COMPANY UPDATE

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Alternative Investment Team

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Xi S&D (317400)

Data center value chain series 2: Momentum

- Xi S&D is an integrated real estate service company recently emerging as a key beneficiary of GS Group's Donghae data center investments.
- The company possesses a proven track record in high-quality data center construction. Future data center project wins are possible.
- Beyond data centers, the company is poised for earnings recovery in its housing business, which likely hit a low point last year, and has a sound financial structure.

AT A GLANCE

Not Rated

Target price	n/a
Current price	**KRW8,750**
Market Cap	KRW339.35b/USD239.25m
Shares (float)	38,782,520 (44.2%)
52-week high/low	KRW8,750/KRW3,070
Avg daily trading value (60-day)	KRW4.7b/ USD3.3m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Xi S&D (%)	74.7	87.8	140.7
Vs Kospi (%pts)	107.3	58.0	22.7

SAMSUNG vs THE STREET

No of estimates	1
Target price	10,000
Recommendation	4.0

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

WHAT'S THE STORY?

Undervalued integrated real estate service provider: Xi S&D is a subsidiary of GS E&C (39.4% stake), providing integrated real estate services spanning construction, development, and operation of data centers, housings, and plants. It has recently emerged as a key beneficiary of GS Group's Donghae data center investments. As of the Aug 7 closing price, its market capitalization was KRW320b, suggesting relative undervaluation given its earnings scale.

- **Xi C&A as core asset:** The company holds a 60% stake in Xi C&A, a construction firm specializing in industrial facilities such as data centers, plants, and clean rooms. The company operates in three businesses—construction (Xi C&A), housing, and home solution (HS)—contributing 67.3%, 9.5%, and 23.2% of total sales, respectively, as of 2025.

- **1H profit exceeds full-year 2025 level:** In 1H26, the company recorded sales of KRW573.6b and an operating profit of KRW20.4b—the latter surpassing the full-year operating profit of KRW12.5b achieved in 2025.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2022	2023	2024	2025
Revenue (KRWb)	2,479	2,375	1,578	1,388
Operating profit (KRWb)	199	127	2	13
Net Profit (KRWb)	152	95	7	37
EPS (adj) (KRW)	48,087	20,343	826	17,821
EPS (adj) growth (%)	163.2	(57.7)	(95.9)	2,058.2
EBITDA margin (%)	9.7	6.0	1.2	1.8
ROE (%)	24.1	8.0	0.3	6.4
P/E (adj) (x)	3.0	6.1	95.2	6.1
P/B (x)	0.6	0.5	0.3	0.4
EV/EBITDA (x)	1.1	(0.2)	2.4	(4.4)
Dividend yield (%)	5.0	3.0	4.7	3.4

Source: Company data, Samsung Securities estimates

Data center momentum warrants attention: Subsidiary Xi C&A already possesses extensive experience constructing data centers larger than 20 MW (see Table 1). Notably, it is currently involved in the construction of LG Uplus and Naver data centers, and may also collaborate with GS E&C on the upcoming GS Group Donghae data center construction. The GS Donghae project is planned to be completed in two phases: 1.2 GW by 2028 and an additional 1.2 GW by 2029. With total construction costs estimated at over KRW15t, attention is warranted for momentum in 2H26.

Housing business is good and so is financial structure: The housing business is likely to achieve earnings recovery following a trough in 2025, supported by rising construction starts (see Table 2). The home solution (HS) segment, acting as a cash cow, is also projected to deliver stable results. As of end-1H26, the company holds KRW394.2b in cash and cash equivalents against KRW94.2b in total borrowings, resulting in a net cash position of KRW300b. Debt-to-equity ratio is also healthy at 80%.

