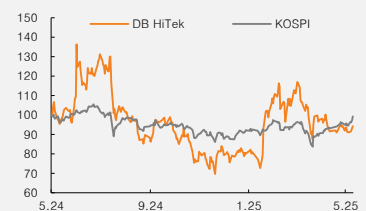


(Downgrade)	Hold
Target price	W39,200
Current price (5/29/25)	W39,500
Downside	-0.8%

OP (24, Wbn)	194
Consensus OP (24F, Wbn)	-
EPS growth (24, %)	-29.7
Market EPS growth (24F, %)	-
P/E (24, x)	7.9
Market P/E (24F, x)	-
KOSPI	2,720.64

Market cap (Wbn)	1,754
Shares (mn)	44
Free float (%)	66.9
Foreign ownership (%)	26.1
Beta (12M)	1.72
52-week low (W)	29,200
52-week high (W)	57,100

(%)	1M	6M	12M
Absolute	1.2	25.8	-2.3
Relative	-4.6	13.6	-3.9



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DB HiTek

Higher utilization to support earnings from 2Q25

Recommendation and valuation

We maintain our target price of W39,200 for DB HiTek but downgrade our rating to Hold (from Buy). Our target price is based on our 2025 EPS estimate of W4,510 and a target P/E of 8.7x—a 20% discount to the consensus 2025F multiple of United Microelectronics Corp. The stock has recently rebounded to a 12-month forward P/B of around 0.8x (from the end-2024 bottom of 0.5x), and we expect its ROE (which is at a historical low) to improve modestly heading into 2H25. All in all, we believe concerns over weak market conditions are fully priced in and recommend approaching the stock from a medium- to long-term perspective.

Industry outlook and earnings forecast

DB HiTek reported solid 1Q25 results, with revenue of W297.4bn (+4.9% QoQ) and operating profit of W52.5bn (+48.8% QoQ). This suggests the prolonged inventory adjustment cycle across downstream industries has ended. That said, given the typical two-month lag between wafer input and revenue recognition, the rise in utilization rates seen in March should primarily be reflected in 2Q25 earnings. Accordingly, we expect a more stable and sustained earnings recovery to take hold from 2Q25.

That said, ASP upside looks limited in the near term due to structural factors within the power semiconductor market and the still-high mix of legacy models. Of note, the share of sales to the automotive sector recovered to 10% in 1Q25 after a temporary dip to 8% in 4Q24, likely reflecting the normalization of channel inventory (which had built up due to Texas Instruments' aggressive supply push in 4Q24).

Anticipating a potential capacity shortfall by 2027, DB HiTek has laid out a medium/long-term capex plan aimed at preemptively securing cleanroom and utility infrastructure. The planned investment totals W250bn, which should allow the firm to secure additional production capacity of roughly 30,000 wpm. Meanwhile, new businesses such as Si-based capacitors and gallium nitride (GaN) are progressing smoothly; the firm plans to begin initial production of Si-based capacitors in June and mass production in 4Q25, while for GaN, we believe sample products are currently being supplied to global integrated device manufacturers and existing customers.

As of end-2023, DB HiTek held treasury shares equivalent to 7.2% of issued shares, and it plans to increase the percentage to 15% within the next five years. Notably, the company is preparing internal measures to address risks related to potential legislation mandating treasury stock retirement.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	1,669	1,154	1,123	1,214	1,389
OP (Wbn)	762	265	194	220	306
OP margin (%)	45.7	23.0	17.3	18.1	22.0
NP (Wbn)	556	264	186	201	280
EPS (W)	12,496	5,934	4,173	4,510	6,286
ROE (%)	40.6	15.7	10.2	10.2	12.8
P/E (x)	3.0	9.9	7.9	8.8	6.3
P/B (x)	1.0	1.4	0.7	0.8	0.7
Dividend yield (%)	3.5	1.0	1.7	1.5	1.5

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

DB HiTek (000990 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	1,154	1,123	1,214	1,389
Cost of revenue	712	735	790	870
GP	442	388	424	519
SG&A expenses	177	194	204	214
OP (adj.)	265	194	220	306
OP	265	194	220	306
Non-operating profit	41	19	0	0
Net financial income	26	0	0	0
Net income from associates	-6	0	0	0
Pretax profit	306	213	220	306
Income tax	42	28	19	26
Profit from continuing operations	264	186	201	280
Profit from discontinued operations	0	0	0	0
NP	264	186	201	280
Attributable to owners	264	186	201	280
Attributable to minority interests	0	0	0	0
Total comprehensive income	262	186	201	280
Attributable to owners	262	186	201	280
Attributable to minority interests	0	0	0	0
EBITDA	399	343	378	476
FCF	-105	224	156	221
EBITDA margin (%)	34.6	30.5	31.1	34.3
OP margin (%)	23.0	17.3	18.1	22.0
Net margin (%)	22.9	16.6	16.6	20.2

