SECTOR UPDATE

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EV/Mobility Team

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Autos (OVERWEIGHT)

Impact of the US government shutdown

- Consensus earnings estimates for 4Q25 are falling as global sales at Hyundai Motor (HMC) and Kia have slowed and parts tariffs offsets have been delayed to 1Q26. Expectations for dividend payouts and share buyback announcements, however, remain intact.
- A recovery in earnings across the sector is expected in 2026, driven by a higher share of hybrid vehicle sales at HMC and Kia, lower US tariffs, and the recognition of deferred parts tariff offsets.
- Leveraging its proven manufacturing capabilities and its ability to generate robot behavioral data, Hyundai Motor Group (HMG) has formed partnerships with Big Tech companies. We thus expect HMG and its related value chain to continue to rerate.

WHAT'S THE STORY?

4Q25 preview—Consensus falling: Hyundai Motor (HMC) and Kia saw sales volume outside the US slow in 4Q. US tariff cuts had only a partial impact in December, while offsets for tariffs paid on imported parts have been deferred.

- **HMC/Kia's global production lags wholesale volume in 4Q:** HMC and Kia together produced 1.762m vehicles in 4Q (down 1% q-q and 3.6% y-y), roughly 30,000 units less than their combined global wholesale volume of 1.793m units (down 1.6% q-q and 2.3% y-y).
- **Ex-China performance:** Outside of China, The Korean carmakers' combined global wholesales came in at 1.734m units in 4Q (down 2% q-q and 3.1% y-y). HMC's ex-China wholesales reached 0.996m units (down 1.1% q-q and 4.5% y-y). Looking at its regional sales mix, the automaker showed: 1) strength in the US (244,000 units; up 0.8% y-y; led by the Santa Fe and Tucson hybrids and the new Palisade); but 2) weakness elsewhere, particularly in Korea (177,000 units; down 6.4% y-y; outpaced by imported EVs such as Tesla's models).

  Kia's ex-China wholesales amounted to 760,000 units (down 3% q-q and 1.1% y-y). Its wholesales were solid at 209,000 units in the US (up 0.9% y-y; driven by hybrids) but declined in Korea to 132,000 units (down 5.9% y-y; due to slower EV sales following the exhaustion of EV subsidies, compounded by a weak performance from the Carnival model). In India, the firm's wholesales picked up to 73,000 units (up 31% y-y) thanks to the launch of the Siros, an A-segment SUV—though this had a negative impact on the firm's sales mix in the region.

(Continued on the next page)

AT A GLANCE

Hyundai Motor (005380 KS, 479,000)		
Target price	KRW650,000	35.7%
BUY		
Kia (000270 KS, 163,900)		
Target price	KRW175,000	6.8%
BUY		
Hyundai Mobis (012330 KS, 451,000)		
Target price	KRW550,000	22%
BUY		
Hyundai AutoEver (307950 KS, 466,500)		
Target price	KRW390,000	-16.4%
HOLD		
Hankook T&T (161390 KS, 65,500)		
Target price	KRW72,000	9.9%
BUY		
Hanon Systems (018880 KS, 3,230)		
Target price	KRW3,718	15.1%
HOLD		
HL Mando (204320 KS, 63,600)		
Target price	KRW75,000	17.9%
BUY		
SL Corporation (005850 KS, 49,900)		
Target price	KRW66,000	32.3%
BUY		

- **US tariff cut had partial impact in December:** Although the US lowered tariffs from 25% to 15% in November, vehicles already exported to the US under the 25% rate were sold over November-December.
- **Parts tariff offset deferred:** Under a tax relief program designed to encourage more US production, automakers may apply to offset tariffs on imported auto parts up to 3.75% of the MSRP of all automobiles assembled in the US. But these duty offsets (HMC's estimated at KRW250b and Kia's at KRW200b) are now expected in 1Q26, pushed back because of the US government shutdown that lasted 47 days (Oct 1-Nov 12). Negotiations between automakers and parts suppliers about tariff compensation were also postponed.
- **Dividend and buyback announcements expected during 4Q earnings calls:** Hyundai AutoEver, Hankook Tire & Technology, and SNT Motiv are likely to meet the criteria to qualify as "high-dividend companies", meaning investors will be taxed separately on dividend income received from them. The size of HMC's share buyback program and the proportion of preferred shares involved warrant attention.

2026 outlook—earnings recovery ahead: Model launches focused on hybrids in 2026 should improve HMC's and Kia's sales mixes and boost their sales volumes. Lower US tariffs should also support earnings recovery. Announcements regarding robot training centers and robot production facilities are expected in 1H.

- **Automakers to compensate suppliers for tariffs:** Automakers are likely to compensate parts suppliers for 50% of their tariff costs, using a tax relief program (estimated at around KRW2t *pa*) to fund the initiative.

Korea autos/auto parts: US tariff impact estimates

(KRWb)	2025E operating profit (A)	2025E tariff* (B)	2026E tariff (C)	Parts tariff rebate** (D)	Chg (E=B-C+D)	In ratio to 2025 operating profit (E/A) (%)
Hyundai Motor	12,406	3,076	2,340	421	736	5.9
Kia	9,159	3,200	3,000	416	200	6.7
Hyundai Mobis	3,437	3,241	2,824		417	12.1
HL Mando	380	51	24		27	7.0
Hanon Systems	279	63	30		33	11.7
Hankook T&T	1,514	250	113		137	9.0
SL Corporation	360	63	30		32.76	9.1
SNT Motiv	102	15	7		7.8	7.6

Note: *2025 tariffs are assumed to be 25% from May to Nov and 15% from December;
**For vehicles produced in the US, a 3.75% rebate on imported parts tariffs is provided. This rebate is used to compensate parts suppliers and is not reflected in the profitability of finished vehicles

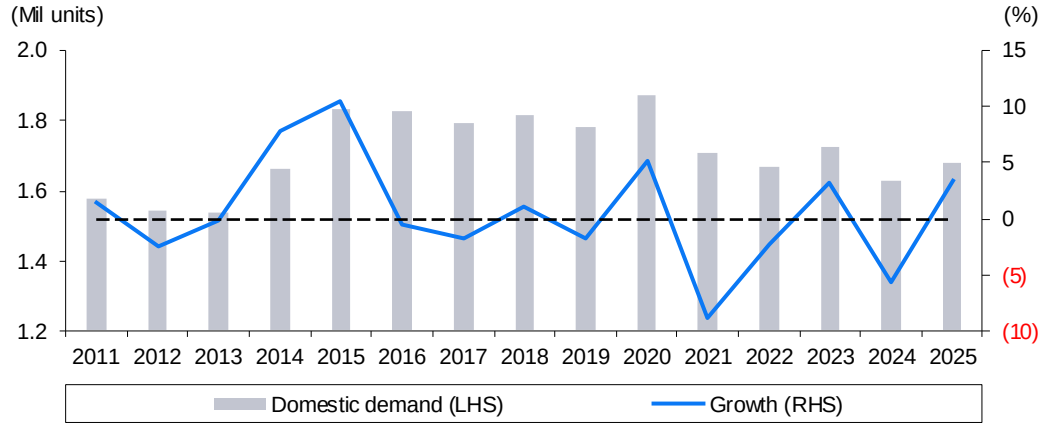
Source: Company data, Samsung Securities estimates

Auto/auto parts: Outlook for dividends and share buyback/cancellation

	Major shareholder /holdco stake (%)	2024 DPS (KRW)	2025 DPS (KRW)	DPS growth (%)	Payout ratio (%)	Dividend yield (%)	Share buyback and cancellation
Hyundai Motor	2.73/0	12,000	10,500	-12.5	25	2.5	KRW4t buyback/cancellation (2025-2027) / preferred shares prioritized
Kia	1.78/0	6,500	6,500	0	34	4.3	KRW100b buyback/cancellation
Hyundai Mobis	0.33/0	6,000	6,500	8.3	15	1.5	KRW600b buyback/ cancellation / KRW450b completed in 2025
Hankook T&T	7.73/30.67	2,000	2,200	10.0	22	3.5	None
Hyundai AutoEver	7.33/0	1,780	2,100	18.0	30	0.4	None
SL Corporation	62.92/0	1,200	1,400	16.7	20	2.8	None
SNT Motiv	0/45.12	937	1,800	92.1	49	5.0	Holding 10.2% treasury shares; to be cancelled upon passage of amendments to the Commercial Act mandating cancellation

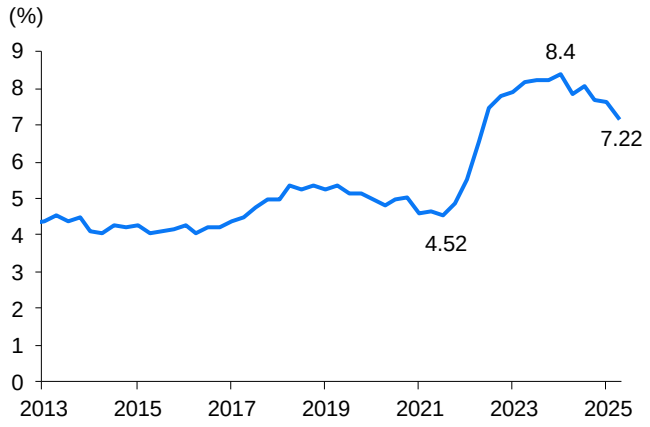
Source: Company data, Samsung Securities estimates

Korea: Auto demand



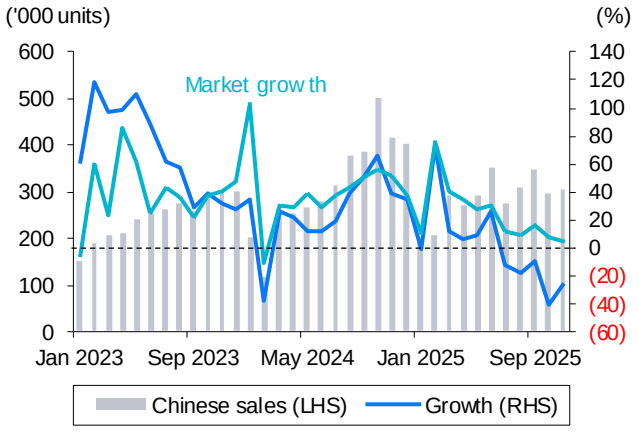
Source: KAMA, Samsung Securities

US: Rates on 60-month loans for new cars (monthly data)



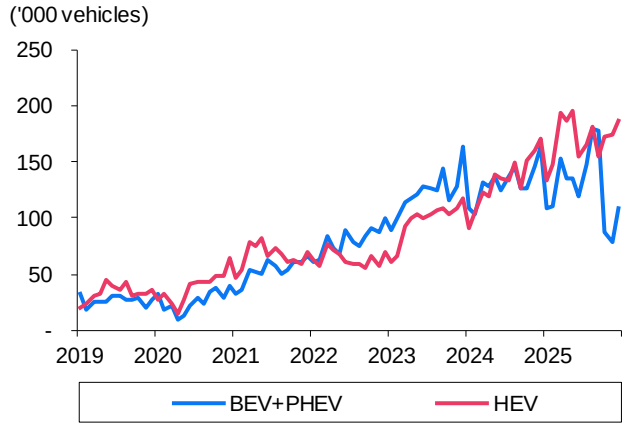
Source: Statista, Samsung Securities

BYD: Sales in China



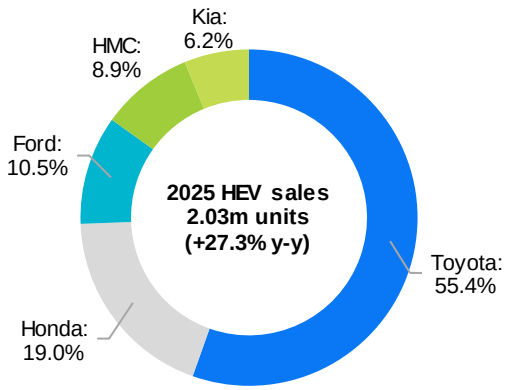
Source; CPCA, Samsung Securities

US: Auto demand – HEVs vs BEVs+PHEVs



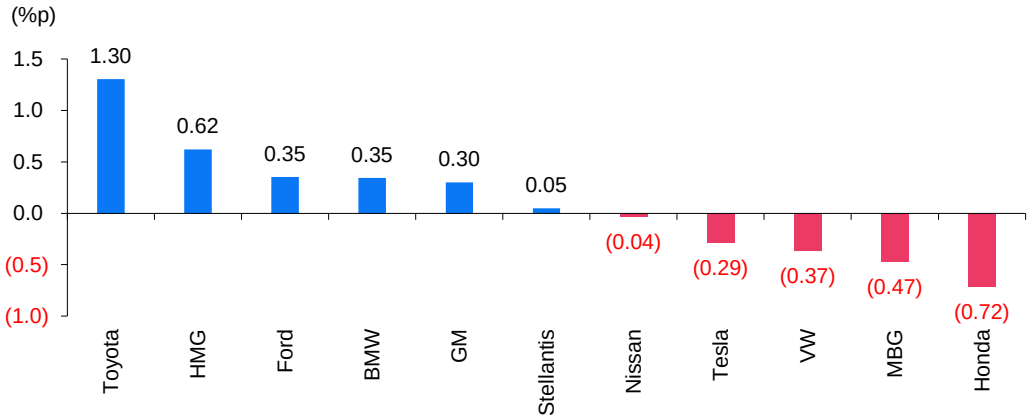
Source: Wards, Samsung Securities

US: HEV sales portion (volume basis), by automaker



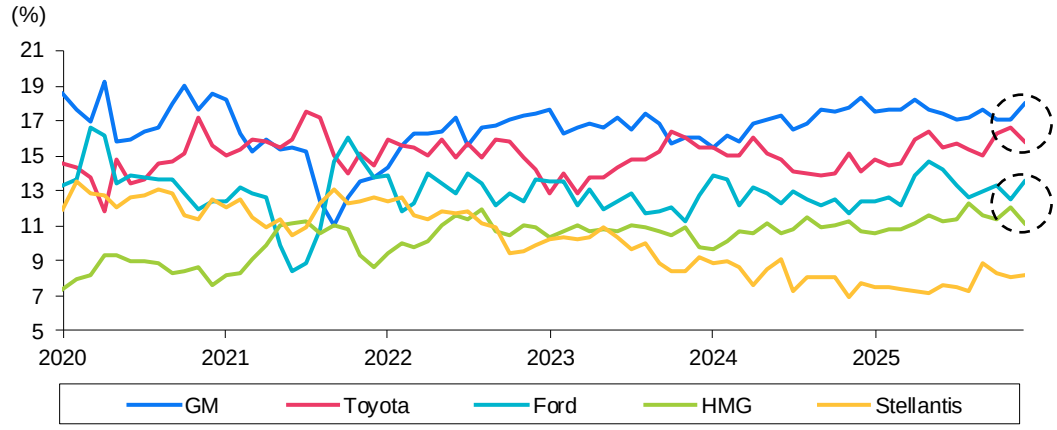
Source: Wards, Samsung Securities

US market: Market share changes in 2025



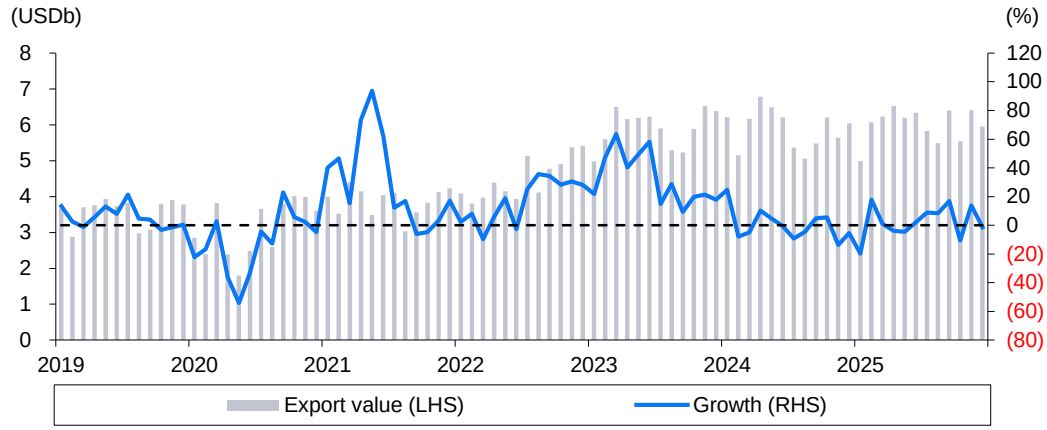
Source: Wards, Samsung Securities

US: Market share, by automaker



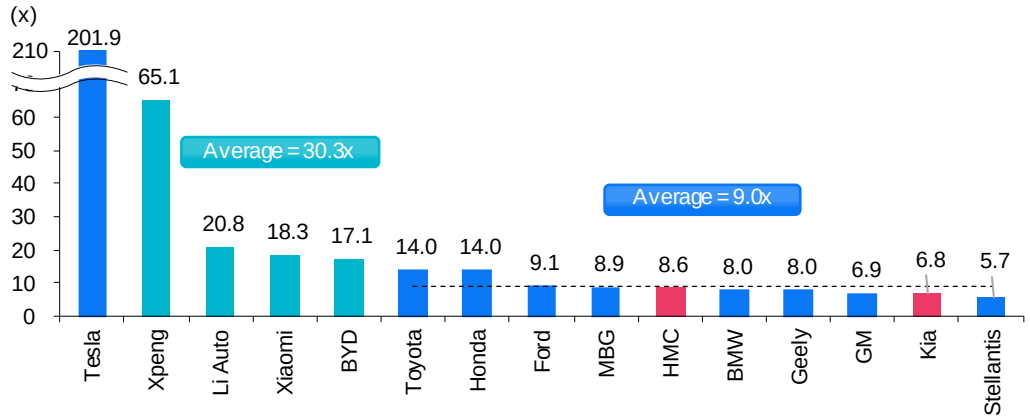
Source: Wards, Samsung Securities

Korea: US-bound export value (December: -1.5% y-y)



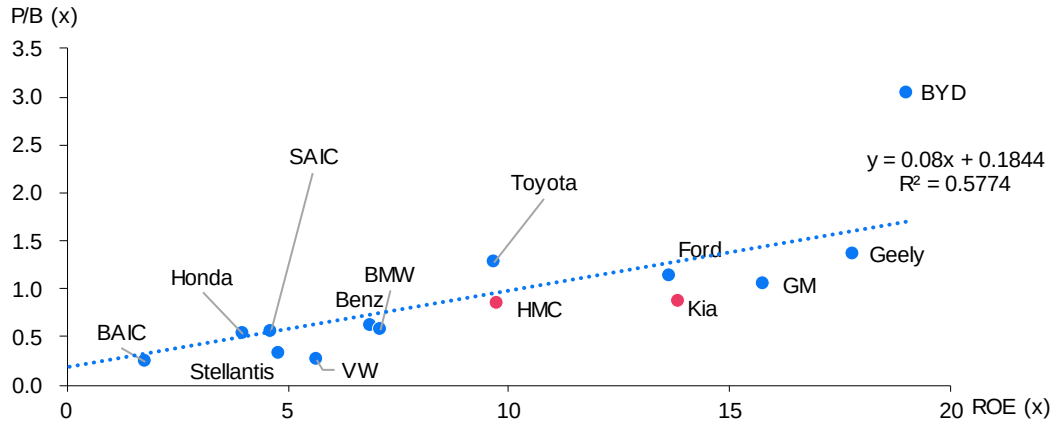
Source: CEIC, Samsung Securities

Automakers: 12-month forward P/E valuation



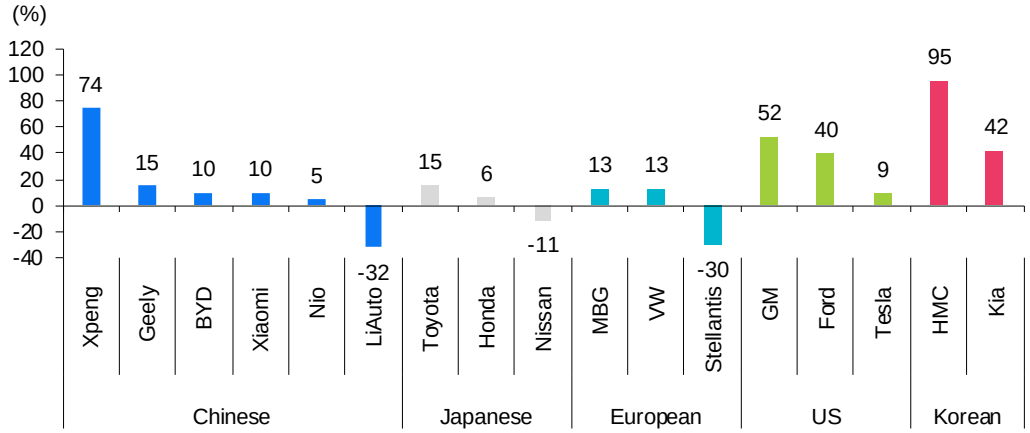
Source: Bloomberg, Samsung Securities

Automakers: P/B vs ROE (2026E)



Source: Bloomberg, Samsung Securities

Global automakers: Share performance since Jan 2025



Note: From Jan 1, 2025 to Jan 14, 2026
Source: Bloomberg, Samsung Securities

4Q preview for HMC/Kia: Sales volumes slow and parts tariff offset deferred

- **HMC/Kia's global production lags wholesale volume in 4Q:** HMC and Kia together produced 1.762m vehicles in 4Q (-1% q-q and -3.6% y-y), roughly 30,000 units less than their combined global wholesale volume of 1.793m units (-1.6% q-q and -2.3% y-y). The two carmakers maintained their global inventories at reasonable levels of 2 and 2.5 months' worth of sales, respectively, with their US inventories at 2.9 and 2.7 months' worth of sales.
- **Ex-China performance:** Outside of China, HMC and Kia's combined global wholesales came in at 1.734m units in 4Q (-2% q-q and -3.1% y-y). HMC's ex-China wholesales reached 0.996m units (-1.1% q-q and -4.5% y-y). Looking at HMC's regional sales mix, the automaker showed strength in the US (244,000 units; +0.8% y-y; led by the Santa Fe/Tucson hybrids and the new Palisade launch) but weakness in Korea (177,000 units; -6.4% y-y; outpaced by imported EVs such as Tesla and BYD).

