COMPANY UPDATE

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Finance/Consumer Goods Team

**Mingi Jeong**
Analyst
mingi1.jeong@samsung.com


# NH Investment & Securities (005940)

## Steady beneficiary of capital market momentum

- NH Investment & Securities reported a 1Q consolidated net profit of KRW475.7b, surpassing consensus by 21%
- The company put in strong performance across all segments: brokerage, wealth management (WM), S&T, and interest income
- Reflecting our new earnings forecasts, we raise our target price for the stock to KRW41,000

### AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW41,000 | 17.3% |
| **Current price** | **KRW34,950** | |
| Market cap | KRW12.5t/USD8.4b | |
| Shares (float) | 356,344,369 (36.8%) | |
| 52-week high/low | KRW39,200/KRW14,130 | |
| Avg daily trading value (60-day) | KRW40.9b/ USD27.6m | |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| NH Investment & Securities (%) | 6.9 | 71.7 | 147.3 |
| Vs Kospi (%pts) | -10.8 | 2.0 | -3.5 |

### KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 41,000 | 28,000 | 46.4% |
| 2026E EPS | 3,644 | 3,504 | 4.0% |
| 2027E EPS | 3,518 | 3,541 | -0.6% |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 17 |
| Target price | 38,588 |
| Recommendation | 3.9 |

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

### WHAT'S THE STORY?

**1Q review:** NH Investment & Securities reported a 1Q consolidated net profit of KRW475.7b, up 67.8% q-q and surpassing consensus by 21%. We note that: 1) brokerage commissions rose 57.4% q-q to KRW349.5b, led by a surge in domestic equity trading value; 2) WM fee income rose 87.7% q-q to KRW49.1b, driven by higher turnover in financial product sales; and 3) S&T & interest income soared 115% y-y to KRW424.2b, supported by strong hedge fund returns (a KRW60b gap between consolidated and parent results). Meanwhile, IB fees edged down 2.7% q-q to KRW97.2b due to reduced debt guarantee fees.

*(Continued on the next page)*

**NH Investment & Securities 1Q review**

| (KRWb) | 1Q26 | 4Q25 | Chg (% q-q) | 1Q25 | Chg (% y-y) | Consensus | Diff (%) |
|---|---|---|---|---|---|---|---|
| Operating profit | 636.7 | 418.3 | 52.2 | 289.0 | 120.3 | 534.4 | 19.1 |
| Pre-tax profit | 650.1 | 379.4 | 71.4 | 276.8 | 134.9 | 504.2 | 28.9 |
| Net profit | 475.7 | 283.5 | 67.8 | 208.2 | 128.4 | 394.0 | 20.7 |
| **Kospi (quarter-end)** | 5,052.5 | 4,214.2 | 19.9 | 2,481.1 | 103.6 | n/a | n/a |
| Average daily trading value (KRWt) | 66.0 | 37.1 | 78.1 | 18.6 | 254.5 | n/a | n/a |
| Treasury bond rate (1-year, end, %) | 3.0 | 2.6 | 0.5 | 2.6 | 0.4 | n/a | n/a |
| Margin loan balance (avg, KRWt) | 34.0 | 28.2 | 20.2 | 18.5 | 83.7 | n/a | n/a |

Source: Company data, FnGuide, Samsung Securities estimates

**Valuations**

| (KRWb) | Net op revenue | Operating profit | Net profit | BVPS (KRW) | EPS (KRW) | P/B (x) | P/E (x) | ROE (%) | Dividend yield (%) |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | 2,012 | 901 | 687 | 23,474 | 1,982 | 0.6 | 7.0 | 8.7 | 6.8 |
| 2024 | 2,676 | 1,421 | 1,032 | 25,187 | 2,749 | 1.4 | 12.7 | 11.8 | 3.7 |
| 2025E | 3,364 | 1,681 | 1,233 | 27,009 | 3,644 | 1.3 | 10.6 | 12.6 | 4.3 |
| 2026E | 3,485 | 1,734 | 1,257 | 30,365 | 3,518 | 1.2 | 10.4 | 11.7 | 4.3 |
| 2027E | 3,714 | 1,892 | 1,372 | 34,028 | 3,656 | 1.0 | 9.6 | 11.4 | 4.3 |

Source: Company data, Samsung Securities estimates

**A stable beneficiary of capital market upswing:** We raise our target price by 46.4% to KRW41,000, as: 1) we raise our 2026 and 2027 earnings forecasts by 25% and 16%, respectively, to reflect upward revisions to our assumptions for domestic trading value and S&T income; and 2) we lower the sector-wide required dividend yield from 3.3% to 3.0%. As a leading player, the company fully captures gains from rising trading value. Additionally, its recent approval for an Investment Management Account (IMA) license is expected to expand its WM product lineup and enhance leverage. Given its relatively low volatility in S&T returns compared to peers, the company stands out as a stable, high-quality equity play in a buoyant capital market environment.

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Cash & dues from banks | 10,293 | 16,318 | 20,575 | 22,271 | 24,107 |
| Cash & cash equivalents | 1,584 | 2,631 | 3,317 | 3,590 | 3,886 |
| Dues from bank deposits | 8,709 | 13,687 | 17,258 | 18,680 | 20,220 |
| Securities | 35,910 | 41,442 | 48,297 | 52,278 | 56,587 |
| Short-term trading | 26,037 | 28,276 | 32,954 | 35,670 | 38,610 |
| Available-for-sale | 8,228 | 11,260 | 13,122 | 14,204 | 15,375 |
| Derivatives | 0 | 0 | 0 | 0 | 0 |
| Other | 1,645 | 1,906 | 2,221 | 2,404 | 2,602 |
| Loans | 10,980 | 16,544 | 17,996 | 19,480 | 21,085 |
| Tangible assets | 139 | 114 | 108 | 112 | 117 |
| Intangible assets | 59 | 62 | 65 | 67 | 70 |
| Other assets | 5,168 | 9,053 | 14,890 | 12,707 | 10,200 |
| **Total assets** | **62,549** | **83,534** | **101,931** | **106,915** | **112,166** |
| Customer deposit liabilities | 7,972 | 13,001 | 16,299 | 16,961 | 17,649 |
| Liabilities from borrowing | 40,596 | 51,788 | 55,237 | 57,479 | 59,813 |
| Borrowings | 14,373 | 21,060 | 22,462 | 23,374 | 24,323 |
| Sale of repurchase agreements | 10,073 | 11,614 | 12,387 | 12,890 | 13,413 |
| Structured securities sold | 7,771 | 7,956 | 8,486 | 8,831 | 9,189 |
| Bonds | 2,856 | 4,721 | 5,036 | 5,240 | 5,453 |
| Other liabilities from borrowing | 5,522 | 6,437 | 6,865 | 7,144 | 7,434 |
| Other liabilities | 6,575 | 10,069 | 19,999 | 20,811 | 21,656 |
| Accrued payables | 4,461 | 7,793 | 15,479 | 16,107 | 16,761 |
| Accrued expenses | 523 | 654 | 1,298 | 1,351 | 1,406 |
| Taxes withheld | 93 | 107 | 212 | 221 | 230 |
| Leasehold deposits received | 8 | 8 | 15 | 16 | 17 |
| Allowance for severance pay | 72 | 108 | 215 | 224 | 233 |
| Deferred income tax liabilities | 16 | 267 | 530 | 551 | 574 |
| Other | 1,402 | 1,133 | 2,249 | 2,341 | 2,436 |
| **Total liabilities** | **55,427** | **74,878** | **91,810** | **95,538** | **99,417** |
| Paid-in capital | 1,783 | 1,944 | 1,944 | 1,944 | 1,944 |
| Capital surplus | 1,882 | 2,370 | 2,370 | 2,370 | 2,370 |
| Other reserves | -15 | -15 | 485 | 485 | 485 |
| Other accumulated earnings | 524 | 539 | 539 | 539 | 539 |
| Retained earnings | 3,941 | 4,595 | 4,778 | 6,035 | 7,407 |
| Minority interests | 5 | 5 | 5 | 5 | 5 |
| **Total shareholder equity** | **8,119** | **9,438** | **10,121** | **11,377** | **12,749** |

