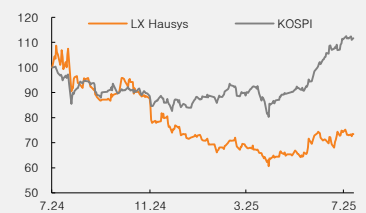


(Downgrade)	Hold
Target price	₩35,000
Current price (7/24/25)	₩32,750
Upside	6.9%

OP (25F, Wbn)	41
Consensus OP (25F, Wbn)	60
EPS growth (25F, %)	TTR
Market EPS growth (25F, %)	24.7
P/E (25F, x)	-
Market P/E (25F, x)	11.7
KOSPI	3,190.45

Market cap (Wbn)	294
Shares (mn)	9
Free float (%)	66.2
Foreign ownership (%)	11.9
Beta (12M)	0.64
52-week low (W)	27,050
52-week high (W)	47,950

(%)	1M	6M	12M
Absolute	1.6	6.0	-31.3
Relative	-1.2	-15.7	-40.6



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LX Hausys

Continued weakness in building materials earnings

2Q25 review: Missed market expectations

For 2Q25, LX Hausys reported consolidated revenue of ₩819.5bn (-13.0% YoY) and operating profit of ₩12.8bn (-66.2% YoY), falling short of the market consensus (operating profit of ₩20.2bn based on three-month average). The building materials division underperformed due to: 1) declining domestic B2B sales such as windows amid sluggish new housing starts; 2) reduced volume and deteriorating mix for premium products like PF insulation; and 3) a drop in engineered stone (E-Stone) sales on delayed recovery of the US housing market. In contrast, the automotive materials/film division delivered relatively resilient results, supported by overseas client diversification for decorative/interior films and steady demand from new car models. However, due to worsened non-operating balance, pre-tax and net profit remained in the red for a second straight quarter.

Weighing down on building materials outlook

We expect the decline in B2B performance—driven by sluggish new housing supply—to persist into 2H25. While new product launches in windows and flooring categories are encouraging, a meaningful recovery in building materials profitability is likely to be delayed. Utilization rates for PF insulation, a premium offering, also remain below historical averages due to weakened commercial demand. On the other hand, the automotive materials/film division continues to deliver strong earnings since turning profitable in 2023, bolstered by export growth. Easing concerns over tariffs in downstream industries and a rebound in global appliance markets could serve as catalysts for further improvement.

Maintain TP of ₩35,000; downgrade rating from Trading Buy to Hold

We maintain our target price for LX Hausys at ₩35,000 (based on target P/B of 0.4x), but downgrade our investment rating from Trading Buy to Hold, given limited upside potential. While earnings resilience in the automotive materials/film business is encouraging, a meaningful recovery in B2B-focused building materials appears unlikely. Furthermore, tighter housing transaction activity stemming from recent mortgage regulations (e.g., household debt control measures announced on June 27) could delay B2C recovery and margin improvement. A significant rebound in construction indicators will likely be a prerequisite for any sustained stock re-rating.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	3,526	3,572	3,196	3,241	3,419
OP (Wbn)	110	97	41	59	72
OP margin (%)	3.1	2.7	1.3	1.8	2.1
NP (Wbn)	62	44	-5	12	25
EPS (W)	6,179	4,431	-500	1,238	2,516
ROE (%)	7.7	5.2	-0.6	1.4	2.8
P/E (x)	7.1	7.2	-	26.4	13.0
P/B (x)	0.5	0.4	0.4	0.4	0.4
Dividend yield (%)	3.9	3.1	3.1	3.1	3.1

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

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Table 1. LX Hausys: Quarterly earnings

(Wbn)

	2Q24	3Q24	4Q24	1Q25	2Q25P	YoY	QoQ	Consensus	Diff.
Revenue	942	890	891	781	819	-13.0%	4.9%	860	-4.7%
OP	38	22	5	7	13	-66.2%	81.2%	20	-36.6%
Pretax profit	32	11	-18	-1	-1	TTR	RR	12	TTR
NP attributable to owners of the parent	31	10	-15	-2	0	TTR	RR	10	TTR
OP margin	4.0%	2.5%	0.6%	0.9%	1.6%			2.3%	
Pretax margin	3.4%	1.2%	-2.1%	-0.2%	-0.1%			1.4%	
Net margin attributable to owners of the parent	3.3%	1.1%	-1.7%	-0.3%	0.0%			1.2%	

