SECTOR UPDATE

2026. 2. 2

Tech Team

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▶ AT A GLANCE

Wonik IPS (240810 KQ, 111,000)		
Target price	KRW130,000	17.1%
BUY		
Eugene Technology (084370 KQ, 107,500)		
Target price	KRW130,000	20.9%
BUY		
TES (095610 KQ, 72,000)		
Target price	KRW90,000	25%
BUY		
Park Systems (140860 KQ, 295,500)		
Target price	KRW370,000	25.2%
BUY		
HPSP (403870 KQ, 44,350)		
Target price	KRW50,000	12.7%
BUY		
Nextin (348210 KQ, 93,400)		
Target price	KRW110,000	17.8%
BUY		
Soulbrain (357780 KQ, 450,000)		
Target price	KRW510,000	13.3%
BUY		
Leeno Industrial (058470 KQ, 92,100)		
Target price	KRW110,000	19.4%
BUY		
ISC (095340 KQ, 138,700)		
Target price	KRW160,000	15.4%
BUY		

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Tech (OVERWEIGHT)

Semiconductor MPE: Re-rating era begins

- Over the past three months: 1) memory prices have been steadily climbing higher; and 2) non-memory firms have started to pick up. Higher memory and non-memory prices are leading to upward revisions to profit forecasts and to valuation expansion across the semiconductor supply chain.
- Believing that the upward revisions to profit estimates coupled with valuation expansions will come to be reflected in the domestic semiconductor supply chain, we lift our target prices for the stocks under our coverage.

WHAT'S THE STORY?

What has changed over the last three months? The semiconductor sector continues to rally as profit expectations strengthen day by day. The hike in memory and non-memory prices justifies the large-scale investment plans put forth by semiconductor makers, fueling profit expectations and re-ratings across the semiconductor supply chain.

- **Memory-chip sentiment continues to strengthen:** DRAM prices have been rising steadily since the start of 2026. Server customers are rushing to build inventory ahead of AI demand growth, despite rising prices. While concerns exist that end-demand growth may slow, mobile and PC customers are also accepting higher prices—their inventories are too low. As a result, memory companies are seeing their profit outlooks improve every day. Since the memory price increases are being driven not only by AI demand but also by structural supply shortages, we do not exclude the possibility of further DRAM capacity expansion plans. Micron has recently said it will expand NAND capacity as well.
- **Non-memory capex also surprises:** Logic and foundry capex is also rising unexpectedly. Considering on AI accelerator demand, TSMC has raised its longer-term sales growth and profitability outlook, resulting in its 2026 capex guidance far exceeding expectations. Intel, which had previously planned to reduce its 2026 capex due to a lack of orders, now plans to keep its capex flat in 2026 or only lower it slightly, driven by expectations of new orders and CPU supply shortages. Samsung Electronics (SEC) is proceeding with its Taylor fab capex as planned.
- **Earnings outlook clearing, valuations rising:** With chipmakers scaling up capex, expectations are mounting for earnings growth at the firms of connected supply chains, and valuations are also expanding in tandem with this. With AI demand forecasts still being raised amid supply bottlenecks, investors now view capex not as an oversupply risk, but as a driver of future growth. In particular, forecasts that capex growth will last multiple years are adding fuel to the re-ratings.

(Continued on the next page)

Raising target prices to reflect changing environment: While companies within the domestic semiconductor supply chain have surged recently, we believe they still have plenty of upside. Although their valuations have expanded significantly (vs their historical trading ranges), the semiconductor sector is undergoing a rerating worldwide, and domestic semiconductor materials, parts, and equipment (MPE) suppliers now have clearer medium- to long-term earnings visibility—unlike in previous growth cycles. In both relative and absolute terms, we believe they deserve higher valuations now than in the past. Against this backdrop, we raise our 12-month targets for covered stocks and still favor equipment firms as they should benefit from strong earnings momentum early in the capex growth cycle.

Semiconductor sector check-up

What has changed in the last three months?

Sentiment towards memory chip firms continues to strengthen

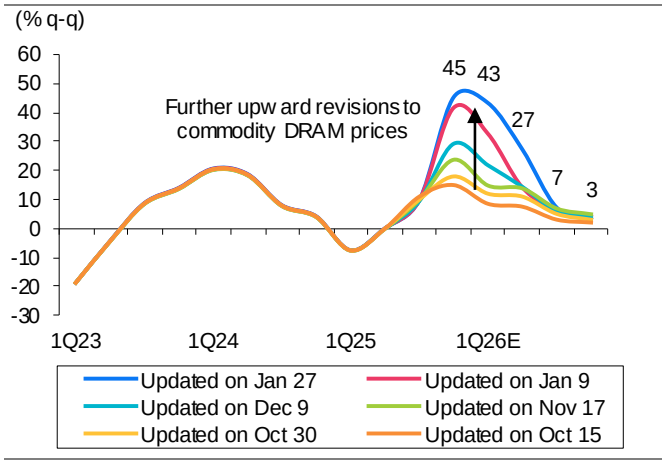
DRAM prices have been steadily rising since the start of the year. Server customers are rushing to build inventory ahead of AI demand growth, despite rising prices. While concerns exist that end-demand growth may slow, mobile and PC customers are also accepting higher prices because their inventories are too low. As a result, memory companies are seeing their profit outlooks improve every day.

The main reason for these price increases is a structural supply shortage—we expect DRAM capacity to rise rapidly this year. Investment forecasts are also being revised higher. We estimate that Samsung Electronics (SEC) will add 80,000 wafers per month at its P4 fab, and SK Hynix will add 40,000 wafers per month at M15X.

