COMPANY UPDATE

2025. 11. 17

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Eugene Technology (084370)

3Q miss is a blow, but 2026 outlook is brighter

- Eugene Technology reported a negative earnings surprise in 3Q as shipments to its key client plunged for a transitional reason.
- We cut our 2025 earnings estimate for the firm, but our 2026 outlook for the equipment sector has become rosier.
- Reflecting the upward revision to our 2026 earnings estimate, we lift our target price for the stock to KRW110,000.

Tech Team

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AT A GLANCE

BUY

Target price	KRW110,000	23.7%
Current price	KRW88,900	
Market cap	KRW2.0t/USD1.4b	
Shares (float)	22,916,042 (60.9%)	
52-week high/low	KRW105,700/KRW30,400	
Avg daily trading value (60-day)	KRW18.3b/ USD12.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Eugene Technology (%)	15.8	139.3	153.6
Vs Kosdaq (%pts)	9.3	97.0	92.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	110,000	100,000	10.0%
2025E EPS	2,019	2,377	-15.1%
2026E EPS	4,370	4,050	7.9%

SAMSUNG vs THE STREET

No of estimates	3
Target price	106,000
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

3Q review: Eugene Technology reported that its 3Q sales fell 19% y-y and 41% q-q, as sales to its biggest client plunged 48% q-q, which led its operating margin to narrow to 8.3% (sharply missing market consensus).

Earnings carried forward to next year: We cut our 2025 earnings estimate for the firm, but we see the falling sales in 3Q as a temporary blip occurred during a likely transition by its key clients from tech migration in 1H25 to new capacity additions (which should begin in earnest from end-2025).

We raise our 2026 earnings estimate, as key memory companies hinted at their 3Q earnings conference calls at the possibility of higher capex plans, mentioning that demand is exceeding their already heightened HBM production plans. We now forecast the firm's 2026 sales to grow 45% y-y to KRW527.2b and operating profit to surge 111% y-y to KRW119.9b, for a margin of 22.7%.

(Continued on the next page)

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	62.3	-19.5	-40.6	-42.1	-43.0
Operating profit	5.2	-67.1	-73.7	-75.2	-76.2
Pre-tax profit	10.4	-24.4	-7.9	-54.4	-52.0
Net profit	7.9	-21.5	-26.3	-55.0	-51.0
Margins (%)					
Operating profit	8.3				
Pre-tax profit	16.7				
Net profit	12.6				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	11.0	44.0	20.3
P/B	1.7	4.5	3.7
EV/EBITDA	6.1	23.9	12.4
Div yield (%)	0.7	0.3	0.4
EPS growth (% y-y)	158.9	-29.0	116.5
ROE (%)	16.8	10.6	20.0
Per-share data (KRW)			
EPS	2,845	2,019	4,370
BVPS	18,267	19,837	23,974
DPS	230	230	400

Raising target price: Considering the sharp earnings miss in 3Q, we believe investment sentiment will be hurt inevitably. We however keep the stock at BUY, believing DRAM companies have finally resumed new capacity additions (which should affect the firm's full-year earnings, not quarterly earnings) and such moves should accelerate further. We maintain our target P/E multiple of 25x—the average at which Applied Materials and Tokyo Electron are trading based on FactSet figures—but raise our target price to KRW110,000 to reflect our higher 2026 EPS forecast.

Results and forecasts

Summary income statement

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	2024	2025E	2026E
Sales	**68**	**78**	**77**	**115**	**83**	**105**	**62**	**113**	**338**	**363**	**527**
Growth (% y-y)	-11.8	-0.4	54.0	62.1	21.6	35.0	-19.5	-1.3	22.3	7.5	45.1
Growth (% q-q)	-3.2	13.6	-0.4	47.9	-27.4	26.2	-40.6	81.2			
Cost of goods sold	39	41	38	55	42	55	30	59	172	186	267
Gross profit	**30**	**37**	**40**	**60**	**41**	**50**	**33**	**54**	**166**	**177**	**260**
Gross margin (%)	43.6	47.1	51.1	52.1	49.3	47.4	52.2	47.6	49.0	48.7	49.4
SG&A expenses	26	27	24	28	32	30	27	31	105	120	141
Operating profit	**4**	**10**	**16**	**32**	**9**	**20**	**5**	**23**	**61**	**57**	**120**
Operating margin (%)	5.8	12.7	20.3	27.6	11.1	18.8	8.3	20.2	18.1	15.7	22.7
Non-operating profit	4	4	-2	9	2	-8	5	2	16	0	7
Pre-tax profit	**8**	**14**	**14**	**41**	**11**	**11**	**10**	**25**	**77**	**57**	**127**
Pre-tax margin (%)	11.8	18.4	17.8	35.5	13.2	10.8	16.7	21.8	22.7	15.8	24.1
Net profit	**6**	**12**	**10**	**35**	**8**	**11**	**8**	**19**	**63**	**45**	**97**
Net margin (%)	8.7	15.5	13.0	30.8	9.1	10.2	12.6	16.7	18.7	12.4	18.4
EPS (KRW)	**267**	**542**	**451**	**1,585**	**339**	**480**	**354**	**846**	**2,845**	**2,019**	**4,370**
Growth (% y-y)	-42.0	50.2	510.0	674.9	26.9	-11.5	-21.5	-46.6	158.9	-29.0	116.5
Growth (% q-q)	30.5	103.1	-16.8	251.3	-78.6	41.7	-26.3	139.2			

