COMPANY UPDATE

2026. 8. 14

EV/Mobility Team

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AT A GLANCE

BUY

Target price	KRW95,000	32.9%
Current price	**KRW71,500**	
Market cap	KRW8.9t/USD6.3b	
Shares (float)	123,875,069 (55.3%)	
52-week high/low	KRW76,700/KRW38,100	
Avg daily trading value (60-day)	KRW29.8b/ USD21.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hankook T&T (%)	2.6	-0.8	57.5
Vs Kospi (%pts)	2.5	-19.8	-25.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	95,000	95,000	0.0%
2026E EPS	9,633	9,378	2.7%
2027E EPS	11,868	11,670	1.7%

SAMSUNG vs THE STREET

No of estimates	16
Target price	87,750
Recommendation	4.0

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

Samsung Securities

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Hankook T&T (161390)

2Q review: Stability alone warrants a premium

- Hankook Tire & Technology (Hankook T&T) reported a consensus-beating 2Q operating profit. The tire segment achieved record quarterly revenue alongside an operating margin of over 17%.
- The company intends to offset rising raw material costs in 3Q through price increases implemented from June. Also noteworthy is that contracted raw material prices for 3Q have declined significantly q-q.
- Amid heightened market volatility, consistent earnings momentum and strengthened shareholder returns remain key investment highlights.

WHAT'S THE STORY?

2Q results remain robust: Hankook Tire & Technology's (Hankook T&T) tire segment reported a 11.8% y-y increase in revenue and a 39.5% y-y rise in operating profit in 2Q, led by increased sales volumes in both replacement (RE) and original equipment (OE) markets, improved pricing and product mix, and favorable exchange rate effects.

- **Reproducing high profitability seen over 2023–2024:** Among passenger car light truck (PCLT) tire sales, the share of tires 18 inches and larger rose to 49.5% (up 2.1%pts y-y), while the share of EV tires within PCLT OE sales increased to 31.8% (up approximately 8%pts y-y).The tire segment recorded sales of KRW2.8t (up 11.8% y-y, up 9.4% q-q) and operating profit of KRW483.2b (up 39.5% y-y, up 10.4% q-q), for an operating margin of 17.2% (up 3.4%pts y-y). Sales hit a quarterly record high. While raw material cost declines were the primary driver of profitability improvement in the past, the current growth is led by pricing and product mix enhancements and rising sales of high-margin products, such as EV and SUV tires.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	5,682.5	5.8	6.9	1.2	0.8
Operating profit	559.1	58.1	10.3	8.1	4.6
Pre-tax profit	426.3	79.1	-19.4	-0.7	-4.7
Controlling profit	279.1	53.3	-19.4	-5.4	-15.2
Margins (%)					
Operating profit	9.8				
Pre-tax profit	7.5				
Controlling profit	4.9				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	6.6	7.4	6.0
P/B	0.6	0.7	0.6
EV/EBITDA	4.1	4.0	3.4
Div yield (%)	3.9	4.6	5.6
EPS growth (% y-y)	-2.3	9.5	23.2
ROE (%)	9.4	9.5	10.8
Per-share data (KRW)			
EPS	8,795	9,633	11,868
BVPS	99,234	106,886	115,638
DPS	2,300	3,300	4,000

- **Regional sales grow y-y across all markets:** Europe led with KRW1.24t (up 18.2% y-y), driven by preemptive demand ahead of the July implementation of anti-dumping duties on Chinese PCLT tires, stronger sales of all-season tires, and robust sales of vehicles equipped with the company's OE tires. North America reached KRW645b (up 5.2% y-y); while replacement sales declined slightly due to softer consumer sentiment, revenue growth was supported by higher-margin product mix and expanded OE supply. In Korea, sales totaled KRW243b (up 3.4% y-y), with growth sustained despite domestic demand contraction, thanks to a hike in market share and increased share of larger-size tires. China recorded KRW252b (up 18.3% y-y), fueled by expanded online replacement sales and strengthened iON product lineup.
- **The share of EV tires exceeds global EV penetration by 8.4%pts:** EV tires accounted for 31.8% of Hankook T&T's OE tire sales (up 2.2%pts q-q, up 8%pts y-y). In 1H26, global automotive EV penetration stood at 23.4%, meaning that Hankook T&T's EV tire ratio remains significantly ahead of market trends. Despite sluggish new vehicle demand in China, OE supply for EVs and hybrids expanded in Europe and Korea. Meanwhile, in China, the replacement cycle for EVs—previously boosted by subsidies—is now accelerating, driving the full-blown growth of the EV RE market. The company is responding by expanding its online sales channels in China and strengthening its iON product lineup.

