COMPANY UPDATE

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EV/Mobility Team

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Hyundai AutoEver (307950)

3Q review; data centers part of the robotics narrative

- Hyundai AutoEver reported solid 3Q results both in terms of sales and profits, backed by lucrative system integration (SI) projects.
- In 4Q, the SI unit should sustain rapid topline growth and the IT outsourcing unit should benefit from ASP hikes.
- Hyundai Motor Group's decision for data center investments should highlight Hyundai AutoEver's strategic role in the group. The SI business should maintain rapid growth going forward.

▶ AT A GLANCE

BUY

Target price	KRW250,000	10.6%
Current price	**KRW226,000**	
Market cap	KRW6.2t/USD4.3b	
Shares (float)	27,423,982 (24.5%)	
52-week high/low	KRW226,000/KRW110,100	
Avg daily trading value (60-day)	KRW18.2b/ USD12.7m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai AutoEver (%)	47.4	80.2	70.6
Vs Kospi (%pts)	26.9	11.9	7.1

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	250,000	250,000	0.0%
2025E EPS	7,184	7,184	0.0%
2026E EPS	9,566	9,566	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	7
Target price	212,143
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

WHAT'S THE STORY?

Raising target price 28.2% to KRW250,000 and maintaining BUY

- **Earnings growth visibility clears:** On Oct 31, Hyundai Motor Group (HMG) announced that it will secure 50,000 Nvidia Blackwell GPUs during 2026-2030. The Korean giant and Nvidia should co-invest about USD3b to establish an Nvidia AI Technology Center, a Hyundai Physical AI Application Center and a dedicated data hub—all of which are directly connected to Hyundai AutoEver's system integration (SI) business.
- **We raise our target 2026 EV/EBITDA multiple by 20% to 12x:** Our target price implies a P/E of 26.1x, which is 2.3% above the post-IPO average of 25.5x. For reference, the company listed in Mar 2019.
- **Entering the third phase of its business expansion:** Since its IPO, Hyundai AutoEver has undergone two significant business model changes. The first took place in April 2021, with its merger of Hyundai Mnsoft and Hyundai Autron. The second phase began in 2Q23, when Mobilgene (the firm's vehicle software platform) was introduced in Hyundai Motor (HMC) and Kia vehicles.

(Continued on the next page)

SUMMARY 3Q RESULTS

(KRWb)	3Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,054.3	16.5	1.2	3.1	5.1
Operating profit	70.8	34.8	-13.0	14.3	15.8
Pre-tax profit	70.6	30.6	-13.5	9.1	10.7
Controlling profit	51.7	18.5	-11.1	12.5	9.2
Margins (%)					
Operating profit	6.7				
Pre-tax profit	6.7				
Controlling profit	4.9				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	20.2	31.5	23.6
P/B	2.0	3.3	3.0
EV/EBITDA	8.0	13.3	10.6
Div yield (%)	1.4	0.9	1.1
EPS growth (% y-y)	24.0	15.4	33.2
ROE (%)	10.4	11.1	13.4
Per-share data (KRW)			
EPS	6,228	7,184	9,566
BVPS	62,189	67,593	75,060
DPS	1,780	2,100	2,500

As the company evolved from a traditional SI player to HMG's software provider, its valuation climbed to 40x in 2021 and later 35x in 2Q23. In the near term, the stock could trade at some premium from 2026, buoyed by expectations about data centers and robot control systems.

- **Hyundai AutoEver has the potential to assume four major roles related to data centers:** 1) procuring GPUs and equipment for data center infrastructure for HMG; 2) managing data centers and overseeing resource allocation; 3) purchasing some GPUs for lease; and 4) do a GPU-as-a-Service business.

3Q results beat consensus: Hyundai AutoEver maintained high sales growth in the SI and ITO businesses.

