COMPANY UPDATE

2026. 8. 7

Tech Team

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▶ AT A GLANCE

Not Rated

Target price	n/a
Current price	**KRW106,000**
Market Cap	KRW4.0t/USD2.8b
Shares (float)	37,463,931 (67.5%)
52-week high/low	KRW157,300/KRW23,050
Avg daily trading value (60-day)	KRW101.5b/ USD71.3m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Simmtech (%)	-10.5	100.4	354.9
Vs Kosdaq (%pts)	-5.5	170.1	356.0

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	Not Rated		
Target price	n/a		
2026E EPS	n/a		
2027E EPS	n/a		

▶ SAMSUNG vs THE STREET

No of estimates	8
Target price	171,250
Recommendation	4.0

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

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Simmtech (222800)

Profitability strong in 2Q

- Simmtech reported a 2Q operating profit of KRW62.9b (OPM 12.2%), surpassing market expectations. Mix improvement toward high-value-added products, rising ASPs, and improved utilization rates together boosted profitability.
- Accelerating sales of SOCAMM substrates, combined with an increasing share of system IC-related sales, are set to power future growth. Profits will likely rise faster than sales.

WHAT'S THE STORY?

Product mix improvement propels profitability to new levels: Simmtech reported 2Q sales of KRW514.6b (up 22% q-q and 51% y-y) and an operating profit of KRW62.9b (for an operating margin of 12.2%), surpassing the FnGuide consensus by 11.2% and 29.3%, respectively. The improvement in profitability was driven by a higher blended ASP, resulting from an increased share of high-value-added products. Pricing negotiations with key customers, which began in 4Q25, had some impact while sales of high-value-added products such as MSAP and SOCAMM expanded. Lower fixed cost ratios due to higher order volumes, along with downward stabilization in raw material prices, also contributed favorably.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2022	2023	2024	2025
Revenue (KRWb)	1,697	1,042	1,231	1,411
Operating profit (KRWb)	352	(88)	(47)	12
Net Profit (KRWb)	246	(115)	(31)	(165)
EPS (adj) (KRW)	n/a	n/a	n/a	n/a
EPS (adj) growth (%)	nm	nm	nm	nm
EBITDA margin (%)	25.6	(0.7)	3.2	6.9
ROE (%)	49.7	(21.3)	(6.6)	(32.1)
P/E (adj) (x)	n/a	n/a	n/a	n/a
P/B (x)	n/a	n/a	n/a	n/a
EV/EBITDA (x)	(0.2)	n/a	11.7	5.2
Dividend yield (%)	n/a	n/a	n/a	n/a

Source: Company data, Samsung Securities estimates

MSAP mix improves, led by system ICs: The share of high-value-added products within MSAP is likely to continue expanding in 2H. The company plans to increase the proportion of sales targeted at system ICs from 15% in 2Q to 18% in 4Q, with a longer-term target of 20-30%. Demand for FCCSP remains solid in SSD and server controller markets, with stepwise growth emerging in the automotive market. Looking ahead, expansion into new applications (eg, RF-SiP, automotive) will further broaden the system IC-bound product lineup, driving a favorable shift in the MSAP mix.

SOCAMM substrates prove with earnings: The company has raised its 2026 guidance for SOCAMM substrate sales from KRW150b to KRW230b. It expects sales to expand from KRW39.3b in 2Q to KRW72.3b in 3Q and KRW98.9b in 4Q. It commands more than half of the SOCAMM substrate market, with a dominant position of more than 70% in module PCBs. Higher SOCAMM-bound sales in 2H should lead to better operating margins for module PCBs.

Profit to grow faster than sales in 2H: The company has provided a guidance of KRW1.07t in 2H sales (up 14% h-h and 40% y-y) and KRW163.1b in operating profit (for an operating margin of 15.2%). The key driver of profit growth is not top-line expansion, but a sharp improvement in product mix. High-value-added products—module PCBs centered on SOCAMM and MSAP focused on system ICs—are likely to serve as the twin engines of growth. Within limited production capacity, the company is prioritizing high-value-added items, reducing the share of lower-margin tenting volumes, while benefiting from greater fixed-cost leverage as sales rise. Despite recent stock price corrections, 2Q results have already demonstrated clear profitability improvement. Investors should pay close attention to the potential for profit growth to significantly outpace sales growth in 2H.

