COMPANY UPDATE

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Tech Team

Minha Choi
Senior Analyst
minha22.choi@samsung.com

Hyerim Yu
Research Associate
hyerim0705.yu@samsung.com

AT A GLANCE

BUY

Target price	KRW105,000	31.4%
Current price	**KRW79,900**	
Market cap	KRW1.8t/USD1.3b	
Shares (float)	22,894,690 (58.3%)	
52-week high/low	KRW153,000/KRW66,500	
Avg daily trading value (60-day)	KRW7.8b/ USD5.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SM Entertainment (%)	5.7	-23.7	-43.0
Vs Kosdaq (%pts)	2.7	7.2	-43.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	105,000	105,000	0.0%
2026E EPS	4,955	4,917	0.8%
2027E EPS	6,358	6,277	1.3%

SAMSUNG vs THE STREET

No of estimates	17
Target price	113,412
Recommendation	4.0

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

Samsung Securities

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SM Entertainment (041510)

Next-generation IPs on the rise

- SM Entertainment's newer artists are gaining traction, and a new boy group is set to debut soon.
- The agency should accelerate its expansion in China, Hong Kong, and Taiwan through STE, its joint venture with Tencent Music Entertainment and the opening of its first permanent merchandise store in Shanghai.
- Supported by a diversified artist lineup and improving subsidiary earnings, SM Entertainment should continue to strengthen its earnings base. We maintain our BUY rating on the stock.

WHAT'S THE STORY?

Next-generation IP momentum and upcoming artist debut: SM Entertainment's next-generation artists—including Aespa, Riize, NCT Wish, and Hearts2Hearts—are gaining solid traction. Leading the way is Aespa, which is currently on its fourth world tour, covering 25 cities over Aug 2026-Feb 2027 and significantly expanding both its geographic reach and audience. Riize, now in its third year, has also demonstrated strong drawing power, attracting 420,000 fans on its debut world tour. With these next-generation IPs successfully establishing themselves, SM Entertainment's artist portfolio has become more diversified. Also noteworthy is the upcoming debut of SMTR25. Through the reality show *Reply High School* and pre-debut fan meetings, the multinational trainee boyband has already cultivated a meaningful fanbase ahead of its official debut. We expect rapid market adoption and immediate monetization upon its debut.

(Continued on the next page)

SUMMARY FINANCIAL DATA

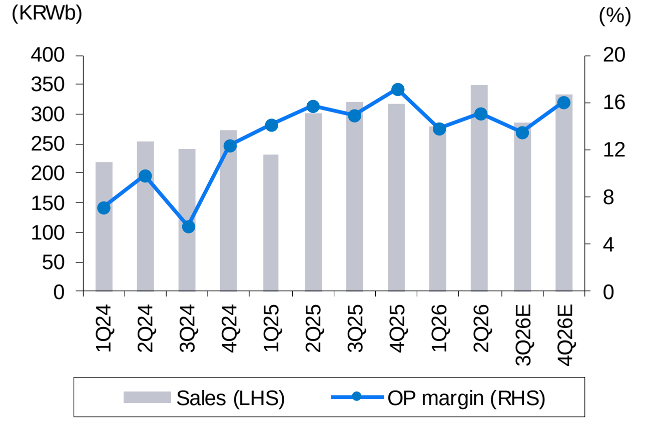
(KRWb)	2025	2026E	2027E	2028E
Revenue	1,175	1,249	1,370	1,457
Operating profit	183	184	217	240
Net profit (adj)	359	121	153	168
EPS (adj) (KRW)	15,126	4,955	6,358	6,975
EPS (adj) growth (% y-y)	1,843.8	-67.2	28.3	9.7
EBITDA margin (%)	21.3	18.6	18.5	18.4
ROE (%)	41.6	10.9	12.9	12.8
P/E (adj) (x)	8.9	16.1	12.6	11.5
P/B (x)	3.1	1.7	1.5	1.4
EV/EBITDA (x)	11.7	6.6	5.5	4.6
Dividend yield (%)	1.2	1.9	2.1	2.2

