COMPANY UPDATE

2026. 2. 23

EV/Mobility Team

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Hwashin (010690)

Re-initiation; Potential for second pivot to robotics

- After two years of seeing its earnings slow, Hwashin closed 2025 with surprisingly strong results. Leveraging its chassis technologies, it began supplying battery cases to Hyundai Motor and Kia in 3Q24.
- Its battery case sales amounted to KRW80b in 2025 (up 304%), accounting for 4.1% of its sales. The figure will likely reach KRW170b in 2026 (up 112%), driven by growing PV5 and EV4 exports—for which the company already supplies battery cases—as well as its starting to supply battery cases for the GV90.
- The second pivot is likely to be to robot body modules. While the firm was a latecomer to the battery case market, it may enter the robot body module market early, which could result in its securing a high growth premium.

▶ AT A GLANCE

BUY

Target price	KRW16,000	26.1%
Current price	**KRW12,690**	
Market cap	KRW443.14b/USD306.33m	
Shares (float)	34,920,410 (49.1%)	
52-week high/low	KRW12,690/KRW6,980	
Avg daily trading value (60-day)	KRW6.5b/ USD4.5m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Hwashin (%)	37.2	45.5	78.5
Vs Kospi (%pts)	15.4	-21.6	-18.4

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	16,000	16,000	0.0%
2025E EPS	1,947	1,947	0.0%
2026E EPS	2,542	2,542	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	n/a
Target price	n/a
Recommendation	n/a

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

WHAT'S THE STORY?

Reinstating coverage at BUY with target price of KRW16,000: Hwashin achieved record-high earnings in 2025, confirming the resumption of earnings growth. Leveraging its core strengths in chassis and materials technologies, Hwashin has successfully expanded into battery cases and is now well positioned to enter the robotic body module market.

- **Target price of KRW16,000:** Our target price is based on a P/E of 6.5x applied to our 2026 EPS estimate. Our target P/E has been set at 6.5x to match the average at which small- to mid-sized parts makers trade (Bloomberg). This multiple is in line with Hwashin's average over the past five years (since the pandemic). Back in 2021-2022, when the company first started getting into the battery case business, its P/E multiple jumped to 10-16x.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	1,712	1,962	2,146	2,380
Operating profit (KRWb)	65	103	119	151
Net profit (adj) (KRWb)	54	68	89	113
EPS (adj) (KRW)	1,534	1,947	2,542	3,230
EPS (adj) growth (% y-y)	-30.7	26.9	30.6	27.1
EBITDA margin (%)	7.5	8.9	9.2	9.7
ROE (%)	11.1	12.4	14.3	15.9
P/E (adj) (x)	4.5	4.3	5.0	3.9
P/B (x)	0.5	0.5	0.7	0.6
EV/EBITDA (x)	4.6	3.8	4.0	3.2
Dividend yield (%)	2.2	3.0	2.4	2.8

Source: Company data, Samsung Securities estimates

The robotic body module business is likely to generate even greater share-price momentum than the battery case business has generated. If it starts winning orders in this new area, Hwashin could see its share performance outpace that seen when it entered the battery case market. The shares are currently trading at just 4.2x 2026 P/E.

- **Foundational technologies and spare capacity mean new business opportunities:** Hwashin is a chassis maker and meets 57% of Hyundai Motor Group's chassis needs. The chassis serves as the vehicle frame, absorbing vibrations and shocks to maintain body stability and enhance ride comfort. Hwashin possesses expertise in hot press forming steel for lightweighting, as well as in working with aluminum and various composite materials. This technological foundation: 1) has allowed Hwashin to expand into new markets such as EV battery cases; and 2) should help it penetrate the robotic limb and body module markets. In 2024, Hwashin constructed a new plant in Georgia (US) to support Hyundai Motor Group Metaplant America, giving the parts maker additional production capacity in the US.

Investment point 1. Earnings growth resumes: Hwashin stands to benefit from Hyundai Motor (HMC) and Kia's new plant openings and new model launches.

