COMPANY UPDATE

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EV/Mobility Team

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Daejoo Electronic Materials (078600)

High hopes of solar paste orders

- Daejoo Electronic Materials' sales increased 16% in 2025 but its operating profit shrank 30%.
- Its shares have rallied 43% mtd on rising hopes of solar paste orders from the space solar cell market amid efforts to route supply chains away from China.
- The stock should enjoy earnings momentum in 2026, driven by the recovery of the silicon anode material business.

WHAT'S THE STORY?

2025 review: Daewoo Electronic Materials recorded 2025 sales of KRW254.3b and an operating profit of KRW20.7b. While its sales rose 16%, operating profit fell 30%. Sales at the conductive paste business (43% of its total sales) surged 14% and sales at the solar cell electrode materials business (9% of its sales) grew 136%, but sales at the silicon anode materials business (19% of its sales) declined 3% due to sluggish sales to EV customers, delays in product launches, and increased depreciation costs from newly-expanded production facilities.

Stock price up 43% mtd on rising expectations towards solar paste market: Amid growing market interest in the space-based solar cell sector, heterojunction (HJT) technology is gaining prominence, drawing attention to Daewoo Electronic Materials' potential to develop related paste materials. Since silver (Ag) is the primary metal used in solar cell pastes, the North American market, which is actively preparing for space solar applications, is increasingly seeking to diversify its supply chains away from China. Having said that, it is still too early to assess the scale of potential demand or the status of product certifications, meaning that the stock's volatility should be carefully considered.

(Continued on the next page)

AT A GLANCE

Not Rated

Target price	n/a
Current price	**KRW124,700**
Market cap	KRW1.9t / USD1.3b
Shares (float)	15,528,125 (70.4%)
52-week high/low	KRW126,200/KRW59,100
Avg daily trading value (60-day)	"KRW36.5b/ USD24.1m"

ONE-YEAR PERFORMANCE

	1M	6M	12M
Daejoo Electronic Materials	32.7	76.4	22.7
Vs Kosdaq (%pts)	39.3	40.3	-19.5

SAMSUNG vs THE STREET

No of estimates	3
Average target price (KRW)	126,000
Average rating	4.0

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

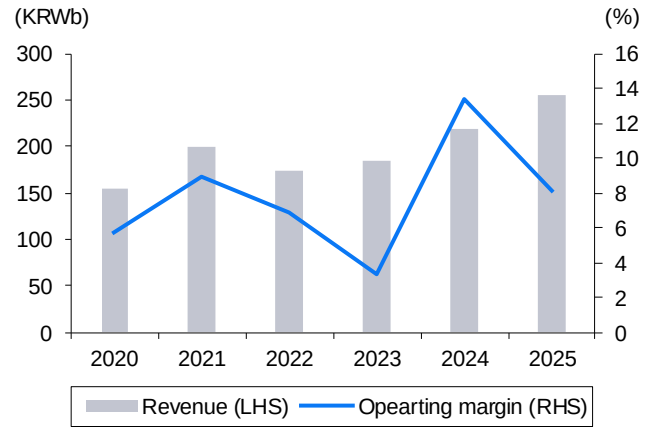
SUMMARY FINANCIAL DATA

(KRWb)	2021	2022	2023	2024
Revenue	199	174	185	219
Operating profit	18	12	6	29
Net profit (adj)	23	1	1	36
EPS (adj) (KRW)	1,478	65	45	2,382
EPS (adj) growth (% y-y)	347.3	(95.6)	(30.4)	5,204.7
EBITDA margin (%)	11.6	11.0	8.2	18.7
ROE (%)	21.2	0.8	0.5	19.3
P/E (adj) (x)	72.1	1,100.7	1,924.3	31.4
P/B (x)	12.2	8.8	8.2	4.9
EV/EBITDA (x)	75.5	63.3	100.1	33.6
Dividend yield (%)	0.1	0.1	0.0	0.1

