COMPANY UPDATE

2026. 1. 29

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Orion (271560)

2026 to bring cocoa cost improvement, demand recovery in Vietnam

- Cocoa costs have fallen 39% since end-2025, which we believe was reflected in Orion's 2026 cocoa supply contract (renewed in January). All told, we expect this to boost profitability from March, lifting full-year operating margin by 2.1%pts.
- Sales in Vietnam, which were sluggish throughout 2025, have shown signs of recovery in January. US-bound exports from plants in Korea should rise 45% y-y in 2026, led by the completion of export-dedicated lines in 1H.
- Reflecting the likely increase in sales and earnings, we raise our target price by 10% to KRW150,000.

WHAT'S THE STORY?

Cocoa cost improvement cycle begins: Orion renewed its annual cocoa supply contract in January, and we assume the contract reflected a recent decline in cocoa prices—cocoa futures are down 39% from end-2025 levels (Bloomberg). All told, this should meaningfully lift Orion's profitability from March. Cocoa costs currently equate to around 6% of the firm's total sales and account for 15% of its total raw material costs. Assuming other conditions remain the same, the new contract should boost full-year operating margin by 2.1%pts. Capex for capacity expansions at plants in Korea, Russia, China, and India is now estimated at a combined KRW930b over 2025-2027 (vs KRW830b, previously). Even considering the likely increase in depreciation costs, we expect 2026 operating profit to top consensus.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	3,104	3,337	3,621	3,941
Operating profit	544	555	651	706
Net profit (adj)	533	404	517	555
EPS (adj) (KRW)	13,269	10,042	12,693	13,998
EPS (adj) growth (% y-y)	39.3	-24.3	26.4	10.3
EBITDA margin (%)	22.7	21.9	23.8	24.4
ROE (%)	16.6	11.0	12.7	12.6
P/E (adj) (x)	7.7	10.5	9.2	8.4
P/B (x)	1.2	1.1	1.1	1.0
EV/EBITDA (x)	4.4	4.2	4.1	3.6
Dividend yield (%)	2.4	2.4	2.1	2.2

Source: Company data, Samsung Securities estimates

Global Equity

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AT A GLANCE

BUY

Target price	KRW150,000	28.2%
Current price	KRW117,000	
Market cap	KRW4.6t/USD3.2b	
Shares (float)	39,536,132 (56.2%)	
52-week high/low	KRW126,900/KRW97,100	
Avg daily trading value (60-day)	KRW19.1b/ USD13.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Orion (%)	9.7	5.9	20.5
Vs Kospi (%pts)	-12.4	-34.3	-40.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	150,000	137,000	9.5%
2025E EPS	10,042	11,359	-11.6%
2026E EPS	12,693	12,101	4.9%

SAMSUNG vs THE STREET

No of estimates	12
Target price	147,917
Recommendation	4.0

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

Demand recovery in Vietnam and export growth from plants in Korea: On the sales side, Orion should also enjoy multiple tailwinds in 2026. First, in Vietnam, where sales growth slowed to 2.9% in 2025 and operating profit fell 14% due to margin pressure, signs of recovery have been detected in January. There is been visible growth in volumes delivered at the start of this year. Second, US-bound exports from plants in Korea are still growing at a rate of 35% y-y, and maintenance on export-dedicated lines is set to be completed in 1H, which should lead sales growth to accelerate and cause the sales contribution of this operation to rise. As a result, we forecast that domestic sales growth will accelerate to 5.3% y-y in 2026. Third, in Russia, where utilization tops 100% thanks to excess demand, product line expansions should keep growth high.

Raising target price by 10%: Reflecting our improved profitability and sales growth forecasts, we raise our target price to KRW150,000 (based on a P/E multiple of 11.7x applied to our forward EPS forecast of KRW12,793).

