SECTOR UPDATE

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Machinery (OVERWEIGHT)

Business conditions to improve in 2026

- Although HD Hyundai Construction Equipment and HD Hyundai Infracore announced largely solid 3Q results, their share price volatility has increased of late, which we attribute to tariff-related uncertainty and sluggish profitability at the engine business.
- Despite market concerns, we still expect the industry to rebound in 2026, after finding a bottom in 2025. Global construction equipment stocks have seen valuations rise recently, implying market has confidence in a recovery.
- We keep our earnings forecasts unchanged for the HD Hyundai Group-affiliated construction equipment firms to reflect concerns over tariffs and US inventory. Nonetheless, we raise our target prices for them to reflect a recent rise in the sector's valuation multiple. We maintain BUY ratings on the stocks.

AT A GLANCE

HD Hyundai CE (267270 KS, 99,800)		
Target price	KRW127,000	27.3%
BUY		
HD Hyundai Infracore (042670 KS, 15,200)		
Target price	KRW20,600	35.5%
BUY		

WHAT'S THE STORY?

§ The Korean version of this report was published on Oct 31, 2025

3Q review for HD Hyundai Group's construction equipment firms: HD Hyundai Construction Equipment (HD Hyundai CE) beat the consensus forecast for 3Q operating profit by 29%, while HD Hyundai Infracore's figure fell slightly short. Taken together, we find their 3Q results largely solid, which we attribute to: 1) the impact of tariffs having yet to be reflected (thanks to their inventory in the US); and 2) a faster-than-expected recovery in sales in developed markets (DMs). By company, HD Hyundai CE saw much smaller-than-expected costs associated with restructuring of its Chinese operations, which provided a boost to its earnings. HD Hyundai Infracore posted relatively disappointing results as engine business profitability was weaker than expected.

(Continued on the next page)

Shares volatile after results: The two companies' share prices rebounded following HD Hyundai CE's earnings release and then plunged after HD Hyundai Infracore's 3Q results. We believe the market is worried about three things.

- First, investors may believe the 3Q rebound in North American sales is a temporary recovery caused by speculative demand ahead of the full impact of tariffs. If the sales recovery proves transitory, profitability could deteriorate next year after existing US inventory is exhausted.
- Second, profitability dipped at the engine unit—a business that helps explain the premium given to HD Hyundai Group-affiliated construction equipment companies.
- Third, HD Hyundai Infracore intends to reduce its inventory in North America, which is larger-than-expected. Destocking usually entails additional marketing costs—hence the concerns over near -term earnings.

Industry likely to bottom out this year: Despite these concerns, we still expect the construction equipment industry to find a bottom this year and recover next year. First, global construction equipment sales have shrunk each year since they peaked in 2021. Given that the industry's business cycle—at around just 5 years—is shorter than that of other industrial segments, it seems to be due an upturn. In China, an industry recovery has already begun, while in the US, demand should rise as dealers begin to build inventory. The recent rerating of global construction equipment stocks implies market confidence in the chances of an industry rebound. We are also encouraged by Caterpillar's retail sales in DMs.

While some concerns do linger—*eg*, tariff-related uncertainty and a short-term inventory management issue—preventing us from raising our 2026 earnings forecasts meaningfully, yet even without hiking forecasts, the recent rise in the valuations of construction equipment and industrial goods sectors alone does point to additional upside. We raise our target prices for HD Hyundai CE and HD Hyundai Infracore by 11% each.

3Q review

Combined results of HD Hyundai CE and HD Hyundai Infracore solid overall

HD Hyundai CE's 3Q operating profit beat consensus by 29%, while HD Hyundai Infracore's operating profit fell slightly short. Both figures were sharply up on a y-y basis. We find their combined operating profit solid overall for three reasons. First, earnings have yet to reflect the impact of tariffs, as the companies still had substantial inventory in the US. Unlike global top-tier players, the Korean pair saw earnings grow y-y. Second, HD Hyundai CE and HD Hyundai Infracore enjoyed a faster-than-expected recovery in sales. A prolonged industry slowdown and tariff-related issues kept market estimates in check. Against this backdrop, sales growth reduced the burden of fixed costs. Results also benefitted from a low base of a year ago and favorable forex rate movements (*ie*, the won depreciating against the US dollar). Third, costs arising from the shutdown of HD Hyundai CE's plant in China proved lower than expected.

