COMPANY UPDATE

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HMM (011200)

1Q review: Better-than-expected low-season results

- HMM reported that its 1Q sales fell 4.8% y-y to KRW2.7t and operating profit dived 56.2% y-y to KRW269.1b, the latter in line with lowered consensus but significantly above our forecast.
- Lower container freight rates were the main reason behind the earnings decline, but geopolitical risks in the Middle East are now causing rates to climb.
- Reflecting better-than-expected 1Q results and applying the global peer average P/B multiple of 0.79x, we raise our target price to KRW23,000. But given limited upside potential, we maintain our HOLD rating.

▶ AT A GLANCE

HOLD

Target price	**KRW23,000**	**14.4%**
Current price	**KRW20,100**	
Market cap	KRW19.0t/USD12.7b	
Shares (float)	943,237,970 (64.6%)	
52-week high/low	KRW25,950/KRW18,660	
Avg daily trading value (60-day)	KRW45.2b/ USD30.3m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
HMM (%)	-4.3	3.5	-3.4
Vs Kospi (%pts)	-28.4	-48.0	-68.0

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	23,000	20,000	15.0%
2026E EPS	1,652	1,529	8.0%
2027E EPS	1,877	1,607	16.8%

▶ SAMSUNG vs THE STREET

No of estimates	12
Target price	22,400
Recommendation	3.1

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

WHAT'S THE STORY?

Unexpectedly strong freight rates drive solid results: In 1Q, HMM's container shipping sales fell just 4.8% y-y to KRW2.27t, even as the Shanghai Containerized Freight Index (SCFI) slumped 14.5% y-y to average 1,507 in the quarter, thanks to freight volume growing 9.1% y-y to 1.02m TEU. Container shipping operating profit tumbled 68% y-y to KRW185.2b (for a margin of 8.2%; down 15.3%pts y-y), as rising freight volume and expanded fleet capacity (0.999m TEU; up 6.3% y-y) increased cost pressure. Meanwhile, the firm's bulk shipping sales and operating profit jumped 20.1% and 135% y-y, respectively, to KRW402.9b and KRW83b (for a margin of 20.6%; up 10.1%pts y-y), as the Baltic Dry Index (BDI) leapt 74.8% y-y to average 1,955 in 1Q and tanker freight rates also surged 226% y-y to a 193 (Worldscale).

(Continued on the next page)

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	2,718.7	-4.8	0.4	27.9	5.2
Operating profit	269.1	-56.2	-15.2	33.0	-2.8
Pre-tax profit	376.4	-50.0	4.4	2.1	-4.2
Net profit	353.6	-52.2	-2.8	2.4	49.8
Margins (%)					
Operating profit	9.9				
Pre-tax profit	13.8				
Net profit	13.0				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	10.1	12.0	10.6
P/B	0.7	0.7	0.7
EV/EBITDA	7.2	7.0	6.4
Div yield (%)	3.5	2.5	2.5
EPS growth (% y-y)	-61.3	-15.5	13.6
ROE (%)	6.9	5.8	6.3
Per-share data (KRW)			
EPS	1,955	1,652	1,877
BVPS	28,168	29,121	30,498
DPS	700	500	500

Raising target price to KRW23,000 but maintaining HOLD: Reflecting better-than-expected 1Q results, we raise our 2026 earnings estimate by 12%. Applying the global peer average P/B multiple of 0.79x (Bloomberg), we increase our target price by 15% to KRW23,000. But given limited upside potential, we maintain our HOLD rating. Geopolitical risks in the Middle East continue to support elevated sea freight rates, but rising oil prices are adding cost pressure. Negotiations between the US and Iran toward a peace agreement remain stalled, prolonging the blockade of the Strait of Hormuz. Even the return of Suez Canal traffic, anticipated this year, is in delay. That said, there is still a large backlog of containership newbuilding orders—close to 30% of total fleet capacity—raising concerns about oversupply. We believe freight rates may drop once geopolitical risks ease.

