Samsung Electronics

3Q26 review: Flawless HBM execution and outlook; Shareholder return catalyst pushed to Jan-2027; OW

Overweight

005930.KS, 005930 KS
Price (29 Oct 26):W232,500
Price Target (Jun-27):W400,000

- **Earnings delivered, but shareholder return surprise deferred.** SEC's 3Q sub-division earnings were broadly in-line with JPMe, but beyond the beat, SEC kept the shareholder return framework of W90T-W110T payout in FY26E which we believe was perceived as a negative catalyst. Aside from the already announced W30T special dividend (*note*), management indicated that the remaining W55T-W75T payout will be finalized on the 4Q26 (Jan-27) earnings conference call along with an update on its shareholder return policy (buyback is now officially included as TSR option). Refreshing our TSR calculation assuming a 50% FCF payout, we estimate a TSR yield of 13%/18% over the next two years with a 65%/35% dividend/buyback split.
- **Industry-leading HBM execution, enlarging die-size caps supply.** SEC's HBM4 sales rose 3x q-q in 3Q, lifting the HBM4 sales mix to 60%+, which we believe is much faster than competitors' shipment schedules. We believe its smooth performance/production allowed earlier earnings recognition. Similar to peers, SEC guided its 27E HBM capacity is sold out and we estimate meaningful profitability improvement next year upon successful ASP negotiation (JPMe: blended HBM ASP moving up over 100% y-y next year to above US$4/Gb and HBM OPM reaching ~70% within next year). The company has already achieved HBM industry market share at a higher level to that of its overall DRAM industry share in 3Q26 and we forecast 2027E share slightly above 40% upon an 80+% volume increase. Looking ahead, SEC team guides HBM4E/HBM5 enlarged die size to structurally cap the supply bit output (in-line with JPM).
- **Above seasonal 4Q26 B/G and accelerating capex growth.** Detaching from the historical seasonality in 4Q, management guided mid-to-high teens% DRAM B/G and mid-teens% NAND B/G likely driven by accelerated technology migration (faster 1bnm/1cnm conventional DRAM, improving 1cnm yield, and QLC SSD NAND which carreis higher bit/wafer). Including SKH mid-20% B/G commentary (*note*), industry supply is trending well ahead of our expectations in the short term. Nevertheless, fulfillment rates remain only at 50% (HBM), 60-65% (DRAM), and 80% (NAND), and we view the supply acceleration as a sign of suppliers' active debottlenecking initiatives rather than a early sign of over-supply. Management guided for W84trn FY26E capex spending (of which W76trn from DS division) and we forecast 25%/11% y-y increases into FY27E/28E. SEC team cited that a large part of the capex increase is for infrastructure EPC (engineering, procurement, and construction) investments and the contribution to production bit increase will be limited even in 2028E.
- **Managing margin pressure in the MX division via price hikes and mix control.** Chip inflation drove the DX division to post two consecutive quarters of earnings loss, and management guided 4Q MX revenue and profit to be down q-q with a challenging 27 backdrop on rising memory prices and a shrinking mid-to-low end segment. Nevertheless, the degree of margin erosion was better-than-feared, with the company reducing losses q-q thanks to smartphone ASP hikes (JPMe: 3Q26 ASP up mid-teens y-y) and product mix control (i.e. giving up low-end segment product sales). While we continue to

Technology - Semiconductors

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 27E (W)	68,995	77,387	12.2%

Quarterly Forecasts (FYE Dec)

Adj. EPS (W)

	2025A	2026E	2027E
Q1	1,295	8,002A	18,010
Q2	777	12,176A	19,051
Q3	1,961	12,852A	19,979
Q4	3,259	16,876	20,412
FY	7,258	49,907	77,387

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	7	10	48	60	54
Growth	1	4	65	92	56
Momentum	12	2	15	55	74
Quality	48	66	60	56	26
Low Vol	67	35	18	8	3
ESGQ	12	16	89	15	5

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 21 for analyst certification and important disclosures, including non-US analyst disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	93.1%	-14.7%	8.6%	128.6%
Rel	50.4%	-2.2%	2.5%	81.3%

Company Data

Shares O/S (mn)	6,533
52-week range (W)	380,000-93,500
Market cap ($ mn)	1,131,221
Exchange rate	1,342.80
Free float (%)	80.4%
3M ADV (mn)	36.39
3M ADV ($ mn)	6,705.9
Volatility (90 Day)	86
Index	KOSPI
BBG ANR (Buy | Hold | Sell)	44|0|0

Key Metrics (FYE Dec)

W in billions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	333,606	717,885	960,177	1,161,615
Adj. EBIT	43,601	383,999	575,350	724,602
Adj. EBITDA	90,528	435,975	637,070	801,207
Adj. net income	43,073	290,847	438,809	560,597
Adj. EPS	7,258	49,907	77,387	103,924
BBG EPS	6,337	46,848	71,321	78,188
Cashflow from operations	94,456	261,892	515,220	648,641
FCFF	34,527	172,472	392,968	504,765
Margins and Growth				
Revenue Growth Y/Y (%)	10.9%	115.2%	33.8%	21.0%
EBIT margin	13.1%	53.5%	59.9%	62.4%
EBIT Growth Y/Y (%)	33.2%	780.7%	49.8%	25.9%
EBITDA margin	27.1%	60.7%	66.3%	69.0%
EBITDA Growth Y/Y (%)	20.1%	381.6%	46.1%	25.8%
Net margin	12.9%	40.5%	45.7%	48.3%
Adj. EPS growth	33.6%	587.6%	55.1%	34.3%
Ratios				
Adj. tax rate	8.6%	22.6%	22.0%	22.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROE	10.3%	51.8%	51.9%	46.1%
Valuation				
FCFF yield	2.5%	12.7%	29.8%	40.2%
Dividend yield	0.7%	8.2%	8.3%	10.1%
EV/Revenue	1.1	0.6	0.7	0.9
EV/EBITDA	3.9	1.1	1.1	1.3
Adj. P/E	32.0	4.7	3.0	2.2

Summary Investment Thesis and Valuation

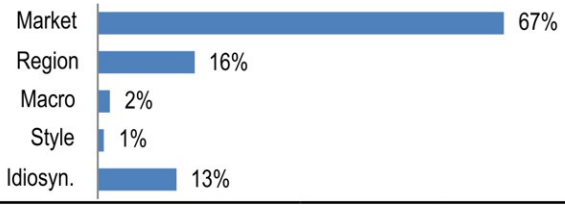
Investment Thesis

We are OW on SEC given the profit growth cycle is reaccelerating due to improving legacy fundamentals. Although our view on SEC's HBM business execution remains conservative, given the lack of evidence of its regaining its technology moat (1cnm), we believe its improving HBM qualification progress tactically bodes well for its near- to mid-term share price trajectory amid a positive industry setup. In order for SEC's shares to be fundamentally even more appealing, we believe increasing evidence of its technology leadership is required to restore investor confidence.

Valuation

Our Jun-27 PT of W400K is based on 6x F12M EPS (4Q26E-3Q27E), reflecting higher price elasticity risk (HBM/SOCAMM density optimization) amid growing LTA sales mix, which is likely to provide a floor to valuation support. Our 6x F12M EPS is at the high end of memory stocks' previous peak-cycle valuation range of 4-6x FTM P/E. Durability of the earnings cycle (above 30% EPS CAGR over the next two years) is a key reason we remain OW against growing AI capex race concerns, and earlier/greater shareholder returns remain key catalysts.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.86	0.82
Region: Korea	0.70	0.72
Macro:		
JPM China A-shares Sentiment	-0.43	-0.35
US 10 Year Yield	-0.40	-0.22
Citi Economic Surprise - EM	0.31	0.19
Quant Styles:		
Quality	-0.23	-0.29
Size	0.27	0.14
Momentum	0.20	0.10

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

assume a loss-making trend for the next two years, we revise up our margin assumption to -4%/-5% (vs previously -9%/-11%). Lastly, SDC (Display Panel) appears to be weathering cost pressures relatively well with new product launches (foldable panel and Gen 8 IT/TV OLED panel).

