COMPANY UPDATE

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KB Balhae Infrastructure (415640)

Corporate day takeaways: Enhanced dividend capacity driven by new investments

- In 2025, KB Balhae Infrastructure invested a total of KRW134.5b—specifically, KRW124.5b in Boryeong LNG Terminal and KRW10b in Jangsjangs Fine Data Center.
- Increasing cash holdings at New Daegu Busan Expressway should reinforce the fund's overall dividend stability.
- The National Growth Fund—committing KRW30t per year over five years—should be launched this year and significantly broaden KB Balhae Infrastructure's access to a lot of infrastructure opportunities.

WHAT'S THE STORY?

External Growth: KB Balhae Infrastructure invested KRW134.5b in 2025—specifically, KRW124.5b in Boryeong LNG Terminal and KRW10b in Jangsjangs Fine Data Center. With borrowing costs at around 3% and asset yields ranging from 6% to 10%, each new investment expands the fund's capacity to generate distributable income.

- **Expanded borrowing limits:** The passage of the revised Act on Public-Private Partners in Infrastructure allows public infrastructure funds to borrow up to 100% of capital, over three times the previous limit (30% of capital). This enables growth without equity dilution. KB Balhae Infrastructure's borrowing capacity has increased by KRW600b. However, to maintain a conservative debt-to-equity ratio, the fund should prioritize reinvesting returned capital over full leverage. For instance, over KRW110b in subordinated loan principal are expected to be recovered from the New Daegu Busan Expressway over five years, and such principal was reinvested in 2025.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025	2026E	2027E
Revenue (KRWb)	64	67	69	75
Operating profit (KRWb)	52	53	56	62
Net Profit (KRWb)	52	53	56	62
EPS (adj) (KRW)	508	431	457	506
EPS (adj) growth (%)	0.0	(15.2)	6.0	10.7
EBITDA margin (%)	82.1	78.9	81.2	82.7
ROE (%)	6.0	6.2	6.7	7.6
P/E (adj) (x)	16.5	23.0	21.8	19.7
P/B (x)	1.0	1.4	1.5	1.5
ROA (%)	5.2	5.2	5.7	6.2
Dividend yield (%)	7.4	6.6	6.5	6.5

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW11,499	15.7%
Current price	KRW9,940	
Market Cap	KRW1.2t/USD0.8b	
Shares (float)	122,545,548 (80.4%)	
52-week high/low	KRW10,480/KRW7,450	
Avg daily trading value (60-day)	KRW1.4b/ USD0.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
KB Balhae Infrastructure Fund (%)	-0.8	9.0	30.6
Vs Kospi (%pts)	18.3	-26.1	-37.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	11,500	11,500	0.0%
2026E EPS	457	457	0.0%
2027E EPS	506	506	0.0%

SAMSUNG vs THE STREET

No of estimates	1
Target price	11,500
Recommendation	4.0

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

Internal growth: KB Balhae Infrastructure's distributable income should expand on rising cash holdings and better traffic volumes at its transportation assets.

- **New Daegu Busan Expressway:** With the senior loan repaid in 2025, non-operating costs declined. Cash holdings reached KRW239b in end-2025, up KRW7.8b y-y. This should directly support repayment of the fund's subordinate loan obligations, making this asset a key source of dividends for the fund. Its annual dividend payout is around KRW180b.
- **Improved performance across transportation assets:** Traffic volumes at Sanseong Tunnel have surpassed forecasts, while traffics at Suwon Beltway continues to rise, even after the initial ramp-up period ended. These trends should accelerate the timeline for dividend payouts over the long term.

Growth opportunities ahead: Starting in 2026, the National Growth Fund—committing KRW30t per year over five years—should begin full-scale deployment. This creates a powerful new pipeline of investment opportunities for KB Balhae Infrastructure, particularly in high-growth sectors such as data centers and related energy infrastructure. KB Balhae Infrastructure is reviewing multiple deals for co-investment with other private infrastructure funds and affiliates within KB Asset Management. While dividend yield remains steady at around 6.5%, the required rate of return should decline gradually as the stock should stage a rally and trade at some premium on the back of growth potential.

Investment assets

(KRWb)		Investment								
Asset	Stake (%)	Stock	Subordinated loan	Senior loan	Total investment	Portfolio allocation	Interest rate (%)	Supervisory authority	Implementation period	Operation expiry date
New Daegu-Busan Expressway	50.2%	151.4	463.6	-	614.9	60%	10.25~10.5%	MOLIT	30	Feb 2036
Sanseong Tunnel	65.0%	23.4	60.8	-	84.2	8%	11.0%	MOLIT	30	Sep 2048
Namyangju Urban Expressway	100.0%	47.5	51.6	-	99.1	10%	20.0%	Busan Metropolitan City	30	Aug 2041
Yongma Tunnel	60.0%	16.8	28.0	-	44.8	4%	12~15%	Namyangju City	30	Nov 2044
Suwon Beltway	50.0%	20.0	24.0	-	44.0	4%	13.0%	Seoul Metropolitan City	30	Sep 2050
Boryeong LNG Terminal (Youngbo)	14.0%	10.0	114.5	-	124.5	12%	7~9%	-	Perpetual	-
Pine Data Center	0.0%	-	6.0	4.0	10.0	1%	6.18~7.5%	-	Perpetual	-
Total		269.1	748.5	4.0	1,021.5	100%				

