

SECTOR UPDATE

2026. 7. 7

Industrial Team

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▶ AT A GLANCE

HMM (011200 KS, 19,380)

Target price **KRW24,000** 23.8%

BUY

Pan Ocean (028670 KS, 4,940)

Target price **KRW6,300** 27.5%

BUY

Korea Line (005880 KS, 1,921)

Target price **KRW2,400** 24.9%

BUY



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Shipping (NEUTRAL)

Positives already reflected

- The shipping sector had a strong 1H, with seaborne freight rates rising sharply on front-loaded demand and Middle East geopolitical risk. Conditions are likely to moderate in 2H.
- A US-Iran peace agreement could accelerate the resumption of Suez Canal transit, while current newbuilding backlogs exceed replacement demand.
- We remain conservative on shipping, as the external factors that have supported freight rates are likely to fade gradually, while fleet capacity continues to expand.

(The Korean version of this report was published on Jun 30, 2026)

WHAT'S THE STORY?

Strong 1H, weaker 2H likely for shipping: The Shanghai Containerized Freight Index (SCFI) jumped 42% y-y to 2,337 in 2Q, while the Baltic Dry Index (BDI) leapt 88% y-y to 2,760. Carriers are therefore likely to report strong 2Q earnings—though this momentum may not be sustained in 2H. US-Iran peace talks could reduce Middle East geopolitical risk, creating downside pressure on seaborne freight rates. Contrary to the traditional cycle, seaborne freight rates this year are likely to be strong in 1H and weak in 2H.

Demand robust, but sustainability uncertain: Demand growth in 1H exceeded expectations. As of end-June, China's iron ore port inventories were up 11.5% y-y at 140m tonnes, while coal inventories at Qinhuangdao Port were up 20.5% y-y at 6.77m tonnes. Container throughput at Shanghai Port rose 7% y-y to 18.96m TEU over January-April, reflecting stronger-than-expected demand growth in both the bulk and container segments. However, Clarkson forecasts that dry bulk freight volume will grow just 1.6% y-y and container demand 2.4% y-y—suggesting the factors that kept freight rates elevated in 1H may begin to fade. If a US-Iran peace deal is reached, freight rates could adjust downward. The blockade of the Strait of Hormuz may have stimulated demand for coal as an alternative to oil for industrial and power generation, while the temporary suspension of US reciprocal tariffs may have front-loaded container demand. Delays in the resumption of Suez Canal transit due to attacks by Iran-aligned Hezbollah in Lebanon and Houthi rebels in Yemen may also have contributed to freight-rate strength.

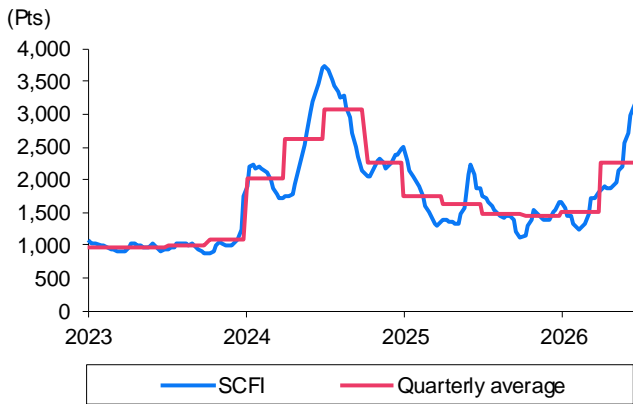
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Freight rates could normalize as external shocks subside: The SCFI began a sharp rally after the Iran war began in late February, surging 143% to 3,240. The BDI also jumped 51% to 3,226 during the same period, but has since corrected over the past four weeks to 2,524. Following indiscriminate attacks by Houthi rebels on merchant vessels in the Gulf of Aden since late 2023, Suez Canal traffic has plummeted to a monthly average of 34.87m DWT, down 70% from the 2023 monthly average of 117.88m DWT. Detour volumes around the Cape of Good Hope rose 83% y-y to 210m tonnes. As bulk tonne-miles and container TEU-miles grew a respective 18.8% and 5.3% in 2024, far outpacing freight volume growth of 6.2% and 3.9%, a resumption of Suez Canal transit would likely reduce tonne-miles and make downward adjustments to freight rates inevitable.

Oversupply concerns persist: On the supply side, oversupply concerns persist, as new order backlogs stand at 12.91m TEU for containerships and 140m DWT for bulk carriers, equivalent to 38.5% and 13.3% of their respective global fleets. Meanwhile, 20.9% of containerships and 13.1% of bulk carriers are over 20 years old, meaning current newbuilding backlogs exceed replacement demand. As a result, new vessel deliveries are likely to continue outpacing freight volume growth. At the same time, scrapping activity has declined sharply. As of June, only 8,700 TEU of containership capacity and 1.58m DWT of bulk carrier capacity had been scrapped—just 6% and 15% of their respective 30-year full-year averages of 140,000 TEU and 10.3m DWT. Given the historically inverse relationship between freight rates and scrapping activity, retirements of aging vessel are unlikely to rise enough to offset the incoming wave of new deliveries, making current freight rates difficult to sustain.

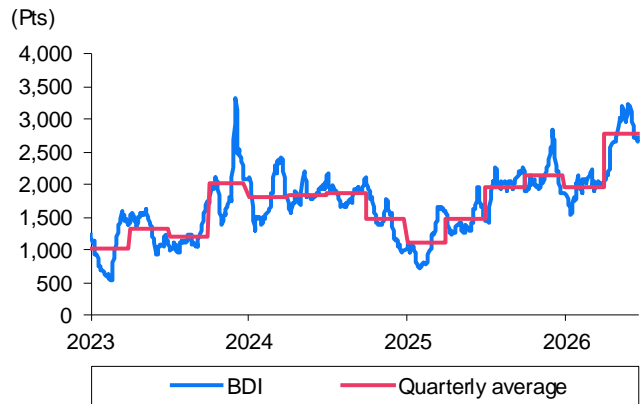
Maintaining NEUTRAL: Reflecting stronger-than-expected freight rates (as measured by the SCFI and BDI) in 2Q, we revise up our 2026 operating profit forecasts for Hyundai Merchant Marine (HMM), Pan Ocean, and Korea Line by 19%, 8%, and 4%, respectively. For HMM, we raise our target price by 4% to KRW24,000, as we shift our valuation base to 2027 and apply the global peer container line P/B multiple of 0.74x (Bloomberg). Given the stock's excessive correction, we now see ample upside and upgrade it to BUY. For Pan Ocean, we trim our target price by 7.4% to KRW6,300, reflecting a decline in the valuation multiple from 0.87x P/B to 0.73x following a shift in our valuation base to 2027—despite only marginal adjustments to our earnings forecasts. Nevertheless, we maintain BUY on the stock. For Korea Line, we raise our target price by 9% to KRW2,400 (based on a 3-year average P/B multiple of 0.3x) and maintain BUY. Overall, we see upside for shipping stocks, which have suffered excessive corrections relative to fundamentals during the recent semiconductor-led market rally. The shipping industry, which endured a prolonged downturn after 2008, now appears to be approaching the later stages of a freight rate upturn fueled by exogenous shocks: the COVID-19 pandemic in 2020, disruptions at the Suez and Panama canals in 2024, and rising geopolitical risk in the Middle East in 2026. Given the potential for freight-rate adjustments as exogenous factors unwind and amid the rise in newbuilding orders driven by the recent market upturn, we maintain a conservative outlook on the sector.

