

Korea Semi Equipment

Asia marketing feedback – Looking for beneficiaries of the longer capex cycle

Equities
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Korea

- ◆ Investors were focused on: 1) key beneficiaries of capex cycle, 2) competitive landscape, and 3) visibility of orders
- ◆ We highlight opportunities from stronger investment at both front and back end names from memory and foundry
- ◆ Prefer EO Technics and ISC; we also like Wonik IPS, HPSP, Leeno and Park Systems – all rated Buy

What's on investors' minds: During our Asia marketing on 9-13 Feb, we met with 40 investors and the key issues were focused around: 1) which names will be the key beneficiaries of the capex cycle amid the strong investment appetite from memory and foundry makers, 2) the competitive landscape surrounding Korean semi equipment names vs global peers, especially for EO Technics and ISC as these names are set to gain market share within domestic and overseas customers in 2026e, and 3) near-term visibility of orders along with any possibility of faster capacity investment as a global memory maker is focusing on faster capacity expansion by acquiring LCD and legacy semi fabs to acquire cleanroom space.

Key opportunities from the memory supercycle: We maintain our constructive view on opportunities from the capex cycle. Along with aggressive capacity expansion, we think semi makers are keen to improve production yield to maximise earnings, so new equipment adoption will be more active going forward. We identify several key beneficiaries of this robust capex cycle: 1) **EO Technics (EOT)** – set to benefit from stronger laser annealing and grooving shipments to domestic customers amid rising femto laser cutting demand from HBM4 given 1nm migration, 2) **ISC** – rubber test socket supplier to major AI chip makers such as NVIDIA, AMD, Google with its new capacity expansion set to bring market share gains, 3) **Wonik IPS** – more atomic layer deposition (ALD) equipment supply as well as chemical vapor deposition (CVD) to major Korean makers for DRAM, NAND and foundry, 4) **HPSP** – more high pressure annealing demand for yield improvement for DRAM and foundry; NAND to bring upside, 5) **Leeno** – potential wallet share gain at a key US customer amid rising packaging difficulties, leading to higher ASP and margin growth, and 6) **Park Systems** – global leader in atomic force microscopes (AFM) likely to start in-line shipment for back-end CoWoS inspection, with stronger photomask repair shipments.

Our pecking order in Korean semi equipment: We reiterate our bullish view on Korean semi equipment supply chains and our preferred names are EO Technics and ISC on the back of an active share gain story in place as they penetrate the market with new products and gain market share from competitors. We also like Wonik IPS, HPSP and Park Systems as beneficiaries of new capacity expansion at leading edge memory and foundry, while Leeno Industrial also stands to benefit from continued development of application processors (APs) from node migration.

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This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

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Exhibit 1. Key ratings, target prices and data points

Company	Ticker	CCY	CMP	TP	Rating	Upside	3M ADTV (USDm)	Mkt cap (USDm)	2026e PE(x)	2027e PE(x)	2026e PB(x)	2027e PB(x)	2026e ROE	2027e ROE
EO Technics	039030 KQ	KRW	378,000	550,000	Buy	45.5%	28	3,213	38.5	29.0	6.0	5.1	17%	19%
ISC	095340 KQ	KRW	189,000	220,000	Buy	16.4%	23	2,764	47.1	39.0	6.3	5.7	14%	15%
Wonik IPS	240810 KQ	KRW	116,900	150,000	Buy	28.3%	42	3,959	31.9	23.7	5.1	4.3	17%	20%
HPSP	403870 KQ	KRW	46,250	65,000	Buy	40.5%	44	2,680	25.5	18.2	8.4	6.3	37%	39%
Leeno Industrial	058470 KQ	KRW	99,800	130,000	Buy	30.3%	45	5,247	40.4	31.7	9.3	7.9	25%	27%
Park Systems	140860 KQ	KRW	272,000	330,000	Buy	21.3%	8	1,313	29.9	23.6	6.9	5.5	26%	26%

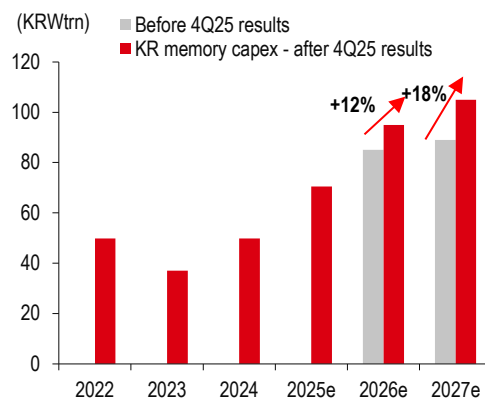
Source: Bloomberg, HSBC estimates. Priced as at 19 Feb 2026.

