COMPANY UPDATE

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Duksan Neolux (213420)

To post record high sales in 4Q

- Duksan Neolux reported consensus-missing 3Q results.
- The parent should post record high sales in 4Q led by recognition of deferred shipments from 3Q.
- We maintain our BUY rating on the stock with an unchanged target price of KRW51,000.

WHAT'S THE STORY?

3Q results miss consensus: Duksan Neolux reported 3Q consolidated sales of KRW98.3b and an operating profit of KRW17.5b, the latter missing FnGuide consensus of KRW19.2b. The parent (which runs the core OLED materials business) posted sales of KRW51.5b, down 6.1% y-y, due mainly to deferral of shipments to 4Q—nb, OLED panel makers' shipments to key global mobile device makers began only from mid-3Q. Meanwhile, consolidated subsidiary Hyundai Heavy Industries Turbomachinery (HHI-TMC) posted an operating margin of more than 14%, up notably q-q, thanks to increased awareness of its products and cuts in COGS.

To enjoy earnings momentum in 4Q; 2026 to be a mixed bag (anticipation for new product + China risk): The parent should post record high sales of KRW68.8b in 4Q, led by deferred sales from 3Q. Thanks to the resultant cut in fixed costs, its operating margin should jump from 21% in 3Q to 35%. 2026 should be a mixed bag—while new product black pixel define layer (PDL) will likely begin sales contribution thanks to integration into more products, its mid-to low-end, rigid type OLED materials should keep facing competition from China. We forecast the company's consolidated 2026 sales and operating profit at KRW416.7b and KRW82.7b, respectively.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW51,000	29%
Current price	**KRW39,550**	
Market cap	KRW982.07b/USD673.57m	
Shares (float)	24,831,179 (54.8%)	
52-week high/low	KRW49,850/KRW22,450	
Avg daily trading value (60-day)	KRW10.9b/ USD7.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Duksan Neolux (%)	-11.7	18.4	74.2
Vs Kosdaq (%pts)	-15.9	-4.9	32.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	51,000	51,000	0.0%
2025E EPS	2,470	2,367	4.4%
2026E EPS	2,958	3,257	-9.2%

SAMSUNG vs THE STREET

No of estimates	8
Target price	59,000
Recommendation	4.0

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

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	98.3	79.1	106.0	-0.9	1.8
Operating profit	17.5	39.2	72.5	-14.8	-8.7
Pre-tax profit	18.6	37.5	51.6	-14.9	-4.1
Net profit	14.1	32.2	55.4	-21.0	-21.2
Margins (%)					
Operating profit	17.8				
Pre-tax profit	18.9				
Net profit	14.3				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	15.1	16.0	13.4
P/B	1.7	2.1	1.9
EV/EBITDA	10.2	12.3	10.2
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	27.7	34.1	19.7
ROE (%)	12.2	14.4	15.0
Per-share data (KRW)			
EPS	1,843	2,470	2,958
BVPS	16,240	18,538	21,288
DPS	0	0	0

Maintaining BUY with KRW51,000 target price: We derive our target price by applying 15.8x, a 10% discount to its peers' P/E of 17.6x to reflect the incorporation of HHI-TMC as consolidated subsidiary in 2Q, to our 12-month forward EPS forecast of KRW3,251. We maintain BUY, as: 1) the company should enjoy earnings momentum at the core OLED material operation; and 2) its strong growth should remain intact in 2026 backed by its position as one of the dominant duos (OLED material suppliers) for clients.

3Q review

(KRWb)	3Q25P	3Q24	2Q25	Chg*	
				(% y-y)	(% q-q)
Sales	98.3	54.9	47.7	79.1	106.0
Operating profit	17.5	12.6	10.1	39.2	72.5
Pre-tax profit	18.6	13.5	12.3	37.5	51.6
Net profit	14.1	10.7	9.1	32.2	55.4
Margins (%)					
Operating profit	17.8	22.9	21.3		
Pre-tax profit	18.9	24.6	25.7		
Net profit	14.3	19.4	19.0		

Note: *Consolidated subsidiary included from Q2 2025
Source: Company data, Samsung Securities

Revisions to full-year forecasts

(KRWb)	2025E			2026E		
	Old	New*	Diff (%)	Old	New	Diff (%)
Sales	324.5	336.8	3.8	424.5	416.7	-1.8
Operating profit	64.1	67.4	5.1	91.1	82.7	-9.2
Pre-tax profit	68.5	71.4	4.3	94.6	85.9	-9.2
Net profit	58.8	61.3	4.3	80.9	73.4	-9.2

