COMPANY UPDATE

2026. 2. 25

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Simmtech (222800)

AI tailwinds reaching the substrate market

- Simmtech reported a 4Q25 operating profit of KRW11b, with profitability constrained by a rise in raw material costs.
- Earnings should gradually recover in 1H, as blended ASP rises on the mass-production of SOCAMM-use substrates tenting volumes decline.

WHAT'S THE STORY?

4Q25 sales rebound, but operating profit short of expectations: Simmtech reported 4Q25 sales of KRW393.4b (up 6% q-q and 31% y-y) and an operating profit of KRW11.0b (for an operating margin of 2.8%). While sales improved on higher utilization rates and a favorable shift in mix toward high-value-added products, operating profit came in below consensus. Although the forex environment was supportive, the increase in variable costs (due to rising raw material prices) and the strong performance of the low-margin tenting business limited overall profitability improvements.

Shift toward high-value-added products to continue over longer term: The company is shifting product mix away from low-value-added commodity substrates toward higher-margin offerings like MSAP and HDI. Over the medium to long term, demand for DDR4-use board on chip (BOC) should fall, reducing tenting volumes. This will allow the company to repurpose existing production lines for MSAP, creating a fixed cost leverage. In particular, with the launch of Nvidia's Rubin CPX in 2H, demand should grow for GDDR-use substrates and mobile DRAM-use MCPs — which will help enhance its product mix. That said, while DDR4 is set to be discontinued, demand is lingering as long tail, so the timing of the tenting volume reduction will be a key factor in how quickly its profitability improves.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2021	2022	2023	2024
Revenue	1,366	1,697	1,042	1,231
Operating profit	174	352	(88)	(47)
Net profit	118	246	(115)	(31)
EPS (adj) (KRW)	n/a	n/a	n/a	n/a
EPS (adj) growth (%)	nm	nm	nm	nm
EBITDA margin (%)	18.5	25.6	(0.7)	3.2
ROE (%)	35.1	49.7	(21.3)	(6.6)
P/E (adj) (x)	n/a	n/a	n/a	n/a
P/B (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	0.6	(0.2)	n/a	11.7
Dividend yield (%)	n/a	n/a	n/a	n/a

Source: Company data, Samsung Securities estimates

AT A GLANCE

Not rated

Target price	n/a
Current price	KRW53,400
Market Cap	KRW2.0t/USD1.4b
Shares (float)	37,342,218 (66.5%)
52-week high/low	KRW66,000/KRW15,740
Avg daily trading value (60-day)	KRW48.2b/ USD33.4m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Simmtech (%)	6.0	126.3	180.3
Vs Kosdaq (%pts)	-9.6	52.0	86.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	Not rated		
Target price	n/a		
2025E EPS	n/a		
2026E EPS	n/a		

SAMSUNG vs THE STREET

No of estimates	7
Target price	65,143
Recommendation	4.0

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

Stronger growth ahead for AI substrates, notably SOCAMM substrates: As the first vendor of SOCAMM substrates for the top three memory manufacturers, it is well positioned to capture over 50% market share. SOCAMM uses MCPs and module PCBs, with MCPs being premium products designed for high-layer, high-capacity mobile DRAM. The adoption of these high-specification MCPs is likely to drive up its blended ASP. It plans to start small-scale production in 1Q and ramp up to mass production in 2Q, which should provide a meaningful boost to its full-year earnings.

Visibility secured for 2026 earnings turnaround: The company has provided guidance for 1H, projecting sales of KRW863.4b and operating profit of KRW50.1b. Structural improvements – including rising blended ASP, higher utilization rates, and a declining share of tenting volume -- are likely to drive quarterly step-up growth. Operating profit should start expanding in 2Q when mass production begins for SOCAMM-use module PCBs. Its subsidiary Simmtech Graphics, having reached breakeven in 4Q25, should also start contributing operating profit this year. However, rising raw material costs remain a risk factor. The combined share of gold and copper in raw material purchases has increased from 50% in 2024 to the mid-to-high 50% range by the end of 2025, and profitability remains exposed to downside risks from rising gold and copper prices.

