

COMPANY UPDATE

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Industrial Team

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Team Leader

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▶ AT A GLANCE

BUY

Target price **KRW1,530,000** 57.9%

Current price **KRW969,000**

Market cap	KRW34.9t/USD22.4b
Shares (float)	36,047,135 (62.7%)
52-week high/low	KRW1,420,000/KRW432,000
Avg daily trading value (60-day)	KRW212.6b/ USD136.7m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
HD Hyundai Electric (%)	-2.6	18.3	98.8
Vs Kospi (%pts)	12.1	-33.3	-20.1

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	1,530,000	1,530,000	0.0%
2026E EPS	28,047	28,047	0.0%
2027E EPS	34,059	34,059	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	14
Target price	1,460,000
Recommendation	4.0

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



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HD Hyundai Electric (267260)

Data-center business proves competitiveness

- HD Hyundai Electric announced on Jul 2 that it has signed a KRW1.1t, long-term contract to supply power infrastructure equipment for US data centers, with delivery obligations to last through Jan 2029.
- The scale of the order is equivalent to 24% of our 2026 sales forecast, and the majority of the equipment it will supply (transformers—its flagship product) should generate outsized margins.
- The deal should also help the company establish a credible track record in the high-growth data-center segment and in the distribution equipment market.

WHAT'S THE STORY?

Secures power infrastructure contract with US tech giants: HD Hyundai Electric has signed a long-term supply agreement with a leading US tech firm to provide power infrastructure equipment for data-center facilities. The contract, worth KRW1.1t, will last until Jan 2029. Actual purchase orders (POs) should be issued incrementally over the contract term. For reference, the company recognizes orders in its order backlog and annual order intake based on confirmed POs.

Deal is positive for three reasons: We are upbeat towards the deal for three reasons. First, the contract represents 24% of our 2026 sales forecast for HD Hyundai Electric and 17% of the firm's full-year new-order target. It should contribute meaningfully to the company's earnings—the US market is known for high margins, and most of the supplied equipment will be transformers (its core product).

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	4,079	4,643	5,356	6,235
Operating profit (KRWb)	995	1,273	1,575	1,956
Net profit (adj) (KRWb)	732	1,011	1,228	1,533
EPS (adj) (KRW)	20,324	28,047	34,059	42,530
EPS (adj) growth (% y-y)	46.1	38.0	21.4	24.9
EBITDA margin (%)	26.2	29.2	31.1	32.9
ROE (%)	41.5	42.5	38.7	36.8
P/E (adj) (x)	38.1	34.5	28.5	22.8
P/B (x)	13.7	12.8	9.6	7.4
EV/EBITDA (x)	25.4	25.0	20.2	16.2
Dividend yield (%)	0.9	0.9	1.0	1.2

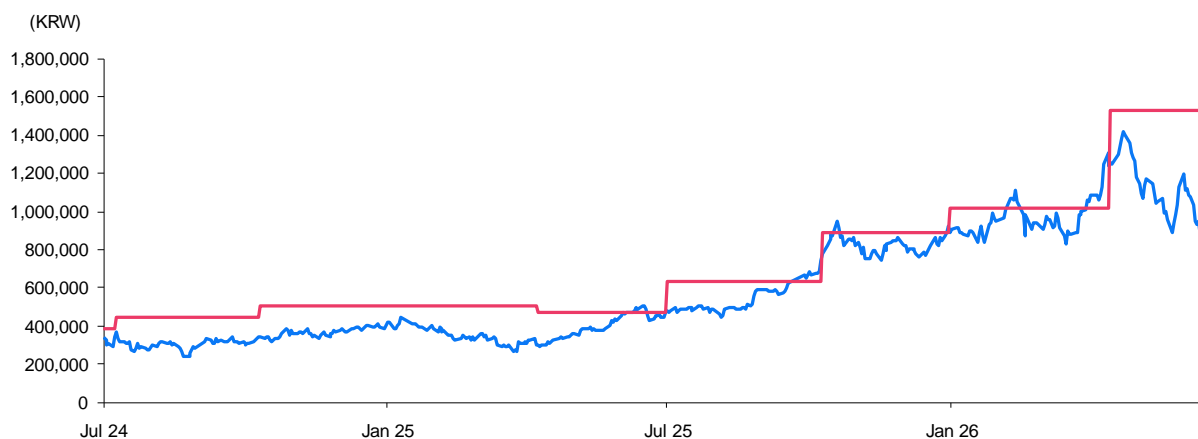
Source: Company data, Samsung Securities estimates

Second, this deal marks HD Hyundai Electric's first large-scale direct contract with a US tech company, which should help it establish a critical track record in the data-center market. The inclusion of distribution equipment—as well its flagship transmission products and high-voltage systems—signals that it has made meaningful progress in its strategic expansion into distribution networks. The experience gained here should position the firm to pursue additional orders: 1) related to data centers; and 2) in distribution markets. Third, the equity market has recently granted premiums to companies with exposure to data center and distribution infrastructure. HD Hyundai Electric, however, continues to trade at a discount vs its domestic peers. This contract should help it narrow this valuation gap.

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/4/23	7/10	7/24	10/25	2025/4/23	7/16	10/24	2026/1/15	4/29
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	300000	390000	450000	502000	474000	635000	890000	1020000	1530000
Gap* (average)	-6.68	-16.61	-32.58	-28.52	-14.10	-14.26	-6.86	-5.06	
(max or min)**	8.83	-11.28	-23.89	-11.35	7.17	17.48	6.63	28.04	

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

- OVERWEIGHT** Expected to outperform market by 5% or more within 12 months
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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 2026.06.30

BUY (85.5%)-HOLD (14.5%)-SELL (0%)

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