COMPANY UPDATE

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EV/Mobility Team

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Hyundai Mobis (012330)

Decade-long suppression, now set for an explosive rally

- Hyundai Mobis's stock price had stalled for the past decade under KRW300,000, pressured by: 1) structural discounting tied to its corporate governance relationship with Hyundai Motor (HMC) and Kia; and 2) the peak (and subsequent decline) of HMC/Kia's sales in China (their sales in the nation began falling after 2015).
- The shift in Mobis's standing within Hyundai Motor Group (HMG) began with the growth of non-captive orders and the transfer of its hydrogen business. The company has evolved from being a component supplier serving HMC/Kia, to an entity with independent authority over its capital allocation.
- Combined with a turnaround at its core components business (full-year basis), its entry into robotics, and expectations of corporate restructuring, Mobis now has the potential to surpass HMC (valuation basis) in the near term. Alongside HMC, Hyundai Mobis is our top pick for 2H.

WHAT'S THE STORY?

10-year governance discount transitioning into premium factor: We raise our 12-month target price for Hyundai Mobis by 10.8% to KRW720,000.

- **Upgrading target multiple by 10%:** We raise our target P/E and P/B for Mobis by 10% each to 13.7x and 1.16x, respectively. These multiples are based on the average of its 2026 and 2027 earnings. The upward revision reflects an evolving environment where the long-standing corporate governance discount is being replaced by a premium, driven by the increasing visibility of Boston Dynamics' IPO (which should happen by end-2028). Our new target price represents the average of two valuation approaches.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	61,118	65,087	68,880	72,946
Operating profit (KRWb)	3,357	3,919	4,627	5,193
Net profit (adj) (KRWb)	3,665	4,292	4,939	5,441
EPS (adj) (KRW)	39,682	47,469	55,027	60,621
EPS (adj) growth (% y-y)	-8.7	19.6	15.9	10.2
EBITDA margin (%)	7.4	8.0	8.7	9.1
ROE (%)	7.7	8.4	9.0	9.1
P/E (adj) (x)	9.4	13.6	11.7	10.7
P/B (x)	0.7	1.1	1.0	0.9
EV/EBITDA (x)	7.2	10.8	9.0	7.7
Dividend yield (%)	1.7	1.0	1.2	1.2

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW720,000	8.4%
Current price	**KRW664,000**	
Market cap	KRW60.2t / USD40.0b	
Shares (float)	89,602,640 (65.2%)	
52-week high/low	KRW670,000/KRW243,000	
Avg daily trading value (60-day)	KRW248.8b/ USD165.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Mobis (%)	57.2	122.8	172.1
Vs Kospi (%pts)	26.5	9.7	-10.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	720,000	650,000	10.8%
2026E EPS	47,469	47,061	0.9%
2027E EPS	55,027	52,865	4.1%

SAMSUNG vs THE STREET

No of estimates	25
Target price	584,000
Recommendation	4.0

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

Our target P/E (13.7x) aligns with the upper end of HMC/Kia's P/E band during their global sales expansion phase (2010-2012). Given HMG's entry into robotics and Mobis's leadership in key robotics component fields (*eg*, actuators, grippers, and head modules), we do not find it excessive to apply this historical high. Over 2010-2012, Mobis's P/B ranged 2-2.9x.

- **Increased autonomy over capital allocation; possibility of corporate governance overhaul:** 1) Mobis transferred its hydrogen business to HMC in Feb 2024, and is actively pursuing the divestment of its lamp and bumper divisions. 2) With Boston Dynamics' IPO likely to take place by end-2028, the prospects are growing of a broader corporate governance overhaul by HMG.
- **Stock-price compression lifts after decade of undervaluation:** The historical correlation between HMC and Mobis P/Es is 0.82. As HMC's valuation multiple expands, Mobis's P/E should follow, reflecting the unwinding of the long-standing governance discount.

Fundamental change began three years ago: Since 2023, non-captive orders have started delivering tangible results. Since 2024, Mobis has transitioned from being mainly a captive supplier serving HMC/Kia, to an independent entity with authority over its own capital allocation strategy.

