COMPANY UPDATE

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Dentium (145720)

Amid VBP delay, moving towards rerating

- Dentium's 4Q operating profit topped consensus, despite continued sluggishness in Korea and China, thanks to improved product mix and tighter SG&A cost controls.
- We maintain our BUY rating and cut target price to KRW70,000. While a delay in implementation of China's second volume-based procurement policy VBP is disappointing, Dentium is laying the groundwork for a re-rating through sustained growth in emerging markets and more returns to shareholders.

WHAT'S THE STORY?

4Q review: Dentium reported 4Q sales of KRW109.1b (-8.1% y-y and +39.5% q-q; meeting consensus and beating our estimate by 11.1%) and an operating profit of KRW26.5b (-2.5% y-y and +112.7% q-q; 47.4% above consensus and in line with our estimate). Domestic sales remained sluggish at KRW18.5b (-20.7% y-y and +18.6% q-q). Exports amounted to: 1) KRW32.4b (-25.4% y-y and +13.5% q-q) in China due to economic slowdown and a delay in implementation of the country's second volume-based procurement (VBP) policy; 2) KRW21.3b (+90.0% y-y and +38.2% q-q) in Asia ex-China on stable growth in key markets (eg, Vietnam and Thailand); and 3) KRW36.4b(-2.3% y-y and +121.1% q-q) in Europe on large shipment to Russia. Meantime, the improved sales mix (a lower proportion of low-margin products down to 5.4% in 4Q25 from 9.7% in 4Q24) and tighter SG&A controls (such costs down 8.9% y-y on reduced labor cost and bad debt expense) led to a modest y-y recovery in operating leverage, pushing the operating margin up by 8.4pts. However, the company turned y-y to a net loss, recognizing a non-operating loss of KRW22b caused by asset impairment losses at its Shanghai manufacturing facility, which had been operational since 2024. This was regrettable but the impact could be reversed in the future as production utilization improves.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW70,000	43.7%
Current price	KRW48,700	
Market cap	KRW499.36b/USD340.6m	
Shares (float)	10,253,850 (63.6%)	
52-week high/low	KRW79,000/KRW43,700	
Avg daily trading value (60-day)	KRW2.2b/ USD1.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Dentium (%)	1.0	-12.6	-27.5
Vs Kospi (%pts)	-7.8	-51.9	-68.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	70,000	80,000	-12.5%
2025E EPS	1,948	4,949	-60.6%
2026E EPS	7,663	9,329	-17.9%

SAMSUNG vs THE STREET

No of estimates	2
Target price	72,500
Recommendation	4.0

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

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	109.1	(8.1)	39.5	11.1	3.6
Operating profit	26.5	(2.5)	112.7	(0.1)	47.4
Pre-tax profit	4.1	(85.7)	(64.5)	(84.8)	(86.3)
Net profit	(4.6)	nm	nm	n/a	n/a
Margins (%)					
Operating profit	24.3				
Pre-tax profit	3.8				
Net profit	(4.2)				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	9.5	23.7	6.4
P/B	1.0	0.7	0.7
EV/EBITDA	6.8	7.5	5.7
Div yield (%)	1.0	1.3	1.2
EPS growth (% y-y)	-24.7	-70.3	293.3
ROE (%)	14.3	3.0	11.4
Per-share data (KRW)			
EPS	6,569	1,948	7,663
BVPS	64,317	64,407	71,548
DPS	600	600	600

Maintaining BUY but cutting target price to KRW70,000: We reduce our target price to KRW70,000 (based on 2026 EBITDA), considering the gradual decline in local dental implant prices ahead of the second VBP policy implementation (expected to begin in 2Q26). Straumann, a global peer, noted in its recent earnings call that: 1) the number of dental visits in China has declined and inventories on distribution channels remain low; and 2) its operating results should remain low in 1H26 but improve in 2H26, assuming the beginning of the VBP policy in 2Q26. In response to the second VBP policy, Dentium is expanding its low-cost implant portfolio, increasing local production in China, and diversifying its product portfolio (eg, supplying high-margin products to dental clinics. Its sales have been expanding in key emerging markets—eg, KRW50b of annual sales in Russia, more than KRW20b in Vietnam, and more than KRW10b in Thailand. Additionally, the company completed the cancellation of 0.81m shares (equivalent to one-third of its treasury stock) in February, a move to demonstrate its commitment to shareholder returns. Should China-bound export volume recovers, this could serve as a catalyst for re-rating.

