

Industrial Team

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Team Leader

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► Performance

(%)	1M	3M	YTD
KSOE	-9.5	-5.3	4.4
HD Hyundai Heavy	2.9	17.3	37.4
Samsung Heavy	-15.0	-3.4	16.3
Hanwha Ocean	-6.7	-12.7	8.4
HD Hyundai Marine Solution	-16.2	21.5	16.3
HD Hyundai Electric	-16.2	0.4	36.3
HD CE	-22.8	7.1	54.1
HD Hyundai	-8.0	-5.0	46.8
Doosan Bobcat	-12.6	-1.4	12.5
KAI	0.8	-12.5	47.4
LIG Nex1	-16.8	57.4	89.9
Hanwha Aerospace	-16.9	-2.4	23.5
Hyosung Heavy	-7.1	32.3	107.8
LS Electric	-13.4	52.6	161.0

► Valuation summary

(x, %)	P/B	P/E	ROE
KSOE	1.9	9.5	22.4
HD Hyundai Heavy	6.4	25.4	27.9
Samsung Heavy	5.0	23.9	22.8
Hanwha Ocean	5.0	26.0	21.1
HD Hyundai Marine Solution	10.8	28.5	40.2
HD Hyundai Electric	14.0	37.9	42.5
HD CE	1.6	14.5	16.0
HD Hyundai	1.8	8.6	22.8
Doosan Bobcat	0.8	11.3	7.5
KAI	7.8	45.5	18.4
LIG Nex1	10.1	43.5	25.6
Hanwha Aerospace	5.3	28.9	nm
Hyosung Heavy	11.3	44.4	28.7
LS Electric	14.7	70.6	22.7

Note: 2026 estimates

Source: Samsung Securities estimates



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Shipbuilding/Machinery Weekly

Market outlook leaves even Greek shipowners unfazed

- The Clarksons Newbuilding Price Index remained flat w-w at 185 last week, supported by a rebound in containership prices. The Secondhand Price Index also held steady w-w.
- Despite strength in bulk carrier and containership rates, the ClarkSea Index, which represents vessel earnings, slipped 1.9% w-w to USD37,056/day, mainly due to sustained normalization of oil tanker freight rates following their earlier surge.
- In this week's report, we examine Greek shipowners' recent investments.

WHAT'S THE STORY?

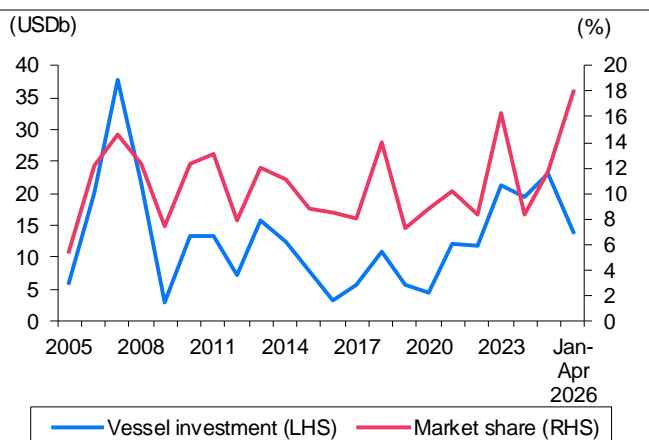
Shipbuilding industry conditions remain reassuring even to Greek shipowners—professional investors with deep industry expertise

Despite Korea's shipbuilding sector enjoying sustained strength in order activity—with major domestic yards announcing large contracts weekly—the stock market's reaction has been relatively muted. While the industry remains in a boom, financial markets are still expressing lingering concerns about a potential peak in global shipping demand. In light of this, it is instructive to examine the recent behavior of Greek shipowners, who are widely regarded as sophisticated, long-term investors in maritime assets. Although Greece accounts for less than 1% of global seaborne trade volume, it owns the second-largest fleet in the world after China. Greek shipowners are therefore rightly regarded as professional investors, recognized for their deep industry expertise—partly rooted in their historically successful investment track records. Thus, some in the market view their vessel procurement activity as a leading indicator of market health. Clarksons recently compiled data on Greek shipowners' investment trends. Currently, they control 14% of the global operating fleet and 15% of the order book (in GT terms). They continue to favor Korean shipbuilders, with a particular focus on bulk carriers for raw material transport.

More telling than their current holdings is their recent investment pace: Greek shipowners have accelerated newbuilding commitments in 2026. From January to April, they invested USD14b in new vessels—nearly quadruple the USD4b they invested over the same period last year. By end-April, their 2026 ytd investment had already reached 61% of their full-year 2025 total. Their share of global newbuilding investment in 2026 ytd stands at 18%, significantly above last year's 12% and well above the 10-year average of 10%.

This ongoing commitment signals that, even at current vessel prices, Greek owners still view ships as attractive long-term assets. Considering the scale and speed of their new orders, it is difficult to justify early concerns about a downturn in the shipbuilding cycle. Our outlook on the shipbuilding industry remains positive.

**Greek shipowners' vessel investment value:
Absolute amount and as share of new orders**



Source: Clarksons

Greek shipowners: Vessel market shares and rankings

		Rank	Market share (%)
Fleet owned	GT basis	2	14
	Value basis	2	12
Fleet, by vessel type*	Bulker	2	21
	Tanker	1	21
	Gas carrier	1	17
Orderbook		2	15
New orders**	2025	2	12
	Jan-Apr 2026	3	18

Note: *Bulker and tanker figures are based on DWT, while gas carrier figures are based on m³;

**Value basis

Source: Clarksons

Industry news

All-out efforts to win Canada's submarine contract: Efforts to secure Canada's submarine contract remain active. HD Hyundai Heavy Industries is engaging in discussions with Canadian shipyard Davie Shipbuilding to strengthen strategic cooperation in shipbuilding and naval vessel projects. HD Hyundai is also reportedly offering a range of countertrade proposals, including technology sharing in shipbuilding, and expanded crude oil imports through HD Hyundai Oilbank. Hanwha Ocean has participated in CANSEC (Canada's largest defense exhibition). Foreign media report that Hanwha Group has proposed a comprehensive package involving rocket launch technology support, local production of ground-based power systems, and large-scale steel procurement. The Commissioner of the Defense Acquisition Program Administration has also visited Canada to continue promotional activities for the bid. Meanwhile, last week, Korea's domestically built submarine, ROKS Dosan Ahn Changho, docked at a Canadian naval base. Canadian media have highlighted the advanced capabilities of the Korean submarine, reinforcing perceptions of its technical excellence.

Samsung Heavy Industries secures USD1b order: Samsung Heavy Industries has won an order from a single client for five vessels across three types—LNG carriers, oil tankers, and VLGCs—totaling USD662m (approximately KRW1t). This is estimated to have lifted the company's ytd orders to USD5.4b, equating to 69% of last year's annual total and 39% of this year's target. Excluding offshore projects and focusing solely on commercial ships, the ytd order book stands at 71% of last year's full-year volume and 88% of this year's target.

HD Hyundai Heavy Industries rumored to have secured VLGC order: According to international media reports, BW LPG, one of the world's largest LPG shipping companies, has placed an order with HD Hyundai Heavy Industries for eight VLGCs. The purported contract is estimated to be worth approximately USD940m.

Nuclear-powered submarine program formally outlined: The government has formally set out plans to develop a domestic nuclear-powered submarine. Under the basic plan released by the Ministry of National Defense, the project—named Jang Bogo N—targets the launch of its first vessel in the mid-2030s and initial operational capability in the late 2030s.

KF-21 Block II secures 2027 budget: The Defense Acquisition Program Promotion Committee (DAPPC) has approved a 2027 budget of KRW62.5b to support the mass-production of the KF-21 Block II aircraft, an upgraded variant featuring enhanced air-to-ground strike capabilities. With this funding secured, the program is now on track to proceed with a mass-production contract next year and achieve operational deployment in 2H29, as originally planned. It is estimated that the total budget required for the production of 80 KF-21 Block II aircraft exceeds KRW18t. While some market observers had previously raised concerns that funding delays could jeopardize the timeline, this budget approval alleviates this risk.

LS Corp corrects 1Q order backlog disclosure: LS Corp, the holding company of LS Group, issued a correction to its quarterly report after erroneously overstating the order backlog of its subsidiary, LS Electric. The discrepancy amounted to approximately KRW2t compared to the originally disclosed figure. LS Corp attributed the error to a simple clerical mistake during the consolidation process of subsidiary data into the parent company's report. Notably, LS Electric itself accurately reported its own order backlog and is not subject to the correction. The issue is regarded as an isolated administrative error within the consolidation process, with no impact on LS Electric's financial statements or operations.

Korea Value-up Index rebalancing: The Korea Exchange has announced the results of the rebalancing for the Korea Value-up Index. HD Hyundai Heavy Industries, HD Korea Shipbuilding & Offshore Engineering, and HD Hyundai Marine Solutions have been added to the index, while Hyundai Rotem and Hyosung Heavy Industries have been removed.

Shipbuilding weekly indices

	This week	A week ago		Vs end-2025	
	May 29, 2026	May 22, 2026	Chg (%)	End-2025	Chg (%)
New building prices (USDm)					
Overall (indexed)	185.0	185.0	0.0	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	51.0	0.0	49.0	4.1
Containerships (22,000 TEU)	237.0	236.5	0.2	235.0	0.9
Containerships (13,000 TEU)	148.5	148.0	0.3	145.5	2.1
LNG carriers (174,000m ³)	248.5	248.5	0.0	248.0	0.2
Secondhand prices (USDm)*					
Overall	210.0	210.0	0.0	191.1	9.9
Bulkers (Capesize)	71.0	71.0	0.0	66.0	7.6
Tankers (VLCC)	145.0	145.0	0.0	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)	33,200	33,150	0.2	24,850	33.6
Bulkers (Capesize, non-eco)	29,800	29,700	0.3	23,850	24.9
Tankers (VLCC, eco)	116,750	116,750	0.0	65,500	78.2
Tankers (VLCC, non-eco)	106,500	106,500	0.0	58,000	83.6
Freight rate index					
ClarkSea Index (USD/day)	37,056	37,758	-1.9	29,856	24.1
BDI	3,224	2,991	7.8	1,877	71.8
WS (based on Saudi route)	373	373	0.0	58	547.8
CCFI	1,367	1,317	3.7	1,147	19.2
SCFI	2,572	2,218	15.9	1,656	55.3
Energy prices***					
Natural gas (USD/mil BTU)	3.3	2.9	14.4	4.0	-16.3
Oil (USD/bbl)	87.4	100.9	-13.4	57.4	52.1
MGO-HSFO (USD/tonne)	467.8	546.8	-14.4	262.8	78.0
VLSFO-HSFO (USD/tonne)	159.8	167.0	-4.3	71.8	122.6

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*	1.6	-9.5	-5.3	4.4	1.9	9.5	22.4
HD Hyundai Heavy Industries*	4.1	2.9	17.3	37.4	6.4	25.4	27.9
Samsung Heavy Industries*	-4.7	-15.0	-3.4	16.3	5.0	23.9	22.8
Hanwha Ocean*	0.2	-6.7	-12.7	8.4	5.0	26.0	21.1
HD Hyundai Marine Solution*	-7.6	-16.2	21.5	16.3	10.8	28.5	40.2
Yangzijiang	-3.7	-15.9	-16.1	4.6	2.0	8.0	27.4
CSSC Holdings	-2.7	-9.2	-1.0	12.4	1.8	14.8	12.7
CSSC Offshore	-5.9	-12.8	-24.5	-0.8	n/a	25.9	7.6
ST Engineering	1.0	6.9	14.1	35.2	12.1	34.1	37.0
Seatrium	-4.9	-11.3	-11.7	-1.9	1.0	15.6	6.5
Mitsubishi	-4.1	-20.7	-24.1	-0.9	4.9	44.4	11.6
Kawasaki	5.6	-3.3	-14.1	51.1	3.4	28.2	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*	-9.3	-16.2	0.4	36.3	14.0	37.9	42.5
HD Construction Equipment*	-9.7	-22.8	7.1	54.1	1.6	14.5	16.0
HD Hyundai*	-2.1	-8.0	-5.0	46.8	1.8	8.6	22.8
Doosan Bobcat*	-4.7	-12.6	-1.4	12.5	0.8	11.3	7.5
KAI*	0.4	0.8	-12.5	47.4	7.8	45.5	18.4
LIG Nex1*	-12.8	-16.8	57.4	89.9	10.1	43.5	25.6
Hanwha Aerospace*	-6.3	-16.9	-2.4	23.5	5.3	28.9	nm
Hyosung Heavy*	-7.0	-7.1	32.3	107.8	11.3	44.4	28.7
LS Electric*	-13.4	-13.4	52.6	161.0	14.7	70.6	22.7
Lockheed Martin	-0.5	4.0	-19.4	9.7	15.0	74.8	21.1
Raytheon	1.5	4.0	-11.3	-2.0	12.1	17.7	83.4
Siemens	0.4	9.3	9.1	12.8	3.5	26.0	13.7
Caterpillar	-0.5	8.1	17.9	52.9	3.2	24.5	13.5
Komatsu	5.5	-4.1	-12.7	31.5	18.1	35.7	59.8
Kubota	5.3	9.4	-10.5	28.2	1.8	16.4	11.2

Note: *Samsung Securities estimates

Source: Bloomberg, Samsung Securities estimates

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