MARKET STRATEGY

Apr 2026

Global Investment Strategy Team

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Samsung Securities

Korea stock market outlook and strategy I Apr 2026 I

Investment strategy amid heightened geopolitical volatility

EXECUTIVE **SUMMARY**

Korea stock market outlook and strategy for April

Investment strategy during this period of heightened geopolitical volatility—Think long term, take contrarian positions

In April, the Korean stock market should be influenced by three key variables: 1) the persistence of elevated oil prices; 2) the sustainability of earnings momentum; and 3) the potential for shifts in domestic investor supply-demand dynamics.

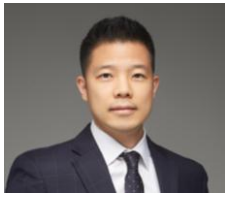
Historically, equity markets tend to underperform their fundamentals during periods of geopolitical uncertainty. For long-term investors, short-term geopolitical events may not be daunting provided that long-term inflation expectations remain stable. However, for short-term investors, such periods can trigger fear-driven sell-offs. Thus, the critical question is whether sustained high oil prices will impact long-term inflation expectations. If not, markets, whose fundamentals remain intact, should rebound quickly once geopolitical risks subside. While the duration of the Iran situation is uncertain, based on what has transpired over the last month, the Iran conflict should have a smaller impact on the global economy than the: 1) 2022 Ukraine war; and 2) Apr 2025 American Liberation Day event.

Semiconductor prices face near-term headwinds due to the conflict, but once the geopolitical risk dissipates, they should see resumed upward momentum—globally, the IT and financial sectors have the strongest earnings momentum. However, if high oil prices persist during a period of high chip prices, this could act as a structural cap on the Kospi's upside this year.

Recent share-price movements appear to be more influenced by retail investors' ETF trading than by foreign investors' trading. Foreign investors have begun to reduce exposure after the Kospi's P/B ratio exceeded its historical high of 1.2x. While foreign investors' trading behavior is aggressive, their selling motivation appears to be passive (*ie*, driven by valuation concerns). In contrast, retail investors are highly sensitive to price momentum. Thus, the key question is to what extent the stalled market will dampen retail capital inflows.

Long-term inflation expectations have not yet shown signs of rising, and manufacturing PMIs in the US and Europe are improving. This supports our positive base case: if geopolitical risks resolve, a sharp market rebound is likely. Nevertheless, given the probability that oil prices will remain elevated in April, it is advisable to include quality value stocks, dividend-paying stocks with strong cash generating ability, and high oil-price beneficiaries in portfolios.

We set the Kospi's target band at 4,700-5,900 in April. The lower bound reflects a scenario in which markets temporarily price in high oil prices for a prolonged period. The upper bound is derived by applying a target P/E of 9.3x, a 10% discount to the 20-year average 12-month forward P/E of 10.3x. Our top picks are Samsung Electronics, SK Hynix, Hanwha Aerospace, Hyosung Heavy Industries, KT&G, Kiwoom Securities, Samsung E&A, GS Holdings, NHN, and OCI.



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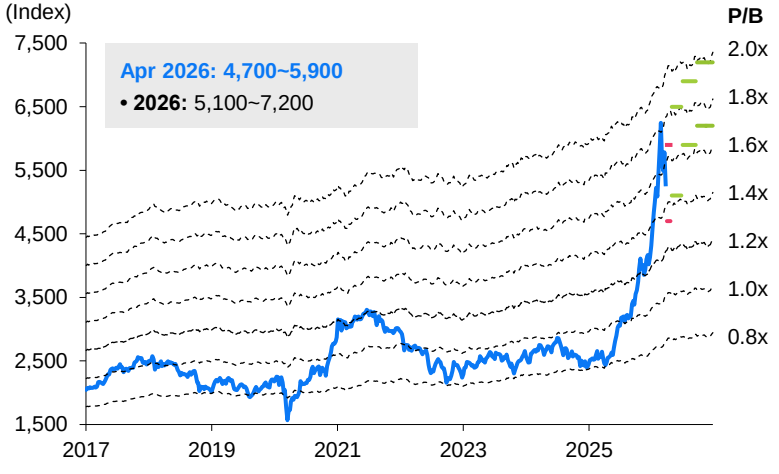
Stock market outlook

Kospi to range 4,700-5,900 in April

▶ In the short term, the market may price in a scenario of prolonged high oil prices

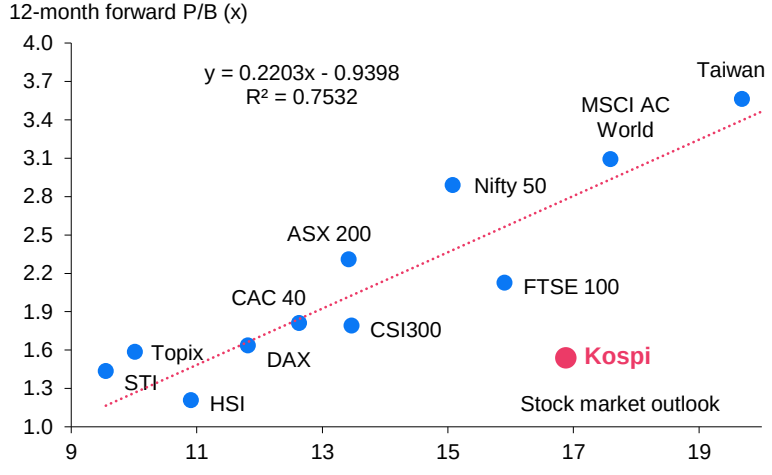
- While a prolonged high oil-price scenario is not our base case, if the market temporarily adopts this narrative, the lower end of the Kospi's band could fall to 4,700 in April.
- We set the upper end of the Kospi's band at 5,900 (based on 9.3x P/E, a 10% discount to the recent 20-year average 12-month forward P/E of 10.3x).

Kospi: 2026 outlook



Note: As of Mar 27; Based on 12-month forward
Source: LSEG Workspace, Samsung Securities

Major stock indices: P/B vs ROE



Note: As of Mar 20, S&P 500 – ROE 21.8%, P/B 4.38x
Source: LSEG Workspace, Samsung Securities

Adjustment to our target Kospi band under prolonged high oil-price scenario

▶ If the market temporarily prices in a scenario of prolonged high oil prices, the lower end of our Kospi target band should come under downward pressure

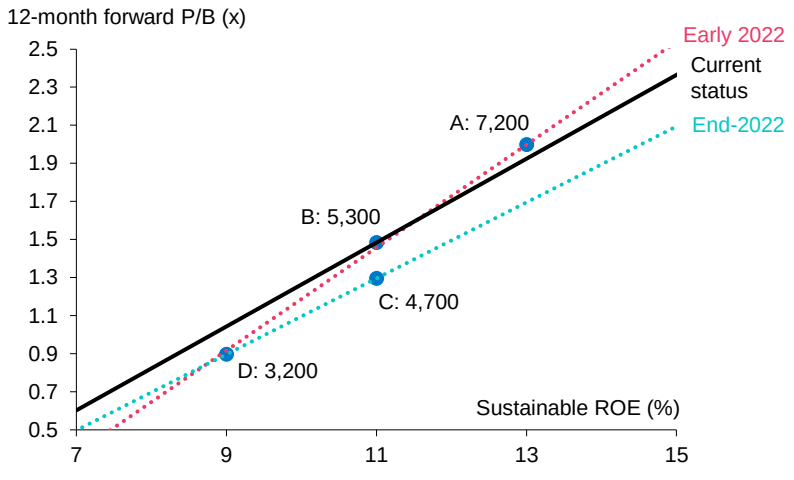
- Rising inflation driven by sustained high oil prices would act as a global equity valuation headwind (as happened in 2022).
- Reflecting Scenario C (prolonged high oil prices; see table below), we set the lower end of the Kospi band at 4,700 in April.
- This level is conservative, as the probability of sustained elevated oil prices is estimated at 50%, which risk could emerge on: 1) the start of full-scale war; or if 2) the conflict becomes protracted and attritional in nature (see next page).

Appropriate Kospi levels under various 2022 scenarios

	High oil prices	Semi-conductor supply	Sustainable ROE	P/B (x)	Kospi
A	Short- term issue	Tight	13%	2	7,200
B		Balanced	11%	1.5	5,300
C	Prolonged	Balanced	11%	1.3	4,700
D		Loosened	9%	0.9	3,200

Source: Financial Investment Association, Quantiwise, Samsung Securities

Changes in the appropriate global stock regression line and appropriate Kospi level under 2022 scenarios



Note: 2022 was a bear market due to inflation and the outbreak of the Russia-Ukraine war
Source: Quantiwise, Samsung Securities

Ceasefire first, negotiations later (most plausible scenario)

▶ Both sides should pursue a ceasefire—or even a formal end to hostilities—before entering into negotiations

- Crossing each other's red lines—particularly the large-scale destruction of energy infrastructure in the Middle East—would cause costs to escalate rapidly.
- Among the possible scenarios listed below, we assess that full-scale war (30% probability) or a protracted attritional conflict (20% probability) are the two most likely scenarios that would result in high oil prices for a prolonged period.

Scenario probability based on game theory

Scenario	Content	Probability (%)
Pre-suspension-post-negotiation (Gaza Model)	Prioritizing agreement on a military ceasefire and reopening of the Strait of Hormuz	30
	Negotiation of tough issues such as nuclear programs and reparations on separate track	
	Phased agreement path via issue de-linking	
Full scale escalation	US attacks energy infrastructure on Kharg Island (Iran)	30
	War escalates rapidly via a retaliatory cycle in the Persian Gulf	
	Scenario of oil price topping USD150/bbl	
Prolonged war of attrition → Incremental concessions (1-3 months)	Overlapping bargaining zone due to increase in cost of war	20
	Deriving a phased agreement accordingly	
	Yet, unstable path with embedded escalation triggers	
Short-term comprehensive settlement (1-2 weeks)	Comprehensive package deal for all pending issues	10
	Low feasibility due to the wide gap between both parties' demands	
Unilateral suspension	Unilateral cessation of hostilities due to US political pressure or Iranian regime instability	10
	due to US audience costs	

Note: Political cost imposed by domestic audience (*eg*, public, parliament)
Source: CSIS, Samsung Securities

Global equities give up gains in March due to war

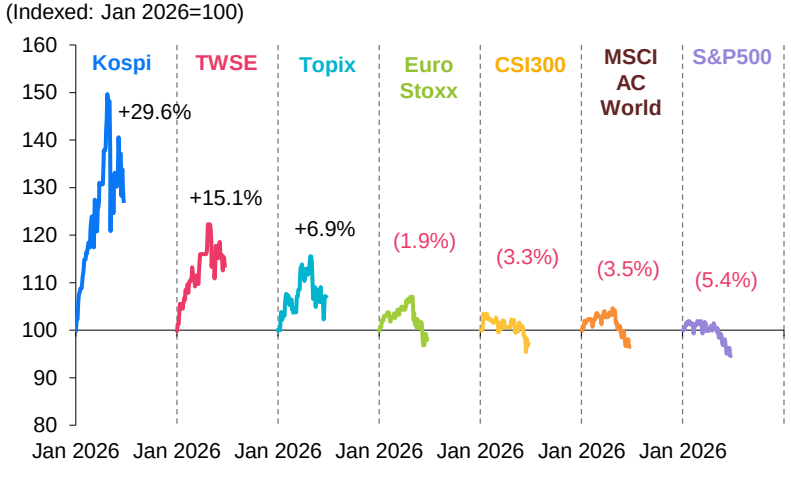
In March, the MSCI AC World Index gave up its January-February gains

- The index, which rose 4.1% over January-February, gave up its gains in March (from early March to Mar 26, the index fell 7.3%).

March FOMC—Rates held steady amid rising inflation concerns, reducing dollar weakness

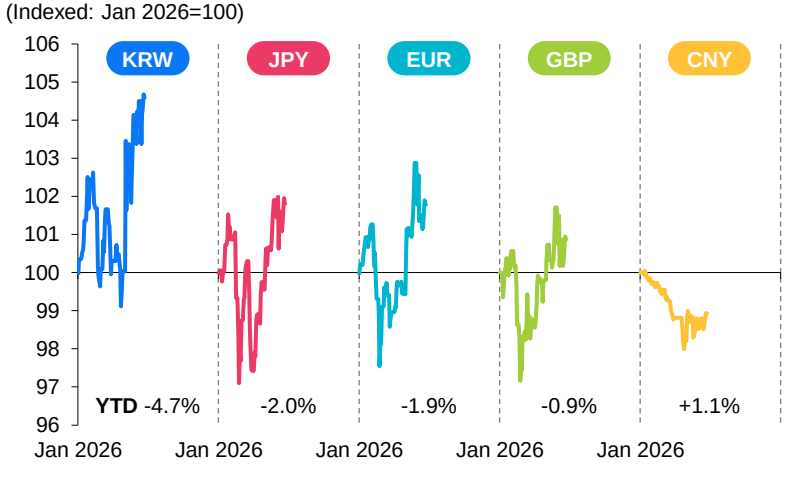
- In March, key currencies (excluding the yuan) weakened vs the US dollar—the won lost 4.6%, the yen 2.4%, and the euro 2.4%.

Major stock market performances ytd



Note: As of Mar 24
Source: LSEG Workspace, Samsung Securities

Major currencies vs the US dollar



Note: As of Mar 24; higher than 100 denotes weakening vs the USD
Source: LSEG Workspace, Samsung Securities

(Style) Value stocks outperform growth stocks in March

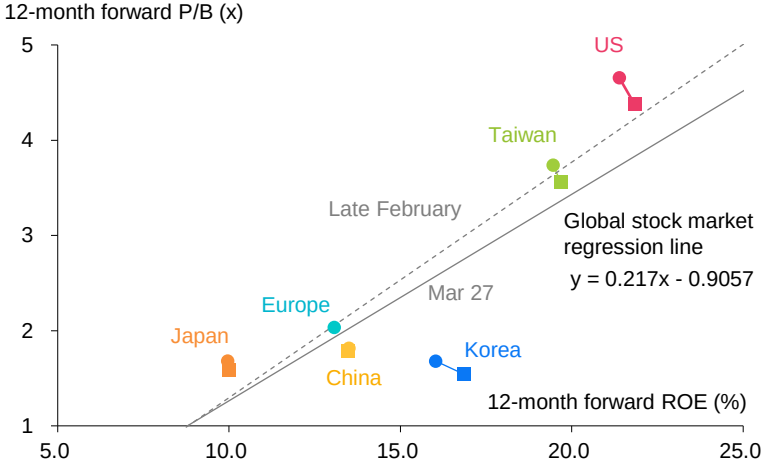
▶ Share prices declined in March though earnings momentum remained intact

- Stocks of companies with high ROEs underperformed in March, creating an environment less favorable for growth stocks.

