COMPANY UPDATE

2026. 2. 4

Alternative Investment Team

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GnCenergy (119850)

At the cutting edge of the data center boom

- GnCenergy holds the largest market share in terms of sales of emergency generators for data centers in Korea, and data center demand is surging.
- Sales of its data center generators, which account for 70% of the company's total sales, have grown at a CAGR of more than 20% since 2019.
- The shift in the data center supply trend—towards AI and edge computing—should positively impact the company's profitability.

AT A GLANCE

Not Rated

Target price	n/a
Current price	**KRW36,300**
Market cap	KRW597.1b/USD413.1m
Shares (float)	16,448,909 (63.8%)
52-week high/low	KRW43,950/KRW12,410
Avg daily trading value (60-day)	KRW12.6b/ USD8.7m

ONE-YEAR PERFORMANCE

	1M	6M	12M
GnCenergy (%)	16.9	10.7	183.2
Vs Kosdaq (%pts)	-3.4	-25.3	74.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	Not Rated	0	
Target price	n/a	n/a	n/a
2025E EPS	2,798	n/a	n/a
2026E EPS	3,461	n/a	n/a

SAMSUNG vs THE STREET

No of estimates	1
Target price	41,000
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

Top domestic provider of emergency generators: GnCenergy holds 90% of the data center emergency generator market. It operates Korea's largest production facility (a 15,000 pyeong site) in Dangjin. While emergency generators are used in a plethora of building types (including plants, shopping malls, and residential complexes), the company has seen explosive order growth as of late thanks to a surge in data center constructions.

- **Transition from diesel to gas turbine generators:** Traditionally, diesel generators have dominated emergency power systems, but global markets are increasingly favoring gas turbines for their environmental credentials and superior performance. Given that major domestic data center end-users (global cloud service providers [CSPs] and AI operators) prefer gas turbines, the company's gas turbine sales look poised to grow. Commanding higher unit prices (vs diesel alternatives), gas turbines should help lift the firm's profitability.
- **Direct investments in data centers:** The company is developing an 80 MW AI data center in Dangjin (the project is currently in the PF stage). It is also constructing an edge data center at its Magok headquarters (Seoul), which data center should generate sales of KRW6b–9b *pa* and profit of KRW2b–4b *pa*.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2021	2022	2023	2024
Revenue (KRWb)	122	149	166	226
Operating profit (KRWb)	7	6	11	32
Net Profit (KRWb)	4	26	12	39
EPS (adj) (KRW)	269	1665	692	2340
EPS (adj) growth (%)	46.2	519.8	(58.4)	237.9
EBITDA margin (%)	7.7	5.8	8.1	15.8
ROE (%)	4.9	26.3	9.7	27.5
P/E (adj) (x)	18.0	2.1	6.1	3.5
P/B (x)	0.8	0.5	0.5	0.8
EV/EBITDA (x)	8.5	8.1	3.5	3.2
Dividend yield (%)	1.0	1.4	1.6	1.2

Source: Company data, Samsung Securities estimates

Data center construction boom underway: The company's generator sales rose from KRW115.3b in 2019 to KRW178b in 2024 and KRW148.9b over 1Q-3Q25. The rapid growth has been driven by rising demand for data center generators, which generator sales: 1) account for 70% of its total sales; and 2) have risen at a CAGR of more than 20% since 2019. Generator engineering, procurement, and construction (EPC) typically occurs 1.5–2.5 years after the construction of a data center has begun. Given the record number of data center permits that have been issued since 2023, we expect GnCenergy's order backlog to grow in earnest.

- **AI data centers leading the way:** Most data centers built to date have been for cloud or colocation purposes. However, with the launch of SK and AWS's Ulsan data center in 2025, the development of large-scale AI data centers has begun, offering further upside for profitability. High-density AI data centers or urban edge data centers (sensitive to public opposition) require more complex engineering, increasing the MW-based unit price. The long-term shift towards AI in rural areas and edge computing in Seoul is a favorable trend.