HD Hyundai CE: Quicker-than-expected recovery in DMs and shrinking one-off costs

HD Hyundai CE's 3Q operating profit beat consensus by 29%. We see two reasons for this.

- First, sales topped forecasts, mainly thanks to won depreciation against the US dollar. Moreover, sales growth was solid across all regions. More specifically, demand in emerging markets (EMs) remained solid—led by mining equipment—while sales in DMs (North America and Europe) beat expectations. North American sales likely benefited from demand brought forward by impending tariffs. The pace of recovery in Europe was substantial, even after factoring for the low base of a year ago.
- Second, costs relating to the shutdown of the firm's plant in China were much smaller than expected. For reference, HD Hyundai CE recognized around KRW17b in Chinese restructuring costs in 2Q operating profit. During its 2Q earnings call, the firm said it expected to book an additional KRW15b in costs in 2H, but this estimate has since fallen to KRW6b-7b (including KRW3b recognized in 3Q).

Meanwhile, pre-tax profit rose sharply q-q in 3Q, trouncing consensus by 77%, mostly thanks to favorable forex rate movements. In 2Q, the company recognized valuation losses on foreign currency-denominated assets (mainly sales receivable) to reflect won appreciation against the US dollar in the quarter. In 3Q, however, the won depreciated against the dollar, reversing such valuation losses to lead to valuation gains.

HD Hyundai Construction Equipment: 3Q review

(KRWb)	3Q25	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	955	968	-1.3	817	16.9	896	6.6	851	12.2
Operating profit	56	40	39.5	43	29.8	43	29.2	44	26.1
Pre-tax profit	57	2	2,755.0	16	261.4	32	77.3	43	32.5
Net profit*	44	5	812.5	11	298.2	25	76.6	31	39.8
Margins (%)									
Operating profit	5.8	4.1		5.3		4.8		5.2	
Pre-tax profit	6.0	0.2		1.9		3.6		5.1	
Net profit*	4.6	0.5		1.3		2.8		3.7	

Note: *Controlling

Source: Company data, FnGuide, Samsung Securities estimates

HD Hyundai Construction Equipment: Sales, by region

(KRWb)	3Q25	2Q25	(% q-q)	3Q24	(% y-y)
Direct exports*	336	325	3.4	252	33.3
India/Brazil	158	167	-5.4	162	-2.4
North America	220	228	-3.7	203	8.1
Europe	128	101	26.7	97	31.8
China	51	81	-37.0	49	3.9
Domestic	62	65	-5.5	53	16.4

Note: Excluding consolidation adjustments;

*CIS, Russia, Middle East, *etc*

Source: Company data

HD Hyundai Infracore: Engine performance slightly disappointing

HD Hyundai Infracore's 3Q operating profit missed consensus by 8%. Because the company had ample inventory already sitting in North America, tariff-related costs did not significantly 3Q results. Rather, 3Q results missed forecasts because margins at the firm's engine business fell short of expectations. In 2Q, HD Hyundai Infracore's engine business posted a 20.5% operating margin, raising expectations for 3Q. But engine operating margin slid to 16.9% in 3Q, which we find disappointing even after considering a seasonality-driven 15.7% q-q decline in sales. This suggests the firm's 2Q engine profitability was extraordinary. HD Hyundai Infracore's pre-tax profit and net profit beat consensus thanks to larger-than-expected forex-related gains.

