

KOREA ELECTRIC POWER CORP
Form 6-K
March 03, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the Month of February 2006

KOREA ELECTRIC POWER CORPORATION

(Translation of registrant's name into English)

167, Samseong-dong, Gangnam-gu, Seoul 135-791, Korea

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will
file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in
paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in
paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether the registrant by furnishing the
information contained in this form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under the
Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the

registrant in connection with Rule 12g3-2(b): 82-_____.

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This Report of Foreign Private Issuer on Form 6-K is deemed filed for all purposes under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, including by reference in the Registration Statement on Form F-3 (Registration No. 33-99550) and the Registration Statement on Form F-3 (Registration No. 333-9180).

The Chairman & Chief Executive Officer of Korea Electric Power Corporation (KEPCO), Mr. Joon-Ho Han, will host an investor conference as follows;

Time: 12:30 through 14:30 pm on March 3, 2006 (London Time)

Venue: Ironmongers Hall at Shaftesbury Place Barbican London EC2Y 8AA

Topics: General Update on KEPCO

Attachment: Information to be presented at the conference

Investor Presentation

2006. 3. 3.

This material has been prepared by Korea Electric Power Corporation for the information of investors of the company. This is not intended as an offer or solicitation for the purchase or sale of any financial instrument or securities. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of preparation, the company makes no representation as to its accuracy or completeness. Any projections or estimates may be different from actual results.

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I. Overview

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Power Monopoly in Korea

Generation

Transmission

Distribution

100%

* Based on gross generation (FY2005)

100%

96%

Assets

Revenues

Generating Capacity

Market Capitalization

KRW 75.0 trillion (USD 73.1 billion)

KRW 25.2 trillion (USD 24.9 billion)

55,954 MW

KRW 24.2 trillion (USD 23.9 billion)

Credit Rating

A2(Moody's), A(S&P)

Assets : as of June 30, 2005 (Consolidated)

Revenues : as of Dec. 31, 2005 (KEPCO + GENCOs, preliminary & un-audited)

Generating Capacity : as of Dec. 31, 2005

Market

Cap.:

as

of

Dec.31,

2005,

USD/KRW=1,013.0

Moody's raised credit rating higher than the government on May 25, 2005

*

II. Business &
Operations

*
*
*
*
*
*
*

6
Demand Growth for FY2005 (yoy)
Residential
Commercial
Industrial
Overall
9.2%
Volume
Revenue
6.2%
5.2%
6.5%
6.4%
7.4%
5.3%
6.3%

Unit Sales Price

FY2004

Residential

Commercial

Industrial

Average

91.1

95.2

60.2

74.5

(Won/Kwh)

90.9

96.9

60.2

74.6

FY2005

Demand Growth

Demand Growth Forecast

2007 : 4.3%

2008 ~ 2011 : 3

4%

Sales

Volume

Historical Demand Growth &

GDP (%)

Demand Growth

GDP Growth

Sales Volume

8.5

3.8

7.0

3.1

4.6

11.8

7.6

8.0

5.4

6.3

2000

2001

2002

2003

2004

2005

6.5

4.0

2006

5.9

5.0

(Unit : 1,000 GWh)

240
258
278
294
312
332
352

Forecast value for 2007 onward by MOCIE &
KPX

Actual results may differ from the forecast

7

Tariff

History of Tariff Adjustment

Management Strategies on Tariff Adjustments

Rebalancing tariffs among different customers to recover the different cost of supply
in a timely manner

Reclassifying
commercial,
industrial,
and
educational
customers
by
voltage

supplied

Narrowing
the
gap
between
the
highest
and
lowest
tariffs
within
residential
customer
base

*

Tariffs were
increased by 1.9%, while the rate of The Electric Power Industry Basis Fund was decreased by 0.9%
from 4.59 to 3.7%

This resulted in 2.8% tariff increase

2004.3.

5.9%

6.5%

5.3%

4.0%

1997.7.

1998.1.

1999.11.

2000.11.

1995.5.

4.2%

-0.1%

2002.6.

0.0%

1996

0.0%

2001

2003

0.0%

-1.5%

2.8%

2005.12.

