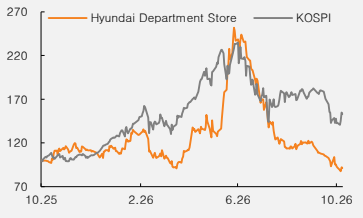
MIRAE ASSET Securities

Equity Research
October 30, 2026

(Initiate)	**Buy**
Target price	**W128,000**
Current price (10/29/26)	W75,100
Upside	70.4%

OP (26F, Wbn)	389
Consensus OP (26F, Wbn)	401
EPS growth (26F, %)	24.8
Market EPS growth (26F, %)	278.0
P/E (26F, x)	6.6
Market P/E (26F, x)	5.4
KOSPI	5,937.66
Market cap (Wbn)	1,620
Shares (mn)	22
Free float (%)	55.0
Foreign ownership (%)	26.6
Beta (12M)	0.54
52-week low (W)	72,100
52-week high (W)	207,000

(%)	1M	6M	12M
Absolute	-16.1	-32.9	-7.9
Relative	-2.9	-24.4	-36.7



Mirae Asset Securities Co., Ltd.

Nami Kim
nami.kim@miraeasset.com

069960 KS · Retail

Hyundai Department Store

Foreign shopper sales to bolster core profitability

Initiate coverage with Buy rating and TP of W128,000

We initiate coverage of Hyundai Department Store (HDS) with a Buy rating and target price of W128,000. Our investment case rests on three factors: 1) operating leverage in the department store division is accelerating, supported by a low fixed-cost burden and rising sales to foreign shoppers; 2) profitability is improving thanks to the structurally rising contribution from foreign shoppers, led by The Hyundai Seoul; and 3) low rents at airport stores and the restructuring of downtown locations are bringing a turnaround in the duty-free business into view. Our target price is based on 2027F EPS and a target P/E of 9x, the stock's average 12-month forward P/E in the 12 months following the introduction of visa-free entry for Chinese group tourists.

Department stores: Strong operating leverage and long-term growth potential

HDS's in-house department store card accounts for roughly 50% of payments, keeping card processing fees low. This, together with a low fixed-cost burden, allows most incremental revenue to flow through to profit. In 2Q26, department store operating profit increased 58.6% YoY, far outpacing net revenue growth of 9.1%, while gross merchandise sales (GMS) growth accelerated to 16% YoY. A high fashion sales mix (37%) also supports profitability. Meanwhile, planned store openings—The Hyundai Busan in 2027, Gyeongsan Premium Outlet in 2028, and The Hyundai Gwangju in 2029—should support further top-line growth.

Foreign shoppers: Structural growth and margin improvement

Sales to foreign shoppers are accelerating sharply, with YoY growth rising from 40% in April to 66% in May and 92% in June. Their share of total department store revenue increased from 6.4% last year to 8.6% in 2Q26, led by The Hyundai Seoul and the Trade Center location. Many foreign shoppers visit The Hyundai Seoul as a tourist destination, spending more time in the store and spreading their purchases across high-margin categories such as fashion and pop-up stores. Foreign shoppers are also generally ineligible for promotions tied to HDS's in-house card, reducing the promotional expense burden. As a result, rising sales to foreign shoppers are driving both top-line growth and profitability improvement.

Duty-free: Turnaround and growing earnings contribution

HDS now operates three duty-free concessions at Incheon International Airport (IIA). After securing DF7 in 2020 and DF5 in 2023, the company won DF2 in 2026 after a competitor relinquished it. The original contract for DF7 has been extended, and the concession is not subject to the per-passenger rent model. DF5 and DF2, meanwhile, pay rent linked to passenger traffic, allowing higher traffic to drive incremental profit as long as gross profit per passenger exceeds rent per passenger. According to the company, DF2 moved above breakeven in the month after opening. After turning profitable in 2025, the duty-free business generated operating profit of W9.6bn in 1H26. We forecast operating profit to rise to W23.7bn in 2026 and W44.5bn in 2027, supported by the closure of the Dongdaemun store and improved purchasing terms following the addition of DF2. The business should thus become a new driver of consolidated earnings growth.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	4,188	4,230	4,345	4,787	5,000
OP (Wbn)	284	378	389	487	559
OP margin (%)	6.8	8.9	8.9	10.2	11.2
NP (Wbn)	-36	208	251	307	352
EPS (W)	-1,543	9,177	11,449	14,233	16,321
ROE (%)	-0.8	4.6	5.4	6.3	6.8
P/E (x)	-	9.7	6.6	5.3	4.6
P/B (x)	0.2	0.4	0.3	0.3	0.3
Dividend yield (%)	3.0	2.4	3.1	3.1	3.1

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

Analysts who prepared this report are registered as research analysts in Korea but not in any other jurisdiction, including the US.
Please see analyst certifications and important disclosures & disclaimers in Appendix 1 at the end of the report.

