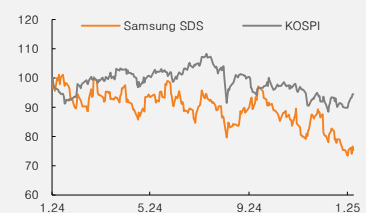


| | |
|------------------------|-------------------|
| (Maintain) | Buy |
| Target price | ▼ W191,000 |
| Current price (1/8/25) | W129,900 |
| Upside | 47.0% |

| | |
|----------------------------|----------|
| OP (25F, Wbn) | 1,011 |
| Consensus OP (25F, Wbn) | 1,003 |
| EPS growth (25F, %) | 9.0 |
| Market EPS growth (25F, %) | 19.8 |
| P/E (25F, x) | 11.1 |
| Market P/E (25F, x) | 8.7 |
| KOSPI | 2,521.05 |

| | |
|-----------------------|---------|
| Market cap (Wbn) | 10,051 |
| Shares (mn) | 77 |
| Free float (%) | 50.9 |
| Foreign ownership (%) | 18.7 |
| Beta (12M) | 0.65 |
| 52-week low (W) | 124,500 |
| 52-week high (W) | 171,500 |

| (%) | 1M | 6M | 12M |
|----------|------|-------|-------|
| Absolute | -4.6 | -17.8 | -23.5 |
| Relative | -8.1 | -6.9 | -22.1 |



Mirae Asset Securities Co., Ltd.

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Samsung SDS

Lowered expectations for 2025

4Q24 preview: Expecting in-line revenue and below-consensus OP

For 4Q24, we expect Samsung SDS to report revenue of W3.6tr (+6.7% YoY; in line with the consensus) and operating profit of W235bn (below the consensus of W250bn). Profits were likely pressured by additional costs in both the IT services and logistics segments. For IT services, we estimate revenue at W1.61tr (-0.3% YoY) and operating profit at W197bn (+5.3% YoY; OP margin of 12.2%). Some product development-related costs were concentrated in the quarter, and the company disclosed that the value of its supply contracts with Samsung Electronics' DX and DS divisions for 2024 did not grow significantly (rising just 1% and 3% YoY, respectively). That said, cloud revenue likely continued strong growth (estimate: +25% YoY to W695bn). For logistics, we estimate revenue at W1.99tr (+13% YoY) and operating profit at W38bn (+38% YoY; OP margin of 1.9%), affected by sluggish customer shipment volumes.

Lower TP by 20.9% to W191,000

We lower our target price for Samsung SDS to W191,000 (from W231,000), applying a P/E of 19x (10% discount to five-year average of 20x) to our 2025F EPS. For 2025, we forecast revenue at W14.51tr (+5.2% YoY) and operating profit at W1tr (OP margin of 7%), which are 2.5% and 9% lower than our previous estimates, respectively.

Uncertainty in the IT services industry has increased due to the domestic economic downturn and weak earnings across affiliate companies. While generative AI and cloud adoption remain priorities, many companies are likely to delay investment decisions. Indeed, last year, Samsung SDS lowered its 2025 AI revenue guidance from W300bn to W200bn due to delays in affiliates' adoption of its AI solutions, including Brity Copilot. In addition, demand for GPU cloud services has been weaker than expected due to lower-than-anticipated use of AI applications.

Core strengths to come into focus as AI-driven changes accelerate

Despite lowered expectations for 2025, Samsung SDS should play a critical role in enabling digitalization as the IT paradigm increasingly shifts toward AI. The firm is expanding its presence in the public sector (having secured a W19.5bn contract with Korea Customs Service to build an e-commerce platform) and broadening its non-captive customer base. In 2024, it acquired land in Gumi to begin constructing additional data centers. The firm also has ample cash holdings, creating potential for M&A-driven growth. The stock is trading at a 2025F P/E of 12x, a significant discount to its five-year average (20.2x). As such, we expect the stock to regain attention following the 4Q24 earnings announcement. We maintain our Buy rating on Samsung SDS.

