SECTOR UPDATE

2026. 3. 23

EV/Mobility Team

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Autos (OVERWEIGHT)

SDV era: Paradigm shift for OEM business models

- At Nvidia's GTC 2026, Hyundai Motor Group (HMG) announced a strategic partnership to integrate Nvidia's DRIVE Hyperion platform into its upcoming vehicles. The group's full software-defined vehicle (SDV) roadmap—including autonomous driving features—should be unveiled at Kia's CEO Investor Day on Apr 9.
- Hyundai Motor (HMC) and Kia are likely to stage a rerating on: 1) the ability to generate software sales throughout a vehicle's lifecycle; and 2) reduced warranty costs through firmware OTA updates.
- HMC and Kia should begin introducing SDV architecture across new models from 2027. Winners in the SDV value chain should be Hyundai AutoEver, SL Corporation, and Hyundai Mobis.

WHAT'S THE STORY?

SDVs represent a transformation deeper than EVs: While electrification has changed what powers the car—replacing internal combustion engines (ICE) with batteries—software-defined vehicles (SDVs) redefine what the car is. Vehicles are no longer just mechanical machines, but intelligent computers (robots), governed by software.

- **Shift from ICE vehicles to EVs makes powertrain technology less important:** The transition from ICE vehicles to electric vehicles (EVs) has slashed the number of components in half (from roughly 30,000 to around 12,000). With that, the traditional differentiators—engines and transmissions for ICE vehicles—have been replaced by batteries and electric motors. This shift has moved the core value of the vehicle towards battery suppliers.
- **Software makes difference in the SDV era:** The defining features of SDVs are threefold. First, decoupling of hardware and software enables continuous software updates throughout the vehicle's lifecycle.

  Second, today's vehicles rely on over 300 isolated ECUs and MCUs, each managing a single function. This fragmentation leads to long development cycles (3-5 years) and drives up quality-related costs. SDVs replace this with zonal architecture, consolidating dozens of ECUs into just three to five centralized controllers. The competitive advantage among automakers should increasingly hinge on the intelligence running on those central units: The operating system and the AI algorithms.

(Continued on the next page)

▶ AT A GLANCE

Hyundai Motor (005380 KS, 517,000)		
Target price	KRW800,000	54.7%
BUY		
Kia (000270 KS, 168,500)		
Target price	KRW270,000	60.2%
BUY		
Hyundai AutoEver (307950 KS, 430,500)		
Target price	KRW550,000	27.8%
BUY		
Hyundai Mobis (012330 KS, 400,500)		
Target price	KRW600,000	49.8%
BUY		
SL Corporation (005850 KS, 63,100)		
Target price	KRW87,000	37.9%
BUY		

Third, automakers can no longer treat suppliers as providers of isolated 'black boxes.' To enable centralized control, suppliers must now design components that are open, interoperable, and compatible with the vehicle's unified architecture. Only carmakers with either overwhelming technological dominance (*eg*, Tesla) or massive scale (*eg*, HMG, Toyota, or GM) have the leverage to demand such changes. Without either advantage, SDV transformation becomes nearly impossible.

For example, despite offering just two core models, Tesla maintains strong vehicle value through leadership in autonomous driving and connectivity technologies. Meanwhile, Stellantis, Ford, Honda, and Nissan are struggling with losses, scaling back EV investments, and lagging in software development. Their chances of catching up in the SDV race are growing slimmer by the year.

- **EVs—natural foundation for SDVs:** EVs are the optimal platform for SDVs for two reasons: 1) the need for real-time vehicle control based on AI decision-making; and 2) the efficiency of managing power consumption across chips and electronic components. That said, Level 2+ autonomous driving features—automated parking and highway assist—are technically feasible even on ICE vehicles. GM, for example, has deployed Level 2+ highway hand-off systems across its premium Cadillac lineup and select higher-trim Chevrolet and GMC models. But scaling these features across an entire ICE portfolio remains difficult due to their fragmented hardware architectures.

HMC and Kia to launch SDVs in 2027: Hyundai Motor (HMC) and Kia should begin introducing SDV architecture across their new models in 2027, with the goal of transitioning their entire lineup to SDVs by 2030.

- **Nvidia GTC 2026—HMC and Nvidia announce strategic partnership:** At Nvidia's GTC conference, HMG revealed a strategic partnership to integrate Nvidia's DRIVE Hyperion platform into its upcoming vehicles. Under the terms of the agreement, HMC and Kia's passenger cars will adopt Level 2+ autonomous driving features, while Motional (HMG's joint venture (with Aptiv) that is focused on robotaxis) will target Level 4 autonomy. Both should build on Nvidia's Alpamayo AI model and rely on Nvidia's platform during development and certification.
- **Kia's CEO Investor Day on Apr 9:** On Apr 9, President Min-Woo Park—a former Nvidia executive now heading HMG's Advanced Vehicle Platform division—should make his debut at Kia's CEO Investor Day, where he is expected to outline the group's autonomous driving roadmap. Key highlights should include: 1) a detailed strategy for enhancing the company's proprietary AI inference model, Atria, including whether and how Nvidia's Alpamayo will be integrated; 2) schedules for the 2026 pilot rollout of Pace Car and the commercialization of Level 2+ autonomous driving features; and 3) its strategy for balancing technological dependence on Nvidia with HMG's long-term goal of achieving core software and technological independence.

Three changes for HMC/Kia in the SDV era: The ability to generate sales throughout a vehicle's lifecycle should enhance profitability and reduce earnings volatility. HMC and Kia are likely to rerate, as concerns over their competitive disadvantages (vs Chinese EV makers) diminish.

- **1. Change in business model:** First, autonomous driving and connectivity features can now be offered as paid subscriptions. The more customers adopt these services, the more stable and predictable the carmaker's cash flow becomes. The core of the SDV revolution lies in transforming

automotive sales from a one-time transaction (selling a car) to a recurring, multi-year income stream spanning 15-20 years. Second, software sales carry gross margins exceeding 50%. With Level 2+ systems, the necessary sensors and chips are installed as standard on higher trims when the auto is made. This means software upgrades are pure margin (excluding SG&A costs).

- Today, HMC/Kia offer advanced driver assistance systems (ADAS)—including adaptive cruise control, lane-keeping assist, and automated parking—as standard on higher trims in key markets (*eg*, the US and Korea). Adoption rates for these trims are already impressive: 70% in the US and 80% in Korea. To access these features, customers either pay an additional KRW3m-4m for a top-tier model or opt for a mid-tier trim with a KRW1m-2m ADAS package. This explains why HMC and Kia's ASP continues to rise, despite aggressive incentives. As consumers in DMs grow accustomed to convenience tech, demand for AI-enhanced Level 2+ systems should increase.
- Currently, HMC/Kia provide connectivity services for free in North America and for five years in Korea—resulting in virtually zero software sales at present. But with the rollout of Level 2+ autonomy, vehicles should integrate app-like interfaces directly into the infotainment system, creating natural entry points for paid services. Unlike current ADAS, where software is hardwired into the ECU and can only be sold at the point of purchase, Level 2+ systems decouple hardware from software. This enables over-the-air (OTA) updates, and opens two monetization paths: Upfront sales (the charge of a one-time fee at the time of purchase) and subscription models.
- Assuming a 40% subscription uptake rate for Level 2+ autonomy and connectivity services, operating profit per vehicle could rise 6-8% (vs 2025 base-line levels) in the early years, but cumulative profit per unit could more than double over a 15-year vehicle lifecycle. For Kia specifically, the widespread adoption of Level 2+ and connected services could push its operating margin above 12%.
- **2. Reduced warranty costs through firmware OTA updates:** Firmware OTA updates allow automakers to fix bugs, enhance system performance, and add new features without requiring physical hardware changes. Currently, HMC and Kia's warranty costs stand at 3.4% and 3.8% of sales, respectively—much higher than Tesla's 2.3% (lower as it is a 100% EV maker). While HMC/Kia still rely on ICE autos for over 80% of their sales—making it unlikely that they will match Tesla's low warranty rate anytime soon—the shift to SDV architecture should still enable meaningful reductions.
- **3. To see valuations re-rate:** HMC/Kia are no longer seen as merely traditional automakers that are falling behind Chinese EV makers in autonomy. Globally, only six automakers are actively developing both autonomous driving and robotics capabilities. While HMC/Kia are unlikely to be valued at the same level as Tesla or XPeng (both having developed end-to-end Physical AI capabilities in-house), the Korean players are well positioned to command valuations comparable to BYD, Li Auto, and Xiaomi, which firms still rely heavily on external tech partners for AI software and chips.

Case studies of GM and Tesla: HMC/Kia follow GM's model

- **Case 1) GM—Building a recurring revenue platform based on Level 2+ autonomy**: Reflecting the characteristics of the North American market, where highway driving dominates, GM offers highway-focused autonomous driving features at half the price of Tesla's FSD, resulting in an adoption rate that is more than 10%pts higher than Tesla's.

- **GM launched autonomous driving service Super Cruise under Cadillac brand in 2017:** GM offers a Level 2+ hands-free driving service (Super Cruise) free of charge for the first three years with new vehicle purchases. After the trial period, 40% of customers transition to the paid subscription model (USD40/month). As of 2025, Super Cruise has 620,000 subscribers, generating USD230m in revenue *pa*. The company targets related revenue of USD400m in 2026 and USD2b in 2030. Super Cruise relies on high-precision mapping for hands-free driving and supports over 750,000 miles of road across North America. Starting in 2028, the system will totally eliminate the need for driver input on some highways.
- GM sells about 3.3m vehicles *pa* in North America. Its OnStar connectivity platform (offering OTA updates and data services) has 12m subscribers—20 times the number of Super Cruise subscribers. With 60m vehicles sold since 2000, GM estimates that 20% subscribe to connectivity services.
- **GM targets software revenue of USD25b by 2030 (or 13.5% of GM's 2025 consolidated sales):** In 2025, GM's total software-related recurring revenue (including Super Cruise) reached USD5.4b (up 65%). In 2026, it targets 13m OnStar subscribers and USD7.5b in software revenue, with a goal of posting USD25b in software revenue in 2030 (or 13.5% of GM's total 2025 sales of USD185b, which 2025 sales fell 1.3% y-y). While vehicle sales profitability is only 4-5%, software profitability is 40-50%. For subscription services, software subscription margins rise to 70-80%, with hardware costs fully amortized at the time the vehicle is sold.

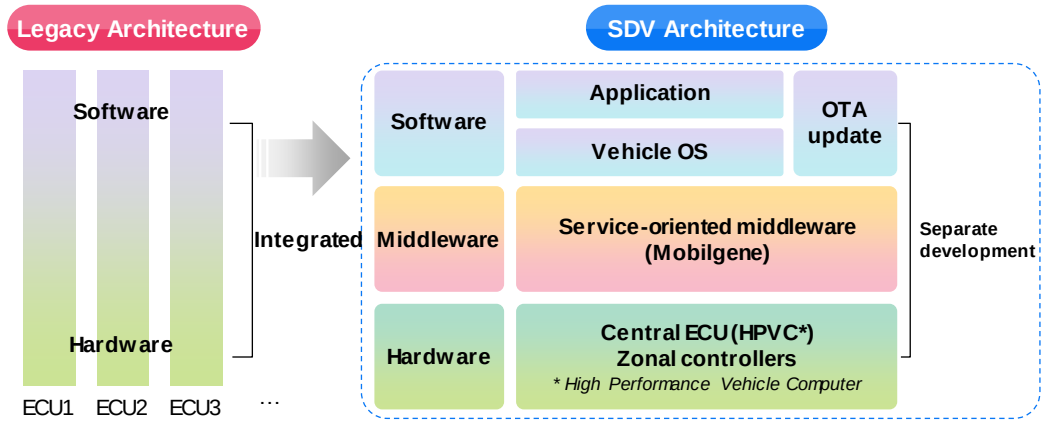
Case 2. Tesla–Building a physical AI platform based on FSD: Tesla leverages dominant AI capabilities and full-stack technology to create a platform that extends beyond driving into areas including humanoid robotics. However, as legal responsibility for driving remains with the driver, FSD adoption rates remain lower than GM's Super Cruise.

- **Tesla eliminated the upfront FSD purchase option from Feb 14, 2026:** Tesla now offers only a USD99/month subscription. It is actively developing Level 4 autonomous driving without driver intervention, even in standard vehicles. Its subscription fee is twice that of GM's Super Cruise. FSD learns physical rules of the road through real-world data and is being extended to Tesla's humanoid robots.
- **Tesla aims for 50% FSD adoption rate:** As of 2025, 1.1m vehicles had FSD activated, representing 12.3% of Tesla's 8.9m total deliveries. FSD is primarily available in North America, where 3.4m vehicles have been sold to date—resulting in a 30% adoption rate in the region. According to Elon Musk's stock option targets, Tesla aims to sell 20m vehicles globally over the next decade, with 10m activated FSD subscriptions for adoption rate of 50%.
- Tesla's basic connectivity service costs USD9.99/month or USD99/year, with nearly 100% adoption among owners. Tesla's total software-related recurring revenue (primarily from connectivity) is USD3.8b *pa*, which is lower than GM's due mainly to its lower cumulative vehicle sales volume figure.

Winners in the SDV value chain: The transition to SVDs is not about selling more cars—it is about redesigning the vehicle's architecture and automakers' business model. Success will center on suppliers whose technologies enable centralized control, modular software, and seamless OTA updates.

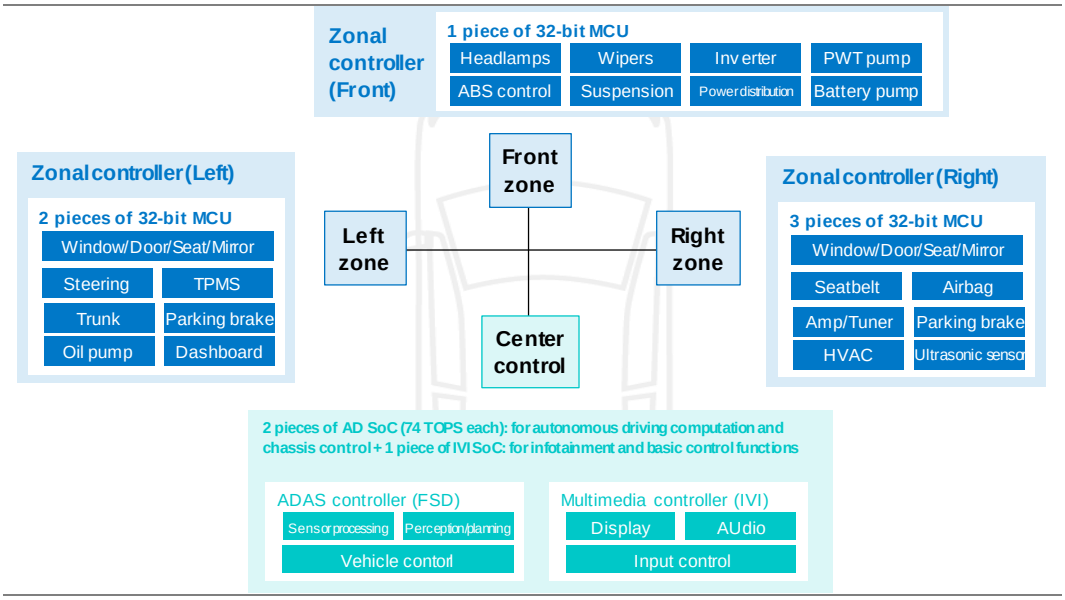
- **Hyundai AutoEver—sales from Mobilgene to increase:** As HMC and Kia adopt SDV platforms, middleware software is becoming a key value driver. Mobilgene Classic currently earns one-time development fees per vehicle model. From 2027, Mobilgene Adaptive will adopt a royalty model, charging per vehicle sold.
- **SL Corp to supply SBCMs for all HMG's models from 2027:** Under HMG's dual-sourcing strategy, SL Corp and Hyundai Mobis provide battery management systems (BMS) and side body control modules (SBCM, which manage window operation, power seat positioning, and integrate convenience functions like seatbelt reminders). SL Corp began supplying these modules for use in Kia's EV3 and EV4 in 2025. With HMC/Kia's move towards unified procurement, SL Corp should deliver SBCMs for use in all new HMC/Kia models from 2027.
- **Hyundai Mobis to see CCU sales growth:** The central communication unit (CCU) acts as the central nervous system between the vehicle ECUs and its high-performance vehicle computer, enabling critical functions: 1) OTA management—wirelessly updates software across systems such as engine, brakes, steering, infotainment, and more; 2) vehicle diagnostics & monitoring—collects real-time vehicle data and transmits it to the cloud; and 3) security gateway—protects the vehicle's internal network from external cyberattacks, ensuring data integrity and safety.