- **Record high earnings in 2025:** In 2025, Hwashin achieved sales of KRW1.96t (up 14.6%) and an operating profit of KRW102.7b (up 57.2%), for an operating margin of 5.2%. Its shipments of chassis and battery cases for use in HMC and Kia's new models increased.
- **Impact of US tariffs:** US tariffs cost Hwashin around KRW20b in 2025, which figure was mostly compensated by automakers in 4Q. Its tariff costs in 2026 should mostly be reimbursed by automakers.
- **US accounts for 35% of sales:** In 2025, Hwashin derived 35% of its sales from the US and 33.6% from Korea. The US is where HMC/Kia generate 60% of their auto sales, and the automakers are investing heavily in the country. HMG plans to invest USD26b there over the next three years to expand US production capacity and grow its physical AI business, including robotics, robotaxis, and data centers. Hwashin exclusively supplies chassis to HMC/Kia in the US, India, and Brazil.
- **2026 outlook:** We expect Hwashin to report 2026 sales of KRW2.1t (up 9.4%) and an operating profit of KRW119.2b (up 16%), for an operating margin of 5.6% (up 0.4%pts), supported by the opening of new HMC/Kia plants and the launch of new vehicle models.

  The start of operations at HMC's Pune plant in India (capacity of 150,000 units in 2026 and 250,000 units by 2028), the launch of the second-generation Kia Telluride in the US (targeting sales of 177,000 units *pa*, up from 127,000 units *pa* for the first generation), and the release of the Kia Sportage Hybrid (production from July; sales target of 800,000-900,000 units *pa*) bode well for Hwashin. In the EV space, Hwashin will supply battery cases for use in the GV90.

Investment point 2. Battery case sales on high growth trajectory: Hwashin started generating sales from battery cases in 3Q24. Its battery case sales rose from KRW20b in 2024 (1.2% of its total sales) to KRW80b in 2025 (4.1%) and are projected to reach KRW170b in 2026 (8%).

- **HMC/Kia diversify EV component sourcing:** In 2022, HMC and Kia together recorded more than 500,000 EV sales, prompting a shift in their vending strategy from exclusively sourcing parts from Hyundai Mobis to also sourcing EV parts from a more diversified number of suppliers.
- **Battery configuration design changes create opportunities for chassis and body part suppliers:** To reduce battery pack costs and improve energy density, battery designs are shifting towards cell-to-pack and cell-to-body configurations. These changes have opened up opportunities for body and chassis suppliers, firms that are familiar with the overall vehicle structure and have advanced materials technology. Donghee Auto, Hwashin, Sungwoo Hitech, and Webasto are vying for battery pack and case orders. The ASP of battery cases is estimated at KRW0.8m-1.2m.
- **Battery case sales on high growth trajectory:** In 4Q25, Hwashin recorded KRW39.3b in battery case sales, driven by the start of exports of Kia's EV4 and PV5. Hwashin supplies battery cases for use in HMC's Casper EV (since 3Q24), Kia's EV4 (2H25), and Kia's PV5 (2H25) and is scheduled to supply battery cases for HMC's GV90 from Sep 2026.

Investment point 3. Potential entry into robot body module business: Chassis manufacturers excel in designing structures that absorb shocks and vibrations, and they have expertise in handling a wide range of materials.

- **Chassis technologies applicable in robotics:** Mobile robots with wheels share structural similarities with vehicles, making it feasible to apply chassis manufacturers' expertise in underbody frames of vehicles (including materials, vibration absorption, and shock absorption), along with battery pack technologies, to robotics.

  Humanoid robots require technologies to absorb shocks and vibrations from the ground when walking and moving. These robots typically weigh 60-100 kg, necessitating lightweight materials to reduce their overall weight. Also, noise needs to be minimized by minimizing friction and absorbing shock from the ground when walking or running. When observed up close, humanoid robots generate so much noise while moving (such as walking or rolling) that they seem unsuitable for indoor service applications outside of manufacturing facilities. Robotic arms and hands must also be able to tolerate friction and absorb shocks and vibrations when handling objects.

  Humanoid robot bodies typically house batteries. With a track record in supplying battery cases, Hwashin is well positioned to secure orders for body modules that include batteries.
- **Humanoid robot limbs have standardized specifications:** Boston Dynamics' humanoid robots feature arms and legs, both left and right, that are designed in the same format. This means that each robot requires four identical modules. With a production target of 30,000 robots *pa*, this translates to demand for 120,000 limb modules *pa*—enabling economies of scale.
- **ASP for arm, leg, and body modules estimated to be in 6-8% range:** When it comes to arm and leg module production, actuators—which make up 60% of manufacturing costs—are likely to be supplied to the module supplier by the robot maker. The body module is likely to include a battery pack (3-4 kWh). Hyundai Mobis had accounted for the procurement of battery cells (60-80 kWh) as

direct purchases during the early stages of battery pack production, but in 3Q24 began treating these components as customer-supplied. Hwashin is likely to treat actuators and battery cells as customer-supplied, as: 1) including all components would significantly boost its sales but make the business appear less profitable; and 2) for smaller parts suppliers like Hwashin, purchasing actuators and battery packs, assembling them into modules, and delivering them would take a couple of months—as production volumes grow, this process could strain operational cash flow.

