SECTOR
UPDATE

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Shipbuilding/Machinery Weekly

The premium for Korean-built LNGCs

- The Clarksons Newbuilding Price Index climbed 1pt w-w to 183 last week, tanker newbuilding prices recovered across the board, and the Secondhand Price Index remained unchanged w-w.
- The ClarkSea Index, which represents vessels' earnings, slipped 0.8% w-w to USD48,247/day. Strength in the tanker segment continued.
- In this report, we examine the premium for Korean-built LNGCs.

WHAT'S THE STORY?

What is the average LNGC contract price at Chinese shipbuilders?

LNGC orders are rebounding rapidly. So far this year, 37 large LNGCs have been ordered—nearly matching last year's total of 38. Despite the surge in demand, shipbuilding prices have barely budged. According to Clarksons, the current average price of a large LNGC is USD248.5m (vs USD248m at end-2025). Investors blame aggressive bidding by Chinese shipyards for the lack of price movement. However, because Chinese builders do not disclose their contract prices and Clarksons does not reveal how it calculates its benchmark prices, this explanation (Chinese shipbuilders' aggressive bidding for LNGC contracts) cannot be verified.

Still, we can estimate China's average contract price by using reasonable assumptions. If we accept that Clarksons' data accurately reflect actual contracted deals and that its price index is built from real transactions, we can isolate China's share. Clarksons' data show that global LNGC orders in 1Q26 totaled USD8.69b. After removing Korea's contribution (by both value and volume), China's portion amounted to roughly 16 vessels contracted for USD3.85b—implying an average order price of USD241m per LNGC. For reference, we estimate Korean shipbuilders' LNGC contract prices will average USD254.4m per vessel this year, a premium of roughly 5.6% over Chinese-made LNGCs.

(Continued on the next page)

Performance

(%)	1W	3M	YTD
KSOE	5.6	-11.3	-2.8
HD Hyundai Heavy	-0.1	-21.5	-7.1
Samsung Heavy	2.7	-0.5	18.2
Hanwha Ocean	-2.1	-8.2	9.0
HD Hyundai Marine Solution	5.0	-3.0	-3.7
HD Hyundai Electric	13.2	18.3	28.9
HD CE	12.8	49.9	67.0
HD Hyundai	3.1	22.8	34.3
Doosan Bobcat	15.9	23.6	22.5
KAI	8.8	32.5	73.9
LIG Nex1	9.1	68.1	117.0
Hanwha Aerospace	3.7	23.5	57.6
Hyosung Heavy	14.5	56.1	64.4
LS Electric	1.5	65.2	69.3

Valuation summary

(x, %)	P/B	P/E	ROE
KSOE	1.8	8.8	22.4
HD Hyundai Heavy	4.4	17.9	26.9
Samsung Heavy	4.9	23.3	23.0
Hanwha Ocean	5.2	27.8	20.6
HD Hyundai Marine Solution	8.2	22.4	39.2
HD Hyundai Electric	13.4	35.2	43.9
HD CE	1.8	17.8	14.4
HD Hyundai	1.9	14.4	13.5
Doosan Bobcat	0.9	13.2	7.0
KAI	9.1	49.4	19.9
LIG Nex1	12.3	60.8	21.8
Hanwha Aerospace	6.7	36.7	nm
Hyosung Heavy	8.7	34.2	28.9
LS Electric	9.7	45.9	23.0

Note: 2026 estimates
Source: Samsung Securities estimates

This price gap carries three meaningful implications for the Korean shipbuilding industry. First, it confirms that LNGC builders continue to have the upper hand in price negotiations—sustained premiums only exist when demand remains solid for a long time. Second, it underscores that shipowners still favor Korean-built vessels. Korea has won 57% of global LNGC orders (sales volume basis) this year—a share that has been steadily rising since January. Despite higher prices, owners continue to prefer Korean ships over cheaper alternatives. Third, the premium hints at upwards pressure on official shipbuilding prices. The number of Chinese yards capable of building LNGCs remains small, and most of their delivery slots are booked through 2029. As a result, Korean builders are likely to capture an increasing share of new orders through year-end. If this trend continues, Korean contract prices may become the *de facto* market price—potentially lifting the global price floor.

Industry news

Korean shipbuilders continue to win new orders: Korean shipbuilders continued to announce last week that they have won new orders. Hanwha Ocean secured two VLCCs for USD260m. HD Hyundai Samho landed a contract for two LNGCs worth USD510m (USD256m each, exceeding the current market rate of USD249m). HD HHI Philippines received an order from a Greek shipowner for 115K-class tankers at USD76m each.

Evergreen plans large-scale containership orders: Taiwan's Evergreen plans to order six 24,000-TEU ultra-large containerships, according to media reports. The vessels will reportedly be powered by LNG dual-fuel engines, with an estimated total order value of USD1.57b-1.77b. Hanwha Ocean is believed to be the leading candidate to win the project.

Fire breaks out at HD HHI: A fire broke out on a Navy submarine undergoing maintenance at HD HHI, resulting in the death of one worker, aged 60. The Ministry of Employment and Labor has launched an investigation under the Serious Accidents Punishment Act for potential violations.

US hikes naval shipbuilding budget: The White House has reportedly proposed a USD1.5t defense budget for fiscal year 2027, with around USD66b allocated to the building of new naval ships. Under the proposal, the US Navy will order 18 combatant vessels and 16 non-combatant ships.

Canada opens revision window for submarine proposals: The Canadian media reported that the Canadian government has granted Korea and Germany an opportunity to revise and supplement their submitted bids, with a deadline of Apr 29. The rationale cited is that Canada's Defence Industrial Strategy was released shortly before the bid submission deadline. Media reports indicate that a shortlist of preferred bidders will be selected in late June, though the Canadian government has officially only stated that the selection will occur 'this year.'

