SECTOR
UPDATE

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Industrial Team

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# Shipbuilding/Machinery Weekly

## Global Investors Conference: Takeaways

- The Clarksons Newbuilding Price Index edged up 1%pt w-w to 185 last week, returning to its start-of-year level. The Secondhand Price Index was flat w-w.
- The ClarkSea Index, which represents vessel earnings, fell 4.1% w-w to USD38,943/day, due mainly to oil-tanker freight rate normalization following a surge.
- This week's report focuses on key takeaways from the 2026 Samsung Global Investors Conference.

**Performance**

| (%) | 1W | 3M | YTD |
|---|---|---|---|
| KSOE | 4.2 | 5.0 | 2.8 |
| HD Hyundai Heavy | 33.8 | 17.2 | 24.5 |
| Samsung Heavy | 3.2 | 4.7 | 20.2 |
| Hanwha Ocean | -5.6 | -8.6 | 4.6 |
| HD Hyundai Marine Solution | 14.7 | 22.6 | 9.8 |
| HD Hyundai Electric | 11.5 | 23.3 | 51.3 |
| HD CE | 0.9 | 14.4 | 64.2 |
| HD Hyundai | 6.3 | 5.3 | 43.6 |
| Doosan Bobcat | 0.9 | 7.4 | 20.8 |
| KAI | -14.9 | -8.7 | 41.5 |
| LIG Nex1 | -6.2 | 82.1 | 96.7 |
| Hanwha Aerospace | -18.4 | 10.5 | 29.2 |
| Hyosung Heavy | 26.1 | 58.3 | 111.1 |
| LS Electric | 38.7 | 96.1 | 179.3 |

**Valuation summary**

| (x, %) | P/B | P/E | ROE |
|---|---|---|---|
| KSOE | 1.9 | 9.4 | 22.4 |
| HD Hyundai Heavy | 5.8 | 23.0 | 27.9 |
| Samsung Heavy | 5.2 | 24.7 | 22.8 |
| Hanwha Ocean | 4.8 | 25.0 | 21.1 |
| HD Hyundai Marine Solution | 10.2 | 26.9 | 40.2 |
| HD Hyundai Electric | 15.5 | 42.0 | 42.5 |
| HD CE | 1.7 | 15.4 | 16.0 |
| HD Hyundai | 1.7 | 8.4 | 22.8 |
| Doosan Bobcat | 0.9 | 12.1 | 7.5 |
| KAI | 7.5 | 43.7 | 18.4 |
| LIG Nex1 | 10.5 | 45.1 | 25.6 |
| Hanwha Aerospace | 5.6 | 30.2 | nm |
| Hyosung Heavy | 11.4 | 45.1 | 28.7 |
| LS Electric | 15.8 | 75.5 | 22.7 |

Note: 2026 estimates
Source: Samsung Securities estimates

### WHAT'S THE STORY?

**Key takeaways from the Samsung Global Investors Conference**

At the Samsung Securities Global Investors Conference last week, our conversations with overseas investors frequently returned to three key investor-sentiment themes.

- **Stronger-than-expected appetite for new narratives:** Investors were highly knowledgeable about the shipbuilding and machinery sectors, which have outperformed markets for years. They largely agreed that industry conditions remain robust, and company fundamentals solid. However, many said the traditional investment theses now feel repetitive (or "boring"). There was significant interest in fresh catalysts.
- **Limited valuation concerns despite high multiples:** Domestic industrial goods firms—including shipbuilders and machinery companies—are trading at elevated valuations (44x 2026 P/E on average). Yet, few investors voiced concerns. This reflects broader global trends: international industrial peers are also trading at historically high multiples.
- **A strong preference for Korean defense companies:** Among all industrial subsectors, defense-related companies command the widest valuation premium versus global peers. Investors attribute this to structural advantages: delays in capacity expansion and weaker cost discipline among Western defense manufacturers are seen as key factors justifying Korea's defense premium. If stock prices correct on easing of geopolitical tensions (*eg*, an end to conflict in Iran), several investors signaled they would view it as a buying opportunity. In contrast, some expressed caution around power equipment firms (whose valuations have risen in line with global peers), questioning the sustainability of data center-driven momentum. HD Hyundai Heavy Industries (HD HHI) remains our top pick. Above all, its valuation is not only the most attractive relative to the broader industrial group but also the best in shipbuilding. Crucially, investor feedback reinforces this view rather than undermines it. HD HHI is actively expanding into power infrastructure and data center-related businesses via its engine technology, pursuing overseas shipyard investments to scale defense capabilities, and is benefiting from a scarcity of publicly listed global peers, which reduces valuation comparison pressure. Also, its core commercial shipbuilding orderbook remains exceptionally strong.

## Industry news

**Major Korean firms continue to secure LNGC orders:** HD Hyundai Heavy Industries (HD HHI), HD Hyundai Samho, and Samsung Heavy Industries (SHI) each won contracts to build two new LNG carriers (LNGCs) last week. The customers are from diverse countries, including the UK, Norway, and Greece. The contract price for each vessel was USD251m-254m, which is above current market rates. Including these latest orders, shipowners globally have ordered 44 LNGCs so far in 2026, surpassing the full-year 2025 total of 38. Korean shipbuilders' order intakes are also on the rise. HD HHI has already secured orders equating to an estimated 77% of its total commercial ship orders from last year, HD Hyundai Samho 36%, and SHI 51%.

**HD HHI decides not to participate in first KDDX bidding round:** HD HHI has reportedly not submitted a proposal for the detailed design and lead ship construction of the next-generation destroyer project (KDDX). As a result, the first bidding round was legally voided. However, HD HHI's non-participation does not mean it is giving up the project. Rather, it is buying time to reassess its strategy. According to media reports, the Defense Acquisition Program Administration plans to announce a second bidding round this month. When a bid is voided and re-announced, bidders are typically given a 10-day window to submit proposals.

**HD HHI union to demand 30% of operating profit as performance bonus:** HD HHI's labor union will reportedly propose in this year's wage negotiations that 30% of the company's operating profit be distributed as performance bonuses. The union is also calling for new rules to protect workers' rights and job security if the company introduces AI on the factory floor. In the shipbuilding industry, wage negotiations typically follow a set schedule: unions finalize their demands over April-May, labor and management hold detailed negotiations over June-August, and a tentative agreement is put to a vote by union members by year-end.

**US Navy announces new shipbuilding plan:** The US Navy has unveiled a long-term shipbuilding plan to acquire at least 15 nuclear-powered "Trump-class" warships over the next 30 years—a central pillar of the "Golden Fleet" concept previously outlined by President Trump in Dec 2025. Under the plan, the first vessel is scheduled for delivery eight years after contract award, targeting 2036. The Navy has allocated USD43.5b for the construction of the initial three vessels. The plan also emphasizes leveraging the strengths of trusted allies to accelerate program timelines.

**Hanwha Philly Shipyard delays containership deliveries:** Hanwha Philly Shipyard has postponed the delivery schedule for three containerships, according to media reports. The original timeline—4Q26 to 2027—has been pushed back to 1Q27 through 2Q28.

**Estonia orders additional Chunmoo launchers from Hanwha Aerospace:** Hanwha Aerospace has signed a follow-on contract with Estonia for additional Chunmoo multiple rocket launchers. This agreement builds upon last year's initial contract, which covered six launchers; the new deal adds three more launchers.

### Shipbuilding weekly indices

| | This week | A week ago | | Vs end-2025 | |
|---|---|---|---|---|---|
| | May 15, 2026 | May 8, 2026 | Chg (%) | End-2025 | Chg (%) |
| **New building prices (USDm)** | | | | | |
| Overall (indexed) | 184.6 | 184.4 | 0.1 | 184.7 | -0.0 |
| Bulkers (Capesize) | 75.5 | 75.5 | 0.0 | 75.0 | 0.7 |
| Tankers (VLCC) | 130.5 | 130.5 | 0.0 | 128.0 | 2.0 |
| Tankers (51,000 DWT PCs) | 50.5 | 50.5 | 0.0 | 49.0 | 3.1 |
| Containerships (22,000 TEU) | 236.0 | 236.0 | 0.0 | 235.0 | 0.4 |
| Containerships (13,000 TEU) | 147.5 | 147.5 | 0.0 | 145.5 | 1.4 |
| LNG carriers (174,000m³) | 248.5 | 248.5 | 0.0 | 248.0 | 0.2 |
| **Secondhand prices (USDm)*** | | | | | |
| Overall | 209.0 | 209.0 | 0.0 | 191.1 | 9.4 |
| Bulkers (Capesize) | 71.0 | 71.0 | 0.0 | 66.0 | 7.6 |
| Tankers (VLCC) | 140.0 | 140.0 | 0.0 | 120.0 | 16.7 |
| Tankers (51,000 DWT PCs) | 51.0 | 51.0 | 0.0 | 43.0 | 18.6 |
| **Daily charter rates (USD)**** | | | | | |
| Bulkers (Capesize, eco) | 34,000 | 33,000 | 3.0 | 24,850 | 36.8 |
| Bulkers (Capesize, non-eco) | 30,500 | 29,600 | 3.0 | 23,850 | 27.9 |
| Tankers (VLCC, eco) | 120,000 | 120,000 | 0.0 | 65,500 | 83.2 |
| Tankers (VLCC, non-eco) | 108,250 | 109,000 | -0.7 | 58,000 | 86.6 |
| **Freight rate index** | | | | | |
| ClarkSea Index (USD/day) | 38,943 | 40,620 | -4.1 | 29,856 | 30.4 |
| BDI | 3,151 | 2,978 | 5.8 | 1,877 | 67.9 |
| WS (based on Saudi route) | 403 | 413 | -2.4 | 58 | 600.0 |
| CCFI | 1,280 | 1,279 | 0.1 | 1,147 | 11.7 |
| SCFI | 2,141 | 1,954 | 9.5 | 1,656 | 29.2 |
| **Energy prices***** | | | | | |
| Natural gas (USD/mil BTU) | 2.9 | 2.7 | 8.0 | 4.0 | -27.6 |
| Oil (USD/bbl) | 105.4 | 95.4 | 10.5 | 57.4 | 83.6 |
| MGO-HSFO (USD/tonne) | 532.3 | 463.0 | 15.0 | 262.8 | 102.6 |
| VLSFO-HSFO (USD/tonne) | 150.8 | 103.0 | 46.4 | 71.8 | 110.1 |

