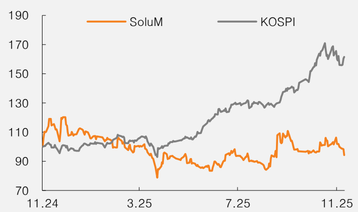
Equity Research
November 28, 2025

(Maintain)	Buy
Target price	▲ W22,000
Current price (11/27/25)	W16,680
Upside	31.9%

OP (25F, Wbn)	47
Consensus OP (25F, Wbn)	51
EPS growth (25F, %)	-28.9
Market EPS growth (25F, %)	32.0
P/E (25F, x)	29.7
Market P/E (25F, x)	13.7
KOSPI	3,986.91
Market cap (Wbn)	798
Shares (mn)	48
Free float (%)	83.7
Foreign ownership (%)	21.5
Beta (12M)	0.64
52-week low (W)	13,940
52-week high (W)	21,300

(%)	1M	6M	12M
Absolute	-2.6	7.8	-20.8
Relative	-1.3	-28.7	-50.3



Mirae Asset Securities Co., Ltd.

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248070 KS · Electrical/Electronic Components

SoluM

As ESL growth continues, restoring trust will be key

ESL growth and easing governance risks

We raise our target price for SoluM to W22,000 (from W20,000), reflecting the company's improving medium-term outlook. We expect a meaningful earnings ramp-up in the ESL business starting in 2026, while the valuation discount stemming from past governance issues is likely to fade gradually.

For 4Q25, we forecast revenue of W423.7bn (-10.4% YoY) and operating profit of W8.5bn (-42.5% YoY; OPM 2.0%), with margins still affected by seasonally weak demand for electronic components and higher fixed costs associated with strengthening overseas sales capabilities. That said, the ESL order backlog reached W2.2tr as of 3Q25, laying a solid foundation for both revenue recognition and margin improvement ahead.

2026 outlook: Earnings to step up, led by ESL

For 2026, we forecast revenue of W1.7tr (+2.1% YoY) and operating profit of W68.8bn (+46.7% YoY), driven by +11.2% YoY growth in ESL revenue and margin improvement excluding one-off items such as the receivables impairment recognized in 3Q25.

We expect large-scale ESL projects for a major North American customer to begin materializing from next year. Because these will involve large-format ESL products—where technical complexity and ASPs are higher than the existing ~3-inch lineup—we see substantial upside to profitability. The customer is currently undergoing a second PoC phase; if orders are finalized, mass-production preparations should begin in 2Q26, with contributions fully reflected in earnings from the second half. As a result, we expect ESL revenue to grow +12.0% again in 2027.

Valuation and target price revision

The stock had been excessively discounted relative to fundamentals due to governance concerns—including the omission of real estate transaction disclosures, the issuance of RCPS, and management-related controversies. However, recent enhancements in internal controls and measures to reinforce accountability have helped restore confidence.

Against this backdrop, we believe investors should focus on SoluM's ESL growth momentum and earnings improvement in the power module business. Applying the average P/B multiple seen during periods of heightened expectations for major order wins—and shifting our valuation basis from 2025 to 2026 (2026F BPS: W8,362)—we raise our target price from W20,000 to W22,000.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	1,951	1,594	1,696	1,731	1,861
OP (Wbn)	155	69	47	69	88
OP margin (%)	7.9	4.3	2.8	4.0	4.7
NP (Wbn)	120	40	29	46	63
EPS (W)	2,407	790	562	774	881
ROE (%)	34.8	9.5	5.9	8.0	10.0
P/E (x)	11.3	24.3	29.7	21.6	18.9
P/B (x)	3.2	2.0	1.7	2.0	2.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

