COMPANY UPDATE

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EV/Mobility Team

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SNT Motiv (064960)

Corporate Day takeaways: Hidden gem to drive rerating

- Despite having enhanced its shareholder return policies and likely booking sound 1H results, SNT Motiv's stock has underperformed as of late due to a lack of near-term earnings catalysts.
- For the past 20 years, SNT Motiv has supplied components for semiconductor wafer cleaning equipment to Applied Materials. Led by the data center expansion boom and global semiconductor manufacturers' capacity expansions, semiconductor equipment sales are poised for strong growth.
- In 2H, renewed investor focus on the firm's growth drivers (semiconductor equipment, robotics, and defense) is expected to drive a stock revaluation.

AT A GLANCE

BUY

Target price	KRW40,000	51.5%
Current price	**KRW26,400**	
Market cap	KRW700.66b/USD471.92m	
Shares (float)	26,540,272 (43.5%)	
52-week high/low	KRW39,450/KRW25,300	
Avg daily trading value (60-day)	KRW2.5b/ USD1.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SNT Motiv (%)	-15.1	-29.9	-21.4
Vs Kospi (%pts)	-0.4	-53.8	-65.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	40,000	40,000	0.0%
2026E EPS	3,630	3,630	0.0%
2027E EPS	4,231	4,231	0.0%

SAMSUNG vs THE STREET

No of estimates	5
Target price	46,400
Recommendation	4.0

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

WHAT'S THE STORY?

Cutting our target price by 11.1% to KRW40,000 but maintaining BUY: Our new target price for SNT Motiv is based on 9.5x its 2026-2027 average P/E, a 20% discount to the company's 10-year average P/E.

- **Cutting 2026 earnings forecasts mildly on defense order delays:** Growth at the high-margin defense business has slowed due to delays in its securing large-scale defense contracts from the Middle East (since 2H25). Order flows are expected to recover in 2H26.
- **Potential for upwards revision of target multiple:** SNT Motiv's 10-year P/E has ranged 8x-14.6x and averaged 11.6x. The company initially received a high valuation as a drive motor supplier during the early commercialization phase of EVs. However, its shares fell after Hyundai Mobis made drive motors a core focus, shifting market dynamics. In 2H, its potential supply of motors for use in diverse mobility products (beyond hybrid motors) along with rising expectations for defense contracts, could drive up the shares. If orders for new products are secured, its valuation may rise.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	1,006	1,029	1,156	1,268
Operating profit (KRWb)	103	108	128	138
Net profit (adj) (KRWb)	70	96	112	119
EPS (adj) (KRW)	2,623	3,630	4,231	4,492
EPS (adj) growth (% y-y)	-33.3	38.4	16.6	6.2
EBITDA margin (%)	13.2	12.9	12.9	12.2
ROE (%)	7.0	9.3	10.2	10.3
P/E (adj) (x)	13.2	7.3	6.2	5.9
P/B (x)	0.8	0.6	0.6	0.5
EV/EBITDA (x)	3.5	1.5	1.1	0.8
Dividend yield (%)	4.9	8.3	9.1	9.1

Source: Company data, Samsung Securities estimates

Samsung Securities

- **2Q26 operating profit to miss consensus by 10%:** We expect SNT Motiv to post 2Q sales of KRW247b (up 14.5% q-q, down 4.1% y-y) and an operating profit of KRW26b (up 18.7% q-q, down 4.1% y-y), for an operating margin of 10.4%. The impact of Hyundai Motor Group's 2.8% y-y decline in manufacturing output and slower defense sales were likely offset by greater sales of parts used in semiconductor equipment. FnGuide consensus has its 2Q sales reaching KRW276b and operating profit at KRW29b, for an operating margin of 10.7%.

Semiconductor equipment component business to record strong growth: SNT Motiv entered the semiconductor equipment component business in 2005. The business should account for more than 10% of its total 2026 sales.