Architectural changes in SDVs: Separation of software and hardware



Source: Samsung Securities

Tesla: Zonal architecture: Autonomous driving / Infotainment / Body convenience systems

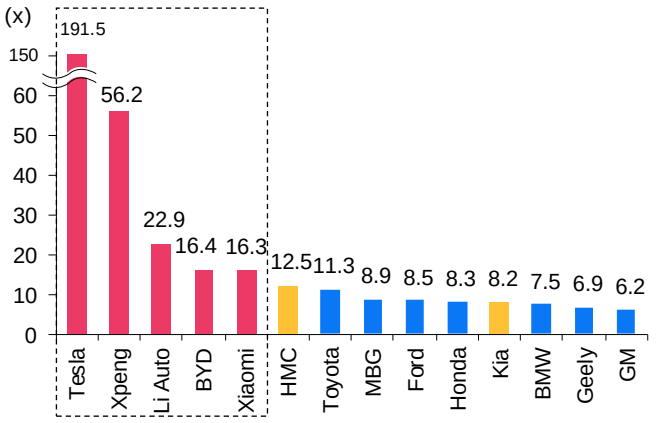


Source: BCG, Samsung Securities

HMC/Kia collaborating with Nvidia on autonomous driving

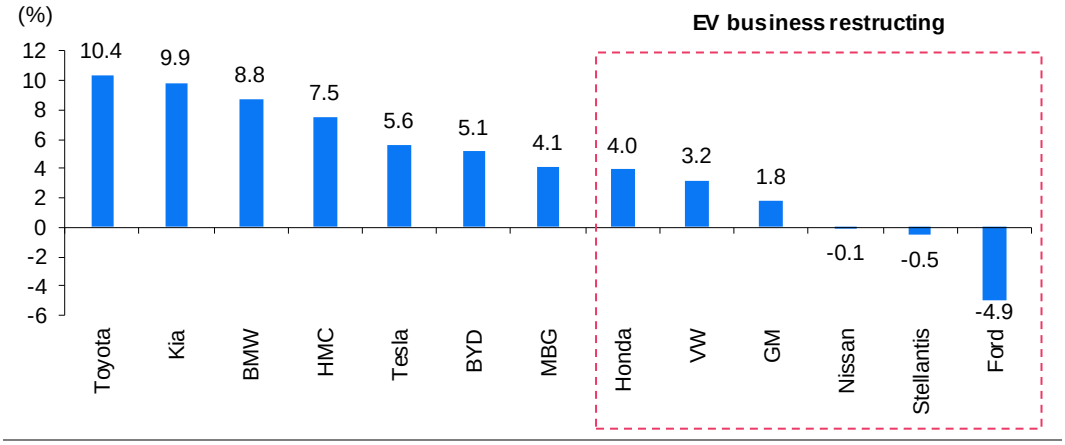
Source: Nvidia

Global automakers: 12-month forward P/E valuation



Sources: Bloomberg, Samsung Securities

Global automakers: Operating margin in 2025



Sources: Bloomberg, Samsung Securities

Global automakers: One-time costs related to EVs recognized in 4Q25

Company	Amount	Accounting treatment	Investment cuts & Adjustments
GM	USD7.6b	Contract termination / Restructuring costs	• Converted Orion plant's dedicated EV production line back to internal combustion engine (ICE) line. • Suspended operations in 1Q25 at one of four joint venture (JV) plants with LGES (Ohio site). • Converted two plants: One (Tennessee) to ESS production; the other was sold to LGES. The remaining two JV plants were canceled.
Ford	USD19.5b	Impairment losses	• Asset write-downs and strategic revision under Model e division. • Halted production of the electric F-150; wrote off unused EV-specific facilities and software assets. • Dissolved JV with SK On: Kentucky plants 1 and 2 retained by Ford; Tennessee plant transferred to SK On.
Stellantis	USD25b	Impairment losses / Restructuring	• EV inventory clearance and North American business restructuring. • Canceled the electric RAM 1500 project. • Sold its 49% stake in the LGES JV (initially for ESS production) to LGES for USD100.
VW	USD7.5b	Impairment losses / Restructuring	• Restructured and abandoned software subsidiary CARIAD (EUR2.2b loss recognized). • Reduced investment in battery subsidiary PowerCo and indefinitely postponed its IPO. • Delayed or canceled EV projects for Porsche and Audi (EUR5.1b in losses recognized).
Honda	USD15.7b	Impairment losses / Development cancellation	• Canceled development of three vehicle models in North America and scaled back China operations. • Shifted focus back towards hybrid vehicles.

Source: Media, Samsung Securities

Global automakers: Software revenue (2025)

('000 units)	GM	Tesla	Hyundai	Kia
Global sales volume	6,182	1,636	4,138	3,129
North America sales volume	3,361	550	1,939	1,469
Cumulative North America sales volume since 2019	18,060	3,400	12,093	9,161
Consolidated revenue (USDm)	185,000	94,827	130,980	80,268
Connectivity subscription fee (USD/month)	Basic: USD9.99 Max: USD64.99 (includes Super Cruise, Wi-Fi, app services)	9.99 (or USD99/year)	Free since 2023 (5-year free in Korea)	Free since 2023 (5-year free in Korea)
Level 2+ autonomous-driving subscription fee (USD/month)	40	99		
Connectivity subscribers ('000 people)	12,000	3,400		
Level 2+ autonomous-driving subscribers ('000 people)	620	1,100		
Deferred software revenue (USDm)	5,400	3,822		
Software portion of total revenue (%)	2.9	4		

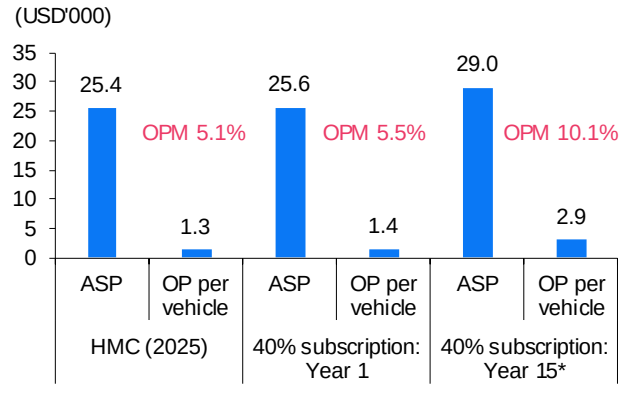
Source: Company data, Samsung Securities

GM: North America subscription programs

Subscription program	Key services	Monthly fee (USD)
OnStar One	Integrated package including safety, remote control, and app connectivity	34.99-39.99
Protect	Collision response, stolen vehicle assistance, 24/7 emergency dispatch	29.99
Remote access	Remote start and vehicle status monitoring via smartphone app	14.99
In-vehicle data	Wi-Fi hotspot and in-vehicle streaming app data usage	15.00
Super Cruise	Hands-free autonomous-driving technology	39.99

Source: Company data, Samsung Securities

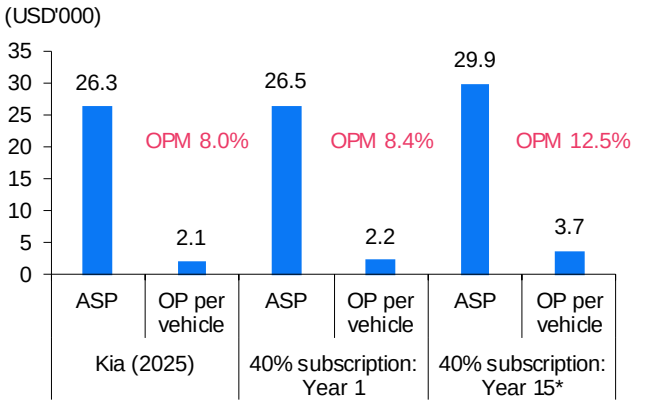
HMC: Estimated profitability changes from software sales



Note: *Assumes 15% subscription rate, 40% profitability for Level 2+ ADAS, and 70% profitability for connectivity

Source: Company data, Samsung Securities estimates

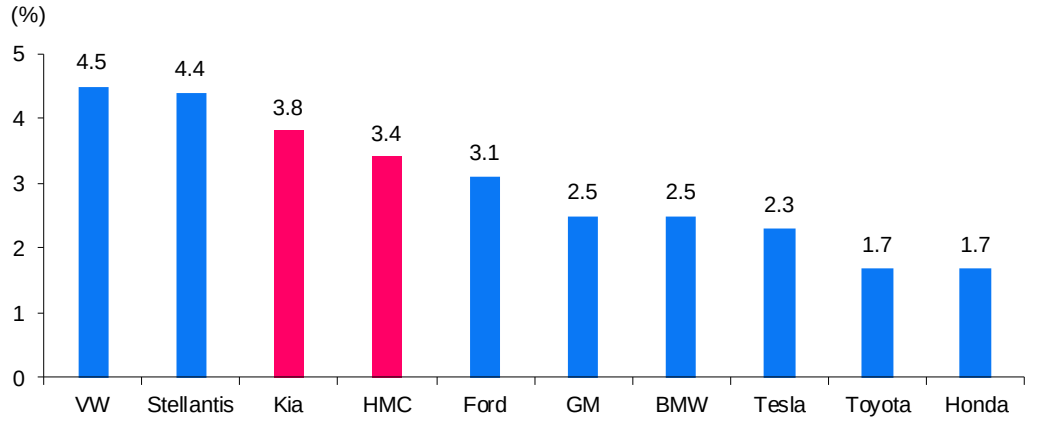
Kia: Estimated profitability changes from software sales



Note: *Assumes 15% subscription rate, 40% profitability for Level 2+ ADAS, and 70% profitability for connectivity

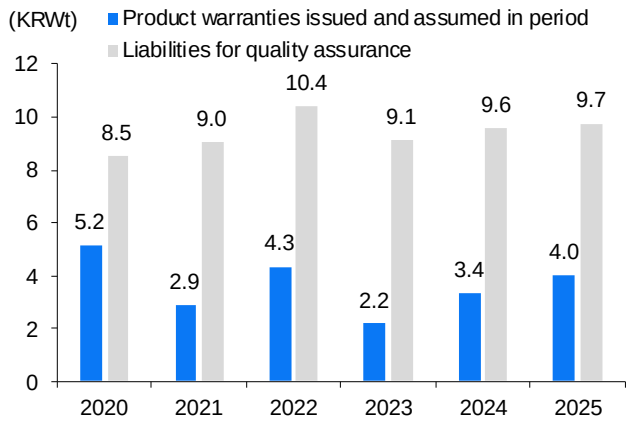
Source: Company data, Samsung Securities estimates

Global automakers: Warranty provision in 2025 as portion of total sales



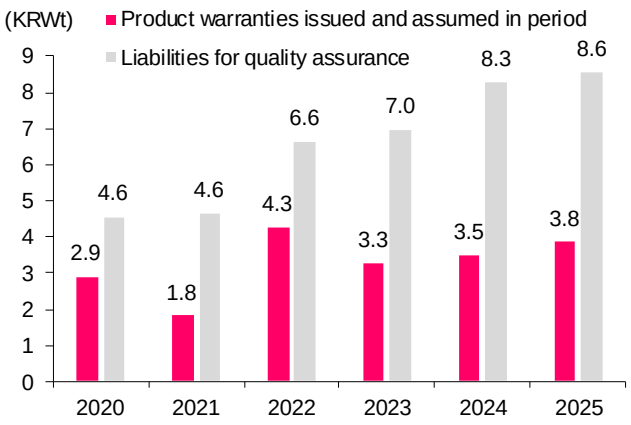
Source: Company data, Samsung Securities

HMC: Product warranties



Source: Company data, Samsung Securities

Kia: Product warranties



Source: Company data, Samsung Securities

COMPANY UPDATE

2026. 3. 23

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Hyundai AutoEver (307950)

Shares ready to soar

- With the appointment of Park Min-woo as head of the Advanced Vehicle Platform Division at Hyundai Motor Group (HMG), the group's transition towards software-defined vehicles (SDV) has gained greater visibility. The SDV transition should start in 2027 and Level 2+ autonomous driving features are expected to be introduced with 2027 model-year vehicles.
- Hyundai AutoEver's system integration (SI) division handles monitoring and control of HMG's Robot Metaplant Application Center (RMAC), robot production facilities, and data centers. Its software (SW) division is poised to see revenue growth from middleware solutions.
- As HMC/Kia's SDV roadmap is set to be clarified at Kia's upcoming CEO Investor Day (CID), Hyundai AutoEver should emerge as a key beneficiary. We upgrade the stock to BUY.

WHAT'S THE STORY?

Raising target price and investment rating: Hyundai AutoEver stands to benefit the most from Hyundai Motor Group's (HMG) expansion into robotics and transition to SDV.

- **Raising target by 41% to KRW550,000:** Our new target price is based on 42x the average of our 2027-2028 EPS forecasts. The multiple reflects the upper end of valuation levels seen during the company's first major business model transformation, and the use of the 2027–2028 EPS forecasts owes to HMC/Kia's SDV transition and robot production starting in 2027 and 2028, respectively.

