29 Oct 2026 06:34:15 ET | 15 pages

# Samsung Electronics (005930.KS)

## 3Q26 Review: Solid Memory Outlook, but Muted Shareholder Returns

**CITI'S TAKE**

Samsung Electronics (SEC) reported solid 3Q26 results and outlook. However, shareholder return plan appears somewhat below market expectations. Reiterate Buy with an unchanged TP of W430k.

**3Q26 Review —** 3Q26 DRAM/NAND B/G came in at +LSD-MSD% QoQ/+MSD% QoQ, driven by strong server DRAM/SSD sales and increased HBM4 shipment. 3Q DRAM/NAND ASP rose +20% QoQ/+high-teens% QoQ, supported by a higher mix of AI memory products amid tight supply. With its HBM M/S reaching a level on par with its conventional DRAM M/S, HBM4 sales tripled QoQ in 3Q26, accounting for ~60% of total HBM revenue.

**4Q26E Guidance —** Management guided 4Q26 DRAM/NAND B/G at +mid-to-high-teens% QoQ/+mid-teens% QoQ. SEC expects further memory demand growth, driven by new GPU/CPU platforms launch, rising AI infra spending and rapid agentic AI adoption, particularly driving robust demand for storage and QLC SSDs. Accordingly, the company plans to increase the sales mix of AI memory products, including HBM, high-speed DDR5 and QLC SSDs.

**2027E Outlook —** Despite soft mobile/PC demand, management expects AI infrastructure investment to accelerate, with AI-driven memory demand growth significantly outpacing supply growth and deepening the supply shortages vs. 2026E. Alongside continued HBM4 sales expansion, SEC expects HBM4E mass production to begin in 1H27E, with volume ramping in 2H27E.

**Shareholder Return Update —** SEC expects ~W55-75tr to remain under its ~W90-110tr FY26 shareholder return program following ~W35tr in returns, including ~W30tr cash dividend for 3Q26. The company plans to return the remaining amount through substantial share buybacks/cancellations as well as cash dividends. Management also acknowledged market interest in the price gap between common and preferred shares and emphasized that it would actively consider adjusting the proportion of preferred shares in future buybacks.

**Implication —** Reflecting a stronger memory B/G outlook, we raise our 26E/27E OP estimates by 5%/9%. That said, we view commentaries on shareholder return as somewhat below market expectations. While further details are expected to be disclosed at the 4Q26E earnings call, we believe SEC may provide an earlier update if stock prices weakness persists. Reiterate Buy with an unchanged TP of W430k.

**Buy**

| | |
|---|---|
| Price (29 Oct 26 15:45) | W232,000 |
| Target price | W430,000 |
| Expected share price return | 85.3% |
| Expected dividend yield | 4.3% |
| Expected total return | 89.6% |
| Market Cap | W1,356,336,637M<br>US$1,010,713M |

**Price Performance**
**(RIC: 005930.KS, BB: 005930 KS)**




**Peter Lee** [AC]

Jayden Oh

**Earnings Summary**

| Year to 31 Dec | Net Profit (WB) | Diluted EPS (W) | EPS growth (%) | P/E (x) | P/B (x) | ROE (%) | Yield (%) |
|---|---|---|---|---|---|---|---|
| 2024A | 33,621 | 4,950 | 132.3 | 46.9 | 4.0 | 9.0 | 0.6 |
| 2025A | 44,261 | 6,580 | 32.9 | 35.3 | 3.6 | 10.9 | 0.7 |
| 2026E | 290,740 | 44,005 | 568.8 | 5.3 | 2.3 | 54.1 | 4.3 |
| 2027E | 394,727 | 60,237 | 36.9 | 3.9 | 1.6 | 50.0 | 7.9 |
| 2028E | 417,758 | 63,751 | 5.8 | 3.6 | 1.2 | 38.8 | 7.9 |

