COMPANY UPDATE

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Industrial Team

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E-Mart (139480)

Subsidiaries disappoint, core business's earnings rise

- E-Mart reported a 2Q consolidated operating loss of KRW43b, missing consensus.
- While the core business achieved earnings improvement, consolidated earnings were lackluster due to poor results at some subsidiaries.
- In 2H, the discount store earnings should keep recovering in the midst of changing competitive landscape among the country's large discounters.

WHAT'S THE STORY?

2Q review—core business recovering vs subsidiaries' results sluggish: E-Mart reported 2Q consolidated sales of KRW6.9t (down 1.8% y-y) with a y-y turn to an operating loss of KRW43b. The discount store business, however, continued recovery for another quarter, posting same-store sales growth of 3.8%. This rebound reflects not only broader consumption recovery but also reduced competition following Homeplus' store closures: 22 stores shut by April, with an additional 37 stores temporarily suspended from May onward. That said, consolidated results were held back by weaker performances at subsidiaries: SCK Company's sales declined due to marketing missteps, Shinsegae Engineering & Construction's losses widened, and SSG.com remained in the red.

(Continued on the next page)

E-Mart 2Q26 review

(KRWb)	2Q26	1Q26	Chg (% q-q)	2Q25	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	6,915.0	7,123.4	-2.9	7,039.0	-1.8	7,004.4	-1.3	6,712.5	3.0
Operating profit	-43.0	178.3	nm	21.6	nm	46.0	nm	71.2	nm
Pre-tax profit	-145.0	115.5	nm	-26.4	nm	-36.1	nm	-30.5	nm
Net profit	-136.8	59.8	nm	-52.3	nm	-25.8	nm	-22.1	nm
Margins (%)									
Operating profit	-0.6	2.5		0.3		0.7		1.1	
Pre-tax profit	-2.1	1.6		-0.4		-0.5		-0.5	
Net profit	-2.0	0.8		-0.7		-0.4		-0.3	

Source: Company data, Samsung Securities estimates

Valuation

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (% y-y)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2024	29,021	47	-605	-573	-21,166	nm	n/a	10,122	8.8	0.2	-2.5
2025	28,970	323	376	246	4,921	nm	16.5	9,803	8.2	0.2	2.3
2026E	28,304	441	51	1	-2,107	nm	n/a	10,424	6.5	0.2	0.0
2027E	29,215	606	301	218	6,442	nm	12.1	10,179	5.7	0.2	1.6
2028E	30,158	622	358	260	7,942	19.0	9.8	10,001	5.5	0.2	1.6

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW108,000	38.3%
Current price	**KRW78,100**	
Market cap	KRW2.2t/USD1.5b	
Shares (float)	27,595,819 (69.1%)	
52-week high/low	KRW127,600/KRW71,200	
Avg daily trading value (60-day)	KRW13.7b/ USD9.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
E-Mart (%)	-2.3	-32.1	-0.1
Vs Kospi (%pts)	11.0	-43.0	-51.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	108,000	120,000	-10.0%
2026E EPS	-2,107	3,731	N/A
2027E EPS	6,442	8,528	-24.5%

SAMSUNG vs THE STREET

No of estimates	10
Target price	118,500
Recommendation	4.0

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

Samsung Securities

2Q review—core business recovering vs subsidiaries' results sluggish: E-Mart reported 2Q consolidated sales of KRW6.9t (down 1.8% y-y) with a y-y turn to an operating loss of KRW43b. The discount store business, however, continued recovery for another quarter, posting same-store sales growth of 3.8%. This rebound reflects not only broader consumption recovery but also reduced competition following Homeplus' store closures: 22 stores shut by April, with an additional 37 stores temporarily suspended from May onward. That said, consolidated results were held back by weaker performances at subsidiaries: SCK Company's sales declined due to marketing missteps, Shinsegae Engineering & Construction's losses widened, and SSG.com remained in the red.

