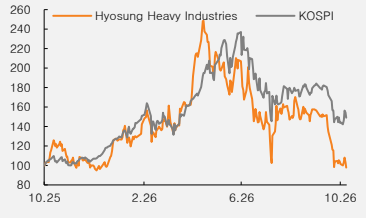
MIRAE ASSET Securities

Equity Research
November 2, 2026

(Maintain)	**Buy**
Target price	▼ **W4,000,000**
Current price (10/30/26)	W1,809,000
Upside	121.1%

OP (26F, Wbn)	983
Consensus OP (26F, Wbn)	1,097
EPS growth (26F, %)	39.9
Market EPS growth (26F, %)	278.0
P/E (26F, x)	23.2
Market P/E (26F, x)	5.6
KOSPI	5,730.74
Market cap (Wbn)	16,868
Shares (mn)	9
Free float (%)	55.9
Foreign ownership (%)	25.2
Beta (12M)	1.09
52-week low (W)	1,757,000
52-week high (W)	4,601,000

(%)	1M	6M	12M
Absolute	-34.8	-53.8	-13.9
Relative	-22.2	-46.8	-38.6



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Hyosung Heavy Industries

Guidance points to strong 4Q26

3Q26 review: Earnings miss on delayed revenue recognition

For 3Q26, Hyosung Heavy Industries reported revenue of W1.74tr (+7.2% YoY; 8.4% below the consensus), operating profit of W243.5bn (+10.8% YoY; 20.4% below the consensus), and an OP margin of 14%. The consensus miss reflected delays in recognizing: 1) approximately US$106mn in gas-insulated switchgear (GIS) revenue from a US nuclear power project due to a typhoon; and 2) around W130bn in revenue from the UK and the Middle East due to customer-related issues and logistics disruptions. In construction, cost increases at a specific project dragged down gross profit by W40bn. Meanwhile, the heavy industries division maintained growth, with new orders rising 122% YoY to W3.2tr and the order backlog increasing 71% YoY to W18.9tr.

Deferred revenue to be recognized in 4Q26

We expect a positive earnings surprise in 4Q26. Management maintained its full-year heavy industries revenue growth guidance of 25% YoY, which implies around W2tr in 4Q26 revenue (vs. our estimate of W1.8tr). Combining W2tr in heavy industries revenue with a normal quarterly contribution from construction would put consolidated revenue in 4Q26 at W2.5tr, 15% above the consensus (W2.2tr). We expect improvement in the quarter to be supported by recognition of the deferred revenue from the Middle East, the UK, and the US. Given the relatively high margins on GIS supplied to the US, we expect operating profit to meaningfully exceed the consensus.

Over the medium/long term, the 765kV market should drive earnings growth. Although 765kV products currently account for only around 10% of the heavy industries order backlog, management expects additional 765kV orders over the next four to five years to total more than twice the volume already on order. This outlook is supported by specific projects under discussion with customers across regions. Hyosung Heavy Industries is the leading supplier of 765kV-class transformers in the US and secured W386.5bn in extra-high-voltage transformer orders from US hyperscalers in September. With hyperscalers beginning to order grid equipment directly to secure power supply, we expect order momentum to accelerate and the customer base to broaden.

Maintain Buy; lower TP by 9.1% to W4,000,000

We maintain our Buy rating on Hyosung Heavy Industries but lower our target price by 9.1% to W4,000,000 (from W4,400,000). We reduced our target multiple to reflect moderating sector expectations as new orders normalize following the sharp increase in 1H26. Nevertheless, the latest results reaffirmed that North American power equipment demand remains robust, while orders from big tech companies are gaining momentum. With the earnings growth outlook intact and the valuation now less demanding, we continue to recommend Buy on the stock.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	4,895	5,969	7,106	8,063	9,495
OP (Wbn)	362	747	983	1,433	1,977
OP margin (%)	7.4	12.5	13.8	17.8	20.8
NP (Wbn)	223	520	727	1,064	1,511
EPS (W)	23,876	55,755	77,976	114,156	162,076
ROE (%)	14.9	24.4	27.0	30.3	32.3
P/E (x)	16.5	31.9	23.2	15.8	11.2
P/B (x)	1.9	7.1	5.6	4.2	3.1
Dividend yield (%)	1.3	0.4	0.6	0.9	1.2

