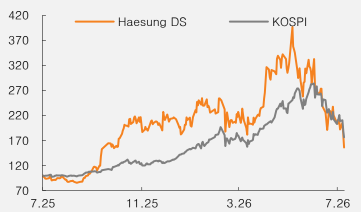
MIRAE ASSET Securities

Equity Research
July 30, 2026

(Maintain)	Buy
Target price	▼ W80,000
Current price (7/29/26)	W40,150
Upside	99.3%

OP (26F, Wbn)	102
Consensus OP (26F, Wbn)	94
EPS growth (26F, %)	213.3
Market EPS growth (26F, %)	261.0
P/E (26F, x)	9.1
Market P/E (26F, x)	5.8
KOSPI	5,663.24
Market cap (Wbn)	683
Shares (mn)	17
Free float (%)	61.8
Foreign ownership (%)	20.5
Beta (12M)	0.99
52-week low (W)	22,000
52-week high (W)	102,400

(%)	1M	6M	12M
Absolute	-41.0	-35.2	64.5
Relative	-12.5	-40.3	-6.1



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195870 KS · Electrical/Electronic Components

Haesung DS

Leadframe recovery becoming evident

Lower TP to W80,000; leadframe recovery should ultimately support a re-rating

We lower our target price for Haesung DS to W80,000 (from W90,000). While we rolled forward our valuation base year from 2026F to 2027F, we lowered our target P/E to reflect the decline in the average multiple of domestic semiconductor substrate peers.

We believe the recent share price correction has been somewhat excessive relative to the company's earnings fundamentals. For 2026, we forecast revenue at W886.5bn (+35.7% YoY), the highest level since 2022, and operating profit at W102.1bn (+119.7% YoY), more than double the 2025 level.

Leadframe business normalizing; AI exposure expanding

A structural turnaround in the leadframe business is becoming increasingly evident. Global automotive electronics customers have completed destocking faster than expected, supporting a steady recovery in volumes since 2Q26. Monthly revenue at Taiwanese leadframe manufacturers has also rebounded, and Haesung DS's utilization appears to be recovering alongside the broader market.

In addition to the normalization of automotive leadframe demand, revenue from heat slugs supplied to global big tech customers should begin to ramp up in 2H26. The company is also conducting qualification tests with several customers in the power semiconductor industry, suggesting that its AI exposure is likely to continue to expand. As Haesung DS diversifies rapidly beyond automotive into big tech and power semiconductor customers, we expect the valuation discount stemming from its automotive focus to narrow over time. In particular, rising AI exposure should be a key driver of a future valuation re-rating.

Earnings improvement and margin normalization to continue

For 2Q26, Haesung DS posted revenue of W211.1bn (+34.1% YoY) and operating profit of W24.9bn (+202.3% YoY), with revenue setting a quarterly record. The key driver of earnings improvement was margin expansion in the leadframe business, supported by favorable QoQ movements in LME prices.

For 3Q26, we forecast operating profit at W33.5bn (+107.9% YoY), with the effects of expanded leadframe capacity likely materializing in earnest. Semiconductor substrate earnings should also improve as shipments to Korean and Chinese semiconductor customers ramp up. With leadframe utilization normalizing and semiconductor substrate volumes growing, we expect 2H26 to mark a period of more pronounced earnings improvement.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	603	653	886	975	1,068
OP (Wbn)	57	46	102	129	159
OP margin (%)	9.5	7.0	11.5	13.2	14.9
NP (Wbn)	59	24	75	105	134
EPS (W)	3,453	1,401	4,390	6,181	7,860
ROE (%)	11.0	4.3	12.6	15.7	17.3
P/E (x)	6.8	39.8	9.1	6.5	5.1
P/B (x)	0.7	1.7	1.1	1.0	0.8
Dividend yield (%)	3.4	1.6	2.2	2.5	2.7

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

Table 1. Quarterly and annual earnings (Wbn, %, %p)

