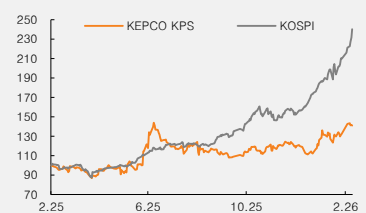


(Maintain)	Hold
Target price	▲ W64,000
Current price (2/26/26)	W62,000
Upside	3.2%

OP (25P, Wbn)	140
Consensus OP (25F, Wbn)	178
EPS growth (25P, %)	-27.8
Market EPS growth (25F, %)	36.0
P/E (25P, x)	17.9
Market P/E (25F, x)	21.6
KOSPI	6,307.27

Market cap (Wbn)	2,790
Shares (mn)	45
Free float (%)	47.8
Foreign ownership (%)	11.2
Beta (12M)	0.50
52-week low (W)	38,200
52-week high (W)	63,300

(%)	1M	6M	12M
Absolute	8.8	24.1	46.2
Relative	-14.6	-37.4	-38.8



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KEPCO KPS

Additional overseas orders needed

4Q25 review: Top-line growth outweighed by cost pressures

For 4Q25, KEPCO KPS posted revenue of W440.8bn (+2.2% YoY). Revenue from the nuclear/hydro segment increased by W24.6bn YoY to W200.4bn, supported by higher contributions from refurbishment/repair projects. However, overall revenue growth was capped by a weaker performance in the thermal segment, where refurbishment/repair projects fell to W131.1bn (-13.6% YoY).

Operating profit declined 53% YoY to W19.2bn despite the modest revenue increase, as cost pressures intensified (+8% YoY). Material costs surged 39.1% YoY due to higher expenses related to life extension projects. Outsourcing expenses—including subcontracting and safety management costs—also rose significantly. Meanwhile, labor expenses increased 2.4% YoY, reflecting higher retirement benefit costs. As a result, net profit fell 44% YoY to W19.8bn.

2026 outlook: Expecting improvement in domestic maintenance business

For 2026, KEPCO KPS is targeting YoY increases in planned preventive maintenance projects in both the thermal (87 units → 101 units) and nuclear (13 units → 20 units) segments. This expansion should underpin stable earnings growth.

For reference, thermal-related revenue rose 6% YoY in 2025, driven by an increase in maintenance volumes (71 units → 87 units). Meanwhile, nuclear/hydro revenue declined 3% YoY in the same year amid a decline in the number of projects (19 units → 13 units). However, taking into account that 2025 maintenance volumes fell short of the company's initial targets (91 units for thermal; 13 units for nuclear), actual revenue growth is unlikely to accelerate meaningfully.

Over the longer term, KEPCO KPS is expected to secure meaningful orders from overseas nuclear projects in Romania and the Czech Republic. However, these projects are unlikely to begin contributing to revenue until 2027 or later.

Raise TP to W64,000; maintain Hold

We raise our target price on KEPCO KPS to W64,000 (from W55,000), applying a P/E of 17x (the average peak multiple since 2022). However, given limited upside of 3.2%, we maintain our Hold rating. Our target price revision reflects a change in the earnings base year.

(Dec.)	2023	2024	2025P	2026F	2027F
Revenue (Wbn)	1,534	1,557	1,576	1,754	2,022
OP (Wbn)	199	209	140	195	218
OP margin (%)	13.0	13.4	8.9	11.1	10.8
NP (Wbn)	163	172	125	170	189
EPS (W)	3,615	3,832	2,768	3,771	4,208
ROE (%)	13.1	13.3	9.4	12.3	13.0
P/E (x)	9.4	11.5	17.9	16.4	14.7
P/B (x)	1.2	1.5	1.7	2.0	1.9
Dividend yield (%)	6.3	5.6	3.6	4.0	4.5

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

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Table 1. 4Q25 review

(Wbn, %, %p)

	4Q24	3Q25	4Q25P			Growth	
			Preliminary	Mirae Asset Securities	Consensus	YoY	QoQ
Revenue	431	394	441	459	449	2.2	12.0
OP	41	47	19	49	58	-53.0	-59.5
OP margin (%)	9.5	12.0	4.4	10.7	12.9	-5.1	-7.7
Pretax profit	47	52	24	54	60	-48.0	-52.6
NP	35	43	20	40	47	-44.3	-53.8

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

Source: Company data, Mirae Asset Securities Research

Table 2. Earnings forecast revisions

(Wbn, %)

	Previous		Revised		% chg.		Notes
	25F	26F	25P	26F	25P	26F	
Revenue	1,603	1,754	1,576	1,754	-1.6	0.0	Reflected 4Q25 earnings
OP	171	207	140	195	-18.0	-5.8	Revised up cost ratio estimates
Pretax profit	185	225	156	212	-15.4	-5.6	
NP	141	171	125	170	-11.6	-0.5	
EPS (W)	3,132	3,791	2,768	3,771	-11.6	-0.5	

