COMPANY UPDATE

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KT (030200)

Earnings to normalize in 2H thanks to AX

- KT's 2Q consolidated operating profit declined y-y due to a high base, yet beat consensus driven by stronger performance across affiliates and one-off gains from real estate sales.
- Wireless revenue is likely to normalize in 2H, while AX infrastructure expansion lays a solid medium- to long-term growth foundation.
- While enhancing shareholder returns through buybacks and other distributions, KT is likely to accelerate its shift toward an AX platform company.

WHAT'S THE STORY?

2Q results beat consensus: KT reported 2Q consolidated sales of KRW6.68t (down 10.1% y-y) and an operating profit of KRW648.3b (down 36.1% y-y), beating consensus. A y-y contraction in profit was inevitable because 2Q25 results include gains from the sale of real estate in Jayang-dong, Gwangjin-gu. However, stronger performance across affiliates partially offset this impact, resulting in earnings that exceeded market expectations. Specifically, affiliates including KT Estate recognized one-off gains on real estate sales (around KRW40b). Revenue recognition from the development of the Daejeon Dunsan Human Resources Development Center site has likely accelerated, as the construction progress rate exceeded 20% in 2Q. KT Estate's sales surged to KRW288.9b (up 80.1% y-y), while improved profitability at content subsidiaries further supported the q-q increase in operating profit. Wireless service sales dropped 1.8% y-y and 0.5% q-q, due to the full-quarter impact of a customer appreciation program that ran from February through July, alongside subscriber churn following the waiver of early termination fees in the prior quarter.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW73,000	39%
Current price	**KRW52,500**	
Market cap	KRW13.2t/USD9.3b	
Shares (float)	252,021,685 (83.2%)	
52-week high/low	KRW68,900/KRW48,250	
Avg daily trading value (60-day)	KRW24.6b/ USD17.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
KT (%)	-0.4	-18.6	-3.0
Vs Kospi (%pts)	-0.5	-34.2	-54.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	73,000	73,000	0.0%
2026E EPS	5,824	5,784	0.7%
2027E EPS	6,153	6,204	-0.8%

SAMSUNG vs THE STREET

No of estimates	18
Target price	74,833
Recommendation	4.0

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

SUMMARY 2Q26 RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	6,679.9	-10.1	-1.5	-1.7	-2.2
Operating profit	648.3	-36.1	34.3	12.4	7.4
Pre-tax profit	646.2	-33.7	26.1	14.4	17.7
Net profit	480.6	-34.5	23.8	13.1	12.6
Margins (%)					
Operating profit	9.7				
Pre-tax profit	9.7				
Net profit	7.2				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	7.7	9.0	8.5
P/B	0.7	0.7	0.6
EV/EBITDA	3.9	4.1	4.0
Div yield (%)	4.6	4.6	4.8
EPS growth (% y-y)	271.3	-15.2	5.6
ROE (%)	10.2	8.0	7.9
Per-share data (KRW)			
EPS	6,869	5,824	6,153
BVPS	73,231	80,183	84,296
DPS	2,400	2,400	2,500

Samsung Securities

The fixed-line business saw a decline in sales, despite broadband revenue growth from rising gigabit internet subscribers, due to contractions in IPTV and fixed-line revenue. Non-operating costs included a KRW54b fine related to a personal data breach incident.

Expanding growth foundations through AX infrastructure: In early July, KT unveiled its medium-term growth roadmap to enhance competitiveness in its core telecom business, invest in AI infrastructure to secure new growth drivers, and become an 'AX platform company' (where AX stands for AI transformation). Through its 2026 corporate value enhancement plan, KT aims to expand AX infrastructure—including AIDCs and submarine cables—while driving service innovation and new growth, with a target to more than double AX sales by 2028 compared to 2025 levels. The transition to AI-centric infrastructure is being advanced based on actual demand, with plans to add 1 GW of AIDC capacity and 90 Tbps of submarine cable capacity by 2031.

Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Operating revenue (consolidated)	**6,654.6**	**6,546.4**	**6,654.7**	**6,575.6**	**6,845.1**	**7,427.4**	**7,126.7**	**6,845.0**	**6,778.4**	**6,679.9**	**7,036.2**	**6,853.3**	**28,244.2**	**27,347.8**	**27,827.1**
Services	5,722.7	5,776.6	5,752.0	5,754.7	5,700.4	5,817.8	5,920.8	5,949.4	5,733.4	5,922.9	5,961.5	6,000.2	23,388.4	23,618.0	24,142.9
Products	931.9	769.8	902.7	820.9	1,144.7	1,609.6	1,205.9	895.6	1,045.0	757.0	1,074.7	853.1	4,855.8	3,729.8	3,684.2
Operating revenue (parent)	**4,694.8**	**4,548.3**	**4,765.0**	**4,571.6**	**4,682.0**	**4,772.8**	**5,109.0**	**4,760.2**	**4,834.6**	**4,523.5**	**4,959.3**	**4,705.7**	**19,324.0**	**19,023.1**	**19,215.6**
Wireless	1,736.5	1,765.1	1,740.4	1,717.8	1,753.1	1,781.7	1,809.6	1,811.0	1,757.4	1,749.7	1,760.5	1,779.1	7,155.4	7,046.7	7,201.9
Fixed-line	1,322.4	1,316.6	1,312.6	1,317.1	1,311.7	1,334.5	1,331.9	1,333.0	1,321.6	1,314.8	1,328.3	1,327.5	5,311.1	5,292.2	5,272.8
B2B	895.0	882.7	926.4	856.5	892.2	922.7	932.7	858.6	872.4	901.1	955.6	885.4	3,606.2	3,614.4	3,695.7
Real estate, *etc*	86.7	83.6	89.6	104.3	87.4	92.8	105.6	120.0	117.6	113.7	117.1	118.5	405.8	466.9	488.1
Handset	654.2	500.3	696.0	575.8	637.5	641.1	929.1	637.7	765.5	444.2	797.9	595.2	2,845.4	2,602.8	2,557.2
Subsidiaries	**3,202.2**	**3,286.9**	**3,248.8**	**3,518.3**	**3,524.2**	**4,159.5**	**3,681.4**	**3,913.2**	**3,430.3**	**3,682.9**	**3,638.1**	**3,734.6**	**15,278.3**	**14,485.9**	**14,961.1**
Operating costs	6,148.1	6,052.4	6,190.6	7,230.7	6,156.3	6,412.6	6,588.5	6,617.7	6,295.7	6,031.6	6,440.6	6,469.7	25,775.1	25,237.7	25,583.6
Labor	1,100.9	1,213.2	1,118.3	2,189.6	1,121.8	1,119.4	1,167.6	1,184.0	1,173.9	1,173.9	1,173.0	1,208.2	4,592.8	4,729.0	4,821.2
Depreciation	973.7	966.2	964.8	973.1	968.7	975.9	965.7	969.9	957.3	941.1	948.0	947.4	3,880.2	3,793.9	3,809.5
Marketing	32.1	40.8	44.4	52.0	32.2	37.3	45.5	53.7	32.3	35.6	46.1	54.5	168.7	168.5	173.5
SG&A expenses	599.6	600.8	600.8	608.4	598.0	615.1	632.6	874.8	652.7	651.9	626.3	794.2	2,720.5	2,725.1	2,779.5
Operating profit	**506.5**	**494.0**	**464.1**	**-655.1**	**688.8**	**1,014.8**	**538.2**	**227.3**	**482.7**	**648.3**	**595.6**	**383.6**	**2,469.1**	**2,110.1**	**2,243.5**
Operating margin (%)	7.6	7.5	7.0	-10.0	10.1	13.7	7.6	3.3	7.1	9.7	8.5	5.6	8.7	7.7	8.1
Pre-tax profit	529.0	556.7	509.1	-1,010.1	711.8	974.9	593.4	137.9	512.5	646.1	643.7	320.1	2,418.1	2,122.5	2,264.8
Net profit (controlling)	375.5	393.0	357.3	-655.6	539.8	687.9	391.5	111.7	352.2	440.1	452.6	222.9	1,731.0	1,467.8	1,550.6
Chg (% y-y)															
Operating revenue	**3.3**	**0.0**	**-0.6**	**-1.8**	**2.9**	**13.5**	**7.1**	**4.1**	**-1.0**	**-10.1**	**-1.3**	**0.1**	**6.9**	**-3.2**	**1.8**
Services	2.2	-1.0	-1.5	0.6	-0.4	0.7	2.9	3.4	0.6	1.8	0.7	0.9	1.7	1.0	2.2
Products	10.1	8.0	5.6	-16.1	22.8	109.1	33.6	9.1	-8.7	-53.0	-10.9	-4.7	41.8	-23.2	-1.2
KT (parent)	1.6	1.4	2.0	-0.4	-0.3	4.9	7.2	4.1	3.3	-5.2	-2.9	-1.1	4.0	-1.6	1.0
Wireless	1.7	2.5	1.9	-0.8	1.0	0.9	4.0	5.4	0.2	-1.8	-2.7	-1.8	2.8	-1.5	2.2
Fixed-line	1.0	-0.3	-1.3	0.4	-0.8	1.4	1.5	1.2	0.8	-1.5	-0.3	-0.4	0.8	-0.4	-0.4
B2B	5.0	-1.0	2.5	5.3	-0.3	4.5	0.7	0.2	-2.2	-2.3	2.5	3.1	1.3	0.2	2.2
Real estate, *etc*	2.8	-1.1	15.0	23.3	0.8	11.0	17.9	15.1	34.6	22.5	10.9	-1.2	11.4	15.1	4.5
Handset	-1.8	6.7	6.6	-11.5	-2.6	28.1	33.5	10.8	20.1	-30.7	-14.1	-6.7	17.3	-8.5	-1.8
Subsidiaries	**5.4**	**-0.4**	**-2.8**	**-2.1**	**10.1**	**26.5**	**13.3**	**11.2**	**-2.7**	**-11.5**	**-1.2**	**-4.6**	**15.3**	**-5.2**	**3.3**
Operating costs	3.2	1.4	-2.9	12.4	0.1	6.0	6.4	-8.5	2.3	-5.9	-2.2	-2.2	0.6	-2.1	1.4
Labor	3.0	7.2	-6.1	89.1	1.9	-7.7	4.4	-45.9	4.6	4.9	0.5	2.0	-18.3	3.0	1.9
Depreciation	4.8	4.0	2.9	-4.0	-0.5	1.0	0.1	-0.3	-1.2	-3.6	-1.8	-2.3	0.1	-2.2	0.4
Marketing	-9.1	1.7	15.0	31.0	0.3	-8.6	2.5	3.3	0.3	-4.6	1.4	1.4	-0.4	-0.1	3.0
SG&A expenses	-0.2	-5.2	-3.6	-5.8	-0.3	2.4	5.3	43.8	9.1	6.0	-1.0	-9.2	12.9	0.2	2.0
Operating profit	**4.2**	**-14.3**	**44.2**	nm	**36.0**	**105.4**	**16.0**	**nm**	**-29.9**	**-36.1**	**10.7**	**68.8**	**205.0**	**-14.5**	**6.3**
Operating margin (%)	0.1	-1.3	2.2	-13.9	2.5	6.1	0.6	13.3	-2.9	-4.0	0.9	2.3	5.7	-1.0	0.3
Pre-tax profit	20.9	1.6	45.3	nm	34.6	75.1	16.6	nm	-28.0	-33.7	8.5	132.1	313.6	-12.2	6.7
Net profit (controlling)	26.6	-0.4	35.2	nm	43.8	75.0	9.6	nm	-34.7	-36.0	15.6	99.6	268.1	-15.2	5.6

