COMPANY UPDATE

2026. 8. 3

EV/Mobility Team

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HL Mando (204320)

2Q review; new orders to be confirmed in 2027

- In 2Q, HL Mando recorded its highest sales ever, as it sold more to a leading North America EV maker, Chinese EV manufacturers, and customers in India and Europe.
- Even with rising semiconductor and raw material prices, HL Mando achieved an operating margin of 4.3%—in line with consensus—through a shift toward higher-value E/E components and the recovery of customer demand.
- The US government is advancing policies to exclude China from the robotics value chain, creating a favorable environment for HL Mando which has production capacity in the US and is developing actuator products.

AT A GLANCE

BUY

Target price	**KRW65,000**	**45.4%**
Current price	**KRW44,700**	
Market cap	KRW2.1t/USD1.5b	
Shares (float)	46,957,120 (68.3%)	
52-week high/low	KRW76,900/KRW32,850	
Avg daily trading value (60-day)	KRW59.8b/ USD42.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
HL Mando (%)	-8.8	-29.9	28.4
Vs Kospi (%pts)	17.2	-44.5	-36.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	65,000	80,000	-18.8%
2026E EPS	4,198	4,900	-14.3%
2027E EPS	5,824	6,358	-8.4%

SAMSUNG vs THE STREET

No of estimates	19
Target price	75,111
Recommendation	3.9

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

WHAT'S THE STORY?

Cutting target price by 18.8% to KRW65,000: We lower our target P/E multiple for HL Mando by 10% to 13.2x, reflecting heightened stock market volatility.

- **Target P/E multiple lowered by 10% to 13.2x:** Our new target P/E multiple of 13.2x represents a 10% premium to the 12x average at which global electrical/electronic (E/E) parts makers are trading (Bloomberg), reflecting HL Mando's growth potential in the software-defined vehicle (SDV) era and its expanding robot actuator business. Our new target price is derived by applying the target P/E multiple to the average of our 2026 and 2027 EPS forecasts.
- **Strong earnings, strong momentum:** Buoyed by a surge in new orders, the company is delivering robust earnings. Expectations for its robot actuator business in the US are well-supported—with multiple customers in negotiations, new orders are likely to materialize in 2027.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	2,495.3	3.9	7.9	1.8	1.4
Operating profit	107.0	2.8	14.3	6.8	4.6
Pre-tax profit	92.7	171.9	7.8	16.4	15.6
Net profit	58.8	494.1	10.8	2.6	3.2
Margins (%)					
Operating profit	4.3				
Pre-tax profit	3.7				
Net profit	2.4				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	27.6	10.6	7.7
P/B	1.0	0.7	0.7
EV/EBITDA	5.8	4.2	3.5
Div yield (%)	1.3	2.7	3.1
EPS growth (% y-y)	-23.0	97.1	38.7
ROE (%)	3.8	7.0	9.1
Per-share data (KRW)			
EPS	2,130	4,198	5,824
BVPS	57,793	61,413	66,037
DPS	750	1,200	1,400

Samsung Securities

2Q results in line with consensus: HL Mando reported sales of KRW2.5t (up 7.9% q-q and 3.9% y-y) and an operating profit of KRW107b (up 14.3% q-q and 2.8% y-y), for an operating margin of 4.3%.

