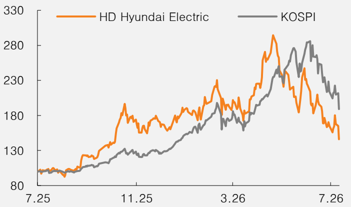
MIRAE ASSET Securities

Equity Research
July 29, 2026

(Maintain)	**Buy**
Target price	▼ **W1,200,000**
Current price (7/28/26)	W705,000
Upside	70.2%

OP (26F, Wbn)	1,227
Consensus OP (26F, Wbn)	1,240
EPS growth (26F, %)	24.7
Market EPS growth (26F, %)	262.0
P/E (26F, x)	27.8
Market P/E (26F, x)	6.9
KOSPI	6,023.66
Market cap (Wbn)	25,413
Shares (mn)	36
Free float (%)	62.7
Foreign ownership (%)	34.4
Beta (12M)	0.97
52-week low (W)	446,500
52-week high (W)	1,420,000

(%)	1M	6M	12M
Absolute	-20.2	-21.8	44.2
Relative	11.5	-32.9	-23.2



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267260 KS · Power Infrastructure

HD Hyundai Electric

2Q26 review: Data center orders gaining traction

2Q26 review: Distribution equipment offsets weakness in power equipment

For 2Q26, HD Hyundai Electric reported revenue of W1.14tr (+26% YoY; 2.7% above the consensus), operating profit of W287bn (+37% YoY; in line with the consensus), and an OP margin of 25.1%. By segment, power equipment revenue declined QoQ due to the delivery schedule for North American transformer orders. Meanwhile, distribution equipment revenue rose sharply, driven by higher shipments for domestic semiconductor projects and the recognition of BESS-related revenue. Revenue from consolidated subsidiaries continued to expand QoQ, supported by stronger results from the Yangzhong and Atlanta units. Although profitability improved across all divisions, an increased contribution from the lower-margin distribution equipment business limited the extent of overall OP margin improvement.

Data center momentum has only begun

We expect order momentum from data centers to pick up steam. In July, the company signed a W1.1tr long-term supply agreement with a big tech company for power and distribution transformers. During the earnings call, management also indicated that it could potentially secure follow-on orders (with deliveries targeted for 2029–30) that would exceed the size of the initial contract. The company has also been expanding UL certification coverage across its distribution equipment portfolio and is ramping up its Cheongju smart factory dedicated to low/medium-voltage circuit breakers. Going forward, we believe the firm has an opportunity to expand the range of distribution equipment it supplies to data centers, including low/medium-voltage circuit breakers.

Customer base expansion is also becoming more visible. Beyond the aforementioned big tech company, management stated that it is in discussions with three other global big tech companies regarding large-scale, long-term supply agreements. Assuming these orders are awarded, we estimate that the share of data center-related orders within the power division will climb to 6.3% in 2026 and 16% in 2027 (vs. 1.8% in 2025). Furthermore, leveraging its experience in the commercialization of 1MW-class DC distribution systems, the company plans to push into the DC infrastructure market. It is also proactively developing solid-state transformers over the medium/long term. Given that products supplied to data centers have higher ASPs than those for conventional industrial applications, margins should exceed the existing 25–30% level.

Maintain Buy; cut TP by 7.7% to W1,200,000

We maintain our Buy rating on HD Hyundai Electric but cut our target price to W1,200,000 (from W1,300,000). Although we raised our shipment forecasts for both power equipment and distribution equipment to reflect stronger data center-related orders, we slightly reduced our 2028 EPS estimate to W39,457 (from W39,628) due to a decline in the USD/KRW rate. We also lowered our target P/E from 33.2x to 30.8x, reflecting the recent sector-wide valuation compression. Worries over a slowdown in data center capex have triggered a correction across the power equipment sector. However, we anticipate continued growth in data center-related orders and further product portfolio expansion, supporting additional upside to medium/long-term earnings. We therefore view the recent share pullback as a buying opportunity.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	3,322	4,079	4,595	5,421	6,361
OP (Wbn)	669	995	1,227	1,522	1,835
OP margin (%)	20.1	24.4	26.7	28.1	28.8
NP (Wbn)	502	733	914	1,156	1,422
EPS (W)	13,914	20,324	25,344	32,067	39,457
ROE (%)	39.3	41.5	39.0	38.2	36.8
P/E (x)	27.5	38.1	27.8	22.0	17.9
P/B (x)	9.1	13.6	9.5	7.4	5.8
Dividend yield (%)	1.4	0.9	1.4	1.8	2.2

