COMPANY UPDATE

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Dentium (145720)

VBP 2.0 finally on the way

- **2Q review:** Dentium reported top-line growth driven by China and Europe, but operating profit fell short of consensus due to a deteriorating sales mix and elevated SG&A costs.
- **Maintaining BUY but cutting target price to KRW60,000:** While the company's growth in key markets such as China and Europe is encouraging, China's VBP 2.0 implementation, expected in 3Q26, will be the decisive factor.

AT A GLANCE

BUY

Target price	KRW60,000	47.2%
Current price	KRW40,750	
Market cap	KRW351.42b/USD247.58m	
Shares (float)	8,623,891 (71.0%)	
52-week high/low	KRW63,800/KRW36,400	
Avg daily trading value (60-day)	KRW1.2b/ USD0.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Dentium (%)	-0.5	-17.5	-33.7
Vs Kospi (%pts)	-0.6	-33.3	-68.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	60,000	70,000	-14.3%
2026E EPS	6,836	8,726	-21.7%
2027E EPS	7,352	9,988	-26.4%

SAMSUNG vs THE STREET

No of estimates	5
Target price	73,600
Recommendation	4.0

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

WHAT'S THE STORY?

2Q review: Dentium reported 2Q sales of KRW89.3b (up 8.6% y-y and 25.2% q-q) and an operating profit of KRW14.7b (down 5.5% y-y and 7.3% q-q; for an operating margin of 16.4%), the latter missing consensus. Exports to China rose 5.9% y-y KRW39.7b, marking its first y-y growth in five quarters, while exports to Europe leapt 71.4% y-y to KRW18.4b, driven by a more than 50% increase in Russia sales, confirming the recurring 2Q shipment concentration pattern that underpinned enterprise-wide growth. In contrast, domestic sales wakened further, with implant sales tumbling 45.1% y-y to KRW6.2b (vs KRW8.8b in 1Q). Gross margin normalized to 64.8% from the exceptional 76.7% recorded in 1Q. SG&A costs swelled 12.0% y-y to KRW43.2b, outpacing sales growth, due to bad debt provisions of KRW2.9b (up by KRW1.6b y-y) linked to a one-time rise in delinquency rates in Asia ex-China, and commission payments of KRW5.6b (up 42.6% y-y) resulting from overseas regulatory and legal expenses. Net profit came in at KRW13.9b (up 193.5% y-y), reflecting the low base effect from asset impairments in 2Q.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	89.3	8.6	25.2	(1.5)	1.1
Operating profit	14.7	(5.5)	(7.3)	(18.0)	(16.5)
Pre-tax profit	18.6	n/a	(11.4)	11.7	23.5
Net profit	13.9	190.9	(19.1)	7.2	7.0
Margins (%)					
Operating profit	16.4				
Pre-tax profit	20.8				
Net profit	15.6				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	31.2	6.0	5.5
P/B	0.7	0.5	0.5
EV/EBITDA	7.9	5.5	4.5
Div yield (%)	1.3	1.5	1.5
EPS growth (% y-y)	-77.4	361.1	7.5
ROE (%)	2.9	9.9	9.6
Per-share data (KRW)			
EPS	1,483	6,836	7,352
BVPS	65,218	76,908	84,017
DPS	600	600	600

Maintaining BUY and cutting target price to KRW60,000: We revise down our 2026 and 2027 gross margin estimates by 2.8%pts and 2.4%pts, respectively, as the company increased the merchandise share of sales (26% in 2Q vs 20% in 2Q25) to maintain overall sales amid sustained slowdown in domestic implant demand. Also reflecting 2Q results, we lower our target price (based on forward EBITDA) to KRW60,000. On a positive note, corporate data submission for Sichuan Province-led VBP 2.0 survey was completed by end-July, making an official announcement and implementation in August-September highly probable. The anticipated price reduction is around 20%, more moderate than the cuts seen under VBP 1.0. China's market is likely to bottom in 2Q and recover in 4Q, with 3Q typically marking a seasonal lull with limited visibility. Upside to forecasts remains possible, contingent on actual export data trends following implementation. Although additional legal costs related to Align Partners may arise upon the conclusion of the lawsuit, significant near-term expenditures are unlikely. We maintain our view that sustained shareholder returns combined with a rebound in China sales remain the conditions for re-rating.

