COMPANY UPDATE

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Samhyun (437730)

3Q review: Preparing for rapid growth

- Samhyun turned to an operating loss in 3Q, due to slower sales and higher R&D costs.
- Defense sales were flat y-y at KRW3.4b in 3Q, but grew 15.9% y-y to KRW9.5b in the year to 3Q. The share of defense business in the sales mix increased to 13% (vs 11% in 2024).
- R&D of defense and robotic products resulted in a R&D cost-to-sales ratio of 24.7% (up 10.5%pts y-y). The R&D burden should ease in 2026 as defense and robotic products go in to production.

WHAT'S THE STORY?

Slides into loss in 3Q: Samhyun turned to an operating loss of KRW1.3b, for an operating margin of -5.8%, on sales of KRW22.4b (down 7.7% y-y).

- **Sales shrink:** Hyundai Motor (HMC)/Kia scaled back ICE vehicle production, instead ramping up EV production. Samhyun, which generates 85% of sales from automotive parts, supplies HMC/Kia through Hyundai Transys with motors and valves mainly going into ICE vehicle engines and reducers.
- **Records operating loss:** Slower sales increased fixed cost burden, while R&D costs swelled 61.1% y-y to KRW5.5b, equating to 24.7% of its sales. Its 110 R&D staff make up 42% of its total workforce (261). Production is highly automated, with only 51 manufacturing workers. Total workforce was up 15 from 2Q25 levels.

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AT A GLANCE

Not Rated

Target price	n/a
Current price	KRW28,800
Market cap	KRW913.2b / USD618.87m
Shares (float)	31,707,567 (29.9%)
52-week high/low	KRW32,950/KRW5,960
Avg daily trading value (60-day)	"KRW53.9b/ USD36.5m"

ONE-YEAR PERFORMANCE

	1M	6M	12M
Samhyun (%)	-10.0	99.9	300.0
Vs Kospi (%pts)	-9.1	67.4	215.1

SAMSUNG vs THE STREET

No of estimates	n/a
Average target price (KRW)	n/a
Average rating	n/a

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

SUMMARY FINANCIAL DATA

(KRWb)	2021	2022	2023	2024
Revenue	59	69	100	100
Operating profit	4	3	10	6
Net profit (adj)	4	3	9	8
EPS (adj) (KRW)	152	130	369	273
EPS (adj) growth (% y-y)	29.2	(14.8)	184.4	(26.1)
EBITDA margin (%)	10.7	8.1	12.8	9.1
ROE (%)	11.4	8.8	21.4	10.2
P/E (adj) (x)	0.0	0.0	0.0	33.8
P/B (x)	0.0	0.0	0.0	2.5
EV/EBITDA (x)	0.8	0.0	(0.5)	25.1
Dividend yield (%)	n/a	n/a	n/a	0.5

Source: Company data, Samsung Securities estimates

- **Developing defense and robotic products:** Samhyun is developing motors for smart actuators in defense applications, smart power units for defense and large products, gear reducers in defense applications, high-torque motor drive modules for automated guided vehicles (AGV)/autonomous mobile robots (AMR), and joint modules for articulated robots and humanoid robots.
- **Financial structure:** As of end-3Q, the firm's debt ratio was 24.9%, and it had KRW2.3b in net debt. In late October, it issued convertible bonds (CBs) to raise KRW48.5b in cash. By end-2025, KRW22.3b of the proceeds will be used to buy land and building needed to secure production capacity for robotic, defense, and urban air mobility products.

Defense and robotic order-taking activities ongoing

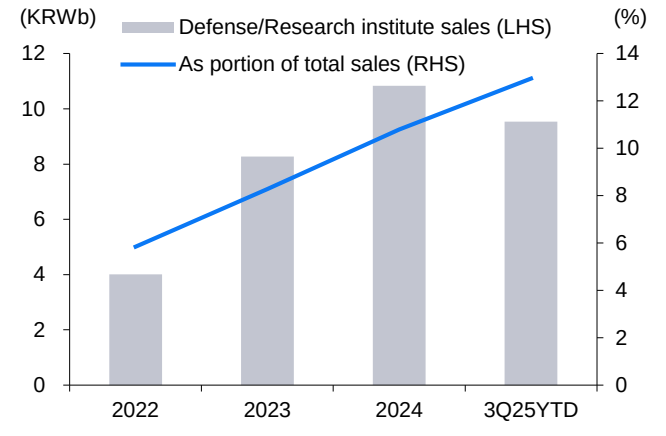
- **Humanoid robot motor orders under negotiation:** Performance and durability testing is underway, with the possibility of securing orders within this year.
- **Production-ready high-load AMR model unveiled:** At the 2025 RoboWorld, it unveiled an autonomous mobile robot (AMR) that can stably operate even in a high-load environment, based on a 3-in-1 solution technology that integrate motors, controllers, and reducers. It is currently in talks for orders with clients.