HD Hyundai Infracore: 3Q25 review

(KRWb)	3Q25	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	1,130	1,185	-4.6	910	24.2	1,109	1.9	1,127	0.3
Operating profit	81	106	-23.5	21	290.9	88	-8.2	77	5.6
Pre-tax profit	89	44	100.7	-32	nm	68	31.2	66	34.4
Net profit*	67	27	144.3	-25	nm	50	35.2	51	31.6
Margins (%)									
Operating profit	7.2	8.9		2.3		7.9		6.8	
Pre-tax profit	7.9	3.8		-3.5		6.1		5.9	
Net profit*	5.9	2.3		-2.8		4.5		4.5	

Note: *Controlling

Source: Company data, FnGuide, Samsung Securities estimates

HD Hyundai Infracore: 3Q divisional performance

(KRWb)	3Q25	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)
Sales	1,130	1,185	-4.6	910	24.2
Construction Equipment	854	857	-0.4	655	30.5
Engine	276	327	-15.7	255	8.2
Operating profit	81	106	-23.5	21	290.9
Construction Equipment	34	39	-11.5	-12	nm
Engine	47	67	-30.8	33	42.2
OPM (%)	7.2	8.9		2.3	
Construction Equipment	4.0	4.5		-1.8	
Engine	16.9	20.5		12.8	

Source: Company data

Industry to find a bottom this year

Shares plunge after earnings release

After having rebounded thanks to HD Hyundai CE's robust results, shares then plunged after HD Hyundai Infracore 3Q earnings announcement. Such share price movements seem baffling given that HD Hyundai Infracore's earnings did not sharply miss consensus. We se three main reasons for the concerns.

- First, the rebound in North American sales in 3Q might have been driven by demand pulled forward ahead of the full impact of tariffs kicking in—ie, not based on real demand. If such concerns prove right, the companies are likely to see margins deteriorate due to tariff effects from 2026, when their North American inventory is depleted.
- Second, engine business profitability disappointed. Give that that business is one of the reasons for the premium given to HD Hyundai Group construction equipment companies, a sluggish performance at the unit has hurt investment sentiment.
- Third, HD Hyundai Infracore's US inventory was more excessive than originally thought. The firm said it would continue destocking—action that generally entails increased marketing costs. This is a source of uncertainty over earnings momentum in the near term.

Industry to find a bottom this year

Despite these concerns, we still expect the construction equipment industry to find a bottom this year and recover next year. First, global construction equipment sales have shrunk each year since they peaked in 2021. Given that the industry's business cycle—at around just 5 years—is shorter than that of other industrial segments, it seems to be due an upturn. Meanwhile, in China, the industry has already begun to recover, with sales volume growing for two years running. In the US, as uncertainties lift, dealers should begin to build inventory (even if real demand has yet to emerge). In other words, we expect sales to rebound next year in the US and China—the world's largest construction equipment markets.

Caterpillar's recently announced earnings also support our expectations. First, the firm's retail sales in North America rebounded in 3Q, and its sales to dealers (*ie*, wholesale) climbed 9.5% y-y, beating consensus. All told, its sales in DMs—North America and Europe—rebounded y-y.

Of note, the world's major construction equipment companies have recently seen sharp increases in share prices and valuations, which we believe speaks to global investors' optimism about an industry recovery. Caterpillar shares surged immediately after it earnings call. If the industry bottoms this year and recovers next year, construction equipment firms will be able to reduce the impact of tariffs by expanding sales and cutting fixed costs. In this scenario, they would be able to raise ASPs.

Caterpillar: Retail sales growth (construction industries)

(%)	Asia/Pacific	EAME	Latin America	North America	Global
1Q23	-15	7	-4	5	-
2Q23	-14	-9	-8	16	3
3Q23	-17	1	-9	20	6
4Q23	-8	-5	-1	13	4
1Q24	-6	-24	-10	4	-5
2Q24	-12	-10	4	-3	-5
3Q24	-7	-12	6	-8	-7
4Q24	-11	-8	5	-1	-3
1Q25	-3	4	16	1	3
2Q25	-2	5	-7	3	2
3Q25	-9	7	2	11	7