  Kia's ex-China wholesales came to 760,000 units (-3% q-q and -1.1% y-y). Its wholesales were solid at 209,000 units in the US (+0.9% y-y; driven by hybrids) but declined in Korea to 132,000 units (-5.9% y-y; due to slower EV sales following the exhaustion of EV subsidies, compounded by weak performance of the Carnival model).
- **Regional sales and product mix:** HMC derived 40.8% of its wholesales from the US and Korea in 4Q (+0.3%pts y-y). For Kia, this portion was 44.9% (-0.4%pts y-y). Both HMC and Kia's regional sales mix was unfavorable—sales were sluggish in Europe, but picked up in India where compact cars sell well.

  In Europe, HMC's wholesales fell to 138,000 units (-11.7% y-y), marketing a shift to decline. A hike in incentives (since 4Q24; estimated at EUR2,000 per vehicle) pressured profit. Kia's wholesales dipped to 115,000 units (-8.1% y-y). Kia's product-mix worsened—it sells the EV3 at breakeven. The company started producing the EV4 in Slovakia from August. EV demand is surging in Europe, but due to European firms' aggressive promotions, HMC/Kia's sales are underperforming in the region.

  At HMC, the Genesis marque and SUVs accounted for a combined 63.5% of HMC's 4Q sales (+0.2%pts q-q). Kia's SUV portion of sales slipped 0.3%pts q-q to 75.5%.
- **HMC/Kia sell 286,000 hybrids (+13.4% y-y), representing 16% of total sales:** HMC sold 170,000 hybrids in 4Q (+15.7% y-y) and Kia sold 117,000 (+10.2% y-y). Hybrids made up 16.5% and 15.4% of HMC's and Kia's respective sales volumes, far exceeding their EV portion of sales volumes (6.5% and 8.8%).
- **US incentives turn to downtrend:** The average manufacturer incentive per vehicle decreased 3% q-q and 10.4% y-y to USD3,443 in 4Q, according to Autodata. In 3Q, there was intense competition to sell EVs before the IRA tax credits end in September. But after that, as EV sales slowed, companies cut back on incentives. HMC's US incentives per vehicle dropped 24.9% q-q and 5.4% y-y to USD2,729. Kia's US incentives rose 1.1% q-q but fell 5.6% y-y to USD3,489. Of note, Kia said it actually offered incentives of USD2,200-2,300 per auto, largely flat q-q.
- **Won ends quarter lower but only slightly, hinting at lower warranty provisioning:** The won-dollar rate ended 4Q at KRW1,439.8/USD (+2.6% q-q). As the won did not weaken much, the automakers likely set aside less for warranty. As of end-4Q, HMC/Kia had a respective KRW9.74t and KRW8.68t in warranty liabilities (an estimated 65% in dollars and 15% in euros). We estimate that HMC/Kia made warranty provisioning of a respective KRW880b (-29% q-q and -29% y-y) and KRW970b (-37% q-q but +17% y-y) in 4Q.

Operating profit forecasts

	(KRWb)	4Q25E			1Q26E			2026E		
		Samsung	Consensus*	vs consensus	Samsung	Consensus*	vs consensus	Samsung	Consensus*	vs consensus
Autos	HMC	2,633	2,701	In-line	3,196	2,992	Up	13,709	13,488	In-line
	Kia	1,924	1,950	In-line	2,638	2,363	Up	10,444	10,176	In-line
Auto Parts	Hyundai Mobis	1,010	937	Up	964	863	Up	4,075	3,838	Up
	Hanon Systems	98	76	Up	102	71	Up	487	340	Up
	HL Mando	103	109	Down	104	100	In-line	483	456	Up
	SL Corporation	63	63	In-line	141	120	Up	413	410	In-line
	Hankook T&T	19	19	In-line	24	22	Up	99	91	Up
	Hyundai AutoEver	498	531	Down	513	491	In-line	2,287	2,058	Up
	SNT Motiv	85	80	Up	76	57	Up	339	305	Up

Note: Consensus as of Jan 15;

*Samsung forecast considered 'in-line' if deviation from consensus is within 5%

Source: Source: FnGuide, Samsung Securities

Average forex rates

	4Q25	3Q25	4Q24	Chg (% q-q)	Chg (% y-y)
KRW/USD	1,452.0	1,386.9	1,400.2	4.7	3.7
KRW/EUR	1,686.8	1,620.5	1,491.9	4.1	13.1
KRW/RUB	18.2	17.2	14.0	5.5	30.1
KRW/BRL	268.4	254.6	239.6	5.4	12.0
KRW/INR	16.3	15.9	16.6	2.4	-1.8
KRW/CNY	204.4	193.8	194.9	5.5	4.9
KRW/MXN	79.2	74.4	69.7	6.4	13.6

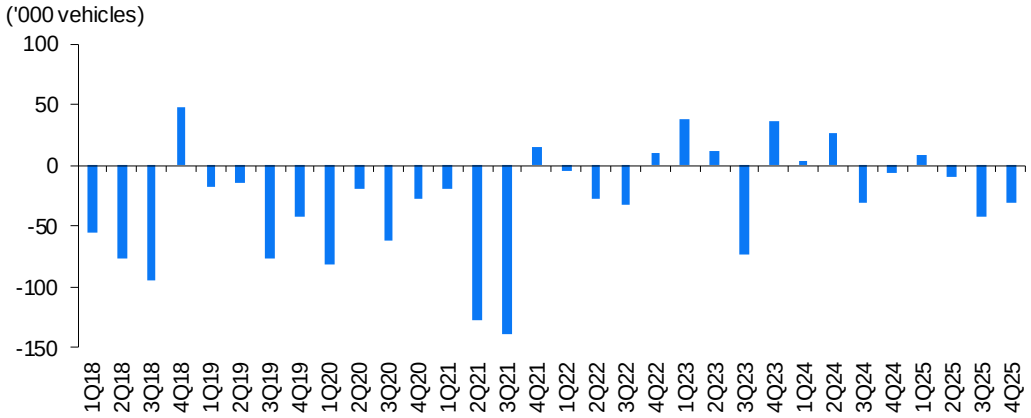
Source: Bloomberg, Samsung Securities

End-quarter forex rates

	4Q25	3Q25	4Q24	Chg (% q-q)	Chg (% y-y)
KRW/USD	1,439.8	1,403.8	1,472.0	2.6	-2.2
KRW/EUR	1,695.2	1,650.8	1,530.3	2.7	10.8
KRW/RUB	18.3	16.9	13.1	8.0	40.2
KRW/BRL	262.9	263.8	239.5	-0.4	9.8
KRW/INR	16.1	15.8	17.2	1.7	-6.6
KRW/CNY	206.7	197.1	202.6	4.9	2.1
KRW/MXN	80.2	76.7	71.0	4.6	13.0

Source: Bloomberg, Samsung Securities

HMC/Kia: Global production less wholesales



Source: Company data, Samsung Securities

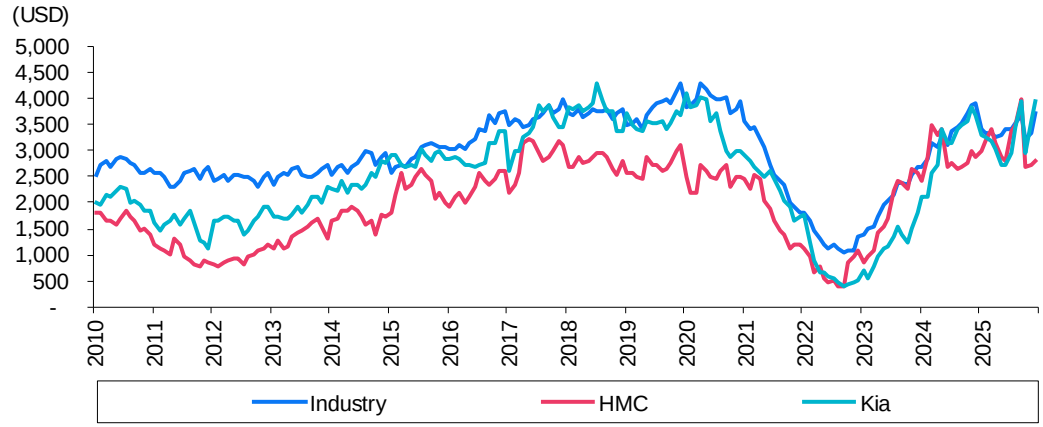
HMC/Kia: Sales in Korea and US

	HMC					Kia				
('000 vehicles)	4Q25	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)	4Q25	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)
Korea	177	181	-1.7	190	-6.4	132	138	-4.1	140	-5.9
US	244	257	-5.2	242	0.8	209	225	-7.2	207	0.9
Total	422	438	-3.7	432	-2.4	341	363	-6.1	347	-1.9
Global sales	**1,033**	**1,038**	**-0.5**	**1,066**	**-3.1**	**760**	**784**	**-3.0**	**768**	**-1.1**
Korea + US Portion (%)	40.8	42.2	-1.4	40.5	0.3	44.9	46.3	-1.4	45.3	-0.4

Note: Based on wholesales

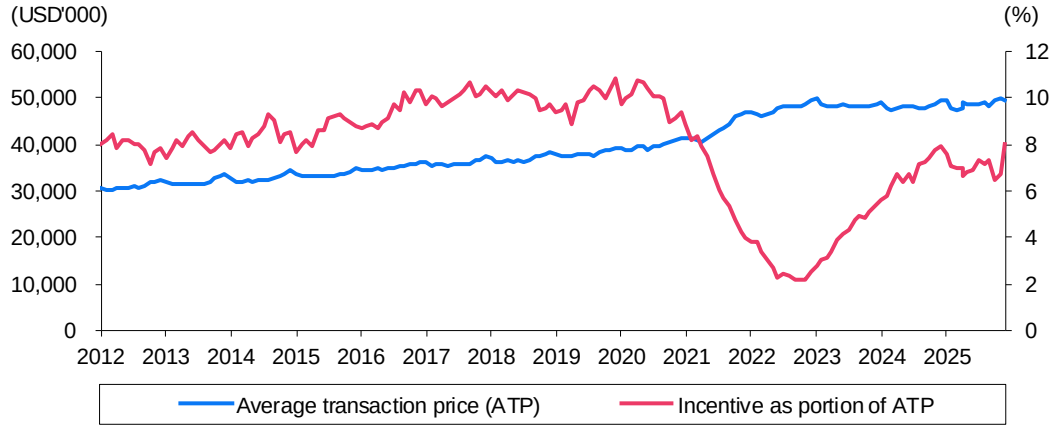
Source: Company data, Samsung Securities

HMC/Kia: US incentives



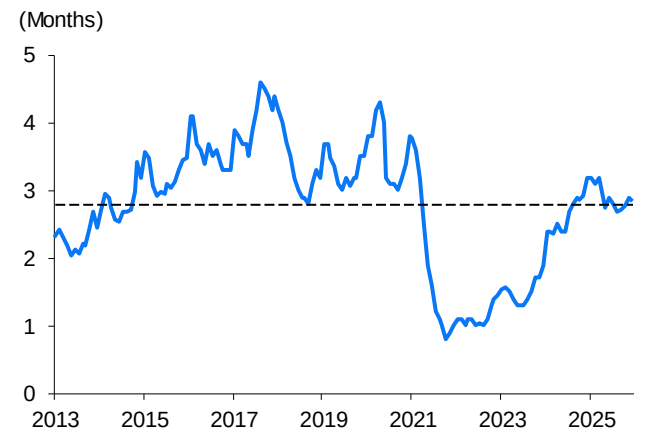
Source: AutoDataBowl, Samsung Securities

US market: Average transaction price and incentive as portion of average transaction price



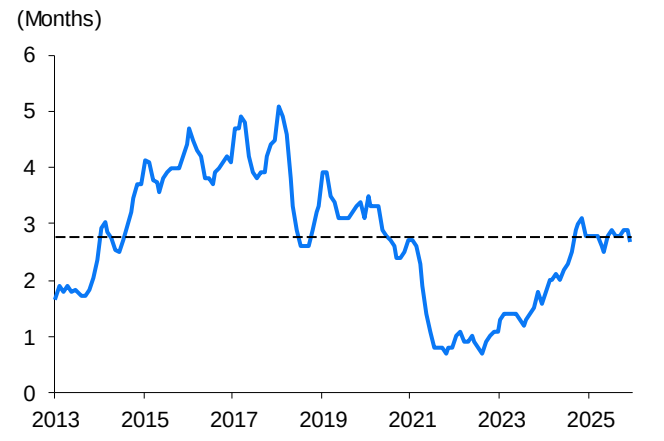
Source: Kelly blue book, Samsung Securities

HMC: Average dealer inventories



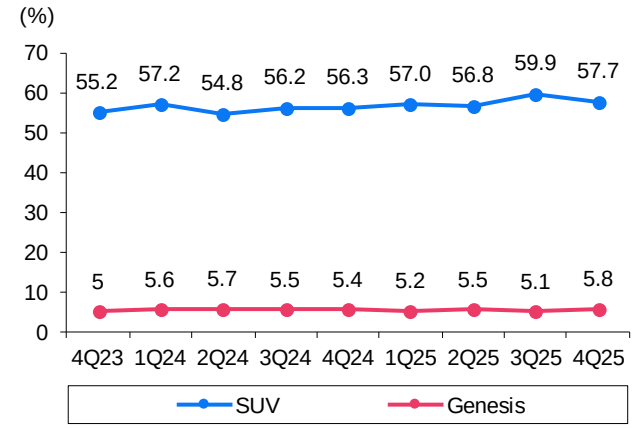
Source: Company data, Samsung Securities

Kia: Average dealer inventories



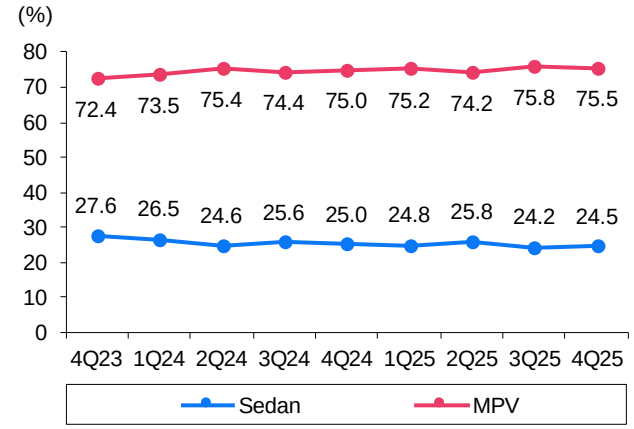
Source: Company data, Samsung Securities

HMC: SUV + MPV portion of sales volume



Note: Includes Genesis
Source: Kia, Samsung Securities

Kia: SUV + MPV portion of sales volume



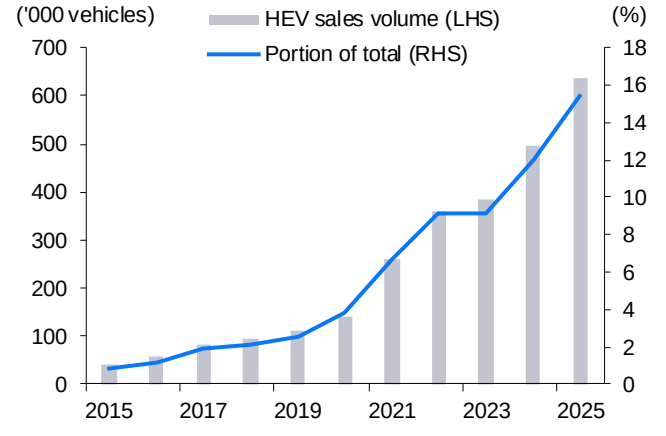
Source: Kia, Samsung Securities

HMC/Kia: Sales volume, by powertrain

	HMC					Kia				
(Units)	4Q25	Portion (%)	4Q24	Portion (%)	Chg (% y-y)	4Q25	Portion (%)	4Q24	Portion (%)	Chg (% y-y)
EV	66,892	6.5	63,518	6.0	5.3	66,825	8.8	61,840	8.1	8.1
BEV	58,171	5.6	54,067	5.1	7.6	56,018	7.4	48,401	6.3	15.7
PHEV	8,721	0.8	9,451	0.9	-7.7	10,807	1.4	13,439	1.8	-19.6
HEV	169,876	16.5	146,785	13.8	15.7	117,056	15.4	106,236	13.8	10.2
Total	**1,029,998**	**100.0**	**1,066,011**	**100.0**	**-3.4**	**759,737**	**100.0**	**767,863**	**100.0**	**-1.1**

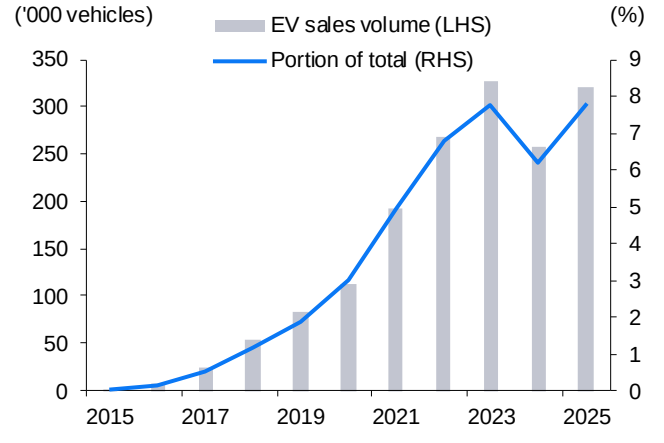
Note: As portion of global wholesales
Source: Company data, Samsung Securities

HMC: Hybrid sales volume



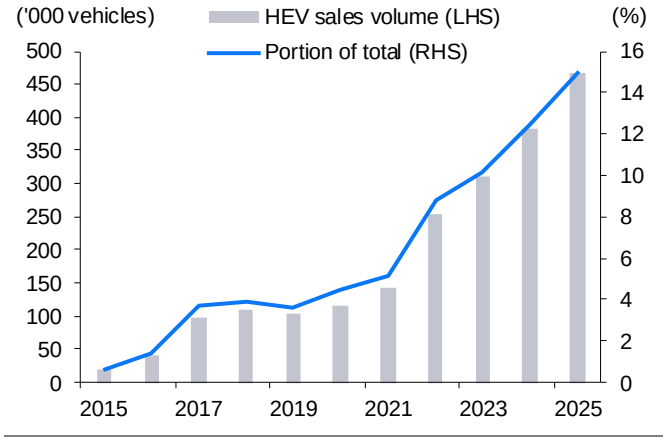
Source: Company data, Samsung Securities

HMC: EV sales volume



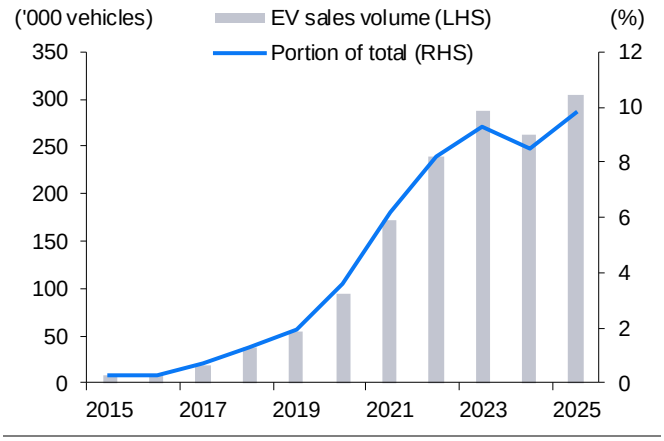
Source: Company data, Samsung Securities

Kia: Hybrid sales volume



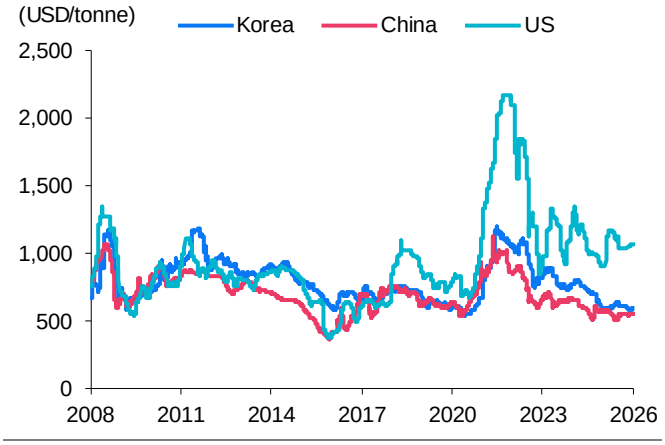
Source: Company data, Samsung Securities

Kia: EV sales volume



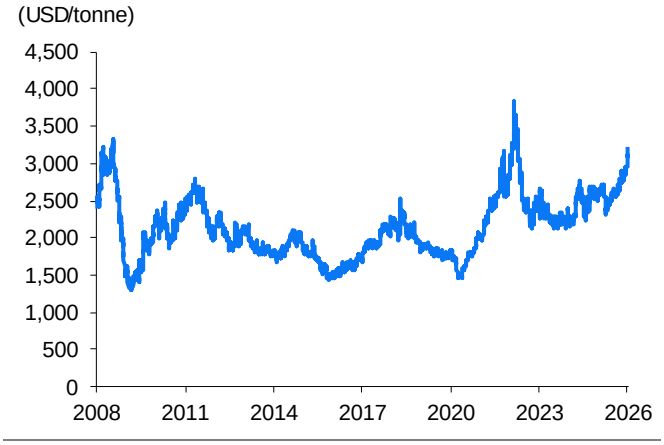
Source: Company data, Samsung Securities

