COMPANY UPDATE

2025. 11. 5

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Seah Besteel Holdings (001430)

Longer term growth momentum intact

- Seah Besteel Holdings reported 3Q consolidated operating profit of KRW26.7b, which met consensus.
- Sales volume at its two key subsidiaries, Seah Besteel and Seah Changwon Specialty Steel, likely shrank q-q.
- In 2026, earnings momentum should pick up more steam, backed by the Korean government's stronger protective measures for its steel industry and the firm's competitive edge in manufacturing.

Industrial Team

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▶ AT A GLANCE

BUY

Target price	KRW38,000	37.7%
Current price	**KRW27,600**	
Market cap	KRW989.79b/USD688.36m	
Shares (float)	35,862,119 (35.3%)	
52-week high/low	KRW34,350/KRW15,140	
Avg daily trading value (60-day)	KRW3.2b/ USD2.2m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Seah Besteel Holdings (%)	8.4	56.4	43.3
Vs Kospi (%pts)	-6.6	-2.9	-10.0

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	38,000	38,000	0.0%
2025E EPS	1,719	1,213	41.7%
2026E EPS	2,533	2,513	0.8%

▶ SAMSUNG vs THE STREET

No of estimates	13
Target price	36,692
Recommendation	4.0

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

WHAT'S THE STORY?

3Q review: Seah Besteel Holdings reported 3Q consolidated sales of KRW925.9b (down 4% q-q) and an operating profit of KRW26.7b (down 40%; meeting recently-lowered consensus), although sales volume at its two key subsidiaries (Seah Besteel and Seah Changwon Specialty) shrank q-q amid sluggish market conditions. Net profit topped consensus by 109% thanks to the write-back of one-off costs. The industry is unlikely to recover strongly in 4Q25, but 2026 earnings may pick up if: 1) the Korean government starts an investigation this month in response to the complaint by some Korean steelmakers about dumping of Chinese special steel bars; and 2) it decides to impose anti-dumping duties on the Chinese steel products in 1Q26.

(Continued on the next page)

Seah Besteel Holdings 3Q25 review

(KRWb)	3Q25	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	925.9	964.5	-4.0	883.5	4.8	868.9	6.6	817.5	13.3
Operating profit	26.7	44.5	-40.0	24.4	9.3	26.7	0.2	22.8	17.1
Pre-tax profit	46.1	24.4	89.2	14.2	225.0	19.9	131.2	15.7	193.0
Net profit	33.6	17.9	87.7	11.2	200.0	16.1	108.7	11.4	194.7
Margins (%)									
Operating profit	2.9	4.6		2.8		3.1		2.8	
Pre-tax profit	5.0	2.5		1.6		2.3		1.9	
Net profit	3.6	1.9		1.3		1.9		1.4	

Source: Company data, Samsung Securities estimates

Valuation

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (% y-y)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2023	4,083	197	155	126	3,639	19.0	7.6	781	5.9	0.49	6.7
2024	3,636	52	23	20	1,061	-70.8	26.0	771	10.4	0.49	1.0
2025E	3,694	113	95	69	1,719	62.0	16.1	736	7.5	0.51	3.5
2026E	3,836	155	125	91	2,533	47.4	10.9	720	6.3	0.50	4.6
2027E	3,942	200	171	124	3,455	36.4	8.0	691	5.3	0.48	6.0

Source: Company data, Samsung Securities estimates

Still a BUY: On top of the Korean government's stronger protective measures for its steel industry, there are several positives in store: 1) completion of a nickel alloy plant in the US in mid-2026 and a subsequent increase in sales to the aerospace sector; 2) growing earnings momentum following Seah Aerospace & Defense's recent decision to ramp up capacity for aerospace-related products; and 3) the possibility of more orders for dry storage cask market (for spent nuclear fuel) in Korea. We maintain BUY rating on the company, because quality is a critical factor in the aforementioned sectors and the firm will be able to maintain competitiveness going forward.

