Mirae Asset Securities Research | Apr. 28, 2025

MIRAE ASSET Securities

[2025: Volume 8]

MIRAE ASSET MINUTES

Biweekly strategy meeting recap

Power Equipment
Hyosung Heavy Industries

Telecom Services
KT

Solar PV
Hanwha Solutions

Brace for volatility with a well-diversified portfolio

Top stories

Power Equipment
Yunju Cho

- Power equipment valuations have declined amid Microsoft's cancellation of data center leases and concerns that big tech earnings may have peaked.
- However, Google affirmed its large-scale capex plans, and Amazon and Nvidia stressed that AI-related data center demand is not slowing down. All in all, we believe structural demand drivers (AI, infrastructure investments, etc.) remain in place.
- Hyosung Heavy Industries is our top pick. The firm reported strong 1Q25 results (setting a first-quarter record) on higher order prices and profitability improvement at overseas subsidiaries, and there is also strong visibility on full-year earnings improvement. In addition, valuation is attractive.

Telecom Services
Soojin Kim

- The hacking incident at SK Telecom (SKT) could prompt many users to switch carriers, benefiting rivals. While a proactive response from SKT could help limit subscriber churn, the firm should still incur significant costs.
- KT remains our top pick due to its strong shareholder return policy. It recently announced a quarterly DPS of W600 (+20% YoY), indicating a full-year DPS of over W2,400. It also plans to conduct a W250bn share buyback by Aug.
- Excluding one-off costs, 1Q25 earnings likely remained solid.

Solar PV
Jinho Lee

- On Apr. 21, the US Department of Commerce announced its final AD/CVD rates, virtually erasing the competitiveness of Chinese solar products in the US market. Amid solid demand and limited supply, US module prices will likely rise further.
- Our top pick is Hanwha Solutions with a target price of W38,000. In addition to rising US module prices, the firm is poised to benefit from the pickup in the US residential solar market since the beginning of the year.
- On its 1Q25 earnings call, Hanwha Solutions confirmed that the residential energy business was a key driver behind its earnings surprise. Indeed, the residential market (where it holds a market share of more than 30%) accounted for more than 60% of its module sales volume.

Top picks

Samsung Electronics	SEMCO	Hyosung Heavy New	HD HHI	Hyundai Rotem
Hanwha Solutions	Samsung Biologics	PharmaResearch	KT New	Shift Up
			SK Hynix Removed	HD Hyundai Electric Removed

Brace for volatility with a well-diversified portfolio

Investment ideas

- Global stock markets are still experiencing heightened volatility. Last week, expectations for a possible easing of US tariffs on China helped trigger a notable rebound in global equities. However, it is too early to say whether there has been any tangible progress toward a US-China trade agreement.
- Facing declining approval ratings and recognizing the importance of Chinese goods to major US retailers, Trump may be more inclined to reach a deal with China. However, it seems unlikely that China will proactively offer major concessions that would satisfy the US.
- A string of earnings reports from big tech firms are scheduled for the last week of Apr. and the first week of May. However, given tariff uncertainties, companies are unlikely to issue strong positive guidance; as such, these releases are expected to have only a limited impact on the broader market.
- The KOSPI has risen about 10% from its Apr. 9 low, while our recommended portfolio has rallied 20% over the same period. Constructing a portfolio of high-beta stocks in anticipation of a market rebound proved to be a successful strategy.
- Our investment strategy remains unchanged, but we slightly adjusted our portfolio by focusing on stocks with stronger expected earnings momentum (a shift intended to better prepare for the risk of market volatility).

Our top 10 picks

- For our top 10 picks, we added Hyosung Heavy Industries and KT while removing HD Hyundai Electric and SK Hynix.
- We added Hyosung Heavy Industries due to our continued positive view on the power equipment sector (replacing HD Hyundai Electric, whose earnings momentum has comparatively weakened). We believe KT has strong appeal in terms of shareholder returns, and the company is also likely to benefit from the fallout of SKT's recent hacking incident.
- Hanwha Solutions remains one of our top picks despite its recent rally, as we expect its 1Q25 earnings surprise and expectations for rising module prices in the US to lead to upward earnings forecast revisions.
- Samsung Electronics (SEC) and Samsung Electro-Mechanics (SEMCO) also remain among our top picks, given their expected earnings recoveries this year. However, we removed SK Hynix from our top picks, as we lowered our target P/E and target price for the stock.
- We maintain our positive view on our other existing top picks, including Hyundai Rotem (defense), HD Hyundai Heavy Industries (HD HHI; shipbuilding), and PharmaResearch (beauty tech).

Power Equipment

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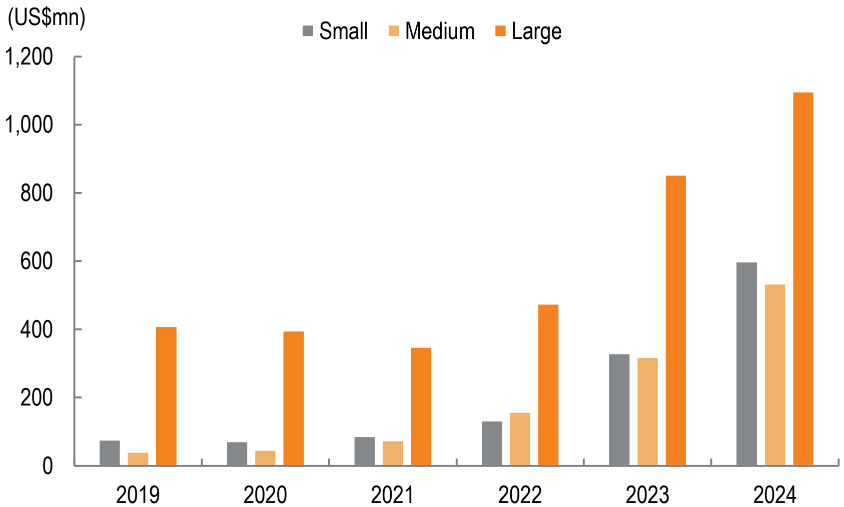
New findings

- GE Vernova reported stronger-than-expected revenue and operating profit for 1Q25, and its electrification (power equipment) order backlog increased by US$2bn. The firm guided mid/high-single-digit growth for 2025, similar to the strong growth seen in 2023-24.
- Despite concerns over potential data center investment cuts by some tech firms (e.g., Microsoft), Amazon and Nvidia stressed that AI-related data center demand is not slowing down.
- Google also affirmed its large-scale capex plans and indicated that cloud demand continues to outpace supply.
- All in all, structural demand drivers (AI, infrastructure investments, etc.) should help sustain earnings momentum through 2026.

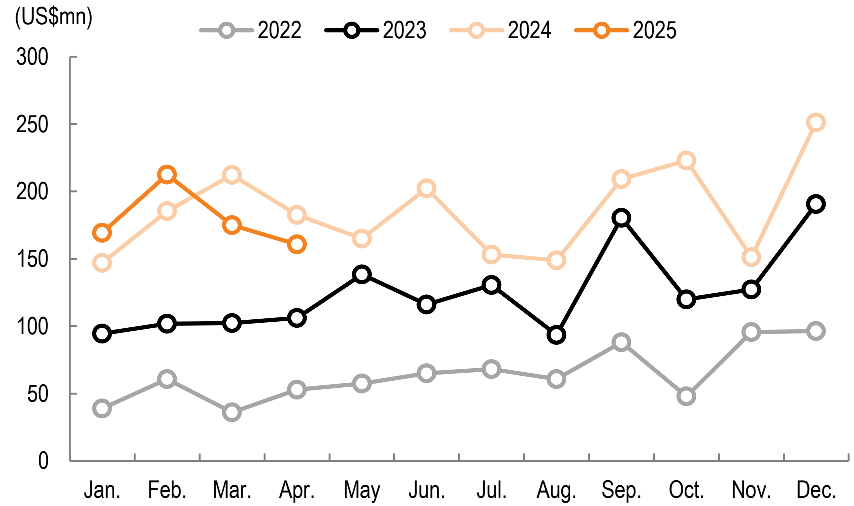
Key charts

Annual transformer exports



Source: TRASS, Mirae Asset Securities Research

Monthly transformer exports



Source: TRASS, Mirae Asset Securities Research

Hyosung Heavy Industries

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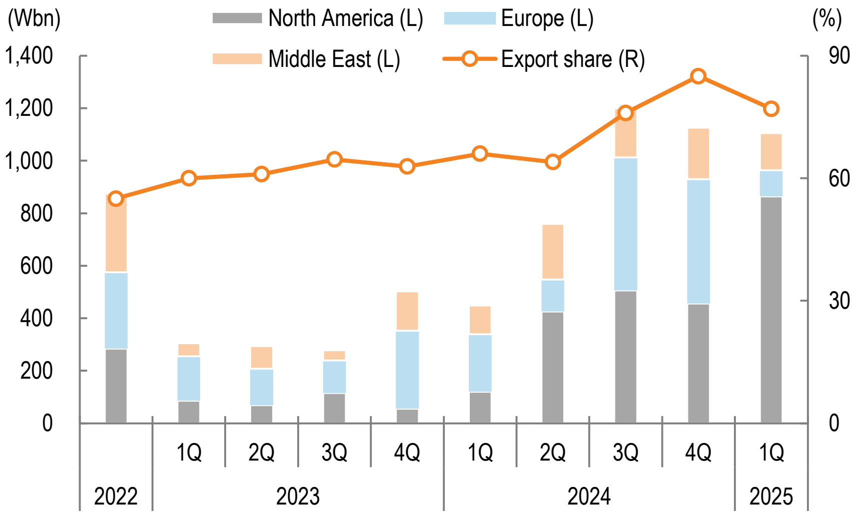
Top pick

- Hyosung Heavy Industries reported strong 1Q25 results (setting a first-quarter record), driven by higher order prices and profitability improvement at overseas subsidiaries. With the firm likely to deliver the strongest profit growth among peers, we present it as our top pick.
- In 1Q25, order backlog reached W10.4tr (+89% YoY). North America accounted for 43% of new orders (vs. 28% in 4Q24), signaling a clear improvement in the geographical mix.
- Overseas subsidiaries (US, etc.) delivered robust margins of over 15% (over 20% in India), increasing visibility on profitability improvement in the heavy industries division.
- The stock is trading at a 2025F P/E of 13x, a 13% discount to the domestic peer average (15x). Given the strong profit growth outlook for 2025, we recommend Buy on the stock.