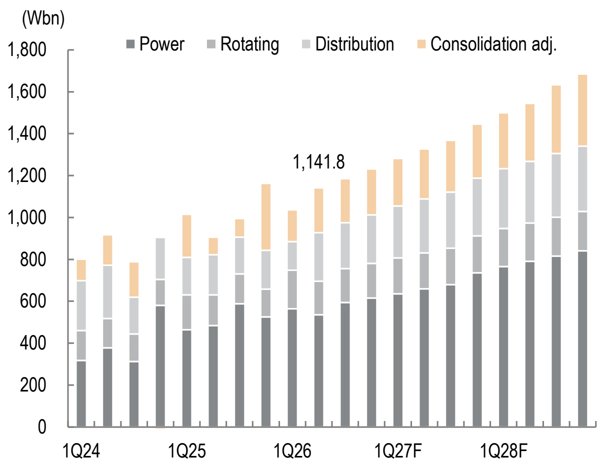
Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. HD Hyundai Electric: Quarterly/annual earnings forecasts (Wbn)

	1Q26	2Q26P	3Q26F	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2024	2025	2026F	2027F	2028F
New orders (US$mn)	1,797	1,440	1,623	928	1,410	1,420	1,432	1,490	3,816	4,273	5,788	5,752	6,157
Backlog (US$mn)	7,888	8,490	9,251	9,284	9,761	10,222	10,665	11,103	5,541	6,731	9,284	11,103	12,646
Book-to-bill (x)	2.6	1.1	2.0	1.1	1.6	1.6	1.5	1.5	1.6	1.5	1.7	1.6	1.4
Revenue	1,036.5	1,141.8	1,184.7	1,231.6	1,281.6	1,326.9	1,367.6	1,445.3	3,322.3	4,079.5	4,594.6	5,421.4	6,361.0
Power	564.0	535.9	594.5	616.0	635.2	659.6	679.1	735.5	1,588.9	2,060.5	2,310.4	2,709.5	3,214.1
Distribution	135.9	231.2	219.3	232.5	247.4	258.2	267.8	276.0	867.7	731.9	818.9	1,049.3	1,196.4
Rotating	184.8	159.9	161.5	164.4	172.0	171.5	174.5	176.4	537.1	588.7	670.6	694.4	734.9
Consolidation adj.	151.8	214.8	209.5	218.7	227.0	237.6	246.1	257.4	328.6	698.4	794.8	968.2	1,215.6
YoY (%)													
New orders	34.6	44.6	33.9	27.1	-21.5	-1.4	-11.8	60.6	7.1	12.0	35.5	-0.6	7.0
Backlog	28.2	29.6	32.5	37.9	23.7	20.4	15.3	19.6	28.8	21.5	37.9	19.6	13.9
Revenue	2.2	26.0	19.0	5.9	23.7	16.2	15.4	17.3	22.9	22.8	12.6	18.0	17.3
Power	21.6	10.7	1.1	17.3	12.6	23.1	14.2	19.4	34.5	29.7	12.1	17.3	18.6
Distribution	10.8	9.5	12.6	24.1	-6.9	7.3	8.1	7.3	14.6	9.6	13.9	3.5	5.8
Rotating	-24.2	20.2	25.3	25.4	82.1	11.7	22.1	18.7	34.9	-15.7	11.9	28.1	14.0
Consolidation adj.	-26.0	156.0	134.8	-31.7	49.6	10.6	17.5	17.7	-227.0	112.5	13.8	21.8	25.6
OP	258.3	287.0	320.6	339.4	351.5	370.3	382.7	417.1	668.9	995.3	1,226.6	1,521.5	1,834.9
QoQ (%)	-19.5	11.1	11.7	5.9	3.5	5.4	3.3	9.0	-	-	-	-	-
YoY (%)	18.4	37.2	29.7	5.8	36.1	29.0	19.4	22.9	112.2	48.8	23.2	24.0	20.6
OP margin (%)	24.9	25.1	27.1	27.6	27.4	27.9	28.0	28.9	20.1	24.4	26.7	28.1	28.8
Non-operating profit	25.9	-8.2	-1.8	-0.8	-2.6	1.1	3.2	4.3	-18.8	-38.9	-6.3	6.0	43.8
Pretax profit	284.2	278.8	318.7	338.7	348.8	371.4	385.9	421.5	650.1	956.4	1,220.4	1,527.5	1,878.7
NP attr. to owners	208.1	206.6	242.1	256.8	262.8	281.8	292.3	319.0	501.6	732.6	913.6	1,155.9	1,422.3
Net margin (%)	20.1	18.1	20.4	20.9	20.5	21.2	21.4	22.1	15.1	18.0	19.9	21.3	22.4
EPS (W)	5,772	5,731	6,716	7,124	7,291	7,817	8,109	8,851	13,914.2	20,324	25,344	32,067	39,457
YoY (%)	35.0	45.1	26.7	4.8	26.3	36.4	20.7	24.2	93.5	46.1	24.7	26.5	23.0

