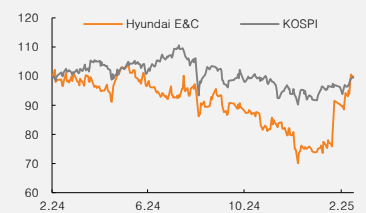


(Maintain)	Buy
Target price	▲ W46,000
Current price (2/17/25)	W34,200
Upside	34.5%

OP (24, Wbn)	-1,221
Consensus OP (24F, Wbn)	578
EPS growth (24, %)	TTR
Market EPS growth (24F, %)	67.9
P/E (24, x)	-
Market P/E (24F, x)	11.2
KOSPI	2,610.42

Market cap (Wbn)	3,808
Shares (mn)	111
Free float (%)	65.1
Foreign ownership (%)	19.9
Beta (12M)	0.46
52-week low (W)	24,100
52-week high (W)	35,700

(%)	1M	6M	12M
Absolute	28.6	11.2	1.3
Relative	24.3	14.9	2.8



Mirae Asset Securities Co., Ltd.

Ki Ryong Kim

kiryong.kim@miraeasset.com

Hyundai E&C

Solid 2025 earnings outlook

2025 earnings to rebound strongly on an easy comparison

For 2024, Hyundai E&C posted a consolidated operating loss of W1.22tr mainly due to massive cost recognition in 4Q24 (part of a rigorous review of ongoing projects in Indonesia and Saudi Arabia after leadership changes at both Hyundai E&C and Hyundai Engineering). Inspections of domestic housing construction sites (triggered by controversies over construction defects) also added to cost pressures.

However, the sluggish performance last year positions the company to achieve the strongest rebound among peers; management guided 2025 revenue at W30.4tr (-7% YoY) and operating profit at W1.18tr (swinging to black YoY). Notably, the firm's OP margin guidance of 3.9% would represent the highest level since 2021 (4.2%).

Start of semi-in-house projects and potential progress in nuclear power business

After some delays, Hyundai E&C's semi-in-house projects are finally taking shape. The bridge loan for the CJ Gayang-dong project has been converted to a conventional term loan, and the company secured a W1.2tr redevelopment project at the Hilton Hotel site in Jung-gu, Seoul. We expect these projects to contribute to margin growth going forward. (Hyundai E&C shares in profits from the operation of completed semi-in-house projects.)

We expect Hyundai E&C to differentiate itself from other construction companies by focusing on the nuclear power segment. This year, the company is aiming to win the Palisades nuclear power plant decommissioning project (US) and an EPC contract for the Kozloduy nuclear power plant project (Bulgaria). In the UK, along with its US partner Holtec, the company has been named a finalist for a small modular reactor (SMR) project.

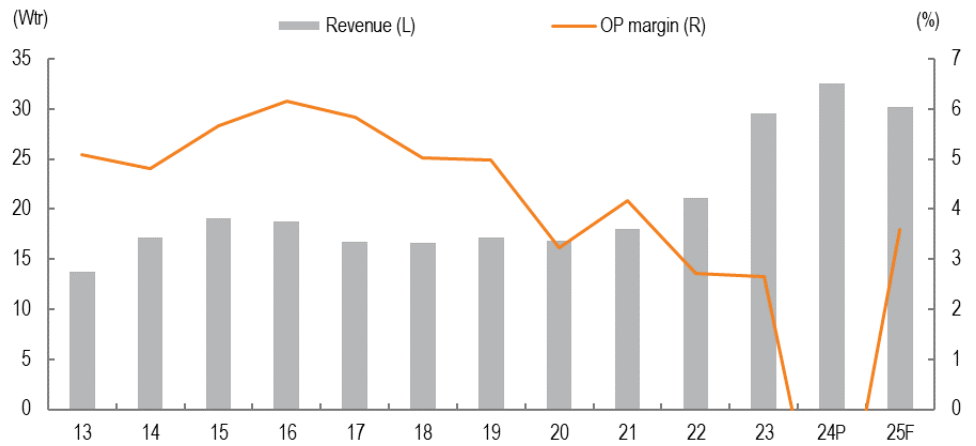
Lift TP to W46,000 and maintain Buy; our top construction pick

We maintain our Buy rating on Hyundai E&C and lift our price target by 26% to W46,000. The stock is our top pick in the construction sector. We find it positive that the company seems likely to enter a period of improved margins (which have long remained disappointing despite top-line growth). Also, the potential for visible achievements in the nuclear value chain (overseas, SMR, and decommissioning projects) and rebuilding projects should provide positive momentum this year. At the CEO Investor Day event scheduled for late March, the company will likely provide more detailed plans related to its nuclear power value chain, energy transition projects, and shareholder return policies.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	21,239	29,651	32,694	30,324	30,558
OP (Wbn)	575	785	-1,221	1,061	1,098
OP margin (%)	2.7	2.6	-3.7	3.5	3.6
NP (Wbn)	409	536	-139	668	710
EPS (W)	3,637	4,767	-1,235	5,947	6,320
ROE (%)	5.5	6.8	-1.7	8.1	8.0
P/E (x)	9.6	7.3	-	5.8	5.4
P/B (x)	0.5	0.5	0.4	0.4	0.4
Dividend yield (%)	1.7	1.7	2.4	2.3	2.3

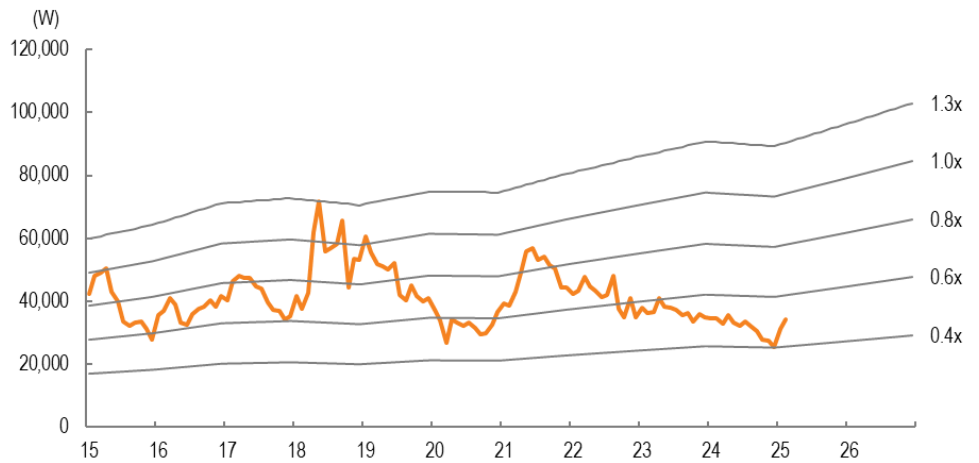
Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Figure 1. Hyundai E&C: Consolidated revenue and OP margin



Source: Company data, Mirae Asset Securities Research

Figure 2. Hyundai E&C: P/B band chart



Source: Mirae Asset Securities Research

Table 1. Hyundai E&C: TP calculation

	Value	(W, x) Notes
BPS	76,558	2025F
Target P/B	0.6	
Target price	46,000	Rounded up
Current price	34,200	Feb. 17 closing price
Upside	35%	

Source: Mirae Asset Securities Research

Hyundai E&C (000720 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	29,651	32,694	30,324	30,558
Cost of revenue	27,949	32,887	28,278	28,468
GP	1,702	-193	2,046	2,090
SG&A expenses	917	1,028	985	992
OP (adj.)	785	-1,221	1,061	1,098
OP	785	-1,221	1,061	1,098
Non-operating profit	155	279	95	116
Net financial income	115	109	191	203
Net income from associates	-5	6	1	2
Pretax profit	940	-942	1,156	1,214
Income tax	285	-206	341	358
Profit from continuing operations	654	-736	815	856
Profit from discontinued operations	0	0	0	0
NP	654	-736	815	856
Attributable to owners	536	-139	668	710
Attributable to minority interests	118	-598	147	146
Total comprehensive income	626	-584	819	856
Attributable to owners	518	-345	595	622
Attributable to minority interests	108	-239	224	234
EBITDA	982	-1,005	1,278	1,319
FCF	-937	1,327	-41	388
EBITDA margin (%)	3.3	-3.1	4.2	4.3
OP margin (%)	2.6	-3.7	3.5	3.6
Net margin (%)	1.8	-0.4	2.2	2.3

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	18,613	21,081	21,582	21,831
Cash & equivalents	4,206	5,101	5,420	5,496
AR & other receivables	4,274	6,255	6,241	6,241
Inventory	816	891	908	985
Other current assets	9,317	8,834	9,013	9,109
Non-current assets	5,101	5,919	5,369	5,446
Investments in associates	87	188	139	145
PP&E	1,205	1,315	1,358	1,405
Intangible assets	724	757	762	764
Total assets	23,714	26,999	26,951	27,277
Current liabilities	10,357	14,570	13,926	13,643
AP & other payables	5,201	5,992	5,997	6,040
Short-term financial liabilities	644	1,352	1,320	1,271
Other current liabilities	4,512	7,226	6,609	6,332
Non-current liabilities	2,902	2,744	2,588	2,431
Long-term financial liabilities	1,899	1,432	1,332	1,202
Other non-current liabilities	1,003	1,312	1,256	1,229
Total liabilities	13,259	17,314	16,514	16,074
Equity attributable to owners	8,137	8,001	8,606	9,226
Capital stock	562	562	562	562
Capital surplus	1,095	1,095	1,095	1,095
Retained earnings	6,420	6,215	6,816	7,437
Minority interests	2,319	1,684	1,831	1,977
Shareholders' equity	10,456	9,685	10,437	11,203