Source: Powered by dataCentral

005930.KS: Fiscal year end 31-Dec

Price: W232,000; TP: W430,000; Market Cap: W1,356,336,637m; Recomm: Buy

| Profit & Loss (Wb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Sales revenue | 300,871 | 333,606 | 735,793 | 1,028,196 | 1,216,829 |
| Cost of sales | -186,562 | -202,236 | -227,931 | -326,788 | -455,104 |
| Gross profit | 114,309 | 131,370 | 507,862 | 701,408 | 761,726 |
| Gross Margin (%) | 38.0 | 39.4 | 69.0 | 68.2 | 62.6 |
| **EBITDA (Adj)** | **75,357** | **90,528** | **440,465** | **609,519** | **652,889** |
| EBITDA Margin (Adj) (%) | 25.0 | 27.1 | 59.9 | 59.3 | 53.7 |
| Depreciation | -42,631 | -46,927 | -51,591 | -62,718 | -74,135 |
| Amortisation | 0 | 0 | 0 | 0 | 0 |
| **EBIT (Adj)** | **32,726** | **43,601** | **388,873** | **546,801** | **578,754** |
| EBIT Margin (Adj) (%) | 10.9 | 13.1 | 52.9 | 53.2 | 47.6 |
| Net interest | 3,915 | 3,987 | 2,359 | 0 | 0 |
| Associates | 751 | 683 | 889 | 889 | 889 |
| Non-Op/Except/Other Adj | 138 | 1,210 | -5,139 | 1,400 | 1,400 |
| **Pre-tax profit** | **37,530** | **49,481** | **386,982** | **549,090** | **581,043** |
| Tax | -3,078 | -4,275 | -95,585 | -153,362 | -162,285 |
| Extraord./Min.Int./Pref.div. | -830 | -946 | -657 | -1,000 | -1,000 |
| **Reported net profit** | **33,621** | **44,261** | **290,740** | **394,727** | **417,758** |
| Net Margin (%) | 11.2 | 13.3 | 39.5 | 38.4 | 34.3 |
| Core NPAT | 33,621 | 44,261 | 290,740 | 394,727 | 417,758 |

| Per share data | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Reported EPS (W) | 4,950 | 6,580 | 44,005 | 60,237 | 63,751 |
| Core EPS (W) | 4,950 | 6,580 | 44,005 | 60,237 | 63,751 |
| DPS (W) | 1,444 | 1,668 | 9,893 | 18,290 | 18,290 |
| CFPS (W) | 10,744 | 12,683 | 46,878 | 65,670 | 72,730 |
| FCFPS (W) | 3,176 | 5,618 | 34,103 | 48,772 | 53,894 |
| BVPS (W) | 57,646 | 63,682 | 99,308 | 141,408 | 187,021 |
| Wtd avg ord shares (m) | 6,793 | 6,727 | 6,607 | 6,553 | 6,553 |
| Wtd avg diluted shares (m) | 6,793 | 6,727 | 6,607 | 6,553 | 6,553 |

| Growth rates | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Sales revenue (%) | 16.2 | 10.9 | 120.6 | 39.7 | 18.3 |
| EBIT (Adj) (%) | 398.3 | 33.2 | 791.9 | 40.6 | 5.8 |
| Core NPAT (%) | 132.3 | 31.6 | 556.9 | 35.8 | 5.8 |
| Core EPS (%) | 132.3 | 32.9 | 568.8 | 36.9 | 5.8 |

| Balance Sheet (Wb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Cash & cash equiv. | 112,615 | 125,821 | 304,728 | 518,546 | 761,156 |
| Accounts receivables | 43,538 | 51,085 | 101,405 | 127,533 | 135,837 |
| Inventory | 51,755 | 52,637 | 53,392 | 68,894 | 86,352 |
| Net fixed & other tangibles | 205,945 | 215,305 | 249,114 | 298,131 | 348,427 |
| Goodwill & intangibles | 37,975 | 48,321 | 51,269 | 54,512 | 58,079 |
| Financial & other assets | 62,704 | 73,773 | 75,014 | 76,512 | 78,036 |
| **Total assets** | **514,532** | **566,942** | **834,923** | **1,144,128** | **1,467,888** |
| Accounts payable | 12,370 | 13,039 | 28,759 | 40,188 | 47,561 |
| Short-term debt | 15,380 | 18,752 | 19,631 | 20,554 | 21,523 |
| Long-term debt | 3,950 | 6,487 | 5,838 | 5,255 | 4,730 |
| Provisions & other liab | 80,640 | 92,343 | 111,311 | 124,970 | 133,444 |
| **Total liabilities** | **112,340** | **130,622** | **165,540** | **190,967** | **207,258** |
| Shareholders' equity | 391,688 | 424,313 | 650,882 | 926,755 | 1,225,659 |
| Minority interests | 10,504 | 12,007 | 18,500 | 26,405 | 34,970 |
| **Total equity** | **402,192** | **436,320** | **669,381** | **953,160** | **1,260,629** |
| **Net debt (Adj)** | **-93,285** | **-100,582** | **-279,259** | **-492,737** | **-734,903** |
| Net debt to equity (Adj) (%) | -23.2 | -23.1 | -41.7 | -51.7 | -58.3 |