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

Source: Company data, Mirae Asset Securities Research

Table 3. Quarterly and annual earnings

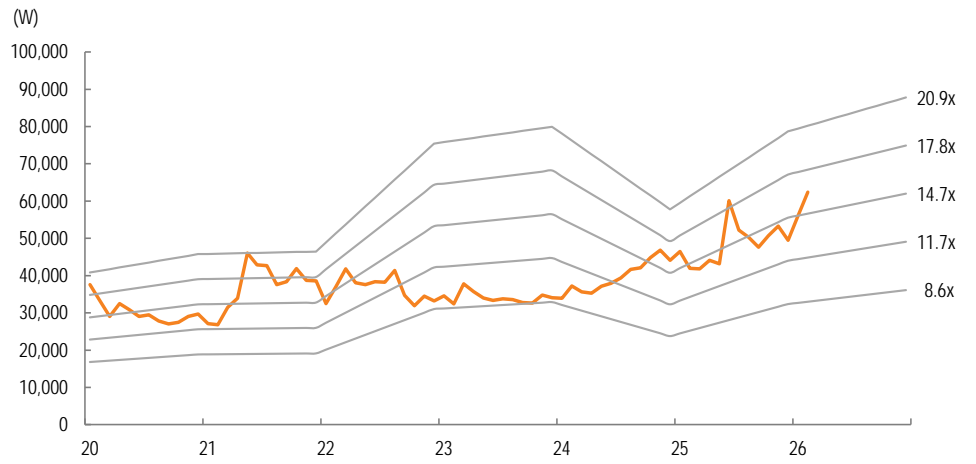
(Wbn, %)

	1Q25	2Q25	3Q25	4Q25P	1Q26F	2Q26F	3Q26F	4Q26F	2025	2026F	2027F
Revenue	288	454	394	441	412	417	444	481	1,576	1,754	2,022
Thermal	115	186	108	131	134	153	122	157	539	566	627
Nuclear/hydro	103	150	177	200	158	141	188	190	631	677	802
T/T	26	29	30	28	26	27	32	24	113	108	128
Domestic IPP	13	54	34	29	33	33	36	39	129	140	162
Overseas	31	35	45	52	62	63	67	72	164	263	303
OP	8	66	47	19	47	60	49	39	140	195	218
Pretax profit	16	65	52	24	52	64	53	44	156	212	236
NP	11	51	43	20	41	51	42	35	125	170	189
OP margin (%)	2.7	14.5	12.0	4.4	11.5	14.3	10.9	8.2	8.9	11.1	10.8
Pretax margin (%)	5.4	14.2	13.1	5.5	12.6	15.4	11.8	9.1	9.9	12.1	11.7
Net margin (%)	3.9	11.2	10.8	4.5	9.9	12.3	9.5	7.3	7.9	9.7	9.4

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

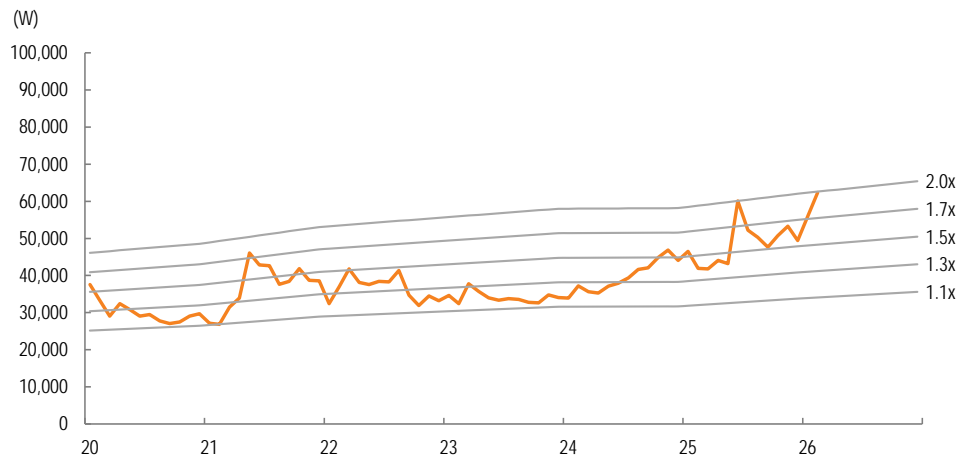
Source: Company data, WISEfn, Mirae Asset Securities Research estimates

Figure 1. P/E band chart



Source: QuantiWise, Mirae Asset Securities Research

Figure 2. P/B band chart



Source: QuantiWise, Mirae Asset Securities Research

KEPCO KPS (051600 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	1,557	1,576	1,754	2,022
Cost of revenue	1,262	1,339	1,451	1,679
GP	295	237	303	343
SG&A expenses	86	98	109	125
OP (adj.)	209	140	195	218
OP	209	140	195	218
Non-operating profit	16	16	17	18
Net financial income	13	17	17	18
Net income from associates	1	1	0	0
Pretax profit	225	156	212	236
Income tax	53	32	43	47
Profit from continuing operations	172	125	170	189
Profit from discontinued operations	0	0	0	0
NP	172	125	170	189
Attributable to owners	172	125	170	189
Attributable to minority interests	0	0	0	0
Total comprehensive income	153	115	170	189
Attributable to owners	153	115	170	189
Attributable to minority interests	0	0	0	0
EBITDA	274	205	262	286
FCF	491	135	134	155
EBITDA margin (%)	17.6	13.0	14.9	14.1
OP margin (%)	13.4	8.9	11.1	10.8
Net margin (%)	11.0	7.9	9.7	9.3

