

Asia Memory

GIS 2026 key takeaways – high expectation vs ongoing peak out concerns

- ◆ Investors keen on memory price outlook and progress of long-term strategic cooperation agreements (SCAs)
- ◆ Increasing prices to persist until 2027 while server demand to continue exceeding expectations amid less power consumption
- ◆ We prefer Samsung with HBM4 catch-up and foundry recovery

We hosted Micron at our Global Investment Summit 2026; investors were keen to find: 1) how long memory price hikes will continue and how high; 2) whether earnings or DRAM price momentum is important for share prices; 3) the progress of strategic cooperation agreements (SCAs) and their implications; 4) the impact of the recent capex increase by memory makers; 5) intensified threat from Chinese players; and 6) structural change in fundamental and valuation methodology. Investors are keen to see long-term agreements with major cloud service providers (CSPs), such as SCAs, which will last for 3-5 years, and these are likely to boost the re-rating of memory stocks as it eliminates the discounts due to earnings volatility and cyclicity, in our view.

Upward price trend to persist until 2027: We expect memory prices to continue their upward trend until year-end, potentially until 1H27e, and there is more upside potential than downside risks due to: 1) incrementally increasing server demand for managing agentic AI systems; 2) Vera CPU to drive memory demand through higher DRAM content per unit and growing adoption in non-Rubin-GPU paired systems; 3) more NAND adoption in upcoming AI platforms such as NAND-based inference context memory storage (ICMS); and 4) limited meaningful capacity increase for memory makers until end-1H27. We think NAND prices will increase more than DRAM as it has more room to go in terms of OP margin for memory makers at 55-60% versus 85-90% in DRAM.

Server demand to exceed expectations, while CSP capex remains strong: We think the Street underestimates the impact of demand from the adoption of agentic AI by corporates. Because general servers host agentic AI more cost efficiently and consume less power, demand for general servers in data centres is soaring. In addition, increase in fees for cloud services based on legacy NVIDIA H100 GPUs for AI usage should support aggressive cloud service orders for CSPs. This implies that: 1) there will be more upside in CSP capex in 2027 following the robust 2026 capex and 2) this will make data centre investment easier due to higher ROIC expectations. We expect greater use of ARM-based low power solutions in general servers, which should boost newly introduced SO-CAMM2 memory.

Samsung Electronics is our preferred pick due to: 1) its recapture of DRAM leadership with HBM4; 2) benefits from soaring NAND demand; 3) foundry utilisation recovery; 4) rising shareholder return; and 5) potential market share gain in smartphones, which should return to more service revenue in the future.

Disclosures & Disclaimer

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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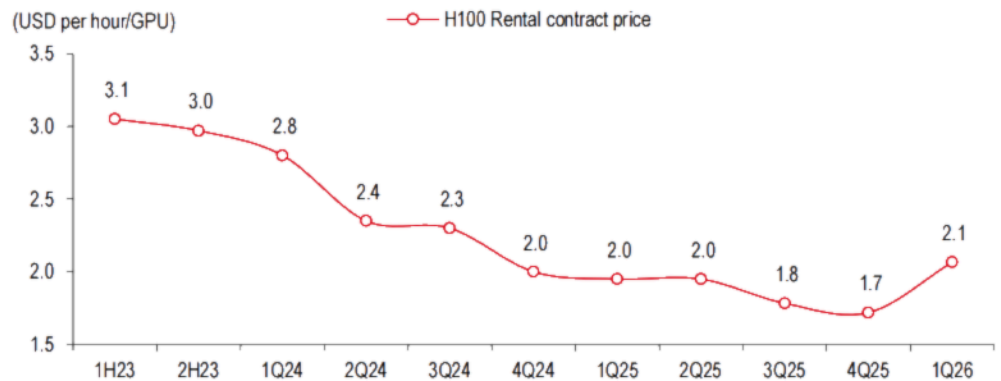
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Exhibit 1. Key ratings, target prices and data points

Company	Ticker	CCY	CMP	TP	Rating	Upside	Mkt cap (USDm)	3M ADTV (USDm)	2026e P/E(x)	2027e P/E(x)	2026e P/B(x)	2027e P/B(x)	2026e ROE	2027e ROE
Samsung Elec	005930 KP	KRW	216,000	350,000	Buy	62.0%	860,737	3,781	6.2	4.8	2.1	1.6	46%	43%
Micron Technology	MU US	USD	455.07	750.00	Buy	64.8%	513,198	17,010	8.3	4.4	4.5	2.3	74%	69%
SK Hynix	000660 KP	KRW	1,128,000	1,800,000	Buy	59.6%	547,967	2,867	4.3	3.2	2.7	1.5	86%	59%
EO Technics	039030 KQ	KRW	470,500	550,000	Buy	16.9%	3,951	37	47.9	36.0	7.7	6.6	17%	20%
ISC	095340 KQ	KRW	229,000	330,000	Buy	44.1%	3,309	45	55.2	40.2	7.9	6.9	15%	18%
Wonik IPS	240810 KQ	KRW	121,200	150,000	Buy	23.8%	4,055	58	34.6	24.6	5.4	4.5	17%	20%
HPSP	403870 KQ	KRW	44,500	65,000	Buy	46.1%	2,496	94	24.6	17.7	8.4	6.3	39%	41%
Leeno Industrial	058470 KQ	KRW	115,300	150,000	Buy	30.1%	5,989	75	45.7	35.9	10.7	9.1	25%	27%
Park Systems	140860 KQ	KRW	262,500	330,000	Buy	25.7%	1,252	9	28.9	22.7	6.6	5.3	26%	26%

Source: Bloomberg, HSBC estimates. Priced at close of 17 Apr 2026.

