SECTOR UPDATE

2026. 1. 23

EV/Mobility Team

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Autos (OVERWEIGHT)

Time for second rerating

- Hyundai Motor (HMC) and Kia are no longer viewed merely as providers of robot action data (the first shift in market perception), but they are increasingly recognized as players that validate robot model training and mass-produce robots, marking a second, more-meaningful shift in how the market views their role in robotics.
- HMC/Kia are key players in the physical AI tech loop for producing intelligent robots. It is time for shares to price in this second shift in perception.
- HMC remains our top pick. Kia and its supply chain, whose valuation gap with HMC has widened, also warrants attention.

AT A GLANCE

Hyundai Motor (005380 KS, 529,000)		
Target price	KRW850,000	60.7%
BUY		
Kia (000270 KS, 164,600)		
Target price	KRW260,000	58%
BUY		
Hyundai Mobis (012330 KS, 453,500)		
Target price	KRW550,000	21.3%
BUY		
SL Corporation (005850 KS, 61,800)		
Target price	KRW87,000	40.8%
BUY		

WHAT'S THE STORY?

In physical AI era, hardware stocks to outperform software stocks: Since Jensen Huang announced the arrival of the physical AI era at CES 2026, companies at the bottlenecks to implementing physical AI technology—such as contextual data storage and generation devices—have seen a surge in corporate value. Hyundai Motor's (HMC) stock price increase reflects this global trend.

- **Memory serves as storage for contextual data during inference:** 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.
- **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.
- **Physical AI bottleneck lies in real-world action data:** Digital platform companies like Google need partners who can deploy devices at scale in the physical world and accumulate action data through them. Among global automakers, only Tesla, Xpeng, and Hyundai Motor Group (HMG) have actually built robot businesses. Li Auto, Xiaomi, and BYD have only announced their intentions to enter the robot business.

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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.

HMC/Kia at the core of group's robotics ecosystem: HMC and Kia: 1) provide real-world action data that help refine robot models; 2) play a key role in validating AI model training, as providers of real-world action data; and 3) lead the way in mass-production of robots, based on the mass-production capabilities they have honed in the automotive industry. This is why HMC, not just the value of its equity in Boston Dynamics, deserves attention.

- **HMC/Kia plants to serve as digital factories producing action data for robots:** 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.

  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.

- **HMC likely to lead investments in RMAC and robot production plants:** The RMAC, where robots are trained, is likely be supported by investments from HMC/Kia, which provide action datasets. The carmakers, which boast mass-production expertise, are also likely to invest in robot production plants. HMC and Kia will probably invest in a 60:40 equity structure, similar to their investments in Hyundai Motor Group Metaplant America (HMGMA).

Mass production of robots to bring cost innovation in auto industry: HMC and Kia are not buying robots at expensive prices for corporate governance purposes. Robots have different economies of scale from automobiles. Once production reaches 10,000 units, manufacturing costs drop by more than 50%. At volumes above 50,000 units, unit production costs are projected to fall to around USD30,000.

- **Robots' economies of scale one-tenth that of autos:** Automobiles consist of complex components (12,000 parts for EVs, and 30,000 parts for ICE vehicles), with a break-even point (BEP) of 100,000 units per model and 200,000-300,000 units per factory. In contrast, robots—once a form factor is set—can be standardized with only 3-4 types of actuators, enabling modular production. Humanoid robots use 30-40 actuators per unit, with each actuator type used 10-12 times per robot. For 10,000 robots, some 100,000-120,000 identical actuators are required, implying economies of scale at the component level. The BEP for robot models is 10,000 units, and for factories 20,000-30,000 units. This is why HMC has set the initial production capacity of its robot factory at 30,000 units.

- **Elon Musk's vision of a USD30,000 robot era could become reality by 2030:** Once robot production exceeds 50,000 units, the manufacturing cost per robot should drop to USD30,000.

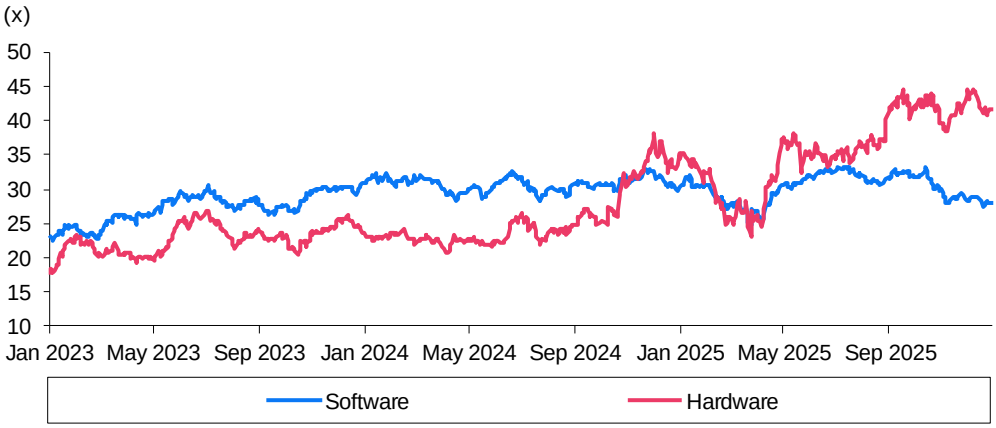
- **Humanoid robot proliferation to cut car prices in half:** In automotive manufacturing, materials account for the largest share of total production costs. In 2023, materials made up 65.9% of production costs at HMC's Korean plants. These material costs are a cumulative result of labor and technology embedded by raw material suppliers and tier-3 vendors. If reconstructing production costs at HMC's Korean plant in consideration of cumulative labor costs embedded by raw material suppliers and tier-3 vendors, the labor cost-to-sales ratio rises from 7.1% to 35.6%.

  If humanoid robots are deployed across the auto industry's value chain: 1) labor costs would decrease to 25% of current levels based on a humanoid price of USD130,000 (or 3.1% based on a humanoid price of USD30,000); and 2) same-factory output would increase by 60%, leading to a reduction of more than 30% in indirect costs such as depreciation.

Investment strategy: Our top pick is HMC. It will likely recognize robot sales according to its equity stakes in production facilities.

- **Second picks:** Kia's valuation gap with HMC widened due to differences in equity stakes in the robot business. HMC preferred shares' discount to common shares has widened to 40%.
- **Value chain deserves attention:** Hyundai Mobis, HL Mando, and SL Corporation are key players in the value chain of Boston Dynamics' robotics business.

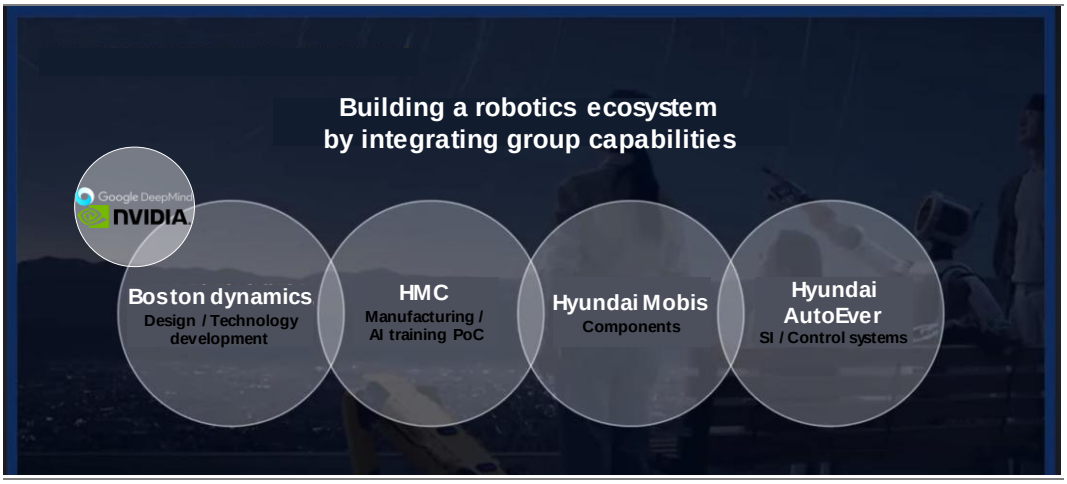
Hardware back in focus after LLMs



Note: Based on 12-month forward P/E. Software is classified under GICS Level 2. Hardware is based on the average of GICS Level 4 Auto Manufacturers and Industrial Machinery Components