- **Customer:** Applied Materials—SNT Motiv began supplying components for use in semiconductor wafer cleaning equipment since Applied Materials (US) entered the Korean market. With global semiconductor manufacturers expanding capacity, SNT Motiv's semiconductor equipment component sales are expected to surpass KRW100b in 2026 (up 28%) and exceed KRW120b in 2027 (up 20%), with sales from the business expected to surpass 10% of the firm's total sales this year.
- **Profitability:** Operating margins at the semiconductor equipment component are in the high-teens, comparable to those generated by defense exports.

Defense segment—Two key catalysts for 2H: Low-risk firearm program and overseas orders

- **Low-risk firearm program:** The company supplies non-lethal plastic ammunition to the Korean National Police. Its impact force is roughly 1/10 that of conventional live ammunition.
- **Middle East orders:** Orders that have been delayed since 2H25 are set to materialize in 2H26 as the regional conflict enter a resolution phase. The estimated order value in 2H is around KRW300b.

Major opportunity opening up for Korean suppliers: Korean auto parts suppliers now have an opportunity to enter the Korean and US robotics value chains.

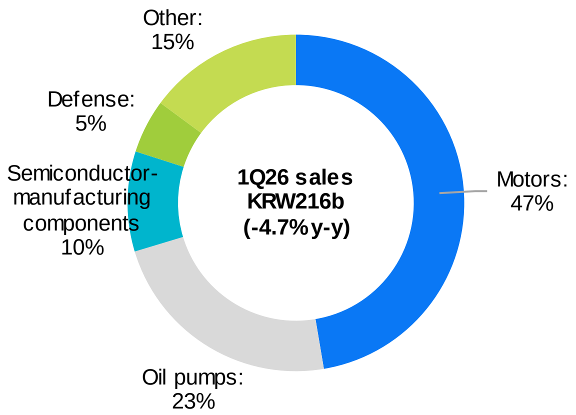
- **HMG looking to center robotics value chain on Korean firms:** HMG's robotics business has two pillars: Boston Dynamics and HMG Robotics Lab. While HMG leads the production of the Atlas, HMG Robotics Lab plans to expand its lineup to 14 models in the coming years. This should create a significant opportunity for Korean auto parts suppliers to enter the robotics value chain.
- **HMG—a first mover in robotics:** Korean automakers were late to enter the auto industry, and despite rapidly catching up with their global rivals (in sales volume), they have always traded at a discount. But in robotics, HMC has emerged as an early mover, and its strong execution has sparked an ongoing rerating. Suppliers who secure early positions in this value chain can expect to rerate as semiconductor materials, parts, or equipment companies.
- **Suppliers following HMG into US have real shot at winning more clients:** The US is pushing hard to rebuild a domestic manufacturing ecosystem, so suppliers with US production facilities should hold a decisive edge in securing contracts with Boston Dynamics. A proven track

record with Boston Dynamics would be a powerful credential to unlocking future opportunities with other robotics firms such as Tesla, Figure AI, and Agility.

Net cash position and auto sector's highest dividend payout ratio

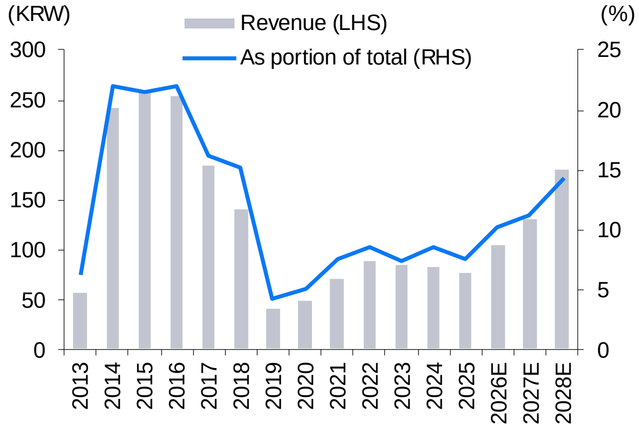
- **Quarterly dividend payments start in 2025:** SNT Motiv paid a 2025 DPS of KRW1,700 (up 81% y-y) for a dividend payout ratio of 58.2%. We expect the firm to pay a 2026 DPS of KRW2,200, with a dividend payout ratio of 50% and a dividend yield of 6.7%.
- **10.2% of outstanding shares held in treasury:** SNT Motiv is 40.9% owned by SNT Holdings and 1% by a scholarship foundation. The Commercial Code requires cancellation of all treasury shares, and we believe SNT Motiv will be fully compliant with this by Sep 2027.
- **Solid financials:** At end-1Q26, SNT Motiv had net cash of KRW402.5b (equating to 50.7% of its market cap) and a debt ratio of 23.7%. Its annual free cash flow is in the KRW80b-100b range. These solid financials bolster the firm's payout ratio.

