COMPANY UPDATE

2026. 2. 9

Alternative Investment Team

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HDC Hyundai Development (294870)

4Q review: In-house margin beats expectations

- HDC Hyundai Development reported a 4Q25 operating profit of KRW41.3b, missing FnGuide consensus of KRW81.1b by 49.1%.
- The miss—despite solid performances in both the in-house and contracted housing segments (with gross margin of 40.4% and 15.7%, respectively)—owed to preemptive provisioning for certain projects.
- The company should enjoy earnings growth this year, driven by the high margin on in-house projects, with even stronger earnings growth anticipated next year as both sales and margins improve.

▶ AT A GLANCE

BUY

Target price	KRW28,000	34%
Current price	**KRW20,900**	
Market cap	KRW1.4t/USD1.0b	
Shares (float)	65,907,330 (52.3%)	
52-week high/low	KRW27,100/KRW17,700	
Avg daily trading value (60-day)	KRW5.5b/ USD3.8m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
HDC Hyundai Development (%)	0.7	-12.4	18.1
Vs Kospi (%pts)	-10.4	-44.9	-41.1

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	28,000	28,000	0.0%
2025 EPS	2,400	3,333	-28.0%
2026E EPS	5,897	5,598	5.3%

▶ SAMSUNG vs THE STREET

No of estimates	13
Target price	29,538
Recommendation	4.1

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

WHAT'S THE STORY?

4Q operating profit misses consensus: HDC Hyundai Development reported 4Q25 consolidated sales and operating profit of KRW1.025t (down 8.9% y-y) and KRW41.3b (down 1.0% y-y), respectively, the latter missing the FnGuide consensus of KRW81.1b by 49.1%. While the company saw solid performances in both the in-house and contracted housing segments (as evidenced by gross margin hitting 40.4% and 15.7%, respectively), it proactively set aside additional provisioning for certain projects, which significantly impacted earnings.

In-house margin again beats expectations: The in-house segment achieved a gross margin of a whopping 40.4% in 4Q. Given that the figure did not include any delivery-based sales, we expect the segment's high profitability to remain intact going forward. The in-house segment's share of total sales increased from 9.4% in 2024 to 23.1% in 2025, and is expected to rise further to 27.6% in 2026, indicating that earnings growth will accelerate from 2026 onward.

(Continued on the next page)

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,025.0	-8.9	-2.7	-0.0	-5.1
Operating profit	41.3	-1.1	-43.4	-52.4	-49.1
Pre-tax profit	22.6	-48.8	-61.9	-76.6	-70.2
Net profit	11.4	-74.8	-71.4	-84.4	-82.7
Margins (%)					
Operating profit	4.0				
Pre-tax profit	2.2				
Net profit	1.1				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025P	2026E
Valuation (x)			
P/E	7.6	9.1	3.5
P/B	0.4	0.4	0.4
EV/EBITDA	9.3	8.9	4.1
Div yield (%)	3.9	3.2	3.3
EPS growth (% y-y)	-10	1.6	145.7
ROE (%)	5.1	5	11.5
Per-share data (KRW)			
EPS	2,363	2,400	5,897
BVPS	48,537	50,743	56,681
DPS	700	700	700

2026 guidance: For 2026, the company has provided guidance of KRW4.2336t in sales (up from KRW4.147t in 2025) and KRW6.5311t in new orders (up from KRW5.8304t in 2025).

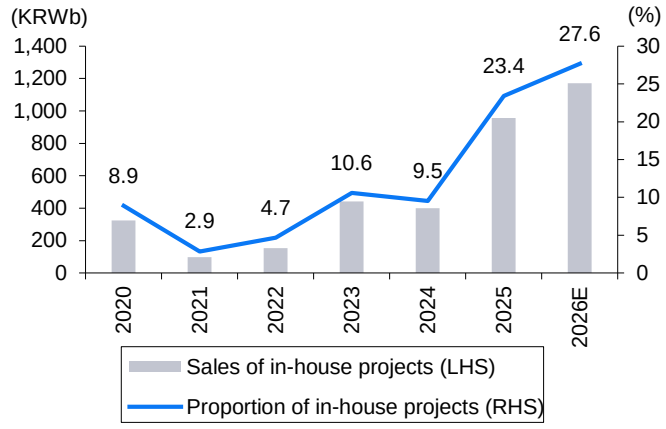
2026 to be strong and 2027 to be even more promising: As shown in Table 1, the company's key projects should generate significant sales from 2027. In 2026, top-line growth should be limited, with earnings growth driven primarily by the high profitability of in-house projects. In 2027, both revenue expansion and improved profitability should lead to stronger y-y earnings growth.

