SECTOR
UPDATE

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Utilities
(OVERWEIGHT)

Rerating ahead

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WHY SHOULD
YOU READ THIS REPORT

The rapid rise of AI has fueled an unprecedented surge in demand for data centers. According to the International Energy Agency (IEA), global data center capacity—around 97 GW in 2024—is expected to grow at a CAGR of 15% to reach 226 GW by 2030. Even against the backdrop of EV sales growth, which cumulative sales look set to climb at a CAGR of 13.5% to 72m units by 2030, data centers are set to become the fastest-growing users of global electricity. As AI accelerates broader electrification trends, worldwide power consumption is on a clear upwards trajectory. The IEA's World Energy Outlook 2025 forecasts global electricity demand at 44,000 TWh by 2035, growing at a CAGR of 3.2%—a 3.5% upward revision from its estimate made just one year ago.

To meet this rising demand, utilities are turning increasingly to nuclear power and liquefied natural gas (LNG). Nuclear power is gaining recognition as a low-cost, carbon-free baseload source. Meanwhile, small modular reactors (SMRs)—on the cusp of commercial deployment—are expected to outperform traditional large reactors in terms of safety, operational flexibility, and cost efficiency. LNG, too, is gaining strong appeal as a flexible, on-demand power source that can balance the intermittency of renewables and bridge the gap until new nuclear plants come online. In response, the IEA raised its 2035 projections for both technologies in its World Energy Outlook 2025: Nuclear capacity in 2035 is now forecast at 663 GW (up 7.4% from its WEO 2024 outlook) and LNG at 2,600 GW (up 6.4%).

Korea is following this global pattern, with electricity demand and generating capacity both projected to grow steadily. By 2035, domestic power generation is expected to reach 691 TWh, growing at a CAGR of 1.4%. Installed power generation capacity should expand from 92 GW to 245 GW. Recent policy decisions have formalized plans to construct two new large nuclear reactors and one SMR by 2038, alongside the phased replacement of aging coal plants with LNG and other clean alternatives. Korea's strategy now closely mirrors the global shift towards nuclear and LNG to ensure grid stability and decarbonization.

While crude and its refined products still dominate global energy usage, electricity is rapidly closing the gap. Over the past 20 years, electricity's share of final energy consumption has grown at a 3.1% CAGR to reach 21%. During the same period, oil's share has fallen from 45.2% to 40.2%. With data centers driving new demand and electrification expanding into transportation, heating, and other areas, the world's reliance on electricity is deepening. We are entering the Age of Electricity. As this transformation accelerates, sustained focus on the utility sector should prove more critical than ever.

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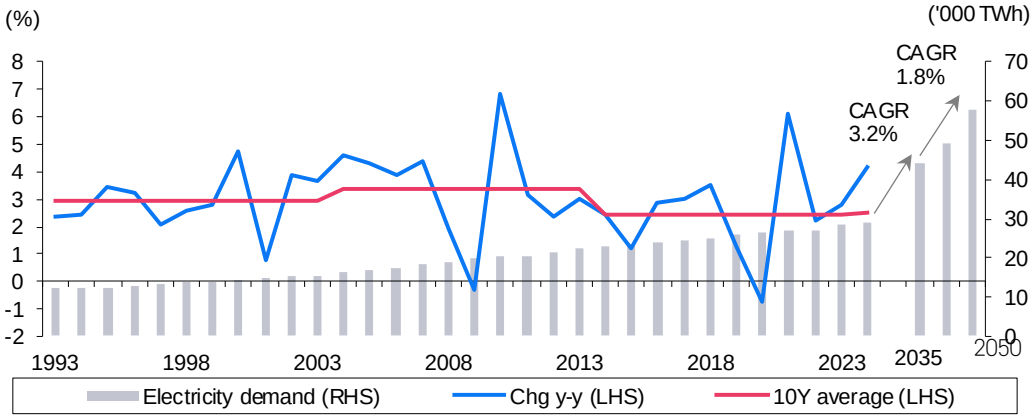
The dawn of the eleconomy era

Now is the age of electricity

Electricity demand growth—a long-term global trend

Electricity demand growth accelerating: Global electricity demand is rising, and the pace of growth is accelerating. According to the International Energy Agency (IEA), global electricity consumption jumped 4.3% to around 31,000 TWh in 2024, outpacing the 10-year average growth of 2.5%. The IEA forecasts that this high growth rate—in the 4% range—will continue through 2027. Not only are short-term projections being revised upward, but medium- and longer-term estimates are also being adjusted higher. In the World Energy Outlook (WEO) 2025, the projection for global electricity demand in 2050 remained unchanged at 58,000 TWh, but the estimates for 2035 and 2040 were revised up 3.5% (vs projections made in 2024) and 1.5%, respectively, to 44,000 TWh and 49,000 TWh. The projected high growth in electricity demand is being driven by the ongoing electrification trend—especially the rapid expansion of EVs—and the global surge in the number of data centers.

Global electricity demand and outlook

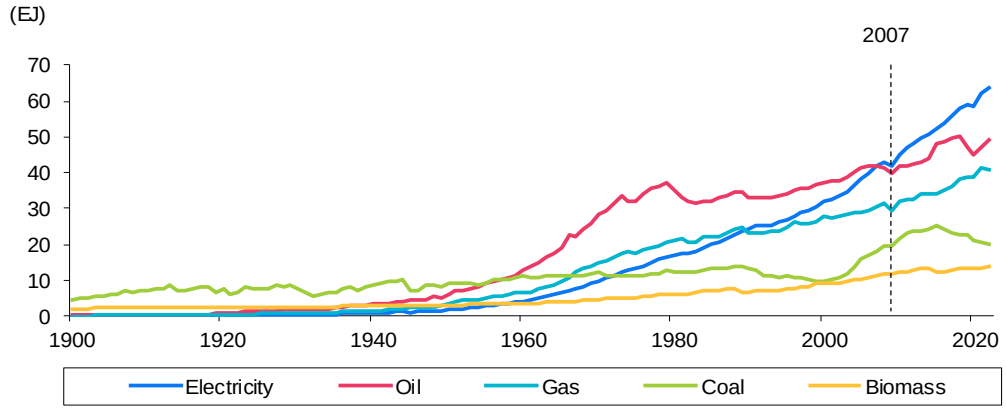


Source: IEA, Samsung Securities

In fact, electrification is not a new phenomenon. In the late 19th century, with the establishment of power plants and distribution systems, electricity entered the stage of practical application, and global electricity consumption has steadily increased ever since. The range of electrical applications has also expanded significantly. According to Ember, a UK-based non-profit climate and energy research organization, over the past century, global useful electricity demand (useful energy is the actual energy that is converted into the desired form of work or output after subtracting the energy lost due to

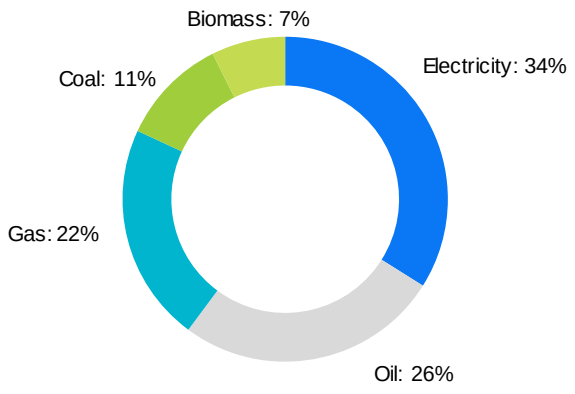
inefficiencies) has grown at a CAGR of 6.3%, outpacing the growth of all other useful energy demand. This means that useful electricity demand has doubled roughly every 20 years. For example, if a household uses 100 units of city gas for heating, the final energy demand is 100 units. Assuming the boiler's efficiency is 80%, only 80 units of that energy would actually be used to heat the room—the useful energy demand would be 80 units. Therefore, when considering energy use in terms of pure consumption after accounting for conversion losses and device inefficiencies, electricity has seen the fastest-growing demand among the different types of useful energy. This growth is largely due to the expansion of infrastructure driven by economic development and technological progress, which has broadened the role of electricity from its initial use in lighting and simple machinery to a wide range of industrial processes and daily-life applications. As a result, electricity overtook oil as the largest source of useful energy in 2007, and now comprises 34% of total useful energy consumption.

Useful energy demand*



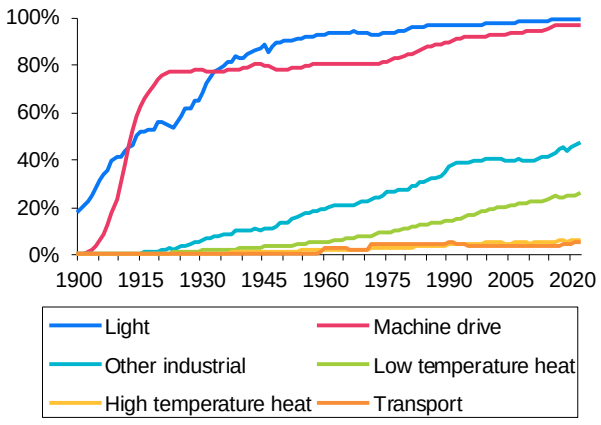
Source IIASA, Ember, Samsung Securities
Note *The final energy delivered to end user, excluding device, conversion and transmission losses

Share of useful energy demand, by energy sector



Source: IIASA, Ember, Samsung Securities

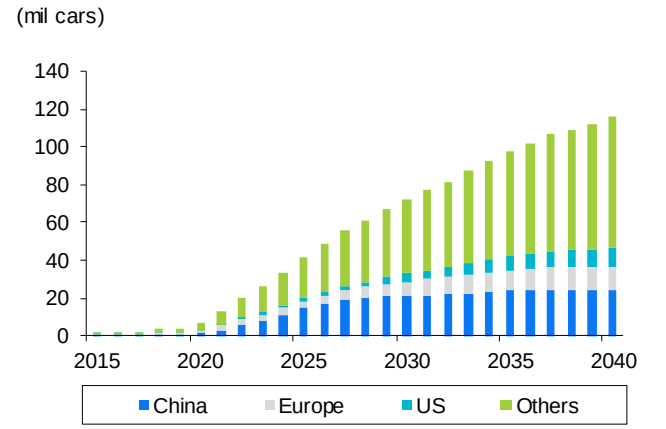
Share of energy services delivered with electricity



Source: IIASA, Ember, Samsung Securities

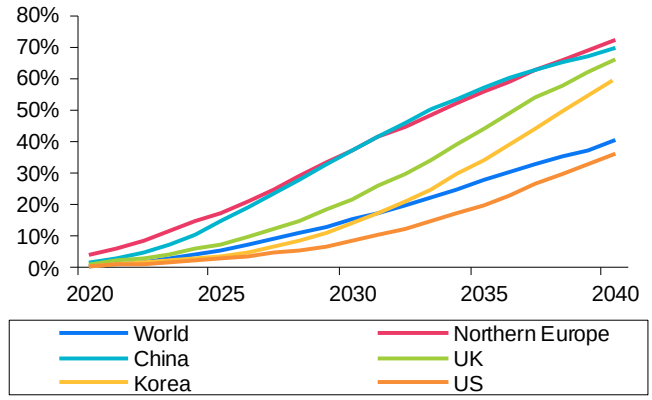
Deepening electrification across multiple sectors: The recent resurgence of interest in electrification has been largely driven by the growing adoption of EVs. Technological breakthroughs in the 2020s have made electrification economically viable in the transportation sector, which segment had long been stagnant in terms of electrification. According to estimates by Bloomberg NEF (BNEF), global EV sales increased 24.8% to around 21.91m units in 2025 and will grow at a CAGR of 8% through 2040 to reach cumulative sales of 69m units. EVs as a portion of all autos on the road, which figure stood at around 5.6% in 2025, should rise to 40% by 2040, sharply increasing electricity demand from the transportation sector. BNEF estimates that electricity demand from EVs, currently 358 TWh, will grow at a CAGR of 11%, reaching 5,016 TWh by 2050. This would represent 10.8% of the 47,000 TWh of 2050 global electricity demand (as projected by BNEF).

Passenger EV sales outlook



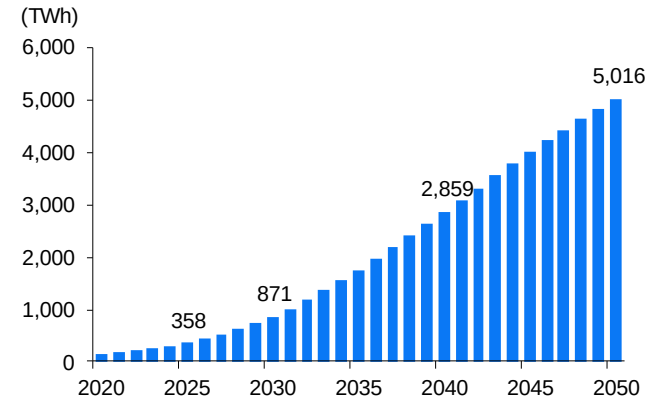
Source: BNEF, Samsung Securities

Passenger EV share outlook



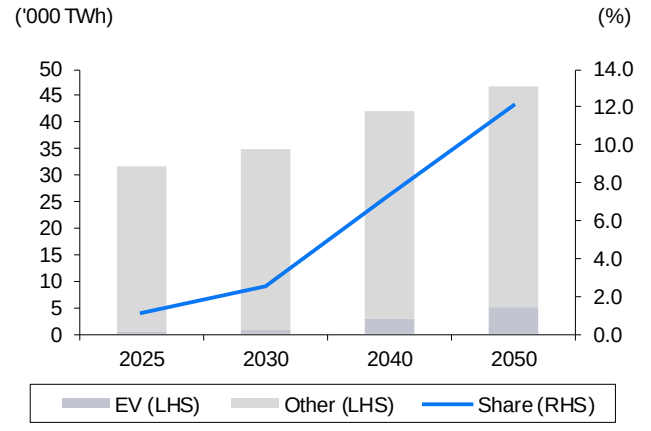
Source: BNEF, Samsung Securities

Global EV electricity demand



Source: BNEF, Samsung Securities

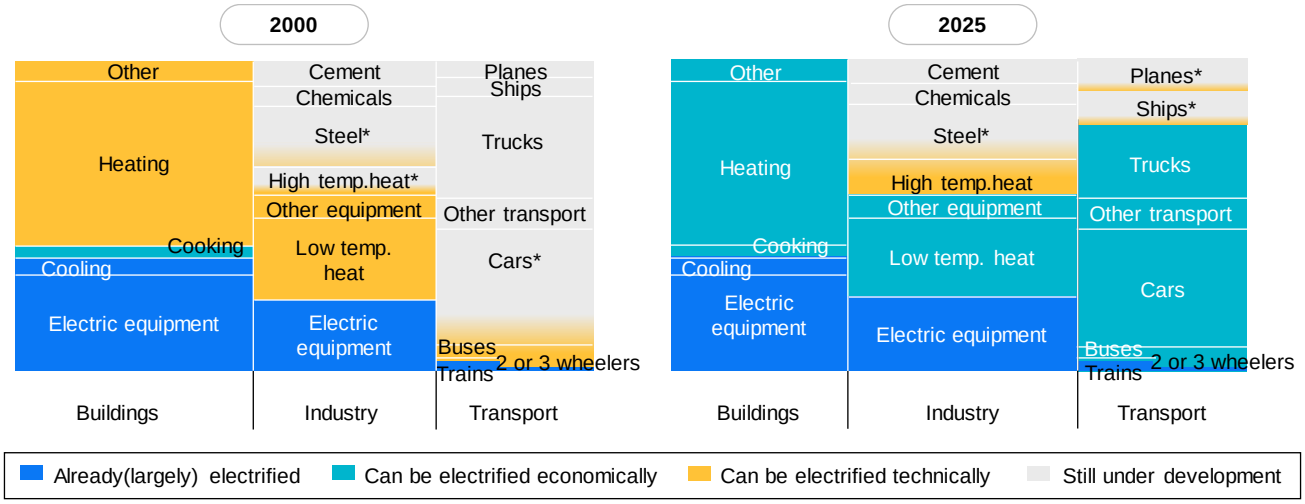
EVs as share of global electricity demand



Source: BNEF, Samsung Securities

We expect electricity demand to keep rising alongside deepening electrification—there are still many areas where electrification has yet to take off. With EVs powering the electrification of land transportation, we can expect to see more electrification in air and sea transportation segments as well as in industrial sectors such as chemicals and steel (once the necessary technologies have been refined and economic viability has been confirmed). Even in areas where electrification already makes economic sense, further progress is likely as, despite the US withdrawal from certain agreements, the global norm continues to be efforts to reduce greenhouse gas (GHG) emissions.

Share of energy demand, by subsector and electrification potential

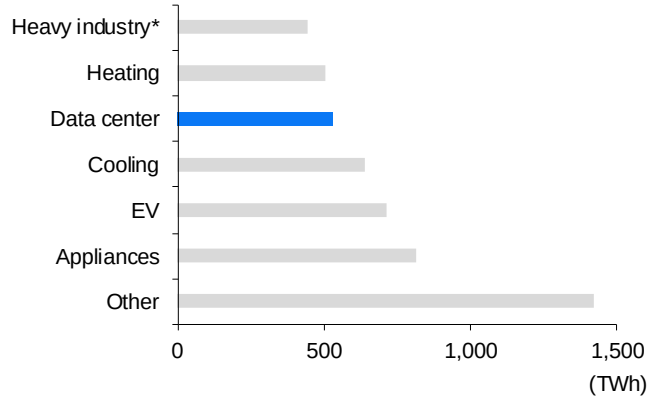


Source: IIASA, Ember, BloombergNEF, Samsung Securities

Electricity demand catalyst—Data centers: One of the most discussed topics in the field of electricity demand is the rapid growth of data centers. According to the IEA's World Energy Outlook 2025, global investments in data centers reached USD580b in 2025, surpassing investments in oil and gas facilities (combined) of USD540b. This reflects the market's heightened interest in AI. The rise of AI and the resultant surge in data centers have raised concerns over electricity shortages. Contrary to those concerns, data centers are not expected to account for a large share of the overall increase in electricity demand. The IEA estimates that data centers will account for only 10.5% of the global electricity demand increase of 5,100 TWh over 2024-2030. Having said that, the market continues to be laser-focused on the development of AI technology and data center expansion—electricity demand from data centers should grow at the fastest rate among all electricity demand drivers.

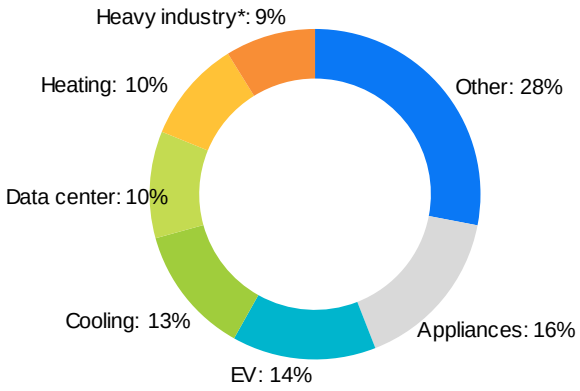
The pace at which data centers are being built is accelerating. Global data center capacity reached 97 GW in 2024, growing at a CAGR of 13% since 2020. The IEA projects that global data center capacity will range 158-305 GW by 2030, with a base case of 226 GW. This represents a CAGR of 15.1%, outpacing the projected EV sales volume CAGR of 13.5% (for 72m cumulative units by 2030). In line with the data-center expansion, electricity demand from data centers should also grow rapidly, from 415 TWh in 2024 to 945 TWh by 2030, for a CAGR of 14.6% (vs a CAGR of 11.2% over 2020-2024).

Global growth in electricity demand, by segment: 2024-2030



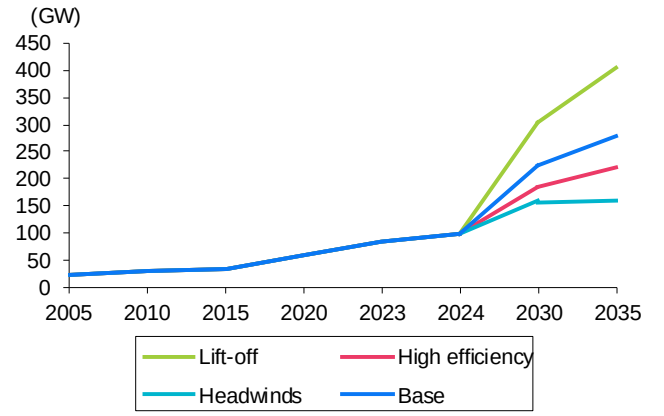
Note: *Energy-intensive industries (steel, chemicals, refining); others included in 'Other'
Source: IEA, Samsung Securities

Contribution to electricity demand growth by segment: 2024-2030



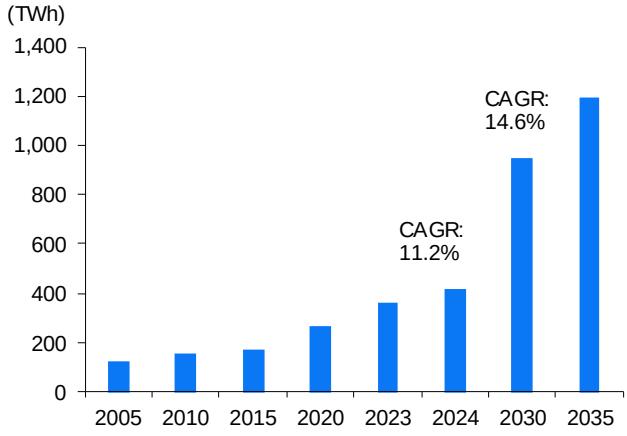
Note: *Energy-intensive industries (steel, chemicals, refining); others included in 'Other'
Source: IEA, Samsung Securities

Global data center capacity: Trend and outlook



Source: IEA, Samsung Securities

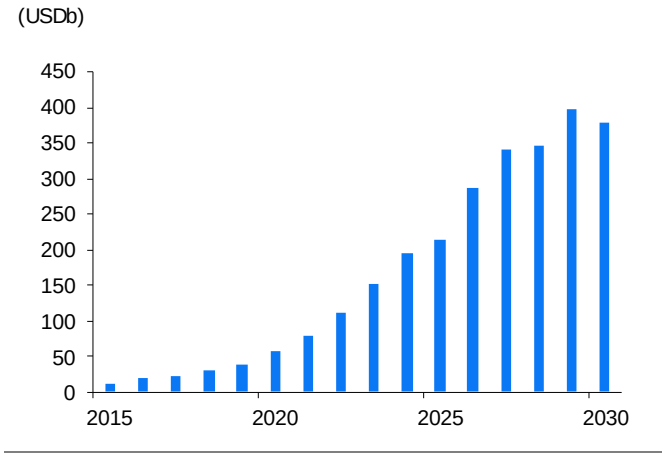
Global data center electricity consumption: Trend and outlook



Source: IEA, Samsung Securities

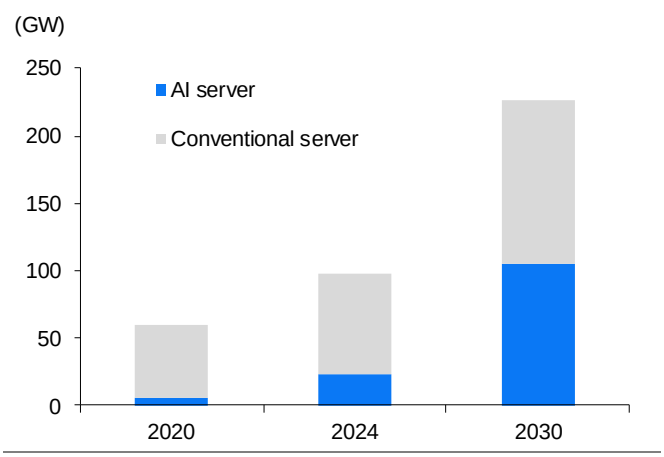
AI driving data center growth: We believe that AI server demand will be the driving force behind data center electricity consumption growth. The IEA estimates that USD2t will be invested in AI server-based data centers over 2025-2030, more than 2.7x the total AI data center capex over the past decade. As a result, AI data centers should grow rapidly—*eg*, AI servers accounted for only 4% of all data center capacity in 2024 (23 GW), but the figure is projected to rise to 47% by 2030 (105 GW). Electricity consumption by AI data centers should grow even faster: 100 TWh in 2024 to 306 TWh by 2030, for a CAGR of 31%. In contrast, non-AI data centers should grow at a CAGR of just 9%. As a result, AI data centers should account for 49% of total data center electricity consumption by 2030.

AI data center capex: Trend and outlook



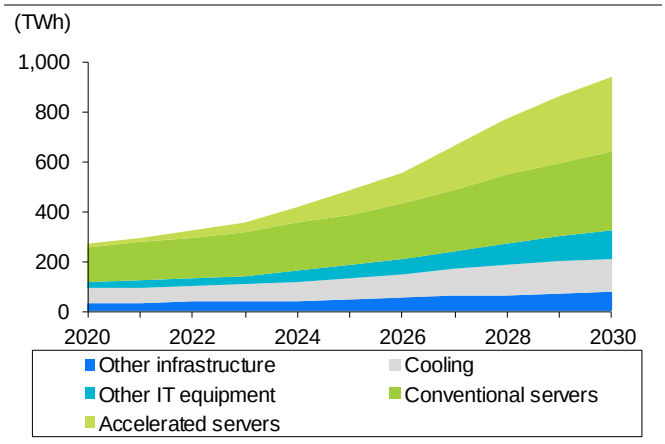
Source: IEA, Samsung Securities

Data center capacity, by type: Trend and outlook



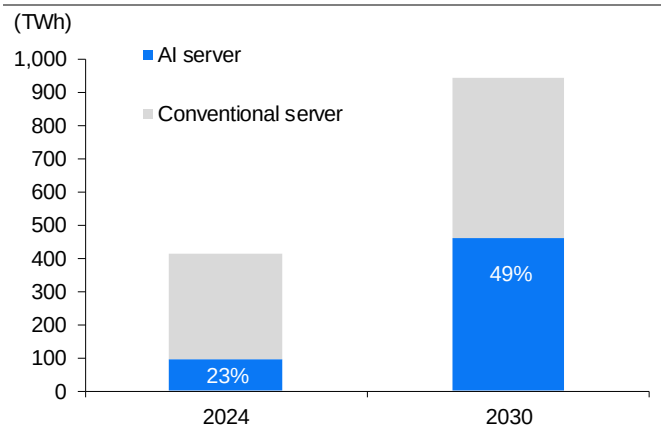
Source: IEA, Samsung Securities

Global data center electricity consumption, by equipment



Source: IEA, Samsung Securities

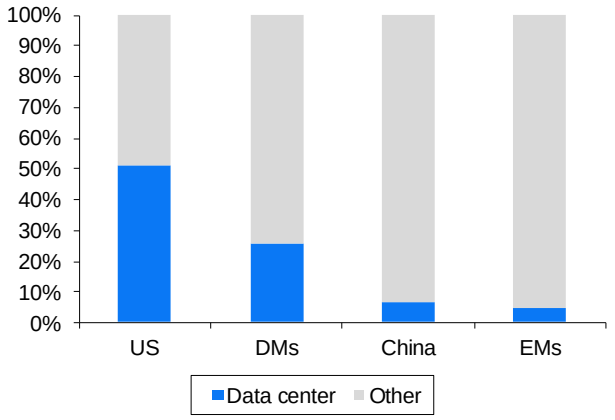
Data center electricity consumption: AI server vs conventional server



Source: IEA, Samsung Securities

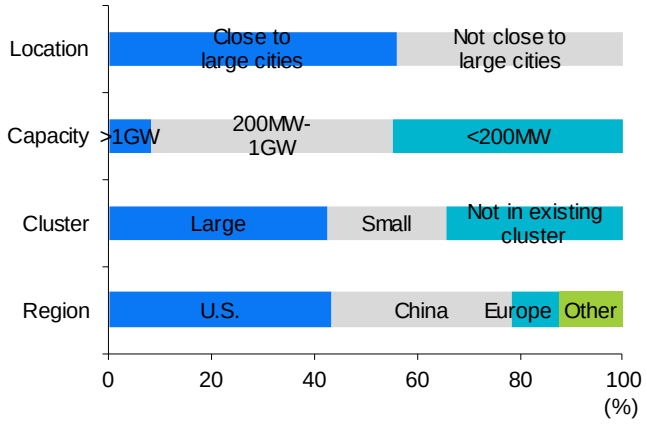
Concentration of data centers exacerbates power supply challenges: In addition to rapid growth, the concentration of data centers in specific regions is adding to the strain on power grids. According to the IEA, about 82% of global data centers are located in the US, China, and Europe, and about 85% of future data center expansions will take place in these regions. In China and Europe, data centers are projected to account for 6-10% of total electricity demand growth through 2030. In the US, which hosts the most data centers globally, data centers should account for half of its total electricity demand growth during the same period. Moreover, over half of the new data center projects (under construction or newly announced) are planned near major cities with populations over one million, and about 55% of these data center projects are over 200 MW. Each of these large data centers consumes as much electricity as 200,000 households. As a result, about two-thirds of new data centers are expected to be built within existing data center clusters, leading to increased electricity demand concentration. This concentration is causing grid congestion and delays in grid interconnections. In the US, the average grid interconnection wait is 1-3 years, but in Northern Virginia, it has reached 7 years. In the UK and parts of Europe, wait times are 7-10 years, and in Dublin, a major data center hub, applications for new data center grid connections have been suspended until 2028.

Electricity demand growth, by region over 2024-2030



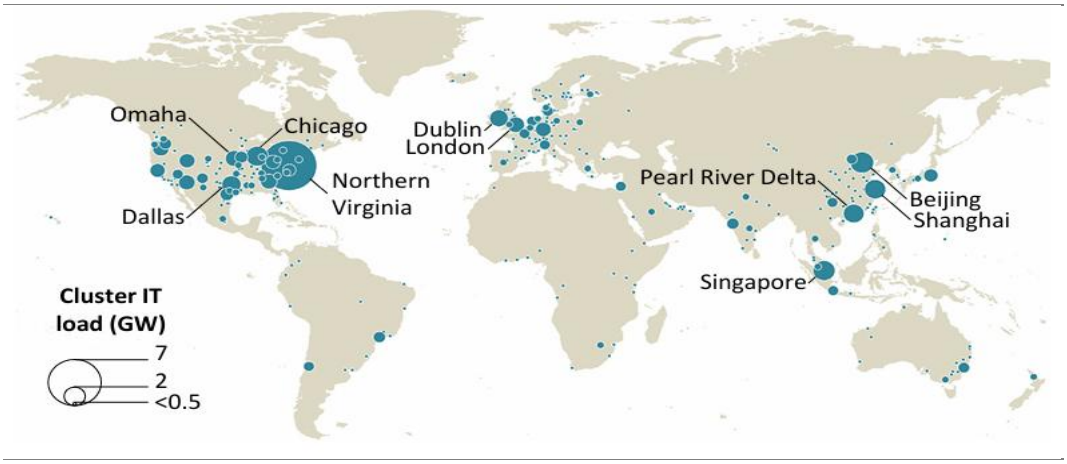
Source: IEA, Samsung Securities

Characteristics of data center capacity in the pipeline



Source: IEA, Samsung Securities

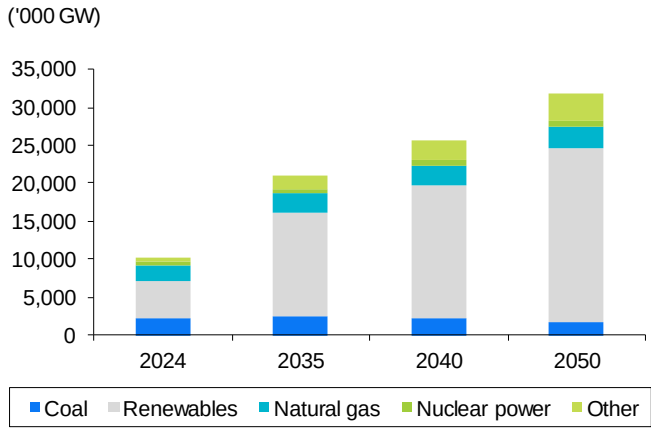
Global data center distribution



Source: IEA, Samsung Securities

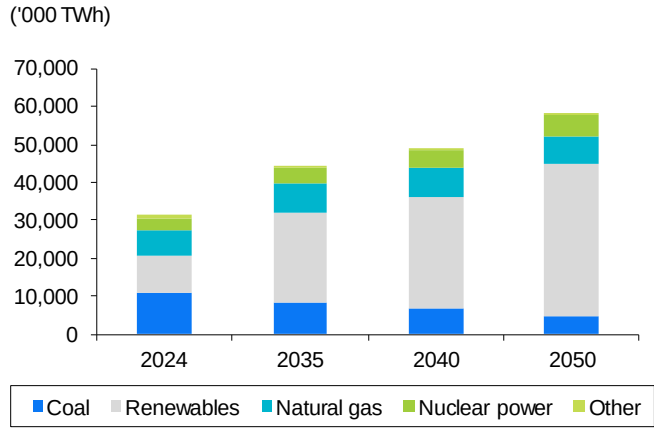
Nuclear and LNG power generation surge to meet rising demand: To meet growing electricity demand amid a rise in electrification, data center expansion, and centralization, power generation capacity should keep expanding. The IEA forecasts that global power generation capacity (currently 10,000 GW) will reach 20,000-27,000 GW by 2035, with a base scenario of 21,000 GW. Renewable energy is expected to account for the largest share of this growth, covering 80% of the 11,000 GW increase under a base scenario. However, reliance on renewables is projected to decline compared to previous estimates. The current forecasts for global power generation capacity and output in 2035 were revised up 1% and 3.5%, respectively, from WEO 2024 forecasts. Nevertheless, renewable energy capacity forecasts were cut 2.9%, leading to a 5.3% reduction in projected output. This shift is partly due to the vulnerability of renewables to intermittency and regional concentration, highlighted by the 2023 Iberian Peninsula blackout that affected parts of Spain, Portugal, and southern France. In response, the IEA raised its 2035 projections for nuclear and LNG in its WEO 2025: Nuclear capacity is now forecast at 663 GW in 2035 (up 7.4% from its WEO 2024) and LNG at 2,600 GW (up 6.4%). Its nuclear and LNG generation forecasts for 2035 were also raised by 4.2% and 18.9%, respectively.

