COMPANY UPDATE

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Seobu T&D (006730)

1Q review: Hotel earnings surprise; Yongsan District Office issues final building permit

- Seobu T&D's hotel operation saw 1Q sales and operating profit grow 13% and 63% y-y, respectively, because every additional unit of sales flow directly into profit after the hotel surpasses its quarterly breakeven point.
- Yongsan District Office last Friday issued the final building permit for the Najin Arcade development project, which should break ground and go on presales in October.
- The stock boasts solid cash flows and development momentum. Its asset value should begin to be recognized, now that development projects approach the point of generating revenue

WHAT'S THE STORY?

1Q review: Seobu T&D saw 1Q sales and operating profit leap 43.3% and 37.6% y-y, respectively. Interest expenses at the Sinjeong-dong development have been capitalized since Dec 2025, reducing financial expenses by KRW6b in 1Q26 and turning the company to a net profit. At the hotel operation, sales rose 12.8% y-y but operating profit jumped 62.8% y-y. Seobu T&D's Seoul Dragon City, a multi-brand hotel complex with 1,700 rooms, had long been burdened by high fixed-cost burdens. Yet, the hotel surpassed its quarterly breakeven sales of KRW25b, with every additional unit of sales flowing directly into profit—maximizing operating leverage. April and October are peak months, driven by a high volume of national conferences and international events, and Seoul Dragon City's location at Yongsan Station puts the complex at the center of this demand. .

(Continued on the next page)

AT A GLANCE

Not rated

Target price	n/a
Current price	**KRW12,250**
Market cap	KRW795.35b/USD530.13m
Shares (float)	64,926,923 (48.6%)
52-week high/low	KRW18,580/KRW6,300
Avg daily trading value (60-day)	KRW11.4b/ USD7.6m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Seobu T&D Co.,Ltd (%)	-10.6	13.5	94.1
Vs Kosdaq (%pts)	-5.8	-10.2	26.7

KEY SAMSUNG vs THE STREET

No of estimates	5
Target price	20,000
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

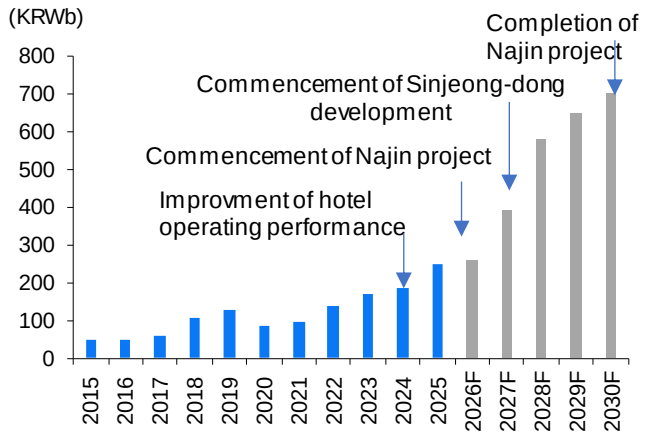
(KRWb)	2022	2023	2024	2025
Revenue	135	169	181	248
Operating profit	19	37	48	70
Net profit (adj)	25	147	65	116
EPS (adj) (KRW)	248	2,052	514	1,206
EPS (adj) growth (% y-y)	-58.5	728.4	-74.9	134.4
EBITDA margin (%)	26.4	31.7	35.6	35.6
ROE (%)	2.5	18.0	3.7	7.7
P/E (adj) (x)	28.5	3.5	10.5	10.9
P/B (x)	0.7	0.5	0.4	0.8
EV/EBITDA (x)	36.5	25.1	24.9	27.0
Dividend yield (%)	0.6	0.6	1.8	0.8

Source: Company data

Building permit issued for Yongsan Najin Arcade development project: On May 15, Yongsan District Office issued the final building permit for the Najin Arcade development project (Buildings 12 and 13), submitted by Seobu T&D. The project will develop a 75,000 sqm complex including offices, high-end officetels, retail stores, and a fitness center. Total project value is around KRW1t, with KRW0.5t allocated to the high-end officetels, which should go on presales in October. Sales recognition should start as soon as construction begins, and the project should contribute to earnings in 2027 onward.

