SECTOR
UPDATE

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Shipbuilding/Machinery Weekly

How shipbuilding technologies can be applied to the data center industry

- The Clarksons Newbuilding Price Index stayed broadly flat w-w at 185 last week, though it rose for an eighth consecutive week at the decimal level. The Secondhand Price Index remained unchanged w-w.
- The ClarkSea Index, which represents vessel earnings, fell 3% w-w to USD37,758/day, mainly due to oil-tanker freight rate normalization.
- This week's report focuses on the sustainability of shipbuilders' entry into the data center market.

WHAT'S THE STORY?

Shorter lead times could open up data center opportunities for shipbuilding technologies.

There are growing expectations that shipbuilding technologies could be applied to the US data-center industry. HD Hyundai Heavy Industries recently signed a deal with a US energy-infrastructure firm to supply power-generation facilities based on its proprietary engines, with media reports suggesting its HiMSEN engines will be used for data-center power infrastructure. In 2H25, Wärtsilä—a global leader in marine and industrial engines—secured multiple contracts to supply engines for US data-center projects. Recently, speculation is also rising that shipbuilders could win orders for floating data centers that leverage their offshore-structure construction capabilities.

There are distinct technical advantages to this approach. Marine-grade engines are designed for durability under extreme conditions, making them well-suited for continuous operation. Co-locating power generation with data centers eliminates transmission losses associated with long-distance grid connections. Floating designs also reduce land-use constraints and lower cooling costs by leveraging seawater. Yet skepticism remains: are these solutions truly more economical than conventional approaches such as large-scale power plants supplying centralized land-based data centers? Real-world commercial deployments also remain limited.

That said, business opportunities for shipbuilders are poised to expand because timing is critical. In the US, it typically takes four or five years to connect new power sources to the grid; for data centers, this can stretch to eight 8 years due to permitting delays, environmental reviews, and grid congestion. While shipyards are already operating at full capacity thanks to robust backlog growth, their ability to deliver solutions—especially in the underutilized offshore structure segment—offers a faster alternative. Meanwhile, demand for data centers is surging: global investments by major AI firms has grown at a 27% CAGR over the past five years, and annual growth is expected to average 17% over the next three—impressive given the high base. Power prices in North America have continued to rise, which provides the rationale for shipbuilding technology to become economically viable. Shipbuilders' entry into data center-related businesses is positive not only for momentum but also for valuation, as companies in related sectors are trading at significantly higher multiples than traditional shipbuilders

Performance

(%)	1W	3M	YTD
KSOE	-9.2	-6.0	3.3
HD Hyundai Heavy	6.3	13.0	31.9
Samsung Heavy	-7.9	0.3	22.1
Hanwha Ocean	-9.9	-17.4	8.2
HD Hyundai Marine Solution	1.7	35.2	25.9
HD Hyundai Electric	8.2	16.7	50.3
HD CE	-7.0	16.1	70.6
HD Hyundai	6.4	-3.7	49.9
Doosan Bobcat	-6.7	3.3	18.0
KAI	-9.9	-5.4	46.8
LIG Nex1	-6.4	89.2	117.7
Hanwha Aerospace	-11.4	0.3	31.8
Hyosung Heavy	30.0	52.3	123.5
LS Electric	44.3	103.6	201.3

Valuation summary

(x, %)	P/B	P/E	ROE
KSOE	1.9	9.4	22.4
HD Hyundai Heavy	6.1	24.4	27.9
Samsung Heavy	5.3	25.1	22.8
Hanwha Ocean	4.9	25.9	21.1
HD Hyundai Marine Solution	11.7	30.8	40.2
HD Hyundai Electric	15.4	41.8	42.5
HD CE	1.8	16.1	16.0
HD Hyundai	1.8	8.7	22.8
Doosan Bobcat	0.9	11.8	7.5
KAI	7.8	45.3	18.4
LIG Nex1	11.6	49.9	25.6
Hanwha Aerospace	5.7	30.8	nm
Hyosung Heavy	12.1	47.8	28.7
LS Electric	17.0	81.5	22.7

Note: 2026 estimates
Source: Samsung Securities estimates

Industry news

QatarEnergy requests postponement of LNG carrier charter commencement: QatarEnergy has exercised delivery delay clauses built into its long-term LNG carrier charter contracts with some shipowners, according to foreign media reports. The reports claim that not all charter such contracts include these clauses. As shipbuilders deliver vessels immediately following construction, QatarEnergy's decision to postpone the charter contracts could result in completed vessels being deployed into the short-term re-charter market, potentially adding pressure to the LNG carrier short-term spot market. Korean shipbuilders say shipowners have not yet requested delivery delays or order cancellations, and orders seeking delivery in 2029 and 2030 remain active. Global LNG carrier orders taken ytd already exceed the total order volume of 2025.

India pursuing naval enhancement program: The Indian government recently formalized a large-scale fleet expansion plan. According to media reports, the Indian Navy plans to expand its fleet from approximately 140 vessels now to 200 by 2035. This initiative has raised the potential for participation by domestic Korean shipbuilders and defense contractors.

HD Hyundai Samho wins VLAC orders: HD Hyundai Samho has secured orders for six very large ammonia carriers (VLACs) for a total of USD717m. Foreign media reports identified Turkish shipowner Ciner Shipping as the client. The vessels are scheduled for delivery in Dec 2029. This order brings HD Hyundai Samho's total to USD3.2b ytd, which equates to 47% of last year's full-year orders and 64% of this year's target.

Samsung Heavy Industries wins 3 LNG carrier orders: Samsung Heavy Industries secured orders for three LNG carriers for USD754m. These vessels are scheduled for delivery in May 2029. Including these, the company has secured USD4.7b in new orders ytd, which is 60% of last year's annual target and 34% of this year's target. For reference, when focusing only on commercial ships (excluding offshore structures), the company has secured 60% of last year's annual orders and 76% of this year's target.

Canada pushes modernization of aging ground combat systems: Canada's Department of National Defence is pursuing a modernization project for legacy tanks and armored vehicles, according to Canadian media reports. The media claim the Canadian government has already issued Requests for Information (RFI) to major defense companies.

Possibility of additional KM-SAM II exports: A European defense publication reported that Korea is in talks with Qatar and Kuwait to export the Korean medium-range surface-to-air missile II (KM-SAM II). Prolonged conflict in the Middle East has drained regional air defense inventories, while the US faces constraints in ramping up additional missile deliveries. As a result, interest in Korea's system has intensified, with several nations now formally seeking procurement details.

CMMC certification emerges as a variable for entering the US defense market: Some Korean media reports claim the Cybersecurity Maturity Model Certification (CMMC), to be implemented by the US Department of Defense from November, could become a barrier to exports for Korean companies, none of which has obtained this certification to date. The media expressed concerns over negative impacts, particularly on the Korea-US shipbuilding cooperation program and naval vessel MRO projects, as obtaining certification takes one to two years, and sometimes longer. However, the incentives for cooperation in the shipbuilding sector are currently stronger on the US side than the Korean one. Furthermore, Korean shipbuilders orderbooks, even if a contract were signed immediately, it would be difficult to deliver vessels in the next two years. In other words, there is ample time for Korean shipbuilders to resolve this issue.

Shipbuilding weekly indices

	This week	A week ago		Vs end-2025	
	May 22, 2026	May 15, 2026	Chg (%)	End-2025	Chg (%)
New building prices (USDm)					
Overall (indexed)	185.0	184.6	0.2	184.7	0.2
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)	51.0	50.5	1.0	49.0	4.1
Containerships (22,000 TEU)	236.0	236.0	0.0	235.0	0.4
Containerships (13,000 TEU)	148.0	147.5	0.3	145.5	1.7
LNG carriers (174,000m³)	248.5	248.5	0.0	248.0	0.2
Secondhand prices (USDm)*					
Overall	210.0	209.0	0.5	191.1	9.9
Bulkers (Capesize)	71.0	71.0	0.0	66.0	7.6
Tankers (VLCC)	145.0	140.0	3.6	120.0	20.8
Tankers (51,000 DWT PCs)	51.0	51.0	0.0	43.0	18.6
Daily charter rates (USD)**					
Bulkers (Capesize, eco)	33,150	34,000	-2.5	24,850	33.4
Bulkers (Capesize, non-eco)	29,700	30,500	-2.6	23,850	24.5
Tankers (VLCC, eco)	116,750	120,000	-2.7	65,500	78.2
Tankers (VLCC, non-eco)	106,500	108,250	-1.6	58,000	83.6
Freight rate index					
ClarkSea Index (USD/day)	37,758	38,943	-3.0	29,856	26.5
BDI	2,991	3,151	-5.1	1,877	59.4
WS (based on Saudi route)	373	403	-7.5	58	547.8
CCFI	1,317	1,280	2.9	1,147	14.9
SCFI	2,218	2,141	3.6	1,656	33.9
Energy prices***					
Natural gas (USD/mil BTU)	2.9	2.9	1.0	4.0	-26.8
Oil (USD/bbl)	100.9	105.4	-4.3	57.4	75.8
MGO-HSFO (USD/tonne)	546.8	532.3	2.7	262.8	108.1
VLSFO-HSFO (USD/tonne)	167.0	150.8	10.8	71.8	132.8

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*	0.5	-9.2	-6.0	3.3	1.9	9.4	22.4
HD Hyundai Heavy Industries*	5.9	6.3	13.0	31.9	6.1	24.4	27.9
Samsung Heavy Industries*	1.5	-7.9	0.3	22.1	5.3	25.1	22.8
Hanwha Ocean*	3.4	-9.9	-17.4	8.2	4.9	25.9	21.1
HD Hyundai Marine Solution*	14.6	1.7	35.2	25.9	11.7	30.8	40.2
Yangzijiang	-4.8	-10.2	1.3	8.6	2.1	8.3	27.4
CSSC Holdings	-5.3	5.3	5.6	15.5	1.8	15.0	12.7
CSSC Offshore	-2.3	-1.9	-16.6	5.4	n/a	27.1	7.6
ST Engineering	8.7	0.2	10.7	33.8	12.0	33.7	37.0
Seatrium	-0.9	-5.5	3.2	3.2	1.0	15.7	6.5
Mitsubishi	-2.7	-12.0	-20.1	3.4	5.1	45.6	11.6
Kawasaki	-2.5	-4.2	-17.1	43.1	3.5	28.7	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*	-0.7	8.2	16.7	50.3	15.4	41.8	42.5
HD Construction Equipment*	3.9	-7.0	16.1	70.6	1.8	16.1	16.0
HD Hyundai*	4.4	6.4	-3.7	49.9	1.8	8.7	22.8
Doosan Bobcat*	-2.3	-6.7	3.3	18.0	0.9	11.8	7.5
KAI*	3.8	-9.9	-5.4	46.8	7.8	45.3	18.4
LIG Nex1*	10.7	-6.4	89.2	117.7	11.6	49.9	25.6
Hanwha Aerospace*	2.0	-11.4	0.3	31.8	5.7	30.8	nm
Hyosung Heavy*	5.9	30.0	52.3	123.5	12.1	47.8	28.7
LS Electric*	7.9	44.3	103.6	201.3	17.0	81.5	22.7
Lockheed Martin	3.3	-4.0	-19.0	10.2	17.3	86.4	21.1
Raytheon	3.4	-2.2	-13.6	-3.5	12.1	17.8	83.4
Siemens	3.5	11.2	9.6	12.3	3.5	25.6	13.7
Caterpillar	-0.9	8.8	15.8	53.6	3.3	25.2	13.5
Komatsu	-3.8	-9.1	-17.3	24.7	18.2	35.9	59.8
Kubota	-7.8	4.6	-11.4	21.8	1.8	16.0	11.2

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

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