COMPANY UPDATE

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LG Uplus (032640)

Quietly growing stronger

- LG Uplus achieved a record quarterly operating profit in 2Q, driven by AI infrastructure-led growth and cost efficiency, enhancing earnings resilience.
- The company is well positioned for sustained long-term growth, supported by AI-driven transformation and expanded shareholder returns.

▶ AT A GLANCE

BUY

Target price	KRW21,000	40.5%
Current price	KRW14,950	
Market cap	KRW6.3t/USD4.4b	
Shares (float)	424,427,732 (61.3%)	
52-week high/low	KRW17,810/KRW13,900	
Avg daily trading value (60-day)	KRW20.6b/ USD14.6m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
LG Uplus (%)	-0.1	-6.7	2.5
Vs Kospi (%pts)	18.6	-21.5	-47.8

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	21,000	21,000	0.0%
2026E EPS	1,772	1,786	-0.8%
2027E EPS	1,943	1,948	-0.3%

▶ SAMSUNG vs THE STREET

No of estimates	18
Target price	19,917
Recommendation	3.9

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

WHAT'S THE STORY?

2Q review—Beating consensus: LG Uplus reported 2Q consolidated revenue of KRW3.69t (down 3.9% y-y) and an operating profit of KRW344.5b (up 13.1% y-y), the latter exceeding consensus by 11% and hitting a record quarterly high. The parent's service revenue rose 2.8% y-y, led by sustained growth in mobile (supported by subscriber expansion), B2B (corporate infrastructure) and smart home (gigabit internet) revenue. Specifically, B2B revenue rose 8.6% y-y to KRW466.4b, on strong demand for colocation (server space leasing; which boosted AIDC revenue by 29%) and growth in relay messaging (which lifted solution revenue by 6.8%). Operating profitability improved on one-off gains (eg, better device margins and a reduction in equipment usage fees (of about KRW20b), alongside ongoing cost efficiency measures (eg, the downsizing of non-core businesses (see Table 3) and reductions in labor and marketing expenses).

Restructuring for the AI era: LG Uplus is expanding its enterprise infrastructure business (B2B business) around AI data centers (AIDC) and AI contact centers (AICC). The company is currently constructing the largest AIDC in the Seoul Metropolitan Area in Paju, with an IT capacity of 128 MW (see Table 7), scheduled to come online in phases starting in 2H27. By 2030, LG Uplus aims to achieve approximately 400 MW of total IT capacity—combining the Paju AIDC, existing data centers, and design-build-operate (DBO) projects—to significantly strengthen its AI infrastructure competitiveness.

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SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	3,694.9	-3.9	-2.9	-5.4	-5.2
Operating profit	344.5	13.1	26.5	9.3	11.0
Pre-tax profit	315.1	15.7	41.6	16.8	13.3
Net profit	217.7	0.3	23.7	2.9	-2.4
Margins (%)					
Operating profit	9.3				
Pre-tax profit	8.5				
Net profit	5.9				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	n/a	8.5	7.7
P/B	n/a	0.7	0.6
EV/EBITDA	n/a	3.1	3.0
Div yield (%)	n/a	4.7	5.0
EPS growth (% y-y)	40.8	46.7	9.7
ROE (%)	6.0	8.3	8.6
Per-share data (KRW)			
EPS	1,208	1,772	1,943
BVPS	20,826	21,977	23,220
DPS	660	700	750

Samsung Securities

Amid rapidly growing corporate demand for cybersecurity due to AI adoption, the company announced in early August its acquisition of PAGO Networks, Korea's leading managed detection and response (MDR) provider, signaling its intent to expand its B2B cybersecurity business.

A virtuous cycle of growth and shareholder return: Building on solid earnings momentum, LG Uplus is enhancing shareholder returns—eg, it has increased its 2026 interim dividend by 8% y-y to KRW270 and expanded its 2026 share buyback target—assuming full cancellation--to KRW90b (8% larger than its 2025 buyback program of KRW80b), reaffirming its commitment to shareholder value. Driven by rising demand for AI infrastructure, the AIDC business is set to scale up, while the core telecommunications business should continue to maintain a stable revenue foundation.

Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E
Revenue	**3,577.0**	**3,493.7**	**3,801.3**	**3,753.2**	**3,748.1**	**3,844.4**	**4,010.8**	**3,848.4**	**3,803.8**	**3,694.9**	**3,911.1**	**3,929.4**	**15,451.7**	**15,339.2**	**15,776.0**
Sales	2,686.7	2,732.9	2,786.3	2,799.3	2,736.0	2,803.1	2,897.2	2,968.2	2,829.0	2,871.8	2,913.0	2,983.4	11,363.5	11,597.1	11,918.3
Mobile	1,580.7	1,593.1	1,620.4	1,633.3	1,612.2	1,654.2	1,711.4	1,689.4	1,652.6	1,660.2	1,678.8	1,668.8	6,626.2	6,660.5	6,753.2
Smart home	615.5	620.1	650.9	619.4	630.5	636.6	673.3	649.3	656.3	663.9	672.5	675.2	2,589.7	2,667.9	2,751.8
Phone	89.2	90.6	86.5	91.9	83.6	84.6	84.6	87.1	84.5	83.3	83.9	85.9	339.9	337.6	331.3
B2B	401.3	429.1	428.5	454.7	409.7	427.7	427.9	542.4	435.6	464.4	477.7	553.4	1,807.7	1,931.2	2,081.9
Product	683.1	549.8	810.9	738.0	809.2	828.0	894.2	657.1	766.8	618.4	809.5	751.6	3,188.5	2,946.3	3,054.7
LG HelloVision	267.2	283.6	323.3	322.3	313.5	354.1	298.5	299.5	255.4	243.3	244.5	246.9	1,265.7	990.0	1,009.8
SG&A costs	3,356.0	3,239.7	3,555.3	3,611.0	3,492.7	3,539.9	3,849.2	3,677.9	3,531.5	3,350.4	3,596.9	3,686.1	14,559.6	14,165.0	14,526.8
Labor	487.0	493.9	481.9	516.3	490.7	486.7	631.2	522.9	477.9	476.9	474.5	495.7	2,131.5	1,924.9	1,899.4
Depreciation	543.6	547.0	551.9	537.7	542.0	550.7	549.2	568.0	563.0	566.6	552.5	558.3	2,209.8	2,240.4	2,229.2
Amortization	122.8	119.2	122.7	118.9	123.9	121.9	120.5	120.9	123.6	123.7	121.7	122.7	487.2	491.6	500.8
Marketing	546.7	521.7	556.1	584.6	555.8	540.1	585.2	633.3	614.2	572.1	659.3	537.4	2,314.4	2,383.0	2,416.6
Operating profit	**220.9**	**254.0**	**246.0**	**142.2**	**255.4**	**304.5**	**161.7**	**170.5**	**272.3**	**344.5**	**314.1**	**243.3**	**892.1**	**1,174.2**	**1,249.2**
Operating margin (%)	6.2	7.3	6.5	3.8	6.8	7.9	4.0	4.4	7.2	9.3	8.0	6.2	5.8	7.7	7.9
