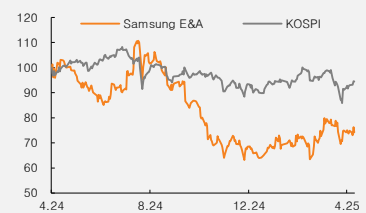


(Maintain)	Buy
Target price	W26,000
Current price (4/24/25)	W19,140
Upside	35.8%

OP (25F, Wbn)	721
Consensus OP (25F, Wbn)	744
EPS growth (25F, %)	-19.6
Market EPS growth (25F, %)	24.6
P/E (25F, x)	6.2
Market P/E (25F, x)	9.2
KOSPI	2,522.33

Market cap (Wbn)	3,751
Shares (mn)	196
Free float (%)	79.4
Foreign ownership (%)	43.9
Beta (12M)	0.85
52-week low (W)	16,310
52-week high (W)	28,550

(%)	1M	6M	12M
Absolute	-4.8	-3.4	-26.9
Relative	-0.6	-1.2	-22.5



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Samsung E&A

Non-hydrocarbon revenue and orders disappoint

1Q25 review: OP misses consensus by 9%

For 1Q25, Samsung E&A reported consolidated revenue of W2.1tr (-12.0% YoY) and operating profit of W157.3bn (-24.9% YoY); both figures missed the consensus by 9%. While hydrocarbon revenue increased 19% YoY on progress in major overseas projects (e.g., Fadhili gas plant in Saudi Arabia), non-hydrocarbon revenue slumped 32% YoY (falling below W1tr) due to fewer new orders from group affiliates, especially Samsung Electronics (SEC). Gross margin remained steady YoY at 14% thanks to improved cost efficiency and favorable FX, but the sharp decline in consolidated revenue pushed up the SG&A expense ratio by 1.2%p YoY. Meanwhile, pretax profit beat the consensus by 8%, as the firm's acquisition of a stake in Norwegian hydrogen company Nel led to higher equity-method gains.

Non-hydrocarbon business: Both revenue and order intake shrink

In 1Q25, the company secured new orders worth W2.3tr, mainly driven by the Taziz methanol project (UAE). However, non-hydrocarbon orders reached only W150bn—a sharp drop from the 1Q24 figure (W1.4tr) and far below the firm's full-year non-hydrocarbon order target (W3-4tr). We believe a meaningful recovery will require additional orders from group affiliates in the coming months.

As for the hydrocarbon business, the company is pursuing 11 projects worth a total of US\$23.1bn this year. These are mostly large, government-led projects, including: 1) the SAN VI blue ammonia project in Saudi Arabia (US\$3bn; 1H); 2) a US FEED-to-EPC blue ammonia project (US\$1bn; 1H); 3) the Qatar NGL5 project (US\$3bn; 2H); and 4) a UAE gas project (US\$2bn; 2H).

Retain Buy and TP of W26,000

We maintain our Buy rating and target price of W26,000 on Samsung E&A. While we expect muted earnings momentum relative to peers (due to a high YoY base and management's conservative 2025 operating profit guidance of W700bn), we remain positive on the stock due to the resumption of shareholder returns and steadily growing visibility on new businesses. However, uncertainties remain over the non-hydrocarbon business (with revenue and orders shrinking). A rebound in the stock will likely hinge on LNG order wins and the resumption of orders from group affiliates (including SEC).

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	10,625	9,967	9,561	11,150	11,853
OP (Wbn)	993	972	721	860	896
OP margin (%)	9.3	9.8	7.5	7.7	7.6
NP (Wbn)	754	757	608	688	725
EPS (W)	3,846	3,862	3,103	3,512	3,697
ROE (%)	24.4	19.6	13.6	13.8	13.0
P/E (x)	7.5	4.3	6.2	5.4	5.2
P/B (x)	1.6	0.8	0.8	0.7	0.6
Dividend yield (%)	0.0	4.0	3.4	3.4	3.4

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. Samsung E&A: Quarterly earnings

(Wbn)

