SECTOR
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Shipbuilding/Machinery Weekly

Implications of strong secondhand prices

- The Clarksons Newbuilding Price Index remained flat w-w at 185 last week (but fell at the decimal level). The Secondhand Price Index crept up 1pt w-w.
- The ClarkSea Index (which represents vessels' earnings) jumped 11% w-w thanks to a surge in oil tanker indicators.
- In this report, we examine the implications of the strong Secondhand Price Index on shipbuilding market conditions.

WHAT'S THE STORY?

Secondhand vessel prices for oil tankers and bulk carriers continue to rise

Secondhand ship prices have been fairly strong as of late. The Secondhand Price Index has risen for two consecutive weeks this year after rising 8.6% in 2025. This contrasts with the Newbuilding Price Index, which has edged lower at the decimal level for the past two weeks and declined 2.4% last year. Specifically, the secondhand prices for tankers and bulk carriers have strengthened.

With newbuilding prices flat, the gap between newbuilding and secondhand prices has narrowed. Currently, the secondhand price of a five-year-old VLCC is around 97% of the newbuilding price, while the secondhand price of a Capesize bulk carrier is 89% of the newbuilding price. Over the past five years, the ratios have averaged 80% and 81%, respectively. In the containership segment, secondhand prices have held steady despite a decline in newbuilding prices, pushing up the ratio. For 15,000 TEU containerships, this ratio now stands at around 86%.

Secondhand vessel prices typically go up when the outlook for short-term freight rates is positive. This is because the value of a vessel is essentially the present value of the future cash flows it can generate from transporting freight. The difference between newbuilding and secondhand prices reflects the time it takes to secure a new vessel—typically three to four years from order to delivery, while a secondhand vessel can be deployed immediately. Therefore, the current strength in terms of secondhand prices for tankers and bulk carriers suggests that shipowners are optimistic towards the shipping market in the near term.

(Continued on the next page)

Performance

(%)	1W	3M	YTD
KSOE	-1.6	6.3	7.9
HD Hyundai Heavy	3.6	24.8	22.6
Samsung Heavy	3.8	34.5	23.3
Hanwha Ocean	9.1	37.2	29.5
HD Hyundai Marine Solution	-0.9	-16.0	-1.7
HD Hyundai Electric	6.5	34.9	16.0
HD Hyundai CE	8.9	26.5	21.3
HD Hyundai	14.3	45.4	25.0
Doosan Bobcat	0.0	-6.0	0.0
KAI	8.6	7.2	7.6
LIG Nex1	4.9	64.9	37.6
Hanwha Aerospace	-2.0	24.2	26.5
Hyosung Heavy	6.7	41.5	36.1
LS Electric	23.7	47.5	30.2

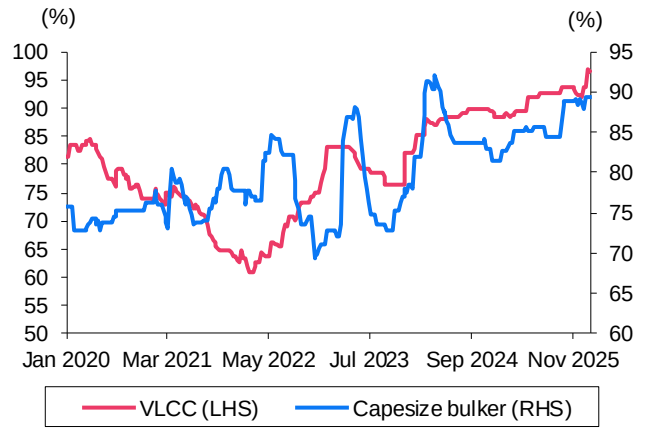
Valuation summary

(x, %)	P/B	P/E	ROE
KSOE	2.0	9.5	24.0
HD Hyundai Heavy	5.8	24.1	30.2
Samsung Heavy	5.1	25.3	21.8
Hanwha Ocean	6.4	32.3	21.9
HD Hyundai Marine Solution	8.4	22.3	40.6
HD Hyundai Electric	11.8	31.3	44.1
HD Hyundai CE*	1.1	11.8	9.6
HD Hyundai	1.8	14.4	13.1
Doosan Bobcat	0.8	10.1	8.0
KAI	7.2	41.0	18.8
LIG Nex1	6.6	28.3	25.8
Hanwha Aerospace	5.8	32.3	nm
Hyosung Heavy	7.2	30.8	26.2
LS Electric	6.7	37.6	19.2

Note: 2026 estimates; *Does not reflect merger effects
Source: Samsung Securities estimates

If secondhand prices remain strong, this would eventually result in higher newbuilding prices—the residual value of a new vessel is largely determined by its future secondhand value. As a result, we expect newbuilding prices for tankers and bulk carriers to head north. Additionally, LNGC prices are likely to improve on the back of new-order growth. Among the four major vessel types, three (*ie*, tankers, bulk carriers, and LNGCs) are experiencing favorable pricing conditions. Even if containership prices remain somewhat subdued, the overall newbuilding price index should remain stable or even rise slightly. Therefore, recent concerns regarding the Newbuilding Price Index ought not to be given too much weight. We remain upbeat towards the shipbuilding industry.