Key Q&A

Data center (DC)

- **Division of roles between GS E&C and Xi C&A:** The two companies have no formally defined role divisions by trade or clear distinctions in their responsibilities, and their technical capabilities in DC construction are broadly comparable. In the past, they have jointly participated as co-prime contractors in consortium arrangements. However, regarding the GS Donghae DC project, many details remain undecided, making it difficult to provide specific commentary. For reference, the major DC projects listed in Table 1 were exclusively constructed by Xi C&A.
- **Recent DC order trends:** Mega project-related DC tenders will proceed sequentially. Xi C&A is bidding while evaluating potential equity investment. Both firms plan to deploy full resources upon finalization of the Donghae DC, but will selectively participate in other ongoing DC opportunities based on financing feasibility and profitability. As long as colocation space and power capacity remain available, additional DC volumes are likely to continue emerging.
- **Data center construction costs:** Due to varying technical complexities among server rooms, cloud DCs, and AI DCs, it is difficult to establish a uniform construction cost per MW. However, based on the MEP construction standards for Naver's Gak Sejong Phase 2 and 3 AI DCs, the MEP-only cost is estimated at approximately KRW6-7b per MW, with total construction costs likely exceeding KRW10b per MW.
- **Entry barriers and key capabilities in DC construction:** The most critical factor is whether the contractor possesses full engineering, procurement, and construction (EPC) capability. It is extremely difficult for companies without prior experience in server room projects to suddenly undertake such work. Moreover, while constructing a DC is vital, its ongoing operations are equally critical. In particular, prolonged system errors in distribution companies' delivery platforms can lead to astronomical financial losses—and even threaten a company's survival. Therefore, beyond proven track records, operational expertise must be rigorously evaluated.

Core business outside DC

- **Is 2026 order guidance achievable?:** It targets 2026 orders of KRW3.2t (KRW1.3t in construction, KRW1.6t in housing, and KRW0.3t in HS). Given the pipeline planned for 2H, meeting this target appears well within reach.

Table 1. Xi S&D C&A data center key performance metrics

Project	Client	Capacity (MW)	Completion	Region	Remarks
LGCNS Data Center (Expansion)	LG CNS	20	Oct -10	Mapo-gu	
LG Gasan Data Center (Expansion) Co., Ltd.	LG	40	Jun-12	Geumcheon-gu	
LGCNS Busan Global Center	LG CNS	40	Jan-13	Busan	
LGU+ Sangam Data Center (Expansion)	LG U+	20	Mar-13	Mapo-gu	
LGU+ Pyeongchon Mega Center Phase 1	LG U+	80	Sep-15	Anyang-si	
LGU+ Pyeongchon Mega Center Phase 2	LG U+	85	Nov-19	Anyang-si	
LGU+ Pyeongchon 2 Center	LG U+	90	Oct-23	Anyang-si	
LGU+ Paju 1239 Data Center Building 1	LG U+	51	Under construction ('27.6)	Paju-si	200 MW expansion planned
Naver DC Gak Sejong 2nd-3rd Phase (Expansion)	Naver	88	Under construction ('29.2)	Sejong City	Phase 6 expansion planned

Source: Xi S&D

Table 2. Xi S&D 2026 housing construction plan

(Unit: KRW 100 million)	Type	Project Name	Generations	Location	Start Date (Scheduled)	Completion (Expected)	Contract amount	Sales	Carried-over balance
In progress	Outsourced	Gwacheon Xi La Edition	98	Gyeonggi	2023.07.03	2025.12.31	438	409	29
	Outsourced	Beomeo Zyrne	173	Daegu	2024.12.23	2028.09.22	776	101	675
	Outsourced	Gangneung Xi Raine Deosion	228	Gangneung	2024.01.04	2026.11.30	768	390	378
	redevelopment	Euljiro 3-9	-	Seoul	2025.04.15	2028.08.14	651	57	594
	redevelopment	Euljiro 3-1,2	-	Seoul	2025.08.22	2029.01.21	1,844	44	1,800
Planned	Renovation	Gongdeok Station Residential-Commercial Complex	178	Seoul	2026.02	2028.12	734	-	734
	Outsourced	Sangju Zyrne	773	Gyeongbuk	2026.03	2029.03	2,398	-	2,398
	redevelopment	Chungjeongno Station Mixed-Use Complex	299	Seoul	2026.03	2030.04	2,308	-	2,308
	Outsourced	Geomam Station Area	601	Incheon	2026.05	2028.12	1,578	-	1,578
	In-house	Busan Beomcheon-dong in-house project	518	Busan	(2026.11)	(2030.02)	3,314	-	3,314
	redevelopment	Gyeonggi Yongin, Goryang-dong	277	Gyeonggi	(2026.10)	(2030.04)	1,040	-	1,040
	redevelopment	Mangwondong A-6	262	Seoul	(2026.12)	(2030.05)	1,055	-	1,055
	redevelopment	Mangwondong A-7	102	Seoul	(2026.12)	(2030.05)	467	-	467
	Outsourced	Daegu Gamsam-dong Apartment Complex	694	Daegu	(2026.12)	(2030.03)	2,080	-	2,080
	outsourcing	00 Office	-	Seoul	-	-	-	-	-
	Outsourced	00 Apartment Complex	-	Seoul	-	-	-	-	-
Total							19,451	1,001	18,450

