COMPANY UPDATE

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EV/Mobility Team

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SL Corporation (005850)

NDR takeaways: A core part of HMG's value chain

- Hyundai Motor and Kia in 2026 will commence their strategic shifts towards software-defined vehicles, robotics, and purpose-built vehicles. SL Corp is a key participant in the value chain enabling these transformations.
- SL Corp's 2026 order target is KRW1.6t (up 11.8%), and a big part of this growth is likely to come from GM (which is refocusing on ICE vehicles).
- We believe SL Corp's 1Q results met consensus. Sales growth looks set to accelerate in 2Q, driven by the production of Kia's PV5, Robotics Lab's MobED, and Boston Dynamics' second-generation Spot.

WHAT'S THE STORY?

HMG entering new mobility sectors in 2026: Faced with slow global auto demand growth in the 1% range and price competition from Chinese automakers, Hyundai Motor (HMC) and Kia are expanding into new businesses. SL Corp is a key participant in the value chain enabling these transformations.

- **First shift—SDVs:** The key technical feature of software-defined vehicles (SDV) is the separation of hardware and software, allowing continuous software updates. HMC/Kia, through SDV, are expected to offer subscription-based autonomous driving and connectivity services over the vehicle's lifespan. To support SDV, the vehicle is changing from over 200 ECUs and MCUs to zonal architecture (body, infotainment, and autonomous driving) with just 3-5 central controllers.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW87,000	57.3%
Current price	**KRW55,300**	
Market cap	KRW2.6t/USD1.7b	
Shares (float)	46,448,520 (36.2%)	
52-week high/low	KRW73,400/KRW30,050	
Avg daily trading value (60-day)	KRW19.3b/ USD13.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SL Corporation (%)	-15.3	63.6	83.1
Vs Kospi (%pts)	-20.0	1.0	-23.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	87,000	87,000	0.0%
2026E EPS	7,888	7,888	0.0%
2027E EPS	8,458	8,458	0.0%

SAMSUNG vs THE STREET

No of estimates	6
Target price	84,333
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	5,240	5,659	6,055	6,479
Operating profit (KRWb)	407	447	484	508
Net profit (adj) (KRWb)	321	378	405	424
EPS (adj) (KRW)	6,692	7,888	8,458	8,843
EPS (adj) growth (% y-y)	-15.6	17.9	7.2	4.6
EBITDA margin (%)	10.9	10.8	10.6	10.3
ROE (%)	12.8	13.7	13.5	13.1
P/E (adj) (x)	6.4	7.0	6.5	6.3
P/B (x)	0.8	0.9	0.8	0.8
EV/EBITDA (x)	3.4	3.8	3.4	3.0
Dividend yield (%)	6.5	6.2	6.8	6.8

Source: Company data, Samsung Securities estimates

Under Hyundai Motor Group's (HMG) dual-sourcing policy, both SL Corp and Hyundai Mobis provide battery management systems (BMS) and side body control modules (SBCM) to the group. The SBCM acts as the central controller for vehicle convenience features such as window operations, seat adjustment, and seatbelt reminder. SL Corp's SBCM were first adopted in the Kia EV3 and EV4. Under HMC's and Kia's shared platform sourcing strategy, SL Corp is positioned to supply SBCM to all models that are launched over 2027-2028. Producing SBCM for all of HMG's vehicle models would generate sales of KRW100b *pa*.

- **Second shift—robots:** HMG's robotics business is structured around two pillars: Boston Dynamics and Robotics Lab. The mobile robot MobED, developed by Robotics Lab, is slated to begin production in May, with its derivative model PluD set to commence production by end-2026. Over the next three years, annual production of the MobED and PluD should range 10,000-15,000 units each. The second generation of the Spot, a four-legged robot developed by Boston Dynamics, should start being produced in 3Q. Pilot mass-production of the Atlas is slated to begin in 2H27.

  SL Corp is highly involved in the MobED's production. The firm supplies lidar modules and battery packs, and serves as the contract manufacturer of the MobED. The associated contracts are likely to generate sales of KRW80b-130b *pa* (1.5-2% of its total sales).