Rising raw material costs: Cost pressure to expand q-q in 3Q, but costs have peaked

- **Raw material costs up in 2Q due to Middle East conflict:** The price of SICOM TSR-20 natural rubber rose from an average of USD1,915/tonne in 1Q26 to USD2,179/tonne in 2Q26. For 3Q26, prices are expected to ease slightly to USD2,050–2,150/tonne. The price of Asia BD, synthetic rubber feedstock, surged from USD875/tonne in 4Q25 to USD1,527/tonne in 1Q26 and further to USD1,790/tonne in 2Q26.However, the company forecasts a downward stabilization in 3Q26 to USD1,000–1,200/tonne.
- **3Q actual input costs to be higher than 1H26 levels:** There is a 3–4 month lag between spot price movements and their reflection in manufacturing costs. The impact of Middle East-driven price spikes began entering cost structures in August. Nevertheless, 3Q raw material contract prices have been significantly lowered than 2Q levels, and 4Q raw material prices should remain weak or range-bound.
- **Global ASP hikes initiated since June:** The company anticipates that most of the raw material cost increase will be offset through price hikes. Sequential price adjustments began in June, varying by region: up 5% in the Middle East (June), and up 2–4% across Asia, Latin America, Europe, China, and the US by September. These price pass-throughs are expected to support profitability in 2H26.
- **Our view, Profitability softening in 3Q to be temporary:** While tire profitability is likely to decline slightly q-q in 3Q due to higher input costs, we note that global price increases are already underway. Also noteworthy is that new raw material contract prices for 3Q have fallen significantly from 2Q levels. We thus forecast the 3Q profitability softening to be a short-term, transitory phase.

Logistics costs to rise h-h in 2H; can negotiate reduction in 4Q contract pricing: Logistics contract rates for 2H26 are expected to rise by double digits (vs 1H26), with the most significant impact coming from higher ocean freight rates to the US. However, the company has included a clause in its 2H logistics contracts allowing for a rate review in 4Q. If ocean freight rates fall after 3Q due to global cargo volume softening, the company can negotiate reductions in 4Q contract pricing.

- **Logistics costs take up 6-7% of sales:** In 1H26, the ratio stood at approximately 6%. This is expected to be offset by price increases in 2H and the anticipated stabilization of raw material costs in 4Q.

Opportunity in Europe amid anti-dumping duties on Chinese tires

- **Improved competitive landscape due to Chinese tire regulations:** Ahead of the Jul 2026 imposition of anti-dumping duties on Chinese passenger car and light truck (PCLT) tires, European importers engaged in preemptive inventory building and increased imports in 2Q. Hankook T&T, unlike global competitors with manufacturing bases in China, benefits from the lowest applicable anti-dumping duty rate of 3.4%, compared to 30–52% for rival firms. The company plans to leverage this advantage to aggressively expand its market share in Europe.
- **Pricing flexibility drives market share growth:** With competitors facing severe constraints on price adjustments due to high tariffs, Hankook T&T retains the flexibility to optimize pricing and product mix. Europe remains Hankook T&T's largest market, with 2Q sales rising 18.2% y-y.
- **Countervailing duties as an additional variable:** A separate investigation into countervailing duties on Chinese tires is ongoing. According to Hankook T&T, the final determination is expected to be made by late 2026 to early 2027.

Non-operating losses driven by Hungarian exchange rate fluctuations: Hankook T&T booked KRW69b in forex-related losses.

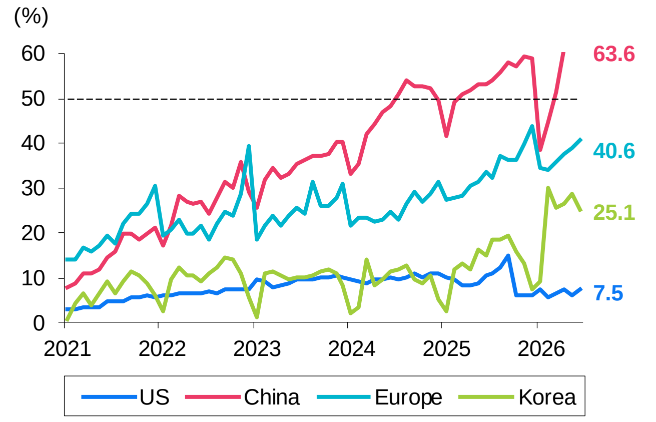
- **Forex-related loss from Hungarian manufacturing subsidiary:** The Hungarian subsidiary generates revenue and holds assets in euros, while its functional currency is the Hungarian forint. In 2Q, the forint strengthened significantly against the euro, resulting in forex-related valuation losses. Exchange rates have since begun to normalize.

Interim dividend of KRW900 per share: The company has raised its interim dividend to KRW900 per share, a 12.5% increase from KRW800 in the same period last year (prior-year payout ratio: 25.8%). The company has also raised its dividend payout guidance to 35% through 2027.

3Q earnings outlook: Profitability to soften q-q.

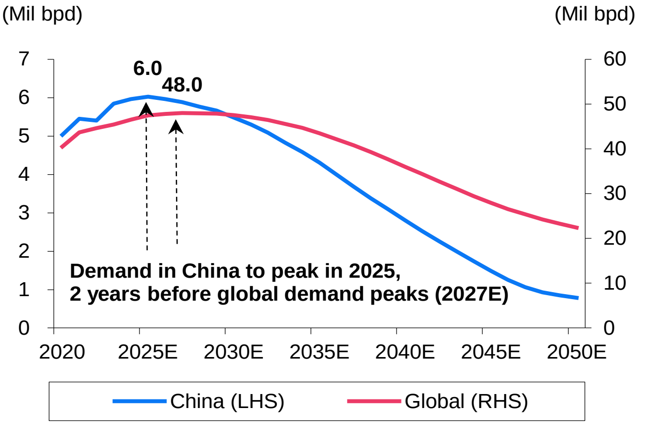
- **Slower revenue growth amid rising costs and 2Q pre-order effect:** 3Q is the peak shipping season for winter tires, but revenue growth should moderate q-q as demand was partially pulled forward into 2Q due to anticipated price increases. We forecast 3Q sales of KRW5.59t (up 5.2% q-q, up 3.3% y-y), operating profit of KRW504b (down 9.8% q-q, down 13.9% y-y), and an operating margin of 9.0%--vs FnGuide consensus of KRW5.7t, KRW530.9b, and 9.2%, respectively.
- **Tennessee expansion ramp-up continues:** PCLT completed its first TBR production in early March 2026 following the December 2025 launch and is now ramping up operations. The Company plans to strengthen its North American market response and reduce exposure to US tariff risks by increasing the share of local production.

