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NEWS FROM KOREA

Lotte Energy Materials expects its high-end circuit copper foil business for artificial intelligence (AI) data centers to achieve a double-digit operating profit margin next year, driven by growing demand for high-value copper foil used in AI servers and high-speed networks. The company also plans to expand production capacity.

"We expect high-end circuit copper foil to achieve an operating profit margin of at least 10% next year as operations stabilize and production capacity expands," Lotte Energy Materials CEO Kim Yeon-seop said during the company's third-quarter 2026 earnings conference call on Nov. 5.

The company plans to make circuit copper foil a core product category, increasing its share of revenue from an estimated 14% this year to 40% by 2029.
To support the expansion, Lotte Energy Materials will increase annual circuit copper foil production capacity at its Iksan plant in North Jeolla Province from 6,700 tons to 16,000 tons by 2027 by adding post-processing facilities within the existing plant. The company is also considering further expansion in 2028 and the introduction of dedicated production equipment for hyper very low profile (HVLP) copper foil and ultra-thin copper foil (UTC).
Circuit copper foil is used in printed circuit boards (PCBs) and other applications. AI servers and high-speed networks use HVLP copper foil, which has lower surface roughness to minimize signal loss. HVLP is classified into five grades based on surface roughness and signal transmission loss, among other factors. Higher grades offer smoother surfaces and lower signal loss, making them better suited for high-speed data transmission. Lotte Energy Materials currently mass-produces Grade 3 and Grade 4 HVLP copper foil and is developing Grade 5.

The company forecasts that global HVLP demand will grow at a compound annual rate of 33% from 2026 through 2030, compared with current demand of less than 30,000 tons. It expects circuit copper foil sales volume to more than double next year, with high-end products accounting for over 50% of the total.
Production yield remains a challenge. The yield for Grade 1 HVLP, the lowest grade, is about

60%, below the 80% achieved for conventional circuit copper foil. Grades 3 and 4, which are already in mass production, are also still undergoing stabilization. The company plans to raise yields to levels comparable with global competitors by the end of this year.
Lotte Energy Materials is also developing its UTC business for optical transceivers. These devices convert electrical signals into optical signals and vice versa and are used in high-speed optical communication networks at AI data centers. The company supplies circuit copper foil to PCB customers within the global optical communications supply chain and is conducting UTC qualification tests with some customers.

Lotte Energy Materials reported third-quarter revenue of 289.7 billion won and an operating loss of 21.3 billion won. Revenue rose 101.6% from a year earlier, while the operating loss narrowed by about 13 billion won.

"We expect our Malaysian subsidiary, which produces battery copper foil, to turn profitable in the first or second quarter of next year," the company said. "On a consolidated basis, we expect to return to profitability in the second quarter of next year."