| (Dec.) | 2022 | 2023 | 2024F | 2025F | 2026F |
|--------------------|--------|--------|--------|--------|--------|
| Revenue (Wbn) | 17,235 | 13,277 | 13,789 | 14,510 | 15,627 |
| OP (Wbn) | 916 | 808 | 934 | 1,011 | 1,128 |
| OP margin (%) | 5.3 | 6.1 | 6.8 | 7.0 | 7.2 |
| NP (Wbn) | 1,100 | 693 | 758 | 827 | 908 |
| EPS (W) | 14,213 | 8,962 | 9,798 | 10,682 | 11,737 |
| ROE (%) | 14.2 | 8.2 | 8.5 | 8.6 | 8.9 |
| P/E (x) | 8.7 | 19.0 | 13.0 | 12.0 | 10.9 |
| P/B (x) | 1.2 | 1.5 | 1.1 | 1.0 | 0.9 |
| Dividend yield (%) | 2.6 | 1.6 | 2.1 | 2.1 | 2.1 |

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Table 1. Mirae Asset forecasts vs. consensus

(Wbn)

| | 4Q24F | | | | 2025F | | | |
|---------|-------------|-------|-----------|-------|-------------|-------|-----------|--------|
| | Mirae Asset | YoY | Consensus | Diff. | Mirae Asset | YoY | Consensus | Diff. |
| Revenue | 3,603.5 | 6.7% | 3,625.0 | -0.6% | 14,510.0 | 5.2% | 14,549.7 | -0.3% |
| OP | 234.8 | 9.4% | 250.0 | -6.1% | 1,011.3 | 8.2% | 1,002.9 | 0.8% |
| NP | 188.8 | 34.4% | 188.9 | 0.0% | 742.3 | -1.9% | 833.1 | -10.9% |

Source: FnGuide, Mirae Asset Securities Research

Table 2. Quarterly earnings

(Wbn)

| | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | 3Q24 | 4Q24F | 1Q25F | 2Q25F | 3Q25F | 4Q25F |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 3,401 | 3,291 | 3,208 | 3,377 | 3,247 | 3,369 | 3,570 | 3,603 | 3,528 | 3,636 | 3,591 | 3,755 |
| YoY | -18.9% | -28.4% | -23.6% | -20.5% | -4.5% | 2.4% | 11.3% | 6.7% | 8.6% | 7.9% | 0.6% | 4.2% |
| IT services | 1,470 | 1,511 | 1,509 | 1,616 | 1,554 | 1,586 | 1,630 | 1,611 | 1,641 | 1,736 | 1,745 | 1,891 |
| YoY | 1.2% | 0.0% | 1.5% | 6.5% | 5.7% | 5.0% | 8.0% | -0.3% | 5.6% | 9.4% | 7.1% | 17.4% |
| % of revenue | 43.2% | 45.9% | 47.0% | 47.9% | 47.8% | 47.1% | 45.7% | 44.7% | 46.5% | 47.7% | 48.6% | 50.4% |
| GP | 12.9% | 13.5% | 13.8% | 13.9% | 15.1% | 14.8% | 14.5% | 14.3% | 14.6% | 14.6% | 14.1% | 13.7% |
| SI | 287.0 | 288.8 | 276.0 | 299.7 | 288.1 | 267.8 | 256.5 | 306.0 | 317.3 | 307.3 | 324.7 | 323.9 |
| YoY | -30.0% | -29.3% | -21.5% | -4.6% | 0.4% | -7.3% | -7.1% | 2.1% | 10.1% | 14.8% | 26.6% | 5.8% |
| % of revenue | 8.4% | 8.8% | 8.6% | 8.9% | 8.9% | 7.9% | 7.2% | 8.5% | 9.0% | 8.5% | 9.0% | 8.6% |
| ITO | 773.0 | 777.4 | 762.6 | 760.7 | 734.7 | 762.6 | 736.1 | 609.8 | 676.1 | 766.5 | 735.1 | 794.5 |
| YoY | -2.6% | -6.3% | -8.8% | -11.7% | -5.0% | -1.9% | -3.5% | -19.8% | -8.0% | 0.5% | -0.1% | 30.3% |
| % of revenue | 22.7% | 23.6% | 23.8% | 22.5% | 22.6% | 22.6% | 20.6% | 16.9% | 19.2% | 21.1% | 20.5% | 21.2% |
| Cloud | 409.9 | 444.5 | 470.7 | 555.6 | 530.8 | 556.0 | 637.0 | 695.3 | 647.8 | 662.1 | 685.3 | 772.5 |
| YoY | 64.6% | 63.0% | 57.3% | 62.6% | 29.5% | 25.1% | 35.3% | 25.1% | 22.0% | 19.1% | 7.6% | 11.1% |
| % of revenue | 12.1% | 13.5% | 14.7% | 16.5% | 16.3% | 16.5% | 17.8% | 19.3% | 18.4% | 18.2% | 19.1% | 20.6% |
| CSP | 130.9 | 140.9 | 168.5 | 187.1 | 188.4 | 209.5 | 236.8 | 252.7 | 230.8 | 239.2 | 256.6 | 297.8 |
| YoY | 36.5% | 38.4% | 48.6% | 50.8% | 43.9% | 48.7% | 40.5% | 35.1% | 22.5% | 14.2% | 8.4% | 17.8% |
| % of revenue | 31.9% | 31.7% | 35.8% | 33.7% | 35.5% | 37.7% | 37.2% | 36.3% | 35.6% | 36.1% | 37.4% | 38.5% |
| MSP | 206.3 | 229.0 | 213.0 | 276.7 | 254.7 | 248.1 | 294.2 | 326.0 | 298.6 | 299.0 | 298.4 | 342.1 |
| YoY | 142.7% | 148.4% | 90.9% | 92.8% | 23.5% | 8.3% | 38.1% | 17.8% | 17.2% | 20.5% | 1.4% | 5.0% |
| % of revenue | 50.3% | 51.5% | 45.3% | 49.8% | 48.0% | 44.6% | 46.2% | 46.9% | 46.1% | 45.2% | 43.5% | 44.3% |
| SaaS | 72.7 | 74.6 | 88.6 | 91.8 | 87.7 | 98.4 | 106.0 | 116.6 | 118.5 | 123.9 | 130.3 | 132.6 |
| YoY | 6.8% | -5.2% | 19.4% | 23.7% | 20.6% | 31.9% | 19.6% | 27.0% | 35.1% | 25.9% | 22.9% | 13.8% |
| % of revenue | 17.7% | 16.8% | 18.8% | 16.5% | 16.5% | 17.7% | 16.6% | 16.8% | 18.3% | 18.7% | 19.0% | 17.2% |
| Logistics | 1,931 | 1,780 | 1,699 | 1,761 | 1,694 | 1,783 | 1,940 | 1,992 | 1,887 | 1,900 | 1,846 | 1,864 |
| YoY | -29.5% | -42.3% | -37.3% | -35.5% | -12.3% | 0.1% | 14.2% | 13.1% | 11.4% | 6.6% | -4.9% | -6.4% |
| % of revenue | 56.8% | 54.1% | 53.0% | 52.1% | 52.2% | 52.9% | 54.3% | 55.3% | 53.5% | 52.3% | 51.4% | 49.6% |
| SG&A expenses | 246 | 237 | 249 | 256 | 264 | 279 | 263 | 279 | 275 | 258 | 256 | 269 |
| OP | 194 | 206 | 193 | 215 | 226 | 221 | 253 | 235 | 239 | 274 | 251 | 247 |
| OP margin | 5.7% | 6.3% | 6.0% | 6.4% | 7.0% | 6.6% | 7.1% | 6.5% | 6.8% | 7.5% | 7.0% | 6.6% |
| IT services OP margin | 10.0% | 11.2% | 11.1% | 11.6% | 10.9% | 12.5% | 13.7% | 12.2% | 12.5% | 13.6% | 12.4% | 11.2% |
| Logistics OP margin | 2.5% | 2.1% | 1.5% | 1.6% | 3.3% | 1.3% | 1.5% | 1.9% | 1.8% | 2.0% | 1.9% | 1.9% |
| NP | 208 | 170 | 177 | 146 | 217 | 191 | 185 | 197 | 203 | 228 | 212 | 208 |
| YoY | 2.5% | -35.4% | -54.9% | -41.8% | 4.2% | 2.3% | 1.4% | 34.4% | -7.0% | 24.9% | 14.4% | 5.3% |

