COMPANY UPDATE

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EV/Mobility Team

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Hyundai Mobis (012330)

1Q preview; replacement cycle; robot investments

- We expect Hyundai Mobis's 1Q results to align with consensus, underpinned by strong performance of the aftermarket parts division. Lengthening vehicle replacement cycles in advanced countries is driving the aftermarket parts division toward a structural growth trajectory.
- The module division, encompassing the electrification business, likely recorded losses due to elevated raw material costs and Hyundai Motor (HMC)/Kia's diversification of EV component sourcing. However, these losses should be offset in 2H by stronger margins in ADAS and electrical/electronic (E/E) parts businesses.
- Mobis offers the clearest visibility into three-year profitability growth within the industry. Actuator sales for Boston Dynamics's Atlas will likely commence in 2H27.

WHAT'S THE STORY?

Mobis's aftermarket parts business on long-term growth trajectory: Geopolitical conflicts and the US-China technological rivalry have fragmented global markets and led to the splintering of technical standards. Hyundai Motor (HMC) and Kia generate 80-90% of their profits in markets where Chinese EV manufacturers face limited access—primarily the US, India, and Korea.

- **EV penetration around 10% in US, India, and Korea:** In the US, demand for EVs has fallen due to uncertain used-car values and the end of government incentives, causing EV penetration to drop from 10% to 6%. In India, insufficient charging infrastructure limits EV penetration to approximately 5%. In Korea, EV penetration stands at about 15%, but it fluctuates significantly based on Tesla's sales performance.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	61,118	65,805	69,666	73,777
Operating profit (KRWb)	3,357	3,869	4,474	4,909
Net profit (adj) (KRWb)	3,665	4,441	4,979	5,378
EPS (adj) (KRW)	39,682	48,829	54,740	59,124
EPS (adj) growth (% y-y)	-8.7	23.0	12.1	8.0
EBITDA margin (%)	7.4	7.8	8.4	8.6
ROE (%)	7.7	8.7	9.0	9.0
P/E (adj) (x)	9.4	8.0	7.1	6.6
P/B (x)	0.7	0.7	0.6	0.6
EV/EBITDA (x)	7.2	6.4	5.3	4.5
Dividend yield (%)	1.7	1.9	2.1	2.1

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW600,000	53.8%
Current price	KRW390,000	
Market cap	KRW35.4t/USD23.5b	
Shares (float)	90,732,583 (65.6%)	
52-week high/low	KRW529,000/KRW234,500	
Avg daily trading value (60-day)	KRW197.5b/ USD131.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Mobis (%)	-12.2	31.3	56.9
Vs Kospi (%pts)	-10.7	-15.2	-33.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	600,000	600,000	0.0%
2026E EPS	48,829	48,829	0.0%
2027E EPS	54,740	54,740	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	583,846
Recommendation	4.0

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

- **Vehicle replacement cycle is lengthening in US market:** Higher auto financing rates and inflation pressures have made used cars more attractive than new ones. In the US, the average age of vehicles on the road has risen from 11.8 years in 2019 to 13 years in 2026—the highest on record.
- **Non-genuine aftermarket parts market contracts post-pandemic:** Amid logistics disruptions, chip shortages, and US tariffs, the non-genuine aftermarket parts market has contracted—creating a prolonged growth environment for Hyundai Mobis's aftermarket parts sales.
- **Cash cow role in funding new business investments:** Mobis is responsible for supplying the core components and systems needed for the group's transition to Physical AI.

Robotics, the new business—this time is different: Mobis is entering robotics as its third new business. Its first two ventures—automotive components and electrification—were both late-mover plays that required massive upfront R&D and capital expenditures, which suppressed profitability. The electrification business was launched to offset declining sales from the aftermarket parts business. By contrast, robotics builds on Mobis's established technologies, enabling a path to profitability from the outset.

- **Humanoid robot actuators as third business:** Mobis is developing actuators for E-Atlas, and also handles battery modules and sensors. Due to concerns about technology leaks, it is likely that Mobis will also produce grippers and head modules (including reasoning chips). Together, these components make up 60-70% of the total manufacturing cost of Atlas.
- **Mobis's sales to Boston Dynamics:** Mobis's sales to Boston Dynamics is likely to grow to KRW600b in 2027 and to KRW1t in 2029.

Profitable from inception: Robot actuators share much in common with existing steering technology, minimizing initial investment. Core components such as motors and sensors are already in-house technologies. The company is evaluating whether to internalize or outsource gearboxes.

