COMPANY UPDATE

2026. 8. 25

EV/Mobility Team

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▶ AT A GLANCE

Not Rated

Target price	**n/a**
Current price	**KRW12,220**
Market Cap	KRW1.3t/USD0.9b
Shares (float)	107,255,330 (54.0%)
52-week high/low	KRW22,400/KRW5,480
Avg daily trading value (60-day)	KRW83.3b/ USD60.3m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Foosung (%)	**19.5**	**47.1**	**102.0**
Vs Kospi (%pts)	19.3	31.1	-4.4

▶ SAMSUNG vs THE STREET

No of estimates	1
Target price	20,000
Recommendation	4.0

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

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Foosung (093370)

Earnings estimates revised up; shares attractive

- Foosung delivered solid earnings improvement across all segments: semiconductor materials, refrigerants, hydrofluoric acid, and lithium salt ($LiPF_6$).
- We believe the company will benefit from favorable industry tailwinds: rising metal prices, China's export restrictions on tungsten, and US policy (supply chain shift away from China).
- Despite recent stock correction, market consensus for the firm's full-year earnings has been revised up. The stock now appears significantly attractive.

WHAT'S THE STORY?

2Q review—strong growth driven by rising metal prices and improved industry conditions: Foosung's 2Q consolidated sales and operating profit climbed 52% and 58% y-y, respectively, to KRW188.2b and KRW23.4b, for an operating margin of 12.4%. The parent-based sales also leapt 66% y-y to KRW114.4b and operating profit more than tripled y-y to KRW15.8b—for an operating margin of 13.8%—mainly thanks to higher ASP and increased sales volumes (underpinned by rising metal prices for key raw materials).

Rising tungsten prices and tight supply for WF6: Prices of WF6 (a core semiconductor material) were marked up to reflect rising tungsten prices. While China's export controls on raw material tungsten remain in place, Foosung's utilization for WF6 production facilities could improve q-q in 3Q. The company could also benefit from the production cuts by a Japanese player.

(Continued on the next page)

SUMMARY FINANCIAL DATA

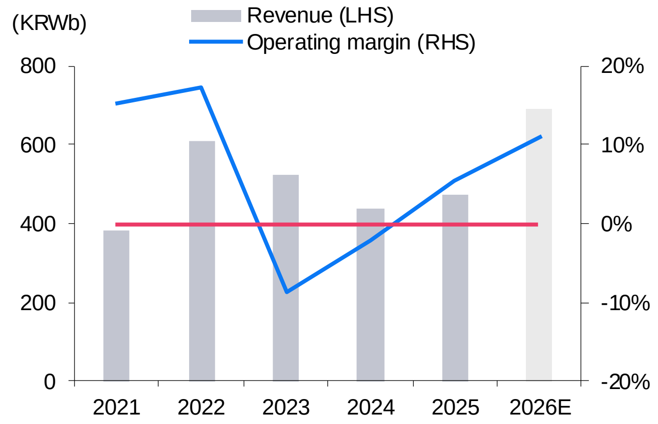
	2022	2023	2024	2025
Revenue (KRWb)	611	523	438	472
Operating profit (KRWb)	105	(46)	(10)	25
Net Profit (KRWb)	112	(84)	(83)	7
EPS (adj) (KRW)	1,144	n/a	n/a	63
EPS (adj) growth (%)	330.1	nm	nm	nm
EBITDA margin (%)	25.4	1.1	8.0	14.0
ROE (%)	31.6	(15.9)	(21.7)	1.6
P/E (adj) (x)	n/a	n/a	n/a	n/a
P/B (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	1.9	64.6	8.4	4.5
Dividend yield (%)	n/a	n/a	n/a	n/a

Source: Company data, Samsung Securities estimates

Lithium salt losses narrow and supply chain shift away from China serve as tailwinds: Lithium salt ($LiPF_6$) prices stood at CHY107,000/tonne as of Aug 20, down 41% ytd but up 92% from a year ago. While LiPF6 remains the only segment in loss, the loss has significantly narrowed compared to 1Q. A potential rebound in lithium prices by the year-end should be positive for lithium salt prices. In addition, demand has risen among electrolyte makers with a US presence, as they accelerate efforts to shift supply chains away from China. We believe Foosung's current available capacity are running at full utilization.

