COMPANY UPDATE

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Industrial Team

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Kogas (036460)

4Q review: Earnings miss due to one-offs

- Kogas logged 4Q sales of KRW9t (down 9.9% y-y) and operating profit of KRW473.5b (down 60%; meeting consensus).
- The earnings shock was due to settlement gains. The company turned y-y to a net loss on asset valuation losses stemming from weak oil prices.
- Reflecting a shift in our valuation base to 2026, we increase our target price by 10.2% to KRW54,000 and maintain BUY rating.

▶ AT A GLANCE

BUY

Target price	**KRW54,000**	**33%**
Current price	**KRW40,600**	
Market cap	KRW3.7t/USD2.5b	
Shares (float)	92,313,000 (46.9%)	
52-week high/low	KRW47,350/KRW32,500	
Avg daily trading value (60-day)	KRW15.4b/ USD10.5m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Kogas (%)	0.4	2.9	16.3
Vs Kospi (%pts)	-8.4	-43.4	-49.1

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	54,000	49,000	10.2%
2025E EPS	2,255	17,395	-87.0%
2026E EPS	10,608	18,258	-41.9%

▶ SAMSUNG vs THE STREET

No of estimates	7
Target price	50,429
Recommendation	3.9

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

WHAT'S THE STORY?

4Q review: Kogas' LNG sales volume rose 4.4% y-y to 9.16m tonnes in 4Q, and city gas sales volume grew 1.7% y-y to 5.37m tonnes, driven by increasing sales volume for residential and general use (civil sector) and also city gas power generation. Meantime, power generation-use gas sales volume climbed 8.4% y-y to 3.79m tonnes because sales volume to Kepco's power-generating subsidiaries and private power producers expanded a respective 11% and 7.2% y-y. ASP slipped 13.5% y-y to KRW933/tonne, with city gas prices down 9.6% and power-generation gas prices also down 19.5% on falling oil prices. Operating profit tumbled 59.7% y-y to KRW473.56b mainly due to: 1) reduced settlement gains from the gas tariff support program for low-income households and vulnerable citizens; and 2) lower earnings from its subsidiaries caused by the drop in oil prices.

(Continued on the next page)

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	8,992.4	-9.9	41.1	0.4	-1.0
Operating profit	473.5	-59.7	21.7	-41.2	-33.6
Pre-tax profit	-334.2	nm	nm	nm	nm
Net profit	-406.9	nm	nm	nm	nm
Margins (%)					
Operating profit	5.3				
Pre-tax profit	-3.7				
Net profit	-4.5				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	3.0	19.5	4.1
P/B	0.4	0.4	0.4
EV/EBITDA	8.5	9.7	8.5
Div yield (%)	3.3	2.6	4.4
EPS growth (% y-y)	nm	(84.8)	370.5
ROE (%)	13.3	1.9	8.6
Per-share data (KRW)			
EPS	14,862	2,255	10,608
BVPS	111,980	118,519	123,199
DPS	1,455	1,154	1,940

Maintaining BUY and KRW54,000 target price: Kogas turned to a net loss as the oil price weakness (2025 average Dubai crude at USD68.4/bbl, down 14.3% y-y) resulted in over KRW600b in asset valuation losses at its subsidiaries. This, however, was one-off factor. With oil prices sliding, the firm's accrued receivables stopped increasing. Its accrued receivables from the civil sector began declining in 4Q even without any tariff adjustments. When collection of the accrued receivables starts, the stock would stage a rerating. We raise our target price by 10.2% to KRW54,000 and maintain BUY rating, as we shift our valuation base to 2026, just trim our earnings estimates, and reflect a rise in historical average multiple (from 0.4x 2026 P/B to 0.43x).