We think there is room for these forecasts to be raised even further. SEC has restarted construction of its P5 fab, which work had been put on hold, and SK Hynix is speeding up construction of its Yongin fab. The fact these two chipmakers are already preparing their next new fabs suggests that plans to fill existing cleanroom space might have been accelerated.

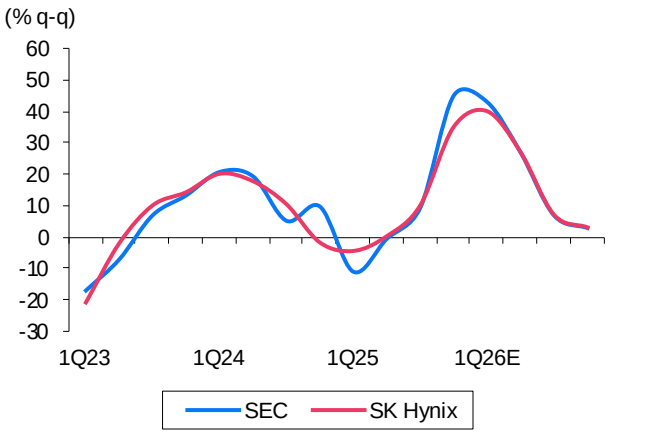
Also worth watching is Micron. To speed up its DRAM capacity expansion, it recently acquired PSMC's fab in Taiwan for USD1.8b. Unlike Korean players, Micron has also said it will expand NAND capacity.

DRAM ASP growth (quarterly)



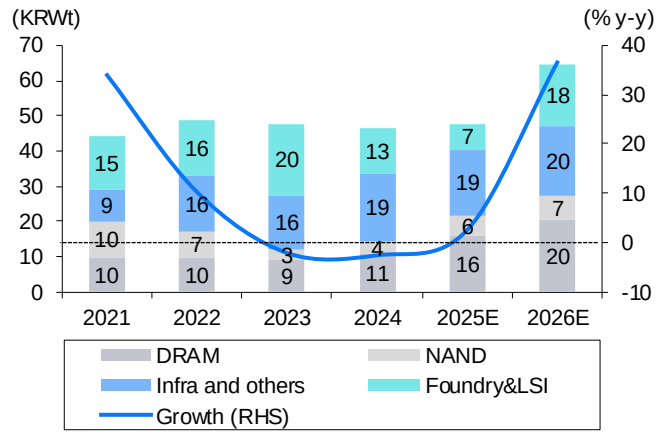
Source: Samsung Securities estimates

SEC and SK Hynix: DRAM ASP growth (quarterly)