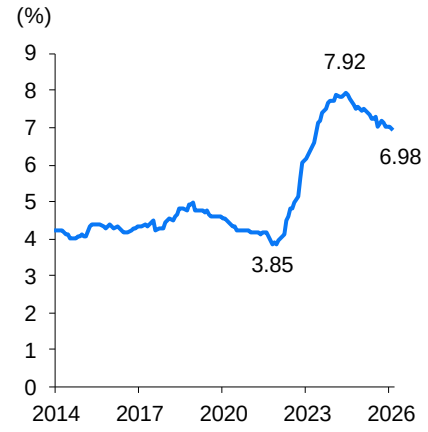
- **Clear visibility into earnings growth over next three years:** Mobis offers the clearest earnings visibility of any company in the industry.
- **Module division turning around:** The module division broke even in 2025, and is on track to achieve profitability in 2026. The division generated sales of KRW57t in 2025, so a 1%pt increase in operating margin would add KRW500-600b in annual profit.
- **We expect the module division to see increased profitability, led by:** 1) E/E parts (eg, ADAS) achieving economies of scale; and 2) sales to non-captive clients beginning in 2H (KRW600-700b pa; including BSA for Volkswagen).
- **CCU sales to rise starting 2027:** With HMC/Kia's transition to software-defined vehicles (SDV), Mobis will see increased sales of its central communication units (CCU). The CCU enables data exchange between vehicle control units and the centralized high-performance vehicle computer (HPVC). It is critical for: 1) managing over-the-air (OTA) updates—wirelessly updating software across vehicle systems including engine, braking, and steering; 2) vehicle diagnostics & monitoring—collecting real-time vehicle data and transmitting it to the cloud; and 3) security gateway—protecting the vehicle's internal networks from external cyberattacks.

- **Transitioning to technology company by divesting non-core units:** It is looking to sell its lamp and bumper businesses.
- **1Q preview—results in line with consensus:** We now expect Mobis to post 1Q sales of KRW15.4t (up 0.2% q-q and 4.6% y-y) and an operating profit of KRW866b (down 7% q-q but up 11.4% y-y), for an operating margin of 5.6%.

  In aftermarket parts, we estimate sales of KRW3.6t (up 10.4% y-y), operating profit of KRW906b (up 3.4% y-y), and an operating margin of 25%. To offset US tariff pressures, the aftermarket parts division implemented price hikes starting in 2H25 which, together with a weaker won, has positively impacted profitability. In the US market, three developments underpin the longer-term outlook for Mobis's aftermarket parts business: 1) hybrid vehicle demand is twice that of EVs; 2) the age of vehicles is increasing; and 3) logistics costs and tariffs are shrinking the non-genuine aftermarket parts market.

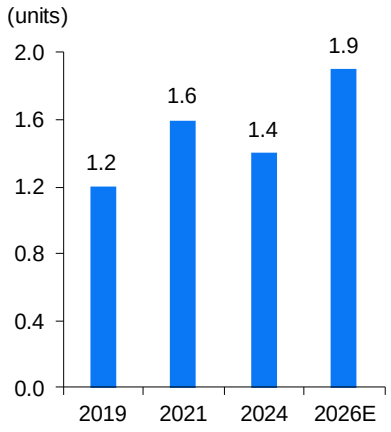
  In modules, we estimate sales of KRW11.8t (up 2.9% y-y), operating loss of KRW41b (moving into the red y-y), and an operating margin of -0.3%. The module division likely recorded a 1Q loss, due to elevated raw material costs and the electrification business facing pressure from HMC/Kia's supplier diversification. The module division should turn profitable in 2H and achieve full-year profitability in 2026.