Forecast revisions

(KRWb)	2025	New		Old		Chg (%)	
		2026E	2027E	2026E	2027E	2026E	2027E
Sales	10,891	11,173	10,014	8,849	9,001	26.3	11.3
Operating profit	1,461	1,198	1,437	1,070	1,220	12.0	17.8
Pre-tax profit	2,001	1,666	1,891	1,544	1,619	7.9	16.7
Net profit	1,878	1,559	1,771	1,442	1,516	8.1	16.8
EBITDA	2,577	2,412	2,717	2,187	2,389	10.3	13.7
EPS* (KRW)	1,955	1,652	1,877	1,529	1,607	8.1	16.8

Note: *Fully diluted, excluding one-off items
Source: Company data, Samsung Securities estimates

Valuation summary

(KRWb) (As of Dec 31)	Sales	Operating profit	Pre-tax profit	Net profit	EPS* (KRW)	Chg (%)	P/E (x)	P/B (x)	EV/EBITDA (x)	ROE (%)	Net debt
2024	11,700	3,513	3,897	3,782	5,055	176.4	3.9	0.63	3.7	15.3	-11,360
2025	10,891	1,461	2,001	1,878	1,955	-61.3	10.1	0.7	7.2	6.9	-8,052
2026E	11,173	1,198	1,666	1,559	1,652	-15.5	12.0	0.7	7.0	5.8	-10,663
2027E	10,014	1,437	1,891	1,771	1,877	13.6	10.6	0.7	6.4	6.3	-11,439
2028E	9,375	1,447	1,929	1,810	1,918	2.2	10.3	0.6	6.4	6.1	-12,368

Note: *Fully diluted, excluding one-off items
Source: Company data, Samsung Securities estimates

HMM: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Main assumptions																
SCFI	2,010	2,628	3,082	2,257	1,762	1,645	1,481	1,440	1,507	1,911	1,804	1,756	2,506	1,581	1,745	1,653
Chg (% y-y)	107.5	167.3	212.7	107.3	-12.3	-37.4	-51.9	-36.2	-14.5	16.1	21.8	21.9	149.2	-36.9	10.3	-5.2
Average BDI	1,824	1,848	1,871	1,465	1,118	1,467	1,978	2,159	1,955	2,131	1,842	1,772	1,755	1,681	1,925	1,667
WS	67	60	50	49	59	59	65	106	193	230	183	176	57	72	195	173
Bunker C (USD/tonne)	467	525	491	477	498	442	433	412	488	549	438	422	490	444	474	416
Average KRW/USD	1,347	1,377	1,315	1,472	1,473	1,354	1,404	1,440	1,519	1,480	1,430	1,380	1,472	1,440	1,380	1,365
Assumptions																
Containership ('000TEU)	893	949	992	986	931	975	1,024	1,013	1,016	1,017	969	974	3,820	3,943	3,975	4,071
Chg (% y-y)	4.0	-1.0	-2.8	4.3	4.2	2.7	3.3	2.8	9.1	4.3	-5.4	-3.9	0.9	3.2	0.8	2.4
Dry bulk ('000MT)	10,523	7,692	9,949	9,598	10,463	12,270	8,271	9,057	8,450	10,992	8,702	9,365	37,762	40,061	37,510	37,510
Tanker ('000CBM)	586	440	441	1,988	146	146	775	404	418	334	334	334	3,454	1,471	1,420	1,337
Actual container supply ('000TEU)	1,274	1,296	1,388	1,395	1,338	1,426	1,571	1,515	1,524	1,511	1,439	1,454	5,353	5,851	5,928	6,083
Load factor (%)	70.1	73.2	71.5	70.6	69.5	68.4	65.2	66.8	66.7	67.3	67.3	67.0	71.4	67.4	67.1	66.9
Forecasts																
Sales	2,330	2,663	3,552	3,155	2,855	2,623	2,706	2,708	2,719	3,154	2,710	2,590	11,700	10,891	11,173	10,014
Containership	1,936	2,254	3,188	2,770	2,466	2,170	2,341	2,267	2,271	2,681	2,369	2,256	10,148	9,243	9,577	8,738
Bulk carrier	339	348	319	331	335	397	316	399	403	425	295	295	1,337	1,447	1,417	1,093
Other	55	61	45	54	53	56	49	42	45	48	46	40	215	201	179	183
Operating profit	407	644	1,461	1,000	614	233	297	317	269	323	311	295	3,513	1,461	1,198	1,437
Operating margin (%)	17.5	24.2	41.1	31.7	21.5	8.9	11.0	11.7	9.9	10.2	11.5	11.4	30.0	13.4	10.7	14.3
Pre-tax profit	503.5	697.8	1,759.5	935.8	753.1	506.2	381.0	360.4	376.4	434.1	432.1	423.2	3,896.6	2,000.7	1,665.8	1,890.7
Net profit	485.1	660.8	1,738.5	897.8	739.7	471.3	303.8	363.9	353.6	406.9	403.2	394.4	3,782.2	1,878.4	1,558.7	1,770.8
Chg (%)																
Sales	11.9	25.0	67.0	52.9	22.5	-1.5	-23.8	-14.2	-4.8	20.3	0.1	-4.3	39.3	-6.9	2.6	-10.4
Operating profit	32.8	302.2	1,827.5	2,260.8	50.8	-63.8	-79.7	-68.3	-56.2	38.5	4.9	-7.1	500.7	-58.4	-18.0	19.9
Pre-tax profit	61.4	105.7	1,334.8	233.7	49.6	-27.4	-78.3	-61.5	-50.0	-14.3	13.4	17.4	269.6	-48.7	-16.7	13.5
Net profit	63.0	111.2	1,722.0	241.4	52.5	-28.7	-82.5	-59.5	-52.2	-13.7	32.7	8.4	290.5	-50.3	-17.0	13.6

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**11,700**	**10,891**	**11,173**	**10,014**	**9,375**
Cost of goods sold	7,737	8,856	9,386	8,040	7,432
Gross profit	**3,963**	**2,035**	**1,787**	**1,974**	**1,943**
Gross margin (%)	33.9	18.7	16.0	19.7	20.7
SG&A expenses	451	574	589	537	496
Operating profit	**3,513**	**1,461**	**1,198**	**1,437**	**1,447**
Operating margin (%)	30.0	13.4	10.7	14.3	15.4
Non-operating gains (losses)	**384**	**540**	**468**	**454**	**482**
Financial profit	1,397	829	653	685	720
Financial costs	1,138	291	238	239	244
Equity-method gains (losses)	162	66	15	0	0
Other	-38	-64	38	9	6
Pre-tax profit	**3,897**	**2,001**	**1,666**	**1,891**	**1,929**
Taxes	114	122	108	121	120
Effective tax rate (%)	2.9	6.1	6.5	6.4	6.2
Profit from continuing operations	3,782	1,879	1,558	1,770	1,809
Profit from discontinued operations	0	0	0	0	0
Net profit	**3,782**	**1,879**	**1,558**	**1,770**	**1,809**
Net margin (%)	32.3	17.2	13.9	17.7	19.3
Net profit (controlling interests)	3,782	1,878	1,559	1,771	1,810
Net profit (non-controlling interests)	0	0	-1	-1	-1
EBITDA	4,416	2,577	2,412	2,717	2,784
EBITDA margin (%)	37.7	23.7	21.6	27.1	29.7
EPS (parent-based) (KRW)	5,055	1,955	1,652	1,877	1,918
EPS (consolidated) (KRW)	5,055	1,955	1,652	1,877	1,918
Adjusted EPS (KRW)*	5,055	1,955	1,652	1,877	1,918

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**17,997**	**15,118**	**17,653**	**18,358**	**19,194**
Cash & equivalents	1,472	1,761	4,371	5,148	6,076
Accounts receivable	1,130	1,043	997	955	900
Inventories	402	372	356	340	321
Other current assets	14,993	11,942	11,928	11,915	11,898
Fixed assets	**15,852**	**18,446**	**16,765**	**17,289**	**17,700**
Investment assets	872	1,260	1,260	1,260	1,260
Tangible assets	9,846	11,523	9,842	10,366	10,778
Intangible assets	43	47	47	47	47
Other long-term assets	5,090	5,616	5,616	5,616	5,616
Total assets	**33,849**	**33,563**	**34,418**	**35,648**	**36,895**
Current liabilities	**2,357**	**2,602**	**2,565**	**2,503**	**2,421**
Accounts payable	577	654	626	599	564
Short-term debt	0	0	0	0	0
Other current liabilities	1,780	1,948	1,940	1,904	1,857
Long-term liabilities	**3,636**	**4,390**	**4,383**	**4,377**	**4,369**
Bonds & long-term debt	145	126	126	126	126
Other long-term liabilities	3,491	4,264	4,257	4,251	4,243
Total liabilities	**5,993**	**6,992**	**6,949**	**6,880**	**6,790**
Owners of parent equity	**27,854**	**26,569**	**27,468**	**28,767**	**30,105**
Capital stock	4,405	5,125	5,125	5,125	5,125
Capital surplus	4,453	4,482	4,482	4,482	4,482
Retained earnings	14,115	13,280	14,178	15,478	16,815
Other	4,881	3,682	3,682	3,682	3,682
Non-controlling interests' equity	**2**	**2**	**2**	**1**	**0**
Total equity	**27,856**	**26,571**	**27,469**	**28,768**	**30,105**
Net debt	-11,360	-8,052	-10,663	-11,439	-12,368

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**4,875**	**3,305**	**2,789**	**3,037**	**3,138**
Net profit	3,782	1,879	1,558	1,770	1,809
Non-cash profit and expenses	668	785	919	958	982
Depreciation	903	1,116	1,214	1,280	1,337
Amortization	0	0	0	0	0
Other	-235	-331	-296	-323	-355
Changes in A/L from operating activities	-8	250	32	2	2
Cash flow from investments	**-6,232**	**1,071**	**-900**	**-874**	**-848**
Change in tangible assets	-2,520	-1,490	-915	-889	-858
Change in financial assets	-5,011	2,780	0	0	0
Other	1,299	-219	15	15	10
Cash flow from financing	**-539**	**-4,033**	**-660**	**-472**	**-472**
Change in debt	1,397	813	0	0	0
Change in equity	977	749	0	0	0
Dividends	-528	-539	-660	-472	-472
Other	-2,385	-5,056	0	0	0
Change in cash	-1,778	289	2,611	776	928
Cash at beginning of year	3,250	1,472	1,761	4,371	5,148
Cash at end of year	1,472	1,761	4,371	5,148	6,076
Gross cash flow	**4,450**	**2,664**	**2,477**	**2,728**	**2,791**
Free cash flow	**2,338**	**1,712**	**1,874**	**2,147**	**2,279**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	39.3	-6.9	2.6	-10.4	-6.4
Operating profit	500.7	-58.4	-18.0	19.9	0.7
Net profit	290.4	-50.3	-17.1	13.6	2.2
Adjusted EPS**	176.4	-61.3	-15.5	13.6	2.2
Per-share data (KRW)					
EPS (parent-based)	5,055	1,955	1,652	1,877	1,918
EPS (consolidated)	5,055	1,955	1,652	1,877	1,918
Adjusted EPS**	5,055	1,955	1,652	1,877	1,918
BVPS	31,615	28,168	29,121	30,498	31,916
DPS (common)	600	700	500	500	500
Valuations (x)					
P/E***	3.9	10.1	12.0	10.6	10.3
P/B***	0.6	0.7	0.7	0.7	0.6
EV/EBITDA	3.7	7.2	7.0	6.4	6.4
Ratios (%)					
ROE	15.3	6.9	5.8	6.3	6.1
ROA	12.7	5.6	4.6	5.1	5.0
ROIC	25.2	8.3	6.8	8.4	8.3
Payout ratio	14.0	35.1	30.3	26.6	26.1
Dividend yield (common)	3.4	3.4	2.4	2.4	2.4
Net debt to equity	-40.8	-30.3	-38.8	-39.8	-41.1
Interest coverage (x)	25.9	7.0	4.7	5.7	5.7

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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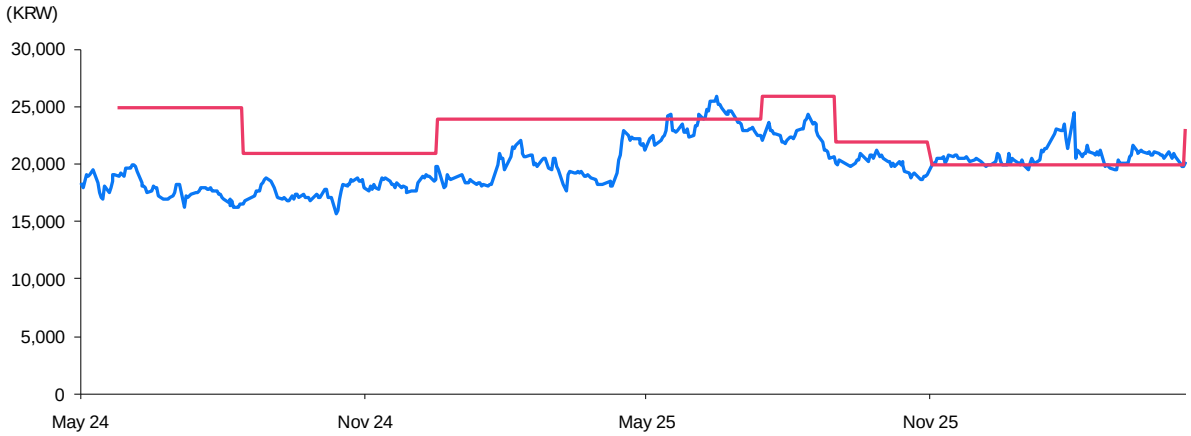
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/6/24	9/12	2025/1/16	8/14	9/30	12/1	2026/5/14
Recommendation	BUY	BUY	BUY	BUY	HOLD	HOLD	HOLD
Target price (KRW)	25000	21000	24000	26000	22000	20000	23000
Gap* (average)	-29.07	-14.89	-11.83	-13.36	-9.14	3.47	
(max or min)**	-20.12	-5.71	8.12	-6.54	-3.64	22.50	

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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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 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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