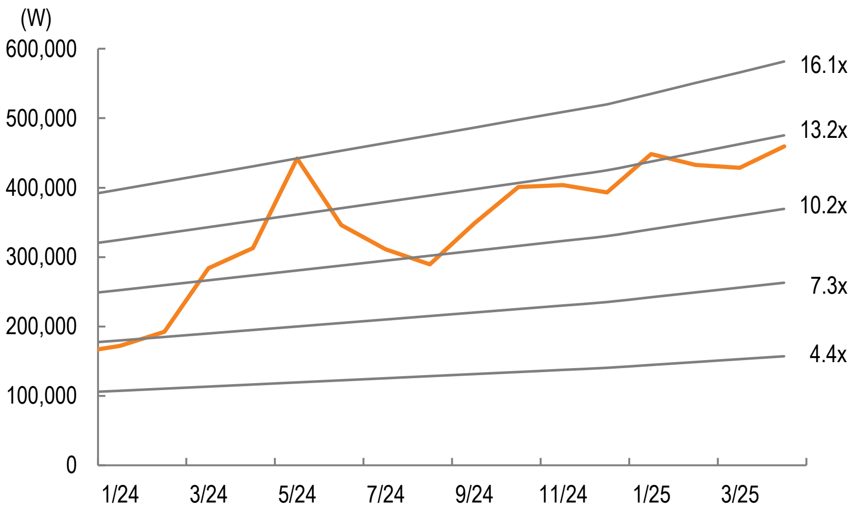
Key charts

Heavy industries business: New order breakdown



Source: Hyundai Heavy Industries, Mirae Asset Securities Research

12MF P/E band chart



Source: QuantiWise, Mirae Asset Securities Research

Telecom Services

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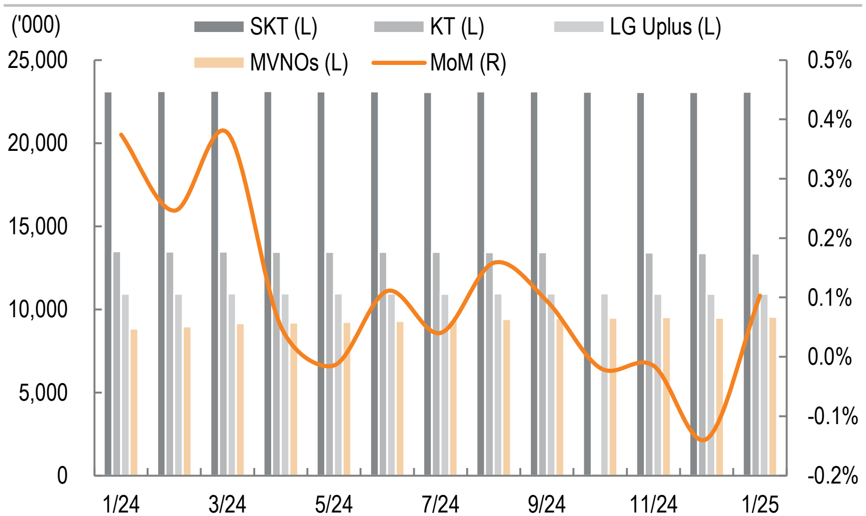
New findings

- On Apr. 18, SKT discovered that subscriber USIM data had been leaked due to a malware attack. The firm began analyzing the breach on Apr. 19 and reported the incident to the Korea Internet & Security Agency on Apr. 20; the company drew criticism for the delayed disclosure. Free USIM card replacement began on Apr. 28.
- The incident could prompt many SKT subscribers to switch carriers, benefiting rivals.
- In addition to USIM replacement costs (estimated at up to W10bn), SKT could face government fines. However, the greater risk for the company is the potential for significant subscriber losses.
- As of end-Jan., SKT had 23mn subscribers, far ahead of KT (13.4mn) and LG Uplus (10mn). However, if the hacking incident leads to large-scale subscriber losses, the firm could suffer both earnings deterioration and a valuation de-rating.

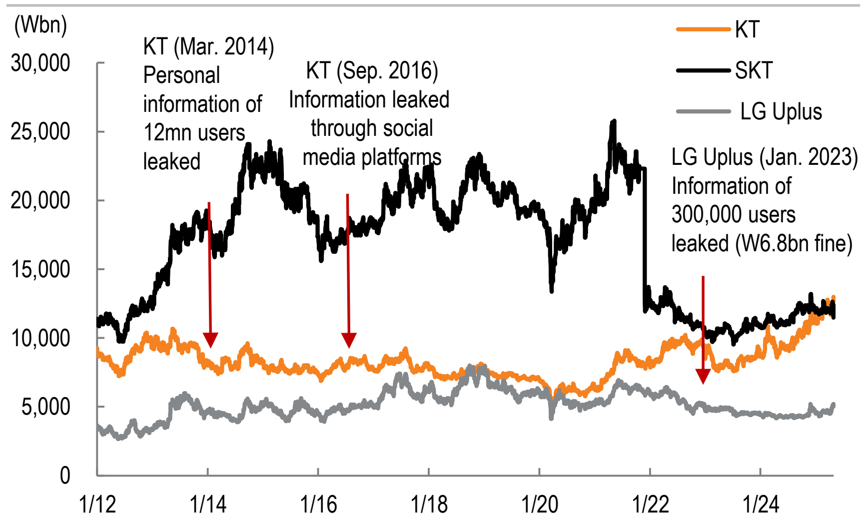
Key charts

Subscriber base by telco



Source: MSIT, Mirae Asset Securities Research

Previous telco data leaks vs. market cap trends



Source: Bloomberg, Mirae Asset Securities Research

KT

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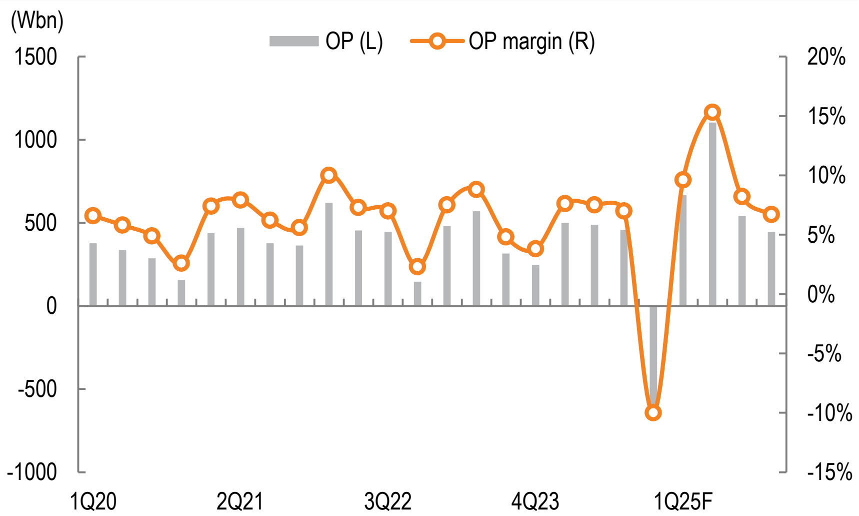
Top pick

- KT is expected to recognize one-off gains from a real estate project in Gwangjin-gu; 30% is likely to be reflected in 1Q25 results and the remainder in 2Q25.
- The consensus has been revised downward due to one-off costs related to the establishment of new subsidiaries (part of a restructuring program) and a joint venture with Microsoft. Excluding one-offs, however, 1Q25 earnings likely remained solid.
- KT stands to benefit from the hacking incident at SKT; recent media reports suggest that SKT is already losing subscribers to KT and LG Uplus.
- We believe KT also stands out among domestic telcos due to its strong shareholder return policy. On Apr. 15, the firm announced a quarterly DPS of W600 (+20% YoY), indicating a full-year DPS of over W2,400. It also plans to complete a W250bn share buyback by Aug.
- We maintain our target price at W60,000 but downgrade our rating to Trading Buy (from Buy), as the stock's recent gains have reduced upside potential to 19.5%. We plan to revisit our estimates and rating following the 1Q25 earnings release.

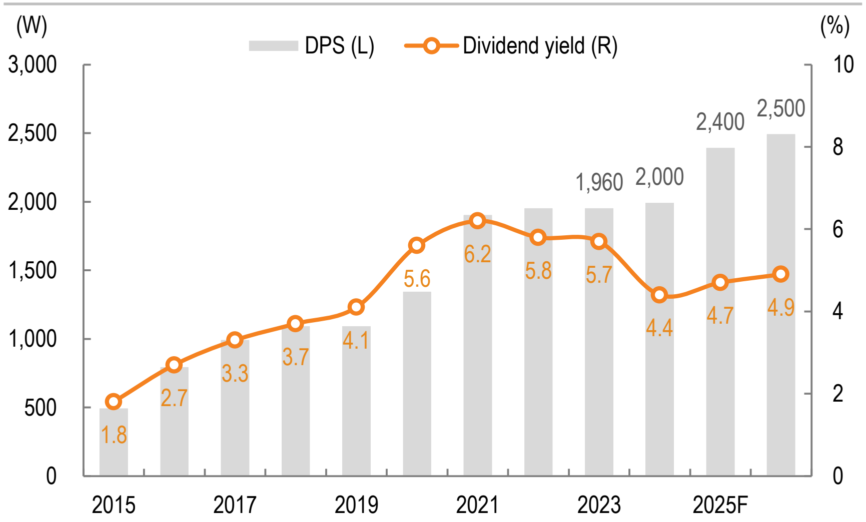
Key charts

KT: OP and OP margin



Source: KT, Mirae Asset Securities Research

KT: DPS and dividend yield



Source: KT, Mirae Asset Securities Research

Solar PV

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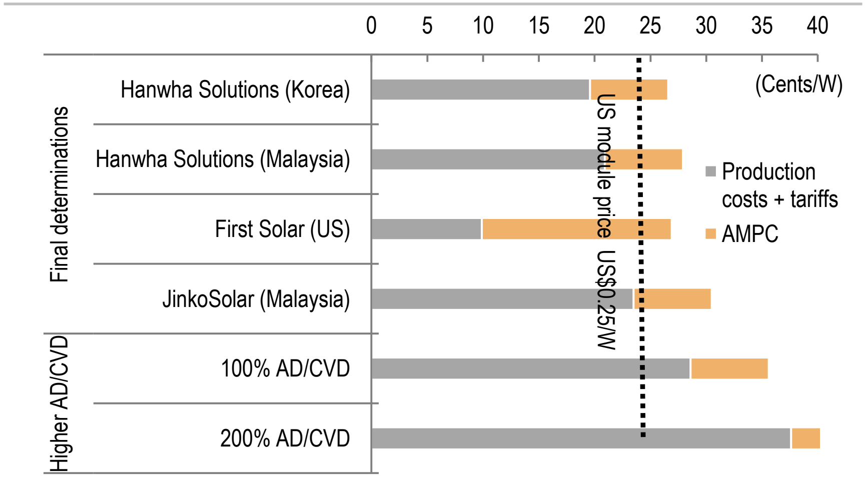
New findings

- On Apr. 21, the US Department of Commerce announced its final AD/CVD rates on solar product imports from four Southeast Asian countries, virtually erasing the competitiveness of Chinese solar products in the US market. With solid demand amid limited supply, US module prices will likely rise further.
- The US AD/CVD rates on solar modules imported from four Southeast Asian countries range from 41% to 3,529% (vs. preliminary duties of 25–564%). Except for JinkoSolar in Malaysia (subject to 44%), exports from these countries are now effectively blocked.
- We are positive on the growth potential of the US residential solar market, given: 1) the fading negative impact of California's NEM 3.0 policy; and 2) the rising share of TPO.
- Investor interest in the residential solar sector is growing, particularly after Hanwha Solutions cited it as a key driver behind its earnings surprise.