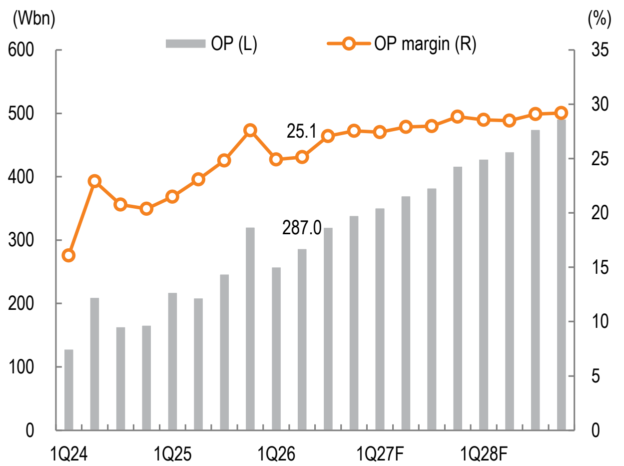
Source: Company data, Mirae Asset Securities Research

Figure 1. HD Hyundai Electric: Quarterly revenue forecasts by division



Source: Mirae Asset Securities Research

Figure 2. HD Hyundai Electric: OP and OP margin forecasts



Source: Mirae Asset Securities Research

Table 2. HD Hyundai Electric: TP calculation

	Value	Notes
2028F NP attr. to owners of the parent (Wbn)	1,422.3	
No. of shares (mn)	36.0	
2028F EPS (W)	39,457	
Target P/E (x)	30.8	Avg. 2028F P/E of EHV transformer peers
Target price (W)	1,200,000	Rounded
Current price (W)	705,000	Jul. 28 closing price
Upside (%)	70.2	Buy rating

Source: Mirae Asset Securities Research

Table 3. HD Hyundai Electric: Earnings forecast revisions

(Wbn)

	Previous				Revised				% chg.			
	3Q26F	26F	27F	28F	3Q26F	26F	27F	28F	3Q26F	26F	27F	28F
Revenue	1,210.9	4,686.0	5,439.6	6,254.8	1,184.7	4,594.6	5,421.4	6,361.0	-2.2	-2.0	-0.3	1.7
OP	329.8	1,273.1	1,551.7	1,840.5	320.6	1,226.6	1,521.5	1,834.9	-2.8	-3.6	-1.9	-0.3
NP	249.4	973.0	1,180.3	1,428.5	242.4	913.6	1,155.9	1,422.3	-2.8	-6.1	-2.1	-0.4
EPS (W)	6,919	26,991	32,744	39,628	6,724	25,344	32,067	39,457	-2.8	-6.1	-2.1	-0.4