Orion: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E	2027E
Sales	**748.4**	**719.3**	**774.9**	**861.8**	**801.8**	**777.4**	**838.9**	**929.3**	**877.4**	**847.7**	**890.3**	**1,005.6**	**2,912.4**	**3,104.3**	**3,337.2**	**3,621.1**	**3,941.0**
Korea	271.6	277.8	271.1	277.1	282.4	291.3	281.9	282.7	295.5	304.8	298.4	300.6	1,070.0	1,097.6	1,139.0	1,199.2	1,275.0
China	306.4	295.8	322.3	345.6	328.2	304.8	344.8	369.8	348.4	327.8	355.8	389.0	1,179.0	1,270.1	1,340.1	1,421.1	1,507.8
Vietnam	118.2	98.4	121.7	176.2	128.3	102.6	130.8	178.0	138.4	111.4	130.2	192.1	475.5	514.5	529.4	572.1	620.8
Russia	50.5	49.1	61.9	69.0	67.2	80.8	83.5	101.4	97.4	105.9	108.4	126.7	200.3	230.5	339.0	438.4	548.0
Consolidation adj.	1.6	-1.8	-2.1	-6.1	-4.3	-2.1	-2.2	-2.5	-2.4	-2.3	-2.4	-2.7	-12.4	-8.3	-10.4	-9.7	-10.6
Operating profit	**125.1**	**121.7**	**137.1**	**159.7**	**131.4**	**121.0**	**142.2**	**164.8**	**153.1**	**149.0**	**162.2**	**186.8**	**492.4**	**543.6**	**555.5**	**651.2**	**706.4**
Korea	43.8	46.9	43.8	43.9	46.3	48.0	45.3	46.6	51.7	57.2	50.7	56.4	168.8	178.5	183.6	216.0	223.1
China	54.2	55.9	63.5	70.3	56.0	52.3	65.5	72.8	66.7	63.1	74.7	79.4	221.0	243.9	248.0	283.9	303.1
Vietnam	19.4	15.3	23.8	41.5	21.2	14.4	21.9	34.7	25.0	19.2	25.2	34.9	87.5	100.1	91.6	104.3	114.8
Russia	7.8	6.7	9.2	13.2	8.6	9.8	13.6	15.4	14.1	13.9	16.3	21.7	32.2	36.9	45.4	66.0	86.0
Consolidation adj.	-0.2	-3.2	-3.3	-9.2	-0.7	-3.5	-4.2	-4.8	-4.5	-4.4	-4.8	-5.5	-17.0	-15.9	-13.1	-19.1	-20.7
Net profit (controlling)	**93.8**	**78.0**	**99.7**	**253.1**	**104.3**	**100.0**	**119.5**	**120.2**	**122.5**	**120.3**	**129.7**	**129.2**	**376.6**	**524.6**	**397.0**	**501.8**	**553.4**
Growth (%)																	
Operating profit	**16.7**	**16.9**	**17.7**	**18.5**	**16.4**	**15.6**	**16.9**	**17.7**	**17.5**	**17.6**	**18.2**	**18.6**	**16.9**	**17.5**	**16.6**	**18.0**	**17.9**
Korea	16.1	16.9	16.2	15.8	16.4	16.5	16.1	16.5	17.5	18.8	17.0	18.8	15.8	16.3	16.1	18.0	17.5
China	17.7	18.9	19.7	20.3	17.1	17.2	19.0	19.7	19.2	19.2	21.0	20.4	18.7	19.2	18.5	20.0	20.1
Vietnam	16.5	15.6	19.6	23.6	16.5	14.0	16.7	19.5	18.1	17.2	19.3	18.2	18.4	19.5	17.3	18.2	18.5
Russia	15.5	13.6	14.9	19.1	12.8	12.1	16.3	15.2	14.5	13.1	15.1	17.1	16.1	16.0	13.4	15.1	15.7
Net profit (controlling)	**12.5**	**10.8**	**12.9**	**29.4**	**13.0**	**12.9**	**14.2**	**12.9**	**14.0**	**14.2**	**14.6**	**12.8**	**12.9**	**16.9**	**11.9**	**13.9**	**14.0**
Growth (% y-y)																	
Sales	**12.7**	**0.8**	**1.1**	**12.2**	**7.1**	**8.1**	**8.3**	**7.8**	**9.4**	**9.1**	**7.4**	**8.2**	**1.4**	**6.6**	**7.5**	**8.5**	**8.8**
Korea	9.5	1.6	-0.4	0.2	4.0	4.9	4.0	2.0	4.6	4.6	5.6	6.3	13.9	2.6	3.8	5.3	6.3
China	16.0	-0.5	-2.2	20.1	7.1	3.0	7.0	7.0	6.2	7.6	5.5	5.2	-7.5	7.7	5.5	6.0	6.1
Vietnam	12.2	2.8	3.5	12.3	8.5	4.3	7.5	1.0	7.9	8.6	8.0	7.9	0.5	8.2	2.9	8.1	8.5
Russia	4.8	-4.9	27.6	32.6	33.0	64.5	35.0	47.0	45.0	31.0	21.0	25.0	-4.5	15.1	47.1	29.3	25.0
Operating profit	**26.2**	**8.4**	**-2.6**	**13.8**	**5.0**	**-0.6**	**3.7**	**3.2**	**16.6**	**22.7**	**17.7**	**13.4**	**5.5**	**10.4**	**2.2**	**17.2**	**8.5**
Korea	17.1	5.8	2.0	-0.4	5.6	2.3	3.4	6.3	11.7	17.8	20.4	20.9	20.4	5.7	2.9	17.6	3.3
China	41.5	9.3	-12.7	19.6	3.2	-6.4	3.2	3.6	19.2	20.7	11.6	8.9	4.4	10.4	1.7	14.5	6.7
Vietnam	18.2	13.6	8.5	16.7	9.2	-6.2	-8.0	-16.4	17.9	33.5	18.3	0.6	-2.6	14.5	-8.5	13.9	10.1
Russia	-5.2	-12.9	37.5	38.8	9.2	46.2	47.6	16.8	64.9	43.5	39.7	40.7	-7.4	14.8	22.7	45.6	30.3
Net profit (controlling)	**23.3**	**-4.4**	**-6.9**	**126.0**	**11.2**	**28.2**	**19.9**	**-52.5**	**17.4**	**72.3**	**26.4**	**7.5**	**-4.0**	**39.3**	**-24.3**	**26.4**	**10.3**

