COMPANY UPDATE

2026. 2. 9

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TES (095610)

4Q review: Sales growth tops expectations

- TES reported a 4Q25 operating profit that fell short of market expectations, due to performance bonus payments.
- However, it is worth noting that sales soared, blowing past market expectations.
- As surging memory investments create new equipment opportunities, we maintain our BUY rating and target price.

Tech Team

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AT A GLANCE

BUY

Target price	KRW90,000	33.5%
Current price	KRW67,400	
Market cap	KRW1.3t/USD0.9b	
Shares (float)	19,360,000 (60.9%)	
52-week high/low	KRW72,200/KRW17,390	
Avg daily trading value (60-day)	KRW21.0b/ USD14.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
TES	14.2	179.1	201.6
Vs Kosdaq (%pts)	1.0	107.5	106.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	90,000	90,000	0.0%
2025E EPS	3,268	3,405	-4.0%
2026E EPS	4,744	4,628	2.5%

SAMSUNG vs THE STREET

No of estimates	6
Target price	67,167
Recommendation	4.0

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

WHAT'S THE STORY?

4Q25 review: TES reported 4Q sales of KRW117b, up 73% q-q and blowing past FnGuide consensus of KRW92.3b. This large sales surprise but would not have been possible without overseas exports, although primarily driven by domestic customers. Considering that past quarterly sales from overseas customers was around KRW11b, it is evident that the effects of new capacity expansions by domestic memory chipmakers (Samsung Electronics' P4 and SK Hynix's M15X) are quickly showing up in sales figures.

Meanwhile, operating profit came in at KRW12.8b, below the consensus of KRW14.4b, due to performance bonus payments. Given the magnitude of the sales beat, the performance bonus payments, including employee stock grants, is estimated to have been around KRW10b.

Memory investments progressing quickly: With sales recognition outpacing market expectations, concerns about a 2H sales gap may arise, but we see upside risk. Domestic memory customers are expanding new capacities and upgrading existing lines, while working to accelerate the construction of next fabs (Samsung Electronics' P5 fab and SK Hynix's Yongin fab) since 2H25. Overseas customers are also likely to resume expansion plans after securing funding this year. TES's new equipment is undergoing qualification testing across multiple processes, indicating further potential for sales opportunities.

(Continued on the next page)

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	117.0	35.1	73.2	27.1	26.7
Operating profit	12.8	-41.9	52.1	0.1	-11.4
Pre-tax profit	14.9	-37.5	7.3	2.3	6.0
Net profit	10.3	-49.4	-14.9	-18.9	-34.6
Margins (%)					
Operating profit	10.9				
Pre-tax profit	12.7				
Net profit	8.8				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	6.4	20.6	14.2
P/B	0.8	3.1	2.6
EV/EBITDA	5.8	19.4	11.6
Div yield (%)	3.9	1.3	1.5
EPS growth (% y-y)	2,632.6	34.4	45.1
ROE (%)	13.6	16.1	19.8
Per-share data (KRW)			
EPS	2,432	3,268	4,744
BVPS	18,843	21,787	25,884
DPS	600	850	1,000

For the full year, we forecast sales will grow 20% y-y to KRW421b, with operating profit reaching KRW93.5b (for a margin of 22.2%). Notably, we expect full-year operating margin to surpass the 20% threshold. We maintain our BUY rating and target price.

Results and forecasts

Summary income statement

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Sales	**84.5**	**82.1**	**67.6**	**117.0**	**104.4**	**109.9**	**104.1**	**102.6**	**240.1**	**351.1**	**421.0**
Growth (% y-y)	100.4	35.6	33.0	35.1	23.6	33.9	54.0	-12.3	63.4	46.3	19.9
Growth (% q-q)	-2.4	-2.9	-17.7	73.1	-10.7	5.2	-5.3	-1.5			
Cost of goods sold	61.7	54.9	52.0	95.7	73.0	75.5	73.2	72.7	175.5	264.3	294.5
Gross profit	**22.8**	**27.2**	**15.5**	**21.3**	**31.4**	**34.4**	**30.9**	**29.8**	**64.6**	**86.8**	**126.5**
Gross margin (%)	27.0	33.1	23.0	18.2	30.1	31.3	29.7	29.1	26.9	24.7	30.0
SG&A expenses	6.6	6.8	7.1	8.5	7.8	8.0	8.1	9.0	26.1	29.0	33.0
Operating profit	**16.3**	**20.4**	**8.4**	**12.8**	**23.5**	**26.3**	**22.7**	**20.8**	**38.5**	**57.8**	**93.5**
Operating margin (%)	19.3	24.8	12.5	10.9	22.5	24.0	21.9	20.3	16.0	16.5	22.2
Non-operating profit	-0.9	1.3	5.5	2.1	2.3	2.3	2.2	2.4	11.4	7.9	9.3
Pre-tax profit	**15.3**	**21.6**	**13.9**	**14.9**	**25.8**	**28.6**	**25.0**	**23.3**	**49.8**	**65.8**	**102.7**
Pre-tax margin (%)	18.2	26.4	20.6	12.7	24.7	26.1	24.0	22.7	20.8	18.7	24.4
Net profit	**15.9**	**18.9**	**12.1**	**10.3**	**20.7**	**22.9**	**20.0**	**18.6**	**42.7**	**57.2**	**82.2**
Net margin (%)	18.8	23.0	17.9	8.8	19.8	20.8	19.2	18.2	17.8	16.3	19.5
EPS (KRW)	**904**	**1,077**	**690**	**594**	**1,193**	**1,323**	**1,154**	**1,074**	**2,432**	**3,268**	**4,744**
Growth (% y-y)	129.9	46.3	385.9	-48.8	32.0	22.8	67.2	80.8	2,632.6	34.4	45.1
Growth (% q-q)	-22.0	19.1	-36.0	-13.9	100.8	10.8	-12.8	-6.9			