Cold rolled steel price



Source: Bloomberg, Samsung Securities

Aluminum price

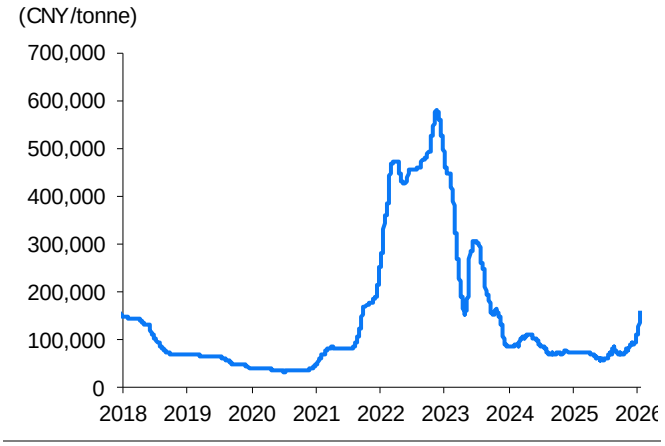


Source: Bloomberg, Samsung Securities

Iron ore price

Source: Bloomberg, Samsung Securities

Lithium carbonate price



Source: Bloomberg, Samsung Securities

HMC/Kia: Global ex-factory sales (production) and wholesales

('000 vehicles)		4Q25E	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)
KRW/USD (average)		1,452	1,387	4.7	1,400	3.7
Global ex-factory sales*	HMC	1,019	1,022	(0.3)	1,079	(5.6)
	Kia	743	758	(1.9)	749	(0.8)
	Total	1,762	1,779	(1.0)	1,828	(3.6)
China ex-factory sales*	HMC	53	47	11.6	43	23.8
	Kia	67	63	5.0	72	(7.6)
	Total	119	111	7.8	115	4.1
Global wholesales	HMC	1,033	1,038	(0.5)	1,066	(3.1)
	Kia	760	784	(3.0)	768	(1.1)
	Total	1,793	1,822	(1.6)	1,834	(2.3)
Global wholesales, excluding China	HMC	996	1,007	(1.1)	1,042	(4.5)
	Kia	738	762	(3.2)	747	(1.2)
	Total	1,734	1,769	(2.0)	1,789	(3.1)

Note: * Prelim data

Source: Company data, FnGuide, Samsung Securities

HMC/Kia: Forecasts

(KRWb)		4Q25E	3Q25	Chg (% q-q)	4Q24	Chg (% y-y)	Consensus	Difference (%)
KRW/USD (average)		1,452	1,387	4.7	1,400	3.7		
HMC	Revenue	48,430	46,721	3.7	46,624	3.9	48,441	(0.0)
	Operating profit	2,633	2,537	3.8	2,822	(6.7)	2,701	(2.5)
	Operating margin (%)	5.4	5.4	0.0	6.1	(0.6)	5.6	(0.1)
	Net profit	2,671	2,548	4.8	2,474	7.9	2,768	(3.5)
	Net margin (%)	5.5	5.5	0.1	5.3	0.2	5.7	(0.2)
	Controlling net profit	2,537	2,261	12.2	2,280	11.3	2,432	4.3
	Controlling net margin (%)	5.2	4.8	0.4	4.9	0.3	5.0	0.2
Kia	Revenue	27,071	28,686	(5.6)	27,148	(0.3)	28,594	(5.3)
	Operating profit	1,924	1,462	31.6	2,716	(29.2)	1,950	(1.3)
	Operating margin (%)	7.1	5.1	2.0	10.0	(2.9)	6.8	0.3
	Net profit	1,517	1,422	6.7	1,741	(12.9)	1,428	6.2
	Net margin (%)	5.6	5.0	0.6	6.4	(0.8)	5.0	0.6
	Controlling net profit	1,517	1,425	6.5	1,742	(12.9)	1,589	(4.5)
	Controlling net margin (%)	5.6	5.0	0.6	6.4	(0.8)	5.6	0.0

Note: Consensus as of Jan 15;

Source: FnGuide, Samsung Securities estimates

4Q preview for supply chain: Mobis and Hanon beat consensus

- **Mobis—operating profit to beat consensus by 7.7%:** We expect Hyundai Mobis to report 4Q sales of KRW14.8t (-1.1% q-q but +1.1% y-y) and an operating profit of KRW1t (+19.3% q-q and +2.4% y-y, for an operating margin of 6.8%. The aftermarket parts division likely contributed sales of KRW3.44t (+10.2% y-y) and an operating profit of KRW854b (+5.4% y-y), for a margin of 24.8%. The module division likely delivered sales of KRW11.4t (-1.4% y-y) and an operating profit of KRW156b (-10.5% y-y), for a margin of 1.4%.
- **AutoEver—in line with consensus:** Hyundai AutoEver's 4Q results were likely driven by robust sales at the SI division. It likely met consensus, as delayed negotiations over IT outsourcing (ITO) service prices were finalized in 4Q25. We expect sales of KRW1.228t (+16.5% q-q and +5.9% y-y) and an operating profit of KRW85b (+19.5% q-q and +16.5% y-y), for a margin of 6.9%.
- **HL Mando—operating profit to miss consensus by 5%:** We expect HL Mando to post sales of KRW2.413t (+3.9% q-q but -0.4% y-y) and an operating profit of KRW103b (+9.3% q-q but -7.3% y-y), for a margin of 4.3%. Expectations were high that HL Mando would be compensated for US tariffs by clients in 4Q25. But a prolonged US government shutdown (Oct 1-Nov 12) delayed the implementation of parts tariffs offset for automakers (tax relief program). In turn, automakers have pushed back tariff cost negotiations with suppliers to 1Q26.
- **Hankook T&T—operating profit to miss consensus by 6%:** At Hankook Tire & Technology, sales likely stagnated in 4Q on seasonality, following a surge in winter tire sales in 3Q. US tariff rates have declined, and now that its second US plant became operational in late 4Q, the impact of US tariffs should gradually diminish. Prices of natural rubber, synthetic rubber, and carbon black are all stabilizing at lower levels—the benefits of lower raw material costs likely started to materialize from 4Q onward.

  That said, its 4Q earnings likely came in below consensus, as tariff refunds for 2025 (estimated at KRW50b) tied to a reduction in anti-dumping duties were postponed to 1Q26 because of the US government shutdown. The US set anti-dumping duties on imported tires on May 24, 2021. Korea's top-three tire makers responded by submitting data and filing complaints. In early Feb 2024, the duties were adjusted lower by 20.75%pts from 27.05% to 6.3% for Hankook T&T. The difference was to be refunded every 4Q over a three-year period. A refund of KRW100b was paid out in 4Q23 and KRW70b in 4Q24. A refund of KRW50b was expected for 4Q25, but this has now been deferred to 1Q26.

Parts makers: Forecasts

(KRWb)		3Q25E	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)	Consensus	Difference (%)
KRW/USD (average)		1,452	1,387	4.7	1,400	3.7		
Hyundai Mobis	Revenue	14,867	15,032	(1.1)	14,711	1.1	15,727	(5.5)
	Operating profit	1,010	780	29.4	986	2.4	937	7.7
	Operating margin (%)	6.8	5.2	1.6	6.7	0.1	6.0	0.8
	Net profit	1,013	931	8.8	1,279	(20.8)	1,099	(7.8)
	Net margin (%)	6.8	6.2	0.6	8.7	(1.9)	7.0	(0.2)
	Controlling net profit	1,012	929	8.8	1,279	(20.9)	1,084	(6.7)
	Controlling net margin (%)	6.8	6.2	0.6	8.7	(1.9)	6.9	(0.1)
Hanon Systems	Revenue	2,751	2,706	1.7	2,536	8.5	2,695	2.1
	Operating profit	98	95	2.8	(138)	흑전	76	29.2
	Operating margin (%)	3.6	3.5	0.0	(5.4)	흑전	2.8	0.7
	Net profit	44	55	(21.1)	(318)	흑전	15	186.4
	Net margin (%)	1.6	2.0	(0.5)	(12.5)	흑전	0.6	1.0
	Controlling net profit	43	55	(21.8)	(316)	흑전	33	29.2
	Controlling net margin (%)	1.6	2.0	(0.5)	(12.5)	흑전	1.2	0.3
HL Mando	Revenue	2,413	2,321	3.9	2,422	(0.4)	2,511	(3.9)
	Operating profit	103	94	9.3	111	(7.3)	109	(5.2)
	Operating margin (%)	4.3	4.1	0.2	4.6	(0.3)	4.3	(0.1)
	Net profit	78	49	59.2	50	57.3	59	32.4
	Net margin (%)	3.2	2.1	1.1	2.1	1.2	2.4	0.9
	Controlling net profit	63	44	43.5	43	47.4	58	7.8
	Controlling net margin (%)	2.6	1.9	0.7	1.8	0.8	2.3	0.3
SL Corp	Revenue	1,341	1,303	3.0	1,237	8.4	1,301	3.1
	Operating profit	63	68	(8.4)	41	53.3	63	(0.2)
	Operating margin (%)	4.7	5.2	(0.6)	3.3	1.4	4.8	(0.2)
	Net profit	89	70	26.6	79	11.9	82	8.7
	Net margin (%)	6.6	5.4	1.2	6.4	0.2	6.3	0.3
	Controlling net profit	87	68	26.6	77	12.5	70	23.2
	Controlling net margin (%)	6.5	5.2	1.2	6.2	0.2	5.4	1.1
SNT Motiv	Revenue	291	231	25.8	286	1.7	309	(6.0)
	Operating profit	30	22	37.3	29	4.2	33	(9.0)
	Operating margin (%)	10.4	9.5	0.9	10.1	0.2	10.7	(0.3)
	Net profit	30	21	42.5	33	(8.7)	32	(6.5)
	Net margin (%)	10.4	9.2	1.2	11.6	(1.2)	10.5	(0.1)
	Controlling net profit	30	21	42.4	33	(8.7)	32	(4.8)
	Controlling net margin (%)	10.4	9.2	1.2	11.6	(1.2)	10.3	0.1
Haesung DS	Revenue	191	179	6.9	145	31.4	183	4.3
	Operating profit	19	16	19.4	6	206.7	19	(0.5)
	Operating margin (%)	10.1	9.0	1.1	4.3	5.8	10.6	(0.5)
	Net profit	19	14	36.6	12	56.8	18	9.7
	Net margin (%)	10.1	7.9	2.2	8.4	1.6	9.6	0.5
	Controlling net profit	19	14	36.6	12	56.8	17	14.5
	Controlling net margin (%)	10.1	7.9	2.2	8.4	1.6	9.2	0.9

Note: Consensus as of Jan 15;
Source: FnGuide, Samsung Securities

Parts makers: Forecasts

(KRWb)		3Q25E	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)	Consensus	Difference (%)
KRW/USD (average)		1,387	1,400	(0.9)	1,358	2.1		
Hankook T&T	Revenue	5,396	5,413	(0.3)	2,532	113.2	5,392	0.1
	Operating profit	498	586	(15.0)	473	5.2	531	(6.3)
	Operating margin (%)	9.2	10.8	(1.6)	18.7	(9.5)	9.9	(0.6)
	Net profit	318	390	(18.4)	62	413.7	309	3.0
	Net margin (%)	5.9	7.2	(1.3)	2.4	3.4	5.7	0.2
	Controlling net profit	319	390	(18.4)	59	440.5	313	1.7
	Controlling net margin (%)	5.9	7.2	(1.3)	2.3	3.6	5.8	0.1
Hyundai AutoEver	Revenue	1,228	1,054	16.5	1,160	5.9	1,241	(1.1)
	Operating profit	85	71	19.6	73	16.5	80	5.4
	Operating margin (%)	6.9	6.7	0.2	6.3	0.6	6.5	0.4
	Net profit	66	53	24.2	52	26.8	67	(2.1)
	Net margin (%)	5.3	5.0	0.3	4.5	0.9	5.4	(0.1)
	Controlling net profit	64	52	24.2	50	28.0	64	(0.2)
	Controlling net margin (%)	5.2	4.9	0.3	4.3	0.9	5.2	0.0

Note: Consensus as of Jan 15;
Source: FnGuide, Samsung Securities

COMPANY UPDATE

2026. 1. 20

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Hyundai Motor (005380)

The leading player in robotics

- Google and Nvidia have chosen Boston Dynamics as a hardware partner for physical AI. This decision is based on Hyundai Motor's (HMC) and Kia's mass-production capabilities, value chain, and the action datasets generated from their manufacturing plants.
- The Korean carmakers' manufacturing plants are now more than mere car factories. They have been redefined as digital factories generating action datasets for robots, making sum-of-the-parts valuation models less suitable.
- HMC is likely to begin recognizing sales of 'MobED' mobile robots in 2H26. The time has come to adjust its peer group.

WHAT'S THE STORY?

Redefining HMC's peer group—raising target price by 62.5%: Hyundai Motor Group's (HMG) unveiling of a robotics roadmap necessitates the redefinition of Hyundai Motor's (HMC) peer group. Globally, only six companies are pursuing expansion into EVs, autonomous driving, and robotics.

- **Classification based on robotic AI technology internalization:** Companies that own a full technology stack of AI foundation/world models, robot action models, AI chips, and robot hardware design are Tesla (trading at 202x P/E) and Xpeng (58x P/E). Xiaomi, BYD, and Li Auto have only announced plans to enter the robotics business based on autonomous driving technology—and for this technology and AI chips, they collaborate with tech firms. These three companies are trading at P/E multiples of 16-20x.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW650,000	35.4%
Current price	**KRW480,000**	
Market cap	KRW98.3t/USD66.7b	
Shares (float)	204,757,766 (65.9%)	
52-week high/low	KRW480,000/KRW177,500	
Avg daily trading value (60-day)	KRW494.1b/ USD335.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Motor (%)	66.4	128.0	127.0
Vs Kospi (%pts)	36.4	48.2	16.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	650,000	650,000	0.0%
2025E EPS	40,971	40,971	0.0%
2026E EPS	47,649	47,649	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	456,538
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	175,231	187,846	203,766	211,786
Operating profit (KRWb)	14,240	12,406	13,709	14,541
Net profit (adj) (KRWb)	13,230	11,851	13,037	13,915
EPS (adj) (KRW)	46,042	40,971	47,649	50,861
EPS (adj) growth (% y-y)	5.6	-11.0	16.3	6.7
EBITDA margin (%)	10.6	9.1	9.1	9.2
ROE (%)	12.4	9.7	10.4	10.3
P/E (adj) (x)	4.6	7.2	10.1	9.4
P/B (x)	0.5	0.7	1.0	0.9
EV/EBITDA (x)	10.5	13.7	15.2	14.7
Dividend yield (%)	5.7	4.0	2.7	2.8

Source: Company data, Samsung Securities estimates

- **Raising target valuation for HMC:** We raise our target price by 62.5% to KRW650,000, the average of target prices indicated by our P/E and P/B valuations.
  - ■**P/E:** We have increased our target P/E multiple from 8x to 18x—matching the average of leading Chinese EV companies—to reflect redefined asset value and the start of robotics sales at HMC.
  - ■**P/B:** To better capture earnings trends, we introduce a target P/B multiple of 0.93x, derived from the P/B vs ROE correlation coefficients of global automakers.
- **4Q25 preview:** We expect HMC to report 4Q sales of KRW48.4t (up 3.7% q-q and 3.9% y-y) and operating profit of KRW2.63t (up 3.8% q-q but down 6.7% y-y), for an operating margin of 5.4%. Although the US lowered its tariffs, the impact was limited to December. Duty offsets for auto parts imports (estimated at KRW250b) are now expected in 1Q26, pushed back because of the US government shutdown. (FnGuide consensus puts sales at KRW48.4t and operating profit at KRW2.7t).

Investing in bottlenecks is always right: Physical AI models are advanced by real-world action data. Action data for robots, in particular, are not just scarce—they are in a severe drought. HMC's and Kia's factories provide the action data required for robots to operate in manufacturing plants and serve as a training ground for the robots.

- **Self-driving cars—Tesla-Waymo performance gap rooted in real-world driving data:** The performance of physical AI models is largely determined by real-world data. Despite its profits declining for three consecutive years, Tesla has maintained a high enterprise valuation because it is the only company that can convert real-world driving action data into a digital language to enhance its AI. Thanks to Tesla's fleet data loop, FSD 14 performs significantly better than FSD 13. In contrast, Waymo's driving performance remained relatively unchanged between 2024 and 2025.
- **What happened after memory chips were identified as the AI bottleneck in 2H25:** In AI model inference, contextual data (KV cache) are held in memory. As agents consider more variables, the amount of contextual data that must be retained grows exponentially. This led to a surge in the stock prices of memory chipmakers such as Samsung Electronics and SK Hynix.

  Similarly, as real-world action data become increasingly recognized as the bottleneck for physical AI, the enterprise value of HMC and Kia should rise as well.

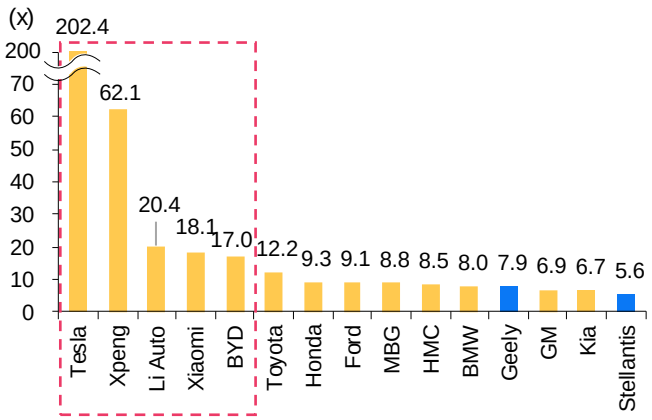
  Real-world action data include not only the cause and effect of actions but also the costs and responsibilities associated with failures. As these data accumulate, it becomes clearer what actions should not be taken. Robots begin to understand situations (context) on their own, and their behavior policies are shaped accordingly. As AI models develop tacit knowledge (hidden layers), they can also respond to rare, long-tail scenarios.
- **Why Google DeepMind and Nvidia chose Boston Dynamics as a partner:** Google owned Boston Dynamics from Dec 2013 to May 2017 before selling it to SoftBank. A decade later, Google and Boston Dynamics have re-established a technical collaboration. This partnership is driven by the fact that HMC/Kia's factories provide: 1) real-world action data; 2) sequencing data across different work environments; and 3) validation of models by operating robots in real factory and logistics settings. Most other robotics companies are startups, lacking both the means to accumulate large-scale action datasets and the manufacturing environments needed to validate their models.

- **HMC/Kia plants to serve as digital factories producing action data for robots:** Robot Metaplant Application Center (RMAC) provides a controlled environment where robots learn by mapping factory layout, movement paths, and work positions, which are then combined with real-world operational data from HMC/Kia's software-defined factory (SDF) facilities. The goal is to establish a closed-loop learning model [virtual training (RMAC) → real-world data (SDF) → retraining] that enables continuous improvement in speed, accuracy, and safety.
- **Google, Nvidia, and HMG form a three-way alliance:** First, Google DeepMind provides the MuJoCo simulation environment for testing robot action models, as well as the Gemini Robotics model, which is designed to function as a robot foundation model. Second, Nvidia offers Thor inference chips and Newton. Developed in collaboration with Google DeepMind, Newton is a baseline architecture of physics rules that ensures robots interpret physical phenomena they encounter in the real world consistently across different simulation environments and AI models. Third, HMG mass-produces robots, provides factory behavior data needed to refine models, and validates robot performance in actual factory settings.

HMG building full robot lineup for the robotics era: HMG's robotics strategy is centered on Boston Dynamics (general-purpose robots) and HMG Robotics Lab (wearable, service, and mobile robots).

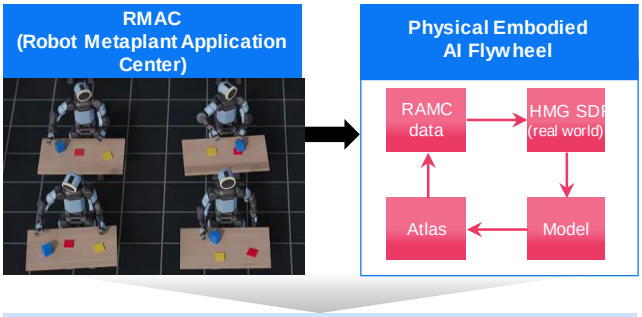
- **From wearable robots to humanoids:** Boston Dynamics (in which HMC has a 27% stake) has three robots in its lineup. HMG Robotics Lab (in which HMC has a 40% stake) is preparing a lineup of 14 robots, with plans to launch 1-2 new robots annually.
- **HMC to book robot sales from 2H26:** HMG Robotics Lab plans to begin production of its mobile robot 'MobED' in 1H26. It aims to sell 10,000-15,000 units over the next three years, which would bring in annual revenue of KRW150b-200b.
- **Humanoid robot roadmap:** Open RAMC in 2026 → Secure clients other than HMG in 2027 → Establish a 30,000-unit factory → Deploy humanoid robots in logistics lines at Hyundai Motor Group Metaplant America (HMGMA) in 2028 → Deploy humanoid robots in assembly lines at HMGMA in 2030.

Global automakers: 12-month forward P/E valuation



Source: Bloomberg, Samsung Securities

HMC: Physical Embodied AI Flywheel



The process of **data → model training → robot application → real-world operation → new data generation** repeats continuously, allowing for the ongoing accumulation of high-quality datasets and enabling continuous improvement in model performance.