Dentium: Valuation

(KRWb)	Calculation	Value
Forward EBITDA	(A = B x D + C x (1 - D))	102.4
2026E EBITDA	(B)	95.1
2027E EBITDA	(C)	107.1
2026 weighting (%)	(D)	39%
Target EV/EBTIDA multiple* (12M fwd, x)	(E)	6.3
Enterprise value	(F = A x E)	645
Net debt	(G)	169.1
Equity value	(H = F - G)	476.0
Shares outstanding ('000)	(I)	8,624
Fair value per share (KRW)	(H/I)	55,191
Target price (KRW)		60,000

Note: *Discount applied for unfavorable market sentiment due to: 1) Dentium's high export dependency on China; and 2) Dentium being the only Kospi-listed implant firm;
Source: Bloomberg, Samsung Securities estimates

Dentium: Results and forecasts (consolidated)

(KRWb)	2025	2026E	2027E	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E
Sales	**346.5**	**371.3**	**430.4**	**82.7**	**111.7**	**94.7**	**118.7**	**76.8**	**82.3**	**78.2**	**109.1**	**71.4**	**89.3**	**86.1**	**124.5**
Domestic	66.0	67.5	72.5	21.1	23.5	21.4	23.3	16.3	15.6	15.6	18.5	15.2	15.0	16.6	20.7
Overseas	280.4	303.8	357.9	61.6	88.1	73.3	96.0	60.5	66.7	62.6	90.6	56.1	74.4	69.5	103.8
China	132.6	153.3	179.6	43.3	58.5	49.3	43.4	34.1	37.5	28.5	32.4	32.1	39.7	37.8	43.7
Asia	67.1	63.4	78.5	9.5	13.8	13.1	11.2	14.0	16.4	15.4	21.3	15.0	14.9	13.6	19.9
Europe	73.7	80.6	92.3	7.4	14.2	9.6	37.3	10.1	10.8	16.5	36.4	7.6	18.4	16.3	38.2
Other*	6.9	6.5	7.4	1.4	1.7	1.2	4.2	2.4	2.0	2.2	0.3	1.4	1.3	1.8	2.0
Implant	272.2	267.4	364.6	70.8	98.8	85.7	97.1	60.4	65.6	60.8	85.4	53.9	66.1	60.3	87.2
Other	74.3	103.9	65.7	11.9	12.8	8.9	21.6	16.5	16.7	17.4	23.7	17.5	23.2	25.8	37.4
Gross profit	**218.1**	**239.4**	**268.2**	**56.0**	**68.0**	**65.1**	**71.1**	**48.2**	**54.1**	**49.1**	**66.6**	**54.8**	**57.9**	**51.9**	**74.8**
Operating profit	**64.1**	**69.4**	**83.9**	**19.2**	**27.7**	**24.4**	**27.2**	**9.6**	**15.5**	**12.5**	**26.5**	**15.9**	**14.7**	**11.8**	**27.1**
Pre-tax profit	**23.1**	**69.6**	**81.2**	**18.7**	**30.3**	**16.3**	**28.6**	**7.6**	**0.0**	**11.6**	**3.9**	**21.0**	**18.6**	**10.2**	**25.5**
Net profit (cont.)	**16.4**	**58.9**	**63.4**	**16.7**	**20.6**	**14.6**	**20.7**	**12.6**	**4.8**	**4.0**	**(5.0)**	**17.2**	**13.9**	**7.9**	**19.9**
Growth (%)															
Sales	***(15.0)***	***7.2***	***15.9***	***20.2***	***5.0***	***1.0***	***(4.4)***	***(7.1)***	***(26.3)***	***(17.4)***	***(8.1)***	***(7.1)***	***8.6***	***10.1***	***14.1***
