COMPANY UPDATE

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Tech Team

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Naver (035420)

Commerce business still robust; new initiatives facing delays

- Despite robust commerce growth, Naver should see its 1Q operating profit growth slow to 6.6% y-y due to rising costs.
- Increased investments in logistics and AI this year should weigh on 2026 profitability. Also, the blockchain initiative is being delayed due to regulatory uncertainty. Any valuation rebound should be pushed to 2H.
- While enhanced commerce competitiveness remains a positive, investors should adjust expectations for near-term stock price recovery.

WHAT'S THE STORY?

1Q preview—Commerce-driven growth: We believe that Naver's: 1) 1Q commerce revenue rose 38% y-y led by last year's fee increases and the "Coupang Quit Effect" originating from Nov 2025; 2) search platform sales stagnated y-y due to the improved ad placement optimization, but total ads sales (including commerce ads) grew 8.1% y-y, similar to 4Q25; 3) content sales dipped 4% y-y due to stagnation in webtoon growth; and 4) enterprise sales surged 20.9% y-y on the back of a city-scale Digital Twin Project in Saudi Arabia. Overall, we forecast that Naver's 1Q sales will rise 13.1% y-y, but its operating profit will climb only 6.6% y-y, below consensus by 6.6%, due to higher payroll expenses and increased infrastructure costs from GPU purchases.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW260,000	21.5%
Current price	KRW214,000	
Market cap	KRW33.6t/USD22.9b	
Shares (float)	156,852,638 (86.0%)	
52-week high/low	KRW290,500/KRW183,100	
Avg daily trading value (60-day)	KRW296.8b/ USD202.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Naver (%)	-3.4	-15.9	14.1
Vs Kospi (%pts)	-12.6	-49.7	-55.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	260,000	330,000	-21.2%
2026E EPS	13,369	14,323	-6.7%
2027E EPS	14,926	16,298	-8.4%

SAMSUNG vs THE STREET

No of estimates	20
Target price	313,350
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	12,035	13,462	15,052	16,584
Operating profit	2,208	2,378	2,600	2,848
Net profit (adj)	1,819	2,068	2,311	2,617
EPS (adj) (KRW)	14,071	13,369	14,926	16,648
EPS (adj) growth (% y-y)	24.9	-5.0	11.6	11.5
EBITDA margin (%)	24.5	39.8	37.1	35.2
ROE (%)	7.4	7.4	7.8	8.3
P/E (adj) (x)	17.2	16.0	14.3	12.9
P/B (x)	1.3	1.1	1.0	1.0
EV/EBITDA (x)	11.9	5.1	4.3	3.4
Dividend yield (%)	1.1	1.3	1.3	1.3

Source: Company data, Samsung Securities estimates

Blockchain initiative delay risk: Blockchain, a key future growth driver, is facing delays due to the postponed enactment of the Digital Asset Basic Act and Korea Fair Trade Commission's extended review of the Dunamu merger. Disagreements between the National Assembly and financial regulators over ownership caps for virtual asset exchanges have not been resolved, increasing risks to the merger itself. Growing uncertainty around new business initiatives is negatively impacting valuation.

Increasing cost pressures in 2026: Rising costs—including unlimited free shipping for Plus Store members, marketing expenses related to returns, NPay Connect terminal deployment, and expanded AI infrastructure investment—are expected to weigh on profitability. Operating profit growth for 2026 is now forecast at 7.7%, down from prior estimates.

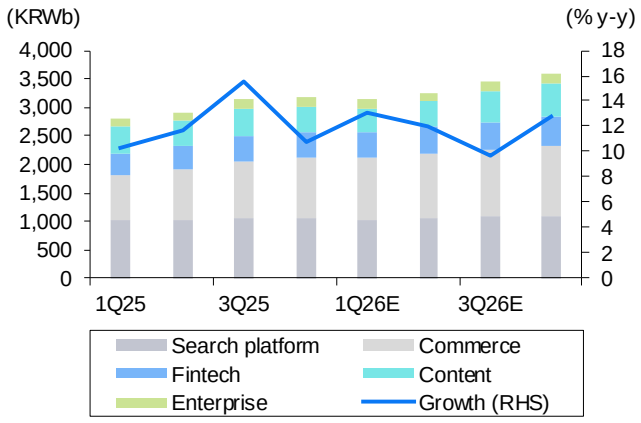
Cutting 2026 operating profit forecast: Reflecting higher marketing and infrastructure costs, we lower our 2026 operating profit estimate by 4.1%. Also reflecting the earnings growth slowdown and increased new business uncertainty, we cut our target price by 21.2% from KRW330,000 to KRW260,000 (based on 19.7x 2026 P/E, the global platform average). While commerce growth continues to underpin overall performance, further valuation upside should require clearer visibility and momentum in new business initiatives.

