

COMPANY UPDATE

2025. 11. 18

EV/Mobility Team

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▶ AT A GLANCE

BUY

Target price **KRW55,000** 48.8%

Current price **KRW36,950**

Market cap KRW1.7t/USD1.2b

Shares (float) 46,957,120 (68.3%)

52-week high/low KRW46,650/KRW32,650

Avg daily trading value (60-day) KRW7.1b/USD4.9m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
HL Mando (%)	4.4	2.4	0.0
Vs Kospi (%pts)	-4.3	-34.2	-40.9

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	55,000	55,000	0.0%
2025E EPS	2,758	2,758	0.0%
2026E EPS	5,543	5,543	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	18
Target price	50,500
Recommendation	4.0

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



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HL Mando (204320)

Growth resumes

- HL Mando has internalized the core technologies required for robot actuators and, through active collaboration with Chinese clients, it is favorably positioned to source rare earth materials.
- A leading North American BEV maker and major Chinese software-defined vehicle solution providers are at the forefront of physical AI. Leveraging its track record with top-tier players, Mando is expanding into the robot actuator business.
- Low-cost EVs produced by a North American BEV maker are likely to be deployed as robotaxis, translating into higher sales of Mando's smart chassis.

WHAT'S THE STORY?

Raising target price: We raise our target price for HL Mando by 14.6% to KRW55,000, reflecting earnings growth and expansion into robot actuators.

- **Methodology:** We shift the basis of our target price from 2025 EPS to 2026 EPS, while keeping our target P/E multiple at 10.5x—the average multiple at which global electrical/electronic parts makers are trading.

Mando has outpaced Bosch and Continental in the smart car chassis market by supplying electric power steering (EPS) to a North American BEV maker and China's software-defined vehicle (SDV) solution providers. The Korean firm also plans to ship integrated dynamic brakes (IDBs) to a North American client starting this year. The North American BEV maker, Chinese SDV solution providers, and Xiaomi are at the forefront of physical AI. Drawing on its track record with top-tier players, Mando is expanding into robot actuators.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	8,848	9,190	9,871	10,643
Operating profit	359	391	457	532
Net profit (adj)	158	161	277	348
EPS (adj) (KRW)	2,767	2,758	5,543	6,958
EPS (adj) growth (% y-y)	-4.2	-0.3	101.0	25.5
EBITDA margin (%)	7.8	7.9	7.7	7.5
ROE (%)	5.5	5.0	9.5	11.0
P/E (adj) (x)	14.7	13.4	6.7	5.3
P/B (x)	0.8	0.7	0.6	0.6
EV/EBITDA (x)	5.3	4.7	4.0	3.3
Dividend yield (%)	1.7	2.2	3.2	3.8

Source: Company data, Samsung Securities estimates

- **Supplying actuators for quadruped robots:** Mando has built a track record in supplying robot actuators. It is in the process of establishing R&D and investment plans for humanoid robot actuators, with a detailed roadmap scheduled for release at its first CEO Investor Day (Dec 11).