Global xEV penetration, by region



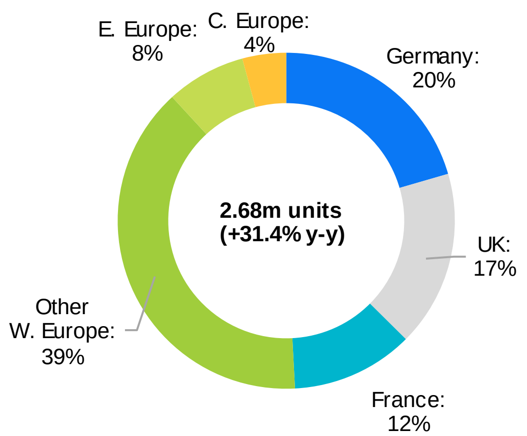
Source: EV-Volumes, Samsung Securities

Global transportation fuel: Peak demand—China vs the world



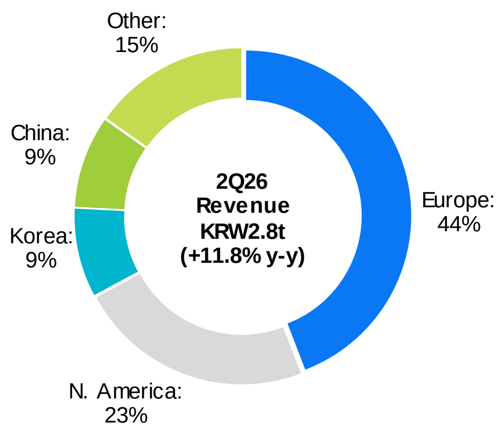
Source: Bloomberg NEF, Samsung Securities

Europe: EV demand, by country



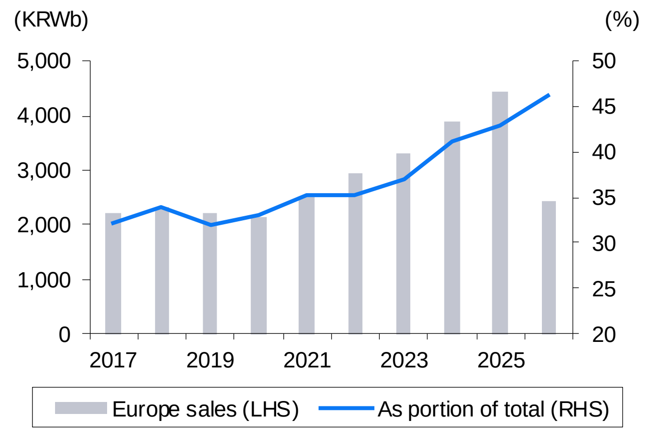
Source: EV-Volumes, Samsung Securities

Hankook T&T: Sales, by country



Source: Company data, Samsung Securities

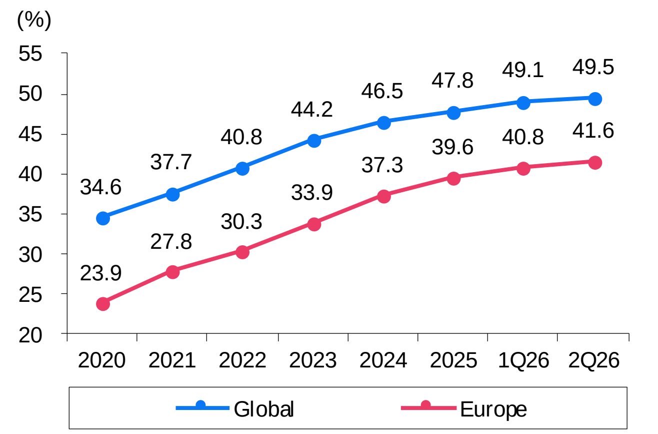
Hankook T&T's revenue from Europe: Absolute and as portion of total



Note: As of 1H26

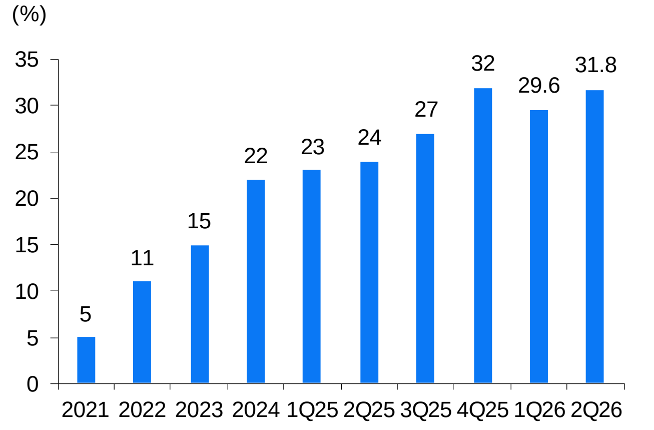
Source: Company data, Samsung Securities

