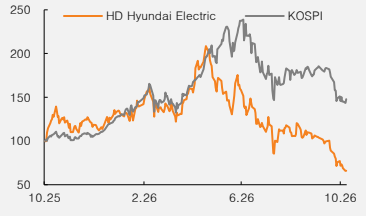
MIRAE ASSET Securities

Equity Research
October 27, 2026

(Maintain)	**Buy**
Target price	▼ **W1,000,000**
Current price (10/27/26)	W450,000
Upside	122.2%

OP (26F, Wbn)	1,195
Consensus OP (26F, Wbn)	1,203
EPS growth (26F, %)	11.2
Market EPS growth (26F, %)	278.0
P/E (26F, x)	19.9
Market P/E (26F, x)	5.5
KOSPI	5,638.34
Market cap (Wbn)	16,221
Shares (mn)	36
Free float (%)	62.7
Foreign ownership (%)	33.5
Beta (12M)	0.83
52-week low (W)	447,000
52-week high (W)	1,420,000

(%)	1M	6M	12M
Absolute	-36.4	-65.5	-45.1
Relative	-20.2	-59.6	-60.7



Mirae Asset Securities Co., Ltd.

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267260 KS · Power Infrastructure

HD Hyundai Electric

3Q26 review: Expanding capacity for data centers

3Q26 review: OP misses on less favorable mix and stronger won

For 3Q26, HD Hyundai Electric reported revenue of W1.18tr (+18.5% YoY; 1.5% above the consensus), operating profit of W284.5bn (+15.1% YoY; 6.7% below the consensus), and an OP margin of 24.1%. The earnings miss was attributable to a reduced share of high-margin North American revenue (38% vs. 47.5% in 2Q26) and revenue recognition for lower-margin European projects secured in 2023. Revenue from distribution equipment and new businesses totaled W325.1bn, including W125bn from the Anjwa BESS project. Excluding BESS, distribution equipment revenue was approximately W200bn, little changed QoQ. Pretax profit came in at W240.8bn, reflecting FX-related gains and losses on accounts receivable and foreign currency holdings. New orders declined QoQ due to a high base, but the order backlog increased 4.2% QoQ.

Expanding capacity to meet growing data center demand

Purchase orders (POs) under long-term agreements with big tech firms are beginning to materialize. Under the package supply deal for power and distribution equipment signed with a big tech company in July, distribution transformer POs began arriving in 3Q26, with revenue recognition expected from 2027. Existing big tech customers continue to seek additional supply volumes, while negotiations on new long-term agreements with other big tech players are at an advanced stage, which could lead to new contract announcements as early as November. Despite market concerns about a potential slowdown in data center investment, actual demand appears to be strengthening. North American power transformer prices and margins are also believed to be trending upward.

To meet growing North American demand for distribution equipment, HD Hyundai Electric announced a second-phase expansion of its Cheongju distribution campus. The company plans to invest W198bn through Jun. 2029 to add distribution transformer capacity equivalent to approximately W250bn in annual revenue (vs. existing distribution transformer revenue of W100–120bn per year). The expansion is essential to meet growing demand from big tech customers. The Cheongju campus is also expanding its product lineup beyond low- and medium-voltage circuit breakers to include switchgear and distribution transformers, which should support further package orders for distribution equipment.

Maintain Buy, but lower TP by 9.1% to W1,000,000

We maintain our Buy rating on HD Hyundai Electric but lower our target price to W1,000,000 (from W1,100,000). We reduced our target multiple to reflect moderating sector-wide expectations as new order intake normalizes following a sharp increase in 1H26. However, the latest results confirm that North American demand for power equipment remains solid, while orders from big tech firms are gaining momentum. With the earnings growth outlook intact and valuation now less demanding, we believe a Buy rating remains warranted.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	3,322	4,079	4,554	5,333	6,461
OP (Wbn)	669	995	1,195	1,380	1,743
OP margin (%)	20.1	24.4	26.2	25.9	27.0
NP (Wbn)	502	733	815	1,026	1,325
EPS (W)	13,914	20,324	22,603	28,468	36,761
ROE (%)	39.3	41.5	35.1	34.7	35.2
P/E (x)	27.5	38.1	19.9	15.8	12.2
P/B (x)	9.1	13.6	6.2	4.9	3.8
Dividend yield (%)	1.4	0.9	1.9	2.3	3.0

