COMPANY UPDATE

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Eugene Technology (084370)

2Q review; focus on demand pull-in

- Eugene Technology's 2Q operating profit missed consensus, albeit mainly due to one-off SG&A expenses related to a corporate income tax refund claim.
- We raise our 2027 profit outlook to reflect increased investment from North American customers.
- We revise up our target price to KRW180,000 and maintain our BUY rating.

WHAT'S THE STORY?

2Q review: Eugene Technology's 2Q revenue reached KRW122.1b, up 20% q-q and above Bloomberg consensus. All customer segments contributed to the revenue growth. However, operating profit came in at KRW18.2b (for an operating margin of 14.9%), significantly below the consensus of KRW24.6b (21.1%). This shortfall was driven by one-off costs related to claim for rectification. The income statement reflected a KRW41.6b income tax benefit, indicating substantial related expenses. Notably, payment fees under SG&A expenses surged more than threefold q-q to KRW6b. Excluding these one-off items, operating profit would have met consensus.

Raising our 2027 profit outlook on stronger North American demand: While we lower our 2026 operating profit forecast by 16% to reflect 2Q26 results, we raise our 2027 revenue and operating profit forecasts by 5% and 4%, respectively, to KRW671.7b (up 34.3% y-y) and KRW166.9b (operating margin of 24.8%). This revision incorporates not only the acceleration of domestic customers' capacity expansion plans but also newly factored-in aggressive investment plans disclosed by North American customers in their June earnings calls. With the ID1 fab scheduled to open in early next year and the next-generation ID2 fab targeting production launch by end-2028, revenue contributions from these facilities could begin as early as late 2027. Meanwhile, the Tongluo fab (Taiwan's PSMC) is also targeting volume shipments from mid-next year. Although the revenue scale from this customer remains relatively small, it is expected to grow at the steepest pace among all key clients.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW180,000	37.3%
Current price	KRW131,100	
Market cap	KRW3.0t/USD2.1b	
Shares (float)	22,916,042 (62.2%)	
52-week high/low	KRW206,500/KRW45,450	
Avg daily trading value (60-day)	KRW40.8b/ USD28.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Eugene Technology (%)	-10.8	17.1	158.1
Vs Kosdaq (%pts)	-19.1	49.7	143.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	180,000	160,000	12.5%
2026E EPS	6,301	4,788	31.6%
2027E EPS	6,123	5,916	3.5%

SAMSUNG vs THE STREET

No of estimates	2
Target price	148,500
Recommendation	4.0

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

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	122.1	16.4	19.9	1.7	4.7
Operating profit	18.2	-7.7	-3.3	-29.3	-26.0
Pre-tax profit	24.3	114.8	-13.4	-14.7	-8.5
Net profit	65.2	510.9	199.9	194.6	222.2
Margins (%)					
Operating profit	14.9				
Pre-tax profit	19.9				
Net profit	53.4				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	39.3	20.8	21.4
P/B	3.6	4.9	4.1
EV/EBITDA	20.7	22.1	13.6
Div yield (%)	0.3	0.2	0.3
EPS growth (% y-y)	-33.0	230.6	-2.8
ROE (%)	9.8	26.9	20.8
Per-share data (KRW)			
EPS	1,906	6,301	6,123
BVPS	20,578	26,530	32,352
DPS	230	300	400

Samsung Securities

Raising target price: We raise our target price to KRW180,000 and maintain our BUY rating. Our target price is derived by applying the average P/E multiple of 30x (FactSet) for the top five global front-end equipment peers to the 2027 EPS estimate. Still, growth constraints are driven by cleanroom capacity bottlenecks (vs investment intent). Although much of the optimism is already priced in, upside potential remains contingent on the timing of cleanroom expansions.