Table 1. Revenue schedule of main projects

	Project		Sales (KRWb)	Revenue schedule (estimates)						Construction Period
				2025	2026	2027	2028	2029	2030	
In-house housing (KRW4.3t)	Seoul One I'Park		2,890	■	■	■	■			'24.11 ~ '28.07
	Cheongju Gagyeong I'Park (Complexes 7 & 8)		830		■	■	■	■		Starts in '26
	Cheonan I'Park City	Complex 3	542			■	■	■		Starts in '27
Contracted housing (KRW4.4t)		Complex 1, 2, 4, 5, 6	1,328	■	■	■	■	■		Starts in '24 ~ '26
	City O Ciel (Complexes 1~9)		1,265	■	■	■	■	■		Starts in '21 ~ '27
	Paju Medical Cluster		1,146	■	■	■	■			'25.10 ~ '28.12
	Yongsan Hospital Site		294			■	■	■	■	Starts in '27
	Gongneung Station Area		141			■	■	■	■	Starts in '27
Building (KRW2.6t)	Bokjeong Station Area		1,360			■	■	■	■	Starts in '27
	Chengna Medical Complex		6,920			■	■	■	■	Starts in '27
	Jamsil Sports & MICE Complex		5,086			■	■	■	■	Starts in '27

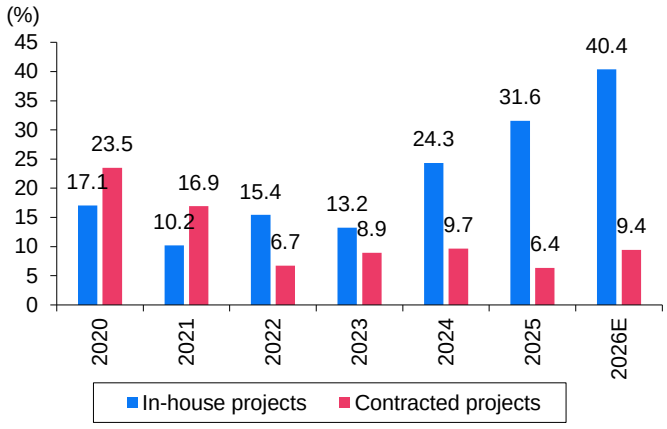
Source: Company data, Samsung Securities