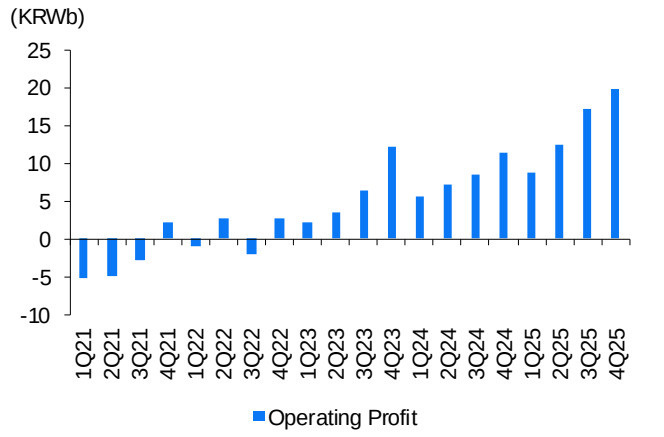
Strong cash flows and solid development momentum: Seoul hotels' ADRs remain more than 20% below those of global peers like Tokyo and Singapore. Even after adjusting for forex rates, there remains significant upside. With the firm's cash flow improving, the Yongsan Najin Arcade project should kick off development momentum (KRW3t). The core of the Sinjeong-dong mixed-use development project (worth KRW1.9t) is the apartment presale worth KRW1.4t. Presale revenue recognition should begin in 2027, with estimated contributions of KRW0.2t that year, rising to KRW0.4t in 2028, and peaking at KRW0.5t in 2030. With the two development projects fully operational in 2030, the firm's topline and financial profile should change dramatically. Asset values usually begin to be recognized when development projects approach the point of generating revenue. Seobu T&D is trading at 0.8x end-2025 P/B.

Revenue simulation reflecting development projects



Source: Company data

Hotel division: Operating profit



Source: Company data

Seobu T&D: Results

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2022	2023	2024	2025
Revenue	46.1	54.6	70.1	77.5	66.1	135.3	161.9	180.9	248.3
Chg (% y-y)	11.5%	16.4%	50.3%	47.5%	43.3%	39.9%	19.7%	11.8%	37.2%
Shopping mall	8.9	9.1	9.0	9.4	9.5	35.2	35.6	36.4	36.4
Logistics and other	2.9	2.8	16.2	18.9	17.9	15.3	5.8	5.3	40.7
Hotel	34.4	42.7	44.9	49.3	38.7	84.8	120.5	139.3	171.3
Cost of goods sold	23.3	26.7	34.3	35.8	32.9	82.1	85.5	91.2	120.1
SG&A expenses	9.9	16.7	14.5	16.7	15.4	34.0	39.3	41.7	57.9
Operating profit	12.9	11.2	21.2	25.0	17.8	19.2	37.2	48.1	70.3
Chg (% y-y)	20.0%	25.6%	71.2%	57.2%	37.6%	-459.7%	93.7%	29.3%	46.4%
Shopping mall	5.2	2.9	4.8	7.2	5.7	20.4	20.2	33.0	20.1
Logistics and other	(1.0)	(4.3)	(0.7)	(2.3)	(2.1)	(4.0)	(7.4)	(18.0)	(8.3)
Hotel	8.7	12.6	17.2	20.0	14.2	2.8	24.4	33.1	58.5
Non-operating gains	0.0	0.0	40.8	103.1	1.3	44.8	187.1	71.0	143.9
Non-operating losses	15.1	15.9	19.5	15.4	10.4	1.2	47.7	59.9	65.9
Other	0.2	0.0	(0.0)	(0.2)	0.0	(32.2)	0.0	(2.1)	0.0
Pre-tax profit	(0.7)	(3.6)	42.5	110.2	8.8	30.5	176.6	57.1	148.3
Net profit	(0.5)	(3.8)	34.0	85.7	6.0	25.4	147.4	64.7	115.5

