COMPANY UPDATE

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Industrial Team

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E-Mart (139480)

Competitive landscape gradually improving

- E-Mart reported a 4Q25 consolidated operating loss of KRW9.9b, missing consensus
- The miss owed to lackluster same-store-sales growth at the discount store unit, KRW25b in one-off labor cost provisioning at the parent, and cost overruns recognized at subsidiary Shinsegae E&C.
- We maintain BUY in light of expectations for: 1) regulatory easing of dawn delivery services; and 2) benefits from issues at Homeplus and Coupang.

WHAT'S THE STORY?

4Q results miss consensus: E-Mart reported 4Q25 consolidated sales of KRW7.3t (up 0.9% y-y) and an operating loss of KRW9.9b (KRW67.2b improved y-y), the latter falling short of consensus significantly. The results were slightly disappointing, especially considering the low base y-y (due to recognition of KRW189.5b in one-off labor costs in 4Q24), hit by: 1) same-store sales (SSS) growth of just 2% at discount stores; 2) KRW25b in one-off labor cost provisioning at the parent; and 3) subsidiary Shinsegae E&C posting an operating loss of over KRW100b due to cost overruns at completed construction projects amid poor industry conditions. Meanwhile, the company targets full-year 2026 consolidated sales of KRW29.3t (up 1.1% y-y), assuming SSS growth of 2.4% at discount stores and 4.1% at Traders.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW152,000	19.1%
Current price	KRW127,600	
Market cap	KRW3.5t/USD2.4b	
Shares (float)	27,595,819 (68.2%)	
52-week high/low	KRW127,600/KRW67,300	
Avg daily trading value (60-day)	KRW30.1b/ USD20.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
E-Mart (%)	56.0	46.3	89.6
Vs Kospi (%pts)	33.6	-12.4	-10.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	152,000	113,000	34.5%
2025E EPS	-2,026	2,823	n/a
2026E EPS	6,875	6,791	1.2%

SAMSUNG vs THE STREET

No of estimates	12
Target price	113,917
Recommendation	4.0

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

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	7,311.7	0.9	-1.2	1.7	-0.8
Operating profit	-9.9	nm	nm	nm	nm
Pre-tax profit	-60.6	nm	nm	nm	nm
Net profit	-116.3	nm	nm	nm	nm
Margins (%)					
Operating profit	-0.1				
Pre-tax profit	-0.8				
Net profit	-1.6				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	n/a	n/a	18.6
P/B	0.2	0.2	0.3
EV/EBITDA	8.8	8.0	6.1
Div yield (%)	3.2	3.1	2.0
EPS growth (% y-y)	nm	nm	nm
ROE (%)	-2.5	0.3	1.7
Per-share data (KRW)			
EPS	-21,166	-2,026	6,875
BVPS	387,877	395,070	401,217
DPS	2,000	2,500	2,500

Maintaining BUY: Homeplus has announced the closure of approximately 19 stores since filing for corporate rehabilitation (eg, it closed 5 stores in Dec 2025 and 7 in January). This reduction in competition within the discount store segment should benefit E-Mart at an accelerating pace. Meanwhile, the government is considering easing regulations on dawn delivery services for discount stores in response to regulatory imbalances between e-commerce and offline retailers, particularly in light of the Coupang issue. While E-Mart has not yet announced specific strategies to capitalize on this regulatory easing, the fact that such easing is considered (for the first in a long time) is encouraging. As E-Mart is likely to benefit from both major industry issues (ie, Homeplus closures and Coupang-related regulations), and this can highlight the company's valuation merit (trading at 0.3x P/B), we maintain our BUY rating. We also raise our target price by 35% to KRW152,000, reflecting changes in our valuation basis and peer valuation increases.

E-Mart: SOTP valuation

(KRWb)	
Consolidated operating value	12,665.5
1) Offline retail business	8,931.1
- 2025E EBITDA	1,673.8
- Target EV/EBITDA (x)*	5.3
2) SCK Company	1,965.3
- 2025E EBITDA	479.7
- Target EV/EBITDA (x)**	6.1
- Stake (%)	67.5
3) SSG.com	695.7
- 2025E GMV	6,205.1
- Target P/GMV (x)***	0.2
- Stake (%)	45.6
4) Gmarket	1,073.3
- 2025E GMV	13,450.2
- Target P/GMV (x)****	0.2
- Stake (%)	50.0
Non-operating value*****	1,224.4
Net debt	9,661.0
Enterprise value	4,229
Outstanding shares	27,875,819
Target price (KRW)	152,000

Note: *25% discount to average valuation of Korean retail companies to reflect lower sales growth than the department store business;
**Average valuation of Korean F&B companies;
***70% discount to Coupang's valuation to reflect relatively lower profitability;
****80% discount to Naver's valuation to reflect relatively lower profitability;
*****50% discount to the market value of listed investment assets

