

COMPANY UPDATE

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Tech Team

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▶ AT A GLANCE

BUY

Target price KRW300,000 16.7%

Current price KRW257,000

Market cap	KRW40.3t/USD26.7b
Shares (float)	156,873,776 (86.0%)
52-week high/low	KRW290,500/KRW191,500
Avg daily trading value (60-day)	KRW388.4b/ USD256.8m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Naver (%)	19.5	3.6	29.5
Vs Kospi (%pts)	10.7	-47.0	-54.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	300,000	260,000	15.4%
2026E EPS	10,812	11,328	-4.6%
2027E EPS	12,539	13,364	-6.2%

▶ SAMSUNG vs THE STREET

No of estimates	21
Target price	301,381
Recommendation	4.0

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



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Naver (035420)

AI factory business to prove a new growth engine

- Naver has officially entered the Asian AI factory market through its partnership with Nvidia.
- The company plans to secure 1 GW of AI computing infrastructure by 2030, targeting an additional KRW2t in annual sales.
- Reflecting the new growth driver, we raise our target price for the company by 15% to KRW300,000. However, given the recent sharp price surge, we recommend a phased buying strategy during potential price corrections.

WHAT'S THE STORY?

Announces entry into AI factory market: Naver has formed a strategic partnership with Nvidia to enter the global AI factory market with gigawatt-scale capacity, according to an official announcement on Jun 8. While Naver's existing data center (DC) infrastructure has primarily served internal demand, Naver plans to transition toward a B2B business model serving external customers. Operations are set to begin at 55 MW in 1H27, leveraging expansion of its own data center in Sejong ("Gak Sejong") and third-party DC leasing, with plans to scale to 100 MW in 2027 and target 1 GW of computing infrastructure by 2030. It also plans to expand the business beyond Korea into Asia, including the Middle East.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	12,035	14,008	16,703	20,762
Operating profit	2,208	2,357	2,609	3,144
Net profit (adj)	1,819	1,894	2,261	2,714
EPS (adj) (KRW)	14,071	10,812	12,539	14,916
EPS (adj) growth (% y-y)	24.9	-23.2	16.0	19.0
EBITDA margin (%)	24.5	16.8	15.6	15.1
ROE (%)	7.4	6.4	7.0	7.9
P/E (adj) (x)	17.2	23.8	20.5	17.2
P/B (x)	1.3	1.2	1.2	1.1
EV/EBITDA (x)	11.9	16.4	15.2	13.2
Dividend yield (%)	1.1	1.1	1.1	1.1

Source: Company data, Samsung Securities estimates

Securing a new growth driver: Management forecasts that if the GW-scale AI factory operates at full capacity, it could generate annual new revenue of approximately KRW20t, potentially raising Naver's total revenue to KRW40–50t by 2030. Should the AI factory maintain an operating margin in the 20% range, as management expected, it could also contribute to improving the company's overall profitability. If the AI factory business is fully on track, it may help eliminate the valuation discount Naver has historically faced relative to competitors by establishing a credible new revenue stream.

Needs clear plan to raise capital: Building a 1 GW-scale AI factory requires an investment of USD50–60b (KRW75–90t), significantly exceeding Naver's available cash reserves of KRW8t. Further disclosure on funding strategies—such as external investment, a rights offering, or other financing mechanisms—is necessary to address this capital gap.

Concerns over early-stage cost expansion: Global neocloud providers have shown weak profitability, despite strong revenue growth, driven by shortened GPU replacement cycles and heavy upfront depreciation. Similarly, Naver's AI factory should face near-term profit pressure from rising depreciation expenses before utilization rates improve. Moreover, with telecom operators, system integrators, and domestic conglomerates entering the AI factory market, securing a competitive edge through software stack differentiation should be essential to achieve sustainable profitability.

