COMPANY UPDATE

2026. 2. 10

Industrial Team

Youngsoo Han
Team Leader
han.youngsoo@samsung.com

Scan to go to
Research Center report database

HD KSOE (009540)

Earnings still improving

- HD Korea Shipbuilding & Offshore Engineering's (KSOE) consolidated operating profit came in below market expectations, primarily due to one-time performance bonuses paid out by its major shipbuilding subsidiaries.
- Excluding these one-offs, the company's consolidated profitability remained on an upward trend.
- The stock still offers significant upside, though its relative appeal has somewhat weakened compared to HD Hyundai Heavy Industries, which has recently seen corrected. In the near term, the stock is likely to follow the performance of the subsidiary with a lag.

WHAT'S THE STORY?

4Q review: HD Korea Shipbuilding & Offshore Engineering's (KSOE) consolidated 4Q operating profit came in 11% below market expectations. This was mainly due to one-off performance bonuses paid out by its major shipbuilding subsidiaries, which had outperformed their targets. Adjusting for these one-offs, the company's profitability still improved y-y and q-q. The offshore unit demonstrated potential for sales recovery and profitability normalization, while the shipbuilding unit continued to grow its top line through productivity improvements—which we view positively.

(Continued on the next page)

HDKSOE 4Q25 review

(KRWb)	4Q25	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	8,152	7,582	7.5	7,162	13.8	8,057	1.2	8,259	-1.3
Operating profit	1,038	1,054	-1.5	499	108.0	1,168	-11.2	1,154	-10.1
Pre-tax profit	1,082	1,139	-5.0	901	20.1	1,233	-12.2	1,151	-6.0
Net profit	683	633	7.9	540	26.5	792	-13.7	783	-12.7
Margins (%)									
Operating profit	12.7	13.9		7.0		14.5		14.0	
Pre-tax profit	13.3	15.0		12.6		15.3		13.9	
Net profit	8.4	8.4		7.5		9.8		9.5	

Source: Company data, Samsung Securities estimates

Valuation

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (% y-y)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2023	21,296	282	-8	222	3,133	nm	124.5	-706	38.9	2.8	1.2
2024	25,539	1,434	1,823	1,172	16,565	428.8	23.5	-4,230	13.5	2.5	11.0
2025E	29,933	3,905	3,566	2,343	33,102	99.8	11.8	-6,496	6.1	2.2	19.6
2026E	33,357	5,307	5,409	3,205	45,281	36.8	8.6	-10,997	3.4	1.8	23.9
2027E	37,250	6,774	7,118	4,218	59,592	31.6	6.5	-17,029	1.9	1.5	27.1

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW620,000	59%
Current price	**KRW390,000**	
Market cap	KRW27.6t/USD18.9b	
Shares (float)	70,773,116 (63.2%)	
52-week high/low	KRW479,500/KRW186,200	
Avg daily trading value (60-day)	KRW88.7b/ USD60.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
HD KSOE (%)	-12.8	6.8	72.9
Vs Kospi (%pts)	-24.5	-35.3	-17.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	620,000	620,000	0.0%
2025E EPS	33,102	32,048	3.3%
2026E EPS	45,281	46,315	-2.2%

SAMSUNG vs THE STREET

No of estimates	7
Target price	582,143
Recommendation	4.0

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

Stock performance tied to subsidiaries: Despite recent corrections in the stock prices of its subsidiaries, HD KSOE still offers significant upside. In the near term, though, the stock is likely to follow the performance of its listed subsidiary, HD Hyundai Heavy Industries (HHI), with a lag. Typically, when the valuation of a subsidiary becomes demanding, market attention shifts to the intermediate holding company. HD HHI's relative appeal should strengthen further, as it is now narrowing the profitability gap with HD Hyundai Samho (an unlisted subsidiary of HD KSOE). For the short term, HD KSOE stock is likely to track the performance of HD HHI.