Chart 1. Trend of in-house project sales



Source: Company data, Samsung Securities

Chart 2. In-house and contracted projects: GP margin



Source: Company data, Samsung Securities

Table 2. HDC Hyundai Development: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E	2022	2023	2024	2025E	2026E
Sales	**905.7**	**1,163.2**	**1,053.0**	**1,025.0**	**1,045.8**	**1,051.4**	**1,062.5**	**1,073.9**	**3,298.3**	**4,190.8**	**4,256.2**	**4,147.0**	**4,233.7**
Growth (% y-y)	-5.2	7.0	-3.3	-8.9	15.5	-9.6	0.9	4.8	-2.0	27.1	1.6	-2.6	2.1
Housing (in-house)	**227.2**	**212.1**	**314.9**	**202.4**	**269.8**	**284.0**	**299.7**	**316.9**	**153.3**	**441.2**	**400.9**	**956.6**	**1,170.4**
Growth (% y-y)	205.8	302.7	259.5	8.6	18.7	33.9	-4.8	56.6	56.7	187.7	-9.1	138.6	22.3
Housing (contracted)	**504.0**	**722.4**	**611.4**	**675.0**	**645.6**	**632.7**	**620.9**	**610.2**	**1,994.6**	**2,531.0**	**2,455.9**	**2,512.8**	**2,509.3**
Growth (% y-y)	-1.1	7.9	0.2	1.2	28.1	-12.4	1.6	-9.6	-18.6	26.9	-3.0	2.3	-0.1
Infra/SOC	**61.5**	**76.9**	**65.1**	**74.8**	**67.6**	**65.6**	**63.7**	**62.0**	**386.8**	**271.4**	**307.9**	**278.3**	**258.9**
Growth (% y-y)	-19.1	-7.0	-11.2	-1.4	9.8	-14.7	-2.1	-17.1	-18.5	-29.8	13.5	-9.6	-7.0
Building	**51.3**	**84.1**	**10.1**	**12.0**	**17.1**	**23.4**	**32.4**	**39.0**	**358.1**	**598.9**	**836.0**	**157.5**	**111.9**
Growth (% y-y)	-77.0	-61.1	-96.0	-91.7	-66.6	-72.2	220.9	225.0	210.3	67.2	39.6	-81.2	-29.0
Overseas/Other	**61.7**	**67.7**	**51.5**	**60.8**	**45.8**	**45.8**	**45.8**	**45.8**	**405.5**	**348.3**	**255.6**	**241.8**	**183.2**
Growth (% y-y)	-14.7	2.8	-22.0	18.5	-25.8	-32.4	-11.1	-24.7	79.3	-14.1	-26.6	-5.4	-24.2
Gross profit	**106.6**	**147.2**	**128.7**	**203.0**	**178.1**	**186.5**	**196.8**	**203.8**	**316.5**	**380.7**	**402.0**	**586.5**	**765.2**
Growth (% y-y)	29.3	30.4	31.8	86.2	67.1	26.7	51.6	0.4	-36.2	20.3	5.6	45.9	30.5
Housing (in-house)	72.9	81.4	89.7	81.8	109.0	114.7	121.1	128.0	23.6	58.4	97.6	325.9	472.8
Housing (contracted)	33.8	62.8	30.0	106.0	56.2	58.2	60.2	62.2	133.5	226.0	237.5	232.6	236.8
Infra/SOC	8.5	7.9	-2.7	-0.4	6.5	6.9	6.8	5.3	92.2	34.9	50.2	13.4	25.4
Building	-17.5	-6.2	1.1	12.4	1.8	2.6	3.8	4.8	0.6	17.1	-1.6	-10.2	13.0
Overseas/Other	8.8	1.2	10.6	3.2	4.6	4.1	4.9	3.5	66.5	44.3	18.4	24.9	17.1
Gross margin (%)	**11.8**	**12.7**	**12.2**	**19.8**	**17.0**	**17.7**	**18.5**	**19.0**	**9.6**	**9.1**	**9.4**	**14.1**	**18.1**
Housing (in-house)	32.1	38.4	28.5	40.4	40.4	40.4	40.4	40.4	15.4	13.2	24.3	34.1	40.4
Housing (contracted)	6.7	8.7	4.9	15.7	8.7	9.2	9.7	10.2	6.7	8.9	9.7	9.3	9.4
Infra/SOC	13.9	10.3	-4.1	-0.5	9.6	10.5	10.6	8.5	23.8	12.9	16.3	4.8	9.8
Building	-34.1	-7.4	10.7	103.4	10.7	11.2	11.7	12.2	0.2	2.8	-0.2	-6.5	11.6
Overseas/Other	14.3	1.8	20.6	5.3	10.0	8.9	10.7	7.7	16.4	12.7	7.2	10.3	9.3
Operating profit	**54.0**	**80.3**	**73.0**	**41.3**	**121.4**	**124.0**	**135.8**	**136.5**	**116.4**	**195.3**	**184.6**	**248.6**	**517.7**
Growth (% y-y)	29.8	49.1	53.8	-1.0	124.8	54.4	86.1	230.2	-57.4	67.8	-5.5	34.6	108.2
Operating margin (%)	6.0	6.9	6.9	4.0	11.6	11.8	12.8	12.7	3.5	4.7	4.3	6.0	12.2
Net profit	**54.2**	**52.7**	**39.8**	**11.4**	**90.7**	**94.1**	**101.8**	**101.9**	**50.2**	**172.9**	**155.7**	**158.1**	**388.6**
Growth (% y-y)	77.8	11.2	21.9	-74.7	67.5	78.6	155.5	792.5	-71.5	244.3	-9.9	1.6	145.7
Net margin (%)	6.0	4.5	3.8	1.1	8.7	9.0	9.6	9.5	1.5	4.1	3.7	3.8	9.2