- **Third shift—Kia PBVs:** Europe's light commercial vehicle (LCV) market is around 2.5m units *pa*. Customers often spend EUR15,000-20,000 to modify vehicles for logistics or service usage. Kia's purpose-built vehicle (PBV) business is about manufacturing vehicles tailored to specific customer needs upfront—reducing the need for costly aftermarket modifications. The first model, the PV5, was launched in 4Q25, with a sales target of 56,000 units in 2026. By 2030, Kia plans to expand its PBV lineup to three distinct models, aiming for sales of 232,000 units *pa*.

  SL Corp provides battery packs, headlamps, rear lamps, side body control modules, and side mirrors for the PV5,

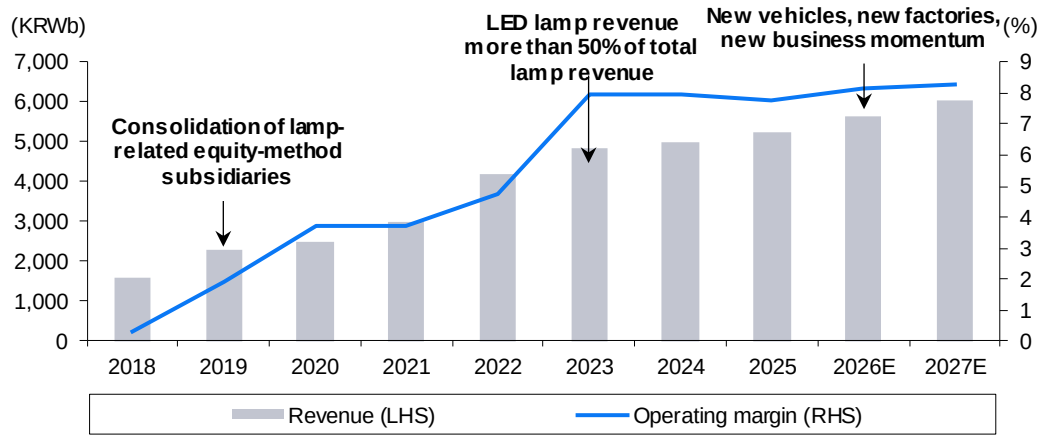
Undervalued considering earnings growth and dividend yield: SL Corp is trading at a P/E of 7x, compared to 13x for global lamp makers—roughly half the level of its peer group.

- **1Q preview—results in line with consensus:** We believe SL Corp had a robust quarter, with sales of KRW1.32t (down 6.3% q-q but up 7% y-y) and an operating profit of KRW123b (up 8.6% q-q and 3.4% y-y) for an operating margin of 9.3%, thanks to HMC/Kia's strong sales in the US and India. In the US market, it likely benefited from Kia's increased production of the Telluride and the 2H25 launch of SUV hybrid production there. FnGuide consensus has its 1Q sales reaching KRW1.3t and its operating profit coming to KRW119b for an operating margin of 9%.
- **2026 outlook:** We forecast the company will record 2026 sales of KRW5.6t (up 8%) and an operating profit of KRW447b (up 10%), for an operating margin of 7.9%. Sales are likely to gain momentum from HMG's new-model launches and higher utilization rates across its global plants, with tariff-cost refunds possibly adding further upside to its profitability.
- **Targeting 2026 new orders of KRW1.6t (up 11.8%):** SL Corp took KRW80.2b in new orders during the first two months of this year, meeting 5% of its annual target. New orders look set to rise, with GM scaling back its EV lineup, revising its product launch strategy to prioritize ICE models, and

opening bidding opportunities. In 2025, SL Corp's new orders totaled KRW1.43t (down 14.2%), achieving 98% of the firm's guidance.

