COMPANY UPDATE

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NICE I&T (036800)

4Q review; core growth to drive payouts

- NICE I&T's 4Q sales and operating profit rose 14.5% and 21.4% y-y, respectively, to KRW284.2b and KRW12.3b. Full-year operating margin improved 1%pt y-y to 5.1%.
- Sales and transaction value at the payment gateway business climbed 14.9% and 33.4% y-y, each, on the consolidation of subsidiary NICE Payments in 4Q. Yet, y-y contraction in quarterly sales and low operating margins remain worrisome.
- The updated shareholder return policy is positive, but valuation recovery ultimately hinges on sustained growth in core businesses despite challenging business environment and the credible execution of more shareholder returns.

WHAT'S THE STORY?

4Q review: NICE Information & Technology (NICE I&T) reported solid quarterly results, with 4Q sales of KRW284.2b and operating profit of KRW12.3b (up 14.5% and 21.4% y-y, each). The value added network (VAN) business continued its steady growth, with sales and transaction volume rising 8% and 4.8% y-y. The payment gateway (PG) business saw sales and transaction value up 14.9% and 33.4% y-y on the consolidation of subsidiary NICE Payments in Dec 2025. The tax refund service (TRS) business enjoyed robust growth of 62.5% y-y, supported by a 14.7% increase in foreign tourists visiting Korea.

Improving growth pace of PG business—essential: Yet, sustainability of the PG operation's recent momentum remains uncertain as: 1) its transaction value growth slowed q-q to just 1%; and 2) sales actually contracted q-q.

(Continued on the next page)

AT A GLANCE

HOLD

Target price	KRW28,000	7.7%
Current price	**KRW26,000**	
Market cap	KRW260b/USD173.89m	
Shares (float)	10,000,000 (44.6%)	
52-week high/low	KRW27,900/KRW16,910	
Avg daily trading value (60-day)	KRW0.3b/ USD0.2m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
NICE I&T (%)	-4.2	15.3	45.7
Vs Kosdaq (%pts)	-0.5	-11.5	-6.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	28,000	28,000	0.0%
2025P EPS	4,908	4,908	0.0%
2026E EPS	5,472	5,472	0.0%

SAMSUNG vs THE STREET

No of estimates	2
Target price	31,500
Recommendation	3.5

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

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	284.2	14.5	-0.8	-3.3	n/a
Operating profit	12.3	21.4	-31.0	-7.0	n/a
Pre-tax profit	14.6	6.3	-32.6	11.8	n/a
Net profit	8.7	-8.6	-48.1	-11.5	n/a
Margins (%)					
Operating profit	4.3				
Pre-tax profit	5.1				
Net profit	3.1				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025P	2026E
Valuations (x)			
P/E	4.1	5.2	4.8
P/S	0.2	0.2	0.2
Div yield (%)	4.5	4.3	5.0
EPS growth (% y-y)	29.6	12.0	11.5
ROE (%)	10.2	10.4	10.7
Per-share data (KRW)			
EPS	4,382	4,908	5,472
SPS	111,623	125,308	140,393
DPS	810	1,100	1,340

Annual operating margin up 1%pt y-y to 5.1%; further improvement needed: The full-year operating profit leapt 38.7% y-y to KRW55.3b, pushing the operating margin to 5.1% (up 1%pt y-y). However, this level remains below half of its historical peak. The pace of growth in the promising and lucrative PG business should be critical to driving earnings growth.

Positive update on shareholder returns; high-dividend company status remains the key question: Alongside its 2025 DPS announcement of KRW1,100 (payout ratio of 22.4%), NICE I&T unveiled an updated shareholder return policy. The plan includes: 1) annual dividend growth of at least 10% over the next three years; 2) a parent-based payout ratio target of at least 25% starting in 2026; 3) a KRW3b share buyback in 2026—equivalent to 7% of annual earnings and 1% of current market cap; and 4) annual share cancellations of at least 1% of total shares outstanding through 2028. A thing to watch is whether NICE I&T will meet the criteria to be classified as a high-dividend company.

