

SECTOR UPDATE

2026. 6. 9

Tech Team

Jongwook Lee

Team Leader

jwstar.lee@samsung.com

Kyoungbeen Kim

Research Associate

kyoungbeen.kim@samsung.com



Scan to go to
Research Center report database

Tech (OVERWEIGHT)

Stay the course

- Following a sharp rally in memory stocks, a series of market developments has unsettled investors, triggering a steep correction.
- The heightened volatility reflects structural market shifts and overheated near-term expectations. However, AI investment growth remains robust and memory supply constraints persist.
- We view the correction as either a period to stay the course or an opportunity to add exposure.

WHAT'S THE STORY?

Investment strategy: Opportunities emerge through patience

Following a sharp rally in memory stocks, the sector has undergone a significant near-term correction, with Samsung Electronics (SEC) and SK Hynix falling 15.9% and 16.8%, respectively, over the two trading sessions of Jun 5 (Friday) and Jun 8 (Monday). On Jun 8, SEC shares briefly fell as much as 11%.

We do not view this pullback as a sign of weakening fundamentals, but rather as a natural reset following a powerful, extended rally. The core drivers (*ie*, fundamentals) remain intact: global memory supply constraints persist, and hyperscalers continue to prioritize AI infrastructure spending, increasingly financed through elevated capex and debt issuance. Although volatility has increased, this reflects structural market adjustments rather than a not a reversal of the cycle. Given the difficulty of timing short-term market moves, focusing on the long-term cycle offers a higher probability of success. We view the correction as either a period to stay the course or an opportunity to add exposure.

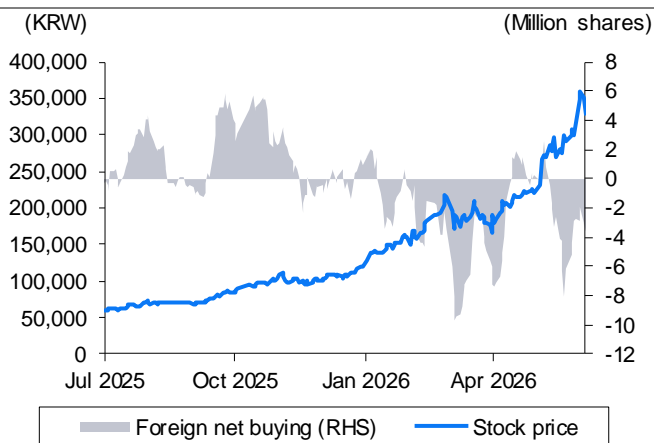
(Continued on the next page)

Temporary weakness driven by supply-demand dynamics and sentiment

The recent correction reflects a combination of supply-demand dynamics, shifting sentiment, and fundamental variables. Key developments affecting recent share-price performance include the following:

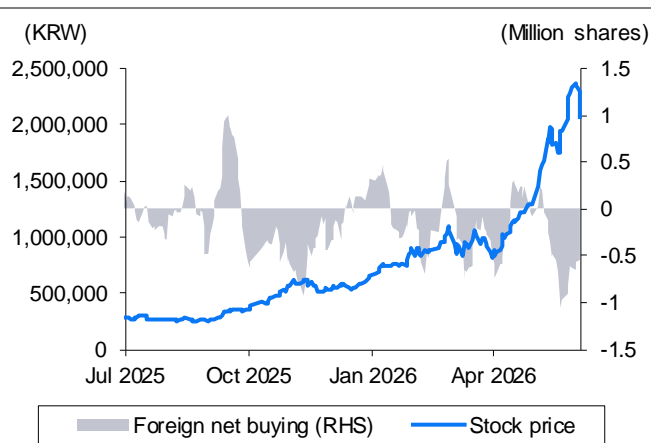
- **End of the Jensen Huang catalyst:** The momentum generated by events such as Computex 2026 and Jensen Huang’s visit to Korea—which fueled expectations for Korea’s AI and memory sectors—has now run its course.
- **AI overinvestment concerns:** Following Alphabet’s announcement of an USD85b equity offering on Jun 3, media reports on Jun 5 indicated that Meta may also be considering a capital raise. While Alphabet’s offering itself highlighted strong investor demand, the prospect of Meta following suit—and intensifying competition for capital—has raised concerns.
- **Reduced LPDDR5X content in Vera Rubin:** A market research report published on Jun 4 indicated that LPDDR5X content in Vera Rubin has been halved. The reduction in DRAM content, driven by supply constraints rather than demand weakness, was misinterpreted by the market as a sign of weakening demand.
- **DRAM price-peak concerns:** On Jun 4, concerns emerged that the DRAM cycle could peak earlier than expected, as weak smartphone demand coincides with rapidly rising DRAM prices.
- **Broadcom’s sharp share-price decline:** Broadcom experienced a short-term correction on Jun 3 despite strong AI-related growth and an earnings beat, as its 3Q AI guidance and full-year targets fell short of elevated market expectations.
- **Foreign net selling:** Foreign investors’ net selling volume increased throughout the June rally.
- **Short gamma positioning and hedging flows:** The sell-off in Broadcom shares, combined with Nvidia’s revisions to Vera Rubin specifications, triggered algorithmic selling—mainly gamma hedging.

