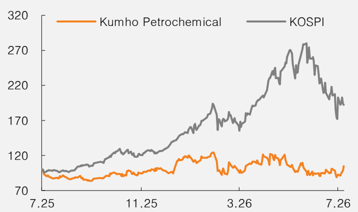
MIRAE ASSET Securities

Equity Research
August 7, 2026

(Maintain)	Buy
Target price	W160,000
Current price (8/7/26)	W129,600
Upside	23.5%

OP (26F, Wbn)	491
Consensus OP (26F, Wbn)	399
EPS growth (26F, %)	78.7
Market EPS growth (26F, %)	277.0
P/E (26F, x)	7.4
Market P/E (26F, x)	6.2
KOSPI	6,258.77
Market cap (Wbn)	3,260
Shares (mn)	25
Free float (%)	58.5
Foreign ownership (%)	27.2
Beta (12M)	0.51
52-week low (W)	103,600
52-week high (W)	153,400

(%)	1M	6M	12M
Absolute	10.8	-4.1	16.0
Relative	35.5	-22.0	-40.2



Mirae Asset Securities Co., Ltd.

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011780 KS · Energy Transition

Kumho Petrochemical

Profitability set to normalize, but shareholder returns remain intact

Maintain Buy and TP of W160,000

We maintain our Buy rating and target price of W160,000 on Kumho Petrochemical. Although 2Q26 operating profit beat the consensus by 132%, we leave our target price unchanged because the improvement was driven by a temporary disruption to NB latex supply amid the Middle East conflict. Feedstock prices have declined since late June, leading to a corresponding correction in product prices. We therefore expect negative lag effects to weigh on profitability from 3Q26, bringing margins back toward 1Q26 levels. That said, the 2Q26 earnings surprise drove a sharp increase in standalone earnings, which should translate into a larger dividend pool for 2026 and keep expectations for shareholder returns intact; we forecast 2026 DPS at W2,700. In addition, over the medium to long term, the start-up of the Shaheen Project in 2027 and NCC restructuring in the Yeosu area could reshape regional feedstock supply/demand dynamics, strengthening Kumho Petrochemical's competitiveness.

2Q26 review: OP beats consensus by 132%

For 2Q26, Kumho Petrochemical reported operating profit of W339.0bn, increasing 471% QoQ and beating the consensus (W146.4bn) by 132%. Earnings improved sharply across all segments other than energy/other. The synthetic rubber division generated the largest absolute profit, with operating profit of W189.8bn. The surge in oil prices led competing NB latex producers to lower utilization rates, resulting in tighter supply and marked improvement in the company's selling prices and spreads. Earnings also improved sharply in synthetic resins, phenol derivatives, and EPDM/TPV, supported by concerns over feedstock supply and an improvement in product spreads. Meanwhile, despite SMP strength, earnings in the energy/other segment declined due to rising coal prices following the introduction of an annual coal quota system in Indonesia.

3Q26 preview: Profitability to revert to 1Q26 levels

For 3Q26, we forecast operating profit at W51.8bn, marking a return to the 1Q26 earnings level (W59.4bn), as the spread expansion that drove 2Q26 earnings is likely to reverse. Butadiene prices, which reached as high as US$2,500/tonne during 2Q26, have since fallen to US$1,100/tonne, while SM prices have also corrected from US$1,300/tonne to around US$1,100/tonne. Given the roughly one-and-a-half-month lag in feedstock costs, the company should inevitably face negative lag effects in 3Q26, consuming high-cost inventories as selling prices decline. In contrast, we expect profitability in the energy/other segment to recover to normal levels, supported by a stabilization in coal prices and continued SMP strength.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	7,155	6,915	7,906	7,550	7,550
OP (Wbn)	273	272	491	284	284
OP margin (%)	3.8	3.9	6.2	3.8	3.8
NP (Wbn)	349	291	499	293	299
EPS (W)	11,321	9,843	17,586	10,385	10,626
ROE (%)	5.9	4.7	7.6	4.2	4.2
P/E (x)	8.0	12.3	7.4	12.5	12.2
P/B (x)	0.5	0.6	0.5	0.5	0.5
Dividend yield (%)	2.4	1.4	2.1	1.2	1.2