	1Q24	2Q24	3Q24	4Q24	1Q25P	YoY	QoQ	Consensus	Diff.
Revenue	2,385	2,686	2,317	2,579	2,098	-12.0%	-18.6%	2,294	-8.6%
OP	209	263	204	296	157	-24.9%	-46.8%	173	-8.9%
Pretax profit	219	293	220	171	205	-6.8%	19.4%	189	8.1%
NP attributable to owners of the parent	162	315	164	116	151	-7.0%	29.9%	144	4.3%
OP margin	8.8%	9.8%	8.8%	11.5%	7.5%			7.5%	
Pretax margin	9.2%	10.9%	9.5%	6.6%	9.8%			8.3%	
Net margin	6.8%	11.7%	7.1%	4.5%	7.2%			6.3%	

Source: Company data, FnGuide, Mirae Asset Securities Research

Table 2. Samsung E&A: Quarterly and annual earnings

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2024	1Q25P	2Q25F	3Q25F	4Q25F	2025F	2026F
Revenue	2,385	2,686	2,317	2,579	9,967	2,098	2,396	2,456	2,611	9,561	11,150
- Hydrocarbon	942	1,230	1,109	1,317	4,598	1,123	1,297	1,345	1,456	5,221	6,562
- Non-hydrocarbon	1,443	1,456	1,208	1,261	5,369	975	1,099	1,111	1,155	4,340	4,588
COGS ratio	85.9%	85.2%	85.6%	82.8%	84.9%	86.0%	87.2%	87.1%	86.5%	86.7%	86.8%
- Hydrocarbon	84.2%	80.5%	80.7%	81.3%	81.5%	87.7%	86.1%	85.3%	85.3%	86.0%	86.4%
- Non-hydrocarbon	87.0%	89.2%	90.1%	84.4%	87.7%	84.0%	88.4%	89.2%	88.0%	87.5%	87.5%
GP	337	396	334	442	1,509	294	307	318	352	1,271	1,467
- Hydrocarbon	149	240	214	246	849	138	180	198	214	729	895
- Non-hydrocarbon	188	157	120	196	661	156	127	120	138	541	573
SG&A	128	134	130	147	538	137	134	137	142	549	608
SG&A ratio	5.3%	5.0%	5.6%	5.7%	5.4%	6.5%	5.6%	5.6%	5.4%	5.7%	5.5%
OP	209	263	204	296	972	157	173	181	210	721	860
OP margin	8.8%	9.8%	8.8%	11.5%	9.7%	7.5%	7.2%	7.4%	8.0%	7.5%	7.7%
Pretax profit	219	293	220	173	906	205	187	208	197	797	947
Pretax margin	9.2%	10.9%	9.5%	6.7%	9.1%	9.8%	7.8%	8.5%	7.6%	8.3%	8.5%
NP attributable to owners of the parent	162	315	164	116	757	151	147	159	151	608	687
Net margin attributable to owners of the parent	6.8%	11.7%	7.1%	4.5%	7.6%	7.2%	6.1%	6.5%	5.8%	6.4%	6.2%

Source: Company data, Mirae Asset Securities Research

Samsung E&A (028050 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	9,967	9,561	11,150	11,853
Cost of revenue	8,457	8,290	9,682	10,298
GP	1,510	1,271	1,468	1,555
SG&A expenses	538	549	608	658
OP (adj.)	972	721	860	896
OP	972	721	860	896
Non-operating profit	-68	76	88	102
Net financial income	44	94	90	94
Net income from associates	7	24	30	35
Pretax profit	904	797	948	998
Income tax	265	203	256	269
Profit from continuing operations	639	593	692	728
Profit from discontinued operations	0	0	0	0
NP	639	593	692	728
Attributable to owners	757	608	688	725
Attributable to minority interests	-118	-15	3	4
Total comprehensive income	598	593	692	728
Attributable to owners	759	757	884	930
Attributable to minority interests	-161	-164	-192	-202
EBITDA	1,041	793	937	978
FCF	1,593	178	324	358
EBITDA margin (%)	10.4	8.3	8.4	8.3
OP margin (%)	9.8	7.5	7.7	7.6
Net margin (%)	7.6	6.4	6.2	6.1

