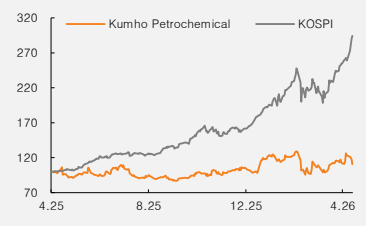


(Upgrade)	Buy
Target price	▲ W160,000
Current price (5/7/26)	W131,800
Upside	21.4%

OP (26F, Wbn)	303
Consensus OP (26F, Wbn)	322
EPS growth (26F, %)	18.1
Market EPS growth (26F, %)	223.0
P/E (26F, x)	11.3
Market P/E (26F, x)	8.4
KOSPI	7,490.05

Market cap (Wbn)	3,316
Shares (mn)	25
Free float (%)	59.2
Foreign ownership (%)	25.8
Beta (12M)	0.73
52-week low (W)	103,600
52-week high (W)	153,400

(%)	1M	6M	12M
Absolute	6.7	18.0	6.6
Relative	-21.7	-37.7	-63.4



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Kumho Petrochemical

Meaningful spread improvement likely as feedstock prices stabilize

Lift TP to W160,000 and upgrade to Buy

We raise our target price for Kumho Petrochemical from W144,000 to W160,000, reflecting upward revisions to our 2Q26 earnings forecasts. Although the company had been gradually recovering from the 2025 market slump arising from severe NB latex oversupply, the surge in butadiene prices following the outbreak of the Middle East conflict disrupted the recovery, weighing on 1Q26 results. Since April, however, we have seen meaningful pass-through of higher feedstock prices to selling prices, while feedstock prices have also begun to stabilize. With earnings improvement likely to accelerate in 2Q26, we upgrade our rating on the stock to Buy (from Hold).

1Q26 review: OP misses consensus by a wide margin

For 1Q26, Kumho Petrochemical reported operating profit of W59.4bn, falling 12% short of the consensus (W67.4bn). The miss was driven by the sharp rise in butadiene prices stemming from the Middle East conflict, as well as cautious purchasing behavior by downstream customers. Profitability in synthetic rubber had improved in January-February, but after the outbreak of the conflict in March, butadiene prices surged from US\$1,300/tonne to US\$2,700/tonne, sharply increasing costs (which the company could not quickly pass through to product prices). That said, all segments other than synthetic rubber showed QoQ earnings improvement.

2Q26 preview: Earnings improvement expected across all segments

For 2Q26, we forecast operating profit to climb sharply QoQ to W112.2bn (vs. W59.4bn in 1Q26). We expect the largest improvement to come from the synthetic rubber segment, where cost pass-through is now gaining traction. Although butadiene prices remain highly volatile, they have recently been stabilizing below US\$2,000/tonne. In addition, NB latex prices began to surge in April and have since more than doubled, suggesting that spreads are likely to show marked improvement. Meanwhile, market conditions for synthetic resin and phenol derivatives (which had been weak) are also improving, as recent supply shortages have supported pricing; as such, we expect both segments to swing to profit. For the EPDM/TPV and energy/other businesses, we expect utilization to decline due to routine maintenance, but profitability should remain stable.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	7,155	6,915	7,368	7,246	7,246
OP (Wbn)	273	272	303	314	314
OP margin (%)	3.8	3.9	4.1	4.3	4.3
NP (Wbn)	349	291	330	312	320
EPS (W)	11,321	9,843	11,621	11,072	11,352
ROE (%)	5.9	4.7	5.2	4.7	4.7
P/E (x)	8.0	12.3	11.3	11.9	11.6
P/B (x)	0.5	0.6	0.6	0.6	0.5
Dividend yield (%)	2.4	1.4	1.3	1.3	1.3

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

Mirae Asset Securities Research AI translation

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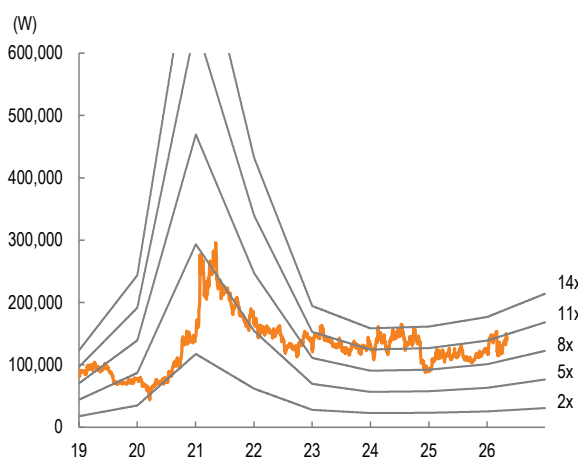
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Table 1. Quarterly and annual earnings

										(Wbn)		
		1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26F	3Q26F	4Q26F	2024	2025	2026F
Revenue	Total	1,908.2	1,773.4	1,643.8	1,589.7	1,780.0	1,982.4	1,837.2	1,768.1	7,155.0	6,915.1	7,367.7
	Synthetic rubber	757.2	674.5	632.2	607.3	733.5	689.4	666.2	664.7	2,795.2	2,671.2	2,753.7
	Synthetic resins	336.0	298.2	272.5	266.2	301.8	490.0	414.9	377.4	1,282.9	1,172.9	1,584.1
	Phenol derivatives	431.7	432.6	378.7	364.5	399.2	471.2	399.6	367.8	1,635.2	1,607.5	1,637.7
	EPDM/TPV	187.8	180.6	175.4	185.6	196.8	177.0	178.9	181.9	667.9	729.4	734.6
	Other	195.5	187.5	185.0	166.1	148.7	154.8	177.6	176.3	773.8	734.1	657.5
OP	Total	120.6	65.2	84.5	1.5	59.4	112.2	86.4	45.4	272.8	271.8	303.4
	Synthetic rubber	46.0	8.5	31.2	15.8	14.9	48.3	33.3	19.9	100.8	101.5	116.4
	Synthetic resins	5.2	5.3	4.4	-9.5	-2.2	4.9	8.3	-3.8	-18.4	5.4	7.2
	Phenol derivatives	1.9	-2.3	-14.4	-22.3	-8.6	4.0	-3.3	-5.0	-17.9	-37.1	-12.9
	EPDM/TPV	23.9	15.0	20.2	19.8	31.1	31.9	21.5	21.8	70.1	78.9	106.3
	Other	43.6	38.7	43.1	-2.3	24.2	23.2	26.6	12.3	138.2	123.1	86.4
Pretax profit		157.3	67.5	128.4	-4.4	117.8	129.8	103.8	63.9	348.8	415.4	395.5
NP		125.0	57.7	106.9	1.4	94.9	102.4	81.9	50.4	290.9	329.7	312.0

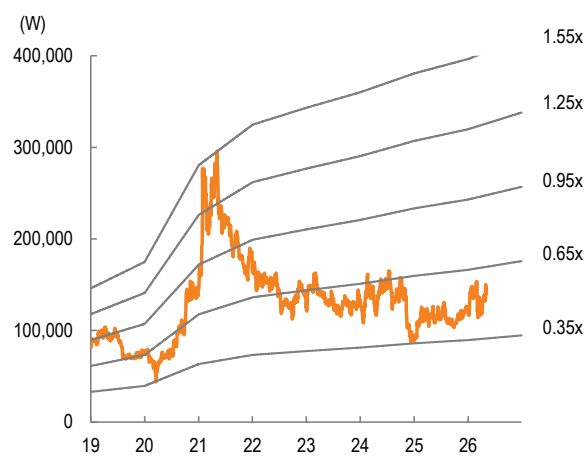
Source: Company data, Mirae Asset Securities Research

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



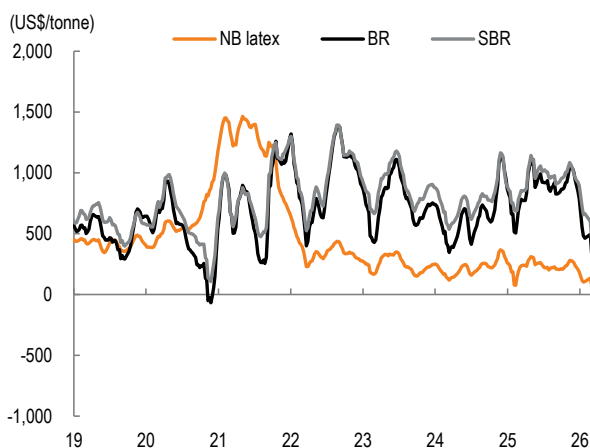
Source: Cischem, Mirae Asset Securities Research

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



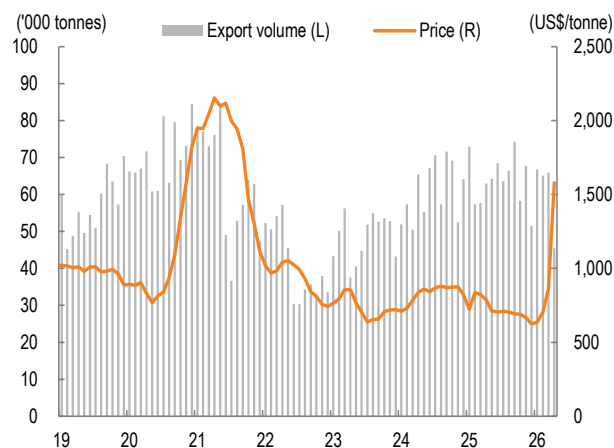
Source: FnGuide, Mirae Asset Securities Research