SNT Motiv: Sales, by product



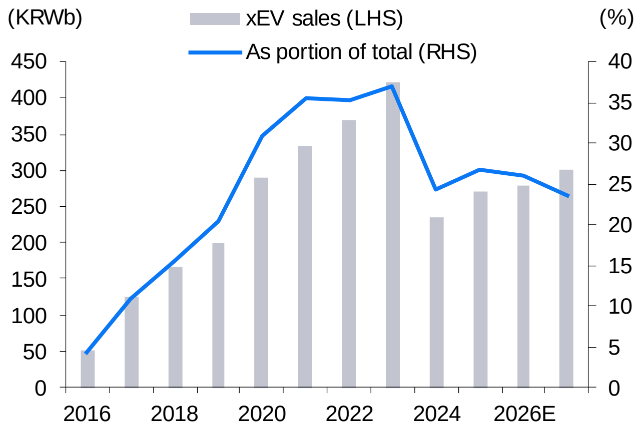
Source: Company data, Samsung Securities

SNT Motiv: Sales of parts for semiconductor equipment



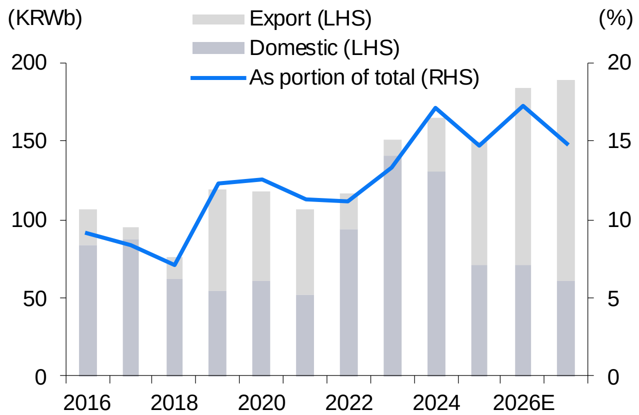
Source: Company data, Samsung Securities

xEV-related sales: Absolute and as portion of total sales



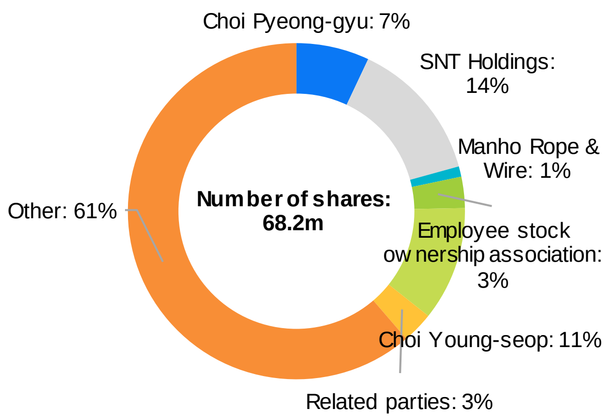
Source: Company data, Samsung Securities

Defense sales: Absolute and as portion of total sales



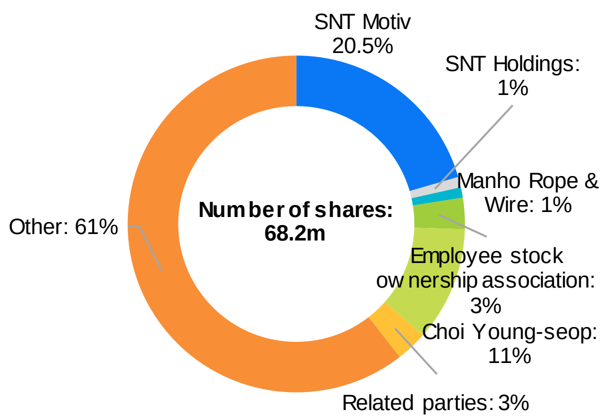
Source: Company data, Samsung Securities

SMEC: Shareholders before SNT Motiv's acquisition



Source: Company data, Samsung Securities

SMEC: Shareholders after SNT Motiv's acquisition



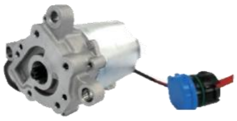
Source: Company data, Samsung Securities

SNT Motiv: 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	1,502	1,500	1,450	1,365	1,423	1,480	1,425
Revenue	226.2	257.5	231.1	291.6	215.6	247.0	264.4	302.0	968.9	1,006.4	1,028.9	1,155.5
Chg (% y-y)	1.9	7.2	4.6	2.0	(4.7)	(4.1)	14.4	3.6	(14.7)	3.9	2.2	12.3
Auto parts	199.2	203.6	191.5	199.1	186.2	211.2	196.8	219.7	731.0	793.4	813.9	935.5
Chg (% y-y)	11.2	9.5	13.3	1.1	(6.5)	3.7	2.8	10.4	(19.4)	8.5	2.6	14.9
Motors	117.8	120.4	116.1	107.5	102.3	127.2	118.3	144.1	433.1	461.8	491.8	591.8
Chg (% y-y)	11.2	8.5	14.3	(6.2)	(13.2)	5.7	1.9	34.0	(3.7)	6.6	6.5	20.3
Other*	28.2	58.8	42.1	96.1	26.9	38.8	72.6	91.8	247.8	225.3	230.0	270.0
Internal adjustment	(1.2)	(4.8)	(2.6)	(3.6)	2.5	(3.0)	(5.0)	(9.5)	(9.9)	(12.3)	(15.0)	(50.0)
Gross profit	38.4	47.5	40.9	62.7	39.0	38.3	46.1	47.8	159.4	189.5	171.2	198.7
Operating profit	23.0	26.6	22.0	30.9	21.5	25.6	29.2	31.5	98.1	102.6	107.9	128.4
Chg (% y-y)	4.6	6.2	(0.1)	6.5	(6.4)	(4.1)	32.9	2.1	(15.9)	4.5	5.2	19.0
Auto parts	20.8	20.8	17.2	18.0	16.0	22.2	19.7	23.5	62.9	76.7	81.4	93.6
Other*	2.2	5.9	4.8	12.9	5.5	3.4	9.6	8.0	35.3	25.8	26.5	34.8
Pre-tax profit	27.8	18.8	28.8	18.2	33.2	27.2	33.3	40.4	131.7	93.6	129.7	151.2
Net profit	21.3	14.2	21.3	12.8	24.9	20.4	25.0	30.3	104.3	69.5	96.2	112.1
Controlling profit	21.3	14.2	21.3	12.9	24.9	20.4	25.0	30.3	104.3	69.6	100.5	112.1
Margins (%)												
Gross profit	17.0	18.5	17.7	21.5	16.9	15.6	17.4	16.7	16.5	18.8	16.6	17.2
Operating profit	10.2	10.3	9.5	10.6	10.0	10.9	11.0	10.4	10.1	10.2	10.5	11.1
Net profit	9.4	5.5	9.2	4.4	11.5	8.5	9.4	9.8	10.8	6.9	9.3	9.7
Controlling profit	9.4	5.5	9.2	4.4	11.5	8.5	9.4	9.8	10.8	6.9	9.8	9.7

Note: *Defense and semiconductor-manufacturing components
Source: Company data, Samsung Securities estimates