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**21,296**	**25,539**	**29,933**	**33,357**	**37,250**
Cost of goods sold	20,248	22,943	24,840	26,724	28,995
Gross profit	**1,048**	**2,595**	**5,094**	**6,633**	**8,254**
Gross margin (%)	4.9	10.2	17.0	19.9	22.2
SG&A expenses	766	1,161	1,189	1,326	1,480
Operating profit	**282**	**1,434**	**3,905**	**5,307**	**6,774**
Operating margin (%)	1.3	5.6	13.0	15.9	18.2
Non-operating gains (losses)	**-290**	**389**	**-338**	**102**	**344**
Financial profit	1,229	1,877	1,011	1,296	1,775
Financial costs	2,095	5,179	1,194	1,594	1,909
Equity-method gains (losses)	0	-0	-0	-0	-0
Other	576	3,690	-155	400	478
Pre-tax profit	**-8**	**1,823**	**3,566**	**5,409**	**7,118**
Taxes	-153	368	638	1,352	1,780
Effective tax rate (%)	1,901.3	20.2	17.9	25.0	25.0
Profit from continuing operations	145	1,455	2,928	4,057	5,339
Profit from discontinued operations	0	0	0	0	0
Net profit	**145**	**1,455**	**2,928**	**4,057**	**5,339**
Net margin (%)	0.7	5.7	9.8	12.2	14.3
Net profit (controlling interests)	222	1,172	2,343	3,205	4,218
Net profit (non-controlling interests)	-77	282	586	852	1,121
EBITDA	754	1,960	3,973	5,716	7,242
EBITDA margin (%)	3.5	7.7	13.3	17.1	19.4
EPS (parent-based) (KRW)	3,133	16,565	33,102	45,281	59,592
EPS (consolidated) (KRW)	2,048	20,553	41,377	57,318	75,433
Adjusted EPS (KRW)*	3,133	16,565	33,102	45,281	59,592

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**17,735**	**20,431**	**24,993**	**31,747**	**39,550**
Cash & equivalents	3,018	3,717	6,398	11,332	17,502
Accounts receivable	1,049	1,264	1,476	1,645	1,837
Inventories	2,006	2,232	2,616	3,199	3,572
Other current assets	11,662	13,218	14,503	15,572	16,639
Fixed assets	**14,507**	**16,288**	**16,644**	**16,968**	**17,241**
Investment assets	976	2,173	2,173	2,173	2,173
Tangible assets	10,504	11,111	11,452	11,763	12,025
Intangible assets	191	375	390	403	415
Other long-term assets	2,838	2,629	2,629	2,629	2,629
Total assets	**32,243**	**36,719**	**41,637**	**48,715**	**56,791**
Current liabilities	**17,498**	**19,325**	**21,481**	**23,856**	**26,029**
Accounts payable	1,915	2,247	2,624	2,924	3,266
Short-term debt	926	187	400	600	300
Other current liabilities	14,657	16,891	18,457	20,331	22,463
Long-term liabilities	**2,375**	**3,238**	**4,392**	**6,732**	**9,538**
Bonds & long-term debt	1,696	854	704	664	644
Other long-term liabilities	679	2,385	3,688	6,068	8,895
Total liabilities	**19,872**	**22,563**	**25,873**	**30,587**	**35,567**
Owners of parent equity	**9,904**	**11,099**	**12,708**	**15,071**	**18,168**
Capital stock	354	354	354	354	354
Capital surplus	2,460	2,600	2,600	2,600	2,600
Retained earnings	14,374	15,084	16,737	19,101	22,197
Other	-7,284	-6,938	-6,983	-6,983	-6,983
Non-controlling interests' equity	**2,466**	**3,056**	**3,056**	**3,056**	**3,056**
Total equity	**12,370**	**14,156**	**15,764**	**18,128**	**21,224**
Net debt	-706	-4,230	-6,496	-10,997	-17,029