US: Rates on 60-month loans for new cars



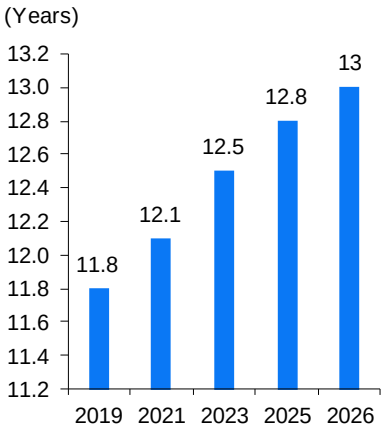
Source: Statista, Samsung Securities

US: Number of used vehicles sold per new vehicle sold



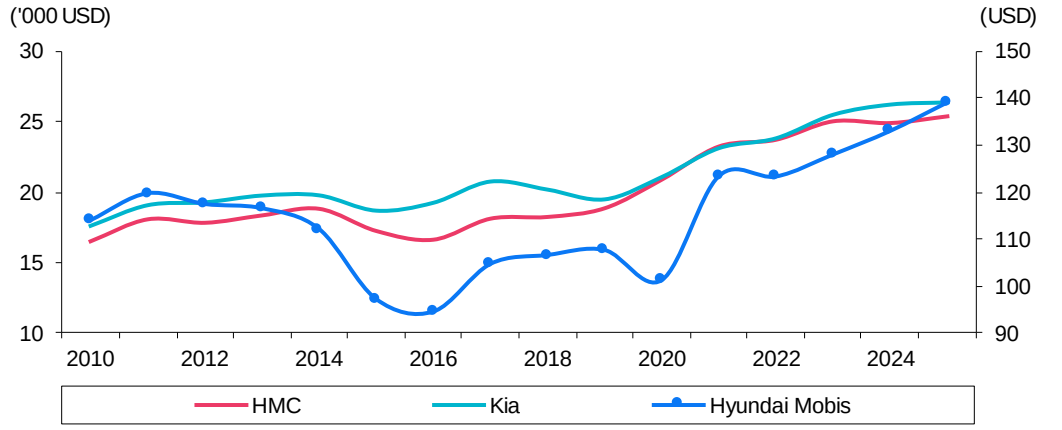
Source: Cox Automotive, Samsung Securities

US: Average age of autos on road



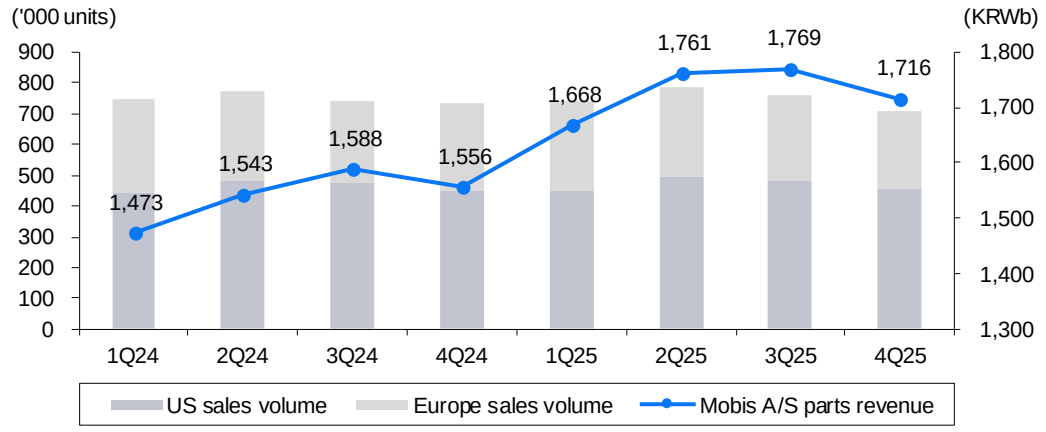
Source: S&P Global Mobility, Samsung Securities

Hyundai Mobis ASP vs HMC/Kia global ASP



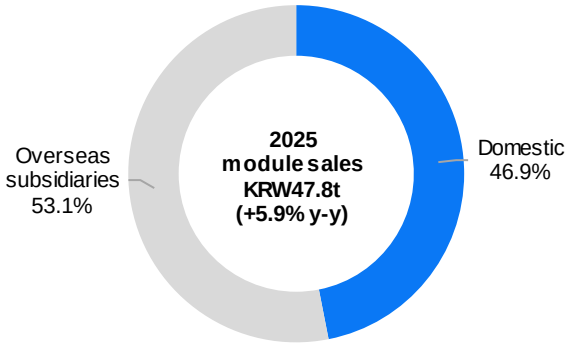
Source: Company data, Samsung Securities

US and Europe market: HMC/Kia global wholesales and Mobis A/S parts revenue



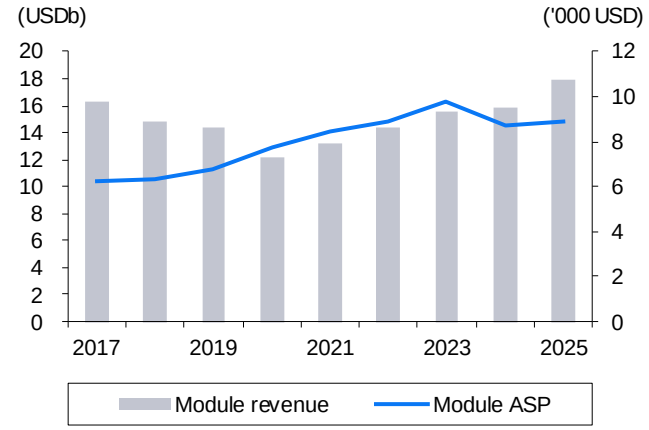
Source: Company data, Samsung Securities