Has proprietary hardware technologies for robot actuators

- **Electronic steering systems provide foundation for robot actuators:** Both electronic steering systems and robot actuators: 1) use electric motors-based control; 2) integrate motors, reducers, sensors, and controllers into a single package to offer precise feedback control; and 3) employ adaptive controls to environmental changes. Its experience producing automotive components that demand durability under extreme conditions also provides a strong advantage in developing robot actuators.
- **Electronic steering systems contribute 27% of 1H25 sales:** Mando's electronic steering system sales outweighed its conventional steering system sales in 2013. The firm's EPS sales have been expanding rapidly since 2020, backed by rising demand from its North American BEV maker client.
- **Steer-by-wire technology to generate sales from 2027:** Mando is scheduled to supply steer-by-wire systems to the North American automaker from 2027. Such systems replace the mechanical connection between the steering wheel and a vehicle's wheels with electronic sensors and actuators. As the driver turns the steering wheel, sensors detect the movement and send signals to actuators that adjust the wheels accordingly. A separate actuator provides feedback to the driver by simulating steering resistance and road feel, ensuring a more natural driving experience while conveying road conditions and vehicle behavior.
- **Lifts stake in motor JV Mando Brose:** In 2011, Mando formed a JV with Brose, specializing in motors. The JV handled R&D and production of motors used in Mando's products. In Sep 2024, Mando raised its stake to 90%, turning it into a consolidated subsidiary. Mando Brose generated sales of KRW240b in 2024 (flat y-y) with an operating margin of 3%.
- **Possesses diverse sensor technologies:** Mando has a wide range of sensor technologies—including radar and lidar for autonomous driving, as well as ultrasonic sensors. It is actively commercializing sensor-based products, such as battery fire detection and current-cutoff systems.
- **Robot actuator market estimated to be 100x size of automotive control systems:** Automotive control systems (braking, steering, suspension) carry an ASP of about USD2,000, representing 5-6% of a vehicle's cost. A humanoid robot requires 20-30 actuators per unit, with a combined ASP of roughly USD19,000. Because robot actuator motors use significant amounts of expensive rare earth materials, pricing has limited downside. Actuators account for 60-70% of a robot's manufacturing cost. Given the potential of the robot market to grow to ten times the size of the automotive market, the robot actuator market could reach 100 times the scale of the automotive control systems market.

Sales to local Chinese firms represent 54% of total: Mando has the sector's greatest exposure to China, deriving 20% of sales from the market. Close collaboration with Chinese clients provides an advantage in sourcing rare earths.

- **Clients include Chinese EV makers:** Most leading EV makers in China—excluding BYD—are on its client roster.
- **Raw material sourcing capabilities cherished amid US-China tensions:** Close relationships with Chinese clients provide a degree of insulation from China's rare earth export controls.
- **Rare earths essential for robot motors:** Mando has so far experienced no issues sourcing rare earth materials. Robot actuators must deliver precise positional, angular, and speed responses within compact three-dimensional spaces (*ie*, joints), requiring more than ten times the precision control of EV drive motors. To achieve this level of precision, rare earth materials are indispensable.

Top-tier physical AI players already on client list: As an approved supplier, Mando is well-positioned to expand its product categories.

- **Mando's new orders surge:** Mando's new orders surged 50% y-y to the KRW16t range in 2023—and new order are likely to top that this year. This is mainly thanks to deals to supply smart chassis to companies leading the smart-car era—namely, a North American BEV maker and a Chinese manufacturer of software-defined vehicle (SDV) solutions. In an autonomous drive system— which comprises environment perception, decision making (path planning), and motion control—the smart chassis is responsible for motion control.
- **IDB shipments to North American BEV maker begin:** In late 2024, Mando began delivering integrated dynamic brakes (IDB) to the North American BEV maker from its plant in Mexico. The Korean parts maker is the exclusive supplier of IDB, electric power steering (EPS), and electric parking brakes (EPB) for the North American client's high-volume model (which sells 1.5m units *pa*). In 4Q25, its North American client globally launched a low-cost EV built on the platform of an existing high-volume model, sourcing most parts from the same suppliers. The low-cost EV is likely to be deployed as a robotaxi ahead of a dedicated model, giving Mando additional momentum as a robotaxi parts supplier.
- **EPS and smart damping control shipments to Chinese SDV solutions firm underway:** Last year, Mando began supplying a Chinese SDV solutions provider with EPS and smart damping control. It is currently in discussions for an IDB contract. The Chinese firm has ten partner brands in China (four parts suppliers, two solutions providers, and four companies responsible for multiple steps—from solutions to sales and aftermarket service), and has agreed to provide its system to Audi and BYD from 2025. Given high acclaim for the Chinese SDV solutions company's Level 2+ technology, sales volume should jump from 400,000 units in 2024 to 600,000 units in 2025 and 1 m units in 2026.
- **North American BEV maker, Chinese SDV solution firms at forefront of physical AI:** All are entering the humanoid robot market. With its smart-chassis track record, Mando should be able to capture opportunities in the robot actuator business.

2026 outlook: Sales and profits are likely to rise in tandem.

