COMPANY UPDATE

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LIG Nex1 (079550)

Implications of growing orderbook

- LIG Nex1's 4Q operating profit missed consensus by 40% due to higher-than-expected provisions for unexpected volume of domestic R&D orders.
- Its end-2025 order backlogs expanded 30% y-y mainly on strong new order growth, but this also implies slower-than-expected conversion to sales.
- Reflecting the slow earnings growth, we revise down our 2026 earnings forecast and target price.

▶ AT A GLANCE

BUY

Target price	**KRW540,000**	**17.4%**
Current price	**KRW460,000**	
Market cap	KRW10.1t/USD7.0b	
Shares (float)	22,000,000 (60.9%)	
52-week high/low	KRW631,000/KRW239,000	
Avg daily trading value (60-day)	KRW65.6b/ USD45.4m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
LIG Nex1 (%)	-19.3	-8.4	59.7
Vs Kospi (%pts)	-31.2	-46.3	-25.1

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	540,000	595,000	-9.2%
2025E EPS	11,600	11,600	0.0%
2026E EPS	15,151	15,151	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	10
Target price	631,700
Recommendation	4.0

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

WHAT'S THE STORY?

4Q review: LIG Nex1's 4Q operating profit missed consensus by 40% mainly on due to a surge in new orders. The company won KRW4.2t worth of new orders in 4Q, which nearly match its full-year sales, with over half (estimated 67%) coming from domestic R&D projects. It recognized around KRW50b in provisions related to these projects. In other words, the unexpected volume of new orders led to a larger-than-forecast increase in provisions. Export sales also failed to provide much support, with 28% coming from a low-margin project in Indonesia and loss-making Ghost Robotics. Pre-tax profit was impacted by a KRW140b impairment losses on intangible assets and goodwill from Ghost Robotics.

(Continued on the next page)

SUMMARY 4Q25 RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,405	20.3	33.9	24.1	13.2
Operating profit	42	-31.8	-53.0	-42.3	-40.2
Pre-tax profit	-72	nm	nm	nm	nm
Net profit*	7	-90.7	-89.0	-87.3	-89.3
Margins (%)					
Operating profit	3.0				
Pre-tax profit	-5.1				
Net profit*	0.5				

Note: *Controlling interests
Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	45.6	39.7	30.4
P/B	8.4	7.2	6.1
EV/EBITDA	32.2	29.7	18.2
Div yield (%)	0.5	0.6	0.8
EPS growth (% y-y)	26.7	15.1	30.6
ROE (%)	19.6	19.5	21.8
Per-share data (KRW)			
EPS	10,078	11,600	15,151
BVPS	55,031	63,681	75,132
DPS	2,400	2,950	3,700

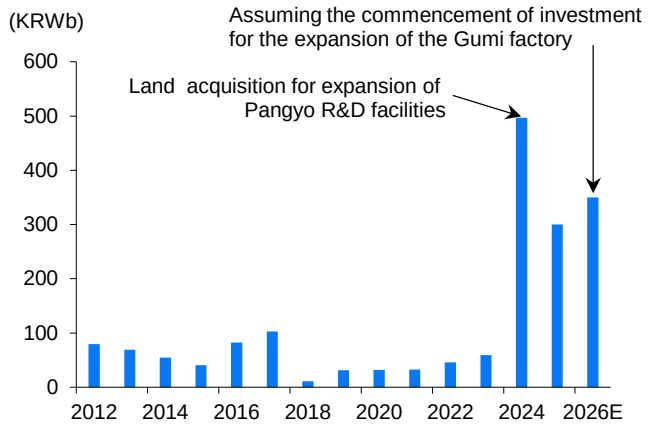
Growing order backlog: As of end-2025, LIG Nex1's order backlog stood at KRW26.2t, up 31% from the end-2024 level. This marked the eighth consecutive year of growth, with the backlog now 3.2 times larger than it was five years ago. While the primary driver of this growth was the increase in new orders, it also suggests that the company is converting its order backlog into sales more slowly than anticipated. Many of its large projects have longer-than-expected delivery timelines. As a result, we revise down our 2026 earnings estimate by 20% and cut our target price to KRW540,000 (based on the machinery & equipment sector's average 2026E P/E of 35x, Fnguide). Yet, we maintain our BUY rating, as the current backlog should eventually translate into sales. The firm is also expanding its production capacity to support this growth, and with 55% of the backlog consisting of high-margin export projects, its sales and profitability should improve in the long term. .

