SECTOR
UPDATE

2025. 12. 31

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Real Estate/Consumer

Real estate revaluations amid Seoul's mixed-use development boom

- The mixed-use development boom in Seoul is accelerating, supported by policy initiatives such as project REITs.
- Development in Seoul is increasingly centered on railway station and terminal sites, which offer strong commercial viability given their prime locations.
- Many companies in the retail, food & beverage, and hospitality sectors hold high-quality land assets, and development of these sites should help unlock their underlying value.

WHAT'S THE STORY?

Mixed-use development boom in Seoul: Development plans for major railway and terminal sites are taking shape, including Yongsan Station, Seoul Station, Dongseoul General Bus Terminal, Gangnam Express Bus Terminal, and the Seobu Truck Terminal (Sinjeong-dong, Seoul). Notable milestones include: 1) the Hanwha consortium beginning construction on the Seoul Station North Side Development Project in 2025; 2) SH Housing & Urban Development Corporation holding a groundbreaking ceremony in Nov 2025 for the Yongsan Railway Depot redevelopment (which is to become the Yongsan International Business District); 3) private-sector construction at the Yongsan Electronics Market slated to begin in 2026; 4) the long-delayed Seobu Truck Terminal project in Sinjeong-dong holding a groundbreaking ceremony in Nov 2025 for the Urban Advanced Logistics Complex; 5) approval, with revisions, of the district unit plan for the Dongseoul General Bus Terminal; and 6) the Seoul Metropolitan Government announcing the start of pre-negotiations for the Gangnam Express Bus Terminal site. These sites range from roughly 10,000 *pyeong* to 40,000 *pyeong*, and based on comparable nearby projects, land values are expected to exceed KRW200m per *pyeong*.

Project REITs opening the door to development: Many of these sites have been underutilized for extended periods. A key impediment to development has been the capital gains tax burden associated with contributing land in kind to development vehicles. With the introduction of project REITs in November, capital gains tax is now deferred until profit realization, improving the economics of developing these long-idle assets. Most projects are likely to be developed as mixed-use complexes, helping to ease housing supply constraints in Seoul.

(Continued on the next page)

Regional balanced development: The outlook for recovery in long-stagnant provincial housing markets is improving. The second phase of public institution relocations, the allocation of 40% of the National Growth Fund to regional areas, and efforts to attract innovative industries such as data centers should support momentum in regional balanced development. As provincial markets move toward supply-demand equilibrium, the establishment of public institutions and industrial clusters should lift housing demand. Notably, the 2014-2016 period—when provincial presales reached record levels—coincided with the first phase of public institution relocations.

Opportunity for enterprise value reassessment: The development boom is a key investment theme for companies that have been persistently undervalued despite holding high-quality land assets. While real estate represents around 13% of major conglomerates' total assets, the true exposure may be higher. Lotte Group, for example, saw the share of real estate in total assets rise more than threefold to 41% following asset revaluation in 2024. As land utilization potential improves, the scope for fair revaluation of land assets increases. Sectors with high exposure to quality real estate include retail, food & beverage, and hospitality, with companies such as Shinsegae, E-Mart, and Lotte Chilsung fitting this profile.

Policy support

Real estate holdings of major Korean groups account for around 13% of total assets, a meaningful share. In Lotte Group's case, the proportion rose from 13% to 41% in 2024 following asset revaluation. As most companies carry real estate at acquisition cost, the actual value of these assets is likely two to three times higher than their book value.

Many companies hold real estate used for operations alongside undeveloped land. Historically, development has been constrained by concerns over project feasibility and the capital gains tax burden. With the introduction of project REITs on Nov 28, 2025, however, companies can now contribute land in kind to development vehicles and defer capital gains tax until project completion and profit realization. This should incentivize the development of previously idle land.

Major groups: Real estate holdings (as of end-2024)

(KRWb)	Total assets	Tangible assets			Investment properties	Proportion of assets (%)		
		Buildings	Land	Total		Tangible assets	Investment properties	Real estate total
Samsung	896,513	70,798	13,283	84,081	5,023	9.4	0.6	9.9
Hyundai Motor	280,054	24,748	25,348	50,096	564	17.9	0.2	18.1
SK	233,830	22,725	3,521	26,246	2,188	11.2	0.9	12.2
LG	172,069	20,899	5,333	26,232	1,455	15.2	0.8	16.1
Shinsegae	35,518	4,033	5,116	9,150	773	25.8	2.2	27.9
GS	30,140	602	1,033	1,635	1,638	5.4	5.4	10.9
Posco	124,695	9,720	1,819	11,538	630	9.3	0.5	9.8
HD Hyundai Heavy Industries	55,985	3,600	5,627	9,226	526	16.5	0.9	17.4
Hanwha	229,082	4,828	6,825	11,653	3,754	5.1	1.6	6.7
KT	32,582	2,081	886	2,967	1,218	9.1	3.7	12.8
Lotte	82,041	11,474	17,818	29,293	4,633	35.7	5.6	41.4
CJ	32,522	2,887	2,375	5,262	491	16.2	1.5	17.7
Total	2,207,115	178,408	88,992	267,425	22,935	12.1	1	13.2

Source: Company data, Samsung Securities

Project REIT vs project financing vehicle (PFV)

		Project REIT	PFV
Development stage	Governing law	Real estate investment law	Act on restriction on special cases concerning taxation
	Investor criteria	X	Capital contribution of 5% by financial institutions
	Stock distribution requirement	Excluded from application	X
	Reporting obligations	1 (Business investment report)	X
	Disclosure obligations	X	X
	Lending ratio	Borrowing cap of 2x shareholders' equity (10x in case of special resolution)	No limit (normally 2% of equity)
	Dividends taxed separately from income	Permanent	Temporary
Operation stage	Public offering obligations	Business license approval upon completion, public offering of at least 40% within 5 years of registration date	X
	Stock distribution requirement	Upon completion of the public offering (within a maximum of 5 years after development completion), ownership per individual capped at 50%	X
	Property tax	Separate taxation of property tax on land at a flat rate of 0.2% Exemption from comprehensive real estate holding tax (limited to listed REITs)	Separate aggregate taxation of property tax on land (0.2-0.4%) Comprehensive real estate holding tax (0.5-0.7%)
	Acquisition tax	Acquisition tax of 2% in case of share deal Merger acquisition tax of 0.9% in case of merger	4.6%

Source: Ministry of Land, Infrastructure and Transport, Samsung Securities

Major mixed-use development cases in Seoul

Railway stations

In many overseas cities, areas surrounding railway stations have evolved into major business districts with high foot traffic. In Korea, however, such development has lagged. Until recently, areas such as Seoul Station and Yongsan Station remained underdeveloped. With the expansion of the central business district (CBD), these areas are now showing clear signs of revitalization.

Yongsan Station is among the fastest-changing districts. In November, SH Housing & Urban Development Corporation held a groundbreaking ceremony for the Yongsan Railway Depot redevelopment, a 150,000-*pyeong* (approximately 495,000 square meters) project with an estimated value of KRW51t. In addition, private-sector developers plan to begin construction near the Yongsan Electronics Market in 2026. The area is expected to feature an integrated pedestrian network linking the station, the above-ground park over the Gyeongbu railway line, and the electronics market. Development momentum dates back to 2017, when Seobu T&D completed the Dragon City Hotel.

Seobu T&D owns Lots 12 and 13 and plans to begin construction in 3Q26. Total project costs are estimated at KRW0.7t-1.0t, with plans to develop prime office space and high-end officetels totaling about 10,000 *pyeong* in floor area. The complex is expected to include a swimming pool and fitness facilities shared with Dragon City Hotel, enhancing operational synergies.

Part of the office space may be pre-sold or sold to Shinhan Seobu T&D REIT, a subsidiary REIT, with Seobu T&D retaining an equity stake. The officetels are expected to be offered for presale concurrently with the start of construction in 2026. As a result, construction commencement should translate into revenue recognition and cash inflows from 2026, supporting earnings from that year. By around 2030, the long-held development site should be completed as a mixed-use complex, marking the first major return on investment.

Yongsan Electronics Market development area

Source: Seobu T&D

Yongsan Electronics Market area: Development status

Classification	Developer /owner	Development status
Najin buildings 12, 13	Seobu T&D	Approval of Seoul City's detailed development plan DA Architects selected as winner of design competition
Najin building 15	Blitz Asset	Approval of amendments to district unit plan and Seoul City's detailed development plan
Najin buildings 17, 18	Blitz, IGIS	Detailed development plan finalized
Najin building 14	Hyundai Elevator	Designation of special planning zone and public inspection of plan amendments
Yongsan maintenance depot land	-	-
Yongsan urban regeneration innovation district	LH, NSH	Design competition selection, implementation plan approval process
Redevelopment of UNC land	Eleven D&C	Land acquisition from LH, approval of mixed-use development plan
Redevelopment of Crown Hotel	KSquare Yongsan	Proceeding with project approval process, building permit application
US Transportation Command land	-	District unit plan in progress

Source:Samsung Securities

Historically, the core of the CBD has been centered on Gwanghwamun. More recently, development has expanded toward Seosomun, Euljiro, and Seoul Station. A representative case is the Seoul Station North Side Development Project, led by a consortium including Hanwha Corporation. After more than a decade of stalled attempts, the project finally broke ground in 2025. Redevelopment of the Hilton Hotel is also underway, alongside the acquisition of two nearby office buildings, including Metro Tower, to be integrated into a single project. By 2030, the area is expected to be transformed into a 100,000-*pyeong* (approximately 330,000 square meters) complex comprising office and retail space.