SCFI



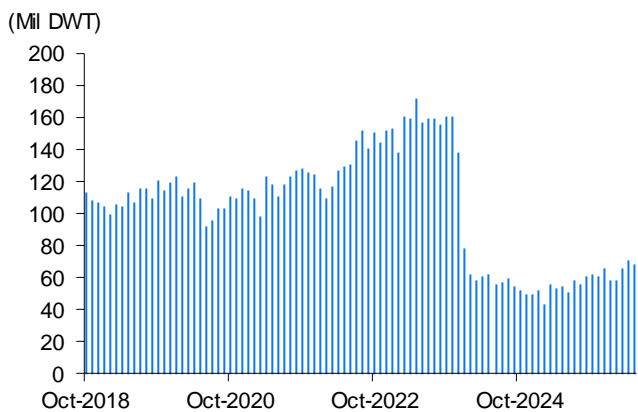
Source: Clarksons, Bloomberg, Samsung Securities

BDI



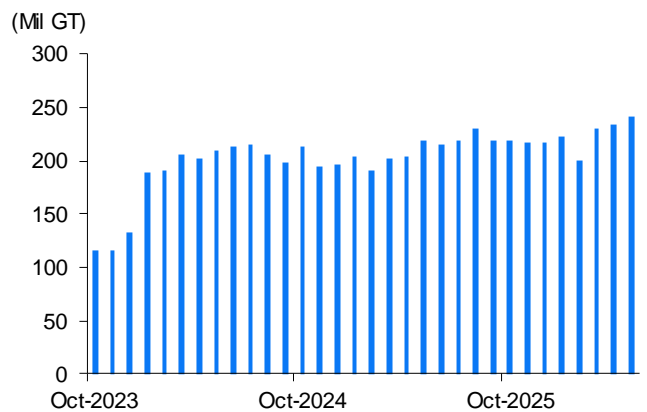
Source: Clarksons, Bloomberg, Samsung Securities

Suez Canal: Cargo traffic



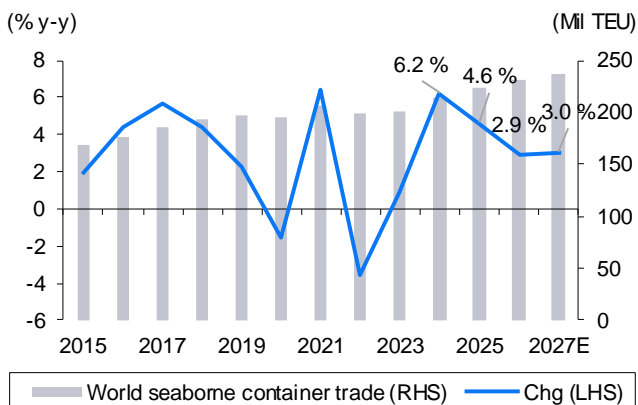
Source: Clarksons, Samsung Securities

Cape of Good Hope: Vessel circumnavigations



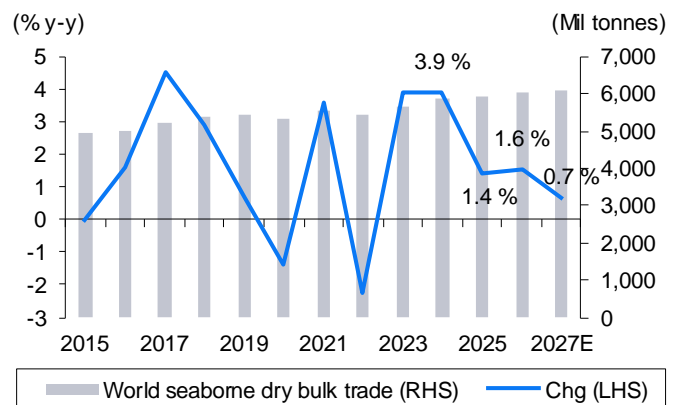
Source: Clarksons, Samsung Securities

World seaborne container trade (volume)



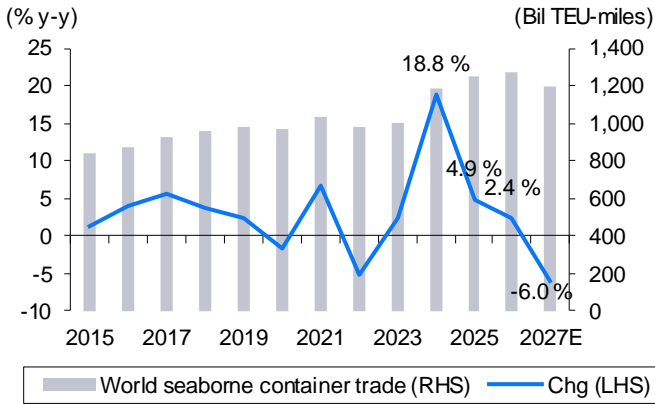
Source: Clarksons, Samsung Securities

World seaborne dry bulk trade (volume)



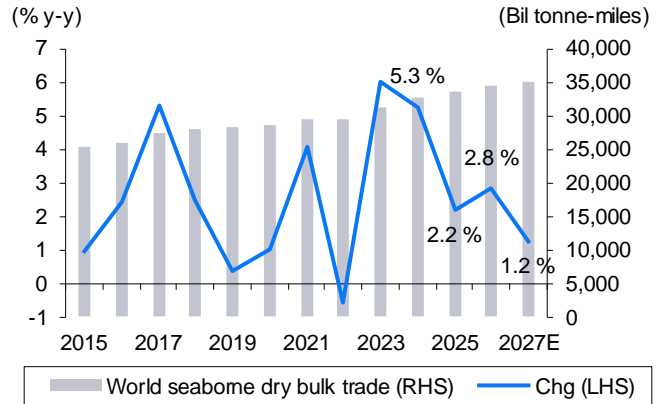
Source: Clarksons, Samsung Securities

World seaborne container trade (TEU-miles)



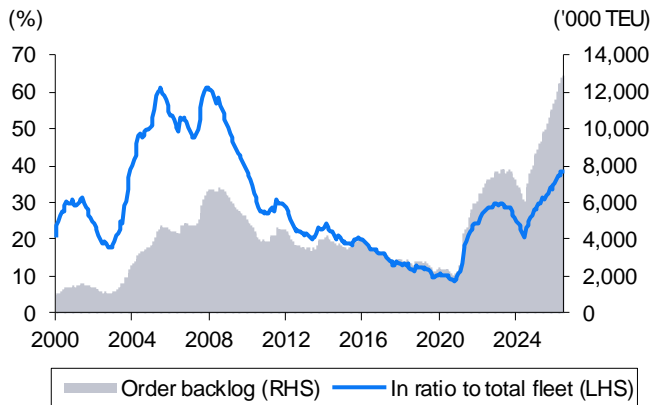
Source: Clarksons, Samsung Securities

World seaborne dry bulk trade (tonne-miles)