- **Higher sales and profitability ahead:** We expect Mando to post 2026 sales of KRW9.8t (up 7.4% y-y) and an operating profit of KRW457.2b (up 17% y-y), for a margin of 4.6% (up 0.3%pts y-y). Sales growth combined with cost-cutting should positively affect profitability. An operating margin of 5% should be achievable in 2027. FnGuide consensus puts 2026 sales at KRW10.1t and operating profit at KRW454.7b, for a margin of 4.5%.
- **Tariff impact to ease:** A reduction in US tariffs from 25% to 15% should lower quarterly tariff costs by KRW8b, and Mando expects to recover at least half of tariff costs through client negotiations. Meanwhile, the integration of two European R&D centers generated KRW3b in savings in 3Q25 and is expected to deliver annual savings of around KRW11b. In Korea, plant integration and equipment reallocation are underway to reduce fixed costs and improve manufacturing efficiency. In Mexico, the company is pursuing vertical integration centered on suspension products. The effects of the initiatives in Korea and Mexico should materialize from 4Q25.
- **Non-operating volatility to ease:** Since 2Q24, Mando has faced both interest costs (KRW20b per quarter) and valuation losses on its investment in iMotion, a Chinese autonomous driving startup that listed in Hong Kong in late 2023. The investment generated KRW148b in valuation gains in 1Q24 as the shares climbed to HKD91.7, but subsequent declines produced quarterly valuation losses of KRW50b-120b. In 3Q25, the stock fell 41% from HKD13.98 to HKD8.19. With shares now down 90% from their peak, further valuation losses should be limited.

Rare-earth magnet usage: EVs vs. Humanoid robots

	Rare-earth magnet usage (kg/unit)	Notes
EVs	0.5-2.0	Depends on motor specification, number of motors, trim level BYD uses ~1.5kg.
Humanoid robots	0.9-4.0	Varies by actuator count and design. Optimus (Tesla): Estimated 3.4-3.5kg.

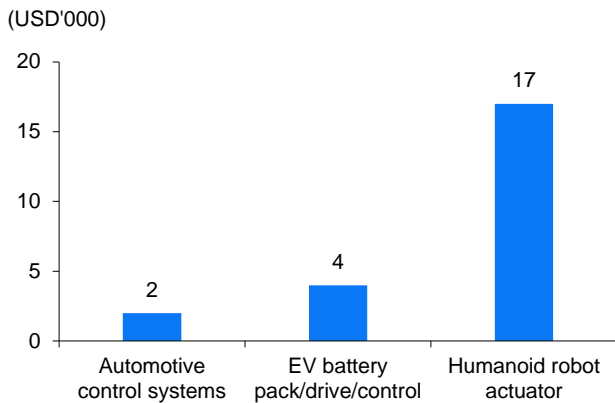
Source: Thunder Said Energy, High Magnets, Samsung Securities

Total number of motors in humanoid robots vs. in their hands alone

	Total	Per Hand	
Optimus	28	6~10	PMSM-based, underactuated linkage
Figure 02	30	10	Hybrid (direct drive and cable actuation)
Aptronik Apollo	25	6	Series-elastic actuator (SEA)+linkage
Agility	20	6	Simple structure; hands do not support fine manipulation
E-Atlas	20	6	Simple structure; 7-DoF hands

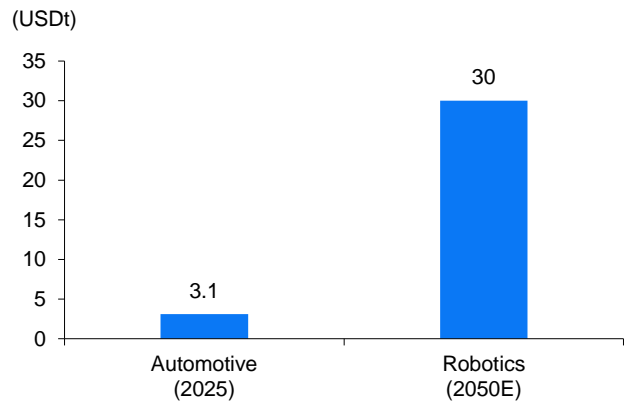
Source: Company data, Samsung Securities

