COMPANY UPDATE

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Dio (039840)

Overseas subsidiaries picking up

- **1Q26 review:** Dio reported consensus-beating 1Q operating profit, driven by moderate China growth and balanced expansion across key direct sales subsidiaries in Asia and Europe.
- **Maintaining BUY with KRW22,000 target price:** Sales growth anchored in overseas subsidiaries should remain the core trend. Key future variables include the timing of China's VBP 2.0 implementation and momentum from new business initiatives.

▶ AT A GLANCE

BUY

Target price	KRW22,000	24.4%
Current price	**KRW17,680**	
Market cap	KRW237.19b/USD160.57m	
Shares (float)	13,415,828 (64.7%)	
52-week high/low	KRW20,950/KRW15,470	
Avg daily trading value (60-day)	KRW1.0b/ USD0.6m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Dio (%)	12.5	2.6	-4.4
Vs Kosdaq (%pts)	11.2	-23.6	-41.6

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	22,000	22,000	0.0%
2026E EPS	1,362	1,511	-9.9%
2027E EPS	1,986	2,257	-12.0%

▶ SAMSUNG vs THE STREET

No of estimates	3
Target price	22,667
Recommendation	4.0

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

WHAT'S THE STORY?

1Q review: Dio reported 1Q sales of KRW41.3b (up 15.4% y-y but down 11.6% q-q) and operating profit of KRW4.1b (up 173.2% y-y and 193.9% q-q), the latter topping consensus by 80.3%. Domestic sales edged up modestly to KRW7.1b (up 4.2% y-y but down 13.1% q-q). In China, sales reached KRW10.5b (up 9.3% y-y but down 10.6% q-q), sustaining annual growth momentum despite approaching VBP implementation—supported by intensified education and marketing targeting local dentists (2,494 participants in 1Q, up 154% y-y). North America recorded KRW4.9b (up 2.1% y-y but down 12.4% q-q). In Asia, sales totaled KRW6.3b (up 15.8% y-y and 3.2% q-q), led by India (up 24.5% y-y) and Australia (up 7.8% y-y). In Europe, sales surged to KRW9.3b (up 45.8% y-y and 6.8% q-q), outperforming even the typical seasonal peak of 4Q, driven by DSO sales in Portugal, increased package sales in Russia, and academic marketing gains in Turkey. Meanwhile, operating margin recovered to 10%, supported by normalization of SG&A expenses following the booking of one-off bad debt expense in 4Q25.

(Continued on the next page)

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	41.3	15.3	-11.6	-10.6	-4.8
Operating profit	4.1	170.1	190.6	-34.3	78.3
Pre-tax profit	3.7	459.6	nm	-30.0	n/a
Net profit	2.9	2,398.1	90.3	-30.6	n/a
Margins (%)					
Operating profit	9.9				
Pre-tax profit	9.0				
Net profit	7.0				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	n/a	13.0	8.9
P/B	1.2	1.1	1.0
EV/EBITDA	14.4	7.8	5.6
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	nm	nm	45.8
ROE (%)	-0.7	9.2	11.9
Per-share data (KRW)			
EPS	-93	1,362	1,986
BVPS	14,316	16,094	18,134
DPS	0	0	0

Maintaining BUY with target price of KRW22,0000: We maintain our target price, based on 12-month forward EBITDA, as our earnings forecasts remain largely unchanged. As of end-2025, accounts receivable (including non-current other receivables) stood at approximately KRW77b, down from KRW90b in 2024. The company's 2026 guidance targets KRW200b in revenue and a 15% operating margin. However, these forecasts are subject to revision as the planned VBP implementation in 2Q26 possibly could be delayed. Dio continues to prioritize overseas subsidiary-led growth—overseas sales now account for 71% of total revenue (up from 56% in 2020), and maintains a disciplined approach to inventory shipment, prioritizing cash collection and targeting markets with strong demand for Korean-made implants, such as China, Turkey, India, Portugal, and Russia. Product and solution expansion is underway: it plans to launch: 1) a hydrophilic implant tailored for China in 2026; and 2) the AI-driven, clinic-centric platform DIO AX (leveraging data accumulated through its DIO Navi system) in 2027. Also considering ongoing share buybacks and dividend policies, we maintain BUY on the stock.