Seoul Station North Side Development Project

Source: Seoul Metropolitan Government, media

Development plan

Source: Seoul Metropolitan Government, media

Seoul Station development project: Status

	Seoul Station North Side Development Project	Namsan Hilton Hotel Redevelopment Project	Bongnae (district 2) Urban Redevelopment Project
Holding entity	Hanwha Consortium (Hanwha Impact, Hanwha Connect, Hanwha Hotel & Resort, *etc*)	IGIS Asset Management (with Hyundai Engineering & Construction having a 30% stake and serving as a constructor)	SK D&D (DDIVC) and its JV REIT with the National Pension Service (DDIVC1)
Location	122 Bongnae-dong 2-ga, Jung-gu, Seoul	395 Namdaemun-ro 5-ga, Jung-gu, Seoul	48-3 Bongnae-dong 1-ga, Jung-gu, Seoul
Total floor area (m^2)	330,000	460,000 (including nearby Metro and Seoullo Tower)	61,800
Scale	6 basement levels and 38 floors above ground; 5 buildings in total	10 basement levels and 39 floors above ground; 2 buildings in total	31 floors above ground; 1 building
Project details	Development of 5 buildings, including exhibition and convention (MICE), offices, high-end hotel, and residential officetels	Development of 2 office buildings, a 6-star hotel, and retail facilities	Development of a single office building
Project Status	Jul 2014: Public solicitation of business operator Jan 2015: Development canceled due to low profitability Mar 2018: Task force formed by Korail and Seoul City Jul 2019: Hanwha Consortium selected as preferred bidder Dec 2023: Building permit obtained Dec 2024: Construction commenced, completion targeted for 2029	Dec 2021: YD427PFV (IGIS, *etc*) acquired from CDL Hotel Korea for KRW1.1t Dec 2024: Business implementation plan approval obtained, completion scheduled for 2030	Dec 2024: Amendment to redevelopment business plan approved Dec 2025: Redevelopment review plan conditionally approved

Source: Seoul City Hall, Samsung Securities, media

Terminal sites

Cargo terminal sites in Seoul have historically functioned as truck terminals but are increasingly being repurposed as logistics demand evolves. A representative case is Incheon Square1, Seobu T&D's first project, which involved acquiring a cargo terminal site and redeveloping it into a retail complex. Its second project, Yongsan Dragon City, similarly secured development land by integrating a tourist bus terminal.

Before the widespread adoption of mobile technology, cargo drivers typically parked and waited at terminals until transport demand arose. As mobile technology reshaped logistics operations, cargo terminals became structurally obsolete, prompting the government to allow their redevelopment and designate select sites as pilot urban high-tech logistics hubs.

Areas such as the Yangjae-dong Harim headquarters site and the Siheung industrial complex have been selected as pilot projects, with Seobu T&D's Sinjeong-dong site advancing the fastest. As the largest undeveloped parcel in Seoul, at roughly 28,000 *pyeong*, the project faced delays due to prolonged permitting and coordination processes. Seobu T&D is currently working on approvals, targeting groundbreaking in 2027. More recently, however, Seoul has introduced incentives for mixed-use redevelopment of underutilized land, reflecting heightened sensitivity to the city's housing shortage and providing renewed momentum for the project.

The Dongseoul General Bus Terminal project also centers on redeveloping a terminal site into a mixed-use urban complex. Launched in Sep 2022 with the formation of a negotiation coordination council, the project gained visibility in Nov 2025 following announcement of the district unit plan. Construction is scheduled to begin in 2H26, with completion targeted for 2031.

Interest in terminal sites has increased further after Seoul announced plans to develop the Gangnam Express Bus Terminal site. The city's notice of intent to initiate pre-negotiations has drawn market attention to asset-heavy stocks. During redevelopment, Dongseoul Bus Terminal plans to maintain operations at the nearby Techno Mart, with terminal functions to be relocated underground upon project completion.

As multiple large-scale projects move forward in parallel, Seoul's development landscape is expected to shift from single-use residential or office buildings toward planned mixed-use complexes. Unlike past cycles, policy support is now a central catalyst.

Urban high-tech logistics hub development projects

Project	Sinjeong-dong Western Truck Terminal Development Project	Yangjae-dong Urban High-tech Logistics Complex Development Project	Siheung Distribution Center Urban High-tech Logistics Complex Development Project
Owner	Seobu T&D	Harim Industry (100% subsidiary of Harim Group)	Geumcheon urban high-tech logistics complex development association
Location	1315 Sinjeong-dong, Yangcheon-gu, Seoul	225 Yangjae-dong, Seocho-gu, Seoul	984 Siheung 3-dong, Geumcheon-gu, Seoul
Scale	7 basement levels and 25 floors above ground; total floor area of 800,000 m^2	8-9 basement levels and 59 floors above ground; total floor area of 1,470,000 m^2	N/A (Siheung Distribution Center total floor area: 127,750 m^2)
Details	Development of high-tech logistics center and residential/commercial facilities	Development of high-tech logistics center and residential/commercial facilities	In planning stage
Progress	- Jul 2016: Selected as a pilot site for Seoul urban high-tech logistics complex by MOLIT - Aug 2023: Approval of development plan for Sinjeong-dong project - Dec 2024: MOU signed between Samsung C&T and Seobu T&D for residential facilities - Oct 2025: Groundbreaking ceremony held - 2027: Planned start of construction - 2030: Planned completion	- Jul 2016: Selected as a pilot site for Seoul urban high-tech logistics complex by MOLIT - Feb 2023: Approval of development plan for Yangjae-dong project - Dec 2024: Harim's resubmission of design changes	- Jul 2016: Selected as a pilot site for Seoul urban high-tech logistics complex by MOLIT - Oct 2025: Establishment of the high-tech logistics complex development association approved

Source: Company data, Samsung Securities

Offline retailers: Unlocking hidden value?

Real estate-driven development plans have recently supported share price performance for Shinsegae and E-Mart. Shinsegae holds a 60.02% stake in Shinsegae Central City, which owns a 70.49% stake in the Gangnam Express Bus Terminal. In Jan 2025, Shinsegae Central City submitted a pre-negotiation proposal to the Seoul Metropolitan Government for redevelopment of the 146,260 m^2 Gangnam Express Bus Terminal site. The plan includes moving the terminal underground and constructing three ultra-high-rise residential-cum-commercial towers exceeding 60 stories. In September, the Seoul Metropolitan Government announced it would proceed with pre-negotiations, a development that gained market attention in November.

The project remains at an early stage. By comparison, the Dongseoul General Bus Terminal redevelopment took around 2.5 years from the start of pre-negotiations to finalization of the district unit plan. For reference, Shinsegae acquired its 60.02% stake in Shinsegae Central City in 2012 for KRW1.03t, when Shinsegae Central City held a 26.21% stake in the Gangnam Express Bus Terminal. Since then, Shinsegae Central City has steadily increased its ownership, including acquisition of a 38.74% stake from SEBT Investment in 2013 and a 5.54% stake from Central Express in 2021, bringing its total stake to 70.49%.

While it remains difficult to estimate redevelopment profits at this stage, the long-term potential for corporate value enhancement through real estate appreciation underpins a constructive view on Shinsegae.

Meanwhile, E-Mart holds a 100% stake in Shinsegae Property, which in turn owns a 90% stake in Shinsegae Dongseoul PFV, with E-Mart also directly holding a 5% stake in the PFV. In 2019, the PFV acquired the Dongseoul General Bus Terminal site and building from Hanjin Heavy Industries for KRW402.5b, with the land value estimated at KRW380b. Pre-negotiations with the Seoul Metropolitan Government began in 2022, and in May 2025 the site was designated a district unit plan zone, formally launching the mixed-use redevelopment project. Construction is expected to start in late 2026, with completion targeted for 2031. The plan calls for a structure with 7 basement levels and 39

floors above ground. The underground levels will accommodate a passenger terminal and transit center, while the above-ground structure will comprise commercial, office, and cultural facilities, including a Starfield retail complex.

Based on 2024 estimates, the total project scale is approximately KRW1.9t, excluding land value. While potential profits from the Dongseoul Terminal redevelopment are likely to be smaller than those from the Gangnam Express Bus Terminal, the project should enhance the value of E-Mart's real estate assets and allow the company to leverage its retail capabilities through inclusion of a Starfield retail complex. We view this as a strategic response by offline retailers to rising e-commerce penetration, using real estate assets to sustain competitiveness.

The mixed-use terminal developments by Shinsegae and E-Mart should act as a catalyst for appreciation of offline retailers' real estate assets, even though it remains too early to quantify development profits. Offline retailers have faced declining market share and profitability erosion in recent years due to e-commerce growth, resulting in a widening valuation discount to the Kospi. Against this backdrop, the recent unlocking of hidden value through real estate development is constructive, as it can improve financials and enhance corporate value. Looking ahead, further upside would come from improvements in financials through the sale of underperforming real estate assets, alongside active development aimed at upgrading the overall real estate portfolio.