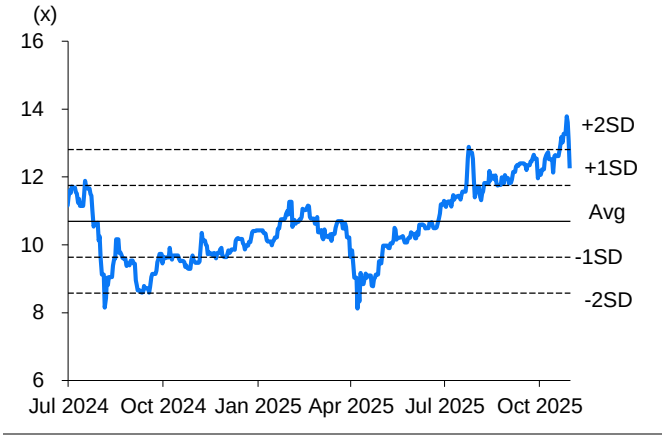
Source: Company data

Caterpillar: Retail sales growth (resource industries)

(%)	Asia/Pacific	EAME	Latin America	North America	Global
1Q23	-12	27	-12	56	18
2Q23	31	-10	28	47	26
3Q23	-10	-6	3	49	10
4Q23	-1	1	1	3	1
1Q24	-16	-39	38	-17	-17
2Q24	-37	-19	11	-2	-15
3Q24	-13	-38	-10	-12	-18
4Q24	-4	15	-5	-11	-3
1Q25	-4	8	-10	-15	-10
2Q25	9	-4	-2	-10	3
3Q25	-24	56	20	2	6

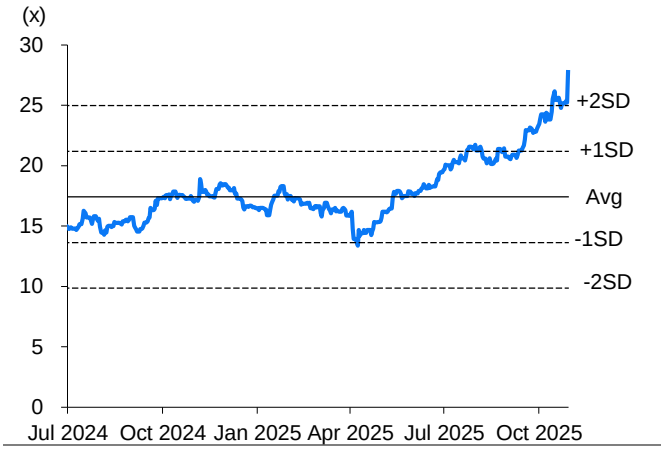
Source: Company data

Komatsu: 1-year-forward P/E



Source: Bloomberg

Caterpillar: 1-year-forward P/E

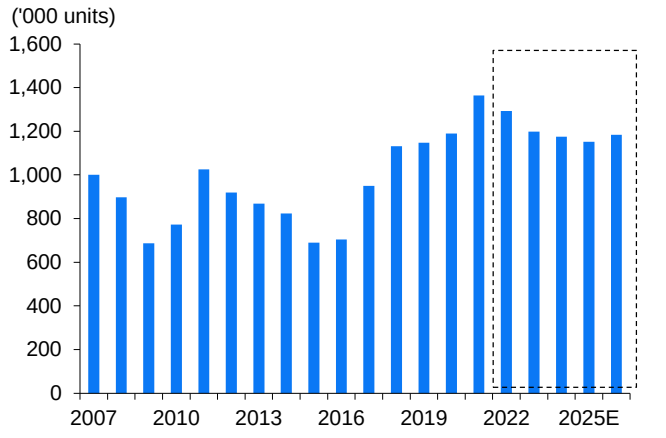


Source: Bloomberg

We raise our target prices for HD Hyundai CE and HD Hyundai Infracore. As tariff-related uncertainty lingers, investors are advised to check on both firm's profitability after their US inventory is depleted. Moreover, HD Hyundai Infracore's destocking issue and disappointing engine performance remain concerning. Thus, even if HD Hyundai CE posts solid results, it is difficult to hike our 2026 earnings forecasts for the firm. However, even without lifting our 2026 forecasts, our target price calculation can reflect the recent rise in valuation multiples across the overall sector.