Hyundai Mobis: Module sales



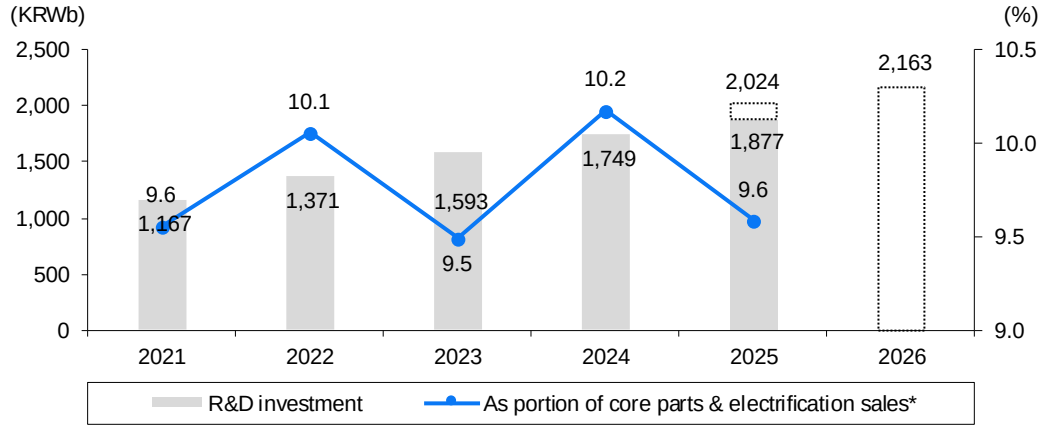
Source: Company data, Samsung Securities estimates

Hyundai Mobis: Sales and ASP at module business



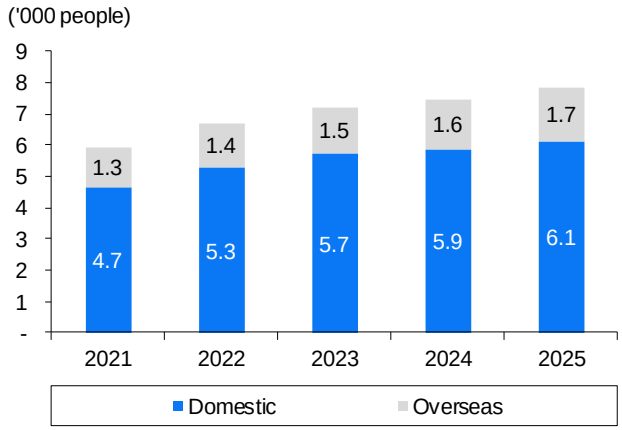
Source: Company data, Samsung Securities estimates

R&D as portion of core parts & electrification sales



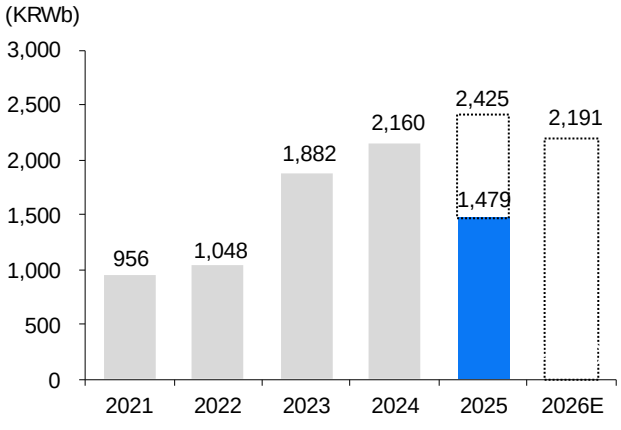
Note: * R&D as a percentage of electrification/core parts sales excludes battery cell value (estimated)
Source: Company data, Samsung Securities

