MIRAE ASSET Securities

Equity Research
September 18, 2026

032640 KS · Telecom Services

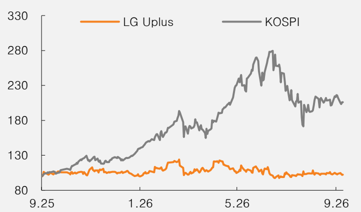
LG Uplus

Paju facility is key to accelerating data center expansion

(Maintain)	Buy
Target price	W19,000
Current price (9/17/26)	W14,680
Upside	29.4%

OP (26F, Wbn)	1,216
Consensus OP (26F, Wbn)	1,150
EPS growth (26F, %)	66.1
Market EPS growth (26F, %)	282.0
P/E (26F, x)	7.3
Market P/E (26F, x)	6.5
KOSPI	6,715.41
Market cap (Wbn)	6,231
Shares (mn)	424
Free float (%)	60.5
Foreign ownership (%)	41.2
Beta (12M)	0.12
52-week low (W)	14,000
52-week high (W)	17,810

(%)	1M	6M	12M
Absolute	-2.5	-7.1	0.0
Relative	1.3	-22.0	-49.2



Mirae Asset Securities Co., Ltd.

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2030 data center capacity target raised to 400MW; Paju site is key

We expect the Paju AI data center to be a key driver of profitability improvement in LG Uplus's data center business. With phase 1 and phase 2 scheduled to come online in 2H27 and 2H28, respectively, we expect data center revenue growth to accelerate from 2027 onward. Amid constraints on power procurement and available data center capacity in Korea due to rising demand for AI and cloud services, LG Uplus's strategy of proactively expanding capacity—centered on the Paju facility—should help it gain share in the AI data center market. From 2028, as utilization of the new capacity stabilizes, we expect the business to enter a phase in which continued top-line growth is accompanied by margin improvement. Growth should accelerate further in 2028, as the full-year contribution from phase 1 coincides with the initial contribution from phase 2.

For 2028, we forecast data center revenue and operating profit at W759.6bn (+20% YoY) and W95bn (+36% YoY), respectively. As new capacity begins contributing meaningfully to revenue and rising utilization drives operating leverage, operating profit growth is likely to outpace revenue growth.

Strengthening global connectivity through Dacom Crossing's submarine cables

We believe LG Uplus's submarine cable and international network capabilities will complement and strengthen the competitiveness of its AI data center business. Through its subsidiary Dacom Crossing, it operates the EAC/C2C private submarine cable network and the Taean cable landing station. It also provides international leased-line services connecting Asia and North America using consortium cables such as APG and APCN-2, as well as overseas points of presence (POPs). These capabilities give LG Uplus a competitive advantage by enabling it to offer customers of its domestic data centers, including the Paju facility, an integrated solution encompassing data center space, power, and domestic and international network connectivity.

Maintain TP of W19,000; expectations intact for 2026 OP and shareholder returns

We maintain our Buy rating and target price of W19,000 for LG Uplus. We expect 2026 operating profit to reach W1.2tr (+36% YoY), driven by stronger operating leverage. We also expect the company to continue expanding its high-value AI transformation (AX) services and strengthening its AI infrastructure competitiveness.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	14,625	15,452	15,725	16,323	16,612
OP (Wbn)	863	892	1,216	1,376	1,419
OP margin (%)	5.9	5.8	7.7	8.4	8.5
NP (Wbn)	374	524	855	1,072	1,227
EPS (W)	858	1,208	2,006	2,526	2,891
ROE (%)	4.4	6.0	9.3	10.9	11.5
P/E (x)	12.0	12.2	7.3	5.8	5.1
P/B (x)	0.5	0.7	0.7	0.6	0.6
Dividend yield (%)	6.3	4.5	4.7	4.9	5.1

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

Data center capacity to reach 400MW by 2030

We expect LG Uplus's total data center capacity to increase from 165MW in 2026 to 209MW in 2027 and 400MW in 2030. Company-owned capacity should expand from 140MW in 2026 to 270MW in 2030, while leased capacity should rise from 25MW to 130MW. By combining owned and leased facilities, the company should be well-positioned to meet growing AI data center demand.

The Paju AI data center is key to this expansion. With phase 1 and phase 2 scheduled to come online in 2H27 and 2H28, respectively, we expect data center revenue growth to accelerate from 2027. Amid constraints on power procurement and available data center capacity in Korea due to rising demand for AI and cloud services, LG Uplus's strategy of proactively building capacity—centered on the Paju facility—should help it gain share in the AI data center market. From 2028, as utilization of the new capacity stabilizes, we expect the business to enter a phase in which continued top-line growth is accompanied by margin improvement. Growth should accelerate further in 2028, as the full-year contribution from phase 1 coincides with the initial contribution from phase 2.