Domestic focus is not a limitation but a strength: Based on FnGuide consensus, the company trades at a 2026 P/E of 9x, significantly lower than the machinery sector average of 36x, due to concerns about its domestic-only business model. It, however, should be noted that CSPs are designating Korea as an AI hub and commencing data center investments aggressively. 2026 should mark a year when AI data center-related sales begin to materialize, offering a leverage effect on profitability.

Profitability improving on: 1) expansion of AI-dedicated data centers in provinces

GnCenergy is an engineering, procurement, and construction (EPC) company specializing in emergency and prime power generation systems, and its flagship product is diesel-based emergency generators. After years of reporting annual sales around KRW100b, its sales moved up a level to KRW200b in 2024 thanks to a surge in order backlogs for emergency generators used in data centers in Korea.

The domestic colocation data center market had been growing at a rate of about one new facility per year in the Seoul metropolitan area (SMA) until 2020. However, from 2023, the number of new data centers in the SMA jumped to 4-8 per year. IT power capacity of these facilities also expanded significantly, with the largest data centers reaching 40-60MW in 2025, and this should almost double to 80-100 MW from 2026. GnCenergy's emergency generator contract value historically ranged between KRW5b-KRW10b per MW and has recently increased sharply. We attribute this phenomenon to the following changes in the data center development market:

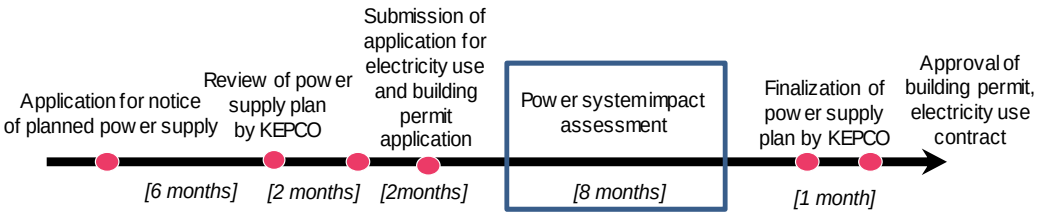
1) Global cloud service providers (CSPs) and AI companies are increasingly participating as end-users in AI-dedicated data centers in Korea, leading to rapid growth in this segment. A good case in point is the AI-dedicated data center in Ulsan, which began construction last year in partnerships between SK Group and Amazon Web Services. Its IT power capacity should come in at 40MW in the first phase and rise to 60MW in the second phase and finally 100MW.

2) Since the implementation of a power system impact assessment in June 2024, it has become practically unfeasible to secure over 10MW of power capacity for data centers in the SMA. As a result,

development of data centers, which had been concentrated in the SMA, is now shifting to provinces—not only AI-dedicated data centers but also data centers for general cloud services.

3) The number of edge data centers is on the rise in the SMA, particularly in Yeongdeungpo area near Yeouido (heart of the country's financial industry). These small facilities typically require power of less than 10 MW and thus they are not subject to the power system impact assessment and are benefiting from strong demand for colocation space due to their proximity to urban centers.

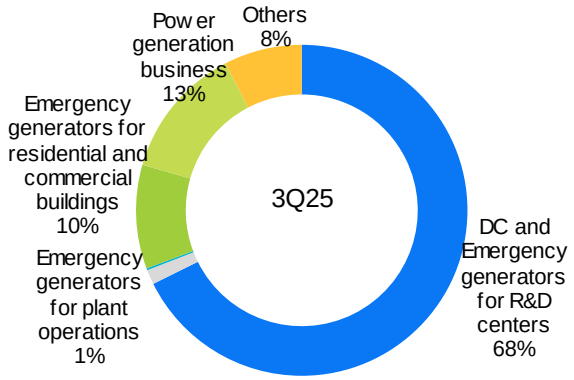
Electricity use contract and permitting process for data centers (capacity above 10 MW)