Source: Company data, Samsung Securities estimates

Strategic expansion in China, Hong Kong, and Taiwan via JV with TME: The establishment of STE, a joint venture with Tencent Music Entertainment (TME; SM Entertainment's second-largest shareholder, with a 9.7% stake), should accelerate SM Entertainment's expansion in China, Hong Kong, and Taiwan. The JV will oversee the end-to-end management of new Chinese idol projects, with local debuts targeted within 2-3 years. Leveraging TME's dominant local platforms and distribution infrastructure, SM Entertainment should be able to significantly broaden its artists' reach and influence in the region. The opening of SMTown Store Shanghai in 2Q as a permanent retail location rather than a pop-up also marks a pivotal step in strengthening brand presence and fan engagement, laying the groundwork for structural growth in merchandise sales.

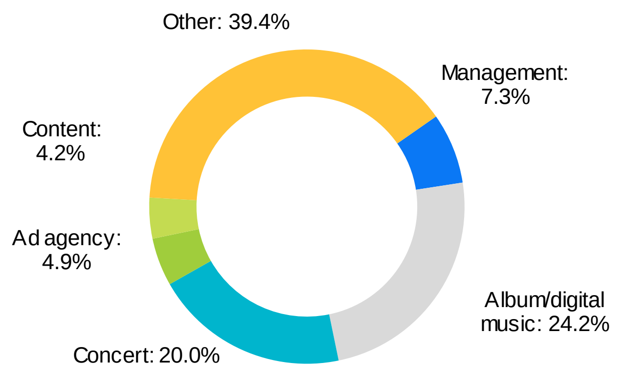
Strengthening fundamentals through subsidiary earnings improvement and lineup expansion: In addition to steady growth in artist IP-driven merchandise and licensing revenue, improving profitability across key subsidiaries points to strengthening fundamentals. Dream Maker has delivered clear improvements in sales and margins through deeper collaboration with its parent company, while SM Entertainment Japan is poised for revenue and profit growth on increased artist activity in Japan. Although SM Entertainment's 2H26 results should face a high base from record Aespa x PUBG licensing revenue in 4Q25, we expect underlying structural growth to remain intact. This should be further supported by: 1) sustained momentum for NCT as it celebrates its 10th anniversary; 2) the rapid rise of newer artists; and 3) the upcoming debut of a new boy group. Beyond this year's debut, SME is also developing localized boy-group projects in Thailand, Japan, and China, further expanding its artist lineup. Overall, we forecast 2027 consolidated sales and operating profit growth of 9.7% and 18.1% y-y, respectively. With structural improvements in SM Entertainment's underlying earnings capacity outweighing short-term volatility, we maintain our BUY rating on the stock..

Chart 1. Sales and operating margin



Source: Company data, Samsung Securities

Chart 2. Sales, by business (2Q26)



