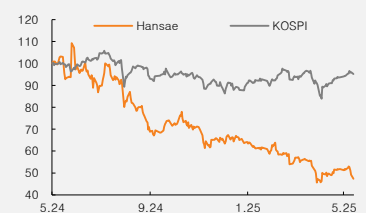


(Maintain)	Buy
Target price	▼ W13,000
Current price (5/19/25)	W10,230
Upside	27.1%

OP (25F, Wbn)	122
Consensus OP (25F, Wbn)	141
EPS growth (25F, %)	12.0
Market EPS growth (25F, %)	25.3
P/E (25F, x)	6.3
Market P/E (25F, x)	9.4
KOSPI	2,603.42

Market cap (Wbn)	409
Shares (mn)	40
Free float (%)	32.8
Foreign ownership (%)	3.4
Beta (12M)	0.61
52-week low (W)	9,850
52-week high (W)	23,600

(%)	1M	6M	12M
Absolute	-4.7	-24.7	-54.1
Relative	-9.1	-28.5	-52.0



Mirae Asset Securities Co., Ltd.

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105630 KS · Apparel

Hansae

Cost pressures persisting

1Q25 review: Sluggishness from mass-market retail customers

For 1Q25, Hansae posted revenue of W467.3bn (+13% YoY) and operating profit of W20.3bn (-47% YoY), missing the consensus estimates. USD-based order volume was flat YoY, and profitability slightly weakened due to continuing downward pricing pressure from mass-market retailers and increased fixed costs.

By buyer type, higher-ASP brands (Aeropostale, Carhartt, etc.) made a larger contribution to total orders, while the share of mass-market retailers and other buyers declined slightly. Orders from Gap held steady YoY despite a high base of comparison. Due to stagnant orders from mass-market retailers and Gap (which together represent a significant proportion of orders), USD-based order volume remained flat YoY. Meanwhile, the share of activewear orders did not change meaningfully.

In the mass-market segment, Hansae faced not only stagnant order volume but also downward pricing pressure, leading to a slight YoY decline in overall ASP. In the previous quarter, ASP had returned to growth on solid contributions from activewear and higher-ASP brands; in 1Q25, we estimate that a lower ASP on mass-market retail orders had a bigger impact (ASP movements: decline in 1H24, flat in 3Q24, slight rebound in 4Q24, and slight fall in 1Q25).

Gross margin fell 5%p YoY to 14%, and OP margin slid 5%p YoY to 4%. In addition to a deterioration in the order mix (centered on mass-market retailers), labor costs expanded due to capacity ramp-ups in Vietnam (exclusive production line for a customer) and Indonesia (woven products).

High-priced orders needed to offset weak revenue from mass-market retailers

We expect earnings to remain weak for the time being; as: 1) USD-based order volume will likely rise only 4% YoY in 2Q25; and 2) fixed cost pressures are likely to persist due to continued price-cutting pressure from mass-market retailers. Fixed costs could rise further as new facilities in Nicaragua and El Salvador ramp up operations in 2Q25.

Given tariff uncertainties and falling raw cotton prices, price-cutting pressure from mass-market retail customers is unlikely to ease in the near term. To offset this, believe Hansae needs to secure more orders for high-priced brands and activewear. While downside appears limited (with the stock trading at a 12-month forward P/E of only 6x) and dividend yield is attractive (5%), a meaningful re-rating is unlikely until an earnings recovery is confirmed. We revised down our earnings forecasts and accordingly cut our target price to W13,000 (from W25,000).

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	1,709	1,798	1,943	2,095	2,253
OP (Wbn)	168	142	122	140	157
OP margin (%)	9.8	7.9	6.3	6.7	7.0
NP (Wbn)	112	58	65	81	94
EPS (W)	2,801	1,451	1,624	2,016	2,340
ROE (%)	19.0	8.6	9.0	10.6	11.3
P/E (x)	7.5	9.8	6.3	5.1	4.4
P/B (x)	1.3	0.8	0.5	0.5	0.5
Dividend yield (%)	2.4	3.5	4.9	4.9	4.9

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. Annual earnings and forecasts

(Wbn)

	2022	2023	2024	2025F	2026F	2027F
Revenue	2,205	1,709	1,798	1,943	2,095	2,253
OP	180	168	142	122	140	157
Pretax profit	130	141	89	93	112	130
NP (owners of the parent)	86	112	58	67	81	94
OP margin (%)	8.1	9.8	7.9	6.3	6.7	7.0
Revenue growth (% YoY)	31.9	(22.5)	5.2	8.1	7.8	7.5
USD order growth (% YoY)	68.3	(6.3)	(15.5)	(14.3)	14.9	12.3
OP growth (% YoY)	27.2	30.8	(48.2)	15.3	20.5	16.0
NP growth (% YoY)	2,205	1,709	1,798	1,943	2,095	2,253