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,083**	**3,636**	**3,694**	**3,836**	**3,942**
Cost of goods sold	3,677	3,378	3,380	3,505	3,575
Gross profit	**406**	**258**	**314**	**331**	**367**
Gross margin (%)	9.9	7.1	8.5	8.6	9.3
SG&A expenses	209	206	202	176	167
Operating profit	**197**	**52**	**113**	**155**	**200**
Operating margin (%)	4.8	1.4	3.1	4.0	5.1
Non-operating gains (losses)	**-41**	**-29**	**-18**	**-29**	**-29**
Financial profit	41	83	53	6	6
Financial costs	74	84	88	35	35
Equity-method gains (losses)	-7	-4	-2	0	0
Other	-1	-25	20	-0	0
Pre-tax profit	**155**	**23**	**95**	**125**	**171**
Taxes	29	3	26	34	47
Effective tax rate (%)	18.9	12.7	27.1	27.5	27.5
Profit from continuing operations	126	20	69	91	124
Profit from discontinued operations	0	0	0	0	0
Net profit	**126**	**20**	**69**	**91**	**124**
Net margin (%)	3.1	0.6	1.9	2.4	3.1
Net profit (controlling interests)	128	20	69	91	124
Net profit (non-controlling interests)	-2	0	0	0	0
EBITDA	302	169	220	262	310
EBITDA margin (%)	7.4	4.7	6.0	6.8	7.9
EPS (parent-based) (KRW)	3,639	564	1,719	2,533	3,455
EPS (consolidated) (KRW)	3,576	565	1,926	2,533	3,455
Adjusted EPS (KRW)*	3,639	564	1,719	2,533	3,455

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,664**	**1,713**	**1,822**	**1,925**	**2,042**
Cash & equivalents	97	264	298	315	344
Accounts receivable	424	396	423	448	483
Inventories	1,105	970	1,015	1,075	1,127
Other current assets	38	83	86	86	88
Fixed assets	**2,001**	**2,114**	**2,129**	**2,137**	**2,155**
Investment assets	143	192	357	364	371
Tangible assets	1,652	1,683	1,687	1,692	1,702
Intangible assets	51	77	77	77	77
Other long-term assets	155	161	7	4	5
Total assets	**3,665**	**3,827**	**3,951**	**4,062**	**4,197**
Current liabilities	**749**	**1,137**	**1,201**	**1,267**	**1,325**
Accounts payable	269	230	254	278	294
Short-term debt	123	142	142	142	142
Other current liabilities	357	765	805	847	888
Long-term liabilities	**877**	**658**	**705**	**697**	**690**
Bonds & long-term debt	613	490	491	491	491
Other long-term liabilities	264	168	213	206	199
Total liabilities	**1,626**	**1,795**	**1,906**	**1,964**	**2,014**
Owners of parent equity	**1,955**	**1,940**	**1,953**	**2,005**	**2,091**
Capital stock	219	219	219	219	219
Capital surplus	306	306	306	306	306
Retained earnings	1,290	1,264	1,295	1,347	1,432
Other	141	151	134	134	134
Non-controlling interests' equity	**84**	**92**	**92**	**92**	**92**
Total equity	**2,039**	**2,031**	**2,045**	**2,097**	**2,183**
Net debt	805	772	736	720	691