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AT A GLANCE

BUY

Target price	KRW550,000	29.1%
Current price	KRW426,000	
Market cap	KRW11.7t/USD7.8b	
Shares (float)	27,423,982 (24.5%)	
52-week high/low	KRW505,000/KRW110,100	
Avg daily trading value (60-day)	KRW167.9b/ USD111.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai AutoEver (%)	-2.9	153.6	220.3
Vs Kospi (%pts)	-4.3	51.6	46.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	550,000	550,000	0.0%
2025E EPS	6,654	6,654	0.0%
2026E EPS	8,754	8,754	0.0%

SAMSUNG vs THE STREET

No of estimates	10
Target price	531,111
Recommendation	3.7

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	3,714	4,252	4,720	5,463
Operating profit (KRWb)	224	255	307	407
Net profit (adj) (KRWb)	175	187	245	315
EPS (adj) (KRW)	6,228	6,654	8,754	11,251
EPS (adj) growth (% y-y)	24.0	6.8	31.5	28.5
EBITDA margin (%)	9.9	9.6	10.0	10.8
ROE (%)	10.4	10.3	12.4	14.4
P/E (adj) (x)	20.2	49.9	48.7	37.9
P/B (x)	2.0	5.0	5.8	5.2
EV/EBITDA (x)	8.0	20.8	23.1	18.3
Dividend yield (%)	1.4	0.6	0.6	0.8

Source: Company data, Samsung Securities estimates

Since its IPO, AutoEver has undergone two significant business-model changes. The first took place in Apr 2021, with the merger of Hyundai MNSoft and Hyundai Autron. The second occurred in 2Q23 when Mobilgene (the firm's automotive middleware) was introduced to HMC and Kia vehicles. As AutoEver evolved from a traditional SI player to HMG's software provider, its P/E valuation climbed to 42x in 2021 and later to 35x in 2Q23. The third transformation—now underway—represents the most significant shift yet, with HMG's entry into the physical AI domain demanding the biggest expansion of its role in the group. We thus apply the historical peak valuation of 42x P/E to its valuation.

- **Expanded role required in robotics initiatives and SDV transition:** Since CES 2026, market attention has focused almost exclusively on HMG's robotics initiatives, leading to underappreciation of the urgency and strategic importance of HMG's SDV. SDV ought to be the group's more immediate priority as it will serve as foundational technology for robotics.

Mobilgene middleware to create more added value: AutoEver should shift from project-based development fees to a per-vehicle revenue model.

- **Role of middleware:** Mobilgene is a middleware platform built on AUTOSAR (automotive open system architecture), a standardized framework developed by legacy automakers and suppliers to unify vehicle software design. Key AUTOSAR standards include: 1) data transmission/reception protocols; 2) application layer architecture; 3) hardware abstraction and control methods; 4) software development tools and file formats; and 5) safety and security protocols.

  Middleware acts as the bridge between hardware (*eg*, chips) and software applications. Global market leadership in automotive middleware is held by three European firms—Vector, ETAS, and Elektrobit, with a combined market share of 70-80%. AutoEver developed Mobilgene to internalize middleware development for HMC/Kia autos.

- **Expanding role of middleware in SDV and advanced autonomy:** 1) Hardware abstraction: AI systems issue high-level commands (*eg*, 'reduce speed by 20%') without needing to know the specifics of each component. Middleware translates these commands into hardware-specific signals—*eg*, converting the command into the correct electric signal for the brake system.

  2) Data traffic management: For AI (and OS) to make accurate decisions, it must process massive sensor data in real time without delays or conflicts. Middleware ensures data flows efficiently and reliably to AI models.

  3) Core of OTA updates: SDV requires continuous software updates. When new algorithms are downloaded, middleware verifies compatibility with existing systems and safely deploys new features to individual ECUs.

- **Software revenue growth to resume:** AutoEver's software business consists of: 1) navigation software; and 2) Mobilgene. Navigation software has been driving earnings at the division (generating 70-80% of the division's software revenue), but the penetration of navigation systems in autos now exceeds 80%, leading to stalled growth. With SDV rollouts set to commence in 2027, Mobilgene's earnings contribution should surge. AutoEver's software sales should jump from KRW820b in 2025 to KRW1.1t in 2028.

AutoEver's SI revenue to sustain high growth: HMG's planned purchase of 50,000 Nvidia GPUs over 2026-2030 amid expansion of HMG's robotics business should create new SI revenue drivers for AutoEver.

- **ERP system replacement over 2022-2026:** Post-pandemic, HMG initiated group-wide ERP modernization to establish a digital environment. As a result, AutoEver's SI revenue grew from KRW745b in 2021 to KRW1.65t in 2025—a CAGR of 22%. SI revenue is projected to reach KRW2t in 2026 (up 20% y-y).
- **Construction of robot factory and RMAC:** At HMG's innovation center in Singapore (a smart factory model; Hyundai Motor Group Innovation Center Singapore [HMGICS]), AutoEver generated KRW50b in revenue in 2025. At traditional ICE plants, the firm generates SI revenue of KRW10b-20b per plant *pa*. With the planned launch of a robot production facility and RMAC in 2026, AutoEver's SI revenue should rise rapidly.
- **Robot monitoring revenue to begin in 2027:** HMG is aggressively investing in robotics, starting with their deployment in its US factories to boost productivity. AutoEver intends to acquire 30,000 Boston Dynamics Atlas robots by 2029.

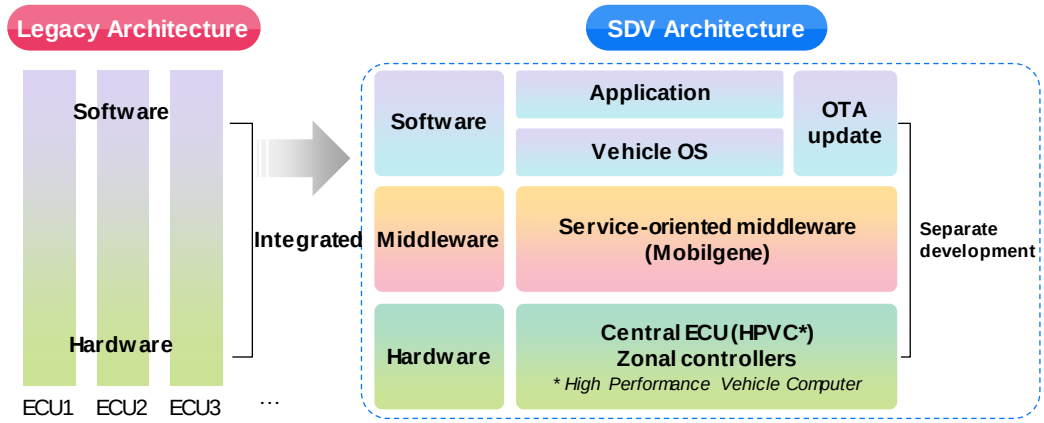
  To integrate robots into smart factories, a coordinated control system is required. AutoEver should integrate Atlas robots purchased from Boston Dynamics with HMG's smart factory systems before the robots are deployed in HMC/Kia's plants. For the 30,000 robots that are expected to be deployed, AutoEver should create sales of KRW1.6t *pa* (38% of its 2025 revenue), and for 50,000 robots deployed, it should generate sales of KRW2.3t *pa* (55%). The pilot deployment of Atlas robots at RMAC is expected to happen in 2027, triggering initial revenue streams. Profitability may be low initially due to high implementation costs.
- **Four potential roles in data center development:** AutoEver can play four roles in HMG's data center development. It could: 1) procure GPUs and build data center infrastructure for HMG; 2) manage data centers and allocate resources; 3) lease selected GPUs; and 4) integrate software with GPUs to launch GPU-as-a-Service (GPUaaS). As of end-2025, AutoEver sat on KRW800b in net cash (flat y-y). If AutoEver participates in the Blackwell GPU purchase (requiring USD3b), its role could expand beyond data center management into providing GPU-as-a-Service.

  HMG has announced a KRW9t investment in the Saemangeum area to build a data center and robotics cluster.

  To enhance autonomous driving algorithms and enable robots to achieve true intelligence, massive, high-quality training data are essential. HMC plans to begin collecting real-world driving data in late 2026 with its 'Pace Car' fleet. By 2028, it aims to have 7m autos running full-stack SDV systems.

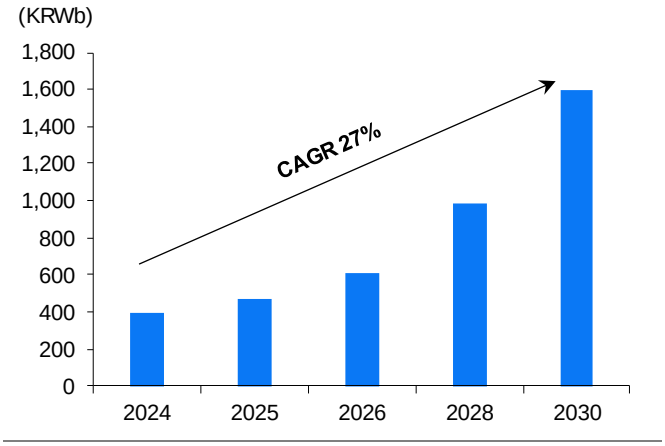
  For robotics, HMG should begin operating RMAC around August-September to train robots using simulated and real-world environments.
- **Subscription and cloud revenue growth:** AutoEver's subscription and cloud sales should grow from KRW30b-40b in 2021 to KRW500b in 2027, of which cloud revenue was previously estimated at KRW100b-150b. With HMG's data center growth, AutoEver's earnings should prove even stronger.

Architectural changes in SDVs: Separation of software and hardware



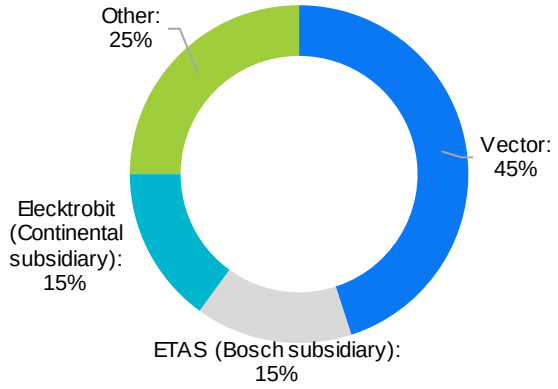
Source: Samsung Securities

SDV market outlook



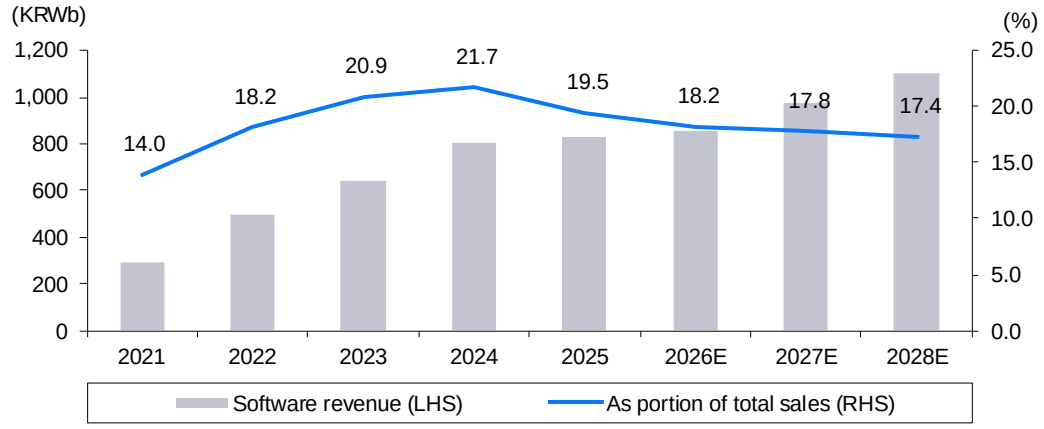
Source: S&P Global, Samsung Securities

Automotive middleware software market share



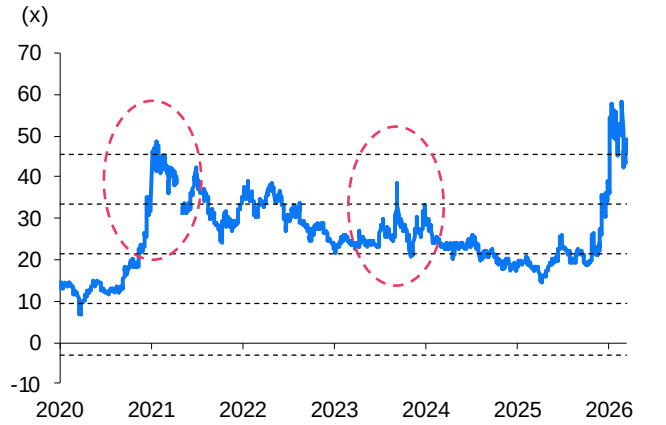
Source: Media, Samsung Securities

Hyundai AutoEver: Software division's revenue as portion of total sales



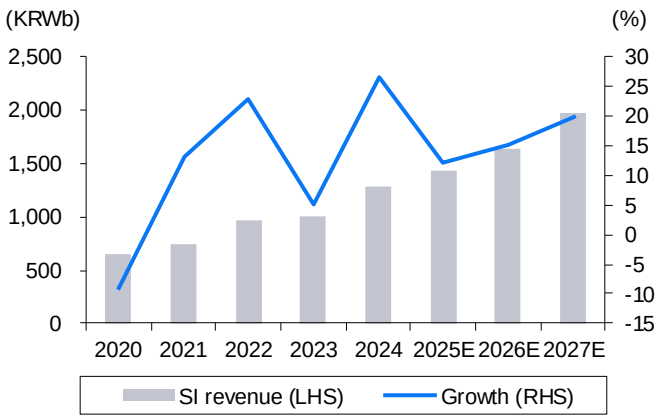
Source: Company data, Samsung Securities

Hyundai AutoEver: 12m forward P/E



Source: Bloomberg, Samsung Securities

Hyundai AutoEver: SI revenue and growth



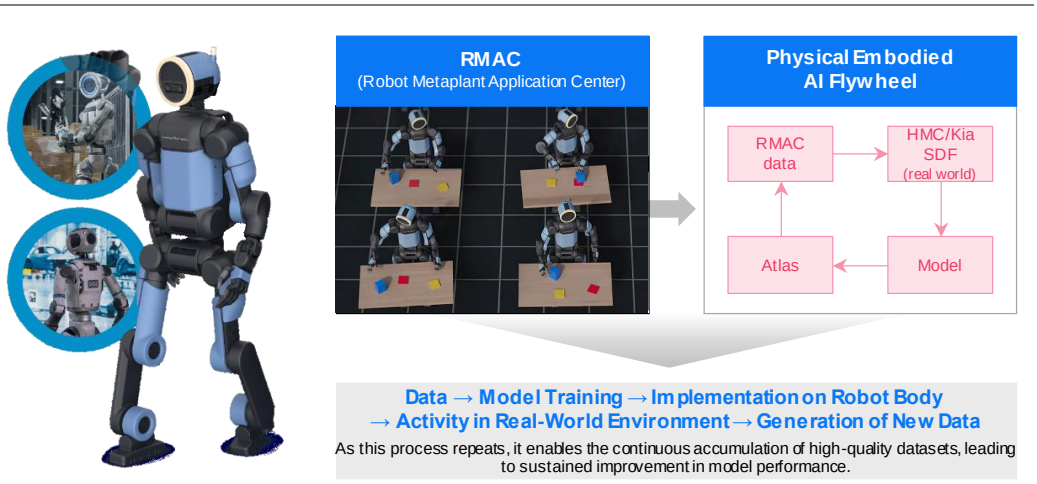
Source: Company data, Samsung Securities

