COMPANY UPDATE

2026. 5. 8

Tech Team

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S-1 (012750)

Profit slips amid one-time costs, revenue recognition delays

- S-1's profits declined in 1Q, due a one-time charge associated with adjustments to retirement benefit reserves.
- The physical security and building management businesses are pursuing growth by aligning with market needs, with solid fundamentals in place.
- The company unveiled a value creation plan aimed at enhancing growth through business diversification and operational innovation.

WHAT'S THE STORY?

1Q results miss consensus due to one-off costs: S-1 posted 1Q results showing sales down 0.1% y-y at KRW673.7b and operating profit down 62.3% y-y at KRW20.7b, missing consensus. The soft results were due to a one-time charge for higher retirement benefit reserves, after changing how it calculates severance pay for employees. Operating margin slid 5.1%pts y-y to 3.1%. Top-line remained roughly flat y-y, which was disappointing. Sales from: 1) physical security business continued to grow, driven by net subscriber additions; 2) real estate sustained growth through new contract wins and expanded managed areas for existing clients; but 3) security system integration (SI) business contracted, as previously awarded projects faced delays or remained unstarted, deferring sales recognition.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW103,000	42.9%
Current price	**KRW72,100**	
Market cap	KRW2.7t/USD1.9b	
Shares (float)	37,999,178 (63.3%)	
52-week high/low	KRW94,100/KRW64,000	
Avg daily trading value (60-day)	KRW5.0b/ USD3.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
S-1 (%)	-19.4	-3.1	12.7
Vs Kospi (%pts)	-40.9	-48.8	-61.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	103,000	103,000	0.0%
2026E EPS	4,757	5,349	-11.1%
2027E EPS	5,722	5,826	-1.8%

SAMSUNG vs THE STREET

No of estimates	3
Target price	96,333
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	2,889	3,001	3,163	3,318
Operating profit	235	212	262	276
Net profit (adj)	179	181	217	228
EPS (adj) (KRW)	4,699	4,757	5,722	6,013
EPS (adj) growth (% y-y)	1.0	1.2	20.3	5.1
EBITDA margin (%)	14.1	12.9	13.9	13.7
ROE (%)	10.5	10.1	11.5	11.4
P/E (adj) (x)	15.3	15.2	12.6	12.0
P/B (x)	1.4	1.3	1.3	1.2
EV/EBITDA (x)	6.3	6.4	5.4	5.0
Dividend yield (%)	4.4	4.4	4.6	4.7

Source: Company data, Samsung Securities estimates

Outlook, by business segment: External conditions caused delays in clients' project starts and production plans, leading to weaker-than-expected 1Q results. However, investment and construction schedules are now increasingly being finalized. The physical security business is strengthening its offerings—such as video systems and AI-based analytics—to meet growing demand for advanced security solutions and will likely expand its market leadership. The building management business plans to grow by adding new customers, including smaller buildings, and expanding service coverage for existing clients, which should support continued improvement in performance.

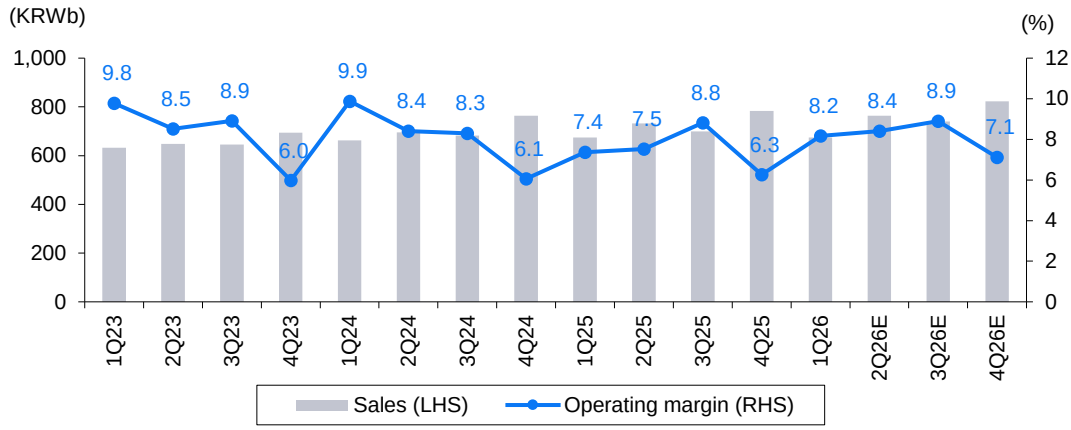
Maintaining BUY: In March, the company unveiled a value creation plan outlining its strategic direction to secure new growth momentum (table 2). It aims to transform from a security provider into an integrated 'biz & life care solutions' company by diversifying its business portfolio and driving operational innovation. The company also reaffirmed its commitment to maintaining a dividend payout ratio of 50-60%. Given its solid fundamentals, strong cash flow, and healthy net cash position, a dividend per share of KRW3,200—unchanged from last year—would imply an estimated dividend yield of 3.7% for this year.

