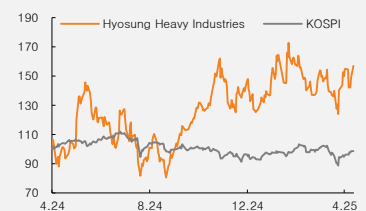


(Maintain)	<b>Buy</b>
Target price	<b>W600,000</b>
Current price (4/28/25)	W484,500
Upside	23.8%

OP (25F, Wbn)	517
Consensus OP (25F, Wbn)	518
EPS growth (25F, %)	49.4
Market EPS growth (25F, %)	26.5
P/E (25F, x)	13.6
Market P/E (25F, x)	9.2
KOSPI	2,548.86

Market cap (Wbn)	4,518
Shares (mn)	9
Free float (%)	51.0
Foreign ownership (%)	14.8
Beta (12M)	0.76
52-week low (W)	248,500
52-week high (W)	533,000

(%)	1M	6M	12M
Absolute	12.5	22.5	66.5
Relative	12.9	25.6	73.5



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# Hyosung Heavy Industries

## Visible profit uptrend

### 1Q25 review: OP beats consensus by 13%

For 1Q25, Hyosung Heavy Industries reported revenue of W1.08tr (+9.2% YoY) and operating profit of W102bn (+82% YoY; OP margin of 9.5%), showing a clear profit uptrend. The heavy industries order backlog hit W10.4tr (+89% YoY; +W1.2tr QoQ), with new orders exceeding W2tr (+46% YoY). Revenue recognition for high-value projects began in earnest, boosting profits. In addition, profitability at overseas subsidiaries (in the US, China, India, etc.) improved; notably, the Indian subsidiary posted an OP margin of over 20%, contributing significantly to overall earnings improvement.

### Order growth in the US/Europe and rising backlog margins

In the US, investments in ultra-high-voltage transformers (particularly 765kV systems) are on the rise. Against this backdrop, the company's US subsidiary recently secured its first-ever order for 765kV transformers, signaling growth in high-margin (i.e., high-voltage/large-capacity) orders. In India, orders are also shifting to higher-priced products such as 800kV gas-insulated switchgear (GIS) circuit breakers. With overseas markets now accounting for 77% of new orders, the average order backlog margin is rising, pointing to future profitability gains as related revenue is recognized. Accordingly, we forecast full-year operating profit to surge 45% YoY. Meanwhile, the construction division saw 1Q25 earnings weaken YoY and QoQ, as the large number of projects reaching completion in 2024 led to lower earnings at subsidiary ChinHung International. We expect risk management to remain a key focus for the construction division this year.

### Maintain Buy and TP of W600,000

We maintain our Buy rating and target price of W600,000 on Hyosung Heavy Industries. The high-margin North American market is increasingly driving both top- and bottom-line growth, and overseas production bases are continuing to report strong profitability. Accordingly, we expect earnings to level up over the medium to long term. The stock is currently trading at a 2025F P/E of 13.6x, below the domestic peer average of 15x. Given the structural improvement in profitability at the heavy industries division, we see potential for a re-rating and thus believe the current valuation presents a strong buying opportunity.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	3,510	4,301	4,895	5,562	6,257
OP (Wbn)	143	258	362	517	646
OP margin (%)	4.1	6.0	7.4	9.3	10.3
NP (Wbn)	10	116	223	333	409
EPS (W)	1,096	12,438	23,876	35,663	43,842
ROE (%)	1.1	11.3	14.9	16.3	17.4
P/E (x)	71.2	13.0	16.5	13.6	11.1
P/B (x)	0.7	1.4	1.9	2.1	1.8
Dividend yield (%)	0.0	1.5	1.3	1.0	1.0

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. 1Q25 review

(Wbn, %)