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

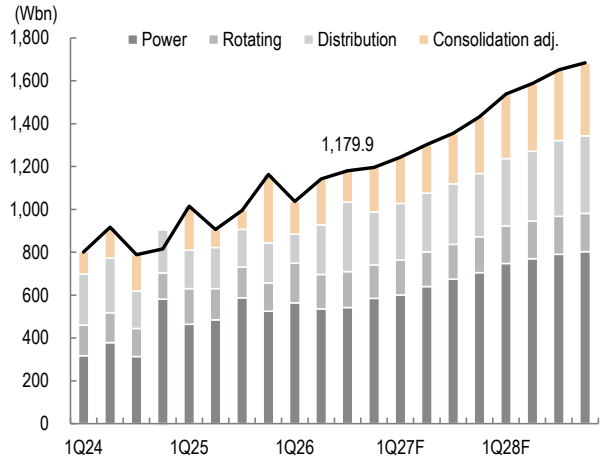
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Table 1. HD Hyundai Electric: Quarterly/annual earnings and forecasts (Wbn)

	1Q26	2Q26	3Q26P	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2024	2025	2026F	2027F	2028F
New orders (US$mn)	1,797	1,440	980	1,373	1,441	1,493	1,530	1,572	3,816	4,273	5,590	6,035	6,581
Backlog (US$mn)	7,888	8,490	884	1,340	1,826	2,320	2,804	3,279	5,541	6,731	1,340	3,279	4,985
Book-to-bill (x)	2.6	1.1	1.3	1.6	1.6	1.5	1.5	1.5	1.6	1.5	1.8	1.5	1.4
Revenue	1,036.5	1,141.8	1,179.9	1,196.2	1,243.3	1,302.1	1,354.9	1,432.5	3,322.3	4,079.5	4,554.4	5,332.8	6,460.9
Power	564.0	535.9	542.3	584.3	601.1	639.9	673.8	704.3	1,588.9	2,060.5	2,226.5	2,619.0	3,110.2
Distribution	135.9	231.2	325.1	248.5	264.3	274.3	282.6	295.0	867.7	731.9	940.7	1,116.1	1,356.0
Rotating	184.8	159.9	167.1	155.9	162.7	161.7	163.6	167.7	537.1	588.7	667.7	655.7	706.8
Consolidation adj.	151.8	214.8	145.4	207.5	215.2	226.3	235.0	265.5	328.6	698.4	719.5	942.0	1,287.9
YoY (%)													
New orders	34.6	44.6	-19.1	88.1	-19.8	3.7	56.1	14.4	7.1	12.0	30.8	8.0	9.0
Backlog	28.2	29.6	-87.3	-80.1	-76.9	-72.7	217.1	144.6	28.8	21.5	-80.1	144.6	52.0
Revenue	2.2	26.0	18.5	2.8	20.0	14.0	14.8	19.8	22.9	22.8	11.6	17.1	21.2
Power	21.6	10.7	-7.7	11.3	6.6	19.4	24.2	20.5	34.5	29.7	8.1	17.6	18.8
Rotating	10.8	9.5	16.5	17.7	-11.9	1.1	-2.1	7.6	14.6	9.6	13.4	-1.8	7.8
Distribution	-24.2	20.2	85.8	34.1	94.5	18.6	-13.1	18.7	34.9	-15.7	28.5	18.6	21.5
Consolidation adj.	-26.0	156.0	63.0	-35.2	41.8	5.3	61.6	28.0	-227.0	112.5	3.0	30.9	36.7
OP	258.3	287.0	282.3	275.9	288.1	316.3	338.0	370.3	668.9	995.3	1,195.3	1,379.9	1,742.5
QoQ (%)	-19.5	11.1	-1.7	-2.3	4.4	9.8	6.9	9.6	-	-	-	-	-
YoY (%)	18.4	37.2	14.2	-14.0	11.5	10.2	19.7	34.2	112.2	48.8	20.1	15.4	26.3
OP margin (%)	24.9	25.1	23.9	23.1	23.2	24.3	24.9	25.8	20.1	24.4	26.2	25.9	27.0
Non-operating profit	25.9	-8.2	-41.5	12.6	11.4	13.9	16.8	17.5	-18.8	-38.9	-103.0	-7.6	28.6
Pretax profit	284.2	278.8	240.8	288.5	299.5	330.2	354.8	387.7	650.1	956.4	1,092.3	1,372.3	1,771.1
NP attr. to owners	208.1	206.6	183.3	216.8	223.1	246.9	265.9	290.2	501.6	732.6	814.8	1,026.2	1,325.1
Net margin %)	20.1	18.1	15.5	18.1	17.9	19.0	19.6	20.3	15.1	18.0	17.9	19.2	20.5
EPS (W)	5,772	5,732	5,085	6,014	6,189	6,850	7,377	8,051	13,914.2	20,324	22,603	28,468	36,761
YoY (%)	35.0	45.1	-4.1	-11.5	7.2	19.5	45.1	33.9	93.5	46.1	11.2	25.9	29.1

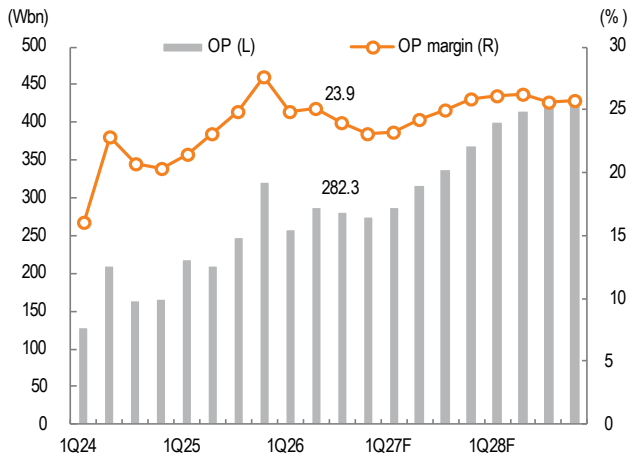
Source: Company data, Mirae Asset Securities Research estimates

Figure 1. HD Hyundai Electric: Quarterly revenue



Source: Company data, Mirae Asset Securities Research estimates

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



Source: Company data, Mirae Asset Securities Research estimates

Table 2. HD Hyundai Electric: TP calculation

	Value	Notes
2028F NP attr. to owners of the parent (Wbn)	1,325.1	
No. of shares (mn)	36.0	
2028F EPS (W)	36,761	
Target P/E (x)	26.0	Avg. 2028F P/E of EHV transformer peers
Target price (W)	1,000,000	Rounded
Current price (W)	450,000	Oct. 27 closing price
Upside (%)	122.2	Buy rating

Source: Mirae Asset Securities Research

Table 3. HD Hyundai Electric: Earnings forecast revisions (Wbn)

	Previous				Revised				% chg.			
	4Q26F	2026F	2027F	2028F	4Q26F	2026F	2027F	2028F	4Q26F	2026F	2027F	2028F
Revenue	1,181.0	4,495.3	5,181.0	6,074.2	1,196.2	4,554.4	5,332.8	6,460.9	1.3	1.3	2.9	6.4
OP	300.9	1,133.4	1,375.8	1,691.0	275.9	1,195.3	1,379.9	1,742.5	-8.3	5.5	0.3	3.0
NP attr. to owners	223.1	850.5	1,023.9	1,286.4	216.8	814.8	1,026.2	1,325.1	-2.8	-4.2	0.2	3.0
EPS (W)	6,190	23,594	28,404	35,687	6,014	22,603	28,468	36,761	-2.8	-4.2	0.2	3.0

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$mn)	2,960	3,564	3,816	4,273	5,590	6,035	6,581
Backlog (US$mn)	2,713	4,302	5,541	6,731	1,340	3,279	4,985
Book-to-bill (x)	1.8	1.7	1.6	1.5	1.8	1.5	1.4
Revenue	2,104.5	2,702.8	3,322.3	4,079.5	4,554.4	5,332.8	6,460.9
Power	848.5	1,181.1	1,588.9	2,060.5	2,226.5	2,619.0	3,110.2
Distribution	576.7	643.4	867.7	731.9	940.7	1,116.1	1,356.0
Rotating	404.8	468.7	537.1	588.7	667.7	655.7	706.8
Consolidation adj.	274.5	409.6	328.6	698.4	719.5	942.0	1,287.9
YoY (%)							
New orders	59.5	20.4	7.1	12.0	30.8	8.0	9.0
Backlog	50.9	58.6	28.8	21.5	-80.1	144.6	52.0
Revenue	16.5	28.4	22.9	22.8	11.6	17.1	21.2
Power	23.5	39.2	34.5	29.7	8.1	17.6	18.8
Distribution	13.1	11.6	34.9	-15.7	28.5	18.6	21.5
Rotating	13.2	15.8	14.6	9.6	13.4	-1.8	7.8
Consolidation adj.	9.1	49.2	-19.8	112.5	3.0	30.9	36.7
OP	133.0	315.2	668.9	995.3	1,195.3	1,379.9	1,742.5
YoY (%)	1,265.3	136.9	112.2	48.8	20.1	15.4	26.3
OP margin (%)	6.3	11.7	20.1	24.4	26.2	25.9	27.0
Non-operating profit	30.9	-4.7	-18.8	-38.9	-103.0	-7.6	28.6
Pretax profit	163.9	310.5	650.1	956.4	1,092.3	1,372.3	1,771.1
NP attr. to owners	162.5	259.2	501.6	732.6	814.8	1,026.2	1,325.1
Net margin %)	7.7	9.6	15.1	18.0	17.9	19.2	20.5
EPS (W)	**4,508**	**7,189**	**13,914**	**20,324**	**22,603**	**28,468**	**36,761**
YoY (%)	**TTB**	**59.5**	**93.5**	**46.1**	**11.2**	**25.9**	**29.1**

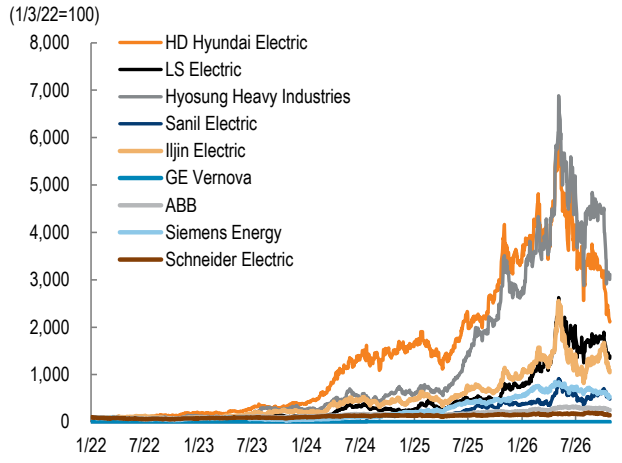
Source: Company data, Mirae Asset Securities Research estimates

Table 5. HD Hyundai Electric: 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	16.3	4.6	1.2	26.1	6.4	1.9	29.2	17.4	6.0	11.9	11.1	3.6	7.8
LS Electric	23.8	6.8	0.8	11.3	9.9	1.4	14.6	42.8	9.6	27.0	21.8	5.5	15.3
Sanil Electric	4.9	0.7	0.3	37.3	1.1	0.5	40.5	22.9	6.5	17.7	13.1	3.8	10.0
Hyosung Heavy Industries	17.9	7.1	1.1	15.3	10.2	2.0	20.0	23.5	5.9	15.6	11.9	3.2	8.5
Iljin Electric	2.7	2.4	0.3	10.8	2.7	0.3	11.5	14.6	3.6	9.7	11.6	2.4	8.0
GE Vernova	302.4	61.5	5.8	9.5	80.9	15.2	18.7	36.2	16.0	34.5	24.6	9.3	17.4
GE Vernova T&D	14.2	0.9	0.2	25.3	1.5	0.4	25.1	83.5	36.8	62.0	49.1	17.9	36.7
Siemens Energy	157.2	65.7	7.7	11.7	85.1	13.9	16.4	27.6	9.0	14.3	15.0	6.1	8.9
Hitachi	215.1	87.3	9.7	11.2	109.3	14.4	13.2	31.9	4.2	15.3	21.8	3.4	11.4
Hitachi Energy	17.5	1.1	0.1	13.7	2.3	0.4	17.6	128.2	24.5	102.8	54.6	14.3	40.6
ABB	203.8	50.7	10.0	19.8	63.3	13.3	21.1	25.2	7.9	18.4	19.6	5.7	14.0
Avg.								46.3	13.5	34.1	26.0	7.8	18.2

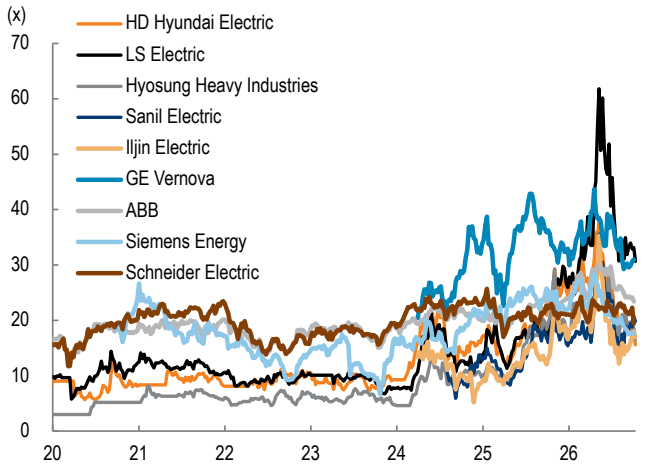
Source: Bloomberg, Mirae Asset Securities Research

Figure 3. Global peers: Relative share performance



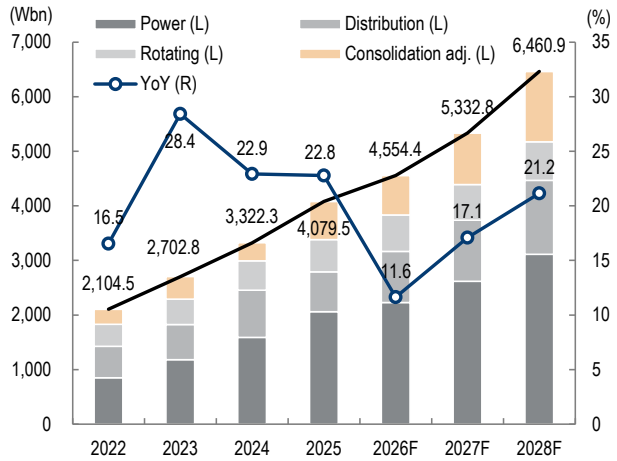
Source: Bloomberg, Mirae Asset Securities Research