▶ Even in the US, value stocks beat growth stocks, with dividend stocks delivering particularly strong results

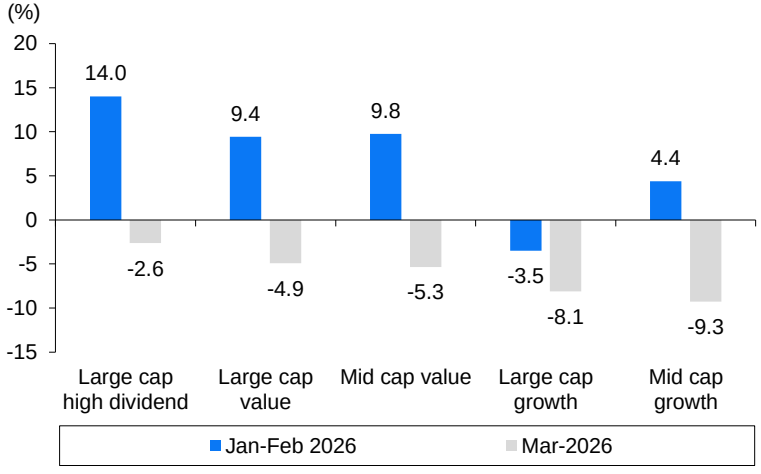
- If oil prices stay high, we suggest adding dividend stocks (with a low probability of dividend cuts) to portfolios.

MSCI Securities Brokers: P/B vs ROE



Note: Circles are as of Feb 28, 2026 and Squares are as of Mar 27
Source: LSEG Workspace, Samsung Securities

US stock market returns, by type



Note: Based on the Bloomberg Index
Source: LSEG Workspace, Samsung Securities

Post-Iran conflict: Energy sector's strength vs tech's weakness

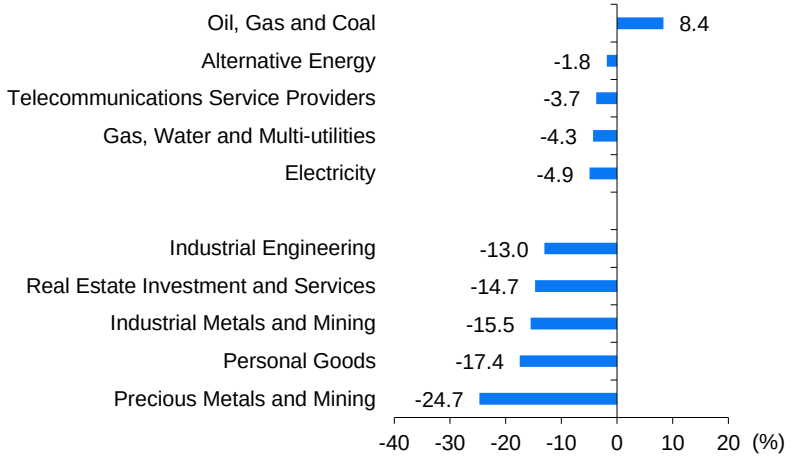
Oil-price gains benefit only upstream energy firms

- In March, among the 42 ICB sub-industries, the energy sector (oil, coal, and gas) was the only industry to contribute positively to the performance of global equity indices.

Decline in US big-tech stocks driving broader global market weakness

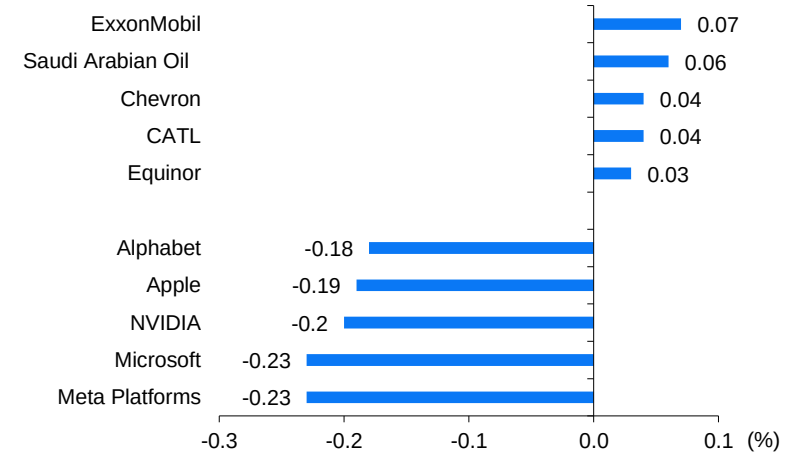
- Given that US big-tech companies' fundamentals (in terms of earnings momentum) have not been affected, investors have likely already priced in the inflationary impact of higher oil prices.

MSCI AC World global returns, by industry



Note: Over Feb 28-Mar 27
Source: LSEG Workspace, Samsung Securities

MSCI AC World index's contribution to returns



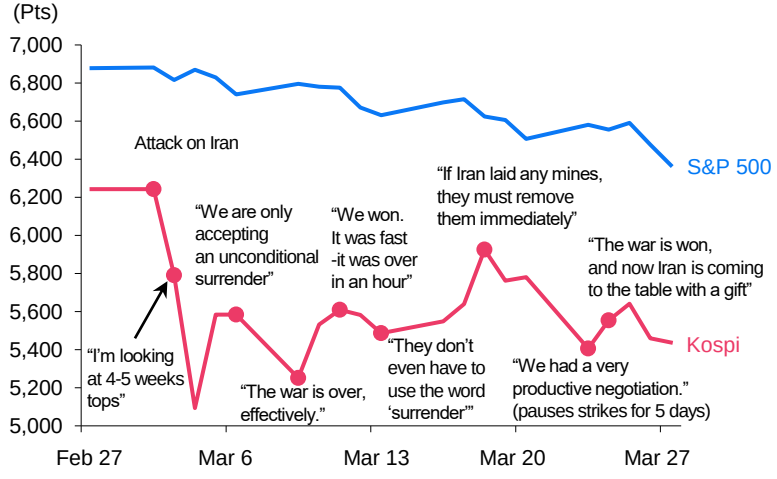
Note: Over Feb 28-Mar 27
Source: LSEG Workspace, Samsung Securities

In March, Korean market rewarded ‘buy the dip, sell the rally’ strategy

▶ US presidential remarks significantly influenced market sentiment

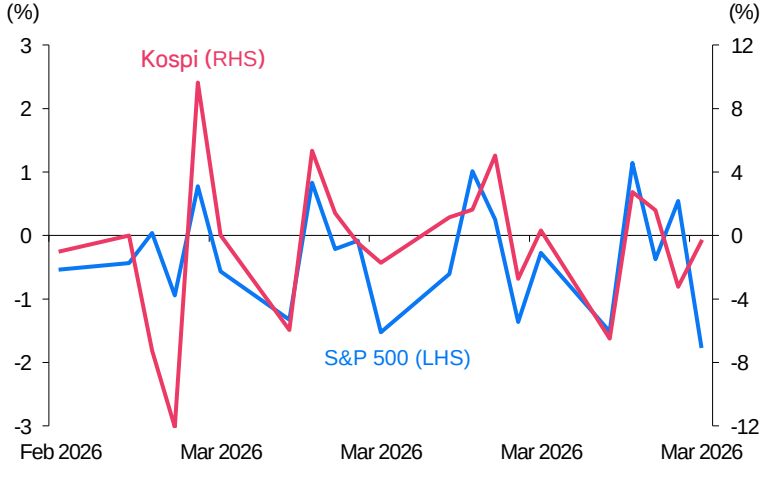
- While the Korean market priced in negative sentiment from Iran tensions in early March, the US market reflected these risks more prominently in late March.
- Had an investor bought the dips and sold the rallies in Korea, he could have achieved higher relative returns (excluding the first two trading days of March).

US president’s position, Korea-US stock exchange



Source: Bloomberg, Samsung Securities

Korea-US stocks’ daily yields



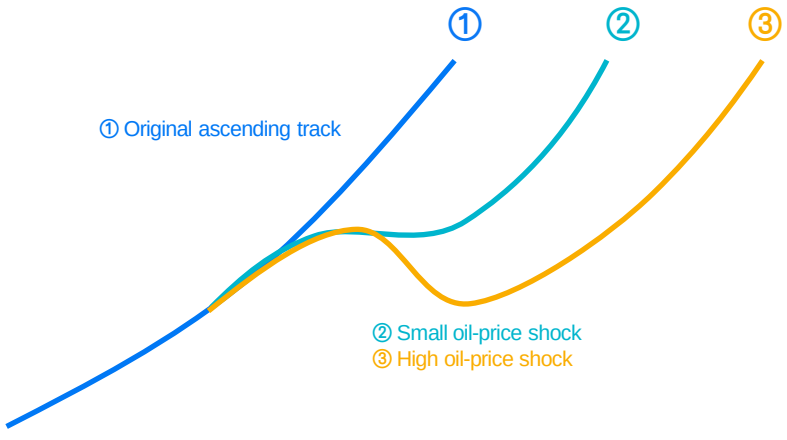
Note: Korea stock market vs US stock market of previous day
Source: Bloomberg, Samsung Securities

Geopolitical events and stock-price patterns

▶ When geopolitical shocks do not persist over the long term, share price declines stemming from the shocks create additional upside (from a long-term investment perspective)

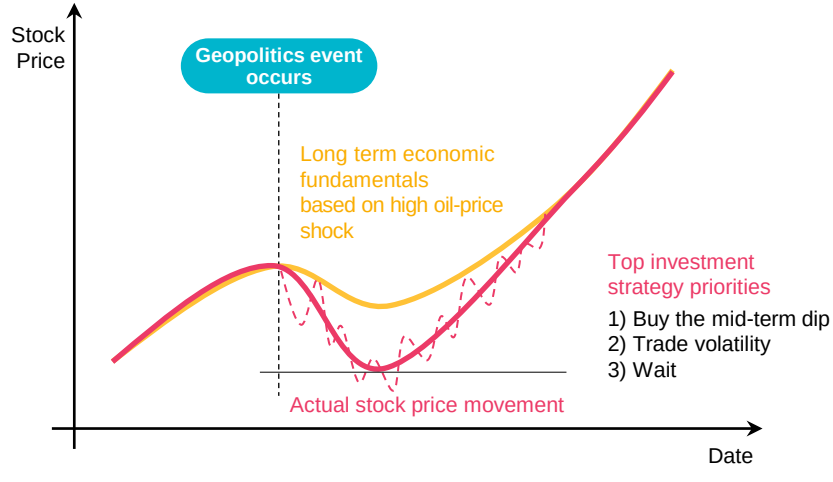
- Corporate value is the present value of perpetual cash flows. A deterioration in cash flows over a period of less than one year does not significantly impair corporate value.
- Nevertheless, the media tends to amplify dramatic imagery, and some investors overreact by fully pricing in short-term earnings volatility, thereby expanding share-price price volatility.
- If you cannot identify the exact bottom, a better strategy is to exploit short-term volatility. The worst mistake is selling after the fall.

Geopolitical events create headwinds for stocks



Source: Samsung Securities

Stock track of geopolitics events

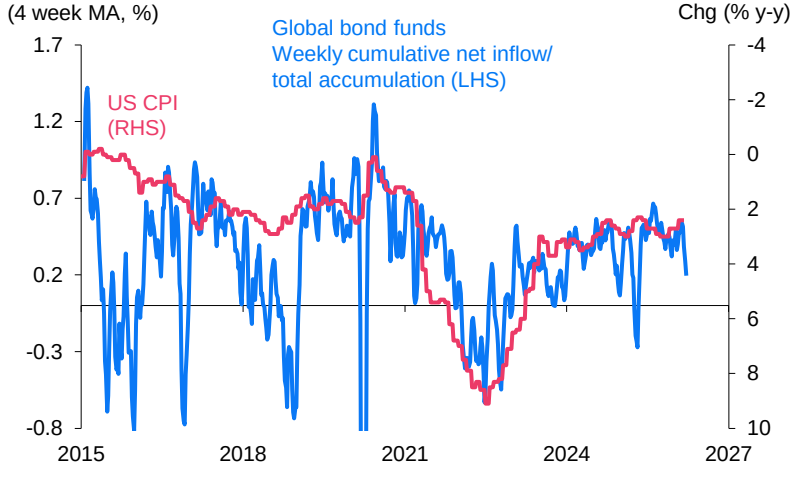


Source: Samsung Securities

Markets have already priced in adverse events

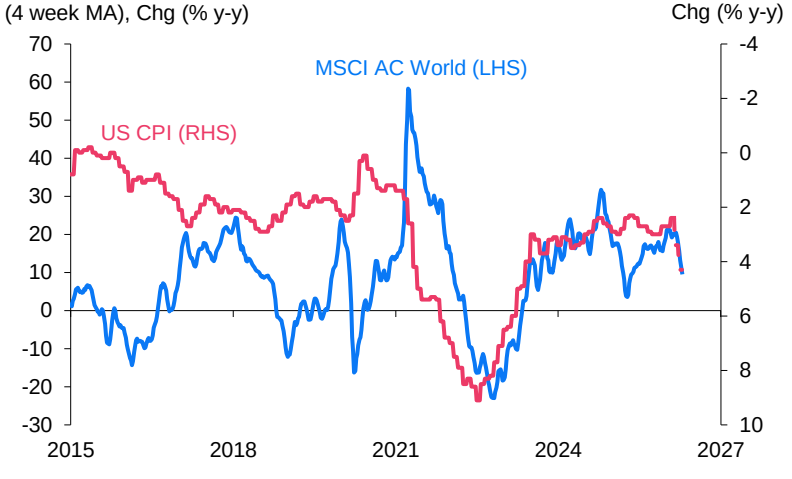
- **While capital flows into global bond funds have slowed, they have not turned negative**
- **Global markets have likely already absorbed a significant portion of known negatives**
  - When viewed against historical benchmarks, current bond-market dynamics (*ie*, if capital flows into global bond funds are 0.2%, US CPI growth would be about 4% and MSCI AC World's gains would be roughly 10%).
  - The MSCI AC World Index is up 10% y-y—global markets appear to have already priced in most of the known negatives. (Note: Even when the index is rising y-y, daily or monthly declines remain possible.)

US CPI vs global bond fund inflow



Source: LSEG Workspace, Samsung Securities

US CPI vs MSCI AC World



Note: U.S. CPI March, April Overlapping Projections With MSCI AC World
Source: Bloomberg, EPFR, Samsung Securities

Delays in CPI normalization to delay Fed's rate cuts

▶ Iran uncertainty raises the risk of delays in CPI normalization

- The Fed has revised up its projections for both GDP growth and inflation.

▶ Fed now expected to cut rates in September

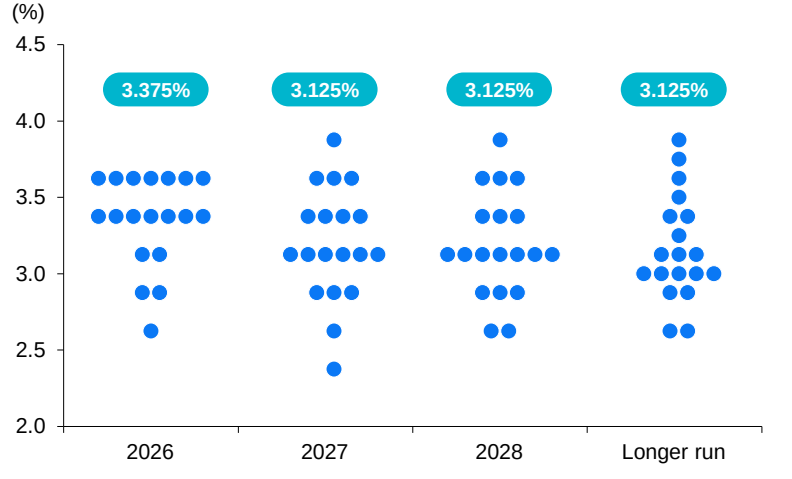
- Four or five FOMC participants who previously anticipated two rate cuts this year have shifted their view to one cut, while the three members who had previously favored rate hikes have now moved to a 'no change' stance in 2026.
- Reflecting reduced expectations for dollar depreciation this year, we set our year-end KRW/USD rate forecast at KRW1,380/USD.

Growth and price forecasts

(%)	2026		2027		2028	
	Cons.	March	Cons.	March	Cons.	March
Real GDP	2.3	2.4	2.0	2.3	1.9	2.1
Unemployment rate	4.4	4.4	4.2	4.3	4.2	4.2
PCE price index	2.4	2.7	2.1	2.2	2.0	2.0
Core PCE price index	2.5	2.7	2.1	2.2	2.0	2.0

Note: Cons. stands for consensus
Source: FED, Samsung Securities

March FOMC dot plot



Source: FED, Samsung Securities

US economy and inflation rising in tandem

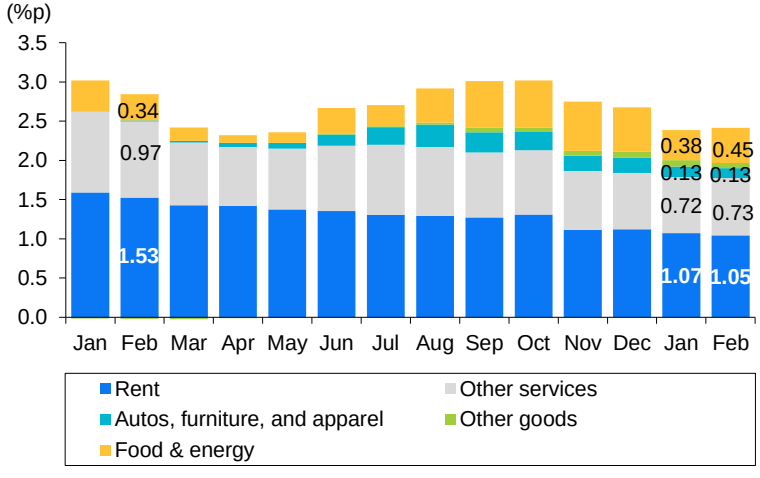
▶ Expectations surrounding cautious Fed rate-cut path

- The US CPI rose 2.4% y-y in February. Starting in March, energy-price increases may begin to affect inflation through direct and indirect channels.

▶ Impact of inflation mostly being felt in the short term—short-term responses in the stock market might be necessary

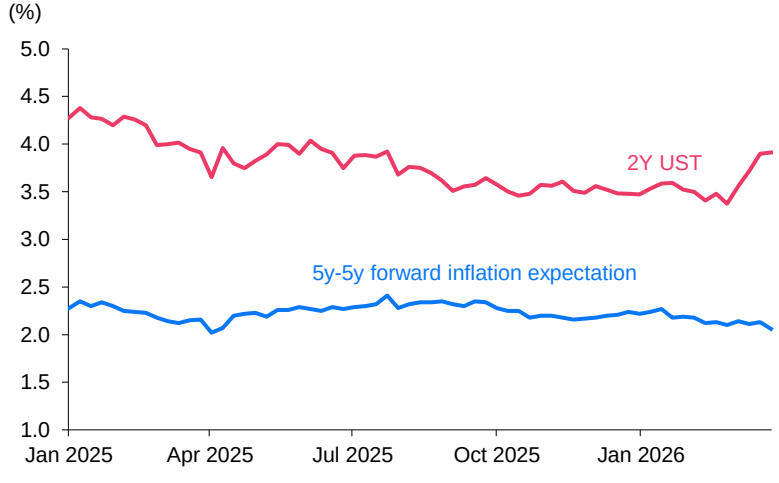
- The 5-year, 5-year forward inflation expectation rate is a measure of expected average inflation over a five-year period (which begins five years from today).
- So far, the war in Iran has not significantly altered long-term inflation expectations.

US CPI (y-y change): Contribution, by category



Source: Bloomberg, Samsung Securities

2-year UST vs long-term inflation expectations



Source: Bloomberg, Samsung Securities

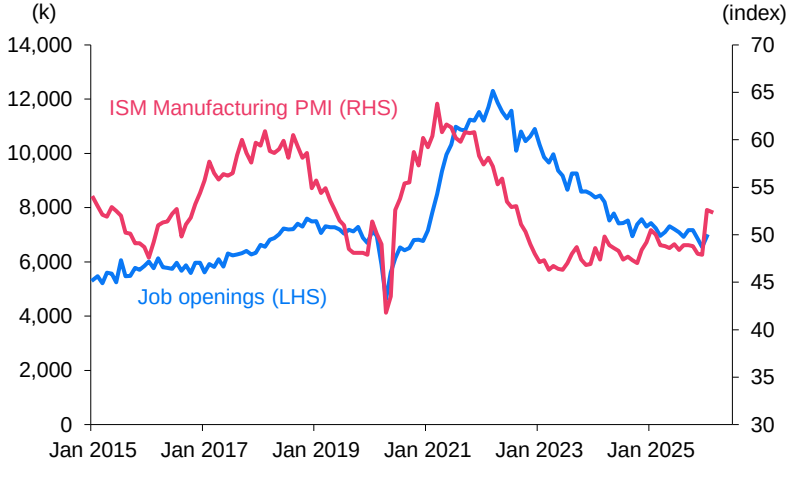
US real economy difficult to characterize as weak

Inflation and improving manufacturing PMI point to sector rotation

- An improving manufacturing PMI is positive for cyclical sectors (industrial goods, materials). However, inflation is negative for high-valuation tech firms that are sensitive to interest-rate changes.
- This environment should favor quality value stocks, industries with strong cash-generating capabilities, and infra-related sectors.

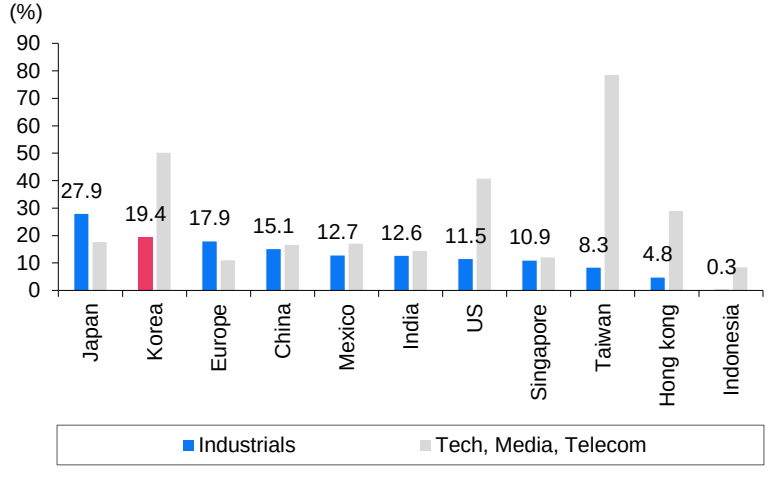
Korea may be at a disadvantage due to its high exposure to the IT sector, but because it also has a strong presence in industrial goods, the Kospi could show some resilience

ISM Manufacturing PMI vs US job openings



Source: Bloomberg, Samsung Securities

Major market: Sector composition

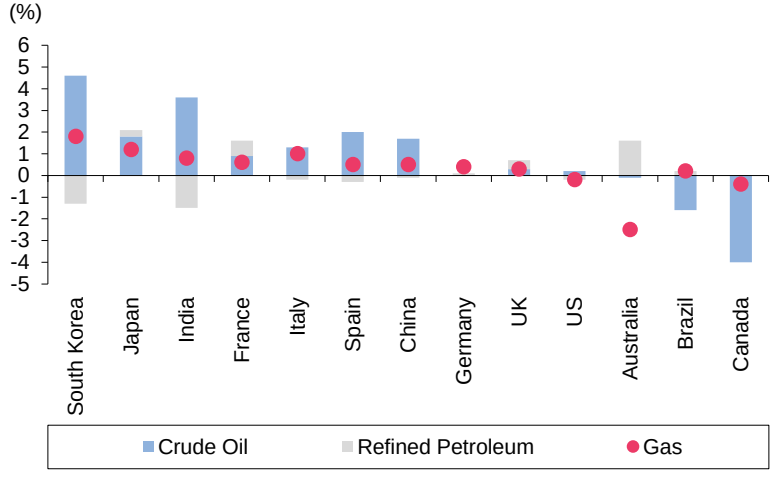


Source: Bloomberg, Samsung Securities

Prolonged energy crisis risk for Asia, then Europe, US, resource-rich nations

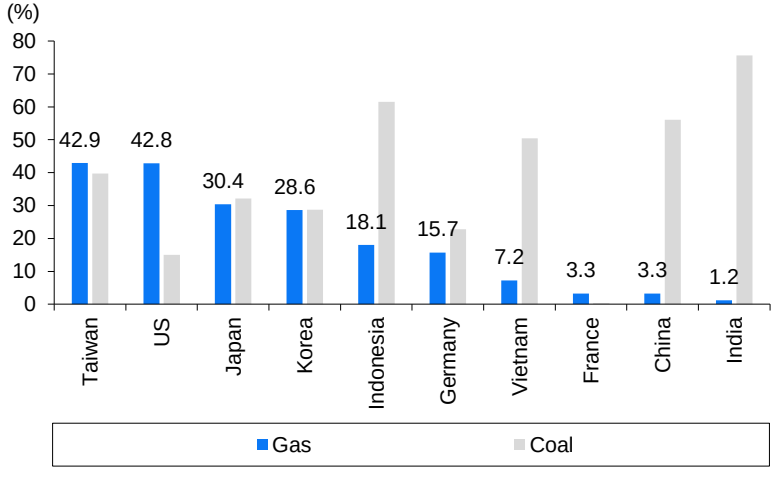
- **If the energy crisis drags on, countries with limited natural resources and high manufacturing dependence will face the greatest risks**
  - Asia appears to be the most vulnerable, followed by Europe, the US, and then resource-rich nations.
- **While domestic consumption-focused defensive stocks may offer some protection, buying consumer stocks in resource-rich nations could serve as a safer alternative**

Major markets: Net oil and gas imports as portion of GDP



Note: Minus means net exports
Source: BCA, Samsung Securities

Major markets: Power generation mix



Source: BNEF, Samsung Securities

Rising oil prices negative to Korea, but impact to center on specific industries

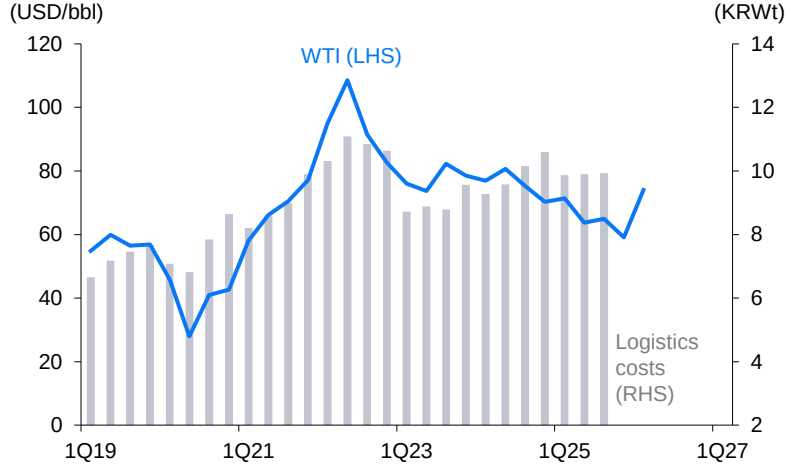
▶ Rising oil prices are negative

- If global oil prices rise to USD100/bbl (up 66% y-y in April), the resulting rise in transportation and electricity costs (by 6% and 2%, respectively) would reduce domestic corporate operating profits.
- Transportation costs accounted for 2-2.5% of companies' sales in 2025 (at firms that publicly report such figures). The manufacturing sector's operating margin in 2026 is projected at 20.6%. Korea's annual LNG imports have been assumed to be KRW25t-30t.

▶ Impact to concentrate on specific industries

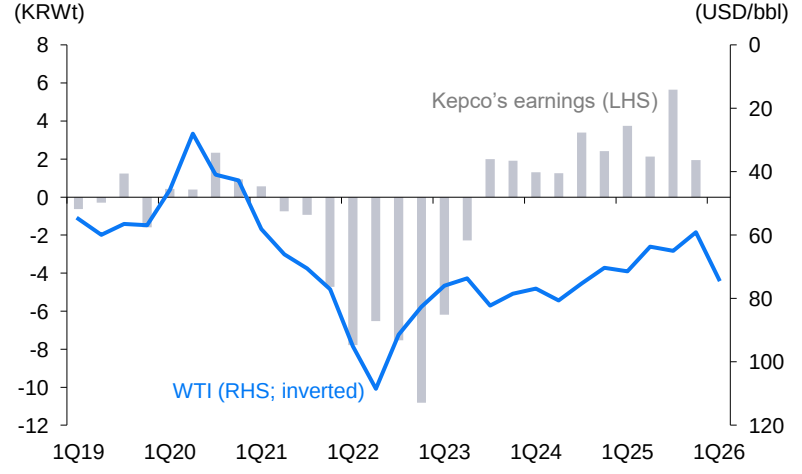
- The transportation, consumer staples, and materials sectors are the most sensitive to transportation costs. Electricity cost increases are likely to be partially absorbed by Kepco, limiting their direct impact on corporate profits.