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

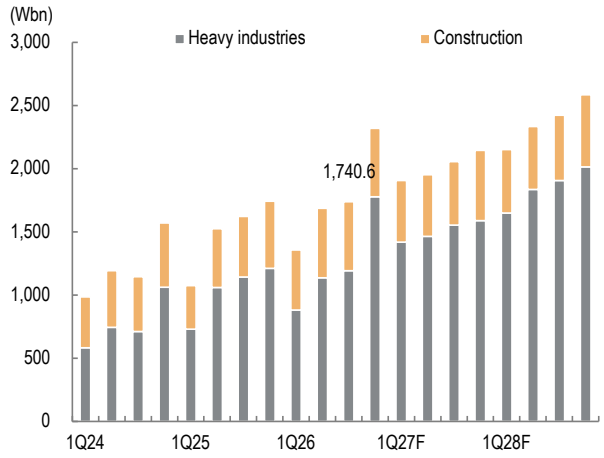
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Table 1. Hyosung Heavy Industries: Quarterly/annual earnings and forecasts (Wbn)

	1Q26	2Q26	3Q26P	4Q26F	1Q27F	2Q27F	3Q27F	4Q27F	2024	2025	2026F	2027F	2028F
New orders	4,901	4,243	3,611	3,832	3,069	3,088	3,194	3,254	8,691	9,645	16,587	12,604	13,744
Heavy industries	4,175	3,324	3,233	3,166	2,467	2,486	2,570	2,561	5,835	7,627	13,898	10,085	11,123
Construction	726	919	378	666	602	601	625	692	2,856	2,018	2,689	2,520	2,621
Revenue	1,358.2	1,687.0	1,740.6	2,320.1	1,907.6	1,952.3	2,057.4	2,146.1	4,893.1	5,964.4	7,105.9	8,063.4	9,494.6
Heavy industries	880.7	1,137.1	1,193.2	1,777.4	1,419.0	1,465.7	1,553.8	1,589.9	3,100.3	4,148.3	4,988.4	6,028.4	7,408.7
Construction	476.7	549.1	546.6	542.6	488.6	486.6	503.6	556.2	1,792.8	1,816.1	2,115.0	2,035.0	2,085.9
OP	152.3	264.3	243.5	353.8	329.3	339.9	374.8	389.1	360.6	742.9	1,013.9	1,433.1	1,976.9
Heavy industries	117.7	229.8	235.7	329.2	301.2	314.9	350.9	364.2	315.1	698.8	912.4	1,331.2	1,873.7
Construction	34.4	34.4	7.7	24.5	28.1	25.1	23.9	24.9	47.3	47.7	101.0	101.9	103.3
YoY (%)													
New orders	123.7	58.8	107.6	25.9	-37.4	-27.2	-11.5	-15.1	24.1	11.0	72.0	-24.0	9.0
Heavy industries	107.8	51.3	122.0	61.1	-40.9	-25.2	-20.5	-19.1	61.4	30.7	82.2	-27.4	10.3
Construction	299.3	93.8	33.5	-38.3	-17.2	-34.6	65.2	4.0	-15.7	-29.3	33.3	-6.3	4.0
Revenue	26.2	10.6	7.2	33.1	40.5	15.7	18.2	-7.5	13.8	21.9	19.1	13.5	17.7
Heavy industries	20.5	7.2	4.3	46.6	61.1	28.9	30.2	-10.6	20.2	33.8	20.3	20.8	22.9
Construction	38.5	18.5	14.0	2.5	2.5	-11.4	-7.9	2.5	4.2	1.3	16.5	-3.8	2.5
OP	48.8	60.9	10.8	35.8	116.2	28.6	53.9	10.0	39.8	106.0	36.5	41.3	37.9
Heavy industries	30.6	36.4	20.4	34.7	155.9	37.0	48.9	10.6	80.6	121.8	30.6	45.9	40.7
Construction	184.3	-919.0	-67.9	55.4	-18.2	-27.1	210.2	1.3	-43.3	0.8	111.8	0.9	1.3
OP margin (%)													
Overall	11.2	15.7	14.0	15.2	17.3	17.4	18.2	18.1	7.4	12.5	14.3	17.8	20.8
Heavy industries	13.4	20.2	19.8	18.5	21.2	21.5	22.6	22.9	10.2	16.8	18.3	22.1	25.3
Construction	7.2	6.3	1.4	4.5	5.8	5.2	4.7	4.5	2.6	2.6	4.8	5.0	5.0
Pretax profit	129.1	236.9	280.2	322.5	322.2	334.5	343.1	358.4	223.6	625.8	968.7	1,358.2	1,992.4
NP attr. to owners	87.3	172.6	219.6	247.7	250.5	262.7	269.7	281.5	222.6	519.9	727.1	1,064.4	1,511.3
YoY (%)	-32.3	68.7	36.4	6.3	104.3	31.5	3.9	22.9	68.7	91.6	17.4	29.0	20.6
Net margin (%)	6.4	10.2	12.6	10.7	13.1	13.5	13.1	13.1	4.5	8.7	10.2	13.2	15.9
EPS (W)	9,358	18,509	23,551	26,559	26,868	28,177	28,919	30,191	23,876.0	55,755	77,976	114,156	162,076
YoY (%)	-14.6	86.5	46.2	41.5	187.1	52.2	22.8	13.7	92.0	133.5	39.9	46.4	42.0