Hyundai AutoEver: Estimated revenue from robotics

Number of units	Unit cost (USD)	Sales price* (USD)	AutoEver sales (USDm)	AutoEver sales** (KRWb)
5,000	130,000	143,000	143	207
10,000	50,992	56,091	561	813
20,000	37,659	41,425	828	1,201
30,000	33,214	36,536	1,096	1,589
40,000	30,992	34,091	1,364	1,977
50,000	29,659	32,625	1,631	2,365

Note: *Including systems integration;
**Assumes exchange rate of KRW1,450/USD
Source: Samsung Securities estimates

HMG: Embodied AI Flywheel



Source: Company data, Samsung Securities

Hyundai AutoEver: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (avg)	1,453	1,400	1,387	1,452	1,430	1,420	1,400	1,400	1,365	1,422	1,413	1,370
Revenue	833	1,042	1,054	1,323	975	1,144	1,164	1,438	3,714	4,252	4,720	5,463
Chg (% y-y)	13.9	13.5	16.5	14.1	17.0	9.7	10.4	8.7	21.2	14.5	11.0	15.7
SI	300	388	421	549	395	485	496	613	1,279	1,657	1,989	2,486
ITO	341	424	435	567	371	446	455	601	1,630	1,767	1,873	2,004
Car SW	192	230	198	207	209	213	213	224	804	828	859	973
Gross profit	70	123	116	137	101	112	116	173	395	445	502	629
Operating profit	27	81	71	76	58	79	70	101	224	255	307	407
Chg (% y-y)	(13.1)	18.7	34.8	5.3	116.4	(2.5)	(1.6)	31.7	23.7	13.8	20.4	32.5
Pre-tax profit	28	82	71	75	63	93	72	104	227	255	331	420
Net profit	20	60	53	54	46	69	53	77	175	187	245	315
Controlling profit	20	58	52	53	45	68	52	75	171	182	240	309
Chg (% y-y)	(22.9)	12.9	18.5	5.6	130.3	16.0	0.8	42.2	24.0	6.8	31.5	28.5
Margins (%)												
Gross profit	8.4	11.8	11.0	10.3	10.4	9.8	10.0	12.1	10.6	10.5	10.6	11.5
Operating profit	3.2	7.8	6.7	5.8	5.9	6.9	6.0	7.0	6.0	6.0	6.5	7.5
Net profit	2.4	5.7	5.0	4.1	4.7	6.0	4.6	5.3	4.7	4.4	5.2	5.8
Controlling profit	2.4	5.6	4.9	4.0	4.6	5.9	4.5	5.2	4.6	4.3	5.1	5.6

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**3,065**	**3,714**	**4,252**	**4,720**	**5,463**
Cost of goods sold	2,726	3,319	3,807	4,218	4,834
Gross profit	**339**	**395**	**445**	**502**	**629**
Gross margin (%)	11.1	10.6	10.5	10.6	11.5
SG&A expenses	158	170	190	195	222
Operating profit	**181**	**224**	**255**	**307**	**407**
Operating margin (%)	5.9	6.0	6.0	6.5	7.5
Non-operating gains (losses)	**0**	**2**	**0**	**24**	**12**
Financial profit	28	28	29	32	37
Financial costs	6	11	11	10	10
Equity-method gains (losses)	-5	-4	-5	-0	-0
Other	-17	-10	-13	2	-14
Pre-tax profit	**182**	**227**	**255**	**331**	**420**
Taxes	41	51	69	86	105
Effective tax rate (%)	22.8	22.7	26.8	26.0	25.0
Profit from continuing operations	140	175	187	245	315
Profit from discontinued operations	0	0	0	0	0
Net profit	**140**	**175**	**187**	**245**	**315**
Net margin (%)	4.6	4.7	4.4	5.2	5.8
Net profit (controlling interests)	138	171	182	240	309
Net profit (non-controlling interests)	3	4	4	5	6
EBITDA	306	366	409	474	590
EBITDA margin (%)	10.0	9.9	9.6	10.0	10.8
EPS (parent-based) (KRW)	5,023	6,228	6,654	8,754	11,251
EPS (consolidated) (KRW)	5,116	6,388	6,811	8,942	11,482
Adjusted EPS (KRW)*	5,023	6,228	6,654	8,754	11,251

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,834**	**2,215**	**2,460**	**2,776**	**3,245**
Cash & equivalents	483	382	361	446	549
Accounts receivable	765	1,000	1,145	1,271	1,471
Inventories	5	3	4	4	5
Other current assets	582	829	950	1,054	1,220
Fixed assets	**1,009**	**1,134**	**1,187**	**1,247**	**1,313**
Investment assets	42	53	59	65	75
Tangible assets	113	184	194	202	220
Intangible assets	546	544	580	626	665
Other long-term assets	308	354	354	354	354
Total assets	**2,843**	**3,350**	**3,647**	**4,023**	**4,558**
Current liabilities	**923**	**1,242**	**1,365**	**1,516**	**1,754**
Accounts payable	312	431	493	547	633
Short-term debt	0	0	0	0	0
Other current liabilities	611	812	872	968	1,120
Long-term liabilities	**328**	**377**	**414**	**446**	**496**
Bonds & long-term debt	50	0	0	0	0
Other long-term liabilities	278	377	414	446	496
Total liabilities	**1,251**	**1,619**	**1,779**	**1,961**	**2,250**
Owners of parent equity	**1,580**	**1,705**	**1,839**	**2,027**	**2,267**
Capital stock	14	14	14	14	14
Capital surplus	773	773	773	773	773
Retained earnings	789	901	1,034	1,222	1,462
Other	4	18	18	18	18
Non-controlling interests' equity	**12**	**25**	**29**	**35**	**41**
Total equity	**1,592**	**1,731**	**1,869**	**2,062**	**2,308**
Net debt	-585	-565	-645	-775	-948

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**209**	**256**	**351**	**418**	**502**
Net profit	140	175	187	245	315
Non-cash profit and expenses	184	229	209	231	261
Depreciation	72	85	90	93	102
Amortization	53	57	64	73	81
Other	59	88	55	65	78
Changes in A/L from operating activities	-93	-121	-5	-4	-6
Cash flow from investments	**-180**	**-275**	**-260**	**-272**	**-323**
Change in tangible assets	-25	-85	-100	-100	-120
Change in financial assets	-111	-113	-60	-52	-83
Other	-44	-77	-100	-120	-120
Cash flow from financing	**-110**	**-90**	**-101**	**-55**	**-68**
Change in debt	22	31	-42	7	11
Change in equity	0	-0	0	0	0
Dividends	-33	-39	-49	-52	-69
Other	-98	-81	-11	-10	-10
Change in cash	-77	-100	-21	85	103
Cash at beginning of year	560	483	382	361	446
Cash at end of year	483	382	361	446	549
Gross cash flow	**325**	**404**	**396**	**476**	**576**
Free cash flow	**183**	**171**	**251**	**318**	**382**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	11.3	21.2	14.5	11.0	15.7
Operating profit	27.4	23.7	13.8	20.4	32.5
Net profit	20.8	24.9	6.6	31.3	28.4
Adjusted EPS**	20.9	24.0	6.8	31.5	28.5
Per-share data (KRW)					
EPS (parent-based)	5,023	6,228	6,654	8,754	11,251
EPS (consolidated)	5,116	6,388	6,811	8,942	11,482
Adjusted EPS**	5,023	6,228	6,654	8,754	11,251
BVPS	57,613	62,189	67,063	73,915	82,665
DPS (common)	1,430	1,780	1,900	2,500	3,200
Valuations (x)					
P/E***	42.1	20.2	49.9	48.7	37.9
P/B***	3.7	2.0	5.0	5.8	5.2
EV/EBITDA	17.1	8.0	20.8	23.1	18.3
Ratios (%)					
ROE	9.0	10.4	10.3	12.4	14.4
ROA	5.1	5.7	5.3	6.4	7.3
ROIC	13.0	13.8	13.2	15.1	19.0
Payout ratio	28.5	28.6	28.6	28.6	28.4
Dividend yield (common)	0.7	1.4	0.6	0.6	0.8
Net debt to equity	-36.7	-32.6	-34.5	-37.6	-41.1
Interest coverage (x)	29.9	20.1	23.5	30.9	39.0

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 3. 23

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Kia (000270)

Profitability set for another leap in the autonomous-driving era

- Kia is expected to unveil its software-defined vehicle roadmap and outline its role in Hyundai Motor Group's robotics ecosystem at the upcoming CEO Investor Day.
- Kia plans to begin operating Pace Cars in 2026 to accumulate real-world data, with Level 2+ autonomous-driving features targeted for deployment in select models starting in 2027—signaling the emergence of software-driven revenue streams.
- In the physical AI era, the true protagonists are likely to be automakers with the financial strength and execution capability to embed intelligence into physical devices. Kia is our top sector pick, alongside Hyundai Motor.

(§ This company report was originally published on Mar 12, 2026)

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AT A GLANCE

BUY

Target price	**KRW270,000**	**66.7%**
Current price	**KRW162,000** (Mar 11 close)	
Market cap	KRW63.2t/USD43.1b	
Shares (float)	390,412,998 (60.4%)	
52-week high/low	KRW206,000/KRW82,000	
Avg daily trading value (60-day)	KRW266.9b/ USD182.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kia (%)	0.1	52.0	64.6
Vs Kospi (%pts)	-4.4	-9.4	-25.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	270,000	270,000	0.0%
2025E EPS	19,111	19,111	0.0%
2026E EPS	23,000	23,000	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	213,615
Recommendation	4.0

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

WHAT'S THE STORY?

Market's perception of Kia to shift following CEO Investor Day (Apr 9): We expect two key outcomes from Kia's upcoming CEO Investor Day: 1) clear articulation of Kia's autonomous-driving technology roadmap should catalyze business model transformation and a step-up in profitability; and 2) greater visibility into Kia's role in Hyundai Motor Group's (HMG) robotics initiatives should help the automaker close its valuation gap with peers.

- **Clearer software-defined vehicle (SDV) roadmap:** We expect Kia to: 1) unveil detailed plans to enhance the "Atria AI" autonomous-driving inference model, including potential use of Nvidia's Alpamayo platform; and 2) disclose concrete timelines for deploying its Pace Car fleet and commercializing Level 2+ autonomous driving.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	107,449	114,141	123,663	128,983
Operating profit	12,667	9,078	10,639	11,533
Net profit (adj)	9,775	7,554	8,972	9,659
EPS (adj) (KRW)	24,413	19,111	23,000	24,762
EPS (adj) growth (% y-y)	12.1	-21.7	20.3	7.7
EBITDA margin (%)	14.2	10.5	10.8	10.9
ROE (%)	19.1	13.0	14.1	13.7
P/E (adj) (x)	4.1	6.4	7.0	6.5
P/B (x)	0.7	0.8	0.9	0.9
EV/EBITDA (x)	1.6	2.5	3.0	2.3
Dividend yield (%)	6.5	5.6	4.3	4.6

Source: Company data, Samsung Securities estimates

- **Commercialization of Level 2+ autonomous driving—Catalyst for business model transformation and profitability improvement:** Kia is expected to pursue subscription-based revenue streams for advanced driver-assistance features, enabling stable earnings as customer adoption rises. Software revenue typically carries gross margins exceeding 50%. Under a subscription model, once sensors and computing hardware are embedded in the vehicle at the point of sale, software subscription revenue is recognized as operating profit, without COGS expenses.
- **Robotics business—Kia's role aligned with HMC's:** Kia's lower equity stakes in HMG's robotics initiatives relative to HMC's is already reflected in its share price. For example, in Boston Dynamics, HMC holds 27% vs Kia's 18%, while in Robotics Lab, HMC holds 60% vs Kia's 40%. Kia's share price has risen only about half as much as HMC's ytd, with its P/E valuation at roughly 60% of HMC's. However, Kia is expected to be equally as critical to HMG's robotics ecosystem as HMC is—including providing real-world action data for robots, operating robot training centers, and managing robot production facilities.

Commercialization of Level 2+ to reshape business model and lift profitability: HMC and Kia could significantly improve profitability by shifting from free to paid subscriptions for connectivity services and Level 2+ autonomous-driving features.

- **GM building a recurring revenue engine with Super Cruise:** Since 2017, GM has offered its Level 2+ autonomous-driving system, Super Cruise, free of charge for three years to new vehicle buyers. After the trial period, around 40% of customers transition to a paid monthly subscription of USD40. By 2025, Super Cruise had 620,000 subscribers, generating USD230m in annual revenue. The US carmaker has set revenue targets of USD400m for 2026 and USD2b by 2030. Super Cruise enables hands-free driving on more than 750,000 miles of North American highways using high-definition mapping. GM plans to upgrade Super Cruise for eyes-off driving in 2028, pushing closer to fully autonomous vehicle technology.

  GM sells roughly 3.3m vehicles annually in North America. Its software and connectivity services (*eg*, OnStar, over-the-air updates, and in-vehicle data) has already attracted 12m subscribers—roughly 20 times the number of drivers paying for self-driving features. With over 60m vehicles sold in North America over the past 20 years, GM's connectivity subscription penetration stands at around 20%.

  In 2025, total software-related recurring revenue (including Super Cruise) surged 65% y-y to USD5.4b. The company targets 13m OnStar subscribers and USD7.5b in software revenue in 2026, rising to USD25b by 2030 (equivalent to 13.5% of its 2025 total revenue of USD185b). While vehicle sales generate margins of 4-5%, software delivers margins above 40-50%, and subscription services can reach 70-80% as hardware costs are fully absorbed at the time of sale.
- **Tesla building a physical AI platform via FSD:** Tesla has fully transitioned to a subscription model for Full Self-Driving (FSD), offering it exclusively at USD99 per month starting Feb 14, 2026—more than double the price of GM's Super Cruise. The company is advancing toward Level 4 autonomy without driver intervention, with FSD designed not only for cars but as a foundational AI platform for humanoid robots.

  As of 2025, FSD had been activated on 1.1m vehicles, representing 12.3% of Tesla's cumulative 8.9m deliveries. Adoption remains confined to North America, where it reaches 30% of the 3.4m vehicles sold in the region. Based on Elon Musk's stock option targets, Tesla aims to sell 20m vehicles over the next decade, with 10m of them activated with FSD subscriptions (a target adoption rate of 50%).

Tesla's connectivity service is priced at USD9.99 per month (or USD99 annually) and is adopted on nearly all vehicles. Total software-related recurring revenue reached USD3.8b last year.

- **HMC/Kia: High ADAS adoption driving ASP growth:** Advanced driver-assistance systems (ADAS)—including smart cruise control, lane-keeping assist, and automated parking—are bundled into packages with adoption rates of 70% and 80% in the US and Korea, respectively. However, these features are typically available only on higher trims (adding KRW3m-4m to the vehicle price) or as a standalone option (around KRW2m). This helps explain why ASPs continue to climb despite rising incentives. As consumers in advanced markets grow more accustomed to advanced convenience features, demand for Level 2+ systems—enhanced with AI-powered capabilities—should rise sharply.
- **HMC/Kia's software sales to grow from 2027:** HMC and Kia currently provide connectivity services free of charge in North America and for five years in Korea, resulting in virtually no software revenue. At present, ADAS features rely on software hardwired into vehicle chips, limiting revenue to a one-time sale at purchase. With Level 2+ autonomy, however, software will be decoupled from hardware, enabling over-the-air updates. This unlocks flexible monetization options: customers can either pay an upfront fee or opt for a subscription model. This transition allows automakers to generate recurring revenue over a vehicle's lifespan (15-20 years).

