SECTOR
UPDATE

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Shipbuilding/Machinery Weekly

Maritime Action Plan announced, easing doubts

- The Clarksons Newbuilding Price Index edged down 1pt w-w to 183 last week due to a slowdown in the gas carrier segment. The Secondhand Price Index crept up 1pt w-w.
- The ClarkSea Index (represents vessels' earnings) was flat w-w. The fall in oil tanker and containership indicators was offset by a rise in bulk carrier indicators.
- In this report, we examine the release of America's Maritime Action Plan, which release has alleviated uncertainty surrounding Korean shipbuilders.

WHAT'S THE STORY?

Release of America's Maritime Action Plan eases uncertainty

The White House has released America's Maritime Action Plan (MAP), which is aimed at revitalizing the US shipbuilding industry. The plan, signed by President Trump in Apr 2025, is being driven by the executive order Restoring America's Maritime Dominance. MAP is organized around four key pillars: 1) rebuilding US shipbuilding capacity and capabilities; 2) reforming workforce education and training; 3) protecting the US's maritime industrial base; and 4) supporting national security. To achieve these goals, the plan includes various policy proposals. Two aspects of MAP are particularly relevant to the Korean shipbuilding industry:

1. Universal fee on foreign-built ships: MAP proposes imposing a fee on all foreign-built ships that bring goods to the US. Previously, discussions focused on targeting ships built or owned by specific countries (*eg*, China). However, the new plan proposes a universal fee—any non-US-built vessel could be subject to the charge. This change may ease shipowners' cost burden of buying Chinese-built vessels.

2. Bridge Strategy—collaboration with allies: MAP includes Bridge Strategy, which would facilitate multi-ship purchases and multi-country constructions—the first ships in the contract would be built at the foreign shipbuilder's home shipyard, while concurrent capital investments would be made in US shipyards (with which they have bought or partnered with), with a view to eventually building vessels in the US. This is good for Korean shipbuilders—they should be able to mitigate the risk of profitability erosion due to their insufficient US infrastructure in the early stages of US-related projects. It would also help ease the pressure of having to make big investments in the US right away.

Among the two, the latter policy has a more direct impact for Korean shipbuilders. Additionally, the Bridge Strategy suggests that US policy direction and timeline align with investors' prior expectations. In short, MAP clarifies the path forwards and dispels uncertainty for those investing in the shipbuilding sector.

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Performance

(%)	1W	3M	YTD
KSOE	-0.1	-8.0	-2.1
HD Hyundai Heavy	0.2	-6.0	6.2
Samsung Heavy	0.4	5.5	14.9
Hanwha Ocean	-1.4	0.5	14.4
HD Hyundai Marine Solution	4.6	-19.4	-10.4
HD Hyundai Electric	11.9	16.3	22.7
HD CE	14.0	56.2	43.5
HD Hyundai	6.9	18.7	36.4
Doosan Bobcat	8.7	13.6	12.5
KAI	10.6	70.9	54.9
LIG Nex1	5.8	11.7	8.0
Hanwha Aerospace	-7.5	16.1	16.9
Hyosung Heavy	7.0	12.1	33.3
LS Electric	10.0	46.7	42.4

Valuation summary

(x, %)	P/B	P/E	ROE
KSOE	1.9	8.8	23.9
HD Hyundai Heavy	5.2	20.7	31.3
Samsung Heavy	4.8	22.6	23.0
Hanwha Ocean	5.4	29.2	20.6
HD Hyundai Marine Solution	7.7	20.9	39.2
HD Hyundai Electric	12.7	33.5	43.9
HD CE	1.5	15.3	14.4
HD Hyundai	1.9	14.6	13.5
Doosan Bobcat	0.8	11.9	7.2
KAI	8.2	44.0	19.9
LIG Nex1	6.1	30.3	21.8
Hanwha Aerospace	5.0	27.2	nm
Hyosung Heavy	7.1	27.8	28.9
LS Electric	8.1	38.6	23.0

