MIRAE ASSET Securities

010120 KS · Power Infrastructure

LS Electric

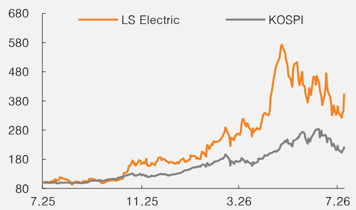
2Q26 review: Hyperscaler demand remains intact

Equity Research
July 24, 2026

(Maintain)	Buy
Target price	▲ W280,000
Current price (7/23/26)	W223,500
Upside	25.3%

OP (26F, Wbn)	711
Consensus OP (26F, Wbn)	680
EPS growth (26F, %)	96.8
Market EPS growth (26F, %)	260.0
P/E (26F, x)	59.4
Market P/E (26F, x)	7.3
KOSPI	7,096.89
Market cap (Wbn)	33,525
Shares (mn)	150
Free float (%)	50.7
Foreign ownership (%)	18.2
Beta (12M)	1.23
52-week low (W)	51,900
52-week high (W)	318,500

(%)	1M	6M	12M
Absolute	-3.9	119.5	299.1
Relative	11.1	54.4	79.0



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2Q26 review: Margin expansion continues on ASP hikes

For 2Q26, LS Electric reported revenue of W1.58tr (+32.2% YoY; 5.4% above the consensus), operating profit of W178.5bn (+64.3% YoY; 8.8% above the consensus), and an OP margin of 11.3%. Growth was driven by strong sales of switchgear and extra-high-voltage (EHV) transformers, which expanded 45.4% and 91.2% YoY, respectively. OP margin reached a record high, supported by ASP hikes and moderating silver and copper price increases. In 1H26, new orders totaled W3.2tr, achieving 80% of the firm's previous full-year guidance of W4tr. Reflecting volumes currently under discussion with prospective customers, management significantly raised its full-year order guidance to W6–6.5tr.

Hyperscaler demand remains robust

The market's biggest concern is that aggressive AI investments could push hyperscalers into negative free cash flow, ultimately leading to a slowdown in data center investment. However, we believe the latest results should help alleviate those concerns. Based on changes in the firm's order backlog, we estimate that 2Q26 switchgear orders reached approximately W1tr, marking a quarterly record. Notably, the company disclosed five hyperscaler-related orders during the quarter, totaling W800bn. All in all, hyperscalers continue to invest aggressively in AI infrastructure and remain proactive in securing critical power equipment. Additionally, LS Electric remains in discussions with major US tech companies regarding power equipment supply agreements, supporting our view that medium/long-term demand remains intact.

Maintain Buy and raise TP by 22% to W280,000

We maintain our Buy rating on LS Electric and raise our target price by 22% to W280,000 (from W230,000), reflecting a 9.8% increase in our 2028F EPS to W7,057 (from W6,428). We raised our utilization assumptions for the Cheongju plant, reflecting sustained order momentum for distribution equipment and additional ramp-up potential through a transition from a one-shift to a two-shift production system. In the EHV transformer business, we factored in mix improvements resulting from the firm's shift away from lower-priced domestic orders toward higher-margin semiconductor and overseas projects, supporting higher ASPs and improved profitability.

We believe investors should focus less on the stock's absolute valuation and more on the multiples it has historically commanded. With both its backlog and earnings capacity increasing further QoQ, we believe the firm's strengthened earnings profile now provides sufficient fundamental support to justify its historical multiples. As sentiment improves, we expect power equipment names to re-emerge as market leaders. Given that LS Electric has the highest beta in its peer group, we expect it to offer particularly strong share price momentum in a market recovery.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	4,552	4,966	6,431	7,953	9,633
OP (Wbn)	390	426	711	1,011	1,323
OP margin (%)	8.6	8.6	11.1	12.7	13.7
NP (Wbn)	239	287	564	808	1,057
EPS (W)	1,591	1,911	3,760	5,389	7,050
ROE (%)	13.4	14.7	24.6	28.7	30.3
P/E (x)	20.2	48.1	59.4	41.5	31.7
P/B (x)	2.6	6.6	13.3	10.7	8.7
Dividend yield (%)	1.8	0.7	0.6	0.9	1.2

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. Quarterly/annual earnings and forecasts (Wbn)