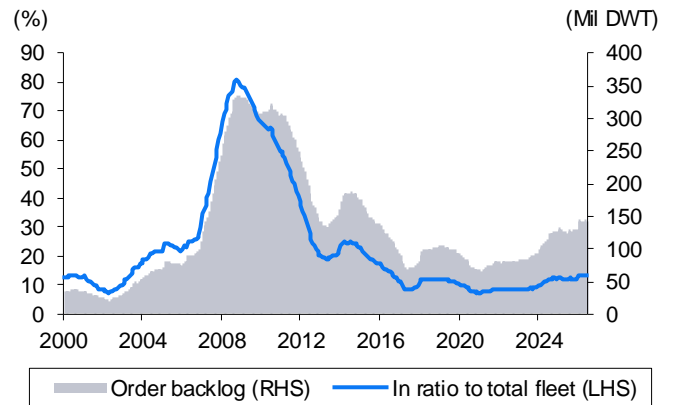
Source: Clarksons, Samsung Securities

Containership order backlog



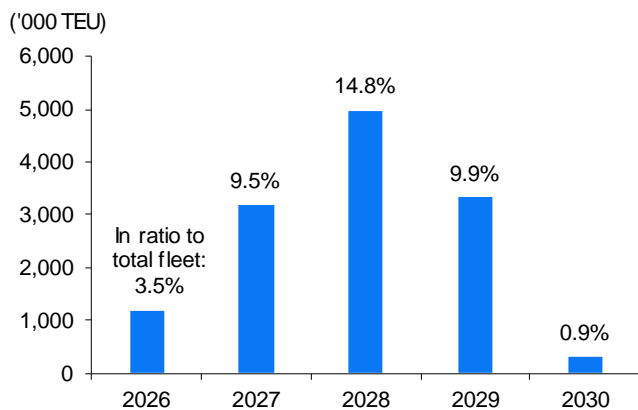
Source: Clarksons, Samsung Securities

Bulk carrier order backlog



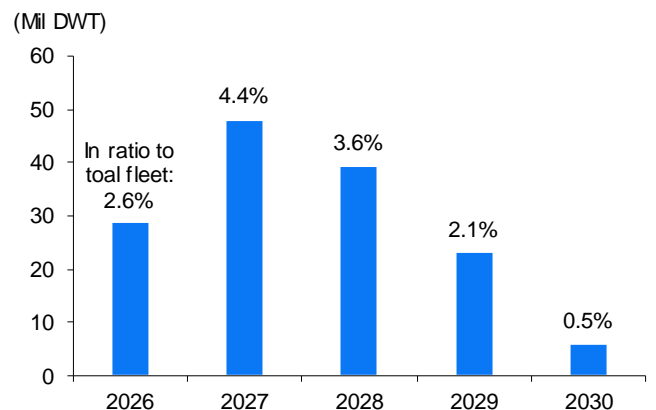
Source: Clarksons, Samsung Securities

Containership orderbook, by delivery schedule



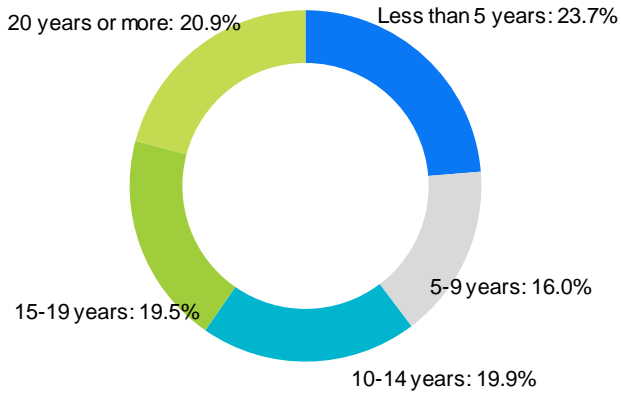
Source: Clarksons, Samsung Securities

Bulk carrier orderbook, by delivery schedule



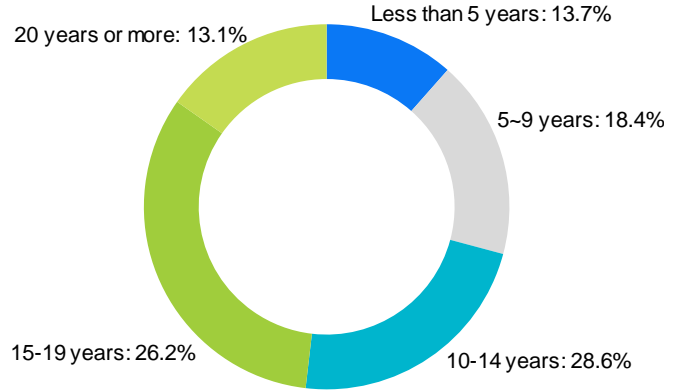
Source: Clarksons, Samsung Securities

Global containership fleet, by vessel age



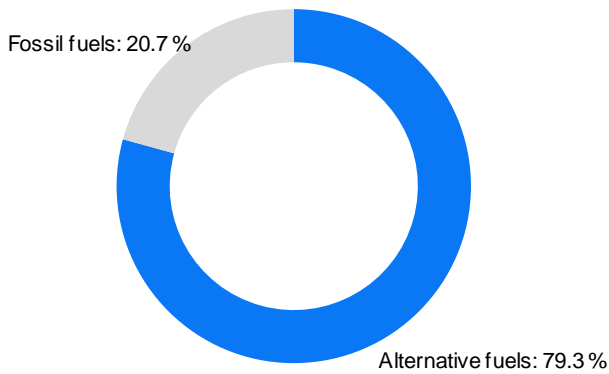
Source: Clarksons, Samsung Securities

Global bulk carrier fleet, by vessel age



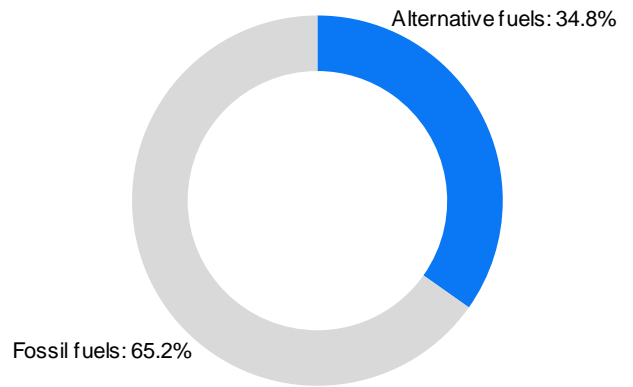
Source: Clarksons, Samsung Securities

Containership orderbook breakdown, by fuel type



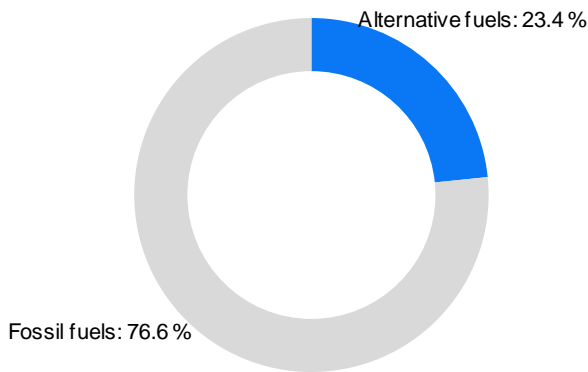
Source: Clarksons, Samsung Securities

Bulk carrier orderbook breakdown, by fuel type



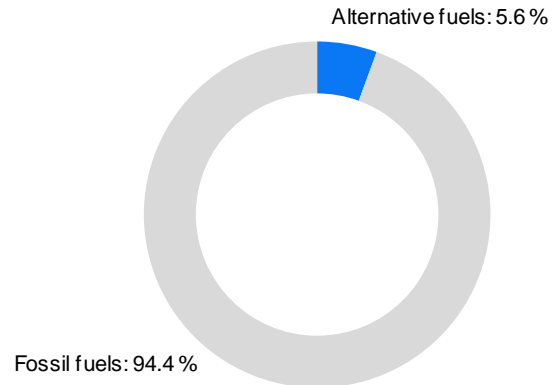
Source: Clarksons, Samsung Securities

Containership fleet breakdown, by fuel type



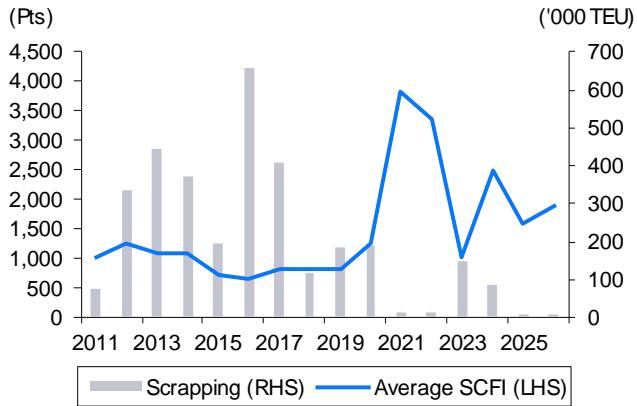
Source: Clarksons, Samsung Securities

Bulk carrier fleet breakdown, by fuel type



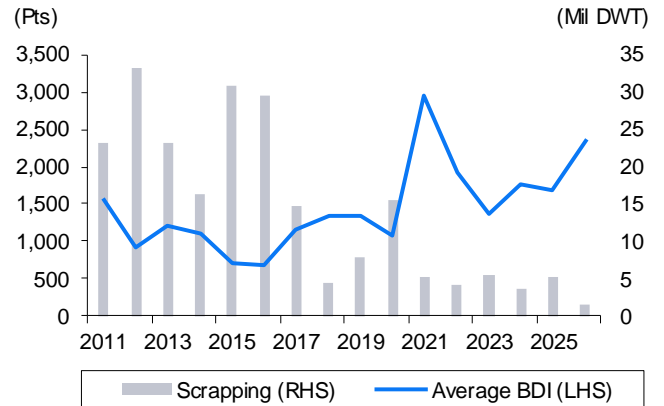
Source: Clarksons, Samsung Securities

Containership freight rates vs vessel scrapping



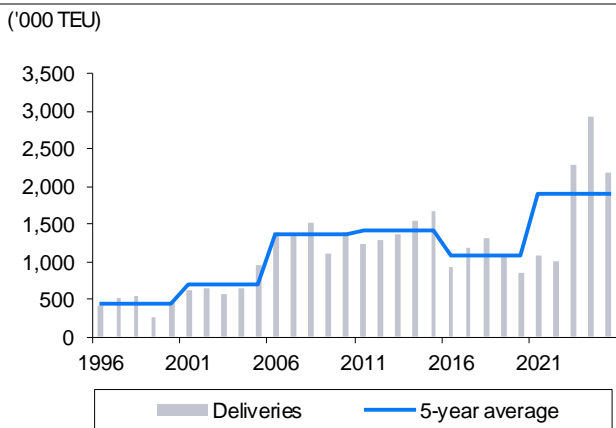
Source: Clarksons, Samsung Securities