SNT Motiv: Key products

Product	Image	Description
e-Motor pump		A device that supplies oil to the vehicle's transmission. By replacing the traditional engine-driven oil supply with an electric motor-driven system, it enhances engine efficiency while precisely controlling the oil supply.
Drive unit		A core component of electric vehicles, consisting of a drive motor and a reducer. It generates torque using electric power from the battery and transmits the appropriate torque to the axle via the reducer to match the vehicle's driving conditions.
HSG motor		A power unit capable of functioning both as an electric motor and a generator. This technology is designed to replace conventional separate starter motors and alternators in vehicles.
EPS motor		A system that assists the driver's steering effort by using an electric motor for improved control and driving comfort.
Traction motor		A critical component in hybrid and electric vehicles that either supplements or replaces the internal combustion engine. Given its direct impact on vehicle performance and stability, it must meet stringent regulatory and performance standards.
Transfer case actuator		A key component in all-wheel-drive (AWD) systems, responsible for distributing engine power to all axles and wheels to ensure optimal traction and drivetrain efficiency.

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**969**	**1,006**	**1,029**	**1,156**	**1,268**
Cost of goods sold	809	817	858	957	1,053
Gross profit	**159**	**189**	**171**	**199**	**214**
Gross margin (%)	16.5	18.8	16.6	17.2	16.9
SG&A expenses	61	87	63	70	77
Operating profit	**98**	**103**	**108**	**128**	**138**
Operating margin (%)	10.1	10.2	10.5	11.1	10.9
Non-operating gains (losses)	**34**	**-9**	**22**	**23**	**23**
Financial profit	43	25	14	16	17
Financial costs	8	14	-7	-7	-6
Equity-method gains (losses)	0	0	0	0	0
Other	-2	-19	-0	0	0
Pre-tax profit	**132**	**94**	**130**	**151**	**161**
Taxes	27	24	34	39	42
Effective tax rate (%)	20.7	25.8	25.9	25.9	25.9
Profit from continuing operations	104	70	96	112	119
Profit from discontinued operations	0	0	0	0	0
Net profit	**104**	**70**	**96**	**112**	**119**
Net margin (%)	10.8	6.9	9.3	9.7	9.4
Net profit (controlling interests)	104	70	96	112	119
Net profit (non-controlling interests)	0	-0	-0	-0	-0
EBITDA	127	133	133	149	155
EBITDA margin (%)	13.1	13.2	12.9	12.9	12.2
EPS (parent-based) (KRW)	3,932	2,623	3,630	4,231	4,492
EPS (consolidated) (KRW)	3,932	2,619	3,623	4,224	4,484
Adjusted EPS (KRW)*	3,932	2,623	3,630	4,231	4,492

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**846**	**829**	**884**	**968**	**1,046**
Cash & equivalents	223	233	276	284	296
Accounts receivable	170	185	189	213	233
Inventories	158	168	171	192	211
Other current assets	295	242	248	278	305
Fixed assets	**395**	**451**	**456**	**465**	**477**
Investment assets	7	5	5	5	5
Tangible assets	382	437	444	454	467
Intangible assets	6	5	3	2	2
Other long-term assets	1	3	3	3	3
Total assets	**1,242**	**1,279**	**1,340**	**1,432**	**1,523**
Current liabilities	**216**	**218**	**223**	**251**	**275**
Accounts payable	131	143	146	164	180
Short-term debt	0	0	0	0	0
Other current liabilities	86	75	77	87	95
Long-term liabilities	**41**	**42**	**42**	**48**	**52**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	41	42	42	48	52
Total liabilities	**257**	**260**	**266**	**299**	**327**
Owners of parent equity	**985**	**1,014**	**1,069**	**1,129**	**1,191**
Capital stock	73	133	133	133	133
Capital surplus	73	13	13	13	13
Retained earnings	923	951	1,007	1,067	1,129
Other	-85	-83	-84	-84	-84
Non-controlling interests' equity	**0**	**6**	**5**	**5**	**5**
Total equity	**985**	**1,019**	**1,074**	**1,134**	**1,196**
Net debt	-482	-455	-502	-538	-575

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**130**	**74**	**119**	**119**	**124**
Net profit	104	70	96	112	119
Non-cash profit and expenses	42	44	44	44	42
Depreciation	27	28	24	20	17
Amortization	2	2	1	1	1
Other	13	14	19	24	25
Changes in A/L from operating activities	-8	-24	-3	-14	-13
Cash flow from investments	**-41**	**-20**	**-35**	**-58**	**-55**
Change in tangible assets	-48	-84	-30	-30	-30
Change in financial assets	-26	38	-5	-28	-25
Other	33	26	0	-0	0
Cash flow from financing	**-74**	**-45**	**-41**	**-52**	**-57**
Change in debt	-0	-0	0	0	0
Change in equity	0	-0	0	0	0
Dividends	-20	-44	-41	-52	-57
Other	-54	-0	-0	-0	-0
Change in cash	24	10	42	8	12
Cash at beginning of year	200	223	233	276	284
Cash at end of year	223	233	276	284	296
Gross cash flow	**147**	**114**	**140**	**156**	**161**
Free cash flow	**81**	**-10**	**89**	**89**	**94**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-14.7	3.9	2.2	12.3	9.7
Operating profit	-15.9	4.5	5.2	19.0	7.3
Net profit	20.0	-33.4	38.4	16.6	6.2
Adjusted EPS**	20.0	-33.3	38.4	16.6	6.2
Per-share data (KRW)					
EPS (parent-based)	3,932	2,623	3,630	4,231	4,492
EPS (consolidated)	3,932	2,619	3,623	4,224	4,484
Adjusted EPS**	3,932	2,623	3,630	4,231	4,492
BVPS	45,531	42,534	44,841	47,352	49,954
DPS (common)	937	1,700	2,200	2,400	2,400
Valuations (x)					
P/E***	5.6	13.2	7.3	6.2	5.9
P/B***	0.5	0.8	0.6	0.6	0.5
EV/EBITDA	0.8	3.5	1.5	1.1	0.8
Ratios (%)					
ROE	10.8	7.0	9.3	10.2	10.3
ROA	8.5	5.5	7.3	8.1	8.1
ROIC	14.7	13.3	13.2	15.2	15.6
Payout ratio	19.6	58.2	54.4	50.9	48.0
Dividend yield (common)	4.2	4.9	8.3	9.1	9.1
Net debt to equity	-49.0	-44.6	-46.7	-47.5	-48.1
Interest coverage (x)	12,044.7	26,168.1	36,815.4	42,370.0	43,193.3

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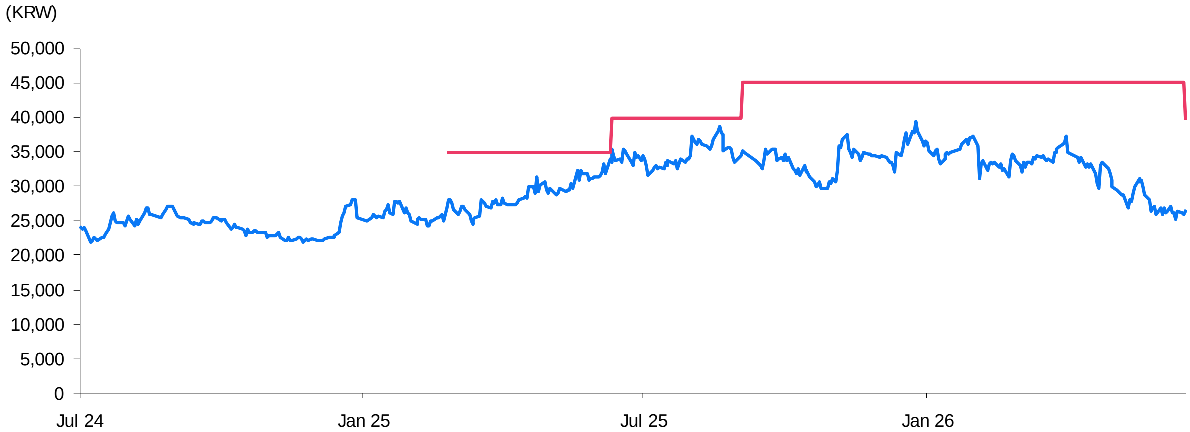
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/3/25	7/8	10/1	2026/7/15
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	35000	40000	45000	40000
Gap* (average)	-17.28	-13.48	-26.84	
(max or min)**	-2.86	-3.50	-12.33	

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 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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