SECTOR UPDATE

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EV/Mobility Team

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▶ AT A GLANCE

HL Mando	(204320 KS, 42,350)	
Target price	KRW55,000	29.9%
BUY		
Hankook T&T	(161390 KS, 59,300)	
Target price	KRW72,000	21.4%
BUY		

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Auto Parts (OVERWEIGHT)

Robotaxi era to benefit Tesla's Korean value chain

- Robotaxi services are increasingly available in the US and China. Consumers are paying a premium to use Waymo thanks to its superior safety.
- At end-1Q26, Tesla's supervised FSD is set to be launched in China and in some parts of Europe. Its approval outside of the US would prove that driving safety triumphs the need to protect home-grown automakers.
- We focus on: 1) HL Mando, which is gaining global market share in the area of autonomous driving control systems; and 2) Hankook Tire & Technology, which is expected to supply tires for robotaxis and robotrucks.

WHAT'S THE STORY?

Penetration of robotaxis and Tesla's FSD: The biggest driver behind the spread of autonomous driving technology is its superior driving safety (vs humans).

- **Baidu's robotaxi business turns around:** Baidu operates 1,000 robotaxis in Wuhan (China), and the operation there has now broken even. The company also operates robotaxis in 10 big Chinese cities (*eg*, Beijing), and aims to enter the Middle East in 2026.
- **Waymo—second largest robotaxi operator in San Francisco:** Waymo began its robotaxi service in Aug 2023 in San Francisco. It overtook Lyft in the ride-hailing market in the city at end-2024. It operates about 300 robotaxis in San Francisco, capturing a 26% market share in the city.
- **Robotaxis are safer:** Over May 2023-Jun 2024, the number of police-reported crashes for Waymo stood at 2.1 per million miles driven—55% lower than that for human drivers. Its injury-causing crash number was 80% lower than that for human drivers. Waymo's price is 30% higher than Uber's, indicating that consumers are will to pay a premium for safety and independent/comfortable spaces.
- **Adoption of Tesla's supervised FSD—acknowledgement of its safe driving ability:** FSD supervised should be enabled on US-made Teslas (the Model 3 and Model X) in November in Korea. FSD supervised should be also released in China and the Netherland over Feb-Mar 2026.

(Continued on the next page)

The upcoming release in Korea owes to the fact that under the Korea-US FTA, up to 50,000 FMVSS compliant autos per manufacturer may be sold in Korea *pa* without their needing to go through Korean safety certification. Following the Nov 14 US-Korea trade deal, the 50,000 vehicle cap has been lifted. The adoption of FSD in China and Europe, however, requires the passing of safety regulations there. Of note, Europe is notorious for its strict safety regulations. Its safety regulations will likely be adopted globally (including in Korea and China) over the next two- to three years. Europe was the first to incorporate ADAS into its safety assessment, granting additional points in crash-test scores from 2014.

The adoption of FSD in China and Europe would prove that the safety benefits of FSD triumphs the need to protect home-grown automakers. The penetration of autonomous driving technology looks set to accelerate.

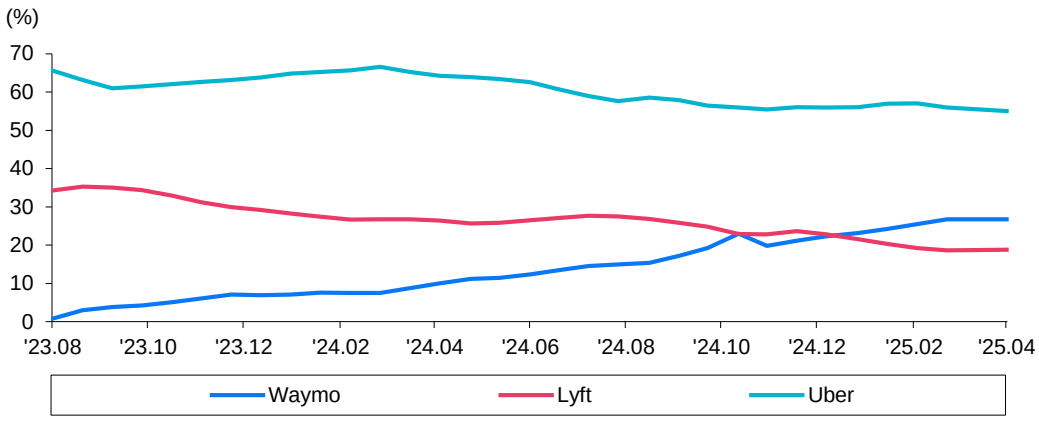
Opportunities in Robotaxi era: HL Mando and Hankook Tire & Technology (Hankook T&T) deserve investors' attention as they stand to benefit from their positions in the robotaxi value chain.