Bulk carrier freight rates vs vessel scrapping



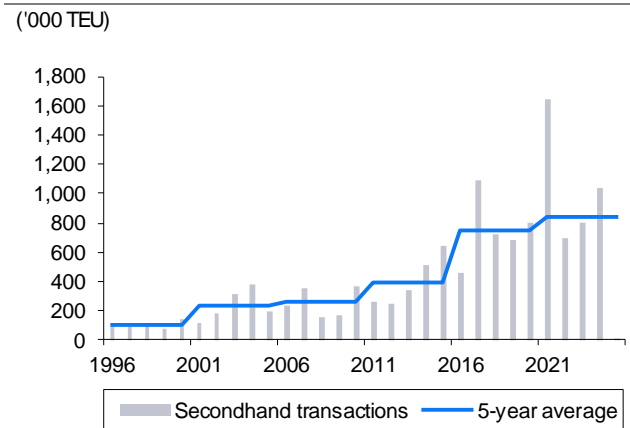
Source: Clarksons, Samsung Securities

Containership deliveries



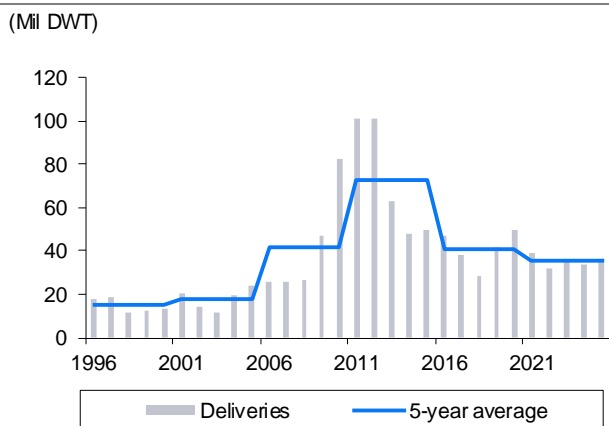
Source: Clarksons, Samsung Securities

Secondhand containership transactions



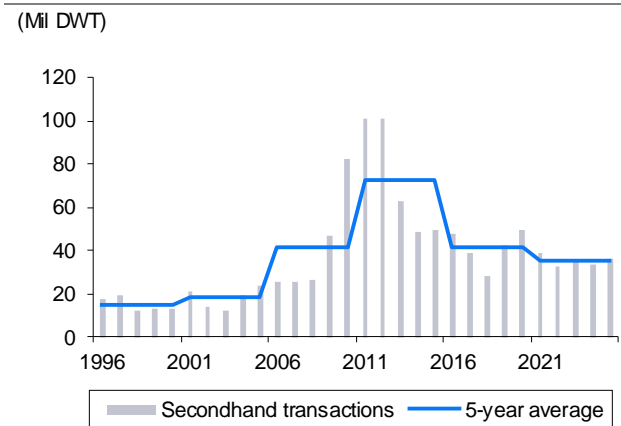
Source: Clarksons, Samsung Securities

Bulk carrier deliveries



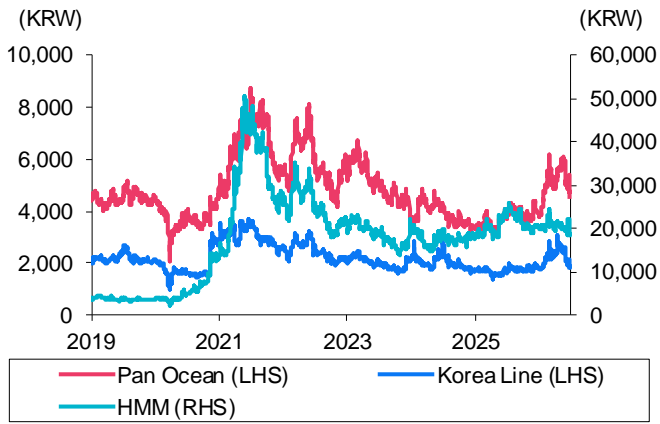
Source: Clarksons, Samsung Securities

Secondhand bulk carrier transactions



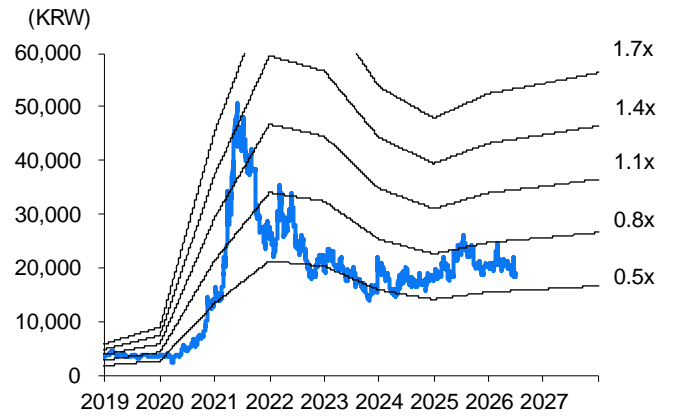
Source: Clarksons, Samsung Securities

Shipping companies: Share-price performance



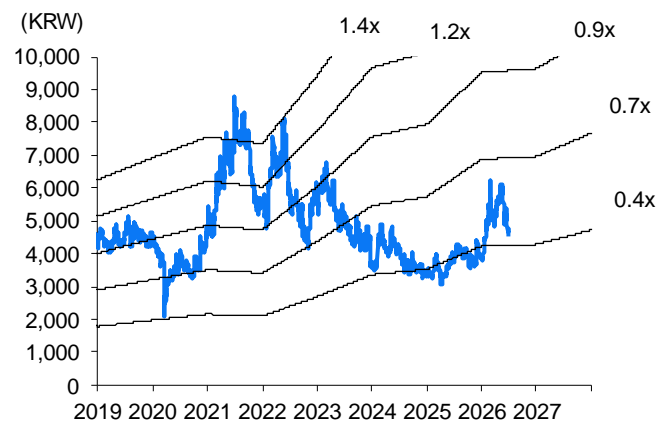
Source: QuantiWise, Samsung Securities

HMM: P/B band



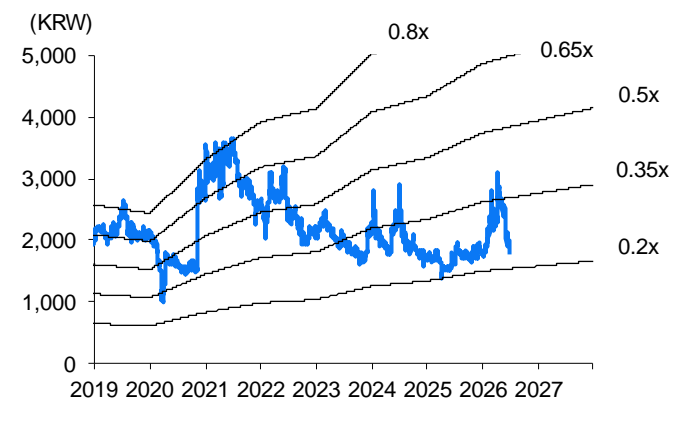
Source: QuantiWise, Samsung Securities

Pan Ocean: P/B band



Source: QuantiWise, Samsung Securities

Korea Line: P/B band



Source: QuantiWise, Samsung Securities

Shipping companies: Revisions to earnings forecasts and financial statements

HMM (011200 KS, BUY, TP: KRW24,000)

Forecast revisions

(KRWb)	2025	New		Old		Chg (%)	
		2026E	2027E	2026E	2027E	2026E	2027E
Sales	10,891	12,500	10,549	11,173	10,014	11.9	5.3
Operating profit	1,461	1,429	1,280	1,198	1,437	19.3	-10.9
Pre-tax profit	2,001	1,796	1,646	1,666	1,891	7.8	-13.0
Net profit	1,878	1,681	1,542	1,558	1,770	7.9	-12.9
EBITDA	2,577	2,740	2,636	2,412	2,717	13.6	-3.0
EPS* (KRW)	1,955	1,782	1,634	1,652	1,877	7.9	-12.9