Robotics companies: Level of in-house technology stack integration

	Company	World model/ Foundation model	Vision/ Action model	Inference chip	Body design	Mass-production	Notes
Full stack	Tesla	In-house (FSD)	In-house (FSD)	In-house (AI5)	In-house	2H26	
	Xpeng	In-house	In-house	In-house (Turing AI)	In-house	End-2026	
Model-based full stack	Figure AI	In-house	In-house	Nvidia Thor	In-house	2026	Foundation model independent from OpenAI
	Robotics Lab	In-house	In-house	DeepX	In-house	1H26	Based on mobile robot 'MobED'
	Agibot	In-house	In-house	Nvidia Thor	In-house	2024	Cumulative production of 5,000 units
Big Tech collaboration	Boston Dynamics	Collaboration with Google DeepMind	In-house	Nvidia Thor	In-house	2028	Actuator standardization, collaboration with Hyundai Mobis
	Agility	Collaboration with Nvidia	In-house	Nvidia Thor	In-house	2026	5th generation by end-2026
	Aptroniks	Collaboration with Google DeepMind	In-house	Nvidia Thor	In-house	202	
	1X	Collaboration with Nvidia	In-house	Nvidia Thor	In-house	2026	Subscription model launched in April
	Unitree	Collaboration with Nvidia	In-house	Nvidia Thor	In-house	2025	500 units produced in 2025

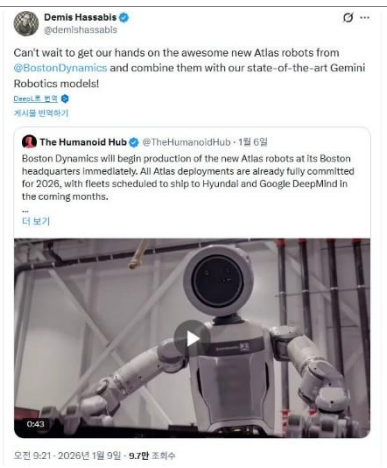
Source: Company data, Samsung Securities

Digital data vs. Physical world data

Aspect	Digital data	Physical world data
Replication cost	Almost zero	Very high
Failure cost	None	Accidents, damage
Temporality	Independent samples possible	Time-series dependent
Governing laws	Statistical	Constrained by physical laws
Distribution	Static	Varies with environment

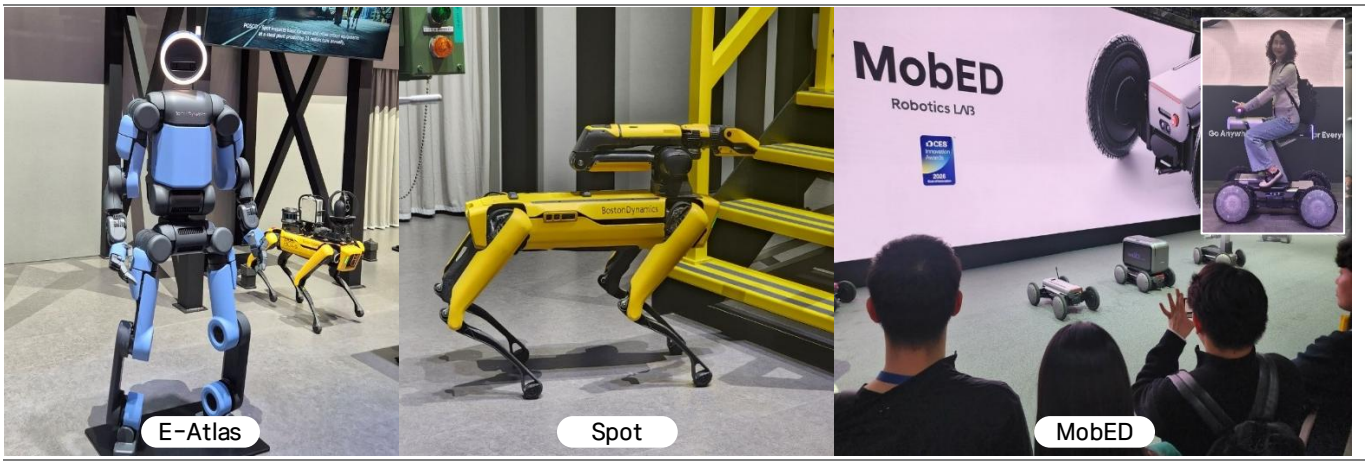
Source: Samsung Securities

Google DeepMind CEO Demis Hassabis: Comment



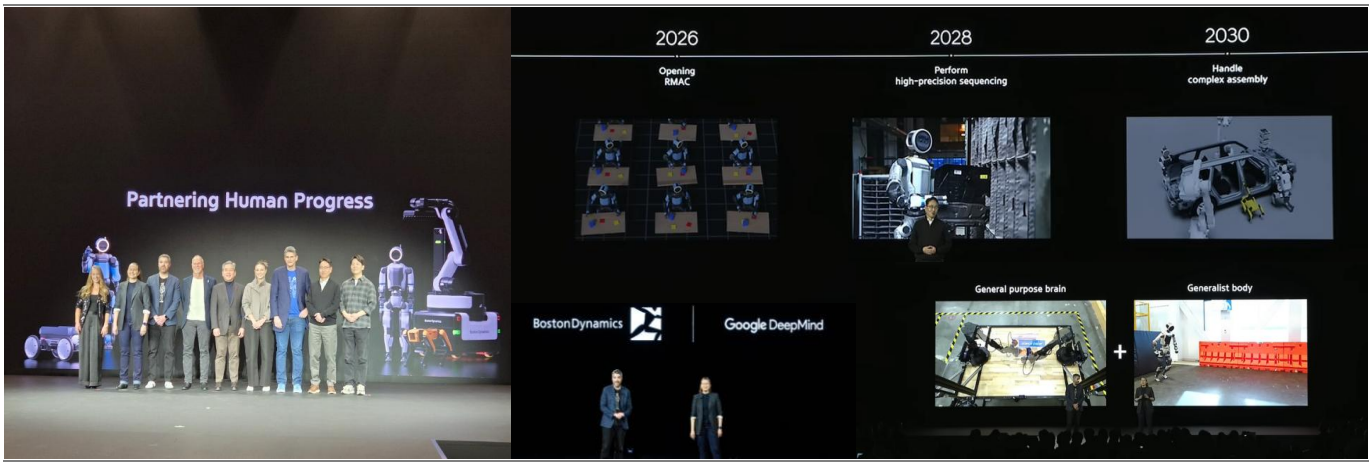
Source: X

Boston Dynamics: E-Atlas and Spot / Robotics Lab: MobED



Source: Company data, Samsung Securities

HMC media day: Boston Dynamics-Google DeepMind collaboration and RMAC* establishment announcement



Note: *Robot Metaplant Application Center
Source: Company data, Samsung Securities

HMC: Global sales volumes and forecasts

('000 vehicles)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
Global plant sales	1,006	1,063	1,022	1,019	1,014	1,065	1,037	1,068	4,174	4,109	4,184	4,349
Domestic	445	483	458	452	447	487	446	470	1,871	1,838	1,850	1,850
Overseas	561	580	563	567	567	577	591	598	2,303	2,271	2,334	2,499
India (HMI)	192	180	191	193	203	199	213	205	764	756	820	850
China (BHMC)	44	50	47	53	51	52	45	52	170	194	200	210
US (HMMA)	98	112	108	107	108	116	112	114	361	424	450	500
Turkey (HAOS)	62	59	39	38	59	54	46	51	246	198	210	210
Czech (HMMC)	73	74	67	63	84	86	75	76	327	277	320	330
Russia (HMMR)	0	0	0	0	0	0	0	0	0	0	40	100
Brazil (HMMB)	41	55	54	62	40	49	55	60	214	213	205	205
Global retail sales	**1,001**	**1,066**	**1,038**	**1,033**	**1,052**	**1,097**	**1,075**	**996**	**4,142**	**4,138**	**4,220**	**4,345**
Global ASP (KRWm)	**35.7**	**35.8**	**36.5**	**37.2**	**37.8**	**38.6**	**38.6**	**39.0**	**34.1**	**36.3**	**38.5**	**38.4**

Source: Company data, Samsung Securities

HMC: 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	1,452	1,430	1,420	1,400	1,400	1,365	1,422	1,413	1,370
Revenue	44,408	48,287	46,721	48,430	48,969	53,325	51,318	50,154	175,231	187,846	203,766	211,786
Autos	34,718	37,030	36,715	37,026	38,425	41,091	40,452	37,205	136,725	145,489	157,173	161,465
Finance	7,398	8,269	7,189	8,435	8,138	9,096	7,908	9,279	28,447	31,291	34,420	37,174
Other	2,292	2,988	2,817	2,969	2,407	3,137	2,958	3,671	10,060	11,066	12,173	13,146
Gross profit	8,980	9,110	8,284	8,664	8,765	9,659	9,414	8,807	35,749	35,144	36,644	38,484
Operating profit	3,634	3,602	2,537	2,633	3,196	3,792	3,620	3,101	14,240	12,512	13,709	14,541
Pre-tax profit	4,465	4,385	3,326	3,561	4,315	4,879	4,310	3,878	17,781	15,737	17,382	18,554
Net profit	3,382	3,250	2,548	2,671	3,237	3,659	3,233	2,908	13,230	11,931	13,037	13,915
Controlling profit	3,157	2,998	2,261	2,537	3,139	3,549	3,136	2,821	12,527	11,030	12,646	13,498
Margins (%)												
Gross profit	20.2	18.9	17.7	17.9	17.9	18.1	18.3	17.6	20.4	18.7	18.0	18.2
Operating profit	8.2	7.5	5.4	5.4	6.5	7.1	7.1	6.2	8.1	6.7	6.7	6.9
Net profit	7.6	6.7	5.5	5.5	6.6	6.9	6.3	5.8	7.5	6.4	6.4	6.6
Controlling profit	7.1	6.2	4.8	5.2	6.4	6.7	6.1	5.6	7.1	5.8	6.2	6.4

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**162,664**	**175,231**	**187,846**	**203,766**	**211,786**
Cost of goods sold	129,179	139,482	152,809	167,122	173,301
Gross profit	**33,484**	**35,749**	**35,037**	**36,644**	**38,484**
Gross margin (%)	20.6	20.4	18.7	18.0	18.2
SG&A expenses	18,357	21,510	22,632	22,935	23,943
Operating profit	**15,127**	**14,240**	**12,406**	**13,709**	**14,541**
Operating margin (%)	9.3	8.1	6.6	6.7	6.9
Non-operating gains (losses)	**1,750**	**3,251**	**3,331**	**3,673**	**4,013**
Financial profit	1,560	1,531	877	645	627
Financial costs	971	899	512	528	543
Equity-method gains (losses)	2,471	3,114	2,904	3,188	3,408
Other	-1,309	-496	62	369	520
Pre-tax profit	**16,877**	**17,490**	**15,737**	**17,382**	**18,554**
Taxes	4,627	4,232	3,885	4,346	4,638
Effective tax rate (%)	27.4	24.2	24.7	25.0	25.0
Profit from continuing operations	12,992	13,549	11,851	13,037	13,915
Profit from discontinued operations	-720	-319	0	0	0
Net profit	**12,272**	**13,230**	**11,851**	**13,037**	**13,915**
Net margin (%)	7.5	7.5	6.3	6.4	6.6
Net profit (controlling interests)	11,962	12,527	10,954	12,646	13,498
Net profit (non-controlling interests)	311	703	897	391	417
EBITDA	20,073	18,527	17,149	18,607	19,574
EBITDA margin (%)	12.3	10.6	9.1	9.1	9.2
EPS (parent-based) (KRW)	43,589	46,042	40,971	47,649	50,861
EPS (consolidated) (KRW)	44,721	48,626	44,328	49,123	52,434
Adjusted EPS (KRW)*	43,589	46,042	40,971	47,649	50,861

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**58,604**	**64,336**	**54,143**	**56,147**	**57,753**
Cash & equivalents	19,167	19,015	4,957	3,029	2,655
Accounts receivable	4,682	5,908	6,333	6,870	7,141
Inventories	17,400	19,791	21,770	23,615	24,545
Other current assets	17,355	19,622	21,083	22,632	23,412
Fixed assets	**116,172**	**147,622**	**165,055**	**177,720**	**189,757**
Investment assets	33,054	41,392	49,389	54,254	59,056
Tangible assets	38,921	44,534	48,692	50,707	51,597
Intangible assets	6,219	7,683	7,781	7,868	7,945
Other long-term assets	37,978	54,014	59,193	64,891	71,158
Total assets	**282,463**	**339,798**	**359,822**	**381,523**	**402,548**
Current liabilities	**73,362**	**79,510**	**82,768**	**88,205**	**92,621**
Accounts payable	10,952	12,550	13,453	14,593	15,168
Short-term debt	9,036	9,327	8,827	8,827	8,827
Other current liabilities	53,375	57,633	60,487	64,784	68,627
Long-term liabilities	**107,292**	**140,013**	**148,349**	**154,731**	**160,841**
Bonds & long-term debt	90,603	120,420	126,420	130,420	134,420
Other long-term liabilities	16,689	19,593	21,929	24,311	26,421
Total liabilities	**180,654**	**219,522**	**231,117**	**242,935**	**253,463**
Owners of parent equity	**92,497**	**109,103**	**116,635**	**126,126**	**136,207**
Capital stock	1,489	1,489	1,489	1,489	1,489
Capital surplus	4,378	7,656	7,656	7,656	7,656
Retained earnings	88,666	96,596	104,013	113,504	123,585
Other	-2,036	3,362	3,477	3,477	3,477
Non-controlling interests' equity	**9,312**	**11,173**	**12,070**	**12,461**	**12,878**
Total equity	**101,809**	**120,276**	**128,705**	**138,587**	**149,085**
Net debt	99,174	130,142	149,103	154,747	159,226

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**-2,519**	**-5,662**	**16,517**	**18,918**	**19,982**
Net profit	12,272	13,230	11,851	13,037	13,915
Non-cash profit and expenses	21,192	23,950	4,471	5,050	5,290
Depreciation	3,284	3,398	3,842	3,985	4,110
Amortization	1,663	889	902	913	923
Other	16,246	19,663	-273	153	257
Changes in A/L from operating activities	-30,365	-35,160	2,826	4,172	4,442
Cash flow from investments	**-8,649**	**-14,623**	**-28,439**	**-20,736**	**-20,145**
Change in tangible assets	-6,926	-7,890	-8,000	-6,000	-5,000
Change in financial assets	-1,131	-1,842	-1,476	-1,008	-495
Other	-592	-4,891	-18,964	-13,729	-14,650
Cash flow from financing	**9,393**	**19,493**	**2,260**	**1,394**	**1,107**
Change in debt	12,527	32,090	5,796	4,549	4,525
Change in equity	137	3,278	0	0	0
Dividends	-2,499	-3,913	-3,536	-3,155	-3,417
Other	-772	-11,961	0	-0	0
Change in cash	-1,698	-152	-14,058	-1,927	-374
Cash at beginning of year	20,865	19,167	19,015	4,957	3,029
Cash at end of year	19,167	19,015	4,957	3,029	2,655
Gross cash flow	**33,465**	**37,180**	**16,322**	**18,087**	**19,205**
Free cash flow	**-9,590**	**-13,723**	**8,517**	**12,918**	**14,982**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	14.4	7.7	7.2	8.5	3.9
Operating profit	54.0	-5.9	-12.9	10.5	6.1
Net profit	53.7	7.8	-10.4	10.0	6.7
Adjusted EPS**	63.9	5.6	-11.0	16.3	6.7
Per-share data (KRW)					
EPS (parent-based)	43,589	46,042	40,971	47,649	50,861
EPS (consolidated)	44,721	48,626	44,328	49,123	52,434
Adjusted EPS**	43,589	46,042	40,971	47,649	50,861
BVPS	351,861	413,568	444,068	480,203	518,582
DPS (common)	11,400	12,000	12,000	13,000	13,500
Valuations (x)					
P/E***	4.7	4.6	7.2	10.1	9.4
P/B***	0.6	0.5	0.7	1.0	0.9
EV/EBITDA	7.9	10.5	13.7	15.2	14.7
Ratios (%)					
ROE	13.7	12.4	9.7	10.4	10.3
ROA	4.6	4.3	3.4	3.5	3.5
ROIC	15.0	12.3	8.9	9.2	9.3
Payout ratio	19.4	19.5	22.3	20.9	20.3
Dividend yield (common)	5.6	5.7	4.0	2.7	2.8
Net debt to equity	97.4	108.2	115.8	111.7	106.8
Interest coverage (x)	27.1	31.5	24.2	26.0	26.8

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 21

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Kia (000270)

From discount to premium: A valuation inflection point

- Google and Nvidia have chosen Boston Dynamics as a hardware partner for physical AI. This decision is based on Hyundai Motor's (HMC) and Kia's mass-production capabilities, value chain, and the action datasets generated from their manufacturing plants.
- Hyundai Motor Group (HMG) has brought in talent from Nvidia to head up its Advanced Vehicle Platform (AVP), and it is collaborating with Nvidia to speed up the development of autonomous driving technology. The move should help Kia shed its valuation discount.
- HMC and Kia shares have moved in the same direction, but Kia has underperformed HMC because it holds smaller equity stakes in robotics ventures and is increasingly shouldering common costs shared with HMC.

AT A GLANCE

BUY

Target price	KRW175,000	6.8%
Current price	**KRW163,900**	
Market cap	KRW64.0t/USD43.3b	
Shares (float)	390,412,998 (60.4%)	
52-week high/low	KRW169,500/KRW82,000	
Avg daily trading value (60-day)	KRW158.2b/ USD107.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kia (%)	35.5	64.2	62.3
Vs Kospi (%pts)	11.5	7.2	-16.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	175,000	175,000	0.0%
2025E EPS	19,211	19,211	0.0%
2026E EPS	22,283	22,283	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	162,923
Recommendation	4.0

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

WHAT'S THE STORY?

Valuation discount factors dissipating—raising target price

(target price raised in our Jan 14 *CES 2026 takeaways* report, available only in Korean)

- **Raising valuation multiple:** We raise our target price by 16.6% to KRW175,000 (based on 8x 2026 P/E), reflecting an increase in our target P/E multiple from 7x to 8x—now matching the average of global legacy automakers—to account for the redefined value of the company's assets and the diminishing valuation discount related to autonomous driving. Depending on how the group's robotics business unfolds, Kia's valuation multiple may rise again further.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	107,449	113,124	122,670	128,152
Operating profit (KRWb)	12,667	9,159	10,444	11,075
Net profit (adj) (KRWb)	9,775	7,601	8,700	9,273
EPS (adj) (KRW)	24,413	19,211	22,283	23,751
EPS (adj) growth (% y-y)	12.1	-21.3	16.0	6.6
EBITDA margin (%)	14.2	10.7	10.8	10.6
ROE (%)	19.1	13.0	13.6	13.2
P/E (adj) (x)	4.1	6.3	7.4	6.9
P/B (x)	0.7	0.8	1.0	0.9
EV/EBITDA (x)	1.6	2.5	3.1	2.4
Dividend yield (%)	6.5	5.3	4.0	4.3

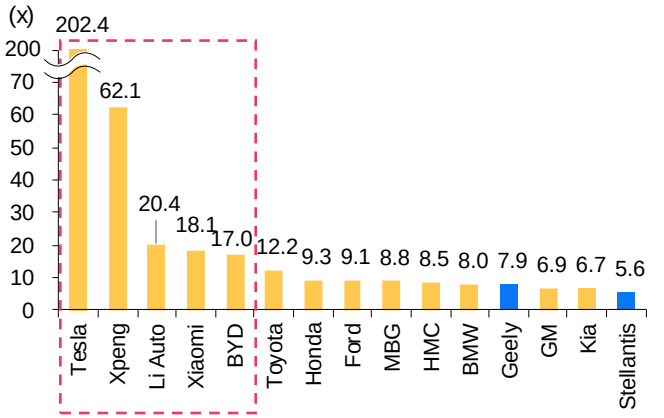
Source: Company data, Samsung Securities estimates

- **Valuation discount related to autonomous driving dissipating:** Hyundai Motor (HMC) and Kia have traded at a discount to Tesla—and even Chinese EV makers—due to their lower level of autonomous driving technology. However, things are about to change. In 3Q26, the Korean carmakers will begin volume production of Pace Cars, which will help them accumulate data. From 2027, they will start integrating Level 2+ autonomous driving technology into their volume-production vehicle models.
- **Share price headed in same direction as HMC's, but underperforms:** HMC's share price has surged 39.5% ytd, while Kia is up just 24%. Kia has underperformed because it holds smaller equity stakes in the group's robotics ventures—such as Boston Dynamics (16.68% vs HMC's 27%) and HMG Robotics Lab (40% vs HMC's 60%)—and is increasingly shouldering common costs shared with HMC.
- **4Q25 preview—Result to meet consensus:** We expect Kia to report 4Q sales of KRW27t (down 5.6% q-q but up 0.3% y-y) and operating profit of KRW1.9t (up 31.6% q-q but down 29.2% y-y), for an operating margin of 7.1%. Although the US lowered tariffs from 25% to 15%, the impact of this was limited to December. Duty offsets for auto parts imports (estimated at KRW200b; tax relief program) are now expected in 1Q26, pushed back because of the US government shutdown (Oct 1-Nov 12). FnGuide consensus puts sales at KRW28.6t and operating profit at KRW1.95t.

