COMPANY UPDATE

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EV/Mobility Team

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▶ AT A GLANCE

BUY

Target price	KRW85,000	62.2%
Current price	**KRW52,400**	
Market cap	KRW2.4t/USD1.7b	
Shares (float)	46,448,520 (36.2%)	
52-week high/low	KRW76,200/KRW33,300	
Avg daily trading value (60-day)	KRW9.2b/ USD6.6m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
SL Corporation (%)	-0.6	-14.2	55.0
Vs Kospi (%pts)	-2.9	-27.9	-29.5

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	85,000	93,000	-8.6%
2026E EPS	7,672	8,247	-7.0%
2027E EPS	8,533	9,145	-6.7%

▶ SAMSUNG vs THE STREET

No of estimates	5
Target price	91,400
Recommendation	4.0

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

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SL Corporation (005850)

2Q review: Impacted by production slowdown at client

- SL Corporation's 2Q sales fell q-q and operating profit missed consensus by 6%. While ASP continued to rise, lower production volumes at HMC/Kia's US and Indian plants weighed on performance.
- The company has set a 2026 new order target of KRW1.6t (up 11.8% y-y), with ytd orders (as of July) surpassing 60% of the annual guidance. Order growth was supported by increased demand from GM, driven by its renewed focus on internal combustion engine (ICE) vehicle launches.
- A key watchpoint for 2H is whether robotics-related momentum can overcome the company's recurring seasonal earnings softness.

WHAT'S THE STORY?

Cutting target price: We cut our target price for SL Corp by 8.6% to KRW85,000, as we revise down our earnings forecasts to reflect slowing production at key customers.

- **Unchanged target P/E of 10.5x applied to our 2026-2027 average EPS estimate:** Our target P/E remains at 10.5x, the upper end of the trading band observed during 2020-2021, when the firm's growth prospects were most prominent. During the period, forward P/E peaked at 10.5x as the company's sales doubled (from KRW2.2t in 2019 vs KRW4.17t in 2022), driven by: 1) the consolidation of its domestic lamp manufacturing operations (which were previously booked under equity-method accounting) into the parent company; and 2) mergers with affiliates, all as part of corporate governance restructuring. Our target multiple represents a 25% discount to the average multiple (14x; Bloomberg) at which global lamp makers are trading—implying it is still undervalued to its peer group.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,367.3	5.6	-1.5	-0.9	n/a
Operating profit	125.8	18.8	-12.5	-5.2	n/a
Pre-tax profit	160.8	75.3	-11.3	17.6	n/a
Net profit	112.2	59.9	-17.4	9.4	n/a
Margins (%)					
Operating profit	9.2				
Pre-tax profit	11.8				
Net profit	8.2				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	6.4	6.8	6.1
P/B	0.8	0.9	0.8
EV/EBITDA	3.4	3.7	3.1
Div yield (%)	6.5	6.1	6.7
EPS growth (% y-y)	-15.6	14.6	11.2
ROE (%)	12.8	13.4	13.7
Per-share data (KRW)			
EPS	6,692	7,672	8,533
BVPS	55,423	60,297	65,703
DPS	2,770	3,200	3,500

Samsung Securities

- **Lamp business scaling; robotics business taking off:** SL Corp has the potential to expand its market share further in North America and Korea, while securing exclusive positions in grille lamps and mood lamps. Additionally, its battery management system (BMS) and sensor module business are set to extend into robotics, with SL responsible for manufacturing MobED and PnD for Hyundai Motor's (HMC) Robotics Lab.
- **Seasonal earnings softness in 2H; robotics momentum on the horizon:** SL Corp typically books annual wage increases agreed upon through labor negotiations across two quarters in 2H, leading to stronger 1H performance and softer 2H results. Noteworthy, however, is that production of MobED units at HMC's Robotics Lab is set to commence in September, marking the start of meaningful robotics-related revenue.

