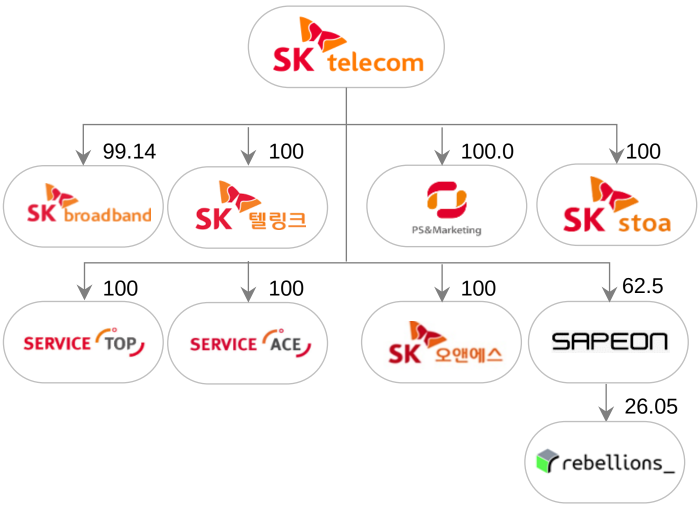
Note: 2021 DPS reflects spinoff (Nov 1, 2021);
Adopted quarterly dividend payout policy in 2Q21;
No dividend paid for 3Q25 and 4Q25;
As of Aug 5 close
Source: QuantiWise, Company data, Samsung Securities

Chart 10. 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 9. SK Telecom: Sum-of-the-parts valuation

(KRWb)	Value	Stake (%)	Net profit	Multiple (x)	Note
Parent	**20,594**		**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	7,364				Based on 2026 estimates
Fair value	**25,414**				
Outstanding shares (‘000)	214,790				
Fair value per share	**118,321**				
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 10. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	17,810.3	17,712.4	-0.5	18,221.3	18,131.5	-0.5
Operating profit	1,916.7	1,944.4	1.4	2,042.0	2,095.0	2.6
Operating margin (%, %pts)	10.8	11.0	0.2	11.2	11.6	0.3
Pre-tax profit	1,708.7	1,743.3	2.0	1,834.3	1,874.0	2.2
Net profit	1,313.6	1,350.5	2.8	1,412.7	1,438.2	1.8

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**17,941**	**17,099**	**17,712**	**18,132**	**18,639**
Cost of goods sold	0	0	0	0	0
Gross profit	**17,941**	**17,099**	**17,712**	**18,132**	**18,639**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	16,117	16,026	15,768	16,037	16,367
Operating profit	**1,823**	**1,073**	**1,944**	**2,095**	**2,272**
Operating margin (%)	10.2	6.3	11.0	11.6	12.2
Non-operating gains (losses)	**-62**	**-351**	**-201**	**-221**	**-213**
Financial profit	355	219	187	185	185
Financial costs	606	482	446	411	396
Equity-method gains (losses)	322	-64	27	-4	-2
Other	-133	-25	31	10	-1
Pre-tax profit	**1,762**	**722**	**1,743**	**1,874**	**2,060**
Taxes	375	347	411	446	492
Effective tax rate (%)	21.3	48.1	23.6	23.8	23.9
Profit from continuing operations	1,387	375	1,332	1,428	1,568
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,387**	**375**	**1,332**	**1,428**	**1,568**
Net margin (%)	7.7	2.2	7.5	7.9	8.4
Net profit (controlling interests)	1,250	408	1,351	1,438	1,574
Net profit (non-controlling interests)	137	-33	-18	-10	-6
EBITDA	5,523	4,663	5,597	5,864	6,158
EBITDA margin (%)	30.8	27.3	31.6	32.3	33.0
EPS (parent-based) (KRW)	5,810	1,901	6,288	6,696	7,328
EPS (consolidated) (KRW)	6,446	1,746	6,203	6,648	7,300
Adjusted EPS (KRW)*	5,810	1,901	6,288	6,696	7,328

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**7,477**	**6,727**	**7,910**	**7,949**	**8,283**
Cash & equivalents	2,024	1,490	2,173	2,190	2,236
Accounts receivable	1,989	1,919	2,094	2,152	2,274
Inventories	210	168	185	189	200
Other current assets	3,254	3,151	3,458	3,419	3,573
Fixed assets	**23,039**	**23,381**	**24,215**	**24,748**	**25,256**
Investment assets	4,476	5,763	6,526	6,732	6,895
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**	**32,125**	**32,697**	**33,539**
Current liabilities	**9,224**	**6,530**	**6,583**	**6,359**	**6,454**
Accounts payable	127	111	119	119	123
Short-term debt	100	130	130	130	130
Other current liabilities	8,998	6,289	6,334	6,110	6,201
Long-term liabilities	**9,463**	**10,623**	**10,215**	**10,337**	**10,313**
Bonds & long-term debt	6,567	7,594	7,354	7,329	7,329
Other long-term liabilities	2,897	3,028	2,860	3,008	2,984
Total liabilities	**18,688**	**17,152**	**16,798**	**16,696**	**16,767**
Owners of parent equity	**11,699**	**12,863**	**15,253**	**15,938**	**16,715**
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	23,758	24,442	25,220
Other	-13,079	-11,877	-10,306	-10,306	-10,306
Non-controlling interests' equity	**129**	**92**	**74**	**64**	**58**
Total equity	**11,828**	**12,955**	**15,327**	**16,001**	**16,772**
Net debt	8,604	9,030	7,364	7,306	7,144