Table 1. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	**662.8**	**695.6**	**682.8**	**763.5**	**674.1**	**732.7**	**698.7**	**783.9**	**673.7**	**764.2**	**740.4**	**822.5**	**2,804.7**	**2,889.4**	**3,000.7**	**3,162.9**
Security services	**334.6**	**335.3**	**336.0**	**345.0**	**341.9**	**350.7**	**344.6**	**348.2**	**349.6**	**359.9**	**353.2**	**357.6**	**1,350.9**	**1,385.4**	**1,420.4**	**1,459.7**
Alarm/Information/IoT Security	309.2	311.5	312.9	318.5	318.0	324.5	321.3	324.0	325.9	333.4	329.1	331.7	1,252.1	1,287.8	1,320.1	1,354.9
Product	30.0	28.5	27.5	30.8	28.6	30.9	27.9	28.5	28.3	31.0	28.6	30.3	116.8	115.9	118.2	122.7
Infra services	**324.8**	**356.6**	**342.8**	**414.6**	**328.4**	**378.5**	**350.4**	**432.1**	**320.3**	**400.9**	**383.6**	**461.5**	**1,438.8**	**1,489.4**	**1,566.4**	**1,690.9**
Building management service	176.7	194.9	189.0	211.1	178.6	213.7	201.2	233.9	198.9	233.3	219.3	255.8	771.7	827.4	907.3	993.4
Security service & product sales	192.3	208.5	199.5	249.9	196.6	210.9	200.7	245.7	167.8	214.2	215.8	253.1	850.2	853.9	850.9	892.8
Integrated security	115.1	122.9	121.1	122.6	123.1	125.1	136.1	127.4	124.4	130.8	143.9	135.3	481.7	511.7	534.4	561.2
System Integration (SI)	77.2	85.6	78.4	127.3	73.5	85.8	64.6	118.3	43.4	83.4	71.9	117.8	368.5	342.2	316.5	331.6
Other	**3.4**	**3.8**	**3.9**	**3.9**	**3.8**	**3.5**	**3.7**	**3.6**	**3.2**	**3.3**	**3.5**	**3.3**	**15.0**	**14.6**	**13.3**	**12.3**
Operating profit	**48.8**	**52.3**	**60.2**	**47.9**	**55.1**	**61.6**	**62.1**	**55.8**	**20.7**	**65.0**	**66.6**	**60.1**	**209.2**	**234.6**	**212.4**	**262.1**
Operating margin (%)	7.4	7.5	8.8	6.3	8.2	8.4	8.9	7.1	3.1	8.5	9.0	7.3	7.5	8.1	7.1	8.3
EBT	54.3	56.0	59.0	52.0	55.0	69.5	64.1	51.0	23.9	72.8	70.3	66.6	221.4	239.6	233.6	285.5
Controlling net profit	**40.7**	**43.3**	**54.3**	**38.4**	**42.0**	**52.1**	**48.3**	**36.2**	**21.5**	**55.4**	**53.4**	**50.5**	**176.7**	**178.6**	**180.8**	**217.4**
Chg (% y-y)																
Sales	**4.8**	**7.2**	**5.8**	**10.0**	**1.7**	**5.3**	**2.3**	**2.7**	**-0.1**	**4.3**	**6.0**	**4.9**	**7.0**	**3.0**	**3.9**	**5.4**
Security services	**5.2**	**5.0**	**2.7**	**3.3**	**2.2**	**4.6**	**2.6**	**0.9**	**2.3**	**2.6**	**2.5**	**2.7**	**4.0**	**2.6**	**2.5**	**2.8**
Alarm/Information/IoT Security	5.7	5.0	4.0	4.1	2.8	4.2	2.7	1.7	2.5	2.7	2.4	2.4	4.7	2.9	2.5	2.6
Product	0.7	7.5	-9.2	-2.5	-4.7	8.4	1.5	-7.5	-1.0	0.4	2.5	6.4	-1.2	-0.8	2.0	3.8
Infra services	**4.3**	**9.4**	**9.0**	**16.2**	**1.1**	**6.1**	**2.2**	**4.2**	**-2.5**	**5.9**	**9.5**	**6.8**	**9.9**	**3.5**	**5.2**	**7.9**
Building management service	7.2	7.0	11.6	12.8	1.1	9.6	6.5	10.8	11.4	9.2	9.0	9.4	9.7	7.2	9.7	9.5
Security service & Product sales	-1.2	10.4	5.3	17.4	2.2	1.2	0.6	-1.7	-14.6	1.6	7.5	3.0	8.2	0.4	-0.3	4.9
Integrated security	-6.3	4.6	4.3	7.4	7.0	1.8	12.4	3.9	1.1	4.5	5.7	6.2	2.3	6.2	4.4	5.0
System Integration (SI)	7.7	19.9	6.8	29.0	-4.8	0.2	-17.6	-7.1	-41.0	-2.8	11.3	-0.4	16.9	-7.1	-7.5	4.8
Other	**12.6**	**8.6**	**8.3**	**25.8**	**11.8**	**-7.9**	**-5.1**	**-7.7**	**-15.7**	**-6.3**	**-5.9**	**-8.0**	**13.5**	**-2.7**	**-9.1**	**-7.5**
Operating profit	**-21.9**	**-4.1**	**12.6**	**13.8**	**12.8**	**17.6**	**3.1**	**16.6**	**-62.3**	**5.5**	**7.3**	**7.6**	**-1.6**	**12.1**	**-9.4**	**23.4**
Operating margin (%)	-2.5	-0.9	0.5	0.2	0.8	0.9	0.1	0.9	-5.1	0.1	0.1	0.2	-0.7	0.7	-1.0	1.2
EBT	-13.9	3.3	6.9	19.0	1.3	24.1	8.5	-2.0	-56.5	4.8	9.8	30.4	2.4	8.2	-2.5	22.2
Controlling net profit	**-15.4**	**5.5**	**28.1**	**-33.7**	**3.4**	**20.2**	**-11.1**	**-5.8**	**-48.8**	**6.4**	**10.5**	**39.6**	**-6.7**	**1.0**	**1.2**	**20.3**

