COMPANY UPDATE

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Tech Team

Richard Moon
Senior Analyst
joonho.moon@samsung.com

Seungho Jeong
Research Associate
seungho1.jeong@samsung.com

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Eugene Technology (084370)

Upbeat towards clients' DRAM expansions

- Eugene Technology reported 1Q results that beat our forecasts.
- This year, sales are likely to grow steadily each quarter, aligned with DRAM capacity expansion timelines—unlike last year, when growth was more uneven.
- We maintain our BUY rating and target price.

WHAT'S THE STORY?

1Q review: Eugene Technology's 1Q results came in below the Bloomberg consensus but exceeded our expectations. Sales increased 2% q-q to KRW101.9b, returning above the KRW100b mark. This growth was primarily driven by the M15X fab, where equipment installation began late last year. Operating margin edged up to 18.5% (from 17.6% in 4Q25), likely supported by higher sales and the absence of one-offs.

2026 outlook: We slightly raise our 2026 earnings forecasts to reflect the 1Q beat. We now expect full-year sales of KRW523.2b (up 49% y-y) and an operating profit of KRW121.7b (for a margin of 23.3%).

Eugene Technology will likely perform stronger in 2H than in 1H, aligned with DRAM capacity expansion timelines—sales, in particular, are likely to grow steadily each quarter. Last year, the company's results showed high quarterly volatility due to divergent investment timelines among its DRAM customers. This year, while customer schedules cannot be identical, all are equally motivated to accelerate capacity additions. Starting in 2Q, the P4 fab will take over the baton and contribute to sales growth again. There is also potential for upside by year-end, with the opening of the North American customer's Idaho fab drawing nearer, and plans for utilizing PSMC's P5 fab beginning to take clearer shape.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW160,000	38.1%
Current price	**KRW115,900**	
Market cap	KRW2.7t/USD1.8b	
Shares (float)	22,916,042 (62.3%)	
52-week high/low	KRW150,300/KRW31,150	
Avg daily trading value (60-day)	KRW31.9b/ USD21.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Eugene Technology (%)	-12.6	36.4	244.9
Vs Kosdaq (%pts)	-8.0	7.8	125.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	160,000	160,000	0.0%
2026E EPS	4,788	4,769	0.4%
2027E EPS	5,916	5,995	-1.3%

SAMSUNG vs THE STREET

No of estimates	2
Target price	166,500
Recommendation	4.0

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	101.9	22.5	2.0	4.8	-4.2
Operating profit	18.8	104.7	7.3	20.2	-9.2
Pre-tax profit	28.1	156.7	30.9	38.8	19.8
Net profit	21.8	188.7	32.9	37.0	21.1
Margins (%)					
Operating profit	18.5				
Pre-tax profit	27.6				
Net profit	21.4				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	39.3	27.9	22.6
P/B	3.6	5.3	4.4
EV/EBITDA	20.7	19.6	14.6
Div yield (%)	0.3	0.2	0.3
EPS growth (% y-y)	-33.0	151.2	23.6
ROE (%)	9.8	21.1	21.3
Per-share data (KRW)			
EPS	1,906	4,788	5,916
BVPS	20,578	25,012	30,628
DPS	230	300	400

Maintaining BUY: We maintain our BUY rating and target price of KRW160,000. Memory profit momentum remains intact, driving continued upward revisions in market expectations for medium- to long-term capex. Additional catalysts include the clarification of timelines for the Y1 and P5 fab openings.

Summary income statement

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales	**83.2**	**104.9**	**62.3**	**99.9**	**101.9**	**120.1**	**131.3**	**169.9**	**350.3**	**523.2**	**641.2**
Growth (% y-y)	21.6	35.0	-19.5	-12.8	22.5	14.5	110.5	70.1	3.6	49.3	22.6
Growth (% q-q)	-27.4	26.2	-40.6	60.2	2.0	17.9	9.3	29.5			
Cost of goods sold	42.2	55.1	29.8	52.3	50.2	59.7	66.2	83.1	179.4	259.2	314.5
Gross profit	**41.0**	**49.8**	**32.6**	**47.6**	**51.7**	**60.4**	**65.0**	**86.9**	**170.9**	**264.0**	**326.7**
Gross margin (%)	49.3	47.4	52.2	47.7	50.7	50.3	49.5	51.1	48.8	50.5	51.0
SG&A expenses	31.8	30.0	27.4	30.1	32.9	34.6	34.2	40.7	119.3	142.3	167.0
Operating profit	**9.2**	**19.7**	**5.2**	**17.5**	**18.8**	**25.8**	**30.9**	**46.2**	**51.7**	**121.7**	**159.8**
Operating margin (%)	11.1	18.8	8.3	17.6	18.5	21.5	23.5	27.2	14.7	23.3	24.9
Non-operating profit	1.8	-8.4	5.3	3.9	9.3	2.8	2.8	2.8	2.5	17.6	12.3
Pre-tax profit	**11.0**	**11.3**	**10.4**	**21.5**	**28.1**	**28.5**	**33.7**	**49.0**	**54.2**	**139.3**	**172.0**
Pre-tax margin (%)	13.2	10.8	16.7	21.5	27.6	23.8	25.7	28.8	15.5	26.6	26.8
Net profit	**7.5**	**10.7**	**7.9**	**16.4**	**21.8**	**22.2**	**26.1**	**38.0**	**42.5**	**108.0**	**133.5**
Net margin (%)	9.1	10.2	12.6	16.4	21.4	18.4	19.9	22.4	12.1	20.7	20.8
EPS (KRW)	**339**	**480**	**354**	**725**	**964**	**982**	**1,159**	**1,684**	**1,906**	**4,788**	**5,916**
Growth (% y-y)	26.9	-11.5	-21.5	-54.2	184.7	104.5	227.5	132.1	-33.0	151.2	23.6
Growth (% q-q)	-78.6	41.7	-26.3	105.0	32.9	1.8	18.0	45.3			

Source: Company data, Samsung Securities estimates

Sales and operating profit, by division

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E
Sales											
Equipment and other	79.6	101.0	58.9	95.9	98.2	115.7	127.3	165.5	335.5	506.7	620.7
Gas	3.6	3.9	3.5	4.0	3.7	4.4	4.0	4.5	14.9	16.5	20.5
Total	83.2	104.9	62.3	99.9	101.9	120.1	131.3	169.9	350.3	523.2	641.2
Operating profit											
Equipment and other	7.8	18.5	4.0	16.3	17.6	24.3	29.6	44.7	46.6	116.2	153.0
Gas	1.4	1.3	1.1	1.3	1.2	1.4	1.3	1.5	5.1	5.5	6.8
Total	9.2	19.7	5.2	17.5	18.8	25.8	30.9	46.2	51.7	121.7	159.8
Operating margin (%)											
Equipment and other	9.8	18.3	6.9	17.0	17.9	21.0	23.2	27.0	13.9	22.9	24.6
Gas	39.7	32.5	33.2	31.9	33.3	33.0	33.0	33.0	34.2	33.1	33.0
Total	11.1	18.8	8.3	17.6	18.5	21.5	23.5	27.2	14.7	23.3	24.9

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Sales	**277**	**338**	**350**	**523**	**641**
Cost of goods sold	151	172	179	259	314
Gross profit	**126**	**166**	**171**	**264**	**327**
Gross margin (%)	45.4	49.0	48.8	50.5	51.0
SG&A expenses	101	105	119	142	167
Operating profit	**24**	**61**	**52**	**122**	**160**
Operating margin (%)	8.8	18.1	14.7	23.3	24.9
Non-operating gains (losses)	**7**	**16**	**3**	**18**	**12**
Financial profit	7	8	8	9	9
Financial costs	0	2	1	1	1
Equity-method gains (losses)	0	0	0	0	0
Other	1	9	-4	10	5
Pre-tax profit	**32**	**77**	**54**	**139**	**172**
Taxes	6	11	10	28	34
Effective tax rate (%)	20.1	14.9	18.0	19.8	20.0
Profit from continuing operations	25	65	44	112	138
Profit from discontinued operations	0	0	0	0	0
Net profit	**25**	**65**	**44**	**112**	**138**
Net margin (%)	9.2	19.4	12.7	21.4	21.5
Net profit (controlling interests)	24	63	42	108	133
Net profit (non-controlling interests)	1	2	2	4	4
EBITDA	43	79	69	138	175
EBITDA margin (%)	15.6	23.4	19.7	26.3	27.4
EPS (parent-based) (KRW)	1,099	2,845	1,906	4,788	5,916
EPS (consolidated) (KRW)	1,099	2,845	1,906	4,788	5,916
Adjusted EPS (KRW)*	1,099	2,845	1,906	4,788	5,916

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Current assets	**300**	**391**	**428**	**570**	**704**
Cash & equivalents	44	30	55	119	255
Accounts receivable	8	45	40	66	61
Inventories	102	107	91	129	137
Other current assets	146	209	241	256	251
Fixed assets	**137**	**148**	**153**	**155**	**149**
Investment assets	2	2	1	1	1
Tangible assets	92	91	93	94	92
Intangible assets	36	39	42	41	38
Other long-term assets	7	16	16	18	18
Total assets	**437**	**539**	**581**	**725**	**853**
Current liabilities	**57**	**83**	**67**	**103**	**100**
Accounts payable	17	23	24	37	34
Short-term debt	0	0	0	0	0
Other current liabilities	40	60	42	66	66
Long-term liabilities	**12**	**20**	**22**	**22**	**22**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	12	20	22	22	22
Total liabilities	**69**	**104**	**89**	**125**	**122**
Owners of parent equity	**345**	**406**	**460**	**564**	**691**
Capital stock	11	11	11	11	11
Capital surplus	6	6	20	20	20
Retained earnings	332	390	426	529	656
Other	-4	-1	2	3	3
Non-controlling interests' equity	**24**	**30**	**32**	**36**	**40**
Total equity	**368**	**436**	**491**	**600**	**731**
Net debt	-179	-214	-272	-352	-482