Source: Xi S&D

Xi S&D: Results

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	2023	2024	2025
Sales	**312.7**	**337.0**	**403.0**	**335.0**	**270.3**	**303.3**	**2,374.6**	**1,578.2**	**1,387.6**
Growth (% y-y)	-21.9	-21.2	7.2	-10.6	-13.6	-10.0	-4.2	-33.5	-12.1
Construction	**192.9**	**216.8**	**288.3**	**235.6**	**169.5**	**196.9**	**1,819.5**	**1,047.6**	**933.7**
Growth (% y-y)	-26.0	-23.3	19.7	-10.5	-12.2	-9.2	-3.7	-42.4	-10.9
Housing	**35.4**	**33.4**	**30.1**	**32.7**	**31.0**	**34.8**	**250.4**	**247.3**	**131.5**
Growth (% y-y)	-51.8	-56.8	-45.3	-21.6	-12.4	4.3	-25.8	-1.2	-46.8
Home Solution	**84.4**	**86.8**	**84.6**	**66.7**	**69.8**	**71.6**	**304.7**	**283.3**	**322.4**
Growth (% y-y)	27.2	28.5	5.8	-4.0	-17.3	-17.5	20.7	-7.0	13.8
Gross profit	**14.5**	**19.0**	**52.8**	**46.6**	**34.5**	**32.9**	**207.9**	**87.1**	**133.0**
Growth (% y-y)	-32.5	-10.5	116.3	134.4	137.3	72.9	-30.1	-58.1	52.7
Operating profit	**-10.6**	**-2.7**	**28.4**	**-2.5**	**11.3**	**9.1**	**126.6**	**2.4**	**12.5**
Growth (% y-y)	nm	nm	1,039.4	nm	nm	nm	-36.4	-98.1	426.3
Operating margin (%)	-3.4	-0.8	7.0	-0.8	4.2	3.0	5.3	0.2	0.9
Construction	**-18.4**	**-9.4**	**20.7**	**12.4**	**6.5**	**0.1**	**109.2**	**15.1**	**5.3**
Growth (% y-y)	nm	nm	483.2	273.2	nm	nm	-19.2	-86.2	-64.9
Operating margin (%)	-9.6	-4.3	7.2	5.3	3.8	0.0	6.0	1.4	0.6
Housing	**-2.3**	**-2.7**	**-2.1**	**-22.4**	**-2.4**	**-1.2**	**-12.7**	**-40.8**	**-29.6**
Growth (% y-y)	nm	nm	nm	nm	nm	nm	nm	nm	nm
Operating margin (%)	-6.5	-8.1	-7.0	-68.7	-7.7	-3.5	-5.1	-16.5	-22.5
Home Solution	**10.2**	**9.4**	**9.7**	**7.5**	**7.2**	**10.0**	**30.7**	**28.2**	**36.8**
Growth (% y-y)	129.1	40.8	-10.1	20.8	-28.7	6.9	32.3	-8.4	30.7
Operating margin (%)	12.0	10.8	11.5	11.3	10.4	14.0	10.1	9.9	11.4
Net profit	**-8.1**	**4.3**	**37.4**	**3.4**	**8.5**	**9.9**	**95.0**	**6.6**	**37.1**
Growth (% y-y)	nm	153.2	913.7	361.2	nm	128.7	-37.5	-93.0	458.7
Net margin (%)	-2.6	1.3	9.3	1.0	3.1	3.3	4.0	0.4	2.7