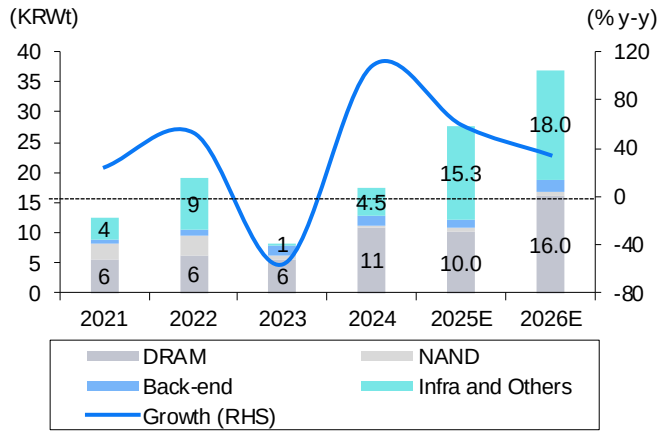
Source: Samsung Securities estimates

SEC: Capex



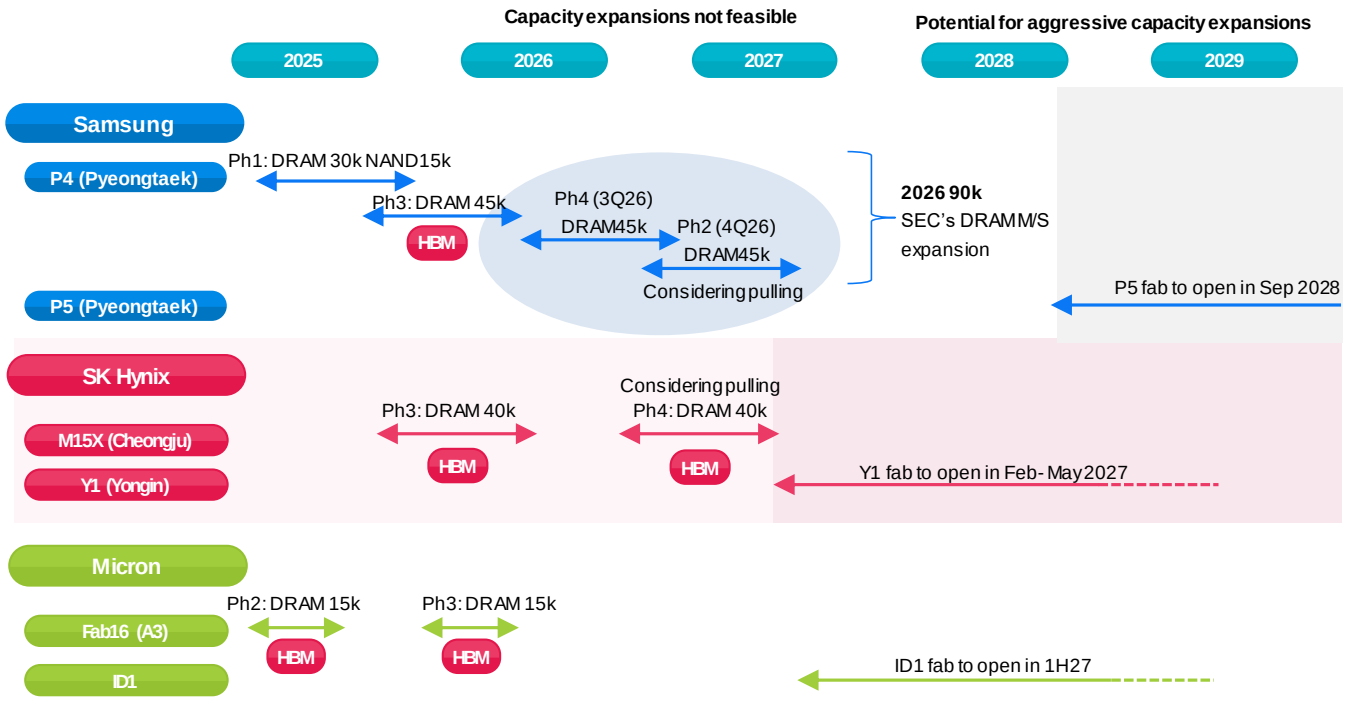
Source: Samsung Securities estimates

SK Hynix: Capex



Source: Samsung Securities estimates

Memory makers: Capacity expansion plans



Source: Samsung Securities estimates

Non-memory capex also surprises

Investments in logic and foundry should also increase, albeit not as greatly as those in memory, due to the continuous upward revision of demand for AI accelerators (a key driver of foundry growth). The strength of this trend is such that even TSMC, a firm that has traditionally been conservative in its outlook, has significantly raised its earnings projections.

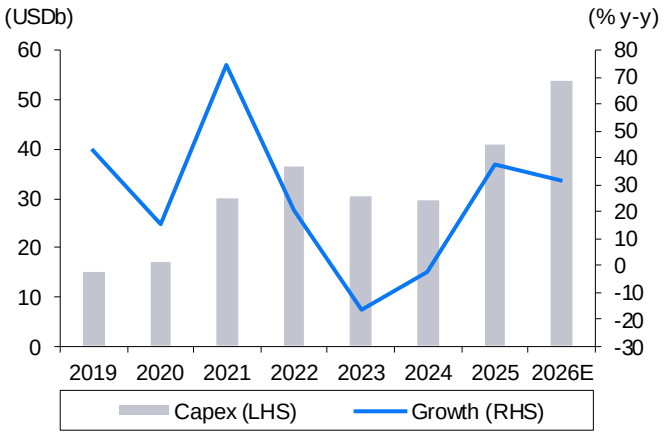
TSMC has increased its 5-year (mid-term) sales CAGR for AI accelerators from the mid-40% range to the mid-to-high 50% range. Reflecting this, the company has raised its 5-year sales CAGR forecast from 15–20% to 25%. The company has also raised its mid-term gross margin outlook from at least 53% to at least 56%, despite likely higher fixed costs (from advanced process nodes) and profitability dilution (from overseas fabs). Behind its ability to raise its long-term profitability targets lie its strong pricing power—its clients are set continue paying a premium to secure products made by TSMC.

In line with this, TSMC has announced a capex plan that far exceeds market expectations. Its 2026 capex guidance is USD52b–56b, rising 32% y-y after almost growing 40% y-y in 2025. For reference, at the time of TSMC's 4Q earnings call, FactSet consensus was 2026 capex of just USD45b.

TSMC is not the only chipmaker that is hiking its investments. Intel previously announced plans to reduce its capex in 2026 due to a lack of foundry orders. However, during its 4Q earnings call, the company said that it would maintain its capex y-y in 2026 or trim it slightly. Intel noted that it will allocate a larger portion of its budget to equipment purchases in 2026, suggesting that its actual equipment investments will rise this year.

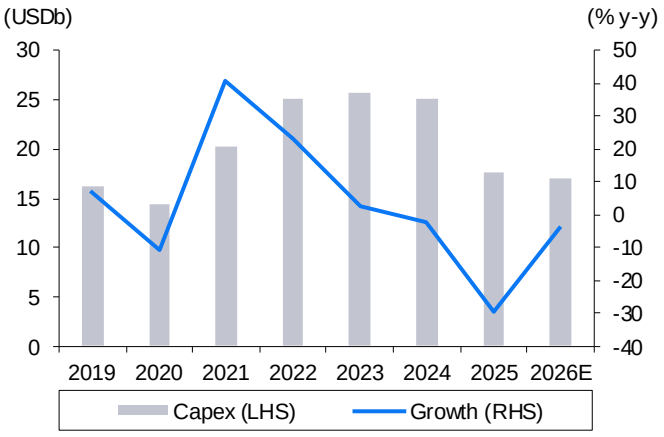
SEC is also known to be proceeding with its Taylor fab investments in the US to support orders placed by Tesla (Jul 2025). The initial expansion is estimated at around 20,000 wafers per month (wpm), the minimum figure required to meet these Tesla orders. However, given Elon Musk's indication that more orders are in the cards, there is a strong possibility that SEC will further expand the Taylor fab's capacity. Additionally, SEC's Austin fab is included in Apple's US manufacturing program (AMP), which means that there are multiple factors in play supporting SEC's non-memory investment growth, even if it is not at the most advanced process node.