Valuation

We initiate coverage of HDS with a Buy rating and target price of W128,000. The company has the strongest operating leverage in the department store channel among the three major operators, supported by a low fixed-cost burden. We expect foreign shoppers' share of department store sales to rise from 8.4% in 2026 to 10.6% in 2028 as the growth seen at The Hyundai Seoul and the Trade Center branch spreads to other stores. We also expect the normalization of Zinus and the duty-free business to support additional earnings growth.

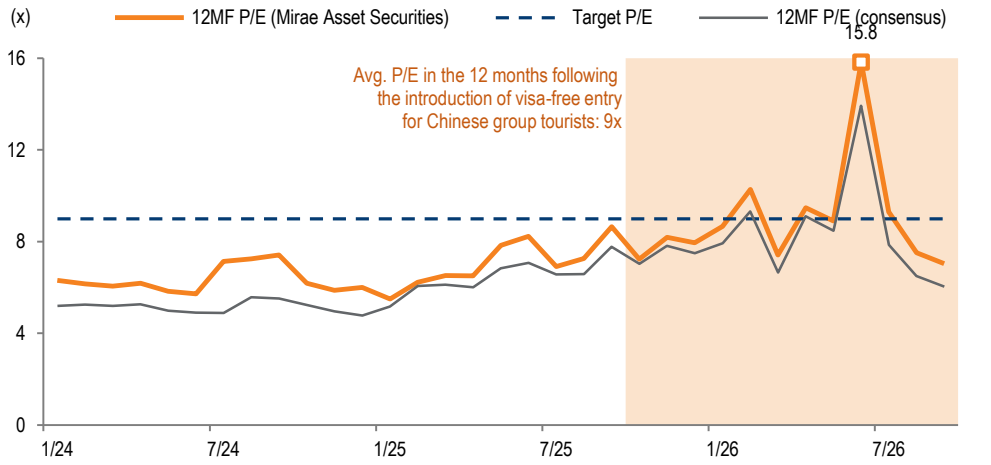
Table 1. HDS: TP calculation

	Value	Notes
2026F NP attr. to owners of the parent (Wbn)	250.8	
2026F EPS (W)	11,449	21.906mn shares (2027F: 21.565mn)
2027F EPS (W)	14,233	Valuation based on 2027F earnings, reflecting our 12-month target price horizon
Current share price (W)	73,100	Oct. 26 closing price
Current P/E (x)	5.1	2027F EPS (2026F: 6.4x)
Target P/E (x)	9.0	Avg. monthly forward P/E over the 12 months following the introduction of visa-free entry for Chinese group tourists (Oct. 2025–Sep. 2026), adjusted for one-off gains/losses
TP (W)	128,000	
Upside (%)	75.1	

Notes: The target P/E is the avg. of monthly P/Es from Oct. 2025 to Sep. 2026; each monthly forward P/E is calculated as month-end market cap divided by our normalized 12MF NP attributable to owners of the parent
Source: Bloomberg, Mirae Asset Securities Research

We believe HDS's valuation multiple will depend on how quickly the market recognizes the gap between its consolidated results and the performance of its core department store business. Consolidated earnings declined in 1Q26, and full-year consolidated revenue should grow a modest 2.7%, with the contribution from the DF2 duty-free concession largely offset by a W266.1bn decline in Zinus revenue. By contrast, the department store business should deliver net revenue growth of 7.1% and operating profit growth of 30% (from W393.5bn in 2025 to W511.2bn in 2026). Multiple expansion is likely once market attention shifts from consolidated results toward earnings improvement in the core department store business.

Figure 1. HDS: 12-month forward P/E (target P/E of 9x)

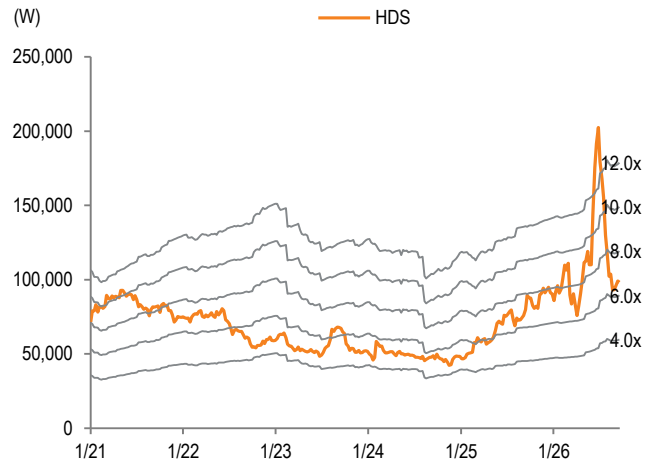


Notes: Our P/E series is calculated by dividing month-end market cap by the sum of NP attributable to owners of the parent for four quarters beginning with the current quarter; we reconstructed historical multiples using available results and our forecasts and excluded W7.1bn in gains attributable to owners of the parent from Zinus's sale of its US factory in 3Q26; the consensus series divides month-end share price by Bloomberg's 12MF EPS; the shaded area marks the reference period (Oct. 2025–Sep. 2026).
Source: Bloomberg, Mirae Asset Securities Research

