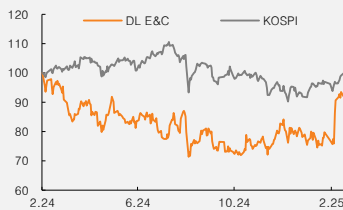


(Maintain)	Buy
Target price	▲ W49,000
Current price (2/17/25)	W37,450
Upside	30.8%

OP (24, Wbn)	271
Consensus OP (24F, Wbn)	271
EPS growth (24, %)	22.2
Market EPS growth (24F, %)	67.9
P/E (24, x)	6.0
Market P/E (24F, x)	11.1
KOSPI	2,610.42

Market cap (Wbn)	1,449
Shares (mn)	39
Free float (%)	74.3
Foreign ownership (%)	30.5
Beta (12M)	0.73
52-week low (W)	29,050
52-week high (W)	39,600

(%)	1M	6M	12M
Absolute	22.0	21.0	-3.2
Relative	17.9	25.0	-1.8



Mirae Asset Securities Co., Ltd.

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DL E&C

Earnings momentum to strengthen in 2025

Operating profit to improve significantly in 2025

For 2025, we expect DL E&C to post consolidated revenue of W7.91tr (-4.9% YoY) and operating profit of W507bn (+87.1% YoY). Our operating profit forecast is in line with the company's guidance of W520bn (+92% YoY).

We forecast housing revenue to decline 13% YoY, hurt by a drop in construction starts. Nevertheless, operating profit should expand sharply thanks to: 1) a favorable comparison for subsidiary DL Construction (which posted weak earnings in 2024 due to highly conservative cost recognition); 2) an improved housing mix and a W31.8bn increase in the LH project contract value; and 3) a likely increase in plant revenue (forecast: +33% YoY).

2025 housing starts to support revenue recovery

For 2025, DL E&C guided consolidated housing starts at 12,000 units (-8% YoY), including 4,000 units from DL Construction. While this would mark a decline from the 2024 level, it would still represent significant improvement over 2023, when housing starts reached only 5,800 units (including 2,200 units from DL Construction). As such, housing revenue should recover gradually if the company achieves its target.

Maintain Buy and lift TP to W49,000; our second-most preferred pick

We raise our target price for DL E&C by 7% to W49,000 (based on a target P/B of 0.4x), reflecting a change in our BPS base year from 2024 to 2025. Despite the recent rally, the stock remains attractive due to its solid earnings growth outlook, stable financial position (net cash position of roughly W1tr), and enhanced shareholder returns.

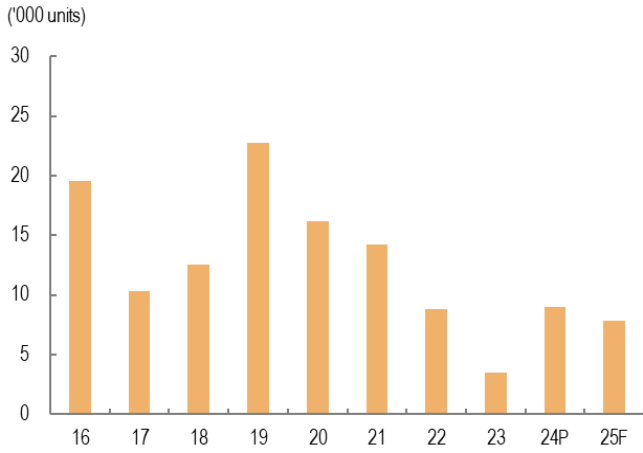
In keeping with its previously announced shareholder return policy, we expect DL E&C to buy back roughly W34bn worth of shares in 2025. We believe additional momentum could come from the company's more than 1% stake in US small modular reactor (SMR) manufacturer X-energy, as this investment could open up new business opportunities in the expanding SMR market.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	7,497	7,991	8,318	7,912	8,362
OP (Wbn)	497	331	271	507	575
OP margin (%)	6.6	4.1	3.3	6.4	6.9
NP (Wbn)	413	188	229	433	489
EPS (W)	9,627	4,377	5,348	10,092	11,399
ROE (%)	9.7	4.1	4.8	8.6	9.1
P/E (x)	3.5	8.2	6.0	3.7	3.3
P/B (x)	0.3	0.3	0.3	0.3	0.3
Dividend yield (%)	3.0	1.4	1.9	3.2	3.7