E-mart: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E	2025	2026E	2027E
Gross sales (parent)	**4,625.8**	**4,290.6**	**4,593.9**	**4,455.8**	**4,715.2**	**4,442.8**	**4,907.3**	**4,590.0**	**17,966.1**	**18,655.3**	**19,257.8**
Discount store	3,042.2	2,770.1	2,970.7	2,870.2	3,032.7	2,792.0	3,109.4	2,889.5	11,653.2	11,823.6	11,934.1
Traders W.C	966.7	900.3	1,000.4	984.6	1,060.1	992.7	1,136.2	1,077.2	3,852.0	4,266.2	4,713.4
Specialty store	260.4	257.9	254.8	244.9	257.9	269.1	270.2	256.9	1,018.0	1,054.1	1,068.4
Everyday	356.4	362.2	367.8	356.0	364.5	389.1	391.6	366.6	1,442.4	1,511.8	1,542.4
Other	0.1	0.1	0.2	0.1	0.0	(0.1)	(0.1)	(0.1)	0.5	(0.3)	(0.4)
Net sales	**7,218.9**	**7,039.0**	**7,400.8**	**7,311.7**	**7,123.4**	**6,915.0**	**7,181.0**	**7,084.8**	**28,970.4**	**28,304.3**	**29,215.2**
Parent	4,259.2	3,970.5	4,273.8	4,125.4	4,388.8	4,114.5	4,565.3	4,249.6	16,628.9	17,318.3	17,877.7
SSG.com	356.8	350.3	318.9	321.1	322.6	310.5	312.1	313.9	1,347.1	1,259.1	1,333.5
SCK Company	761.9	795.5	810.5	870.0	817.9	747.3	779.5	884.4	3,237.9	3,229.0	3,473.5
E-mart 24	465.8	532.2	552.1	502.9	458.3	532.5	532.7	507.0	2,053.0	2,030.5	2,098.6
Other subsidiaries	1,174.6	1,209.3	1,258.4	1,441.1	907.1	1,003.6	814.1	929.5	5,083.4	3,654.4	3,586.3
Operating profit	**159.3**	**21.6**	**151.4**	**(9.9)**	**178.3**	**(43.0)**	**215.8**	**89.9**	**322.5**	**441.0**	**606.0**
Parent	133.3	15.6	113.5	14.7	146.3	25.6	191.5	34.5	277.1	397.8	423.7
SSG.com	(18.1)	(31.0)	(42.2)	(26.5)	(21.9)	(29.5)	(22.6)	(19.6)	(117.8)	(93.6)	(69.3)
SCK Company	35.1	40.3	60.0	37.7	29.3	(18.4)	18.7	29.5	173.1	59.1	168.7
E-mart 24	(10.4)	(4.4)	(7.8)	(23.7)	(10.6)	(2.3)	(6.5)	(8.7)	(46.3)	(28.0)	(13.8)
Other subsidiaries	31.5	30.9	52.3	5.1	71.9	15.6	61.3	85.1	119.9	233.9	211.7
Pre-tax profit	119.2	(26.4)	344.2	(60.6)	115.5	(145.0)	104.9	(24.6)	376.4	50.8	301.1
Net profit	**83.6**	**(31.4)**	**310.3**	**(116.3)**	**79.4**	**(136.8)**	**76.0**	**(17.8)**	**246.3**	**0.8**	**218.3**
Net profit (controlling interests)	**70.8**	**(52.3)**	**265.9**	**(148.2)**	**59.8**	**(156.3)**	**66.0**	**(27.8)**	**136.2**	**(58.3)**	**178.3**
Change (% y-y)											
Gross sales (parent)	**10.1**	**11.8**	**(1.7)**	**4.8**	**1.9**	**3.5**	**6.8**	**3.0**	**5.9**	**3.8**	**3.2**
Discount store	0.3	0.5	(3.4)	2.4	(0.3)	0.8	4.7	0.7	(0.1)	1.5	0.9
Traders W.C	5.6	8.1	3.6	17.8	9.7	10.3	13.6	9.4	8.5	10.8	10.5
Specialty store	2.7	2.7	(2.9)	(3.1)	(1.0)	4.3	6.0	4.9	(0.1)	3.5	1.4
Everyday	1.6	2.1	(0.6)	(1.5)	2.3	7.4	6.5	3.0	97.2	4.8	2.0
Net sales	**0.2**	**(0.2)**	**(1.4)**	**0.9**	**(1.3)**	**(1.8)**	**(3.0)**	**(3.1)**	**(0.2)**	**(2.3)**	**3.2**
Parent	10.7	13.3	(1.0)	5.8	3.0	3.6	6.8	3.0	6.8	4.1	3.2
SSG.com	(13.7)	(11.4)	(18.3)	(14.7)	(9.6)	(11.4)	(2.1)	(2.3)	(14.5)	(6.5)	5.9
SCK Company	3.7	4.7	2.9	6.3	7.4	(6.1)	(3.8)	1.6	4.4	(0.3)	7.6
E-mart 24	(8.9)	(5.9)	(2.7)	(3.0)	(1.6)	0.1	(3.5)	0.8	(5.1)	(1.1)	3.4
Margins (%)											
Operating margin	**2.2**	**0.3**	**2.0**	**(0.1)**	**2.5**	**(0.6)**	**3.0**	**1.3**	**1.1**	**1.6**	**2.1**
Parent	3.1	0.4	2.7	0.4	3.3	0.6	4.2	0.8	1.7	2.3	2.4
SSG.com	(5.1)	(8.8)	(13.2)	(8.3)	(6.8)	(9.5)	(7.2)	(6.3)	(8.7)	(7.4)	(5.2)
SCK Company	4.6	5.1	7.4	4.3	3.6	(2.5)	2.4	3.3	5.3	1.8	4.9
E-mart 24	(2.2)	(0.8)	(1.4)	(4.7)	(2.3)	(0.4)	(1.2)	(1.7)	(2.3)	(1.4)	(0.7)
Net margin	**1.2**	**(0.4)**	**4.2**	**(1.6)**	**1.1**	**(2.0)**	**1.1**	**(0.3)**	**0.9**	**0.0**	**0.7**