TSMC: Capex vs growth



Source: Company data, Samsung Securities

Intel: Capex vs growth



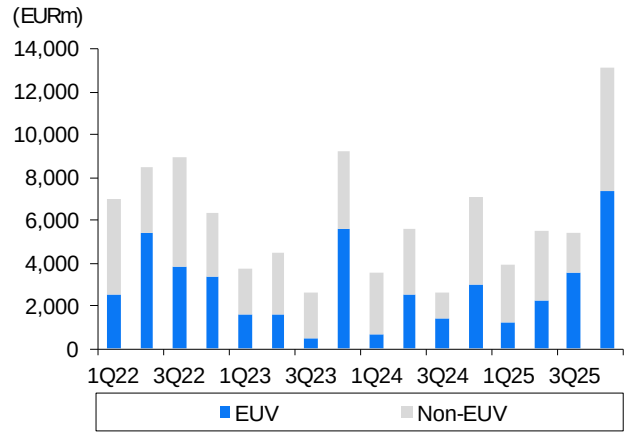
Source: Company data, Samsung Securities

Earnings outlooks and valuations improving

Market expectations for chipmakers' earnings have grown, leading to upward revisions in earnings estimates for companies across the semiconductor supply chain. Overseas players that have already reported their 4Q earnings reported solid order backlogs and sales guidance that exceeded consensus.

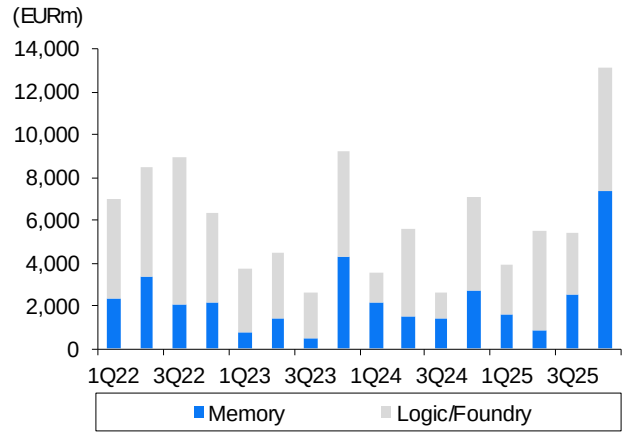
ASML's 4Q equipment orders surged 86% y-y and 144% q-q, setting a new quarterly record. Orders for: 1) memory equipment nearly tripled q-q; and 2) EUV equipment—used exclusively in advanced DRAM and foundry processes—skyrocketed 147% y-y and 106% q-q, signaling that clients are beginning to ramp up new capacity. Lam Research expects its sales to rise 7% q-q in 1Q26, despite the probable absence of NAND capacity expansions by its clients.

ASML: New orders, by type of equipment



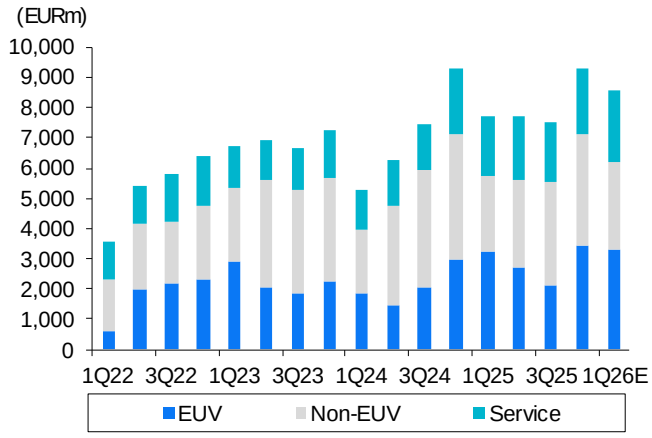
Source: Company data, Samsung Securities

ASML: New orders, by application



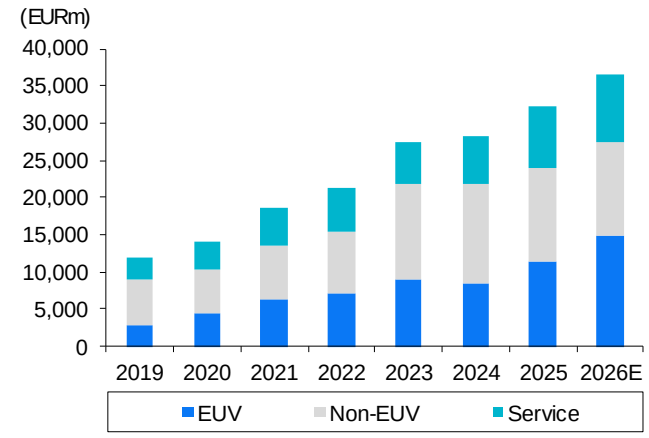
Source: Company data, Samsung Securities

ASML: Sales and guidance (quarterly)



Source: Company data, Samsung Securities

ASML: Sales and guidance (annual)