- **Hydrogen business divestment (Feb 2024):** Mobis transferred its hydrogen business (suffering a deficit of KRW100b *pa*) to HMC in order to refocus on its core competencies.
- **Lamp & bumper divestment (ongoing):** Lamps and bumpers are profitable businesses (each logging sales of more than KRW2t *pa*). The divestments aim to free up capital and human resources, which could then be ploughed into higher-margin, high-growth segments (*eg*, next-generation automotive electronics, sensor systems, and robotics).
- **Transformation of market perception:** Historically, Mobis was viewed as a component supplier constrained by HMC/Kia's strategic priorities—with 85-90% of its sales coming from the group. This perception led to a valuation framework that suppressed its standalone potential under the existing corporate governance structure. Today, Mobis is evolving into an independent entity with its own capital allocation strategy for growth. Non-captive orders, part of a deliberate strategy to diversify its sales, have grown measurably since 2023.

Boston Dynamics' IPO in 2028: According to media reports, Kia's CEO said that Boson Dynamics' listing may be pursued around 2028.

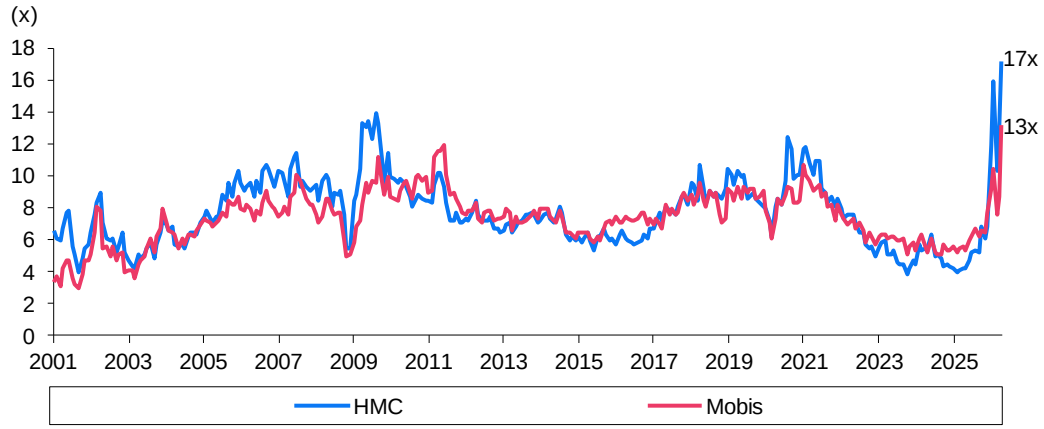
- **Boston Dynamics requires sales visibility:** 1) For an IPO, clear revenue prospects are essential. In 2025, Boston Dynamics reported sales of KRW150b and a net loss of KRW528.4b. With Atlas mass-production expected to begin in 2028, achieving annual sales of over KRW2t *pa* is gaining visibility (assumes production of 30,000 units at an ASP of USD50,000). 2) HMG has announced plans to deploy 25,000 units internally. An additional 5,000+ units must be sold to external customers to validate the robot's commercial scalability.
- **Capital needs for robotics growth at HMG:** Intelligence stands at the core of robotics. Developing advanced intelligence requires massive investments in data centers, motion sensor datasets, and inference chips. In sum, physical AI demands massive capital expenditure (capex) and operating expenditure (opex), far beyond what HMG's internal cash flow can sustain. To secure the capital required for this, it increasingly looks as though Boston Dynamics will be listed.

- **Boston Dynamics needs to be worth at least KRW50t:** Since the failed attempt in 2018 to restructure its governance, HMG has signaled its intent to resolve governance issue in a straightforward manner. The only viable path: Chairman Chung Eui-sun would buy a 24.17% stake in Hyundai Mobis on the open market, using the proceeds from the Boston Dynamics IPO (Kia and Hyundai Steel together own a 24.17% stake in Mobis, which shares they would sell on the open market as Mr. Chung buys them). For this transaction to work, Boston Dynamics must be valued at a minimum of KRW50t. Importantly, this valuation must be validated externally—internal group transactions alone will not suffice.

Earnings and new businesses on a roll: Hyundai Mobis is positioned to log sustained earnings growth over the next three years, and is likely to expand its involvement in Atlas manufacturing.

