COMPANY INITIATION

2026. 8. 26

Tech Team

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AT A GLANCE

BUY

Target price	KRW180,000	38.6%
Current price	**KRW129,900**	
Market cap	KRW3.8t/USD2.7b	
Shares (float)	28,966,714 (67.0%)	
52-week high/low	KRW211,500/KRW20,150	
Avg daily trading value (60-day)	KRW96.2b/ USD69.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
PSK (%)	-9.7	114.4	544.7
Vs Kosdaq (%pts)	-18.3	202.0	522.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	Not rated	
Target price	180,000	n/a	n/a
2026E EPS	5,397	n/a	n/a
2027E EPS	6,570	n/a	n/a

SAMSUNG vs THE STREET

No of estimates	5
Target price	192,000
Recommendation	3.8

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

PSK (319660)

Tailwinds across the board

- We initiate coverage of PSK at BUY with a target price of KRW180,000.
- A diversified customer base should provide growth opportunities amid the semiconductor capex cycle.
- Further market share gains are likely for PSK's dry strip equipment, while expectations for the dry-cleaning and bevel-etcher businesses remain intact.

WHAT'S THE STORY?

Initiating coverage at BUY with target price of KRW180,000: We initiate coverage of PSK at BUY with a target price of KRW180,000. Our target price is derived by applying the 27x average P/E (FactSet) of the top five global front-end equipment manufacturers—Applied Materials, ASML, Lam Research, Tokyo Electron, and KLA—to our 2027 EPS forecast. PSK should deliver earnings growth over the next three years comparable to that of its global peers. Moreover, its diversified customer base means it avoids the high customer concentration typical of domestic equipment suppliers. We therefore expect its valuation discount to global peers to narrow.

Diversified customer base across global IDMs; nearly all are expanding capacity: As the semiconductor capex cycle extends, equipment suppliers should benefit from sustained investment growth. PSK supplies nearly all major global integrated device manufacturers (IDMs), with the world's largest foundry the only notable exception. With Intel now joining memory makers in the capex upswing, PSK is particularly well positioned to capture outsized growth.

Scope for further market share gains: As US-based fabs accelerate capacity expansion in North America, PSK should benefit from ongoing supply-chain realignment. Its main competitors in dry-strip equipment are either Chinese companies or entities effectively controlled by the Chinese government.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	457	686	848	957
Operating profit	88	183	233	271
Net profit (adj)	79	156	190	220
EPS (adj) (KRW)	2,712	5,397	6,570	7,594
EPS (adj) growth (% y-y)	(0.7)	99.0	21.7	15.6
EBITDA margin (%)	21.5	28.4	28.9	29.9
ROE (%)	15.5	25.5	24.7	23.1
P/E (adj) (x)	13.6	24.1	19.8	17.1
P/B (x)	2.0	5.5	4.4	3.6
EV/EBITDA (x)	9.0	17.8	13.6	11.2
Dividend yield (%)	1.8	0.6	0.7	0.8

Source: Company data, Samsung Securities estimates

New opportunities in dry cleaning and bevel etch: Conditions are also becoming more favorable for PSK's ancillary equipment businesses. All DRAM customers that have adopted dry-cleaning technology are currently expanding capacity. Meanwhile, tight equipment supply should prompt manufacturers to reconsider bevel etchers as a means of maximizing wafer throughput.

Key risks: Key risks include: 1) dependence on the AI infrastructure cycle; 2) delays in cleanroom construction; and 3) market share erosion in China.

Company overview

PSK is a Korean semiconductor equipment manufacturer spun off in 2019 from the former PSK (now PSK Holdings; 031980). The spin-off transferred the front-end process equipment business to the current PSK, while the surviving entity, PSK Holdings, retained the back-end process equipment business. The current ownership structure was finalized after the unlisted holding company that owned shares in the original PSK merged with PSK Holdings, leaving PSK Holdings with a majority stake in PSK.

PSK focuses exclusively on front-end semiconductor process equipment, with plasma-based removal and cleaning tools at the core of its product portfolio. Unlike many Korean peers, which are heavily exposed to the memory market (DRAM and NAND), PSK serves both memory and logic/foundry customers—a key differentiator. Its product portfolio comprises four main equipment categories:

- **Dry strip (PR strip):** This equipment removes residual photoresist following lithography and etching. It is PSK's flagship product, accounting for 70-80% of equipment revenue, and serves both memory and non-memory customers. With a global market share of around 40%, PSK ranks first, ahead of US rival Lam Research and Chinese competitors Mattson Technology and Naura.
- **Dry cleaning:** This equipment removes native oxide layers and accounts for 10-15% of equipment revenue, with sales concentrated among DRAM manufacturers. Its main competitor is Applied Materials.
- **New hardmask (NHM) strip:** This equipment selectively removes hardmask materials that are difficult to remove using conventional methods. It previously accounted for around 10% of revenue, but meaningful new orders have dried up following recent process changes at key customers.
- **Bevel etch:** This equipment cleans the wafer edge (bevel), removing particles and residual films that can cause contamination and reduce yields in downstream processes. Bevel etch is a strategic growth area for PSK, with applications in both memory and non-memory processes, and currently accounts for 5-10% of equipment revenue. Its main competitors are Lam Research and Naura, Lam Research historically dominating the market.

PSK: Equipment portfolio

	Dry strip (PR strip)	Dry cleaning	New hardmask strip	Bevel etch
Product	Supra	Integer	Omnis	Precia
Target material	Photoresist	Native oxide	Hardmask	Wafer edge (bevel) layers
Process step	Post-etch	Pre-deposition / Oxide formation	Post-etch	Inter-process
Application	DRAM/NAND/Logic	DRAM	NAND	DRAM/NAND/Logic
Revenue %	70-80%	10-15%	0-10%	5-10%
Key competitors	Mattson, Lam Research, Naura	Applied Materials	Lam Research	Lam Research, Naura

Source: Company data, Samsung Securities

Diversified customer base across global IDMs

Nearly all clients are expanding capacity

A key investment point for PSK is its uniquely diversified customer base. The company supplies nearly all major global IDMs—with the largest foundry the only notable exception—setting it apart from Korean equipment suppliers that rely heavily on Samsung Electronics (SEC) and SK Hynix. This diversification helps mitigate the q-q sales volatility typical of suppliers with concentrated customer bases, as customers' capex cycles are not synchronized.