2Q results

(KRWb)	2Q26	2Q25	1Q26	Chg	
				(% q-q)	(% y-y)
Sales	**514.6**	340.8	422.4	51.0	21.8
Operating profit	**62.9**	5.5	13.7	1,035.2	358.7
Pre-tax profit	**60.2**	-27.1	23.4	Turned positive	157.3
Net profit	**45.0**	-18.7	14.5	Turned positive	211.2
Margins (%)					
Operating margin	**12.2**	1.6	3.2		
Pre-tax margin	**11.7**	-7.9	5.5		
Net margin	**8.7**	-5.5	3.4		

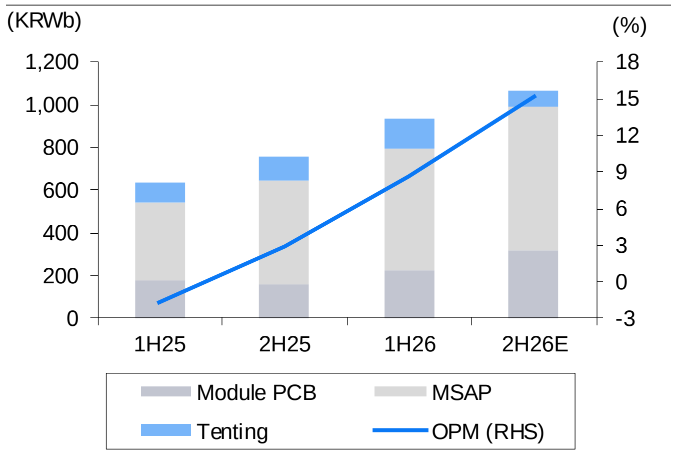
Source: Company data, Samsung Securities

Simmtech: Quarterly and annual results

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	2023	2024	2025
Sales	**293.9**	**311.7**	**324.8**	**301.1**	**303.6**	**340.8**	**372.8**	**393.4**	**422.4**	**462.4**	**1,041.9**	**1,231.4**	**1,410.6**
Module PCB	72.8	74.9	81.5	80.8	85.1	90.5	85.2	74.7	97.4	127.8	233.6	310.0	335.5
Substrate	183.3	202.0	211.5	167.1	174.2	198.0	231.8	263.7	260.6	255.0	695.2	763.8	867.7
Burn-in-board	37.8	34.8	31.8	53.2	44.3	52.3	55.8	55.0	64.4	79.6	113.1	157.6	207.4
Operating profit	**-14.9**	**3.6**	**0.5**	**-36.2**	**-16.3**	**5.5**	**12.4**	**10.3**	**13.7**	**62.9**	**-88.1**	**-47.0**	**11.9**
Operating margin (%)	**-5.1**	**1.2**	**0.2**	**-12.0**	**-5.4**	**1.6**	**3.3**	**2.6**	**3.2**	**12.2**	**-8.5**	**-3.8**	**0.8**

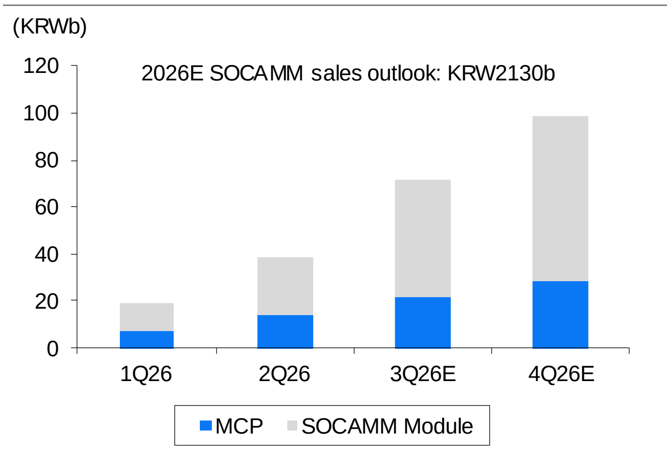
Source: Company data, Samsung Securities

