

COMPANY UPDATE

2026. 7. 9

Industrial Team

Youngsoo Han

Team Leader

han.youngsoo@samsung.com

▶ AT A GLANCE

BUY

Target price KRW1,530,000 70.2%

Current price KRW899,000

Market cap	KRW32.4t/USD21.2b
Shares (float)	36,047,135 (62.7%)
52-week high/low	KRW1,420,000/KRW437,000
Avg daily trading value (60-day)	KRW215.3b/ USD140.9m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
HD Hyundai Electric (%)	-6.0	9.5	105.7
Vs Kospi (%pts)	0.2	-34.9	-17.8

▶ 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



Scan to go to
Research Center report database

HD Hyundai Electric (267260)

IR meeting takeaways: Growth story not over

- HD Hyundai Electric's hiking its new-order targets reflects management's strong confidence in the speed and scale it can lift capacity, potentially serving as a foundation for upward revisions to sales estimates. Management's outlook on business conditions remains positive as well.
- Considering the competitiveness of its flagship products, smooth capacity-expansion progress, and earnings growth in new markets, we believe the valuation gap between HD Hyundai Electric and its Korean peers will narrow.

WHAT'S THE STORY?

Hike in 2026 order guidance significant: HD Hyundai Electric has raised its 2026 new-order guidance 23% from USD4.2b to USD5.2b. This revision came after it announced that it had won a USD720m data-center contract with a major US tech firm. However, the company clarified that this contract contributed only minimally to the guidance revision—the contract consists of multiple purchase orders, each of which should be recognized as orders only upon its formal issuance. In other words, the contract should have only a minimal impact on the firm's 2026 new-order figure. The upward revision primarily reflects the company's more optimistic outlook towards future production. The current market environment is characterized by strong demand—it is clearly a supplier's market—are order volumes are being dictated by production capacity. The company's confidence stems from smoother-than-expected recruitment, the rapid installation of new equipment, and a strategic focus on repeatable, standardized projects (to maximize operational efficiency). For investors, this revision signals upside to sales estimates.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	4,079	4,643	5,356	6,285
Operating profit (KRWb)	995	1,273	1,575	1,976
Net profit (adj) (KRWb)	732	1,011	1,228	1,548
EPS (adj) (KRW)	20,324	28,047	34,059	42,942
EPS (adj) growth (% y-y)	46	38	21	26
EBITDA margin (%)	26.2	29.1	31.0	32.9
ROE (%)	41.5	42.5	38.7	37.1
P/E (adj) (x)	44.2	32.1	26.4	20.9
P/B (x)	16.0	11.9	9.0	6.9
EV/EBITDA (x)	29.6	23.3	18.7	14.9
Dividend yield (%)	0.8	0.9	1.1	1.3

Source: Company data, Samsung Securities estimates

Market outlook still positive: Management remains optimistic about current business conditions and about its future prospects. Last year, the company remained the market leader in the ultra-high-voltage transformer segment with a 25.7% share of the US market. For this product category, it is even able to command a premium (vs products offered by leading international firms). The company believes that the current boom, which is being driven by structural growth in power demand, will endure for an extended period. Notably, rising demand for distribution, direct current, and data center-related products is also being viewed as a key opportunity. In these emerging markets, its track-record gap (vs that with established players) is relatively narrow. The company plans to leverage its customer trust in high-voltage and power products, amid severe supply shortages, to enter new markets and accelerate its rise as a market leader.

Premature concerns priced in: Recent market corrections combined with strong share performance by overseas players have eased valuation burdens across the domestic power equipment sector. HD Hyundai Electric, in particular, still trades at a discount—not only to its global peers, but also to its domestic rivals. This discount has historically stemmed from the cyclical nature of its core business (high-voltage power equipment). Despite sustained earnings growth, some investors remain cautious, fearing that the current uptrend may be close to peaking. These investors acknowledge the firm's improving margins and earnings, yet hesitate to add positions, citing a common pattern seen for capital goods companies—*ie*, while their earnings typically grow in the latter stage of an upturn (as order backlogs are converted into sales), their valuations often fail to expand accordingly.

HD Hyundai Electric stands out among its domestic peers as it boasts the highest margins and is leading the sector's valuation re-rating on the back of strong earnings. Ironically, this outperformance has made it a focal point for peak-cycle concerns—even more so than for its peers.

However, such concerns look premature. Nearly 40% of US demand (which is driving this cycle) relates to replacing equipment, meaning that the uptrend has multi-year durability. Rising electricity prices and surging data-center constructions are further reinforcing demand for power infrastructure. Global firms with large exposure to high-voltage products are already trading at a premium. HD Hyundai Electric is: 1) adding new customers and entering new markets; 2) securing new orders in the data center and distribution equipment segments; and 3) advancing certification of its products (for export). It has also increased the scale of its US factory expansion beyond its original plan. The capacity expansion is progressing smoothly, in line with the upward revision in order guidance, providing strong visibility for future revenue growth. As a result, the valuation gap between HD Hyundai Electric and its domestic peers is expected to narrow.