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Sales	**97**	**135**	**169**	**181**	**248**
Cost of goods sold	66	82	92	91	120
Gross profit	**30**	**53**	**77**	**90**	**128**
Gross margin (%)	31.4	39.3	45.6	49.6	51.6
SG&A expenses	36	34	40	42	58
Operating profit	**-5**	**19**	**37**	**48**	**70**
Operating margin (%)	-5.5	14.2	22.0	26.6	28.3
Non-operating gains (losses)	**41**	**11**	**140**	**9**	**78**
Financial profit	1	3	5	11	4
Financial costs	33	36	45	54	60
Equity-method gains (losses)	0	0	0	-2	0
Other	73	44	179	55	133
Pre-tax profit	**36**	**30**	**177**	**57**	**148**
Taxes	-3	5	29	-8	32
Effective tax rate (%)	-8.5	16.7	16.6	-13.2	21.6
Profit from continuing operations	39	25	147	65	116
Profit from discontinued operations	0	0	0	-0	-0
Net profit	**39**	**25**	**147**	**65**	**116**
Net margin (%)	40.5	18.8	87.2	35.7	46.8
Net profit (controlling interests)	40	17	138	34	79
Net profit (non-controlling interests)	-1	9	9	30	37
EBITDA	11	36	54	64	88
EBITDA margin (%)	11.0	26.4	31.7	35.6	35.6
EPS (parent-based) (KRW)	597	248	2,052	514	1,206
EPS (consolidated) (KRW)	581	377	2,187	968	1,770
Adjusted EPS (KRW)*	597	248	2,052	514	1,206

Balance sheet

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Current assets	**216**	**143**	**138**	**148**	**588**
Cash & equivalents	40	40	42	97	102
Accounts receivable	6	8	9	10	14
Inventories	1	1	1	1	310
Other current assets	169	95	86	40	162
Fixed assets	**1,842**	**1,923**	**2,210**	**2,746**	**2,667**
Investment assets	3	50	49	50	14
Tangible assets	843	831	791	958	915
Intangible assets	1	0	0	0	16
Other long-term assets	995	1,041	1,370	1,737	1,723
Total assets	**2,058**	**2,066**	**2,348**	**2,894**	**3,255**
Current liabilities	**312**	**789**	**417**	**494**	**1,262**
Accounts payable	2	4	3	3	10
Short-term debt	133	94	173	173	177
Other current liabilities	177	691	241	318	1,075
Long-term liabilities	**945**	**460**	**934**	**1,160**	**606**
Bonds & long-term debt	663	171	608	879	262
Other long-term liabilities	282	288	325	281	344
Total liabilities	**1,257**	**1,249**	**1,351**	**1,654**	**1,868**
Owners of parent equity	**667**	**679**	**859**	**998**	**1,061**
Capital stock	30	30	31	34	34
Capital surplus	136	136	136	71	71
Retained earnings	427	440	574	656	724
Other	75	74	118	238	233
Non-controlling interests' equity	**134**	**137**	**138**	**242**	**326**
Total equity	**801**	**817**	**997**	**1,241**	**1,387**
Net debt	646	699	768	1,005	1,203