We derived our target price of W128,000 by applying a P/E of 9x to our 2027 EPS estimate of W14,233. The target multiple is the average forward P/E over the 12 months following the introduction of visa-free entry for Chinese group tourists (Oct. 2025–Sep. 2026), adjusted for one-off gains and losses. In particular, we exclude the W7.1bn gain attributable to owners of the parent from the disposal of Zinus's US plant in 3Q26. The consensus-based P/E averaged 8.2x over the same period. Based on the Oct. 26 closing price, the consensus-based 12-month forward P/E stood at 5x, below its 10-year average of 7.2x. Even assuming no improvement in department store OP margin in 2H27, we estimate HDS's fair value at W126,000.

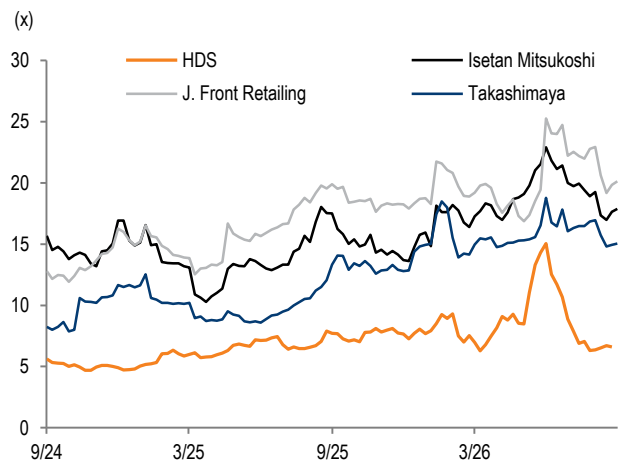
Foreign shoppers account for around 20% of sales at HDS's two key stores, The Hyundai Seoul and the Trade Center branch. This strong penetration at its flagship locations provides a foundation for growth in the foreign shopper sales mix across the broader store network. At HDS's major peers, relatively stable ancillary businesses allow consolidated earnings to reflect department store performance more closely. HDS, however, consolidates mattress manufacturer Zinus despite holding a 38.57% stake. Consequently, even as department store operating profit continues to grow at a double-digit rate, movements in Zinus's earnings affect both consolidated earnings and net profit attributable to owners of the parent. Since 2024, HDS's quarterly net profit attributable to owners of the parent has ranged from 44% to 113% of consolidated net profit. Despite this uncertainty, we have not applied a separate discount to our target multiple. As the period used to derive the multiple includes ongoing losses at Zinus, we believe the multiple already reflects that risk. Our EPS estimates also include Zinus's losses and PPA amortization; applying a discount would count the same risk twice.

Figure 2. HDS: 12-month forward P/E band chart



Source: Bloomberg, Mirae Asset Securities Research

Figure 3. 12-month forward P/E comparison: HDS vs. Japanese department stores

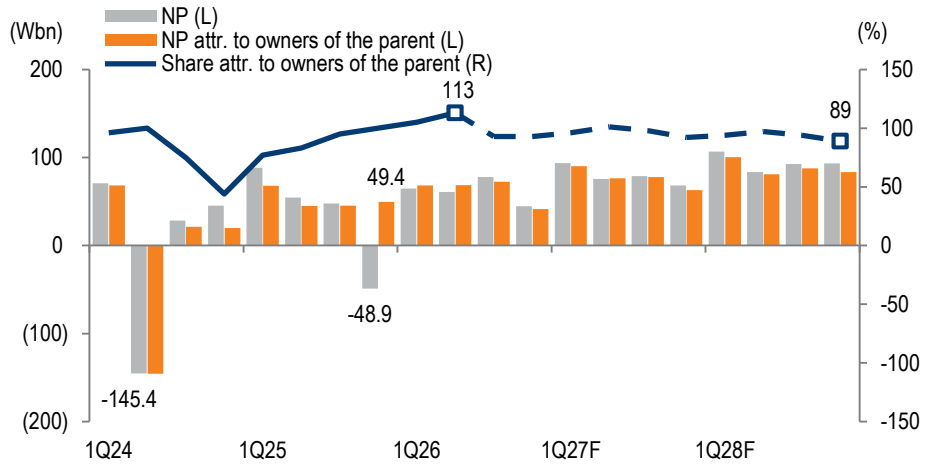


Source: Bloomberg, Mirae Asset Securities Research

We have also reflected Zinus-related uncertainty in our earnings forecasts. For 2026, we conservatively estimate Zinus's operating loss at W104.8bn. For 2027, we forecast its operating loss at W58.4bn. Starting from its 2026 cost structure, we assume only a modest improvement in gross margin, from 27.8% to 28.5%. Notably, we have not factored in a potential early return to profitability under management's plan to scale back underperforming operations. Meanwhile, HDS's partial ownership limits the impact of Zinus's losses on EPS, as a portion of those losses is attributed to non-controlling interests. In 4Q25, HDS recorded a consolidated net loss of W48.9bn but posted net profit attributable to owners of the parent of W49.4bn. For 2025, net profit attributable to owners of the parent reached W207.7bn, compared with consolidated net profit of W141.5bn. Thus, while wider losses at Zinus reduce consolidated net profit, their effect on parent-attributable net profit is partly cushioned.