Summary income statement

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E
Sales	**83.2**	**104.9**	**62.3**	**99.9**	**101.9**	**122.1**	**128.6**	**147.4**	**350.3**	**500.0**	**671.7**
Growth (% y-y)	21.6	35.0	-19.5	-12.8	22.5	16.4	106.3	47.5	3.6	42.7	34.3
Growth (% q-q)	-27.4	26.2	-40.6	60.2	2.0	19.9	5.3	14.6			
Cost of goods sold	42.2	55.1	29.8	52.3	50.2	62.7	65.3	72.8	179.4	251.1	331.5
Gross profit	**41.0**	**49.8**	**32.6**	**47.6**	**51.7**	**59.4**	**63.3**	**74.5**	**170.9**	**248.9**	**340.2**
Gross margin (%)	49.3	47.4	52.2	47.7	50.7	48.6	49.2	50.6	48.8	49.8	50.6
SG&A expenses	31.8	30.0	27.4	30.1	32.9	41.2	34.3	38.2	119.3	146.6	173.3
Operating profit	**9.2**	**19.7**	**5.2**	**17.5**	**18.8**	**18.2**	**29.0**	**36.3**	**51.7**	**102.3**	**166.9**
Operating margin (%)	11.1	18.8	8.3	17.6	18.5	14.9	22.5	24.6	14.7	20.5	24.8
Non-operating profit	1.8	-8.4	5.3	3.9	9.3	6.1	3.1	3.1	2.5	21.7	13.9
Pre-tax profit	**11.0**	**11.3**	**10.4**	**21.5**	**28.1**	**24.3**	**32.1**	**39.4**	**54.2**	**124.0**	**180.8**
Pre-tax margin (%)	13.2	10.8	16.7	21.5	27.6	19.9	25.0	26.7	15.5	24.8	26.9
Net profit	**7.5**	**10.7**	**7.9**	**16.4**	**21.8**	**65.2**	**24.8**	**30.4**	**42.5**	**142.2**	**138.2**
Net margin (%)	9.1	10.2	12.6	16.4	21.4	53.4	19.3	20.6	12.1	28.4	20.6
EPS (KRW)	**339**	**480**	**354**	**725**	**964**	**2,891**	**1,098**	**1,348**	**1,906**	**6,301**	**6,123**
Growth (% y-y)	26.9	-11.5	-21.5	-54.2	184.7	502.4	210.2	85.7	-33.0	230.6	-2.8
Growth (% q-q)	-78.6	41.7	-26.3	105.0	32.9	199.9	-62.0	22.8			

Source: Company data, Samsung Securities estimates

Sales and operating profit, by division

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E
Sales											
Equipment and other	79.6	101.0	58.9	95.9	98.2	118.1	124.7	142.9	335.5	483.8	651.5
Gas	3.6	3.9	3.5	4.0	3.7	4.0	4.0	4.5	14.9	16.1	20.1
Total	83.2	104.9	62.3	99.9	101.9	122.1	128.6	147.4	350.3	500.0	671.7
Operating profit											
Equipment and other	7.8	18.5	4.0	16.3	17.6	17.4	27.7	34.8	46.6	97.5	160.2
Gas	1.4	1.3	1.1	1.3	1.2	0.8	1.3	1.5	5.1	4.9	6.6
Total	9.2	19.7	5.2	17.5	18.8	18.2	29.0	36.3	51.7	102.3	166.9
Operating margin (%)											
Equipment and other	9.8	18.3	6.9	17.0	17.9	14.7	22.2	24.4	13.9	20.1	24.6
Gas	39.7	32.5	33.2	31.9	33.3	20.9	33.0	33.0	34.2	30.1	33.0
Total	11.1	18.8	8.3	17.6	18.5	14.9	22.5	24.6	14.7	20.5	24.8

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**338**	**350**	**500**	**672**	**724**
Cost of goods sold	172	179	251	331	348
Gross profit	**166**	**171**	**249**	**340**	**375**
Gross margin (%)	49.0	48.8	49.8	50.6	51.9
SG&A expenses	105	119	147	173	195
Operating profit	**61**	**52**	**102**	**167**	**180**
Operating margin (%)	18.1	14.7	20.5	24.8	24.9
Non-operating gains (losses)	**16**	**3**	**22**	**14**	**15**
Financial profit	8	8	9	9	9
Financial costs	2	1	1	1	1
Equity-method gains (losses)	0	0	0	0	0
Other	9	-4	14	7	8
Pre-tax profit	**77**	**54**	**124**	**181**	**195**
Taxes	11	10	-21	40	43
Effective tax rate (%)	14.9	18.0	-16.6	22.0	22.0
Profit from continuing operations	65	44	145	141	152
Profit from discontinued operations	0	0	0	0	0
Net profit	**65**	**44**	**145**	**141**	**152**
Net margin (%)	19.4	12.7	28.9	21.0	21.0
Net profit (controlling interests)	63	42	142	138	149
Net profit (non-controlling interests)	2	2	2	3	3
EBITDA	79	69	119	184	197
EBITDA margin (%)	23.4	19.7	23.8	27.4	27.2
EPS (parent-based) (KRW)	2,845	1,906	6,301	6,123	6,613
EPS (consolidated) (KRW)	2,845	1,906	6,301	6,123	6,613
Adjusted EPS (KRW)*	2,845	1,906	6,301	6,123	6,613

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**391**	**428**	**554**	**701**	**853**
Cash & equivalents	30	55	113	224	364
Accounts receivable	45	40	57	68	73
Inventories	107	91	113	126	130
Other current assets	209	241	271	283	286
Fixed assets	**148**	**153**	**188**	**181**	**174**
Investment assets	2	1	1	1	1
Tangible assets	91	93	101	97	94
Intangible assets	39	42	44	40	37
Other long-term assets	16	16	42	42	42
Total assets	**539**	**581**	**742**	**882**	**1,027**
Current liabilities	**83**	**67**	**85**	**91**	**93**
Accounts payable	23	24	32	39	40
Short-term debt	0	0	0	0	0
Other current liabilities	60	42	53	53	53
Long-term liabilities	**20**	**22**	**23**	**23**	**23**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	20	22	23	23	23
Total liabilities	**104**	**89**	**108**	**115**	**116**
Owners of parent equity	**406**	**460**	**599**	**730**	**870**
Capital stock	11	11	11	11	11
Capital surplus	6	20	20	20	20
Retained earnings	390	426	563	694	834
Other	-1	2	4	4	4
Non-controlling interests' equity	**30**	**32**	**35**	**38**	**41**
Total equity	**436**	**491**	**633**	**768**	**911**
Net debt	-214	-272	-359	-484	-626