1Q preview

(KRWb)	1Q26			Diff (%)		1Q25	4Q25	Chg	
	Result	Samsung	Consensus	Samsung	Consensus			(% y-y)	(% q-q)
Sales	**3,151.9**	**3,159.4**	**3,150.3**	**(0.2)**	**0.1**	**2,786.8**	**3,195.1**	**13.1**	**(1.4)**
Search platform	1,016.3	1,013.4		0.3		1,012.7	1,059.6	0.4	(4.1)
Commerce	1,087.5	1,060.2		2.6		787.9	1,054.0	38.0	3.2
Fintech	444.9	444.9		0.0		392.7	453.1	13.3	(1.8)
Content	440.9	492.8		(10.5)		459.3	456.7	(4.0)	(3.5)
Enterprise	162.3	148.2		9.5		134.2	171.8	20.9	(5.5)
Operating expenses	**2,613.1**	**2,589.1**		**0.9**		**2,281.5**	**2,584.4**	**14.5**	**1.1**
Development & operations	792.2	769.7		2.9		687.7	759.2	15.2	4.4
Partner	1,089.6	1,102.2		(1.1)		974.2	1,114.4	11.8	(2.2)
Infrastructure	226.9	211.7		7.2		189.3	205.2	19.9	10.6
Marketing	504.3	505.5		(0.2)		430.2	505.7	17.2	(0.3)
Operating profit	**538.8**	**570.3**	**577.1**	**(5.5)**	**(6.6)**	**505.3**	**610.6**	**6.6**	**(11.8)**
Pre-tax profit	625.6	709.5	675.9	(11.8)	(7.4)	580.1	299.5	7.8	108.9
Net profit	463.0	525.0	531.6	(11.8)	(12.9)	423.7	163.0	9.3	184.0
Net profit (controlling)	472.2	514.5	521.4	(8.2)	(9.4)	424.8	313.2	11.2	50.8
Margins (%)									
Operating profit	17.1	13.6	18.3			18.1	19.1		
Pre-tax profit	19.8	12.9	21.5			20.8	9.4		
Net profit	14.7	9.5	16.9			15.2	5.1		
Net profit (controlling)	15.0	10.8	16.5			15.2	9.8		

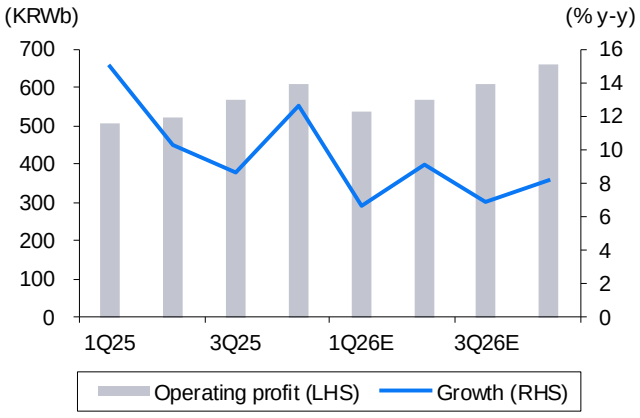
Source: Company data, FnGuide, Samsung Securities estimates

Quarterly sales, by division



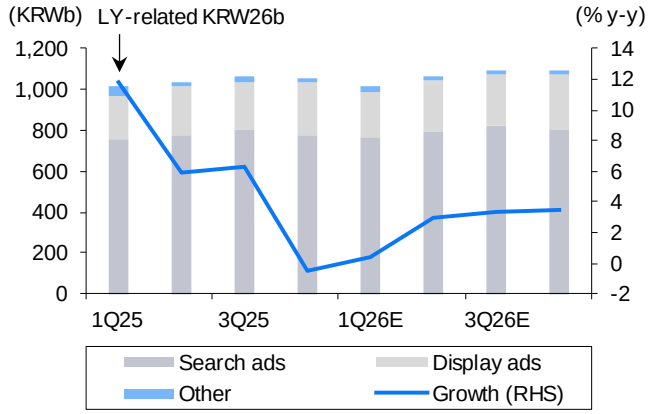
Source: Company data, Samsung Securities