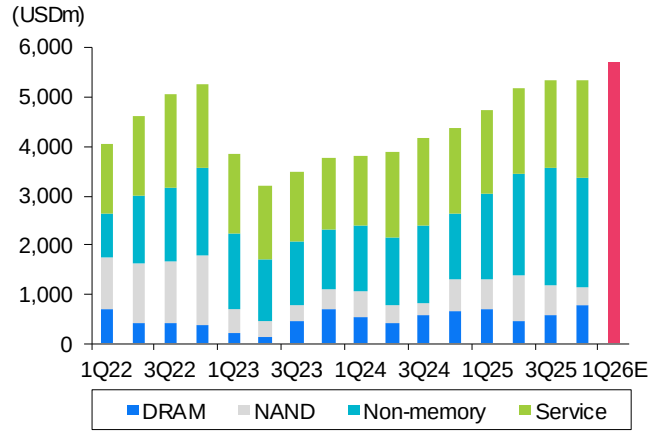


Source: Company data, Samsung Securities

Backed by growing earnings expectations, stocks are also rerating. ASML is trading at 40-50x P/E, which is not particularly surprising since the firm has long enjoyed a premium for being the sole supplier of EUV equipment. However, it is unprecedented for etching and deposition equipment makers (*eg*, Lam Research and Tokyo Electron) to trade at P/E multiples of 35-40x at this stage of the earnings cycle—such lofty figures are usually only seen at the turnaround stage.

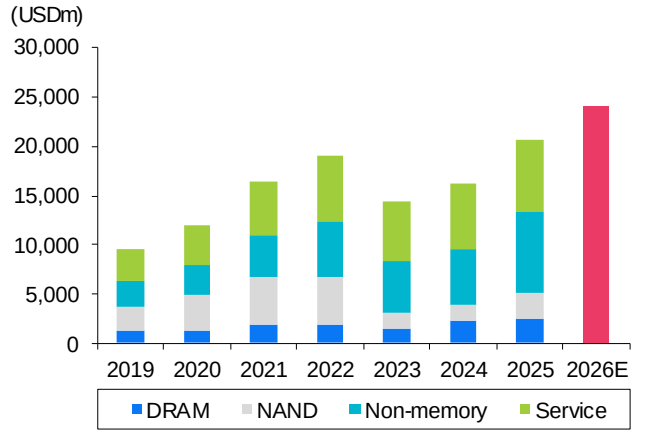
This pattern differs from the past. We believe the high P/E figures stem from the market recognizing the sustainability of this capex growth cycle. With AI demand forecasts still rising and supply bottlenecks persisting, investors now view capex not as a risk of oversupply, but as a driver of future growth. In particular, expectations that capex growth will take place over multiple years are adding impetus to the re-rating.

Lam Research: Sales and guidance (quarterly)



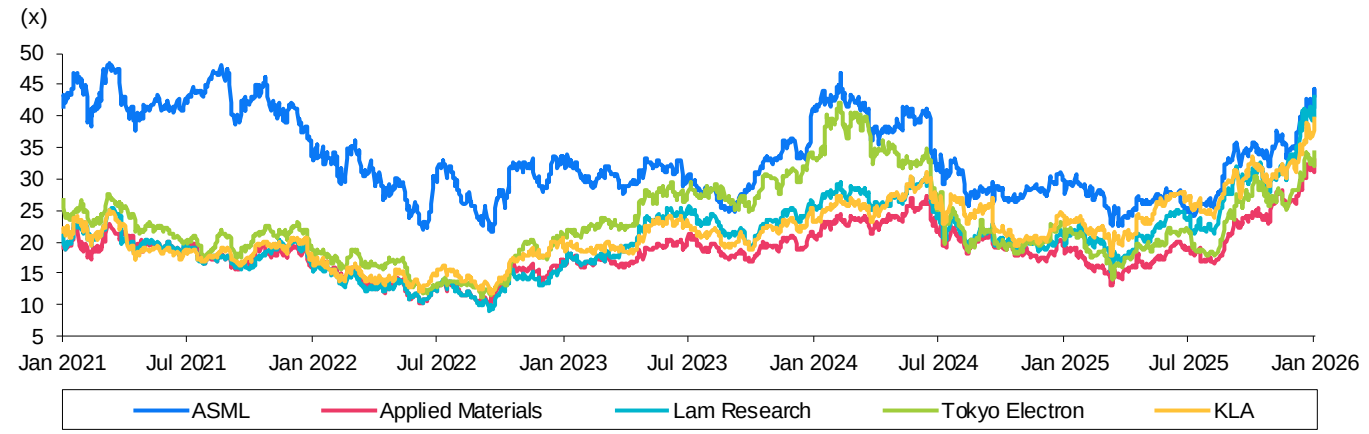
Source: Company data, Samsung Securities

Lam Research: Sales and guidance (annual)



Source: Company data, Samsung Securities

Top-5 front-end equipment: 12M forward P/E



Source: FactSet, Samsung Securities

Investment strategy

Raising target prices amid new landscape

Domestic firms deserve to re-rate

Over the past week, firms within the domestic semiconductor supply chain have surged—stocks under our coverage are up more than 20% w-w. While their valuations have expanded significantly relative to their historical trading ranges, we believe further upside exists, as: 1) the semiconductor sector is staging a rerating worldwide; and 2) domestic firms in the semiconductor supply chain now have greater longer-term earnings visibility, which is different from in the past. There is no reason for Korean firms to be left behind in this rerating, especially since their business conditions have not fundamentally changed. In both relative and absolute terms, we believe such companies deserve higher valuations than those seen in the past.

Moreover, if these higher valuations are driven by sustainable earnings growth, domestic companies may warrant even stronger re-ratings. Domestic firms tend to be more exposed to memory clients, and this has historically led to greater earnings volatility. Reflecting these higher valuations, we increase our target prices.