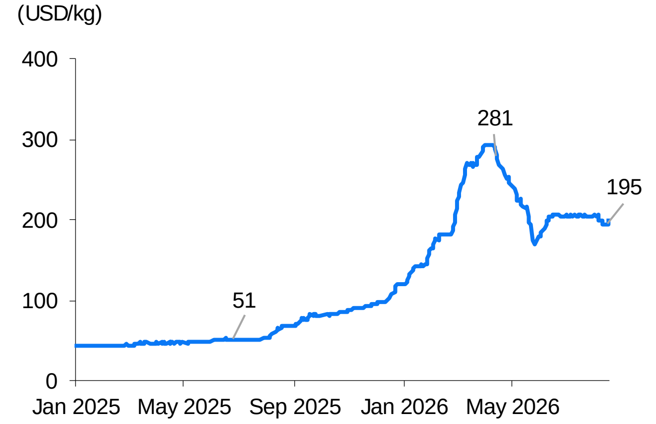
Shares attractive due to revised earnings estimates and share correction: Since our last visit note (Jun 16), the stock has pulled back 35%, but consensus for full-year earnings has been revised upward—driven by optimism around semiconductor materials, refrigerants, and hydrofluoric acid. Market consensus (FnGuide) has 2026 sales reaching KRW690.8b and operating profit growing to KRW76.5b. Shares are now trading at 33x 2026 P/E (based on FnGuide consensus). But when adjusting for the estimated value of its equity stake in Hantech (subsidiary specializing in LNG heat exchangers; KRW166.2b), the P/E multiple declines to 24x.

Foosung: Revenue and operating margin (consolidated)



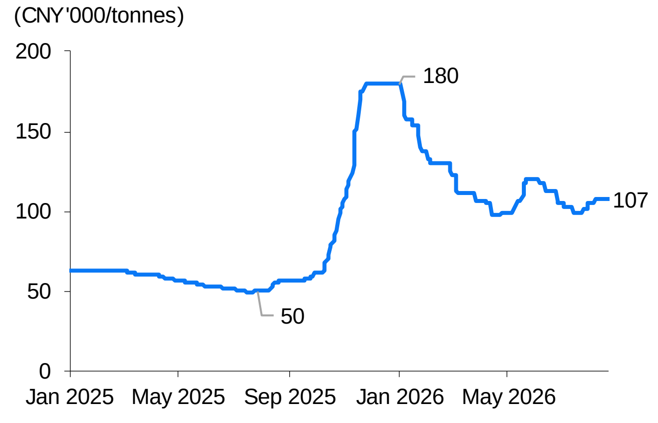
Note: 2026E based on FnGuide consensus
Source: FnGuide

Tungsten prices



Note: 75% min FOB China
Source: Komis

$LiPF_6$ prices



Source: Wind

Income statement

Year-end Dec 31	2021	2022	2023	2024	2025
Sales	**381**	**611**	**523**	**438**	**472**
Cost of goods sold	276	445	508	383	384
Gross profit	**106**	**166**	**15**	**55**	**88**
Gross margin (%)	27.7	27.2	2.9	12.5	18.6
SG&A expenses	47	61	61	64	62
Operating profit	**58**	**105**	**(46)**	**(10)**	**25**
Operating margin (%)	15.2	17.3	(8.8)	(2.2)	5.4
Non-operating Gains(Losses)	**(19)**	**28**	**(43)**	**(105)**	**(6)**
Financial Profit	0	1	2	3	3
Financial Costs	9	13	18	19	36
Gains(Losses) in Equity Method	(3)	1	0	0	(0)
Other	(7)	39	(26)	(90)	26
Pre-tax profit	**39**	**133**	**(89)**	**(115)**	**19**
Taxes	8	21	(4)	(32)	12
Effective tax rate (%)	20.0	15.7	5.0	27.5	63.5
Profit from continuing operations	31	112	(84)	(83)	7
Profit from discontinued operations	0	0	0	0	0
Net profit	**31**	**112**	**(84)**	**(83)**	**7**
Net margin (%)	8.2	18.4	(16.1)	(19.0)	1.5
Net profit (Controlling Interests)	23	97	(54)	(69)	5
Net profit (Non-controlling Interests)	9	15	(30)	(14)	2
EBITDA	102	155	6	35	66
EBITDA margin (%)	26.8	25.4	1.1	8.0	14.0
EPS(parent) (KRW)	266	1,144	n/a	n/a	63
EPS(consolidated) (KRW)	369	1,326	n/a	n/a	83
Adjusted EPS (KRW)*	266	1,144	n/a	n/a	63

Balance sheet

Year-end Dec 31	2021	2022	2023	2024	2025
Current assets	**182**	**345**	**256**	**293**	**257**
Cash & equivalents	39	79	28	55	68
Accounts receivable	44	73	83	71	64
Inventories	62	110	66	64	75
Other current assets	37	83	79	103	51
Fixed assets	**434**	**589**	**598**	**534**	**571**
Investment assets	36	23	23	12	26
Tangible assets	377	545	465	389	416
Intangible assets	2	4	4	3	3
Other long-term assets	19	17	106	128	126
Total assets	**616**	**934**	**853**	**826**	**827**
Current liabilities	**162**	**381**	**335**	**335**	**284**
Accounts payable	20	56	34	33	32
Short-term debt	22	66	74	98	95
Other current liabilities	120	259	228	204	157
Long-term liabilities	**171**	**137**	**187**	**158**	**155**
Bond & long-term debt	158	122	169	146	139
Other long-term liabilities	13	16	18	12	16
Total liabilities	**333**	**518**	**522**	**494**	**438**
Owners of parent equity	**248**	**366**	**313**	**327**	**334**
Capital stock	46	47	47	54	54
Capital surplus	55	76	76	152	155
Retained earnings	139	239	183	114	119
Other	8	3	6	7	7
Non-controlling interests equity	**35**	**49**	**19**	**6**	**55**
Total equity	**283**	**415**	**331**	**333**	**389**
Net debt	194	250	359	288	244