Global electricity generation capacity forecasts



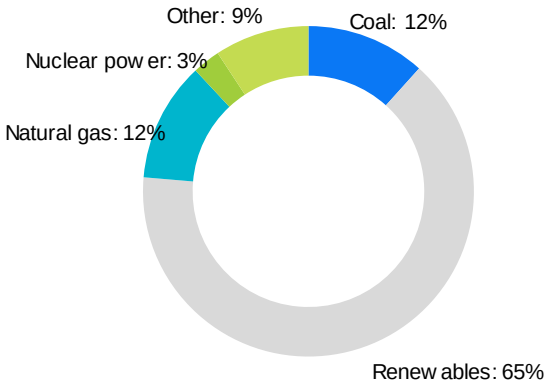
Source: IEA, Samsung Securities

Global electricity generation forecasts



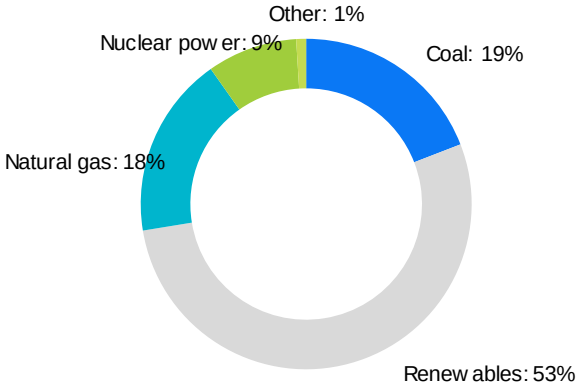
Source: IEA, Samsung Securities

Share of global electricity capacity in 2035



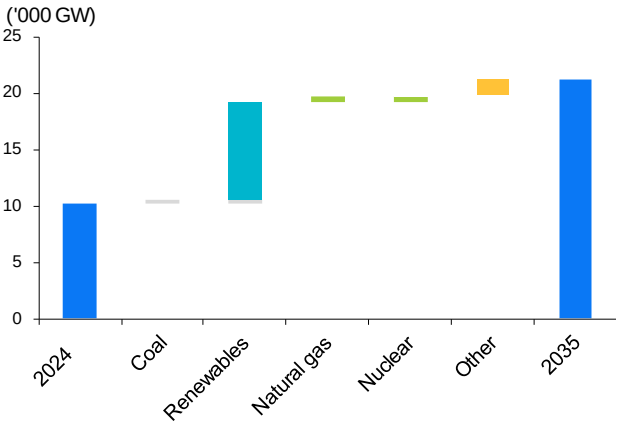
Source: IEA, Samsung Securities

Share of global electricity generation in 2035



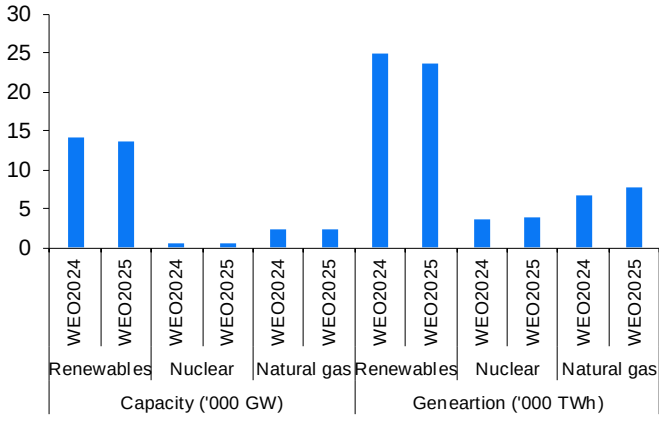
Source: IEA, Samsung Securities

Capacity additions, by energy source



Source: IEA, Samsung Securities

Global electricity capacity and generation: WEO2024 vs WEO2025

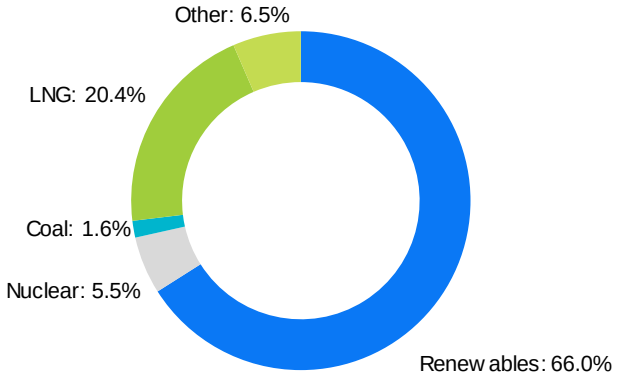


Source: IEA, Samsung Securities

The Iberian Peninsula blackout in 2025

Source: Media reports, Samsung Securities

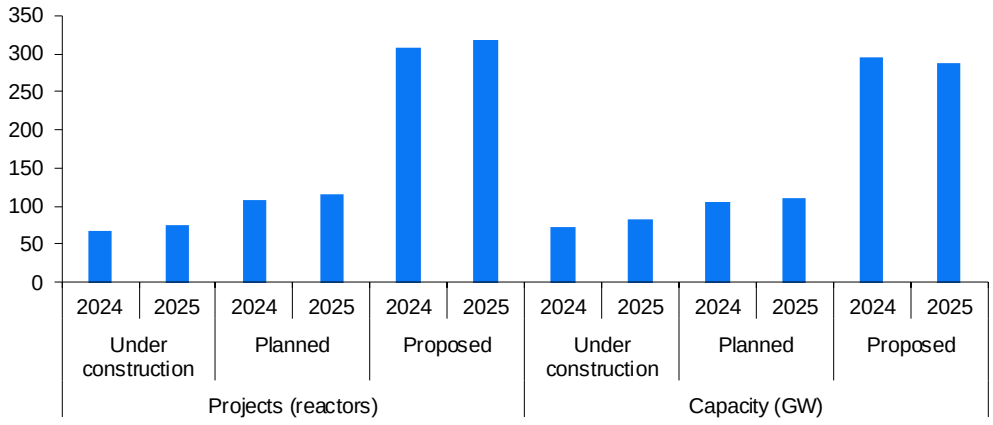
Share of Spain's electricity capacity in 2024



Source: IEA, Samsung Securities

Nuclear power outlook revised up: According to the World Nuclear Association (WNA), there are 74 nuclear reactors under construction globally, totaling about 82 GW—equivalent to 20% of the world's current 420 GW of operational nuclear capacity. This represents a 10.5% increase in the number of reactors and a 12.2% increase in capacity compared to the WNA's 2024 survey (67 reactors and 73 GW). Notably, not only are more reactors under construction, but the number of proposed and planned projects is also on the rise. According to the World Nuclear Performance Report 2025, there are 116 reactors in the planning stage (up 5.2%; equal to 110 GW, which is up 3.6%). Meanwhile, the number of proposed projects has risen to 318 (up 11 projects), though total capacity has declined 5.9 GW to 288 GW. The fall in capacity despite a rise in the number of reactors is attributable to the growing share of small modular reactors (SMRs), which are gaining attention as a next-generation nuclear technology.

Global nuclear power project status

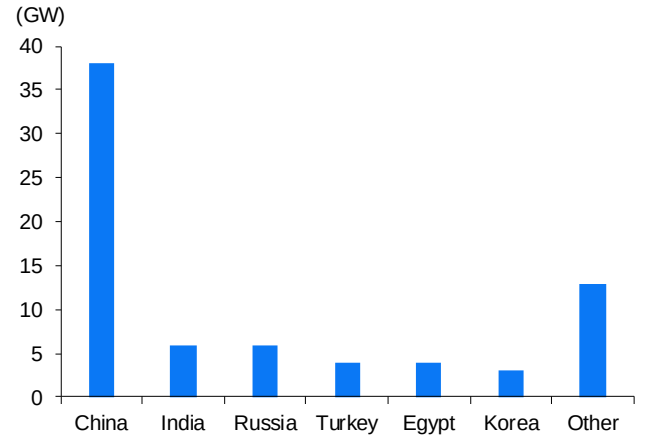


Note: "Planned" are those under approval and financing processes, expected to be completed within 15 years; "Proposed" refer to early-stage proposals with no defined completion time, including specific sites or region

Source: WNA, Samsung Securities

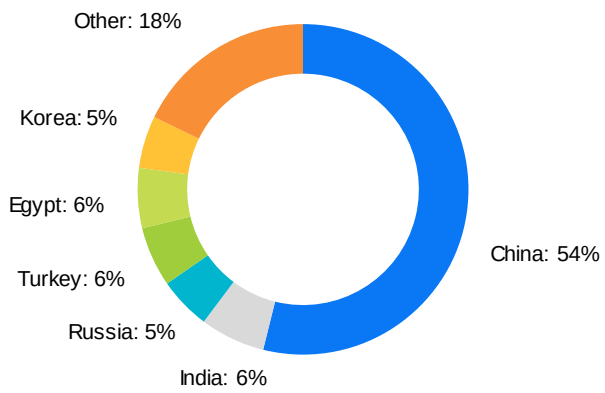
Looking at nuclear power projects under construction by country, China is leading the way—38 reactors are being built (44 GW). It is followed by India, Russia, and Turkey. The US announced plans last year to build 300 GW of new nuclear capacity, and several European countries have reversed their anti-nuclear policies, signaling a renewed commitment to nuclear energy. The IEA projects that global nuclear capacity will grow from 420 GW to 728-1,079 GW by 2050, with a base scenario of 784 GW. The WNA estimates that 480 GW of capacity is already in the pipeline through construction, planning, and proposals. Given that recent policy shifts in the US and Europe are not yet fully reflected in these figures, global nuclear capacity is likely to more than double by 2050 compared to current levels.

NPPs under construction, by country



Source: WNA, Samsung Securities

NPPs under construction as portion of total, by country



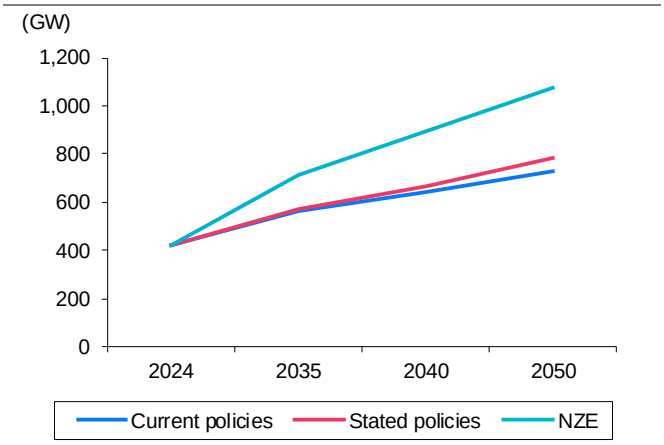
Source: WNA, Samsung Securities

Global nuclear power policy change

Country	Date	Content
US	May 2025	President Trump signed executive order to promote the nuclear power industry 1) Targets expanding US nuclear capacity from 100 GW in 2024 to 400GW in 2050 2) Near term plans include starting construction on 10 reactors by 2030, uprating existing plants by 5 GW, and restarting retired reactors 3) Streamlining the NRC to reduce licensing timelines to 18 months (vs ~30 months for existing COL review) and 12 months for extensions
	Jan 2026	- Illinois signed legislation lifting the ban on new large scale NPPs - New York announced an additional 4 GW nuclear deployment plan, following its 1 GW rollout scheduled for 2H25 - Iowa signed an executive order establishing a nuclear energy task force
Denmark	May 2025	Reviewing a nuclear power plant ban that had been maintained for over 40 years
Belgium	May 2025	Parliament passed a bill to repeal the nuclear phase-out and the ban on new reactor constructions
Germany	May 2025	Withdrew opposition to classifying nuclear energy on par with renewables, signaling a policy shift
	Jan 2026	Signaled a review of its nuclear phase-out stance; Chancellor Merz states that “Nuclear plants will be built” and confirms that all required documentation has been exchanged
Spain	Jun 2025	Parliament approved a measure to revoke the closure plan for seven operating reactors, including a 10-year lifetime extension for existing plants
Greece	Jun 2025	Prime minister signaled a potential policy to shift to introduce nuclear power for the first time, noting that achieving carbon neutrality without nuclear power would be difficult
Switzerland	Aug 2025	Introduced a bill to lift the ban on new nuclear plant constructions
EU	Sep 2025	The EU general court dismissed Austria’s 2022 lawsuit, ruling that the European Commission’s decision to introduce nuclear and gas in the ‘EU Taxonomy’ is lawful

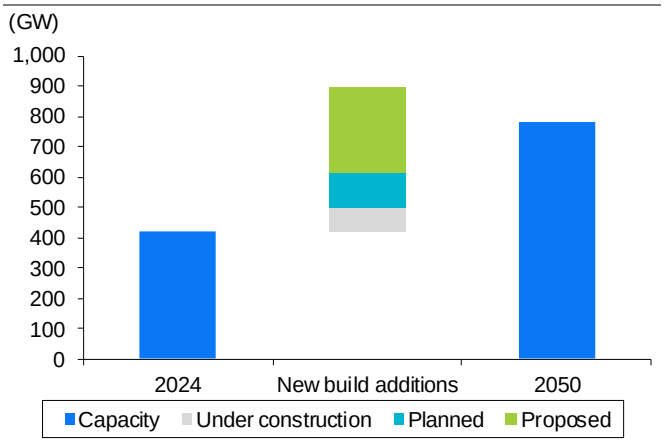
Source: Media reports, Samsung Securities

Global nuclear power capacity outlook: IEA



Note: NZE assumes net zero carbon emissions by 2050
Source: IEA, Samsung Securities

Global nuclear power capacity outlook and new builds



Note: Capacity is based on IEA scenario; New build additions are based on WNA scenario
Source: IEA, WNA, Samsung Securities

SMRs drawing keen attention: SMRs are gaining attention in the field of nuclear power generation. They are compact reactors with a capacity of 300 MW or less. These reactors can be manufactured in factories and assembled on-site, requiring less land for construction. The use of modular construction and standardized designs allows SMR plants to be built in a shorter period of time, significantly lowering construction costs. Furthermore, their modular nature makes it possible to adjust power output as needed. This flexibility means that SMRs can be used in a wide range of applications, including freshwater production (desalination), hydrogen generation, oil refining, and even ship propulsion. One reason SMRs are receiving attention in the context of data center expansion is their ability to adjust power output to meet demand. Unlike conventional large-scale nuclear power plants, which typically have a capacity of 1,000-1,400 MW and are less flexible in terms of operational adjustments, SMRs allow for the installation of only the necessary number of modules needed to meet baseload power requirements. Meanwhile, though radiation leak risk still exists with SMRs, they offer several safety advantages: 1) their reactor cores are smaller than those in conventional nuclear power plants; and 2) they feature an integrated system that combines a reactor, steam generator, coolant pumps, and pressurizer. They are also designed with passive safety features, which means that safety functions can operate without the need for external intervention. Passive safety systems do not rely on external sources of power, using natural physics (like convection currents, gravity, and pressure differences) to cool the reactor and inject safety fluids.

Comparison: Large nuclear reactors vs SMRs

	Traditional reactor (large)	SMR
Safety	History of major accidents (*eg*, Chernobyl, Fukushima)	Reduces risk as smaller and operate passive safety systems
Flexibility	Fixed high-capacity baseload	Scalable & load-following; supports decentralization and renewables
Construction risk	Large (high amount of on-site construction required)	Low (high factory-based construction portion)
Land use	573 m^2/MWe (based on APR1400)	Requires only half the land per MW compared to large reactors
Applications	Electricity generation only	Also applicable to desalination, hydrogen, refining, ship propulsion

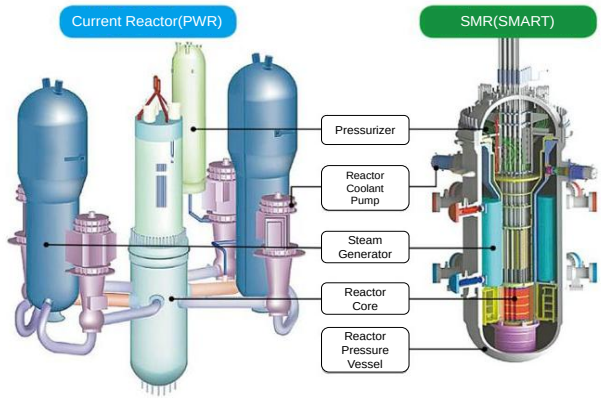
Source: Korea Energy Economics Institute

Potential industrial applications of 4th generation reactors

Industrial application	Technology Maturity	Temperature range
Hydrogen	Applied for high-temperature thermochemical hydrogen production, in addition to PEM and SOE electrolysis	~100ºC (PEM), 500-1,000ºC (SOEC), 500-2,000ºC (thermochemical decomposition)
High-temperature process heat	Required for ammonia synthesis and steam methane reforming	>500ºC
Low-temperature process heat	Required for paper, pulp manufacturing, and various other processes	~300ºC
Steel production	Requires heating iron ore pellets to approx. 850ºC	~850ºC
Cement production	Provides heat for processing limestone-based raw materials	600-1,450ºC

Source: National academics, Korea Development Bank

Structure comparisons: Traditional reactors vs SMRs



Source: Korea Atomic energy Research Institute, Samsung Securities

Feature comparisons: Large reactors vs SMRs

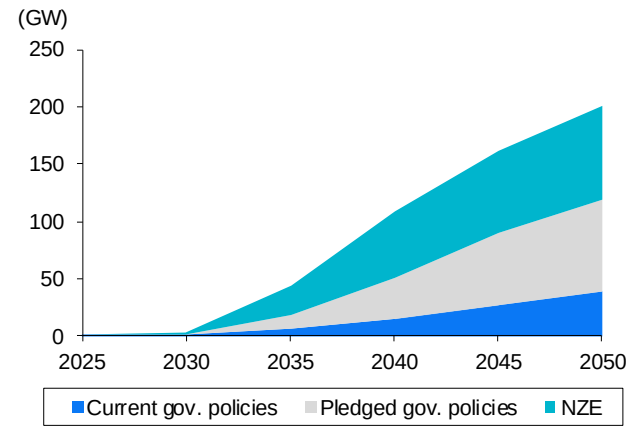
	Large reactor	SMR (SMART*)
Core output	1,200-1,600 MW	100-300 MW
Components	1m	10,000 (module)
Severe accident probability	Once per 1m years	Once per 1b years
Emergency planning zone	Radius 16 km	Radius 0.3 km
Construction period	48 months	24 months
Construction cost	KRW10t (for 2 units)	KRW1t each

Note: Based on SMART developed by KAERI

Source: Korea Atomic energy Research Institute, Samsung Securities

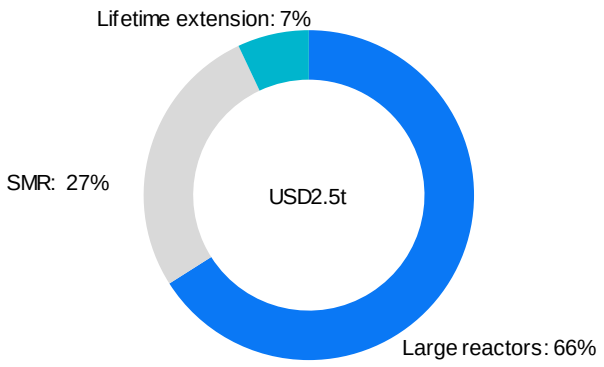
The IEA predicts that global SMR capacity will balloon to 200 GW by 2050 amid the global push towards net zero. This means SMRs will account for about 30% of the world's nuclear capacity in 2050, with total nuclear capacity of 1,079 GW (659 GW higher than the 2024 figure). With the largest SMRs around 300 MW, this would require at least 670 new SMRs. The massive scale of this expansion should require significant investment. The IEA estimates that global investments in nuclear power will reach USD2.5t by 2050, with USD1.7t (66%) going to new large reactors and USD0.68t (27%) to SMRs (and the rest to extend lifespans).

SMR: Market outlook



Source: IEA, Samsung Securities

Global nuclear investment outlook: 2024-2050



Source: IEA, Samsung Securities

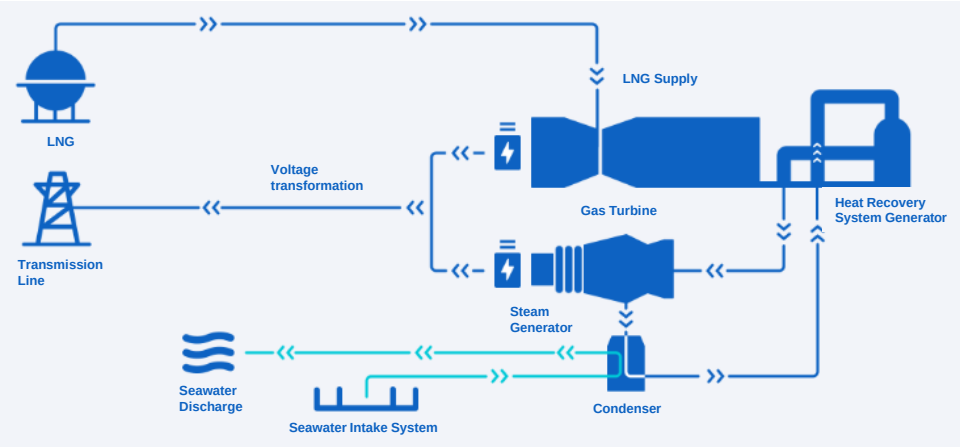
Development status, by major SMR designer

Company	Country	Model	Capacity (Mwe)	Gen	Reactor type	Project status
BWX Technology	US	Project Pele	1-5	4	MR	Collaborating with the DOD and DOE to develop a mobile reactor for commercial and military use (targeting operations in 2026)
NuScale Power	US	VOYGR	77	3.5	PWR	NRC design certification completed in 2020; advancing export project to Romania (targeting commercial operation in 2029)
Oklo	US	Aurora	15	4	SFR	NRC operating license rejected in 2020 → plans to reapply in 2025
GE Hitachi	US/Japan	BWRX-300	300	3.5	BWR	Construction at Darlington NPP began in 2025 (targeting commercial operation in 2028)
Westinghouse	US	AP300	300	3.5	PWR	Aiming for NRC design certification by 2027
TerraPower	US	Natrium	345	4	SFR	Selected for DOE ARDP in 2020; construction planned to start in Wyoming by end-2026
X-energy	US	Xe-100	80	4	HTGR	Selected for DOE ARDP in 2020; applied for NRC construction permit in Mar 2025
Holtec	US	SMR-160	160	3.5	PWR	Under Phase 2 of Vendor Design Review by the CNSC; construction targeted for 2026-2027
Rolls-Royce SMR	UK	Rolls-Royce SMR	470	3.5	PWR	Completed step 2 of GDA (UK regulatory design assessment) in Jul 2024; step 3 expected by Aug 2026
Terrestrial Energy	Canada	IMSR	195	4	FHR	Passed Phase 2 of CNSC pre-licensing Vendor Design review in 2023
EDF	France	NUWARD	170	3.5	PWR	Approved for EU state aid in 2023; plans to get design approval in 2026
CNNC	China	ACP 100	125	3.5	PWR	Construction started in Hainan, China in 2021; targeting commercial operations in 2026
Rosatom	Russia	RITM-200N	55	4	SFP	Based on floating SMR; land-based SMR construction in Akutan region planned for 2024, to start operations by 2028
Kepco E&C	Korea	i-SMR	170	3.5	PWR	Led by KHNP consortium; basic design completed in 2023, aims to win standard design approval by 2028

Source: Company data, Media reports, Samsung Securities

LNG to help usher in energy transition: Gas-fired power generation—specifically gas turbine combined cycle (GTCC)—is gaining attention as a baseload energy source alongside nuclear power, particularly in the context of expanding AI data centers. GTCC involves two stages: 1) primary power generation via LNG combustion in a gas turbine; and 2) secondary generation through steam turbines, powered by heat recovery from the gas turbine's exhaust, which exceeds 600°C. GTCC is gaining traction due to its significantly lower carbon emissions (about half that of coal-fired power) and high thermal efficiency (around 60%). According to the US Energy Information Administration (EIA), 121 coal-fired plants in the US were converted to other fuel types over 2011-2019, with the vast majority (103) being repurposed for GTCC. Big tech companies that are expanding their data center infrastructure are raising their investments in GTCCs as these power plants: 1) have high output reliability; 2) are able to mitigate renewable energy intermittency; and 3) have a favorable levelized cost of energy (LCOE), making them suitable for onsite generation. For example, Microsoft is exploring LNG-powered generation for its USD3.3b data center in Mount Pleasant, Wisconsin. Meta's planned 4m ft^2 data center in Louisiana is expected to run on natural gas. Additionally, the US government's USD500b Stargate project in Texas includes a USD0.5b natural gas power plant to power the project's first data center.

Combined cycle power plant structure



Source: GS EPS, Samsung Securities

Comparison of power generation types

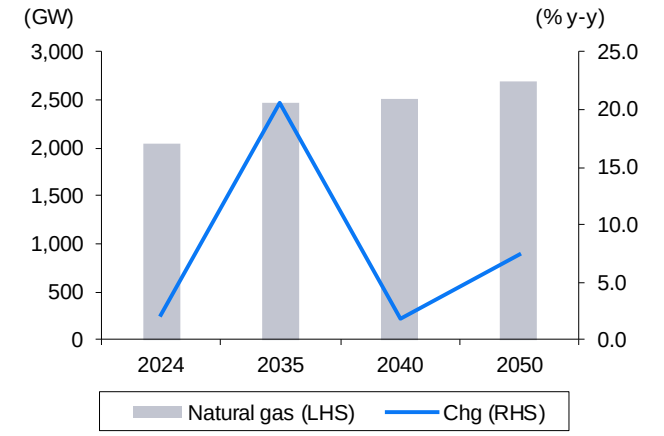
Type	Combined cycle (gas)	Coal fired	Nuclear	Solar*	Wind*
Efficiency	41-60%	33-48%	33-34%	16-22%	27-45%
CO_2 emissions (gCO_2/kwh)	410-650	740-910	3.7-110	18-180	7-56
LCOE (USD/MWh)	45-108	69-168	142-222	60-210	45-133
Start-up time	1 hour	Several hours	12+ hours	Very short	Very short
Output stability	Medium-high	Medium	High	Low	Low

Note: *With storage
Source: EIA, LAZARD, IPCC, Samsung Securities

The IEA projects that global natural gas-fired power capacity will reach 2,472 GW by 2035, an increase of 423 GW from the 2024 level. Given that the most common gas turbines used in commercial power generation range from 300 MW to 400 MW, this growth implies the addition of 1,000-1,400 new gas turbines. While the CAGR growth rate of 1.7% may appear modest, it reflects the high barriers to entering the gas turbine market—the sector is dominated by just a few manufacturers, which constrains supply growth. Despite this, demand for gas turbines remains robust.

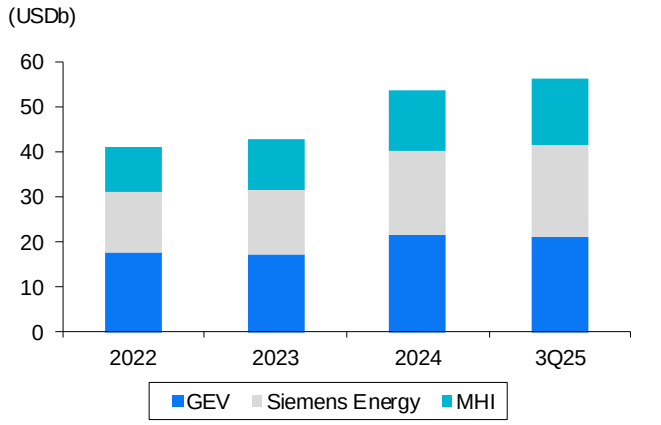
In fact, the combined new-order intake of the three leading manufacturers—GE Vernova, Mitsubishi Heavy Industries, and Siemens Energy—reached USD56.3b over 1Q-3Q25, a 43.2% y-y increase and exceeding the full-year 2024 figure. Importantly, modern LNG-compatible gas turbines can be retrofitted to burn hydrogen by modifying combustors and nozzles, with several large models already demonstrating full hydrogen combustion in pilot projects. This adaptability makes them a strategic asset as global emissions targets grow more stringent.

Global natural gas generation capacity outlook



Source: IEA, Samsung Securities

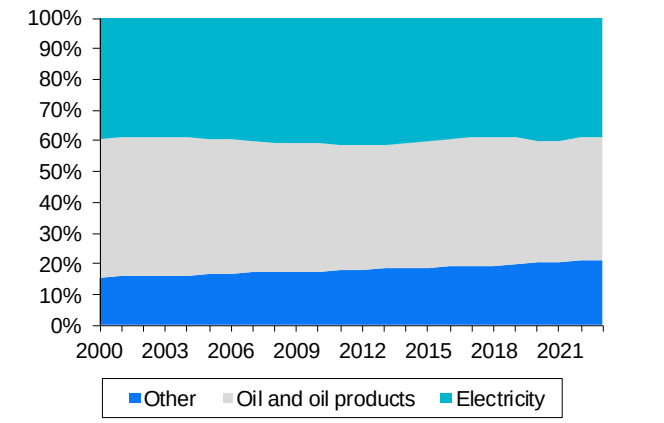
Gas turbines: New orders



Note: Converted to USD using the annual average exchange rate; MHI figures exclude Aero & Nuclear segment
Source: Bloomberg, Company data, Samsung Securities

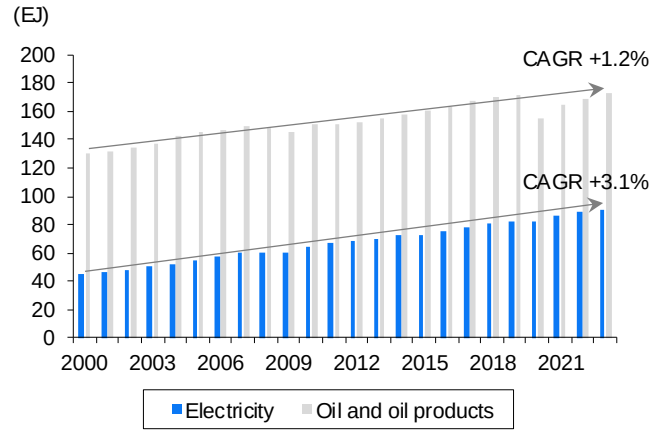
The age of electricity is upon us: According to the IEA, oil and its refined products remain the most heavily relied upon energy source globally, accounting for 40.2% of total final energy consumption. Electricity, at 21.2%, ranks second—but the critical point is its robust growth rate (up 3.1% CAGR) over the past two decades, making it the fastest-growing major energy source. While renewable energy sources such as solar and wind have posted the highest growth rate at 8.3%, their absolute contribution remains modest at just 1.9 EJ, or 0.4% of total energy consumption. Electricity's share of total energy use has risen significantly, from 15.7% in 2000 to 21.2% in 2023 (an increase of 5.5%pts), while oil and refined products' share of total energy have been growing at a CAGR of only 1.2%, seeing their share of total energy use decline from 45.2% to 40.2% (down 4.9%pts). With the rapid expansion of electricity-intensive infrastructure such as data centers, and accelerating electrification across traditional oil-dependent sectors—including transportation and heating—global dependence on electricity is set to continue rising. As we enter the age of electricity, investor sentiment towards the utilities sector is expected to improve further.