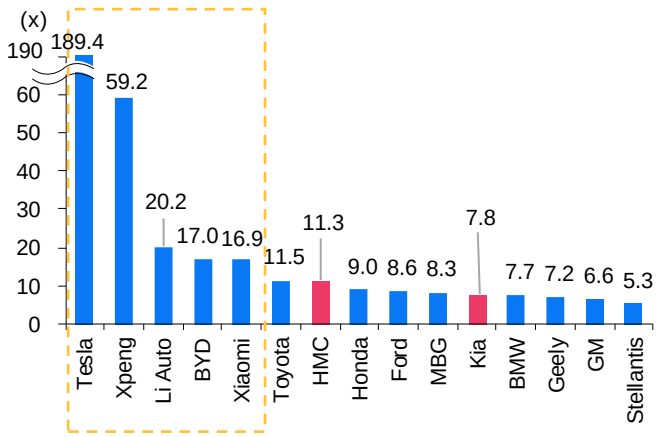
Source: Bloomberg, Samsung Securities

HMG: Robotics ecosystem



Source: Company data, Samsung Securities

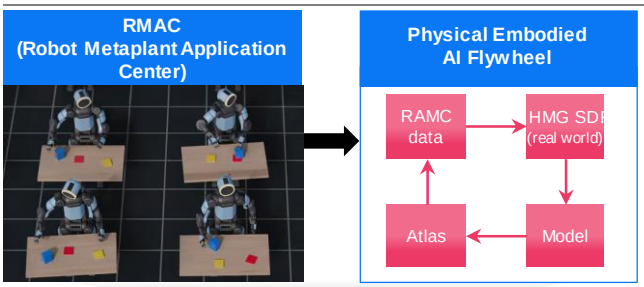
Global automakers: 12-month forward P/E valuation



Note: As of Jan 21

Source: Bloomberg, Samsung Securities

HMC: Physical Embodied AI Flywheel



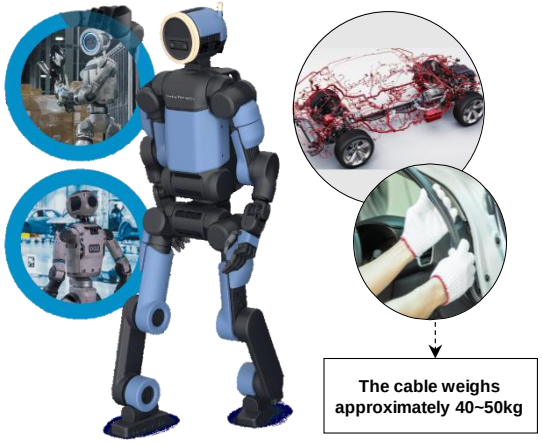
The process of **data → model training → robot application → real-world operation → new data generation** repeats continuously, allowing for the ongoing accumulation of high-quality datasets and enabling continuous improvement in model performance.

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

Atlas Gen3: Employs cableless actuator structure



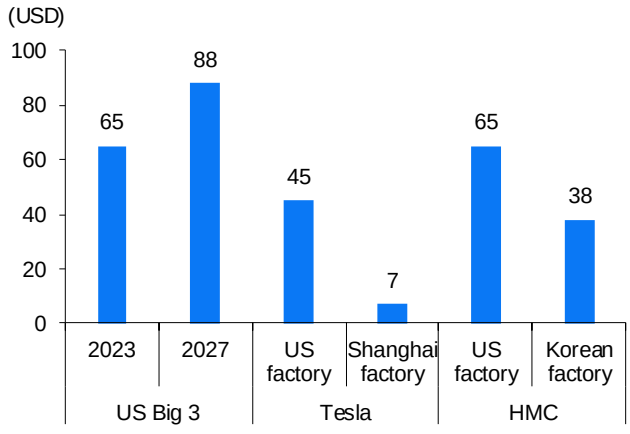
Source: Company data

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

Hourly wages in the US, China, and Korea



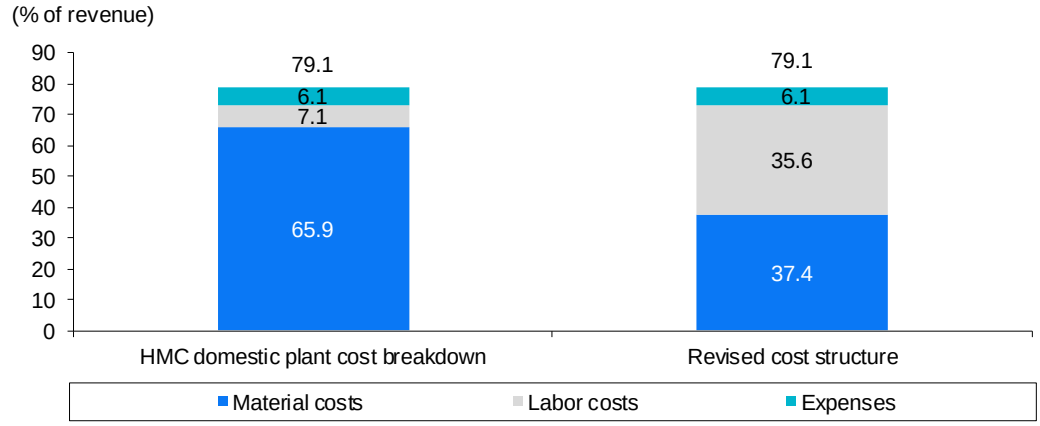
Source: Company data, media, Samsung Securities

Humanoid robot: Cost per hour

(USD)	Case 1 (Initial price)	Case 2 (price if 30,000 units made *pa*)	Note
Useful life	2 years	5 years	
Robot price	135,000	33,000	
Software cost	2,376	5,940	USD99/month * 3 years
Maintenance cost	13,500	8,250	5% of purchase price * 3 years
Total robot cost	150,876	47,190	
Hourly cost	**9.4**	**1.2**	**22 hours/365 days/ /useful life**

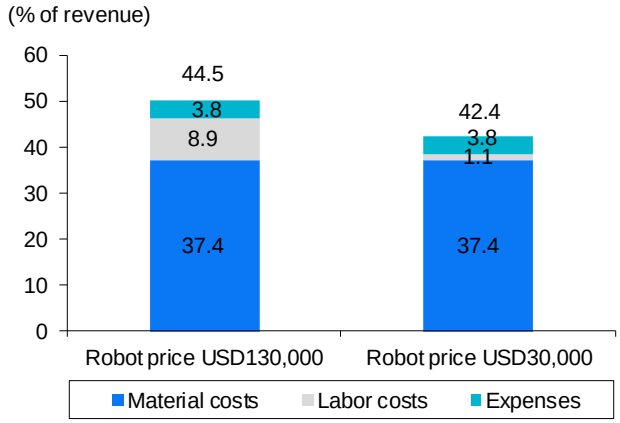
Source: Samsung Securities estimates

HMC Korea plant: Cost structure



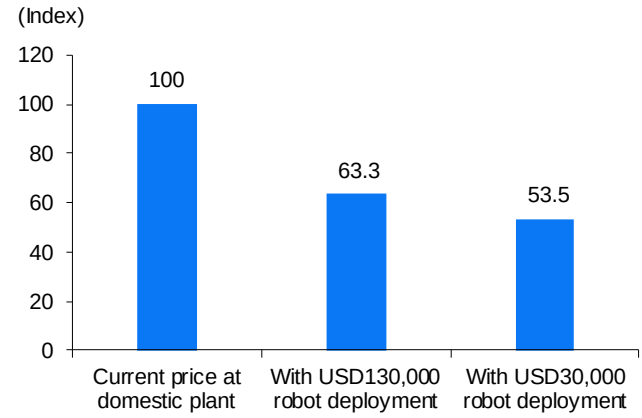
Source: Company data, media, Samsung Securities