Dongseoul Bus Terminal and Gangnam Express Bus Terminal development projects: Status

Project	Gangnam Express Bus Terminal Complex Development Plan	Dongseoul Terminal Complex Development Plan
Developer	Gangnam Express Bus Terminal (Shinsegae Central City 70.49%, Cheonil Express 16.67%, Dongwon Logistics 11.11%, Dongyang Express 0.17%, *etc*)	Shinsegae Dongseoul PFV (Shinsegae Property 90%, E-Mart 5%, Industrial Bank of Korea 5%)
Location	Banpo-dong, Seocho-gu, Seoul	546-1 Guui-dong, Gwangjin-gu, Seoul
Area (m^2)	146,260	36,704 (Total floor area: 47,907)
Development Plan	Construction of a super-high-rise mixed-use complex (3 buildings); 9 basement levels and 60+ floors above ground Underground: passenger terminal and transit center; Above ground: office, retail, accommodation, cultural, and residential facilities	7 basement levels and 39 floors above ground; total floor area of 363,000 m^2, floor area ratio (FAR) of 399.98%, public contribution of 26.25% (KRW138.1b) Underground: passenger terminal and transit center; Above ground: commercial and office facilities (Starfield Mall)
Total project cost	Undisclosed	KRW1.9t (excluding land cost)
Development schedule	Undisclosed	Construction to begin in late 2026, completion planned for 2031
Progress	- In Jan 2025, Shinsegae Central City submitted a pre-negotiation proposal to the Seoul Metropolitan Government for the development of the Gangnam Express Bus Terminal site - In Sep 2025, the Seoul Government designated the site as a pre-negotiation target area	- Oct 2019, Hanjin Heavy Industries sold the Dongseoul Terminal to Shinsegae Dongseoul PFV for KRW402.5b - Jun 2021, a revised development plan was submitted due to a change in business operators - Oct 2022, the Seoul Metropolitan Government initiated pre-negotiations with Shinsegae Dongseoul PFV to establish the Dongseoul Terminal development plan - Dec 2023, pre-negotiations were completed - Apr 2024, designation of the area as a district unit planning zone and drafting of plan decision proposal - May 2025, approval of the revised district unit planning zone designation and plan decision proposal

Source: Media, Samsung Securities

Major retailers: Book value of real estate assets

(KRWb)	Land	Buildings	Investment property	Total book value of real estate assets	Total equity	Real estate assets as portion of total equity (%)
Lotte Shopping*	13,106	3,214	1,799	18,119	16,641	108.9
E-mart	3,604	2,506	1,938	8,048	13,334	60.4
Shinsegae Department Store	1,478	1,800	918	4,196	6,499	64.6
Hyundai Department Store	2,321	2,506	97	4,924	6,290	78.3

Note: *Land and buildings total KRW16.3t, comprising KRW11.9t in department store assets and KRW 4.4t in discount store assets
Source: Samsung Securities

COMPANY UPDATE

2025. 12. 31

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Lotte Chilsung (005300)

Revaluation driven by hidden land value

- Policy support, including the adoption of project REITs, is bringing the utilization of Lotte Chilsung's Seocho-dong land closer to realization.
- The company has formed an internal working group to review multiple options, including an outright sale or development via a project REIT.
- Reflecting the embedded value of the Seocho-dong site, we upgrade the stock to BUY with a target price of KRW179,000.

Global Equity

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AT A GLANCE

BUY

Target price	KRW179,000	28.6%
Current price	KRW139,200	
Market cap	KRW1.3t/USD0.9b	
Shares (float)	9,278,884 (40.3%)	
52-week high/low	KRW143,500/KRW100,600	
Avg daily trading value (60-day)	KRW4.2b/ USD2.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Lotte Chilsung (%)	16.3	16.8	24.3
Vs Kospi (%pts)	8.4	-14.9	-29.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	179,000	179,000	0.0%
2025E EPS	10,478	10,478	0.0%
2026E EPS	11,434	11,434	0.0%

SAMSUNG vs THE STREET

No of estimates	13
Target price	162,231
Recommendation	4.0

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

WHAT'S THE STORY?

Seocho-dong site—Prime real estate in Gangnam: The Seocho-dong site, wholly owned by Lotte Chilsung, warrants renewed attention for its development potential. Initially established as a factory in 1976, the site has been used as a logistics warehouse and sales office since production was relocated in 2000. Located within a five-minute walk of Gangnam Station, the 42,312 sqm (approximately 13,000 *pyeong*) site represents a rare, large-scale development asset in a prime district. Prior development attempts, including preliminary negotiations with the Seoul Metropolitan Government in 2009 and business plan submissions in 2010 and 2015, failed to gain traction. Conditions, however, have shifted meaningfully.

Policy support points to imminent utilization: The introduction of project REITs in November has materially improved development feasibility, including benefits such as capital gains tax deferral at the REIT level. In parallel, the Seoul Metropolitan Government has adopted a more proactive stance toward complex developments on railway and terminal sites, contributing to a more constructive regulatory backdrop.

SUMMARY FINANCIAL DATA

(Continued on the next page)

	2024	2025E	2026E	2027E
Revenue (KRWb)	4,025	4,010	4,099	4,178
Operating profit (KRWb)	185	184	195	219
Net profit (adj) (KRWb)	60	110	117	113
EPS (adj) (KRW)	5,878	10,478	11,434	11,237
EPS (adj) growth (% y-y)	-64.4	78.2	9.1	-1.7
EBITDA margin (%)	10.6	10.7	10.7	11.1
ROE (%)	4.0	7.0	7.7	7.6
P/E (adj) (x)	19.1	13.3	12.2	12.4
P/B (x)	0.8	0.9	0.9	0.9
EV/EBITDA (x)	6.6	7.2	7.1	6.8
Dividend yield (%)	3.0	2.7	2.9	3.2

Source: Company data, Samsung Securities estimates

Against this backdrop, Lotte Chilsung is in active discussions with the city through its internal task force. Proceeds from site utilization are expected to be allocated toward balance-sheet deleveraging and overseas bottling capacity expansion. As of 3Q25, net debt stands at KRW1.55t, with a debt ratio of 172%

Land value now warrants inclusion in valuation; upgrading to BUY: While the company has yet to finalize whether it will monetize the site via a sale or pursue development through a project REIT, the direction toward utilization is increasingly clear. We therefore incorporate the land value into our valuation framework. Based on recent transactions of nearby sites at approximately KRW200m/*pyeong*, we conservatively estimate the Seocho-dong land value at KRW2.6t. To reflect uncertainty around development structure and timing, we apply a 70% discount. Adding the discounted non-operating asset value to the operating business yields an implied market cap of KRW1.66t, which translates to a target price of KRW179,000. We upgrade the stock to BUY.

Lotte Chilsung: Target-price calculation

(KRWb)	
Equity value (A=B*C-D)	888.7
EBITDA (2026E) (B)	438.7
Target EV/EBITDA* (x) (C)	5.6
Net debt (D)	1,546.0
Non-operating value (E=F*(1-G))	769.3
Appraised land value (F)	2,564.4
Discount rate (G)	70%
Preferred equity market cap** (H)	58.3
Target market capitalization (I=A+E-H)	1,658.0
Outstanding shares (J)	9,278,884
Target price (KRW) (K=I/J)	179,000
Last price** (KRW) (L)	133,200
Upside (K/L-1)	34.4%

