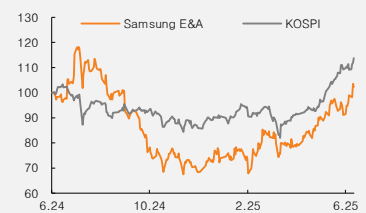


(Maintain)	Buy
Target price	▲ W32,000
Current price (7/10/25)	W24,700
Upside	29.6%

OP (25F, Wbn)	709
Consensus OP (25F, Wbn)	704
EPS growth (25F, %)	-15.4
Market EPS growth (25F, %)	24.4
P/E (25F, x)	7.6
Market P/E (25F, x)	11.7
KOSPI	3,183.23

Market cap (Wbn)	4,841
Shares (mn)	196
Free float (%)	79.4
Foreign ownership (%)	45.5
Beta (12M)	0.81
52-week low (W)	16,310
52-week high (W)	28,550

(%)	1M	6M	12M
Absolute	7.9	38.2	5.8
Relative	-2.7	9.2	-4.7



Mirae Asset Securities Co., Ltd.

Ki Ryong Kim
kiryong.kim@miraeasset.com

Samsung E&A

Tough base of comparison persists, but investment case remains intact

2Q25 preview: OP to beat consensus by 6%

For 2Q25, we expect Samsung E&A to report consolidated revenue of W2.3tr (-14% YoY) and operating profit of W170.6bn (-35% YoY), with the latter figure beating the consensus (W161.9bn) by 6%. Hydrocarbon revenue likely continued YoY growth due to progress in major overseas projects, but non-hydrocarbon revenue likely declined YoY due to reduced orders from affiliates. We estimate consolidated operating profit fell more than 30% YoY, hurt by an unfavorable base (stemming from one-off gains in 2Q24) and a reduced contribution from FEED-to-EPC projects. Management is guiding 2025 operating profit at W700bn, down 28% from the previous year.

High order backlog and expectations for recovery in non-hydrocarbon orders

Despite the lull in non-hydrocarbon orders, the company's order backlog remains at a historically high level (above W20tr) due to major hydrocarbon orders secured last year (including the Fadhili gas plant project in Saudi Arabia). Recent developments—such as the resumption of investment by Samsung Electronics and the start of construction on Samsung Biologics' Plant 6—have also fueled expectations for a recovery in the non-hydrocarbon segment, contributing to the stock's recent gains.

In the hydrocarbon segment, the San VI blue ammonia project in Saudi Arabia (US\$3.5bn) and the US FEED-to-EPC blue ammonia project (US\$0.5bn), which were initially expected to be awarded in 1H25, have been delayed to 2H25. Additional orders for a number of Middle East hydrocarbon projects are expected to be awarded by year-end, including the Qatar NGL-5 project (US\$3.5bn), the Kuwait KOC gas project (US\$2bn), the UAE Shah gas project (US\$1.5bn), and the Ta'ziz project (US\$3bn).

Maintain Buy and lift TP by 23% to W32,000

We maintain our Buy rating on Samsung E&A and lift our target price by 23% to W32,000 (from W26,000), as we revised up our target P/B from 1.1x to 1.3x. This adjustment reflects a reduction in the discount we applied in our valuation (factoring in the stock's ROE relative to the average of global peers).

Earnings expectations for 2025 remain muted due to a tough YoY base and management's conservative guidance. However, from 2H25, we expect investor attention to gradually shift toward the firm's improving order flow, strengthened shareholder returns, and the potential for an earnings rebound in 2026. As of end-1H25, the company's net cash stands at around W3tr.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	10,625	9,967	9,517	11,152	12,435
OP (Wbn)	993	972	709	839	923
OP margin (%)	9.3	9.8	7.4	7.5	7.4
NP (Wbn)	754	757	641	713	784
EPS (W)	3,846	3,862	3,269	3,637	3,999
ROE (%)	24.4	19.6	14.2	14.0	13.7
P/E (x)	7.5	4.3	7.6	6.8	6.2
P/B (x)	1.6	0.8	1.0	0.9	0.8
Dividend yield (%)	0.0	4.0	2.7	2.7	2.7

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)