- **Semiconductor and raw material costs increase by KRW21.5b:** Higher prices for semiconductors and raw materials pressured profitability. However, greater sales of high-value-added E/E parts (eg, second-generation IDB) and increased demand in emerging markets and Europe helped offset the impact. The company aims to recover these extra costs from customers in 2H.
- **US tariffs cost KRW4.5b:** In 2Q, it faced KRW13.8b in tariff-related costs. But after accounting for reimbursements from customers, its actual burden came to KRW4.5b.
- **Sales in Korea** came to KRW802.5b (up 7.1% q-q but down 2.3% y-y). This was due to lower production of Hyundai Motor (HMC) and Kia vehicles in Korea, impacted by supply disruptions from a parts supplier's fire. Some production may recover in 2H, but the domestic operating environment remains challenging.
- **Sales in China** totaled KRW534.4b (up 15.7% q-q and 10.0% y-y). Even as China's EV demand fell 7% y-y and output dropped 3% y-y, HL Mando's sales strengthened thanks to earnings recovery at a North American EV maker (representing 27% of sales). Sales to the leading North American EV maker rose 32% y-y, while sales to local Chinese firms declined 9%—the drop was mitigated by sales to Dongfeng (up 89%), Nio (up 6%), and VinFast (up 121%), along with new HPC sales.
- **Sales in India** hit KRW265.7b (up 1.8% q-q and 17.7% y-y). Strong growth continued, supported by higher utilization at HMC and Kia's Pune plant, increased production by local Indian automakers, and rising ADAS adoption driven by stricter safety regulations. Sales to HMC and Kia (representing 51% of sales) climbed 6% y-y, while sales to local Indian customers (representing 39% of sales) jumped 46% y-y.
- **Sales in Europe** reached KRW237.2b (up 7.9% q-q and 16.5% y-y), a quarterly record, driven by increased production of refreshed EV models by a leading North American automaker and higher sales to Stellantis from its operations in Turkey.
- **Non-operating items:** Its interest cost shrank by KRW4.7b y-y following the issuance of corporate bonds (KRW200b) and a reduction in borrowings. Forex gains amounted to KRW4.3b.
- **2Q new orders hit KRW3.1t, bringing 1H total to 44.6% of annual target:** As of end-2Q, HL Mando's order backlog stood at KRW59t. Orders in 1H were led by Chinese clients at 36%, with a key 2Q win being a contract to supply MCS suspension for a leading Chinese tech company's robotaxi fleet. E/E parts made up 71% of 1H new orders.

3Q preview—results to meet consensus: We expect HL Mando to post 3Q sales of KRW2.38t (down 4.5% q-q but up 2.6% y-y) and an operating profit of KRW102.8b (down 3.9% q-q but up 9.2% y-y), for an operating margin of 4.3%. Sales growth in China and India is likely to continue. In the Americas, sales will likely recover from 1H levels, driven by new model launches from major automakers, increased hybrid production by HMC and Kia, and the introduction of long-wheelbase EV models by a North American EV manufacturer. Domestic sales should see partial recovery from the production disruptions in 1H. FnGuide consensus puts sales at KRW2.43t and operating profit at KRW101.2b, for an operating margin of 4.2%.

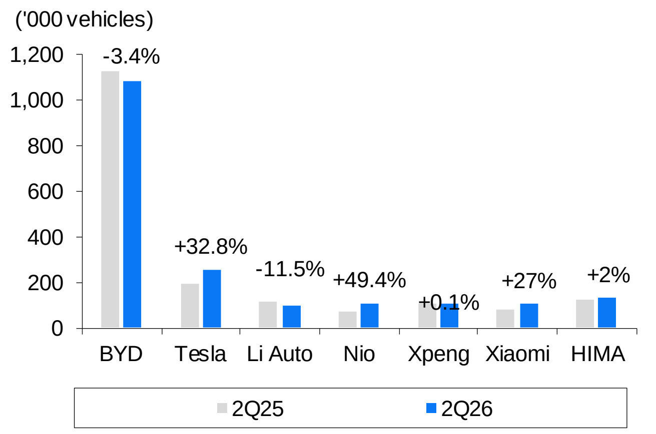
- **Localization of ADAS business in India:** HL Mando will sell a 30% stake (minus one share) in HL Klemove India to Anand Group's Gabriel India for USD98.44m (KRW150b). By leveraging Gabriel India's local sales network, workforce, and distribution channels, HL Mando aims to gain an early foothold in India's nascent ADAS market. The proceeds will be used to expand operations in emerging markets, including India and Mexico.
- **Expansion of new businesses:** HL Mando began supplying its e-HAECHIE sensors, designed to prevent electrical fires, to Hyundai Motor Group Metaplant America in June. The company plans to expand its customer base to include logistics centers, data centers, and ESS. Its chassis integrated control software, MiCOSA, is being commercialized through software licensing and turn-key engineering services, targeting 10 PoCs and 6 mass production projects in 2026.
- **Robotic actuators:** HL Mando is currently in the sample validation and specification finalization phase for robotic actuators, with commercial orders targeted for 2027. The US government's policy to exclude China from the robotics value chain creates a favorable environment for HL Mando, which has production facilities in the US and already counts American firms as customers.

HL Mando: Result 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	1,502	1,500	1,450	1,365	1,423	1,480	1,390
Sales	2,271	2,401	2,321	2,462	2,312	2,495	2,382	2,519	8,848	9,455	9,708	10,238
Chg (% y-y)	*7.8*	*11.8*	*6.9*	*1.6*	*1.8*	*3.9*	*2.6*	*2.3*	*5.4*	*6.9*	*2.7*	*5.5*
Gross profit	320	365	362	397	361	407	329	518	1,323	1,444	1,615	1,754
Operating profit	79	104	94	80	94	107	103	116	359	357	419	485
Chg (% y-y)	*4.7*	*16.2*	*14.1*	*-28.2*	*18.2*	*2.8*	*9.2*	*45.1*	*28.5*	*-0.5*	*17.3*	*15.8*
Operating profit	62	34	66	56	86	93	75	87	265	218	340	417
Net profit	35	10	49	29	53	59	49	57	158	123	217	301
Controlling profit	28	4	44	24	48	54	44	51	130	100	197	273
Margins (%)												
Gross profit	14.1	15.2	15.6	16.1	15.6	16.3	13.8	20.6	15.0	15.3	16.6	17.1
Operating profit	3.5	4.3	4.1	3.2	4.0	4.3	4.3	4.6	4.1	3.8	4.3	4.7
Net profit	1.5	0.4	2.1	1.2	2.3	2.4	2.0	2.2	1.8	1.3	2.2	2.9
Controlling profit	1.2	0.2	1.9	1.0	2.1	2.1	1.9	2.0	1.5	1.1	2.0	2.7

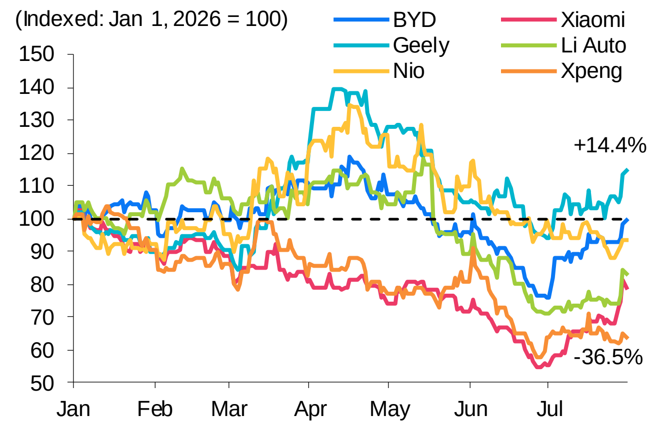
Source: Company data, Samsung Securities estimates