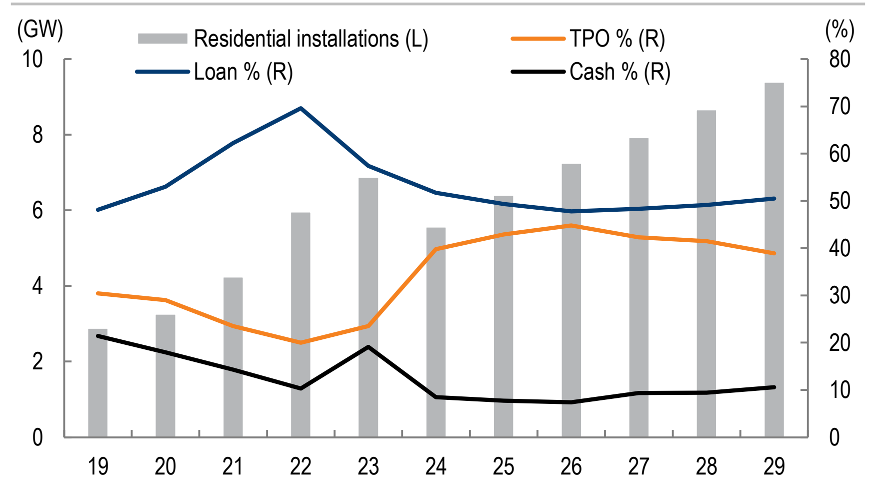
Key charts

Est. US module production costs: Chinese companies lose competitiveness



Source: BNEF, Mirae Asset Securities Research

US residential solar market to rebound in 2025



Source: Wood Mackenzie, Mirae Asset Securities Research

Hanwha Solutions

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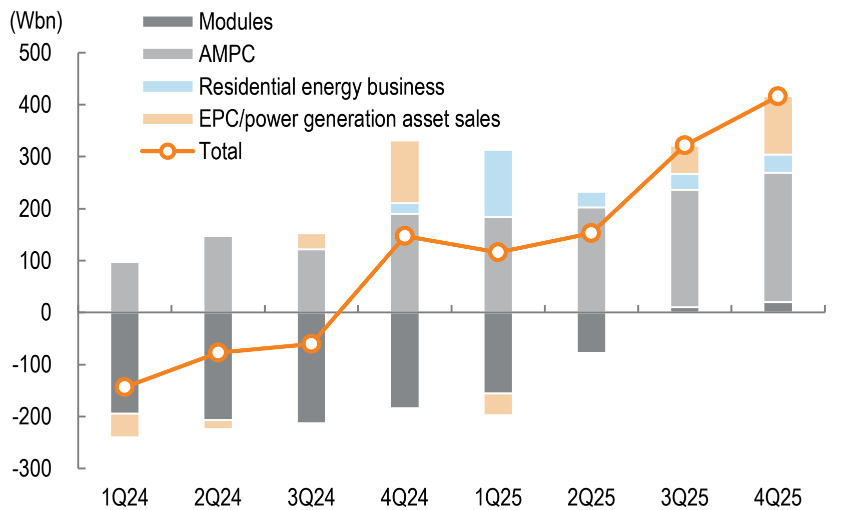
Top pick

- Our top pick is Hanwha Solutions with a target price of W38,000. We expect US module prices to rise from US$0.24/W to US$0.30/W by end-2025, supporting accelerated earnings improvement.
- While US module capacity is expanding (now over 50GW), there is a shortfall in cell supply (less than 5GW)—a gap likely to be exacerbated by AD/CVD measures.
- Hanwha Solutions posted surprise 1Q25 OP of W30.3bn (vs. consensus of -W60.7bn) on the strength of the residential energy business.
- We believe the residential energy business will continue to perform well. The US residential solar market is expected to rebound in 2025, and Hanwha Q Cells' strong residential market share (over 30%) should drive strong synergies. This should have a positive effect on ASP going forward, considering that over 60% of the firm's module sales volume is tied to the residential segment.

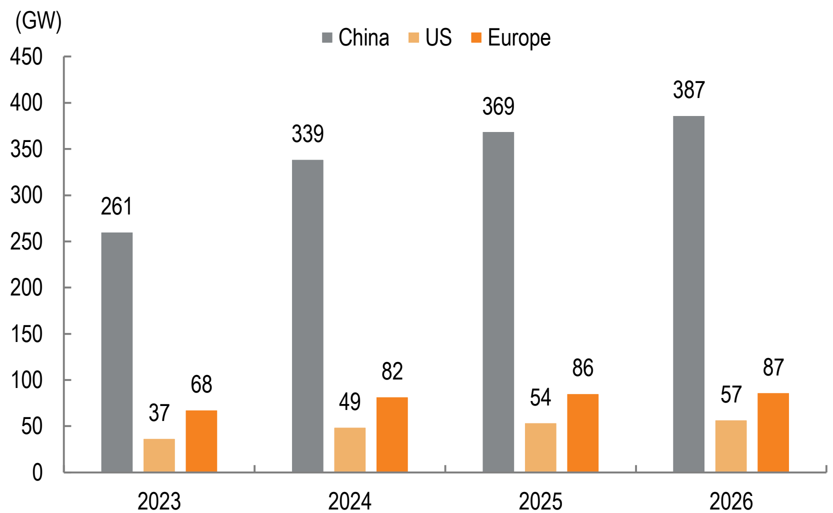
Key charts

Hanwha Solutions: Renewable energy OP trend



Source: Hanwha Solutions, Mirae Asset Securities Research

US solar installations outlook



Source: BNEF, Mirae Asset Securities Research

Biweekly strategy meeting minutes

Top story | A Top 10 pick

Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Energy	Jinho Lee	- Solar PV: US module prices are expected to continue rising following the tougher-than-expected AD/CVD announcement; Chinese solar modules that had entered the US via four Southeast Asian countries will likely face significant hurdles going forward - Wind power: While tariffs have pushed up costs of materials (especially steel), the overall margin impact should be limited, as equipment manufacturers are generally able to pass on cost increases	[Short term] **Hanwha Solutions** [Medium term] **Hanwha Solutions**	**Hanwha Solutions** - US module prices are rising due to the AD/CVD issue and inventory depletion; we see further re-rating potential for Hanwha Solutions (as the only clear beneficiary of tariffs); the value of the residential energy business should come into greater focus amid US market growth
Oil Refining/ Chemicals	Jinho Lee	- Oil refining: While US tariffs are unlikely to have a significant impact, sector fundamentals are not particularly strong; the downtrend in crude oil prices began in early Apr., suggesting that inventory-related losses are likely to be reflected in 2Q25 results - Chemicals: There is little optimism that falling oil prices will translate into meaningful spread improvement, given the weak consumption outlook; that said, if crude remains in the US$50-60/bbl range for an extended period, domestic players' cost competitiveness could improve	[Short term] S-Oil [Medium term] S-Oil	**S-Oil** - Asian petroleum product prices could bounce back on a potential fall in low-priced oil exports from Russia and Iran; gasoline margins have recovered on decreased Chinese exports and the start of the driving season; attractive valuation (P/B of 0.8x)

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Top story | A Top 10 pick

Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Defense/ Aerospace	Dong-ho Jeong	- 1Q25 earnings momentum is likely to be strongest for Hyundai Rotem and Hanwha Aerospace; although 1Q is typically a weak season, both firms are likely to report sharp YoY growth on solid deliveries to Poland, favorable FX, and operating leverage effects - The market is closely watching whether additional export deals will be signed in 1H25; most notably, Hyundai Rotem may sign a follow-up K2 contract with Poland (worth US$6bn) in Apr.–May; the signing of a major export deal could trigger a strong sector rally - Encouragingly, export discussions are expanding beyond Europe to other regions such as the Middle East and Latin America; Morocco is showing interest in K2 tanks, the KM-SAM system, and submarines - Meanwhile, defense spending in Europe is growing as countries ramp up rearmament efforts; the UK announced plans to expand 155mm artillery shell production by 16 times and reduce its reliance on US equipment; France announced plans to test and deploy domestically produced MLRS systems - European defense stocks' average 12MF P/E has risen over 50% YTD (now at 30-40x; vs. 24x for domestic defense stocks); we think domestic defense stocks also have ample room to run	[Short term] **Hyundai Rotem** [Medium term] Hanwha Aerospace	**Hyundai Rotem** - For 1Q25, we look for revenue of W1.34tr (+79% YoY; 7.8% above consensus), OP of W212.8bn (+376% YoY; 20% above consensus), and OP margin of 15.9%; earnings should remain solid, as K2GF deliveries are likely to remain largely flat QoQ; for the full year, the firm aims to deliver 96 K2GF units - A follow-up contract with Poland (W6-9tr) is likely to be signed in Apr.; meanwhile, Slovakia has expressed interest in acquiring K2PL units, confirming demand from countries with limited budgets and urgent modernization needs; once K2PL production begins, penetration into Europe should gain pace - There is also rising demand for tanks from countries like Morocco (400+ units), Peru (200), Saudi Arabia (700), and India (1,770) **Hanwha Aerospace** - For 1Q25, we look for revenue of W5.21tr (+259.5% YoY; 33% above consensus), OP of W522.7bn (+2,845.8% YoY; 14% above consensus), and OP margin of 10%; results should beat the consensus on increased deliveries of Chunmoo systems to Poland (18 units), favorable FX, and operating leverage effects - Progress on a US MCS smart factory project (3Q25) and bidding for a Saudi defense project (2H25) could serve as key milestones toward securing multi-trillion-won contracts - The stock is trading at 21x 12MF P/E (vs. 40x for Rheinmetall)

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Top story | A Top 10 pick

Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Shipbuilding	Dong-ho Jeong	- Domestic shipbuilders delivered strong 1Q25 results; the combined OP of the three shipbuilders in the HD Hyundai Group beat the consensus by 60%; SHI missed the consensus, but this was due to one-offs related to special bonus payments; sector-wide productivity improved, enabling earlier-than-planned deliveries and driving margin improvements; this should also lead to higher earnings estimates for the next two years - The newbuilding price index inched down WoW to 187.11p.; Wan Hai placed orders for four 16,000 TEU methanol container ships (two each with SHI and HD Hyundai Samho) at US$196mn per vessel—a 3.6% increase vs. similar orders placed by Maersk in 2022 - New orders should resume in 2H25, as the finalization of the IMO carbon tax scheme and USTR measures has helped lift uncertainty over shippers' future fleet composition; that said, given continued weakness in the shipping market, it remains to be seen whether shipping companies will actively invest in new vessels	[Short term] **HD HHI** [Medium term] **HD HHI**	**HD Hyundai Heavy Industries** - 1Q25 review: Revenue of W3.82tr (+27.9% YoY; 1.9% above consensus) and OP of W433.7bn (+1,940% YoY; 66% above consensus) - Productivity improvements enabled earlier-than-planned vessel deliveries, leading to lower fixed cost pressures and significant margin expansion - The benefits of increased prices have yet to be fully reflected; 80% of 1Q25 revenue came from orders won in 2022 and 16% from orders won in 2023; earnings should improve further in 2H25 and 2026 as the contribution of orders received in 2023-24 rises (contract prices in 2023 rose 22% YoY on average) - We derived our target price (W610,000) by applying a P/E of 26x to 2026-27F average EPS of W23,618; HD HHI remains our top pick in the sector
Construction/ Building Materials	Ki Ryong Kim	- Overall, major builders are likely to report in-line 1Q25 results; some favorable factors were at play (e.g., lower contribution from low-margin projects and cost ratio improvement), but the impact in 1Q was likely limited - Media reports suggest that the the signing of the contract for the Czech nuclear power plant project (in which Daewoo E&C is involved as part of the Team Korea consortium) could happen in May; we believe this would be positive for companies with prior nuclear project experience and related pipelines (e.g., Hyundai E&C, Daewoo E&C, and Samsung C&T) - The government has revived the CR-REIT system to address unsold housing inventory, and the first CR-REIT under this policy has been registered (JBYSK No. 2 Corporate Restructuring Real Estate Investment Company) following a review by the FSC; it plans to raise W46.7bn to acquire 288 units in the Suseong Lake Woobang IU Shell apartment complex (Daegu)	[Short term] Hyundai E&C [Medium term] Hyundai E&C	**Hyundai E&C** - We estimate 1Q25 consolidated OP at W185.1bn (-26.2% YoY; broadly in line with consensus) - Costs related to a recent accident involving Hyundai Engineering (Sejong–Anseong Expressway project) will likely be reflected from 2Q25; however, this will likely have a limited impact on the firm's overall turnaround story in 2025 - We see positive momentum from the nuclear value chain (including overseas nuclear power plant construction, SMRs, and decommissioning), supported by collaboration with US-based Westinghouse and Holtec

