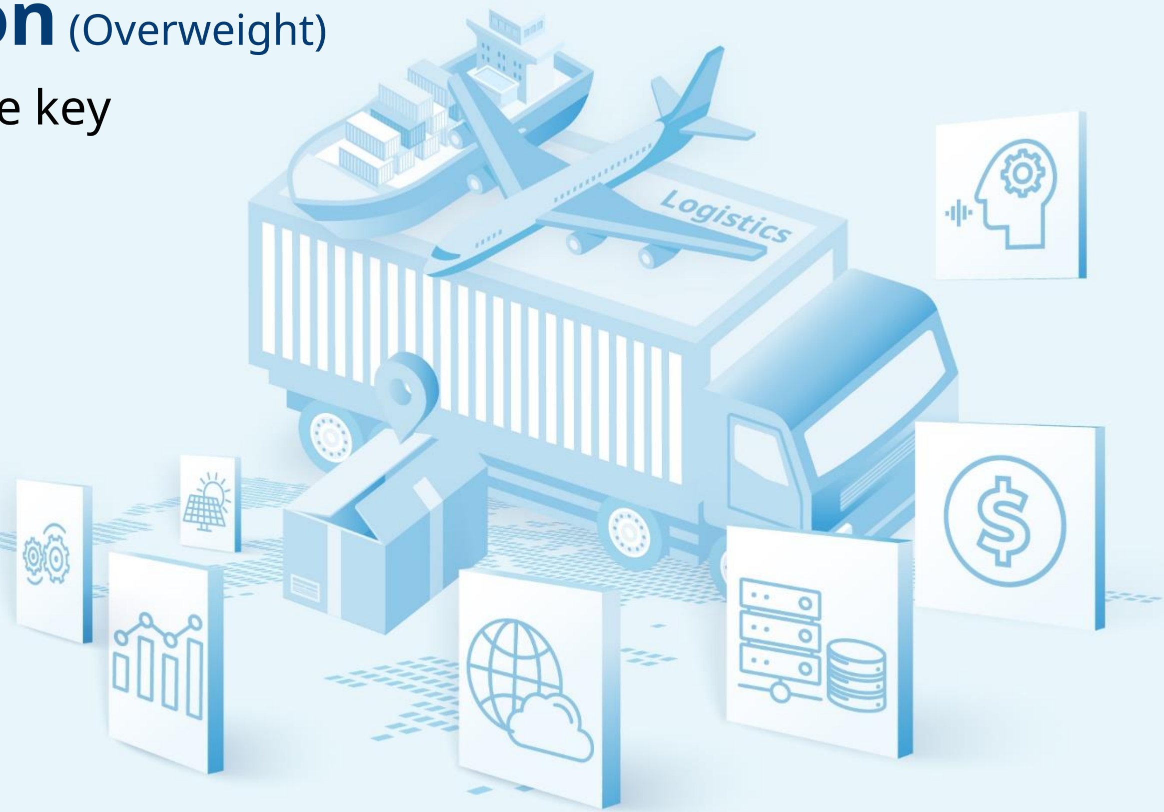
2025 Outlook | Equity Research | November 19, 2024

Transportation (Overweight)

Supply factors hold the key



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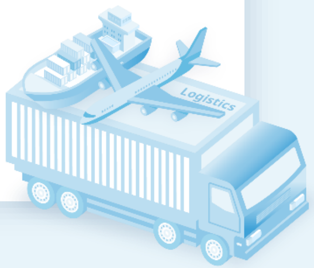


[Summary] Supply factors hold the key

2024 review

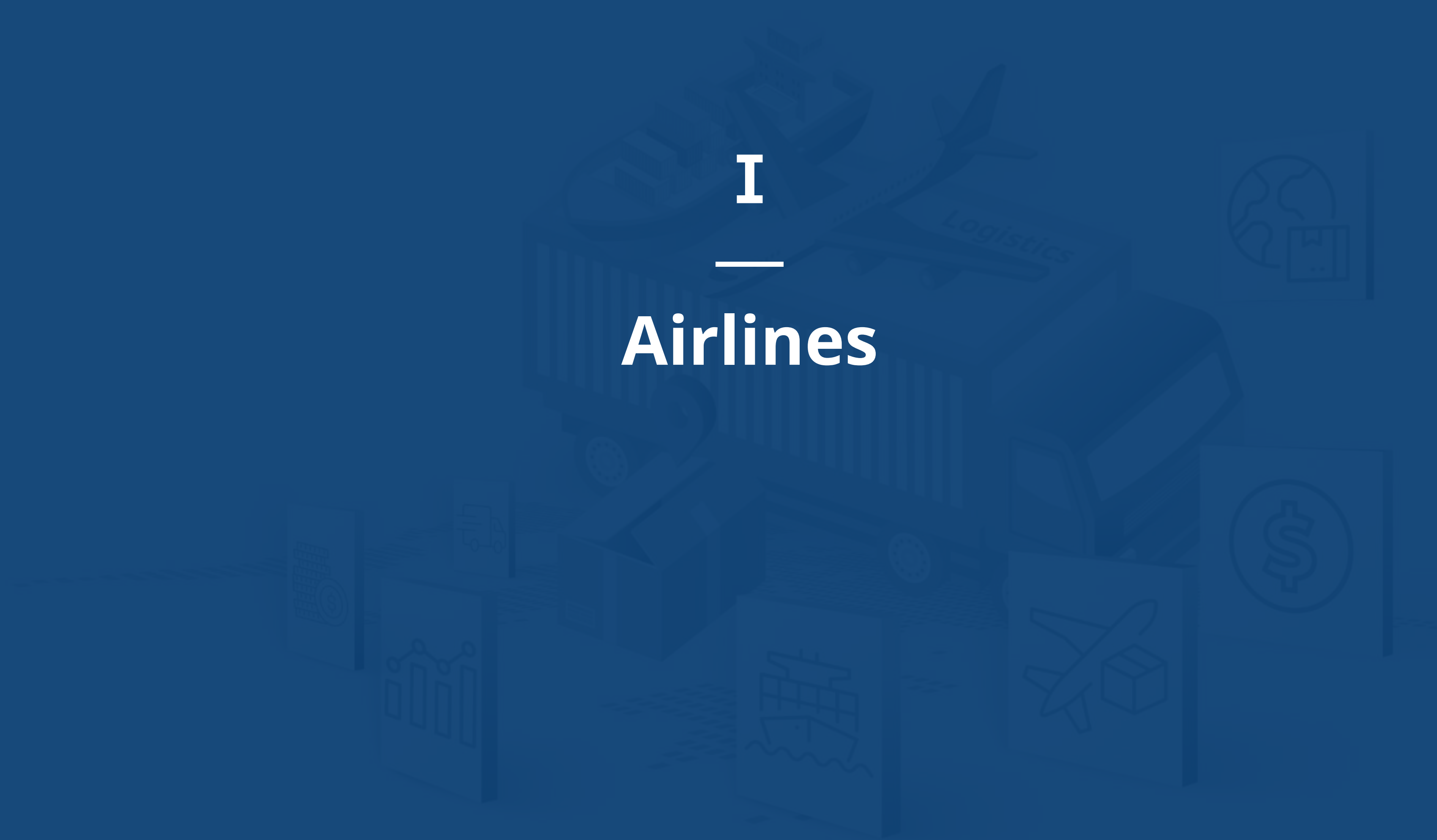
- Valuations have failed to recover meaningfully, as volatility has increased amid a cyclical slowdown
  ① Airlines: Passenger traffic is slowing, but cargo traffic is holding up well; aircraft supply shortage is favorable
  ② Shipping: Extreme volatility in container shipping and sluggish demand in China
  ③ Logistics: Only Coupang has stood out

2025 outlook

- Earnings visibility is key in uncertain times; performances are likely to vary by sector (logistics > airlines > shipping)
  ① Airlines: Limited supply growth likely to mitigate the negative impact of slowing passenger demand
  ② Shipping: Cost competitiveness to be a key factor amid a broad-based demand slowdown
  ③ Logistics: Earnings improvement to hinge on price increases
- Companies need to respond flexibly to structural changes; supply capabilities to be a key factor
  ① Airlines: Mega carrier to emerge; likely to achieve differentiation through cost efficiency and proactive response to environmental regulations
  ② Shipping: Companies with proven earnings fundamentals and the ability to respond to environmental regulations are likely to survive
  ③ Logistics: Coupang's expansion to continue; other players need to enhance innovation and delivery competitiveness to compete effectively; keep an eye on Chinese e-commerce platform trends

Investment strategy

- Focus on companies with superior competitiveness amid structural changes
- Top picks: Korean Air and Hyundai Glovis
- Stock to watch: HMM



I

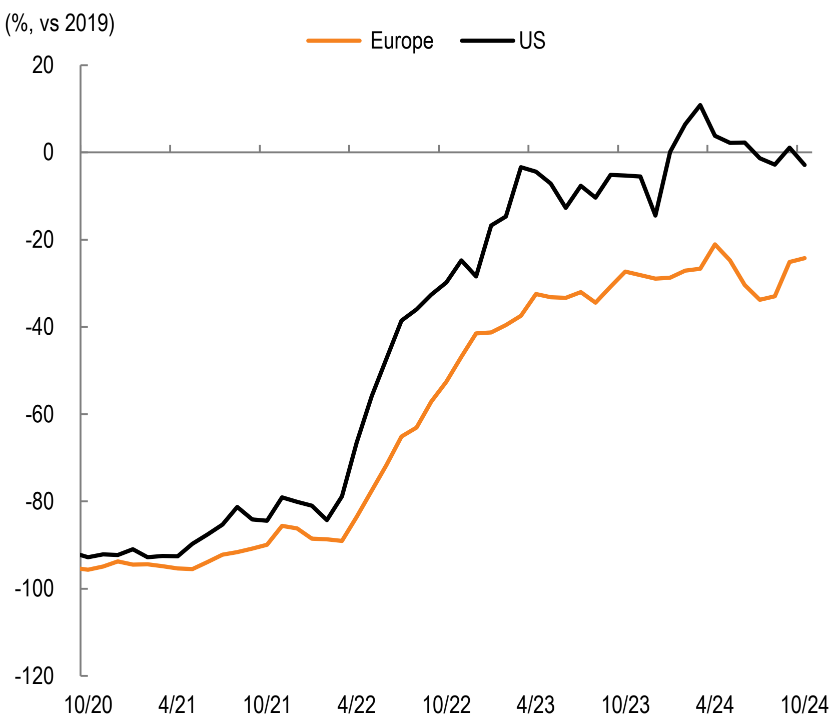
Airlines

I. Slowing passenger cycle

Recovery slowing overall

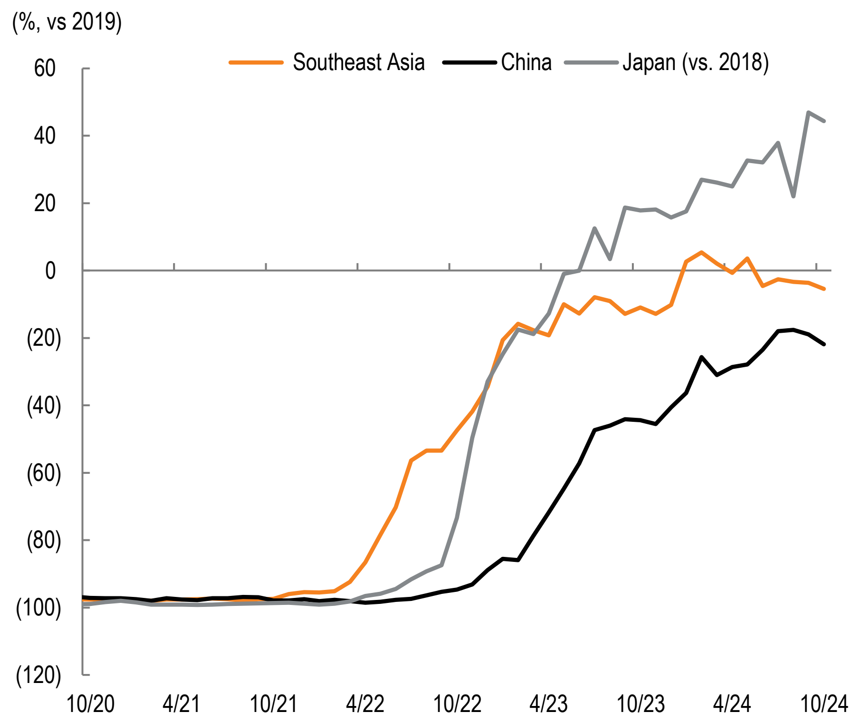
- US routes: Traffic has dipped slightly below 2019 levels (October traffic down 2.9% compared to the same period in 2019).
- China routes: Traffic in October was down 22% compared to the same period in 2019. We see potential for a traffic rebound driven by China's visa waiver for Koreans.
- Japan routes: In 2H24, the yen's appreciation has resulted in a temporary decline in traffic, but overall passenger volume continues to rise steadily.

Incheon International Airport (IIA) long-haul passenger traffic growth (vs. 2019)



Source: IIA, Mirae Asset Securities Research

IIA short-haul passenger traffic growth (vs. 2019)



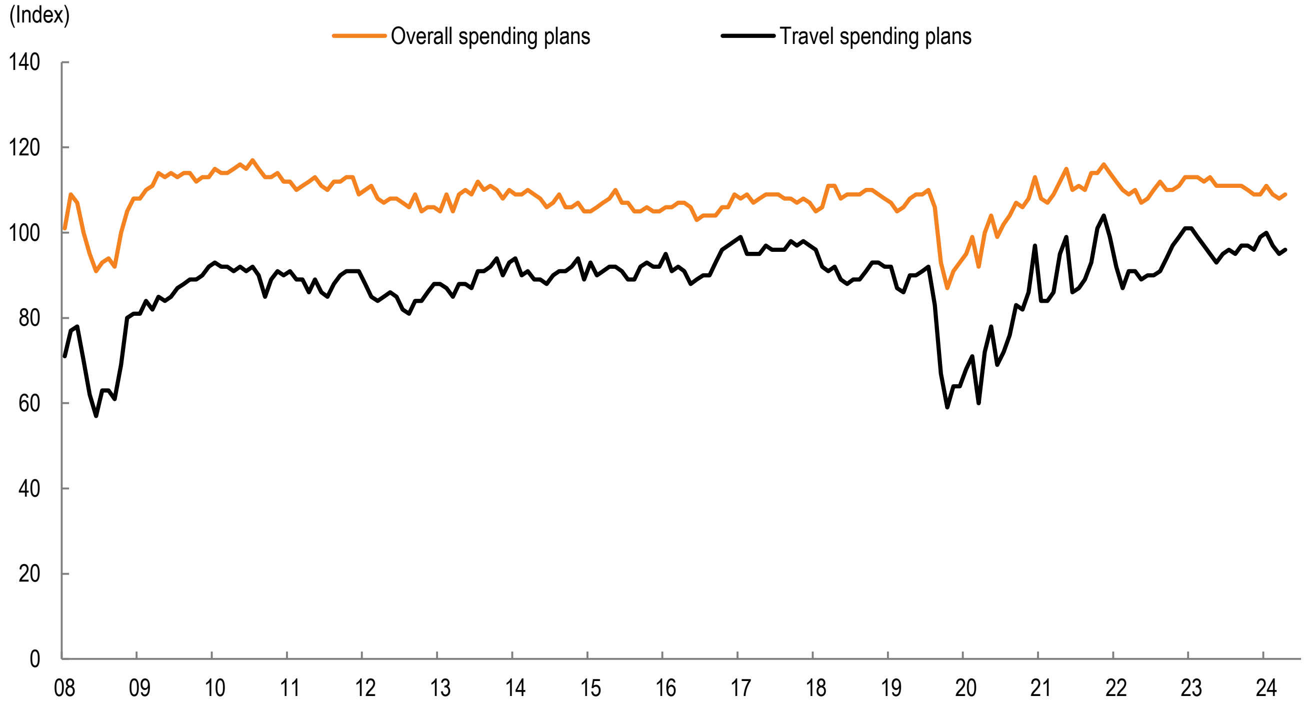
Source: IIA, Mirae Asset Securities Research

I. Slowing passenger cycle

Travel sentiment has weakened

- The outlook for travel spending has weakened recently, mirroring the recent decline in overall spending plans.
- Economic downturns have a significant impact on travel spending. That said, China's visa waiver for Koreans offers some hope for improvement.
- While flight ticket prices have fallen recently, the decline has been limited. Also, a weaker won has further dampened travel sentiment.

CSI: Travel spending plans vs. overall spending plans



Source: BOK, Mirae Asset Securities Research

I. Weak won and slowing economy are headwinds

Weak won is a headwind

- The USD/KRW rate has jumped since Trump's election victory, returning to the high levels seen in 1H24.
- The strong dollar is contributing to a further weakening of passenger demand as well as increasing fuel cost pressures.
- Meanwhile, the yen's weakness is easing, raising concerns about a potential slowdown in passenger demand on Japan routes.

USD/KRW rate

Source: Bloomberg, Mirae Asset Securities Research

JPY100/KRW rate

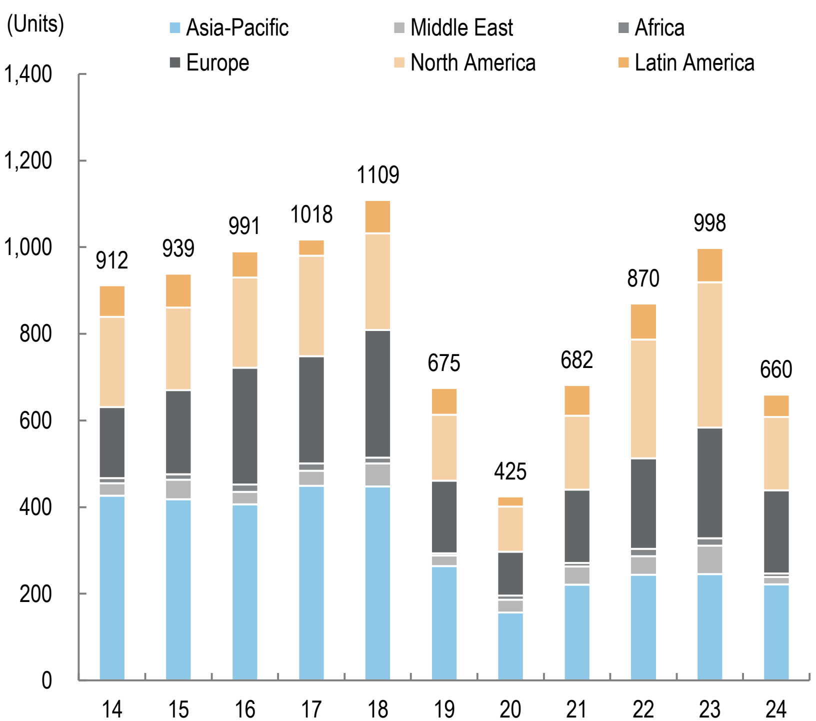
Source: Bloomberg, Mirae Asset Securities Research

I. Supply constraints provide a buffer amid demand slowdown

Aircraft deliveries: Pronounced shortage in wide-body segment

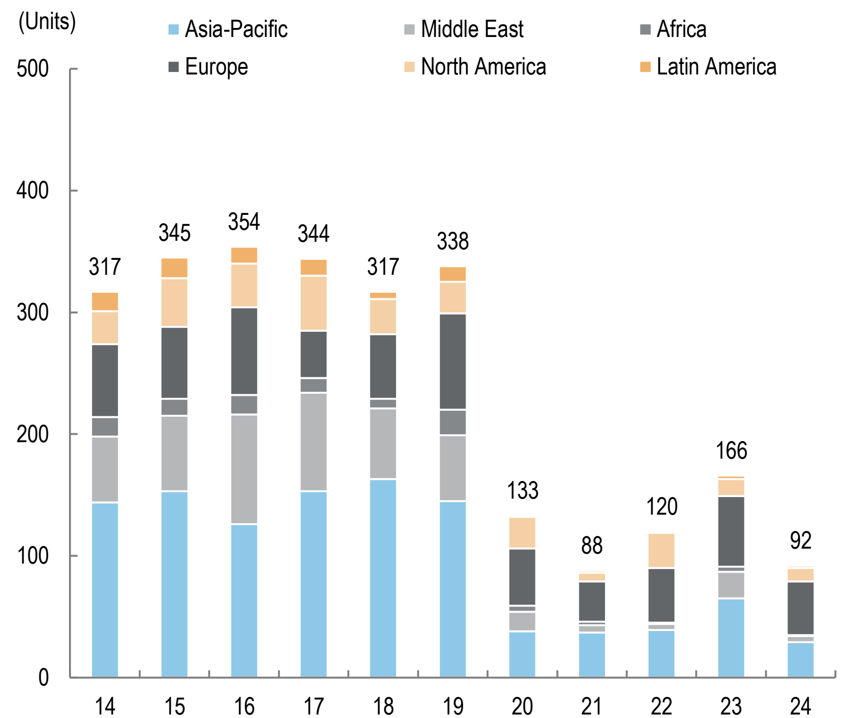
- Global aircraft deliveries have yet to recover to pre-pandemic levels.
- Supply has been slow to recover due to production disruptions and delivery delays from major aircraft manufacturers.
- Deliveries of wide-body aircraft have been especially slow this year, reaching only 27% of 2019 levels.

Narrow-body aircraft deliveries by year



Source: CAPA, Mirae Asset Securities Research

Wide-body aircraft deliveries by year



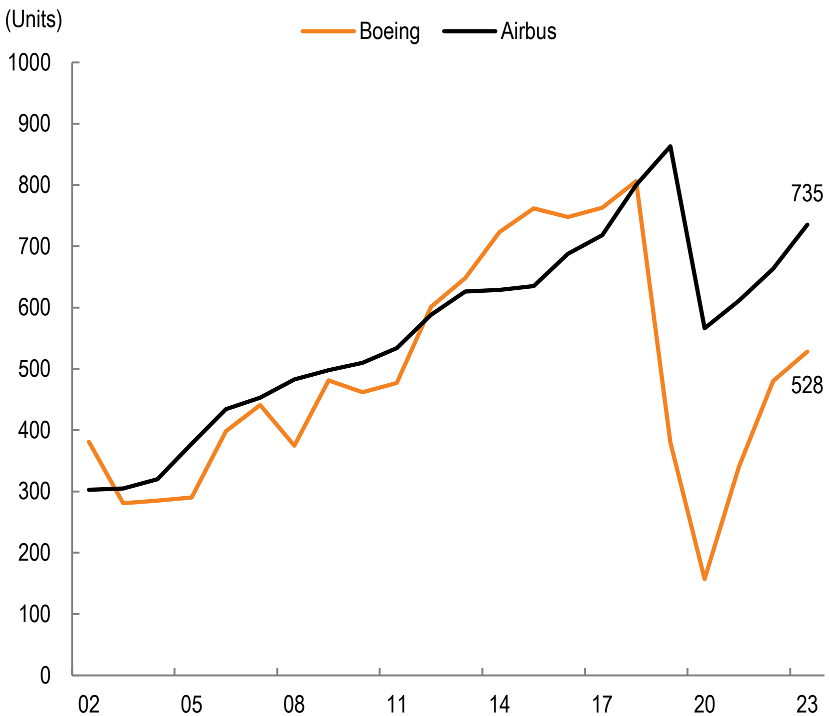
Source: CAPA, Mirae Asset Securities Research

I. Supply constraints provide a buffer amid demand slowdown

Boeing deliveries hurt by accidents and strikes

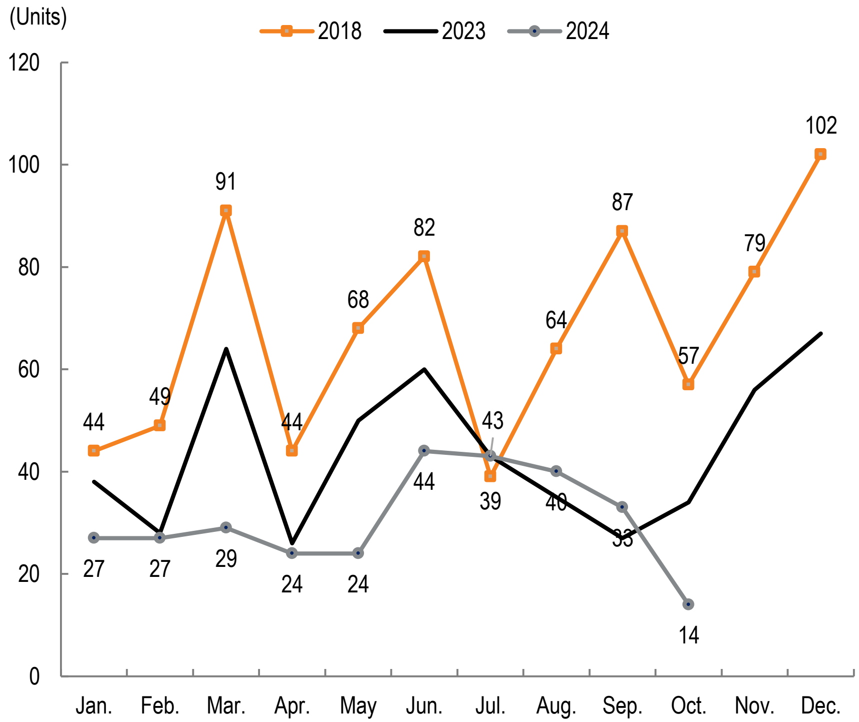
- Boeing lags Airbus in deliveries by over 200 units, and the gap is unlikely to narrow soon.
- Boeing faced significant setbacks in 2018-19 due to a series of accidents involving the 737 MAX. This year, the US FAA capped 737 MAX production at 38 units per month after a January incident involving Alaska Airlines.
- From Jan. to Sep. 2024, Boeing deliveries were down 48% compared to the same period in 2018, while Airbus deliveries were up 3%.