Source: Company data, Samsung Securities estimates

Sales and operating profit, by division

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	2024	2025E	2026E
Sales											
Equipment and other	65.4	75.0	74.0	110.1	79.6	101.0	58.9	108.8	324.5	348.3	509.3
Gas	3.0	2.7	3.4	4.4	3.6	3.9	3.5	4.2	13.5	15.0	17.9
Total	68.4	77.7	77.4	114.5	83.2	104.9	62.3	113.0	338.1	363.4	527.2
Operating profit											
Equipment and other	3.2	9.5	14.4	29.9	7.8	18.5	4.0	21.3	57.0	51.6	113.6
Gas	0.8	0.4	1.4	1.6	1.4	1.3	1.1	1.5	4.2	5.3	6.3
Total	4.0	9.9	15.8	31.6	9.2	19.7	5.2	22.8	61.2	56.9	119.9
Operating margin (%)											
Equipment and other	4.8	12.6	19.4	27.2	9.8	18.3	6.9	19.6	17.5	14.8	22.3
Gas	26.9	16.6	39.6	36.5	39.7	32.5	33.2	35.0	31.2	35.1	35.0
Total	5.8	12.7	20.3	27.6	11.1	18.8	8.3	20.2	18.1	15.7	22.7

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**277**	**338**	**363**	**527**	**558**
Cost of goods sold	151	172	186	267	276
Gross profit	**126**	**166**	**177**	**260**	**283**
Gross margin (%)	45.4	49.0	48.7	49.4	50.6
SG&A expenses	101	105	120	141	149
Operating profit	**24**	**61**	**57**	**120**	**134**
Operating margin (%)	8.8	18.1	15.7	22.7	24.0
Non-operating gains (losses)	**7**	**16**	**0**	**7**	**7**
Financial profit	7	8	8	8	8
Financial costs	0	2	1	0	0
Equity-method gains (losses)	0	0	0	0	0
Other	1	9	-6	-0	-0
Pre-tax profit	**32**	**77**	**57**	**127**	**141**
Taxes	6	11	11	28	31
Effective tax rate (%)	20.1	14.9	18.4	22.0	22.0
Profit from continuing operations	25	65	47	99	110
Profit from discontinued operations	0	0	0	0	0
Net profit	**25**	**65**	**47**	**99**	**110**
Net margin (%)	9.2	19.4	12.9	18.8	19.7
Net profit (controlling interests)	24	63	45	97	108
Net profit (non-controlling interests)	1	2	2	2	2
EBITDA	43	79	74	135	149
EBITDA margin (%)	15.6	23.4	20.4	25.7	26.7
EPS (parent-based) (KRW)	1,099	2,845	2,019	4,370	4,847
EPS (consolidated) (KRW)	1,099	2,845	2,019	4,370	4,847
Adjusted EPS (KRW)*	1,099	2,845	2,019	4,370	4,847

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**300**	**391**	**406**	**509**	**618**
Cash & equivalents	44	30	30	121	218
Accounts receivable	8	45	35	42	48
Inventories	102	107	99	95	94
Other current assets	146	209	242	251	258
Fixed assets	**137**	**148**	**146**	**141**	**137**
Investment assets	2	2	2	2	2
Tangible assets	92	91	90	88	86
Intangible assets	36	39	40	37	35
Other long-term assets	7	16	14	14	14
Total assets	**437**	**539**	**552**	**650**	**755**
Current liabilities	**57**	**83**	**57**	**61**	**64**
Accounts payable	17	23	26	31	34
Short-term debt	0	0	0	0	0
Other current liabilities	40	60	30	30	30
Long-term liabilities	**12**	**20**	**22**	**22**	**22**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	12	20	22	22	22
Total liabilities	**69**	**104**	**79**	**83**	**86**
Owners of parent equity	**345**	**406**	**441**	**534**	**633**
Capital stock	11	11	11	11	11
Capital surplus	6	6	6	6	6
Retained earnings	332	390	428	520	619
Other	-4	-1	-4	-4	-4
Non-controlling interests' equity	**24**	**30**	**32**	**34**	**36**
Total equity	**368**	**436**	**473**	**567**	**668**
Net debt	-179	-214	-247	-346	-451