Figure 4. Global peers: 24-month forward P/E trends



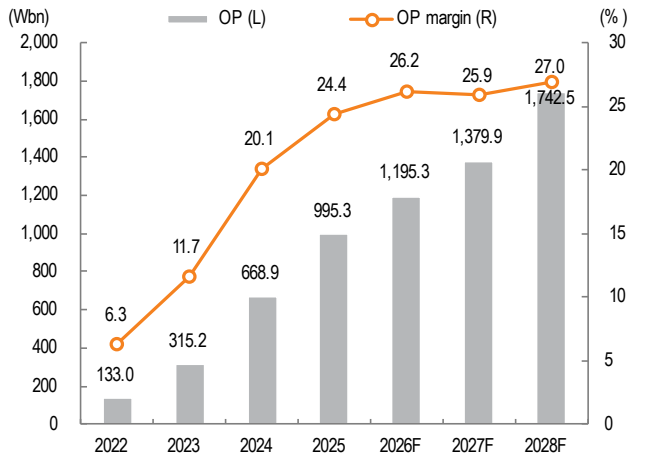
Source: Bloomberg, Mirae Asset Securities Research

Figure 5. HD Hyundai Electric: Annual revenue and growth



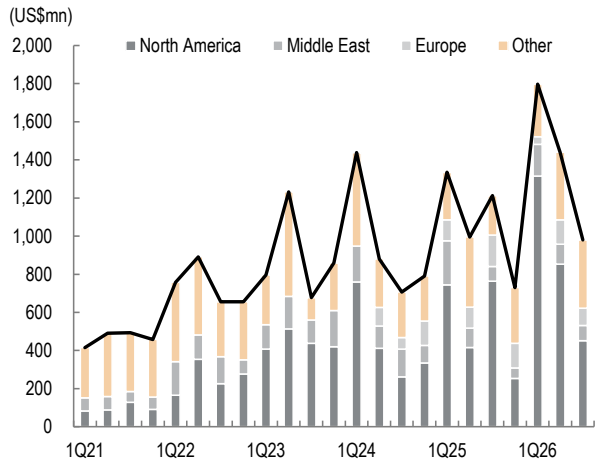
Source: Company data, Mirae Asset Securities Research estimates

Figure 6. HD Hyundai Electric: Annual OP and OP margin



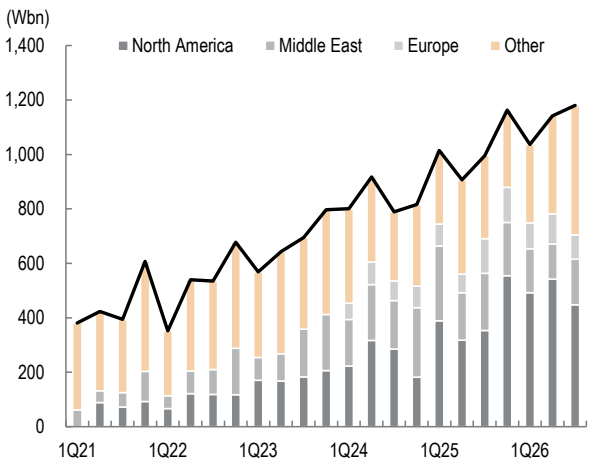
Source: Company data, Mirae Asset Securities Research estimates

Figure 7. HD Hyundai Electric: Order intake by region



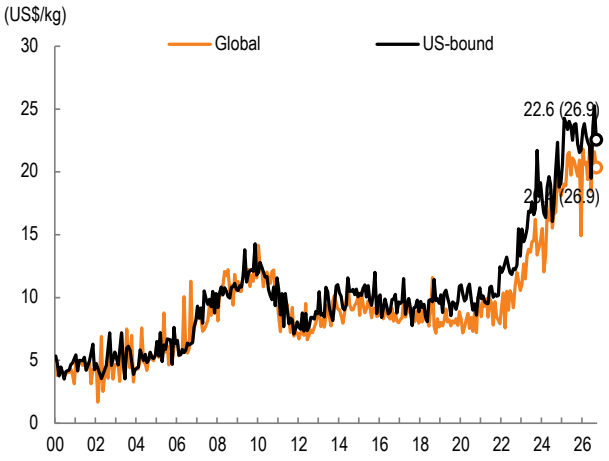
Source: Company data, Mirae Asset Securities Research estimates

Figure 8. HD Hyundai Electric: Revenue breakdown by region



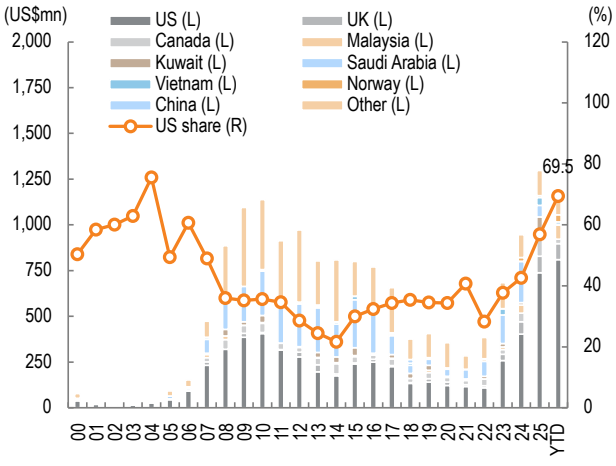
Source: Company data, Mirae Asset Securities Research estimates

Figure 9. Global vs. US: Large transformer unit price per kg



Note: HS code 850423
Source: Korea Customs Service, Mirae Asset Securities Research

Figure 10. Korea: Large transformer export value by country and US share



Note: HS code 850423
Source: Korea Customs Service, Mirae Asset Securities Research

HD Hyundai Electric (267260 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**4,079**	**4,554**	**5,333**	**6,461**
Cost of revenue	**2,687**	**2,909**	**3,436**	**4,086**
GP	**1,392**	**1,645**	**1,897**	**2,375**
SG&A expenses	**398**	**450**	**517**	**633**
OP (adj.)	**995**	**1,195**	**1,380**	**1,743**
OP	**995**	**1,195**	**1,380**	**1,743**
Non-operating profit	**-39**	**8**	**-8**	**28**
Net financial income	8	24	44	80
Net income from associates	0	-1	0	0
Pretax profit	956	1,203	1,372	1,771
Income tax	225	308	348	449
Profit from continuing operations	732	895	1,024	1,322
Profit from discontinued operations	0	0	0	0
NP	**732**	**814**	**1,024**	**1,322**
Attributable to owners	733	815	1,026	1,325
Attributable to minority interests	-1	-2	-2	-3
Total comprehensive income	**748**	**860**	**1,024**	**1,322**
Attributable to owners	748	862	1,026	1,325
Attributable to minority interests	0	-2	-2	-3
EBITDA	1,069	1,286	1,496	1,868
FCF	726	598	903	1,327
EBITDA margin (%)	26.2	28.2	28.1	28.9
OP margin (%)	24.4	26.2	25.9	27.0
Net margin (%)	18.0	17.9	19.2	20.5