Pre-tax profit	165.8	204.5	196.0	-115.7	200.5	272.3	104.8	102.8	222.5	315.1	269.4	197.3	680.5	1,004.2	1,090.3
Net profit (controlling)	**131.1**	**163.6**	**137.5**	**-57.8**	**165.7**	**219.5**	**49.7**	**88.9**	**176.9**	**219.7**	**203.4**	**155.5**	**523.9**	**755.5**	**824.6**
Growth (% y-y)															
Revenue	**1.0**	**1.9**	**6.2**	**-1.8**	**4.8**	**10.0**	**5.5**	**2.5**	**1.5**	**-3.9**	**-2.5**	**2.1**	**5.7**	**-0.7**	**2.8**
Sales	2.7	2.0	3.6	0.2	1.8	2.6	4.0	6.0	3.8	2.8	0.9	0.9	3.6	2.1	2.8
Mobile	1.3	1.1	2.1	3.0	2.0	3.8	5.6	3.4	3.2	0.9	-1.3	-0.6	3.6	0.5	1.4
Smart home	3.6	2.8	5.6	3.3	2.4	2.7	3.4	4.8	4.1	4.3	-0.1	4.0	3.3	3.0	3.1
Phone	-3.8	-1.1	-3.8	-0.6	-6.3	-6.6	-2.2	-5.2	1.1	-1.5	-0.9	-1.3	-5.1	-0.7	-1.9
B2B	8.9	4.8	8.6	-12.1	2.1	-0.3	-0.1	19.3	6.3	8.6	11.6	2.0	5.5	6.8	7.8
Product	-4.7	3.3	20.0	-9.0	18.5	50.6	10.3	-11.0	-5.2	-25.3	-9.5	14.4	14.6	-7.6	3.7
LG HelloVision	-3.7	-1.1	12.0	-4.5	17.3	24.9	-7.7	-7.1	-18.5	-31.3	-18.1	-17.6	5.8	-21.8	2.0
SG&A costs	2.3	3.1	6.9	-0.4	4.1	9.3	8.3	1.9	1.1	-5.4	-6.6	0.2	5.8	-2.7	2.6
Labor	8.4	12.0	4.5	9.3	0.7	-1.4	31.0	1.3	-2.6	-2.0	-24.8	-5.2	7.7	-9.7	-1.3
Depreciation	4.5	3.4	3.1	-2.1	-0.3	0.7	-0.5	5.6	3.9	2.9	0.6	-1.7	1.4	1.4	-0.5
Amortization	23.9	19.3	12.6	-8.0	0.9	2.3	-1.8	1.7	-0.3	1.4	1.0	1.5	0.7	0.9	1.9
Marketing	2.3	-3.3	0.5	8.8	1.7	3.5	5.2	8.3	10.5	5.9	12.7	-15.1	4.8	3.0	1.4
Operating profit	**-15.1**	**-11.8**	**-3.2**	**-27.3**	**15.6**	**19.9**	**-34.3**	**20.0**	**6.6**	**13.1**	**94.3**	**42.7**	**3.4**	**31.6**	**6.4**
Operating margin (%pts)	-1.2	-1.1	-0.6	-1.3	0.6	0.7	-2.4	0.6	0.3	1.4	4.0	1.8	-0.1	1.9	0.3
Pre-tax profit	-21.4	-17.2	1.0	na	21.0	33.1	-46.5	na	10.9	15.7	157.0	91.9	51.0	47.6	8.6
Net profit (controlling)	**-13.6**	**-23.2**	**-12.4**	**na**	**26.4**	**34.1**	**-63.9**	**na**	**6.8**	**0.1**	**309.1**	**74.8**	**39.9**	**44.2**	**9.1**

