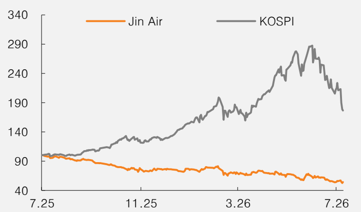
MIRAE ASSET Securities

Equity Research
July 31, 2026

(Maintain)	**Buy**
Target price	▼ **W7,000**
Current price (7/30/26)	W4,960
Upside	41.1%

OP (26F, Wbn)	-30
Consensus OP (26F, Wbn)	-34
EPS growth (26F, %)	RR
Market EPS growth (26F, %)	270.0
P/E (26F, x)	-
Market P/E (26F, x)	5.6
KOSPI	5,593.56
Market cap (Wbn)	259
Shares (mn)	52
Free float (%)	42.1
Foreign ownership (%)	1.2
Beta (12M)	0.41
52-week low (W)	4,815
52-week high (W)	9,000

(%)	1M	6M	12M
Absolute	-12.5	-26.8	-44.7
Relative	32.6	-31.7	-67.8



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272450 KS · Transportation/Logistics

Jin Air

The only compelling choice among LCCs

2Q26 preview: Off-season weakness compounded by high oil prices

For 2Q26, we expect Jin Air to post revenue of W376.3bn, marking a record high for the second quarter. While capacity cuts likely continued (following the 8.5% YoY decline in international capacity in 1Q26), keeping traffic volume on a downward trend, we estimate that yield growth accelerated sharply as fuel surcharges reached a record high.

We estimate operating loss at W58.9bn (swinging to a loss QoQ). Operating expenses likely rose 24.9% YoY, driven primarily by fuel costs, which likely accounted for a sharply higher share of total costs. On the non-operating side, we expect the company to post a net loss of W53.9bn due to financial expenses, including FX translation losses.

The emergence of a major LCC matters more than near-term earnings

Oil prices and FX rates have stabilized since mid-2Q26, while the peak season is approaching. For 3Q26, we estimate fuel costs at W112.5bn (29.7% of revenue). While overall passenger demand remains relatively healthy, demand for Southeast Asia routes is weakening, suggesting that Jin Air and other LCCs are likely to see meaningful strength only on Japan and China routes. While the effects of both fuel surcharges and FX movements should become less pronounced, operating losses appear likely to continue in 3Q26 and for the full year (2026 forecast: -W30.2bn).

More important than near-term earnings, however, is the expected emergence of a major LCC through the integration of three airlines, with Jin Air as the surviving entity. Under the merger plan announced late last year, the launch of the integrated carrier is targeted for 1Q27. Once the integration is completed, the combined carrier should operate a fleet of nearly 60 aircraft, making it Korea's largest LCC.

Lower TP to W7,000, but maintain Buy; Korea's no. 1 LCC

We maintain our Buy rating on Jin Air but lower our target price to W7,000 (from W9,000), reflecting downward revisions to our earnings forecasts due primarily to higher oil prices (target EV/EBITDA unchanged at 3.0x). The integrated LCC will be part of the enlarged Korean Air group, positioning it for significant financial and operational synergies. This should clearly differentiate it from other domestic LCCs, which face financial difficulties amid a challenging operating environment.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	1,461	1,381	1,544	1,581	1,663
OP (Wbn)	163	-19	-30	68	133
OP margin (%)	11.2	-1.4	-1.9	4.3	8.0
NP (Wbn)	96	-10	-58	22	64
EPS (W)	1,834	-187	-1,120	417	1,235
ROE (%)	51.2	-4.3	-30.0	12.3	29.3
P/E (x)	5.2	-	-	11.9	4.0
P/B (x)	2.1	1.5	1.5	1.3	1.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

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

Table 1. 2Q26 preview (Wbn, %, %p)

	2Q25	1Q26	2Q26F		Growth	
			Mirae Asset Securities	Consensus	YoY	QoQ
Revenue	306	423	376	343	23.0	-11.0
OP	-42	58	-59	-71	RR	TTR
OP margin (%)	-13.8	13.6	-15.7	-20.6	RR	TTR
Pretax profit	-20	35	-79	-61	RR	TTR
NP	-16	22	-54	-55	RR	TTR