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Net commission income | 955 | 1,212 | 1,785 | 1,770 | 1,810 |
| Brokerage commissions | 440 | 592 | 1,063 | 1,024 | 1,031 |
| BC commissions | 34 | 41 | 49 | 45 | 46 |
| Wrap account commissions | 22 | 31 | 44 | 33 | 33 |
| Underwriting commissions | 57 | 56 | 57 | 58 | 65 |
| Other commissions | 400 | 491 | 571 | 611 | 636 |
| Net interest income | 802 | 954 | 1,094 | 1,185 | 1,282 |
| Net prop trading income | 319 | 501 | 397 | 530 | 622 |
| Other net income | -63 | 10 | 88 | 0 | 0 |
| **Net operating income** | **2,012** | **2,676** | **3,364** | **3,485** | **3,714** |
| SG&A expenses | 1,111 | 1,256 | 1,683 | 1,751 | 1,822 |
| Labor | 724 | 846 | 1,174 | 1,222 | 1,272 |
| Other | 387 | 410 | 508 | 529 | 550 |
| **Operating profit** | **901** | **1,421** | **1,681** | **1,734** | **1,892** |
| Net non-operating income | 24 | -73 | 13 | 0 | 0 |
| **Pre-tax profit** | **925** | **1,348** | **1,695** | **1,734** | **1,892** |
| Income taxes | 238 | 316 | 462 | 477 | 520 |
| Net income of minority interests | -0 | -0 | 0 | 0 | 0 |
| **Net profit** | **687** | **1,032** | **1,233** | **1,257** | **1,372** |

## Key growth & profitability indicators

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth rates (% y-y)** | | | | | |
| Customer deposits | 11.1 | 63.1 | 25.4 | 4.1 | 4.1 |
| Total assets | 10.1 | 33.5 | 22.0 | 4.9 | 4.9 |
| Total shareholder equity | 6.6 | 16.2 | 7.2 | 12.4 | 12.1 |
| Net operating income | 19.9 | 33.0 | 25.7 | 3.6 | 6.6 |
| Net profit | 23.4 | 50.2 | 19.5 | 1.9 | 9.2 |
| EPS | 24.9 | 38.7 | 19.5 | 1.9 | 9.2 |
| BVPS | 7.9 | 7.3 | 7.2 | 12.4 | 12.1 |
| **Profitability (%)** | | | | | |
| Equity turnover | 124.5 | 146.4 | 343.2 | 309.5 | 281.1 |
| Return on average assets | 1.2 | 1.4 | 1.3 | 1.2 | 1.3 |
| Return on average equity | 8.7 | 11.8 | 12.6 | 11.7 | 11.4 |
| Operating profit/total assets | 1.4 | 1.6 | 1.7 | 1.6 | 1.7 |

## Financial ratios & per-share data

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Efficiency (%)** | | | | | |
| SG&A expense ratio | 123.3 | 88.4 | 100.1 | 101.0 | 96.3 |
| Cost-to-income ratio | 124.9 | 124.0 | 110.7 | 111.0 | 111.6 |
| **Dividends & per share data** | | | | | |
| BVPS (KRW) | 23,474 | 25,187 | 27,009 | 30,365 | 34,028 |
| EPS (KRW) | 1,982 | 2,749 | 3,644 | 3,518 | 3,656 |
| DPS (KRW) | 950 | 1,300 | 1,500 | 1,500 | 1,500 |
| P/B (x) | 0.6 | 1.4 | 1.3 | 1.2 | 1.0 |
| P/E (x) | 7.0 | 12.7 | 10.6 | 10.4 | 9.6 |
| Dividend payout ratio (%) | 48.0 | 47.3 | 45.6 | 44.8 | 41.0 |
| Div yield (cash, common, %) | 6.8 | 3.7 | 4.3 | 4.3 | 4.3 |