- **Wonik IPS:** Lifting our 2026 EPS estimate by 11% and raising our 2026 target P/E to 40x (the average of the top-5 equipment firms, FactSet), we raise our 12-month target price to KRW130,000.
- **Eugene Tech:** Hiking our 2026 target P/E multiple to 32x (the average of Applied Materials and Tokyo Electron), we raise our 12-month target price to KRW130,000.
- **TES:** Revising up our 2026 EPS estimate by 23% and raising our 2026 target P/E to 18x (+2 standard deviations above its 5-year average), we increase our target price to KRW90,000.
- **Park Systems:** Increasing our 2026 target P/E to 38x (+2 standard deviations above its 5-year average), we raise our 12-month target price to KRW370,000.
- **HPSP:** Adjusting our 2026 target P/E to 44x (the same as what ASML is currently trading), we raise our 12-month target price to KRW50,000.
- **Nextin:** Raising our 2026 target P/E to 32x (a 20% discount to KLA's current valuation), we raise our 12-month target price to KRW 110,000.
- **Soulbrain:** Moving up our 2026 target P/E to 22x (the global materials/chemicals sector's average), we raise our 12-month target price to KRW510,000.
- **Leeno Industrial:** Hiking our 2026 target P/E multiple to 48x (a 20% discount to WinWay), we raise our 12-month target price to KRW 110,000.
- **ISC:** Lifting our 2026 EPS estimate by 2% and raising our 2026 target P/E multiple to 48x (a 20% discount to WinWay), we increase our target price to KRW 160,000.

Investment strategy

Short-term earnings momentum still favors equipment stocks

We continue to favor equipment stocks in the short term. The formula remains unchanged: In the early stages of a capex growth cycle, equipment companies typically see earnings growth first, followed by earnings growth at materials and components companies once the equipment is fully operational. Therefore, from a short-term earnings momentum perspective, equipment stocks look more attractive.

Some investors argue that equipment stocks have already seen the most significant valuation expansions and thus their earnings momentum may already be priced in. However, considering that earnings are one of the most reliable factors in addressing valuation concerns, we believe equipment stocks are even more compelling during this 'validation' phase. Hence, we continue to prefer equipment stocks, despite their higher valuations.

From a top-down perspective, DRAM capex upside remains greater, so we favor front-end deposition equipment companies with high exposure to memory investments, such as Wonik IPS, Eugene Tech, and TES. Non-memory investments are also expected to increase—equipment companies with a traditional focus on non-memory segments (like Park Systems, Nextin, and HPSP) should remain on investors' radar. Notably, all of these firms plan to launch new equipment over the next 24 months, potentially expanding their customer bases and solidifying their bottom-up investment narratives.

Valuation and narrative to clash from 2H26

But as 2H26 approaches, investors ought to evaluate individual companies' investment narratives more closely. Already, many investors are showing interest in the relative valuation merit of materials firms. Indeed, materials and components companies, too, are expected to post full-blown earnings growth from 2H26 as their clients' new lines come online. When all segments of the semiconductor supply chain (equipment and materials/components) are growing, valuations should play a more significant role in determining investment attractiveness. If individual stocks lack a strong narrative (beyond the industry's growth cycle), market interest may shift quickly based on valuation merit alone.

Wonik IPS: Changes to full-year earnings estimates

(KRWb)	New		Old		Diff (%)	
	2025E	2026E	2025E	2026E	2025E	2026E
Sales	937.6	1,344.7	937.6	1,319.7	0.0	1.9
Operating profit	79.6	179.4	79.7	167.1	-0.1	7.4
Net profit	70.8	153.8	71.6	138.2	-1.1	11.3

Source: Samsung Securities estimates

Wonik IPS: Valuation and earnings estimates

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (%)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2023	690	-18	-21	-14	-282	nm	-120.4	-91	58.3	1.9	-1.6
2024	748	11	17	21	426	nm	52.5	-140	18.3	1.2	2.4
2025E	938	80	93	71	1,455	241.5	76.3	-291	43.2	5.7	7.7
2026E	1,345	179	197	154	3,161	117.3	35.1	-349	23.4	4.9	15.0
2027E	1,401	186	205	160	3,290	4.1	33.7	-439	22.2	4.3	13.6

Source: Samsung Securities estimates

TES: Changes to full-year earnings estimates

(KRWb)	New		Old		Diff (%)	
	2025E	2026E	2025E	2026E	2025E	2026E
Sales	326.2	388.0	320.0	370.5	1.9	4.7
Operating profit	57.8	85.2	60.2	77.2	-4.0	10.3
Net profit	59.5	80.2	56.4	68.1	5.5	17.8

Source: Samsung Securities estimates

TES: Valuation and earnings estimates

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (%)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2023	147	-6	2	2	89	-96.6	225.8	-87	-636.1	1.2	0.5
2024	240	38	50	43	2,432	2,632.6	6.4	-48	5.8	0.8	13.6
2025E	326	58	65	60	3,405	40.0	21.1	-70	20.9	3.3	16.7
2026E	388	85	94	80	4,628	35.9	15.6	-111	13.7	2.8	19.3
2027E	428	100	110	93	5,373	16.1	13.4	-184	11.1	2.4	19.1

Source: Samsung Securities estimates

ISC: Changes to full-year earnings estimates

(KRWb)	New		Old		Diff (%)	
	2025E	2026E	2025E	2026E	2025E	2026E
Sales	214.0	268.0	209.5	261.3	2.1	2.6
Operating profit	54.7	73.8	52.9	70.8	3.5	4.3
Net profit	49.6	65.8	48.4	64.4	2.7	2.2

