COMPANY UPDATE

2026. 8. 11

Tech Team

Minha Choi
Senior Analyst
minha22.choi@samsung.com

Hyerim Yu
Research Associate
hyerim0705.yu@samsung.com

AT A GLANCE

BUY

Target price	KRW47,000	27.7%
Current price	**KRW36,800**	
Market cap	KRW806.99b/USD568.94m	
Shares (float)	21,929,154 (51.8%)	
52-week high/low	KRW80,000/KRW28,850	
Avg daily trading value (60-day)	KRW3.4b/ USD2.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
CJ ENM (%)	14.3	-51.9	-47.9
Vs Kosdaq (%pts)	12.0	-37.2	-50.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	47,000	47,000	0.0%
2026E EPS	1,604	1,476	8.7%
2027E EPS	3,273	3,360	-2.6%

SAMSUNG vs THE STREET

No of estimates	13
Target price	57,289
Recommendation	4.0

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

Samsung Securities

Scan to go to
Research Center report database

CJ ENM (035760)

Tving changes the earnings equation

- CJ ENM reported a 2Q operating profit that exceeds consensus by 8%, driven by Tving's turn to profitability and improved margins from the commerce division.
- Ad sales should improve h-h in 2H, driven by the expansion of integrated ad offerings. The music division is poised for stronger growth, fueled by a broader roster of artists and more aggressive global activities.
- The company continues to refine its business structure around digital platforms, supporting a clear path to longer-term growth.

WHAT'S THE STORY?

2Q results beat consensus: CJ ENM reported 2Q consolidated sales of KRW1.2t (down 8.3% y-y) and an operating profit of KRW33.4b (up 16.9% y-y), the latter exceeding the lowered consensus by 8%. Sales declined due to absence of series deliveries by Fifth Season, but operating profit rose thanks to improved profitability in the media/platform division—driven by Tving's turn to profitability—and stronger earnings from the commerce division. Tving posted sales of KRW140.7b (up 41% y-y and 31% q-q) and an operating profit of KRW6b (turning around from a 2Q25 loss of KRW24b), backed by sustained subscriber growth, a sharp rise in ad sales, and expanded overseas sales through branded section on international OTT platforms. The commerce division also saw improved margins, supported by steady growth in mobile live commerce (MLC) gross merchandise value and a strategic focus on higher-margin product categories. By division, media/platform contributed an operating profit of KRW11b (vs KRW8b loss in 2Q25), movie/drama recorded an operating loss of KRW10.5b (vs KRW1.2b loss in 2Q25), music contributed an operating profit of KRW10.9b (down 36.4% y-y), and commerce delivered an operating profit of KRW26b (up 21.2% y-y).

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,203.3	-8.3	-9.5	-7.9	-4.8
Operating profit	33.4	16.7	2,188.2	11.9	7.6
Pre-tax profit	19.9	-83.6	11,970.0	30.2	19.3
Net profit	22.2	-80.6	nm	17.1	-34.8
Margins (%)					
Operating profit	2.8				
Pre-tax profit	1.7				
Net profit	1.8				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	48.0	22.9	11.2
P/B	0.5	0.3	0.3
EV/EBITDA	2.8	2.7	2.4
Div yield (%)	0.0	0.0	1.1
EPS growth (% y-y)	nm	19.2	104.1
ROE (%)	1.1	1.3	2.6
Per-share data (KRW)			
EPS	1,345	1,604	3,273
BVPS	134,460	129,690	133,149
DPS	0	0	400

Ad weakness to ease and music business growth base to expand in 2H: TV ad sales continued to soften, dropping 21% y-y in 2Q, partly because the World Cup season was in play. Ad sales should improve h-h in 2H, as the company focuses on expanding integrated ad offerings, leveraging its strength in bundling broadcast, digital, and out-of-home media solutions. The music division experienced margin pressure due to investments in fan platforms and costs tied to new artist debuts. However, growth momentum should pick up in 2H, driven by an expanded slate of album releases and concerts from artists under Lapone Entertainment in Japan, as well as the hosting of major events like KCON and MAMA. The debut of KO1KEYZ, the Japanese group formed through Produce 101 Japan Shinsekai, is slated for 4Q.

Tving's profitability milestone and accelerating merger talks: Tving is likely to face cost pressure from increased content investment in 2H, but subscriber and traffic growth remains strong, driven by rising original content appeal and the popularity of Korea Baseball Organization (KBO) league broadcasts. Notably, Tving achieved its first-ever quarterly profit, confirming its potential for improved profitability and stronger earnings resilience. Discussions around a potential merger between Tving and Wavve are likely to resume. Major shareholder KT is currently discussing strategic collaborations in advertising and content, with plans to formally advance merger-related talks in 2H. Engagement with SLL on related matters will also continue. That said, the recent data breach incident warrants close monitoring of its potential impact on subscriber metrics.

