

SECTOR UPDATE

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▶ AT A GLANCE

Hyundai E&C (000720 KS, 114,200)
Target price KRW165,000 44.5%
HOLD
GS E&C (006360 KS, 25,100)
Target price KRW45,000 79.3%
BUY
DL E&C (375500 KS, 64,100)
Target price KRW115,000 79.4%
BUY
GnCenergy (119850 KQ, 22,700)
Target price n/a
Not Rated



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Real Estate/Construction

Construction cycle to be driven by KRW550t investment in data centers

- Under the three mega projects announced yesterday, AI data centers are expected to attract KRW550t in investment.
- When including the mega-project commitments, Korea's private data center capacity should grow to roughly 10x its current scale by 2029.
- Major construction firms with proven track records in data center delivery are well poised to benefit from this new wave of AI data center-driven construction cycle.

WHAT'S THE STORY?

Mega projects in Korea—AI data centers: Jun 30, Korea unveiled its three mega projects, with AI data centers—planned with an investment of KRW550t—being the segment most closely tied to the real estate and construction sectors. This figure (KRW550t) encompasses land development, facility construction, and hardware—including GPUs. SK Group, GS Group, and Naver plan to build 8.4 GW of AI data center capacity by 2029 and 18.4 GW by 2035 across regional hubs such as Ulsan, Donghae, and Sejong. For instance, GS Group has committed KRW120t to develop a 2.4 GW facility, which would be Asia's largest. Assuming construction costs of KRW16–20b per MW (excluding GPUs), the total development cost for the 2029 target is estimated at KRW134–168t. The government is expected to facilitate the expansion by providing support on power supply, water access, and permitting. The "Special Act on the Promotion of AI Data Centers," passed in Jun 2026, should lend support to the development.

The rise of Korea's AI factory: In the age of the AI factory, data centers are required to support all types of operations—from training to inference. Korea's AI ecosystem is expected to focus less on training foundational models domestically and more on receiving US-developed foundation models, fine-tuning them for local enterprise needs, and delivering inference services. The mega projects should enable the creation of large-scale AI clusters in regional hubs dedicated to training and fine-tuning, forming the backbone of Korea's enterprise AI market.

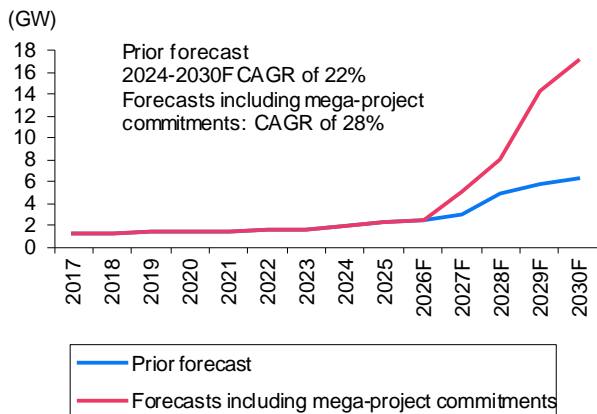
Data centers in Seoul Metropolitan Area-- Inference-driven, land-value focused: In Local AI data center clusters require more than just land and buildings—they must be integrated with large-scale power infrastructure.

(Continued on the next page)

Given that end users are primarily large enterprises, and the model resembles a build-to-suit (BTS) structure, these assets should be viewed less as real estate and more as infrastructure-driven investments. In contrast, data centers in the Seoul Metropolitan Area should be viewed primarily as real estate assets where land value is critical, as they need to be close to end users to support inference-focused AI and since the implementation of the Power System Impact Assessment in 2024, permitting has become increasingly difficult.

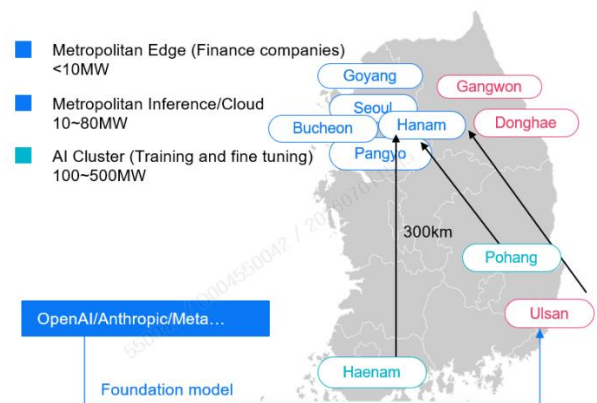
AI data center market projected to grow about 10x by 2030: Prior estimates projected Korea’s private data center capacity to grow from 1.9 GW in 2025 to 6.3 GW by 2030. With the new mega-project commitments, capacity could reach approximately 15 GW by 2029—roughly tenfold growth from current levels. This should trigger a multi-year construction and equipment investment cycle. Construction firms with proven experience in hyperscale data centers are best positioned to benefit. Key players include Hyundai E&C (with 10 completed or contracted hyperscale projects), GS E&C, DL E&C, and GnCenergy (the domestic leader in backup power systems for data centers).