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

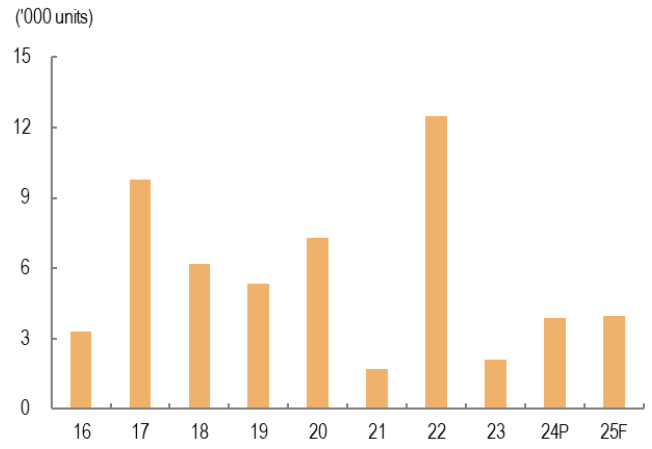
Source: Company data, Mirae Asset Securities Research estimates

Figure 1. DL E&C (parent): Housing starts and guidance



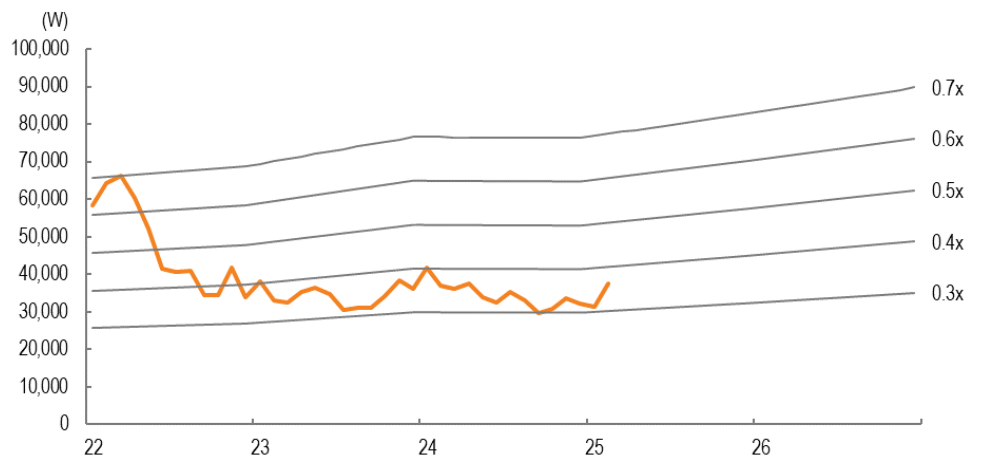
Source: Company data, Mirae Asset Securities Research

Figure 2. DL Construction: Housing starts and guidance



Source: Company data, Mirae Asset Securities Research

Figure 3. DL E&C: P/B band chart (DL E&C spun off in 2021)



Source: Mirae Asset Securities Research

Table 1. DL E&C: TP calculation

	Value	(W, x)
BPS	122,769	2025F
Target P/B	0.4	
Target price	49,000	Rounded up
Current price	37,450	Feb. 17 closing price
Upside	31%	

Source: Mirae Asset Securities Research

DL E&C (375500 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	7,991	8,318	7,912	8,362
Cost of revenue	7,209	7,473	6,868	7,230
GP	782	845	1,044	1,132
SG&A expenses	451	575	536	557
OP (adj.)	331	271	507	575
OP	331	271	507	575
Non-operating profit	-51	83	95	105
Net financial income	67	60	62	74
Net income from associates	24	-8	6	9
Pretax profit	280	354	602	680
Income tax	78	125	168	190
Profit from continuing operations	202	229	433	489
Profit from discontinued operations	0	0	0	0
NP	202	229	433	489
Attributable to owners	188	229	433	489
Attributable to minority interests	14	0	0	0
Total comprehensive income	194	105	433	489
Attributable to owners	181	105	433	489
Attributable to minority interests	13	0	0	0
EBITDA	418	354	592	661
FCF	219	262	385	413
EBITDA margin (%)	5.2	4.3	7.5	7.9
OP margin (%)	4.1	3.3	6.4	6.9
Net margin (%)	2.4	2.8	5.5	5.8

