COMPANY UPDATE

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Macquarie Korea Infrastructure Fund (088980)

4Q review; fair value appraisal lifts NAV by 47%

- Macquarie KIF (MKIF) implemented fair value assessments in December, lifting NAV by 47% and bringing its P/B multiple down to 1.1x.
- The fund's road assets performed well. Busan New Port Phase 2-3 posted strong EBITDA growth, driven by an improved freight-volume mix in 4Q.
- The recent hike in the debt ceiling for listed infrastructure funds should help MKIF quickly overcome dividend stagnation.

WHAT'S THE STORY?

Fair value assessments drive a step-change in NAV: In 4Q25, Macquarie KIF's (MKIF) revenue and net profit fell 10% and 14% y-y, respectively. Including valuation gains from the Dec 2025 fair value assessments, EPS surged 2,156% y-y. Under requirements introduced by the revised Capital Markets Act (effective Sep 2025), stricter fair value assessments are mandatory for non-market assets or special-asset collective investment schemes that lack reliable market prices. Following the fair value appraisal, MKIF's NAV rose by KRW1.6t, leading its P/B to fall from 1.6x to 1.1x.

- **Road assets:** Traffic volume across the fund's road assets rose a solid 2% y-y. While volumes declined y-y on the Woomyunsan Tunnel and Busan New Port 2nd Rear Road, they rose strongly (6% y-y) on the Incheon International Airport Expressway. In a move that underscores effective risk management, the fund recently restructured terms for the Busan New Port 2nd Rear Road project, securing a higher guaranteed return from construction investors.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW13,600	22.1%
Current price	KRW11,140	
Market cap	KRW5.3t/USD3.6b	
Shares (float)	478,921,993 (93.9%)	
52-week high/low	KRW11,980/KRW10,480	
Avg daily trading value (60-day)	KRW15.4b/ USD10.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Macquarie Korea Infrastructure Fund (%)	-0.4	-4.0	6.1
Vs Kospi (%pts)	-13.3	-39.5	-46.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	13,600	13,600	0.0%
2026E EPS	15.5	15.5	0.0%
2027E EPS	15.0	15.0	0.0%

SAMSUNG vs THE STREET

No of estimates	3
Target price	13,867
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	81.0	-10.3%	4.6%	-3.6%	-3.6%
Operating profit	61.8	-14.1%	3.1%	-7.7%	-7.7%
Pre-tax profit	61.8	-14.1%	3.1%	-7.7%	-7.7%
Net profit	61.8	-14.1%	3.1%	-7.7%	-7.7%
Margins (%)					
Operating profit	76.4%				
Pre-tax profit	76.4%				
Net profit	76.4%				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025	2026E
Valuations (x)			
P/E	15.4	2.8	15.5
P/B	1.6	1.1	1.1
Div yield (%)	6.8	6.8	6.8
EPS growth (% y-y)	(2.9)	462.0	(82.3)
ROE (%)	11.0	46.5	6.9
Per-share data (KRW)			
EPS	727	4,085	722
BVPS	7,129	10,453	10,416
DPS	760	760	760

- **Port assets:** In 2024, MKIF amended subordinated-loan terms for Busan New Port Phase 2-3, shifting the loans rate from a fixed 12% to a variable 6-12%. As a result, accrued interest is now growing more slowly. In the latest fair value appraisal, the loans were revalued from KRW886.4b to KRW435.2b. The port asset delivered 26% EBITDA growth in 4Q, driven by an improved freight-volume mix.
- **Baekyang Tunnel liquidation dividends conclude:** Since 4Q24, MKIF has recognized KRW45.9b in dividends from the Baekyang Tunnel liquidation. It booked KRW8.8b in 4Q25 vs KRW15.5b in 4Q24, which partly explains the y-y decline in revenue.

