COMPANY UPDATE

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Wonik IPS (240810)

Earlier concerns prove overdone

- Wonik IPS reported an earnings surprise in 1Q, even after accounting for one-off gains.
- Expectations for a strong 2H remain valid, as capex across DRAM, NAND, and foundry operations is likely to concentrate during this period.
- We raise our target price to KRW170,000 and maintain BUY.

WHAT'S THE STORY?

1Q review: Sales at Wonik IPS fell 40% q-q to KRW164.9b, missing both our estimate and the consensus. Semiconductor equipment sales were likely robust, even though customer capex expansion was limited, supported by stronger-than-anticipated upgrade demand and parts/service sales. But display equipment sales to key clients likely dropped sharply, pulling overall sales below consensus.

Operating profit of KRW10.7b (margin of 6.5%) came as a surprise. Even after adjusting for a reversal of provisions equivalent to 2-3% of sales, the figure still impressed. Contrary to concerns, fixed cost growth remained tightly controlled, and the improvement in product mix—weighted toward higher-margin semiconductor equipment—exceeded expectations. Non-operating profit also proved sizable, bolstered by a strong dollar and valuation gains on financial assets.

2026 outlook: Our full-year sales and operating profit forecasts remain largely unchanged. However, we now expect a much wider split between 1H and 2H semiconductor equipment sales than previously assumed. The main reason is a timing mismatch between when clients commit to DRAM capacity expansion and when equipment suppliers recognize sales. Wonik IPS, in particular, appears to recognize sales even later than its equipment peers. For reference, sales from the largest client's NAND upgrade and new foundry-related orders are likely to be recognized starting in 3Q. However, revise up our full-year net profit forecast by 9% to reflect unexpectedly substantial non-operating profit in 1Q.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW170,000	27.9%
Current price	**KRW132,900**	
Market cap	KRW6.5t/USD4.4b	
Shares (float)	49,083,901 (66.2%)	
52-week high/low	KRW137,800/KRW20,950	
Avg daily trading value (60-day)	KRW80.5b/ USD54.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Wonik IPS (%)	9.5	99.8	469.2
Vs Kosdaq (%pts)	-1.2	45.1	243.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	170,000	150,000	13.3%
2026E EPS	3,843	3,521	9.2%
2027E EPS	4,699	4,057	15.8%

SAMSUNG vs THE STREET

No of estimates	6
Target price	151,333
Recommendation	4.0

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	164.9	32.8	-40.0	-3.9	-6.1
Operating profit	10.7	nm	-37.8	159.5	240.8
Pre-tax profit	26.5	nm	-31.4	206.7	397.2
Net profit	22.1	nm	-32.6	227.8	619.2
Margins (%)					
Operating profit	6.5				
Pre-tax profit	16.1				
Net profit	13.4				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	39.3	34.6	28.3
P/B	3.4	5.6	4.8
EV/EBITDA	27.5	24.8	19.2
Div yield (%)	0.3	0.2	0.3
EPS growth (% y-y)	305.4	122.5	22.2
ROE (%)	9.0	17.7	18.2
Per-share data (KRW)			
EPS	1,727	3,843	4,699
BVPS	19,936	23,575	27,973
DPS	200	300	400

Raising target price: Based on our revised 2026 EPS forecast, we raise our target price to KRW170,000. While the market has largely priced in DRAM capex expectations, we see momentum continuing—backed by growing confidence in the largest client's upcoming foundry order wins, resulting in increased investment, along with updates on plans for new facilities (including when construction will be completed and if NAND capacity will expand).

Summary income statement

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**124.2**	**242.2**	**268.4**	**275.0**	**164.9**	**236.9**	**461.9**	**489.2**	**909.8**	**1,352.9**	**1,544.2**
Growth (% y-y)	9.1	56.3	45.4	-6.7	32.8	-2.2	72.1	77.9	21.6	48.7	14.1
Growth (% q-q)	-57.9	95.0	10.8	2.4	-40.0	43.7	95.0	5.9			
Cost of goods sold	64.2	133.6	162.3	166.8	80.0	134.3	277.9	300.7	527.0	792.8	890.7
Gross profit	**60.0**	**108.6**	**106.1**	**108.2**	**84.9**	**102.7**	**184.0**	**188.5**	**382.8**	**560.1**	**653.5**
Gross margin (%)	48.3	44.8	39.5	39.3	51.5	43.3	39.8	38.5	42.1	41.4	42.3
SG&A expenses	67.4	72.1	78.6	91.0	74.2	78.7	96.6	107.1	309.0	356.5	390.4
Operating profit	**-7.4**	**36.5**	**27.5**	**17.2**	**10.7**	**24.0**	**87.4**	**81.4**	**73.8**	**203.5**	**263.1**
Operating margin (%)	-5.9	15.1	10.3	6.3	6.5	10.1	18.9	16.6	8.1	15.0	17.0
Non-operating profit	4.1	-3.6	10.4	21.4	15.7	6.0	6.1	6.6	32.3	34.4	30.0
Pre-tax profit	**-3.3**	**32.8**	**38.0**	**38.6**	**26.5**	**30.0**	**93.5**	**88.0**	**106.2**	**237.9**	**293.1**
Pre-tax margin (%)	-2.7	13.6	14.1	14.1	16.0	12.7	20.2	18.0	11.7	17.6	19.0
Net profit	**-4.7**	**27.7**	**28.3**	**32.8**	**22.1**	**23.4**	**72.9**	**68.6**	**84.0**	**187.0**	**228.6**
Net margin (%)	-3.8	11.4	10.5	11.9	13.4	9.9	15.8	14.0	9.2	13.8	14.8
EPS (KRW)	**-97**	**568**	**581**	**674**	**453**	**481**	**1,499**	**1,410**	**1,727**	**3,843**	**4,699**
Growth (% y-y)	nm	293.6	234.7	18.3	nm	-15.4	157.9	109.1	305.4	122.5	22.2
Growth (% q-q)	nm	nm	2.3	16.0	-32.8	6.1	211.8	-5.9			