Based on the Atlas model, the combined ASP for two arms, two legs, and one body modules is estimated at USD7,000-7,300 (KRW10.0m-10.6m) during the initial production phase. However, as production scales up to more than 10,000 units, the ASP should fall to around USD3,100 (KRW2.9m-3.6m).

Investment point 4. Beneficiary of HMC-GM collaboration: HMC and GM are jointly developing four new vehicle models for the Latin American market (including pickups and SUVs), as well as an electric commercial van for the North American market. The companies plan to launch these new vehicles from 2028, with an annual sales target of 800,000 units. Hwashin is the exclusive supplier of chassis to HMC in the US, India, and Brazil.

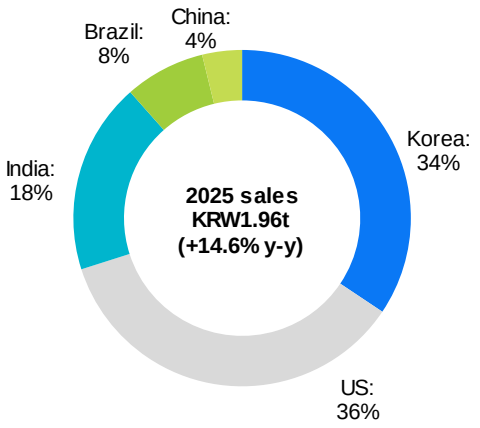
- **Chassis ASP jumps 30% as cars become heavier:** The growth of SUVs, pickup trucks, Genesis-brand autos, and EVs has increased the average size and weight of vehicles made by the Korean carmakers. To support these heavier autos, HMC and Kia have replaced beam-shaped rear chassis (*eg*, CTBAs) with grid-shaped ones, whose ASP is 30% higher.
- **HMC and GM finalize deal to share models: HMC and GM are discussing the possibilities of:** 1) HMC sharing its one electric van model with GM, which, in turn, will share its midsize pickup trucks—the Chevrolet Colorado and GMC Canyon—with HMC; 2) HMC providing GM with compact SUVs it could add to its product line-up in Brazil; and 3) joint purchasing or development involving computer chips, next-generation batteries, and battery materials. If three pickup trucks from GM are rebadged and sold as HMC vehicles in the Latin American market, Hwashin's chassis sales would increase.

Hwashin: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	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
Sales	473	491	486	512	525	542	530	549	1,712	1,962	2,146	2,380
Chg (% y-y)	*13.9*	*14.4*	*16.1*	*14.1*	*10.9*	*10.5*	*9.1*	*7.1*	*-5.0*	*14.6*	*9.4*	*10.9*
Gross profit	55	52	42	88	60	68	59	80	168	237	268	318
Operating profit	30	26	12	34	30	36	22	31	65	103	119	151
Chg (% y-y)	*44.6*	*8.7*	*83.3*	*152.0*	*-1.9*	*37.4*	*92.3*	*-10.1*	*-22.0*	*57.2*	*16.1*	*26.9*
Pre-tax profit	35	-1	22	27	33	34	24	28	76	82	118	150
Net profit	29	0	18	21	24	26	18	21	54	68	89	113
Chg (% y-y)	*-0.8*	*-98.3*	*nm*	*12.1*	*-15.8*	*10,150*	*0.2*	*-0.1*	*-30.7*	*26.9*	*30.6*	*27.1*
Margins (%)												
Gross profit	11.5	10.7	8.6	17.2	11.5	12.6	11.2	14.6	9.8	12.1	12.5	13.4
Operating profit	6.4	5.4	2.4	6.7	5.7	6.7	4.2	5.6	3.8	5.2	5.6	6.4
Net profit	6.1	0.1	3.7	4.0	4.7	4.7	3.4	3.8	3.1	3.5	4.1	4.7
Sales, by region												
Korea	164	177	157	162	169	179	164	181	600	660	693	728
US	172	176	167	169	192	201	193	202	571	685	788	906
India	84	80	95	93	101	96	108	100	321	353	406	467
Brazil	35	36	39	37	36	42	43	41	148	148	163	179
China	18	21	18	17	21	19	17	20	70	73	77	81
Other	1	1	5	5	5	5	5	5	3	12	20	20
Sales contribution, by region (%)												
Korea	34.6	36.0	32.3	31.6	32.2	33.1	30.9	32.9	35.0	33.6	32.3	30.6
US	36.3	35.9	34.5	33.0	36.7	37.0	36.4	36.7	33.3	34.9	36.7	38.1
India	17.7	16.3	19.6	18.2	19.3	17.7	20.5	18.2	18.7	18.0	18.9	19.6
Brazil	7.4	7.3	8.1	7.3	6.9	7.7	8.2	7.5	8.6	7.5	7.6	7.5
China	3.7	4.2	3.7	3.3	3.9	3.6	3.1	3.7	4.1	3.7	3.6	3.4