Simmtech: Sales outlook



Source: Samsung Securities estimates

Simmtech: Sales outlook for SOCAMM



Source: Company data, Samsung Securities

Income statement

Year-end Dec 31	2021	2022	2023	2024	2025
Sales	**1,366**	**1,697**	**1,042**	**1,231**	**1,411**
Cost of goods sold	1,082	1,216	1,013	1,179	1,287
Gross profit	**284**	**481**	**28**	**52**	**123**
Gross margin (%)	20.8	28.3	2.7	4.2	8.7
SG&A expenses	110	129	117	99	112
Operating profit	**174**	**352**	**(88)**	**(47)**	**12**
Operating margin (%)	12.8	20.8	(8.5)	(3.8)	0.8
Non-operating Gains(Losses)	**(20)**	**(6)**	**(57)**	**22**	**(189)**
Financial Profit	34	69	53	117	65
Financial Costs	52	75	62	81	230
Gains(Losses) in Equity Method	0	0	0	0	0
Other	(3)	(0)	(47)	(14)	(24)
Pre-tax profit	**154**	**346**	**(145)**	**(25)**	**(177)**
Taxes	36	100	(30)	6	(12)
Effective tax rate (%)	23.2	28.9	20.4	(23.6)	6.9
Profit from continuing operations	118	246	(115)	(31)	(165)
Profit from discontinued operations	0	0	0	0	0
Net profit	**118**	**246**	**(115)**	**(31)**	**(165)**
Net margin (%)	8.7	14.5	(11.1)	(2.5)	(11.7)
Net profit (Controlling Interests)	117	246	(115)	(30)	(164)
Net profit (Non-controlling Interests)	1	0	(0)	(1)	(0)
EBITDA	253	434	(7)	39	98
EBITDA margin (%)	18.5	25.6	(0.7)	3.2	6.9
EPS(parent) (KRW)	n/a	n/a	n/a	n/a	n/a
EPS(consolidated) (KRW)	n/a	n/a	n/a	n/a	n/a
Adjusted EPS (KRW)*	n/a	n/a	n/a	n/a	n/a

Balance sheet

Year-end Dec 31	2021	2022	2023	2024	2025
Current assets	**245**	**505**	**280**	**510**	**726**
Cash & equivalents	17	120	10	128	54
Accounts receivable	60	102	93	160	356
Inventories	144	145	142	154	240
Other current assets	24	138	36	68	76
Fixed assets	**612**	**762**	**896**	**934**	**895**
Investment assets	36	33	35	36	17
Tangible assets	501	587	625	630	572
Intangible assets	23	26	26	29	29
Other long-term assets	52	115	210	239	276
Total assets	**857**	**1,266**	**1,176**	**1,443**	**1,620**
Current liabilities	**342**	**474**	**488**	**780**	**794**
Accounts payable	46	87	123	93	135
Short-term debt	21	19	71	389	442
Other current liabilities	276	369	295	299	217
Long-term liabilities	**134**	**179**	**217**	**215**	**249**
Bond & long-term debt	49	38	81	90	131
Other long-term liabilities	85	141	136	124	119
Total liabilities	**476**	**654**	**706**	**995**	**1,044**
Owners of parent equity	**379**	**611**	**469**	**447**	**576**
Capital stock	17	17	17	17	20
Capital surplus	110	110	110	110	348
Retained earnings	244	479	338	299	131
Other	7	4	3	21	77
Non-controlling interests equity	**2**	**2**	**2**	**1**	**1**
Total equity	**381**	**613**	**470**	**448**	**576**
Net debt	147	(69)	199	455	508

Cash flow statement

Year-end Dec 31	2021	2022	2023	2024	2025
Cash flow from operations	**115**	**435**	**(93)**	**(161)**	**(199)**
Net profit	118	246	(115)	(31)	(165)
Non-Cash Profit and Expense	148	208	160	100	277
Depreciation	78	81	80	85	85
Amortization	1	1	1	1	1
Others	69	126	79	14	192
Changes in A/L from Operating Activities	(122)	36	(62)	(211)	(286)
Cash flow from investments	**(80)**	**(269)**	**(90)**	**(97)**	**(19)**
Change in Tangible Assets	(44)	(154)	(135)	(100)	(14)
Change in Financial Assets	(34)	(68)	66	(5)	(3)
Other	(3)	(47)	(21)	8	(2)
Cash flow from financing	**(35)**	**(63)**	**74**	**376**	**144**
Change in debt	5	(43)	92	377	0
Change in equity	n/a	n/a	n/a	n/a	n/a
Dividends	(10)	(16)	(16)	(5)	(4)
Other	n/a	n/a	n/a	n/a	n/a
Change in cash	(0)	103	(110)	118	(74)
Cash at beginning of year	17	17	120	10	128
Cash at end of year	17	120	10	128	54
Gross cash flow	**266**	**454**	**45**	**69**	**113**
Free cash flow	**38**	**277**	**(233)**	**(265)**	**(254)**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2021	2022	2023	2024	2025
Growth (%)					
Sales	13.7	24.3	(38.6)	18.2	14.5
Operating profit	94.2	102.1	nm	nm	nm
Net profit	109.4	108.0	nm	nm	nm
Adjusted EPS**	nm	nm	nm	nm	nm
Per share data (KRW)					
EPS(parent)	n/a	n/a	n/a	n/a	n/a
EPS(consolidated)	n/a	n/a	n/a	n/a	n/a
Adjusted EPS **	n/a	n/a	n/a	n/a	n/a
BPS	n/a	n/a	n/a	n/a	n/a
DPS (common)	n/a	n/a	n/a	n/a	n/a
Valuations (x)					
P/E***	n/a	n/a	n/a	n/a	n/a
P/B***	n/a	n/a	n/a	n/a	n/a
EV/EBITDA	0.6	(0.2)	n/a	11.7	5.2
Ratios					
ROE (%)	35.1	49.7	(21.3)	(6.6)	(32.1)
ROA (%)	14.5	23.2	(9.4)	(2.4)	(10.7)
ROIC (%)	25.9	43.1	(10.5)	(7.0)	1.1
Payout ratio (%)	n/a	n/a	n/a	n/a	n/a
Dividend yield (Common, %)	n/a	n/a	n/a	n/a	n/a
Net debt to equity (%)	38.4	(11.3)	42.4	101.5	88.1
Interest coverage (x)	18.3	43.6	(8.1)	(1.8)	0.3

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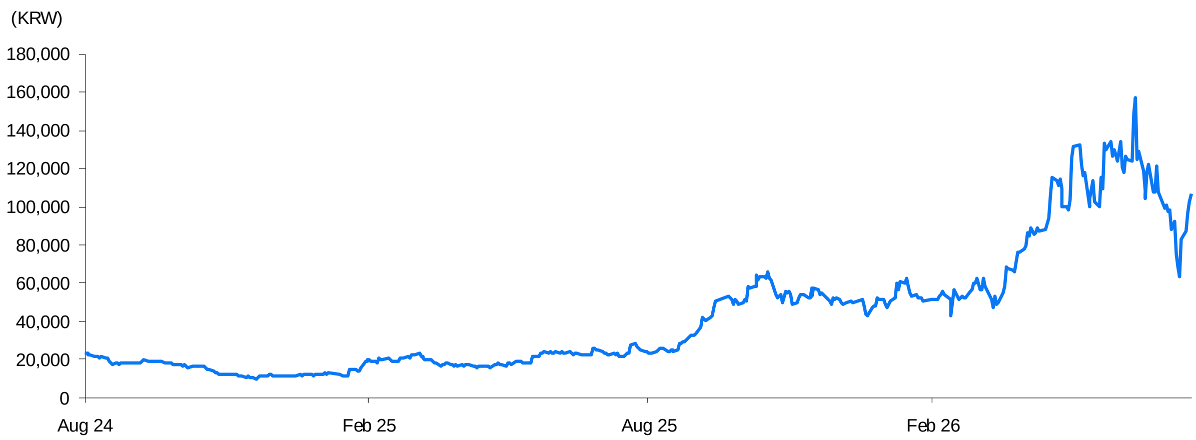
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/8/7
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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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
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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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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