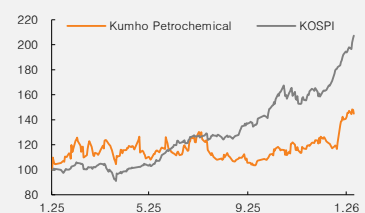


(Maintain)	Hold
Target price	▲ W144,000
Current price (1/29/26)	W144,900
Upside	-0.6%

OP (25P, Wbn)	272
Consensus OP (25F, Wbn)	309
EPS growth (25P, %)	-12.7
Market EPS growth (25F, %)	35.0
P/E (25P, x)	12.2
Market P/E (25F, x)	17.9
KOSPI	5,221.25

Market cap (Wbn)	3,772
Shares (mn)	26
Free float (%)	57.4
Foreign ownership (%)	21.9
Beta (12M)	0.74
52-week low (W)	103,600
52-week high (W)	148,200

(%)	1M	6M	12M
Absolute	19.7	18.6	38.8
Relative	-3.3	-26.6	-32.6



Mirae Asset Securities Co., Ltd.

Jinho Lee
jinho.lee.z@miraeeasset.com

Kumho Petrochemical

Impact of China tailwinds needs to be confirmed

Lift TP to W144,000; maintain Hold

We raise our target price for Kumho Petrochemical from W117,000 to W144,000, based on an upward revision to our 12-month forward target P/B from 0.56x to 0.68x (reflecting a broad re-rating across the chemicals sector). While earnings are likely to improve from 1Q26 following seasonal weakness in 4Q25, there are two points to monitor: 1) whether the recent sharp rise in butadiene prices can be sufficiently reflected in selling prices; and 2) whether expectations tied to higher chemical prices in China and regulatory changes translate into visible earnings improvement. Against this backdrop, we keep our Hold rating.

4Q25 review: OP misses consensus by a wide margin

Kumho Petrochemical reported 4Q25 operating profit of W1.5bn, missing the consensus of W48.3bn by 97%. The significant miss was attributable to weakness in "other" businesses (e.g., energy, fine chemicals) and one-off costs related to routine maintenance. Other businesses recorded an operating loss of W2.3bn due to SMP weakness (which eroded energy profitability) and scheduled maintenance amplifying the impact (1Q-3Q25 average OP margin of 22.1%). Routine maintenance was carried out for roughly 15–20 days across all segments except EPDM. Intensified competition in NBL for synthetic rubber, seasonal softness in synthetic resins, and a delayed demand recovery in phenol derivatives also contributed to the QoQ profitability decline. On a positive note, EPDM delivered results broadly in line with 3Q25, supported by solid demand and the absence of maintenance.

1Q26 preview: OP to improve markedly QoQ due to a low base

For 1Q26, we forecast operating profit to climb QoQ to W54.4bn (vs. W1.5bn in 4Q25), driven by low base effects (stemming from maintenance) and improving synthetic rubber spreads. While raw material costs for synthetic rubber have risen following the sharp increase in butadiene prices in January, we expect higher costs to be passed through to selling prices on the back of resilient demand. We expect profitability improvement to be more pronounced in 2Q26 than in 1Q26.

For the full year of 2026, we expect YoY margin improvement for synthetic rubber, while we take a more cautious view on other segments. Competition in rubber should ease vs. in 2025, but weak prices are likely to persist across the remaining segments.

(Dec.)	2023	2024	2025P	2026F	2027F
Revenue (Wbn)	6,323	7,155	6,915	6,869	6,901
OP (Wbn)	359	273	272	244	299
OP margin (%)	5.7	3.8	3.9	3.6	4.3
NP (Wbn)	447	349	292	139	150
EPS (W)	13,880	11,321	9,884	4,777	5,148
ROE (%)	7.8	5.9	4.8	2.2	2.4
P/E (x)	9.6	8.0	12.2	30.3	28.1
P/B (x)	0.7	0.5	0.6	0.7	0.7
Dividend yield (%)	2.2	2.4	1.7	1.4	1.4

