COMPANY UPDATE

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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.

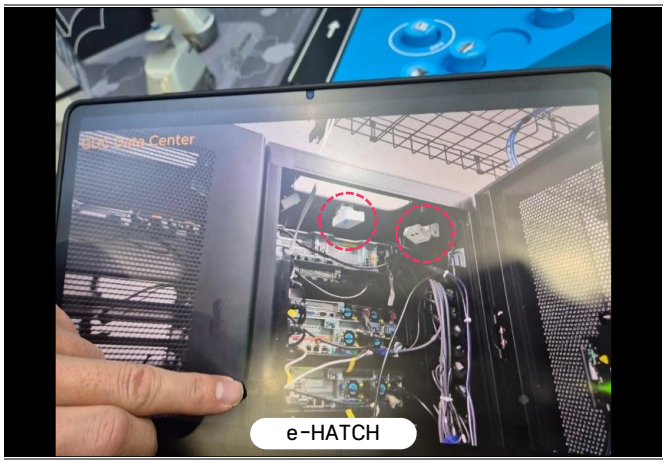
CES 2026: Robot actuator

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

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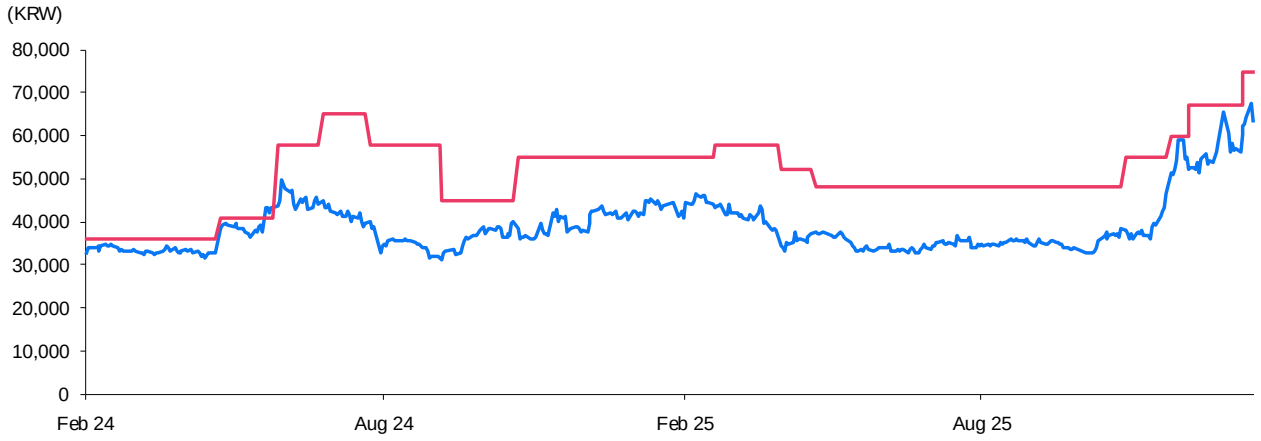
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/10/30	2024/2/6	4/29	6/3	7/1	7/29	9/11	10/28	2025/2/25	4/7	4/28	11/3
Recommendation	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	40000	36000	41000	58000	65000	58000	45000	55000	58000	52000	48000	55000
Gap* (average)	-10.05	-7.58	-3.55	-21.93	-35.91	-39.90	-18.57	-24.91	-29.05	-31.59	-27.26	-29.25
(max or min)**	0.25	-2.92	5.85	-14.48	-32.15	-32.76	-10.67	-15.18	-23.88	-27.88	-19.69	-15.27

Date	12/1	12/12	2026/1/14
Recommendation	BUY	BUY	BUY
Target price (KRW)	60000	67000	75000
Gap* (average)	-8.90	-16.17	
(max or min)**	-1.33	-2.39	

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

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Percentage of ratings in 12 months prior to 2025.12.31

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