WTI vs Kospi 200 logistics costs



Note: Targeting 117 companies whose logistics costs are disclosed among transportation costs within SG&A expenses or expenses by characteristic
Source: Quantiwise, Samsung Securities

WTI vs Kepco's earnings



Source: Quantiwise, Samsung Securities

Korean equity market supply-demand dynamics still dominated by retail

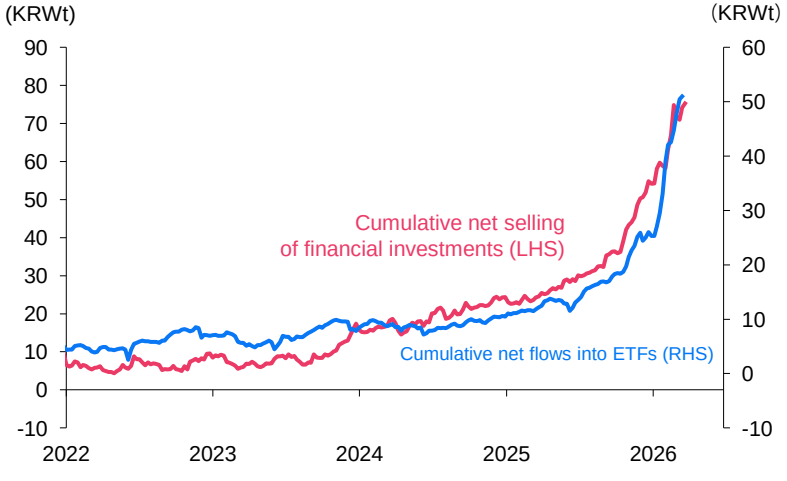
ETF inflows have not yet shown significant signs of slowing down

- Following the start of the Iran conflict, net buying momentum by financial investment institutions has weakened slightly.

Impact of increased ETF adoption

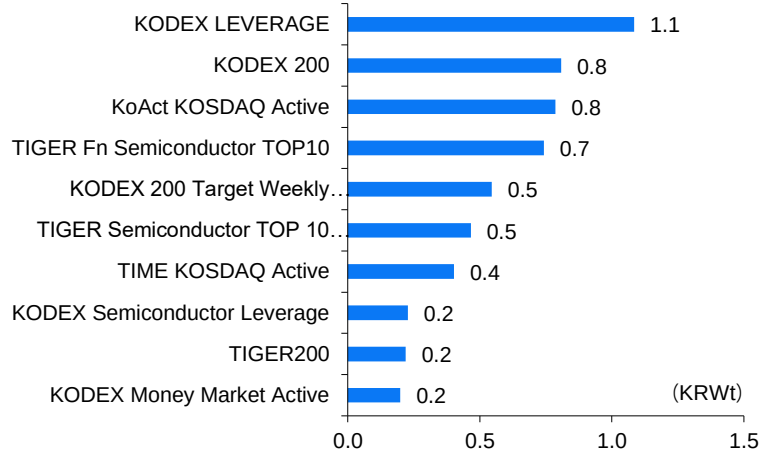
- As ETFs allocate capital based on market capitalization weighting rather than on earnings performance, there is a risk that the disconnect between corporate earnings and stock prices will widen.
- As index investing has become widespread, when the semiconductor sector underperforms, other sectors are likely to decline in tandem (synchronization of returns across the market).

Cumulative net flows into ETFs vs cumulative net selling of financial investments



Source: Korea Financial Investment Association, Quantiwise, Samsung Securities

Top ETF picks by retail investors



Source: Quantiwise, Samsung Securities

Foreign selling continues

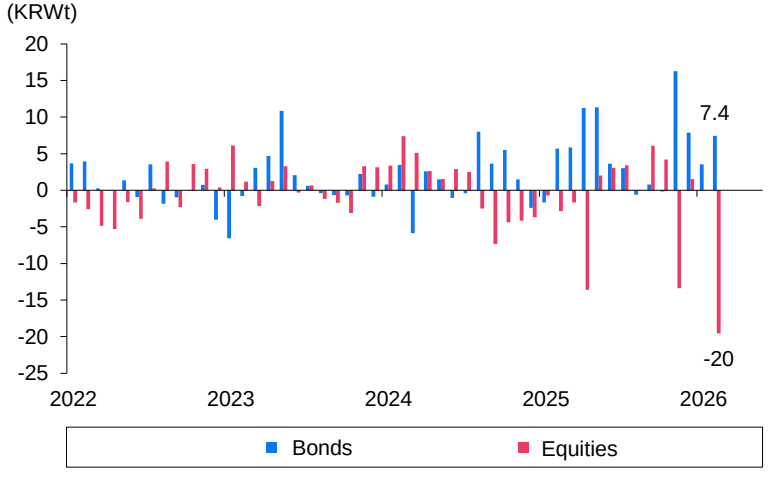
It is difficult to say forex rates are the primary driver of foreign selling

- Foreign investors are still buying Korean bonds, and a weaker won—unless structural—makes Korean assets more attractive.

Foreign investors are not a single entity

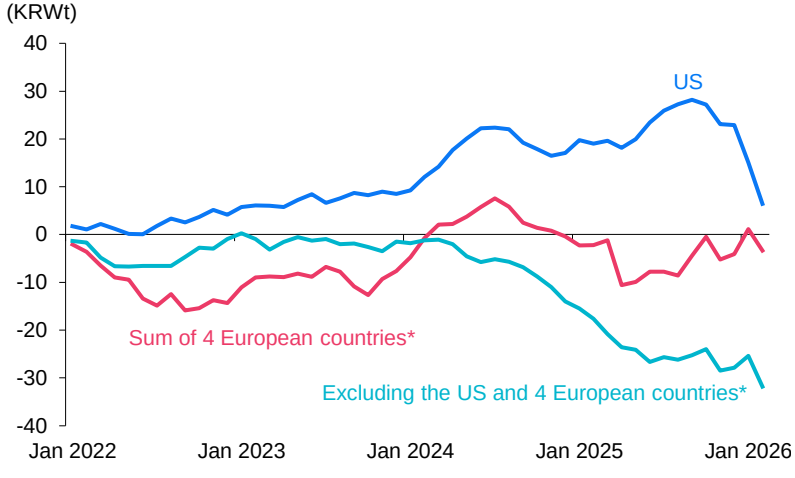
- This year's sharp selling of Korean equities appears to have been led by US-based funds.
- Four European countries that sold Korean equities in 2022 (the UK, Germany, Ireland, Luxembourg) have not engaged in aggressive selling recently.

Foreigners: Monthly net selling (stocks) vs net investments (bonds)



Note: as of the end of Feb
Source: Financial Supervisory Service, Samsung Securities

Net selling of listed Korean stocks*, by country

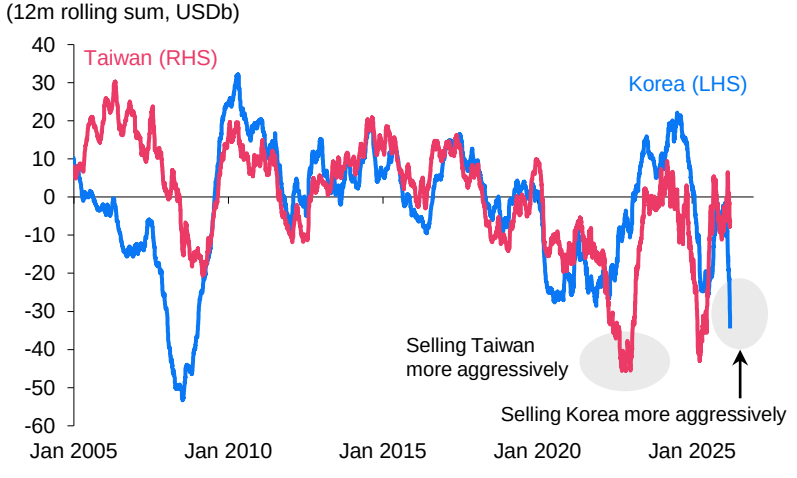


Note: ETF, ELW, ETN, etc., as of the end of February. * UK, Germany, Ireland, Luxembourg
Source: Financial Supervisory Service, Samsung Securities

Foreign investor flow analysis: Taiwan case

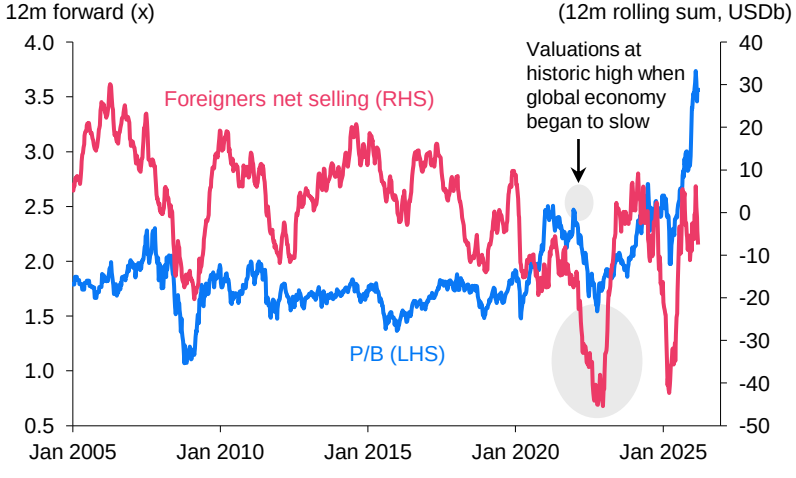
- **Korea and Taiwan both have high IT exposure, so foreign investor behavior is often similar**
- **In 2022, as economic growth began to slow, foreign investors sold Taiwanese equities far more aggressively than they sold Korean equities**
  - In early 2022, foreign outflows from Taiwan intensified sharply after Taiwan's 12-month forward P/B reached a historical high of 2.5x.
  - By end-Oct 2022, the Taiex had fallen to a P/B of 1.54x (vs its 2005-2021 average of 1.8x).
  - Yet by 2026, Taiwan's P/B stood at more than twice its long-term average. Foreign investors are not always right over the long term.

Foreigners net selling: Korea vs Taiwan



Source: Korea Financial Investment Association, Quantiwise, Samsung Securities

Foreign net selling of Taiwanese equities vs Taiex's valuation

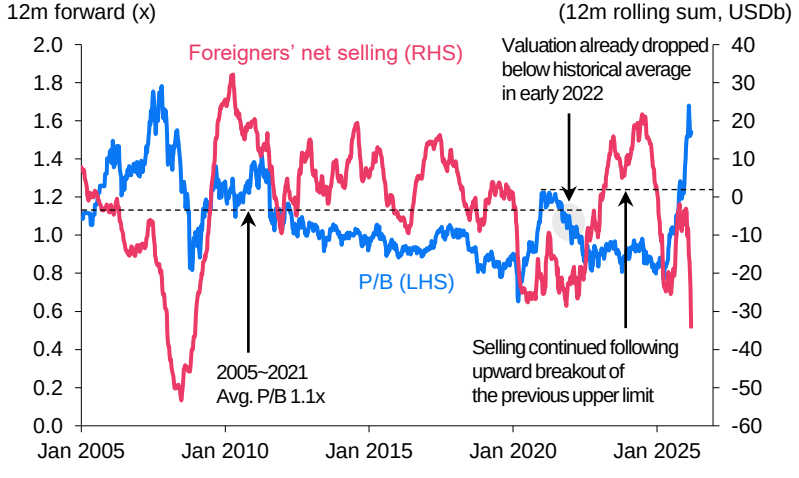


Source: Quantiwise, Samsung Securities

Foreigners in Korea also react sensitively to historically high valuations

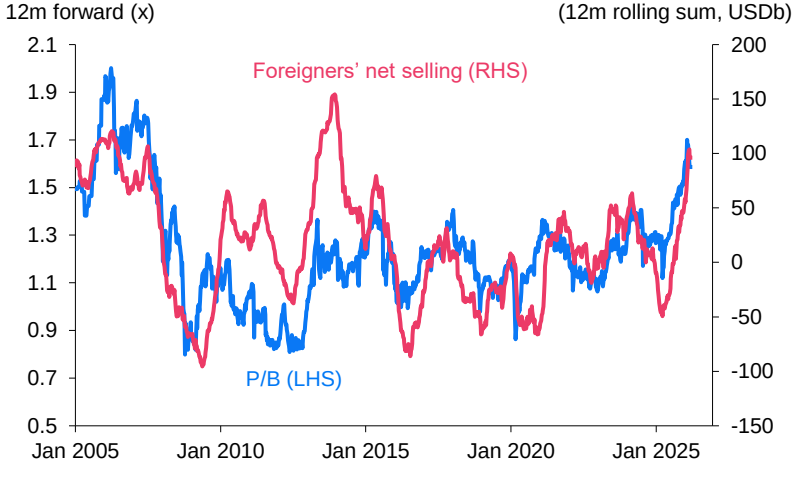
- **In 2022, foreign investors sold Korean equities less aggressively than they sold Taiwanese equities, likely because valuations in Korea were not stretched**
  - At the start of 2022, Korea's 12-month forward P/B stood below 1.1x, near its 2005-2021 average.
  - But now, with Korea's P/B surpassing its prior peak of 1.2x, foreign investors are selling aggressively, mirroring the pattern seen in Taiwan in 2022.
- **In the case of Japan's stock market, foreign investors remained net buyers even at historically high valuations**
  - Foreign investors may be concerned primarily about memory chips.
  - However, as the Taiwanese case shows, foreign investors are not always right in the long run.

Foreign net selling of Korea equities vs Kospi's valuation



Source: Korea Financial Investment Association, Quantiwise, Samsung Securities

Foreign net selling of Japanese equities vs Topix's valuation



Source: Quantiwise, Samsung Securities

PART

02

Sector strategy

Korea's earnings momentum outshining global peers'

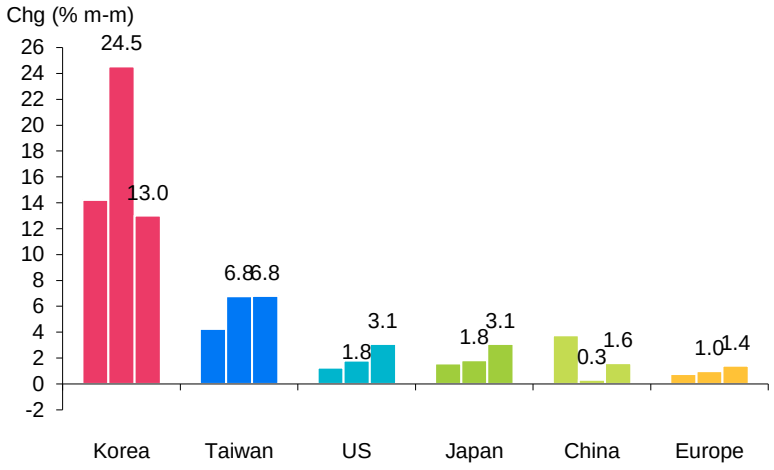
▶ Korea's earnings momentum is significantly stronger than that at its global peers

- However, in March, Korea's relative strength softened slightly m-m, as earnings trends strengthened across major markets.