This structure also makes earnings harder to forecast. Since 2024, net profit attributable to owners of the parent has ranged from 44% to 113% of HDS's quarterly consolidated net profit, excluding 4Q25, when the ratio was -100.9% (as HDS recorded a consolidated net loss but positive net profit attributable to owners of the parent). Zinus's results are a key driver of net profit attributable to non-controlling interests. To calculate Zinus's contribution, we deduct PPA amortization from its net profit and apply the 61.4% non-controlling ownership share. We then add net profit attributable to non-controlling interests in Hanmoo Shopping and other subsidiaries. On this basis, we forecast net profit attributable to owners of the parent at 101% of consolidated net profit in 2026, 97% in 2027, and 94% in 2028. These percentages depend on the pace of Zinus's earnings recovery, making its quarterly results important to monitor.

Figure 4. Quarterly consolidated NP vs. NP attributable to owners of the parent



Notes: Figures from 3Q26F onward are Mirae Asset Securities Research estimates; the parent-attributable share is calculated as NP attributable to owners of the parent divided by consolidated NP; the 4Q25 ratio is excluded because consolidated NP was negative.
Source: Company data, Mirae Asset Securities Research estimates

We also see potential sources of upside, including recognition of the remaining W17bn in tariff refunds at Zinus in 2H26 (following W14.1bn recognized in 2Q26) and an earlier-than-expected rise in duty-free operating profit to W10bn per quarter. Also, HDS is set to cancel additional treasury shares equal to 1.1% of shares outstanding by year-end, reinforcing its commitment to shareholder returns and eliminating the possibility of those shares being resold. Hyundai GF Holdings' planned increase in its stake from 37% to 40% by year-end is not factored into our valuation, but the associated buying should help support the share price.

Earnings outlook

We forecast consolidated net revenue to rise from W4.23tr in 2025 to W4.35tr (+2.7% YoY) in 2026, W4.79tr (+10.2% YoY) in 2027, and W5.00tr (+4.4% YoY) in 2028. In 2026, Zinus's revenue should decline by W266.1bn to W647.1bn (from W913.2bn in 2025). However, duty-free revenue should increase 21.1% to W1.23tr (from W1.01tr in 2025), supported by a contribution from DF2 following its opening in late April. Net revenue in the core department store business should also increase 7.1% to W2.61tr (from W2.44tr in 2025). We expect consolidated net revenue growth to accelerate in 2027, driven by the first full-year contribution from DF2 and continued top-line growth in department stores.

Table 2. HDS: Annual earnings (Wbn)

	2025	2026F	2027F	2028F
Net revenue	4,230	4,345	4,787	5,000
Department stores	2,438	2,611	2,734	2,838
Duty-free	1,014	1,228	1,434	1,481
Zinus	913	647	768	836
Other/consolidation adj.	(135)	(141)	(148)	(155)
OP	378	389	487	559
OP margin (%)	8.9	8.9	10.2	11.2
Department stores	394	511	542	574
Duty-free	0	24	45	58
Zinus	25	(105)	(58)	(31)
PPA amortization/ consolidation adj.	(41)	(41)	(41)	(41)
Pretax profit	123	338	417	495
NP attributable to owners	208	251	307	352
EPS (W)	9,177	11,449	14,233	16,321

Source: Company data, Mirae Asset Securities Research

Table 3. HDS: Quarterly and annual earnings (Wbn)