| Valuation ratios | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| PE (x) | 46.9 | 35.3 | 5.3 | 3.9 | 3.6 |
| PB (x) | 4.0 | 3.6 | 2.3 | 1.6 | 1.2 |
| EV/EBITDA (x) | 16.4 | 13.5 | 2.6 | 1.5 | 1.1 |
| FCF yield (%) | 1.4 | 2.4 | 14.7 | 21.0 | 23.2 |
| Dividend yield (%) | 0.6 | 0.7 | 4.3 | 7.9 | 7.9 |
| Payout ratio (%) | 29 | 25 | 22 | 30 | 29 |
| ROE (%) | 9.0 | 10.9 | 54.1 | 50.0 | 38.8 |

| Cashflow (Wb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| EBITDA | 75,357 | 90,528 | 440,465 | 609,519 | 652,889 |
| Working capital | -1,568 | -9,614 | -35,855 | -30,701 | -18,889 |
| Other | -807 | 4,401 | -94,886 | -148,484 | -157,407 |
| **Operating cashflow** | **72,983** | **85,315** | **309,723** | **430,334** | **476,594** |
| Capex | -51,406 | -47,522 | -84,400 | -110,735 | -123,431 |
| Net acq/disposals | 178 | -169 | 297 | 41 | 14 |
| Other | -34,153 | -20,821 | 88,594 | 10,923 | 6,417 |
| **Investing cashflow** | **-85,382** | **-68,512** | **4,491** | **-99,771** | **-117,000** |
| Dividends paid | -10,889 | -9,897 | -51,400 | -106,098 | -119,854 |
| **Financing cashflow** | **-7,797** | **-13,478** | **-51,169** | **-105,758** | **-119,410** |
| **Net change in cash** | **-15,375** | **4,151** | **263,868** | **225,620** | **240,995** |
| **Free cashflow to s/holders** | **21,576** | **37,793** | **225,323** | **319,598** | **353,162** |

For definitions of the items in this table, please click here.

