COMPANY UPDATE

2026. 3. 25

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Haesung DS (195870)

From EVs to robotics

- ASPs for lead frames, which are used in low level robot control, keep rising thanks to the tight supply and growing demand (stemming from growing EV demand in Europe and increasing robotics production).
- The key buyers of lead frames made by Haesung DS—Infineon, NXP, and STMicroelectronics—have partnered with Nvidia to sell hardware for humanoid robotics.
- With both the US and China focused on fostering high-performance semiconductors, legacy semiconductor substrates—particularly lead frames—face a benign competitive environment.

EV/Mobility Team

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AT A GLANCE

BUY

Target price	KRW75,000	36.4%
Current price	KRW55,000	
Market cap	KRW935b/USD625.33m	
Shares (float)	17,000,000 (61.8%)	
52-week high/low	KRW65,700/KRW18,000	
Avg daily trading value (60-day)	KRW15.2b/ USD10.2m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Haesung DS (%)	-16.0	82.7	80.0
Vs Kospi (%pts)	-9.7	14.2	-14.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	75,000	70,000	7.1%
2025E EPS	1,383	1,383	0.0%
2026E EPS	4,911	5,035	-2.5%

SAMSUNG vs THE STREET

No of estimates	10
Target price	76,800
Recommendation	4.0

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

WHAT'S THE STORY?

Raising target price by 7% to KRW75,000: We increase our 2026 and 2027 earnings forecasts for Haesung DS to reflect its robust 4Q25 results and strong industry conditions. We arrive at our new target price by applying a P/E of 15x to our 2026 EPS forecast.

- **Raising target P/E multiple by 10% to 15x:** To reflect a shift in market sentiment towards legacy chips (a key market for Haesung DS), driven by the advent of the physical AI era, and a rise in the valuations of the firm's global substrate peers, we raise our target P/E multiple to 15x, which implies a 25% discount to the peer group's 2026 average (Bloomberg). Since the pandemic, Haesung DS's P/E have averaged 17.5x, as it was viewed as a beneficiary of the automotive semiconductor chip boom.
  Since 2020, the stock has traded at a 30-50% discount to its peers (lead frame and package substrate makers). The discount has widened recently, with market attention focusing on high-performance semiconductor substrates rather than on lead frames (which items account for 70-80% of Haesung DS sales).

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	603	653	809	945
Operating profit (KRWb)	57	46	109	145
Net profit (adj) (KRWb)	59	24	83	110
EPS (adj) (KRW)	3,453	1,383	4,911	6,493
EPS (adj) growth (% y-y)	-30.5	-59.9	255.1	32.2
EBITDA margin (%)	17.8	16.3	21.4	22.0
ROE (%)	11.0	4.2	13.9	16.2
P/E (adj) (x)	6.8	40.3	11.2	8.5
P/B (x)	0.7	1.7	1.5	1.3
EV/EBITDA (x)	4.1	9.7	5.8	4.5
Dividend yield (%)	3.4	1.4	1.8	2.2

Source: Company data, Samsung Securities estimates

However, if it is confirmed that legacy semiconductors are essential to low-level robot control, that could unlock meaningful upside for Haesung DS's valuation.