Dio: Valuation

(KRWb)		Note
12MF EBITDA (A)	33.8	
Target EV/EBTIDA (x) (B)	8.6	*Global peer average (12m fwd)
Operating value (C = AxB)	290.2	
Net debt (D)	26.8	
Fair value (C-D)	263.4	
Outstanding shares ('000)	13,404	Excludes treasury stock
Fair value per share (KRW)	21,648	
Target price (KRW)	22,000	

Note: *Dentium, Ray, Straumann, Align Tech, Envista, Dentsply Sirona, ZimVie, Straumann/Align Tech (50%)
Source: Bloomberg, Samsung Securities estimates

Dio: Results and forecasts (consolidated basis)

(KRWb)	2025E	2026E	2027E	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Sales	**164.1**	**190.9**	**228.0**	**35.8**	**40.1**	**41.4**	**46.7**	**41.3**	**45.6**	**47.3**	**59.0**	**55.9**	**57.2**	**56.1**	**61.2**
Domestic	**27.0**	**28.4**	**29.8**	**6.8**	**6.3**	**5.8**	**8.1**	**7.1**	**6.0**	**7.2**	**8.2**	**9.1**	**5.4**	**7.6**	**7.7**
Overseas	**134.7**	**162.5**	**198.2**	**29.6**	**32.6**	**34.5**	**38.0**	**34.0**	**38.1**	**41.7**	**48.8**	**47.2**	**49.2**	**48.9**	**52.9**
Subsidiaries	116.0	140.1	171.4	26.3	27.7	29.2	32.8	31.1	32.1	35.8	41.2	42.2	42.1	41.8	45.2
China	42.3	49.1	58.7	9.6	10.8	10.1	11.8	10.5	11.3	12.2	15.0	14.7	16.1	12.5	15.3
North America	19.8	22.1	24.4	4.8	4.7	4.6	5.6	4.9	5.3	5.6	6.2	6.5	6.3	6.1	5.5
Asia (excl. China)	23.7	28.6	35.5	5.4	5.7	6.5	6.1	6.3	7.2	7.5	7.6	8.6	8.9	9.7	8.4
Europe	28.1	38.2	50.6	6.4	6.4	6.7	8.7	9.3	8.0	9.8	11.2	12.1	10.5	12.7	15.3
Middle East	2.1	2.1	2.1	0.0	0.1	1.4	0.7	0.0	0.2	0.6	1.2	0.3	0.3	0.8	0.8
Others and adjustments	2.3	2.3	2.3	-0.6	1.2	1.1	0.6	0.3	1.6	-1.6	2.0	-0.5	2.6	-0.4	0.6
Gross profit	**110.2**	**130.8**	**155.2**	**24.0**	**27.7**	**27.5**	**31.1**	**27.1**	**31.3**	**32.2**	**40.2**	**36.4**	**38.9**	**38.2**	**41.7**
Operating profit	**10.1**	**25.3**	**34.9**	**1.5**	**3.0**	**4.2**	**1.4**	**4.1**	**5.5**	**5.9**	**9.8**	**7.8**	**9.9**	**8.5**	**8.7**
Pre-tax profit	**-6.6**	**23.8**	**34.2**	**0.7**	**-11.7**	**6.9**	**-2.5**	**3.7**	**5.2**	**5.5**	**9.4**	**7.5**	**9.7**	**8.4**	**8.6**
Net profit (controlling)	**-1.4**	**18.5**	**26.6**	**0.1**	**-8.9**	**5.9**	**1.5**	**2.9**	**4.0**	**4.3**	**7.3**	**5.8**	**7.6**	**6.5**	**6.7**
Growth (% y-y)															
Sales	***37.1***	***16.4***	***19.4***	***2.4***	***158.0***	***32.2***	***23.6***	***15.4***	***13.7***	***14.1***	***26.4***	***35.2***	***25.5***	***18.5***	***3.6***
Domestic	***25.1***	***5.0***	***5.0***	***-36.9***	***n/a***	***12.1***	***14.2***	***4.2***	***-5.5***	***22.8***	***1.0***	***29.4***	***-9.6***	***5.7***	***-6.0***