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26F	4Q26F	2025	2026F	2027F
Revenue	137.5	157.4	178.6	179.9	188.7	211.1	239.2	247.5	653.4	886.5	974.5
QoQ	-5.3	14.5	13.5	0.8	4.8	11.9	13.3	3.5			
YoY	-11.2	2.5	19.5	23.9	37.2	34.1	33.9	37.6	8.4	35.7	9.9
Automotive LFs	73.7	81.2	84.6	84.6	91.0	103.3	114.1	125.2	324.1	433.6	468.3
IT-use LFs	27.8	43.2	50.1	46.3	52.8	64.5	67.5	62.5	167.4	247.3	264.4
Package substrates	27.5	34.3	46.7	51.1	48.1	47.1	57.6	59.8	159.6	212.6	241.9
Memory	19.3	25.3	36.8	43.2	38.6	38.8	48.6	51.4	124.6	177.4	206.1
Non-memory	8.2	9.0	9.9	7.9	9.5	8.3	9.0	8.4	35.0	35.3	35.8
OP	0.4	8.2	16.1	21.8	11.0	24.9	33.5	32.8	46.5	102.1	128.6
QoQ	-94.3	2219.9	95.8	35.3	-49.6	126.5	34.7	-2.1			
YoY	-98.3	-54.3	37.6	247.8	2995.3	202.3	107.9	50.4	-18.2	119.7	25.9
OP margin	0.3	5.2	9.0	12.1	5.8	11.8	14.0	13.2	7.1	11.5	13.2
Pretax profit	0.0	-0.8	18.8	14.6	14.2	20.5	30.7	39.9	32.6	105.3	125.2
NP attr. to owners	0.6	-0.4	14.1	9.6	10.8	13.8	21.9	28.1	23.8	74.6	105.1
Net margin	0.4	-0.3	7.9	5.3	5.7	6.6	9.1	11.3	3.6	8.4	10.8

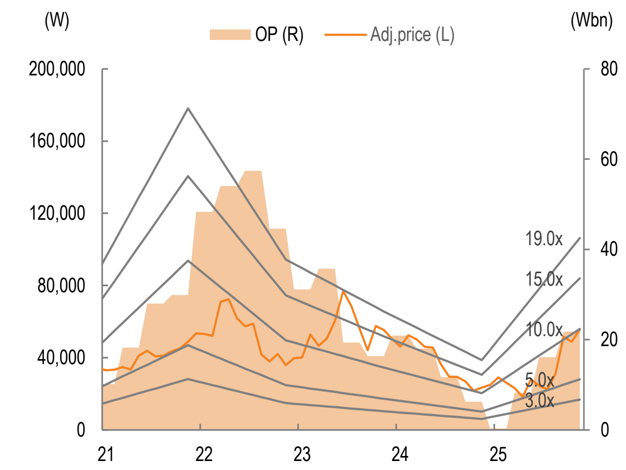
Source: Mirae Asset Securities Research

Table 2. TP calculation

Item	Value	Notes
EPS (W)	6,181	2027F EPS
Target multiple (x)	13	Avg. 2027F P/E of Simmtech, TLB, LG Innotek
TP (W)	80,000	Rounded
CP (W)	40,150	
Upside (%)	99.3	

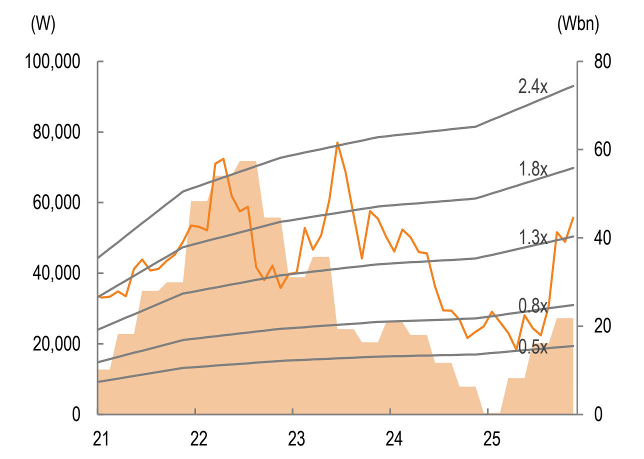
Source: Mirae Asset Securities Research

Figure 1. 12-month forward P/E band chart



Source: Dataguide, Mirae Asset Securities Research

Figure 2. 12-month forward P/B band chart



Source: Dataguide, Mirae Asset Securities Research

Haesung DS (195870 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**653**	**886**	**975**	**1,068**
Cost of revenue	**556**	**721**	**778**	**837**
GP	**97**	**165**	**197**	**231**
SG&A expenses	**51**	**64**	**67**	**69**
OP (adj.)	**46**	**102**	**129**	**159**
OP	**46**	**102**	**129**	**159**
Non-operating profit	**-13**	**3**	**-4**	**17**
Net financial income	-5	-6	-6	-5
Net income from associates	0	0	0	0
Pretax profit	33	105	125	176
Income tax	9	31	20	42
Profit from continuing operations	24	75	105	134
Profit from discontinued operations	0	0	0	0
NP	**24**	**75**	**105**	**134**
Attributable to owners	24	75	105	134
Attributable to minority interests	0	0	0	0
Total comprehensive income	**22**	**74**	**105**	**134**
Attributable to owners	22	74	105	134
Attributable to minority interests	0	0	0	0
EBITDA	104	160	187	220
FCF	-50	-33	64	61
EBITDA margin (%)	15.9	18.1	19.2	20.6
OP margin (%)	7.0	11.5	13.2	14.9
Net margin (%)	3.7	8.5	10.8	12.5