Hankook T&T: 18-inch-or-larger portion of tires



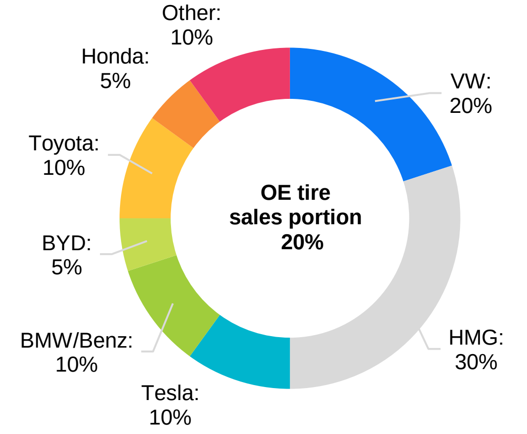
Source: Company data, Samsung Securities

Hankook T&T: EV tire portion of total OE tire sales volume



Source: Company data, Samsung Securities

Hankook T&T: OE tire sales, by customer



Source: Company data, Samsung Securities

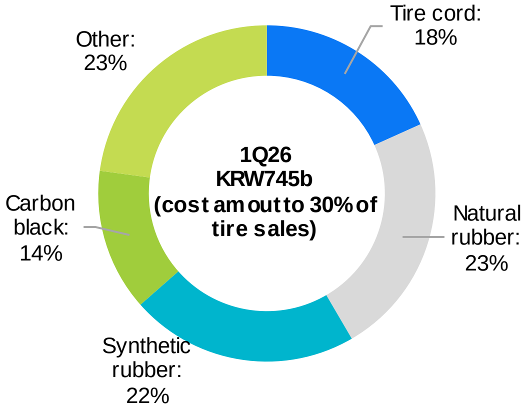
Tesla: Model Y (comes with 19- or 20-inch tires)

Source: Company data

Ford: F-150 Lightning (18- 20- or 22-inch tires)

