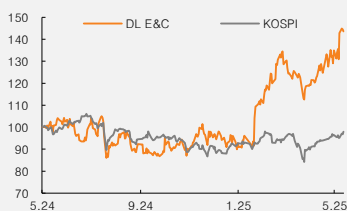


(Maintain)	Buy
Target price	▲ W61,000
Current price (5/28/25)	W48,450
Upside	25.9%

OP (25F, Wbn)	484
Consensus OP (25F, Wbn)	462
EPS growth (25F, %)	61.2
Market EPS growth (25F, %)	25.8
P/E (25F, x)	5.6
Market P/E (25F, x)	9.6
KOSPI	2,670.15

Market cap (Wbn)	1,875
Shares (mn)	39
Free float (%)	74.3
Foreign ownership (%)	31.8
Beta (12M)	0.58
52-week low (W)	29,050
52-week high (W)	48,900

(%)	1M	6M	12M
Absolute	12.0	48.2	43.3
Relative	6.9	39.0	46.2



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DL E&C

Annual OP poised to rise for the first time since spin-off

2025 outlook: OP to expand for the first time since spin-off

For 2025, we forecast DL E&C to post consolidated revenue of W7.89tr (-5.2% YoY) and operating profit of W483.9bn (+78.6% YoY). Notably, the builder appears poised to achieve annual operating profit growth for the first time since its 2021 spin-off. While housing revenue remains under pressure due to lingering impact of declining housing starts, we forecast plant revenue to expand 35% YoY thanks to progress in key projects (S-Oil's Shaheen project, Baltic Chemical Complex, etc.). Operating profit is likely to rise sharply due to: 1) conservative accounting standards applied to DL Construction in 2024; and 2) housing cost ratio improvements in 2025. For DL E&C (standalone), the improvement in cost ratio should be supported by the W31.8bn increase in the LH project contract value for 2025 (partially reflected in 1Q25; remainder to be reflected throughout 2025).

Strong housing starts in 2025

In 1Q25, DL E&C's housing starts (consolidated) totaled around 7,800 units, already achieving 65% of its full-year guidance (12,000 units). Notably, DL Construction has already met its full-year housing presale target of 4,000 units, and there is potential for further upside depending on the performance of public projects. Against this backdrop, we expect housing revenue—which has declined since 2022 amid a sharp fall in housing starts—to rebound in 2026.

Lift TP to W61,000 and maintain Buy; still our second-most preferred pick

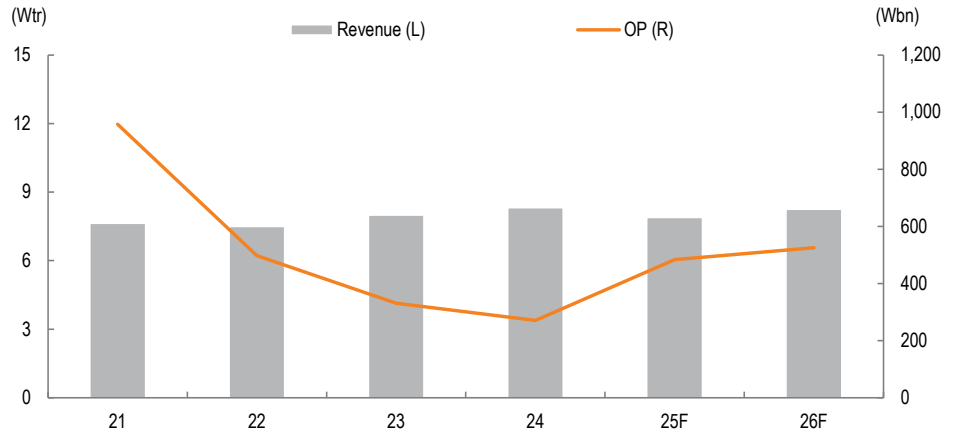
We maintain our Buy rating on DL E&C and retain the stock as our second-most preferred pick in the construction sector. We lift our target price to W61,000 (from W53,000) as we raised our target P/B from 0.4x to 0.5x (aligning with the target P/B applied to housing-focused builders). Key investment points for DL E&C include its sound financials, likely improvement in housing cost ratio from 2Q25, and W34bn share buyback planned for 2H25. Valuation momentum could also be supported by visible progress in the nuclear segment, including co-development projects with US small modular reactor (SMR) manufacturer X-energy (in which DL E&C holds a stake).

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	7,991	8,318	7,888	8,244	8,677
OP (Wbn)	331	271	484	526	608
OP margin (%)	4.1	3.3	6.1	6.4	7.0
NP (Wbn)	188	229	370	405	475
EPS (W)	4,377	5,348	8,620	9,439	11,067
ROE (%)	4.1	4.8	7.4	7.7	8.5
P/E (x)	8.2	6.0	5.6	5.1	4.4
P/B (x)	0.3	0.3	0.4	0.4	0.3
Dividend yield (%)	1.4	1.7	2.3	2.7	3.1

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

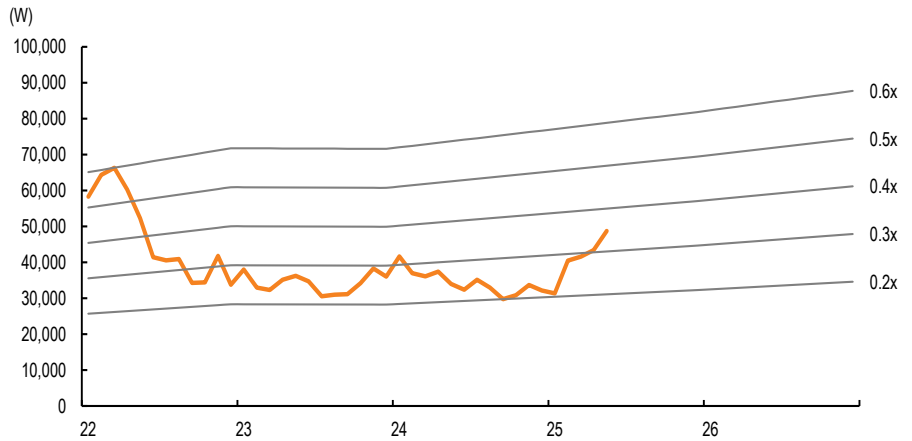
Source: Company data, Mirae Asset Securities Research estimates

Figure 1. DL E&C (consolidated): Revenue and OP trends



Source: Mirae Asset Securities Research

Figure 2. DL E&C: P/B band chart



Source: Mirae Asset Securities Research

Table 1. DL E&C: TP calculation (W, x)

	Value	Notes
BPS	121,323	2025F
Target P/B	0.5	Target P/B applied to housing-focused builders
Target price	61,000	Rounded up
Current price	48,450	May 28 closing price
Upside	26%	

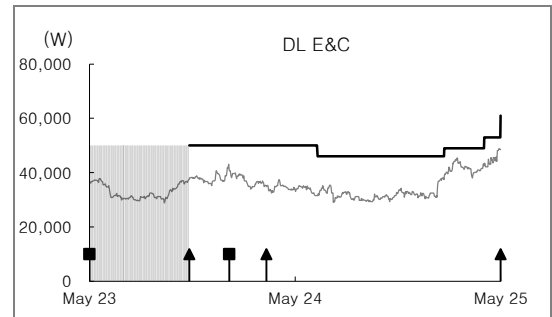
Source: Mirae Asset Securities Research

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
DL E&C (375500)	05/29/25	Buy	61,000
	04/30/25	Buy	53,000
	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	



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

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

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

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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