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LG Uplus (032640 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**15,452**	**15,725**	**16,323**	**16,612**
Cost of revenue	**0**	**0**	**0**	**0**
GP	**15,452**	**15,725**	**16,323**	**16,612**
SG&A expenses	**14,560**	**14,509**	**14,947**	**15,193**
OP (adj.)	**892**	**1,216**	**1,376**	**1,419**
OP	**892**	**1,216**	**1,376**	**1,419**
Non-operating profit	**-212**	**-114**	**45**	**181**
Net financial income	-203	-115	44	180
Net income from associates	-2	0	0	0
Pretax profit	680	1,102	1,421	1,600
Income tax	171	270	378	407
Profit from continuing operations	509	831	1,042	1,193
Profit from discontinued operations	0	0	0	0
NP	**509**	**831**	**1,042**	**1,193**
Attributable to owners	524	855	1,072	1,227
Attributable to minority interests	-15	-24	-30	-34
Total comprehensive income	**639**	**831**	**1,042**	**1,193**
Attributable to owners	651	847	1,061	1,215
Attributable to minority interests	-12	-15	-19	-22
EBITDA	3,589	3,347	3,064	2,760
FCF	1,352	2,938	2,695	2,516
EBITDA margin (%)	23.2	21.3	18.8	16.6
OP margin (%)	5.8	7.7	8.4	8.5
Net margin (%)	3.4	5.4	6.6	7.4

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**5,414**	**7,630**	**10,224**	**12,547**
Cash & equivalents	794	2,921	5,336	7,572
AR & other receivables	1,799	1,839	1,909	1,943
Inventory	210	214	222	226
Other current assets	2,611	2,656	2,757	2,806
Non-current assets	**14,267**	**11,268**	**9,582**	**8,243**
Investments in associates	56	57	59	60
PP&E	10,625	8,836	7,387	6,214
Intangible assets	1,460	1,118	879	712
Total assets	**19,682**	**18,898**	**19,807**	**20,790**
Current liabilities	**4,676**	**3,332**	**3,459**	**3,520**
AP & other payables	220	224	232	236
Short-term financial liabilities	1,619	221	229	233
Other current liabilities	2,837	2,887	2,998	3,051
Non-current liabilities	**5,938**	**5,947**	**5,967**	**5,976**
Long-term financial liabilities	5,425	5,425	5,425	5,425
Other non-current liabilities	513	522	542	551
Total liabilities	**10,614**	**9,279**	**9,426**	**9,496**
Equity attributable to owners	**8,867**	**9,442**	**10,234**	**11,181**
Capital stock	2,574	2,574	2,574	2,574
Capital surplus	872	872	872	872
Retained earnings	5,474	6,050	6,842	7,789
Minority interests	**201**	**177**	**147**	**113**
Shareholders' equity	**9,068**	**9,619**	**10,381**	**11,294**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**2,964**	**2,938**	**2,695**	**2,516**
NP	509	831	1,042	1,193
Non-cash income/expenses	5,960	2,514	2,020	1,565
Depreciation	2,210	1,789	1,449	1,173
Amortization	487	341	239	167
Other	3,263	384	332	225
Chg. in working capital	-3,155	-24	-35	-17
Chg. in AR & other receivables	-94	-30	-65	-31
Chg. in inventory	41	-4	-8	-4
Chg. in AP & other payables	14	4	9	4
Income tax	-142	-270	-378	-407
Cash flow from investing activities	**-2,019**	**-3**	**-6**	**-3**
Chg. in PP&E	-1,596	0	0	0
Chg. in intangible assets	-371	0	0	0
Chg. in financial assets	-25	-3	-6	-3
Other	-27	0	0	0
Cash flow from financing activities	**-1,045**	**-1,678**	**-272**	**-276**
Chg. in financial liabilities	-139	-1,398	8	4
Chg. in equity	0	0	0	0
Dividends	-279	-280	-280	-280
Other	-627	0	0	0
Chg. in cash	**-102**	**2,126**	**2,415**	**2,236**
Beginning balance	896	794	2,921	5,336
Ending balance	794	2,921	5,336	7,572

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

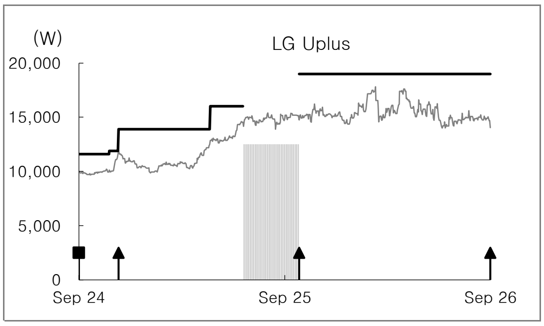
	2025	2026F	2027F	2028F
P/E (x)	12.2	7.3	5.8	5.1
P/CF (x)	1.0	1.9	2.0	2.3
P/B (x)	0.7	0.7	0.6	0.6
EV/EBITDA (x)	3.5	2.7	2.1	1.5
EPS (W)	1,208	2,006	2,526	2,891
CFPS (W)	14,911	7,845	7,216	6,499
BPS (W)	20,770	22,389	24,256	26,487
DPS (W)	660	690	720	750
Dividend payout ratio (%)	55.3	32.6	27.2	24.8
Dividend yield (%)	4.5	4.6	4.8	5.0
Revenue growth (%)	5.7	1.8	3.8	1.8
EBITDA growth (%)	1.8	-6.8	-8.4	-9.9
OP growth (%)	3.4	36.3	13.2	3.1
EPS growth (%)	40.8	66.1	25.9	14.4
AR turnover (x)	9.2	9.3	9.4	9.3
Inventory turnover (x)	66.9	74.3	75.0	74.3
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	2.6	4.3	5.4	5.9
ROE (%)	6.0	9.3	10.9	11.5
ROIC (%)	4.6	6.9	8.8	10.6
Debt-to-equity ratio (%)	117.1	96.5	90.8	84.1
Current ratio (%)	115.8	229.0	295.6	356.5
Net debt-to-equity ratio (%)	67.3	26.8	1.6	-18.3
Interest coverage ratio (x)	3.4	5.2	6.7	6.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
LG Uplus (032640)	10/14/25	Buy	19,000
	07/07/25	No Coverage	
	05/09/25	Buy	16,000
	11/27/24	Buy	13,900
	11/11/24	Trading Buy	11,900
	08/08/24	Trading Buy	11,600



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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