Source: Company data, Samsung Securities

Table 1. Albums released in 2026

Artist	Album/EP	Release	Category	Sales* (units)
Taeyeon (SNSD)	J-POP Remake Vol.1	Jun 29	Digital single	
Jaehyun (NCT)	99 Degrees	Jul 10	Digital single	
Super Junior -83z	Promise	Jul 13	1st EP	147,755
NCT WISH	YO-I-DON! / Boy Meets Girl	Jul 15	Japan 3rd single	
Yunho (TVXQ)	Time's Tickin	Jul 20	Single 1st album	69,595
Aespa	Kiss N Tell	Jul 24	Japan 1st EP	
Redvelvet	Velvet Summer	Aug 3	8th EP	106,000*
Ryeowook (Super Junior)	Boku no Hoshi (僕のほし)	Aug 5	Japan 3rd single	
WayV	Vision Wings	Aug 10	8th EP	245,594*
Hearts2Hearts	Iconic Heart	Aug 12	Japan 1st single	
NCT 127	TBD	Aug 24	7th album	940,453*
RIIZE	Sunburst	Aug 26	Japan 3rd single	
Hyorisu (SNSD)	Skibidi	Aug 31	Digital single	
Minho (Shinee)	Make it hot	Sep 7	2nd EP	
Heart2Hearts	Moonride	Sep 9	Digital single (KIA Collaboration)	
XngHan & Soul	HIGH BEAM	Sep 30	Japan 1st single	
Irene & Seulgi (Red Velvet)	TBD	3Q26	Japan 1st EP	
Chanyeol (EXO)	Tabi / Journey	Oct 2	Japan 2nd EP (digital released in Sep 28)	
NCT WISH	TBD	Oct	3rd EP	
Yesung (Super Junior)	TBD	4Q26	2nd album	
Taeyeon (SNSD)	TBD	4Q26	4th album	
Jaehyun (NCT)	TBD	4Q26	1st album	
NCT DREAM	TBD	4Q26	6th album	
Changmin (TVXQ)	TBD	4Q26	3rd EP	
Exo Unit	TBD	4Q26	1st EP	
Xiao Dejun	TBD	4Q26	1st EP	
Hearts2Heartd	TBD	4Q26	2nd single	
RIIZE	TBD	4Q26	TBA	

Notes: Figures span from release date to Jul 31, 2026; * first-week figures
Source: Company data, Circle Chart, Hanteo Chart, Local media, Samsung Securities

Table 2. Concerts in 2026

Artist	Country	Concert/fan meeting	Dates	Cities	Shows
Jaehyun (NCT)	Asia	(Fan concert) MONO	Jul 4-5	Taipei	2
Irene (Red Velvet)	Asia	I-WILL	Jul 4-18	Singapore, Bangkok	2
EXO	Asia	EXhorizon	Jul 4-26	Asia 4 cities	8
NCT JNJM	Asia	(Fan meeting) Duality	Jul 4-Aug 8	Asia 4 cities	8
Renjun&Chenle (NCT)	China	(Fan meeting) ROOMMATE	Jul 5-Jul 25	China 5 cities	5
RIIZE	Japan	(Fan meeting) RPG- RIIZE Playing Game	Jul 10-24	Japan 3 cities	6
Ryeowook (Super Junior)	Asia	DIVE TO BLUE	Jul 10-Sep 20	Seoul, Bangkok, Macao, Taiwan	9
Yunho (TVXQ)	Korea	PROJECT 26: SCENE#1	Jul 17-Sep 26	Seoul, Macao, Singapore, Taibei	10
Aespa	Japan	(Fan meeting) MY CLASSMaeTE	Jul 18-20	Tokyo	3
Super Junior-83z	Asia	(Fan concert) '1983'	Jul 24-Sep19	Seoul, Asia 5 cities	9
Red velvet	Global	(Fan concert) A day in Red&Velvet	Jul 31-Aug 2	Seoul	3
Aespa	Global	SYNK:COMPLæXITY	Aug 7-Sep 29	South America 4 cities, North America 6 cities	13
NCT DREAM	Korea	(Fan meeting) THE SWEET DREAM HOTEL	Aug 22-Aug 23	Incheon	2
NCT WISH	Asia	NCT WISH 2ND ANNIVERSARY FANMEETING	Sep 5-Sep 19	Taibei, Hong Kong	4
WavY	Korea	Born This Way	Sep 12-Sep 13	Seoul	2
RIIZE	Korea	Ch. RIIZE : ON AIR	Sep 12-Sep 13	Incheon	2
NCT 127	Korea	THE REDLINE	Sep 18-Sep 20	Seoul	3
Aespa	America	SYNK: COMPLæXITY	Oct 3-11	North America 4 cities	4
Super Junior-83z	Asia	(Fan concert) '1983'	Oct 3-Nov 21	Asia 3 cities	3
NCT 127	Asia	THE REDLINE	Oct 3-Nov 1	Jakarta, Hong Kong, Singapore, Bangkok	8
Chanyeol (Exo)	Japan	Japan Tour 2026 - The Route	Oct 14-Nov 11	Japan 4 cities	4
Yesung (Super Junior)	Asia	About the Things we called ordinary	Oct 17-Dec 19	Seoul, Macao, Hong Kong, Singapore	7
NCT 127	Asia	THE REDLINE	Jan 2	Taipei	1
Aespa	Europe	SYNK : COMPLæXITY	Jan 14-Feb 2	Europe 9 cities	9
WavY	Korea	Born This Way	Jan 30-Jan 31	Yokohama	2
Aespa	Asia	About the Things we called ordinary	Feb 12-Feb 13	Japan, Taipei(+add)	2