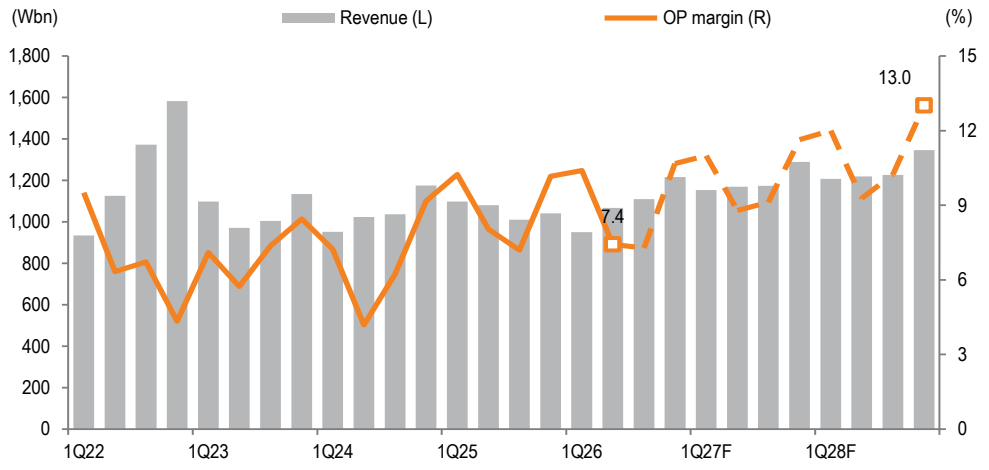
	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F	2024	2025	2026F	2027F
Net revenue	1,098	1,080	1,010	1,042	950	1,068	1,110	1,217	4,188	4,230	4,345	4,787
Department stores	589	590	577	682	632	644	622	713	2,435	2,438	2,611	2,734
Duty-free	294	294	222	204	214	310	352	352	972	1,014	1,228	1,434
Zinus	250	229	242	192	140	148	170	190	920	913	647	768
Other/ consolidation adj.	(34)	(33)	(31)	(37)	(36)	(34)	(34)	(38)	(140)	(135)	(141)	(148)
OP	112	87	73	106	99	79	81	130	284	378	389	487
OP margin (%)	10.2	8.0	7.2	10.2	10.4	7.4	7.3	10.7	6.8	8.9	8.9	10.2
Pretax profit	121	78	65	(141)	99	78	102	59	6	123	338	417
NP attributable to owners	68	45	45	49	68	69	72	42	(36)	208	251	307

Note: 4Q25 pretax profit includes asset impairment losses.
Source: Mirae Asset Securities Research

We forecast consolidated operating profit to rise from W377.9bn in 2025 to W388.9bn (+2.9% YoY) in 2026, W486.8bn (+25.2% YoY) in 2027, and W559bn (+14.8% YoY) in 2028. In 2026, department store operating profit should increase by W117.7bn to W511.2bn (from W393.5bn in 2025), while duty-free operating profit should rise to W23.7bn (from W0.2bn in 2025). However, we forecast Zinus to swing to an operating loss of W104.8bn (from a profit of W25.5bn in 2025), offsetting most of the improvement in the core business. We also deduct W41.1bn per year (around W10.3bn per quarter) for consolidation adjustments, including W40.3bn in amortization of customer relationships arising from the Zinus acquisition.

In 2027, we expect Zinus's operating loss to narrow to W58.4bn and duty-free operating profit to rise to W44.5bn. The recovery in duty-free earnings should complement profit growth in the core department store business. We forecast department store operating profit at W541.8bn (+6% YoY) for 2027 and W573.5bn (+5.8% YoY) for 2028, with growth moderating from 2026. We conservatively assume 3% growth in sales to domestic shoppers and a smaller margin improvement in 2H27 to reflect the initial costs of opening The Hyundai Busan. We estimate EPS at W11,449 in 2026, W14,233 (+24.3% YoY) in 2027, and W16,321 (+14.7% YoY) in 2028.

Figure 5. HDS: Consolidated revenue and OP margin



Source: Company data, Mirae Asset Securities Research

For 2Q26, the department store division reported net revenue of W643.8bn (+9.1% YoY) and operating profit of W110.1bn (+58.6% YoY). We estimate net revenue growth in 3Q26 at 7.9% YoY, factoring in management's guidance of 10% GMS growth. For 4Q26, we estimate growth at 4.5%, reflecting a high YoY base.

We expect department store OP margin to reach 18% in 3Q26 and 21.5% in 4Q26, up 2.5%p and 1.3%p YoY, respectively. These assumptions are conservative relative to the 5.0%p and 5.4%p improvements recorded in 1Q26 and 2Q26, respectively. We reflected the less favorable merchandise mix seen in 2Q26, when sales of lower-margin home appliances and watches/jewelry grew faster than sales of higher-margin apparel.

Our forecasts for Zinus assume a slower recovery than management's turnaround plan. The company expects the operating loss to narrow in 3Q26 and the business to break even in 4Q26. However, Zinus's 2Q26 operating loss of W26.7bn included W14.1bn in tariff refunds; excluding that benefit, the underlying loss was W40.8bn, wider than the W30.1bn loss in 1Q26. We forecast operating losses of W28bn in 3Q26 and W20bn in 4Q26, bringing the full-year loss to W104.8bn. Even so, the remaining W17bn in tariff refunds, expected to be recognized in 2H26, should provide a direct boost to operating profit. Separately, Zinus completed the W135.3bn sale of its US plant (with the final payment received in September), which should support cash flow and its financial position. We expect Zinus's operating losses to narrow to W58.4bn in 2027 and W31.2bn in 2028. Using its 2026 cost structure as a starting point, we project a gradual improvement in gross margin from 27.8% in 2026 to 28.5% in 2027 and 30% in 2028. We do not factor in an early return to profitability.

We estimate duty-free revenue separately for existing locations (the Trade Center store, DF7, and DF5) and DF2, using average daily sales multiplied by operating days. In 1H26, duty-free gross sales totaled W891.8bn, while net revenue was W524.1bn, equivalent to 58.8% of gross sales. Of the W310.4bn in net revenue recorded in 2Q26, existing locations contributed W220.8bn (W2.43bn per day), and DF2 contributed W89.6bn (W1.4bn per day over 64 days following its Apr. 28 opening).

The W1.4bn in average daily net revenue for DF2 is a company-provided figure. It is broadly consistent with the approximately W1.5bn implied by dividing the W96.7bn QoQ increase in 2Q26 duty-free net revenue by DF2's 64 operating days. It is also below the company's initial expectation of W600bn annually, or W1.64bn per day, when it won the concession. For both 3Q26 and 4Q26, we hold average daily sales at existing locations at the 2Q26 level and include 92 operating days for DF2. This yields a net revenue forecast of W352bn in each quarter, up 58% and 72% YoY, respectively. From 2027, we assume 3% annual growth in average daily sales at existing locations as well as DF2. On that basis, our 1Q27 net revenue forecast is W349.9bn, broadly in line with the 4Q26 estimate.

Table 4. HDS: Duty-free net revenue forecast assumptions

	Existing locations	DF2	Duty-free net revenue
2Q26 net revenue (Wbn)	220.8	89.6	W310.4bn
Business days	91	64	—
Average daily net revenue (Wbn)	2.43	1.4	—
3Q26F and 4Q26F	Daily revenue unchanged from 2Q26	Full-quarter contribution: 92 days	W352bn per quarter
2027F onward	3% annual growth in avg. daily net revenue	3% annual growth in avg. daily net revenue	W349.9bn in 1Q27F

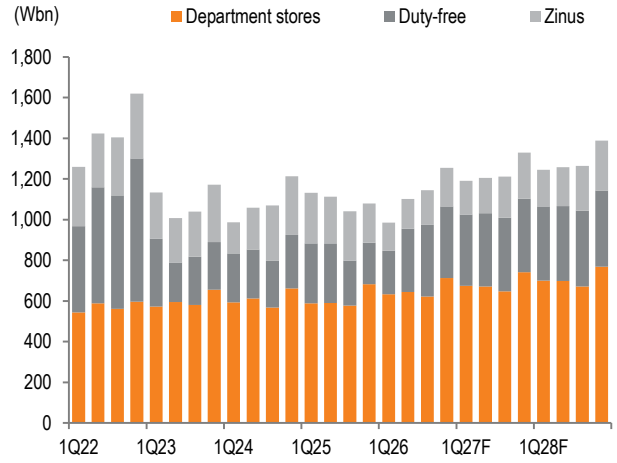
Notes: In 1H26, duty-free gross sales were W891.8bn and net revenue was W524.1bn (58.8% of gross sales); projected net revenue growth is 58% YoY in 3Q26 and 72% YoY in 4Q26; when DF2 opened, the company expected annual sales of W600bn, or W1.64bn per day.
Source: Company data, Mirae Asset Securities Research estimates

The decline at existing locations has already materialized following the closure of the Dongdaemun store in Jul. 2025 and reduced sales to *daigou* resellers at downtown locations. Net revenue at existing locations fell 27% YoY to W213.7bn in 1Q26. We do not assume an additional recovery at these locations.

For duty-free OP margin, we use management's expectation of W10bn in quarterly operating profit in 2027 as a reference point. We assume a 2% OP margin in both 3Q26 and 4Q26, followed by 3.1% in 2027 (operating profit of W44.5bn) and 3.9% in 2028 (operating profit of W57.8bn). We hold the 2H26 margin at the 2Q26 level of 2% to account for the inventory cost pressure evident in Hotel Shilla's 3Q26 duty-free results. Meanwhile, unlike DF7 (secured during the pandemic) and DF5 (secured in the fourth concession tender), DF2 operates under current rental terms and should dilute the blended margin. We therefore conservatively keep our margin assumptions in line with the company's profit guidance despite revenue growth.

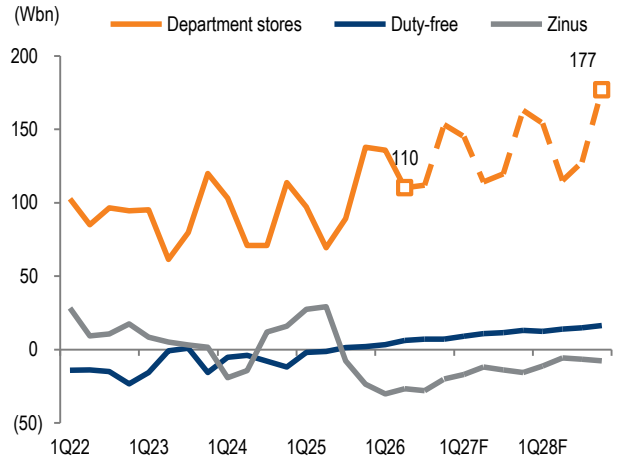
Based on our sensitivity analysis, a W0.1bn change in DF2's average daily sales would change annual revenue by around W36.5bn, 2027 duty-free operating profit by W1.1bn, and our target price by W350. This suggests that reasonable errors in the DF2 sales forecast would have a limited effect on our valuation.

Figure 6. HDS: Revenue breakdown by business



Source: Company data, Mirae Asset Securities Research

Figure 7. HDS: OP by business



Source: Company data, Mirae Asset Securities Research

Our non-operating forecasts reflect the asset impairment losses that have recurred in fourth quarters. Net non-operating losses in 4Q22, 4Q23, 4Q24, and 4Q25 were W95.8bn, W273.1bn, W47.4bn, and W246.8bn, respectively. Impairment losses in those quarters were W35.8bn, W260.9bn, W53.3bn, and W235.5bn, mainly involving intangible assets. We believe the W205.6bn impairment of Zinus-related intangible assets recognized in 4Q25 has reduced the scope for further write-downs. Nevertheless, we forecast net non-operating losses of approximately W72.3bn in 4Q26, W60bn in 4Q27, and W52.6bn in 4Q28. For those quarters, we assume pretax profit equals 45%, 60%, and 70% of operating profit, respectively. We do not assume that all of these non-operating losses will consist of impairment charges.

For the first three quarters of each year, we assume pretax profit equals 97% of operating profit, based on the ratios observed in reported results. For 3Q26, we separately add an estimated W24.1bn pretax gain from the disposal of Zinus's US factory, calculated provisionally using its carrying value at end-1H26. Based on our estimates of net profit attributable to non-controlling interests, we forecast that parent-attributable net profit will equal 101% of consolidated net profit in 2026, 97% in 2027, and 94% in 2028. As HDS does not wholly own Zinus, 61.4% of Zinus's losses are attributed to non-controlling interests. This can cause parent-attributable net profit to exceed consolidated net profit when Zinus is loss-making.

Hyundai Department Store (069960 KS)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**4,230**	**4,345**	**4,787**	**5,000**
Cost of revenue	**1,680**	**1,604**	**1,796**	**1,876**
GP	**2,550**	**2,741**	**2,991**	**3,124**
SG&A expenses	**2,172**	**2,352**	**2,504**	**2,565**
OP (adj.)	**378**	**389**	**487**	**559**
OP	**378**	**389**	**487**	**559**
Non-operating profit	**-255**	**-51**	**-70**	**-64**
Net financial income	-43	-28	-35	-39
Net income from associates	5	3	0	0
Pretax profit	123	338	417	495
Income tax	-18	90	100	119
Profit from continuing operations	142	248	317	376
Profit from discontinued operations	0	0	0	0
NP	**142**	**248**	**317**	**376**
Attributable to owners	208	251	307	352
Attributable to minority interests	-66	-3	10	24
Total comprehensive income	**154**	**296**	**317**	**376**
Attributable to owners	222	274	307	352
Attributable to minority interests	-68	22	10	24
EBITDA	812	827	932	1,011
FCF	407	129	-172	206
EBITDA margin (%)	19.2	19.0	19.5	20.2
OP margin (%)	8.9	8.9	10.2	11.2
Net margin (%)	4.9	5.8	6.4	7.0

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**3,082**	**3,714**	**3,843**	**4,132**
Cash & equivalents	280	299	327	535
AR & other receivables	885	1,034	1,095	1,144
Inventory	456	533	564	589
Other current assets	1,461	1,848	1,857	1,864
Non-current assets	**8,168**	**8,614**	**9,294**	**9,643**
Investments in associates	88	103	109	114
PP&E	5,984	6,399	7,125	7,520
Intangible assets	962	925	861	801
Total assets	**11,250**	**12,328**	**13,137**	**13,775**
Current liabilities	**3,734**	**4,533**	**4,682**	**4,801**
AP & other payables	791	924	978	1,022
Short-term financial liabilities	1,703	2,159	2,169	2,177
Other current liabilities	1,241	1,449	1,535	1,603
Non-current liabilities	**1,205**	**1,318**	**1,720**	**1,921**
Long-term financial liabilities	857	981	1,381	1,581
Other non-current liabilities	349	337	339	340
Total liabilities	**4,939**	**5,851**	**6,402**	**6,723**
Equity attributable to owners	**4,550**	**4,753**	**5,010**	**5,312**
Capital stock	117	116	116	116
Capital surplus	612	564	564	564
Retained earnings	3,920	4,060	4,317	4,619
Minority interests	**1,761**	**1,724**	**1,725**	**1,740**
Shareholders' equity	**6,311**	**6,477**	**6,735**	**7,052**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**986**	**802**	**803**	**861**
NP	142	248	317	376
Non-cash income/expenses	724	553	577	607
Depreciation	368	370	381	393
Amortization	65	68	64	59
Other	290	115	132	155
Chg. in working capital	295	124	41	33
Chg. in AR & other receivables	165	-73	-53	-43
Chg. in inventory	160	-69	-31	-25
Chg. in AP & other payables	-26	60	7	6
Income tax	-129	-89	-100	-119
Cash flow from investing activities	**-693**	**-1,140**	**-994**	**-670**
Chg. in PP&E	-566	-672	-975	-655
Chg. in intangible assets	-4	0	0	0
Chg. in financial assets	14	-30	-12	-10
Other	-136	-438	-6	-5
Cash flow from financing activities	**-138**	**352**	**219**	**17**
Chg. in financial liabilities	118	581	410	208
Chg. in equity	0	-49	0	0
Dividends	-51	-55	-59	-59
Other	-205	-124	-132	-132
Chg. in cash	**154**	**19**	**28**	**208**
Beginning balance	126	280	299	327
Ending balance	280	299	327	535

Key valuation metrics/ratios

	2025	2026F	2027F	2028F
P/E (x)	9.7	6.6	5.3	4.6
P/CF (x)	2.3	2.1	1.8	1.6
P/B (x)	0.4	0.3	0.3	0.3
EV/EBITDA (x)	5.9	5.4	5.2	4.8
EPS (W)	9,177	11,449	14,233	16,321
CFPS (W)	38,227	36,567	41,460	45,596
BPS (W)	206,105	221,383	233,292	247,288
DPS (W)	2,150	2,350	2,350	2,350
Dividend payout ratio (%)	32.6	20.2	15.8	13.3
Dividend yield (%)	2.4	3.1	3.1	3.1
Revenue growth (%)	1.0	2.7	10.2	4.4
EBITDA growth (%)	14.0	1.9	12.7	8.5
OP growth (%)	33.1	2.9	25.2	14.8
EPS growth (%)	TTB	24.8	24.3	14.7
AR turnover (x)	4.8	5.2	5.1	5.1
Inventory turnover (x)	7.9	8.8	8.7	8.7
AP turnover (x)	14.6	14.2	14.3	14.2
ROA (%)	1.3	2.1	2.5	2.8
ROE (%)	4.6	5.4	6.3	6.8
ROIC (%)	4.1	3.6	4.8	5.2
Debt-to-equity ratio (%)	78.3	90.3	95.1	95.3
Current ratio (%)	82.6	81.9	82.1	86.1
Net debt-to-equity ratio (%)	16.5	17.5	22.5	21.5
Interest coverage ratio (x)	4.1	5.0	7.0	7.5

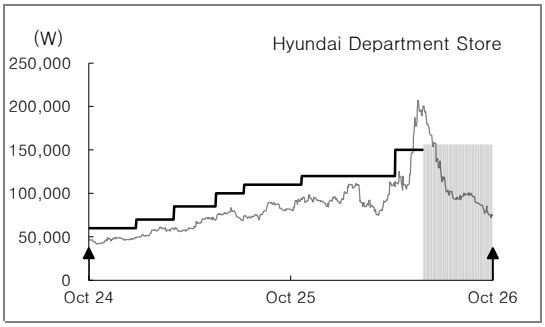
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Hyundai Department Store (069960)	10/30/26	Buy	128,000
	06/26/26	No Coverage	
	05/07/26	Buy	150,000
	11/19/25	Buy	120,000
	08/07/25	Buy	110,000
	06/17/25	Buy	100,000
	04/02/25	Buy	85,000
	01/24/25	Buy	70,000
	10/10/24	Buy	60,000



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)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. and/or its affiliates do not have any special interest with the subject company and do not own 1% or more of the subject company's shares outstanding.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report.
The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.
This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future

returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.
Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.
No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeasset.us.com or +1 (212) 407-1000.

Distribution
United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.
United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.
Hong Kong SAR: This report is distributed in Hong Kong SAR by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong SAR. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong SAR (Cap. 571, Laws of Hong Kong SAR) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong SAR to any person.
India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.
All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)
One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (HK) Ltd.
Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong SAR
Tel: 852-2845-6332

Mirae Asset Securities (UK) Ltd.
41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

Mirae Asset Securities (USA) Inc.
810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Wealth Management (Brazil) CCTVM
Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

PT. Mirae Asset Sekuritas Indonesia
District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities (Singapore) Pte. Ltd.
6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Securities (Vietnam) LLC
7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Mirae Asset Securities Mongolia UTsK LLC
#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Mirae Asset Investment Advisory (Beijing) Co., Ltd
2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Beijing Representative Office
2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Shanghai Representative Office
38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392

Ho Chi Minh Representative Office
7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Capital Markets (India) Pvt Ltd
1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300