Hyundai Mobis: Number of R&D personnel



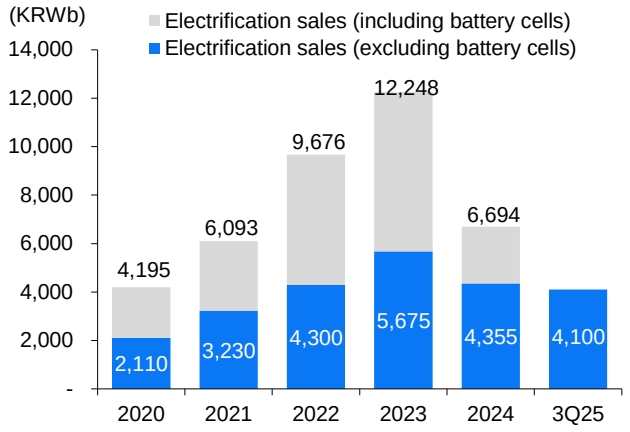
Source: Company data, Samsung Securities

Hyundai Mobis: Capex (production/R&D)



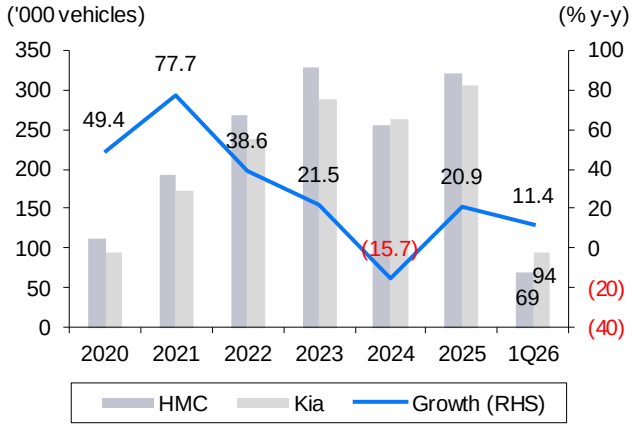
Source: Company data, Samsung Securities

Hyundai Mobis: Electrification revenue



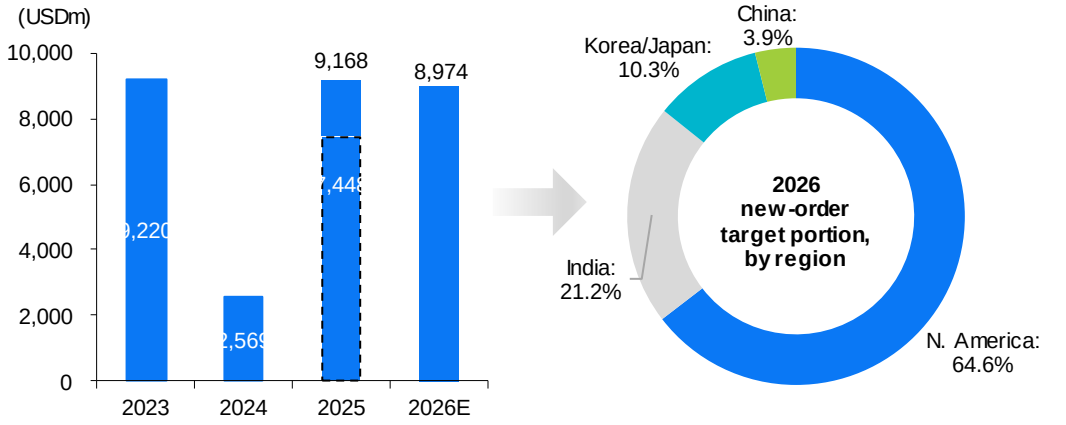
Source: Company data, Samsung Securities

HMC/Kia: BEV+PHEV sales volume



Source: Company data, Samsung Securities

Non-captive orders: Results & plans for core parts orders

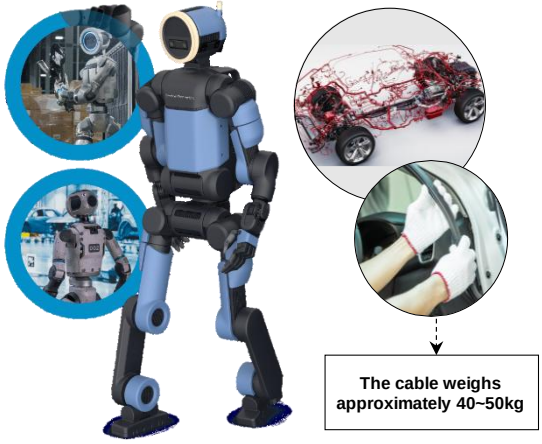


Source: Company data, Samsung Securities

Hyundai Mobis: Cableless actuator structure

Source: Company data

Atlas Gen3: Employs cableless actuator structure



Source: Company data

Atlas: Cost breakdown (estimates)