Biweekly strategy meeting minutes

Top story | A Top 10 pick

Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Steel	Ki Ryong Kim	- Major domestic steelmakers reported in-line 1Q25 results (on Apr. 24); 2025 earnings momentum remains intact thanks to a favorable comparison and improving prices - The KTC issued a preliminary ruling that duties of 27.91-38.02% should be applied to Chinese heavy plates; the MOEF has imposed these duties on a provisional basis (Apr. 24-Aug. 23) - Heavy plate import prices have risen 9% vs. end-2024; this should help improve domestic steelmakers' margins, especially for steel supplied to shipbuilders - Prices of iron ore and coking coal (used in blast furnaces) are correcting, while rebar prices are rebounding (aided by Hyundai Steel's temporary suspension of its Incheon plant in Apr.)	[Short term] POSCO Holdings [Medium term] POSCO Holdings	**POSCO Holdings** - 1Q25 consolidated OP came in at W568bn (-1.7% YoY), in line with the consensus (W544.4bn); steel OP rose 33% YoY thanks to wider carbon steel spreads and improved profitability at overseas subsidiaries; meanwhile, despite a turnaround at POSCO Future M, the energy materials division remained in the red due to lower lithium prices and increased fixed costs - POSCO Holdings signed an MOU with HMG to strengthen collaboration in steel/batteries; this partnership should have positive effects, such as more stable material supplies for overseas subsidiaries and a stronger global network - While concerns persist about a slowdown in global steel demand, we believe that price increases (driven by tariff barriers across major markets) and the easing of China-driven oversupply will serve as structural tailwinds
Power Equipment	Yunju Cho	- For 1Q25, GE Vernova posted above-consensus revenue and OP, and its electrification order backlog grew by US$2bn; the firm expects growth to remain strong, guiding mid/high-single-digit growth in 2025 (similar to 2023-24 levels) - Data center investment plans appear to be intact; despite concerns over potential spending cuts at some tech firms (e.g., Microsoft), Amazon and Nvidia emphasized that AI data center demand is not slowing down; in addition, Google affirmed its large-scale capex plans and indicated that cloud demand continues to outpace supply	[Short term] Hyosung Heavy (prev. HD Hyundai Electric) [Medium term] LS Electric (prev. HD Hyundai Electric)	**Hyosung Heavy Industries** - 1Q25 OP was W102.4bn (+82% YoY; OP margin of 9.5%), above the consensus; order backlog hit a record high, and the share of North American orders rose to 43%, enhancing visibility on margin improvement - All three major power equipment companies continue to see solid order intake, suggesting that concerns about a potential peak in market conditions and/or margins are premature **LS Electric** - 1Q25 results were weak due to delayed recognition of some domestic volumes; however, the firm's entry into the data center segment should have positive effects going forward; notably, despite soft revenue from the high-margin power equipment division, overall profitability remained decent - Recent projects have generated high margins with relatively short windows between order intake and revenue recognition - Likely to deliver above-industry profit growth thanks to: 1) the establishment/ramp-up of a US distribution equipment facility; 2) domestic capacity expansion for ultra-high-voltage transformers; and 3) entry into the data center segment

Biweekly strategy meeting minutes

Top story | A Top 10 pick

Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Transportation	Jay JH Ryu	- Shipping: The SCFI declined 1.7% WoW to 1,347.84p, holding up relatively well despite fears of a fall in freight volumes following the tariff imposition in Apr.; supply cuts by carriers appear to have helped - USTR measures targeting Chinese ships/shippers have been finalized; while less strict than expected, the new measures should increase the long-term cost burden on affected companies - Airlines: The Baltic Air Freight Index climbed 0.6% WoW and 4.0% YoY; European and US routes saw stronger gains, while Hong Kong and Shanghai routes underperformed; concerns persist over a potential drop in US-bound volumes from Chinese e-commerce companies (AliExpress, Temu, and Shein) - In the domestic market, the decline in e-commerce volume is raising concerns about reduced freight volume; however, parcel delivery rate hikes in Apr. could have positive effects	[Short term] HMM [Medium term] Hyundai Glovis	**HMM** - With CB conversion (Korea Development Bank) now complete, momentum related to the roughly W2tr share buyback should increase meaningfully; momentum could build further in the event of a tender offer - US tariffs have had a limited impact on the SCFI, suggesting that shipping companies are reducing supply - USTR measures targeting Chinese ships/shippers have been finalized; while the measures are less strict than expected, they should benefit HMM over the long term **Hyundai Glovis** - We forecast 1Q25 OP at W472bn (consensus of W490bn) - In 2Q25, US auto tariffs and increased local production by group affiliates will likely put downward pressure on the PCTC business; shares could pull back sharply around the 2Q earnings release date - That said, over the long term, these negatives should be offset by growth in CKD and inland transportation
Utilities	Jay JH Ryu	- While recent FX/oil price movements are positive in terms of cost savings, we caution that policy developments could increase volatility - The Czech Republic's competition authority has cleared the way for the signing of contracts with a Korean consortium for two nuclear power units, rejecting appeals by EDF of France; the Dukovany deal is expected to be signed in early May - US LNG-related expectations remain intact; we advise paying attention to companies seeing momentum from downstream/upstream investments; POSCO International is likely to achieve profit growth in its US business	[Short term] KEPCO KPS [Medium term] KEPCO	**KEPCO KPS** - Expectations remain intact for additional overseas nuclear order wins (following Romania); however, orders could be confined to markets outside of Europe - The Dukovany contract is expected to be signed in early May; order intake outside of Europe (Vietnam, Africa, etc.) is likely to resume - Less exposed to policy risks (e.g., electricity prices); stable profit generation and dividend expectations **KEPCO** - Solid 1Q25 earnings expected on reduced costs (SMP decline resulting from lower oil prices/FX) - The SMP decline is now fully translating into earnings improvements, and FX/oil price movements remain favorable - We see further upside to shares given their historically low valuation levels (0.3x P/B)

Biweekly strategy meeting minutes

Top story | A Top 10 pick

Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Autos	Jinsuk Kim	- Major companies have announced their 1Q25 earnings; while HMC slightly exceeded expectations, most others slightly missed the consensus - The 25% US auto tariff introduced on Apr. 3 should inevitably weigh on earnings (even factoring in positive FX effects); however, we expect HMG to remain price-competitive in the US market, and shareholder returns should remain solid; shares will likely rebound sharply if the US announces reductions in tariffs; the potential easing of tariffs for OEMs that have expanded US investments is a key point to watch	[Short term] Hyundai Motor [Medium term] Hyundai Motor	**Hyundai Motor** - 1Q25 earnings were decent, and 2Q25 results should also be solid thanks to favorable FX and mix improvements (led by HEVs); the company plans to keep US prices unchanged through Jun. 2 to clear inventory - This year, HMC is likely to gain share in the US thanks to competitive HEV models and new model releases (Palisade and Tucson); it is also likely to display above-industry BEV sales growth, aided by the Ioniq 9 launch and IRA subsidies - HMC announced a US$21bn investment in the US market (over four years), which should help sustain expectations for tariff-related cooperation - The firm's Tech Day later this year is a key event to watch
Cosmetics/ Apparel	Songyi Bae	- 1Q25 cosmetics earnings are expected to meet or even exceed elevated expectations - For brands, earnings drivers likely included US/Japan portfolio expansion and entry into Europe/the Middle East; meanwhile, ODMs likely recorded growth in line with cosmetics export growth - ODM orders remain intact even after the announcement of blanket tariffs; the absence of significant preemptive stockpiling also suggests demand should remain steady - Meanwhile, apparel companies are likely to report sluggish 1Q25 results due to weak domestic demand; that said, with apparel consumption gradually improving in China, companies that operate in China should outperform	[Short term] Kolmar Korea [Medium term] Cosmecca Korea	**Kolmar Korea** - The second US plant (to be completed in 2Q25) should enhance cost competitiveness via automation (and preemptive cost recognition); this should help the firm stand out amid tariff uncertainties - In 2025, the company expects Plant 2 to generate revenue of W10bn, allowing the US business to break even - 1Q25 results will likely beat expectations thanks to an improved product mix (amid strong demand for skin and sun care products from export-focused domestic customers), solid orders from a major US customer, and strong earnings at subsidiary HK inno.N **Cosmecca Korea** - Strong product portfolio (70% from skin care products and 20% from Englewood Lab); in 2H25, earnings should improve on restocking by a major customer, a new product cycle at Englewood Lab, and growth in cosmeceutical orders - 1Q25 results are likely to miss due to continued China weakness and a domestic customer's inventory adjustments - The stock is trading at a 12MF P/E of 9.4x, below its long-term average; retain Buy rating

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Top story | A Top 10 pick

Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Retail	Songyi Bae	- After recovering somewhat in Jan.-Feb., domestic consumption weakened in Mar. due to the impacts of wildfires and political unrest; as a result, retailers' 1Q25 earnings were likely sluggish - However, with uncertainties easing and expectations for stimulus measures growing, the consumer sentiment index rebounded slightly in Apr. (+0.4%p MoM to 93.8p) - Expectations for a recovery in domestic demand could resurface; demand for luxury goods at department stores remains firm; convenience stores and hypermarkets could benefit from stimulus measures	[Short term] Hyundai Department Store [Medium term] Shinsegae	**Hyundai Department Store** - In-line 1Q25 results likely on strong department store earnings, better-than-expected results from duty-free stores, and a turnaround at Zinus; although department store sales dipped in Mar. amid weaker domestic demand, 1Q earnings should still meet expectations due to strength in Jan.-Feb. combined with resilient watch/jewelry demand in Mar. - Going forward, momentum should come from semiannual dividends and the streamlining of duty-free stores - Hyundai GF Holdings (parent company) plans to increase its stake further (currently 33%) **Shinsegae** - The flagship store in Myeongdong has reopened following a major renewal (with expanded space for fashion and luxury) - Conversion of the Busan duty-free store into a department store is likely to reduce fixed costs by W10bn annually - However, 1Q25 results are likely to miss due to lower department store revenue and weakness at Shinsegae International
Entertainment	Gyuyeon Kim	- Sentiment has turned positive on China-related news - The hip hop trio Homies held a small concert in Wuhan, Hubei Province, on Apr. 12 - On Apr. 25, an inauguration ceremony was held for the K-Pop Korea-China Peace Association - Sluggish 1Q25 earnings expected from HYBE (Apr. 28), SM (May 7), Dear U (May 12), and JYP (May 13 or 14), given muted artist activities; however, stronger-than-expected merchandise sales could provide a catalyst for shares	[Short term] SM Entertainment [Medium term] HYBE	**SM Entertainment** - Likely to achieve a sustained rise in merchandise sales by introducing new random sales models (similar to randomized photo card inclusion in albums) and actively leveraging its artists/IP for merchandising/licensing - NCT Wish sold more than 1mn copies of its second mini album during its first week (based on Circle Chart data); SM now has two boy band that have become million sellers in their debut year, boosting expectations for earnings growth **HYBE** - 1Q25 consensus has seen repeated downward revisions, negatively affecting shares - However, there is strong visibility on long-term growth, given BTS members' return from military service (Jun.), major artist comebacks (e.g., Seventeen), and global groups/projects (e.g., Katseye comeback and Latin American audition program)