Quarterly operating profit



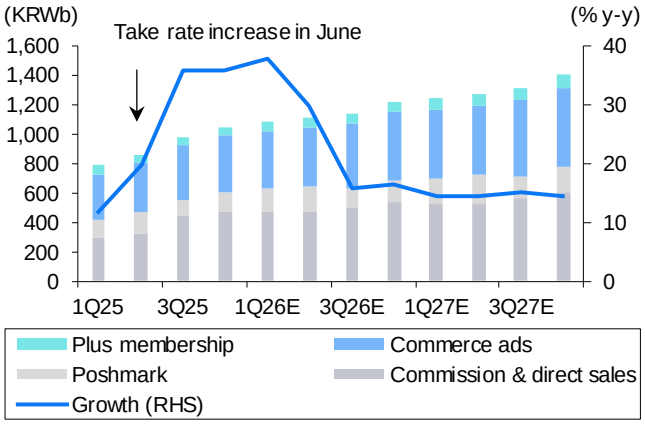
Source: Company data, Samsung Securities

Search platform sales



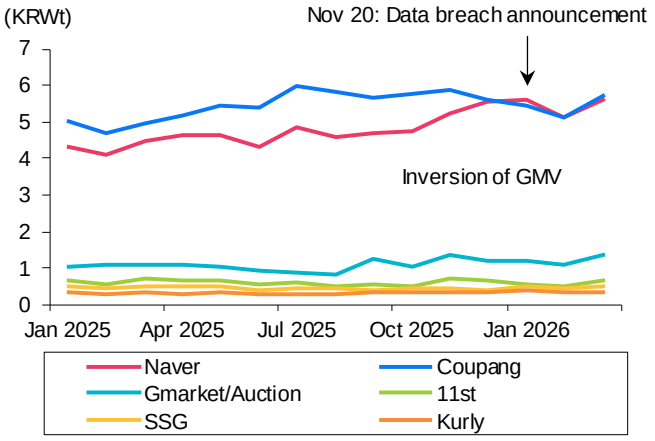
Source: Company data, Samsung Securities

Commerce sales



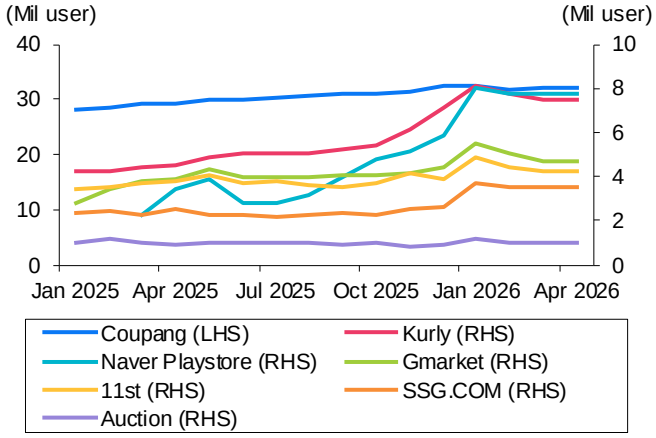
Source: Company data, Samsung Securities