- **Maintain June-27 PT at W400k.** As witnessed by today's share price action (SEC -5% vs SKH +2%), investors are waiting for clear evidence of proactive shareholder returns. After the W30trn special dividend payment in November, we expect a W40+trn dividend and W40+trn buyback announcement on Jan-2027, which will act as the next key catalyst. Under a 'higher-for-longer emory up-cycle' thesis and a 31% TSR yield over the next two years, we continue to remain bullish on the medium-term stock risk-reward. Our revised FY27E-28E EPS estimates (after 7-18% upward revisions) remain -1%/+12% vs consensus, respectively.

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Earnings estimate revisions

Table 1: Samsung Electronics – Estimate revisions

Wtn, year-end December

	Revised			Previous			Difference (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
DRAM shipment (MM, 8Gb eq)	19,510	23,277	28,318	18,926	22,705	28,303	3.1%	2.5%	0.1%
ASP (US$, 8Gb equiv)	13.1	18.1	19.4	12.8	17.1	18.1	2.5%	6.2%	7.2%
NAND flash shipment (MM, 256Gb E	10,542	12,431	14,729	10,567	12,479	14,587	-0.2%	-0.4%	1.0%
ASP (US$, 256Gb equiv)	9.7	12.9	12.2	9.3	11.0	10.2	5.2%	16.5%	19.7%
Smartphone shipments	239	228	228	240	231	233	-0.4%	-1.3%	-1.9%
Sales	**717.9**	**960.2**	**1,161.6**	**695.4**	**907.3**	**1,098.8**	**3.2%**	**5.8%**	**5.7%**
Semiconductor	531.8	787.8	986.2	512.3	743.3	932.6	3.8%	6.0%	5.7%
Display Panel	32.2	31.4	33.0	31.4	29.8	31.5	2.6%	5.5%	4.6%
DX (MX + VD + Appliance)	193.7	186.1	186.3	188.9	175.3	174.3	2.5%	6.1%	6.9%
Harman	17.6	18.9	20.2	17.4	18.9	20.4	1.5%	-0.3%	-1.2%
Others	-57.4	-64.0	-64.0	-54.6	-60.0	-60.0	na	na	na
Operating profit	**384.0**	**575.4**	**724.6**	**357.3**	**522.6**	**664.5**	**7.5%**	**10.1%**	**9.0%**
Semiconductor	380.0	577.0	727.2	356.0	530.3	673.6	6.7%	8.8%	7.9%
Display Panel	3.8	3.6	3.9	3.5	3.3	3.9	8.0%	6.5%	0.1%
DX (MX + VD + Appliance)	-0.4	-6.4	-7.6	-3.3	-12.2	-14.1	na	na	na
Harma/Others/Adjustment	0.7	1.2	1.2	1.1	1.1	1.1	-39.8%	4.4%	4.4%
Net income	**297.1**	**460.0**	**585.9**	**287.9**	**421.6**	**541.8**	**3.2%**	**9.1%**	**8.1%**
Net income (after minority interest)	295.6	455.4	580.0	285.7	417.4	536.4	3.5%	9.1%	8.1%
EPS (Common shares)	**49,907**	**77,387**	**103,924**	**50,797**	**72,303**	**88,298**	**-1.8%**	**7.0%**	**17.7%**

Source: Company data, J.P. Morgan estimates. Note: EPS in Won.

Table 2: J.P. Morgan estimates vs consensus

Wtn, %

	JPM estimates				Market consensus				Difference			
	4Q26E	2026E	2027E	2028E	4Q26E	2026E	2027E	2028E	4Q26E	2026E	2027E	2028E
Sales	217.3	717.9	960.2	1,161.6	207.4	712.7	970.7	1,128.5	5%	1%	-1%	3%
OP	129.8	384.0	575.4	724.6	118.8	372.6	580.8	657.4	9%	3%	-1%	10%
NP	102.0	295.6	455.4	580.0	91.0	295.9	459.4	519.7	12%	0%	-1%	12%

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

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Table 3: Samsung Electronics – 3Q26 earnings review

Wbn

	3Q25	2Q26	3Q26 Actual	3Q26 JPM est	Diff. (%)	Q/Q (%)	Y/Y (%)
Total Sales	**86,062**	**171,499**	**195,253**	**195,403**	*-0.1*	*13.9*	*126.9*
DS (Semi)	33,089	127,525	147,120	147,181	*0.0*	*15.4*	*344.6*
DP (Display)	8,103	7,478	8,019	8,166	*-1.8*	*7.2*	*-1.0*
DX (Device Experience)	47,983	47,701	51,219	49,696	*3.1*	*7.4*	*6.7*
Others	-3,114	-11,205	-11,105	-9,640	*na*	*na*	*na*
Operating profit	**12,166**	**89,492**	**107,441**	**101,814**	***5.5***	***20.1***	***783.1***
DS (Semi)	7,171	89,159	107,380	102,643	*4.6*	*20.4*	*1397.5*
OP Margin	*21.7*	*69.9*	*73.0*	*69.7*			
DP (Display)	1,225	691	1,109	968	*14.5*	*60.3*	*-9.5*
OP Margin	*15.1*	*9.2*	*13.8*	*11.9*			
DX (Device Experience)	3,482	-762	-810	-2,047	*na*	*na*	*na*
OP Margin	*7.3*	*-1.6*	*-1.6*	*-4.1*			
Others	288	404	-238	250	*na*	*na*	*na*
Net non-OP gains	1,380	4,947	-8,908	2,732	*na*	*na*	*na*
Recurring profit	13,546	94,440	98,532	104,546	*-5.8*	*4.3*	*627.4*
Tax	-1,320	-22,815	-23,396	-23,000	*na*	*na*	*na*
Net profit	**12,006**	**71,269**	**75,208**	**80,730**	***-6.8***	***5.5***	***526.4***

Source: Company data, J.P. Morgan estimates.

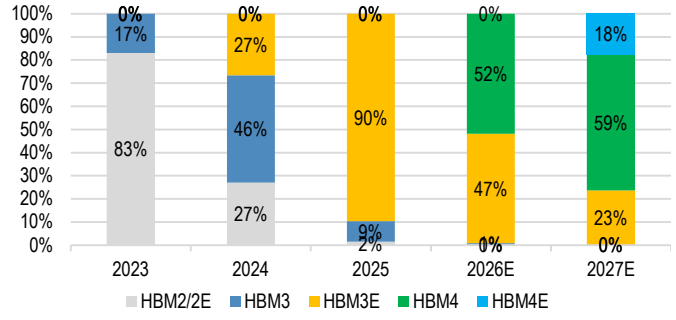
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HBM-related charts

Figure 1: SEC – HBM sales mix by product

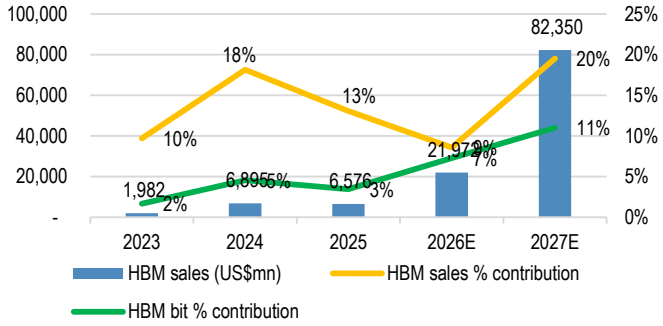
%



Source: Company data, J.P. Morgan estimates.

Figure 2: SEC – Annual HBM sales and bit contribution outlook

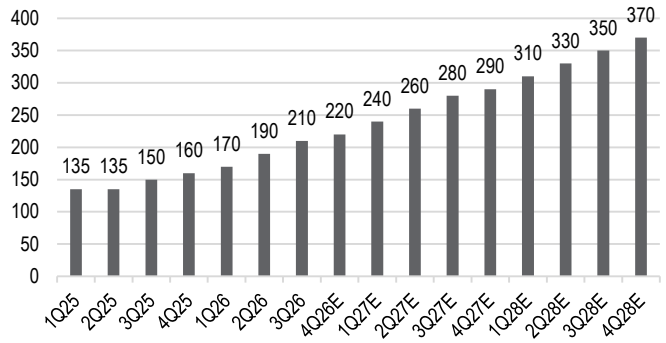
US$mn, % - RHS



Source: Company data, J.P. Morgan estimates.

