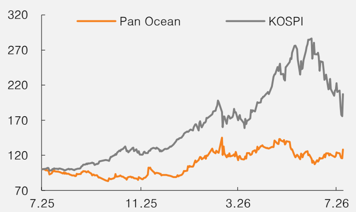
MIRAE ASSET Securities

Equity Research
July 31, 2026

| | |
|---|---|
| (Maintain) | **Buy** |
| Target price | ▲ **W8,000** |
| Current price (7/31/26) | W5,470 |
| Upside | 46.3% |

| | |
|---|---|
| OP (26F, Wbn) | 668 |
| Consensus OP (26F, Wbn) | 595 |
| EPS growth (26F, %) | 58.1 |
| Market EPS growth (26F, %) | 275.0 |
| P/E (26F, x) | 6.1 |
| Market P/E (26F, x) | 6.5 |
| KOSPI | 6,595.45 |
| Market cap (Wbn) | 2,924 |
| Shares (mn) | 535 |
| Free float (%) | 45.1 |
| Foreign ownership (%) | 17.8 |
| Beta (12M) | 0.29 |
| 52-week low (W) | 3,550 |
| 52-week high (W) | 6,200 |

| (%) | 1M | 6M | 12M |
|---|---|---|---|
| Absolute | 15.5 | 16.4 | 29.9 |
| Relative | 48.5 | -7.8 | -36.1 |

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028670 KS · Transportation/Logistics

# Pan Ocean

## Strength across the board

### 2Q26 review: OP beats consensus on broad-based strength

For 2Q26, Pan Ocean reported consolidated revenue of W1.91tr (+148% YoY) and operating profit of W193.7bn (+157% YoY; significantly above the consensus of W155.9bn). Against a favorable market backdrop (with the BDI averaging 2,159p), the company generated operating profit of W84.7bn from the dry bulk division alone, supported by stronger cost competitiveness. The tanker business also benefited from robust market conditions, posting operating profit of W43.7bn. Even the previously weak container business rebounded, delivering operating profit of W14.5bn, supported by the diversification of trading patterns.

### Strong earnings to continue in 2H26 on solid demand

The dry bulk market should remain solid in 2H26, supported by the peak South American grain export season and Brazilian iron ore shipments. Given projected net fleet growth for the full year, we expect market conditions to fluctuate but remain broadly firm at current levels.

The long-term tanker (wet bulk) outlook is more favorable than the dry bulk outlook. As Asian countries seek to reduce their dependence on the Middle East, they are increasingly sourcing crude oil from the US and Canada, driving growth in tonne-mile demand.

Long-term growth drivers are also taking shape. The delivery of all 10 secondhand vessels acquired from SK Shipping is expected to be completed by year-end, with each vessel backed by a long-term consecutive voyage charter (CVC) contract. The company disclosed that it expects the contracts to generate approximately US$584mn (W840bn) in revenue over four years from May 2026. As the contracts incorporate a cost reimbursement mechanism, they offer high returns, with OP margins nearing 17-18%. Although the contracts are accounted for conservatively as finance lease receivables—reducing reported revenue by an amount equivalent to the vessels' value—their underlying earnings contribution should be substantial.

### Maintain Buy and raise TP to W8,000

We raise our target price for Pan Ocean to W8,000 (from W7,400), reflecting upward revisions to our earnings estimates (target EV/EBITDA of 7x unchanged). The company is not only expanding its asset base to drive top-line growth but also improving earnings quality by increasing the share of high-margin, long-term contracts. Over the longer term, we expect the growing contribution from the tanker business to support a valuation re-rating. Expectations for stronger shareholder returns, including a potential increase in dividend guidance, also remain intact.

| (Dec.) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Revenue (Wbn) | 5,161 | 5,433 | 7,322 | 7,005 | 7,254 |
| OP (Wbn) | 471 | 492 | 668 | 636 | 659 |
| OP margin (%) | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 |
| NP (Wbn) | 268 | 301 | 477 | 517 | 503 |
| EPS (W) | 502 | 564 | 892 | 966 | 940 |
| ROE (%) | 5.2 | 5.3 | 7.8 | 7.8 | 7.1 |
| P/E (x) | 6.6 | 6.8 | 6.1 | 5.7 | 5.8 |
| P/B (x) | 0.3 | 0.4 | 0.5 | 0.4 | 0.4 |
| Dividend yield (%) | 3.6 | 3.9 | 2.7 | 2.7 | 2.7 |