  If HMC and Kia achieve a 40% paid subscription rate for Level 2+ autonomous driving and connectivity services (similar to GM's), vehicle-level operating profit could expand by 6-8% in the early stages (assuming sales at 2025 levels). Over a 15-year lifecycle, cumulative operating profit per vehicle should more than double. With widespread adoption of Level 2+ technology and connectivity services, Kia could achieve an operating margin above 12%.

  Kia has also strengthened its market position since 2019 through disciplined inventory and incentive management, leading to a significant increase in used-car values. As new-model launches are scheduled from 2026, these higher residual values should support new-car demand. With projected annual North American sales of around 1m units (on par with HMC), Kia is well-positioned to capitalize on future software revenue growth.

Global automakers: Software revenue (2025)

('000 units)	GM	Tesla	Hyundai	Kia
Global sales volume	6,182	1,636	4,138	3,129
North America sales volume	3,361	550	1,939	1,469
Cumulative North America sales volume since 2019	18,060	3,400	12,093	9,161
Consolidated revenue (USDm)	185,000	94,827	130,980	80,268
Connectivity subscription fee (USD/month)	Basic: 9.99 Max:64.99 (includes Super Cruise, Wi-Fi, app services)	9.99 (or USD99/year)	Free since 2023 (5-year free in Korea)	Free since 2023 (5-year free in Korea)
Level 2+ autonomous-driving subscription fee (USD/month)	40	99		
Connectivity subscribers ('000 people)	12,000	3,400		
Level 2+ autonomous-driving subscribers ('000 people)	620	1,100		
Deferred software revenue (USDm)	5,400	3,822		
Software portion of total revenue (%)	2.9	4		

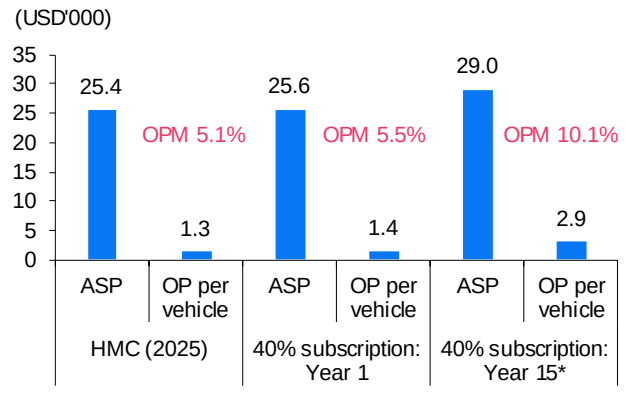
Source: Company data, Samsung Securities

GM: North America subscription programs

Subscription program	Key services	Monthly fee (USD)
OnStar One	Integrated package including safety, remote control, and app connectivity	34.99-39.99
Protect	Collision response, stolen vehicle assistance, 24/7 emergency dispatch	29.99
Remote access	Remote start and vehicle status monitoring via smartphone app	14.99
In-vehicle data	Wi-Fi hotspot and in-vehicle streaming app data usage	15.00
Super Cruise	Hands-free autonomous-driving technology	39.99

Source: Company data, Samsung Securities

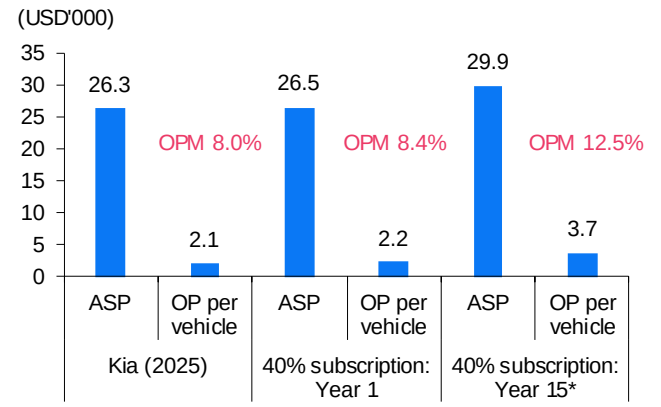
HMC: Estimated profitability changes from software sales



Note: *Assumes 15% subscription rate, 40% profitability for Level 2+ ADAS, and 70% profitability for connectivity

Source: Company data, Samsung Securities estimates

Kia: Estimated profitability changes from software sales



Note: *Assumes 15% subscription rate, 40% profitability for Level 2+ ADAS, and 70% profitability for connectivity

Source: Company data, Samsung Securities estimates

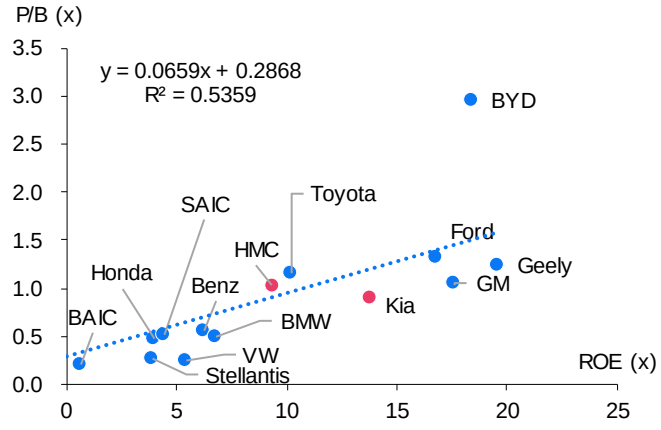
Favorable environment for growth stocks: Global automotive demand is forecast to decline 1% y-y in 2026. Advancing physical AI requires substantial capital investment, yet long-term interest rates remain elevated, with yields on 10-year USTs anchored near 4% amid persistent inflation concerns.

- **Kia to deliver solid growth:** Kia is the only major automaker expected to deliver top-line growth in 2026, targeting wholesale volume of 3.35m vehicles (up 6.8% y-y), revenue of KRW122.3t (up 7.2% y-y), and operating profit of KRW10.2t. Its financial plan assumes an exchange rate of KRW1,370/USD. With a KRW10/USD move translating into a KRW300b-350b increase in profits, we expect the carmaker to deliver an earnings surprise.
- **Solid financials:** Despite 2025 marking the most challenging operating environment since the global pandemic, Kia sustained positive free cash flow (up KRW430b) and increased its net cash position to KRW19.6t (up KRW897b y-y) equivalent to 33% of its market cap. For reference, HMC's net cash (excluding its financial subsidiaries) stood at KRW12.5t. Leveraging these strong operating results and financials, the company remains committed to its shareholder return policy, targeting a total payout ratio of 35%. Kia may also take on a larger role in HMG's growing investments in data centers, robot training facilities, and robotic manufacturing plants.

Hybrid momentum—Kia outperforming Toyota: Hybrid demand in the US is twice that of EVs.

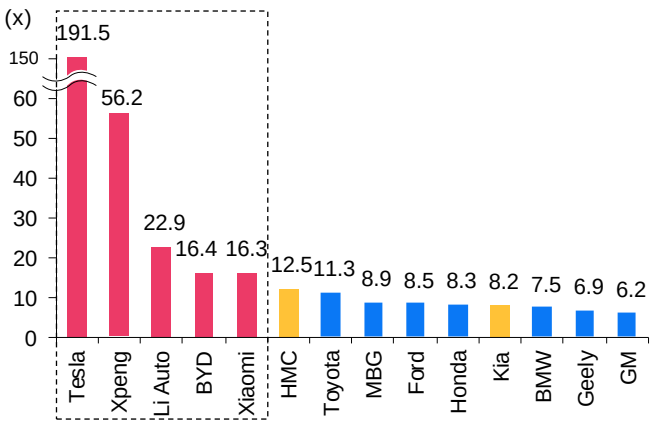
- **Model launches:** Kia plans to launch its second-generation Telluride in the US February, targeting full-year 2026 Telluride sales of 177,000 units (vs 127,000 units in 2025). The automaker also plans to launch the hybrid version of the Seltos (2nd generation) in the global market, targeting annual Seltos sales of 380,000 units (vs 300,000 units in 2025).
- **To begin hybrid production at Metaplant:** Kia plans to produce hybrid models at the Metaplant from 2Q.
- **Hybrid portion of sales rising:** We expect Kia's global hybrid sales to grow from 466,000 units in 2025 (up 21.8% y-y; 14.9% of total sales) to 600,000 units in 2026 (up 28.7% y-y; 18% of total sales). We also project its EV sales volume to rise from 305,000 units in 2025 (up 16.6% y-y, 9.8% of total sales) to 350,000 units in 2026 (up 14.7% y-y; 11% of total sales). In the US, its hybrid sales should jump from 130,000 units in 2025 (up 82% y-y; 15% of total sales) to 250,000 units in 2026 (up 92% y-y; 28% of total sales). Hybrids now offer higher profitability than internal combustion engine vehicles.
- **US hybrid market—HMC/Kia eating away at Toyota:** HMC/Kia are eroding Toyota's market share by building full hybrid lineups in the US. While Toyota's share of the US market for hybrids plunged 10.5%pts between Jan 2024 (59.8%) and Jan 2026 (49.3%), Kia's share leapt from 4.8% to 8% over the same period, while HMC's climbed from 5.6% to 7.5%.

Automakers: P/B vs ROE (2026E)



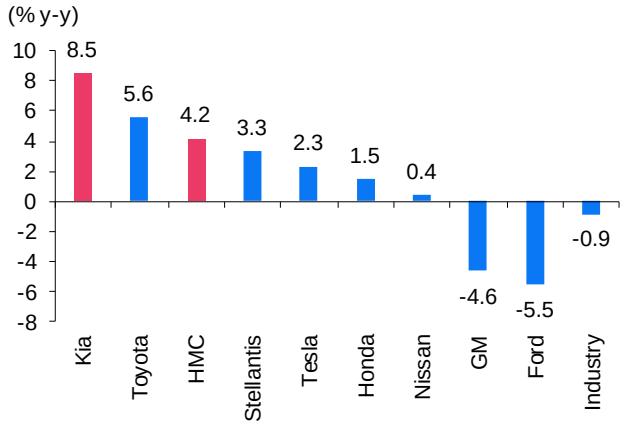
Source: Bloomberg, Samsung Securities

Automakers: 12-month forward P/E valuation



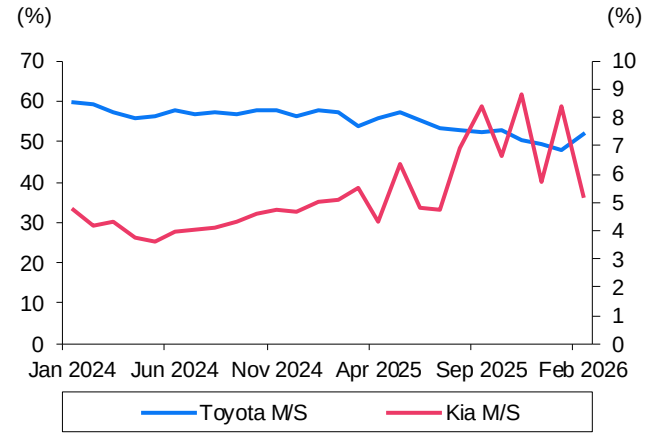
Source: Bloomberg, Samsung Securities

US market: Jan-Feb retail sales growth (y-y)



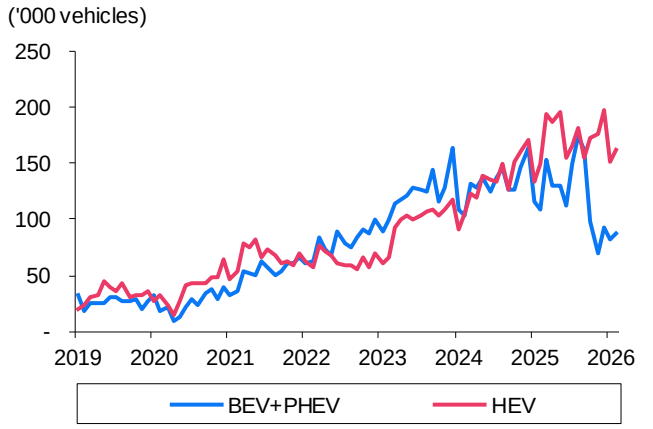
Source: Wards, Samsung Securities

US: Hybrid market shares



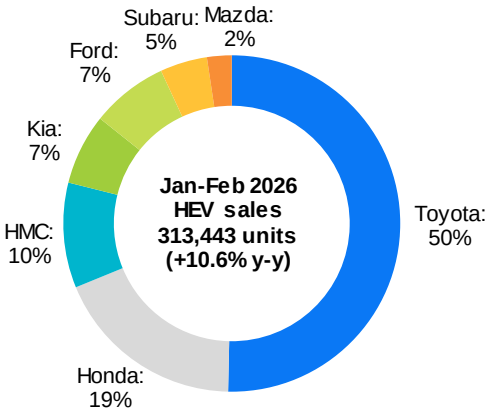
Source: Wards, Samsung Securities

US: Auto demand - HEVs vs BEVs+PHEVs



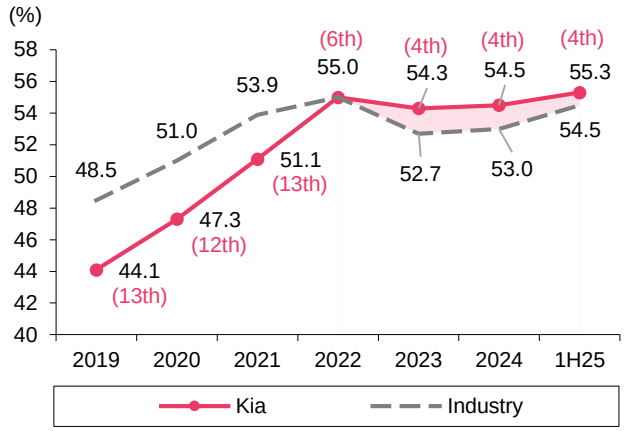
Source: Wards, Samsung Securities

US: HEV portion of sales volume, by automaker



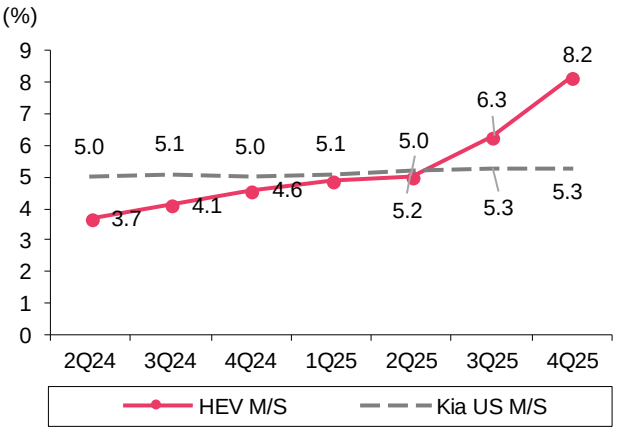
Source: Wards, Samsung Securities

Residual value and ranking



Source: U.S. ALG Residual Value, Company data, Samsung Securities

Kia: Hybrid market share in US



Source: Company data, Samsung Securities

Telluride profitability analysis

	Telluride 1st gen	Telluride 2nd gen
Selling price (USD)	46,453	55,743
Wholesale price (USD)	41,807	50,169
Sales volume (units)	127,000	177,000
Revenue (USDm)	5,309	8,880
Profitability (%)	20%	22%
Operating profit (USDm)	**1,062**	**1,954**
Operating profit (KRWb)	**1,529**	**2,813**

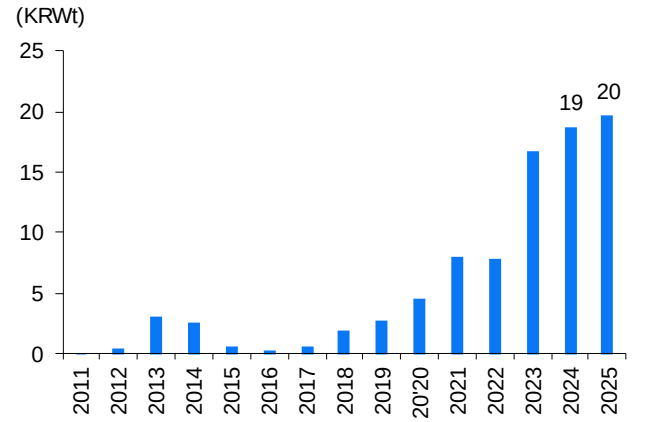
Source: Samsung Securities estimates

HMG: USD sensitivity estimation

	HMC	Kia	Mobis
USD revenue	106,070	62,403	29,869
USD COGS and SG&A	61,739	24,234	23,071
USD Exposure	44,331	38,169	6,798
Hedge (5%)	2,217	1,908	340
Net Exposure	**42,114**	**36,261**	**6,458**
1% movement	421	363	65
2025E operating profit	12,672	10,773	3,457
OP impact	**3.3%**	**3.4%**	**1.9%**

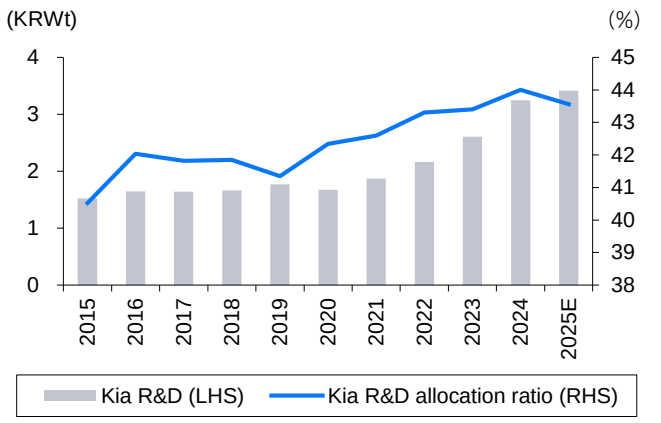
Source: Company data, Samsung Securities estimates

Kia: Net cash



Source: Company data, Samsung Securities

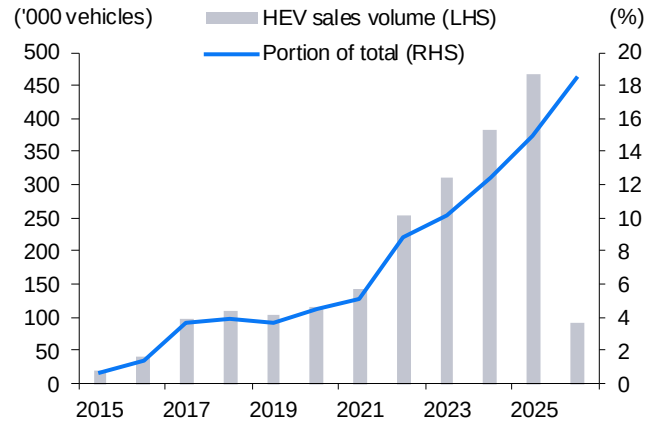
Kia: R&D expense and allocation ratio



Note: Kia's R&D allocation ratio is based on its share of the total R&D costs combined with HMC

Source: Company data, Samsung Securities

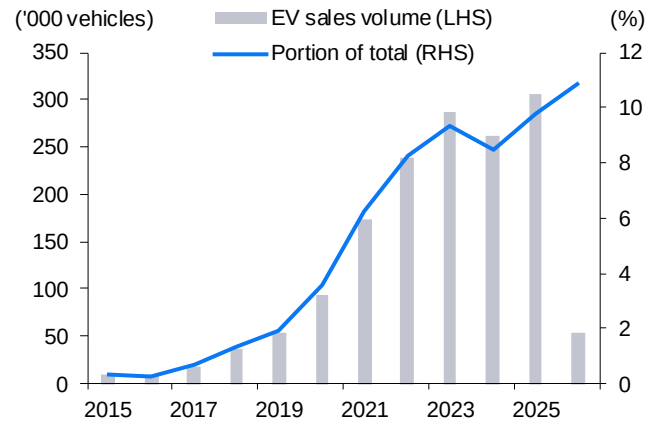
Kia: Hybrid sales volume



Note: Cumulative sales through Feb 2026

Source: Company data, Samsung Securities

Kia: EV sales volume



Note: Cumulative sales through Feb 2026

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**99,808**	**107,449**	**114,141**	**123,663**	**128,983**
Cost of goods sold	77,180	82,678	91,633	99,652	103,876
Gross profit	**22,629**	**24,771**	**22,508**	**24,011**	**25,106**
Gross margin (%)	22.7	23.1	19.7	19.4	19.5
SG&A expenses	11,021	12,104	13,430	13,372	13,573
Operating profit	**11,608**	**12,667**	**9,078**	**10,639**	**11,533**
Operating margin (%)	11.6	11.8	8.0	8.6	8.9
Non-operating gains (losses)	**1,069**	**833**	**1,163**	**1,484**	**1,519**
Financial profit	1,263	1,351	1,117	1,320	1,637
Financial costs	392	610	97	99	99
Equity-method gains (losses)	684	395	415	714	749
Other	-485	-304	-272	-451	-768
Pre-tax profit	**12,677**	**13,500**	**10,242**	**12,124**	**13,052**
Taxes	3,900	3,725	2,687	3,152	3,394
Effective tax rate (%)	30.8	27.6	26.2	26.0	26.0
Profit from continuing operations	8,778	9,775	7,554	8,972	9,659
Profit from discontinued operations	0	0	0	0	0
Net profit	**8,778**	**9,775**	**7,554**	**8,972**	**9,659**
Net margin (%)	8.8	9.1	6.6	7.3	7.5
Net profit (controlling interests)	8,777	9,773	7,561	8,980	9,667
Net profit (non-controlling interests)	1	2	-7	-8	-9
EBITDA	13,961	15,216	11,969	13,405	14,106
EBITDA margin (%)	14.0	14.2	10.5	10.8	10.9
EPS (parent-based) (KRW)	21,770	24,413	19,111	23,000	24,762
EPS (consolidated) (KRW)	21,772	24,418	19,094	22,980	24,740
Adjusted EPS (KRW)*	21,770	24,413	19,111	23,000	24,762

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**37,466**	**41,797**	**45,624**	**53,321**	**61,669**
Cash & equivalents	14,353	13,567	15,829	21,301	28,406
Accounts receivable	2,475	3,561	3,783	4,099	4,275
Inventories	11,273	12,419	13,193	14,293	14,908
Other current assets	9,365	12,251	12,819	13,628	14,080
Fixed assets	**43,162**	**50,958**	**54,223**	**55,811**	**56,054**
Investment assets	22,205	27,223	28,878	31,232	32,547
Tangible assets	16,104	18,279	19,924	19,630	18,975
Intangible assets	3,310	4,094	4,059	3,587	3,170
Other long-term assets	1,542	1,362	1,362	1,362	1,362
Total assets	**80,628**	**92,756**	**99,846**	**109,133**	**117,723**
Current liabilities	**25,674**	**26,977**	**28,254**	**30,551**	**31,834**
Accounts payable	10,369	10,455	11,106	12,032	12,550
Short-term debt	129	221	721	721	721
Other current liabilities	15,176	16,302	16,427	17,798	18,563
Long-term liabilities	**8,395**	**9,938**	**10,902**	**11,562**	**11,931**
Bonds & long-term debt	2,702	2,176	2,676	2,676	2,676
Other long-term liabilities	5,693	7,763	8,227	8,887	9,255
Total liabilities	**34,070**	**36,916**	**39,156**	**42,113**	**43,765**
Owners of parent equity	**46,552**	**55,831**	**60,688**	**67,025**	**73,972**
Capital stock	2,139	2,139	2,139	2,139	2,139
Capital surplus	1,758	1,760	1,760	1,760	1,760
Retained earnings	43,271	50,241	55,243	61,580	68,527
Other	-616	1,691	1,546	1,546	1,546
Non-controlling interests' equity	**6**	**9**	**2**	**-6**	**-14**
Total equity	**46,558**	**55,840**	**60,690**	**67,020**	**73,958**
Net debt	-12,718	-15,303	-17,733	-23,674	-31,040

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**11,297**	**12,564**	**10,873**	**12,223**	**12,153**
Net profit	8,778	9,775	7,554	8,972	9,659
Non-cash profit and expenses	8,836	9,666	3,961	3,802	3,498
Depreciation	1,846	2,010	2,355	2,294	2,156
Amortization	507	540	535	472	417
Other	6,483	7,116	1,071	1,036	926
Changes in A/L from operating activities	-4,247	-4,287	844	1,200	671
Cash flow from investments	**-3,107**	**-10,153**	**-5,003**	**-2,716**	**-1,900**
Change in tangible assets	-2,230	-3,424	-4,000	-2,000	-1,500
Change in financial assets	-541	-4,788	-503	-716	-400
Other	-336	-1,941	-500	0	0
Cash flow from financing	**-5,596**	**-3,570**	**-2,391**	**-2,634**	**-2,716**
Change in debt	-3,622	-525	168	8	4
Change in equity	21	2	0	0	0
Dividends	-1,403	-2,194	-2,559	-2,642	-2,720
Other	-592	-853	0	0	0
Change in cash	2,799	-787	2,262	5,472	7,105
Cash at beginning of year	11,554	14,353	13,567	15,829	21,301
Cash at end of year	14,353	13,567	15,829	21,301	28,406
Gross cash flow	**17,614**	**19,441**	**11,516**	**12,773**	**13,157**
Free cash flow	**8,961**	**9,079**	**6,873**	**10,223**	**10,653**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	15.3	7.7	6.2	8.3	4.3
Operating profit	60.5	9.1	-28.3	17.2	8.4
Net profit	62.3	11.4	-22.7	18.8	7.7
Adjusted EPS**	63.1	12.1	-21.7	20.3	7.7
Per-share data (KRW)					
EPS (parent-based)	21,770	24,413	19,111	23,000	24,762
EPS (consolidated)	21,772	24,418	19,094	22,980	24,740
Adjusted EPS**	21,770	24,413	19,111	23,000	24,762
BVPS	117,495	141,812	156,170	172,478	190,355
DPS (common)	5,600	6,500	6,800	7,000	7,500
Valuations (x)					
P/E***	4.6	4.1	6.4	7.0	6.5
P/B***	0.9	0.7	0.8	0.9	0.9
EV/EBITDA	2.0	1.6	2.5	3.0	2.3
Ratios (%)					
ROE	20.4	19.1	13.0	14.1	13.7
ROA	11.4	11.3	7.8	8.6	8.5
ROIC	45.7	45.2	28.7	33.2	37.5
Payout ratio	25.0	26.2	34.9	30.3	30.1
Dividend yield (common)	5.6	6.5	5.6	4.3	4.6
Net debt to equity	-27.3	-27.4	-29.2	-35.3	-42.0
Interest coverage (x)	63.8	124.8	93.7	107.3	116.2

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 3. 23

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SL Corporation (005850)

On track to become the No.2 parts maker

- Until 2025, Hyundai Mobis remained the undisputed leader among Korean automotive parts suppliers by market cap, with Hanon Systems and HL Mando competing for second place.
- Since the pandemic, SL Corporation has stood out for its rapid growth and for being the sector's most profitable player. Looking ahead, it is likely to offer an industry-leading dividend payout ratio of 40% over 2025-2027.
- In 2026, the growth outlook is bright both for SL Corp's core lamp business and for its new ventures (BMS, body control modules, and robotics). The firm is on track to supplant Hanon Systems as the second-largest parts supplier by market cap.

(§ This company report was originally published on Mar 18, 2026)

WHAT'S THE STORY?

Poised to emerge as second-largest automotive parts supplier: SL Corporation has achieved rapid growth, while Hanon Systems and HL Mando—which have competed for second place by market cap since 2012—have struggled with declining profitability.

- **Sales surge on governance changes and increased LED lamp share:** SL Corp previously accounted for its Korean lamp manufacturing subsidiary using the equity method, but consolidated it in 2Q19, causing the lamp shares of sales to jump from 50% to 80%, and driving consolidated sales up from less than KRW2t to KRW2.5t. Sales grew at a 2020-2025 CAGR of 15.9%, reaching KRW5.2t in 2025, as: 1) Hyundai Motor (HMC) and Kia began to equip all new vehicle models with LED headlamps; and 2) SL Corp's sales to General Motors rose. In comparison, Hanon Systems and HL Mando recorded 2020-2025 sales CAGRs of 9.6% and 11.2%, respectively.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025E	2026E	2027E
Revenue	4,973	5,240	5,659	6,055
Operating profit	395	407	462	503
Net profit (adj)	382	321	408	439
EPS (adj) (KRW)	7,930	6,729	8,556	9,210
EPS (adj) growth (% y-y)	9.8	-15.2	27.2	7.6
EBITDA margin (%)	11.2	11.2	11.3	11.1
ROE (%)	17.4	12.9	14.8	14.5
P/E (adj) (x)	3.8	6.4	7.4	6.9
P/B (x)	0.6	0.8	1.0	0.9
EV/EBITDA (x)	2.6	3.3	4.2	3.6
Dividend yield (%)	4.0	6.5	5.5	5.9

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW87,000	37.4%
Current price	KRW63,300 (Mar 16 close)	
Market cap	KRW2.9t/USD1.9b	
Shares (float)	46,448,520 (36.2%)	
52-week high/low	KRW73,400/KRW30,050	
Avg daily trading value (60-day)	KRW19.3b/ USD12.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
SL Corporation (%)	20.6	78.6	84.0
Vs Kospi (%pts)	19.6	11.0	-14.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	87,000	87,000	0.0%
2025E EPS	6,729	6,729	0.0%
2026E EPS	8,556	8,556	0.0%

SAMSUNG vs THE STREET

No of estimates	6
Target price	84,333
Recommendation	4.0

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

- **Operating margin high (~8%):** Since 2023, with SL Corp's LED lamp sales surpassing 50% of its total lamp sales, operating margin has reached 8%. Although seasonal fluctuations exist—with profitability higher in 1H and lower in 2H—the company maintains the highest annual operating margin among Korean automotive parts suppliers. An 8% operating margin is double that of Hanon Systems and HL Mando. Hanon Systems' operating margin is likely to recover to around 5% by 2027 following restructuring efforts, while HL Mando's is likely to remain near 4%.
- **Net cash position and dividend payout hike to 40%:** At end-3Q25, SL Corp was sitting on net cash of KRW563b and a debt-to-equity ratio of 54%. To enable its shareholders to benefit from separate taxation of dividend income, it raised its dividend payout ratio from 15% in 2024 to 40% in 2025. Hanon Systems, undergoing restructuring, currently has no capacity for dividends—payouts are unlikely to resume before 2028. HL Mando's dividend payout ratio in 2025 was high at 35%, but its earnings growth in 2026 is likely to trail that of SL Corp.