Source: Company data, Samsung Securities

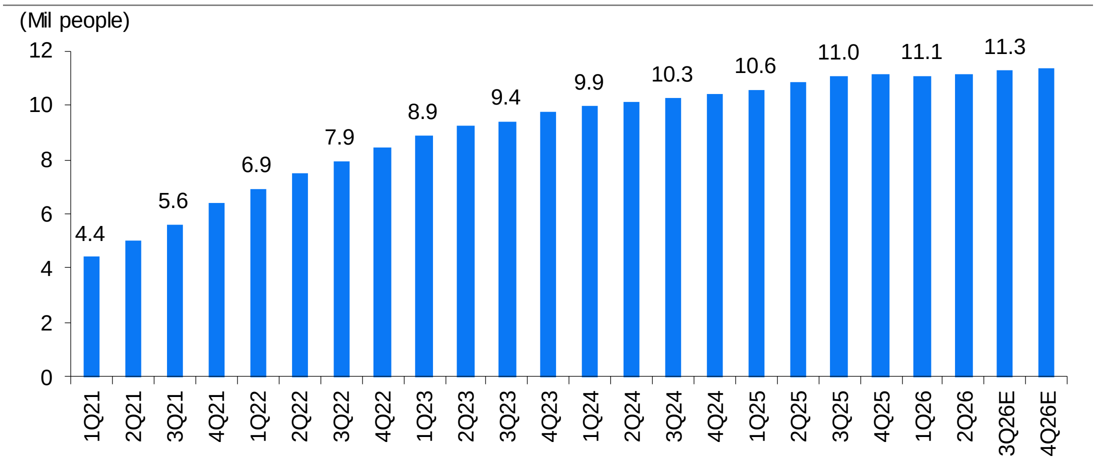
Table 2. Key operating metrics

('000 people)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E
Wireless subscribers	**24,834**	**24,904**	**25,199**	**26,132**	**26,445**	**27,491**	**28,328**	**28,985**	**29,162**	29,501	29,626	29,890	28,985	29,890	30,488
Net additions (q-q)	-63	70	295	933	313	1,046	837	657	177	*339*	*125*	*263*	*2,853*	*905*	*598*
5G	9,948	10,093	10,251	10,400	10,552	10,866	11,048	11,156	11,070	11,147	11,254	11,326	11,156	11,326	11,722
LTE	3,416	3,270	3,099	2,894	2,736	2,739	2,600	2,585	2,069	2,215	2,159	2,088	2,585	2,088	1,837
Fixed-line subscribers	**21,321**	**21,171**	**21,171**	**20,924**	**20,758**	**20,665**	**20,559**	**20,423**	**20,260**	**20,147**	**20,060**	**19,924**	**20,423**	**19,924**	**19,650**
Broadband	9,862	9,899	9,899	9,956	9,984	10,073	10,135	10,170	10,188	10,231	10,270	10,303	10,170	10,303	10,425
IPTV	9,418	9,423	9,423	9,449	9,438	9,490	9,520	9,533	9,520	9,544	9,553	9,560	9,533	9,560	9,589
PSTN + VoIP	11,903	11,748	11,748	11,475	11,320	11,175	11,039	10,890	10,740	10,603	10,506	10,364	10,890	10,364	10,061
ARPU	**34,461**	**34,507**	**34,560**	**34,302**	**34,856**	**35,236**	**35,295**	**35,335**	**34,781**	**34,412**	**34,441**	**34,510**	**35,181**	**34,536**	**34,838**
Chg (% q-q, % y-y)	0.5	0.1	0.2	-0.7	1.6	1.1	0.2	0.1	-1.6	*-1.1*	*0.1*	*0.2*	*2.1*	*-1.8*	*0.9*

Note: Changes in the Ministry of Science, ICT, and Future Planning's subscriber statistics standards (excluding 5G second devices and 5G IoT devices) retroactively applied from 1Q23