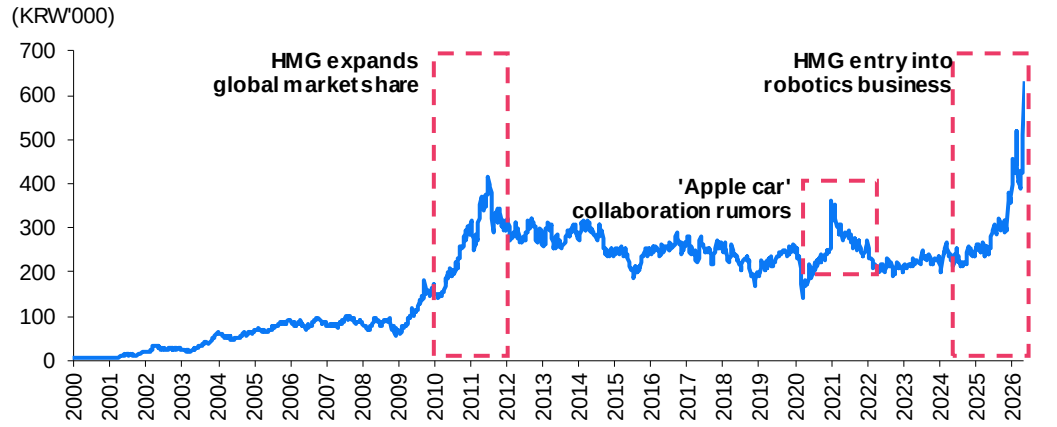
- **Clear earnings growth visibility over next three years:** Amid steady performance at the aftermarket parts division, the module division should see increased profitability, led by: 1) E/E parts (*eg*, ADAS) achieving economies of scale; 2) sales to non-captive clients (*eg*, BSA for Volkswagen) beginning in 2H (KRW500b-600b *pa*); and 3) divestment of non-core businesses such as lamps and bumpers. The electrification business has seen its path to profitability delayed by more than a year due to stagnant EV sales at HMC/Kia. The module division generated sales of KRW57t in 2025, so a 1%pt increase in operating margin would add KRW500b-600b to Mobis's annual profit.
- **Mobis to capture over 60% of Atlas's manufacturing cost:** In recent investor briefings, HMG clarified its internal division of labor for Atlas production. Hyundai Mobis will manufacture actuators (accounting for 50-60% of the robot's total cost). Mobis should build a production facility capable of producing more than 350,000 actuators annually. The company should also be responsible for grippers, sensors, battery modules, and the head module. To safeguard proprietary technology and IP, all critical components are expected to be designed and produced in-house. Mobis's sales from Boston Dynamics should reach KRW0.6t in 2027 and KRW1t in 2029.

