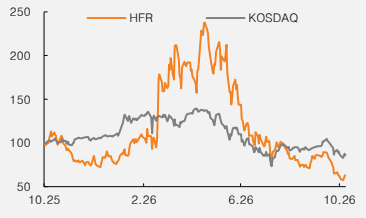
MIRAE ASSET Securities

Equity Research
October 30, 2026

(Maintain)	**Buy**
Target price	▼ **W13,000**
Current price (10/29/26)	W10,080
Upside	29.0%

OP (26F, Wbn)	-16
Consensus OP (26F, Wbn)	-24
EPS growth (26F, %)	RR
Market EPS growth (26F, %)	278.0
P/E (26F, x)	-
Market P/E (26F, x)	5.4
KOSDAQ	753.23
Market cap (Wbn)	134
Shares (mn)	13
Free float (%)	66.9
Foreign ownership (%)	8.8
Beta (12M)	0.73
52-week low (W)	9,160
52-week high (W)	38,050

(%)	1M	6M	12M
Absolute	-25.2	-65.4	-42.1
Relative	-15.6	-44.0	-30.7



Mirae Asset Securities Co., Ltd.

YooJin Choi
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230240 KQ · Telecom Equipment

HFR

New orders from North American customers expected from 1Q27

Order momentum from North America likely to pick up from 1Q27

We expect HFR's supply to North America to expand, driven by: 1) AT&T's network replacement/upgrades; 2) T-Mobile's coverage and capacity expansion; and 3) Verizon's wireless network upgrades. Given HFR's existing supply track record, we see a strong possibility that deployment will expand to more areas and that the range of products supplied will broaden.

The prospect of a satellite communications operator entering the US mobile carrier market is also positive, as the construction of a terrestrial network should increase demand for mobile transport equipment. After initial deliveries, we expect HFR's equipment to be deployed across more areas and supply volumes to expand, broadening its medium/long-term growth base. Further supply opportunities could arise if the new entrant's terrestrial network plans and procurement of equipment from outside suppliers take shape. We recommend buying the stock ahead of the expected order up-cycle.

2027 outlook: Revenue of W174.4bn (+58%) and OP of W5.8bn (turning profitable)

We expect new orders to begin in 1Q27 and mass production to ramp up from 4Q27. We forecast 2027 revenue at W174.4bn (+58% YoY) and operating profit at W5.8bn (turning profitable YoY), reflecting new supply to North America, an expanding customer and product base as carriers adopt multi-vendor strategies, and an initial revenue contribution from AI-RAN.

For 2028, we look for revenue of W278.5bn (+59.6% YoY) and operating profit of W33.2bn (+472% YoY). We expect the mobile access business's share of revenue to rise from 30.5% in 2027 to 52.3% in 2028, with OP margin widening from 3.3% to 11.9%.

Lower TP to W13,000

We lower our target price for HFR to W13,000 (from W52,000), reflecting a shift in our valuation base year to 2027F (from 2026F) and a reduction in our target P/B to 1.7x (from 4.6x). We applied this multiple to our 2027F BPS of W7,768. Our revised target P/B is the average in 2H18–1H19, when equipment supply was beginning to expand with the initial rollout of 5G networks. We believe that period is comparable to the current stage, in which new orders are expected to lead to mass production and follow-on supply. We expect earnings to grow over the medium term as North American orders expand and production scales up. Further production growth and repeat orders should improve profitability, creating potential for a valuation re-rating.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	157	142	110	174	278
OP (Wbn)	-20	-2	-16	6	33
OP margin (%)	-12.7	-1.4	-14.5	3.4	11.9
NP (Wbn)	-19	0	-66	20	128
EPS (W)	-1,384	-23	-4,969	1,506	9,599
ROE (%)	-11.3	-0.2	-60.5	23.2	79.7
P/E (x)	-	-	-	6.7	1.1
P/B (x)	1.5	1.0	1.6	1.3	0.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

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. Valuation table

	Value	Notes
2027F BPS (W)	7,768	
Target P/B (x)	1.7	Avg. P/B in 2H18-1H19, when equipment supply was beginning to expand with the initial rollout of 5G networks
Fair value/share (W)	13,205	
Target price (W)	13,000	
Current price (W)	10,080	Oct. 29 closing price
Upside (%)	29.0%	Buy rating