Figure 3: SEC – HBM capacity trend

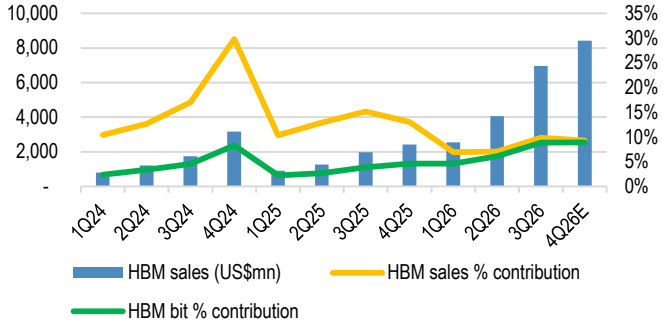
Kwfpm



Source: Company data, J.P. Morgan estimates.

Figure 4: SEC – Quarterly HBM sales and bit contribution outlook

US$mn, % - RHS



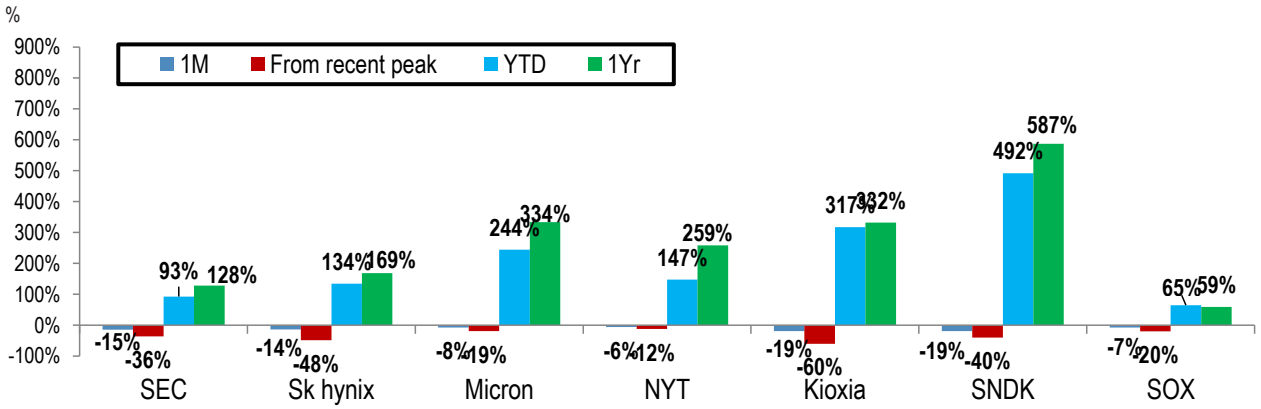
Source: Company data, J.P. Morgan estimates.

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Share price-related charts

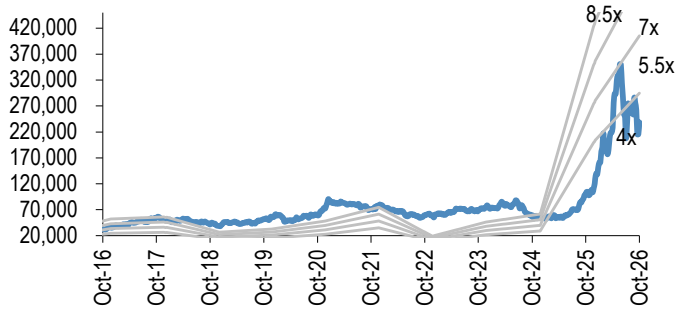
Figure 5: Share price performance vs memory peers



Source: Bloomberg Finance L.P.

Figure 6: SEC – 12M forward P/E

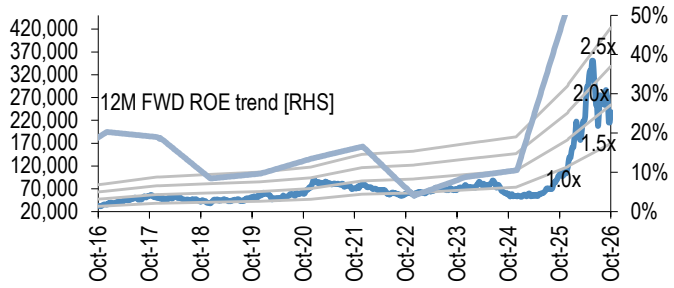
Won, x



Source: Bloomberg Finance L.P., Company data, J.P. Morgan estimates.

Figure 7: SEC – 12M forward P/BV

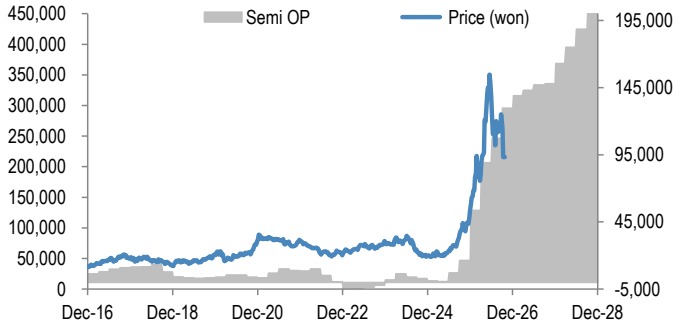
Won, x



Source: Bloomberg Finance L.P., Company data, J.P. Morgan estimates.

Figure 8: Share price vs semi OP trend

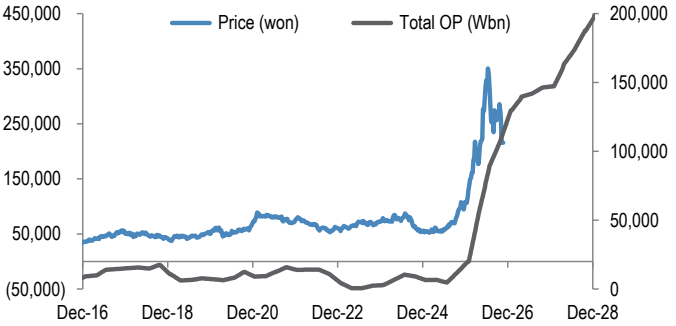
Won, Wbn - RHS



Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 9: Share price vs total OP trend

Won, Wbn - RHS

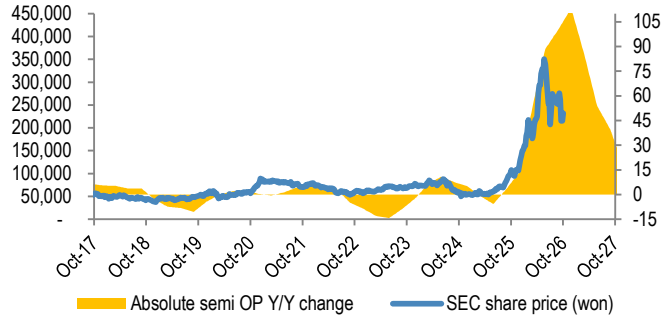


Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

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Figure 10: Share price vs absolute semi OP Y/Y trend

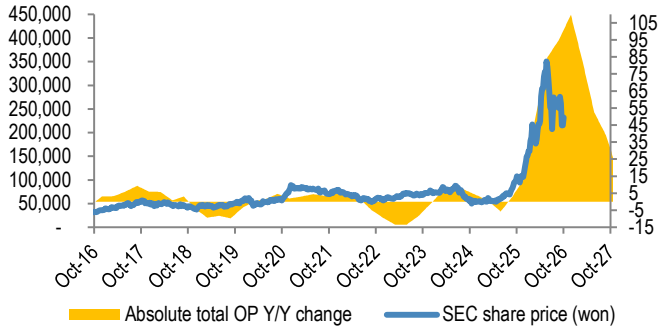
Won, Wtn - RHS



Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

Figure 11: Share price vs total absolute OP Y/Y trend

Won, Wtn - RHS



Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.