Monthly GMV, by player



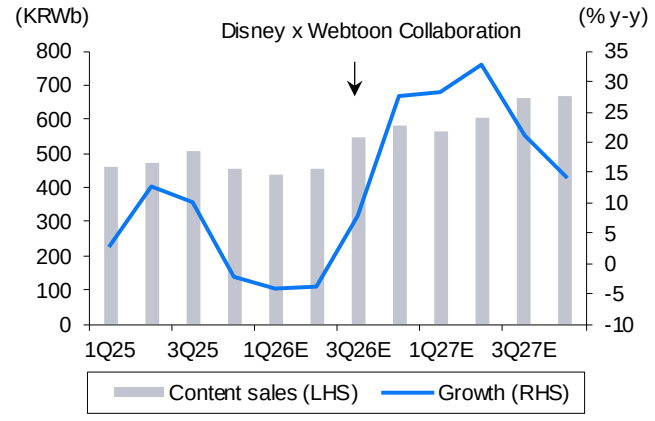
Source: Wise retail

E-commerce mobile app MAU



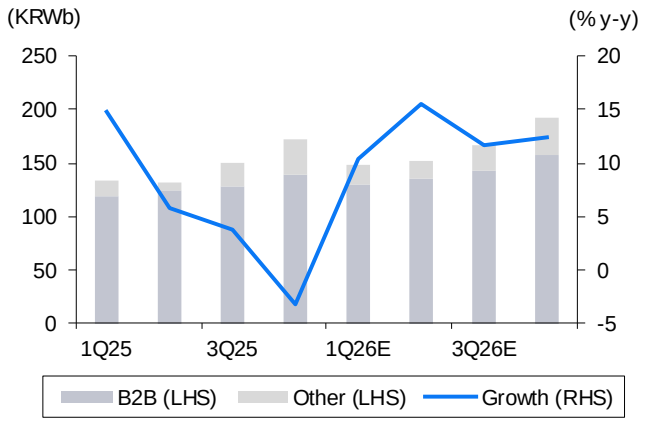
Source: Sensor Tower

Content sales



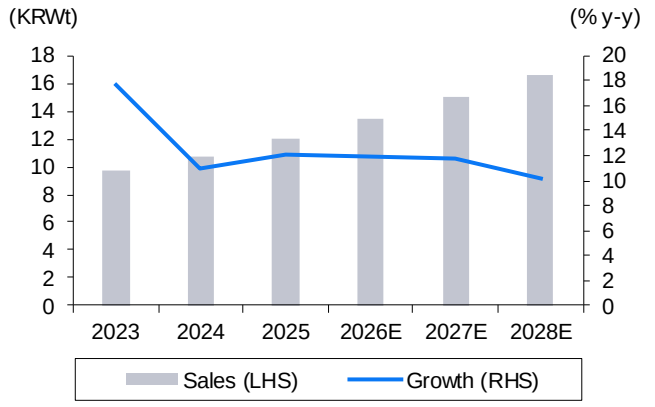
Source: Company data, Samsung Securities

Enterprise sales



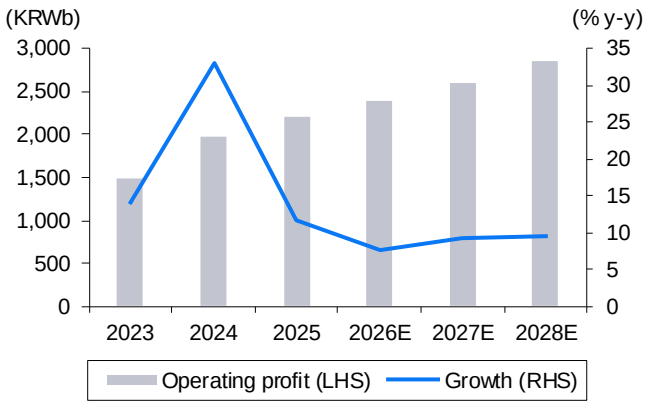
Source: Company data, Samsung Securities

Annual sales



Source: Company data, Samsung Securities

Annual operating profit



Source: Company data, Samsung Securities

Valuation

(KRW)	
2026E EPS	13,369
Target P/E* (x)	19.7
Fair value per share	263,858
Target price	**260,000**
Current price	214,000
Upside (%)	21.5%

Note: *Peer group's average 2026 P/E;
Based on Apr 14 closing price
Source: Bloomberg, Samsung Securities

Global peers: P/E and P/S valuations

(x)	P/E		P/S	
	2025	2026E	2025	2026E
Alphabet	27.5	24.5	10.6	8.9
Meta Platforms	18.9	17.5	7.3	5.8
Baidu	14.7	13.6	2.0	2.0
Amazon	24.3	23.3	3.2	2.8
Average	**21.4**	**19.7**	**5.8**	**4.9**