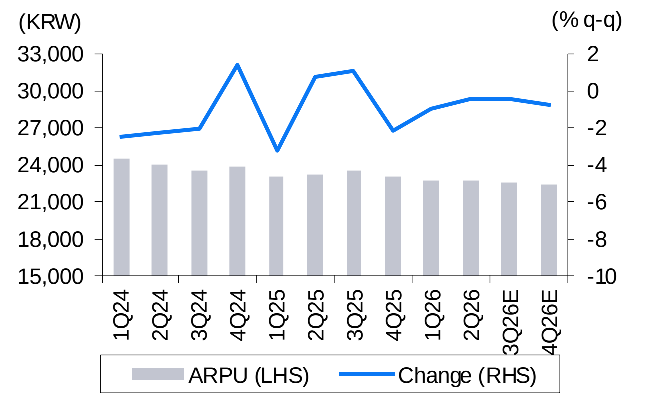
Note: This table reflects revised revenue figures for the mobile, smart home, and B2B divisions for past periods
Source: Company data, Samsung Securities estimates

Table 2. Key operating metrics

('000 people)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E
Mobile subscribers	**26,265**	**27,223**	**27,873**	**28,515**	**29,075**	**29,917**	**30,259**	**30,711**	**30,931**	**31,467**	**31,590**	**31,783**	**30,711**	**31,783**	**32,926**
Net additions (q-q)	1,168	958	650	642	560	842	342	452	220	536	123	193	2,196	1,072	1,143
LTE	3,759	3,532	3,261	2,988	2,425	2,251	2,069	1,895	1,782	1,604	1,435	1,272	1,895	1,272	739
5G	7,187	7,413	7,686	7,952	8,196	8,930	9,155	9,314	9,473	9,548	9,633	9,715	9,314	9,715	10,041
Fixed-line service subscribers	**14,419**	**14,449**	**14,487**	**14,482**	**14,547**	**14,704**	**14,773**	**14,782**	**14,823**	**14,843**	**14,866**	**14,895**	**14,782**	**14,895**	**14,991**
IPTV	5,479	5,518	5,554	5,576	5,611	5,699	5,739	5,739	5,767	5,776	5,780	5,782	5,739	5,782	5,801
Broadband	5,218	5,269	5,313	5,353	5,396	5,479	5,541	5,578	5,640	5,677	5,725	5,770	5,578	5,770	5,946
PSTN+VoIP	3,722	3,662	3,620	3,553	3,540	3,526	3,493	3,465	3,416	3,390	3,361	3,343	3,465	3,343	3,243
ARPU (KRW)	**24,563**	**24,023**	**23,526**	**23,855**	**23,085**	**23,253**	**23,510**	**23,002**	**22,776**	**22,676**	**22,578**	**22,419**	**23,213**	**22,612**	**22,231**
Chg (% q-q, % y-y)	-2.5	-2.2	-2.1	1.4	-3.2	0.7	1.1	-2.2	-1.0	-0.4	-0.4	-0.7	-3.2	-2.6	-1.7

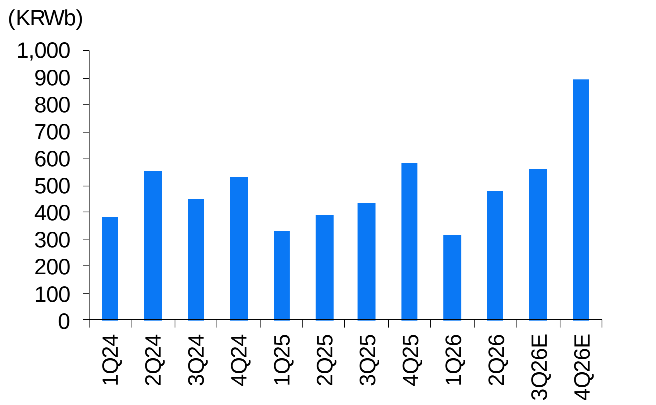
Source: Company data, Samsung Securities estimates

Chart 1. Mobile ARPU



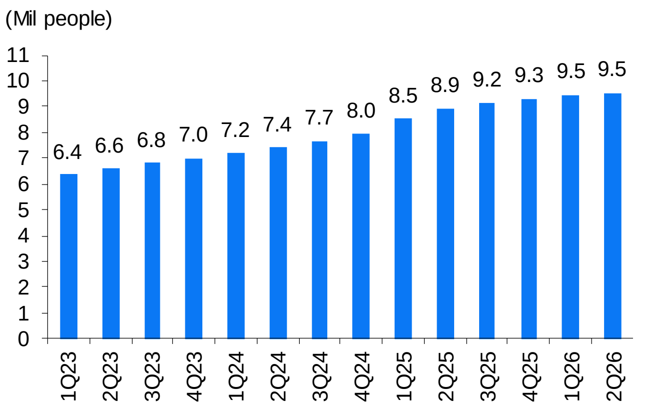
Source: Company data, Samsung Securities

Chart 2. Capex and forecasts



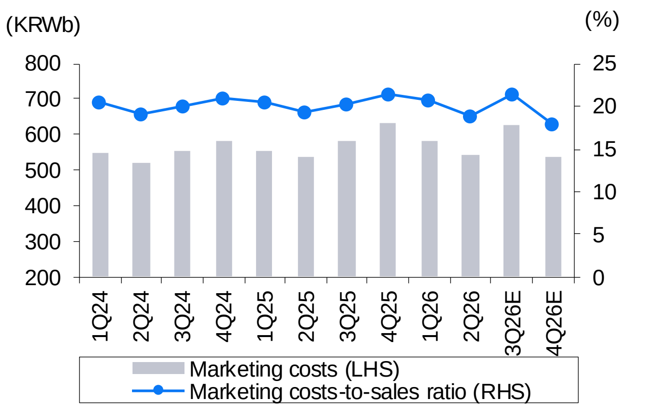
Source: Company data, Samsung Securities