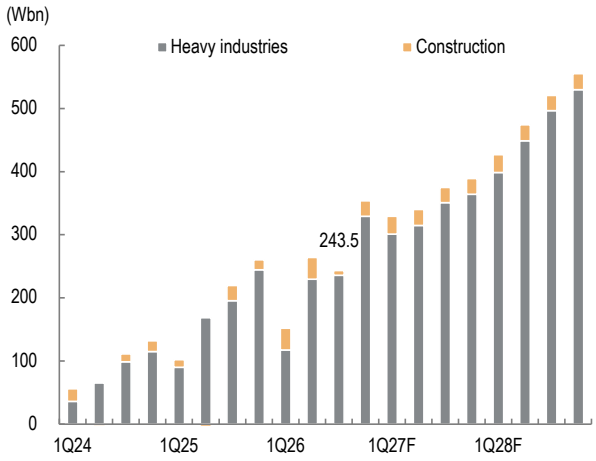
Source: Company data, Mirae Asset Securities Research

Figure 1. Hyosung Heavy Industries: Quarterly revenue



Source: Company data, Mirae Asset Securities Research

Figure 2. Hyosung Heavy Industries: Quarterly OP and OP margin



Source: Company data, Mirae Asset Securities Research

Table 2. Hyosung Heavy Industries: TP calculation

	Value	Notes
2028F NP attr. to owners of the parent (Wbn)	1,511.3	
No. of shares (mn)	9.3	
2028F EPS (W)	162,075.5	
Target P/E (x)	24.8	Avg. 2028F P/E of EHV transformer peers
Target price (W)	4,000,000	Rounded
Current price (W)	1,809,000	Oct. 30 closing price
Upside (%)	121.1%	Buy rating

Source: Company data, Mirae Asset Securities Research

Table 3. Hyosung Heavy Industries: Annual earnings and forecasts (Wbn)