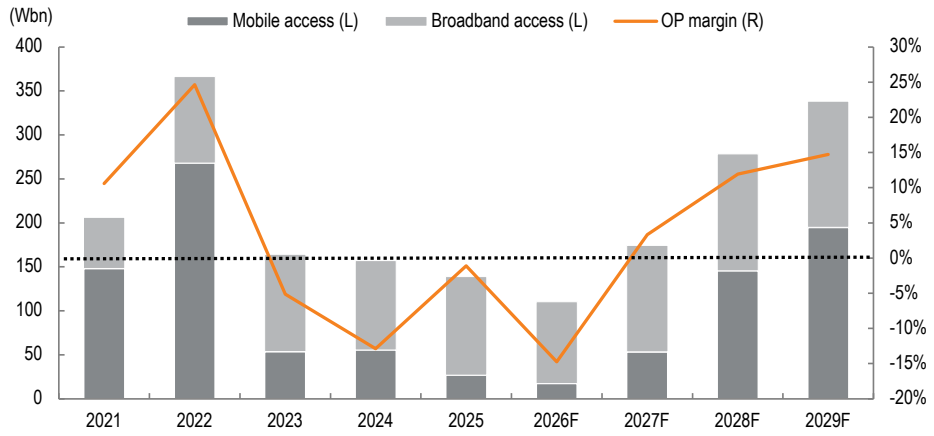
Source: QuantiWise, Mirae Asset Securities Research

Table 2. Quarterly and annual earnings (Wbn)

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F	2025	2026F	2027F	2028F
Revenue	**26.8**	**41.5**	**26.8**	**48.3**	**16.3**	**24.1**	**30.0**	**40.2**	**142.0**	**110.4**	**174.4**	**278.5**
QoQ/YoY	-54.3%	54.9%	-35.4%	80.2%	-66.3%	50.2%	24.3%	34.0%	-9.6%	-22.2%	58.0%	59.6%
Mobile access	10.6	9.4	2.6	4.4	0.7	2.0	4.5	10.2	27.0	17.4	53.3	145.6
QoQ/YoY	-49.0%	-11.3%	-72.3%	69.2%	-84.1%	189.4%	122.8%	126.7%	-51.5%	-35.4%	205.8%	173.4%
Broadband access	16.2	32.1	21.4	42.2	15.4	22.1	25.5	30.0	111.9	93.0	121.2	132.8
QoQ/YoY	-57.1%	98.1%	-33.3%	97.2%	-63.5%	43.9%	15.3%	17.6%	10.3%	-16.9%	30.3%	9.6%
COGS	22.2	30.0	21.2	40.7	14.3	24.1	25.5	32.2	114.0	95.9	135.1	210.2
% of revenue	82.8%	72.3%	79.1%	84.3%	87.7%	99.7%	85.0%	80.0%	80.3%	86.9%	77.5%	75.5%
SG&A	7.6	7.5	7.3	7.2	7.6	7.8	7.8	7.8	29.6	30.8	33.5	35.0
QoQ/YoY	-3.8%	-1.3%	-2.7%	-1.4%	5.6%	4.5%	0.6%	-	-3.8%	4.0%	8.9%	4.4%
OP	**-3.0**	**4.0**	**-3.1**	**0.5**	**-5.5**	**-7.7**	**-3.3**	**0.2**	**-1.6**	**-16.3**	**5.8**	**33.2**
OP margin	-11.2%	9.6%	-11.6%	1.0%	-34.4%	-31.8%	-11.0%	0.6%	-1.1%	-14.7%	3.3%	11.9%
QoQ/YoY	RR	TTB	TTR	16.1%	TTR	RR	RR	TTB	RR	RR	TTB	472.0%

Source: QuantiWise, Mirae Asset Securities Research

Figure 1. Revenue and OP margin



Source: Company data, Mirae Asset Securities Research

HFR (230240 KQ)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**142**	**110**	**174**	**278**
Cost of revenue	**114**	**96**	**135**	**210**
GP	**28**	**14**	**39**	**68**
SG&A expenses	**30**	**31**	**34**	**35**
OP (adj.)	**-2**	**-16**	**6**	**33**
OP	**-2**	**-16**	**6**	**33**
Non-operating profit	**0**	**-1**	**-1**	**0**
Net financial income	-1	-1	-1	-1
Net income from associates	1	0	0	0
Pretax profit	-2	-17	5	33
Income tax	-1	-6	2	12
Profit from continuing operations	0	-11	3	20
Profit from discontinued operations	0	0	0	0
NP	**0**	**-11**	**3**	**20**
Attributable to owners	0	-66	20	128
Attributable to minority interests	0	56	-17	-107
Total comprehensive income	**-3**	**-11**	**3**	**20**
Attributable to owners	-3	-11	3	22
Attributable to minority interests	0	1	0	-2
EBITDA	5	-10	11	38
FCF	-16	-9	17	39
EBITDA margin (%)	3.5	-9.1	6.3	13.7
OP margin (%)	-1.4	-14.5	3.4	11.9
Net margin (%)	0.0	-60.0	11.5	46.0