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

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

Rotary actuator: Cost breakdown

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

Source: CITIC Securities, Samsung Securities

Economies of scale: Automobile vs humanoid robot

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

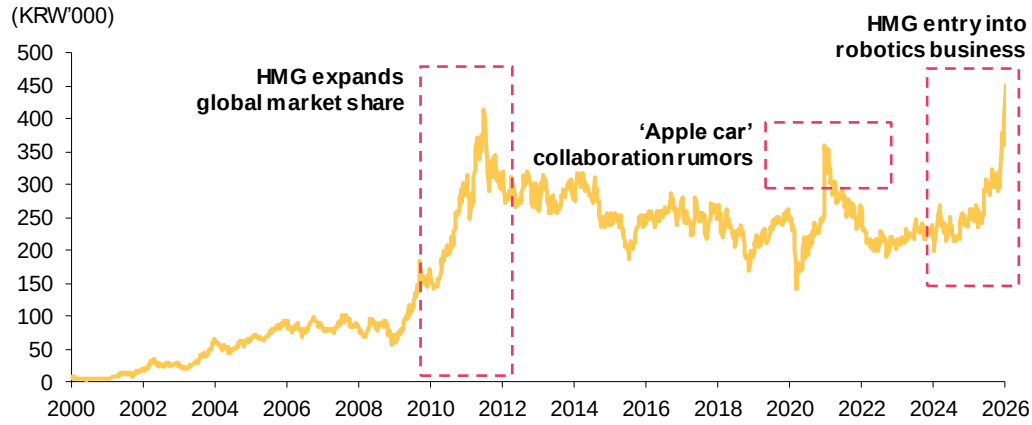
Source: Samsung Securities

Hyundai Mobis: Estimated revenue from Boston Dynamics Atlas

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

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

Hyundai Mobis: Long-term share-price performance



Source: QuantiWise, Samsung Securities

Mobis: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (avg)	1,453	1,401	1,387	1,452	1,467	1,450	1,430	1,420	1,365	1,423	1,442	1,390
Revenue	14,752	15,936	15,032	15,398	15,424	16,974	16,576	16,832	57,237	61,118	65,805	69,666
Chg (% y-y)	6.4	8.7	7.4	4.7	4.6	6.5	10.3	9.3	-3.4	6.8	7.7	5.9
Simple modules	6,799	7,403	6,849	7,181	7,045	8,019	7,765	7,526	25,633	28,232	30,355	31,969
Core parts & electrification	4,675	5,204	4,826	4,863	4,760	5,372	5,220	5,643	19,518	19,568	20,995	22,593
After-sales service	3,278	3,330	3,357	3,354	3,619	3,583	3,591	3,662	12,085	13,318	14,456	15,104
Gross profit	2,062	2,198	2,129	2,440	1,945	2,164	2,159	2,603	8,063	8,830	8,870	9,768
Operating profit	777	870	780	930	866	959	982	1,063	3,073	3,357	3,869	4,474
Chg (% y-y)	43.1	36.8	-14.1	-5.6	11.4	10.2	25.9	14.2	33.9	9.2	15.2	15.6
Modules	-100	42	-37	171	-41	70	75	166	-42	76	271	742
After-sales service	877	828	817	760	906	889	907	897	3,116	3,282	3,599	3,732
Net profit	1,032	934	931	768	1,025	1,101	1,062	1,254	4,060	3,665	4,441	4,979
Controlling profit	1,031	932	929	763	1,022	1,098	1,059	1,251	4,056	3,656	4,431	4,967
Chg (% y-y)	19.7	-6.4	1.1	-40.3	-0.9	17.8	13.9	64.0	18.5	-9.9	21.2	12.1
Margins (%)												
Gross profit	14.0	13.8	14.2	15.8	12.6	12.7	13.0	15.5	14.1	14.4	13.5	14.0
Operating profit	5.3	5.5	5.2	6.0	5.6	5.6	5.9	6.3	5.4	5.5	5.9	6.4
Modules	-0.9	0.3	-0.3	1.4	-0.3	0.5	0.6	1.3	-0.1	0.2	0.5	1.4
After-sales service	26.7	24.9	24.3	22.7	25.0	24.8	25.2	24.5	25.8	24.6	24.9	24.7
Net profit	7.0	5.9	6.2	5.0	6.6	6.5	6.4	7.5	7.1	6.0	6.7	7.1
Controlling net profit	7.0	5.9	6.2	5.0	6.6	6.5	6.4	7.4	7.1	6.0	6.7	7.1