	2023	2024	2025	2026F	2027F	2028F
New orders	7,004	8,691	9,645	16,587	12,604	13,744
Heavy industries	3,615	5,835	7,627	13,898	10,085	11,123
Construction	3,389	2,856	2,018	2,689	2,520	2,621
Backlog	11,385	19,541	24,390	29,640	34,181	38,430
Heavy industries	6,388	10,839	15,340	20,716	24,772	28,486
Construction	4,997	8,702	9,049	8,924	9,409	9,944
Revenue	4,300.6	4,893.1	5,964.4	7,105.9	8,063.4	9,494.6
Heavy industries	2,580.3	3,100.3	4,148.3	4,988.4	6,028.4	7,408.7
Construction	1,720.3	1,792.8	1,816.1	2,115.0	2,035.0	2,085.9
OP	257.9	360.6	742.9	1,013.9	1,433.1	1,976.9
Heavy industries	174.5	315.1	698.8	912.4	1,331.2	1,873.7
Construction	83.4	47.3	47.7	101.0	101.9	103.3
YoY (%)						
New orders	-	24.1	11.0	72.0	-24.0	9.0
Heavy industries	-	61.4	30.7	82.2	-27.4	10.3
Construction	-	-15.7	-29.3	33.3	-6.3	4.0
Backlog	-	71.6	24.8	21.5	15.3	12.4
Heavy industries	-	69.7	41.5	35.0	19.6	15.0
Construction	-	74.2	4.0	-1.4	5.4	5.7
Revenue	-	13.8	21.9	19.1	13.5	17.7
Heavy industries	-	20.2	33.8	20.3	20.8	22.9
Construction	-	4.2	1.3	16.5	-3.8	2.5
OP	-	39.8	106.0	36.5	41.3	37.9
Heavy industries	-	80.6	121.8	30.6	45.9	40.7
Construction	-	-43.3	0.8	111.8	0.9	1.3
OP margin (%)						
Overall	6.0	7.4	12.5	14.3	17.8	20.8
Heavy industries	6.8	10.2	16.8	18.3	22.1	25.3
Construction	4.8	2.6	2.6	4.8	5.0	5.0
Pretax profit	169.7	223.6	625.8	968.7	1,358.2	1,992.4
NP attr. to owners	116.0	222.6	519.9	727.1	1,064.4	1,511.3
YoY (%)	1,035.4	92.0	133.5	39.9	46.4	42.0
Net margin (%)	2.7	4.5	8.7	10.2	13.2	15.9
EPS (W)	12,438	23,876.0	55,755	77,976	114,156	162,076
YoY (%)	1,035.4	92.0	133.5	39.9	46.4	42.0

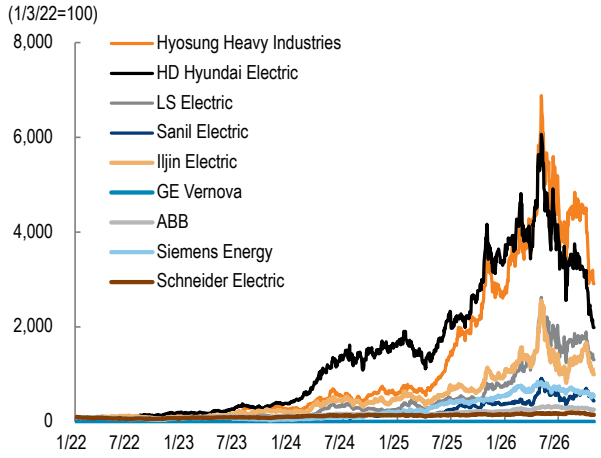
Source: Company data, Mirae Asset Securities Research