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3Q26 conference call takeaways and Q&A

Note:
DS = Device Solutions,
SDC = Samsung Display Corp,
DX = Device Experience,
MX = Mobile Experience,
VD = Visual Display

Key data points

DRAM

- **3Q26:**
  - **B/G:** low-to mid single digit % up Q/Q growth
  - **ASP**: +20% Q/Q up
  - B/G will grow mid-to-high teens% in 4Q26

NAND

- **3Q26:**
  - **B/G**: +MSD% Q/Q growth
  - **ASP:** +high-teens% Q/Q up
  - B/G will grow mid-teens% in 4Q26

Q&A notes

Q. [DS] With a memory shortage widely expected in 2027, what is the outlook beyond 2027, and will tight supply continue into 2028? SEC expects 2027 demand to rise at an unprecedented pace on AI infrastructure buildout and the spread of personal AI agents. New capacity will lift production, but supply constraints will continue as flagged in 2Q, so SEC expects tight supply to last into 2028. Industry capex is rising significantly in 2027, but SEC thinks it will struggle to drive bit growth. Much of the spend goes to acquiring new space, and higher construction costs and pricier equipment inflate the capex figure. The long lead time from fab construction to wafer output means 2027 capex is unlikely to ease 2028 supply. Longer equipment order lead times also constrain suppliers' ramp plans. As HBM4E and HBM5 become core products, their larger dies and many more process layers will act as a physical supply constraint even as conventional DRAM bit output grows. SEC acknowledged that macro events could change market conditions. Its base-case response is to invest pre-emptively to secure cleanroom space and stay flexible on equipment installation.

Q. [LTA] How have multi-year memory contracts progressed since they were first discussed, and can you share more details?

SEC has concluded LTAs with 10 major accounts and is at the final stage with about 10 more, as it builds a stable long-term foundation for the business. Customer interest in long-term supply is broadening beyond hyperscalers and server OEMs to mobile, networking and other applications. SEC expects multi-year contracts to cover 60-80% of its capacity, which improves visibility and supports a stable business model. The contracts run on a rolling basis, renewing after each term, and SEC is finalizing them with some customers. Demand for extensions is much stronger than SEC initially expected, and customers are asking for additional supply within existing contract periods. SEC is reviewing its production capacity, including scenarios that shift its product application mix to meet demand.

Q. [Foundry] What is the status of advanced node design wins from large customers?

SEC continues to expand contract and design wins for advanced process nodes, including 2nm products for a large HPC customer. Its 2nm orders have roughly doubled y/y. SEC plans to strengthen LTA-based strategic partnerships with major advanced-node customers to build a more stable business portfolio and to diversify applications. It noted that AI/HPC demand is strong and growing, and it expects HPC to exceed 50% of its total foundry sales mix.

Q. [SDC] How did this year's new foldable perform, what is the outlook for foldable panel shipments next year, and what is SDC's strategy?

SEC said this year's new foldable received positive market feedback on its slim design and durability, and foldable panel sales have been strong. In 2027, SEC expects continued innovation to bring foldables closer to mainstream adoption. It warned that higher set prices driven by the memory price hike pose a weak-demand risk. Even so, it expects demand for foldables to keep growing, since they combine a large screen with portability. Having been in mass production since 2019, SEC plans to use its strong panel supply capability to lead foldable market growth.

Q. [HBM] Can you provide details on HBM4 speed outperformance, give an update on the HBM business, and explain how 2027 negotiations are proceeding?

SEC more than tripled HBM4 sales q/q in 3Q, and HBM4 rose to 60% of total HBM sales, consistent with the target shared in 2Q. Thanks to HBM4, SEC brought its HBM market share in line with its DRAM market share in 3Q, ahead of its original target. It was also the first to ship next-gen HBM4E samples, in May, and is receiving positive feedback. 2027 HBM supply volume is sold out at an agreed target price that reflects SEC’s product competitiveness, and customers are requesting more supply. It plans to sustain HBM leadership through leading-edge technology and proven mass productivity that deliver customer needs on time.

Q. [NAND] As agentic AI and custom AI agents expand into personalized AI at full scale, how will this affect NAND demand?

SEC is seeing meaningful server SSD demand from agentic AI in two main ways. First, wider adoption of agentic AI and expanding context windows are making KV cache volumes grow exponentially, far faster than in conventional AI services. This is creating additional demand for high-performance TLC SSDs (PCIe Gen6) to handle the larger KV cache. Second, cloud-based personal AI services are increasing the preference for high-density QLC SSDs to raise throughput, and SEC expects QLC demand to rise in proportion to the number of AI server users. SEC said this more diversified NAND portfolio brings greater stability. SEC’s V10 TLC product based on bonding technology is ready for production in 3Q and SEC is preparing for commercial launch of 256TB product early next year which leverages V9 2 terabit TLC featuring 32L stacking technology.

Q. [MX] How are rising memory component costs affecting MX, what has the profitability strategy achieved, and what is the 2027 market outlook?

SEC said the AI-driven surge in server memory demand caused a memory shortage last year, and the cost burden continued into 3Q and hurt profitability. A larger share of premium launches and ongoing cost reduction efforts were able to improve profitability compared to 2Q. SEC expects the environment to stay challenging while memory prices remain high, and it will prioritize higher-end products and cost efficiency to limit the risk. It expects elevated raw material costs to persist in 2027. The 2026 trend of declining shipments and declining market value should carry over, with the market contracting in units and the low-end segment shrinking further in 2H27. In 2027, SEC will pursue both volume and quality growth focused on top-tier models. Flagships will deliver differentiated experiences to expand the premium installed base. For low/mid-end models, SEC will redefine their role through price points and work with carriers and distribution partners to create more upsell opportunities to higher-end devices.

Q. [Foundry] What are the foundry capacity expansion plans in Korea and the US? SEC said advanced-node demand is growing faster than capacity, after rapid growth in the 2nm HPC market and in customer demand. It plans to increase investment in new fabs in both the US and Korea to respond in time. It aims to build out advanced packaging fabs alongside logic fabs to offer an integrated ecosystem across production and packaging. At Taylor, SEC has begun cleanroom construction in Fab 1, wafer input is under way, and the project is proceeding as planned. It is also evaluating options to build additional fabs for future demand.

Q. [FX] Given that FX is weighing on earnings, what is the company's hedging strategy?

Rather than using costly derivatives to artificially hedge, SEC focuses on leveraging natural hedges across its global value chain to structurally minimize the impact of FX volatility. Fully hedging the annual dollar receivables worth hundreds of trillions of won through derivatives such as FX forwards in Korea could disrupt the domestic FX market and transaction fees alone could also create substantial opportunity cost. SEC aims to match the currencies of inflows and outflows and align the amounts of its assets and liabilities in each currency.

Q. [LSI] With the mobile market and major SoC demand slowing, what is LSI's strategy to improve its SoC business and secure mid- to long-term growth?

For mobile on Exynos 2700, SEC improved AI gaming performance working on new developments and production is going on schedule. SEC aims to continue to improve the competitiveness of its flagship SoC which will allow us to increase our market share.

Q. [Foundry] Can you update the advanced node roadmap and explain how the foundry will differentiate itself technologically?

SEC plans to expand beyond HPC with next-gen 2nm processes centered on DTCO while maximizing use of its existing infrastructure. On 1.4nm, it is talking with many customers and developing test chips in close collaboration with them. In mature nodes, SEC will streamline its active-node portfolio and target high value-add opportunities. Those include automotive on 5nm supporting tier-1 customers across a range of applications for 8nm and focusing on memory interface solutions for 14nm and CIS for 17nm.

SEC is building a differentiated advantage across foundry and memory. It is jointly developing the HBM4 base die on 4nm, supporting industry-leading HBM4 performance. It has achieved industry-leading base die yield in foundry, though it is still early in mass production. Its silicon capacitor technology is accelerating and already drawing volume requests. SEC positions itself as a specialized foundry offering integrated memory, logic and advanced packaging services.

Q. [MX] How will growing competition in foldables affect MX, and how will the company differentiate to maintain its foldable leadership? SEC sees heavier competition as inevitable as more players enter the segment, and it views this as proof of the category's value since SEC pioneered it in 2019. SEC plans to use overall category growth to expand its own sales, as it has done by broadening its lineup when customers needed it. A heavier weighting toward the Fold improved its product mix and brought in younger users and users from competitors. Going forward, SEC will keep leading in making foldables thinner and lighter and developing form factors that fit users' lifestyles with differentiated UX. It will also offer financing programs and other offerings to expand its premium customer base.