Source: Company data, Mirae Asset Securities Research

Table 2. Quarterly earnings and forecasts

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25F	3Q25F	4Q25F	2025F
Revenue	412	448	534	404	1,798	467	484	579	413	1,943
OP	38	43	45	16	142	20	31	43	28	122
Pretax profit	25	30	46	(12)	89	15	25	37	16	93
NP (owners of the parent)	18	22	36	(18)	58	9	18	27	12	67
OP margin (%)	9.3	9.5	8.5	4.0	7.9	4.3	6.3	7.4	6.8	6.3
Revenue growth (% YoY)	0.2	4.1	4.3	13.6	5.2	13.5	8.0	8.4	2.3	8.1
USD order growth (% YoY)	6.2	(4.1)	(25.4)	(40.3)	(15.5)	(46.8)	(28.2)	(5.4)	72.8	(14.3)
OP growth (% YoY)	(24.7)	(24.6)	(10.4)	(194.1)	(48.2)	(47.7)	(16.5)	(23.0)	TTB	15.3
NP growth (% YoY)	412	448	534	404	1,798	467	484	579	413	1,943

Source: Company data, Mirae Asset Securities Research

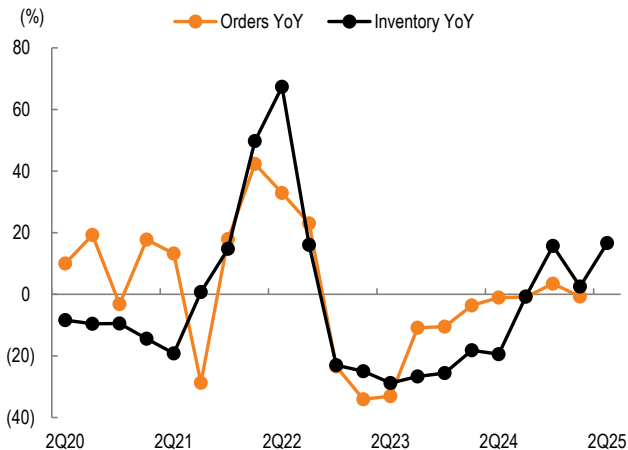
Table 3. Valuation table

(W)

	Value	Notes
12MF EPS	1,816	
Target P/E (x)	7	Avg. multiple in 2023-24, when earnings were declining
Fair value per share	12,713	
Target price	13,000	
Current price	10,230	
Upside (%)	27.1	

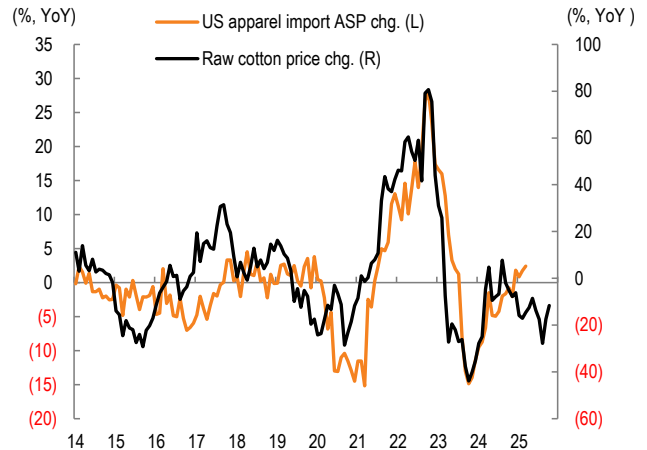
Source: Mirae Asset Securities Research

Figure 1. Inventory trends



Note: Inventory data leads order data by one quarter
Source: Mirae Asset Securities Research

Figure 2. OEM manufacturing costs



Note: Raw cotton price data leads by six months
Source: OTEXA, Mirae Asset Securities Research

Hansae (105630 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	1,798	1,943	2,095	2,253
Cost of revenue	1,489	1,640	1,767	1,900
GP	309	303	328	353
SG&A expenses	166	181	188	196
OP (adj.)	142	122	140	157
OP	142	122	140	157
Non-operating profit	-53	-29	-28	-27
Net financial income	-18	0	0	0
Net income from associates	2	2	2	2
Pretax profit	89	93	112	130
Income tax	31	28	31	36
Profit from continuing operations	58	65	81	94
Profit from discontinued operations	0	0	0	0
NP	58	65	81	94
Attributable to owners	58	65	81	94
Attributable to minority interests	0	0	0	0
Total comprehensive income	86	62	81	94
Attributable to owners	86	62	81	94
Attributable to minority interests	0	0	0	0
EBITDA	176	159	177	193
FCF	-3	67	61	72
EBITDA margin (%)	9.8	8.2	8.4	8.6
OP margin (%)	7.9	6.3	6.7	7.0
Net margin (%)	3.2	3.3	3.9	4.2