Dentium: Valuation

(KRWb)	Estimated value	Note
12-month forward EBITDA	111.6	
Target EV/EBTIDA (x)	6.8	20% discount* to average 12-month-forward multiple at which peer group** is trading
Operating value	758	
Net debt	134.7	
Fair value	623.5	
Outstanding shares ('000)	8,624	Excludes treasury stock
Fair value per share (KRW)	72,294	
Target price (KRW)	70,000	

Note: *Discount applied for unfavorable market sentiment due to: 1) Dentium's high export dependency on China; and 2) Dentium being the only Kospi-listed implant firm;

**Our target EV/EBITDA multiple of 6.8x reflects a 20% discount to an adjusted global peer average. In calculating this peer average, we apply a 50% discount to the multiples of Straumann and Align Tech to account for their significantly larger market capitalizations relative to Dentium, while keeping other peers (Dio, Ray, Envista, Dentsply Sirona, and ZimVie) at full weight

Source: Bloomberg, Samsung Securities estimates

Dentium: Results and forecasts (consolidated)

(KRWb)	2024	2025P	2026E	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E
Sales	**407.8**	**346.5**	**411.1**	**82.7**	**111.7**	**94.7**	**118.7**	**76.8**	**82.3**	**78.2**	**109.1**	**77.9**	**101.1**	**94.1**	**138.0**
Domestic	89.3	66.0	73.6	21.1	23.5	21.4	23.3	16.3	15.6	15.6	18.5	17.1	18.0	16.3	22.2
Overseas	319.1	280.4	337.5	61.6	88.1	73.3	96.0	60.5	66.7	62.6	90.6	60.9	83.1	77.7	115.8
China	194.5	132.6	143.3	43.3	58.5	49.3	43.4	34.1	37.5	28.5	32.4	24.9	39.8	34.9	43.7
Asia	47.6	67.1	95.0	9.5	13.8	13.1	11.2	14.0	16.4	15.4	21.3	19.4	22.5	21.8	31.3
Europe	68.5	73.7	92.9	7.4	14.2	9.6	37.3	10.1	10.8	16.5	36.4	14.9	18.9	19.0	40.0
Other*	8.5	6.9	6.3	1.4	1.7	1.2	4.2	2.4	2.0	2.2	0.3	1.6	1.9	1.9	0.9
Implant	352.5	306.1	386.5	70.8	98.8	85.7	97.1	65.1	74.8	67.1	99.1	73.3	95.1	88.4	129.7
Other	55.3	40.3	24.7	11.9	12.8	8.9	21.6	11.7	7.4	11.1	10.0	4.7	6.1	5.6	8.3
Gross profit	**260.3**	**218.0**	**253.8**	**56.0**	**68.0**	**65.1**	**71.1**	**48.2**	**54.1**	**49.1**	**66.5**	**48.6**	**62.2**	**57.8**	**85.1**
Operating profit	**98.5**	**64.1**	**88.6**	**19.2**	**27.7**	**24.4**	**27.2**	**9.6**	**15.5**	**12.5**	**26.5**	**8.0**	**22.5**	**16.3**	**41.8**
Pre-tax profit	**93.9**	**45.8**	**84.5**	**18.7**	**30.3**	**16.3**	**28.6**	**7.6**	**0.0**	**11.6**	**4.1**	**7.0**	**21.4**	**15.2**	**40.9**
Net profit (controlling)	**72.7**	**16.8**	**66.7**	**16.7**	**20.6**	**14.6**	**20.7**	**12.6**	**4.8**	**4.0**	**(4.6)**	**5.6**	**16.9**	**12.0**	**32.3**
Growth (%)															