Source: Ministry of Trade, Industry and Energy, Samsung Securities

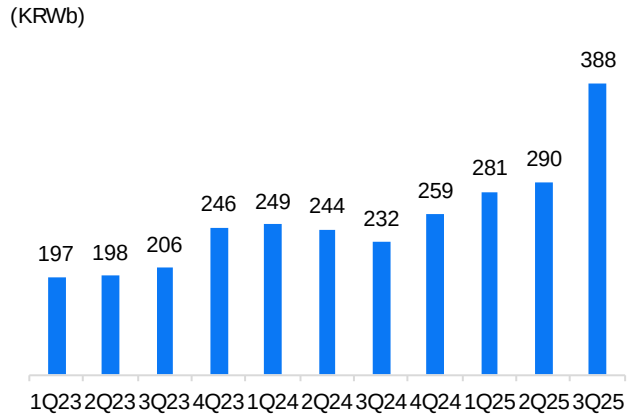
In short, the new trend of building AI-dedicated data centers in provinces and edge data centers in the SMA is positive for GnCenergy's profitability because: 1) AI data centers require high-density power, which increases the complexity and value of EPC projects; and 2) urban data centers also necessitate more sophisticated emergency generator systems to minimize environmental and community impact.

GnCenergy revenue breakdown, by business



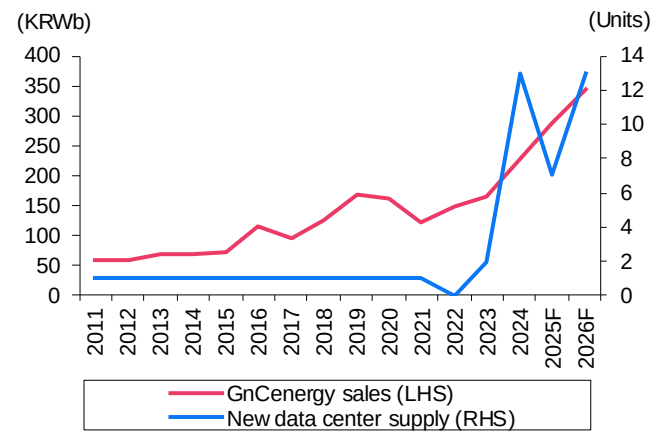
Source: Company data, Samsung Securities

GnCenergy: Emergency generator order backlog



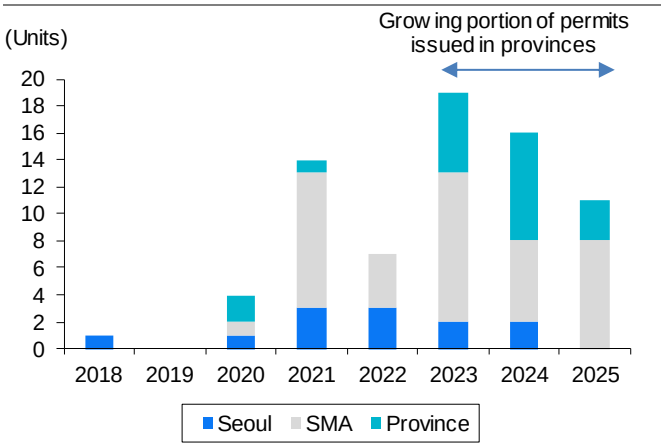
Source: Company data, Samsung Securities

GnCenergy sales and new supplies of data centers



Source: Company data, Samsung Securities

Number of data center permits in Korea



Source: MOLIT, Samsung Securities

Status of key contracts

Projects	Contract value (KRWb)	Client	Power capacity (MW)	IT Load (MW)	Price per MW (KRWb)
IGIS Samsong Phase 2	32	LG CNS	80	54	0.6
Bucheon Peach Phase 2	20	KT Cloud	80	48	0.4
Ulsan AI DC generator for building A	42	SK	100	60	0.7
Ansan global cloud center	27	ITCEN CTS	60	42	0.6
Gasan data center	15	DL E&C	40	26	0.6
Pacific Sunny Data Center Jukjeon	28	LG CNS	64	32	0.9