Note: *Global peer average;
**Dec 21, 2025
Source: Samsung Securities estimates

Lotte Chilsung: Seocho-dong site

Source: Naver, Samsung Securities

Lotte Chilsung: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25E	3Q25E	4Q25E	2023	2024	2025E	2026E	2027E
Sales	**936.9**	**1,099.2**	**1,065.0**	**923.3**	**910.3**	**1,087.3**	**1,079.2**	**933.6**	**3,224.7**	**4,024.5**	**4,010.4**	**4,099.1**	**4,177.8**
Parent	**646.1**	**740.0**	**743.2**	**593.6**	**601.1**	**681.0**	**731.7**	**591.1**	**2,757.3**	**2,723.0**	**2,604.9**	**2,593.1**	**2,556.1**
Beverage	431.3	537.9	539.1	401.4	408.2	491.9	538.4	407.0	1,953.4	1,909.7	1,845.5	1,837.4	1,814.7
Domestic	400.6	496.9	501.8	376.2	376.1	448.1	498.3	380.4	1,827.1	1,775.5	1,702.9	1,688.7	1,659.0
Carbonated	215.0	234.5	226.1	193.6	198.7	215.0	226.8	199.6	896.8	869.1	840.1	828.9	816.4
Non-carbonated	185.6	262.4	275.7	182.6	177.4	233.1	271.5	180.8	930.3	906.3	862.8	859.8	842.6
Overseas	28.1	38.0	35.1	23.3	30.0	40.5	37.7	24.6	116.0	124.5	132.8	139.4	146.4
Liquor	214.8	202.2	204.2	192.2	192.9	189.1	193.3	184.1	803.9	813.4	759.4	755.6	741.5
Domestic	194.0	182.0	185.1	174.5	171.0	167.7	173.6	165.4	727.2	735.6	677.7	670.1	653.3
Overseas	20.8	20.2	19.1	17.7	21.9	21.3	19.8	18.7	74.1	77.7	81.7	85.5	88.1
Subsidiaries & consolidation adj.	**290.7**	**359.2**	**321.8**	**329.7**	**309.2**	**406.3**	**347.5**	**342.5**	**467.4**	**1,301.5**	**1,405.5**	**1,506.0**	**1,621.6**
Domestic	26.0	33.9	32.9	24.3	23.8	29.2	31.8	23.6	112.4	117.1	108.4	103.7	102.2
Overseas	311.3	385.0	351.0	353.8	340.5	443.4	384.2	376.5	526.5	1,401.1	1,544.6	1,655.6	1,814.6
Philippines	241.2	286.0	242.3	260.0	254.2	303.4	247.8	273.0	n/a	1,029.5	1,078.4	1,155.2	1,247.6
Pakistan	27.9	45.6	43.2	30.7	39.0	49.6	46.6	32.8	n/a	147.4	168.0	184.9	203.3
Myanmar	10.4	20.6	18.5	19.3	6.0	34.4	27.3	30.3	n/a	68.8	98.0	138.2	183.9
Operating profit	**36.8**	**60.2**	**78.7**	**9.2**	**25.0**	**62.4**	**91.8**	**4.7**	**210.7**	**184.9**	**183.9**	**195.0**	**218.5**
Parent	**36.6**	**38.6**	**62.6**	**1.1**	**27.2**	**26.6**	**69.0**	**-7.1**	**195.6**	**138.8**	**115.7**	**95.3**	**78.3**
Beverage	23.9	35.4	52.8	-8.0	13.0	23.7	55.1	-7.3	162.0	104.1	84.5	75.3	63.5
Liquor	12.7	3.2	9.7	9.1	14.2	2.9	13.9	0.2	33.5	34.7	31.2	20.0	14.8
Subsidiaries & consolidation adj.	**0.1**	**21.7**	**16.1**	**8.1**	**-2.2**	**35.8**	**22.8**	**11.8**	**15.1**	**46.1**	**68.2**	**99.7**	**140.2**
Domestic	-1.9	2.3	1.9	-1.8	-2.0	1.3	2.9	-0.9	0.3	0.5	1.3	0.5	0.5
Overseas	2.5	21.1	14.3	9.5	0.6	35.8	20.7	12.8	20.6	47.4	69.9	99.2	139.6
Philippines	-2.2	6.7	-0.1	3.1	-3.3	8.8	4.6	3.3	n/a	7.5	13.4	40.5	62.4
Pakistan	1.1	5.6	6.0	2.1	3.9	6.1	4.2	2.3	n/a	14.8	16.5	20.5	24.4
Myanmar	1.9	6.2	5.5	5.1	-1.3	14.8	6.0	5.5	n/a	18.7	25.0	24.9	34.0
Net profit (controlling)	**17.6**	**19.3**	**43.8**	**-21.6**	**7.0**	**24.8**	**59.4**	**14.2**	**165.9**	**59.1**	**105.3**	**115.0**	**113.0**
Operating profit (%)	**3.9**	**5.5**	**7.4**	**1.0**	**2.7**	**5.7**	**8.5**	**0.5**	**6.5**	**4.6**	**4.6**	**4.8**	**5.2**
Parent	**5.7**	**5.2**	**8.4**	**0.2**	**4.5**	**3.9**	**9.4**	**-1.2**	**7.1**	**5.1**	**4.4**	**3.7**	**3.1**
Beverage	5.5	6.6	9.8	-2.0	3.2	4.8	10.2	-1.8	8.3	5.5	4.6	4.1	3.5
Liquor	5.9	1.6	4.8	4.7	7.4	1.5	7.2	0.1	4.2	4.3	4.1	2.6	2.0
Subsidiaries & consolidation adj.	**0.0**	**6.0**	**5.0**	**2.5**	**-0.7**	**8.8**	**6.6**	**3.4**	**3.2**	**3.5**	**4.8**	**6.6**	**8.6**
Domestic	-7.3	6.8	5.8	-7.4	-8.4	4.5	9.1	-4.0	0.3	0.4	1.2	0.5	0.5
Overseas	0.8	5.5	4.1	2.7	0.2	8.1	5.4	3.4	3.9	3.4	4.5	6.0	7.7
Philippines	-0.9	2.3	0.0	1.2	-1.3	2.9	1.9	1.2	n/a	0.7	1.2	3.5	5.0
Pakistan	3.9	12.3	13.9	6.8	10.0	12.3	9.0	7.0	n/a	10.0	9.8	11.1	12.0
Myanmar	18.3	30.1	29.7	26.4	-21.7	43.0	22.0	18.0	n/a	27.2	25.5	18.0	18.5
Growth (% y-y)													
Sales	**37.8**	**38.1**	**28.3**	**0.5**	**-2.8**	**-1.1**	**1.3**	**1.1**	**13.5**	**24.8**	**-0.4**	**2.2**	**1.9**
Parent	**2.4**	**0.5**	**-3.4**	**-4.5**	**-7.0**	**-8.0**	**-1.5**	**-0.4**	**4.4**	**-1.2**	**-4.3**	**-0.5**	**-1.4**
Beverage	2.0	0.0	-5.1	-5.5	-5.4	-8.6	-0.1	1.4	4.6	-2.2	-3.4	-0.4	-1.2
Domestic	0.5	-0.7	-5.4	-5.4	-6.1	-9.8	-0.7	1.1	3.1	-2.8	-4.1	-0.8	-1.8
Carbonated	0.6	-2.2	-4.9	-5.7	-7.6	-8.3	0.3	3.1	6.3	-3.1	-3.3	-1.3	-1.5
Non-carbonated	0.5	0.7	-5.9	-4.9	-4.4	-11.2	-1.5	-1.0	0.2	-2.6	-4.8	-0.3	-2.0
Overseas	14.5	10.6	3.0	1.3	6.8	6.6	7.4	5.4	21.1	7.3	6.6	5.0	5.0
Liquor	3.4	2.0	1.5	-2.4	-10.2	-6.5	-5.3	-4.2	3.8	1.2	-6.6	-0.5	-1.9
Domestic	2.7	2.7	1.3	-2.1	-11.9	-7.9	-6.2	-5.2	3.5	1.2	-7.9	-1.1	-2.5
Overseas	10.4	4.0	4.7	0.6	5.3	5.4	3.7	5.4	3.1	4.9	5.1	4.8	3.0
Subsidiaries & consolidation adj.	**492.8**	**497.8**	**424.6**	**11.1**	**6.3**	**13.1**	**8.0**	**3.9**	**134.3**	**178.5**	**8.0**	**7.2**	**7.7**
Domestic	-2.3	10.4	5.8	1.3	-8.5	-13.9	-3.3	-2.7	-3.3	4.2	-7.4	-4.4	-1.4
Overseas	427.6	393.6	359.4	13.0	9.4	15.2	9.5	6.4	120.5	166.1	10.2	7.2	9.6
Philippines	n/a	n/a	n/a	n/a	5.4	6.1	2.3	5.0	n/a	n/a	4.7	7.1	8.0
Pakistan	n/a	n/a	n/a	n/a	39.8	8.8	7.9	7.0	n/a	n/a	14.0	10.0	10.0
Myanmar	n/a	n/a	n/a	n/a	-42.3	67.0	47.6	57.0	n/a	n/a	42.4	41.1	33.0
Operating profit	**-38.0**	**1.8**	**-6.6**	**15.6**	**-31.9**	**-7.3**	**0.6**	**268.0**	**-5.5**	**-12.2**	**4.9**	**22.7**	**17.1**

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**3,225**	**4,025**	**4,010**	**4,099**	**4,178**
Cost of goods sold	1,989	2,640	2,657	2,690	2,745
Gross profit	**1,235**	**1,384**	**1,354**	**1,409**	**1,433**
Gross margin (%)	38.3	34.4	33.8	34.4	34.3
SG&A expenses	1,025	1,199	1,170	1,214	1,214
Operating profit	**211**	**185**	**184**	**195**	**219**
Operating margin (%)	6.5	4.6	4.6	4.8	5.2
Non-operating gains (losses)	**-3**	**-88**	**-37**	**-47**	**-72**
Financial profit	12	13	11	14	15
Financial costs	67	83	79	80	81
Equity-method gains (losses)	4	14	15	12	12
Other	48	-32	15	7	-18
Pre-tax profit	**207**	**96**	**146**	**148**	**146**
Taxes	41	36	36	31	33
Effective tax rate (%)	19.7	37.8	24.8	20.7	22.4
Profit from continuing operations	167	60	110	117	113
Profit from discontinued operations	0	0	0	0	0
Net profit	**167**	**60**	**110**	**117**	**113**
Net margin (%)	5.2	1.5	2.7	2.9	2.7
Net profit (controlling interests)	166	59	105	115	113
Net profit (non-controlling interests)	1	1	5	2	1
EBITDA	398	426	431	439	462
EBITDA margin (%)	12.3	10.6	10.7	10.7	11.1
EPS (parent-based) (KRW)	16,499	5,878	10,478	11,434	11,237
EPS (consolidated) (KRW)	16,562	5,969	10,940	11,633	11,287
Adjusted EPS (KRW)*	16,499	5,878	10,478	11,434	11,237