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	688	715	787	875
Cash & equivalents	69	56	85	128
AR & other receivables	207	212	228	245
Inventory	303	318	343	369
Other current assets	109	129	131	133
Non-current assets	736	799	801	804
Investments in associates	24	24	26	28
PP&E	283	288	283	278
Intangible assets	29	29	28	26
Total assets	1,425	1,514	1,588	1,679
Current liabilities	568	617	626	640
AP & other payables	75	77	83	89
Short-term financial liabilities	434	458	455	456
Other current liabilities	59	82	88	95
Non-current liabilities	147	165	168	172
Long-term financial liabilities	103	120	120	120
Other non-current liabilities	44	45	48	52
Total liabilities	715	781	794	811
Equity attributable to owners	710	733	794	868
Capital stock	20	20	20	20
Capital surplus	59	59	59	59
Retained earnings	611	637	698	772
Minority interests	0	0	0	0
Shareholders' equity	710	733	794	868

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	56	109	91	102
NP	58	65	81	94
Non-cash income/expenses	110	70	66	70
Depreciation	34	36	36	35
Amortization	1	1	1	1
Other	75	33	29	34
Chg. in working capital	-60	6	-27	-28
Chg. in AR & other receivables	-11	-199	-16	-17
Chg. in inventory	-37	-16	-25	-26
Chg. in AP & other payables	7	68	5	5
Income tax	-39	-31	-31	-36
Cash flow from investing activities	-84	-143	-72	-104
Chg. in PP&E	-58	-42	-30	-30
Chg. in intangible assets	-1	-1	0	0
Chg. in financial assets	-54	-2	-7	-8
Other	29	-98	-35	-66
Cash flow from financing activities	21	20	-46	-45
Chg. in financial liabilities	94	40	-3	1
Chg. in equity	0	0	0	0
Dividends	-20	-20	-20	-20
Other	-53	0	-23	-26
Chg. in cash	-3	-13	29	43
Beginning balance	72	69	56	85
Ending balance	69	56	85	128

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

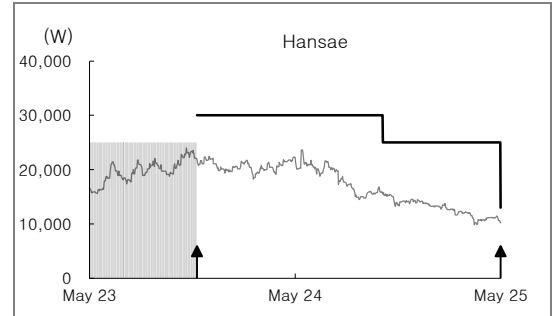
	2024	2025F	2026F	2027F
P/E (x)	9.8	6.3	5.1	4.4
P/CF (x)	3.4	3.0	2.8	2.5
P/B (x)	0.8	0.5	0.5	0.5
EV/EBITDA (x)	5.8	5.1	4.4	3.8
EPS (W)	1,451	1,624	2,016	2,340
CFPS (W)	4,218	3,369	3,661	4,093
BPS (W)	18,100	18,680	20,203	22,051
DPS (W)	500	500	500	500
Dividend payout ratio (%)	33.7	30.3	24.4	21.0
Dividend yield (%)	3.5	4.9	4.9	4.9
Revenue growth (%)	5.2	8.1	7.8	7.5
EBITDA growth (%)	-11.7	-9.8	10.9	9.4
OP growth (%)	-15.5	-14.3	14.9	12.3
EPS growth (%)	-48.2	12.0	24.1	16.0
AR turnover (x)	9.4	9.4	9.6	9.6
Inventory turnover (x)	6.4	6.3	6.3	6.3
AP turnover (x)	27.1	26.4	27.1	27.1
ROA (%)	4.4	4.4	5.2	5.7
ROE (%)	8.6	9.0	10.6	11.3
ROIC (%)	12.8	10.3	11.9	12.9
Debt-to-equity ratio (%)	100.7	106.6	100.0	93.5
Current ratio (x)	121.2	116.0	125.7	136.8
Net debt-to-equity ratio (%)	65.2	55.6	47.3	38.3
Interest coverage ratio (x)	4.9	0.0	0.0	0.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Hansae (105630)	05/20/25	Buy	13,000
	10/23/24	Buy	25,000
	11/28/23	Buy	30,000



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

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