COMPANY UPDATE

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Finance/Consumer Goods Team

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Hyundai Marine & Fire (001450)

Key metrics improve again

- Hyundai Marine & Fire's 1Q net profit exceeded consensus by 42%
- The earnings surprise owed much to reduction in onerous contract expenses
- It is high time to center on improvement in key metrics, not on dividend uncertainty (fully reflected in the market)

WHAT'S THE STORY?

1Q review—earnings surprise: Hyundai Marine & Fire (Hyundai M&F) posted a 1Q net profit of KRW223.3b, beating consensus by 42%.

Insurance profit: Long-term insurance profit jumped 71.7% y-y to KRW302.1b, thanks to: 1) KRW81.4b reversal of the onerous contract expenses following a change in the methodology for calculating the K-ICS required capital for indemnity policies; and 2) KRW28b y-y reduction in onerous contract expenses.

Investment profit: Investment profit tumbled 94.3% y-y to KRW6.1b, weighed down by rising interest rates and widening credit spreads impacting structured bonds and alternative investments.

CSM: Although new business CSM declined 18% q-q, CSM balance rose 3% q-q to KRW9.2t on reduction in CSM experience adjustment.

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AT A GLANCE

BUY

Target price	KRW44,000	13.8%
Current price	**KRW38,650**	
Market cap	KRW3.3t/USD2.2b	
Shares (float)	85,248,250 (69.1%)	
52-week high/low	KRW38,850/KRW22,250	
Avg daily trading value (60-day)	KRW19.2b/ USD12.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Marine & Fire (%)	27.8	39.5	73.7
Vs Kospi (%pts)	4.5	-31.5	-42.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	44,000	42,000	4.8%
2026E EPS	10,367	10,307	0.6%
2027E EPS	12,465	12,523	-0.5%

SAMSUNG vs THE STREET

No of estimates	18
Target price	41,556
Recommendation	3.8

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

Hyundai Marine & Fire 1Q26 review

(KRWb)	1Q26	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	Consensus	Diff (%)
Insurance service profit	302.1	-153.9	n/a	175.9	71.7	n/a	n/a
Investment profit	6.1	4.5	36.4	107.0	-94.3	n/a	n/a
Operating profit	308.1	-149.4	n/a	282.9	8.9	224.0	37.6
Net profit	223.3	-73.0	n.a	203.2	9.9	157.2	42.0
Ending CSM	9,170.3	8,901.8	3.0	9,107.9	0.7	n/a	n/a
Investment yield (%)	2.0	2.5	-0.5	2.7	-0.7	n/a	n/a

Note: Parent basis; **Other investment income / Avg invested assets

Source: Company data, FnGuide, Samsung securities

Valuations

(KRWb)	Insurance service profit	Investment profit	Net profit	BVPS (KRW)	EPS (KRW)	P/B (x)	P/E (x)	ROE (%)	Dividend Yield (%)
2023	527	451	772	68,424	8,639	0.5	3.6	10.0	6.7
2024	1,043	352	1,031	55,114	11,529	0.4	2.1	18.7	0.0
2025	396	330	561	54,625	6,276	0.6	5.3	11.4	0.0
2026E	911	341	927	65,758	10,367	0.5	3.2	17.2	4.2
2027E	1,072	422	1,114	78,223	12,465	0.4	2.7	17.3	6.0

Source: Company data, Samsung Securities

Sustained improvement in key metrics: Since 2H24, structural improvements in its policy portfolio have translated into visible operational progress: 1) the pace of rising incurred losses has slowed significantly relative to peers; 2) the duration gap—though still affected by rising rates—has now stabilized at a neutral level, contributing to the K-ICS ratio of 207%. While fundamental uncertainty around dividends remains due to high surrender value provisioning (distributable profit in 1Q26 was -KRW1.4t), this risk is already fully priced in the market. We maintain BUY rating.