Total final energy consumption



Source: IEA, Samsung Securities

Final energy consumption trend: Electricity vs oil and oil products



Source: IEA, Samsung Securities

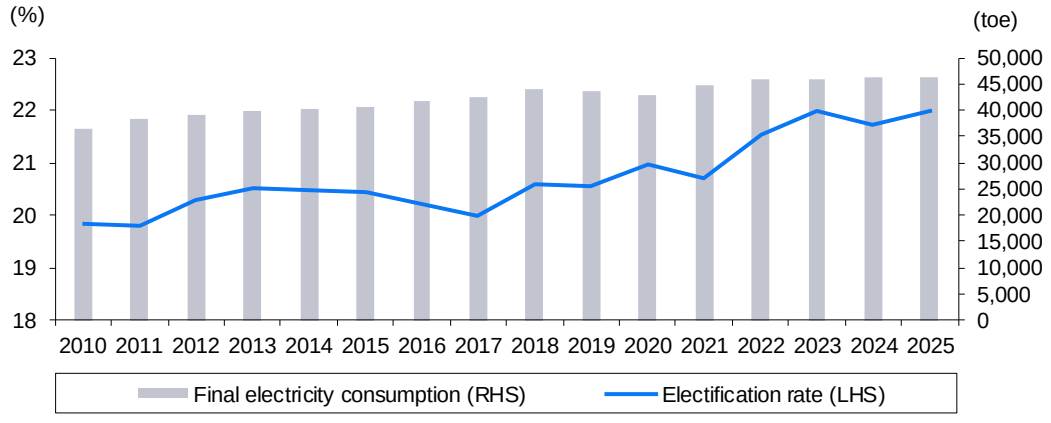
Deepening electrification to benefit utility sector

Korea also undergoing electrification

Expansion of nuclear and LNG power generation facilities underway

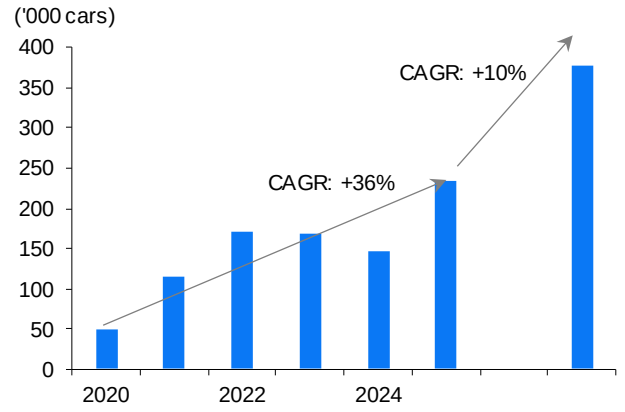
Korea also undergoing electrification, albeit slowly: Korea is slowly but surely moving forwards with electrification. According to the Korea Energy Statistical Information System (KESIS), Korea's electrification rate reached 22% in 2025. Electrification is set to deepen further, as EV sales volumes are rebounding (after a brief slowdown caused by the EV chasm), while demand for data centers continues to grow strongly. After sliding in 2023 and 2024, domestic EV sales surged 59% to 2.33m units in 2025. We estimate that EV sales will grow at a CAGR of 10% over 2025-2030, reaching 3.77m units by 2030. Data centers are also on an upward trajectory. International Data Corporation (IDC), an IT market analysis and consulting firm, forecasts that Korea's data center power capacity will grow at a CAGR of 11% over 2023-2028 to reach 6.2 GW. As a result, Korea's electricity demand and generation capacity are projected to rise as well. According to the 11th National Electricity Plan, Korea's total power generation appears set to grow at a CAGR of 1.2%, reaching 704 TWh by 2038, with power generation capacity set to expand at a CAGR of 4% to reach 266 GW by 2038.

Korea's final electricity consumption and electrification rate



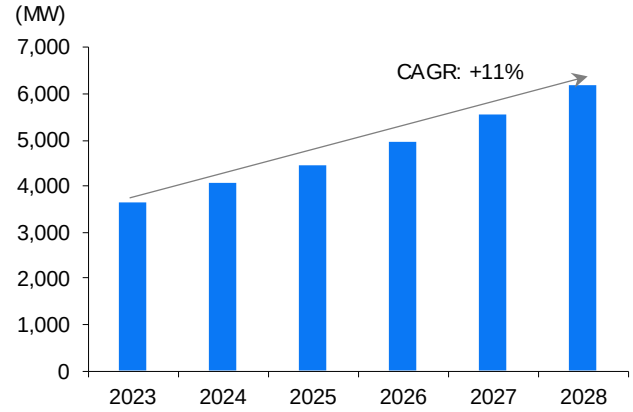
Source: KESIS

Korea: EV sales and outlook



Source: EV-Volumes, Samsung Securities estimates

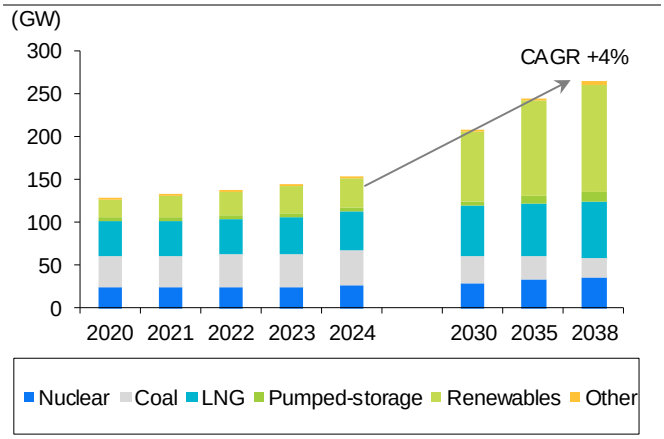
Korea's DC capacity and outlook



Source: IDC, Samsung Securities

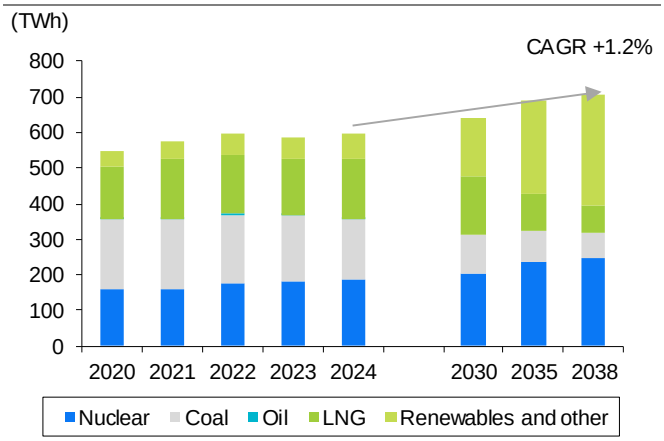
Expansion of nuclear and LNG power capacities bode well for utility sector: In Korea, as electricity demand continues to rise, nuclear and LNG power generation are increasingly being recognized as essential baseload power sources. According to the 11th National Electricity Plan, nuclear power generation capacity will grow at a CAGR of 2.2% to 35 GW by 2038, while LNG combined-cycle power facilities will expand at a CAGR of 2.9% to 67 GW. LNG power generation capacity is expected to be added faster than nuclear power generation capacity. However, considering that approximately 14 GW of the 22 GW of newly-planned LNG combined-cycle power plants are intended to replace aging coal-fired plants, nuclear power—with all 9.2 GW of its additions coming from new constructions—should contribute significantly more to overall capacity growth than LNG (to net add just 8 GW to capacity). With Korea aligning capacity addition efforts with the global trend of expanding nuclear and LNG power generation, domestic utility companies are emerging as potential beneficiaries. Kepco, involved in nuclear power generation, transmission and distribution, as well as power sales, stands to benefit from the expansion of stable and cost-effective baseload power sources. Kepco E&C, the only Korean company with comprehensive nuclear power plant design capabilities, is well-positioned to secure increased domestic and international contracts as global demand for nuclear power grows. Kepco KPS, which provides maintenance services for power plants and electric equipment, is likely to see rising maintenance demand as more power generation facilities are built (in Korea and overseas), thereby sustaining its medium- to long-term earnings improvement.

Korea power capacity, by fuel



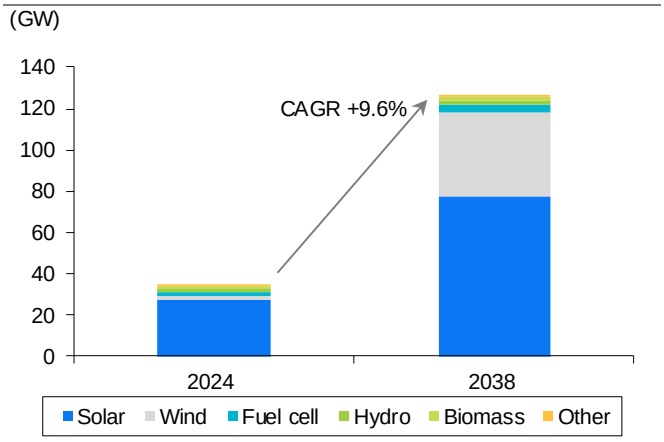
Source: KEPCO, MCEE, Samsung Securities

Korea power generation, by fuel



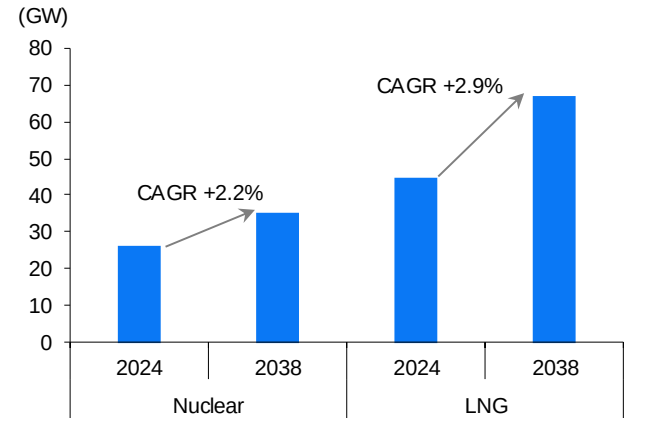
Source: KEPCO, MCEE, Samsung Securities

Renewables capacity outlook



Source: KEPCO, MCEE, Samsung Securities

Nuclear and LNG capacity outlook



Source: KEPCO, MCEE, Samsung Securities

Kepco—The backbone of Korea's power industry

Kepco dominates Korea's power sector across the entire value chain. Through its six power-generation subsidiaries, the company holds a monopoly over nuclear power generation and a near-monopoly in thermal power, controlling in total around 52 GW (60% of the nation's generating capacity). It also exclusively operates the transmission and distribution grids, effectively monopolizing every stage of the power business: Generation, transmission, transformation, distribution, and retail sales.

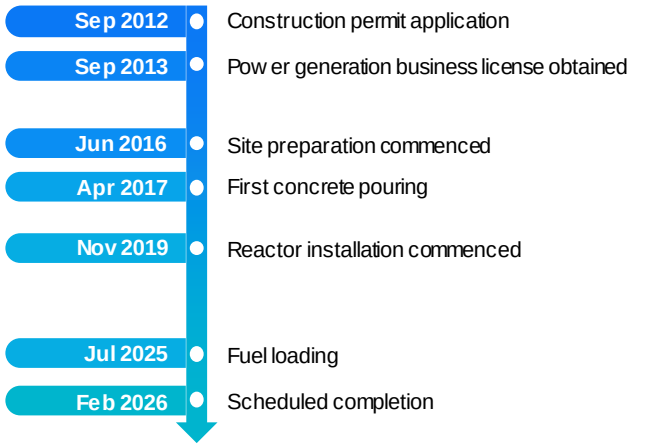
To benefit from nuclear power plant expansion: The long-delayed Saeul Unit 3 and 4—each with a capacity of 1,400 MW—have reached the final stage of construction in accordance with Korea's 4th National Electricity Plan (approved in 2008). Saeul Unit 3 was completed in Feb 2026, while Saeul Unit 4 is set for completion in November. Though construction was significantly delayed due to government policy shifts (towards phasing out nuclear since their 2016 groundbreaking), both power plants are now poised for completion after a fraught decade. After receiving safety approval from the Nuclear Safety and Security Commission (NSSC) in Dec 2025, Saeul Unit 3 should begin commercial operations in Aug 2026, while Saeul Unit 4—pending final licensing, fuel loading, and commissioning—is projected to enter commercial services in 1H27.

Project overview of Saeul NPP

Overview	
Capacity	1,400MW x 2 units
Reactor type	PWR (APR1400)
Construction period	Unit 3: Jun 28, 2016-Feb 28, 2026 Unit 4: Jun 28, 2016-Nov 30, 2026.
Location	Ulju-gun, Ulsan
Main equipment supplier	Doosan Enerbility
Contractor	Samsung C&T, Doosan Enerbility, Hanwha Ocean

Source: KHNP, Samsung Securities

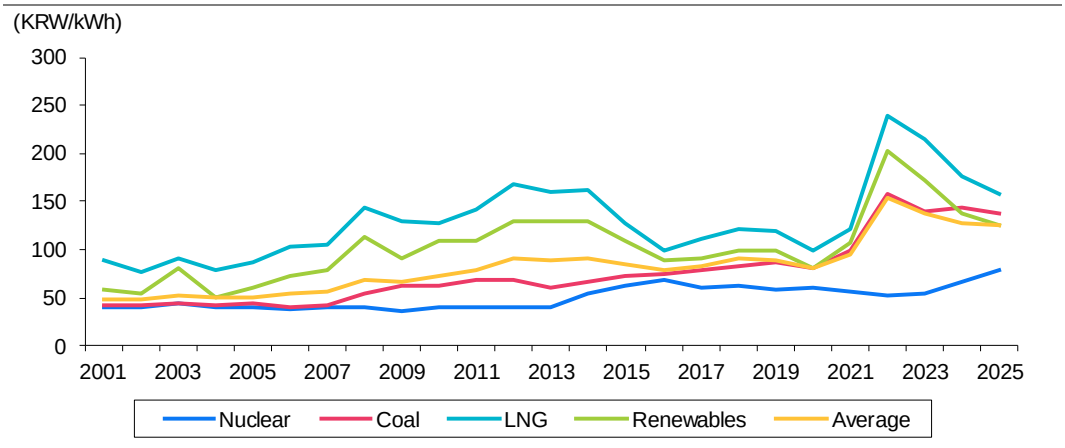
Saeul NPP project timeline



Note: Post-concrete schedule is based on unit 3
Source: KHNP, Samsung Securities

This expansion should benefit Kepco significantly, as nuclear power remains the cheapest source of electricity generation. Looking at settlement prices in 2025, nuclear averaged just KRW79/kWh—the lowest among all fuel sources—compared to KRW384.6/kWh for LNG (the highest). While retail electricity prices are ultimately set by the Ministry of Climate, Energy, and Environment in consultation with the Ministry of Economy and Finance (factoring in economic conditions, inflation, and policy goals), the addition of more low-cost nuclear capacity should help narrow the gap between generation costs and retail prices, reducing financial pressure on Kepco.

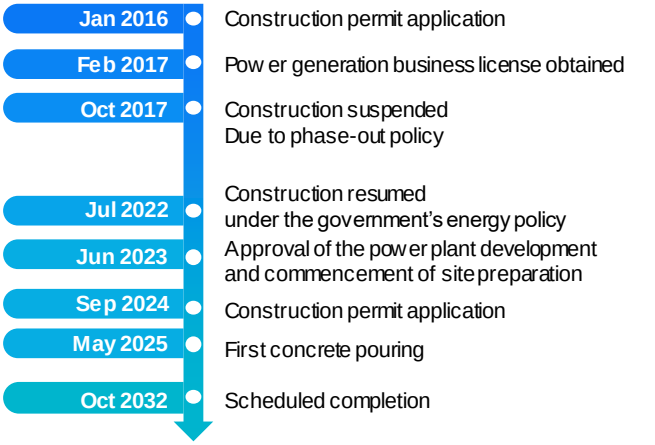
Settlement prices, by power source



Source: EPSIS, Samsung Securities

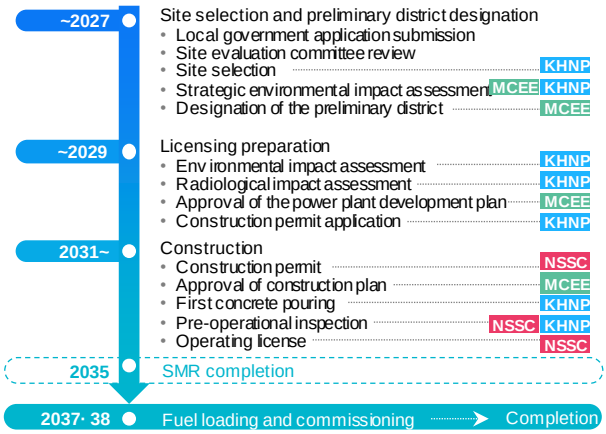
Additional nuclear power plant expansion plans on track: Alongside the imminent grid connection of Saeul Unit 3 and 4, two more 1,400 MW units (Shin Hanul Unit 3 and 4) are under construction as part of the same National Electricity Plan. Although their completion is expected only in 2032 and 2033, respectively, their inclusion in the National Electricity Plan should ensure continued growth in terms of Kepco's nuclear capacity. Shin Hanul Unit 3 and 4 will increase Korea's total nuclear capacity by nearly 10% from 28,850 MW (which includes Saeul Unit 3 and 4) to 31,650 MW. In Feb 2025, the Ministry of Climate, Energy, and Environment confirmed its commitment to proceed with the 11th National Electricity Plan, which includes the phased construction of two new 1,400 MW large-scale reactors and one 700 MW SMR by 2038. This marks a decisive policy shift from earlier nuclear phase-out plans, reflecting broad public support for nuclear energy and expert recognition of renewable energy's limitations. As a result, Kepco's nuclear power generation capacity is projected to grow to 35,150 MW by 2034.

Progress of Shin-hanul units 3 & 4



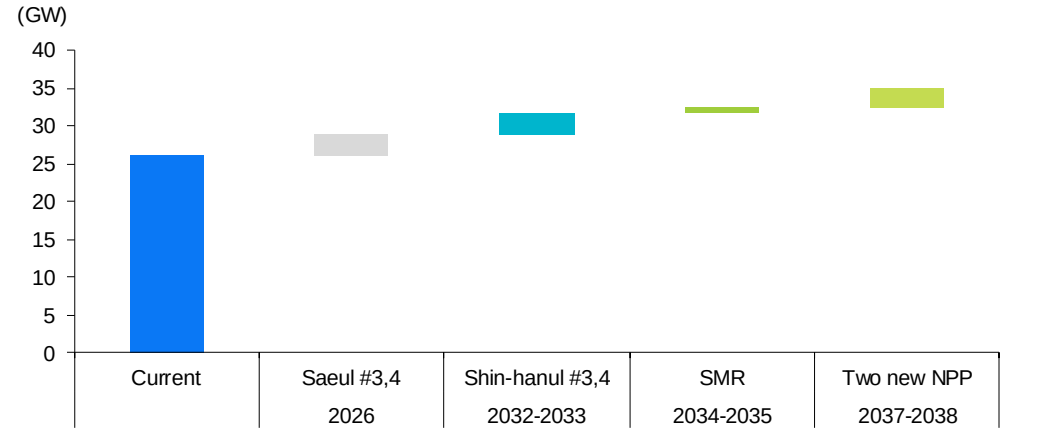
Note: Post-concrete schedule based on unit 3
Source: KHNP, NSSC, Samsung Securities

New nuclear power plant building plan



Source: MCEE, Samsung Securities

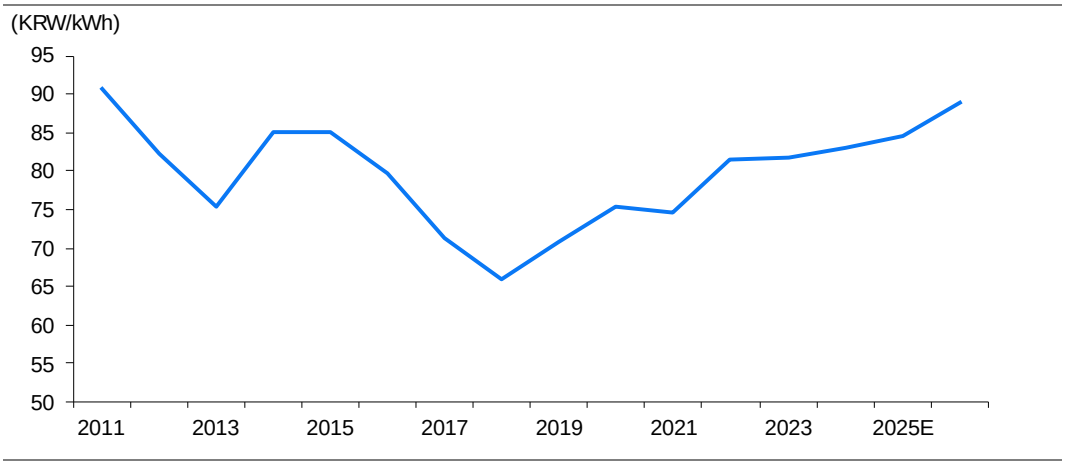
Korea: Nuclear power generation capacity



Source: 11th basic plan for long-term electricity supply and demand

Higher nuclear utilization rates to boost Kepco's earnings: Beyond the new capacity, Kepco stands to benefit from rising nuclear plant utilization rates. Korea Hydro & Nuclear Power (KHNP) announced early this year that it aims to raise Korea's nuclear utilization by 4.4%pts y-y to 89% in 2026. This would be the highest level since 2011, when utilization peaked at 90.7%. After electricity prices, utilization is the second most critical factor influencing Kepco's operating profit. Our estimates suggest that a 1%pt rise in the nuclear utilization lifts Kepco's operating profit by around KRW290b (1.5% higher than our previous estimate). If the 4.4%pts y-y increase materializes, Kepco could see an estimated KRW1.3t improvement in its operating profit in 2026.

Kepco nuclear utilization rates



Source: Kepco, Samsung Securities

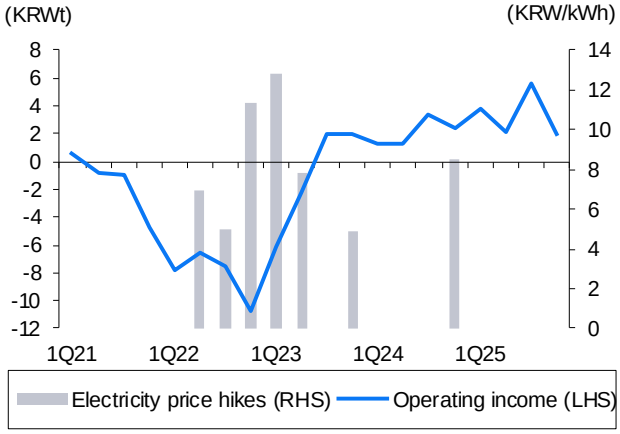
Kepco: Earnings sensitivity to key factors

	2026E	Electricity price increase	Nuclear utilization increase	Coal price decline	KRW appreciation	Oil price decline
Sales	**98,490**	**99,415**	**98,490**	**98,490**	**98,490**	**98,490**
Electricity sales	93,812	94,737	93,812	93,812	93,812	93,812
Volume (GWh)	565,900	565,900	565,900	565,900	565,900	565,900
ASP (KRW/kWh)	165.8	167.4	165.8	165.8	165.8	165.8
Others	4,678	4,678	4,678	4,678	4,678	4,678
Operating expenses	**80,177**	**80,177**	**79,828**	**80,144**	**80,132**	**80,069**
Subsidiaries	11,790	11,790	11,441	11,757	11,745	11,771
IPP	33,965	33,965	33,965	33,965	33,965	33,877
Others	34,422	34,422	34,422	34,422	34,422	34,421
Operating profit	**18,312**	**19,237**	**18,662**	**18,346**	**18,358**	**18,421**
Chg (%)		5.0	1.9	0.2	0.2	0.6
Chg (KRWb)		924.8	349.2	33.1	45.6	108.3

Notes: All factors assume a 1% change
Source: Company data, Samsung Securities estimates

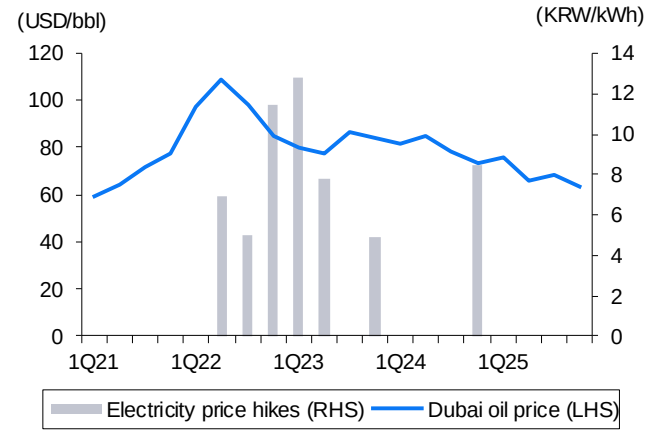
Electricity tariffs remain the most important factor: The single most impactful lever for improving Kepco's profitability remains electricity price hikes. Our analysis indicates that a 1% increase in retail electricity tariffs boosts Kepco's operating profit by KRW925b (5% higher than our previous estimate). However, final pricing authority rests with the government, which considers not only economic pressure but also broader policy and social considerations. As a result, rate changes often lag rising costs, creating a persistent mismatch. Since the introduction of the fuel-cost-adjusted tariff system in 2021, the company posted nine consecutive quarterly losses over 2Q21-1Q23, accumulating losses of almost KRW47.5t. Despite the first price hike occurring in 2Q22—over a year after it moved into the red—and five consecutive price increases through 2Q23, Kepco remained in the red. The primary culprit was the sustained high price of global oil, intensified by geopolitical instability following the Russia-Ukraine war. Over 40% of the firm's operating expenses come from power procurement, which is directly linked to international fuel prices.

Kepco: Operating income vs electricity price hikes



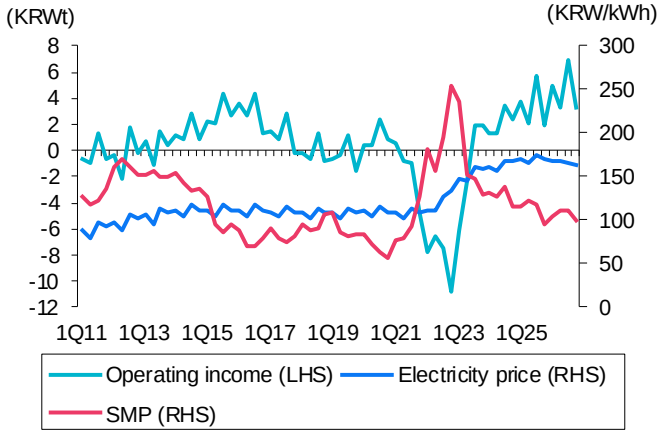
Source: Kepco, Samsung Securities estimates

Dubai oil price vs electricity price hikes



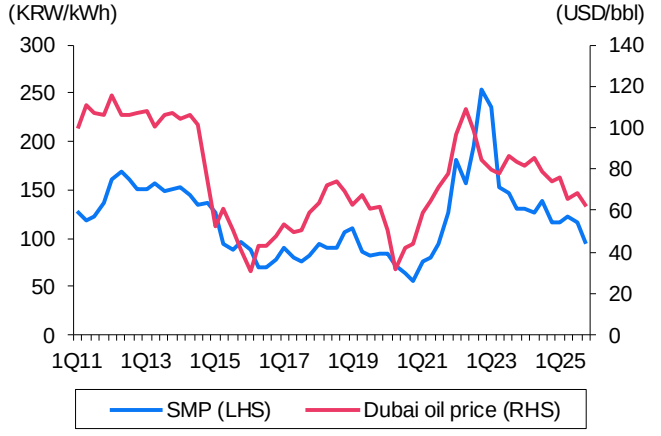
Source: Bloomberg, Kepco, Samsung Securities estimates

Kepco: Operating income vs electricity price vs SMP



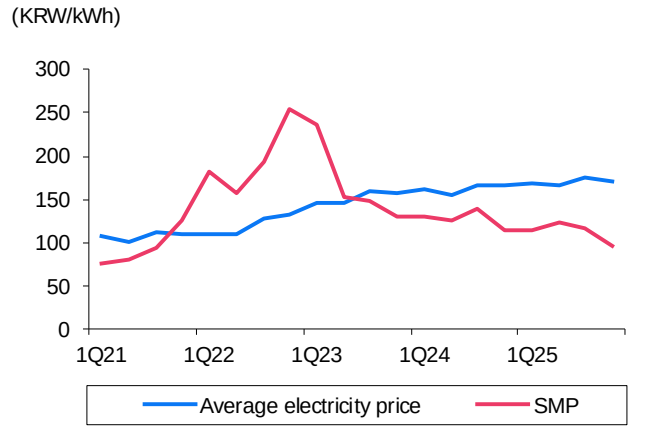
Source: EPSIS, Kepco, Samsung Securities estimates

Dubai oil price vs SMP



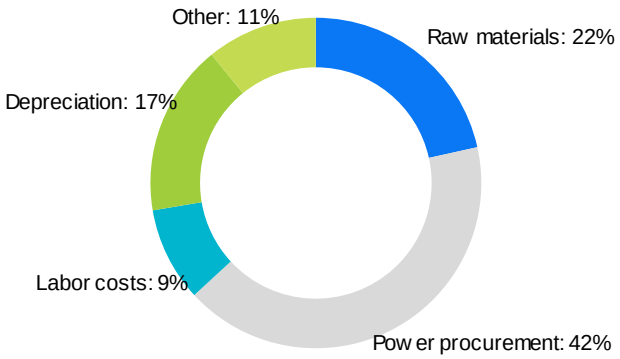
Source: EPSIS, Kepco, Samsung Securities estimates

Kepco: SMP vs average electricity price



Source: EPSIS, Kepco, Samsung Securities estimates

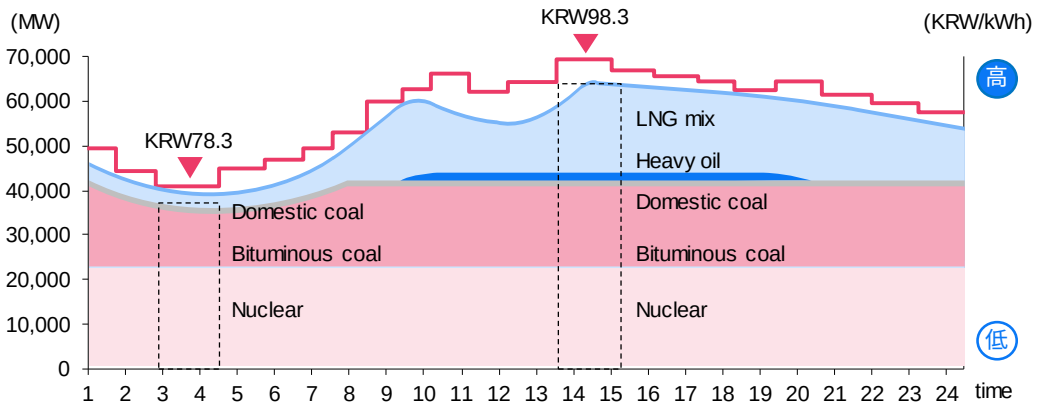
Kepco: Operating cost breakdown



Note: Based on 2025 estimates
Source: Kepco, Samsung Securities estimates

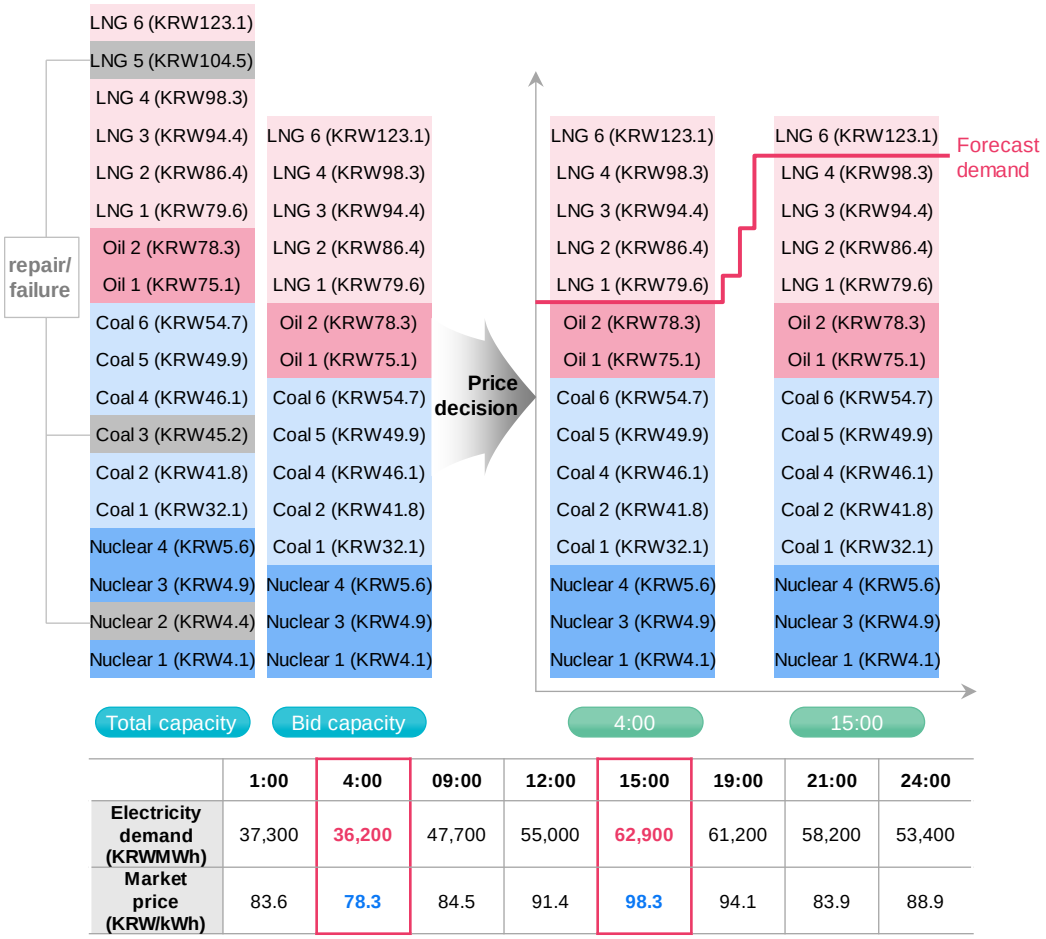
Power procurement costs tied to global oil prices: Korea's electricity market operates through a wholesale system managed by the Korea Power Exchange (KPX), where Kepco buys power from generators and sells it to consumers. All generators—including Kepco's six subsidiaries—submit daily bids to KPX, specifying how much electricity they can produce the next day. KPX forecasts hourly demand and sets the SMP for each hour based on the cost of the most expensive unit required to meet that demand. Generators bid based on their costs: Fuel costs, no-load costs (to keep units ready), and startup costs. KPX ranks these bids from lowest to highest cost and dispatches plants in order until demand is satisfied. The variable cost of the last unit activated each hour becomes the SMP for that hour. Kepco purchases all electricity at this single, market-clearing SMP—regardless of individual plant costs. This is why its procurement costs are linked to oil: Natural gas plants, which have high variable costs, frequently serve as the marginal unit. Since LNG prices are tied to global oil markets, the SMP ends up reflecting those price movements. In 2025, LNG set the SMP in 7,295 of the 8,760 hourly periods—nearly 83% of the time. Although oil-fired plants have the highest variable cost per MWh, they rarely influence pricing. They operate only during brief, extreme peak periods, resulting in very low utilization. In 2025, oil plants set the SMP just six times—less than 0.1% of all hourly intervals.