Forecast revisions

(KRWb)	2024	New		Old		Chg (%)	
		2025E	2026E	2025E	2026E	2025E	2026E
Sales	38,389	35,727	33,915	36,516	35,350	-2.2	-4.1
Operating profit	3,003	2,101	2,183	2,387	2,121	-12.0	3.0
Pre-tax profit	1,638	396	1,197	1,187	1,243	-66.6	-3.7
Net profit	1,149	132	838	883	946	-85.0	-11.4
EBITDA	4,986	4,100	4,198	4,387	4,136	-6.5	1.5
EPS (KRW)*	14,862	2,255	10,608	9,596	10,270	-76.5	3.3

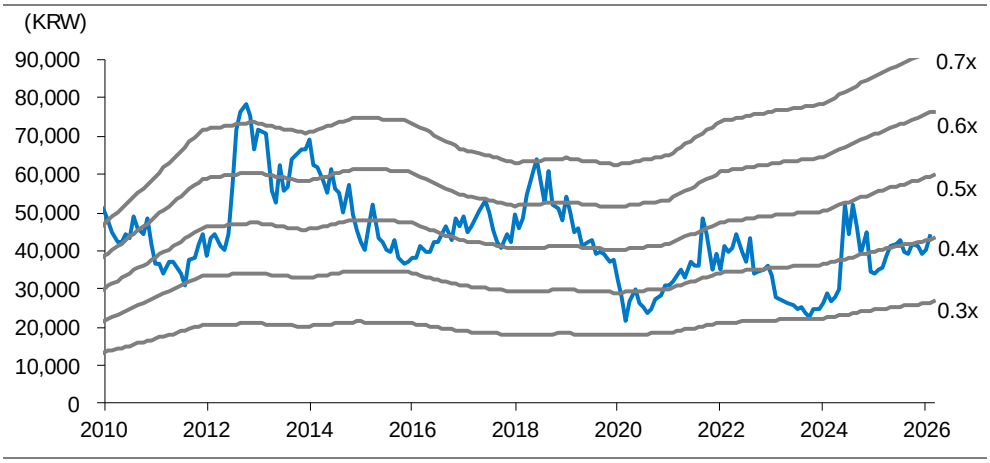
Note: *Fully diluted, excluding one-off items
Source: Company data, Samsung Securities estimates

Valuation summary

Year-end (KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS* (KRW)	Chg (% y-y)	P/E (x)	P/B (x)	EV/EBITDA (x)	ROE (%)	Net debt
2021	27,521	1,240	1,367	965	9,635	-485.5	4.6	0.5	10.0	10.4	25,616
2022	51,724	2,463	1,945	1,497	8,779	-8.9	5.0	0.4	10.9	8.3	42,059
2023	44,556	1,553	-862	-747	-7,094	-180.8	-6.2	0.4	12.2	-6.5	38,078
2024	38,389	3,003	1,638	1,149	14,862	-309.5	3.0	0.4	8.5	13.3	38,179
2025E	35,727	2,101	396	132	2,255	-84.8	19.5	0.4	9.7	1.9	35,737
2026E	33,915	2,183	1,197	838	10,608	370.5	4.1	0.4	8.5	8.6	31,546
2027E	34,480	2,417	1,560	1,093	13,275	25.1	3.3	0.3	7.4	10.0	28,955

Note: *Fully diluted, excluding one-off items
Source: Company data, Samsung Securities estimates

Forward P/B



Source: Company data, Samsung securities estimates

Kogas: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
Sales	12,732.7	7,630.1	6,372.2	8,992.4	11,719.7	6,921.0	6,385.2	8,889.1	38,432.8	35,727.3	33,915.0	34,480.3
Domestic gas sales	12,184.4	7,038.5	5,835.5	8,406.0	11,284.8	6,477.6	5,932.5	8,430.3	36,020.8	33,464.4	32,125.3	32,559.2
City gas	7,681.2	3,465.8	2,503.9	5,161.8	7,133.0	3,221.3	2,548.5	4,985.6	18,676.7	18,812.7	17,888.4	18,133.4
Power	4,503.2	3,572.7	3,331.6	3,244.2	4,151.8	3,256.3	3,384.0	3,444.8	17,344.1	14,651.7	14,236.9	14,425.8
Unit ('000 tonne)	11,875.0	7,020.0	6,458.0	9,160.0	12,142.7	7,159.3	6,577.4	9,359.0	34,125.0	34,513.0	35,238.3	35,688.6
City gas	7,446.0	3,453.0	2,740.0	5,369.0	7,669.4	3,556.6	2,822.2	5,530.1	18,398.0	19,008.0	19,578.2	19,871.9
Power	4,429.0	3,567.0	3,718.0	3,791.0	4,473.3	3,602.7	3,755.2	3,828.9	15,727.0	15,505.0	15,660.1	15,816.7
ASP (KRW'000/tonne)	1,026.1	1,002.6	903.6	917.7	929.4	904.8	902.0	900.8	1,055.6	969.6	911.7	912.3
City gas	1,031.6	1,003.7	913.8	961.4	930.1	905.7	903.0	901.5	1,015.1	989.7	913.7	912.5
Power	1,016.8	1,001.6	896.1	855.8	928.1	903.9	901.2	899.7	1,102.8	945.0	909.1	912.1
Consolidated subsidiaries	423.7	438.7	398.7	447.8	434.9	443.4	452.7	458.7	1,837.3	1,708.9	1,789.7	1,921.1
Operating profit	834.0	404.7	389.0	473.5	745.3	216.5	377.6	843.9	3,003.6	2,101.2	2,183.3	2,416.7
Parent-based	724.2	344.4	294.9	428.3	662.0	133.7	292.3	757.2	2,559.8	1,791.9	1,845.2	2,097.2
Consolidated subsidiaries	109.8	60.3	94.1	45.2	83.3	82.8	85.3	86.7	443.7	309.3	338.1	319.5
Equity method	1.4	22.7	-5.9	79.6	53.3	52.1	52.0	51.6	136.6	97.8	209.0	210.9
Net profit	367.2	85.2	86.9	-406.9	497.5	33.0	187.9	119.8	1,149.2	132.3	838.2	1,092.5
Parent-based	330.7	297.3	67.7	3.5	419.8	-100.1	314.9	559.3	793.4	699.3	1,193.9	1,253.3
Consolidated subsidiaries	36.5	-212.1	19.1	-410.4	77.7	133.1	-127.0	-439.5	355.8	-566.9	-355.7	-160.8
Net profit (controlling)	367.5	85.4	87.0	-406.9	497.5	33.0	187.9	119.8	1,146.7	133.0	838.2	1,092.5
Chg (% y-y)												
Sales	-0.6	1.3	-21.4	-9.9	-8.0	-9.3	0.2	-1.1	-13.7	-7.0	-5.1	1.7
Domestic gas sales	-0.3	1.2	-22.3	-9.9	-7.4	-8.0	1.7	0.3	-13.5	-7.1	-4.0	1.4
City gas	8.7	7.0	-9.4	-8.0	-7.1	-7.1	1.8	-3.4	-2.0	0.7	-4.9	1.4
Power	-12.7	-3.8	-29.9	-12.8	-7.8	-8.9	1.6	6.2	-23.1	-15.5	-2.8	1.3
Consolidated subsidiaries	-2.7	2.4	-13.0	-13.1	2.6	1.1	13.5	2.4	6.6	-7.0	4.7	7.3
Operating profit	-9.5	-13.1	-11.5	-59.7	-10.6	-46.5	-2.9	78.2	93.4	-30.0	3.9	10.7
Parent-based	-10.8	-18.2	-13.5	-56.6	-8.6	-61.2	-0.9	76.8	113.3	-30.0	3.0	13.7
Consolidated subsidiaries	-0.2	34.3	-4.8	-76.2	-24.1	37.4	-9.4	91.9	25.6	-30.3	9.3	-5.5
Net profit	-9.8	-66.4	-44.1	-222.0	35.5	-61.3	116.4	-129.4	-253.8	-88.5	533.4	30.3
Parent-based	52.3	40.4	-73.1	-96.8	26.9	-133.7	364.9	15,671.6	-190.0	-11.9	70.7	5.0
Consolidated subsidiaries	-80.8	-610.2	-119.7	-285.5	112.8	-162.7	-764.1	7.1	165.9	-259.4	-37.3	-54.8
Net profit (controlling)	-9.6	-66.2	-43.9	-222.4	35.4	-61.4	115.9	-129.4	-250.6	-88.4	530.1	30.3
Margin (%)												
Operation profit	6.5	5.3	6.1	5.3	6.4	3.1	5.9	9.5	7.8	5.9	6.4	7.0
Parent-based	25.9	13.7	23.6	10.1	19.2	18.7	18.8	18.9	24.2	18.1	18.9	16.6
Consolidated subsidiaries	2.9	1.1	1.4	-4.5	4.2	0.5	2.9	1.3	3.0	0.4	2.5	3.2
Net profit	2.7	4.1	1.1	0.0	3.7	-1.5	5.3	6.6	2.2	2.1	3.7	3.8
Parent-based	8.6	-48.4	4.8	-91.7	17.9	30.0	-28.0	-95.8	19.4	-33.2	-19.9	-8.4
Consolidated subsidiaries	2.9	1.1	1.4	-4.5	4.2	0.5	2.9	1.3	3.0	0.4	2.5	3.2
Net profit (Controlling)	2.7	4.1	1.1	0.0	3.7	-1.5	5.3	3.8	3.0	2.4	2.7	3.1
<Basic Assumption>												
Dubai Oil (USD/barrel)	75.8	66.1	68.4	63.3	59.6	60.6	62.6	62.8	79.8	68.4	61.4	67.2
LNG Japan/Korea Marker (USD/Mmbtu)	12.0	11.6	11.2	10.6	10.9	10.2	9.7	9.8	12.2	11.4	10.2	10.4
Exchange rate (USD/KRW)	1,452.6	1,400.9	1,386.9	1,448.7	1,430.0	1,390.0	1,350.0	1,315.0	1,364.2	1,422.3	1,371.3	1,282.3