Chart 3. Number of 5G subscribers



Source: Company data, Samsung Securities

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



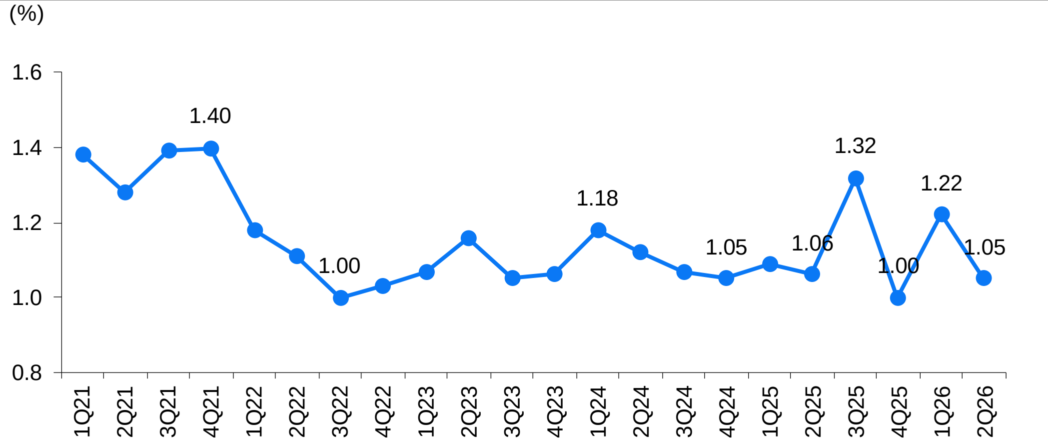
Source: Company data, Samsung Securities

Table 3. To exit various non-core businesses

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

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

Chart 5. MNO: Churn rate



Source: Company data, Samsung Securities

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

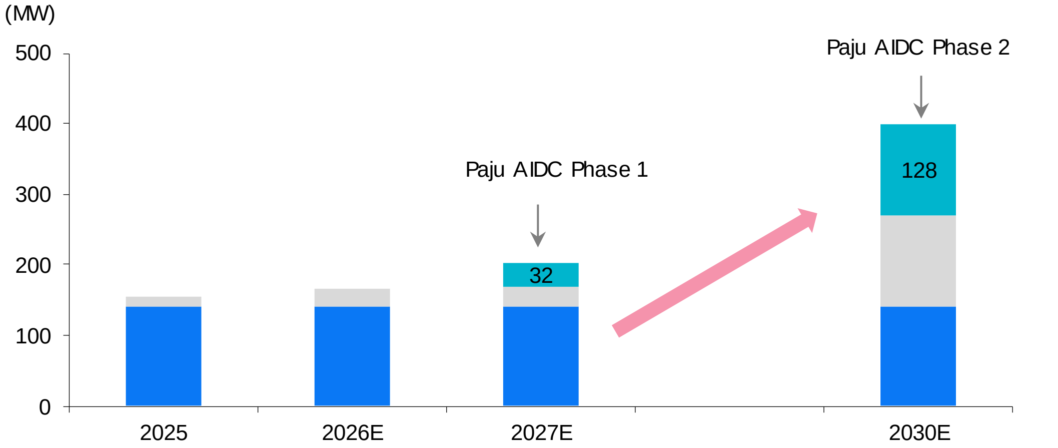
Note: Selected as one of five teams by MSIT on Aug 4, the four other teams are Naver Cloud, Upstage, SK Telecom, and NC AI;
As of Jan 15, LG AI Research, SK Telecom and Upstage selected as finalists for the second-round
Source: Company data, Samsung Securities

Table 4. LG Uplus: Data centers

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

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

Chart 7. LG Uplus: Data center capacity forecasts



Note: Paju AIDC Computer Building 1 operations: Scheduled to commence in 2H27;

Paju AIDC Phase 2 operations: Expected to begin in 2029, covering the investment period from Aug 1, 2026 to Nov 30, 2028 (disclosed on Jul 29, 2026);

Capacity basis: Estimated based on IT capacity.

Source: Company data, Samsung Securities estimates

Table 5. New facility investments

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

Note: Announced on Apr 29, 2025;

Investment amount is set at 130% of the expected amount, in consideration of changes in prices and exchange rate

Source: Dart, Company data, Samsung Securities

Table 6. Disclosure on Phase 2 construction of Paju AIDC

Category	Description
Investment Target	Construction of Phase 2 of the Paju AIDC
Investment amount (KRW)	1,348.900,000,000 (KRW1.35t)
Purpose of investment	Establishment of new AIDC in response to increased customer demand
Investment period	August 1, 2026 – November 30, 2028
Key Points	The investment amount is an approved limit and has been set at 130% of the expected amount, taking into account inflation and exchange rate fluctuations. The investment amount may vary depending on changes in the business environment during the execution process.

Note: Disclosure on July 29, 2026

Source: Company data, DART, Samsung Securities

Table 7. Paju AIDC capacity

Category	Power intake capacity	IT capacity
Building 1, Annex	51 MW	32 MW
Building 2 Building 3 Building 4	149 MW	96 MW
Total	**200 MW**	**128 MW**

Source: Company data, Samsung Securities

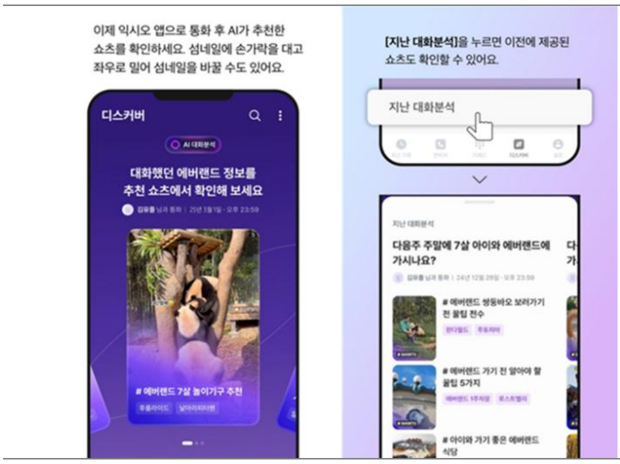
Chart 8. Hyper-scale 'Paju AI Data Center' scheduled to open in 2H27

Source: Company data, Samsung Securities estimates

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

Source: Company data, Samsung Securities estimates

Chart 10. Ikseo, recommended Shorts related to call content



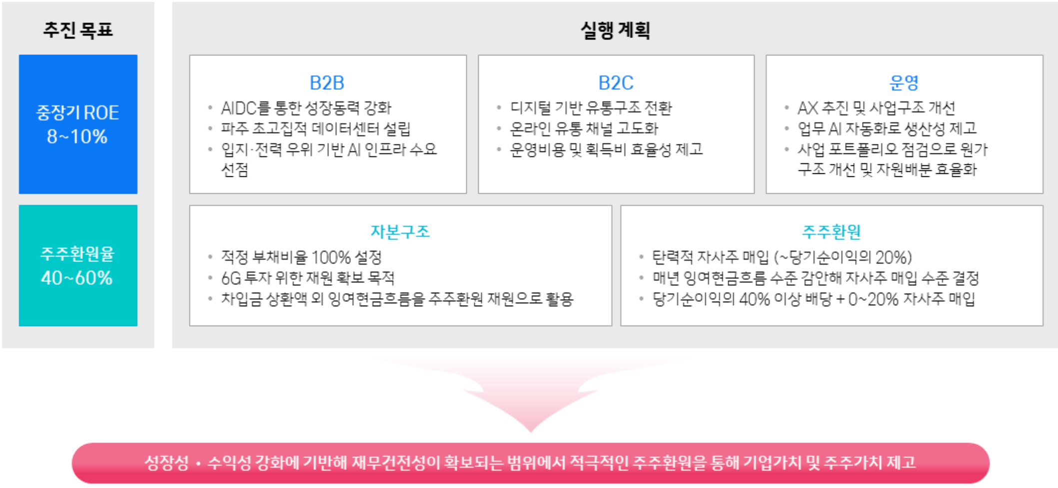
Source: Company data

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

Note: Integration of LG Uplus' AI agent 'ixi-O' with domestic firm AeroBot's humanoid robot