Source: Company data, Samsung Securities estimates

Sales, by segment

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E
Semiconductor	84.2	81.8	67.3	116.7	104.2	109.6	103.8	102.3	236.5	349.9	419.9
Display	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	3.6	1.2	1.1
Total	84.5	82.1	67.6	117.0	104.4	109.9	104.1	102.6	240.1	351.1	421.0
Share (%)											
Semiconductor	99.6	99.6	99.6	99.8	99.7	99.8	99.7	99.7	98.5	99.7	99.7
Display	0.4	0.4	0.4	0.2	0.3	0.2	0.3	0.3	1.5	0.3	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Growth (% y-y)											
Semiconductor	101.0	35.5	32.9	39.5	23.7	34.1	54.2	-12.4	64.6	48.0	20.0
Display	9.5	58.7	68.1	-90.7	-12.2	-11.9	0.0	0.0	10.1	-67.4	-6.4
Total	100.4	35.6	33.0	35.1	23.6	33.9	54.0	-12.3	63.4	46.3	19.9
Growth (% q-q)											
Semiconductor	0.6	-2.9	-17.7	73.4	-10.8	5.2	-5.3	-1.5			
Display	-89.4	-0.3	-11.9	0.0	0.0	0.0	0.0	0.0			
Total	-2.4	-2.9	-17.7	73.1	-10.7	5.2	-5.3	-1.5			

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**147**	**240**	**351**	**421**	**449**
Cost of goods sold	134	176	264	294	313
Gross profit	**13**	**65**	**87**	**126**	**136**
Gross margin (%)	8.7	26.9	24.7	30.0	30.2
SG&A expenses	19	26	29	33	36
Operating profit	**-6**	**38**	**58**	**93**	**100**
Operating margin (%)	-4.0	16.0	16.5	22.2	22.3
Non-operating gains (losses)	**8**	**11**	**8**	**9**	**10**
Financial profit	11	17	16	15	15
Financial costs	3	4	7	4	4
Equity-method gains (losses)	0	0	0	0	0
Other	0	-1	-1	-1	-1
Pre-tax profit	**2**	**50**	**66**	**103**	**110**
Taxes	1	7	9	21	22
Effective tax rate (%)	31.0	14.4	13.1	20.0	20.0
Profit from continuing operations	2	43	57	82	88
Profit from discontinued operations	0	0	0	0	0
Net profit	**2**	**43**	**57**	**82**	**88**
Net margin (%)	1.1	17.8	16.3	19.5	19.6
Net profit (controlling interests)	2	43	57	82	88
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	0	44	65	103	111
EBITDA margin (%)	-0.3	18.4	18.4	24.4	24.8
EPS (parent-based) (KRW)	89	2,432	3,268	4,744	5,069
EPS (consolidated) (KRW)	89	2,432	3,268	4,744	5,069
Adjusted EPS (KRW)*	89	2,432	3,268	4,744	5,069

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**194**	**183**	**241**	**291**	**357**
Cash & equivalents	21	12	22	80	133
Accounts receivable	6	35	26	23	30
Inventories	53	41	64	73	70
Other current assets	114	95	128	116	125
Fixed assets	**128**	**198**	**236**	**247**	**256**
Investment assets	50	71	71	71	71
Tangible assets	59	110	143	154	164
Intangible assets	5	5	5	5	4
Other long-term assets	13	13	17	17	17
Total assets	**322**	**381**	**476**	**537**	**613**
Current liabilities	**21**	**37**	**61**	**55**	**59**
Accounts payable	10	13	27	20	25
Short-term debt	0	6	6	6	6
Other current liabilities	11	18	28	28	28
Long-term liabilities	**2**	**13**	**34**	**34**	**34**
Bonds & long-term debt	0	10	35	35	35
Other long-term liabilities	2	3	-0	-0	-0
Total liabilities	**23**	**51**	**95**	**89**	**94**
Owners of parent equity	**299**	**331**	**381**	**448**	**519**
Capital stock	10	10	10	10	10
Capital surplus	57	57	60	60	60
Retained earnings	281	320	367	434	505
Other	-50	-57	-55	-55	-55
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**299**	**331**	**381**	**448**	**519**
Net debt	-87	-48	-74	-119	-181