2026 earnings momentum: Benefiting from HMC and Kia's model launches and plant startups, SL Corp's sales are likely to grow at a CAGR of 8% through 2027.

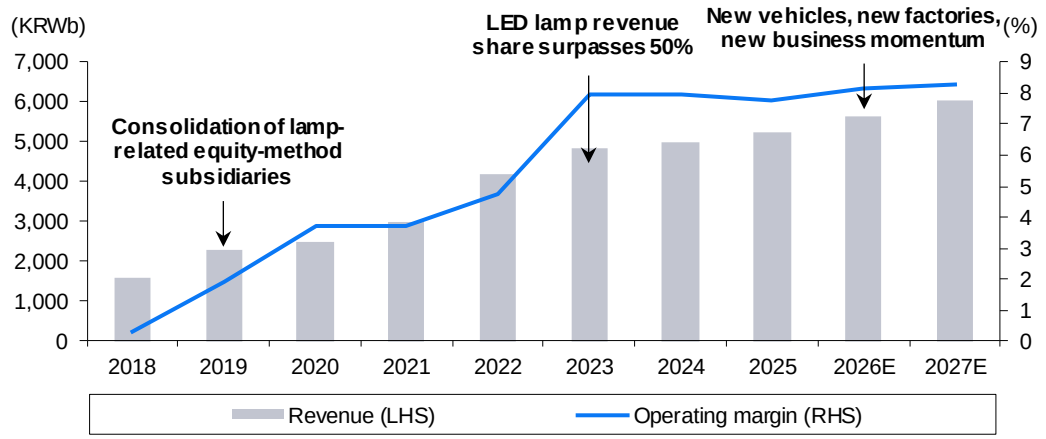
- **2026 outlook:** We expect SL Corp to post 2026 sales of KRW5.58t (up 8% y-y) and an operating profit of KRW437.1b (up 21.4% y-y), for an operating margin of 7.8%. Sales should pick up as HMG launches new models and SL Corp lifts plant utilization globally. A recovery of tariff costs should further improve profitability.
- **New-car momentum from HMC and Kia in 2026:** SL Corp's orders began to surge in 2023, and the impact of this on earnings should be seen from 2026. The firm supplies headlamps and rear lamps for the Ioniq 9; head lamps for the EV4; and headlamps and rear lamps for the Kia Telluride. For the Palisade Hybrid that is assembled at Hyundai Motor Group Metaplant America (HMGMA), it supplies headlamps, grille lamps, and rear lamps.
- **HMGMA ramping up utilization; HMC's plant in India comes online:** We see several catalysts that should drive SL Corp's sales higher: 1) HMGMA assembles HMC and Kia hybrids, and it is planning to ramp up output from 60,000 units in 2025 to 200,000 units in 2026; 2) HMC's third plant in India came online in Oct 2025 (capacity: 250,000 units); and 3) a Kia PBV plant came online in Jun 2025 (capacity: 150,000 units). SL Corp supplies all of the lamps for HMG's vehicles in North America and India. It should also provide headlamps for vehicles produced at Kia's PBV plant.

New businesses—E/E components and robotics: SL Corp has begun securing orders for EV battery management systems (BMS) and body control modules from HMC and Kia under the carmakers' dual-sourcing strategy. In late 2020, when HMG acquired Boston Dynamics, SL Corp established a robotics division and began developing robot components.

- **BMS expanding beyond EVs into robots:** Under HMG's dual-sourcing policy, both SL Corp and Hyundai Mobis provide BMS and side body control modules to the group. SL Corp began to supply BMS for use in Kia's EV3 and EV4 in 2024. It also supplies BMS for HMG Robotics Lab's mobile robots.
- **HMC and Kia to adopt side body control modules in all models from 2027:** SL Corp's side body control modules were first adopted in the Kia EV3 and EV4. Under HMC's and Kia's integrated-sourcing strategy, SL Corp is positioned to supply all models launching over 2027-2028.

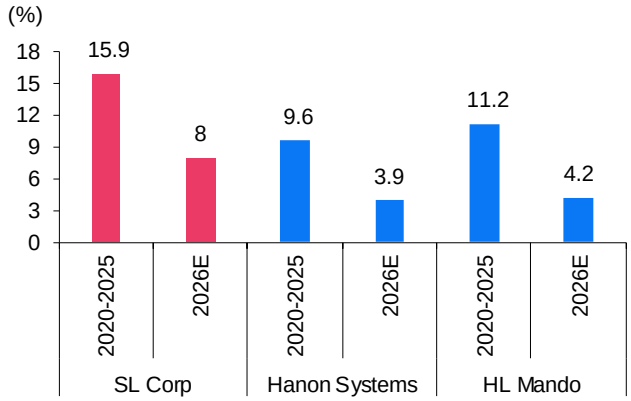
- **Involved in MobED production:** HMG Robotics Lab aims to produce 10,000-15,000 MobED mobile robots over the next three years. SL Corp is involved in MobED production, supplying lidar modules and battery packs, which contracts alone are expected to add KRW70b-80b to its annual sales (1.5% of its total sales).
- **Participating in Atlas component bidding:** SL Corp is already supplying the leg modules for a quadruped robot and the signal lamps for Stretch. Having a production base in North America and sufficient financial resources needed to develop new technologies, it is well positioned to win additional orders.

SL Corp: Sales and operating margin



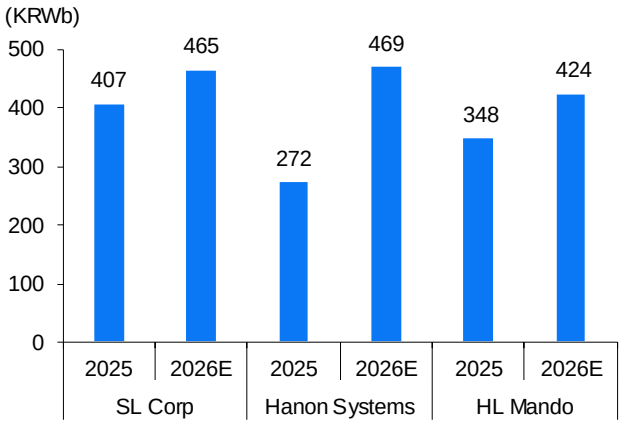
Source: Company data, Samsung Securities

Part makers: Revenue growth



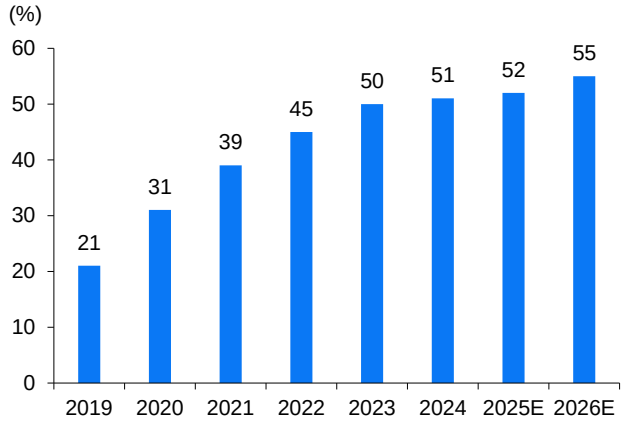
Source: Company data, Samsung Securities

Part makers: Operating profit forecasts



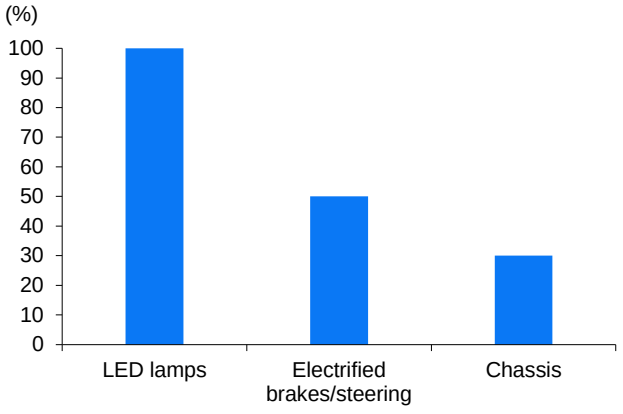
Source: Company data, Samsung Securities

SL Corp: LED lamp portion of total lamp sales



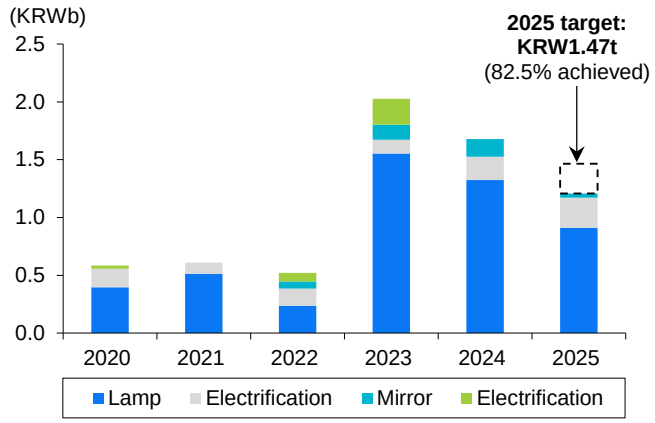
Source: Company data, Samsung Securities

SL Corp: Changes in ASPs for main products



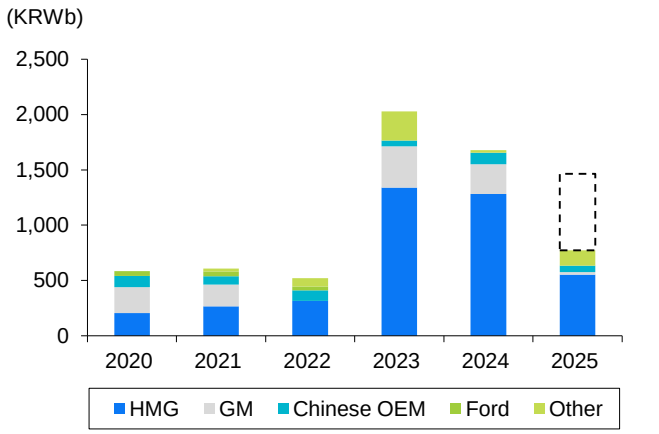
Source: Company data, Samsung Securities estimates

SL Corp: Orders taken, by product



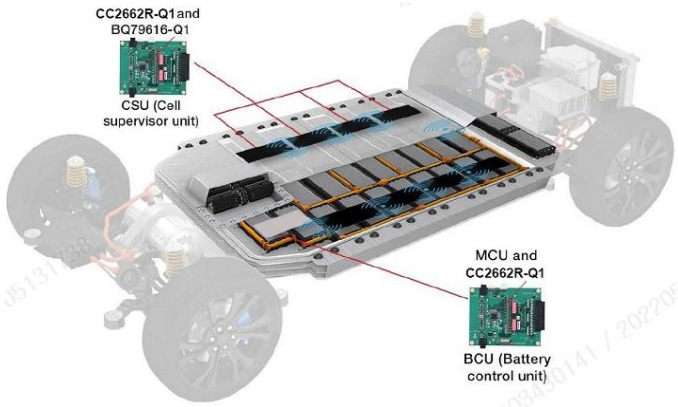
Note: 2025 figures cover January-September
Source: Company data, Samsung Securities

SL Corp: Orders taken, by client



Note: 2025 figures cover January-September
Source: Company data, Samsung Securities

Battery management system (BMS)

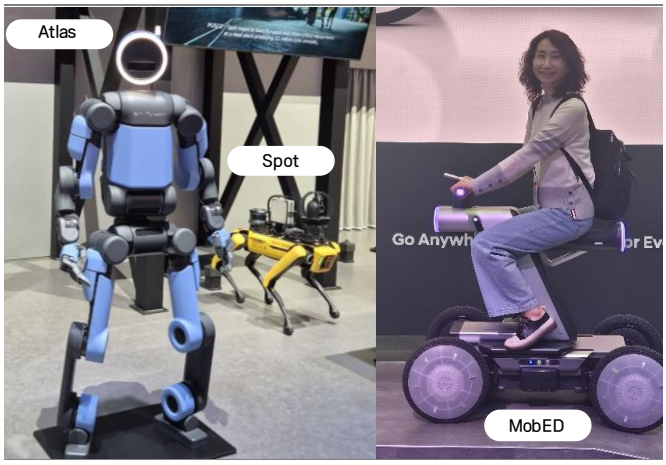


Source: TI, Samsung Securities

Side body control module (SBCM)

Source: Company data, Samsung Securities

Atlas/Spot/MobED



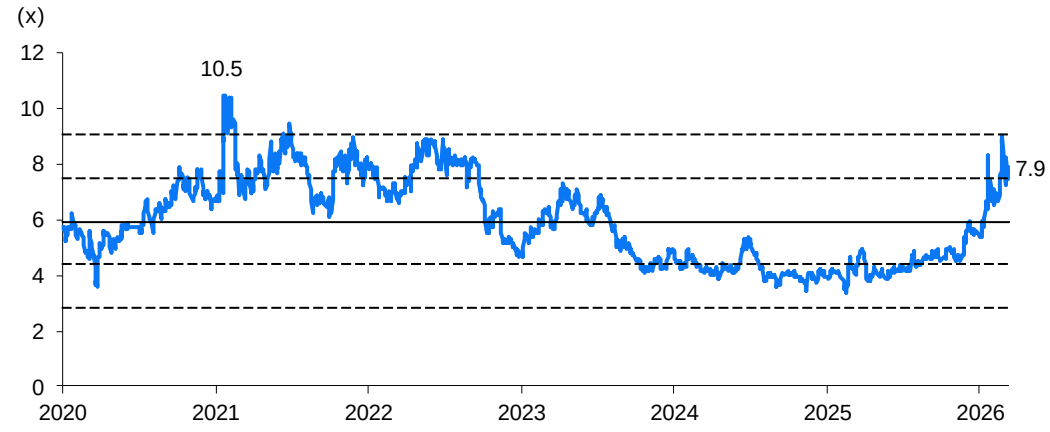
Source: Samsung Securities

SL Corp: HMG's robotics business's core value chain

Company	Product	SL Supply
Robotics LAB	MobED	Lidar module
		Battery pack
		Mobile robot production
Boston Dynamics	Stretch	Direction indicator
	Spot	Leg module
	Atlas	Bidding