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Sales	**436**	**2,479**	**2,375**	**1,578**	**1,388**
Cost of goods sold	371	2,182	2,167	1,491	1,255
Gross profit	**64**	**297**	**208**	**87**	**133**
Gross margin (%)	14.8	12.0	8.8	5.5	9.6
SG&A expenses	14	98	81	85	120
Operating profit	**51**	**199**	**127**	**2**	**13**
Operating margin (%)	11.7	8.0	5.3	0.2	0.9
Non-operating gains (losses)	**(2)**	**(4)**	**(1)**	**5**	**38**
Financial profit	3	8	16	13	29
Financial costs	5	13	17	11	10
Equity-method gains (losses)	0	0	0	0	0
Other	(0)	1	(0)	3	20
Pre-tax profit	**49**	**195**	**125**	**8**	**51**
Taxes	12	43	30	1	14
Effective tax rate (%)	24.8	22.1	24.2	15.6	27.1
Profit from continuing operations	37	152	95	7	37
Profit from discontinued operations	0	0	0	0	0
Net profit	**37**	**152**	**95**	**7**	**37**
Net margin (%)	8.4	6.1	4.0	0.4	2.7
Net profit (controlling interests)	37	96	41	2	36
Net profit (non-controlling interests)	(0)	56	54	5	1
EBITDA	58	240	143	19	25
EBITDA margin (%)	13.4	9.7	6.0	1.2	1.8
EPS (parent-based) (KRW)	18,269	48,087	20,343	826	17,821
EPS (consolidated) (KRW)	18,269	75,949	47,499	3,322	18,560
Adjusted EPS (KRW)*	18,269	48,087	20,343	826	17,821

Balance sheet

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Current assets	**322**	**1,512**	**1,129**	**870**	**833**
Cash & equivalents	100	247	323	224	274
Accounts receivable	26	886	443	431	328
Inventories	29	34	19	58	58
Other current assets	167	345	344	158	174
Fixed assets	**222**	**440**	**440**	**435**	**357**
Investment assets	13	26	26	33	37
Tangible assets	4	4	4	4	3
Intangible assets	4	200	197	196	191
Other long-term assets	201	210	214	202	126
Total assets	**544**	**1,953**	**1,569**	**1,305**	**1,190**
Current liabilities	**121**	**1,017**	**552**	**437**	**343**
Accounts payable	25	492	293	192	146
Short-term debt	0	123	40	43	4
Other current liabilities	95	401	219	202	192
Long-term liabilities	**115**	**214**	**224**	**202**	**151**
Bonds & long-term debt	0	90	90	90	90
Other long-term liabilities	115	124	133	112	61
Total liabilities	**236**	**1,231**	**776**	**639**	**494**
Owners of parent equity	**304**	**494**	**517**	**540**	**571**
Capital stock	39	49	49	49	49
Capital surplus	178	267	267	300	300
Retained earnings	88	178	200	191	223
Other	(0)	(1)	0	0	(0)
Non-controlling interests' equity	**4**	**228**	**276**	**126**	**125**
Total equity	**308**	**722**	**794**	**666**	**696**
Net debt	(195)	31	(310)	(82)	(237)