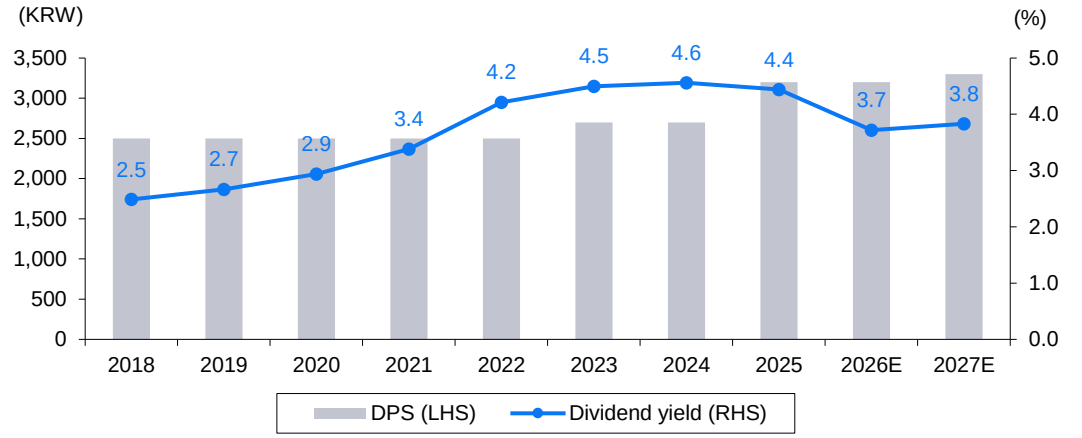
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