Exhibit 2. Summary of key beneficiaries within the supply chain

Company	Supply field	Application	Momentum
Front end			
EO Technics	Laser annealing	DRAM, NAND (New)	Stronger demand for 1cnm DRAM capacity expansion Preparing early stage shipments for advanced NAND
Wonik IPS	Atomic layer deposition (ALD) Chemical vapor deposition (CVD)	DRAM, NAND, Foundry DRAM, NAND, Foundry	Increasing sales opportunities from more ALD involvement in leading edge nodes CVD sales also expected to grow as new customer capacity expansion accelerates
HPSP	High pressure hydrogen annealing (HPA) High pressure oxidation (HPO)	DRAM, NAND, Foundry DRAM, Foundry	Customer expansion at DRAM and NAND to support further shipment growth Customer qualification tests still in-progress
Park Systems	Atomic force microscopy (AFM)	Metrology for front & back end semiconductors	Expect wider proliferation of the use of AFM in semiconductor production such as photomask repair, hybrid bonding analysis and CoWoS inspection
Back end			
EO Technics	Laser cutting (Grooving)	HBM	Penetration into key HBM maker from HBM3e We expect customer expansion from HBM4e to happen Laser full-cut from HBM4e will increase demand for laser cutting and raise pricing
ISC	Test sockets (Rubber)	DRAM, NAND, Foundry	Customer wallet share growth seen at global big tech customers for GPU and ASIC Test demand for SO-CAMM2 and HBM4e lead to stronger ASP growth for memory
Leeno Industrial	Test sockets (Pogo)	Foundry	Stronger R&D demand for chips used at humanoid robotics and wearable devices More sophisticated AP packaging at leading edge to raise ASP for sockets with potential share gain at customer wallet share for mass production

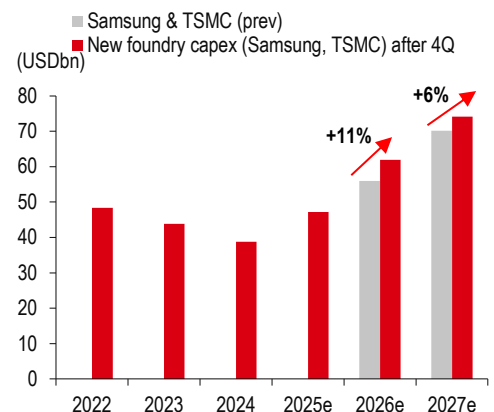
Source: HSBC

Exhibit 3. With a strong 4Q and continued demand from AI, memory capex sees another round of upside revisions



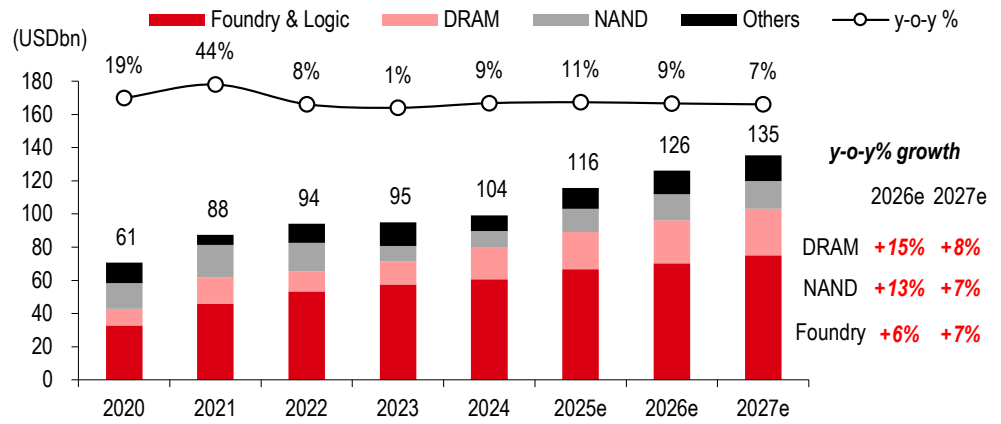
Source: Company data, HSBC estimates. Note: KR memory capex includes Samsung Electronics (005930 KP, KRW190,000, Buy), SK Hynix (000660 KP, KRW894,000, Buy).