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	1,051	1,057	1,162	1,277
Cash & equivalents	100	105	122	112
AR & other receivables	192	197	215	241
Inventory	25	25	28	31
Other current assets	734	730	797	893
Non-current assets	639	647	665	676
Investments in associates	1	1	1	1
PP&E	458	467	482	485
Intangible assets	9	8	6	5
Total assets	1,690	1,705	1,827	1,952
Current liabilities	347	355	388	435
AP & other payables	22	22	24	27
Short-term financial liabilities	10	10	11	13
Other current liabilities	315	323	353	395
Non-current liabilities	14	17	18	20
Long-term financial liabilities	2	5	5	5
Other non-current liabilities	12	12	13	15
Total liabilities	362	372	406	454
Equity attributable to owners	1,328	1,332	1,421	1,498
Capital stock	9	9	9	9
Capital surplus	0	0	0	0
Retained earnings	1,319	1,323	1,411	1,488
Minority interests	0	0	0	0
Shareholders' equity	1,328	1,332	1,421	1,498

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	540	193	214	225
NP	172	125	170	189
Non-cash income/expenses	260	195	93	96
Depreciation	62	63	65	66
Amortization	2	2	2	1
Other	196	130	26	29
Chg. in working capital	154	-90	-23	-32
Chg. in AR & other receivables	328	-182	-18	-26
Chg. in inventory	1	-1	-2	-3
Chg. in AP & other payables	-1	4	1	2
Income tax	-52	-49	-43	-47
Cash flow from investing activities	-380	-68	-118	-124
Chg. in PP&E	-48	-57	-80	-70
Chg. in intangible assets	-2	-2	0	0
Chg. in financial assets	-328	-9	-38	-54
Other	-2	0	0	0
Cash flow from financing activities	-111	-119	-80	-111
Chg. in financial liabilities	4	3	1	1
Chg. in equity	0	0	0	0
Dividends	-97	-111	-81	-113
Other	-18	-11	0	1
Chg. in cash	51	6	17	-10
Beginning balance	49	100	105	122
Ending balance	100	105	122	112

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

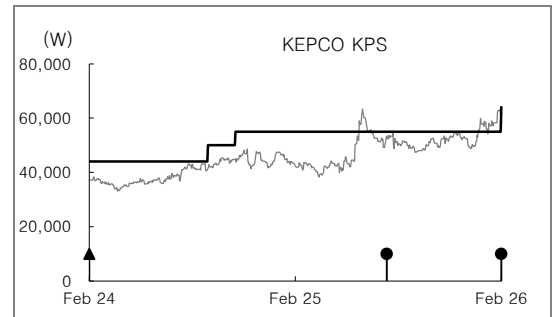
	2024	2025F	2026F	2027F
P/E (x)	11.5	17.9	16.4	14.7
P/CF (x)	4.6	7.0	10.6	9.8
P/B (x)	1.5	1.7	2.0	1.9
EV/EBITDA (x)	5.7	8.7	8.8	7.9
EPS (W)	3,832	2,768	3,771	4,208
CFPS (W)	9,601	7,104	5,827	6,352
BPS (W)	29,520	29,609	31,579	33,288
DPS (W)	2,469	1,800	2,500	2,800
Dividend payout ratio (%)	64.4	65.0	66.3	66.5
Dividend yield (%)	5.6	3.6	4.3	4.8
Revenue growth (%)	1.5	1.2	11.3	15.3
EBITDA growth (%)	9.0	-25.0	27.7	9.0
OP growth (%)	5.1	-33.1	39.3	12.0
EPS growth (%)	6.0	-27.8	36.2	11.6
AR turnover (x)	7.7	8.2	8.6	9.0
Inventory turnover (x)	62.3	63.1	66.4	69.1
AP turnover (x)	93.6	99.0	101.5	106.1
ROA (%)	10.5	7.3	9.6	10.0
ROE (%)	13.3	9.4	12.3	13.0
ROIC (%)	16.4	13.8	19.0	20.5
Debt-to-equity ratio (%)	27.2	27.9	28.6	30.3
Current ratio (%)	302.6	297.7	299.5	293.8
Net debt-to-equity ratio (%)	-32.3	-33.0	-34.3	-34.9
Interest coverage ratio (x)	299.4	247.9	269.5	276.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
KEPCO KPS (051600)	02/26/26	Hold	64,000
	08/07/25	Hold	55,000
	11/12/24	Buy	55,000
	09/24/24	Buy	50,000
	03/28/24	One year	44,000
	03/28/23	Buy	44,000



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	79.76%	1.19%	19.05%	0%
Investment banking services	83.33%	0%	16.67%	0%

* Based on recommendations in the last 12-months (as of December 31, 2025)

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