Buy after price stabilization; do not chase upside: We raise our target price for Naver by 15.4% from KRW260,000 to KRW300,000, reflecting expectations of revenue growth and valuation expansion from the AI factory initiative. Our new target is based on a P/E of 24.2x applied to our 2027 EPS estimate, a 30% premium to the global platform average P/E for 2027, to reflect the AI factory's long-term growth potential. We maintain our BUY rating, as the entry into the AI factory business is expected to quickly close the valuation discount Naver has historically faced, by fulfilling market expectations for a sustainable long-term growth driver. However, key uncertainties remain: no detailed capital raising plan has been disclosed, and the status of data center capacity and customer acquisition remains unclear. Over the past 10 days, Naver's stock has surged more than 30% on speculation surrounding Jensen Huang's visit to Korea. Given this significant pre-emptive price run-up, we recommend avoiding chasing the rally and instead adopting a phased buying strategy once price volatility subsides and visibility on execution improves.

Key highlights from Naver's investor conference (Jun 8)

Background and strategic direction of the AI factory transition

Causes for historical reluctance to enter: Naver previously avoided the AI infrastructure market due to skepticism around its ability to secure global customers and manage the high capital risk, especially given that 75–80% of global AI demand was concentrated in the US.

Turning point: Strategic partnership with Nvidia has bolstered confidence in accelerating AI demand in Asia and validated Naver's operational expertise in managing large-scale data centers.

Critical success factors:

- i. GPU operational expertise – Built on Naver's internal data center management experience
- ii. Latest GPU procurement & efficiency optimization – Focused on performance-per-watt gains
- iii. Capital – Initial 200 MW requires KRW1t; full 1 GW scale estimated to cost KRW50–60t
- iv. Customer acquisition – Expected to secure 200 MW from a single client

Expansion roadmap:

- 2027: Scale from 55 MW to 100 MW (via leasing model)
- 2028–2029: Add 200–300 MW in Sejong + 300 MW greenfield capacity
- 2030: Target 1 GW total capacity (Korea + potential expansion to Middle East/Europe)

Joint R&D with Nvidia: Why Naver?

Collaboration Structure:

- Integration of Naver's physical AI systems with Nvidia's Nemo and Cosmos platforms
- Nvidia seeks real-world software feedback → Naver's scale in service operations is a key asset

Nvidia's strategic motivation:

- To strengthen its position across the AI value chain (energy → chip → infrastructure → model → application), particularly in the model and application layers
- To counter Google's integrated dominance across infrastructure, models, and applications

Naver's unique advantages:

- Largest non-US portfolio of AI-powered applications (Naver AI, webtoon, shopping, search)
- Proven ability to operate complex, high-demand services in Korea → serves as a testing ground for global scalability

Financial outlook and key risks

Revenue projections:

- Naver's revenue is projected to grow from KRW12t in 2026 to between KRW40-50t by 2031, driven by KRW20t from its core businesses and an additional KRW20t from its new AI factory initiative.

Margin trajectory:

- Initial margins for the AI factory are expected to range between 10% and 15%, with a target of reaching the late 20s% by 2029 and beyond, supported by improved operational efficiency and economies of scale from growing customer demand.

Capital strategy:

- The initial 200 MW AI infrastructure project should be funded by KRW1t from Naver, KRW1t from strategic partners, and additional capital through a special-purpose company (SPC).
- Future expansion should be supported by planned follow-on funding rounds, with active discussions currently underway with private equity companies and strategic investors.

Risks

- GPU price volatility, failure to secure long-term customer contracts, global regulatory pressures (data localization, power usage)
- Key mitigation: Short-term contracts are treated as pilot arrangements; long-term customer commitments are the definitive threshold for project scale-up.