Source: Mirae Asset Securities Research

Table 4. HD Hyundai Electric: Annual earnings and forecasts

(Wbn)

	2022	2023	2024	2025	2026F	2027F	2028F
New orders (US$mn)	2,960	3,564	3,816	4,273	5,788	5,752	6,157
Backlog (US$mn)	2,713	4,302	5,541	6,731	9,284	11,103	12,646
Book-to-bill (x)	1.8	1.7	1.6	1.5	1.7	1.6	1.4
Revenue	2,104.5	2,702.8	3,322.3	4,079.5	4,594.6	5,421.4	6,361.0
Power	848.5	1,181.1	1,588.9	2,060.5	2,310.4	2,709.5	3,214.1
Distribution	576.7	643.4	867.7	731.9	818.9	1,049.3	1,196.4
Rotating	404.8	468.7	537.1	588.7	670.6	694.4	734.9
Consolidation adj.	274.5	409.6	328.6	698.4	794.8	968.2	1,215.6
YoY (%)							
New orders	59.5	20.4	7.1	12.0	35.5	-0.6	7.0
Backlog	50.9	58.6	28.8	21.5	37.9	19.6	13.9
Revenue	16.5	28.4	22.9	22.8	12.6	18.0	17.3
Power	23.5	39.2	34.5	29.7	12.1	17.3	18.6
Distribution	13.1	11.6	34.9	-15.7	11.9	28.1	14.0
Rotating	13.2	15.8	14.6	9.6	13.9	3.5	5.8
Consolidation adj.	9.1	49.2	-19.8	112.5	13.8	21.8	25.6
OP	133.0	315.2	668.9	995.3	1,226.6	1,521.5	1,834.9
YoY (%)	1,265.3	136.9	112.2	48.8	23.2	24.0	20.6
OP margin (%)	6.3	11.7	20.1	24.4	26.7	28.1	28.8
Non-operating profit	30.9	-4.7	-18.8	-38.9	-6.3	6.0	43.8
Pretax profit	163.9	310.5	650.1	956.4	1,220.4	1,527.5	1,878.7
NP attr. to owners	162.5	259.2	501.6	732.6	913.6	1,155.9	1,422.3
Net margin %)	7.7	9.6	15.1	18.0	19.9	21.3	22.4
EPS (W)	**4,508**	**7,189**	**13,914**	**20,324**	**25,344**	**32,067**	**39,457**
YoY (%)	**TTB**	**59.5**	**93.5**	**46.1**	**24.7**	**26.5**	**23.0**

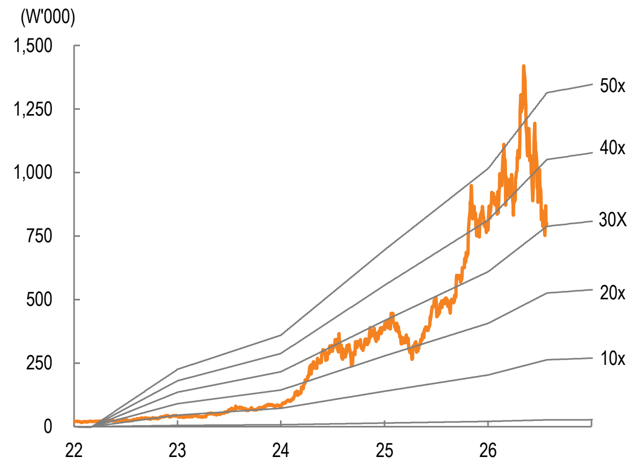
Source: Company data, Mirae Asset Securities Research

Table 5. Peer valuation table (Wtr, %, x)