Exhibit 4. While foundry capex has also risen 11%/6% for 2026/27e



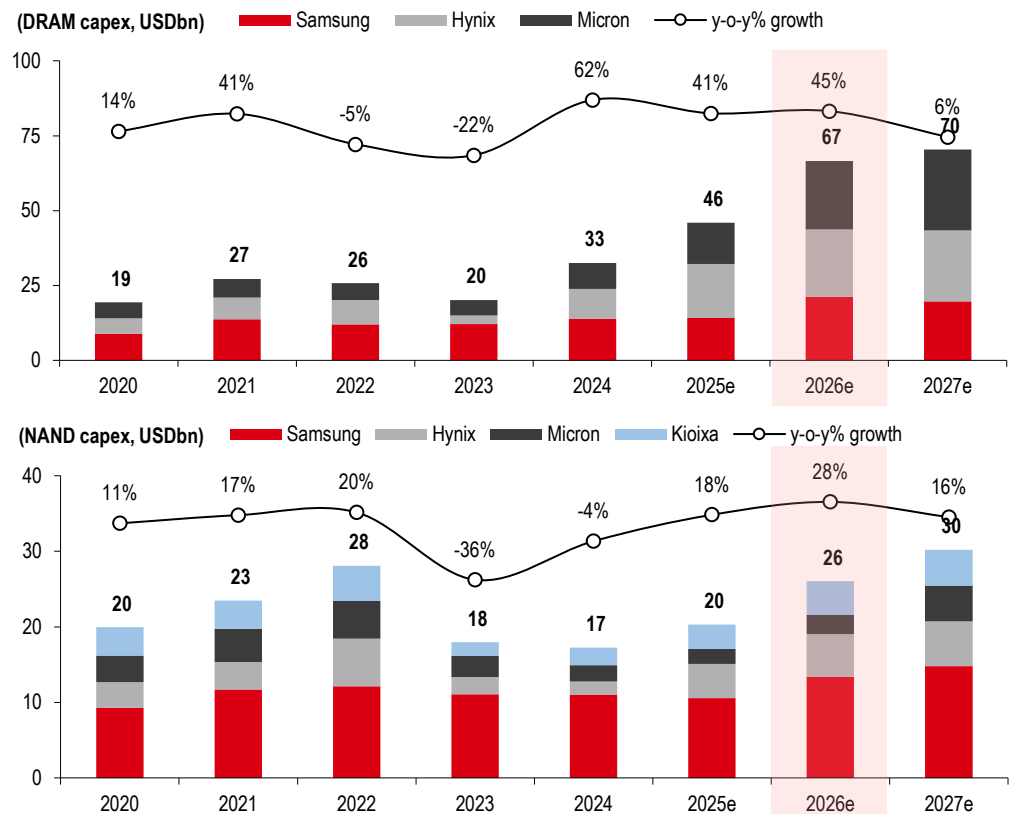
Source: Company data, HSBC estimates. Note: TSMC (2330 TT, TWD1,915, Buy)

Exhibit 5. Global wafer fab equipment market by application



Source: Estimates from SEMI (16 Dec 2025), HSBC

Exhibit 6. Global DRAM and NAND capex trend of key producers



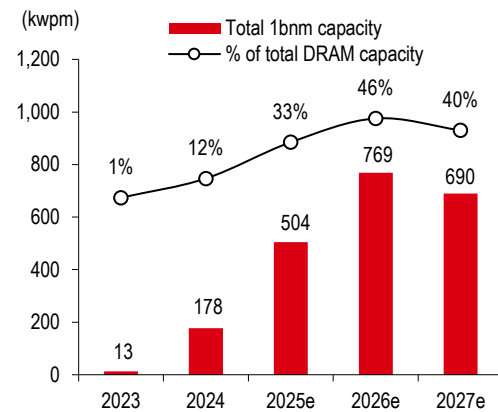
Source: Company data, TrendForce, HSBC estimates. Note: Micron technology (MU US, USD417.35, Buy), Kioxia Holdings (285A JP, JPY21,250. Not rated)

Exhibit 7. Estimated schedules of key DRAM fabs – supply shortage to last until 2027e

