COMPANY UPDATE

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Wonik IPS (240810)

3Q review; more memory capex needed

- Wonik IPS reported stronger-than-expected 3Q earnings, as the firm recognized some equipment sales earlier than expected.
- We raise our earnings forecast for the firm to reflect the chances of memory clients raising their capex plans.
- We raise our target price for the stock to KRW86,000, and keep it as our sector top pick.

WHAT'S THE STORY?

3Q review: Wonik IPS' 3Q sales grew 45% y-y and 11% q-q, beating FnGuide-based consensus by 8%. As well expected, display equipment sales more than doubled q-q, driving the firm's overall sales growth. In the semiconductor equipment division, DRAM-related sales showed a temporary blip, but the firm recognized some equipment sales earlier than expected, leading to stronger-than-expected sales overall. Due to a falling display portion of sales, operating margin fell by 5%pts. However, with sales growing in absolute size, operating profit beat consensus by 6%.

Memory capex needs expanding: With AI demand growing steeply, it seems more likely that memory companies will raise their capex plans. Major hyperscalers have all raised their capex plans during 3Q earnings season. Wonik IPS' memory-making clients also showed some fine-tuning in their capex plans during their 3Q earnings conference call. One client said that it is considering raising its HBM production further in response to additional demand, on top of the previous sharp expansion in its HBM production plans. Another client said that, while it is sticking to supply discipline, it could open its new plant earlier than being planned to keep in pace with demand growth. Reflecting all these, we raise our 2026 sales forecast for Wonik IPS by 12% to KRW1.3t, and our operating profit forecast by 19% to KRW167.1b.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW86,000	29.3%
Current price	**KRW66,500**	
Market cap	KRW3.3t/USD2.3b	
Shares (float)	49,083,901 (66.1%)	
52-week high/low	KRW71,700/KRW20,950	
Avg daily trading value (60-day)	KRW39.5b/ USD27.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Wonik IPS (%)	17.3	190.4	141.4
Vs Kosdaq (%pts)	14.3	139.4	101.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	86,000	70,000	22.9%
2025E EPS	1,471	1,451	1.3%
2026E EPS	2,840	2,419	17.4%

SAMSUNG vs THE STREET

No of estimates	8
Target price	62,750
Recommendation	3.9

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	268.4	45.4	10.8	3.8	7.8
Operating profit	27.5	90.4	-24.5	5.7	5.5
Pre-tax profit	38.0	911.6	15.7	31.0	36.7
Net profit	28.3	234.7	2.3	25.1	54.0
Margins (%)					
Operating profit	10.3				
Pre-tax profit	14.1				
Net profit	10.5				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	52.5	45.2	23.4
P/B	1.2	3.4	3.0
EV/EBITDA	18.3	26.4	14.6
Div yield (%)	0.2	0.2	0.5
EPS growth (% y-y)	nm	245.2	93.2
ROE (%)	2.4	7.8	13.5
Per-share data (KRW)			
EPS	426	1,471	2,840
BVPS	18,240	19,626	22,317
DPS	50	150	300

Raising target price; still a top pick: We raise our target price for the firm to KRW86,000, and keep it at BUY. We still recommend the s5tock as our sector top pick. In calculating our target price, we apply the average P/E multiple (30x) at which top-five global front-end equipment companies (ie, ASML, Applied Materials, Lam Research, KLA, and Tokyo Electron) are trading to our 2026 EPS forecast. Our target might seem demanding given that the top-tier companies are enjoying overwhelming profitability and ROE, but we note that the firm has the potential to outperform these top-tier companies when domestic memory companies engage in new capacity additions in earnest.

Results and forecasts

Summary income statement

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25P	4Q25E	2024	2025E	2026E
Sales	**114**	**155**	**185**	**295**	**124**	**242**	**268**	**303**	**748**	**938**	**1,320**
Growth (% y-y)	-24.3	15.0	2.6	30.8	9.1	56.3	45.4	2.7	8.4	25.3	40.7
Growth (% q-q)	-49.5	36.1	19.2	59.7	-57.9	95.0	10.8	12.8			
Cost of goods sold	72	92	98	194	64	134	162	175	456	535	726
Gross profit	**42**	**63**	**87**	**101**	**60**	**109**	**106**	**128**	**292**	**402**	**594**
Gross margin (%)	36.7	40.5	47.2	34.1	48.3	44.8	39.5	42.1	39.1	42.9	45.0
SG&A expenses	69	66	73	75	67	72	79	104	282	322	427
Operating profit	**-27**	**-3**	**14**	**26**	**-7**	**36**	**28**	**23**	**11**	**80**	**167.1**
Operating margin (%)	-23.5	-2.0	7.8	8.8	-5.9	15.1	10.3	7.6	1.4	8.5	12.7
Non-operating profit	7	6	-11	4	4	-4	10	3	7	14	10
Pre-tax profit	**-20**	**3**	**4**	**30**	**-3**	**33**	**38**	**26**	**17**	**94**	**177**
Pre-tax margin (%)	-17.5	2.1	2.0	10.3	-2.7	13.6	14.1	8.6	2.3	10.0	13.4
Net profit	**-22**	**7**	**8**	**28**	**-5**	**28**	**28**	**20**	**21**	**72**	**138**
Net margin (%)	-19.7	4.5	4.6	9.4	-3.8	11.4	10.5	6.7	2.8	7.6	10.5
EPS (KRW)	**-462**	**144**	**174**	**570**	**-97**	**568**	**581**	**418**	**426**	**1,471**	**2,840**
Growth (% y-y)	nm	nm	105.9	nm	nm	293.6	234.7	-26.7	nm	245.2	93.2
Growth (% q-q)	nm	nm	20.3	228.3	nm	nm	2.3	-28.1			