Note: *Fully diluted, excluding one-off items

Source: Company data, Samsung Securities estimates

Valuation summary

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS*	Chg	P/E	P/B	EV/EBITDA	ROE	Net debt
(As of Dec 31)					(KRW)	(%)	(x)	(x)	(x)	(%)	
2024	11,700	3,513	3,897	3,782	5,055	176.4	3.8	0.61	3.7	15.3	-11,360
2025	10,891	1,461	2,001	1,878	1,955	-61.3	9.8	0.7	7.2	6.9	-8,052
2026E	12,500	1,429	1,796	1,681	1,782	-8.8	10.8	0.6	7.7	6.0	-8,066
2027E	10,549	1,280	1,646	1,542	1,634	-8.3	11.8	0.6	8.1	5.2	-8,679
2028E	10,286	1,340	1,725	1,618	1,715	4.9	11.2	0.6	8.0	5.3	-9,183

Note: *Fully diluted, excluding one-off items

Source: Company data, Samsung Securities estimates

HMM: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E	2028E
Main assumptions																
SCFI	2,010	2,628	3,082	2,257	1,762	1,645	1,481	1,440	1,507	2,337	1,804	1,756	1,581	1,851	1,621	1,540
Chg (% y-y)	107.5	167.3	212.7	107.3	-12.3	-37.4	-51.9	-36.2	-14.5	42.0	21.8	21.9	-36.9	17.0	-12.4	-5.0
Average BDI	1,824	1,848	1,871	1,465	1,118	1,467	1,978	2,159	1,955	2,760	1,842	1,772	1,681	2,082	1,667	1,667
WS	67	60	50	49	59	59	65	106	193	173	144	136	72	162	127	120
Bunker C (USD/tonne)	467	525	491	477	498	442	433	412	488	547	496	467	444	500	436	412
Average KRW/USD	1,347	1,377	1,315	1,472	1,473	1,354	1,404	1,440	1,519	1,535	1,430	1,380	1,440	1,380	1,365	1,280
Assumptions																
Containership ('000TEU)	893	949	992	986	931	975	1,024	1,013	1,016	1,043	1,073	1,052	3,943	4,183	4,149	4,318
Chg (% y-y)	4.0	-1.0	-2.8	4.3	4.2	2.7	3.3	2.8	9.1	7.0	4.7	3.9	3.2	6.1	-0.8	4.1
Dry bulk ('000MT)	10,523	7,692	9,949	9,598	10,463	12,270	8,271	9,057	8,450	10,141	8,702	9,365	40,061	36,658	36,658	36,658
Tanker ('000CBM)	586	440	441	1,988	146	146	775	404	418	334	334	334	1,471	1,420	1,337	1,337
Actual container supply ('000TEU)	1,274	1,296	1,388	1,395	1,338	1,426	1,571	1,515	1,524	1,549	1,593	1,571	5,851	6,237	6,199	6,449
Load factor (%)	70.1	73.2	71.5	70.6	69.5	68.4	65.2	66.8	66.7	67.3	67.3	67.0	67.4	67.1	66.9	67.0
Forecasts																
Sales	2,330	2,663	3,552	3,155	2,855	2,623	2,706	2,708	2,719	3,822	3,076	2,883	10,891	12,500	10,549	10,286
Containership	1,936	2,254	3,188	2,770	2,466	2,170	2,341	2,267	2,271	3,257	2,735	2,549	9,243	10,812	9,293	9,024
Bulk carrier	339	348	319	331	335	397	316	399	403	517	295	295	1,447	1,509	1,073	1,040
Other	55	61	45	54	53	56	49	42	45	48	46	40	201	179	183	223
Operating profit	407	644	1,461	1,000	614	233	297	317	269	558	304	298	1,461	1,429	1,280	1,340
Operating margin (%)	17.5	24.2	41.1	31.7	21.5	8.9	11.0	11.7	9.9	14.6	9.9	10.3	13.4	11.4	12.1	13.0
Pre-tax profit	503.5	697.8	1,759.5	935.8	753.1	506.2	381.0	360.4	376.4	636.6	392.3	391.0	2,000.7	1,796.3	1,646.0	1,724.8
Net profit	485.1	660.8	1,738.5	897.8	739.7	471.3	303.8	363.9	353.6	596.6	366.1	364.4	1,878.4	1,681.0	1,541.6	1,617.9
Chg (%)																
Sales	11.9	25.0	67.0	52.9	22.5	-1.5	-23.8	-14.2	-4.8	45.7	13.7	6.5	-6.9	14.8	-15.6	-2.5
Operating profit	32.8	302.2	1,827.5	2,260.8	50.8	-63.8	-79.7	-68.3	-56.2	139.2	2.4	-6.0	-58.4	-2.2	-10.4	4.6
Pre-tax profit	61.4	105.7	1,334.8	233.7	49.6	-27.4	-78.3	-61.5	-50.0	25.7	3.0	8.5	-48.7	-10.2	-8.4	4.8
Net profit	63.0	111.2	1,722.0	241.4	52.5	-28.7	-82.5	-59.5	-52.2	26.6	20.5	0.1	-50.3	-10.5	-8.3	4.9

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	11,700	10,891	12,500	10,549	10,286
Cost of goods sold	7,737	8,856	10,447	8,736	8,426
Gross profit	3,963	2,035	2,053	1,813	1,860
Gross margin (%)	33.9	18.7	16.4	17.2	18.1
SG&A expenses	451	574	624	533	520
Operating profit	3,513	1,461	1,429	1,280	1,340
Operating margin (%)	30.0	13.4	11.4	12.1	13.0
Non-operating gains (losses)	384	540	367	366	385
Financial profit	1,397	829	540	558	582
Financial costs	1,138	291	183	182	190
Equity-method gains (losses)	162	66	15	0	0
Other	-38	-64	-6	-10	-7
Pre-tax profit	3,897	2,001	1,796	1,646	1,725
Taxes	114	122	116	105	107
Effective tax rate (%)	2.9	6.1	6.4	6.4	6.2
Profit from continuing operations	3,782	1,879	1,681	1,541	1,618
Profit from discontinued operations	0	0	0	0	0
Net profit	3,782	1,879	1,681	1,541	1,618
Net margin (%)	32.3	17.2	13.4	14.6	15.7
Net profit (controlling interests)	3,782	1,878	1,681	1,542	1,618
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	4,416	2,577	2,740	2,636	2,761
EBITDA margin (%)	37.7	23.7	21.9	25.0	26.8
EPS (parent-based) (KRW)	5,055	1,955	1,782	1,634	1,715
EPS (consolidated) (KRW)	5,055	1,955	1,782	1,634	1,715
Adjusted EPS (KRW)*	5,055	1,955	1,782	1,634	1,715

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	4,875	3,305	2,298	2,908	3,042
Net profit	3,782	1,879	1,681	1,541	1,618
Non-cash profit and expenses	668	785	1,080	1,093	1,142
Depreciation	903	1,116	1,311	1,355	1,422
Amortization	0	0	0	0	0
Other	-235	-331	-231	-263	-279
Changes in A/L from operating activities	(8)	250	-646	16	6
Cash flow from investments	-6,232	1,071	-2,007	-1,023	-1,010
Change in tangible assets	-2,520	-1,490	-2,079	-1,028	-1,014
Change in financial assets	-5,011	2,780	-500	0	0
Other	1,299	-219	572	5	3
Cash flow from financing	-539	-4,033	-1,042	-500	-500
Change in debt	1,397	813	403	0	0
Change in equity	977	749	-83	0	0
Dividends	-528	-539	-660	-500	-500
Other	-2,385	-5,056	-701	0	0
Change in cash	-1,778	289	-83	614	504
Cash at beginning of year	3,250	1,472	1,761	1,678	2,291
Cash at end of year	1,472	1,761	1,678	2,291	2,795
Gross cash flow	4,450	2,664	2,760	2,634	2,760
Free cash flow	2,338	1,712	217	1,880	2,028

Note: *Excluding one-off items;

**Fully diluted, excluding one-off items;

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	17,997	15,118	15,745	16,169	16,604
Cash & equivalents	1,472	1,761	1,678	2,291	2,795
Accounts receivable	1,130	1,043	1,209	1,092	1,049
Inventories	402	372	396	357	343
Other current assets	14,993	11,942	12,462	12,429	12,417
Fixed assets	15,852	18,446	20,876	21,320	21,940
Investment assets	872	1,260	1,450	1,450	1,450
Tangible assets	9,846	11,523	13,084	13,528	14,148
Intangible assets	43	47	77	77	77
Other long-term assets	5,090	5,616	6,265	6,265	6,265
Total assets	33,849	33,563	36,621	37,489	38,543
Current liabilities	2,357	2,602	2,815	2,658	2,600
Accounts payable	577	654	696	629	604
Short-term debt	0	0	0	0	0
Other current liabilities	1,780	1,948	2,119	2,029	1,996
Long-term liabilities	3,636	4,390	4,698	4,682	4,676
Bonds & long-term debt	145	126	101	101	101
Other long-term liabilities	3,491	4,264	4,597	4,581	4,575
Total liabilities	5,993	6,992	7,513	7,340	7,276
Owners of parent equity	27,854	26,569	29,106	30,148	31,266
Capital stock	4,405	5,125	5,125	5,125	5,125
Capital surplus	4,453	4,482	4,399	4,399	4,399
Retained earnings	14,115	13,280	14,299	15,340	16,458
Other	4,881	3,682	5,284	5,284	5,284
Non-controlling interests' equity	2	2	2	2	1
Total equity	27,856	26,571	29,108	30,149	31,267
Net debt	-11,360	-8,052	-8,066	-8,679	-9,183

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	39.3	-6.9	14.8	-15.6	-2.5
Operating profit	500.7	-58.4	-2.2	-10.4	4.6
Net profit	290.4	-50.3	-10.5	-8.3	4.9
Adjusted EPS**	176.4	-61.3	-8.8	-8.3	4.9
Per-share data (KRW)					
EPS (parent-based)	5,055	1,955	1,782	1,634	1,715
EPS (consolidated)	5,055	1,955	1,782	1,634	1,715
Adjusted EPS**	5,055	1,955	1,782	1,634	1,715
BVPS	31,615	28,168	30,858	31,962	33,147
DPS (common)	600	700	530	530	530
Valuations (x)					
P/E***	3.8	9.8	10.8	11.8	11.2
P/B***	0.6	0.7	0.6	0.6	0.6
EV/EBITDA	3.7	7.2	7.7	8.1	8.0
Ratios (%)					
ROE	15.3	6.9	6.0	5.2	5.3
ROA	12.7	5.6	4.8	4.2	4.3
ROIC	25.2	8.3	7.2	6.0	6.1
Payout ratio	14.0	35.1	29.7	32.4	30.9
Dividend yield (common)	3.4	3.4	2.9	2.9	2.9
Net debt to equity	-40.8	-30.3	-27.7	-28.8	-29.4
Interest coverage (x)	25.9	7.0	7.0	6.2	6.5

Pan Ocean (028670 KS, BUY, TP: KRW6,300)

Forecast revisions

(KRWb)	2025	New		Old		Chg (%)	
		2026E	2027E	2026E	2027E	2026E	2027E
Sales	5,433	6,028	5,298	5,586	5,392	7.9	-1.7
Operating profit	492	570	516	526	518	8.2	-0.3
Pre-tax profit	318	352	346	340	366	3.5	-5.4
Net profit	93	339	331	326	348	3.8	-4.8
EBITDA	1,013	1,091	1,006	1,016	978	7.4	2.9
EPS (KRW)*	564	634	619	611	650	3.8	-4.8

Note: *Fully diluted, excluding one-off items

Source: Company data, Samsung Securities estimates

Valuation summary

Year-end (KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS* (KRW)	EPS growth (%)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2024	5,161	471	282	152	502	9.4	6.6	912	4.8	0.3	5.2
2025	5,433	492	318	93	564	12.4	6.8	999	5.4	0.4	5.3
2026E	6,028	570	352	339	634	12.5	7.6	1,237	4.9	0.41	5.6
2027E	5,298	516	346	331	619	-2.3	7.8	1,718	4.5	0.4	5.1
2028E	5,109	497	350	331	619	-0.1	7.8	1,585	4.0	0.4	4.9

Note: *Fully diluted, excluding one-off items

Source: Company data, Samsung Securities estimates

Pan Ocean: Results and forecasts

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E	2028E
Assumptions												
Average BDI	1,118	1,467	1,978	2,159	1,955	2,760	1,842	1,772	1,681	2,082	1,667	1,667
Chg (% y-y)	-38.7	-20.6	5.7	47.4	74.8	88.1	-6.9	-17.9	-4.2	23.9	-19.9	0.0
Chg (% q-q)	-23.7	31.2	34.8	9.1	-9.5	41.2	-33.3	-3.8				
Average KRW/USD rate	1,453	1,401	1,387	1,452	1,467	1,500	1,455	1,405	1,423	1,457	1,350	1,297
Chg (% y-y)	9.3	2.2	2.1	3.7	1.0	7.1	4.9	-3.2	4.3	2.4	-7.4	-3.9
Bunker C (USD/tonne)	498	442	433	412	488	547	499	470	446	501	439	415
Chg (% y-y)	6.8	-15.9	-11.9	-13.6	-2.0	23.9	15.4	14.0	-8.9	12.3	-12.5	-5.5
Fleet	275	266	258	246	263	268	270	270	246	270	280	296
Bulk	230	220	213	202	218	221	222	222	202	222	232	244
Non-bulk	45	46	45	44	45	47	48	48	44	48	48	52
(KRWb)												
Sales	1,393	1,294	1,269	1,476	1,509	1,763	1,447	1,309	5,433	6,028	5,298	5,109
Chg (% y-y)	42.8	4.9	-0.6	-11.9	8.3	36.3	14.0	-11.3	5.3	11.0	-12.1	-3.6
Bulk carrier	795	803	778	824	780	914	708	644	3,200	3,046	2,587	2,489
Chg (% y-y)	15.8	-7.8	-5.8	-13.0	-1.8	13.9	-9.1	-21.8	-3.9	-4.8	-15.1	-3.8
Containership	113	110	106	113	106	177	141	109	442	533	465	444
Chg (% y-y)	40.6	16.9	-2.1	-4.5	-6.3	60.4	33.3	-2.9	10.2	20.7	-12.9	-4.4
Tanker	78	70	76	74	78	75	79	63	298	295	292	293
Chg (% y-y)	-20.4	-23.7	-7.1	-3.1	-0.9	7.5	4.8	-14.5	-14.4	-0.8	-1.2	0.5
Other	408	311	309	466	546	486	415	393	1,494	1,840	1,568	1,510
Chg (% y-y)	268.1	75.7	18.8	-12.8	33.8	56.3	34.4	-15.6	38.0	23.2	-14.8	-3.7
Operating profit	113	123	125	130	141	161	140	128	492	570	516	497
Chg (% y-y)	15.4	-9.0	-2.2	18.8	24.4	30.8	12.1	-2.1	4.4	15.8	-9.4	-3.7
Operating margin (%)	8.1	9.5	9.9	8.8	9.3	9.1	9.7	9.7	9.1	9.5	9.7	9.7

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	5,161	5,433	6,028	5,298	5,109
Cost of goods sold	4,578	4,820	5,335	4,670	4,505
Gross profit	583	613	693	629	605
Gross margin (%)	11.3	11.3	11.5	11.9	11.8
SG&A expenses	112	121	123	113	108
Operating profit	471	492	570	516	497
Operating margin (%)	9.1	9.1	9.5	9.7	9.7
Non-operating gains (losses)	-189	-174	-218	-170	-147
Financial profit	90	106	108	141	166
Financial costs	252	259	305	288	291
Equity-method gains (losses)	24	29	20	24	24
Other	-51	-50	-41	-47	-47
Pre-tax profit	282	318	352	346	350
Taxes	14	17	13	15	19
Effective tax rate (%)	4.9	5.3	3.6	4.4	5.4
Profit from continuing operations	268	301	339	331	331
Profit from discontinued operations	0	0	0	0	0
Net profit	268	301	339	331	331
Net margin (%)	5.2	5.5	5.6	6.2	6.5
Net profit (controlling interests)	268	301	339	331	331
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	940	1,013	1,091	1,006	958
EBITDA margin (%)	18.2	18.6	18.1	19.0	18.7
EPS (parent-based) (KRW)	502	564	634	619	619
EPS (consolidated) (KRW)	502	564	634	619	619
Adjusted EPS (KRW)*	502	564	634	619	619