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,150**	**1,125**	**1,319**	**1,235**	**1,186**
Cash & equivalents	248	178	263	174	139
Accounts receivable	311	287	308	337	343
Inventories	484	535	590	590	564
Other current assets	107	125	160	135	139
Fixed assets	**3,108**	**3,247**	**3,226**	**3,194**	**3,222**
Investment assets	197	213	138	123	119
Tangible assets	2,439	2,603	2,560	2,534	2,566
Intangible assets	90	98	100	96	98
Other long-term assets	381	334	427	441	440
Total assets	**4,258**	**4,373**	**4,545**	**4,429**	**4,408**
Current liabilities	**1,265**	**1,466**	**1,771**	**1,530**	**1,561**
Accounts payable	323	383	422	405	376
Short-term debt	111	163	172	149	161
Other current liabilities	831	920	1,177	976	1,024
Long-term liabilities	**1,456**	**1,328**	**1,200**	**1,328**	**1,285**
Bonds & long-term debt	1,153	980	856	997	945
Other long-term liabilities	303	348	344	331	340
Total liabilities	**2,721**	**2,794**	**2,971**	**2,858**	**2,847**
Owners of parent equity	**1,464**	**1,499**	**1,495**	**1,492**	**1,482**
Capital stock	5	5	5	5	5
Capital surplus	40	38	38	38	38
Retained earnings	2,195	2,204	2,199	2,195	2,185
Other	-776	-748	-746	-746	-746
Non-controlling interests' equity	**73**	**80**	**79**	**79**	**79**
Total equity	**1,537**	**1,578**	**1,574**	**1,571**	**1,561**
Net debt	1,522	1,627	1,690	1,665	1,728

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**268**	**325**	**284**	**389**	**349**
Net profit	167	60	110	117	113
Non-cash profit and expenses	258	397	360	378	368
Depreciation	174	224	230	227	227
Amortization	14	16	17	17	17
Other	71	156	113	135	124
Changes in A/L from operating activities	-76	-28	-79	-1	-26
Cash flow from investments	**-194**	**-307**	**-232**	**-255**	**-176**
Change in tangible assets	-204	-271	-236	-253	-177
Change in financial assets	-3	-1	3	-2	1
Other	13	-35	0	0	0
Cash flow from financing	**-166**	**-92**	**33**	**-223**	**-208**
Change in debt	222	49	111	-79	16
Change in equity	-47	-2	0	0	0
Dividends	-35	-36	-34	-37	-42
Other	-306	-102	-43	-107	-182
Change in cash	-97	-70	85	-89	-35
Cash at beginning of year	345	248	178	263	174
Cash at end of year	248	178	263	174	139
Gross cash flow	**424**	**457**	**470**	**495**	**481**
Free cash flow	**63**	**40**	**49**	**129**	**169**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	13.5	24.8	-0.4	2.2	1.9
Operating profit	-5.5	-12.2	-0.6	6.1	12.1
Net profit	27.0	-64.0	83.3	6.3	-3.0
Adjusted EPS**	29.2	-64.4	78.2	9.1	-1.7
Per-share data (KRW)					
EPS (parent-based)	16,499	5,878	10,478	11,434	11,237
EPS (consolidated)	16,562	5,969	10,940	11,633	11,287
Adjusted EPS**	16,499	5,878	10,478	11,434	11,237
BVPS	145,622	149,082	148,739	148,403	147,408
DPS (common)	3,400	3,400	3,700	4,000	4,500
Valuations (x)					
P/E***	8.9	19.1	13.3	12.2	12.4
P/B***	1.0	0.8	0.9	0.9	0.9
EV/EBITDA	7.6	6.6	7.2	7.1	6.8
Ratios (%)					
ROE	11.6	4.0	7.0	7.7	7.6
ROA	4.2	1.4	2.5	2.6	2.6
ROIC	6.4	3.9	4.5	4.9	5.3
Payout ratio	19.0	53.4	32.6	32.3	37.0
Dividend yield (common)	2.3	3.0	2.7	2.9	3.2
Net debt to equity	99.0	103.1	107.3	106.0	110.7
Interest coverage (x)	3.8	2.3	2.4	2.6	3.3

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2025. 12. 31

Alternative Investment Team

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Research Center report database

IS DONGSEO (010780)

Raising target price as Gyeongsan presale moves ahead

- We raise our target price for IS Dongseo to KRW36,000 (based on a mid-cycle P/B multiple of 0.7x applied to our 2026 BVPS estimate).
- After a prolonged period of inactivity, the company has decided to launch presales for the Gyeongsan in-house project (KRW3.5t) in Apr 2026.
- This is expected to generate substantial cash inflows from 2028. At the time of the Yongho-dong project (2014-2015), IS Dongseo traded at 2.2-3.0x P/B.

WHAT'S THE STORY?

Raising target price: We raise our target price for IS Dongseo by 33% to KRW36,000 (based on a mid-cycle P/B multiple of 0.7x applied to our 2026 BVPS estimate) to reflect the following three factors.

- First, the company should enjoy a significant step up in scale, with: 1) the resumption of presales for an in-house project in Ulsan in Nov 2025; and 2) its decision to launch presales for a KRW3.5t in-house project in Gyeongsan in Apr 2026. Both projects are expected to deliver operating margins above 30%, materially lifting overall profitability.
- Second, liquidity should improve through proceeds from the sale of the Koentec stake and cash inflows from in-house projects.
- Third, non-development businesses have stabilized.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW36,000	54.2%
Current price	**KRW23,350**	
Market cap	KRW704.87b/USD489.83m	
Shares (float)	30,186,976 (42.5%)	
52-week high/low	KRW25,650/KRW15,960	
Avg daily trading value (60-day)	KRW1.5b/ USD1.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
IS DONGSEO (%)	30.7	10.9	11.7
Vs Kospi (%pts)	21.7	-19.1	-36.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	36,000	27,000	33.3%
2025E EPS	-292	-292	0.0%
2026E EPS	1,259	1,259	0.0%

SAMSUNG vs THE STREET

No of estimates	4
Target price	33,500
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	1,515	1,160	1,370	1,438
Operating profit (KRWb)	170	87	145	174
Net profit (adj) (KRWb)	-160	-10	41	82
EPS (adj) (KRW)	-4,910	-292	1,259	2,523
EPS (adj) growth (% y-y)	nm	nm	nm	100.4
EBITDA margin (%)	14.5	11.2	13.3	14.3
ROE (%)	-10.2	-0.7	3.0	5.9
P/E (adj) (x)	n/a	n/a	18.5	9.3
P/B (x)	0.5	0.5	0.5	0.5
EV/EBITDA (x)	8.6	14.5	9.4	7.4
Dividend yield (%)	4.8	2.1	2.1	2.1

Source: Company data, Samsung Securities estimates

Non-development businesses—Sales of concrete down, but ASP up: Concrete pile production volumes declined following the closure of the Cheongyang plant, but ASPs continued to rise amid industry consolidation. Despite one-off costs such as severance payments, these businesses have remained profitable on an industry upturn. With construction of the Pyeongtaek P5 project—expected to drive strong demand for concrete piles—set to begin in Apr 2026, concrete pile production should increase from February.

Long-awaited launch of the Gyeongsan project in Apr 2026: IS Dongseo plans to launch presales for its 3,443-unit in-house project in Gyeongsan in Apr 2026. While marketing and model-house costs will be incurred in 1Q26, the KRW3.5t project should significantly strengthen the company's financial position. The company previously achieved operating margins of 30-40% on in-house projects in Busan (2015) and Daegu (2020), establishing market credibility. The decision to proceed in Gyeongsan signals a recovery in the long-stagnant Daegu housing market. With large-scale revenue and cash inflows expected from 2028, IS Dongseo's valuation appears undemanding. During the Yongho-dong project cycle (2014-2015), the stock traded at 2.2-3.0x P/B.