Through collaborations with Big Tech, HMG positioning to be leader in physical AI

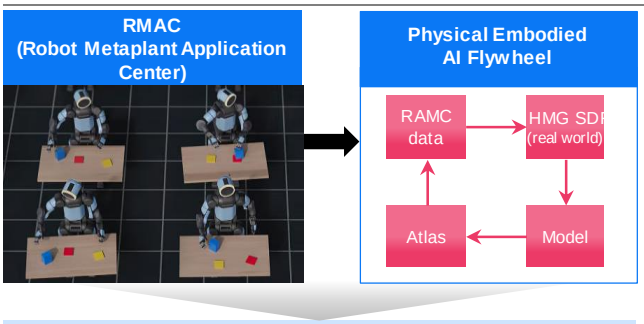
- **Why Google DeepMind and Nvidia chose Boston Dynamics as a partner:** Google owned Boston Dynamics from Dec 2013 to May 2017 before selling it to SoftBank. A decade later, Google and Boston Dynamics have re-established a technical collaboration. This partnership is driven by the fact that HMC/Kia's factories provide: 1) real-world action data; 2) sequencing data across different work environments; and 3) validation of models by operating robots in real factory and logistics settings. Most other robotics companies are startups, lacking both the means to accumulate large-scale action datasets and the manufacturing environments needed to validate their models.
- **HMC/Kia plants to serve as digital factories producing action data for robots:** Robot Metaplant Application Center (RMAC) provides a controlled environment where robots learn by mapping factory layout, movement paths, and work positions, which are then combined with real-world operational data from HMC/Kia's software-defined factory (SDF) facilities. The goal is to establish a closed-loop learning model [virtual training (RMAC) →real-world data (SDF) → retraining] that enables continuous improvement in speed, accuracy, and safety.
- **New models in 2026—Telluride and Seltos set to launch:** The Telluride, being made in the US, is exempt from tariffs. The launch of a hybrid variant should help drive price increases and sales growth, potentially adding KRW1t to annual profit.
- **In 15% US tariff environment, Kia to book KRW10t-11t in annual operating profit:** Kia, alongside Toyota, is likely to maintain the highest profitability among global automakers. If tariffs ease in Mexico in 2026—affecting exports of 100,000 to 150,000 units—that could add another KRW300b-400b in annual profit.

Global automakers: 12-month forward P/E valuation



Source: Bloomberg, Samsung Securities

HMC: Physical Embodied AI Flywheel



The process of **data → model training → robot application → real-world operation → new data generation** repeats continuously, allowing for the ongoing accumulation of high-quality datasets and enabling continuous improvement in model performance.

HMG's physical AI: Collaboration with Nvidia

Role	Entity	Role/Policy
HMC's autonomous driving model	Hyundai Atria AI	Autonomous driving model / Policy
Robotics Lab autonomous driving model	Perception and SLAM	Autonomous driving model / Policy
Boston Dynamics VLA model	Boston Dynamics	Robot model / Policy
Data amplification	Nvidia Cosmos	Real-to-Sim data engine that amplifies learning scenarios (environment, observations) at thousands of scales using real and verified synthetic data
	GR00T-Dreams	Virtual world-based behavior data generator for robot learning
Physics verification	Nvidia Isaac/Omniverse	Generates and verifies synthetic motion data / 3D virtual environment with physical laws identical to reality
Learning infrastructure	Nvidia NeMo / Blackwell GPU	AI model learning and operation platform / High-performance computing chip
Reference model	Nvidia Alpamayo-R1	Comparison and verification with Atria
Robot foundation model	GR00T	Foundation model for robot reasoning and decision-making, allowing individual robot companies to operate their own models on top of it
Inference chip	Nvidia Orin/Thor	275 TOPS (INT8) / 2070 TFLOPS (FP4)

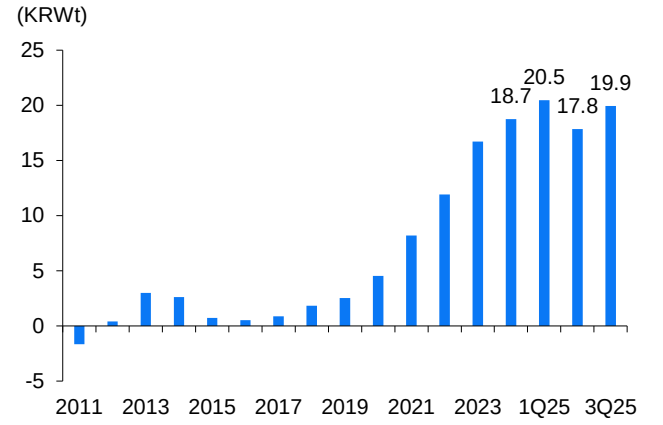
Source: Nvidia, HMC, Samsung Securities

Telluride profitability analysis

	Telluride 1st gen	Telluride 2nd gen
Selling price (USD)	46,453	55,743
Wholesale price (USD)	41,807	50,169
Sales volume (units)	115,000	150,000
Revenue (USDm)	4,808	7,525
Profitability (%)	20%	22%
Operating profit (USDm)	**962**	**1,656**
Operating profit (KRWb)	**1,346**	**2,318**

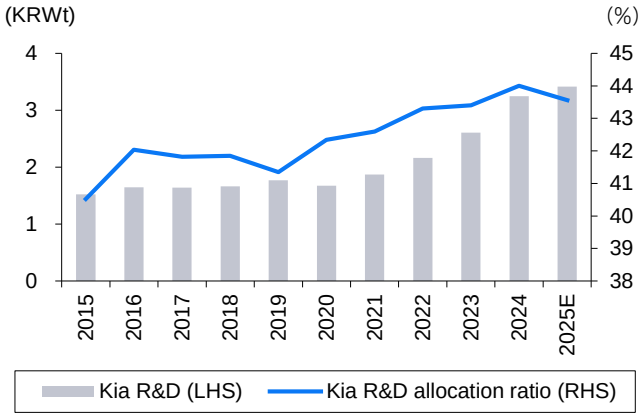
Source: Samsung Securities estimates

Kia: Net cash



Source: Company data, Samsung Securities

Kia: R&D expense and allocation ratio



Note: Kia's R&D allocation ratio is based on its share of the total R&D costs combined with HMC

Source: Company data, Samsung Securities

US market: Hyundai Palisade vs Toyota Grand Highlander

	Hyundai Palisade		Toyota Grand Highlander	
Powertrain	**ICE**	**HEV**	**ICE**	**HEV**
Last launch date	2025.07	2025.09	2023.08	2023.08
Price (USD)	39,435	47,520	41,360	44,710
Fuel economy (City/Hwy/Combined)	19/25/21 MPG	33/35/34 MPG	21/28/24 MPG	36/32/34 MPG
Seating capacity	7-8 passengers	7-8 passengers	8 passengers	8 passengers
Length (in.)	199.2	199.2	201.4	201.4
Width (in.)	78	78	78.3	78.3
Height (in.)	69.5	69.5	70.1	70.1
Wheelbase (in.)	116.9	116.9	116.1	116.1
Drivetrain	FWD/AWD	FWD/AWD	FWD/AWD	FWD/AWD
Fuel system	3.5L V6 engine	2.5L inline-4 turbo engine	2.5L inline-4 turbo engine	2.5L inline-4 engine.
Fuel tank capacity (gal.)	19	18.2	17.83	17.17
Battery capacity		1.65kWh Li-ion		1.3kWh Ni-MH
Transmission	8-speed automatic	6-speed automatic	8-speed automatic	eCVT
Max power (hp)	287 @ 6,400	258 @ 5,800	265 @ 6000	245 combined net
Max torque (lb-ft)	260 @ 5,000	260 @ 1,800-4500	310 @ 1700-3600	175 @ 4400

Note: Both companies are based on the lowest trim specifications

Source: Company data, Samsung Securities

Kia: Global sales volume and forecasts

('000 vehicles)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
Global plant sales	776	808	758	743	840	858	842	820	3,044	3,084	3,360	3,510
Domestic	394	417	397	378	391	408	398	393	1,547	1,586	1,590	1,610
Overseas	382	391	360	365	449	450	444	427	1,496	1,498	1,770	1,900
US (KMMG)	88	91	88	84	105	108	107	100	352	352	420	450
Europe (KMS)	89	86	64	56	100	98	80	81	351	295	360	380
China (DYK)	57	67	63	67	75	79	89	87	248	254	330	380
Mexico (KMM)	68	74	73	76	73	78	81	78	274	290	310	310
India (KMI)	81	73	72	82	95	87	87	81	270	307	350	380
Global retail sales	772	814	784	760	810	854	828	807	3,083	3,129	3,290	3,420
Global ASP (KRWm)	37.2	37.0	37.6	36.7	37.9	38.5	38.9	37.0	35.8	37.1	38.2	38.4

Source: Company data, Samsung Securities estimates

Kia: 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	1,452	1,430	1,420	1,400	1,400	1,365	1,422	1,413	1,370
Revenue	28,018	29,350	28,686	27,071	30,049	32,168	31,411	29,043	107,449	113,124	122,670	128,152
Gross profit	6,081	5,875	5,409	5,473	5,832	5,849	5,733	6,354	24,771	22,838	23,767	24,608
Operating profit	3,009	2,765	1,462	1,924	2,638	2,730	2,379	2,696	12,667	9,159	10,444	11,075
Pre-tax profit	3,243	3,000	1,887	1,996	2,987	2,944	2,876	2,793	13,500	10,127	11,600	12,363
Net profit	2,393	2,268	1,422	1,517	2,240	2,208	2,157	2,095	9,775	7,601	8,700	9,273
Controlling profit	2,393	2,269	1,425	1,517	2,240	2,208	2,157	2,095	9,773	7,604	8,700	9,273
Margins (%)												
Gross profit	21.7	20.0	18.9	20.2	19.4	18.2	18.3	21.9	23.1	20.2	19.4	19.2
Operating profit	10.7	9.4	5.1	7.1	8.8	8.5	7.6	9.3	11.8	8.1	8.5	8.6
Net profit	8.5	7.7	5.0	5.6	7.5	6.9	6.9	7.2	9.1	6.7	7.1	7.2
Controlling profit	8.5	7.7	5.0	5.6	7.5	6.9	6.9	7.2	9.1	6.7	7.1	7.2

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**99,808**	**107,449**	**113,124**	**122,670**	**128,152**
Cost of goods sold	77,180	82,678	90,286	98,903	103,544
Gross profit	**22,629**	**24,771**	**22,838**	**23,767**	**24,608**
Gross margin (%)	22.7	23.1	20.2	19.4	19.2
SG&A expenses	11,021	12,104	13,679	13,324	13,533
Operating profit	**11,608**	**12,667**	**9,159**	**10,444**	**11,075**
Operating margin (%)	11.6	11.8	8.1	8.5	8.6
Non-operating gains (losses)	**1,069**	**833**	**967**	**1,156**	**1,289**
Financial profit	1,263	1,351	1,121	1,324	1,632
Financial costs	392	610	97	99	99
Equity-method gains (losses)	684	395	647	686	719
Other	-485	-304	-704	-755	-962
Pre-tax profit	**12,677**	**13,500**	**10,127**	**11,600**	**12,363**
Taxes	3,900	3,725	2,526	2,900	3,091
Effective tax rate (%)	30.8	27.6	24.9	25.0	25.0
Profit from continuing operations	8,778	9,775	7,601	8,700	9,273
Profit from discontinued operations	0	0	0	0	0
Net profit	**8,778**	**9,775**	**7,601**	**8,700**	**9,273**
Net margin (%)	8.8	9.1	6.7	7.1	7.2
Net profit (controlling interests)	8,777	9,773	7,601	8,700	9,273
Net profit (non-controlling interests)	1	2	0	0	0
EBITDA	13,961	15,216	12,050	13,209	13,647
EBITDA margin (%)	14.0	14.2	10.7	10.8	10.6
EPS (parent-based) (KRW)	21,770	24,413	19,211	22,283	23,751
EPS (consolidated) (KRW)	21,772	24,418	19,211	22,283	23,751
Adjusted EPS (KRW)*	21,770	24,413	19,211	22,283	23,751

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**37,466**	**41,797**	**45,606**	**53,149**	**61,276**
Cash & equivalents	14,353	13,567	16,048	21,362	28,208
Accounts receivable	2,475	3,561	3,749	4,066	4,247
Inventories	11,273	12,419	13,075	14,178	14,812
Other current assets	9,365	12,251	12,733	13,543	14,009
Fixed assets	**43,162**	**50,958**	**53,971**	**55,566**	**55,849**
Investment assets	22,205	27,223	28,627	30,987	32,342
Tangible assets	16,104	18,279	19,924	19,630	18,975
Intangible assets	3,310	4,094	4,059	3,587	3,170
Other long-term assets	1,542	1,362	1,362	1,362	1,362
Total assets	**80,628**	**92,756**	**99,577**	**108,715**	**117,125**
Current liabilities	**25,674**	**26,977**	**28,009**	**30,311**	**31,633**
Accounts payable	10,369	10,455	11,007	11,936	12,469
Short-term debt	129	221	721	721	721
Other current liabilities	15,176	16,302	16,281	17,655	18,444
Long-term liabilities	**8,395**	**9,938**	**10,832**	**11,493**	**11,873**
Bonds & long-term debt	2,702	2,176	2,676	2,676	2,676
Other long-term liabilities	5,693	7,763	8,156	8,818	9,198
Total liabilities	**34,070**	**36,916**	**38,840**	**41,805**	**43,507**
Owners of parent equity	**46,552**	**55,831**	**60,728**	**66,901**	**73,609**
Capital stock	2,139	2,139	2,139	2,139	2,139
Capital surplus	1,758	1,760	1,760	1,760	1,760
Retained earnings	43,271	50,241	55,283	61,456	68,164
Other	-616	1,691	1,546	1,546	1,546
Non-controlling interests' equity	**6**	**9**	**9**	**9**	**9**
Total equity	**46,558**	**55,840**	**60,737**	**66,910**	**73,618**
Net debt	-12,718	-15,303	-17,902	-23,685	-30,801

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**11,297**	**12,564**	**10,559**	**11,983**	**11,817**
Net profit	8,778	9,775	7,601	8,700	9,273
Non-cash profit and expenses	8,836	9,666	3,564	3,573	3,231
Depreciation	1,846	2,010	2,355	2,294	2,156
Amortization	507	540	535	472	417
Other	6,483	7,116	674	808	659
Changes in A/L from operating activities	-4,247	-4,287	715	1,203	691
Cash flow from investments	**-3,107**	**-10,153**	**-4,927**	**-2,718**	**-1,912**
Change in tangible assets	-2,230	-3,424	-4,000	-2,000	-1,500
Change in financial assets	-541	-4,788	-427	-718	-412
Other	-336	-1,941	-500	0	0
Cash flow from financing	**-5,596**	**-3,570**	**-2,392**	**-2,518**	**-2,560**
Change in debt	-3,622	-525	167	8	5
Change in equity	21	2	0	0	0
Dividends	-1,403	-2,194	-2,559	-2,526	-2,565
Other	-592	-853	0	0	0
Change in cash	2,799	-787	2,482	5,313	6,846
Cash at beginning of year	11,554	14,353	13,567	16,048	21,362
Cash at end of year	14,353	13,567	16,048	21,362	28,208
Gross cash flow	**17,614**	**19,441**	**11,165**	**12,273**	**12,504**
Free cash flow	**8,961**	**9,079**	**6,559**	**9,983**	**10,317**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	15.3	7.7	5.3	8.4	4.5
Operating profit	60.5	9.1	-27.7	14.0	6.0
Net profit	62.3	11.4	-22.2	14.5	6.6
Adjusted EPS**	63.1	12.1	-21.3	16.0	6.6
Per-share data (KRW)					
EPS (parent-based)	21,770	24,413	19,211	22,283	23,751
EPS (consolidated)	21,772	24,418	19,211	22,283	23,751
Adjusted EPS**	21,770	24,413	19,211	22,283	23,751
BVPS	117,495	141,812	156,272	172,159	189,420
DPS (common)	5,600	6,500	6,500	6,600	7,000
Valuations (x)					
P/E***	4.6	4.1	6.3	7.4	6.9
P/B***	0.9	0.7	0.8	1.0	0.9
EV/EBITDA	2.0	1.6	2.5	3.1	2.4
Ratios (%)					
ROE	20.4	19.1	13.0	13.6	13.2
ROA	11.4	11.3	7.9	8.4	8.2
ROIC	45.7	45.2	29.5	33.0	36.5
Payout ratio	25.0	26.2	33.2	29.5	29.3
Dividend yield (common)	5.6	6.5	5.3	4.0	4.3
Net debt to equity	-27.3	-27.4	-29.5	-35.4	-41.8
Interest coverage (x)	63.8	124.8	94.6	105.4	111.6

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 21

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Hyundai Mobis (012330)

Master of robot hardware design

- Atlas Gen3 has been designed in collaboration with Hyundai Mobis with mass-production in mind. The design eliminates cabling, reduces actuator types from eight to three, and adopts a modular architecture.
- Mobis is set to supply 31 actuators, battery packs, and head modules for Atlas. Actuator design is currently underway, with a decision on outsourcing components expected in 2H26.
- With the module business turning profitable—on top of a solid aftermarket parts business—quarterly operating profit should reach KRW0.9t-1.0t from 4Q25.

WHAT'S THE STORY?

Clearer group roadmap supports growth; raising target price: Hyundai Motor Group's (HMG) robotics strategy is becoming more defined, a development that should meaningfully benefit Hyundai Mobis.

- **Positioned as the primary beneficiary of HMC/Kia expansion:** As in Hyundai Motor (HMC) and Kia's 2010-2012 global expansion phase, HMG's entry into robotics should create a new growth opportunity for Mobis, which supplies key components such as actuators and battery packs.
- **Raising target price by 12.5% to KRW550,000:** Reflecting the clearer robotics roadmap, we raise our target P/E and P/B multiples for Mobis by 20% each to 11.5x and 0.96x, respectively (a 10% premium to the 10-year average). Applying these to our 2026 earnings forecasts yields a target price of KRW550,000.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW550,000	22%
Current price	**KRW451,000**	
Market cap	KRW40.9t/USD27.7b	
Shares (float)	90,732,583 (65.6%)	
52-week high/low	KRW457,500/KRW234,500	
Avg daily trading value (60-day)	KRW124.8b/ USD84.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Mobis (%)	23.1	48.8	84.8
Vs Kospi (%pts)	1.3	-2.9	-4.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	550,000	550,000	0.0%
2025E EPS	42,382	42,382	0.0%
2026E EPS	50,219	50,219	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	470,577
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	57,237	60,587	66,594	71,044
Operating profit	3,073	3,437	4,075	4,659
Net profit (adj)	4,060	3,909	4,562	5,080
EPS (adj) (KRW)	43,480	42,382	50,219	55,911
EPS (adj) growth (% y-y)	19.6	-2.5	18.5	11.3
EBITDA margin (%)	7.1	7.5	8.0	8.4
ROE (%)	9.4	8.2	8.9	9.1
P/E (adj) (x)	5.4	8.8	9.0	8.1
P/B (x)	0.5	0.7	0.8	0.7
EV/EBITDA (x)	5.1	7.0	7.3	6.1
Dividend yield (%)	2.5	1.7	1.7	1.8

Source: Company data, Samsung Securities estimates

- **4Q preview—Operating profit to beat consensus by 7.7%:** We now expect Mobis to post 4Q25 sales of KRW14.8t (down 1.1% q-q but up 1.1% y-y) and an operating profit of KRW1t (up 19.3% q-q and 2.4% y-y), implying operating margin of 6.8% (vs FnGuide consensus of KRW15.7t in sales and KRW937b in operating profit). In aftermarket parts, we estimate sales, operating profit, and operating margin at KRW3.44t (up 10.2% y-y), KRW854b (up 5.4% y-y), and 24.8%, respectively. In modules, we expect KRW11.4t in sales (down 1.4% y-y), KRW156b in operating profit (down 10.5% y-y), and a 1.4% margin.

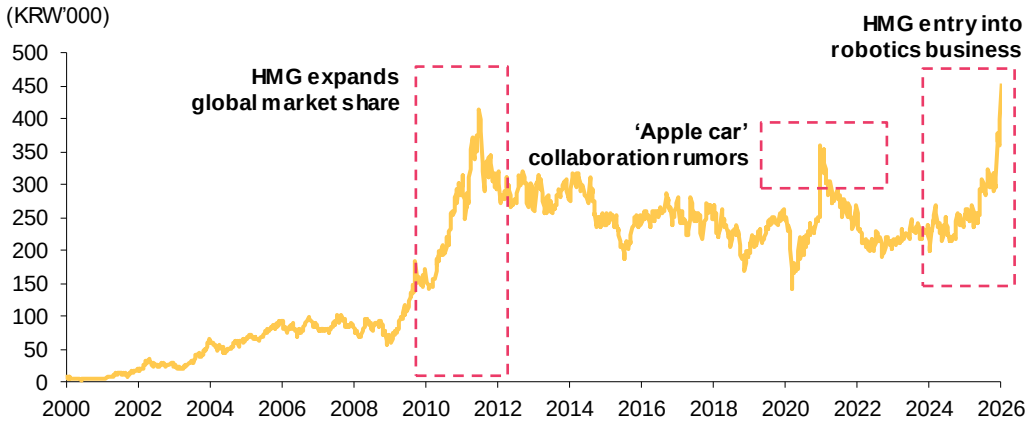
Mass-production design capabilities shine in robotics: Atlas Gen3 incorporates several features optimized for mass-production: 1) actuator types reduced from eight to three; 2) cable-free design to simplify component replacement and aftermarket services, with a long-term goal of enabling robots to assemble other robots; and 3) battery-swapping capability enabling 24-hour operation with a three-minute replacement time.

- **Boston Dynamics focused on functionality; Mobis fills the manufacturing gap:** While Boston Dynamics engineers prioritize functionality, Mobis and the broader Korean value chain are addressing mass-production design. Atlas Gen3 reflects this through standardized actuators (down to three types), a cable-free design, battery swapping for continuous operation, and a modular structure enabling assembly-based production.

Third growth engine takes shape: Mobis's core component business has expanded from internal combustion engine controls to EV battery packs, motors, and control systems, and now to humanoid robot actuators. Actuators, battery packs, and head modules together account for around 60% of robot manufacturing costs.