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	676	703	1,036	977	912
Net profit	268	301	339	331	331
Non-cash profit and expenses	627	713	856	651	599
Depreciation	468	520	521	490	460
Amortization	1	1	1	1	1
Other	158	192	335	160	138
Changes in A/L from operating activities	(15)	-17	(86)	10	1
Cash flow from investments	-660	-263	67	108	117
Change in tangible assets	-385	-212	-62	0	0
Change in financial assets	-337	81	33	18	1
Other	61	-132	95	90	116
Cash flow from financing	-207	-450	-318	-312	-300
Change in debt	1,423	625	332	(7)	-1
Change in equity	0	0	0	0	0
Dividends	-45	-64	-80	-69	-64
Other	-1,584	-1,011	-570	-235	-235
Change in cash	-87	-26	949	785	730
Cash at beginning of year	953	866	840	1,788	2,574
Cash at end of year	866	840	1,788	2,574	3,304
Gross cash flow	895	1,015	1,195	982	930
Free cash flow	291	481	974	977	912

Note: *Excluding one-off items;

**Fully diluted, excluding one-off items;

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	2,022	1,854	2,688	3,411	4,136
Cash & equivalents	866	840	1,788	2,574	3,304
Accounts receivable	288	260	230	214	213
Inventories	122	115	102	95	94
Other current assets	746	640	567	528	525
Fixed assets	8,250	9,000	9,005	8,497	8,035
Investment assets	283	291	258	240	238
Tangible assets	7,862	8,653	8,632	8,143	7,682
Intangible assets	11	10	10	9	9
Other long-term assets	93	46	106	106	106
Total assets	10,272	10,854	11,694	11,908	12,171
Current liabilities	1,277	1,366	1,329	1,284	1,280
Accounts payable	243	200	177	165	164
Short-term debt	0	82	86	86	86
Other current liabilities	1,034	1,084	1,066	1,032	1,030
Long-term liabilities	3,341	3,764	4,061	4,059	4,059
Bonds & long-term debt	286	205	259	259	259
Other long-term liabilities	3,056	3,559	3,802	3,800	3,800
Total liabilities	4,618	5,130	5,390	5,343	5,339
Owners of parent equity	5,653	5,723	6,304	6,565	6,832
Capital stock	535	535	535	535	535
Capital surplus	1,942	1,942	1,942	1,942	1,942
Retained earnings	1,860	2,097	2,357	2,619	2,885
Other	1,317	1,150	1,470	1,470	1,470
Non-controlling interests' equity	0	0	0	0	0
Total equity	5,653	5,723	6,304	6,565	6,832
Net debt	2,724	3,441	2,848	2,068	1,339

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	18.3	5.3	11.0	-12.1	-3.6
Operating profit	22.1	4.4	15.8	-9.4	-3.7
Net profit	9.4	12.4	12.5	-2.3	-0.1
Adjusted EPS**	9.4	12.4	12.5	-2.3	-0.1
Per-share data (KRW)					
EPS (parent-based)	502	564	634	619	619
EPS (consolidated)	502	564	634	619	619
Adjusted EPS**	502	564	634	619	619
BVPS	10,576	10,707	11,792	12,282	12,780
DPS (common)	120	150	130	120	120
Valuations (x)					
P/E***	6.6	6.8	7.6	7.8	7.8
P/B***	0.3	0.4	0.4	0.4	0.4
EV/EBITDA	4.8	5.4	4.9	4.5	4.0
Ratios (%)					
ROE	5.2	5.3	5.6	5.1	4.9
ROA	3.0	2.9	3.0	2.8	2.7
ROIC	6.4	5.5	6.2	5.7	5.7
Payout ratio	23.9	26.6	20.5	19.4	19.4
Dividend yield (common)	3.6	3.9	2.7	2.5	2.5
Net debt to equity	48.2	60.1	45.2	31.5	19.6
Interest coverage (x)	3.5	2.3	2.4	2.2	2.1

Korea Line (005880 KS, BUY, TP: KRW2,400)

Forecast revisions

(KRWb)	2025	New		Old		Chg (%)	
		2026E	2027E	2026E	2027E	2026E	2027E
Sales	1,277	1,143	1,107	1,194	1,237	-4.2	-10.5
Operating profit	207	231	235	222	229	4.3	2.6
Pre-tax profit	185	164	150	128	151	28.4	-0.6
Net profit	173	154	132	112	129	37.6	2.7
EBITDA	346	369	365	354	354	4.1	3.2
EPS (KRW)*	559	464	399	350	405	32.7	-1.5

Note: *Fully diluted, excluding one-off items

Source: Company data, Samsung Securities estimates

Valuation summary

Year-end (KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS* (KRW)	EPS growth (%)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2024	1,747	329	174	165	507	137.1	3.3	1,647	5.1	0.3	8.9
2025	1,277	207	185	173	559	10.3	3.1	1,970	5.5	0.3	8.6
2026E	1,143	231	164	154	464	-17.0	4.1	1,870	4.5	0.3	6.5
2027E	1,107	235	150	132	399	-14.1	4.8	1,769	3.9	0.24	5.2
2028E	1,098	253	152	136	411	2.9	4.6	2,122	3.1	0.2	5.1

Note: *Fully diluted, excluding one-off items

Source: Company data, Samsung Securities estimates

Korea Line: Results and forecasts

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
Assumptions												
Average BDI	1,118.3	1,467.5	1,978.1	2,159.0	1,954.7	2,131.1	1,841.8	1,772.3	1,751.8	1,680.7	1,925.0	1,667.3
Chg (% y-y)	-38.7	-20.6	5.7	47.4	74.8	45.2	-6.9	-17.9	26.3	-4.1	14.5	-13.4
Chg (% q-q)	-23.7	31.2	34.8	9.1	-9.5	9.0	-13.6	-3.8				
Average KRW/USD rate	1,452.6	1,400.9	1,386.9	1,452.0	1,467.1	1,500.3	1,455.0	1,405.0	1,364.7	1,423.1	1,456.8	1,349.5
Chg (% y-y)	9.3	2.2	2.1	3.7	1.0	7.1	4.9	-3.2	4.5	4.3	2.4	-7.4
Bunker C (USD/tonne)	498.4	441.8	432.6	412.1	488.4	547.3	484.7	461.1	489.9	446.2	495.4	436.1
Chg (% y-y)	6.8	-15.9	-11.9	-13.6	-2.0	23.9	12.1	11.9	2.9	-8.9	11.0	-12.0
Fleet	58.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	63.0	51.0	51.0	51.0
Bulk	25.0	25.0	24.0	23.0	23.0	23.0	23.0	23.0	24.0	21.0	21.0	21.0
Non-bulk	33.0	32.0	33.0	34.0	34.0	34.0	34.0	34.0	39.0	30.0	30.0	30.0
(KRWb)												
Sales	330.5	332.2	318.0	296.2	277.8	324.0	276.4	265.2	1,747.2	1,277.0	1,143.4	1,106.6
Chg (% y-y)	-35.8	-18.7	-24.1	-26.8	-15.9	-2.5	-13.1	-10.5	25.0	-26.9	-10.5	-3.2
Bulk carrier	150.0	167.7	157.7	148.5	129.4	152.2	126.5	116.3	717.7	623.9	524.5	491.6
Chg (% y-y)	-8.5	-12.9	-15.7	-14.8	-13.8	-9.2	-19.8	-21.6	17.7	-13.1	-15.9	-6.3
LNGC	84.2	71.2	79.4	87.0	94.0	104.0	86.9	79.6	366.7	321.8	364.4	357.3
Chg (% y-y)	-6.8	-16.0	-17.1	-9.3	11.7	46.1	9.4	-8.5	3.0	-12.3	13.3	-2.0
Tanker	18.7	12.2	9.9	12.2	14.3	23.9	20.4	19.3	127.8	53.0	77.9	76.1
Chg (% y-y)	-47.8	-68.1	-67.2	-48.5	-23.7	96.7	107.3	57.9	-6.5	-58.5	47.1	-2.4
Other	77.6	81.2	71.0	48.6	40.1	43.9	42.6	50.0	535.0	278.3	176.6	181.7
Chg (% y-y)	-65.5	-12.8	-33.0	-56.1	-48.3	-45.9	-40.0	3.0	81.2	-48.0	-36.6	2.9
Operating profit	63.9	33.0	59.3	50.9	74.4	63.1	47.7	46.2	328.6	207.2	231.5	235.0
Chg (% y-y)	-49.6	-54.2	-12.5	-17.8	16.5	91.1	-19.5	-9.3	31.5	-37.0	11.7	1.5
Operating margin (%)	19.3	9.9	18.7	17.2	26.8	19.5	17.3	17.4	18.8	16.2	20.2	21.2