Exhibit 2. One-year contract price trend of AI GPUs (H100) for AI service providers



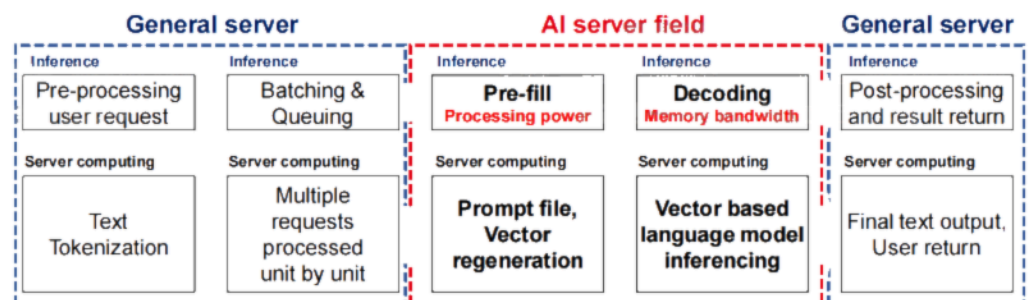
Source: Semianalysis, HSBC

Exhibit 3. Scenarios of TurboQuant impact on memory demand – by % of memory used for KV cache

Scenario (2027e)	HBM demand impacted (bn Gb)	% of total DRAM demand
40% of total memory used for KV Cache	11	2.5%
50% of total memory used for KV Cache	14	3.2%
60% of total memory used for KV Cache	16	3.8%

Source: HSBC estimates

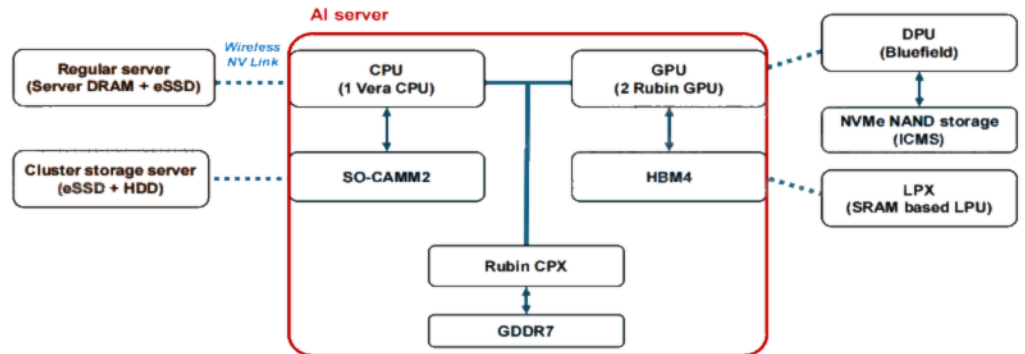
Exhibit 4. Inference steps and server computing processes by server vs AI server



Source: Company data, HSBC

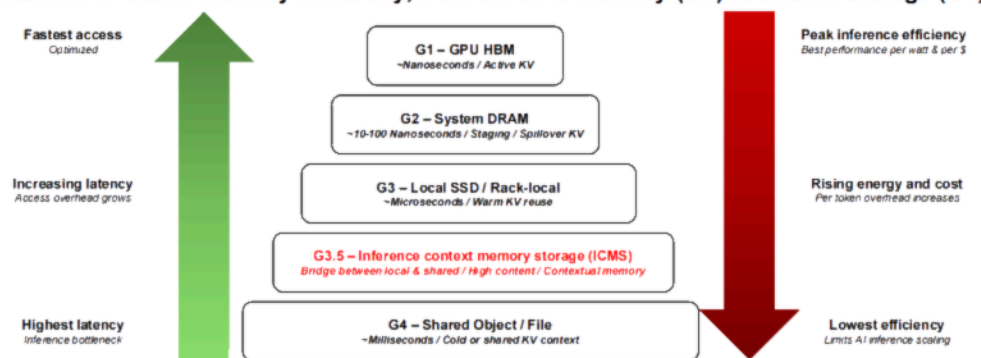
Exhibit 5. Conceptual structure of the new Vera-Rubin server, which uses ICMS offloading through Bluefield-4

AI inference server structure



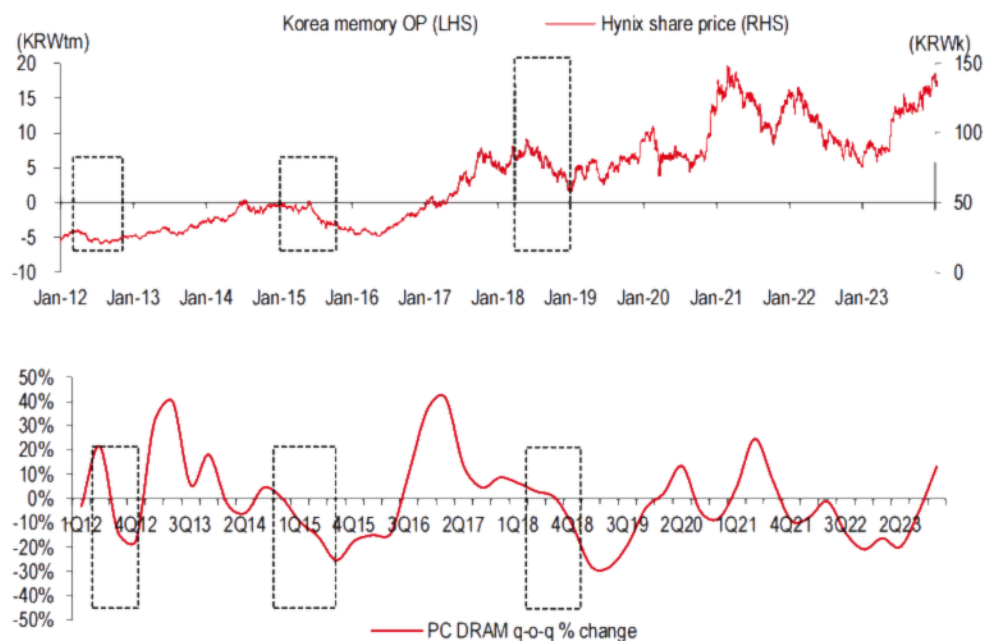
Source: Company data, HSBC

Exhibit 6. KV cache memory hierarchy, from on-GPU memory (G1) to shared storage (G4)