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2022	2023	2024	2025P	2026E
Sales	**3,298**	**4,191**	**4,256**	**4,147**	**4,234**
Cost of goods sold	2,982	3,810	3,854	3,560	3,468
Gross profit	**316**	**381**	**402**	**587**	**765**
Gross margin (%)	9.6	9.1	9.4	14.1	18.1
SG&A expenses	200	185	217	338	247
Operating profit	**116**	**195**	**185**	**249**	**518**
Operating margin (%)	3.5	4.7	4.3	6.0	12.2
Non-operating gains (losses)	**5**	**42**	**16**	**-35**	**-2**
Financial profit	107	97	85	85	78
Financial costs	63	47	64	74	90
Equity-method gains (losses)	8	0	0	-9	0
Other	-48	-9	-6	-37	10
Pre-tax profit	**121**	**237**	**200**	**213**	**515**
Taxes	71	64	45	55	127
Effective tax rate (%)	58.5	27.1	22.3	25.9	24.6
Profit from continuing operations	50	173	156	158	389
Profit from discontinued operations	0	0	0	0	0
Net profit	**50**	**173**	**156**	**158**	**389**
Net margin (%)	1.5	4.1	3.7	3.8	9.2
Net profit (controlling interests)	50	173	156	158	389
Net profit (non-controlling interests)	-0	-0	0	0	0
EBITDA	163	255	243	298	562
EBITDA margin (%)	4.9	6.1	5.7	7.2	13.3
EPS (parent-based) (KRW)	764	2,626	2,363	2,400	5,897
EPS (consolidated) (KRW)	762	2,623	2,363	2,400	5,897
Adjusted EPS (KRW)*	764	2,626	2,363	2,400	5,897

Balance sheet

Year-end Dec 31 (KRWb)	2022	2023	2024	2025P	2026E
Current assets	**5,443**	**4,987**	**5,380**	**5,540**	**5,985**
Cash & equivalents	564	558	825	1,263	1,504
Accounts receivable	1	10	9	8	8
Inventories	1,575	1,507	1,854	1,689	1,770
Other current assets	3,302	2,912	2,693	2,580	2,703
Fixed assets	**1,894**	**2,029**	**2,081**	**2,522**	**2,508**
Investment assets	621	595	816	760	791
Tangible assets	441	484	485	798	756
Intangible assets	13	11	12	11	9
Other long-term assets	819	939	769	952	952
Total assets	**7,336**	**7,016**	**7,462**	**8,062**	**8,493**
Current liabilities	**3,459**	**3,148**	**3,510**	**3,746**	**3,822**
Accounts payable	191	236	220	200	210
Short-term debt	1,512	1,137	1,340	1,723	1,723
Other current liabilities	1,756	1,775	1,950	1,823	1,889
Long-term liabilities	**975**	**861**	**837**	**1,099**	**1,110**
Bonds & long-term debt	645	495	532	815	815
Other long-term liabilities	331	365	305	283	294
Total liabilities	**4,434**	**4,008**	**4,347**	**4,845**	**4,931**
Owners of parent equity	**2,894**	**3,008**	**3,115**	**3,217**	**3,561**
Capital stock	330	330	330	330	330
Capital surplus	1,605	1,603	1,606	1,606	1,606
Retained earnings	974	1,097	1,199	1,314	1,658
Other	-14	-22	-20	-32	-32
Non-controlling interests' equity	**8**	**0**	**0**	**0**	**0**
Total equity	**2,902**	**3,008**	**3,115**	**3,217**	**3,561**
Net debt	589	1,154	1,058	1,209	941