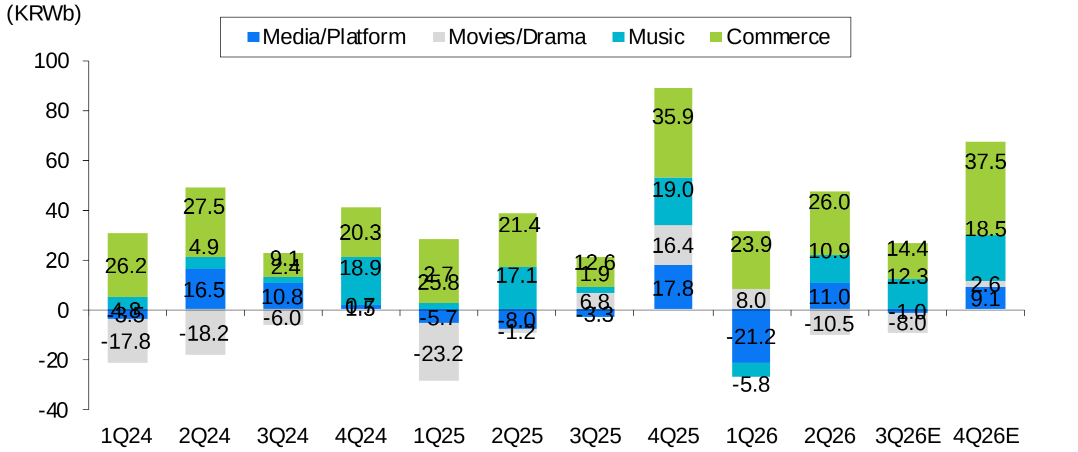
Refining business structure and strengthening foundation for growth: Fifth Season's content delivery this year is likely to be more limited compared to prior years, but CJ ENM continues to drive cost efficiencies and refine its business structure to improve its fundamentals. Digital platforms like Tving and Mnet Plus remain strong growth drivers, while the music division is expanding its artist roster and deepening its platform capabilities through greater regional and genre diversity. Seeing a clear path to earnings improvement, we maintain our BUY rating.

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	**1,154.1**	**1,164.7**	**1,124.6**	**1,787.9**	**1,138.3**	**1,312.9**	**1,245.6**	**1,437.8**	**1,329.7**	**1,203.3**	**1,304.2**	**1,516.7**	**5,231.4**	**5,134.5**	**5,353.8**	**5,675.9**
Media/Platform	314.2	352.9	356.5	349.6	292.8	319.3	319.8	409.6	326.8	380.0	336.4	436.9	1,373.2	1,341.6	1,480.2	1,589.2
Commerce	366.4	287.6	251.6	799.2	315.9	410.5	372.9	357.9	457.3	190.2	379.2	378.8	1,704.7	1,457.3	1,405.5	1,460.7
Movie/Drama	125.8	152.3	182.7	241.3	167.2	197.2	197.3	255.9	167.0	230.2	217.2	270.8	702.1	817.6	885.2	965.6
Music	347.8	371.9	333.8	397.9	362.3	385.8	355.7	414.3	378.5	402.8	371.4	430.2	1,451.4	1,518.0	1,582.9	1,660.4
Gross profit	**401.2**	**442.7**	**404.6**	**462.8**	**386.6**	**424.1**	**396.0**	**498.9**	**393.0**	**444.5**	**409.1**	**510.4**	**1,711.2**	**1,705.6**	**1,757.0**	**1,927.8**
Operating profit	**12.3**	**35.3**	**15.8**	**41.0**	**0.7**	**28.6**	**17.6**	**86.0**	**1.5**	**33.4**	**17.6**	**67.7**	**104.5**	**132.9**	**120.3**	**219.6**
Media/Platform	-3.5	16.5	10.8	1.5	-5.7	-8.0	-3.3	17.8	-21.2	11.0	-1.0	9.1	25.3	0.8	-2.0	22.3
Commerce	-17.8	-18.2	-6.0	0.7	-23.2	-1.2	6.8	16.4	8.0	-10.5	-8.0	2.6	-41.3	-1.0	-8.0	40.0
Movie/Drama	4.8	4.9	2.4	18.9	2.7	17.1	1.9	19.0	-5.8	10.9	12.3	18.5	30.9	40.7	35.9	48.5
Music	26.2	27.5	9.1	20.3	25.8	21.4	12.6	35.9	23.9	26.0	14.4	37.5	83.1	95.8	101.7	108.8
Pre-tax profit	-17.0	29.4	-400.9	-143.4	-72.2	121.6	85.1	-50.3	0.2	19.9	8.8	1.7	-531.9	84.2	30.6	165.7
Net profit (controlling)	**-15.1**	**20.9**	**-482.8**	**-26.4**	**-62.1**	**126.0**	**45.8**	**-80.1**	**6.1**	**23.7**	**4.4**	**1.0**	**-503.4**	**29.5**	**35.2**	**71.8**
Gross margin (%)	34.8	38.0	36.0	25.9	34.0	32.3	31.8	34.7	29.6	36.9	31.4	33.6	32.7	33.2	32.8	34.0
Operating margin (%)	1.1	3.0	1.4	2.3	0.1	2.2	1.4	6.0	0.1	2.8	1.4	4.5	2.0	2.6	2.2	3.9
Net margin (%)	-1.3	1.8	-42.9	-1.5	-5.5	9.6	3.7	-5.6	0.5	2.0	0.3	0.1	-9.6	0.6	0.7	1.3
Chg (%)																
Sales	**21.6**	**11.0**	**1.2**	**41.9**	**-1.4**	**12.7**	**10.8**	**-19.6**	**16.8**	**-8.3**	**4.7**	**5.5**	**19.8**	**-1.9**	**4.3**	**6.0**
Media/Platform	13.1	3.0	13.4	6.9	-6.8	-9.5	-10.3	17.2	11.6	19.0	5.2	6.7	8.8	-2.3	10.3	7.4
Commerce	55.2	25.3	-22.9	166.3	-13.8	42.7	48.2	-55.2	44.8	-53.7	1.7	5.8	56.1	-14.5	-3.5	3.9
Movie/Drama	5.7	16.4	7.4	-6.0	32.9	29.5	8.0	6.0	-0.1	16.7	10.1	5.8	3.8	16.4	8.3	9.1
Music	10.0	7.6	11.2	5.9	4.2	3.7	6.5	4.1	4.5	4.4	4.4	3.8	8.5	4.6	4.3	4.9
Gross profit	**13.9**	**17.7**	**13.0**	**7.5**	**-3.6**	**-4.2**	**-2.1**	**7.8**	**1.7**	**4.8**	**3.3**	**2.3**	**12.8**	**-0.3**	**3.0**	**9.7**
Operating profit	**nm**	**nm**	**113.8**	**-30.2**	**-94.3**	**-19.0**	**11.0**	**109.8**	**107.2**	**16.9**	**0.3**	**-21.2**	**nm**	**27.2**	**-9.5**	**82.6**
Media/Platform	nm	nm	471.5	-32.2	nm	nm	nm	1,048.9	nm	nm	nm	-48.6	nm	-96.7	nm	nm
Commerce	nm	nm	nm	nm	nm	nm	nm	2,386.2	nm	nm	nm	-84.2	nm	nm	nm	nm
Movie/Drama	-41.0	-59.2	-84.8	-46.7	-43.9	248.7	-20.2	0.9	nm	-36.4	552.9	-2.9	-56.5	31.8	-11.9	35.3
Music	49.7	47.0	29.6	-21.9	-1.4	-22.0	37.5	77.0	-7.6	21.2	14.1	4.4	20.1	15.2	6.2	7.0
Pre-tax profit	nm	nm	nm	nm	nm	313.3	nm	nm	nm	-83.6	-89.6	nm	nm	nm	-63.6	441.1
Net profit (controlling)	**nm**	**nm**	**nm**	**nm**	**nm**	**501.8**	**nm**	**nm**	**nm**	**-81.2**	**-90.4**	**nm**	**nm**	**nm**	**19.2**	**104.1**
Gross margin (%pts)	-2.3	2.1	3.7	-8.3	-0.8	-5.7	-4.2	8.8	-4.4	4.6	-0.4	-1.1	-2.0	0.5	-0.4	1.1
Operating margin (%pts)	6.4	5.9	0.7	-2.4	-1.0	-0.9	0.0	3.7	0.0	0.6	-0.1	-1.5	2.3	0.6	-0.3	1.6
Net margin (%pts)	5.9	11.1	-39.3	7.2	-4.2	7.8	46.6	-4.1	5.9	-7.6	-3.3	5.6	-2.4	10.2	0.1	0.6