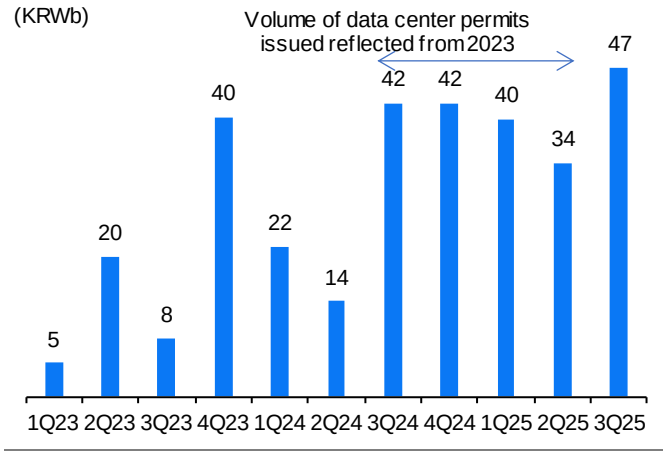
Note: Price per MW is calculated as the contract value divided by IT load
Source: Company data, Samsung Securities

Profitability improving on: 2) clients' preference for gas turbine generators

GnCenergy's operating margin rose to a low-20s in 1H25 (vs high-teens previously) mainly due to the recognition of gas turbine generator sales. A key milestone in 2024-2025 operating results was the delivery of 30 gas turbine emergency generators to the Pacific Sunny Data Center in Jukjeon, which is a 60MW hyperscaler data center (IT load of 32 MW), the largest of its kind in Korea to date. This project is backed by CPPIB as a major liquidity provider, with a global CSP as the end-user.

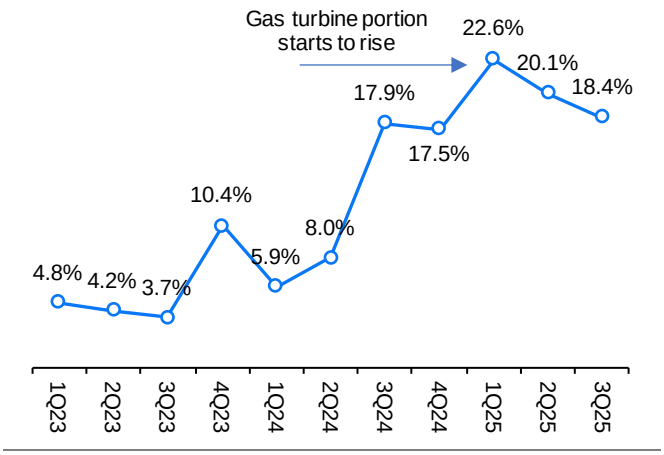
Gas turbines are more environmentally friendly and offer better performance, but their adoption has been limited due to high upfront costs. However, in the projects led by foreign capital (eg, Pacific Sunny Data Center in Jukjeon), the equity ratio in the project financing is higher, reducing interest expenses. As a result, gas turbines are being viewed more as investment (to lift efficiency in the long run) rather than cost. Additionally, global CSPs and AI firms have a strong preference for gas turbines to meet long-term environmental standards such as RE100. With more global players increasingly involved in the design phase of domestic data centers via Build-to-Suit (BTS) models, the adoption of gas turbine emergency generators in the Korean data center market will likely grow rapidly.

Quarterly data center emergency generator revenue



Source: Company data, Samsung Securities

GnCenergy: Operating margin trend



Source: Company data, Samsung Securities

Gas turbine emergency generator delivery track record

	Customer	Project site	Capacity (Kw)	Units
2025	LG CNS	Pacific Jukjeon Data Center phase 2	3,200	2
2025	LG CNS	Pacific Jukjeon Data Center phase 2	4,000	15
2024	LG CNS	Pacific Jukjeon Data Center phase 2	4,800	3
2024	LG CNS	Pacific Jukjeon Data Center	4,800	10
2024	KT ENG	Busan Songjeong GHC	2,600	1
2023	KT ENG	Baekseok IDC	3,200	1
2022	KT ENG	KT Yongsan IDC phase 2	4,800	4
2021	Samsung Biologics	Samsung Biologics P4	4,800	6
2021	Sangam DRT	Sangam IDC	4,800	4
2020	KT ENG	KT Yongsan IDC phase 1	4,800	10
2018	KFCC	KFCC IT Center	4,000	3
2018	Hyundai IT	Yongin IDC unit 3	3,200	1
2018	Hyundai IT	Yongin IDC unit 4	3,200	1