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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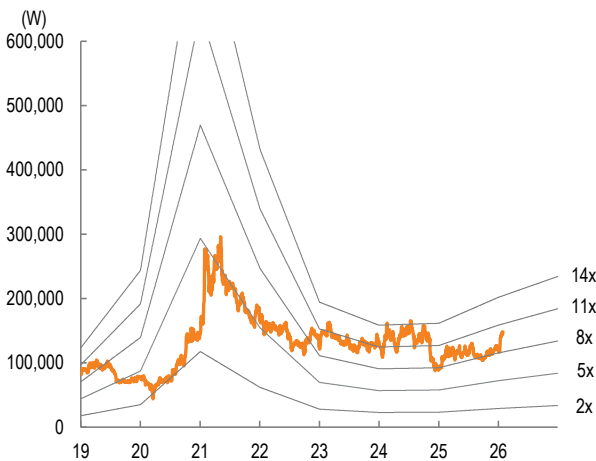
Table 1. Quarterly and annual earnings

(Wbn)

	1Q25	2Q25	3Q25	4Q25P	1Q26F	2Q26F	3Q26F	4Q26F	2024	2025P	2026F	
Revenue	Total	1,908.2	1,773.4	1,643.8	1,589.7	1,690.4	1,743.9	1,752.7	1,682.5	7,155.0	6,915.1	6,869.5
	Synthetic rubber	757.2	674.5	632.2	607.3	674.6	685.3	687.5	679.5	2,795.2	2,671.2	2,726.8
	Synthetic resins	336.0	298.2	272.5	266.2	338.1	377.3	372.0	336.9	1,282.9	1,172.9	1,424.2
	Phenol derivatives	431.7	432.6	378.7	364.5	326.5	356.4	354.5	314.3	1,635.2	1,607.5	1,351.7
	EPDM/TPV	187.8	180.6	175.4	185.6	187.8	180.6	175.4	185.6	667.9	729.4	729.4
	Other	195.5	187.5	185.0	166.1	163.4	144.4	163.4	166.2	773.8	734.1	637.4
OP	Total	120.6	65.2	84.5	1.5	54.4	72.8	79.6	37.4	272.8	271.8	244.2
	Synthetic rubber	46.0	8.5	31.2	15.8	23.6	34.3	34.4	20.4	100.8	101.5	112.6
	Synthetic resins	5.2	5.3	4.4	-9.5	-6.8	3.8	7.4	-3.4	-18.4	5.4	1.1
	Phenol derivatives	1.9	-2.3	-14.4	-22.3	-9.5	-8.6	-7.7	-13.5	-17.9	-37.1	-39.4
	EPDM/TPV	23.9	15.0	20.2	19.8	22.5	21.7	21.0	22.3	70.1	78.9	87.5
	Other	43.6	38.7	43.1	-2.3	24.5	21.7	24.5	11.6	138.2	123.1	82.3
Pretax profit		157.3	67.5	128.4	-9.8	72.3	89.6	95.8	55.0	407.6	343.4	312.8
NP		125.0	57.7	106.9	2.6	40.0	44.1	38.5	16.2	348.6	292.2	138.8

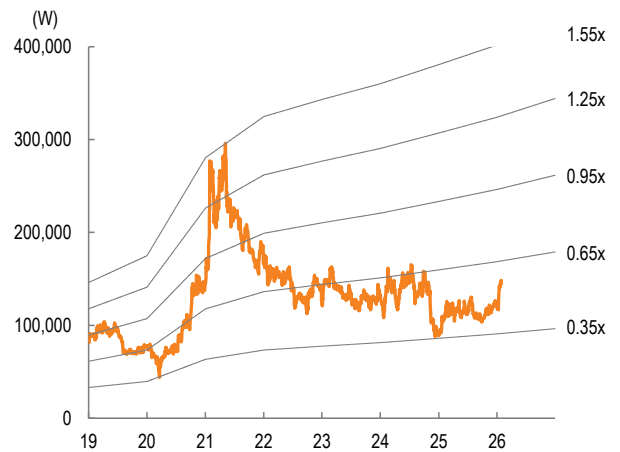
Source: Company data, Mirae Asset Securities Research