- **Robotics enables high-mix, low-volume efficiency:** Once a robot's form factor is fixed, actuator can be standardized to three to four types, enabling modular production. Humanoid robots require 30-40 actuators per unit, with one type used 10-12 times per robot. At a production run of 10,000 units, this translates into 100,000-120,000 actuators of the same type, allowing for meaningful economies of scale.
- **Atlas unit cost to fall to USD50,000 with 10,000 units:** Initial production cost is estimated at USD130,000-140,000 but declines rapidly with scale. At 30,000 units, costs are expected to fall to USD35,000, and to USD30,000 at 50,000 units.
- **Mobis to supply 31 actuators, battery packs, and head modules:** Key actuator components such as motors, gearboxes, sensors, and encoders are under development. A decision on whether to outsource these components is expected between 2H26 and early 2027.
- **Mobis robotics sales to reach KRW1t at 40,000 units:** Boston Dynamics aims to secure three to four non-HMG customers from 2027. Mobis plans to leverage its Atlas supply experience to broaden its customer base. The current robot warranty is one year, with three years of aftermarket parts support, but quality improvements are expected to extend the warranty to five years. The most fatigue-prone component, the gearbox, has a lifespan of 15,000-20,000 hours, implying replacement roughly every two years.

Hyundai Mobis: Long-term share-price performance

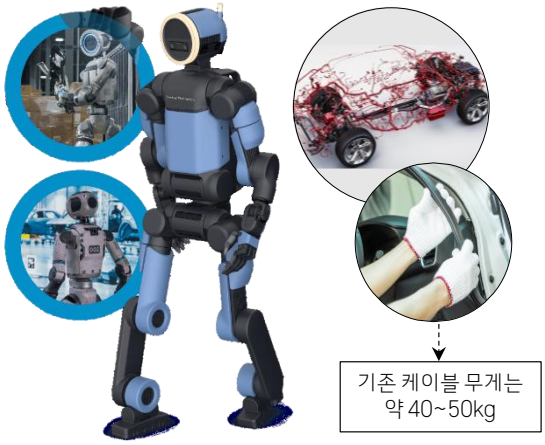


Source: QuantiWise, Samsung Securities

Hyundai Mobis: Cableless actuator structure

Source: Company data

Atlas Gen3: Employs cableless actuator structure



Source: Company data

Atlas: Cost breakdown (estimates)

Item	Unit cost (USD)	Quantity	Total cost (USD)
Rotary actuator	561	31	17,391
Vision sensor	41	3	123
Nvidia Thor chip	800	1	800
Gripper	800	2	1,600
Battery pack	200	4 kWh	200
Body			2,000
Subtotal			**22,114**
Data center depreciation*			26,666
Factory depreciation			442
Other operating costs			1,769
Total			**50,991**

Note: Assumes 10,000 units produced;
*Assumes usage of one-third of 50,000 Blackwell GPUs
Source: Samsung Securities estimates

Rotary actuator: Cost breakdown

Component	Unit cost (USD)	Quantity	Total cost (USD)	Portion (%)
Harmonic/Planetary gearbox	165	1	165	29
Frameless torque motor	138	1	138	25
Torque sensor	83	1	83	15
Drive	69	1	69	12
Encoder	28	2	55	10
Brake	21	1	21	4
Bearing	7	3	21	4
Housing and other	10	1	10	2
Total	**-**	**-**	**561**	**100**

Source: CITIC Securities, Samsung Securities

Economies of scale: Automobile vs humanoid robot

Category	Automobile	Humanoid Robot
Number of parts	12,000 (EV) / 30,000 (ICE vehicle)	5,000-10,000
Parts standardization	Each part has an individual function (Material cost accounts for 55-60% of manufacturing cost)	Actuators can be standardized into 3-4 types (Actuator manufacturing cost accounts for 50-60%)
Modularization	Modularized into 6-8 units	Modularized into 6-8 units
Fixed costs	High fixed cost-to-sales ratio (6-12%), including factory structures, presses, molds, *etc*	Low fixed cost-to-sales ratio (1-2%) due mostly to modular assembly Still in the process of design standardization; mold production expected at 100,000+ units
Regulatory and certification costs	Complex regulations (collision, environment, safety)	Regulations are being developed to discriminate between humans and robots
Unit model BEP	100,000 units	10,000 units
Unit factory BEP	200,000-300,000 units	20,000-30,000 units

Source: Samsung Securities

Hyundai Mobis: Estimated revenue from Boston Dynamics Atlas

Volume (units)	Production cost (USD)	Mobis portion	Unit cost (USD)	Mobis sales* (USDm)	Mobis sales** (KRWb)
5,000	130,000	60%	78,000	425	617
10,000	50,992	60%	30,595	321	466
20,000	37,659	60%	22,595	475	688
30,000	33,214	60%	19,929	628	910
40,000	30,992	60%	18,595	781	1,132
50,000	29,659	60%	17,795	934	1,355

Note: *Sales figures inflated by 5% to account for aftermarket services revenue;
** Assumes exchange rate of KRW1,450/USD
Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**59,254**	**57,237**	**60,587**	**66,594**	**71,044**
Cost of goods sold	52,492	49,174	52,546	57,458	60,986
Gross profit	**6,762**	**8,063**	**8,041**	**9,136**	**10,058**
Gross margin (%)	11.4	14.1	13.3	13.7	14.2
SG&A expenses	4,467	4,989	4,605	5,061	5,399
Operating profit	**2,295**	**3,073**	**3,437**	**4,075**	**4,659**
Operating margin (%)	3.9	5.4	5.7	6.1	6.6
Non-operating gains (losses)	**2,150**	**2,191**	**2,067**	**2,351**	**2,496**
Financial profit	825	812	487	501	551
Financial costs	605	486	138	127	122
Equity-method gains (losses)	1,845	1,788	1,656	1,924	2,053
Other	85	78	62	52	15
Pre-tax profit	**4,445**	**5,264**	**5,504**	**6,426**	**7,154**
Taxes	1,022	1,204	1,594	1,863	2,075
Effective tax rate (%)	23.0	22.9	29.0	29.0	29.0
Profit from continuing operations	3,423	4,060	3,909	4,562	5,080
Profit from discontinued operations	0	0	0	0	0
Net profit	**3,423**	**4,060**	**3,909**	**4,562**	**5,080**
Net margin (%)	5.8	7.1	6.5	6.9	7.1
Net profit (controlling interests)	3,423	4,056	3,904	4,557	5,073
Net profit (non-controlling interests)	1	5	5	6	6
EBITDA	3,221	4,058	4,561	5,308	5,986
EBITDA margin (%)	5.4	7.1	7.5	8.0	8.4
EPS (parent-based) (KRW)	36,340	43,480	42,382	50,219	55,911
EPS (consolidated) (KRW)	36,347	43,528	42,435	50,281	55,981
Adjusted EPS (KRW)*	36,340	43,480	42,382	50,219	55,911

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**25,565**	**28,424**	**29,655**	**31,994**	**35,205**
Cash & equivalents	5,079	4,788	4,978	5,451	7,280
Accounts receivable	9,737	9,914	10,495	11,535	12,306
Inventories	5,512	6,763	7,159	7,869	8,394
Other current assets	5,237	6,958	7,023	7,139	7,225
Fixed assets	**33,021**	**38,173**	**40,860**	**44,080**	**46,595**
Investment assets	19,900	23,438	24,750	27,102	28,844
Tangible assets	10,481	12,003	13,363	14,303	15,138
Intangible assets	1,034	1,167	1,183	1,110	1,048
Other long-term assets	1,605	1,564	1,564	1,564	1,564
Total assets	**58,586**	**66,597**	**70,515**	**76,074**	**81,800**
Current liabilities	**12,053**	**12,745**	**13,051**	**14,061**	**14,957**
Accounts payable	6,504	6,748	7,143	7,851	8,375
Short-term debt	558	648	648	648	648
Other current liabilities	4,991	5,350	5,260	5,562	5,934
Long-term liabilities	**5,878**	**7,733**	**8,049**	**8,616**	**9,035**
Bonds & long-term debt	692	1,927	1,927	1,927	1,927
Other long-term liabilities	5,186	5,806	6,122	6,688	7,108
Total liabilities	**17,931**	**20,479**	**21,100**	**22,676**	**23,992**
Owners of parent equity	**40,634**	**46,081**	**49,373**	**53,350**	**57,754**
Capital stock	491	491	491	491	491
Capital surplus	1,363	1,367	1,367	1,367	1,367
Retained earnings	39,640	42,911	46,232	50,209	54,614
Other	-859	1,311	1,282	1,282	1,282
Non-controlling interests' equity	**21**	**37**	**42**	**48**	**54**
Total equity	**40,655**	**46,118**	**49,415**	**53,398**	**57,808**
Net debt	-2,394	-1,236	-1,795	-2,468	-4,297

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**5,343**	**4,253**	**3,327**	**3,781**	**4,288**
Net profit	3,423	4,060	3,909	4,562	5,080
Non-cash profit and expenses	205	515	-18	66	190
Depreciation	852	903	1,040	1,160	1,265
Amortization	74	82	84	73	63
Other	-721	-469	-1,142	-1,167	-1,138
Changes in A/L from operating activities	1,748	-712	-50	-90	-67
Cash flow from investments	**-2,541**	**-4,589**	**-2,500**	**-2,100**	**-2,100**
Change in tangible assets	-1,764	-2,088	-2,400	-2,100	-2,100
Change in financial assets	19	65	-0	-0	-0
Other	-797	-2,566	-100	-0	0
Cash flow from financing	**-1,889**	**-255**	**-953**	**-780**	**-669**
Change in debt	-892	804	-369	-200	0
Change in equity	1	4	0	0	0
Dividends	-367	-406	-583	-580	-669
Other	-631	-657	0	0	0
Change in cash	991	-291	190	473	1,829
Cash at beginning of year	4,088	5,079	4,788	4,978	5,451
Cash at end of year	5,079	4,788	4,978	5,451	7,280
Gross cash flow	**3,628**	**4,575**	**3,891**	**4,628**	**5,270**
Free cash flow	**3,541**	**2,049**	**927**	**1,681**	**2,188**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	14.2	-3.4	5.9	9.9	6.7
Operating profit	13.3	33.9	11.8	18.6	14.3
Net profit	37.6	18.6	-3.7	16.7	11.3
Adjusted EPS**	38.2	19.6	-2.5	18.5	11.3
Per-share data (KRW)					
EPS (parent-based)	36,340	43,480	42,382	50,219	55,911
EPS (consolidated)	36,347	43,528	42,435	50,281	55,981
Adjusted EPS**	36,340	43,480	42,382	50,219	55,911
BVPS	448,144	509,212	553,625	598,220	647,607
DPS (common)	4,500	6,000	6,500	7,500	8,000
Valuations (x)					
P/E***	6.5	5.4	8.8	9.0	8.1
P/B***	0.5	0.5	0.7	0.8	0.7
EV/EBITDA	6.2	5.1	7.0	7.3	6.1
Ratios (%)					
ROE	8.7	9.4	8.2	8.9	9.1
ROA	6.0	6.5	5.7	6.2	6.4
ROIC	9.2	11.3	10.6	11.7	12.6
Payout ratio	11.9	13.3	14.8	14.7	14.1
Dividend yield (common)	1.9	2.5	1.7	1.7	1.8
Net debt to equity	-5.9	-2.7	-3.6	-4.6	-7.4
Interest coverage (x)	15.3	23.8	24.9	32.2	38.1

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 21

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Hyundai AutoEver (307950)

Taking a breather after a sharp rally

- Following Hyundai Motor Group's (HMG) late-October announcement of plans to acquire 50,000 GPUs, Hyundai AutoEver shares surged 95%. Investor expectations have since broadened to encompass data center management, robot monitoring, distribution, and after-sales services.
- As HMG's physical AI initiatives starts to take shape in 2026, it is an opportune moment to assess the role AutoEver is likely to play.

§Target price raised in our Jan 14 CES 2026 takeaways report, available only in Korean

AT A GLANCE

HOLD

Target price	KRW390,000	-16.4%
Current price	KRW466,500	
Market cap	KRW12.8t/USD8.7b	
Shares (float)	27,423,982 (24.5%)	
52-week high/low	KRW501,000/KRW110,100	
Avg daily trading value (60-day)	KRW137.3b/ USD92.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai AutoEver (%)	53.0	184.8	242.0
Vs Kospi (%pts)	25.9	85.8	76.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	HOLD	HOLD	
Target price	390,000	390,000	0.0%
2025E EPS	7,066	7,066	0.0%
2026E EPS	9,272	9,272	0.0%

SAMSUNG vs THE STREET

No of estimates	12
Target price	314,583
Recommendation	3.8

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

WHAT'S THE STORY?

Business areas transforming rapidly—changing valuation method: We switch our valuation approach for Hyundai AutoEver from EV/EBITDA to P/E.

- **Third change in business model:** Since its IPO, AutoEver has undergone two significant business model changes. The first took place in Apr 2021, with the merger of Hyundai Mnsoft and Hyundai Autron. The second occurred in 2Q23 when Mobilgene (the firm's automotive middleware) was introduced to Hyundai Motor (HMC) and Kia vehicles. As AutoEver evolved from a traditional SI player to Hyundai Motor Group's (HMG) software provider, its P/E valuation climbed to 42x in 2021 and later to 35x in 2Q23. In 2026, the stock began pricing in upbeat expectations towards data center management, robot monitoring, distribution, and after-sales services.
- **Expectations at their peak:** The stock has gained significant attention after HMG has announced it would acquire 50,000 Nvidia Blackwell GPUs. Following the release of the group's robotics roadmap, the stock has risen more sharply than Hyundai Motor (HMC). HMC is trading at 8x 2026 P/E, Kia at 6x, and AutoEver at 55x.

(Continued on the next page)

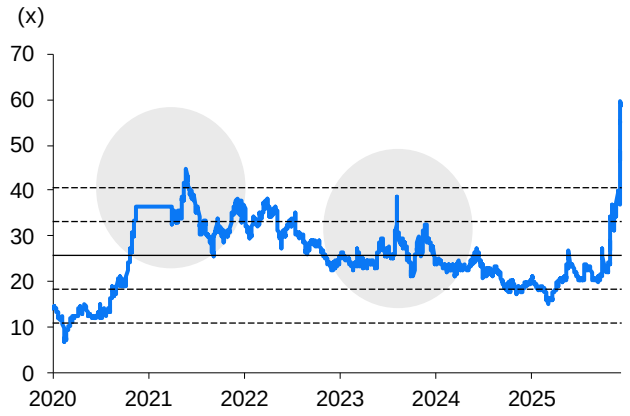
SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	3,714	4,157	4,679	5,393
Operating profit	224	263	339	406
Net profit (adj)	175	198	260	309
EPS (adj) (KRW)	6,228	7,066	9,272	11,055
EPS (adj) growth (% y-y)	24.0	13.5	31.2	19.2
EBITDA margin (%)	9.9	10.0	10.8	10.9
ROE (%)	10.4	10.9	13.0	14.0
P/E (adj) (x)	20.2	47.0	50.3	42.2
P/B (x)	2.0	4.9	6.2	5.6
EV/EBITDA (x)	8.0	20.3	23.8	20.2
Dividend yield (%)	1.4	0.6	0.6	0.7

Source: Company data, Samsung Securities estimates

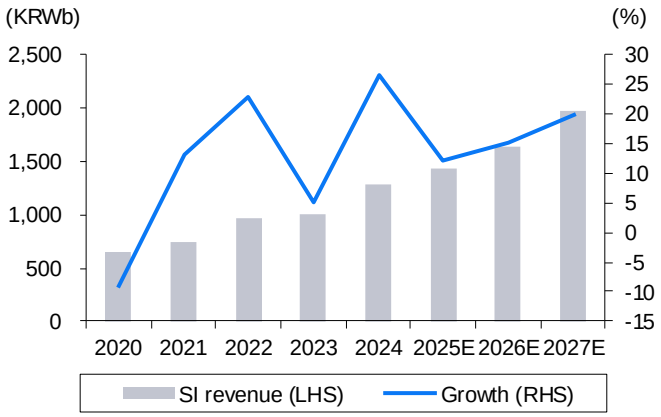
- **Time to take a breather—downgrading to HOLD:** It is time to assess HMG's data center construction roadmap and the timing of its creation of a robot training center. Given the rapid transformation in business areas, we change our valuation method from EV/EBITDA to P/E. Applying a target P/E multiple of 42x—the highest multiple at which shares traded during the firm's first shift in business model—to our 2026 EPS forecast, we raise our target price by 56% to KRW390,000. We downgrade the stock to HOLD.
- **4Q25 results to meet consensus:** The software integration (SI) unit likely drove top-line growth at AutoEver in 4Q. With delayed IT outsourcing (ITO) service rate negotiations finalized in 4Q, the firm likely met consensus in the quarter. We expect it to report 4Q25 revenue of KRW1.23t (up 16.5% q-q and 5.9%y-y) and operating profit of KRW85b (up 19.5% q-q and 16.5% y-y), implying a margin of 6.9%. FnGuide consensus puts 4Q25 sales at KRW1.24t and operating profit at KRW80b.

Hyundai AutoEver: 12m forward P/E



Source: Bloomberg, Samsung Securities

Hyundai AutoEver: SI revenue and growth



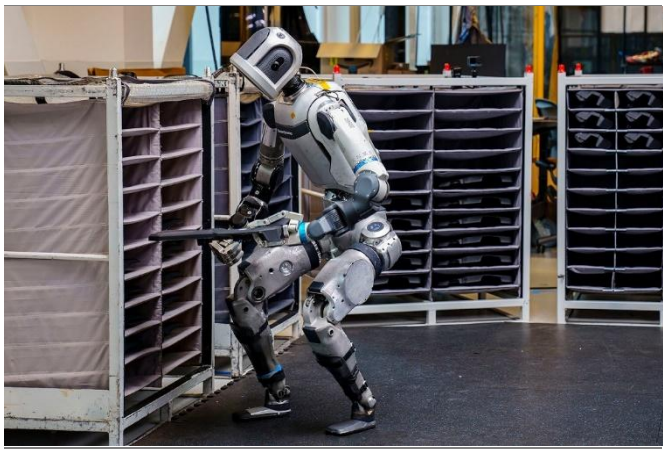
Source: Company data, Samsung Securities

Hyundai AutoEver: Estimated revenue from robotics

Number of units	Unit cost (USD)	Sales price* (USD)	AutoEver sales (USDm)	AutoEver sales** (KRWb)
5,000	130,000	143,000	143	207
10,000	50,992	56,091	561	813
20,000	37,659	41,425	828	1,201
30,000	33,214	36,536	1,096	1,589
40,000	30,992	34,091	1,364	1,977
50,000	29,659	32,625	1,631	2,365

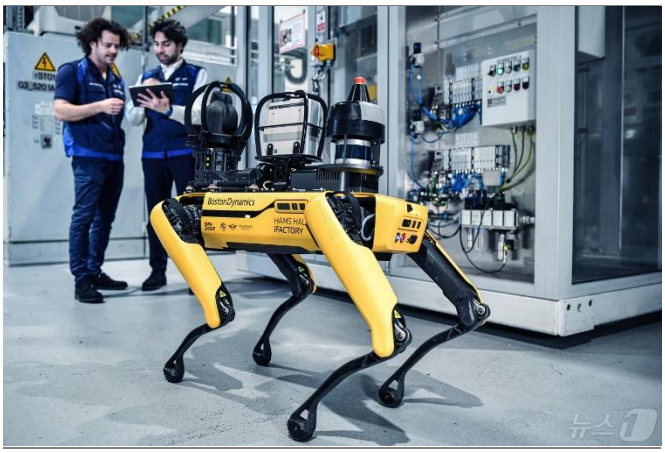
Note: *Including systems integration;
**Assumes exchange rate of KRW1,450/USD
Source: Samsung Securities estimates

Boston Dynamics: E-Atlas



Source: Media

Boston Dynamics: Spot



Source: Media

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	1,452	1,430	1,420	1,400	1,400	1,365	1,422	1,413	1,370
Revenue	833	1,042	1,054	1,228	1,034	1,142	1,163	1,340	3,714	4,157	4,679	5,393
Chg (% y-y)	13.9	13.5	16.5	5.9	24.1	9.6	10.4	9.1	21.2	11.9	12.6	15.3
SI	300	388	421	426	404	460	472	505	1,279	1,535	1,842	2,302
ITO	341	424	435	594	419	467	477	609	1,630	1,793	1,973	2,131
Car SW	192	230	198	208	210	215	215	225	804	829	865	961
Gross profit	70	123	116	135	120	113	118	183	395	444	534	624
Operating profit	27	81	71	85	76	71	71	122	224	263	339	406
Chg (% y-y)	(13.1)	18.7	34.8	16.5	183.9	(13.1)	0.1	44.0	23.7	17.4	28.7	19.6
Pre-tax profit	28	82	71	87	81	72	73	125	227	268	351	418
Net profit	20	60	53	66	60	54	54	92	175	198	260	309
Controlling profit	20	58	52	64	58	53	53	91	171	194	254	303
Chg (% y-y)	(22.9)	12.9	18.5	28.0	196.6	(9.8)	2.5	41.1	24.0	13.5	31.2	19.2
Margins (%)												
Gross profit	8.4	11.8	11.0	11.0	11.6	9.9	10.2	13.7	10.6	10.7	11.4	11.6
Operating profit	3.2	7.8	6.7	6.9	7.3	6.2	6.1	9.1	6.0	6.3	7.2	7.5
Net profit	2.4	5.7	5.0	5.3	5.8	4.7	4.7	6.9	4.7	4.8	5.6	5.7
Controlling profit	2.4	5.6	4.9	5.2	5.6	4.6	4.6	6.8	4.6	4.7	5.4	5.6