Source: Company data

Major data centers schedules for completion

Expected completion year	Stage	Project	Location	Developer	Site area	Gross floor area	Building permit date	Construction start date	MW (IT load)	Partners	Operator	End-user
2026	Progress	IGIS Samsong	Goyang	IGIS AMC	20,455	78,290	2022/08	2023/07	80 (54)	Hanwha E&C	LG CNS	LG CNS
	Progress	Peach Data center	Bucheon	KT Cloud	13,387	71,160	2022/07	2023/05	(48)			
	Progress	Naver Bucheon AI DC	Bucheon	Naver					(4.8)		Naver Cloud	Naver Cloud
	Progress	AWS Incheon Gajwa	Incheon	AWS	32,477	42,454	2023/11	2024/07	(96)	Hyundai E&C		AWS
2027	Progress	Equinix SL3x	Goyang	Equinix	4,866	22,027	2022/06	2025/02	40 (24)	GIC, Posco E&C	Equinix	Equinix
	Progress	KAAM Square	Ansan	KAAM	13,341	76,459	2024/10	2024/12	80 (52.2)	Hyundai E&C, POBA	Kakao Enterprise	Kakao Enterprise (35%, right of first refusal)
	Progress	Koramco	Ansan	Koramco Siheung Data Center PFV	10,448	26,810	2023/11	2023/12	40 (26)	Hyundai E&C	DCI	Kakao Enterprise (50%)
	Progress	Ansan Global Cloud	Ansan	IGIS AMC	11,796	49,590	2024/10	2025/01	40 (26)	Samsung C&T	LG CNS	LG CNS
	Progress	Yeongdeungpo Edge	Seoul	Hanwha	1,385	9,722	2024/09	2025/09	(6.5)	Mastern		KT Cloud/ Financial institutions in Yeouido (50%)
2028	Progress	Capstone Gaebong	Seoul	Capstone	-	-	-	-	20	SK Ecoplant	KT Cloud	KTCloud (3%)
	Progress	Digital Edge-SEL 3	Incheon	Digital Edge	10,969	55,769	2023/04	2025/04	36	SK Ecoplant	Digital Edge	
2029	Progress	Guro Hang-dong DC	Seoul Guro	Pacific	7,402	45,156	2023/08	2025/02	(52)		KT Cloud	
	Progress	Bup-yeongDC	Incheon	ESR/STACK					65 (48)	DL E&C	PDG	Warburg Pincus (20 years)
	Progress	Digital Realty Gimpo	Gimpo	Digital Realty	19,686	95,051	2021/06	2024/07	100 (64)	DL E&C	Digital Realty	Digital Realty
	Progress	Paju DC	Paju	LG U Plus	73,712	43,427	2025/02	2025/05	(50)			
2030	Pre-construction	Ansan Actis (Timbuktu)	Ansan	LB Asset Management	14,804	74,073	2023/06	2025/06	100 (65)	Hyundai E&C	ADIK	Kakao Enterprise (25%)
	Pre-construction	Capstone Asan	Chungnam	Capstone	7,022	21,873	2023/08					KT Cloud, KT (AI Consortium)
	Pre-construction	DCI SEL 02	Ansan	DCI					40 (27)	Brookfield Hyundai E&C, Koramco	DCI	
2031	Pre-construction	Uijeong-bu Rhythm City	Uijeongbu	Koramco	38,080	80,572	2025/08		100		LG CNS	LG CNS
	Pre-construction	Yeong-deungpo Mullae	Seoul	Yurim					40-80			

