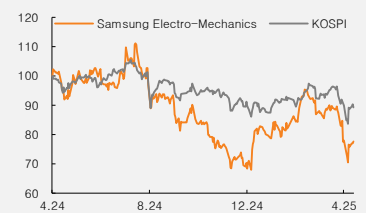


(Maintain)	Buy
Target price	₩200,000
Current price (4/16/25)	₩120,600
Upside	65.8%

OP (25F, Wbn)	887
Consensus OP (25F, Wbn)	921
EPS growth (25F, %)	-6.1
Market EPS growth (25F, %)	24.8
P/E (25F, x)	14.7
Market P/E (25F, x)	8.9
KOSPI	2,447.43

Market cap (Wbn)	9,008
Shares (mn)	75
Free float (%)	73.5
Foreign ownership (%)	32.2
Beta (12M)	1.14
52-week low (W)	105,600
52-week high (W)	172,700

(%)	1M	6M	12M
Absolute	-12.2	-2.9	-18.8
Relative	-8.0	3.6	-13.4



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Samsung Electro-Mechanics

Automotive-use MLCCs to support growth

1Q25 preview: Solid results likely on front-loading of demand and ASP growth

For 1Q25, we expect Samsung Electro-Mechanics (SEMCO) to report revenue of ₩2.7tr (+3.4% YoY) and operating profit of ₩199.6bn (+10.7% YoY), in line with consensus estimates. Earnings were likely solid thanks to: 1) preemptive purchases ahead of US tariffs; and 2) ASP growth for automotive/AI server-use MLCCs (offsetting the ongoing ASP decline for IT-use MLCCs amid slowing downstream demand).

Earnings are likely to continue improving as the peak demand season approaches. In 2025, global IT-use MLCC demand is projected to decline 2%, but solid growth is anticipated for automotive (+20%) and industrial (+16%) applications. We forecast SEMCO's full-year automotive MLCC sales to expand 26% YoY on rising demand from major Chinese EV makers.

Automotive MLCC momentum: Falling LiDAR prices fueling faster ADAS adoption

ADAS penetration is accelerating amid a sharp drop in LiDAR unit prices (from around US\$1,000 to US\$200-500). Indeed, cost declines are leading to broader ADAS adoption not only in premium models but also in mid/higher-end models.

For instance, BYD is equipping more of its vehicles with DiPilot 300/600 systems; in 2025, models such as the Yangwang U8/U9 and Denza D9 are expected to roll out with the DiPilot 600 system, which includes three LiDAR sensors (likely marking the start of full-fledged pilot operations for Level 3 autonomous driving). Over time, even entry-level models will likely come equipped with Level 2+ autonomous driving. Hesai Technology, a leading LiDAR maker, is guiding LiDAR shipments of 1.2-1.5mn units this year.

Meanwhile, some AI server-use MLCCs have seen ASP increases, and the industrial MLCC segment is also seeing broad ASP growth. That said, tariff risks are weighing on demand for IT devices, delaying a full-scale recovery in end-market MLCC orders. Nevertheless, demand for automotive and AI server-use MLCCs remains solid.

Investment strategy and valuation

We maintain our Buy rating and target price of ₩200,000 on SEMCO and continue to recommend the stock as our top pick. With 1Q25 likely to mark the start of a visible earnings recovery, we recommend proactively accumulating shares (as the stock price typically leads 12-month forward EPS by three to six months).

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	8,892	10,294	11,195	11,846	12,430
OP (Wbn)	661	735	887	1,001	1,110
OP margin (%)	7.4	7.1	7.9	8.5	8.9
NP (Wbn)	423	679	638	720	804
EPS (₩)	5,450	8,752	8,218	9,272	10,367
ROE (%)	5.5	8.2	7.1	7.6	8.1
P/E (x)	28.1	14.1	14.7	13.0	11.6
P/B (x)	1.5	1.1	1.1	1.0	1.0
Dividend yield (%)	0.8	1.5	1.7	1.7	1.8

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. 1Q25 preview

(Wbn, %, %p)

	1Q24	4Q24	1Q25F			Comparison	
			Mirae Asset	QoQ	YoY	Consensus	Diff.
Revenue	2,624.3	2,492.3	2,713.4	8.9	3.4	2,690.3	0.9
OP	180.3	115.0	199.6	73.5	10.7	200.1	-0.3
OP margin (%)	6.9	4.6	7.4	2.7	0.5	7.4	-0.1
Pretax profit	219.5	198.2	222.2	12.1	1.2	215.7	3.0
NP attr. to owners	183.1	262.8	148.8	-43.4	-18.7	174.0	-14.5

