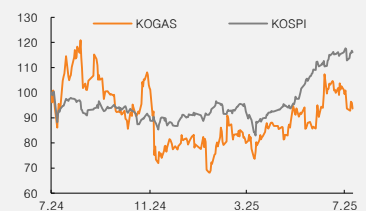


(Maintain)	Hold
Target price	₩38,000
Current price (8/8/25)	₩41,300
Downside	-8.0%

OP (25F, Wbn)	2,580
Consensus OP (25F, Wbn)	2,371
EPS growth (25F, %)	-3.2
Market EPS growth (25F, %)	24.1
P/E (25F, x)	3.4
Market P/E (25F, x)	11.9
KOSPI	3,210.01

Market cap (Wbn)	3,813
Shares (mn)	92
Free float (%)	46.7
Foreign ownership (%)	10.2
Beta (12M)	1.11
52-week low (W)	30,050
52-week high (W)	53,300

(%)	1M	6M	12M
Absolute	-7.8	35.2	0.1
Relative	-10.5	6.2	-20.3



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KOGAS

Financial structure improvement a positive

2Q25 review: Results better than feared

For 2Q25, Korea Gas Corporation (KOGAS) posted consolidated revenue of ₩7.63tr (+1.9% YoY), driven by higher city gas sales volume (+5.5% YoY) and increased revenue from certain overseas resource development projects, including Zubair.

Operating profit came in at ₩404.6bn (-13.1% YoY), beating the market consensus of ₩398.1bn. The decline was due to the normalization of wholesale supply cost returns and reduced interest expenses on raw material receivables, following the patterns seen in 1Q25. Overseas resource development generated ₩79.5bn in operating profit (+10.7% YoY). While GLNG profits fell by more than ₩20bn due to lower selling prices, the Mozambique Coral FLNG project turned profitable, and profitability improved at the Myanmar and Australia Prelude projects, resulting in overall earnings growth for the segment.

Lower debt ratio a positive; watch for receivables to decline in 2H25

Total receivables, including those from power generation, declined from ₩14.4tr to ₩14.1tr. Civil-sector receivables remained at around ₩14.1tr, as seasonal factors weighed, while commercial rates continued to trend lower. Residential rates, however, have been maintained at ₩17.7/MJ since August 2024. If tariffs are raised or oil prices fall further, we expect a meaningful decline in receivables to begin in 4Q25, when gas sales typically rise.

The debt ratio improved to 363%, down from 433% at end-4Q24 and 402% at end-1Q25. This was due to a reduction in both trade receivables and inventory (driven by lower LNG sales and inventory volumes), which brought total assets down 11.8% from end-4Q24. At the same time, lower summer funding needs and reduced accounts payable contributed to a decline in borrowings, with total liabilities down 14.8% from end-4Q24.

Maintain TP of ₩38,000 and Hold rating: Conditions for receivables decline

We maintain our target price of ₩38,000 and Hold rating on KOGAS. Our target price is based on a 12-month forward EV/EBITDA multiple of 9x, in line with the global gas utility average. While the recent drop in the debt ratio is positive, meaningful receivables reduction has yet to materialize, warranting a wait-and-see stance.

At current rates, raw material cost recovery is possible, but for a full-scale reduction in receivables, either a ₩1–2/MJ increase in residential tariffs or further oil price declines will be necessary. Given that tariff hikes are unlikely before the 2026 local elections, we believe it is premature to expect significant earnings improvement or share price gains in the near term.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	44,556	38,389	39,330	41,225	42,320
OP (Wbn)	1,553	3,003	2,580	2,882	2,736
OP margin (%)	3.5	7.8	6.6	7.0	6.5
NP (Wbn)	-761	1,147	1,110	1,488	2,804
EPS (W)	-8,246	12,422	12,022	16,121	30,378
ROE (%)	-7.7	11.2	9.8	11.9	19.4
P/E (x)	-	2.8	3.4	2.6	1.4
P/B (x)	0.2	0.3	0.3	0.3	0.2
Dividend yield (%)	0.0	4.2	3.5	3.5	3.5

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Mirae Asset Research AI translation

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Table 1. 2Q25 review

(Wbn, %, %p)