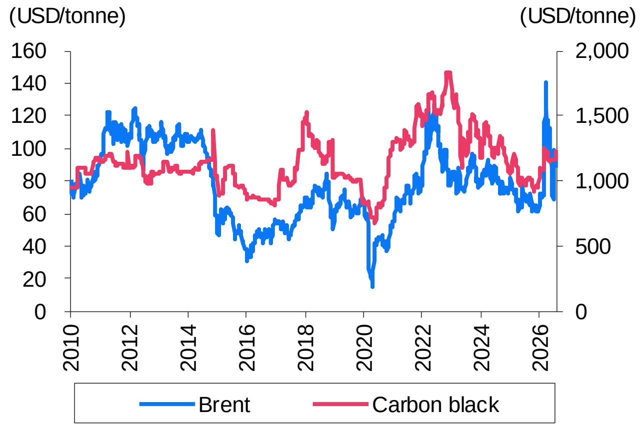
Source: Company data

Hankook T&T: Material cost breakdown



Source: Company data, Samsung Securities

Oil prices vs carbon black prices



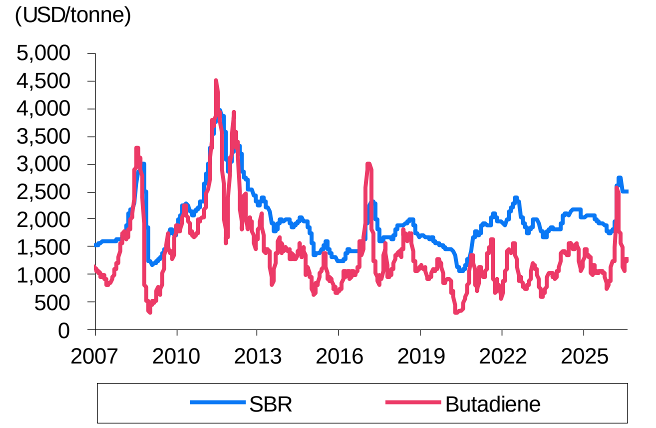
Note: Based on Brent crude

Source: Bloomberg, Samsung Securities

Natural rubber prices

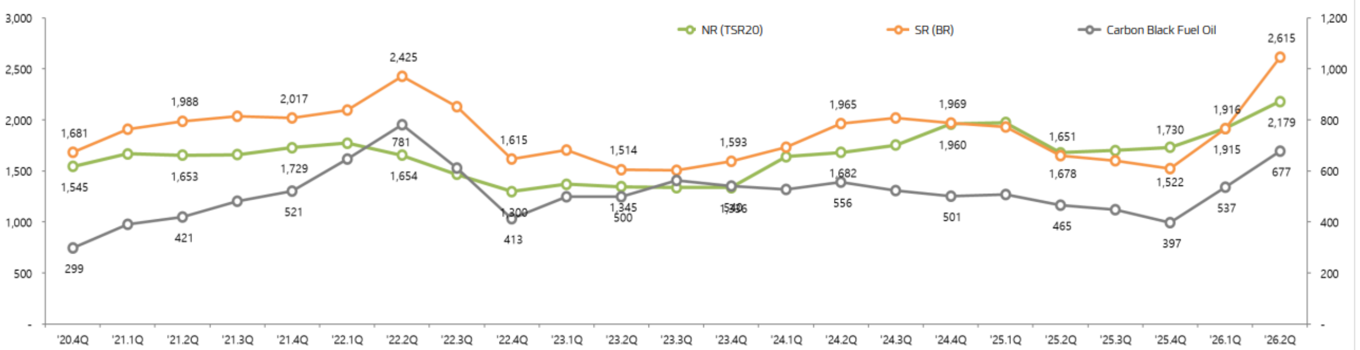
Source: Bloomberg, Samsung Securities

Synthetic rubber and butadiene prices



Source: Bloomberg, Samsung Securities

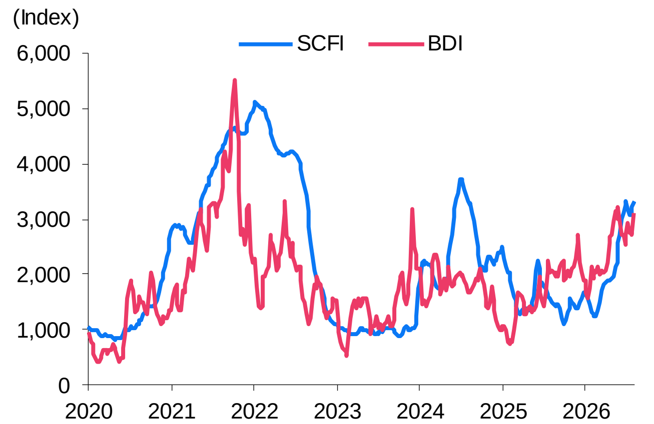
Hankook T&T: Raw material input costs



Note 1) TSR20 : SICOM Price (Natural Rubber) Note 2) BR(Butadiene Rubber) : ICIS CFR NE/SE Asia Average Price Note 3) Carbon Black Fuel Oil: Index Price of refined Oil

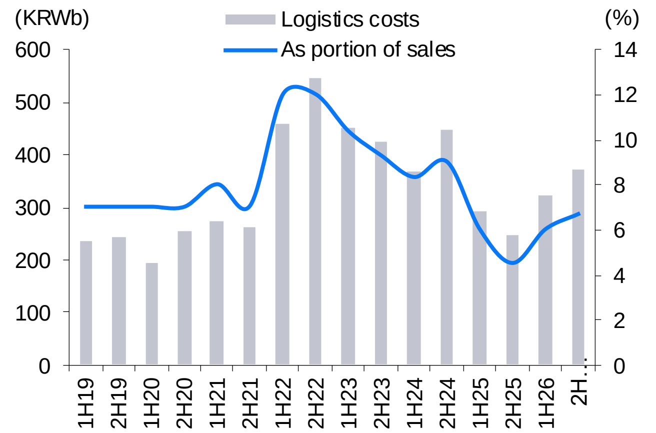
Note: Unit = USD/tonne
Source: Company data

Shipping indices: SCFI and BDI



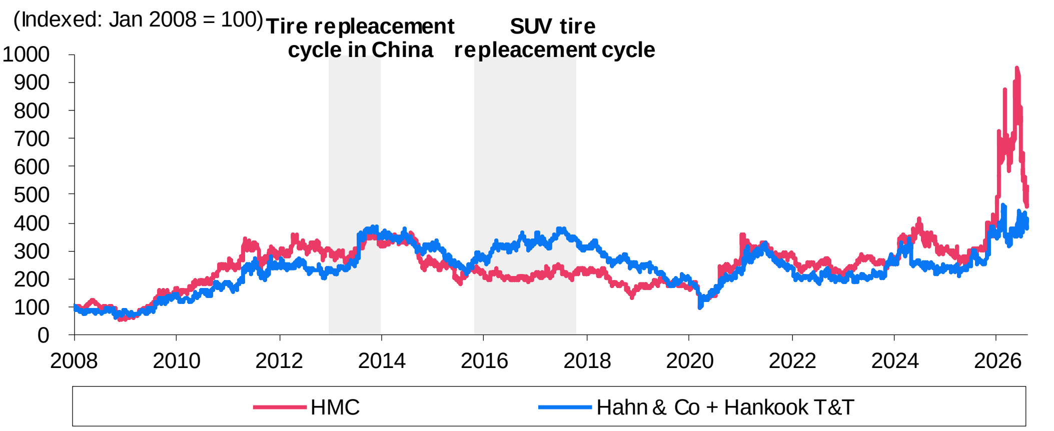
Source: Bloomberg, Samsung Securities

Hankook T&T: Logistics costs



Source: Company data, Samsung Securities estimates

Relative market cap: Hankook T&T + Hahn & Co vs HMC



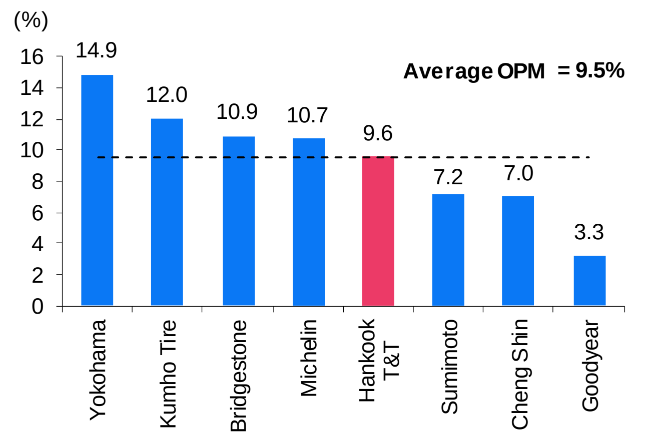
Note: Transitioned to a holding company structure in 2012;
Hankook T&T was Hahn & Co before 2
Source: Bloomberg, Samsung Securities