Source: Company data, Mirae Asset Securities Research

Table 2. Quarterly and annual earnings

(Wbn, %)

	1Q24	2Q24	3Q24	4Q24	1Q25F	2Q25F	3Q25F	4Q25F	2024	2025F	2065F
Revenue	2,624.3	2,580.1	2,615.3	2,492.3	2,713.4	2,718.0	2,968.0	2,795.5	1,0312.0	1,1195.0	1,1845.7
Component solutions	428.0	499.1	558.2	549.3	529.7	553.2	590.8	589.3	2,034.6	2,263.0	2,522.2
Optics/comm.	1,023.0	1,160.3	1,197.0	1,081.8	1,193.6	1,244.3	1,364.0	1,269.2	4,462.1	5,071.0	5,377.7
Package solutions	1,173.3	920.7	860.1	861.2	989.1	919.5	1012.3	936.0	3,815.3	3,857.0	3,941.8
OP	180.3	208.1	249.5	115.0	199.6	226.5	280.7	180.3	752.9	887.1	1,001.0
Component solutions	20.7	41.6	52.5	42.9	33.4	55.0	63.6	60.9	157.6	212.9	265.4
Optics/comm.	96.9	141.8	145.4	57.1	114.7	142.9	181.7	103.5	441.2	542.8	598.5
Package solutions	62.7	24.7	33.7	16.6	51.4	28.5	35.4	15.9	137.6	131.3	137.1
Pretax profit	219.5	231.1	166.4	198.2	222.2	249.5	303.9	203.3	815.2	978.8	1,095.7
NP attr. to owners	183.1	172.4	133.1	262.8	148.8	168.5	208.0	135.1	751.5	660.4	745.1
EPS (W)	2,359.6	2,222.1	1,484.5	2,685.4	1,969.5	2,230.9	2,752.9	1,787.7	8,751.6	8,741.0	9,862.3
OP margin	6.9	8.1	9.5	4.6	7.4	8.3	9.5	6.4	7.3	7.9	8.5
Component solutions	4.8	8.3	9.4	7.8	6.3	10.0	10.8	10.3	7.7	9.4	10.5
Optics/comm.	9.5	12.2	12.1	5.3	9.6	11.5	13.3	8.2	9.9	10.7	11.1
Package solutions	5.3	2.7	3.9	1.9	5.2	3.1	3.5	1.7	3.6	3.4	3.5
QoQ / YoY (%)											
Revenue	13.8	-1.7	1.4	-4.7	8.9	0.2	9.2	-5.8	15.7	8.6	5.8
OP	21.4	15.4	19.9	-53.9	73.5	13.5	23.9	-35.8	11.1	17.8	12.8
NP attr. to owners	202.8	-5.8	-22.8	97.4	-43.4	13.3	23.4	-35.1	70.8	-12.1	12.8

Source: Company data, Mirae Asset Securities Research

Samsung Electro-Mechanics (009150 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	10,294	11,195	11,846	12,430
Cost of revenue	8,335	8,965	9,423	9,828
GP	1,959	2,230	2,423	2,602
SG&A expenses	1,224	1,343	1,421	1,492
OP (adj.)	735	887	1,001	1,110
OP	735	887	1,001	1,110
Non-operating profit	62	92	95	107
Net financial income	-1	19	21	34
Net income from associates	-1	25	25	25
Pretax profit	797	979	1,096	1,217
Income tax	132	269	301	335
Profit from continuing operations	665	710	794	882
Profit from discontinued operations	38	-49	-49	-49
NP	703	660	745	833
Attributable to owners	679	638	720	804
Attributable to minority interests	24	23	26	29
Total comprehensive income	1,074	660	745	833
Attributable to owners	1,028	632	713	798
Attributable to minority interests	46	28	32	35
EBITDA	1,575	1,833	2,018	2,174
FCF	654	425	648	551
EBITDA margin (%)	15.3	16.4	17.0	17.5
OP margin (%)	7.1	7.9	8.5	8.9
Net margin (%)	6.6	5.7	6.1	6.5