Q. [Harman] What is the outlook for Harman's automotive and audio businesses? Despite tariff risks and rising memory prices, Harman continues to deliver results through synergies with SEC mainly in growth markets such as automotive and audio. In automotive, SEC is actively addressing growth aresa such as telematics, which connects vehicles to external networks, automotive displays and centralized controllers. In particular, starting this year, SEC has been ramping up telematic supplies to VW and other cusomters.

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Earnings estimates by division

Table 4: Key assumptions

%, US$	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
DRAM B/G (Q/Q, %)	2%	11%	16%	2%	3%	10%	3%	17%	1%	1%	1%	1%	8%	30%	19%	22%
Blended ASP (US$, 8Gb equiv)	**2.7**	**2.8**	**3.2**	**4.5**	**8.5**	**12.2**	**14.6**	**16.1**	**17.5**	**17.9**	**18.4**	**18.7**	**3.3**	**13.1**	**18.1**	**19.4**
DRAM ASP (Q/Q, %)	-19%	1%	15%	40%	92%	43%	20%	10%	9%	2%	3%	2%	22%	292%	38%	7%
NAND B/G (Q/Q, %)	-16%	27%	10%	-9%	8%	0%	4%	14%	2%	2%	1%	1%	-3%	18%	18%	18%
Blended NAND ASP (US$, 256Gb equiv)	**0.6**	**0.6**	**0.6**	**0.8**	**1.4**	**2.3**	**2.7**	**3.1**	**3.2**	**3.3**	**3.3**	**3.1**	**0.6**	**2.4**	**3.2**	**3.0**
NAND ASP (Q/Q, %)	-10%	-5%	6%	25%	88%	65%	18%	12%	4%	2%	0%	-4%	-1%	284%	32%	-5%

Source: Company data, J.P. Morgan estimates.

Table 5: SEC – Key assumptions/earnings estimates for DRAM business

Wbn, units in mn (8Gb equiv.)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Sales (W billion)	**12,709**	**13,802**	**18,087**	**26,987**	**53,883**	**86,357**	**100,107**	**120,013**	**130,143**	**134,528**	**139,900**	**143,406**	**71,585**	**360,360**	**547,977**	**715,620**
Unit shipments (8Gb equiv.)	3,200	3,552	4,102	4,185	4,304	4,713	4,845	5,649	5,722	5,789	5,861	5,906	15,039	19,510	23,277	28,318
Sequential change, %	*1%*	11%	*16%*	*2%*	*3%*	*10%*	*3%*	*17%*	*1%*	*1%*	*1%*	*1%*	*8%*	*30%*	*19%*	*22%*
Blended ASP (8Gb equiv.), US$	2.7	2.8	3.2	4.5	8.5	12.2	14.6	16.1	17.5	17.9	18.4	18.7	3.3	13.1	18.1	19.4
Sequential change, %	*-19%*	*1%*	*15%*	*40%*	*92%*	*43%*	*20%*	*10%*	*9%*	*2%*	*3%*	*2%*	*22%*	*292%*	*38%*	*7%*
Total cost, US$	1.9	2.0	1.9	2.0	1.8	2.7	3.0	3.2	3.5	3.6	3.8	3.9	2.0	2.7	3.7	4.0
Cash cost, US$	1.0	1.2	1.1	1.1	0.9	1.9	2.1	2.4	2.6	2.6	2.7	2.7	1.1	1.9	2.6	2.8
Operating profit	**3,879**	**3,711**	**7,307**	**14,973**	**42,766**	**66,887**	**79,601**	**95,942**	**103,812**	**107,422**	**111,223**	**113,777**	**29,870**	**285,197**	**436,234**	**568,703**
OP margin (%)	*31%*	*27%*	*40%*	*55%*	*79%*	*77%*	*80%*	*80%*	*80%*	*80%*	*80%*	*79%*	*42%*	*79%*	*80%*	*79%*
HBM Sales	**1,318**	**1,780**	**2,734**	**3,514**	**3,731**	**6,075**	**9,837**	**11,117**	**21,554**	**24,579**	**29,125**	**31,798**	**9,345**	**30,760**	**107,056**	**181,053**
HBM Sales mix (%)	*10%*	*13%*	*15%*	*13%*	*7%*	*7%*	*10%*	*9%*	*17%*	*18%*	*21%*	*22%*	*13%*	*9%*	*20%*	*25%*
HBM bit shipment (mn, 8Gb eqv)	**71**	**96**	**159**	**192**	**199**	**289**	**427**	**503**	**563**	**617**	**676**	**708**	**518**	**1,418**	**2,563**	**3,582**
HBM bit mix (%)	*2%*	*3%*	*4%*	*5%*	*5%*	*6%*	*9%*	*9%*	*10%*	*11%*	*12%*	*12%*	*3%*	*7%*	*11%*	*13%*
HBM ASP (US$)	**12.8**	**13.3**	**12.4**	**12.6**	**12.8**	**14.0**	**16.3**	**16.7**	**29.5**	**30.7**	**33.1**	**34.6**	**12.7**	**15.5**	**32.1**	**38.9**
HBM ASP premium (%) vs. non-HBM	5.1	5.3	4.4	3.1	1.5	1.2	1.1	1.0	1.8	1.9	2.0	2.1	4.2	1.2	2.0	2.3
HBM capacity (TSV eqv, K/month)	**135**	**135**	**150**	**160**	**170**	**190**	**210**	**220**	**240**	**260**	**280**	**290**	**145**	**198**	**268**	**340**

Source: Company data, J.P. Morgan estimates.

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Table 6: SEC – Key assumptions/earnings estimates for NAND business

(64Gb equivalent)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Sales (W billion)	**6,322**	**7,362**	**8,468**	**10,064**	**20,661**	**34,961**	**40,509**	**48,249**	**50,407**	**52,443**	**53,230**	**51,867**	**32,217**	**144,379**	**207,947**	**233,532**
Unit shipments (64Gb equiv.)	7,284	9,214	10,090	9,182	9,916	9,966	10,414	11,872	12,110	12,352	12,537	12,725	35,770	42,168	49,724	58,915
Sequential change, %	*-16%*	*27%*	*10%*	*-9%*	*8%*	*0%*	*4%*	*14%*	*2%*	*2%*	*1%*	*1%*	*-3%*	*18%*	*18%*	*18%*
Blended ASP (64Gb equiv.), US$	0.6	0.6	0.6	0.8	1.4	2.3	2.7	3.1	3.2	3.3	3.3	3.1	0.6	2.4	3.2	3.0
Sequential change, %	*-10%*	*-5%*	*6%*	*25%*	*88%*	*65%*	*18%*	*12%*	*4%*	*2%*	*0%*	*-4%*	*-1%*	*284%*	*32%*	*-5%*
Total cost, US$	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.9	0.9	0.9	1.0	0.6	0.7	0.9	0.9
Cash cost, US$	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.7	0.7	0.8	0.8	0.8	0.4	0.6	0.8	0.8
Operating profit	**-316**	**-350**	**645**	**2,427**	**11,697**	**24,407**	**29,571**	**35,222**	**36,797**	**37,759**	**37,793**	**35,788**	**2,406**	**100,897**	**148,138**	**162,404**
OP margin (%)	*-5%*	*-5%*	*8%*	*24%*	*57%*	*70%*	*73%*	*73%*	*73%*	*72%*	*71%*	*69%*	*7%*	*70%*	*71%*	*70%*

Source: Company data, J.P. Morgan estimates.