Note: Based on Apr 14 closing prices
Source: Bloomberg

Quarterly results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Sales	**2,787**	**2,915**	**3,138**	**3,195**	**3,152**	**3,263**	**3,444**	**3,603**	**3,536**	**3,677**	**3,850**	**3,990**
Search platform	1,013	1,037	1,060	1,060	1,016	1,067	1,096	1,096	1,044	1,097	1,135	1,136
Commerce	788	861	985	1,054	1,088	1,117	1,142	1,227	1,246	1,279	1,315	1,407
Fintech	393	412	433	453	445	469	487	503	495	521	542	556
Content	459	474	509	457	441	456	550	583	566	606	665	667
Enterprise	134	132	150	172	162	154	169	193	186	174	193	225
Operating expenses	**2,281**	**2,394**	**2,567**	**2,584**	**2,613**	**2,694**	**2,834**	**2,942**	**2,929**	**3,047**	**3,196**	**3,280**
Development & operations	688	699	750	759	792	803	832	842	859	877	910	921
Partner	974	1,014	1,097	1,114	1,090	1,118	1,179	1,225	1,190	1,247	1,316	1,350
Infrastructure	189	198	219	205	227	241	262	281	297	316	335	351
Marketing	430	482	502	506	504	532	561	594	583	607	635	658
Operating profit	**505**	**522**	**571**	**611**	**539**	**569**	**610**	**661**	**606**	**630**	**654**	**710**
Pre-tax profit	580	684	857	300	626	670	725	773	723	751	789	860
Net profit	424	497	735	163	463	496	536	572	535	556	584	636
Net profit (controlling)	425	489	726	313	472	506	547	584	546	567	596	649
Adjusted EPS (KRW)	2,586	3,334	4,842	4,289	3,131	3,308	3,532	3,398	3,573	3,720	3,865	3,768
Margins (%)												
Operating profit	18.1	17.9	18.2	19.1	17.1	17.4	17.7	18.3	17.1	17.1	17.0	17.8
Pre-tax profit	20.8	23.5	27.3	9.4	19.8	20.5	21.0	21.5	20.4	20.4	20.5	21.5
Net profit	15.2	17.1	23.4	5.1	14.7	15.2	15.6	15.9	15.1	15.1	15.2	15.9
Net profit (controlling)	15.2	16.8	23.1	9.8	15.0	15.5	15.9	16.2	15.4	15.4	15.5	16.3

자료: NAVER, 삼성증권 추정

Revisions to full-year forecasts

(KRWb)	2026E			2027E			2028E		
	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Sales	**13,555**	**13,462**	**(0.7)**	**15,263**	**15,052**	**(1.4)**		**16,584**	**n/a**
Search platform	4,270	4,276	0.1	4,404	4,411	0.1		4,559	n/a
Commerce	4,549	4,574	0.5	5,245	5,246	0.0		5,991	n/a
Fintech	1,904	1,904	0.0	2,113	2,113	0.0		2,338	n/a
Content	2,172	2,029	(6.6)	2,743	2,504	(8.7)		2,808	n/a
Enterprise	661	679	2.7	757	778	2.8		887	n/a
Operating expenses	**11,075**	**11,084**	**0.1**	**12,475**	**12,452**	**(0.2)**		**13,736**	**n/a**
Development & operations	3,175	3,269	2.9	3,464	3,566	3.0		3,898	n/a
Partner	4,661	4,612	(1.1)	5,175	5,103	(1.4)		5,600	n/a
Infrastructure	1,017	1,011	(0.6)	1,318	1,299	(1.4)		1,502	n/a
Marketing	2,221	2,192	(1.3)	2,518	2,484	(1.4)		2,736	n/a
Operating profit	**2,480**	**2,378**	**(4.1)**	**2,787**	**2,600**	**(6.7)**		**2,848**	**n/a**
Pre-tax profit	3,141	2,794	(11.0)	3,586	3,123	(12.9)		3,537	n/a
Net profit	2,324	2,068	(11.0)	2,654	2,311	(12.9)		2,617	n/a
Net profit (controlling)	2,277	2,109	(7.4)	2,601	2,357	(9.4)		2,670	n/a
Adjusted EPS (KRW)	14,323	13,369	(6.7)	16,298	14,926	(8.4)		16,648	n/a
Margins (%)									
Operating profit	18.3	17.7		18.3	17.3			17.2	
Pre-tax profit	23.2	20.8		23.5	20.7			21.3	
Net profit	17.1	15.4		17.4	15.4			15.8	
Net profit (controlling)	16.8	15.7		17.0	15.7			16.1	