Hourly SMP determination mechanism



Source: KPX, Samsung Securities

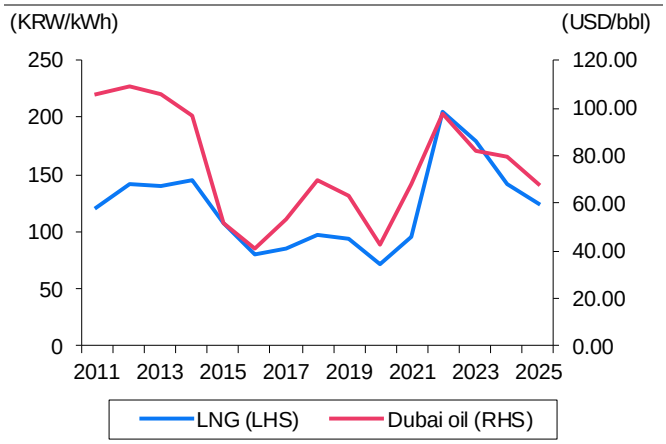
SMP determination example



	1:00	4:00	09:00	12:00	15:00	19:00	21:00	24:00
Electricity demand (KRWMWh)	37,300	36,200	47,700	55,000	62,900	61,200	58,200	53,400
Market price (KRW/kWh)	83.6	78.3	84.5	91.4	98.3	94.1	83.9	88.9

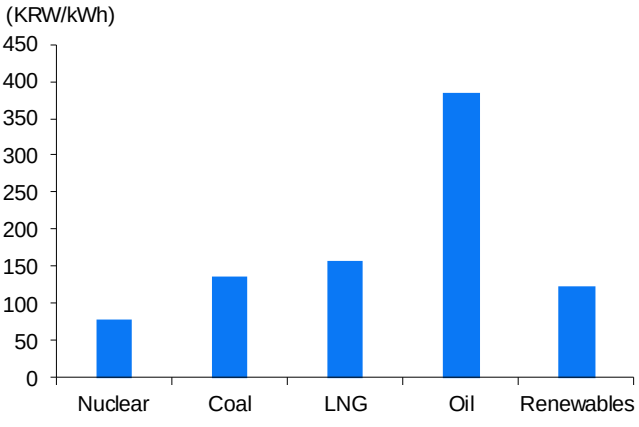
Source: KPX, Samsung Securities

LNG fuel costs vs Dubai oil price



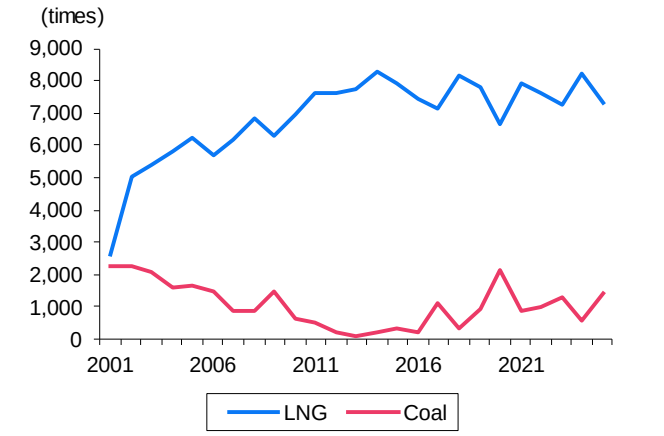
Source: EPSIS, Samsung Securities

2025 settlement price, by fuel



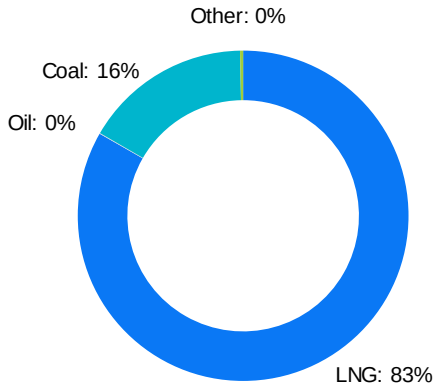
Source: EPSIS, Samsung Securities

SMP-setting frequency, by fuel type



Source: EPSIS, Samsung Securities

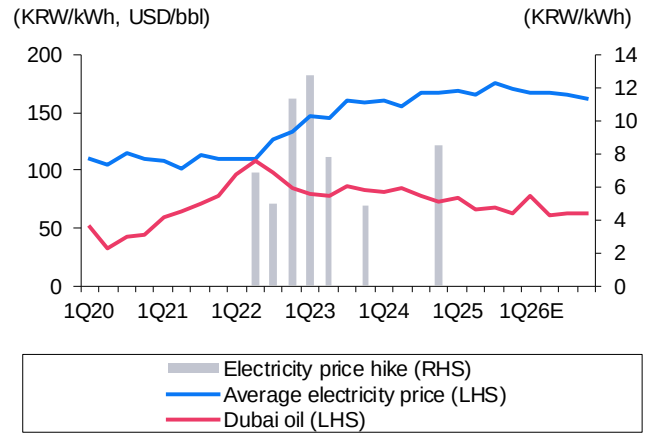
2025 share of SMP determination, by fuel type



Source: EPSIS, Samsung Securities

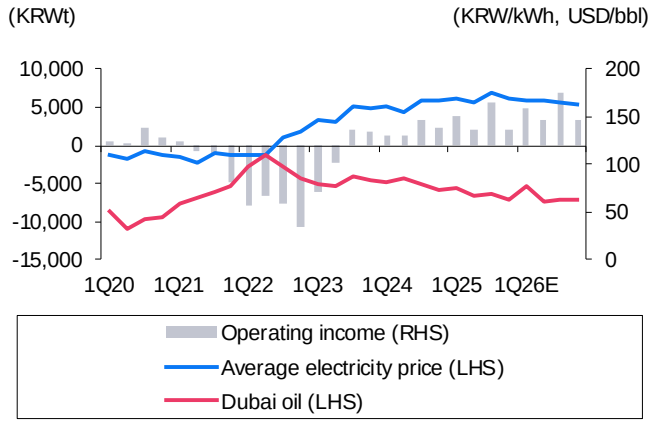
Thus, global oil prices rank as the third most important factor affecting Kepco's profitability—after electricity prices and nuclear plant utilization. Our analysis shows that a 1% drop in global oil prices boosts Kepco's operating income by KRW10.8b (0.6% higher than our previous estimate). The surge in oil prices following the start of the Russia-Ukraine war triggered Kepco's prolonged losses. In response, electricity tariffs were raised five times over five quarters from 2Q22, cumulatively increasing KRW43.9/kWh. This raised the firm's average sales price KRW31.8/kWh from KRW113.7/kWh to KRW145.5/kWh. These hikes enabled Kepco to return to profitability in 2Q23. But with oil prices remaining elevated, further increases in electricity prices followed: Industrial rates rose KRW4.9/kWh in 4Q23 and KRW8.5/kWh in 4Q24. Since then, the company has recorded ten consecutive quarters of profit (3Q23-3Q25), generating a cumulative net profit of KRW23.8t—nearly half of the KRW47.5t in losses it incurred between 2Q21 and 2Q23.

Price trend: Average electricity price vs Dubai oil



Source: Bloomberg, Kepco, Samsung Securities

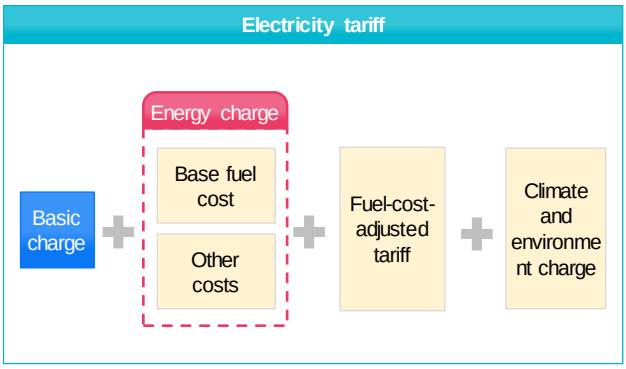
Prices: Operating income, average electricity price, Dubai oil



Source: Bloomberg, Kepco, Samsung Securities estimates

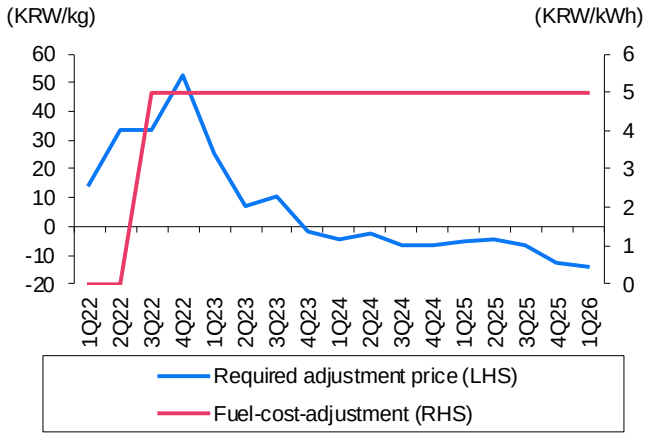
Loss recovery hinges on stable oil prices: Though seven consecutive electricity tariff hikes have been the main driver of Kepco's financial recovery, falling oil prices have also played a key role. Dubai crude, which peaked above USD100/bbl in 2022, declined to USD68.4/bbl in 3Q25. Under Korea's fuel-cost-adjusted tariff system, electricity tariffs are designed to reflect changes in fuel prices. The current tariff structure consists of four components: Base rate, usage charge, climate & environment charge, and fuel cost adjustment. When fluctuations in global oil prices create a gap between the benchmark and actual fuel costs, adjustments are made within a ±5 won/kWh band. In theory, falling oil prices should have triggered downward adjustments in electricity rates. However, due to Kepco's massive accumulated losses, the fuel price adjustment component has remained fixed at +5 won/kWh for 15 consecutive quarters (since 3Q22), stabilizing and improving the company's financial health. Some observers argue that further tariff hikes are unavoidable to fund the planned infrastructure spending of KRW83t through 2038 under the 11th long-term transmission and substation facilities plan (KRW73t for transmission and KRW10.2t for distribution) and to address Kepco's debt (over KRW200t). However, with inflationary pressures and upcoming local elections, additional rate hikes in the near term appear politically unfeasible. Even without additional tariff increases, Kepco should set a new all-time high in operating profit, reaching around KRW18t in 2026. This outlook looks valid—despite recent spikes in global oil prices triggered by US and Israeli strikes on Iran—because long-term fuel price forecasts have not yet changed significantly. The US Energy Information Administration (EIA) forecasts Brent crude at USD58/barrel in 2026 (down 16% y-y), while Bloomberg's consensus for Dubai crude is USD63/barrel (down 8% y-y). Unless the Iran conflict drags on, rising non-OPEC+ supply and slowing global demand should keep oil prices on a downwards trajectory.

Electricity tariff components



Source: Kepco, Samsung Securities

Fuel-cost-adjusted tariff trend

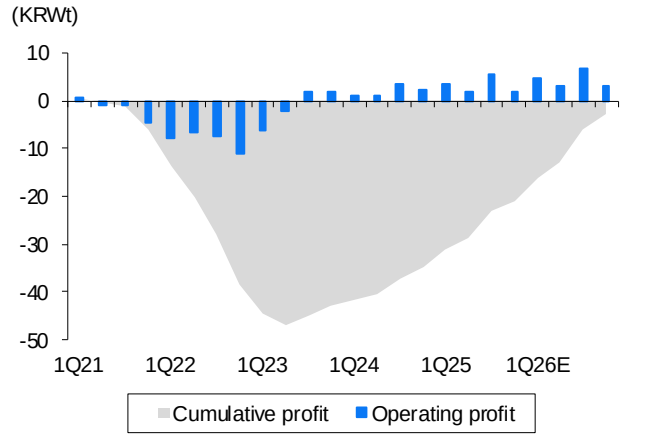


Note: Required adjustment price = (Actual fuel cost -Base fuel cost)*Conversion factor
Source: KEPCO, Samsung Securities

Dubai oil trend and forecast

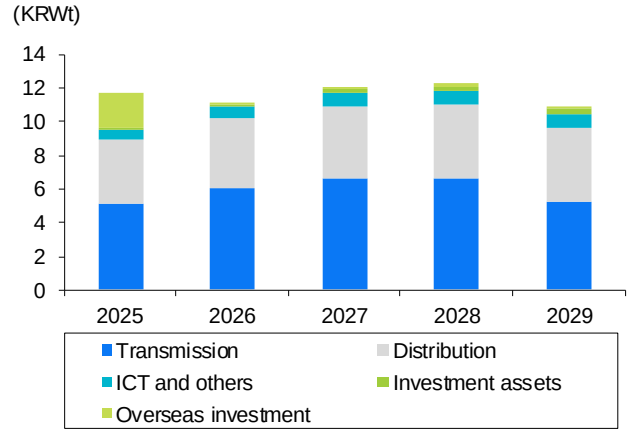
Source: Bloomberg, Samsung Securities

Kepco: Quarterly vs cumulative operating income



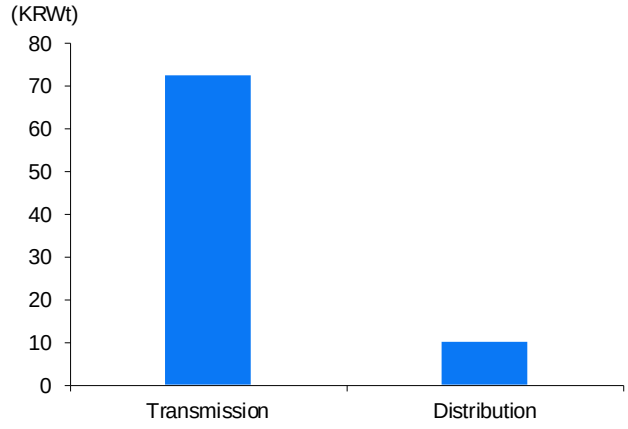
Source: Kepco, Samsung Securities estimates

Kepco: Capex plan



Source: Company data, Samsung Securities

Transmission and distribution capex plan



Note: Transmission is based on a 15-year horizon through 2038, while distribution is based on a 5-year horizon through 2028

Source: 11street long-term transmission plan, 1st long-term distribution plan, Samsung Securities

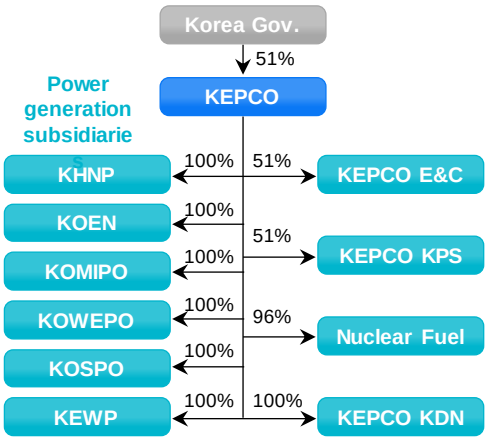
Subsidiaries to benefit from growing popularity of nuclear power: Beyond direct gains from nuclear power plant expansion, Kepco's subsidiaries—particularly Kepco Engineering & Construction (Kepco E&C) and Kepco KPS—are well positioned to capitalize on rising global demand for nuclear power infrastructure. Kepco E&C is Korea's only firm with full design capabilities for both primary and secondary systems of nuclear power plants. It has led domestic nuclear plant design and contributed to major international projects, including Westinghouse's AP1000, the Barakah nuclear power plant in the UAE, and the recent Dukovany nuclear power plant in the Czech Republic. These engagements have solidified its end-to-end expertise across the entire nuclear power plant lifecycle: Design, operation, and decommissioning. As global interest in nuclear power grows, Kepco E&C stands to gain significantly—only a few global players (*eg*, Westinghouse, EDF, and MHI) possess comparable dual-system design capabilities.

Large-scale nuclear designs, by country

	Korea	US	France	Japan	Russia	China
Model	APR1400	AP1000	EPR	ABWR	VVER-1200	HPR1000
Design	Kepco E&C	Westinghouse	Framatome	GE Hitachi	Rosatom	CNNC·CGN
Reactor type	PWR	PWR	PWR	BWR	PWR	PWR
Design capacity (MW)	1340	1117	1620	1315	1300	1126
Design lifespan (yrs)	60	60	60	60	60	60
Latest domestic project	Shin-hanul #1	Vogtle #3, #4	FRAMANVILLE #3	Kashiwazaki-Kariwa #6, #7	Kursk 2 #1	Zhangzhou #1, #2
Latest overseas project	UAE Barakah #1~#4	China Haiyang #1, #2	China Taishan #1, #2	Taiwan Lungmen #1, #2	Belarus Ostrovets #1, #2	Pakistan Karachi #2, #3
Features	Simplified design minimizing construction risk	Passive safety systems	Ultra-large output Maximized redundancy and separation of safety systems"	The world's first commercially operated generation III reactor	Design flexibility by project	Proven references

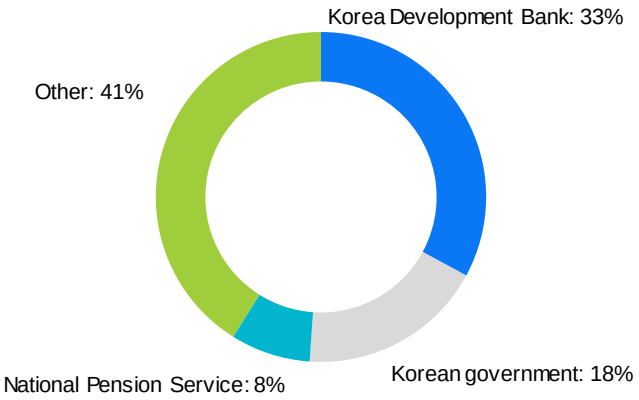
Source: IAEA, WNA, Samsung Securities

Kepco: Corporate structure



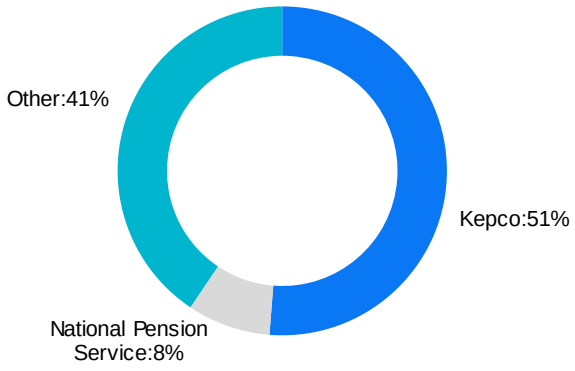
Note: As of 3Q25
Source: Company data, Samsung Securities

Kepco: Shareholder structure



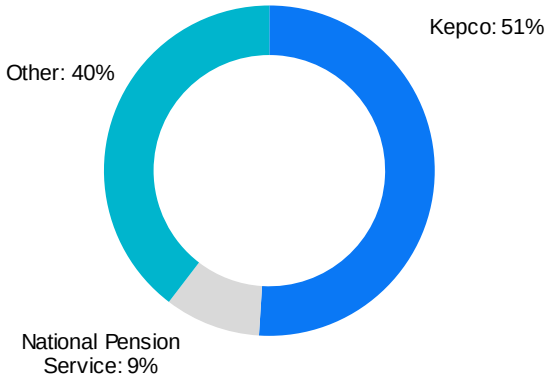
Note: As of 3Q25
Source: Company data, Samsung Securities

Kepco E&C: Shareholder structure



Note: As of 3Q25
Source: Company data, Samsung Securities

Kepco KPS: Shareholder structure



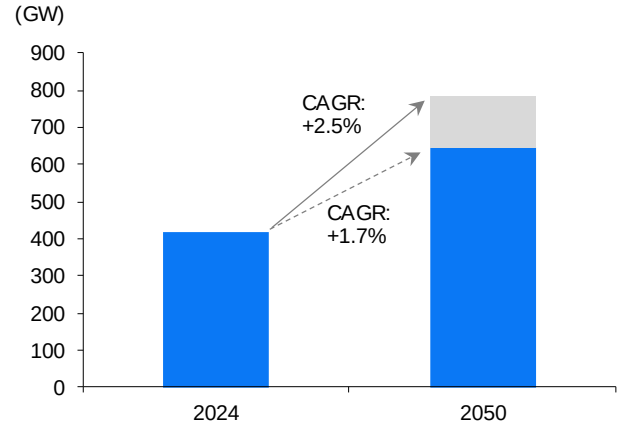
Note: As of 3Q25
Source: Company data, Samsung Securities

Kepco E&C: Korea's only nuclear power plant design company with proven global competitiveness

Nuclear power capacity expansions to benefit Kepco E&C: The International Energy Agency (IEA) forecasts that global nuclear power capacity will grow from 420 GW in 2024 to 784 GW by 2050 (up 364 GW). Since a typical large nuclear reactor has a capacity of about 1 GW, this implies roughly 14 new large reactors being built each year through 2050. Upward revisions to mid- to long-term projections are ongoing: In 2024, the IEA estimated global nuclear power generation capacity at 647 GW in 2050, but by May 2025 the US announced its goal to expand its nuclear capacity from around 100 GW today to 400 GW by 2050, signaling that further upward revisions by the IEA are likely. Admittedly, geopolitical risks, energy security concerns, and the rapid rise of China's nuclear industry do limit Korea's chances of winning major contracts. According to the World Nuclear Association, there are currently 116 nuclear reactors scheduled for construction (with approvals and funding secured, expected to begin operation within 15 years), totaling around 110 GW. An additional 318 reactors have been proposed, totaling about 288 GW. By capacity, about 56% of the 398 GW are Chinese nuclear projects and roughly 5% are Russian—both countries possess robust nuclear design capabilities, making Korean firms' chances of securing contracts there unlikely. About 18% (72 GW) of the proposed capacity consists of European nuclear projects, where competition with France would be inevitable. Approximately 3.6% (9 GW) of the proposed nuclear capacity is in North America, where Westinghouse has a strong potential to secure contracts. So, from a conservative perspective, Korea's realistic opportunities for new nuclear power plant orders look limited to the Middle East, Southeast Asia, and Latin America, regions which together account for 17% (68 GW) of planned nuclear projects.

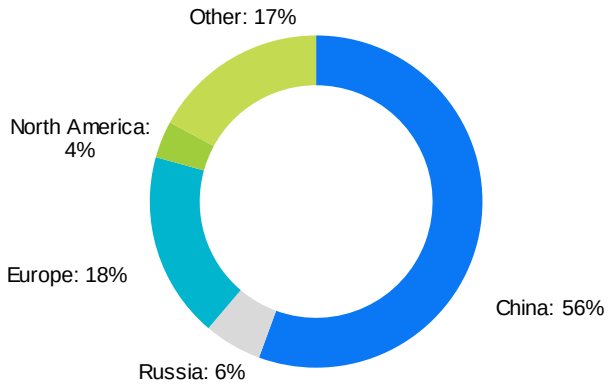
However, regional barriers—excluding China and Russia—have diminished lately. By securing the contract for the Dukovany nuclear power plant in the Czech Republic in 2025, Korea landed its first-ever nuclear project success in Europe, while the US has proposed collaboration with Korea and Japan for nuclear plant constructions in the US.

Revision in nuclear generation capacity estimates



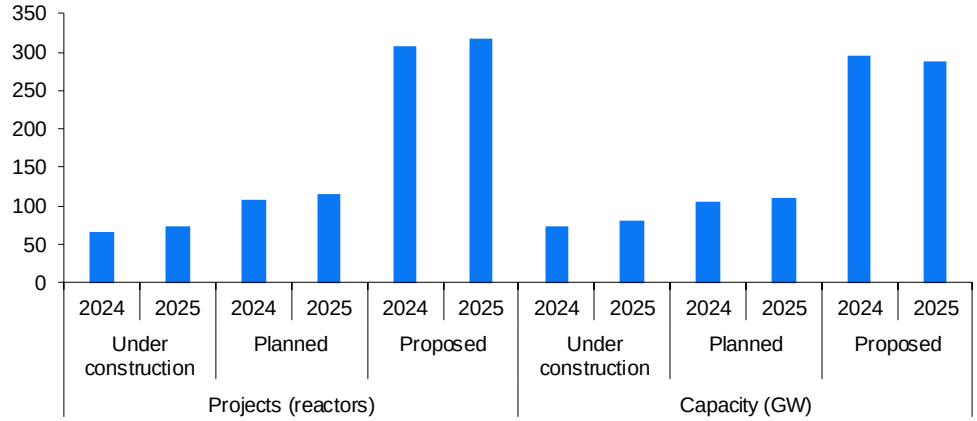
Note: Comparison of nuclear capacity estimates in WEO 2024 and WEO 2025
Source: IEA, Samsung Securities

Share of nuclear power plant projects, by region



Source: World Nuclear Association, Samsung Securities

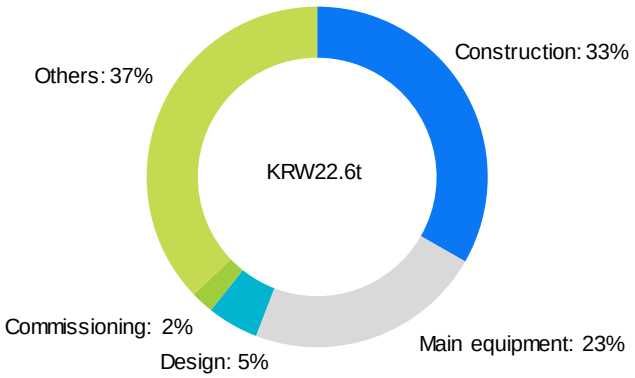
Global nuclear project outlook



Source: WNA, Samsung Securities

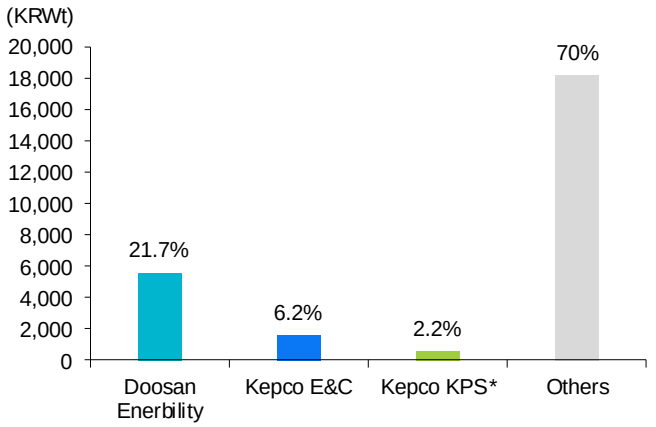
Growing potential markets: When Korea wins overseas nuclear power plant projects, Kepco E&C is expected to secure contracts worth approximately 5-6% of the total project value (primarily for comprehensive design services and reactor system designs). Last year, Korea Hydro & Nuclear Power (KHNP), leading the Team Korea consortium, achieved a major milestone by winning the KRW26t contract to build Units 5 and 6 of the Dukovany nuclear power plant in the Czech Republic. In turn, Kepco E&C received about KRW1.2t from KHNP for comprehensive nuclear plant design services, and an additional KRW373.5b from Doosan Enerbility, the main reactor equipment manufacturer, for reactor system design services. This follows a similar pattern to Korea's first overseas nuclear export—the Barakah nuclear power plant in the UAE. At that time, Kepco E&C secured KRW1.1t (roughly 5% of the total KRW22.6t project value) for its design services. As such, future overseas nuclear project wins are likely to generate comparable levels of design service contracts for Kepco E&C. As previously noted, over 400 nuclear reactor constructions are currently scheduled or being planned worldwide, with numbers continuing to rise, suggesting many opportunities for Korean reactor exports. The success at Dukovany has heightened expectations for follow-up projects, particularly the Temelín nuclear power plant (Czech Republic). The Saudi Arabian Duwaiheen project, for which KHNP was selected as a pre-qualified bidder back in 2018, is also viewed as an opportunity with high potential. Additionally, following the Nov 2025 Korea-Turkey summit, KHNP and Turkey's Atomic Energy Authority signed a MOU on nuclear cooperation, opening a clear pathway for KHNP to participate in the Sinop nuclear power plant project. Meanwhile, Japan ended its cooperation with Vietnam on nuclear power plant construction investments in January—Korea may be able to step into Vietnam's Ninh Thuan nuclear project.

Barakah NPP order breakdown, by segment



Source: Company data, Samsung Securities

Dukovany NPP order breakdown, by segment



Note: * Based on the Barakah NPP Source: Company data, Samsung Securities

Major nuclear power projects unit under discussion

Country	Region	Capacity	Project cost	C.O.D.	Remarks
Czech Republic	Temelin	2 GW	~KRW26t	-	As KHNP has secured the Dukovany project, additional contracts are likely The Czech minister of industry stated potential bids from EDF and Westinghouse
Armenia	Metsamor	1 GW	-	-	To replace the operating Metsamor-2, with plans to extend its operations through 2036; Negotiations ongoing with the US, Russia, France, and Korea
Netherlands	Borssele	~3.3 GW	-	2035~	Following KHNP's withdrawal, bidding narrowed to EDF and Westinghouse
Slovenia	Krsko	~3.3 GW	EUR9.5b-15.4b	2040	Following KHNP's withdrawal, bidding narrowed to EDF and Westinghouse
Saudi Arabia	Duwaiheen	2.4 GW	USD14b	2032	Project developer selection expected around 2027
Turkey	Sinop	4.8 GW	-	-	An MOU signed following the Nov 2025 summit, including cooperation on nuclear exports Rosatom had been the frontrunner but due to financing constraints, discussions are ongoing With Korea, US, Russia and China
Vietnam	Ninh Thuan	2.4 GW	-	2032	Jan 2026, after Japan withdraw, the competitive landscape shifted to Korean and Russia

Source: Media reports, Samsung Securities

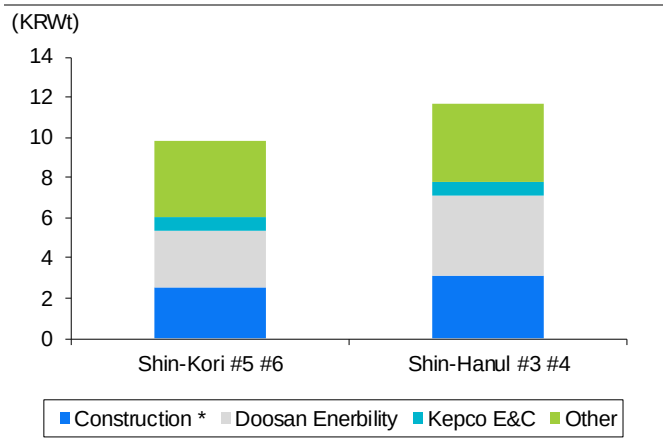
Kepco E&C solely handles domestic nuclear power projects: The construction of two new large-scale nuclear reactors and one SMR, as determined in the 11th National Electricity Plan, has been officially finalized following a review. This expansion of domestic nuclear capacity should benefit Kepco E&C. KHNP has already initiated the site selection process, with plans to complete two 1,400 MW large reactors and one 700 MW SMR by 2038. Looking at the construction timelines of the 28 nuclear reactors that have already been built in Korea, the average duration from groundbreaking to commercial operation is 6.9 years. Historically, Kepco E&C secures related comprehensive design contracts 3.3 years before construction begins. Based on this, orders to build the two new large reactors that are scheduled for commercial operation in 2037 and 2038 are likely to be tendered around 2027-2028. Contracts for the SMR will likely be awarded around the same time—the first SMR module is set to be manufactured around 2030 (when groundbreaking should also take place). Given that Kepco E&C's design contracts for the Saeul Units 3 and 4 and Shin Hanul Units 3 and 4 averaged KRW720b each—representing 6-8% of the total project cost—it is reasonable to expect similar contracts for the new nuclear projects. Additionally, according to the Innovative Small Modular Reactor Development Agency, the target construction cost for the i-SMR is USD3,500 per kW. For a 700 MW SMR, this would translate to a total project cost of KRW3.5t (based on a forex rate KRW1,440/USD). Assuming that design-related costs for the SMR follow the same proportion as large reactors (6-8%), Kepco E&C's design contract value for the SMR is estimated at KRW210b-280b.