Samhyun: 3Q review

(KRWb)	3Q25	3Q24	Chg (% y-y, %p y-y)
Revenue	22.5	24.3	-7.4
Operating profit	-1.3	1.9	Turned neg
Net profit	-0.4	2.0	Turned neg
Margin			
Operating profit	-5.9	7.7	-13.5
Net profit	-2.0	8.1	-10.1

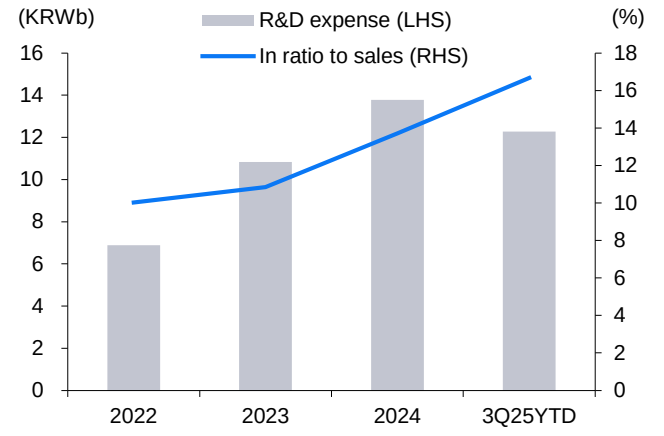
Source: Company data, Samsung Securities

Samhyun: Defense sales and as portion of total sales



Source: Company data, Samsung Securities

Samhyun: R&D expense



Source: Company data, Samsung Securities

Samhyun: High-load AMR

Source: RoboWorld, Samsung Securities

Samhyun: Hoplon

Source: RoboWorld, Samsung Securities

Samhyun: Joint module motor

Source: RoboWorld, Samsung Securities

Samhyun: Smart in-wheel drive motor

Source: RoboWorld, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Sales	**48.6**	**59.1**	**68.6**	**99.8**	**100.4**
Cost of goods sold	43	52	61	84	87
Gross profit	**6**	**7**	**7**	**16**	**14**
Gross margin (%)	12.5	12.5	10.5	15.7	13.8
SG&A expenses	2	4	4	6	8
Operating profit	**3.9**	**3.8**	**2.8**	**9.8**	**5.5**
Operating margin (%)	7.9	6.4	4.0	9.8	5.5
Non-operating gains (losses)	**(1)**	**(0)**	**0**	**(0)**	**2**
Financial profit	0	0	0	1	2
Financial costs	0	0	0	1	1
Equity-method gains (losses)	(0)	0	0	0	0
Other	(0)	0	0	(0)	0
Pre-tax profit	**3**	**4**	**3**	**10**	**7**
Taxes	0	(0)	(0)	0	(1)
Effective tax rate (%)	7.4	(1.3)	(9.1)	3.3	(12.5)
Profit from continuing operations	4	4	3	9	8
Profit from discontinued operations	(1)	(1)	0	0	0
Net profit	**3**	**4**	**3**	**9**	**8**
Net margin (%)	6.1	6.4	4.8	9.5	8.3
Net profit (controlling interests)	3	4	3	9	8
Net profit (non-controlling interests)	0	0	0	0	(0)
EBITDA	6	6	6	13	9
EBITDA margin (%)	11.6	10.7	8.1	12.8	9.1
EPS (parent-based) (KRW)	118	152	130	369	273
EPS (consolidated) (KRW)	118	152	130	369	273
Adjusted EPS (KRW)*	118	152	130	369	273

Balance sheet

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Current assets	**22**	**34**	**40**	**55**	**94**
Cash & equivalents	2	3	8	6	10
Accounts receivable	8	9	9	16	14
Inventories	6	4	4	7	6
Other current assets	5	18	19	27	64
Fixed assets	**45**	**41**	**41**	**40**	**46**
Investment assets	0	0	0	1	1
Tangible assets	45	32	31	37	40
Intangible assets	0	0	0	0	1
Other long-term assets	0	9	9	2	5
Total assets	**67**	**75**	**80**	**95**	**140**
Current liabilities	**15**	**26**	**38**	**44**	**21**
Accounts payable	7	8	10	17	11
Short-term debt	1	2	2	2	2
Other current liabilities	7	16	26	25	8
Long-term liabilities	**22**	**13**	**3**	**2**	**4**
Bonds & long-term debt	20	12	2	2	3
Other long-term liabilities	2	1	1	1	1
Total liabilities	**37**	**39**	**41**	**46**	**25**
Owners of parent equity	**30**	**36**	**40**	**49**	**115**
Capital stock	1	1	4	4	16
Capital surplus	0	4	0	0	47
Retained earnings	29	33	36	44	52
Other	(0)	(1)	(0)	(0)	(0)
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**30**	**36**	**40**	**49**	**115**
Net debt	19	5	0	(7)	(64)