Table 7: SEC – Key assumptions/earnings estimates for System LSI business

Wbn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Sales (W billion)	**5,984**	**6,703**	**6,434**	**6,903**	**6,935**	**6,683**	**6,404**	**7,078**	**7,227**	**7,847**	**8,247**	**8,164**	**26,024**	**27,101**	**31,485**	**36,546**
Growth, %	*-16%*	*12%*	*-4%*	*7%*	*0%*	*-4%*	*-4%*	*11%*	*2%*	*9%*	*5%*	*-1%*	*-2%*	*4%*	*16%*	*16%*
Operating profit	**(2,500)**	**(2,725)**	**(788)**	**(1,001)**	**(811)**	**(2,139)**	**(1,800)**	**(1,416)**	**(1,590)**	**(2,197)**	**(1,979)**	**(1,633)**	**(7,014)**	**(6,165)**	**(7,399)**	**(3,940)**
OP margin, %	*-42%*	*-41%*	*-12%*	*-15%*	*-12%*	*-32%*	*-28%*	*-20%*	*-22%*	*-28%*	*-24%*	*-20%*	*-27%*	*-23%*	*-24%*	*-11%*
EBITDA	**101**	**(146)**	**1,745**	**1,416**	**1,645**	**247**	**675**	**1,139**	**1,035**	**473**	**729**	**1,046**	**3,116**	**3,707**	**3,283**	**8,613**
EBITDA margin, %	*2%*	*-2%*	*27%*	*21%*	*24%*	*4%*	*11%*	*16%*	*14%*	*6%*	*9%*	*13%*	*12%*	*14%*	*10%*	*24%*

Source: Company data, J.P. Morgan estimates.

Table 8: Key assumptions/earnings estimates for handset business (MX)

Wbn, units mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Sales (W billion)	**36,199**	**28,495**	**33,478**	**28,296**	**37,490**	**32,315**	**36,898**	**28,598**	**36,386**	**30,864**	**35,585**	**28,939**	**126,469**	**135,301**	**131,774**	**132,483**
Handset shipments (mn)	61	58	61	60	60	65	57	56	57	59	57	55	240	239	228	228
Q/Q and Y/Y change, %	*18%*	*-5%*	*5%*	*-2%*	*0%*	*7%*	*-11%*	*-2%*	*2%*	*2%*	*-3%*	*-3%*	*7%*	*-1%*	*-4%*	*0%*
Smartphone shipments	61.2	58.1	61.0	60.0	60.3	64.6	57.5	56.3	57.4	58.6	56.8	55.1	240.3	238.7	228.0	228.0
% of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Tablet PCs	7.0	7.0	7.0	6.0	6.0	6.5	6.0	6.0	5.8	6.3	5.8	5.8	27.0	24.5	23.8	23.8
Blended ASP (US$)	365	313	355	296	386	303	411	348	442	366	437	365	333	360	403	405
Q/Q and Y/Y change, %	*21%*	*-14%*	*14%*	*-17%*	*30%*	*-21%*	*35%*	*-15%*	*27%*	*-17%*	*19%*	*-16%*	*0%*	*8%*	*12%*	*1%*
OP (W billion)	**4,221**	**3,078**	**3,601**	**1,814**	**2,788**	**-810**	**-609**	**-1,357**	**296**	**-1,872**	**-1,636**	**-2,244**	**12,714**	**12**	**-5,456**	**-6,717**
OP margin (%)	*12%*	*11%*	*11%*	*6%*	*7%*	*-3%*	*-2%*	*-5%*	*1%*	*-6%*	*-5%*	*-8%*	*10%*	*0%*	*-4%*	*-5%*

Source: Company data, J.P. Morgan estimates.

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Table 9: Key assumptions/earnings estimates for DP business

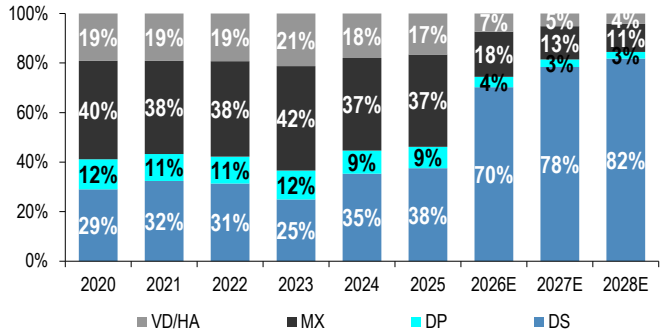
Wbn, units mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025	2026E	2027E	2028E
Sales (W billion)	**5,883**	**6,426**	**8,103**	**9,514**	**6,682**	**7,478**	**8,019**	**10,042**	**6,404**	**6,722**	**8,348**	**9,939**	**29,927**	**32,221**	**31,414**	**32,960**
OLED sales	5,733	6,226	7,903	9,364	6,432	7,278	7,919	9,842	6,204	6,522	8,148	9,739	29,227	31,471	30,614	32,160
OLED OP	520	529	1,225	1,990	402	691	1,109	1,575	310	522	978	1,753	4,264	3,777	3,563	3,856
OLED OPM, (%)	*9.1*	*8.5*	*15.5*	*21.3*	*6.3*	*9.5*	*14.0*	*16.0*	*5.0*	*8.0*	*12.0*	*18.0*	*14.6*	*12.0*	*11.6*	*12.0*
Operating profit	**520**	**529**	**1,225**	**1,990**	**402**	**691**	**1,109**	**1,575**	**310**	**522**	**978**	**1,753**	**4,264**	**3,777**	**3,563**	**3,856**
OP margin (%)	*9.1%*	*8.5%*	*15.5%*	*21.3%*	*6.3%*	*9.5%*	*14.0%*	*16.0%*	*5.0%*	*8.0%*	*12.0%*	*18.0%*	*14.6%*	*12.0%*	*11.6%*	*12.0%*

Source: Company data, J.P. Morgan estimates.

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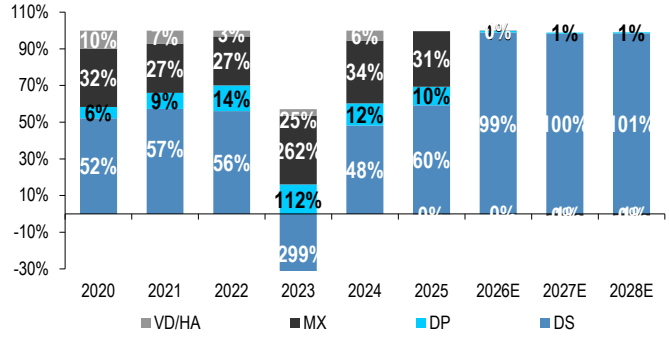
Key business share price charts

Figure 12: SEC – Revenue composition



Source: Company data, J.P. Morgan estimates.

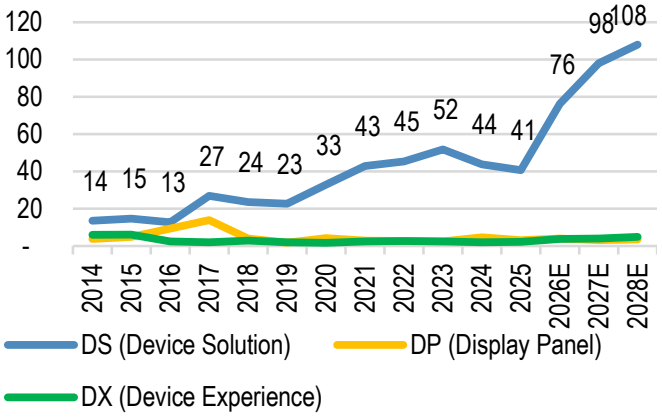
Figure 13: SEC – OP composition



Source: Company data, J.P. Morgan estimates.

Figure 14: Annual capex by division

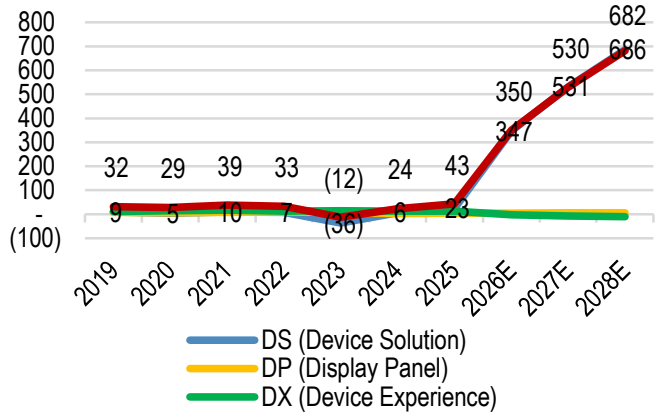
Wtn



Source: Company data, J.P. Morgan estimates.

Figure 15: Annual FCF by division

Wtn



Source: Company data, J.P. Morgan estimates. Note: FCF = EBITDA - capex.

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Table 10: SEC - Cash return sensitivity anlaysis

Wbn

Won bn	2024	2025	2026E	2027E	2028E
SEC FCF	21,434	34,661	240,985	378,324	493,054
Theoretical payout, %	50%	50%	50%	50%	50%
Theoretical TSR	10,717	17,331	120,493	189,162	246,527
SEC NP	34,451	45,207	297,059	460,009	585,897
Theoratical payout, %	35%	39%	40%	42%	42%
Actual TSR payout, %	57%	51%	49%	51%	50%
Actual TSR	**12,223**	**17,836**	**118,481**	**193,204**	**246,077**
Dividend	9,823	11,236	77,013	125,582	159,950
Buyback	2,400	6,600	41,469	67,621	86,127
TSR mix, %					
Dividend	80%	63%	65%	65%	65%
Buyback	20%	37%	35%	35%	35%
TSR per share	**1,799**	**2,648**	**17,870**	**29,849**	**39,711**
Dividend (ordinary)	1,446	1,668	11,600	19,400	25,790
Dividend (preferred)	1,447	1,669	11,601	19,401	25,791
Buyback (ordinary)	353	979	6,248	10,471	14,018
Buyback (preferred)	353	987	6,305	10,282	13,096
# of shares	**6,793**	**6,736**	**6,630**	**6,473**	**6,197**
Ordinary	5,970	5,920	5,828	5,670	5,394
Preferred	823	816	802	802	802
TSR yield, %	**2.6%**	**3.8%**	**7.9%**	**13.2%**	**17.6%**
Ordinary	2.5%	3.7%	7.7%	12.9%	17.2%
Preferred	3.1%	4.6%	9.7%	16.1%	21.1%
Ordinary	71,638	71,406	232,000	232,000	232,000
Preferred	58,804	57,300	183,900	183,900	183,900

Source: Company data, J.P. Morgan estimates. Note: FCF = EBITDA - capex

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Table 11: SEC – Earnings

Wbn, year-end December

	2025				2026E				2027E				2024	2025	2026E	2027E	2028E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	1QE	2QE	3QE	4QE					
Revenue	**79,141**	**74,566**	**86,062**	**93,837**	**133,873**	**171,499**	**195,253**	**217,259**	**232,073**	**234,871**	**247,762**	**245,470**	**300,871**	**333,606**	**717,885**	**960,177**	**1,161,615**
DS (Semi)	25,111	27,917	33,089	44,059	81,700	127,525	147,120	175,446	187,877	194,924	201,487	203,553	111,070	130,177	531,790	787,840	986,171
DRAM	12,709	13,802	18,087	26,987	53,883	85,982	100,107	120,013	130,143	134,528	139,900	143,406	51,803	71,585	359,986	547,977	715,620
NAND/others	6,417	7,412	8,568	10,169	20,881	34,859	40,609	48,354	50,507	52,548	53,340	51,983	32,713	32,567	144,703	208,377	234,005
System LSI and Foundry	5,984	6,703	6,434	6,903	6,935	6,683	6,404	7,078	7,227	7,847	8,247	8,164	26,554	26,024	27,101	31,485	36,546
DP (Display)	5,883	6,426	8,103	9,514	6,682	7,478	8,019	10,042	6,404	6,722	8,348	9,939	29,115	29,927	32,221	31,414	32,960
DX (Device Experience)	51,480	43,295	47,983	44,102	52,402	47,701	51,219	42,349	49,726	44,303	49,326	42,712	173,682	186,860	193,672	186,067	186,309
MX (Mobile Experience)	36,999	29,195	34,098	29,296	38,090	33,215	37,298	29,198	36,986	31,564	36,285	29,639	117,240	129,589	137,801	134,474	135,183
VD/HA (Visual Display & Appliance)	14,481	14,099	13,885	14,806	14,312	14,486	13,922	13,151	12,740	12,739	13,041	13,073	56,443	57,271	55,870	51,593	51,126
Harman	3,400	3,800	4,000	4,600	3,800	4,600	4,300	4,922	4,066	4,922	4,601	5,267	14,250	15,800	17,622	18,856	20,175
Others	-6,734	-6,872	-7,114	-8,438	-10,710	-15,805	-15,405	-15,500	-16,000	-16,000	-16,000	-16,000	-27,246	-29,158	-57,420	-64,000	-64,000
Dep. & Amor. Expenses	-11,519	-11,357	-11,819	-12,232	-12,367	-13,007	-12,780	-13,822	-14,485	-15,119	-15,769	-16,348	-42,631	-46,927	-51,976	-61,720	-76,606
COGS	-51,010	-49,070	-52,570	-49,586	-51,960	-52,199	-60,013	-31,449	-49,611	-54,498	-66,025	-34,913	-186,562	-202,236	-195,620	-205,046	-221,100
Gross Profit	**28,131**	**25,497**	**33,492**	**44,251**	**81,913**	**119,301**	**135,241**	**185,811**	**182,463**	**180,373**	**181,737**	**210,557**	**114,309**	**131,370**	**522,265**	**755,130**	**940,515**
Operating Expense	-21,445	-20,821	-21,326	-24,177	-24,680	-29,808	-27,800	-55,977	-42,784	-38,474	-35,276	-63,246	-81,583	-87,769	-138,266	-179,780	-215,913
EBIT	**6,685**	**4,676**	**12,166**	**20,074**	**57,233**	**89,492**	**107,441**	**129,833**	**139,679**	**141,899**	**146,461**	**147,312**	**32,726**	**43,601**	**383,999**	**575,350**	**724,602**
DS (Semi)	1,069	640	7,171	16,407	53,668	89,159	107,380	129,756	139,026	142,991	147,045	147,940	15,128	25,287	379,962	577,002	727,200
DS OPM (%)	*4.3*	*2.3*	*21.7*	*37.2*	*65.7*	*69.9*	*73.0*	*74.0*	*74.0*	*73.4*	*73.0*	*72.7*	*13.6*	*19.4*	*71.4*	*73.2*	*73.7*
DP (Display)	520	529	1,225	1,990	402	691	1,109	1,575	310	522	978	1,753	3,780	4,264	3,777	3,563	3,856
DP OPM (%)	*8.8*	*8.2*	*15.1*	*20.9*	*6.0*	*9.2*	*13.8*	*15.7*	*4.8*	*7.8*	*11.7*	*17.6*	*13.0*	*14.2*	*11.7*	*11.3*	*11.7*
DX (Device Experience)	4,674	3,318	3,482	1,302	3,016	-762	-810	-1,847	193	-1,964	-1,862	-2,732	12,446	12,776	-403	-6,365	-7,604
DX OPM (%)	*12.6*	*11.4*	*10.2*	*4.4*	*7.9*	*-2.3*	*-2.2*	*-6.3*	*0.5*	*-6.2*	*-5.1*	*-9.2*	*10.6*	*9.9*	*-0.3*	*-4.7*	*-5.6*
Others (incl. Harman/adjustment)	422	189	288	375	148	404	-238	350	150	350	300	350	1,373	1,275	664	1,150	1,150
Non operating incomes	2,466	1,080	1,380	955	1,596	4,947	-8,908	2,311	2,650	3,207	3,916	4,632	4,804	5,880	-54	14,405	26,548
Pre Tax Profit	**9,152**	**5,756**	**13,546**	**21,028**	**58,828**	**94,440**	**98,532**	**132,145**	**142,328**	**145,106**	**150,377**	**151,944**	**37,530**	**49,481**	**383,945**	**589,755**	**751,150**
Tax	-929	-640	-1,320	-1,386	-11,603	-22,815	-23,396	-29,072	-31,312	-31,923	-33,083	-33,428	-3,078	-4,275	-86,886	-129,746	-165,253
Minority Interest	-194	-182	-219	-350	-124	-355	72	-1,031	-1,110	-1,132	-1,173	-1,185	-830	-946	-1,438	-4,600	-5,859
Net Profit (After minority interest)	**8,028**	**4,934**	**12,006**	**19,292**	**47,101**	**71,269**	**75,208**	**102,042**	**109,906**	**112,051**	**116,121**	**117,331**	**33,621**	**44,261**	**295,621**	**455,409**	**580,038**
EPS (W)	**1,345**	**827**	**2,011**	**3,310**	**8,082**	**12,229**	**12,905**	**17,509**	**18,859**	**19,735**	**20,670**	**21,111**	**5,433**	**7,258**	**49,907**	**77,387**	**103,924**
EPS (W) inc. pref. Shares	**1,182**	**726**	**1,768**	**2,910**	**7,104**	**10,749**	**11,343**	**15,391**	**16,577**	**17,291**	**18,087**	**18,448**	**4,950**	**6,555**	**44,587**	**70,359**	**93,605**
EBITDA	18,204	16,033	23,985	32,306	69,599	102,500	120,221	143,655	154,163	157,018	162,229	163,659	75,357	90,528	435,975	637,070	801,207
CAPEX	-12,128	-13,040	-10,810	-11,544	-17,127	-14,110	-26,900	-27,750	-25,100	-26,350	-27,350	-28,600	-51,406	-47,522	-85,887	-107,400	-119,600

Source: Company data, J.P. Morgan estimates.