AI factory revenue, by Nvidia GPU generation

GPU generation	Main architecture (server)	Rack power density	Estimated annual revenue per MW (ARR)	Key characteristics and revenue drivers
A100 generation (2020-2022)	DGXA100 (8-GPU)	6.5-10 kW	USD1.5m-2.0m (KRW2.0b-2.7b)	<ul style="list-style-type: none"> Traditional air-cooled AI data center Used for virtualization and early-stage deep learning model training
Hopper generation (2023-2024)	DGX H100 / H200	40-45 kW	USD4.0m-5.5m (KRW5.5b-7.5b)	<ul style="list-style-type: none"> Explosive growth in large-scale LLM training demand driven by ChatGPT Premium rental rates driven by supply shortage
Blackwell generation (2025-2026 present)	GB200 NVL72	120-132 kW	USD8.0m-10.0m (KRW11.0b-13.7b)	<ul style="list-style-type: none"> Liquid cooling becomes a standard infrastructure requirement Higher rack power density significantly enhances monetization per unit of space and power
Vera Rubin generation (2H26~)	Rubin Architecture	240 kW+	USD15m+ (KRW20b+)	<ul style="list-style-type: none"> Infrastructure optimized for next-generation AI factories Agentic AI adoption expected to drive substantial growth in token consumption and compute demand

Source: Samsung Securities

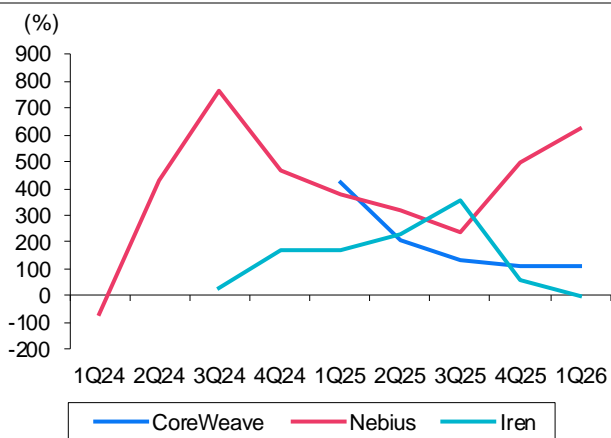
Major neocloud companies: Active capacity and annual revenue

Company	Active capacity* (MW)	Annual recurring revenue	Pipeline capacity	Key characteristics & market position
CoreWeave	1 GW+	USD8.5b-9.0b (KRW11.7t-12.4t)	3.5 GW+ (Targeting 8 GW by 2030)	<ul style="list-style-type: none"> Global market leader FY26 revenue guidance of USD12b-13b Secured backlog exceeding USD99.4b
Nebius	200 MW	USD1.6b (KRW2.2t)	3.5 GW+ (Targeting 4 GW+ by year-end)	<ul style="list-style-type: none"> One of the fastest-growing Nasdaq-listed companies Targeting FY26 annual recurring revenue of USD0.7b-0.9b Signed USD270m strategic contract with Meta
Lambda Labs	120-150 MW (estimated)	Approximately USD1b	Several hundred MW+ (Gigafactory expansion underway)	<ul style="list-style-type: none"> Strong support from engineer and developer community Recently secured USD1b credit facility Preparing for IPO in 2H26 or 2027

Note: As of 1Q26

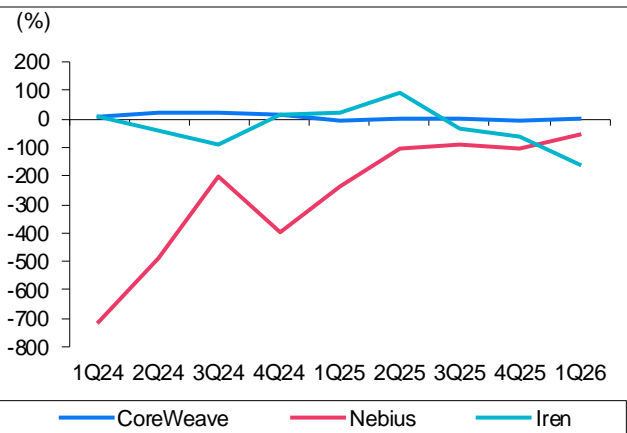
Source: Company data, Samsung securities