Source: Company data, Local media, Samsung Securities

Chart 3. Rookie boy group project 'SMTR25'

Note: Rookie boy group project 'SMTR25' had fan meetings in 4 cities across 7 sessions (May 1~May 30)
Source: Company data, Samsung Securities

Chart 4. Opening of SMTown Store Shanghai, the First Official MD Store in China

Note: On April 29, the first official offline MD store in China opened in Shanghai
Source: Company data, Mnet, Samsung Securities

Table 3. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	**220.1**	**253.9**	**242.2**	**273.6**	**231.4**	**302.9**	**321.6**	**319.0**	**279.1**	**349.6**	**286.2**	**334.0**	**989.7**	**1,174.9**	**1,248.9**	**1,370.0**
SM Ent.	136.1	174.1	172.1	181.8	165.5	220.3	224.5	202.2	189.3	240.6	185.6	218.9	664.1	812.5	834.4	925.1
SM C&C	23.9	27.9	24.8	33.4	17.7	21.1	25.4	36.3	21.5	27.2	25.9	36.8	109.9	100.5	111.4	117.2
SM Ent. Japan	27.4	18.7	22.0	20.2	20.8	26.0	24.4	25.7	30.5	28.8	33.5	31.1	88.3	96.9	124.0	135.7
Dear U	-	-	-	-	-	20.2	22.3	23.8	23.4	23.4	23.4	24.1		66.3	94.2	101.1
Dream Maker	12.9	7.5	10.5	5.0	23.0	14.9	8.5	16.5	7.3	41.6	17.6	19.2	35.9	62.9	85.7	66.9
Keyeast	25.4	16.1	13.3	21.0	4.5	3.0	3.6	4.6	8.5	10.7	1.8	4.4	75.8	15.7	25.5	25.8
COGS	148.9	176.1	168.9	188.6	148.0	188.4	202.6	203.4	178.7	233.9	185.3	219.2	682.5	742.4	817.1	881.2
Gross profit	**71.1**	**77.7**	**73.4**	**85.0**	**83.4**	**114.5**	**119.0**	**115.6**	**100.4**	**115.8**	**100.9**	**114.8**	**307.2**	**432.5**	**431.8**	**488.8**
SG&A costs	55.6	53.0	60.0	51.3	50.8	66.9	70.8	61.0	61.8	62.9	62.1	61.2	219.9	249.5	248.0	271.6
Operating profit	**15.5**	**24.7**	**13.3**	**33.7**	**32.6**	**47.6**	**48.2**	**54.6**	**38.6**	**52.9**	**38.8**	**53.6**	**87.3**	**183.0**	**183.8**	**217.1**
Operating margin (%)	7.1	9.7	5.5	12.3	14.1	15.7	15.0	17.1	13.8	15.1	13.5	16.0	8.8	15.6	14.7	15.8
Non-operating gains (losses)	3.7	-3.6	3.2	-64.5	229.3	-8.3	8.7	-45.0	18.8	-10.9	7.6	-23.3	-61.2	184.7	-7.8	-6.1
Pre-tax profit	19.3	21.1	16.5	-30.8	261.9	39.3	56.9	9.7	57.4	42.0	46.3	30.3	26.1	367.7	176.0	211.0