Hyundai Motor vs Hyundai Mobis: 12-month forward P/E valuation



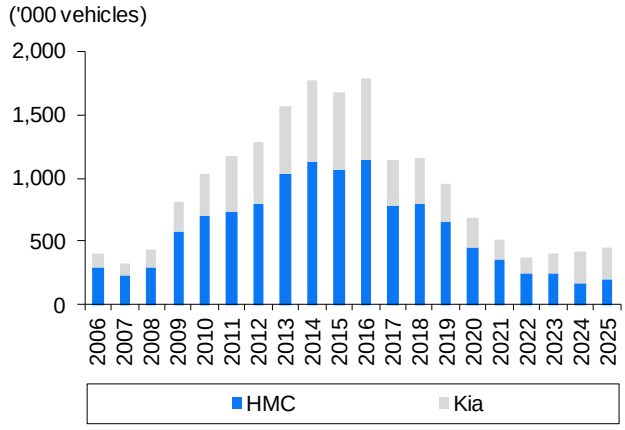
Source: QuantiWise, Samsung Securities

Hyundai Mobis: Long-term share-price performance



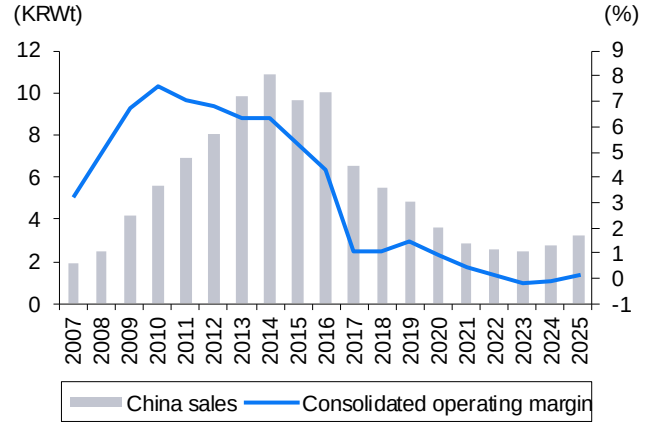
Source: QuantiWise, Samsung Securities

HMC/Kia: Sales volume in China



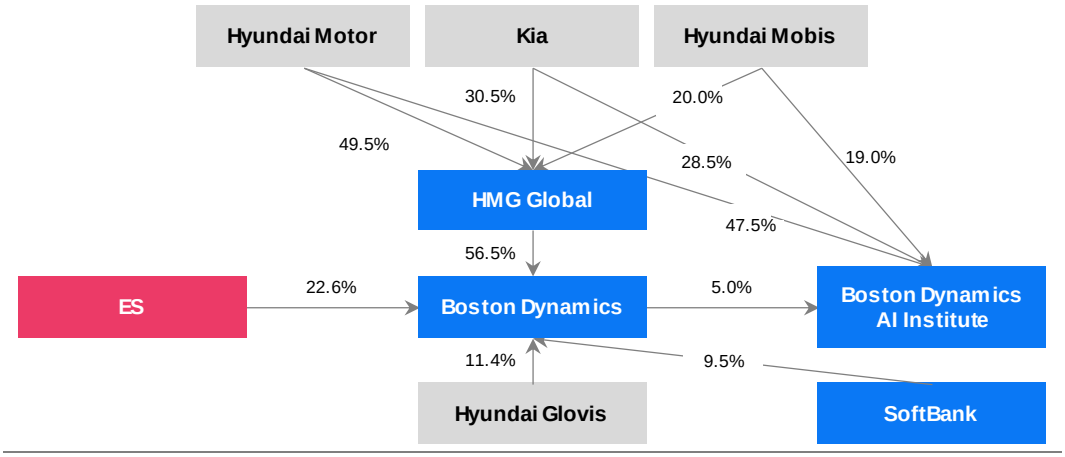
Source: Company data, Samsung Securities

Hyundai Mobis: China sales and consolidated operating margin



Source: Company data, Samsung Securities

Boston Dynamics: Governance structure



Source: Company data, Samsung Securities estimates

Boston Dynamics: Results

(KRWb)	Revenue	Net losses
2021	66.8	-197
2022	78.2	-225.1
2023	91	-334.8
2024	116.1	-440.5
2025	150.1	-528.4

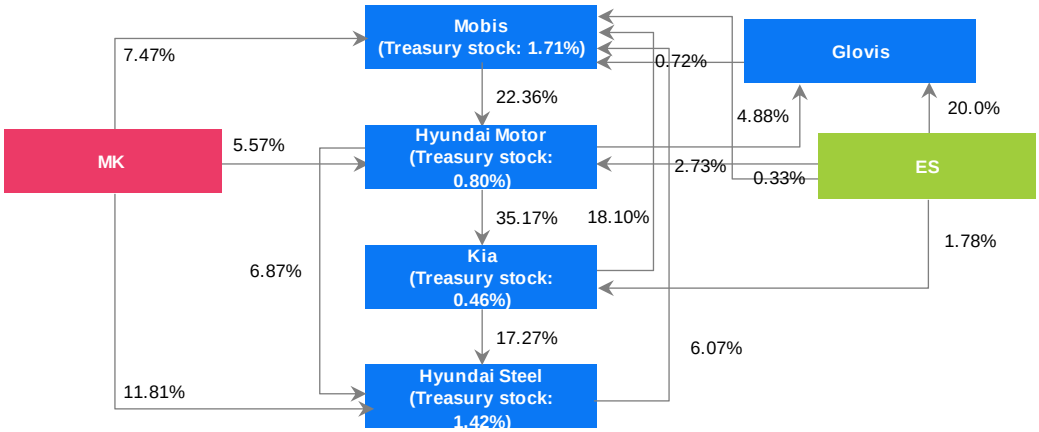
Source: Hyundai Glovis, Samsung Securities

Value of stakes if Boston Dynamics goes public with a market cap of US39b

(USDm)	Stake (%)	Stake value (USDm)	Stake value (KRWb)
HMC	27.97	10,907	15,816
Kia	17.23	6,721	9,745
Mobis	11.30	4,407	6,390
ES	22.60	8,814	12,780
Glovis	11.40	4,446	6,447
SoftBank	9.50	3,705	5,372
Total	100	39,000	56,550

Note: Assumes exchange rate of USD/KRW1,450;
USD39b valuation based on Figure AI's implied value
Source: Samsung Securities estimates

Hyundai Motor Group: Governance structure



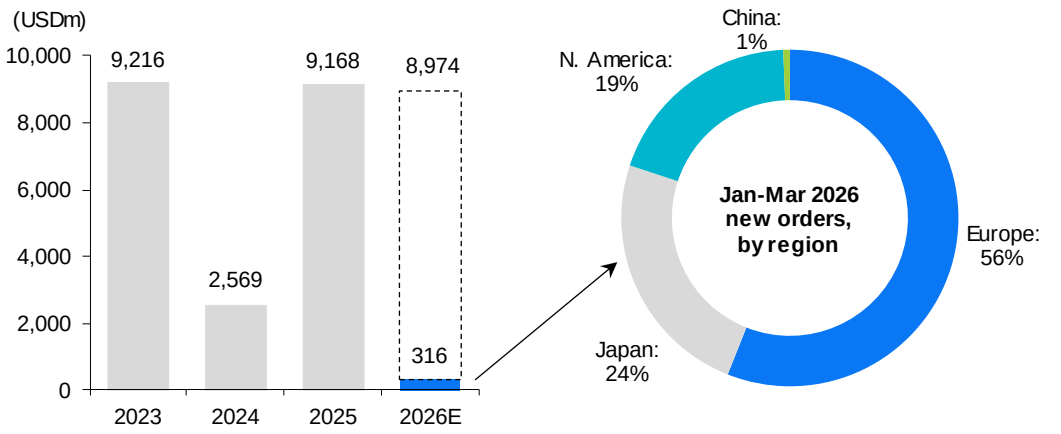
Source: Company data, Samsung Securities

HMG's stake in Hyundai Mobis

(KRWb)	Stake (%)	Stake value	After tax*
Kia	18.1	8,359	6,269
Hyundai Steel	6.07	2,803	2,102
Total	24.17	11,162	8,372
Share buyback and cancellation over 15 years		2,232	

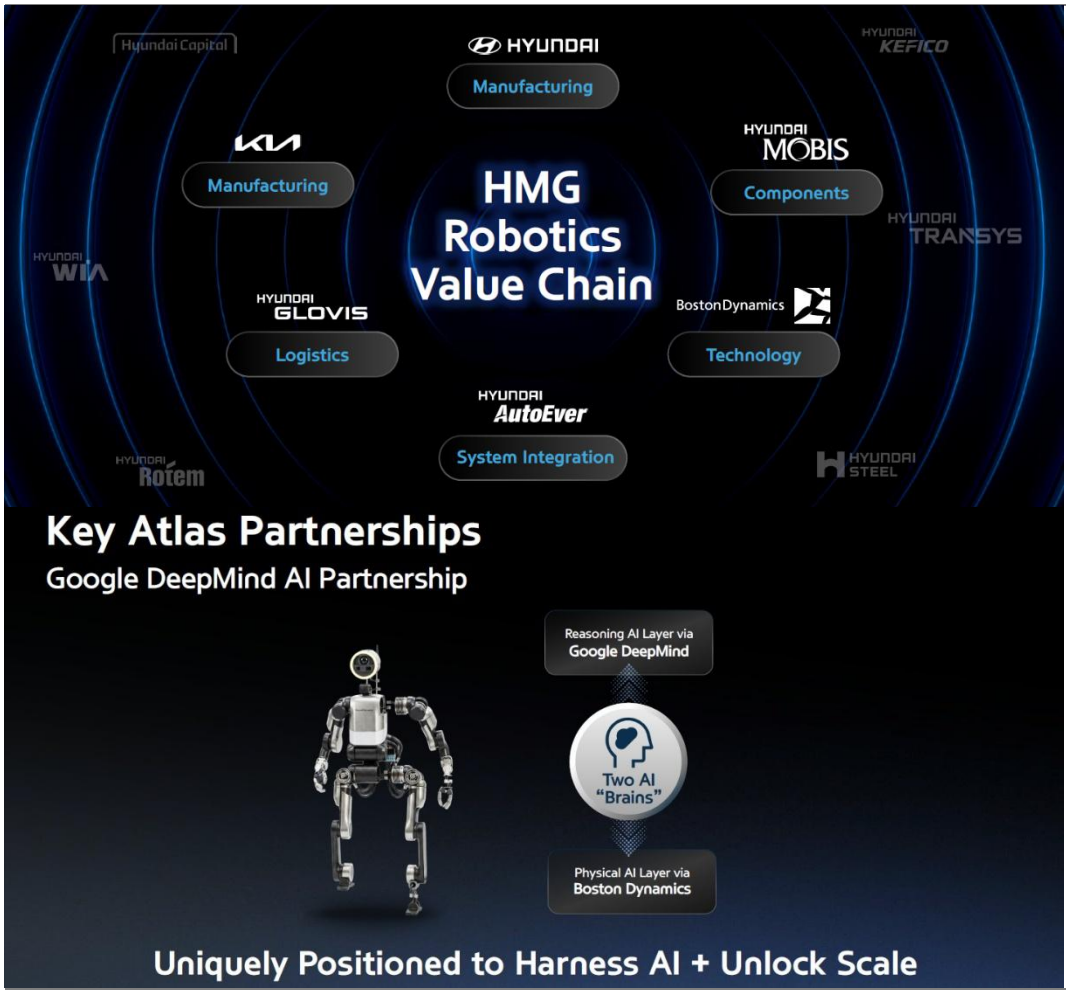
Note: *Assuming a tax rate of 25%
Source: FnGuide, Samsung Securities