Source: Company data, FnGuide, Mirae Asset Securities Research estimates

Table 2. LX Hausys: Quarterly and annual earnings

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25P	3Q25F	4Q25F	2025F	2026F
Revenue	849	942	890	891	3,572	781	820	780	815	3,196	3,241
- Building materials	614	678	637	605	2,534	538	547	525	531	2,141	2,173
- Auto/industrial films	235	264	253	286	1,038	243	272	256	284	1,055	1,068
- Other	0	0	0	0	0	0	0	0	0	0	0
COGS	633	703	683	698	2,716	597	623	592	626	2,439	2,450
COGS ratio	74.5%	74.6%	76.7%	78.3%	76.0%	76.5%	76.0%	75.9%	76.8%	76.3%	75.6%
GP	217	239	208	193	856	184	197	188	189	757	790
SG&A	184	201	185	188	759	177	184	176	180	717	732
SG&A ratio	21.7%	21.4%	20.8%	21.1%	21.2%	22.6%	22.4%	22.5%	22.1%	22.4%	22.6%
OP	32	38	22	5	98	7	13	12	9	41	59
- Building materials	21	21	11	-4	49	-5	1	2	-1	-3	15
- Auto/industrial films	12	16	12	9	48	12	12	10	10	44	43
- Other	0	0	0	0	0	0	0	0	0	0	0
OP margin	3.8%	4.0%	2.5%	0.6%	2.7%	0.9%	1.6%	1.6%	1.1%	1.3%	1.8%
- Building materials	3.4%	3.2%	1.7%	-0.7%	1.9%	-1.0%	0.1%	0.4%	-0.2%	-0.2%	0.7%
- Auto/industrial films	4.9%	6.2%	4.5%	3.2%	4.7%	5.1%	4.4%	3.9%	3.4%	4.2%	4.1%
Pretax profit	25	32	11	-18	49	-1	-1	3	-6	-5	15
Pretax margin	2.9%	3.4%	1.2%	-2.1%	1.4%	-0.2%	-0.1%	0.4%	-0.8%	-0.2%	0.5%
NP attributable to owners of the parent	18	31	10	-15	44	-2	0	3	-5	-5	12
Net margin attributable to owners of the parent	2.1%	3.3%	1.1%	-1.7%	1.2%	-0.3%	0.0%	0.3%	-0.6%	-0.2%	0.4%

Source: Company data, Mirae Asset Securities Research estimates

LX Hausys (108670 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	3,572	3,196	3,241	3,419
Cost of revenue	2,716	2,439	2,450	2,594
GP	856	757	791	825
SG&A expenses	759	717	732	753
OP (adj.)	97	41	59	72
OP	97	41	59	72
Non-operating profit	-48	-46	-44	-41
Net financial income	-31	-34	-32	-29
Net income from associates	0	0	0	0
Pretax profit	49	-5	15	31
Income tax	5	0	3	6
Profit from continuing operations	44	-5	12	25
Profit from discontinued operations	0	0	0	0
NP	44	-5	12	25
Attributable to owners	44	-5	12	25
Attributable to minority interests	0	0	0	0
Total comprehensive income	54	1	25	25
Attributable to owners	54	1	25	25
Attributable to minority interests	0	0	0	0
EBITDA	265	205	223	238
FCF	85	60	39	27
EBITDA margin (%)	7.4	6.4	6.9	7.0
OP margin (%)	2.7	1.3	1.8	2.1
Net margin (%)	1.2	-0.2	0.4	0.7

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	1,082	1,041	1,061	1,060
Cash & equivalents	170	171	179	188
AR & other receivables	498	467	473	480
Inventory	354	343	348	354
Other current assets	60	60	61	38
Non-current assets	1,272	1,234	1,219	1,227
Investments in associates	0	0	0	0
PP&E	976	944	933	938
Intangible assets	55	55	52	52
Total assets	2,354	2,275	2,280	2,287
Current liabilities	974	1,019	1,015	1,044
AP & other payables	471	449	469	480
Short-term financial liabilities	389	458	435	455
Other current liabilities	114	112	111	109
Non-current liabilities	510	395	389	352
Long-term financial liabilities	464	349	346	309
Other non-current liabilities	46	46	43	43
Total liabilities	1,484	1,415	1,404	1,396
Equity attributable to owners	870	861	876	891
Capital stock	50	50	50	50
Capital surplus	616	616	616	616
Retained earnings	190	175	177	193
Minority interests	0	0	0	0
Shareholders' equity	870	861	876	891

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	184	179	180	185
NP	44	-5	12	25
Non-cash income/expenses	246	202	199	202
Depreciation	156	152	152	153
Amortization	12	12	12	13
Other	78	38	35	36
Chg. in working capital	-68	14	3	-6
Chg. in AR & other receivables	-3	42	-6	-7
Chg. in inventory	0	14	-6	-6
Chg. in AP & other payables	-50	-65	10	6
Income tax	-9	0	-3	-6
Cash flow from investing activities	-94	-119	-136	-149
Chg. in PP&E	-87	-118	-141	-158
Chg. in intangible assets	-1	-10	-9	-13
Chg. in financial assets	-17	1	0	24
Other	11	8	14	-2
Cash flow from financing activities	-158	-58	-36	-27
Chg. in financial liabilities	-37	-46	-26	-17
Chg. in equity	0	0	0	0
Dividends	-17	0	-10	-10
Other	-104	-12	0	0
Chg. in cash	-71	1	8	9
Beginning balance	241	170	171	179
Ending balance	170	171	179	188

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

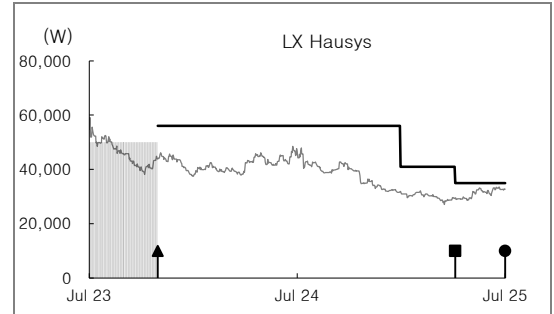
	2024	2025F	2026F	2027F
P/E (x)	7.2	-	26.4	13.0
P/CF (x)	1.1	1.7	1.5	1.4
P/B (x)	0.4	0.4	0.4	0.4
EV/EBITDA (x)	3.6	4.5	4.0	3.7
EPS (W)	4,431	-500	1,238	2,516
CFPS (W)	29,020	19,652	21,147	22,672
BPS (W)	87,188	86,255	87,791	89,303
DPS (W)	1,000	1,000	1,000	1,000
Dividend payout ratio (%)	20.2	-179.0	72.3	35.6
Dividend yield (%)	3.1	3.1	3.1	3.1
Revenue growth (%)	1.3	-10.5	1.4	5.5
EBITDA growth (%)	-7.7	-22.8	9.0	6.6
OP growth (%)	-11.3	-58.3	44.1	22.5
EPS growth (%)	-28.3	TTR	TTB	103.2
AR turnover (x)	7.5	6.8	7.0	7.3
Inventory turnover (x)	10.3	9.2	9.4	9.7
AP turnover (x)	10.4	10.1	10.2	10.5
ROA (%)	1.9	-0.2	0.5	1.1
ROE (%)	5.2	-0.6	1.4	2.8
ROIC (%)	5.9	2.9	3.2	4.0
Debt-to-equity ratio (%)	170.6	164.4	160.3	156.7
Current ratio (%)	111.1	102.1	104.6	101.6
Net debt-to-equity ratio (%)	75.5	71.0	65.9	64.7
Interest coverage ratio (x)	2.4	1.1	1.7	2.2

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
LX Hausys (108670)	07/25/25	Hold	35,000
	04/28/25	Trading Buy	35,000
	01/22/25	Buy	41,000
	11/23/24	One year	56,000
	11/23/23	Buy	56,000



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
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	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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