Net profit (controlling)	**12.1**	**7.3**	**6.3**	**-7.3**	**248.2**	**29.3**	**39.8**	**29.9**	**32.5**	**29.5**	**31.3**	**20.3**	**18.3**	**347.2**	**113.6**	**145.6**
Growth (% y-y)																
Sales	**7.9**	**5.9**	**-9.0**	**9.0**	**5.2**	**19.3**	**32.8**	**16.6**	**20.6**	**15.4**	**-11.0**	**4.7**	**3.0**	**18.7**	**6.3**	**9.7**
SM Ent.	6.2	25.4	-8.8	11.0	21.5	26.5	30.5	11.2	14.4	9.2	-17.4	8.3	7.2	22.3	2.7	10.9
SM C&C	11.7	-5.1	-26.9	-21.7	-26.1	-24.2	2.5	8.7	21.3	29.0	2.0	1.5	-13.6	-8.6	10.9	5.2
SM Ent. Japan	2.4	-6.4	-8.5	65.7	-23.9	38.6	11.1	27.1	46.5	10.9	37.5	20.8	6.4	9.8	27.9	9.5
Dear U	-	-	-	-	-	-	-	-		15.7	4.8	1.2	-	-	42.1	7.3
Dream Maker	-42.1	-78.4	-40.3	-74.4	78.1	99.0	-19.1	228.8	-68.1	178.5	107.9	16.1	-61.9	75.2	36.2	-21.9
Keyeast	31.6	22.6	39.2	110.0	-82.3	-81.7	-72.8	-78.0	89.8	263.3	-50.0	-5.0	45.8	-79.3	62.2	1.2
COGS	**13.1**	**12.5**	**5.5**	**9.9**	**-0.6**	**6.9**	**20.0**	**7.9**	**20.7**	**24.2**	**-8.6**	**7.8**	**10.1**	**8.8**	**10.1**	**7.8**
Gross profit	**-1.4**	**-6.5**	**-30.9**	**7.0**	**17.2**	**47.3**	**62.2**	**36.0**	**20.4**	**1.1**	**-15.2**	**-0.7**	**-9.9**	**40.8**	**-0.2**	**13.2**
SG&A costs	3.1	11.5	7.8	-27.1	-8.6	26.3	17.9	18.8	21.6	-6.0	-12.2	0.3	-3.4	13.4	-0.6	9.5
Operating profit	**-14.9**	**-30.6**	**-73.6**	**272.9**	**109.6**	**92.4**	**261.6**	**62.2**	**18.5**	**11.0**	**-19.6**	**-1.9**	**-23.1**	**109.7**	**0.4**	**18.1**
Operating margin (%pts)	-1.9	-5.1	-13.5	8.7	7.0	6.0	9.5	4.8	-0.3	-0.6	-1.4	-1.1	-3.0	6.8	-0.9	1.1
Non-operating gains (losses)	-66.2	nm	-93.7	nm	6,083.8	nm	173.6	nm	-91.8	nm	-13.2	nm	nm	nm	nm	nm
Pre-tax profit	-34.2	-47.5	-83.7	nm	1,260.0	85.7	244.6	nm	-78.1	6.9	-18.6	213.6	-78.1	1,310.0	-52.1	19.9
Net profit (controlling)	**-43.5**	**-71.4**	**-92.4**	**nm**	**1,959.3**	**303.7**	**530.3**	**nm**	**-86.9**	**0.6**	**-21.2**	**-32.1**	**-79.0**	**1,796.3**	**-67.3**	**28.1**

Note: Dear U was consolidated in 2Q25;
SM Entertainment is in the process of selling its stake in Keyeast, and upon the closing of the transaction, Keyeast may be excluded from SM Entertainment's consolidated financial results