- **Nvidia's GTC 2026 confirms robotics-bound demand:** European legacy semiconductor companies—Infineon, NXP, and STMicroelectronics—have formed partnerships with Nvidia. Haesung DS already supplies these three European chipmakers, which collectively represent about 1/3 of the Korean firm's sales.
- **Legacy chips to gain recognition as essential enablers of low-level robot control, driving demand from substrate suppliers:** While high-performance chips (GPUs/SoCs) are used for inference and decision-making in robots, real-time sensing (cognition) and low-level motor control (body balance and movement) rely on power semiconductors, MCUs, and communication chips. As the robotics industry grows, demand for these legacy semiconductors and lead frames should rise, changing how the market views legacy chips. We expect Haesung DS, the world's second-largest lead frame manufacturer, to rerate.
- **Both US and China focused on fostering high-performance chips:** China, lagging behind in terms of semiconductor technology, is channeling investments into high-performance inference chips and high-performance memory chips. In contrast, the legacy chip market remains firmly controlled by established European and US firms. Chinese manufacturers also have a minimal presence in the legacy chip substrate market, which market continues to be led by Haesung DS, Taiwanese firms, and Japanese suppliers.
- **Tight supply to drive ASP hikes:** Among top-tier lead frame makers, Mitsui High-tec and Shinko Electric Industries derive 50-60% of their revenue from motor cores and flip chips. With lead frames remining a legacy business for most players, capacity expansions—except by Haesung DS and CWTC (Taiwan)—have been minimal. Now, as demand for legacy semiconductor components grows across key industries (ranging from EVs to robotics), lead frame ASPs should continue rising.

To post strong earnings in 2026 led by growth in lead frame and package substrate markets: We expect Haesung DS to post 2026 sales of KRW809b (up 23.8%) and an operating profit of KRW108.6b (up 133.5%), for an operating margin of 13.4%.

- **Europe-driven EV demand:** While EV demand in China is declining, the European EV market has been growing 20-30% y-y since 2H25, driven by the reintroduction of government subsidies in key countries. In 2025, European EV sales reached 4.4m units (up 34.8%), for a market penetration rate of 33.4%. In Jan 2026, European EV sales came to 329,000 units (up 21.4% y-y), for a penetration rate of 34.3%.
- **1Q26 earnings to meet consensus:** Haesung DS looks set to post 1Q26 sales of KRW196b (up 8.8% q-q and 42.4% y-y) and an operating profit of KRW22.7b (flat q-q and up 6,376% y-y), for an operating margin of 11.6% (down 0.5%pts q-q but up 11.3%pts y-y). Lead frame sales should hit KRW146b (up 11.3% q-q and up 31.7% y-y) led by robust orders. Package substrate sales are projected at KRW50b (down 2% q-q but up 82% y-y). While the firm's DDR5-specific package substrate sales should rise, its DDR4-specific package substrate sales should fall, with clients cutting DDR4 production in favor of higher-value-added semiconductor production. DDR4 is set to be phased out by end-2026. Despite higher sales q-q, profitability slide q-q due to rising raw-material costs.

FnGuide has the firm's sales at KRW192.4b, operating profit at KRW24.7b, and OPM at 12.4%.

- **Passing on rising raw-material costs:** As of 2025, raw-material procurement accounted for 49.5% of Haesung DS's total revenue, with copper and gold making up 68% of its total raw-material costs. Copper prices continued to rise due to surging demand from AI data centers and the modernization of aging US power infrastructure. Gold prices also climbed amid geopolitical uncertainty and increased demand for safe-haven assets.

  The company is passing on 80-90% of raw-material cost increases to customers with a 2-3 month lag, resulting in sustained price increases for its products.

- **Beneficiary of won depreciation:** Around 95-98% of Haesung DS's revenue comes from exports, suggesting that the company will benefit from the won weakening.