Source: Company data, Samsung Securities estimates

E-Mart: Sum-of-the-parts valuation

(KRWb)	
Consolidated operating value	11,671.8
1) Offline retail business	8,628.9
- 2026E EBITDA	1,691.7
- Target EV/EBITDA multiple [i] (x)	5.1
2) SCK Company	1,366.4
- 2026E EBITDA	396.6
- Target EV/EBITDA multiple [ii] (x)	5.1
- Stake (%)	67.5
3) SSG.com	684.5
- 2026E GMV	5,657.0
- Target P/GMV multiple [iii] (x)	0.2
- Stake (%)	65.1
4) Gmarket	991.9
- 2026E GMV	14,058.1
- Target P/GMV multiple [iv] (x)	0.1
- Stake (%)	50.0
Non-operating value [v]	1,761.1
Net debt	10,423.8
Enterprise value	**3,009**
Outstanding shares	27,875,819
Target price (KRW)	**108,000**

Note: *15% discount to average valuation of Korean retail companies to reflect lower sales growth than the department store business;
**20% discount to Average valuation of Korean F&B companies;
***70% discount to Coupang's valuation to reflect relatively lower profitability;
****75% discount to Naver's valuation to reflect relatively lower profitability;
*****50% discount to the market value of listed investment assets
Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**29,021**	**28,970**	**28,304**	**29,215**	**30,158**
Cost of goods sold	19,980	19,877	19,276	19,792	20,475
Gross profit	**9,041**	**9,093**	**9,028**	**9,423**	**9,683**
Gross margin (%)	31.2	31.4	31.9	32.3	32.1
SG&A expenses	8,994	8,770	8,587	8,817	9,061
Operating profit	**47**	**323**	**441**	**606**	**622**
Operating margin (%)	0.2	1.1	1.6	2.1	2.1
Non-operating gains (losses)	**-653**	**54**	**-390**	**-305**	**-264**
Financial profit	343	330	421	393	392
Financial costs	742	643	744	644	629
Equity-method gains (losses)	23	-22	-168	-134	-108
Other	-276	389	101	81	81
Pre-tax profit	**-605**	**376**	**51**	**301**	**358**
Taxes	-32	130	50	83	99
Effective tax rate (%)	5.3	34.5	98.4	27.5	27.5
Profit from continuing operations	-573	246	1	218	260
Profit from discontinued operations	0	0	0	0	0
Net profit	**-573**	**246**	**1**	**218**	**260**
Net margin (%)	-2.0	0.9	0.0	0.7	0.9
Net profit (controlling interests)	-590	136	-58	218	260
Net profit (non-controlling interests)	17	110	59	0	0
EBITDA	1,675	1,812	1,904	2,096	2,131
EBITDA margin (%)	5.8	6.3	6.7	7.2	7.1
EPS (parent-based) (KRW)	-21,166	4,921	-2,113	7,910	9,415
EPS (consolidated) (KRW)	-20,571	8,901	29	7,910	9,415
Adjusted EPS (KRW)*	-21,166	4,921	-2,107	6,442	7,942

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**10,429**	**6,229**	**5,738**	**6,181**	**6,536**