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Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Media	Gyuyeon Kim	- The slowing ad market and low drama viewership likely weighed on 1Q25 earnings - However, China is taking steps to ease market access to boost domestic consumption, and the drama industry is expected to be included in these changes; as such, there is growing optimism surrounding a potential lifting of the ban on Korean content - Companies under our coverage are set to announce 1Q25 earnings on May 8	[Short term] Studio Dragon [Medium term] CJ ENM	**Studio Dragon** - For 1Q25, we look for sharp declines in both revenue (W137.2bn; -29% YoY) and OP (W8.5bn; -61% YoY) due to a decline in the number of episodes aired (-11 YoY to 60) and the poor performance of the tentpole drama *When the Stars Gossip* - However, we expect earnings to pick up later in the year, as drama programming and new business initiatives will be concentrated in 2H - Valuation could gain momentum if China moves to lift its ban on Korean content **CJ ENM** - We estimate 1Q25 revenue at W1.09tr (7% below consensus) and OP at W19.9bn (14% below consensus), affected by the weak ad market (due to political turmoil), losses from Tving (with the end of the NAVER Membership Plus partnership), and disappointing box office results for *Harbin* - However, momentum could from the upcoming programs *Boys II Planet* (which could boost China-related expectations) and *Street Woman Fighter* (which could boost ad revenue)
Medtech	Choong-hyun Kim, CFA	- Aesthetic devices: Shares of top players such as PharmaResearch and Classys have remained solid during earnings season; exports will likely remain robust through 2Q25, as tariff uncertainty is fueling inventory stockpiling demand - Digital health: Firms continue to experience cash burn, increasing the need for capital increases; Coreline Soft conducted a rights offering, and other companies are likely to announce similar plans by 3Q25 - Diagnostics: Expectations are growing for earnings improvement at Seegene (in-vitro diagnostics company); the company aims to swing to profitability this year on solid exports and effective cost control	[Short term] PharmaResearch [Medium term] Classys	**PharmaResearch** - Inbound tourism for aesthetic treatments remains strong, boosting expectations for Rejuran (flagship product) and related cosmetics - Amid tariff-driven export uncertainty, the firm’s high reliance on the domestic market (60% of revenue) should stand out - However, profit-taking could arise following the recent rally, heightening volatility **Classys** - The US distributor for Ilooda entered court-supervised restructuring, but the impact on operations appears limited - Exports remain strong and are likely to increase further through 2Q25 due to restocking demand ahead of tariffs - Volnewmer and Shurink Universe are expected to obtain CE certification in 2Q25, allowing full-scale expansion in Europe - Volatility from largest shareholder's stake sale could increase

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Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Pharma/Biotech	Seung-min Kim	- Tariffs may have an impact on finished drug exports to the US; however, affected companies could opt to export lower-priced raw materials and finish production in the US; for drug developers pursuing technology transfer deals, tariffs should have a minimal impact - Amid tariff pressures, big pharma firms (e.g., Eli Lilly, Johnson & Johnson, Novartis, and Roche) are moving to expand their US investments - Company-level fundamentals have improved, leading to valuation expansion; the AACR annual meeting at end-Apr. is a key event to watch	[Short term] **Samsung Biologics** [Medium term] SK Biopharm	**Samsung Biologics** - For 1Q25, the company reported standalone revenue of W999.5bn (+49% YoY; in line with consensus) and OP of W430.1bn (+85% YoY; 13% above consensus), aided by the full operation of Plants 1, 2, 3, expanding utilization at Plant 4 (full operation of the 60,000-liter facility and ramp-up of the 180,000-liter facility), and favorable FX - The CDMO market boom is ongoing, and demand for early-stage CDO services also remains strong amid recovering biotech funding conditions - Plant 5 began operating in Apr., and margins are likely to improve gradually as operations ramp up; currently reviewing plans for Plant 6 **SK Biopharmaceuticals** - For Xcopri, we expect 2025 sales to be near the upper end of the firm's guidance (US$420-450mn) - SG&A expenses are likely to rise due to increased direct-to-consumer marketing for Xcopri, sales network expansion, and increased investments in next-gen modalities; however, the impact should be more than offset by Xcopri's growth - Expected to in-license an additional product that can generate synergies with Xcopri's sales network in 1H25

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Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Global Biotech	Mihwa Seo	- The AACR meeting is underway (Apr. 25-30); LigaChem Biosciences, Genome & Company, Hanmi Pharmaceutical, and Pharos iBio are among the firms presenting abstracts; with the ASCO meeting scheduled for May 30, event-driven momentum is likely to continue - Shares of Bridge Biotherapeutics fell after it announced that the phase 2 trial of BBT-877 (idiopathic pulmonary fibrosis medicine) failed to meet its primary endpoint - Global big pharma firms (Merck, Roche, Amgen, AbbVie, etc.) have begun announcing their 1Q25 results and discussing tariff-related strategies (e.g., inventory buildup and expansion of investments in the US)	[Short term] GC Biopharma (prev. Hugel) [Medium term] LigaChem Biosciences	**GC Biopharma** - We look for 1Q25 revenue of W392.3bn (+9.9% YoY) and OP of W4.7bn (swinging to profit YoY), missing the consensus - However, consolidated earnings should improve in 2H25 on the expansion of Alyglo revenue and enhanced operational efficiency at subsidiaries - 1Q is typically an off-season for IVIG products due to US insurers' annual healthcare plan updates; growth in Alyglo revenue should regain momentum from 2Q25 - The company is taking steps to limit tariff impacts, such as preemptively building up inventory at its US subsidiary and exploring the use of a US-based CMO for DP manufacturing **LigaChem Biosciences** - At the ongoing AACR meeting, the company will give a presentation highlighting successful outcomes from its platform out-licensing efforts - At the ASCO meeting in May, the firm is set to present results on a STING agonist-ADC combo therapy
Banks	Tae Joon Jeong, CFA	- We expect banks' aggregate 1Q25 NP to be largely in line with expectations (0.5% above consensus); NIMs likely held up relatively well thanks to efforts to rein in lending growth, leading to modest YoY growth in interest income; however, credit costs likely rose YoY due to rising delinquency rates and an increase in the number of companies entering rehabilitation - Overall, banks are continuing their buyback programs; this is contributing to more stable share performances	[Short term] iM Financial [Medium term] Shinhan Financial	**iM Financial Group** - We expect full-year NP to more than double YoY on the dissipating impact of real estate PF provisioning; CET1 ratio also remains on a stable upward trend, raising expectations for a double-digit shareholder return yield - With earnings rebounding and capital strength intact, we expect the stock's steep valuation discount vs. peers to narrow; our second-most preferred pick in the sector **Shinhan Financial Group** - SFG shared its targets for 2025, including improving its ROE by 50bps, maintaining its CET1 ratio at 13.1% or higher, and raising its shareholder return ratio to over 42% - Management also expressed a stronger commitment to accelerating share buybacks/cancellations to address the stock's valuation discount; this proactive communication with the market should help build investor confidence - 1Q25 NP attributable to owners of the parent came in at W1.49tr, in line with our estimate (W1.51tr) and the consensus (W1.44tr); interest income, non-interest income, and credit costs were all at healthy levels

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Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Securities	Tae Joon Jeong, CFA	- We expect securities firms' aggregate 1Q25 NP to meet the consensus, supported by higher stock market levels/trading volume (vs. 4Q24) and stable interest/FX rates; key earnings variables such as provisions and valuations of non-marketable assets likely had a limited impact, as they are typically assessed semiannually - Most companies are likely to report YoY profit declines due to: 1) lower trading volume and margin loan balances; and 2) weaker stock market returns vs. last year; however, we estimate KIH's NP grew slightly YoY, with brokerage and trading income remaining stable and interest income rising on asset growth	[Short term] Kiwoom Securities [Medium term] Korea Investment Holdings	**Kiwoom Securities** - The firm should benefit the most from increased trading volume following the launch of Nextrade given that it has the highest exposure to the domestic brokerage business among the companies under our coverage - While the domestic stock market is experiencing increased volatility, Kiwoom Securities is likely to show a strong rebound once conditions pick up meaningfully **Korea Investment Holdings** - KIH is displaying the sector's strongest earnings momentum and is likely to enjoy a first-mover advantage in IMA services - While its lukewarm stance on shareholder returns and intention to acquire a life insurer (which could hurt ROE) are somewhat disappointing, we note that: 1) DPS is likely to rise in line with profit growth; and 2) the life insurer under consideration does not require significant capital investment
Insurance	Tae Joon Jeong, CFA	- Financial authorities outlined a series of regulatory changes at the 7th insurance reform meeting; notably, new standards based on the core (tier 1) capital ratio will be introduced; in response, insurers will likely focus on maintaining/expanding their core capital ratios (including through a more conservative approach to shareholder returns); however, this could prove to be challenging - Large insurers with high core capital ratios will be better positioned to steadily expand shareholder returns	[Short term] Samsung F&M [Medium term] Samsung F&M	**Samsung F&M** - The company has the highest core capital ratio in the sector (173.8% as of end-3Q24), which should allow for stable shareholder returns
Financial Services	Zuyeon Park	- In Feb. 2025 (the most recent month for which data are available), online transaction volume was W21.6tr, up 3.5% MoM; notably, the overall growth slowdown that began in 2H24 is continuing - In Apr., Korea's consumer sentiment index edged up 0.4p MoM to 93.8p, but it remains below the 100p threshold, indicating continued pessimism - In 2024, the number of transactions using PG services rose 12.9% YoY to 29.36mn, and the total transaction value rose 11.3% YoY to W1.4tr; both maintained double-digit growth, but transaction count growth accelerated (+3%p) while value growth slowed (-5.4%p)	[Short term] Kakaopay [Medium term] Kakaopay	**Kakaopay** - Solid 1Q25 results likely, supported by stable performances from both the core payments business and subsidiaries; expectations rising for a potential swing to OP - Going forward, attention should turn to growth in overseas stock trading volume and whether the company can further expand its M/S

