COMPANY UPDATE

2026. 8. 14

Industrial Team

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AT A GLANCE

BUY

Target price	KRW26,000	23.5%
Current price	**KRW21,050**	
Market cap	KRW19.9t/USD14.0b	
Shares (float)	943,237,970 (64.6%)	
52-week high/low	KRW24,500/KRW18,310	
Avg daily trading value (60-day)	KRW30.8b/ USD21.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
HMM (%)	7.7	-1.9	-6.7
Vs Kospi (%pts)	7.6	-20.7	-55.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	26,000	24,000	8.3%
2026E EPS	1,514	1,782	-15.0%
2027E EPS	1,395	1,634	-14.6%

SAMSUNG vs THE STREET

No of estimates	12
Target price	23,100
Recommendation	3.3

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

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HMM (011200)

2Q review: Costs larger than expected

- HMM reported that its 2Q sales and operating profit jumped 29.7% and 51.9% y-y, respectively, to KRW3.4t and KRW354.1b, the latter slightly short of consensus.
- While freight rates remained robust, operating profit missed our estimate by a massive margin due to higher oil prices and increased cost pressures caused by the US-Iran war.
- We revise down our earnings estimates but raise our target price by 8.3% to KRW26,000 to reflect a rise in the global peer average P/B multiple (from 0.74x to 0.81x).

WHAT'S THE STORY?

Cost burdens proved heavier than anticipated in 2Q: In 2Q, HMM's container shipping sales surged 29% y-y to KRW2.8t, as the Shanghai Containerized Freight Index (SCFI) jumped 42% y-y to average 2,337in the quarter and freight volume grew 3.4% y-y to 1.01m TEU. Yet, container shipping operating profit rose only 5.9% to KRW198.6b (for a margin of 7.1%; down 1.8%pts y-y), as rising Bunker C oil prices (up 23.2% y-y to USD544.2/tonne in 2Q) and rising freight volume and expanded fleet capacity (1.02m TEU; up 7% y-y) increased cost pressure. Meanwhile, the firm's bulk shipping sales and operating profit leapt 40.7% and 371% y-y, respectively, to KRW558.4b and KRW156.4b (for a margin of 28%; up 19.6%pts y-y), as the Baltic Dry Index (BDI) soared 74.8% y-y to average 2,751in 2Q and tanker freight rates also surged 170% y-y to a 159 (Worldscale).

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	3,402.0	29.7	25.1	-11.0	5.2
Operating profit	354.1	51.9	31.6	-36.5	-10.6
Pre-tax profit	434.2	-14.2	15.4	-31.8	-5.9
Net profit	411.4	-12.7	16.3	-31.0	-9.3
Margins (%)					
Operating profit	10.4				
Pre-tax profit	12.8				
Net profit	12.1				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	10.8	13.9	15.1
P/B	0.7	0.7	0.7
EV/EBITDA	7.2	8.5	8.9
Div yield (%)	3.3	2.1	2.1
EPS growth (% y-y)	-61.3	-22.5	-7.9
ROE (%)	6.9	5.2	4.5
Per-share data (KRW)			
EPS	1,955	1,514	1,395
BVPS	28,168	30,590	31,534
DPS	700	450	450

Raising target price to KRW26,000 but maintaining BUY: Reflecting the below-consensus 2Q results, we revise down our 2026 and 2027 operating profit estimate by 19% and 18%, respectively. Applying the global peer average P/B multiple of 0.81x (previously 0.74x; Bloomberg), we increase our target price by 8.3% to KRW26,000 and reiterate BUY rating. Although container and bulk freight rates remain elevated, geopolitical risks in the Middle East have driven oil prices higher, weighing on margins. While a resumption of shipping through the Strait of Hormuz and Suez Canal could reduce tonne-miles and exert downward pressure on freight rates, recent declines in oil prices may ease cost burdens. That said, there is still a large backlog of containership newbuilding orders—close to 30% of total fleet capacity—remains a concern, though it could meet the replacement demand during periods of weak freight rates.