Major neocloud companies: Revenue growth



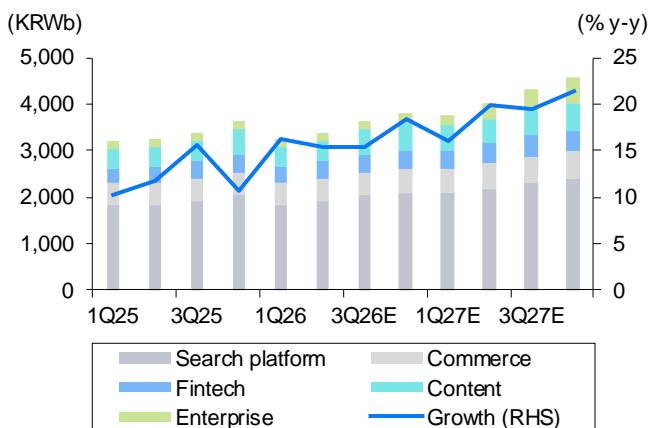
Source: Company data, Bloomberg

Major neocloud companies: Operating margin



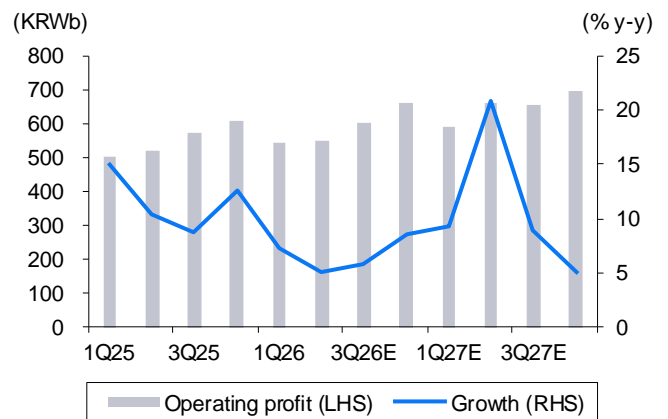
Source: Company data, Bloomberg

Naver: Quarterly sales, by division



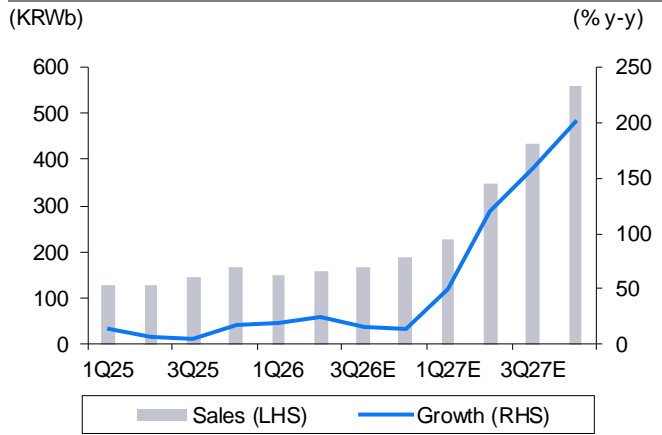
Source: Company data, Samsung Securities

Naver: Quarterly operating profit



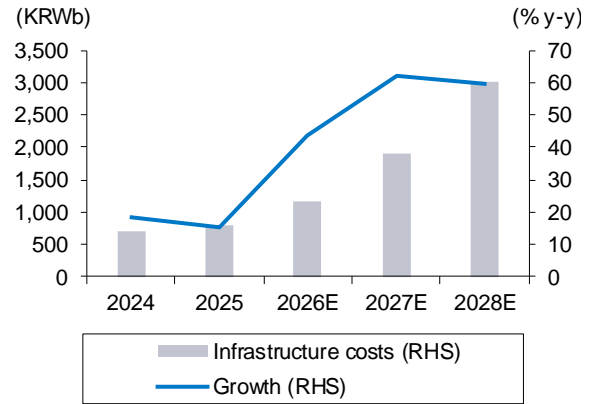
Source: Company data, Samsung Securities