Cash & equivalents	1,775	1,303	682	927	1,105
Accounts receivable	1,216	1,079	1,144	1,234	1,302
Inventories	2,054	2,089	2,133	2,210	2,288
Other current assets	5,384	1,759	1,779	1,809	1,841
Fixed assets	**23,501**	**27,274**	**28,147**	**28,253**	**28,359**
Investment assets	4,242	8,820	11,875	12,081	12,286
Tangible assets	9,731	9,572	9,474	9,376	9,276
Intangible assets	4,096	3,937	3,937	3,937	3,937
Other long-term assets	5,432	4,945	2,860	2,860	2,860
Total assets	**33,931**	**33,504**	**33,885**	**34,434**	**34,895**
Current liabilities	**10,804**	**10,071**	**10,189**	**10,453**	**10,582**
Accounts payable	1,393	1,340	1,350	1,380	1,410
Short-term debt	961	1,112	1,112	1,112	1,112
Other current liabilities	8,450	7,619	7,726	7,961	8,059
Long-term liabilities	**10,042**	**9,735**	**10,059**	**10,191**	**10,343**
Bonds & long-term debt	5,750	5,486	8,248	8,248	8,248
Other long-term liabilities	4,292	4,250	1,811	1,943	2,094
Total liabilities	**20,846**	**19,807**	**20,255**	**20,652**	**20,933**
Owners of parent equity	**10,391**	**10,999**	**10,933**	**11,084**	**11,264**
Capital stock	139	139	139	139	139
Capital surplus	4,208	4,220	4,220	4,220	4,220
Retained earnings	4,638	4,705	4,639	4,790	4,970
Other	1,405	1,935	1,935	1,935	1,935
Non-controlling interests' equity	**2,694**	**2,698**	**2,698**	**2,698**	**2,698**
Total equity	**13,085**	**13,697**	**13,631**	**13,782**	**13,961**
Net debt	10,327	9,983	10,431	10,187	10,010

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,460**	**1,319**	**1,496**	**1,585**	**1,523**
Net profit	-573	246	1	218	260
Non-cash profit and expenses	2,775	2,102	1,626	1,515	1,392
Depreciation	1,382	1,335	1,314	1,334	1,345
Amortization	246	154	149	156	164
Other	1,146	613	163	25	-117
Changes in A/L from operating activities	-372	-632	-131	-148	-129
Cash flow from investments	**-892**	**-1,070**	**-1,430**	**-652**	**-643**
Change in tangible assets	-626	-555	-525	-518	-507
Change in financial assets	64	-399	-863	-98	-98
Other	-329	-115	-42	-36	-39
Cash flow from financing	**-153**	**-858**	**-688**	**-688**	**-702**
Change in debt	1,028	-554	0	0	0
Change in equity	-68	12	0	0	0
Dividends	-172	-189	-67	-67	-80
Other	-940	-127	-621	-621	-621
Change in cash	4	-472	-621	245	178
Cash at beginning of year	1,771	1,775	1,303	682	927
Cash at end of year	1,775	1,303	682	927	1,105
Gross cash flow	**2,201**	**2,348**	**1,627**	**1,733**	**1,651**
Free cash flow	**809**	**596**	**804**	**899**	**849**