자료: NAVER, 삼성증권 추정

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**10,738**	**12,035**	**13,462**	**15,052**	**16,584**
Cost of goods sold	0	0	0	0	0
Gross profit	**10,738**	**12,035**	**13,462**	**15,052**	**16,584**
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	8,758	9,827	11,084	12,452	13,736
Operating profit	**1,979**	**2,208**	**2,378**	**2,600**	**2,848**
Operating margin (%)	18.4	18.3	17.7	17.3	17.2
Non-operating gains (losses)	**343**	**212**	**416**	**523**	**689**
Financial profit	633	807	724	840	989
Financial costs	579	562	476	483	487
Equity-method gains (losses)	145	495	209	222	235
Other	144	-528	-42	-57	-49
Pre-tax profit	**2,322**	**2,420**	**2,794**	**3,123**	**3,537**
Taxes	390	601	726	812	920
Effective tax rate (%)	16.8	24.8	26.0	26.0	26.0
Profit from continuing operations	1,932	1,819	2,068	2,311	2,617
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,932**	**1,819**	**2,068**	**2,311**	**2,617**
Net margin (%)	18.0	15.1	15.4	15.4	15.8
Net profit (controlling interests)	1,923	1,953	2,109	2,357	2,670
Net profit (non-controlling interests)	9	-134	-41	-46	-52
EBITDA	2,653	2,953	5,360	5,582	5,829
EBITDA margin (%)	24.7	24.5	39.8	37.1	35.2
EPS (parent-based) (KRW)	11,913	12,376	13,445	15,029	17,020
EPS (consolidated) (KRW)	11,967	11,524	13,182	14,734	16,686
Adjusted EPS (KRW)*	11,265	14,071	13,369	14,926	16,648

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**9,375**	**10,928**	**14,420**	**18,182**	**22,204**
Cash & equivalents	4,196	5,984	8,924	12,163	15,639
Accounts receivable	478	492	554	614	676
Inventories	22	20	23	25	28
Other current assets	4,680	4,433	4,918	5,380	5,861
Fixed assets	**28,793**	**30,156**	**29,329**	**28,394**	**27,545**
Investment assets	20,910	21,394	23,548	25,594	27,727
Tangible assets	2,910	3,608	887	-1,833	-4,553
Intangible assets	3,657	3,421	3,160	2,899	2,638
Other long-term assets	1,316	1,733	1,733	1,733	1,733
Total assets	**38,168**	**41,084**	**43,748**	**46,576**	**49,749**
Current liabilities	**6,092**	**8,019**	**8,766**	**9,476**	**10,215**
Accounts payable	0	0	0	0	0
Short-term debt	135	132	132	132	132
Other current liabilities	5,957	7,887	8,634	9,344	10,083
Long-term liabilities	**5,075**	**4,113**	**4,355**	**4,586**	**4,826**
Bonds & long-term debt	2,870	1,256	1,256	1,256	1,256
Other long-term liabilities	2,204	2,856	3,099	3,329	3,570
Total liabilities	**11,167**	**12,131**	**13,121**	**14,062**	**15,041**
Owners of parent equity	**25,460**	**27,582**	**29,297**	**31,231**	**33,477**
Capital stock	16	16	16	16	16
Capital surplus	1,423	1,586	1,586	1,586	1,586
Retained earnings	25,965	27,626	29,341	31,275	33,521
Other	-1,944	-1,647	-1,647	-1,647	-1,647
Non-controlling interests' equity	**1,541**	**1,371**	**1,330**	**1,283**	**1,231**
Total equity	**27,001**	**28,953**	**30,627**	**32,514**	**34,708**
Net debt	-3,321	-4,221	-7,438	-10,941	-14,693