	2Q24	3Q24	4Q24	1Q25	2Q25F	YoY	QoQ	Consensus	Diff.
Revenue	2,686	2,317	2,579	2,098	2,302	-14.3%	9.7%	2,281	0.9%
OP	263	204	296	157	171	-35.0%	8.5%	162	5.9%
Pretax profit	293	220	171	205	199	-31.9%	-2.5%	182	9.9%
NP attributable to owners of the parent	315	164	116	151	157	-50.2%	4.3%	135	16.1%
OP margin	9.8%	8.8%	11.5%	7.5%	7.4%			7.1%	
Pretax margin	10.9%	9.5%	6.6%	9.8%	8.7%			8.0%	
Net margin	11.7%	7.1%	4.5%	7.2%	6.8%			5.9%	

Source: Company data, FnGuide, Mirae Asset Securities Research

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

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25F	3Q25F	4Q25F	2025F	2026F
Revenue	2,385	2,686	2,317	2,579	9,967	2,098	2,302	2,450	2,667	9,517	11,152
- Hydrocarbon	942	1,230	1,109	1,317	4,598	1,123	1,287	1,391	1,535	5,336	6,714
- Non-hydrocarbon	1,443	1,456	1,208	1,261	5,369	975	1,015	1,059	1,132	4,181	4,439
COGS ratio	85.9%	85.2%	85.6%	82.8%	84.9%	86.0%	86.7%	87.1%	86.7%	86.7%	86.9%
- Hydrocarbon	84.2%	80.5%	80.7%	81.3%	81.5%	87.7%	86.3%	85.9%	85.7%	86.3%	86.8%
- Non-hydrocarbon	87.0%	89.2%	90.1%	84.4%	87.7%	84.0%	87.2%	88.8%	88.0%	87.1%	87.1%
GP	337	396	334	442	1,509	294	305	315	355	1,269	1,459
- Hydrocarbon	149	240	214	246	849	138	176	196	219	729	888
- Non-hydrocarbon	188	157	120	196	661	156	129	119	136	540	572
SG&A	128	134	130	147	538	137	135	137	152	560	621
SG&A ratio	5.3%	5.0%	5.6%	5.7%	5.4%	6.5%	5.9%	5.6%	5.7%	5.9%	5.6%
OP	209	263	204	296	972	157	171	178	202	709	839
OP margin	8.8%	9.8%	8.8%	11.5%	9.7%	7.5%	7.4%	7.3%	7.6%	7.4%	7.5%
Pretax profit	219	293	220	173	904	205	199	226	209	839	981
Pretax margin	9.2%	10.9%	9.5%	6.7%	9.1%	9.8%	8.7%	9.2%	7.8%	8.8%	8.8%
NP attributable to owners of the parent	162	315	164	116	757	151	157	173	160	641	713
Net margin attributable to owners of the parent	6.8%	11.7%	7.1%	4.5%	7.6%	7.2%	6.8%	7.1%	6.0%	6.7%	6.4%

Source: Company data, Mirae Asset Securities Research estimates

Table 3. Samsung E&A: TP calculation

(W, x)

	Value	Notes
BPS	24,439	2025F
Target P/B	1.3	Discount to avg. of global EPC peers (discount reflects relative ROE levels)
Target price	32,000	
Current price	24,700	Jul. 10 closing price
Upside	30%	

Source: Mirae Asset Securities Research

Samsung E&A (028050 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	9,967	9,517	11,152	12,435
Cost of revenue	8,457	8,248	9,693	10,827
GP	1,510	1,269	1,459	1,608
SG&A expenses	538	560	621	684
OP (adj.)	972	709	839	923
OP	972	709	839	923
Non-operating profit	-68	130	142	156
Net financial income	44	64	66	71
Net income from associates	7	24	29	35
Pretax profit	904	839	981	1,079
Income tax	265	215	265	291
Profit from continuing operations	639	624	716	788
Profit from discontinued operations	0	0	0	0
NP	639	624	716	788
Attributable to owners	757	641	713	784
Attributable to minority interests	-118	-17	4	4
Total comprehensive income	598	660	716	788
Attributable to owners	759	643	698	767
Attributable to minority interests	-161	17	19	20
EBITDA	1,041	785	918	1,005
FCF	1,593	384	448	481
EBITDA margin (%)	10.4	8.2	8.2	8.1
OP margin (%)	9.8	7.4	7.5	7.4
Net margin (%)	7.6	6.7	6.4	6.3