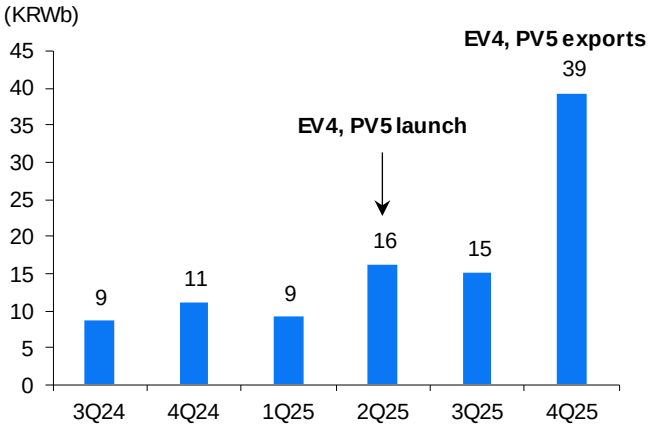
Source: Company data, Samsung Securities estimates

Hwashin: Sales, by region



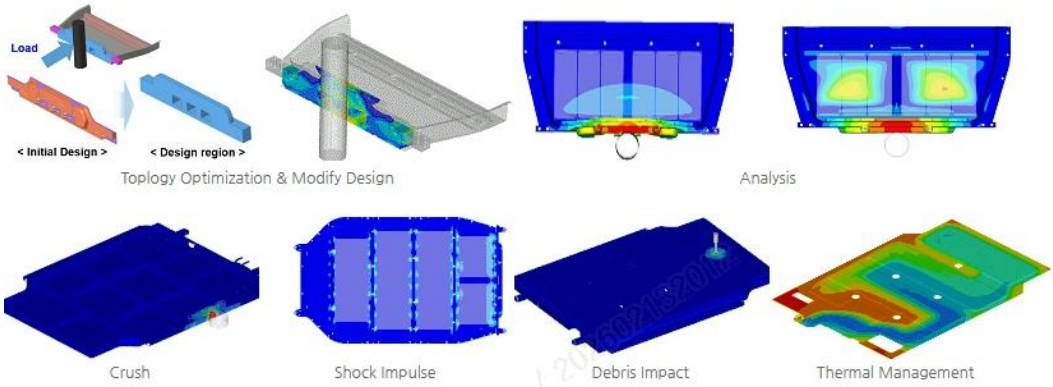
Source: Company data, Samsung Securities

Hwashin: Battery case revenue



Source: Company data, Samsung Securities

Hwashin: Battery case technology



Source: Company data

Front cross member: Grid type

Source: Company data

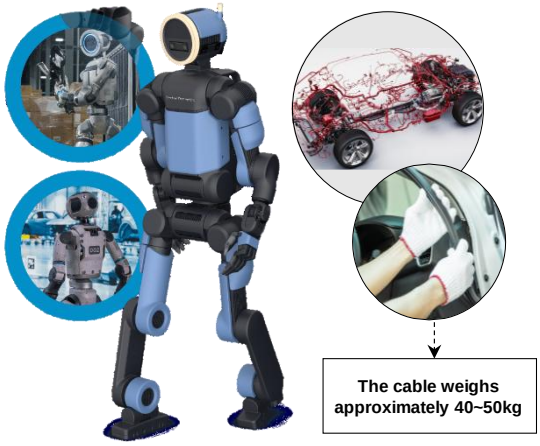
Rear cross member: Grid type

Source: Company data

Rear cross member: H-Type

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	600	4 kWh	600
Body			2,600
Subtotal			**23,114**
Data center depreciation*			26,667
Factory depreciation			1,156
Other operating costs			2,311
Total			**53,248**