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

Table 1. SoluM: Quarterly and annual earnings (Wbn, %)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25F	2024	2025F	2026F
Revenue	384.8	393.9	472.2	343.5	397.4	402.6	472.6	423.7	1,594.4	1,696.2	1,731.4
QoQ	20.7	2.4	19.9	-27.3	15.7	1.3	17.4	-10.4			
YoY	-33.6	-24.7	-10.8	7.7	3.3	2.2	0.1	23.4	-18.3	6.4	2.1
Electronic components	272	298	339	231	284	259	309	259	1,140.0	1,110.4	1,079.7
QoQ	9.1	9.7	13.9	-31.8	22.8	-8.9	19.3	-16.0			
YoY	-0.6	11.3	0.5	-7.1	4.5	-13.2	-9.0	12.1	1.1	-2.6	-2.8
ICT	113	96	133	102	113	144	164	164	443.8	585.9	651.7
QoQ	25.9	-15.2	38.5	-23.7	11.8	26.9	14.0	0.2			
YoY	-63.0	-62.5	-22.5	12.8	0.2	49.9	23.4	61.9	-46.1	32.0	11.2
Consolidated OP	20.3	20.6	27.0	1.3	11.5	12.2	14.8	8.5	69.1	46.9	68.8
QoQ	36.4	1.4	31.2	-95.3	811.2	6.5	20.7	-42.5			
YoY	-59.6	-53.4	-40.4	-91.5	-43.5	-40.6	-45.3	573.4	-55.3	-32.1	46.7
Consolidated OP margin	5.3	5.2	5.7	0.4	2.9	3.0	3.1	2.0	4.3	2.8	4.0
Pretax profit	18.5	21.9	23.6	-5.3	6.2	15.4	14.4	9.9	58.7	45.8	55.9
NP attr. to owners	12.0	15.5	11.9	0.1	3.0	10.0	7.5	8.7	39.5	29.2	46.1
Net margin	3.1	3.9	2.5	0.0	0.8	2.5	1.6	2.1	2.5	1.7	2.7

Source: Company, Mirae Asset Securities Research

Table 2. TP calculation

	Value	Notes
2026F BPS (W)	8,362	
Target P/B (x)	2.6	Average P/B during the period of heightened expectations for new orders in 2024 (2Q24–3Q24)
Fair value per share (W)	21,790	
TP (W)	22,000	
CP (W)	16,680	November 27 closing price
Upside (%)	31.9%	

Source: Mirae Asset Securities Research

SoluM (248070 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	**1,594**	**1,696**	**1,731**	**1,861**
Cost of revenue	**1,335**	**1,404**	**1,463**	**1,573**
GP	**259**	**292**	**268**	**288**
SG&A expenses	**190**	**245**	**199**	**199**
OP (adj.)	**69**	**47**	**69**	**88**
OP	**69**	**47**	**69**	**88**
Non-operating profit	**-10**	**-1**	**-13**	**-12**
Net financial income	-7	-15	-16	-16
Net income from associates	-1	-1	1	1
Pretax profit	59	46	56	76
Income tax	21	19	14	19
Profit from continuing operations	38	27	42	57
Profit from discontinued operations	0	0	0	0
NP	**38**	**27**	**42**	**57**
Attributable to owners	40	29	46	63
Attributable to minority interests	-2	-3	-4	-6
Total comprehensive income	**48**	**15**	**42**	**57**
Attributable to owners	50	17	47	65
Attributable to minority interests	-2	-2	-5	-7
EBITDA	115	92	113	134
FCF	-129	-24	42	26
EBITDA margin (%)	7.2	5.4	6.5	7.2
OP margin (%)	4.3	2.8	4.0	4.7
Net margin (%)	2.5	1.7	2.7	3.4

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	**605**	**756**	**769**	**824**
Cash & equivalents	86	160	163	174
AR & other receivables	174	214	216	232
Inventory	329	362	370	397
Other current assets	16	20	20	21
Non-current assets	**378**	**510**	**521**	**542**
Investments in associates	13	17	17	18
PP&E	314	335	347	368
Intangible assets	15	37	36	35
Total assets	**983**	**1,266**	**1,290**	**1,367**
Current liabilities	**529**	**562**	**543**	**562**
AP & other payables	175	215	220	236
Short-term financial liabilities	334	322	298	298
Other current liabilities	20	25	25	28
Non-current liabilities	**19**	**143**	**143**	**144**
Long-term financial liabilities	8	129	129	129
Other non-current liabilities	11	14	14	15
Total liabilities	**548**	**705**	**686**	**706**
Equity attributable to owners	**433**	**552**	**598**	**661**
Capital stock	25	28	31	38
Capital surplus	76	81	81	81
Retained earnings	375	361	404	460
Minority interests	**1**	**10**	**6**	**0**
Shareholders' equity	**434**	**562**	**604**	**661**