Cash flow statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Cash flow from operations	**8**	**39**	**49**	**63**	**106**
Net profit	39	25	147	65	116
Non-cash profit and expenses	-23	13	-94	2	-25
Depreciation	15	16	16	16	18
Amortization	0	0	0	0	0
Other	-39	-4	-111	-14	-43
Changes in A/L from operating activities	-5	4	-5	-4	15
Cash flow from investments	**-19**	**16**	**-57**	**3**	**-280**
Change in tangible assets	-5	-7	-11	-3	12
Change in financial assets	-0	22	9	44	4
Other	-14	1	-55	-38	-295
Cash flow from financing	**35**	**-55**	**11**	**-11**	**177**
Change in debt	-68	-15	63	246	236
Change in equity	-0	-0	0	-65	0
Dividends	-3	-10	-12	-10	-19
Other	106	-30	-41	-182	-40
Change in cash	24	-1	3	55	5
Cash at beginning of year	16	40	40	42	97
Cash at end of year	40	40	42	97	102
Gross cash flow	**16**	**38**	**53**	**67**	**91**
Free cash flow	**3**	**32**	**38**	**60**	**103**

Financial ratios

Year-end Dec 31	2021	2022	2023	2024	2025
Growth (%)					
Sales	14.1	39.9	25.0	7.0	37.2
Operating profit	nm	nm	94.0	29.1	46.4
Net profit	nm	-35.2	480.2	-56.2	79.7
Adjusted EPS**	nm	-58.5	728.4	-74.9	134.4
Per-share data (KRW)					
EPS (parent-based)	597	248	2,052	514	1,206
EPS (consolidated)	581	377	2,187	968	1,770
Adjusted EPS**	597	248	2,052	514	1,206
BVPS	10,273	10,462	13,380	15,485	16,798
DPS (common)	44	45	46	100	100
Valuations (x)					
P/E***	13.4	28.5	3.5	10.5	10.9
P/B***	0.8	0.7	0.5	0.4	0.8
EV/EBITDA	123.6	36.5	25.1	24.9	27.0
Ratios (%)					
ROE	6.2	2.5	18.0	3.7	7.7
ROA	1.9	1.2	6.7	2.5	3.8
ROIC	-0.8	2.2	4.5	7.7	5.7
Payout ratio	7.1	17.4	2.1	18.8	8.0
Dividend yield (common)	0.5	0.6	0.6	1.8	0.8
Net debt to equity	80.6	85.6	77.0	81.0	86.7
Interest coverage (x)	-0.2	0.5	0.8	0.9	1.2

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

Source: Company data

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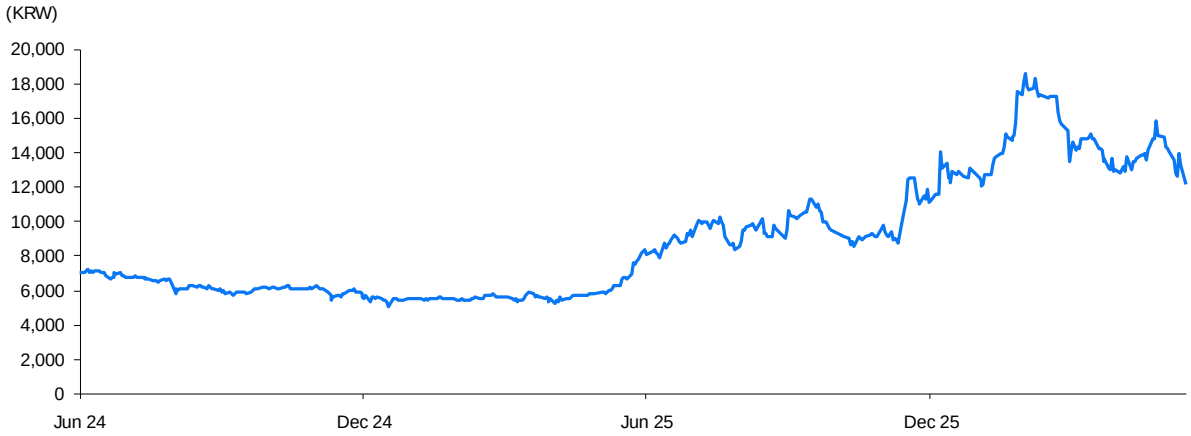

Rating changes over past two years (adjusted share prices)

Date	2026/5/19
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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Industry

OVERWEIGHT	Expected to outperform market by 5% or more 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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