# COMPANY UPDATE

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# HD Hyundai (267250)

## A holding company resilient to geopolitical risk


- HD Hyundai's 1Q operating profit improved significantly q-q, surpassing market expectations.
- Profits in the refining business rose sharply, on higher crude oil prices and stronger refining margins. The shipbuilding business also did better, thanks to more sales of high-priced vessels being recognized.
- HD Hyundai's business structure, resilient to geopolitical uncertainty and energy price increases, differentiates it from other holding companies. Reflecting the appreciation in value of its subsidiaries and improved earnings, we raise our target price.


### AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW350,000 | 25.4% |
| Current price | KRW279,000 | |
| Market cap | KRW22.0t/USD14.8b | |
| Shares (float) | 78,993,085 (52.3%) | |
| 52-week high/low | KRW310,500/KRW82,100 | |
| Avg daily trading value (60-day) | KRW53.9b/ USD36.1m | |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| HD Hyundai (%) | 11.6 | 29.8 | 239.8 |
| Vs Kospi (%pts) | -16.6 | -34.8 | 12.4 |

### KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 350,000 | 300,000 | 16.7% |
| 2026E EPS | 32,290 | 17,564 | 83.8% |
| 2027E EPS | 25,649 | 23,050 | 11.3% |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 4 |
| Target price | 346,250 |
| Recommendation | 4.0 |

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

### WHAT'S THE STORY?

**Profit improves across most businesses:** HD Hyundai's consolidated operating profit improved 44% q-q in 1Q, surpassing market expectations by 57%. Most of the group's businesses delivered solid results. The refining segment saw a dramatic 89% q-q increase in profit, driven by inventory valuation gains from rising oil prices and stronger refining margins. The shipbuilding segment, which had faltered in the prior quarter due to performance bonus recognitions, also saw a sharp rebound in profit. Even though this year's expected bonus payments were conservatively reflected starting 1Q, the segment did well thanks to greater sales recognition from high-priced vessels and recovery in offshore profits. HD Hyundai Marine Solution also saw improved operating margin in its key units. HD Hyundai Electric's performance weakened q-q and slightly lagged market expectations, but this was due to seasonal factors and a temporary impact from accounting adjustments. The subsidiary continues to maintain very high levels of profitability.

*(Continued on the next page)*

### SUMMARY 1Q RESULTS

| (KRWb) | 1Q26 | Chg | | Diff (%) | |
|---|---|---|---|---|---|
| | | (% y-y) | (% q-q) | Samsung | Consensus |
| Sales | 19,602 | 14.7 | 4.6 | 3.6 | 4.5 |
| Operating profit | 2,835 | 120.4 | 43.8 | 51.4 | 57.2 |
| Pre-tax profit | 2,828 | 165.8 | 60.1 | 56.1 | 66.4 |
| Net profit | 781 | 256.4 | 74.5 | 118.2 | 95.8 |
| **Margins (%)** | | | | | |
| Operating profit | 14.5 | | | | |
| Pre-tax profit | 14.4 | | | | |
| Net profit | 4.0 | | | | |

Source: Company data, FnGuide, Samsung Securities estimates

### VALUATION SUMMARY

| | 2025 | 2026E | 2027E |
|---|---|---|---|
| **Valuations (x)** | | | |
| P/E | 22.9 | 8.6 | 10.9 |
| P/B | 2.2 | 1.8 | 1.6 |
| EV/EBITDA | 5.6 | 3.7 | 3.2 |
| Div yield (%) | 1.4 | 2.0 | 2.3 |
| EPS growth (% y-y) | 89.1 | 165.0 | -20.6 |
| ROE (%) | 10.2 | 22.8 | 15.6 |
| **Per-share data (KRW)** | | | |
| EPS | 12,187 | 32,290 | 25,649 |
| BVPS | 128,067 | 154,777 | 174,063 |
| DPS | 4,000 | 5,700 | 6,500 |

Samsung Securities

**Portfolio resilient to geopolitical uncertainty:** Most of the group's businesses are closely tied to energy and commodity markets, and are largely insulated from sharp energy price spikes driven by geopolitical factors—a key differentiator versus other holding companies. In fact, shipbuilding stands to benefit from rising demand for energy transport vessels and offshore structures. Construction equipment is likely to see improved demand, led by mining machinery. Power equipment is poised to gain from the long-term acceleration of electrification, driven by energy security concerns. Even refining is now benefiting from inventory valuation gains and strong refining margins. Because HD Hyundai holds a large stake in HD Hyundai Oilbank, the improvement in refining profits has a material impact on its net profit attributable to controlling interests. We raised our target price to W350,000 (based on the SOTP method), reflecting our revised refining profit forecasts and the appreciation in value of its listed subsidiaries since the last target price assessment.