Secondhand/newbuilding price index ratios, by type



Note: Secondhand price index is based on 5-year vessels
Source: Clarksons

Current secondhand/newbuilding price ratio by type

(USDm)	Capesize bulker	VLCC	15,000 TEU containership
Newbuilding (A)	75.0	128.5	193.5
Secondhand (B)*	67.0	124.0	167.0
Ratio (%, C=B/A)	89.3	96.5	86.3

Note: * 5-year based
Source: Clarksons, Samsung Securities

Industry news

HD Hyundai Group to expand Southeast Asian shipyard capacity: HD Korea Shipbuilding & Offshore Engineering announced plans on Jan 14 (after a New Year's meeting) to expand its merchant ship business by expanding its presence in Southeast Asia. The Subic shipyard in the Philippines is set to begin full-scale marketing activities after successfully delivering a large oil tanker (which vessel is currently under construction). The shipyard aims to increase its annual production capacity to around 10 vessels. The Vietnamese shipyard also plans to significantly expand its annual production capacity from 16 to 25 vessels.

HD Hyundai Samho announces preliminary 2025 results: HD Hyundai Samho has released its preliminary 2025 results—sales rose 15% and its operating profit jumped 88%, for an operating margin of 16.9%. Based on the annual figures, its 4Q sales and operating profit came to KRW2t and KRW318.9b, respectively, for an operating margin of 15.8%.

HD Hyundai Samho secures VLGC order: HD Hyundai Samho has received an order for one very large gas carrier (VLGC). The contract value is USD119m. According to media reports, the client is Aygaz from Turkey, the vessel has a capacity of 93,000 m^3, and the ship will be delivered in 2028.

Samsung Heavy Industries close to securing FLNG order: Media outlets are reporting that Samsung Heavy Industries is on the verge of signing a contract with Delfin for a floating liquefied natural gas (FLNG) project, which project is valued at approximately KRW4t. The reports cite Delfin's agreement on Jan 15 to extend the letter of intent (LOI) relating to the construction of the first FLNG unit, seeing the extension as an indication that final contract negotiations are nearing completion.

Hanwha Engine wins KRW434b engine supply contract: Hanwha Engine has secured a contract to supply ship engines worth approximately KRW434b. Due to confidentiality agreements, the client's identity will be disclosed after Jan 14, 2027.

LS Electric secures KRW62b ultra-high voltage transformer order in Germany: According to media reports, LS Electric has signed a contract with German energy company RWE to supply ultra-high voltage transformers worth KRW62b. The contract involves supplying 400kV transformers to a solar and ESS-integrated power plant that is being built by RWE in western Germany, with delivery scheduled by end-2027.

HD Hyundai Construction Equipment secures first major order post-merger: HD Hyundai Construction Equipment has secured a large-scale contract to supply 120 excavators to mining companies in Ethiopia. The order includes 70 excavators (36-tonne versions) under the Develon brand and 50 excavators (34-tonne versions) under the Hyundai brand. All of the equipment is expected to be sent to gold mines in Ethiopia.

Ghost Robotics' quadruped robot takes part in large-scale air assault exercise in Japan: Ghost Robotics' Vision 60 took part in a large-scale air assault exercise conducted by Japan's Self-Defense Forces (SDF). Ghost Robotics was acquired by LIG Nex1 in 2024. According to foreign media reports, Japan's Ground SDF recently operated two Vision 60 robots during the New Year parachute training exercise by its 1st Airborne Brigade. The use of the quadrupedal ground robot is aimed at enhancing the SDF's battlefield efficiency and improve troop survivability.