### Figure 1. SEC – Quarterly Earnings Forecasts (Consolidated)

| (KRWbn) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26 | 3Q26 | 4Q26E | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Sales** | **79,141** | **74,566** | **86,062** | **93,837** | **133,873** | **171,499** | **195,253** | **233,692** | **300,871** | **333,606** | **735,793** | **1,028,196** |
| Semiconductor | 24,855 | 27,922 | 33,123 | 44,014 | 81,712 | 127,512 | 147,106 | 182,130 | 111,094 | 129,915 | 539,934 | 789,891 |
| Memory | 19,102 | 21,210 | 26,707 | 37,136 | 74,814 | 120,821 | 140,711 | 175,221 | 84,512 | 104,155 | 513,042 | 756,228 |
| DRAM | 12,695 | 14,350 | 18,515 | 27,712 | 54,419 | 88,020 | 101,524 | 125,994 | 53,686 | 73,272 | 369,957 | 538,377 |
| NAND | 5,987 | 7,172 | 8,168 | 9,401 | 19,547 | 34,251 | 38,921 | 49,203 | 31,661 | 30,728 | 141,922 | 217,752 |
| System LSI | 5,665 | 6,006 | 6,716 | 7,309 | 7,189 | 7,657 | 7,378 | 7,218 | 27,288 | 25,695 | 29,441 | 34,774 |
| Display Panel | 5,658 | 6,426 | 8,109 | 9,519 | 6,700 | 7,519 | 8,003 | 8,299 | 29,189 | 29,713 | 30,520 | 29,674 |
| Mobile | 35,576 | 29,265 | 34,139 | 29,317 | 38,103 | 33,212 | 37,709 | 32,334 | 117,236 | 128,298 | 141,358 | 162,904 |
| Consumer Electronics | 14,502 | 14,104 | 13,910 | 14,829 | 14,306 | 14,504 | 13,933 | 14,232 | 56,445 | 57,345 | 56,976 | 57,738 |
| **Total OP** | **6,685** | **4,676** | **12,166** | **20,074** | **57,233** | **89,492** | **107,441** | **134,708** | **32,726** | **43,601** | **388,873** | **546,801** |
| Semiconductor | 1,101 | 402 | 7,017 | 16,401 | 53,710 | 89,213 | 106,520 | 134,586 | 15,231 | 24,920 | 384,029 | 549,118 |
| Memory | 3,104 | 2,822 | 7,763 | 17,616 | 54,493 | 90,555 | 108,928 | 136,758 | 19,383 | 31,306 | 390,733 | 557,723 |
| DRAM | 3,809 | 3,157 | 6,907 | 15,701 | 42,835 | 68,489 | 80,874 | 100,973 | 15,729 | 29,575 | 293,171 | 409,648 |
| NAND | (789) | (304) | 853 | 1,912 | 11,573 | 22,063 | 28,028 | 35,782 | 3,737 | 1,672 | 97,446 | 148,065 |
| System LSI | (2,283) | (2,372) | (504) | (1,213) | (1,078) | (2,833) | (2,582) | (2,165) | (4,875) | (6,372) | (8,659) | (8,583) |
| Display Panel | 285 | 425 | 1,125 | 2,015 | 224 | 525 | 1,112 | 1,308 | 3,569 | 3,850 | 3,170 | 1,687 |
| Mobile | 4,118 | 3,114 | 3,601 | 1,918 | 2,817 | (726) | (608) | (1,380) | 10,665 | 12,751 | 104 | (3,435) |
| Consumer Electronics | 310 | 229 | (100) | (609) | 203 | 10 | (214) | (427) | 1,758 | (171) | (428) | (569) |
| **OP margin** | **8.4%** | **6.3%** | **14.1%** | **21.4%** | **42.8%** | **52.2%** | **55.0%** | **57.6%** | **10.9%** | **13.1%** | **52.9%** | **53.2%** |
| Semiconductor | 4.4% | 1.4% | 21.2% | 37.3% | 65.7% | 70.0% | 72.4% | 73.9% | 13.7% | 19.2% | 71.1% | 69.5% |
| Memory | 16.3% | 13.3% | 29.1% | 47.4% | 72.8% | 74.9% | 77.4% | 78.0% | 22.9% | 30.1% | 76.2% | 73.8% |
| DRAM | 30.0% | 22.0% | 37.3% | 56.7% | 78.7% | 77.8% | 79.7% | 80.1% | 29.3% | 40.4% | 79.2% | 76.1% |
| NAND | -13.2% | -4.2% | 10.4% | 20.3% | 59.2% | 64.4% | 72.0% | 72.7% | 11.8% | 5.4% | 68.7% | 68.0% |
| System LSI | -40.3% | -39.5% | -7.5% | -16.6% | -15.0% | -37.0% | -35.0% | -30.0% | -17.9% | -24.8% | -29.4% | -24.7% |
| Display Panel | 5.0% | 6.6% | 13.9% | 21.2% | 3.3% | 7.0% | 13.9% | 15.8% | 12.2% | 13.0% | 10.4% | 5.7% |
| Mobile | 11.6% | 10.6% | 10.5% | 6.5% | 7.4% | -2.2% | -1.6% | -4.3% | 9.1% | 9.9% | 0.1% | -2.1% |
| Consumer Electronics | 2.1% | 1.6% | -0.7% | -4.1% | 1.4% | 0.1% | -1.5% | -3.0% | 3.1% | -0.3% | -0.8% | -1.0% |

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Source: Citi Research Estimates

