COMPANY UPDATE

2026. 7. 22

Alternative Investment Team

Kyungja Lee
Team Leader
kyungja.lee@samsung.com

Jumi Hong
Research Associate
jumi.hong@samsung.com

Scan to go to
Research Center report database

GnCenergy (119850)

Corporate Day takeaways: Three mega-projects set the stage for growth

- GnCenergy reported weak 1Q results due to forex headwinds. However, such pressures should ease materially from 2Q, as contracts signed since the start of the year include forex adjustment clauses.
- The company is targeting a 2026 order backlog of KRW500b, implying annual order growth of around KRW100b.
- Emergency generators are typically installed about a year before data center completion, pointing to a sharp increase in generator revenue from 2027.

AT A GLANCE

Not Rated

Target price	n/a
Current price	**KRW35,750**
Market cap	KRW588.05b/USD399.11m
Shares (float)	16,448,909 (0.0%)
52-week high/low	KRW43,950/KRW18,350
Avg daily trading value (60-day)	KRW8.0b/ USD5.4m

ONE-YEAR PERFORMANCE

	1M	6M	12M
GnCenergy Co., Ltd. (%)	64.7	3.6	5.8
Vs Kosdaq (%pts)	111.4	30.9	15.4

SAMSUNG vs THE STREET

No of estimates	n/a
Target price	n/a
Recommendation	n/a

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

WHAT'S THE STORY?

Korea's leading emergency-generator supplier for data centers: GnCenergy holds a 70% share of Korea's data center emergency-generator system market and is the country's only provider with end-to-end design and manufacturing capabilities across diesel, gas, and gas turbine engines. Partnerships with global engine manufacturers—including Mitsubishi, Niigata, and Baudouin—allow it to tailor solutions to site, capacity, and application requirements.

- **1Q margin decline:** Operating margin fell in 1Q due to forex exposure caused by a timing mismatch between engine procurement and revenue recognition on generator sales. Forex adjustment clauses added to contracts since the start of the year should materially reduce the impact from 2Q.
- **Profitability to recover in 2027:** While full-year 2026 operating profit growth is likely to be limited to a mid-single digit due to 1Q forex effects, growth should reaccelerate from 2027.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2022	2023	2024	2025
Revenue	149	166	226	263
Operating profit	6	11	32	49
Net profit (adj)	26	12	39	40
EPS (adj) (KRW)	1,665	692	2,340	2,428
EPS (adj) growth (% y-y)	519.8	-58.4	237.9	3.8
EBITDA margin (%)	5.8	8.1	15.8	21.0
ROE (%)	26.3	9.7	27.5	21.1
P/E (adj) (x)	2.1	6.1	3.5	12.7
P/B (x)	0.5	0.5	0.8	2.3
EV/EBITDA (x)	8.1	3.5	3.2	8.5
Dividend yield (%)	1.4	1.6	1.2	0.5

Source: Company data

Annual backlog growth of KRW100b: Emergency generator orders reached KRW330b in 2025, and the company is targeting annual growth of 20%. Applying this trajectory, its 2026 order backlog target is KRW500b, implying a KRW100b y-y increase. Data center emergency-generator revenue has grown at a sustained 30%+ CAGR since 2019.

- **Mega-project pipeline emerging:** A KRW550t AI data center mega-project was announced in June, and GnCenergy is negotiating related orders, with initial deliveries expected over 2027-2028. The shift toward AI data centers is driving the development of large regional facilities. US developers facing constraints on data center development at home are also exploring the Korean market, pointing to a period of rapid industry growth.
- **Rising demand for gas turbines:** Demand is increasing for gas turbines—which are more environmentally friendly and offer high margins—particularly at edge data centers around the Seoul metropolitan area.

Data center equipment cycle underway: Emergency generators are typically delivered in bulk around a year prior to data center completion. With the current data center development boom, related revenue should scale sharply from 2027. Given the anticipated explosion in data center construction, GnCenergy stands out as a pure-play supplier with limited competition, positioning it as a key beneficiary. The stock is trading at 12x 2026 P/E (FnGuide consensus) following a derating due to weal 1Q results.

<Key Q&A>

Emergency generator deployment: Around four emergency-generator sets are typically installed per 10 MW of data center capacity. As new data centers increasingly have capacity of at least 40 MW, each facility requires a minimum of 16 sets. Although the EPC contract structure makes it difficult to directly estimate revenue per MW, recent orders imply contract values of KRW600m-700m per MW, or roughly KRW70b-80b per 100 MW.

Data center development in Korea: Major domestic players, including Naver, have rapidly leased space at newly completed data centers across the Seoul metropolitan area (SMA), including Paju, Bucheon, and Samsong. Rising demand from domestic and global cloud service providers (CSPs) has driven steady increases in rack rental rates and capacity per rack, further improving the economics of new data center development.

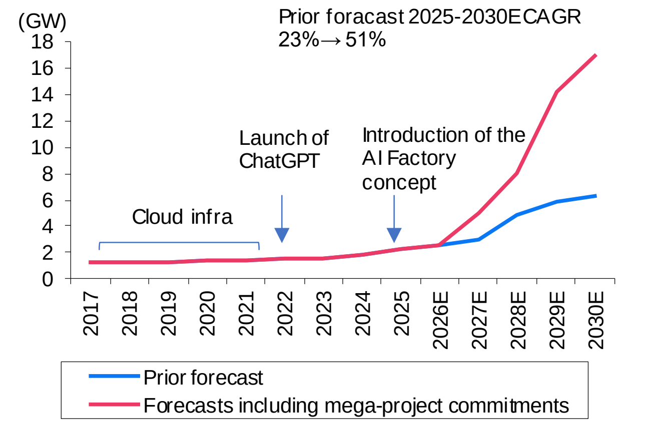
- **Impact of Korea's three mega-projects:** Korea unveiled three flagship mega-projects in June, one of which earmarks KRW550t for AI data center infrastructure. GnCenergy is negotiating emergency-generator supply contracts with a GS consortium led by GS Engineering & Construction and with SK Group. Contracts for samples could be signed as early as 2H26, with broader agreements expected to ramp up from 2027.
- **Clear shift toward regional development:** Historically concentrated in the SMA, data center development is increasingly shifting to regional hubs as demand pivots toward AI applications. This trend is evident not only in the three mega-projects but also in private-sector initiatives such as the SK-AWS data center in Ulsan. Meanwhile, growing challenges in data center development in the US are prompting US AI companies and CSPs to consider Korea as an alternative location. Permitting in the SMA has become increasingly difficult amid public opposition and power supply constraints,

while regional areas offer ample power capacity and proactive local government support. Domestic equipment suppliers are also expanding production capacity, easing supply chain bottlenecks and making Korea increasingly competitive with other global data center locations.

Engine partnership strategy: GnCenergy maintains a diversified network of engine suppliers, enabling it to provide full EPC solutions for emergency generators. With the global data center boom creating supply bottlenecks for critical components, the company negotiates contracts with multiple engine manufacturers and strategically selects suppliers based on project location, scale, and delivery schedule. For urban installations, it favors gas turbines; when lead times are tight, it can source engines from Baudouin (China) as a flexible alternative.

- **Collaboration with constructors:** With order volumes expected to increase sharply, GnCenergy is considering a hybrid execution model under which it retains generator design and core manufacturing while outsourcing on-site installation to established construction partners. GnCenergy's key competitive advantage lies in its ability to provide end-to-end solutions.

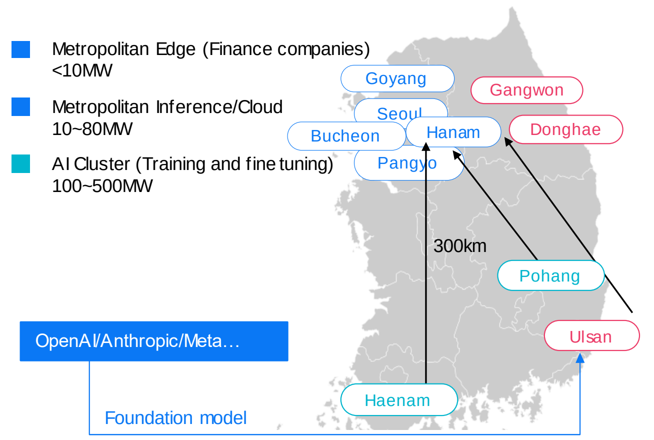
Korea: Private data center market outlook



Note: See *AI factory era development: From power to finance* (Jun 4, 2026) for further details

Source: Samsung Securities

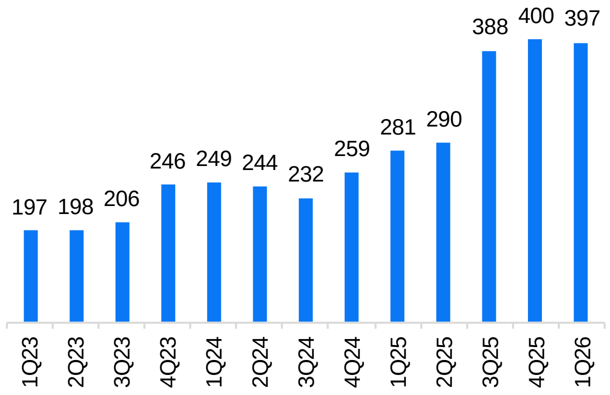
Expected roles of data centers, by location



Note: See *AI factory era development: From power to finance* (Jun 4, 2026) for further details

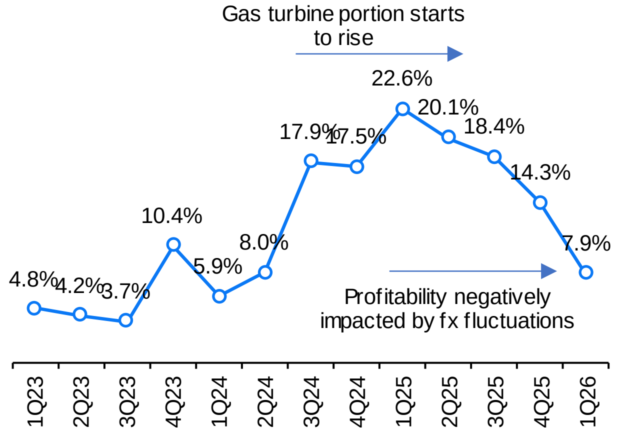
Source: Samsung Securities

GnCenergy: Emergency generator order backlog



Source: Company data, Samsung Securities

GnCenergy: Operating margin



Source: Company data

GnCenergy: Recent contracts

Disclosure	Project	Contract value (KRWb)	Delivery date	Client	Note
Jul 15, 2026	Yongin Deokseong AI data center emergency generator	33	Mar 31, 2028	Samsung C&T	80 MW (IT load 56 MW)
Jul 2, 2026	Gumi AI data center emergency generator	30	May 31, 2029	Samsung SDS	
Jun 30, 2026	Goyang Samsung IT platform center emergency generator	25	Jul 21, 2026	LG CNS	80 MW (IT load 54 MW)
Jun 22, 2026	KT Cloud DC emergency generator	25	Feb 28, 2027	KT Cloud	
Jun 10, 2026	Paju center 2nd phase emergency generator	38	Mar 31, 2028	LG U+	
Jun 1, 2026	Naver Gak Sejong emergency generator (phase 2-2)	63	Mar 31, 2029	Xi C&A	

Source: Company data, Samsung Securities

Emergency gas turbine generator installations

Data center	Capacity	Note
Pacific Sunny Data Center Jukjeon	4.8 MW x 13	Air-cooling design is compact relative to its capacity, thus minimizes installation area
	4.0 MW x 15	Superior electrical characteristics with no hunting or waveform distortion (optimized for AI data centers)
	3.2 MW x 2	Environmentally friendly thanks to low emissions, noise, and vibration levels
KT Yongsan DC	4.8 MW x 14	Offers higher power generation capacity than other engine types, enabling large-scale installations and reducing construction costs (optimized for data centers)

Source: Company data

Income statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Sales	**122**	**149**	**166**	**226**	**263**
Cost of goods sold	108	135	144	183	196
Gross profit	**14**	**14**	**22**	**43**	**66**
Gross margin (%)	11.6	9.5	13.5	19.2	25.3
SG&A expenses	7	8	11	12	17
Operating profit	**7**	**6**	**11**	**32**	**49**
Operating margin (%)	5.6	4.1	6.6	14.0	18.8
Non-operating gains (losses)	**-2**	**27**	**3**	**17**	**5**
Financial profit	3	4	4	7	13
Financial costs	2	7	2	9	6
Equity-method gains (losses)	-1	0	1	4	-0
Other	-2	30	-0	14	-1
Pre-tax profit	**5**	**33**	**14**	**48**	**55**
Taxes	2	1	2	10	15
Effective tax rate (%)	33.6	2.3	15.6	19.7	26.9
Profit from continuing operations	5	3	12	39	40
Profit from discontinued operations	-1	23	0	0	0
Net profit	**4**	**26**	**12**	**39**	**40**
Net margin (%)	3.1	17.5	7.0	17.2	15.2
Net profit (controlling interests)	4	27	11	38	40
Net profit (non-controlling interests)	-1	-1	0	0	0
EBITDA	9	9	13	36	55
EBITDA margin (%)	7.7	5.8	8.1	15.8	21.0
EPS (parent-based) (KRW)	269	1,665	692	2,340	2,428
EPS (consolidated) (KRW)	229	1,580	712	2,363	2,433
Adjusted EPS (KRW)*	269	1,665	692	2,340	2,428

Balance sheet

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Current assets	**110**	**103**	**109**	**158**	**259**
Cash & equivalents	40	11	31	47	78
Accounts receivable	20	33	22	35	35
Inventories	11	20	16	15	31
Other current assets	39	38	41	63	114
Fixed assets	**56**	**68**	**78**	**107**	**112**
Investment assets	12	26	33	36	44
Tangible assets	37	38	36	65	62
Intangible assets	4	0	0	0	0
Other long-term assets	3	3	8	5	6
Total assets	**165**	**171**	**187**	**265**	**371**
Current liabilities	**50**	**53**	**64**	**95**	**130**
Accounts payable	13	17	16	24	25
Short-term debt	17	18	6	22	19
Other current liabilities	19	18	42	49	86
Long-term liabilities	**0**	**0**	**0**	**9**	**19**
Bonds & long-term debt	0	0	0	0	10
Other long-term liabilities	0	0	0	9	9
Total liabilities	**50**	**54**	**64**	**104**	**149**
Owners of parent equity	**94**	**114**	**121**	**159**	**219**
Capital stock	8	8	8	8	8
Capital surplus	26	18	19	19	34
Retained earnings	62	90	100	137	181
Other	-3	-3	-7	-6	-5
Non-controlling interests' equity	**21**	**3**	**2**	**3**	**3**
Total equity	**115**	**117**	**123**	**161**	**221**
Net debt	-20	9	-25	-24	-41

Cash flow statement

Year-end Dec 31 (KRWb)	2021	2022	2023	2024	2025
Cash flow from operations	**14**	**-31**	**58**	**13**	**41**
Net profit	4	26	12	39	40
Non-cash profit and expenses	6	-21	3	-4	17
Depreciation	2	2	2	4	6
Amortization	0	0	0	0	0
Other	3	-23	1	-8	12
Changes in A/L from operating activities	5	-34	51	-8	-5
Cash flow from investments	**-10**	**20**	**-21**	**-3**	**-54**
Change in tangible assets	-0	-7	-2	-2	-4
Change in financial assets	-0	0	0	-1	-1
Other	-9	28	-18	-1	-49
Cash flow from financing	**7**	**-2**	**-19**	**6**	**47**
Change in debt	7	-0	-14	17	15
Change in equity	3	-8	0	0	16
Dividends	-1	-1	-1	-1	-1
Other	-2	7	-4	-10	17
Change in cash	11	-29	19	16	31
Cash at beginning of year	29	40	11	31	47
Cash at end of year	40	11	31	47	78
Gross cash flow	**10**	**5**	**15**	**35**	**57**
Free cash flow	**11**	**-38**	**56**	**11**	**37**

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

Source: Company data

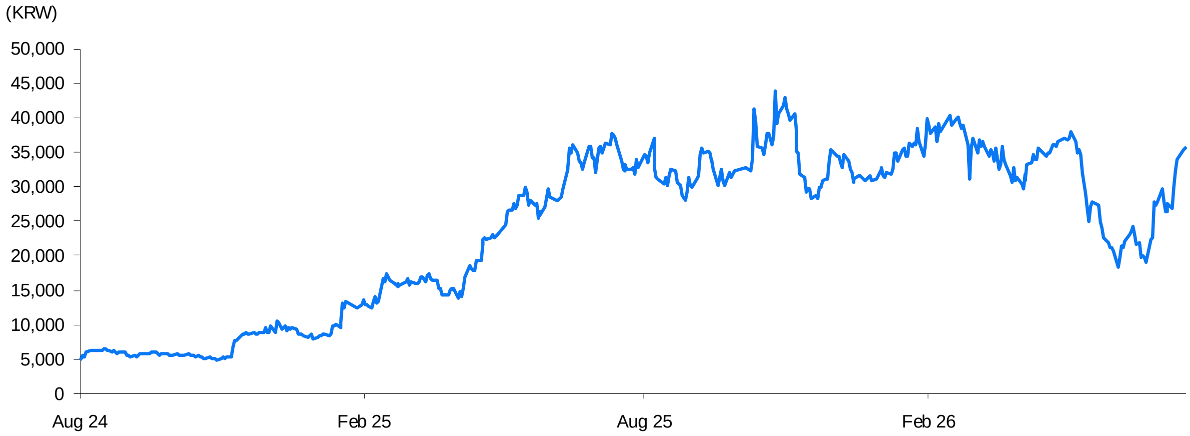
Financial ratios

Year-end Dec 31	2021	2022	2023	2024	2025
Growth (%)					
Sales	-23.9	21.3	12.0	36.0	16.0
Operating profit	1.2	-11.8	80.9	187.6	55.7
Net profit	512.8	592.1	-55.0	232.0	3.0
Adjusted EPS**	46.2	519.8	-58.4	237.9	3.8
Per-share data (KRW)					
EPS (parent-based)	269	1,665	692	2,340	2,428
EPS (consolidated)	229	1,580	712	2,363	2,433
Adjusted EPS**	269	1,665	692	2,340	2,428
BVPS	5,920	7,201	8,114	10,652	13,658
DPS (common)	50	50	70	100	150
Valuations (x)					
P/E***	18.0	2.1	6.1	3.5	12.7
P/B***	0.8	0.5	0.5	0.8	2.3
EV/EBITDA	8.5	8.1	3.5	3.2	8.5
Ratios (%)					
ROE	4.9	26.3	9.7	27.5	21.1
ROA	2.4	15.5	6.5	17.2	12.6
ROIC	7.6	6.5	14.7	38.4	41.2
Payout ratio	18.0	2.9	9.1	3.9	6.1
Dividend yield (common)	1.0	1.4	1.6	1.2	0.5
Net debt to equity	-17.3	7.3	-20.1	-15.2	-18.4
Interest coverage (x)	24.4	7.4	17.6	20.8	70.6

Compliance notice

- As of 7/21 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 7/21 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.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/7/22
Recommendation	Not Rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953