Cash flow statement

Year-end Dec 31	2021	2022	2023	2024	2025
Cash flow from operations	**83**	**94**	**(6)**	**76**	**40**
Net profit	31	112	(84)	(83)	7
Non-Cash Profit and Expense	79	50	112	125	57
Depreciation	44	50	52	44	41
Amortization	0	0	0	0	0
Others	35	0	60	81	17
Changes in A/L from Operating Activities	(20)	(53)	(11)	34	19
Cash flow from investments	**(66)**	**(110)**	**(108)**	**(110)**	**(6)**
Change in Tangible Assets	(59)	(117)	(105)	(80)	(39)
Change in Financial Assets	(23)	(17)	16	(33)	36
Other	15	23	(19)	3	(3)
Cash flow from financing	**(27)**	**56**	**61**	**61**	**(20)**
Change in debt	10	109	42	(9)	(67)
Change in equity	n/a	n/a	n/a	n/a	n/a
Dividends	0	(1)	(2)	0	0
Other	n/a	n/a	n/a	n/a	n/a
Change in cash	(10)	40	(51)	27	13
Cash at beginning of year	50	39	79	28	55
Cash at end of year	39	79	28	55	68
Gross cash flow	**110**	**163**	**27**	**42**	**64**
Free cash flow	**25**	**(23)**	**(111)**	**(5)**	**0**

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	2021	2022	2023	2024	2025
Growth (%)					
Sales	45.7	60.1	(14.3)	(16.3)	7.7
Operating profit	1,971.4	81.2	nm	nm	nm
Net profit	1,080.1	259.5	nm	nm	nm
Adjusted EPS**	126.2	330.1	nm	nm	nm
Per share data (KRW)					
EPS(parent)	266	1,144	n/a	n/a	63
EPS(consolidated)	369	1,326	n/a	n/a	83
Adjusted EPS **	266	1,144	n/a	n/a	63
BPS	2,777	4,099	3,498	3,655	3,742
DPS (common)	n/a	n/a	n/a	n/a	n/a
Valuations (x)					
P/E***	n/a	n/a	n/a	n/a	n/a
P/B***	n/a	n/a	n/a	n/a	n/a
EV/EBITDA	2.2	1.9	64.6	8.4	4.5
Ratios					
ROE (%)	9.6	31.6	(15.9)	(21.7)	1.6
ROA (%)	5.4	14.5	(9.4)	(9.9)	0.8
ROIC (%)	11.0	16.3	(7.1)	(1.3)	1.8
Payout ratio (%)	n/a	n/a	n/a	n/a	n/a
Dividend yield (Common, %)	n/a	n/a	n/a	n/a	n/a
Net debt to equity (%)	68.6	60.1	108.3	86.6	62.7
Interest coverage (x)	6.5	8.0	(2.5)	(0.5)	1.6

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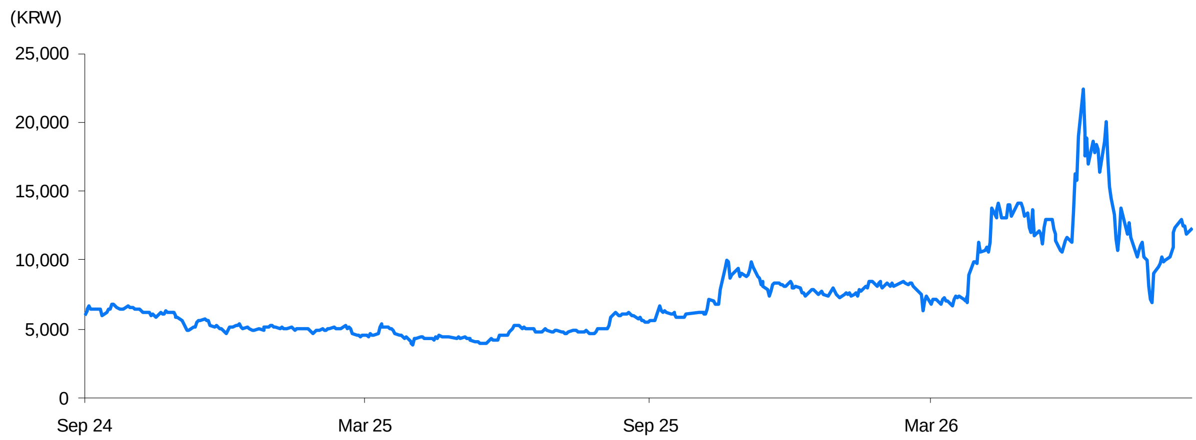
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/8/25
Recommendation	Not Rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

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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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
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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
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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

Percentage of ratings in 12 months prior to 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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