Note: 2025 estimates
Source: Samsung Securities estimates

Industry news

ONE to place orders for large containerships: Ocean Network Express (ONE), a Japanese shipping company that is headquartered in Singapore, is in negotiations with several shipbuilders to build neopanamax containerships. The plan reportedly includes orders for six 13,000 TEU vessels and six 15,000 TEU vessels, along with additional options. According to media reports, Korea's HD Hyundai Heavy Industries and Hanwha Ocean, China's Yangzijiang Shipbuilding and Shanghai Waigaoqiao, and Japan's Nihon Shipyard are participating in the bidding process.

Danaos to order up to 10 LNGCs: Greece-based Danaos Corp may order up to 10 LNGCs to serve a Alaskan (US) LNG project. However, the project has not yet reached a final investment decision (FID), thus more time is required before the final shipbuilding contracts are signed.

SHI secures two containership orders: Samsung Heavy Industries (SHI) has secured a contract to build two containerships for Mitsui O.S.K. Lines (MOL) of Japan. Each vessel will have a capacity of 13,000 TEU, and the contract price is USD160m per vessel. Given the pricing, these ships are likely to be equipped with conventional fuel systems rather than more eco-friendly alternatives.

HJSC wins two 10,000 TEU containership orders: HJ Shipbuilding & Construction (HJSC) has landed a contract to build two container ships, each with a capacity of 10,000 TEU. The contract price for each vessel is USD120m, and the delivery of the ships is scheduled for Jun 2028.

Hyosung Heavy Industries wins major order for ultra-high voltage transformers: Hyosung Heavy Industries has concluded a KRW787b contract to supply 765kV ultra-high voltage transformers and reactors to a US transmission grid operator. This marks the largest single contract the company has ever signed. The 765kV transformer segment is a niche market with only a few suppliers globally—margins on such products are robust as a result.

US Army accelerates self-propelled artillery modernization program: According to media reports, the US Army plans to issue a final request for proposals for its self-propelled artillery program in March and award prototype contracts for at least six units by July. A full-scale production contract for around 500 units is expected around 2028. This project will not only evaluate equipment performance but also prioritize the establishment of production capabilities in the US. Hanwha Aerospace is planning to participate in the bidding process.

DAPA holds preliminary briefing for KDDX Project: The Defense Acquisition Program Administration (DAPA) held a preliminary briefing on Feb 11 for the KRW7.8t Korea Destroyer Next Generation (KDDX) project. The schedule includes issuing a tender notice (March), receiving and evaluating proposals (May), finalizing negotiation and execution plans (June), and signing the final contract (July).

LIG Nex1 and KAI partner on KF-21 weapon development: LIG Nex1 and Korea Aerospace Industries (KAI) have signed a memorandum of understanding to collaborate on the development and integration of aviation weapons for the KF-21 and FA-50 fighter jets. LIG Nex1 is currently participating as a system integration contractor in the development of long-range air-to-ground and short-range air-to-air guided missiles under the Agency for Defense Development.

Shipbuilding weekly indices

	This week	A week ago		vs end-2024	
	Feb 13, 2025	Feb 6, 2025	Chg (%)	End-2025	Chg (%)
New building prices (USDm)					
Overall (indexed)	183.1	183.7	-0.4	184.7	-0.9
Bulkers (Capesize)	75.0	75.0	0.0	75.0	0.0
Tankers (VLCC)	128.5	128.5	0.0	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	234.0	0.0	235.0	-0.4
Containerships (13,000 TEU)	145.5	145.0	0.3	145.5	0.0
LNG carriers (174,000m³)	248.0	248.0	0.0	248.0	0.0
Secondhand prices (USDm)*					
Overall	198.0	197.0	0.5	191.1	3.6
Bulkers (Capesize)	68.5	68.5	0.0	66.0	3.8
Tankers (VLCC)	130.0	130.0	0.0	120.0	8.3
Tankers (51,000 DWT PCs)	45.0	45.0	0.0	43.0	4.7
Daily charter rates (USD)**					
Bulkers (Capesize, eco)	31,500	28,700	9.8	24,850	26.8
Bulkers (Capesize, non-eco)	28,000	27,700	1.1	23,850	17.4
Tankers (VLCC, eco)	78,250	76,000	3.0	65,500	19.5
Tankers (VLCC, non-eco)	72,000	69,500	3.6	58,000	24.1
Freight rate index					
ClarkSea Index (USD/day)	33,120	33,123	-0.0	29,856	10.9
BDI	2,083	1,923	8.3	1,877	11.0
WS (based on Saudi route)	138	145	-5.2	58	139.1
CCFI	1,088	1,122	-3.0	1,147	-5.1
SCFI	1,251	1,267	-1.2	1,656	-24.4
Energy prices***					
Natural gas (USD/mil BTU)	3.2	4.4	-25.9	4.0	-18.8
Oil (USD/bbl)	62.9	63.6	-1.0	57.4	9.5
MGO-HSFO (USD/tonne)	236.8	239.0	-0.9	262.8	-9.9
VLSFO-HSFO (USD/tonne)	46.5	52.0	-10.6	71.8	-35.2

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*	-0.1	-7.4	-8.0	-2.1	1.9	8.8	23.9
HD Hyundai Heavy Industries*	0.2	-11.8	-6.0	6.2	5.2	20.7	31.3
Samsung Heavy Industries*	0.4	-1.8	5.5	14.9	4.8	22.6	23.0
Hanwha Ocean*	-1.4	-7.9	0.5	14.4	5.4	29.2	20.6
HD Hyundai Marine Solution*	4.6	-9.9	-19.4	-10.4	7.7	20.9	39.2
Yangzijiang	8.5	-6.5	-0.6	-1.4	2.0	8.0	26.5
CSSC Holdings	7.2	1.7	5.9	9.3	2.3	15.5	18.6
CSSC Offshore	13.1	14.5	37.7	26.5	n/a	33.0	7.6
ST Engineering	3.1	6.6	17.9	18.9	10.1	31.5	33.9
Seatrium	1.9	-7.9	-2.8	-2.8	1.0	14.2	7.3
Mitsubishi	4.4	6.8	20.5	31.0	6.4	61.4	10.8
Kawasaki	20.9	28.1	68.1	70.6	3.7	33.2	11.4

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*	11.9	4.7	16.3	22.7	12.7	33.5	43.9
HD Construction Equipment*	14.0	17.9	56.2	43.5	1.5	15.3	14.4
HD Hyundai*	6.9	7.8	18.7	36.4	1.9	14.6	13.5
Doosan Bobcat*	8.7	7.4	13.6	12.5	0.8	11.9	7.2
KAI*	10.6	14.9	70.9	54.9	8.2	44.0	19.9
LIG Nex1*	5.8	-17.5	11.7	8.0	6.1	30.3	21.8
Hanwha Aerospace*	-7.5	-12.2	16.1	16.9	5.0	27.2	nm
Hyosung Heavy*	7.0	11.5	12.1	33.3	7.1	27.8	28.9
LS Electric*	10.0	25.3	46.7	42.4	8.1	38.6	23.0
Lockheed Martin	4.7	13.9	40.1	34.9	8.3	44.4	20.1
Raytheon	0.7	0.6	13.9	9.1	16.9	21.9	85.8
Siemens	0.2	-3.1	9.0	5.0	4.0	29.8	13.7
Caterpillar	6.6	21.2	39.7	35.1	2.9	22.6	13.5
Komatsu	9.1	42.9	47.2	54.3	16.5	33.7	55.1
Kubota	18.0	31.8	48.2	41.5	2.1	19.1	11.1

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

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