Naver: Enterprise sales



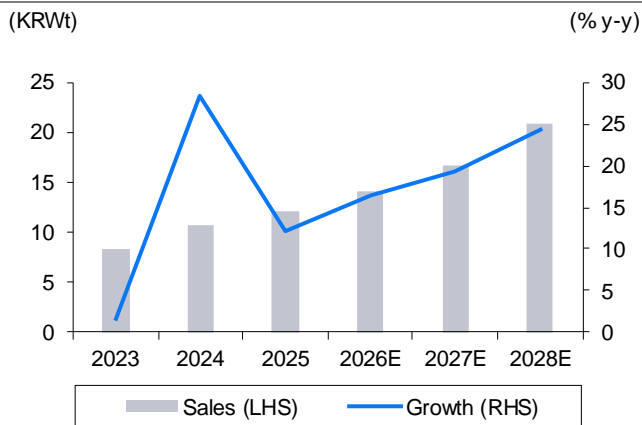
Source: Company data, Samsung Securities

Naver: Infrastructure costs



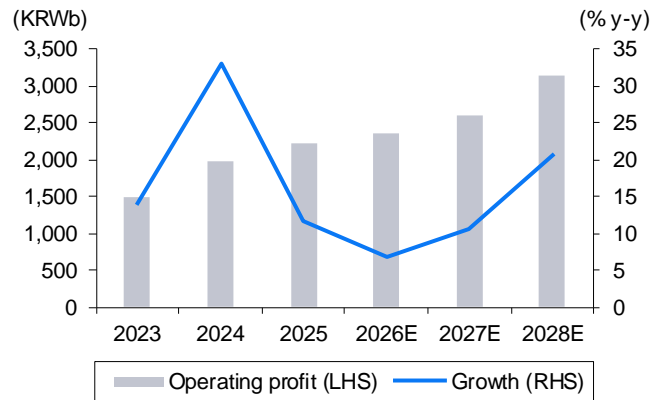
Source: Company data, Samsung Securities

Naver: Annual sales



Source: Company data, Samsung Securities

Naver: Annual operating profit



Source: Company data, Samsung Securities

Naver: Valuation

(KRW)	
2027E EPS	12,539
Target P/E* (x)	24.2
Fair value per share	303,817
Target price	300,000
Current price	279,000
Upside (%)	7.5%

Note: *30% premium to the peer group's average 2027 P/E;
Based on Jun 8 closing price

Source: Bloomberg, Samsung Securities

Global peers: P/E and P/S valuations

(x)	P/E		P/S	
	2026E	2027E	2026E	2027E
Alphabet	25.8	24.3	10.7	8.8
Meta Platforms	16.8	15.4	5.9	5.0
Baidu	15.7	13.7	2.1	2.0
Amazon	23.9	21.2	3.2	2.8
Average	20.5	18.6	5.5	4.7

Note: Based on Jun 8 closing prices

Source: Bloomberg

Quarterly results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Sales	2,787	2,915	3,138	3,195	3,241	3,361	3,622	3,785	3,763	4,027	4,323	4,590
Naver platform	1,605	1,693	1,817	1,850	1,840	1,909	2,043	2,109	2,080	2,174	2,322	2,398
Financial platform	387	406	427	449	460	473	491	510	504	538	560	575
C2C commerce	223	228	251	286	351	373	379	381	408	433	437	434
Content	446	462	498	445	440	447	542	598	544	533	569	622
Enterprise	127	127	145	166	150	158	167	187	226	348	434	561
Operating expenses	2,281	2,394	2,567	2,584	2,699	2,813	3,018	3,122	3,171	3,364	3,667	3,893
Development & operations	671	683	733	744	749	762	810	821	837	854	909	921
Partner	991	1,030	1,114	1,130	1,188	1,220	1,303	1,332	1,336	1,443	1,526	1,618
Infrastructure	189	198	219	205	251	276	308	333	376	403	519	597
Marketing	430	482	502	506	512	555	598	636	621	664	713	757
Operating profit	505	522	571	611	542	548	604	663	592	663	657	697
Pre-tax profit	580	684	857	300	393	670	734	762	699	770	773	814
Net profit	424	497	735	163	291	496	543	564	517	570	572	602
Net profit (controlling)	425	489	726	313	285	491	538	558	512	564	566	596
Adjusted EPS (KRW)	2,586	3,334	4,842	4,289	2,163	2,782	3,033	2,834	2,979	3,310	3,271	2,980
Margins (%)												
Operating profit	18.1	17.9	18.2	19.1	16.7	16.3	16.7	17.5	15.7	16.5	15.2	15.2
Pre-tax profit	20.8	23.5	27.3	9.4	12.1	19.9	20.3	20.1	18.6	19.1	17.9	17.7
Net profit	15.2	17.1	23.4	5.1	9.0	14.7	15.0	14.9	13.7	14.2	13.2	13.1
Net profit (controlling)	15.2	16.8	23.1	9.8	8.8	14.6	14.9	14.7	13.6	14.0	13.1	13.0