Source: Company data, Samsung Securities

Table 4. Artist lineup

Group	Member	Debut	Group	Member	Debut	Group	Member	Debut	Group	Member	Debut
Kangta		1996	**Red Velvet**	Irene	2014	**Aespa**	Karina	2020	**Hearts2Hearts**	Jiwoo	Feb 2025
TVXQ	Yunho	2003		Seulgi			Giselle			Carmen	
	Changmin			Joy			Winter			Yuha	
Super Junior	Leeteuk	2005	**NCT**	Jonny	2016		Ningning			Stella	
	Heechul			Taeyong		**RIIZE**	Shotaro	Sep 2023		Juun	
	Yesung			Yuta			Eunseok			A-Na	
	Sindong			Doyoung			Sungchan			Leean	
	Siwon			Jaehyun			Wonbin			Ye-on	
	Ryeowook			Jungwoo			Sohee		**XngHan & Xoul**	Seounghan	Jul 2025
Girl's Generation	Taeyeon	2007		Renjun			Anton		**SMTR25 (Boy group)**		4Q26
	Hyoyeon			Jeno		**NCT WISH**	Sion	Feb 2024			
	Yuna			Haechan			Riku		**Boy (Thailand)**		2027
Super Junior M	Zhoumi	2008		Jaemin			Yushi		**Boy (Japan)**		2027-28
Shinee	Key	2008		Chenle			Jahee		**Boy (China)**		
	Minho			Jisung			Ryo				
EXO	Suho	2014	**WayV**	Kun	2019		Sakuya				
	Chanyeol			Xiaojun		**dearALICE**	Dexter Greenwood	Feb 2025			
	Kai			Hendery			Oliver Queen				
	Sehun			Yangyang			Reese Carter				
							Blaise Noon				

Note: BoA announced departure from SM Entertainment (2000-2025); Mark and Ten announced departure from SM (Apr 8,2026); Lucas announced departure from SM (Apr 24, 2026); Winwin announced departure from SM (Jul 9, 2026); James Sharp announced departure from SM (Jul 10, 2026); Girls' Generation's Yuri's announced departure from SM (Aug 31, 2026)

Source: Company data, Samsung Securities

Table 5. Establishment of strategic partnership and joint venture 'STE Entertainment' between SM Entertainment and Tencent Music Entertainment

Category	Details
SM Entertainment	Extensive global distribution network & global fandom management expertise
	World-class A&R system and music/music-video production capabilities
	Strong experience in artist-driven merchandise planning and execution of global concerts
	Structured casting and training management system
Tencent Music Entertainment (TME)	Dominant platform influence and localized marketing power in China
	Supporting China-tailored content creation through in-house studios
	Platform traffic based on 500m MAU and diversified monetization channels
	Advanced fandom analysis and market forecasting capabilities based on user data
Expected benefits	Value chain expansion through end-to-end collaboration
	Tangible results from IP monetization
	Creation of a success model for idol development
Establishment of joint venture 'STE Ent'	Establishment of joint venture STE in Beijing, China (July 30, 2026)
	Planning and overall management of local idol projects in China
	Management of SM Entertainment's Chinese-speaking artists

Source: Company data, Samsung Securities

Chart 5. Multi production center

Multi Production Center	
Center	IP
ONE	Kangta · BoA · Girl's Generation · Aespa
PRISM	Shinee · WayV · Lucas· Hearts2Hearts
RED	TVXQ · Red Velvet
NEO	NCT · NCT 127 · NCT Dream · NCT Wish
WIZARD	Super Junior · EXO · RIIZE
VIRTUAL	naevis
SM & Kakao Entertainment America Corp	Dear Alice

Source: Company data, Samsung Securities

Table 6. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg %
Sales	1,249.9	1,248.9	-0.1	1,367.0	1,370.0	0.2
Operating profit	184.0	183.8	-0.1	216.7	217.1	0.2
Operating margin (%, %pts)	14.7	14.7	-0.0	15.9	15.8	-0.0
Pre-tax profit	176.2	176.0	-0.1	210.6	211.0	0.2
Net profit (controlling)	112.8	113.6	0.8	143.7	145.6	1.3