While memory cycles remain inherently volatile, PSK's diversified exposure should translate into lower earnings beta than domestic peers during memory market booms. Moreover, the recent acceleration in logic and foundry capex has narrowed the growth gap. More importantly, PSK is well positioned to capture demand from North American memory manufacturers, which are aggressively expanding capacity.

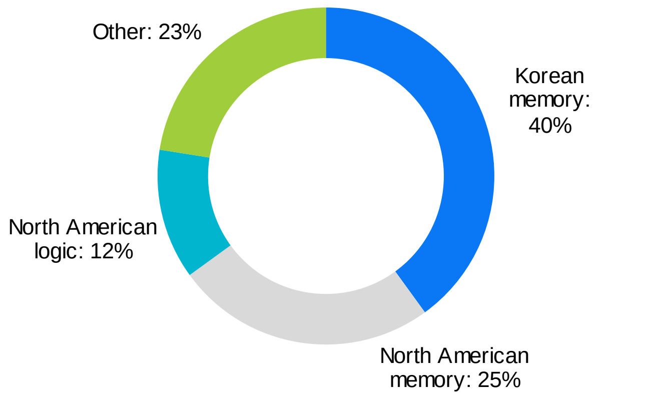
Memory: All major customers are accelerating capacity expansion

Memory capacity expansion plans have accelerated sharply over the past year, amid structural supply shortages that have become a dominant industry theme. SEC and Hynix are already looking beyond their existing fabs (P4 and M15X, respectively), preparing to commission new facilities (P5 and Y1) next year, while publicly discussing subsequent expansions (P5-2 and Y2).

In June, both companies unveiled medium-term strategies to double production capacity within five years. SEC plans to bring forward completion of its six-fab Yongin National Advanced System Semiconductor Industrial Complex from 2047 to 2040, accelerating the timeline by seven years. Hynix likewise brought forward completion of its four-fab Yongin Semiconductor Cluster General Industrial Complex from 2045 to 2033, shortening the timeline by 12 years, and has also confirmed plans to break ground on its M17 NAND fab in 2027.

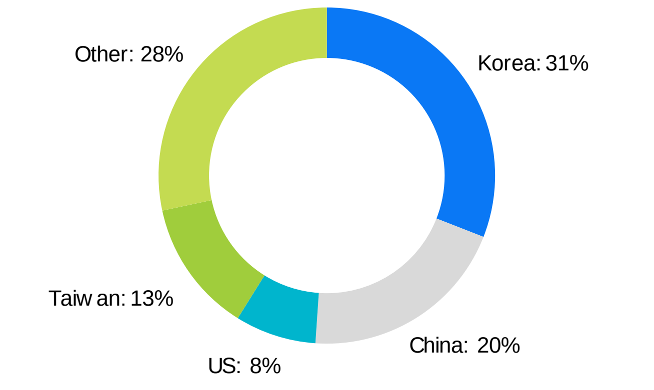
Micron is moving at a similar pace. During its latest earnings call, the US company disclosed timelines for the ramp-up of ID2 and its Tongluo fab, even before its ID1 fab comes online—this, alongside plans to break ground on its New York cluster. While these new projects will not have an immediately earnings impact, they should lay the foundation for meaningful upside from 2H27.

PSK: Longer term sales distribution, by customer type



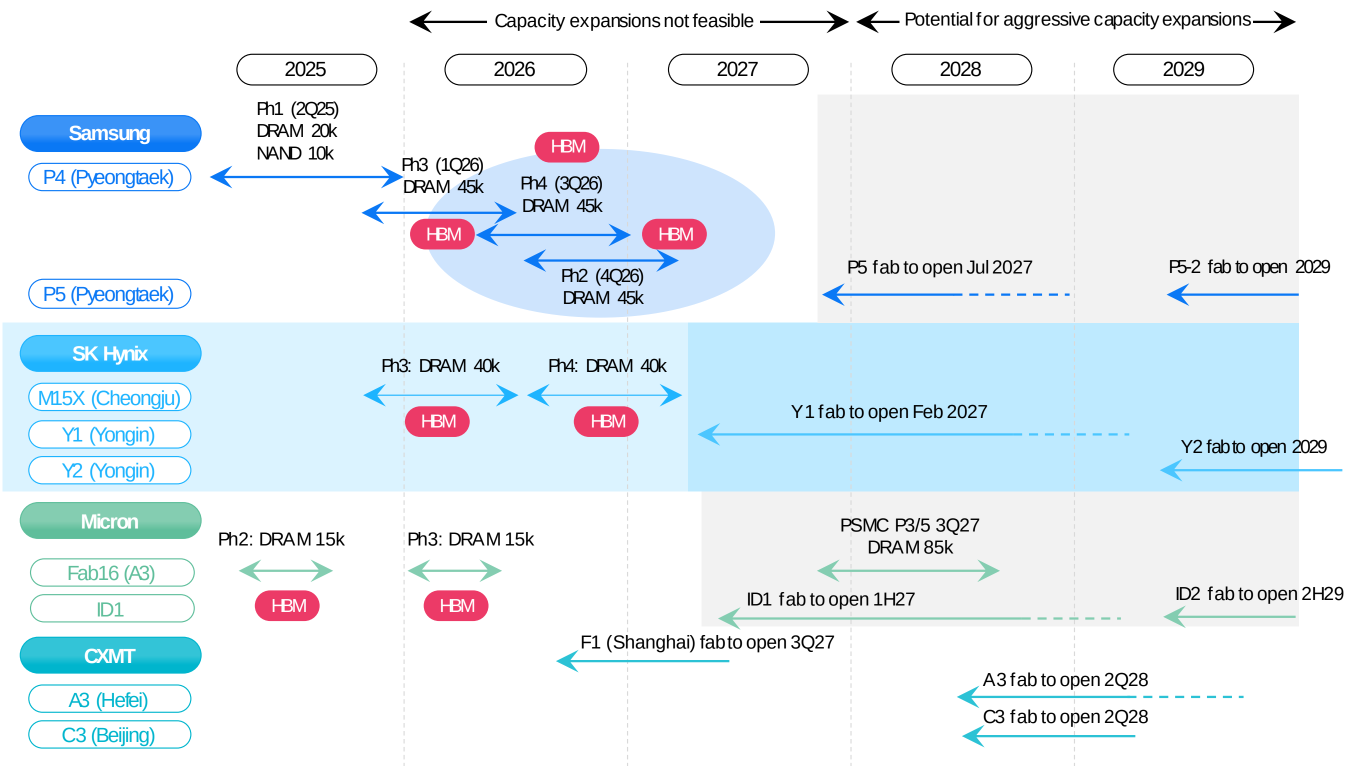
Source: Company data, Samsung Securities estimates