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

Hwashin: Estimated revenue from robotics

Year	Volume (units)	Humanoid production cost (USD)	Hwashin sales (USDm)	Hwashin sales (KRWb)*
2028	5,000	135,000	37	54
	10,000	53,248	32	46
2029	20,000	39,914	64	93
	30,000	35,470	96	139
2030	40,000	33,248	128	186
	50,000	31,914	160	232

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

Kia: PV5

Source: Company data

Kia: Tasman

Source: Company data

Chevrolet: Colorado

Source: Google Image

GMC: Canyon

Source: Google Image

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**1,803**	**1,712**	**1,962**	**2,146**	**2,380**
Cost of goods sold	1,626	1,545	1,726	1,878	2,062
Gross profit	**176**	**168**	**237**	**268**	**318**
Gross margin (%)	9.8	9.8	12.1	12.5	13.4
SG&A expenses	93	102	134	149	167
Operating profit	**84**	**65**	**103**	**119**	**151**
Operating margin (%)	4.6	3.8	5.2	5.6	6.4
Non-operating gains (losses)	**1**	**11**	**-20**	**-1**	**-1**
Financial profit	42	70	6	3	5
Financial costs	41	63	24	21	21
Equity-method gains (losses)	-4	-1	-2	-1	-1
Other	4	5	-0	18	16
Pre-tax profit	**85**	**76**	**82**	**118**	**150**
Taxes	7	22	14	30	38
Effective tax rate (%)	8.7	29.4	17.5	25.0	25.0
Profit from continuing operations	77	54	68	89	113
Profit from discontinued operations	0	0	0	0	0
Net profit	**77**	**54**	**68**	**89**	**113**
Net margin (%)	4.3	3.1	3.5	4.1	4.7
Net profit (controlling interests)	77	54	68	89	113
Net profit (non-controlling interests)	-0	-0	0	0	0
EBITDA	144	129	174	197	232
EBITDA margin (%)	8.0	7.5	8.9	9.2	9.7
EPS (parent-based) (KRW)	2,213	1,534	1,947	2,542	3,230
EPS (consolidated) (KRW)	2,213	1,534	1,947	2,542	3,230
Adjusted EPS (KRW)*	2,213	1,534	1,947	2,542	3,230

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**677**	**600**	**543**	**608**	**726**
Cash & equivalents	247	166	46	65	124
Accounts receivable	210	203	233	254	282
Inventories	195	210	240	263	291
Other current assets	26	21	24	26	29
Fixed assets	**520**	**722**	**777**	**822**	**845**
Investment assets	29	32	36	39	43
Tangible assets	421	619	668	711	730
Intangible assets	3	3	4	4	4
Other long-term assets	67	68	68	68	68
Total assets	**1,197**	**1,322**	**1,320**	**1,430**	**1,572**
Current liabilities	**627**	**669**	**604**	**633**	**670**
Accounts payable	152	130	149	163	181
Short-term debt	285	290	290	290	290
Other current liabilities	189	248	164	179	199
Long-term liabilities	**125**	**135**	**137**	**138**	**140**
Bonds & long-term debt	108	111	111	111	111
Other long-term liabilities	17	24	26	28	29
Total liabilities	**752**	**804**	**741**	**771**	**810**
Owners of parent equity	**445**	**517**	**579**	**659**	**762**
Capital stock	17	17	17	17	17
Capital surplus	26	26	26	26	26
Retained earnings	410	455	518	598	701
Other	-8	19	18	18	18
Non-controlling interests' equity	**-0**	**-0**	**-0**	**-0**	**-0**
Total equity	**445**	**517**	**579**	**659**	**762**
Net debt	253	356	371	353	294