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

Table 2. Earnings forecast revisions (Wbn, %)

	Previous		Revised		% chg.		Notes
	26F	27F	26F	27F	26F	27F	
Revenue	1,386	1,416	1,544	1,581	11.4	11.6	Fuel surcharges
OP	45	77	-30	68	-167.7	-11.9	FX/oil price adjustments
Pretax profit	49	73	-85	33	-273.4	-54.3	
NP	34	51	-58	22	-269.6	-57.6	
EPS (W)	661	985	-1,120	417	-269.6	-57.6	

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

Table 3. Quarterly and annual earnings (Wbn, %)

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26F	3Q26F	4Q26F	2025	2026F	2027F
Revenue	418	306	304	353	423	376	379	365	1,381	1,544	1,581
Domestic	46	61	64	67	51	63	67	67	238	248	248
International	343	220	216	261	349	290	289	274	1,040	1,201	1,201
Other	29	24	24	25	23	23	24	24	103	94	131
OP	58	-42	-23	-13	58	-59	-11	-17	-19	-30	68
OP margin (%)	13.9	-13.8	-7.4	-3.6	13.6	-15.7	-3.0	-4.8	-1.4	-2.0	4.3
Pretax profit	58	-20	-35	-23	35	-79	-17	-24	-20	-85	33
NP	46	-16	-28	-12	22	-54	-11	-15	-10	-58	22
Domestic											
ASK (%, YoY)	-9.4	-1.7	10.4	23.7	4.5	5.0	10.0	2.0	5.9	5.4	2.0
RPK (%, YoY)	-14.4	-5.6	8.4	24.5	7.9	4.9	8.5	-0.1	3.3	5.0	0.7
L/F (%)	84.5	83.8	83.5	85.0	84.5	84.7	83.3	83.5	83.9	83.6	82.6
Yield (%, YoY)	-8.1	-10.2	-11.9	-17.0	3.4	-1.9	-5.4	2.1	-13.0	-0.8	-3.5
International											
ASK (%, YoY)	4.3	4.7	-2.5	-9.1	-5.0	-8.5	-3.0	4.0	-0.8	-3.2	5.0
RPK (%, YoY)	2.8	3.5	-4.7	-14.5	-6.7	-8.2	-3.6	6.7	-3.4	-3.2	4.7
L/F (%)	90.7	88.1	86.2	87.8	90.7	88.0	85.2	86.8	87.0	87.0	86.8
Yield (%, YoY)	-2.8	0.0	-15.8	14.6	7.5	43.7	40.0	-1.0	-2.2	19.3	-1.3

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

Jin Air (272450 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**1,381**	**1,544**	**1,581**	**1,663**
Cost of revenue	**1,278**	**1,438**	**1,387**	**1,396**
GP	**103**	**106**	**194**	**267**
SG&A expenses	**122**	**136**	**126**	**133**
OP (adj.)	**-19**	**-30**	**68**	**133**
OP	**-19**	**-30**	**68**	**133**
Non-operating profit	**-1**	**-55**	**-35**	**-33**
Net financial income	-8	-27	-34	-33
Net income from associates	0	0	0	0
Pretax profit	-20	-85	33	100
Income tax	-10	-27	12	35
Profit from continuing operations	-10	-58	22	64
Profit from discontinued operations	0	0	0	0
NP	**-10**	**-58**	**22**	**64**
Attributable to owners	-10	-58	22	64
Attributable to minority interests	0	0	0	0
Total comprehensive income	**-7**	**-59**	**22**	**64**
Attributable to owners	-7	-59	22	64
Attributable to minority interests	0	0	0	0
EBITDA	90	91	200	138
FCF	61	80	230	148
EBITDA margin (%)	6.5	5.9	12.7	8.3
OP margin (%)	-1.4	-1.9	4.3	8.0
Net margin (%)	-0.7	-3.8	1.4	3.8

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**626**	**747**	**796**	**837**
Cash & equivalents	42	137	157	167
AR & other receivables	37	38	40	42
Inventory	1	1	1	1
Other current assets	546	571	598	627
Non-current assets	**549**	**717**	**764**	**765**
Investments in associates	4	4	4	4
PP&E	24	28	28	28
Intangible assets	4	3	3	2
Total assets	**1,174**	**1,464**	**1,560**	**1,603**
Current liabilities	**556**	**791**	**861**	**835**
AP & other payables	19	20	21	22
Short-term financial liabilities	83	383	434	387
Other current liabilities	454	388	406	426
Non-current liabilities	**394**	**508**	**511**	**515**
Long-term financial liabilities	319	430	430	430
Other non-current liabilities	75	78	81	85
Total liabilities	**950**	**1,299**	**1,372**	**1,351**
Equity attributable to owners	**224**	**166**	**188**	**252**
Capital stock	52	52	52	52
Capital surplus	96	96	96	96
Retained earnings	86	27	49	114
Minority interests	**0**	**0**	**0**	**0**
Shareholders' equity	**224**	**166**	**188**	**252**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**80**	**87**	**230**	**148**
NP	-10	-58	22	64
Non-cash income/expenses	224	189	178	74
Depreciation	108	121	132	4
Amortization	1	1	1	1
Other	115	67	45	69
Chg. in working capital	-145	-107	18	20
Chg. in AR & other receivables	8	-1	-2	-2
Chg. in inventory	0	0	0	0
Chg. in AP & other payables	0	-2	0	0
Income tax	-8	39	-12	-35
Cash flow from investing activities	**-28**	**-110**	**-72**	**-27**
Chg. in PP&E	-19	-7	0	0
Chg. in intangible assets	-1	0	0	0
Chg. in financial assets	-7	-24	-26	-27
Other	-1	-79	-46	0
Cash flow from financing activities	**-144**	**209**	**-7**	**-106**
Chg. in financial liabilities	-25	411	51	-47
Chg. in equity	-200	0	0	0
Dividends	0	0	0	0
Other	81	-202	-58	-59
Chg. in cash	**-92**	**95**	**19**	**10**
Beginning balance	135	42	137	157
Ending balance	42	137	157	167

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

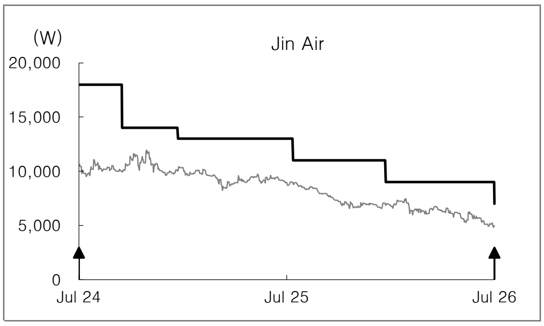
	2025	2026F	2027F	2028F
P/E (x)	-	-	11.9	4.0
P/CF (x)	1.7	2.0	1.3	1.9
P/B (x)	1.5	1.5	1.3	1.0
EV/EBITDA (x)	2.9	4.7	2.2	2.6
EPS (W)	-187	-1,120	417	1,235
CFPS (W)	4,110	2,510	3,833	2,644
BPS (W)	4,483	3,360	3,777	5,012
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	-5.5	11.8	2.4	5.2
EBITDA growth (%)	-65.6	1.8	119.2	-31.0
OP growth (%)	TTR	RR	TTB	96.7
EPS growth (%)	TTR	RR	TTB	195.8
AR turnover (x)	36.1	44.2	43.5	43.6
Inventory turnover (x)	1,950.5	2,708.3	2,664.6	2,673.4
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	-0.8	-4.4	1.4	4.1
ROE (%)	-4.3	-30.0	12.3	29.3
ROIC (%)	-7.4	-4.4	10.8	20.4
Debt-to-equity ratio (%)	423.2	783.2	731.5	535.9
Current ratio (%)	112.6	94.5	92.4	100.2
Net debt-to-equity ratio (%)	-46.9	102.6	94.5	37.4
Interest coverage ratio (x)	-0.6	-0.6	1.2	2.3

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Jin Air (272450)	07/31/26	Buy	7,000
	01/21/26	Buy	9,000
	08/11/25	Buy	11,000
	01/21/25	Buy	13,000
	10/15/24	Buy	14,000
	01/23/24	Buy	18,000



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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