Source: Company data, Mirae Asset Securities Research

Table 3. Annual earnings

(Wbn)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024F | 2025F |
|--------------------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|
| Revenue | 10,034.2 | 10,719.6 | 11,017.4 | 13,630.0 | 17,235 | 13,277 | 13,789 | 14,510 |
| YoY | - | 6.8% | 2.8% | 23.7% | 26.4% | -23.0% | 3.9% | 5.2% |
| IT services | 5,656.7 | 5,872.8 | 5,314.5 | 5,637.2 | 5,968 | 6,106 | 6,381 | 7,013 |
| YoY | - | 3.8% | -9.5% | 6.1% | 5.9% | 2.3% | 4.5% | 9.9% |
| % of revenue | 56.4% | 54.8% | 48.2% | 41.4% | 34.6% | 46.0% | 46.3% | 48.3% |
| GP | 0.0% | 0.0% | 15.3% | 12.3% | 11.0% | 13.5% | 14.6% | 14.3% |
| SI | 1,483.9 | 1,518.6 | 1,372.3 | 1,641.2 | 1,484 | 1,152 | 1,118 | 1,27 |
| YoY | - | 2.3% | -9.6% | 19.6% | -9.6% | -22.4% | -2.9% | 13.8% |
| % of revenue | 14.8% | 14.2% | 12.5% | 12.0% | 8.6% | 8.7% | 8.1% | 8.8% |
| ITO | 3,372.7 | 3,554.1 | 3,142.1 | 3,124.6 | 3,322 | 3,074 | 2,843 | 2,972 |
| YoY | 0.0% | 5.4% | -11.6% | -0.6% | 6.3% | -7.5% | -7.5% | 4.5% |
| % of revenue | 33.6% | 33.2% | 28.5% | 22.9% | 19.3% | 23.2% | 20.6% | 20.5% |
| Cloud | - | - | - | 871.3 | 1,163 | 1,881 | 2,419 | 2,768 |
| YoY | - | - | - | - | 33.4% | 61.8% | 28.6% | 14.4% |
| % of revenue | - | - | - | 6.4% | 6.7% | 14.2% | 17.5% | 19.1% |
| CSP | - | - | - | - | 435.2 | 627.4 | 887.4 | 1,024 |
| YoY | - | - | - | - | 0.0% | 44.2% | 41.4% | 15.4% |
| % of revenue | - | - | - | - | 37.4% | 33.4% | 36.7% | 37.0% |
| MSP | - | - | - | - | 432 | 925 | 1,123 | 1,238 |
| YoY | - | - | - | - | 0.0% | 114.0% | 21.4% | 10.3% |
| % of revenue | - | - | - | - | 37.2% | 49.2% | 46.4% | 44.7% |
| SaaS | - | - | - | - | 295.2 | 327.7 | 408.7 | 505 |
| YoY | - | - | - | - | 0.0% | 11.0% | 24.7% | 23.6% |
| % of revenue | - | - | - | - | 25.4% | 17.4% | 16.9% | 18.3% |
| Logistics | 4,377.5 | 4,846.9 | 5,703.0 | 7,992.8 | 11,267 | 7,171 | 7,409 | 7,497 |
| YoY | - | 10.7% | 17.7% | 40.2% | 41.0% | -36.4% | 3.3% | 1.2% |
| % of revenue | 43.6% | 45.2% | 51.8% | 58.6% | 65.4% | 54.0% | 53.7% | 51.7% |
| SG&A expenses | - | 804 | 818 | 875 | 974 | 988 | 1,085 | 1,058 |
| OP | 877 | 990 | 872 | 808 | 926 | 808 | 934 | 1,011 |
| OP margin | 8.7% | 9.2% | 7.9% | 5.9% | 5.4% | 6.1% | 6.8% | 7.0% |
| IT services OP margin | 15.1% | 15.6% | 14.7% | 11.8% | 10.6% | 11.0% | 12.3% | 12.4% |
| Logistics OP margin | 0.5% | 1.5% | 1.6% | 1.8% | 2.5% | 1.9% | 2.0% | 1.9% |
| NP | - | - | - | - | - | 701.3 | 789.5 | 850.2 |
| YoY | - | 17.0% | -39.8% | 37.8% | 79.9% | -36.9% | 12.6% | 7.7% |

Source: Company data, Mirae Asset Securities Research

Table 4. Valuation table

(W)

| | Value | Notes |
|----------------|---------|------------------------------------|
| 2025F EPS | 10,629 | |
| Shares (mn) | 77 | |
| Target P/E (x) | 18 | 10% discount to five-year avg. P/E |
| Target price | 191,000 | |
| Current price | 129,900 | As of Jan. 9 |
| Upside | 47.0% | |