Revisions to full-year forecasts

(KRWb)	2025	New		Old		Chg (%)	
		2026E	2027E	2026E	2027E	2026E	2027E
Sales	10,891	11,846	10,006	12,500	10,549	-5.2	-5.2
Operating profit	1,461	1,156	1,049	1,429	1,280	-19.1	-18.0
Pre-tax profit	2,001	1,521	1,402	1,796	1,646	-15.3	-14.8
Net profit	1,878	1,428	1,316	1,681	1,542	-15.0	-14.7
EBITDA	2,577	2,467	2,405	2,740	2,636	-9.9	-8.8
EPS* (KRW)	1,955	1,514	1,395	1,782	1,634	-15.0	-14.6

Note: *Fully diluted, excluding one-off items
Source: Company data, Samsung Securities estimates

Valuation summary

(KRWb) (Year-end Dec 31)	Sales	Operating profit	Pre-tax profit	Net profit	EPS* (KRW)	Chg (% y-y)	P/E (x)	P/B (x)	EV/EBITDA (x)	ROE (%)	Net debt
2024	11,700	3,513	3,897	3,782	5,055	176.4	4.2	0.63	3.7	15.3	-11,360
2025	10,891	1,461	2,001	1,878	1,955	-61.3	10.8	0.7	7.2	6.9	-8,052
2026E	11,846	1,156	1,521	1,428	1,514	-22.5	13.9	0.7	8.5	5.2	-7,821
2027E	10,006	1,049	1,402	1,316	1,395	-7.9	15.1	0.7	8.9	4.5	-8,283
2028E	9,429	985	1,350	1,267	1,344	-3.7	15.7	0.6	9.2	4.2	-8,514

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	2Q26P	3Q26E	4Q26E	2024	2025	2026E	2027E
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	2,751	1,842	1,772	1,681	2,080	1,667	1,667
WS	67	60	50	49	59	59	65	106	193	159	134	126	72	153	117	111
Bunker C (USD/tonne)	467	525	491	477	498	442	433	412	488	544	496	467	444	499	436	412
Average KRW/USD	1,347	1,377	1,315	1,472	1,473	1,354	1,404	1,440	1,519	1,549	1,450	1,380	1,440	1,380	1,350	1,250
Assumptions																
Containership ('000TEU)	893	949	992	986	931	975	1,024	1,013	1,016	1,009	1,025	1,003	3,943	4,053	4,002	4,038
Chg (% y-y)	4.0	-1.0	-2.8	4.3	4.2	2.7	3.3	2.8	9.1	3.4	0.1	-0.9	3.2	2.8	-1.2	0.9
Dry bulk ('000MT)	10,523	7,692	9,949	9,598	10,463	12,270	8,271	9,057	8,450	8,700	8,712	9,295	40,061	35,157	35,490	35,490
Tanker ('000CBM)	586	440	441	1,988	146	146	775	404	418	297	297	297	1,471	1,309	1,189	1,189
Actual container supply ('000TEU)	1,274	1,296	1,388	1,395	1,338	1,426	1,571	1,515	1,524	1,470	1,589	1,575	5,851	6,158	6,072	6,161
Load factor (%)	70.1	73.2	71.5	70.6	69.5	68.4	65.2	66.8	66.7	68.6	64.5	63.7	67.4	65.8	65.9	65.6
Results and forecasts																
Sales	2,330	2,663	3,552	3,155	2,855	2,623	2,706	2,708	2,719	3,402	2,977	2,749	10,891	11,846	10,006	9,429
Containership	1,936	2,254	3,188	2,770	2,466	2,170	2,341	2,267	2,271	2,802	2,638	2,423	9,243	10,135	8,821	8,250
Bulk carrier	339	348	319	331	335	397	316	399	403	558	299	293	1,447	1,553	1,031	994
Other	55	61	45	54	53	56	49	42	45	41	39	33	201	159	154	185
Operating profit	407	644	1,461	1,000	614	233	297	317	269	354	277	256	1,461	1,156	1,049	985
Operating margin (%)	17.5	24.2	41.1	31.7	21.5	8.9	11.0	11.7	9.9	10.4	9.3	9.3	13.4	9.8	10.5	10.4
Pre-tax profit	503.5	697.8	1,759.5	935.8	753.1	506.2	381.0	360.4	376.4	433.7	363.2	347.8	2,000.7	1,521.1	1,402.5	1,349.6
Net profit	485.1	660.8	1,738.5	897.8	739.7	471.3	303.8	363.9	353.6	410.9	339.2	324.4	1,878.4	1,428.3	1,315.6	1,267.4
Chg (%)																
Sales	11.9	25.0	67.0	52.9	22.5	-1.5	-23.8	-14.2	-4.8	29.7	10.0	1.5	-6.9	8.8	-15.5	-5.8
Operating profit	32.8	302.2	1,827.5	2,260.8	50.8	-63.8	-79.7	-68.3	-56.2	51.9	-6.7	-19.2	-58.4	-20.9	-9.3	-6.1
Pre-tax profit	61.4	105.7	1,334.8	233.7	49.6	-27.4	-78.3	-61.5	-50.0	-14.3	-4.7	-3.5	-48.7	-24.0	-7.8	-3.8
Net profit	63.0	111.2	1,722.0	241.4	52.5	-28.7	-82.5	-59.5	-52.2	-12.8	11.6	-10.8	-50.3	-24.0	-7.9	-3.7