Table 4. Hyosung Heavy Industries: 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
Hyosung Heavy Industries	16.9	7.1	1.1	15.1	10.2	2.0	19.9	22.1	5.5	14.9	11.3	3.1	8.2
Sanil Electric	4.5	0.7	0.3	37.5	1.2	0.5	40.2	21.0	6.0	16.2	11.9	3.5	9.1
LS Electric	22.5	6.8	0.8	11.3	9.9	1.4	14.6	40.6	9.1	25.6	20.6	5.2	14.6
HD Hyundai Electric	15.3	4.6	1.2	25.5	6.3	1.8	28.2	17.3	5.8	11.4	11.0	3.5	7.6
Iljin Electric	2.5	2.4	0.3	10.8	2.7	0.3	11.5	13.7	3.3	9.0	10.8	2.2	7.4
GE Vernova	303.4	62.6	6.1	9.8	82.8	15.7	19.0	35.3	17.0	32.2	23.7	10.1	15.8
GE Vernova T&D	14.5	0.9	0.2	25.3	1.5	0.4	25.1	84.4	37.2	62.7	49.3	18.1	37.0
Siemens Energy	162.9	65.7	7.7	11.7	85.6	13.9	16.2	28.5	9.2	14.7	15.5	6.3	9.1
Hitachi	195.8	87.8	9.8	11.2	108.9	14.4	13.2	28.8	3.8	13.8	19.7	3.1	10.2
Hitachi Energy	17.1	1.1	0.1	13.7	2.3	0.4	17.6	124.2	23.7	99.5	52.9	13.8	39.2
ABB	208.8	51.0	10.1	19.8	63.6	13.5	21.2	25.5	8.1	18.8	19.9	5.8	14.3
Avg.								44.3	13.0	32.0	24.8	7.6	17.2

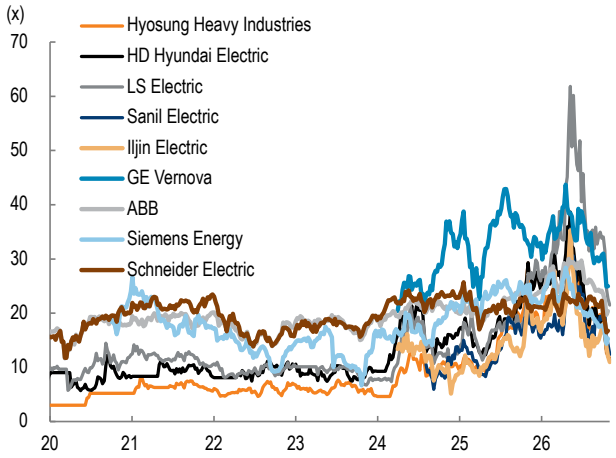
Source: Bloomberg, Mirae Asset Securities Research

Figure 5. Global peers: Relative share performance



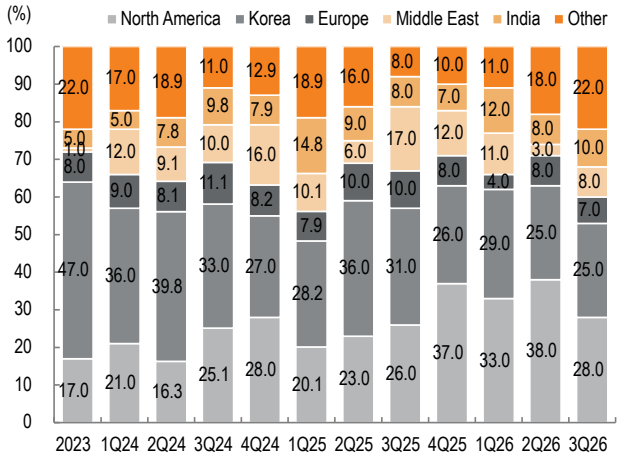
Source: Bloomberg, Mirae Asset Securities Research

