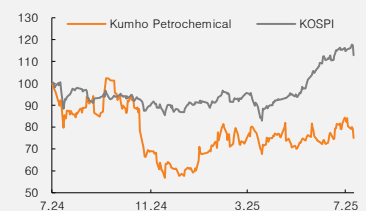


(Downgrade)	Hold
Target price	▼ W117,000
Current price (8/1/25)	W115,900
Upside	0.9%

OP (25F, Wbn)	304
Consensus OP (25F, Wbn)	388
EPS growth (25F, %)	-8.8
Market EPS growth (25F, %)	23.9
P/E (25F, x)	11.2
Market P/E (25F, x)	11.5
KOSPI	3,119.41

Market cap (Wbn)	3,067
Shares (mn)	26
Free float (%)	56.4
Foreign ownership (%)	18.3
Beta (12M)	1.12
52-week low (W)	87,800
52-week high (W)	158,100

(%)	1M	6M	12M
Absolute	1.5	9.9	-18.6
Relative	0.5	-11.3	-27.5



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Kumho Petrochemical

Ongoing tariff uncertainty

We downgrade our rating to Hold and lower our TP to W117,000

We downgrade our rating on Kumho Petrochemical to Hold (from Trading Buy) and cut our target price to W117,000 (from W127,000). The revision reflects downward adjustments to our earnings forecasts over the next 12 months. We expect profitability to gradually recover as buyers' wait-and-see stance dissipates with the resolution of tariff uncertainties. However, we believe tariff-related headwinds are likely to persist through 3Q25. Depending on the tariff rates applied to countries where the company's competitors and intermediate material customers are based, additional negative impacts may emerge. As such, we take a conservative view of the company's outlook and assign a Hold rating.

2Q25 review: Weak NB latex results drag earnings

Operating profit came in at W65.2bn (-46% QoQ), missing the consensus estimate of W75.7bn by 14%. The earnings miss was largely due to a sharp decline in the synthetic rubber segment (W8.5bn, -82% QoQ). While SBR and BR margins remained solid, NB latex performance was disappointing. Amid tariff-related uncertainties, purchasing sentiment weakened, and intensifying market competition led to narrower spreads. The other segment posted robust results, with operating profit of W38.7bn and an OPM of 20.7%, despite regular maintenance in the energy business.

3Q25 preview: Tariff overhang likely to remain

We forecast 3Q25 operating profit at W57.6bn, down 12% QoQ. Although the U.S. tariff framework was clarified as of August 1, more than half of the quarter had already passed, limiting any meaningful near-term impact. We also expect phenol sales volumes to fall due to major maintenance, while EPDM/TPV lines underwent scheduled maintenance through early July, pointing to a gradual earnings recovery.

From 4Q25 onward, we expect Korea's synthetic rubber export competitiveness to improve, thanks to higher tariffs imposed on Chinese products. However, the benefit will likely be partially offset by seasonal demand weakness.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	6,323	7,155	7,168	7,271	7,148
OP (Wbn)	359	273	304	346	347
OP margin (%)	5.7	3.8	4.2	4.8	4.9
NP (Wbn)	447	349	307	344	352
EPS (W)	13,880	11,321	10,329	11,671	11,942
ROE (%)	7.8	5.9	5.0	5.5	5.3
P/E (x)	9.6	8.0	11.2	9.9	9.7
P/B (x)	0.7	0.5	0.6	0.5	0.5
Dividend yield (%)	2.2	2.4	2.2	2.2	2.2

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

Mirae Asset Research AI translation

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Table 1. Quarterly and annual earnings

(Wbn)

		1Q24	2Q24	3Q24	4Q24	1Q25	2Q25P	3Q25F	4Q25F	2024	2025F	2026F
Revenue	Total	1,667.5	1,852.5	1,827.9	1,807.1	1,908.2	1,773.4	1,709.4	1,777.0	7,155.0	7,168.0	7,271.1
	Synthetic rubber	595.5	707.7	733.5	758.5	757.2	674.5	664.7	683.5	2,795.2	2,779.9	2,693.4
	Synthetic resins	322.2	332.0	312.9	315.8	336.0	298.2	369.5	380.6	1,282.9	1,384.3	1,499.8
	Phenol derivatives	398.8	444.4	406.5	385.5	431.7	432.6	310.5	366.9	1,635.2	1,541.7	1,654.8
	EPDM/TPV	168.5	172.9	160.2	166.3	187.8	180.6	180.0	166.3	667.9	714.7	714.7
	Other	182.5	195.5	214.8	181.0	195.5	187.5	184.7	179.7	773.8	747.4	708.5
OP	Total	78.6	119.2	65.0	10.0	120.6	65.2	57.6	60.1	272.8	303.5	346.5
	Synthetic rubber	25.1	46.6	10.7	18.4	46.0	8.5	16.6	34.2	100.8	105.3	134.7
	Synthetic resins	-1.4	1.2	-8.7	-9.5	5.2	5.3	-3.7	-7.6	-18.4	-0.8	26.3
	Phenol derivatives	-2.5	5.7	1.1	-22.2	1.9	-2.3	-8.5	-11.8	-17.9	-20.7	-27.9
	EPDM/TPV	23.2	22.4	14.0	10.5	23.9	15.0	16.2	16.6	70.1	71.7	85.8
	Other	34.2	43.3	47.9	12.8	43.6	38.7	36.9	28.7	138.2	148.0	127.6
	Pretax profit	120.3	155.8	61.6	69.9	157.3	67.5	76.5	78.2	407.6	379.5	423.9
	NP	102.5	131.5	53.1	61.4	125.0	57.6	61.3	62.7	348.6	306.5	344.1