- **HL Mando—a defensive play amid US-China tensions:** HL Mando has outpaced Bosch and Continental in the smart car chassis market by supplying electric power steering (EPS) to a North American BEV maker and to China's software-defined vehicle (SDV) solution providers. The Korean firm also plans to ship integrated dynamic brakes (IDBs) to this North American client starting this year. This North American BEV maker, the Chinese SDV solution providers, and Xiaomi stand at the forefront of physical AI. Drawing on its track record with top-tier players, HL Mando is expanding into robot actuators. Furthermore, its close relationship with its Chinese clients provide a degree of insulation from China's rare-earth export controls.
- **Hankook T&T—EV tires to deliver visible results:** Hankook T&T has a diversified its OE tire clientele. Its largest client is Hyundai Motor Group (30% of sales), followed by VW (20%), Tesla (10%), and BYD (5%). It derives 5-10% of its sales (each) from the two major Japanese automakers. The affordable versions of Tesla's Model 3 and Model Y, which debuted in late October, have been kitted out with iON tires (a brand owned by Hankook T&T) as standard. Tesla's robotaxis, set to enter production in Apr 2026, are also expected to use tires made by Hankook T&T.

  Hankook T&T has grown the EV tire portion of its total OE tire sales from 15% in 2023 to 22% in 2024, and it is targeting 29% this year. EV tires generally start from 19 inches in diameter. OE tires generate margins similar to those on auto parts (5-6%), but their sales typically lead to greater demand for RE tires (which have higher margins) down the line.

  Tires on new internal combustion engine (ICE) cars are typically replaced after 4-5 years (or 80,000-100,000 miles) vs 3-4 years for EVs (60,000-80,000 miles)—EVs weigh more and can accelerate faster than ICE autos. Robotaxis/robotrucks, which are expected to be used round-the-clock (clocking up 50,000-80,000 miles *pa*), should need their tires replaced every year or two.

San Francisco: Ride-hailing service market share



Source: Ark Investment, Samsung Securities

Waymo vs human drivers: Accident rates

(Per million miles, incidents)	Waymo	Human drivers (benchmark)	Relative comparison
Injury/accidents	0.8	3.96	-80% vs humans
Airbag deployment	0.35	1.65	-79% vs humans
Serious Injuries or worse	0.02	0.23	-91% vs humans
Police-reported accidents	2.1	4.68	-55% vs humans

Source: Waymo Safety Impact Data Hub, California Public Utilities Commission, Samsung Securities

San Francisco: Ride-hailing fares

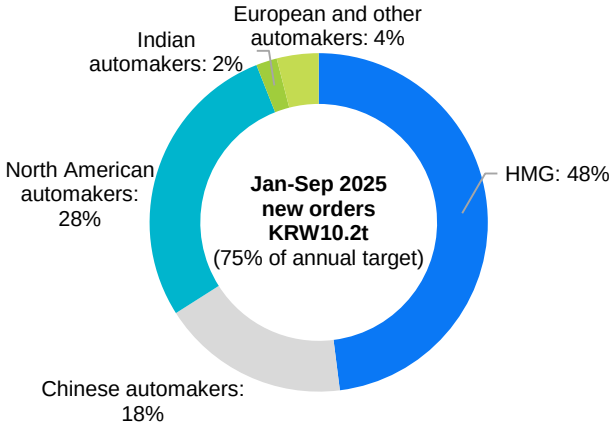
(USD)		Waymo	Uber X	Lyft
Short distance (1-2 miles)		10-12	7-8	6-7
Medium distance (5 miles)	Off-peak	20-22	15-16	14-15
	Peak	28-30	18-20	17-19
Long distance (10+ miles)		35-40	27-30	

Source: Business Insider, Tech Crunch, Samsung Securities

HL Mando: New orders and guidance

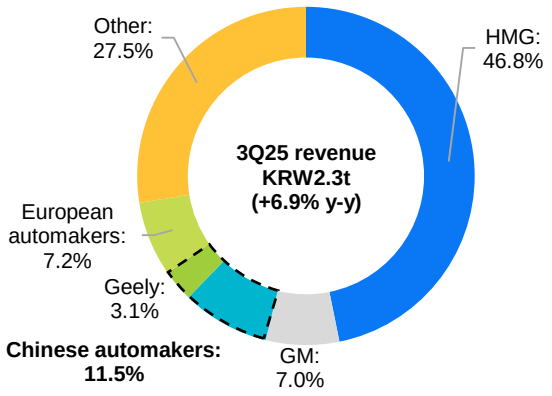
Source: Company data, Samsung Securities

HL Mando: New orders, by client



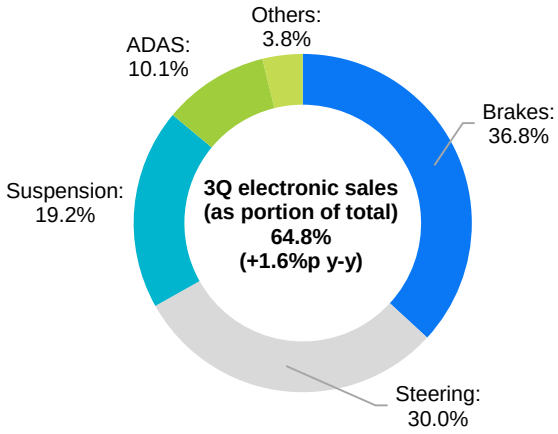
Source: Company data, Samsung Securities