PSK: Sales distribution, by region



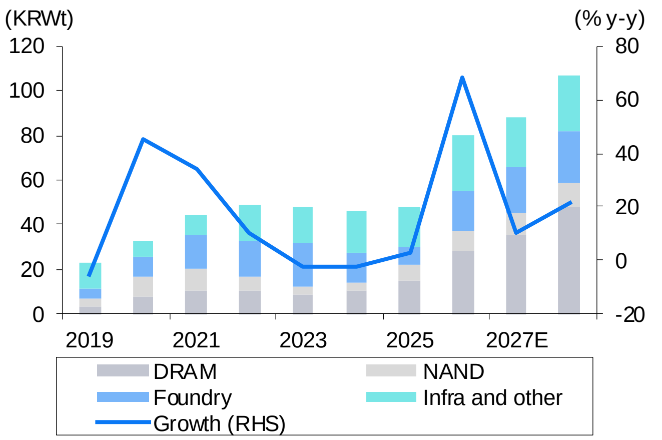
Source: Company data, Samsung Securities

DRAM capacity expansion roadmaps



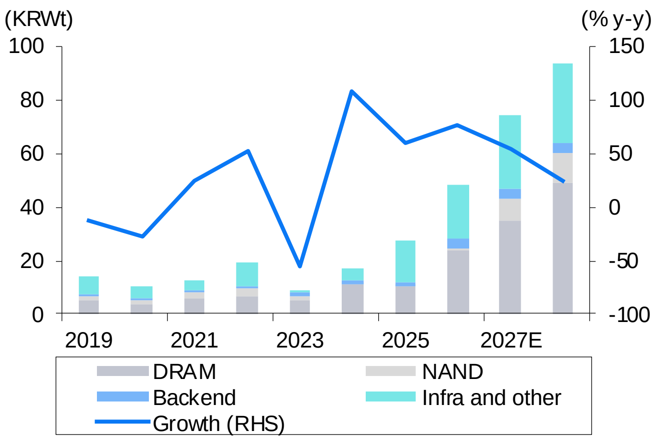
Source: Samsung Securities estimates

SEC: Semiconductor capex



Source: Samsung Securities estimates

SK Hynix: Capex



Source: Samsung Securities estimates

Non-memory: Intel finally joins the capex upswing

Memory and logic capex are intrinsically linked. The same demand surge driving unprecedented memory capacity expansion is also necessitating parallel investment in logic and foundry capacity. TSMC has repeatedly raised its capex guidance since the start of the year, exceeding market expectations each quarter. Samsung Foundry is also expanding its Taylor fab, targeting commercial operations from 2H26.

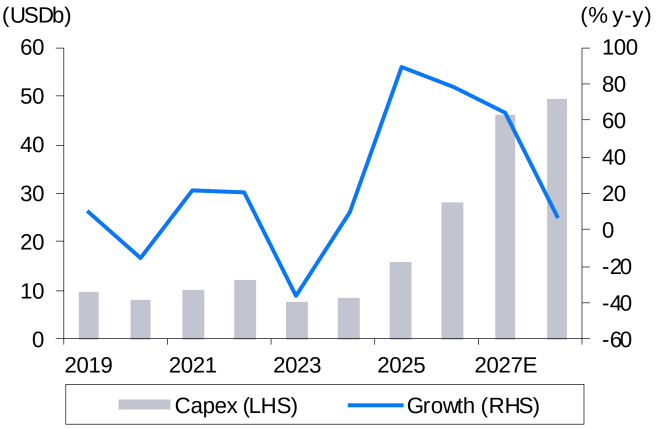
Intel—the final member of the "Big Three"—has now formally joined the capex expansion wave. It was once a major PSK customer, accounting for more than 10% of revenue. As one of only a handful of Korea-based suppliers to Intel, PSK stands to benefit meaningfully.

The rise of agentic AI has made CPUs increasingly critical components of AI data centers. Since 2H25, CPU vendors have signaled supply shortages. In its 2Q26 earnings call, Intel forecast double-digit y-y growth in server CPU demand in both 2026 and 2027. To meet this demand, it announced 2026 capex of more than USD20b (up 40% y-y) and signaled substantial further expansion in 2027—although it did not disclose specific figures. Shortly before the call, the chipmaker also confirmed a EUR5b investment to expand server CPU capacity at its fab in Ireland.

Meanwhile, Nvidia's surging orders at TSMC are creating spillover demand for Samsung Foundry and Intel Foundry. Samsung Foundry already disclosed a major Tesla win in 2025.

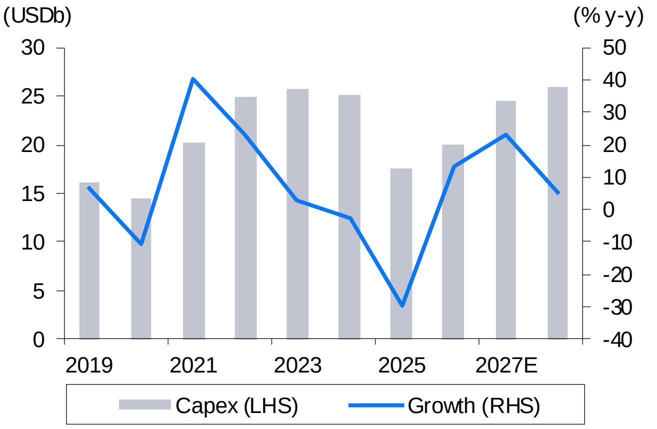
Although Intel has not named specific customers, its actions strongly suggest an improving foundry order pipeline. In 2025, Intel explicitly cited a "lack of foundry orders" as a reason for slowing capex. Its recent USD20b rights offering—announced shortly after its 2Q26 earnings call—signals greater confidence in near-term demand visibility.