Using the combined earnings of the two companies, we value: 1) the firms' construction equipment business based on the EV/EBITDA multiple at which a top Japanese competitor is trading; and 2) the engine business based on the average EV/EBITDA multiple of Korea's industrial goods sector. Thus, we raise our target price for HD Hyundai CE by 11% to KRW127,000, and our target price for HD Hyundai Infracore by 11% to KRW20,600 (by applying the merger ratio to our target for HD Hyundai CE).

Global construction equipment sales and forecasts



Source: Samsung Securities estimates

Valuations: HD Hyundai CE and HD Hyundai Infracore

(KRWb)		
Enterprise value (sum)	(A=bxc+dxe)	7,294
Construction division's 2026E EBITDA	(b)	557
Applied EV/EBITDA* (x)	(c)	7.7
Engine division's 2026E EBITDA	(d)	272
Applied EV/EBITDA** (x)	(e)	11.2
Net debt at end-3Q25(sum)	(F)	1,224
Enterprise value (sum)	(G=A-F)	6,070
Applicable shares (mil)	(H)	48
HD Hyundai CE target price (KRW)	(I=G/H)	127,000
Merger ratio	(J)	0.162171
HD Hyundai Infracore target price (KRW)	(IxJ)	20,600

Note: *Average multiple of Japanese top-tier companies
**Kospi 200 Industrials
Source: Samsung Securities estimates

HD Hyundai Construction Equipment: Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**3,825**	**3,438**	**3,675**	**4,001**	**4,294**
Cost of goods sold	3,100	2,787	3,003	3,220	3,446
Gross profit	**725**	**651**	**672**	**781**	**848**
Gross margin (%)	18.9	18.9	18.3	19.5	19.7
SG&A expenses	467	460	488	524	558
Operating profit	**257**	**190**	**184**	**257**	**290**
Operating margin (%)	6.7	5.5	5.0	6.4	6.8
Non-operating gains (losses)	**-67**	**-69**	**-44**	**-26**	**-30**
Financial profit	100	91	87	51	30
Financial costs	109	105	156	99	68
Equity-method gains (losses)	-0	-0	0	0	0
Other	-57	-55	25	22	7
Pre-tax profit	**190**	**121**	**139**	**231**	**260**
Taxes	63	36	38	55	62
Effective tax rate (%)	33.0	29.2	27.0	24.0	24.0
Profit from continuing operations	127	86	102	175	198
Profit from discontinued operations	0	0	0	0	0
Net profit	**127**	**86**	**102**	**175**	**198**
Net margin (%)	3.3	2.5	2.8	4.4	4.6
Net profit (controlling interests)	139	100	108	175	198
Net profit (non-controlling interests)	-12	-14	-6	0	0
EBITDA	324	259	227	300	334
EBITDA margin (%)	8.5	7.5	6.2	7.5	7.8
EPS (parent-based) (KRW)	7,077	5,461	6,213	10,105	11,380
EPS (consolidated) (KRW)	6,469	4,696	5,862	10,105	11,380
Adjusted EPS (KRW)*	7,077	5,461	6,213	10,105	11,380