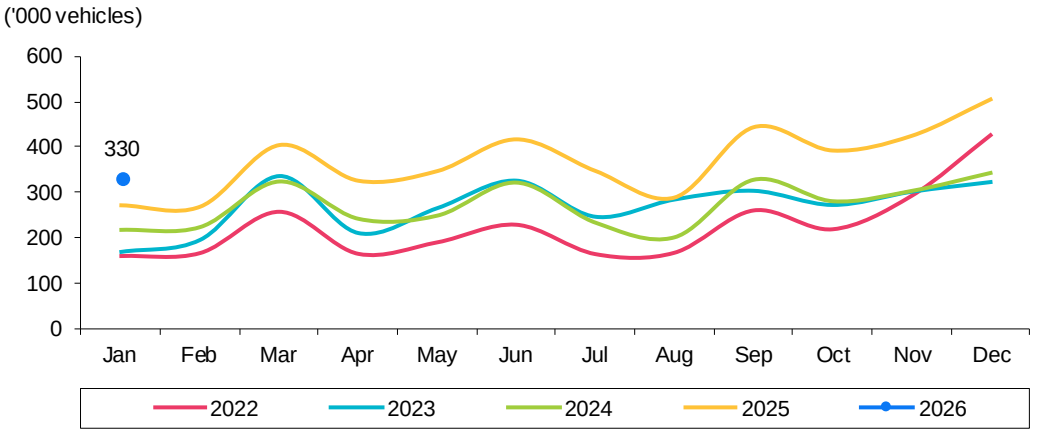
Collaborative robot smart actuator and substrate

Source: Google Image

Nvidia GTC 2026: Physical AI and robotics

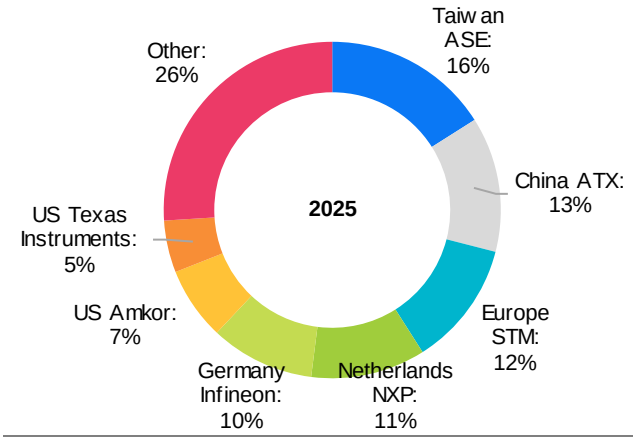
Source: Media

Europe: Monthly EV demand



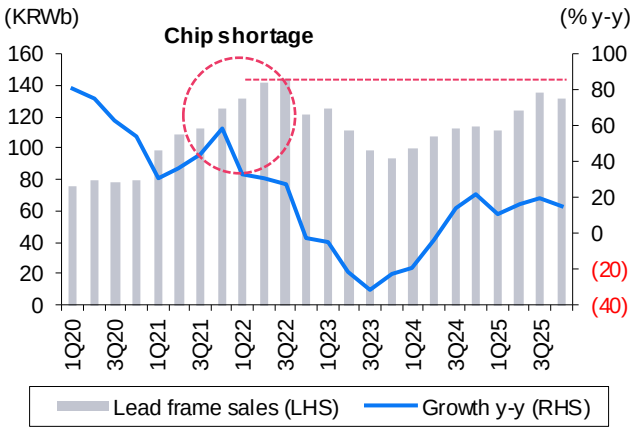
Source: EV-Volumes, Samsung Securities

Haesung DS: Lead frame sales, by customer (2025)



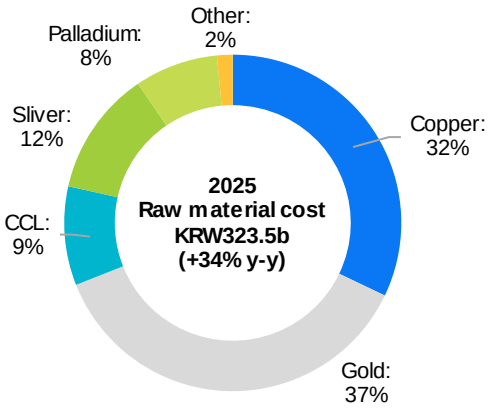
Source: Company data, Samsung Securities