Figure 1. 12-month forward P/E band chart



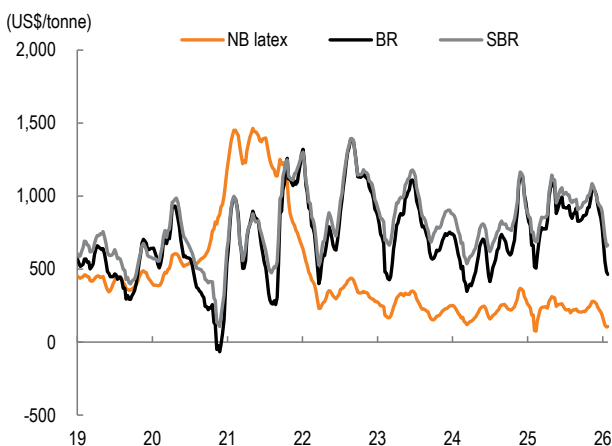
Source: Cischem, Mirae Asset Securities Research

Figure 2. 12-month forward P/B band chart



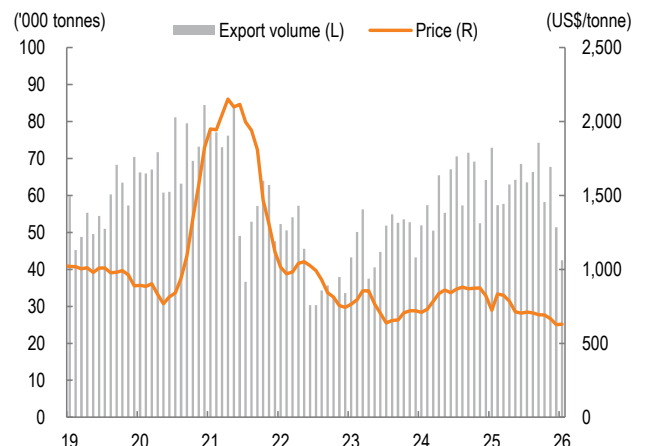
Source: FnGuide, Mirae Asset Securities Research

Figure 3. Synthetic rubber spread trends



Source: USITC, Mirae Asset Securities Research

Figure 4. Korea's NB latex export trends



Source: KITA, Mirae Asset Securities Research

Kumho Petrochemical (011780 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	7,155	6,915	6,869	6,901
Cost of revenue	6,569	6,327	6,309	6,286
GP	586	588	560	615
SG&A expenses	313	316	316	316
OP (adj.)	273	272	244	299
OP	273	272	244	299
Non-operating profit	135	71	69	73
Net financial income	0	-15	-11	-7
Net income from associates	93	131	80	80
Pretax profit	408	343	313	372
Income tax	59	51	174	222
Profit from continuing operations	349	292	139	150
Profit from discontinued operations	0	0	0	0
NP	349	292	139	150
Attributable to owners	349	292	139	150
Attributable to minority interests	0	0	0	0
Total comprehensive income	335	305	139	150
Attributable to owners	335	305	139	150
Attributable to minority interests	0	0	0	0
EBITDA	548	590	562	609
FCF	-114	439	101	128
EBITDA margin (%)	7.7	8.5	8.2	8.8
OP margin (%)	3.8	3.9	3.6	4.3
Net margin (%)	4.9	4.2	2.0	2.2

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	2,711	2,910	3,084	3,244
Cash & equivalents	429	965	1,025	1,177
AR & other receivables	885	789	835	839
Inventory	958	770	815	818
Other current assets	439	386	409	410
Non-current assets	5,629	5,445	5,428	5,372
Investments in associates	994	874	925	929
PP&E	4,102	4,023	3,962	3,908
Intangible assets	38	42	34	28
Total assets	8,340	8,354	8,512	8,615
Current liabilities	1,534	1,419	1,474	1,478
AP & other payables	774	681	721	724
Short-term financial liabilities	465	478	479	479
Other current liabilities	295	260	274	275
Non-current liabilities	764	789	803	804
Long-term financial liabilities	480	539	539	539
Other non-current liabilities	284	250	264	265
Total liabilities	2,298	2,207	2,277	2,282
Equity attributable to owners	6,038	6,146	6,234	6,331
Capital stock	167	167	167	167
Capital surplus	404	403	403	403
Retained earnings	5,571	5,748	5,706	5,805
Minority interests	4	1	1	2
Shareholders' equity	6,042	6,147	6,235	6,333