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**386**	**463**	**546**	**653**
Cash & equivalents	108	81	126	193
AR & other receivables	138	189	208	228
Inventory	132	182	200	219
Other current assets	8	11	12	13
Non-current assets	**494**	**519**	**534**	**558**
Investments in associates	0	0	0	0
PP&E	456	485	503	529
Intangible assets	23	20	17	14
Total assets	**881**	**983**	**1,080**	**1,211**
Current liabilities	**180**	**216**	**213**	**225**
AP & other payables	50	69	76	83
Short-term financial liabilities	93	98	82	82
Other current liabilities	37	49	55	60
Non-current liabilities	**137**	**144**	**155**	**156**
Long-term financial liabilities	129	133	143	143
Other non-current liabilities	8	11	12	13
Total liabilities	**316**	**360**	**368**	**381**
Equity attributable to owners	**564**	**623**	**713**	**829**
Capital stock	85	85	85	85
Capital surplus	22	22	22	22
Retained earnings	457	517	606	723
Minority interests	**0**	**0**	**0**	**0**
Shareholders' equity	**564**	**623**	**713**	**829**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**67**	**52**	**135**	**142**
NP	24	75	105	134
Non-cash income/expenses	87	100	81	82
Depreciation	54	54	54	54
Amortization	4	4	4	3
Other	29	42	23	25
Chg. in working capital	-32	-86	-25	-27
Chg. in AR & other receivables	-18	-48	-19	-20
Chg. in inventory	-23	-54	-18	-19
Chg. in AP & other payables	12	12	4	5
Income tax	-7	-31	-20	-42
Cash flow from investing activities	**-119**	**-84**	**-69**	**-59**
Chg. in PP&E	-116	-84	-71	-81
Chg. in intangible assets	-4	0	-1	0
Chg. in financial assets	0	0	0	0
Other	1	0	3	22
Cash flow from financing activities	**76**	**5**	**-20**	**-17**
Chg. in financial liabilities	95	8	-5	0
Chg. in equity	0	0	0	0
Dividends	-14	0	-15	-17
Other	-5	-3	0	0
Chg. in cash	**24**	**-27**	**45**	**66**
Beginning balance	84	108	81	126
Ending balance	108	81	126	193

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

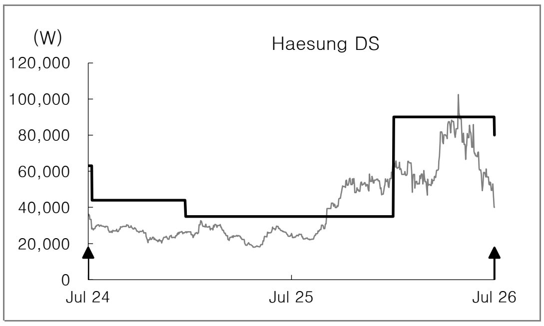
	2025	2026F	2027F	2028F
P/E (x)	39.8	9.1	6.5	5.1
P/CF (x)	8.5	3.9	3.7	3.2
P/B (x)	1.7	1.1	1.0	0.8
EV/EBITDA (x)	10.2	5.2	4.2	3.3
EPS (W)	1,401	4,390	6,181	7,860
CFPS (W)	6,529	10,247	10,932	12,699
BPS (W)	33,198	36,640	41,921	48,781
DPS (W)	900	900	1,000	1,100
Dividend payout ratio (%)	64.2	20.5	16.2	14.0
Dividend yield (%)	1.6	2.2	2.5	2.7
Revenue growth (%)	8.4	35.7	9.9	9.6
EBITDA growth (%)	-2.7	53.9	16.4	17.7
OP growth (%)	-18.2	119.7	25.9	23.3
EPS growth (%)	-59.4	213.3	40.8	27.2
AR turnover (x)	5.2	5.5	4.9	4.9
Inventory turnover (x)	5.5	5.6	5.1	5.1
AP turnover (x)	21.4	19.1	17.0	16.7
ROA (%)	2.8	8.0	10.2	11.7
ROE (%)	4.3	12.6	15.7	17.3
ROIC (%)	5.3	9.8	13.6	14.3
Debt-to-equity ratio (%)	56.0	57.8	51.6	46.0
Current ratio (%)	215.1	214.2	256.5	289.5
Net debt-to-equity ratio (%)	20.2	24.0	13.9	3.9
Interest coverage ratio (x)	6.9	12.6	15.8	19.7

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Haesung DS (195870)	07/30/26	Buy	80,000
	01/30/26	Buy	90,000
	01/21/26	One year	35,000
	01/21/25	Buy	35,000
	08/06/24	Buy	44,000
	05/31/24	Buy	63,000



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	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	83.02%	0%	16.35%	0.63%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of June 30, 2026)

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