Hyundai Mobis Core parts business ASP



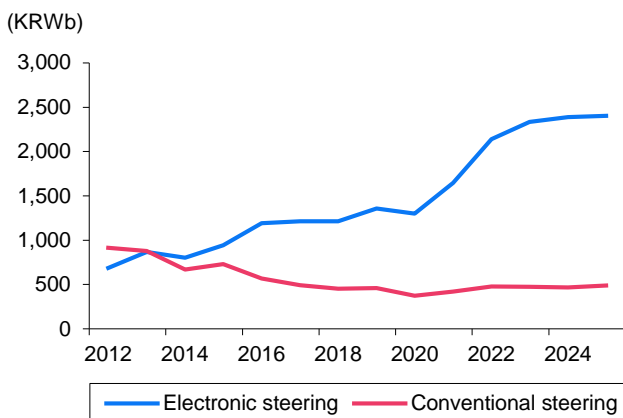
Source: Company data, Samsung Securities

Market size: Automotive vs. robotics



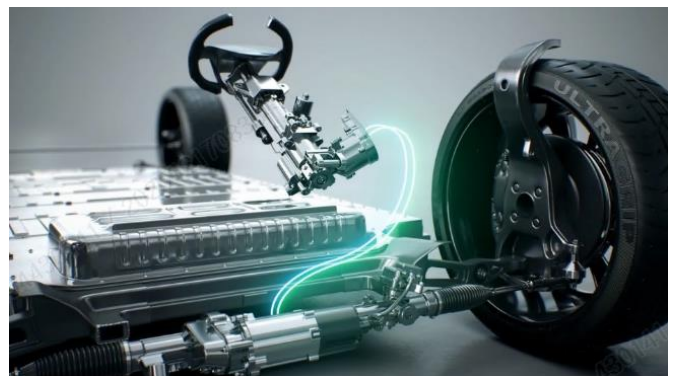
Source: Samsung Securities

Mando's steering system sales: Electronic vs conventional



Note: *2025 figures derived by annualizing 1Q-3Q25 sales
Source: Company data, Samsung Securities

Steer-by-wire



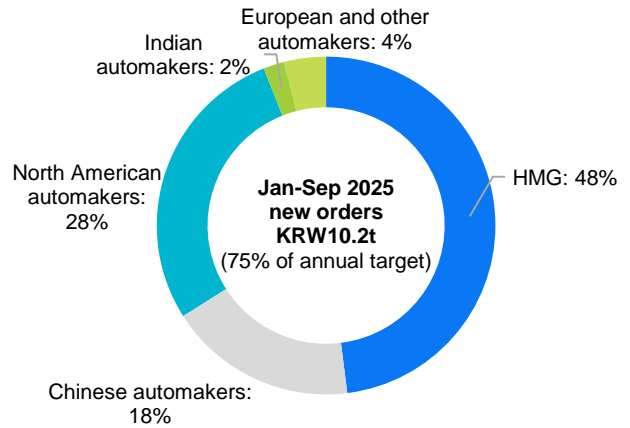
Source: Company data

HL Mando: New orders and guidance



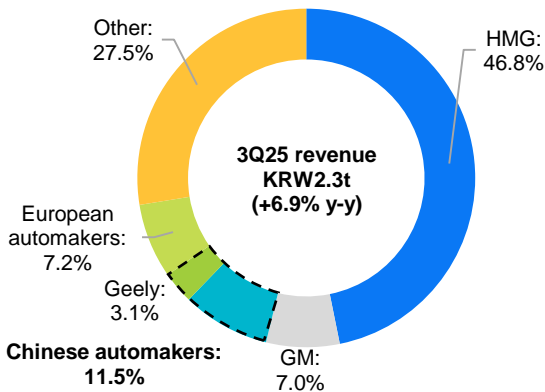
Source: Company data, Samsung Securities