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**0**	**0**	**277**	**267**	**288**
Net profit	126	20	69	91	124
Non-cash profit and expenses	233	243	259	238	241
Depreciation	103	113	106	107	109
Amortization	2	4	1	1	1
Other	127	126	151	130	131
Changes in A/L from operating activities	-54	137	-51	-62	-76
Cash flow from investments	**-146**	**-248**	**-208**	**-216**	**-225**
Change in tangible assets	-93	-165	-171	-179	-188
Change in financial assets	3	-21	-13	-13	-13
Other	-56	-63	-24	-24	-24
Cash flow from financing	**-123**	**91**	**-40**	**-40**	**-40**
Change in debt	-85	150	0	0	0
Change in equity	-0	0	0	0	0
Dividends	-38	-37	-39	-39	-39
Other	-1	-22	-1	-1	-1
Change in cash	-40	166	35	17	29
Cash at beginning of year	137	97	264	298	315
Cash at end of year	97	264	298	315	344
Gross cash flow	**359**	**263**	**328**	**329**	**365**
Free cash flow	**0**	**0**	**90**	**73**	**89**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-6.9	-11.0	1.6	3.8	2.8
Operating profit	53.8	-73.4	115.7	37.1	29.1
Net profit	42.7	-83.9	242.6	30.8	36.4
Adjusted EPS**	19.0	-70.8	62.0	47.4	36.4
Per-share data (KRW)					
EPS (parent-based)	3,639	564	1,719	2,533	3,455
EPS (consolidated)	3,576	565	1,926	2,533	3,455
Adjusted EPS**	3,639	1,061	1,719	2,533	3,455
BVPS	55,920	56,751	54,275	55,189	57,108
DPS (common)	1,200	1,200	1,200	1,200	1,200
Valuations (x)					
P/E***	6.8	35.0	16.1	10.9	8.0
P/B***	0.4	0.4	0.5	0.5	0.5
EV/EBITDA	5.9	9.3	7.5	6.3	5.3
Ratios (%)					
ROE	6.7	1.0	3.5	4.6	6.0
ROA	3.4	0.5	1.8	2.3	3.0
ROIC	5.6	1.6	3.1	4.4	5.6
Payout ratio	30.0	190.4	55.8	42.4	31.1
Dividend yield (common)	4.8	6.1	4.3	4.3	4.3
Net debt to equity	39.5	38.0	36.0	34.3	31.7
Interest coverage (x)	6.0	1.5	2.9	4.4	5.8

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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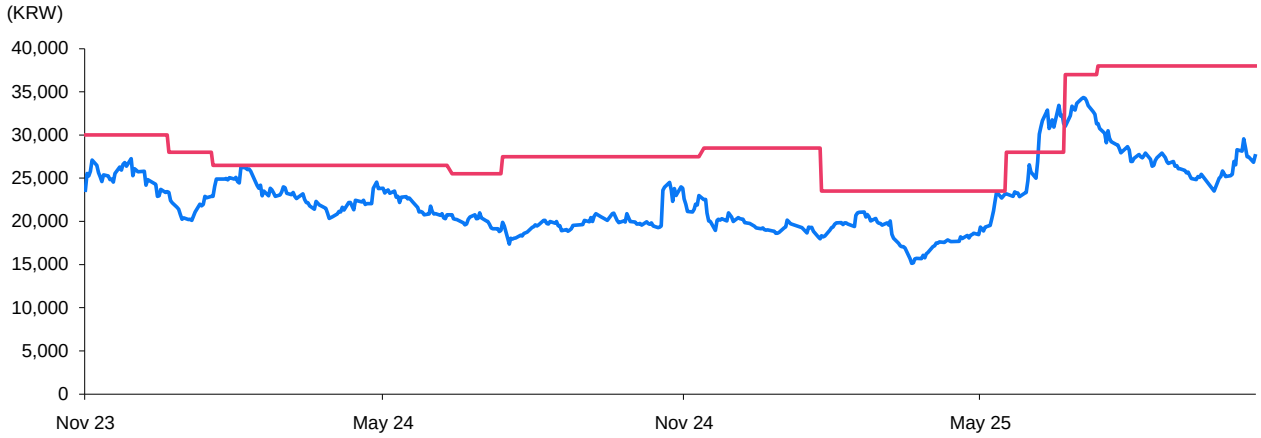
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/2	2024/1/10	2/6	7/1	8/1	12/2	2025/2/12	6/5	7/11	7/31
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	30000	28000	26500	25500	27500	28500	23500	28000	37000	38000
Gap* (average)	-17.84	-23.49	-14.11	-21.83	-26.25	-31.15	-20.15	-0.22	-10.24	
(max or min)**	-9.17	-18.21	-0.75	-17.65	-10.91	-20.88	-0.43	19.46	-7.16	

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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Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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