Overseas	***32.9***	***20.6***	***21.9***	***24.3***	***86.6***	***27.7***	***14.9***	***14.7***	***16.8***	***20.9***	***28.3***	***38.9***	***29.4***	***17.2***	***8.4***
Subsidiaries	*34.5*	*20.8*	*22.3*	*24.9*	*94.0*	*29.5*	*15.8*	*18.3*	*15.9*	*22.3*	*25.5*	*36.0*	*31.5*	*16.8*	*9.7*
China	*108.3*	*16.2*	*19.5*	*102.6*	*203.4*	*119.2*	*59.4*	*9.3*	*5.4*	*20.9*	*27.9*	*40.1*	*41.9*	*2.6*	*1.9*
North America	*13.0*	*11.7*	*10.5*	*2.8*	*15.4*	*1.8*	*33.8*	*2.1*	*12.5*	*23.4*	*9.6*	*31.7*	*18.6*	*8.1*	*-11.3*
Asia (excl. China)	*29.0*	*20.3*	*24.4*	*28.2*	*40.9*	*24.7*	*24.6*	*15.8*	*26.0*	*15.4*	*24.4*	*36.3*	*24.1*	*29.1*	*10.1*
Europe	*45.1*	*36.1*	*32.5*	*27.6*	*154.2*	*27.2*	*31.1*	*45.8*	*25.0*	*46.9*	*28.9*	*30.6*	*32.1*	*30.1*	*36.4*
Middle East	*-80.1*	*0.0*	*0.0*	*n/a*	*41.7*	*-53.7*	*-87.5*	*n/a*	*235.8*	*-54.4*	*86.7*	*749.0*	*20.0*	*20.0*	*-36.3*
Others and adjustments	*n/a*	*0.0*	*0.0*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*29.4*	*n/a*	*252.3*	*n/a*	*65.0*	*-75.4*	*-70.8*
Gross profit	***49.4***	***18.7***	***18.7***	***-3.5***	***581.9***	***33.7***	***27.7***	***12.8***	***13.1***	***17.0***	***29.5***	***34.5***	***24.4***	***18.5***	***3.6***
Operating profit	***n/a***	***150.5***	***38.0***	***-73.1***	***n/a***	***886.6***	***305.7***	***173.2***	***82.5***	***41.7***	***592.3***	***87.8***	***79.7***	***44.4***	***-10.6***
Pre-tax profit	***-86.9***	***n/a***	***43.8***	***-91.4***	***-79.5***	***n/a***	***n/a***	***461.1***	***n/a***	***-20.4***	***n/a***	***101.3***	***88.2***	***51.4***	***-7.9***
Net profit (controlling)	***-96.7***	***n/a***	***43.8***	***-97.2***	***-81.2***	***n/a***	***-83.0***	***2,392.8***	***n/a***	***-27.2***	***379.8***	***101.3***	***88.2***	***51.4***	***-7.9***
Margins (%)															
Gross profit	**67.2**	**68.5**	**68.1**	**67.0**	**69.0**	**66.4**	**66.5**	**65.5**	**68.7**	**68.1**	**68.1**	**65.2**	**68.1**	**68.1**	**68.1**
Operating profit	**6.2**	**13.3**	**15.3**	**4.2**	**7.5**	**10.0**	**3.0**	**10.0**	**12.1**	**12.4**	**16.5**	**13.9**	**17.3**	**15.2**	**14.3**
Pre-tax profit	**-4.0**	**12.4**	**15.0**	**1.8**	**-29.1**	**16.7**	**-5.4**	**9.0**	**11.3**	**11.7**	**15.9**	**13.4**	**17.0**	**14.9**	**14.1**
Net profit (controlling)	**-0.8**	**9.7**	**11.7**	**0.3**	**-22.2**	**14.3**	**3.3**	**7.0**	**8.8**	**9.1**	**12.4**	**10.4**	**13.2**	**11.6**	**11.0**