Source: Company data, Samsung Securities

Revisions to full-year forecasts

(KRWb)	2026E			2027E			2028E		
	Old	New	Diff (%)	Old	New	Diff (%)	Old	New	Diff (%)
Sales	14,008	14,008	0.0	15,908	16,703	5.0	17,865	20,762	16.2
Naver platform	7,900	7,900	0.0	8,975	8,975	0.0	10,197	10,197	0.0
Financial platform	1,934	1,934	0.0	2,178	2,178	0.0	2,460	2,460	0.0
C2C commerce	1,484	1,484	0.0	1,712	1,712	0.0	1,955	1,955	0.0
Content	2,027	2,027	0.0	2,268	2,268	0.0	2,360	2,360	0.0
Enterprise	663	663	0.0	776	1,570	102.4	894	3,791	324.2
Operating expenses	11,652	11,652	0.0	13,349	14,094	5.6	15,120	17,618	16.5
Development & operations	3,142	3,142	0.0	3,521	3,521	0.0	3,948	3,948	0.0
Partner	5,043	5,043	0.0	5,714	5,923	3.7	6,436	7,253	12.7
Infrastructure	1,167	1,167	0.0	1,490	1,894	27.2	1,820	3,030	66.5
Marketing	2,300	2,300	0.0	2,625	2,756	5.0	2,916	3,388	16.2
Operating profit	2,357	2,357	0.0	2,559	2,609	1.9	2,745	3,144	14.5
Pre-tax profit	2,585	2,559	(1.0)	3,123	3,056	(2.2)	3,502	3,667	4.7
Net profit	1,913	1,894	(1.0)	2,311	2,261	(2.2)	2,591	2,714	4.7
Net profit (controlling)	1,891	1,872	(1.0)	2,288	2,238	(2.2)	2,566	2,686	4.7
Adjusted EPS (KRW)	10,932	10,812	(1.1)	12,854	12,539	(2.4)	14,145	14,916	5.4
Margins (%)									
Operating profit	16.8	16.8		16.1	15.6		15.4	15.1	
Pre-tax profit	18.5	18.3		19.6	18.3		19.6	17.7	
Net profit	13.7	13.5		14.5	13.5		14.5	13.1	
Net profit (controlling)	13.5	13.4		14.4	13.4		14.4	12.9	