Valuation recovery to depend on growth of core operation and reliable shareholder returns: NICE I&T is now trading at 4.8x 2026 P/E (below the industry average), and its path to valuation recovery rests on two foundations: 1) consistent growth in its core businesses; and 2) predictable increases in shareholder returns based on such growth. For example, assuming a 2025 dividend yield of 4.3% and a 25% payout ratio, we estimate 2026 dividend yield will reach 5%. Still, headwinds persist: 1) intensifying competition in the PG segment; 2) macroeconomic pressures from higher oil prices, a weaker won, and slowing consumer spending due to the recent geopolitical risks; and 3) rising interest rates, which further constrain household demand.

In the near term, investors should be watching how quickly the company can regain quarterly earnings momentum amid a difficult operating environment. In the medium to long term, the critical issue should be whether the firm can turn its shareholder return commitments into consistent, reliable outcomes.

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025P	2026E	2027E
Current assets	1,007.5	906.2	976.3	1,039.8	1,044.4
Fixed assets	203.7	216.3	219.8	210.0	214.0
Total assets	**1,211.2**	**1,122.6**	**1,196.0**	**1,249.8**	**1,258.4**
Current liabilities	832.1	725.8	744.5	818.3	820.8
Long-term liabilities	12.8	10.9	13.9	54.1	99.0
Total liabilities	**844.9**	**736.7**	**758.4**	**779.4**	**737.0**
Capital stock	5.0	5.0	5.0	5.0	5.0
Additional paid in capital-common stock	2.8	2.9	0.6	1.0	1.0
Accumulated other comprehensive income	0.0	0.0	0.0	0.0	0.0
Retained earnings	331.7	363.8	395.4	438.5	480.9
Other	(13.1)	(18.1)	(14.8)	(11.3)	(3.6)
Owners of parent equity	326.4	353.6	386.2	433.1	483.2
Non-controlling interests' equity	**36.4**	**33.1**	**41.7**	**37.3**	**38.2**
Total equity	**366.3**	**385.9**	**438.3**	**470.4**	**521.4**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025P	2026E	2027E
Sales	**891.6**	**975.1**	**1,094.7**	**1,226.5**	**1,333.4**
Cost of goods sold	752.6	832.8	936.3	1,043.8	1,134.4
Gross profit	**139.0**	**142.3**	**158.4**	**182.7**	**199.1**
SG&A expenses	102.3	102.4	103.1	122.6	133.3
SG&A expenses rate (%)	11.5	10.5	9.4	10.0	10.0
Operating profit	**36.8**	**39.9**	**55.3**	**60.1**	**65.7**
Operating margin (%)	4.1	4.1	5.1	4.9	4.9
Financial profit	9.7	16.1	15.5	13.9	12.4
Financial costs	5.8	5.1	7.3	7.2	7.2
Equity-method gains (losses)	2.1	6.9	5.8	7.8	7.8
Other profit	3.4	6.9	7.4	9.6	9.6
Other costs	(0.6)	(0.1)	(0.3)	(0.7)	(0.7)
Pre-tax profit	**38.7**	**50.7**	**61.5**	**64.3**	**68.6**
Taxes	9.0	13.0	16.3	15.6	16.6
Effective tax rate (%)	23.1	25.7	26.5	24.2	24.2
Net profit	**29.8**	**37.6**	**45.2**	**48.7**	**52.0**
Net profit (non-controlling interests)	(0.5)	(0.7)	2.4	0.9	0.9
Net profit (controlling interests)	**30.3**	**38.3**	**42.9**	**47.8**	**51.0**
Growth (% y-y)	(25.7)	26.3	12.0	8.1	6.7

Margins

Year-end Dec 31 (%)	2023	2024	2025P	2026E	2027E
Gross profit margin	15.6	14.6	14.5	14.9	14.9
Operating margin	4.1	4.1	5.1	4.9	4.9
Pre-tax profit margin	4.3	5.2	5.6	5.2	5.1
Net profit margin	3.4	3.9	3.9	3.9	3.8
ROA	2.7	3.3	3.7	3.8	4.1
ROE	8.5	10.2	10.4	10.7	10.3

Financial ratios

Year-end Dec 31 (KRW)	2023	2024	2025P	2026E	2027E
EPS	3,381	4,382	4,908	5,472	5,841
SPS	99,483	111,623	125,308	140,393	152,639
DPS	730	810	1,100	1,340	1,430
P/E (x)	6.4	4.1	5.2	4.8	4.5
P/S (x)	0.2	0.2	0.2	0.2	0.2
Dividend payout ratio (%)	21.6	18.5	22.4	24.5	24.5
Div yield (%)	3.4	4.5	4.3	5.0	5.3

Year-end Dec 31	Sales (KRWb)	Net profit (KRWb)	EPS (KRW)	Chg (% y-y)	Sales per share (KRW)	P/E (x)	P/S (x)	ROA (%)	ROE (%)	DPS (KRW)	Div yield (%)
2023	891.6	30.3	3,381	(23.0)	99,483	6.4	0.2	2.7	8.5	730	3.4
2024	975.1	38.3	4,382	29.6	111,623	4.1	0.2	3.3	10.2	810	4.5
2025P	1,094.7	42.9	4,908	12.0	125,308	5.2	0.2	3.7	10.4	1,100	4.3
2026E	1,226.5	47.8	5,472	11.5	140,393	4.8	0.2	3.8	10.7	1,340	5.0
2027E	1,333.4	51.0	5,841	6.7	152,639	4.5	0.2	4.1	10.3	1,430	5.3

Source: Company data, Samsung Securities

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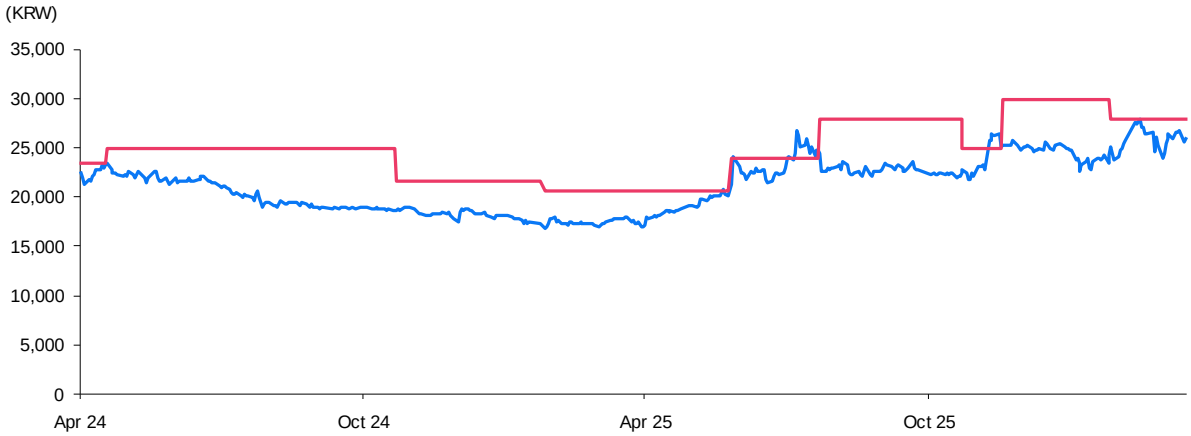

Rating changes over past two years (adjusted share prices)

Date	2024/1/19	4/26	10/30	2025/2/3	6/4	7/31	10/31	11/26	2026/2/4
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD
Target price (KRW)	23500	25000	21600	20700	24000	28000	25000	30000	28000
Gap* (average)	-6.63	-18.45	-15.53	-12.19	-2.20	-18.90	-3.91	-18.13	
(max or min)**	-1.06	-8.80	-12.04	0.24	11.25	-15.54	6.00	-14.33	

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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Percentage of ratings in 12 months prior to 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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