Shipbuilding weekly indices

	This week	A week ago		Vs end-2024	
	Jan 16, 2025	Jan 9, 2025	Chg (%)	End-2024	Chg (%)
New building prices (USDm)					
Overall (indexed)	184.7	185.3	-0.3	184.7	0.0
Bulkers (Capesize)	75.0	75.0	0.0	75.0	0.0
Tankers (VLCC)	128.5	128.0	0.4	128.0	0.4
Tankers (51,000 DWT PCs)	49.5	49.5	0.0	49.0	1.0
Containerships (22,000 TEU)	234.0	235.0	-0.4	235.0	-0.4
Containerships (13,000 TEU)	145.0	145.0	0.0	145.5	-0.3
LNG carriers (174,000m³)	248.0	248.0	0.0	248.0	0.0
Secondhand prices (USDm)*					
Overall	194.0	193.0	0.5	191.1	1.5
Bulkers (Capesize)	67.0	67.0	0.0	66.0	1.5
Tankers (VLCC)	124.0	124.0	0.0	120.0	3.3
Tankers (51,000 DWT PCs)	44.0	44.0	0.0	43.0	2.3
Daily charter rates (USD)**					
Bulkers (Capesize, eco)	26,125	24,775	5.4	24,850	5.1
Bulkers (Capesize, non-eco)	25,125	23,775	5.7	23,850	5.3
Tankers (VLCC, eco)	65,000	59,000	10.2	65,500	-0.8
Tankers (VLCC, non-eco)	59,500	51,500	15.5	58,000	2.6
Freight rate index					
ClarkSea Index (USD/day)	31,606	28,364	11.4	29,856	5.9
BDI	1,567	1,688	-7.2	1,877	-16.5
WS (based on Saudi route)	120	73	65.5	58	108.7
CCFI	1,210	1,195	1.3	1,147	5.5
SCFI	1,574	1,647	-4.4	1,656	-5.0
Energy prices***					
Natural gas (USD/mil BTU)	3.1	2.9	6.9	4.0	-22.6
Oil (USD/bbl)	59.4	59.1	0.5	57.4	3.5
MGO-HSFO (USD/tonne)	250.0	236.5	5.7	262.8	-4.9
VLSFO-HSFO (USD/tonne)	69.5	65.5	6.1	71.8	-3.1

Note: *Based on 5-year-old vessels
**1-year charters
***based on WTI spot (oil) and Henry Hub (natural gas) prices
Source: Clarksons, Bloomberg, Samsung Securities

Share performances and valuations

Shipbuilding: Share performance and valuations

(%)	Share performance				2026 valuation		
	1 week	1 month	3 months	Ytd	P/B (x)	P/E (x)	ROE
HD KSOE*	-1.6	4.3	6.3	7.9	2.0	9.5	24.0
HD Hyundai Heavy Industries*	3.6	20.9	24.8	22.6	5.8	24.1	30.2
Samsung Heavy Industries*	3.8	21.3	34.5	23.3	5.1	25.3	21.8
Hanwha Ocean*	9.1	35.7	37.2	29.5	6.4	32.3	21.9
HD Hyundai Marine Solution*	-0.9	0.7	-16.0	-1.7	8.4	22.3	40.6
Yangzijiang	-0.8	2.0	12.9	3.2	2.0	8.1	26.4
CSSC Holdings	-1.2	7.2	1.9	6.2	2.3	15.0	18.6
CSSC Offshore	-0.6	13.5	19.5	9.3	n/a	28.5	7.6
ST Engineering	7.0	16.8	18.5	14.0	9.2	30.3	32.4
Seatrium	1.8	7.2	8.7	3.7	1.1	15.0	7.3
Mitsubishi	9.2	19.2	8.6	21.4	6.0	58.8	10.9
Kawasaki	12.9	20.9	43.6	34.5	3.0	28.4	10.9

Note: *Samsung Securities estimates
Source: Bloomberg, Samsung Securities estimates

Machinery: Share performance and valuations

(%)	Share performance				2026 valuation		
	1 week	1 month	3 months	Ytd	P/B (x)	P/E (x)	ROE
HD Hyundai Electric*	6.5	9.4	34.9	16.0	11.8	31.3	44.1
HD Hyundai Construction Equipment*	8.9	13.9	26.5	21.3	1.1	11.8	9.6
HD Hyundai*	14.3	17.5	45.4	25.0	1.8	14.4	13.1
Doosan Bobcat*	8.6	3.0	7.2	7.6	0.8	10.1	8.0
KAI*	4.9	46.7	64.9	37.6	7.2	41.0	18.8
LIG Nex1*	-2.0	39.3	24.2	26.5	6.6	28.3	25.8
Hanwha Aerospace*	6.7	49.0	41.5	36.1	5.8	32.3	nm
Hyosung Heavy*	23.7	21.7	47.5	30.2	7.2	30.8	26.2
LS Electric*	11.3	11.3	77.3	14.1	6.7	37.6	19.2
Lockheed Martin	7.3	22.7	17.6	20.4	6.7	37.4	19.2
Raytheon	7.1	14.0	27.8	10.1	19.8	19.9	105.8
Siemens	2.4	11.9	9.4	8.8	4.0	30.1	13.7
Caterpillar	4.7	15.1	22.7	12.9	3.1	23.7	13.6
Komatsu	9.4	15.5	6.3	13.5	14.5	28.7	55.5
Kubota	6.2	12.1	23.6	13.6	1.5	14.5	10.9

Note: *Samsung Securities estimates; The figure of HD HCE does not reflect the merger with HD Hyundai Infracore, which is currently suspended from trading
Source: Bloomberg, Samsung Securities estimates

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