Note: Sales in each region are calculated by excluding the provision for bad debts.
Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**120**	**164**	**193**	**230**	**277**
Cost of goods sold	46	54	62	75	90
Gross profit	**74**	**110**	**131**	**155**	**186**
Gross margin (%)	61.7	67.2	67.7	67.4	67.4
SG&A expenses	115	100	105	120	142
Operating profit	**-41**	**10**	**25**	**35**	**45**
Operating margin (%)	-34.0	6.2	13.1	15.2	16.2
Non-operating gains (losses)	**-10**	**-17**	**-2**	**-1**	**0**
Financial profit	2	2	3	4	5
Financial costs	7	6	4	5	5
Equity-method gains (losses)	0	0	0	0	0
Other	-6	-13	-0	0	0
Pre-tax profit	**-50**	**-7**	**24**	**34**	**45**
Taxes	-9	-5	5	8	10
Effective tax rate (%)	18.1	79.3	22.0	22.0	22.0
Profit from continuing operations	-41	-1	19	27	35
Profit from discontinued operations	0	0	0	0	0
Net profit	**-41**	**-1**	**19**	**27**	**35**
Net margin (%)	-34.5	-0.8	9.6	11.6	12.7
Net profit (controlling interests)	-41	-1	19	27	35
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	-29	19	34	42	51
EBITDA margin (%)	-24.7	11.9	17.5	18.2	18.3
EPS (parent-based) (KRW)	-2,657	-93	1,362	1,986	2,627
EPS (consolidated) (KRW)	-2,657	-93	1,362	1,986	2,627
Adjusted EPS (KRW)*	-2,657	-93	1,362	1,986	2,627

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**171**	**153**	**202**	**238**	**298**
Cash & equivalents	25	43	64	95	112
Accounts receivable	77	68	86	89	118
Inventories	26	26	33	34	45
Other current assets	43	16	19	19	24
Fixed assets	**172**	**175**	**170**	**163**	**161**
Investment assets	9	9	12	12	16
Tangible assets	144	141	133	127	121
Intangible assets	2	2	2	1	1
Other long-term assets	18	23	23	23	23
Total assets	**343**	**328**	**372**	**401**	**459**
Current liabilities	**120**	**107**	**131**	**133**	**156**
Accounts payable	7	8	10	10	14
Short-term debt	55	41	51	51	51
Other current liabilities	58	58	70	72	91
Long-term liabilities	**20**	**30**	**31**	**31**	**31**
Bonds & long-term debt	15	25	25	25	25
Other long-term liabilities	4	5	5	6	6
Total liabilities	**139**	**137**	**162**	**164**	**187**
Owners of parent equity	**204**	**192**	**210**	**237**	**272**
Capital stock	8	8	8	8	8
Capital surplus	27	27	27	27	27
Retained earnings	78	60	78	105	140
Other	91	97	97	97	97
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**204**	**192**	**210**	**237**	**272**
Net debt	60	38	27	-4	-21