Korea private data center capacity forecasts



Source: Mordor Intelligence, Samsung Securities

Expected roles of data centers, by location



Source: Samsung Securities

Data center pipeline of major construction companies

Completion year	Project	Developer	Grid connection MW (IT load)	Construction company
2023	Hanam Data Center	IGIS Asset Management	40	Samsung C&T
2024	Epoch Anyang	Actis	40 (26)	GS E&C
2025	Pacific Sunny Jukjeon	Pacific Asset Management	64 (32)	Hyundai E&C
2024	Actis Yang Pyeong	Actis	26 (13)	Hyundai E&C
2025	K Square Gasan	Koramco Asset Management	40 (26)	Hyundai E&C
2025	Gasan Iwill	Pacific Asset Management	40 (26)	DLE&C
2026	Peach Data Center	Pacific Asset Management	(48)	DL Construction
2026	AWS Incheon Gajwa	AWS	(96)	Hyundai E&C
2027	Kaam Square	Korea Alternative Asset Management	80 (52.2)	Hyundai E&C
2027	Koramco Environment Enhancement Fund	Koramco Asset Management	40 (26)	Hyundai E&C
2029	Guro Hangdong Data Center	Pacific Asset Management	(52)	Hyundai E&C
2029	Bupyeong Data Center	ESR/Wide Creek Asset Management	65 (48)	DLE&C
2030	Ansan Actis (Timbuktu)	LB Asset Management	100 (65)	Hyundai E&C
2030	DCI Sel 02	DCI	40 (27)	Hyundai E&C
2030~	Busan Jangrim	Koramco Asset Management	40 (25.2)	GS E&C
2030~	Smile Gate	Smile Gate	50	GS E&C
2030~	Ilsan Data Center	Magna PFV	60 (36)	GS E&C