Source: Samsung Securities estimates

ISC: Valuation and earnings estimates

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (%)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2023	140	11	18	13	750	-70.3	107.1	-255	62.6	3.0	3.6
2024	174	45	70	55	2,671	256.1	27.0	-325	22.0	2.8	11.0
2025E	214	55	62	50	2,426	-9.2	57.2	-37	45.1	5.4	9.4
2026E	268	74	85	66	3,215	32.5	43.1	-17	33.9	4.9	11.9
2027E	304	85	95	74	3,597	11.9	38.6	-31	28.4	4.5	12.2

Source: Samsung Securities estimates

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- As of 1/30 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
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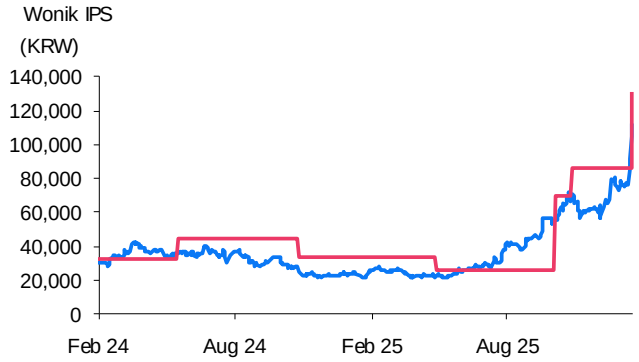
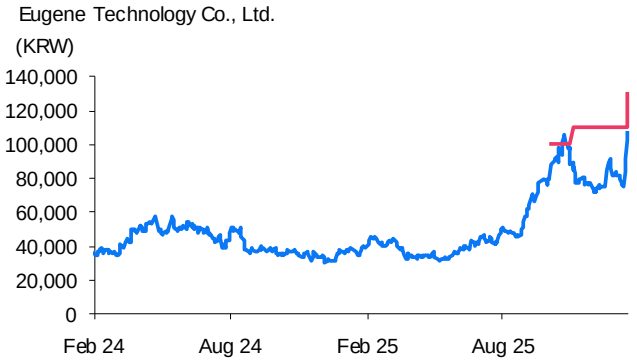
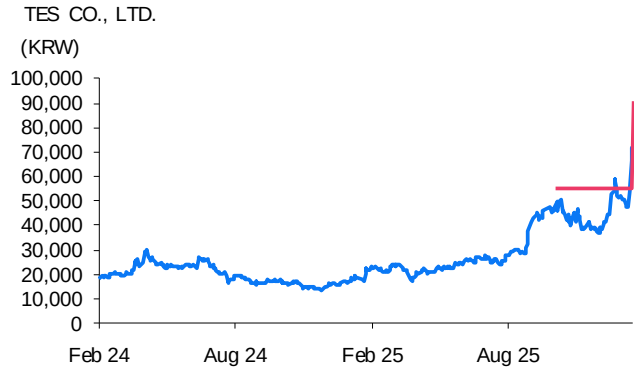
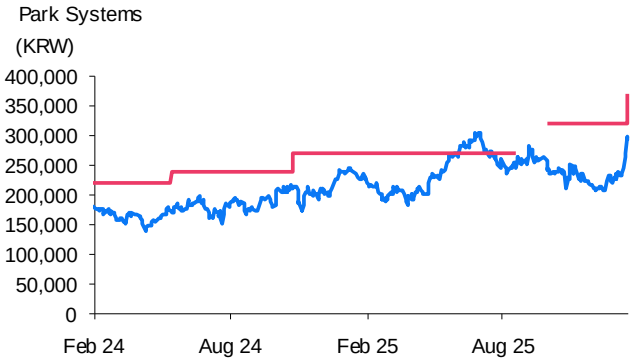
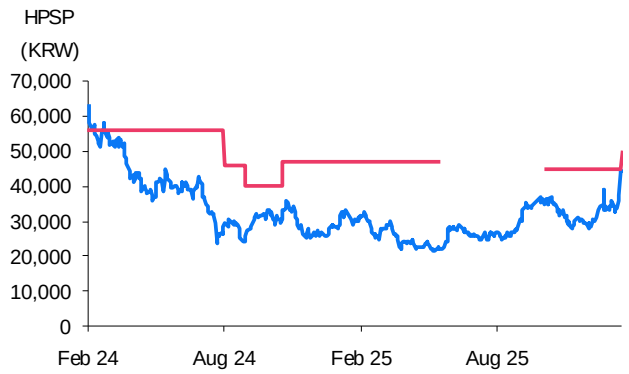
Target price changes in past two years