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**57,237**	**61,118**	**65,805**	**69,666**	**73,777**
Cost of goods sold	49,174	52,288	56,935	59,898	63,260
Gross profit	**8,063**	**8,830**	**8,870**	**9,768**	**10,516**
Gross margin (%)	14.1	14.4	13.5	14.0	14.3
SG&A expenses	4,989	5,472	5,001	5,295	5,607
Operating profit	**3,073**	**3,357**	**3,869**	**4,474**	**4,909**
Operating margin (%)	5.4	5.5	5.9	6.4	6.7
Non-operating gains (losses)	**2,191**	**1,758**	**2,299**	**2,442**	**2,560**
Financial profit	812	606	453	501	583
Financial costs	486	355	167	154	154
Equity-method gains (losses)	1,788	1,400	1,963	2,094	2,200
Other	78	107	50	1	-68
Pre-tax profit	**5,264**	**5,115**	**6,169**	**6,915**	**7,469**
Taxes	1,204	1,450	1,727	1,936	2,091
Effective tax rate (%)	22.9	28.4	28.0	28.0	28.0
Profit from continuing operations	4,060	3,665	4,441	4,979	5,378
Profit from discontinued operations	0	0	0	0	0
Net profit	**4,060**	**3,665**	**4,441**	**4,979**	**5,378**
Net margin (%)	7.1	6.0	6.7	7.1	7.3
Net profit (controlling interests)	4,056	3,656	4,431	4,967	5,365
Net profit (non-controlling interests)	5	9	11	12	13
EBITDA	4,058	4,525	5,149	5,851	6,343
EBITDA margin (%)	7.1	7.4	7.8	8.4	8.6
EPS (parent-based) (KRW)	43,480	39,682	48,829	54,740	59,124
EPS (consolidated) (KRW)	43,528	39,779	48,948	54,874	59,268
Adjusted EPS (KRW)*	43,480	39,682	48,829	54,740	59,124

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**28,424**	**30,366**	**32,448**	**35,647**	**39,431**
Cash & equivalents	4,788	4,922	5,581	7,608	10,144
Accounts receivable	9,914	10,221	11,005	11,651	12,338
Inventories	6,763	6,862	7,388	7,822	8,283
Other current assets	6,958	8,361	8,474	8,567	8,666
Fixed assets	**38,173**	**40,034**	**42,670**	**44,889**	**46,947**
Investment assets	23,438	24,789	26,605	28,101	29,694
Tangible assets	12,003	12,347	13,254	14,051	14,580
Intangible assets	1,167	1,266	1,178	1,104	1,041
Other long-term assets	1,564	1,633	1,633	1,633	1,633
Total assets	**66,597**	**70,401**	**75,118**	**80,535**	**86,378**
Current liabilities	**12,745**	**13,058**	**13,449**	**14,191**	**14,981**
Accounts payable	6,748	6,691	7,205	7,627	8,077
Short-term debt	648	796	796	796	796
Other current liabilities	5,350	5,570	5,448	5,768	6,108
Long-term liabilities	**7,733**	**8,130**	**8,572**	**8,937**	**9,325**
Bonds & long-term debt	1,927	1,819	1,819	1,819	1,819
Other long-term liabilities	5,806	6,311	6,754	7,118	7,506
Total liabilities	**20,479**	**21,188**	**22,021**	**23,127**	**24,306**
Owners of parent equity	**46,081**	**49,168**	**53,042**	**57,340**	**61,991**
Capital stock	491	491	491	491	491
Capital surplus	1,367	1,377	1,377	1,377	1,377
Retained earnings	42,911	45,225	49,075	53,373	58,025
Other	1,311	2,075	2,098	2,098	2,098
Non-controlling interests' equity	**37**	**45**	**56**	**68**	**81**
Total equity	**46,118**	**49,213**	**53,098**	**57,408**	**62,072**
Net debt	-1,236	-1,256	-2,426	-4,452	-6,989