1.9%

*

8
Fuel
Price
&
Expense
(1)
Fuel Price &
FX trends
FY2005 Fuel Expense
FY2004
FY2005
yoy
54.9
56.5
2.9%
432.5

494.6

14.4%

247.9

287.5

16.0%

Unit Price &

FX Rate Change

(1,000Won/ton, Won/liter, KRW/USD)

B. Coal

LNG

B.C. Oil

FY2004

FY2005

yoy

2,466

2,690

9.1%

850

955

12.3%

2,980

3,479

16.7%

B. Coal

LNG

B.C. Oil

1,143.7

1,024.1

-10.5%

FX Rate

2004

Average

1/4

2005

NEWC* Coal Price Index

53.3

50.7

51.7

47.6

39.1

Dubai Oil Price

33.6

41.2

47.9

55.5

52.7

* NEWC : Newcastle

47.3

49.4

2/4

2005

3/4

2005

4/4

2005

2005

Average

USD/barrel

USD/ton

FX Rate*

1,022.1

1,008.1

1,029.4

1,036.6

KRW/USD

1,024.1

1,143.7

* FX Rate Source : Bloomberg

719

721

0.3%

Nuclear

7,015

7,845

11.8%

Total

Fuel Expense

(in billion Won)

2003

Average

25.3

26.8

1,191.8

*

9
Strategy on Fuel Cost Saving
Fuel Cost Mix
Generation Mix
Fuel
Price
&
Expense
(2)
FY2004
FY2005
Nuclear
&
Hydro
Coal
Oil

LNG

43%

39%

4%

14%

41%

39%

5%

15%

FY2005

FY2004

Coal

Oil

LNG

10%

35%

13%

42%

11%

36%

13%

40%

Nuclear

&

Hydro

Maintaining optimal proportion of generation based on fuel type

Sustaining over 80% of nuclear &

coal generation, above 90% utilization rate of nuclear

Securing shares of foreign mines &

fuel suppliers

Re-trying direct import of LNG

*

III. Financial Profile

*
*
*
*
*
*
*

11
29.95%
24.07%
0.85%
29.59%
15.54%
Capital Structure
Capital Structure
Interest Bearing Debt*

Total SH's Equity : KRW 41.4 trillion (USD 40.4 billion)

Total Liabilities : KRW 33.6 trillion (USD 32.7 billion)

Liab.
45%
SH's

Equity

55%

as of June 30, 2005

Consolidated

Shareholder Mix

as of December 31, 2005

KDB

Government

Treasury Stock

Foreigners

Others

* Debt : KEPCO + GENCOs, as of Dec. 31, 2005

Total Debt

: KRW **18.3** trillion equivalent

Total Foreign Currency Debt

: KRW **2.8**

trillion equivalent

US Dollar

45%

FX Debt

15%

Local Currency Debt

85%

Others

12%

JPY

43%

54.02%

*

12	
Debt Profile & Strategy	
Debt Repayment Schedule	
Debt Currency Mix	
Fixed vs. Floating Mix	
2005	Target
KRW	
85%	
USD	
7%	
JPY & Others	
8%	
75%	
5%	

20%
KRW
Fixed 55%
Floating 45%
FX
Fixed 89%
Floating 11%
* Debt : KEPCO + GENCOs, as of Dec. 31,
2005
Total
Fixed 60%
Floating 40%
Total Maturing Debt
FX Debt
2006
2007
2008
2009
2010
2011
2012
2013
3.2
3.8
2.2
1.9
0.3
0.7
0.4
0.8
0.7
2014 &
after
1.1
0.6
0.3
0.6
Trillion Won
Target Schedule
4.6
*

13

*

Based on consolidated financial statements

** 2005 Results : KEPCO + GENCOs, preliminary &
un-audited

Interest cost is inclusive of the capitalized

(Unit: KRW bn)

KWh sold(GWh)

5.4%

293,599

Revenues

6.6%

22,775

EBITDA

3.6%

10,313

Operating Income
 3.5%
 5,224
 Total Interest Cost ***
 (17.1%)
 1,333
 Interest Bearing Debt
 (3.5%)
 22,645
 Net Income
 (23.8%)
 2,323
 6.6%
 332,413
 5.3%
 25,236
 (14.3%)
 8,498
 (15.5%)
 3,776
 (23.2%)
 807
 (6.9%)
 18,337
 (15.0%)
 2,449
 2003
 yoy
 yoy
 2004
 2005**
 yoy
 8.0%
 278,451
 5.6%
 21,366
 11.3%
 9,953
 26.5%
 5,047
 (20.3%)
 1,608
 (15.9%)
 23,477
 86.4%
 3,048
 6.2%
 311,716
 5.2%
 23,956

(3.8%)

9,916

(14.5%)

4,467

(21.2%)

1,051

(12.9%)

19,715

24.1%

2,883

Improved Financial Status*

yoy

2002

*

14

Despite general economic slowdown, demand growth rate was decent to be 6.5%

Fuel cost was up by 11.6% due to fuel price hike

Depreciation was up by 8.6% due to new facilities

Operating income was decreased by 11.3% mainly due to the increase of fuel cost & depreciation

Interest expenses were down by 13.1% due to the decrease of total debt and low interest rate

Net income was down by 14.9% mainly because of the decrease of operating income and FX gain

* This financial information is preliminary, un-audited and made by adjusting for major inter-company transactions among KEPCO and its six generating subsidiaries only.

As such, these financial information may not have been prepared in accordance with Korean generally accepted accounting principles, and may not necessarily be indicative of the results of operations of KEPCO and its six generating subsidiaries as a group

FY2005 Results*

FY2004 FY2005 %change
(Unit : in billions of Korean Won)

* KEPCO+GENCOs

Operating revenues:

Sale of electric power

Other operating revenues

Revenues for other businesses

Operating expenses:

Power purchased for resale

Maintenance

Depreciation

Other

Expenses for other businesses

Operating income

Other income:

FX gain

Investment income from affiliates

Other

Other expenses:

Interest expenses

FX loss

Other

Ordinary income

Provision for income taxes

Net income

Fuel

Commission

23,661

23,193

358

110

19,404

1,345

1,770

112

4,257

1,719

876

277
566
1,330
707
9
614
4,646
1,765
2,881
4,722
3,437
7,421
597
25,236
6.7%
24,671
6.4%
448
25.1%
117
6.4%
21,460
10.6%
1,507
12.0%
1,851
4.6%
5,127
8.6%
3,921
14.1%
123
8.8%
3,776
-11.3%
1,183
-31.2%
355
-59.5%
181
-34.6%
647
14.3%
1,132
-14.9%
614
-13.1%
31
244.4%
484

-21.1%

3,827

-17.6%

1,378

-21.9%

2,449

-14.9%

8,280

11.6%

651

9.0%

Investment loss from affiliates

0

3

-

*

15
Capital Expenditure
Conservative Official Forecast
Thermal
1,047
2,240
1,622
2,801
Nuclear
1,000MW
New Capacity
to be added
3,567
3,722
4,173
1,902

2,197
2,911
2,287
971
2,009
3,124
2004A
2005A
2006F
2007F
6,202
7,191
8,642
9,584
1,427
4,311
1,610
3,510
2008F
9,431
(in billion Won)
4,081
1,145
3,491
2009F
8,717
1,500
3,329
T&D Facility
Thermal Plant
Nuclear Plant
*

16
19.7%
23.6%
22.9%
18.6%
8.1%
14.3%
10.2%
12.0%
Operating &
Net Profit Margin*
Total Borrowing to Equity Ratio**
84.1%
65.1%
59.9%
48.6%

Average Debt Cost*

6.3%

6.1%

5.2%

4.7%

KEPCO+GENCOs

EBITDA Interest Coverage*

15.0%

9.7%

4.4%

*

2005 Results : KEPCO + GENCOs, preliminary & un-audited

** 2005 Results : as of June 30, 2005

2001

2002

2003

2004

2005

2001

2002

2003

2004

2005

2001

2002

2003

2004

2005

2001

2002

2003

2004

2005

48.6%

4.4X

6.2X

7.7X

9.4X

10.5X

Major Financial Statistics

*

IV. Strategic Initiatives

- *
- *
- *
- *
- *
- *
- *

A World-Renowned
Utility Company
Maximize
the
profitability
to
protect
&
serve
shareholders, investors, and all
stakeholders
interest
Respecting Customers