Domestic	*(26.2)*	*2.4*	*7.4*	*8.9*	*16.3*	*5.6*	*(3.6)*	*(22.8)*	*(33.8)*	*(26.9)*	*(20.7)*	*(6.5)*	*(3.8)*	*6.2*	*12.1*
Overseas	*(12.1)*	*8.4*	*17.8*	*24.7*	*2.3*	*(0.4)*	*(4.5)*	*(1.8)*	*(24.3)*	*(14.6)*	*(5.7)*	*(7.2)*	*11.5*	*11.1*	*14.6*
China	*(31.9)*	*15.6*	*17.2*	*30.9*	*2.2*	*(9.0)*	*(24.3)*	*(21.2)*	*(35.8)*	*(42.1)*	*(25.4)*	*(5.9)*	*5.9*	*32.4*	*34.7*
Asia	*40.9*	*(5.5)*	*23.8*	*7.4*	*44.7*	*17.1*	*(12.2)*	*47.1*	*19.1*	*17.4*	*90.0*	*7.3*	*(9.3)*	*(11.5)*	*(6.6)*
Europe	*7.6*	*9.3*	*14.6*	*41.9*	*(7.0)*	*129.5*	*36.0*	*36.2*	*(24.2)*	*71.0*	*(2.3)*	*(24.6)*	*71.2*	*(0.8)*	*5.0*
Other	*(18.6)*	*(5.7)*	*13.9*	*(37.5)*	*(59.2)*	*(69.0)*	*93.5*	*67.0*	*19.8*	*79.3*	*(92.3)*	*(40.8)*	*(33.4)*	*(19.6)*	*527.0*
Implant	*(22.8)*	*(1.7)*	*36.4*	*17.7*	*5.2*	*1.6*	*(15.4)*	*(14.7)*	*(33.6)*	*(29.1)*	*(12.0)*	*(10.7)*	*0.8*	*(0.9)*	*2.0*
Other	*34.3*	*39.9*	*(36.7)*	*37.9*	*3.5*	*(4.5)*	*130.7*	*38.1*	*29.8*	*94.9*	*9.7*	*6.2*	*39.4*	*48.1*	*57.5*
Gross profit	***(16.2)***	***9.8***	***12.0***	***9.0***	***(4.8)***	***(2.2)***	***(20.5)***	***(13.9)***	***(20.4)***	***(24.6)***	***(6.4)***	***13.6***	***6.9***	***5.8***	***12.3***
Operating profit	***(34.9)***	***8.3***	***20.9***	***(10.7)***	***(14.5)***	***(18.9)***	***(49.9)***	***(50.1)***	***(43.9)***	***(48.8)***	***(2.5)***	***65.4***	***(5.5)***	***(5.4)***	***2.2***
Pre-tax profit	***(75.4)***	***201.2***	***16.5***	***(21.2)***	***4.2***	***(45.8)***	***(44.5)***	***(59.2)***	***(100.0)***	***(28.9)***	***(86.3)***	***175.4***	***n/a***	***(12.1)***	***548.1***
Net profit(cont.)	***(77.4)***	***259.1***	***7.6***	***(8.8)***	***2.4***	***(39.1)***	***(39.1)***	***(24.5)***	***(76.8)***	***(72.7)***	***(124.0)***	***36.3***	***190.9***	***98.7***	***(499.3)***
Margins (%)															
Gross profit	**62.9**	**64.5**	**62.3**	**67.7**	**60.9**	**68.7**	**59.9**	**62.8**	**65.8**	**62.8**	**61.0**	**76.8**	**64.8**	**60.3**	**60.0**
Operating profit	**18.5**	**18.7**	**19.5**	**23.2**	**24.8**	**25.7**	**22.9**	**12.5**	**18.9**	**15.9**	**24.3**	**22.2**	**16.4**	**13.7**	**21.8**
Pre-tax profit	**6.7**	**18.8**	**18.9**	**22.6**	**27.2**	**17.2**	**24.1**	**9.9**	**0.0**	**14.8**	**3.6**	**29.4**	**20.8**	**11.8**	**20.4**
Net profit(cont.)	**4.7**	**15.9**	**14.7**	**20.2**	**18.5**	**15.5**	**17.4**	**16.4**	**5.8**	**5.1**	**(4.6)**	**24.1**	**15.6**	**9.2**	**16.0**