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Cash flow from operations	**48**	**62**	**66**	**71**	**153**
Net profit	25	65	44	112	138
Non-cash profit and expenses	46	43	45	16	16
Depreciation	13	13	13	12	12
Amortization	6	5	5	3	3
Other	27	25	27	0	0
Changes in A/L from operating activities	-18	-50	-21	-57	-1
Cash flow from investments	**-43**	**-76**	**-55**	**-3**	**-10**
Change in tangible assets	-12	-9	-13	-3	-10
Change in financial assets	-29	-61	-32	0	0
Other	-2	-6	-9	0	0
Cash flow from financing	**-7**	**3**	**14**	**-5**	**-7**
Change in debt	-1	12	-1	0	0
Change in equity	0	0	14	0	0
Dividends	-6	-4	-5	-5	-7
Other	-0	-5	6	-0	0
Change in cash	-2	-14	25	64	136
Cash at beginning of year	46	44	30	55	119
Cash at end of year	44	30	55	119	255
Gross cash flow	**72**	**109**	**89**	**128**	**153**
Free cash flow	**36**	**52**	**53**	**59**	**143**

Financial ratios

Year-end Dec 31	2023	2024	2025	2026E	2027E
Growth (%)					
Sales	-11.0	22.3	3.6	49.3	22.6
Operating profit	-54.7	151.5	-15.5	135.5	31.3
Net profit	-40.4	157.7	-32.0	151.3	23.1
Adjusted EPS**	-35.2	158.9	-33.0	151.2	23.6
Per-share data (KRW)					
EPS (parent-based)	1,099	2,845	1,906	4,788	5,916
EPS (consolidated)	1,099	2,845	1,906	4,788	5,916
Adjusted EPS**	1,099	2,845	1,906	4,788	5,916
BVPS	15,518	18,267	20,578	25,012	30,628
DPS (common)	200	230	230	300	400
Valuations (x)					
P/E***	37.1	11.0	39.3	27.9	22.6
P/B***	2.6	1.7	3.6	5.3	4.4
EV/EBITDA	17.4	6.1	20.7	19.6	14.6
Ratios (%)					
ROE	7.3	16.8	9.8	21.1	21.3
ROA	5.8	13.4	7.9	17.1	17.4
ROIC	9.7	24.2	18.2	39.4	48.7
Payout ratio	18.2	8.1	12.3	6.3	6.8
Dividend yield (common)	0.5	0.7	0.3	0.3	0.3
Net debt to equity	-48.5	-49.1	-55.4	-58.6	-66.0
Interest coverage (x)	59.7	52.0	44.5	107.8	141.5

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

Source: Company data, Samsung Securities estimates

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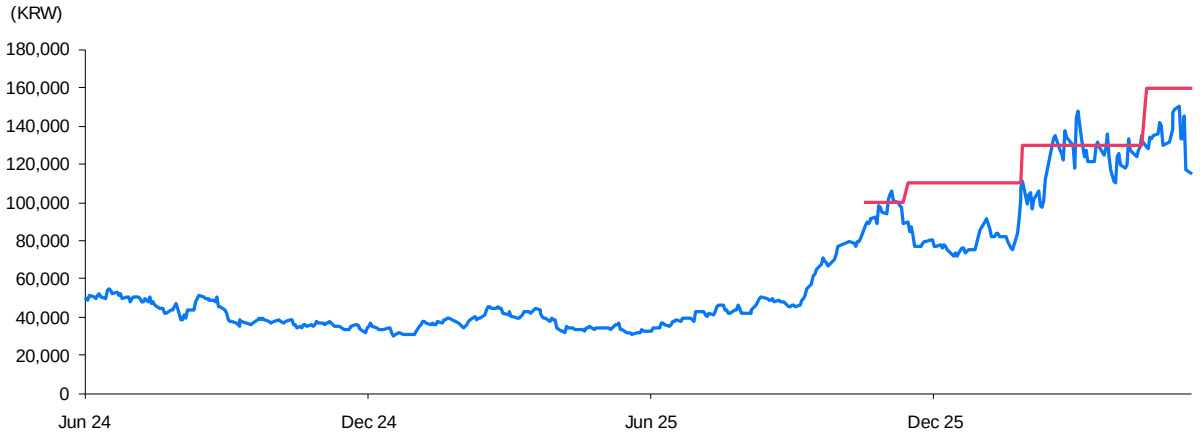
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/10/20	11/17	2026/1/30	4/20
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	100000	110000	130000	160000
Gap* (average)	-4.02	-26.62	-5.83	
(max or min)**	5.70	-2.27	13.85	

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

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Percentage of ratings in 12 months prior to 2026.03.31

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Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
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