	1Q26	2Q26P	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2025	2026F	2027F	2028F
Orders	1,086.3	2,083.5	1,802.2	1,903.5	1,954.8	2,054.5	2,137.7	2,296.5	3,716.3	6,875.4	8,443.5	10,085.3
Backlog	5,642.5	6,999.8	7,106.4	7,228.2	7,339.8	7,454.5	7,577.7	7,718.6	5,015.4	7,718.6	7,718.6	8,171.3
Revenue	1,376.5	1,577.0	1,695.6	1,781.7	1,843.2	1,939.9	2,014.4	2,155.6	4,962.2	6,430.8	7,953.1	9,632.6
Electric	958.4	1,091.5	1,152.5	1,227.6	1,289.9	1,365.1	1,438.4	1,570.8	3,129.2	4,430.1	5,664.3	7,206.2
Electrical equipment	267.7	291.6	304.9	323.3	339.7	354.6	370.0	387.4	947.2	1,187.5	1,451.7	1,744.1
Electrical infrastructure	643.2	725.2	769.4	815.4	863.9	911.1	960.2	1,065.5	1,910.8	2,953.2	3,800.7	4,928.0
Switchgear	356.3	419.3	421.4	444.4	471.3	495.7	521.1	601.3	1,034.3	1,641.4	2,089.4	2,867.2
LV/MV transformers	73.2	80.7	85.9	87.0	88.8	90.0	91.1	92.6	290.5	326.8	362.5	387.2
EHV transformers	164.2	158.1	188.8	207.8	225.8	243.4	261.9	281.9	381.3	718.8	1,013.0	1,271.3
Other	49.5	67.1	73.3	76.2	78.0	82.1	86.0	89.7	204.6	266.1	335.8	402.4
Renewables	47.5	74.7	78.3	88.8	86.3	99.5	108.2	117.9	271.2	289.3	411.9	534.0
Automation	82.1	97.9	97.5	99.7	101.5	105.2	104.0	105.7	333.5	377.3	416.4	436.6
Subsidiaries/consolidation adj.	336.0	387.6	445.5	454.3	451.8	469.5	472.0	479.1	1,499.5	1,623.4	1,872.4	1,989.8
OP	126.6	178.4	191.7	214.6	228.3	242.9	256.7	283.7	426.9	711.2	1,011.5	1,323.5
Electric	105.6	137.4	158.5	174.5	187.7	201.9	216.3	241.1	352.7	576.1	846.9	1,147.2
Electrical equipment	36.5	45.5	56.9	64.0	69.3	74.2	79.5	85.4	176.9	202.9	308.4	405.7
Electrical infrastructure	78.1	92.7	103.3	113.1	120.6	128.1	135.9	154.3	202.1	387.1	538.9	727.1
Renewables	-8.9	-0.8	-1.6	-2.6	-2.2	-0.4	0.9	1.4	-26.4	-13.9	-0.3	14.4
Automation	2.7	9.4	-0.5	4.5	3.7	3.4	1.9	3.1	9.5	16.0	12.2	9.7
Subsidiaries/consolidation adj.	18.3	31.6	33.7	35.6	36.9	37.5	38.4	39.5	64.8	119.2	152.4	166.5
YoY (%)												10,000.0
Revenue	33.4	32.2	39.4	17.2	33.9	23.0	18.8	21.0	9.0	29.6	23.7	21.1
Electric	44.9	34.4	56.4	33.6	34.6	25.1	24.8	28.0	13.2	41.6	27.9	27.2
Electrical equipment	15.8	20.8	31.2	33.5	26.9	21.6	21.4	19.8	4.9	25.4	22.2	20.1
Electrical infrastructure	72.4	43.3	67.7	42.3	34.3	25.6	24.8	30.7	26.2	54.6	28.7	29.7
Switchgear	79.4	45.4	71.0	47.6	32.3	18.2	23.7	35.3	19.8	58.7	27.3	37.2
LV/MV transformers	68.1	-11.0	7.1	14.3	21.3	11.5	6.1	6.4	88.1	12.5	10.9	6.8
EHV transformers	83.3	91.2	112.8	72.7	37.5	53.9	38.8	35.7	5.1	88.5	40.9	25.5
Other	20.1	51.1	69.0	0.8	57.6	22.4	17.3	17.7	53.8	30.1	26.2	19.8
Renewables	-16.9	15.1	71.5	-14.2	81.7	33.1	38.2	32.7	-22.1	6.7	42.4	29.7
Automation	6.8	13.4	10.9	21.0	23.6	7.5	6.7	6.0	-2.9	13.1	10.4	4.8
Subsidiaries/consolidation adj.	14.3	31.7	13.8	-12.6	34.5	21.1	5.9	5.5	3.9	8.3	15.3	6.3
OP	45.0	64.3	90.2	64.8	80.4	36.1	33.9	32.2	9.6	66.6	42.2	30.8
Electric	48.8	50.9	114.5	49.5	77.7	46.9	36.4	38.2	13.1	63.4	47.0	35.5
Electrical equipment	-21.3	2.5	40.9	39.8	89.8	63.2	39.8	33.4	-3.0	14.7	52.0	31.6
Electrical infrastructure	152.2	66.4	129.5	60.4	54.5	38.2	31.6	36.4	38.1	91.5	39.2	34.9
Renewables	RR	RR	RR	RR	RR	RR	TTB	TTB	RR	RR	RR	TTB
Automation	-21.2	108.9	TTR	TTB	37.9	-63.5	TTR	-30.4	1,091.0	68.1	-24.1	-20.3
Subsidiaries/consolidation adj.	41.1	142.4	37.4	149.9	102.0	18.8	14.1	10.9	-16.0	84.0	27.9	9.3
OP margin (%)												
Overall	9.2	11.3	11.3	12.0	12.4	12.5	12.7	13.2	8.6	11.1	12.7	13.7
Electric	11.0	12.6	13.8	14.2	14.5	14.8	15.0	15.3	11.3	13.0	15.0	15.9
Electrical equipment	13.6	15.6	18.7	19.8	20.4	20.9	21.5	22.0	18.7	17.1	21.2	23.3
Electrical infrastructure	12.1	12.8	13.4	13.9	14.0	14.1	14.2	14.5	10.6	13.1	14.2	14.8
Renewables	-18.8	-1.1	-2.1	-2.9	-2.6	-0.4	0.8	1.2	-9.7	-4.8	-0.1	2.7
Automation	3.2	9.6	-0.6	4.5	3.6	3.3	1.9	3.0	2.9	4.2	2.9	2.2
Subsidiaries/consolidation adj.	5.4	8.2	7.6	7.8	8.2	8.0	8.1	8.2	4.3	7.3	8.1	8.4
Pretax profit	153.6	157.1	201.3	224.7	237.2	252.3	268.8	296.6	410.1	736.7	1,054.8	1,378.8
NP	120.5	117.3	154.5	172.5	182.1	193.7	206.4	227.7	286.6	564.8	809.8	1,058.5
Net margin (%)	8.8	7.4	9.1	9.7	9.9	10.0	10.2	10.6	5.8	8.8	10.2	11.0
EPS (W)	803.4	781.9	1,030.2	1,150.0	1,213.8	1,291.1	1,375.9	1,518.1	1,910.8	3,765.5	5,398.8	7,056.8
YoY (%)	72.5	74.9	132.6	107.1	51.1	65.1	33.6	32.0	20.1	97.1	43.4	30.7