Annual aircraft deliveries by Boeing and Airbus



Source: Boeing, Airbus, Mirae Asset Securities Research

Boeing's monthly aircraft deliveries



Source: Boeing, Mirae Asset Securities Research

I. Supply constraints provide a buffer amid demand slowdown

Unfulfilled deliveries at global airlines

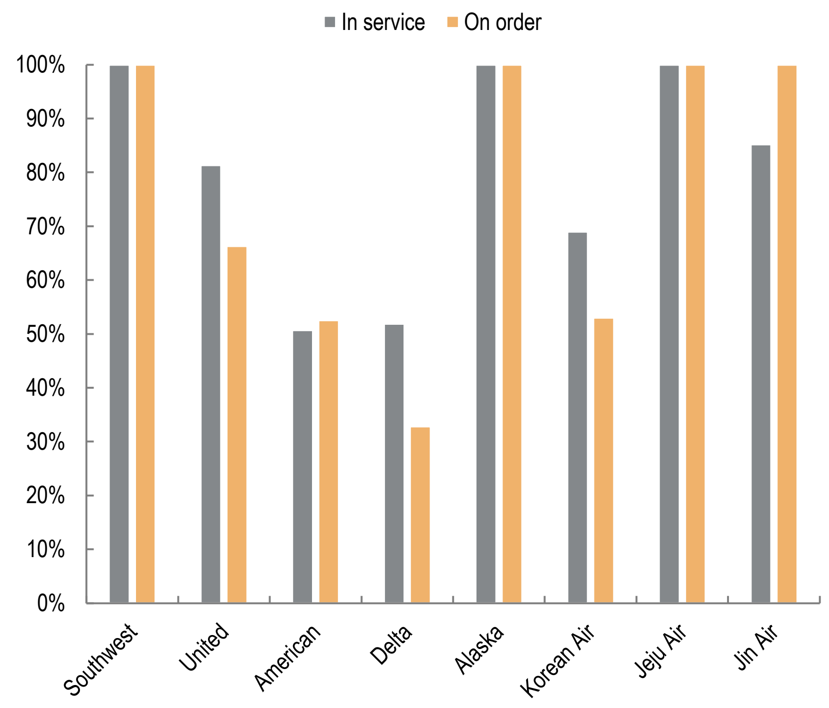
- Airlines that rely heavily on Boeing face inevitable delays in fleet expansion. Notable examples in the US include Southwest Airlines, United Airlines, and Alaska Airlines.
- Among Korean airlines, Korean Air and Jeju Air are more affected.

Boeing's order backlog by customer

Country	Airline	On order	Model	Breakdown by model
US	Southwest	**468**	737 MAX	468
	United	**476**	737 MAX	326
			787-9	100
			787-9	50
	American	**152**	737 MAX	152
	Delta	**100**	737 MAX	100
	Alaska	**69**	737 MAX	69
UAE	Emirates	**235**	777X	205
			787-8	15
			787-10	15
Indonesia	Lion Air	**229**	737 MAX	229
Ireland	Ryanair	**190**	737 MAX	190
India	Akasa Air	**201**	737 MAX	201
	Air India	**175**	737 MAX	155
			787-9	20
Vietnam	VietJet Air	**200**	737 MAX	200
Korea	Korean Air	**37**	737 MAX	21
			787-10	9
			787-9	7
	Jeju Air	**38**	737 MAX	38

Source: Boeing, Mirae Asset Securities Research

Share of Boeing aircraft at major airlines



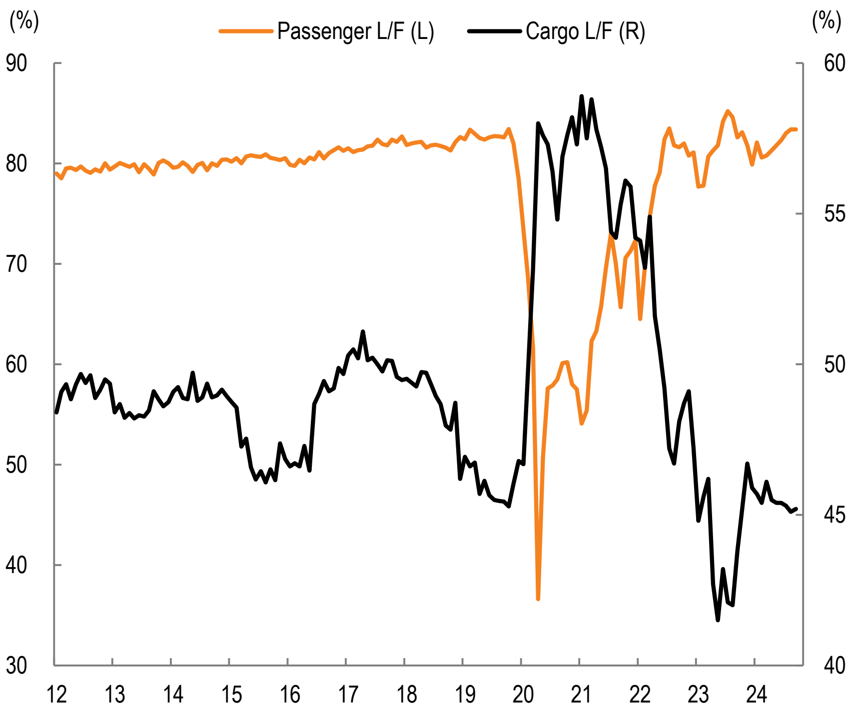
Source: CAPA, Mirae Asset Securities Research

I. Cargo cycle has likely bottomed

Air freight rates continue rebounding

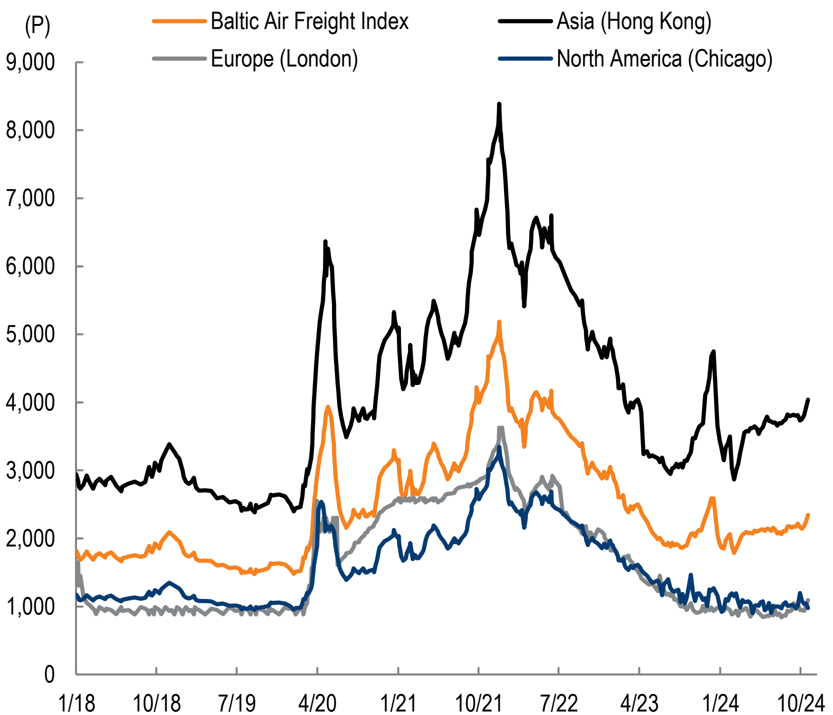
- Global cargo load factor has been on the decline since Nov. 2021.
  - Freight rates were sluggish at the start of 2024 but rebounded in March and have remained stable since.
  - After hitting a four-year low at end-February, freight rates rebounded 19.3%.
- In 2025, full-service carriers (FSCs) are expected to maintain high cargo margins, aided by demand from developed markets and shortages in belly cargo capacity.

Global passenger and cargo load factor indicators



Note: Seasonally adjusted
Source: IATA, Mirae Asset Securities Research

Air freight rates by route



Source: TAC Index, Mirae Asset Securities Research

I. Korean Air-Asiana Airlines merger

Expanded fleet capacity

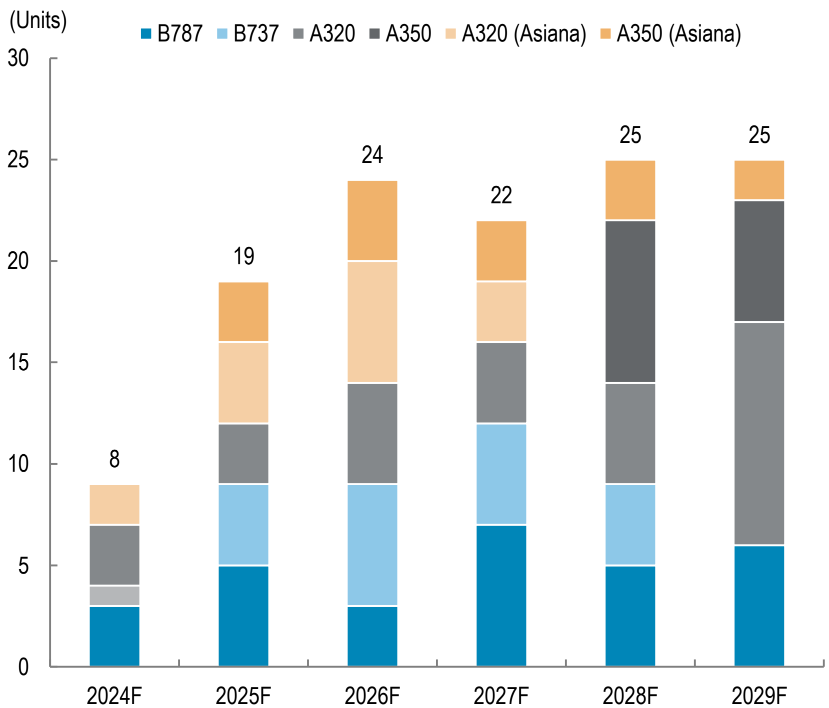
- The Korean Air-Asiana Airlines merger is likely to proceed as planned. Final approval from the EU is expected soon, and there are no indications that the US Department of Justice will seek to block the merger.
- The merged airline plans to continue introducing efficient, eco-friendly aircraft through 2034.
  - Boeing: 20 777-9 units, 30 787-10 units (MOU signed in Jul. 2024)
  - Airbus: 33 A350 series units, 50 A321neo units

Korean Air-Asiana Airlines: Post-merger fleet

	Model	Korean Air	Asiana Airlines	Total
Wide-body	A330-200/300	23	15	38
	A350	-	15	15
	A380	8	6	14
	B747	8	-	8
	B767	-	1	1
	B777-200/300	37	9	46
	B787-8/9/10	16	-	16
Narrow-body	A220	10	-	10
	A321	-	12	12
	A321-200N	12	10	22
	B737-800/900	17	-	17
	B737 MAX 8	5	-	5
Passenger aircraft (total)		**136**	**68**	**204**
Cargo aircraft	B767F	-	1	-
	B747-8F	7	12	7
	B747-400F	4	-	4
	B777F	12	-	12
Cargo aircraft (total)		**23**	**13**	**23**
Total		**159**	**68**	**227**

Note: As of end-3Q24
Source: Company data, Mirae Asset Securities Research

Korean Air-Asiana Airlines: Aircraft introduction plans



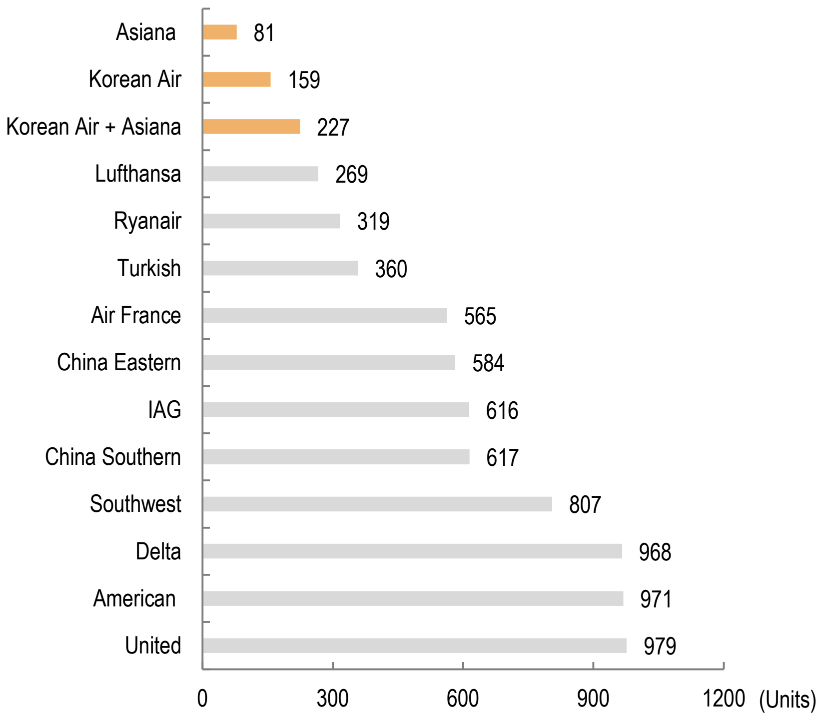
Note: As of Nov. 2024
Source: CAPA, Mirae Asset Securities Research

I. Korean Air-Asiana Airlines merger

Mega carrier to emerge

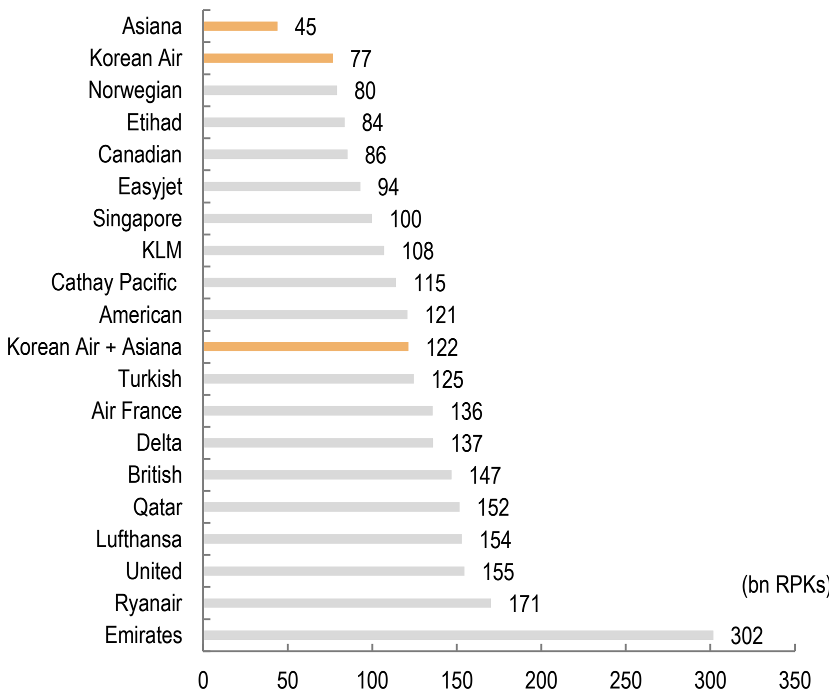
- The merged airline will have a total fleet of 227 aircraft (excluding Asiana Airlines' freighters). It will also likely be among the world's top 10 airlines in terms of international RPKs (based on 2019 figures).

Major airlines' fleet size



Source: CAPA, Mirae Asset Securities Research

Major airlines' international RPKs (2019)



Source: IATA, Mirae Asset Securities Research

I. Korean Air-Asiana Airlines merger

Low concerns over financial deterioration

- Korean Air plans to acquire a 63.9% stake in Asiana Airlines.
- Asiana Airlines' revenue and operating profit over the past year (4Q23-3Q24) are equivalent to 51% and 10%, respectively, of Korean Air's full-year 2023 results.
- While the debt ratio is set to increase to 300% (from 190%), we expect this figure to improve through earnings growth and capital increases in the future.

Post-merger income statement (est.)

	2021	2022	2023	2024F Pre-integration	2024F Asiana (12M TTM)	2024F Post-integration
Revenue	9,017	14,096	16,112	18,151	8,250	24,721
Domestic	268	454	479	477	561	1,038
International	816	3,899	8,535	9,492	5,252	14,744
Cargo	6,695	7,725	4,030	4,525	1,680	4,525
Other	974	1,335	1,532	3,656	757	4,414
Cost of revenue	6,912	10,245	12,850	14,555	7,227	21,783
GP	2,105	3,851	3,261	3,595	1,023	4,618
SG&A expenses	687	1,020	1,471	1,565	663	2,228
OP	1,418	2,831	1,790	2,029	359	2,221
OP margin (%)	15.7%	20.1%	11.1%	11.2%	4.4%	9.0%
Passenger/other	(1,039)	410	1,181	1,346	191	1,537
Cargo	2,457	2,421	609	683	168	683
Interest expenses	391	401	531	532	415	947
IBD	12,516	11,145	10,974	10,992	6,741	17,733
Interest rate (%)	3%	3.6%	4.8%	4.8%	5.8%	5.3%
Other	47	32	59	220	0	220
Other non-operating income	(498)	(219)	(62)	(9)	174	165
Gains from subsidiaries/affiliates	(0)	0	0	0	23	23
Pretax profit	843	2,562	1,576	1,832	91	1,923
Income tax	264	833	447	481	(73)	409
Tax rate (%)	98%	32%	28%	26%	-80%	21%
NP	579	1,730	1,129	1,388	164	1,552
Attr. to owners	578	1,728	1,061	1,280	88	1,369

Notes: Based on Asiana's cumulative 4Q23-3Q24 results; cargo OP margin assumption: 10%
Source: DART, Mirae Asset Securities Research

Post-merger balance sheet (estimates)

	2021	2022	2023	2024F Pre-integration	2024F Asiana (end-3Q24)	2024F Post-integration
Current assets	6,641	8,091	8,595	9,486	2,283	11,769
Cash & equivalents	1,185	1,057	623	1,022	613	1,635
Non-current assets	20,031	20,907	21,797	22,319	10,872	32,491
PP&E	16,914	17,079	18,175	18,538	8,962	26,800
Cargo					*700*	
Intangible assets	276	874	824	779	50	829
Total assets	26,672	28,998	30,392	31,805	13,155	44,260
Current liabilities	8,445	8,475	9,410	9,694	5,565	15,259
AP & other payables	139	255	240	261	153	414
ST borrowings	986	906	1,021	1,071	1,800	2,871
CPLTD	4,372	2,750	2,718	2,450	724	3,174
Non-current liabilities	11,361	11,230	11,167	11,197	6,914	17,711
LT borrowings	919	1,624	1,994	1,600	1.2	1,601
LT financial liabilities	5,174	4,029	3,380	3,187	4,039	6,826
Cargo					*400*	
Total liabilities	19,806	19,705	20,577	20,891	12,480	32,971
Shareholders' equity	6,866	9,292	9,815	10,914	676	11,290
Minority interests	112	298	289	338	157	495
Attr. to owners	6,754	8,994	9,526	10,576	519	10,795
IBD	12,516	11,145	10,974	10,439	6,741	17,180
Net debt	8,255	5,102	4,736	3,518	5,290	8,808
Debt/equity (%)	288.5	212.1	209.6	191.4	1,846.9	292.0
Current ratio (%)	0.786	0.955	0.913	0.979	0.410	0.771
Net debt/equity (%)	120.2	54.9	48.3	32.2	782.8	78.0
OP/interest exp. (x)	3.2	6.5	3.0	2.7	0.9	1.9

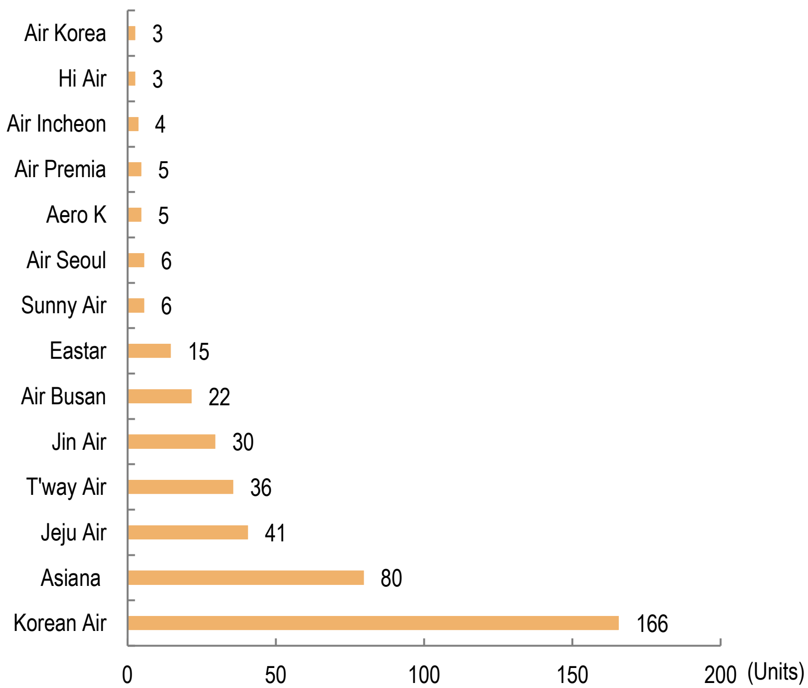
Note: Assets/liabilities of Asiana's cargo business not added
Source: DART, Mirae Asset Securities Research

I. Korean Air-Asiana Airlines merger

Merger likely to reshape the domestic LCC landscape

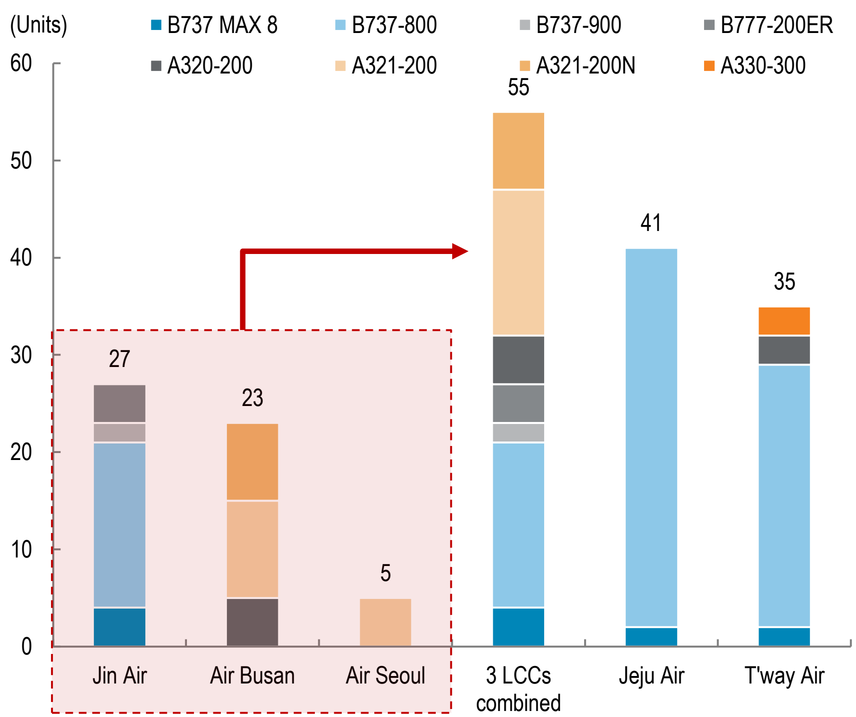
- With the Korean Air-Asiana Airlines merger in the final stages, there is growing interest in the launch of an integrated low-cost carrier (LCC).
- Asiana Airlines' Air Busan and Air Seoul could be integrated into Korean Air's Jin Air.
- The integrated entity would become Korea's leading LCC, accounting for around 40% of the total LCC fleet.

No. of aircraft registered by Korean airlines



Source: AirPortal, Mirae Asset Securities Research

Estimated fleets of Korean LCCs following potential integration



Source: CAPA, Mirae Asset Securities Research

I. China grants visa-free entry to South Korean citizens

China grants visa-free entry to Koreans for the first time

- China's Ministry of Foreign Affairs added South Korea to the list of countries eligible for unilateral visa-free entry. The policy took effect on Nov. 8, 2024 and will last through the end of 2025.
- This marks the first time that China has added South Korea to the list since the two countries established diplomatic relations in 1992.
- The removal of visa issuance fees (W60,000 for a single-use group visa) and visa waiting times (one week) has greatly improved accessibility.