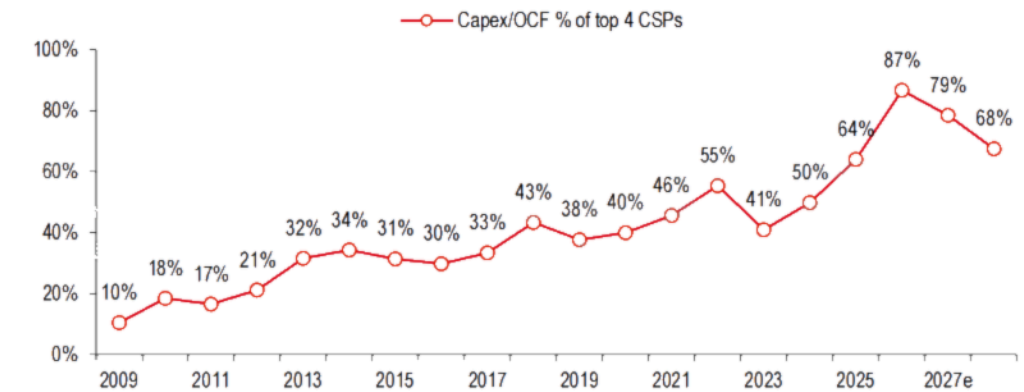
Source: Company data, HSBC

Exhibit 7. Hynix share price and memory OP trend vs DRAM q-o-q price change



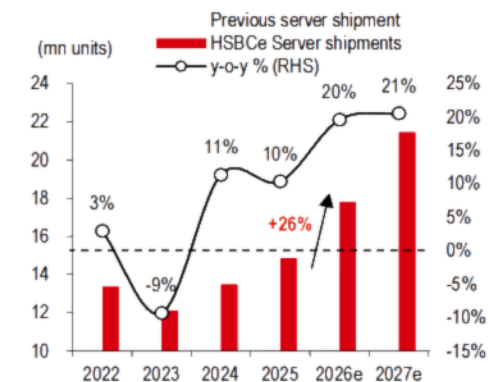
Source for both charts: Company data, WSTS, DRAmEXchange

Exhibit 8. Big 4 cloud service provider capex as % of operating cash flow



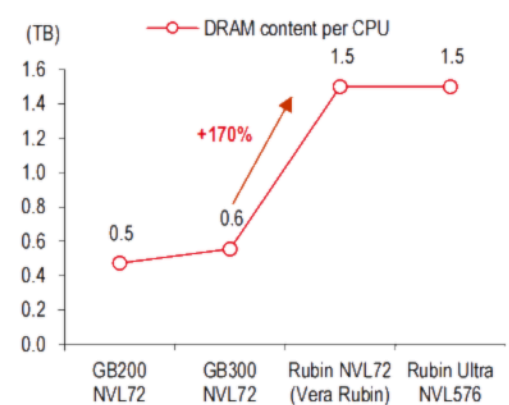
Source: Company data, Bloomberg consensus estimates

Exhibit 9. HSBC global tech team recently revised up server shipments, expecting 20%/21% y-o-y growth in 2026/27e



Source: TrendForce, HSBC estimates

Exhibit 10. Accelerating DRAM content growth in the latest Vera Rubin servers



Source: Company data, HSBC estimates

Exhibit 11. Recent bond issues from global CSPs

Company	Recent issuance size	Date	Maturities
Amazon	USD54bn global issue (USD, EUR)	Mar 10, 2026	USD bond 2 to 50 years, EUR bond 2 to 38 years
Alphabet (Google)	USD31.5bn global issue (USD, GBP, CHF)	Feb 10, 2026	3 to 25 years (CHF), up to 2066 (USD) and 100 years (GBP)
Amazon	USD15bn	Nov 17, 2025	Multiple tranches including 40 years
Meta platforms	USD30bn	Nov 3, 2025	5 to 40 years

Source: Company data

Exhibit 12. Historical upcycles of the DRAM market by key events

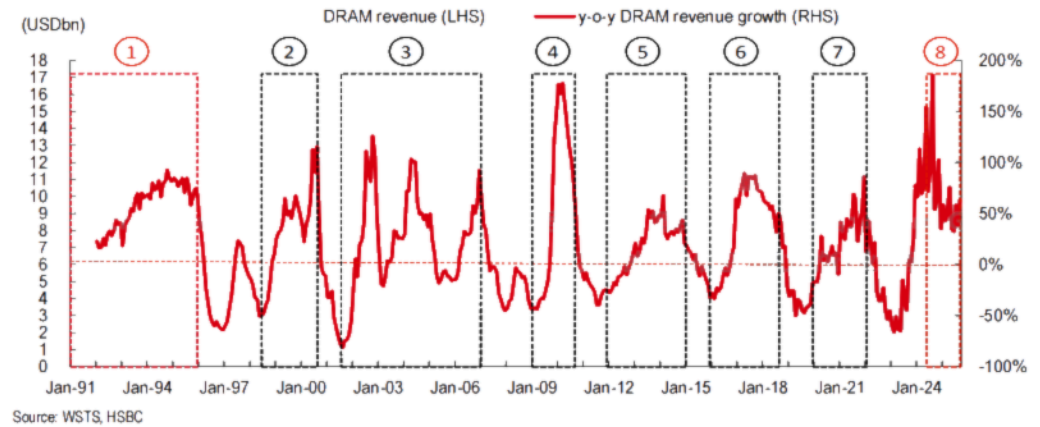


Exhibit 13. Details of historical upcycles of the DRAM market, by key events

Upcycles	Details
(1) 1990-1995	Personal computer (PC) boom, widespread adoption of PC per household leading to growth in DRAM demand
(2) 1998-2000	Strong replacement demand from the 'Y2K' crisis, leading to even stronger PC replacement investment
(3) 2002-2006	Demand for downloadable services spiked with the help of slim notebook demand from LCD, release of iPod, and development of legacy cell phones
(4) 2009-2010	Launch of the world's first smartphone, and start of a new era in mobile application demand
(5) 2012-2015	Prolonged upcycle due to sudden supply reduction from major fire incident in SK Hynix's China facilities
(6) 2016-2018	Widespread adoption of streaming services leading to accelerated investment to cloud infrastructure and digital transition
(7) 2020-2022	Unprecedented demand boom from 'WFH' trend causing more demand for PC, Chromebooks, and Tablet computers amid the global pandemic
(8) 1H24-current	Gen AI application demand growth, core of AI is moving from training (GPU) to inferencing (memory)