Hankook T&T: Global capacity and utilization rates

Capacity (mil units)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Korea	42	42	42	40	40	38	38	31	31	31	31
China	30	30	30	30	28	28	28	28	28	28	28
Hungary	18	18	18	18	18	18	18	18	18	18	22
Indonesia	11	11	11	11	11	11	11	11	11	11	11
US	0	0	0	5	5	5	5	5	5	10	12
Global total	**101**	**101**	**101**	**104**	**102**	**100**	**100**	**93**	**93**	**98**	**104**
Chg (% y-y)	-	-	-	3	-1.9	-2	-	-7	-	5.4	6.1
Utilization (%)	96	95	96	86	79	83	88	95	98	98	98

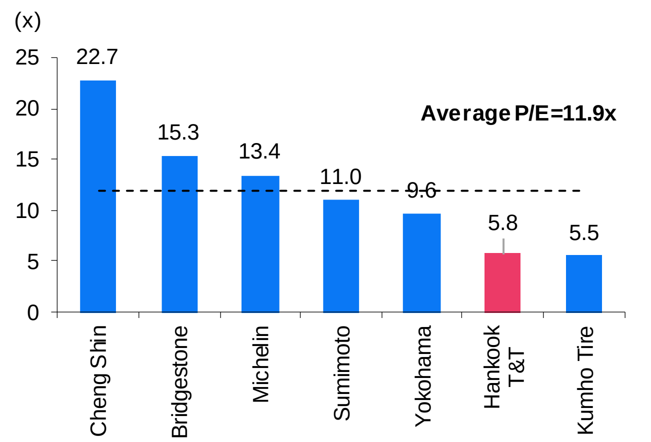
Source: Company data, Samsung Securities estimates

Global tire makers: Operating margin (12-month forward)



Source: Bloomberg, Samsung Securities

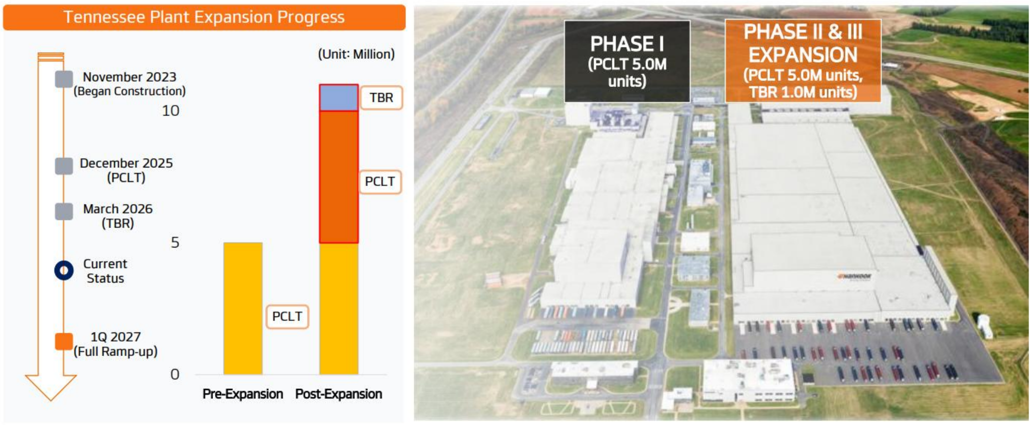
Global tire makers: 12-month forward P/E valuation



Source: Bloomberg, Samsung Securities

Hankook T&T: Ramp-up of the Tennessee plant

- Initial production commenced on the PCLT and TBR lines under the Tennessee Phase 2 & 3 expansion; ramp-up underway with full capacity targeted late 2026 ~ early 2027
- Improved profitability expected through economies of scale, while increased local-to-local supply will enhance strategic responsiveness to external changes, including tariffs