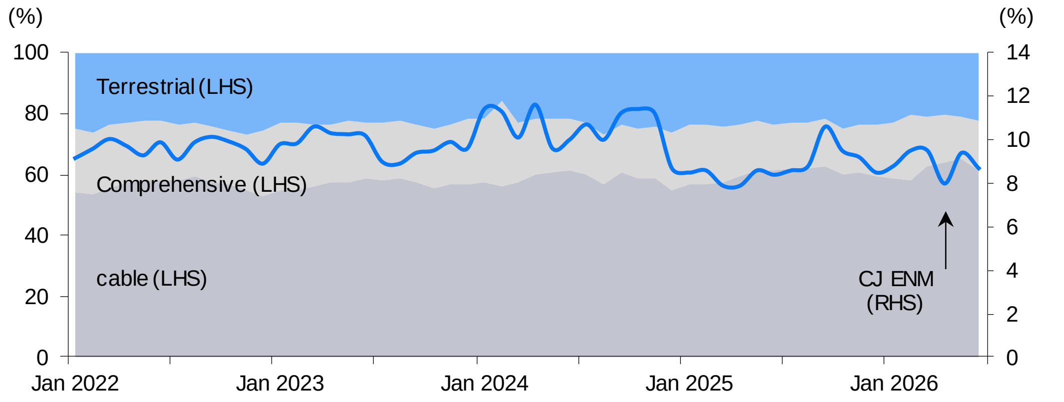
Note: In 2Q25, CJ E&M’s financial income surged on derivative gains from a price return swap contract, as Netmarble’s shares rose following a partial stake sale in Jul 2024
Source: Company data, Samsung Securities estimates