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**4,253**	**4,473**	**3,679**	**4,197**	**4,543**
Net profit	4,060	3,665	4,441	4,979	5,378
Non-cash profit and expenses	625	1,841	92	207	231
Depreciation	903	1,065	1,193	1,303	1,371
Amortization	82	102	87	74	63
Other	-360	674	-1,189	-1,171	-1,203
Changes in A/L from operating activities	-822	-708	-79	-65	-69
Cash flow from investments	**-4,589**	**-3,234**	**-2,100**	**-2,100**	**-1,900**
Change in tangible assets	-2,088	-1,281	-2,100	-2,100	-1,900
Change in financial assets	65	1	-0	-0	-0
Other	-2,566	-1,953	-0	-0	-0
Cash flow from financing	**-255**	**-1,205**	**-1,090**	**-669**	**-713**
Change in debt	804	114	-511	0	0
Change in equity	4	10	0	0	0
Dividends	-406	-583	-580	-669	-713
Other	-657	-745	0	0	0
Change in cash	-291	134	659	2,026	2,536
Cash at beginning of year	5,079	4,788	4,922	5,581	7,608
Cash at end of year	4,788	4,922	5,581	7,608	10,144
Gross cash flow	**4,685**	**5,506**	**4,533**	**5,186**	**5,609**
Free cash flow	**2,049**	**3,125**	**1,579**	**2,097**	**2,643**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-3.4	6.8	7.7	5.9	5.9
Operating profit	33.9	9.2	15.2	15.6	9.7
Net profit	18.6	-9.7	21.2	12.1	8.0
Adjusted EPS**	19.6	-8.7	23.0	12.1	8.0
Per-share data (KRW)					
EPS (parent-based)	43,480	39,682	48,829	54,740	59,124
EPS (consolidated)	43,528	39,779	48,948	54,874	59,268
Adjusted EPS**	43,480	39,682	48,829	54,740	59,124
BVPS	509,212	551,325	594,739	642,931	695,084
DPS (common)	6,000	6,500	7,500	8,000	8,000
Valuations (x)					
P/E***	5.4	9.4	8.0	7.1	6.6
P/B***	0.5	0.7	0.7	0.6	0.6
EV/EBITDA	5.1	7.2	6.4	5.3	4.5
Ratios (%)					
ROE	9.4	7.7	8.7	9.0	9.0
ROA	6.5	5.4	6.1	6.4	6.4
ROIC	11.3	10.7	11.7	12.8	13.5
Payout ratio	13.3	15.9	15.1	14.4	13.3
Dividend yield (common)	2.5	1.7	1.9	2.1	2.1
Net debt to equity	-2.7	-2.6	-4.6	-7.8	-11.3
Interest coverage (x)	23.8	19.0	23.2	29.0	31.8

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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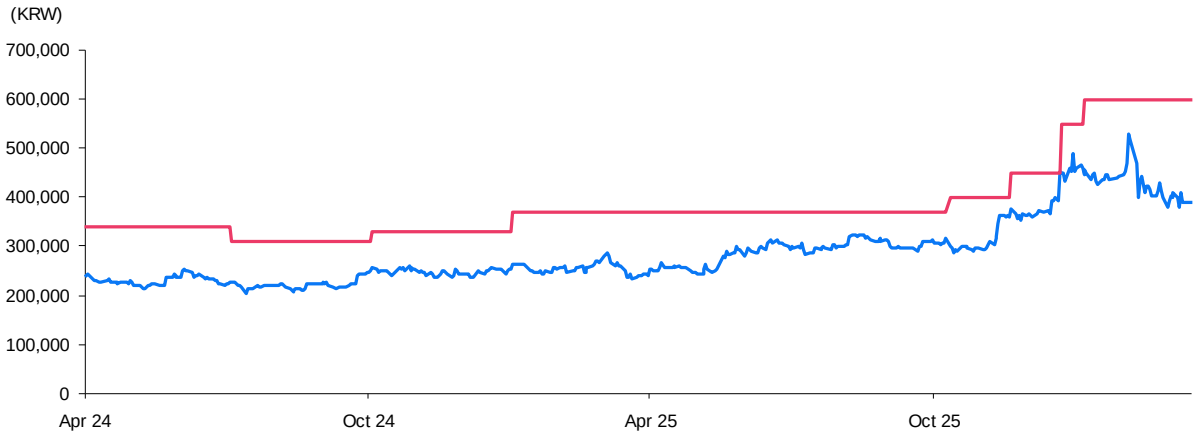
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/3/20	7/26	10/25	2025/1/24	11/3	12/12	2026/1/14	1/28
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	340000	310000	330000	370000	400000	450000	550000	600000
Gap* (average)	-30.85	-28.56	-24.95	-24.53	-22.07	-16.66	-16.89	
(max or min)**	-21.76	-19.35	-21.67	-12.30	-9.38	0.22	-11.36	

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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