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**2,082**	**4,289**	**3,493**	**5,650**	**7,345**
Net profit	145	1,455	2,928	4,057	5,339
Non-cash profit and expenses	427	465	855	1,512	1,626
Depreciation	459	504	534	564	594
Amortization	13	22	43	44	46
Other	-45	-60	278	904	986
Changes in A/L from operating activities	1,510	2,369	-290	81	381
Cash flow from investments	**-1,267**	**-1,233**	**-876**	**-876**	**-856**
Change in tangible assets	-798	-866	-876	-876	-856
Change in financial assets	-135	-2,437	0	0	0
Other	-333	2,071	0	0	0
Cash flow from financing	**-485**	**-2,359**	**63**	**160**	**-320**
Change in debt	-530	323	63	160	-320
Change in equity	-8	140	0	0	0
Dividends	-3	-1	0	0	0
Other	56	-2,821	0	0	0
Change in cash	321	699	2,681	4,934	6,170
Cash at beginning of year	2,697	3,018	3,717	6,398	11,332
Cash at end of year	3,018	3,717	6,398	11,332	17,502
Gross cash flow	**572**	**1,920**	**3,783**	**5,569**	**6,964**
Free cash flow	**1,260**	**3,398**	**2,593**	**4,750**	**6,465**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	23.1	19.9	17.2	11.4	11.7
Operating profit	nm	408.1	172.3	35.9	27.6
Net profit	nm	903.6	101.3	38.5	31.6
Adjusted EPS**	nm	428.8	99.8	36.8	31.6
Per-share data (KRW)					
EPS (parent-based)	3,133	16,565	33,102	45,281	59,592
EPS (consolidated)	2,048	20,553	41,377	57,318	75,433
Adjusted EPS**	3,133	16,565	33,102	45,281	59,592
BVPS	139,936	156,831	179,554	212,954	256,704
DPS (common)	0	5,100	12,300	15,000	20,000
Valuations (x)					
P/E***	124.5	23.5	11.8	8.6	6.5
P/B***	2.8	2.5	2.2	1.8	1.5
EV/EBITDA	38.9	13.5	6.1	3.4	1.9
Ratios (%)					
ROE	1.2	11.0	19.6	23.9	27.1
ROA	0.7	3.4	6.0	7.1	8.0
ROIC	-46.1	11.8	29.2	31.6	40.1
Payout ratio	0.0	30.8	37.2	33.1	33.6
Dividend yield (common)	0.0	1.3	3.2	3.8	5.1
Net debt to equity	-5.7	-29.9	-41.2	-60.7	-80.2
Interest coverage (x)	1.5	7.0	36.0	45.4	61.1

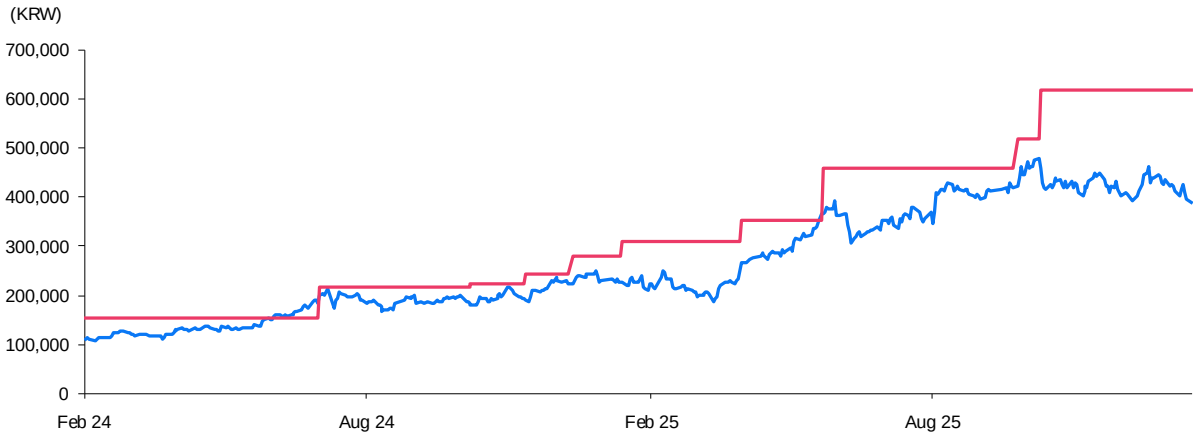
Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Compliance notice

- As of 2/9 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 2/9 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.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/7/13	2024/7/13	2024/7/26	11/1	12/6	2025/1/6	2/7	4/25	6/17	10/20	11/4
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	155000	155000	216000	223000	242000	280000	310000	353000	460000	520000	620000
Gap* (average)	-22.90	16.60	-11.83	-11.64	-10.75	-15.81	-29.33	-14.91	-18.45	-11.47	
(max or min)**	7.81	22.39	-1.39	-2.91	-2.69	-11.25	-19.03	4.11	-6.85	-7.79	

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%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd.. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA