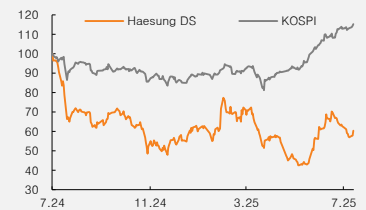


(Maintain)	Buy
Target price	₩35,000
Current price (7/30/25)	₩25,500
Upside	37.3%

OP (25F, Wbn)	30
Consensus OP (25F, Wbn)	37
EPS growth (25F, %)	-51.8
Market EPS growth (25F, %)	25.2
P/E (25F, x)	15.3
Market P/E (25F, x)	11.9
KOSPI	3,254.47

Market cap (Wbn)	434
Shares (mn)	17
Free float (%)	61.8
Foreign ownership (%)	8.9
Beta (12M)	1.88
52-week low (W)	18,000
52-week high (W)	36,250

(%)	1M	6M	12M
Absolute	-9.3	-4.0	-27.8
Relative	-14.3	-25.1	-39.2



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Haesung DS

On the road to recovery; margin improvement remains a challenge

2Q25 Preview: Solid leadframe sales, signs of recovery in substrates, but profitability still under pressure

For 2Q25, we forecast Haesung DS to report revenue of ₩154.8bn (+0.8% YoY) and operating profit of ₩8.3bn (-52.7% YoY). Demand for automotive leadframes remained solid, driving a gradual recovery. In the semiconductor substrate segment, shipment volumes of DDR5 products—destined for a key customer—began to increase meaningfully following qualification, though utilization has yet to normalize. Meanwhile, DDR4 package substrate shipments also appear to have risen, in line with changes in the front-end customer's production strategy. That said, margins remain under pressure due to rising raw material costs and an uptick in cost of goods sold. Additionally, the company is expected to begin recognizing around ₩2.5bn in quarterly depreciation expenses starting from 3Q25, adding to the burden.

We forecast 2025 full-year revenue at ₩629.4bn (+4.4% YoY) and operating profit at ₩30.1bn (-47.1% YoY). While leadframe inventories at downstream customers have stabilized and DDR5 substrate production is gaining traction, overall profitability is likely to remain below 2024 levels due to higher fixed costs (estimated at ₩2.5bn per quarter) and input prices (copper, gold, etc.).

Growth momentum expected in 2H25

We expect the company to resume top-line growth in 2H25, with meaningful improvements from 3Q25. For the substrate segment, shipments to the company's China plant are slated to ramp up in August, and demand for new substrate models from domestic customers is also likely to increase. Moreover, from 2026 onward, substrate supply to global customers in China and North America could materialize in a more concrete way. Leadframe sales should also continue growing, supported by increased demand from Chinese customers and the start of mass production on a dedicated line for a North American client. Despite subdued EV demand, healthy inventory levels at customers should allow sales to keep expanding.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	672	603	629	699	790
OP (Wbn)	103	57	30	43	70
OP margin (%)	15.3	9.5	4.8	6.2	8.9
NP (Wbn)	84	59	28	34	58
EPS (W)	4,966	3,453	1,665	1,994	3,427
ROE (%)	17.5	11.0	5.0	5.8	9.5
P/E (x)	11.2	6.8	15.3	12.8	7.4
P/B (x)	1.8	0.7	0.8	0.7	0.7
Dividend yield (%)	1.6	3.4	3.1	3.1	3.1

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Mirae Asset Research AI translation

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Maintain TP at W35,000

We maintain our target price of W35,000. We believe the current share price already reflects concerns over the delayed recovery in end-market conditions and the upcoming rise in quarterly fixed costs. In 2026, margin improvement will be a key task. However, if the company succeeds in improving DDR product yields while expanding its topline, profitability should improve gradually. Given the company's structural growth potential and ongoing efforts to diversify its global customer base, we continue to view Haesung DS as an attractive mid-to-long-term investment.

Table 1. Quarterly and annual earnings

(Wbn, %)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25P	3Q25F	4Q25F	2024	2025F	2026F
Revenue	154.9	153.5	149.4	145.2	137.5	154.8	172.1	165.1	603.0	629.4	698.7
<i>QoQ</i>	6.7	-0.9	-2.6	-2.8	-5.3	12.6	11.2	-4.0			
<i>YoY</i>	-19.5	-14.4	-3.9	0.0	-11.2	0.8	15.1	13.7	-10.3	4.4	11.0
Automotive LFs	69.5	68.6	73.7	76.1	73.7	83.2	88.2	84.0	287.9	329.2	362.1
IT-use LFs	30.7	38.7	39.3	37.9	27.8	34.7	38.1	36.6	146.6	137.2	141.4
Package substrates	54.7	35.8	28.5	24.2	19.3	20.3	27.4	26.0	134.3	92.9	107.8
OP	20.9	18.0	11.7	6.3	0.4	8.3	12.6	8.8	56.9	30.1	43.0
<i>QoQ</i>	27.8	-13.8	-35.0	-46.5	-94.3	2231.4	52.7	-30.1			
<i>YoY</i>	-32.8	-49.6	-39.5	-61.6	-98.3	-54.1	7.8	40.9	-44.5	-47.1	43.1
OP margin	13.5	11.7	7.8	4.3	0.3	5.3	7.3	5.3	9.4	4.8	6.2
Pretax profit	25.3	20.3	6.6	14.7	0.0	11.8	11.3	10.9	67.0	34.0	40.6
NP attr. to owners	19.5	21.0	6.0	12.2	0.6	9.6	9.2	8.9	58.7	28.3	33.9
Net margin	12.6	13.7	4.0	8.4	0.4	6.2	5.4	5.4	9.7	4.5	4.9

Source: Mirae Asset Securities Research

Haesung DS (195870 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	603	629	699	790
Cost of revenue	492	546	598	658
GP	111	83	101	132
SG&A expenses	55	53	58	62
OP (adj.)	57	30	43	70
OP	57	30	43	70
Non-operating profit	10	4	-2	-1
Net financial income	0	-1	-3	-2
Net income from associates	0	0	0	0
Pretax profit	67	34	41	69
Income tax	8	6	7	11
Profit from continuing operations	59	28	34	58
Profit from discontinued operations	0	0	0	0
NP	59	28	34	58
Attributable to owners	59	28	34	58
Attributable to minority interests	0	0	0	0
Total comprehensive income	57	28	34	58
Attributable to owners	57	28	34	58
Attributable to minority interests	0	0	0	0
EBITDA	107	84	95	120
FCF	-88	-78	31	37
EBITDA margin (%)	17.7	13.4	13.6	15.2
OP margin (%)	9.5	4.8	6.2	8.9
Net margin (%)	9.8	4.5	4.9	7.3

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	322	321	340	412
Cash & equivalents	84	50	40	73
AR & other receivables	120	136	151	171
Inventory	107	122	135	153
Other current assets	11	13	14	15
Non-current assets	472	563	553	553
Investments in associates	0	0	0	0
PP&E	425	507	498	501
Intangible assets	32	42	40	38
Total assets	794	884	892	965
Current liabilities	201	230	208	225
AP & other payables	73	83	92	104
Short-term financial liabilities	96	111	75	75
Other current liabilities	32	36	41	46
Non-current liabilities	36	82	93	104
Long-term financial liabilities	31	76	86	96
Other non-current liabilities	5	6	7	8
Total liabilities	238	313	301	329
Equity attributable to owners	556	571	591	636
Capital stock	85	85	85	85
Capital surplus	22	22	22	22
Retained earnings	449	464	484	529
Minority interests	0	0	0	0
Shareholders' equity	556	571	591	636

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	61	82	71	87
NP	59	28	34	58
Non-cash income/expenses	73	63	61	62
Depreciation	48	50	48	47
Amortization	2	4	3	3
Other	23	9	10	12
Chg. in working capital	-60	0	-16	-21
Chg. in AR & other receivables	-12	-15	-15	-19
Chg. in inventory	-21	-14	-13	-18
Chg. in AP & other payables	-9	3	3	3
Income tax	-11	-9	-7	-11
Cash flow from investing activities	-144	-171	-37	-46
Chg. in PP&E	-148	-160	-40	-50
Chg. in intangible assets	-11	-15	-1	-1
Chg. in financial assets	0	0	0	0
Other	15	4	4	5
Cash flow from financing activities	27	55	-44	-8
Chg. in financial liabilities	47	60	-26	10
Chg. in equity	0	0	0	0
Dividends	-15	0	-14	-14
Other	-5	-5	-4	-4
Chg. in cash	-56	-34	-10	33
Beginning balance	140	84	50	40
Ending balance	84	50	40	73

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

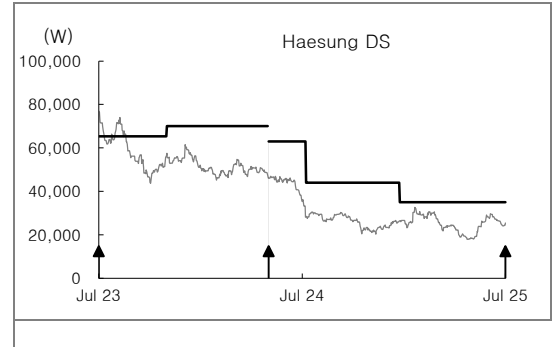
	2024	2025F	2026F	2027F
P/E (x)	6.8	15.3	12.8	7.4
P/CF (x)	3.0	4.8	4.6	3.6
P/B (x)	0.7	0.8	0.7	0.7
EV/EBITDA (x)	4.1	6.8	5.9	4.4
EPS (W)	3,453	1,665	1,994	3,427
CFPS (W)	7,751	5,363	5,572	7,073
BPS (W)	32,722	33,587	34,781	37,407
DPS (W)	800	800	800	800
Dividend payout ratio (%)	23.2	48.0	40.1	23.3
Dividend yield (%)	3.4	3.0	3.0	3.0
Revenue growth (%)	-10.3	4.4	11.0	13.0
EBITDA growth (%)	-27.3	-21.4	12.6	27.0
OP growth (%)	-44.5	-47.1	43.2	61.9
EPS growth (%)	-30.5	-51.8	19.7	71.9
AR turnover (x)	5.5	5.0	5.0	5.0
Inventory turnover (x)	6.1	5.5	5.4	5.5
AP turnover (x)	19.8	25.1	24.5	24.1
ROA (%)	7.9	3.4	3.8	6.3
ROE (%)	11.0	5.0	5.8	9.5
ROIC (%)	9.5	3.8	5.1	8.1
Debt-to-equity ratio (%)	42.8	54.8	50.9	51.8
Current ratio (%)	159.7	139.2	163.4	183.0
Net debt-to-equity ratio (%)	7.8	23.9	20.5	15.4
Interest coverage ratio (x)	17.9	5.3	6.9	11.6

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Haesung DS (195870)	01/21/25	Buy	35,000
	08/06/24	Buy	44,000
	05/31/24	Buy	63,000
	05/30/24	No Coverage	
	11/30/23	Buy	70,000
	11/28/23	One year	65,300
	11/28/22	Buy	65,300



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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