Chart 1. Operating income, by division



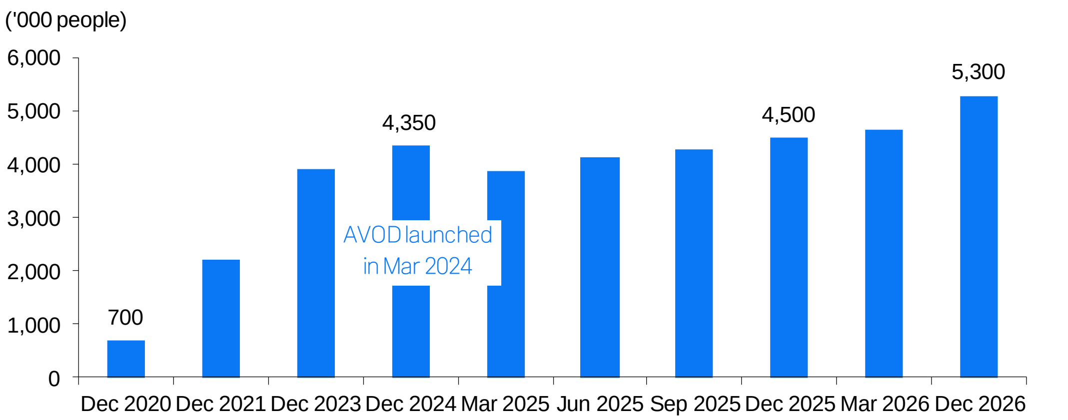
Source: Company data, Samsung Securities

Chart 2. Share of viewers



Source: Company data, Samsung Securities

Chart 3. Tving: Number of paying subscribers



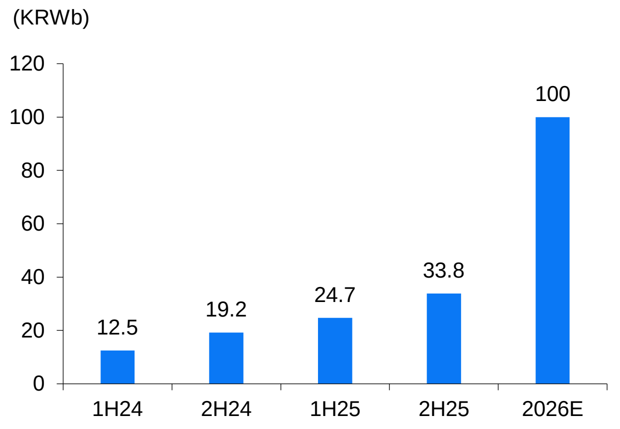
Source: Company data, Samsung Securities

Table 3. Tving original-content lineup

Title	Genre	Broadcast date	Episodes
Watch together (content)	Interactive	Jul 2025-	
Watch together (sport)	Interactive	Jul 2025-	
EXchange Season 4	Variety	Oct 1 – Nov 21	21
Villans	Drama	Dec 18-Jan 9	8
Baseball player Lim Chan Gyu	Variety	Jan 12~	
Show me the money 12: Yacha's world	Variety	Jan 17-Feb 14	5
Terror man	Animation	Jan 29	8
2026 WBC	Sports	Mar 5-17	
Yumi's Cells Season 3	Drama	Apr 13-May 4	8
Becoming a Cooking Soldier Legend	Drama	May 11-Jun 16	12
Comedy Short League	Variety	Jun 22-Sep 20	12
Shamon S2	Documentary	Jul 6-Jul 27	8
The Winner of the Lottery Will Go to Work	Drama	Sep 2026	10
Make Me Tremble	Drama	2026	10
Substitute College Entrance Exam	Drama	2026	
Nano List	Animation	TBD	12
Tale of the Nine-Tailed: Beginning	Animation	TBD	
Sell Me the Show	Variety	TBD	
New Exorcism Chronicles	Variety	TBD	
Study Group Season 2	Drama	TBD	
M: Reboot	Drama	TBD	
Night of Heaven	Drama	TBD	
Sseoning Yagudan	Drama	TBD	
Tame Killer	Drama	TBD	
EXchange Season 5	Variety	TBD	

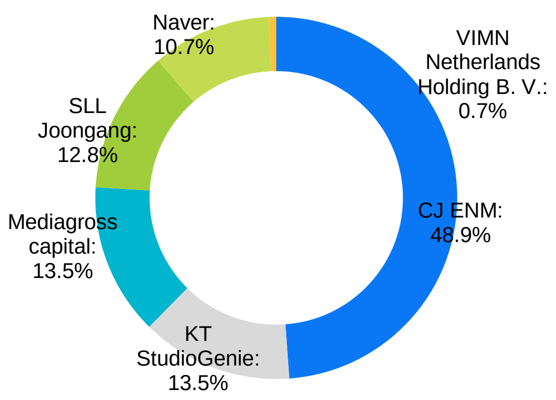
Note: Exclusive OTT live streaming of all 2026 WBC games over approximately two weeks from Mar 5
Source: Company data, Samsung Securities

Chart 4. Tving's advertising sales vs 2026 goal



Note: 2026E Tving revenue target announced at 4Q25 earnings conference
Source: Company data, Samsung Securities