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	322	679	351	378
NP	349	292	139	150
Non-cash income/expenses	251	254	377	413
Depreciation	267	308	311	304
Amortization	9	10	8	6
Other	-25	-64	58	103
Chg. in working capital	-297	125	-26	-2
Chg. in AR & other receivables	-95	104	-45	-3
Chg. in inventory	-213	188	-45	-3
Chg. in AP & other payables	66	-108	28	2
Income tax	-22	-29	-174	-222
Cash flow from investing activities	-259	-217	-269	-251
Chg. in PP&E	-435	-239	-250	-250
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	185	44	-19	-1
Other	-9	-22	0	0
Cash flow from financing activities	-91	-56	-51	-51
Chg. in financial liabilities	60	72	1	0
Chg. in equity	0	0	0	0
Dividends	-77	-57	-51	-51
Other	-74	-71	-1	0
Chg. in cash	-23	535	61	151
Beginning balance	452	429	965	1,025
Ending balance	429	965	1,025	1,177

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

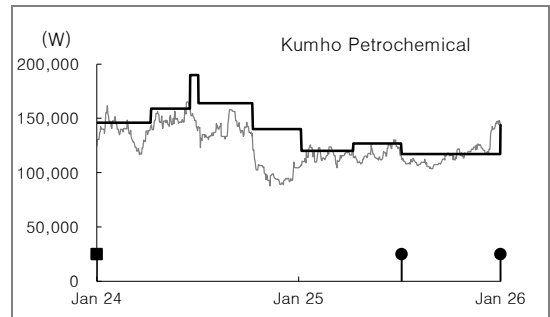
	2024	2025F	2026F	2027F
P/E (x)	8.0	12.2	30.3	28.1
P/CF (x)	4.7	6.5	8.2	7.5
P/B (x)	0.5	0.6	0.7	0.7
EV/EBITDA (x)	5.1	5.2	6.5	5.7
EPS (W)	11,321	9,884	4,777	5,148
CFPS (W)	19,463	18,466	17,770	19,369
BPS (W)	199,918	212,382	210,953	214,337
DPS (W)	2,200	2,000	2,000	2,000
Dividend payout ratio (%)	14.5	15.4	32.5	30.1
Dividend yield (%)	2.4	1.7	1.7	1.7
Revenue growth (%)	13.2	-3.4	-0.7	0.5
EBITDA growth (%)	-10.2	7.6	-4.6	8.3
OP growth (%)	-24.0	-0.4	-10.2	22.5
EPS growth (%)	-18.4	-12.7	-51.7	7.8
AR turnover (x)	8.9	8.4	8.6	8.4
Inventory turnover (x)	8.4	8.0	8.7	8.5
AP turnover (x)	12.7	12.4	12.8	12.4
ROA (%)	4.3	3.5	1.6	1.7
ROE (%)	5.9	4.8	2.2	2.4
ROIC (%)	4.7	4.6	2.3	2.5
Debt-to-equity ratio (%)	38.0	35.9	36.5	36.0
Current ratio (%)	176.7	205.1	209.2	219.5
Net debt-to-equity ratio (%)	2.7	-4.2	-5.4	-7.8
Interest coverage ratio (x)	8.2	6.0	5.2	6.4

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Kumho Petrochemical (011780)	01/30/26	Hold	144,000
	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



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	79.76%	1.19%	19.05%	0%
Investment banking services	83.33%	0%	16.67%	0%

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

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Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong SAR

Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil

Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia

Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroov, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