Source: Company data, Samsung Securities estimates

Sales, by division

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25P	4Q25E	2024	2025E	2026E
Semiconductor	111.2	147.9	107.5	210.5	94.1	217.6	197.4	199.9	577.1	708.9	1,079.1
Display	2.7	7.0	77.0	84.3	30.1	24.6	71.0	103.0	171.1	228.7	240.6
Total	113.8	154.9	184.6	294.9	124.2	242.2	268.4	302.8	748.2	937.6	1,319.7
Share (%)											
Semiconductor	97.7	95.5	58.3	71.4	75.8	89.8	73.5	66.0	77.1	75.6	81.8
Display	2.3	4.5	41.7	28.6	24.2	10.2	26.5	34.0	22.9	24.4	18.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Growth (% y-y)											
Semiconductor	-18.4	18.6	-39.5	31.4	-15.3	47.1	83.6	-5.1	-3.6	22.8	52.2
Display	-81.1	-29.6	3,275.4	29.3	1,026.9	250.1	-7.8	22.1	86.7	33.7	5.2
Total	-24.3	15.0	2.6	30.8	9.1	56.3	45.4	2.7	8.4	25.3	40.8
Growth (% q-q)											
Semiconductor	-30.6	33.0	-27.3	95.8	-55.3	131.2	-9.3	1.3			
Display	-95.9	163.3	995.9	9.4	-64.3	-18.2	188.4	45.0			
Total	-49.5	36.1	19.2	59.7	-57.9	95.0	10.8	12.8			

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**690**	**748**	**938**	**1,320**	**1,344**
Cost of goods sold	414	456	535	726	735
Gross profit	**276**	**292**	**402**	**594**	**608**
Gross margin (%)	40.0	39.1	42.9	45.0	45.3
SG&A expenses	294	282	322	427	439
Operating profit	**-18**	**11**	**80**	**167**	**169**
Operating margin (%)	-2.6	1.4	8.5	12.7	12.6
Non-operating gains (losses)	**-3**	**7**	**14**	**10**	**10**
Financial profit	8	6	18	17	17
Financial costs	4	11	3	7	7
Equity-method gains (losses)	-1	-2	-0	0	0
Other	-5	14	-1	0	-0
Pre-tax profit	**-21**	**17**	**94**	**177**	**180**
Taxes	-7	-3	22	39	39
Effective tax rate (%)	35.2	-19.1	23.5	22.0	22.0
Profit from continuing operations	-14	21	72	138	140
Profit from discontinued operations	0	0	0	0	0
Net profit	**-14**	**21**	**72**	**138**	**140**
Net margin (%)	-2.0	2.8	7.6	10.5	10.4
Net profit (controlling interests)	-14	21	72	138	140
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	27	52	119	205	209
EBITDA margin (%)	3.9	7.0	12.7	15.6	15.6
EPS (parent-based) (KRW)	-282	426	1,471	2,840	2,878
EPS (consolidated) (KRW)	-282	426	1,471	2,840	2,878
Adjusted EPS (KRW)*	-282	426	1,471	2,840	2,878

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**588**	**645**	**768**	**914**	**1,023**
Cash & equivalents	54	135	34	136	147
Accounts receivable	22	23	40	52	59
Inventories	341	338	428	436	520
Other current assets	170	149	265	290	297
Fixed assets	**497**	**479**	**462**	**458**	**479**
Investment assets	32	35	35	35	35
Tangible assets	354	334	324	323	347
Intangible assets	22	27	27	24	21
Other long-term assets	89	82	75	75	75
Total assets	**1,085**	**1,124**	**1,230**	**1,373**	**1,502**
Current liabilities	**210**	**229**	**268**	**280**	**283**
Accounts payable	33	34	39	51	55
Short-term debt	0	0	0	0	0
Other current liabilities	177	195	229	229	229
Long-term liabilities	**9**	**8**	**7**	**7**	**7**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	9	8	7	7	7
Total liabilities	**218**	**237**	**275**	**287**	**290**
Owners of parent equity	**867**	**887**	**955**	**1,086**	**1,211**
Capital stock	25	25	25	25	25
Capital surplus	357	357	357	357	357
Retained earnings	494	515	581	712	837
Other	-9	-9	-8	-8	-8
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**867**	**887**	**955**	**1,086**	**1,211**
Net debt	-82	-131	-128	-255	-274