Source: Company data, Samsung Securities estimates

Sales, by division

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Semiconductor	94.1	217.6	197.4	198.2	145.9	208.4	379.2	398.3	707.3	1,131.8	1,320.3
Display	30.1	24.6	71.0	76.8	19.0	28.5	82.7	90.9	202.5	221.1	223.9
Total	124.2	242.2	268.4	275.0	164.9	236.9	461.9	489.2	909.8	1,352.9	1,544.2
Share (%)											
Semiconductor	75.8	89.8	73.5	72.1	88.5	88.0	82.1	81.4	77.7	83.7	85.5
Display	24.2	10.2	26.5	27.9	11.5	12.0	17.9	18.6	22.3	16.3	14.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Growth (% y-y)											
Semiconductor	-15.3	47.1	83.6	-5.9	55.0	-4.2	92.1	100.9	22.6	60.0	16.7
Display	1,026.9	250.1	-7.8	-8.9	-36.9	15.8	16.4	18.4	18.4	9.2	1.3
Total	9.1	56.3	45.4	-6.7	32.8	-2.2	72.1	77.9	21.6	48.7	14.1
Growth (% q-q)											
Semiconductor	-55.3	131.2	-9.3	0.4	-26.4	42.9	82.0	5.0			
Display	-64.3	-18.2	188.4	8.2	-75.3	50.0	190.0	10.0			
Total	-57.9	95.0	10.8	2.5	-40.0	43.7	95.0	5.9			

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Sales	**690**	**748**	**910**	**1,353**	**1,544**
Cost of goods sold	414	456	527	793	891
Gross profit	**276**	**292**	**383**	**560**	**654**
Gross margin (%)	40.0	39.1	42.1	41.4	42.3
SG&A expenses	294	282	309	357	390
Operating profit	**-18**	**11**	**74**	**204**	**263**
Operating margin (%)	-2.6	1.4	8.1	15.0	17.0
Non-operating gains (losses)	**-3**	**7**	**32**	**34**	**30**
Financial profit	8	6	35	28	25
Financial costs	4	11	1	1	1
Equity-method gains (losses)	-1	-2	1	0	0
Other	-5	14	-3	7	5
Pre-tax profit	**-21**	**17**	**106**	**238**	**293**
Taxes	-7	-3	22	51	64
Effective tax rate (%)	35.2	-19.1	20.8	21.4	22.0
Profit from continuing operations	-14	21	84	187	229
Profit from discontinued operations	0	0	0	0	0
Net profit	**-14**	**21**	**84**	**187**	**229**
Net margin (%)	-2.0	2.8	9.2	13.8	14.8
Net profit (controlling interests)	-14	21	84	187	229
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	27	52	113	245	306
EBITDA margin (%)	3.9	7.0	12.5	18.1	19.8
EPS (parent-based) (KRW)	-282	426	1,727	3,843	4,699
EPS (consolidated) (KRW)	-282	426	1,727	3,843	4,699
Adjusted EPS (KRW)*	-282	426	1,727	3,843	4,699

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Current assets	**588**	**645**	**699**	**990**	**1,227**
Cash & equivalents	54	135	107	310	509
Accounts receivable	22	23	38	38	42
Inventories	341	338	273	334	372
Other current assets	170	149	282	309	305
Fixed assets	**497**	**479**	**465**	**455**	**438**
Investment assets	32	35	39	39	39
Tangible assets	354	334	323	310	296
Intangible assets	22	27	28	29	25
Other long-term assets	89	82	76	77	77
Total assets	**1,085**	**1,124**	**1,165**	**1,446**	**1,665**
Current liabilities	**210**	**229**	**188**	**293**	**298**
Accounts payable	33	34	25	50	56
Short-term debt	0	0	0	0	0
Other current liabilities	177	195	163	242	242
Long-term liabilities	**9**	**8**	**7**	**6**	**6**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	9	8	7	6	6
Total liabilities	**218**	**237**	**195**	**299**	**304**
Owners of parent equity	**867**	**887**	**970**	**1,147**	**1,361**
Capital stock	25	25	25	25	25
Capital surplus	357	357	357	357	357
Retained earnings	494	515	597	773	987
Other	-9	-9	-9	-8	-8
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**867**	**887**	**970**	**1,147**	**1,361**
Net debt	-82	-131	-211	-432	-627