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**11,700**	**10,891**	**11,846**	**10,006**	**9,429**
Cost of goods sold	7,737	8,856	10,102	8,441	7,954
Gross profit	**3,963**	**2,035**	**1,744**	**1,565**	**1,475**
Gross margin (%)	33.9	18.7	14.7	15.6	15.6
SG&A expenses	451	574	588	516	491
Operating profit	**3,513**	**1,461**	**1,156**	**1,049**	**985**
Operating margin (%)	30.0	13.4	9.8	10.5	10.4
Non-operating gains (losses)	**384**	**540**	**365**	**353**	**365**
Financial profit	1,397	829	530	541	559
Financial costs	1,138	291	178	175	186
Equity-method gains (losses)	162	66	27	0	0
Other	-38	-64	-13	-13	-8
Pre-tax profit	**3,897**	**2,001**	**1,521**	**1,402**	**1,350**
Taxes	114	122	93	87	82
Effective tax rate (%)	2.9	6.1	6.1	6.2	6.1
Profit from continuing operations	3,782	1,879	1,428	1,315	1,267
Profit from discontinued operations	0	0	0	0	0
Net profit	**3,782**	**1,879**	**1,428**	**1,315**	**1,267**
Net margin (%)	32.3	17.2	12.1	13.1	13.4
Net profit (controlling interests)	3,782	1,878	1,428	1,316	1,267
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	4,416	2,577	2,467	2,405	2,407
EBITDA margin (%)	37.7	23.7	20.8	24.0	25.5
EPS (parent-based) (KRW)	5,055	1,955	1,514	1,395	1,344
EPS (consolidated) (KRW)	5,055	1,955	1,514	1,395	1,343
Adjusted EPS (KRW)*	5,055	1,955	1,514	1,395	1,344

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**17,997**	**15,118**	**15,409**	**15,697**	**15,828**
Cash & equivalents	1,472	1,761	1,433	1,894	2,126
Accounts receivable	1,130	1,043	1,153	1,045	983
Inventories	402	372	377	342	322
Other current assets	14,993	11,942	12,446	12,415	12,398
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**	**36,285**	**37,017**	**37,767**
Current liabilities	**2,357**	**2,602**	**2,740**	**2,595**	**2,511**
Accounts payable	577	654	664	602	566
Short-term debt	0	0	0	0	0
Other current liabilities	1,780	1,948	2,076	1,994	1,946
Long-term liabilities	**3,636**	**4,390**	**4,690**	**4,676**	**4,667**
Bonds & long-term debt	145	126	101	101	101
Other long-term liabilities	3,491	4,264	4,589	4,575	4,566
Total liabilities	**5,993**	**6,992**	**7,430**	**7,271**	**7,179**
Owners of parent equity	**27,854**	**26,569**	**28,853**	**29,744**	**30,587**
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	14,046	14,937	15,780
Other	4,881	3,682	5,284	5,284	5,284
Non-controlling interests' equity	**2**	**2**	**2**	**2**	**2**
Total equity	**27,856**	**26,571**	**28,855**	**29,746**	**30,589**
Net debt	-11,360	-8,052	-7,821	-8,283	-8,514