	1Q24	4Q24	1Q25P			Comparison			
			Preliminary	QoQ	YoY	Mirae Asset	Diff.	Consensus	Diff.
Revenue	985	1,571	1,075	-31.6%	9.2%	1,134	-5.2%	1,131	-5.0%
OP	56	132	102	-22.6%	81.9%	88	15.8%	90	13.4%
NP	26	96	104	7.9%	295.2%	52	97.8%	60	73.4%
OP margin (%)	5.7%	8.4%	9.5%			7.8	-	8.0	
Net margin (%)	2.7%	6.1%	9.6%			4.6	-	5.3	
<b>Revenue by business</b>									
Heavy industries	582	1,063	731	-31.2%	25.5%	Heavy industries: Higher-priced orders and profitability improvement at overseas subsidiaries			
Construction	402	508	344	-32.2%	-14.4%	Construction: Risk management efforts ongoing (including stricter project screening)			
Heavy industries share	59.1%	67.7%	68.0%						

Notes: NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Table 2. Earnings forecast revisions

(Wbn)

	Previous		Revised		Chg.		Notes
	2025F	2026F	2025F	2026F	2025F	2026F	
Revenue	5,650	5,562	5,551	6,257	-1.8%	12.5%	Reflected 1Q25 results
OP	485	517	506	646	4.3%	25.2%	Revised growth forecasts
NP	32,214	43,667	35,663	43,842	10.7%	0.4%	Reflected revised OP

Notes: NP is attributable to owners of the parent

Source: Mirae Asset Securities Research estimates

Table 3. Quarterly and annual earnings

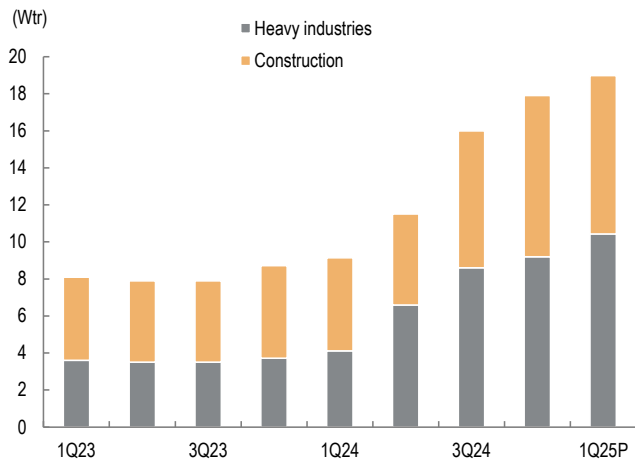
(Wbn)

		1Q24	2Q24	3Q24	4Q24	1Q25P	2Q25F	3Q25F	4Q25F	2023	2024	2025F	2026F
Revenue	<b>Total</b>	<b>985</b>	<b>1,194</b>	<b>1,145</b>	<b>1,571</b>	<b>1,075</b>	<b>1,392</b>	<b>1,449</b>	<b>1,646</b>	<b>4,301</b>	<b>4,893</b>	<b>5,562</b>	<b>6,257</b>
	Heavy industries	582	745	711	1,063	731	928	1,003	1,052	2,580	3,100	3,713	4,344
	Construction	402	449	433	508	344	463	447	594	1,720	1,793	1,849	1,912
Growth (%)	<b>Total</b>	<b>16.3</b>	<b>6.3</b>	<b>10.2</b>	<b>21.6</b>	<b>9.2</b>	<b>16.6</b>	<b>26.6</b>	<b>4.8</b>	<b>22.5</b>	<b>13.8</b>	<b>13.7</b>	<b>12.5</b>
	Heavy industries	22.2	4.6	19.8	33.0	25.5	24.7	41.0	-1.0	29.6	20.2	19.8	17.0
	Construction	8.8	9.3	-2.9	3.0	-14.4	3.1	3.1	17.0	13.2	4.2	3.1	3.4
OP	<b>Total</b>	<b>56</b>	<b>63</b>	<b>111</b>	<b>132</b>	<b>102</b>	<b>127</b>	<b>143</b>	<b>144</b>	<b>258</b>	<b>362</b>	<b>517</b>	<b>646</b>
	Heavy industries	36	65	99	115	90	112	126	124	175	315	453	569
	Construction	20	-2	12	17	12	15	17	20	83	47	64	78
YoY (%)	<b>Total</b>	<b>295.8</b>	<b>-26.8</b>	<b>17.8</b>	<b>108.4</b>	<b>81.9</b>	<b>102.8</b>	<b>28.2</b>	<b>9.2</b>	<b>95.1</b>	<b>40.5</b>	<b>42.5</b>	<b>25.2</b>
	Heavy industries	TTB	14.8	36.0	150.2	150.3	72.8	27.6	7.8	67.7	86.9	87.7	88.0
	Construction	33.8	-107.9	-43.1	-2.3	-40.1	-744.6	33.3	18.9	0.2	-43.3	34.6	22.3
OP margin (%)	<b>Total</b>	<b>5.7</b>	<b>5.3</b>	<b>9.7</b>	<b>8.4</b>	<b>9.5</b>	<b>9.1</b>	<b>9.9</b>	<b>8.8</b>	<b>6.0</b>	<b>7.4</b>	<b>9.3</b>	<b>10.3</b>
	Heavy industries	6.2	8.7	13.9	10.8	12.3	12.1	12.6	11.8	6.8	10.2	12.2	13.1
	Construction	5.0	-0.5	2.9	3.3	3.5	3.2	3.7	3.4	4.8	2.6	3.4	4.1
NP	<b>22</b>	<b>36</b>	<b>74</b>	<b>91</b>	<b>102</b>	<b>70</b>	<b>78</b>	<b>82</b>	<b>116</b>	<b>223</b>	<b>333</b>	<b>409</b>	
YoY (%)	TTB	-33.8	42.8	260.0	370.5	94.2	6.0	-9.6	1,035.4	92.0	49.4	22.9	
Net margin (%)	2.2	3.0	6.5	5.8	9.5	5.0	5.4	5.0	2.7	4.5	6.0	6.5	