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	7,942	8,063	8,434	8,778
Cash & equivalents	2,596	2,630	2,805	3,009
AR & other receivables	3,696	3,692	3,822	3,902
Inventory	0	0	0	0
Other current assets	1,650	1,741	1,807	1,867
Non-current assets	2,071	2,065	2,079	2,087
Investments in associates	223	232	239	248
PP&E	443	457	479	492
Intangible assets	99	101	102	102
Total assets	10,013	10,128	10,513	10,865
Current liabilities	5,871	5,522	5,350	5,110
AP & other payables	1,259	1,257	1,308	1,335
Short-term financial liabilities	161	147	133	115
Other current liabilities	4,451	4,118	3,909	3,660
Non-current liabilities	246	242	236	230
Long-term financial liabilities	18	18	17	17
Other non-current liabilities	228	224	219	213
Total liabilities	6,118	5,764	5,587	5,340
Equity attributable to owners	4,232	4,715	5,274	5,869
Capital stock	980	980	980	980
Capital surplus	-22	-22	-22	-22
Retained earnings	3,187	3,666	4,225	4,820
Minority interests	-336	-351	-348	-344
Shareholders' equity	3,896	4,364	4,926	5,525

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	1,636	238	394	420
NP	639	593	692	728
Non-cash income/expenses	449	156	212	219
Depreciation	43	46	48	50
Amortization	26	26	29	32
Other	380	84	135	137
Chg. in working capital	730	-403	-346	-354
Chg. in AR & other receivables	-350	4	-122	-76
Chg. in inventory	0	0	0	0
Chg. in AP & other payables	807	-2	31	17
Income tax	-225	-203	-256	-269
Cash flow from investing activities	-50	-74	-92	-89
Chg. in PP&E	-42	-60	-70	-62
Chg. in intangible assets	-43	-28	-30	-32
Chg. in financial assets	79	-22	-14	-17
Other	-44	36	22	22
Cash flow from financing activities	-30	-143	-144	-147
Chg. in financial liabilities	31	-14	-15	-18
Chg. in equity	0	0	0	0
Dividends	0	-129	-129	-129
Other	-61	0	0	0
Chg. in cash	1,681	35	175	204
Beginning balance	915	2,596	2,630	2,805
Ending balance	2,596	2,630	2,805	3,009

Key valuation metrics/ratios

	2024	2025F	2026F	2027F
P/E (x)	4.3	6.2	5.4	5.2
P/CF (x)	3.0	5.0	4.1	4.0
P/B (x)	0.8	0.8	0.7	0.6
EV/EBITDA (x)	-	0.5	0.2	-
EPS (W)	3,862	3,103	3,512	3,697
CFPS (W)	5,547	3,820	4,612	4,835
BPS (W)	21,591	24,055	26,907	29,944
DPS (W)	660	660	660	660
Dividend payout ratio (%)	20.3	21.8	18.7	17.8
Dividend yield (%)	4.0	3.3	3.3	3.3
Revenue growth (%)	-6.2	-4.1	16.6	6.3
EBITDA growth (%)	-1.7	-23.8	18.1	4.4
OP growth (%)	-2.2	-25.7	19.1	4.3
EPS growth (%)	0.4	-19.6	13.2	5.3
AR turnover (x)	3.6	2.7	3.1	3.2
Inventory turnover (x)	0.0	0.0	0.0	0.0
AP turnover (x)	10.1	10.4	11.9	12.3
ROA (%)	7.2	5.9	6.7	6.8
ROE (%)	19.6	13.6	13.8	13.0
ROIC (%)	69.8	80.4	59.8	47.3
Debt-to-equity ratio (%)	157.0	132.1	113.4	96.6
Current ratio (%)	135.3	146.0	157.6	171.8
Net debt-to-equity ratio (%)	-75.7	-69.2	-65.4	-62.6
Interest coverage ratio (x)	68.9	109.6	141.1	164.4

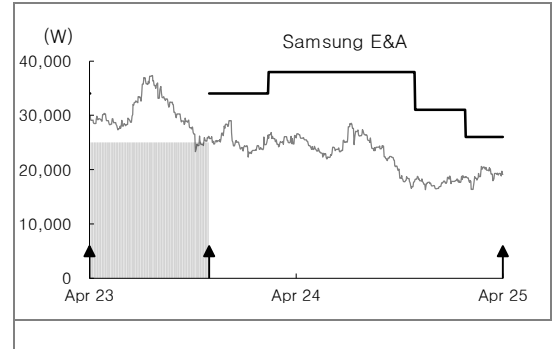
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Samsung E&A (028050)	02/18/25	Buy	26,000
	11/21/24	Buy	31,000
	03/07/24	Buy	38,000
	11/23/23	Buy	34,000
	04/28/23	No Coverage	
	11/23/22	Buy	34,000



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	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

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