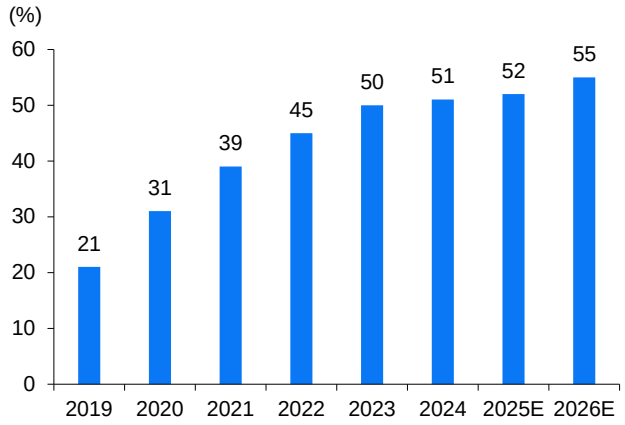
- **Projected 2026 DPS of KRW3,450 implies dividend yield of 6%:** SL Corp sharply raised its dividend payout ratio to 41% in 2025 (from 15% in 2024), enabling its shareholders to benefit from separate taxation of dividend income. Its current dividend yield of 6% is one of the highest in the industry. Given its net cash position (net cash of KRW174.9b and a debt-to-equity ratio of 50% as of end-4Q25) and earnings growth, it is likely to maintain a dividend payout ratio of at least 40% (one of the two statutory conditions required for a company's shareholders to qualify for the separate taxation of dividend income) through 2027. It has no plans to pay interim dividends.
- **Mobis to exit lamp business?** Rival Hyundai Mobis is looking to divest its lamp business. Hyundai Mobis and SL Corp vie for orders from HMG in Korea and North America, with SL Corp meeting 65-70% of HMG's lamp needs. In the European market, Mobis is HMG's exclusive lamp supplier. If Mobis sells its lamp business, SL Corp could further consolidate its position and meet a greater portion of HMG's lamp needs in the US and Korea. Moreover, SL Corp could potentially meet a greater portion of Kia's lamp needs—Mobis currently meets a larger share of its lamp needs in Korea.

SL Corp: Sales and operating margin



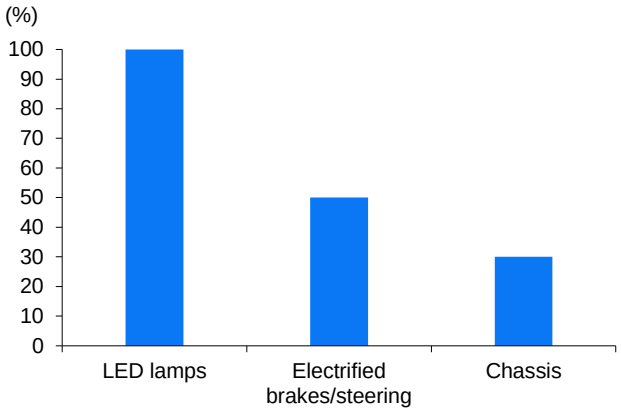
Source: Company data, Samsung Securities

SL Corp: LED lamp sales as portion of total lamp sales



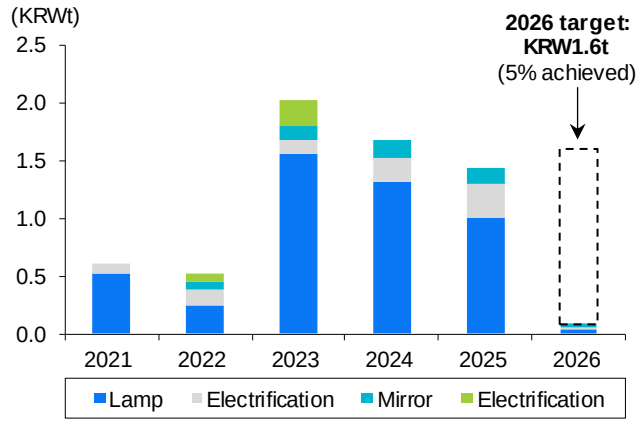
Source: Company data, Samsung Securities

SL Corp: Changes in ASPs for main products



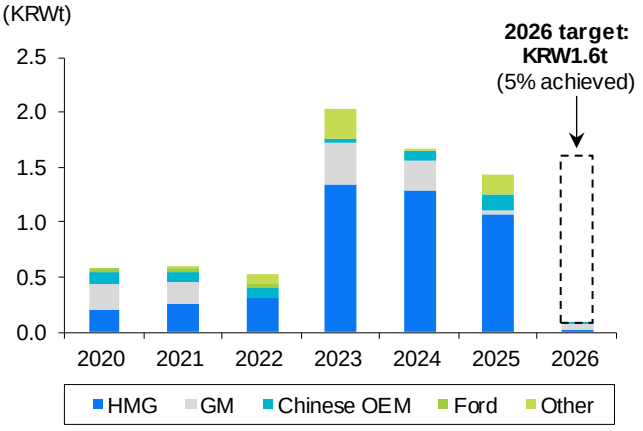
Source: Company data, Samsung Securities estimates