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	1,747	1,277	1,143	1,107	1,098
Cost of goods sold	1,334	991	851	814	788
Gross profit	413	286	292	292	310
Gross margin (%)	23.6	22.4	25.5	26.4	28.2
SG&A expenses	84	79	61	57	56
Operating profit	329	207	231	235	253
Operating margin (%)	18.8	16.2	20.2	21.2	23.1
Non-operating gains (losses)	(155)	(22)	(67)	(85)	(101)
Financial profit	15	36	4	0	0
Financial costs	175	102	36	24	24
Equity-method gains (losses)	5	24	1	0	0
Other	1	20	(37)	(61)	(77)
Pre-tax profit	174	185	164	150	152
Taxes	9	12	10	18	16
Effective tax rate (%)	5.1	6.4	6.2	11.8	10.6
Profit from continuing operations	165	173	154	132	136
Profit from discontinued operations	0	0	0	0	0
Net profit	165	173	154	132	136
Net margin (%)	9.4	13.6	13.5	12.0	12.4
Net profit (controlling interests)	162	180	150	129	133
Net profit (non-controlling interests)	3	(7)	4	4	4
EBITDA	486	346	369	365	377
EBITDA margin (%)	27.8	27.1	32.2	33.0	34.4
EPS (parent-based) (KRW)	507	559	464	399	411
EPS (consolidated) (KRW)	516	538	478	410	422
Adjusted EPS (KRW)*	507	559	464	399	411

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	567	443	379	256	260
Net profit	165	173	154	132	136
Non-cash profit and expenses	358	180	204	148	140
Depreciation	157	138	137	130	124
Amortization	0	0	0	0	0
Other	200	41	67	18	16
Changes in A/L from operating activities	51	92	31	(7)	0
Cash flow from investments	409	249	(44)	(11)	1
Change in tangible assets	157	(146)	(13)	0	0
Change in financial assets	(15)	11	15	(11)	1
Other	268	385	(45)	0	0
Cash flow from financing	(824)	(603)	75	12	(1)
Change in debt	(426)	(541)	163	12	(1)
Change in equity	10	2	0	0	0
Dividends	0	0	0	0	0
Other	(407)	(64)	(88)	0	0
Change in cash	150	91	426	247	261
Cash at beginning of year	110	260	351	777	1,024
Cash at end of year	260	351	777	1,024	1,285
Gross cash flow	523	353	358	280	276
Free cash flow	519	294	365	256	260

Note: *Excluding one-off items;

**Fully diluted, excluding one-off items;

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	1,041	747	1,153	1,429	1,688
Cash & equivalents	260	351	777	1,024	1,285
Accounts receivable	153	91	81	88	88
Inventories	177	123	110	120	119
Other current assets	451	183	185	197	196
Fixed assets	3,539	3,362	3,379	3,262	3,137
Investment assets	167	177	162	174	173
Tangible assets	2,738	2,621	2,602	2,471	2,348
Intangible assets	9	4	4	4	4
Other long-term assets	626	560	612	612	612
Total assets	4,580	4,109	4,532	4,691	4,825
Current liabilities	823	409	521	546	544
Accounts payable	98	65	58	63	63
Short-term debt	100	52	0	0	0
Other current liabilities	624	292	463	483	481
Long-term liabilities	1,468	1,286	1,317	1,319	1,319
Bonds & long-term debt	64	32	1,299	1,299	1,299
Other long-term liabilities	1,404	1,254	18	19	19
Total liabilities	2,291	1,695	1,838	1,864	1,862
Owners of parent equity	2,020	2,157	2,420	2,549	2,681
Capital stock	161	161	161	161	161
Capital surplus	196	198	198	198	198
Retained earnings	1,041	1,221	1,371	1,499	1,632
Other	622	577	690	690	690
Non-controlling interests' equity	270	257	274	278	281
Total equity	2,290	2,415	2,694	2,826	2,963
Net debt	1,697	1,064	810	567	306

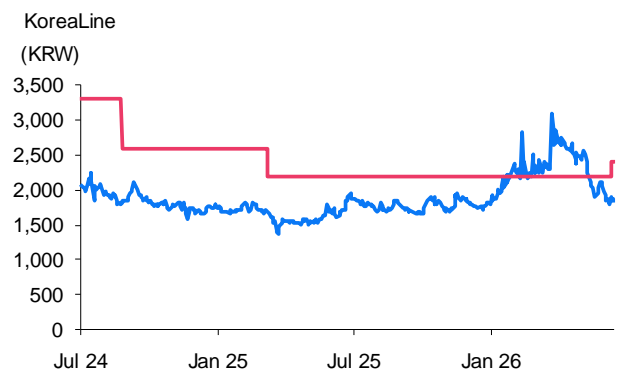
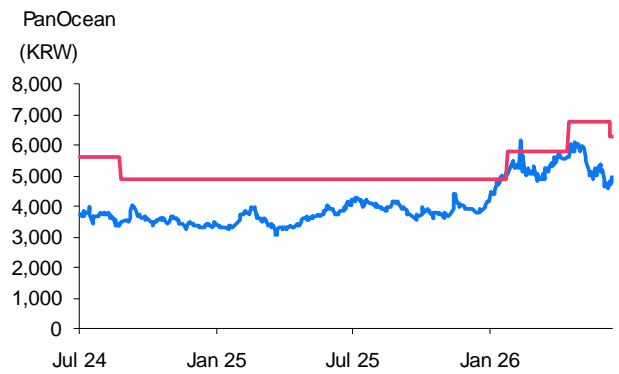
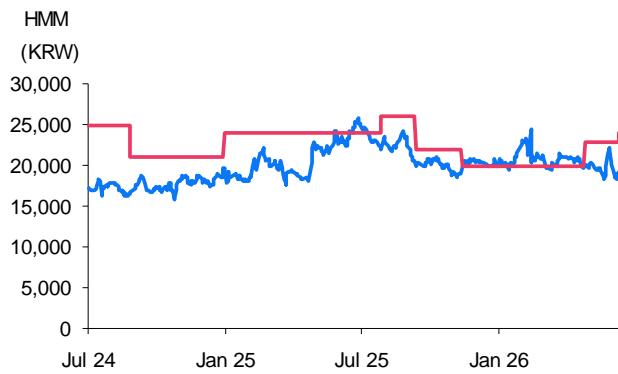
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	25.0	(26.9)	(10.5)	(3.2)	(0.8)
Operating profit	31.5	(37.0)	11.7	1.5	7.9
Net profit	255.6	5.1	(11.0)	(14.1)	2.9
Adjusted EPS**	137.1	10.3	(17.0)	(14.1)	2.9
Per-share data (KRW)					
EPS (parent-based)	507	559	464	399	411
EPS (consolidated)	516	538	478	410	422
Adjusted EPS**	507	559	464	399	411
BVPS	6,289	6,684	7,499	7,898	8,308
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	3.3	3.1	4.1	4.8	4.6
P/B***	0.3	0.3	0.3	0.2	0.2
EV/EBITDA	5.1	5.5	4.5	3.9	3.1
Ratios (%)					
ROE	8.9	8.6	6.5	5.2	5.1
ROA	3.5	4.0	3.6	2.9	2.9
ROIC	8.2	5.5	6.6	6.4	7.3
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	74.1	44.0	30.1	20.1	10.3
Interest coverage (x)	2.1	2.1	n/a	n/a	n/a

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

HMM								
Date	2024/6/24	9/12	2025/1/16	8/14	9/30	12/1	2026/5/14	6/30
Recommendation	BUY	BUY	BUY	BUY	HOLD	HOLD	HOLD	BUY
Target price (KRW)	25000	21000	24000	26000	22000	20000	23000	24000
Gap* (average)	-29.07	-14.89	-11.83	-13.36	-9.14	3.47	-14.21	
(max or min)**	-20.12	-5.71	8.12	-6.54	-3.64	22.50	-3.70	
Pan Ocean								
Date	2023/10/23	2024/9/12	2025/9/12	2026/2/12	5/6	6/30		
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY		
Target price (KRW)	5600	4900	4900	5800	6800	6300		
Gap* (average)	-26.86	-25.49	-17.59	-8.65	-20.46			
(max or min)**	-12.68	-12.35	3.67	6.90	-10.00			
Korea Line								
Date	2024/6/24	9/12	2025/3/26	2026/3/26	2026/6/30			
Recommendation	BUY	BUY	BUY	BUY	BUY			
Target price (KRW)	3300	2600	2200	2200	2400			
Gap* (average)	-35.67	-31.76	-18.12	7.34				
(max or min)**	-12.27	-19.04	28.18	40.45				

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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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 2026.06.30

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

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