Source Company data, Mirae Asset Securities Research

Table 2. TP calculation

	Value	Notes
2028F NP attr. to owners of the parent (Wbn)	1,058.5	
No. of shares (mn)	150.0	
2028F EPS (W)	7,056.8	
Target P/E (x)	40.0	Avg. 2028F multiple of distribution equipment peers with exposure to AI data centers
Target price (W)	280,000	Rounded
Current price (W)	223,500	Jul. 23 closing price
Upside	25.3	Buy rating

Source: Mirae Asset Securities Research

Table 3. Earnings forecast revisions

(Wbn)

	Previous				Revised				% chg.			
	3Q26F	2026F	2027F	2028F	3Q26F	2026F	2027F	2028F	3Q26F	2026F	2027F	2028F
Revenue	1,646.0	6,299.2	7,637.0	9,175.7	1,695.6	6,430.8	7,953.1	9,632.6	3.0	2.1	4.1	5.0
OP	188.1	695.7	945.2	1,200.5	191.7	711.2	1,011.5	1,323.5	1.9	2.2	7.0	10.2
NP	151.8	578.7	759.0	964.2	154.5	564.8	809.8	1,058.5	1.8	-2.4	6.7	9.8
EPS (W)	1,012.0	3,858.1	5,060.0	6,428.0	1,030.2	3,765.5	5,398.8	7,056.8	1.8	-2.4	6.7	9.8

Source: Mirae Asset Securities Research

Table 4. Annual earnings and forecasts

(Wbn)