Sales	***3.7***	***(15.0)***	***18.7***	***20.2***	***5.0***	***1.0***	***(4.4)***	***(7.1)***	***(26.3)***	***(17.4)***	***(8.1)***	***1.5***	***22.9***	***20.3***	***26.4***
Domestic	*6.3*	*(26.2)*	*11.6*	*8.9*	*16.3*	*5.6*	*(3.6)*	*(22.8)*	*(33.8)*	*(26.9)*	*(20.7)*	*4.8*	*15.6*	*4.8*	*20.0*
Overseas	*3.0*	*(12.1)*	*20.4*	*24.7*	*2.3*	*(0.4)*	*(4.5)*	*(1.8)*	*(24.3)*	*(14.6)*	*(5.7)*	*0.6*	*24.6*	*24.1*	*27.9*
China	*(3.7)*	*(31.9)*	*8.1*	*30.9*	*2.2*	*(9.0)*	*(24.3)*	*(21.2)*	*(35.8)*	*(42.1)*	*(25.4)*	*(27.0)*	*6.1*	*22.4*	*34.7*
Asia	*12.4*	*40.9*	*41.6*	*7.4*	*44.7*	*17.1*	*(12.2)*	*47.1*	*19.1*	*17.4*	*90.0*	*39.1*	*37.3*	*41.4*	*46.7*
Europe	*31.5*	*7.6*	*26.1*	*41.9*	*(7.0)*	*129.5*	*36.0*	*36.2*	*(24.2)*	*71.0*	*(2.3)*	*48.4*	*75.7*	*15.7*	*10.0*
Other	*(32.2)*	*(18.6)*	*(9.2)*	*(37.5)*	*(59.2)*	*(69.0)*	*93.5*	*67.0*	*19.8*	*79.3*	*(92.3)*	*(33.4)*	*(6.0)*	*(11.8)*	*167.7*
Implant	*(0.3)*	*(13.1)*	*26.2*	*17.7*	*5.2*	*1.6*	*(15.4)*	*(8.1)*	*(24.3)*	*(21.8)*	*2.1*	*12.6*	*27.0*	*31.8*	*30.8*
Other	*39.1*	*(27.1)*	*(38.8)*	*37.9*	*3.5*	*(4.5)*	*130.7*	*(1.6)*	*(42.1)*	*24.7*	*(53.7)*	*(60.2)*	*(18.3)*	*(49.4)*	*(17.2)*
Gross profit	***(6.7)***	***(16.2)***	***16.4***	***9.0***	***(4.8)***	***(2.2)***	***(20.5)***	***(13.9)***	***(20.4)***	***(24.6)***	***(6.5)***	***0.7***	***15.0***	***17.7***	***28.0***
Operating profit	***(28.8)***	***(34.9)***	***38.1***	***(10.7)***	***(14.5)***	***(18.9)***	***(49.9)***	***(50.1)***	***(43.9)***	***(48.8)***	***(2.5)***	***(16.9)***	***44.5***	***30.8***	***57.7***
Pre-tax profit	***(30.2)***	***(51.2)***	***84.4***	***(21.2)***	***4.2***	***(45.8)***	***(44.5)***	***(59.2)***	***(100.0)***	***(28.9)***	***(85.7)***	***(7.6)***	***n/a***	***31.1***	***897.4***
Net profit (controlling)	***(24.7)***	***(76.9)***	***297.3***	***(8.8)***	***2.4***	***(39.1)***	***(39.1)***	***(24.5)***	***(76.8)***	***(72.7)***	***Turned to neg***	***(55.9)***	***252.7***	***199.9***	***(804.8)***
Margins (%)															
Gross profit	**63.8**	**62.9**	**61.7**	**67.7**	**60.9**	**68.7**	**59.9**	**62.8**	**65.8**	**62.8**	**60.9**	**62.3**	**61.6**	**61.5**	**61.7**
Operating profit	**24.2**	**18.5**	**21.5**	**23.2**	**24.8**	**25.7**	**22.9**	**12.5**	**18.9**	**15.9**	**24.3**	**10.2**	**22.2**	**17.3**	**30.3**
Pre-tax profit	**23.0**	**13.2**	**20.6**	**22.6**	**27.2**	**17.2**	**24.1**	**9.9**	**0.0**	**14.8**	**3.8**	**9.0**	**21.1**	**16.1**	**29.7**
Net profit (controlling)	**17.8**	**4.8**	**16.2**	**20.2**	**18.5**	**15.5**	**17.4**	**16.4**	**5.8**	**5.1**	**(4.2)**	**7.1**	**16.7**	**12.7**	**23.4**