4Q results

(KRWb)	4Q25	3Q25	4Q24	Chg (% q-q)	Chg (% y-y)
Sales	**393.4**	372.7	301.1	5.6	30.7
Operating profit	**11.0**	12.4	-36.2	-11.2	Turned to profit
Pre-tax profit	**16.6**	12.7	-12.1	31.0	Turned to profit
Net profit	**-121.3**	6.7	-21.3	Turned to loss	Continued loss
Margins (%)					
Operating margin	**2.8**	3.3	-12.0		
Pre-tax margin	**4.2**	3.4	-4.0		
Net margin	**-30.8**	1.8	-7.1		

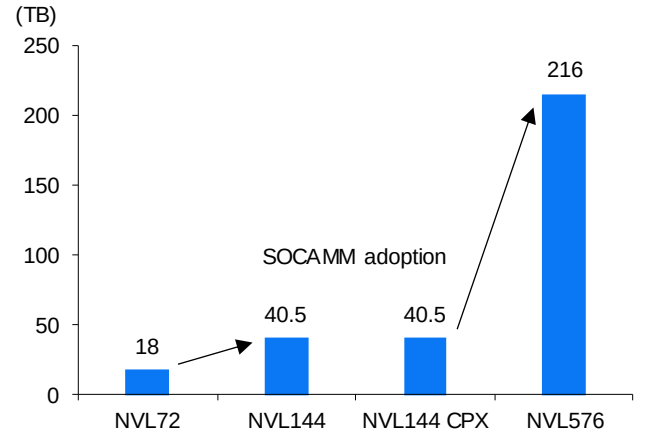
Source: Company data, Samsung Securities

Simmtech: Quarterly and annual results

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2023	2024	2025
Sales	**293.9**	**311.7**	**324.8**	**301.1**	**303.7**	**340.8**	**372.7**	**393.4**	**1,042.0**	**1,231.5**	**1,017.2**
Module PCB	72.8	74.9	81.5	80.8	85.1	90.5	85.2	74.7	233.6	310.0	260.8
Substrate	220.2	231.0	234.1	219.7	215.2	248.6	284.6	315.5	798.0	905.0	748.4
Burn-in-board	0.9	5.8	9.2	0.6	3.4	1.7	2.9	3.2	10.4	16.5	8.0
Operating profit	**-14.9**	**3.6**	**0.5**	**-36.2**	**-16.3**	**5.5**	**12.4**	**11.0**	**-88.1**	**-47.0**	**0.0**
Operating margin (%)	**-5.2**	**-5.1**	**6.6**	**-7.1**	**-11.8**	**-5.5**	**1.8**	**2.8**	**-8.5**	**-3.8**	**0.0**

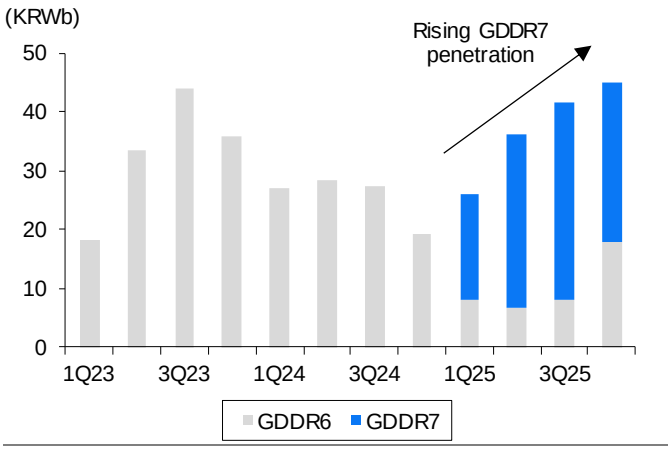
Source: Company data, Samsung Securities