2Q miss: SL Corp's 2Q earnings missed consensus due to production slowdown at Hyundai Motor Group (HMG) in the US, where declining EV demand has led to reduced output at HMG Metaplant America.

- **Sales and operating profit down q-q in 2Q, despite 2Q being a seasonal peak:** SL Corp's revenue stood at KRW1.367t (down 1.5% q-q, up 5.6% y-y), with operating profit at KRW143b (down 13.3% q-q, up 18.8% y-y), for an operating margin of 9.2%. US production volumes for HMC/Kia totaled 188,000 units (flat q-q, down 7% y-y). Production at the Indian plant was disrupted due to a fire at Hyundai Mobis' facility. Nevertheless, ASP continued to rise, supported by stronger sales of the Palisade and Telluride and broader adoption of LED lamp.
- **Sales breakdown by region:** Sales from: 1) Korea amounted to KRW683.5b (up 6.8% y-y) or 50% of total; 2) North America reached KRW409b (flat y-y) or 29.9% of total; 3) India came to KRW146b (up 4.5% y-y) or 10.6% of total; 4) Europe hit KRW28b (up 2.9% y-y) or 2.1% of total; 5) other regions read KRW34b (up 41.3% y-y) or 2.1% of total; and 6) China stood at KRW66.8b (up 24.2% y-y) or 4.9% of total.
- **Production of hybrid models at HMG Metaplant America; projected output recovery in 2H at India plant:** HMG Metaplant America has begun producing the Kia Sportage Hybrid, with HMC hybrid models scheduled for introduction in 2027. In India, production losses should be offset in 2H through sourcing of alternative components from China and other regions.

Targeting 2026 new orders of KRW1.6t (up 11.8% y-y): SL Corp's ytd new orders (as of July) met more than 60% of its annual target—nb, Specific order details should be disclosed around Aug 18. New orders have risen, 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.

HMG entering new mobility sectors in 2026: SL Corp is a key participant in the value chain supporting HMG's strategic transformation of mobility businesses.

- **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.

  Under HMG's 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 June, 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 contributes the greatest value to the MobED production, as it is responsible for the LiDAR module, battery pack, and contract manufacturing of MobED. SL is expected to generate annual sales growth of KRW80–130b (representing 1.5% to 2% of its total sales).

  Also, it currently produces the leg modules for Spot and is participating in the bidding process for Atlas.

- **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.

SL Corp: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025E	2026E	2027E
KRW/USD (average)	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	1,234	1,295	1,303	1,409	1,388	1,367	1,332	1,467	4,973	5,240	5,554	6,054
Chg (% y-y)	-1.0	-0.3	9.3	13.9	12.5	5.6	2.3	4.1	2.8	5.4	6.0	9.0
Lamp	943	1,043	1,080	1,117	1,088	1,053	1,074	1,176	3,961	4,183	4,392	4,655
Chassis	173	134	163	158	178	198	175	172	543	628	722	759
Other	118	117	60	112	121	117	84	118	470	407	440	640
Gross profit	192	180	150	211	224	213	161	178	689	733	777	863
Operating profit	119	106	68	114	144	126	73	90	395	407	432	490
Chg (% y-y)	-14.1	-28.3	0.9	178.0	20.5	18.8	6.1	-20.7	2.3	3.0	6.1	13.3
Equity method profit	3.8	5.0	2.6	6.3	5.8	8.9	4.2	4.0	16.8	17.7	23.0	23.2
Before tax profit	137	92	94	124	181	161	79	93	487	446	514	572
Net profit	104	70	70	77	136	112	55	65	382	321	368	409
Chg (% y-y)	-14.3	-43.3	21.3	-3.4	30.6	59.8	-21.0	-15.6	9.4	-16.0	14.7	11.2
Controlling profit	100	69	68	73	132	107	54	63	368	311	356	396
Chg (% y-y)	-14.2	-41.7	21.6	-4.6	32.3	55.0	-21.2	-14.2	9.8	-15.6	14.6	11.2
Margins (%)												
Gross profit	15.6	13.9	11.5	15.0	16.2	15.6	12.1	12.2	13.8	14.0	14.0	14.3
Operating profit	9.7	8.2	5.2	8.1	10.4	9.2	5.4	6.1	7.9	7.8	7.8	8.1
Before tax profit	11.1	7.1	7.2	8.8	13.1	11.8	6.0	6.3	9.8	8.5	9.3	9.4
Net profit	8.4	5.4	5.4	5.4	9.8	8.2	4.2	4.4	7.7	6.1	6.6	6.8