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**3,426**	**3,727**	**4,788**	**6,217**
Cash & equivalents	951	1,181	1,739	2,634
AR & other receivables	769	791	948	1,114
Inventory	1,267	1,302	1,560	1,833
Other current assets	439	453	541	636
Non-current assets	**1,344**	**1,625**	**1,769**	**1,786**
Investments in associates	0	0	0	0
PP&E	943	1,139	1,274	1,283
Intangible assets	65	75	84	92
Total assets	**4,770**	**5,351**	**6,556**	**8,004**
Current liabilities	**2,549**	**2,582**	**3,072**	**3,592**
AP & other payables	490	504	603	709
Short-term financial liabilities	172	138	145	152
Other current liabilities	1,887	1,940	2,324	2,731
Non-current liabilities	**188**	**158**	**175**	**194**
Long-term financial liabilities	102	70	70	70
Other non-current liabilities	86	88	105	124
Total liabilities	**2,737**	**2,740**	**3,247**	**3,786**
Equity attributable to owners	**2,029**	**2,609**	**3,309**	**4,220**
Capital stock	180	180	180	180
Capital surplus	402	402	402	402
Retained earnings	1,323	1,858	2,558	3,470
Minority interests	**4**	**2**	**0**	**-3**
Shareholders' equity	**2,033**	**2,611**	**3,309**	**4,217**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**960**	**858**	**1,142**	**1,449**
NP	732	814	1,024	1,322
Non-cash income/expenses	315	392	420	494
Depreciation	65	80	105	113
Amortization	9	10	11	12
Other	241	302	304	369
Chg. in working capital	193	-37	2	2
Chg. in AR & other receivables	53	50	-149	-159
Chg. in inventory	-196	31	-257	-274
Chg. in AP & other payables	79	-45	82	87
Income tax	-292	-336	-348	-449
Cash flow from investing activities	**-226**	**-288**	**-264**	**-148**
Chg. in PP&E	-233	-259	-239	-122
Chg. in intangible assets	-7	-19	-20	-20
Chg. in financial assets	11	-1	-5	-6
Other	3	-9	0	0
Cash flow from financing activities	**-350**	**-381**	**-319**	**-407**
Chg. in financial liabilities	-126	-66	7	7
Chg. in equity	0	0	0	0
Dividends	-221	-281	-326	-414
Other	-3	-34	0	0
Chg. in cash	**381**	**230**	**558**	**895**
Beginning balance	570	951	1,181	1,739
Ending balance	951	1,181	1,739	2,634

Key valuation metrics/ratios

	2025	2026F	2027F	2028F
P/E (x)	38.1	19.9	15.8	12.2
P/CF (x)	26.7	13.5	11.2	8.9
P/B (x)	13.6	6.2	4.9	3.8
EV/EBITDA (x)	25.4	11.8	9.8	7.4
EPS (W)	20,324	22,603	28,468	36,761
CFPS (W)	29,042	33,455	40,053	50,383
BPS (W)	56,704	72,789	92,215	117,497
DPS (W)	7,100	8,386	10,544	13,616
Dividend payout ratio (%)	34.9	37.1	37.1	37.1
Dividend yield (%)	0.9	1.2	1.6	2.0
Revenue growth (%)	22.8	11.6	17.1	21.2
EBITDA growth (%)	45.6	20.3	16.3	24.9
OP growth (%)	48.8	20.1	15.4	26.3
EPS growth (%)	46.1	11.2	25.9	29.1
AR turnover (x)	5.3	6.1	6.4	6.6
Inventory turnover (x)	3.5	3.5	3.7	3.8
AP turnover (x)	7.4	7.1	7.6	7.6
ROA (%)	17.1	16.1	17.2	18.2
ROE (%)	41.5	35.1	34.7	35.2
ROIC (%)	55.3	54.7	61.8	72.2
Debt-to-equity ratio (%)	134.6	105.0	98.1	89.8
Current ratio (%)	134.4	144.3	155.8	173.1
Net debt-to-equity ratio (%)	-34.4	-38.2	-46.9	-58.0
Interest coverage ratio (x)	59.3	114.5	150.9	181.9

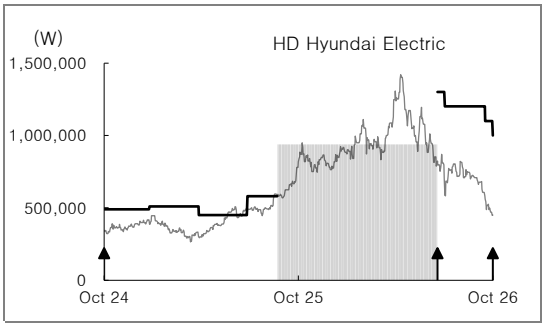
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
HD Hyundai Electric (267260)	10/27/26	Buy	1,000,000
	10/13/26	Buy	1,100,000
	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



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	89.66%	0%	9.77%	0.57%
Investment banking services	92.86%	0%	7.14%	0%

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

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