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**990**	**1,175**	**1,249**	**1,370**	**1,457**
Cost of goods sold	682	742	817	881	929
Gross profit	**307**	**433**	**432**	**489**	**527**
Gross margin (%)	31.0	36.8	34.6	35.7	36.2
SG&A expenses	220	250	248	272	287
Operating profit	**87**	**183**	**184**	**217**	**240**
Operating margin (%)	8.8	15.6	14.7	15.8	16.5
Non-operating gains (losses)	**-61**	**185**	**-8**	**-6**	**-8**
Financial profit	23	22	34	31	31
Financial costs	9	14	23	23	23
Equity-method gains (losses)	-2	214	0	2	2
Other	-73	-37	-20	-15	-17
Pre-tax profit	**26**	**368**	**176**	**211**	**231**
Taxes	25	8	55	58	63
Effective tax rate (%)	96.9	2.3	31.3	27.3	27.2
Profit from continuing operations	1	359	121	153	168
Profit from discontinued operations	0	0	0	0	0
Net profit	**1**	**359**	**121**	**153**	**168**
Net margin (%)	0.1	30.6	9.7	11.2	11.6
Net profit (controlling interests)	18	347	113	146	160
Net profit (non-controlling interests)	-17	12	7	8	9
EBITDA	149	250	232	254	269
EBITDA margin (%)	15.1	21.3	18.6	18.5	18.4
EPS (parent-based) (KRW)	778	15,126	4,955	6,358	6,975
EPS (consolidated) (KRW)	35	15,655	5,270	6,704	7,355
Adjusted EPS (KRW)*	778	15,126	4,955	6,358	6,975

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**814**	**980**	**1,134**	**1,340**	**1,536**
Cash & equivalents	358	365	479	622	773
Accounts receivable	158	180	192	210	224
Inventories	28	24	25	28	30
Other current assets	270	412	437	480	510
Fixed assets	**605**	**1,027**	**983**	**954**	**931**
Investment assets	242	145	149	157	163
Tangible assets	76	74	55	44	38
Intangible assets	140	601	572	546	523
Other long-term assets	147	207	207	207	207
Total assets	**1,419**	**2,008**	**2,117**	**2,294**	**2,467**
Current liabilities	**485**	**497**	**519**	**569**	**605**
Accounts payable	210	211	224	246	262
Short-term debt	5	5	5	5	5
Other current liabilities	269	281	290	318	338
Long-term liabilities	**105**	**152**	**157**	**166**	**173**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	105	152	157	166	173
Total liabilities	**590**	**649**	**676**	**735**	**777**
Owners of parent equity	**665**	**1,003**	**1,077**	**1,187**	**1,309**
Capital stock	12	12	12	12	12
Capital surplus	353	353	353	353	353
Retained earnings	320	618	695	805	927
Other	-20	19	17	17	17
Non-controlling interests' equity	**164**	**356**	**363**	**371**	**380**
Total equity	**829**	**1,359**	**1,441**	**1,559**	**1,689**
Net debt	-370	-510	-648	-813	-980

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**136**	**195**	**181**	**209**	**211**
Net profit	1	359	121	153	168
Non-cash profit and expenses	157	-80	92	79	73
Depreciation	33	34	19	11	6
Amortization	29	34	30	26	23
Other	95	-148	44	42	44
Changes in A/L from operating activities	1	-38	11	19	13
Cash flow from investments	**56**	**-150**	**-18**	**-30**	**-21**
Change in tangible assets	-22	-6	0	0	0
Change in financial assets	71	-131	-18	-30	-21
Other	7	-12	0	0	0
Cash flow from financing	**-144**	**-33**	**-44**	**-33**	**-36**
Change in debt	-36	-6	-7	3	2
Change in equity	-9	-0	0	0	0
Dividends	-28	-13	-37	-35	-38
Other	-72	-14	0	0	0
Change in cash	55	6	115	143	151
Cash at beginning of year	303	358	365	479	622
Cash at end of year	358	365	479	622	773
Gross cash flow	**158**	**279**	**213**	**233**	**241**
Free cash flow	**111**	**186**	**181**	**209**	**211**