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**4,875**	**3,305**	**2,053**	**2,679**	**2,693**
Net profit	3,782	1,879	1,428	1,315	1,267
Non-cash profit and expenses	668	785	1,062	1,087	1,138
Depreciation	903	1,116	1,311	1,355	1,422
Amortization	0	0	0	0	0
Other	-235	-331	-249	-269	-284
Changes in A/L from operating activities	(8)	250	-638	15	9
Cash flow from investments	**-6,232**	**1,071**	**-2,007**	**-1,021**	**-1,009**
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	7	4
Cash flow from financing	**-539**	**-4,033**	**-1,042**	**-424**	**-424**
Change in debt	1,397	813	403	0	0
Change in equity	977	749	-83	0	0
Dividends	-528	-539	-660	-424	-424
Other	-2,385	-5,056	-701	0	0
Change in cash	-1,778	289	-328	462	231
Cash at beginning of year	3,250	1,472	1,761	1,433	1,894
Cash at end of year	1,472	1,761	1,433	1,894	2,126
Gross cash flow	**4,450**	**2,664**	**2,490**	**2,402**	**2,405**
Free cash flow	**2,338**	**1,712**	**-28**	**1,651**	**1,680**

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	39.3	-6.9	8.8	-15.5	-5.8
Operating profit	500.7	-58.4	-20.9	-9.3	-6.1
Net profit	290.4	-50.3	-24.0	-7.9	-3.7
Adjusted EPS**	176.4	-61.3	-22.5	-7.9	-3.7
Per-share data (KRW)					
EPS (parent-based)	5,055	1,955	1,514	1,395	1,344
EPS (consolidated)	5,055	1,955	1,514	1,395	1,343
Adjusted EPS**	5,055	1,955	1,514	1,395	1,344
BVPS	31,615	28,168	30,590	31,534	32,428
DPS (common)	600	700	450	450	450
Valuations (x)					
P/E***	4.2	10.8	13.9	15.1	15.7
P/B***	0.7	0.7	0.7	0.7	0.6
EV/EBITDA	3.7	7.2	8.5	8.9	9.2
Ratios (%)					
ROE	15.3	6.9	5.2	4.5	4.2
ROA	12.7	5.6	4.1	3.6	3.4
ROIC	25.2	8.3	5.8	4.9	4.5
Payout ratio	14.0	35.1	29.7	32.3	33.5
Dividend yield (common)	3.4	3.4	2.1	2.1	2.1
Net debt to equity	-40.8	-30.3	-27.1	-27.8	-27.8
Interest coverage (x)	25.9	7.0	5.7	5.1	4.8

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- As of 8/13 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
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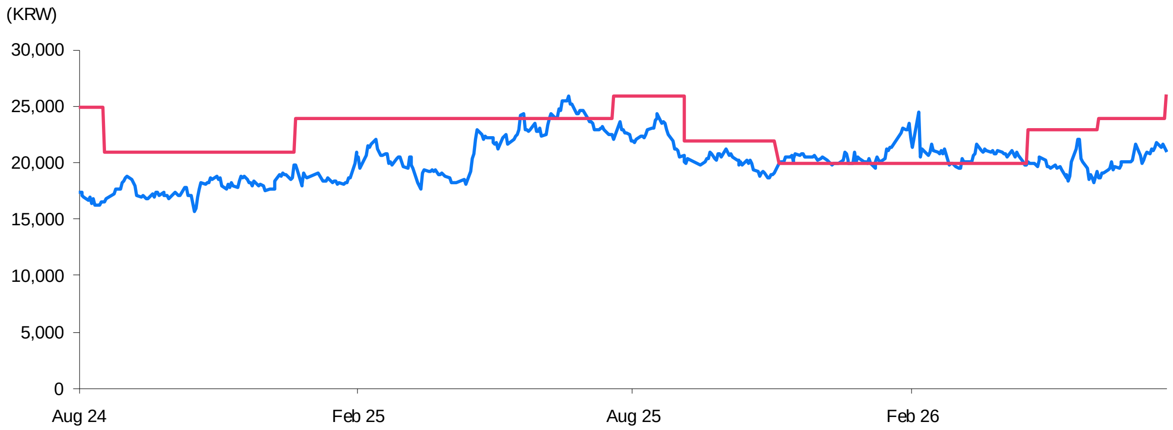
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/6/24	9/12	2025/1/16	8/14	9/30	12/1	2026/5/14	6/30	8/14
Recommendation	BUY	BUY	BUY	BUY	HOLD	HOLD	HOLD	BUY	BUY
Target price (KRW)	25000	21000	24000	26000	22000	20000	23000	24000	26000
Gap* (average)	-29.07	-14.89	-11.83	-13.36	-9.14	3.47	-14.21	-15.06	
(max or min)**	-20.12	-5.71	8.12	-6.54	-3.64	22.50	-3.70	-9.17	

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%)

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