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	**-5**	**76**	**97**	**91**
NP	38	27	42	57
Non-cash income/expenses	85	85	70	75
Depreciation	44	44	43	44
Amortization	1	1	1	1
Other	40	40	26	30
Chg. in working capital	-110	-24	-4	-25
Chg. in AR & other receivables	-38	-21	-4	-14
Chg. in inventory	-69	-25	-8	-28
Chg. in AP & other payables	15	31	4	15
Income tax	-23	-14	-14	-19
Cash flow from investing activities	**-21**	**-157**	**-52**	**-62**
Chg. in PP&E	-123	-99	-55	-65
Chg. in intangible assets	-2	-4	0	0
Chg. in financial assets	114	-2	0	-1
Other	-10	-52	3	4
Cash flow from financing activities	**-58**	**179**	**-47**	**-25**
Chg. in financial liabilities	-7	108	-24	0
Chg. in equity	0	8	0	0
Dividends	0	0	0	0
Other	-51	63	-23	-25
Chg. in cash	**-46**	**74**	**3**	**10**
Beginning balance	132	86	160	163
Ending balance	86	160	163	174

Key valuation metrics/ratios

	2024	2025F	2026F	2027F
P/E (x)	24.3	29.7	21.6	18.9
P/CF (x)	7.8	7.7	8.9	9.0
P/B (x)	2.0	1.7	2.0	2.3
EV/EBITDA (x)	10.6	11.8	9.3	7.8
EPS (W)	790	562	774	881
CFPS (W)	2,462	2,153	1,883	1,853
BPS (W)	9,471	10,069	8,362	7,110
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	-18.3	6.4	2.1	7.5
EBITDA growth (%)	-40.6	-19.6	22.8	18.0
OP growth (%)	-55.3	-32.1	46.7	28.2
EPS growth (%)	-67.2	-28.9	37.7	13.8
AR turnover (x)	12.9	10.3	9.5	9.7
Inventory turnover (x)	5.3	4.9	4.7	4.9
AP turnover (x)	9.0	7.7	7.2	7.3
ROA (%)	3.9	2.4	3.3	4.3
ROE (%)	9.5	5.9	8.0	10.0
ROIC (%)	7.9	3.5	7.0	8.6
Debt-to-equity ratio (%)	126.3	125.5	113.7	106.8
Current ratio (%)	114.3	134.6	141.5	146.7
Net debt-to-equity ratio (%)	57.4	50.1	42.2	36.9
Interest coverage ratio (x)	5.9	2.8	3.7	4.9

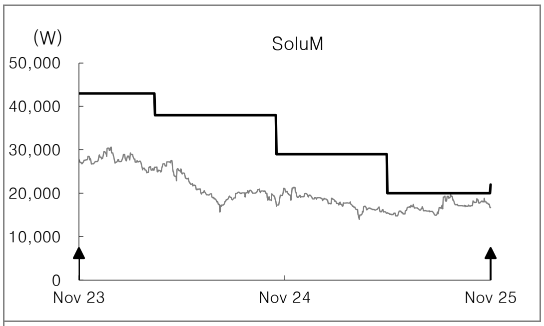
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
SoluM (248070)	11/28/25	Buy	22,000
	05/29/25	Buy	20,000
	11/13/24	Buy	29,000
	04/12/24	Buy	38,000
	11/28/23	Buy	43,000



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	78.61%	1.73%	19.08%	0.58%
Investment banking services	84.62%	0%	15.38%	0%

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

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