(Capacity, k wpm)	2025	2026	2027	2028
Samsung				
P4 (Pyeongtaek)				
Phase 1	DRAM 30k, NAND 15k			
Phase 2			DRAM 45k	
Phase 3		DRAM 45k for HBM		
Phase 4		DRAM 45k		
P5 (Pyeongtaek)				Operation from Sep 2028
SK Hynix				
M15X (Cheongju)				
Phase 3		DRAM 40k for HBM		
Phase 4			DRAM 40k for HBM	
Yongin			Operation from May 2027	
Micron				
Fab16				
Phase 2	DRAM 15k			
Phase 3		DRAM 15k		
Idaho			Operation from 3Q27	

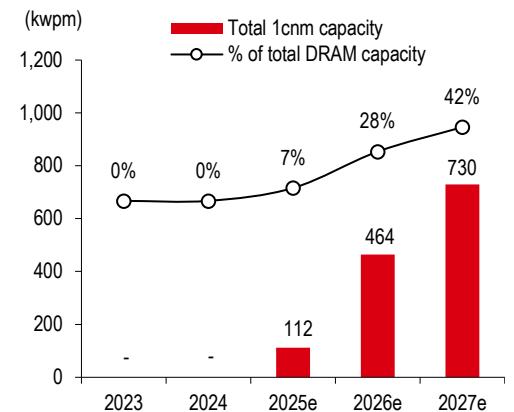
Source: HSBC estimates, ET News (18 Nov 2025), Global Economic News (13 Dec 2025), Chosun Biz (29 Dec 2025), The Elec (16 Jan 2026).

Exhibit 8. Industry 1bnm DRAM capacity and % of total DRAM



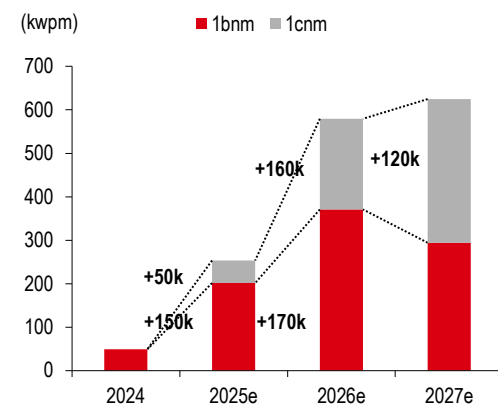
Source: Company data, TrendForce, HSBC estimates

Exhibit 9. Industry 1cnm DRAM capacity and % of total DRAM



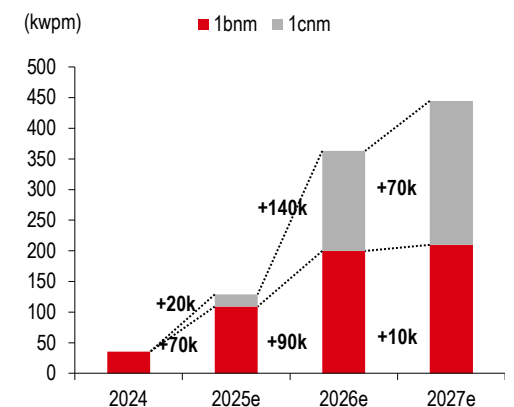
Source: Company data, TrendForce, HSBC estimates

Exhibit 10. Samsung: Advanced DRAM capacity trend (1b and above)



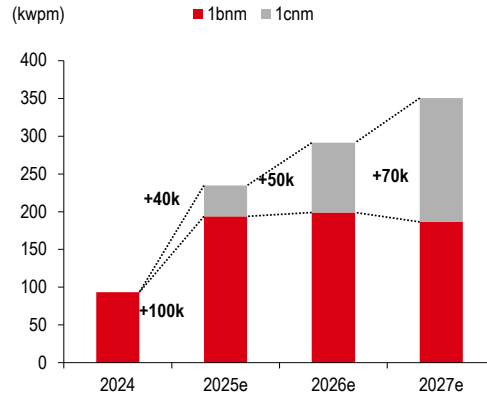
Source: TrendForce, HSBC estimates. Note: Year-end capacity base

Exhibit 11. Hynix: Advanced DRAM capacity trend (1b and above)



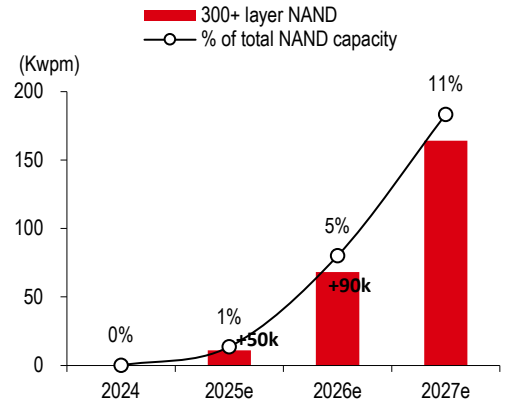
Source: TrendForce, HSBC estimates. Note: Year-end capacity base

Exhibit 12. Micron: Advanced DRAM capacity trend (1b and above)



Source: TrendForce, HSBC estimates. Note: Year-end capacity base.