HL Mando: New orders, by client



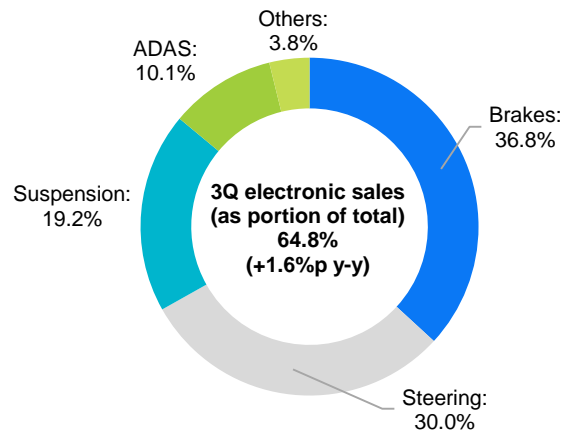
Source: Company data, Samsung Securities

HL Mando: Sales, by client



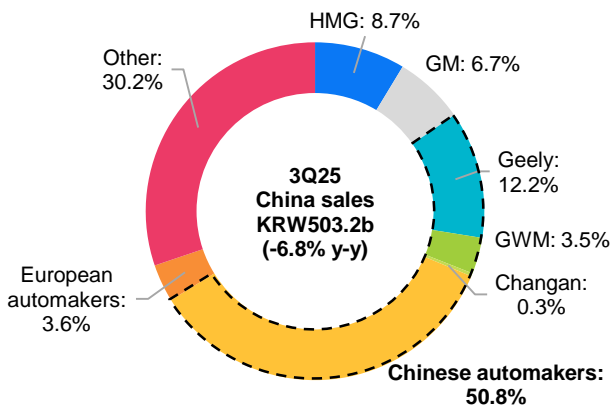
Source: Company data, Samsung Securities

HL Mando: Sales, by product



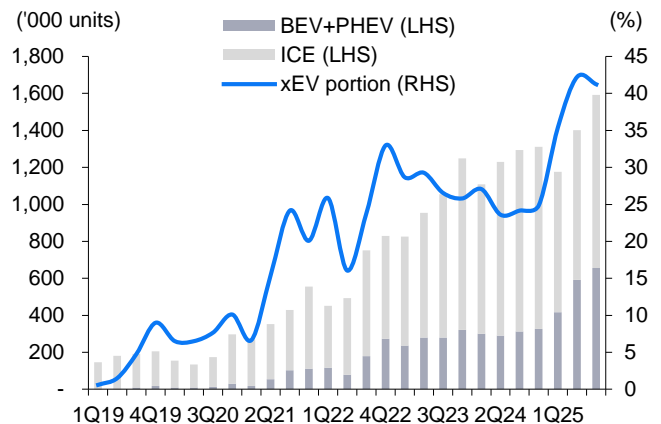
Source: Company data, Samsung Securities

HL Mando China: Sales, by client



Source: Company data, Samsung Securities

China: Auto exports



Source: Company data, Samsung Securities

HL Mando: Result and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025E	2026E	2027E
KRW/USD (avg)	1,453	1,401	1,387	1,400	1,380	1,380	1,360	1,360	1,365	1,410	1,370	1,330
Sales	2,271	2,401	2,321	2,514	2,423	2,474	2,463	2,511	8,848	9,190	9,871	10,643
Chg (% y-y)	7.8	11.8	6.9	3.8	6.7	3.1	6.1	-0.1	5.4	3.9	7.4	7.8
Gross profit	320	365	315	465	329	354	348	580	1,323	1,464	1,612	1,778
Operating profit	79	104	94	113	102	121	114	120	359	391	457	532
Chg (% y-y)	4.7	16.2	14.1	2.0	28.4	16.2	21.5	6.2	28.5	8.9	17.0	16.5
Operating profit	62	34	66	89	77	95	93	104	265	250	369	463
Net profit	35	10	49	67	57	71	70	78	158	161	277	348
Controlling profit	28	4	44	53	54	67	66	74	130	130	260	327
Margins (%)												
Gross profit	14.1	15.2	13.6	18.5	13.6	14.3	14.1	23.1	15.0	15.9	16.3	16.7
Operating profit	3.5	4.3	4.1	4.5	4.2	4.9	4.6	4.8	4.1	4.3	4.6	5.0
Net profit	1.5	0.4	2.1	2.7	2.4	2.9	2.8	3.1	1.8	1.7	2.8	3.3
Controlling profit	1.2	0.2	1.9	2.1	2.2	2.7	2.7	2.9	1.5	1.4	2.6	3.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	8,393	8,848	9,190	9,871	10,643
Cost of goods sold	7,263	7,525	7,725	8,259	8,865
Gross profit	1,130	1,323	1,464	1,612	1,778
Gross margin (%)	13.5	15.0	15.9	16.3	16.7
SG&A expenses	851	964	1,074	1,154	1,245
Operating profit	279	359	391	457	532
Operating margin (%)	3.3	4.1	4.3	4.6	5.0
Non-operating gains (losses)	-54	-93	-140	-88	-69
Financial profit	69	56	21	17	28
Financial costs	123	138	104	87	79
Equity-method gains (losses)	-3	-5	3	5	5
Other	3	-6	-61	-23	-23
Pre-tax profit	226	265	250	369	463
Taxes	71	107	90	92	116
Effective tax rate (%)	31.5	40.4	35.9	25.0	25.0
Profit from continuing operations	155	158	161	277	348
Profit from discontinued operations	0	0	0	0	0
Net profit	155	158	161	277	348
Net margin (%)	1.8	1.8	1.7	2.8	3.3
Net profit (controlling interests)	136	130	130	260	327
Net profit (non-controlling interests)	19	28	31	17	21
EBITDA	601	694	722	763	795
EBITDA margin (%)	7.2	7.8	7.9	7.7	7.5
EPS (parent-based) (KRW)	2,887	2,767	2,758	5,543	6,958
EPS (consolidated) (KRW)	3,292	3,370	3,419	5,897	7,402
Adjusted EPS (KRW)*	2,887	2,767	2,758	5,543	6,958

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	429	435	455	510	529
Net profit	155	158	161	277	348
Non-cash profit and expenses	453	532	500	462	424
Depreciation	290	302	292	273	235
Amortization	32	33	39	33	28
Other	132	197	169	157	161
Changes in A/L from operating activities	-96	-163	-34	-68	-77
Cash flow from investments	-322	-397	-303	-156	-7
Change in tangible assets	-333	-307	-230	-150	0
Change in financial assets	-28	12	-3	-6	-7
Other	38	-103	-70	-0	0
Cash flow from financing	18	-177	-384	-338	-56
Change in debt	90	10	-351	-300	0
Change in equity	0	0	0	0	0
Dividends	-42	-51	-33	-38	-56
Other	-29	-136	0	0	0
Change in cash	123	-79	-224	20	469
Cash at beginning of year	492	615	536	311	332
Cash at end of year	615	536	311	332	801
Gross cash flow	608	690	661	739	772
Free cash flow	92	125	225	360	529

Note: *Excluding one-off items;

**Fully diluted, excluding one-off items;

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	3,265	3,677	3,574	3,836	4,579
Cash & equivalents	615	536	311	332	801
Accounts receivable	1,579	2,020	2,098	2,253	2,430
Inventories	734	838	871	935	1,008
Other current assets	337	283	294	316	340
Fixed assets	3,022	3,375	3,346	3,194	2,935
Investment assets	278	235	237	240	244
Tangible assets	2,176	2,410	2,348	2,225	1,990
Intangible assets	197	220	251	219	191
Other long-term assets	371	510	510	510	510
Total assets	6,287	7,052	6,920	7,030	7,514
Current liabilities	2,636	2,900	2,627	2,482	2,658
Accounts payable	1,162	1,449	1,505	1,617	1,743
Short-term debt	173	233	233	233	233
Other current liabilities	1,301	1,218	889	633	682
Long-term liabilities	1,295	1,479	1,486	1,502	1,519
Bonds & long-term debt	1,041	1,176	1,176	1,176	1,176
Other long-term liabilities	254	303	311	326	343
Total liabilities	3,931	4,379	4,114	3,984	4,177
Owners of parent equity	2,231	2,519	2,621	2,844	3,114
Capital stock	47	47	47	47	47
Capital surplus	603	603	603	603	603
Retained earnings	1,153	1,237	1,334	1,556	1,827
Other	428	631	637	637	637
Non-controlling interests' equity	125	154	185	202	223
Total equity	2,356	2,673	2,806	3,046	3,337
Net debt	1,486	1,585	1,456	1,132	659

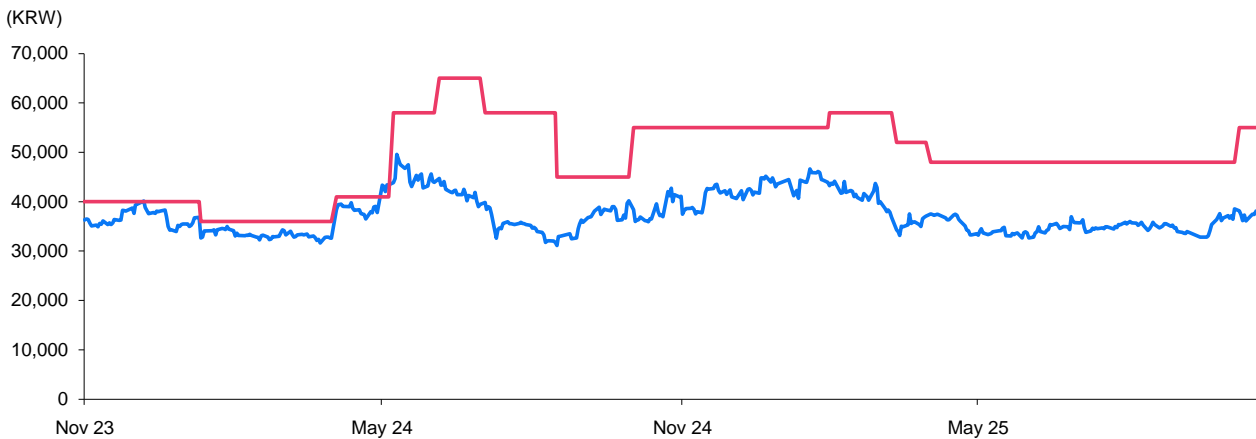
Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	11.7	5.4	3.9	7.4	7.8
Operating profit	12.6	28.5	8.9	17.0	16.5
Net profit	30.7	2.4	1.4	72.5	25.5
Adjusted EPS**	37.9	-4.2	-0.3	101.0	25.5
Per-share data (KRW)					
EPS (parent-based)	2,887	2,767	2,758	5,543	6,958
EPS (consolidated)	3,292	3,370	3,419	5,897	7,402
Adjusted EPS**	2,887	2,767	2,758	5,543	6,958
BVPS	47,505	53,635	55,820	60,564	66,322
DPS (common)	600	700	800	1,200	1,400
Valuations (x)					
P/E***	13.6	14.7	13.4	6.7	5.3
P/B***	0.8	0.8	0.7	0.6	0.6
EV/EBITDA	5.8	5.3	4.7	4.0	3.3
Ratios (%)					
ROE	6.2	5.5	5.0	9.5	11.0
ROA	2.5	2.4	2.3	4.0	4.8
ROIC	5.4	5.7	6.2	8.6	10.3
Payout ratio	20.8	25.3	29.0	21.6	20.1
Dividend yield (common)	1.5	1.7	2.2	3.2	3.8
Net debt to equity	63.1	59.3	51.9	37.2	19.7
Interest coverage (x)	2.9	3.2	3.8	5.3	6.7

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/10/30	2024/2/6	4/29	6/3	7/1	7/29	9/11	10/28	2025/2/25	4/7	4/28	11/3
Recommendation	HOLD	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	40000	36000	41000	58000	65000	58000	45000	55000	58000	52000	48000	55000
Gap* (average)	-10.05	-7.58	-3.55	-21.93	-35.91	-39.90	-18.57	-24.91	-29.05	-31.59	-27.26	
(max or min)**	0.25	-2.92	5.85	-14.48	-32.15	-32.76	-10.67	-15.18	-23.88	-27.88	-19.69	

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 2025.09.30

BUY (83.5%)-HOLD (16.5%)-SELL (0%)

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