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**4,973**	**5,240**	**5,554**	**6,054**	**6,478**
Cost of goods sold	4,285	4,507	4,778	5,191	5,545
Gross profit	**689**	**733**	**777**	**863**	**933**
Gross margin (%)	13.8	14.0	14.0	14.3	14.4
SG&A expenses	294	326	345	374	407
Operating profit	**395**	**407**	**432**	**490**	**527**
Operating margin (%)	7.9	7.8	7.8	8.1	8.1
Non-operating gains (losses)	**92**	**39**	**82**	**82**	**82**
Financial profit	33	34	37	43	51
Financial costs	21	15	13	12	12
Equity-method gains (losses)	17	18	23	23	23
Other	63	1	35	27	20
Pre-tax profit	**487**	**446**	**514**	**572**	**609**
Taxes	105	125	146	163	173
Effective tax rate (%)	21.6	28.0	28.4	28.4	28.4
Profit from continuing operations	382	321	368	409	436
Profit from discontinued operations	0	0	0	0	0
Net profit	**382**	**321**	**368**	**409**	**436**
Net margin (%)	7.7	6.1	6.6	6.8	6.7
Net profit (controlling interests)	368	311	356	396	422
Net profit (non-controlling interests)	14	10	12	13	14
EBITDA	559	570	594	649	684
EBITDA margin (%)	11.2	10.9	10.7	10.7	10.6
EPS (parent-based) (KRW)	7,930	6,692	7,672	8,533	9,087
EPS (consolidated) (KRW)	8,223	6,906	7,921	8,810	9,382
Adjusted EPS (KRW)*	7,930	6,692	7,672	8,533	9,087

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**2,346**	**2,634**	**2,886**	**3,241**	**3,594**
Cash & equivalents	348	478	624	812	1,022
Accounts receivable	960	984	1,043	1,136	1,216
Inventories	416	436	462	504	539
Other current assets	622	737	757	790	817
Fixed assets	**1,353**	**1,363**	**1,371**	**1,377**	**1,383**
Investment assets	233	245	255	270	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**	**4,257**	**4,618**	**4,977**
Current liabilities	**1,142**	**1,170**	**1,184**	**1,267**	**1,337**
Accounts payable	511	560	594	647	692
Short-term debt	275	261	261	261	261
Other current liabilities	357	349	329	359	384
Long-term liabilities	**159**	**175**	**185**	**201**	**215**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	159	175	185	201	215
Total liabilities	**1,302**	**1,345**	**1,369**	**1,468**	**1,552**
Owners of parent equity	**2,300**	**2,553**	**2,777**	**3,026**	**3,287**
Capital stock	23	23	23	23	23
Capital surplus	460	460	460	460	460
Retained earnings	1,783	2,045	2,274	2,523	2,784
Other	34	25	20	20	20
Non-controlling interests' equity	**97**	**99**	**111**	**124**	**137**
Total equity	**2,397**	**2,652**	**2,888**	**3,150**	**3,424**
Net debt	-24	-170	-355	-542	-752