Hanwha Aerospace secures additional K9 howitzer order: Hanwha Aerospace signed an export contract worth KRW941.4b for self-propelled howitzers. The contract was executed through a government-to-government agreement between the Finnish Ministry of Defence and the Korea Trade-Investment Promotion Agency (KOTRA), with Hanwha Aerospace entering into an export performance guarantee agreement with KOTRA. According to media reports, Hanwha Aerospace will deliver 112 K9 howitzers (previously used by the Korean military) along with spare parts, starting in 2028.

Middle Eastern nations seek early delivery of Cheongung II: Foreign media reported that Saudi Arabia has inquired about the possibility of accelerating the delivery schedule of the Cheongung II air defense system. The United Arab Emirates has also requested additional interceptor missiles from Korea. These reports claim that Middle Eastern countries are pursuing a strategy to expand arms procurement from non-US suppliers.

Shipbuilding weekly indices

	This week	A week ago		Vs end-2025	
	Apr 10, 2026	Apr 3, 2026	Chg (%)	End-2025	Chg (%)
New building prices (USDm)					
Overall (indexed)	182.6	182.3	0.2	184.7	-1.1
Bulkers (Capesize)	75.0	75.0	0.0	75.0	0.0
Tankers (VLCC)	130.5	130.0	0.4	128.0	2.0
Tankers (51,000 DWT PCs)	50.0	50.0	0.0	49.0	2.0
Containerships (22,000 TEU)	234.0	234.0	0.0	235.0	-0.4
Containerships (13,000 TEU)	145.5	145.5	0.0	145.5	0.0
LNG carriers (174,000m³)	248.5	248.5	0.0	248.0	0.2
Secondhand prices (USDm)*					
Overall	204.0	204.0	0.0	191.1	6.8
Bulkers (Capesize)	70.5	70.5	0.0	66.0	6.8
Tankers (VLCC)	140.0	140.0	0.0	120.0	16.7
Tankers (51,000 DWT PCs)	47.0	47.0	0.0	43.0	9.3
Daily charter rates (USD)**					
Bulkers (Capesize, eco)	31,700	27,250	16.3	24,850	27.6
Bulkers (Capesize, non-eco)	28,200	23,750	18.7	23,850	18.2
Tankers (VLCC, eco)	125,000	125,000	0.0	65,500	90.8
Tankers (VLCC, non-eco)	110,000	110,000	0.0	58,000	89.7
Freight rate index					
ClarkSea Index (USD/day)	48,247	48,647	-0.8	29,856	61.6
BDI	2,201	2,066	6.5	1,877	17.3
WS (based on Saudi route)	403	333	21.1	58	600.0
CCFI	1,210	1,185	2.1	1,147	5.5
SCFI	1,891	1,855	1.9	1,656	14.2
Energy prices***					
Natural gas (USD/mil BTU)	2.6	2.9	-7.4	4.0	-33.8
Oil (USD/bbl)	96.6	111.5	-13.4	57.4	68.2
MGO-HSFO (USD/tonne)	932.0	1,126.8	-17.3	262.8	254.7
VLSFO-HSFO (USD/tonne)	112.5	167.3	-32.7	71.8	56.8

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*	5.6	-4.8	-11.3	-2.8	1.8	8.8	22.4
HD Hyundai Heavy Industries*	-0.1	-18.9	-21.5	-7.1	4.4	17.9	26.9
Samsung Heavy Industries*	2.7	-1.0	-0.5	18.2	4.9	23.3	23.0
Hanwha Ocean*	-2.1	-7.3	-8.2	9.0	5.2	27.8	20.6
HD Hyundai Marine Solution*	5.0	5.3	-3.0	-3.7	8.2	22.4	39.2
Yangzijiang	5.0	-1.2	11.0	15.5	2.3	8.9	27.5
CSSC Holdings	7.0	-10.7	-8.7	-1.8	2.1	14.2	18.3
CSSC Offshore	5.3	-17.6	-8.4	0.7	n/a	26.3	7.6
ST Engineering	3.4	2.9	27.2	35.5	12.2	34.5	36.9
Seatrium	2.5	2.9	11.8	13.9	1.1	17.0	6.8
Mitsubishi	-1.2	2.8	11.2	23.6	6.2	56.9	11.4
Kawasaki	7.0	5.0	36.7	62.9	3.7	30.9	12.4

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*	13.2	6.9	18.3	28.9	13.4	35.2	43.9
HD Construction Equipment*	12.8	28.0	49.9	67.0	1.8	17.8	14.4
HD Hyundai*	3.1	-8.3	22.8	34.3	1.9	14.4	13.5
Doosan Bobcat*	15.9	16.4	23.6	22.5	0.9	13.2	7.0
KAI*	8.8	13.0	32.5	73.9	9.1	49.4	19.9
LIG Nex1*	9.1	24.5	68.1	117.0	12.3	60.8	21.8
Hanwha Aerospace*	3.7	6.5	23.5	57.6	6.7	36.7	nm
Hyosung Heavy*	14.5	15.2	56.1	64.4	8.7	34.2	28.9
LS Electric*	1.5	8.7	65.2	69.3	9.7	45.9	23.0
Lockheed Martin	-1.5	-5.5	13.0	26.9	9.8	52.5	20.2
Raytheon	2.7	-2.8	6.9	9.9	15.6	20.6	84.4
Siemens	7.5	0.5	-9.7	-4.1	4.0	29.5	13.8
Caterpillar	10.2	11.7	28.0	38.0	2.7	21.0	13.2
Komatsu	4.9	-6.7	31.3	36.2	16.7	34.6	54.4
Kubota	7.1	-2.4	13.8	21.7	1.9	17.1	11.2

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

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