Source: Company data, Samsung Securities estimates

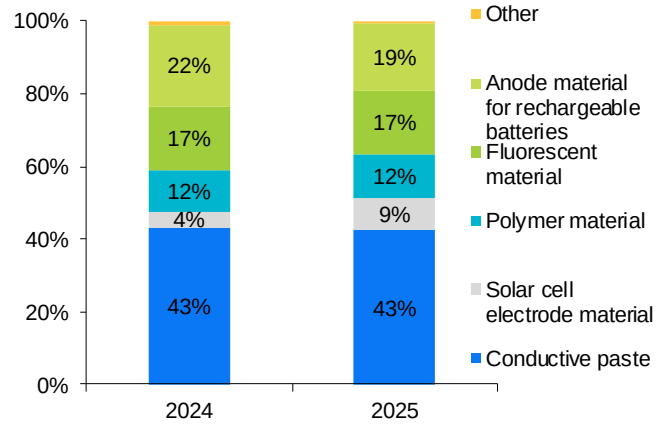
Expectations for 2026 earnings momentum—Silicon anode recovery: The firm's operating profit should grow in 2026 (after shrinking in 2025), led by: 1) the full recognition of silicon anode material sales bound for global EV makers (such sales emerged at end-2025); and 2) the growing adoption of these materials in upcoming domestic EV models. According to FnGuide consensus, 2026 revenue will reach KRW304.4b (up 20%) and operating profit KRW33.5b (up 62%). The stock is trading at a 2026 P/E of 68x (based on consensus EPS of KRW1,869).

Daejoo Electronic Materials: Sales and operating margin



Source: Company data

Daejoo Electronic Materials: Sales, by product



Source: Company data

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Sales	**155**	**199**	**174**	**185**	**219**
Cost of goods sold	125	157	137	151	157
Gross profit	**29**	**42**	**37**	**34**	**62**
Gross margin (%)	18.9	21.0	21.0	18.4	28.3
SG&A expenses	20	24	25	28	33
Operating profit	**9**	**18**	**12**	**6**	**29**
Operating margin (%)	5.8	8.9	6.9	3.4	13.4
Non-operating gains (losses)	**(3)**	**(1)**	**(11)**	**(7)**	**17**
Financial profit	2	4	6	6	35
Financial costs	6	5	13	13	16
Equity-method gains (losses)	0	0	0	0	(0)
Other	0	0	(4)	0	(1)
Pre-tax profit	**6**	**17**	**1**	**(0)**	**47**
Taxes	0	(6)	1	(1)	10
Effective tax rate (%)	7.8	(38.9)	44.2	233.1	21.9
Profit from continuing operations	5	23	1	1	36
Profit from discontinued operations	0	0	0	0	0
Net profit	**5**	**23**	**1**	**1**	**36**
Net margin (%)	3.4	11.6	0.5	0.3	16.6
Net profit (controlling interests)	5	23	1	1	37
Net profit (non-controlling interests)	0	0	(0)	(0)	(0)
EBITDA	14	23	19	15	41
EBITDA margin (%)	9.0	11.6	11.0	8.2	18.7
EPS (parent-based) (KRW)	331	1,478	65	45	2,382
EPS (consolidated) (KRW)	342	1,485	52	41	2,351
Adjusted EPS (KRW)*	331	1,478	65	45	2,382

Balance sheet

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Current assets	**69**	**117**	**128**	**113**	**175**
Cash & equivalents	19	34	67	41	82
Accounts receivable	28	36	30	37	48
Inventories	20	24	25	23	28
Other current assets	3	22	7	12	17
Fixed assets	**137**	**182**	**200**	**301**	**448**
Investment assets	1	8	5	5	6
Tangible assets	134	172	193	294	440
Intangible assets	1	1	2	1	1
Other long-term assets	(0)	0	(0)	0	0
Total assets	**206**	**298**	**328**	**413**	**623**
Current liabilities	**65**	**81**	**196**	**247**	**315**
Accounts payable	6	7	3	8	11
Short-term debt	51	62	110	149	154
Other current liabilities	8	12	83	90	151
Long-term liabilities	**54**	**86**	**11**	**10**	**77**
Bonds & long-term debt	38	73	0	0	51
Other long-term liabilities	16	13	11	10	26
Total liabilities	**119**	**166**	**207**	**257**	**393**
Owners of parent equity	**85**	**130**	**119**	**155**	**227**
Capital stock	8	8	8	8	8
Capital surplus	43	53	53	53	63
Retained earnings	12	34	33	32	69
Other	23	36	25	62	87
Non-controlling interests' equity	**2**	**2**	**2**	**2**	**3**
Total equity	**87**	**132**	**121**	**157**	**230**
Net debt	72	90	114	183	215