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

**Table 1. 2Q26 review** (Wbn, %, %p)

| | 2Q25 | 1Q26 | 2Q26P | | | Growth | |
|---|---|---|---|---|---|---|---|
| | | | Preliminary | Mirae Asset Securities | Consensus | YoY | QoQ |
| Revenue | 1,294 | 1,509 | 1,914 | 1,451 | 1,541 | 47.9 | 26.8 |
| OP | 123 | 141 | 194 | 144 | 156 | 57.5 | 37.5 |
| OP margin (%) | 9.5 | 9.3 | 10.1 | 9.9 | 10.1 | 0.6 | 0.8 |
| Pretax profit | 126 | 98 | 140 | 108 | 111 | 11.7 | 43.5 |
| NP | 123 | 95 | 138 | 104 | 105 | 12.0 | 45.5 |

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

**Table 2. Earnings forecast revisions** (Wbn, %)

| | Previous | | Revised | | % chg. | | Notes |
|---|---|---|---|---|---|---|---|
| | 26F | 27F | 26F | 27F | 26F | 27F | |
| Revenue | 6,184 | 6,566 | 7,322 | 7,005 | 18.4 | 6.7 | Oil prices and freight rates reflected |
| OP | 582 | 593 | 668 | 636 | 14.8 | 7.2 | Improved tanker, bulker, and container ship margins |
| Pretax profit | 428 | 532 | 493 | 536 | 15.1 | 0.8 | |
| NP | 404 | 497 | 477 | 517 | 18.0 | 4.0 | |
| EPS (W) | 755 | 929 | 892 | 966 | 18.0 | 4.0 | |

Notes: Under 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 | 2Q26P | 3Q26F | 4Q26F | 2025 | 2026F | 2027F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 1,393 | 1,294 | 1,269 | 1,476 | 1,509 | 1,914 | 1,936 | 1,964 | 5,433 | 7,322 | 7,005 |
| Dry bulk | 752 | 774 | 760 | 800 | 760 | 961 | 988 | 821 | 3,086 | 3,530 | 3,359 |
| Tanker | 78 | 70 | 76 | 74 | 78 | 96 | 94 | 83 | 298 | 350 | 334 |
| Container | 113 | 110 | 106 | 113 | 106 | 132 | 121 | 115 | 442 | 474 | 469 |
| Other | 450 | 339 | 328 | 489 | 566 | 725 | 733 | 945 | 1,607 | 2,969 | 2,843 |
| OP | 113 | 123 | 125 | 130 | 141 | 194 | 178 | 155 | 492 | 668 | 636 |
| Dry bulk | 48 | 53 | 55 | 61 | 55 | 85 | 77 | 62 | 217 | 278 | 237 |
| Tanker | 20 | 16 | 20 | 21 | 28 | 44 | 40 | 31 | 78 | 143 | 80 |
| Container | 16 | 15 | 8 | 10 | 9 | 15 | 10 | 10 | 48 | 44 | 39 |
| Other | 30 | 38 | 42 | 39 | 49 | 51 | 51 | 52 | 149 | 203 | 281 |
| Pretax profit | 75 | 126 | 61 | 57 | 98 | 140 | 138 | 117 | 318 | 493 | 536 |
| NP (owners of the parent) | 72 | 123 | 58 | 49 | 95 | 138 | 133 | 111 | 301 | 477 | 517 |
| OP margin | 8.1 | 9.5 | 9.9 | 8.8 | 9.3 | 10.1 | 9.2 | 7.9 | 9.1 | 9.1 | 9.1 |
| Net margin (owners of the parent) | 5.2 | 9.5 | 4.6 | 3.3 | 6.3 | 7.2 | 6.9 | 5.7 | 5.5 | 6.5 | 7.4 |