Source: Company data, Samsung Securities estimates

Orion: Target-price calculation

(KRW)	
12-month forward EPS (A=BxD+Cx(1-D))	12,793
2026E (B)	12,693
2027E (C)	13,998
2026 weighting* (D)	92.3%
Target P/E** (12-month-forward, x) (E)	11.7
Target price (F=AxE)	150,000
Last price* (G)	117,000
Upside (F/G-1)	28.2%

Note: *As of Jan 28, 2026;
**33% discount to global peer average
Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**2,912**	**3,104**	**3,337**	**3,621**	**3,941**
Cost of goods sold	1,785	1,908	2,107	2,224	2,398
Gross profit	**1,127**	**1,196**	**1,230**	**1,397**	**1,543**
Gross margin (%)	38.7	38.5	36.9	38.6	39.2
SG&A expenses	635	653	675	745	837
Operating profit	**492**	**544**	**555**	**651**	**706**
Operating margin (%)	16.9	17.5	16.6	18.0	17.9
Non-operating gains (losses)	**28**	**149**	**8**	**26**	**21**
Financial profit	41	186	36	28	25
Financial costs	7	4	6	4	4
Equity-method gains (losses)	1	-5	-11	2	0
Other	-7	-29	-10	-0	-0
Pre-tax profit	**520**	**692**	**564**	**677**	**728**
Taxes	135	159	160	160	172
Effective tax rate (%)	26.0	23.0	28.4	23.7	23.7
Profit from continuing operations	385	533	404	517	555
Profit from discontinued operations	0	0	0	0	0
Net profit	**385**	**533**	**404**	**517**	**555**
Net margin (%)	13.2	17.2	12.1	14.3	14.1
Net profit (controlling interests)	377	525	397	502	553
Net profit (non-controlling interests)	8	9	7	3	2
EBITDA	650	704	731	862	960
EBITDA margin (%)	22.3	22.7	21.9	23.8	24.4
EPS (parent-based) (KRW)	9,527	13,269	10,042	12,693	13,998
EPS (consolidated) (KRW)	9,737	13,487	10,211	13,072	14,049
Adjusted EPS (KRW)*	9,527	13,269	10,042	12,693	13,998

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,628**	**1,647**	**1,803**	**1,836**	**1,951**
Cash & equivalents	366	451	620	607	674
Accounts receivable	191	177	183	198	216
Inventories	260	317	310	335	368
Other current assets	812	702	690	696	693
Fixed assets	**1,893**	**2,661**	**2,817**	**3,184**	**3,595**
Investment assets	39	737	35	35	35
Tangible assets	1,658	1,702	1,851	2,221	2,630
Intangible assets	54	70	77	73	75
Other long-term assets	143	152	854	854	854
Total assets	**3,521**	**4,308**	**4,619**	**5,020**	**5,546**
Current liabilities	**399**	**538**	**548**	**561**	**574**
Accounts payable	123	163	179	189	204
Short-term debt	4	1	0	1	1
Other current liabilities	272	373	369	371	370
Long-term liabilities	**167**	**197**	**198**	**198**	**198**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	167	197	198	198	198
Total liabilities	**566**	**734**	**747**	**758**	**772**
Owners of parent equity	**2,862**	**3,471**	**3,765**	**4,152**	**4,661**
Capital stock	20	20	20	20	20
Capital surplus	598	598	598	598	598
Retained earnings	1,560	2,033	2,275	2,662	3,171
Other	684	821	872	872	872
Non-controlling interests' equity	**93**	**103**	**107**	**109**	**112**
Total equity	**2,955**	**3,574**	**3,873**	**4,262**	**4,773**
Net debt	-1,104	-1,069	-1,229	-1,223	-1,287