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**62**	**66**	**100**	**128**	**159**
Net profit	65	44	145	141	152
Non-cash profit and expenses	43	45	17	17	17
Depreciation	13	13	13	14	13
Amortization	5	5	4	4	4
Other	25	27	-0	0	0
Changes in A/L from operating activities	-50	-21	-62	-30	-10
Cash flow from investments	**-76**	**-55**	**-37**	**-10**	**-10**
Change in tangible assets	-9	-13	-37	-10	-10
Change in financial assets	-61	-32	0	0	0
Other	-6	-9	0	0	0
Cash flow from financing	**3**	**14**	**-6**	**-7**	**-9**
Change in debt	12	-1	0	0	0
Change in equity	0	14	0	0	0
Dividends	-4	-5	-5	-7	-9
Other	-5	6	-1	0	0
Change in cash	-14	25	58	112	140
Cash at beginning of year	44	30	55	113	224
Cash at end of year	30	55	113	224	364
Gross cash flow	**109**	**89**	**161**	**158**	**169**
Free cash flow	**52**	**53**	**80**	**118**	**149**

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	22.3	3.6	42.7	34.3	7.8
Operating profit	151.5	-15.5	98.0	63.1	7.9
Net profit	157.7	-32.0	225.0	-2.5	8.0
Adjusted EPS**	158.9	-33.0	230.6	-2.8	8.0
Per-share data (KRW)					
EPS (parent-based)	2,845	1,906	6,301	6,123	6,613
EPS (consolidated)	2,845	1,906	6,301	6,123	6,613
Adjusted EPS**	2,845	1,906	6,301	6,123	6,613
BVPS	18,267	20,578	26,530	32,352	38,565
DPS (common)	230	230	300	400	500
Valuations (x)					
P/E***	11.0	39.3	20.8	21.4	19.8
P/B***	1.7	3.6	4.9	4.1	3.4
EV/EBITDA	6.1	20.7	22.1	13.6	12.0
Ratios (%)					
ROE	16.8	9.8	26.9	20.8	18.7
ROA	13.4	7.9	21.9	17.4	16.0
ROIC	24.2	18.2	45.7	44.2	46.9
Payout ratio	8.1	12.3	4.8	6.5	7.6
Dividend yield (common)	0.7	0.3	0.2	0.3	0.4
Net debt to equity	-49.1	-55.4	-56.7	-63.0	-68.7
Interest coverage (x)	52.0	44.5	90.2	146.9	158.5

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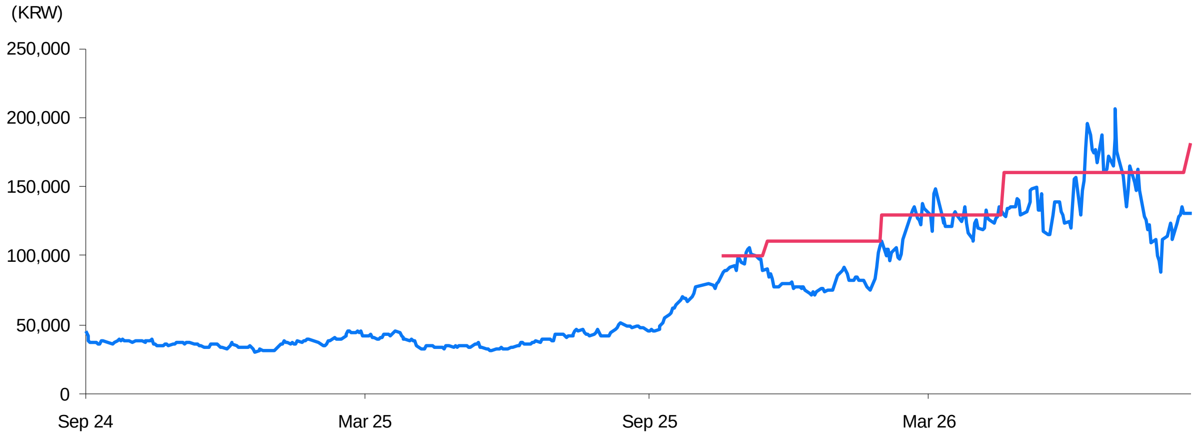

Rating changes over past two years (adjusted share prices)

Date	2025/10/20	11/17	2026/1/30	4/20	8/18
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	100000	110000	130000	160000	180000
Gap* (average)	-4.02	-26.62	-5.83	-11.59	
(max or min)**	5.70	-2.27	13.85	29.06	

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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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 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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