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**2,029**	**1,515**	**1,160**	**1,370**	**1,438**
Cost of goods sold	1,524	1,126	883	1,025	1,059
Gross profit	**506**	**389**	**277**	**345**	**379**
Gross margin (%)	24.9	25.7	23.9	25.2	26.3
SG&A expenses	165	219	190	200	205
Operating profit	**341**	**170**	**87**	**145**	**174**
Operating margin (%)	16.8	11.2	7.5	10.6	12.1
Non-operating gains (losses)	**-121**	**-330**	**-100**	**-70**	**-60**
Financial profit	24	23	15	20	20
Financial costs	120	130	100	90	80
Equity-method gains (losses)	14	-28	-15	0	0
Other	-38	-194	0	0	0
Pre-tax profit	**220**	**-160**	**-13**	**75**	**114**
Taxes	60	-0	-4	34	32
Effective tax rate (%)	27.2	0.0	28.1	45.4	28.0
Profit from continuing operations	160	-160	-10	41	82
Profit from discontinued operations	0	0	0	0	0
Net profit	**160**	**-160**	**-10**	**41**	**82**
Net margin (%)	7.9	-10.6	-0.8	3.0	5.7
Net profit (controlling interests)	161	-149	-9	40	80
Net profit (non-controlling interests)	-1	-12	-0	1	2
EBITDA	391	220	130	182	206
EBITDA margin (%)	19.3	14.5	11.2	13.3	14.3
EPS (parent-based) (KRW)	5,216	-4,910	-308	1,329	2,664
EPS (consolidated) (KRW)	5,188	-5,291	-315	1,356	2,719
Adjusted EPS (KRW)*	5,216	-4,910	-292	1,259	2,523

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,622**	**2,117**	**2,142**	**2,043**	**1,976**
Cash & equivalents	641	364	471	480	488
Accounts receivable	81	84	87	90	92
Inventories	1,341	1,373	1,303	1,233	1,163
Other current assets	560	295	281	240	232
Fixed assets	**1,615**	**1,437**	**1,364**	**1,347**	**1,332**
Investment assets	341	299	289	299	303
Tangible assets	704	726	689	657	630
Intangible assets	333	144	117	108	101
Other long-term assets	237	268	268	283	298
Total assets	**4,237**	**3,554**	**3,506**	**3,390**	**3,308**
Current liabilities	**1,590**	**1,601**	**1,562**	**1,331**	**1,105**
Accounts payable	177	96	99	102	105
Short-term debt	390	540	507	304	76
Other current liabilities	1,023	965	955	924	924
Long-term liabilities	**876**	**396**	**433**	**522**	**597**
Bonds & long-term debt	712	248	312	385	455
Other long-term liabilities	163	148	121	137	143
Total liabilities	**2,465**	**1,997**	**1,995**	**1,853**	**1,703**
Owners of parent equity	**1,559**	**1,359**	**1,314**	**1,339**	**1,405**
Capital stock	15	15	15	15	15
Capital surplus	394	397	397	397	397
Retained earnings	1,152	937	898	923	989
Other	-3	10	4	4	4
Non-controlling interests' equity	**214**	**198**	**198**	**199**	**201**
Total equity	**1,772**	**1,557**	**1,512**	**1,538**	**1,605**
Net debt	799	1,075	986	803	625

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**128**	**-131**	**93**	**215**	**206**
Net profit	160	-160	-10	41	82
Non-cash profit and expenses	278	428	122	138	121
Depreciation	40	43	37	32	28
Amortization	10	8	6	5	4
Other	228	378	79	101	89
Changes in A/L from operating activities	-127	-237	62	140	95
Cash flow from investments	**-4**	**24**	**28**	**-15**	**-11**
Change in tangible assets	-64	-51	0	0	0
Change in financial assets	85	87	11	-8	-3
Other	-25	-12	17	-7	-8
Cash flow from financing	**106**	**-173**	**-11**	**-188**	**-184**
Change in debt	142	-89	19	-173	-169
Change in equity	3	3	0	0	0
Dividends	0	-45	-30	-15	-15
Other	-39	-41	0	0	0
Change in cash	229	-277	107	9	8
Cash at beginning of year	412	641	364	471	480
Cash at end of year	641	364	471	480	488
Gross cash flow	**438**	**268**	**112**	**179**	**203**
Free cash flow	**60**	**-183**	**93**	**215**	**206**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-10.9	-25.4	-23.4	18.1	5.0
Operating profit	-1.3	-50.2	-48.9	67.0	20.0
Net profit	-21.8	nm	nm	nm	100.4
Adjusted EPS**	-17.6	nm	nm	nm	100.4
Per-share data (KRW)					
EPS (parent-based)	5,216	-4,910	-308	1,329	2,664
EPS (consolidated)	5,188	-5,291	-315	1,356	2,719
Adjusted EPS**	5,216	-4,910	-292	1,259	2,523
BVPS	51,629	45,698	44,197	45,047	47,252
DPS (common)	1,500	1,000	500	500	500
Valuations (x)					
P/E***	5.6	n/a	n/a	18.5	9.3
P/B***	0.6	0.5	0.5	0.5	0.5
EV/EBITDA	4.9	8.6	14.5	9.4	7.4
Ratios (%)					
ROE	10.9	-10.2	-0.7	3.0	5.9
ROA	4.0	-4.1	-0.3	1.2	2.5
ROIC	12.3	7.7	2.9	3.9	6.7
Payout ratio	28.1	-20.0	-159.6	37.0	18.5
Dividend yield (common)	5.2	4.8	2.1	2.1	2.1
Net debt to equity	45.1	69.0	65.2	52.2	39.0
Interest coverage (x)	3.0	1.4	0.9	1.6	2.2

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2025. 12. 31

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Seobu T&D Co.,Ltd (006730)

Development of 40,000 pyeong in sight

- Seobu T&D's first success as a developer came with the Yongsan Dragon City complex.
- The company holds 40,000 pyeong of land. The Najin Arcade project, with construction scheduled to begin in 2026, is expected to generate development revenue roughly four times its 2024 sales.
- With the groundbreaking of Najin Arcade in 2026, Seobu T&D should begin recovering its investments, followed by the launch of the Sinjeong-dong development in 2027.

WHAT'S THE STORY?

From parking operator to developer, with hotels as the first proof point: Founded as a parking and fueling business, Seobu T&D has transformed into a developer that converts terminal and logistics sites into high-value real estate. Its initial projects included Incheon Square 1 and Yongsan Dragon City, a three-hotel complex (Ibis, Novotel, and Grand Mercure) with 1,700 rooms. In 2022, Square 1 and the Grand Mercure were made underlying assets of Shinhan Seobu T&D REIT. Since then, the hotel business has scaled up, supporting both REIT dividends and parent-only earnings.

(Continued on the next page)

AT A GLANCE

Not Rated

Target price	n/a
Current price	KRW13,100
Market cap	KRW857.09b/USD595.62m
Shares (float)	64,926,923 (46.3%)
52-week high/low	KRW14,070/KRW5,280
Avg daily trading value (60-day)	KRW13.4b/ USD9.3m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Seobu T&D Co.,Ltd (%)	18.7	48.5	141.7
Vs Kosdaq (%pts)	17.0	25.4	77.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	Not Rated	Not Rated	
Target price	n/a	n/a	n/a
2025E EPS	372	372	0.0%
2026E EPS	192	192	0.0%

SAMSUNG vs THE STREET

No of estimates	4
Target price	15,000
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	187	235	302	398
Operating profit (KRWb)	48	63	83	113
Net profit (adj) (KRWb)	65	31	13	40
EPS (adj) (KRW)	514	372	192	581
EPS (adj) growth (% y-y)	-74.9	-27.7	-48.4	202.4
EBITDA margin (%)	34.4	35.1	33.8	32.8
ROE (%)	3.7	2.4	1.2	3.7
P/E (adj) (x)	10.5	35.2	68.2	22.6
P/B (x)	0.4	0.8	0.8	0.8
EV/EBITDA (x)	24.9	29.6	23.9	18.6
Dividend yield (%)	1.8	0.8	0.8	0.8

Source: Company data, Samsung Securities estimates

40,000 *pyeong* of development-ready land: The company holds 40,000 *pyeong* of land across Yongsan, Sinjeong-dong, and Incheon, all prepared for development.

- **Yongsan Najin Arcade (23,000 *pyeong*):** Construction is slated to begin in 2026 on land acquired at KRW53m per *pyeong* and now valued at over KRW100m per *pyeong*. Even applying a nearby office benchmark of KRW35m per *pyeong*, the project value is estimated at KRW0.7t-1.0t. The site sits at the center of a major transformation, with the electronics market district under redevelopment and the Seoul metropolitan government breaking ground on a new railway depot nearby. The project should generate meaningful synergies with the existing Yongsan Dragon City.
- **Singjeong-dong (32,000 *pyeong*):** The firm's first urban high-tech logistics development shoud begin construction in 2027. The land alone carries a book value of KRW591.8b as of end-2024.
- **Incheon (6,000 *pyeong*):** Adjacent to the operating Incheon Square 1, this site is earmarked for retail and neighborhood commercial development.

Toward an era of mixed-use development: Korea's real estate development market is shifting from single-use residential or office supply toward mixed-use projects that better align with end-user demand. Rather than exiting upon completion, Seobu T&D balances asset sales with long-term operations to support sustainable growth, using REITs to retain flexibility. Shareholder returns have improved, with the company canceling 1.5% of outstanding shares and raising dividends from KRW46 per share in 2023 to KRW100 per share in 2024. The first major return on investment is expected in 2030, when the Najin Arcade development is completed. While hotels have been the primary earnings driver to date, Najin Arcade should materially raise the company's profile. Development revenue from this project alone is projected to be roughly four times 2024 sales, implying a 2026 P/B of 0.7x (based on FnGuide consensus). Given that the company's land holdings are actively being monetized rather than remaining idle, a revaluation appears warranted.

Development of 40,000 pyeong in sight

Seobu T&D has long been overlooked due to the absence of clear revenue drivers, the impact of the pandemic on its hotel and retail operations, uncertainty over the timing of development for its 40,000 *pyeong* of land, and a heavy debt burden. While recent improvement in hotel performance has begun to relieve undervaluation, the longer-term investment focus should be on the start of development at its high-potential land sites and the recovery of invested capital.