Source: HSBC

Exhibit 14. DRAM supercycle (1990-95); the introduction of Windows 3.0 boosted the DRAM market 6x to USD41bn in 1995 from USD7bn in 1990

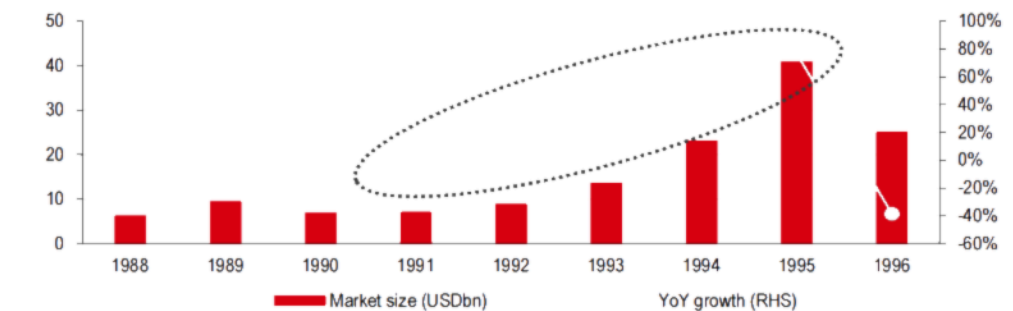
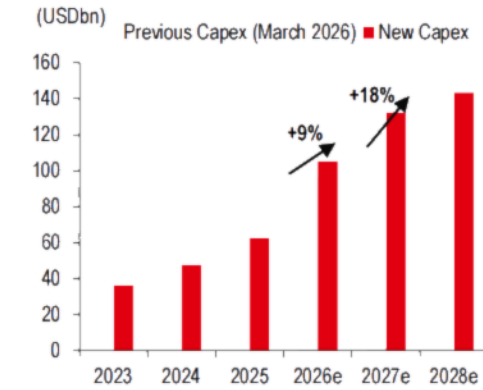
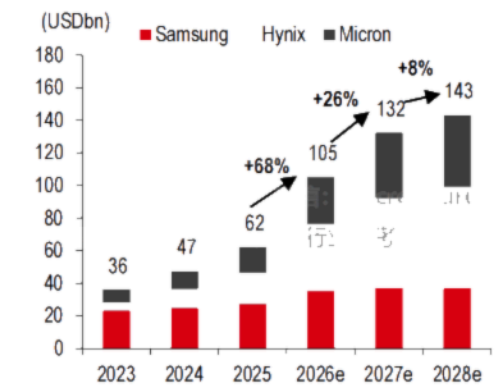


Exhibit 15. Top 3 memory capex estimates; revised up 9%/18% in 2026/27e



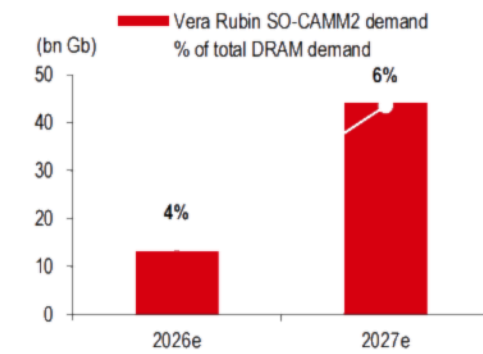
Source: Company data, HSBC estimates. Note: Capex including Samsung electronics, SK Hynix, Micron Technology.

Exhibit 16. Top 3 total memory capex trend



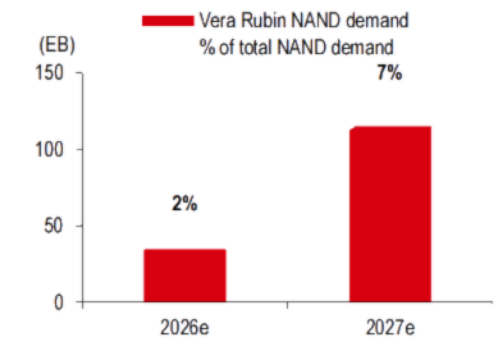
Source: Company data, HSBC estimates. Note: Capex including Samsung electronics, SK Hynix, Micron Technology.

Exhibit 17. SO-CAMM2 demand estimates from the Vera Rubin platform; 4-6% of total DRAM



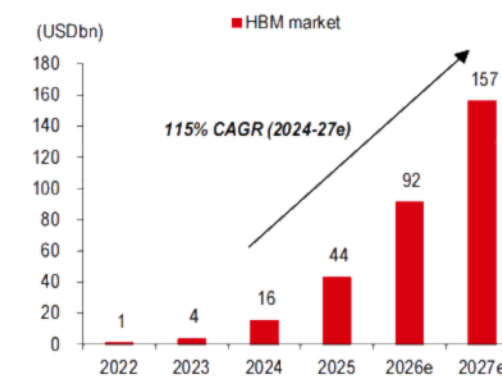
Source: HSBC estimates

Exhibit 18. NAND demand estimates from the Vera Rubin platform; 2-7% of total NAND, opportunities from ICMS



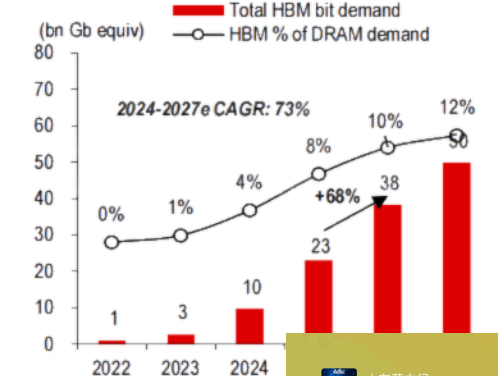
Source: HSBC estimates

Exhibit 19. HBM market growth set to reach USD157bn by 2027e



Source: Company data, HSBC estimates

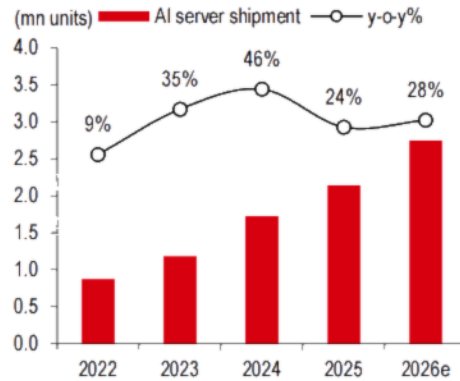
Exhibit 20. HBM bit demand growth: CAGR of 73% during 2024-27e



Source: Company data, HSBC estimates

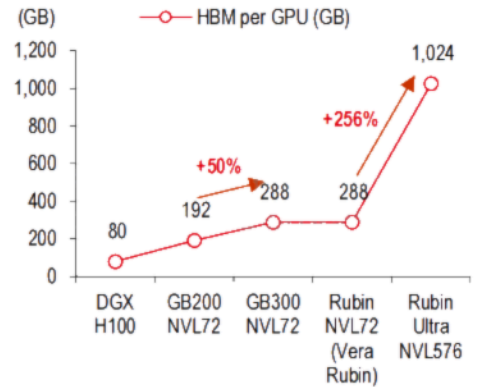


Exhibit 21. AI server shipments to grow 28% y-o-y in 2026e



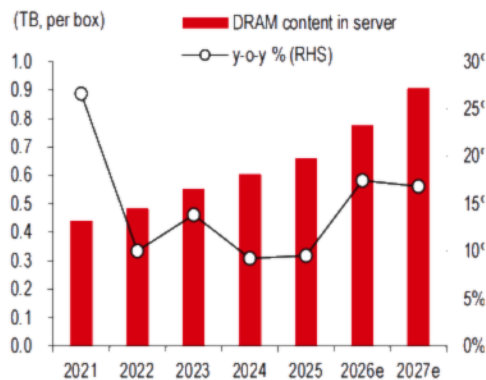
Source: TrendForce

Exhibit 22. HBM content to increase significantly in the Rubin Ultra



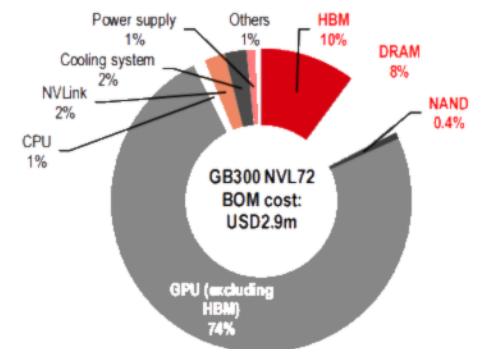
Source: Company data, HSBC estimates

Exhibit 23. Average server DRAM content per unit; strong growth of 17% in 2026-27e



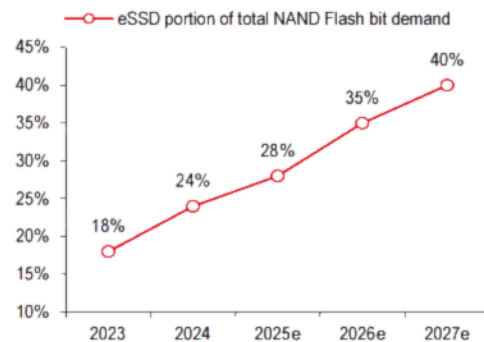
Source: DRAMeXchange, HSBC estimates

Exhibit 24. Bill of materials cost estimates for the GB300 NVL72 server system



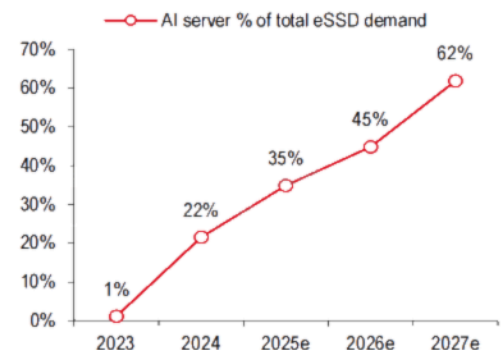
Source: HSBC estimates

Exhibit 25. eSSD portion of NAND demand to reach 40% by 2027e (18% in 2023)



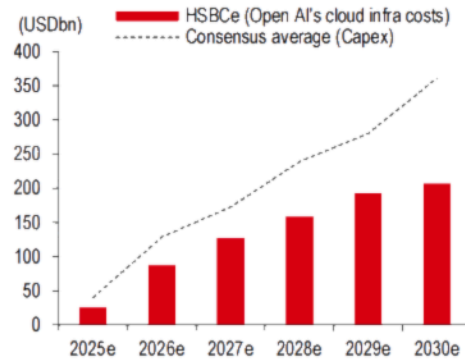
Source: TrendForce, HSBC estimates

Exhibit 26. AI servers to account for 62% of total eSSD demand by 2027e (1% in 2023)