Micron: Capex



Note: Fiscal year ends Aug 31
Source: FactSet, Samsung Securities

Intel: Capex



Source: FactSet, Samsung Securities

Opportunity for further market share gains

Already benefiting from geopolitical tailwinds amid US-China tensions

We believe PSK can increase its market share in the dry-strip equipment segment. Its main competitors are Lam Research, Mattson Technology, and Naura. Naura is a key player in China's semiconductor self-sufficiency drive, while Mattson—originally a US equipment supplier—has effectively been under the control of Beijing E-Town Capital, a state-backed industrial investment arm of the Beijing Economic-Technological Development Area, since its acquisition in May 2016.

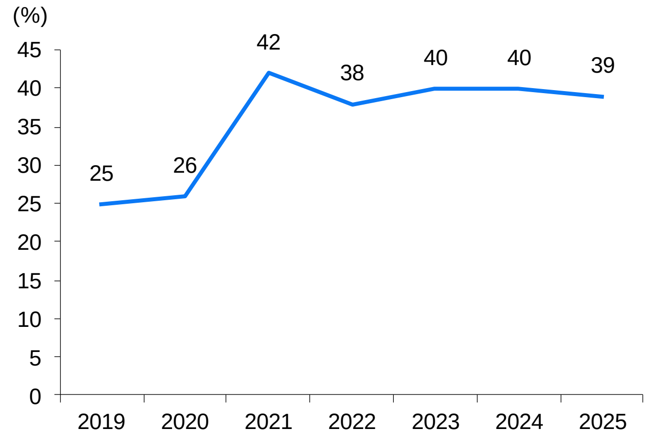
Amid tightening US export controls, PSK has already benefited indirectly from geopolitical tailwinds. Several North American customers have shifted orders away from Mattson, driving PSK's US market share in dry-strip equipment from 26% in 2020 to 42% in 2021.

Further North American market share gains likely from 2027

While PSK's US market share has since stabilized at around 40%—suggesting that much of the initial benefit from geopolitical tensions is already priced in—the plateau also reflects subdued US fab capex over this period. Since Intel's capex peaked during the pandemic, only two major US expansion projects have materialized: TSMC's Arizona fab and SEC's Taylor fab. Notably, equipment installation at the Taylor fab began only this year, meaning it contributed nothing to PSK's 2025 equipment sales. Micron and GlobalFoundries have continued to invest, but their expansions have been concentrated outside the US—primarily in Taiwan and Singapore—limiting the benefit from US-focused supply-chain realignment.

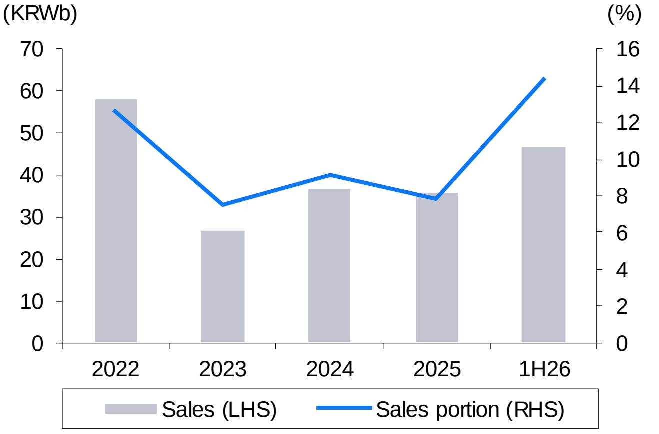
The bigger opportunities should emerge from 2027. Micron's Idaho fab, discussed earlier, is scheduled to come online in 1H27 and begin equipment installation, while Intel has also announced a major capex expansion. Together, these developments should revive the geopolitical tailwinds that have benefited PSK in the past. Moreover, as North American fabs undergo maintenance and technology migrations, further shifts toward PSK equipment appear increasingly likely.

PSK: Dry-strip equipment market share



Source: Gartner, Company data, Samsung Securities

PSK's North American sales: Absolute and as portion of total



Source: Company data, Samsung Securities

Further opportunities in dry-cleaning and bevel-etch equipment

Dry cleaning: Momentum from new DRAM capacity expansions

While dry-strip equipment should continue to account for the bulk of PSK's sales for the foreseeable future, conditions are becoming increasingly favorable for growth in dry-cleaning and bevel-etch equipment. Estimated unit prices for the latter two are around 40% and 70%+ higher, respectively, than for dry-strip equipment, implying meaningful upside to PSK's product mix and profitability.

Demand for DRAM dry-cleaning equipment is currently strong, with all major DRAM manufacturers expanding capacity and preparing to commission new fabs. Moreover, plans for subsequent rounds of expansion are being accelerated. Industry conditions alone should therefore support steady growth for PSK. In addition, a potential customer is currently evaluating PSK equipment for adoption in its 1d-node DRAM process. A successful qualification could provide meaningful upside from 2028, when mass-production at the 1d node ramps up.

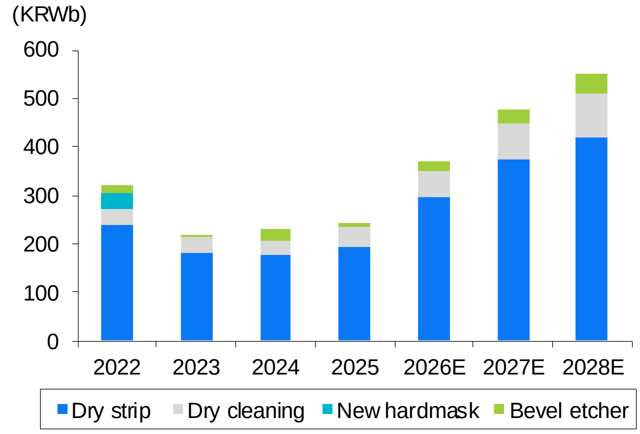
Bevel etcher: Reassessment warranted as memory makers maximize output

While bevel-etcher sales have fallen short of initial expectations, the operating environment is becoming more favorable. As the name suggests, the equipment removes unwanted films and particle-generating contaminants from the wafer edge. Although this improves yield, the economic case is less compelling when manufacturers are willing to accept some loss of usable wafer-edge area, making bevel etching optional under normal conditions.

The calculus changes, however, when supply is severely constrained and rapid capacity expansion is difficult—as it is today. With memory prices continuing to rise, manufacturers are under increasing pressure to maximize output from every available wafer. Against this backdrop, the economic value of bevel etchers warrants reassessment.

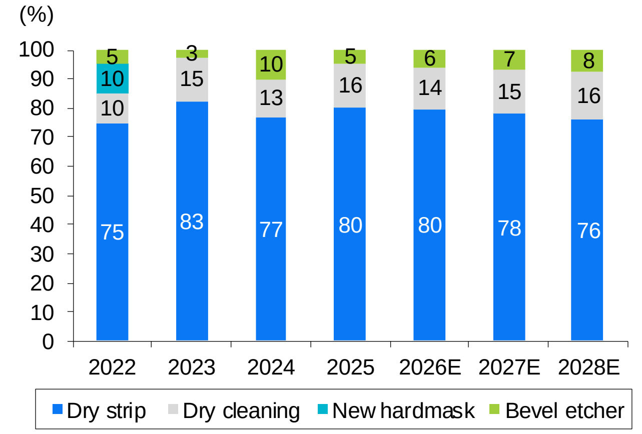
Legal risks related to Lam Research's patent infringement claims are also time-bound. Two patents are currently in force: one expires in December this year, while the other, which expires in Feb 2028, has already been deemed likely invalid by the Patent Court. The court has even advised Lam Research to exclude the latter patent from its claims. Legal risks could therefore be resolved as early as 2027 and, even under a conservative scenario, should be substantially mitigated by early 2028.

PSK: Sales, by equipment type



Source: Company data, Samsung Securities estimates

PSK: Sales mix, by equipment type



Source: Company data, Samsung Securities

Initiating coverage at BUY with a target price of KRW180,000

Target-price calculation

We initiate coverage of PSK at BUY with a target price of KRW180,000. Our target price is derived by applying the 27x average P/E (FactSet) of the top five global front-end equipment manufacturers—Applied Materials, ASML, Lam Research, Tokyo Electron, and KLA—to our 2027 EPS forecast. We expect PSK to deliver earnings growth over the next three years comparable to that of its global peers, while avoiding the high customer concentration typical of domestic equipment suppliers. This should support a narrowing of its valuation discount to global peers.

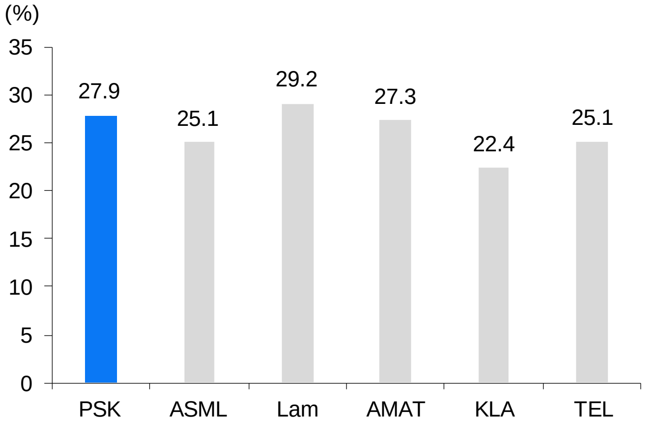
The case for a valuation discount is eroding (TES as precedent)

PSK has long traded at the lowest valuation in its peer group, at a discount not only to global leaders such as Applied Materials and Lam Research but also to domestic peers including Wonik IPS, Eugene Technology, and TES. Historically, this discount was justified by PSK's heavy reliance on dry-strip equipment and the market's perception of limited structural growth in the segment. Unlike etching and deposition, where increasing process complexity at smaller nodes adds process steps and drives higher tool intensity per wafer, dry strip has seen no comparable increase in step count, leaving demand more cyclical and closely tied to memory capex.

While these historical dynamics remain relevant, PSK's fundamentals are changing. TES's rerating this year offers a useful precedent. Like PSK, TES had long traded at a discount. However, as its new backside-deposition equipment began contributing meaningfully to revenue this year, its valuation multiple expanded sharply, briefly surpassing that of Wonik IPS, which had long commanded the highest multiple among Korean equipment makers. PSK now appears to be approaching a similar inflection point. As demand for dry-cleaning and bevel-etch equipment rises, the market should increasingly price in its broader tool exposure, much as it did for TES.

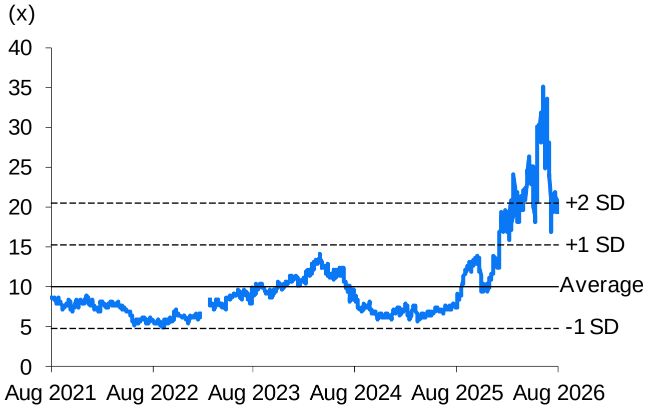
PSK also now offers stronger growth potential than peers, further weakening the case for a valuation discount on growth grounds. Domestic equipment suppliers with high exposure to Korean memory makers have recently exhibited higher betas, but expectations for accelerating memory capex have been priced in since last year. With Intel the last major customer to raise capex guidance, PSK may now offer greater upside to earnings estimates.