Note: *Includes few Asian countries

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**393**	**408**	**346**	**411**	**485**
Cost of goods sold	114	148	128	157	186
Gross profit	**279**	**260**	**218**	**254**	**299**
Gross margin (%)	70.9	63.8	62.9	61.7	61.6
SG&A expenses	141	162	154	165	178
Operating profit	**138**	**98**	**64**	**89**	**121**
Operating margin (%)	35.2	24.2	18.5	21.5	24.9
Non-operating gains (losses)	**-4**	**-5**	**-18**	**-4**	**-7**
Financial profit	9	27	7	6	3
Financial costs	14	15	23	10	10
Equity-method gains (losses)	0	0	0	0	0
Other	2	-17	-2	-0	-0
Pre-tax profit	**134**	**94**	**46**	**84**	**113**
Taxes	38	22	7	18	24
Effective tax rate (%)	28.2	22.9	14.4	21.0	21.0
Profit from continuing operations	97	72	17	67	89
Profit from discontinued operations	0	0	0	0	0
Net profit	**97**	**72**	**17**	**67**	**89**
Net margin (%)	24.5	17.8	4.8	16.2	18.4
Net profit (controlling interests)	97	73	17	67	89
Net profit (non-controlling interests)	0	-0	-0	0	0
EBITDA	159	122	89	112	141
EBITDA margin (%)	40.5	29.8	25.6	27.1	29.2
EPS (parent-based) (KRW)	8,720	6,569	1,948	7,663	8,714
EPS (consolidated) (KRW)	8,721	6,542	1,939	7,663	8,714
Adjusted EPS (KRW)*	8,720	6,569	1,948	7,663	8,714

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**371**	**477**	**455**	**560**	**681**
Cash & equivalents	87	100	109	122	172
Accounts receivable	135	165	152	192	223
Inventories	127	148	136	172	200
Other current assets	21	64	59	74	86
Fixed assets	**403**	**418**	**445**	**423**	**403**
Investment assets	8	13	14	15	16
Tangible assets	335	305	344	322	302
Intangible assets	4	6	5	4	4
Other long-term assets	56	94	82	82	82
Total assets	**774**	**894**	**901**	**984**	**1,084**
Current liabilities	**263**	**293**	**299**	**320**	**336**
Accounts payable	13	12	11	14	16
Short-term debt	88	124	126	126	126
Other current liabilities	162	157	162	180	194
Long-term liabilities	**47**	**48**	**47**	**48**	**48**
Bonds & long-term debt	42	43	43	43	43
Other long-term liabilities	5	5	4	5	5
Total liabilities	**310**	**341**	**347**	**368**	**384**
Owners of parent equity	**465**	**555**	**555**	**617**	**701**
Capital stock	6	6	6	6	6
Capital surplus	49	49	49	49	49
Retained earnings	424	497	509	570	655
Other	-15	2	-9	-9	-9
Non-controlling interests' equity	**-1**	**-1**	**-1**	**-1**	**-1**
Total equity	**464**	**554**	**554**	**616**	**700**
Net debt	120	146	150	135	83