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**2,590**	**3,096**	**5,920**	**6,123**	**6,452**
Net profit	1,932	1,819	2,068	2,311	2,617
Non-cash profit and expenses	1,003	1,362	3,588	3,582	3,589
Depreciation	609	680	2,720	2,720	2,720
Amortization	65	65	261	261	261
Other	329	617	607	601	608
Changes in A/L from operating activities	152	462	716	681	709
Cash flow from investments	**-1,340**	**-744**	**-310**	**-291**	**-301**
Change in tangible assets	-522	-1,220	0	0	0
Change in financial assets	-2,225	449	-337	-320	-333
Other	1,407	28	27	29	32
Cash flow from financing	**-770**	**-524**	**-475**	**-507**	**-507**
Change in debt	-377	372	30	28	29
Change in equity	180	164	0	0	0
Dividends	-119	-168	-394	-424	-424
Other	-454	-891	-111	-112	-112
Change in cash	619	1,788	2,940	3,239	3,476
Cash at beginning of year	3,576	4,196	5,984	8,924	12,163
Cash at end of year	4,196	5,984	8,924	12,163	15,639
Gross cash flow	**2,935**	**3,181**	**5,655**	**5,893**	**6,207**
Free cash flow	**2,036**	**1,861**	**5,920**	**6,123**	**6,452**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	11.0	12.1	11.9	11.8	10.2
Operating profit	32.9	11.6	7.7	9.3	9.5
Net profit	96.1	-5.9	13.7	11.8	13.2
Adjusted EPS**	60.5	24.9	-5.0	11.6	11.5
Per-share data (KRW)					
EPS (parent-based)	11,913	12,376	13,445	15,029	17,020
EPS (consolidated)	11,967	11,524	13,182	14,734	16,686
Adjusted EPS**	11,265	14,071	13,369	14,926	16,648
BVPS	170,953	184,396	195,864	208,791	223,806
DPS (common)	1,130	2,630	2,833	2,833	2,833
Valuations (x)					
P/E***	17.7	17.2	16.0	14.3	12.9
P/B***	1.2	1.3	1.1	1.0	1.0
EV/EBITDA	11.2	11.9	5.1	4.3	3.4
Ratios (%)					
ROE	7.9	7.4	7.4	7.8	8.3
ROA	5.2	4.6	4.9	5.1	5.4
ROIC	39.7	37.7	60.4	-363.2	-53.1
Payout ratio	8.8	20.2	20.1	18.0	15.9
Dividend yield (common)	0.6	1.1	1.3	1.3	1.3
Net debt to equity	-12.3	-14.6	-24.3	-33.7	-42.3
Interest coverage (x)	18.9	20.3	21.5	23.3	25.4

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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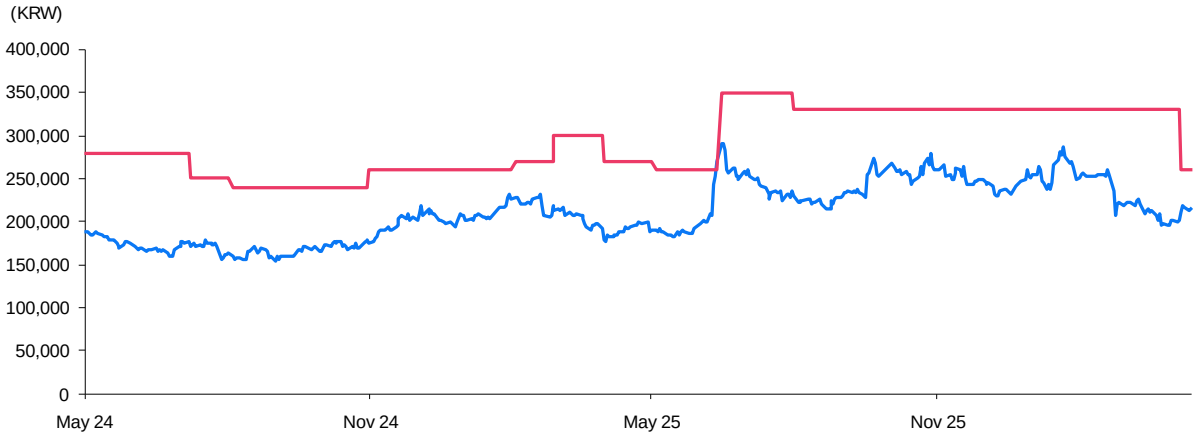
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/3/26	5/7	7/16	8/12	11/8	2025/2/10	3/7	4/8	5/12	6/23	8/8	2026/4/15
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	270000	280000	250000	240000	260000	270000	300000	270000	260000	350000	330000	260000
Gap* (average)	-30.97	-37.88	-31.99	-30.43	-21.66	-18.21	-31.85	-29.75	-23.69	-29.48	-26.96	
(max or min)**	-27.93	-31.82	-28.80	-25.13	-10.77	-14.26	-28.00	-25.74	3.65	-17.00	-13.03	

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

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

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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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 2026.03.31

BUY (85.2%)·HOLD (14.8%)·SELL (0%)

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