The company's key sites are located in Yongsan, Sinjeong-dong, and Incheon, with a combined land area of 40,000 *pyeong* and an estimated total project value of around KRW4t. The Yongsan Najin Arcade project, scheduled to begin construction in 2H26, alone carries an estimated project value of KRW0.7t-1.0t—roughly four times the company's 2024 sales. To date, Seobu T&D's revenue base has largely depended on the operation of the Dragon City hotel complex and Incheon Square 1.

Korea's real estate development market is shifting away from single-use residential or office supply toward mixed-use projects that better align with end-user needs. Such developments require broad capabilities, including close coordination with municipalities on architectural planning, disciplined asset monetization and cash flow structuring, responsible long-term operation rather than a rapid exit. Having built experience through cargo terminal redevelopment, Seobu T&D appears well positioned to take the next step with the Yongsan Najin Arcade project starting in 2H26 and may redeploy recovered capital toward shareholder returns.

Major development projects

	Yongsan Najin Arcade	Singjeong-dong	Square 1
Location	Yongsan-gu Hanggangno 3-ga	Yangcheon-gu, Sinjeongdong 1315	
Land area (*pyeong*)	1,823	31,534	5,858
Gross floor area (*pyeong*)	23,000 (plan)	238,936 (plan)	
Primary use	Offices/High-end offices	Logistics center/Shopping mall/Officetel/Apartments	Retail/Neighborhood commercial facilities/Facilities contributed to the public
Site development plan			
Land acquisition date	2020	Before 1979	2019
Land book value (end-2024)	KRW147.7b	KRW591.8bn	KRW23.6bn
Total development cost (plan)	KRW700b	Not decided	Not decided

Source: Company data, Samsung Securities

Yongsan Najin Arcade development

Seobu T&D's Najin Arcade buildings 12 and 13 project, set to break ground in 2H26, should serve as a catalyst for massive redevelopment in the Yongsan area. The Seoul metropolitan government has already held a groundbreaking ceremony for the Yongsan railway depot redevelopment, spanning 150,000 *pyeong* with a total project value of KRW51t. The initiative targets a resident population of 23,000 and a daily floating population of 40,000. In parallel, the adjacent Yongsan Electronics Market area is being redeveloped into a mixed-use business district, featuring a multi-level pedestrian network linking Yongsan Station, an elevated park above the undergrounded Gyeongbu railway tracks, and the electronics market. Development momentum in the area has accelerated since Seobu T&D completed the Dragon City hotels in 2017. Other notable projects include the redevelopment of Najin Arcade buildings 15, 17, and 18 by Blitz Asset Management and IGIS Asset Management, and building 14 by Hyundai Elevator.

Yongsan Electronics Market development area

Source: Seobu T&D

Seobu T&D plans to develop buildings 12 and 13 into a 10,000-*pyeong* office tower (17 floors) and a 9,456-*pyeong* high-end officetel (26 floors). Applying a nearby office benchmark of KRW35m per *pyeong* implies a project value of KRW0.7t-1.0t. The officetel will have fitness facilities, including a swimming pool, to be shared with the adjacent Dragon City hotels, enhancing operational synergies.

Yongsan Electronics Market area: Development status

Classification	Developer /owner	Development status
Najin buildings 12, 13	Seobu T&D	Approval of Seoul City's detailed development plan DA Architects selected as winner of design competition
Najin building 15	Blitz Asset	Approval of amendments to district unit plan and Seoul City's detailed development plan
Najin buildings 17, 18	Blitz, IGIS	Detailed development plan finalized
Najin building 14	Hyundai Elevator	Designation of special planning zone and public inspection of plan amendments
Yongsan maintenance depot land	-	-
Yongsan urban regeneration innovation district	LH, NSH	Design competition selection, implementation plan approval process
Redevelopment of UNC land	Eleven D&C	Land acquisition from LH, approval of mixed-use development plan
Redevelopment of Crown Hotel	KSquare Yongsan	Proceeding with project approval process, building permit application
US Transportation Command land	-	District unit plan in progress

Source: Samsung Securities

Yongsan Najin Arcade buildings 12, 13: Development plan

Classification	Note	Other
Usage	Offices, officetel, retail, sports facilities	
Building area (*pyeong*)	1,008	
Gross floor area (*pyeong*)	22,153	Office: 10,000 Officetel: 9,456
Building coverage ratio	57.15%	Regulation: below 60% (relaxed from 65%)
Floor area ratio	799.78%	Regulation: below 800%
Height	142.61 m	below 150m
Scale	B7-26F	
Parking spaces	376	Regulation: Fewer than 433

Source: Seobu T&D

In June, the Seoul metropolitan government finalized the detailed development plan, clearing a key regulatory hurdle. The project is expected to proceed through fire safety and architectural reviews in 2H, with construction slated to begin in 3Q26 and completion targeted for 2030. Part of the office space may be sold through forward commitments or transferred to the affiliated Shinhan Seobu T&D REIT. Officetel units are expected to be offered for presales alongside the start of construction in 2026. Residential presales should generate cash inflows while being recognized as revenue based on

construction progress, supporting earnings from 2026 onward. By around 2030, Seobu T&D should begin to realize returns on its long-held land, marking the first meaningful phase of investment recovery.

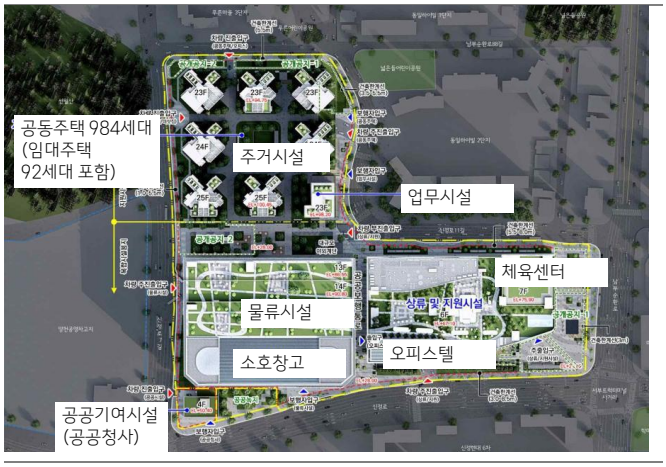
Sinjeong-dong urban high-tech logistics hub development

Seobu T&D was initially best known for its urban high-tech logistics site in Sinjeong-dong. Founded in 1979, the company began as a cargo terminal operator in Sinjeong-dong before transitioning into a developer. Its first development project was Incheon Square 1: the firm acquired a former cargo terminal site and converted it into a retail complex. This was followed by Yongsan Dragon City, where the company integrated a tourist bus terminal to secure land for hotel development. Before the widespread adoption of mobile technology, cargo drivers typically parked and waited at terminals until transport demand arose. As mobile technology reshaped logistics operations, cargo terminals became structurally obsolete, prompting the government to allow their redevelopment and designate select sites as pilot urban high-tech logistics hubs.

Areas such as the Yangjae-dong Harim headquarters site and the Siheung industrial complex have been selected as pilot projects, with Seobu T&D's Sinjeong-dong site advancing the fastest. As the largest undeveloped parcel in Seoul, at roughly 28,000 *pyeong*, the project faced delays due to prolonged permitting and coordination processes. More recently, however, Seoul has introduced incentives for mixed-use redevelopment of underutilized land, reflecting heightened sensitivity to the city's housing shortage and providing renewed momentum for the project.

The Sinjeong-dong development remains in the coordination phase, making precise valuation difficult. That said, based on construction costs and expected residential sales proceeds, the project value is estimated to be around KRW3t.

Sinjeongdong land development plan



Source: Seobu T&D

Classification	Note
Location	Yangcheon-gu Sinjeongdong 1315
Land area (*pyeong*)	31,534
Current purpose	Vehicle terminal and freight terminal in commercial district
Gross floor area (*pyeong*)	238,936 (plan)
Development plan	Jun 2016, selected as pilot site for Ministry of Land, Infrastructure and Transport's urban advanced logistics complex Aug 2023, approval of logistics complex development plan by the Seoul Metropolitan Government 2025, progress towards obtaining building permits
Usage plan	Logistics center/shopping mall/officetel/apartments

Source: Seobu T&D

Currently, Seobu T&D's earnings are driven primarily by the operation of Incheon Square 1 (retail) and Yongsan Dragon City (hotel). Incheon Square 1 and the Grand Mercure hotel within Yongsan Dragon City, both underlying assets of Shinhan Seobu T&D REIT, are consolidated in the company's financial statements. As of 1H25, hotel operations accounted for 88% of total operating profit. Looking ahead,

however, the main growth drivers should be the three development projects discussed above. The Yongsan Najin Arcade project alone is expected to generate development revenue roughly four times the company's typical annual sales. At the same time, monetization of long-held land assets—historically supported by a heavy debt load—should allow Seobu T&D to recover a substantial portion of invested capital. Proceeds are likely to be redeployed into its core operations and development pipeline, while also strengthening capacity for shareholder returns.