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

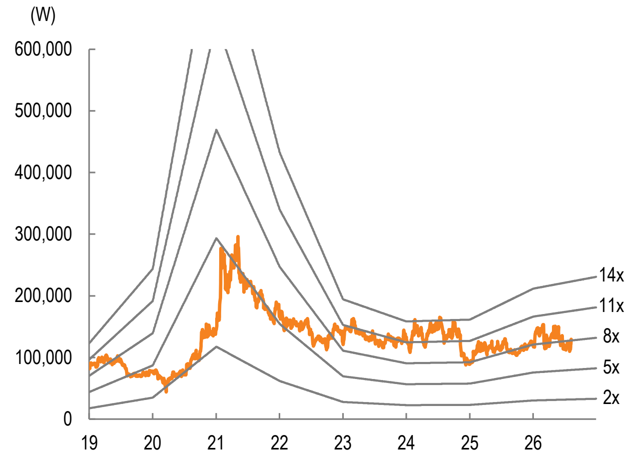
Table 1. Quarterly and annual earnings

(Wbn)

		1Q26	2Q26P	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2025	2026F	2027F
Revenue	**Total**	**1,780.0**	**2,268.1**	**2,022.0**	**1,836.3**	**1,840.2**	**1,951.3**	**1,921.5**	**1,837.2**	**6,915.1**	**7,906.4**	**7,550.3**
	Synthetic rubber	733.5	987.1	824.1	707.4	721.2	729.5	729.5	721.2	2,671.2	3,252.0	2,901.4
	Synthetic resins	301.8	375.4	382.6	389.3	389.3	425.7	425.7	389.3	1,172.9	1,449.1	1,630.0
	Phenol derivatives	399.2	492.8	448.1	381.4	375.0	410.2	413.4	371.8	1,607.5	1,721.5	1,570.4
	EPDM/TPV	196.8	227.1	178.9	181.9	177.1	231.6	175.3	181.9	729.4	784.7	766.0
	Other	148.7	185.7	188.3	176.3	177.6	154.3	177.6	173.0	734.1	699.0	682.5
OP	**Total**	**59.4**	**339.0**	**51.8**	**40.4**	**80.0**	**89.3**	**96.6**	**18.0**	**271.8**	**490.6**	**283.9**
	Synthetic rubber	14.9	189.8	24.7	21.2	36.1	36.5	36.5	21.6	101.5	250.6	130.6
	Synthetic resins	-2.2	37.4	-7.7	-11.7	-3.9	4.3	8.5	-19.5	5.4	15.9	-10.6
	Phenol derivatives	-8.6	55.1	-15.0	-5.0	-9.0	-7.0	-5.0	-11.0	-37.1	26.5	-31.9
	EPDM/TPV	31.1	47.4	21.5	18.2	21.3	27.8	21.0	18.2	78.9	118.2	88.3
	Other	24.2	9.3	28.2	17.6	35.5	27.8	35.5	8.6	123.1	79.4	107.5
Pretax profit		117.8	388.0	68.9	59.1	100.2	109.9	117.2	39.3	633.9	366.5	375.1
NP		96.3	300.3	55.1	47.3	80.1	87.9	93.7	31.5	498.9	293.1	300.0

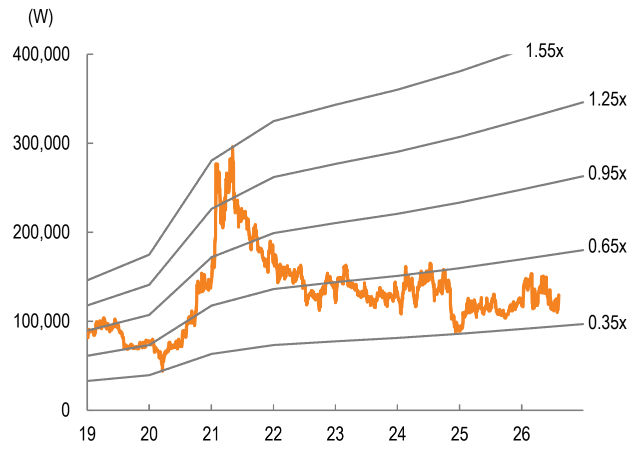
Source: Company data, Mirae Asset Securities Research