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Investment Thesis, Valuation and Risks

Samsung Electronics *(Overweight; Price Target: W400,000)*

Investment Thesis
We are OW on SEC given the profit growth cycle is reaccelerating due to improving legacy fundamentals. Although our view on SEC's HBM business execution remains conservative, given the lack of evidence of its regaining its technology moat (1cnm), we believe its improving HBM qualification progress tactically bodes well for its near- to mid-term share price trajectory amid a positive industry setup. In order for SEC's shares to be fundamentally even more appealing, we believe increasing evidence of its technology leadership is required to restore investor confidence.

Valuation
Our Jun-27 PT of W400K is based on 6x F12M EPS (4Q26E-3Q27E), reflecting higher price elasticity risk (HBM/SOCAMM density optimization) amid growing LTA sales mix, which is likely to provide a floor to valuation support. Our 6x F12M EPS is at the high end of memory stocks' previous peak-cycle valuation of 4-6x FTM P/E. Durability of the earnings cycle (above 30% EPS CAGR over the next two years) is a key reason we remain OW against growing AI capex race concerns, and earlier/greater shareholder returns remain key catalysts.

Risks to Rating and Price Target
Downside risks to our rating and price target include: 1) an elongated memory price downcycle; 2) weaker-than-expected HBM demand from ASIC customers in FY25-26E; 3) delayed HBM qualification for future product generations; 4) slower-than-expected mobile unit growth; and 5) China competition.

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Samsung Electronics: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**300,871**	**333,606**	**717,885**	**960,177**	**1,161,615**
COGS	(186,562)	(202,236)	(195,620)	(205,046)	(221,100)
Gross profit	**114,309**	**131,370**	**522,265**	**755,130**	**940,515**
SG&A	(30,012)	(32,132)	(57,754)	(79,617)	(95,096)
Adj. EBITDA	**75,357**	**90,528**	**435,975**	**637,070**	**801,207**
D&A	(42,631)	(46,927)	(51,976)	(61,720)	(76,606)
Adj. EBIT	**32,726**	**43,601**	**383,999**	**575,350**	**724,602**
Net Interest	3,915	3,987	6,324	13,633	25,716
Adj. PBT	**37,530**	**49,481**	**383,945**	**589,755**	**751,150**
Tax	(3,078)	(4,275)	(86,886)	(129,746)	(165,253)
Minority Interest	(830)	(946)	(1,438)	(4,600)	(5,859)
Adj. Net Income	**32,433**	**43,073**	**290,847**	**438,809**	**560,597**
Reported EPS	5,433	7,258	49,907	77,387	103,924
Adj. EPS	**5,433**	**7,258**	**49,907**	**77,387**	**103,924**
DPS	**1,444**	**1,668**	**19,119**	**19,236**	**23,423**
Payout ratio	26.6%	23.0%	38.3%	24.9%	22.5%
Shares outstanding	5,970	5,934	5,828	5,670	5,394

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	112,615	125,847	246,130	496,757	846,593
Accounts receivable	43,623	51,128	114,484	113,209	123,673
Inventories	51,755	52,637	75,348	63,611	53,626
Other current assets	19,069	18,073	52,391	59,194	75,418
Current assets	**227,062**	**247,685**	**488,352**	**732,771**	**1,099,311**
PP&E	205,945	215,305	247,856	297,754	344,967
LT investments	24,960	27,301	27,631	28,163	28,705
Other non current assets	56,564	76,652	91,236	94,940	98,795
Total assets	**514,532**	**566,942**	**855,075**	**1,153,628**	**1,571,778**
Short term borrowings	15,380	18,752	14,540	13,926	13,674
Payables	12,370	13,039	6,019	5,526	2,852
Other short term liabilities	65,576	74,619	114,882	102,658	108,175
Current liabilities	**93,326**	**106,411**	**135,441**	**122,110**	**124,701**
Long-term debt	3,950	6,487	2,031	1,058	552
Other long term liabilities	15,183	17,843	31,792	25,917	21,131
Total liabilities	**112,459**	**130,741**	**169,263**	**149,084**	**146,384**
Shareholders' equity	402,073	436,201	685,812	1,004,544	1,425,394
Minority interests	-	-	-	-	-
Total liabilities & equity	**514,532**	**566,942**	**855,075**	**1,153,628**	**1,571,778**
BVPS	**67,371**	**73,525**	**117,700**	**177,180**	**264,262**
y/y Growth	*10.6%*	*9.1%*	*60.1%*	*50.5%*	*49.1%*
Net debt/(cash)	(93,285)	(100,608)	(229,559)	(481,773)	(832,367)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**77,450**	**94,456**	**261,892**	**515,220**	**648,641**
o/w Depreciation & amortization	42,631	46,927	51,976	61,720	76,606
o/w Changes in working capital	368	2,322	(87,143)	(6,509)	(13,861)
Cash flow from investing activities	**(70,131)**	**(78,714)**	**(99,441)**	**(115,854)**	**(128,215)**
o/w Capital expenditure	(61,320)	(56,286)	(84,527)	(111,618)	(123,818)
as % of sales	*20.4%*	*16.9%*	*11.8%*	*11.6%*	*10.7%*
Cash flow from financing activities	**13,524**	**(2,509)**	**(42,168)**	**(148,739)**	**(170,590)**
o/w Dividends paid	(9,809)	(9,809)	(39,432)	(137,825)	(160,439)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	9,461	8,570	5,280	(7,461)	(5,543)
Net change in cash	**20,843**	**13,232**	**120,283**	**250,627**	**349,836**
Adj. Free cash flow to firm	**12,536**	**34,527**	**172,472**	**392,968**	**504,765**
y/y Growth	*(213.5%)*	*175.4%*	*399.5%*	*127.8%*	*28.4%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	38.0%	39.4%	72.8%	78.6%	81.0%
EBITDA margin	25.0%	27.1%	60.7%	66.3%	69.0%
EBIT margin	10.9%	13.1%	53.5%	59.9%	62.4%
Net profit margin	10.8%	12.9%	40.5%	45.7%	48.3%
ROE	8.5%	10.3%	51.8%	51.9%	46.1%
ROA	6.7%	8.0%	40.9%	43.7%	41.1%
ROCE	7.5%	9.0%	51.1%	52.1%	46.0%
SG&A/Sales	10.0%	9.6%	8.0%	8.3%	8.2%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	0.6	0.6	1.0	1.0	0.9
Assets/Equity (x)	1.3	1.3	1.3	1.2	1.1
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	2459.6%	305.4%	677.8%	147.6%	123.7%
Tax rate	8.2%	8.6%	22.6%	22.0%	22.0%
Revenue y/y Growth	16.2%	10.9%	115.2%	33.8%	21.0%
EBITDA y/y Growth	66.6%	20.1%	381.6%	46.1%	25.8%
EPS y/y Growth	144.1%	33.6%	587.6%	55.1%	34.3%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	42.8	32.0	4.7	3.0	2.2
P/BV (x)	3.5	3.2	2.0	1.3	0.9
EV/EBITDA (x)	4.4	3.9	1.1	1.1	1.3
Dividend Yield	0.6%	0.7%	8.2%	8.3%	10.1%

Source: Company reports and J.P. Morgan estimates.
Note: W in billions (except per-share data).Fiscal year ends Dec. o/w - out of which