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**169**	**187**	**235**	**302**	**398**
Cost of goods sold	92	97	116	149	195
Gross profit	**77**	**90**	**119**	**154**	**203**
Gross margin (%)	45.6	48.2	50.6	50.8	51.1
SG&A expenses	40	42	56	71	91
Operating profit	**37**	**48**	**63**	**83**	**113**
Operating margin (%)	22.0	25.6	26.9	27.5	28.3
Non-operating gains (losses)	**140**	**9**	**-24**	**-68**	**-68**
Financial profit	5	11	5	1	2
Financial costs	45	54	68	69	69
Equity-method gains (losses)	0	-2	0	0	0
Other	179	55	39	0	-0
Pre-tax profit	**177**	**57**	**39**	**15**	**45**
Taxes	29	-8	9	2	5
Effective tax rate (%)	16.6	-13.2	21.6	13.2	11.8
Profit from continuing operations	147	65	31	13	40
Profit from discontinued operations	0	0	-0	0	0
Net profit	**147**	**65**	**31**	**13**	**40**
Net margin (%)	87.2	34.5	13.1	4.4	10.0
Net profit (controlling interests)	138	34	24	13	38
Net profit (non-controlling interests)	9	30	7	1	2
EBITDA	54	64	83	102	131
EBITDA margin (%)	31.7	34.4	35.1	33.8	32.8
EPS (parent-based) (KRW)	2,052	514	372	192	581
EPS (consolidated) (KRW)	2,187	968	471	201	609
Adjusted EPS (KRW)*	2,052	514	372	192	581

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**138**	**148**	**60**	**71**	**84**
Cash & equivalents	42	97	0	0	0
Accounts receivable	9	10	11	13	16
Inventories	1	1	2	2	2
Other current assets	86	40	47	56	66
Fixed assets	**2,210**	**2,746**	**2,920**	**2,911**	**2,905**
Investment assets	49	50	58	69	81
Tangible assets	791	958	942	923	905
Intangible assets	0	0	21	21	21
Other long-term assets	1,370	1,737	1,898	1,898	1,898
Total assets	**2,348**	**2,894**	**2,980**	**2,982**	**2,989**
Current liabilities	**417**	**494**	**1,110**	**1,159**	**1,217**
Accounts payable	3	3	3	4	5
Short-term debt	173	173	173	173	173
Other current liabilities	241	318	933	982	1,040
Long-term liabilities	**934**	**1,160**	**844**	**903**	**973**
Bonds & long-term debt	608	879	509	509	509
Other long-term liabilities	325	281	335	395	465
Total liabilities	**1,351**	**1,654**	**1,953**	**2,062**	**2,191**
Owners of parent equity	**859**	**998**	**1,010**	**1,016**	**1,048**
Capital stock	31	34	34	34	34
Capital surplus	136	71	71	71	71
Retained earnings	574	656	670	677	708
Other	118	238	236	236	236
Non-controlling interests' equity	**138**	**242**	**286**	**287**	**289**
Total equity	**997**	**1,241**	**1,296**	**1,303**	**1,337**
Net debt	768	1,005	1,303	1,295	1,286

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**49**	**63**	**270**	**206**	**250**
Net profit	147	65	31	13	40
Non-cash profit and expenses	-94	2	53	89	91
Depreciation	16	16	19	19	18
Amortization	0	0	0	0	0
Other	-111	-14	34	70	73
Changes in A/L from operating activities	-5	-4	186	106	125
Cash flow from investments	**-57**	**3**	**-241**	**-17**	**-20**
Change in tangible assets	-11	-3	-2	0	0
Change in financial assets	9	44	-15	-18	-21
Other	-55	-38	-224	1	2
Cash flow from financing	**11**	**-11**	**144**	**-76**	**-76**
Change in debt	63	246	208	0	0
Change in equity	0	-65	-0	0	0
Dividends	-12	-10	-19	-6	-6
Other	-41	-182	-45	-69	-69
Change in cash	3	55	173	114	155
Cash at beginning of year	40	42	97	270	383
Cash at end of year	42	97	270	383	538
Gross cash flow	**53**	**67**	**84**	**102**	**131**
Free cash flow	**38**	**60**	**268**	**206**	**250**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	25.0	10.8	25.6	28.4	31.7
Operating profit	94.0	28.9	32.2	31.1	35.7
Net profit	480.2	-56.2	-52.1	-57.4	202.4
Adjusted EPS**	728.4	-74.9	-27.7	-48.4	202.4
Per-share data (KRW)					
EPS (parent-based)	2,052	514	372	192	581
EPS (consolidated)	2,187	968	471	201	609
Adjusted EPS**	2,052	514	372	192	581
BVPS	13,380	15,485	15,866	15,963	16,460
DPS (common)	46	100	100	100	100
Valuations (x)					
P/E***	3.5	10.5	35.2	68.2	22.6
P/B***	0.5	0.4	0.8	0.8	0.8
EV/EBITDA	25.1	24.9	29.6	23.9	18.6
Ratios (%)					
ROE	18.0	3.7	2.4	1.2	3.7
ROA	6.7	2.5	1.1	0.4	1.3
ROIC	4.5	7.7	6.9	10.7	16.4
Payout ratio	2.1	18.8	26.1	50.7	16.8
Dividend yield (common)	0.6	1.8	0.8	0.8	0.8
Net debt to equity	77.0	81.0	100.5	99.4	96.2
Interest coverage (x)	0.8	0.9	1.0	1.2	1.6

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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- As of 12/30 2025, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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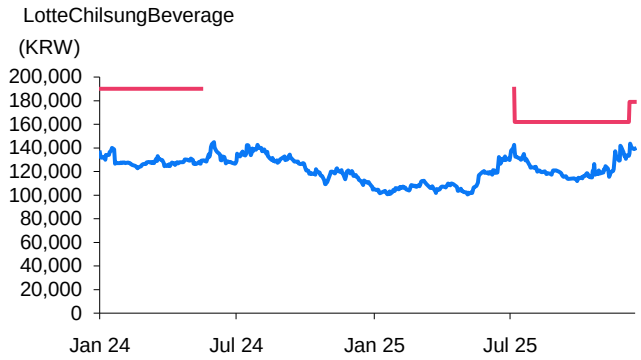
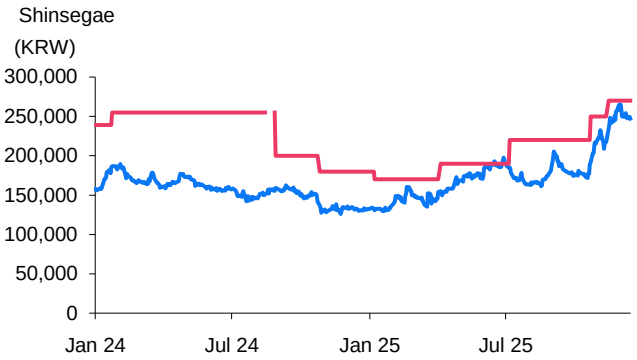
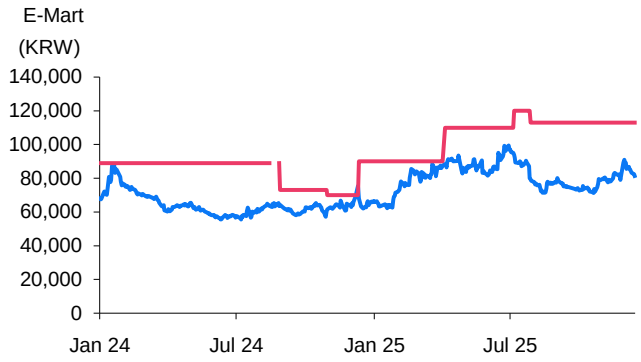
Target price changes in past two years







Rating changes over past two years (adjusted share prices)

Lotte Chilsung									
Date	2023/11/3	2025/7/23	12/23						
Recommendation	BUY	HOLD	BUY						
Target price (KRW)	190000	162000	179000						
Gap* (average)	-28.44	-24.49							
(max or min)**	-15.58	-12.47							
Shinsegae									
Date	2023/11/9	2024/2/8	9/13	11/11	2025/1/23	4/21	7/22	11/7	12/1
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	239000	255000	200000	180000	170000	190000	220000	250000	270000
Gap* (average)	-28.63	-36.16	-23.65	-26.60	-15.51	-7.51	-20.09	-13.12	
(max or min)**	-22.43	-25.69	-18.85	-23.17	-5.59	4.11	-6.59	-7.00	
E-Mart									
Date	2023/11/15	2024/9/13	11/15	12/27	2025/4/21	7/22	8/13		
Recommendation	BUY	HOLD	HOLD	BUY	BUY	BUY	BUY		
Target price (KRW)	89000	73000	70000	90000	110000	120000	113000		
Gap* (average)	-24.81	-15.90	-7.72	-16.81	-19.03	-26.19			
(max or min)**	-1.35	-10.55	7.86	-1.78	-9.64	-23.08			
IS DONGSEO									
Date	2023/7/19	2024/2/8	11/18		2025/12/23				
Recommendation	BUY	BUY	BUY		BUY				
Target price (KRW)	40000	33000	27000		36000				
Gap* (average)	-28.04	-25.45	-27.62						
(max or min)**	-11.13	-7.73	-9.63						
Seobu T&D Co.,Ltd									
Date	2025/12/31								
Recommendation	Not Rated								
Target price (KRW)	n/a								
Gap* (average)									
(max or min)**									

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
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

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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