Exhibit 13. Industry total 300+ layer NAND capacity trend; fast expansion from 2026e



Source: TrendForce, HSBC estimates. Note: Based on wafer input.

Exhibit 14. Industry DRAM technology roadmap

Company	DRAM node	Development	Volume production
Micron	1anm	Late 2020	1Q2021
	1bnm	November 2022	Early 2023 ramp
	1cnm	Feb 2025	1Q25
	1dnm	2H26	Targeting 2027
	0anm (Future DRAM)	Conceptual stage	NA
Samsung	1anm	March 2020	October 2021
	1bnm	December 2022	1H23
	1cnm	July 2025	2025E
	1dnm	2H26	2027E
	0anm (Future DRAM)	Conceptual stage	NA
SK Hynix	1anm	1Q21	July 2021
	1bnm	May 2023	2H23
	1cnm	August 2024	Feb 2025
	1dnm	2H26	2027E
	0anm (Future DRAM)	Conceptual stage	NA

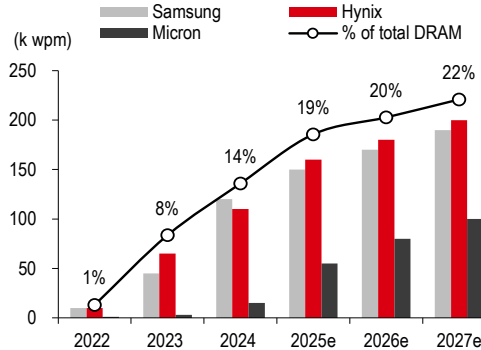
Source: Company data, HSBC estimates, TrendForce.

Exhibit 15. Industry NAND technology roadmap

Company	NAND Stack height (layers)	Development	Volume production
Micron	176L	November 2020	November 2020
	232L	July 2022	July 2022
	3xxL (future +300 layers)	R&D stage	Expected during 2026
	4xxL	2H26	NA
Samsung	176L (V7)	1H21	Mass production from 2021
	236L (V8)	2022 - announced at tech day	November 2022
	286L (V9)	2023 - announced at tech day	April 2024
	43xL (V10)	1H26	2H26
SK Hynix	176L	December 2020	Mass production from 2021
	238L	August 2022	June 2023
	321L	November 2024	Customer shipments from 1H25
	3YYL	2H26	Early 2027
Kioxia/Sandisk	112L	1H20	2H20
	162L	1H22	2H22
	218L	1H24	July 2024
	332L	2H26	2026

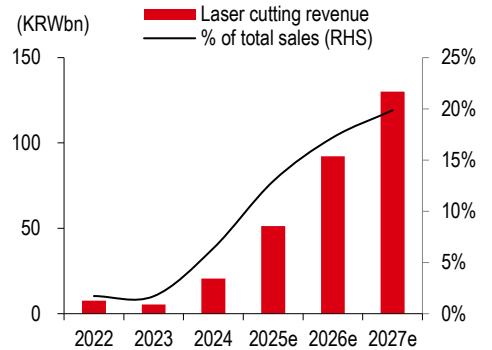
Source: Company data, HSBC estimates, TrendForce.

Exhibit 16. Industry total HBM production capacity to continue to grow in 2026-27e



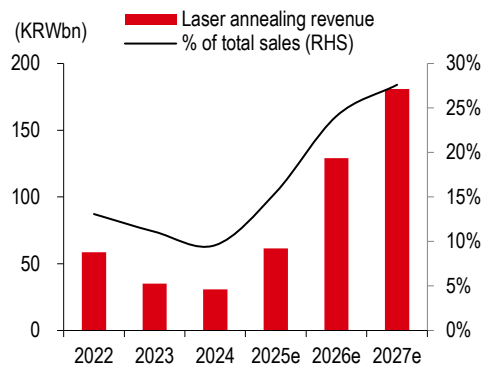
Source: Company data, HSBC estimates

Exhibit 17. We project EOT's laser cutting revenue reaching 20% of sales by 2027e