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Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Semiconductors	Young-gun Kim	- While there has been no official announcement, China is believed to have rolled back tariffs on eight US-made semiconductor products (excluding memory chips); accordingly, the peak of tariff-related uncertainty appears to have passed - Indeed, memory spot prices, which had seen their gains slow, have regained momentum recently - DRAM: QoQ price growth is expected from 2Q25 for DDR5 and from 3Q25 for DDR4 - NAND prices are also expected to begin rising QoQ in 2Q25 - AI-related momentum has weakened somewhat with the end of Nvidia's GTC event; however, new catalysts should emerge (e.g., confirmation of SK Hynix's HBM supply contracts for 2026) - Doubts about SEC's HBM business are growing following reports that Google canceled plans to adopt the firm's HBM3E chips; however, we advise waiting for official comments/guidance from SEC during its Apr. 30 earnings call before drawing any conclusions	[Short term] **Samsung Electronics** [Medium term] SK Hynix	**Samsung Electronics** - 1Q25 preliminary results: Revenue of W79tr and OP of W6.6tr (significantly above consensus of W4.9tr) - With the profitability gap between SK Hynix and SEC unlikely to widen further, we prefer SEC - SEC has high global exposure and should be a key beneficiary of US tariff exemptions on smartphones/computers - DDR5 price declines are expected to slow from 2Q25, DDR4 prices are likely to stabilize in 2H25, and NAND prices are expected to rise from 3Q25; Jun. will likely mark the lowest point in terms of YoY DRAM price declines; SEC's stock tends to rebound four to five months before DRAM prices bottom - As the world's largest memory manufacturer based on bit output, SEC stands to benefit the most from rising chip prices **SK Hynix** - SK Hynix posted 1Q25 revenue of W17.6tr (-10.8% QoQ) and OP of W7.4tr (-7.9% QoQ); OP significantly beat the consensus (W6.7tr) and our estimate (W6.4tr); we thus lifted our 2025 OP forecast to W36.4tr (+55.1% YoY) - For 2Q25, we look for record quarterly results, with revenue of W20.7tr (+17.6% QoQ) and OP of W8.6tr (+16.2% QoQ); we forecast DRAM ASP to rise 5.4% QoQ, driven by a higher mix of 12-layer HBM3E and stockpiling in response to tariff risks - That said, a sustained rise in ASP seems unlikely, as current demand reflects stockpiling (rather than true end-demand) - The stock looks undervalued, but investors should prepare for short-term volatility, as big tech companies are set to begin announcing their capex plans this week
EV Batteries	Chuljoong Kim	- We recommend a gradual accumulation strategy - We believe shipments bottomed in 1Q25 and are beginning to recover; as for EV demand in the US, the current administration's policy direction needs to be confirmed - Policy uncertainties related to the IRA and tariffs are likely to ease gradually in 2Q25; country-specific EV incentive policies (being introduced in response to US tariffs) should be monitored - The Korean battery value chain is likely to benefit from tariffs on Chinese products	[Short term] LG Energy Solution [Medium term] LG Energy Solution	**LG Energy Solution** - Continuing to deliver solid quarterly results; 1Q25 earnings came in above the consensus - Amid high tariff risks, the company is likely to maintain a competitive edge in securing orders thanks to its preemptive US investments and strong product portfolio

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Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Battery Equipment	Junseo Park	- We continue to favor electrode fabrication companies - Downstream capex cuts are likely leading to heavy downward pricing pressure - Dry process technology is expected to be commercialized before all-solid-state batteries - Dry processes can also be applied to all-solid-state battery production - Dry process adoption could help reduce electrode fabrication costs (excl. the mixing process) by 17-30%	[Short term] People & Technology [Medium term] People & Technology	**People & Technology** - Despite downstream uncertainties, we expect earnings to improve this year - The firm's customer base is diversifying; orders from emerging economies (India, etc.) are growing - While the pace of capacity expansion in the battery industry is slowing amid downstream capex cuts and bankruptcy filings by newer entrants, dry process orders are increasing
Electrical/ Electronic Components	Junseo Park	- Growth forecasts for IT devices are being revised downward, likely due to fears that tariff-induced price increases will hurt consumer demand - Still, component makers should report solid 1Q25 earnings, as IT device makers front-loaded component purchases in Mar. (ahead of tariffs) - The direct impact of tariffs on components is limited, but component suppliers are facing downward pricing pressure amid rising IT device prices - For IT-use MLCCs, weaker demand is limiting the potential for ASP hikes; in contrast, demand and ASP are rising for automotive and AI server-related MLCCs - While the 2H25 demand outlook is somewhat uncertain, we expect Apple's foldable models (2026), camera spec upgrades, and Siri's LLM update to serve as key demand drivers over the medium/long term	[Short term] LG Innotek [Medium term] SEMCO	**LG Innotek** - 1Q25 earnings beat the consensus, but earnings should slow in 2Q25 (off-season) - The stock is trading at 0.5x P/B amid concerns over earnings; however, the WWDC should drive positive momentum - We expect 12MF EPS to continue improving, supported by Apple's foldable releases (2026), camera spec upgrades, and Siri's LLM update **Samsung Electro-Mechanics** - 1Q25 earnings are likely to be at the upper end of market estimates, supported by strong sales to SEC's MX division in Mar. and demand growth for automotive/AI server MLCCs - We expect the firm's MLCC utilization to increase each quarter (81% in 1Q25 → 86% in 2Q25 → 91% in 3Q25) - For IT-use MLCCs, weaker demand is limiting the potential for ASP hikes; however, AI server/automotive-use MLCCs should see structural ASP growth

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Top story   A Top 10 pick

Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Battery Metals/Materials	YooJin Choi	- Battery metals: Lithium shipments are believed to have increased in 1Q25, but lower prices likely dented margins; accordingly, leading players are maintaining their competitive advantage - On Apr. 24, Trump issued a directive to fast-track environmental approvals for energy and mining projects; resource mining activity in North America is projected to increase as a result - Battery materials: Demand for silicon oxide anode materials and CNT conductive additives is likely to rise amid growing adoption by mass-market EV models and Tesla's new models - We favor companies with a high share of supply to LGES	[Short term] Daejoo Electronic Materials [Medium term] Advanced Nano Products	**Daejoo Electronic Materials** - From 2Q25, we expect silicon oxide anode materials revenue to expand on the back of shipment growth - The firm is expected to supply silicon oxide anode materials to Panasonic in Apr.; after shipments for 21700 cells (upgrade) get underway, we see potential for adoption in 46-series cells - The firm added BYD as a customer in 2024 (phosphor materials); related shipment growth deserves attention - We expect production capacity to expand from 3,000 tonnes in 2024 to 10,000 tonnes in 2025 **Advanced Nano Products** - US/Poland facilities have started operations - We expect revenue to recover in 2Q25 after bottoming in 1Q25 - Growth should be driven by: 1) adoption in 46-series cells; and 2) CNT conductive additives (for anode materials) - Battery shipment growth at SK On and LGES's 46-series cells warrant attention
Internet	HeeSeok Lim	- Domestic internet firms are likely to report decent 1Q25 results - For NAVER, the key point to watch is the performance of its separate commerce app (which is maintaining around 70,000 daily downloads) - Valuations are likely to diverge depending on how well companies adapt to the declining average time spent on e-commerce apps - Korean internet firms are relatively immune to tariff-related risks, as overseas operations do not contribute significantly to either revenue or profitability - NAVER remains our top pick, given its attractive valuation and commerce-related momentum	[Short term] NAVER [Medium term] NAVER	**NAVER** - Low valuation (2025F P/E of 18x; bottom of range since 2016) - In 1Q25, the commerce unit likely performed more strongly than the advertising unit - NAVER Plus Store (separate commerce app; 70,000 daily downloads and MAUs estimated at over 4mn) will likely serve as another upside catalyst for shares - Robust ad earnings likely in 2Q25 thanks to higher spending by advertisers - Fees for Smart Store sellers to increase by 1%p in Jun.; likely to boost annual profits by around W300bn

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Sector	Analyst	Sector comments	Top picks	Stock-specific comments
Games	HeeSeok Lim	- We expect solid 1Q25 results from Krafton and Netmarble, considering major game traffic trends - Companies that are nimbly adapting to the industry-wide trend of declining player engagement should see their valuations re-rate higher; these include Krafton in the shooter genre and Shift Up and Nexon Games in the subculture genre - Companies that are poised to benefit from app store commission cuts also deserve attention - Despite concerns over the resumption of short selling, the impact on gaming stocks is likely to be limited, given their already-low valuations	[Short term] **Shift Up** [Medium term] **Shift Up**	**Shift Up** - Momentum is building ahead of the launch of *Goddess of Victory: Nikke* in China; pre-registrations are expected to surge, with Tencent ramping up its marketing efforts - We estimate the title will rank around 20th in terms of sales in China, with average daily revenue reaching W1bn - For *Stellar Blade,* both a PC release and a crossover with *Goddess of Victory: Nikke* are scheduled for Jun. - The title's PC sales are expected to exceed its console sales (cumulative console sales estimated at over 2mn units)
Telecom Services	Soojin Kim	- Ahead of telcos' earnings announcements, there is growing concern over the USIM data breach detected on Apr. 19 - If the incident leads to subscriber losses for SKT, rivals could benefit - Updates to the timelines for 2025 shareholder return measures will be a key focus during earnings calls	[Short term] **KT** [Medium term] **KT**	**KT** - KT is expected to recognize one-off gains from a real estate development project in Gwangjin-gu; 30% is likely to be reflected in 1Q25 results and the remaining 70% in 2Q25 - Meanwhile, the consensus has been revised downward due to costs related to the establishment of new subsidiaries (as part of restructuring); excluding these one-off costs, earnings should remain solid - The hacking incident at SKT may lead to an increase in mobile number portability applications, supporting M/S gains for KT

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Sector	Analyst	Sector comments	Top picks	Stock-specific comments
IT Services	Soojin Kim	- Contrary to market concerns, corporate IT spending is holding steady even amid the economic slowdown, as businesses are increasingly viewing next-generation systems (e.g., AI) as key growth drivers - Samsung SDS posted stronger-than-expected 1Q25 results, underscoring the resilience of IT spending - Although 1Q is typically a slow period, we expect earnings reports to be solid	[Short term] LG CNS (prev. Douzone Bizon) [Medium term] Douzone Bizon	**LG CNS** - LG CNS posted 1Q25 revenue of W1.21tr (+13% YoY; 6% above consensus) and OP of W78.9bn (+144.3% YoY; 16.5% above consensus); despite downstream weakness at affiliates, earnings were supported by the firm's large non-captive exposure (38% of revenue); it is also actively pursuing new orders in emerging sectors, including shipbuilding/defense - That said, a cautious approach is necessary in the short term, as the lock-up period for 1.14mn shares will end on May 7 **Douzone Bizon** - The firm acquired a 14.99% stake in Jeju Bank for W57bn, renewing its push into internet banking; we believe this is a quicker, more cost-effective strategy (vs. the previous plan to establish an online-only bank) - For 1Q25, we look for revenue of W104.7bn (+10.9% YoY) and OP of W23bn (+26.9% YoY; OP margin of 21.9%), in line with the consensus - Fintech is likely to serve as a new growth driver