Source: Samsung Securities

Income statement

Year-end Sep 30 (KRWb)	2020	2021	2022	2023	2024
Sales	**161**	**122**	**149**	**166**	**226**
Cost of goods sold	146	108	135	144	183
Gross profit	**15**	**14**	**14**	**22**	**43**
Gross margin (%)	9.6	11.6	9.5	13.5	19.2
SG&A expenses	9	7	8	11	12
Operating profit	**7**	**7**	**6**	**11**	**32**
Operating margin (%)	4.2	5.6	4.1	6.6	14.0
Non-operating gains (losses)	**(6)**	**(2)**	**27**	**3**	**17**
Financial profit	5	3	4	4	7
Financial costs	4	2	7	2	9
Equity-method gains (losses)	(0)	(1)	0	1	4
Other	(6)	(2)	30	(0)	14
Pre-tax profit	**1**	**5**	**33**	**14**	**48**
Taxes	1	2	1	2	10
Effective tax rate (%)	49.9	33.6	2.3	15.6	19.7
Profit from continuing operations	1	5	3	12	39
Profit from discontinued operations	0	(1)	23	0	0
Net profit	**1**	**4**	**26**	**12**	**39**
Net margin (%)	0.4	3.1	17.5	7.0	17.2
Net profit (controlling interests)	3	4	27	11	38
Net profit (non-controlling interests)	(2)	(1)	(1)	0	0
EBITDA	9	9	9	13	36
EBITDA margin (%)	5.8	7.7	5.8	8.1	15.8
EPS (parent-based) (KRW)	184	269	1,665	692	2,340
EPS (consolidated) (KRW)	38	229	1,580	712	2,363
Adjusted EPS (KRW)*	184	269	1,665	692	2,340

Balance sheet

Year-end Sep 30 (KRWb)	2020	2021	2022	2023	2024
Current assets	**90**	**110**	**103**	**109**	**158**
Cash & equivalents	29	40	11	31	47
Accounts receivable	21	20	33	22	35
Inventories	10	11	20	16	15
Other current assets	30	39	38	41	63
Fixed assets	**56**	**56**	**68**	**78**	**107**
Investment assets	10	12	26	33	36
Tangible assets	39	37	38	36	65
Intangible assets	4	4	0	0	0
Other long-term assets	3	3	3	8	5
Total assets	**146**	**165**	**171**	**187**	**265**
Current liabilities	**37**	**50**	**53**	**64**	**95**
Accounts payable	12	13	17	16	24
Short-term debt	8	17	18	6	22
Other current liabilities	16	19	18	42	49
Long-term liabilities	**1**	**0**	**0**	**0**	**9**
Bonds & long-term debt	1	0	0	0	0
Other long-term liabilities	0	0	0	0	9
Total liabilities	**38**	**50**	**54**	**64**	**104**
Owners of parent equity	**87**	**94**	**114**	**121**	**159**
Capital stock	8	8	8	8	8
Capital surplus	23	26	18	19	19
Retained earnings	58	62	90	100	137
Other	(2)	(3)	(3)	(7)	(6)
Non-controlling interests' equity	**21**	**21**	**3**	**2**	**3**
Total equity	**108**	**115**	**117**	**123**	**161**
Net debt	(16)	(20)	9	(25)	(24)