Chinese automakers: Sales in China



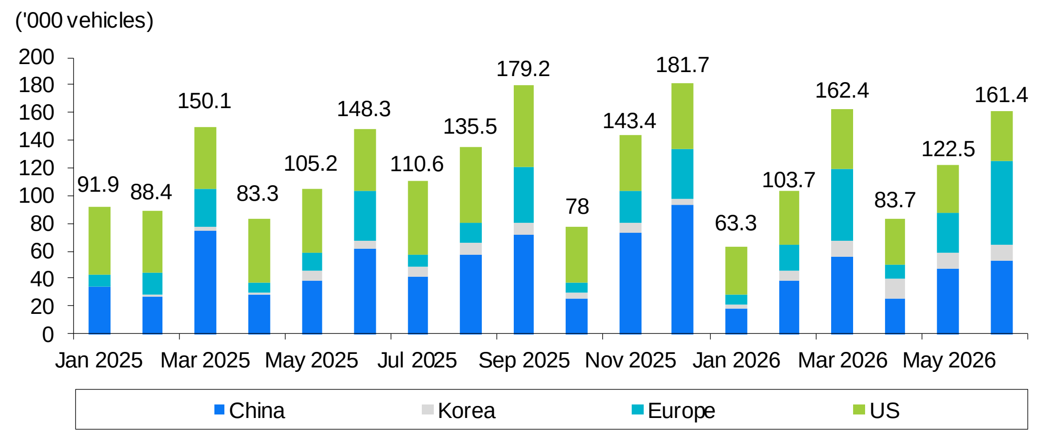
Source: CnEVPost, Samsung Securities

Chinese automakers: Share-price performance



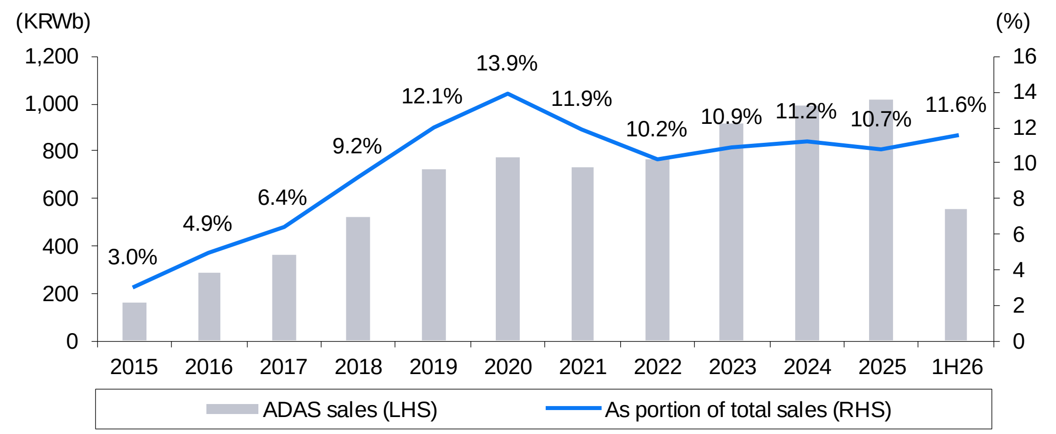
Source: Bloomberg, Samsung Securities

Leading North American EV maker: Sales volume, by region



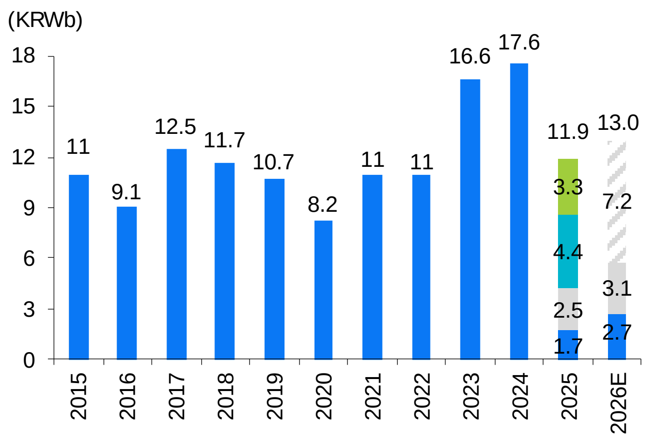
Source: CPCA, ACEA, KAIDA, Wards, Samsung Securities

HL Mando: ADAS sales



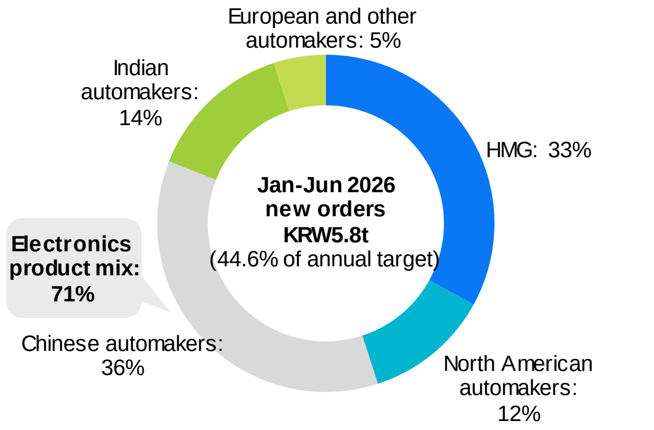
Source: Company data, Samsung Securities