	2Q24	1Q25	2Q25P			Growth	
			Actual	Mirae Asset	Consensus	YoY	QoQ
Revenue	7,490	12,733	7,630	8,213	7,446	1.9	-40.1
OP	466	834	405	730	398	-13.1	-51.5
OP margin (%)	6.2	6.5	5.3	3.9	5.3	-0.9	-1.2
Pretax profit	196	483	138	386	125	-29.7	-71.4
NP	253	367	85	326	97	-66.2	-76.8

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, WISEfn, Mirae Asset Securities Research estimates

Table 2. Quarterly and annual earnings

(Wbn, %)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25P	3Q25F	4Q25F	2024	2025F	2026F
Revenue	12,811	7,490	8,109	9,979	12,733	7,630	8,466	10,501	38,389	39,330	41,225
OP	922	466	440	1,176	834	405	407	934	3,003	2,580	2,882
Gas sales	803	394	299	1,008	721	325	304	815	2,504	2,166	2,452
E&P	119	72	140	169	113	80	103	119	500	414	429
Pretax profit	632	196	192	618	483	138	146	674	1,638	1,441	1,975
NP	406	253	155	332	367	85	117	540	1,147	1,110	1,488
OP margin (%)	7.2	6.2	5.4	11.8	6.5	5.3	4.8	8.9	7.8	6.6	7.0
Pretax margin (%)	4.9	2.6	2.4	6.2	3.8	1.8	1.7	6.4	4.3	3.7	4.8
Net margin (%)	3.2	3.4	1.9	3.3	2.9	1.1	1.4	5.1	3.0	2.8	3.6
Gas volume growth (%)	-2.6	0.9	6.9	-7.1	4.1	3.1	-0.2	-0.2	-1.3	1.9	1.7
USD/KRW	1,328	1,371	1,359	1,396	1,453	1,404	1,450	1,450	1,364	1,439	1,403
Selling price (W'000/tonne)	1,071	1,022	1,043	1,064	1,026	1,003	1,018	1,054	1,054	1,027	1,018

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

KOGAS (036460 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	38,389	39,330	41,225	42,320
Cost of revenue	34,976	36,263	37,810	39,039
GP	3,413	3,067	3,415	3,281
SG&A expenses	409	487	534	545
OP (adj.)	3,003	2,580	2,882	2,736
OP	3,003	2,580	2,882	2,736
Non-operating profit	-1,365	-1,139	-907	967
Net financial income	-1,416	-1,075	-907	-846
Net income from associates	137	124	0	0
Pretax profit	1,638	1,441	1,975	3,703
Income tax	489	332	488	901
Profit from continuing operations	1,149	1,109	1,487	2,802
Profit from discontinued operations	0	0	0	0
NP	1,149	1,109	1,487	2,802
Attributable to owners	1,147	1,110	1,488	2,804
Attributable to minority interests	2	-1	-1	-2
Total comprehensive income	1,201	1,099	1,487	2,802
Attributable to owners	1,213	1,100	1,488	2,804
Attributable to minority interests	-12	-1	-1	-2
EBITDA	4,986	4,502	4,801	4,654
FCF	1,964	1,038	1,730	1,198
EBITDA margin (%)	13.0	11.4	11.6	11.0
OP margin (%)	7.8	6.6	7.0	6.5
Net margin (%)	3.0	2.8	3.6	6.6

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	3,630	2,784	3,330	2,798
NP	1,149	1,109	1,487	2,802
Non-cash income/expenses	4,262	3,265	3,178	1,715
Depreciation	1,864	1,803	1,782	1,763
Amortization	119	120	138	155
Other	2,279	1,342	1,258	-203
Chg. in working capital	-479	-311	-76	-109
Chg. in AR & other receivables	184	-184	-57	-81
Chg. in inventory	463	-238	-38	-54
Chg. in AP & other payables	-1,288	642	19	28
Income tax	-78	-255	-488	-901
Cash flow from investing activities	-1,747	-2,341	-2,010	-202
Chg. in PP&E	-1,660	-1,745	-1,600	-1,600
Chg. in intangible assets	-125	-391	-400	-400
Chg. in financial assets	-417	-64	-10	-14
Other	455	-141	0	1,812
Cash flow from financing activities	-1,837	-473	-1,458	-2,717
Chg. in financial liabilities	-256	-383	-1,331	-2,590
Chg. in equity	30	0	0	0
Dividends	-26	0	-127	-127
Other	-1,585	-90	0	0
Chg. in cash	149	86	10	13
Beginning balance	781	929	1,015	1,025
Ending balance	929	1,015	1,025	1,038