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**482**	**509**	**464**	**476**	**511**
Net profit	382	321	368	409	436
Non-cash profit and expenses	300	388	237	243	244
Depreciation	153	151	151	151	151
Amortization	11	12	11	9	7
Other	136	225	75	84	87
Changes in A/L from operating activities	-122	-157	-43	-69	-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**	**-147**	**-161**
Change in debt	-39	-16	-39	0	0
Change in equity	0	0	0	0	0
Dividends	-46	-60	-128	-147	-161
Other	-41	-5	0	0	0
Change in cash	35	129	147	187	211
Cash at beginning of year	314	348	478	624	811
Cash at end of year	348	478	624	811	1,022
Gross cash flow	**681**	**708**	**605**	**652**	**680**
Free cash flow	**244**	**320**	**314**	**326**	**361**

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	2.8	5.4	6.0	9.0	7.0
Operating profit	2.3	3.0	6.1	13.3	7.5
Net profit	9.4	-16.0	14.7	11.2	6.5
Adjusted EPS**	9.8	-15.6	14.6	11.2	6.5
Per-share data (KRW)					
EPS (parent-based)	7,930	6,692	7,672	8,533	9,087
EPS (consolidated)	8,223	6,906	7,921	8,810	9,382
Adjusted EPS**	7,930	6,692	7,672	8,533	9,087
BVPS	49,934	55,423	60,297	65,703	71,368
DPS (common)	1,200	2,770	3,200	3,500	3,600
Valuations (x)					
P/E***	3.8	6.4	6.8	6.1	5.8
P/B***	0.6	0.8	0.9	0.8	0.7
EV/EBITDA	2.6	3.4	3.7	3.1	2.7
Ratios (%)					
ROE	17.4	12.8	13.4	13.7	13.4
ROA	11.0	8.3	8.9	9.2	9.1
ROIC	17.4	15.2	15.5	17.0	17.7
Payout ratio	15.0	41.0	41.4	40.7	39.3
Dividend yield (common)	4.0	6.5	6.1	6.7	6.9
Net debt to equity	-1.0	-6.4	-12.3	-17.2	-22.0
Interest coverage (x)	21.7	29.3	34.0	41.3	44.4

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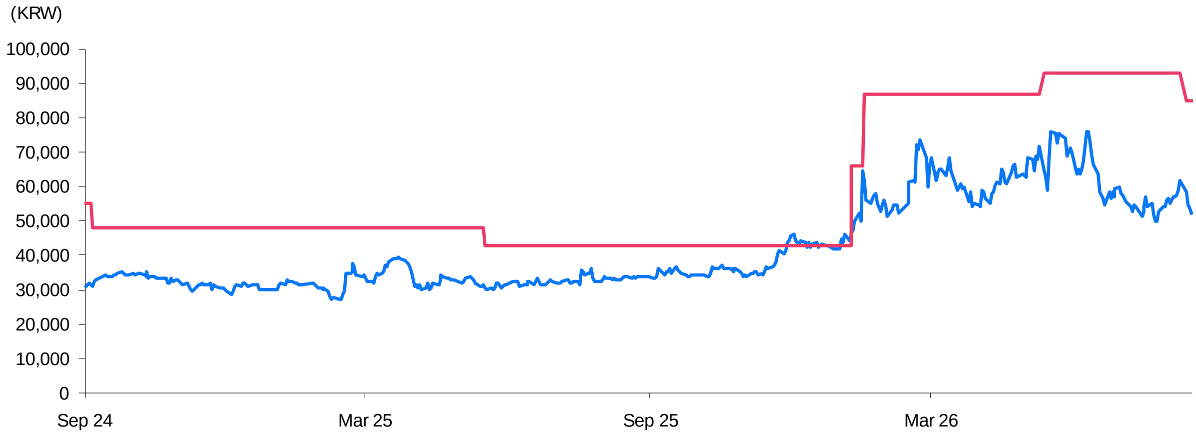
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/8/16	9/11	2025/5/22	2026/1/14	1/22	5/18	8/18
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	55000	48000	43000	66000	87000	93000	85000
Gap* (average)	-40.00	-32.28	-17.11	-19.92	-29.99	-34.47	
(max or min)**	-37.09	-17.29	7.79	-1.82	-15.63	-18.06	

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

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Percentage of ratings in 12 months prior to 2026.06.30

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