Samsung Electronics: Share price vs foreign net buying



Source: QuantiWise, Samsung Securities

SK Hynix: Share price vs foreign net buying



Source: QuantiWise, Samsung Securities

Our interpretation of the factors behind the weakness

A slowdown was necessary, but the direction remains unchanged: Fundamentals remain intact. This is a healthy correction following a steep rally. Recent share-price gains had accelerated to a pace that warranted concern. We believe memory stocks are transitioning from a short-term DRAM price-driven rally to a phase characterized by sustainable operating profit. Sustainability is a key driver of rerating—it implies long-term upside rather than a mere temporary surge in price momentum. The pace may slow, but the direction remains unchanged.

Share-price swings likely to remain sharp in both rallies and corrections: As assets in leveraged ETFs tracking Samsung Electronics and SK Hynix continue to grow, so too does short-term gamma and gamma-hedging activity. Conversely, long-gamma hedging intensifies during rebounds. As a result, volatility has structurally increased in both directions. Sharp swings in the share prices of Korea's two largest stocks are becoming a defining feature of current market environment, and investors need to adapt accordingly.

Hyperscaler equity offerings signal larger, longer-term capex commitments: AI infrastructure investment shows no sign of cooling. We do not believe hyperscaler capex has peaked. Raising capital through bond issuance and equity offerings reflects these companies' confidence in the long-term returns generated by AI services. Combined capex for the four major hyperscalers is projected to rise 89% y-y to USD71b in 2026, equivalent to 93% of their combined EBITDA. External fundraising appears inevitable and underscores the scale of their investment commitments.

Broadcom captures the essence of this correction: Broadcom delivered strong earnings, but expectations had run too far ahead—a classic set-up for a share-price correction. Importantly, this does not signal a change in direction. As long as the underlying earnings trajectory remains intact, corrections driven by excessive optimism are typically short-lived.

AI is the core of this cycle; weak smartphone demand has limited impact: Understanding the semiconductor cycle requires identifying its primary driver. In our view, that driver is AI demand from US Big Tech. Smartphone and PC demand, as well as memory capacity expansion in China, are secondary considerations. Even if smartphone sales falter or Chinese memory vendors gain market share domestically, neither development alters the AI core investment cycle. A genuine shift in the cycle would require either a pullback in AI investment or excess inventory accumulation in HBM or server DRAM among the three major memory suppliers—neither of which is evident today.

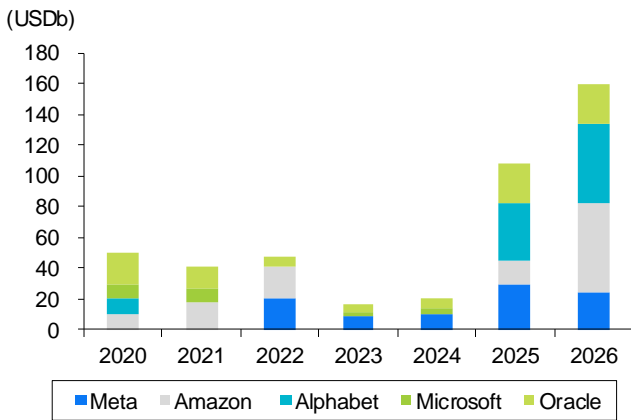
Reduction in Vera Rubin's DRAM content points to supply constraints

We believe reports of reduced LPDDR5X (SOCAMM) content in Nvidia's Vera Rubin platform are accurate, but the change reflects supply constraints rather than weakening demand. Nvidia originally planned to deploy 192 GB of DRAM per module, but supply limitations from memory vendors led it to request lower-capacity configurations of either 96 GB or 48 GB per module. Importantly, reducing DRAM content may actually increase overall Vera CPU demand.

In addition, the Vera Rubin server architecture is designed to integrate HBM4 and LPDDR5X into a unified memory pool to enhance agentic AI performance. Given the importance of KV-cache capacity in agentic-AI workloads, higher LPDDR5X content would have directly improved AI service performance. This development reinforces that view that, for hyperscalers, DRAM availability remains more critical than pricing—a clear indication of supply shortages.