▶ IT and financials driving gains worldwide; Materials (China) and energy (Europe) gaining traction

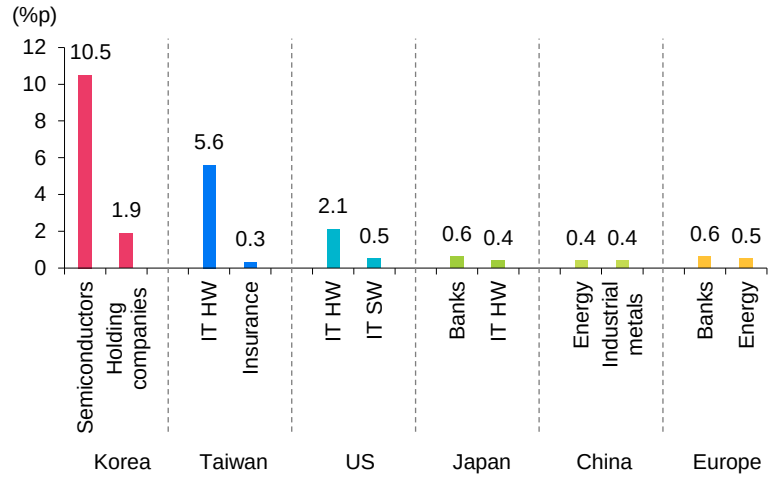
- The IT hardware sector remains the primary global growth engine. The financial sector has delivered solid momentum everywhere but the US.
- While the energy sector's earnings in China and Europe remain robust, investors should watch to see whether this strength leads to weakening trends elsewhere.

Major markets: Changes to 12M fwd net profit forecasts (forecasts made in Jan 2026, Feb 2026, and Mar 2026)



Note: As of Mar 20; Calculated for profitable companies listed on Kospi 200 (Korea), S&P500 (US), MSCI Europe(Europe), Taiwan weighted Index (Taiwan), CSI 300 Index (China)
Source: LSEG Workspace, QuantiWise, Samsung Securities

Sector contributions to 12M forward EPS revisions, by country (Mar 2026)



Note: The total in the right chart explains the March figures in the left chart.
The difference is due to other industries
Source: LSEG Workspace, QuantiWise, Samsung Securities

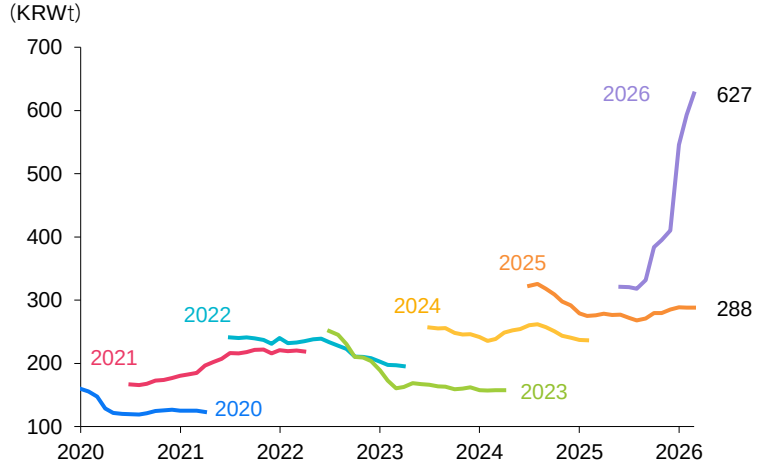
Earnings forecasts raised again

▶ Consensus has 2026 earnings at Korean companies surging

- The average 2026 operating profit forecast for Kospi 200 companies is 118% higher than the 2025 figure.
- Of the total y-y earnings increase estimate of KRW330t, 83% (or KRW274t) can be explained by the semiconductor industry.

▶ A variety of other high-growth sectors should also contribute to the market's earnings momentum

Kospi 200: Consensus operating profit, by year



Note: As of Mar 27
Source: Quantiwise, Samsung Securities

Top-10 sectors contributing to operating profit growth in 2026

Rank	Company	Operating profit (KRWt)		Change	
		2025	2026E	(KRWt)	(%)
1	Semiconductors	86.8	363.5	276.7	318.6
2	Capital goods	51.6	82.6	31.0	60.0
3	Energy	5.8	12.2	6.4	110.7
4	Materials	5.9	9.4	3.6	60.9
5	Banks	30.4	33.9	3.5	11.4
6	Automobiles & components	29.1	31.9	2.8	9.7
7	Electronics & electrical appliances	1.8	4.3	2.6	147.4
8	Securities	11.3	13.9	2.5	22.5
9	Utilities	18.0	20.4	2.3	13.0
10	Media & Entertainment	5.1	6.6	1.6	31.7

Note: As of Mar 18, based on WI 26
Source: Quantiwise, Samsung Securities

Semiconductor: Chip-price hikes losing steam

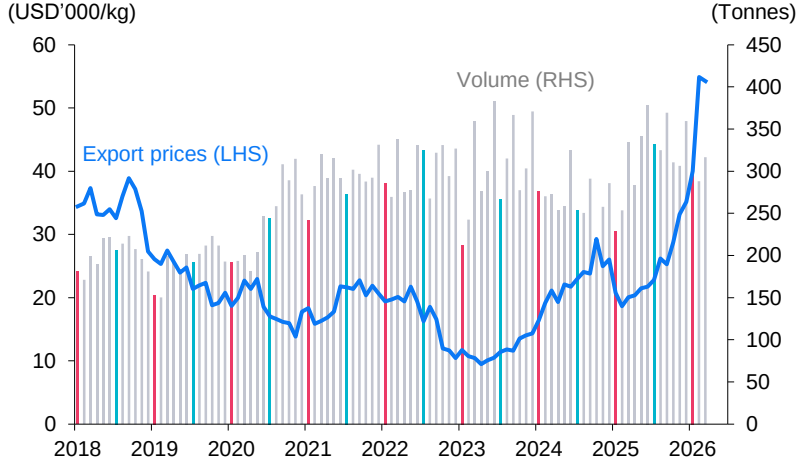
▶ Semiconductor export price momentum slowed in March

- Chip export prices rose 3% m-m over Mar 1-20 (vs up 37% m-m in February).
- This slowdown likely reflected reduced FOMO-driven demand after the start of the Iran war, though supply should remain tight.

▶ The current strength of Korean memory manufacturers is not simply attributable to short-term (1-2 year) supply-demand imbalances

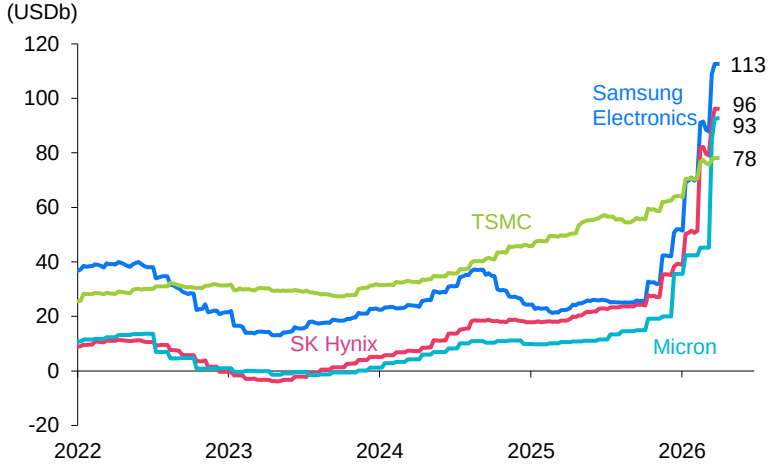
- Following Samsung Electronics and SK Hynix, Micron's 12-month forward EPS has surpassed TSMC's.

Korea: Memory semiconductor exports



Note: Mar 2026 supplies are the first 20 days x (3/2), red bar is Jan
Source: KITA, Samsung Securitie

Major semiconductor companies: 12-month net profit forecasts



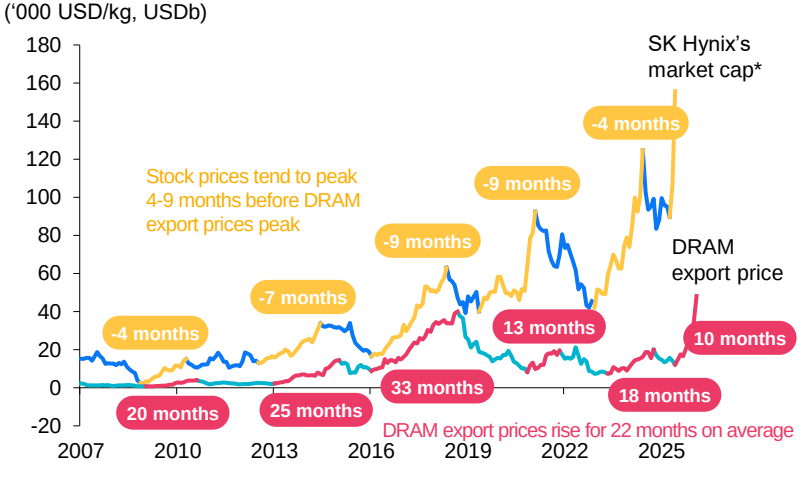
Note: Last week's numbers were extended for readability, with no stagnant upward revision of estimates
Source: LSEG, Samsung Securities

Semiconductor: If geopolitical risks ease, chipmakers could rebound in 2Q

▶ Recent chip-price surges were sharp but brief

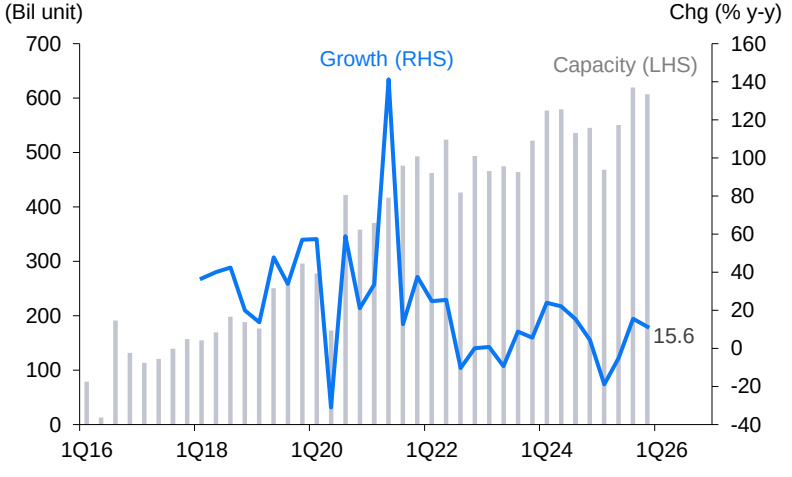
- Historically, chip export cycles (based on 5 cycles) have lasted an average of 22 months, and the current cycle is in its 10th month.
- Stock prices typically peak 4-9 months before export prices peak. Even assuming that stock prices peak 9 months before the cycle ends, the semiconductor market could remain strong for at least another 3 months.

DRAM export unit price vs SK Hynix's market cap



Note: DRAM export prices as of Mar 20 2026; SK Hynix mkt cap shown through Jun 2026
Source: KITA, QuantiWise, Samsung Securities

Samsung Electronics: DS division's capacity



Note: Based on mixed production performance based on 1GB conversion
Source: Samsung Electronics, Samsung Securities

Power equipment & shipbuilding: Order backlogs keep rising

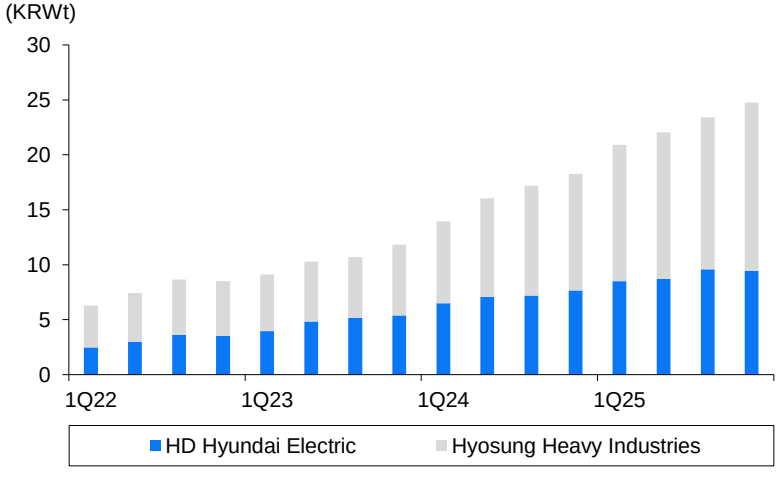
▶ Power equipment order backlogs keep expanding

- Yet, such momentum has not been uniform across companies.

▶ Geopolitical uncertainty could boost shipbuilding demand in the long run

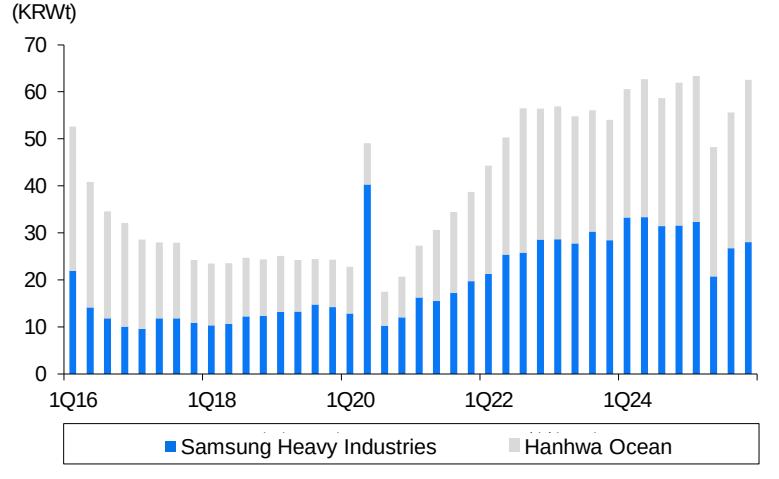
- To ensure the stable supply of LNG and other critical energy goods, shippers are increasingly likely to opt for longer, less cost-efficient routes—a factor that ought to boost demand for new vessels.

Order backlogs at major power equipment companies



Source: Individual companies, Samsung Securities

Order backlogs at major shipbuilding companies



Source: Individual companies, Samsung Securities

Refining: Oil prices to hit ceiling if ceasefire in April, but to take time for prices to fall

▶ Current oil prices reflect market expectations that a ceasefire will be achieved by the fourth week of April

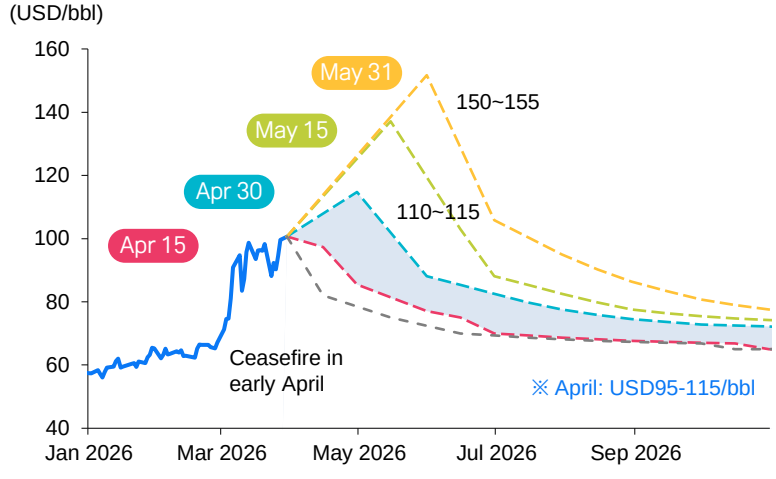
- According to our commodities analyst, should a ceasefire occur, oil prices would unwind their risk premium (USD10-15/bbl) and gradually stabilize at a lower level. However, if the conflict is prolonged, prices would rise further.
- Even with a ceasefire, it would take 3-4 months for crude production to normalize, suggesting that oil prices at current levels (which are high) will have a meaningful near-term impact on corporate earnings.