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	10,738	12,035	14,008	16,703	20,762
Cost of goods sold	0	0	0	0	0
Gross profit	10,738	12,035	14,008	16,703	20,762
Gross margin (%)	100.0	100.0	100.0	100.0	100.0
SG&A expenses	8,758	9,827	11,652	14,094	17,618
Operating profit	1,979	2,208	2,357	2,609	3,144
Operating margin (%)	18.4	18.3	16.8	15.6	15.1
Non-operating gains (losses)	343	212	203	447	523
Financial profit	633	807	1,011	1,070	1,141
Financial costs	579	562	440	501	506
Equity-method gains (losses)	145	495	-161	-37	-34
Other	144	-528	-207	-85	-78
Pre-tax profit	2,322	2,420	2,559	3,056	3,667
Taxes	390	601	666	794	953
Effective tax rate (%)	16.8	24.8	26.0	26.0	26.0
Profit from continuing operations	1,932	1,819	1,894	2,261	2,714
Profit from discontinued operations	0	0	0	0	0
Net profit	1,932	1,819	1,894	2,261	2,714
Net margin (%)	18.0	15.1	13.5	13.5	13.1
Net profit (controlling interests)	1,923	1,953	1,872	2,238	2,686
Net profit (non-controlling interests)	9	-134	22	23	27
EBITDA	2,653	2,953	2,357	2,609	3,144
EBITDA margin (%)	24.7	24.5	16.8	15.6	15.1
EPS (parent-based) (KRW)	11,913	12,376	11,934	14,269	17,125
EPS (consolidated) (KRW)	11,967	11,524	12,073	14,414	17,298
Adjusted EPS (KRW)*	11,265	14,071	10,812	12,539	14,916

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	2,590	3,096	3,305	4,226	5,395
Net profit	1,932	1,819	1,894	2,261	2,714
Non-cash profit and expenses	1,003	1,362	1,028	1,008	1,204
Depreciation	609	680	0	0	0
Amortization	65	65	0	0	0
Other	329	617	1,028	1,008	1,204
Changes in A/L from operating activities	152	462	793	1,539	2,249
Cash flow from investments	-1,340	-744	-1,077	-502	-744
Change in tangible assets	-522	-1,220	-403	0	0
Change in financial assets	-2,225	449	144	-531	-776
Other	1,407	28	-817	29	32
Cash flow from financing	-770	-524	64	-484	-456
Change in debt	-377	372	746	65	95
Change in equity	180	164	18	0	0
Dividends	-119	-168	-394	-420	-420
Other	-454	-891	-306	-129	-132
Change in cash	619	1,788	-408	-1,355	-2,377
Cash at beginning of year	3,576	4,196	5,984	5,576	4,221
Cash at end of year	4,196	5,984	5,576	4,221	1,844
Gross cash flow	2,935	3,181	2,922	3,269	3,917
Free cash flow	2,036	1,861	2,888	4,226	5,395

Note: *Excluding one-off items;

**Fully diluted, excluding one-off items;

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	9,375	10,928	11,455	11,222	10,484
Cash & equivalents	4,196	5,984	5,576	4,221	1,844
Accounts receivable	478	492	287	348	437
Inventories	22	20	38	46	58
Other current assets	4,680	4,433	5,554	6,607	8,145
Fixed assets	28,793	30,156	36,560	40,855	47,131
Investment assets	20,910	21,394	26,265	30,560	36,836
Tangible assets	2,910	3,608	3,837	3,837	3,837
Intangible assets	3,657	3,421	4,556	4,556	4,556
Other long-term assets	1,316	1,733	1,902	1,902	1,902
Total assets	38,168	41,084	48,015	52,077	57,615
Current liabilities	6,092	8,019	10,443	12,041	14,377
Accounts payable	0	0	0	0	0
Short-term debt	135	132	2,326	2,326	2,326
Other current liabilities	5,957	7,887	8,117	9,715	12,051
Long-term liabilities	5,075	4,113	5,039	5,661	6,571
Bonds & long-term debt	2,870	1,256	1,120	1,120	1,120
Other long-term liabilities	2,204	2,856	3,919	4,541	5,451
Total liabilities	11,167	12,131	15,482	17,703	20,948
Owners of parent equity	25,460	27,582	31,052	32,870	35,137
Capital stock	16	16	16	16	16
Capital surplus	1,423	1,586	1,604	1,604	1,604
Retained earnings	25,965	27,626	29,104	30,923	33,189
Other	-1,944	-1,647	327	327	327
Non-controlling interests' equity	1,541	1,371	1,481	1,504	1,531
Total equity	27,001	28,953	32,533	34,374	36,668
Net debt	-3,321	-4,221	-3,033	-2,119	-385