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



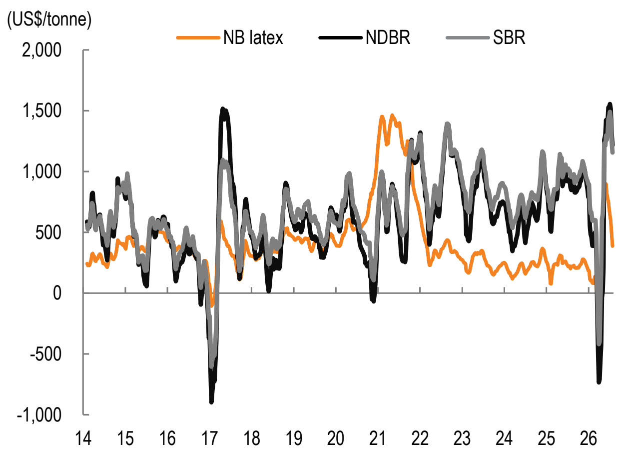
Source: FnGuide, Mirae Asset Securities Research

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



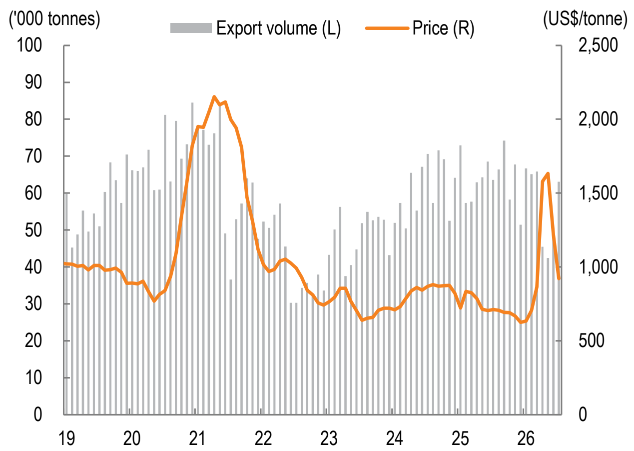
Source: FnGuide, Mirae Asset Securities Research

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**	**7,906**	**7,550**	**7,550**
Cost of revenue	**6,311**	**7,081**	**6,931**	**6,931**
GP	**604**	**825**	**619**	**619**
SG&A expenses	**332**	**335**	**335**	**335**
OP (adj.)	**272**	**491**	**284**	**284**
OP	**272**	**491**	**284**	**284**
Non-operating profit	**77**	**143**	**82**	**90**
Net financial income	-14	-11	2	11
Net income from associates	131	114	80	80
Pretax profit	349	634	366	374
Income tax	58	135	73	75
Profit from continuing operations	291	499	293	300
Profit from discontinued operations	0	0	0	0
NP	**291**	**499**	**293**	**300**
Attributable to owners	291	499	293	299
Attributable to minority interests	0	0	0	0
Total comprehensive income	**315**	**617**	**293**	**300**
Attributable to owners	315	617	293	300
Attributable to minority interests	0	0	0	0
EBITDA	589	811	595	587
FCF	521	495	273	272
EBITDA margin (%)	8.5	10.3	7.9	7.8
OP margin (%)	3.9	6.2	3.8	3.8
Net margin (%)	4.2	6.3	3.9	4.0

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**2,742**	**3,255**	**3,539**	**3,851**
Cash & equivalents	650	912	1,195	1,507
AR & other receivables	737	831	832	832
Inventory	859	939	940	940
Other current assets	496	573	572	572
Non-current assets	**5,733**	**5,885**	**5,825**	**5,772**
Investments in associates	1,175	1,357	1,358	1,358
PP&E	3,927	3,830	3,776	3,728
Intangible assets	42	32	26	21
Total assets	**8,474**	**9,139**	**9,364**	**9,623**
Current liabilities	**1,366**	**1,454**	**1,455**	**1,455**
AP & other payables	604	698	698	698
Short-term financial liabilities	445	390	390	390
Other current liabilities	317	366	367	367
Non-current liabilities	**861**	**874**	**874**	**874**
Long-term financial liabilities	566	533	533	533
Other non-current liabilities	295	341	341	341
Total liabilities	**2,228**	**2,328**	**2,329**	**2,329**
Equity attributable to owners	**6,246**	**6,810**	**7,034**	**7,292**
Capital stock	167	167	167	167
Capital surplus	403	403	403	403
Retained earnings	5,743	6,201	6,425	6,684
Minority interests	**1**	**1**	**1**	**2**
Shareholders' equity	**6,247**	**6,811**	**7,035**	**7,294**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**715**	**712**	**523**	**522**
NP	291	499	293	300
Non-cash income/expenses	355	234	159	145
Depreciation	308	311	304	298
Amortization	10	9	6	5
Other	37	-86	-151	-158
Chg. in working capital	84	-27	0	0
Chg. in AR & other receivables	143	-81	0	0
Chg. in inventory	99	-81	0	0
Chg. in AP & other payables	-143	49	0	0
Income tax	-43	-125	-73	-75
Cash flow from investing activities	**-373**	**-271**	**-250**	**-250**
Chg. in PP&E	-194	-217	-250	-250
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	-83	-70	0	0
Other	-96	16	0	0
Cash flow from financing activities	**-121**	**-91**	**-69**	**-41**
Chg. in financial liabilities	66	-89	0	0
Chg. in equity	0	0	0	0
Dividends	-58	0	-69	-41
Other	-129	-2	0	0
Chg. in cash	**221**	**261**	**284**	**312**
Beginning balance	429	650	912	1,195
Ending balance	650	912	1,195	1,507

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

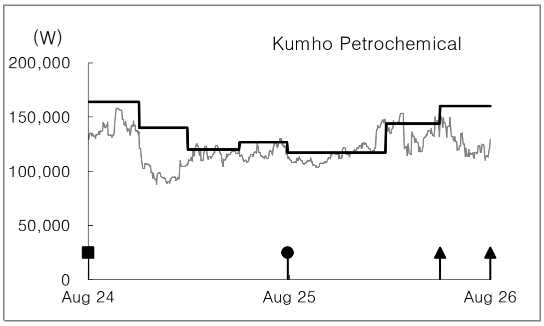
	2025	2026F	2027F	2028F
P/E (x)	12.3	7.4	12.5	12.2
P/CF (x)	5.5	5.0	8.1	8.2
P/B (x)	0.6	0.5	0.5	0.5
EV/EBITDA (x)	5.5	3.6	4.4	4.0
EPS (W)	9,843	17,586	10,385	10,626
CFPS (W)	21,856	25,845	16,045	15,767
BPS (W)	215,808	242,333	250,279	259,458
DPS (W)	1,700	2,700	1,600	1,600
Dividend payout ratio (%)	13.2	12.1	12.2	12.0
Dividend yield (%)	1.4	2.3	1.4	1.4
Revenue growth (%)	-3.4	14.3	-4.5	0.0
EBITDA growth (%)	7.5	37.5	-26.7	-1.3
OP growth (%)	-0.4	80.5	-42.1	0.0
EPS growth (%)	-13.1	78.7	-40.9	2.3
AR turnover (x)	8.7	10.2	9.2	9.2
Inventory turnover (x)	7.6	8.8	8.0	8.0
AP turnover (x)	13.1	15.7	14.3	14.3
ROA (%)	3.5	5.7	3.2	3.2
ROE (%)	4.7	7.6	4.2	4.2
ROIC (%)	4.5	8.7	4.7	4.8
Debt-to-equity ratio (%)	35.7	34.2	33.1	31.9
Current ratio (%)	200.6	223.8	243.3	264.7
Net debt-to-equity ratio (%)	-1.2	-7.3	-11.1	-15.0
Interest coverage ratio (x)	6.2	11.7	6.9	6.9

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



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	83.02%	0%	16.35%	0.63%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of June 30, 2026)

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