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* | -7.3 | 4.2 | 5.0 | 2.8 | 1.9 | 9.4 | 22.4 |
| HD Hyundai Heavy Industries* | -2.7 | 33.8 | 17.2 | 24.5 | 5.8 | 23.0 | 27.9 |
| Samsung Heavy Industries* | -9.5 | 3.2 | 4.7 | 20.2 | 5.2 | 24.7 | 22.8 |
| Hanwha Ocean* | -5.9 | -5.6 | -8.6 | 4.6 | 4.8 | 25.0 | 21.1 |
| HD Hyundai Marine Solution* | -12.6 | 14.7 | 22.6 | 9.8 | 10.2 | 26.9 | 40.2 |
| Yangzijiang | -0.8 | -0.8 | 15.7 | 14.1 | 2.2 | 8.7 | 27.5 |
| CSSC Holdings | -1.5 | 24.0 | 11.6 | 21.9 | 1.9 | 16.0 | 15.1 |
| CSSC Offshore | -3.1 | 5.0 | -14.7 | 7.9 | n/a | 28.2 | 7.6 |
| ST Engineering | -2.7 | -7.9 | 3.6 | 23.2 | 11.1 | 31.0 | 36.9 |
| Seatrium | -2.2 | -8.2 | 7.1 | 4.2 | 1.0 | 16.0 | 6.5 |
| Mitsubishi | -9.5 | -10.5 | -18.9 | 6.3 | 5.3 | 47.6 | 11.6 |
| Kawasaki | -6.7 | -8.4 | -13.9 | 46.8 | 3.3 | 27.4 | 12.7 |

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* | -15.9 | 11.5 | 23.3 | 51.3 | 15.5 | 42.0 | 42.5 |
| HD Construction Equipment* | -13.4 | 0.9 | 14.4 | 64.2 | 1.7 | 15.4 | 16.0 |
| HD Hyundai* | -6.4 | 6.3 | 5.3 | 43.6 | 1.7 | 8.4 | 22.8 |
| Doosan Bobcat* | -6.9 | 0.9 | 7.4 | 20.8 | 0.9 | 12.1 | 7.5 |
| KAI* | -3.6 | -14.9 | -8.7 | 41.5 | 7.5 | 43.7 | 18.4 |
| LIG Nex1* | -0.5 | -6.2 | 82.1 | 96.7 | 10.5 | 45.1 | 25.6 |
| Hanwha Aerospace* | -5.9 | -18.4 | 10.5 | 29.2 | 5.6 | 30.2 | nm |
| Hyosung Heavy* | -15.0 | 26.1 | 58.3 | 111.1 | 11.4 | 45.1 | 28.7 |
| LS Electric* | -17.9 | 38.7 | 96.1 | 179.3 | 15.8 | 75.5 | 22.7 |
| Lockheed Martin | 1.9 | -15.6 | -20.9 | 6.7 | 16.0 | 80.3 | 21.1 |
| Raytheon | -2.8 | -13.7 | -14.4 | -6.7 | 12.5 | 17.3 | 82.9 |
| Siemens | -2.0 | 9.4 | 3.4 | 8.6 | 3.4 | 24.8 | 13.7 |
| Caterpillar | -1.0 | 15.3 | 14.7 | 55.1 | 3.0 | 23.7 | 13.3 |
| Komatsu | -1.3 | -10.0 | -15.9 | 29.7 | 18.4 | 36.2 | 59.8 |
| Kubota | 4.1 | 6.5 | -6.6 | 32.1 | 1.8 | 16.2 | 11.2 |

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

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