Source: Company data, Samsung Securities estimates

Chart 2. DPS and dividend yield



Source: Company data, Samsung Securities estimates

Table 2. 2026 corporate value-up plan

Category	Key details
Goals	1) Expand business areas with AI and robotics-based products/services
	2) Continue to invest in new businesses and technologies for long-term growth
	3) Maintain 2026 payout ratio at 50-60%
Strategies	1) [Security]
	- Shift from labor- to technology-driven operations; strengthen AI-based video security leadership
	2) [Infrastructure]
	- Expand into integrated facility management and diversify business areas
	3) Enhance competitiveness and profitability through AI and robotics
	4) Secure future technologies via medium- to long-term M&A and strategic investments
High dividend status	✓

Note: Corporate value-up plan disclosure (Mar 19, 2026)
Source: Dart, Samsung Securities

Table 3. Revisions to full-year forecasts

(KRWb)	2026E			2027E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	3,038.6	3,000.7	-1.2	3,204.1	3,162.9	-1.3
Operating profit	251.3	212.4	-15.5	270.3	262.1	-3.0
Operating margin (%, %pts)	8.3	7.1	-1.2	8.4	8.3	-0.2
Pre-tax profit	267.0	233.6	-12.5	290.8	285.5	-1.8
Net profit (controlling)	203.3	180.8	-11.1	221.4	217.4	-1.8

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**2,805**	**2,889**	**3,001**	**3,163**	**3,318**
Cost of goods sold	2,165	2,211	2,286	2,380	2,497
Gross profit	**640**	**679**	**715**	**783**	**822**
Gross margin (%)	22.8	23.5	23.8	24.8	24.8
SG&A expenses	431	444	502	521	545
Operating profit	**209**	**235**	**212**	**262**	**276**
Operating margin (%)	7.5	8.1	7.1	8.3	8.3
Non-operating gains (losses)	**12**	**5**	**21**	**23**	**24**
Financial profit	26	23	25	26	26
Financial costs	2	3	3	3	3
Equity-method gains (losses)	0	0	0	0	0
Other	-13	-15	-1	-0	0
Pre-tax profit	**221**	**240**	**234**	**285**	**300**
Taxes	45	61	53	68	71
Effective tax rate (%)	20.2	25.5	22.6	23.8	23.8
Profit from continuing operations	177	179	181	217	228
Profit from discontinued operations	0	0	0	0	0
Net profit	**177**	**179**	**181**	**217**	**228**
Net margin (%)	6.3	6.2	6.0	6.9	6.9
Net profit (controlling interests)	177	179	181	217	228
Net profit (non-controlling interests)	-0	-0	-0	-0	-0
EBITDA	382	408	387	438	453
EBITDA margin (%)	13.6	14.1	12.9	13.9	13.7
EPS (parent-based) (KRW)	4,651	4,699	4,757	5,722	6,013
EPS (consolidated) (KRW)	4,651	4,699	4,757	5,722	6,013
Adjusted EPS (KRW)*	4,651	4,699	4,757	5,722	6,013

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,222**	**1,328**	**1,422**	**1,553**	**1,689**
Cash & equivalents	213	218	304	419	527
Accounts receivable	187	193	201	212	222
Inventories	17	13	14	15	15
Other current assets	805	903	903	908	925
Fixed assets	**1,101**	**1,104**	**1,100**	**1,103**	**1,105**
Investment assets	38	40	40	40	40
Tangible assets	480	488	490	493	495
Intangible assets	387	379	379	379	379
Other long-term assets	195	198	192	192	192
Total assets	**2,323**	**2,432**	**2,522**	**2,656**	**2,795**
Current liabilities	**497**	**513**	**520**	**538**	**553**
Accounts payable	141	149	148	152	153
Short-term debt	0	0	0	0	0
Other current liabilities	356	363	372	386	400
Long-term liabilities	**165**	**163**	**168**	**175**	**182**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	165	163	168	175	182
Total liabilities	**662**	**676**	**688**	**713**	**734**
Owners of parent equity	**1,661**	**1,756**	**1,834**	**1,943**	**2,060**
Capital stock	19	19	19	19	19
Capital surplus	193	193	193	193	193
Retained earnings	1,596	1,692	1,765	1,874	1,991
Other	-148	-148	-143	-143	-143
Non-controlling interests' equity	**0**	**0**	**0**	**-0**	**-0**
Total equity	**1,661**	**1,756**	**1,834**	**1,943**	**2,060**
Net debt	-156	-163	-248	-362	-469