Major energy infra production disruptions in Gulf countries

Type	Country	Production disruption	Time needed to normalize production
Oil Production cut	Saudi	95.5b → 70.5b bbl/d (-26%)	1-2 months
	Iraq	43.9b → 8b bbl/d (-82%)	4 months +
	UAE	383b → 192b bbl/d (-50%)	3 months
	Kuwait	25.8b → 5b bbl/d (-81%)	3-4 months
Infra damage	Qatar	Ras Laffan: LNG capacity -12.8m tonnes, Helium -14% etc.	LNG train: 3-5 years GTL infrastructure: 1 year
	Iran	South Pars: 12% of Iran gas production (23b m^3/yr) loss	Recovery of 10% of supply disruption. Unknown

Source: Bloomberg, Samsung Securities

Global oil price path forecasts by timing of reopening of Strait of Hormuz



Source: Bloomberg, Samsung Securities

Refining: Be ready for wider spreads for prolonged period

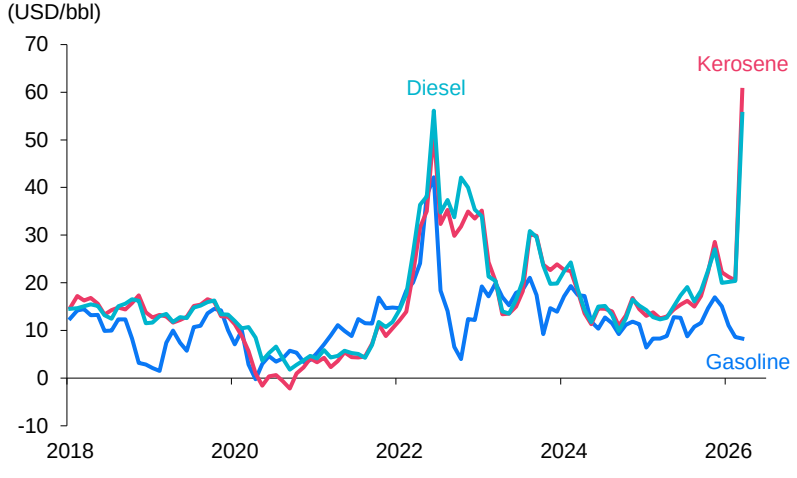
While short-term procurement risks exist, spread expansion is positive

- As of March, kerosene and diesel spreads vs Dubai crude reached levels equal to or higher than those seen at Jun 2022 peaks.
- Even if crude prices normalize, damaged global refining infrastructure could keep spreads wide.

At GS Holdings, earnings improvement in a given year influences shareholder returns for three years

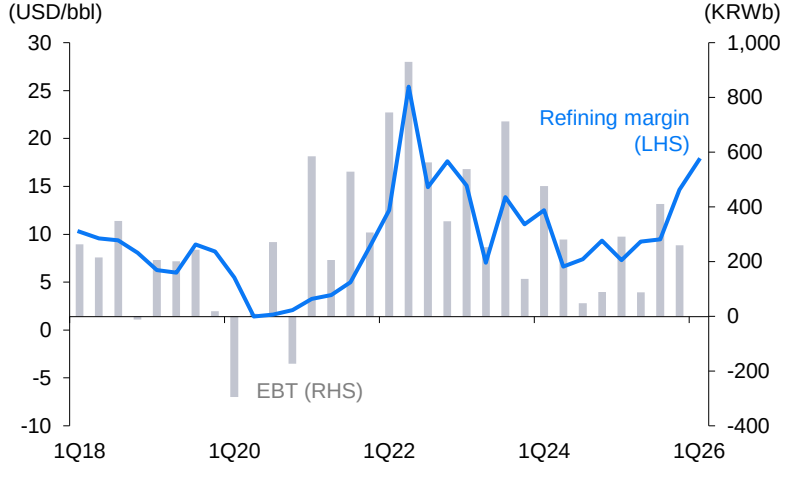
- GS Holdings' shareholder return policy ties payouts to three-year average net profit (excluding one-time non-recurring gains), returning over 40% as dividends.

Dubai oil spread for refined products



Source: Bloomberg, Samsung Securities

Complex refining margin vs earnings before tax (GS Holdings)



Source: Quantiwise, Bloomberg, Samsung Securities

Chemicals: Seek companies insulated from oil prices

Korean petrochemical industry faces negative outlook

- Its reliance on Middle Eastern naphtha as a feedstock undermines both procurement stability and cost competitiveness.

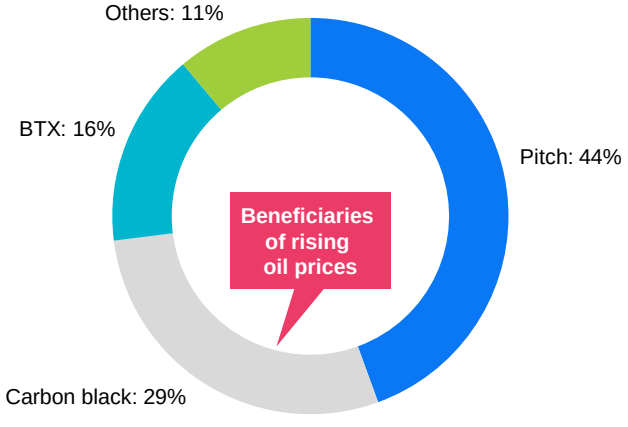
Necessary to identify companies that should benefit from rising prices of substitutes

- Tesla's expansion of its solar energy business will require massive increases in solar panel production capacity within the next three years, creating a favorable tailwind for OCI Holdings.
- OCI's carbon chemicals business (OCI the operating entity, which is different to OCI Holdings), which uses coal-based feedstocks, will likely deliver superior earnings growth than its competitors (which use petroleum-based feedstocks).

Tesla: Solar roof sold in US

Source: Tesla, Samsung Securities

OCI: Carbon chemical sales portion, by product (2025)

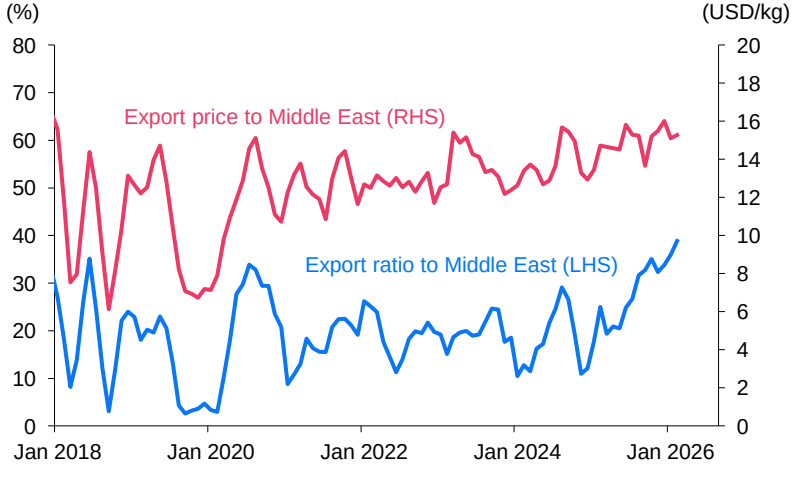


Source: OCI, Samsung Securities

F&B: Defensive firms differ between general downturns and periods of rising energy prices

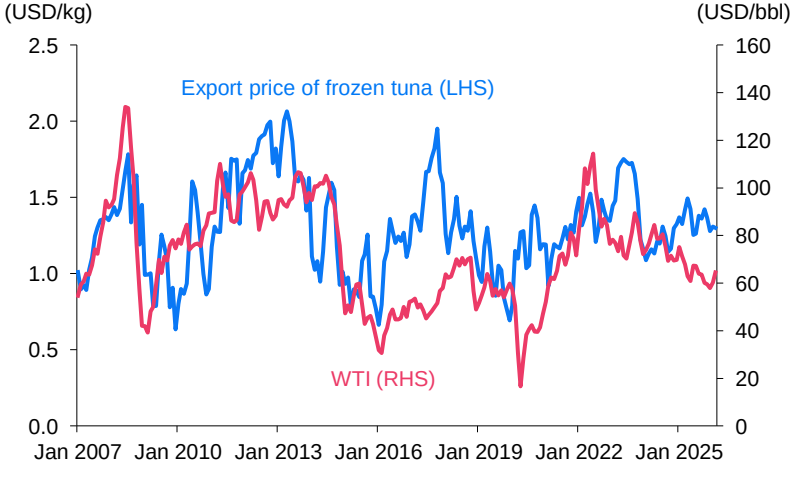
- **Winners: Companies with high exposure to commodities (energy and trading) and those with significant sales in resource-rich countries**
- **A fertilizer supply disruption could place upwards pressure on grain and food prices. Proactive monitoring and planning are essential**
  - The corn planting season (March to early April): If planting falls due to fertilizer shortages, meat prices could rise as feed costs rise.

Middle East as share of Korea's tobacco exports



Source: Korea customs service, Samsung Securities

WTI vs tuna price



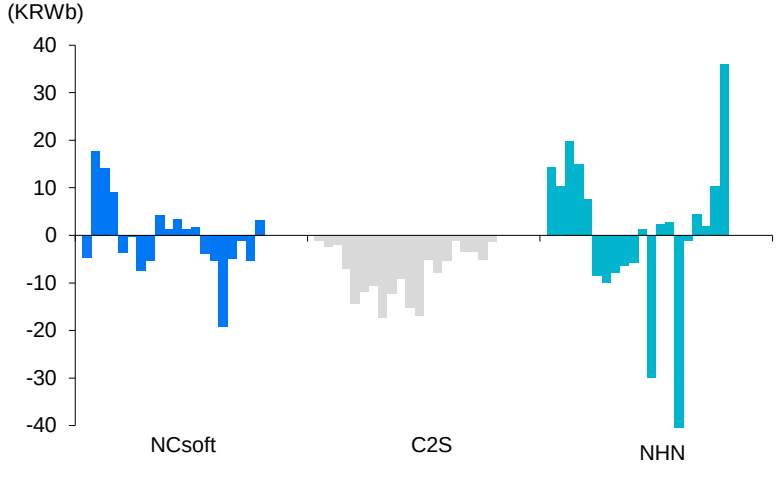
Source: Korea customs service, Samsung Securities

Game: Profitability gains and sales growth confirmed

▶ Profitability recovery and sales growth become visible

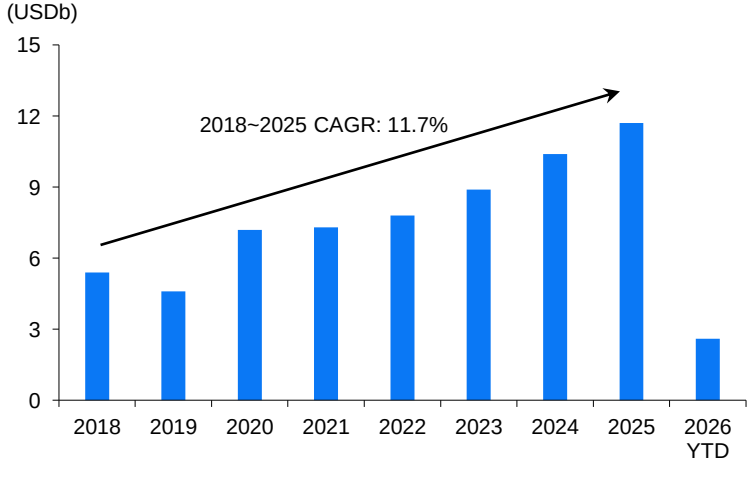
- Profitability is improving on: 1) lower fees paid to global app stores; and 2) restructuring of non-core marginal businesses.
- Valuations may expand on: 1) diversification away from MMORPGs; and 2) easier global market entry facilitated by platforms.

Consolidated subsidiaries' operating profit (1Q21-4Q25)



Source: Quantiwise, Samsung Securities

Steam PC gaming market



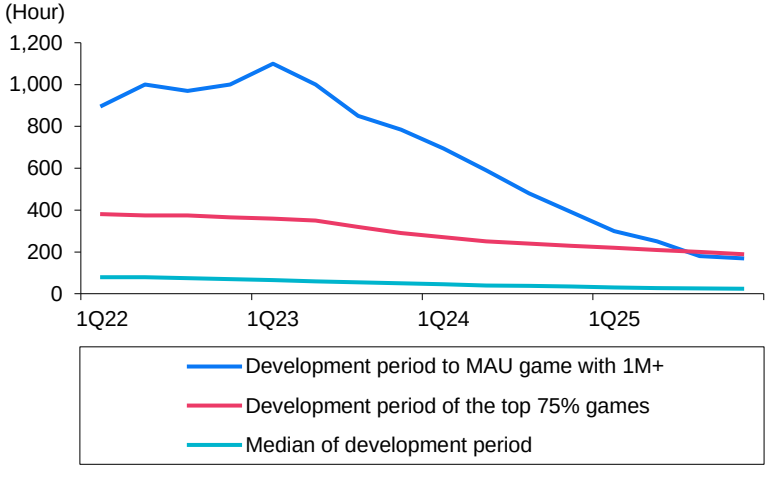
Source: Sensor Tower, Samsung Securities

Game: Sector that can benefit greatly from AI

▶ Game sector stands to benefit greatly from advancements in AI

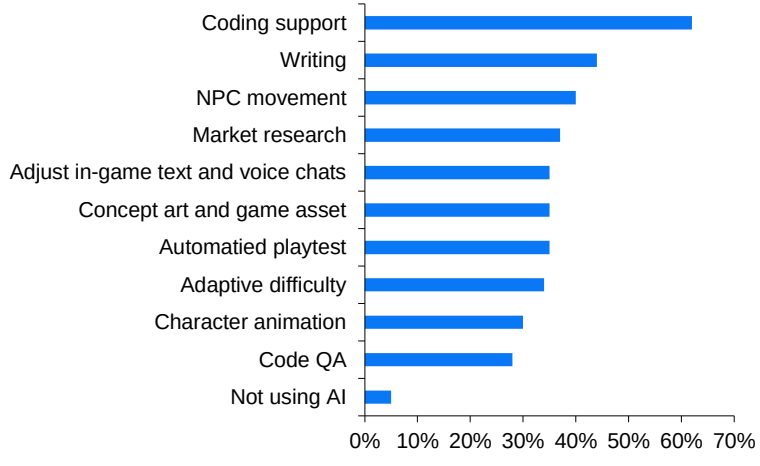
- Compared to the pace of robot adoption in industrial goods sectors, the integration of AI in software should be much quicker.
- As people come to have more time for leisure, the game industry should achieve long-term sales growth.