Global chip equipment firms: 2026-2028E sales CAGR



Source: FactSet, Samsung Securities estimates

PSK: 12-month forward P/E



Source: FnGuide, Samsung Securities

Korean peer valuations

(KRWb)		PSK	Wonik IPS	Eugene Technology	TES	Jusung Engineering	VM
Price (KRW)		129,900	112,300	138,200	139,000	178,800	60,100
Market cap		3,763	5,512	3,167	2,691	8,311	1,582
EV		3,453	5,118	2,808	2,524	8,152	1,433
Sales	2025	457	910	350	351	311	144
	2026E	680	1,247	500	474	350	311
	2027E	823	1,621	672	608	579	420
Sales growth (%)	2025	14.9	21.6	3.6	46.3	(24.1)	105.5
	2026E	48.6	37.1	42.7	35.1	12.6	115.2
	2027E	21.1	30.0	34.3	28.3	65.6	35.2
Operating margin (%)	2025	19.4	8.1	14.8	16.5	10.1	17.1
	2026E	27.4	14.7	20.5	22.0	16.0	29.7
	2027E	28.2	17.0	24.9	23.2	23.2	32.8
EPS (KRW)	2025	2,712	1,712	1,853	2,885	755	1,018
	2026E	5,498	4,439	6,205	5,526	1,052	3,049
	2027E	6,672	4,878	6,031	7,113	2,517	4,478
EPS growth (%)	2025	(0.7)	305.0	(32.9)	33.7	(66.2)	nm
	2026E	102.8	159.3	234.9	91.5	39.3	199.6
	2027E	21.4	9.9	(2.8)	28.7	139.4	46.9
ROE (%)	2025	15.5	9.1	9.8	15.8	6.2	17.3
	2026E	26.1	20.3	26.9	24.2	8.0	37.2
	2027E	25.2	18.5	20.8	25.1	16.8	38.1
P/S (x)	2025	2.3	3.7	4.9	2.5	4.2	5.4
	2026E	5.5	4.4	6.3	5.7	23.8	5.1
	2027E	4.6	3.4	4.7	4.4	14.4	3.8
P/E (x)	2025	13.6	39.7	40.5	15.4	36.7	29.7
	2026E	23.6	25.3	22.3	25.2	170.0	19.7
	2027E	19.5	23.0	22.9	19.5	71.0	13.4
P/B (x)	2025	2.0	3.4	3.7	2.0	2.1	4.4
	2026E	5.5	4.6	5.2	5.0	12.8	6.3
	2027E	4.4	3.9	4.3	4.1	10.8	4.3
EV/EBITDA (x)	2025	9.0	21.9	22.2	11.3	20.8	23.2
	2026E	16.8	21.6	23.1	20.9	99.6	14.4
	2027E	13.1	14.9	14.2	15.1	48.3	9.2

Note: FnGuide consensus
Source: FnGuide, Samsung Securities

Global peer valuations

(USDm)		ASML	Applied Materials	Lam Research	KLA	Tokyo Electron*	Naura
Price (local currency)		1,740.13	484.19	310.17	181.57	55,150	707.90
Market cap		674,601	384,252	388,122	237,230	162,141	76,464
EV		662,557	385,465	389,698	240,855	155,977	77,376
Sales	2025	39,017	28,214	20,561	12,745	15,598	5,759
	2026E	49,722	38,141	29,223	15,610	21,264	7,617
	2027E	63,462	49,128	37,849	20,033	26,694	10,238
Sales growth (%)	2025	32.5	2.1	26.8	17.5	(6.8)	40.6
	2026E	27.4	35.2	42.1	22.5	36.3	32.3
	2027E	27.6	28.8	29.5	28.3	25.5	34.4
Operating margin (%)	2025	34.5	30.0	34.1	43.5	25.6	13.2
	2026E	39.8	34.1	38.2	44.8	29.3	15.4
	2027E	43.1	37.0	41.0	47.7	32.2	18.1
EPS (local currency)	2025	29.54	9.42	4.90	3.55	1,255	7.73
	2026E	43.63	14.63	7.79	4.55	1,671	10.51
	2027E	60.03	20.02	10.67	6.24	2,317	16.04
EPS growth (%)	2025	47.3	5.7	45.7	29.4	6.1	(5.8)
	2026E	47.7	55.3	58.9	28.3	33.2	36.0
	2027E	37.6	36.8	37.0	37.3	38.6	52.6
ROE (%)	2025	47.9	37.5	62.9	98.0	27.8	14.8
	2026E	56.5	43.6	75.1	94.2	31.1	18.0
	2027E	56.4	46.6	71.3	101.2	35.8	20.9
P/S (x)	2025	17.3	13.6	18.9	18.6	10.6	13.1
	2026E	13.5	10.1	13.3	15.2	7.6	10.0
	2027E	10.6	7.8	10.3	11.8	6.1	7.5
P/E (x)	2025	58.9	51.4	63.3	51.2	44.0	91.6
	2026E	39.9	33.1	39.8	39.9	33.0	67.3
	2027E	29.0	24.2	29.1	29.1	23.8	44.1
P/B (x)	2025	28.2	19.3	39.8	50.2	12.2	13.6
	2026E	22.5	14.4	29.9	37.6	10.2	12.1
	2027E	16.3	11.3	20.7	29.4	8.5	9.2
EV/EBITDA (x)	2025	27.9	43.3	53.0	41.2	23.6	49.3
	2026E	31.0	28.2	33.4	32.8	22.9	55.3
	2027E	23.0	20.3	24.5	24.0	17.1	36.7

Note: Calendar year except Tokyo Electron;
*Fiscal year ends Mar 31 (results for the period ending Mar 2026 denoted as 2025)
Source: FactSet, Samsung Securities

Risk factors

Dependence on AI infrastructure cycle

The current semiconductor boom and capex cycle are heavily dependent on demand from AI servers and data centers. With semiconductor prices rising on surging AI investment, traditional end markets such as PCs and mobile devices continue to show signs of weakness. Even a modest downward revision to expectations for AI infrastructure spending could trigger a sharp contraction in global semiconductor capex, echoing the correction that followed the 2017-2018 cloud supercycle.