SL Corp: Orders taken, by product



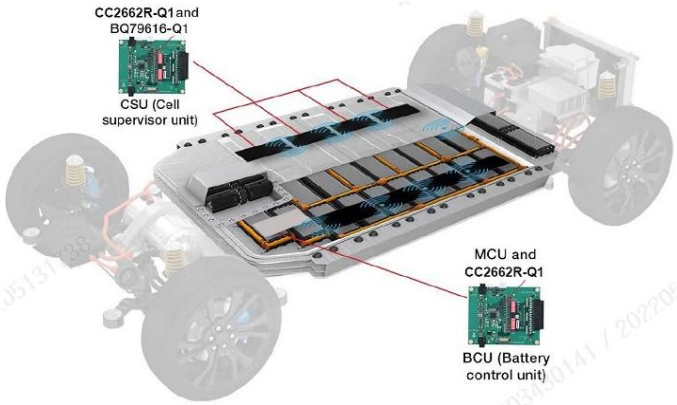
Note: 2026 figures cover Jan-Feb
Source: Company data, Samsung Securities

SL Corp: Orders taken, by client



Note: 2026 figures cover Jan-Feb
Source: Company data, Samsung Securities

Battery management system (BMS)

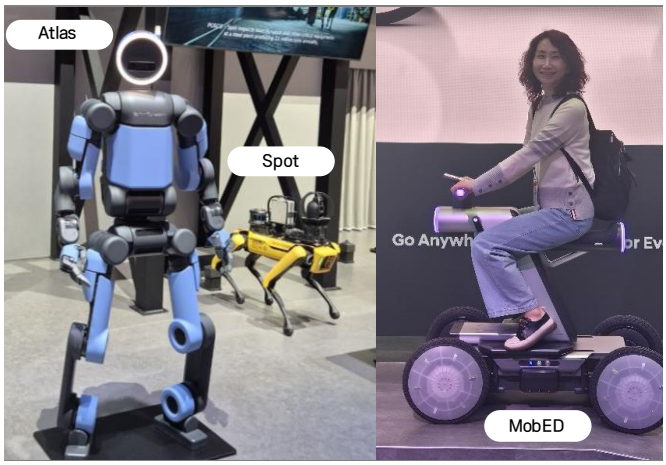


Source: TI, Samsung Securities

Side body control module (SBCM)

Source: Company data, Samsung Securities

Atlas/Spot/MobED



Source: Samsung Securities

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

Company	Product	Supplied by SL Corp
Robotics LAB	MobED	Lidar module
		Battery pack
		Mobile robot production
Boston Dynamics	Stretch	Direction indicator
	Spot	Leg module
	Atlas	Bidding

Source: Samsung Securities

Global lamp makers: Valuations

(USDm)	Koito	Valeo	Forvia	Stanley	SL Corp
Market cap	5,015	2,911	2,283	2,186	1,963
Revenue	5,830	23,981	3,197	27,090	3,856
Operating profit	293	1,117	288	1,587.90	298
Operating margin (%)	5.0	4.7	9.0	5.9	7.7
Net profit	200	411	202	170	256
Net margin (%)	3.4	1.7	6.3	0.6	6.7
2026 P/E	**22.3**	**7.4**	**11.9**	**9.7**	**8.0**
2026 P/B	**1.1**	**0.7**	**0.8**	**0.6**	**1.0**

Note: Market cap as of Mar 13, earnings based on 2026E consensus
Source: Bloomberg, Samsung Securities

SL Corp: 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
Revenue	1,234	1,295	1,303	1,409	1,325	1,435	1,408	1,491	4,973	5,240	5,659	6,055
Chg (% y-y)	-1.0	-0.3	9.3	13.9	7.4	10.8	8.1	5.8	2.8	5.4	8.0	7.0
Lamp	943	1,043	1,080	1,133	1,036	1,117	1,128	1,169	3,961	4,198	4,450	4,717
Chassis	173	134	163	159	177	161	175	147	543	630	661	694
Other	118	117	60	117	111	157	105	175	470	412	548	644
Gross profit	192	180	150	212	222	215	157	214	689	734	808	882
Operating profit	119	106	68	114	144	137	69	112	395	407	462	503
Chg (% y-y)	-14.1	-28.3	0.9	178.0	20.3	29.3	1.1	-1.1	2.3	3.0	13.4	9.0
Equity method profit	3.8	5.0	2.6	5.4	6.6	8.2	4.7	-2.6	16.8	16.8	16.9	17.1
Before tax profit	137	92	94	124	170	144	84	146	487	446	544	585
Net profit	104	70	70	77	128	108	63	109	382	321	408	439
Chg (% y-y)	-14.3	-43.3	21.3	-3.4	22.7	53.5	-9.8	42.9	9.4	-16.0	27.2	7.6
Controlling profit	100	69	68	75	124	105	61	107	368	313	397	428
Chg (% y-y)	-14.2	-41.7	21.6	-2.4	24.4	51.6	-10.0	42.1	9.8	-15.2	27.2	7.6
Margins (%)												
Gross profit	15.6	13.9	11.5	15.0	16.7	15.0	11.2	14.3	13.8	14.0	14.3	14.6
Operating profit	9.7	8.2	5.2	8.1	10.8	9.5	4.9	7.5	7.9	7.8	8.2	8.3
Before tax profit	11.1	7.1	7.2	8.8	12.8	10.0	6.0	9.8	9.8	8.5	9.6	9.7
Net profit	8.4	5.4	5.4	5.4	9.6	7.5	4.5	7.3	7.7	6.1	7.2	7.3

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**4,973**	**5,240**	**5,659**	**6,055**	**6,479**
Cost of goods sold	4,285	4,507	4,868	5,200	5,555
Gross profit	**689**	**733**	**791**	**855**	**924**
Gross margin (%)	13.8	14.0	14.0	14.1	14.3
SG&A expenses	294	326	344	372	416
Operating profit	**395**	**407**	**447**	**484**	**508**
Operating margin (%)	7.9	7.8	7.9	8.0	7.8
Non-operating gains (losses)	**92**	**39**	**57**	**57**	**57**
Financial profit	33	34	37	43	50
Financial costs	21	15	13	12	12
Equity-method gains (losses)	17	18	18	18	18
Other	63	1	15	8	1
Pre-tax profit	**487**	**446**	**504**	**541**	**565**
Taxes	105	125	126	135	141
Effective tax rate (%)	21.6	28.0	25.0	25.0	25.0
Profit from continuing operations	382	321	378	405	424
Profit from discontinued operations	0	0	0	0	0
Net profit	**382**	**321**	**378**	**405**	**424**
Net margin (%)	7.7	6.1	6.7	6.7	6.5
Net profit (controlling interests)	368	311	366	393	411
Net profit (non-controlling interests)	14	10	12	13	13
EBITDA	559	570	610	643	665
EBITDA margin (%)	11.2	10.9	10.8	10.6	10.3
EPS (parent-based) (KRW)	7,930	6,692	7,888	8,458	8,843
EPS (consolidated) (KRW)	8,223	6,906	8,141	8,729	9,126
Adjusted EPS (KRW)*	7,930	6,692	7,888	8,458	8,843

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**2,346**	**2,634**	**2,914**	**3,236**	**3,566**
Cash & equivalents	348	478	617	806	993
Accounts receivable	960	984	1,062	1,137	1,216
Inventories	416	436	471	504	539
Other current assets	622	737	764	790	817
Fixed assets	**1,353**	**1,363**	**1,374**	**1,377**	**1,383**
Investment assets	233	245	258	271	284
Tangible assets	861	871	870	869	869
Intangible assets	37	41	39	30	24
Other long-term assets	221	207	207	207	207
Total assets	**3,699**	**3,997**	**4,288**	**4,613**	**4,948**
Current liabilities	**1,142**	**1,170**	**1,201**	**1,267**	**1,338**
Accounts payable	511	560	605	647	692
Short-term debt	275	261	261	261	261
Other current liabilities	357	349	335	359	384
Long-term liabilities	**159**	**175**	**189**	**201**	**215**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	159	175	189	201	215
Total liabilities	**1,302**	**1,345**	**1,390**	**1,469**	**1,553**
Owners of parent equity	**2,300**	**2,553**	**2,787**	**3,021**	**3,259**
Capital stock	23	23	23	23	23
Capital surplus	460	460	460	460	460
Retained earnings	1,783	2,045	2,284	2,518	2,756
Other	34	25	20	20	20
Non-controlling interests' equity	**97**	**99**	**111**	**123**	**137**
Total equity	**2,397**	**2,652**	**2,898**	**3,144**	**3,396**
Net debt	-24	-170	-347	-536	-723