Cash flow statement

Year-end Dec 31 (KRWb)	2022	2023	2024	2025P	2026E
Cash flow from operations	**-1,735**	**640**	**314**	**-445**	**343**
Net profit	50	173	156	158	389
Non-cash profit and expenses	256	253	215	184	183
Depreciation	44	57	55	47	42
Amortization	3	3	3	2	2
Other	210	194	157	134	139
Changes in A/L from operating activities	-1,971	222	13	-736	-91
Cash flow from investments	**1,271**	**-143**	**-98**	**236**	**-55**
Change in tangible assets	-82	-65	-34	-52	0
Change in financial assets	438	1,026	-233	-28	-55
Other	915	-1,105	169	315	-1
Cash flow from financing	**677**	**-504**	**47**	**607**	**-43**
Change in debt	795	-426	191	673	1
Change in equity	0	-2	3	0	0
Dividends	-40	-40	-45	-45	-44
Other	-78	-37	-102	-21	0
Change in cash	213	-6	266	439	241
Cash at beginning of year	351	564	558	825	1,263
Cash at end of year	564	558	825	1,263	1,504
Gross cash flow	**306**	**426**	**370**	**342**	**572**
Free cash flow	**-1,817**	**575**	**280**	**-498**	**343**

Financial ratios

Year-end Dec 31	2022	2023	2024	2025P	2026E
Growth (%)					
Sales	-2.0	27.1	1.6	-2.6	2.1
Operating profit	-57.4	67.8	-5.5	34.6	108.2
Net profit	-71.5	244.3	-9.9	1.6	145.7
Adjusted EPS**	-71.5	243.6	-10.0	1.6	145.7
Per-share data (KRW)					
EPS (parent-based)	764	2,626	2,363	2,400	5,897
EPS (consolidated)	762	2,623	2,363	2,400	5,897
Adjusted EPS**	764	2,626	2,363	2,400	5,897
BVPS	43,919	46,876	48,537	50,743	56,681
DPS (common)	600	700	700	700	700
Valuations (x)					
P/E***	13.1	5.6	7.6	9.1	3.5
P/B***	0.2	0.3	0.4	0.4	0.4
EV/EBITDA	7.7	8.3	9.3	8.9	4.1
Ratios (%)					
ROE	1.7	5.9	5.1	5.0	11.5
ROA	0.7	2.4	2.2	2.0	4.7
ROIC	2.0	4.4	4.1	5.4	11.2
Payout ratio	78.5	26.0	28.8	28.1	11.3
Dividend yield (common)	6.0	4.8	3.9	3.2	3.3
Net debt to equity	20.3	38.4	34.0	37.6	26.4
Interest coverage (x)	1.8	4.3	3.3	3.5	5.8

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

Source: Company data, Samsung Securities estimates

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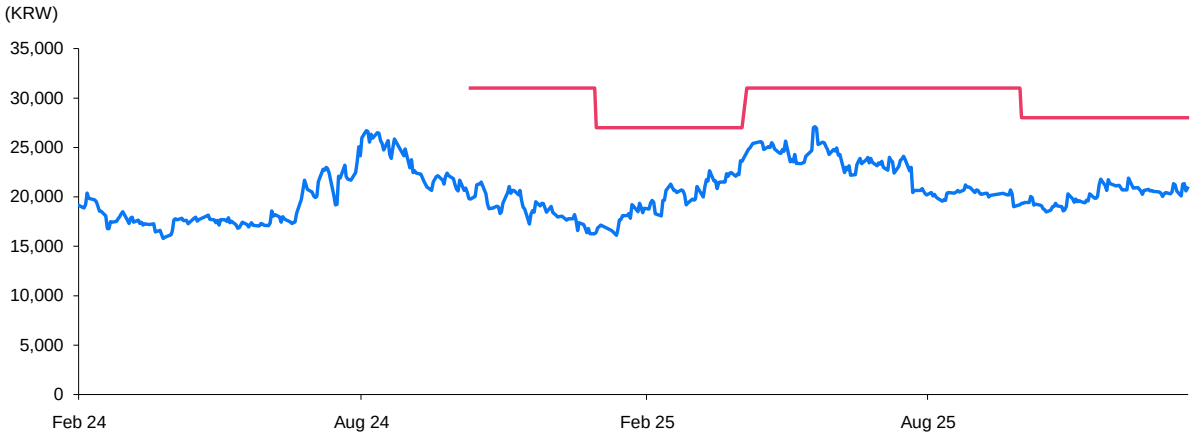
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/11/1	2025/1/21	4/28	10/22
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	31000	27000	31000	28000
Gap* (average)	-39.22	-26.05	-26.82	
(max or min)**	-30.65	-12.41	-12.58	

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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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
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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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