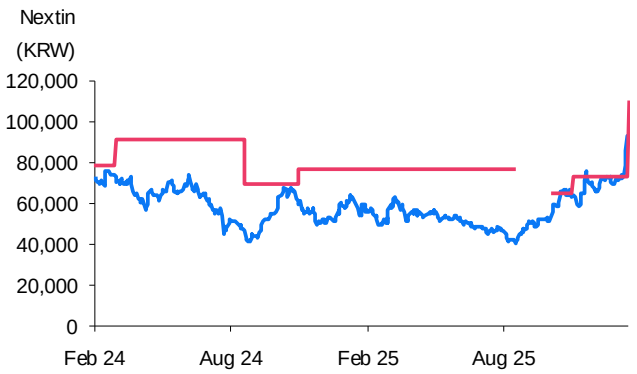




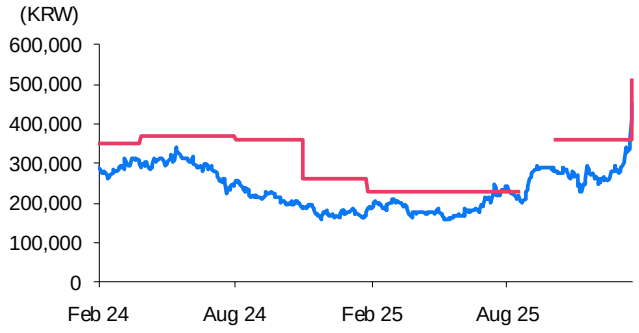




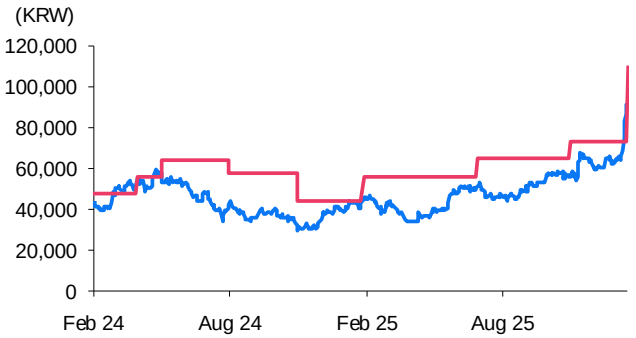




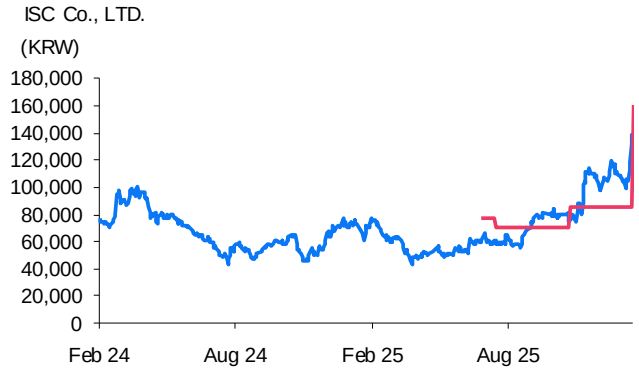
Soulbrain Co., Ltd.



LEENO Industrial Inc



ISC Co., LTD.



Rating changes over past two years (adjusted share prices)

Wonik IPS								
Date	2023/2/23	2024/2/23	2024/5/30	11/8	2025/5/12	10/20	11/10	2026/1/30
Recommendation	HOLD	HOLD	BUY	HOLD	HOLD	BUY	BUY	BUY
Target price (KRW)	32000	32000	44000	34000	26000	70000	86000	130000
Gap* (average)	1.46	13.12	-23.94	-30.32	30.97	-9.08	-19.30	
(max or min)**	17.97	31.56	-8.86	-18.24	119.62	2.43	29.07	

Eugene Technology								
Date	2025/10/20	11/17	2026/1/30					
Recommendation	BUY	BUY	BUY					
Target price (KRW)	100000	110000	130000					
Gap* (average)	-4.02	-26.62						
(max or min)**	5.70	-2.27						

TES								
Date	2025/10/20	2026/1/30						
Recommendation	BUY	BUY						
Target price (KRW)	55000	90000						
Gap* (average)	-17.44							
(max or min)**	30.91							

Park Systems								
Date	2023/10/10	2024/5/28	11/7	2025/10/20	2026/1/30			
Recommendation	BUY	BUY	BUY	BUY	BUY			
Target price (KRW)	220000	240000	270000	320000	370000			
Gap* (average)	-24.87	-22.49	-13.99	-28.39				
(max or min)**	-14.41	-9.58	13.70	-21.25				

HPSP								
Date	2023/12/4	2024/8/16	9/12	11/1	2025/10/20	2026/1/30		
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY		
Target price (KRW)	56000	46000	40000	47000	45000	50000		
Gap* (average)	-22.11	-39.37	-22.77	-41.64	-27.34			
(max or min)**	12.68	-32.93	-16.38	-23.83	-1.44			

Nextin								
Date	2023/11/15	2024/3/13	9/3	11/14	2025/10/20	11/17	2026/1/30	
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	
Target price (KRW)	79000	92000	70000	77000	65000	73000	110000	
Gap* (average)	-10.55	-31.90	-19.80	-30.64	-2.83	-6.90		
(max or min)**	-3.54	-18.91	-3.29	-17.01	3.08	4.11		

Soulbrain								
Date	2023/12/4	2024/4/11	8/16	11/15	2025/2/10	10/20	2026/1/30	
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	
Target price (KRW)	350000	370000	360000	260000	230000	360000	510000	
Gap* (average)	-16.93	-21.17	-40.16	-32.44	-16.72	-22.18		
(max or min)**	-10.14	-7.16	-28.89	-24.15	8.04	25.00		

Leeno Industrial									
Date	2023/12/4	2024/3/13	5/16	8/14	11/14	2025/2/10	7/14	11/14	2026/1/30
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	48000	56000	64000	58000	44000	56000	65000	73000	110000
Gap* (average)	-13.26	-6.16	-25.95	-35.29	-15.94	-24.55	-21.56	-11.51	
(max or min)**	1.04	6.43	-12.97	-23.45	-0.23	-7.32	-9.38	26.16	

ISC				
Date	2025/7/14	7/30	11/6	2026/1/30
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	78000	70000	85000	160000
Gap* (average)	-22.14	0.02	21.28	
(max or min)**	-15.77	20.86	63.18	

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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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.12.31

BUY (85.8%)·HOLD (14.2%)·SELL (0%)

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