Source: Company data, Samsung securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**44,556**	**38,389**	**35,727**	**33,915**	**34,480**
Cost of goods sold	42,599	34,976	33,167	31,278	31,589
Gross profit	**1,957**	**3,413**	**2,560**	**2,637**	**2,891**
Gross margin (%)	4.4	8.9	7.2	7.8	8.4
SG&A expenses	404	409	459	454	474
Operating profit	**1,553**	**3,003**	**2,101**	**2,183**	**2,417**
Operating margin (%)	3.5	7.8	5.9	6.4	7.0
Non-operating gains (losses)	**-2,415**	**-1,366**	**-1,705**	**-986**	**-857**
Financial profit	1,438	2,070	860	348	313
Financial costs	3,031	3,441	2,093	1,096	792
Equity-method gains (losses)	105	137	98	173	128
Other	-927	-132	-569	-412	-505
Pre-tax profit	**-862**	**1,638**	**396**	**1,197**	**1,560**
Taxes	-114	489	264	359	468
Effective tax rate (%)	13.3	29.8	66.6	30.0	30.0
Profit from continuing operations	-747	1,149	132	838	1,093
Profit from discontinued operations	0	0	0	0	0
Net profit	**-747**	**1,149**	**132**	**838**	**1,093**
Net margin (%)	-1.7	3.0	0.4	2.5	3.2
Net profit (controlling interests)	-761	1,147	132	838	1,093
Net profit (non-controlling interests)	14	2	0	0	0
EBITDA	3,441	4,986	4,100	4,198	4,447
EBITDA margin (%)	7.7	13.0	11.5	12.4	12.9
EPS (parent-based) (KRW)	-7,094	14,862	2,255	10,608	13,275
EPS (consolidated) (KRW)	-8,097	12,447	1,434	9,080	11,835
Adjusted EPS (KRW)*	-7,094	14,862	2,255	10,608	13,275

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**17,430**	**16,969**	**18,912**	**21,496**	**24,372**
Cash & equivalents	781	929	2,375	5,566	7,158
Accounts receivable	6,563	6,867	6,683	5,976	6,418
Inventories	5,043	4,605	4,849	4,462	4,762
Other current assets	5,043	4,567	5,004	5,492	6,034
Fixed assets	**39,824**	**40,701**	**41,369**	**40,474**	**39,672**
Investment assets	2,758	2,572	14,673	13,463	12,373
Tangible assets	22,352	23,008	24,946	25,257	25,572
Intangible assets	1,553	1,670	1,670	1,670	1,670
Other long-term assets	13,162	13,450	79	84	56
Total assets	**57,255**	**57,670**	**60,281**	**61,970**	**64,044**
Current liabilities	**22,566**	**21,267**	**21,176**	**20,940**	**20,747**
Accounts payable	3,114	1,963	2,123	2,113	2,077
Short-term debt	10,210	10,081	10,081	10,081	10,081
Other current liabilities	9,242	9,222	8,972	8,746	8,589
Long-term liabilities	**24,862**	**25,577**	**28,094**	**29,288**	**30,641**
Bonds & long-term debt	21,022	21,386	20,726	20,026	19,326
Other long-term liabilities	3,840	4,191	7,368	9,262	11,315
Total liabilities	**47,429**	**46,843**	**49,274**	**50,232**	**51,392**
Owners of parent equity	**9,627**	**10,829**	**11,010**	**11,741**	**12,655**
Capital stock	462	462	462	462	462
Capital surplus	2,018	2,049	2,049	2,049	2,049
Retained earnings	6,679	7,780	7,653	8,384	9,298
Other	468	539	847	847	847
Non-controlling interests' equity	**199**	**-3**	**-3**	**-3**	**-3**
Total equity	**9,826**	**10,826**	**11,007**	**11,739**	**12,652**
Net debt	38,078	38,078	38,078	38,078	38,078

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**5,886**	**3,630**	**4,077**	**5,861**	**4,373**
Net profit	-747	1,149	132	838	1,093
Non-cash profit and expenses	4,519	4,262	3,861	3,940	4,004
Depreciation	1,794	1,864	1,999	2,015	2,030
Amortization	93	119	119	119	119
Other	2,632	2,279	1,742	1,806	1,855
Changes in A/L from operating activities	3,581	-479	84	1,083	-724
Cash flow from investments	**-1,334**	**-1,747**	**-1,573**	**-1,506**	**-1,544**
Change in tangible assets	-1,329	-1,660	-1,557	-1,477	-1,501
Change in financial assets	75	-417	44	44	44
Other	(80)	330	-61	-73	-87
Cash flow from financing	**-4,587**	**-1,837**	**-1,160**	**-1,267**	**-1,340**
Change in debt	-4,799	-256	-999	-1,000	-1,000
Change in equity	0	30	0	0	0
Dividends	-8	-26	0	0	0
Other	220	-1,585	-160	-267	-340
Change in cash	-33	149	1,446	3,191	1,592
Cash at beginning of year	813	781	929	2,375	5,566
Cash at end of year	781	929	2,375	5,566	7,158
Gross cash flow	**3,771**	**5,411**	**3,993**	**4,778**	**5,096**
Free cash flow	**4,554**	**1,964**	**2,513**	**4,377**	**2,863**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-13.9	-13.8	-6.9	-5.1	1.7
Operating profit	-36.9	93.3	-30.0	3.9	10.7
Net profit	nm	nm	-88.5	533.4	30.3
Adjusted EPS**	nm	nm	-84.8	370.5	25.1
Per-share data (KRW)					
EPS (parent-based)	-7,094	14,862	2,255	10,608	13,275
EPS (consolidated)	-8,097	12,447	1,434	9,080	11,835
Adjusted EPS**	-7,094	14,862	2,255	10,608	13,275
BVPS	109,324	111,980	118,519	123,199	132,109
DPS (common)	0	1,455	1,154	1,940	2,036
Valuations (x)					
P/E***	-6.2	3.0	19.5	4.1	3.3
P/B***	0.4	0.4	0.4	0.4	0.3
EV/EBITDA	12.2	8.5	9.7	8.5	7.4
Ratios (%)					
ROE	-6.5	13.3	1.9	8.6	10.0
ROA	-1.1	2.4	0.3	1.6	1.9
ROIC	2.6	4.3	1.6	4.1	4.5
Payout ratio	0.0	11.1	76.1	20.2	16.3
Dividend yield (common)	0.0	4.2	2.6	4.4	4.6
Net debt to equity	407.4	362.2	324.7	268.7	228.9
Interest coverage (x)	0.9	2.0	1.7	1.9	2.3

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

Source: Company data, Samsung Securities estimates

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- As of 3/3 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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Target price changes in past two years

Rating changes over past two years (adjusted share prices)

Date	2023/8/14	2024/8/12	2025/8/12	2026/2/27
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	36000	49000	49000	54000
Gap* (average)	-17.11	-18.58	-16.96	
(max or min)**	76.39	8.78	-6.94	

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

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
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 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

Global Disclosures & Disclaimers

General

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