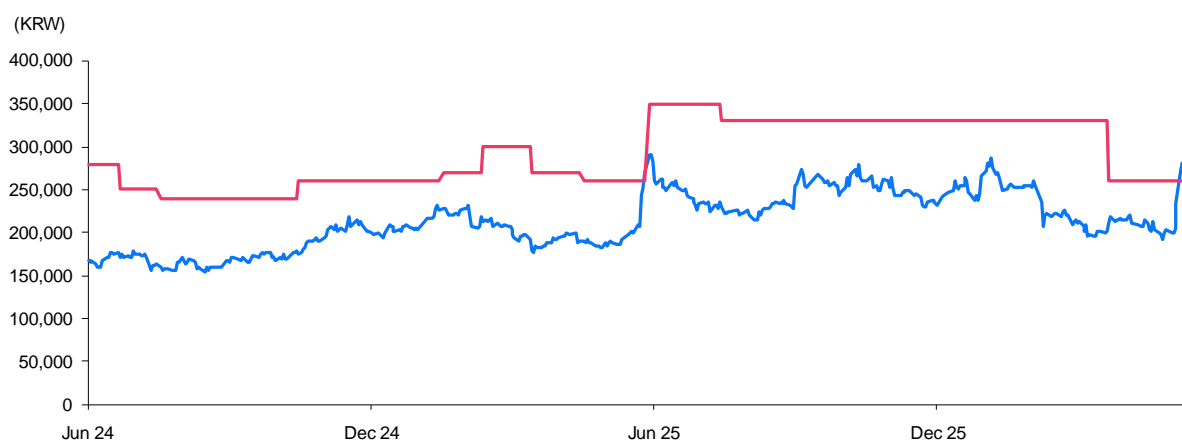
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	11.0	12.1	16.4	19.2	24.3
Operating profit	32.9	11.6	6.7	10.7	20.5
Net profit	96.1	-5.9	4.1	19.4	20.0
Adjusted EPS**	60.5	24.9	-23.2	16.0	19.0
Per-share data (KRW)					
EPS (parent-based)	11,913	12,376	11,934	14,269	17,125
EPS (consolidated)	11,967	11,524	12,073	14,414	17,298
Adjusted EPS**	11,265	14,071	10,812	12,539	14,916
BVPS	170,953	184,396	207,564	219,720	234,871
DPS (common)	1,130	2,630	2,807	2,807	2,807
Valuations (x)					
P/E***	17.7	17.2	23.8	20.5	17.2
P/B***	1.2	1.3	1.2	1.2	1.1
EV/EBITDA	11.2	11.9	16.4	15.2	13.2
Ratios (%)					
ROE	7.9	7.4	6.4	7.0	7.9
ROA	5.2	4.6	4.3	4.5	4.9
ROIC	39.7	37.7	34.1	37.6	58.0
Payout ratio	8.8	20.2	22.4	18.8	15.6
Dividend yield (common)	0.6	1.1	1.1	1.1	1.1
Net debt to equity	-12.3	-14.6	-9.3	-6.2	-1.1
Interest coverage (x)	18.9	20.3	18.4	20.2	23.9

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/5/7	7/16	8/12	11/8	2025/2/10	3/7	4/8	5/12	6/23	8/8	2026/4/15	6/9
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	280000	250000	240000	260000	270000	300000	270000	260000	350000	330000	260000	300000
Gap* (average)	-37.88	-31.99	-30.43	-21.66	-18.21	-31.85	-29.75	-23.69	-29.48	-26.96	-15.95	
(max or min)**	-31.82	-28.80	-25.13	-10.77	-14.26	-28.00	-25.74	3.65	-17.00	-13.03	7.88	

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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- 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 2026.03.31

BUY(85.2%)-HOLD(14.8%)-SELL(0%)

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