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**408**	**346**	**371**	**430**	**513**
Cost of goods sold	148	128	132	162	192
Gross profit	**260**	**218**	**239**	**268**	**321**
Gross margin (%)	63.8	62.9	64.5	62.3	62.7
SG&A expenses	162	154	170	184	204
Operating profit	**98**	**64**	**69**	**84**	**117**
Operating margin (%)	24.2	18.5	18.7	19.5	22.9
Non-operating gains (losses)	**-5**	**-41**	**0**	**-3**	**-3**
Financial profit	27	10	16	9	9
Financial costs	15	26	16	12	13
Equity-method gains (losses)	0	0	0	0	0
Other	-17	-25	0	0	0
Pre-tax profit	**94**	**23**	**70**	**81**	**114**
Taxes	22	7	16	18	25
Effective tax rate (%)	22.9	29.4	23.6	22.0	22.0
Profit from continuing operations	72	16	59	63	89
Profit from discontinued operations	0	0	0	0	0
Net profit	**72**	**16**	**59**	**63**	**89**
Net margin (%)	17.8	4.7	15.8	14.7	17.4
Net profit (controlling interests)	73	16	59	63	89
Net profit (non-controlling interests)	-0	-0	-0	-0	-0
EBITDA	122	89	95	107	138
EBITDA margin (%)	29.8	25.8	25.6	24.9	26.9
EPS (parent-based) (KRW)	6,569	1,483	6,836	7,352	10,343
EPS (consolidated) (KRW)	6,542	1,475	6,812	7,341	10,327
Adjusted EPS (KRW)*	6,569	1,483	6,836	7,352	10,343

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**477**	**456**	**570**	**684**	**803**
Cash & equivalents	100	77	137	193	248
Accounts receivable	165	142	162	184	208
Inventories	148	204	233	265	300
Other current assets	64	32	37	42	47
Fixed assets	**418**	**477**	**477**	**455**	**435**
Investment assets	10	13	14	14	15
Tangible assets	305	347	348	326	306
Intangible assets	6	5	4	3	3
Other long-term assets	97	111	111	111	111
Total assets	**894**	**933**	**1,047**	**1,139**	**1,238**
Current liabilities	**293**	**318**	**349**	**382**	**395**
Accounts payable	12	15	17	19	22
Short-term debt	124	140	151	171	171
Other current liabilities	157	162	181	191	203
Long-term liabilities	**48**	**54**	**67**	**68**	**69**
Bonds & long-term debt	43	47	58	58	58
Other long-term liabilities	5	7	9	10	11
Total liabilities	**341**	**372**	**416**	**450**	**464**
Owners of parent equity	**555**	**562**	**633**	**691**	**775**
Capital stock	6	6	6	6	6
Capital surplus	49	49	49	49	49
Retained earnings	497	507	542	600	685
Other	2	-0	35	35	35
Non-controlling interests' equity	**-1**	**-1**	**-1**	**-2**	**-2**
Total equity	**554**	**561**	**631**	**689**	**774**
Net debt	146	198	169	132	76