### HD Hyundai: 1Q26 review

| (KRWb) | 1Q26 | 4Q25 | Chg (% q-q) | 1Q25 | Chg (% y-y) | Consensus | Diff (%) | Samsung | Diff (%) |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 19,602 | 18,737 | 4.6 | 17,087 | 14.7 | 18,756 | 4.5 | 18,920 | 3.6 |
| Operating profit | 2,835 | 1,972 | 43.8 | 1,286 | 120.4 | 1,803 | 57.2 | 1,872 | 51.4 |
| Pre-tax profit | 2,828 | 1,766 | 60.1 | 1,064 | 165.8 | 1,700 | 66.4 | 1,812 | 56.1 |
| Net profit* | 781 | 448 | 74.5 | 219 | 256.4 | 399 | 95.8 | 358 | 118.2 |
| **Margins (%)** | | | | | | | | | |
| Operating profit | 14.5 | 10.5 | | 7.5 | | 9.6 | | 9.9 | |
| Pre-tax profit | 14.4 | 9.4 | | 6.2 | | 9.1 | | 9.6 | |
| Net profit* | 4.0 | 2.4 | | 1.3 | | 2.1 | | 1.9 | |

Note: *Controlling
Source: FnGuide, Samsung Securities estimates

### HD Hyundai: Sum-of-the-parts valuation

| (KRWb) | | |
|---|---|---|
| **Equity value of listed affiliates** | **(A = B+C+D)** | **32,639** |
| HD KSOE | (B) | 10,853 |
| HD Hyundai Electric | (C) | 16,281 |
| HD Hyundai Marine Solution | (D) | 5,506 |
| **Equity value of unlisted affiliates*** | **(E=F+G+H+I)** | **13,455** |
| Hyundai Oilbank | (F) | 6,624 |
| **Hyundai Robotics** | **(G)** | **5,441** |
| Hyundai XiteSolution | (H) | 1,290 |
| Other unlisted subsidiaries | (I) | 99 |
| Rent and brand royalties** | (J) | 452 |
| Net debt (parent basis, end-1Q26) | (K) | 2,510 |
| Enterprise value (EV) | (L=A+E+J-K) | 44,037 |
| **Adjusted EV*** ** | **(M=L x 56%)** | **24,837** |
| Outstanding shares**** | (N) | 71,000,000 |
| **NAV per share (KRW)** | **(M/N)** | **350,000** |

Note: Based on closing prices as of May 14, 2026;
*Unlisted affiliates valued as follows: 1) For HD Hyundai Oilbank, peer P/B multiple applied to 2025E BVPS; 2) For HD Hyundai Robotics, Doosan Robotics' market cap used; 3) For HD Hyundai XiteSolution, discount applied to value of listed subsidiaries;
**Valued by applying the Kospi's current P/E multiple to this year's expected rental fees and trademark rights after related costs;
***Reflects holding company discount of 44%, which is the average from 2022-2023, when dividend-related uncertainty was limited;
****Excludes treasury shares
Source: Samsung Securities estimates

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **67,766** | **71,259** | **80,682** | **85,070** | **86,942** |
| Cost of goods sold | 61,339 | 61,204 | 66,278 | 70,544 | 71,171 |
| **Gross profit** | **6,427** | **10,056** | **14,404** | **14,525** | **15,771** |
| Gross margin (%) | 9.5 | 14.1 | 17.9 | 17.1 | 18.1 |
| SG&A expenses | 3,444 | 3,956 | 4,332 | 4,526 | 4,629 |
| **Operating profit** | **2,983** | **6,100** | **10,072** | **10,000** | **11,142** |
| Operating margin (%) | 4.4 | 8.6 | 12.5 | 11.8 | 12.8 |
| **Non-operating gains (losses)** | **-614** | **-1,303** | **-625** | **-126** | **149** |
| Financial profit | 3,074 | 2,905 | 6,581 | 8,011 | 863 |
| Financial costs | 7,364 | 4,084 | 6,506 | 7,348 | 742 |
| Equity-method gains (losses) | -11 | 48 | 48 | 48 | 48 |
| Other | 3,688 | -172 | -748 | -837 | -20 |
| **Pre-tax profit** | **2,369** | **4,797** | **9,447** | **9,874** | **11,290** |
| Taxes | 439 | 1,121 | 2,362 | 2,370 | 2,710 |
| Effective tax rate (%) | 19 | 23 | 25 | 24 | 24 |
| Profit from continuing operations | 1,930 | 3,675 | 7,085 | 7,504 | 8,581 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **1,930** | **3,675** | **7,085** | **7,504** | **8,581** |
| Net margin (%) | 2.8 | 5.2 | 8.8 | 8.8 | 9.9 |
| Net profit (controlling interests) | 509 | 963 | 2,551 | 2,026 | 2,317 |
| Net profit (non-controlling interests) | 1,421 | 2,713 | 4,535 | 5,478 | 6,264 |
| EBITDA | 4,898 | 8,156 | 11,122 | 11,050 | 12,192 |
| EBITDA margin (%) | 7.2 | 11.4 | 13.8 | 13.0 | 14.0 |
| EPS (parent-based) (KRW) | 6,444 | 12,187 | 32,290 | 25,649 | 29,329 |
| EPS (consolidated) (KRW) | 24,435 | 46,529 | 89,695 | 94,996 | 108,627 |
| Adjusted EPS (KRW)* | 6,444 | 12,187 | 32,290 | 25,649 | 29,329 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **35,593** | **39,633** | **49,324** | **55,747** | **63,545** |
| Cash & equivalents | 5,667 | 6,367 | 11,391 | 15,601 | 22,738 |
| Accounts receivable | 4,834 | 5,184 | 5,870 | 6,992 | 7,146 |
| Inventories | 10,007 | 10,225 | 12,158 | 12,819 | 13,101 |
| Other current assets | 15,085 | 17,856 | 19,905 | 20,335 | 20,561 |
| **Fixed assets** | **38,274** | **39,053** | **39,348** | **39,437** | **39,533** |
| Investment assets | 2,430 | 1,905 | 1,942 | 1,990 | 2,039 |
| Tangible assets | 26,262 | 28,161 | 28,538 | 28,708 | 28,878 |
| Intangible assets | 4,315 | 4,310 | 4,180 | 4,050 | 3,928 |
| Other long-term assets | 5,266 | 4,678 | 4,689 | 4,689 | 4,689 |
| **Total assets** | **73,867** | **78,686** | **88,672** | **95,184** | **103,079** |
| **Current liabilities** | **32,333** | **33,637** | **37,763** | **38,797** | **39,475** |
| Accounts payable | 5,867 | 5,354 | 6,062 | 6,992 | 7,146 |
| Short-term debt | 984 | 1,198 | 3,500 | 3,500 | 3,500 |
| Other current liabilities | 25,482 | 27,086 | 28,202 | 28,305 | 28,829 |
| **Long-term liabilities** | **15,148** | **14,714** | **18,464** | **22,418** | **27,898** |
| Bonds & long-term debt | 10,194 | 10,018 | 8,318 | 6,618 | 4,918 |
| Other long-term liabilities | 4,954 | 4,695 | 10,145 | 15,800 | 22,980 |
| **Total liabilities** | **47,482** | **48,351** | **56,227** | **61,215** | **67,373** |
| **Owners of parent equity** | **8,675** | **10,116** | **12,226** | **13,750** | **15,487** |
| Capital stock | 81 | 81 | 81 | 81 | 81 |
| Capital surplus | 4,750 | 5,685 | 5,685 | 5,685 | 5,685 |
| Retained earnings | 3,021 | 3,132 | 5,242 | 6,766 | 8,503 |
| Other | 823 | 1,218 | 1,218 | 1,218 | 1,218 |
| **Non-controlling interests' equity** | **17,710** | **20,219** | **20,219** | **20,219** | **20,219** |
| **Total equity** | **26,385** | **30,335** | **32,445** | **33,968** | **35,705** |
| Net debt | 6,706 | 3,411 | -1,436 | -7,389 | -16,138 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **7,511** | **7,385** | **6,282** | **7,632** | **10,637** |
| Net profit | 1,930 | 3,675 | 7,085 | 7,504 | 8,581 |
| Non-cash profit and expenses | 1,817 | 3,536 | 1,617 | 1,266 | 2,129 |
| Depreciation | 1,671 | 1,806 | 1,050 | 1,050 | 1,050 |
| Amortization | 244 | 251 | 251 | 251 | 243 |
| Other | -98 | 1,479 | 316 | -35 | 836 |
| Changes in A/L from operating activities | 3,764 | 174 | -2,420 | -1,137 | -73 |
| **Cash flow from investments** | **-2,401** | **-4,746** | **-1,420** | **-1,220** | **-1,220** |
| Change in tangible assets | -1,686 | -2,003 | -1,420 | -1,220 | -1,220 |
| Change in financial assets | -1,903 | 1,038 | 0 | 0 | 0 |
| Other | 1,188 | -3,782 | 0 | 0 | 0 |
| **Cash flow from financing** | **-3,927** | **-1,945** | **162** | **-2,203** | **-2,280** |
| Change in debt | -320 | -1,495 | 602 | -1,700 | -1,700 |
| Change in equity | -502 | 935 | 0 | 0 | 0 |
| Dividends | -325 | -254 | -441 | -503 | -580 |
| Other | -2,780 | -1,131 | 0 | 0 | 0 |
| Change in cash | 1,267 | 700 | 5,024 | 4,210 | 7,137 |
| Cash at beginning of year | 4,401 | 5,667 | 6,367 | 11,391 | 15,601 |
| Cash at end of year | 5,667 | 6,367 | 11,391 | 15,601 | 22,738 |
| **Gross cash flow** | **3,747** | **7,211** | **8,702** | **8,770** | **10,710** |
| **Free cash flow** | **5,787** | **5,226** | **4,782** | **6,332** | **9,337** |