Company	Market cap	Earnings metrics (2026F)			Earnings metrics (2028F)			Valuation (2026F)			Valuation (2028F)		
		Revenue	OP	OP margin	Revenue	OP	OP margin	P/E	P/B	EV/EBITDA	P/E	P/B	EV/EBITDA
HD Hyundai Electric	25.6	4.7	1.2	26.3	6.4	1.9	29.3	26.0	9.4	18.3	17.1	5.5	12.3
LS Electric	26.6	6.5	0.7	10.8	9.2	1.3	13.9	50.0	10.7	32.2	27.5	7.0	18.8
Sanil Electric	4.5	0.7	0.3	37.5	1.1	0.4	40.0	21.2	6.0	16.1	13.0	3.6	9.9
Hyosung Heavy Industries	21.7	7.1	1.1	15.3	9.5	1.9	20.3	27.6	7.0	18.8	14.7	3.9	10.7
Iljin Electric	2.6	2.3	0.2	9.3	2.6	0.3	10.8	16.4	3.6	11.1	12.3	2.5	8.6
GE Vernova	389.4	67.5	6.5	9.7	88.5	16.1	18.2	44.4	18.4	40.7	29.1	11.0	20.2
GE Vernova T&D	15.9	1.0	0.2	25.3	1.6	0.4	25.1	85.1	37.5	63.2	49.7	18.3	37.7
Siemens Energy	212.0	73.5	8.4	11.4	94.7	15.0	15.9	33.7	10.6	17.8	18.7	7.5	11.1
Siemens Energy India	17.2	1.5	0.3	19.9	2.2	0.5	20.4	73.2	19.9	53.4	46.4	12.0	34.0
Hitachi	198.7	96.4	10.8	11.2	108.3	14.1	13.1	27.7	3.6	13.4	20.5	3.0	10.5
Hitachi Energy	20.8	1.2	0.2	13.7	2.4	0.4	16.8	139.4	26.6	112.2	61.9	15.8	45.4
ABB	257.0	55.8	10.9	19.5	68.2	14.2	20.9	27.8	8.9	21.5	23.9	6.4	16.7
Avg.								52.8	15.1	39.1	30.8	8.9	21.7

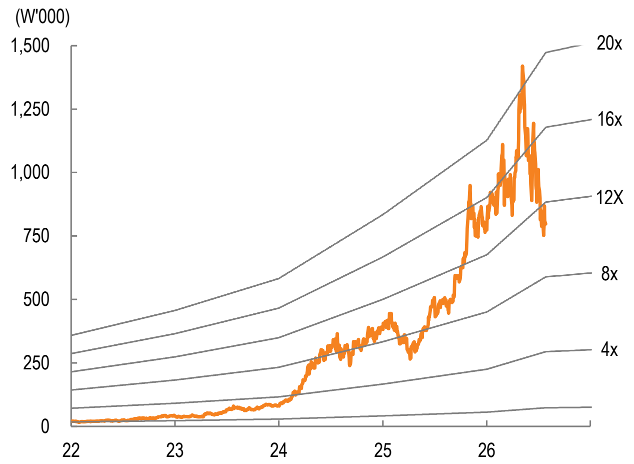
Source: Bloomberg, Mirae Asset Securities Research

Figure 3. HD Hyundai Electric: 12-month forward P/E band chart



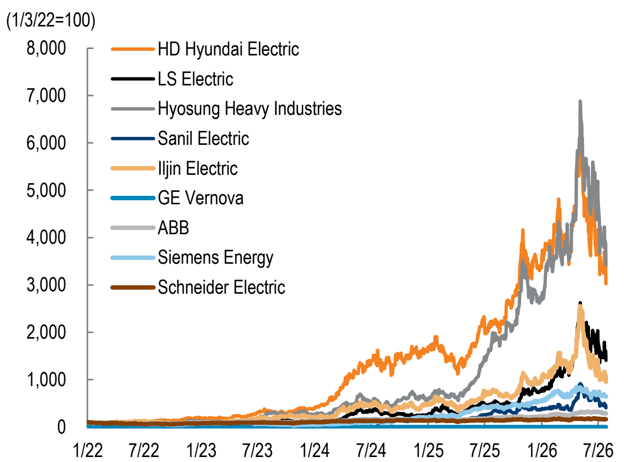
Source: Bloomberg, Mirae Asset Securities Research

Figure 4. HD Hyundai Electric: 12-month forward P/B band chart



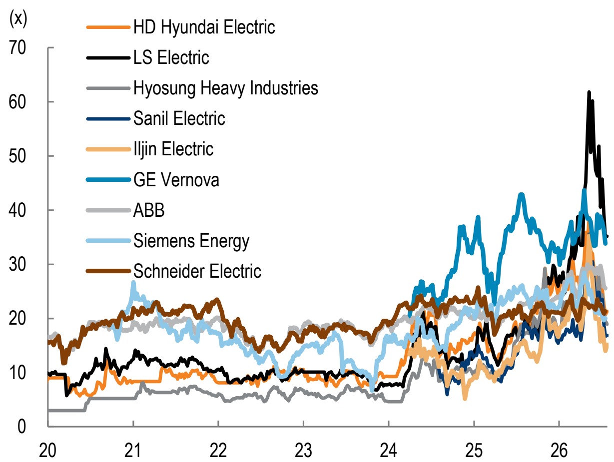
Source: Bloomberg, Mirae Asset Securities Research

Figure 5. Global peers: Relative share performance



Source: Bloomberg, Mirae Asset Securities Research

Figure 6. Global peers: 24-month forward P/E trends



Source: Bloomberg, Mirae Asset Securities Research

HD Hyundai Electric (267260 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**4,079**	**4,595**	**5,421**	**6,361**
Cost of revenue	**2,687**	**2,878**	**3,344**	**3,861**
GP	**1,392**	**1,717**	**2,077**	**2,500**
SG&A expenses	**398**	**490**	**556**	**665**
OP (adj.)	**995**	**1,227**	**1,522**	**1,835**
OP	**995**	**1,227**	**1,522**	**1,835**
Non-operating profit	**-39**	**16**	**6**	**44**
Net financial income	8	23	47	83
Net income from associates	0	0	0	0
Pretax profit	956	1,243	1,528	1,879
Income tax	225	307	374	459
Profit from continuing operations	732	935	1,154	1,420
Profit from discontinued operations	0	0	0	0
NP	**732**	**912**	**1,154**	**1,420**
Attributable to owners	733	914	1,156	1,422
Attributable to minority interests	-1	-2	-2	-3
Total comprehensive income	**748**	**942**	**1,154**	**1,420**
Attributable to owners	748	943	1,156	1,422
Attributable to minority interests	0	-2	-2	-2
EBITDA	1,069	1,320	1,637	1,960
FCF	726	543	1,032	1,425
EBITDA margin (%)	26.2	28.7	30.2	30.8
OP margin (%)	24.4	26.7	28.1	28.8
Net margin (%)	18.0	19.9	21.3	22.4