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**482**	**509**	**465**	**492**	**504**
Net profit	382	321	378	405	424
Non-cash profit and expenses	300	388	222	221	218
Depreciation	153	151	151	151	151
Amortization	11	12	11	9	7
Other	136	225	60	62	61
Changes in A/L from operating activities	-122	-157	-58	-55	-58
Cash flow from investments	**-334**	**-296**	**-160**	**-150**	**-150**
Change in tangible assets	-214	-181	-150	-150	-150
Change in financial assets	0	0	0	0	0
Other	-120	-115	-10	0	0
Cash flow from financing	**-127**	**-81**	**-166**	**-159**	**-172**
Change in debt	-39	-16	-39	0	0
Change in equity	0	0	0	0	0
Dividends	-46	-60	-128	-159	-173
Other	-41	-5	0	0	0
Change in cash	35	129	139	189	187
Cash at beginning of year	314	348	478	617	806
Cash at end of year	348	478	617	806	993
Gross cash flow	**681**	**708**	**600**	**627**	**642**
Free cash flow	**244**	**320**	**315**	**342**	**354**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	2.8	5.4	8.0	7.0	7.0
Operating profit	2.3	3.0	9.9	8.1	5.1
Net profit	9.4	-16.0	17.9	7.2	4.6
Adjusted EPS**	9.8	-15.6	17.9	7.2	4.6
Per-share data (KRW)					
EPS (parent-based)	7,930	6,692	7,888	8,458	8,843
EPS (consolidated)	8,223	6,906	8,141	8,729	9,126
Adjusted EPS**	7,930	6,692	7,888	8,458	8,843
BVPS	49,934	55,423	60,516	65,596	70,764
DPS (common)	1,200	2,770	3,450	3,750	3,750
Valuations (x)					
P/E***	3.8	6.4	7.0	6.5	6.3
P/B***	0.6	0.8	0.9	0.8	0.8
EV/EBITDA	2.6	3.4	3.8	3.4	3.0
Ratios (%)					
ROE	17.4	12.8	13.7	13.5	13.1
ROA	11.0	8.3	9.1	9.1	8.9
ROIC	17.4	15.2	16.8	17.5	17.9
Payout ratio	15.0	41.0	43.4	44.0	42.0
Dividend yield (common)	4.0	6.5	6.2	6.8	6.8
Net debt to equity	-1.0	-6.4	-12.0	-17.1	-21.3
Interest coverage (x)	21.7	29.3	35.2	40.8	42.8

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

Source: Company data, Samsung Securities estimates

Compliance notice

- As of 4/13 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 4/13 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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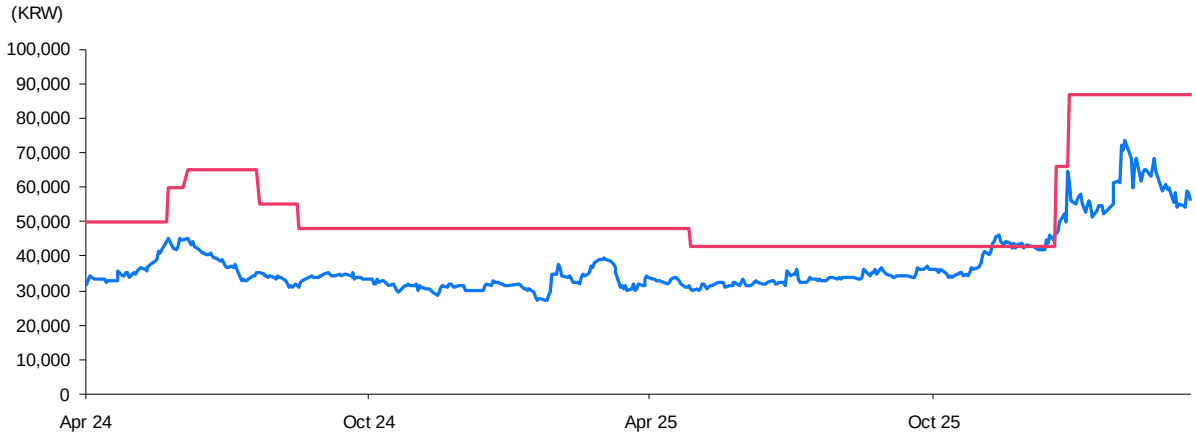
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/7/6	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

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 2026.03.31

BUY (85.2%)·HOLD (14.8%)·SELL (0%)

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