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Hanwha Solutions (009830)			
	04/25/25	Buy	38,000
	04/15/25	Buy	29,000
	02/07/25	Buy	26,000
	01/08/25	Buy	23,000
	10/31/24	Buy	28,000
	07/26/24	Buy	35,000
	07/05/24	Buy	39,000
	05/27/24	Buy	45,000
	05/16/24	Trading Buy	33,000
	04/26/24	Trading Buy	28,000
	02/23/24	Trading Buy	33,000
	01/12/24	Buy	51,000
	11/23/23	Buy	46,000
	11/01/23	Buy	40,000
	07/31/23	Buy	45,000
	04/28/23	Buy	73,000
	02/17/23	Buy	60,000
S-Oil (010950)			
	10/08/24	Buy	79,000
	07/15/24	Buy	85,000
	04/26/24	Buy	89,000
	01/29/24	Buy	104,000
	10/30/23	Buy	87,000
	04/27/23	Buy	94,000
Hyundai Rotem (064350)			
	03/14/25	Buy	140,000
	02/07/25	Buy	96,000
	11/22/24	Buy	85,000
	10/15/24	Buy	78,000
	07/29/24	Buy	65,000
	04/01/24	Buy	48,000
	09/20/23	Buy	37,000
Hanwha Aerospace (012450)			

Company	Date	Rating	TP (W)
	04/11/25	Buy	940,000
	02/11/25	Buy	670,000
	11/01/24	Buy	480,000
	08/01/24	Buy	360,000
	04/15/24	Buy	270,000
	02/26/24	Buy	210,000
	09/20/23	Buy	150,000
HD Hyundai Heavy Industries (329180)			
	04/28/25	Buy	610,000
	02/17/25	Buy	470,000
	01/17/25	Buy	383,000
	11/11/24	Buy	260,000
	09/14/22	No Coverage	
Hyundai E&C (000720)			
	04/11/25	Buy	50,000
	02/18/25	Buy	46,000
	01/10/25	Buy	36,000
	07/08/24	Buy	41,000
	01/24/24	Buy	46,000
	11/23/23	Buy	54,000
	04/28/23	No Coverage	
	11/23/22	Buy	48,000
POSCO Holdings (005490)			
	04/02/25	Buy	430,000
	09/14/22	No Coverage	
Hyosung Heavy Industries (298040)			
	02/04/25	Buy	600,000
	01/20/25	Buy	580,000
	11/01/24	Buy	520,000
	09/26/24	Buy	460,000
LS Electric (010120)			
	04/22/25	Buy	250,000
	01/20/25	Trading Buy	250,000
	09/26/24	Buy	210,000

Appendix 1

Company	Date	Rating	TP (W)
HMM (011200)			
	03/11/25	Buy	27,000
	02/25/25	Buy	25,000
	01/23/25	Trading Buy	22,000
	11/14/24	Trading Buy	20,000
	08/11/24	One year	18,000
	08/11/23	Hold	18,000
	07/24/23	Hold	20,000
	05/26/23	Trading Buy	21,000
Hyundai Glovis (086280)			
	02/07/25	Buy	170,000
	11/01/24	Buy	160,000
	07/25/24	Buy	150,000
	07/01/24	Buy	150,059
	01/26/24	Buy	115,046
	01/10/24	One year	125,050
	01/10/23	Buy	125,050
KEPCO KPS (051600)			
	11/12/24	Buy	55,000
	09/24/24	Buy	50,000
	03/28/24	One year	44,000
	03/28/23	Buy	44,000
KEPCO (015760)			
	08/09/24	Buy	27,000
	02/26/24	Trading Buy	27,000
	11/15/23	Hold	18,000
	02/28/23	Hold	20,000
Hyundai Motor (005380)			
	04/25/25	Buy	320,000
	10/25/24	Buy	360,000
	07/09/24	Buy	385,000
	04/29/24	Buy	350,000
	04/26/24	No Coverage	
	04/26/23	Buy	250,000

Company	Date	Rating	TP (W)
Kolmar Korea (161890)			
	04/04/25	Buy	92,000
	01/13/25	Buy	80,000
	11/18/24	Buy	74,000
	08/12/24	Buy	85,000
	01/05/24	Buy	75,000
	08/14/23	Buy	74,000
	07/04/23	Buy	57,000
	05/30/23	Buy	53,000
	05/15/20	One year	
Cosmecca Korea (241710)			
	11/18/24	Buy	90,000
	08/13/24	Buy	120,000
	07/12/24	Buy	100,000
Hyundai Department Store (069960)			
	04/02/25	Buy	85,000
	01/24/25	Buy	70,000
	10/10/24	Buy	60,000
	05/10/24	Buy	65,000
	01/16/24	Buy	70,000
	10/18/23	Buy	85,000
	09/19/22	No Coverage	
Shinsegae (004170)			
	11/22/24	Buy	170,000
	10/10/24	Buy	210,000
	05/09/24	Buy	220,000
	01/17/24	Buy	210,000
	10/18/23	Buy	250,000
	05/30/23	Buy	270,000
	09/19/22	No Coverage	
SM Entertainment (041510)			
	04/15/25	Buy	150,000
	02/11/25	Buy	120,000
	12/16/24	Buy	104,000

Appendix 1

Company	Date	Rating	TP (W)
	10/21/24	Buy	94,000
	05/09/24	Buy	110,000
	04/17/24	Buy	94,000
	02/13/24	Buy	117,000
	11/27/23	Buy	130,000
	10/11/22	No Coverage	
HYBE (352820)			
	02/26/25	Buy	310,000
	10/14/24	Buy	270,000
	07/08/24	Buy	300,000
	11/27/23	Buy	320,000
	07/31/23	No Coverage	
	05/31/23	Buy	345,000
	04/12/23	Buy	300,000
Studio Dragon (253450)			
	02/13/25	Buy	59,000
	11/18/24	Buy	61,000
	07/31/23	No Coverage	
	04/13/23	Buy	88,000
CJ ENM (035760)			
	11/18/24	Buy	80,000
	07/31/23	No Coverage	
	04/13/23	Buy	100,000
PharmaResearch (214450)			
	03/31/25	Buy	440,000
	02/11/25	Buy	360,000
	11/20/24	Buy	290,000
	08/22/24	Buy	260,000
Classys (214150)			
	10/18/24	Buy	74,000
	08/22/24	Buy	67,000
	05/13/24	Buy	60,000
	05/08/24	Buy	50,000
	02/15/24	Buy	45,000

Company	Date	Rating	TP (W)
	11/08/23	Buy	48,000
	08/14/23	Buy	42,000
	05/25/23	Buy	32,000
	05/11/23	Buy	30,000
	02/16/23	Buy	25,000
Samsung Biologics (207940)			
	10/22/24	Buy	1,350,000
	01/30/24	One year	1,100,000
	01/30/23	Buy	1,100,000
SK Biopharmaceuticals (326030)			
	02/07/25	Buy	160,000
	11/11/24	Buy	145,000
	08/11/24	One year	130,000
	08/11/23	Buy	130,000
	05/31/23	Buy	100,000
GC Biopharma (006280)			
	10/17/24	Buy	200,000
	07/29/24	Buy	170,000
LigaChem Biosciences (141080)			
	10/25/24	Buy	170,000
	05/29/24	Buy	86,000
iM Financial Group (139130)			
	04/14/25	Buy	12,500
	11/04/24	Trading Buy	9,500
	06/10/24	Hold	8,000
	01/08/24	No Coverage	
	10/31/23	Buy	9,900
	07/31/23	Buy	8,900
	04/10/23	Buy	8,400
Shinhan Financial Group (055550)			
	02/07/25	Buy	76,000
	07/26/24	Buy	70,000
	07/08/24	Buy	65,000
	06/10/24	Buy	58,000

Appendix 1

Company	Date	Rating	TP (W)
	01/08/24	No Coverage	
	07/28/23	Buy	48,000
	04/10/23	Buy	44,000
Kiwoom Securities (039490)			
	03/10/25	Buy	160,000
	01/07/25	Buy	150,000
	06/10/24	Trading Buy	150,000
	01/08/24	No Coverage	
	08/09/23	Buy	125,000
	05/31/23	Buy	120,000
	03/30/23	No Coverage	
Korea Investment Holdings (071050)			
	11/11/24	Buy	110,000
	06/10/24	Trading Buy	80,000
	01/08/24	No Coverage	
	05/31/23	Buy	74,000
	03/30/23	No Coverage	
Samsung Fire & Marine (000810)			
	07/15/24	Buy	460,000
	06/10/24	Buy	430,000
	03/30/23	No Coverage	
Kakaopay (377300)			
	02/06/25	Buy	38,500
	11/18/24	Buy	30,000
Samsung Electronics (005930)			
	02/03/25	Buy	80,000
	11/14/24	Buy	84,000
	05/16/24	Buy	110,000
	01/03/24	Buy	105,000
	07/10/23	Buy	90,000
	11/04/22	Buy	80,000
SK Hynix (000660)			
	04/25/25	Buy	244,000
	01/24/25	Buy	277,000