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	16,969	17,894	18,036	18,239
Cash & equivalents	929	1,015	1,025	1,038
AR & other receivables	6,948	7,312	7,369	7,451
Inventory	4,605	4,846	4,884	4,938
Other current assets	4,487	4,721	4,758	4,812
Non-current assets	40,701	40,775	40,714	40,670
Investments in associates	1,817	1,655	1,507	1,372
PP&E	23,008	22,955	22,773	22,610
Intangible assets	1,670	1,884	2,146	2,391
Total assets	57,670	58,668	58,750	58,909
Current liabilities	21,267	20,938	19,635	17,085
AP & other payables	2,482	2,711	2,733	2,763
Short-term financial liabilities	17,972	17,371	16,041	13,450
Other current liabilities	813	856	861	872
Non-current liabilities	25,577	25,948	25,973	26,007
Long-term financial liabilities	22,635	22,852	22,852	22,852
Other non-current liabilities	2,942	3,096	3,121	3,155
Total liabilities	46,843	46,886	45,608	43,092
Equity attributable to owners	10,829	11,786	13,147	15,824
Capital stock	462	462	462	462
Capital surplus	2,049	2,049	2,049	2,049
Retained earnings	7,780	8,761	10,122	12,799
Minority interests	-3	-4	-5	-7
Shareholders' equity	10,826	11,782	13,142	15,817

Key valuation metrics/ratios

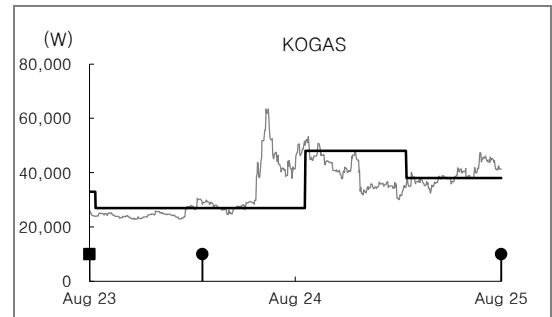
	2024	2025F	2026F	2027F
P/E (x)	2.8	3.4	2.6	1.4
P/CF (x)	0.6	0.9	0.8	0.8
P/B (x)	0.3	0.3	0.3	0.2
EV/EBITDA (x)	8.5	9.4	8.6	8.3
EPS (W)	12,422	12,022	16,121	30,378
CFPS (W)	58,615	47,380	50,533	48,935
BPS (W)	118,591	128,957	143,702	172,704
DPS (W)	1,455	1,455	1,455	1,455
Dividend payout ratio (%)	11.1	11.5	8.5	4.5
Dividend yield (%)	4.2	3.4	3.4	3.4
Revenue growth (%)	-13.8	2.5	4.8	2.7
EBITDA growth (%)	44.9	-9.7	6.6	-3.1
OP growth (%)	93.3	-14.1	11.7	-5.1
EPS growth (%)	TTB	-3.2	34.1	88.4
AR turnover (x)	5.7	5.6	5.7	5.8
Inventory turnover (x)	8.0	8.3	8.5	8.6
AP turnover (x)	13.8	16.4	15.3	15.7
ROA (%)	2.0	1.9	2.5	4.8
ROE (%)	11.2	9.8	11.9	19.4
ROIC (%)	4.3	4.2	4.4	4.2
Debt-to-equity ratio (%)	432.7	397.9	347.0	272.4
Current ratio (%)	79.8	85.5	91.9	106.8
Net debt-to-equity ratio (%)	362.2	328.6	284.4	219.8
Interest coverage ratio (x)	2.0	2.3	2.9	3.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
KOGAS (036460)	02/24/25	Hold	38,000
	08/29/24	Hold	48,000
	02/28/24	Hold	27,000
	08/23/23	Trading Buy	27,000
	02/27/23	Trading Buy	33,000



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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