Source: Company data

Hankook T&T: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,502	1,500	1,450	1,365	1,423	1,480	1,425
Revenue	4,964	5,370	5,413	5,456	5,314	5,682	5,592	5,514	9,412	21,202	22,102	22,751
Chg (% y-y)	133.3	131.7	122.3	115.5	7.1	5.8	3.3	1.1	5.3	125.3	4.2	2.9
Tire	2,346	2,511	2,707	2,754	2,566	2,807	2,807	2,748	9,412	10,319	10,927	11,695
Chg (% y-y)	10.3	8.3	11.2	8.8	9.4	11.8	3.7	-0.2	5.3	9.6	5.9	7.0
Thermal management	2,617	2,858	2,706	2,703	2,748	2,875	2,785	2,766	n/a	10,884	11,175	11,056
Chg (% y-y)	n/a	n/a	n/a	n/a	5.0	0.6	2.9	2.4	n/a	n/a	2.7	-1.1
Gross profit	964	1,098	1,297	1,306	1,202	1,333	1,372	1,311	3,468	4,665	5,218	5,731
Operating profit	355	354	586	547	507	559	504	531	1,762	1,841	2,102	2,463
Chg (% y-y)	-11.1	-15.8	24.6	15.5	43.0	58.1	-13.9	-2.9	32.7	4.5	14.2	17.2
Tire	334	289	491	457	438	483	391	409	1,762	1,571	1,666	1,993
Chg (% y-y)	-16.3	-31.1	4.3	-3.4	31.2	67.0	-20.3	-10.5	32.7	-10.9	6.0	19.7
Thermal management	21	64	95	90	97	104	113	122	n/a	270	436	469
Chg (% y-y)	-67.7	-10.2	-1.0	흑전	361.1	61.2	18.7	36.3	n/a	n/a	61.3	7.6
Net profit	312	179	390	91	372	317	302	343	1,131	972	1,335	1,645
Controlling profit	320	182	390	197	346	279	266	302	1,115	1,089	1,193	1,470
Margins (%)												
Gross profit	19.4	20.4	24.0	23.9	22.6	23.5	24.5	23.8	36.8	22.0	23.6	25.2
Operating profit	7.1	6.6	10.8	10.0	9.5	9.8	9.0	9.6	18.7	8.7	9.5	10.8
Tire	14.2	11.5	18.1	16.6	17.1	17.2	13.9	14.9	18.7	15.2	15.2	17.0
Thermal management	0.8	2.2	3.5	3.3	3.5	3.6	4.1	4.4	n/a	2.5	3.9	4.2
Net profit	6.3	3.3	7.2	1.7	7.0	5.6	5.4	6.2	12.0	4.6	6.0	7.2
Controlling profit	6.4	3.4	7.2	3.6	6.5	4.9	4.8	5.5	11.8	5.1	5.4	6.5

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**9,412**	**21,202**	**22,102**	**22,751**	**23,985**
Cost of goods sold	5,944	16,537	16,884	17,020	17,785
Gross profit	**3,468**	**4,665**	**5,218**	**5,731**	**6,200**
Gross margin (%)	36.8	22.0	23.6	25.2	25.8
SG&A expenses	1,706	2,824	3,116	3,268	3,517
Operating profit	**1,762**	**1,841**	**2,102**	**2,463**	**2,682**
Operating margin (%)	18.7	8.7	9.5	10.8	11.2
Non-operating gains (losses)	**-188**	**-402**	**-274**	**-240**	**-210**
Financial profit	220	356	141	189	249
Financial costs	145	541	487	497	505
Equity-method gains (losses)	-93	76	3	3	3
Other	-170	-292	69	64	43
Pre-tax profit	**1,574**	**1,439**	**1,828**	**2,223**	**2,472**
Taxes	443	468	492	578	643
Effective tax rate (%)	28.1	32.5	26.9	26.0	26.0
Profit from continuing operations	1,131	972	1,335	1,645	1,830
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,131**	**972**	**1,335**	**1,645**	**1,830**
Net margin (%)	12.0	4.6	6.0	7.2	7.6
Net profit (controlling interests)	1,115	1,089	1,193	1,470	1,635
Net profit (non-controlling interests)	16	-118	142	175	195
EBITDA	2,277	3,224	3,498	3,856	4,034
EBITDA margin (%)	24.2	15.2	15.8	16.9	16.8
EPS (parent-based) (KRW)	8,998	8,795	9,633	11,868	13,199
EPS (consolidated) (KRW)	9,131	7,843	10,780	13,281	14,770
Adjusted EPS (KRW)*	8,998	8,795	9,633	11,868	13,199

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**7,275**	**11,553**	**12,967**	**14,635**	**16,714**
Cash & equivalents	1,882	2,603	3,644	5,041	6,608
Accounts receivable	1,862	3,583	3,735	3,844	4,053
Inventories	2,384	3,905	4,071	4,191	4,418
Other current assets	1,147	1,461	1,518	1,558	1,636
Fixed assets	**8,575**	**15,095**	**15,112**	**15,029**	**14,695**
Investment assets	2,046	455	469	478	497
Tangible assets	4,693	9,924	10,212	10,377	10,258
Intangible assets	250	3,736	3,452	3,194	2,961
Other long-term assets	1,586	979	979	979	979
Total assets	**15,850**	**26,647**	**28,080**	**29,663**	**31,410**
Current liabilities	**3,687**	**6,775**	**6,563**	**6,851**	**7,165**
Accounts payable	538	1,695	1,767	1,819	1,917
Short-term debt	977	1,492	1,592	1,692	1,692
Other current liabilities	2,171	3,588	3,204	3,340	3,555
Long-term liabilities	**968**	**5,670**	**6,239**	**6,292**	**6,383**
Bonds & long-term debt	147	3,008	3,518	3,528	3,538
Other long-term liabilities	821	2,662	2,721	2,764	2,845
Total liabilities	**4,655**	**12,445**	**12,802**	**13,143**	**13,548**
Owners of parent equity	**11,100**	**12,105**	**13,039**	**14,107**	**15,254**
Capital stock	62	62	62	62	62
Capital surplus	3,007	2,894	2,894	2,894	2,894
Retained earnings	7,354	8,139	9,027	10,095	11,242
Other	677	1,011	1,056	1,056	1,056
Non-controlling interests' equity	**94**	**2,096**	**2,239**	**2,414**	**2,608**
Total equity	**11,195**	**14,202**	**15,277**	**16,520**	**17,862**
Net debt	-349	3,834	2,895	1,655	143