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**3,065**	**3,714**	**4,157**	**4,679**	**5,393**
Cost of goods sold	2,726	3,319	3,713	4,145	4,769
Gross profit	**339**	**395**	**444**	**534**	**624**
Gross margin (%)	11.1	10.6	10.7	11.4	11.6
SG&A expenses	158	170	180	195	219
Operating profit	**181**	**224**	**263**	**339**	**406**
Operating margin (%)	5.9	6.0	6.3	7.2	7.5
Non-operating gains (losses)	**0**	**2**	**4**	**12**	**12**
Financial profit	28	28	29	32	38
Financial costs	6	11	11	10	10
Equity-method gains (losses)	-5	-4	-5	-0	-0
Other	-17	-10	-9	-10	-15
Pre-tax profit	**182**	**227**	**268**	**351**	**418**
Taxes	41	51	70	91	109
Effective tax rate (%)	22.8	22.7	26.1	26.0	26.0
Profit from continuing operations	140	175	198	260	309
Profit from discontinued operations	0	0	0	0	0
Net profit	**140**	**175**	**198**	**260**	**309**
Net margin (%)	4.6	4.7	4.8	5.6	5.7
Net profit (controlling interests)	138	171	194	254	303
Net profit (non-controlling interests)	3	4	4	6	6
EBITDA	306	366	417	505	588
EBITDA margin (%)	10.0	9.9	10.0	10.8	10.9
EPS (parent-based) (KRW)	5,023	6,228	7,066	9,272	11,055
EPS (consolidated) (KRW)	5,116	6,388	7,219	9,474	11,283
Adjusted EPS (KRW)*	5,023	6,228	7,066	9,272	11,055

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,834**	**2,215**	**2,436**	**2,781**	**3,226**
Cash & equivalents	483	382	384	471	563
Accounts receivable	765	1,000	1,120	1,260	1,452
Inventories	5	3	4	4	5
Other current assets	582	829	928	1,045	1,205
Fixed assets	**1,009**	**1,134**	**1,186**	**1,246**	**1,312**
Investment assets	42	53	58	65	74
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**	**3,621**	**4,027**	**4,538**
Current liabilities	**923**	**1,242**	**1,335**	**1,502**	**1,732**
Accounts payable	312	431	482	543	625
Short-term debt	0	0	0	0	0
Other current liabilities	611	812	853	960	1,106
Long-term liabilities	**328**	**377**	**407**	**443**	**492**
Bonds & long-term debt	50	0	0	0	0
Other long-term liabilities	278	377	407	443	492
Total liabilities	**1,251**	**1,619**	**1,742**	**1,945**	**2,223**
Owners of parent equity	**1,580**	**1,705**	**1,850**	**2,047**	**2,273**
Capital stock	14	14	14	14	14
Capital surplus	773	773	773	773	773
Retained earnings	789	901	1,046	1,242	1,469
Other	4	18	18	18	18
Non-controlling interests' equity	**12**	**25**	**29**	**35**	**41**
Total equity	**1,592**	**1,731**	**1,880**	**2,082**	**2,315**
Net debt	-585	-565	-658	-796	-956

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**209**	**256**	**363**	**432**	**497**
Net profit	140	175	198	260	309
Non-cash profit and expenses	184	229	210	235	264
Depreciation	72	85	90	93	102
Amortization	53	57	64	73	81
Other	59	88	56	69	82
Changes in A/L from operating activities	-93	-121	-4	-4	-6
Cash flow from investments	**-180**	**-275**	**-250**	**-278**	**-320**
Change in tangible assets	-25	-85	-100	-100	-120
Change in financial assets	-111	-113	-50	-58	-80
Other	-44	-77	-100	-120	-120
Cash flow from financing	**-110**	**-90**	**-103**	**-60**	**-76**
Change in debt	22	31	-43	8	11
Change in equity	0	-0	0	0	0
Dividends	-33	-39	-49	-58	-77
Other	-98	-81	-11	-10	-10
Change in cash	-77	-100	1	88	92
Cash at beginning of year	560	483	382	384	471
Cash at end of year	483	382	384	471	563
Gross cash flow	**325**	**404**	**408**	**495**	**574**
Free cash flow	**183**	**171**	**263**	**332**	**377**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	11.3	21.2	11.9	12.6	15.3
Operating profit	27.4	23.7	17.4	28.7	19.6
Net profit	20.8	24.9	13.0	31.2	19.1
Adjusted EPS**	20.9	24.0	13.5	31.2	19.2
Per-share data (KRW)					
EPS (parent-based)	5,023	6,228	7,066	9,272	11,055
EPS (consolidated)	5,116	6,388	7,219	9,474	11,283
Adjusted EPS**	5,023	6,228	7,066	9,272	11,055
BVPS	57,613	62,189	67,475	74,647	82,903
DPS (common)	1,430	1,780	2,100	2,800	3,200
Valuations (x)					
P/E***	42.1	20.2	47.0	50.3	42.2
P/B***	3.7	2.0	4.9	6.2	5.6
EV/EBITDA	17.1	8.0	20.3	23.8	20.2
Ratios (%)					
ROE	9.0	10.4	10.9	13.0	14.0
ROA	5.1	5.7	5.7	6.8	7.2
ROIC	13.0	13.8	13.8	16.7	18.7
Payout ratio	28.5	28.6	29.7	30.2	28.9
Dividend yield (common)	0.7	1.4	0.6	0.6	0.7
Net debt to equity	-36.7	-32.6	-35.0	-38.2	-41.3
Interest coverage (x)	29.9	20.1	24.3	34.2	39.0

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 21

EV/Mobility Team

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HL Mando (204320)

From robot actuators to data center components

- HL Mando aims to grow its sales at an 8% CAGR through 2030, when it is targeting an operating margin of 6%. It is also intent on establishing a 10% share of the global robot actuator market by 2035, with related sales of KRW2.3t.
- In robot actuators, Mando is leveraging durability, sourcing capabilities, and local production capacity, making the company confident it will take orders. It aims to win new customers this year.
- The company is in talks to supply fire prevention "e-Haechie" sensors to North American data center customers—securing an additional growth driver beyond robot actuators.

§Target price raised in our Jan 14 CES 2026 takeaways report, available only in Korean

AT A GLANCE

BUY

Target price	KRW75,000	17.9%
Current price	**KRW63,600**	
Market cap	KRW3.0t/USD2.0b	
Shares (float)	46,957,120 (68.3%)	
52-week high/low	KRW67,400/KRW32,650	
Avg daily trading value (60-day)	KRW75.4b/ USD51.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
HL Mando (%)	16.7	81.7	44.5
Vs Kospi (%pts)	-4.0	18.6	-25.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	75,000	75,000	0.0%
2025E EPS	2,955	2,955	0.0%
2026E EPS	5,923	5,923	0.0%

SAMSUNG vs THE STREET

No of estimates	22
Target price	61,682
Recommendation	4.0

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

WHAT'S THE STORY?

Solid prospects, supported by robust earnings, start of new businesses

- **Raising target price to reflect two new growth engines:** We raise our target price for HL Mando by 11.9% to KRW75,000, derived by applying a target P/E multiple of 11.5x (up from 10.5x previously; a 10% premium to the average at which global electrical/electronic parts makers are trading) to the simple average of our 2026 and 2027 EPS forecasts. Our valuation reflects the growth potential of robot actuators and "e-Haechie" sensors.
- **High growth expected through 2030:** Mando aims to grow its sales at an 8% CAGR through 2030, driven by orders from GM and global leaders in software-defined vehicles (SDVs) outside of Hyundai Motor Group (HMG). IDB, SbW, and other high-margin chassis products, as well as domain controllers, should improve profitability. The firm expects operating profit to grow at a CAGR of 15% through 2030.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	8,848	9,065	10,092	10,809
Operating profit	359	380	483	540
Net profit (adj)	158	172	296	353
EPS (adj) (KRW)	2,767	2,955	5,923	7,076
EPS (adj) growth (% y-y)	-4.2	6.8	100.5	19.5
EBITDA margin (%)	7.8	7.8	7.8	7.4
ROE (%)	5.5	5.4	10.1	11.0
P/E (adj) (x)	14.7	19.9	10.7	9.0
P/B (x)	0.8	1.0	1.0	0.9
EV/EBITDA (x)	5.3	6.2	5.5	4.8
Dividend yield (%)	1.7	1.3	1.9	2.2

Source: Company data, Samsung Securities estimates

- **4Q25 preview—Operating profit to miss consensus by 5%:** We believe Mando will report 4Q revenue of KRW2.41t (up 3.9% q-q but down 0.4% y-y) and operating profit of KRW103b (up 9.3% q-q but down 7.3% y-y), implying an operating margin of 4.3%. The market anticipated negotiations between the company and its customers in 4Q regarding the reimbursement of US tariff expenses, but such talks have been pushed to 1Q26 as the US government shutdown (Oct 1-Nov 12) delayed the tax relief program for automakers. FnGuide consensus puts 4Q25 sales at KRW2.5t and operating profit at KRW109b.

Securing new growth engines: Robot actuators and e-Haechie fire prevention sensors.

- **Supplying actuators for quadruped robots:** Mando has built a track record in supplying robot actuators. It estimates related revenue of KRW15b for 2025. The manufacturer of quadruped robots has confirmed order for a second-generation model.
- **Entry into the humanoid robot actuator business:** The parts maker is confident it will secure system orders based on its products' proven durability, its sourcing capabilities, and its production capacity in North America. In 2025, the firm developed three master models and a lineup of nine products with varying specs. Quality assessments are planned for 2026, and the company is targeting a 10% market share by 2035, with annual sales of KRW2.3t.
- **To grow as a safety intelligence platform company based on sensor technology:** If the e-Haechie sensor detects electrical arcs (a major cause of electrical fires), it cuts off the current. It won a CES 2025 Innovation Award and has completed trials with 11 companies. Discussions are underway with North American data center operators. Medium-sized factory distribution panels require one sensor for every two pairs of wires, meaning that hundreds of sensors can be installed in a single site. Data centers require two sensors per rack. If adopted by data centers, sensors should generate revenue of KRW200b-300b in 2026 and grow to KRW1t in 2030.

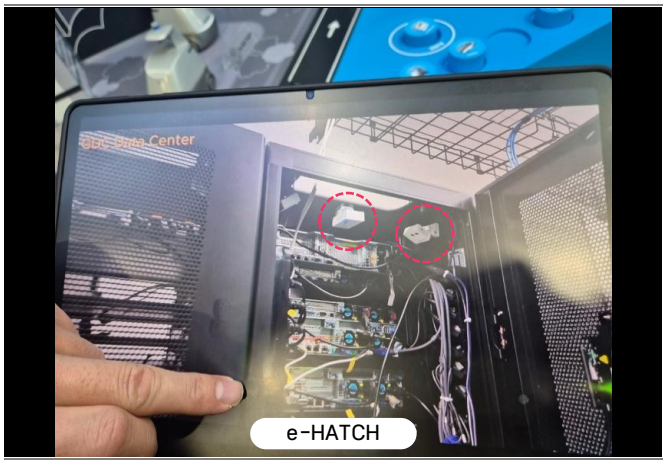
CES 2026: Robot actuator

Source: Company data, Samsung Securities

CES 2026: Robotics and sensing solution

Source: Company data, Samsung Securities

CES 2026: e-Haechie



Source: Company data, Samsung Securities

CES 2026: e-Haechie

Source: Company data, Samsung Securities

HL Mando: Result and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
KRW/USD (avg)	1,453	1,400	1,387	1,452	1,430	1,420	1,400	1,400	1,365	1,422	1,413	1,370
Sales	2,271	2,401	2,321	2,413	2,472	2,603	2,539	2,478	8,848	9,065	10,092	10,809
Chg (% y-y)	*7.8*	*11.8*	*6.9*	*-0.4*	*8.9*	*8.4*	*9.4*	*2.7*	*5.4*	*2.5*	*11.3*	*7.1*
Gross profit	320	365	362	396	337	375	364	581	1,323	1,443	1,657	1,801
Operating profit	79	104	94	103	104	130	123	125	359	380	483	540
Chg (% y-y)	*4.7*	*16.2*	*14.1*	*-7.3*	*31.9*	*24.9*	*30.7*	*21.5*	*28.5*	*6.0*	*26.9*	*12.0*
Operating profit	62	34	66	104	79	104	102	109	265	266	395	471
Net profit	35	10	49	78	60	78	77	82	158	172	296	353
Controlling profit	28	4	44	63	56	73	72	77	130	139	278	332
Margins (%)												
Gross profit	14.1	15.2	15.6	16.4	13.6	14.4	14.3	23.5	15.0	15.9	16.4	16.7
Operating profit	3.5	4.3	4.1	4.3	4.2	5.0	4.8	5.0	4.1	4.2	4.8	5.0
Net profit	1.5	0.4	2.1	3.2	2.4	3.0	3.0	3.3	1.8	1.9	2.9	3.3
Controlling profit	1.2	0.2	1.9	2.6	2.3	2.8	2.8	3.1	1.5	1.5	2.8	3.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**8,393**	**8,848**	**9,065**	**10,092**	**10,809**
Cost of goods sold	7,263	7,525	7,623	8,435	9,008
Gross profit	**1,130**	**1,323**	**1,443**	**1,657**	**1,801**
Gross margin (%)	13.5	15.0	15.9	16.4	16.7
SG&A expenses	851	964	1,062	1,175	1,260
Operating profit	**279**	**359**	**380**	**483**	**540**
Operating margin (%)	3.3	4.1	4.2	4.8	5.0
Non-operating gains (losses)	**-54**	**-93**	**-115**	**-88**	**-69**
Financial profit	69	56	22	18	29
Financial costs	123	138	104	87	79
Equity-method gains (losses)	-3	-5	0	5	5
Other	3	-6	-33	-24	-24
Pre-tax profit	**226**	**265**	**266**	**395**	**471**
Taxes	71	107	94	99	118
Effective tax rate (%)	31.5	40.4	35.2	25.0	25.0
Profit from continuing operations	155	158	172	296	353
Profit from discontinued operations	0	0	0	0	0
Net profit	**155**	**158**	**172**	**296**	**353**
Net margin (%)	1.8	1.8	1.9	2.9	3.3
Net profit (controlling interests)	136	130	139	278	332
Net profit (non-controlling interests)	19	28	33	18	21
EBITDA	601	694	711	788	803
EBITDA margin (%)	7.2	7.8	7.8	7.8	7.4
EPS (parent-based) (KRW)	2,887	2,767	2,955	5,923	7,076
EPS (consolidated) (KRW)	3,292	3,370	3,665	6,302	7,528
Adjusted EPS (KRW)*	2,887	2,767	2,955	5,923	7,076

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**3,265**	**3,677**	**3,555**	**3,923**	**4,659**
Cash & equivalents	615	536	337	340	822
Accounts receivable	1,579	2,020	2,069	2,304	2,468
Inventories	734	838	859	956	1,024
Other current assets	337	283	290	323	345
Fixed assets	**3,022**	**3,375**	**3,345**	**3,195**	**2,936**
Investment assets	278	235	236	241	245
Tangible assets	2,176	2,410	2,348	2,225	1,990
Intangible assets	197	220	251	219	191
Other long-term assets	371	510	510	510	510
Total assets	**6,287**	**7,052**	**6,900**	**7,118**	**7,594**
Current liabilities	**2,636**	**2,900**	**2,599**	**2,533**	**2,696**
Accounts payable	1,162	1,449	1,485	1,653	1,771
Short-term debt	173	233	233	233	233
Other current liabilities	1,301	1,218	881	647	693
Long-term liabilities	**1,295**	**1,479**	**1,484**	**1,506**	**1,522**
Bonds & long-term debt	1,041	1,176	1,176	1,176	1,176
Other long-term liabilities	254	303	308	331	347
Total liabilities	**3,931**	**4,379**	**4,082**	**4,039**	**4,219**
Owners of parent equity	**2,231**	**2,519**	**2,630**	**2,873**	**3,149**
Capital stock	47	47	47	47	47
Capital surplus	603	603	603	603	603
Retained earnings	1,153	1,237	1,343	1,586	1,862
Other	428	631	637	637	637
Non-controlling interests' equity	**125**	**154**	**188**	**205**	**227**
Total equity	**2,356**	**2,673**	**2,818**	**3,079**	**3,376**
Net debt	1,486	1,585	1,431	1,122	637

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**429**	**435**	**481**	**494**	**540**
Net profit	155	158	172	296	353
Non-cash profit and expenses	453	532	506	468	426
Depreciation	290	302	292	273	235
Amortization	32	33	39	33	28
Other	132	197	175	163	163
Changes in A/L from operating activities	-96	-163	-22	-102	-71
Cash flow from investments	**-322**	**-397**	**-302**	**-159**	**-7**
Change in tangible assets	-333	-307	-230	-150	0
Change in financial assets	-28	12	-2	-9	-7
Other	38	-103	-70	-0	0
Cash flow from financing	**18**	**-177**	**-384**	**-335**	**-56**
Change in debt	90	10	-351	-300	0
Change in equity	0	0	0	0	0
Dividends	-42	-51	-33	-35	-56
Other	-29	-136	0	0	0
Change in cash	123	-79	-199	3	481
Cash at beginning of year	492	615	536	337	340
Cash at end of year	615	536	337	340	822
Gross cash flow	**608**	**690**	**678**	**764**	**779**
Free cash flow	**92**	**125**	**251**	**344**	**540**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	11.7	5.4	2.5	11.3	7.1
Operating profit	12.6	28.5	6.0	26.9	12.0
Net profit	30.7	2.4	8.7	71.9	19.5
Adjusted EPS**	37.9	-4.2	6.8	100.5	19.5
Per-share data (KRW)					
EPS (parent-based)	2,887	2,767	2,955	5,923	7,076
EPS (consolidated)	3,292	3,370	3,665	6,302	7,528
Adjusted EPS**	2,887	2,767	2,955	5,923	7,076
BVPS	47,505	53,635	56,017	61,191	67,067
DPS (common)	600	700	750	1,200	1,400
Valuations (x)					
P/E***	13.6	14.7	19.9	10.7	9.0
P/B***	0.8	0.8	1.0	1.0	0.9
EV/EBITDA	5.8	5.3	6.2	5.5	4.8
Ratios (%)					
ROE	6.2	5.5	5.4	10.1	11.0
ROA	2.5	2.4	2.5	4.2	4.8
ROIC	5.4	5.7	6.1	9.0	10.4
Payout ratio	20.8	25.3	25.4	20.3	19.8
Dividend yield (common)	1.5	1.7	1.3	1.9	2.2
Net debt to equity	63.1	59.3	50.8	36.5	18.9
Interest coverage (x)	2.9	3.2	3.7	5.6	6.8

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 1. 21

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SL Corp (005850)

Emerging as a robot body module maker

- SL Corp has been selected as a contract manufacturer for Hyundai Motor Group (HMG) Robotics Lab's MobED mobile robot, in addition to supplying it with lidar modules.
- The Atlas humanoid robot is likely to be produced by assembling modules sourced from suppliers. SL Corp is well positioned to win contracts for Atlas body modules.
- With HMG's new auto factories coming online (0.95m units of new capacity), SL Corp's lamp sales should rise, reigniting sales growth. Its net cash position and earnings growth give it room to step up its shareholder returns.

(§Target price raised in our Jan 14 CES 2026 takeaways report, available only in Korean)

WHAT'S THE STORY?

Raising target price… While SL Corp's revenue stalled over 2024-2025, its sales growth should pick up steam in 2026.

- **…to reflect robot module production and HMG's new plants:** SL Corp's lamp sales should rise now that the Hyundai Motor Group Metaplant America (0.5m units; hybrid production in 2026), Hyundai Motor's (HMC) third plant in India (0.25m units), and a Kia PBV plant (0.2m units) have come online. In addition, SL Corp has secured robot module production as a new growth engine.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW66,000	32.3%
Current price	**KRW49,900**	
Market cap	KRW2.3t/USD1.6b	
Shares (float)	46,448,520 (36.2%)	
52-week high/low	KRW52,400/KRW27,200	
Avg daily trading value (60-day)	KRW10.3b/ USD6.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SL Corp (%)	15.6	54.5	55.9
Vs Kospi (%pts)	-4.8	0.8	-19.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	66,000	66,000	0.0%
2025E EPS	7,039	7,039	0.0%
2026E EPS	8,302	8,302	0.0%

SAMSUNG vs THE STREET

No of estimates	8
Target price	54,500
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	4,973	5,172	5,586	6,033
Operating profit (KRWb)	395	360	437	484
Net profit (adj) (KRWb)	382	336	396	434
EPS (adj) (KRW)	7,930	7,039	8,302	9,094
EPS (adj) growth (% y-y)	9.8	-11.2	17.9	9.5
EBITDA margin (%)	11.2	10.4	11.0	10.8
ROE (%)	17.4	13.4	14.2	13.9
P/E (adj) (x)	3.8	6.1	6.0	5.5
P/B (x)	0.6	0.8	0.8	0.7
EV/EBITDA (x)	2.6	3.5	3.2	2.6
Dividend yield (%)	4.0	3.3	4.2	4.6

Source: Company data, Samsung Securities estimates

- **Raising target price:** We raise our 12-month target price by 46% to KRW66,000 (based on 8x P/E). Our target P/E has been raised from 6x to its post-2020 average of 8x. There is ample room for further upside, given that its P/E peaked at 14.3x when its sales doubled (KRW2.2t in 2019 vs KRW4.17t in 2022) driven by the consolidation of its domestic lamp manufacturing operations (which were previously booked under equity method accounting) into the parent company and the merger with affiliates as part of corporate governance restructuring over 2020-2021. It is currently trading at a 75% discount to the average valuation of global lamp makers (14x; Bloomberg)—significantly undervalued compared to its peer group.
- **4Q preview—in line with consensus:** We expect SL Corp to report 4Q sales of KRW1.34t (up 0.3% q-q and 8.4% y-y) and an operating profit of KRW63b (down 8.4% q-q but up 53.3% y-y), for an operating margin of 4.7%. It likely performed well, given increasing production at HMC/Kia's US plants and at Kia's Indian factory. FnGuide consensus has its sales and operating profit reaching KRW1.3t and KRW63b in 4Q.