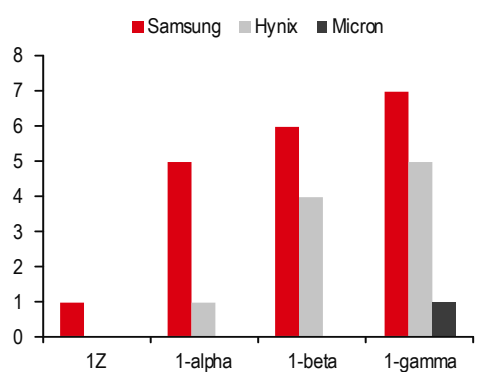
Source: Company data, HSBC estimates

Exhibit 18. EOT – Laser annealing revenue to reach 28% of total sales by 2027e



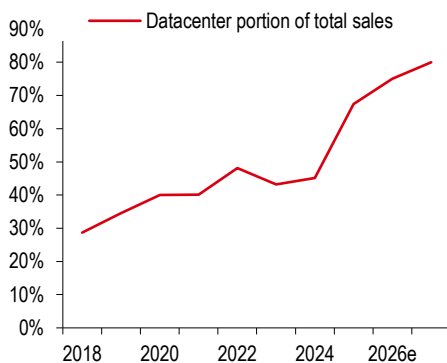
Source: Company data, HSBC estimates

Exhibit 19. EUV layers on DRAM memory chips expected to further increase



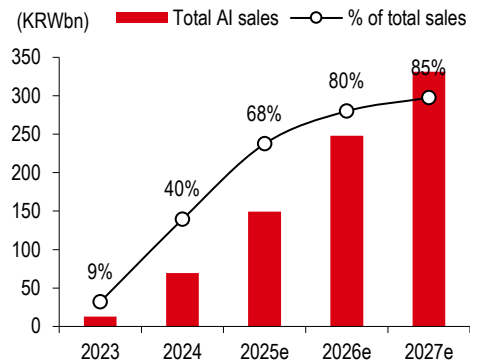
Source: TrendForce, HSBC estimates

Exhibit 20. ISC – data centre sales portion of total continues to grow

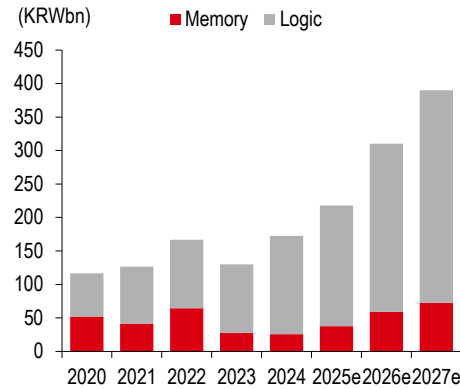


Source: Company data, HSBC estimates

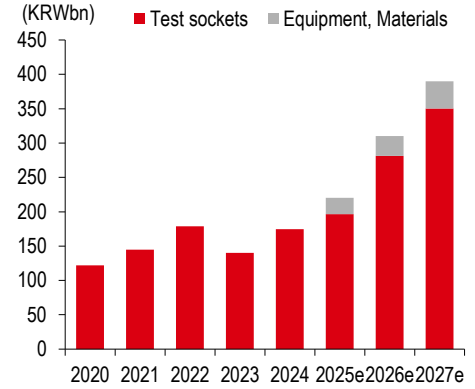
Exhibit 21. ISC – AI sales exposure (including GenAI and on-device AI)