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	5,783	5,876	6,047	6,374
Cash & equivalents	2,004	1,915	2,127	2,378
AR & other receivables	1,248	1,278	1,240	1,293
Inventory	938	964	957	972
Other current assets	1,593	1,719	1,723	1,731
Non-current assets	3,561	3,836	3,835	3,859
Investments in associates	485	525	527	534
PP&E	128	55	45	41
Intangible assets	33	30	29	29
Total assets	9,344	9,712	9,882	10,233
Current liabilities	3,749	3,831	3,718	3,695
AP & other payables	1,344	1,418	1,392	1,423
Short-term financial liabilities	594	431	418	400
Other current liabilities	1,811	1,982	1,908	1,872
Non-current liabilities	827	1,036	981	910
Long-term financial liabilities	695	906	857	788
Other non-current liabilities	132	130	124	122
Total liabilities	4,575	4,867	4,699	4,605
Equity attributable to owners	4,769	4,846	5,183	5,628
Capital stock	215	229	229	229
Capital surplus	3,847	3,831	3,831	3,831
Retained earnings	990	1,091	1,501	1,947
Minority interests	0	0	0	0
Shareholders' equity	4,769	4,846	5,183	5,628

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	231	304	450	485
NP	202	229	433	489
Non-cash income/expenses	434	326	186	194
Depreciation	78	74	75	76
Amortization	10	9	10	10
Other	346	243	101	108
Chg. in working capital	-364	-139	-63	-81
Chg. in AR & other receivables	-204	-72	32	-42
Chg. in inventory	-51	-11	7	-16
Chg. in AP & other payables	62	599	-12	20
Income tax	-67	-130	-168	-190
Cash flow from investing activities	201	-370	-81	-101
Chg. in PP&E	-11	-40	-65	-72
Chg. in intangible assets	-4	-5	-9	-10
Chg. in financial assets	280	-105	-6	-5
Other	-64	-220	-1	-14
Cash flow from financing activities	-189	-10	-158	-131
Chg. in financial liabilities	39	47	-62	-87
Chg. in equity	353	-2	0	0
Dividends	-44	-22	-23	-44
Other	-537	-33	-73	0
Chg. in cash	252	-89	211	251
Beginning balance	1,752	2,004	1,915	2,127
Ending balance	2,004	1,915	2,127	2,378

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

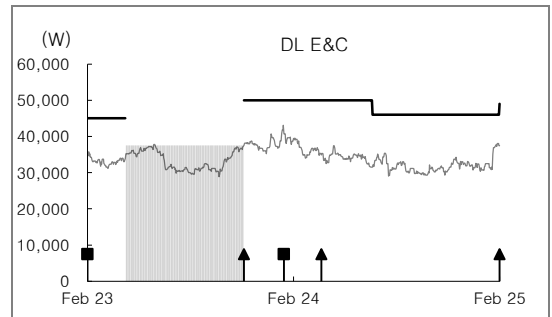
	2023	2024F	2025F	2026F
P/E (x)	8.2	6.0	3.7	3.3
P/CF (x)	2.4	2.5	2.6	2.4
P/B (x)	0.3	0.3	0.3	0.3
EV/EBITDA (x)	1.2	1.1	0.5	-
EPS (W)	4,377	5,348	10,092	11,399
CFPS (W)	14,820	12,958	14,423	15,910
BPS (W)	113,560	113,213	122,769	133,142
DPS (W)	500	600	1,200	1,400
Dividend payout ratio (%)	8.9	10.0	10.2	10.5
Dividend yield (%)	1.4	1.9	3.9	4.5
Revenue growth (%)	6.6	4.1	-4.9	5.7
EBITDA growth (%)	-28.3	-15.3	67.1	11.7
OP growth (%)	-33.5	-18.1	87.1	13.5
EPS growth (%)	-54.5	22.2	88.7	12.9
AR turnover (x)	11.1	9.6	9.2	9.7
Inventory turnover (x)	8.9	8.7	8.2	8.7
AP turnover (x)	7.0	6.9	6.2	6.5
ROA (%)	2.2	2.4	4.4	4.9
ROE (%)	4.1	4.8	8.6	9.1
ROIC (%)	11.9	8.4	18.3	20.2
Debt-to-equity ratio (%)	95.9	100.4	90.7	81.8
Current ratio (%)	154.3	153.4	162.6	172.5
Net debt-to-equity ratio (%)	-20.9	-19.3	-23.3	-27.5
Interest coverage ratio (x)	6.8	5.3	9.1	10.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
DL E&C (375500)	02/18/25	Buy	49,000
	07/08/24	Buy	46,000
	04/08/24	Buy	50,000
	02/02/24	Trading Buy	50,000
	11/23/23	Buy	50,000
	04/28/23	No Coverage	
	11/23/22	Trading Buy	45,000



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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