Chart 5. Tving: Major shareholders



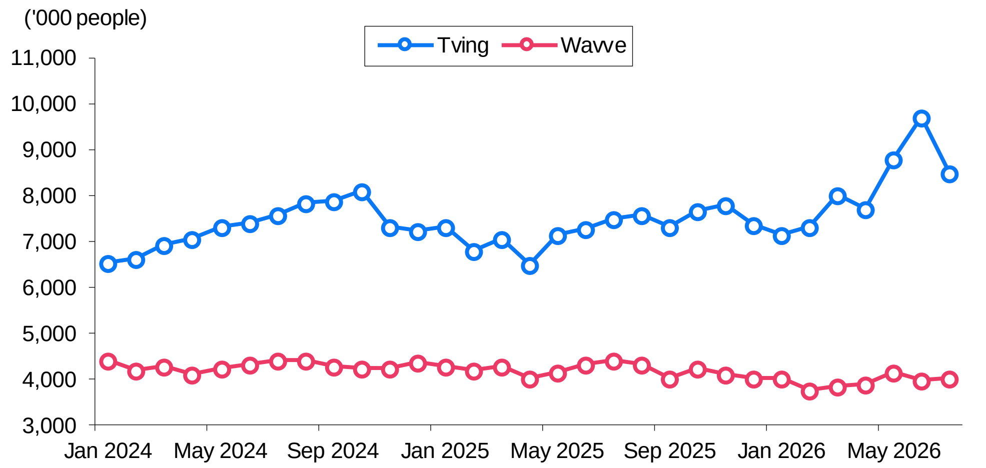
Source: Company data, Samsung Securities

Table 4. Tving's partnerships with domestic and overseas platforms

Platform	Date	Details
Apple TV+	Dec 10, 2024	Launched AppleTV+ branded section in Tving (for premium subscribers)
Baemin Club	Jun 2, 2025	Launched Tving and Baemin Club bundle
Wavve	Jun 16, 2025	Launched Double Plan (a bundle of Tving and Wavve)
SK Telecom (T Universe)	Jul 15, 2025	T Universe added Tving as a selectable membership option
HBO Max (WBD)	Nov 2025 (pre-release) Early 2026 (Official)	To launch Tving-branded section in HBO Max in early 2026
Disney+	Nov 5, 2025	Launched Tving-branded section in Disney+ Japan
SSG.com	Mar 5, 2025	Launched SSG7 club service
Lotte Card	Mar 20, 2025	Launched 'Digiloca X Tving' service

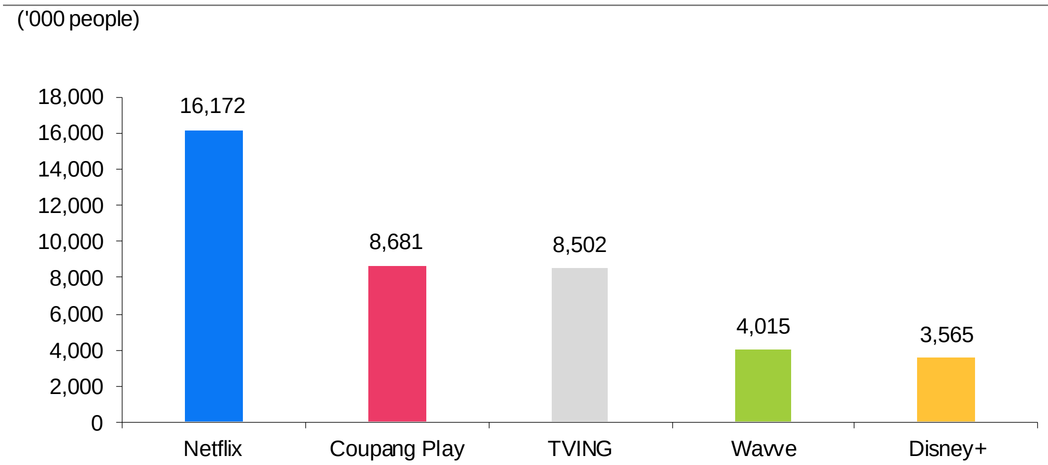
Note: Netflix, Wavve, and Disney+ launched ad-supported plans (Nov 18, 2025)
Source: Company data, Samsung Securities

Chart 6. Tving vs Wavve MAU



Note: Android + iOS
Source: Mobile Index, Samsung Securities

Chart 7. Korean OTT apps: MAU (Jul 2026)



Note: Android + iOS
Source: Mobile Index, Samsung Securities

Table 5. Tving's partnerships with domestic and overseas platforms

Subsidiary	Stake	Acquisition date	Key artists
Wakeone	100%	Mar 2014	(Center 1) ZB1, izna (Center 2) ALD1 (Solo) Kim Feel, Ha Hyeonsang, Jo Yuri (IP) I.O.I, Kepler
AOMG	75.5%	Dec 2015	Yugeom, Jung Chansung, Kian84, Hoody, Keyveatz
Higher Music	100%	Jun 2017	Ph-1, Big Naughty
Ameba Culture	60%	Nov 2017	Dynamic Duo, Gumi
Lapone Entertainment	70%	May 2019	JO1, INI, Dxteen, K01KEYZ
- Lapone Girls	100%	Feb 2024	ME:I, IS:SUE
Chapter I	67%	Sep 2025	H//PE Princess
Onecead*	100%	2026	Modyssey

Note: Groups highlighted in blue are debuted or scheduled to debut in 2026;
*JV between CJ ENM and NCC (JYP-Tencent Music JV)
Source: Company data, Samsung Securities