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 10.5 | 5.2 | 13.2 | 5.4 | 2.2 |
| Operating profit | 46.8 | 104.5 | 65.1 | -0.7 | 11.4 |
| Net profit | 145.6 | 90.4 | 92.8 | 5.9 | 14.3 |
| Adjusted EPS** | 92.5 | 89.1 | 165.0 | -20.6 | 14.3 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 6,444 | 12,187 | 32,290 | 25,649 | 29,329 |
| EPS (consolidated) | 24,435 | 46,529 | 89,695 | 94,996 | 108,627 |
| Adjusted EPS** | 6,444 | 12,187 | 32,290 | 25,649 | 29,329 |
| BVPS | 109,824 | 128,066 | 154,777 | 174,063 | 196,050 |
| DPS (common) | 3,600 | 4,000 | 5,700 | 6,500 | 7,500 |
| **Valuations (x)** | | | | | |
| P/E*** | 43.3 | 22.9 | 8.6 | 10.9 | 9.5 |
| P/B*** | 2.5 | 2.2 | 1.8 | 1.6 | 1.4 |
| EV/EBITDA | 9.5 | 5.6 | 3.7 | 3.2 | 2.1 |
| **Ratios (%)** | | | | | |
| ROE | 6.4 | 10.2 | 22.8 | 15.6 | 15.8 |
| ROA | 0.7 | 1.3 | 3.0 | 2.2 | 2.3 |
| ROIC | 6.8 | 13.1 | 19.7 | 18.6 | 20.4 |
| Payout ratio | 50.0 | 26.4 | 17.3 | 24.8 | 25.0 |
| Dividend yield (common) | 1.3 | 1.4 | 2.0 | 2.3 | 2.7 |
| Net debt to equity | 25.4 | 11.2 | -4.4 | -21.8 | -45.2 |
| Interest coverage (x) | 3.1 | 7.1 | 11.5 | 11.9 | 15.0 |

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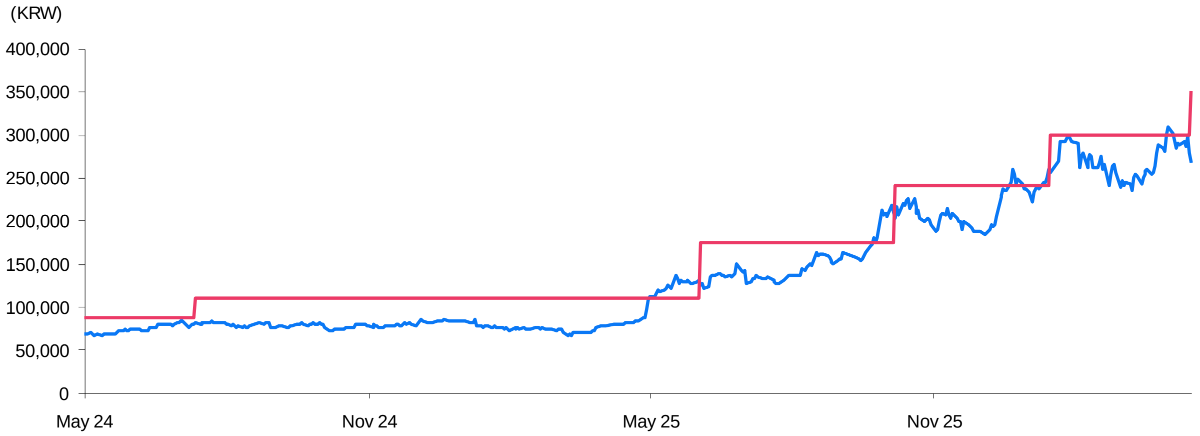


## Rating changes over past two years (adjusted share prices)

| | | | | | | |
|---|---|---|---|---|---|---|
| **Date** | 2023/9/18 | 2024/8/9 | 2025/7/2 | 11/5 | 2026/2/13 | 5/15 |
| **Recommendation** | BUY | BUY | BUY | BUY | BUY | BUY |
| **Target price (KRW)** | 88000 | 110000 | 175000 | 242000 | 300000 | 350000 |
| Gap* (average) | | | | | | |
| (max or min)** | | | | | | |

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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| | |
|---|---|
| **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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