Time needed to develop games



Note: Clint survey in 2025, 300 respondents
Source: Unity

AI application areas in game development



Note: Clint survey in 2025, 300 respondents, repeated responses
Source: Unity

2025 dividend surprise

▶ Dividend surprise reflects companies that act rather than just talk

- Separate taxation of dividend income applies to the firms that either: 1) have a dividend payout ratio of at least 40%; or 2) have a dividend payout ratio of at least 25% and have increased it by at least 5% compared to its 3-year average.
- A payout ratio above 25% reflects management's confidence in future earnings growth and its commitment to sustaining and growing shareholder returns.

Dividend surprise companies

Code	Name	DPS (KRW)				Dividend surprise ratio (%)*		Dividend payout ratio (%)		Dividend yield (%)**	
		2023	2024	2025	2026E	2024	2025	2024	2025	2025	2026E
A005850	SL Corp	900	1,200	2,770	2,470	28.6	121.6	15.0	41.0	6.5	4.0
A009540	HD KSOE	0	5,100	12,300	16,200	37.4	52.7	30.8	40.1	3.0	4.2
A004800	Hyosung	3,000	3,000	5,000	4,500	(7.7)	50.0	11.1	25.3	4.4	2.9
A383220	F&F	1,700	1,700	2,700	2,129	(9.3)	37.5	17.7	25.3	3.9	3.4
A271560	Orion	1,250	2,500	3,500	3,625	50.4	35.5	18.8	36.2	3.3	2.7
A028050	Samsung E&A	0	660	790	775	65.0	22.3	17.1	25.1	3.3	2.3
A011200	HMM	700	600	700	592	(34.5)	20.1	14.0	35.2	3.4	3.0
A081660	Misto Holdings	1,090	1,200	1,980	1,510	(10.3)	18.0	82.5	47.0	4.6	3.6
A012750	S-1	2,700	2,700	3,200	3,160	0.0	16.4	51.7	60.6	4.4	3.6
A105560	KB Financial Group	3,060	3,174	4,367	4,672	(0.2)	13.0	23.6	27.1	3.5	3.1
A007070	GS Retail	500	500	600	631	(12.9)	12.8	1,640.1	115.4	3.0	3.1
A034730	SK	5,000	7,000	8,000	8,009	30.8	11.6	n/a	27.6	3.1	2.3
A028670	Pan Ocean	85	120	150	155	18.8	11.1	23.9	26.6	3.9	3.1
A078930	GS	2,500	2,700	3,000	2,950	8.0	10.3	45.1	35.6	5.3	4.2
A047050	Posco International	1,000	1,550	1,850	2,147	18.3	10.1	51.3	51.4	3.7	2.8

Note: Shaded firm would not have exceeded 25% dividend tendency without dividend surprise. * Actual DPS vs consensus; ** 2024, 2025 based on year-end closing price, 2026E based on Mar 25, 2026
Source: Quantiwise, Samsung Securities

Strategy to pursue dividend stability

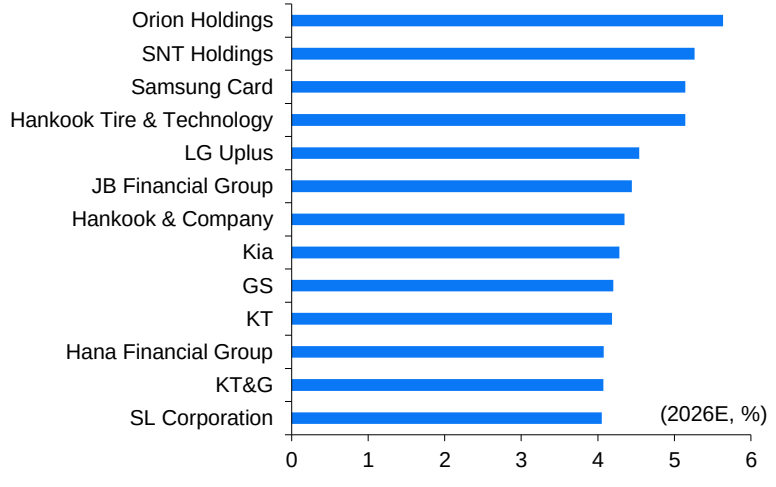
- **Geopolitical uncertainty reduces visibility of EPS and DPS forecasts**
- **However, companies that maintained or increased dividends through the US-China trade war, the COVID-19 pandemic, and the Russia-Ukraine conflict should demonstrate exceptional dividend reliability**

Companies that have not seen a decrease in DPS since 2017 (DPS)

Name	DPS (KRW)						
	2018	2019	2020	2021	2022	2023	2026E
Orion Holdings	650	650	650	650	700	750	1,400
SNT Holdings	400	500	650	700	700	800	3,300
Samsung Card	1600	1600	1800	2300	2500	2,500	2,900
Hankook Tire & Technology	450	550	650	700	800	1,300	2,987
LG Uplus	400	400	450	550	650	650	708
JB Financial Group	180	300	374	599	835	855	1,318
DaouTech	300	350	500	600	650	700	1,200
Hankook & Company	900	1150	1000	3000	3500	5,600	6,760
Kia	1900	1900	1900	2000	2500	2,500	2,950
GS	1100	1100	1350	1910	1960	1,960	2,515
KT	1900	2100	1850	3100	3350	3,400	4,430
Hana Financial Group	4000	4400	4800	4800	5000	5,200	6,345
KT&G	400	400	500	500	600	900	2,470

Source: QuantiWise, Samsung Securities

Companies that have not decreased DPS since 2017 (dividend yield)



Note: Based on the closing price on the Mar 26 and the consensus
Source: QuantiWise, Samsung Securities

Apr 2026: Top-10 picks

Sector	Company	Ticker	Price (KRW)		Market cap	Valuations (%)				
			Now	Target	(KRWt)	P/E (x)	P/B (x)	EPS growth	ROE	Div yield
IT	Samsung Electronics	005930 KS	176,300	230,000	1043.6	6.9	1.9	306.6	27.1	1.3
	SK Hynix	000660 KS	873,000	1,300,000	622.2	4.5	2.1	236.8	46.7	0.5
	NHN	181710 KS	41,900	46,000	1.4	12.1	0.8	174.6	6.7	1.3
Consumer Discretionary	KT&G	003780 KS	157,100	190,000	18.0	14.8	1.7	20.9	11.2	4.1
Financials	Kiwoom Securities	039490 KS	411,000	520,000	10.8	7.7	1.4	24.9	17.7	3.5
Industrials	Hanhwa Aerospace	012450 KS	1,308,000	1,450,000	67.4	26.9	5.3	47.4	19.8	0.4
	Hyosung Heavy Industries	298040 KS	2,503,000	3,030,000	23.3	27.3	7.0	63.7	25.7	0.4
	Samsung E&A	028050 KS	33,250	39,000	6.5	9.0	1.2	13.9	13.3	2.4
Materials	OCI	456040 KS	98,000	130,000	0.9	9.9	0.6	TTP	7.2	0.0
Energy	GS	078930 KS	65,900	-	6.1	7.4	0.4	4.2	5.5	4.5

Note: As of Mar 30, 2025
Source: QuantiWise, Samsung Securities

Apr 2026 sector-by-sector overview ①

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Positive	**Semiconductors**	Jongwook Lee	Surging demand for AI inference workloads has driven explosive growth in KV cache requirements, fueling demand not only for HBM but also for commodity DRAM (*eg*, GDDR and LPDDR). As memory makers have prioritized HBM production, their commodity DRAM capacity has shrunk significantly, which should lead to a continued uptrend in commodity DRAM prices in 1H. The tight supply-demand balance, combined with the stabilizing effect of long-term supply deals, means the continued possibility of further upward revisions to DRAM price forecasts. While DRAM suppliers are already raising capex and accelerating expansion plans, new capacity should not meaningfully affect supply until end-2H27. In the near term, bit growth stemming from tech migration should remain modest. With DRAM price growth likely to moderate in 3Q, investors' focus should shift from earnings momentum to earnings sustainability, potentially triggering a short-term correction around May-June.	Samsung Electronics
	Semiconductor materials, parts, and equipment	Richard Moon	Following their DRAM investments, memory firms are fast-tracking foundry capacity expansions. Persistent demand pressure from leading foundries and a wave of new product launches by Samsung Foundry's clients have created a favorable environment. Though the valuations of semiconductor equipment stocks are somewhat demanding, their earnings still hold plenty of upside. We maintain Wonik IPS as our top pick, given its substantial exposure to Samsung Electronics' DRAM and foundry momentum.	Wonik IPS
	Tech/ IT components	Jongwook Lee	Consumer-bound PC and smartphone shipment forecasts have been revised down (vs forecasts made last year) as a result of surging memory prices. Higher-end demand remains strong, notably for AI servers and automotive electronics, as the earnings gap between firms with and without AI exposure continues to widen. ① The firm's MLCC production lines will likely keep running at full steam in 2026. With Murata hiking MLCC prices, Semco's ASPs are likely to rise, prompting upward revisions to operating profit forecasts. ② The ASP of multilayer FC-BGA is set to climb, supported by growing demand for AI GPUs made by Nvidia, AMD, and Broadcom. Semco stands to benefit from higher utilization rates at both its MLCC and FC-BGA plants. Expecting its FC-BGA lines to run at full steam in 2H, it is exploring a capacity expansion. Meanwhile, the company is expanding its robotics-related portfolio to secure new growth engines.	Samsung Electro-mechanics

Source: Samsung Securities

Apr 2026 sector-by-sector overview ②

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Positive	**Bio/ Healthcare**	Keunhee Seo	Global themes such as oncology therapeutics, obesity treatments, and AI-driven drug discovery (*eg*, Nvidia-Eli Lilly) should remain in focus in 2026. Companies that stand to benefit from rate cuts—and are likely to announce contract wins or positive clinical trial results, with key data readouts expected at major 2Q conferences—deserve close attention. Concerns about potential oil supply disruptions have triggered a sharp rise in oil prices, fueling inflationary pressure and weakening market expectations for rate cuts, thereby reinforcing fears that interest rates will remain high. This environment can dampen investor sentiment towards interest-rate-sensitive sectors such as pharmaceuticals and biotech. Looking ahead, attention must be paid to developments related to oil prices and inflation. With major academic conferences (*eg*, AACR, ASCO) approaching, we advise focusing on the underlying value of biotech firms, particularly those with scalable pipelines/platforms, clinical momentum, or those with the high potential for signing out-licensing deals.	Hanmi Pharm, Celltrion
	Healthcare equipment	Donghee Jeong	We remain positive towards the medical aesthetics segment, which continues to deliver solid earnings growth. Close attention is advised for research equipment makers booking sales growth through proprietary technology. These days, investors are prioritizing firms with an early-mover advantage and a market-dominant status (based on technological prowess or sales execution). Thus, companies that can consistently deliver durable, high-quality growth should be best positioned to outperform in 2026. Our top pick is Hugel, which is pursuing direct sales in North America and also expanding its domestic portfolio. We also like Curiosis—both are poised to benefit from rising demand for lab automation and organoid observation systems. If the Iran conflict drags on, air freight costs to the Middle East should also go up. Near-term earnings at Hugel and PharmaResearch may slow, but the actual impact of higher air freight costs on their earnings should be negligible, as: 1) import duties (on products exported from Korea) are borne by local distributors; and 2) Middle Eastern exports account for less than 5% of Classys and Hugel's total sales.	Classys, Hugel
	Rechargeable Batteries	Junghoon Chang	Share-price volatility in the sector is rising, led by: 1) the fading of a market catalyst (eg, the conclusion of the InterBattery exhibition in March); 2) near-term corrections in metal prices amid heightened macroeconomic uncertainty (eg, rising oil prices and a stronger USD due to the Iran conflict); and 3) membrane producers, which are particularly sensitive to oil prices, facing growing concerns over possible production disruptions. On a positive note, the North American ESS market continues to show favorable momentum, with Korean firms securing new orders. Additionally, despite the US ITC's ruling invalidating tariffs on Chinese graphite anode materials, Posco Future M has signed a long-term agreement with a US automaker for synthetic graphite—highlighting divergent sentiment across regions and product segments. April marks the beginning of the 1Q earnings season, a critical period to assess the state of the North American EV market, which has shown signs of weakness. A cautious stance remains warranted for companies with high exposure to the North American EV value chain.	Samsung SDI

Source: Samsung Securities

Apr 2026 sector-by-sector overview ③

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Positive	**Autos**	Esther Yim	Amid the fallout from the Iran conflict, shares tumbled across the auto sector. A potential decline in sales in the MENA region (5% of HMG's global sales) is less of a concern than a possible slowdown in US auto demand (45% of HMG's sales; 60% of its profit). A prolonged war could drive up oil prices and weigh on US auto demand. At Nvidia's GTC 2026, HMG announced a strategic partnership to integrate Nvidia's autonomous driving platform into its upcoming vehicles. The group's full SDV roadmap—including autonomous driving features—should be unveiled at Kia's CEO Investor Day on Apr 9. The ability to generate software sales throughout a vehicle's lifecycle should enhance profitability and reduce earnings volatility. HMC and Kia should begin introducing SDV architecture across new models from 2027.	Kia
	Machinery/ Defense	Youngsoo Han	Defense stocks have rallied this year, as: 1) US defense spending expectations triggered a re-rating of major US defense stocks; and 2) the rising valuations of their global defense peers eased Korean firms' relative valuation pressure. Also, the Iran conflict has boosted premiums for domestic defense stocks. While the operating environment remains favorable, valuations have become demanding (vs their global peers) following the recent share price runup. Power equipment stocks continue to perform strongly, with transformer prices over January-February still above the 2025 averages. US grid investments will also likely continue, on rising US power prices and surging data center-related power demand. Additionally, the forex environment remains supportive. However, as overseas—particularly European—stocks have stalled, valuations of Korean power equipment firms appear somewhat high. In the machinery/defense sector, Hyosung Heavy Industries is our preferred pick. The transformer market outlook remains positive: cumulative transformer exports over January-February rose 17% y-y, with ASPs continuing to rise. From a valuation perspective, it trades at a discount to its peers: at a 2026 P/E of 30x vs LS Electric's 50x and HD Hyundai Electric's 32x.	Hyosung Heavy Industries
	Shipbuilding	Youngsoo Han	Some investors worry that the Middle East conflict could delay Qatar's LNG projects, potentially causing short-term delays in LNGC deliveries and pressuring shipbuilding sales. However, the actual earnings risk appears more contained than feared, as current market earnings expectations for the shipbuilding sector are hardly aggressive and the US dollar is stronger than anticipated vs the won. Importantly, the LNGC segment's unique contractual structure (where end users and shipowners are misaligned) makes it difficult for shipowners to invoke *force majeure* clauses. From a valuation standpoint, shipbuilders are not significantly overvalued vs other industrial sectors like defense or power equipment. Within the shipbuilding sector, HD HHI is our preferred pick, as its profitability should improve as the high-cost ship portion grows. The completion of its merger has also reduced uncertainty. Post-merger, the Mipo shipyard could be utilized to enhance productivity in terms of building specialized vessels and high-priced ships. Changes in shipping routes due to the Hormuz situation have led to short-term freight-rate increases, creating improved earnings that could enable oil tanker operators to fund new vessel purchases.	HD Hyundai Heavy Industries