LPDDR content in Nvidia server racks



Source: Samsung Securities estimates

Simmtech: GDDR7's penetration rate



Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Sales	**1,201**	**1,366**	**1,697**	**1,042**	**1,231**
Cost of goods sold	1,005	1,082	1,216	1,013	1,179
Gross profit	**196**	**284**	**481**	**28**	**52**
Gross margin (%)	16.3	20.8	28.3	2.7	4.2
SG&A expenses	107	110	129	117	99
Operating profit	**90**	**174**	**352**	**(88)**	**(47)**
Operating margin (%)	7.5	12.8	20.8	(8.5)	(3.8)
Non-operating Gains(Losses)	**(15)**	**(20)**	**(6)**	**(57)**	**22**
Financial Profit	40	34	69	53	117
Financial Costs	55	52	75	62	81
Gains(Losses) in Equity Method	0	0	0	0	0
Other	0	(3)	(0)	(47)	(14)
Pre-tax profit	**75**	**154**	**346**	**(145)**	**(25)**
Taxes	18	36	100	(30)	6
Effective tax rate (%)	24.6	23.2	28.9	20.4	(23.6)
Profit from continuing operations	56	118	246	(115)	(31)
Profit from discontinued operations	0	0	0	0	0
Net profit	**56**	**118**	**246**	**(115)**	**(31)**
Net margin (%)	4.7	8.7	14.5	(11.1)	(2.5)
Net profit (Controlling Interests)	57	117	246	(115)	(30)
Net profit (Non-controlling Interests)	(0)	1	0	(0)	(1)
EBITDA	165	253	434	(7)	39
EBITDA margin (%)	13.8	18.5	25.6	(0.7)	3.2
EPS(parent) (KRW)	n/a	n/a	n/a	n/a	n/a
EPS(consolidated) (KRW)	n/a	n/a	n/a	n/a	n/a
Adjusted EPS (KRW)*	n/a	n/a	n/a	n/a	n/a

Balance sheet

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Current assets	**199**	**245**	**505**	**280**	**510**
Cash & equivalents	17	17	120	10	128
Accounts receivable	47	60	102	93	160
Inventories	124	144	145	142	154
Other current assets	10	24	138	36	68
Fixed assets	**581**	**612**	**762**	**896**	**934**
Investment assets	4	36	33	35	36
Tangible assets	513	501	587	625	630
Intangible assets	22	23	26	26	29
Other long-term assets	42	52	115	210	239
Total assets	**780**	**857**	**1,266**	**1,176**	**1,443**
Current liabilities	**350**	**342**	**474**	**488**	**780**
Accounts payable	70	46	87	123	93
Short-term debt	38	21	19	71	362
Other current liabilities	242	276	369	295	326
Long-term liabilities	**141**	**134**	**179**	**217**	**215**
Bond & long-term debt	39	49	38	81	90
Other long-term liabilities	102	85	141	136	124
Total liabilities	**491**	**476**	**654**	**706**	**995**
Owners of parent equity	**288**	**379**	**611**	**469**	**447**
Capital stock	17	17	17	17	17
Capital surplus	118	110	110	110	110
Retained earnings	154	244	479	338	299
Other	(2)	7	4	3	21
Non-controlling interests equity	**0**	**2**	**2**	**2**	**1**
Total equity	**288**	**381**	**613**	**470**	**448**
Net debt	144	147	(69)	199	455

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**215**	**115**	**435**	**(93)**	**(161)**
Net profit	56	118	246	(115)	(31)
Non-Cash Profit and Expense	122	148	208	160	100
Depreciation	74	78	81	80	85
Amortization	2	1	1	1	1
Others	47	69	126	79	14
Changes in A/L from Operating Activities	51	(122)	36	(62)	(211)
Cash flow from investments	**(83)**	**(80)**	**(269)**	**(90)**	**(97)**
Change in Tangible Assets	(82)	(44)	(154)	(135)	(100)
Change in Financial Assets	(0)	(34)	(68)	66	(5)
Other	(0)	(3)	(47)	(21)	8
Cash flow from financing	**(125)**	**(35)**	**(63)**	**74**	**376**
Change in debt	(187)	5	(43)	92	377
Change in equity	n/a	n/a	n/a	n/a	n/a
Dividends	(4)	(10)	(16)	(16)	(5)
Other	n/a	n/a	n/a	n/a	n/a
Change in cash	7	(0)	103	(110)	118
Cash at beginning of year	10	17	17	120	10
Cash at end of year	17	17	120	10	128
Gross cash flow	**179**	**266**	**454**	**45**	**69**
Free cash flow	**129**	**38**	**277**	**(233)**	**(265)**

