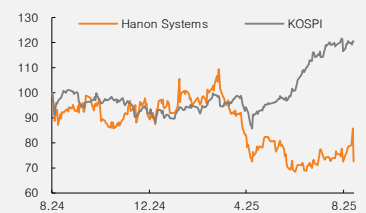


(Maintain)	Hold
Target price	▼ W3,400
Current price (8/14/25)	W3,160
Upside	7.6%

OP (24F, Wbn)	217
Consensus OP (24F, Wbn)	110
EPS growth (24F, %)	TTR
Market EPS growth (24F, %)	23.5
P/E (24F, x)	116.7
Market P/E (24F, x)	12.0
KOSPI	3,225.66

Market cap (Wbn)	2,145
Shares (mn)	679
Free float (%)	23.6
Foreign ownership (%)	4.8
Beta (12M)	0.83
52-week low (W)	2,985
52-week high (W)	4,770

(%)	1M	6M	12M
Absolute	-2.5	-27.5	-21.4
Relative	-3.2	-41.8	-35.6



Mirae Asset Securities Co., Ltd.

Jinsuk Kim
jinsuk.kim@miraeasset.com

Hanon Systems

Better-than-feared earnings, disappointing capital increase plan

2Q25 review: Consensus beat on profitability efforts and client compensation

For 2Q25, revenue was W2.86tr (+11.7% YoY, +7.5% vs. consensus of W2.66tr), while operating profit came in at W64.1bn (-10.2% YoY), well above consensus of W21.7bn. OP margin was 2.2% (-0.5%p YoY, +1.4%p QoQ). There were negative impacts from tariffs (W50.5bn), depreciation (W23.1bn), and narrower scope of R&D capitalization (W42.4bn). Even so, profitability improvement activities and client compensation effects helped deliver results that were stronger than feared. Below the OP line, losses persisted due to still-heavy interest expense (W49bn) and FX losses (W47bn).

By region, revenue changes were as follows: Europe (+17% YoY in 2Q25; 32% of 1H25 revenue), Americas (+14%; 30%), Korea (+6%; 27%), China (-11%), and Asia ex-Korea (+11%). In Europe, higher volumes from VW and favorable FX drove growth, while in the Americas, volume increases from HMG/GM and FX effects contributed. By client, revenue grew for HMG (+14%; 49%), Ford (+11%; 12%), VW (+30%; 12%), GM (+13%; 7%), BMW (+1%; 4%), Stellantis (+2%; 3%), and Mercedes (+67%; 2%). Cumulative 1H25 order intake reached US\$426mn, or 28.4% of the annual target of US\$1.5bn. The company noted that orders delayed since 4Q24 are expected to ramp up, making the annual target achievable. In addition, it announced a goal to reduce COGS ratio to 85% through various profitability enhancement measures. Separately, the company is considering a rights offering (shareholder allocation with public offering of forfeited shares) to improve its financial structure. Recall that in 2H24, it had already resolved to raise W600bn via rights offering.

Lower TP to W3,400 but maintain Hold; profitability improvement goals encouraging, but slow progress and rights issue plan are disappointing

We view the company's various profitability improvement measures and the potential for policy-driven BEV demand recovery in Europe (Germany/UK/France/Italy, etc.) as positives. However, with high interest expense and depreciation continuing, industry demand sluggishness and customer tariffs could mean that cost recovery proceeds more slowly than expected. The newly announced rights issue plan is also disappointing. We cut our TP to W3,400 (from W4,400), applying a 20% discount to our previous target multiple (15.5x vs. 19.4x; 19.4x is the 16-year average P/E) on 2026E EPS of W218. Key factors to watch are the final size of the rights offering (to be determined at the EGM and board meeting on Sep 23) and the scale of BEV demand recovery in Europe.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (Wbn)	8,628	9,522	9,999	10,816	11,508
OP (Wbn)	257	284	96	217	334
OP margin (%)	3.0	3.0	1.0	2.0	2.9
NP (Wbn)	20	51	-363	18	148
EPS (W)	38	96	-676	27	218
ROE (%)	0.9	2.2	-13.9	0.6	4.9
P/E (x)	211.3	76.3	-	116.7	14.5
P/B (x)	1.9	1.6	1.0	0.7	0.7
Dividend yield (%)	4.4	4.3	0.0	0.0	0.0

Notes: Under non-consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Mirae Asset Research AI translation

This report has been translated using AI and may contain errors or inconsistencies. For the most accurate and reliable information, it is essential to consult the original Korean version of the report.