Source: Samsung Securities estimates

E-Mart: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025P	2026E
Gross sales (parent)	4,625.8	4,290.6	4,593.9	4,455.8	4,789.1	4,418.9	4,829.6	4,559.0	16,967.3	17,966.1	18,596.6
Hypermarket	3,042.2	2,770.1	2,970.7	2,870.2	3,091.1	2,796.0	3,061.9	2,892.3	11,666.5	11,653.2	11,841.3
Traders W.C	966.7	900.3	1,000.4	984.6	1,070.2	986.1	1,122.0	1,053.0	3,549.5	3,852.0	4,231.3
Specialty store	260.4	257.9	254.8	244.9	261.9	264.8	265.1	247.1	1,019.5	1,018.0	1,038.8
Everyday	356.4	362.2	367.8	356.0	365.7	372.0	380.6	366.6	731.4	1,442.4	1,484.8
Other	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.4	0.5	0.4
Net sales	7,218.9	7,039.0	7,400.8	7,311.7	7,287.4	7,118.4	7,652.6	7,466.3	29,020.9	28,970.4	29,524.7
Separate	4,259.2	3,970.5	4,273.8	4,125.4	4,409.5	4,089.3	4,493.1	4,220.9	15,569.6	16,628.9	17,212.8
SSG.com	356.8	350.3	318.9	321.1	359.0	346.8	351.1	332.7	1,575.5	1,347.1	1,389.6
Gmarket	761.9	795.5	810.5	870.0	823.0	862.1	884.0	949.0	3,100.1	3,237.9	3,518.2
SCK Company	465.8	532.2	552.1	502.9	418.4	476.8	524.4	495.0	2,163.0	2,053.0	1,914.7
E-Mart 24	1,174.6	1,209.3	1,258.4	1,441.1	1,068.8	1,155.0	1,206.5	1,279.1	4,945.8	5,083.4	4,709.4
E-Mart Everyday	159.3	21.6	151.4	(9.9)	173.6	86.0	245.4	114.8	47.1	322.5	619.9
Other subsidiaries	133.3	15.6	113.5	14.7	151.6	26.1	156.8	56.0	121.8	277.1	390.5
Operating profit	(18.1)	(31.0)	(42.2)	(26.5)	(22.5)	(20.3)	(18.4)	(17.5)	(72.6)	(117.8)	(78.7)
Separate	35.1	40.3	60.0	37.7	32.2	39.4	66.3	45.9	190.8	173.1	183.7
SSG.com	(10.4)	(4.4)	(7.8)	(23.7)	(3.1)	(1.6)	(2.2)	(13.4)	(29.8)	(46.3)	(20.2)
Gmarket	31.5	30.9	52.3	5.0	36.4	60.2	58.4	57.8	(103.2)	119.8	212.8
SCK Company	119.2	(26.4)	344.2	(60.6)	144.6	9.0	167.1	(1.2)	(605.4)	376.3	319.5
E-Mart 24	83.6	(31.4)	310.3	(116.3)	104.8	6.6	121.1	(0.9)	(573.4)	246.3	231.6
E-Mart Everyday	70.8	(52.3)	265.9	(148.2)	94.8	(3.4)	111.1	(10.9)	(590.0)	136.2	191.6
Other subsidiaries											
Pre-tax profit	10.1	11.8	(1.7)	4.8	3.5	3.0	5.1	2.3	2.5	5.9	3.5
Net profit	0.3	0.5	(3.4)	2.4	1.6	0.9	3.1	0.8	(3.5)	(0.1)	1.6
Net profit (controlling interests)	5.6	8.1	3.6	17.8	10.7	9.5	12.2	6.9	5.2	8.5	9.8
Chg (% y-y)	2.7	2.7	(2.9)	(3.1)	0.6	2.7	4.0	0.9	(6.2)	(0.1)	2.0
Gross sales (parent)	1.6	2.1	(0.6)	(1.5)	2.6	2.7	3.5	3.0	n/a	97.2	2.9
Hypermarket	0.2	(0.2)	(1.4)	0.9	0.9	1.1	3.4	2.1	(1.5)	(0.2)	1.9
Traders W.C	10.7	13.3	(1.0)	5.8	3.5	3.0	5.1	2.3	2.8	6.8	3.5
Specialty store	(13.7)	(11.4)	(18.3)	(14.7)	0.6	(1.0)	10.1	3.6	(6.1)	(14.5)	3.2
Other	3.7	4.7	2.9	6.3	8.0	8.4	9.1	9.1	5.8	4.4	8.7
Net sales	(8.9)	(5.9)	(2.7)	(3.0)	(10.2)	(10.4)	(5.0)	(1.6)	(2.8)	(5.1)	(6.7)
Parent basis											
SSG.com	2.2	0.3	2.0	(0.1)	2.4	1.2	3.2	1.5	0.2	1.1	2.1
Gmarket	3.1	0.4	2.7	0.4	3.4	0.6	3.5	1.3	0.8	1.7	2.3
SCK Company	(5.1)	(8.8)	(13.2)	(8.3)	(6.3)	(5.8)	(5.2)	(5.3)	(4.6)	(8.7)	(5.7)
E-Mart 24	4.6	5.1	7.4	4.3	3.9	4.6	7.5	4.8	6.2	5.3	5.2
E-Mart Everyday	(2.2)	(0.8)	(1.4)	(4.7)	(0.7)	(0.3)	(0.4)	(2.7)	(1.4)	(2.3)	(1.1)
Margins (%)	1.2	(0.4)	4.2	(1.6)	1.4	0.1	1.6	(0.0)	(2.0)	0.9	0.8