HD Hyundai Construction Equipment: Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,199**	**2,113**	**2,285**	**2,527**	**2,805**
Cash & equivalents	428	264	310	346	475
Accounts receivable	439	460	492	536	575
Inventories	1,059	1,129	1,158	1,261	1,353
Other current assets	274	260	325	385	402
Fixed assets	**1,098**	**1,212**	**1,279**	**1,268**	**1,258**
Investment assets	1	1	1	1	1
Tangible assets	817	903	926	919	911
Intangible assets	93	93	137	134	131
Other long-term assets	187	215	215	215	215
Total assets	**3,297**	**3,325**	**3,564**	**3,796**	**4,063**
Current liabilities	**1,014**	**1,064**	**1,193**	**1,191**	**1,235**
Accounts payable	284	409	302	329	353
Short-term debt	343	177	450	400	400
Other current liabilities	387	478	441	462	482
Long-term liabilities	**512**	**467**	**479**	**553**	**599**
Bonds & long-term debt	357	327	257	287	317
Other long-term liabilities	154	140	222	267	282
Total liabilities	**1,526**	**1,531**	**1,672**	**1,745**	**1,834**
Owners of parent equity	**1,576**	**1,658**	**1,756**	**1,915**	**2,093**
Capital stock	99	94	94	94	94
Capital surplus	803	839	839	839	839
Retained earnings	605	655	753	912	1,090
Other	69	70	70	70	70
Non-controlling interests' equity	**195**	**136**	**136**	**136**	**136**
Total equity	**1,771**	**1,794**	**1,892**	**2,051**	**2,229**
Net debt	331	359	466	371	273

HD Hyundai Construction Equipment: Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**318**	**261**	**-69**	**116**	**158**
Net profit	127	86	102	175	198
Non-cash profit and expenses	151	108	49	59	67
Depreciation	54	56	44	44	44
Amortization	13	12	8	11	11
Other	84	39	-2	4	13
Changes in A/L from operating activities	39	67	-220	-119	-107
Cash flow from investments	**-65**	**-195**	**-89**	**-59**	**-59**
Change in tangible assets	-115	-172	-89	-59	-59
Change in financial assets	175	21	-0	-0	-0
Other	-125	-43	0	-0	0
Cash flow from financing	**-223**	**-254**	**203**	**-20**	**30**
Change in debt	-180	-88	203	-20	30
Change in equity	-0	31	0	0	0
Dividends	-33	-13	-10	-16	-19
Other	-10	-184	10	16	19
Change in cash	35	-163	45	37	129
Cash at beginning of year	393	428	264	310	346
Cash at end of year	428	264	310	346	475
Gross cash flow	**279**	**194**	**151**	**235**	**265**
Free cash flow	**202**	**87**	**-159**	**56**	**98**

HD Hyundai Construction Equipment: Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	8.8	-10.1	6.9	8.9	7.3
Operating profit	50.8	-26.0	-3.5	39.7	13.0
Net profit	28.2	-32.5	18.4	72.4	12.6
Adjusted EPS**	25.0	-22.8	13.8	62.6	12.6
Per-share data (KRW)					
EPS (parent-based)	7,077	5,461	6,213	10,105	11,380
EPS (consolidated)	6,469	4,696	5,862	10,105	11,380
Adjusted EPS**	7,077	5,461	6,213	10,105	11,380
BVPS	80,021	90,562	101,154	110,309	120,589
DPS (common)	700	500	500	900	1,100
Valuations (x)					
P/E***	14.6	18.9	16.6	10.2	9.1
P/B***	1.3	1.1	1.0	0.9	0.9
EV/EBITDA	6.5	8.3	9.9	7.2	6.2
Ratios (%)					
ROE	9.2	6.2	6.3	9.6	9.9
ROA	4.1	3.0	3.1	4.8	5.0
ROIC	8.0	6.1	5.5	7.3	7.9
Payout ratio	9.9	9.2	8.0	8.9	9.7
Dividend yield (common)	0.7	0.5	0.5	0.9	1.1
Net debt to equity	18.7	20.0	24.6	18.1	12.2
Interest coverage (x)	5.6	4.4	4.4	5.4	6.2