Delays in cleanroom construction

Memory and non-memory manufacturers are accelerating equipment installation at existing fabs while also bringing forward completion schedules for new facilities. However, these ambitions face real-world constraints: sufficient power, ultra-pure water supply, and the availability of skilled engineers and construction labor remain critical bottlenecks. Even with ample capital, delays in cleanroom construction would inevitably push back equipment delivery schedules and disrupt revenue recognition timelines.

Market share erosion in China

The acquisition of Mattson Technology by Chinese government-backed entities is a double-edged sword for PSK. While it has helped PSK gain share among US customers, it could weigh on its position in China. Chinese pure equipment supplier Naura Technology is already a strong competitor. Although PSK still generates meaningful revenue from Chinese customers, its market share in China could decline over the long term.

Results and forecasts

Summary income statement

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E
Sales	**102.0**	**108.5**	**104.1**	**142.7**	**156.6**	**167.5**	**176.0**	**185.5**	**457.2**	**685.6**	**848.4**
Growth (% y-y)	31.2	11.7	-11.8	35.7	53.6	54.4	69.0	30.0	14.9	49.9	23.7
Growth (% q-q)	-3.1	6.4	-4.0	37.0	9.8	6.9	5.1	5.4			
Cost of goods sold	51.0	57.2	52.1	73.6	79.5	80.3	89.4	92.2	234.0	341.4	433.5
Gross profit	**50.9**	**51.2**	**52.0**	**69.1**	**77.1**	**87.2**	**86.6**	**93.3**	**223.2**	**344.2**	**414.8**
Gross margin (%)	49.9	47.2	50.0	48.4	49.3	52.1	49.2	50.3	48.8	50.2	48.9
SG&A expenses	28.3	30.7	28.6	47.2	30.0	36.9	36.6	57.4	134.7	160.9	181.8
Operating profit	**22.6**	**20.6**	**23.4**	**21.9**	**47.2**	**50.3**	**50.0**	**35.9**	**88.5**	**183.3**	**233.1**
Operating margin (%)	22.2	19.0	22.5	15.3	30.1	30.0	28.4	19.3	19.4	26.7	27.5
Non-operating profit	1.9	-2.1	3.5	0.6	4.1	4.6	2.8	2.8	4.0	14.3	10.9
Pre-tax profit	**24.6**	**18.5**	**26.9**	**22.5**	**51.2**	**54.9**	**52.8**	**38.7**	**92.5**	**197.6**	**244.0**
Pre-tax margin (%)	24.1	17.1	25.9	15.8	32.7	32.8	30.0	20.9	20.2	28.8	28.8
Net profit	**20.0**	**18.6**	**20.6**	**19.4**	**41.0**	**43.9**	**41.2**	**30.2**	**78.5**	**156.3**	**190.3**
Net margin (%)	19.6	17.2	19.8	13.6	26.2	26.2	23.4	16.3	17.2	22.8	22.4
EPS (KRW)	**689**	**643**	**712**	**668**	**1,417**	**1,516**	**1,422**	**1,042**	**2,712**	**5,397**	**6,570**
Growth (% y-y)	-3.3	-5.3	-12.1	25.9	105.6	135.9	99.9	55.9	-0.7	99.0	21.7
Growth (% q-q)	29.8	-6.7	10.7	-6.1	112.0	7.0	-6.2	-26.8			

Source: Company data, Samsung Securities estimates

Sales, by division

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2025	2026E	2027E
Product	56.3	53.9	46.7	88.2	85.7	82.0	94.8	108.4	245.1	370.9	478.8
Part	45.7	54.5	57.4	54.5	70.9	85.5	81.2	77.1	212.1	314.7	369.5
Total	102.0	108.5	104.1	142.7	156.6	167.5	176.0	185.5	457.2	685.6	848.4
Share (%)											
Product	55.2	49.7	44.9	61.8	54.8	49.0	53.9	58.4	53.6	54.1	56.4
Part	44.8	50.3	55.1	38.2	45.2	51.0	46.1	41.6	46.4	45.9	43.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Growth (% y-y)											
Product	34.5	-0.1	-36.8	45.8	52.4	52.1	102.9	22.9	6.5	51.3	29.1
Part	27.2	26.4	30.1	21.9	55.0	56.7	41.5	41.6	26.4	48.3	17.4
Total	31.2	11.7	-11.8	35.7	53.6	54.4	69.0	30.0	14.9	49.9	23.7
Growth (% q-q)											
Product	-7.0	-4.1	-13.3	88.7	-2.8	-4.4	15.6	14.3			
Part	2.3	19.3	5.3	-5.1	30.1	20.6	-5.0	-5.0			
Total	-3.1	6.4	-4.0	37.0	9.8	6.9	5.1	5.4			

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**398**	**457**	**686**	**848**	**957**
Cost of goods sold	188	234	341	434	485
Gross profit	**210**	**223**	**344**	**415**	**471**
Gross margin (%)	52.7	48.8	50.2	48.9	49.3
SG&A expenses	126	135	161	182	200
Operating profit	**84**	**88**	**183**	**233**	**271**
Operating margin (%)	21.1	19.4	26.7	27.5	28.4
Non-operating gains (losses)	**13**	**4**	**14**	**11**	**11**
Financial profit	25	22	31	27	27
Financial costs	11	16	16	15	16
Equity-method gains (losses)	0	0	0	0	0
Other	0	-2	-0	-1	-1
Pre-tax profit	**97**	**93**	**198**	**244**	**282**
Taxes	18	14	41	54	62
Effective tax rate (%)	18.8	15.1	20.9	22.0	22.0
Profit from continuing operations	79	79	156	190	220
Profit from discontinued operations	0	0	0	0	0
Net profit	**79**	**79**	**156**	**190**	**220**
Net margin (%)	19.9	17.2	22.8	22.4	23.0
Net profit (controlling interests)	79	79	156	190	220
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	93	98	195	245	286
EBITDA margin (%)	23.2	21.5	28.4	28.9	29.9
EPS (parent-based) (KRW)	2,732	2,712	5,397	6,570	7,594
EPS (consolidated) (KRW)	2,732	2,712	5,398	6,570	7,594
Adjusted EPS (KRW)*	2,732	2,712	5,397	6,570	7,594