Source: Company data, Samsung Securities

Chart 1. 5G subscribers



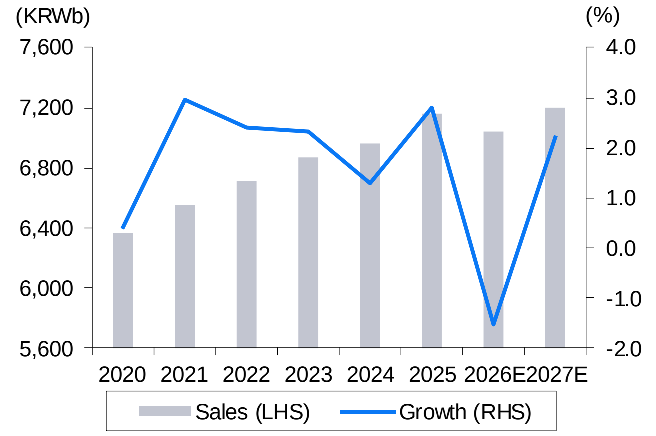
Source: Company data, Samsung Securities

Table 3. KT's "customer appreciation program"

Category	Details
Data	100 GB of data monthly for 6 months to all customers
OTT	OTT subscription pass
Membership	Discounts on popular brands for 6 months (Feb-Jul) Provided twice a month, up to 2 brands per session Instructions on how to use the service will be provided via the membership app/website (available without first-come, first-served restrictions).
Insurance	Safety/security insurance for 2 years Coverage for losses from the likes of phishing and hacking (up to KRW10m), and internet shopping fraud (up to KRW2m) Provided automatically to customers aged 65+
Roaming	50% additional data for 6 months (Mar-Aug) Automatic provision of roaming usage days upon subscription Additional 2GB to a maximum of 7GB provided per product based on basic data.

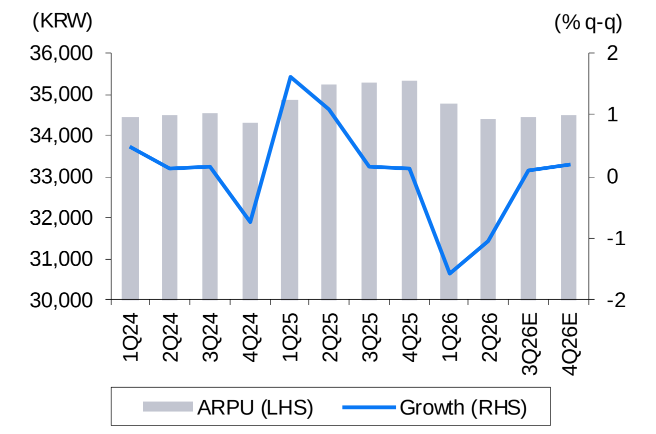
Source: Company data, Samsung Securities

Chart 2. Wireless sales (parent)



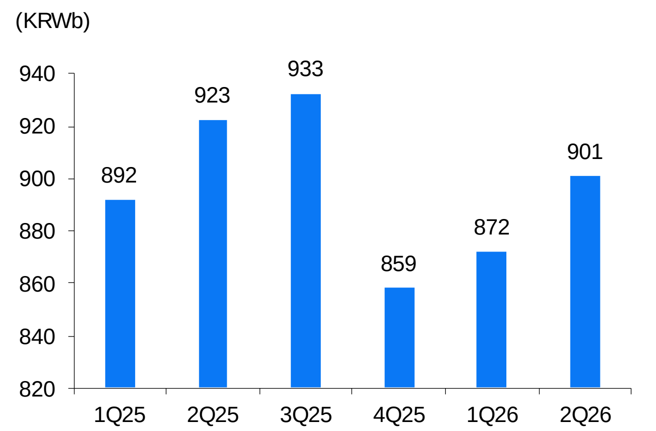
Source: Company data, Samsung Securities

Chart 3. ARPU



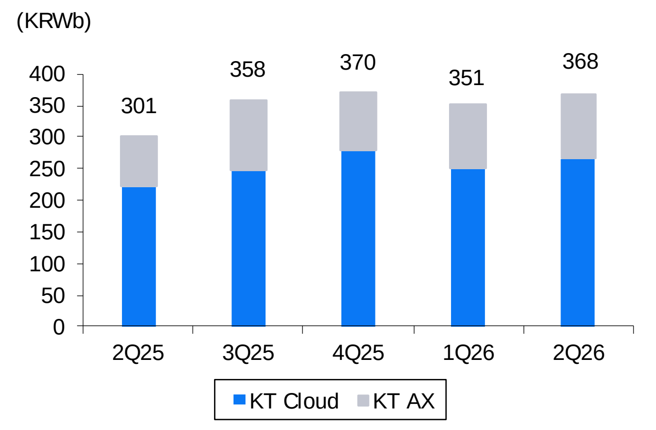
Source: Company data, Samsung Securities

Chart 4. Enterprise service sales



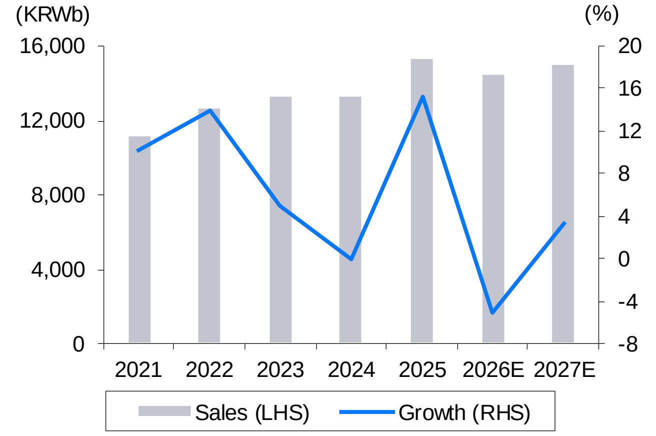
Source: Company data, Samsung Securities