Lead frame sales heading into chip shortage cycle



Source: Company data, Samsung Securities

Haesung DS: Composition of raw-material costs



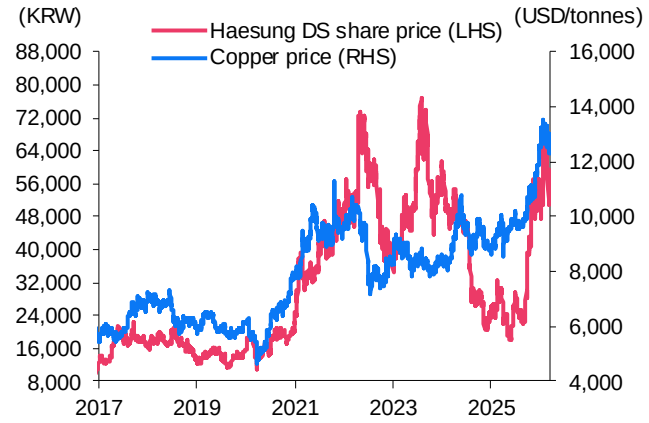
Source: Company data, Samsung Securities

Global lead frame market shares

	M/S (%)
Mitsui High-tec (Japan)	11
Haesung DS (Korea)	9
CWTC (Taiwan)	8
Shinko (Japan)	8

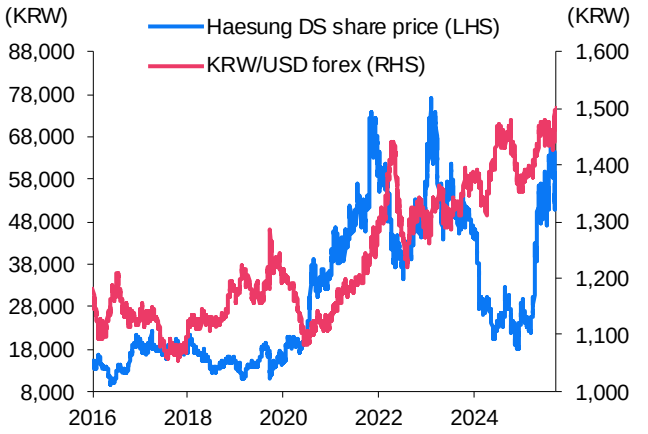
Source: Haesung DS, Samsung Securities

Haesung DS: Stock price vs Copper price



Source: Bloomberg, Samsung Securities

Haesung DS: Stock price vs KRW/USD exchange rate



Source: Bloomberg, Samsung Securities

Comparison of legacy semiconductor demand: EVs vs Humanoid robots

Component	EVs	Humanoid robots
Motors	2-10 units	30-40 units
Inverters	1-2 units	Over 30 units
MCUs	50-100 units	Over 100 units
Sensors	Camera, Lidar, radar	Joint, force, posture, and multi-modal vision sensors

Source: Media, Samsung Securities

Haesung DS: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (avg)	1,453	1,400	1,387	1,452	1,460	1,450	1,430	1,430	1,365	1,422	1,443	1,400
Revenue	137	157	179	180	196	201	208	204	603	653	809	945
Growth (% y-y)	-11.2	2.5	19.5	23.9	42.4	27.7	16.7	13.2	-10.3	8.4	23.8	16.9
Lead frame	111	124	135	131	146	145	148	129	434	504	567	623
Package substrate	28	34	47	51	50	56	61	75	169	160	242	322
Gross profit	14	22	27	42	39	46	45	46	111	105	175	220
Operating profit	0.4	8.2	16.1	21.8	22.7	29.3	28.7	27.9	56.9	46.5	108.6	144.8
Growth (% y-y)	-98.3	-54.3	37.6	247.7	6,376.7	255.8	78.3	28.0	-44.5	-18.3	133.5	33.3
Pre-tax profit	0.0	-0.8	18.8	14.6	21.1	28.1	29.8	29.4	67.0	32.6	108.4	143.3
Net profit	0.6	-0.4	14.1	9.3	16.2	21.6	23.0	22.6	58.7	23.5	83.5	110.4
Growth (% y-y)	-97.0	-102.1	136.1	-24.1	2,701.0	흑전	63.3	143.3	-30.5	-59.9	255.1	32.2
Controlling profit	0.6	-0.4	14.1	9.3	16.2	21.6	23.0	22.6	58.7	23.5	83.5	110.4
Growth (% y-y)	-97.0	-102.1	136.1	-24.1	2,701.0	흑전	63.3	143.3	-30.5	-59.9	255.1	32.2
Margins (% y-y)												
Gross profit	9.9	13.9	15.1	23.4	19.9	22.7	21.7	22.4	18.5	16.0	21.7	23.2
Operating profit	0.3	5.2	9.0	12.1	11.6	14.6	13.8	13.7	9.4	7.1	13.4	15.3
Pre-tax profit	0.0	-0.5	10.5	8.1	10.8	14.0	14.3	14.4	11.1	5.0	13.4	15.2
Controlling profit	0.4	-0.3	7.9	5.2	8.3	10.8	11.0	11.1	9.7	3.6	10.3	11.7