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)	2025	2026F	2027F	2028F
Revenue	6,915	7,368	7,246	7,246
Cost of revenue	6,311	6,732	6,601	6,601
GP	604	636	645	645
SG&A expenses	332	332	332	332
OP (adj.)	272	303	314	314
OP	272	303	314	314
Non-operating profit	77	112	81	91
Net financial income	-14	-8	2	12
Net income from associates	131	120	80	80
Pretax profit	349	415	395	405
Income tax	58	81	79	81
Profit from continuing operations	291	334	316	324
Profit from discontinued operations	0	0	0	0
NP	291	334	316	324
Attributable to owners	291	330	312	320
Attributable to minority interests	0	5	4	4
Total comprehensive income	315	334	316	324
Attributable to owners	315	334	316	324
Attributable to minority interests	0	1	0	1
EBITDA	589	620	621	614
FCF	521	245	293	295
EBITDA margin (%)	8.5	8.4	8.6	8.5
OP margin (%)	3.9	4.1	4.3	4.3
Net margin (%)	4.2	4.5	4.3	4.4

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	2,742	3,014	3,346	3,679
Cash & equivalents	650	679	1,003	1,336
AR & other receivables	737	848	851	851
Inventory	859	936	939	939
Other current assets	496	551	553	553
Non-current assets	5,733	5,800	5,746	5,696
Investments in associates	1,175	1,307	1,311	1,311
PP&E	3,927	3,869	3,817	3,771
Intangible assets	42	33	27	22
Total assets	8,474	8,814	9,093	9,375
Current liabilities	1,366	1,471	1,475	1,475
AP & other payables	604	672	674	674
Short-term financial liabilities	445	447	447	447
Other current liabilities	317	352	354	354
Non-current liabilities	861	895	896	896
Long-term financial liabilities	566	566	566	566
Other non-current liabilities	295	329	330	330
Total liabilities	2,228	2,366	2,370	2,370
Equity attributable to owners	6,246	6,442	6,712	6,989
Capital stock	167	167	167	167
Capital surplus	403	403	403	403
Retained earnings	5,743	5,900	6,170	6,448
Minority interests	1	6	10	15
Shareholders' equity	6,247	6,448	6,722	7,004

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	715	495	543	545
NP	291	334	316	324
Non-cash income/expenses	355	296	293	277
Depreciation	308	308	302	296
Amortization	10	9	6	5
Other	37	-21	-15	-24
Chg. in working capital	84	-59	-2	0
Chg. in AR & other receivables	143	-110	-3	0
Chg. in inventory	99	-77	-3	0
Chg. in AP & other payables	-143	47	2	0
Income tax	-43	-81	-79	-81
Cash flow from investing activities	-373	-301	-252	-250
Chg. in PP&E	-194	-250	-250	-250
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	-83	-51	-2	0
Other	-96	0	0	0
Cash flow from financing activities	-121	-42	-42	-42
Chg. in financial liabilities	66	1	0	0
Chg. in equity	0	0	0	0
Dividends	-58	-44	-42	-42
Other	-129	1	0	0
Chg. in cash	221	28	325	333
Beginning balance	429	650	679	1,003
Ending balance	650	679	1,003	1,336

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

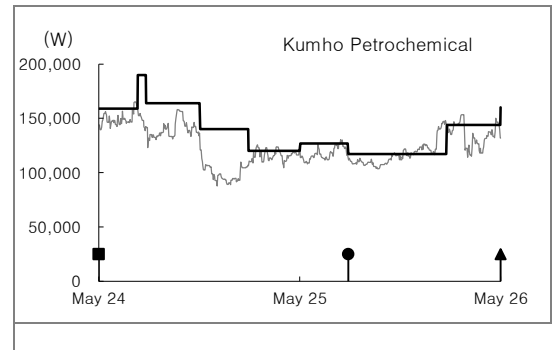
	2025	2026F	2027F	2028F
P/E (x)	12.3	11.3	11.9	11.6
P/CF (x)	5.5	5.9	6.1	6.2
P/B (x)	0.6	0.6	0.6	0.5
EV/EBITDA (x)	5.5	5.4	4.9	4.4
EPS (W)	9,843	11,621	11,072	11,352
CFPS (W)	21,856	22,234	21,616	21,355
BPS (W)	215,808	224,908	234,485	244,344
DPS (W)	1,700	1,700	1,700	1,700
Dividend payout ratio (%)	13.2	11.0	11.6	11.3
Dividend yield (%)	1.4	1.4	1.4	1.4
Revenue growth (%)	-3.4	6.5	-1.6	0.0
EBITDA growth (%)	7.5	5.2	0.2	-1.2
OP growth (%)	-0.4	11.6	3.3	0.0
EPS growth (%)	-13.1	18.1	-4.7	2.5
AR turnover (x)	8.7	9.4	8.7	8.6
Inventory turnover (x)	7.6	8.2	7.7	7.7
AP turnover (x)	13.1	15.2	14.2	14.1
ROA (%)	3.5	3.9	3.5	3.5
ROE (%)	4.7	5.2	4.7	4.7
ROIC (%)	4.5	5.2	5.1	5.2
Debt-to-equity ratio (%)	35.7	36.7	35.3	33.8
Current ratio (%)	200.6	204.9	226.9	249.5
Net debt-to-equity ratio (%)	-1.2	-2.4	-7.1	-11.6
Interest coverage ratio (x)	6.2	7.7	7.9	7.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Kumho Petrochemical (011780)	05/08/26	Buy	160,000
	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	80.84%	0%	18.56%	0.6%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of March 31, 2026)

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