Embracing Changes

Focusing on Profitability

Improve corporate competitiveness by actively coping with changing business environment, and enhance corporate brand value by acquiring core technologies & exploring overseas power markets

Core Values &

Vision

By standing on the basis of human-oriented spirit, KEPCO values the customer satisfaction at the top priority

Stabilization of
electricity business
structure &
Expansion
of business area
Business area
Establishment of
horizontal,
decentralized
management system
in KEPCO
Management
System
Concentration of
corporate resources
for building a growth

engine for the future

Marketing

&

Service

Strengthening of

financial strategy for

pursuing future

growth engine and

boosting corporate

value

Finance

HR management

based on performance

and competence &

security of global

specialist

Human Resources

KEPCO 2015

A World-Renowned Total Energy Provider

VISION

A World-Renowned Utility Company

Mid-term Goal &

Strategies

*

Strategy

Projects in Operation

Country	Period	Project Cost
---------	--------	--------------

Rehabilitating &

Operating 650MW Coal-fired plant

Philippines

Sep. 95 ~ Sep. 10

U\$ 260 million

Building &

Operating 1200MW LNG-fired plant(BOT)

Philippines

Mar. 99 ~ Jun. 22

U\$ 709 million

Designing Upgrading Grid Voltage
Myanmar
Jan. 04 ~ Jan. 06
US\$ 1 million

Feasibility Study &
Training on T&D Operation
Sep. 05 ~ Jan. 08

Domestic operations are KEPCO's
core business

Risk management by countries and projects, and returns must justify carefully estimated risks

Minimizing risk through risk &
return analysis
and business portfolio

Project financing with minimal recourse to minimize capex burden and risk

Operating &
Maintaining 850MW Combined-Cycle plant
Feb. 06 ~ Jan. 10

-
Overseas Business
Libya
Lebanon
US\$ 9.7 million

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Industry Restructuring

Initial Plan, Current Status & Future

Distribution

Generation

GENCO setup

+ Sale

DISCO setup

+ Sale

6 GENCOs

in operation,

100% owned by KEPCO

DISCO setup was scrapped

by MOCIE in June 2004

Be prepared to sell GENCOs

when price is right

Management control is on for sale

Improving the asset value to get right price

All GENCOs
except for Nuke
&
Hydro to be sold

Divisional System within KEPCO will be introduced

Each division will be autonomous and competitive

New system shall be gradually implemented

Plan

Current Status

Future Strategy

IPO has been delayed as the price quote was below book value

KEPCO will push forward with selling management control at the right price (at least book value)

This policy secures KEPCO's value, and credit won't be affected during the sale process
Sale of KOSEP

Scrapped because benefits were not certain given substantial risks

This cleared the uncertainty considerably and saved the cost of DISCO setup

Scrapping

DISCO setup

*

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Asset Sale

Assets on Sale

* Book value: as of Dec.

31, 2004

KOSEP	1,978	100.0%
-------	-------	--------

KPS

278	100.0%
-----	--------

KEPID

23	49.0%
----	-------

KDHC

170	26.1%
-----	-------

KOGAS

788	24.5%
-----	-------

KOPEC

60	97.9%
----	-------

Powercomm
388 43.1%
Book Value *
Ownership

Plan to Sell

Selling management control as originally planned

Listing on domestic exchange or selling to strategic investors

Timing &
method of selling is to be set by consulting with Government

Timing &
method of selling is to be set by consulting with Government

Subject to Government's plan of deregulating the gas industry

After Government's finalization of the plan to introduce competition
into the industry of designing nuclear reactors

Listing on either domestic or foreign exchange, in relation to
the bonds convertible into Powercomm shares issued in Euro market
(in billion Korean Won)

*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

/s/ Kwang-Choong Kim
Name: Kwang-Choong Kim
Title: Treasurer

Date: March 2, 2006