North America data center large-scale order announcement

Category	Details
Contract name	Data center distribution equipment, power equipment supply
Contract amount (KRWb)	1,121
Contract period	Jul 2026-Jan 2029
Order recognition/earnings reflection	To be reflected based on future POs
Products supplied	Power transformers/Distribution transformers
Special notes	First large-scale direct order from a big tech company

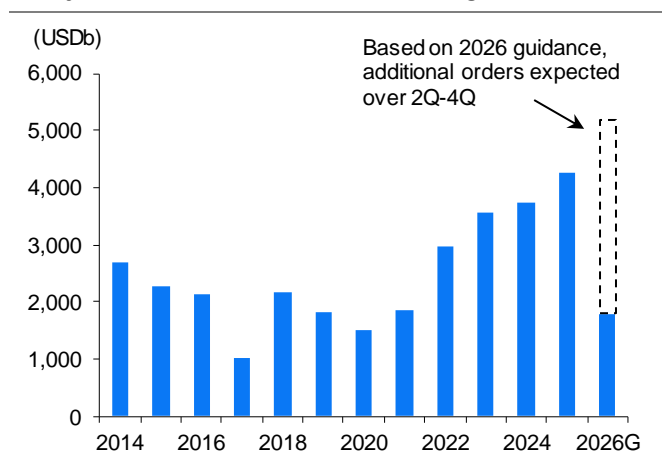
Source: HD Hyundai Electric

2026 new-order guidance upwardly revised

(USDm)	
After revision	5,185
Before revision	4,222
Diff (%)	23
2025 orders	4,273
Chg (%)	21

Source: HD Hyundai Electric

HD Hyundai Electric: New orders vs 2026 guidance



Source: HD Hyundai Electric

2Q26 preview, solid results expected, in line with market expectations

(KRWb)	2Q26E	1Q26	Chg (% q-q)	2Q25	Chg (% y-y)	Cons.	Diff (%)
Sales	1,133	1,037	9.3	906	25.0	1,108	2.3
Operating profit	303	258	17.2	209	44.7	285	6.4
Pre-tax profit	307	284	8.2	182	68.6	286	7.4
Net income*	238	208	14.5	142	67.3	222	7.2
Margin (%)							
Operating profit	26.7	24.9		23.1		25.7	
Pre-tax profit	27.1	27.4		20.1		25.8	
Net income*	21.0	20.1		15.7		20.1	

Note: *Controlling interests

Source: FnGuide, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	3,322	4,079	4,643	5,356	6,285
Cost of goods sold	2,278	2,687	2,931	3,290	3,752
Gross profit	1,045	1,393	1,712	2,066	2,533
Gross margin (%)	31.4	34.1	36.9	38.6	40.3
SG&A expenses	376	398	439	491	558
Operating profit	669	995	1,273	1,575	1,976
Operating margin (%)	20.1	24.4	27.4	29.4	31.4
Non-operating gains (losses)	-19	-39	49	30	48
Financial profit	146	133	119	128	57
Financial costs	153	156	88	118	9
Equity-method gains (losses)	-0	0	0	0	0
Other	-12	-16	18	20	0
Pre-tax profit	650	956	1,322	1,605	2,023
Taxes	152	225	311	377	476
Effective tax rate (%)	23.3	23.5	23.5	23.5	23.5
Profit from continuing operations	498	732	1,011	1,228	1,548
Profit from discontinued operations	0	0	0	0	0
Net profit	498	732	1,011	1,228	1,548
Net margin (%)	15.0	17.9	21.8	22.9	24.6
Net profit (controlling interests)	502	733	1,011	1,228	1,548
Net profit (non-controlling interests)	-3	-1	0	0	0
EBITDA	734	1,069	1,350	1,661	2,068
EBITDA margin (%)	22.1	26.2	29.1	31.0	32.9
EPS (parent-based) (KRW)	13,914	20,324	28,047	34,059	42,942
EPS (consolidated) (KRW)	13,827	20,302	28,047	34,059	42,942
Adjusted EPS (KRW)*	13,914	20,324	28,047	34,059	42,942

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	1,034	960	465	497	503
Net profit	498	732	1,011	1,228	1,548
Non-cash profit and expenses	174	34	143	186	195
Depreciation	57	65	77	86	92
Amortization	9	9	6	5	5
Other	109	-39	60	95	98
Changes in A/L from operating activities	361	193	-689	-916	-1,240
Cash flow from investments	-143	-226	-249	-249	-119
Change in tangible assets	-121	-233	-249	-249	-119
Change in financial assets	-4	11	0	0	0
Other	-18	-4	0	0	0
Cash flow from financing	-518	-350	81	-70	-30
Change in debt	-345	-126	81	-70	-30
Change in equity	0	0	0	0	0
Dividends	-76	-221	-306	-346	-433
Other	-97	-3	306	346	433
Change in cash	394	381	296	178	353
Cash at beginning of year	176	570	951	1,247	1,425
Cash at end of year	570	951	1,247	1,425	1,778
Gross cash flow	672	766	1,154	1,413	1,743
Free cash flow	912	726	215	247	383