Note: KB Balhae Infrastructure holds 100% stake in 'Youngbo', a holding company established to invest in the Boryeong LNG Terminal; MOLIT refers to Ministry of Land, Infrastructure and Transport

Source: Company data, Samsung Securities estimates

Valuation

NPV by asset (KRWb)	Interest income	Dividend income	Liquidation income	NPV
New Daegu-Busan Expressway	371	460	93	923
Sanseong Tunnel	116	27	2	144
Namyangju Urban expressway	128	41	23	192
Yongma Tunnel	36	36	7	79
Suwon Beltway	37	20	6	63
Boryeong LNG Terminal (Youngbo)	90	4	-	94
Pine Data Center	3	8	8	19
Total NPV	781	595	138	1,515
Net debt	114			
Enterprise value	1,400			
Value per share (KRW)	11,500			

Source: Company data, Samsung Securities

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026F	2027F	2028F
Cash and deposits	71	48	30	25	33
Assets under management	933	1,020	951	971	990
Loans	672	702	682	702	721
Equity securities	259	269	269	269	269
Other	2	48	-	-	-
Total assets	1,004	1,022	981	996	1,023
Debenture	10	10	10	10	10
Debt	111	155	137	169	209
Accrued compensation	2	-	2	2	2
Accrued interest payable	-	3	-	-	-
Other liabilities	1	0	-	-	-
Total liabilities	123	168	149	181	221
Paid-in capital	825	825	825	825	825
Retained earnings	56	29	6	-12	-26
Total equities	881	854	831	813	799

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026F	2027F	2028F
Revenue	64	67	69	73	79
Interest income	63	66	69	72	78
Fee income	1	0	1	1	1
Expenses	11	14	12	10	10
Interest expenses	4	4	4	3	3
Management fee	7	7	8	7	7
Other	0	3	3	3	3
Operating profit	52	56	58	62	69
Non-operating profit	-	-	-	-	-
Pre-tax profit	52	56	58	62	69
Income tax	-	-	-	-	-
Rate (%)					
Non-controlling interest	-	1	2	3	3
Consolidated net profit	52	56	58	62	69

Margins

Year-end Dec 31 (%)	2024	2025	2026F	2027F	2028F
Profitability (%)					
Operating profit (%)	82.1	78.9	81.2	82.7	83.5
Net profit (%)	82.1	78.9	81.2	82.7	83.5
ROE (%)	6.0	6.2	6.7	7.6	8.3
ROA (%)	5.2	5.2	5.7	6.2	6.5
Dividend yield (%)	7.4	6.6	6.5	6.5	6.5
Dividend payout ratio (%)	145.9	150.7	142.2	128.5	120.7
Valuation (x)					
P/E	16.5	23.0	21.9	19.8	18.6
P/B	1.0	1.4	1.5	1.5	1.5

Key metrics

Year-end Dec 31 (KRW)	2024	2025	2026F	2027F	2028F
Growth (% y-y)					
Sales		4.8	4.5	10.0	8.6
Operating profit		8.7	3.9	10.5	8.6
Net profit		8.7	3.9	10.5	8.6
EPS growth		(10.0)	3.9	10.5	8.6
Per-share data (KRW)					
EPS	508	458	473	507	569
BVPS	8,535	7,923	6,847	6,743	6,636
DPS	625	650	650	650	650

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

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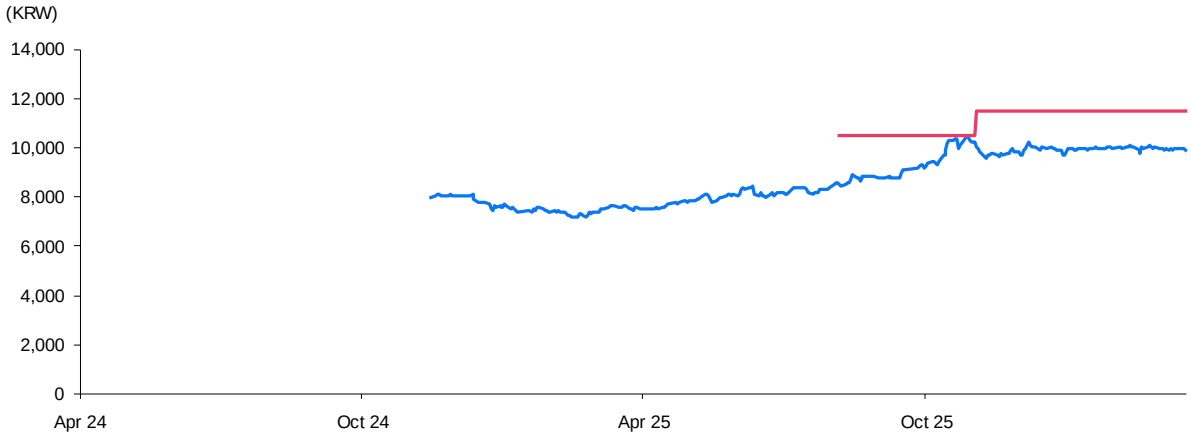
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/8/21	11/18	2026/4/3
Recommendation	BUY	BUY	BUY
Target price (KRW)	10500	11500	11500
Gap* (average)	-11.55	-13.62	
(max or min)**	-0.19	-10.87	

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

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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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