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

**Table 4. Pan Ocean's vessels in operation (as of end-2Q26)** (No. of vessels)

| | | Owned (CVC) | Chartered (1Y+) | Total |
|---|---|---|---|---|
| Dry bulk | Handysize (10-40K) | 7 | 39 (8) | 46 |
| | Handymax (40-70K) | 24 (10) | 44 (7) | 68 |
| | Panamax (70-100K) | 12 (2) | 31 (1) | 43 |
| | Capesize (100K+) | 38 (29) | 15 | 53 |
| Dry bulk Total | | 81 (41) | 129 (16) | 210 |
| Non-dry bulk | VLCC | 5 (4) | 0 | 5 |
| | MR tanker | 11 | 1 (1) | 12 |
| | Chemical tanker | 5 | 1 (1) | 6 |
| | Container | 8 | 3 (1) | 11 |
| | Heavy Lift | 0 | 1 | 1 |
| | LNG | 12 (12) | 1 (1) | 13 |
| Non-dry bulk total | | 41 (17) | 7 (4) | 48 |
| Total | | 122 (57) | 136 (20) | 258 |

Source: Company data, Mirae Asset Securities Research

**Table 5. Overview of Pan Ocean's CVC contracts (as of end-2Q26)**

| Cargo owner | Vessels in operation | Remaining term (years) | Vessel details | Notes |
|---|---|---|---|---|
| Vale | 16 | 13.3 | Eight 400,000 DWT vessels, six 325,000 DWT vessels, two 208,000 DWT vessels | Scrubber installation (16) |
| Suzano | 10 | 10.0 | Five 57,000 DWT vessels, five 62,000 DWT vessels | VLSFO (10) |
| KEPCO subsidiaries | 8 | 5.2 | Two 175,000 DWT vessels, four 150,000 DWT vessels, two 83,000 DWT vessels | Scrubber installation (2); VLSFO (6) |
| POSCO | 4 | 4.2 | One 208,000 DWT vessel, one 180,000 DWT vessel, and two 175,000 DWT vessels | Scrubber installation (2); VLSFO (2) |
| Hyundai Steel | 3 | 6.0 | One 250,000 DWT vessel, one 208,000 DWT vessel and one 175,000 DWT vessel | VLSFO (3) |
| S-Oil | 1 | 3.6 | One 300,000 VLCC vessel | Scrubber installation (1) |
| SK Energy & SK Incheon Petrochem | 3 | 3.0 | Three 313,000 VLCC vessel | Scrubber installation (3) |
| GALP | 1 | 1.5 | One 174,000 DWT LNG carrier | Five-year charter (3+3) |
| QatarEnergy | 5 | 12.6 | Two 174,000 DWT LNG carriers | 12-year charter (4+4) |
| | | | Three 174,000 DWT LNG carriers | 15-year charter (5+5) |
| Shell | 4 | 5.3 | Four 174,000 DWT LNG carriers | Seven-year charter (3+3) |
| Shell | 1 | 3.0 | One 18,000 DWT LNG bunkering vessel | Six-year charter (1+1) |
| Shell | 1 | 1.9 | One 6,500 DWT LNG bunkering vessel | Seven-year charter (3+3) |
| **Total** | 57 | | | |

Source: Company data, Mirae Asset Securities Research

**Table 6. Pan Ocean: Vessel delivery schedule (as of end-2Q26)**

| Vessel type | Size | No. of vessels | Delivery schedule | Notes | Details |
|---|---|---|---|---|---|
| Tanker | MR (50K DWT) | 3 | Jul. 2026<br>Apr./Aug. 2027 | New | 1 vessel delivered on Jul. 22 |
| | VLCC (300K DWT) | 2 | Apr./Jun. 2027 | New | |
| | VLCC (319K DWT) | 3 | Mar./Jun./Dec. 2029 | New | |
| | VLCC (320K DWT) | 4 | Sep./Nov./Dec. 2029<br>Feb. 2030 | New | SK Energy &<br>SK Incheon Petrochem CVC |
| | VLCC (313K DWT) | 7 | Sequential deliveries from Jun. 2026 | Secondhand | SK Shipping |
| Bulk | Ultramax (64K DWT) | 3 | Jul. 2026<br>Oct. 2027<br>Jan. 2028 | New | 1 vessel delivered on Jul. 16 |
| | Newcastlemax (210K DWT) | 4 | Oct./Dec. 2029<br>Mar./Jun. 2030 | New | |
| **Total** | | **26** | | | |