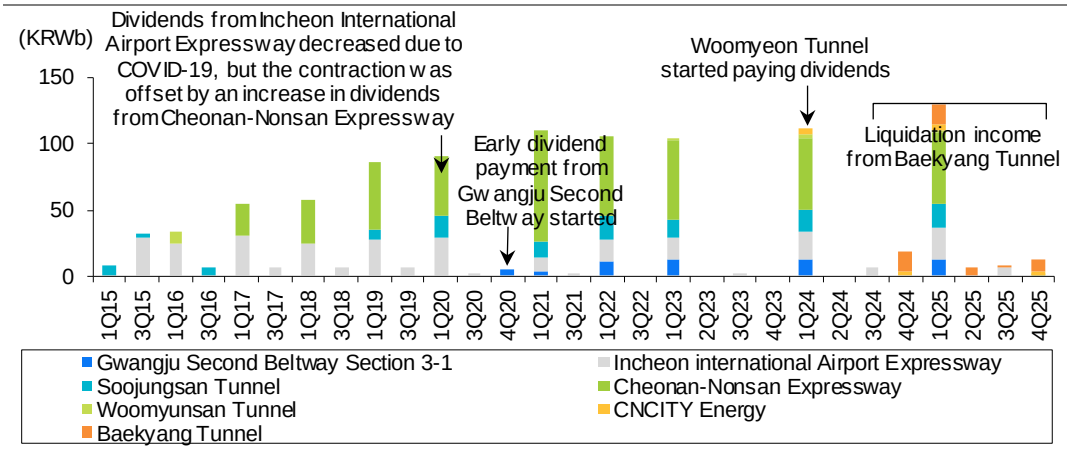
Fair value assessment supports confidence in cash flows: Established 20 years ago, MKIF has grown into a massive infrastructure fund with AUM approaching KRW4t. While its market cap has long been anchored to asset-specific cash flows, a meaningful gap with book value persisted. As a result, the stock has traded at 1.5-1.6x P/B, making it appear expensive. The recent fair value appraisal narrows the gap between fundamentals and book value, enhancing investor confidence in long-term cash flows. Meanwhile, the recent hike in the debt ceiling for listed infrastructure funds (from 30% of capital to 100%) should improve financial flexibility. While some in the market had expressed concerns about dividend stagnation, the company is now better positioned to resume active investment. With a dividend yield of 6.8%, the stock should emerge as an attractive investment option, particularly in the current high-volatility market environment.

Investment assets: Acquisition cost and book value after fair value assessment

(KRWb)		Acquisition Cost					Book value (fair value)	
	Stake (%)	Stock capital	Subordinated loan	Senior loan	Total contribution	Portfolio allocation	Loan	Stock capital
Baekyang Tunnel	100.0%	1.2	-	1.0	2.2	0%		
Gwangju Second Beltway Section 1	100.0%	33.1	60.3	-	93.3	2%	71.6	22.4
Incheon international Airport Expressway	24.1%	25.2	52.2		77.4	2%	60.4	216.1
Soojungsan Tunnel	100.0%	47.2			47.2	1%		49.9
Cheonan-Nonsan Expressway	60.0%	93.8	130.0		223.8	6%	160.9	438.9
Woomyunsan Tunnel	36.0%	-		15.0	15.0	0%	19.9	17.8
Gwangju Second Beltway Section 3-1	75.0%	29.4			29.4	1%		133.3
Machang Bridge	70.0%	33.9	114.0		147.9	4%	166.8	12.2
Yongin-Seoul Expressway	43.8%	52.1	243.5		295.6	8%	279.2	-
Seoul-Chuncheon Highway	18.2%	5.1	160.9		165.9	4%	228.2	109.2
Incheon Grand Bridge	64.1%	58.1	242.4		300.4	8%	364.3	563.7
BNCT	30.0%	67.0	819.4		886.4	23%	435.2	-
Dongbuk Light Rail Transit	30.0%	35.3	47.7		83.0	2%	104.5	24.5
Busan New Port, 2nd Rear Road	30.0%	18.9	123.5		142.4	4%	121.2	-
Haeyang Energy	100.0%	32.3	371.1		403.4	10%	398.3	44.3
Sorabol City Gas	100.0%	8.7	96.1		104.8	3%	116.7	13.0
Incheon-Gimpo Expressway	22.8%	44.2	108.2	-	152.4	4%	146.7	-
CNCITY Energy	48.0%	186.7			186.7	5%		222.1
Hanam Data Center	100.0%	23.0	446.1		469.1	12%	569.4	292.9
Seoul East Underground Expressway	40.0%	20.1	10.2		30.3	1%	43.1	-
Total		**815.2**	**3,025.5**	**16.0**	**3,856.7**	**100%**	**3,286.4**	**2,160.2**

Source: Company data, Samsung Securities

Dividend income



Source: Company data, Samsung Securities

Quarterly results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025	2026E	2027E	2028E
Revenue	199	78	77	81	185	73	83	74	396	422	2,026	415	427	440
Chg (%y-y)	8.2%	6.0%	4.2%	-10.3%	-7.1%	-6.1%	7.1%	-8.6%	5.2%	6.6%	380.0%	-4.7%	2.9%	2.9%
Interest income	70	71	71	71	70	73	73	74	290	285	282	290	296	302
Dividend income	129	7	6	13	115	-	10	-	106	137	156	125	131	138
Gains/losses on disposal				-3							-3			
Unrealized gains/losses				1,591							1,591			
Expenses	17	17	17	19	17	17	17	18	70	74	70	69	70	70
Management fees	11	12	12	12	12	12	12	12	45	48	48	48	49	49
Interest expenses	4	4	4	5	4	4	4	4	22	22	16	16	16	16
Other	1	1	1	3	1	1	1	2	4	4	6	5	5	5
Operating profit	183	61	60	62	168	56	66	56	326	348	1,956	346	357	370
Chg (% y-y)	10.0%	10.0%	9.9%	-14.1%	-8.0%	-8.0%	10.0%	-9.5%	3.5%	6.7%	462.0%	-5.3%	3.2%	3.5%
Net profit	183	61	60	62	168	56	66	56	326	348	1,956	346	357	370
Chg (% y-y)	10.0%	10.0%	9.9%	-14.1%	-8.0%	-8.0%	10.0%	-9.5%	3.5%	6.7%	462.0%	-5.3%	3.2%	3.5%

Note: Unrealized gains/losses are not reflected in quarterly results

Source: Company data, Samsung Securities

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Assets	2,499	2,905	4,625	4,649	4,674
Loans	1,704	2,044	2,439	2,464	2,488
Cash and equivalent	24	49	25	25	25
Equity securities	772	811	2,161	2,161	2,161
Other	840	925	856	807	747
Interest receivable	834	916	852	797	737
Other receivable	2	-	-	3	3
Prepaid expense	1	3	2	2	2
Accrued dividend	-	4	-	4	4
Total assets	**3,339**	**3,830**	**5,481**	**5,457**	**5,422**
Liabilities	406	398	457	407	357
Debenture	309	398	350	300	250
Long-term debt	96	-	107	107	107
Management fees payable	12	12	12	5	5
Other liabilities	10	5	6	56	78
Total liabilities	**427**	**415**	**474**	**468**	**440**
Paid-in capital	2,807	3,297	3,297	3,297	3,297
Capital surplus	-	-	-	-	-
Adjustments	-	-	-	-	-
Other Accumulated Earnings and Comprehensive Income	-	-	-	-	-
Retained earnings	104	117	1,709	1,691	1,684
Total equities	**2,912**	**3,414**	**5,006**	**4,988**	**4,981**