Source: Samsung Securities

Apr 2026 sector-by-sector overview ④

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Positive	**Holding companies**	Sewoong Park	We believe the key determinant of equity valuations in the sector in 2026 will be: 1) the sustained upwards trajectory in profitability driven by subsidiaries and in-house businesses; and 2) the resulting enhancement in predictability of capital allocation policies built upon this earnings momentum. Furthermore, if concrete legislative measures aimed at improving capital market structure (*eg*, the prohibition of dual listings and initiatives to re-rate low P/B firms) are enacted, they could serve as broad sector-wide catalysts for holding companies. Our top pick in the sector remains CJ Corp. We expect CJ Corp to continue its earnings growth trajectory in 2026, underpinned by its core subsidiary, CJ OliveYoung, which is set to benefit from: 1) profit growth (on the back of an increase in the number of inbound tourists); and 2) strong global sales expansion centered on North America. Additionally, CJ Corp should announce a new medium-term shareholder return policy in 2026, further enhancing predictability surrounding capital returns to shareholders.	CJ Corp
	Chemicals	Hyunryul Cho	Following the outbreak of Iran conflict on Feb 28, the Strait of Hormuz has been effectively blocked, triggering widespread disruptions to maritime logistics and *force majeure* events (which halted chemical production in the region). While oil-price surges should push up naphtha prices, the petrochemical industry's diversified feedstock base—beyond naphtha—should limit the magnitude of product-price increases. As a result, short-term spot spreads will inevitably prove flat to weak. Our top pick in the chemical sector is KCC. After the market closed on Mar 9, KCC announced that it would cancel all treasury shares excluding those reserved for employee compensation by Sep 27. (Of its total treasury shares (17.2% of shares outstanding), 4% are reserved for employees, leaving 13.2% for cancellation). Cancelling 13.2% of its shares would structurally increase its EPS by 15.2%. The oil-price spike following the start of the Middle East war is likely to pressure the near-term profitability of Korean chemical firms but KCC, a specialty chemicals company with minimal crude exposure, should be able to sustain solid profitability. In addition, the company holds the potential to unlock shareholder value via utilization of its investment assets.	KCC
	Oil Refining	Hyunryul Cho	Following the outbreak of war on Feb 28, the Strait of Hormuz has been effectively blocked, disrupting global maritime logistics. Citing Iranian airstrikes, export restrictions, limited storage capacity, raw material import delays, and deteriorating profitability, global crude oil, refining, and chemical facilities have been shut down and declared *force majeure*. The full closure of the Strait could cut global oil trade by 20%, triggering sharp price surges across the entire crude-refining-chemical supply chain. Refined product prices are likely to rise more than crude in the short term. Our top pick in the refining sector is S-Oil. Expecting both crude prices and refining margins to rise further in the short term, we raise our 2026 ROE forecast (from 9% to 11.7%) and our forward P/B target (from 1.39x to 1.64x), lifting our target price from KRW125,000 to KRW140,000. If the Middle East war drags on, S-Oil's production network (centered on refined products, especially diesel and kerosene [both are in a state of tight supply in Asia]) should give it a geopolitical advantage as it is far from war zones.	S-Oil

Source: Samsung Securities

Apr 2026 sector-by-sector overview ⑤

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Positive	**Cosmetics**	Kayoung Lee	In 2026, K-beauty is poised to see a resurgence in US exports and accelerated growth in Europe, driven by intense growth in offline distribution. The primary beneficiaries of this should either be the most popular brands (such as APR) or export-focused distributors (such as Silicon2) that curate and sell only the most sought-after brands. APR stands out for its superior market-sensing capabilities—identifying trends in real time—and its ability to quickly translate those insights into new products. Unlike brands that rely on a single hit product, APR continuously elevates new offerings to bestseller status, ensuring revenue sustainability. With its operating profit projected to grow 59% in 2026, the firm's valuation also remains compelling at a12-month forward P/E of 23x. We expect Silicon2 to achieve operating profit growth of 43% in 2026, led by increasing SKU counts in Europe (its SKU count there is 25% of the level in the US), significant growth in partnerships with large retailers in the US, and the start of warehouse operations in the Middle East. Despite recent share-price gains, Silicon2's valuation remains attractive at a 12-month forward P/E of 10x, positioning it as a top pick for sector rotation when industry-wide buying momentum returns.	Silicon2, APR
	Food & Beverage	Kayoung Lee	We recommend focusing on K-food companies that have expanded beyond the domestic market to tap into global opportunities. Among K-food categories, K-spicy stir-fried noodles have been expanding into markets such as the US, Europe, and China, where similar products were previously unavailable. As the category is still in the early stages of growth with many untapped markets remaining, we advise investing in Samyang Foods, the market leader, which is currently benefiting from first-mover advantages. The stock recently corrected due to concerns over declining profitability stemming from increased exposure to the Chinese market. However, we see this as a buying opportunity, as Chinese sales are more profitable than domestic sales (which have an operating margin of around 0%). Moreover, as its overall sales climb, fixed-cost leverage effects should improve, ensuring that profitability remains strong this year despite the rising share of Chinese revenue.	Samyang Foods
	Securities brokers	Jeong Mingi	The average daily trading volume in 1Q reached an estimated KRW70t, nearly doubling q-q. Although sector valuations have recently corrected amid heightened market volatility, they should rebound strongly considering their 1Q results (which were likely solid on strong trading volumes and increased sales of financial products). As higher trading volume is a broad tailwind for major brokerage firms, we maintain our positive view towards the sector. Assuming that risks, such as elevated valuations or exposure to certain private loan portfolios, are mitigated, we put forward Kiwoom Securities as our top pick.	Kiwoom Securities

Source: Samsung Securities

Apr 2026 sector-by-sector overview ⑥

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Positive	**REITs**	Kyungja Lee	Following the decline in market yields, listed REITs' average borrowing costs have started to fall after peaking in 2024. With dividend increases applied retroactively, listed REITs offer the clearest dividend growth visibility in 2026. Key listed REITs either have no rights offering plans for 2026 or have withdrawn previously announced plans. Excluding a handful of REITs with overseas assets, most are shifting towards leveraged acquisitions (vs recapitalization via rights offerings). Supported by policy momentum (*eg*, revisions to the Act on Public-Private Partnerships in Infrastructure, which includes a key provision to raise the debt ceiling for listed infra funds from 30% of capital to 100%), listed infra funds should be able to conduct assert incorporation or DPS increases without diluting their EPS. In addition, the National Growth Fund (to be actively deployed this year) is also positive, as it should expand investment opportunities for infrastructure funds. KB Balhae Infrastructure offers a dividend yield of around 6.5%. Following full repayment of senior bonds tied to its core asset—the New Daegu-Busan Expressway—the fund should accumulate distributable cash at a faster pace. As a result, dividend visibility and upside through 2030 (when the operating rights for the core asset expire) look attractive. The fund is also securing new growth engines through investments in the Boryung LNG terminal and the Jangseong Fine Datacenter.	KB Balhae Infrastructure Fund
	Construction	Jaejun Heo	In March, shares in major construction firms with exposure to nuclear power generation rallied sharply: Daewoo E&C up 61.7%, GS E&C up 25.9%, and DL E&C up 18%. To date, constructors' share performance has been primarily driven by expectations for a hike in new orders. As earnings season begins in April, investors should become more selective, basing their investment decisions more on actual operating results. We recommend Samsung E&A and HDC Hyundai Development, which companies appear more attractive than their peers in terms of ROE-P/B valuation.	Samsung E&A, HDC Hyundai Development Company
	Media/ Entertainment	Minha Choi	The entertainment sector should enjoy solid earnings momentum, as top-tier artists are launching global tours, generating not only concert sales but also merchandise & licensing and content sales. Investors need to pay attention to entertainment platforms that have achieved visible profitability (*eg*, Weverse and China's QQ Music Bubble). In the media sector, earnings should improve in 2026 on increases in content production volume across major studios. Tving should record significant earnings growth as it is expanding its subscriber base via strategic partnerships with external content partners, while strengthening its content distribution capabilities.	HYBE, CJ ENM

Source: Samsung Securities

Apr 2026 sector-by-sector overview ⑦

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Positive	**Banks**	Jaewoo Kim	Beginning in mid- to late April, banks will enter the 1Q earnings season, where two key themes should dominate investor focus: 1) confirmation of resilient 1Q results; and 2) the unveiling of revised corporate value enhancement plans—particularly the next target by SFG, which met its 50% total payout ratio target in 2025 (ahead of schedule). Given the global trend of rising shareholder returns and evolving investor demand, banks are likely to revise up total payout ratio targets, improving investor sentiment. Given rising shareholder returns among global banks and investor needs, banks are likely to lift their total payout ratio targets, boosting optimism. We remain upbeat towards bank stocks, as they still trade at attractive valuations. Improving earnings stemming from the cyclical recovery, along with stronger shareholder returns, are likely to drive a rebound in valuations.	KB Financial Group, Hana Financial Group
	Telecom	Minha Choi	The telecom services sector, insulated from geopolitical volatility and underpinned by increasingly aggressive shareholder returns, remains attractive. Recovering from fallout related to one-off issues (*eg*, workforce restructuring and cybersecurity incidents), telcos should grow again in 2026. By strategically exiting low-margin, non-core businesses and doubling down on future growth engines (*eg*, AI and B2B services), telcos are laying the groundwork for gradual expansion at their new businesses.	SK Telecom
	Games	Donghw-an Oh	During this period of heightened macroeconomic uncertainty (driven by volatility in oil prices, exchange rates, and inflation), the gaming sector is expected to gain traction thanks to its relative insulation from these headwinds. Also, since last year, game publishers have steadily improved their profitability through structural reforms and reduced reliance on third-party payment platforms. Moreover, they are likely to see improved earnings in 2Q led by the strong performance of their new titles—including Red Desert (Pearl Abyss), Dissidia Duellum Final Fantasy (NHN), and Seven Deadly Sins: Origin (Netmarble). We suggest focusing on the companies that are set to enjoy earnings improvement and new title momentum in 2H.	Netmarble, NHN
	Retail	Jaeseung Baek	Since March, financial market volatility has increased due to the Iran conflict, but department stores continue to demonstrate sales strength, supported by a low base (from 1H25) and a clear uptick in sales to foreign tourists. Meanwhile, discount store operators—excluding Homeplus—also likely saw a recovery in same-store sales growth over January-February, raising expectations for reduced competition. This shift in the discount store segment may stem from Homeplus' store closures, which began in earnest last December, suggesting that it may be a more structural, long-term trend. As a result, Lotte Shopping—which operates both department stores and discount stores—is likely to stand out vs its peers in the current environment.	Lotte Shopping

Source: Samsung Securities

Apr 2026 sector-by-sector overview ⑧

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Neutral	**Transportation**	Youngho Kim	Shipping (Hyundai Glovis): The SCFI jumped from 1,333 at end-Feb to around 1,700 points following the outbreak of Iran war. The BDI has held firm at around 2,050 (vs 1,600 in 1Q25). Longer term, the industry faces oversupply risk as containership and bulk carrier deliveries are likely to outpace demand growth. Hyundai Glovis's PCC business is performing well on robust vehicle exports by China. Its PCC earnings are likely to maintain an uptrend, driven by: 1) rising orders from non-captive clients; and 2) more-efficient fleet management, with fewer short-term chartered vessels. While earnings growth is on track, it remains insufficient to meet the company's stated 2026 ROE target. Thus, the company may increase dividend payouts. Airlines (Korean Air): Korean Air has emerged as a mega-carrier following its merger with Asiana Airlines, and it now commands an 8% share of international passenger traffic (if including its low-cost carrier subsidiaries) in Korea. Over the long term, it is clear that the enlarged carrier will benefit from greater supplier leverage and economies of scale on international routes. Near term, however, profitability should remain affected by surges in jet fuel prices and currency volatility triggered by the Middle East conflict.	Hyundai Glovis
	Steel/Metals	Jaeseung Baek	It is unclear whether China's two important political events in March will improve domestic steel market conditions in the near term. That said, Korea's HRC distribution prices have been rebounding on the country's trade protection measures (implemented last year). Besides, domestic rebar prices are also recovering, as domestic supply tightens following a surge in exports in 4Q25. This dynamic creates a near-term trading opportunity for Hyundai Steel, the only major Korean steelmaker with exposure to both HRC and rebar.	Hyundai Steel
	Payments	Jaewoo Kim	With payment firms' earnings scheduled for release in May, there should a lack of fundamental-driven events in April. However, investor sentiment may improve amid regulatory developments surrounding stablecoins. Among payment firms under our coverage, Kakao Pay (seeking to issue stablecoins) and NHN KCP (working on stablecoin payment solutions) have historically exhibited high stock-price volatility, warranting close attention. Meanwhile, concerns over payment firms' fundamentals have risen, as elevated oil prices and currency pressure (relating to geopolitical risks) may hurt consumer sentiment. As a result, mitigation of these macroeconomic risks is likely to serve as the primary catalyst for restoring confidence in payment firms' fundamentals.	Kakao Pay, NHN KCP

Source: Samsung Securities

Apr 2026 sector-by-sector overview ⑨

Outlook	Sector/Industry	Analyst	Key ideas	Top picks
Neutral	**Internet/ Software**	Donghwan Oh	The growing likelihood of the US Clarify Act being passed in April, the delay in the passage of Korea's Digital Asset Basic Act, and the recent appointment of a new governor of the Bank of Korea (who is negative towards stablecoins) will likely dampen domestic investor sentiment towards stablecoin firms. Naver and Kakao recently launched AI agent services, but lackluster user adoption has led to AI momentum fading rapidly. Despite their solid 1Q revenue growth outlook, persistent macroeconomic uncertainty and a lack of clear growth catalysts will likely keep their stock prices in a prolonged consolidation phase.	Naver, Kakao
	Apparel	Hyein Lee	Brand companies had anticipated a wealth effect-driven consumption rebound at the start of the year. Contrary to expectations, heightened stock-market volatility will likely slow the pace of consumption of recovery, at least temporarily. OEMs face unavoidable cost pressure due to the prolongation of the Iran conflict, including rising shipping and raw material costs. With no signal of a broad-based industry recovery having been detected, we recommend adopting a trading-oriented strategy (vs a long-term positioning approach) in the near term.	Youngone Corporation, Gamsung Corporation

Source: Samsung Securities

Samsung Securities

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