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**155**	**137**	**120**	**151**	**174**
Net profit	77	54	68	89	113
Non-cash profit and expenses	92	97	106	126	135
Depreciation	60	64	71	77	80
Amortization	0	0	0	0	0
Other	31	33	35	48	54
Changes in A/L from operating activities	12	21	-22	-16	-21
Cash flow from investments	**-101**	**-224**	**-125**	**-122**	**-103**
Change in tangible assets	-127	-222	-120	-120	-100
Change in financial assets	-1	-3	-3	-2	-3
Other	27	-0	-2	0	-0
Cash flow from financing	**80**	**-7**	**-110**	**-8**	**-10**
Change in debt	77	23	-105	0	0
Change in equity	18	0	0	0	0
Dividends	-3	-5	-5	-9	-10
Other	-12	-25	0	0	0
Change in cash	134	-80	-120	19	59
Cash at beginning of year	113	247	166	46	65
Cash at end of year	247	166	46	65	124
Gross cash flow	**169**	**150**	**174**	**215**	**248**
Free cash flow	**14**	**-96**	**-0**	**31**	**74**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	6.7	-5.0	14.6	9.4	10.9
Operating profit	-4.2	-22.0	57.2	16.1	26.9
Net profit	4.1	-30.7	26.9	30.6	27.1
Adjusted EPS**	4.1	-30.7	26.9	30.6	27.1
Per-share data (KRW)					
EPS (parent-based)	2,213	1,534	1,947	2,542	3,230
EPS (consolidated)	2,213	1,534	1,947	2,542	3,230
Adjusted EPS**	2,213	1,534	1,947	2,542	3,230
BVPS	12,808	14,891	16,667	18,972	21,918
DPS (common)	150	150	250	300	350
Valuations (x)					
P/E***	6.2	4.5	4.3	5.0	3.9
P/B***	1.1	0.5	0.5	0.7	0.6
EV/EBITDA	5.1	4.6	3.8	4.0	3.2
Ratios (%)					
ROE	19.3	11.1	12.4	14.3	15.9
ROA	7.0	4.3	5.1	6.5	7.5
ROIC	11.8	6.2	9.8	9.6	11.5
Payout ratio	6.7	9.7	12.8	11.7	10.8
Dividend yield (common)	1.1	2.2	3.0	2.4	2.8
Net debt to equity	56.7	68.8	64.1	53.5	38.6
Interest coverage (x)	3.5	2.5	4.4	5.7	7.2

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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- As of 2/20 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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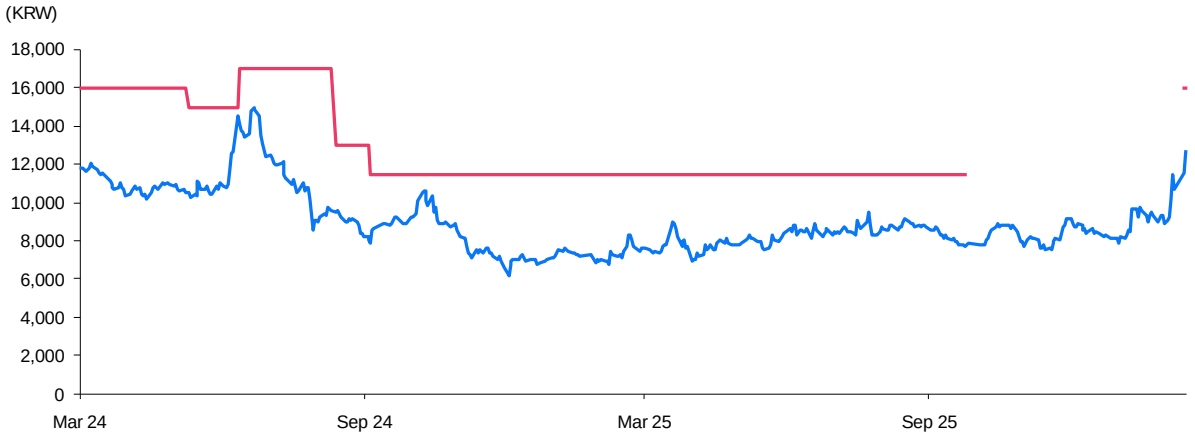
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/15	2024/5/16	6/18	8/19	9/11	2026/2/19
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	16000	15000	17000	13000	11500	16000
Gap* (average)	-26.87	-25.83	-31.40	-31.78	-29.77	
(max or min)**	-14.06	-3.33	-11.76	-26.08	-7.74	

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

Samsung Securities uses the following investment ratings*

Company

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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