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**36**	**13**	**50**	**42**	**62**
Net profit	72	16	59	63	89
Non-cash profit and expenses	67	83	51	52	57
Depreciation	22	24	25	22	20
Amortization	1	1	1	1	1
Other	44	57	25	29	36
Changes in A/L from operating activities	-61	-64	-35	-44	-48
Cash flow from investments	**-65**	**-63**	**-18**	**-3**	**-3**
Change in tangible assets	-18	-53	-15	0	0
Change in financial assets	-6	-6	-2	-3	-3
Other	-42	-4	-1	0	0
Cash flow from financing	**35**	**27**	**23**	**16**	**-4**
Change in debt	48	31	33	20	0
Change in equity	0	0	0	0	0
Dividends	-3	-5	-5	-5	-5
Other	-9	1	-5	0	0
Change in cash	13	-22	60	55	55
Cash at beginning of year	87	100	77	137	193
Cash at end of year	100	77	137	193	248
Gross cash flow	**140**	**99**	**110**	**115**	**146**
Free cash flow	**18**	**-40**	**35**	**42**	**62**

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	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	3.7	-15.0	7.2	15.9	19.2
Operating profit	-28.8	-34.9	8.3	20.9	39.8
Net profit	-25.0	-77.5	259.7	7.8	40.7
Adjusted EPS**	-24.7	-77.4	361.1	7.5	40.7
Per-share data (KRW)					
EPS (parent-based)	6,569	1,483	6,836	7,352	10,343
EPS (consolidated)	6,542	1,475	6,812	7,341	10,327
Adjusted EPS**	6,569	1,483	6,836	7,352	10,343
BVPS	64,317	65,218	76,908	84,017	94,262
DPS (common)	600	600	600	600	600
Valuations (x)					
P/E***	9.5	31.2	6.0	5.5	3.9
P/B***	1.0	0.7	0.5	0.5	0.4
EV/EBITDA	6.8	7.9	5.5	4.5	3.1
Ratios (%)					
ROE	14.3	2.9	9.9	9.6	12.2
ROA	8.7	1.8	5.9	5.8	7.5
ROIC	13.0	6.7	7.3	8.6	11.7
Payout ratio	7.1	31.5	8.4	7.8	5.5
Dividend yield (common)	1.0	1.3	1.5	1.5	1.5
Net debt to equity	26.4	35.4	26.8	19.2	9.8
Interest coverage (x)	10.3	6.0	6.1	7.1	9.4

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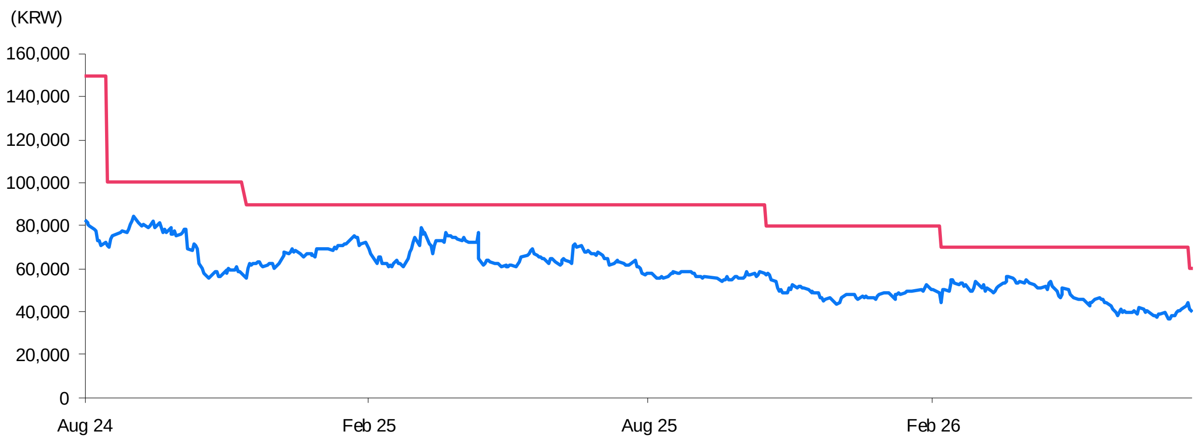
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/7/15	9/10	12/9	2025/11/11	2026/3/4	8/12
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	150000	100000	90000	80000	70000	60000
Gap* (average)	-41.63	-29.75	-28.43	-38.83	-32.93	
(max or min)**	-30.07	-15.70	-12.22	-28.13	-19.14	

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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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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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