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**29,472**	**29,021**	**28,970**	**29,525**	**30,709**
Cost of goods sold	20,728	19,980	19,877	20,013	20,848
Gross profit	**8,744**	**9,041**	**9,093**	**9,512**	**9,861**
Gross margin (%)	29.7	31.2	31.4	32.2	32.1
SG&A expenses	8,791	8,994	8,770	8,892	9,136
Operating profit	**-47**	**47**	**322**	**620**	**725**
Operating margin (%)	-0.2	0.2	1.1	2.1	2.4
Non-operating gains (losses)	**-165**	**-653**	**54**	**-300**	**-266**
Financial profit	318	343	444	365	363
Financial costs	595	742	779	633	618
Equity-method gains (losses)	12	23	-27	-102	-82
Other	99	-276	416	70	70
Pre-tax profit	**-212**	**-605**	**376**	**319**	**459**
Taxes	-25	-32	130	88	126
Effective tax rate (%)	11.7	5.3	34.6	27.5	27.5
Profit from continuing operations	-187	-573	246	232	333
Profit from discontinued operations	0	0	0	0	0
Net profit	**-187**	**-573**	**246**	**232**	**333**
Net margin (%)	-0.6	-2.0	0.9	0.8	1.1
Net profit (controlling interests)	-89	-590	-56	192	333
Net profit (non-controlling interests)	-98	17	303	40	0
EBITDA	1,549	1,675	1,876	2,225	2,404
EBITDA margin (%)	5.3	5.8	6.5	7.5	7.8
EPS (parent-based) (KRW)	-3,196	-21,166	-2,041	6,944	12,062
EPS (consolidated) (KRW)	-6,725	-20,571	8,899	8,394	12,062
Adjusted EPS (KRW)*	-3,196	-21,166	-2,026	6,875	10,506

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**6,388**	**10,429**	**10,684**	**11,045**	**11,449**
Cash & equivalents	1,771	1,775	1,794	1,786	1,822
Accounts receivable	1,315	1,216	1,176	1,376	1,520
Inventories	1,846	2,054	2,290	2,405	2,557
Other current assets	1,455	5,384	5,424	5,479	5,551
Fixed assets	**27,056**	**23,501**	**23,424**	**23,482**	**23,539**
Investment assets	3,780	4,242	7,571	7,583	7,594
Tangible assets	10,042	9,731	9,774	9,820	9,866
Intangible assets	7,761	4,096	4,096	4,096	4,096
Other long-term assets	5,473	5,432	1,983	1,983	1,983
Total assets	**33,444**	**33,931**	**34,109**	**34,527**	**34,988**
Current liabilities	**10,374**	**10,804**	**10,956**	**11,037**	**11,079**
Accounts payable	1,479	1,393	1,350	1,376	1,431
Short-term debt	1,159	961	911	811	711
Other current liabilities	7,736	8,450	8,694	8,850	8,936
Long-term liabilities	**9,236**	**9,942**	**9,770**	**9,942**	**10,094**
Bonds & long-term debt	4,740	5,650	8,678	8,678	8,678
Other long-term liabilities	4,495	4,292	1,092	1,263	1,416
Total liabilities	**19,610**	**20,747**	**20,732**	**20,986**	**21,181**
Owners of parent equity	**11,453**	**10,391**	**10,583**	**10,748**	**11,014**
Capital stock	139	139	139	139	139
Capital surplus	4,277	4,208	4,208	4,208	4,208
Retained earnings	5,359	4,638	4,831	4,996	5,262
Other	1,679	1,405	1,405	1,405	1,405
Non-controlling interests' equity	**2,381**	**2,794**	**2,794**	**2,794**	**2,794**
Total equity	**13,834**	**13,184**	**13,377**	**13,541**	**13,807**
Net debt	9,201	10,227	9,959	9,668	9,333