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	7,942	8,106	8,535	9,033
Cash & equivalents	2,596	2,611	2,835	3,076
AR & other receivables	3,696	3,685	3,790	3,936
Inventory	0	0	0	0
Other current assets	1,650	1,810	1,910	2,021
Non-current assets	2,071	2,177	2,255	2,349
Investments in associates	223	294	322	366
PP&E	443	468	490	510
Intangible assets	99	105	107	109
Total assets	10,013	10,283	10,790	11,382
Current liabilities	5,871	5,605	5,530	5,473
AP & other payables	1,259	1,255	1,296	1,345
Short-term financial liabilities	161	58	56	52
Other current liabilities	4,451	4,292	4,178	4,076
Non-current liabilities	246	243	237	228
Long-term financial liabilities	18	18	17	17
Other non-current liabilities	228	225	220	211
Total liabilities	6,118	5,848	5,768	5,701
Equity attributable to owners	4,232	4,790	5,374	6,028
Capital stock	980	980	980	980
Capital surplus	-22	-22	-22	-22
Retained earnings	3,187	3,699	4,282	4,937
Minority interests	-336	-354	-351	-347
Shareholders' equity	3,896	4,436	5,023	5,681

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	1,636	452	518	550
NP	639	624	716	788
Non-cash income/expenses	449	208	236	254
Depreciation	43	46	48	50
Amortization	26	30	31	32
Other	380	132	157	172
Chg. in working capital	730	-129	-249	-284
Chg. in AR & other receivables	-350	165	-99	-138
Chg. in inventory	0	0	0	0
Chg. in AP & other payables	807	243	25	32
Income tax	-225	-330	-265	-291
Cash flow from investing activities	-50	-155	-158	-161
Chg. in PP&E	-42	-68	-70	-69
Chg. in intangible assets	-43	-37	-33	-35
Chg. in financial assets	79	-22	-35	-37
Other	-44	-28	-20	-20
Cash flow from financing activities	-30	-285	-132	-133
Chg. in financial liabilities	31	-103	-3	-4
Chg. in equity	0	0	0	0
Dividends	0	0	-129	-129
Other	-61	-182	0	0
Chg. in cash	1,681	16	224	241
Beginning balance	915	2,596	2,611	2,835
Ending balance	2,596	2,611	2,835	3,076

Key valuation metrics/ratios

	2024	2025F	2026F	2027F
P/E (x)	4.3	7.6	6.8	6.2
P/CF (x)	3.0	5.8	5.1	4.6
P/B (x)	0.8	1.0	0.9	0.8
EV/EBITDA (x)	-	1.8	1.2	0.9
EPS (W)	3,862	3,269	3,637	3,999
CFPS (W)	5,547	4,246	4,859	5,318
BPS (W)	21,591	24,439	27,416	30,755
DPS (W)	660	660	660	660
Dividend payout ratio (%)	20.3	20.7	18.1	16.4
Dividend yield (%)	4.0	2.8	2.8	2.8
Revenue growth (%)	-6.2	-4.5	17.2	11.5
EBITDA growth (%)	-1.7	-24.6	17.0	9.5
OP growth (%)	-2.2	-27.1	18.3	10.1
EPS growth (%)	0.4	-15.4	11.3	10.0
AR turnover (x)	3.6	2.7	3.1	3.4
Inventory turnover (x)	0.0	0.0	0.0	0.0
AP turnover (x)	10.1	10.3	12.0	13.0
ROA (%)	7.2	6.1	6.8	7.1
ROE (%)	19.6	14.2	14.0	13.7
ROIC (%)	69.8	79.6	64.3	56.1
Debt-to-equity ratio (%)	157.0	131.8	114.8	100.4
Current ratio (%)	135.3	144.6	154.3	165.0
Net debt-to-equity ratio (%)	-75.7	-69.7	-66.7	-63.9
Interest coverage ratio (x)	68.9	55.8	72.9	85.7

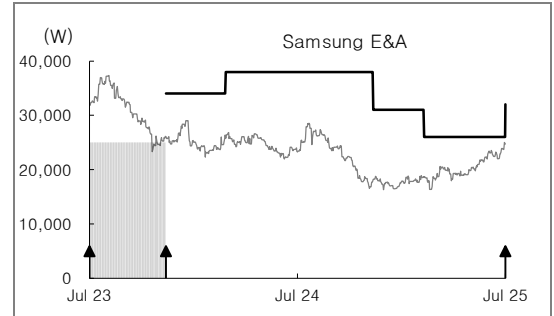
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Samsung E&A (028050)	07/11/25	Buy	32,000
	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	



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	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong SAR
Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