Chart 8. Artists debuting 2026 or 2027

Note: Alpha Drive One (8-member boy group) debut (Jan 12, 2026, 1st mini album EUPHORIA);
Planet C survival program, 7-member Chinese boy group MODYSSEY debut (Apr 13, 2026);
Keyveatz (AOMG 75.5% subsidiary) 5-member girl group formation, debut on Apr 29;
H//PE Princess, 7-member Korea-Japan girl group, re-release single released on Apr 29 and first mini album scheduled on May 27;
Produce 101 Japan: SHINSEKAI (season 4), broadcast start (Mar 26, 2026), debut scheduled late-2026 or early-2027
Source: Company data, Samsung Securities

Table 6. Lapone Entertainment and Lapone Girls' schedule

Date	Artist	Classification	Title	Note
Apr 4-Apr 8	JO1	Concert	JO1DER SHOW 2026 'EIEN 永遠'	Tokyo, Kyosera Dome (2 cities, 4 shows)
Apr 22	INI	Album	PULSE	8th single
Apr 26-May 9	DXTEEN	Concert	2ND ONE MAN LIVE TOUR	2nd live tour (3 cities, 3 shows)
May 20	IS:SUE	Album	QUARTET	1st album
May 24	IS:SUE	Concert	IS:SUE is coming - Final	1st tour (Tokyo, 1 shows)
Jun 3	JI BLUE*	Album	Keshiki	Special single
Aug 1-Sep 23	ME:I	Concert	ME:I WAY	2nd arena tour (4 cities, 8 shows)
Aug 5	ME:I	Album	花咲く道	Mini 4th
Aug 21-Sep 10	K01KEYZ	Fan meeting	K01KEYZ 1st fanmeeting	Janpan (2 cities, 5 shows)
Sep 16	INI	Album	ANTHEM	9th single
Sep 16-Sep 17	INI	Concert	2026 INI DOME LIVE TOUR	Tokyo Dome
Oct 2-Oct 11	KO1	Album/concert	AnimL	USEP, North America 5 cities
Oct 7	K01KEYZ	Album	TBD	
Nov 14-Nov 15	INI	Concert	City of Lights	Osaka Kyocera Dome (2 shows)
Nov	K01KEYZ	Fan meeting	K01KEYZ 1st fanmeeting	Korea

Note: JI BLUE, 12-member special unit with selected JO1 and INI members, Japan national football team official ambassador
Source: Lapone Entertainment, Lapone Girls, Samsung Securities

Chart 9. Global K-pop content platform 'Mnet Plus'

Source: Company data, Samsung Securities

Table 7. Film distribution

Year	No.	Film	Released	Genre	Tickets ('000)
2024	1	Alienoid 2	Jan 10	SF, action	1,430
	2	Dog Days	Feb 7	Drama	368
	3	Project Silence	Jul 12	Action	690
	4	Veteran 2	Sep 13	Crime, action	7,525
	5	Harbin	Dec 18	Crime, action	4,911
2025	1	Pretty Crazy	Aug 13	Romance, comedy	438
	2	There is no choice	Sep 24	Drama	2,943
	3	Bugonia (US)	Nov 5	SF, comedy	74
2026	1	Tazza 4	TBD	Drama, crime	
	2	Ode to My Father 2	TBD	Drama	
	3	Paradise	TBD	Mystery	
TBD	1	Veteran 3	TBD	Crime, action	

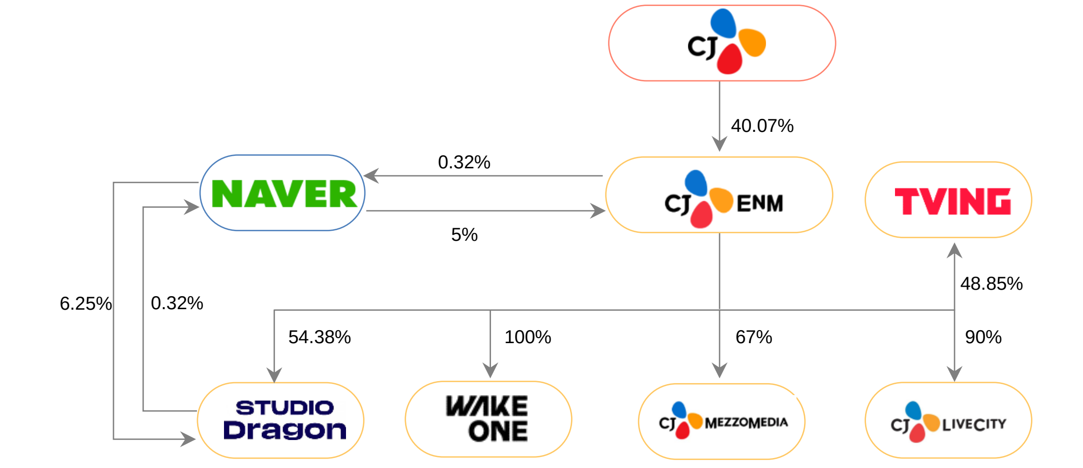
Note: Domestic cumulative audience (as of Aug 5, 2026);
*Bugonia, remake of Save the Green Planet, US release (Oct 31,2025), Korea release (Nov 5, 2025)
Source: Media reports, Korean Film Council, Samsung Securities

Table 8. Equity holdings

Company (ticker)	Stake (%)	Value of stake (KRWb)	Acquisition date
Netmarble (251270)	16.8	536.2	Nov 2011
Studio Dragon (253450)	54.4	400.5	May 2016
Naver (035420)	0.3	120.4	Oct 2020
KT Genie Music (043610)	15.4	11.1	Oct 2018
APR (278470)	0.1	7.9	Jun 2023
Dexter (206560)	6.7	1.9	Mar 2020
YLab (432430)	9.3	3.1	Aug 2021
Total	-	1,081.1	-
Treasury stock	5.4	40.4	-

