COMPANY UPDATE

2026. 4. 27

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HD Hyundai Marine Solution (443060)

New growth scenario emerging

- HD Hyundai Marine Solution (HD HMS) reported that its 1Q sales and operating profit rose 18% and 13% y-y, in line with consensus.
- Operating margins in core businesses improved y-y and q-q, which we view favorably.
- Demand for LNG facility retrofits following the Middle East conflict, alongside the group's expansion of land-based power generation engine business, should improve investor sentiment. Reflecting valuation increases in the industrial goods sector, we revise up our target price.

WHAT'S THE STORY?

1Q review: HD Hyundai Marine Solution (HD HMS) reported that its 1Q sales and operating profit rose 18% and 13% y-y, in line with market consensus. The bunkering business saw strong sales growth due to higher oil prices, but the increased share of low-margin bunkering sales slightly pressured overall enterprise-wide margins. However, margins in core businesses (besides bunkering) improved y-y and q-q. Net profit greatly exceeded market expectations, supported by forex gains.

(Continued on the next page)

HD Hyundai Marine Solution 1Q26 review

(KRWb)	1Q26	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	574.6	516.2	11.3	485.6	18.3	567.8	1.2	574.6	0.0
Operating profit	93.4	90.5	3.2	83.0	12.5	100.2	-6.8	93.4	0.0
Pre-tax profit	119.5	97.7	22.3	83.9	42.5	105.4	13.4	119.5	-0.0
Net profit	98.1	73.5	33.5	63.3	55.0	78.0	25.8	98.1	0.0
Margins (%)									
Operating profit	16.3	17.5		17.1		17.6		16.3	
Pre-tax profit	20.8	18.9		17.3		18.6		20.8	
Net profit	17.1	14.2		13.0		13.7		17.1	

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 (%)
2024	1,745	272	297	228	5,302	40.3	30.4	-461	23.7	9.4	45.0
2025	1,983	350	355	270	6,013	13.4	32.2	-546	22.4	10.5	33.7
2026E	2,340	430	459	353	7,882	31.1	32.2	-784	23.9	12.2	40.2
2027E	2,638	553	575	443	9,874	25.3	25.7	-1,168	18.0	10.8	44.6
2028E	3,017	654	685	528	11,772	19.2	21.5	-1,621	14.6	9.5	46.9

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW347,000	36.9%
Current price	**KRW253,500**	
Market cap	KRW11.4t/USD7.7b	
Shares (float)	44,833,460 (40.4%)	
52-week high/low	KRW253,500/KRW152,700	
Avg daily trading value (60-day)	KRW40.3b/ USD27.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
HD Hyundai Marine Solution (%)	41.0	5.2	61.3
Vs Kospi (%pts)	20.9	-36.0	-37.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	347,000	300,000	15.7%
2026E EPS	7,882	7,882	0.0%
2027E EPS	9,874	9,874	0.0%

SAMSUNG vs THE STREET

No of estimates	7
Target price	269,286
Recommendation	4.0

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

Newly added growth scenario: Some investors have viewed HD HMS as 'a company with stable and healthy profitability but limited growth potential,' particularly due to recent concerns over delays in ship environmental regulations. This perception is outdated. The company's core businesses have posted a 3-year CAGR of 19%, and is set to grow 20% this year.

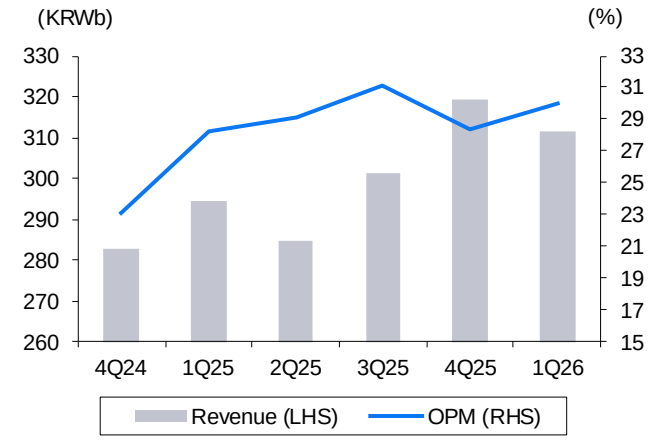
Several key developments are helping address this misconception. First, the Iran war is accelerating LNG projects outside the Middle East, as gas-importing nations seek to diversify supply sources for security reasons—boosting demand for LNG FSRUs and FSU retrofits. Second, HD Hyundai Heavy Industries' (HD HHI) expansion of land-based power generation engine business is also positive for stock price. HD HMS holds an exclusive position in maintenance and repair services for HD HHI's proprietary HiMSEN engines, covering not only new projects but also existing installed units. The group's expansion of land-based engine business should alleviate concerns about HD HMS's growth prospects and improve investor sentiment. Third, shipbuilding volumes across the group are rising due to favorable market conditions and overseas expansion. Fourth, most overhang risks are now resolved. Reflecting recent valuation increases in engine-related firms and the broader industrial goods sector, we raise our target price to KRW347,000 (based on a 2026 P/E of 45x, the Kospi 200 industrial goods average).