Calculation of target price

Hyundai Marine & Fire: Valuation

		2026E-2027E
I. P/B-ROE valuation		
Forward ROA (%)		1.9
Total asset / total equity (x)		9.3
Sustainable ROE (%)	(A)	11.3
Cost of capital (%)	(B)	8.66
Long-term growth (%)	(C)	0.0
Target P/B (x)	(D = {A-C}/{B-C})	0.9
Forward BVPS (KRW)	(E)	65,758
Fair price (KRW)	(F = D*E)	60,055
II. Total shareholder return yield valuation		
Industry target yield (%)	(G)	4.0
* discount(premium) rate (%)	(H)	-30%
Company target yield (%)	(I = G * {1-H})	5.2
Total shareholder return amount (KRWb)	(J)	66.5
Estimated total payout ratio (%)		11.8
Target market cap (KRWb)	(K = J / I)	2,508.2
Fair price (KRW)	(L)	31,987
III. Target price		
Fair price (KRWb)	(F+L) / 2	46,021
Target price (KRW)		44,000
**Current price (KRW)		33,350
Upside (%)		31.9%
Previous target price (KRW)		42,000
Diff (%)		4.8%

Note: * The discount (or premium) rate is derived based on: the 1) company's capital policy, and 2) its capital adequacy (K-ICS ratio).
** As of May 14, 2026
Source: Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Total assets	**43,758**	**47,978**	**49,574**	**50,088**	**51,352**
Invested assets	**41,500**	**45,787**	**47,016**	**47,504**	**48,702**
Cash & Deposits	1,350	2,119	1,242	1,255	1,287
Equity	1,620	1,626	1,366	1,381	1,415
Bond	14,538	17,555	20,267	20,478	20,994
Loans	10,397	10,246	9,354	9,451	9,690
Overseas securities	6,767	6,965	6,852	6,923	7,097
Real estate	1,092	1,234	1,195	1,207	1,238
Others (Beneficiary certificates, etc)	5,735	6,043	6,739	6,809	6,981
Other assets	2,259	2,191	2,558	2,585	2,650
Total liabilities	**37,641**	**43,051**	**44,762**	**44,210**	**44,359**
Policy reserves	34,817	38,302	39,452	36,310	36,189
Insurance contract liabilities	31,527	34,802	34,853	31,816	31,695
Contractual service margin (CSM)	**9,142**	**8,305**	**8,978**	**8,853**	**8,806**
Best estimate liability (BEL)	12,970	16,462	15,522	12,812	12,745
Risk adjustment (RA)	1,586	1,908	1,888	1,599	1,591
Other liabilities	2,811	4,727	5,276	7,859	8,130
Separate account liabilities	13	22	35	40	40
Shareholders' equity	**6,117**	**4,927**	**4,883**	**5,879**	**6,993**
Paid-in capital	45	45	45	45	45
Capital surplus	113	113	113	45	45
Retained earnings	6,553	7,391	7,953	8,839	9,953
Surrender value provisions	3,422	4,018	3,917	4,411	4,968
Capital adjustment	-69	-68	-68	-68	-68
Accumulated other comprehensive income	-524	-2,554	-3,159	-2,982	-2,982
Hybrid bonds	0	0	0	0	0
Non-Controlling Interests	0	0	0	0	0

Dividend & per-share data

Year-end Dec 31 (KRW, %)	2023	2024	2025	2026E	2027E
EPS	8,639	11,529	6,276	10,367	12,465
BVPS	68,424	55,114	54,625	65,758	78,223
PER	3.6	2.1	5.3	3.2	2.7
PBR	0.5	0.4	0.6	0.5	0.4
ROA	1.7	2.2	1.2	1.9	2.2
ROE	10.0	18.7	11.4	17.2	17.3
DPS	2,063	0	0	1,400	2,000
Dividend yield	6.7	0.0	0.0	4.2	6.0
Payout ratio	20.9	0.0	0.0	11.8	14.1
Total shareholder return (%)	20.9	0.0	0.0	11.8	14.1

Note: Parent basis

Source: Company data, Samsung Securities estimates

Income Statement

Year-end Dec 31 (KRWb)	2023	2024	2025	2026E	2027E
Insurance service profit	**527**	**1,043**	**396**	**911**	**1,072**
Long-term insurance profit	249	865	338	845	854
Adjustment for experience variance	-206	-212	-306	-197	-177
Amortization of CSM	873	933	951	988	980
Release of RA	130	132	136	154	151
Other insurance profit	-548	12	-443	-100	-99
Auto insurance profit	201	19	-91	-89	40
P&C insurance profit	76	159	149	155	177
Investment profit	**451**	**352**	**330**	**341**	**422**
Other investment income	1,279	1,208	1,218	1,232	1,295
Insurance finance profit	-828	-856	-888	-891	-873
Operating profit	**977**	**1,395**	**726**	**1,251**	**1,494**
Non-operating income	3	6	6	3	0
Non-operating expenses	28	35	38	12	0
Pre-tax profit	**953**	**1,366**	**694**	**1,242**	**1,494**
Income taxes	181	336	133	316	379
Net profit	**772**	**1,031**	**561**	**927**	**1,114**

Assumptions

Year-end Dec 31	2023	2024	2025	2026E	2027E
Insurance profitability (%)					
CSM Amortization rate	2.4	2.8	2.6	2.8	2.8
RA Amortization rate	2.1	1.7	1.8	2.4	2.4
Combined ratio (Auto)	95.2	99.5	102.3	102.4	98.9
Combined ratio (P&C)	92.4	85.4	86.8	86.3	84.3
Investment profitability (%)					
Investment yield	3.1	2.6	2.6	2.6	2.7
Interest rates on liability	3.7	3.5	3.6	4.1	4.0
CSM Movement (KRWb)					
Opening CSM	8,319	9,079	8,248	8,902	8,853
New Business CSM	1,679	1,821	2,088	1,872	1,868
Amortization of CSM	-873	-933	-951	-988	-980
Unwind of Discount	262	319	316	316	314
Experience & Assumption change	-310	-2,038	-800	-1,249	-1,249
Closing CSM	9,079	8,248	8,902	8,853	8,806

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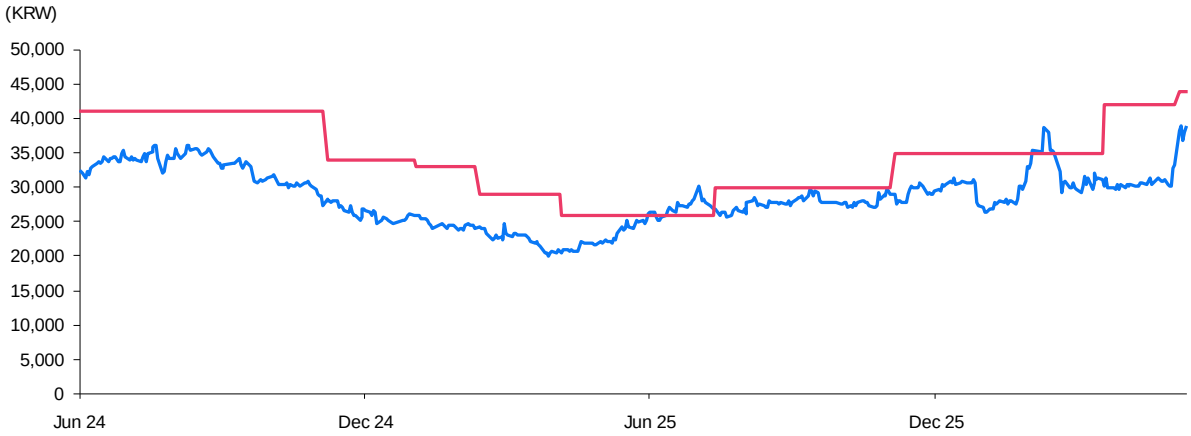

Rating changes over past two years (adjusted share prices)

Date	2024/5/16	11/18	2025/1/14	2/24	4/17	7/25	11/17	2026/3/31	5/18
Recommendation	BUY	BUY	BUY	BUY	BUY	HOLD	BUY	BUY	BUY
Target price (KRW)	41000	34000	33000	29000	26000	30000	35000	42000	44000
Gap* (average)	-19.48	-22.77	-25.55	-23.03	-4.68	-7.45	-13.79	-27.15	
(max or min)**	-11.83	-17.35	-21.21	-14.66	16.35	-0.83	10.86	-20.60	

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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* 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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