LIG Nex1: 4Q25 review

(KRWb)	4Q25	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	1,405	1,049	33.9	1,168	20.3	1,241	13.2	1,132	24.1
Operating profit	42	90	-53.0	53	-21.0	70	-40.2	73	-42.3
Pre-tax profit	-72	69	nm	46	nm	65	nm	69	nm
Net profit*	7	59	-89.0	70	-90.7	61	-89.3	51	-87.3
Margins (%)									
Operating profit	3.0	8.5		4.6		5.7		6.4	
Pre-tax profit	-5.1	6.6		3.9		5.2		6.1	
Net profit*	0.5	5.7		6.0		4.9		4.5	

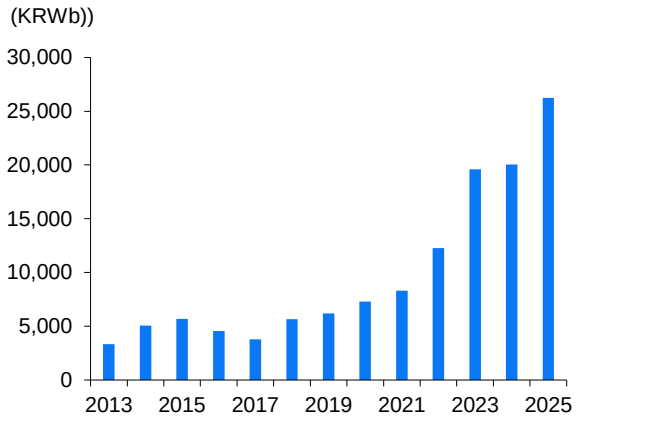
Note: *Controlling
Source: Company data, FnGuide, Samsung Securities estimates

LIG Nex1 capex trends and outlook



Source: Company data

LIG Nex1 orderbook



Source: Company data

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**2,309**	**3,276**	**4,307**	**4,998**	**5,911**
Cost of goods sold	1,962	2,824	3,698	4,269	4,981
Gross profit	**347**	**453**	**609**	**730**	**930**
Gross margin (%)	15.0	13.8	14.1	14.6	15.7
SG&A expenses	160	223	286	324	371
Operating profit	**186**	**230**	**323**	**406**	**558**
Operating margin (%)	8.1	7.0	7.5	8.1	9.4
Non-operating gains (losses)	**-1**	**-20**	**-100**	**16**	**22**
Financial profit	10	28	36	28	33
Financial costs	15	85	16	12	12
Equity-method gains (losses)	0	0	0	0	0
Other	4	36	-120	0	0
Pre-tax profit	**185**	**210**	**223**	**422**	**580**
Taxes	10	-7	11	89	122
Effective tax rate (%)	5.4	-3.3	4.9	21.0	21.0
Profit from continuing operations	175	217	212	333	458
Profit from discontinued operations	0	0	0	0	0
Net profit	**175**	**217**	**212**	**333**	**458**
Net margin (%)	7.6	6.6	4.9	6.7	7.8
Net profit (controlling interests)	175	222	255	333	458
Net profit (non-controlling interests)	0	-5	-44	0	0
EBITDA	255	309	335	535	694
EBITDA margin (%)	11.1	9.4	7.8	10.7	11.7
EPS (parent-based) (KRW)	7,953	10,078	11,600	15,151	20,824
EPS (consolidated) (KRW)	7,953	9,848	9,623	15,151	20,824
Adjusted EPS (KRW)*	7,953	10,078	11,600	15,151	20,824

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,536**	**3,895**	**4,961**	**5,960**	**7,449**
Cash & equivalents	445	547	553	753	1,139
Accounts receivable	276	364	507	616	729
Inventories	229	364	354	411	486
Other current assets	1,585	2,620	3,547	4,180	5,095
Fixed assets	**1,280**	**2,231**	**2,224**	**2,233**	**2,240**
Investment assets	59	80	72	73	73
Tangible assets	894	1,371	1,378	1,359	1,335
Intangible assets	188	629	615	644	675
Other long-term assets	139	150	158	158	158
Total assets	**3,816**	**6,125**	**7,185**	**8,193**	**9,689**
Current liabilities	**2,651**	**4,617**	**5,477**	**6,131**	**7,103**
Accounts payable	128	364	478	555	656
Short-term debt	108	163	150	100	60
Other current liabilities	2,415	4,090	4,848	5,476	6,387
Long-term liabilities	**113**	**271**	**280**	**383**	**536**
Bonds & long-term debt	20	188	208	233	313
Other long-term liabilities	93	83	72	150	223
Total liabilities	**2,763**	**4,888**	**5,757**	**6,514**	**7,639**
Owners of parent equity	**1,052**	**1,211**	**1,401**	**1,653**	**2,023**
Capital stock	110	110	110	110	110
Capital surplus	142	142	142	142	142
Retained earnings	678	907	1,097	1,349	1,719
Other	122	51	51	51	51
Non-controlling interests' equity	**0**	**27**	**27**	**27**	**27**
Total equity	**1,052**	**1,237**	**1,428**	**1,680**	**2,050**
Net debt	-263	-176	-173	-396	-735

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**467**	**952**	**160**	**374**	**505**
Net profit	175	217	212	333	458
Non-cash profit and expenses	79	130	137	137	144
Depreciation	59	68	74	79	84
Amortization	10	11	37	37	38
Other	10	51	25	21	22
Changes in A/L from operating activities	213	605	-189	-96	-97
Cash flow from investments	**-97**	**-978**	**-80**	**-60**	**-60**
Change in tangible assets	-59	-497	-80	-60	-60
Change in financial assets	1	-4	0	0	0
Other	-39	-477	0	0	0
Cash flow from financing	**-177**	**122**	**-74**	**-113**	**-59**
Change in debt	-68	186	7	-25	40
Change in equity	0	0	0	0	0
Dividends	-42	-52	-65	-81	-88
Other	-66	-12	-17	-7	-11
Change in cash	193	102	6	201	386
Cash at beginning of year	253	445	547	553	753
Cash at end of year	445	547	553	753	1,139
Gross cash flow	**254**	**347**	**349**	**470**	**602**
Free cash flow	**408**	**455**	**80**	**314**	**445**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	4.0	41.9	31.5	16.1	18.3
Operating profit	4.1	23.3	40.5	25.7	37.6
Net profit	42.3	23.8	-2.3	57.5	37.4
Adjusted EPS**	42.3	26.7	15.1	30.6	37.4
Per-share data (KRW)					
EPS (parent-based)	7,953	10,078	11,600	15,151	20,824
EPS (consolidated)	7,953	9,848	9,623	15,151	20,824
Adjusted EPS**	7,953	10,078	11,600	15,151	20,824
BVPS	47,835	55,031	63,681	75,132	91,956
DPS (common)	1,950	2,400	2,950	3,700	4,000
Valuations (x)					
P/E***	57.8	45.6	39.7	30.4	22.1
P/B***	9.6	8.4	7.2	6.1	5.0
EV/EBITDA	38.6	32.2	29.7	18.2	13.5
Ratios (%)					
ROE	17.6	19.6	19.5	21.8	24.9
ROA	5.1	4.5	3.8	4.3	5.1
ROIC	18.5	24.2	26.0	0.0	0.0
Payout ratio	24.5	23.8	25.4	24.4	19.2
Dividend yield (common)	0.4	0.5	0.6	0.8	0.9
Net debt to equity	-25.0	-14.2	-12.1	-23.6	-35.9
Interest coverage (x)	19.3	19.2	20.3	35.0	47.2

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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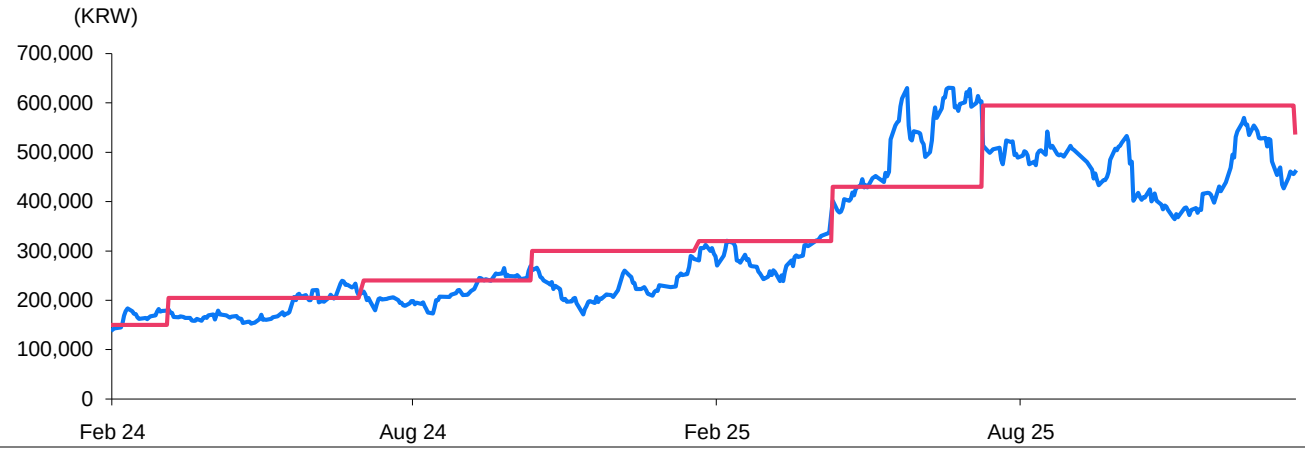

Rating changes over past two years (adjusted share prices)

Date	2023/12/11	2024/4/2	7/29	11/8	2025/2/17	5/9	8/8	11/7	2026/2/19
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	HOLD	BUY	BUY
Target price (KRW)	150000	205000	240000	300000	320000	430000	595000	595000	540000
Gap* (average)	-8.24	-10.44	-9.45	-25.01	-10.10	21.59	-17.12	-25.25	
(max or min)**	22.20	16.83	12.08	-3.33	16.41	46.74	-8.91	-4.20	

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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* 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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