NOMURA

Samsung Electronics 005930.KS 005930 KS

Global Markets Research
23 August 2026

EQUITY: TECHNOLOGY

Guides KRW90-110tn of 2026 shareholder return

Quick Note

Rating Remains	**Buy**
Target price Remains	**KRW 670,000**
Closing price 21 August 2026	**KRW 281,500**

2026E shareholder return at KRW90-110tn; ~KRW30tn dividend in November

On 21 August, Samsung Electronics (SEC) *announced* further details regarding its shareholder return policy through a regulatory filing. SEC previously announced that it would dedicate 50% of 2024-26 cumulative FCF to shareholder return. The company disclosed that **budget for 2026 shareholder return is expected to be KRW90-110tn** (excluding KRW29.3tn of shareholder return in 2024-25). Through the filing, SEC also commented that it is planning **~KRW30tn of 3Q cash dividends** (DPS of KRW4,569, based on combined floating shares of common and preferred stocks) including 3Q regular dividends, which would be paid out in November to shareholders as of end-September. Details regarding further dividend/buyback shall be determined in January 2027. The shareholder return policy for 2027 and beyond has not been announced this time, and we expect it to be disclosed later on.

On the same date, through a separate *filing*, SEC also announced that it will commence **KRW15tn of buyback for employee bonus** purpose, from 24 August to until 21 November at the latest. The **buyback size is 53.3mn shares** (based on 21 August closing price), consisting of common shares only. Employee compensation will be determined based on year-end share price, and we expect further buyback, as SEC is likely to pay ~KRW40tn (10.5% of pre-bonus OP; based on our estimates) of treasury shares for employee bonus.

SEC's announcement is slightly disappointing compared to heightened market expectation, but positive for longer-term share price

While KRW90-110tn of 2026 shareholder return is below the consensus estimate, it appears to be a conservative number, and KRW20-30tn of budget is likely to be added when the shareholder return is finalized in January 2027, in our view. KRW strength beyond market expectation may result in a greater-than-expected negative impact on SEC's FCF, and the guidance could be a conservative estimate reflecting such potential FX impact, in our view. KRW15tn of buyback for employee bonus will begin immediately, but the buyback schedule for shareholder return is still undecided, and we expect it to be announced at the time of 3Q earnings release in October.

In our view, it would have been a more effective shareholder return if SEC carries out: 1) buyback and cancellation for shareholder return purpose together with share buyback for employee bonus purpose first, and then 2) announces a special dividend in January 2027, when 2026 returns are finalized. Still, it is a sizeable shareholder return compared to current market cap following its substantial amount of profit generation. While the guidance is a bit conservative and the timing has lagged market expectation, we believe the proposed shareholder return would be positive for the share price in the mid- to long-term. Despite market concern, the memory market is still strong, and given that the guidance implies a 2026E FCF yield of 10-12%, it should have a favorable impact over the long time, in our view. In light of these, we maintain Buy and TP of KRW670,000 for SEC.

Research Analysts

Asia Technology

CW Chung - NIHK
cwchung@nomura.com
+852 2252 6075

Korea Technology

Eon Hwang - NFIK
eon.hwang@nomura.com
+822 3783 2318

YJ Kim, CFA - NFIK
yj.kim1@nomura.com
+82237832332

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Fig. 1: SEC – FCF/EV, FCF/MC, and shareholder return analysis

(KRWtn)	2018	2019	2020	2021	2022	2023	2024	2025P	2026F	2027F	2028F
Operating cash flow	**67.0**	**45.4**	**65.3**	**65.1**	**62.2**	**44.1**	**73.0**	**85.3**	**374.1**	**565.4**	**709.6**
NP	44.3	21.7	26.4	39.9	54.7	14.5	33.6	44.3	326.6	545.2	655.8
Dep	25.2	26.6	27.1	31.3	36.0	35.5	39.6	43.6	48.6	57.4	71.0
working capital change	-10.3	-6.7	11.7	-6.1	-28.5	-5.9	-0.3	-2.6	-1.1	-37.3	-17.2
Investment Cash Flow	**-30.3**	**-27.6**	**-39.5**	**-47.2**	**-52.2**	**-59.6**	**-52.8**	**-53.5**	**-77.9**	**-108.9**	**-146.2**
Capex	-29.6	-25.4	-37.6	-47.1	-49.4	-57.6	-51.4	-47.5	-74.2	-105.0	-142.0
intangible asset	-1.0	-3.2	-2.7	-2.7	-3.7	-2.9	-2.3	-4.6	-4.6	-4.8	-5.1
Net M&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.2	0.0	0.0	0.0
Others	0.3	1.0	0.8	2.7	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Free Cash Flow	**36.8**	**17.8**	**25.8**	**17.9**	**10.0**	**-15.5**	**20.1**	**31.9**	**296.2**	**456.4**	**563.4**
Share holder return (cash flow basis)	**18.4**	**8.9**	**12.9**	**9.0**	**5.0**	**-7.7**	**10.1**	**15.9**	**148.1**	**228.2**	**281.7**
% of FCF	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
sharebuy back	0.9	0.0	0.0	0.0	0.0	0.0	1.8	8.2	13.1	80.3	131.2
cash dividend	10.2	9.6	9.7	20.5	9.8	9.9	10.9	9.9	10.9	95.1	230.3
Net Cash (including marketing securities)	**81.7**	**84.7**	**101.6**	**102.4**	**104.5**	**79.1**	**93.3**	**101.4**	**348.3**	**632.3**	**829.1**
weighted Avg. Share price (KRW)	**37,858**	**54,540**	**80,104**	**77,440**	**54,719**	**76,537**	**52,110**	**116,185**	**272,322**	**272,367**	**272,522**
common	38,700	55,800	81,000	78,300	55,300	78,500	53,200	119,900	281,500	281,500	281,500
prefered	31,750	45,400	73,600	71,200	50,500	62,300	44,200	89,200	207,000	207,000	207,000
outstanding shares (mn shares)	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,736**	**6,508**	**6,291**	**6,139**
common	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,920	5,706	5,518	5,397
prefered	823	823	823	823	823	823	823	816	802	773	742
Dividend-paying shares (outstanding shares ex T.S.; mn shares)	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,793**	**6,755**	**6,630**	**6,403**	**6,270**	**6,106**
common	5,970	5,970	5,970	5,970	5,970	5,970	5,937	5,828	5,614	5,502	5,371
prefered	823	823	823	823	823	823	818	802	789	769	736
Market cap	**257**	**370**	**544**	**526**	**372**	**520**	**354**	**783**	**1,772**	**1,713**	**1,673**
Market cap ex T.S.	**257**	**370**	**544**	**526**	**372**	**520**	**352**	**770**	**1,744**	**1,708**	**1,664**
EV	**176**	**286**	**443**	**424**	**267**	**441**	**259**	**669**	**1,395**	**1,076**	**835**
Free cash / EV	**20.9%**	**6.2%**	**5.8%**	**4.2%**	**3.7%**	**-3.5%**	**7.8%**	**4.8%**	**21.2%**	**42.4%**	**67.5%**
Free cash / MC	**14.3%**	**4.8%**	**4.7%**	**3.4%**	**2.7%**	**-3.0%**	**5.7%**	**4.1%**	**16.7%**	**26.6%**	**33.7%**
Free cash / MC ex T.S.	**14.3%**	**4.8%**	**4.7%**	**3.4%**	**2.7%**	**-3.0%**	**5.7%**	**4.1%**	**17.0%**	**26.7%**	**33.9%**