HL Mando: New orders and guidance



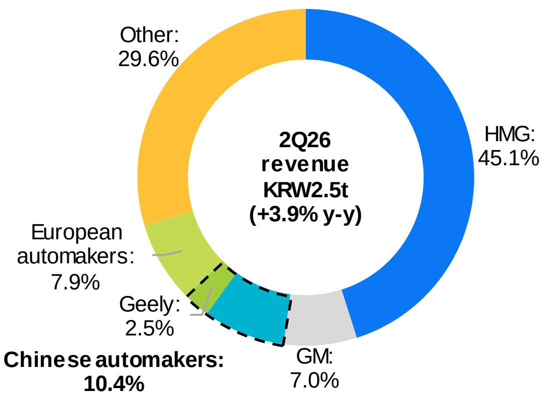
Source: Company data, Samsung Securities

HL Mando: New orders, by client



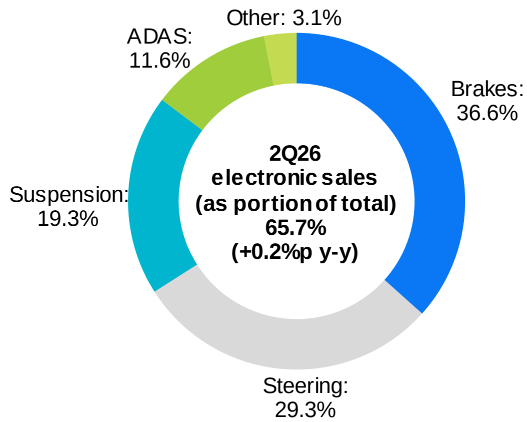
Source: Company data, Samsung Securities

HL Mando: Sales, by client



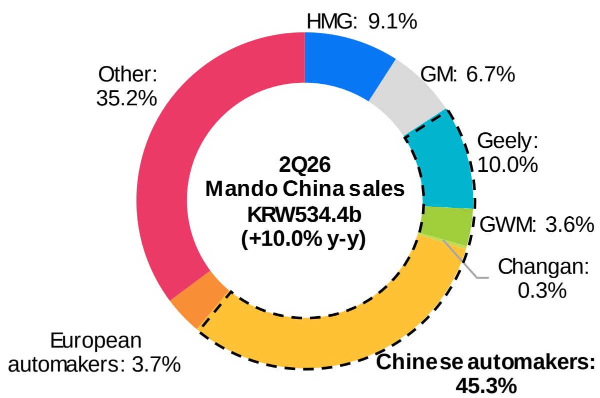
Source: Company data, Samsung Securities

HL Mando: Sales, by product



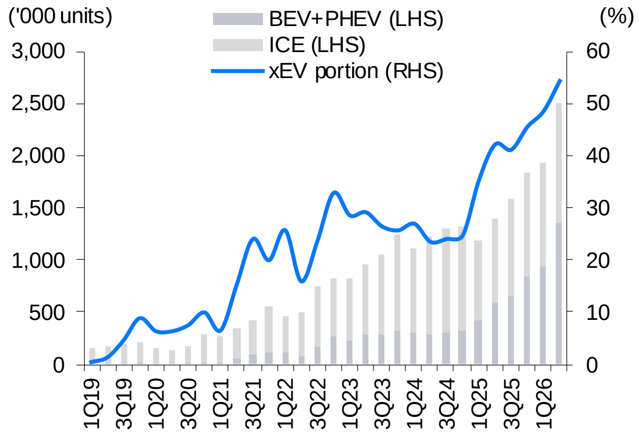
Source: Company data, Samsung Securities

HL Mando China: Sales, by client



Source: Company data, Samsung Securities

China: Auto exports



Source: Company data, Samsung Securities

HL Mando: New business update

Source: Company data

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**8,848**	**9,455**	**9,708**	**10,238**	**11,189**
Cost of goods sold	7,525	8,011	8,092	8,484	9,276
Gross profit	**1,323**	**1,444**	**1,615**	**1,754**	**1,913**
Gross margin (%)	15.0	15.3	16.6	17.1	17.1
SG&A expenses	964	1,087	1,196	1,268	1,382
Operating profit	**359**	**357**	**419**	**485**	**531**
Operating margin (%)	4.1	3.8	4.3	4.7	4.7
Non-operating gains (losses)	**-93**	**-139**	**-79**	**-68**	**-64**
Financial profit	56	51	19	21	34
Financial costs	138	145	87	71	71
Equity-method gains (losses)	-5	-3	2	5	5
Other	-6	-42	-12	-24	-32
Pre-tax profit	**265**	**218**	**340**	**417**	**467**
Taxes	107	95	123	117	131
Effective tax rate (%)	40.4	43.6	36.3	28.0	28.0
Profit from continuing operations	158	123	217	301	336
Profit from discontinued operations	0	0	0	0	0
Net profit	**158**	**123**	**217**	**301**	**336**
Net margin (%)	1.8	1.3	2.2	2.9	3.0
Net profit (controlling interests)	130	100	197	273	306
Net profit (non-controlling interests)	28	23	20	27	30
EBITDA	694	718	749	767	771
EBITDA margin (%)	7.8	7.6	7.7	7.5	6.9
EPS (parent-based) (KRW)	2,767	2,130	4,198	5,824	6,514
EPS (consolidated) (KRW)	3,370	2,615	4,622	6,400	7,159
Adjusted EPS (KRW)*	2,767	2,130	4,198	5,824	6,514

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**3,677**	**3,719**	**3,490**	**4,137**	**4,865**
Cash & equivalents	536	800	492	978	1,413
Accounts receivable	2,020	1,859	1,909	2,013	2,200
Inventories	838	804	826	871	952
Other current assets	283	256	263	274	300
Fixed assets	**3,375**	**3,417**	**3,239**	**2,961**	**2,726**
Investment assets	235	222	224	227	233
Tangible assets	2,410	2,560	2,412	2,157	1,940
Intangible assets	220	229	197	170	148
Other long-term assets	510	406	406	406	406
Total assets	**7,052**	**7,137**	**6,728**	**7,097**	**7,591**
Current liabilities	**2,900**	**3,047**	**2,445**	**2,560**	**2,767**
Accounts payable	1,449	1,399	1,436	1,515	1,655
Short-term debt	233	331	331	331	331
Other current liabilities	1,218	1,317	677	714	781
Long-term liabilities	**1,479**	**1,214**	**1,218**	**1,227**	**1,244**
Bonds & long-term debt	1,176	966	966	966	966
Other long-term liabilities	303	248	252	261	278
Total liabilities	**4,379**	**4,261**	**3,663**	**3,787**	**4,011**
Owners of parent equity	**2,519**	**2,714**	**2,884**	**3,101**	**3,341**
Capital stock	47	47	47	47	47
Capital surplus	603	603	603	603	603
Retained earnings	1,237	1,311	1,473	1,690	1,930
Other	631	752	760	760	760
Non-controlling interests' equity	**154**	**162**	**182**	**209**	**239**
Total equity	**2,673**	**2,876**	**3,066**	**3,310**	**3,580**
Net debt	1,585	1,218	868	381	-57

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**435**	**721**	**527**	**542**	**504**
Net profit	158	123	217	301	336
Non-cash profit and expenses	532	632	516	439	398
Depreciation	302	323	298	255	218
Amortization	33	38	32	27	22
Other	197	271	186	157	158
Changes in A/L from operating activities	-163	67	-18	-35	-68
Cash flow from investments	**-397**	**-364**	**-151**	**-3**	**-5**
Change in tangible assets	-307	-333	-150	0	0
Change in financial assets	12	28	-1	-3	-5
Other	-103	-59	-0	0	0
Cash flow from financing	**-177**	**-96**	**-693**	**-56**	**-66**
Change in debt	10	-129	-658	0	0
Change in equity	0	0	0	0	0
Dividends	-51	-52	-35	-56	-66
Other	-136	85	-0	0	0
Change in cash	-79	264	-308	486	435
Cash at beginning of year	615	536	800	492	978
Cash at end of year	536	800	492	978	1,413
Gross cash flow	**690**	**755**	**733**	**739**	**734**
Free cash flow	**125**	**377**	**377**	**542**	**504**

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	5.4	6.9	2.7	5.5	9.3
Operating profit	28.5	-0.5	17.3	15.8	9.4
Net profit	2.4	-22.4	76.7	38.5	11.9
Adjusted EPS**	-4.2	-23.0	97.1	38.7	11.9
Per-share data (KRW)					
EPS (parent-based)	2,767	2,130	4,198	5,824	6,514
EPS (consolidated)	3,370	2,615	4,622	6,400	7,159
Adjusted EPS**	2,767	2,130	4,198	5,824	6,514
BVPS	53,635	57,793	61,413	66,037	71,151
DPS (common)	700	750	1,200	1,400	1,400
Valuations (x)					
P/E***	14.7	27.6	10.6	7.7	6.9
P/B***	0.8	1.0	0.7	0.7	0.6
EV/EBITDA	5.3	5.8	4.2	3.5	3.0
Ratios (%)					
ROE	5.5	3.8	7.0	9.1	9.5
ROA	2.4	1.7	3.1	4.3	4.6
ROIC	5.7	5.1	7.0	9.6	11.1
Payout ratio	25.3	35.2	28.6	24.0	21.5
Dividend yield (common)	1.7	1.3	2.7	3.1	3.1
Net debt to equity	59.3	42.4	28.3	11.5	-1.6
Interest coverage (x)	3.2	3.3	4.8	6.9	7.5

Compliance notice

- As of 7/31 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 7/31 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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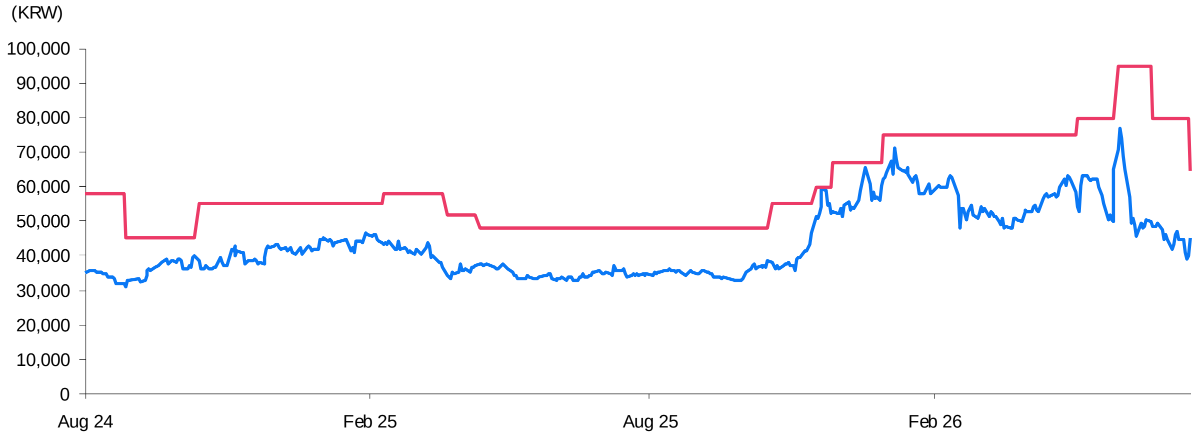
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/7/29	9/11	10/28	2025/2/25	4/7	4/28	11/3	12/1	12/12	2026/1/14	5/19	6/15
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	58000	45000	55000	58000	52000	48000	55000	60000	67000	75000	80000	95000
Gap* (average)	-39.90	-18.57	-24.91	-29.05	-31.59	-27.26	-29.25	-8.90	-16.17	-24.08	-27.52	-41.63
(max or min)**	-32.76	-10.67	-15.18	-23.88	-27.88	-19.69	-15.27	-1.33	-2.39	-4.80	-18.75	-19.05

Date	7/7	7/31
Recommendation	BUY	BUY
Target price (KRW)	80000	65000
Gap* (average)	-43.94	
(max or min)**	-38.06	

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%)

Global Disclosures & Disclaimers

General

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