Humanoid robot deployment: Cost structure scenarios



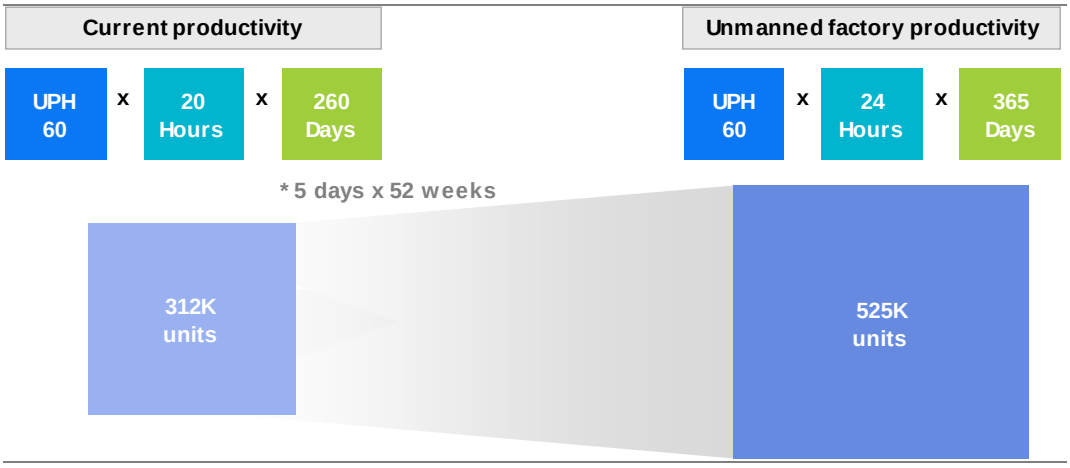
Note: Assumes domestic plant's revenue remains the same
Source: Samsung Securities estimates

Humanoid robot deployment: Vehicle price drop scenarios



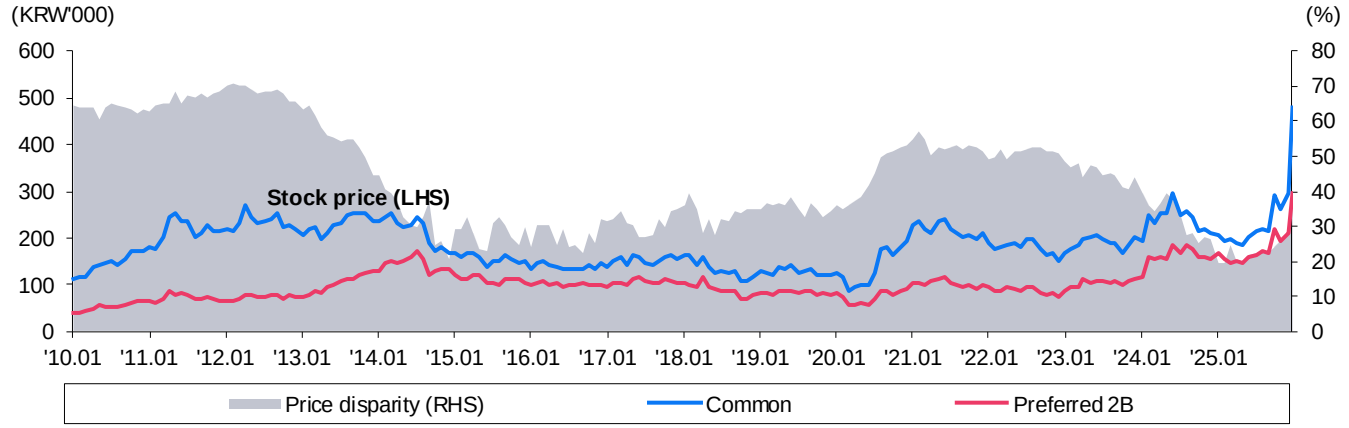
Source: Samsung Securities estimates

Annual production: Manned factory vs fully unmanned factroy



Source: Samsung Securities estimates

HMC: Price gap between common and preferred shares



Source: Quantiwise, Samsung Securities

COMPANY UPDATE

2026. 1. 23

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Hyundai Motor (005380)

Still plenty of upside

- Upcoming announcements (relating to plans to build Robot Metaplant Application Center and robot production facilities) in 1H26 should clearly define the roles of each affiliate within HMG's robot ecosystem.
- Hyundai Motor (HMC) is not just a buyer of robots to strengthen the group's governance structure. Rather, it plays a core role in: 1) providing robot behavior data; 2) validating AI model training; and 3) producing robots.
- HMC stands at the center of the group's robot ecosystem. Now is the time to focus on the changes in HMC's corporate value rather than on the value of its equity in subsidiary Boston Dynamics.

WHAT'S THE STORY?

Raising target price again after CES 2026: We increase our target price to KRW850,000 as Hyundai Motor (HMC) has demonstrated its role in training AI models for humanoid robots and confirmed its position as a key robot manufacturer.

- **Raising target valuation 31% based only on P/E valuation:** On Jan 14, we revised up our target price by 62.5% to KRW650,000, the average of target prices indicated by our P/E and P/B valuations. Specifically, we 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. To better capture earnings trends, we introduced a target P/B multiple of 0.93x, derived from the P/B vs ROE correlation coefficients of global automakers.

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AT A GLANCE

BUY

Target price	KRW850,000	60.7%
Current price	**KRW529,000**	
Market cap	KRW108.3t/USD73.7b	
Shares (float)	204,757,766 (65.9%)	
52-week high/low	KRW549,000/KRW177,500	
Avg daily trading value (60-day)	KRW659.2b/ USD448.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Motor (%)	83.0	156.2	153.7
Vs Kospi (%pts)	51.8	64.0	30.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	850,000	850,000	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	11.1	10.4
P/B (x)	0.5	0.7	1.1	1.0
EV/EBITDA (x)	10.5	13.7	15.8	15.2
Dividend yield (%)	5.7	4.0	2.5	2.6

Source: Company data, Samsung Securities estimates

Our site visits to firms within HMG's value chain have reaffirmed that HMC's role in the robotics field extends beyond providing behavioral data for robots—it is actively involved in AI training and robot production. With the commercialization of robotaxis anticipated in 2026, a new era for physical AI services is about to unfold. Unless there is a significant shock that delays the development of this ecosystem, investors should not miss the opportunity to capitalize on this growth trajectory. HMC is funding its investments through operating cash flow and may also pursue an additional IPO for Hyundai Motor India (to comply with local regulations, HMC must float at least another 7.5%pts more shares in Hyundai Motor India—7.5%pts is currently worth around USD1.5b).

As a result, we have shifted our valuation approach to focus solely on P/E. Applying a target P/E of 18x to our 2026 earnings estimates, we raise our 12-month target price by 30.8% to KRW850,000.

- **Investment strategy:** For investors who find the recent share-price rally burdensome, we suggest considering its preferred shares. HMC has announced a three-year plan to buy back and cancel KRW4t worth of shares over 2025-2027. To narrow the price gap between common and preferred shares, the company plans to increase the portion of preferred shares in its buy-back program. The price gap between common and preferred shares stands at 40% following the rally for common shares.

HMC—The center of the group's robot ecosystem: HMC provides behavior data enabling the refinement of robot models, validates AI model training, and leads the mass-production of robots. This is why attention should be given to HMC (vs the value of its equity in subsidiary Boston Dynamics).