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**15**	**17**	**14**	**31**	**21**
Net profit	-41	-1	19	27	35
Non-cash profit and expenses	56	36	15	15	15
Depreciation	10	9	8	7	5
Amortization	2	1	0	0	0
Other	45	27	7	8	10
Changes in A/L from operating activities	15	-14	-13	-2	-20
Cash flow from investments	**-21**	**19**	**-2**	**-0**	**-4**
Change in tangible assets	5	-4	0	0	0
Change in financial assets	0	-0	-2	-0	-4
Other	-27	24	-0	-0	0
Cash flow from financing	**20**	**-19**	**10**	**0**	**0**
Change in debt	-33	-4	10	0	0
Change in equity	-78	-0	0	0	0
Dividends	-1	-2	0	0	0
Other	132	-13	0	0	0
Change in cash	16	18	22	31	17
Cash at beginning of year	9	25	43	64	95
Cash at end of year	25	43	64	95	112
Gross cash flow	**15**	**35**	**34**	**42**	**51**
Free cash flow	**10**	**12**	**14**	**31**	**21**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-23.2	37.1	17.8	19.2	20.1
Operating profit	nm	nm	150.5	38.0	28.6
Net profit	nm	nm	nm	43.8	32.3
Adjusted EPS**	nm	nm	nm	45.8	32.3
Per-share data (KRW)					
EPS (parent-based)	-2,657	-93	1,362	1,986	2,627
EPS (consolidated)	-2,657	-93	1,362	1,986	2,627
Adjusted EPS**	-2,657	-93	1,362	1,986	2,627
BVPS	14,657	14,316	16,094	18,134	20,832
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	n/a	13.0	8.9	6.7
P/B***	1.1	1.2	1.1	1.0	0.8
EV/EBITDA	n/a	14.4	7.8	5.6	4.3
Ratios (%)					
ROE	-20.7	-0.7	9.2	11.9	13.9
ROA	-11.6	-0.4	5.3	6.9	8.2
ROIC	-13.1	1.0	9.9	13.6	17.0
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	29.3	20.0	12.8	-1.7	-7.6
Interest coverage (x)	-7.0	2.4	5.7	7.3	9.5

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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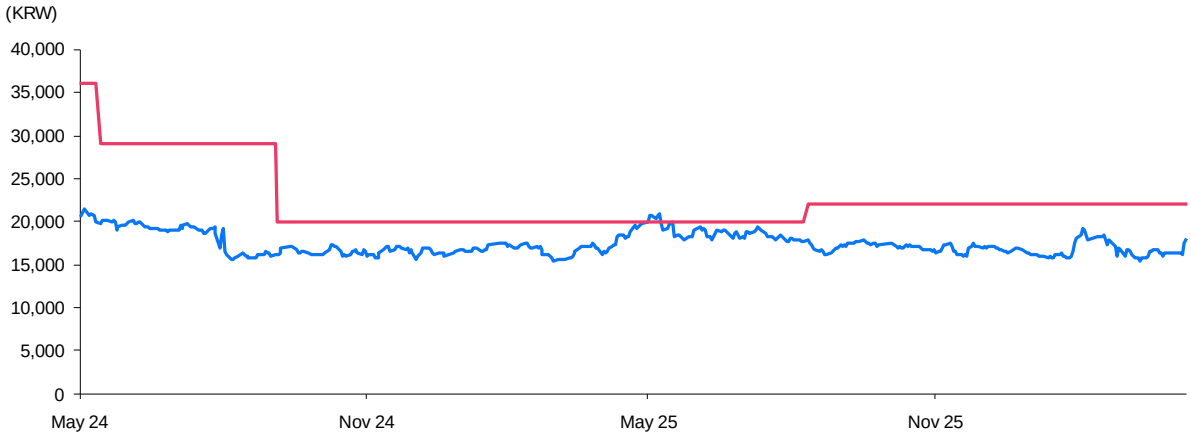
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/15	2024/5/20	9/10	2025/8/18
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	36000	29000	20000	22000
Gap* (average)	-40.36	-36.46	-13.06	
(max or min)**	-33.61	-30.17	4.75	

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 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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