Margins

Year-end Dec 31 (%)	2023	2024	2025	2026E	2027E
Profitability (%)					
Operating profit (%)	82.3	82.5	96.5	83.4	83.6
Net profit (%)	82.3	82.5	96.5	83.4	83.6
ROE (%)	12.0	11.0	46.5	6.9	7.2
ROA (%)	10.2	9.7	42.0	6.3	6.6
Dividend yield (%)	6.2	6.8	6.8	6.8	7.0
Dividend payout ratio (%)	100.6	104.6	18.6	105.2	104.6
Valuations (x)					
P/E	16.6	15.4	2.8	15.5	15.0
P/B	1.9	1.6	1.1	1.1	1.1

Note: *Excluding one off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Revenue	**396**	**422**	**2,026**	**415**	**427**
Interest income	290	285	282	290	296
Dividend income	106	137	156	125	131
Other	0	0	0	-	-
Expenses	**70**	**74**	**70**	**69**	**70**
Interest expenses	22	22	16	16	16
Management fee	45	48	48	48	49
Other	4	4	6	5	5
Operating profit	**326**	**348**	**1,956**	**346**	**357**
Non-operating profit	-	-	-	-	-
Pre-tax profit	**326**	**348**	**1,956**	**346**	**357**
Income tax	-	-	-	-	-
Rate (%)	-	-	-	-	-
Non-controlling interest	-	-	-	-	-
Consolidated net profit	**326**	**348**	**1,956**	**346**	**357**

Key metrics

Year-end Dec 31 (KRW)	2023	2024	2025	2026E	2027E
Growth (% y-y)					
Sales	5.2	6.6	380.0	(79.5)	2.9
Operating profit	3.5	6.7	462.0	(82.3)	3.2
Net profit	3.5	6.7	462.0	(82.3)	3.2
EPS growth	(3.9)	(2.9)	462.0	(82.3)	3.2
Per-share data (KRW)					
EPS	748	727	4,085	722	746
BVPS	6,682	7,129	10,453	10,416	10,401
DPS	775	760	760	760	780

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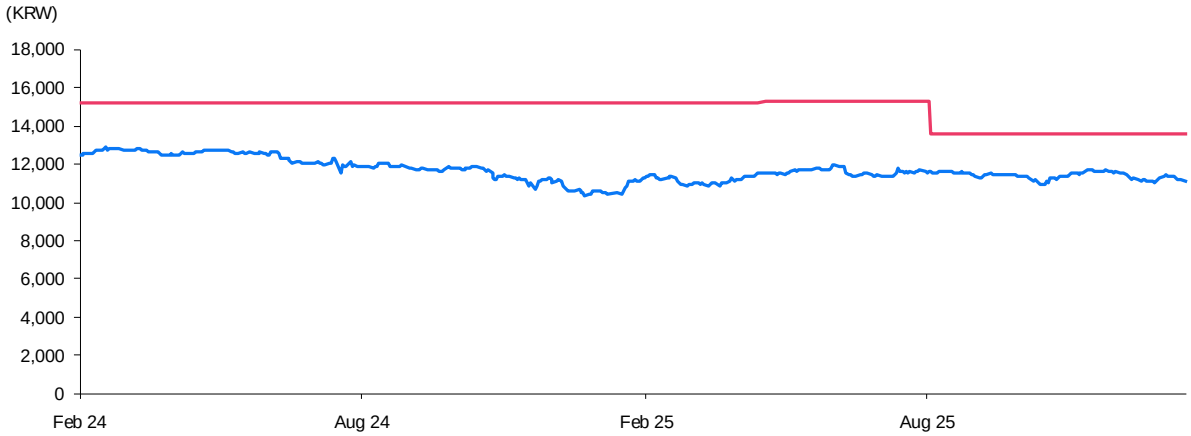
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/7/31	2024/7/31	2024/10/7	2025/5/7	8/21
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	15239	15239	15239	15300	13600
Gap* (average)	-18.74	-21.88	-26.69	-24.18	
(max or min)**	-15.23	-19.42	-21.78	-21.70	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.03.31

BUY(79%)·HOLD(21%)·SELL(0%)

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