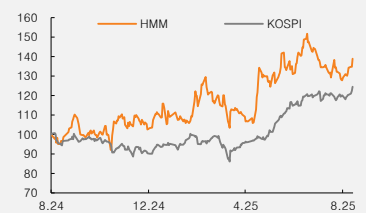


(Maintain)	<b>Buy</b>
Target price	<b>W29,000</b>
Current price (9/10/25)	W23,750
Upside	22.1%

OP (25F, Wbn)	2,024
Consensus OP (25F, Wbn)	1,347
EPS growth (25F, %)	-48.4
Market EPS growth (25F, %)	22.7
P/E (25F, x)	9.1
Market P/E (25F, x)	12.4
KOSPI	3,314.53

Market cap (Wbn)	24,345
Shares (mn)	943
Free float (%)	64.0
Foreign ownership (%)	6.2
Beta (12M)	0.35
52-week low (W)	15,750
52-week high (W)	25,950

(%)	1M	6M	12M
Absolute	3.3	7.2	43.7
Relative	0.0	-16.8	9.4



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# HMM

## Value as an asset-based logistics player to come into focus

### Tender offer paves the way for a sale

HMM's ongoing W2.2tr share buyback/cancellation program (81.8mn shares, or 8% of the total) is set to conclude on Sep. 12. The tender offer price of W26,200 represents a 20% premium over the Aug. 14 closing price and is in line with the three-year high. Both of the firm's two largest shareholders—Korea Development Bank (KDB) and Korea Ocean Business Corporation (KOBC)—expressed their intent to participate in the tender offer.

Once the share cancellation is completed, the equity stakes of the two largest shareholders are both expected to fall to the low-30% level. This should set the stage for renewed sale efforts. KDB (currently holding 36.02%) is likely to consider selling its stake to recoup its investments, and its appointment of a new chairman could accelerate the sale process. On the other hand, KOBC (35.67%) is less likely to sell its stake due to its strategic role in supporting Korea's shipping industry, though it could enter into a joint management arrangement with the acquiring firm.

### Potential acquisition by POSCO Group would lift uncertainty and create synergy

According to media reports, POSCO Group is considering acquiring HMM. From HMM's standpoint, such an acquisition would be highly favorable. The company's medium/long-term strategy (through 2030) involves reducing reliance on the container shipping business while increasing exposure to the bulk segment; specifically, it aims to reduce the share of container revenue to 78% (from 85% currently) and raise the bulk share to 22% (from 13%). Based on revenue, the goal is to triple the size of the bulk business. Achieving this will require large-scale, long-term contracts, and POSCO, with annual cargo volume of 130mn tonnes, would be an ideal customer. If the acquisition were to materialize, it would lift ownership uncertainty and ensure stable cargo volumes, generating meaningful synergies. Challenges remain, such as Article 24 of the Marine Transportation Act (which imposes additional regulatory hurdles on large cargo owners seeking to directly enter the shipping business) and pushback from the shipping industry. However, given the government's commitment to privatizing HMM, the chances of approval appear higher now than in the past.

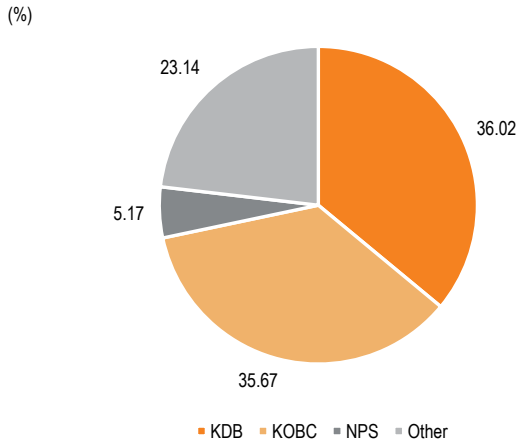
### Retain Buy and TP of W29,000; new buying opportunity to emerge

The tender offer is having a limited impact on HMM's share price, as the participation of the two largest shareholders is limiting the volume available for sale from minority shareholders. Considering HMM's cash and cash equivalents (W15tr; W12tr after the buyback), we see room for additional shareholder returns over the longer term, which is positive. Moreover, if a stake sale by a major shareholder materializes, related uncertainties would be resolved, allowing the company to focus on growth. Accordingly, we see potential for a share price rebound.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	8,401	11,700	11,523	11,920	13,050
OP (Wbn)	585	3,513	2,024	1,983	2,065
OP margin (%)	7.0	30.0	17.6	16.6	15.8
NP (Wbn)	969	3,782	2,561	2,491	2,616
EPS (W)	1,829	5,055	2,606	2,430	2,552
ROE (%)	4.6	15.3	8.9	8.1	8.0
P/E (x)	10.7	3.5	9.1	9.8	9.3
P/B (x)	0.6	0.6	0.8	0.8	0.7
Dividend yield (%)	3.6	3.4	2.9	2.9	2.9