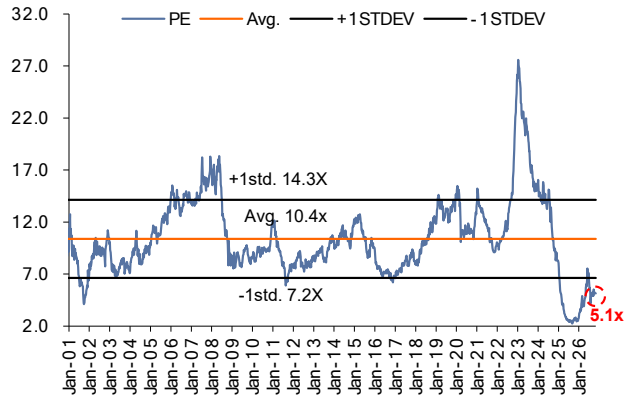
### Figure 2. SEC – Key Assumptions

| | | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26 | 3Q26 | 4Q26E | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **DRAM** | Shipment growth % (qoq) | 2% | 10% | 14% | 3% | 1% | 9% | 4% | 17% | 13% | 8% | 27% | 22% |
| | ASP chg (1Gb eq.) (qoq) | -20% | 3% | 14% | 40% | 91% | 44% | 20% | 10% | 59% | 23% | 295% | 26% |
| | OP Margin (%) | 30.0% | 22.0% | 37.3% | 56.7% | 78.7% | 77.8% | 79.7% | 80.1% | 29.3% | 40.4% | 79.2% | 76.1% |
| **NAND** | Shipment growth % (qoq) | -10% | 27% | 10% | -11% | 7% | 3% | 4% | 15% | 12% | 3% | 17% | 24% |
| | ASP chg (1GB eq.) (qoq) | -15% | -5% | 4% | 24% | 90% | 66% | 18% | 14% | 64% | -8% | 290% | 30% |
| | OP Margin (%) | -13.2% | -4.2% | 10.4% | 20.3% | 59.2% | 64.4% | 72.0% | 72.7% | 11.8% | 5.4% | 68.7% | 68.0% |
| **Handset** | Total Shipment (mn) | 62 | 59 | 62 | 55 | 60 | 65 | 59 | 51 | 232 | 239 | 235 | 235 |
| | Smartphone | 61 | 58 | 61 | 54 | 59 | 64 | 58 | 50 | 226 | 234 | 231 | 232 |
| | Blended ASP (US$) | 336 | 273 | 287 | 241 | 357 | 304 | 415 | 419 | 293 | 285 | 370 | 473 |
| | OP Margin (%) | 11.7% | 10.8% | 10.6% | 6.6% | 7.4% | -2.3% | -1.7% | -4.4% | 9.2% | 10.1% | 0.0% | -2.2% |
| **Display panel** | Shipment growth % (qoq) | -22% | 13% | 34% | -5% | -15% | 10% | 16% | -7% | 0% | 8% | 9% | 4% |
| | ASP Chg (US$/sqm) (qoq) | -10% | 1% | -6% | 19% | -18% | -1% | -1% | 15% | -11% | -8% | -8% | -1% |
| | OP Margin (%) | 5.0% | 6.6% | 13.9% | 21.2% | 3.3% | 7.0% | 13.9% | 15.8% | 12.2% | 13.0% | 10.4% | 5.7% |
| **Sales (Wbn)** | **Total** | **79,141** | **74,566** | **86,062** | **93,837** | **133,873** | **171,499** | **195,253** | **233,692** | **300,871** | **333,606** | **735,793** | **1,028,196** |
| | Semiconductor | 24,855 | 27,922 | 33,123 | 44,014 | 81,712 | 127,512 | 147,106 | 182,130 | 111,094 | 129,915 | 539,934 | 789,891 |
| | Display Panel | 5,658 | 6,426 | 8,109 | 9,519 | 6,700 | 7,519 | 8,003 | 8,299 | 29,189 | 29,713 | 30,520 | 29,674 |
| | Mobile | 35,576 | 29,265 | 34,139 | 29,317 | 38,103 | 33,212 | 37,709 | 32,334 | 117,236 | 128,298 | 141,358 | 162,904 |
| | Consumer Electronics | 14,502 | 14,104 | 13,910 | 14,829 | 14,306 | 14,504 | 13,933 | 14,232 | 56,445 | 57,345 | 56,976 | 57,738 |
| **EBIT (Wbn)** | **Total** | **6,685** | **4,676** | **12,166** | **20,074** | **57,233** | **89,492** | **107,441** | **134,708** | **32,726** | **43,601** | **388,873** | **546,801** |
| | Semiconductor | 1,101 | 402 | 7,017 | 16,401 | 53,710 | 89,213 | 106,520 | 134,586 | 15,231 | 24,920 | 384,029 | 549,118 |
| | Display Panel | 285 | 425 | 1,125 | 2,015 | 224 | 525 | 1,112 | 1,308 | 3,569 | 3,850 | 3,170 | 1,687 |
| | Mobile | 4,118 | 3,114 | 3,601 | 1,918 | 2,817 | -726 | -608 | -1,380 | 10,665 | 12,751 | 104 | -3,435 |
| | Consumer Electronics | 310 | 229 | -100 | -609 | 203 | 10 | -214 | -427 | 1,758 | -171 | -428 | -569 |