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**29**	**31**	**45**	**92**	**90**
Net profit	2	43	57	82	88
Non-cash profit and expenses	-2	6	7	9	11
Depreciation	5	5	6	9	11
Amortization	1	1	0	0	0
Other	-8	-0	0	0	0
Changes in A/L from operating activities	30	-25	-18	1	-8
Cash flow from investments	**-35**	**-50**	**-53**	**-20**	**-20**
Change in tangible assets	-17	-55	-53	-20	-20
Change in financial assets	-69	16	0	0	0
Other	51	-12	0	0	0
Cash flow from financing	**-7**	**10**	**18**	**-15**	**-17**
Change in debt	-0	16	29	0	0
Change in equity	0	0	0	0	0
Dividends	-9	-9	-11	-15	-17
Other	2	3	0	0	0
Change in cash	-13	-9	11	57	53
Cash at beginning of year	34	21	12	22	80
Cash at end of year	21	12	22	80	133
Gross cash flow	**-1**	**48**	**64**	**91**	**99**
Free cash flow	**11**	**-24**	**6**	**72**	**70**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-59.0	63.4	46.3	19.9	6.6
Operating profit	nm	nm	50.3	61.6	7.1
Net profit	-96.7	2,623.8	34.0	43.8	6.8
Adjusted EPS**	-96.6	2,632.6	34.4	45.1	6.8
Per-share data (KRW)					
EPS (parent-based)	89	2,432	3,268	4,744	5,069
EPS (consolidated)	89	2,432	3,268	4,744	5,069
Adjusted EPS**	89	2,432	3,268	4,744	5,069
BVPS	17,040	18,843	21,787	25,884	29,952
DPS (common)	500	600	850	1,000	1,100
Valuations (x)					
P/E***	225.8	6.4	20.6	14.2	13.3
P/B***	1.2	0.8	3.1	2.6	2.3
EV/EBITDA	n/a	5.8	19.4	11.6	10.1
Ratios (%)					
ROE	0.5	13.6	16.1	19.8	18.2
ROA	0.5	12.1	13.3	16.2	15.3
ROIC	-3.0	21.5	25.6	34.4	34.4
Payout ratio	560.1	24.7	25.8	21.1	21.7
Dividend yield (common)	2.5	3.9	1.9	1.5	1.6
Net debt to equity	-29.0	-14.4	-19.5	-26.5	-35.0
Interest coverage (x)	-399.1	490.4	197.6	195.5	209.4

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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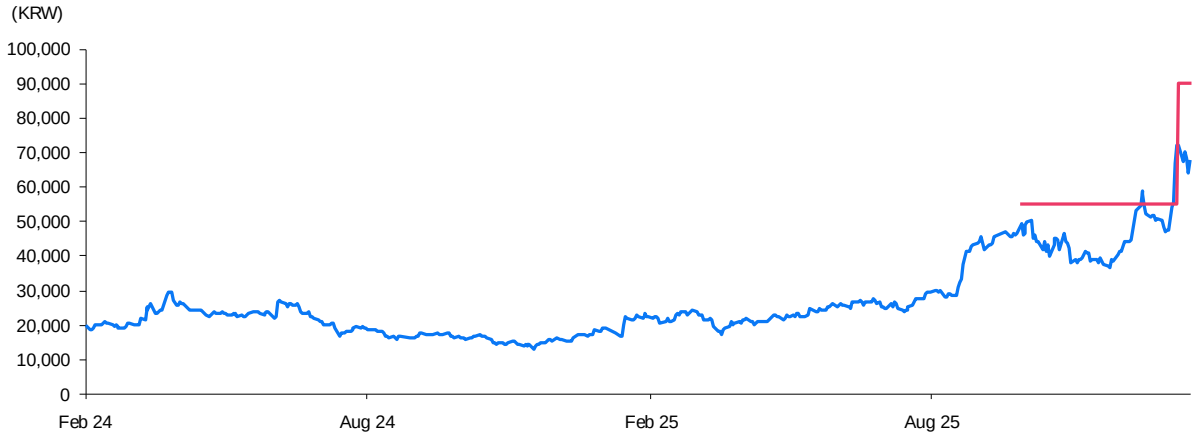

Rating changes over past two years (adjusted share prices)

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

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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Percentage of ratings in 12 months prior to 2025.12.31

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