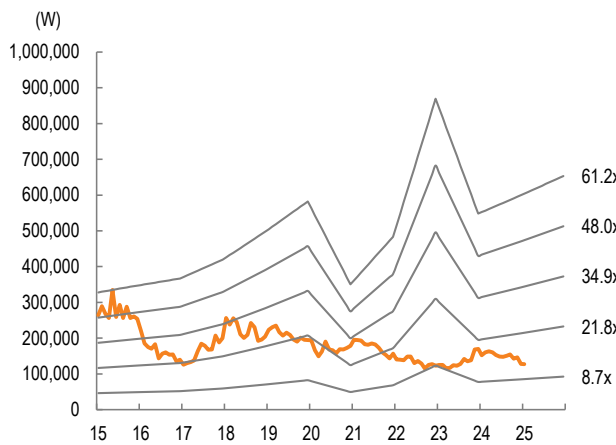
Source: Company data, Mirae Asset Securities Research

Table 5. Earnings forecast revisions by business

| | Previous | | | Revised | | | Chg. | | |
|-------------|----------------|-----------------|-----------------|----------------|-----------------|-----------------|---------------|--------------|--------------|
| | 4Q24F | 2024F | 2025F | 4Q24F | 2024F | 2025F | 4Q24F | 2024F | 2025F |
| Revenue | 3,674.6 | 13,860.6 | 14,877.4 | 3,603.5 | 13,789.5 | 14,510.0 | -1.9% | -0.5% | -2.5% |
| IT services | 1,744.4 | 6,514.0 | 7,337.3 | 1,611.1 | 6,380.7 | 7,013.1 | -7.6% | -2.0% | -4.4% |
| Cloud | 690.6 | 2,414.4 | 2,947.9 | 695.3 | 2,419.1 | 2,767.7 | 0.7% | 0.2% | -6.1% |
| MSP | 321.2 | 1,118.2 | 1,418.2 | 326.0 | 1,123.0 | 1,238.1 | 1.5% | 0.4% | -12.7% |
| CSP | 252.7 | 887.4 | 1,024.4 | 252.7 | 887.4 | 1,024.4 | 0.0% | 0.0% | 0.0% |
| SaaS | 116.6 | 408.7 | 505.3 | 116.6 | 408.7 | 505.3 | 0.0% | 0.0% | 0.0% |
| SI | 297.7 | 1,110.1 | 1,158.6 | 306.0 | 1,118.4 | 1,273.2 | 2.8% | 0.8% | 9.9% |
| ITO | 756.2 | 2,989.6 | 3,230.8 | 609.8 | 2,843.2 | 2,972.2 | -19.4% | -4.9% | -8.0% |
| Logistics | 1,930.1 | 7,346.5 | 7,540.1 | 1,992.4 | 7,408.8 | 7,496.9 | 3.2% | 0.8% | -0.6% |
| OP | 291.7 | 991.3 | 1,111.3 | 234.8 | 934.4 | 1,011.3 | -19.5% | -5.7% | -9.0% |
| IT services | 248 | 838.5 | 966.8 | 197.2 | 788 | 870 | -20.5% | -6.0% | -10.0% |
| Logistics | 44 | 153 | 144 | 38 | 147 | 142 | -14.1% | -4.1% | -2.0% |
| OP margin | 7.9% | 7.2% | 7.5% | 6.5% | 6.8% | 7.0% | | | |
| IT services | 14.2% | 12.9% | 13.2% | 12.2% | 12.3% | 12.4% | | | |
| Logistics | 2.3% | 2.1% | 1.9% | 1.9% | 2.0% | 1.9% | | | |

Source: Company data, Mirae Asset Securities Research

Figure 1. P/E band chart



Source: QuantiWise, Mirae Asset Securities Research

Figure 2. EV/EBITDA band chart



Source: QuantiWise, Mirae Asset Securities Research

Samsung SDS (018260 KS)

Income statement (summarized)

| (Wbn) | 2023 | 2024F | 2025F | 2026F |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Revenue | 13,277 | 13,789 | 14,510 | 15,627 |
| Cost of revenue | 11,481 | 11,770 | 12,441 | 13,377 |
| GP | 1,796 | 2,019 | 2,069 | 2,250 |
| SG&A expenses | 988 | 1,085 | 1,058 | 1,121 |
| OP (adj.) | 808 | 934 | 1,011 | 1,128 |
| OP | 808 | 934 | 1,011 | 1,128 |
| Non-operating profit | 178 | 166 | 179 | 180 |
| Net financial income | 143 | 133 | 134 | 136 |
| Net income from associates | 6 | 0 | 0 | 0 |
| Pretax profit | 986 | 1,100 | 1,190 | 1,308 |
| Income tax | 284 | 309 | 335 | 369 |
| Profit from continuing operations | 701 | 791 | 855 | 939 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 |
| NP | 701 | 791 | 855 | 939 |
| Attributable to owners | 693 | 758 | 827 | 908 |
| Attributable to minority interests | 8 | 33 | 28 | 31 |
| Total comprehensive income | 687 | 826 | 855 | 939 |
| Attributable to owners | 682 | 791 | 817 | 897 |
| Attributable to minority interests | 5 | 35 | 38 | 42 |
| EBITDA | 1,421 | 1,509 | 1,473 | 1,560 |
| FCF | 1,010 | 803 | 657 | 757 |
| EBITDA margin (%) | 10.7 | 10.9 | 10.2 | 10.0 |
| OP margin (%) | 6.1 | 6.8 | 7.0 | 7.2 |
| Net margin (%) | 5.2 | 5.5 | 5.7 | 5.8 |

Balance sheet (summarized)

| (Wbn) | 2023 | 2024F | 2025F | 2026F |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Current assets | 8,160 | 8,791 | 9,217 | 9,923 |
| Cash & equivalents | 1,788 | 1,991 | 2,131 | 2,363 |
| AR & other receivables | 2,229 | 2,378 | 2,479 | 2,644 |
| Inventory | 24 | 25 | 26 | 28 |
| Other current assets | 4,119 | 4,397 | 4,581 | 4,888 |
| Non-current assets | 4,161 | 4,388 | 4,581 | 4,758 |
| Investments in associates | 111 | 119 | 124 | 132 |
| PP&E | 1,654 | 1,889 | 2,115 | 2,319 |
| Intangible assets | 819 | 811 | 774 | 737 |
| Total assets | 12,321 | 13,178 | 13,798 | 14,681 |
| Current liabilities | 2,392 | 2,522 | 2,520 | 2,692 |
| AP & other payables | 839 | 895 | 933 | 995 |
| Short-term financial liabilities | 211 | 195 | 95 | 105 |
| Other current liabilities | 1,342 | 1,432 | 1,492 | 1,592 |
| Non-current liabilities | 954 | 1,020 | 1,034 | 1,056 |
| Long-term financial liabilities | 657 | 703 | 703 | 703 |
| Other non-current liabilities | 297 | 317 | 331 | 353 |
| Total liabilities | 3,345 | 3,542 | 3,554 | 3,748 |
| Equity attributable to owners | 8,658 | 9,266 | 9,847 | 10,504 |
| Capital stock | 39 | 39 | 39 | 39 |
| Capital surplus | 1,297 | 1,297 | 1,297 | 1,297 |
| Retained earnings | 7,447 | 7,996 | 8,577 | 9,234 |
| Minority interests | 318 | 370 | 398 | 429 |
| Shareholders' equity | 8,976 | 9,636 | 10,245 | 10,933 |

Cash flow statement (summarized)

| (Wbn) | 2023 | 2024F | 2025F | 2026F |
|--|--------------|--------------|--------------|--------------|
| Operating cash flow | 1,461 | 1,464 | 1,307 | 1,357 |
| NP | 701 | 791 | 855 | 939 |
| Non-cash income/expenses | 808 | 848 | 662 | 665 |
| Depreciation | 564 | 535 | 423 | 396 |
| Amortization | 49 | 40 | 38 | 36 |
| Other | 195 | 273 | 201 | 233 |
| Chg. in working capital | -106 | 25 | -9 | -14 |
| Chg. in AR & other receivables | 194 | -309 | -67 | -110 |
| Chg. in inventory | 0 | -7 | -1 | -2 |
| Chg. in AP & other payables | -12 | 30 | 31 | 51 |
| Income tax | -57 | -357 | -335 | -369 |
| Cash flow from investing activities | -622 | -895 | -817 | -875 |
| Chg. in PP&E | -445 | -640 | -650 | -600 |
| Chg. in intangible assets | -29 | -37 | 0 | 0 |
| Chg. in financial assets | -66 | -248 | -167 | -275 |
| Other | -82 | 30 | 0 | 0 |
| Cash flow from financing activities | -463 | -428 | -546 | -441 |
| Chg. in financial liabilities | -1 | 31 | -100 | 10 |
| Chg. in equity | 0 | 0 | 0 | 0 |
| Dividends | -251 | -216 | -246 | -251 |
| Other | -211 | -243 | -200 | -200 |
| Chg. in cash | 396 | 203 | 140 | 233 |
| Beginning balance | 1,392 | 1,788 | 1,991 | 2,131 |
| Ending balance | 1,788 | 1,991 | 2,131 | 2,363 |