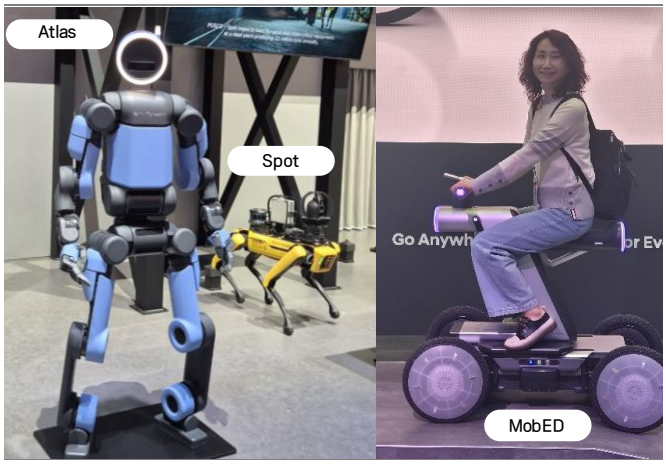
Robot components and body modules its new growth drivers

- **Involved in MobED production:** HMG Robotics Lab aims to produce 10,000-15,000 units of the MobED mobile robot over the next three years. SL Corp is involved in MobED production, supplying lidar modules and battery packs, which contracts alone are expected to add KRW70b-80b to its annual sales (1.5% of its total sales).
- **Potential to manufacture body modules for Atlas:** Boston Dynamics' Atlas humanoid robot is likely to be produced by assembling modules sourced from suppliers. While the head module will be handled by Hyundai Mobis, body module suppliers have yet to be chosen. SL Corp is already supplying the leg modules for a quadruped robot and the signal lamps for Stretch. Having a production base in North America, SL Corp is well positioned to win contracts for Atlas body modules.

2025 dividend payout ratio of 20%: It can well afford to increase dividend payments, supported by a net cash position and earnings growth.

- **Net cash position:** SL Corp has a net cash position of KRW563b and a debt-to-equity ratio of 54% (as of end-3Q25). The largest shareholder has a 62.97% stake in the company. Its dividend payout ratio stood at just 15% in 2024.
- **Expecting 2025 DPS of KRW1,400 (up 16.6%):** A 2025 DPS of KRW1,400 would represent a dividend yield of 2.8%. We project a dividend payout ratio of 25% in 2026.

Atlas/Spot/MobED



Source: Samsung Securities

SL Corp: HMG's robotics business's core value chain

Company	Product	SL Supply
Robotics LAB	MobED	Lidar module
		Battery pack
		Mobile robot production
Boston Dynamics	Stretch	Direction indicator
	Spot	Leg module
	Atlas	Body module (possible)

Source: Samsung Securities

Global lamp makers: Valuations

(USDm)	Koito	Valeo	Stanley	Forvia	SL Corp
Market cap	4,761	3,422	3,142	3,243	1,584
Revenue	5,787	23,842	3,194	30,684	3,751
Operating profit	274	1,150	292	1,714.10	280
Operating margin (%)	4.7	4.8	9.1	5.6	7.5
Net profit	188	419	198	252	245
Net margin (%)	3.3	1.8	6.2	0.8	6.5
2026 P/E	**22.7**	**7.9**	**13.4**	**12.6**	**6.5**
2026 P/B	**1.1**	**0.7**	**0.9**	**0.6**	**0.8**

Note: Market cap as of Jan 16, earnings based on 2026E consensus
Source: Bloomberg, Samsung Securities

Global lamp makers, by market-share ranking

	Volume ('000 units)	Market share (%)	Note
Koito	14,958	16.9	
Valeo	11,355	12.8	
Marelli	10,129	11.4	
Forvia	7,040	8	Acquired Hella
Stanley	6,395	7.2	
SL Corp	4,937	5.6	
Others	33,716	38.1	
Total	**88,530**	**100**	

Source: Company data, Samsung Securities

SL Corp: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
KRW/USD (average)	1,453	1,400	1,387	1,452	1,430	1,420	1,400	1,400	1,365	1,422	1,413	1,370
Revenue	1,234	1,295	1,303	1,341	1,310	1,367	1,317	1,592	4,973	5,172	5,586	6,033
Chg (% y-y)	-1.0	-0.3	9.3	8.4	6.2	5.6	1.1	18.7	2.8	4.0	8.0	8.0
Lamp	943	1,043	1,080	1,014	1,007	1,085	1,048	1,184	3,961	4,080	4,324	4,584
Chassis	173	134	163	154	176	160	173	146	543	624	655	688
Other	118	117	60	174	127	122	96	262	470	468	606	761
Gross profit	192	180	150	159	218	206	151	174	689	680	750	826
Operating profit	119	106	68	63	141	129	65	77	395	356	413	456
Chg (% y-y)	-14.1	-28.3	0.9	53.3	18.6	22.2	-4.8	22.9	2.3	-9.9	15.9	10.4
Equity method profit	3.8	5.0	2.6	7.9	6.6	8.2	4.7	2.6	16.8	19.3	22.2	25.5
Before tax profit	137	92	94	119	159	130	74	137	487	441	500	547
Net profit	104	70	70	89	120	99	56	103	382	333	378	413
Chg (% y-y)	-14.3	-43.3	21.3	11.9	15.5	40.4	-20.5	16.7	9.4	-12.9	13.5	9.3
Controlling profit	100	69	68	87	117	96	54	101	368	324	368	402
Chg (% y-y)	-14.2	-41.7	21.6	12.5	17.1	38.6	-20.7	16.4	9.8	-12.0	13.5	9.3
Margins (%)												
Gross profit	15.6	13.9	11.5	11.8	16.7	15.1	11.5	10.9	13.8	13.2	13.4	13.7
Operating profit	9.7	8.2	5.2	4.7	10.8	9.5	4.9	4.8	7.9	6.9	7.4	7.6
Before tax profit	11.1	7.1	7.2	8.8	12.1	9.5	5.6	8.6	9.8	8.5	9.0	9.1
Net profit	8.4	5.4	5.4	6.6	9.2	7.2	4.2	6.5	7.7	6.4	6.8	6.8

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,839**	**4,973**	**5,172**	**5,586**	**6,033**
Cost of goods sold	4,200	4,285	4,492	4,814	5,183
Gross profit	**639**	**689**	**680**	**772**	**850**
Gross margin (%)	13.2	13.8	13.2	13.8	14.1
SG&A expenses	253	294	320	334	366
Operating profit	**386**	**395**	**360**	**437**	**484**
Operating margin (%)	8.0	7.9	7.0	7.8	8.0
Non-operating gains (losses)	**43**	**92**	**84**	**87**	**91**
Financial profit	24	33	38	48	62
Financial costs	26	21	16	15	15
Equity-method gains (losses)	18	17	19	22	26
Other	26	63	44	32	18
Pre-tax profit	**429**	**487**	**445**	**524**	**574**
Taxes	80	105	109	128	141
Effective tax rate (%)	18.6	21.6	24.5	24.5	24.5
Profit from continuing operations	349	382	336	396	434
Profit from discontinued operations	0	0	0	0	0
Net profit	**349**	**382**	**336**	**396**	**434**
Net margin (%)	7.2	7.7	6.5	7.1	7.2
Net profit (controlling interests)	336	368	327	386	422
Net profit (non-controlling interests)	14	14	9	11	12
EBITDA	539	559	539	612	653
EBITDA margin (%)	11.1	11.2	10.4	11.0	10.8
EPS (parent-based) (KRW)	7,223	7,930	7,039	8,302	9,094
EPS (consolidated) (KRW)	7,519	8,223	7,231	8,529	9,342
Adjusted EPS (KRW)*	7,223	7,930	7,039	8,302	9,094

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,071**	**2,346**	**2,551**	**2,966**	**3,396**
Cash & equivalents	314	348	486	760	1,039
Accounts receivable	901	960	998	1,078	1,164
Inventories	375	416	433	467	505
Other current assets	481	622	634	660	688
Fixed assets	**1,165**	**1,353**	**1,421**	**1,419**	**1,414**
Investment assets	236	233	240	253	267
Tangible assets	748	861	923	909	897
Intangible assets	41	37	37	36	28
Other long-term assets	140	221	221	221	221
Total assets	**3,236**	**3,699**	**3,972**	**4,385**	**4,810**
Current liabilities	**1,116**	**1,142**	**1,136**	**1,205**	**1,279**
Accounts payable	515	511	531	573	619
Short-term debt	319	275	275	275	275
Other current liabilities	282	357	330	356	385
Long-term liabilities	**111**	**159**	**166**	**178**	**192**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	111	159	166	178	192
Total liabilities	**1,227**	**1,302**	**1,301**	**1,383**	**1,471**
Owners of parent equity	**1,928**	**2,300**	**2,564**	**2,885**	**3,211**
Capital stock	23	23	23	23	23
Capital surplus	460	460	460	460	460
Retained earnings	1,470	1,783	2,055	2,376	2,702
Other	-25	34	26	26	26
Non-controlling interests' equity	**81**	**97**	**106**	**117**	**128**
Total equity	**2,009**	**2,397**	**2,670**	**3,002**	**3,339**
Net debt	50	-24	-201	-475	-754

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**432**	**482**	**467**	**490**	**514**
Net profit	349	382	336	396	434
Non-cash profit and expenses	275	300	221	223	212
Depreciation	142	153	168	164	162
Amortization	11	11	10	10	8
Other	121	136	43	48	43
Changes in A/L from operating activities	-111	-122	-28	-59	-64
Cash flow from investments	**-270**	**-334**	**-240**	**-160**	**-150**
Change in tangible assets	-157	-214	-230	-150	-150
Change in financial assets	0	0	0	0	0
Other	-113	-120	-10	-10	0
Cash flow from financing	**-114**	**-127**	**-95**	**-64**	**-96**
Change in debt	-71	-39	-40	0	0
Change in equity	0	0	0	0	0
Dividends	-28	-46	-55	-64	-97
Other	-16	-41	-0	-0	0
Change in cash	48	35	137	275	279
Cash at beginning of year	266	314	348	486	760
Cash at end of year	314	348	486	760	1,039
Gross cash flow	**624**	**681**	**557**	**619**	**646**
Free cash flow	**271**	**244**	**237**	**340**	**364**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	15.9	2.8	4.0	8.0	8.0
Operating profit	95.1	2.3	-8.8	21.4	10.7
Net profit	110.5	9.4	-12.1	17.9	9.5
Adjusted EPS**	119.6	9.8	-11.2	17.9	9.5
Per-share data (KRW)					
EPS (parent-based)	7,223	7,930	7,039	8,302	9,094
EPS (consolidated)	7,519	8,223	7,231	8,529	9,342
Adjusted EPS**	7,223	7,930	7,039	8,302	9,094
BVPS	41,872	49,934	55,671	62,644	69,716
DPS (common)	900	1,200	1,400	2,100	2,300
Valuations (x)					
P/E***	4.9	3.8	6.1	6.0	5.5
P/B***	0.9	0.6	0.8	0.8	0.7
EV/EBITDA	3.3	2.6	3.5	3.2	2.6
Ratios (%)					
ROE	18.8	17.4	13.4	14.2	13.9
ROA	11.3	11.0	8.8	9.5	9.4
ROIC	19.3	17.4	13.9	16.3	17.5
Payout ratio	12.4	15.0	19.7	25.1	25.1
Dividend yield (common)	2.5	4.0	3.3	4.2	4.6
Net debt to equity	2.5	-1.0	-7.5	-15.8	-22.6
Interest coverage (x)	15.9	21.7	22.3	28.9	32.0

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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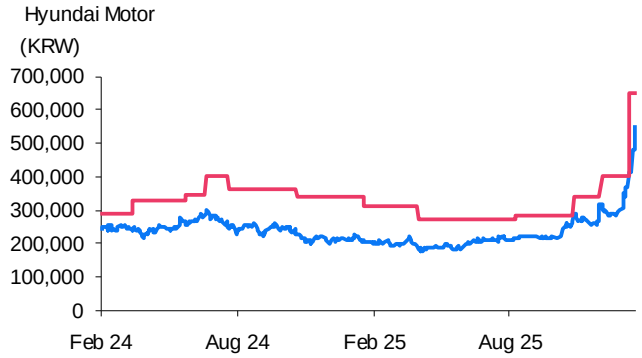

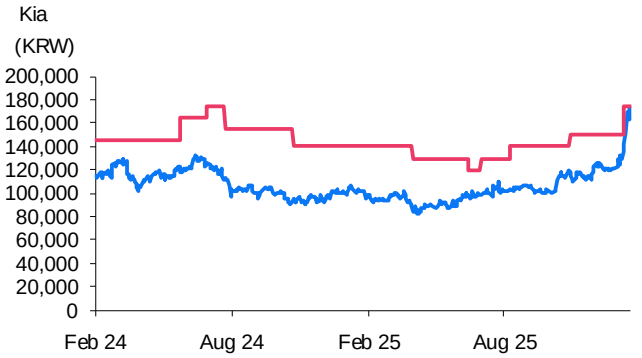

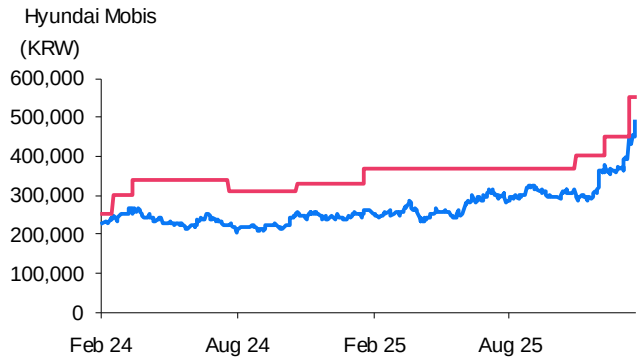

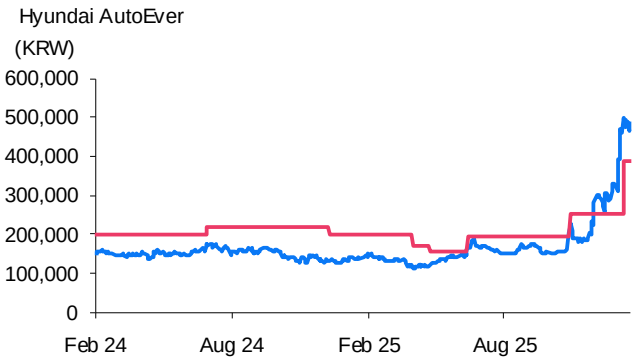

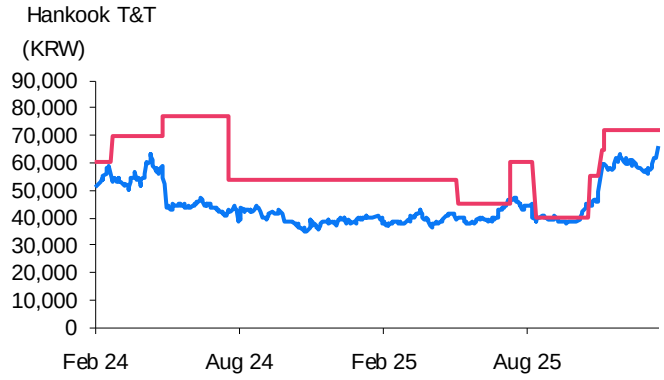

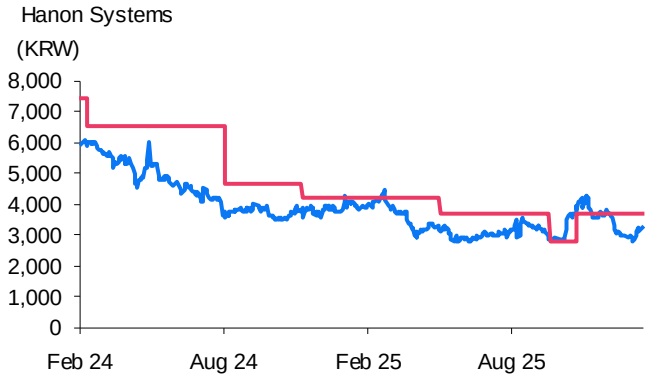

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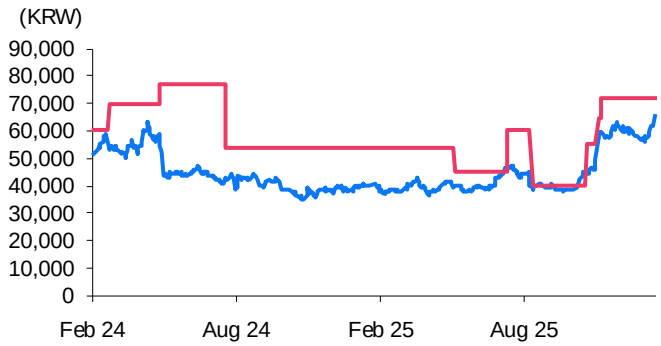

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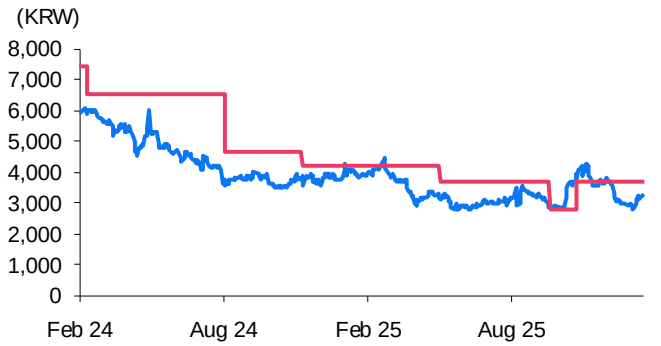

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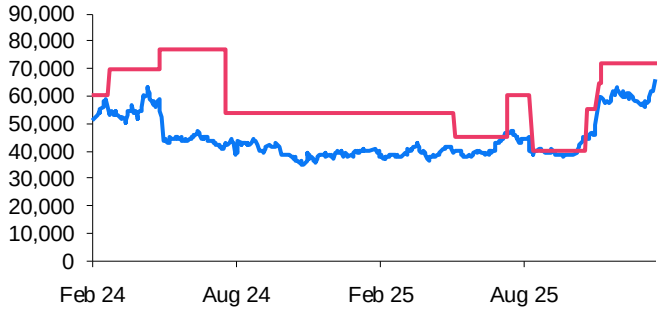

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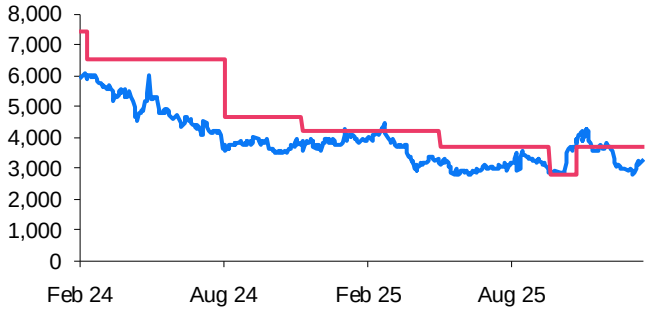

Rating changes over past two years (adjusted share prices)

Hyundai Motor												
Date	2023/10/26	2024/2/5	3/20	5/29	6/25	7/26	10/25	2025/1/24	4/7	8/14	10/31	12/8
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	260000	290000	330000	345000	400000	360000	340000	310000	270000	285000	340000	400000
Gap* (average)	-28.49	-15.25	-26.19	-21.52	-31.63	-32.30	-37.27	-34.90	-26.06	-20.49	-20.69	-22.55
(max or min)**	-12.69	-11.90	-16.06	-16.96	-25.50	-28.06	-33.38	-28.39	-17.41	-7.02	-7.35	1.50
Date	2026/1/14											
Recommendation	BUY											
Target price (KRW)	650000											
Gap* (average)												
(max or min)**												
Kia												
Date	2023/8/4	2024/1/26	2/5	5/29	7/4	7/29	10/28	2025/4/7	6/20	7/7	8/14	11/3
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	110000	120000	145000	165000	175000	155000	140000	130000	120000	130000	140000	150000
Gap* (average)	-24.00	-12.23	-19.81	-24.20	-31.41	-34.54	-30.66	-30.49	-17.88	-21.50	-24.00	-20.38
(max or min)**	-9.09	-0.42	-11.38	-19.82	-27.83	-27.68	-23.79	-23.38	-15.75	-15.08	-14.36	-9.33
Date	2026/1/14											
Recommendation	BUY											
Target price (KRW)	175000											
Gap* (average)												
(max or min)**												
Hyundai Mobis												
Date	2023/11/14	2024/1/26	2/22	3/20	7/26	10/25	2025/1/24	11/3	12/12	2026/1/14		
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY		
Target price (KRW)	300000	250000	300000	340000	310000	330000	370000	400000	450000	550000		
Gap* (average)	-25.70	-9.38	-16.07	-30.85	-28.56	-24.95	-24.53	-22.07	-16.66			
(max or min)**	-21.00	-2.40	-10.33	-21.76	-19.35	-21.67	-12.30	-9.38	0.22			
Hyundai AutoEver												
Date	2023/10/30	2024/1/29	4/1	7/4	12/16	2025/4/7	4/29	6/19	11/3	2026/1/14		
Recommendation	BUY	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	HOLD		
Target price (KRW)	200000	200000	200000	220000	200000	170000	155000	195000	250000	390000		
Gap* (average)	-13.82	-25.13	-24.37	-31.39	-32.39	-30.67	-10.17	-16.87	6.28			
(max or min)**	5.75	-20.65	-15.85	-19.41	-24.60	-29.18	3.87	4.36	100.40			
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			
Hanon Systems												
Date	2023/11/10	2024/2/15	8/9	11/14	2025/5/9	9/25	10/30	11/14				
Recommendation	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD	HOLD				
Target price (KRW)	7436	6507	4648	4183	3718	2789	3718	3718				
Gap* (average)	-14.82	-24.54	-19.82	-10.70	-17.47	17.07	10.12					
(max or min)**	-8.62	-7.29	-13.81	6.00	-5.12	1.65	4.63					

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