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**1,135**	**1,460**	**1,590**	**1,756**	**1,787**
Net profit	-187	-573	246	232	333
Non-cash profit and expenses	2,251	2,807	1,687	1,792	1,712
Depreciation	1,362	1,382	1,409	1,454	1,520
Amortization	234	246	144	151	159
Other	655	1,178	134	187	34
Changes in A/L from operating activities	-353	-372	-344	-268	-258
Cash flow from investments	**-809**	**-892**	**-610**	**-640**	**-627**
Change in tangible assets	-604	-626	-653	-682	-675
Change in financial assets	-135	64	85	85	85
Other	-70	-329	-42	-43	-37
Cash flow from financing	**176**	**-153**	**-550**	**-713**	**-713**
Change in debt	-20	928	-150	-300	-300
Change in equity	0	-68	0	0	0
Dividends	-146	-172	-54	-67	-67
Other	342	-841	-346	-346	-346
Change in cash	502	4	19	-8	36
Cash at beginning of year	1,269	1,771	1,775	1,794	1,786
Cash at end of year	1,771	1,775	1,794	1,786	1,822
Gross cash flow	**2,063**	**2,233**	**1,933**	**2,024**	**2,045**
Free cash flow	**369**	**809**	**912**	**1,049**	**1,087**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	0.5	-1.5	-0.2	1.9	4.0
Operating profit	nm	nm	584.7	92.2	17.0
Net profit	nm	nm	nm	-6.0	43.7
Adjusted EPS**	nm	nm	nm	nm	52.8
Per-share data (KRW)					
EPS (parent-based)	-3,196	-21,166	-2,041	6,944	12,062
EPS (consolidated)	-6,725	-20,571	8,899	8,394	12,062
Adjusted EPS**	-3,196	-21,166	-2,026	6,875	10,506
BVPS	427,553	387,877	395,070	401,217	411,143
DPS (common)	2,000	2,000	2,500	2,500	2,500
Valuations (x)					
P/E***	n/a	n/a	n/a	18.6	12.1
P/B***	0.2	0.2	0.2	0.3	0.3
EV/EBITDA	8.9	8.8	8.0	6.1	5.7
Ratios (%)					
ROE	-0.5	-2.5	0.3	1.7	2.4
ROA	-0.6	-1.7	0.7	0.7	1.0
ROIC	-0.2	0.2	1.2	2.6	3.1
Payout ratio	-2,244.9	-339.0	-94.9	28.0	20.1
Dividend yield (common)	2.6	3.2	3.1	2.0	2.0
Net debt to equity	66.5	77.6	74.5	71.4	67.6
Interest coverage (x)	-0.1	0.1	0.6	1.2	1.5

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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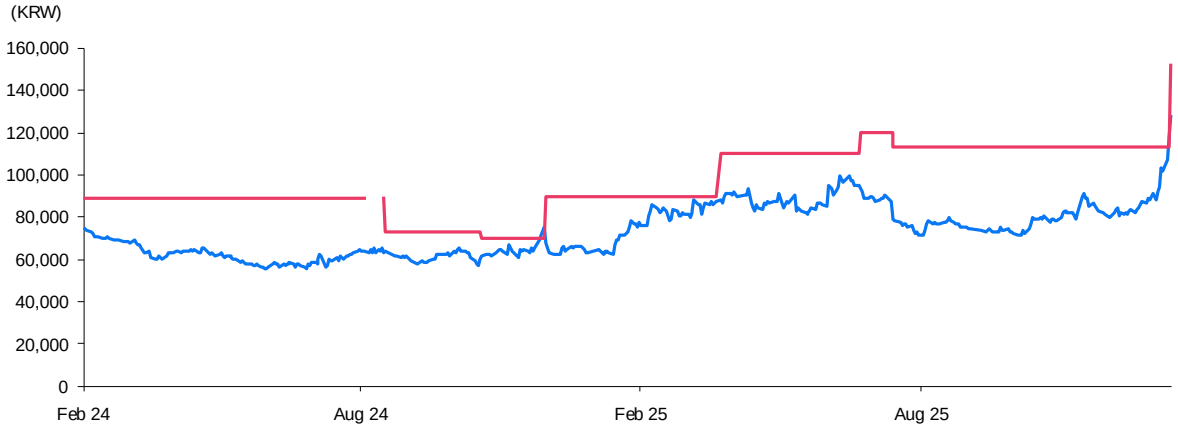
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/15	2024/9/13	11/15	12/27	2025/4/21	7/22	8/13	2026/2/12
Recommendation	BUY	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	89000	73000	70000	90000	110000	120000	113000	152000
Gap* (average)	-24.81	-15.90	-7.72	-16.81	-19.03	-26.19	-28.68	
(max or min)**	-1.35	-10.55	7.86	-1.78	-9.64	-23.08	12.92	

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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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 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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