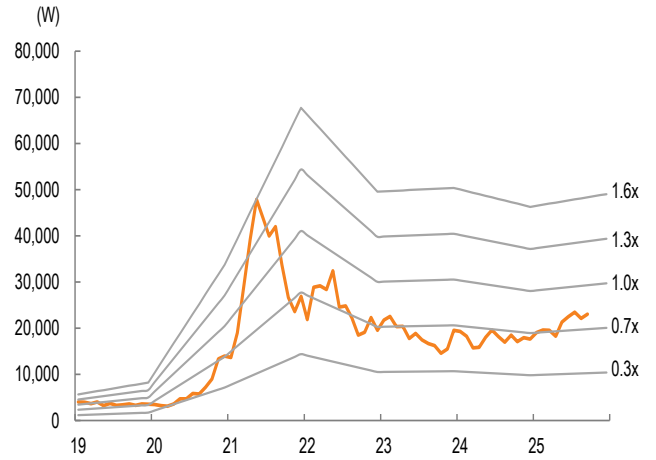
Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent  
Source: Company data, Mirae Asset Securities Research estimates

**Figure 1. Ownership breakdown**



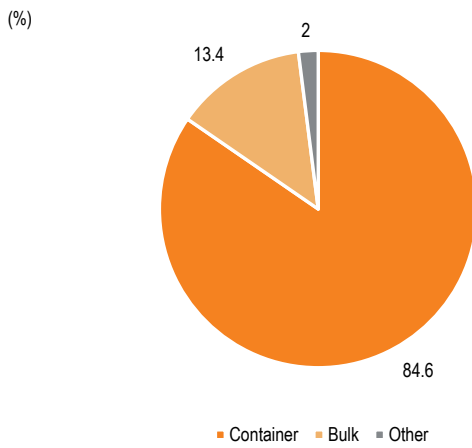
Source: Company data, Mirae Asset Securities Research

**Figure 2. P/B band chart**



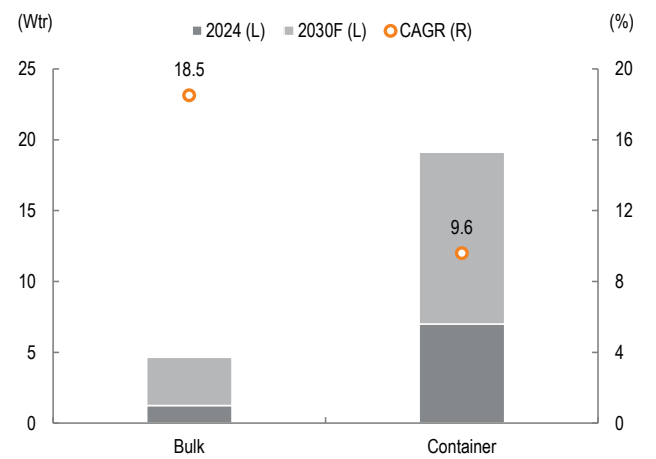
Source: QuantiWise, Mirae Asset Securities Research

**Figure 3. Revenue breakdown by business (1H25)**



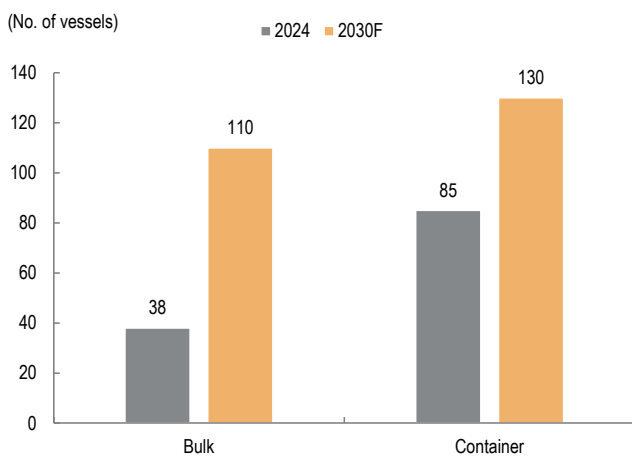
Source: Company data, Mirae Asset Securities Research