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Cash flow from operations	**-12**	**78**	**157**	**238**	**239**
Net profit	-14	21	84	187	229
Non-cash profit and expenses	71	66	61	41	43
Depreciation	38	39	36	38	40
Amortization	7	3	3	3	3
Other	26	24	21	0	0
Changes in A/L from operating activities	-58	-10	18	9	-32
Cash flow from investments	**-46**	**5**	**-179**	**-26**	**-26**
Change in tangible assets	-60	-20	-26	-26	-26
Change in financial assets	22	29	-105	0	0
Other	-8	-3	-48	0	0
Cash flow from financing	**14**	**-3**	**-6**	**-10**	**-15**
Change in debt	6	-1	-2	0	0
Change in equity	6	0	0	0	0
Dividends	-10	0	-2	-10	-15
Other	11	-3	-1	0	0
Change in cash	-44	81	-28	202	199
Cash at beginning of year	98	54	135	107	310
Cash at end of year	54	135	107	310	509
Gross cash flow	**58**	**87**	**145**	**228**	**272**
Free cash flow	**-72**	**57**	**131**	**212**	**214**

Financial ratios

Year-end Dec 31	2023	2024	2025	2026E	2027E
Growth (%)					
Sales	-31.8	8.4	21.6	48.7	14.1
Operating profit	nm	nm	593.6	175.8	29.3
Net profit	nm	nm	305.0	122.5	22.2
Adjusted EPS**	nm	nm	305.4	122.5	22.2
Per-share data (KRW)					
EPS (parent-based)	-282	426	1,727	3,843	4,699
EPS (consolidated)	-282	426	1,727	3,843	4,699
Adjusted EPS**	-282	426	1,727	3,843	4,699
BVPS	18,035	18,240	19,936	23,575	27,973
DPS (common)	0	50	200	300	400
Valuations (x)					
P/E***	n/a	52.5	39.3	34.6	28.3
P/B***	1.9	1.2	3.4	5.6	4.8
EV/EBITDA	58.3	18.3	27.5	24.8	19.2
Ratios (%)					
ROE	-1.6	2.4	9.0	17.7	18.2
ROA	-1.2	1.9	7.3	14.3	14.7
ROIC	-1.8	1.9	9.4	28.0	36.4
Payout ratio	0.0	11.7	11.6	7.8	8.5
Dividend yield (common)	0.0	0.2	0.3	0.2	0.3
Net debt to equity	-9.4	-14.8	-21.7	-37.7	-46.1
Interest coverage (x)	-37.4	27.6	6,745.3	18,605.7	24,052.8

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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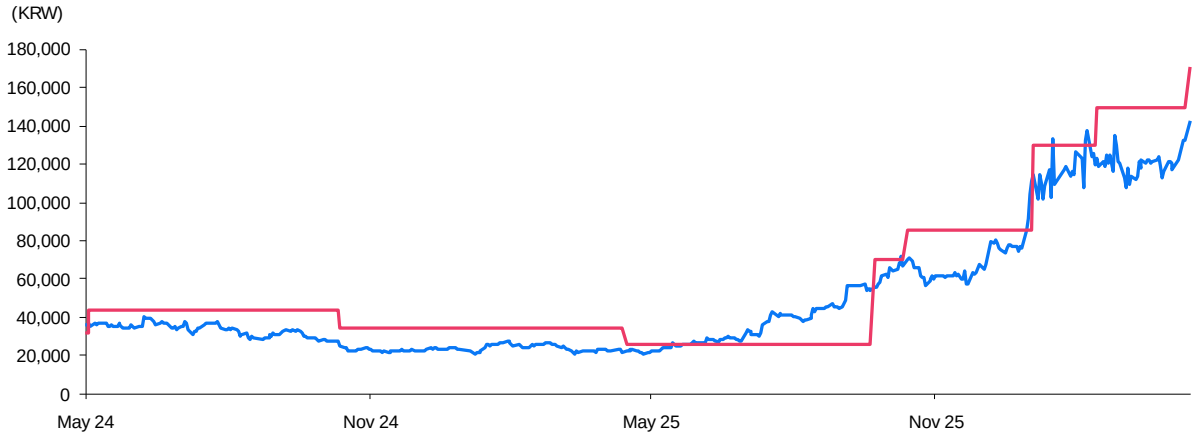
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/5/30	11/8	2025/5/12	10/20	11/10	2026/1/30	3/12	5/11
Recommendation	BUY	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	44000	34000	26000	70000	86000	130000	150000	170000
Gap* (average)	-23.94	-30.32	30.97	-9.08	-19.30	-9.95	-19.61	
(max or min)**	-8.86	-18.24	119.62	2.43	29.07	6.00	-10.20	

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 2026.03.31

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