COMPANY UPDATE

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Macquarie Korea Infrastructure Fund (088980)

Corporate day takeaways: Temporary lack of growth momentum

- The passage of the revised Act on Public-Private Partners in Infrastructure increased Macquarie Korea Infrastructure Fund's available leverage by KRW2.3t, a factor to lower the need for rights offering.
- Freight volume at Busan New Container Terminal (BNCT) has declined amid escalating geopolitical risks, and the fund is prioritizing to stabilize the borrowing structure.
- Even allowing for the prospect for weak dividend, a 2026 dividend yield of 6.7% remains compelling.

WHAT'S THE STORY?

External Growth: Macquarie Korea Infrastructure Fund (MKIF) currently holds investments in 19 assets and is evaluating new investment opportunities due to a significant increase in its borrowing capacity.

- **Expanded borrowing limit:** 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 increases MKIF's available leverage by KRW2.3t. Historically, the fund's growth cycle relied on a sequence of new investments, rising leverage, rights offering, and repetition. The reduced likelihood of future rights offering is a positive development.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2023	2024	2025	2026E
Revenue (KRWb)	396	422	2,026	415
Op prof (KRWb)	326	348	1,956	346
Net Profit (KRWb)	326	348	1,956	346
EPS (adj) (KRW)	748	727	4,085	722
EPS (adj) growth (%)	(3.9)	(2.9)	462.0	(82.3)
EBITDA margin (%)	82.3	82.5	96.5	83.4
ROE (%)	12.0	11.0	46.5	6.9
P/E (adj) (x)	16.6	15.4	2.8	15.6
P/B (x)	1.9	1.6	1.1	1.1
ROA (%)	10.2	9.7	42.0	6.3
Dividend yield (%)	6.2	6.4	6.8	6.7

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW13,600	20.2%
Current price	KRW11,310	
Market cap	KRW5.4t/USD3.7b	
Shares (float)	478,921,993 (91.6%)	
52-week high/low	KRW11,980/KRW10,990	
Avg daily trading value (60-day)	KRW20.4b/ USD13.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Macquarie Korea Infrastructure Fund (%)	-0.6	-1.6	2.8
Vs Kospi (%pts)	-5.5	-40.5	-59.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	13,600	13,600	0.0%
2026E EPS	722	722	0.0%
2027E EPS	746	746	0.0%

SAMSUNG vs THE STREET

No of estimates	1
Target price	13,600
Recommendation	4.0

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

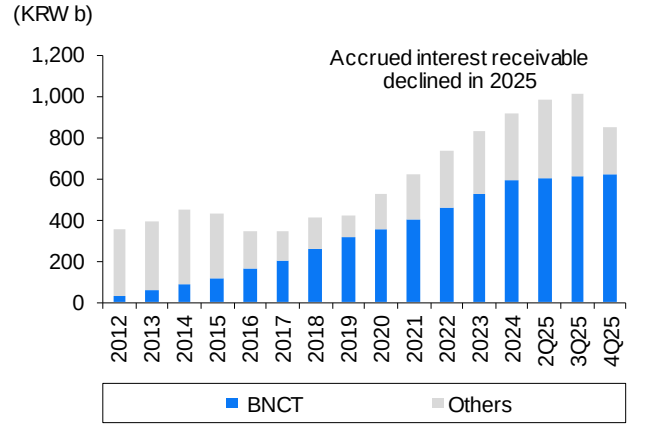
- **New investments essential:** In 2025, MKIF recognized KRW30b in dividends from the Baekyang Tunnel liquidation, with full liquidation completed in Jan 2026. As more assets approach the end of their contractual lives, the fund has been steadily building a pipeline of new investments over the past three to four years. Focus remains on assets where MKIF can exercise managerial control. Given the large scale of investment per asset, the fund is carefully evaluating each opportunity.

Internal Growth: Road traffic volumes held steady y-y in 2025, while city gas operation delivered stable results.

- **City gas:** EBITDA at: 1) Haeyang Energy fell 2.8% y-y; 2) Sorabol City Gas rose 1.5% y-y; and 3) CNCITY Energy climbed 21.8% y-y. This was driven by ASP hikes for gas, heat, electricity, and steam.
- **BNCT:** Freight volume peaked in 2023 and have since declined, pressured by ongoing geopolitical uncertainty. The priority now is on stabilizing the borrowing structure. A restructuring has lowered the interest rate on subordinated debt from 12% to around 6%. While this reduces near-term dividend payouts, it should steadily improve financial stability. As the port asset's accrued interest grew more slowly, the fund's total accrued interest declined 7% y-y in 2025.

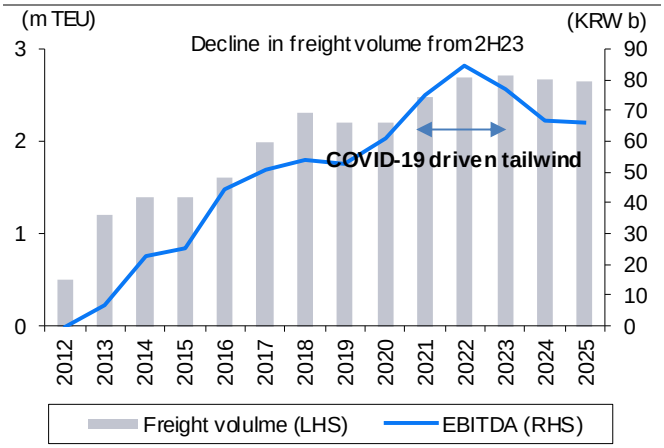
Dividend to grow in earnest from 2028 onward: Meaningful dividend growth should resume around 2028. In the meantime, MKIF last year decided to implement fair value assessments regularly based on independent appraisals. This led to recognition of a KRW1.6t valuation gain in 4Q25. While this did not affect dividends, it strengthened transparency.

MKIF accrued interest receivable trend



Source: Company data, Samsung Securities

BNCT performance trend



Source: Company data, Samsung Securities

Valuation

Asset (KRWb)	Interest income	Dividend income	Liquidation income
Baekyang Tunnel	-	-	40
Gwangju Second Beltway Section1	106	-	167
Incheon international Airport expressway	108	298	58
Soojungsan Tunnel	-	59	42
Cheonan-Nonsan Expressway	244	406	176
Woomyunsan Tunnel	5	26	13
Gwangju Second Beltway Section3-1	-	162	18
Machang Bridge	115	-	56
Yongin-Seoul Expressway	163	23	71
Seoul-Chuncheon highway	238	18	78
Incheon Grand Bridge	401	18	140
BNCT	274	19	84
Dongbuk Light Rail Transit	74	14	37
Busan New port the 2nd Rear Road	218	6	35
Youngsan Energy	151	339	-
Bomun Energy	41	87	-
Incheon Gimpo Expressway	132	6	37
CNCT Energy	-	237	-
Seoul East Underground Expressway	171	163	22
Hanam Data Center	528	47	
Interest receivable/others	540		
Total NPV	6,827		
Net debt	320		
Enterprise Value	6,507		
Value per share (KRW)	13,600		

Note: Discount rate of 5.5%, which is the cost of equity; Risk-free rate of 2.4% (based on 5yr KTB) and an equity risk premium of 3.1%
Source: Company data, Samsung Securities

Balance sheet

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

Margins

Year-end Dec 31 (%)	2023	2024	2025	2026E	2027E
Profitability (%)					
Operating profit (%)	82.3	82.5	96.5	83.4	83.6
Net profit (%)	82.3	82.5	96.5	83.4	83.6
ROE (%)	12.0	11.0	46.5	6.9	7.2
ROA (%)	10.2	9.7	42.0	6.3	6.6
Dividend yield (%)	6.2	6.4	6.8	6.7	6.7
Dividend payout ratio (%)	100.6	99.1	18.6	105.2	101.9
Valuation (x)					
P/E	16.6	15.4	2.8	15.6	15.2
P/B	1.9	1.6	1.1	1.1	1.1

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

Source: Company data, Samsung Securities

Income statement

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

Key metrics

Year-end Dec 31 (KRW)	2023	2024	2025	2026E	2027E
Growth (% y-y)					
Sales	5.2	6.6	380.0	(79.5)	2.9
Operating profit	3.5	6.7	462.0	(82.3)	3.2
Net profit	3.5	6.7	462.0	(82.3)	3.2
EPS growth	(3.9)	(2.9)	462.0	(82.3)	3.2
Per-share data (KRW)					
EPS	748	727	4,085	722	746
BVPS	6,682	7,129	10,453	10,416	10,401
DPS	775	720	760	760	760

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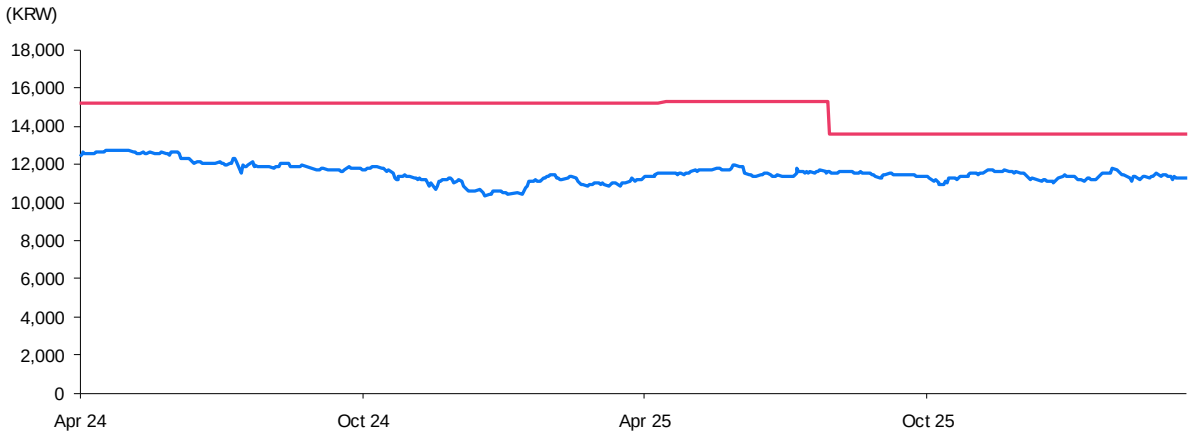

Rating changes over past two years (adjusted share prices)

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

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

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Industry

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