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**10**	**8**	**22**	**5**	**24**
Net profit	5	23	1	1	36
Non-cash profit and expenses	10	3	23	18	14
Depreciation	5	5	7	8	11
Amortization	0	0	0	1	1
Other	5	(2)	16	9	2
Changes in A/L from operating activities	(3)	(16)	1	(7)	(19)
Cash flow from investments	**(11)**	**(44)**	**(17)**	**(106)**	**(103)**
Change in tangible assets	(12)	(24)	(30)	(105)	(101)
Change in financial assets	1	(12)	5	(1)	(6)
Other	(0)	(8)	8	0	3
Cash flow from financing	**9**	**52**	**29**	**76**	**119**
Change in debt	8	46	47	45	78
Change in equity	(0)	10	0	0	10
Dividends	0	(1)	(1)	(1)	0
Other	0	(2)	(17)	33	31
Change in cash	7	15	33	(25)	41
Cash at beginning of year	11	19	34	67	41
Cash at end of year	19	34	67	41	82
Gross cash flow	**16**	**26**	**24**	**19**	**50**
Free cash flow	**(2)**	**(18)**	**(10)**	**(100)**	**(77)**

Financial ratios

Year-end Dec 31	2020	2021	2022	2023	2024
Growth (%)					
Sales	32.8	28.6	(12.4)	6.3	18.6
Operating profit	238.7	95.0	(32.0)	(48.1)	372.8
Net profit	nm	337.4	(96.5)	(21.3)	5,694.1
Adjusted EPS**	nm	347.3	(95.6)	(30.4)	5,204.7
Per-share data (KRW)					
EPS (parent-based)	331	1,478	65	45	2,382
EPS (consolidated)	342	1,485	52	41	2,351
Adjusted EPS**	331	1,478	65	45	2,382
BVPS	5,742	8,721	8,056	10,513	15,152
DPS (common)	50	100	100	0	100
Valuations (x)					
P/E***	140.5	72.1	1,100.7	1,924.3	31.4
P/B***	8.1	12.2	8.8	8.2	4.9
EV/EBITDA	56.2	75.5	63.3	100.1	33.6
Ratios (%)					
ROE	6.1	21.2	0.8	0.5	19.3
ROA	2.6	9.1	0.3	0.2	7.0
ROIC	4.9	12.2	2.9	(2.8)	5.5
Payout ratio	14.6	6.5	147.8	0.0	4.1
Dividend yield (common)	0.1	0.1	0.1	0.0	0.1
Net debt to equity	82.8	68.6	94.7	116.6	93.5
Interest coverage (x)	3.2	5.1	1.5	0.7	5.1

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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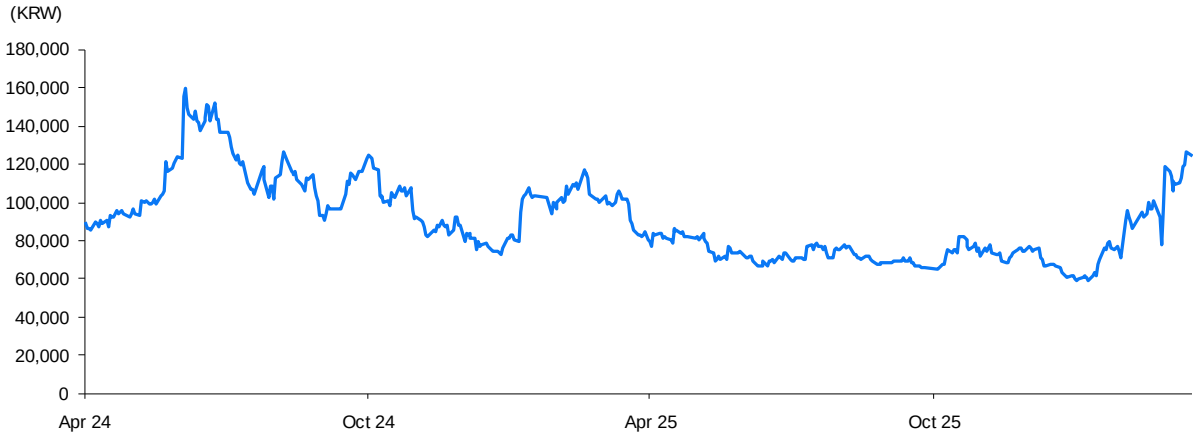

Rating changes over past two years (adjusted share prices)

Date	2026/3/24
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

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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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