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,886**	**1,608**	**2,609**	**2,949**	**3,015**
Net profit	1,131	972	1,335	1,645	1,830
Non-cash profit and expenses	1,359	2,492	2,221	2,265	2,237
Depreciation	497	1,069	1,112	1,136	1,118
Amortization	18	314	284	258	234
Other	844	1,109	825	872	886
Changes in A/L from operating activities	-284	-1,004	-119	-86	-163
Cash flow from investments	**-2,610**	**-735**	**-1,417**	**-1,313**	**-1,024**
Change in tangible assets	-1,025	-2,039	-1,400	-1,300	-1,000
Change in financial assets	-146	395	-17	-13	-24
Other	-1,439	909	-0	0	-0
Cash flow from financing	**182**	**-214**	**-191**	**-236**	**-416**
Change in debt	1,063	4,486	114	166	72
Change in equity	0	-113	0	0	0
Dividends	-159	-344	-305	-403	-488
Other	-722	-4,243	0	0	-0
Change in cash	-362	721	1,040	1,398	1,567
Cash at beginning of year	2,244	1,882	2,603	3,644	5,041
Cash at end of year	1,882	2,603	3,644	5,041	6,608
Gross cash flow	**2,490**	**3,464**	**3,556**	**3,910**	**4,067**
Free cash flow	**853**	**-500**	**1,209**	**1,649**	**2,015**

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	5.3	125.3	4.2	2.9	5.4
Operating profit	32.7	4.5	14.2	17.2	8.9
Net profit	55.2	-14.1	37.4	23.2	11.2
Adjusted EPS**	54.8	-2.3	9.5	23.2	11.2
Per-share data (KRW)					
EPS (parent-based)	8,998	8,795	9,633	11,868	13,199
EPS (consolidated)	9,131	7,843	10,780	13,281	14,770
Adjusted EPS**	8,998	8,795	9,633	11,868	13,199
BVPS	90,995	99,234	106,886	115,638	125,041
DPS (common)	2,000	2,300	3,300	4,000	4,500
Valuations (x)					
P/E***	4.3	6.6	7.4	6.0	5.4
P/B***	0.4	0.6	0.7	0.6	0.6
EV/EBITDA	2.0	4.1	4.0	3.4	2.9
Ratios (%)					
ROE	10.8	9.4	9.5	10.8	11.1
ROA	7.9	4.6	4.9	5.7	6.0
ROIC	16.8	9.2	8.4	9.9	10.8
Payout ratio	21.9	25.8	33.7	33.2	33.6
Dividend yield (common)	5.2	3.9	4.6	5.6	6.3
Net debt to equity	-3.1	27.0	19.0	10.0	0.8
Interest coverage (x)	39.7	5.7	4.3	5.0	5.3

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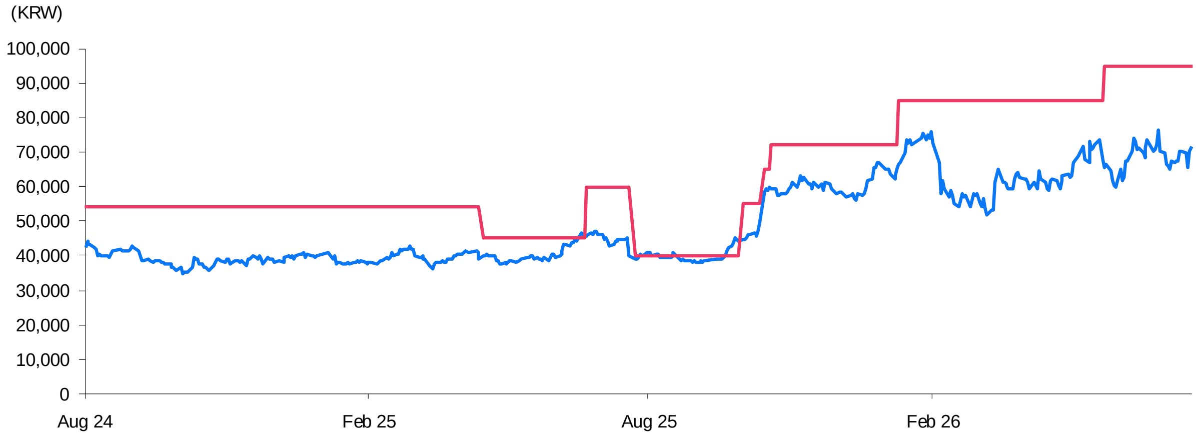
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/7/25	2025/5/12	7/17	8/18	10/27	11/10	11/14	2026/2/5	6/18
Recommendation	BUY	HOLD	BUY	HOLD	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	54000	45000	60000	40000	55000	65000	72000	85000	95000
Gap* (average)	-26.89	-10.33	-25.13	0.11	-15.80	-8.72	-15.70	-25.62	
(max or min)**	-17.31	3.89	-21.17	13.38	-10.27	-8.15	-6.67	-10.71	

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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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

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