HL Mando: Sales, by client



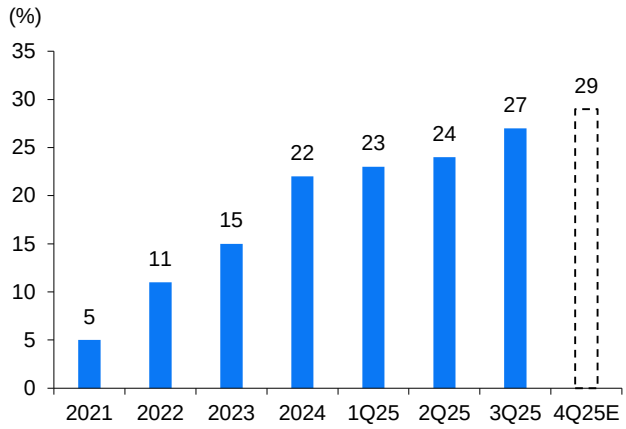
Source: Company data, Samsung Securities

HL Mando: Sales, by product



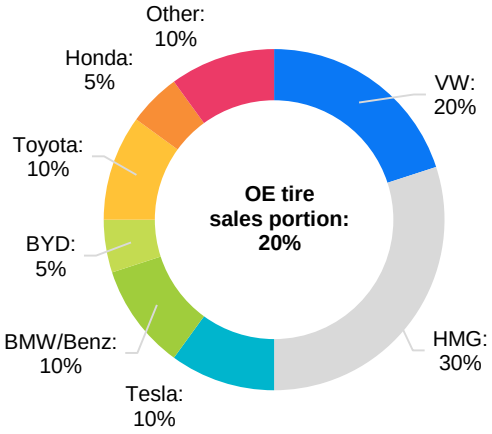
Source: Company data, Samsung Securities

Hankook T&T: EV tire portion of total OE tire sales volume



Source: Company data, Samsung Securities

Hankook T&T: OE tire sales, by customer



Source: Company data, Samsung Securities

Tesla: Model Y with 19- and 20-inch tires

Source: Company data

Ford: F-150 Lightning with 18-, 20-, and 22-inch tires

Source: Company data

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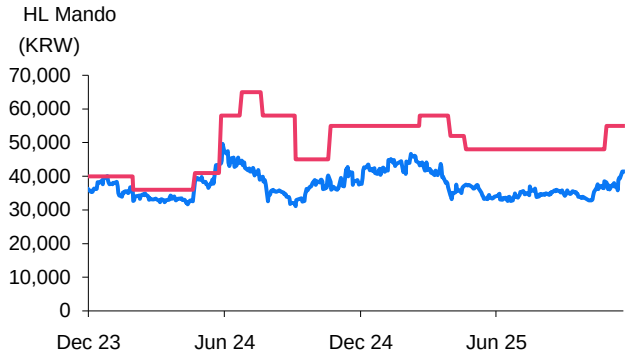
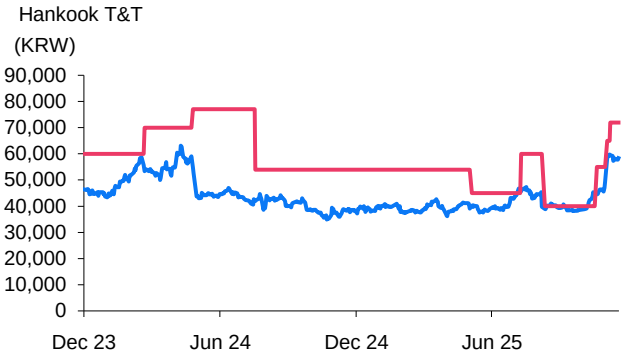
Target price changes in past two years





Rating changes over past two years (adjusted share prices)

HL Mando												
Date	2023/10/30	2024/2/6	4/29	6/3	7/1	7/29	9/11	10/28	2025/2/25	4/7	4/28	11/3
Recommendation	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	40000	36000	41000	58000	65000	58000	45000	55000	58000	52000	48000	55000
Gap* (average)	-10.05	-7.58	-3.55	-21.93	-35.91	-39.90	-18.57	-24.91	-29.05	-31.59	-27.26	
(max or min)**	0.25	-2.92	5.85	-14.48	-32.15	-32.76	-10.67	-15.18	-23.88	-27.88	-19.69	

Hankook T&T										
Date	2023/11/2	2024/2/27	5/2	7/25	2025/5/12	7/17	8/18	10/27	11/10	11/14
Recommendation	BUY	BUY	BUY	BUY	HOLD	BUY	HOLD	BUY	BUY	BUY
Target price (KRW)	60000	70000	77000	54000	45000	60000	40000	55000	65000	72000
Gap* (average)	-21.20	-20.95	-42.64	-26.89	-10.33	-25.13	0.11	-15.80	-8.72	
(max or min)**	-2.17	-9.86	-31.56	-17.31	3.89	-21.17	13.38	-10.27	-8.15	

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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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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