HD Hyundai Marine Solution 1Q26 results

(KRWb)	1Q26	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	Consensus	Diff (%)	Samsung Securities	Diff (%)
Sales	575	516	11.3	486	18.3	570	0.9	520	10.5
Operating profit	93	91	3.2	83	12.5	98	-5.1	97	-4.0
Pre-tax profit	120	98	22.3	84	42.4	103	16.1	100	19.7
Net profit*	98	74	33.5	63	55.0	76	29.1	77	27.6
Margins (%)									
Operating profit	16.3	17.5		17.1		17.3		18.7	
Pre-tax profit	20.8	18.9		17.3		18.1		19.2	
Net profit*	17.1	14.2		13.0		13.3		14.8	

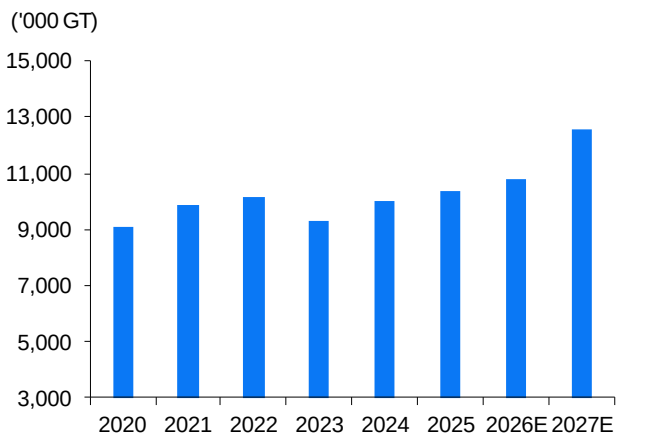
Source: FnGuide, Samsung Securities estimates

Core business (excluding bunkering sales): Sales and OPM



Source: Company data, Samsung Securities estimates

HD Group: Shipbuilding deliveries



Note: 2026-2027 based on current order backlog
Source: Clarksons

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,745**	**1,983**	**2,340**	**2,638**	**3,017**
Cost of goods sold	1,383	1,528	1,808	1,975	2,242
Gross profit	**362**	**455**	**532**	**663**	**775**
Gross margin (%)	20.7	22.9	22.7	25.1	25.7
SG&A expenses	90	105	102	110	121
Operating profit	**272**	**350**	**430**	**553**	**654**
Operating margin (%)	15.6	17.7	18.4	20.9	21.7
Non-operating gains (losses)	**25**	**5**	**29**	**22**	**31**
Financial profit	67	69	39	32	42
Financial costs	39	61	7	10	11
Equity-method gains (losses)	-0	-0	-0	-0	-0
Other	-3	-3	-4	1	1
Pre-tax profit	**297**	**355**	**459**	**575**	**685**
Taxes	69	85	106	132	158
Effective tax rate (%)	23.2	24.0	23.0	23.0	23.0
Profit from continuing operations	228	270	353	443	528
Profit from discontinued operations	0	0	0	0	0
Net profit	**228**	**270**	**353**	**443**	**528**
Net margin (%)	13.1	13.6	15.1	16.8	17.5
Net profit (controlling interests)	228	270	353	443	528
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	284	363	443	565	668
EBITDA margin (%)	16.2	18.3	18.9	21.4	22.1
EPS (parent-based) (KRW)	5,085	6,013	7,882	9,874	11,773
EPS (consolidated) (KRW)	5,085	6,013	7,882	9,874	11,773
Adjusted EPS (KRW)*	5,085	6,013	7,882	9,874	11,773

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,076**	**1,187**	**1,539**	**2,022**	**2,598**
Cash & equivalents	298	378	618	1,020	1,497
Accounts receivable	249	303	359	405	463
Inventories	273	271	333	376	430
Other current assets	255	235	228	221	209
Fixed assets	**77**	**86**	**92**	**102**	**112**
Investment assets	3	3	3	3	3
Tangible assets	20	30	34	44	52
Intangible assets	5	5	7	8	9
Other long-term assets	50	48	48	48	48
Total assets	**1,152**	**1,272**	**1,631**	**2,124**	**2,710**
Current liabilities	**343**	**409**	**430**	**485**	**554**
Accounts payable	152	175	206	232	266
Short-term debt	0	0	3	4	4
Other current liabilities	191	234	221	249	285
Long-term liabilities	**36**	**39**	**269**	**588**	**958**
Bonds & long-term debt	0	0	2	4	6
Other long-term liabilities	36	39	267	584	952
Total liabilities	**379**	**448**	**699**	**1,072**	**1,512**
Owners of parent equity	**774**	**825**	**932**	**1,051**	**1,198**
Capital stock	22	22	22	22	22
Capital surplus	385	404	404	404	404
Retained earnings	324	377	484	604	750
Other	43	21	21	21	21
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**774**	**825**	**932**	**1,051**	**1,198**
Net debt	-481	-564	-785	-1,169	-1,622