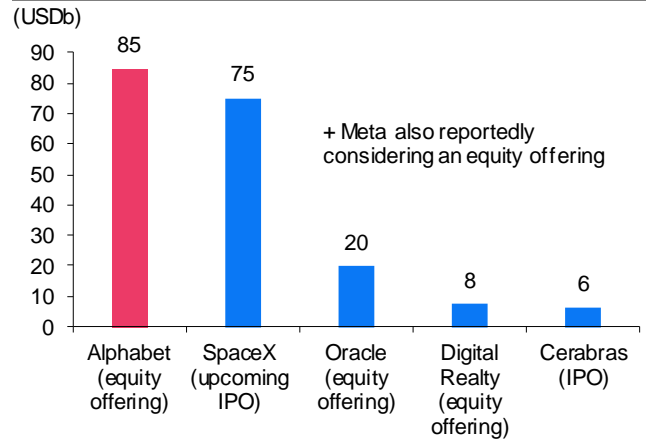
The recent share-price decline across the SOCAMM supply chain reflects not a deterioration in demand, but a technical correction following a sharp rally. In our assessment, the actual operational impact on memory suppliers, SOCAMM substrate manufacturers, and module makers will be limited.

Hyperscalers: Bond issuances



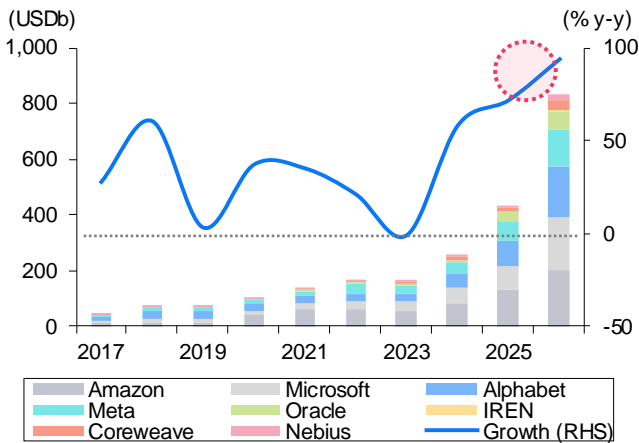
Source: Bloomberg, Samsung Securities

Alphabet's equity offering is the largest capital raise of 2026



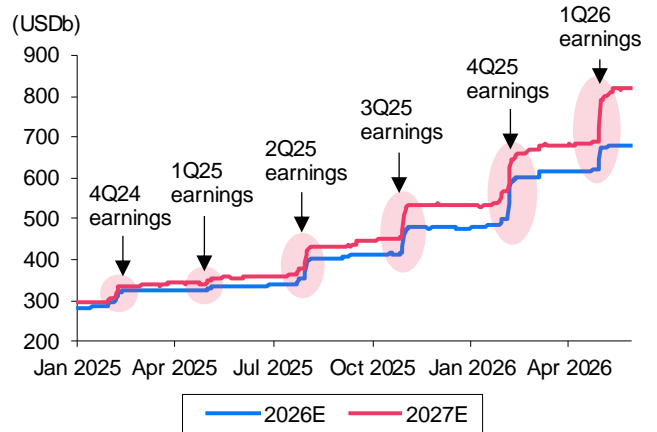
Source: Bloomberg, Samsung Securities

Hyperscalers: Capex



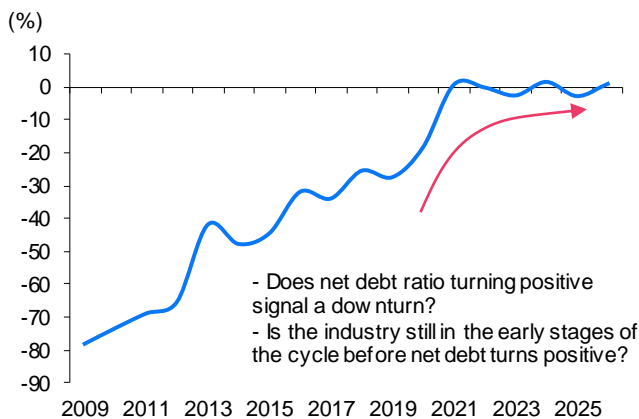
Source: Bloomberg, Samsung Securities

Hyperscalers*: Capex plan revisions



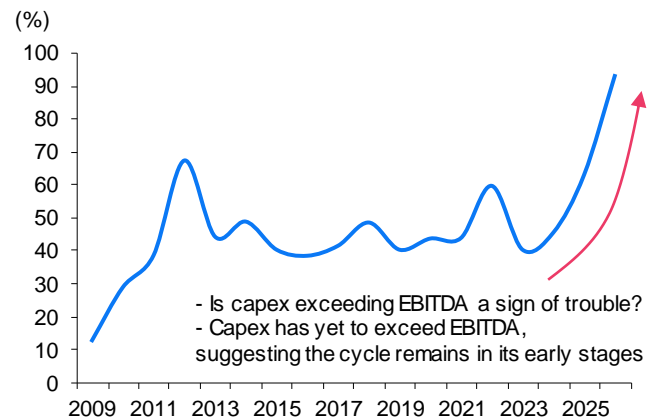
Note: *Amazon, Microsoft, Alphabet, Meta
Source: Bloomberg, Samsung Securities

Hyperscalers*: Net debt ratio



Note: *Amazon, Microsoft, Alphabet, Meta
Source: Bloomberg, Samsung Securities

Hyperscalers*: Capex-to-EBITDA ratio

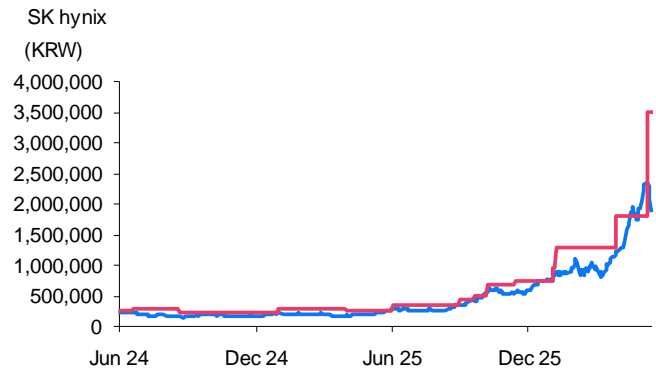
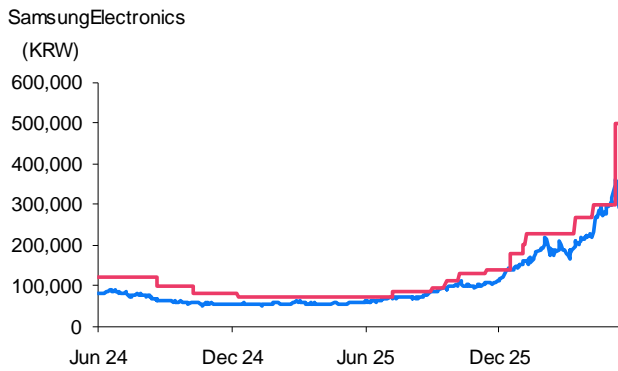


Note: *Amazon, Microsoft, Alphabet, Meta
Source: Bloomberg, Samsung Securities

Compliance notice

- As of 6/8 2026, Samsung Securities shared group affiliation with Samsung Electronics.
- As of 6/8 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 6/8 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Samsung Electronics												
Date	2024/5/28	9/12	11/1	2025/1/2	8/1	9/23	10/13	10/31	12/8	2026/1/9	1/27	1/30