Analysts who prepared this report are registered as research analysts in Korea but not in any other jurisdiction, including the US. Please see analyst certifications and important disclosures & disclaimers in Appendix 1 at the end of the report.

Table 1. 2Q25 review

(Wbn, %)

	2Q24	1Q25	2Q25P				
			Actual	YoY	QoQ	Consensus	Diff.
Revenue	2,560	2,617	2,858	11.6	9.2	2,658	7.5
OP	72	21	64	-10.2	205.1	22	196.3
NP (attr. to owners of parent)	-34	-24	-16	-52.0	-31.7	-45	-63.7
OP margin	2.8	0.8	2.2	-0.5%p	1.4%p	0.8	1.4%p
Net margin	-1.3	-0.9	-0.6	0.8%p	0.3%p	-1.7	1.1%p

Source: Company data, Bloomberg, Mirae Asset Securities Research

Table 2. 2025-26 earnings forecasts

(Wbn)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25P	3Q25	4Q25	2022	2023	2024	2025F	2026F
Revenue	2,405	2,560	2,499	2,536	2,617	2,858	2,688	2,652	8,628	9,522	9,999	10,816	11,508
YoY (%)	2.7	5.4	7.4	4.6	8.8	11.7	7.6	4.6	17.4	10.4	5.0	8.2	6.4
GP	219	233	252	107	190	254	237	265	847	910	812	946	1128
Gross margin (%)	9.1	9.1	10.1	4.2	7.3	8.9	8.8	10.0	9.8	9.6	8.1	8.7	9.8
OP	65	72	96	-99	21	64	58	74	257	284	96	217	334
OP margin (%)	8.5	-50.1	374.3	TTR	-67.7	-10.2	-39.9	TTB	-21.2	10.5	-66.3	127.6	53.5
YoY (%)	2.7	2.8	3.9	-3.9	0.8	2.2	2.1	2.8	3.0	3.0	1.0	2.0	2.9
NP (attr. to owners of parent)	8	-34	-22	-316	-24	-16	15	44	20	51	-363	18	148
YoY (%)	-81.1	TTR	RR	RR	TTR	RR	TTB	TTB	-93.4	149.5	TTR	TTB	703.5
Net margin (%)	0.3	-1.3	-0.9	-12.5	-0.9	-0.6	0.5	1.7	0.2	0.5	-3.6	0.2	1.3

Source: QuantiWise, Mirae Asset Securities Research

Hanon Systems (018880 KS)

Income statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Revenue	9,522	9,999	10,816	11,508
Cost of revenue	8,612	9,187	9,870	10,381
GP	910	812	946	1,127
SG&A expenses	626	717	729	794
OP (adj.)	284	96	217	334
OP	284	96	217	334
Non-operating profit	-133	-426	-200	-179
Net financial income	-157	-231	-201	-195
Net income from associates	12	13	3	0
Pretax profit	151	-330	17	155
Income tax	85	20	1	23
Profit from continuing operations	66	-349	16	132
Profit from discontinued operations	-7	-9	0	0
NP	59	-359	16	132
Attributable to owners	51	-363	18	148
Attributable to minority interests	8	5	-2	-16
Total comprehensive income	322	-60	60	132
Attributable to owners	314	-80	55	122
Attributable to minority interests	8	19	5	10
EBITDA	882	747	877	969
FCF	36	184	419	357
EBITDA margin (%)	9.3	7.5	8.1	8.4
OP margin (%)	3.0	1.0	2.0	2.9
Net margin (%)	0.5	-3.6	0.2	1.3

Balance sheet (summarized)

(Wbn)	2023	2024	2025F	2026F
Current assets	3,697	4,439	4,876	5,440
Cash & equivalents	779	1,346	1,642	2,000
AR & other receivables	1,229	1,297	1,356	1,442
Inventory	1,140	1,241	1,298	1,381
Other current assets	549	555	580	617
Non-current assets	5,548	6,181	5,987	5,759
Investments in associates	81	95	100	106
PP&E	2,716	2,864	2,710	2,665
Intangible assets	2,126	2,351	2,240	2,050
Total assets	9,244	10,620	10,863	11,199
Current liabilities	3,576	5,034	5,276	5,450
AP & other payables	1,613	1,688	1,765	1,878
Short-term financial liabilities	1,476	2,584	2,713	2,723
Other current liabilities	487	762	798	849
Non-current liabilities	3,160	2,588	2,528	2,558
Long-term financial liabilities	2,710	2,131	2,051	2,051
Other non-current liabilities	450	457	477	507
Total liabilities	6,736	7,622	7,804	8,008
Equity attributable to owners	2,371	2,854	2,915	3,062
Capital stock	53	68	68	68
Capital surplus	-23	561	561	561
Retained earnings	2,103	1,702	1,718	1,866
Minority interests	137	145	144	128
Shareholders' equity	2,508	2,999	3,059	3,190

Cash flow statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Operating cash flow	517	569	739	757
NP	59	-359	16	132
Non-cash income/expenses	895	1,208	865	853
Depreciation	418	443	452	444
Amortization	180	208	208	191
Other	297	557	205	218
Chg. in working capital	-194	31	91	-10
Chg. in AR & other receivables	-21	177	-58	-84
Chg. in inventory	-140	-49	-41	-83
Chg. in AP & other payables	28	-221	26	91
Income tax	-91	-93	-31	-23
Cash flow from investing activities	-677	-733	-514	-402
Chg. in PP&E	-416	-372	-317	-400
Chg. in intangible assets	-317	-348	-65	0
Chg. in financial assets	6	0	-1	-2
Other	50	-13	-131	0
Cash flow from financing activities	-480	651	72	10
Chg. in financial liabilities	-131	529	49	10
Chg. in equity	0	599	0	0
Dividends	-185	-46	0	0
Other	-164	-431	23	0
Chg. in cash	-651	568	295	358
Beginning balance	1,429	779	1,346	1,642
Ending balance	779	1,346	1,642	2,000

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

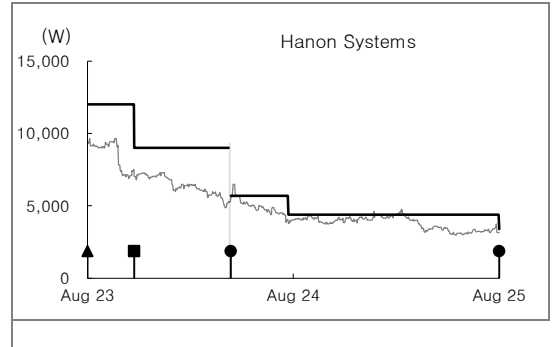
	2023	2024	2025F	2026F
P/E (x)	76.3	-	116.7	14.5
P/CF (x)	4.1	2.5	2.4	2.2
P/B (x)	1.6	1.0	0.7	0.7
EV/EBITDA (x)	8.4	7.6	6.1	5.2
EPS (W)	96	-676	27	218
CFPS (W)	1,787	1,581	1,298	1,451
BPS (W)	4,445	4,206	4,296	4,514
DPS (W)	316	0	0	0
Dividend payout ratio (%)	286.4	0.0	0.0	0.0
Dividend yield (%)	4.3	0.0	0.0	0.0
Revenue growth (%)	10.4	5.0	8.2	6.4
EBITDA growth (%)	8.3	-15.3	17.5	10.4
OP growth (%)	10.5	-66.3	127.6	53.5
EPS growth (%)	149.5	TTR	TTB	703.5
AR turnover (x)	8.2	8.1	8.4	8.5
Inventory turnover (x)	9.0	8.4	8.5	8.6
AP turnover (x)	6.8	6.9	7.1	7.1
ROA (%)	0.6	-3.6	0.2	1.2
ROE (%)	2.2	-13.9	0.6	4.9
ROIC (%)	2.2	1.6	3.2	4.8
Debt-to-equity ratio (%)	268.5	254.2	255.2	251.0
Current ratio (%)	103.4	88.2	92.4	99.8
Net debt-to-equity ratio (%)	135.2	112.0	101.3	86.2
Interest coverage ratio (x)	1.5	0.4	0.9	1.4

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Hanon Systems (018880)	08/18/25	Hold	3,400
	08/09/25	One year	4,400
	08/09/24	Hold	4,400
	04/29/24	Hold	5,700
	04/26/24	No Coverage	
	11/10/23	Trading Buy	9,000
	05/12/23	Buy	12,000



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (■), Not Rated (□), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. and/or its affiliates do not have any special interest with the subject company and do not own 1% or more of the subject company's shares outstanding.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report.

The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future

returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.

Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeasset.us.com or +1 (212) 407-1000.

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong SAR: This report is distributed in Hong Kong SAR by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong SAR. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong SAR (Cap. 571, Laws of Hong Kong SAR) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong SAR to any person.

India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.

All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong SAR
Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroov, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