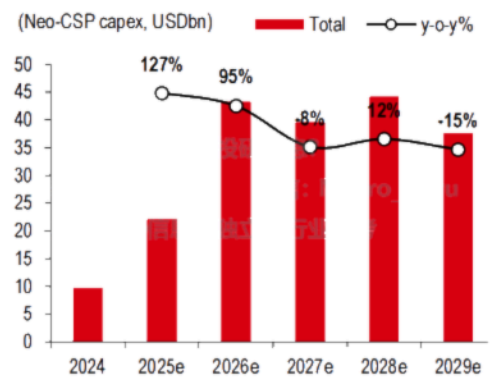
Source: TrendForce, HSBC estimates

Exhibit 27. Open AI's cloud infrastructure costs continue to grow



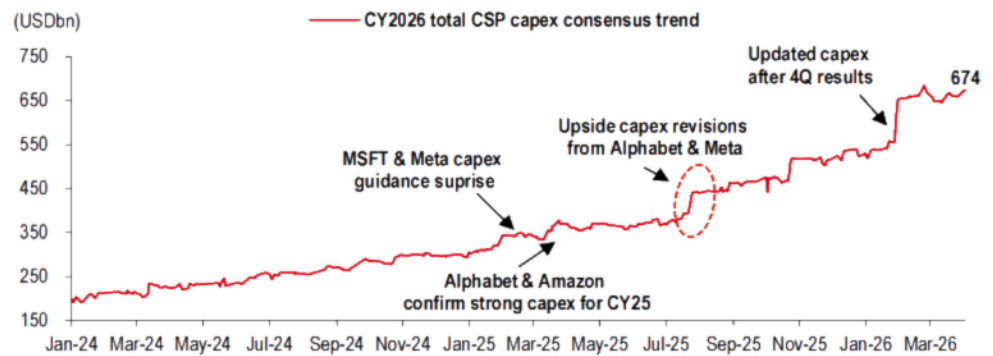
Source: HSBC estimates (see: [Global Tech – Open AI Commitments vs cash flows revisited](#), 24 Nov 2025), Bloomberg consensus

Exhibit 28. Capex estimates of key Neo-CSPs; strong growth in 2026e



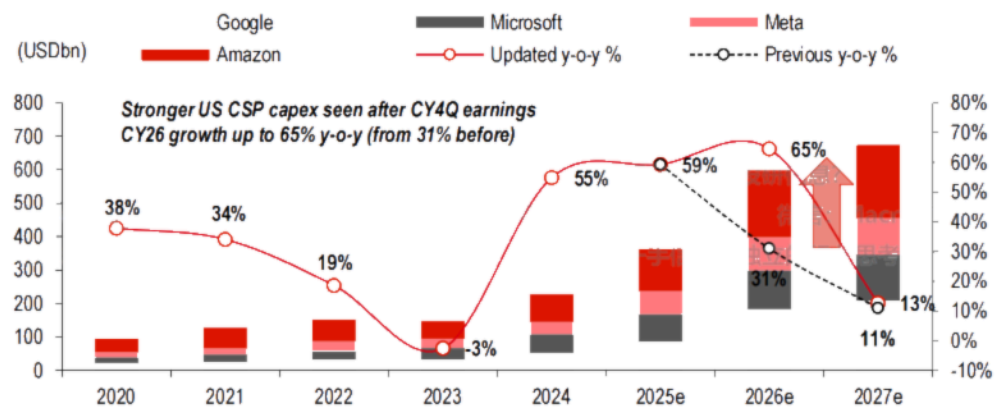
Source: Company data, Bloomberg consensus.

Exhibit 29. Capex consensus of key global CSPs (US & Chinese) for 2026; continued upside revisions; expected at USD674bn (+67% y-o-y)



Source: Company data, Bloomberg, HSBC.

Exhibit 30. US CSP capex; robust growth to continue, up 65% in 2026e

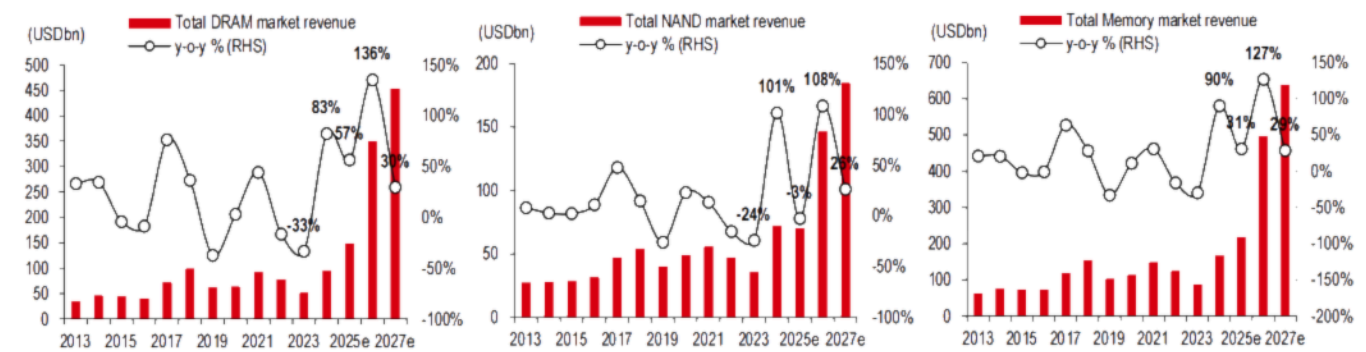


Source: Company data, Bloomberg consensus estimates

Exhibit 31. Historical trend and estimates of memory market revenue

(USDbn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
DRAM market	35	47	45	41	73	99	62	64	93	78	52	95	149	350	454
y-o-y %	33%	35%	-4%	-8%	77%	37%	-37%	3%	45%	-16%	-33%	83%	57%	136%	30%
NAND market	27	28	29	32	47	54	40	49	56	47	36	72	70	147	185
y-o-y %	8%	3%	2%	11%	47%	15%	-26%	23%	13%	-16%	-24%	101%	-3%	108%	26%
Memory market	62	75	74	73	120	154	103	114	149	125	88	167	219	497	639
y-o-y %	21%	21%	-2%	-1%	64%	28%	-33%	11%	31%	-16%	-30%	90%	31%	127%	29%