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

Source: Company data, Samsung Securities estimates

HD Hyundai Infracore: Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,660**	**4,114**	**4,495**	**4,705**	**4,929**
Cost of goods sold	3,536	3,185	3,366	3,514	3,638
Gross profit	**1,124**	**929**	**1,130**	**1,191**	**1,292**
Gross margin (%)	24.1	22.6	25.1	25.3	26.2
SG&A expenses	705	745	803	838	874
Operating profit	**418**	**184**	**326**	**353**	**417**
Operating margin (%)	9.0	4.5	7.3	7.5	8.5
Non-operating gains (losses)	**-76**	**-23**	**-89**	**-41**	**-28**
Financial profit	108	142	234	138	91
Financial costs	160	160	281	147	105
Equity-method gains (losses)	-0	-0	-0	-0	-0
Other	-24	-5	-42	-33	-14
Pre-tax profit	**342**	**161**	**237**	**312**	**389**
Taxes	112	52	66	75	93
Effective tax rate (%)	32.6	32.6	28.0	24.0	24.0
Profit from continuing operations	231	108	171	237	296
Profit from discontinued operations	0	0	0	0	0
Net profit	**231**	**108**	**171**	**237**	**296**
Net margin (%)	5.0	2.6	3.8	5.0	6.0
Net profit (controlling interests)	231	108	170	237	296
Net profit (non-controlling interests)	-0	0	1	0	0
EBITDA	570	341	490	526	593
EBITDA margin (%)	12.2	8.3	10.9	11.2	12.0
EPS (parent-based) (KRW)	1,156	563	901	1,255	1,566
EPS (consolidated) (KRW)	1,156	563	904	1,255	1,566
Adjusted EPS (KRW)*	1,156	563	901	1,255	1,566

HD Hyundai Infracore: Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,833**	**2,596**	**3,236**	**3,706**	**4,381**
Cash & equivalents	239	259	866	1,197	1,732
Accounts receivable	910	581	677	709	743
Inventories	1,425	1,364	1,232	1,289	1,350
Other current assets	259	392	460	511	556
Fixed assets	**1,585**	**1,691**	**1,698**	**1,789**	**1,752**
Investment assets	6	5	3	2	2
Tangible assets	1,188	1,228	1,247	1,347	1,316
Intangible assets	160	161	149	141	135
Other long-term assets	231	298	300	300	300
Total assets	**4,418**	**4,287**	**4,934**	**5,496**	**6,133**
Current liabilities	**1,803**	**1,675**	**2,004**	**2,152**	**2,303**
Accounts payable	420	438	431	451	473
Short-term debt	289	207	470	470	470
Other current liabilities	1,095	1,030	1,103	1,231	1,360
Long-term liabilities	**802**	**765**	**932**	**1,148**	**1,385**
Bonds & long-term debt	602	565	575	585	595
Other long-term liabilities	199	200	357	562	790
Total liabilities	**2,605**	**2,440**	**2,936**	**3,300**	**3,688**
Owners of parent equity	**1,815**	**1,849**	**2,000**	**2,198**	**2,447**
Capital stock	200	200	200	200	200
Capital surplus	340	340	340	340	340
Retained earnings	2,605	2,625	2,776	2,974	3,223
Other	-1,330	-1,316	-1,316	-1,316	-1,316
Non-controlling interests' equity	**-2**	**-2**	**-2**	**-2**	**-2**
Total equity	**1,813**	**1,847**	**1,998**	**2,196**	**2,445**
Net debt	1,014	851	584	332	-117

HD Hyundai Infracore: Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**448**	**443**	**372**	**451**	**529**
Net profit	231	108	171	237	296
Non-cash profit and expenses	321	193	235	275	298
Depreciation	102	111	118	130	135
Amortization	49	46	46	42	40
Other	170	37	71	102	122
Changes in A/L from operating activities	-104	142	-33	-61	-65
Cash flow from investments	**-122**	**-172**	**-137**	**-230**	**-105**
Change in tangible assets	-111	-127	-137	-230	-105
Change in financial assets	15	176	0	0	0
Other	-26	-221	0	0	0
Cash flow from financing	**-387**	**-274**	**373**	**110**	**110**
Change in debt	-325	-45	373	110	110
Change in equity	11	0	0	0	0
Dividends	-48	-22	0	0	0
Other	-26	-208	0	0	0
Change in cash	-59	19	608	331	535
Cash at beginning of year	298	239	259	866	1,197
Cash at end of year	239	259	866	1,197	1,732
Gross cash flow	**552**	**302**	**405**	**512**	**594**
Free cash flow	**331**	**312**	**213**	**199**	**403**