Non-captive orders: Results and estimates relating to orders for core parts



Source: Company data, Samsung Securities

HMG: Robotics value chain



Source: Company data

HMC's role: Manufacturing

Source: Company data

Mobis' role: Core components partner

Source: Company data

AutoEver's role: System integration

Source: Company data

HMG: Global robotics ecosystem

Source: Company data

RA (Robotics America): Robot manufacturing facility 2028 targets (initial capacity of 30,000 units)

Source: Company data

RMAC (Robot Metaplant Application Center): Robot training center to be established by summer 2026

Source: Company data

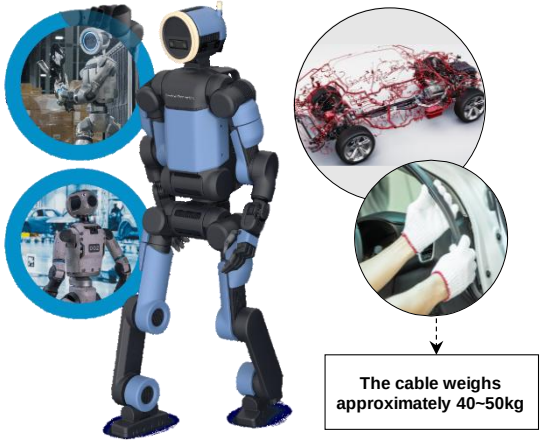
Hyundai Mobis: Parts manufacturing facility 2028 targets (initial capacity of 350,000 units)

Source: Company data

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

Hyundai Mobis: Estimated revenue from Boston Dynamics Atlas

Timeline	Volume (units)	Production cost (each, USD)	Mobis manufacturing portion	Unit cost (USD)	Mobis sales* (USDm)	Mobis sales** (KRWb)
2027	5,000	130,000	60%	78,000	425	617
2028	10,000	50,992	60%	30,595	321	466
	20,000	37,659	60%	22,595	475	688
2029	30,000	33,214	60%	19,929	628	910
	40,000	30,992	60%	18,595	781	1,132
2030	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 USD/KRW1,450
Source: Samsung Securities estimates

Mobis: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	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	15,561	16,776	16,374	16,376	57,237	61,118	65,087	68,880
Chg (% y-y)	6.4	8.7	7.4	4.7	5.5	5.3	8.9	6.4	-3.4	6.8	6.5	5.8
Simple modules	6,799	7,403	6,849	7,181	7,149	7,891	7,632	7,241	25,633	28,232	29,913	31,488
Core parts & electrification	4,675	5,204	4,826	4,863	4,892	5,303	5,151	5,372	19,518	19,568	20,718	22,288
After-sales service	3,278	3,330	3,357	3,354	3,519	3,583	3,591	3,763	12,085	13,318	14,456	15,104
Gross profit	2,062	2,198	2,129	2,440	2,149	2,113	2,190	2,414	8,063	8,830	8,866	9,862
Operating profit	777	870	780	930	803	922	1,027	1,167	3,073	3,357	3,919	4,627
Chg (% y-y)	43.1	36.8	-14.1	-5.6	3.3	6.0	31.7	25.5	33.9	9.2	16.7	18.0
Modules	-100	42	-37	171	-121	-11	100	195	-42	76	163	732
After-sales service	877	828	817	760	924	933	927	972	3,116	3,282	3,756	3,895
Net profit	1,032	934	931	768	883	1,053	1,094	1,262	4,060	3,665	4,292	4,939
Controlling profit	1,031	932	929	763	882	1,051	1,092	1,260	4,056	3,656	4,285	4,931
Chg (% y-y)	19.7	-6.4	1.1	-40.3	-14.5	12.7	17.5	65.1	18.5	-9.9	17.2	15.1
Margins (%)												
Gross profit	14.0	13.8	14.2	15.8	13.8	12.6	13.4	14.7	14.1	14.4	13.6	14.3
Operating profit	5.3	5.5	5.2	6.0	5.2	5.5	6.3	7.1	5.4	5.5	6.0	6.7
Modules	-0.9	0.3	-0.3	1.4	-1.0	-0.1	0.8	1.5	-0.1	0.2	0.3	1.4
After-sales service	26.7	24.9	24.3	22.7	26.3	26.0	25.8	25.8	25.8	24.6	26.0	25.8
Net profit	7.0	5.9	6.2	5.0	5.7	6.3	6.7	7.7	7.1	6.0	6.6	7.2
Controlling net profit	7.0	5.9	6.2	5.0	5.7	6.3	6.7	7.7	7.1	6.0	6.6	7.2