Source: Company data, HSBC estimates

Exhibit 22. ISC – total sales by application


Source: Company data, HSBC estimates

Exhibit 23. ISC – total sales by product


Source: Company data, HSBC estimates

Exhibit 24. Korean semi equipment vs global peers

Company	Ticker	Rating	Currency	TP	CP	Mkt cap	26e PE	27e PE	26e EPSG	27e EPSG	26e PB	27e PB	26e ROE	27e ROE
ISC	095340 KQ	Buy	KRW	220,000	189,000	2,764	47.1	39.0	46%	21%	6.3	5.7	14%	15%
Leeno Industrial	058470 KQ	Buy	KRW	130,000	99,800	5,247	40.4	31.7	32%	27%	9.3	7.9	25%	27%
Winway	6515 TT		TWD		5,005	5,708	53.5	34.5	71%	36%	20.5	15.2	46%	49%
Cohu	COHU US		USD		30	1,421	58.3	24.8	TTB	135%	1.9	1.9	3%	NA
Average							49.8	32.5	50%	55%	9.5	7.7	22%	30%
EO Technics	039030 KQ	Buy	KRW	550,000	378,000	3,213	38.5	29.0	50%	33%	6.0	5.1	17%	19%
DISCO	6146 JP		JPY		74,070	51,527	52.6	45.6	20%	15%	12.4	10.5	27%	28%
Average							45.6	37.3	35%	24%	9.2	7.8	22%	23%
Wonik IPS	240810 KQ	Buy	KRW	150,000	116,900	3,959	31.9	23.7	126%	35%	5.1	4.3	17%	20%
Tokyo Electron	8035 JP		JPY		44,630	133,554	33.2	27.8	15%	20%	9.3	8.1	29%	30%
Kokusai Electric	6525 JP		JPY		6,153	9,843	37.8	27.6	27%	35%	6.6	6.0	19%	23%
Applied Materials	AMAT US		USD		370	293,501	31.3	25.7	20%	22%	10.7	8.7	38%	38%
LAM Research	LRCX US	Hold	USD	221	237	296,446	38.6	31.4	30%	23%	22.6	17.0	65%	64%
ASM International	ASM NA	Buy	EUR	818	702	40,758	39.7	31.4	25%	26%	7.5	6.4	20%	22%
Average							35.4	27.9	41%	27%	10.3	8.4	31%	33%
HPSP	403870 KQ	Buy	KRW	65,000	46,250	2,680	25.5	18.2	72%	40%	8.4	6.3	37%	39%
ASML	ASML NA	Buy	EUR	1,373	1,238	565,840	41.7	32.4	20%	29%	19.6	16.0	52%	56%
LAM Research	LRCX US	Hold	USD	221	237	296,446	38.6	31.4	30%	23%	22.6	17.0	65%	64%
KLA	KLAC US		USD		1,470	192,670	35.4	29.9	18%	18%	25.0	17.5	83%	73%
Applied Materials	AMAT US		USD		370	293,501	31.3	25.7	20%	22%	10.7	8.7	38%	38%
Average							34.5	27.5	32%	26%	17.2	13.1	55%	54%
Park Systems	140860 KQ	Buy	KRW	330,000	272,000	1,313	29.9	23.6	73%	27%	6.9	5.5	26%	26%
Lasertec	6920 JP		JPY		31,010	18,524	33.3	28.2	5%	18%	10.2	8.2	33%	32%
Bruker	BRKR US		USD		39	5,889	18.1	15.8	16%	14%	2.4	2.4	14%	17%
Oxford instruments	OXIG LN		GBP		2,615	1,965	23.0	19.6	14%	18%	4.1	3.7	17%	18%
Camtek	CAMT US		USD		153	7,020	44.3	35.8	9%	24%	9.8	7.4	25%	25%
Average							29.7	24.6	23%	20%	6.7	5.4	23%	24%

Source: Bloomberg consensus estimates, HSBC estimates for ISC, Leeno, EO Technics, Wonik, HPSP, Park Systems. Priced as of 19 Feb 2026