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**-12**	**78**	**25**	**144**	**86**
Net profit	-14	21	72	138	140
Non-cash profit and expenses	71	66	39	38	40
Depreciation	38	39	36	35	36
Amortization	7	3	3	3	3
Other	26	24	0	0	0
Changes in A/L from operating activities	-58	-10	-85	-32	-93
Cash flow from investments	**-46**	**5**	**-122**	**-35**	**-60**
Change in tangible assets	-60	-20	-122	-35	-60
Change in financial assets	22	29	0	0	0
Other	-8	-3	0	0	0
Cash flow from financing	**14**	**-3**	**-4**	**-7**	**-15**
Change in debt	6	-1	0	0	0
Change in equity	6	0	0	0	0
Dividends	-10	0	-2	-7	-15
Other	11	-3	-1	0	0
Change in cash	-44	81	-102	102	12
Cash at beginning of year	98	54	135	34	136
Cash at end of year	54	135	34	136	147
Gross cash flow	**58**	**87**	**110**	**177**	**180**
Free cash flow	**-72**	**57**	**-4**	**109**	**26**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-31.8	8.4	25.3	40.7	1.8
Operating profit	nm	nm	649.2	109.5	1.4
Net profit	nm	nm	244.9	93.2	1.3
Adjusted EPS**	nm	nm	245.2	93.2	1.3
Per-share data (KRW)					
EPS (parent-based)	-282	426	1,471	2,840	2,878
EPS (consolidated)	-282	426	1,471	2,840	2,878
Adjusted EPS**	-282	426	1,471	2,840	2,878
BVPS	18,035	18,240	19,626	22,317	24,895
DPS (common)	0	50	150	300	350
Valuations (x)					
P/E***	n/a	52.5	45.2	23.4	23.1
P/B***	1.9	1.2	3.4	3.0	2.7
EV/EBITDA	58.3	18.3	26.4	14.6	14.3
Ratios (%)					
ROE	-1.6	2.4	7.8	13.5	12.2
ROA	-1.2	1.9	6.1	10.6	9.7
ROIC	-1.8	1.9	8.7	17.6	16.6
Payout ratio	0.0	11.7	10.2	10.6	12.2
Dividend yield (common)	0.0	0.2	0.2	0.5	0.5
Net debt to equity	-9.4	-14.8	-13.4	-23.5	-22.6
Interest coverage (x)	-37.4	27.6	n/a	n/a	n/a

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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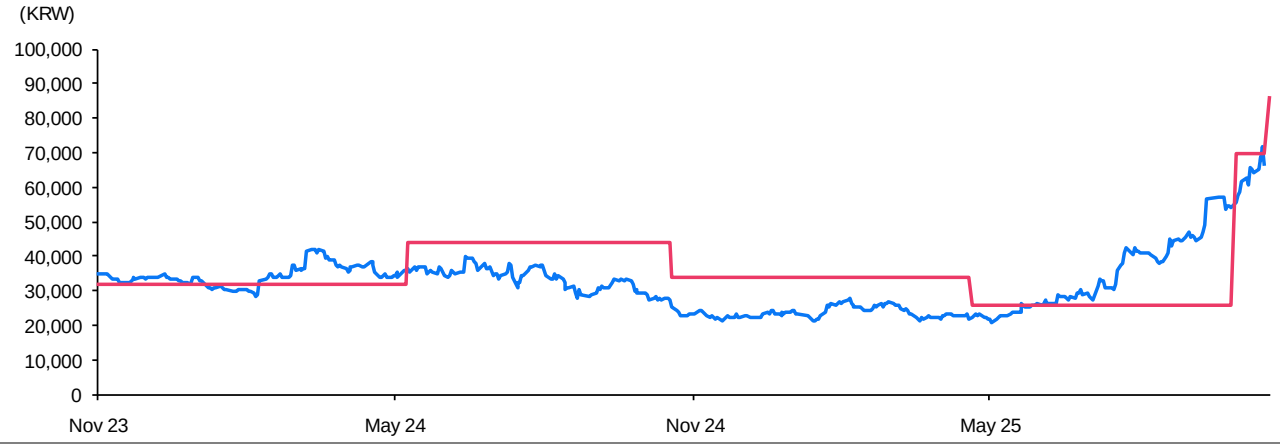

Rating changes over past two years (adjusted share prices)

Date	2023/2/23	2024/2/23	2024/5/30	11/8	2025/5/12	10/20	11/10
Recommendation	HOLD	HOLD	BUY	HOLD	HOLD	BUY	BUY
Target price (KRW)	32000	32000	44000	34000	26000	70000	86000
Gap* (average)	1.46	13.12	-23.94	-30.32	30.97	-9.08	
(max or min)**	17.97	31.56	-8.86	-18.24	119.62	2.43	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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