Note: Treasury stock acquisition (merger-related put option exercise, Jul 1, 2018), treasury share swap with Naver (Oct 27, 2020);
Stake reference (2025 annual report), valuation reference (Aug 6, 2026 closing price)
Source: Dart, FnGuide, Samsung Securities

Chart 10. CJ ENM: Ownership structure



Source: Company data, Samsung Securities

Table 9. Sum-of-the-parts valuation

(KRWb)	NOPLAT	Multiple (x)	Value	Note
Operating value (a)			2,105	**12MF basis**
Media/Platform	38	18	690	
Pictures/Drama	27	18	478	Excludes value of Studio Dragon
Music	42	10	416	IP value
Commerce	74	7	521	Peer 12-month forward PER
Equity value (b)			630	
Studio Dragon			240	40% discount to market cap; 54.5% stake
Netmarble			322	40% discount to market cap; 16.8% stake*
Naver			68	40% discount to market cap; 0.32% stake
Total value			2,736	
Net debt (c)			1,677	
Fair value			1,059	=(a)+(b)-(c)
Shares ('000)			21,929	
Fair value per share			48,284	
Target price (KRW)			47,000	
Current price			34,100	
Upside (%)			37.8	

Note: Based on Aug 6 closing prices
Source: FnGuide, Samsung Securities estimates

Table 10. Adjustments to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Diff (%)	New	Diff (%)	Old
Sales	5,445.3	5,353.8	-1.7	5,741.7	5,675.9	-1.1
Operating profit	112.3	120.3	7.0	201.2	219.6	9.1
Operating margin (%, %pts)	2.1	2.2	0.2	3.5	3.9	0.4
Pre-tax profit	49.7	30.6	-38.3	153.0	165.7	8.3
Net profit (controlling)	32.4	35.2	8.7	73.7	71.8	-2.6

Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**5,231**	**5,135**	**5,354**	**5,676**	**6,030**
Cost of goods sold	3,520	3,429	3,597	3,748	4,007
Gross profit	**1,711**	**1,706**	**1,757**	**1,928**	**2,023**
Gross margin (%)	32.7	33.2	32.8	34.0	33.5
SG&A expenses	1,607	1,573	1,637	1,708	1,786
Operating profit	**104**	**133**	**120**	**220**	**237**
Operating margin (%)	2.0	2.6	2.2	3.9	3.9
Non-operating gains (losses)	**-636**	**-49**	**-90**	**-54**	**-23**
Financial profit	150	131	80	74	75
Financial costs	292	237	211	201	179
Equity-method gains (losses)	-0	37	95	104	113
Other	-493	21	-54	-31	-32
Pre-tax profit	**-532**	**84**	**31**	**166**	**215**
Taxes	49	67	7	50	72
Effective tax rate (%)	-9.2	79.8	21.8	30.3	33.6
Profit from continuing operations	-581	17	24	115	142
Profit from discontinued operations	0	0	0	0	0
Net profit	**-581**	**17**	**24**	**115**	**142**
Net margin (%)	-11.1	0.3	0.4	2.0	2.4
Net profit (controlling interests)	-503	30	35	72	101
Net profit (non-controlling interests)	-77	-12	-11	44	42
EBITDA	1,706	1,387	1,155	1,277	1,324
EBITDA margin (%)	32.6	27.0	21.6	22.5	22.0
EPS (parent-based) (KRW)	-22,955	1,345	1,604	3,273	4,591
EPS (consolidated) (KRW)	-26,487	776	1,092	5,266	6,495
Adjusted EPS (KRW)*	-22,955	1,345	1,604	3,273	4,591

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**2,909**	**2,552**	**2,651**	**2,739**	**2,884**
Cash & equivalents	973	782	781	798	834
Accounts receivable	1,115	1,021	1,097	1,140	1,211
Inventories	137	143	142	151	157
Other current assets	684	606	630	650	683
Fixed assets	**6,407**	**6,115**	**5,846**	**5,900**	**5,963**
Investment assets	1,994	2,021	2,024	2,006	2,006
Tangible assets	861	849	832	833	839
Intangible assets	2,664	2,321	2,068	2,104	2,146
Other long-term assets	889	923	923	957	971
Total assets	**9,317**	**8,667**	**8,497**	**8,639**	**8,847**
Current liabilities	**3,814**	**3,201**	**3,127**	**3,138**	**3,151**
Accounts payable	253	281	273	270	279
Short-term debt	1,046	763	682	618	640
Other current liabilities	2,515	2,158	2,173	2,250	2,232
Long-term liabilities	**1,824**	**2,020**	**2,034**	**2,050**	**2,111**
Bonds & long-term debt	1,010	1,197	1,197	1,173	1,203
Other long-term liabilities	814	822	837	877	908
Total liabilities	**5,639**	**5,221**	**5,161**	**5,188**	**5,262**
Owners of parent equity	**2,794**	**2,789**	**2,690**	**2,762**	**2,855**
Capital stock	111	111	111	111	111
Capital surplus	2,432	2,431	2,431	2,431	2,431
Retained earnings	380	412	447	519	611
Other	-129	-164	-298	-298	-298
Non-controlling interests' equity	**884**	**656**	**645**	**689**	**731**
Total equity	**3,678**	**3,446**	**3,336**	**3,451**	**3,585**
Net debt	1,886	1,747	1,677	1,534	1,427