- **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.
- **HMC likely to lead investments in RMAC and robot production plants:** The RMAC, where robots are trained, will likely be supported by investments from HMC/Kia that provide the action datasets. HMC/Kia, with expertise in mass production, are also likely to invest in robot production plants—eg, HMC and Kia will probably invest in a 60:40 equity structure, similar to what they did with Hyundai Motor Group Metaplant America (HMGMA).

Robots have a different scale of economy (vs autos): Autos consist of complex components (12,000 parts for EVs and 30,000 parts for ICE vehicles), with a break-even point (BEP) of 100,000 units per model and 200,000–300,000 units per factory. In contrast, robots—once a form factor is set—can be standardized with only 3 or 4 types of actuators, enabling modular production. Humanoid robots use 30-40 actuators per unit, with each actuator type used 10-12 times per robot. With 10,000 robots, 100,000–120,000 identical actuators are used, achieving economies of scale at the component level. The BEP for robots is 10,000 units, and for robot factories 20,000-30,000 units. This is why HMC has set the initial production capacity of its robot factory at 30,000 units.

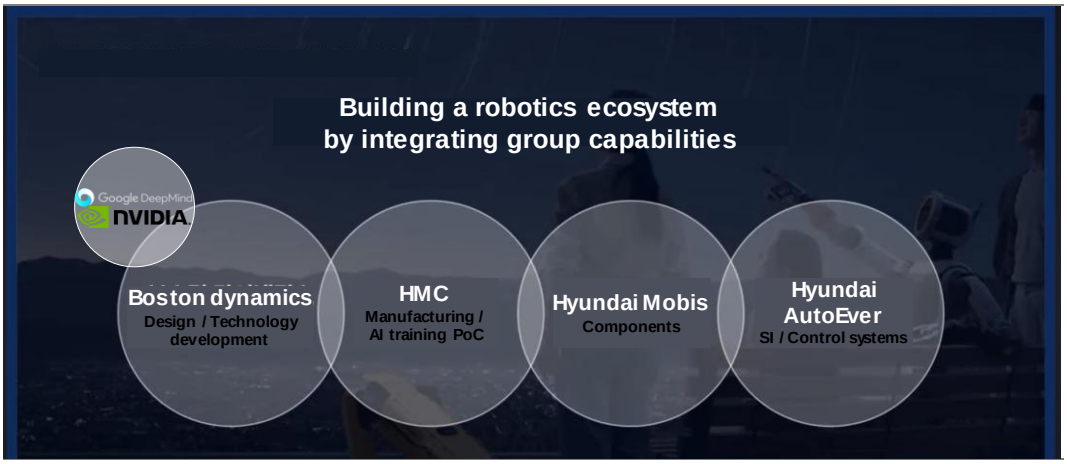
- **Revenue recognition to start in 2029:** When 10,000 Atlas robots are produced *pa*, the price should drop to USD 50,000/unit, falling to an estimated USD35,000/unit when 30,000 units are made *pa*. From 2027, Boston Dynamics should begin supplying the robot to non-HMG customers.

Initially, Atlas robots should be deployed in HMC/Kia factories (making it difficult for HMC to recognize robot revenue), but later—backed by the start of sales to non-affiliates—HMC should begin recognizing robot revenue in earnest from 2029, with related sales estimated at roughly KRW1t *pa*.

- **Production costs to fall:** The average labor cost in a US plant is USD70,000–80,000 *pa*. Atlas robots, whose battery can be swapped, can operate almost 24/7. The initial hourly cost of the robot is expected to stand at USD9.4, dropping to an estimated USD1.2/hour (or 1/6 the cost of Chinese labor) once 30,000 robots are being made *pa*.

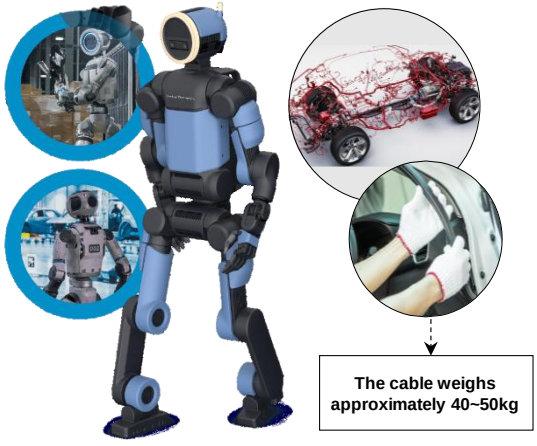
  With the deployment of Atlas robots in HMC/Kia factories, their production costs should slide. Currently, labor costs account for 7–8% of HMC/Kia's production costs. After 2028, their production costs could drop 1%pts *pa* (depending on the speed at which humanoid robots are deployed). If the robot is deployed across the automakers' value chains, HMC/Kia's production costs could fall 50%.

HMG: Robotics ecosystem



Source: Company data, Samsung Securities

Atlas Gen3: Employs cableless actuator structure



Source: Company data

Atlas: Cost breakdown (estimates)

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

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

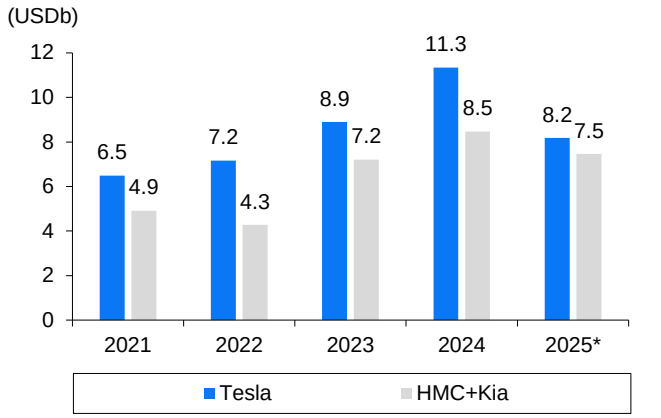
Source: Samsung Securities

HMC: Estimated revenue from Boston Dynamics Atlas

Year	Volume (units)	Production cost (USD)	HMC sales (USDm)	HMC sales (KRWb)
2028	5,000	130,000	675	979
	10,000	50,992	510	739
2029	20,000	37,659	753	1,092
	30,000	33,214	996	1,445
2030	40,000	30,992	1,240	1,798
	50,000	29,659	1,483	2,150

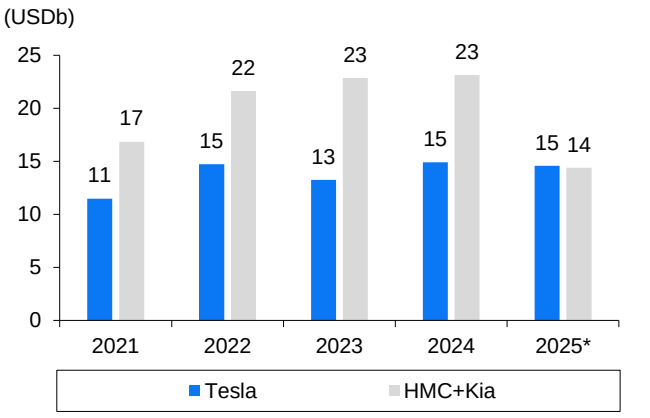
Note: * Assumes exchange rate of KRW1,450/USD
Source: Samsung Securities estimates