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**399**	**443**	**622**	**769**	**940**
Cash & equivalents	95	119	204	314	465
Accounts receivable	54	95	118	129	139
Inventories	108	104	142	161	166
Other current assets	142	124	159	165	170
Fixed assets	**171**	**203**	**202**	**226**	**251**
Investment assets	54	75	75	75	75
Tangible assets	93	102	104	130	157
Intangible assets	10	10	10	9	8
Other long-term assets	14	16	12	12	12
Total assets	**569**	**646**	**824**	**994**	**1,191**
Current liabilities	**81**	**89**	**122**	**125**	**128**
Accounts payable	19	27	44	47	49
Short-term debt	5	0	0	0	0
Other current liabilities	58	62	79	79	79
Long-term liabilities	**16**	**18**	**16**	**16**	**16**
Bonds & long-term debt	13	11	10	10	10
Other long-term liabilities	3	7	6	6	6
Total liabilities	**98**	**107**	**138**	**141**	**144**
Owners of parent equity	**472**	**539**	**686**	**853**	**1,047**
Capital stock	15	15	15	15	15
Capital surplus	172	172	172	172	172
Retained earnings	276	343	479	647	840
Other	9	10	20	20	20
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**472**	**539**	**686**	**854**	**1,047**
Net debt	-172	-179	-296	-413	-569

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**68**	**62**	**139**	**169**	**218**
Net profit	79	79	156	190	220
Non-cash profit and expenses	24	33	11	12	14
Depreciation	7	9	10	11	13
Amortization	1	1	1	1	1
Other	15	24	0	0	0
Changes in A/L from operating activities	-29	-43	-28	-33	-17
Cash flow from investments	**-34**	**-17**	**-39**	**-36**	**-40**
Change in tangible assets	-27	-19	-39	-36	-40
Change in financial assets	25	23	0	0	0
Other	-32	-22	0	0	0
Cash flow from financing	**-9**	**-20**	**-23**	**-23**	**-26**
Change in debt	-0	-5	-1	0	0
Change in equity	0	-0	0	0	0
Dividends	-6	-12	-20	-23	-26
Other	-3	-3	-2	0	0
Change in cash	30	25	84	110	152
Cash at beginning of year	64	95	119	204	314
Cash at end of year	95	119	204	314	465
Gross cash flow	**103**	**112**	**168**	**202**	**234**
Free cash flow	**40**	**43**	**130**	**133**	**178**

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	13.1	14.9	49.9	23.7	12.7
Operating profit	55.1	5.4	107.2	27.1	16.3
Net profit	50.7	-0.7	99.1	21.7	15.6
Adjusted EPS**	50.7	-0.7	99.1	21.7	15.6
Per-share data (KRW)					
EPS (parent-based)	2,732	2,712	5,397	6,570	7,594
EPS (consolidated)	2,732	2,712	5,398	6,570	7,594
Adjusted EPS**	2,732	2,712	5,397	6,570	7,594
BVPS	16,285	18,606	23,693	29,463	36,157
DPS (common)	400	680	800	900	1,000
Valuations (x)					
P/E***	6.0	13.6	24.1	19.8	17.1
P/B***	1.0	2.0	5.5	4.4	3.6
EV/EBITDA	3.3	9.0	17.8	13.6	11.2
Ratios (%)					
ROE	18.3	15.5	25.5	24.7	23.1
ROA	14.9	12.9	21.3	20.9	20.1
ROIC	34.0	31.5	53.4	58.3	59.4
Payout ratio	14.6	25.1	14.8	13.7	13.2
Dividend yield (common)	2.4	1.8	0.6	0.7	0.8
Net debt to equity	-36.5	-33.3	-43.1	-48.4	-54.4
Interest coverage (x)	139.0	175.2	415.3	540.5	628.8

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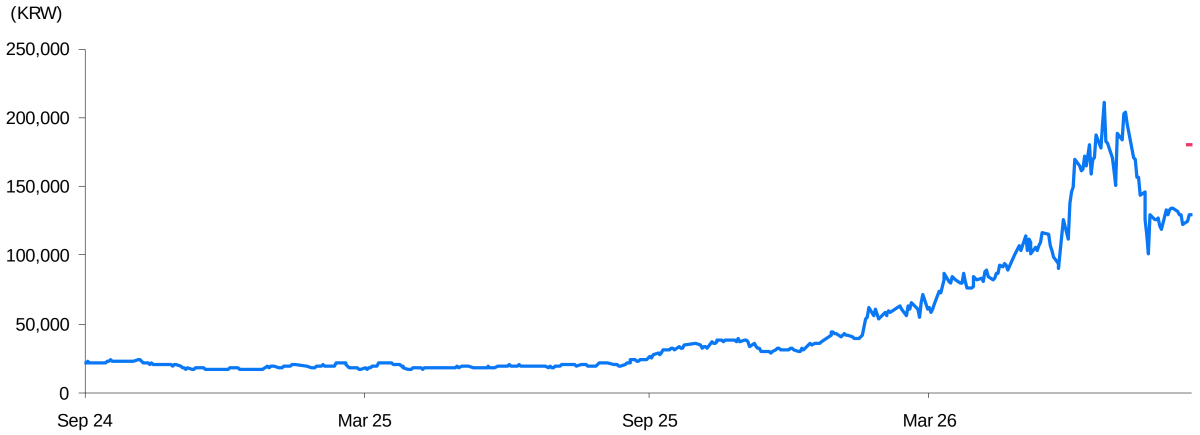
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/8/26
Recommendation	BUY
Target price (KRW)	180000
Gap* (average)	
(max or min)**	

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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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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