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	-715	1,566	209	645
NP	654	-736	815	856
Non-cash income/expenses	557	106	368	376
Depreciation	187	205	207	209
Amortization	10	10	10	11
Other	360	-109	151	156
Chg. in working capital	-1,816	1,888	-824	-432
Chg. in AR & other receivables	-2,886	-2,304	-2	-2
Chg. in inventory	54	-60	-17	-77
Chg. in AP & other payables	536	985	-15	-2
Income tax	-245	179	-341	-358
Cash flow from investing activities	563	-397	266	-289
Chg. in PP&E	-184	-236	-250	-257
Chg. in intangible assets	-13	-31	-15	-13
Chg. in financial assets	772	-459	536	-7
Other	-12	329	-5	-12
Cash flow from financing activities	366	50	-199	-269
Chg. in financial liabilities	547	240	-132	-179
Chg. in equity	0	0	0	0
Dividends	-95	-94	-67	-90
Other	-86	-96	0	0
Chg. in cash	232	895	319	76
Beginning balance	3,974	4,206	5,101	5,420
Ending balance	4,206	5,101	5,420	5,496

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

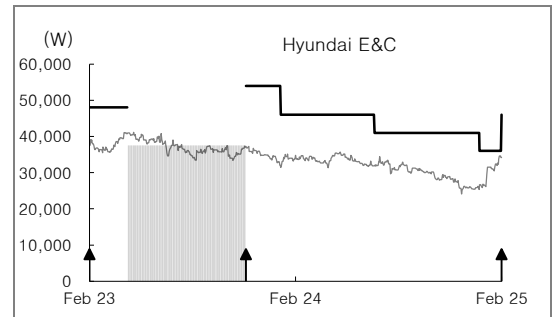
	2023	2024F	2025F	2026F
P/E (x)	7.3	-	5.8	5.4
P/CF (x)	3.2	-	3.2	3.1
P/B (x)	0.5	0.4	0.4	0.4
EV/EBITDA (x)	3.6	-	1.6	1.4
EPS (W)	4,767	-1,235	5,947	6,320
CFPS (W)	10,772	-5,607	10,523	10,958
BPS (W)	72,383	71,177	76,558	82,078
DPS (W)	600	600	800	800
Dividend payout ratio (%)	10.2	-9.1	10.9	10.4
Dividend yield (%)	1.7	2.5	3.3	3.3
Revenue growth (%)	39.6	10.3	-7.3	0.8
EBITDA growth (%)	29.7	TTR	TTB	3.2
OP growth (%)	36.6	TTR	TTB	3.5
EPS growth (%)	31.1	TTR	TTB	6.3
AR turnover (x)	8,229.6	8,932.2	5,165.0	3,905.4
Inventory turnover (x)	35.5	38.3	33.7	32.3
AP turnover (x)	8.5	7.6	6.0	6.1
ROA (%)	2.9	-2.9	3.0	3.2
ROE (%)	6.8	-1.7	8.1	8.0
ROIC (%)	8.8	-13.6	10.0	9.9
Debt-to-equity ratio (%)	126.8	178.8	158.2	143.5
Current ratio (%)	179.7	144.7	155.0	160.0
Net debt-to-equity ratio (%)	-25.7	-33.2	-35.4	-35.3
Interest coverage ratio (x)	12.3	-11.4	10.2	11.3

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Hyundai E&C (000720)	02/18/25	Buy	46,000
	01/10/25	Buy	36,000
	07/08/24	Buy	41,000
	01/24/24	Buy	46,000
	11/23/23	Buy	54,000
	04/28/23	No Coverage	
	11/23/22	Buy	48,000



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.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.62%	7.14%	8.24%	0%
Investment banking services	85.71%	0%	14.29%	0%

* Based on recommendations in the last 12-months (as of December 31, 2024)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. has acted as a liquidity provider for equity-linked warrants backed by shares of Hyundai E&C as an underlying asset; other than this, Mirae Asset Securities has no other special interests in the covered companies.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report. The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.

Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeasset.us.com or +1 (212) 407-1000.

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong: This report is distributed in Hong Kong by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong to any person.

India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.

All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong
Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroov, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