Source: WSTS, HSBC estimates

Exhibit 32. Historical trend and estimates of memory market revenue


Source for all charts: WSTS, HSBC estimates

Exhibit 33. AI GPU and ASIC key memory and tech node specifications

Chip supplier	Chip name	Design partner	Release date	Tech node	Memory type	Capacity (GB)
AI GPUs						
NVIDIA (Global)	H100	In-House	2022	4nm	HBM3 8 High	80
	H200	In-House	2024	4nm	HBM3e 8 High	141
	B100	In-House	2024	4nm	HBM3e 8 High	192
	B200	In-House	2H24	4nm	HBM3e 8 High	192
	GB200	In-House	2024	4nm	HBM3e 8 High	192
	B300	In-House	2Q25	4nm	HBM3e 12 High	288
	GB300	In-House	2H25F	4nm	HBM3e 12 High	576
	R100/R200	In-House	3Q26F	3nm	HBM4 12 High	288
	VR200	In-House	3Q26F	3nm	HBM4 12 High	576
	Rubin CPX	In-House	4Q26F	3nm	GDDR7	128
	R100 Ultra	In-House	2H27F	3nm	HBM4e 16 High	1024
	Feynman	In-House	2028F	NA	Next gen HBM	NA
NVIDIA (China)	H800	In-House	2022	4nm	HBM3 8 High	80
	H20	In-House	2023	4nm	HBM3 8 High	96
	H20 Ultra	In-House	2025	4nm	HBM3e 8 High	144
	L20	In-House	2023	5nm	GDDR6	48
	L2	In-House	2023	5nm	GDDR6	24
	RTX Pro 6000	In-House	2025	4nm	GDDR7	96
	B30	In-House	2H25F	4nm	HBM3e 8 High	192
AMD	MI200	In-House	2022	6nm	HBM2e 8 High	128
	MI300	In-House	2023	5nm	HBM3 12 High	192
	MI325	In-House	2024	5nm	HBM3e 12 High	288
	MI350/MI355	In-House	2Q25	3nm	HBM3e 12 High	288
	MI400/MI450	In-House	3Q26F	3nm	HBM4 12 High	432
Qualcomm	AI200	In-House	2026	NA	LPDDR5	768
	AI250	In-House	2027	NA	NA	Higher than AI250
Intel	MAX1100	In-House	2023	5nm	HBM2e 8 High	48
	MAX1550	In-House	2023	5nm	HBM2e 8 High	128
Cambricon	MLU370	In-House	2023	7nm	LPDDR5	48GB
	MLU590	In-House	2024-2025	7nm	HBM2e 8 High	80GB
ASICs						
Intel	Gaudi 2	In-House/ Alchip	2022	7nm	HBM2e 8 High	96
	Gaudi 3	In-House/ Alchip	2024	5nm	HBM2e 8 High	128
Google	TPU v3	Broadcom	2018	16nm	HBM2	8/32
	TPU v4	Broadcom	2021	7nm	HBM2	8/32
	TPU v5	Broadcom	2023	5nm	HBM2e 8 High	16/96
	TPU v6e (Trillium)	Broadcom	2024	4nm	HBM3e 8High	32
	TPU v6p (Ironwood/Hammer)	Broadcom	2025	3nm	HBM3e 8High	192
	TPU v7p (Alcate)	Broadcom	2026	3nm	HBM3e	192
	TPU v7e (A5921)	Mediatek	2026	3nm	HBM3e	192
	TPU v8p	Broadcom	2028	2nm	HBM4	288
	TPU v8e	Mediatek	2028	2nm	HBM4	288
AWS	Trainium 1	Alchip	2022	7nm	HBM2e 8 High	32
	Trainium 2	Marvell	2024	5nm	HBM3 8 High	96
	Trainium 2 Ultra	Marvell	2025	5nm	HBM3e 12 High	144
	Trainium 3	Alchip	2026	3nm	HBM3e 12 High	216
	Trainium 4	Alchip, Marvell, Broadcom	2028	2nm	NA	NA
	Inferentia 1	Alchip	2020	7nm	DDR4	8
	Inferentia 2	Marvell	2023	5nm	HBM2e 8 High	32
	Inferentia 2.5	Marvell	2H25F	3nm	HBM3 8 High	48
Meta	MTIA v1	Broadcom	2024	7nm	LPDDR5	128
	MTIA v2	Broadcom	2H25F	5nm	LPDDR5	128
Microsoft	Maia 100	GUC	2024	5nm	HBM2e 8 High	64
	Maia 200	GUC	2026	3nm	HBM3e	NA
	Maia 300	Marvell	2026	3nm	HBM3e	NA
	Maia 400	GUC/Marvell/Mediatek	2027	2nm	HBM4	NA
Huawei	Ascend 910A	Hisilicon	2019	7nm	HBM	32
	Ascend 910B	Hisilicon	2023	7nm	HBM2e 8 High	64
	Ascend 910C	Hisilicon	2025	7nm	HBM3	128
	Ascend 950PR	Hisilicon	1Q26F	5/7nm	HBM2e 8 High	128
	Ascend 950D	Hisilicon	4Q26F	5nm	HBM3	144

Source: Company data, TrendForce, HSBC estimates.

Valuation and risks

		Valuation	Risks
Samsung Electronics 005930 KP	Current price: KRW216,000 Target price: KRW350,000 Up/downside: +62.0%	We have a Buy rating with a TP of KRW350k. We derive our target price by applying our 2027e BVPS of KRW138,570 to our target multiple of 2.5x P/B (the peak valuation during 2005-06). Our target price implies 62% upside. We calculate a fair value target price of USD5,833 for the GDR listed on the London Stock Exchange (SMSN LI, CMP USD3,840), based on our local share target price using a USD/KRW exchange rate of 1,500 and a GDR to Korea listed share conversion ratio of 1-to-25. Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	Downside risks: 1) Further KRW appreciation, which would lead to weaker earnings and margin pressure; 2) increasing instability from global trade restrictions causing tech supply chains to suffer production issues; and 3) potential contraction in major economies leading to slowdown in global consumer and enterprise IT demand.
Micron Technology MU US	Current price: USD455.07 Target price: USD750.00 Up/downside: +64.8%	We have a Buy rating with a TP of USD750. We derive our target price by applying our average FY27/28e BVPS of USD247.61 to a P/B multiple of 3.0x during 2013-15. Our target price implies upside of 64.8%. We have a positive view on Micron based on its strong earnings outlook benefiting from the higher commodity memory prices. Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	Downside risks: (1) Higher US interest rates as one of its key customers, neo-CSPs and Open AI implement data centre investment through financing; (2) further downside in demand from PC and smartphone segments; (3) further demand weakness from global trade restrictions such as tariff uncertainties; (4) potentially more aggressive capacity expansion by memory makers through long term agreements (LTA) improved the ROIC of fab investment; (5) potential contraction in major economies leading to a slowdown in global consumer and enterprise IT demand; and (6) uncertainties concerning US governmental policies regarding subsidies for new capacity expansion at Micron.
SK Hynix 000660 KP	Current price: KRW1,128,000 Target price: KRW1,800,000 Up/downside: +59.6%	We have a Buy with a TP of KRW1.80m: We derive our target price by applying our 2027e BVPS of KRW743,787 to our target P/B multiple of 2.4x (the historical high average during 2009-12, as it marked the smartphone-driven memory boom, a structural demand inflection much like today's AI-led memory demand surge) and round by KRW50,000. We think Hynix will further benefit from the commodity DRAM rally along with HBM4 transition. Our target price implies c60% upside. We calculate a fair value target price of EUR1,074 for the GDR listed on the Frankfurt stock exchange (HY9H GR, EUR690.0) based on our local share target price using a EUR/KRW exchange rate of 1,676 and a GDR to Korea listed share conversion ratio of 1-to-1. We calculate a fair value target price of USD1,268 for the GDR listed on the Luxembourg stock exchange (HYXS LX, USD814.0) based on our local share target price using a USD/KRW exchange rate of 1,420 and a GDR to Korea listed share conversion ratio of 1-to-1. Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	Downside risks: 1) Higher US interest rates as neo-CSPs and Open AI implements investment through financing; 2) more aggressive capacity expansion at memory makers, 3) KRW appreciation, leading to weaker earnings and margin pressure.
EO Technics 039030 KQ	Current price: KRW470,500 Target price: KRW550,000 Up/downside: +16.9%	We have a Buy rating with a TP of KRW550k. We derive our target price by applying our 2027e EPS of KRW13,081 to our target P/E multiple of 42x (0.5 standard deviation above the past two-year 12-month forward average). Our TP implies c17% upside. We have a Buy rating as we remain positive on the rising growth potential from customer expansion at laser cutting and application expansion at laser annealing further boosting earnings. Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	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.

Priced at close of 17 Apr 2026

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Source: HSBC estimates

Valuation and risks

Valuation		Risks
ISC 095340 KQ Buy	Current price: KRW229,000 Target price: KRW330,000 Up/downside: +44.1%	We have a Buy rating with a TP of KRW330k. We derive our target price by applying a target P/E multiple of 49x, which is the three-year historical average, to our 2027/28e average EPS of KRW6,705. Our target price implies upside of 44.1%. 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 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: KRW121,200 Target price: KRW150,000 Up/downside: +23.8%	We have a Buy rating with a TP of KRW150k. We derive our target price by applying our target P/E multiple of 30x, which is the historical average high during 2016-20, to our 2027e EPS of KRW4,917. Our target price implies upside of 23.8%. Downside risks: (1) Slower-than-expected 3D NAND migration at Wonik IPS's captive customer, Samsung Electronics; (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: KRW44,500 Target price: KRW65,000 Up/downside: +46.1%	We have a Buy rating with a TP of KRW65k. Our target price is based on a 30x target P/E multiple applied to our 2026-27e average EPS estimate of KRW2,159. Our target P/E 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 will shield it from potential losses. Our TP implies upside of c46%. Downside risks: (1) Sudden reduction in global semiconductor wafer equipment capex due to change in market dynamics; (2) market share decline due if a new competitor enters for its key product; (3) slower front end node expansion at key customers resulting in product shipment delays; and (4) ongoing court case with a domestic equipment maker on patent infringement claims.
	To explain our target P/E 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, EUR1,244, Buy), KLA (KLAC US, USD1,791.44, not rated), Applied Materials (AMAT US, USD396.94, not rated), Tokyo Electron (8035 JP, JPY44,010, not rated) and Lam Research (LRCX US, USD267.60, 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.	
	Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	
Leeno Industrial 058470 KQ Buy	Current price: KRW115,300 Target price: KRW150,000 Up/downside: +30.1%	We have a Buy rating with a TP of KRW150k. We derive our TP by applying a 46.4x target P/E multiple, which implies a 20% discount to the 12-month forward PE of WinWay (6515 TT, TWD10,305, not rated) and Cohu (COHU US, USD41.26, not rated) to our 2027e EPS of KRW3,212. Our target price implies upside of 30.1%. 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 (3) 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.
	Hankil Chang* han.kil.chang@kr.hsbc.com +82 2 3706 8750	

	Valuation	Risks
Park Systems 140860 KQ Buy	Current price: KRW262,500 Target price: KRW330,000 Up/downside: +25.7%	We have a Buy rating with a TP of KRW330k. We derive our target price by applying to our 2026e EPS of KRW9,091 to a target P/E multiple of 36.3x (the five-year average 12-month forward P/E). Our target price implies upside of 25.7%. 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.
	Ricky Seo* rickyjuilseo@kr.hsbc.com +82 2 3706 8777	

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Source: HSBC estimates