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**377**	**369**	**345**	**388**	**401**
Net profit	177	179	181	217	228
Non-cash profit and expenses	258	288	194	208	209
Depreciation	173	174	175	176	177
Amortization	0	0	0	0	0
Other	86	114	19	32	32
Changes in A/L from operating activities	-57	-64	-10	-6	-5
Cash flow from investments	**-295**	**-253**	**-177**	**-179**	**-179**
Change in tangible assets	-155	-165	-177	-179	-179
Change in financial assets	0	0	0	0	0
Other	-139	-88	0	0	0
Cash flow from financing	**-112**	**-111**	**-107**	**-107**	**-111**
Change in debt	18	-1	1	1	1
Change in equity	0	0	0	0	0
Dividends	-91	-91	-108	-108	-112
Other	-38	-18	0	0	0
Change in cash	-29	5	86	115	108
Cash at beginning of year	242	213	218	304	419
Cash at end of year	213	218	304	419	527
Gross cash flow	**435**	**467**	**374**	**425**	**438**
Free cash flow	**221**	**179**	**168**	**209**	**222**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	7.0	3.0	3.9	5.4	4.9
Operating profit	-1.6	12.1	-9.4	23.4	5.5
Net profit	-6.7	1.0	1.2	20.3	5.1
Adjusted EPS**	-6.7	1.0	1.2	20.3	5.1
Per-share data (KRW)					
EPS (parent-based)	4,651	4,699	4,757	5,722	6,013
EPS (consolidated)	4,651	4,699	4,757	5,722	6,013
Adjusted EPS**	4,651	4,699	4,757	5,722	6,013
BVPS	49,117	51,947	54,247	57,478	60,936
DPS (common)	2,700	3,200	3,200	3,300	3,400
Valuations (x)					
P/E***	12.7	15.3	15.2	12.6	12.0
P/B***	1.2	1.4	1.3	1.3	1.2
EV/EBITDA	5.5	6.3	6.4	5.4	5.0
Ratios (%)					
ROE	10.8	10.5	10.1	11.5	11.4
ROA	7.9	7.5	7.3	8.4	8.4
ROIC	17.7	18.5	17.2	20.6	21.4
Payout ratio	51.7	60.6	59.9	51.3	50.3
Dividend yield (common)	4.6	4.4	4.4	4.6	4.7
Net debt to equity	-9.4	-9.3	-13.5	-18.6	-22.8
Interest coverage (x)	214.0	120.9	110.1	133.7	138.6

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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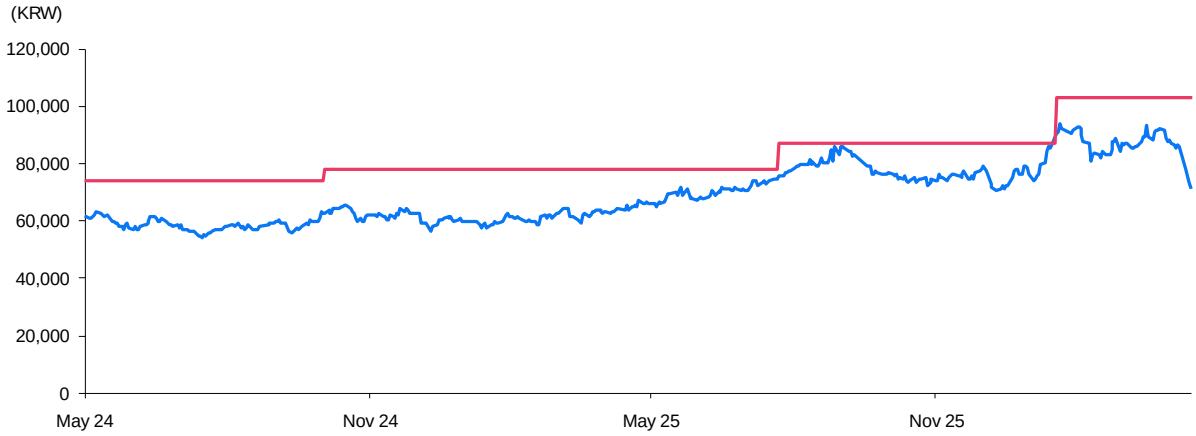
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/7/28	2024/7/28	2024/10/25	2025/8/14	2026/2/10
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	74000	74000	78000	87500	103000
Gap* (average)	-21.17	-21.63	-17.40	-11.19	
(max or min)**	-14.05	-14.59	-4.10	2.17	

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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NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
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* 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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