Source: Samsung Securities

Mega Project – AI Data Center

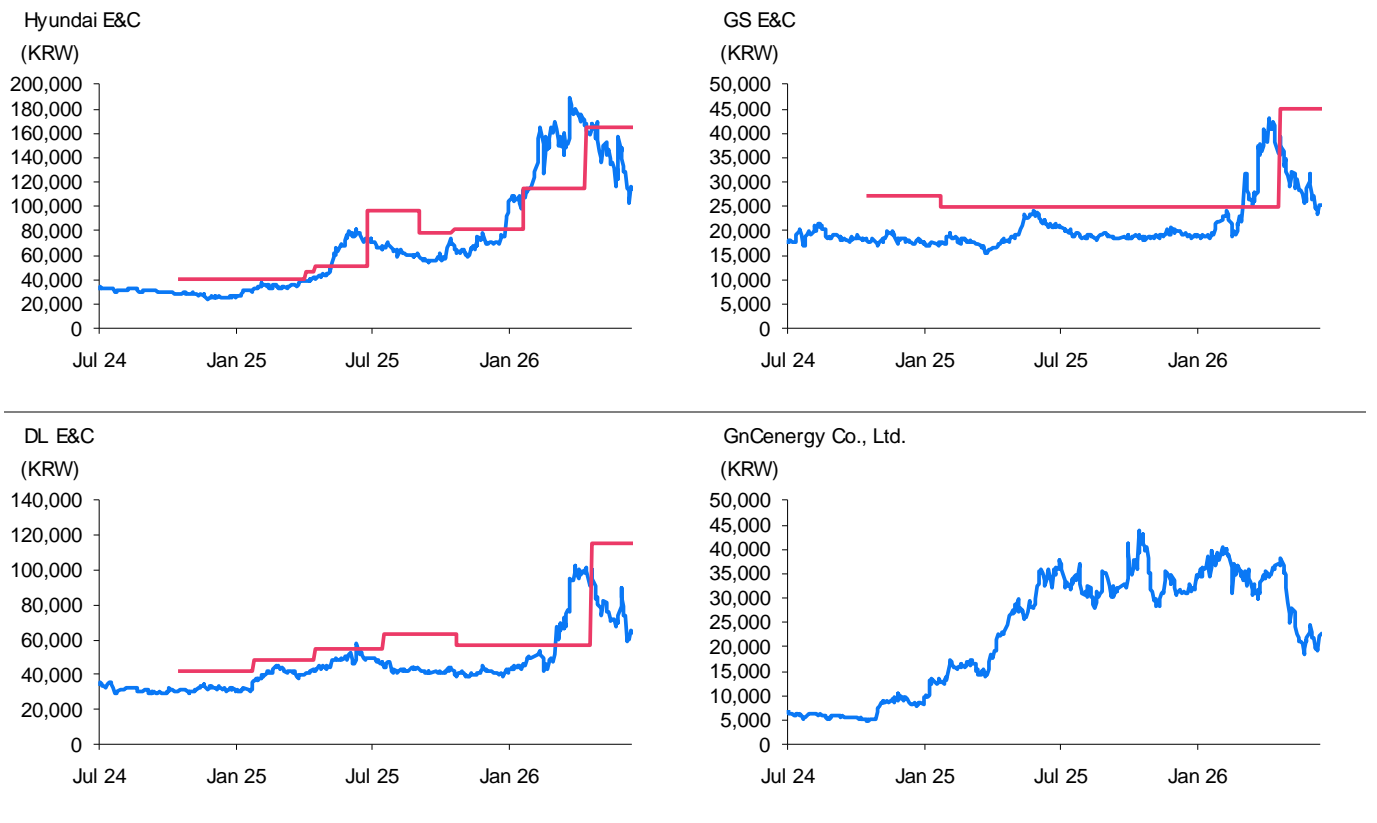
Project	Note
Construction of 18.4 GW of AI data center capacity	<ul style="list-style-type: none"> 1st phase: Government + SK Group + GS Group + Naver → 8.4 GW (total investment by 3 companies: KRW550t) Ulsan (SK): 5 GW, Donghae (GS): 2.4 GW, Sejong+α (Naver): 1 GW SK Group is reviewing additional sites across multiple regions including Central, Daegu-Gyeongbuk, Honam, Gangwon 2nd phase: Government +SK Group → Extend 5 GW (1st phase) capacity to 15 GW by 2035
Fostering a domestic AI data center solutions ecosystem	Develop AI data-center clusters and establish alliances with demand-side enterprises to promote joint pilot projects and overseas expansion
Strengthen core technological competitiveness to industrialize exports	Actively support the advancement of cloud technologies while fostering a domestic technology-focused NPU ecosystem

Source: Ministry of Trade, Industry and Energy, Samsung Securities

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Hyundai E&C									
Date	2024/1/23	11/1	2025/4/18	4/30	7/11	9/18	11/3	2026/2/5	4/29
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	HOLD	HOLD
Target price (KRW)	42000	40000	47000	51000	97000	79000	81000	115000	165000
Gap* (average)	-20.44	-23.12	-15.68	25.83	-33.67	-24.26	-3.57	34.01	
(max or min)**	-15.00	-1.25	-12.45	59.02	-24.12	-6.96	39.51	64.09	
GS E&C									
Date	2023/10/30	2024/10/30	2024/11/1	2025/2/6	2026/2/6	2026/5/6			
Recommendation	HOLD	HOLD	BUY	BUY	BUY	BUY			
Target price (KRW)	15000	15000	27000	25000	25000	45000			
Gap* (average)	2.66	18.47	-33.15	-23.54	15.55				
(max or min)**	32.33	18.47	-25.74	-3.40	72.40				
DL E&C									
Date	2024/11/1	2025/2/7	4/30	8/1	11/7	2026/5/6			
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY			
Target price (KRW)	42000	48000	55000	63000	57000	115000			
Gap* (average)	-24.24	-14.33	-11.77	-32.37	-3.68				
(max or min)**	-16.31	-5.42	5.82	-23.97	79.82				
GnCenergy Co., Ltd.									
Date	2026/7/1								
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
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 2026.06.30

BUY(85.5%)-HOLD(14.5%)-SELL(0%)

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