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	1,028	1,255	1,451	1,704
Cash & equivalents	253	397	538	741
AR & other receivables	111	113	134	153
Inventory	82	83	99	113
Other current assets	582	662	680	697
Non-current assets	1,015	1,023	1,060	1,112
Investments in associates	4	4	5	5
PP&E	951	958	997	1,051
Intangible assets	22	19	15	13
Total assets	2,043	2,279	2,511	2,816
Current liabilities	220	314	367	415
AP & other payables	113	84	100	114
Short-term financial liabilities	41	80	89	96
Other current liabilities	66	150	178	205
Non-current liabilities	83	75	77	80
Long-term financial liabilities	74	62	62	62
Other non-current liabilities	9	13	15	18
Total liabilities	303	389	445	495
Equity attributable to owners	1,740	1,889	2,066	2,322
Capital stock	223	223	223	223
Capital surplus	128	128	128	128
Retained earnings	1,563	1,725	1,902	2,158
Minority interests	0	0	0	0
Shareholders' equity	1,740	1,889	2,066	2,322

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	224	382	350	442
NP	264	186	201	280
Non-cash income/expenses	169	166	177	196
Depreciation	128	145	155	168
Amortization	5	4	3	3
Other	36	17	19	25
Chg. in working capital	2	31	-9	-8
Chg. in AR & other receivables	11	-1	-21	-19
Chg. in inventory	4	-2	-16	-14
Chg. in AP & other payables	6	-2	10	9
Income tax	-179	-11	-19	-26
Cash flow from investing activities	27	-256	-194	-222
Chg. in PP&E	-319	-153	-194	-222
Chg. in intangible assets	-6	-1	0	0
Chg. in financial assets	-1	1	0	0
Other	353	-103	0	0
Cash flow from financing activities	-147	30	-15	-16
Chg. in financial liabilities	-26	27	9	8
Chg. in equity	0	0	0	0
Dividends	0	0	-24	-24
Other	-121	3	0	0
Chg. in cash	100	144	140	204
Beginning balance	154	253	397	538
Ending balance	253	397	538	741

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

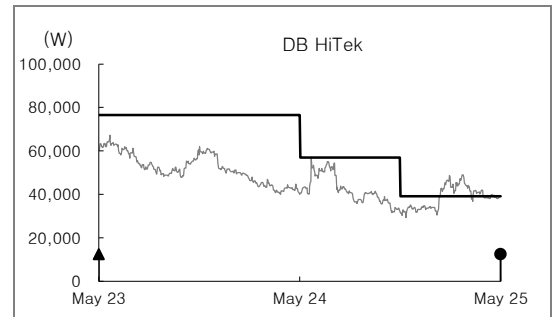
	2023	2024F	2025F	2026F
P/E (x)	9.9	7.9	8.8	6.3
P/CF (x)	6.0	4.2	4.7	3.7
P/B (x)	1.4	0.7	0.8	0.7
EV/EBITDA (x)	6.2	1.9	2.1	1.3
EPS (W)	5,934	4,173	4,510	6,286
CFPS (W)	9,728	7,899	8,485	10,681
BPS (W)	41,802	45,155	49,124	54,869
DPS (W)	580	580	580	580
Dividend payout ratio (%)	9.2	12.9	12.0	8.6
Dividend yield (%)	1.0	1.7	1.5	1.5
Revenue growth (%)	-30.9	-2.7	8.0	14.5
EBITDA growth (%)	-54.8	-13.9	10.1	25.8
OP growth (%)	-65.2	-26.8	13.3	38.8
EPS growth (%)	-52.5	-29.7	8.1	39.4
AR turnover (x)	10.0	10.1	9.9	9.8
Inventory turnover (x)	14.4	13.6	13.3	13.1
AP turnover (x)	14.4	14.6	14.2	13.4
ROA (%)	12.6	8.6	8.4	10.5
ROE (%)	15.7	10.2	10.2	12.8
ROIC (%)	23.9	15.4	18.7	24.7
Debt-to-equity ratio (%)	17.4	20.6	21.5	21.3
Current ratio (%)	466.9	399.3	394.8	410.5
Net debt-to-equity ratio (%)	-8.0	-43.4	-46.1	-49.4
Interest coverage ratio (x)	244.9	0.0	0.0	0.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
DB HiTek (000990)	05/30/25	Hold	39,200
	11/29/24	Buy	39,200
	05/31/24	Buy	57,000
	11/28/23	One year	76,600
	11/28/22	Buy	76,600



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

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

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

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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