Source: Company data, Samsung Securities estimates

## Key macro & market indicators

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Kospi (year-end) | 2,399 | 4,214 | 6,150 | 6,350 | 6,550 |
| Daily equity trading (KRWt) | 19.1 | 26.3 | 52.6 | 52.1 | 53.7 |
| Total market cap (KRWt) | 2,303 | 3,983 | 5,771 | 5,959 | 6,146 |
| Average share turnover (x) | 3.8 | 4.0 | 5.2 | 4.3 | 4.3 |
| Daily futures trading (KRWt) | 26.8 | 30.7 | 52.2 | 52.2 | 53.8 |
| Daily options trading (KRWt) | 0.6 | 0.6 | 0.8 | 0.8 | 0.8 |
| BCs outstanding (KRWt) | 1,046 | 1,291 | 1,411 | 1,428 | 1,445 |

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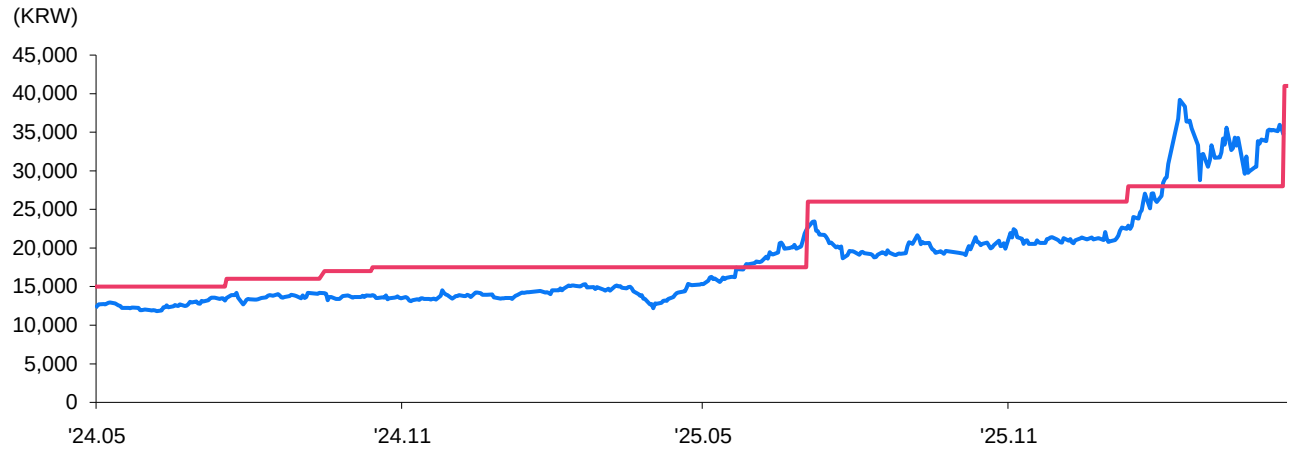
## Target price changes in past two years




## Rating changes over past two years (adjusted share prices)

| Date | 2024/4/22 | 7/26 | 9/23 | 10/22 | 2025/7/11 | 2026/1/20 | 4/24 |
|---|---|---|---|---|---|---|---|
| Recommendation | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 15000 | 16000 | 17000 | 17500 | 26000 | 28000 | 41000 |
| Gap* (average) | -16.23 | -14.48 | -19.53 | -13.81 | -21.03 | 12.38 | |
| (max or min)** | -9.53 | -11.25 | -17.18 | 27.43 | -9.81 | 40.00 | |

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

**Samsung Securities uses the following investment ratings***

**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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