Capex: HMC/Kia vs Tesla



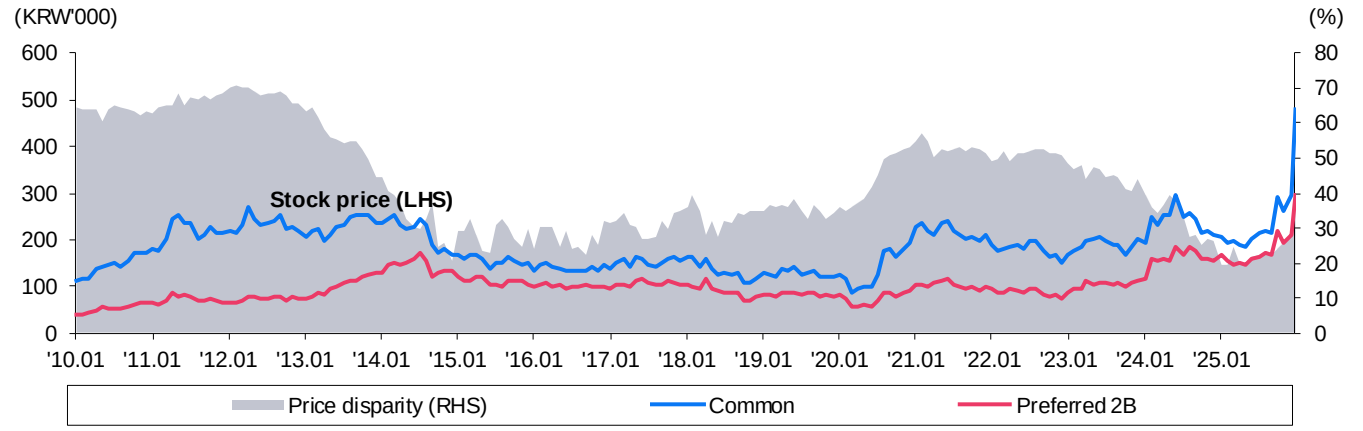
Source: Bloomberg, Samsung Securities

Operating cash flow: HMC/Kia vs Tesla



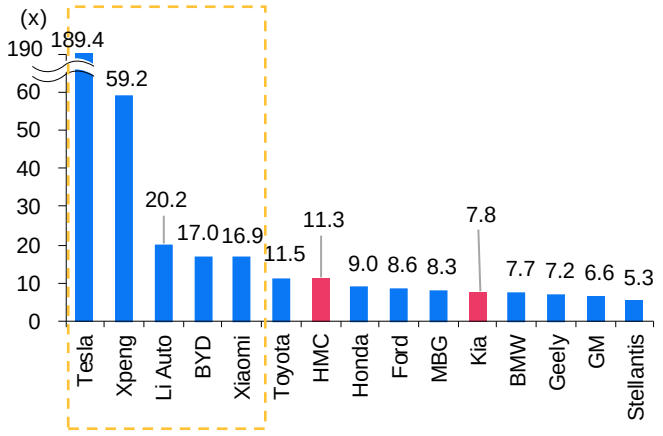
Note: * HMG 2Q, Tesla 3Q annualized cumulative figures, HMC excludes financial division
Source: Bloomberg, Dart. Samsung Securities

HMC: Price gap between common and preferred shares



Source: QuantiWise, Samsung Securities

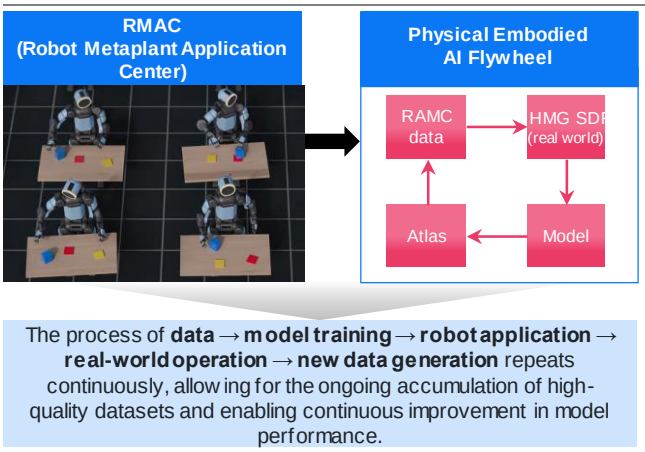
Global automakers: 12-month forward P/E valuation



Note: As of Jan 21

Source: Bloomberg, Samsung Securities

HMC: Physical embodied AI flywheel



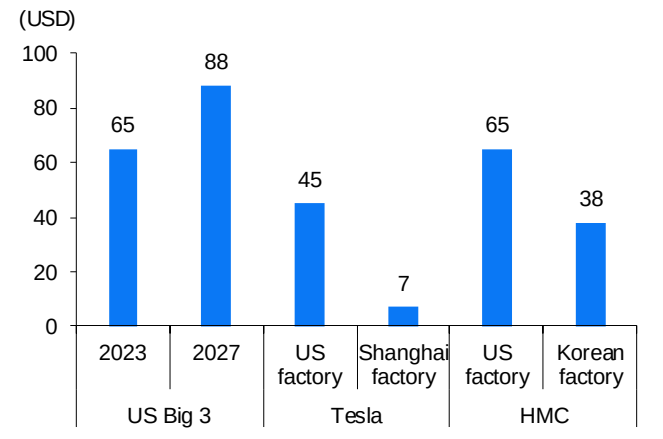
The process of **data → model training → robot application → real-world operation → new data generation** repeats continuously, allowing for the ongoing accumulation of high-quality datasets and enabling continuous improvement in model performance.

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

Hourly wages in the US, China, and Korea



Source: Company data, media, Samsung Securities

Humanoid robot: Cost per hour

(USD)	Case 1 (Initial price)	Case 2 (price if 30,000 units made *pa*)	Note
Useful life	2 years	5 years	
Robot price	135,000	33,000	
Software cost	2,376	5,940	USD99/month * 3 years
Maintenance cost	13,500	8,250	5% of purchase price * 3 years
Total robot cost	150,876	47,190	
Hourly cost	**9.4**	**1.2**	**22 hours/365 days/ /useful life**

Source: Samsung Securities estimates

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	11.1	10.4
P/B***	0.6	0.5	0.7	1.1	1.0
EV/EBITDA	7.9	10.5	13.7	15.8	15.2
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	2.5	2.6
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. 23

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Research Center report database

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Kia (000270)

Time to catch up to big brother

- Hyundai Motor (HMC) and Kia are not purchasing robots for group governance purposes. Rather, they play a central role in the group's robotics ecosystem by: 1) providing action data for robots; 2) validating AI model training; and 3) manufacturing the robots.
- Kia invests in all robotics projects alongside HMC and shares the same responsibilities, but due to differences in equity stakes, a valuation gap is inevitable.

WHAT'S THE STORY?

Kia proving pivotal to group robotics—raising target, reiterating BUY: We expect Kia to invest in the Robot Metaplant Application Center (RMAC) and robot production facilities alongside Hyundai Motor (HMC).

- **HMC/Kia likely to invest in RMAC and robot production plants:** The RMAC, where robots are trained, is likely to be supported by investments from HMC/Kia, which will provide the action datasets. The carmakers, which boast deep expertise in mass-production and are currently building out the value chain, are also likely to invest in robot production plants. We expect HMC and Kia to invest in a 60:40 equity structure, similar to their investments in Hyundai Motor Group Metaplant America (HMGMA).
- **Raising target valuation for Kia:** We have set our target P/E multiple for HMC at 18x, matching the average at which leading Chinese EV companies (BYD, Li Auto, and Xiaomi) at trading. We raise our target P/E multiple for Kia to 12x, reflecting its stake in the robotics business (40% vs HMC's 60%). Applying this to our 2026 EPS forecast, we raise our target price by 48.6% to KRW260,000.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	107,449	113,124	122,670	128,152
Operating profit	12,667	9,159	10,444	11,075
Net profit (adj)	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	2.5
Dividend yield (%)	6.5	5.3	4.0	4.3

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW260,000	58%
Current price	KRW164,600	
Market cap	KRW64.3t/USD43.7b	
Shares (float)	390,412,998 (60.4%)	
52-week high/low	KRW172,100/KRW82,000	
Avg daily trading value (60-day)	KRW176.3b/ USD119.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kia (%)	35.9	68.3	59.8
Vs Kospi (%pts)	12.7	7.7	-17.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	260,000	260,000	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