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**57,237**	**61,118**	**65,087**	**68,880**	**72,946**
Cost of goods sold	49,174	52,288	56,221	59,019	62,209
Gross profit	**8,063**	**8,830**	**8,866**	**9,862**	**10,737**
Gross margin (%)	14.1	14.4	13.6	14.3	14.7
SG&A expenses	4,989	5,472	4,947	5,235	5,544
Operating profit	**3,073**	**3,357**	**3,919**	**4,627**	**5,193**
Operating margin (%)	5.4	5.5	6.0	6.7	7.1
Non-operating gains (losses)	**2,191**	**1,758**	**2,107**	**2,233**	**2,364**
Financial profit	812	606	456	508	593
Financial costs	486	355	167	154	154
Equity-method gains (losses)	1,788	1,400	1,720	1,838	1,931
Other	78	107	98	41	-6
Pre-tax profit	**5,264**	**5,115**	**6,027**	**6,860**	**7,557**
Taxes	1,204	1,450	1,735	1,921	2,116
Effective tax rate (%)	22.9	28.4	28.8	28.0	28.0
Profit from continuing operations	4,060	3,665	4,292	4,939	5,441
Profit from discontinued operations	0	0	0	0	0
Net profit	**4,060**	**3,665**	**4,292**	**4,939**	**5,441**
Net margin (%)	7.1	6.0	6.6	7.2	7.5
Net profit (controlling interests)	4,056	3,656	4,285	4,931	5,432
Net profit (non-controlling interests)	5	9	7	8	9
EBITDA	4,058	4,525	5,200	6,004	6,627
EBITDA margin (%)	7.1	7.4	8.0	8.7	9.1
EPS (parent-based) (KRW)	43,480	39,682	47,469	55,027	60,621
EPS (consolidated) (KRW)	43,528	39,779	47,550	55,121	60,724
Adjusted EPS (KRW)*	43,480	39,682	47,469	55,027	60,621

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**28,424**	**30,366**	**32,374**	**35,637**	**39,544**
Cash & equivalents	4,788	4,922	5,725	7,837	10,510
Accounts receivable	9,914	10,221	10,885	11,519	12,199
Inventories	6,763	6,862	7,307	7,733	8,190
Other current assets	6,958	8,361	8,457	8,548	8,646
Fixed assets	**38,173**	**40,034**	**42,392**	**44,584**	**46,626**
Investment assets	23,438	24,789	26,327	27,796	29,372
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**	**74,765**	**80,221**	**86,170**
Current liabilities	**12,745**	**13,058**	**13,310**	**14,040**	**14,822**
Accounts payable	6,748	6,691	7,126	7,541	7,986
Short-term debt	648	796	796	796	796
Other current liabilities	5,350	5,570	5,388	5,702	6,039
Long-term liabilities	**7,733**	**8,130**	**8,504**	**8,862**	**9,246**
Bonds & long-term debt	1,927	1,819	1,819	1,819	1,819
Other long-term liabilities	5,806	6,311	6,686	7,044	7,428
Total liabilities	**20,479**	**21,188**	**21,815**	**22,902**	**24,068**
Owners of parent equity	**46,081**	**49,168**	**52,898**	**57,258**	**62,032**
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	48,932	53,292	58,066
Other	1,311	2,075	2,098	2,098	2,098
Non-controlling interests' equity	**37**	**45**	**53**	**61**	**70**
Total equity	**46,118**	**49,213**	**52,951**	**57,319**	**62,102**
Net debt	-1,236	-1,256	-2,569	-4,681	-7,354