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**3,426**	**3,963**	**5,032**	**6,445**
Cash & equivalents	951	1,342	1,956	2,861
AR & other receivables	769	815	956	1,114
Inventory	1,267	1,341	1,574	1,834
Other current assets	439	465	546	636
Non-current assets	**1,344**	**1,580**	**1,724**	**1,742**
Investments in associates	0	0	0	0
PP&E	943	1,126	1,261	1,270
Intangible assets	65	76	85	93
Total assets	**4,770**	**5,544**	**6,756**	**8,187**
Current liabilities	**2,549**	**2,692**	**3,135**	**3,630**
AP & other payables	490	518	608	709
Short-term financial liabilities	172	176	182	188
Other current liabilities	1,887	1,998	2,345	2,733
Non-current liabilities	**188**	**197**	**213**	**230**
Long-term financial liabilities	102	106	106	106
Other non-current liabilities	86	91	107	124
Total liabilities	**2,737**	**2,889**	**3,347**	**3,860**
Equity attributable to owners	**2,029**	**2,652**	**3,408**	**4,329**
Capital stock	180	180	180	180
Capital surplus	402	402	402	402
Retained earnings	1,323	1,917	2,673	3,594
Minority interests	**4**	**2**	**0**	**-2**
Shareholders' equity	**2,033**	**2,654**	**3,408**	**4,327**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**960**	**802**	**1,272**	**1,547**
NP	732	912	1,154	1,420
Non-cash income/expenses	315	373	443	501
Depreciation	65	84	105	113
Amortization	9	10	11	12
Other	241	279	327	376
Chg. in working capital	193	-234	2	2
Chg. in AR & other receivables	53	13	-135	-151
Chg. in inventory	-196	-27	-233	-260
Chg. in AP & other payables	79	-13	74	83
Income tax	-292	-273	-374	-459
Cash flow from investing activities	**-226**	**-283**	**-264**	**-147**
Chg. in PP&E	-233	-259	-239	-122
Chg. in intangible assets	-7	-20	-20	-20
Chg. in financial assets	11	-2	-5	-5
Other	3	-2	0	0
Cash flow from financing activities	**-350**	**-156**	**-394**	**-494**
Chg. in financial liabilities	-126	7	6	7
Chg. in equity	0	0	0	0
Dividends	-221	-132	-400	-501
Other	-3	-31	0	0
Chg. in cash	**381**	**391**	**613**	**906**
Beginning balance	570	951	1,342	1,956
Ending balance	951	1,342	1,956	2,861

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

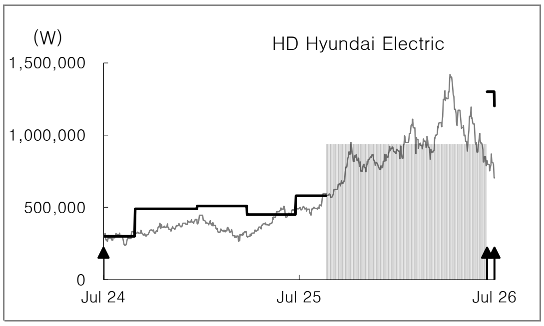
	2025	2026F	2027F	2028F
P/E (x)	38.1	27.8	22.0	17.9
P/CF (x)	26.7	19.8	15.9	13.2
P/B (x)	13.6	9.5	7.4	5.8
EV/EBITDA (x)	25.4	18.4	14.5	11.6
EPS (W)	20,324	25,344	32,067	39,457
CFPS (W)	29,042	35,644	44,298	53,270
BPS (W)	56,704	73,993	94,958	120,527
DPS (W)	7,100	10,146	12,839	15,798
Dividend payout ratio (%)	34.9	40.1	40.1	40.1
Dividend yield (%)	0.9	1.1	1.4	1.7
Revenue growth (%)	22.8	12.6	18.0	17.3
EBITDA growth (%)	45.6	23.5	24.0	19.7
OP growth (%)	48.8	23.2	24.0	20.6
EPS growth (%)	46.1	24.7	26.5	23.0
AR turnover (x)	5.3	6.1	6.4	6.4
Inventory turnover (x)	3.5	3.5	3.7	3.7
AP turnover (x)	7.4	7.0	7.2	7.1
ROA (%)	17.1	17.7	18.8	19.0
ROE (%)	41.5	39.0	38.2	36.8
ROIC (%)	55.3	59.7	69.0	77.1
Debt-to-equity ratio (%)	134.6	108.8	98.2	89.2
Current ratio (%)	134.4	147.2	160.5	177.6
Net debt-to-equity ratio (%)	-34.4	-40.9	-49.8	-60.1
Interest coverage ratio (x)	59.3	91.4	110.6	130.1

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
HD Hyundai Electric (267260)	07/29/26	Buy	1,200,000
	07/15/26	Buy	1,300,000
	09/18/25	No Coverage	
	07/23/25	Buy	580,000
	04/23/25	Buy	450,000
	01/20/25	Buy	510,000
	09/26/24	Buy	490,000
	04/24/24	Buy	300,000



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	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	83.02%	0%	16.35%	0.63%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of June 30, 2026)

Disclosures

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