	2022	2023	2024	2025	2026F	2027F	2028F
Revenue	3,377.4	4,230.5	4,551.8	4,962.2	6,430.8	7,953.1	9,632.6
Electric	1,873.9	2,612.0	2,765.0	3,129.2	4,430.1	5,664.3	7,206.2
Automation	409.5	392.3	343.5	333.5	377.3	416.4	436.6
Subsidiaries/consolidation adj.	1,093.9	1,226.2	1,443.4	1,499.5	1,623.4	1,872.4	1,989.8
OP	187.5	324.9	389.7	426.9	711.2	1,011.5	1,323.5
Electric	97.9	261.5	311.9	352.7	576.1	846.9	1,147.2
Automation	40.3	17.0	0.8	9.5	16.0	12.2	9.7
Subsidiaries/consolidation adj.	49.3	46.4	77.1	64.8	119.2	152.4	166.5
YoY (%)							
Revenue	26.6	25.3	7.6	9.0	29.6	23.7	21.1
Electric	21.5	39.4	5.9	13.2	41.6	27.9	27.2
Automation	22.2	-4.2	-12.5	-2.9	13.1	10.4	4.8
Subsidiaries/consolidation adj.	38.3	12.1	17.7	3.9	8.3	15.3	6.3
OP	20.9	73.2	20.0	9.6	66.6	42.2	30.8
Electric	19.9	167.2	19.3	13.1	63.4	47.0	35.5
Automation	21.4	-57.9	-95.3	1,091.0	68.1	-24.1	-20.3
Subsidiaries/consolidation adj.	22.4	-5.9	65.9	-16.0	84.0	27.9	9.3
OP margin (%)							
Overall	5.6	7.7	8.6	8.6	11.1	12.7	13.7
Electric	5.2	10.0	11.3	11.3	13.0	15.0	15.9
Automation	9.8	4.3	0.2	2.9	4.2	2.9	2.2
Subsidiaries/consolidation adj.	4.5	3.8	5.3	4.3	7.3	8.1	8.4
Non-operating profit	-61.6	-61.2	-56.3	-16.9	25.5	43.4	55.3
Pretax profit	126.0	263.7	333.4	410.1	736.7	1,054.8	1,378.8
NP attr. to owners	90.3	206.0	238.7	286.6	564.8	809.8	1,058.5
Net margin (%)	2.7	4.9	5.2	5.8	8.8	10.2	11.0
EPS (W)	**602.0**	**1,373.1**	**1,591.4**	**1,910.8**	**3,765.5**	**5,398.8**	**7,056.8**
YoY (%)	**6.6**	**128.1**	**15.9**	**20.1**	**97.1**	**43.4**	**30.7**

Source: Company data, Mirae Asset Securities Research

LS Electric (010120 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**4,966**	**6,431**	**7,953**	**9,633**
Cost of revenue	**3,914**	**5,075**	**6,278**	**7,603**
GP	**1,052**	**1,356**	**1,675**	**2,030**
SG&A expenses	**625**	**644**	**664**	**706**
OP (adj.)	**426**	**711**	**1,011**	**1,323**
OP	**426**	**711**	**1,011**	**1,323**
Non-operating profit	**-16**	**54**	**42**	**54**
Net financial income	-30	-24	-19	-7
Net income from associates	0	0	0	0
Pretax profit	410	765	1,053	1,377
Income tax	126	183	255	333
Profit from continuing operations	284	582	798	1,044
Profit from discontinued operations	0	0	0	0
NP	**284**	**557**	**798**	**1,044**
Attributable to owners	287	564	808	1,057
Attributable to minority interests	-2	-7	-10	-13
Total comprehensive income	**322**	**500**	**798**	**1,044**
Attributable to owners	310	542	865	1,131
Attributable to minority interests	12	-42	-67	-87
EBITDA	559	855	1,161	1,478
FCF	99	-54	419	592
EBITDA margin (%)	11.3	13.3	14.6	15.3
OP margin (%)	8.6	11.1	12.7	13.7
Net margin (%)	5.8	8.8	10.2	11.0