- **SI unit sees sales of KRW421b (up 8.5% q-q and 27% y-y):** The system integration (SI) unit is building a next-generation ERP system for HMC in the North American region, providing public cloud to Motional and automakers, and developing a domestic sales system for HMC.
- **ITO unit sees sales of KRW434.9b (up 2.6% q-q and 15.1% y-y):** The IT outsourcing (ITO) unit generated increasing sales from the carmakers and group affiliates. Its CCS(Car Connectivity Service) expanded operations in domestic and overseas subsidiaries.
- **Automotive SW unit sees sales of KRW198.3b (down 13.9% q-q but up 1.5% y-y):** The automotive SW unit's growth momentum slowed since the installation rate of original navigation software neared 90%.
- **SG&A cost growth slows to 3.5% y-y:** The ramp-up in software headcount wound down in 1Q, easing the pace of labor cost growth in 3Q. The company now has 7,600 software engineers, including 5,300 in Korea.

4Q preview: We expect 4Q sales of KRW1.19t (up 13.7% q-q and 3.3%y-y) and an operating profit of KRW86.7b (up 22.6% q-q and 19.4% y-y), for a margin of 7.9% (up 1.6%pts y-y). The SI unit should drive the topline growth, and the ITO unit should benefit from ASP hikes.

FnGuide-based consensus have 4Q sales and operating profit reaching KRW1.23t and KRW81.1b for an operating margin of 6.6%.

AutoEver's SI sales to maintain strong growth: HMG's decision to secure 50,000 units of Nvidia GPUs during 2026-2030 should add growth momentum to Hyundai AutoEver's SI sales.

- **ERP system replacements over 2022-2026:** Under HMG's initiatives to create a fully digital environment, all group affiliates have replaced their ERP systems since the pandemic. As a result, AutoEver's SI sales grew at a three-year CAGR of 19% over 2021-2024, from KRW745b to KRW1.28t. In 2025, SI sales look set to grow 18% y-y to KRW1.5t.
- **Establishing control systems for HMG's smart factories:** HMG's new plants are betting on the smart factory concept. Existing plants are also scheduled to be converted into smart factories gradually. AutoEver generates sales of KRW10b-20b pa per ICE auto plant, and the figure ought to climb to KRW50b pa per smart plant.

  Hyundai Motor (HMC) and Kia together run 28 factories around the world, rising to more than 100 when including factories owned by Hyundai Mobis and other group affiliates. In 2020, AutoEver generated KRW100b in sales relating to HMC and Kia's smart factories, and we expect this figure to reach KRW400b-500b in 2027.

- **HMG to deploy robots in factories:** HMG plans to aggressively invest in its robot businesses and first deploy robots at its US factories to boost productivity. By end-2029, it plans to have purchased 30,000 robots from Boston Dynamics.

  To integrate these robots into its factory operations, a system compatible with a smart factory is required. AutoEver will purchase robots from Boston Dynamics, equip them with such systems (enabling their seamless integration into smart factories), and deploy them across HMC/Kia's assembly plants. HMG's purchase of 30,000 robots would generate sales of KRW2t for AutoEver (equivalent to 20% of 2025 sales).

  It should start booking robot sales in earnest from 2027. Profits, though, are generated from net sales, and profitability could decline.

- **Autonomous driving and robot training require data center and cloud intermediary services:** To enhance autonomous driving algorithms and to equip robots with 'intelligence', high-quality, large-scale data and training are essential. HMC will begin collecting driving data with its software defined vehicle (SDV), Pace Car, in 3Q26. It plans to bring full-stack SDV technology to 7m vehicles by 2028.

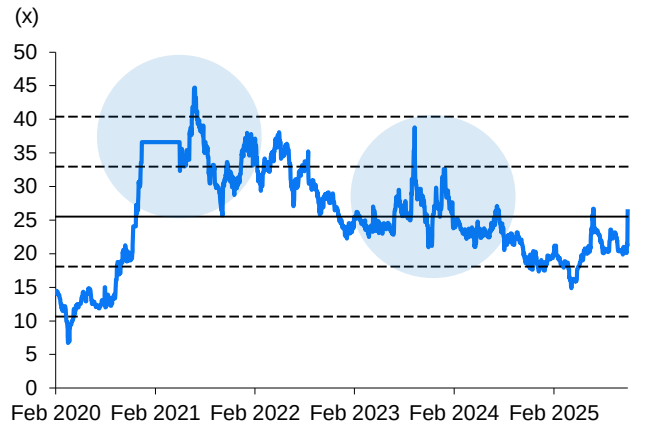
  HMG is likely to unveil the third generation of E-Atlas at CES in early 2026. HMG has begun training robots in simulated environments in collaboration with Nvidia.