Source: Samsung Securities

SL Corporation: 12-month forward P/E valuation



Source: QuantiWise, Samsung Securities

Global lamp makers: Valuations

(USDm)	Koito	Valeo	Forvia	Stanley	SL Corp
Market cap	5,015	2,911	2,283	2,186	1,963
Revenue	5,830	23,981	3,197	27,090	3,856
Operating profit	293	1,117	288	1,587.90	298
Operating margin (%)	5.0	4.7	9.0	5.9	7.7
Net profit	200	411	202	170	256
Net margin (%)	3.4	1.7	6.3	0.6	6.7
2026 P/E	**22.3**	**7.4**	**11.9**	**9.7**	**8.0**
2026 P/B	**1.1**	**0.7**	**0.8**	**0.6**	**1.0**

Note: Market cap as of Feb 20, earnings based on 2026E consensus
Source: Bloomberg, Samsung Securities

SL Corp: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,400	1,387	1,452	1,430	1,420	1,400	1,400	1,365	1,422	1,413	1,370
Revenue	1,234	1,295	1,303	1,409	1,325	1,435	1,408	1,491	4,973	5,240	5,659	6,055
Chg (% y-y)	-1.0	-0.3	9.3	13.9	7.4	10.8	8.1	5.8	2.8	5.4	8.0	7.0
Lamp	943	1,043	1,080	1,133	1,036	1,117	1,128	1,169	3,961	4,198	4,450	4,717
Chassis	173	134	163	159	177	161	175	147	543	630	661	694
Other	118	117	60	117	111	157	105	175	470	412	548	644
Gross profit	192	180	150	212	222	215	157	214	689	734	808	882
Operating profit	119	106	68	114	144	137	69	112	395	407	462	503
Chg (% y-y)	-14.1	-28.3	0.9	178.0	20.3	29.3	1.1	-1.1	2.3	3.0	13.4	9.0
Equity method profit	3.8	5.0	2.6	5.4	6.6	8.2	4.7	-2.6	16.8	16.8	16.9	17.1
Before tax profit	137	92	94	124	170	144	84	146	487	446	544	585
Net profit	104	70	70	77	128	108	63	109	382	321	408	439
Chg (% y-y)	-14.3	-43.3	21.3	-3.4	22.7	53.5	-9.8	42.9	9.4	-16.0	27.2	7.6
Controlling profit	100	69	68	75	124	105	61	107	368	313	397	428
Chg (% y-y)	-14.2	-41.7	21.6	-2.4	24.4	51.6	-10.0	42.1	9.8	-15.2	27.2	7.6
Margins (%)												
Gross profit	15.6	13.9	11.5	15.0	16.7	15.0	11.2	14.3	13.8	14.0	14.3	14.6
Operating profit	9.7	8.2	5.2	8.1	10.8	9.5	4.9	7.5	7.9	7.8	8.2	8.3
Before tax profit	11.1	7.1	7.2	8.8	12.8	10.0	6.0	9.8	9.8	8.5	9.6	9.7
Net profit	8.4	5.4	5.4	5.4	9.6	7.5	4.5	7.3	7.7	6.1	7.2	7.3

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**4,839**	**4,973**	**5,240**	**5,659**	**6,055**
Cost of goods sold	4,200	4,285	4,506	4,851	5,173
Gross profit	**639**	**689**	**734**	**808**	**882**
Gross margin (%)	13.2	13.8	14.0	14.3	14.6
SG&A expenses	253	294	327	346	379
Operating profit	**386**	**395**	**407**	**462**	**503**
Operating margin (%)	8.0	7.9	7.8	8.2	8.3
Non-operating gains (losses)	**43**	**92**	**39**	**82**	**82**
Financial profit	24	33	37	46	57
Financial costs	26	21	16	15	15
Equity-method gains (losses)	18	17	17	17	17
Other	26	63	1	35	23
Pre-tax profit	**429**	**487**	**446**	**544**	**585**
Taxes	80	105	125	136	146
Effective tax rate (%)	18.6	21.6	28.0	25.0	25.0
Profit from continuing operations	349	382	321	408	439
Profit from discontinued operations	0	0	0	0	0
Net profit	**349**	**382**	**321**	**408**	**439**
Net margin (%)	7.2	7.7	6.1	7.2	7.3
Net profit (controlling interests)	336	368	313	397	428
Net profit (non-controlling interests)	14	14	8	10	11
EBITDA	539	559	586	637	673
EBITDA margin (%)	11.1	11.2	11.2	11.3	11.1
EPS (parent-based) (KRW)	7,223	7,930	6,729	8,556	9,210
EPS (consolidated) (KRW)	7,519	8,223	6,906	8,782	9,453
Adjusted EPS (KRW)*	7,223	7,930	6,729	8,556	9,210

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**2,071**	**2,346**	**2,547**	**2,911**	**3,276**
Cash & equivalents	314	348	459	681	912
Accounts receivable	901	960	1,011	1,092	1,169
Inventories	375	416	438	474	507
Other current assets	481	622	638	664	689
Fixed assets	**1,165**	**1,353**	**1,423**	**1,422**	**1,415**
Investment assets	236	233	242	255	268
Tangible assets	748	861	923	909	897
Intangible assets	41	37	37	36	28
Other long-term assets	140	221	221	221	221
Total assets	**3,236**	**3,699**	**3,970**	**4,333**	**4,691**
Current liabilities	**1,116**	**1,142**	**1,147**	**1,217**	**1,283**
Accounts payable	515	511	538	581	622
Short-term debt	319	275	275	275	275
Other current liabilities	282	357	334	361	386
Long-term liabilities	**111**	**159**	**168**	**181**	**193**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	111	159	168	181	193
Total liabilities	**1,227**	**1,302**	**1,315**	**1,397**	**1,475**
Owners of parent equity	**1,928**	**2,300**	**2,550**	**2,819**	**3,088**
Capital stock	23	23	23	23	23
Capital surplus	460	460	460	460	460
Retained earnings	1,470	1,783	2,040	2,310	2,579
Other	-25	34	26	26	26
Non-controlling interests' equity	**81**	**97**	**106**	**116**	**128**
Total equity	**2,009**	**2,397**	**2,655**	**2,936**	**3,216**
Net debt	50	-24	-174	-396	-627

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**432**	**482**	**445**	**506**	**535**
Net profit	349	382	321	408	439
Non-cash profit and expenses	275	300	241	238	232
Depreciation	142	153	168	164	162
Amortization	11	11	10	10	8
Other	121	136	62	63	62
Changes in A/L from operating activities	-111	-122	-38	-60	-56
Cash flow from investments	**-270**	**-334**	**-240**	**-160**	**-150**
Change in tangible assets	-157	-214	-230	-150	-150
Change in financial assets	0	0	0	0	0
Other	-113	-120	-10	-10	0
Cash flow from financing	**-114**	**-127**	**-95**	**-127**	**-159**
Change in debt	-71	-39	-39	0	0
Change in equity	0	0	0	0	0
Dividends	-28	-46	-55	-128	-159
Other	-16	-41	0	0	0
Change in cash	48	35	110	222	231
Cash at beginning of year	266	314	348	459	681
Cash at end of year	314	348	459	681	912
Gross cash flow	**624**	**681**	**561**	**646**	**671**
Free cash flow	**271**	**244**	**215**	**356**	**385**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	15.9	2.8	5.4	8.0	7.0
Operating profit	95.1	2.3	3.0	13.4	9.0
Net profit	110.5	9.4	-16.0	27.2	7.6
Adjusted EPS**	119.6	9.8	-15.2	27.2	7.6
Per-share data (KRW)					
EPS (parent-based)	7,223	7,930	6,729	8,556	9,210
EPS (consolidated)	7,519	8,223	6,906	8,782	9,453
Adjusted EPS**	7,223	7,930	6,729	8,556	9,210
BVPS	41,872	49,934	55,358	61,217	67,056
DPS (common)	900	1,200	2,770	3,450	3,750
Valuations (x)					
P/E***	4.9	3.8	6.4	7.4	6.9
P/B***	0.9	0.6	0.8	1.0	0.9
EV/EBITDA	3.3	2.6	3.3	4.2	3.6
Ratios (%)					
ROE	18.8	17.4	12.9	14.8	14.5
ROA	11.3	11.0	8.4	9.8	9.7
ROIC	19.3	17.4	15.0	17.0	18.0
Payout ratio	12.4	15.0	40.8	40.0	40.4
Dividend yield (common)	2.5	4.0	6.5	5.5	5.9
Net debt to equity	2.5	-1.0	-6.6	-13.5	-19.5
Interest coverage (x)	15.9	21.7	25.2	30.5	33.2

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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- As of 3/20 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 3/20 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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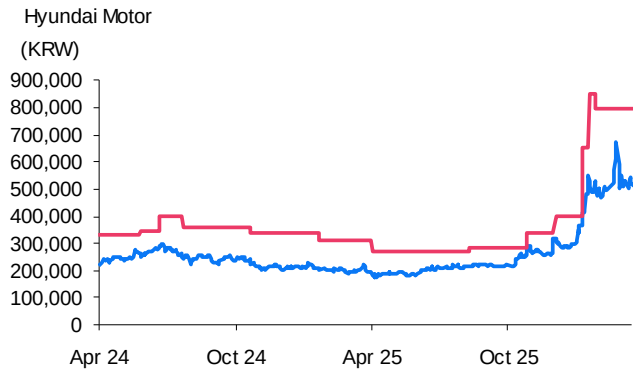
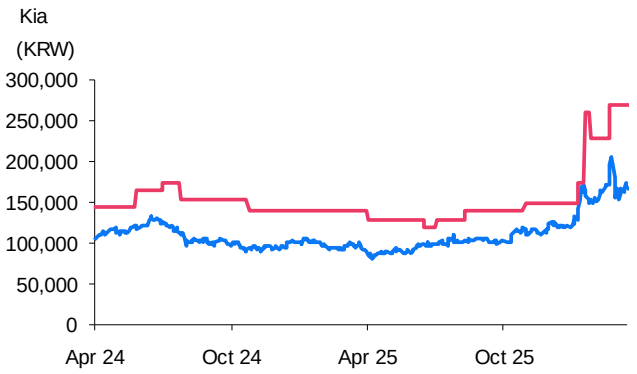
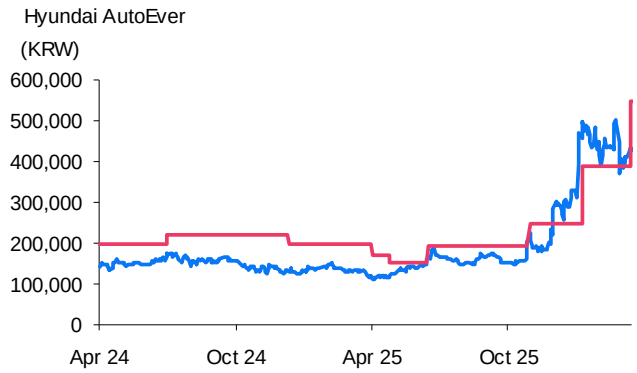
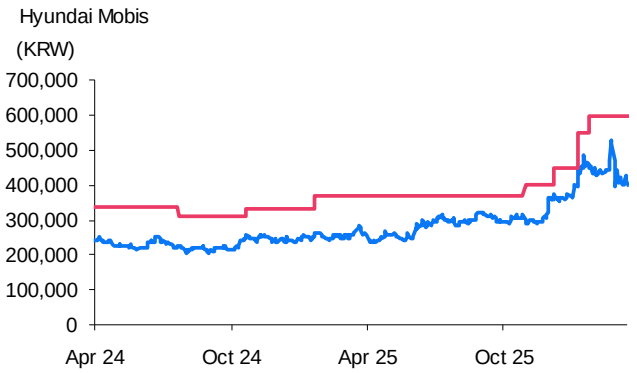
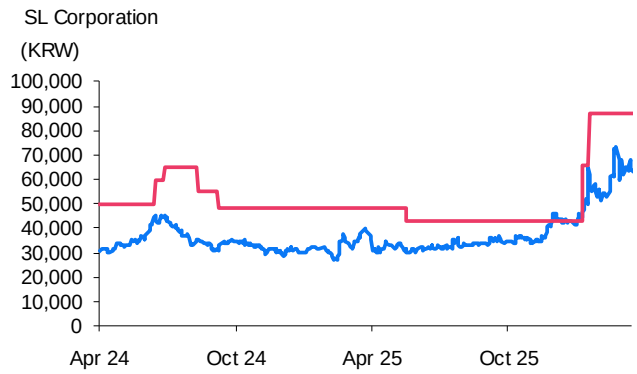
Target price changes in past two years











Rating changes over past two years (adjusted share prices)

Hyundai Motor												
Date	2024/3/20	5/29	6/25	7/26	10/25	2025/1/24	4/7	8/14	10/31	12/8	2026/1/14	1/22
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	330000	345000	400000	360000	340000	310000	270000	285000	340000	400000	650000	850000
Gap* (average)	-26.19	-21.52	-31.63	-32.30	-37.27	-34.90	-26.06	-20.49	-20.69	-22.55	-27.91	-40.91
(max or min)**	-16.06	-16.96	-25.50	-28.06	-33.38	-28.39	-17.41	-7.02	-7.35	1.50	-15.54	-37.88
Date	1/30											
Recommendation	BUY											
Target price (KRW)	800000											
Gap* (average)												
(max or min)**												

Kia												
Date	2024/2/5	5/29	7/4	7/29	10/28	2025/4/7	6/20	7/7	8/14	11/3	2026/1/14	1/22
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	145000	165000	175000	155000	140000	130000	120000	130000	140000	150000	175000	260000
Gap* (average)	-19.81	-24.20	-31.41	-34.54	-30.66	-30.49	-17.88	-21.50	-24.00	-20.38	-7.53	-40.63
(max or min)**	-11.38	-19.82	-27.83	-27.68	-23.79	-23.38	-15.75	-15.08	-14.36	-9.33	-1.66	-38.85
Date	1/29	2/25										
Recommendation	BUY	BUY										
Target price (KRW)	230000	270000										
Gap* (average)	-30.12											
(max or min)**	-24.35											

Hyundai AutoEver											
Date	2023/10/30	2024/1/29	4/1	7/4	12/16	2025/4/7	4/29	6/19	11/3	2026/1/14	3/19
Recommendation	BUY	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	HOLD	BUY
Target price (KRW)	200000	200000	200000	220000	200000	170000	155000	195000	250000	390000	550000
Gap* (average)	-13.82	-25.13	-24.37	-31.39	-32.39	-30.67	-10.17	-16.87	6.28	12.95	
(max or min)**	5.75	-20.65	-15.85	-19.41	-24.60	-29.18	3.87	4.36	100.40	-4.74	

Hyundai Mobis								
Date	2024/3/20	7/26	10/25	2025/1/24	11/3	12/12	2026/1/14	1/28
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	340000	310000	330000	370000	400000	450000	550000	600000
Gap* (average)	-30.85	-28.56	-24.95	-24.53	-22.07	-16.66	-16.89	
(max or min)**	-21.76	-19.35	-21.67	-12.30	-9.38	0.22	-11.36	

SL Corporation								
Date	2023/7/6	2024/6/18	7/1	8/16	9/11	2025/5/22	2026/1/14	1/22
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	50000	60000	65000	55000	48000	43000	66000	87000
Gap* (average)	-32.97	-27.26	-41.11	-40.00	-32.28	-17.11	-19.92	
(max or min)**	-11.60	-24.67	-32.08	-37.09	-17.29	7.79	-1.82	

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 2025.12.31 BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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