Source: Company data, Mirae Asset Securities Research

Kumho Petrochemical (011780 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	7,155	7,168	7,271	7,148
Cost of revenue	6,569	6,548	6,608	6,485
GP	586	620	663	663
SG&A expenses	313	316	316	316
OP (adj.)	273	304	346	347
OP	273	304	346	347
Non-operating profit	135	76	78	87
Net financial income	0	-8	-3	7
Net income from associates	93	91	80	80
Pretax profit	408	380	424	434
Income tax	59	73	80	82
Profit from continuing operations	349	306	344	352
Profit from discontinued operations	0	0	0	0
NP	349	306	344	352
Attributable to owners	349	307	344	352
Attributable to minority interests	0	0	0	0
Total comprehensive income	335	301	344	352
Attributable to owners	335	301	344	352
Attributable to minority interests	0	0	0	0
EBITDA	548	603	649	653
FCF	-114	228	241	238
EBITDA margin (%)	7.7	8.4	8.9	9.1
OP margin (%)	3.8	4.2	4.8	4.9
Net margin (%)	4.9	4.3	4.7	4.9

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	2,711	2,821	3,053	3,307
Cash & equivalents	429	623	918	1,171
AR & other receivables	885	867	843	843
Inventory	958	899	874	874
Other current assets	439	432	418	419
Non-current assets	5,629	5,637	5,646	5,680
Investments in associates	994	977	949	949
PP&E	4,102	4,125	4,169	4,208
Intangible assets	38	40	34	28
Total assets	8,340	8,458	8,699	8,987
Current liabilities	1,534	1,489	1,459	1,459
AP & other payables	774	761	740	740
Short-term financial liabilities	465	438	438	438
Other current liabilities	295	290	281	281
Non-current liabilities	764	797	790	790
Long-term financial liabilities	480	519	519	519
Other non-current liabilities	284	278	271	271
Total liabilities	2,298	2,287	2,249	2,249
Equity attributable to owners	6,038	6,167	6,447	6,735
Capital stock	167	167	167	167
Capital surplus	404	404	404	404
Retained earnings	5,571	5,809	5,960	6,248
Minority interests	4	4	4	3
Shareholders' equity	6,042	6,171	6,451	6,738

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	322	565	581	578
NP	349	306	344	352
Non-cash income/expenses	251	233	226	222
Depreciation	267	291	296	301
Amortization	9	9	7	5
Other	-25	-67	-77	-84
Chg. in working capital	-297	7	15	0
Chg. in AR & other receivables	-95	41	24	0
Chg. in inventory	-213	59	26	0
Chg. in AP & other payables	66	-42	-15	0
Income tax	-22	-51	-80	-82
Cash flow from investing activities	-259	-355	-330	-340
Chg. in PP&E	-435	-337	-340	-340
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	185	6	10	0
Other	-9	-24	0	0
Cash flow from financing activities	-91	-3	-65	-64
Chg. in financial liabilities	60	11	0	0
Chg. in equity	0	0	0	0
Dividends	-77	0	-64	-64
Other	-74	-14	-1	0
Chg. in cash	-23	193	295	254
Beginning balance	452	429	623	918
Ending balance	429	623	918	1,171

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

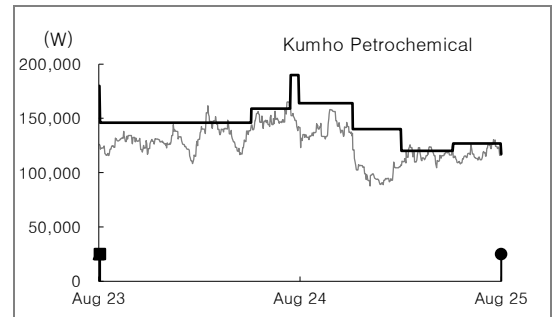
	2024	2025F	2026F	2027F
P/E (x)	8.0	11.2	9.9	9.7
P/CF (x)	4.7	6.4	6.0	6.0
P/B (x)	0.5	0.6	0.5	0.5
EV/EBITDA (x)	5.1	5.4	4.5	4.1
EPS (W)	11,321	10,329	11,671	11,942
CFPS (W)	19,463	18,164	19,315	19,448
BPS (W)	199,918	210,202	215,317	225,080
DPS (W)	2,200	2,500	2,500	2,500
Dividend payout ratio (%)	14.5	18.5	16.4	16.1
Dividend yield (%)	2.4	2.1	2.1	2.1
Revenue growth (%)	13.2	0.2	1.4	-1.7
EBITDA growth (%)	-10.2	10.1	7.7	0.6
OP growth (%)	-24.0	11.3	14.2	0.2
EPS growth (%)	-18.4	-8.8	13.0	2.3
AR turnover (x)	8.9	8.3	8.7	8.6
Inventory turnover (x)	8.4	7.7	8.2	8.2
AP turnover (x)	12.7	12.1	12.5	12.5
ROA (%)	4.3	3.6	4.0	4.0
ROE (%)	5.9	5.0	5.5	5.3
ROIC (%)	4.7	4.8	5.5	5.5
Debt-to-equity ratio (%)	38.0	37.1	34.9	33.4
Current ratio (%)	176.7	189.4	209.2	226.6
Net debt-to-equity ratio (%)	2.7	-0.3	-4.7	-8.2
Interest coverage ratio (x)	8.2	7.7	8.8	8.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Kumho Petrochemical (011780)	08/04/25	Hold	117,000
	05/09/25	Trading Buy	127,000
	02/04/25	Trading Buy	120,000
	11/08/24	Trading Buy	140,000
	08/02/24	Trading Buy	164,000
	07/18/24	Trading Buy	190,000
	05/08/24	Trading Buy	159,000
	08/07/23	Trading Buy	146,000
	11/04/22	Buy	180,000



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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