Hyundai AutoEver: Valuation

	(KRWb)	Notes
2025E-2026E avg EBITDA (x)	511	
Target Multiple (x)	12	20% higher than previous multiple (10x)
EV	6,130	
Net Debt	(811)	As of end-2026
Market value	6,941	
Number of shares ('000)	27,423,982	
Fair price per share (KRW)	253,081	
Target price (KRW)	250,000	

Source: Samsung Securities estimates

Hyundai AutoEver: 12m forward P/E Valuation



Source: Bloomberg, Samsung Securities

Hyundai AutoEver: 12m forward P/B Valuation

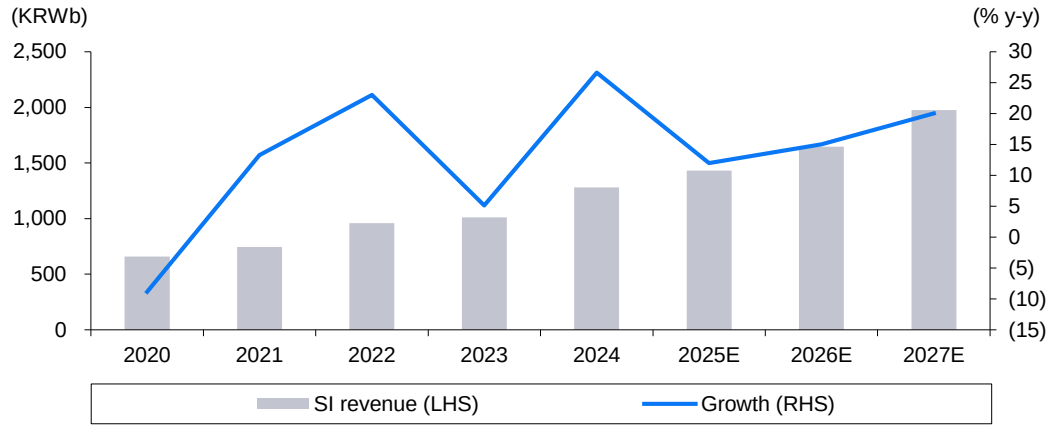
Source: Bloomberg, Samsung Securities

Hyundai AutoEver: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
KRW/USD (avg)	1,453	1,400	1,387	1,400	1,380	1,380	1,360	1,360	1,365	1,410	1,370	1,330
Revenue	833	1,042	1,054	1,198	1,026	1,133	1,154	1,319	3,714	4,128	4,632	5,337
Chg (% y-y)	*13.9*	*13.5*	*16.5*	*3.3*	*23.1*	*8.7*	*9.5*	*10.1*	*21.2*	*11.1*	*12.2*	*15.2*
SI	300	388	421	401	400	455	467	489	1,279	1,509	1,811	2,264
ITO	341	424	435	594	419	467	477	609	1,630	1,793	1,973	2,131
Car SW	192	230	198	204	206	210	210	221	804	825	848	942
Gross profit	70	123	116	137	120	114	128	174	395	446	537	625
Operating profit	27	81	71	87	76	72	81	116	224	266	345	410
Chg (% y-y)	*(13.1)*	*18.7*	*34.8*	*19.4*	*185.0*	*(11.8)*	*14.3*	*33.5*	*23.7*	*18.3*	*29.8*	*18.9*
Pre-tax profit	28	82	71	92	83	77	83	119	227	272	362	423
Net profit	20	60	53	69	62	57	62	88	175	201	268	313
Controlling profit	20	58	52	68	60	56	60	86	171	197	262	307
Chg (% y-y)	*(22.9)*	*12.9*	*18.5*	*34.6*	*206.6*	*(4.6)*	*16.6*	*28.0*	*24.0*	*15.4*	*33.1*	*17.0*
Margins (%)												
Gross profit	8.4	11.8	11.0	11.4	11.7	10.1	11.1	13.2	10.6	10.8	11.6	11.7
Operating profit	3.2	7.8	6.7	7.2	7.4	6.3	7.0	8.8	6.0	6.4	7.4	7.7
Net profit	2.4	5.7	5.0	5.8	6.0	5.0	5.3	6.7	4.7	4.9	5.8	5.9
Controlling profit	2.4	5.6	4.9	5.6	5.9	4.9	5.2	6.6	4.6	4.8	5.7	5.7

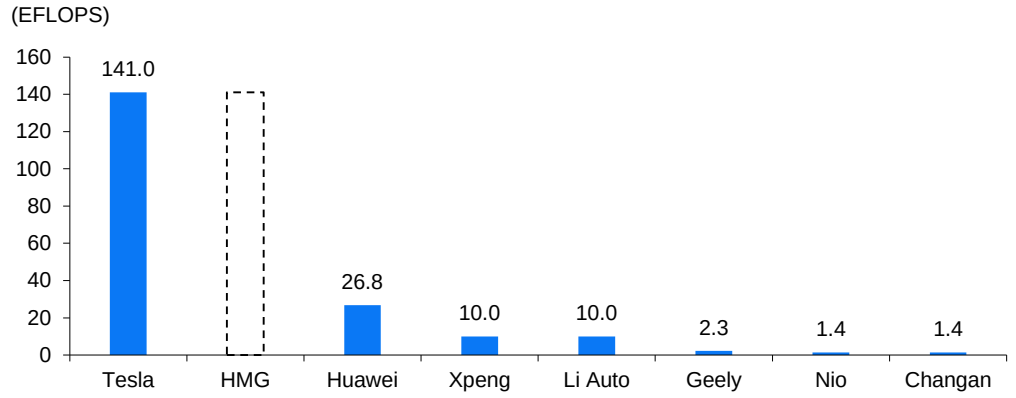
Source: Company data, Samsung Securities estimates

Hyundai AutoEver: SI revenue and growth



Source: Company data, Samsung Securities

Tesla vs Chinese automakers: Computing power



Source: CITIC, Samsung Securities

Hyundai Motor Group: SDV development roadmap

Source: Media

Hyundai AutoEver: Estimated revenue from robotics

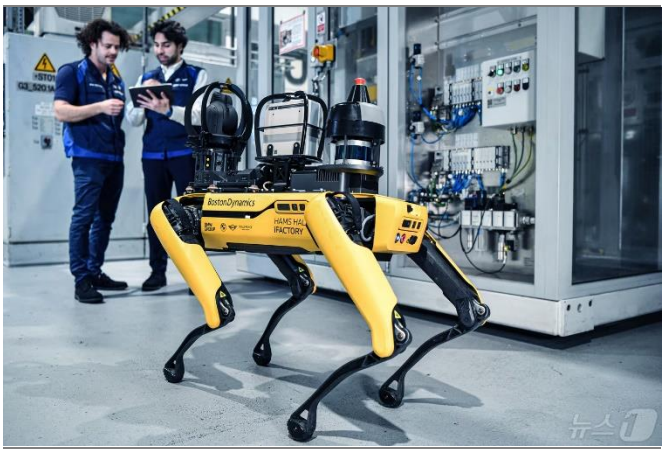
(USD)	Production cost	Sales price (incl. options)	Sales price (incl. integrated systems)	Number of units	AutoEver sales (USDm)
E-Atlas	200,000	240,000	264,000	15,000	3,960
Spot	100,000	120,000	132,000	10,000	1,320
Stretch	100,000	120,000	132,000	5,000	660
Total (USDm)					5,940
Total (KRWb)					8,316
Yearly sales (KRWb)					2,079

Source: Samsung Securities

Boston Dynamics: E-Atlas

Source: Media

Boston Dynamics:: Spot



Source: Media

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**3,065**	**3,714**	**4,128**	**4,632**	**5,337**
Cost of goods sold	2,726	3,319	3,682	4,095	4,712
Gross profit	**339**	**395**	**446**	**537**	**625**
Gross margin (%)	11.1	10.6	10.8	11.6	11.7
SG&A expenses	158	170	180	192	216
Operating profit	**181**	**224**	**266**	**345**	**410**
Operating margin (%)	5.9	6.0	6.4	7.4	7.7
Non-operating gains (losses)	**0**	**2**	**7**	**18**	**14**
Financial profit	28	28	29	33	38
Financial costs	6	11	11	10	10
Equity-method gains (losses)	-5	-4	-2	-0	-0
Other	-17	-10	-9	-5	-14
Pre-tax profit	**182**	**227**	**272**	**362**	**423**
Taxes	41	51	71	94	110
Effective tax rate (%)	22.8	22.7	26.0	26.0	26.0
Profit from continuing operations	140	175	201	268	313
Profit from discontinued operations	0	0	0	0	0
Net profit	**140**	**175**	**201**	**268**	**313**
Net margin (%)	4.6	4.7	4.9	5.8	5.9
Net profit (controlling interests)	138	171	197	262	307
Net profit (non-controlling interests)	3	4	4	6	6
EBITDA	306	366	419	511	592
EBITDA margin (%)	10.0	9.9	10.2	11.0	11.1
EPS (parent-based) (KRW)	5,023	6,228	7,184	9,566	11,188
EPS (consolidated) (KRW)	5,116	6,388	7,340	9,775	11,417
Adjusted EPS (KRW)*	5,023	6,228	7,184	9,566	11,188

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,834**	**2,215**	**2,428**	**2,775**	**3,228**
Cash & equivalents	483	382	390	488	593
Accounts receivable	765	1,000	1,112	1,247	1,437
Inventories	5	3	4	4	5
Other current assets	582	829	922	1,034	1,192
Fixed assets	**1,009**	**1,134**	**1,186**	**1,246**	**1,312**
Investment assets	42	53	58	64	73
Tangible assets	113	184	194	202	220
Intangible assets	546	544	580	626	665
Other long-term assets	308	354	354	354	354
Total assets	**2,843**	**3,350**	**3,613**	**4,020**	**4,539**
Current liabilities	**923**	**1,242**	**1,325**	**1,487**	**1,713**
Accounts payable	312	431	479	537	619
Short-term debt	0	0	0	0	0
Other current liabilities	611	812	847	950	1,095
Long-term liabilities	**328**	**377**	**405**	**440**	**488**
Bonds & long-term debt	50	0	0	0	0
Other long-term liabilities	278	377	405	440	488
Total liabilities	**1,251**	**1,619**	**1,730**	**1,927**	**2,201**
Owners of parent equity	**1,580**	**1,705**	**1,854**	**2,058**	**2,297**
Capital stock	14	14	14	14	14
Capital surplus	773	773	773	773	773
Retained earnings	789	901	1,049	1,254	1,492
Other	4	18	18	18	18
Non-controlling interests' equity	**12**	**25**	**29**	**35**	**41**
Total equity	**1,592**	**1,731**	**1,883**	**2,093**	**2,338**
Net debt	-585	-565	-662	-808	-981

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**209**	**256**	**365**	**440**	**500**
Net profit	140	175	201	268	313
Non-cash profit and expenses	184	229	209	238	265
Depreciation	72	85	90	93	102
Amortization	53	57	64	73	81
Other	59	88	55	72	82
Changes in A/L from operating activities	-93	-121	-4	-4	-6
Cash flow from investments	**-180**	**-275**	**-246**	**-276**	**-319**
Change in tangible assets	-25	-85	-100	-100	-120
Change in financial assets	-111	-113	-46	-56	-79
Other	-44	-77	-100	-120	-120
Cash flow from financing	**-110**	**-90**	**-103**	**-60**	**-68**
Change in debt	22	31	-44	8	11
Change in equity	0	-0	0	0	0
Dividends	-33	-39	-49	-58	-69
Other	-98	-81	-11	-10	-10
Change in cash	-77	-100	8	98	105
Cash at beginning of year	560	483	382	390	488
Cash at end of year	483	382	390	488	593
Gross cash flow	**325**	**404**	**410**	**506**	**578**
Free cash flow	**183**	**171**	**265**	**340**	**380**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	11.3	21.2	11.1	12.2	15.2
Operating profit	27.4	23.7	18.3	29.8	18.9
Net profit	20.8	24.9	14.9	33.2	16.8
Adjusted EPS**	20.9	24.0	15.4	33.2	17.0
Per-share data (KRW)					
EPS (parent-based)	5,023	6,228	7,184	9,566	11,188
EPS (consolidated)	5,116	6,388	7,340	9,775	11,417
Adjusted EPS**	5,023	6,228	7,184	9,566	11,188
BVPS	57,613	62,189	67,593	75,060	83,748
DPS (common)	1,430	1,780	2,100	2,500	3,000
Valuations (x)					
P/E***	42.1	20.2	31.5	23.6	20.2
P/B***	3.7	2.0	3.3	3.0	2.7
EV/EBITDA	17.1	8.0	13.3	10.6	8.9
Ratios (%)					
ROE	9.0	10.4	11.1	13.4	14.1
ROA	5.1	5.7	5.8	7.0	7.3
ROIC	13.0	13.8	13.9	17.0	18.9
Payout ratio	28.5	28.6	29.2	26.1	26.8
Dividend yield (common)	0.7	1.4	0.9	1.1	1.3
Net debt to equity	-36.7	-32.6	-35.2	-38.6	-41.9
Interest coverage (x)	29.9	20.1	24.6	34.9	39.5

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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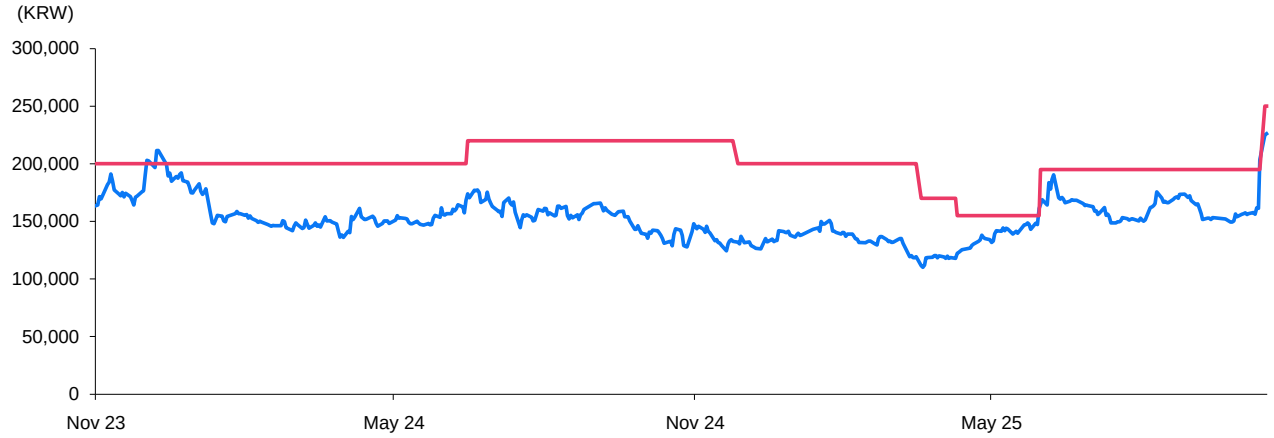
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/10/30	2024/1/29	4/1	7/4	12/16	2025/4/7	4/29	6/19	11/3
Recommendation	BUY	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	200000	200000	200000	220000	200000	170000	155000	195000	250000
Gap* (average)	-13.82	-25.13	-24.37	-31.39	-32.39	-30.67	-10.17	-16.87	
(max or min)**	5.75	-20.65	-15.85	-19.41	-24.60	-29.18	3.87	4.36	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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