Financial ratios

Year-end Dec 31	2020	2021	2022	2023	2024
Growth (%)					
Sales	20.1	13.7	24.3	(38.6)	18.2
Operating profit	nm	94.2	102.1	nm	nm
Net profit	nm	109.4	108.0	nm	nm
Adjusted EPS**	nm	nm	nm	nm	nm
Per share data (KRW)					
EPS(parent)	n/a	n/a	n/a	n/a	n/a
EPS(consolidated)	n/a	n/a	n/a	n/a	n/a
Adjusted EPS **	n/a	n/a	n/a	n/a	n/a
BPS	n/a	n/a	n/a	n/a	n/a
DPS (common)	n/a	n/a	n/a	n/a	n/a
Valuations (x)					
P/E***	n/a	n/a	n/a	n/a	n/a
P/B***	n/a	n/a	n/a	n/a	n/a
EV/EBITDA	0.9	0.6	(0.2)	n/a	11.7
Ratios					
ROE (%)	25.1	35.1	49.7	(21.3)	(6.6)
ROA (%)	7.0	14.5	23.2	(9.4)	(2.4)
ROIC (%)	13.2	25.9	43.1	(10.5)	(7.0)
Payout ratio (%)	n/a	n/a	n/a	n/a	n/a
Dividend yield (Common, %)	n/a	n/a	n/a	n/a	n/a
Net debt to equity (%)	49.8	38.4	(11.3)	42.4	101.5
Interest coverage (x)	8.3	18.3	43.6	(8.1)	(1.8)

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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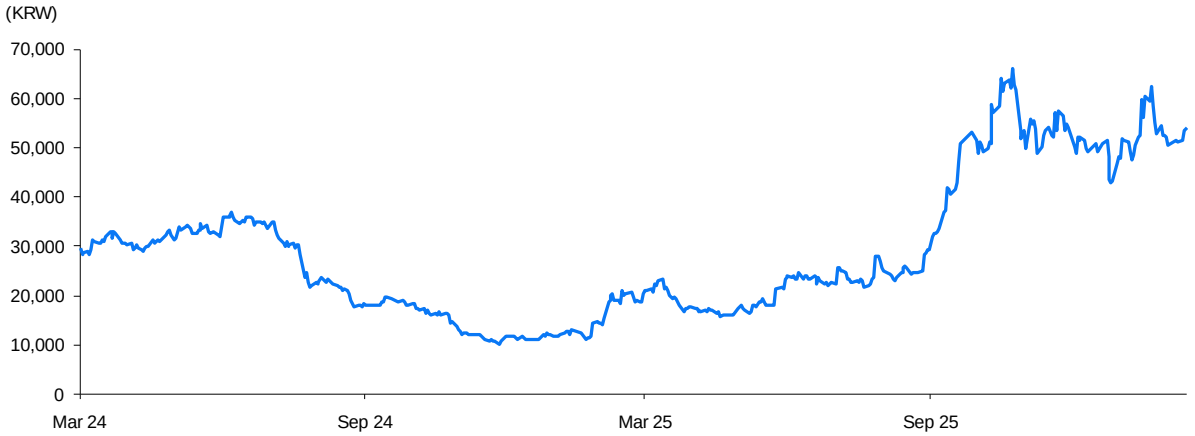

Rating changes over past two years (adjusted share prices)

Date	2026/2/25
Recommendation	Not Rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

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

OVERWEIGHT	Expected to outperform market by 5% or more 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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