Source: Company data, A-Robot, Samsung Securities

Chart 12. LG Uplus: Value-up program



Source: Company data, Samsung Securities

Table 8. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	15,646.6	15,339.2	-2.0	16,035.2	15,776.0	-1.6
Operating profit	1,150.7	1,174.2	2.0	1,225.2	1,249.2	2.0
Operating margin (%, %pts)	7.4	7.7	0.3	7.6	7.9	0.3
Pre-tax profit	957.7	1,004.2	4.9	1,041.1	1,090.3	4.7
Net profit	761.3	755.5	-0.8	826.9	824.6	-0.3

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**14,625**	**15,452**	**15,339**	**15,776**	**16,142**
Cost of goods sold	0	0	0	0	0
Gross profit	**14,625**	**15,452**	**15,339**	**15,776**	**16,142**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	13,762	14,560	14,165	14,527	14,809
Operating profit	**863**	**892**	**1,174**	**1,249**	**1,333**
Operating margin (%)	5.9	5.8	7.7	7.9	8.3
Non-operating gains (losses)	**-413**	**-212**	**-170**	**-159**	**-155**
Financial profit	75	67	58	60	62
Financial costs	312	279	263	251	249
Equity-method gains (losses)	-2	-2	10	11	11
Other	-174	2	25	21	21
Pre-tax profit	**451**	**680**	**1,004**	**1,090**	**1,178**
Taxes	136	171	259	282	304
Effective tax rate (%)	30.2	25.2	25.7	25.8	25.8
Profit from continuing operations	315	509	746	809	874
Profit from discontinued operations	0	0	0	0	0
Net profit	**315**	**509**	**746**	**809**	**874**
Net margin (%)	2.2	3.3	4.9	5.1	5.4
Net profit (controlling interests)	374	524	756	825	892
Net profit (non-controlling interests)	-60	-15	-10	-16	-17
EBITDA	3,527	3,589	3,989	4,170	4,341
EBITDA margin (%)	24.1	23.2	26.0	26.4	26.9
EPS (parent-based) (KRW)	858	1,208	1,772	1,943	2,101
EPS (consolidated) (KRW)	721	1,174	1,749	1,905	2,060
Adjusted EPS (KRW)*	858	1,208	1,772	1,943	2,101

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**5,264**	**5,414**	**5,588**	**5,603**	**5,519**
Cash & equivalents	896	794	763	752	666
Accounts receivable	1,694	1,681	1,809	1,824	1,829
Inventories	252	210	255	253	256
Other current assets	2,421	2,729	2,760	2,773	2,769
Fixed assets	**14,444**	**14,267**	**14,011**	**14,502**	**14,933**
Investment assets	335	357	368	364	367
Tangible assets	10,709	10,625	10,958	11,404	11,796
Intangible assets	1,805	1,460	1,553	1,555	1,542
Other long-term assets	1,595	1,826	1,133	1,179	1,227
assets	**19,708**	**19,682**	**19,599**	**20,104**	**20,452**
Current liabilities	**5,116**	**4,676**	**4,288**	**4,327**	**4,108**
Accounts payable	206	220	184	176	159
Short-term debt	0	0	0	0	0
Other current liabilities	4,910	4,457	4,103	4,151	3,949
Long-term liabilities	**5,823**	**5,938**	**5,793**	**5,747**	**5,758**
Bonds & long-term debt	4,489	4,468	4,468	4,468	4,468
Other long-term liabilities	1,334	1,470	1,325	1,279	1,290
Total liabilities	**10,939**	**10,614**	**10,081**	**10,074**	**9,866**
Owners of parent equity	**8,556**	**8,867**	**9,328**	**9,855**	**10,428**
Capital stock	2,574	2,574	2,574	2,574	2,574
Capital surplus	872	872	872	872	872
Retained earnings	5,204	5,474	5,941	6,469	7,042
Other	-93	-53	-59	-59	-59
Non-controlling interests' equity	**212**	**201**	**191**	**175**	**158**
Total equity	**8,768**	**9,068**	**9,518**	**10,030**	**10,586**
Net debt	6,168	6,104	5,756	5,799	5,737

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**3,335**	**2,964**	**3,198**	**3,664**	**3,821**
Net profit	315	509	746	809	874
Non-cash profit and expenses	5,760	5,960	3,261	3,386	3,494
Depreciation	2,180	2,210	2,288	2,393	2,485
Amortization	484	487	527	528	523
Other	3,097	3,263	445	465	486
Changes in A/L from operating activities	-2,355	-3,155	-359	-64	-63
Cash flow from investments	**-2,391**	**-2,019**	**-3,429**	**-3,427**	**-3,438**
Change in tangible assets	-1,896	-1,596	-2,622	-2,839	-2,877
Change in financial assets	11	-25	-10	-13	-3
Other	-506	-398	-797	-576	-559
Cash flow from financing	**-611**	**-1,045**	**-659**	**-252**	**-464**
Change in debt	-206	-139	-370	45	-146
Change in equity	35	0	0	0	0
Dividends	-284	-279	-289	-297	-318
Other	-155	-627	0	0	0
Change in cash	337	-102	-31	-11	-86
Cash at beginning of year	560	896	794	763	752
Cash at end of year	896	794	763	752	666
Gross cash flow	**6,075**	**6,469**	**4,006**	**4,195**	**4,368**
Free cash flow	**1,420**	**1,352**	**577**	**825**	**944**

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

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	1.8	5.7	-0.7	2.8	2.3
Operating profit	-13.5	3.4	31.6	6.4	6.7
Net profit	-50.1	61.9	46.4	8.4	8.1
Adjusted EPS**	-39.9	40.8	46.7	9.7	8.1
Per-share data (KRW)					
EPS (parent-based)	858	1,208	1,772	1,943	2,101
EPS (consolidated)	721	1,174	1,749	1,905	2,060
Adjusted EPS**	858	1,208	1,772	1,943	2,101
BVPS	19,906	20,826	21,977	23,220	24,571
DPS (common)	650	660	700	750	780
Valuations (x)					
P/E***	12.0	12.2	8.4	7.7	7.1
P/B***	0.5	0.7	0.7	0.6	0.6
EV/EBITDA	3.1	3.5	3.1	3.0	2.8
Ratios (%)					
ROE	4.4	6.0	8.3	8.6	8.8
ROA	1.6	2.6	3.8	4.1	4.3
ROIC	4.0	4.6	5.8	5.9	6.1
Payout ratio	74.6	53.7	39.3	38.6	37.1
Dividend yield (common)	6.3	4.5	4.7	5.0	5.2
Net debt to equity	70.3	67.3	60.5	57.8	54.2
Interest coverage (x)	3.1	3.4	4.8	5.1	5.6

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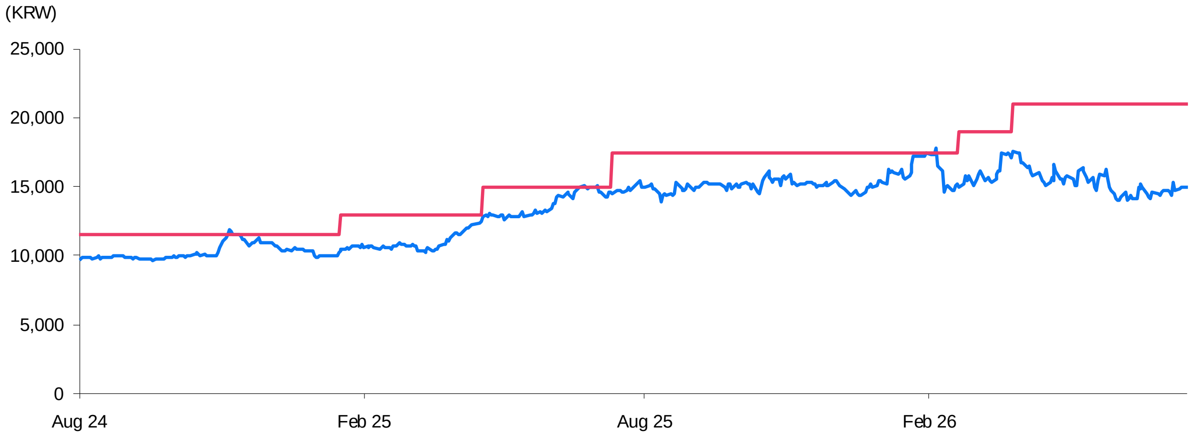
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

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

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

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