Major domestic NPP timelines

Reactor	Capacity (MW)	Manufacturer	Design award date	Construction start	C.O.D.	Design-Construction start (years)	Construction start -C.O.D. (years)
Shin-kori #1	1000	Doosan Heavy (OPR1000)		2005-10-14	2011-02-28	-	5.4
Shin-kori #2	1000	Doosan Heavy (OPR1000)		2005-10-14	2012-07-20	-	6.8
Saeul #1	1400	Doosan Heavy (APR1400)	2006-08-28	2008-04-15	2016-12-20	1.6	8.7
Saeul #2	1400	Doosan Heavy (APR1400)	2006-08-28	2008-04-15	2019-08-29	1.6	11.4
Saeul #3	1400	Doosan Heavy (APR1400)	2014-04-11	2016-06-28	Feb 2026	2.2	-
Saeul #4	1400	Doosan Heavy (APR1400)	2014-04-11	2016-06-28	Nov 2026	2.2	-
Shin-wolseong #1	1000	Doosan Heavy (OPR1000)	2002-08-09	2007-06-04	2012-07-31	4.8	5.2
Shin-wolseong #2	1000	Doosan Heavy (OPR1000)	2002-08-09	2007-06-04	2015-07-24	4.8	8.1
Hanbit #5	1000	Doosan Heavy	1995-03-01	1996-09-24	2002-05-21	1.6	5.7
Hanbit #6	1000	Doosan Heavy	1995-03-01	1996-09-24	2002-12-24	1.6	6.3
Hanul #5	1000	Doosan Heavy	1996-11-22	1999-01-04	2004-07-29	2.1	5.6
Hanul #6	1000	Doosan Heavy	1996-11-22	1999-01-04	2005-04-22	2.1	6.3
Shin-hanul #1	1400	Doosan Heavy (APR1400)	2009-05-29	2011-12-03	2022-12-07	2.5	11.0
Shin-hanul #2	1400	Doosan Heavy (APR1400)	2009-05-29	2011-12-03	2024-04-05	2.5	12.3
Shin-hanul #3	1400	Doosan Heavy (APR1400)	2016-03-18	2024-09-13	Oct 2032	8.5	-
Shin-hanul #4	1400	Doosan Heavy (APR1400)	2016-03-18	2024-09-13	Oct 2033	8.5	-
Average						**3.3**	**7.7**

Note: Based on reactros commissioned since 2000; the overall average construction start-C.O.D. is 6.9 years
Source: KHNP, NSSC, Samsung Securities

Recent domestic NPP order value, by segment



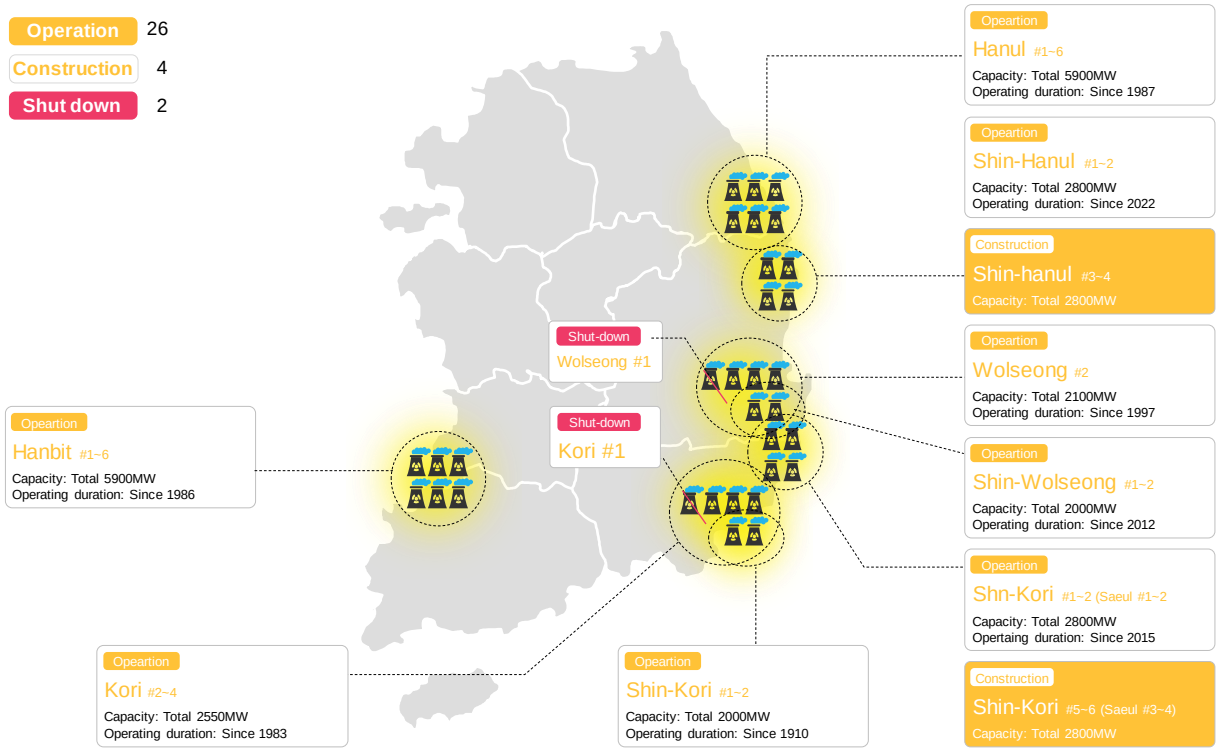
Note: * Shin-Kori by Samsung C&T, Shin-Hanul Hyundai E&C
Source: Company data, Media reports, Samsung Securities

Estimated i-SMR project-related details

Construction cost	USD3,500/kW
Capacity	700 MW
Project scope	USD2.45b
Exchange rate	KRW1,440/USD
KRW equivalent	KRW3.5t
Estimated Kepco E&C order value	KRW210b-280b

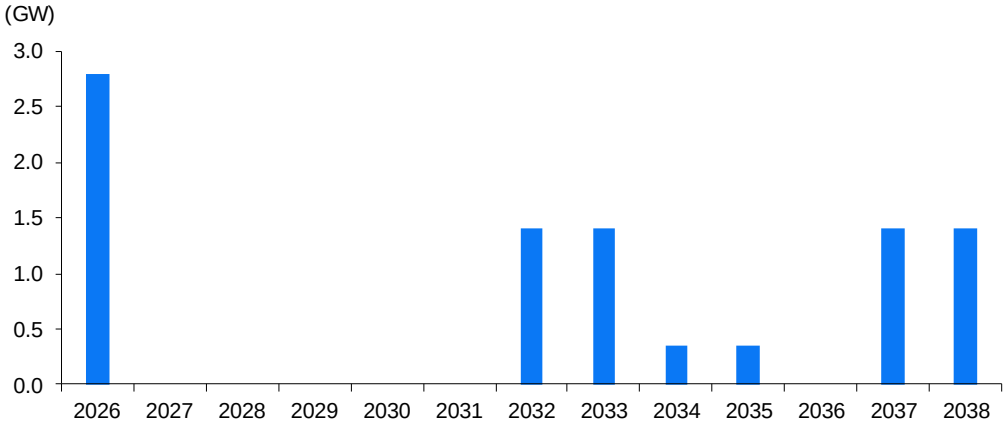
Source: Media reports, Samsung Securities

Nuclear power plants in Korea



Source: Korea Nuclear Association, Samsung Securities

Korea: Nuclear power plants in the pipeline (capacity basis)



Source: 11th basic plan for electricity supply and demand, Samsung Securities

LNG power expansion also presents opportunities: Kepco E&C is positioned to benefit not only from a surge in domestic and overseas nuclear power plant projects, but also from the growing deployment of LNG combined-cycle power plants. According to the 11th National Electricity Plan, by 2036, 28 (14.1 GW) aging coal-fired power plants—out of the 61 currently operating nationwide—will be retired and replaced with LNG-based generation. In order to maintain policy credibility, the government plans to continue implementing the commitments established under the 10th National Electricity Plan. Currently, the total planned or under-construction LNG power capacity based on the 10th Plan is only about 7.5 GW, which is far below what is needed to replace the retiring coal plants. As a result, additional LNG power plant tenders are likely to be issued to plug this shortfall. Under the 11th Plan, around 23 GW of LNG power plants will be in operation by 2038, of which 4.4 GW will actually increase the nation's power generating power and 18.7 GW will replace existing thermal power plants (including combined-cycle and district energy plants). Kepco E&C is executing: 1) a KRW27.8b design contract awarded in 2019 by Korea East-West Power for the Eumseong CCPP—the country's first fuel-conversion project (replacing a coal-fired power plant with an LNG-fired one); and 2) a KRW28.5b contract awarded in 2020 by Korea South-East Power for the Goseong natural gas power plant.

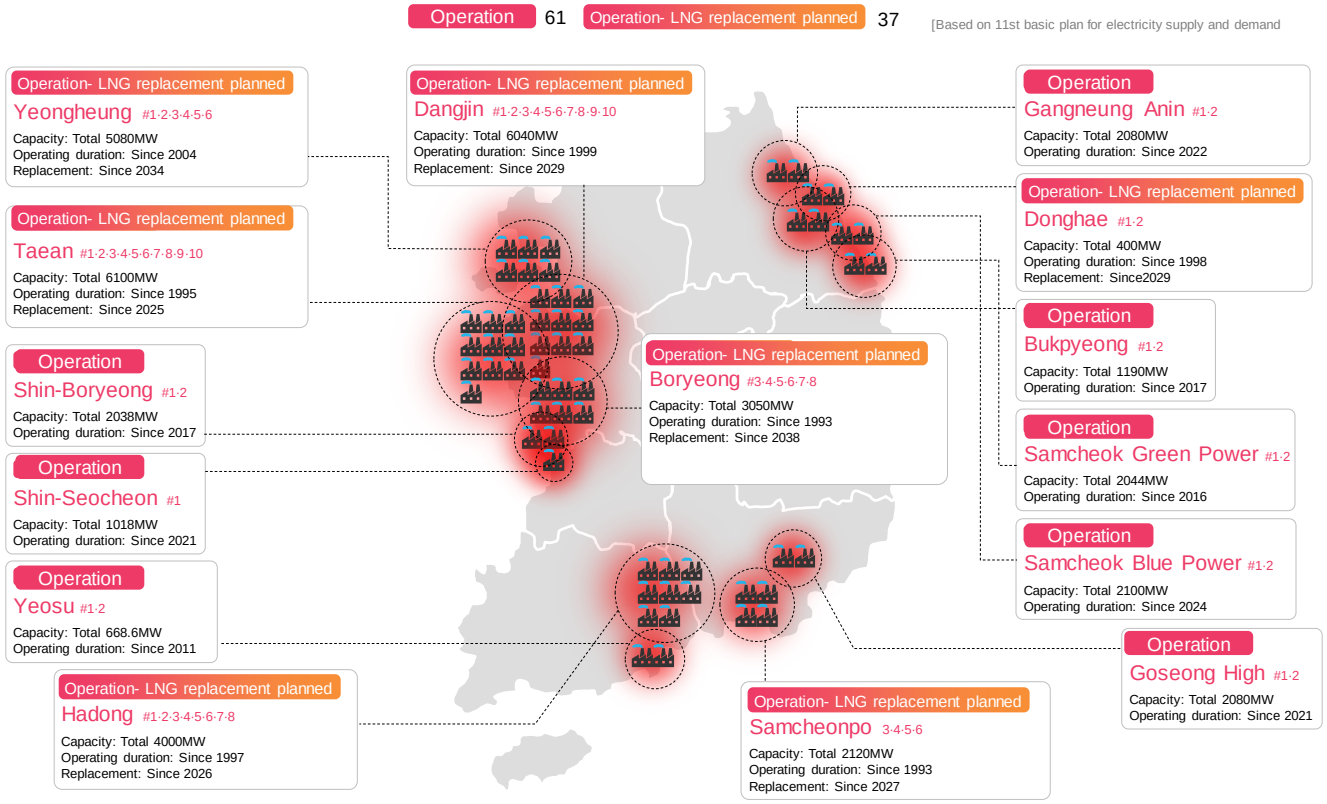
Globally, data center construction projects—a major driver of rising electricity demand—are increasingly employing hybrid energy solutions. Data center operators secure large nuclear reactors or SMRs as base-load power sources, invest in renewable energy facilities to meet carbon neutrality goals, and adopt LNG as a bridge energy source to compensate for the intermittency of renewables and to meet power demand until the new nuclear plants come online. This trend is evident in Korea, too, with six LNG CCPPs (with a combined capacity of 3 GW) planned for the Yongin Semiconductor Cluster, where large-scale semiconductor fabs and data centers are being established. Demand for LNG as an on-site power generation solution within data centers complexes is likely to remain robust.

Status of major power plant construction projects

Type	Company	Plant	Capacity (MW)	Plan confirmed	Generation license	Development permit	Construction approval	Completion	Status
CCGT	CGN Daesan Power	CGN Daesan CCGT	512	10th	Nov 2021	Aug-2023	Oct-2023	Jun 2026	Under construction
	Komipo	Jeju CCGT #3	150	10th	Dec 2024	-	-	Dec 2027	Not started
	EWP	Jeju Clean Energy CCGT	150	10th	Apr 2024	-	-	Sep 2028	Not started
	EWP	Yongin semiconductor CCGT #1, #2	1000	11th	Apr 2025	-	-	Sep 2030	Not started
	EWP	Donghae Clean Energy CCGT	400	10th	Jun 2025	-	-	Sep 2029	Not started
	Kospo	Yongin semiconductor CCGT #3, #4	1000	11th	Apr 2025	Jun-2027	May-2028	Dec 2031	Not started
	KOEN	Bundang CCGT modernization	1000	10th	Nov 2023	Oct-2025	Dec-2025	Feb 2032	Not started
	Posco International	Incheon CCGT #3, #4	900	10th	Nov 2024	Jun-2027	Jul-2027	Dec 2030	Not started
CHP	Namyangju CHP	Namyangju CHP	492.6	10th	Sep 2022	Aug-2025	Dec-2025	Dec 2028	Not started
	Myeodo CHP	Myeodo CHP	495.4	11th	Jun 2025	-	-	Dec 2033	Not started
	Daejeon CHP	Daejeon CHP	493.4	11th	Mar 2025	-	-	Dec 2032	Not started
	EWP	Ilsan CHP modernization	900	10th	Jul 2024	-	-	Apr 2034	Not started

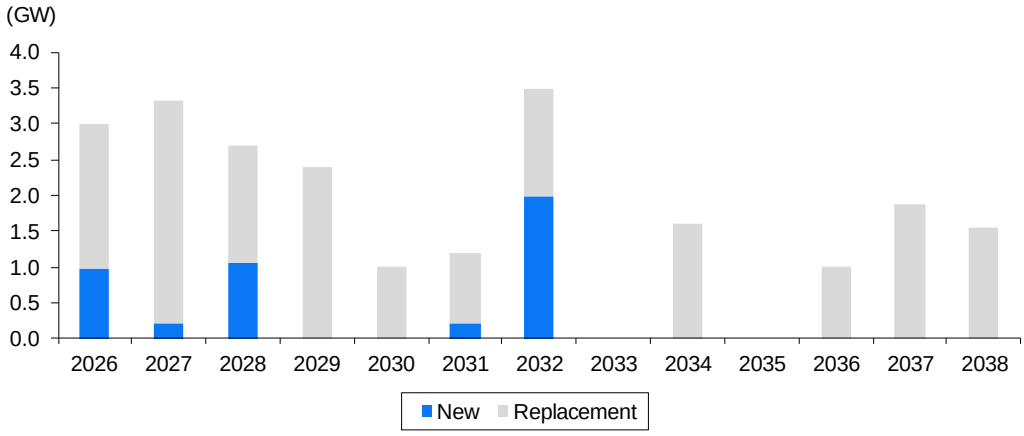
Source: KPX, Samsung Securities

Domestic coal power status and LNG replacement plan



Source: Korea Nuclear Association, Samsung Securities

Korea: Nuclear power plant outlook



Source: 11th basic plan for electricity supply and demand, Samsung Securities

Kepco KPS: Order base strengthening amid facility expansions

Tailwinds from nuclear power expansion also reaching Kepco KPS: As a specialist in power equipment maintenance, Kepco KPS is poised to benefit from growing global and domestic demand for nuclear power plants, transmission/distribution infrastructure, and power equipment. Kepco KPS, a key subsidiary of Kepco, is a top-tier Korean company providing technical diagnostics, commissioning, and maintenance services for power plants and transmission/substation facilities. It currently operates in over 30 countries worldwide. As such, we expect Kepco KPS to take on commissioning and maintenance services for Units 5 and 6 of the Dukovany nuclear power plant in the Czech Republic given Team Korea won this major contract. Although the exact contract value has not yet been disclosed, we can draw meaningful insights from the UAE's Barakah nuclear power plant project: Korea's first overseas nuclear power plant order. For that project, Kepco KPS secured KRW490b for commissioning and pre-operational inspection services across four reactors, representing about 2.2% of the total project value of KRW22.6t. Applying the same proportions to the Dukovany project (estimated at KRW26t), the commissioning service contract value will be KRW560b. Furthermore, for the Barakah project, Kepco KPS won equipment maintenance and long-term maintenance contracts worth about KRW15b *pa*. If similar terms are applied to the Dukovany project, long-term maintenance contracts could amount to KRW18b *pa*. As previously stated, the probability that the Team Korea consortium wins more nuclear power plant projects is increasing in countries such as the Czech Republic (Temelín), Saudi Arabia (Duwaiheen), Turkey (Sinop), and Vietnam (Ninh Thuan). Kepco KPS looks well positioned to benefit from overseas nuclear infra expansion.

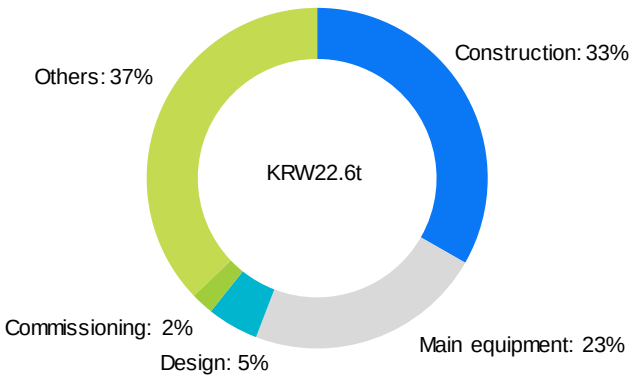
Major Barakah nuclear projects orders

Entity	Project	Client	Initial contract date	Completion date	Value (KRWb)
Kepco	UAE nuclear power plant construction	Emirates Nuclear Energy Corporation (ENEC)	Dec 2009	May 2020	22640
Kepco E&C	UAE nuclear integrated design service (incl. technical support)	Kepco	Jan 2010	Dec 2025	913
	UAE nuclear reactor system design service (contract extension under discussion)	Doosan Enerbility	Jun 2010	Dec 2025	190
	Barakah operating plant LTEA (long-term engineering support) service	Nawah Energy Company	Jan 2018	Jan 2031	340
	Barakah operating plant LTEA (reactor scope)	Nawah Energy Company	Jan 2018	Jan 2031	90
Hyundai E&C	UAE nuclear power plant construction	Kepco	Mar 2020	Sep 2025	4148
Samsung C&T	UAE nuclear power plant	Kepco	Mar 2010	Jun 2026	3384
Doosan Enerbility	UAE nuclear main equipment supply	Kepco			5301
Kepco KPS	BNPP Units 1-4 commissioning maintenance	Kepco	Aug 2013	Dec 2025	467
	BNPP maintenance service	Kepco	Jun 2017	Dec 2024	36
	UAE nuclear maintenance (LTMSC)	Kepco	Jun 2019	Dec 2025	116
	BNPP Units 1-4 pre-operational inspection (incl. RPV)	Kepco	Jan 2016	Feb 2020	22

Source: Company data, Samsung Securities

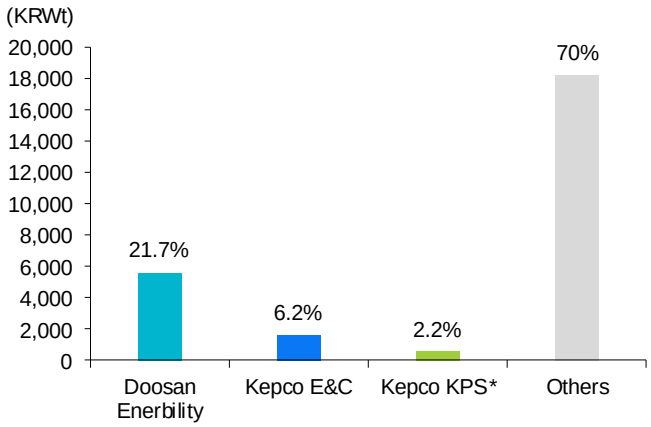
To meet rising electricity demand, interest is growing not only in building new nuclear power plants but also in extending the operational life of existing reactors. In late 2024, KHNP secured a contract worth KRW1.2t (out of a total KRW2.8t project) to refurbish Unit 1 at the Cernavodă nuclear power plant in Romania. This marked the first time a Korean company had won a contract to extend the life of an overseas nuclear power plant. Kepco KPS was awarded 40% of this contract (KRW485b). With Korea's nuclear industry expanding beyond new-build projects into life extension services, Kepco KPS's overseas business scope has similarly evolved—moving from commissioning and pre-operational inspections to long-term maintenance and life extensions. Meanwhile, Kepco KPS is involved in the final decommissioning of the Gori Unit 1 (Korea's first commercial nuclear power plant), which work was approved in Jun 2025. Its participation in radioactive contamination removal and internal equipment dismantling signal an expansion in Kepco KPS's capabilities across the nuclear plant lifecycle: From new plant construction, to life extension and, and ultimately to decommissioning.

Barakah NPP order breakdown, by segment



Source: Company data, Samsung Securities

Dukovany NPP order breakdown, by segment

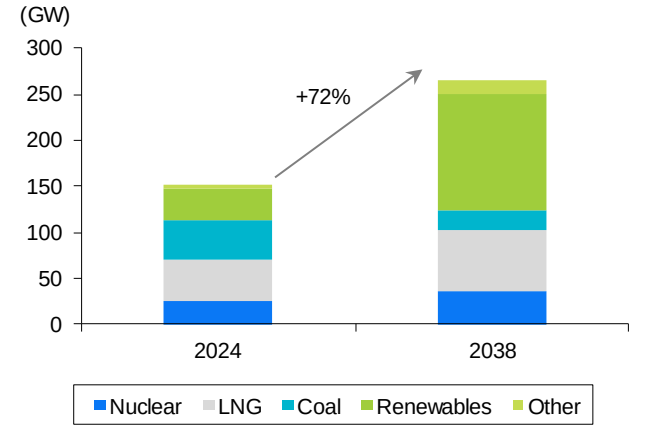


Note: * Based on the Barakah NPP
Source: Company data, Samsung Securities

Order base strengthening amid domestic facility expansion: In addition to overseas opportunities, Kepco KPS is likely to benefit from the planned expansion of domestic power infrastructure. According to the Korean government's roadmap, total domestic power generation capacity is projected to rise over 70% from 153 GW now to 266 GW by 2038. Transmission/substation infrastructure is also slated to expand by more than 50% over the same period. As domestic power infrastructure grows, Kepco KPS's order pipeline should also expand. As of 3Q25, around KRW1.2t (72% of the company's KRW1.6t domestic order backlog) consisted of recurring contracts that are renewed annually. The portion of recurring contracts within nuclear power generation and transmission/substation segments is high at 85.5% and 75.1%, respectively. This reflects Kepco's exclusive role in managing Korea's nuclear power generation and domestic electricity transmission/distribution networks. For nuclear power plants, preventive maintenance work is conducted every 12-24 months, synchronized with fuel replacement cycles. Similarly, under the Electric Utility Act, thermal power facilities (including coal and combined-cycle plants) are required to conduct preventive maintenance work every two years for key equipment such as boilers, heat exchangers, generators, and gas turbines, and every four years for steam turbines.

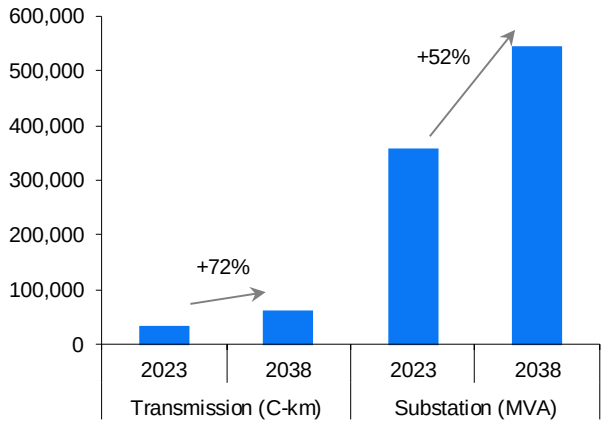
As domestic power generation and grid infrastructure expand, Kepco KPS—Korea's leading provider of power equipment maintenance services—is well-positioned to reinforce its order base.

Domestic power capacity outlook



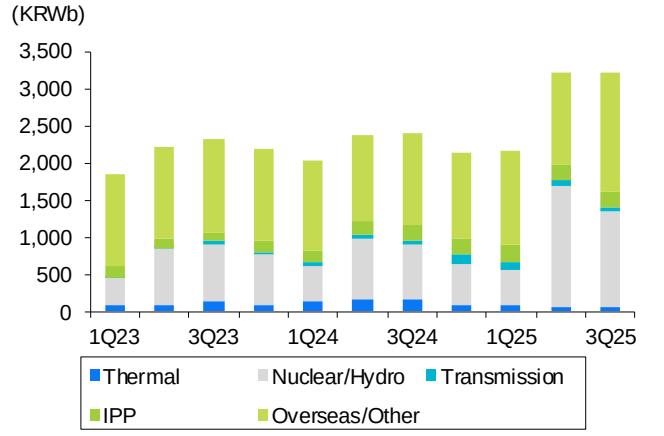
Source: 11th basic plan for electricity supply and demand, Samsung Securities

Domestic transmission/substation capacity outlook



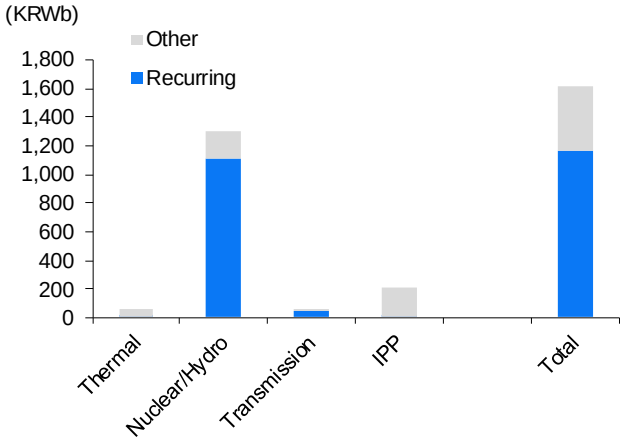
Source: 11street long-term transmission and substation plan, Samsung Securities

Kepco KPS: Backlog, by segment



Source: Kepco KPS, Samsung Securities

Kepco KPS: Share of recurring contracts in backlog



Source: Kepco KPS, Samsung Securities

Valuation pressure eases

Re-rating remains in cards

Oil price risks still limited

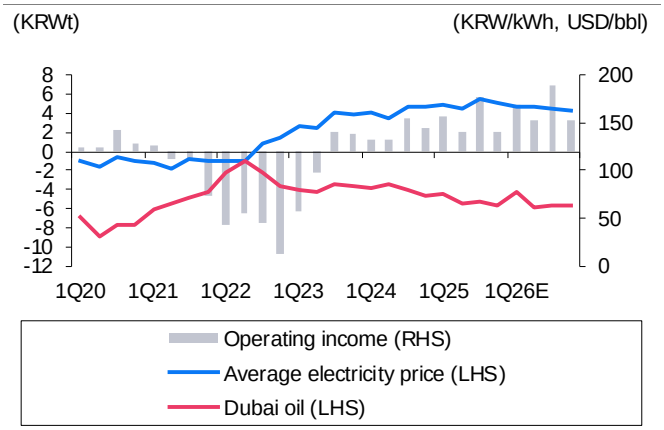
Low probability of prolonged Iran crisis: Following large-scale airstrikes by the US and Israel on Feb 28 targeting multiple sites within Iran, global oil prices surged. On the first day of the strikes, a significant portion of Iran's leadership, including Supreme Leader Ayatollah Khamenei, was killed. In retaliation, Iran launched attacks on Israeli and US military bases in the UAE and Saudi Arabia, and declared a blockade of the Strait of Hormuz. As a result, around 18m-20m barrels per day—about 20% of global oil transport—faced disruption, pushing Brent crude above USD90/barrel and Dubai crude to a similar level. We expect the macroeconomic impact of this crisis to be limited, as the US objective is regime change within Iran, not direct ground invasion—making full-scale war highly unlikely. Although tensions have escalated following the emergence of Ayatollah Khamenei's second son, Mostafa Khamenei, as his successor. US President Trump has publicly rejected the new leader's position, but the broader geopolitical context suggests a more measured outcome is in the cards. Considering upcoming events such as the US-China summit in late March and the US midterm elections in November, the most probable scenario remains one of sustained military pressure on Iran, gradual weakening of Iran, and Iran's eventual return to the negotiating table. Therefore, if the Iran crisis concludes within 4-6 weeks—as President Trump has suggested—the market shock is likely to be short-lived, and global oil prices should quickly stabilize.

Kepco: Oil price sensitivity

(KRWb)	2026E	Oil price fall of 1%
Sales	98,490	98,490
Electricity sales	93,812	93,812
Volume (GWh)	565,900	565,900
ASP (KRW/kWh)	166	166
Others	4,678	4,678
Operating expenses	80,177	80,069
Subsidiaries	11,790	11,771
IPP	33,965	33,877
Others	34,422	34,421
Operating profit	18,312	18,421
Chg (%)		0.6
Chg (KRWb)		108.3

Source: Company data, Samsung Securities estimates

Kepco: ASP, operating income, and Dubai crude price



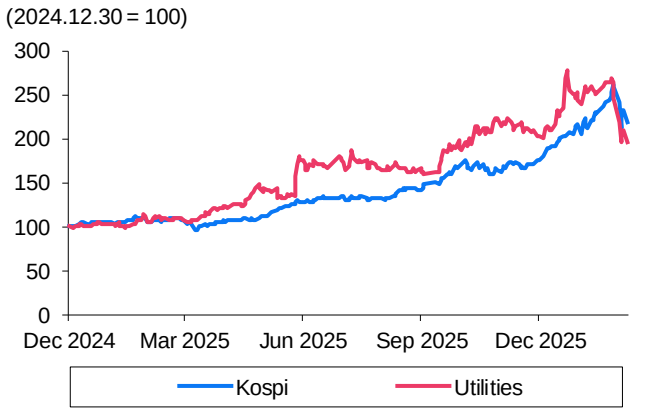
Source: Company data, Bloomberg, Samsung Securities

Ample oil-price buffer: Among Korean utilities, Kepco is most exposed to oil-price volatility. According to our estimates, a 1% increase in oil prices reduces Kepco's full-year operating profit by KRW108b. Given our 2026 operating profit estimate of KRW18.3t, this implies a 0.6% decline in its operating profit per 1% oil price rise. To bring Kepco's operating profit down to breakeven solely due to oil-price increases, Dubai crude would need to rise another USD112/bbl. With our 2026 average Dubai crude forecast of USD66.3/bbl, Kepco's profitability would reach breakeven if oil prices stabilized at an implausible USD178/bbl. This substantial buffer is attributable to seven consecutive tariff increases since 2Q22. The average electricity price in 2025 stood at KRW170/kWh—up 57.6% from KRW108/kWh in 2021, when Kepco moved into the red.

Reduced valuation burden: An opportunity

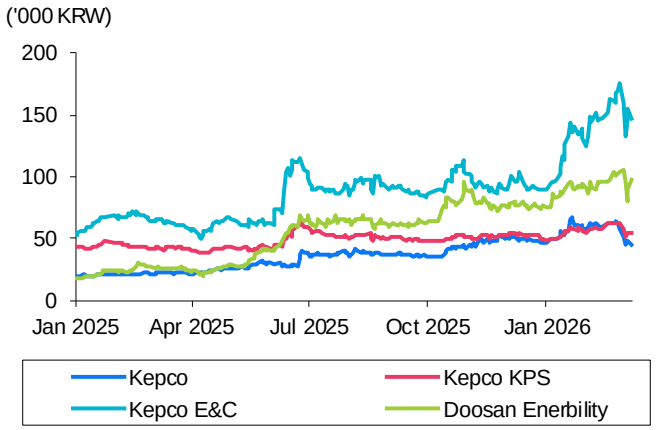
Excessive stock-price corrections due to oil surge: In response to the Iran crisis, Korea's utility sector index has fallen nearly 4% ytd, underperforming the Kospi (up more than 20% ytd). Kepco's stock has dropped more than 5% ytd, dragging down the sector. However, Kepco KPS is up nearly 10% ytd, and Kepco E&C has surged over 60% ytd. Doosan Enerbility, a leading nuclear power equipment maker, has gained more than 20% ytd. This divergence reflects investor concern over Kepco's high oil exposure. But as previously discussed, its oil-price buffer is robust, so excessive fear appears unwarranted. A broader rally in the utility sector began in Apr 2025 following the Iberian Peninsula blackout, which development heightened concerns over power supply imbalances. With global power demand forecasts being revised up, global nuclear policy shifting, and SMRs gaining acceptance, the next power generation capacity expansion cycle appears to have only just begun. Thus, we believe the utility sector still holds significant upside, and the recent stock-price corrections present a valuable opportunity to reexamine valuations.

Index performance: Kospi vs utilities



Source: QuantiWise, Samsung Securities

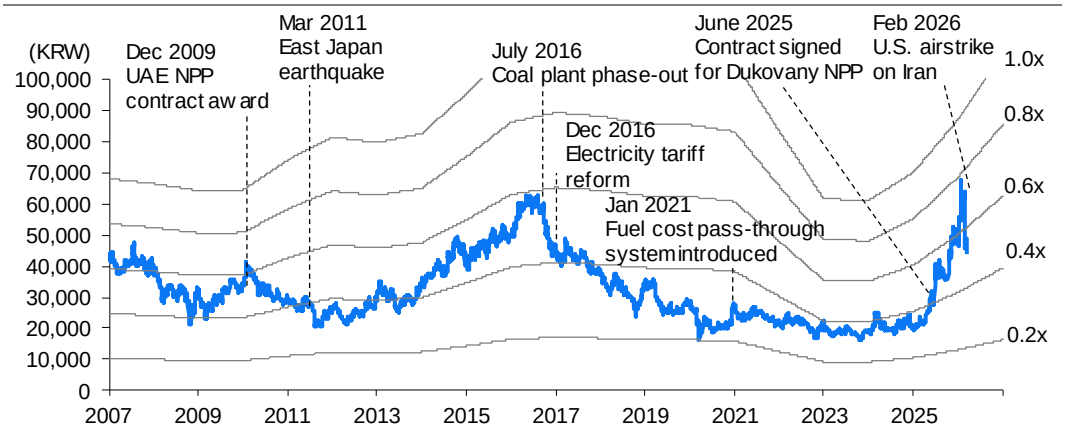
Major utility companies' share performance



Source: QuantiWise, Samsung Securities

Kepco—Trading at excessive discount: Kepco trades at a 2026 P/B of 0.53x, significantly below its global peer average of 1.72x (Bloomberg), implying a discount of over 60%. Historically, Kepco's valuation has been under pressure due to its high fuel import dependency, poor cost controls, and government control over electricity pricing, which factors have undermined its earnings visibility. Its historical average P/B is only 0.38x, and during periods of oil-price spikes and frozen electricity prices (when massive losses were feared), it fell as low as 0.15x. However, thanks to seven electricity price hikes over 2022-2024, coupled global oil prices stabilizing at lower levels, Kepco has posted 10 consecutive quarters of profitability (since 3Q23). If the high oil-price environment proves temporary, Kepco could surpass last year's record profits and set a new all-time high this year. Furthermore, the grid connection of Saeul Units 3 and 4 should increase the firm's nuclear capacity, and the government's plan to improve nuclear plant utilization rates has enhanced its earnings visibility. While uncertainty surrounding electricity pricing (a discount factor) remains, the company should achieve the highest ROE among its global peers in the years ahead. Given these factors, we see Kepco's current valuation as being excessively discounted. Excluding the recent oil-price spikes, the business environment has never been better. As such, we initiate coverage at BUY with a 12-month target price of KRW70,000 (based on its historical peak P/B of 0.79x). Should oil prices normalize soon, improved earnings visibility coupled with a valuation below its liquidation value could trigger a re-rating.

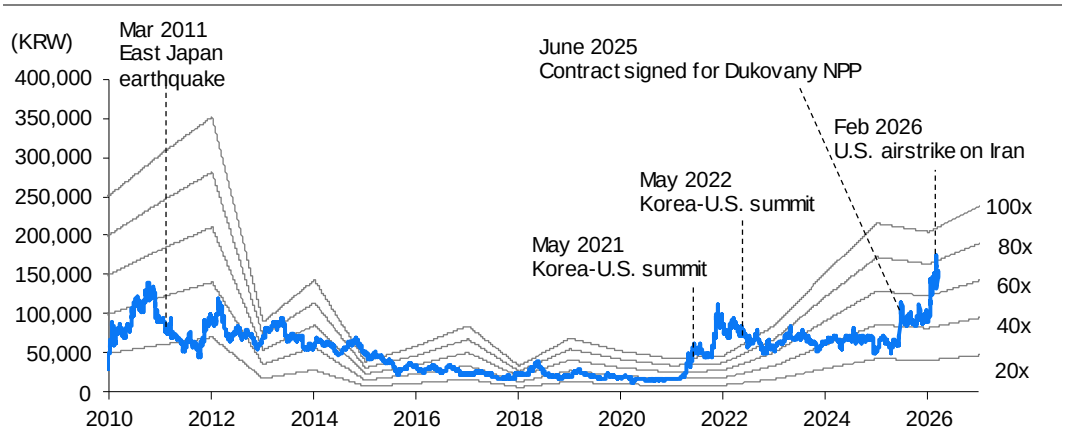
Kepco: Forward P/B band



Source: QuantiWise, Company data, Samsung Securities estimates

Kepco E&C—To make new highs: Kepco E&C's stock surged in 1H25 following the blackout across the Iberian Peninsula and led by optimism over Team Korea's winning the Czech Dukovany nuclear power plant contract. After consolidating until end-2025, the stock resumed its rally in January after the US designated Korea (alongside Japan) as a partner for US nuclear expansion. Although recent market corrections (stemming from the Iran crisis) have trimmed some these gains, the stock remains up more than 60% ytd. Participating in the US nuclear expansion program would provide long-term benefits. The US has announced a plan to increase its nuclear capacity from 100 GW to 400 GW by 2050 and has formally invited Korea to participate. This has heightened expectations for more Korean nuclear technology exports. Some investors have expressed concerns that it 2026 P/E exceeds 70x. However, Kepco E&C has traded at an average P/E of 54x since its listing—a classic high-P/E growth stock. Due to the nature of order-driven businesses, its future prospects are often priced in advance, leading to elevated multiples. During its peak period (2021-2022), its P/E averaged 106x. Key catalysts during that period included the May 2021 Korea-US summit agreement on joint overseas nuclear projects and the May 2022 Korea-US summit, which deepened strategic cooperation on nuclear supply chains (including SMRs). The firm won the Czech Dukovany contract as a part of a consortium, and has secured domestic orders for two large reactors and one SMR. Now it has a credible pathway to participate in the US nuclear power plant expansion plan. We believe the business environment for Kepco E&C is even more favorable than it was over 2021-2022 (when its 12-month forward P/E peaked). Applying a peak P/E average of 106x, we set our target price at KRW 220,000 and initiate coverage at BUY.

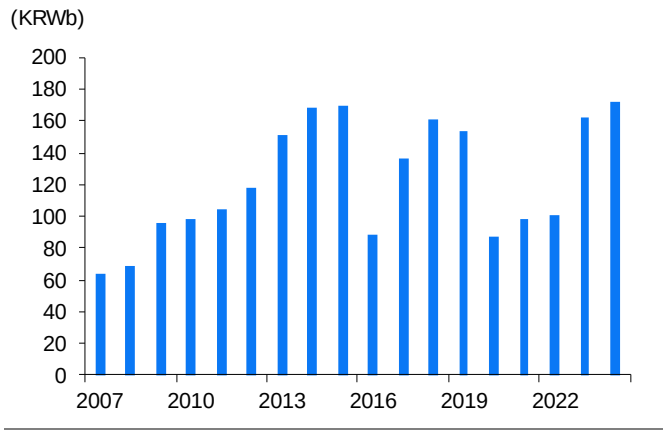
Kepco E&C forward P/E band



Source: QuantiWise, Kepco E&C, Samsung Securities estimates

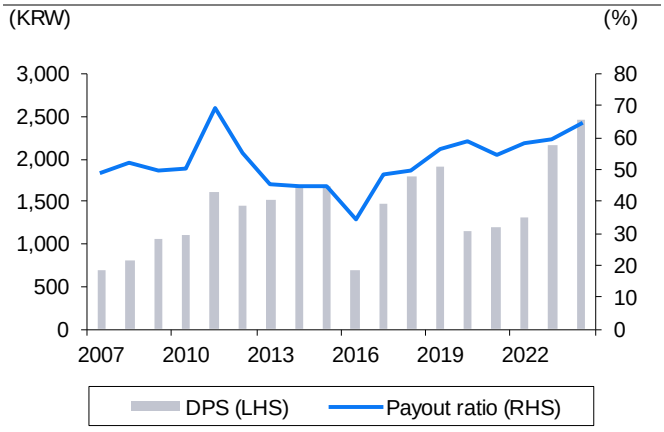
Kepco KPS—Strong earnings and shareholder returns: Kepco KPS stands out for its consistent profitability (*eg*, it has never recorded an annual loss since its listing) and high dividend payout ratio of nearly 53% on average. Its business model, which is focused on operation and maintenance (O&M) work across power infrastructure, benefits directly from the expansion of power plants and transmission/distribution networks. As Korea's power grid continues to expand, Kepco KPS has enjoyed stable earnings growth. Since its listing in late 2007, its 12-month forward P/E has averaged 17.3x, rising to 22.1x (its historical peak) over 2012-early 2016 (when it secured the O&M contract for the Jordan IPP3 diesel plant and the commissioning & pre-operation inspection service contract for the Barakah nuclear plant in the UAE). With the Team Korea consortium's recent win of the Czech Dukovany Units 5 and 6 construction contract, Kepco KPS is poised to secure O&M and pre-commissioning service orders. Combined with global nuclear expansion trends and the US expansion plan, overseas new-order visibility has never been brighter. In Korea, the government has confirmed plans to build two new nuclear plants and one SMR, alongside transmission/distribution infrastructure expansion through 2038, further raising Kepco KPS's long-term new-order potential. Given its fundamentals, we find it not demanding to apply its average P/E when deriving our target price. Applying a 2026 P/E of 17.8x, we set our target at KRW68,000 and initiate coverage at BUY.

Kepco KPS: Net profit



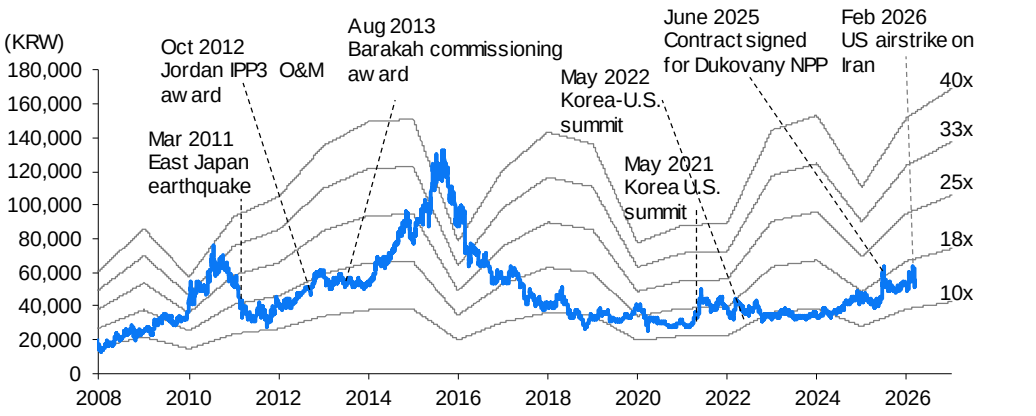
Source: Company data, Samsung Securities

Kepco KPS: DPS and payout ratio



Source: Company data, Samsung Securities

Kepco KPS: Forward P/E band



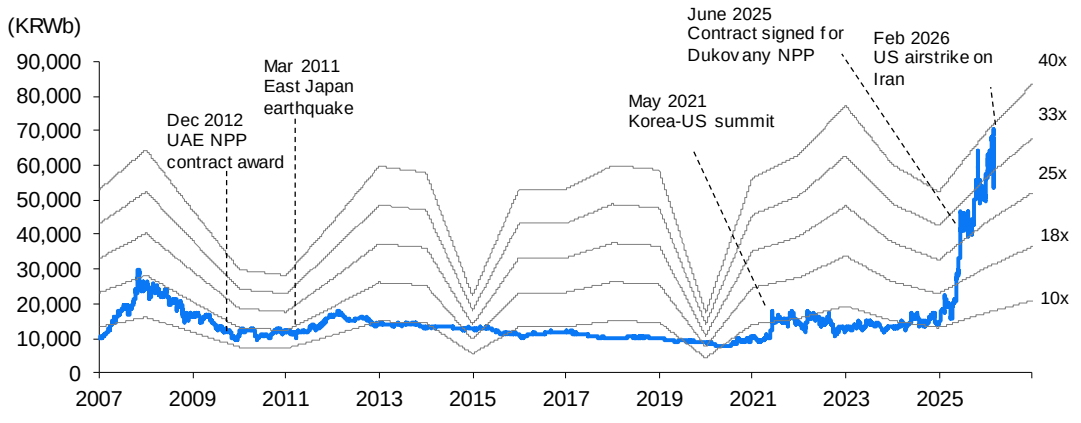
Source: QuantiWise, Company data, Samsung Securities estimates

Doosan Enerbility—Focus on optimized business portfolio: Doosan Enerbility is well-positioned to benefit from the global expansion of nuclear and LNG power generation. As Korea's sole manufacturer of nuclear equipment, the company is set to see a surge in orders related to the: 1) confirmed construction of two new domestic nuclear power plants and one SMR; and 2) broader export potential of Korean nuclear technology. Through its role in the Team Korea's Dukovany nuclear plant, Doosan Enerbility has secured KRW5.6t in orders for reactor pressure vessels and turbine generators—22% of the total KRW26t contract value. Should additional overseas nuclear projects materialize, particularly in the US, Doosan Enerbility's order portion is expected to reach a similar level. The company is also expected to win SMR orders—it is actively collaborating with leading SMR fabless firms (*eg*, NuScale, TerraPower, and X-energy), and the number of global foundry-capable manufacturers is extremely limited. Indeed, the company is already manufacturing the 77 MW reactor modules for NuScale's VOYGR project. With TerraPower recently receiving NRC approval to build the first commercial SMR in Wyoming, Doosan Enerbility looks set to win additional SMR orders.

Meanwhile, the company is also winning a wave of gas turbine orders. Lately, it secured its first overseas contract from xAI for two gas turbines, marking its successful entry into the global market. Since then, it has received orders for seven more gas turbines, bringing its total overseas exports to date to 12 units. The company initially disclosed orders for three additional units in Dec 2025—the original two-unit contract fell below the KRW400b disclosure threshold (less than 2.5% of its annual revenue of KRW16.2t). Based on this, we estimate the contract value per gas turbine at KRW135b-203b at minimum. Assuming similar terms for the seven newly awarded gas turbines, the total value of these recent orders is estimated at KRW0.95t-1.4t, representing 30-44% of the company's 2026 guidance of KRW3.2t for its gas/hydrogen business. With the global gas turbine market dominated by a handful of suppliers (*eg*, GE Vernova, Siemens, and Mitsubishi) and demand continuing to rise, Doosan Enerbility is positioned to enjoy further order growth.

Although the company trades at a 2026 EV/EBITDA multiple of 39x, prompting some valuation concerns, it remains one of the very few global players capable of supplying the most in-demand power generation equipment today (*eg*, large nuclear reactors, SMRs, and gas turbines), with a pipeline of new orders expected to grow steadily. We maintain BUY on the stock with an unchanged target price of KRW120,000 (based on a SOTP valuation). We still recommend using any price corrections as a buying opportunity.

Doosan Enerbility: EV/EBITDA band



Source: QuantiWise, Samsung Securities

COMPANY UPDATE

2026. 3. 16

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Kepco (015760)

Record earnings expected this year

- Kepco's earnings momentum should remain robust, backed by nuclear power capacity expansions and rising utilization rates.
- The recent oil-price spikes are expected to be a near-term headwind, but a sufficient buffer has been built through recent electricity price hikes.
- We initiate coverage of Kepco with a BUY rating and a KRW70,000 target price (based on 0.8x 2026 P/B).

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WHAT'S THE STORY?

To benefit from nuclear power expansions: With the completion of Saeul Units 3 and 4, Korea's total nuclear power capacity should reach 28,850 MW in 2027 (11% higher than the present figure). Korea Hydro & Nuclear Power (KHNP) has set a target nuclear utilization rate of 89% for 2026, which suggests growing benefits to Kepco (thanks to increased capacity and rising utilization). A 1%pt rise in the utilization would boost Kepco's operating profit KRW290b in 2026, improving its profit margin 1.5%pts. Now that the government's 11th National Electricity Plan has confirmed the construction of two new nuclear reactors and one small modular reactor (SMR), the company is well positioned to benefit from the government's long-term nuclear expansion policy.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW70,000	44.9%
Current price	KRW48,300	
Market cap	KRW31.0t/USD20.8b	
Shares (float)	641,964,077 (47.3%)	
52-week high/low	KRW67,900/KRW21,350	
Avg daily trading value (60-day)	KRW222.5b/ USD149.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kepco (%)	-19.2	30.9	116.1
Vs Kospi (%pts)	-18.9	-19.0	1.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	70,000	70,000	0.0%
2025E EPS	13,423	13,423	0.0%
2026E EPS	20,407	20,407	0.0%

SAMSUNG vs THE STREET

No of estimates	13
Target price	74,077
Recommendation	3.9

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	93,399	97,434	98,490	99,207
Operating profit (KRWb)	8,365	13,525	18,312	19,037
Net profit (adj) (KRWb)	3,622	8,737	13,221	12,612
EPS (adj) (KRW)	8,946	13,149	18,597	19,502
EPS (adj) growth (% y-y)	nm	47.0	41.4	4.9
EBITDA margin (%)	23.9	28.1	33.0	19.2
ROE (%)	14.6	18.8	21.8	18.9
P/E (adj) (x)	5.3	3.6	2.6	2.4
P/B (x)	0.8	0.7	0.6	0.5
EV/EBITDA (x)	7.1	5.5	4.2	6.3
Dividend yield (%)	1.1	0.4	0.4	0.4

Source: Company data, Samsung Securities estimates

Strong oil price buffer in place: Kepco has recorded 10 consecutive quarters of profitability (since 3Q23), cutting its accumulated losses from nearly KRW47t to around KRW22t (as of 3Q25). With the Iran-related oil supply disruptions expected to be temporary, the company is on track to post its best-ever operating results for a second consecutive year. Bloomberg's 2026 consensus forecast for Dubai crude remains USD63 per barrel—nearly 8% lower than last year's average. Downside risk is mitigated by seven consecutive electricity price hikes since 2022, which hikes have created a substantial financial cushion against oil-price fluctuations.

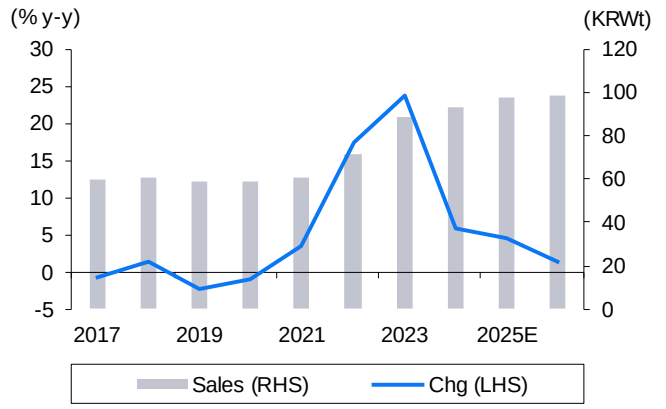
Initiating coverage at BUY rating and KRW70,000 target price: Kepco is trading at a 2026 P/B of only 0.5x—over 60% below its global peer average of 1.72x (Bloomberg). Excluding the recent spike in oil prices, industry conditions are quite strong. Applying its historical high P/B multiple of 0.8x to its 2026 book value, we set our target price at KRW70,000 and initiate coverage with a BUY rating.

Kepco: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
Sales	**24,224**	**21,950**	**27,572**	**23,688**	**25,520**	**22,838**	**26,801**	**23,331**	**93,399**	**97,434**	**98,490**	**99,207**
Electricity sales revenue	23,903	21,060	26,599	22,043	24,350	21,948	25,828	21,686	89,579	93,606	93,812	94,529
Volume (GWh)	141,018	127,341	151,507	129,551	145,249	131,161	156,052	133,438	549,821	549,417	565,900	582,876
ASP (KRW/KWh)	170	165	176	170	168	167	166	163	163	170	166	162
Others	321	891	973	1,645	1,169	890	973	1,645	3,819	3,829	4,678	4,678
Operating expenses	**20,470**	**19,814**	**21,920**	**21,705**	**20,567**	**19,615**	**19,899**	**20,096**	**85,034**	**83,910**	**80,177**	**80,170**
Material costs	4,702	4,017	5,397	4,385	3,197	2,391	3,154	3,049	21,070	18,501	11,790	11,449
Purchased power costs	8,757	8,601	9,248	7,546	9,030	8,974	8,017	7,945	34,660	34,153	33,965	34,817
Labor costs	1,704	1,855	1,767	2,301	1,784	1,943	1,852	2,408	7,298	7,627	7,986	8,367
Depreciation costs	3,492	3,417	3,429	3,429	3,469	3,469	3,469	3,469	13,829	13,767	13,878	14,027
Maintenance costs	557	732	776	802	592	778	825	853	2,948	2,866	3,048	3,241
Others	1,258	1,193	1,303	3,241	2,494	2,060	2,583	2,372	5,229	6,995	9,509	8,270
Operating profit	**3,754**	**2,136**	**5,652**	**1,983**	**4,952**	**3,223**	**6,901**	**3,235**	**8,365**	**13,525**	**18,312**	**19,037**
Pre-tax profit	3,232	1,665	5,349	1,485	4,646	3,400	7,009	3,832	5,257	11,731	18,887	18,017
Net profit	2,362	1,176	3,790	1,409	3,252	2,380	4,906	2,682	3,622	8,737	13,221	12,612
Net profit (controlling)	2,328	1,137	3,756	1,409	3,252	2,380	4,906	2,682	3,492	8,630	13,221	12,612
Chg (% y-y)												
Sales	4.0	33.3	76.6	43.9	64.3	4.0	-2.8	-1.5	5.9	4.3	1.1	0.7
Electricity sales revenue	4.8	33.7	84.1	39.4	71.0	4.2	-2.9	-1.6	7.4	4.5	0.2	0.8
Volume (GWh)	-0.5	-8.9	14.8	-9.5	12.6	3.0	3.0	3.0	0.7	-0.1	3.0	3.0
Price (KRW/KWh)	5.3	46.7	60.3	54.1	51.8	1.2	-5.7	-4.5	6.6	4.6	-2.7	-2.2
Others	-34.9	24.7	-16.5	151.0	-9.1	-0.0	0.0	0.0	-20.3	0.2	22.2	0.0
Operating expenses	-6.9	13.9	7.8	-10.5	-6.7	-1.0	-9.2	-7.4	-8.3	-1.3	-4.4	-0.0
Material costs	-18.7	-25.5	-7.4	-41.8	-55.1	-40.5	-41.6	-30.5	-22.4	-12.2	-36.3	-2.9
Purchased power costs	-4.8	51.0	39.5	-28.7	7.3	4.3	-13.3	5.3	-9.5	-1.5	-0.5	2.5
Labor costs	0.9	8.2	-0.2	40.9	7.6	4.7	4.8	4.6	9.4	4.5	4.7	4.8
Depreciation costs	-0.5	14.8	16.2	11.1	12.7	1.5	1.2	1.2	7.5	-0.5	0.8	1.1
Maintenance costs	-24.1	17.8	-13.0	52.8	-2.4	6.3	6.3	6.3	6.3	-2.8	6.3	6.3
Others	16.9	18.7	-42.5	266.5	115.1	72.7	98.2	-26.8	4.3	33.8	35.9	-13.0
Operating profit	188.9	-328.0	-219.8	-125.5	-176.0	50.9	22.1	63.1	nm	61.7	35.4	4.0
Pre-tax profit	338.1	-225.0	-205.3	-118.3	-168.2	104.2	31.0	158.0	nm	123.2	61.0	-4.6
Net profit	296.3	-214.7	-204.3	-123.8	-167.2	102.3	29.4	90.4	nm	141.2	51.3	-4.6
Net profit (controlling)	314.7	-208.8	-202.9	-123.7	-167.2	109.4	30.6	90.4	nm	147.1	53.2	-4.6
Margins (%)												
OPM	15.5	9.7	20.5	8.4	19.4	14.1	25.8	13.9	9.0	13.9	18.6	19.2
NPM	9.7	5.4	13.7	5.9	12.7	10.4	18.3	11.5	3.9	9.0	13.4	12.7
NPM (controlling)	9.6	5.2	13.6	5.9	12.7	10.4	18.3	11.5	3.7	8.9	13.4	12.7
Assumptions												
Dubai crude price ($/bbl)	75.8	66.1	68.4	63.3	77.3	61.3	63.3	63.5	79.8	68.4	66.3	66.3
Australian thermal coal price ($/tonne)	107.7	100.4	109.3	107.7	106.7	105.7	106.7	103.7	135.7	106.3	105.7	102.7
Forex rate (KRW/USD)	1,452.6	1,400.9	1,386.9	1,445.0	1,455.0	1,420.0	1,380.0	1,335.0	1,364.7	1,421.4	1,397.5	1,348.8

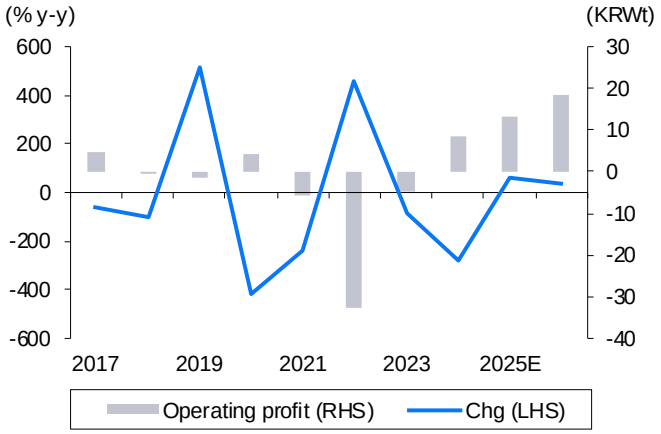
Source: Company data, Samsung Securities estimates

Sales results and forecasts



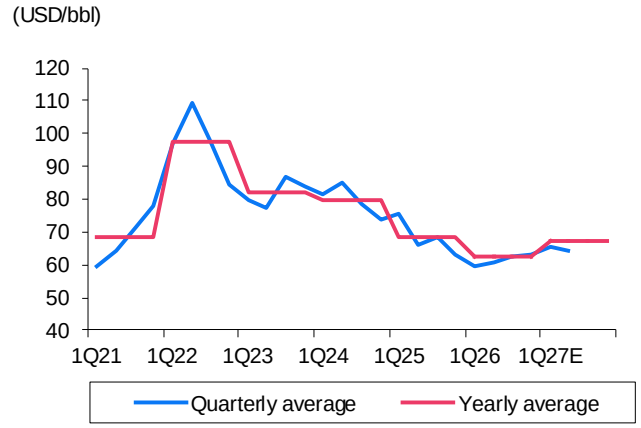
Source: Company data, Samsung Securities estimates

Operating profit results and forecasts



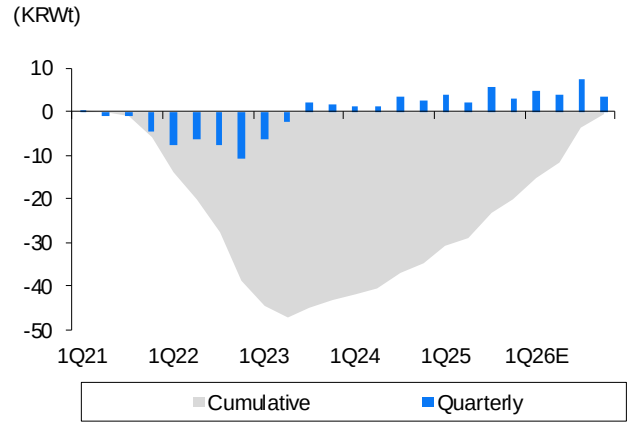
Source: Company data, Samsung Securities estimates

Dubai crude oil price trend and forecasts



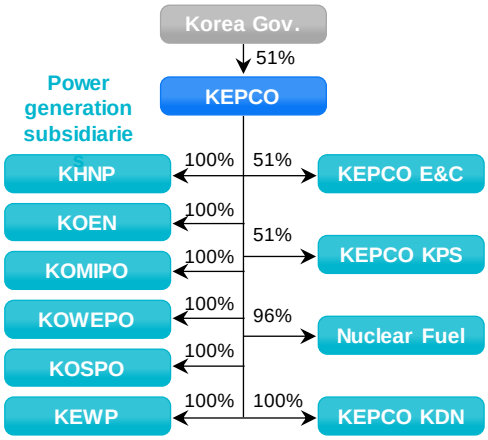
Source: Bloomberg, Samsung Securities

Kepco: Quarterly vs cumulative operating income



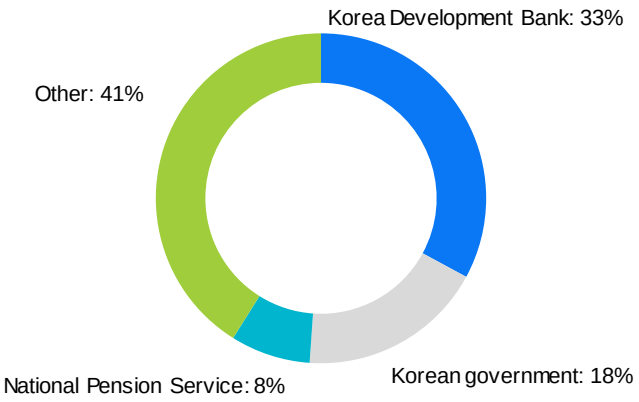
Source: Company data, Samsung Securities estimates

Kepco: Corporate structure



Source: Company data, Samsung Securities

Kepco: Shareholder structure



Source: Company data, Samsung Securities

Valuation summary

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS* (KRW)	Chg (% y-y)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2021	60,674	(5,846)	(7,072)	(5,216)	(5,934)	nm	(8.0)	76,620	17.6	0.45	(5.6)
2022	71,258	(32,655)	(33,844)	(24,429)	(35,742)	nm	(1.3)	116,683	(7.3)	0.57	(42.8)
2023	88,219	(4,542)	(7,554)	(4,716)	(7,129)	nm	(6.7)	128,675	18.8	0.77	(11.5)
2024	93,399	8,365	5,257	3,622	8,946	nm	5.3	128,982	7.1	0.78	14.6
2025E	97,434	13,525	11,731	8,737	13,149	47.0	3.6	119,413	5.5	0.68	18.8
2026E	98,490	18,312	18,887	13,221	18,597	41.4	2.6	105,072	4.2	0.56	21.8
2027E	99,207	19,037	18,017	12,612	19,502	4.9	2.4	89,920	6.3	0.46	18.9

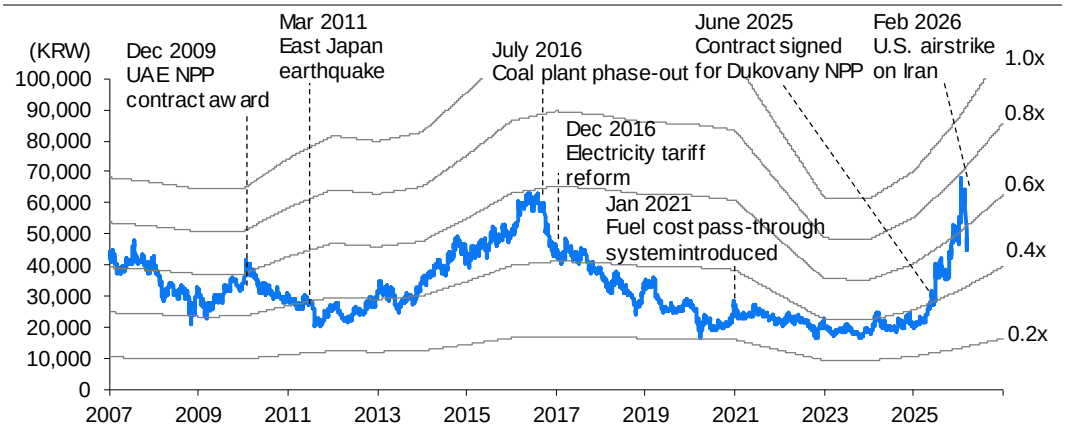
Note: * Fully diluted, excluding one-off items
Source: Company data, Samsung Securities estimates

Kepco: Earnings sensitivity to key factors

	2026E	Electricity price increase	Nuclear utilization increase	Coal price decline	KRW appreciation	Oil price decline
Sales	**98,490**	**99,415**	**98,490**	**98,490**	**98,490**	**98,490**
Electricity sales	93,812	94,737	93,812	93,812	93,812	93,812
Volume (GWh)	565,900	565,900	565,900	565,900	565,900	565,900
ASP (KRW/kWh)	165.8	167.4	165.8	165.8	165.8	165.8
Others	4,678	4,678	4,678	4,678	4,678	4,678
Operating expenses	**80,177**	**80,177**	**79,828**	**80,144**	**80,132**	**80,069**
Subsidiaries	11,790	11,790	11,441	11,757	11,745	11,771
IPP	33,965	33,965	33,965	33,965	33,965	33,877
Others	34,422	34,422	34,422	34,422	34,422	34,421
Operating profit	**18,312**	**19,237**	**18,662**	**18,346**	**18,358**	**18,421**
Chg (%)		5.0	1.9	0.2	0.2	0.6
Chg (KRWb)		924.8	349.2	33.1	45.6	108.3

Notes: All factors assume a 1% change
Source: Company data, Samsung Securities estimates

Kepco: Forward P/B band



Source: QuantiWise, Company data, Samsung Securities estimates

Global peer valuation table

(Mil USD)		KEPCO	Southern Co	Duke Energy	Saudi Electricity Company	Tokyo Electric Power Company	Kansai Electric Power	Iberdrola	ENEL SpA
Local currency		KRW	USD	USD	SAR	JPY	JPY	EUR	EUR
Share price (Local currency)		44,600	97	131.1	14.3	598.2	2,420.0	19.1	13.3
Market cap		19,393	108,861	101,980	15,870	6,097	17,112	150,349	89,012
Sales	2023	60,115	25,253	29,060	20,065	43,879	25,746	57,406	26,673
	2024	63,645	26,724	30,357	23,617	43,194	27,508	50,021	24,695
	2025E	66,395	29,553	32,237	27,227	41,714	25,984	51,287	24,767
	2026E	67,114	30,035	32,969	27,042	41,969	26,049	54,047	27,373
	2027E	67,603	31,636	34,532	28,192	42,009	26,075	56,299	29,562
OPM (%)	2023	-5.1	23.1	24.3	18.8	4.0	18.0	18.2	22.0
	2024	9.0	26.4	26.1	13.3	3.4	10.8	17.8	26.4
	2025E	13.9	24.7	26.8	N/A	3.6	11.5	22.1	31.7
	2026E	18.6	27.8	28.8	19.6	4.2	9.6	23.1	32.6
	2027E	19.2	29.3	29.6	20.7	4.1	9.5	23.2	33.6
EBITDA margin (%)	2023	9.6	43.8	46.1	44.0	9.2	26.8	28.0	32.4
	2024	23.9	47.1	48.2	36.7	8.8	19.4	33.0	38.3
	2025E	28.1	46.0	47.3	N/A	9.9	20.1	35.3	44.2
	2026E	33.0	45.7	48.6	41.3	10.6	18.3	36.0	45.2
	2027E	19.2	48.1	49.6	42.2	10.8	18.4	36.1	46.5
ROE (%)	2023	-11.5	12.9	5.8	2.9	11.6	21.8	11.4	7.7
	2024	14.6	13.6	9.1	-2.2	6.1	15.7	12.4	8.6
	2025E	18.8	12.5	9.8	N/A	-17.7	11.6	12.9	9.9
	2026E	21.8	12.1	9.7	5.9	7.2	8.8	11.6	10.4
	2027E	18.9	12.1	9.7	6.5	6.8	8.3	11.8	10.6
P/E (x)	2023	-6.3	26.7	37.0	23.0	3.6	4.9	25.3	23.2
	2024	5.0	24.2	23.0	-31.0	5.9	5.5	22.7	21.6
	2025E	3.4	24.7	20.8	14.9	-1.8	7.3	20.7	17.1
	2026E	2.4	21.3	19.5	10.1	4.3	8.9	19.4	15.1
	2027E	2.3	19.8	18.3	8.8	4.2	9.1	18.2	14.0
P/B (x)	2023	0.7	3.4	2.1	2.5	0.4	1.0	2.8	1.9
	2024	0.7	3.2	2.1	2.7	0.3	0.9	2.5	1.4
	2025E	0.6	3.0	2.0	N/A	0.4	0.8	2.5	1.6
	2026E	0.5	2.8	1.9	2.5	0.4	0.8	2.2	1.5
	2027E	0.4	2.6	1.8	2.4	0.4	0.7	2.1	1.5
EV/EBITDA (x)	2023	18.5	15.5	13.7	5.1	9.6	6.3	13.6	16.9
	2024	7.1	13.8	12.8	6.2	11.1	7.4	13.7	15.2
	2025E	5.4	13.3	12.7	N/A	N/A	8.5	12.5	13.4
	2026E	4.1	13.6	12.0	9.4	N/A	9.3	11.0	12.6
	2027E	6.2	12.7	11.6	9.1	N/A	9.2	10.7	12.0
Net debt	2023	87,683	62,742	80,916	29,219	32,827	26,118	68,451	57,530
	2024	87,892	65,207	85,648	38,137	36,129	22,614	75,735	54,566
	2025E	81,372	72,436	91,383	N/A	N/A	27,261	75,590	57,895
	2026E	71,599	77,593	89,975	88,988	N/A	27,233	62,716	66,994
	2027E	61,274	83,987	95,682	92,123	N/A	27,300	67,446	75,625

Source: Bloomberg, Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**88,219**	**93,399**	**97,434**	**98,490**	**99,207**
Cost of goods sold	89,700	81,964	80,731	76,916	76,824
Gross profit	**-1,480**	**11,435**	**16,703**	**21,574**	**22,384**
Gross margin (%)	-1.7	12.2	17.1	21.9	22.6
SG&A expenses	3,062	3,070	3,179	3,262	3,347
Operating profit	**-4,542**	**8,365**	**13,525**	**18,312**	**19,037**
Operating margin (%)	-5.1	9.0	13.9	18.6	19.2
Non-operating gains (losses)	**-3,012**	**-3,108**	**-1,793**	**574**	**-1,020**
Financial profit	1,425	3,448	2,038	4,434	2,760
Financial costs	5,347	7,535	5,038	4,064	3,983
Equity-method gains (losses)	613	882	700	189	189
Other	297	97	508	14	14
Pre-tax profit	**-7,554**	**5,257**	**11,731**	**18,887**	**18,017**
Taxes	-2,838	1,635	2,994	5,666	5,405
Effective tax rate (%)	37.6	31.1	25.5	30.0	30.0
Profit from continuing operations	-4,716	3,622	8,737	13,221	12,612
Profit from discontinued operations	0	0	0	0	0
Net profit	**-4,716**	**3,622**	**8,737**	**13,221**	**12,612**
Net margin (%)	-5.3	3.9	9.0	13.4	12.7
Net profit (controlling interests)	-4,823	3,492	8,617	13,101	12,497
Net profit (non-controlling interests)	106	130	120	120	114
EBITDA	8,491	22,362	27,403	32,503	19,037
EBITDA margin (%)	9.6	23.9	28.1	33.0	19.2
EPS (parent-based) (KRW)	-7,129	8,946	13,149	18,597	19,502
EPS (consolidated) (KRW)	-7,346	5,642	13,610	20,594	19,645
Adjusted EPS (KRW)*	-7,129	8,946	13,149	18,597	19,502

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**29,536**	**29,255**	**35,474**	**60,422**	**85,960**
Cash & equivalents	4,343	2,383	7,390	32,724	57,523
Accounts receivable	11,010	11,099	11,174	11,006	11,328
Inventories	8,876	9,769	9,835	9,687	9,971
Other current assets	5,308	6,004	7,074	7,006	7,137
Fixed assets	**210,179**	**217,553**	**217,112**	**204,192**	**193,151**
Investment assets	13,209	16,232	16,480	16,255	16,686
Tangible assets	179,876	182,983	182,597	170,030	158,667
Intangible assets	1,133	1,146	1,028	900	790
Other long-term assets	15,961	17,192	17,007	17,007	17,007
Total assets	**239,715**	**246,808**	**252,586**	**264,614**	**279,111**
Current liabilities	**61,248**	**63,969**	**65,438**	**65,141**	**65,709**
Accounts payable	4,341	4,495	4,525	4,457	4,587
Short-term debt	10,667	9,123	10,988	10,988	10,988
Other current liabilities	46,240	50,351	49,924	49,696	50,133
Long-term liabilities	**141,202**	**141,476**	**137,988**	**137,229**	**138,683**
Bonds & long-term debt	92,510	88,091	84,699	84,699	84,699
Other long-term liabilities	48,691	53,385	53,288	52,529	53,983
Total liabilities	**202,450**	**205,445**	**203,425**	**202,370**	**204,392**
Owners of parent equity	**35,845**	**39,915**	**47,950**	**60,914**	**73,274**
Capital stock	3,210	3,210	3,210	3,210	3,210
Capital surplus	2,445	2,445	2,449	2,449	2,449
Retained earnings	16,338	20,128	28,504	41,468	53,828
Other	13,852	14,133	13,787	13,787	13,787
Non-controlling interests' equity	**1,420**	**1,448**	**1,211**	**1,331**	**1,445**
Total equity	**37,265**	**41,363**	**49,160**	**62,244**	**74,719**
Net debt	128,675	128,982	119,413	105,072	89,920

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**1,522**	**15,876**	**20,394**	**25,223**	**25,410**
Net profit	-4,716	3,622	8,737	13,221	12,612
Non-cash profit and expenses	15,837	21,131	21,126	21,858	20,269
Depreciation	12,869	13,834	13,686	12,567	11,362
Amortization	163	164	154	128	110
Other	2,804	7,134	7,287	9,163	8,797
Changes in A/L from operating activities	-5,142	-3,790	-4,241	-692	1,327
Cash flow from investments	**-13,074**	**-14,093**	**-15,765**	**86**	**-164**
Change in tangible assets	-13,599	-13,813	-11,608	0	0
Change in financial assets	-24	-2,174	-38	86	-164
Other	549	1,894	-4,119	0	0
Cash flow from financing	**12,662**	**-3,849**	**-1,427**	**-146**	**-119**
Change in debt	12,691	-1,374	-2,485	-10	18
Change in equity	332	0	5	0	0
Dividends	-56	-137	-212	-137	-137
Other	-306	-2,338	1,265	0	0
Change in cash	1,108	-1,960	4,965	25,059	24,858
Cash at beginning of year	3,235	4,343	2,383	7,348	32,407
Cash at end of year	4,343	2,383	7,348	32,407	57,265
Gross cash flow	**11,120**	**24,753**	**29,864**	**35,079**	**32,881**
Free cash flow	**-12,386**	**1,660**	**8,474**	**25,223**	**25,410**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	23.8	5.9	4.3	1.1	0.7
Operating profit	nm	nm	61.7	35.4	4.0
Net profit	nm	nm	141.2	51.3	-4.6
Adjusted EPS**	nm	nm	47.0	41.4	4.9
Per-share data (KRW)					
EPS (parent-based)	-7,129	8,946	13,149	18,597	19,502
EPS (consolidated)	-7,346	5,642	13,610	20,594	19,645
Adjusted EPS**	-7,129	8,946	13,149	18,597	19,502
BVPS	61,736	61,240	70,028	85,148	102,950
DPS (common)	0	213	213	213	213
Valuations (x)					
P/E***	-6.7	5.3	3.6	2.6	2.4
P/B***	0.8	0.8	0.7	0.6	0.5
EV/EBITDA	18.8	7.1	5.5	4.2	6.3
Ratios (%)					
ROE	-11.5	14.6	18.8	21.8	18.9
ROA	-2.0	1.5	3.5	5.1	4.6
ROIC	-1.5	3.0	5.2	6.8	7.6
Payout ratio	0.0	3.9	1.6	1.0	1.1
Dividend yield (common)	0.0	1.1	0.4	0.4	0.4
Net debt to equity	355.4	319.2	253.3	159.4	99.5
Interest coverage (x)	-1.0	1.8	3.3	4.6	4.9

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 3. 16

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Kepco E&C (052690)

Nuclear plant design pure player

- Kepco E&C is well-positioned to capitalize on growing overseas orders driven by the global trend towards building new nuclear power plants.
- It is also on the verge of securing new domestic orders following the official confirmation of nuclear power plant expansions in Korea.
- We initiate coverage of the stock at BUY with a 12-month target price of KRW220,000 (based on 106x P/E, its average over 2021-2022, which is when its P/E peaked).

AT A GLANCE

BUY

Target price	KRW220,000	23.8%
Current price	KRW177,700	
Market cap	KRW6.8t/USD4.6b	
Shares (float)	38,220,000 (46.4%)	
52-week high/low	KRW177,700/KRW49,950	
Avg daily trading value (60-day)	KRW80.1b/ USD53.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kepco Engineering & Construction (%)	20.2	98.1	180.3
Vs Kospi (%pts)	20.7	22.6	31.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	220,000	220,000	0.0%
2025E EPS	2,157	2,157	0.0%
2026E EPS	2,049	2,049	0.0%

SAMSUNG vs THE STREET

No of estimates	11
Target price	192,455
Recommendation	3.9

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

WHAT'S THE STORY?

To benefit from hike in global demand for nuclear power: According to the International Energy Agency (IEA), global nuclear power capacity is expected to reach 784 GW by 2050, up 364 GW from the current level. The World Nuclear Association (WNA) also reports that 434 nuclear reactors are either under construction or have been formally proposed. Kepco E&C has lately entered the European market by securing the contract for the Dukovany nuclear power plant in the Czech Republic. It is poised to enter the US following a formal request from the US government for Korean expertise in its plan to add 400 GW of nuclear capacity by 2050. Considering the Barakah project in the UAE (Korea's first overseas nuclear contract) and the Dukovany contract, we estimate that Kepco E&C could secure about 5-6% of the total contract value of new overseas nuclear projects.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	553	519	661	725
Operating profit (KRWb)	55	32	72	86
Net profit (adj) (KRWb)	59	82	78	91
EPS (adj) (KRW)	1,531	2,157	2,049	2,375
EPS (adj) growth (% y-y)	79.2	40.9	-5.0	16.0
EBITDA margin (%)	13.9	10.5	13.9	14.3
ROE (%)	10.4	13.8	12.4	13.6
P/E (adj) (x)	34.6	74.2	78.1	67.4
P/B (x)	3.5	9.8	9.4	8.8
EV/EBITDA (x)	25.6	110.2	64.9	57.1
Dividend yield (%)	1.9	0.8	0.8	0.9

Source: Company data, Samsung Securities estimates

To see hike in domestic nuclear project orders: The Korean government has officially confirmed the construction of two large-scale nuclear reactors and one small modular reactor (SMR) under the 11th National Electricity Plan (NEP). Given the typical construction period for domestic nuclear projects and the lead time (between decision making and order placement), these new orders are set to be awarded around 2027-2028. Based on the average order size observed from ongoing projects (*eg*, Saeul #3 and #4 reactors, and Shin-Hanwool #3 and #4 reactors), we estimate new domestic projects will generate order values equivalent to 6-8% of total project costs.

Initiating coverage at BUY with target price of KRW200,000: While shares in Kepco E&C are trading above 70x 2026 P/E, thus raising valuation concerns, we note that its average P/E since its listing has been close to 54x. More importantly, its fundamentals look stronger now than when its P/E last peaked. Today, the company is winning both domestic and overseas orders, supported by the outcomes of two Korea-US summits. We initiate coverage of the stock at BUY with a 12-month target price of KRW220,000 (based on 106x P/E, the average of the 2021-2022 historical peak period).

Kepco E&C: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
Sales	**96.4**	**102.3**	**114.6**	**205.5**	**153.3**	**131.6**	**119.4**	**256.5**	**553.4**	**518.8**	**660.9**	**725.4**
(% y-y)	-24.4	-19.6	8.2	6.7	59.0	28.7	4.2	24.8	1.5	-6.3	27.4	9.8
Nuclear	56.1	58.3	80.6	151.9	95.9	77.4	76.7	176.5	331.4	347.0	426.5	486.6
(% y-y)	-20.7	-10.9	17.7	19.9	70.9	32.8	-4.8	16.1	17.9	4.7	22.9	14.1
NSSS	19.2	24.5	23.7	26.5	35.3	32.6	25.0	46.1	99.9	94.0	139.0	144.8
(% y-y)	-33.1	-9.8	48.2	-5.1	83.7	33.0	5.4	73.9	3.6	-5.9	47.9	4.1
Energy	21.1	19.4	10.3	27.0	22.1	21.6	17.7	33.9	122.1	77.8	95.3	94.0
(% y-y)	-25.1	-43.8	-51.9	-28.8	4.9	11.1	71.8	25.5	-27.2	-36.3	22.5	-1.3
Operating profit	**1.2**	**-4.4**	**12.3**	**22.6**	**12.7**	**11.8**	**9.2**	**38.1**	**54.8**	**31.6**	**71.8**	**86.0**
(% y-y)	-87.0	-133.6	116.2	-15.8	964.2	-365.9	-24.7	68.7	91.9	-42.3	127.1	19.9
(Margin, %)	1.2	-4.3	10.7	11.0	8.3	8.9	7.7	14.9	9.9	6.1	10.9	11.9
Pre-tax profit	85.3	0.3	14.6	5.4	17.3	15.7	13.6	42.6	76.2	105.6	89.2	103.5
(% y-y)	677.8	-98.5	70.2	-84.6	-79.8	4,764.9	-6.7	685.3	72.9	38.6	(15.6)	16.1
(Margin, %)	88.5	0.3	12.7	2.6	11.3	12.0	11.4	16.6	13.8	20.4	13.5	14.3
Net profit	65.9	0.3	11.3	5.0	15.0	14.0	11.7	37.6	58.5	82.4	78.3	90.8
(% y-y)	662.2	-98.1	67.1	-81.2	-77.3	4,198.8	3.9	658.7	79.2	40.9	-5.0	16.0
(Margin, %)	68.4	0.3	9.8	2.4	9.8	10.7	9.8	14.7	10.6	15.9	11.8	12.5

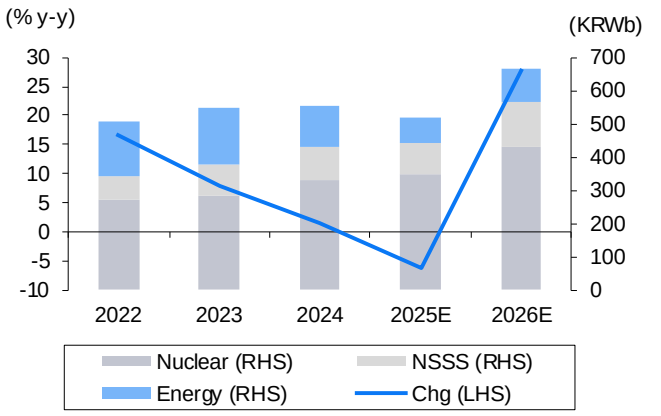
Source: Company data, Samsung Securities estimates

Valuation summary

(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	433.1	10.1	17.7	16.5	430	-18.3	197.5	6.3	91.9	3.2	-31.2
2022	505.3	13.9	25.7	18.0	470	9.1	116.2	3.8	55.1	3.4	-47.4
2023	545.1	28.6	44.1	32.7	854	81.9	72.7	4.3	46.1	6.0	-54.6
2024	553.4	54.8	76.2	58.5	1,531	79.2	34.6	3.5	25.6	10.4	-49.4
2025E	518.8	31.6	105.6	82.4	2,157	40.9	74.2	9.8	110.2	13.8	-124.6
2026E	660.9	71.8	89.2	78.3	2,049	-5.0	78.1	9.4	64.9	12.4	-151.1
2027E	725.4	86.0	103.5	90.8	2,375	16.0	67.4	8.8	57.1	13.6	-213.2

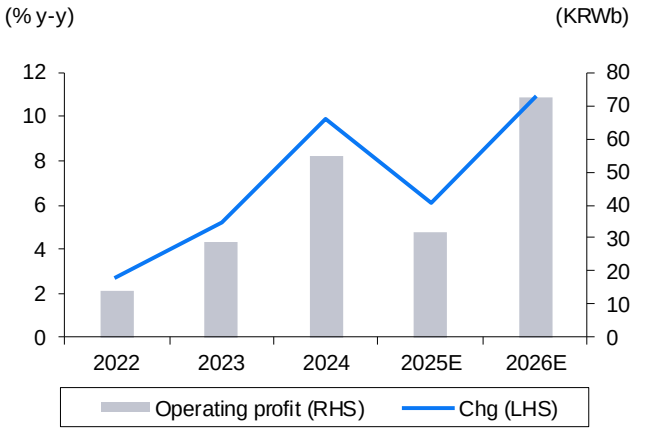
Note: * Fully diluted, excluding one-off items
Source: Company data, Samsung Securities estimates

Sales, yearly basis



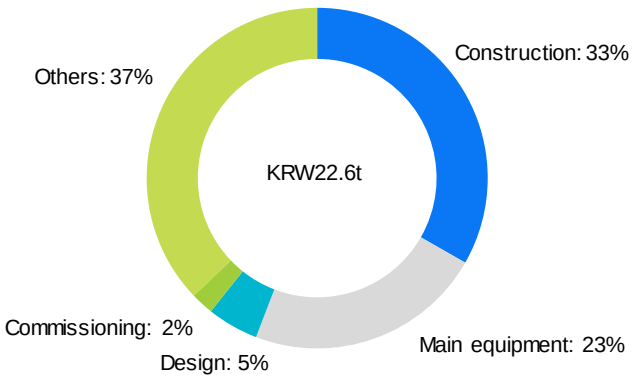
Source: Company data, Samsung Securities estimates

Operating profit, yearly basis



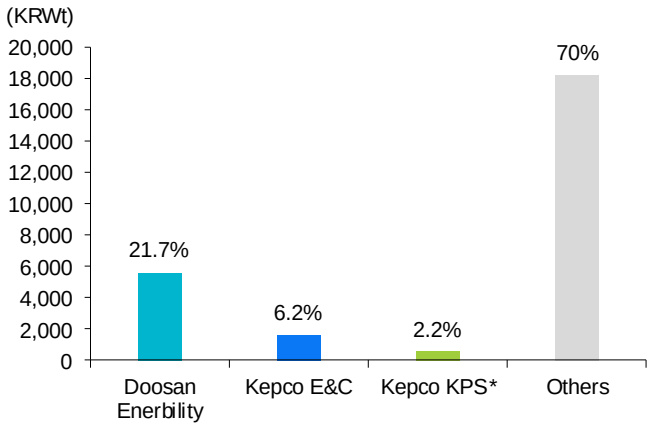
Source: Company data, Samsung Securities estimates

Barakah NPP order breakdown, by segment



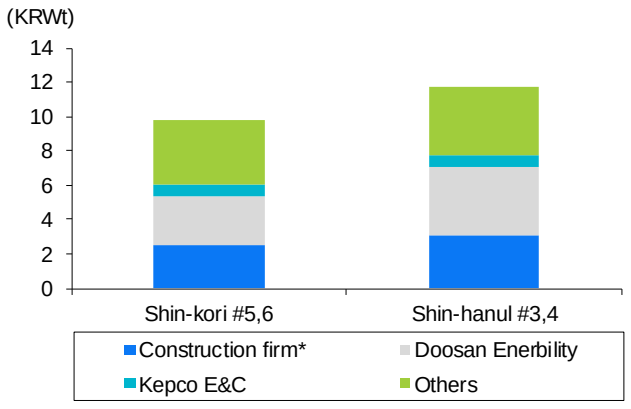
Source: Company data, Samsung Securities

Dukovany NPP order breakdown, by segment



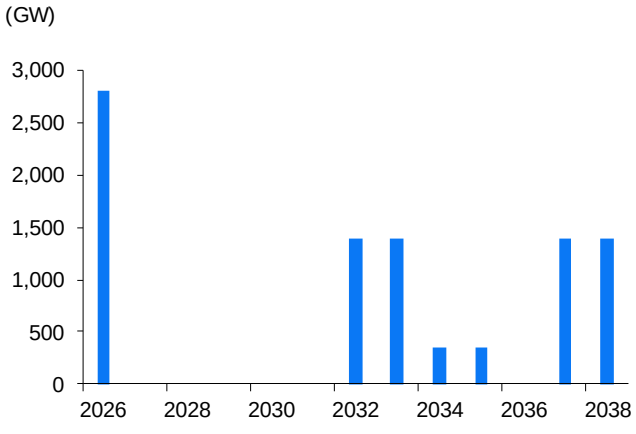
Note: * Based on the Barakah NPP
Source: Company data, Samsung Securities

Recent domestic NPP orders breakdown, by segment



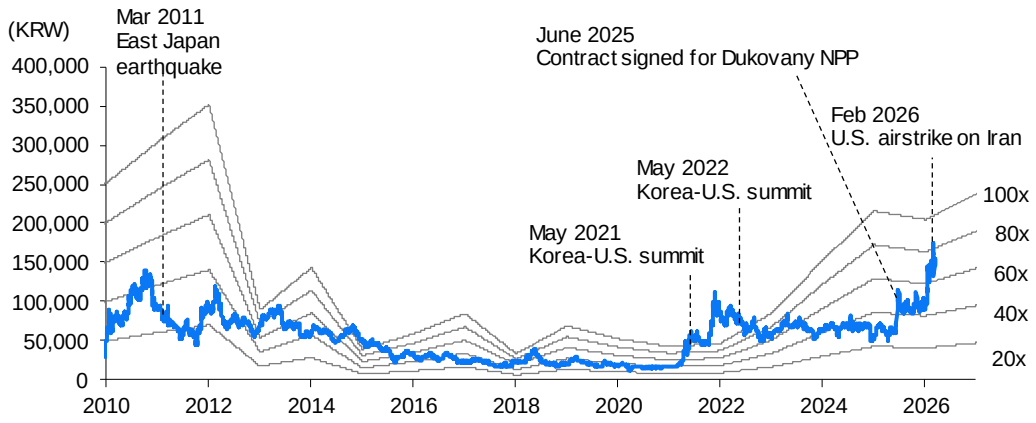
Note: *Samsung C&T for Shin-Kori; Hyundai E&C for Shin-hanul
Source: Company data, media reports, Samsung Securities

Domestic NPP plan



Source: 11th Basic plan for long-term electricity supply and demand, Samsung Securities

Kepco E&C forward P/E band



Source: QuantiWise, Kepco E&C, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**545**	**553**	**519**	**661**	**725**
Cost of goods sold	417	386	365	447	480
Gross profit	**128**	**167**	**154**	**214**	**245**
Gross margin (%)	23.5	30.2	29.6	32.4	33.8
SG&A expenses	99	112	122	142	159
Operating profit	**29**	**55**	**32**	**72**	**86**
Operating margin (%)	5.2	9.9	6.1	10.9	11.9
Non-operating gains (losses)	**16**	**21**	**74**	**17**	**18**
Financial profit	7	8	7	5	6
Financial costs	0	0	0	0	0
Equity-method gains (losses)	0	(0)	(22)	0	0
Other	9	13	90	12	12
Pre-tax profit	**44**	**76**	**106**	**89**	**104**
Taxes	11	18	23	11	13
Effective tax rate (%)	25.9	23.2	21.9	12.2	12.3
Profit from continuing operations	33	59	82	78	91
Profit from discontinued operations	0	0	0	0	0
Net profit	**33**	**59**	**82**	**78**	**91**
Net margin (%)	6.0	10.6	15.9	11.8	12.5
Net profit (controlling interests)	33	59	82	78	91
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	50	77	54	92	103
EBITDA margin (%)	9.2	13.9	10.5	13.9	14.3
EPS (parent-based) (KRW)	854	1,531	2,157	2,049	2,375
EPS (consolidated) (KRW)	854	1,531	2,157	2,049	2,375
Adjusted EPS (KRW)*	854	1,531	2,157	2,049	2,375

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**452**	**576**	**680**	**815**	**857**
Cash & equivalents	52	47	122	149	211
Accounts receivable	46	92	98	123	118
Inventories	0	0	0	0	0
Other current assets	354	437	459	544	528
Fixed assets	**403**	**371**	**333**	**324**	**308**
Investment assets	37	34	36	44	43
Tangible assets	247	238	225	213	203
Intangible assets	25	21	16	11	7
Other long-term assets	94	79	55	55	55
Total assets	**855**	**947**	**1,012**	**1,139**	**1,165**
Current liabilities	**250**	**361**	**385**	**481**	**463**
Accounts payable	24	62	66	82	79
Short-term debt	0	0	0	0	0
Other current liabilities	226	299	319	398	384
Long-term liabilities	**58**	**8**	**9**	**11**	**10**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	58	8	9	11	10
Total liabilities	**308**	**369**	**394**	**492**	**473**
Owners of parent equity	**547**	**577**	**619**	**648**	**692**
Capital stock	8	8	8	8	8
Capital surplus	0	0	0	0	0
Retained earnings	550	580	621	650	694
Other	(10)	(10)	(10)	(10)	(10)
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**547**	**577**	**619**	**648**	**692**
Net debt	(55)	(49)	(125)	(151)	(213)

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**41**	**49**	**103**	**87**	**110**
Net profit	33	59	82	78	91
Non-cash profit and expenses	77	94	2	26	24
Depreciation	16	16	16	15	14
Amortization	6	7	7	5	4
Other	56	72	(20)	6	7
Changes in A/L from operating activities	(73)	(102)	35	(11)	2
Cash flow from investments	**(22)**	**(34)**	**12**	**(10)**	**(2)**
Change in tangible assets	(3)	(5)	(3)	(3)	(3)
Change in financial assets	1	2	(2)	(7)	1
Other	(20)	(32)	17	0	0
Cash flow from financing	**(12)**	**(21)**	**(39)**	**(49)**	**(47)**
Change in debt	0	0	(0)	0	(0)
Change in equity	0	0	0	0	0
Dividends	(11)	(20)	(38)	(49)	(47)
Other	(2)	(1)	(1)	0	0
Change in cash	7	(6)	75	27	62
Cash at beginning of year	45	52	47	122	149
Cash at end of year	52	47	122	149	211
Gross cash flow	**110**	**152**	**85**	**104**	**115**
Free cash flow	**38**	**44**	**101**	**84**	**107**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	7.9	1.5	(6.3)	27.4	9.8
Operating profit	104.9	91.9	(42.3)	127.1	19.9
Net profit	81.9	79.2	40.9	(5.0)	16.0
Adjusted EPS**	81.9	79.2	40.9	(5.0)	16.0
Per-share data (KRW)					
EPS (parent-based)	854	1,531	2,157	2,049	2,375
EPS (consolidated)	854	1,531	2,157	2,049	2,375
Adjusted EPS**	854	1,531	2,157	2,049	2,375
BVPS	14,386	15,179	16,259	17,023	18,181
DPS (common)	515	999	1,294	1,229	1,425
Valuations (x)					
P/E***	72.7	34.6	74.2	78.1	67.4
P/B***	4.3	3.5	9.8	9.4	8.8
EV/EBITDA	46.1	25.6	110.2	64.9	57.1
Ratios (%)					
ROE	6.0	10.4	13.8	12.4	13.6
ROA	3.9	6.5	8.4	7.3	7.9
ROIC	4.9	10.9	7.4	19.8	24.4
Payout ratio	60.0	65.0	59.7	59.7	59.7
Dividend yield (common)	0.8	1.9	0.8	0.8	0.9
Net debt to equity	(10.0)	(8.5)	(20.1)	(23.3)	(30.8)
Interest coverage (x)	297.2	694.8	460.1	918.0	992.8

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 3. 16

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Kepco KPS (051600)

Earnings fundamentals strengthening

- The global push to expand nuclear power is improving Kepco KPS's order prospects.
- Domestically, the expansion of nuclear reactors and power infrastructure should bolster the company's maintenance order intake.
- Applying a P/E multiple of 17.8x (the post-listing average), we set a target price of KRW68,000 and rate the stock BUY.

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WHAT'S THE STORY?

Potential beneficiary of increasing overseas orders: Kepco KPS, as part of a Korean consortium that has landed the Dukovany nuclear power plant project in the Czech Republic, is well-positioned to take commissioning and long-term maintenance and repair orders. Give the Dukovany project's total contract value of around KRW26t, we estimate Kepco KPS's medium- to long-term order intake at KRW740b, assuming its share of the contract is around 2.8%—consistent with order value from the UAE Barakah nuclear power plant project. Meanwhile, in 2025, the company secured a contract to refurbish the Cernavodă nuclear power plant in Romania, and commenced the permanent decommissioning of the Korea #1 nuclear reactor. This expansion into decommissioning and life extension services, beyond traditional commissioning and pre-operation activities, underscores the company's growing role across the full lifecycle of nuclear power plants.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW68,000	13%
Current price	KRW60,200	
Market cap	KRW2.7t/USD1.8b	
Shares (float)	45,000,000 (47.8%)	
52-week high/low	KRW63,300/KRW38,200	
Avg daily trading value (60-day)	KRW17.9b/ USD12.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kepco KPS (%)	3.3	20.6	37.9
Vs Kospi (%pts)	3.6	-25.3	-35.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	68,000	68,000	0.0%
2025E EPS	2,768	2,768	0.0%
2026E EPS	3,800	3,800	0.0%

SAMSUNG vs THE STREET

No of estimates	9
Target price	66,222
Recommendation	3.7

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

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	1,557	1,576	1,641	1,699
Operating profit	209	140	193	212
Net profit (adj)	172	125	171	190
EPS (adj) (KRW)	3,832	2,768	3,800	4,228
EPS (adj) growth (% y-y)	6.0	-27.8	37.3	11.3
EBITDA margin (%)	17.6	13.0	15.2	15.2
ROE (%)	13.3	9.4	12.4	12.9
P/E (adj) (x)	11.5	20.2	14.7	13.2
P/B (x)	1.5	1.9	1.8	1.7
EV/EBITDA (x)	5.7	10.1	7.8	7.1
Dividend yield (%)	5.6	3.0	4.1	4.5

Source: Company data, Samsung Securities estimates

Expansion of power infrastructure provides additional tailwinds: Korea's expansion of power generation, transmission/distribution, and substation infrastructure creates a favorable environment for Kepco KPS. According to government plans, Korean power generation capacity will rise over 70% to 266 GW by 2038, while transmission and substation facilities are set to grow more than 50%. This growth in power infrastructure should lead to more recurring contracts, particularly for preventive maintenance. In fact, around 70% of the firm's order backlog is renewed annually.