Source: Company data, Samsung Securities estimates

Global semiconductor substrate manufacturers: Valuations

Company	Stock price		Performance (%)			Market cap		P/E (x)			P/B (x)			ROE (%)		
		(Local)	1M	3M	YTD	(Local bil.)	(USDb)	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Lead frame manufacturers																
Mitsui High-Tec	JPY	606	-26.9	-15.6	-20.3	119.6	0.7	35.1	11.0	10.1	1.0	0.9	0.8	8.6	8.2	9.3
SDI Electric	TWD	98	13.4	29.8	25.6	17.8	0.6	58.4	18.6	n/a	2.6	2.2	n/a	10.9	12.6	n/a
ASM Pacific	HKD	109	5.5	46.6	40.7	45.5	5.8	41.8	22.8	18.2	2.7	2.3	2.2	8.2	10.8	13.3
Ningbo Kangqiang	CNY	23	-0.1	41.4	38.3	8.5	1.2	85.0	n/a	n/a	5.9	n/a	n/a	n/a	n/a	n/a
Average								55.1	17.5	14.1	3.0	1.8	1.5	9.3	10.5	11.3
Package Substrate manufactures																
Unimicron	TWD	580	57.2	169.8	163.6	913.8	28.7	133.1	27.5	16.4	8.8	6.4	n/a	16.2	25.2	n/a
Ibiden	JPY	8,249	-14.4	41.6	22.6	2,323.9	14.5	58.2	38.1	29.0	4.3	4.0	3.6	8.4	11.1	12.9
Samsung Electro-mechanics	KRW	466,500	31.6	84.4	82.6	34,844.6	23.2	50.2	24.3	19.2	3.6	3.1	2.7	11.1	13.1	14.1
Kinsus	TWD	366	37.7	180.0	137.8	178.6	5.6	107.8	29.7	10.8	5.3	3.9	n/a	9.8	12.3	n/a
LG Innotek	KRW	268,500	6.8	-4.3	-0.9	6,354.6	4.2	18.6	9.2	7.1	1.1	0.9	0.8	10.1	10.5	10.1
Simmtech	KRW	59,100	14.1	13.9	18.8	2,206.9	1.5	n/a	13.7	n/a	4.0	2.9	n/a	20.2	23.6	n/a
Daeduck Electronics	KRW	75,100	26.0	61.5	59.4	3,711.2	2.5	82.8	20.5	13.8	4.2	3.3	3.4	14.9	16.8	n/a
Korea Circuit	KRW	59,400	1.4	69.2	23.0	1,424.6	0.9	n/a	10.6	n/a	3.8	2.5	n/a	21.6	24.9	n/a
Average								75.1	21.7	36.8	4.4	3.4	2.6	14.0	17.2	12.4
Haesung DS	**KRW**	**58,500**	**8.2**	**32.4**	**124.1**	**997.9**	**0.7**	**13.0**	**10.7**	**9.5**	**1.6**	**1.4**	**1.3**	**12.9**	**13.9**	**14.3**

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**672**	**603**	**653**	**809**	**945**
Cost of goods sold	512	492	549	633	726
Gross profit	**161**	**111**	**105**	**175**	**220**
Gross margin (%)	23.9	18.5	16.0	21.7	23.2
SG&A expenses	58	55	58	67	75
Operating profit	**103**	**57**	**46**	**109**	**145**
Operating margin (%)	15.2	9.4	7.1	13.4	15.3
Non-operating gains (losses)	**3**	**10**	**-14**	**-0**	**-1**
Financial profit	4	3	1	1	2
Financial costs	5	3	4	3	3
Equity-method gains (losses)	0	0	0	0	0
Other	4	10	-12	2	-0
Pre-tax profit	**106**	**67**	**33**	**108**	**143**
Taxes	21	8	9	25	33
Effective tax rate (%)	20.2	12.3	27.9	23.0	23.0
Profit from continuing operations	84	59	24	83	110
Profit from discontinued operations	0	0	0	0	0
Net profit	**84**	**59**	**24**	**83**	**110**
Net margin (%)	12.6	9.7	3.6	10.3	11.7
Net profit (controlling interests)	84	59	24	83	110
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	147	107	107	173	208
EBITDA margin (%)	21.9	17.8	16.3	21.4	22.0
EPS (parent-based) (KRW)	4,966	3,453	1,383	4,911	6,493
EPS (consolidated) (KRW)	4,966	3,453	1,383	4,911	6,493
Adjusted EPS (KRW)*	4,966	3,453	1,383	4,911	6,493

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**344**	**322**	**277**	**360**	**482**
Cash & equivalents	140	84	20	41	109
Accounts receivable	103	117	127	157	184
Inventories	90	107	116	144	168
Other current assets	11	13	14	18	21
Fixed assets	**345**	**472**	**512**	**528**	**525**
Investment assets	0	0	0	0	0
Tangible assets	306	425	466	484	481
Intangible assets	23	32	31	29	28
Other long-term assets	16	15	15	15	15
Total assets	**689**	**794**	**790**	**888**	**1,006**
Current liabilities	**132**	**201**	**187**	**214**	**237**
Accounts payable	29	20	22	27	32
Short-term debt	33	73	73	73	73
Other current liabilities	70	108	92	114	133
Long-term liabilities	**42**	**36**	**37**	**38**	**40**
Bonds & long-term debt	33	26	26	26	26
Other long-term liabilities	9	10	11	12	13
Total liabilities	**174**	**238**	**223**	**252**	**277**
Owners of parent equity	**515**	**556**	**566**	**636**	**729**
Capital stock	85	85	85	85	85
Capital surplus	22	22	22	22	22
Retained earnings	408	449	459	529	622
Other	0	1	1	1	1
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**515**	**556**	**566**	**636**	**729**
Net debt	-60	43	84	63	-6