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022	2023	2024
Cash flow from operations	**10**	**5**	**7**	**12**	**7**
Net profit	3	4	3	9	8
Non-cash profit and expenses	3	3	3	4	2
Depreciation	2	3	3	3	4
Amortization	0	0	0	0	0
Other	1	0	0	1	(2)
Changes in A/L from operating activities	5	(1)	2	(2)	(4)
Cash flow from investments	**(15)**	**(10)**	**(2)**	**(9)**	**(45)**
Change in tangible assets	(10)	3	(2)	(4)	(7)
Change in financial assets	0	(18)	(1)	(5)	(37)
Other	(5)	5	(0)	(0)	(2)
Cash flow from financing	**3**	**7**	**0**	**(5)**	**42**
Change in debt	4	4	1	(4)	(16)
Change in equity	0	4	(0)	0	58
Dividends	0	0	0	0	0
Other	(0)	(0)	(0)	(0)	(0)
Change in cash	(2)	1	5	(2)	4
Cash at beginning of year	4	2	3	8	6
Cash at end of year	2	3	8	6	10
Gross cash flow	**6**	**7**	**6**	**14**	**10**
Free cash flow	**(3)**	**0**	**5**	**7**	**0**

Financial ratios

Year-end Dec 31	2020	2021	2022	2023	2024
Growth (%)					
Sales	(14.3)	21.5	16.1	45.5	0.6
Operating profit	(35.7)	(2.2)	(27.0)	255.8	(43.7)
Net profit	(48.8)	27.7	(12.4)	184.4	(12.0)
Adjusted EPS**	(48.8)	29.2	(14.8)	184.4	(26.1)
Per-share data (KRW)					
EPS (parent-based)	118	152	130	369	273
EPS (consolidated)	118	152	130	369	273
Adjusted EPS**	118	152	130	369	273
BVPS	1,192	1,415	1,548	1,897	3,627
DPS (common)	0	0	0	0	50
Valuations (x)					
P/E***	0.0	0.0	0.0	0.0	33.8
P/B***	0.0	0.0	0.0	0.0	2.5
EV/EBITDA	3.4	0.8	0.0	(0.5)	25.1
Ratios (%)					
ROE	10.7	11.4	8.8	21.4	10.2
ROA	4.8	5.3	4.3	10.8	7.1
ROIC	8.4	9.5	9.0	25.7	14.1
Payout ratio	0.0	0.0	0.0	0.0	18.9
Dividend yield (common)	n/a	n/a	n/a	n/a	0.5
Net debt to equity	64.7	13.5	0.4	(14.4)	(55.2)
Interest coverage (x)	10.9	9.2	7.0	12.3	10.8

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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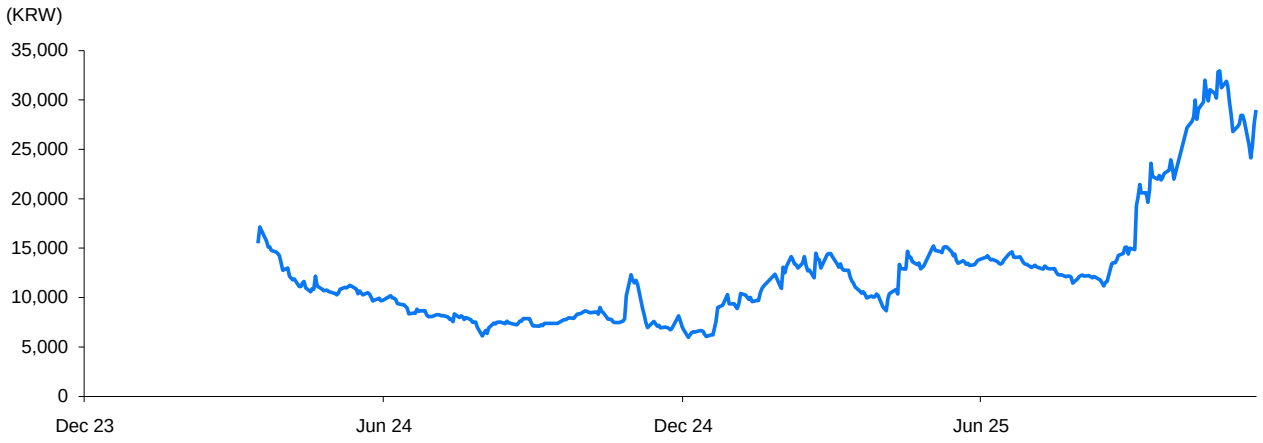

Rating changes over past two years (adjusted share prices)

Date	2025/11/24
Recommendation	Not Rated
Target price (KRW)	n/a
Gap* (average)	
(max or min)**	

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
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SELL	Expected to decrease in value by 15% or more within 12 months

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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