Cash flow statement

Year-end Sep 30 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**17**	**14**	**(31)**	**58**	**13**
Net profit	1	4	26	12	39
Non-cash profit and expenses	10	6	(21)	3	(4)
Depreciation	2	2	2	2	4
Amortization	0	0	0	0	0
Other	7	3	(23)	1	(8)
Changes in A/L from operating activities	8	5	(34)	51	(8)
Cash flow from investments	**3**	**(10)**	**20**	**(21)**	**(3)**
Change in tangible assets	(3)	(0)	(7)	(2)	(2)
Change in financial assets	0	(0)	0	0	(1)
Other	5	(9)	28	(18)	(1)
Cash flow from financing	**(3)**	**7**	**(2)**	**(19)**	**6**
Change in debt	(5)	7	(0)	(14)	17
Change in equity	4	3	(8)	0	0
Dividends	(1)	(1)	(1)	(1)	(1)
Other	(1)	(2)	7	(4)	(10)
Change in cash	17	11	(29)	19	16
Cash at beginning of year	12	29	40	11	31
Cash at end of year	29	40	11	31	47
Gross cash flow	**10**	**10**	**5**	**15**	**35**
Free cash flow	**15**	**11**	**(38)**	**56**	**11**

Financial ratios

Year-end Sep 30	2020	2021	2022	2023	2024
Growth (%)					
Sales	(4.4)	(23.9)	21.3	12.0	36.0
Operating profit	(24.6)	1.2	(11.8)	80.9	187.6
Net profit	(92.5)	512.8	592.1	(55.0)	232.0
Adjusted EPS**	(55.3)	46.2	519.8	(58.4)	237.9
Per-share data (KRW)					
EPS (parent-based)	184	269	1,665	692	2,340
EPS (consolidated)	38	229	1,580	712	2,363
Adjusted EPS**	184	269	1,665	692	2,340
BVPS	5,549	5,920	7,201	8,114	10,652
DPS (common)	50	50	50	70	100
Valuations (x)					
P/E***	33.5	18.0	2.1	6.1	3.5
P/B***	1.1	0.8	0.5	0.5	0.8
P/FFO (x)	11.3	8.5	8.1	3.5	3.2
Ratios (%)					
ROE	3.6	4.9	26.3	9.7	27.5
ROA	0.4	2.4	15.5	6.5	17.2
ROIC	4.5	7.6	6.5	14.7	38.4
Payout ratio	26.2	18.0	2.9	9.1	3.9
Dividend yield (common)	0.8	1.0	1.4	1.6	1.2
Net debt to equity	(14.5)	(17.3)	7.3	(20.1)	(15.2)
Interest coverage (x)	19.2	24.4	7.4	17.6	20.8

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Compliance notice

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- As of 2/3 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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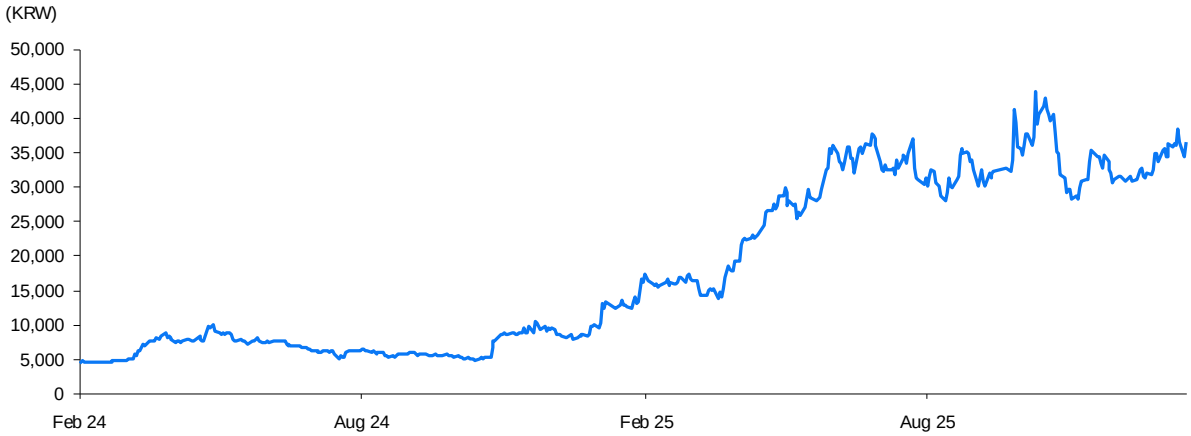
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/2/3
Recommendation	Not Rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.12.31
BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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