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Source: Company Reports and Citi Research Estimates

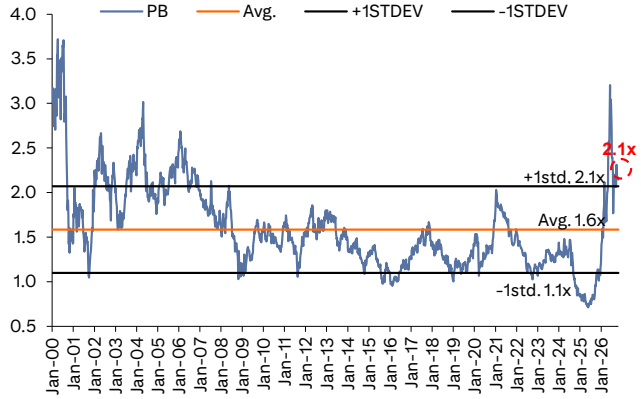
**Figure 3. SEC – 12-Month Forward P/E**




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Source: Citi Research Estimates, Datacentral

**Figure 4. SEC – 12-Month Forward P/B**




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Source: Citi Research Estimates, Datacentral

# Bull/Bear: Samsung Electronics (005930.KS)

| W 550,000 | W 430,000 | W 150,000 |
|---|---|---|
| ▲137% Upside | ▲85% Upside | ▼35% Downside |




Spread 172pp
Current Price and expected returns (upside/downside) as of 29 Oct 2026

**BULL Assumptions**

- DRAM/NAND ASP +350%/+350% in 2026E
- Smartphone ASP +25% in 2026E

**BASE Assumptions**

- DRAM/NAND ASP +295%/+290% in 2026E
- Smartphone ASP +13% in 2026E

**BEAR Assumptions**

- DRAM/NAND ASP +200%/+200% in 2026E
- Smartphone ASP +5% in 2026E

# Samsung Electronics

## Company description

Samsung Electronics (SEC) is a global leader in semiconductors, telecommunications, and digital convergence technology. The company is the world's leading producer of memory semiconductors, display panels, mobile phones, monitors and TVs. SEC has four main business units: 1) Semiconductor; 2) Display Panel; 3) IM Mobile; and 4) Consumer Electronics.

## Investment strategy

We rate Samsung Electronics shares as Buy. We believe semiconductor chip technology is gradually evolving towards an integration of logic and memory chips, similar to the way the human brain functions. Given Samsung's technology leadership in both memory and chip foundry, we view it as a leading beneficiary of this long-term logic and memory integration trend. We also forecast revenue momentum from 3D architecture and custom chip orders in foundry. Samsung should further enjoy tailwinds from the anticipated memory market recovery in 2025E, as well as from potential AI-related chip demand. And an organizational and management reshuffle announced in 2021 should continue to help sharpen strategic focus and enhance synergies. Given its high cash holdings and abundant free cash flow generation, we believe Samsung has scope for higher capital returns, which could be another positive catalyst.

## Valuation

Our 12-month target price for Samsung of W430,000 is derived using a sum-of-the-parts (SOTP) methodology, based on 2026E EBITDA. In calculating total operating value, we reference global peers in assigning fair-value EV/EBITDA multiples for the five main divisions (5.9x for Memory, 1.1x for Foundry, 0.5x for Display Panel, 4.0x for Mobile and 2.0x for Consumer Electronics), in line with trading multiples of relevant peer companies.

## Risks

Downside risks that could prevent the shares from reaching our target price include: 1) Longer-than-expected approval delay in HBM shipment to its key customers; 2) PC sales weaken more than our forecast and NAND demand fails to meet our expectations; 3) aggressive investment by competitors in memory semiconductor/foundry could have a negative impact on prices; 4) competition in the handset market intensifies, reducing SEC's handset margins; 5) any major appreciation of the won would impact SEC's earnings.