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**247**	**324**	**253**	**421**	**496**
Net profit	228	270	353	443	528
Non-cash profit and expenses	77	85	9	19	21
Depreciation	12	13	13	13	13
Amortization	0	0	0	0	0
Other	65	72	-4	7	7
Changes in A/L from operating activities	-59	-30	-109	-41	-52
Cash flow from investments	**-196**	**-21**	**-18**	**-22**	**-22**
Change in tangible assets	-193	-20	-18	-22	-22
Change in financial assets	0	0	0	0	0
Other	-3	-1	0	0	0
Cash flow from financing	**149**	**-223**	**5**	**3**	**2**
Change in debt	0	0	5	3	2
Change in equity	365	22	0	0	0
Dividends	-100	-177	-247	-323	-381
Other	-116	-68	247	323	381
Change in cash	203	79	240	402	476
Cash at beginning of year	96	298	378	618	1,020
Cash at end of year	298	378	618	1,020	1,497
Gross cash flow	**305**	**355**	**362**	**462**	**548**
Free cash flow	**51**	**303**	**235**	**399**	**474**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	22.0	13.6	18.0	12.7	14.4
Operating profit	34.9	28.9	22.9	28.4	18.4
Net profit	50.8	18.3	31.1	25.3	19.2
Adjusted EPS**	49.6	18.3	31.1	25.3	19.2
Per-share data (KRW)					
EPS (parent-based)	5,085	6,013	7,882	9,874	11,773
EPS (consolidated)	5,085	6,013	7,882	9,874	11,773
Adjusted EPS**	5,085	6,013	7,882	9,874	11,773
BVPS	17,255	18,397	20,780	23,454	26,727
DPS (common)	3,150	3,950	5,500	7,200	8,500
Valuations (x)					
P/E***	49.9	42.2	32.2	25.7	21.5
P/B***	14.7	13.8	12.2	10.8	9.5
EV/EBITDA	38.4	29.8	23.9	18.0	14.6
Ratios (%)					
ROE	45.0	33.7	40.2	44.6	46.9
ROA	25.2	22.2	24.3	23.6	21.8
ROIC	66.5	85.9	94.4	97.2	101.8
Payout ratio	62.0	65.7	69.8	72.9	72.2
Dividend yield (common)	1.2	1.6	2.2	2.8	3.4
Net debt to equity	-62.2	-68.4	-84.2	-111.2	-135.4
Interest coverage (x)	59.8	330.2	2,458.3	1,214.4	1,038.8

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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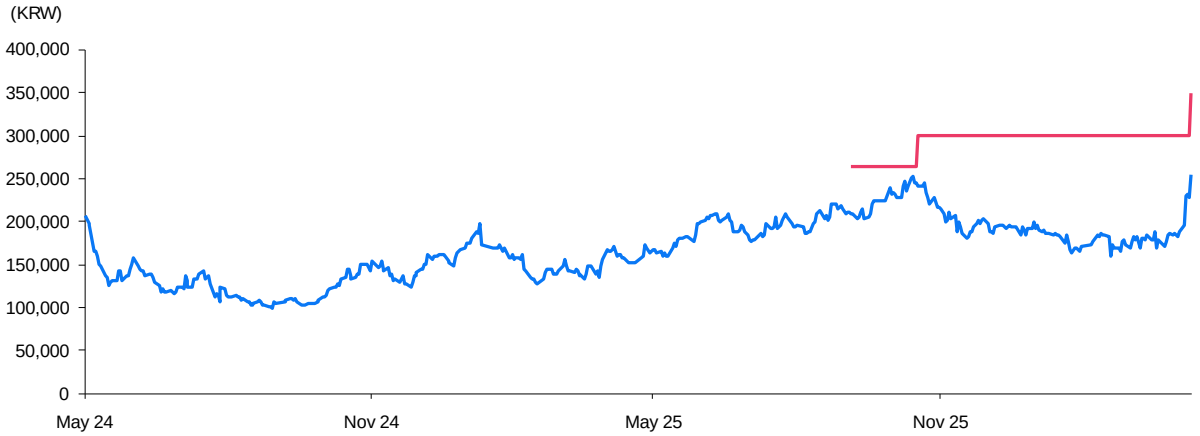
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/9/19	10/31	2026/4/27
Recommendation	BUY	BUY	BUY
Target price (KRW)	264000	300000	347000
Gap* (average)	-13.54	-36.51	
(max or min)**	-4.17	-15.50	

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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Industry

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Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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