Chart 5. AX sales



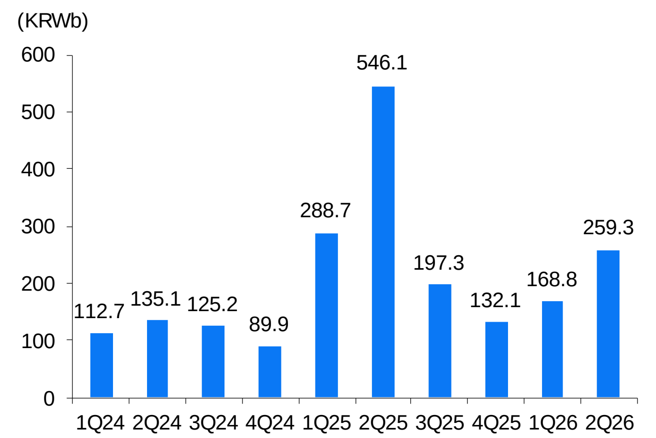
Source: Company data, Samsung Securities

Chart 6. Subsidiaries: Sales



Source: Company data, Samsung Securities

Chart 7. Subsidiaries: Contribution to consolidated OP



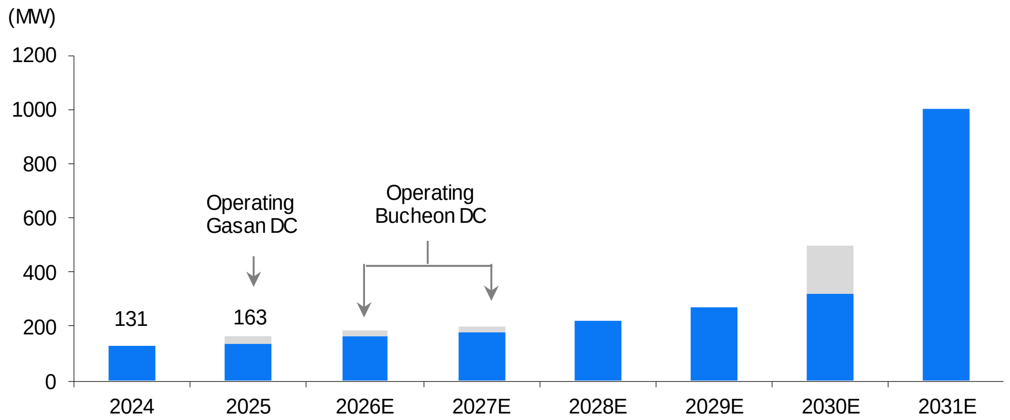
Source: Company data, Samsung Securities

Table 4. KT: Data centers

Category	Location	Note	Capacity
Seoul Metropolitan Area (9+)	Bundang		
	Gangnam		
	Mokdong 1		
	Yeouido		
	Mokdong 2		
	Yongsan		40 MW
	Namguro		
	Baeksuk		
	Gasan	Launched Nov 5, 2025	26 MW
	Bucheon	Scheduled to launch in 2026	24 MW
Provinces (7+)	Cheonan		
	Gimhae		
	Daejeon		
	Cheonan		
	Cheongju		
	Busan		
	Yecheon	Launched in Jun 2025	

Note: As of Aug 2026, 9 sites in Seoul Metropolitan Area, 7 in the provinces in operation, Bucheon under construction targeting mid-2026 completion
Source: Company data, Samsung Securities

Chart 8. KT: Data center capacity forecasts



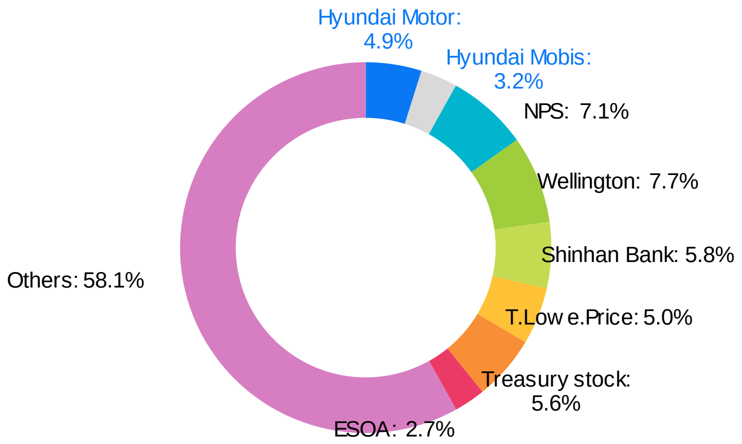
Note: Total data center capacity is 163 MW in 4Q25;
Plans to add 60-100 MW annually through 2027, securing more than 500 MW over the longer term;
Aims to be operating 1 GW of AI data center capacity within five years—goal in "future business and management plan" disclosure in Jun 2026 (table 8)
Source: Company data, Samsung Securities

Table 5. Main affiliates: Key financial metrics

(KRWb)		1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	2023	2024	2025
BC Card	Sales	936	978	931	961	872	910	918	935	871	931	4,026.90	3,805.80	3,635.10
	Operating profit	35	47	36	16	36	46	33	20	43		98.6	132.6	134.5
	Net profit	50	50	29	14	35	60	41	16	58		75.5	143.3	151.7
KT Cloud	Sales	175	180	207	221	249	222	249	228	250	265	678.3	783.2	997.5
	Operating profit											43.1	52.7	66.3
	Net profit	3	11	22	-1	19	17	11	-10	4		64	35.7	38.1
KT Estate	Sales	136	156	148	181	135	160	190	235	237	289	603.6	620.5	719.3
	Operating profit											77.3	101.8	100.5
	Net profit	5	9	2	20	-2	5	10	39	20		17.4	34.7	51.8
KT Skylife	Sales	254	255	257	257	243	247	247	247	239	250	1,025.60	1,022.90	984.2
	Operating profit	3	0	2	-6	5	13	16	-12	6		14.1	-1.1	23
	Net profit	1	-2	2	-158	2	11	12	-23	0.4		-113.7	-156.1	1.5
KT Nasmedia	Sales	23	36	35	39	24	26	31	37	26		146.8	142.6	117.9
	Operating profit	2	7	6	5	2	3	4	4	3		20.5	19.9	12.3
	Net profit	3	7	6	-21	3	0	5	-1	4		17.7	-4.6	6.8
KT Genie Music	Sales	74	74	80	74	69	73	83	77	75		307	301.6	302.9
	Operating profit	3	5	3	1	4	5	6	1	5		15.4	12.2	16.2
	Net profit	3	-1	3	-19	2	4	4	-29	4		21.7	-13.8	-18.5
KT Alpha	Sales	97	108	99	84	97	100	96	103	96		430.4	388.2	395.9
	Operating profit	9	9	3	3	12	14	11	7	14		12.3	24.6	44.2
	Net profit	8	3	4	4	11	13	13	7	11		16.3	19.7	43.6
KT Studio Genie	Sales	107	99	121	129	113	117	122	118	120		540.3	455.2	470.3
	Operating profit											45.8	12	17.8
	Net profit	2	-5	3	-26	3	7	3	-55	3		13	-26	-41.6

Source: Company data, Samsung Securities

Chart 9. KT: Shareholders



Note: Wellington is as of Jul 30, 2026;
NPS is as of Jan 29, 2026;
T.Lowe.Price is as of Feb 3, 2026;
Treasury stock is as of Jul 24, 2026
Source: Company data, Samsung Securities

Table 6. KT's "Future business and management plan" (Jul 6, 2026)

Category	Description
Future plan	Medium-term growth strategy
Objective	Transformation into an AX platform company
Details	1) Strengthening fundamental competitiveness in telecommunications - Establishing a system based on 'Zero Trust' in information security and IT fields - Enhancing core competitiveness by improving customer-perceived network quality and securing future technologies 2) Expanding AX infrastructure - Securing 1 GW of AI data center capacity over next 5 years to respond to increasing AI demand - Securing 90 Tbps of submarine cable capacity over next 5 years to respond to rising global AI traffic
Timeline	Jan 1, 2026-Dec 31, 2031
Estimated investment	1) KRW4t for information security and IT construction, KRW8t for network infrastructure investment 2) KRW6t for AX infrastructure investment over next 5 years (AIDC: KRW5t; submarine cable: KRW1t)
Expected effect	Establishing an Asian AX hub and securing longer-term growth

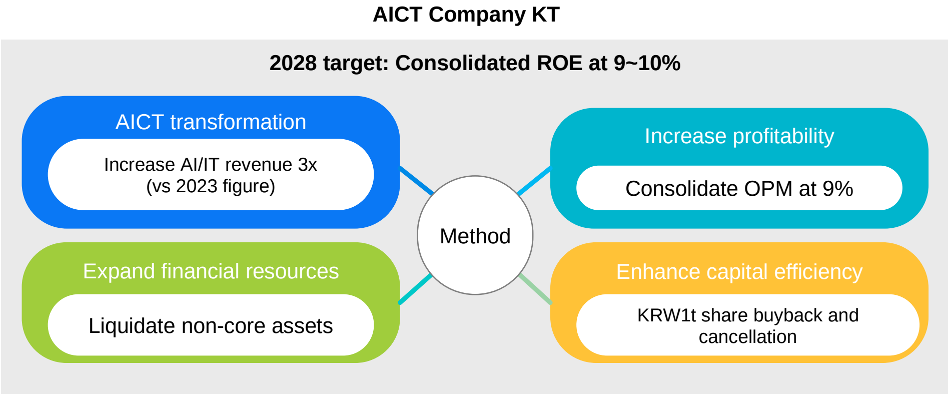
Source: Company data, DART, Samsung Securities

Table 7. KT 2026 Corporate Value Enhancement Plan (Aug 12, 2026)

Category	Description
Medium- to long-term target	2028 consolidated ROE target of 9%-10% (target announced in 2024 maintained)
1. AX Promotion	Leap to an AX Platform Company through AX-based innovation and growth. Expansion of AX infrastructure including AIDC and subsea cables, service innovation, and new growth drivers to achieve more than 2x AX sales in 2028 vs 2025.
2. Profitability Enhancement	Strengthen profitability through rationalization of low-profit, low-growth businesses and AX-based cost reduction (achieving consolidated operating margin of 9% or higher in 2028) (Profitability Enhancement) Completed rationalization of previously planned low-profit businesses; continuing to identify additional targets. (Cost Efficiency) Enhance operational and administrative efficiency through AX internalization (including advanced customer management, optimized activation and after-sales service, and optimized network operations)
3. Asset Optimization	Liquify non-core assets considering holding purposes and strategic utility. Asset Scale: Based on book value in 2Q26, KRW12.3t (Real Estate KRW4.6t, Available-for-sale Securities KRW3.3t, Investments in Subsidiaries KRW4.4t) Non-core asset monetization: Accelerate the monetization of non-core assets that have lost their holding purpose or strategic utility.
4. Capital Allocation	Pursuing capital allocation to improve ROE, including share buybacks/cancellations and strategic investments. KRW750b share buyback/retirement over 3 years from 2026 to 2028 Review of strategic investment initiatives considering financial structure, alignment with management strategy, and synergies, utilizing excess cash flow beyond additional shareholder returns.

Source: KT, Financial Supervisory Service Electronic Disclosure System, Samsung Securities

Chart 10. KT'S value-up plan



Note: Announced Nov 5, 2024;
Targeting 2028 ROE of 9-10% (announced Mar 31, 2026 in *2025 corporate value enhancement plan*)
Source: Company data, Samsung Securities

Table 8. 2026-2028 shareholder return policy

Category	Details	
Title	Medium-term shareholder return policy	
Period	2026-2028	
Details	Shareholder return resources	50% of adjusted standalone net income
	Shareholder return method	Dividends and treasury share buyback/cancellation
	Adjustment items	Non-cash gains and non-recurring gains/loses

Source: Company data, Samsung Securities

Table 9. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	27,513.0	27,347.8	-0.6	28,042.4	27,827.1	-0.8
Operating income	2,034.5	2,110.1	3.7	2,234.8	2,243.5	0.4
Operating margin (%, %pts)	7.4	7.7	0.3	8.0	8.1	0.1
Pre-tax income	2,041.4	2,122.5	4.0	2,223.4	2,264.8	1.9
Net income	1,457.6	1,467.8	0.7	1,563.4	1,550.6	-0.8

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**26,431**	**28,244**	**27,348**	**27,827**	**28,687**
Cost of goods sold	0	0	0	0	0
Gross profit	**26,431**	**28,244**	**27,348**	**27,827**	**28,687**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	25,622	25,775	25,238	25,584	26,300
Operating profit	**809**	**2,469**	**2,110**	**2,244**	**2,386**
Operating margin (%)	3.1	8.7	7.7	8.1	8.3
Non-operating gains (losses)	**-225**	**-51**	**12**	**21**	**24**
Financial profit	918	627	828	797	782
Financial costs	995	772	981	927	965
Equity-method gains (losses)	9	18	36	32	31
Other	-156	76	129	119	175
Pre-tax profit	**585**	**2,418**	**2,122**	**2,265**	**2,410**
Taxes	168	581	537	574	611
Effective tax rate (%)	28.7	24.0	25.3	25.4	25.4
Profit from continuing operations	417	1,837	1,586	1,690	1,799
Profit from discontinued operations	0	0	0	0	0
Net profit	**417**	**1,837**	**1,586**	**1,690**	**1,799**
Net margin (%)	1.6	6.5	5.8	6.1	6.3
Net profit (controlling interests)	470	1,731	1,468	1,551	1,649
Net profit (non-controlling interests)	-53	106	118	140	150
EBITDA	4,739	6,407	5,918	5,992	6,018
EBITDA margin (%)	17.9	22.7	21.6	21.5	21.0
EPS (parent-based) (KRW)	1,850	6,869	5,824	6,153	6,542
EPS (consolidated) (KRW)	1,641	7,288	6,292	6,707	7,137
Adjusted EPS (KRW)*	1,850	6,869	5,824	6,153	6,542

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**14,252**	**13,978**	**15,027**	**15,867**	**17,117**
Cash & equivalents	3,717	3,507	3,721	4,053	4,457
Accounts receivable	2,922	2,938	3,125	3,295	3,477
Inventories	940	416	722	687	770
Other current assets	6,673	7,116	7,458	7,832	8,413
Fixed assets	**27,628**	**28,971**	**29,151**	**29,253**	**29,483**
Investment assets	4,321	4,927	5,417	5,556	5,786
Tangible assets	14,826	14,258	13,637	13,138	12,770
Intangible assets	1,863	1,557	1,525	1,528	1,507
Other long-term assets	6,618	8,229	8,572	9,032	9,420
Total assets	**41,880**	**42,949**	**44,178**	**45,120**	**46,600**
Current liabilities	**13,875**	**11,693**	**11,485**	**11,405**	**11,595**
Accounts payable	1,037	1,144	1,134	1,175	1,224
Short-term debt	450	710	710	710	710
Other current liabilities	12,388	9,839	9,641	9,520	9,661
Long-term liabilities	**10,009**	**11,798**	**11,683**	**11,586**	**11,672**
Bonds & long-term debt	6,616	8,286	8,286	8,286	8,286
Other long-term liabilities	3,393	3,512	3,397	3,300	3,386
Total liabilities	**23,883**	**23,491**	**23,168**	**22,991**	**23,267**
Owners of parent equity	**16,211**	**17,656**	**19,090**	**20,069**	**21,123**
Capital stock	1,564	1,564	1,564	1,564	1,564
Capital surplus	1,443	1,443	1,443	1,443	1,443
Retained earnings	13,780	14,964	15,859	16,838	17,892
Other	-577	-316	224	224	224
Non-controlling interests' equity	**1,786**	**1,802**	**1,920**	**2,060**	**2,210**
Total equity	**17,997**	**19,458**	**21,010**	**22,129**	**23,333**
Net debt	8,754	9,707	9,367	8,912	8,492

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**5,066**	**4,942**	**4,817**	**5,298**	**5,420**
Net profit	417	1,837	1,586	1,690	1,799
Non-cash profit and expenses	4,864	5,238	4,762	4,689	4,658
Depreciation	3,278	3,330	3,197	3,135	3,029
Amortization	652	608	611	613	603
Other	934	1,301	954	941	1,026
Changes in A/L from operating activities	69	-1,775	-952	-478	-407
Cash flow from investments	**-2,845**	**-4,518**	**-3,971**	**-4,054**	**-4,090**
Change in tangible assets	-2,806	-3,539	-2,575	-2,636	-2,661
Change in financial assets	-286	130	-98	-6	-61
Other	247	-1,110	-1,298	-1,412	-1,368
Cash flow from financing	**-1,390**	**-631**	**-633**	**-697**	**-565**
Change in debt	180	673	-59	-126	30
Change in equity	-0	-0	0	0	0
Dividends	-872	-578	-573	-571	-595
Other	-698	-727	0	0	0
Change in cash	837	-210	214	332	404
Cash at beginning of year	2,880	3,717	3,507	3,721	4,053
Cash at end of year	3,717	3,507	3,721	4,053	4,457
Gross cash flow	**5,281**	**7,075**	**6,348**	**6,379**	**6,457**
Free cash flow	**2,156**	**1,345**	**2,241**	**2,663**	**2,759**

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	0.2	6.9	-3.2	1.8	3.1
Operating profit	-50.9	205.0	-14.5	6.3	6.4
Net profit	-57.8	340.4	-13.7	6.6	6.4
Adjusted EPS**	-52.4	271.3	-15.2	5.6	6.3
Per-share data (KRW)					
EPS (parent-based)	1,850	6,869	5,824	6,153	6,542
EPS (consolidated)	1,641	7,288	6,292	6,707	7,137
Adjusted EPS**	1,850	6,869	5,824	6,153	6,542
BVPS	65,942	73,231	80,183	84,296	88,720
DPS (common)	2,000	2,400	2,400	2,500	2,600
Valuations (x)					
P/E***	23.7	7.7	9.0	8.5	8.0
P/B***	0.7	0.7	0.7	0.6	0.6
EV/EBITDA	4.6	3.9	4.1	4.0	4.0
Ratios (%)					
ROE	2.9	10.2	8.0	7.9	8.0
ROA	1.0	4.3	3.6	3.8	3.9
ROIC	2.7	9.0	7.3	7.6	8.0
Payout ratio	104.5	33.6	38.9	38.4	37.5
Dividend yield (common)	4.6	4.6	4.6	4.8	5.0
Net debt to equity	48.6	49.9	44.6	40.3	36.4
Interest coverage (x)	2.2	6.7	5.7	6.1	6.5

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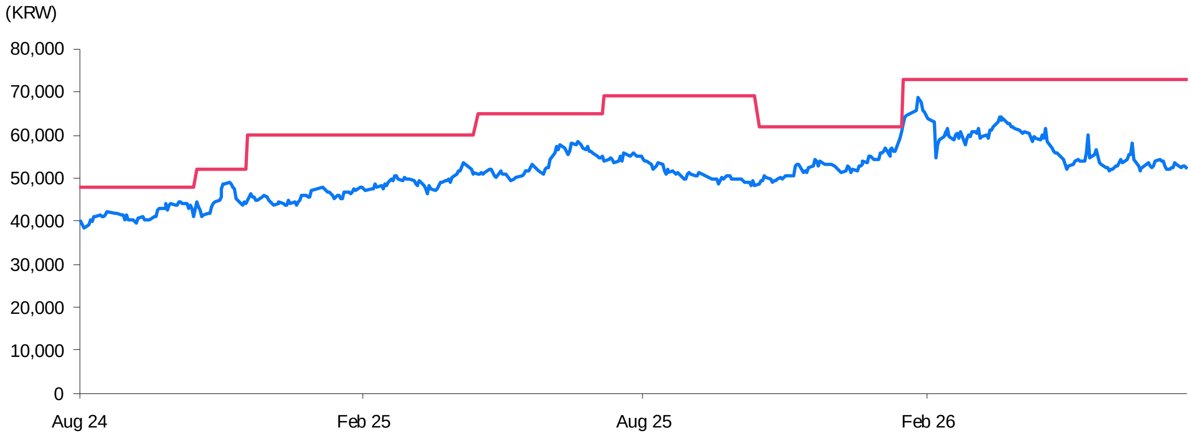
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/5/14	11/11	12/13	2025/5/12	8/1	11/10	2026/2/11
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	48000	52000	60000	65000	69000	62000	73000
Gap* (average)	-18.62	-13.45	-20.80	-17.43	-24.94	-14.65	
(max or min)**	-7.60	-5.77	-10.83	-10.15	-19.28	-2.10	

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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