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**437**	**652**	**611**	**673**	**786**
Net profit	385	533	404	517	555
Non-cash profit and expenses	278	165	314	359	397
Depreciation	154	157	172	208	250
Amortization	3	3	3	3	3
Other	121	5	139	148	144
Changes in A/L from operating activities	-108	69	81	-63	-20
Cash flow from investments	**-541**	**-505**	**-343**	**-588**	**-615**
Change in tangible assets	-165	-105	-150	-370	-409
Change in financial assets	-381	106	17	-9	4
Other	6	-506	-210	-210	-210
Cash flow from financing	**-138**	**-70**	**-100**	**-98**	**-103**
Change in debt	-89	11	-1	0	-0
Change in equity	0	0	0	0	0
Dividends	-38	-56	-99	-99	-103
Other	-11	-25	-0	0	0
Change in cash	-244	85	169	-13	68
Cash at beginning of year	610	366	451	620	607
Cash at end of year	366	451	620	607	674
Gross cash flow	**663**	**698**	**718**	**876**	**953**
Free cash flow	**270**	**545**	**457**	**301**	**373**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	1.4	6.6	7.5	8.5	8.8
Operating profit	5.5	10.4	2.2	17.2	8.5
Net profit	-3.3	38.5	-24.3	28.0	7.5
Adjusted EPS**	-4.0	39.3	-24.3	26.4	10.3
Per-share data (KRW)					
EPS (parent-based)	9,527	13,269	10,042	12,693	13,998
EPS (consolidated)	9,737	13,487	10,211	13,072	14,049
Adjusted EPS**	9,527	13,269	10,042	12,693	13,998
BVPS	72,413	87,815	95,253	105,038	117,912
DPS (common)	1,250	2,500	2,500	2,500	2,600
Valuations (x)					
P/E***	12.2	7.7	10.5	9.2	8.4
P/B***	1.6	1.2	1.1	1.1	1.0
EV/EBITDA	5.5	4.4	4.2	4.1	3.6
Ratios (%)					
ROE	13.9	16.6	11.0	12.7	12.6
ROA	11.2	13.6	9.0	10.7	10.5
ROIC	19.3	21.9	17.1	16.9	16.0
Payout ratio	13.1	18.8	24.9	19.7	18.6
Dividend yield (common)	1.1	2.4	2.4	2.1	2.2
Net debt to equity	-37.4	-29.9	-31.7	-28.7	-27.0
Interest coverage (x)	136.8	536.2	331.9	382.4	397.5

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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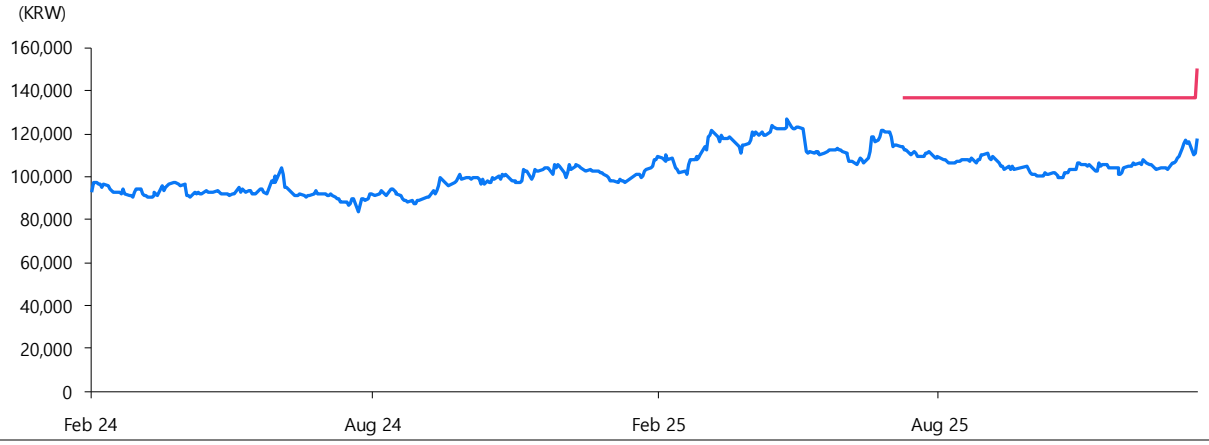
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/22	2025/7/23	2026/1/29
Recommendation	BUY	BUY	BUY
Target price (KRW)	150000	137000	150000
Gap* (average)	-34.15	-22.43	
(max or min)**	-20.60	-14.60	

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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Company

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HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
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* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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