Note: *Hyundai Heavy Industries Turbomachinery consolidated from Q2 onwards
Source: Samsung Securities estimates

Target-price calculation

(KRW)		
EPS	3,251	12-month forward
Target P/E (x)	15.8	10% discount to 2025E average at which peers are trading (to reflect acquisition of Hyundai Heavy Industries Turbomachinery)
Fair equity value per share	51,401	
Target price	**51,000**	
Current price	39,150	As of Nov 13
Upside (%)	30.3	

Source: Samsung Securities estimates, Bloomberg

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**52.5**	**52.7**	**54.9**	**52.2**	**37.9**	**80.9**	**98.3**	**119.6**	**87.1**	**100.5**	**114.0**	**115.1**	**212.3**	**336.8**	**416.7**
Duksan Neolux (parent basis)	52.5	52.7	54.9	52.2	37.9	47.7	51.5	68.8	49.3	57.6	65.9	72.3	212.3	206.0	245.1
Hyundai Heavy Industries Turbomachinery*						33.2	46.8	50.7	37.7	42.9	48.0	42.9		149.2	171.5
Operating profit	**10.3**	**10.0**	**12.5**	**19.6**	**9.9**	**10.3**	**17.5**	**29.7**	**15.4**	**19.6**	**21.8**	**26.0**	**52.5**	**67.4**	**82.7**
Margin (%)	19.6	19.1	22.9	37.6	26.1	12.7	17.8	24.8	17.6	19.5	19.1	22.6	24.7	20.0	19.9

Note: *Consolidated subsidiary from 2Q25 / Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**164**	**212**	**337**	**417**	**500**
Cost of goods sold	107	132	227	282	333
Gross profit	**56**	**80**	**110**	**135**	**167**
Gross margin (%)	34.3	37.7	32.7	32.4	33.4
SG&A expenses	23	28	43	52	62
Operating profit	**33**	**52**	**67**	**83**	**105**
Operating margin (%)	20.1	24.7	20.0	19.9	21.0
Non-operating gains (losses)	**9**	**2**	**4**	**3**	**6**
Financial profit	10	8	5	4	7
Financial costs	2	4	1	1	1
Equity-method gains (losses)	0	-1	0	0	0
Other	-0	-1	-0	0	-0
Pre-tax profit	**42**	**54**	**71**	**86**	**111**
Taxes	6	8	10	12	16
Effective tax rate (%)	14.2	15.1	14.2	14.5	14.6
Profit from continuing operations	36	46	61	73	94
Profit from discontinued operations	0	0	0	0	0
Net profit	**36**	**46**	**61**	**73**	**94**
Net margin (%)	21.9	21.6	18.2	17.6	18.9
Net profit (controlling interests)	36	46	56	68	87
Net profit (non-controlling interests)	0	0	5	6	8
EBITDA	42	63	80	95	117
EBITDA margin (%)	25.7	29.9	23.6	22.7	23.3
EPS (parent-based) (KRW)	1,442	1,843	2,470	2,958	3,804
EPS (consolidated) (KRW)	1,442	1,843	2,470	2,958	3,804
Adjusted EPS (KRW)*	1,442	1,843	2,470	2,958	3,804

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**99**	**121**	**116**	**153**	**210**
Cash & equivalents	38	69	32	50	86
Accounts receivable	9	15	23	29	35
Inventories	31	32	50	62	74
Other current assets	21	6	10	12	15
Fixed assets	**307**	**333**	**419**	**467**	**518**
Investment assets	136	150	228	279	331
Tangible assets	100	107	117	116	116
Intangible assets	57	59	57	55	54
Other long-term assets	14	17	17	17	17
Total assets	**406**	**454**	**535**	**621**	**728**
Current liabilities	**25**	**26**	**41**	**50**	**60**
Accounts payable	7	4	6	7	9
Short-term debt	3	0	0	0	0
Other current liabilities	15	22	35	43	51
Long-term liabilities	**27**	**30**	**34**	**37**	**40**
Bonds & long-term debt	19	22	22	22	22
Other long-term liabilities	8	8	12	15	18
Total liabilities	**53**	**55**	**75**	**87**	**100**
Owners of parent equity	**353**	**399**	**455**	**523**	**610**
Capital stock	5	5	5	5	5
Capital surplus	141	141	141	141	141
Retained earnings	217	262	319	386	473
Other	-10	-9	-9	-9	-9
Non-controlling interests' equity	**0**	**0**	**5**	**11**	**18**
Total equity	**353**	**399**	**460**	**534**	**628**
Net debt	-29	-45	-7	-24	-59

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**51**	**60**	**61**	**77**	**97**
Net profit	36	46	61	73	94
Non-cash profit and expenses	11	20	18	21	22
Depreciation	8	9	10	10	10
Amortization	2	2	2	2	1
Other	2	9	6	9	10
Changes in A/L from operating activities	5	-6	-13	-8	-8
Cash flow from investments	**-141**	**-27**	**-85**	**-51**	**-53**
Change in tangible assets	-16	-14	-20	-10	-10
Change in financial assets	-93	-3	-65	-42	-44
Other	-33	-10	0	0	0
Cash flow from financing	**-3**	**-3**	**1**	**1**	**1**
Change in debt	4	0	1	1	1
Change in equity	0	0	0	0	0
Dividends	0	0	0	0	0
Other	-7	-3	0	0	0
Change in cash	-93	30	-36	18	36
Cash at beginning of year	132	38	69	32	50
Cash at end of year	38	69	32	50	86
Gross cash flow	**47**	**66**	**79**	**94**	**116**
Free cash flow	**35**	**44**	**41**	**67**	**87**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-7.3	29.7	58.7	23.7	20.1
Operating profit	-26.9	59.5	28.5	22.8	26.7
Net profit	-8.0	27.7	34.1	19.7	28.6
Adjusted EPS**	-8.0	27.7	34.1	19.7	28.6
Per-share data (KRW)					
EPS (parent-based)	1,442	1,843	2,470	2,958	3,804
EPS (consolidated)	1,442	1,843	2,470	2,958	3,804
Adjusted EPS**	1,442	1,843	2,470	2,958	3,804
BVPS	14,376	16,240	18,538	21,288	24,826
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	30.9	15.1	16.0	13.4	10.4
P/B***	3.1	1.7	2.1	1.9	1.6
EV/EBITDA	25.5	10.2	12.3	10.2	8.1
Ratios (%)					
ROE	10.6	12.2	14.4	15.0	16.7
ROA	9.3	10.6	12.4	12.7	14.0
ROIC	15.8	21.8	25.8	29.4	35.8
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	-8.3	-11.2	-1.6	-4.6	-9.5
Interest coverage (x)	41.4	63.1	78.1	91.5	111.9

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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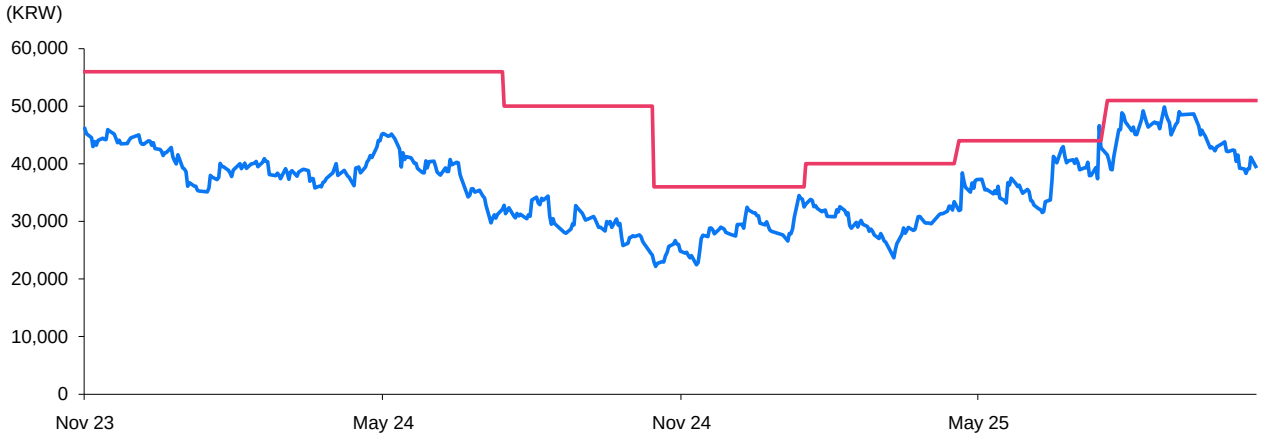
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/13	2024/8/13	11/13	2025/2/14	5/19	8/18
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	56000	50000	36000	40000	44000	51000
Gap* (average)	-28.42	-40.51	-22.85	-25.54	-15.83	
(max or min)**	-14.73	-31.20	-4.17	-15.50	5.91	

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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Industry

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Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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