**Figure 4. 2024-30 revenue growth guidance by segment**



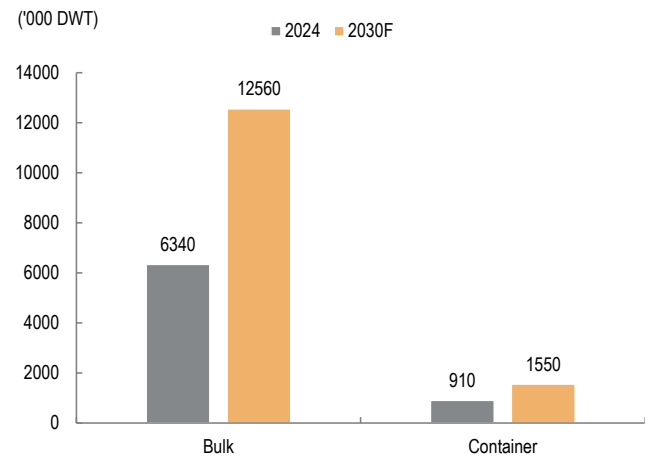
Source: Company data, Mirae Asset Securities Research

**Figure 5. 2024-30 fleet expansion plan: No. of vessels**



Source: Company data, Mirae Asset Securities Research

**Figure 6. HMM: 2024-30 fleet expansion plan: Capacity**



Source: Company data, Mirae Asset Securities Research

## HMM (011200 KS)

## Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
<b>Revenue</b>	<b>11,700</b>	<b>11,523</b>	<b>11,920</b>	<b>13,050</b>
<b>Cost of revenue</b>	<b>7,737</b>	<b>9,013</b>	<b>9,429</b>	<b>10,487</b>
<b>GP</b>	<b>3,963</b>	<b>2,510</b>	<b>2,491</b>	<b>2,563</b>
<b>SG&amp;A expenses</b>	<b>451</b>	<b>486</b>	<b>508</b>	<b>499</b>
<b>OP (adj.)</b>	<b>3,513</b>	<b>2,024</b>	<b>1,983</b>	<b>2,065</b>
<b>OP</b>	<b>3,513</b>	<b>2,024</b>	<b>1,983</b>	<b>2,065</b>
<b>Non-operating profit</b>	<b>384</b>	<b>639</b>	<b>618</b>	<b>666</b>
Net financial income	531	560	618	667
Net income from associates	162	18	0	0
Pretax profit	3,897	2,663	2,601	2,731
Income tax	114	102	110	115
Profit from continuing operations	3,782	2,561	2,491	2,616
Profit from discontinued operations	0	0	0	0
<b>NP</b>	<b>3,782</b>	<b>2,561</b>	<b>2,491</b>	<b>2,616</b>
Attributable to owners	3,782	2,561	2,491	2,616
Attributable to minority interests	0	0	0	0
<b>Total comprehensive income</b>	<b>6,947</b>	<b>2,488</b>	<b>2,491</b>	<b>2,616</b>
Attributable to owners	6,947	2,488	2,491	2,616
Attributable to minority interests	0	0	0	0
EBITDA	4,416	3,069	3,074	3,223
FCF	2,338	1,495	1,988	1,700
EBITDA margin (%)	37.7	26.6	25.8	24.7
OP margin (%)	30.0	17.6	16.6	15.8
Net margin (%)	32.3	22.2	20.9	20.0

## Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
<b>Operating cash flow</b>	<b>4,875</b>	<b>2,937</b>	<b>3,588</b>	<b>3,700</b>
NP	3,782	2,561	2,491	2,616
Non-cash income/expenses	668	594	576	600
Depreciation	903	1,045	1,091	1,158
Amortization	0	0	0	0
Other	-235	-451	-515	-558
Chg. in working capital	-8	-573	6	-75
Chg. in AR & other receivables	-258	57	10	-131
Chg. in inventory	14	-11	3	-47
Chg. in AP & other payables	38	9	-5	67
Income tax	-106	-99	-110	-115
<b>Cash flow from investing activities</b>	<b>-6,232</b>	<b>-1,851</b>	<b>-1,474</b>	<b>-3,688</b>
Chg. in PP&E	-2,520	-1,435	-1,600	-2,000
Chg. in intangible assets	-8	-14	0	0
Chg. in financial assets	-5,011	-433	126	-1,688
Other	1,307	31	0	0
<b>Cash flow from financing activities</b>	<b>-539</b>	<b>-760</b>	<b>-718</b>	<b>-718</b>
Chg. in financial liabilities	1,397	-86	0	0
Chg. in equity	977	-83	0	0
Dividends	-528	-5	-718	-718
Other	-2,385	-586	0	0
<b>Chg. in cash</b>	<b>-1,778</b>	<b>337</b>	<b>1,401</b>	<b>-765</b>
Beginning balance	3,250	1,472	1,809	3,210
Ending balance	1,472	1,809	3,210	2,445

Source: Company data, Mirae Asset Securities Research estimates

## Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
<b>Current assets</b>	<b>17,997</b>	<b>18,812</b>	<b>20,068</b>	<b>21,235</b>
Cash & equivalents	1,472	1,809	3,210	2,445
AR & other receivables	1,262	1,290	1,279	1,425
Inventory	402	411	407	454
Other current assets	14,861	15,302	15,172	16,911
<b>Non-current assets</b>	<b>15,852</b>	<b>16,905</b>	<b>17,409</b>	<b>18,313</b>
Investments in associates	506	517	513	572
PP&E	9,846	11,345	11,854	12,696
Intangible assets	43	56	56	56
<b>Total assets</b>	<b>33,849</b>	<b>35,717</b>	<b>37,478</b>	<b>39,548</b>
<b>Current liabilities</b>	<b>2,357</b>	<b>2,349</b>	<b>2,336</b>	<b>2,499</b>
AP & other payables	694	709	703	784
Short-term financial liabilities	958	919	919	919
Other current liabilities	705	721	714	796
<b>Non-current liabilities</b>	<b>3,636</b>	<b>3,591</b>	<b>3,590</b>	<b>3,599</b>
Long-term financial liabilities	3,555	3,508	3,508	3,508
Other non-current liabilities	81	83	82	91
<b>Total liabilities</b>	<b>5,993</b>	<b>5,939</b>	<b>5,926</b>	<b>6,098</b>
<b>Equity attributable to owners</b>	<b>27,854</b>	<b>29,776</b>	<b>31,549</b>	<b>33,448</b>
Capital stock	4,405	4,405	4,405	4,405
Capital surplus	4,453	4,369	4,369	4,369
Retained earnings	14,115	16,109	17,883	19,781
<b>Minority interests</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Shareholders' equity</b>	<b>27,856</b>	<b>29,778</b>	<b>31,551</b>	<b>33,450</b>

## Key valuation metrics/ratios

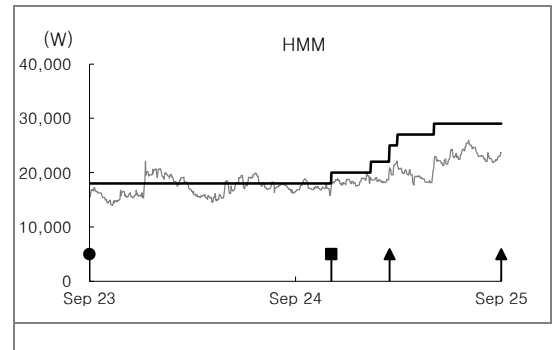
	2024	2025F	2026F	2027F
P/E (x)	3.5	9.1	9.8	9.3
P/CF (x)	3.0	7.4	7.9	7.6
P/B (x)	0.6	0.8	0.8	0.7
EV/EBITDA (x)	1.0	4.0	3.5	3.1
EPS (W)	5,055	2,606	2,430	2,552
CFPS (W)	5,948	3,211	2,993	3,138
BPS (W)	31,615	29,048	30,779	32,631
DPS (W)	600	700	700	700
Dividend payout ratio (%)	14.0	28.0	28.8	27.4
Dividend yield (%)	3.4	3.1	3.1	3.1
Revenue growth (%)	39.3	-1.5	3.4	9.5
EBITDA growth (%)	202.9	-30.5	0.2	4.8
OP growth (%)	500.7	-42.4	-2.0	4.1
EPS growth (%)	176.4	-48.4	-6.7	5.0
AR turnover (x)	12.4	10.1	10.4	10.8
Inventory turnover (x)	30.6	28.4	29.2	30.3
AP turnover (x)	14.7	15.4	16.0	17.0
ROA (%)	12.7	7.4	6.8	6.8
ROE (%)	15.3	8.9	8.1	8.0
ROIC (%)	25.2	12.0	11.2	11.2
Debt-to-equity ratio (%)	21.5	19.9	18.8	18.2
Current ratio (%)	763.5	801.0	859.0	849.8
Net debt-to-equity ratio (%)	-40.8	-41.0	-42.8	-43.1
Interest coverage ratio (x)	26.3	11.2	11.0	11.5

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (W)
HMM (011200)	05/15/25	Buy	29,000
	03/11/25	Buy	27,000
	02/25/25	Buy	25,000
	01/23/25	Trading Buy	22,000
	11/14/24	Trading Buy	20,000
	08/11/24	One year	18,000
	08/11/23	Hold	18,000



### 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	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

\* Based on recommendations in the last 12-months (as of June 30, 2025)

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