Source: Company data, Mirae Asset Securities Research

## Pan Ocean (028670 KS)

### Income statement (summarized)

| (Wbn) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Revenue** | **5,433** | **7,322** | **7,005** | **7,254** |
| **Cost of revenue** | **4,820** | **6,502** | **6,208** | **6,429** |
| **GP** | **613** | **820** | **797** | **825** |
| **SG&A expenses** | **121** | **152** | **161** | **167** |
| **OP (adj.)** | **492** | **668** | **636** | **659** |
| **OP** | **492** | **668** | **636** | **659** |
| **Non-operating profit** | **-174** | **-175** | **-100** | **-137** |
| Net financial income | -177 | -219 | -260 | -257 |
| Net income from associates | 29 | 35 | 60 | 60 |
| Pretax profit | 318 | 493 | 536 | 522 |
| Income tax | 17 | 16 | 19 | 19 |
| Profit from continuing operations | 301 | 477 | 517 | 503 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 |
| **NP** | **301** | **477** | **517** | **503** |
| Attributable to owners | 301 | 477 | 517 | 503 |
| Attributable to minority interests | 0 | 0 | 0 | 0 |
| **Total comprehensive income** | **134** | **798** | **517** | **503** |
| Attributable to owners | 134 | 798 | 517 | 503 |
| Attributable to minority interests | 0 | 0 | 0 | 0 |
| EBITDA | 1,013 | 1,258 | 1,205 | 1,231 |
| FCF | 481 | 106 | 632 | 695 |
| EBITDA margin (%) | 18.6 | 17.2 | 17.2 | 17.0 |
| OP margin (%) | 9.1 | 9.1 | 9.1 | 9.1 |
| Net margin (%) | 5.5 | 6.5 | 7.4 | 6.9 |

### Balance sheet (summarized)

| (Wbn) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Current assets** | **1,854** | **2,492** | **3,218** | **2,435** |
| Cash & equivalents | 840 | 1,143 | 1,953 | 1,125 |
| AR & other receivables | 262 | 348 | 327 | 338 |
| Inventory | 115 | 153 | 144 | 149 |
| Other current assets | 637 | 848 | 794 | 823 |
| **Non-current assets** | **9,000** | **9,849** | **9,977** | **10,017** |
| Investments in associates | 202 | 242 | 227 | 235 |
| PP&E | 8,653 | 9,373 | 9,523 | 9,551 |
| Intangible assets | 10 | 11 | 11 | 11 |
| **Total assets** | **10,854** | **12,341** | **13,195** | **12,452** |
| **Current liabilities** | **1,366** | **1,829** | **2,308** | **1,157** |
| AP & other payables | 226 | 300 | 282 | 292 |
| Short-term financial liabilities | 748 | 1,242 | 1,758 | 587 |
| Other current liabilities | 392 | 287 | 268 | 278 |
| **Non-current liabilities** | **3,764** | **4,071** | **4,009** | **3,995** |
| Long-term financial liabilities | 3,740 | 4,040 | 3,980 | 3,965 |
| Other non-current liabilities | 24 | 31 | 29 | 30 |
| **Total liabilities** | **5,130** | **5,900** | **6,317** | **5,152** |
| **Equity attributable to owners** | **5,723** | **6,441** | **6,878** | **7,300** |
| Capital stock | 535 | 535 | 535 | 535 |
| Capital surplus | 1,942 | 1,942 | 1,942 | 1,942 |
| Retained earnings | 2,097 | 2,495 | 2,931 | 3,354 |
| **Minority interests** | **0** | **0** | **0** | **0** |
| **Shareholders' equity** | **5,723** | **6,441** | **6,878** | **7,300** |