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	3.0	18.7	6.3	9.7	6.3
Operating profit	-23.1	109.7	0.4	18.1	10.4
Net profit	-99.0	43,786.4	-66.4	27.2	9.7
Adjusted EPS**	-78.8	1,843.8	-67.2	28.3	9.7
Per-share data (KRW)					
EPS (parent-based)	778	15,126	4,955	6,358	6,975
EPS (consolidated)	35	15,655	5,270	6,704	7,355
Adjusted EPS**	778	15,126	4,955	6,358	6,975
BVPS	29,037	43,793	47,060	51,868	57,193
DPS (common)	400	1,620	1,550	1,650	1,750
Valuations (x)					
P/E***	97.2	8.9	16.1	12.6	11.5
P/B***	2.6	3.1	1.7	1.5	1.4
EV/EBITDA	10.5	11.7	6.6	5.5	4.6
Ratios (%)					
ROE	2.6	41.6	10.9	12.9	12.8
ROA	0.1	21.0	5.9	7.0	7.1
ROIC	1.1	40.5	19.2	26.0	30.7
Payout ratio	50.0	10.7	31.3	26.0	25.1
Dividend yield (common)	0.5	1.2	1.9	2.1	2.2
Net debt to equity	-44.6	-37.6	-44.9	-52.2	-58.0
Interest coverage (x)	16.0	33.5	35.8	43.2	46.5

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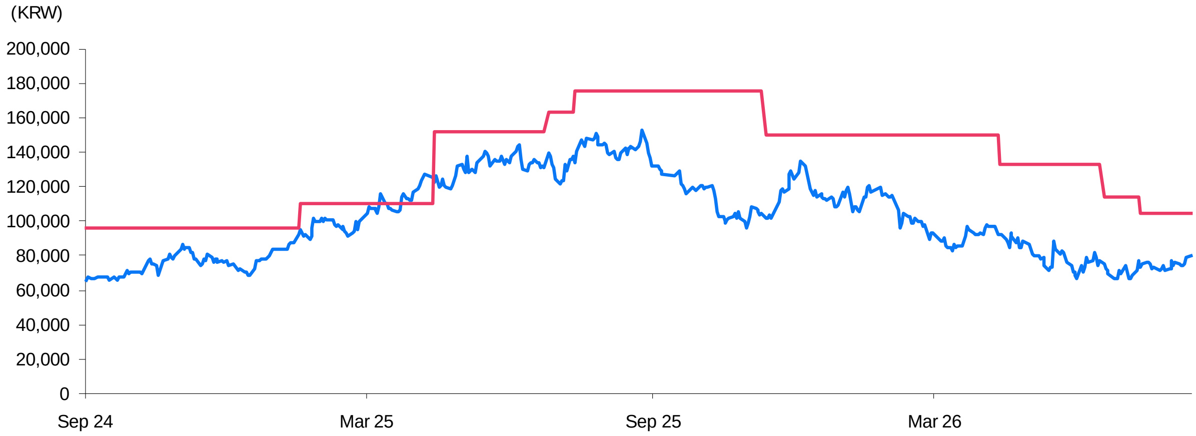
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/8/8	2025/2/11	5/8	7/21	8/7	12/8	2026/5/7	7/13	8/6
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	96000	110000	152000	163000	176000	150000	133000	114000	105000
Gap* (average)	-24.84	-5.09	-13.15	-19.92	-28.62	-29.81	-39.81	-38.43	
(max or min)**	-3.85	15.91	-4.93	-15.21	-13.07	-10.00	-29.70	-32.72	

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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Industry

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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