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**65**	**36**	**46**	**21**	**58**
Net profit	97	72	17	67	89
Non-cash profit and expenses	65	67	59	49	52
Depreciation	20	22	23	22	20
Amortization	1	1	1	1	1
Other	44	44	34	26	31
Changes in A/L from operating activities	-59	-61	-1	-68	-53
Cash flow from investments	**-47**	**-65**	**-46**	**-4**	**-3**
Change in tangible assets	-42	-18	-32	0	0
Change in financial assets	1	-9	1	-4	-3
Other	-6	-38	-15	0	-0
Cash flow from financing	**-3**	**35**	**9**	**-4**	**-5**
Change in debt	0	48	12	1	1
Change in equity	0	0	0	0	0
Dividends	-3	-3	-5	-5	-5
Other	-0	-9	2	0	-0
Change in cash	15	13	9	13	50
Cash at beginning of year	72	87	100	109	122
Cash at end of year	87	100	109	122	172
Gross cash flow	**162**	**140**	**75**	**116**	**141**
Free cash flow	**23**	**18**	**14**	**21**	**58**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	10.5	3.7	-15.0	18.7	17.9
Operating profit	10.0	-28.8	-34.9	38.1	36.0
Net profit	12.1	-25.0	-76.9	299.3	33.9
Adjusted EPS**	-12.6	-24.7	-70.3	293.3	13.7
Per-share data (KRW)					
EPS (parent-based)	8,720	6,569	1,948	7,663	8,714
EPS (consolidated)	8,721	6,542	1,939	7,663	8,714
Adjusted EPS**	8,720	6,569	1,948	7,663	8,714
BVPS	53,874	64,317	64,407	71,548	81,309
DPS (common)	400	600	600	600	600
Valuations (x)					
P/E***	15.0	9.5	23.7	6.4	5.6
P/B***	2.4	1.0	0.7	0.7	0.6
EV/EBITDA	9.9	6.8	7.5	5.7	4.1
Ratios (%)					
ROE	23.0	14.3	3.0	11.4	13.6
ROA	13.3	8.7	1.9	7.1	8.6
ROIC	20.3	13.1	8.6	10.5	13.5
Payout ratio	3.6	7.1	30.8	7.8	5.8
Dividend yield (common)	0.3	1.0	1.3	1.2	1.2
Net debt to equity	26.0	26.4	27.1	21.9	11.9
Interest coverage (x)	18.6	10.3	6.1	8.8	11.9

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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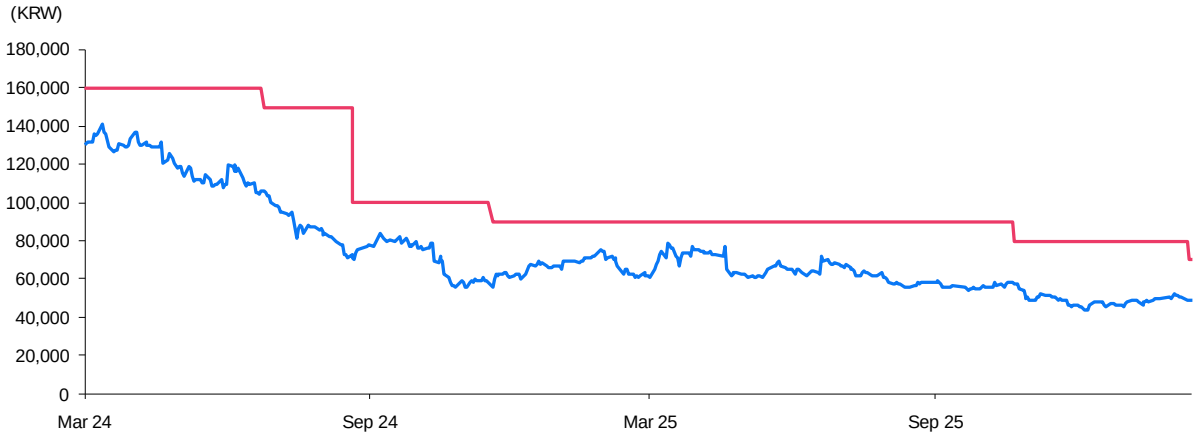
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/2/29	7/15	9/10	12/9	2025/11/11	2026/3/4
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	160000	150000	100000	90000	80000	70000
Gap* (average)	-22.62	-41.63	-29.75	-28.43	-38.83	
(max or min)**	-8.25	-30.07	-15.70	-12.22	-28.13	

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

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
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
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* 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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