Notes: NP is attributable to owners of the parent

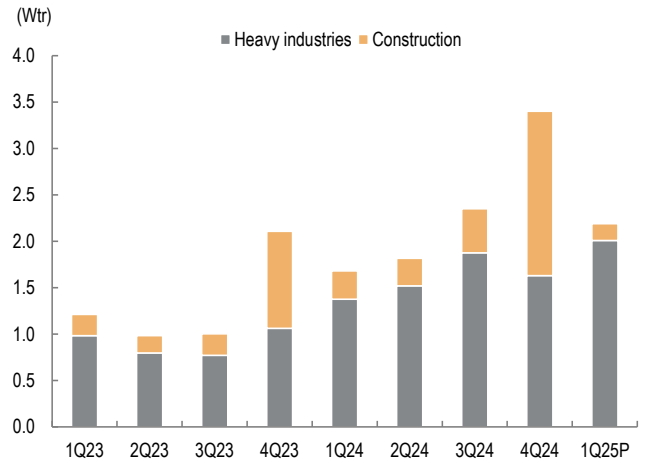
Source: Company data, Mirae Asset Securities Research estimates

Figure 1. Quarterly order backlog



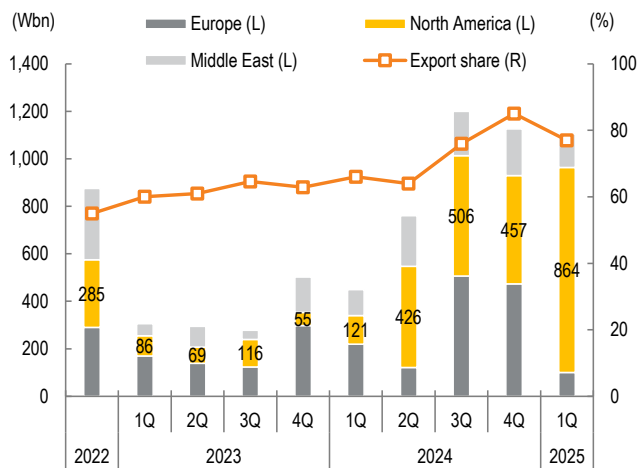
Note: Consolidated basis from 2Q24 for the heavy industries division and from 3Q24 for the construction division  
 Source: Company data, Mirae Asset Securities Research

Figure 2. Quarterly new orders



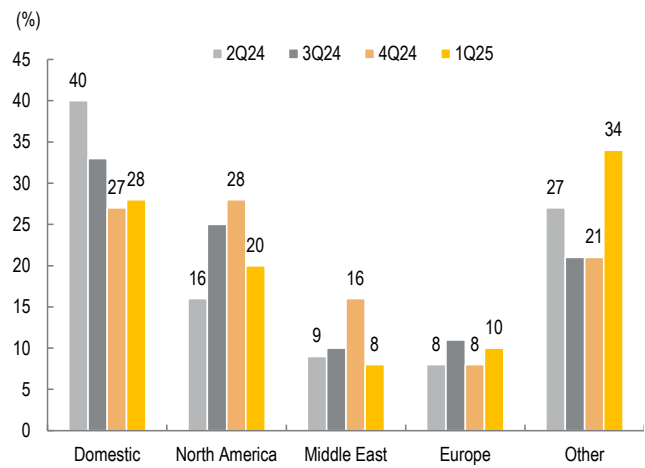
Note: Consolidated basis  
 Source: Company data, Mirae Asset Securities Research

Figure 3. Heavy industries: Order backlog by region



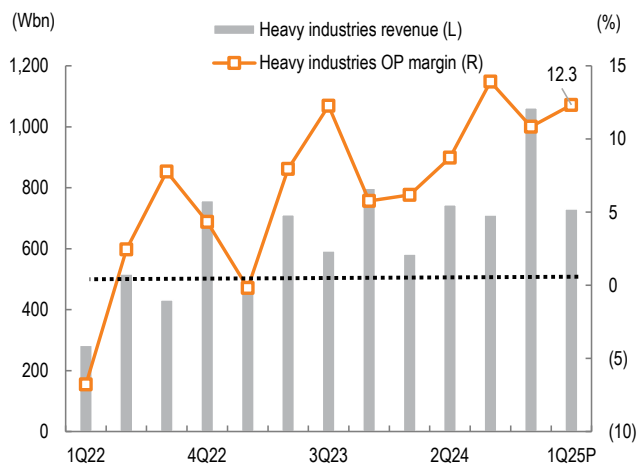
Note: Consolidated basis from 2Q24  
 Source: Company data, Mirae Asset Securities Research

Figure 4. Heavy industries: Revenue contribution by region



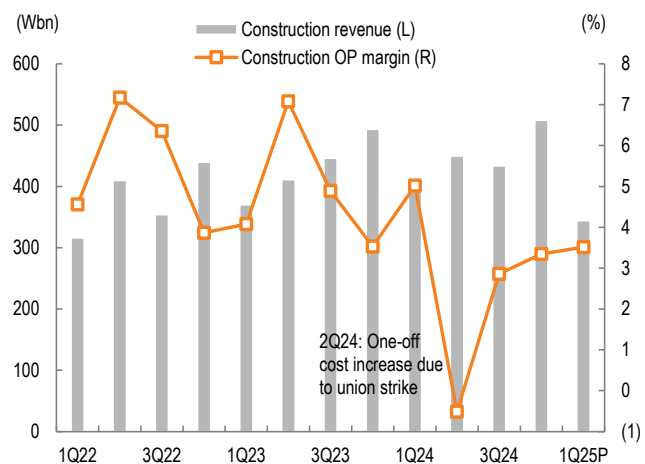
Note: Consolidated basis  
 Source: Company data, Mirae Asset Securities Research

Figure 5. Heavy industries: Quarterly revenue and OP margin



Source: Company data, Mirae Asset Securities Research

Figure 6. Construction: Quarterly revenue and OP margin



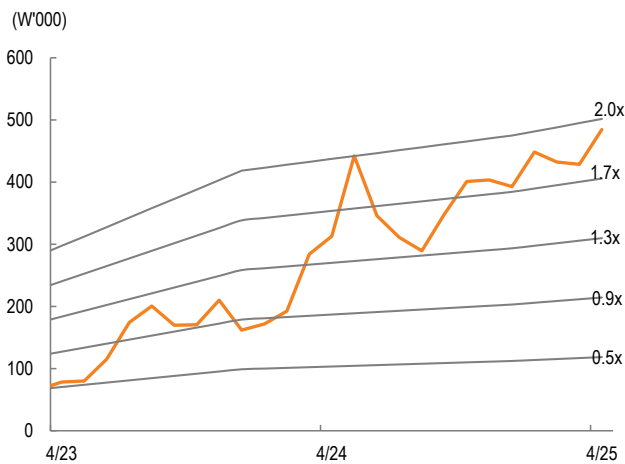
Source: Company data, Mirae Asset Securities Research

Table 4. Global peer valuations

Company	Market cap (Wbn)	Return (%)		Revenue growth (%)		OP margin (%)		P/E (x)		P/B (x)		EV/EBITDA (x)	
		1M	YTD	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
<b>Hyosung Heavy Industries</b>	<b>6.7</b>	<b>16.9</b>	<b>10.8</b>	<b>11.0</b>	<b>9.3</b>	<b>10.3</b>	<b>13.3</b>	<b>10.5</b>	<b>2.2</b>	<b>1.8</b>	<b>8.7</b>	<b>6.7</b>	<b>6.7</b>
GE Vernova	22.9	13.2	5.6	9.0	5.0	8.4	54.5	33.8	9.3	7.9	29.4	19.5	22.9
Siemens Energy	23.2	34.6	10.2	9.8	4.1	7.9	74.8	27.0	5.7	4.7	16.0	10.1	23.2
Hitachi	1.6	(4.9)	0.3	8.0	9.6	10.5	26.9	21.1	2.9	2.7	12.7	11.2	1.6
Heavy industries Eaton	2.8	(13.0)	7.6	7.7	19.4	21.1	24.0	21.4	5.7	5.3	18.7	16.9	2.8
Schneider Electric	0.3	(9.6)	9.2	7.4	17.9	19.1	23.2	20.4	3.7	3.4	14.6	13.0	0.3
LS Electric	(1.8)	(21.6)	23.6	13.0	22.6	23.6	15.7	13.1	5.3	4.1	10.4	8.6	(1.8)
HD Hyundai Electric	7.1	19.6	11.9	13.4	9.1	10.0	17.9	14.1	2.8	2.4	10.6	8.7	7.1
<b>Avg.</b>	<b>8.0</b>	<b>2.6</b>	<b>9.8</b>	<b>9.7</b>	<b>12.5</b>	<b>14.4</b>	<b>33.9</b>	<b>21.6</b>	<b>5.1</b>	<b>4.3</b>	<b>16.1</b>	<b>12.6</b>	<b>8.0</b>
Construction Hyundai E&C	7.3	41.5	10.2	(6.4)	1.7	2.9	8.9	7.0	0.5	0.5	4.4	3.0	7.3
Daewoo E&C	(7.1)	1.4	(9.8)	(14.1)	3.4	4.5	4.9	4.7	0.3	0.3	6.4	4.3	(7.1)
<b>Avg.</b>	<b>0.1</b>	<b>21.5</b>	<b>0.2</b>	<b>(10.2)</b>	<b>2.6</b>	<b>3.7</b>	<b>6.9</b>	<b>5.8</b>	<b>0.4</b>	<b>0.4</b>	<b>5.4</b>	<b>3.6</b>	<b>0.1</b>
<b>Global peer avg.</b>				<b>6.9</b>	<b>3.7</b>	<b>9.5</b>	<b>11.2</b>	<b>25.8</b>	<b>16.9</b>	<b>3.7</b>	<b>3.2</b>	<b>12.9</b>	<b>9.9</b>

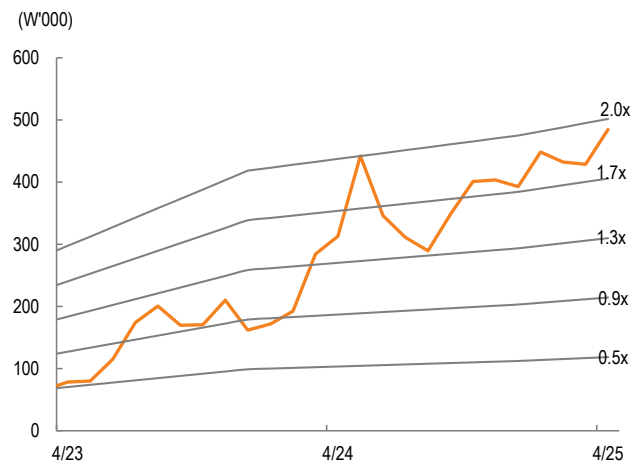
Notes: Based on Apr. 28 closing prices and Bloomberg consensus  
 Source: Bloomberg, Mirae Asset Securities Research

Figure 7. 12-month forward P/E band chart



Source: QuantiWise, Mirae Asset Securities Research

Figure 8. 12-month forward P/B band chart



Source: QuantiWise, Mirae Asset Securities Research

## Hyosung Heavy Industries (298040 KS)

## Income statement (summarized)

(Wbn)	2023	2024	2025F	2026F
<b>Revenue</b>	<b>4,301</b>	<b>4,895</b>	<b>5,562</b>	<b>6,257</b>
<b>Cost of revenue</b>	<b>3,663</b>	<b>4,103</b>	<b>4,576</b>	<b>5,119</b>
<b>GP</b>	<b>638</b>	<b>792</b>	<b>986</b>	<b>1,138</b>
<b>SG&amp;A expenses</b>	<b>380</b>	<b>429</b>	<b>469</b>	<b>492</b>
<b>OP (adj.)</b>	<b>258</b>	<b>362</b>	<b>517</b>	<b>646</b>
<b>OP</b>	<b>258</b>	<b>362</b>	<b>517</b>	<b>646</b>
<b>Non-operating profit</b>	<b>-88</b>	<b>-138</b>	<b>-48</b>	<b>-61</b>
Net financial income	-80	-26	276	398
Net income from associates	-3	-2	0	0
Pretax profit	170	224	469	585
Income tax	38	1	133	173
Profit from continuing operations	132	223	336	412
Profit from discontinued operations	0	0	0	0
<b>NP</b>	<b>132</b>	<b>223</b>	<b>336</b>	<b>412</b>
Attributable to owners	116	223	333	409
Attributable to minority interests	16	0	3	4
<b>Total comprehensive income</b>	<b>121</b>	<b>852</b>	<b>336</b>	<b>412</b>
Attributable to owners	106	852	333	409
Attributable to minority interests	15	1	3	3
EBITDA	343	435	600	748
FCF	422	328	866	277
EBITDA margin (%)	8.0	8.9	10.8	12.0
OP margin (%)	6.0	7.4	9.3	10.3
Net margin (%)	2.7	4.6	6.0	6.5

## Cash flow statement (summarized)

(Wbn)	2023	2024	2025F	2026F
<b>Operating cash flow</b>	<b>455</b>	<b>412</b>	<b>1,116</b>	<b>577</b>
NP	132	223	336	412
Non-cash income/expenses	174	214	-61	-123
Depreciation	54	59	68	78
Amortization	31	14	15	24
Other	89	141	-144	-225
Chg. in working capital	194	44	697	63
Chg. in AR & other receivables	53	-259	-46	-123
Chg. in inventory	-82	-119	-42	-112
Chg. in AP & other payables	259	48	136	25
Income tax	-13	-84	-133	-173
<b>Cash flow from investing activities</b>	<b>-52</b>	<b>-215</b>	<b>-329</b>	<b>-426</b>
Chg. in PP&E	-32	-82	-250	-300
Chg. in intangible assets	-3	-14	-50	-50
Chg. in financial assets	20	-203	-29	-76
Other	-37	84	0	0
<b>Cash flow from financing activities</b>	<b>-338</b>	<b>-228</b>	<b>121</b>	<b>35</b>
Chg. in financial liabilities	-313	-47	168	81
Chg. in equity	0	0	0	0
Dividends	0	-23	-47	-47
Other	-25	-158	0	1
<b>Chg. in cash</b>	<b>65</b>	<b>-29</b>	<b>879</b>	<b>181</b>
Beginning balance	213	278	249	1,128
Ending balance	278	249	1,128	1,310

Source: Company data, Mirae Asset Securities Research estimates

## Balance sheet (summarized)

(Wbn)	2023	2024	2025F	2026F
<b>Current assets</b>	<b>2,351</b>	<b>3,036</b>	<b>3,475</b>	<b>3,940</b>
Cash & equivalents	278	249	1,128	1,310
AR & other receivables	757	1,020	1,068	1,197
Inventory	726	885	927	1,040
Other current assets	590	882	352	393
<b>Non-current assets</b>	<b>2,410</b>	<b>3,182</b>	<b>3,414</b>	<b>3,701</b>
Investments in associates	32	36	38	43
PP&E	1,281	2,172	2,354	2,576
Intangible assets	114	123	157	183
<b>Total assets</b>	<b>4,761</b>	<b>6,219</b>	<b>6,889</b>	<b>7,641</b>
<b>Current liabilities</b>	<b>2,811</b>	<b>3,093</b>	<b>3,281</b>	<b>3,514</b>
AP & other payables	921	785	928	971
Short-term financial liabilities	940	665	632	614
Other current liabilities	950	1,643	1,721	1,929
<b>Non-current liabilities</b>	<b>726</b>	<b>1,070</b>	<b>1,290</b>	<b>1,444</b>
Long-term financial liabilities	420	648	848	948
Other non-current liabilities	306	422	442	496
<b>Total liabilities</b>	<b>3,537</b>	<b>4,163</b>	<b>4,572</b>	<b>4,958</b>
<b>Equity attributable to owners</b>	<b>1,080</b>	<b>1,909</b>	<b>2,167</b>	<b>2,529</b>
Capital stock	47	47	47	47
Capital surplus	892	892	892	892
Retained earnings	176	353	639	1,001
<b>Minority interests</b>	<b>144</b>	<b>147</b>	<b>150</b>	<b>154</b>
<b>Shareholders' equity</b>	<b>1,224</b>	<b>2,056</b>	<b>2,317</b>	<b>2,683</b>

## Key valuation metrics/ratios

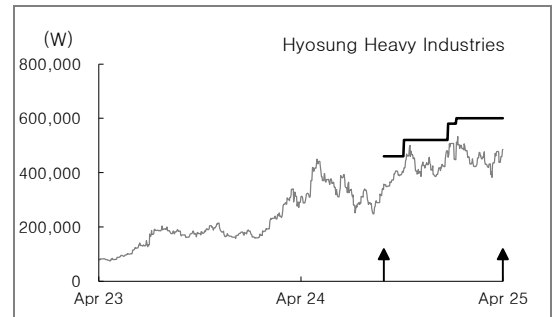
	2023	2024	2025F	2026F
P/E (x)	13.0	16.5	13.6	11.1
P/CF (x)	4.9	8.4	16.4	15.6
P/B (x)	1.4	1.9	2.1	1.8
EV/EBITDA (x)	7.7	10.4	7.8	6.1
EPS (W)	12,438	23,876	35,663	43,842
CFPS (W)	32,821	46,863	29,502	30,994
BPS (W)	115,933	204,753	232,458	271,306
DPS (W)	2,500	5,000	5,000	5,000
Dividend payout ratio (%)	17.6	20.9	10.4	10.9
Dividend yield (%)	1.5	1.3	1.0	1.0
Revenue growth (%)	22.5	13.8	13.6	12.5
EBITDA growth (%)	52.0	27.0	37.8	24.6
OP growth (%)	80.0	40.6	42.6	25.0
EPS growth (%)	1,035.4	92.0	49.4	22.9
AR turnover (x)	6.1	5.9	5.6	5.8
Inventory turnover (x)	6.3	6.1	6.1	6.4
AP turnover (x)	5.5	5.7	6.5	6.5
ROA (%)	2.8	4.1	5.1	5.7
ROE (%)	11.3	14.9	16.3	17.4
ROIC (%)	10.8	17.4	16.4	21.3
Debt-to-equity ratio (%)	288.9	202.5	197.3	184.8
Current ratio (x)	83.6	98.2	105.9	112.1
Net debt-to-equity ratio (%)	81.8	35.4	0.0	-5.3
Interest coverage ratio (x)	2.8	4.1	5.2	6.2

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (W)
Hyosung Heavy Industries (298040)	02/04/25	Buy	600,000
	01/20/25	Buy	580,000
	11/01/24	Buy	520,000
	09/26/24	Buy	460,000



### 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.

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	Buy	Trading Buy	Hold	Sell
Ratings distribution	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

\* Based on recommendations in the last 12-months (as of March 31, 2025)

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