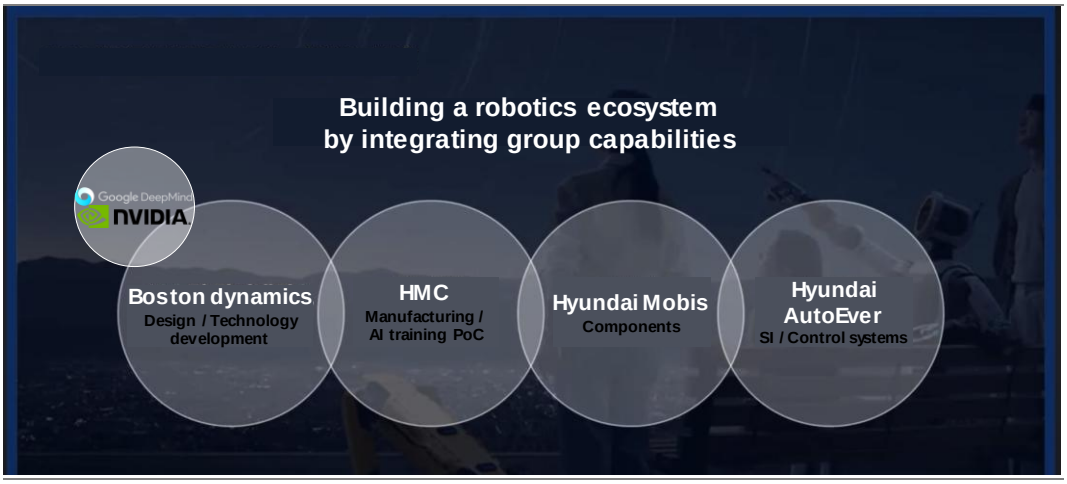
※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

- **Second pick in the sector:** Kia holds a 40% stake in the robotics business, recognized under equity-method accounting. As the carmaker lacks the symbolic status of HMC, a valuation discount is inevitable. However, as the valuation gap is already at 2x, the two companies seem to have similar upside potential.

HMC/Kia at core of group's robotics ecosystem: As the provider of real-world action data that helps refine robot models, HMC and Kia play a key role in validating AI model training. They also lead the way in robot mass-production. This is why attention should be given to HMC, not just the value of its equity in Boston Dynamics.

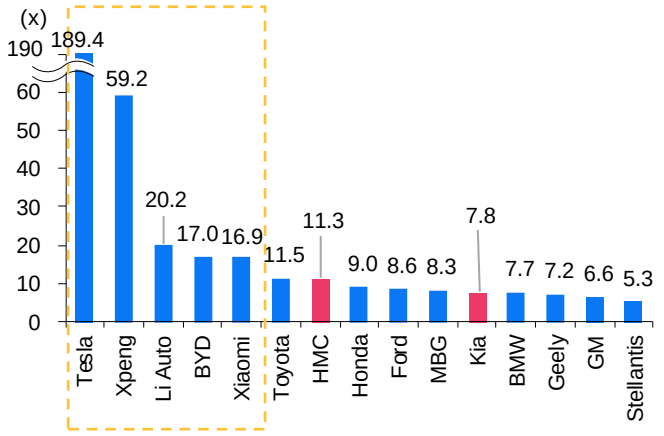
- **HMC/Kia plants to serve as digital factories producing action data for robots:** RMAC provides a controlled environment where robots learn by mapping factory layout, movement paths, and work positions, which are then combined with real-world operational data from HMC/Kia's software-defined factory (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.
- **HMC/Kia likely to make joint investments in RMAC and robot production plants:** The RMAC, where robots are trained, is likely to be supported by investments from HMC/Kia that provide the action datasets. The carmakers, with expertise in mass-production and currently building out the value chain, are also likely to invest in robot production plants. We expect HMC and Kia to invest in a 60:40 equity structure, similar to their HMGMA investments.
- **Kia has more cash liquidity and operating cash flow than HMC:** At end-3Q25, Kia held net cash of KRW20t vs HMC's KRW16.5t (excluding the financial division). Excessive capex that exceeds operating cash flow can pose a risk to stock prices, particularly when long-term interest rates remain elevated. Thus, HMC is co-investing in data centers, RMAC, and robotics production facilities with Kia and Hyundai Mobis.

HMG: Robotics ecosystem



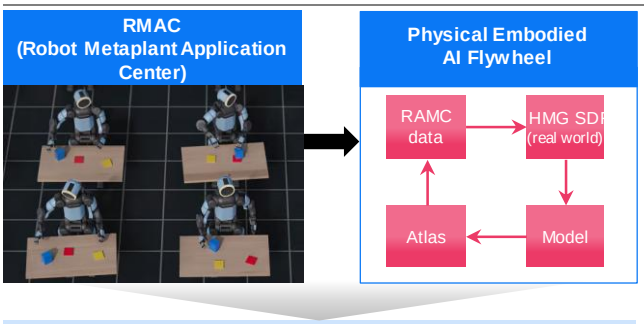
Source: Company data, Samsung Securities

Global automakers: 12-month forward P/E valuation



Note: As of Jan 21
Source: Bloomberg, Samsung Securities

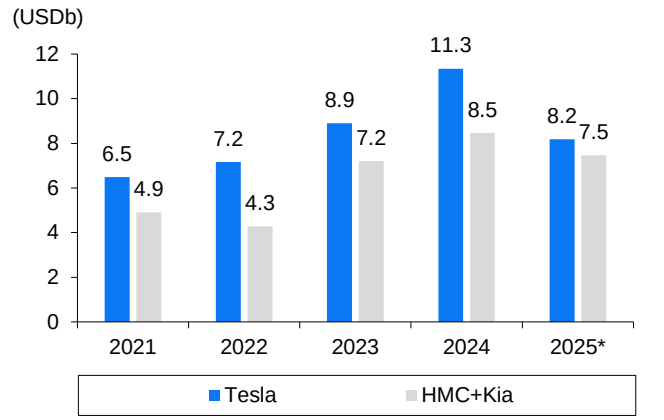
HMC: Physical Embodied AI Flywheel



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.

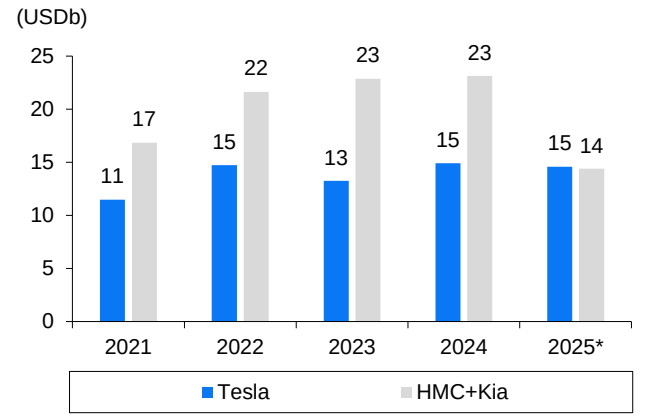
Source: Samsung Securities

Capex: HMC/Kia vs Tesla



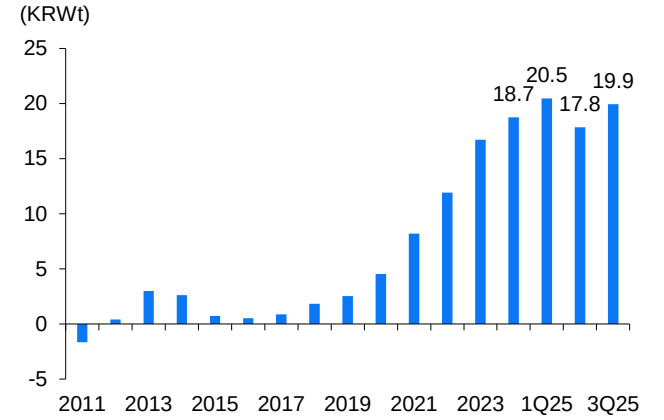
Source: Bloomberg, Samsung Securities

Operating cash flow: HMC/Kia vs Tesla



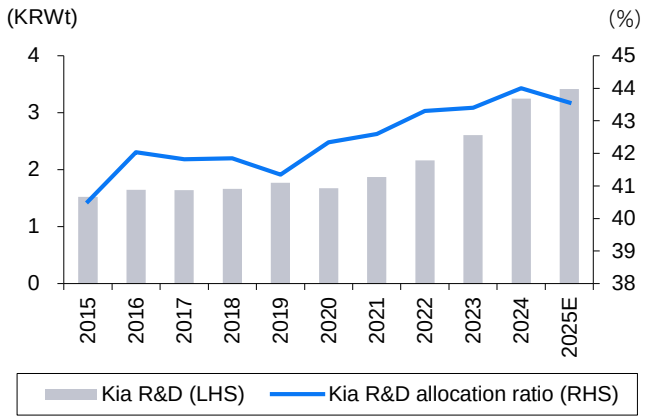
Note: *HMG 2Q, Tesla 3Q annualized cumulative figures, HMC ex financial division
Source: Bloomberg, Dart, Samsung Securities

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

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	2.5
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. 23

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SL Corporation (005850)

Cementing leadership in lamps; expanding into robotics

- Hyundai Mobis is reportedly considering selling its lamp business. Given that SL Corporation and Hyundai Mobis are currently competing in the lamp market in North America and Korea, SL Corp would secure a dominant position following such a transaction.
- SL Corp has been chosen as a contract manufacturer for Hyundai Motor Group (HMG) Robotics Lab's MobED mobile robot, in addition to supplying it with lidar modules. It 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.

WHAT'S THE STORY?

- **Raising target price to reflect potential for cementing position in lamp market and robot module production:** SL Corporation's growth prospects are becoming more evident.
- **Lamp business expanding:** SL Corp is likely to gain further market share in North America and Korea, and secure a dominant position in grille lamps and mood lamps. Moreover, its battery management system (BMS) business is expanding into robotics applications.
- **HMG's new plants now operational; robot module production as new growth engine:** 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.

SUMMARY FINANCIAL DATA

(Continued on the next page)

(KRWb)	2024	2025E	2026E	2027E
Revenue	4,973	5,172	5,586	6,033
Operating profit	395	360	437	484
Net profit (adj)	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	7.4	6.8
P/B (x)	0.6	0.8	1.0	0.9
EV/EBITDA (x)	2.6	3.5	4.1	3.4
Dividend yield (%)	4.0	3.3	3.4	3.7

Source: Company data, Samsung Securities estimates

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AT A GLANCE

BUY

Target price	KRW87,000	40.8%
Current price	KRW61,800	
Market cap	KRW2.9t/USD2.0b	
Shares (float)	46,448,520 (36.2%)	
52-week high/low	KRW64,800/KRW27,200	
Avg daily trading value (60-day)	KRW13.2b/ USD9.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SL Corporation (%)	41.7	95.3	95.6
Vs Kospi (%pts)	17.5	25.0	0.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	87,000	87,000	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

- **Growth prospects becoming more evident—raising target price:** We raise our target price by 32% to KRW87,000. We have raised our target P/E from 8x to 10.5x, the upper end of the trading band observed during 2020-2021, when the firm's growth prospects were most prominent. Forward P/E peaked at 10.5x when SL Corp's sales doubled (from 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 mergers with affiliates as part of corporate governance restructuring over 2020-2021. Our new target multiple represents a 25% discount to the average multiple (14x; Bloomberg) at which global lamp makers are trading—implying it is still undervalued to its peer group.

Lamp business with additional expansion potential: Hyundai Mobis may divest its lamp business, and SL Corp is expanding into new product lines.

- **Hyundai Mobis and SL Corp are lamp business competitors:** Hyundai Mobis and SL Corp compete in Korean and North America. SL Corp meets 65-70% of HMG's needs. In the European market, Mobis is the exclusive supplier. If Mobis sells its lamp business, SL Corp could further consolidate its market share in the US and Korea.
- **Potential to be exclusive supplier of grille lamps and mood lamps:** A center grille lamp is a large item, potentially generating sales of KRW1t *pa*. As a feature of its new design identity, HMC has adopted a center grille that lights up—the Staria is the first model to sport the new look. Kia plans to bring center grille lamps to its EVs. LED chips are mounted in the center grille as an expressive design element. Daytime running lamps and turn signals, both integrated in headlamps, are being moved to the center grille. With center grille lamps having a similar ASP as headlamps (estimated at KRW400,000), SL Corp's lamp sales should grow briskly as HMC and Kia release new EVs.
- **Mood lights to generate sales of KRW200b-300b *pa*:** HMC and Kia are adding mood lighting to their SUVs and EVs to provide a chic atmosphere in the cabin. HMC first added mood lighting to the Ioniq 6 and Kia should do so with the second-generation Telluride (to launch in early 2026). Traditionally, the central function of interior lighting was to provide ample light within a vehicle. Thus, interior lighting was long sourced from interior materials suppliers (Ecopro, Seoyon E-Hwa). But now it has the added function of enhancing interior aesthetics, the carmakers are shifting their orders to specialized lamp company SL Corp.

  Mood lights (estimated at KRW100,000/unit) should be installed in various locations throughout the vehicle, including in the dashboard and front doors, as well as the emblem display when the door is opened. Assuming SL Corp continues to fulfill 70% of HMG's lighting needs (70% equates to 4m autos *pa*), mood lights should boost its revenue by KRW200b-300b *pa*.
- **BMS expanding beyond EVs into robots:** Under HMG's dual sourcing policy, both SL Corp and Hyundai Mobis provide BMS to the group. SL Corp began to supply BMS for use in Kia's EV3 and EV4 in 2024.

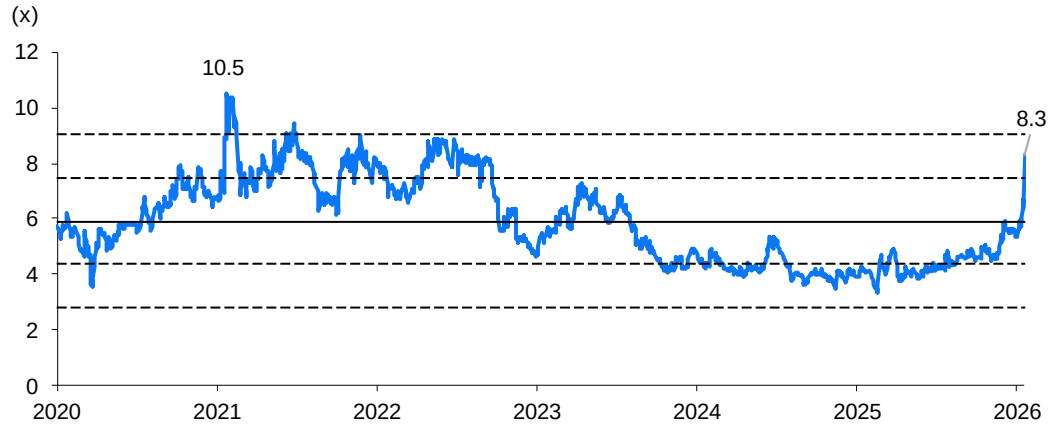
Robot components and body modules its new growth drivers

- **Involved in MobED production:** HMG Robotics Lab aims to produce 10,000-15,000 MobED mobile robots 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 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:** At end-3Q25, SL Corp had a net cash position of KRW563b and a debt-to-equity ratio of 54%. 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.

SL Corporation: 12-month forward P/E valuation



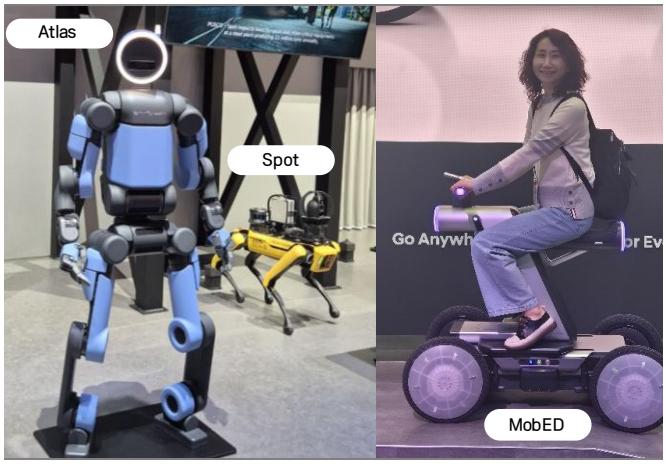
Source: QuantiWise, Samsung Securities

Global lamp makers: Valuations

(USDm)	Koito	Valeo	Stanley	Forvia	SL Corp
Market cap	4,697	3,330	3,008	3,187	2,048
Revenue	5,794	23,842	3,202	30,671	3,759
Operating profit	274	1,150	293	1,669.65	280
Operating margin (%)	4.7	4.8	9.1	5.4	7.5
Net profit	188	419	198	251	246
Net margin (%)	3.3	1.8	6.2	0.8	6.5
2026 P/E	**22.4**	**7.6**	**12.9**	**12.3**	**8.3**
2026 P/B	**1.1**	**0.7**	**0.9**	**0.6**	**1.1**

Note: Market cap as of Jan 21, earnings based on 2026E consensus
Source: Bloomberg, Samsung Securities

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

HMC: Grandeur (center grille lamps)

Source: Media, Samsung Securities

Kia: EV9 (center grille lamps)

Source: Media, Samsung Securities

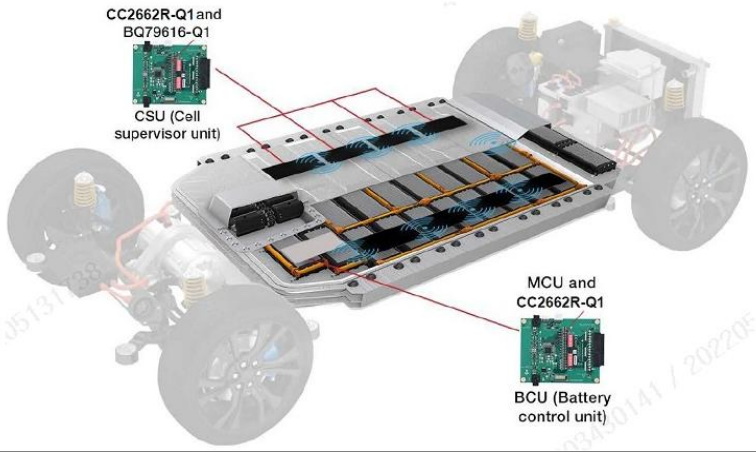
Key product: Mood lights in Benz, VW

Source: Media, Samsung Securities

Key product: Mood lights in HMC, Kia

Source: Media, Samsung Securities

Battery management system (BMS)



Source: TI, 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	772	850
Operating profit	119	106	68	63	141	129	65	77	395	360	437	484
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	445	524	574
Net profit	104	70	70	89	120	99	56	103	382	336	396	434
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	13.8	14.1
Operating profit	9.7	8.2	5.2	4.7	10.8	9.5	4.9	4.8	7.9	7.0	7.8	8.0
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	6.5	7.1	7.2

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	7.4	6.8
P/B***	0.9	0.6	0.8	1.0	0.9
EV/EBITDA	3.3	2.6	3.5	4.1	3.4
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	3.4	3.7
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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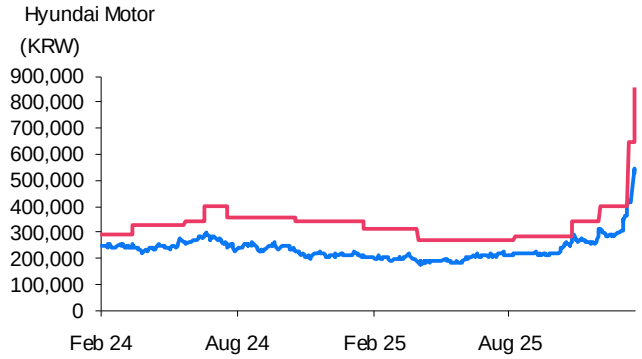
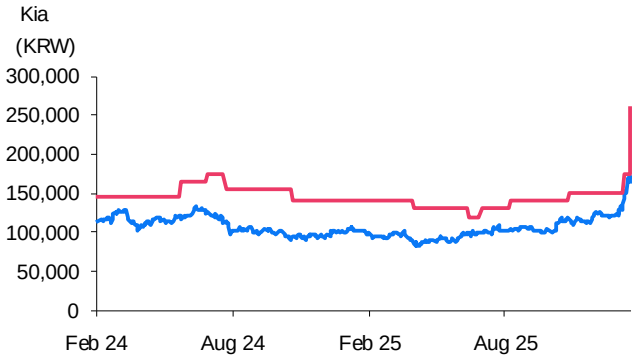
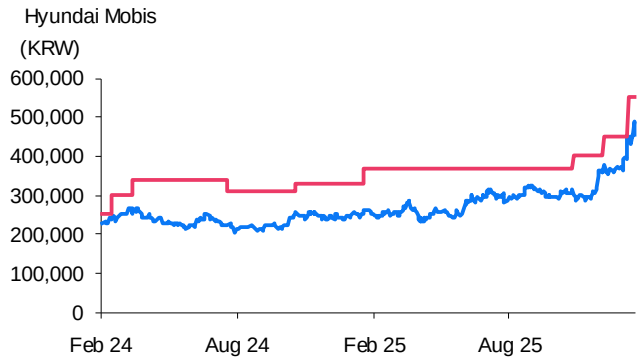
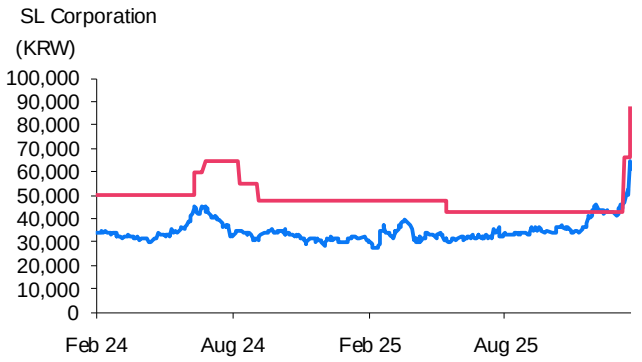
Target price changes in past two years









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	1/22										
Recommendation	BUY	BUY										
Target price (KRW)	650000	850000										
Gap* (average)	-27.91											
(max or min)**	-15.54											

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	1/22										
Recommendation	BUY	BUY										
Target price (KRW)	175000	260000										
Gap* (average)	-7.53											
(max or min)**	-1.66											

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	

SL Corporation								
Date	2023/7/6	2024/6/18	7/1	8/16	9/11	2025/5/22	2026/1/14	1/22
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	50000	60000	65000	55000	48000	43000	66000	87000
Gap* (average)	-32.97	-27.26	-41.11	-40.00	-32.28	-17.11	-19.92	
(max or min)**	-11.60	-24.67	-32.08	-37.09	-17.29	7.79	-1.82	

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

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

Industry

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

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

Percentage of ratings in 12 months prior to 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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