Cash flow statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Cash flow from operations	**98**	**(123)**	**381**	**(89)**	**63**
Net profit	37	152	95	7	37
Non-cash profit and expenses	34	113	65	48	32
Depreciation	7	9	11	11	9
Amortization	1	33	6	5	4
Other	26	72	49	32	19
Changes in A/L from operating activities	36	(351)	276	(136)	1
Cash flow from investments	**(63)**	**(120)**	**(97)**	**125**	**44**
Change in tangible assets	(2)	(1)	(1)	(1)	(1)
Change in financial assets	(137)	57	(85)	143	(46)
Other	76	(176)	(12)	(16)	91
Cash flow from financing	**38**	**392**	**(210)**	**(141)**	**(56)**
Change in debt	(61)	313	(175)	(12)	(61)
Change in equity	n/a	n/a	n/a	n/a	n/a
Dividends	(4)	(8)	(20)	(23)	(10)
Other	n/a	n/a	n/a	n/a	n/a
Change in cash	73	147	76	(99)	49
Cash at beginning of year	27	100	247	323	224
Cash at end of year	100	247	323	224	274
Gross cash flow	**70**	**265**	**160**	**55**	**69**
Free cash flow	**96**	**(124)**	**380**	**(90)**	**62**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2021	2022	2023	2024	2025
Growth (%)					
Sales	22.3	468.9	(4.2)	(33.5)	(12.1)
Operating profit	85.9	291.4	(36.4)	(98.1)	426.3
Net profit	74.7	315.7	(37.5)	(93.0)	458.7
Adjusted EPS**	74.7	163.2	(57.7)	(95.9)	2,058.2
Per-share data (KRW)					
EPS (parent-based)	18,269	48,087	20,343	826	17,821
EPS (consolidated)	18,269	75,949	47,499	3,322	18,560
Adjusted EPS**	18,269	48,087	20,343	826	17,821
BVPS	27,945	45,396	47,534	49,634	52,480
DPS (common)	200	300	150	150	150
Valuations (x)					
P/E***	8.9	3.0	6.1	95.2	6.1
P/B***	1.2	0.6	0.5	0.3	0.4
EV/EBITDA	(3.3)	1.1	(0.2)	2.4	(4.4)
Ratios (%)					
ROE	15.7	24.1	8.0	0.3	6.4
ROA	7.6	12.2	5.4	0.5	3.0
ROIC	44.8	44.3	18.1	0.5	2.1
Payout ratio	21.2	15.3	18.1	439.2	20.3
Dividend yield (common)	2.2	5.0	3.0	4.7	3.4
Net debt to equity	(63.2)	4.3	(39.0)	(12.3)	(34.1)
Interest coverage (x)	12.3	15.6	8.2	0.2	1.5

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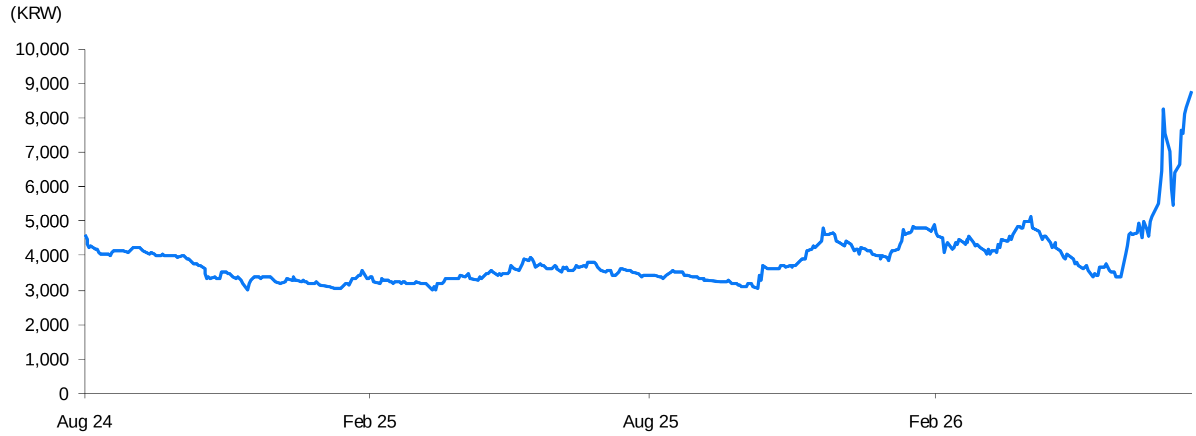
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/8/11
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

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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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