Valuation and risks

	Valuation	Risks
EO Technics 039030 KQ Buy	Current price: KRW378,000 Target price: KRW550,000 Upside: +45.5%	We maintain our Buy rating with a TP of KRW550k. We derive our target price by applying our 2027e EPS of KRW13,024 to our target PE multiple of 42x (0.5 standard deviation above the past two-year 12 month forward average). Our TP implies 46% upside.
		Downside risks: (1) Reduction in semiconductor manufacturing capex; (2) continued geopolitical and macroeconomic factors that impact IT consumer applications demand, leading to earnings and capex cuts for memory and foundry players; (3) customer equipment installation delays due to changes in customer investment schedules; and (4) increased competition leading to margin declines due to competitive pricing.
	Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	
ISC 095340 KQ Buy	Current price: KRW189,000 Target price: KRW220,000 Upside: +16.4%	We maintain our Buy rating with a TP of KRW220k. We derive our target price by applying a target PE multiple of 45x, which is the 3-year historical average, to our 2027e EPS of KRW4,849. Our target price implies upside of 16%; we have a Buy rating as we maintain our constructive view on market share expansion in leading edge logic customers' mass production orders, leading to further margin growth.
		Downside risks: (1) Korean won appreciation, as ISC conducts most of its sales activities in USD due to high exposure to global clients; (2) sudden changes in US tariff restrictions, as the company has a high US sales exposure (27% of 3Q25 total) while it produces 80% of sockets in Vietnam and the rest in Korea; and (3) sudden changes in the memory or logic foundry industry resulting in lower sales of test sockets to customers.
	Hankil Chang* han.kil.chang@kr.hsbc.com +82 2 3706 8750	
Wonik IPS 240810 KQ Buy	Current price: KRW116,900 Target price: KRW150,000 Upside: +28.3%	We maintain our Buy rating with a TP of KRW150k. We derive our target price by applying our target PE multiple of 30x, which is the historical average high during 2016-2020, to our 2027e EPS of KRW4,935. Our target price implies upside of 28%.
		Downside risks: (1) Slower-than-expected 3D NAND migration at Wonik IPS's captive customer, Samsung Electronics (005930 KS, KRW190,000, Buy); (2) any delays in order delivery; (3) weaker-than-expected investment in semiconductors and displays by Wonik IPS's captive customers due to slower demand growth; and (4) faster-than-expected commercialisation of extreme ultraviolet (EUV) lithography, which could pose downside risks as EUV could curb the number of deposition/etching processes.
	Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	
HPSP 403870 KQ Buy	Current price: KRW46,250 Target price: KRW65,000 Upside: +40.5%	We maintain our Buy rating with a TP of KRW65k. Our target price is based on a 30x target PE multiple applied to our 2026-27e average EPS estimate of KRW2,179. Our target PE is the past five years' average historical PE of global peers. Though rising competition in the long-term looks inevitable, we think HPSP will maintain strong market share for at least 1-2 years, and the fast growth of the market should shield it from potential losses. Our TP implies upside of c41%.
	<p>To explain our target PE multiple further, we use the past five years' historical average of global peers in chip equipment with high exposure to advanced semiconductor node technology within the wafer fabrication process. This includes ASML (ASML NA, EUR1,238, Buy), KLA (KLAC US, USD1,469.90, not rated), Applied Materials (AMAT US, USD369.83, not rated), Tokyo Electron (8035 JP, JPY44,630.0, not rated) and Lam Research (LRCX US, USD237.39, Hold). We identify the above companies as appropriate peers to HPSP for having a leading market share within their respective equipment segments, and high exposure to advanced node technology while having exposure to both logic and memory semiconductors.</p>	
	Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	

		Valuation	Risks
Leeno Industrial 058470 KQ	Current price: KRW99,800 Target price: KRW130,000 Upside: +30.3%	We maintain our Buy rating with a TP of KRW130k. We derive our target price by applying a target PE multiple of 40x, which is the historical peak valuation in 2024 and apply this to our 2027e EPS of KRW3,147. Our target price implies upside of 30.3%.	Downside risks: (1) Changes in end-market demand, as a meaningful portion of sales historically came from the mobile ecosystem, where unit growth has been relatively modest; concentrated customer base, with several each accounting for more than 10% of revenue, which can create quarterly variance depending on production schedules or socket-mix requirements; and (2) rubber sockets continue to gain adoption in memory and system-level testing, as the pace of migration across different device categories may vary by customer and application.
Buy		Hankil Chang* han.kil.chang@kr.hsbc.com +82 2 3706 8750	
Park Systems 140860 KQ	Current price: KRW272,000 Target price: KRW330,000 Upside: +21.3%	We maintain our Buy rating with a TP of KRW330k. We derive our target price by applying to our 2026e EPS of KRW9,091 a target PE multiple of 36.3x (the five-year average 12 month forward PE). Our target price implies upside of 21.3%.	Downside risks: (1) Sudden reduction in global semiconductor wafer equipment capex due to a change in market dynamics; (2) a decline in market share due to the potential entry of new competitors for key products; and (3) slower front-end node expansion at key customers, resulting in product shipment delays.
Buy		Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	

Priced at 19 Feb 2026
 Source: HSBC estimates

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From 23rd March 2015 HSBC has assigned ratings on the following basis:

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Upside/Downside is the percentage difference between the target price and the share price.

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*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

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For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see “Stock ratings and basis for financial analysis” above.

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HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
EO TECHNICS	039030.KQ	378000.00	19 Feb 2026	–
HPSP	403870.KQ	46250.00	19 Feb 2026	–
ISC	095340.KQ	189000.00	19 Feb 2026	–
LEENO INDUSTRIAL	058470.KQ	99800.00	19 Feb 2026	–
PARK SYSTEMS	140860.KQ	272000.00	19 Feb 2026	–
WONIK IPS	240810.KQ	116900.00	19 Feb 2026	–

Source: HSBC

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