HD Hyundai Infracore: Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	-2.0	-11.7	9.3	4.7	4.8
Operating profit	25.8	-56.0	77.2	8.2	18.2
Net profit	0.5	-53.0	57.5	38.8	24.8
Adjusted EPS**	-0.5	-51.3	60.2	39.2	24.8
Per-share data (KRW)					
EPS (parent-based)	1,156	563	901	1,255	1,566
EPS (consolidated)	1,156	563	904	1,255	1,566
Adjusted EPS**	1,156	563	901	1,255	1,566
BVPS	9,094	9,599	10,585	11,635	12,951
DPS (common)	110	0	100	200	250
Valuations (x)					
P/E***	13.6	28.0	17.5	12.6	10.1
P/B***	1.7	1.6	1.5	1.4	1.2
EV/EBITDA	7.0	11.2	7.3	6.3	4.8
Ratios (%)					
ROE	13.4	5.9	8.8	11.3	12.7
ROA	5.0	2.5	3.7	4.5	5.1
ROIC	10.5	4.4	8.2	8.7	10.0
Payout ratio	9.5	0.0	11.1	15.9	16.0
Dividend yield (common)	0.7	0.0	0.6	1.3	1.6
Net debt to equity	55.9	46.1	29.3	15.1	-4.8
Interest coverage (x)	6.0	3.2	5.2	4.8	5.3

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

Source: Company data, Samsung Securities estimates

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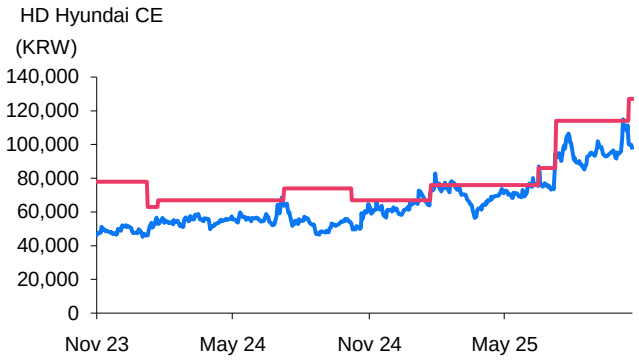
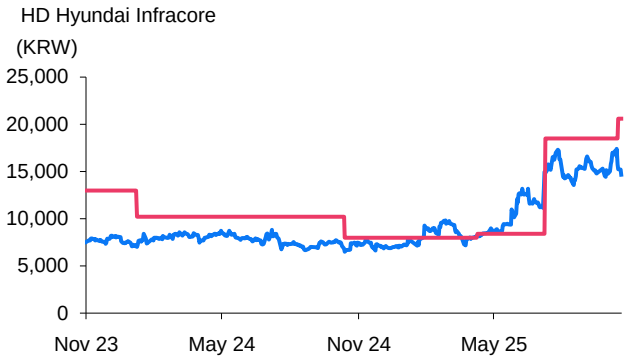
Target price changes in past two years





Rating changes over past two years (adjusted share prices)

HD Hyundai CE

Date	2023/10/26	2024/1/24	2/7	7/25	10/24	2025/2/7	7/2	7/25	10/31
Recommendation	BUY	BUY	BUY	BUY	BUY	HOLD	HOLD	BUY	BUY
Target price (KRW)	78000	63000	67000	74000	67000	76000	86000	114000	127000
Gap* (average)	-38.53	-17.46	-16.96	-27.69	-8.88	-6.82	-9.92	-15.73	
(max or min)**	-33.08	-10.00	2.24	-12.16	8.51	8.95	-14.88	0.79	

HD Hyundai Infracore

Date	2023/10/26	2024/1/24	10/29	2025/4/25	7/25	10/31
Recommendation	BUY	BUY	HOLD	HOLD	BUY	BUY
Target price (KRW)	13000	10200	8000	8400	18500	20600
Gap* (average)	-41.98	-23.47	-1.87	25.80	-16.39	
(max or min)**	-36.92	-13.43	22.88	77.86	-6.00	

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

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Industry

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