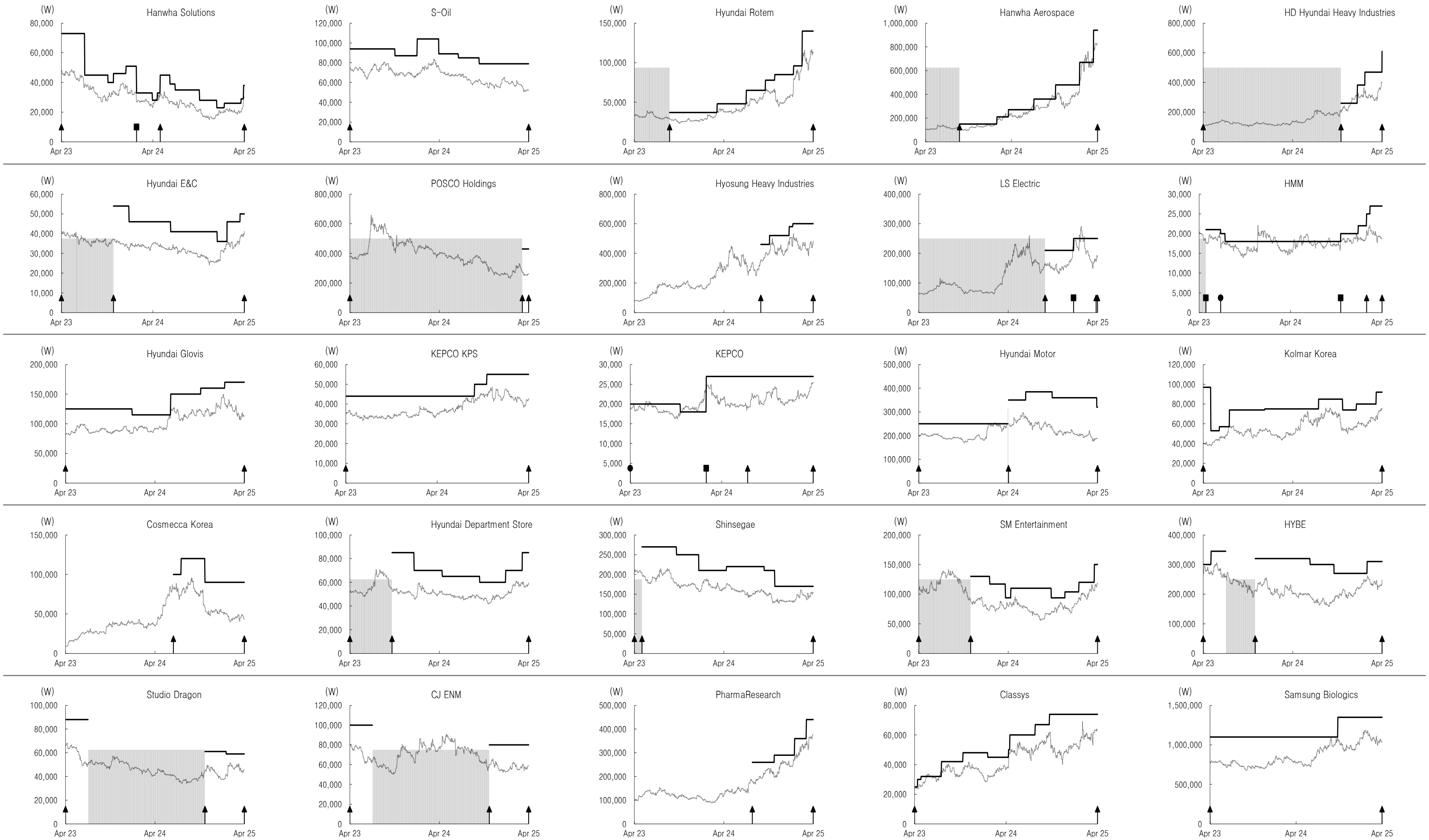
Company	Date	Rating	TP (W)
	10/24/24	Buy	270,000
	07/25/24	Buy	260,000
	05/16/24	Buy	240,000
	04/26/24	Buy	220,000
	03/05/24	Buy	200,000
	12/29/23	Buy	173,000
	06/12/23	Buy	150,000
	01/26/23	Buy	120,000
LG Energy Solution (373220)			
	01/09/25	Buy	480,000
	09/30/24	Buy	510,000
	07/26/24	Buy	420,000
	03/13/24	Buy	540,000
	01/30/24	Buy	500,000
	11/17/23	Buy	590,000
	04/10/23	Buy	900,000
People & Technology (137400)			
	11/12/24	Buy	66,000
	06/11/24	Buy	96,700
	05/30/24	Buy	84,000
	03/05/24	Buy	60,000
	11/13/23	Buy	80,000
	07/13/23	Buy	92,000
	07/29/22	Buy	76,500
LG Innotek (011070)			
	04/24/25	Buy	210,000
	04/03/25	Buy	205,000
	01/10/25	Buy	230,000
	10/24/24	Buy	280,000
	07/25/24	Buy	350,000
	06/27/24	Buy	330,000
	01/29/24	Buy	280,000
	11/28/23	Buy	350,000
	07/31/23	No Coverage	

Appendix 1

Company	Date	Rating	TP (W)
	10/27/22	Buy	380,000
Samsung Electro-Mechanics (009150)			
	07/03/24	Buy	200,000
	11/28/23	Buy	190,000
	07/31/23	No Coverage	
	01/26/23	Buy	190,000
Daejoo Electronic Materials (078600)			
	11/25/24	Buy	125,000
	08/14/24	Buy	167,000
	07/23/24	Buy	150,000
	12/30/10	One year	
Advanced Nano Products (121600)			
	11/25/24	Buy	100,000
	07/23/24	Buy	135,000
	05/26/22	One year	
NAVER (035420)			
	03/06/25	Buy	310,000
	02/07/25	Buy	290,000
	11/08/24	Buy	280,000
	08/09/24	Buy	260,000
	07/25/24	Buy	245,000
	07/08/24	Buy	240,000
	05/13/24	Buy	255,000

Company	Date	Rating	TP (W)
	05/03/24	Buy	290,000
	03/11/24	Buy	260,000
	02/02/24	Buy	310,000
	08/07/23	Buy	290,000
	02/06/23	Buy	280,000
Shift Up (462870)			
	03/17/25	Buy	98,000
	09/11/24	Buy	95,000
KT (030200)			
	04/28/25	Trading Buy	60,000
	01/17/25	Buy	60,000
	11/27/24	Buy	55,000
	11/08/24	Buy	52,000
	10/16/24	Buy	50,000
	10/25/23	One year	47,000
	10/25/22	Buy	47,000
LG CNS (064400)			
	04/18/25	Buy	68,000
Douzone Bizon (012510)			
	03/17/25	Buy	84,000
	02/07/25	Buy	106,000
	11/06/24	Buy	82,000
	08/06/24	Buy	80,000

Appendix 1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KEPCO KPS
KEPCO
Hyundai Motor
Kolmar Korea
Cosmecca Korea
Hyundai Department Store
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CJ ENM
PharmaResearch
Classys
Samsung Biologics
(W)
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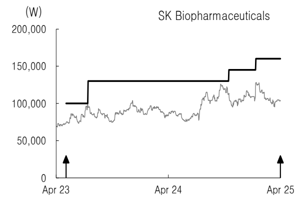
Apr 24
Apr 25

Appendix 1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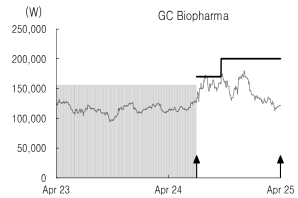
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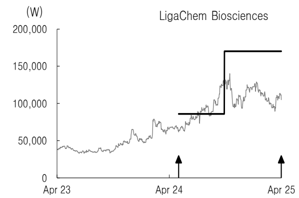
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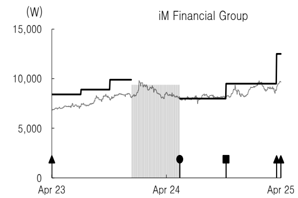
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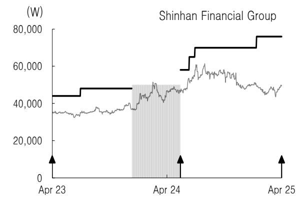
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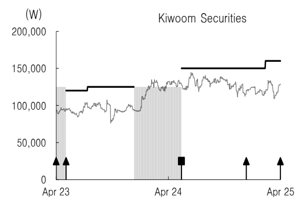
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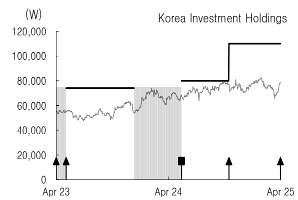
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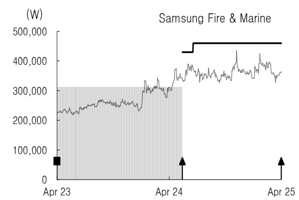
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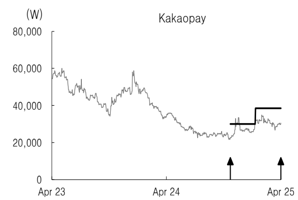
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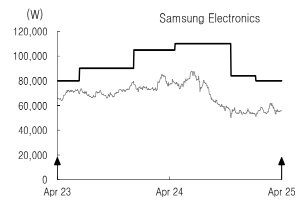
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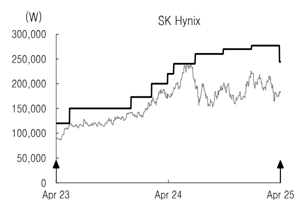
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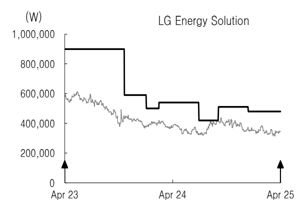
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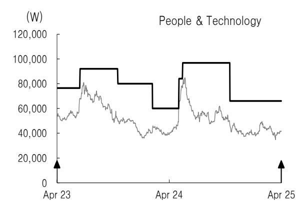
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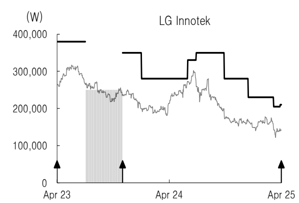
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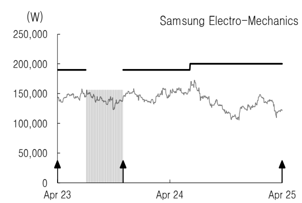
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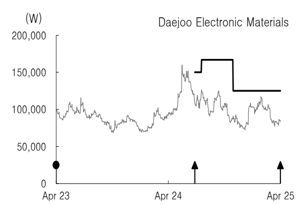
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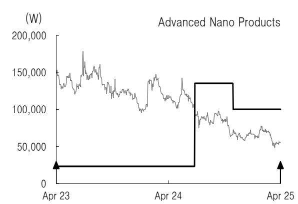
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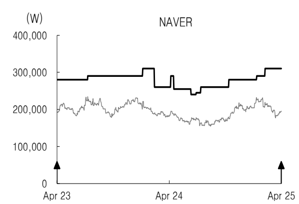
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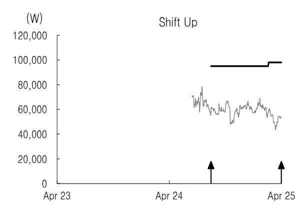
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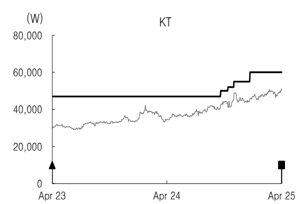
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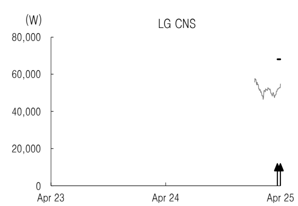
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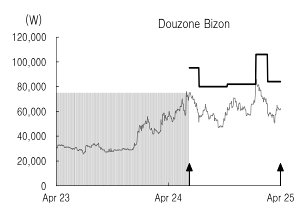
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Appendix 1

Stock ratings	
Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

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

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	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

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

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As of the publication date, Mirae Asset Securities Co., Ltd. and/or its affiliates own 1% or more of NAVER's shares outstanding.
As of the publication date, Mirae Asset Securities Co., Ltd. has acted as a liquidity provider for equity-linked warrants backed by shares of Shinhan Financial Group, KEPCO, KT, NAVER, SK Hynix, Hyundai E&C, Samsung Fire & Marine, Shinsegae, Hyundai Motor, POSCO Holdings, Samsung Electronics, Samsung Electro-Mechanics, Hanwha Solutions, S-Oil, LG Innotek, HMM, Hanwha Aerospace, Korea Investment Holdings, Hyundai Glovis, Samsung Biologics, HD Hyundai Heavy Industries, HYBE, LG Energy Solution, and Kakaopay as underlying assets; other than this, Mirae Asset Securities has no other special interests in the covered companies.
As of the publication date, Mirae Asset Securities Co., Ltd. has been acting as an advisor to KEPCO.
As of the publication date, Mirae Asset Securities Co., Ltd. is acting as a financial advisor to POSCO Holdings and LigaChem Biosciences for their treasury share buybacks and cancellations.
As of the publication date, Mirae Asset Securities Co., Ltd. provides services for HD Hyundai Heavy Industries to ensure the fulfillment of its debt obligations, including payment guarantees, endorsement of notes, collateralization, and debt assumptions.
We managed the IPO of LG CNS within the past one year.|

Appendix 1

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