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,403**	**1,166**	**871**	**1,145**	**1,148**
Net profit	-581	17	24	115	142
Non-cash profit and expenses	2,315	1,480	1,081	1,134	1,170
Depreciation	81	82	71	64	58
Amortization	1,521	1,172	964	993	1,028
Other	714	226	46	77	84
Changes in A/L from operating activities	-148	-179	-88	81	37
Cash flow from investments	**-936**	**-1,023**	**-760**	**-1,157**	**-1,167**
Change in tangible assets	106	-25	-54	-65	-65
Change in financial assets	-23	-21	-1	-33	-22
Other	-1,019	-977	-705	-1,059	-1,080
Cash flow from financing	**-569**	**-330**	**-70**	**-104**	**-66**
Change in debt	-341	-323	-70	-104	-58
Change in equity	-24	-2	0	0	0
Dividends	0	0	0	0	-8
Other	-204	-5	0	0	0
Change in cash	-59	-191	-1	17	35
Cash at beginning of year	1,033	973	782	781	798
Cash at end of year	973	782	781	798	834
Gross cash flow	**1,735**	**1,497**	**1,105**	**1,249**	**1,313**
Free cash flow	**1,339**	**1,137**	**817**	**1,080**	**1,083**

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

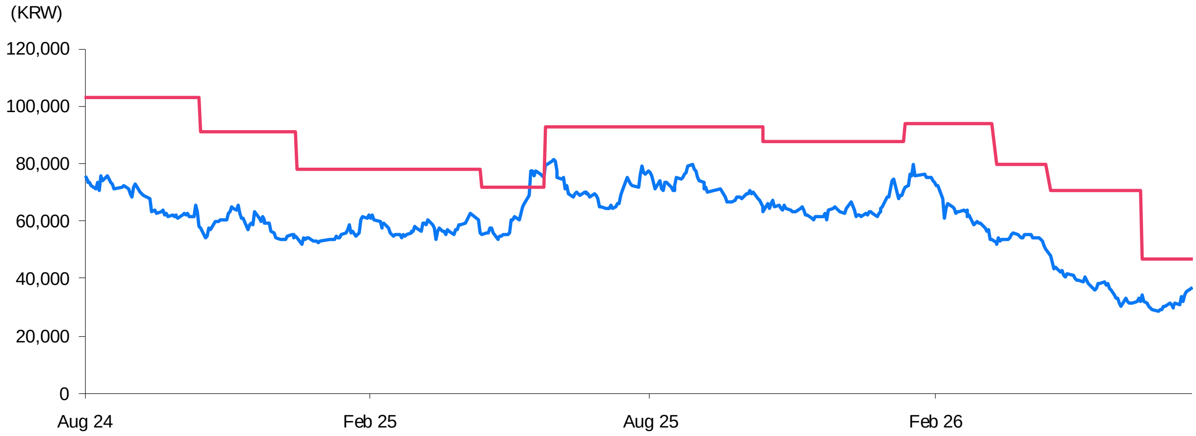
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	19.8	-1.9	4.3	6.0	6.2
Operating profit	nm	27.2	-9.5	82.6	8.0
Net profit	nm	nm	40.8	382.1	23.3
Adjusted EPS**	nm	nm	19.2	104.1	40.3
Per-share data (KRW)					
EPS (parent-based)	-22,955	1,345	1,604	3,273	4,591
EPS (consolidated)	-26,487	776	1,092	5,266	6,495
Adjusted EPS**	-22,955	1,345	1,604	3,273	4,591
BVPS	134,764	134,460	129,690	133,149	137,602
DPS (common)	0	0	0	400	700
Valuations (x)					
P/E***	n/a	48.0	22.9	11.2	8.0
P/B***	0.4	0.5	0.3	0.3	0.3
EV/EBITDA	2.3	2.8	2.7	2.4	2.2
Ratios (%)					
ROE	-16.7	1.1	1.3	2.6	3.6
ROA	-6.0	0.2	0.3	1.3	1.6
ROIC	2.6	0.7	2.5	4.2	4.3
Payout ratio	0.0	0.0	0.0	11.6	14.4
Dividend yield (common)	0.0	0.0	0.0	1.1	1.9
Net debt to equity	51.3	50.7	50.3	44.5	39.8
Interest coverage (x)	0.6	0.8	0.8	1.4	1.6

Compliance notice

- As of 8/10 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 8/10 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/8	11/8	2025/1/10	5/9	6/19	11/7	2026/2/6	4/6	5/11	7/9
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	103000	91000	78000	72000	93000	88000	94000	80000	71000	47000
Gap* (average)	-26.04	-35.21	-27.11	-12.02	-23.09	-26.75	-29.99	-32.53	-47.36	
(max or min)**	-11.55	-27.69	-19.87	7.64	-12.04	-15.00	-14.89	-30.25	-35.35	

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

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

Note: *Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

**For more information,
please call our sales representatives:**

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953