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**5,087**	**3,924**	**5,072**	**5,103**	**5,343**
Net profit	1,387	375	1,332	1,428	1,568
Non-cash profit and expenses	4,313	4,437	4,212	4,372	4,516
Depreciation	3,700	3,590	3,652	3,769	3,886
Amortization	0	0	0	0	0
Other	613	846	559	602	630
Changes in A/L from operating activities	-109	-144	128	-83	-102
Cash flow from investments	**-2,712**	**-1,737**	**-3,923**	**-4,063**	**-4,264**
Change in tangible assets	-2,440	-1,966	-3,858	-4,121	-4,235
Change in financial assets	-213	201	-156	17	-50
Other	-59	28	91	41	21
Cash flow from financing	**-1,810**	**-2,712**	**-1,394**	**-870**	**-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	683	16	47
Cash at beginning of year	1,455	2,024	1,490	2,173	2,190
Cash at end of year	2,024	1,490	2,173	2,190	2,236
Gross cash flow	**5,700**	**4,812**	**5,544**	**5,800**	**6,084**
Free cash flow	**2,600**	**1,717**	**1,215**	**982**	**1,108**

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	3.6	2.4	2.8
Operating profit	4.0	-41.1	81.2	7.7	8.5
Net profit	21.0	-73.0	255.2	7.2	9.8
Adjusted EPS**	16.3	-67.3	230.7	6.5	9.4
Per-share data (KRW)					
EPS (parent-based)	5,810	1,901	6,288	6,696	7,328
EPS (consolidated)	6,446	1,746	6,203	6,648	7,300
Adjusted EPS**	5,810	1,901	6,288	6,696	7,328
BVPS	54,952	60,395	71,596	74,807	78,455
DPS (common)	3,540	1,660	3,540	3,590	3,840
Valuations (x)					
P/E***	9.5	28.1	14.0	13.2	12.0
P/B***	1.0	0.9	1.2	1.2	1.1
EV/EBITDA	3.7	4.4	4.7	4.5	4.2
Ratios (%)					
ROE	10.8	3.3	9.6	9.2	9.6
ROA	4.6	1.2	4.3	4.4	4.7
ROIC	7.7	3.1	8.2	8.7	9.2
Payout ratio	60.3	86.5	55.8	53.2	52.0
Dividend yield (common)	6.4	3.1	4.0	4.1	4.4
Net debt to equity	72.7	69.7	48.0	45.7	42.6
Interest coverage (x)	4.5	2.8	5.5	6.2	7.1

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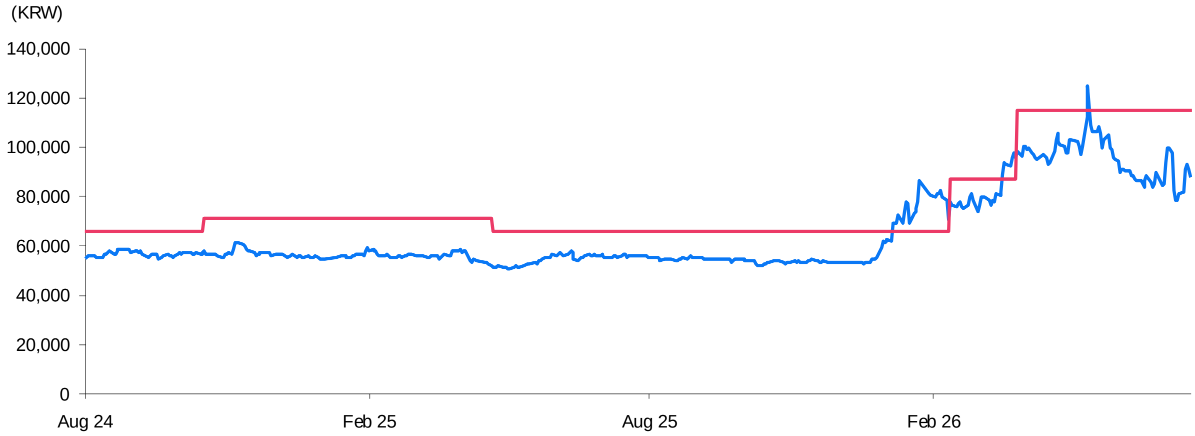
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

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	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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