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



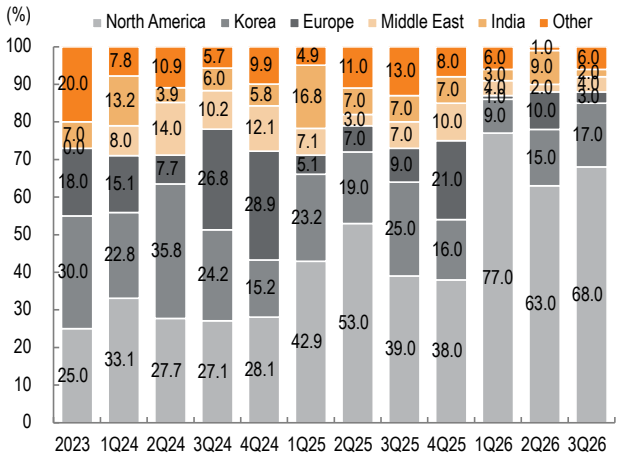
Source: Bloomberg, Mirae Asset Securities Research

Figure 7. Hyosung Heavy Industries: New order breakdown by region



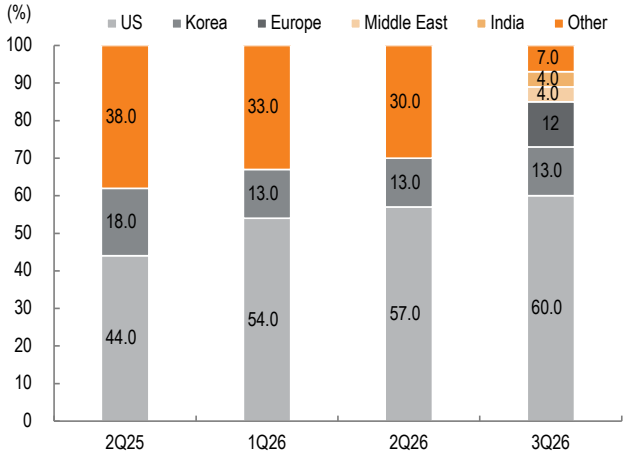
Source: Company data, Mirae Asset Securities Research

Figure 8. Hyosung Heavy Industries: Revenue breakdown by region



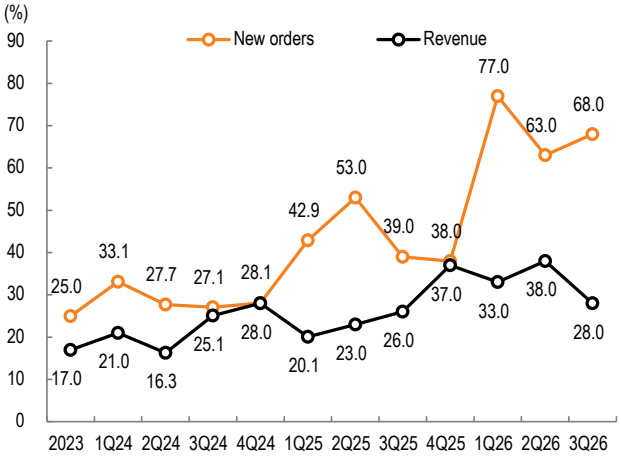
Source: Company data, Mirae Asset Securities Research

Figure 9. Hyosung Heavy Industries: Backlog breakdown by region



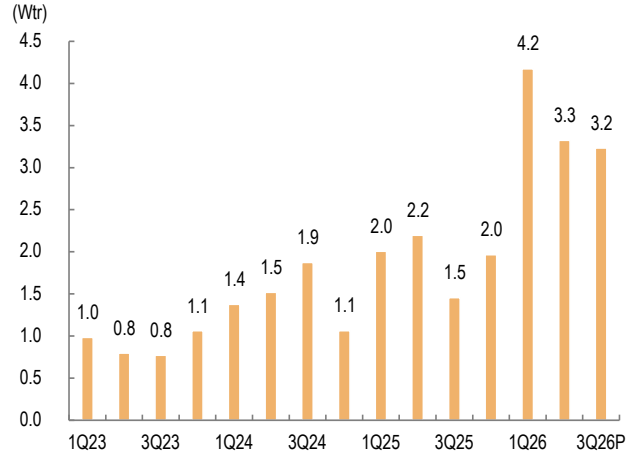
Source: Company data, Mirae Asset Securities Research

Figure 10. Hyosung Heavy Industries: North American share of new orders and revenue