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	2,764	3,426	4,326	5,679	7,363
Cash & equivalents	570	951	1,247	1,425	1,778
Accounts receivable	797	736	1,018	1,247	1,722
Inventories	1,081	1,267	1,526	2,201	2,841
Other current assets	316	473	535	805	1,022
Fixed assets	1,032	1,344	1,515	1,689	1,726
Investment assets	6	9	9	9	9
Tangible assets	730	943	1,125	1,298	1,335
Intangible assets	66	65	55	55	55
Other long-term assets	230	327	327	327	327
Total assets	3,796	4,770	5,842	7,367	9,089
Current liabilities	2,001	2,549	2,537	2,733	2,850
Accounts payable	326	402	445	514	603
Short-term debt	20	19	100	50	40
Other current liabilities	1,655	2,128	1,991	2,169	2,208
Long-term liabilities	287	188	572	1,019	1,508
Bonds & long-term debt	167	47	47	27	7
Other long-term liabilities	120	141	525	992	1,502
Total liabilities	2,288	2,737	3,108	3,752	4,359
Owners of parent equity	1,502	2,029	2,733	3,615	4,730
Capital stock	180	180	180	180	180
Capital surplus	402	402	402	402	402
Retained earnings	816	1,323	2,027	2,909	4,024
Other	104	124	124	124	124
Non-controlling interests' equity	6	4	0	0	0
Total equity	1,508	2,033	2,733	3,615	4,730
Net debt	-310	-784	-1,008	-1,268	-1,615

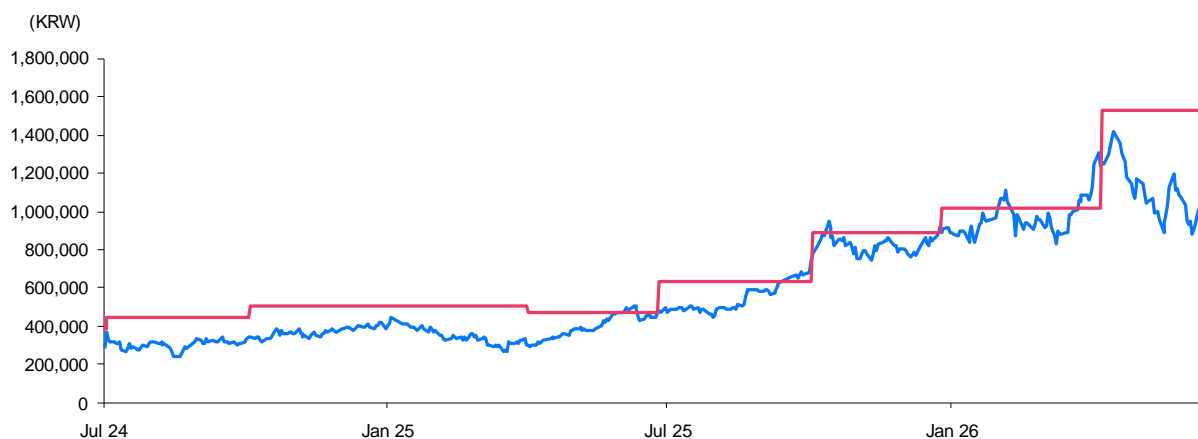
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	22.9	22.8	13.8	15.4	17.3
Operating profit	112.2	48.8	27.9	23.7	25.4
Net profit	92.1	46.8	38.1	21.4	26.1
Adjusted EPS**	93.5	46.1	38.0	21.4	26.1
Per-share data (KRW)					
EPS (parent-based)	13,914	20,324	28,047	34,059	42,942
EPS (consolidated)	13,827	20,302	28,047	34,059	42,942
Adjusted EPS**	13,914	20,324	28,047	34,059	42,942
BVPS	41,662	56,281	75,828	100,287	131,229
DPS (common)	5,350	7,100	8,500	9,600	12,000
Valuations (x)					
P/E***	64.6	44.2	32.1	26.4	20.9
P/B***	21.6	16.0	11.9	9.0	6.9
EV/EBITDA	43.7	29.6	23.3	18.7	14.9
Ratios (%)					
ROE	39.3	41.5	42.5	38.7	37.1
ROA	15.0	17.1	19.1	18.6	18.8
ROIC	33.8	55.3	57.4	46.9	40.3
Payout ratio	38.4	34.9	30.3	28.2	27.9
Dividend yield (common)	0.6	0.8	0.9	1.1	1.3
Net debt to equity	-20.6	-38.6	-36.9	-35.1	-34.1
Interest coverage (x)	22.6	59.3	112.3	135.6	216.8

Compliance notice

- As of 7/8 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 7/8 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

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

Samsung Securities uses the following investment ratings*

Company

- BUY** Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
- HOLD** Expected to increase/decrease in value by less than 15% within 12 months
- 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%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high-net-worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodaero-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

**For more information,
please call our sales representatives:**

LONDON

Samsung Securities Europe Limited

1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited

1330 Avenue of the Americas, 10th Floor, New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited

Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office

Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office

#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA