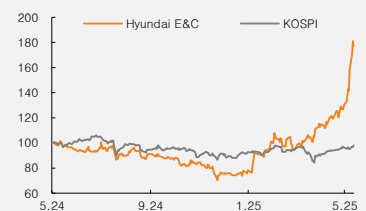


(Maintain)	Buy
Target price	▲ W73,000
Current price (5/28/25)	W60,800
Upside	20.1%

OP (25F, Wbn)	1,095
Consensus OP (25F, Wbn)	996
EPS growth (25F, %)	TTB
Market EPS growth (25F, %)	25.8
P/E (25F, x)	10.5
Market P/E (25F, x)	9.6
KOSPI	2,670.15

Market cap (Wbn)	6,770
Shares (mn)	111
Free float (%)	65.1
Foreign ownership (%)	23.4
Beta (12M)	0.58
52-week low (W)	24,100
52-week high (W)	62,000

(%)	1M	6M	12M
Absolute	47.8	115.2	76.2
Relative	41.0	101.9	79.7



Mirae Asset Securities Co., Ltd.

Ki Ryong Kim
kiryong.kim@miraeasset.com

Hyundai E&C

Earnings turnaround and nuclear momentum

Nuclear momentum coming into focus

Hyundai E&C's nuclear-related business momentum is gaining increasing attention after the company outlined opportunities across the nuclear value chain during its recent CEO Investor Day. In the US, Trump signed a series of nuclear-related executive orders, aiming to expand nuclear energy capacity from 100GW to 400GW by 2050 and shorten the permitting timeline for new projects to within 18 months. In addition, several EU countries are adopting more nuclear-friendly stances, repealing nuclear phase-out laws and emphasizing the importance of small modular reactors (SMRs). Hyundai E&C is strongly positioned in the nuclear segment, having the ability to carry out projects both through government-led ("Team Korea") initiatives, as seen with the Barakah project in the UAE, and in partnership with leading global players such as Westinghouse and Holtec. The firm (in partnership with Westinghouse) is working to sign a deal with Bulgaria (estimated EPC value of US\$5–6bn) by end-2025 and expects the Palisades SMR project in the US to make meaningful progress in 2026. For the UK SMR project, it is awaiting shortlist results as part of the Team Holtec consortium.

Earnings turnaround to materialize in 2H25

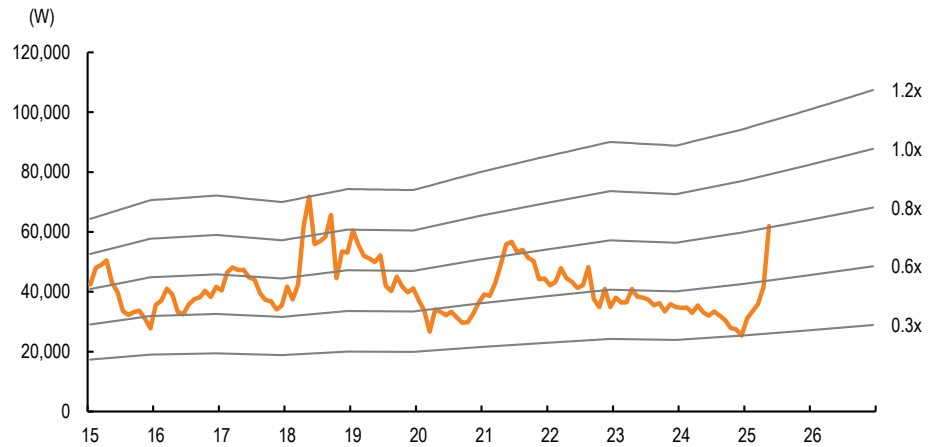
We expect Hyundai E&C to deliver visible earnings improvement in 2H25, driven by a favorable base and normalizing margins. For the full year, we look for consolidated revenue of W30.6tr (-6.3% YoY) and operating profit of W1.09tr (swinging to profit YoY). While there are lingering cost concerns related to an accident involving subsidiary Hyundai Engineering (at the Sejong–Anseong expressway construction site), we believe the company remains on track to deliver full-year operating profit of more than W1tr. The firm may lag behind peers in terms of cost ratio improvement due to its larger exposure to low-margin projects from 2021–22. However, we believe the project mix is gradually improving thanks to progress in semi-in-house projects (including the CJ Gayang-dong development project).

Raise TP to W73,000; retain as our top pick

We maintain our Buy rating on Hyundai E&C and continue to recommend the stock as our top pick in the construction sector. We raise our target price to W73,000 (from W50,000), as we lifted our target P/B to 0.96x (from 0.66x). Our target multiple is based on the average P/B in 2015–16 (when operating profit exceeded W1tr), with a 20% premium added to reflect the growing visibility of the company's overseas nuclear value chain. Despite the stock's recent rally, we believe it is too early to call a peak, especially in light of the multiple expansion typically enjoyed by construction firms with strong overseas growth visibility. Notably, most global nuclear/construction-related stocks are trading at P/Bs of more than 1x.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	29,651	32,670	30,616	31,032	31,273
OP (Wbn)	785	-1,263	1,095	1,121	1,138
OP margin (%)	2.6	-3.9	3.6	3.6	3.6
NP (Wbn)	536	-169	652	671	701
EPS (W)	4,767	-1,500	5,804	5,966	6,237
ROE (%)	6.8	-2.1	7.9	7.6	7.5
P/E (x)	7.3	-	10.5	10.2	9.7
P/B (x)	0.5	0.4	0.8	0.8	0.7
Dividend yield (%)	1.7	2.4	1.3	1.3	1.3

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: P/B band chart

Source: Mirae Asset Securities Research

Table 1. Hyundai E&C: TP calculation

(W, x)

	Value	Notes
BPS	75,690	2025F
Target P/B	0.96	20% premium to 2015-16 avg.
Target price	73,000	Rounded up
Current price	60,800	May 28 closing price
Upside	20%	

Source: Mirae Asset Securities Research

Table 2. Peer valuation table

	Hyundai E&C	Samsung E&A	JGC	Saipem	Fluor	Tecnicas Reunidas	Tecnimont	NuScale	
P/E (x)	2022	9.6	6.6	-	-	120.1	-	11.3	-
	2023	7.3	7.5	13.4	15.9	321.7	11.0	12.9	-
	2024	-	4.3	-	15.7	4.1	10.0	13.7	-
	2025F	11.1	7.1	-	10.0	17.3	11.0	15.3	-
	2026F	8.8	6.3	13.3	7.5	15.6	8.9	13.2	-
P/B (x)	2022	0.5	1.6	1.0	1.1	2.8	7.2	2.1	20.3
	2023	0.5	1.6	1.0	1.2	3.4	1.9	3.1	8.1
	2024	0.4	0.8	0.9	1.9	2.1	2.3	4.6	8.0
	2025F	0.8	0.9	0.8	1.6	2.1	2.6	5.3	10.2
	2026F	0.7	0.8	0.7	1.4	1.9	2.1	4.4	9.5
ROE (%)	2022	5.4	28.3	-8.8	-17.5	6.7	-44.8	18.3	-16.7
	2023	6.7	24.4	7.8	8.0	4.5	31.7	24.6	-56.1
	2024	-2.1	19.6	-2.0	12.4	72.8	25.6	35.4	-38.4
	2025F	7.4	13.3	-1.0	16.8	10.1	25.4	37.1	-159.9
	2026F	8.8	13.6	6.3	21.0	11.2	25.6	35.8	-33.8
EV/EBITDA (x)	2022	4.2	3.3	5.6	4.8	14.1	11.4	5.7	-
	2023	4.1	4.0	2.3	3.8	27.9	2.5	5.7	-
	2024	-	-	-	4.0	14.7	3.5	6.8	-
	2025F	4.4	1.2	-	2.7	9.8	4.1	7.6	-
	2026F	3.6	0.9	1.4	2.3	8.6	3.2	6.5	-

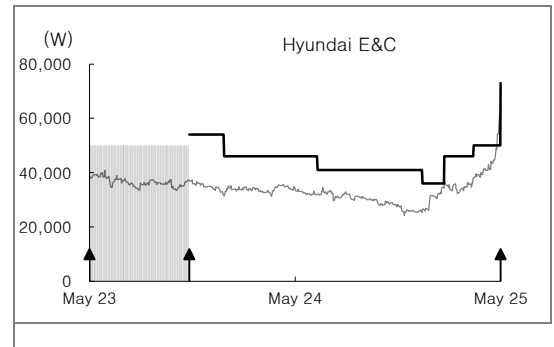
Source: Bloomberg, Mirae Asset Securities Research

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Hyundai E&C (000720)	05/29/25	Buy	73,000
	04/11/25	Buy	50,000
	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	



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

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

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

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	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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<p>Mirae Asset Securities (USA) Inc. 810 Seventh Avenue, 37th Floor New York, NY 10019 USA</p> <p>Tel: 1-212-407-1000</p>	<p>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</p>	<p>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</p>
<p>Mirae Asset Securities (Singapore) Pte. Ltd. 6 Battery Road, #11-01 Singapore 049909 Republic of Singapore</p> <p>Tel: 65-6671-9845</p>	<p>Mirae Asset Securities (Vietnam) LLC 7F, Saigon Royal Building 91 Pasteur St. District 1, Ben Nghe Ward, Ho Chi Minh City Vietnam</p> <p>Tel: 84-8-3911-0633 (ext.110)</p>	<p>Mirae Asset Securities Mongolia UTSK LLC #406, Blue Sky Tower, Peace Avenue 17 1 Khoroov, Sukhbaatar District Ulaanbaatar 14240 Mongolia</p> <p>Tel: 976-7011-0806</p>
<p>Mirae Asset Investment Advisory (Beijing) Co., Ltd 2401B, 24th Floor, East Tower, Twin Towers B12 Jianguomenwai Avenue, Chaoyang District Beijing 100022 China</p> <p>Tel: 86-10-6567-9699</p>	<p>Beijing Representative Office 2401A, 24th Floor, East Tower, Twin Towers B12 Jianguomenwai Avenue, Chaoyang District Beijing 100022 China</p> <p>Tel: 86-10-6567-9699 (ext. 3300)</p>	<p>Shanghai Representative Office 38T31, 38F, Shanghai World Financial Center 100 Century Avenue, Pudong New Area Shanghai 200120 China</p> <p>Tel: 86-21-5013-6392</p>
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