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**4,253**	**4,473**	**3,785**	**4,414**	**4,875**
Net profit	4,060	3,665	4,292	4,939	5,441
Non-cash profit and expenses	625	1,841	340	440	513
Depreciation	903	1,065	1,193	1,303	1,371
Amortization	82	102	87	74	63
Other	-360	674	-941	-937	-921
Changes in A/L from operating activities	-822	-708	-67	-64	-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**	**-1,088**	**-571**	**-658**
Change in debt	804	114	-511	0	0
Change in equity	4	10	0	0	0
Dividends	-406	-583	-578	-571	-658
Other	-657	-745	0	0	0
Change in cash	-291	134	803	2,112	2,673
Cash at beginning of year	5,079	4,788	4,922	5,725	7,837
Cash at end of year	4,788	4,922	5,725	7,837	10,510
Gross cash flow	**4,685**	**5,506**	**4,632**	**5,379**	**5,955**
Free cash flow	**2,049**	**3,125**	**1,685**	**2,314**	**2,975**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-3.4	6.8	6.5	5.8	5.9
Operating profit	33.9	9.2	16.7	18.0	12.2
Net profit	18.6	-9.7	17.1	15.1	10.2
Adjusted EPS**	19.6	-8.7	19.6	15.9	10.2
Per-share data (KRW)					
EPS (parent-based)	43,480	39,682	47,469	55,027	60,621
EPS (consolidated)	43,528	39,779	47,550	55,121	60,724
Adjusted EPS**	43,480	39,682	47,469	55,027	60,621
BVPS	509,212	551,325	602,666	652,342	706,728
DPS (common)	6,000	6,500	6,500	7,500	8,000
Valuations (x)					
P/E***	5.4	9.4	13.6	11.7	10.7
P/B***	0.5	0.7	1.1	1.0	0.9
EV/EBITDA	5.1	7.2	10.8	9.0	7.7
Ratios (%)					
ROE	9.4	7.7	8.4	9.0	9.1
ROA	6.5	5.4	5.9	6.4	6.5
ROIC	11.3	10.7	11.8	13.3	14.3
Payout ratio	13.3	15.9	13.3	13.4	12.9
Dividend yield (common)	2.5	1.7	1.0	1.2	1.2
Net debt to equity	-2.7	-2.6	-4.9	-8.2	-11.8
Interest coverage (x)	23.8	19.0	23.5	30.0	33.6

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

Source: Company data, Samsung Securities estimates

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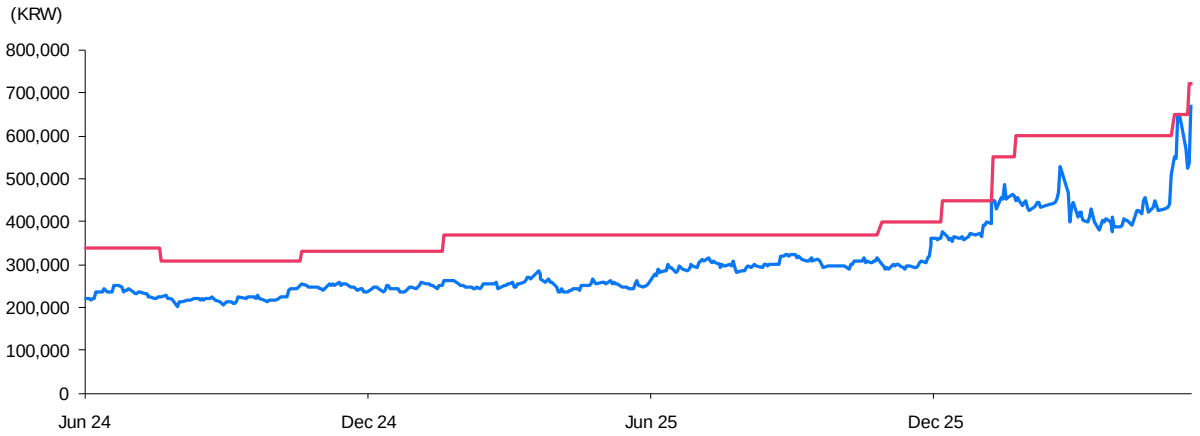
Target price changes in past two years



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	5/11	5/20
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	340000	310000	330000	370000	400000	450000	550000	600000	650000	720000
Gap* (average)	-30.85	-28.56	-24.95	-24.53	-22.07	-16.66	-16.89	-28.76	-8.41	
(max or min)**	-21.76	-19.35	-21.67	-12.30	-9.38	0.22	-11.36	-11.83	0.00	

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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Industry

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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

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