Overview of China's policy to attract more inbound travelers

	No. of countries	Countries	
Reciprocal visa-free agreements	24	Thailand, Singapore, Maldives, Kazakhstan, Antigua and Barbuda, Albania, UAE, Barbados, Bahamas, Belarus, Bosnia and Herzegovina, Dominica, Ecuador, Fiji, Grenada, Qatar, Mauritius, Serbia, Seychelles, San Marino, Suriname, Tonga, Armenia, Georgia	
Unilateral visa-free entry	29 (20 existing + 9 new)	20 (existing)	Brunei, France, Germany, Italy, Netherlands, Spain, Malaysia, Switzerland, Ireland, Hungary, Austria, Belgium, Luxembourg, Australia, New Zealand, Poland, Portugal, Greece, Cyprus, Slovenia
		9 (new)	**Korea**, Slovakia, Norway, Finland, Denmark, Iceland, Andorra, Monaco, Liechtenstein
Visa-free transit (72-144 hours)	54	Asia (6)	**Korea**, Japan, Singapore, Brunei, UAE, Qatar
		Schengen countries (25)	Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Monaco, Norway
		Other European countries (14)	Russia, UK, Ireland, Cyprus, Bulgaria, Romania, Ukraine, Serbia, Croatia, Bosnia and Herzegovina, Montenegro, Macedonia, Albania, Belarus
		Americas (6)	US, Canada, Brazil, Mexico, Argentina, Chile
		Oceania (2)	Australia, New Zealand

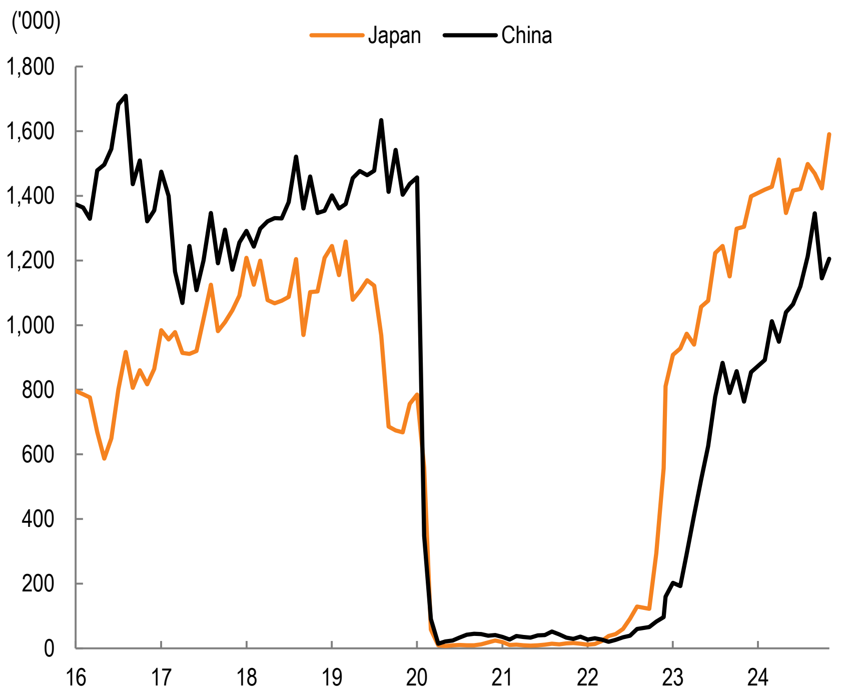
Note: For the nine countries newly granted unilateral visa-free entry, the policy will be effective through Dec. 31, 2025.
Source: Chinese government, Mirae Asset Securities Research

I. China grants visa-free entry to South Korean citizens

China grants visa-free entry to Koreans for the first time

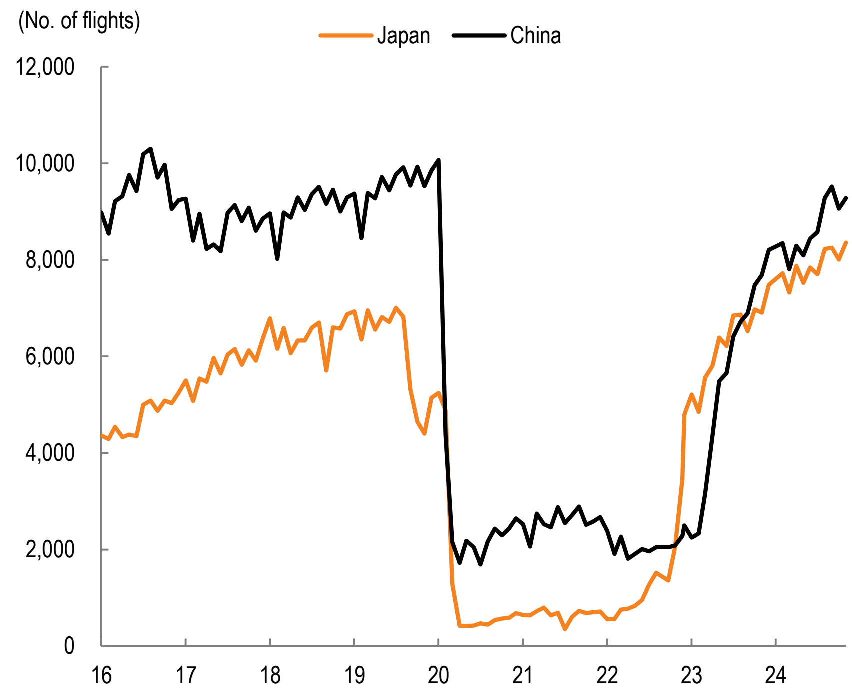
- In October, supply on China routes recovered to 93% of the 2019 level as major airlines increased flights to the country. However, traffic was down 22% compared to 2019 levels, indicating a slower recovery in demand.
- Going forward, we expect the traffic recovery to gain traction thanks to the removal of visa-related costs and procedural hassles (which have been a major obstacle to outbound tourism to China).

IIA short-haul passenger traffic



Source: IIA, Mirae Asset Securities Research

No. of short-haul flights at IIA



Source: IIA, Mirae Asset Securities Research

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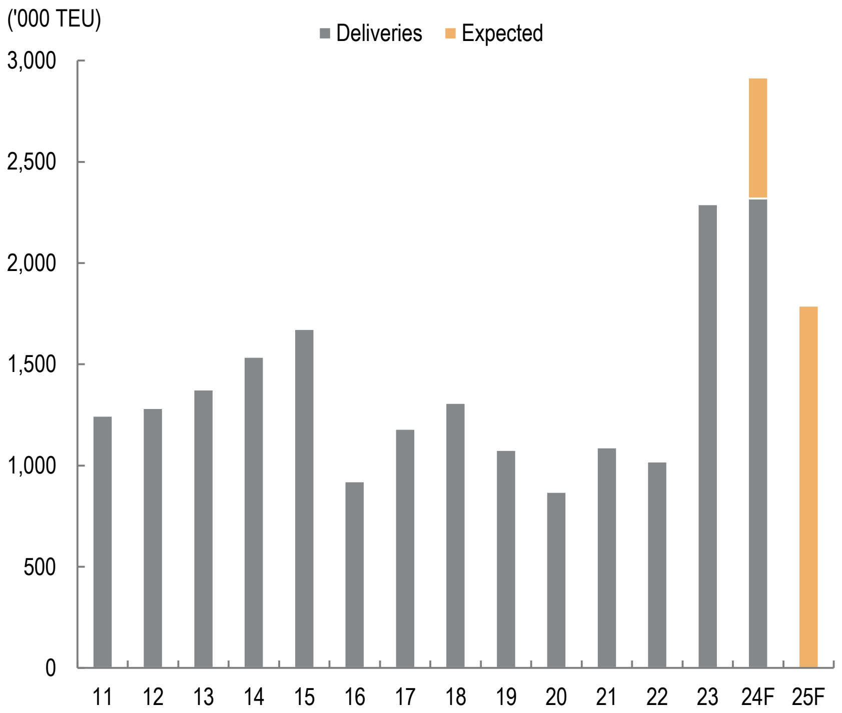
Shipping

II. Container: Ship oversupply to continue

Record deliveries

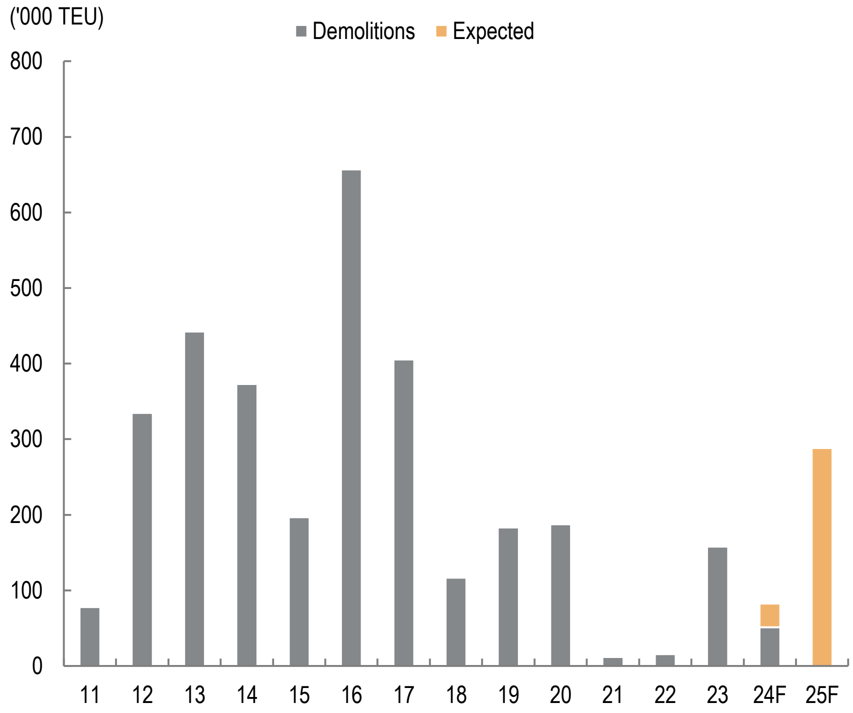
- Containership fleet capacity continues to grow. Demolitions remain at low levels, while deliveries are continuing to set records.
- In 2024, containership deliveries are expected to reach a record high of 2.9mn TEU.
- Containership demolitions remain limited; in 2024, we estimate global demolition volume at around 100,000 TEU. Starting in 2025, environmental regulations will likely drive an increase in demolitions.

Containership deliveries



Source: Clarksons, Mirae Asset Securities Research

Containership demolitions



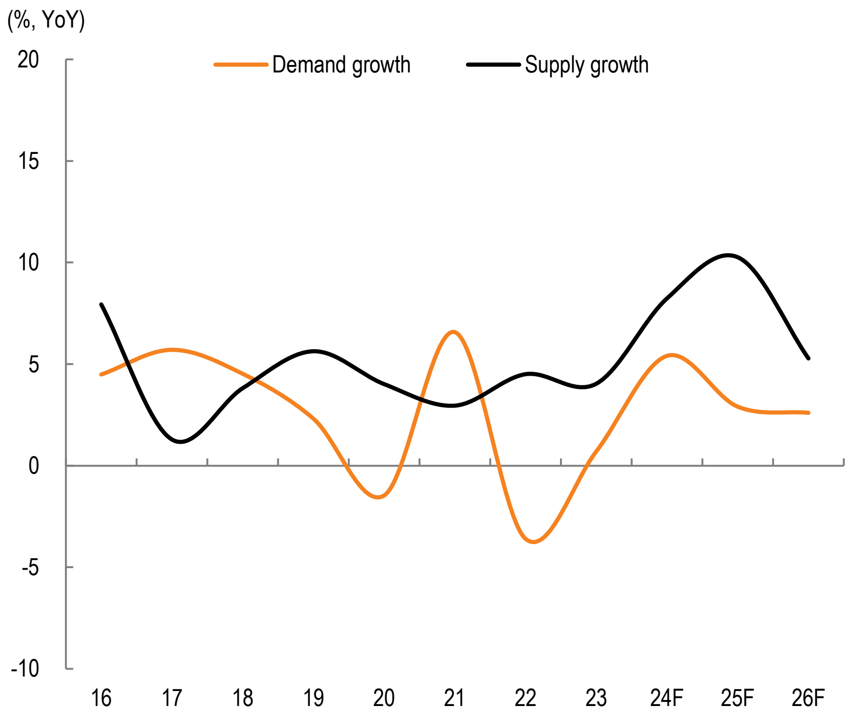
Source: Clarksons, Mirae Asset Securities Research

II. Container: Ship oversupply to continue

Containerships: Deterioration in supply/demand conditions vs. upward revisions to estimates

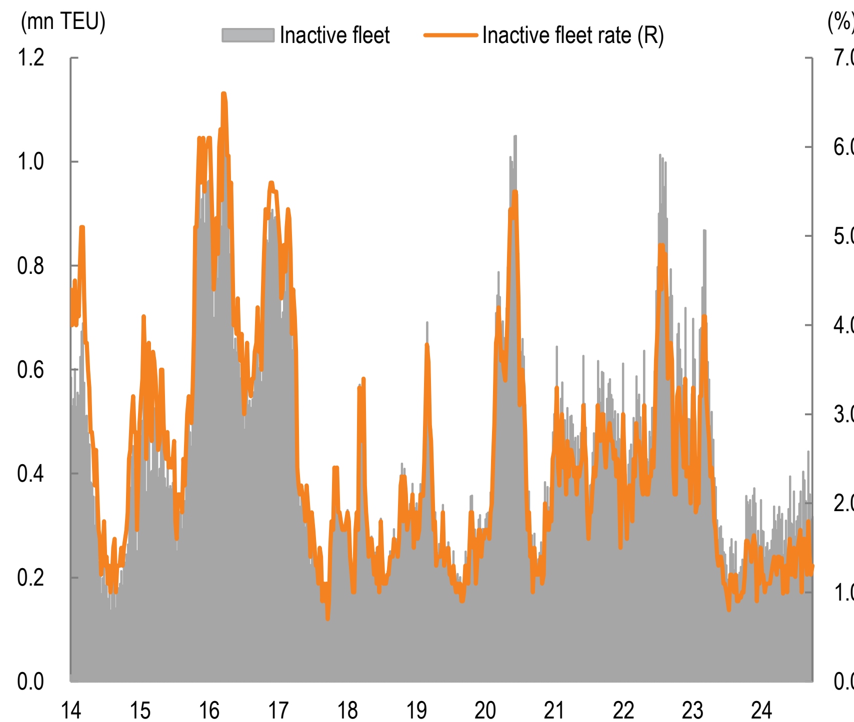
- Large-scale deliveries should cause oversupply conditions to persist in 2025.
- In 2025, supply growth (10.3%) is expected to sharply outpace demand growth (2.9%), with the gap widening compared to 2024.
- Inactive vessel capacity has continued to increase slightly amid a recent decline in freight rates (caused by seasonally weak demand).
- Containership oversupply should begin to ease gradually in 2025.

Containership supply/demand growth



Source: Clarksons, Mirae Asset Securities Research

Inactive capacity trends



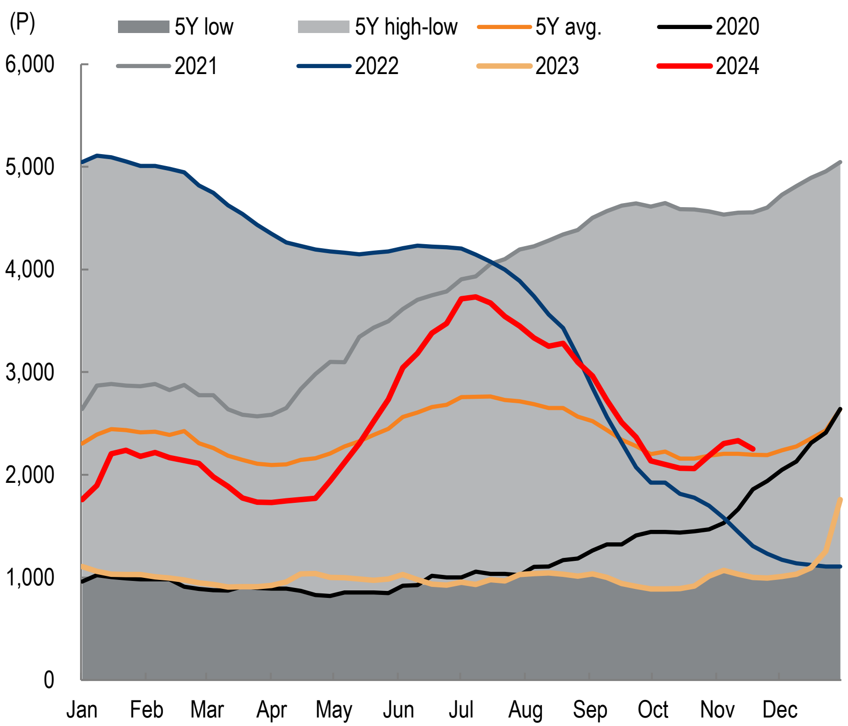
Note: Based on 3,000+ TEU containerships
Source: Clarksons, Mirae Asset Securities Research

II. Container: Ship oversupply to continue

Freight rates finding a bottom

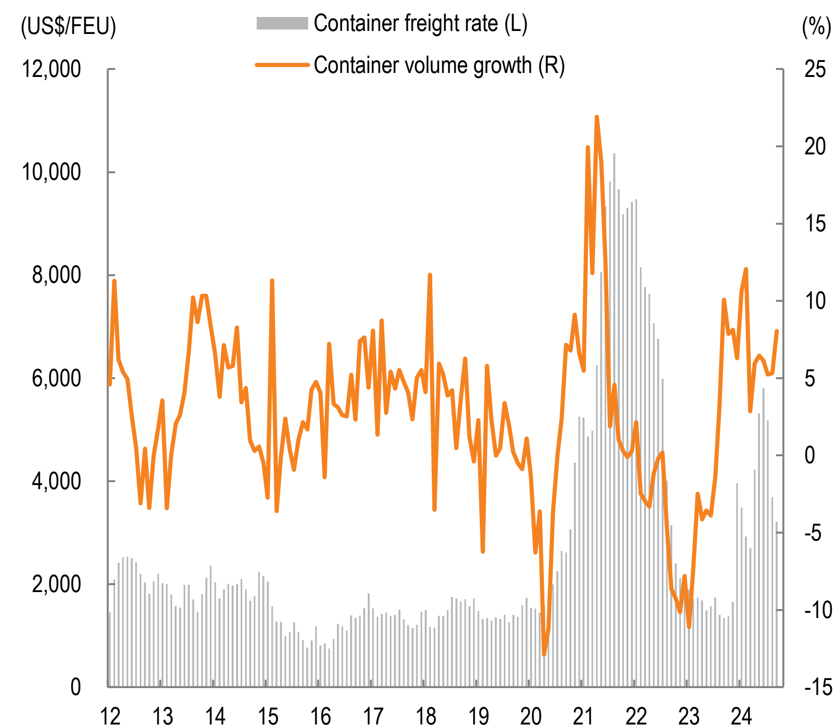
- Amid Middle East tensions, the Shanghai Containerized Freight Index (SCFI) rallied earlier this year, peaking at around 3,700p at end-July.
- The index has since fallen to the low-2,000p range amid slowing volume growth and the end of an earlier-than-usual demand peak.
- That said, the index has stabilized since October. Accordingly, we anticipate stable shipping earnings in 4Q24.

SCFI trends



Note: 5Y high-low and avg. figures are based on 2018-22 data.
Source: Clarksons, Mirae Asset Securities Research

Global container volume growth vs. freight rates



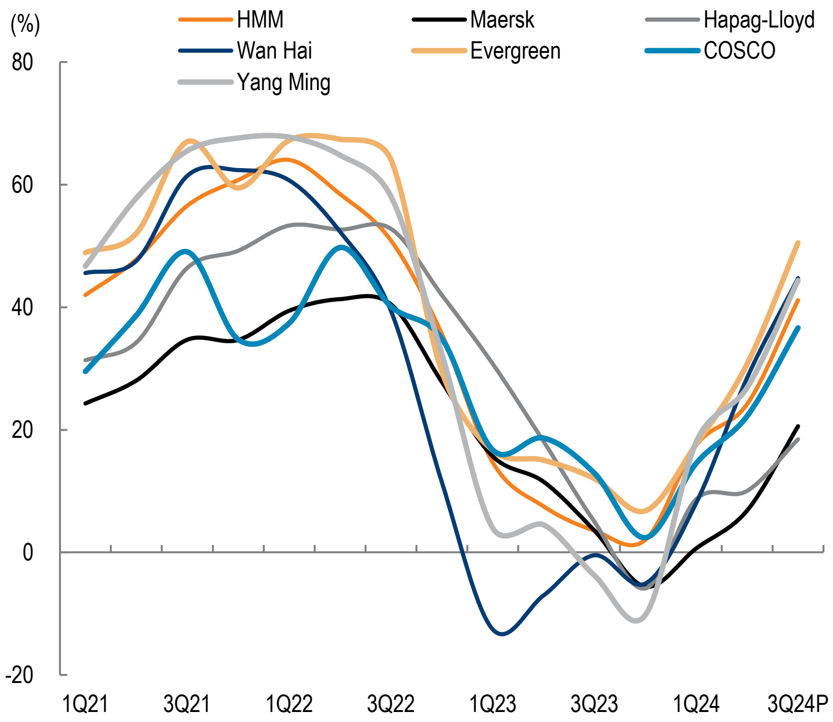
Source: Bloomberg, Mirae Asset Securities Research

II. Container: HMM remains ahead of peers

Securing a margin advantage is key

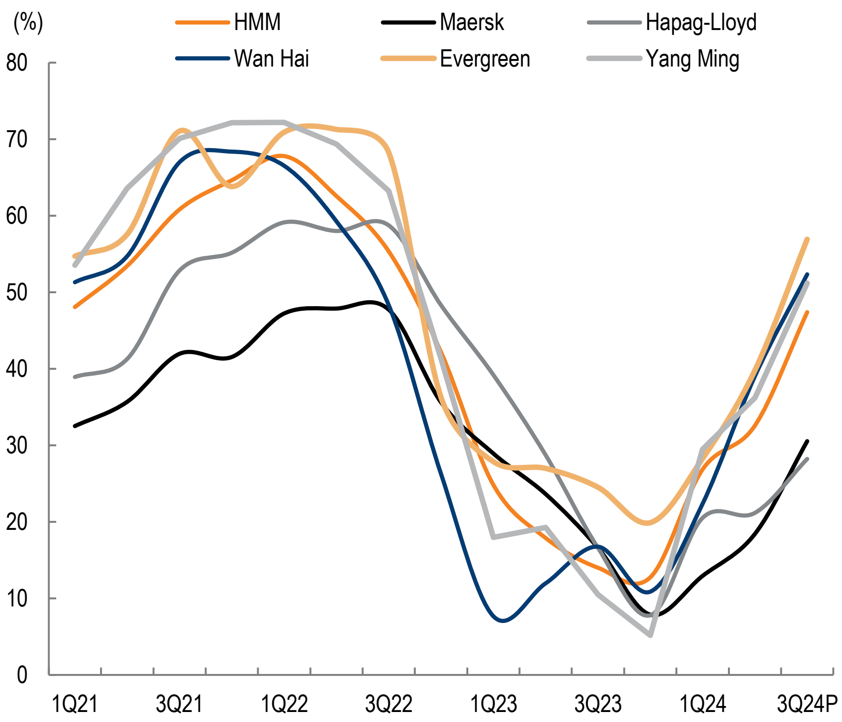
- In 3Q24, global container shipping companies reported a pickup in earnings.
- HMM has strong cost competitiveness relative to rivals, with margins comparable to those of Evergreen and Maersk.

Quarterly OP margin trends by company



Source: Bloomberg, Mirae Asset Securities Research

EBITDA margin trends by company



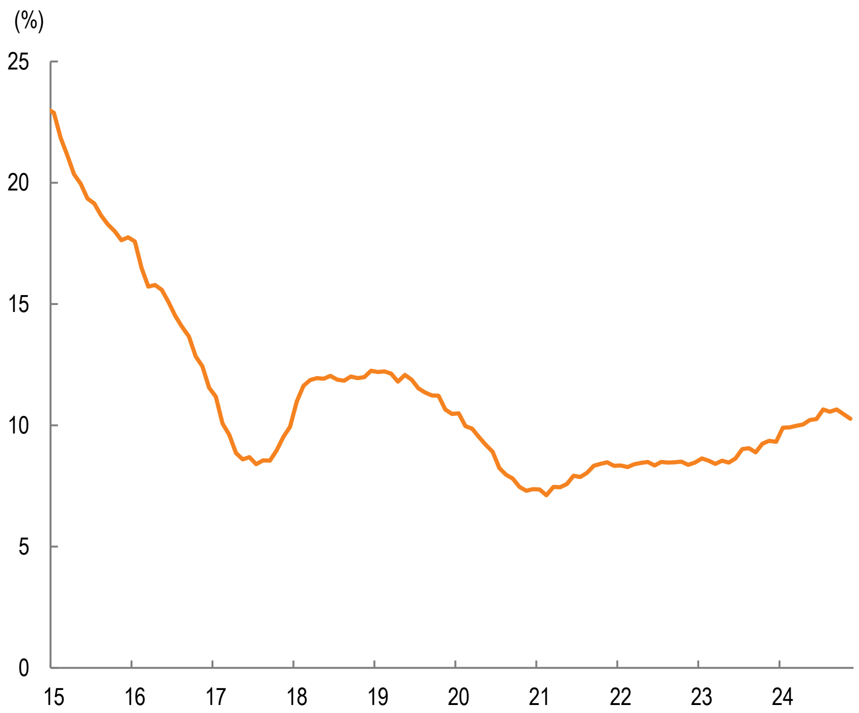
Source: Bloomberg, Mirae Asset Securities Research

II. Dry bulk: Supply growth to remain stable

Dry bulk: No supply pressures

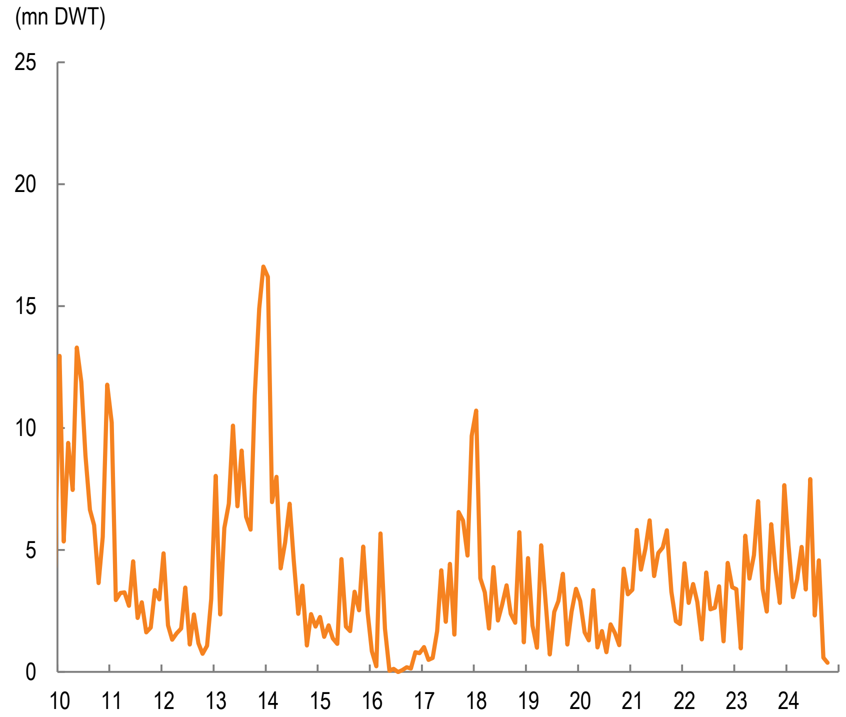
- In 2H24, the orderbook-to-fleet ratio for dry bulkers rose to 10%.
- Overall demand has remained weak due to environmental regulations.
- We expect both demolitions and newbuilding orders to gradually increase from 2027 as global environmental standards take shape.

Bulk carrier orderbook-to-fleet ratio at a record low



Source: Clarksons, Mirae Asset Securities Research

New bulk carrier order placements



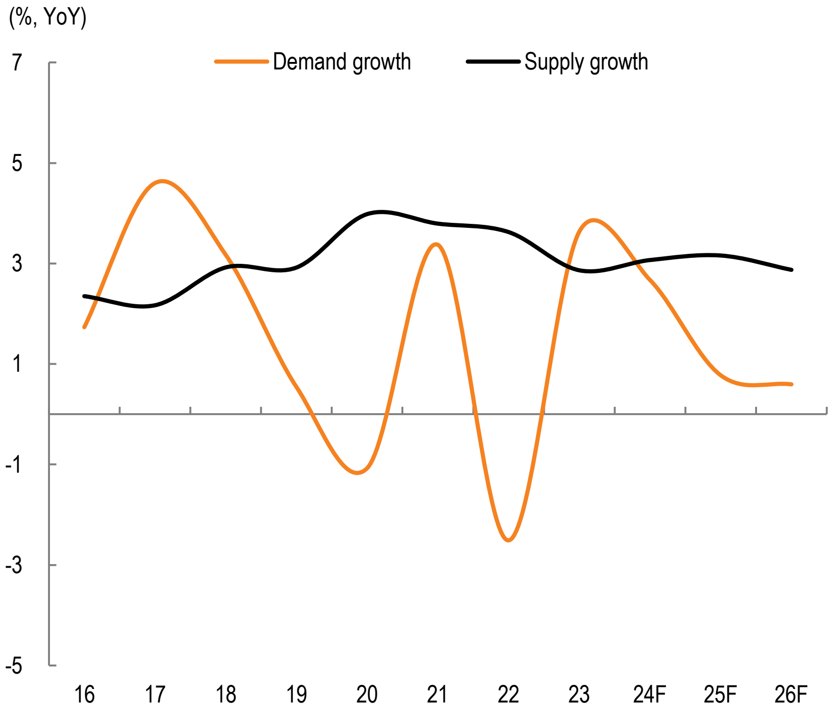
Source: Clarksons, Mirae Asset Securities Research

II. Dry bulk: Demand growth to slow

Demand growth to slow in 2025

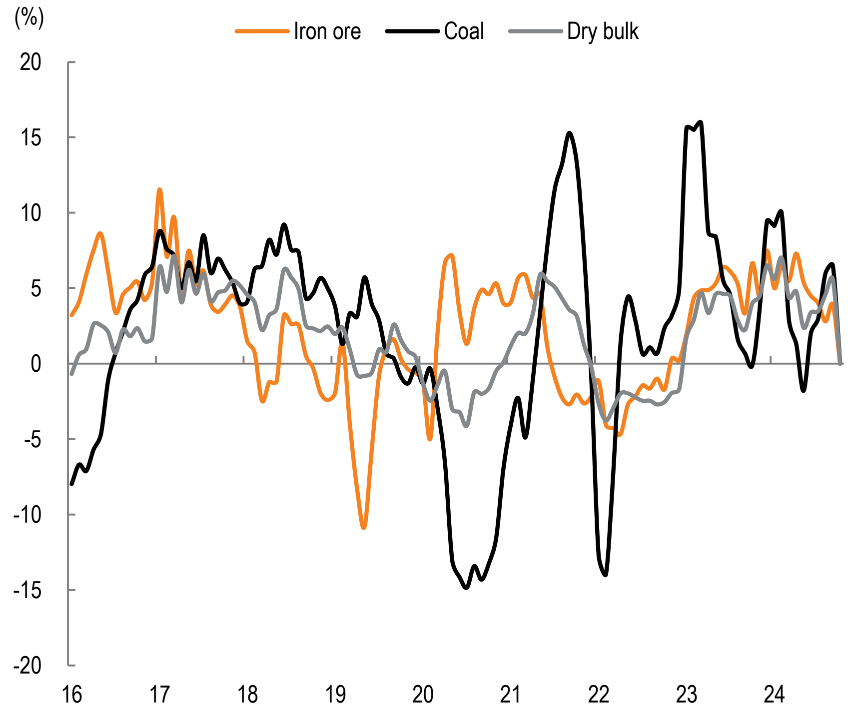
- In 2024, we project that dry bulk demand will grow 2.7% while supply will expand 3.1%.
- In 2025, supply growth will likely be flat YoY, but demand growth should slow.
- With China's economy (real estate, manufacturing, etc.) likely to continue slowing, demand will likely hinge on government stimulus measures.

Dry bulk shipping remains a buyer's market



Note: As of Oct. 2024
Source: Clarksons, Mirae Asset Securities Research

Demand growth by major dry bulk category



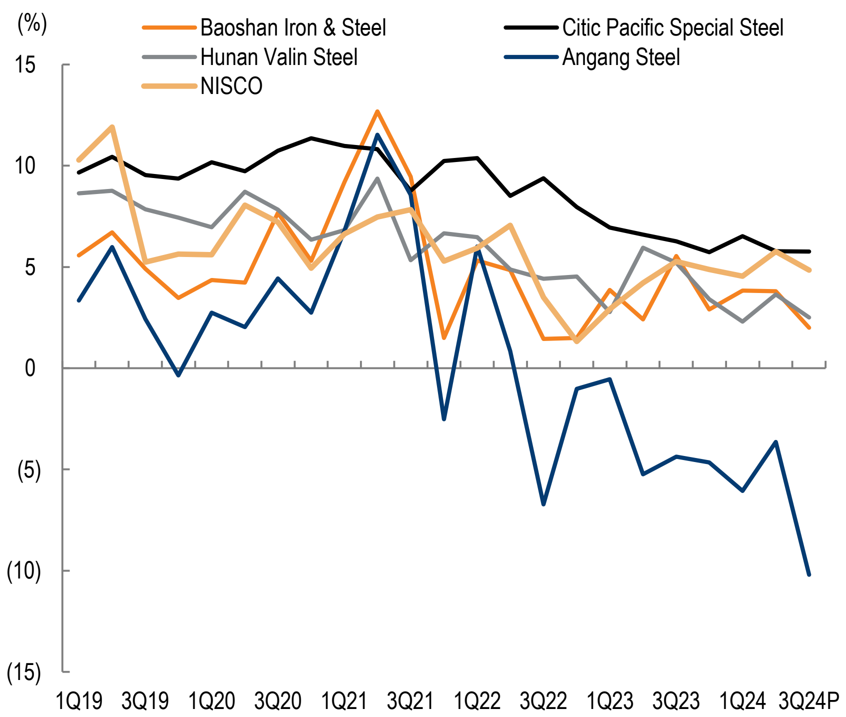
Note: As of Sep. 2024
Source: Clarksons, Mirae Asset Securities Research

II. Dry bulk: Demand growth to slow

Iron ore port inventories remain high amid steel market slump

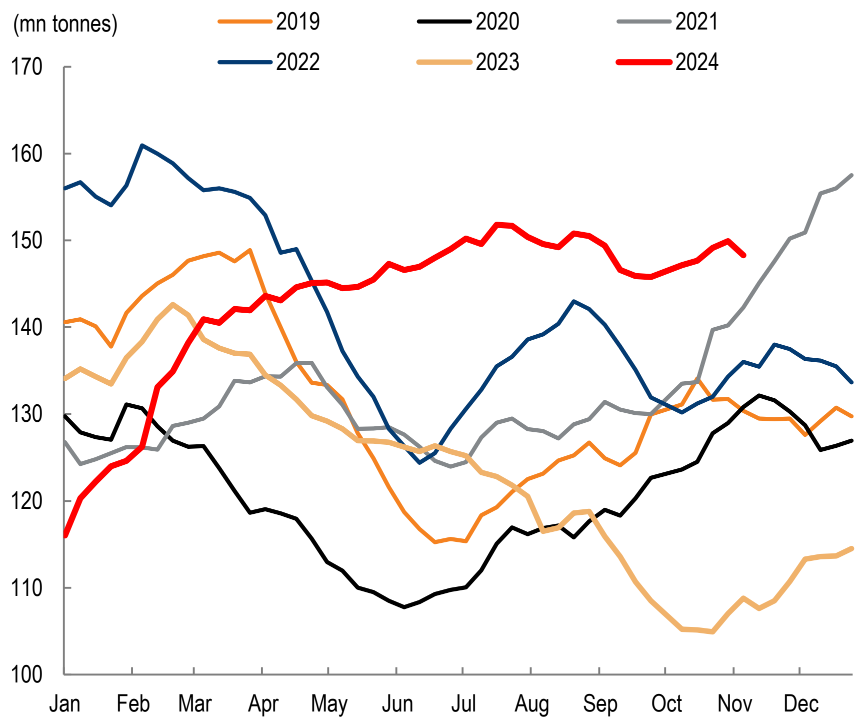
- This year, margins at major Chinese steelmakers have not recovered, as the real estate market slump has led to decreased demand.
- While Chinese steel mills had been expected to boost production in response to China's stimulus plans, actual production has decreased.
  - In Aug. 2024, iron ore port inventories reached 160mn tonnes, the highest level since Jan. 2022.

Major Chinese steel companies' OP margin trends



Source: Bloomberg, Mirae Asset Securities Research

Iron ore port inventory



Source: Bloomberg, Mirae Asset Securities Research

II. Dry bulk: Bulk commodity prices stall after early 2024 rally

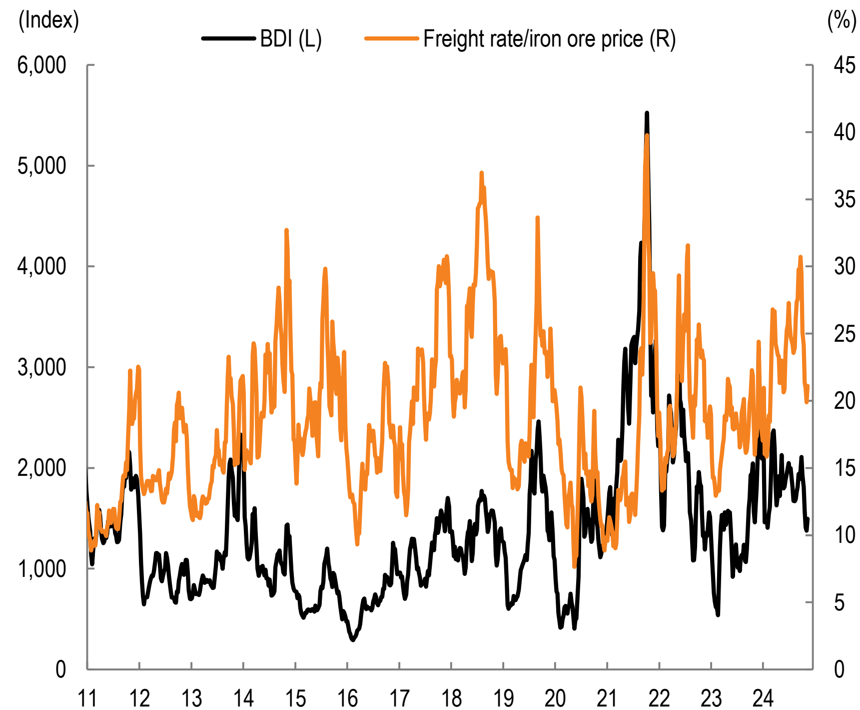
Bulk commodity prices to continue to stabilize at lower levels

- Coal market conditions remain weak, particularly in South America and Europe.
- Following some overheating, the freight rate/iron ore price ratio has fallen to around 20%.
- We expect iron ore prices to decline over the medium to long term, driven by an increase in low-priced steel exports from China.

Iron ore and coal prices

Source: Bloomberg, Mirae Asset Securities Research

Freight rate/iron ore price ratio



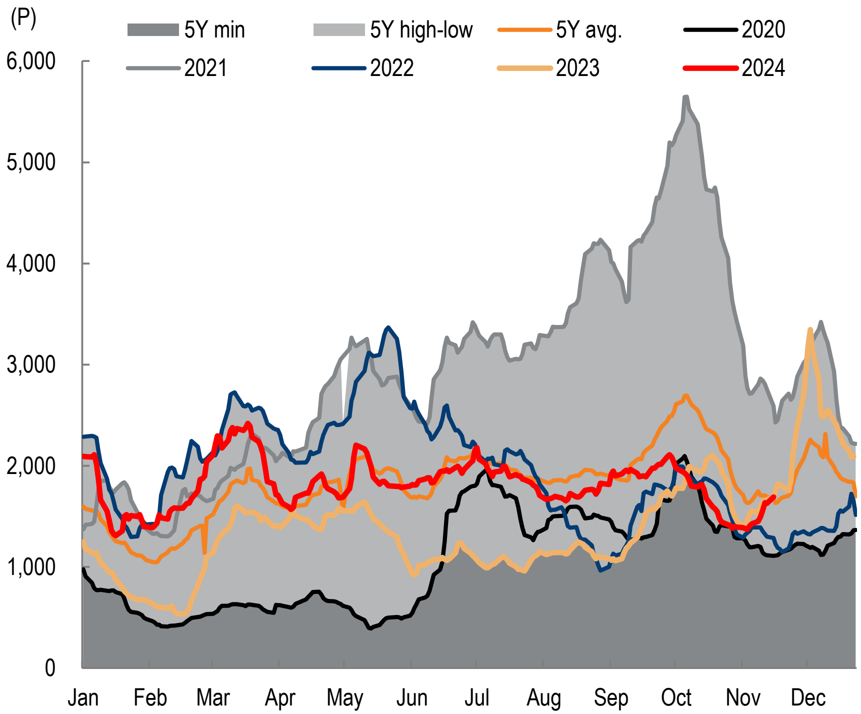
Note: Freight rate/iron ore price ratio = iron ore freight rates as a % of iron ore prices
Source: Clarksons, KOMIS, Mirae Asset Securities Research

II. Dry bulk: Bulk commodity prices stall after early 2024 rally

Near-term momentum is limited

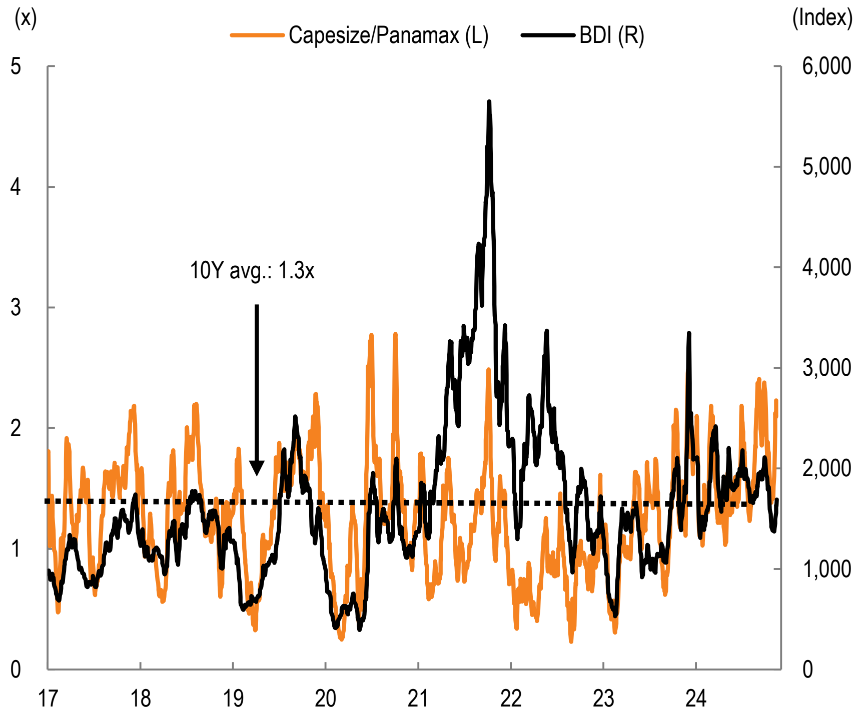
- In 1H24, the Baltic Dry Index (BDI) averaged 1,836p.
  - The BDI picked up on Suez and Panama Canal disruptions, with increased volatility in the capesize segment.
- In 4Q24, the BDI has rebounded slightly following a quick correction.
- Some unfavorable factors (e.g., reduced construction activity in winter and expected cuts in iron ore production) should limit near-term momentum.

BDI trends



Source: Bloomberg, Mirae Asset Securities Research

BDI vs. capesize/Panamax ratio: Currently at the 10-year avg.



Source: Bloomberg, Mirae Asset Securities Research

Ⅲ

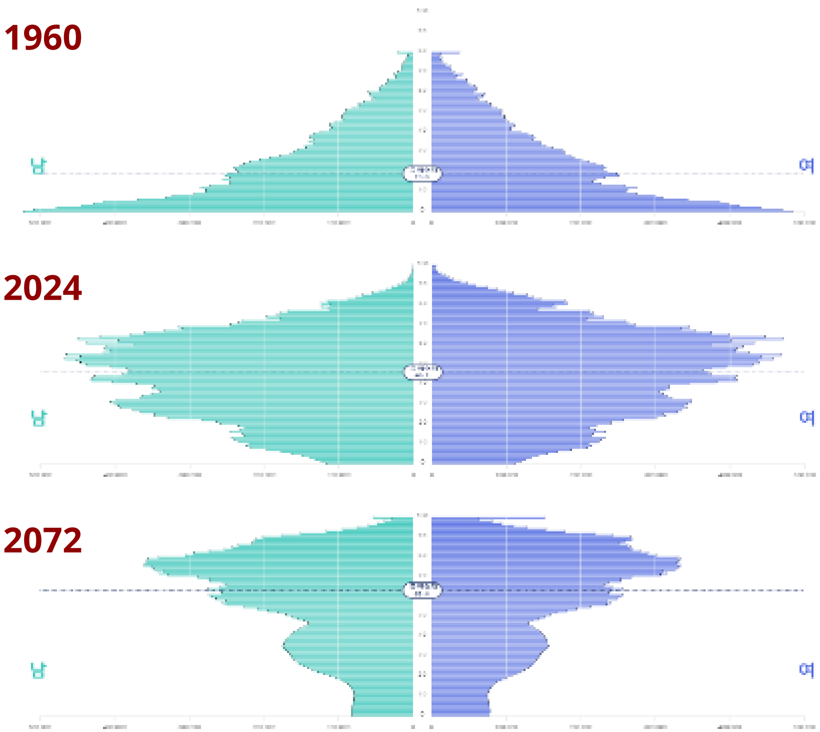
Logistics

III. Industrial labor shortages pose a challenge

Deepening labor shortages

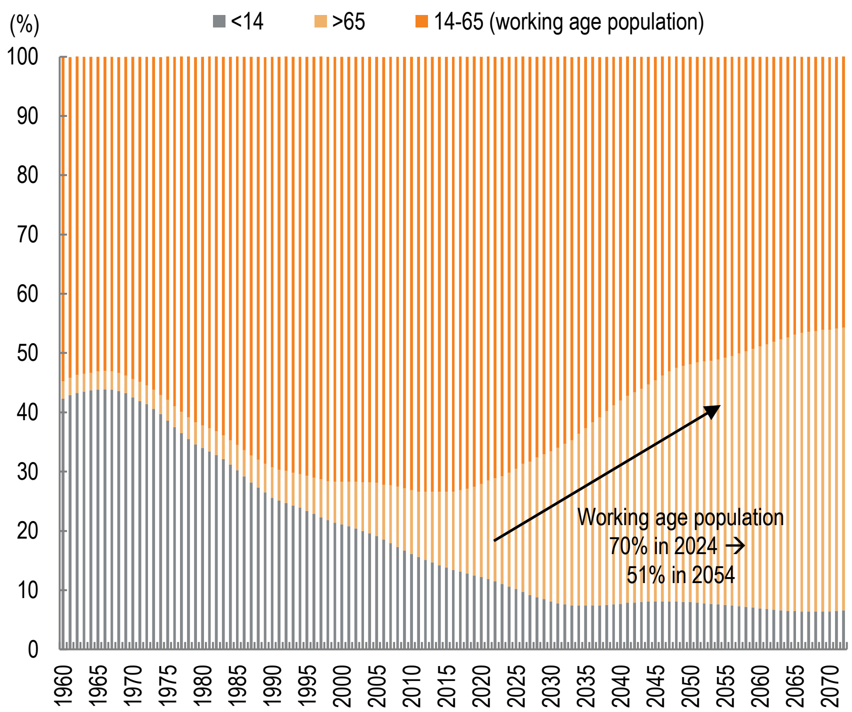
- Korea’s working-age population is shrinking due to low birth rates and population aging, exacerbating labor shortages at industrial worksites.
- The working-age population (those aged 15-64) is projected to fall from 70.2% in 2024 to 51% in 2054.

Changes in population distribution



Note: As of Jul. 1, 2024
Source: KOSIS, Mirae Asset Securities Research

Demographic changes by age group



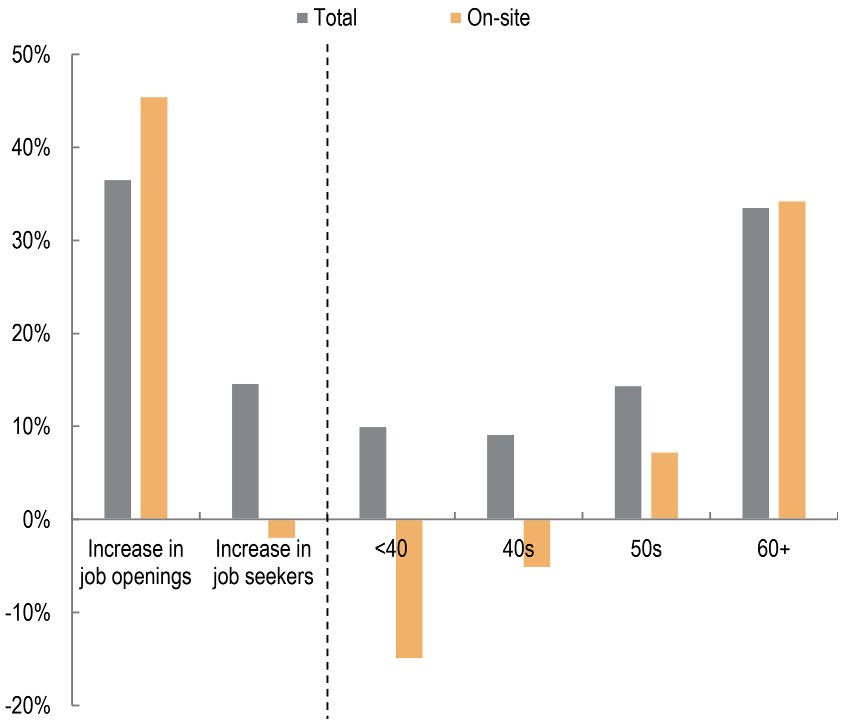
Source: KOSIS, Mirae Asset Securities Research

III. Industrial labor shortages pose a challenge

Fewer people seeking employment in manual labor

- Fewer people are seeking employment in manual labor jobs and jobs outside of urban areas. The number of workers seeking employment in such positions is far below available job openings.
- Logistics jobs are unpopular among not just younger adults but also those in their 40s and 50s.
- Only older workers (aged 60 and above), who have difficulty finding jobs in other industries, are actively seeking employment in logistics.

Growth in manufacturing job seekers by age group: 2H23 vs. 2H19



Source: MOEL, Mirae Asset Securities Research

High-risk working environments

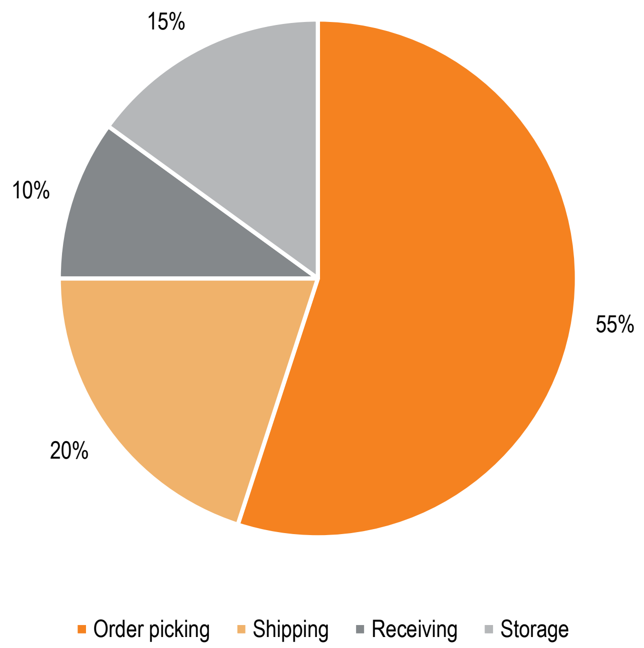
Source: MBC, Mirae Asset Securities Research

III. Logistics innovation enabled by robots and automation

Robotic picking systems

- In warehouse operations, picking is the most labor/cost-intensive process, accounting for more than 50% of total operational costs.
- The adoption of robotic picking systems can automate 95% of movements, greatly reducing the need for human workers. Over five years of use, costs can be reduced to one-fifteenth of the cost of human labor.

Warehouse operating cost breakdown by process



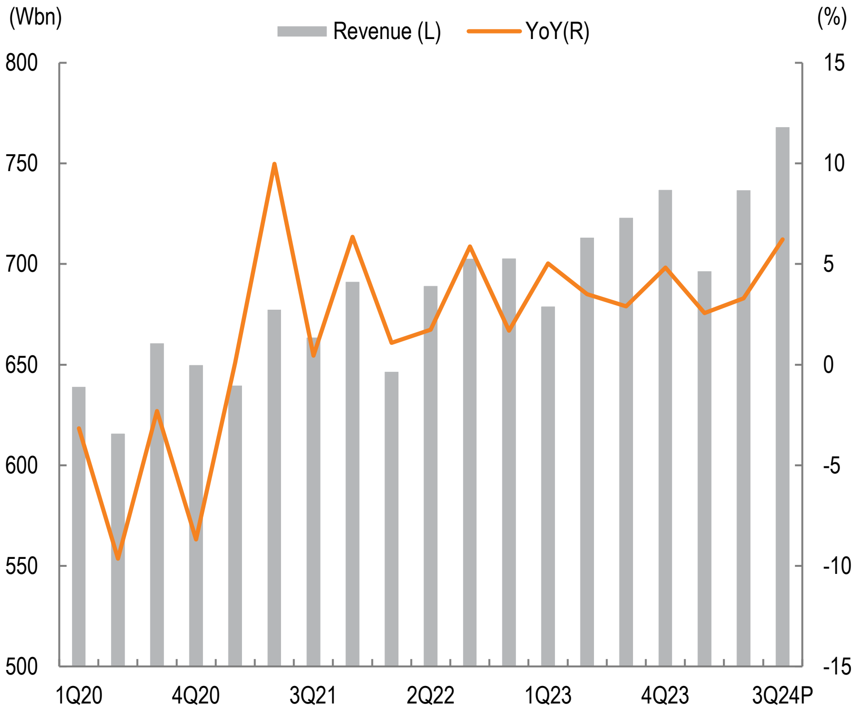
Source: Solvice, Mirae Asset Securities Research

III. CJ Logistics: Differentiated order performance

Notable growth in contract logistics

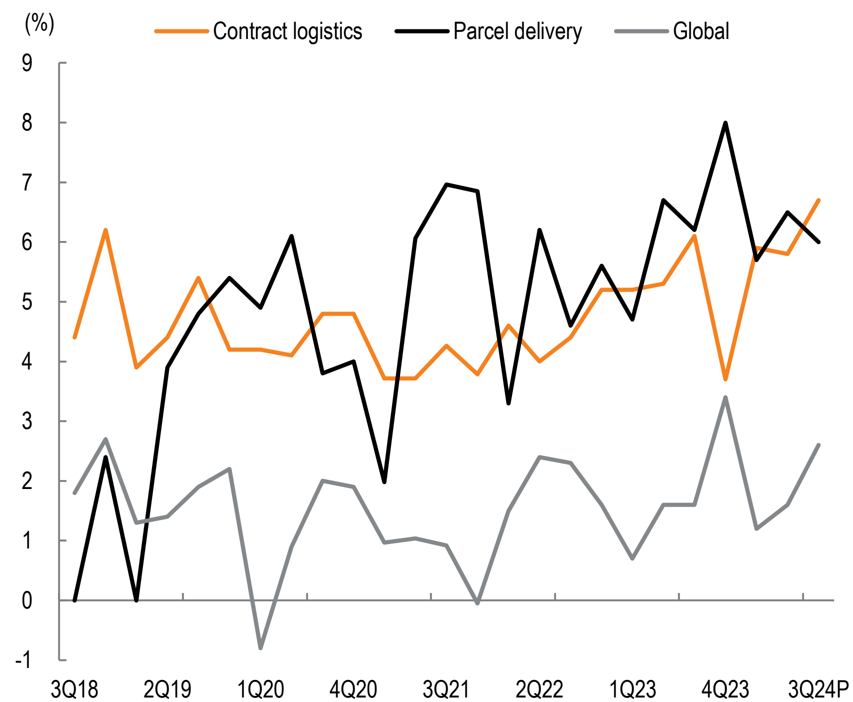
- CJ Logistics remains ahead of late entrants. However, Hanjin and Lotte Global Logistics are making massive investments in hopes of narrowing the gap in 2024.
- Hanjin completed the construction of a mega hub terminal, while Lotte Global Logistics is pursuing an IPO after having opened the Jincheon hub terminal.
- We believe CJ Logistics is better positioned to compete against Coupang given its guaranteed next-day delivery service.

CJ Logistics: Contract logistics revenue trend



Source: CJ Logistics, Mirae Asset Securities Research

CJ Logistics: Margin by business



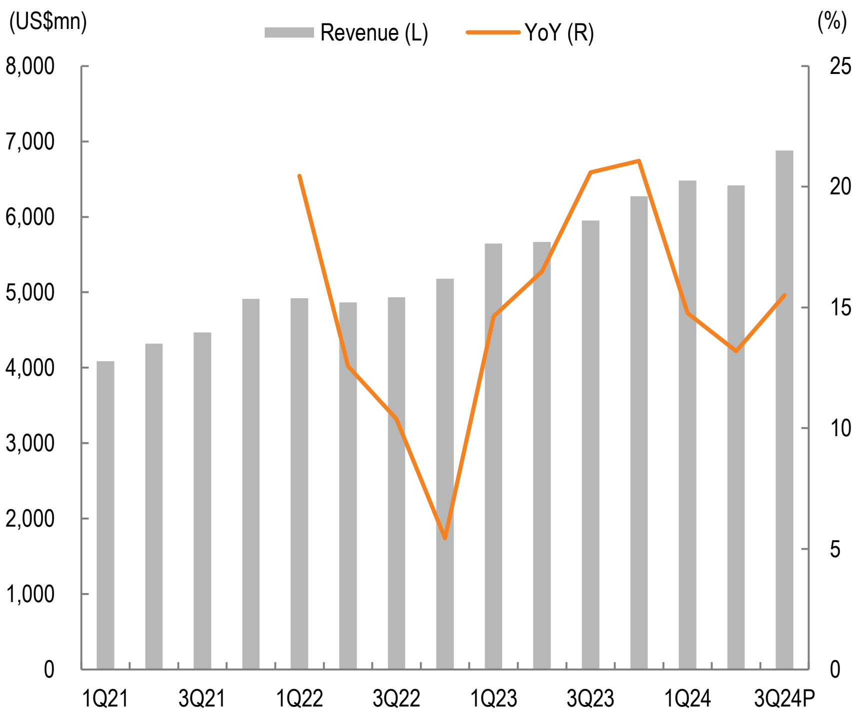
Source: CJ Logistics, Mirae Asset Securities Research

III. Coupang still expanding despite membership fee hike

Coupang's continued expansion

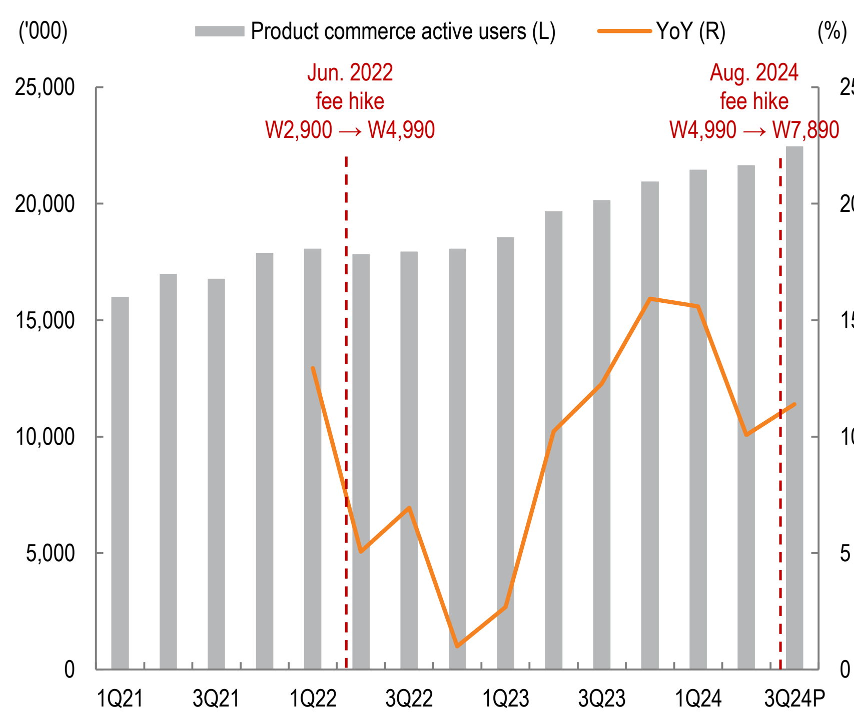
- In April, Coupang raised its membership fee for new members by 58.1% to W7,890. In August, it applied the increased fee to all members.
- Despite concerns that the fee hike would drive users away from the platform, it seems to have had only a minor impact. In fact, the number of active users climbed 11% YoY in 3Q24.

Coupang: Revenue and YoY growth



Notes: Figures are based on product commerce segment, excluding Coupang Eats and overseas
Source: Bloomberg, Mirae Asset Securities Research

Coupang: No. of active users and YoY growth



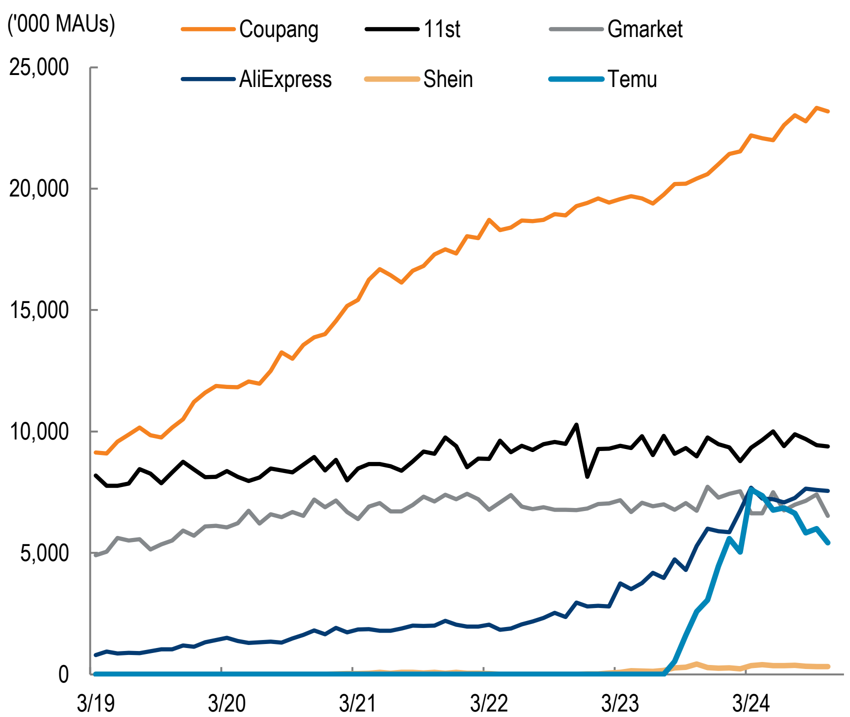
Source: Coupang, Mirae Asset Securities Research

III. Volume growth at Chinese e-commerce players to be key

Other players need to prove ability to defend market share

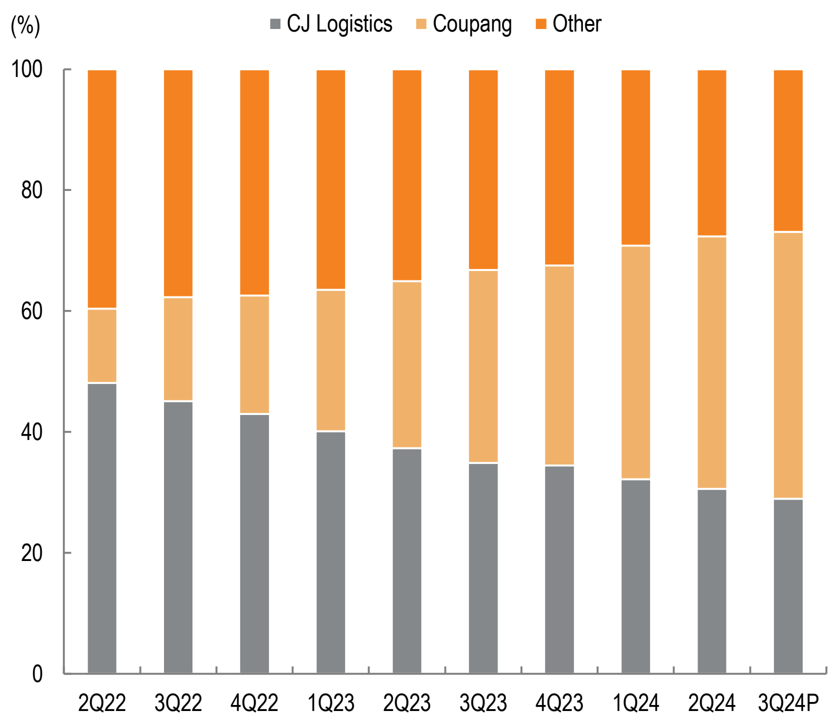
- 3Q24 app user count growth: +3.7% QoQ for Coupang vs. -0.1% QoQ for 11th Street
  - Chinese e-commerce growth is continuing but at a slower pace. For example, growth at AliExpress slowed from 18% in 1Q24 to 6.2% in 2Q24 and 4.5% in 3Q24. This is a concerning trend for domestic logistics providers.
- Coupang's parcel delivery market share rose to the mid-40% range in 3Q24, while other players continued to lose share.
- The key question is whether volume growth at NAVER and Chinese e-commerce platforms will be strong enough to allow other players to rival Coupang.

Domestic monthly MAUs by company



Note: As of Oct. 2024
Source: KoreanClick, Mirae Asset Securities Research

Domestic parcel delivery M/S by company



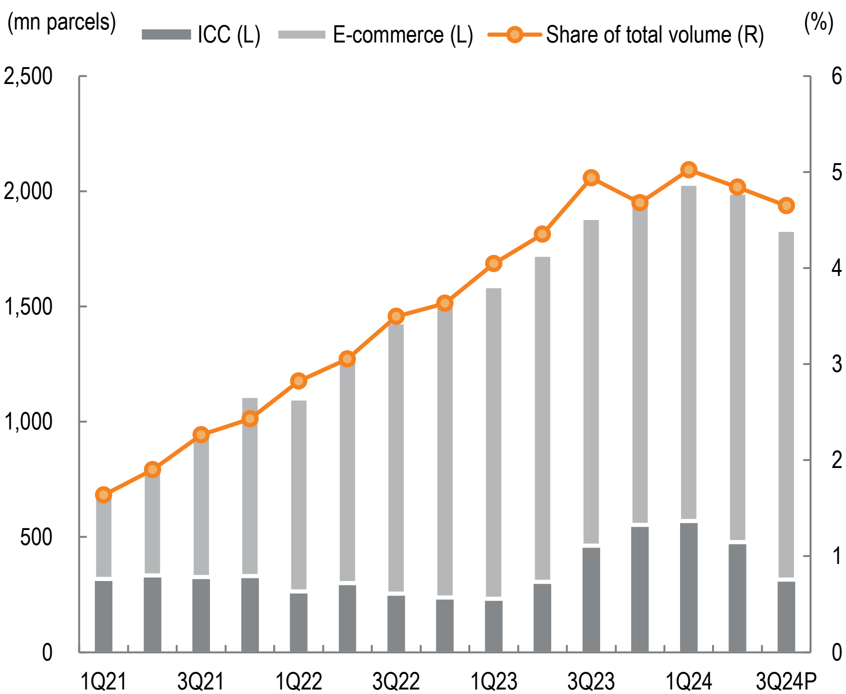
Note: Based on parcel delivery volume
Source: Company data, Mirae Asset Securities Research

III. Parcel rate hikes likely, but volume growth still needed

CJ Logistics may raise rates

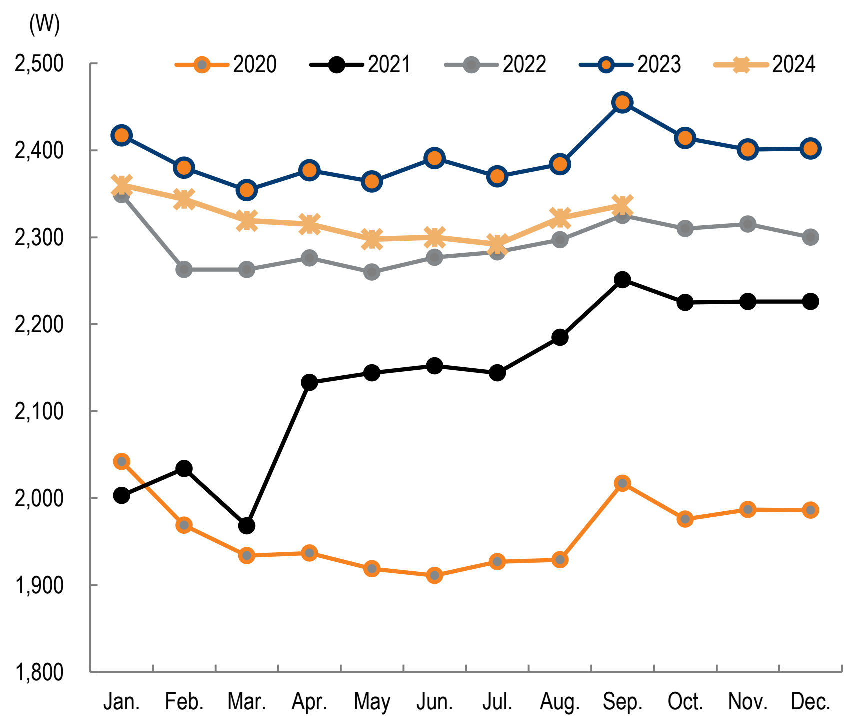
- CJ Logistics' e-commerce and inbound custom clearance (ICC) volumes are slowing amid a lull in Chinese e-commerce-related momentum. It remains to be seen whether the firm can defend its market share through "seven days a week" delivery services (starting in 2025) and volume from NAVER Smart Store.
- Parcel delivery rates have declined this year, limiting margin improvements despite a rebound in volume.
- Accordingly, in 2025, we expect the company to raise parcel rates by W100 for B2B deliveries (avg. rate increase of W50-70).
- However, the margin improvement resulting from rate hikes may be limited, as the additional revenue would be shared with delivery workers. In the end, volume growth is crucial to profitability.

CJ Logistics' e-commerce/ICC volume and share of total volume



Source: CJ Logistics, Mirae Asset Securities Research

CJ Logistics' monthly parcel delivery rate trends



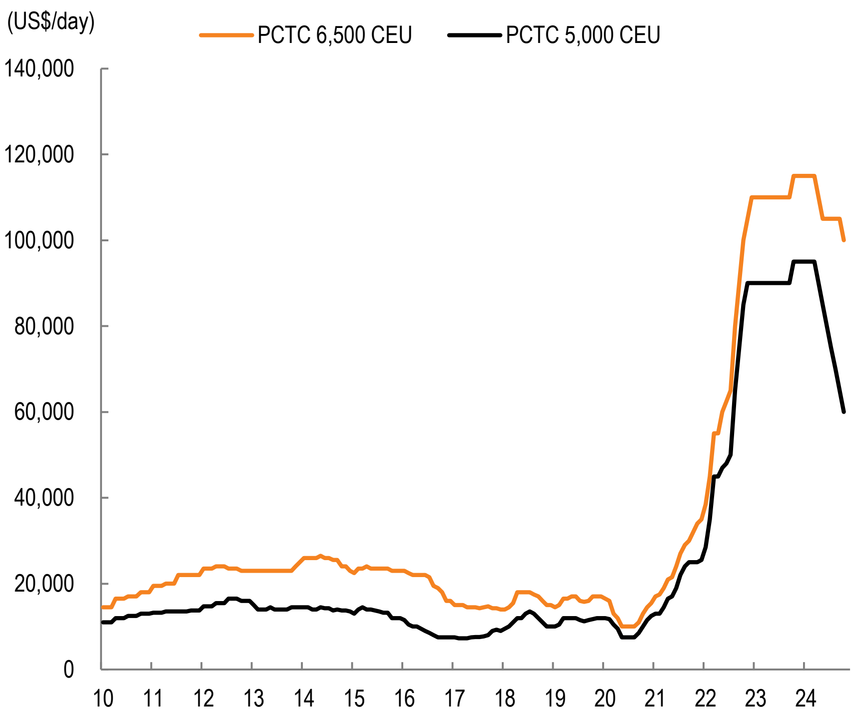
Source: CJ Logistics, Mirae Asset Securities Research

III. PCTC charter rates likely to slide further

PCTC charter rates falling, as expected

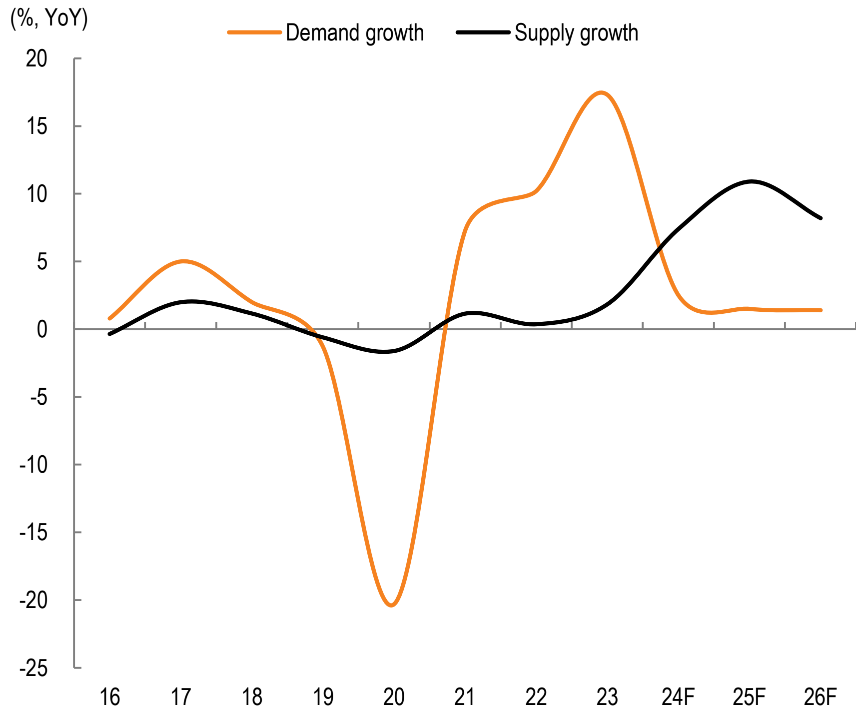
- Charter rates for pure car/truck carriers (PCTCs) are stagnant, as supply is beginning to increase.
- We forecast supply to climb 11% YoY in 2025, leading to a sustained fall in charter rates.
- That said, upcoming contract renewals with Hyundai Group affiliates will provide Hyundai Glovis an opportunity to raise rates.

PCTC charter rate trends



Source: Clarksons, Mirae Asset Securities Research

PCTC supply/demand growth outlook



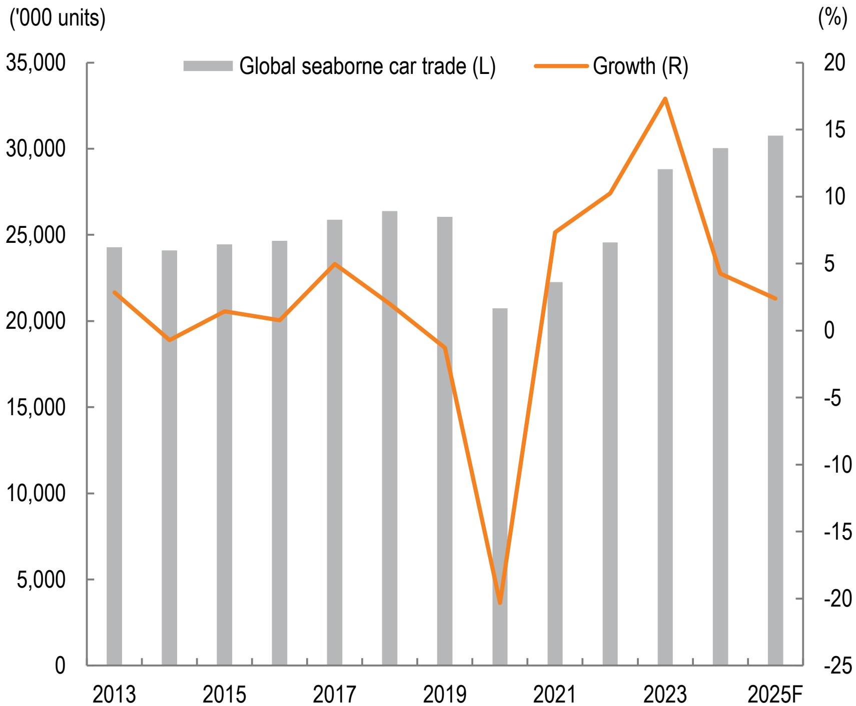
Source: Clarksons, Mirae Asset Securities Research

III. PCTC demand may slow down

Potential slowdown in PCTC demand

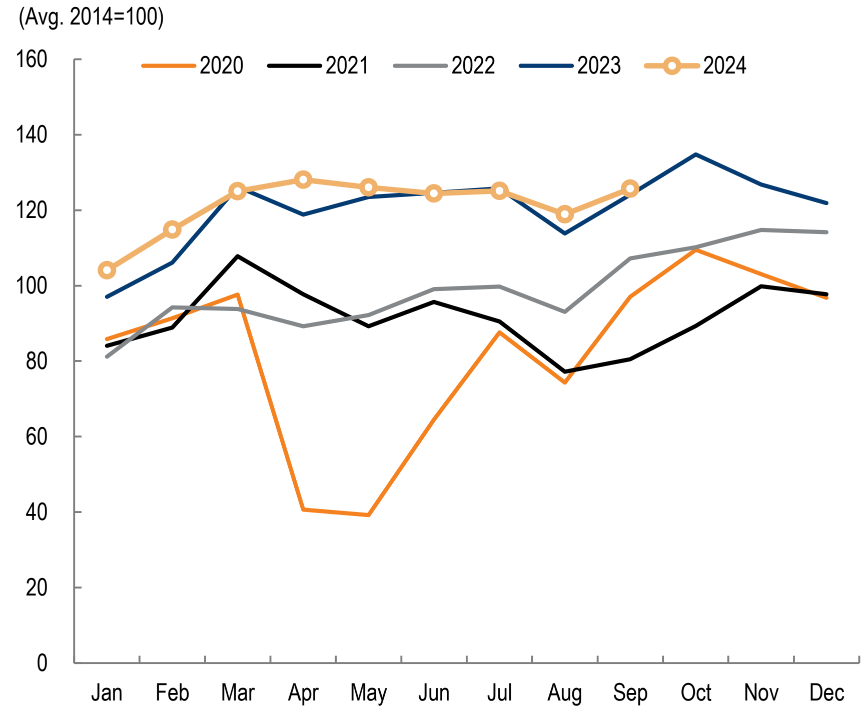
- Global seaborne car trade volume grew 7% YoY in 2022 (20.1mn units) and 12% YoY in 2023 (22.6mn units).
- The seaborne car trade index is up 28% YoY, with China's car exports from January to July surging 86%.
- Exports have surged on growing EV exports and inventory replenishment following the easing of supply chain pressures.
- We expect the pace of growth to cool in 2024 amid an uncertain outlook for tonne-mile demand.

Global seaborne car trade volume and growth



Source: Clarksons, Mirae Asset Securities Research

Monthly global seaborne car trade index



Source: Clarksons, Mirae Asset Securities Research

III. Ongoing PCTC fleet expansion

Hyundai Glovis continues to gain market share

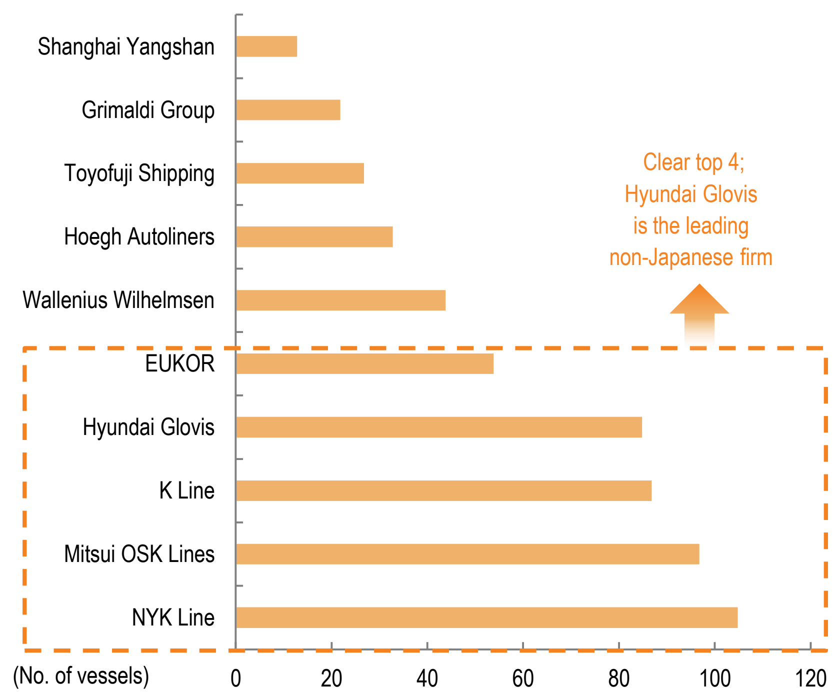
- Hyundai Glovis is the no. 5 PCTC player based on fleet size (no. 4 based on active fleet).
- In terms of active PCTC fleet, Hyundai Glovis is the largest non-Japanese player.
- Backed by its expanded fleet, the firm is seen an improved customer mix driven by non-captive orders (BYD, etc.).
- Long-term charters for large-sized PCTCs have resulted in cost reductions.

PCTC fleet size and newbuilding orders

Shipping company	Vessels		Orders		
	No. of vessels	'000 units	No. of vessels	'000 units	% of fleet
NYK Line	60	373.2	6	42	11%
Mitsui OSK Lines	56	334.6	10	70	21%
Wallenius Wilhelmsen	39	275.5	12	121.6	44%
Höegh Autoliners	31	223.1	10	91	41%
Hyundai Glovis	31	215.2	6	64.8	30%
Eukor	28	201.5			
K Line RoRo Bulk	24	141.5			
Grimaldi Group	19	116.3	17	153	132%
K Line	18	125.5	3	21	17%
Toyofuji	20	62.8	3	8.3	13%
Top 10 total	326	2069.3	67	571.7	28%
Top 10 M/S	41%	48%	32%	35%	
Other	478	2254.7	143	1081.3	48%
Total	804	4324	210	1653	100%

Source: Clarksons, Mirae Asset Securities Research

Active PCTC fleet comparison



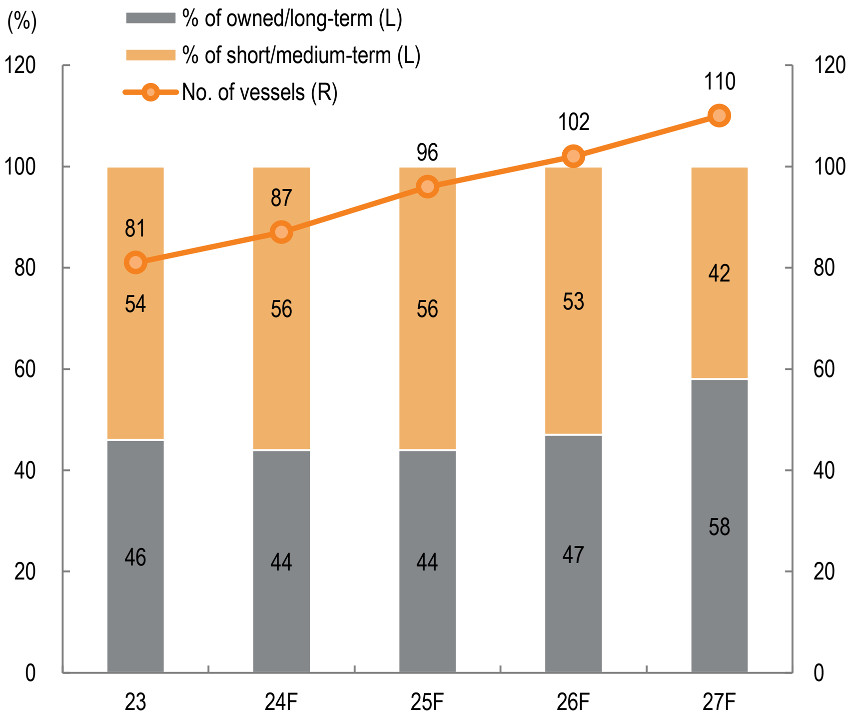
Source: Clarksons, Mirae Asset Securities Research

III. Ongoing PCTC fleet expansion

Hyundai Glovis continues to gain market share

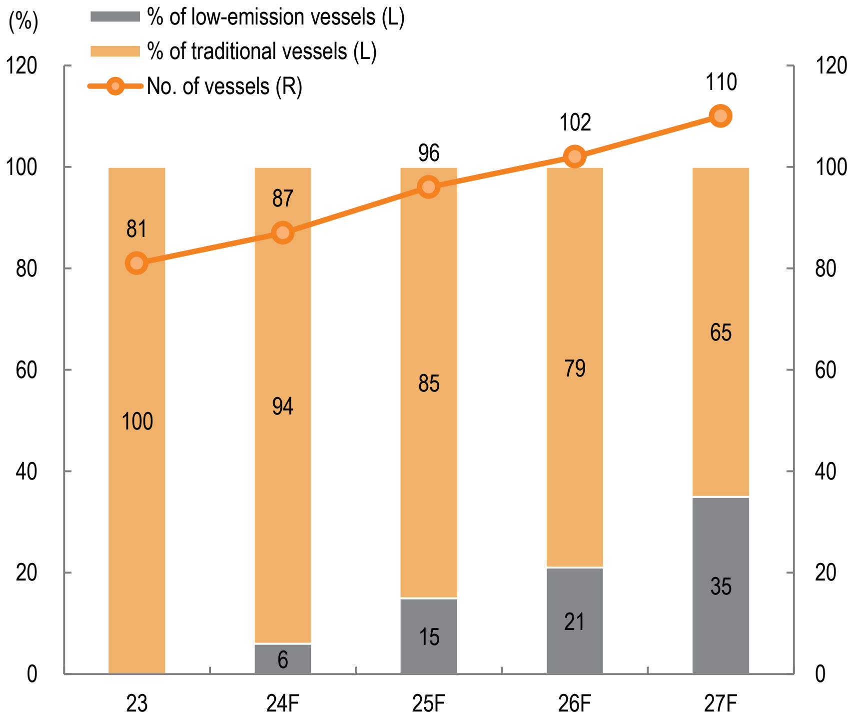
- In 3Q24, Hyundai Glovis's PCTC fleet grew to 94 units (from 89 units in 2Q24; average operating fleet based on 6,500 RT), including 35 owned and 59 chartered vessels.
- We believe steady fleet expansion is allowing the firm to achieve economies of scale and reduce costs.

Annual fleet expansion plan: Owned vs. chartered



Notes: Based on vessels with 6,000 RT capacity; no. of vessels is based on mid-year level
Source: Company data, Mirae Asset Securities Research

Chg. in fleet composition: Low-emission vs. traditional

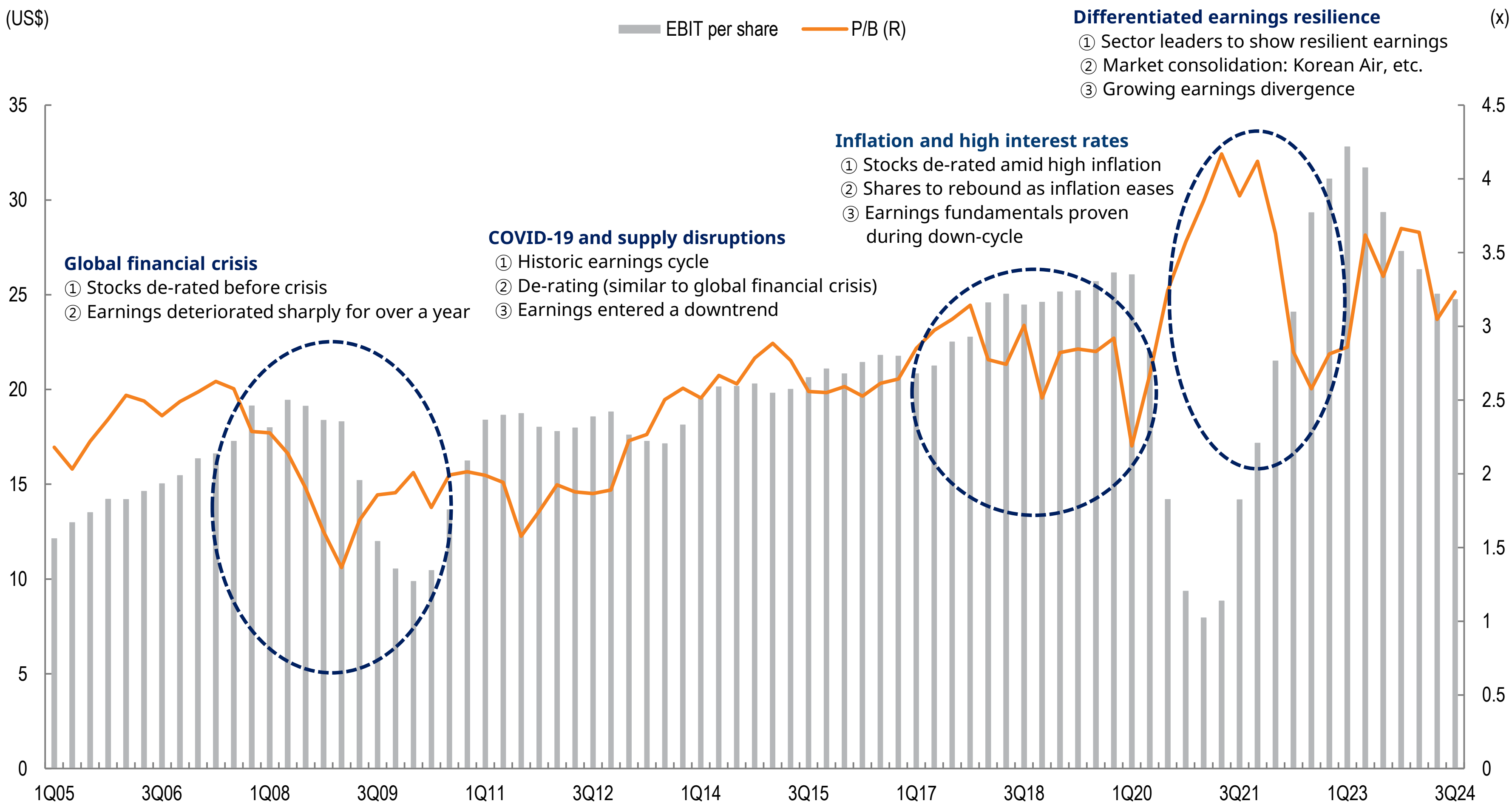


Notes: Based on vessels with 6,000 RT capacity; no. of vessels is based on mid-year level
Source: Company data, Mirae Asset Securities Research

[Conclusion] Focus on top-tier firms with supply competitiveness

Sector-leading stocks likely to see earnings and valuations recover

Global transportation companies: EBIT vs. P/B



Note: Based on MSCI World Transportation Index
Source: Bloomberg, Mirae Asset Securities Research

Company analysis

Korean Air (003490 KS)

Top pick

Yields remain firm despite concerns

(Maintain)	Buy
Target price	W33,000
Current price (11/18/24)	W24,200
Upside	36.4%

OP (24F, Wbn)			2,022
Consensus OP (24F, Wbn)			2,147
EPS growth (24F, %)			14.1
Market EPS growth (24F, %)			72.5
P/E (24F, x)			7.4
Market P/E (24F, x)			10.2
KOSPI			2,469.07
Market cap (Wbn)			8,911
Shares (mn)			368
Free float (%)			66.7
Foreign ownership (%)			17.3
Beta (12M)			0.46
52-week low (W)			19,900
52-week high (W)			24,500
(%)	1M	6M	12M
Absolute	4.5	11.5	7.3
Relative	9.8	23.1	7.4

3Q24 review: Cargo-led earnings surprise

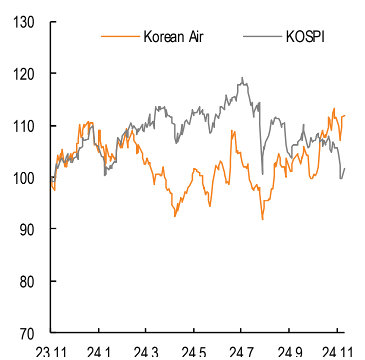
- In 3Q24, passenger revenue rose only 2.3% YoY, but cargo revenue jumped 22% YoY.
- Standalone operating profit increased 19% YoY, aided by a higher cargo yield and lower fuel costs (-9% YoY).

2025 outlook: Dominant position enhances negotiating power, allowing for greater flexibility

- Even with the Boeing strike now over, global aircraft supply chain bottlenecks will likely continue for some time.
- Korean Air's total fleet remains intact despite aircraft transfers to T'way Air (one in 2Q24 and three in 3Q24) and the phase-out of a less efficient model. The fact that it continues to add new aircraft is a testament to its strong negotiating power as a major carrier.
- The airline is likely to introduce six or seven additional mid/large-sized aircraft in 4Q24, putting it in a stronger position to capitalize on recovering demand.

Valuation/risks

- The stock is trading at a P/B of 0.86x, close to its five-year average low (0.81x).
- The Asiana Airlines merger (once finalized) is likely to trigger a share price re-rating around the end of the year.



(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	14,096	16,112	18,156	19,744	20,836
OP (Wbn)	2,831	1,790	2,022	2,208	2,351
OP margin (%)	20.1	11.1	11.1	11.2	11.3
NP (Wbn)	1,728	1,061	1,211	1,482	1,661
EPS (W)	4,798	2,873	3,278	4,012	4,497
ROE (%)	22.0	11.5	12.0	13.0	12.6
P/E (x)	4.8	8.3	7.4	6.0	5.4
P/B (x)	0.9	0.9	0.8	0.7	0.6
Dividend yield (%)	3.3	3.1	3.1	3.1	3.1

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

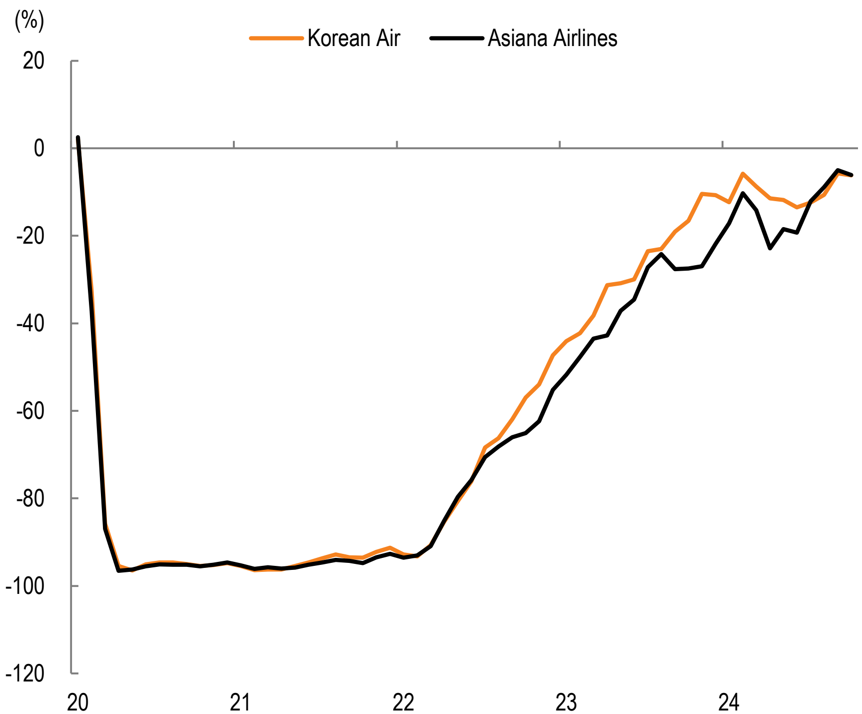
Korean Air (003490 KS)

Top pick

Passenger demand gradually recovering

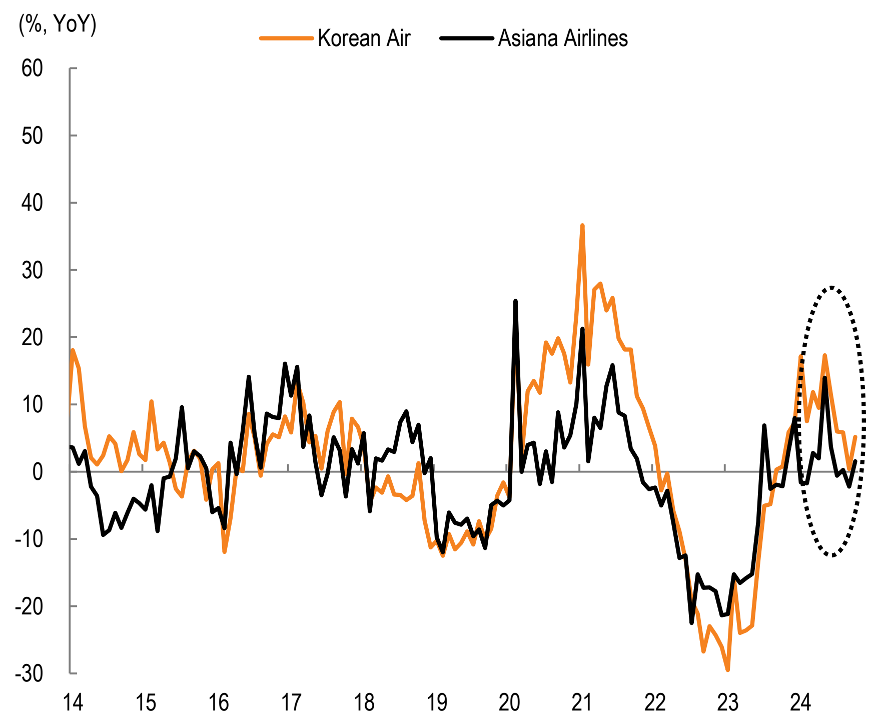
- Passenger demand is slowly but steadily recovering. In October, RPKs reached 94% of the level seen in the same period in 2019.
  - China's visa waiver for Koreans is likely to fuel travel momentum.
- Cargo volume remains solid despite worries about slowing demand from Chinese e-commerce platforms.
  - On Korean Air's 3Q24 earnings call, management said that cargo volumes bound for non-China destinations (the US, the Middle East, Europe, etc.) remained solid.
  - The cargo segment should also see a seasonal demand boost (Black Friday in the US, Christmas, etc.).

% diff. in international RPKs vs. 2019: Korean Air and Asiana Airlines



Source: IIA, Mirae Asset Securities Research

International CTK growth: Korean Air and Asiana Airlines



Source: IIA, Mirae Asset Securities Research

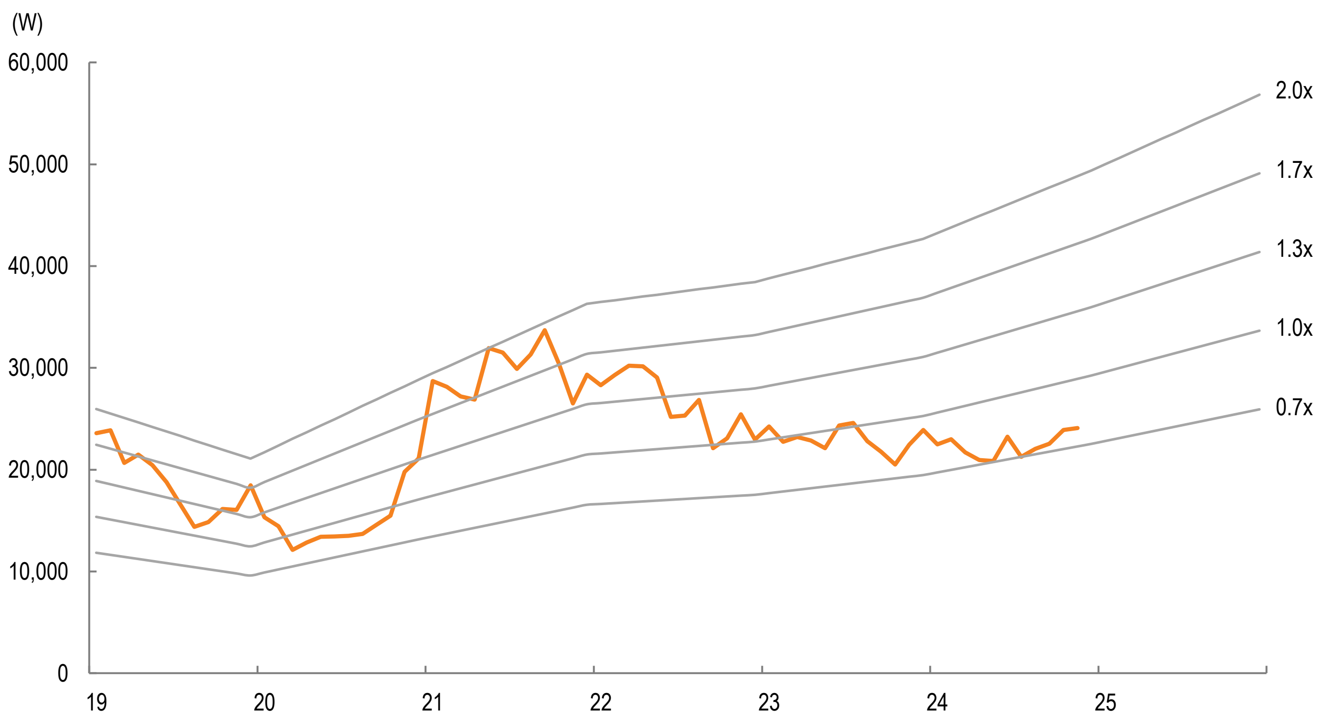
Korean Air (003490 KS)

Top pick

Re-rating likely after M&A uncertainties lift

- The stock is trading at a P/B of 0.86x, close to its five-year average low (0.81x).
- The Asiana Airlines merger (once finalized) is likely to trigger a share price re-rating around the end of the year.

Korean Air: 12-month forward P/B band chart



Source: QuantiWise, Mirae Asset Securities Research

Korean Air (003490 KS)

Top pick

Quarterly and annual earnings

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24P	4Q24F	2023	2024F	2025F
Revenue	**3,592**	**3,877**	**4,249**	**4,393**	**4,291**	**4,402**	**4,681**	**4,782**	**16,112**	**18,156**	**19,744**
OP	**486**	**477**	**543**	**284**	**537**	**443**	**658**	**383**	**1,790**	**2,022**	**2,208**
Pretax profit	**365**	**489**	**577**	**145**	**547**	**484**	**427**	**248**	**1,576**	**1,707**	**2,020**
NP	**234**	**354**	**407**	**66**	**375**	**352**	**301**	**183**	**1,061**	**1,211**	**1,482**
OP margin (%)	13.5	12.3	12.8	6.5	12.5	10.1	14.1	8.0	11.1	11.1	11.2
Pretax margin (%)	10.2	12.6	13.6	3.3	12.8	11.0	9.1	5.2	9.8	9.4	10.2
Net margin (%)	7.0	9.3	9.9	2.2	9.5	8.2	6.6	3.9	6.6	6.7	7.5
Int'l passenger RPK growth (%, YoY)	485.2	195.4	85.6	56.3	36.6	13.4	5.4	4.6	125.4	13.4	2.0
Int'l passenger L/F (%)	82.3	83.8	85.2	84.9	83.3	84.5	83.6	83.2	84.2	83.6	81.3
Int'l cargo RFTK growth (%, YoY)	-21.6	-18.7	-7.0	0.3	7.4	8.8	3.3	1.7	-12.3	5.2	2.7
Int'l cargo L/F (%)	73.5	70.2	70.8	72.5	72.2	74.2	72.1	73.0	71.7	72.9	73.4
Jet fuel price (US$/bbl)	106	92	112	108	104	99	94	102	105	100	102
FX rate (USD/KRW)	1,275	1,315	1,313	1,321	1,330	1,370	1,356	1,370	1,306	1,357	1,370

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research

Korean Air (003490 KS)

Top pick

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	16,112	18,156	19,744	20,836
Cost of revenue	12,850	14,668	16,092	16,932
GP	3,262	3,488	3,652	3,904
SG&A expenses	1,471	1,466	1,444	1,553
OP (adj.)	1,790	2,022	2,208	2,351
OP	1,790	2,022	2,208	2,351
Non-operating profit	-214	-315	-188	-84
Net financial income	-230	-227	-154	-70
Net income from associates	0	0	0	20
Pretax profit	1,576	1,707	2,020	2,267
Income tax	447	445	508	572
Profit from continuing operations	1,129	1,262	1,512	1,695
Profit from discontinued operations	0	0	0	0
NP	1,129	1,262	1,512	1,695
Attributable to owners	1,061	1,211	1,482	1,661
Attributable to minority interests	68	51	30	34
Total comprehensive income	866	1,301	1,512	1,695
Attributable to owners	815	1,258	1,492	1,673
Attributable to minority interests	51	43	20	22
EBITDA	3,513	3,728	3,922	4,141
FCF	2,184	2,361	2,491	2,462
EBITDA margin (%)	21.8	20.5	19.9	19.9
OP margin (%)	11.1	11.1	11.2	11.3
Net margin (%)	6.6	6.7	7.5	8.0

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	8,595	9,486	11,560	13,612
Cash & equivalents	623	1,022	2,475	3,973
AR & other receivables	973	1,059	1,137	1,206
Inventory	854	929	997	1,058
Other current assets	6,145	6,476	6,951	7,375
Non-current assets	21,797	22,319	22,421	22,646
Investments in associates	0	0	0	0
PP&E	18,175	18,538	18,673	18,925
Intangible assets	824	779	729	686
Total assets	30,392	31,806	33,981	36,257
Current liabilities	9,410	9,694	10,146	10,551
AP & other payables	365	398	427	453
Short-term financial liabilities	3,758	3,542	3,543	3,544
Other current liabilities	5,287	5,754	6,176	6,554
Non-current liabilities	11,167	11,197	11,227	11,224
Long-term financial liabilities	7,217	6,897	6,612	6,327
Other non-current liabilities	3,950	4,300	4,615	4,897
Total liabilities	20,577	20,891	21,373	21,774
Equity attributable to owners	9,526	10,577	12,240	14,081
Capital stock	1,847	1,847	1,957	2,067
Capital surplus	4,145	4,145	4,493	4,841
Retained earnings	2,592	3,523	4,728	6,112
Minority interests	289	338	368	402
Shareholders' equity	9,815	10,915	12,608	14,483

Key valuation metrics/ratios

	2023	2024F	2025F	2026F
P/E (x)	8.3	7.4	6.0	5.4
P/CF (x)	2.3	2.5	2.3	2.2
P/B (x)	0.9	0.8	0.7	0.6
EV/EBITDA (x)	3.9	3.4	2.7	2.1
EPS (W)	2,873	3,278	4,012	4,497
CFPS (W)	10,238	9,857	10,459	11,052
BPS (W)	25,793	28,639	33,141	38,127
DPS (W)	750	750	750	750
Dividend payout ratio (%)	24.5	21.9	18.3	16.3
Dividend yield (%)	3.1	3.1	3.1	3.1
Revenue growth (%)	14.3	12.7	8.7	5.5
EBITDA growth (%)	-21.6	6.1	5.2	5.6
OP growth (%)	-36.8	13.0	9.2	6.5
EPS growth (%)	-40.1	14.1	22.4	12.1
AR turnover (x)	17.1	18.8	18.9	18.7
Inventory turnover (x)	20.3	20.4	20.5	20.3
AP turnover (x)	51.9	58.5	59.4	58.5
ROA (%)	3.8	4.1	4.6	4.8
ROE (%)	11.5	12.0	13.0	12.6
ROIC (%)	7.7	9.4	9.9	10.5
Debt-to-equity ratio (%)	209.6	191.4	169.5	150.3
Current ratio (%)	91.3	97.9	113.9	129.0
Net debt-to-equity ratio (%)	48.3	32.2	10.7	-5.6
Interest coverage ratio (x)	3.4	3.8	4.5	4.9

Source: Company data, Mirae Asset Securities Research estimates

Hyundai Glovis (086280 KS)

Top pick

High earnings visibility

(Maintain)	Buy
Target price	W160,000
Current price (11/18/24)	W118,700
Upside	34.8%

OP (24F, Wbn)	1,745
Consensus OP (24F, Wbn)	1,730
EPS growth (24F, %)	22.4
Market EPS growth (24F, %)	72.5
P/E (24F, x)	6.9
Market P/E (24F, x)	10.2
KOSPI	2,469.07
Market cap (Wbn)	8,903
Shares (mn)	75
Free float (%)	49.6
Foreign ownership (%)	43.6
Beta (12M)	1.32
52-week low (W)	83,533
52-week high (W)	127,600

(%)	1M	6M	12M
Absolute	-1.6	24.0	35.2
Relative	3.4	36.9	35.3

3Q24 review: OP of W469bn, surpassing the consensus once again

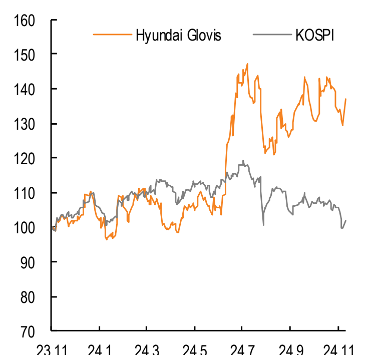
- In 3Q24, PCTC revenue grew 32% YoY on fleet expansion, and CKD revenue grew 21% YoY on new vehicle launches and safety stock demand.
- Shipping operating profit surged 109% YoY, supported by PCTC rate adjustments, long-term contracts for gas carriers/tankers, and fleet expansion.