### Cash flow statement (summarized)

| (Wbn) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Operating cash flow** | **703** | **978** | **1,352** | **1,295** |
| NP | 301 | 477 | 517 | 503 |
| Non-cash income/expenses | 713 | 972 | 827 | 827 |
| Depreciation | 520 | 590 | 569 | 573 |
| Amortization | 1 | 0 | 0 | 0 |
| Other | 192 | 382 | 258 | 254 |
| Chg. in working capital | -17 | -395 | 28 | -15 |
| Chg. in AR & other receivables | 22 | -127 | 21 | -11 |
| Chg. in inventory | 4 | -18 | 10 | -5 |
| Chg. in AP & other payables | -40 | 18 | -17 | 9 |
| Income tax | -42 | -15 | -19 | -19 |
| **Cash flow from investing activities** | **-263** | **-936** | **-693** | **-611** |
| Chg. in PP&E | -212 | -872 | -720 | -600 |
| Chg. in intangible assets | -1 | 0 | 0 | 0 |
| Chg. in financial assets | 81 | -98 | 24 | -13 |
| Other | -131 | 34 | 3 | 2 |
| **Cash flow from financing activities** | **-450** | **240** | **116** | **-1,524** |
| Chg. in financial liabilities | 625 | 793 | 456 | -1,186 |
| Chg. in equity | 0 | 0 | 0 | 0 |
| Dividends | -64 | 0 | -80 | -80 |
| Other | -1,011 | -553 | -260 | -258 |
| **Chg. in cash** | **-26** | **303** | **810** | **-827** |
| Beginning balance | 866 | 840 | 1,143 | 1,953 |
| Ending balance | 840 | 1,143 | 1,953 | 1,125 |

Source: Company data, Mirae Asset Securities Research estimates

### Key valuation metrics/ratios

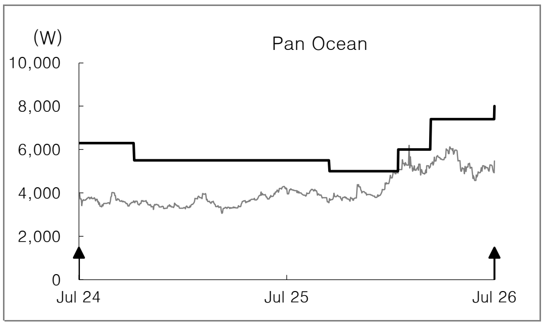
| | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| P/E (x) | 6.8 | 6.1 | 5.7 | 5.8 |
| P/CF (x) | 2.0 | 2.0 | 2.2 | 2.2 |
| P/B (x) | 0.4 | 0.5 | 0.4 | 0.4 |
| EV/EBITDA (x) | 5.4 | 5.4 | 5.4 | 4.9 |
| EPS (W) | 564 | 892 | 966 | 940 |
| CFPS (W) | 1,898 | 2,711 | 2,513 | 2,487 |
| BPS (W) | 10,707 | 12,050 | 12,866 | 13,656 |
| DPS (W) | 150 | 150 | 150 | 150 |
| Dividend payout ratio (%) | 26.6 | 16.8 | 15.5 | 16.0 |
| Dividend yield (%) | 3.9 | 3.0 | 3.0 | 3.0 |
| Revenue growth (%) | 5.3 | 34.8 | -4.3 | 3.6 |
| EBITDA growth (%) | 7.7 | 24.2 | -4.2 | 2.2 |
| OP growth (%) | 4.4 | 35.8 | -4.8 | 3.6 |
| EPS growth (%) | 12.4 | 58.1 | 8.4 | -2.7 |
| AR turnover (x) | 19.8 | 24.2 | 20.9 | 22.0 |
| Inventory turnover (x) | 45.8 | 54.6 | 47.2 | 49.6 |
| AP turnover (x) | 21.8 | 27.9 | 24.1 | 25.3 |
| ROA (%) | 2.9 | 4.1 | 4.0 | 3.9 |
| ROE (%) | 5.3 | 7.8 | 7.8 | 7.1 |
| ROIC (%) | 5.5 | 6.8 | 6.1 | 6.3 |
| Debt-to-equity ratio (%) | 89.6 | 91.6 | 91.9 | 70.6 |
| Current ratio (%) | 135.7 | 136.3 | 139.4 | 210.5 |
| Net debt-to-equity ratio (%) | 60.1 | 60.0 | 51.3 | 43.3 |
| Interest coverage ratio (x) | 2.3 | 3.1 | 2.4 | 2.6 |

# Appendix 1

## Important disclosures and disclaimers

**Two-year rating and TP history**

| Company | Date | Rating | TP (W) |
|---|---|---|---|
| Pan Ocean (028670) | 07/31/26 | Buy | 8,000 |
| | 04/10/26 | Buy | 7,400 |
| | 02/12/26 | Buy | 6,000 |
| | 10/14/25 | Buy | 5,000 |
| | 11/05/24 | Buy | 5,500 |
| | 05/14/24 | Buy | 6,300 |




| 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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