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**48**	**62**	**40**	**107**	**118**
Net profit	25	65	47	99	110
Non-cash profit and expenses	46	43	17	16	15
Depreciation	13	13	13	13	13
Amortization	6	5	4	3	3
Other	27	25	0	0	0
Changes in A/L from operating activities	-18	-50	-24	-8	-8
Cash flow from investments	**-43**	**-76**	**-34**	**-11**	**-11**
Change in tangible assets	-12	-9	-34	-11	-11
Change in financial assets	-29	-61	0	0	0
Other	-2	-6	0	0	0
Cash flow from financing	**-7**	**3**	**-6**	**-5**	**-9**
Change in debt	-1	12	0	0	0
Change in equity	0	0	0	0	0
Dividends	-6	-4	-5	-5	-9
Other	-0	-5	-0	0	0
Change in cash	-2	-14	0	91	98
Cash at beginning of year	46	44	30	30	121
Cash at end of year	44	30	30	121	219
Gross cash flow	**72**	**109**	**64**	**115**	**125**
Free cash flow	**36**	**52**	**29**	**96**	**107**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-11.0	22.3	7.5	45.1	5.9
Operating profit	-54.7	151.5	-7.0	110.7	11.6
Net profit	-40.4	157.7	-28.4	111.9	10.9
Adjusted EPS**	-35.2	158.9	-29.0	116.5	10.9
Per-share data (KRW)					
EPS (parent-based)	1,099	2,845	2,019	4,370	4,847
EPS (consolidated)	1,099	2,845	2,019	4,370	4,847
Adjusted EPS**	1,099	2,845	2,019	4,370	4,847
BVPS	15,518	18,267	19,837	23,974	28,422
DPS (common)	200	230	230	400	400
Valuations (x)					
P/E***	37.1	11.0	44.0	20.3	18.3
P/B***	2.6	1.7	4.5	3.7	3.1
EV/EBITDA	17.4	6.1	23.9	12.4	10.5
Ratios (%)					
ROE	7.3	16.8	10.6	20.0	18.5
ROA	5.8	13.4	8.6	16.5	15.7
ROIC	9.7	24.2	19.7	39.7	45.1
Payout ratio	18.2	8.1	11.4	9.2	8.3
Dividend yield (common)	0.5	0.7	0.3	0.4	0.4
Net debt to equity	-48.5	-49.1	-52.3	-61.1	-67.5
Interest coverage (x)	59.7	52.0	65.4	n/a	n/a

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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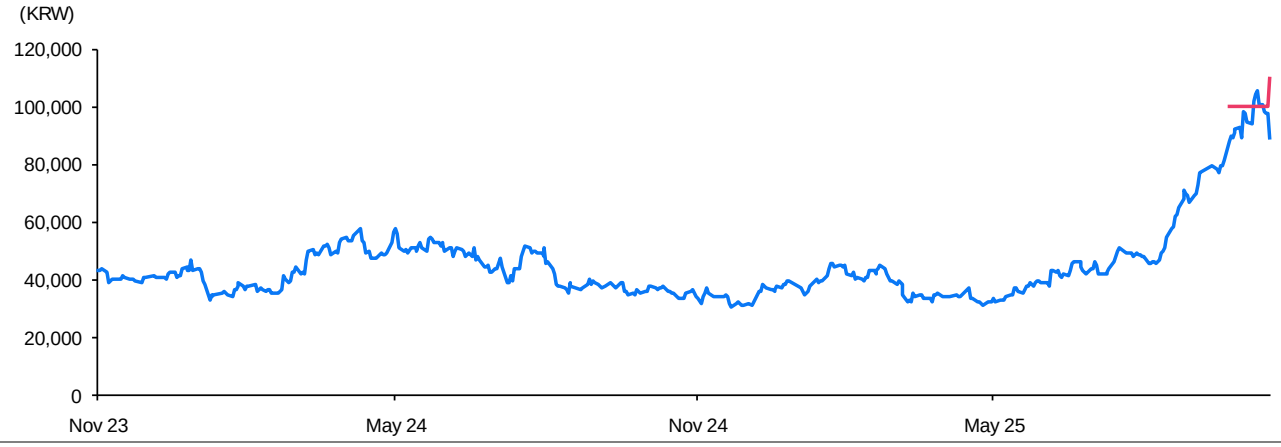
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/10/20	11/17
Recommendation	BUY	BUY
Target price (KRW)	100000	110000
Gap* (average)	-4.02	
(max or min)**	5.70	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

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Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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