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

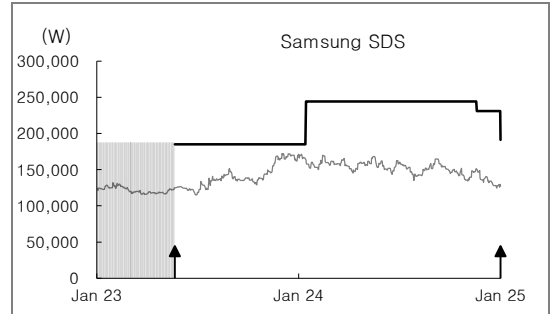
| | 2023 | 2024F | 2025F | 2026F |
|------------------------------|---------|---------|---------|---------|
| P/E (x) | 19.0 | 13.0 | 12.0 | 10.9 |
| P/CF (x) | 8.7 | 6.0 | 6.5 | 6.2 |
| P/B (x) | 1.5 | 1.1 | 1.0 | 0.9 |
| EV/EBITDA (x) | 6.2 | 3.5 | 3.3 | 2.8 |
| EPS (W) | 8,962 | 9,798 | 10,682 | 11,737 |
| CFPS (W) | 19,509 | 21,173 | 19,599 | 20,732 |
| BPS (W) | 111,913 | 119,772 | 127,274 | 135,767 |
| DPS (W) | 2,700 | 2,700 | 2,700 | 2,700 |
| Dividend payout ratio (%) | 29.8 | 26.4 | 24.4 | 22.2 |
| Dividend yield (%) | 1.6 | 2.1 | 2.1 | 2.1 |
| Revenue growth (%) | -23.0 | 3.9 | 5.2 | 7.7 |
| EBITDA growth (%) | -0.5 | 6.2 | -2.4 | 6.0 |
| OP growth (%) | -11.8 | 15.6 | 8.2 | 11.6 |
| EPS growth (%) | -36.9 | 9.3 | 9.0 | 9.9 |
| AR turnover (x) | 8.5 | 9.0 | 9.0 | 9.2 |
| Inventory turnover (x) | 412.1 | 566.9 | 565.9 | 577.8 |
| AP turnover (x) | 16.8 | 16.4 | 16.5 | 16.8 |
| ROA (%) | 5.8 | 6.2 | 6.3 | 6.6 |
| ROE (%) | 8.2 | 8.5 | 8.6 | 8.9 |
| ROIC (%) | 13.0 | 15.3 | 15.5 | 16.6 |
| Debt-to-equity ratio (%) | 37.3 | 36.8 | 34.7 | 34.3 |
| Current ratio (%) | 341.2 | 348.6 | 365.8 | 368.6 |
| Net debt-to-equity ratio (%) | -51.5 | -52.3 | -53.2 | -54.4 |
| Interest coverage ratio (x) | 21.2 | 18.6 | 21.4 | 24.6 |

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

| Company | Date | Rating | TP (₩) |
|----------------------|----------|--------|---------|
| Samsung SDS (018260) | 01/09/25 | Buy | 191,000 |
| | 11/27/24 | Buy | 231,000 |
| | 01/23/24 | Buy | 244,000 |
| | 05/31/23 | Buy | 185,000 |



Stock ratings

| | |
|-------------|--|
| Buy | Expected 12-month performance: +20% or greater |
| Trading Buy | Expected 12-month performance: +10% to +20% |
| Hold | Expected 12-month performance: -10% to +10% |
| Sell | Expected 12-month performance: -10% or worse |

Sector ratings

| | |
|-------------|--|
| Overweight | Expected to outperform the market over 12 months |
| Neutral | Expected to perform in line with the market over 12 months |
| Underweight | Expected to underperform the market over 12 months |

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

| | Buy | Trading Buy | Hold | Sell |
|-----------------------------|--------|-------------|--------|------|
| Ratings distribution | 84.62% | 7.14% | 8.24% | 0% |
| Investment banking services | 85.71% | 0% | 14.29% | 0% |

* Based on recommendations in the last 12-months (as of December 31, 2024)

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