Initiating coverage at BUY with target price of KRW68,000: Kepco KPS's greatest strengths lie in its stable earnings record—having never recorded a loss since listing—which is the basis for a high annual dividend payout ratio that averages 53%. Believing that a rise in domestic and overseas orders will translate into stronger earnings, we initiate coverage at BUY, with a target price of KRW68,000 (based on the post-listing average P/E multiple of 17.8x).

Kepco KPS: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
Sales	**288.0**	**454.0**	**393.7**	**440.8**	**345.3**	**433.8**	**379.8**	**482.1**	**1,557.1**	**1,576.5**	**1,641.1**	**1,698.8**
Chg (% y-y)	-16.0	5.9	11.1	2.2	19.9	-4.4	-3.5	9.4	1.5	1.2	4.1	3.5
Thermal	114.5	185.5	107.9	131.1	110.1	159.4	108.1	152.8	508.7	539.0	530.4	548.3
Chg (% y-y)	10.0	22.1	6.7	-13.5	-3.8	-14.1	0.2	16.6	-9.2	6.0	-1.6	3.4
Nuclear/Hydro	103.1	150.1	177.1	200.4	147.1	169.6	167.7	218.5	649.8	630.7	702.9	727.2
Chg (% y-y)	-29.7	-11.1	11.7	14.0	42.7	13.0	-5.3	9.0	21.3	-2.9	11.4	3.5
Transmission	28.1	30.6	26.3	28.3	29.5	28.3	27.3	29.3	112.0	112.4	116.7	121.1
Chg (% y-y)	11.9	14.5	9.8	-3.5	5.0	-7.5	3.8	3.8	11.6	0.4	3.8	3.8
IPP	32.0	30.0	12.7	53.8	33.8	28.9	20.5	34.2	108.2	129.2	123.5	128.2
Chg (% y-y)	-9.2	-35.7	-27.9	88.1	5.7	0.0	0.0	0.0	-23.8	19.4	-4.4	3.8
Overseas	29.1	40.5	24.0	30.4	62.7	52.1	41.1	38.7	155.6	169.2	163.2	169.5
Chg (% y-y)	-25.8	-9.7	-40.0	-33.8	115.4	0.0	0.0	0.0	-15.7	8.8	-3.6	3.8
Others	-18.8	17.3	45.7	-3.1	-38.0	-4.4	15.1	8.6	22.8	-4.0	4.5	4.5
Operating profit	**7.8**	**65.6**	**47.4**	**19.2**	**35.2**	**58.9**	**49.9**	**49.2**	**209.5**	**140.1**	**193.2**	**211.7**
Chg(% y-y)	-85.1	-11.8	13.0	-52.9	351.3	-10.2	5.2	155.5	5.1	-33.1	37.9	9.6
Operating margin (%)	2.7	14.5	12.0	4.4	10.2	13.6	13.1	10.2	13.5	8.9	11.8	12.5
Pre-tax profit	15.6	64.7	51.6	24.4	40.2	64.0	54.9	54.8	225.2	156.3	213.8	237.5
Chg (% y-y)	-72.3	-17.0	17.3	-48.0	157.8	-1.1	6.4	124.2	6.8	-30.6	36.8	11.1
Pre-tax margin (%)	5.4	14.2	13.1	5.5	11.6	14.7	14.5	11.4	14.5	9.9	13.0	14.0
Net profit	11.2	50.9	42.7	19.8	31.6	51.3	44.3	43.9	172.4	124.6	171.0	190.3
Chg (% y-y)	-74.2	-14.6	26.0	-44.3	181.2	0.8	3.6	122.0	6.0	-27.8	37.3	11.3
Net margin (%)	3.9	11.2	10.8	4.5	9.1	11.8	11.7	9.1	11.1	7.9	10.4	11.2

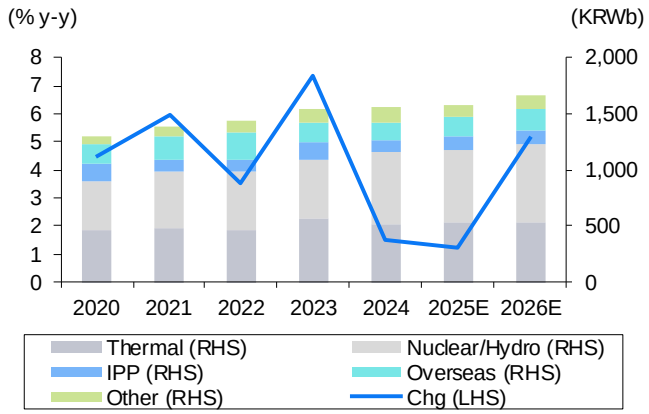
Source: Company data, Samsung Securities estimates

Valuation summary

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS* (KRW)	Chg (%)	P/E (x)	P/B (x)	EV/EBITDA (x)	ROE (%)	Net debt
2021	1380.6	124.0	135.9	98.7	2193	13.3	17.6	1.6	9.5	9.1	-138.6
2022	1429.1	130.6	134.6	100.2	2226	1.5	14.9	1.2	7.6	8.6	-144.1
2023	1533.9	199.4	210.9	162.7	3615	62.4	9.4	1.2	5.9	13.1	-46.8
2024	1557.1	209.5	225.2	172.4	3832	6.0	11.5	1.5	5.7	13.3	-429.4
2025E	1576.5	140.1	156.3	124.6	2768	-27.8	20.2	1.9	10.1	9.4	-438.6
2026E	1641.1	193.2	213.8	171.0	3800	37.3	14.7	1.8	7.8	12.4	-560.7
2027E	1698.8	211.7	237.5	190.3	4228	11.3	13.2	1.7	7.1	12.9	-683.3

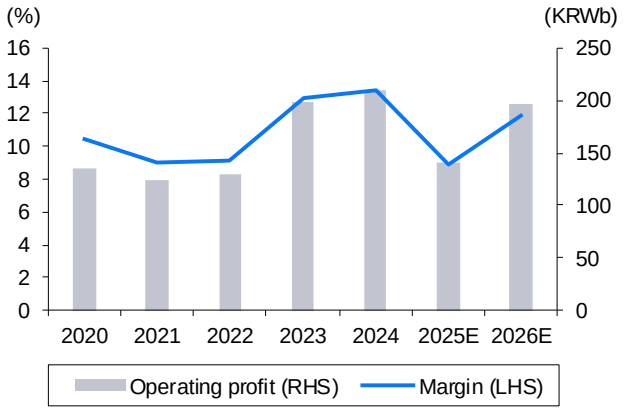
Note: *Fully diluted, excluding one-off items
Source: Company data, Samsung Securities estimates

Sales (divisional breakdown)



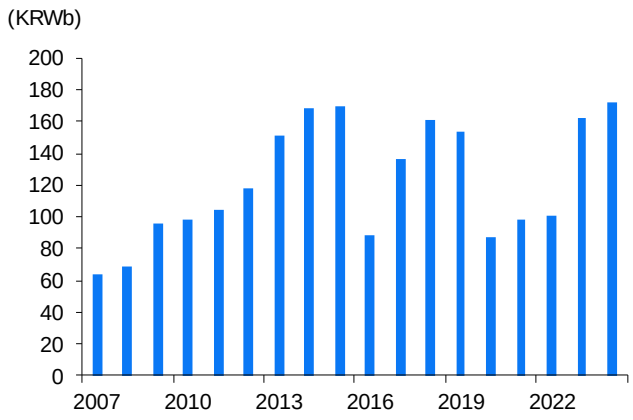
Source: Company data, Samsung Securities estimates

Operating profit



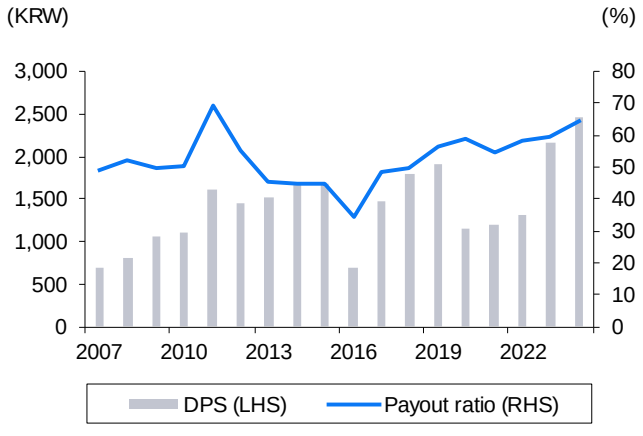
Source: Company data, Samsung Securities estimates

Net profit



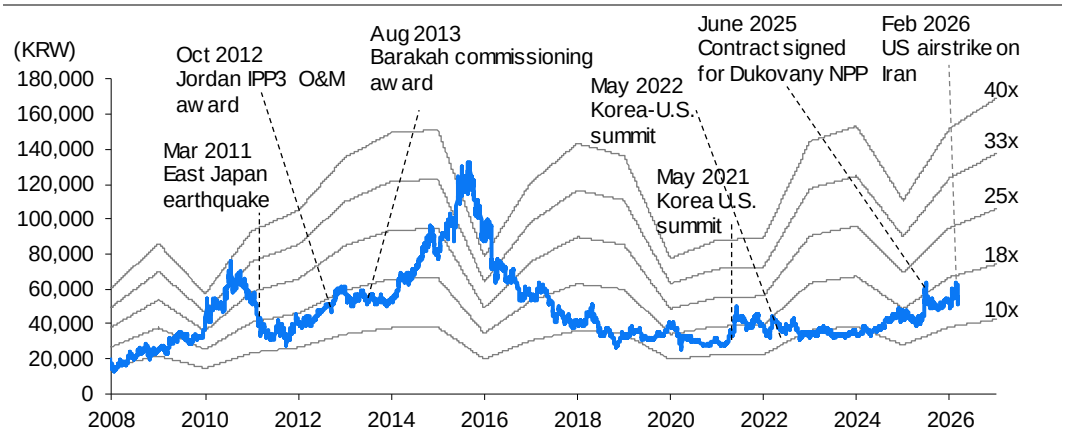
Source: Company data, Samsung Securities

DPS and payout ratio



Source: Company data, Samsung Securities

Kepco KPS: Forward P/E band



Source: QuantiWise, Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**1,534**	**1,557**	**1,576**	**1,641**	**1,699**
Cost of goods sold	1,251	1,262	1,339	1,348	1,386
Gross profit	**283**	**295**	**238**	**293**	**313**
Gross margin (%)	18.4	19.0	15.1	17.9	18.4
SG&A expenses	84	86	98	100	101
Operating profit	**199**	**209**	**140**	**193**	**212**
Operating margin (%)	13.0	13.5	8.9	11.8	12.5
Non-operating gains (losses)	**12**	**16**	**16**	**21**	**26**
Financial profit	12	18	18	21	26
Financial costs	2	2	3	1	1
Equity-method gains (losses)	0	1	2	0	0
Other	1	(1)	(1)	(0)	0
Pre-tax profit	**211**	**225**	**156**	**214**	**237**
Taxes	48	53	32	43	47
Effective tax rate (%)	22.9	23.4	20.3	20.0	19.9
Profit from continuing operations	163	172	125	171	190
Profit from discontinued operations	0	0	0	0	0
Net profit	**163**	**172**	**125**	**171**	**190**
Net margin (%)	10.6	11.1	7.9	10.4	11.2
Net profit (controlling interests)	163	172	125	171	190
Net profit (non-controlling interests)	0	0	0	(0)	(0)
EBITDA	251	274	205	249	259
EBITDA margin (%)	16.4	17.6	13.0	15.2	15.2
EPS (parent-based) (KRW)	3,615	3,832	2,768	3,800	4,228
EPS (consolidated) (KRW)	3,615	3,832	2,768	3,800	4,228
Adjusted EPS (KRW)*	3,615	3,832	2,768	3,800	4,228

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**968**	**1,051**	**1,077**	**1,258**	**1,405**
Cash & equivalents	49	100	104	194	304
Accounts receivable	213	190	194	213	220
Inventories	25	25	25	28	29
Other current assets	681	737	753	823	852
Fixed assets	**629**	**639**	**628**	**577**	**532**
Investment assets	67	59	61	66	69
Tangible assets	449	458	448	393	347
Intangible assets	9	9	8	6	5
Other long-term assets	104	113	112	112	112
Total assets	**1,597**	**1,690**	**1,705**	**1,835**	**1,937**
Current liabilities	**319**	**347**	**355**	**388**	**402**
Accounts payable	14	13	14	15	15
Short-term debt	0	0	0	0	0
Other current liabilities	305	334	341	374	387
Long-term liabilities	**6**	**14**	**17**	**18**	**19**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	6	14	17	18	19
Total liabilities	**325**	**362**	**372**	**407**	**421**
Owners of parent equity	**1,273**	**1,328**	**1,332**	**1,429**	**1,516**
Capital stock	9	9	9	9	9
Capital surplus	0	0	0	0	0
Retained earnings	1,264	1,319	1,323	1,419	1,507
Other	(0)	1	1	1	1
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**1,273**	**1,328**	**1,332**	**1,429**	**1,516**
Net debt	(47)	(429)	(439)	(561)	(683)

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**(38)**	**540**	**172**	**202**	**227**
Net profit	163	172	125	171	190
Non-cash profit and expenses	219	260	194	78	69
Depreciation	50	62	62	54	46
Amortization	2	2	2	2	1
Other	167	195	130	22	21
Changes in A/L from operating activities	(363)	154	(111)	(25)	(10)
Cash flow from investments	**30**	**(380)**	**(48)**	**(38)**	**(16)**
Change in tangible assets	(38)	(48)	(37)	0	0
Change in financial assets	34	(328)	(9)	(38)	(16)
Other	34	(5)	(2)	0	(0)
Cash flow from financing	**(65)**	**(111)**	**(119)**	**(74)**	**(102)**
Change in debt	(1)	4	3	1	0
Change in equity	0	0	0	0	0
Dividends	(59)	(97)	(111)	(75)	(103)
Other	(5)	(18)	(11)	(0)	0
Change in cash	(73)	51	4	90	110
Cash at beginning of year	123	49	100	104	194
Cash at end of year	49	100	104	194	304
Gross cash flow	**382**	**432**	**319**	**249**	**259**
Free cash flow	**(79)**	**491**	**133**	**202**	**227**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	7.3	1.5	1.2	4.1	3.5
Operating profit	52.7	5.1	(33.1)	37.9	9.6
Net profit	62.4	6.0	(27.8)	37.3	11.3
Adjusted EPS**	62.4	6.0	(27.8)	37.3	11.3
Per-share data (KRW)					
EPS (parent-based)	3,615	3,832	2,768	3,800	4,228
EPS (consolidated)	3,615	3,832	2,768	3,800	4,228
Adjusted EPS**	3,615	3,832	2,768	3,800	4,228
BVPS	28,280	29,520	29,609	31,748	33,696
DPS (common)	2,158	2,469	1,661	2,280	2,537
Valuations (x)					
P/E***	9.4	11.5	20.2	14.7	13.2
P/B***	1.2	1.5	1.9	1.8	1.7
EV/EBITDA	5.9	5.7	10.1	7.8	7.1
Ratios (%)					
ROE	13.1	13.3	9.4	12.4	12.9
ROA	10.3	10.5	7.3	9.7	10.1
ROIC	14.4	16.4	13.9	19.6	22.5
Payout ratio	59.7	64.4	60.0	60.0	60.0
Dividend yield (common)	6.3	5.6	3.0	4.1	4.5
Net debt to equity	(3.7)	(32.3)	(32.9)	(39.2)	(45.1)
Interest coverage (x)	244.0	299.4	248.0	279.6	298.1

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 3. 16

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Doosan Enerbility (034020)

On track in both nuclear and LNG

- Overseas orders for nuclear power plants should expand for both large-scale reactors and small modular reactors (SMRs), as the global trend toward nuclear energy growth continues.
- Additional gas turbine orders, both at home and overseas, are underway, supporting an upward revision to the company's full-year order guidance.
- We maintain our BUY rating on Doosan Enerbility, with a target price of KRW120,000 (based on a sum-of-the-parts valuation that values operations at the 2026 global peer average EV/EBITDA multiple of 38.7x).

AT A GLANCE

BUY

Target price	KRW120,000	12.7%
Current price	**KRW106,500**	
Market cap	KRW68.2t/USD45.7b	
Shares (float)	640,561,146 (69.1%)	
52-week high/low	KRW106,500/KRW20,150	
Avg daily trading value (60-day)	KRW653.6b/ USD437.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Doosan Enerbility (%)	10.1	74.6	312.0
Vs Kospi (%pts)	10.5	8.0	93.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	120,000	120,000	0.0%
2025E EPS	193	193	0.0%
2026E EPS	461	461	0.0%

SAMSUNG vs THE STREET

No of estimates	10
Target price	128,400
Recommendation	4.0

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

WHAT'S THE STORY?

Strong overseas nuclear order momentum: We expect Doosan Enerbility to continue to benefit from strong overseas momentum in the nuclear power sector. Key catalysts include: 1) likely concrete progress this year in securing equipment supply contracts for the AP1000 large-scale nuclear power plant project in Poland; 2) the recent US nuclear regulatory commission (NRC) approval of TerraPower's Natrium small modular reactor (SMR) project in Wyoming, which has heightened expectations for new SMR orders; and 3) anticipated additional equipment orders for NuScale Power's VOYGR SMR projects targeting Romania and the US.

Gas turbine orders on the rise: Doosan Enerbility recently announced an additional order for seven gas turbines from xAI. According to the company, each turbine in the contract is valued at KRW135b-200b, implying a total contract value of KRW0.95t-1.4t—which equates to 30-44% of the company's full-year 2026 gas/hydrogen segment order guidance of KRW3.2t. Adding to the order for three gas turbines previously secured from Korea Southern Power in February, the firm has already achieved at least one-third of its 2026 gas/hydrogen order target.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	16,233	17,058	16,892	17,956
Operating profit	1,018	763	1,168	1,515
Net profit (adj)	395	206	423	663
EPS (adj) (KRW)	174	193	461	723
EPS (adj) growth (% y-y)	100.1	11.2	138.6	56.6
EBITDA margin (%)	9.3	7.7	10.3	11.6
ROE (%)	1.5	1.6	3.7	5.5
P/E (adj) (x)	100.9	530.2	222.2	141.8
P/B (x)	1.5	8.4	8.1	7.7
EV/EBITDA (x)	12.5	55.5	41.7	34.4
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Maintaining BUY and target price: We expect Doosan Enerbility to revise up its 2026 order guidance considering ongoing growth in new nuclear projects in Vietnam, Turkey, Saudi Arabia, and the Czech Republic. Its order momentum should be further enhanced by: 1) rising expectations for Korea's domestically developed nuclear reactor technology entering the US market; and 2) enhanced visibility of SMR projects in the US. Gas turbine orders are also projected to expand both at home and overseas, with xAI's order growing to a total of 12 units and an additional three-turbine order secured from Korea Southern Power. We maintain BUY on the stock and reiterate our target price of KRW120,000 (based on a sum-of-the-parts valuation, with operations valued by applying the global peer average EV/EBITDA multiple of 38.7x to our 2026 EBITDA forecast). We recommend using any near-term share-price corrections as buying opportunities.

Doosan Enerbility: Results and forecasts

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25P	2024	2025P	2026E	2027E
Key assumptions												
KRW/USD (end of period)	1,347	1,377	1,315	1,472	1,473	1,354	1,405	1,445	1,472	1,445	1,300	1,270
Chg (% y-y)	3.5	4.5	-2.6	14.3	9.3	-1.7	6.8	-1.9	14.3	-1.9	-10.0	-2.3
KRW/USD (average)	1,323	1,371	1,358	1,400	1,452	1,401	1,387	1,449	1,363	1,422	1,371	1,282
Chg (% y-y)	3.7	4.3	3.5	6.0	9.7	2.2	2.2	3.5	4.4	4.3	-3.6	-6.5
Backlog (KRWb)	15,075	14,640	13,965	17,122	16,694	16,413	16,776	21,495	17,122	21,495	23,857	26,452
Chg (% y-y)	-13.4	-11.0	-9.9	7.2	10.7	12.1	20.1	25.5	7.2	25.5	11.0	10.9
Earnings forecasts (KRWb)												
Consolidated sales	**4,098**	**4,150**	**3,396**	**4,589**	**3,749**	**4,569**	**3,880**	**4,860**	**16,233**	**17,058**	**16,892**	**17,956**
Chg (% y-y)	1.4	-8.6	-18.3	-5.5	-8.5	10.1	14.3	5.9	-7.7	5.1	-1.0	6.3
Doosan Enerbility	1,663	1,815	1,575	2,241	1,539	2,249	1,660	2,360	7,293	7,807	7,511	8,417
Chg (% y-y)	5.4	0.5	-9.1	-7.1	-7.5	24.0	5.4	5.3	-3.2	7.1	-3.8	12.1
Doosan Bobcat	2,395	2,236	1,778	2,142	2,098	2,201	2,115	2,377	8,551	8,792	8,919	9,068
Chg (% y-y)	-0.4	-16.3	-24.9	-7.5	-12.4	-1.6	19.0	11.0	-12.4	2.8	1.4	1.7
Doosan Fuel Cell	32	86	32	194	100	129	91	136	344	455	438	456
Chg (% y-y)	-36.5	75.9	-29.8	67.1	214.8	48.6	183.5	-30.1	32.0	32.1	-3.8	4.3
Consolidated Operating profit	**358**	**310**	**115**	**235**	**142**	**271**	**137**	**212**	**1,018**	**763**	**1,168**	**1,515**
Chg (% y-y)	-1.8	-37.4	-63.1	-20.8	-60.2	-12.5	19.4	-9.7	-30.6	-25.0	53.2	29.7
Operating margin (%)	8.7	7.5	3.4	5.1	3.8	5.9	3.5	4.4	6.3	4.5	6.9	8.4
Doosan Enerbility	50	74	72	34	63	-1	92	43	244	302	435	676
Chg (% y-y)	176.3	-13.2	116.0	-39.4	26.8	-101.9	28.0	26.4	8.2	24.1	44.0	55.2
Operating margin (%)	2.1	4.5	4.0	2.2	2.8	-0.1	4.1	2.6	3.3	3.9	5.8	8.0
Doosan Bobcat	326	240	126	180	200	204	134	148	871	686	718	824
Chg (% y-y)	-11.8	-48.7	-57.8	-29.6	-38.6	-14.8	6.3	-17.7	-37.3	-21.3	4.6	14.8
Operating margin (%)	13.6	10.7	7.1	8.4	9.5	9.3	6.3	6.2	10.2	7.8	8.0	9.1
Doosan Fuel Cell	2	2	-3	-3	-12	-2	-16	-77	-2	-106	15	16
Chg (% y-y)	-48.1	345.2	-552.2	-4.7	-800.4	-188.3	422.0	2,895.9	-205.3	6,011.8	-114.2	4.3
Operating margin (%)	5.2	2.5	-9.3	-1.3	-11.6	-1.5	-17.2	-56.4	-0.5	-23.2	3.4	3.4
Pre-tax profit	**369**	**317**	**39**	**-66**	**30**	**311**	**-18**	**4**	**658**	**327**	**657**	**1,030**
Chg (% y-y)	28.3	-23.7	-80.4	nm	-91.8	-1.9	nm	nm	-10.9	-50.3	101.1	56.6
Pre-tax margin (%)	9.0	7.6	1.1	-1.4	0.8	6.8	-0.5	0.1	4.1	1.9	3.9	5.7
Net profit	**261**	**221**	**-26**	**-61**	**-21**	**198**	**-24**	**54**	**395**	**206**	**423**	**663**
Chg (% y-y)	52.9	-16.0	nm	nm	nm	-10.4	nm	nm	-23.7	-47.7	105.2	56.6
Net margin (%)	6.4	5.3	-0.8	-1.3	-0.6	4.3	-0.6	1.1	2.4	1.2	2.5	3.7

Source: Company data, Samsung Securities estimates

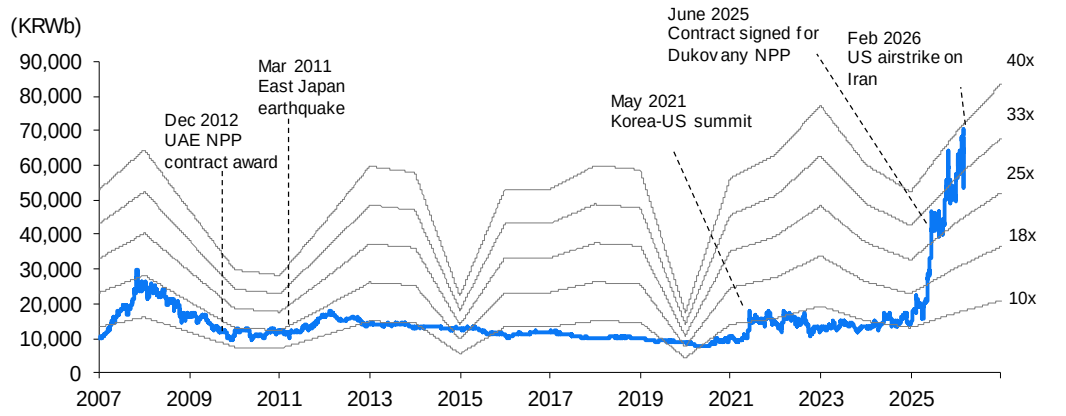
Valuation summary

Year-end (KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS* (KRW)	EPS growth (%)	EBITDA	P/E (x)	P/B (x)	EV/EBITDA (x)	ROE (%)
2023	17,590	1,467	738	518	87	nm	1,934	183.0	1.4	8.5	0.8
2024	16,233	1,018	658	395	174	100.1	1,509	100.9	1.5	12.5	1.5
2025P	17,058	763	327	206	193	11.2	1,309	530.2	8.4	55.5	1.6
2026E	16,892	1,168	657	423	461	138.6	1,734	222.2	8.1	41.7	3.7
2027E	17,956	1,515	1,030	663	723	56.6	2,086	141.8	7.7	34.4	5.5

Note: *Fully diluted, excluding one-off items

Source: Company data, Samsung Securities estimates

Doosan Enerbility: EV/EBITDA band



Source: QuantiWise, Samsung Securities

Sum-of-the-parts valuation

(KRWb)	2030E revenue	2030E operating profit	2030E EBITDA	WACC (%)	Discounted present value	Peer average EV/EBITDA (2026E, x)	Fair value
Operating value							**72,423**
Doosan Enerbility	12,225	1,222	2,281	6.8	1,873	38.7	72,423
	Shares ('000)	**Ownership (%)**	**Book value**	**Share price**	**Market value**	**Discount rate (%)**	**Fair value**
Equity value							**2,580.0**
Doosan Bobcat	46,176	48.2	2,198	67,000	1,490	20	1,192.3
Doosan Fuel Cell	22,780	34.8	456	36,900	292	20	233.9
Fuel Cell Preferred 1	1,881	14.1	12	7,500	2	20	1.6
Fuel Cell Preferred 2	158	5.3	1	10,170	0	20	0.1
Unlisted subsidiaries			1,646			30	1,152.1
Total							**75,002.5**
Shares ('000)							640,561
Fair price per share (KRW)							**120,000**
Current price (KRW)							102,500
Upside (%)							17.1

Source: Dart, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**17,590**	**16,233**	**17,058**	**16,892**	**17,956**
Cost of goods sold	14,573	13,503	14,353	14,262	15,160
Gross profit	**3,017**	**2,730**	**2,705**	**2,630**	**2,796**
Gross margin (%)	17.2	16.8	15.9	15.6	15.6
SG&A expenses	1,550	1,712	1,942	1,462	1,280
Operating profit	**1,467**	**1,018**	**763**	**1,168**	**1,515**
Operating margin (%)	8.3	6.3	4.5	6.9	8.4
Non-operating gains (losses)	**-729**	**-360**	**-436**	**-511**	**-486**
Financial profit	595	1,156	815	644	622
Financial costs	863	1,337	1,171	955	908
Equity-method gains (losses)	-39	20	40	66	66
Other	-422	-199	-119	-266	-266
Pre-tax profit	**738**	**658**	**327**	**657**	**1,030**
Taxes	221	263	121	234	367
Effective tax rate (%)	29.9	40.0	36.9	35.6	35.6
Profit from continuing operations	518	395	206	423	663
Profit from discontinued operations	0	0	0	0	0
Net profit	**518**	**395**	**206**	**423**	**663**
Net margin (%)	2.9	2.4	1.2	2.5	3.7
Net profit (controlling interests)	56	111	124	296	463
Net profit (non-controlling interests)	462	283	82	128	200
EBITDA	1,934	1,509	1,309	1,734	2,086
EBITDA margin (%)	11.0	9.3	7.7	10.3	11.6
EPS (parent-based) (KRW)	87	174	193	461	723
EPS (consolidated) (KRW)	809	616	322	661	1,035
Adjusted EPS (KRW)*	87	174	193	461	723

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**9,642**	**10,049**	**11,804**	**12,308**	**13,526**
Cash & equivalents	2,620	2,898	4,231	4,740	5,522
Accounts receivable	1,333	1,290	1,366	1,366	1,444
Inventories	2,539	2,734	2,895	2,894	3,060
Other current assets	3,149	3,127	3,311	3,309	3,500
Fixed assets	**14,999**	**16,266**	**16,071**	**15,985**	**15,940**
Investment assets	1,015	1,182	789	789	834
Tangible assets	5,225	5,703	5,679	5,755	5,818
Intangible assets	7,893	8,397	8,533	8,372	8,218
Other long-term assets	867	983	1,069	1,069	1,069
Total assets	**24,641**	**26,315**	**27,875**	**28,293**	**29,466**
Current liabilities	**9,597**	**8,946**	**10,246**	**10,242**	**10,633**
Accounts payable	2,434	2,221	2,352	2,351	2,486
Short-term debt	1,187	2,141	2,459	2,459	2,459
Other current liabilities	5,976	4,584	5,435	5,433	5,688
Long-term liabilities	**4,203**	**5,708**	**5,709**	**5,707**	**5,827**
Bonds & long-term debt	1,952	3,341	3,178	3,178	3,178
Other long-term liabilities	2,251	2,367	2,530	2,529	2,649
Total liabilities	**13,799**	**14,654**	**15,955**	**15,950**	**16,460**
Owners of parent equity	**7,117**	**7,497**	**7,817**	**8,112**	**8,575**
Capital stock	3,267	3,267	3,267	3,267	3,267
Capital surplus	1,713	1,572	1,440	1,440	1,440
Retained earnings	1,185	1,394	1,747	2,042	2,505
Other	953	1,263	1,362	1,362	1,362
Non-controlling interests' equity	**3,724**	**4,165**	**4,103**	**4,231**	**4,431**
Total equity	**10,842**	**11,661**	**11,920**	**12,343**	**13,006**
Net debt	2,499	3,403	2,878	2,369	1,588

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**2,071**	**242**	**801**	**984**	**1,301**
Net profit	518	395	206	423	663
Non-cash profit and expenses	1,547	1,344	1,192	1,024	1,139
Depreciation	323	350	387	404	417
Amortization	144	141	160	161	153
Other	1,081	853	645	458	568
Changes in A/L from operating activities	645	-891	-172	-1	73
Cash flow from investments	**-817**	**-821**	**-293**	**-541**	**-583**
Change in tangible assets	-387	-452	-403	-480	-480
Change in financial assets	73	-19	-43	0	-44
Other	-503	-350	152	-61	-59
Cash flow from financing	**-53**	**608**	**896**	**-0**	**21**
Change in debt	-179	1,282	827	-0	21
Change in equity	-1,146	-141	-132	0	0
Dividends	-80	-86	-88	0	0
Other	1,353	-446	289	0	0
Change in cash	1,224	278	1,333	508	782
Cash at beginning of year	1,396	2,620	2,898	4,231	4,740
Cash at end of year	2,620	2,898	4,231	4,740	5,522
Gross cash flow	**2,065**	**1,739**	**1,398**	**1,447**	**1,802**
Free cash flow	**1,675**	**-219**	**395**	**504**	**821**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	14.1	-7.7	5.1	-1.0	6.3
Operating profit	32.7	-30.6	-25.0	53.2	29.7
Net profit	nm	-23.7	-47.7	105.2	56.6
Adjusted EPS**	nm	100.1	11.2	138.6	56.6
Per-share data (KRW)					
EPS (parent-based)	87	174	193	461	723
EPS (consolidated)	809	616	322	661	1,035
Adjusted EPS**	87	174	193	461	723
BVPS	11,113	11,705	12,205	12,666	13,389
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	183.0	100.9	530.2	222.2	141.8
P/B***	1.4	1.5	8.4	8.1	7.7
EV/EBITDA	8.5	12.5	55.5	41.7	34.4
Ratios (%)					
ROE	0.8	1.5	1.6	3.7	5.5
ROA	2.2	1.5	0.8	1.5	2.3
ROIC	7.4	4.2	3.1	4.8	6.3
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	23.1	29.2	24.1	19.2	12.2
Interest coverage (x)	4.6	3.1	2.3	3.3	4.3

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 3/30 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)

Kepco				
Date	2026/3/11			
Recommendation	BUY			
Target price (KRW)	70000			
Gap* (average)				
(max or min)**				

Kepco E&C				
Date	2026/3/11			
Recommendation	BUY			
Target price (KRW)	220000			
Gap* (average)				
(max or min)**				

Kepco KPS				
Date	2026/3/11			
Recommendation	BUY			
Target price (KRW)	68000			
Gap* (average)				
(max or min)**				

Doosan Enerbility				
Date	2025/6/12	7/28	11/6	2026/2/13
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	62000	78000	100000	120000
Gap* (average)	2.21	-11.76	-17.11	
(max or min)**	11.13	23.59	-3.50	

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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