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	120000	100000	83000	74000	85000	93000	110000	130000	140000	180000	200000	230000
Gap* (average)	-34.45	-39.49	-33.92	-21.93	-15.05	-6.95	-10.64	-21.96	-16.54	-18.69	-19.23	-19.75
(max or min)**	-26.83	-35.30	-29.28	-1.89	-1.76	1.51	-5.36	-14.54	0.71	-15.39	-18.80	-5.22
Date	4/7	5/4	6/2									
Recommendation	BUY	BUY	BUY									
Target price (KRW)	270000	300000	500000									
Gap* (average)	-20.25	-3.39										
(max or min)**	-16.30	16.33										
SK Hynix												
Date	2024/4/8	7/12	9/12	2025/1/24	4/24	6/25	9/23	10/13	10/30	12/8	2026/1/27	1/30
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	250000	280000	240000	280000	250000	340000	430000	500000	700000	750000	950000	1300000
Gap* (average)	-18.91	-34.15	-23.78	-30.26	-14.53	-17.52	-14.81	-3.33	-19.05	-11.48	-10.42	-26.68
(max or min)**	-3.60	-16.79	-6.04	-21.96	11.40	3.82	-0.47	11.60	-11.43	2.27	-9.37	-10.31
Date	4/21	6/2										
Recommendation	BUY	BUY										
Target price (KRW)	1800000	3500000										
Gap* (average)	-3.42											
(max or min)**	31.28											

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

Samsung Securities uses the following investment ratings*

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 2026.03.31

BUY (85.2%)-HOLD (14.8%)-SELL (0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd.. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodaero-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
Fax: 81-3-6333-2953



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA