COMPANY UPDATE

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Alternative Investment Team

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AT A GLANCE

BUY

Target price	**KRW12,900**	**29.9%**
Current price	**KRW9,930**	
Market cap	KRW4.8t/USD3.3b	
Shares (float)	478,921,993 (91.6%)	
52-week high/low	KRW11,830/KRW9,930	
Avg daily trading value (60-day)	KRW21.7b/ USD15.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Macquarie KIF (%)	-5.2	-11.7	-13.4
Vs Kospi (%pts)	40.6	-18.5	-50.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	12,900	13,600	-5.1%
2026E EPS	722	722	0.0%
2027E EPS	746	746	0.0%

SAMSUNG vs THE STREET

No of estimates	2
Target price	13,300
Recommendation	4.0

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

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Macquarie Korea Infrastructure Fund (088980)

2Q review: Management income slides due to limited new investments

- Macquarie KIF's 2Q results missed consensus slightly due to: 1) a high base—it had booked dividends from the Baekyang Tunnel liquidation for five straight quarters; and 2) sluggish traffics at toll roads in the wake of the Middle East conflicts.
- Hanam data center ramp-up should be completed in 2027, with EBITDA projected to grow fourfold.
- Although the fund's dividend yield has risen to 7%, new investment momentum is necessary.

WHAT'S THE STORY?

2Q dividend down: In 2Q26, Macquarie KIF's revenue and net profit fell 9.1% and 12.5% y-y, respectively, due to a high base from the dividends (KRW7.1b) from the Baekyang Tunnel liquidation (which was completed in Jan 2026). Interest income remained similar y-y.

Performance across core assets: Operating results from toll roads were sluggish due to the Middle East conflicts.

- **Toll roads:** The weighted average traffic across its 12 toll roads declined 0.8% y-y in 2Q, pressured by higher fuel costs following the Middle East war.
- **Busan New Container Terminal (BNCT):** Freight volume shrank 0.6% y-y (narrowing from -4.3% in 1Q), while sales and EBITDA rose 3.3% and 1.4% y-y, respectively. After the 2024 restructuring (which lowered the interest rate on subordinated debt from 12% to around 6-12%), the pace of the port asset's accrued interest has slowed—but still rose slightly. The fund's total accrued interest stood at KRW932.6b in end-2Q26, up from end-1Q26 figure of KRW896b.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Revenue	70.7	-9.1%	-62.7%	-3.2%	-3.2%
Operating profit	53.3	-12.5%	-69.0%	-4.8%	-4.8%
Pre-tax profit	53.3	-12.5%	-69.0%	-4.8%	-4.8%
Net profit	53.3	-12.5%	-69.0%	-4.8%	-4.8%
Margins (%)					
Operating profit	75.4%				
Pre-tax profit	75.4%				
Net profit	75.4%				

Source: Company data, Fnguide, Samsung Securities estimates

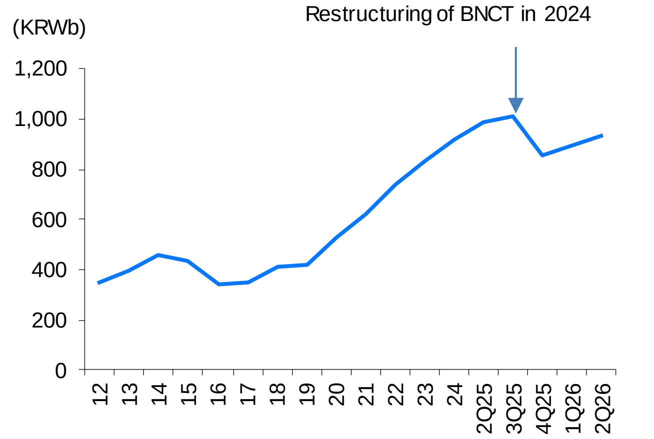
VALUATION SUMMARY

	2024	2025	2026E
Valuation (x)			
P/E	15.4	2.7	13.7
P/B	1.6	1.1	1.0
Div yield (%)	6.4	6.9	7.0
EPS growth (% y-y)	(2.9)	462.0	(82.3)
ROE (%)	11.0	46.5	6.9
Per-share data (KRW)			
EPS	727	4,085	722
BVPS	7,129	10,453	10,416
DPS	720	760	700

- **City gas:** EBITDA at: 1) Haeyang Energy and Sorabol City Gas; but 2) CNCITY Energy declined 56%. Sales volume diminished due to higher temperatures and a rise in customer usage of steam. However, CNCITY Energy's co-generation subsidiary saw rising steam sales, offsetting the impact on consolidated earnings.
- **Hanam data center ramp-up:** The data center's EBITDA doubled q-q to KRW12.3b in 2Q as ramp-up progressed. Annual EBITDA is expected to increase around four times the current level after the full ramp-up is completed in 2027.

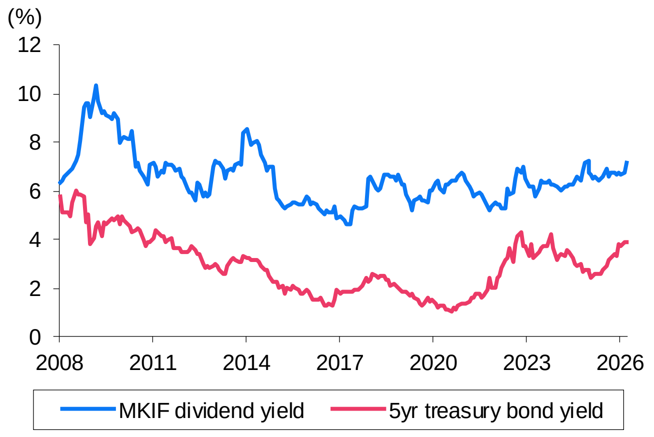
Dividend yield of 7%: Because of reduced interest income from BNCT and the Baekyang Tunnel liquidation, Macquarie KIF's distributable profit has diminished. The fund has consistently adhered to a strategy of acquiring equity stakes (enough to have majority control) and investing through subordinated debt. While the current dividend yield of 7% is attractive, investment momentum is essential to increase long-term dividend growth. With rising interest rates, we raise the discount rate applied to the portfolio's aggregate NPV from 5.5% to 6% and thus reduce our target price by 5.1% to KRW12,900.

MKIF accrued interest trend



Source: Company data, Samsung Securities

Dividend yield and treasury bond yield



Source: Company data, Bloomberg, Samsung Securities

Quarterly earnings estimates

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F	2023	2024	2025	2026F	2027F	2028F
Revenue	199	78	77	81	189	71	83	70	396	422	2,026	415	427	440
Chg (%y-y)	8.2%	6.0%	4.2%	-10.3%	-4.9%	-9.1%	7.1%	-14.0%	5.2%	6.6%	380.0%	-79.5%	2.9%	2.9%
Interest income	70	71	71	71	70	71	73	74	290	285	282	290	296	302
Dividend income	129	7	6	13	120	-	10	-5	106	137	156	125	131	138
Gain/loss on disposal	-	-	-	-	-		-	-	-	-	-	-	-	-
Unrealized gain/loss				-3						-	(3)			
Expenses				1,591						-	1,591			
Management fee	17	17	17	19	18	17	17	17	70	74	70	69	70	70
Interest expenses	11	12	12	12	12	12	12	12	45	48	48	48	49	49
Other	4	4	4	5	5	5	4	3	22	22	16	16	16	16
Operating profit	1	1	1	3	1	1	1	2	4	4	6	5	5	5
Chg (% y-y)	183	61	60	62	172	53	66	52	326	348	1,956	346	357	370
Net profit	10.0%	10.0%	9.9%	-14.1%	-6.0%	-12.5%	10.0%	-15.5%	3.5%	6.7%	462.0%	-82.3%	3.2%	3.5%
Chg (% y-y)	183	61	60	62	172	53	66	52	326	348	1,956	346	357	370

Note: Unrealized gains/losses are not reflected in the quarterly results
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	-	-	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	49
Total liabilities	**427**	**415**	**474**	**468**	**411**
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	1,713
Total equities	**2,912**	**3,414**	**5,006**	**4,988**	**5,010**

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	7.1
ROA (%)	10.2	9.7	42.0	6.3	6.6
Dividend yield (%)	6.2	6.4	6.9	7.0	7.0
Dividend payout ratio (%)	100.6	99.1	18.6	96.9	93.9
Valuation (x)					
P/E	16.6	15.4	2.7	13.7	13.3
P/B	1.9	1.6	1.1	1.0	0.9

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	10,461
DPS	775	720	760	700	700

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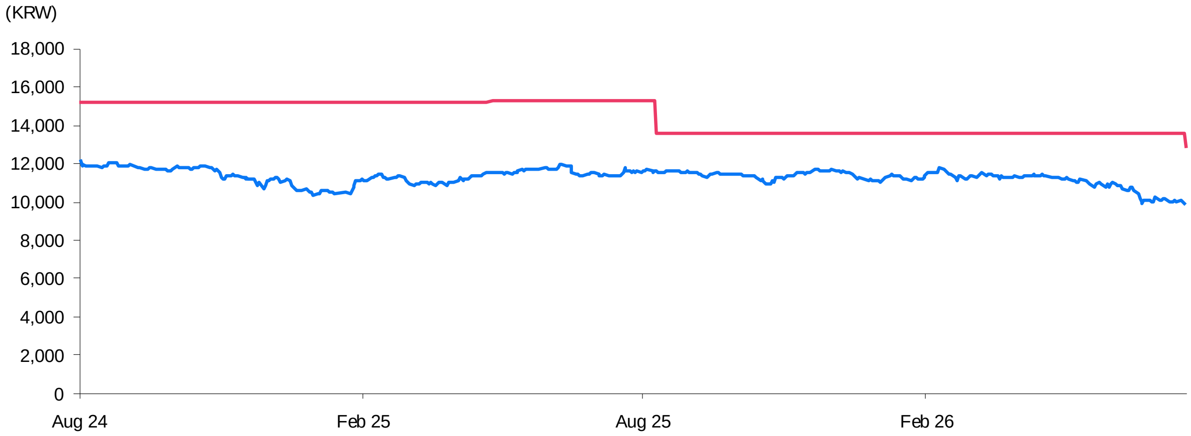
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/7/31	2024/7/31	2024/10/7	2025/5/7	8/21	2026/7/30
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	15,239	15,239	15,239	15,300	13,600	12,900
Gap* (average)	-18.74	-21.88	-26.69	-24.18	-17.59	
(max or min)**	-15.23	-19.42	-21.78	-21.70	-13.01	

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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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