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	1,430	1,305	1,648	1,551
NP	703	660	745	833
Non-cash income/expenses	1,057	868	993	1,026
Depreciation	790	883	946	984
Amortization	50	63	71	80
Other	217	-78	-24	-38
Chg. in working capital	-319	-238	-30	-265
Chg. in AR & other receivables	-38	-175	-29	-195
Chg. in inventory	-130	-120	-30	-101
Chg. in AP & other payables	-260	71	-31	20
Income tax	-82	-269	-301	-335
Cash flow from investing activities	-806	-998	-1,130	-1,144
Chg. in PP&E	-772	-883	-946	-984
Chg. in intangible assets	-51	55	59	64
Chg. in financial assets	-18	-52	-114	-80
Other	35	-118	-129	-144
Cash flow from financing activities	-309	-194	-174	-174
Chg. in financial liabilities	39	0	6	43
Chg. in equity	0	0	0	0
Dividends	-89	-136	-174	-174
Other	-259	-58	-6	-43
Chg. in cash	344	114	344	233
Beginning balance	1,669	2,013	2,127	2,471
Ending balance	2,013	2,127	2,471	2,703

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	5,892	6,352	6,817	7,421
Cash & equivalents	2,013	2,127	2,471	2,703
AR & other receivables	1,484	1,682	1,711	1,921
Inventory	2,251	2,371	2,401	2,502
Other current assets	144	172	234	295
Non-current assets	6,901	7,000	7,163	7,297
Investments in associates	65	32	34	40
PP&E	5,933	5,930	5,985	6,001
Intangible assets	146	138	126	111
Total assets	12,792	13,352	13,981	14,718
Current liabilities	3,057	3,102	3,109	3,132
AP & other payables	750	907	836	879
Short-term financial liabilities	1,580	1,513	1,562	1,550
Other current liabilities	727	682	711	703
Non-current liabilities	720	810	912	1,026
Long-term financial liabilities	56	180	137	191
Other non-current liabilities	664	630	775	835
Total liabilities	3,777	3,912	4,021	4,158
Equity attributable to owners	8,789	9,193	9,693	10,272
Capital stock	388	388	388	388
Capital surplus	1,054	1,148	1,148	1,148
Retained earnings	6,490	6,952	7,452	8,032
Minority interests	227	247	267	287
Shareholders' equity	9,016	9,440	9,960	10,559

Key valuation metrics/ratios

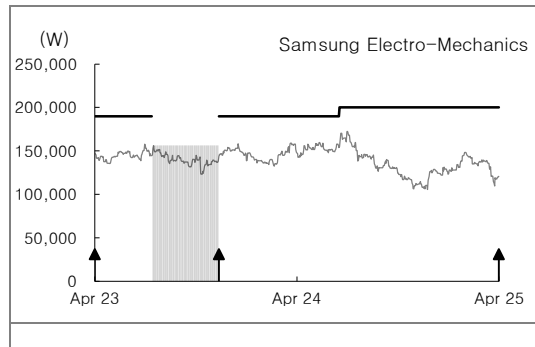
	2024	2025F	2026F	2027F
P/E (x)	14.1	14.7	13.0	11.6
P/CF (x)	5.5	6.1	5.4	5.0
P/B (x)	1.1	1.1	1.0	1.0
EV/EBITDA (x)	5.9	4.9	4.3	3.9
EPS (W)	8,752	8,218	9,272	10,367
CFPS (W)	22,681	19,691	22,403	23,951
BPS (W)	115,152	109,379	115,827	123,293
DPS (W)	1,800	2,000	2,100	2,200
Dividend payout ratio (%)	18.6	22.0	20.5	19.2
Dividend yield (%)	1.5	1.4	1.5	1.6
Revenue growth (%)	15.8	8.8	5.8	4.9
EBITDA growth (%)	5.2	16.4	10.1	7.8
OP growth (%)	11.3	20.7	12.8	10.9
EPS growth (%)	60.6	-6.1	12.8	11.8
AR turnover (x)	8.2	7.6	7.5	7.3
Inventory turnover (x)	4.7	4.8	5.0	5.1
AP turnover (x)	15.2	16.7	16.9	17.8
ROA (%)	5.8	5.1	5.5	5.8
ROE (%)	8.2	7.1	7.6	8.1
ROIC (%)	7.3	7.6	7.6	8.1
Debt-to-equity ratio (%)	41.9	41.4	40.4	39.4
Current ratio (%)	192.7	204.8	219.3	236.9
Net debt-to-equity ratio (%)	-4.3	-5.1	-8.1	-9.5
Interest coverage ratio (x)	10.1	14.0	15.8	17.6

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Samsung Electro-Mechanics (009150)	07/03/24	Buy	200,000
	11/28/23	Buy	190,000
	07/31/23	No Coverage	
	01/26/23	Buy	190,000



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

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