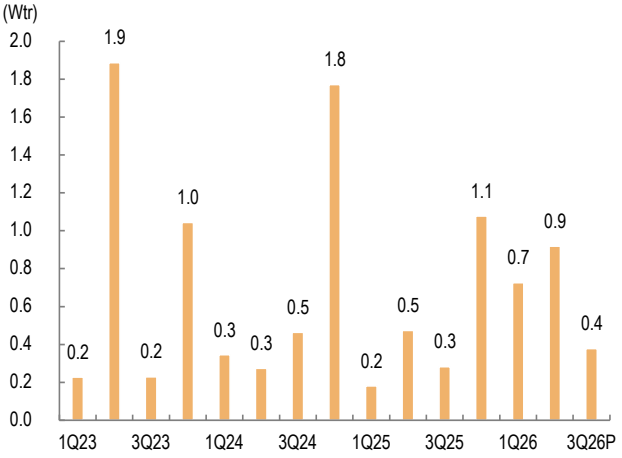
Source: Company data, Mirae Asset Securities Research

Figure 11. Hyosung Heavy Industries: Heavy industries new orders



Source: Company data, Mirae Asset Securities Research

Figure 12. Hyosung Heavy Industries: Construction new orders



Source: Company data, Mirae Asset Securities Research

Hyosung Heavy Industries (298040 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**5,969**	**7,106**	**8,063**	**9,495**
Cost of revenue	**4,716**	**5,531**	**5,951**	**6,715**
GP	**1,253**	**1,575**	**2,112**	**2,780**
SG&A expenses	**506**	**592**	**679**	**803**
OP (adj.)	**747**	**983**	**1,433**	**1,977**
OP	**747**	**983**	**1,433**	**1,977**
Non-operating profit	**-121**	**-114**	**-75**	**15**
Net financial income	-21	21	80	172
Net income from associates	-3	-6	0	0
Pretax profit	626	869	1,358	1,992
Income tax	123	233	299	490
Profit from continuing operations	503	668	1,059	1,502
Profit from discontinued operations	0	0	0	0
NP	**503**	**733**	**1,059**	**1,502**
Attributable to owners	520	727	1,064	1,511
Attributable to minority interests	-17	-3	-5	-9
Total comprehensive income	**473**	**779**	**1,059**	**1,502**
Attributable to owners	490	777	1,063	1,508
Attributable to minority interests	-16	2	-4	-5
EBITDA	833	1,089	1,563	2,118
FCF	330	921	848	1,615
EBITDA margin (%)	14.0	15.3	19.4	22.3
OP margin (%)	12.5	13.8	17.8	20.8
Net margin (%)	8.7	10.2	13.2	15.9