Note: 2018-2025 share price as of year-end; 2026-28F share prices are as of 21 August 2026.
Source: Company data, Nomura estimates

Appendix A-1

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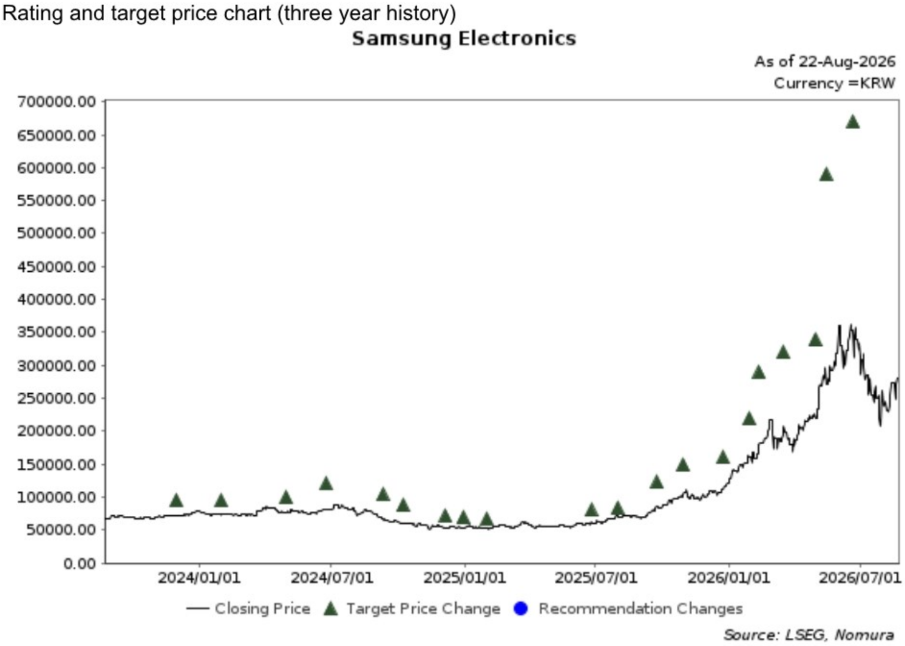
Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Samsung Electronics	005930 KS	KRW 281,500	21-Aug-2026	Buy	N/A	

Samsung Electronics (005930 KS) **KRW 281,500 (21-Aug-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
22-Jun-26		670,000.00	353,500.00
15-May-26		590,000.00	270,500.00
30-Apr-26		340,000.00	220,500.00
17-Mar-26		320,000.00	193,900.00
12-Feb-26		290,000.00	178,600.00
29-Jan-26		220,000.00	160,700.00
24-Dec-25		160,000.00	111,100.00
30-Oct-25		150,000.00	104,100.00
24-Sep-25		123,000.00	85,400.00
31-Jul-25		84,000.00	71,400.00
25-Jun-25		80,000.00	61,300.00
01-Feb-25		67,000.00	52,400.00
30-Dec-24		70,000.00	53,200.00
06-Dec-24		72,000.00	54,100.00
08-Oct-24		88,000.00	60,300.00
10-Sep-24		104,000.00	66,200.00
24-Jun-24		120,000.00	80,600.00
30-Apr-24		100,000.00	77,500.00
31-Jan-24		95,000.00	72,700.00
30-Nov-23		96,000.00	72,800.00

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our 12-month TP of KRW670,000 is derived by applying a target P/B of 5.0x to 12MF BVPS. The target multiple reflects enhanced business stability and visibility backed by memory long-term agreements. The benchmark index for the stock is the KOSPI 200.
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