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**143**	**61**	**73**	**115**	**145**
Net profit	84	59	24	83	110
Non-cash profit and expenses	81	73	71	91	98
Depreciation	43	48	58	63	62
Amortization	1	2	2	2	1
Other	37	23	11	27	34
Changes in A/L from operating activities	30	-60	-11	-33	-29
Cash flow from investments	**-68**	**-144**	**-100**	**-80**	**-60**
Change in tangible assets	-94	-148	-100	-80	-60
Change in financial assets	30	-0	-0	-0	-0
Other	-4	4	-0	0	0
Cash flow from financing	**-11**	**27**	**-37**	**-14**	**-17**
Change in debt	4	47	-24	0	0
Change in equity	0	0	0	0	0
Dividends	-15	-15	-14	-14	-17
Other	-0	-5	0	0	0
Change in cash	63	-56	-64	21	68
Cash at beginning of year	76	140	84	20	41
Cash at end of year	140	84	20	41	109
Gross cash flow	**166**	**132**	**95**	**175**	**208**
Free cash flow	**49**	**-88**	**-27**	**35**	**85**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-19.9	-10.3	8.4	23.8	16.9
Operating profit	-49.9	-44.5	-18.3	133.5	33.3
Net profit	-47.0	-30.5	-59.9	255.1	32.2
Adjusted EPS**	-47.0	-30.5	-59.9	255.1	32.2
Per-share data (KRW)					
EPS (parent-based)	4,966	3,453	1,383	4,911	6,493
EPS (consolidated)	4,966	3,453	1,383	4,911	6,493
Adjusted EPS**	4,966	3,453	1,383	4,911	6,493
BVPS	30,297	32,722	33,305	37,416	42,909
DPS (common)	900	800	800	1,000	1,200
Valuations (x)					
P/E***	11.2	6.8	40.3	11.2	8.5
P/B***	1.8	0.7	1.7	1.5	1.3
EV/EBITDA	6.0	4.1	9.7	5.8	4.5
Ratios (%)					
ROE	17.5	11.0	4.2	13.9	16.2
ROA	12.5	7.9	3.0	10.0	11.7
ROIC	18.7	9.5	5.4	12.4	15.7
Payout ratio	18.1	23.2	57.8	20.4	18.5
Dividend yield (common)	1.6	3.4	1.4	1.8	2.2
Net debt to equity	-11.6	7.8	14.8	9.8	-0.8
Interest coverage (x)	22.0	17.9	13.1	34.2	45.6

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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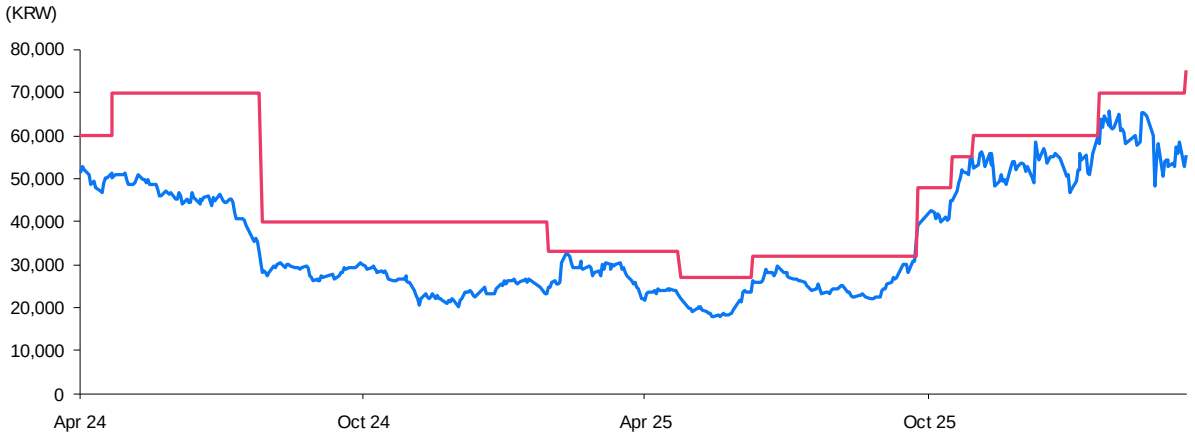
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/10/30	2024/4/30	8/5	2025/2/5	5/2	6/17	10/2	10/24	11/7	2026/1/27	3/24
Recommendation	BUY	BUY	HOLD	BUY	HOLD	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	60000	70000	40000	33000	27000	32000	48000	55000	60000	70000	75000
Gap* (average)	-14.12	-35.33	-34.76	-18.15	-26.39	-19.38	-13.50	-6.68	-11.60	-15.69	
(max or min)**	2.50	-26.86	-24.00	-1.06	-11.30	11.25	-6.77	0.00	-0.83	-6.14	

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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Company

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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