2025 outlook: High earnings visibility; PCTC contract with a group affiliate set for renewal

- Going forward, we expect earnings to grow on the back of improving margins on affiliate volume and a rising share of non-affiliate volume.
- In 2025, we see potential for additional revenue of around W300bn on a likely rate hike for affiliate volume.
- We also expect the firm to secure more non-affiliate volume (BYD, etc.) thanks to its expanded fleet.
- The firm made a strategic investment in the consortium that acquired Asiana Airlines' cargo business; we expect this move to help the firm expand/diversify its forwarding business capacity.

"Value-up" momentum expected thanks to plans to enhance shareholder value

- The firm set an ROE target of at least 15% and committed to raise its dividend payout ratio to at least 25%.
- Although the stock has seen a short-term rebound, it is still trading below a P/B of 1x; we see firm downside support.



(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	26,982	25,683	28,238	29,048	29,707
OP (Wbn)	1,799	1,554	1,745	2,072	2,211
OP margin (%)	6.7	6.1	6.2	7.1	7.4
NP (Wbn)	1,190	1,061	1,299	1,567	1,711
EPS (W)	15,864	14,148	17,322	20,893	22,818
ROE (%)	18.8	14.5	15.5	16.3	15.7
P/E (x)	5.2	6.8	6.9	5.7	5.2
P/B (x)	0.9	0.9	1.0	0.9	0.8
Dividend yield (%)	3.5	3.3	3.4	4.0	4.4

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

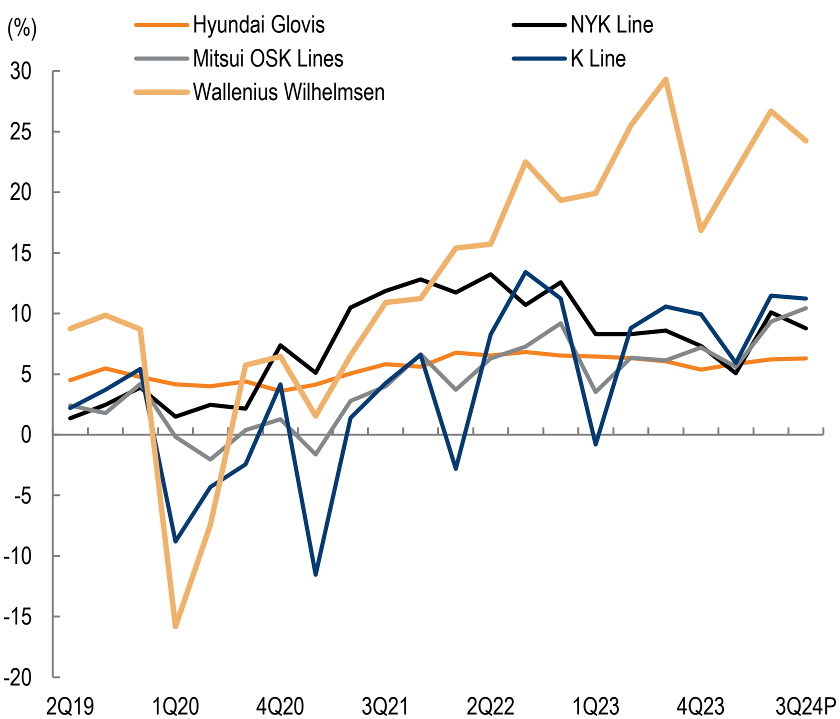
Hyundai Glovis (086280 KS)

Top pick

Shipping margins to continue improving

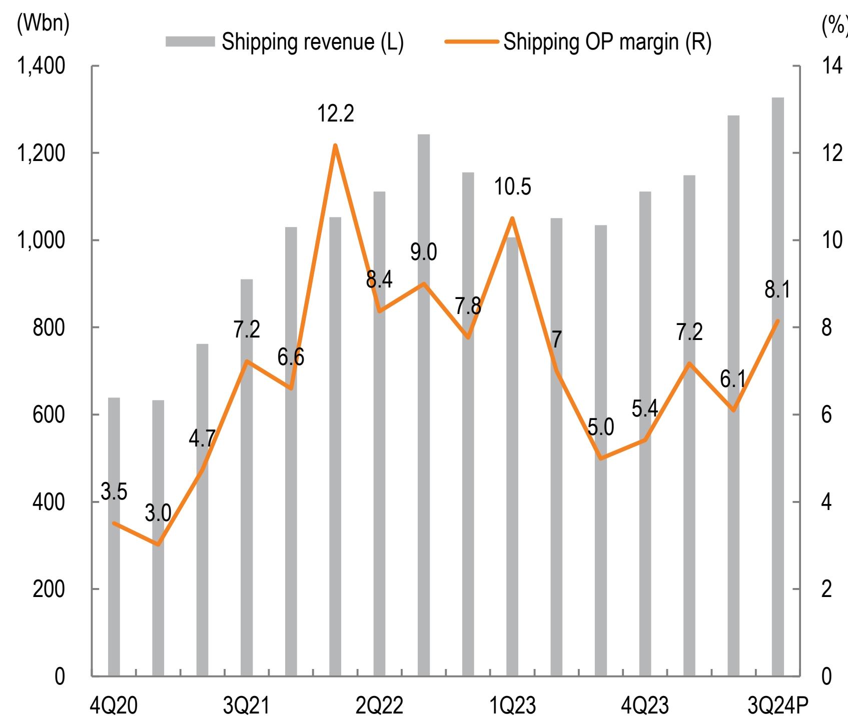
- In 3Q24, shipping OP margin reached 8.1%, continuing to improve YoY and QoQ. A slight fall in the share of non-affiliate volume was offset by rate adjustments for certain routes, the start of long-term contract-based operations for gas carriers and tankers, and an expanded PCTC fleet (89 in 2Q24 → 94 in 3Q24 → 98 in 4Q24F).
- In 4Q24, we expect profitability to improve further on cost structure improvements arising from fleet expansion.
- Profitability improvements will likely continue throughout 2025, supported by freight rate increases and a favorable base.

PCTC OP margin trend by company



Source: Bloomberg, Mirae Asset Securities Research

Hyundai Glovis: Shipping revenue and OP margin trends



Source: Company data, Mirae Asset Securities Research

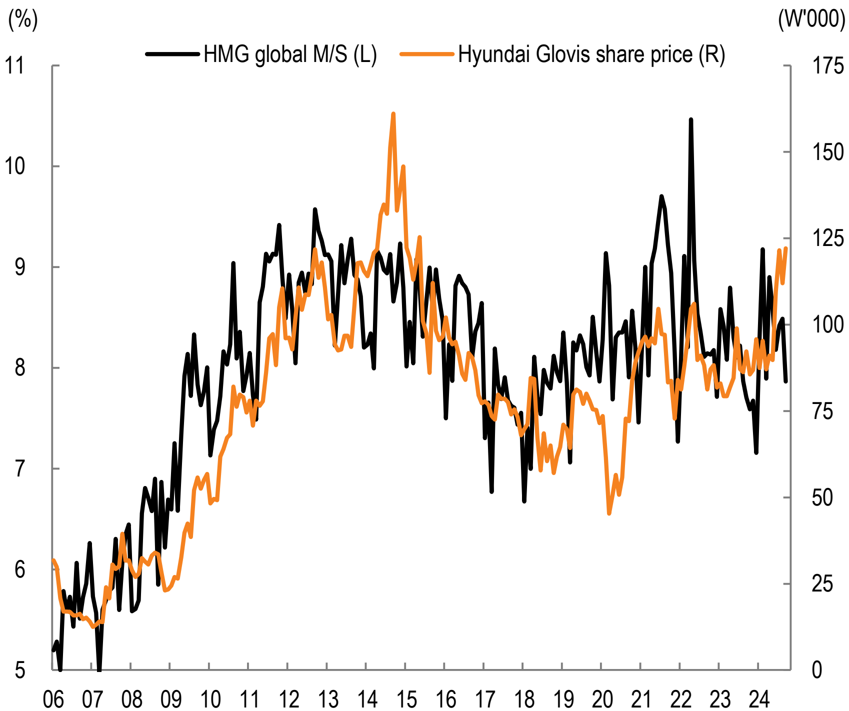
Hyundai Glovis (086280 KS)

Top pick

Valuation likely to recover

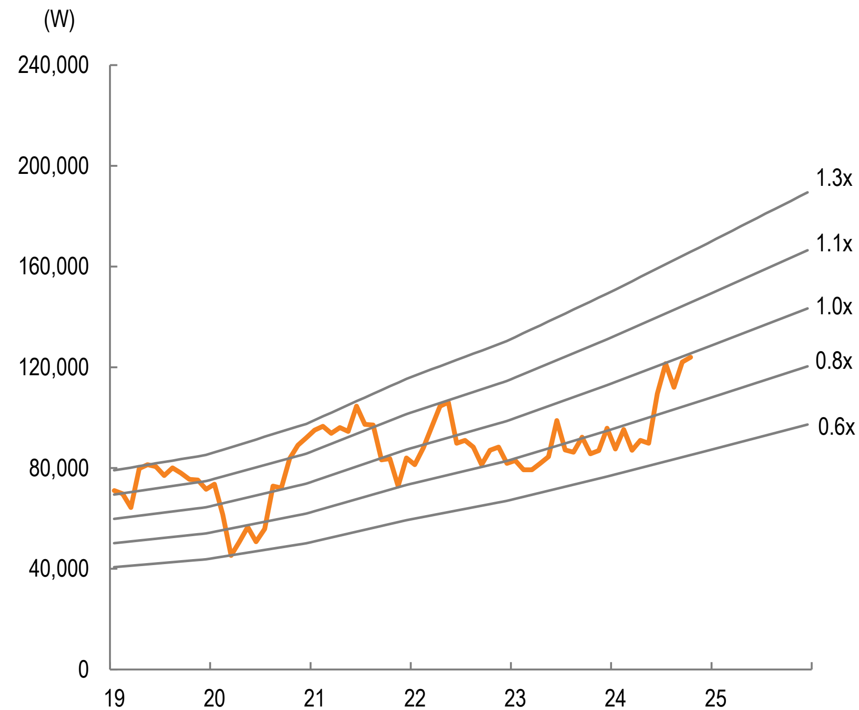
- Hyundai Glovis's share price is recoupling with Hyundai Motor Group's (HMG) sales volume in key overseas markets.
- The stock has surged since the company announced its "value-up" program but is still attractively valued, trading below a P/B of 1x.
- On its 3Q24 earnings call, the firm expressed confidence that potential US tariffs would have a limited impact. Notably, HMG's local production capacity (1.3mn units) should be sufficient to meet US market demand.

Hyundai Glovis: Share price vs. HMG's M/S



Source: MarkLines, HMC, Mirae Asset Securities Research

Hyundai Glovis: 12MF P/B band chart



Source: QuantiWise, Mirae Asset Securities Research

Hyundai Glovis (086280 KS)

Quarterly and annual earnings

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24P	4Q24F	2023	2024F	2025F
Revenue	**6,301**	**6,535**	**6,330**	**6,517.4**	**6,586**	**7,064**	**7,468.7**	**7,118**	**25,683**	**28,238**	**29,048**
Logistics	2,145	2,257	2,244	2,374.4	2,274.8	2,434	2,582.6	2,545	9,021	9,836	10,355
Domestic	476	500	476	518.2	480	492	495	516	1,971	1,983	2,135
Overseas	1,669	1,757	1,768	1,856.2	1,795	1,943	2,088	2,028	7,050	7,854	8,220
Shipping	**1,009**	**1,053**	**1,036**	**1,113.6**	**1,151**	**1,288**	**1,329**	**1,264**	**4,211**	**5,032**	**5,411**
PCTC	764	779	768	825.8	922	995	1,014	951	3,137	3,883	4,410
Bulk	245	274	268	287.8	229	293	314.8	313	1,075	1,149	1,000
Trading	**3,141**	**3,225**	**3,050**	**3,029.4**	**3,161**	**3,342**	**3,557**	**3,310**	**12,445**	**13,369**	**13,282**
CKD	2,645	2,690	2,572	2,545.7	2,652	2,814	3,106	2,814	10,452	11,386	11,329
Used car logistics	170	181	182	174.2	153	166	171	162	707	651	607
Other	327	354	296	309.5	356	362	281	334	1,286	1,333	1,346
OP	**407**	**413**	**384**	**350.7**	**385**	**439.3**	**469.0**	**451**	**1,554**	**1,745**	**2,072**
Logistics	168	220	190	166.8	182	202.7	211	191	745	786	797
Shipping	106	74	52	60.3	82	78.5	108	119	292	388	705
Trading	133	119	142	123.6	121	158.1	150	142	518	570	569
Pretax profit	**357**	**391**	**349**	**356**	**430**	**425**	**480**	**411**	**1,453**	**1,747**	**2,091**
NP	**281**	**289**	**244**	**247**	**304**	**311**	**382**	**302**	**1,061**	**1,299**	**1,567**
OP margin (%)	6.5	6.3	6.1	5.4	5.8	6.2	6.3	6.3	6.1	6.2	7.1
Pretax margin (%)	5.7	6.0	5.5	5.5	6.5	6.0	6.4	5.8	5.7	6.2	7.2
Net margin (%)	4.5	4.4	3.9	3.8	4.6	4.4	5.1	4.3	4.1	4.6	5.4

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, WISEfn, Mirae Asset Securities Research estimates

Hyundai Glovis (086280 KS)

Top pick

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	25,683	28,238	29,048	29,707
Cost of revenue	23,592	25,821	26,317	26,822
GP	2,091	2,417	2,731	2,885
SG&A expenses	537	673	659	674
OP (adj.)	1,554	1,745	2,072	2,211
OP	1,554	1,745	2,072	2,211
Non-operating profit	-101	2	19	71
Net financial income	-49	-1	19	71
Net income from associates	-7	7	0	0
Pretax profit	1,453	1,747	2,091	2,282
Income tax	383	441	518	564
Profit from continuing operations	1,070	1,306	1,573	1,718
Profit from discontinued operations	0	0	0	0
NP	1,070	1,306	1,573	1,718
Attributable to owners	1,061	1,299	1,567	1,711
Attributable to minority interests	9	7	6	7
Total comprehensive income	1,119	1,415	1,573	1,718
Attributable to owners	1,109	1,404	1,560	1,704
Attributable to minority interests	10	11	13	14
EBITDA	2,107	2,391	2,753	2,920
FCF	1,926	954	1,411	1,398
EBITDA margin (%)	8.2	8.5	9.5	9.8
OP margin (%)	6.1	6.2	7.1	7.4
Net margin (%)	4.1	4.6	5.4	5.8

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	8,772	10,264	10,530	10,766
Cash & equivalents	2,291	3,085	3,232	3,325
AR & other receivables	2,989	3,265	3,319	3,384
Inventory	1,348	1,472	1,496	1,526
Other current assets	2,144	2,442	2,483	2,531
Non-current assets	5,954	6,975	7,126	7,432
Investments in associates	676	738	750	765
PP&E	4,726	5,528	5,683	5,989
Intangible assets	136	142	125	110
Total assets	14,725	17,239	17,656	18,198
Current liabilities	4,468	6,067	6,133	5,305
AP & other payables	2,448	2,673	2,718	2,771
Short-term financial liabilities	1,551	2,882	2,894	2,004
Other current liabilities	469	512	521	530
Non-current liabilities	2,474	2,149	1,229	1,240
Long-term financial liabilities	1,961	1,596	666	666
Other non-current liabilities	513	553	563	574
Total liabilities	6,941	8,217	7,361	6,545
Equity attributable to owners	7,755	8,986	10,253	11,604
Capital stock	19	38	38	38
Capital surplus	154	135	135	135
Retained earnings	7,513	8,575	9,842	11,193
Minority interests	29	36	42	49
Shareholders' equity	7,784	9,022	10,295	11,653

Key valuation metrics/ratios

	2023	2024F	2025F	2026F
P/E (x)	6.8	6.9	5.7	5.2
P/CF (x)	3.0	3.4	3.2	3.0
P/B (x)	0.9	1.0	0.9	0.8
EV/EBITDA (x)	3.2	3.5	2.6	2.1
EPS (W)	14,148	17,322	20,893	22,818
CFPS (W)	31,679	34,631	36,709	38,928
BPS (W)	103,405	119,806	136,699	154,716
DPS (W)	3,150	4,000	4,800	5,200
Dividend payout ratio (%)	22.1	23.0	22.9	22.7
Dividend yield (%)	3.3	3.3	4.0	4.3
Revenue growth (%)	-4.8	9.9	2.9	2.3
EBITDA growth (%)	-7.0	13.5	15.1	6.0
OP growth (%)	-13.6	12.3	18.7	6.7
EPS growth (%)	-10.8	22.4	20.6	9.2
AR turnover (x)	8.6	9.4	9.2	9.2
Inventory turnover (x)	18.3	20.0	19.6	19.7
AP turnover (x)	13.0	13.8	13.3	13.4
ROA (%)	7.5	8.2	9.0	9.6
ROE (%)	14.5	15.5	16.3	15.7
ROIC (%)	16.3	17.7	19.3	20.0
Debt-to-equity ratio (%)	89.2	91.1	71.5	56.2
Current ratio (%)	196.3	169.2	171.7	202.9
Net debt-to-equity ratio (%)	-6.7	-6.7	-16.6	-23.4
Interest coverage ratio (x)	9.2	9.7	11.1	15.6

Source: Company data, Mirae Asset Securities Research estimates

HMM (011200 KS)

Well-positioned to weather the down-cycle

(Maintain)	Trading Buy
Target price	W20,000
Current price (11/18/24)	W18,060
Upside	10.7%

OP (24F, Wbn)	2,998
Consensus OP (24F, Wbn)	3,099
EPS growth (24F, %)	150.5
Market EPS growth (24F, %)	72.5
P/E (24F, x)	3.9
Market P/E (24F, x)	10.2
KOSPI	2,469.07
Market cap (Wbn)	15,912
Shares (mn)	881
Free float (%)	66.2
Foreign ownership (%)	9.5
Beta (12M)	0.47
52-week low (W)	14,550
52-week high (W)	22,100

(%)	1M	6M	12M
Absolute	5.1	11.6	16.5
Relative	10.4	23.2	16.6

3Q24 review: Margin improvement driven by the container business

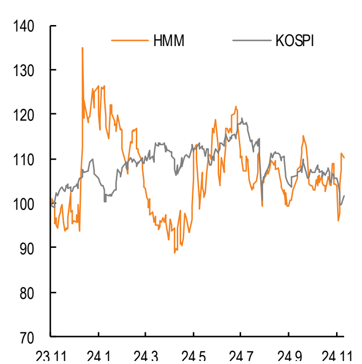
- In 3Q24, freight rates jumped amid higher tonne-mile demand (due to the Suez Canal bottleneck) and improved supply/demand dynamics (thanks to an earlier-than-usual demand peak).
- Operating profit improved sharply YoY to W1.46tr (vs. W75.8bn in 3Q23). OP margin increased 37.6%p YoY to 41%, the highest level in two years.
  - Container operating profit soared YoY to W1.47tr (vs. W21.6bn in 3Q23).

2025 outlook: Rebound expected through early 2025 despite uncertainties

- The SCFI now stands at 2,332p, down 38% from a recent high but up from the 2,060p mark recorded in October. The average SCFI since the start of 4Q24 stands at 2,189p (vs. the 4Q23 average of 1,089p).
- Inventory stockpiling momentum is emerging ahead of the earlier-than-usual Lunar New Year holiday in 2025. Also, supply/demand dynamics are improving, with cargo owners pushing shipments out ahead of a potential resumption of the East Coast dockworkers' strike and potential tariff hikes (following Trump's election victory).

Valuation/risks

- Our target P/B of 0.52x is equivalent to the average low since 2019.
- Dilution risks have eased, as the number of new shares expected to be listed (from bond conversion) has decreased to 140mn (equivalent to 16% of current shares).



(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	18,583	8,401	11,009	10,572	11,950
OP (Wbn)	9,949	585	2,998	2,330	2,933
OP margin (%)	53.5	7.0	27.2	22.0	24.5
NP (Wbn)	10,117	969	3,426	2,758	3,547
EPS (W)	20,687	1,829	4,581	3,130	4,026
ROE (%)	65.0	4.6	14.5	10.2	12.0
P/E (x)	0.9	10.7	3.9	5.8	4.5
P/B (x)	0.5	0.6	0.6	0.6	0.5
Dividend yield (%)	6.1	3.6	3.9	3.9	3.9

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

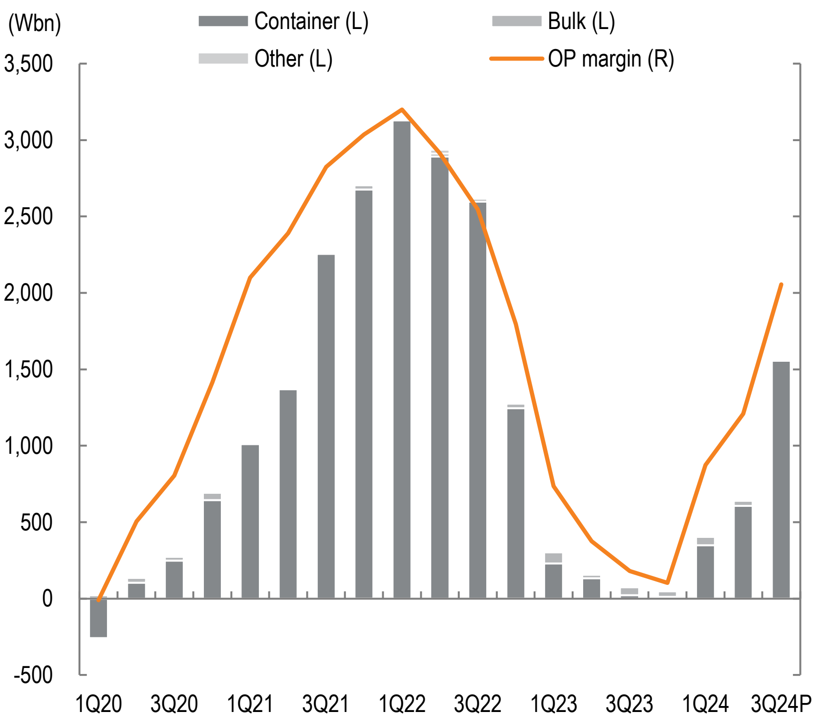
Source: Company data, Mirae Asset Securities Research estimates

HMM (011200 KS)

Container margins remain high

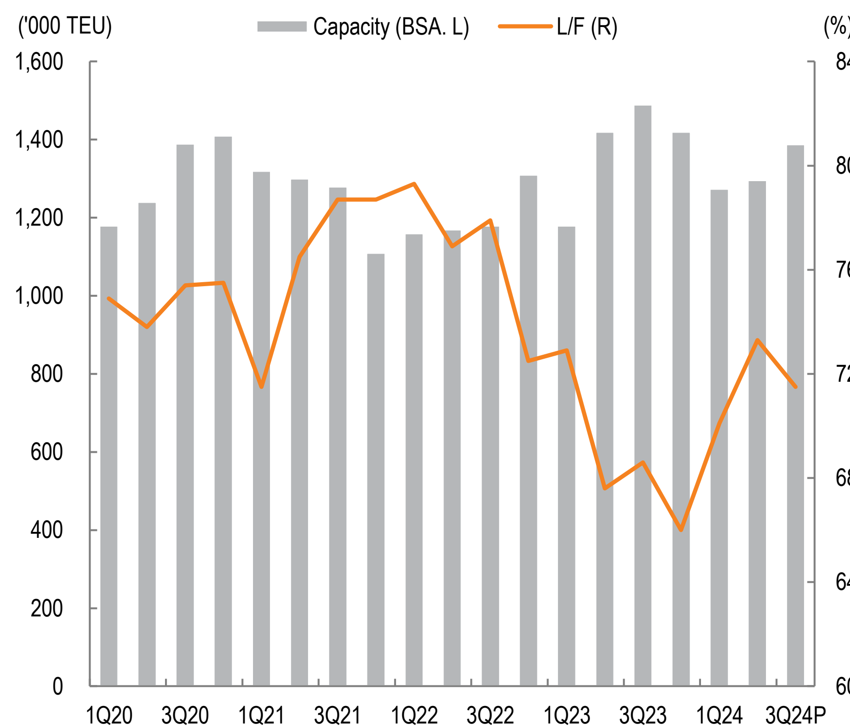
- In 3Q24, the container segment delivered strong earnings. Of note, the effects of strong market conditions in 1H24 carried over into the quarter, as shipping revenue is recognized based on progress.
- However, the bulk segment posted an operating loss (-W7.9bn) for the first time since 2019.
  - Some concerns remain, including uncertainties over China's stimulus measures and the potential for weaker supply/demand dynamics if Panama Canal disruptions are resolved.

HMM's OP trend



Source: Company data, Mirae Asset Securities Research

HMM: Container capacity and load factor trends



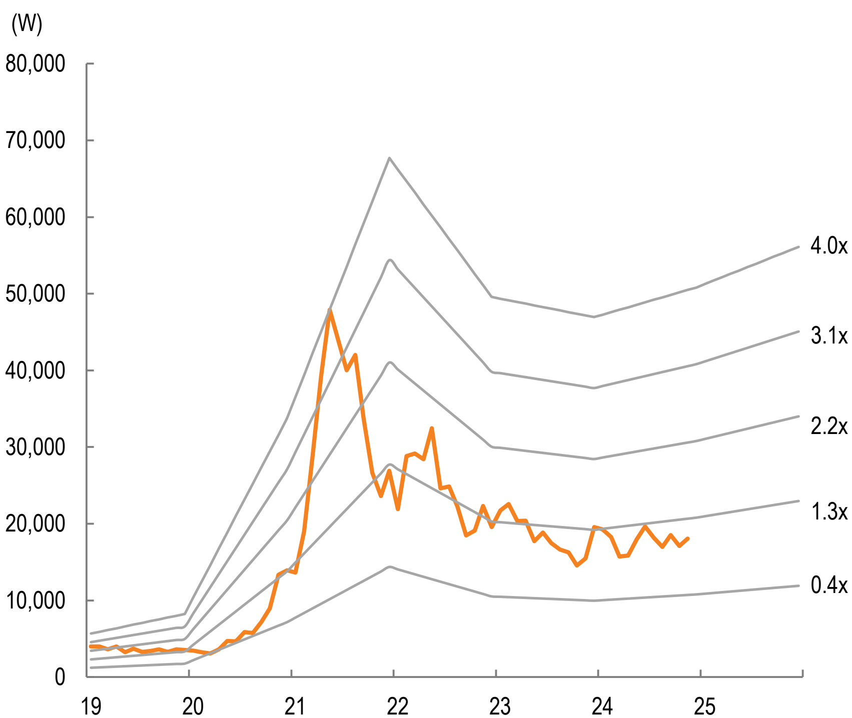
Source: Company data, Mirae Asset Securities Research

HMM (011200 KS)

Potential announcement of a "value-up" program in December

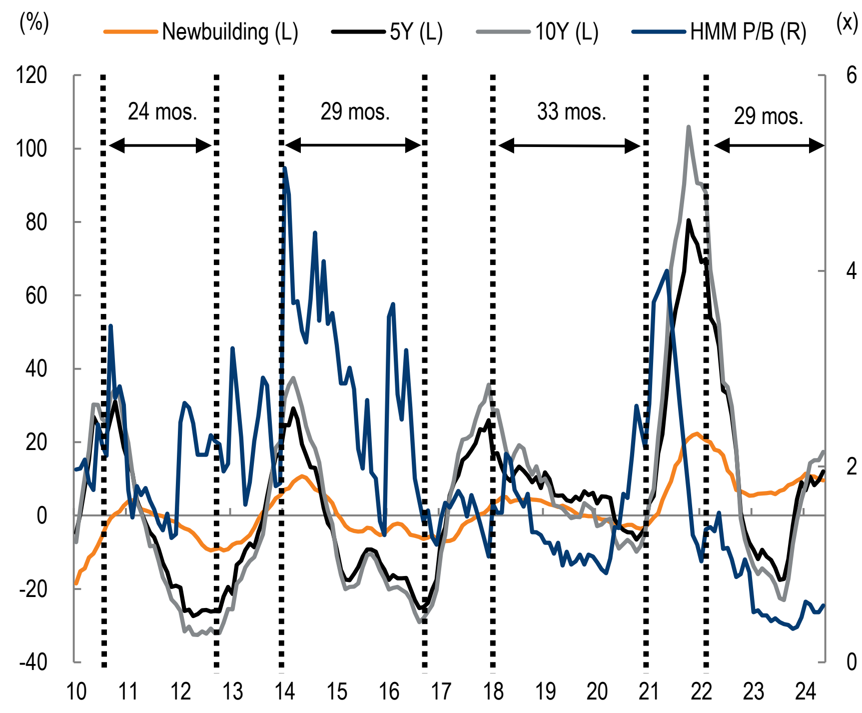
- Dilution risks have eased relative to the beginning of the year, as the number of new shares expected to be listed (from bond conversion) has decreased to 140mn (equivalent to 16% of current shares).
- There are growing expectations that HMM will announce a "value-up" program (share buyback, etc.) in December.

HMM: P/B band chart



Source: QuantiWise, Mirae Asset Securities Research

HMM: P/B vs. containership prices



Source: Bloomberg, Clarksons, Mirae Asset Securities Research

HMM (011200 KS)

Quarterly and annual earnings

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24P	4Q24F	2023	2024F	2025F
Revenue	**2,082**	**2,130**	**2,127**	**2,063**	**2,330**	**2,663**	**3,552**	**2,464**	**8,401**	**11,009**	**10,572**
Container	1,752	1,783	1,743	1,687	1,936	2,254	3,188	2,158	6,965	9,536	9,114
Bulk	285	301	334	323	339	348	319	254	1,243	1,261	1,250
Other	45	47	50	52	55	61	45	51	193	212	208
OP	**307**	**160**	**76**	**42**	**407**	**644**	**1,461**	**486**	**585**	**2,998**	**2,330**
Container	229	134	22	11	350	607	1,468	498	396	2,922	2,327
Bulk	74	23	52	37	74	13	-8	-5	186	75	-13
Other	4	4	2	-6	-17	24	1	-7	3	1	16
Pretax profit	300	351	123	280	504	698	1,759	565	1,054	3,525	2,855
NP (owners of the parent)	285	325	95	263	485	661	1,738	542	969	3,426	2,758
OP margin (%)	14.7	7.5	3.6	2.1	17.5	24	41	20	7	27	22
Net margin (owners of the parent)	13.7	15.3	4.5	12.7	20.8	25	49	22	12	31	26
Freight rate (US$/TEU)	1,061	983	946	913	1,350	1,528	2,041	1,457	976	1,593	1,283
Volume ('000 TEU)	860	960	1,023	937	893	950	992	914	3,780	3,749	3,760

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

HMM (011200 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	8,401	11,009	10,572	11,950
Cost of revenue	7,426	7,592	7,875	8,598
GP	975	3,417	2,697	3,352
SG&A expenses	390	419	368	419
OP (adj.)	585	2,998	2,330	2,933
OP	585	2,998	2,330	2,933
Non-operating profit	469	527	525	739
Net financial income	500	522	637	730
Net income from associates	-154	32	0	0
Pretax profit	1,054	3,525	2,855	3,672
Income tax	86	100	98	126
Profit from continuing operations	969	3,426	2,758	3,547
Profit from discontinued operations	0	0	0	0
NP	969	3,426	2,758	3,547
Attributable to owners	969	3,426	2,758	3,547
Attributable to minority interests	0	0	0	0
Total comprehensive income	1,324	5,049	2,758	3,547
Attributable to owners	1,324	5,049	2,758	3,547
Attributable to minority interests	0	0	0	0
EBITDA	1,458	3,888	3,251	3,885
FCF	-57	3,322	2,529	3,257
EBITDA margin (%)	17.4	35.3	30.8	32.5
OP margin (%)	7.0	27.2	22.0	24.5
Net margin (%)	11.5	31.1	26.1	29.7

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	13,180	17,298	19,210	21,898
Cash & equivalents	3,250	6,845	8,495	9,456
AR & other receivables	765	913	912	1,059
Inventory	362	433	432	502
Other current assets	8,803	9,107	9,371	10,881
Non-current assets	12,534	13,864	14,091	14,569
Investments in associates	333	397	397	461
PP&E	7,716	8,870	9,099	9,347
Intangible assets	41	42	42	42
Total assets	25,713	31,162	33,301	36,468
Current liabilities	2,001	2,374	2,372	2,598
AP & other payables	656	783	782	908
Short-term financial liabilities	898	1,057	1,057	1,071
Other current liabilities	447	534	533	619
Non-current liabilities	2,271	2,832	2,832	2,842
Long-term financial liabilities	2,218	2,768	2,768	2,768
Other non-current liabilities	53	64	64	74
Total liabilities	4,273	5,206	5,204	5,441
Equity attributable to owners	21,439	25,955	28,096	31,026
Capital stock	3,445	3,745	3,745	3,745
Capital surplus	4,436	4,446	4,446	4,446
Retained earnings	10,889	13,769	15,910	18,841
Minority interests	2	1	1	1
Shareholders' equity	21,441	25,956	28,097	31,027

Key valuation metrics/ratios

	2023	2024F	2025F	2026F
P/E (x)	10.7	3.9	5.8	4.5
P/CF (x)	7.4	3.4	5.2	4.2
P/B (x)	0.6	0.6	0.6	0.5
EV/EBITDA (x)	3.3	1.0	0.7	-
EPS (W)	1,829	4,581	3,130	4,026
CFPS (W)	2,630	5,347	3,483	4,339
BPS (W)	31,115	29,459	31,889	35,215
DPS (W)	700	700	700	700
Dividend payout ratio (%)	49.8	18.0	22.4	17.4
Dividend yield (%)	3.6	4.4	4.4	4.4
Revenue growth (%)	-54.8	31.0	-4.0	13.0
EBITDA growth (%)	-86.5	166.8	-16.4	19.5
OP growth (%)	-94.1	412.8	-22.3	25.9
EPS growth (%)	-91.2	150.5	-31.7	28.6
AR turnover (x)	10.0	13.3	11.7	12.3
Inventory turnover (x)	24.4	27.7	24.4	25.6
AP turnover (x)	15.7	14.6	13.9	14.1
ROA (%)	3.7	12.0	8.6	10.2
ROE (%)	4.6	14.5	10.2	12.0
ROIC (%)	5.2	24.6	17.9	22.1
Debt-to-equity ratio (%)	19.9	20.1	18.5	17.5
Current ratio (%)	658.5	728.6	809.8	842.8
Net debt-to-equity ratio (%)	-40.5	-45.6	-48.9	-52.1
Interest coverage ratio (x)	3.7	27.9	19.2	24.1

[Global peer group valuations]

Valuation table: FSCs

Company	Market cap (Wbn)	Revenue (Wbn)		OP (Wbn)		NP (Wbn)		ROE (%)		P/E (x)		P/B (x)		EV/EBITDA (x)	
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
Korean Air	8,911	18,006	18,564	2,138	2,217	1,372	1,466	13.7	13.2	6.5	6.1	0.8	0.8	3.8	3.7
Asiana Airlines	729	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Japan Airlines	9,693	16,905	17,721	1,438	1,558	902	1,001	10.6	10.8	10.6	9.5	1.1	1.0	4.2	4.0
ANA Holdings	12,680	20,269	21,300	1,686	1,808	1,134	1,189	11.1	10.8	11.1	10.6	1.2	1.1	4.7	4.5
Bangkok Airways	2,024	1,009	1,067	128	108	141	143	18.5	16.1	15.9	14.2	2.5	2.3	10.5	10.7
Singapore Airlines	19,496	20,154	20,345	1,951	1,692	2,348	1,429	13.4	8.8	9.4	13.7	1.2	1.2	5.4	5.7
Cebu Air	444	2,539	2,930	245	376	146	249	331.0	75.6	5.9	3.3	2.2	1.2	6.4	4.8
China Southern	19,368	34,391	36,519	905	1,580	25	760	0.7	9.2	246.8	14.4	1.5	1.4	9.8	8.7
China Eastern	15,298	26,610	28,622	256	1,416	(359)	612	(6.9)	8.5	-	15.8	1.2	1.1	9.5	7.6
China Airlines	6,152	8,756	8,629	731	560	580	427	15.7	9.8	11.1	14.7	1.7	1.6	4.1	4.4
EVA Airways	9,532	9,475	9,283	1,599	1,284	1,167	950	23.3	15.6	8.2	10.2	1.8	1.6	3.3	3.8
Asia avg.	**9,484**	**15,811**	**16,498**	**1,108**	**1,260**	**746**	**823**	**43.1**	**17.8**	**36.2**	**11.3**	**1.5**	**1.3**	**6.2**	**5.8**
Delta Air Lines	57,702	79,517	84,395	8,415	9,416	5,478	6,385	32.8	26.9	10.5	9.0	2.8	2.2	6.5	5.9
Air France-KLM	2,978	46,307	48,187	2,077	2,703	856	1,576	(18.3)	(133.6)	3.5	2.0	-	128.3	3.0	2.7
Aeroflot	-	7,358	-	(54)	-	(554)	-	28.8	-	-	-	-	-	-	-
Lufthansa	11,257	55,731	58,616	2,440	3,429	1,580	2,230	10.8	13.8	7.2	5.0	0.7	0.7	3.2	2.7
Qantas	12,555	21,531	22,299	2,377	2,438	1,478	1,555	204.2	92.0	8.4	7.8	10.6	5.8	4.1	3.8
Global avg.	**12,588**	**24,571**	**27,034**	**1,755**	**2,185**	**1,086**	**1,427**	**46.0**	**12.7**	**27.3**	**9.7**	**2.3**	**10.7**	**5.6**	**5.2**

Source: Bloomberg, Mirae Asset Securities Research

[Global peer group valuations]

Valuation table: LCCs

Company	Market cap (Wbn)	Revenue (Wbn)		OP (Wbn)		NP (Wbn)		ROE (%)		P/E (x)		P/B (x)		EV/EBITDA (x)	
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
Jeju Air	736	1,966	1,998	148	160	97	108	27.0	23.7	7.5	6.8	1.9	1.5	4.0	3.6
Jin Air	578	1,441	1,464	166	163	119	123	58.9	38.2	4.8	4.7	2.2	1.5	1.6	1.7
T'way Air	616	1,506	1,605	103	140	64	107	32.8	44.2	11.6	6.5	2.8	1.9	1.6	1.4
Asia Aviation	1,496	2,022	2,146	215	231	130	124	31.6	23.3	11.1	12.2	3.4	2.8	7.8	7.3
AirAsia X	271	1,135	1,229	85	96	46	57	65.2	45.5	5.4	4.3	3.3	2.1	4.7	4.3
Air Arabia	5,196	2,478	2,647	466	472	529	569	17.8	17.9	10.0	9.8	1.7	1.6	5.6	5.2
Spring Airlines	11,023	4,000	4,558	586	794	503	637	15.0	16.5	21.7	17.1	3.2	2.8	12.7	10.0
Juneyao Airlines	5,913	4,421	4,809	303	501	236	385	13.2	17.9	23.3	15.2	3.2	2.7	12.8	10.2
Asia avg.	**3,229**	**2,371**	**2,557**	**259**	**319**	**215**	**264**	**32.7**	**28.4**	**11.9**	**9.6**	**2.7**	**2.1**	**6.4**	**5.4**
Southwest Airlines	27,288	38,471	40,449	384	1,451	652	1,370	4.3	9.1	43.8	20.6	1.9	1.7	9.3	6.5
JetBlue Airways	3,418	12,959	13,651	(278)	165	(449)	(288)	(10.5)	(5.9)	-	-	0.7	0.8	14.4	8.2
SkyWest	6,266	4,898	5,278	654	749	419	496	13.0	12.7	15.5	13.0	1.9	1.5	7.4	6.7
Alaska Air Group	9,560	16,095	20,009	1,110	1,571	762	1,014	12.6	13.2	12.2	10.1	1.5	1.2	6.3	4.9
Allegiant Travel	1,989	3,501	3,899	127	301	21	146	1.4	9.4	78.4	13.7	1.0	0.9	8.1	5.8
Spirit Airlines	165	6,837	6,706	(1,167)	(646)	(1,059)	(690)	(92.5)	(311.9)	-	-	0.8	-	-	-
EasyJet	7,178	16,850	17,951	1,125	1,305	824	955	15.2	15.1	8.8	7.6	1.3	1.1	2.9	2.6
Ryanair	34,016	20,465	22,060	2,413	3,095	2,244	2,816	20.1	23.3	15.5	12.0	3.2	2.7	8.0	6.8
Global avg.	**7,232**	**8,690**	**9,404**	**402**	**659**	**321**	**496**	**14.1**	**(0.5)**	**19.3**	**11.0**	**2.1**	**1.8**	**7.2**	**5.7**

Source: Bloomberg, Mirae Asset Securities Research

[Global peer group valuations]

Valuation table: Container shippers

Company	Market cap (Wbn)	Revenue (Wbn)		OP (Wbn)		NP (Wbn)		ROE (%)		P/E (x)		P/B (x)		EV/EBITDA	
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
COSCO Shipping	43,002	44,931	38,372	11,792	5,738	8,985	4,456	21.3	10.0	5.0	10.2	1.0	1.0	2.1	3.7
OOIL	12,787	14,109	13,058	3,597	2,335	3,539	2,326	21.2	12.8	3.7	5.0	0.7	0.7	1.1	1.6
Evergreen Marine	20,744	20,223	17,148	6,936	4,069	6,009	3,521	26.3	11.4	3.8	7.2	0.8	0.8	2.0	4.2
Yang Ming	10,799	10,027	8,131	3,052	1,291	2,824	1,341	20.4	8.3	4.4	12.1	0.7	0.7	0.9	2.4
SFL	2,113	1,254	1,199	429	349	187	140	12.6	9.1	10.3	17.0	1.2	1.3	7.6	8.2
Maersk	36,062	77,212	70,482	7,965	1,476	7,361	1,027	9.4	1.8	5.2	35.7	0.5	0.5	1.9	3.1
Avg.	**20,918**	**27,959**	**24,732**	**5,629**	**2,543**	**4,817**	**2,135**	**18.5**	**8.9**	**5.4**	**14.5**	**0.8**	**0.8**	**2.6**	**3.9**

Source: Bloomberg, Mirae Asset Securities Research

[Global peer group valuations]

Valuation table: Bulk shippers

Company	Market cap (Wbn)	Revenue (Wbn)		OP (Wbn)		NP (Wbn)		ROE (%)		P/E (x)		P/B (x)		EV/EBITDA	
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
Pan Ocean	1,951	4,639	4,803	483	491	372	372	7.7	7.1	5.2	5.2	0.4	0.4	4.4	4.3
Korea Line	571	1,738	1,517	346	278	253	179	13.8	8.9	2.2	3.1	0.3	0.3	6.8	7.7
Kawasaki Kisen Kaisha	13,260	9,221	9,131	925	867	2,266	902	15.2	6.2	6.4	14.3	0.9	0.9	10.3	10.6
Mitsui OSK Lines	18,123	16,110	16,148	1,287	1,407	3,151	1,878	14.7	7.7	5.5	9.5	0.8	0.7	12.3	11.3
NYK Line	21,115	23,286	22,020	2,002	1,877	3,779	2,108	14.8	6.8	5.6	9.6	0.8	0.7	8.0	8.2
Pacific Basin Shipping	1,875	3,391	3,527	196	278	167	261	7.8	11.4	11.3	7.6	0.7	0.7	4.5	3.7
U-Ming Marine Transport	2,186	731	768	189	213	196	209	12.2	11.4	11.2	10.7	1.3	1.2	14.4	14.0
Scorpio Tankers	3,983	1,807	1,598	1,011	744	841	645	23.4	15.3	4.9	5.7	0.9	0.8	4.0	4.8
Star Bulk Carriers	3,336	1,446	1,401	648	569	523	546	18.7	17.0	6.1	6.3	0.9	0.9	5.7	5.2
Diana Shipping	382	314	392	112	246	45	153	7.4	25.5	8.8	2.4	-	-	6.3	4.3
Knightsbridge Shipping	1,374	4,894	5,512	243	294	165	209	11.4	13.5	7.1	5.3	0.8	0.7	3.1	2.6
D/S Norden	6,196	6,143	6,074	677	660	1,069	678	13.4	11.9	6.7	7.3	0.8	0.7	7.3	7.0
Avg.	**1,951**	**4,639**	**4,803**	**483**	**491**	**372**	**372**	**7.7**	**7.1**	**5.2**	**5.2**	**0.4**	**0.4**	**4.4**	**4.3**

Source: Bloomberg, Mirae Asset Securities Research

[Global peer group valuations]

Valuation table: Tanker operators

Company	Market cap (Wbn)	Revenue (Wbn)		OP (Wbn)		NP (Wbn)		ROE (%)		P/E (x)		P/B (x)		EV/EBITDA	
		24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
COSCO Shipping Energy	10,221	4,706	5,203	1,330	1,625	954	1,168	13.4	15.0	12.7	10.3	1.6	1.5	7.9	6.9
China Merchants Energy	10,612	5,394	5,797	1,179	1,500	1,004	1,268	13.1	15.0	10.6	8.3	1.4	1.2	8.1	6.5
MISC	10,527	4,157	4,201	871	956	722	803	5.8	6.3	14.5	13.8	0.8	0.8	8.5	7.9
Navigator Holdings	1,564	804	804	205	214	132	172	7.7	9.7	12.3	9.2	0.9	0.8	6.3	6.0
Ardmore Shipping	685	385	289	196	115	186	114	23.0	7.0	3.9	6.2	0.8	0.7	2.9	4.2
Nordic American Tankers	868	354	389	148	184	105	152	14.7	21.7	8.8	5.6	1.2	1.2	5.5	4.6
Euronav	-	1,171	1,540	891	689	549	451	40.1	26.7	-	-	-	-	-	-
Scorpio Tankers	3,983	1,807	1,598	1,011	744	841	645	23.4	15.3	4.9	5.7	0.9	0.8	4.0	4.8
Golar LNG	4,962	373	638	208	327	188	280	5.1	7.5	22.8	21.0	1.7	1.6	19.9	15.7
DHT Holdings	2,353	559	698	268	431	238	399	15.7	32.6	10.5	6.0	1.7	1.6	6.5	4.8
Stolt-Nielsen	2,290	4,040	4,050	716	712	523	526	18.3	15.5	4.0	4.0	0.7	0.6	4.3	4.2
Flex LNG	1,945	489	500	281	279	156	160	13.5	15.0	11.5	11.6	1.7	1.8	10.0	10.0
Odfjell	1,132	1,650	1,529	507	446	404	356	33.1	25.6	2.8	3.2	0.9	0.8	3.3	3.6
Avg.	**4,262**	**1,991**	**2,095**	**601**	**633**	**462**	**500**	**17.5**	**16.4**	**9.9**	**8.7**	**1.2**	**1.1**	**7.3**	**6.6**

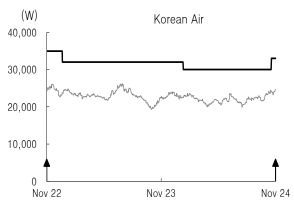
Source: Bloomberg, Mirae Asset Securities Research

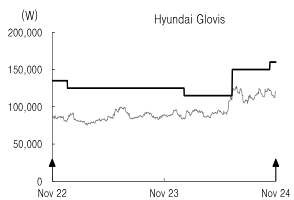
Appendix 1

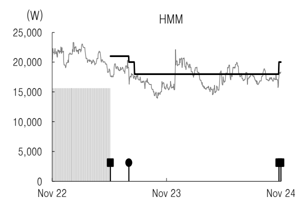
Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Korean Air (003490)			
	11/07/24	Buy	33,000
	01/31/24	Buy	30,000
	01/10/24	One year	32,000
	01/10/23	Buy	32,000
	11/04/22	Buy	35,000
Hyundai Glovis (086280)			
	11/01/24	Buy	160,000
	07/25/24	Buy	150,000
	07/01/24	Buy	150,059
	01/26/24	Buy	115,046
	01/10/24	One year	125,050
	01/10/23	Buy	125,050
	04/29/22	Buy	135,053
HMM (011200)			
	11/14/24	Trading Buy	20,000
	08/11/24	One year	18,000
	08/11/23	Hold	18,000
	07/24/23	Hold	20,000
	05/26/23	Trading Buy	21,000







Stock ratings	
Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings	
Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (─), TP (▬), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (♦)
* Our investment rating is a guide to the expected return of the stock over the next 12 months.
* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.
* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.
* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Appendix 1

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	82.38%	10.23%	7.39%	0%
Investment banking services	84.21%	5.26%	10.53%	0%

* Based on recommendations in the last 12-months (as of September 30, 2024)

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