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**3,738**	**6,602**	**6,954**	**9,346**
Cash & equivalents	217	452	1,266	2,494
AR & other receivables	1,344	2,027	1,875	2,258
Inventory	1,278	2,315	2,141	2,579
Other current assets	899	1,808	1,672	2,015
Non-current assets	**3,490**	**4,222**	**4,326**	**4,556**
Investments in associates	47	141	130	157
PP&E	2,307	2,573	2,735	2,815
Intangible assets	122	118	118	119
Total assets	**7,228**	**10,824**	**11,280**	**13,902**
Current liabilities	**3,561**	**6,555**	**6,105**	**7,239**
AP & other payables	809	1,411	1,305	1,572
Short-term financial liabilities	498	876	853	912
Other current liabilities	2,254	4,268	3,947	4,755
Non-current liabilities	**1,177**	**1,100**	**1,047**	**1,180**
Long-term financial liabilities	637	395	395	395
Other non-current liabilities	540	705	652	785
Total liabilities	**4,738**	**7,654**	**7,152**	**8,419**
Equity attributable to owners	**2,352**	**3,035**	**3,998**	**5,362**
Capital stock	47	47	47	47
Capital surplus	892	892	892	892
Retained earnings	829	1,494	2,457	3,821
Minority interests	**138**	**135**	**130**	**121**
Shareholders' equity	**2,490**	**3,170**	**4,128**	**5,483**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**493**	**1,232**	**1,120**	**1,817**
NP	503	733	1,059	1,502
Non-cash income/expenses	317	267	349	459
Depreciation	69	87	111	121
Amortization	17	19	19	20
Other	231	161	219	318
Chg. in working capital	-281	366	-69	174
Chg. in AR & other receivables	-436	-746	142	-359
Chg. in inventory	-312	-990	174	-438
Chg. in AP & other payables	187	449	-87	220
Income tax	-155	-259	-299	-490
Cash flow from investing activities	**-213**	**-765**	**-192**	**-474**
Chg. in PP&E	-162	-310	-272	-202
Chg. in intangible assets	-16	-13	-20	-20
Chg. in financial assets	18	-751	100	-252
Other	-53	309	0	0
Cash flow from financing activities	**-313**	**-167**	**-125**	**-87**
Chg. in financial liabilities	-177	135	-24	60
Chg. in equity	0	0	0	0
Dividends	-47	-70	-102	-147
Other	-89	-232	1	0
Chg. in cash	**-32**	**236**	**813**	**1,229**
Beginning balance	249	217	452	1,266
Ending balance	217	452	1,266	2,494

Key valuation metrics/ratios

	2025	2026F	2027F	2028F
P/E (x)	31.9	23.2	15.8	11.2
P/CF (x)	20.3	16.9	12.0	8.6
P/B (x)	7.1	5.6	4.2	3.1
EV/EBITDA (x)	20.8	15.7	10.5	7.1
EPS (W)	55,755	77,976	114,156	162,076
CFPS (W)	87,918	107,296	151,050	210,340
BPS (W)	252,285	325,577	428,813	575,109
DPS (W)	7,500	10,934	15,801	22,406
Dividend payout ratio (%)	13.9	13.9	13.9	13.9
Dividend yield (%)	0.4	0.4	0.6	0.8
Revenue growth (%)	21.9	19.1	13.5	17.7
EBITDA growth (%)	91.3	30.7	43.5	35.5
OP growth (%)	106.1	31.6	45.8	37.9
EPS growth (%)	133.5	39.9	46.4	42.0
AR turnover (x)	5.3	4.4	4.4	4.9
Inventory turnover (x)	5.5	4.0	3.6	4.0
AP turnover (x)	7.2	6.0	5.3	5.7
ROA (%)	7.5	8.1	9.6	11.9
ROE (%)	24.4	27.0	30.3	32.3
ROIC (%)	22.9	24.6	39.8	51.9
Debt-to-equity ratio (%)	190.3	241.4	173.3	153.5
Current ratio (%)	105.0	100.7	113.9	129.1
Net debt-to-equity ratio (%)	24.0	4.2	-15.8	-35.6
Interest coverage ratio (x)	12.7	23.0	32.6	43.6

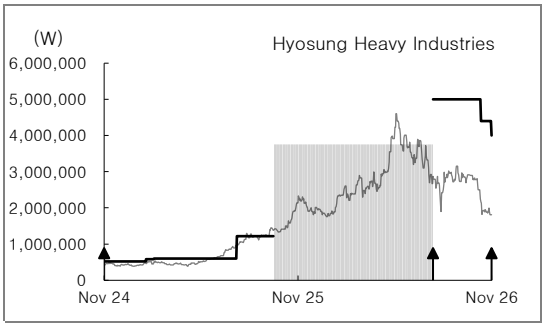
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Hyosung Heavy Industries (298040)	11/02/26	Buy	4,000,000
	10/13/26	Buy	4,400,000
	07/15/26	Buy	5,000,000
	09/18/25	No Coverage	
	07/10/25	Buy	1,220,000
	02/04/25	Buy	600,000
	01/20/25	Buy	580,000
	11/01/24	Buy	520,000



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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