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	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-1.5	-0.2	-2.3	3.2	3.2
Operating profit	nm	584.8	36.7	37.4	2.6
Net profit	nm	nm	-99.7	27,413.5	19.0
Adjusted EPS**	nm	nm	nm	nm	23.3
Per-share data (KRW)					
EPS (parent-based)	-21,166	4,921	-2,113	7,910	9,415
EPS (consolidated)	-20,571	8,901	29	7,910	9,415
Adjusted EPS**	-21,166	4,921	-2,107	6,442	7,942
BVPS	391,809	386,435	396,232	397,771	403,746
DPS (common)	2,000	2,500	2,500	3,000	3,500
Valuations (x)					
P/E***	n/a	16.5	n/a	12.1	9.8
P/B***	0.2	0.2	0.2	0.2	0.2
EV/EBITDA	8.8	8.2	6.5	5.7	5.5
Ratios (%)					
ROE	-2.5	2.3	0.0	1.6	1.6
ROA	-1.7	0.7	0.0	0.6	0.7
ROIC	0.2	1.3	0.0	3.2	3.3
Payout ratio	n/a	n/a	n/a	36.8	36.1
Dividend yield (common)	3.2	3.1	3.1	3.8	4.5
Net debt to equity	78.9	72.9	76.5	73.9	71.7
Interest coverage (x)	0.1	0.6	0.8	1.2	1.2

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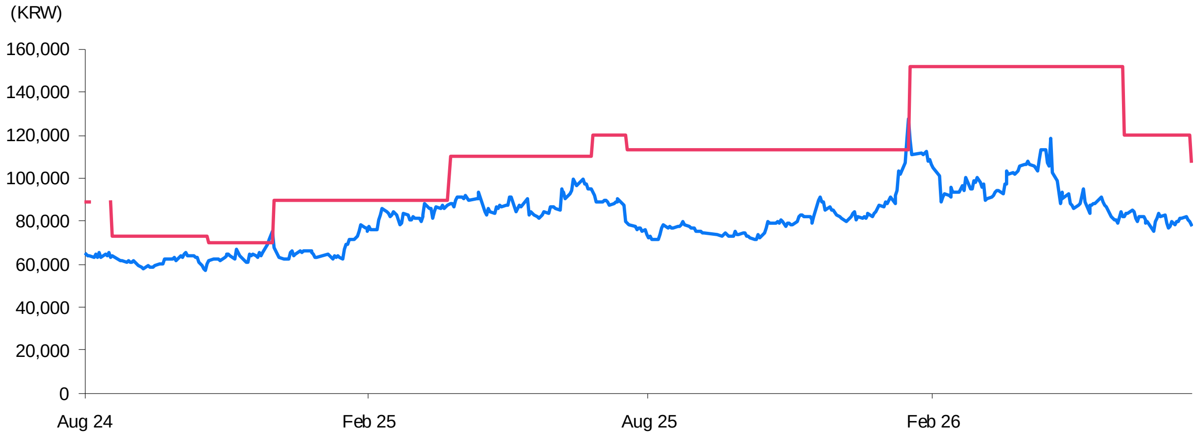
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/15	2024/9/13	11/15	12/27	2025/4/21	7/22	8/13	2026/2/12	7/1	8/14
Recommendation	BUY	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	89000	73000	70000	90000	110000	120000	113000	152000	120000	108000
Gap* (average)	-24.81	-15.90	-7.72	-16.81	-19.03	-26.19	-28.68	-36.67	-32.73	
(max or min)**	-1.35	-10.55	7.86	-1.78	-9.64	-23.08	12.92	-21.91	-29.08	

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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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