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**119**	**113**	**122**	**148**
Cash & equivalents	46	48	40	38
AR & other receivables	29	23	36	57
Inventory	35	35	35	35
Other current assets	9	7	11	18
Non-current assets	**162**	**145**	**162**	**192**
Investments in associates	44	34	54	87
PP&E	81	77	73	69
Intangible assets	9	7	6	5
Total assets	**281**	**259**	**284**	**341**
Current liabilities	**65**	**59**	**71**	**90**
AP & other payables	19	15	24	38
Short-term financial liabilities	39	38	38	38
Other current liabilities	7	6	9	14
Non-current liabilities	**57**	**52**	**62**	**79**
Long-term financial liabilities	34	34	34	34
Other non-current liabilities	23	18	28	45
Total liabilities	**122**	**110**	**133**	**169**
Equity attributable to owners	**143**	**76**	**96**	**224**
Capital stock	7	7	7	7
Capital surplus	51	51	51	51
Retained earnings	88	22	42	170
Minority interests	**16**	**72**	**55**	**-52**
Shareholders' equity	**159**	**148**	**151**	**172**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**10**	**-9**	**17**	**39**
NP	0	-11	3	20
Non-cash income/expenses	5	0	8	17
Depreciation	4	4	4	4
Amortization	2	2	1	1
Other	-1	-6	3	12
Chg. in working capital	8	-5	9	14
Chg. in AR & other receivables	16	6	-12	-20
Chg. in inventory	2	0	0	0
Chg. in AP & other payables	-9	-3	6	10
Income tax	-4	6	-2	-12
Cash flow from investing activities	**-19**	**3**	**-5**	**-8**
Chg. in PP&E	-26	0	0	0
Chg. in intangible assets	-1	0	0	0
Chg. in financial assets	4	3	-5	-8
Other	4	0	0	0
Cash flow from financing activities	**18**	**-1**	**0**	**0**
Chg. in financial liabilities	8	-1	0	0
Chg. in equity	-9	0	0	0
Dividends	0	0	0	0
Other	19	0	0	0
Chg. in cash	**9**	**2**	**-8**	**-2**
Beginning balance	36	46	48	40
Ending balance	46	48	40	38

Key valuation metrics/ratios

	2025	2026F	2027F	2028F
P/E (x)	-	-	6.7	1.1
P/CF (x)	30.9	-	12.3	3.6
P/B (x)	1.0	1.6	1.3	0.6
EV/EBITDA (x)	37.2	-	19.4	2.6
EPS (W)	-23	-4,969	1,506	9,599
CFPS (W)	375	-788	817	2,836
BPS (W)	11,231	6,262	7,768	17,367
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	-9.6	-22.2	58.0	59.6
EBITDA growth (%)	TTB	TTR	TTB	247.1
OP growth (%)	RR	RR	TTB	472.0
EPS growth (%)	RR	RR	TTB	537.5
AR turnover (x)	4.0	4.6	6.4	6.4
Inventory turnover (x)	3.9	3.2	5.0	8.0
AP turnover (x)	6.2	7.7	9.7	9.5
ROA (%)	0.0	-3.9	1.2	6.5
ROE (%)	-0.2	-60.5	23.2	79.7
ROIC (%)	0.0	-8.2	3.4	18.2
Debt-to-equity ratio (%)	77.0	74.6	87.8	98.5
Current ratio (%)	182.0	192.4	172.6	164.3
Net debt-to-equity ratio (%)	12.1	11.7	14.5	10.4
Interest coverage ratio (x)	-0.9	-8.3	3.0	17.1

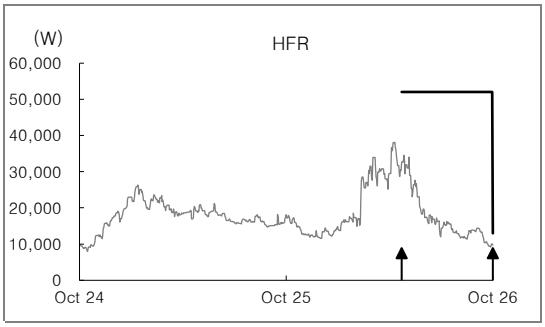
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

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Two-year rating and TP history

Company	Date	Rating	TP (W)
HFR (230240)	10/30/26	Buy	13,000
	05/22/26	Buy	52,000



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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