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**3,357**	**4,638**	**5,636**	**6,888**
Cash & equivalents	763	835	1,035	1,321
AR & other receivables	982	1,317	1,594	1,928
Inventory	553	793	959	1,160
Other current assets	1,059	1,693	2,048	2,479
Non-current assets	**1,600**	**1,652**	**1,690**	**1,725**
Investments in associates	18	20	25	30
PP&E	979	1,028	1,057	1,082
Intangible assets	175	173	175	176
Total assets	**4,957**	**6,290**	**7,327**	**8,612**
Current liabilities	**1,865**	**2,803**	**3,243**	**3,776**
AP & other payables	440	650	787	952
Short-term financial liabilities	653	898	938	987
Other current liabilities	772	1,255	1,518	1,837
Non-current liabilities	**951**	**913**	**923**	**935**
Long-term financial liabilities	793	865	865	865
Other non-current liabilities	158	48	58	70
Total liabilities	**2,815**	**3,716**	**4,166**	**4,711**
Equity attributable to owners	**2,069**	**2,514**	**3,110**	**3,864**
Capital stock	150	150	150	150
Capital surplus	-18	-15	-15	-15
Retained earnings	1,939	2,413	3,009	3,764
Minority interests	**72**	**60**	**50**	**37**
Shareholders' equity	**2,141**	**2,574**	**3,160**	**3,901**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**300**	**120**	**579**	**752**
NP	284	557	798	1,044
Non-cash income/expenses	370	337	415	487
Depreciation	116	126	131	135
Amortization	16	17	18	19
Other	238	194	266	333
Chg. in working capital	-175	-582	-369	-446
Chg. in AR & other receivables	-32	-316	-276	-334
Chg. in inventory	-75	-235	-166	-201
Chg. in AP & other payables	39	190	137	165
Income tax	-145	-172	-255	-333
Cash flow from investing activities	**-250**	**-166**	**-203**	**-207**
Chg. in PP&E	-200	-174	-160	-160
Chg. in intangible assets	-8	-17	-20	-20
Chg. in financial assets	-70	12	-23	-27
Other	28	13	0	0
Cash flow from financing activities	**59**	**91**	**-171**	**-254**
Chg. in financial liabilities	116	201	41	49
Chg. in equity	6	3	0	0
Dividends	-87	0	-212	-303
Other	24	-113	0	0
Chg. in cash	**103**	**72**	**201**	**286**
Beginning balance	660	763	835	1,035
Ending balance	763	835	1,035	1,321

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

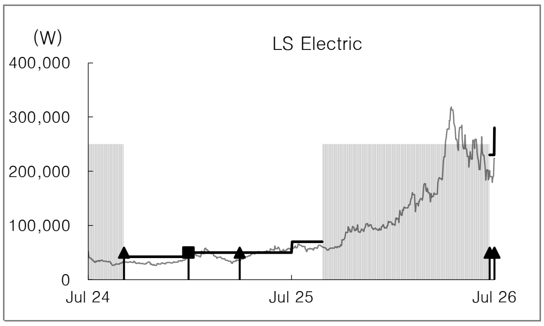
	2025	2026F	2027F	2028F
P/E (x)	48.1	59.4	41.5	31.7
P/CF (x)	21.1	37.5	27.6	21.9
P/B (x)	6.6	13.3	10.7	8.7
EV/EBITDA (x)	25.9	40.3	29.5	23.0
EPS (W)	1,911	3,760	5,389	7,050
CFPS (W)	4,359	5,962	8,088	10,210
BPS (W)	13,864	16,823	20,801	25,829
DPS (W)	600	1,422	2,038	2,667
Dividend payout ratio (%)	31.4	38.0	38.0	38.0
Dividend yield (%)	0.7	0.6	0.9	1.2
Revenue growth (%)	9.1	29.5	23.7	21.1
EBITDA growth (%)	11.0	52.9	35.8	27.3
OP growth (%)	9.4	66.8	42.2	30.8
EPS growth (%)	20.1	96.8	43.3	30.8
AR turnover (x)	5.0	5.6	5.5	5.5
Inventory turnover (x)	9.3	9.6	9.1	9.1
AP turnover (x)	9.2	9.3	8.7	8.7
ROA (%)	6.0	9.9	11.7	13.1
ROE (%)	14.7	24.6	28.7	30.3
ROIC (%)	11.7	18.1	22.6	26.1
Debt-to-equity ratio (%)	131.5	144.4	131.8	120.8
Current ratio (%)	180.0	165.5	173.8	182.4
Net debt-to-equity ratio (%)	26.8	32.4	20.7	10.1
Interest coverage ratio (x)	8.2	14.3	19.6	25.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
LS Electric (010120)	07/24/26	Buy	280,000
	07/15/26	Buy	230,000
	09/18/25	No Coverage	
	07/25/25	Buy	70,000
	04/22/25	Buy	50,000
	01/20/25	Trading Buy	50,000
	09/26/24	Buy	42,000



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	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	83.02%	0%	16.35%	0.63%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of June 30, 2026)

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