# COMPANY UPDATE

2025. 12. 8

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# Hyundai Motor (005380)

## Transitioning into an AI-focused company

- At the IREX robotics exhibition in Japan on Dec 3, Hyundai Motor Group's (HMG) Robotics Lab unveiled its autonomous mobile robot. The commercialization of AI-ready devices is beginning with mobile robots.
- In 2026, HMG plans to introduce its third-generation humanoid robot and SDV devices for autonomous driving. Core technological building blocks for the Physical AI business are coming together.
- AI businesses require massive infra investments and are being dominated by a small number of players. HMG is one of a select group of firms that is capable of operating Physical AI, which should prompt a valuation re-rating.

### ▶ AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW400,000 | 27% |
| **Current price** | **KRW315,000** | |
| Market cap | KRW64.5t/USD43.9b | |
| Shares (float) | 204,757,766 (65.9%) | |
| 52-week high/low | KRW315,000/KRW177,500 | |
| Avg daily trading value (60-day) | KRW229.5b/ USD156.2m | |

### ▶ ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| Hyundai Motor (%) | 17.3 | 66.1 | 54.0 |
| Vs Kospi (%pts) | 14.6 | 13.9 | -8.3 |

### ▶ KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 400,000 | 400,000 | 0.0% |
| 2025E EPS | 41,668 | 41,668 | 0.0% |
| 2026E EPS | 48,822 | 48,822 | 0.0% |

### ▶ SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 26 |
| Target price | 334,423 |
| Recommendation | 4.0 |

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

### WHAT'S THE STORY?

**Raising target price:** We raise our 12-month target price as Hyundai Motor (HMC) begins its transition to an AI-driven company with a data center construction as well as robotics launch and SDV launch all set to happen in 2026.

- **Raising target price 17.6% to KRW400,000:** Our new target price is based on 8.2x 2026 P/E. The target multiple has been raised to 8.2x (up 17% from 7x previously), which is in line with the global legacy automaker average. Based on the ROE–PBR correlation of its global peers, HMC's implied fair P/B is 0.87x, suggesting a fair value of KRW420,000.

  1) 2026 earnings visibility has cleared on dissipating tariff uncertainty, forecasts of new model launches, and stronger contributions from subsidiaries; and; 2) we reflect HMC's transition towards an AI-driven company—following its GPU procurement plan, the Robotics Lab has launched its mobile robot. The third-generation humanoid robot will be unveiled at CES 2026 and piloted in HMG's US plant. SDV mass-production and fleet-data accumulation will begin in 2H26.

*(Continued on the next page)*

### SUMMARY FINANCIAL DATA

| | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|
| Revenue (KRWb) | 175,231 | 190,257 | 206,093 | 214,469 |
| Operating profit (KRWb) | 14,240 | 12,666 | 14,082 | 15,075 |
| Net profit (adj) (KRWb) | 13,230 | 12,047 | 13,358 | 14,316 |
| EPS (adj) (KRW) | 46,042 | 41,668 | 48,822 | 52,325 |
| EPS (adj) growth (% y-y) | 5.6 | -9.5 | 17.2 | 7.2 |
| EBITDA margin (%) | 10.6 | 9.2 | 9.2 | 9.4 |
| ROE (%) | 12.4 | 9.9 | 10.6 | 10.5 |
| P/E (adj) (x) | 4.6 | 7.6 | 6.5 | 6.0 |
| P/B (x) | 0.5 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA (x) | 10.5 | 13.7 | 12.8 | 12.3 |
| Dividend yield (%) | 5.7 | 3.8 | 4.1 | 4.3 |

Source: Company data, Samsung Securities estimates

- **Physical AI competition limited to a few players:** Only a handful of companies globally (5-6 entities) are pursuing expansion from EVs to autonomous driving and robotics—Tesla, HMG, and Chinese EV makers (Xpeng, Xiaomi, Huawei, BYD, Li Auto). As HMG's progress as an AI company becomes more evident by 2026, its valuation should rerate to that seen by top Chinese EV makers.
- **Yann LeCun said the next revolution beyond LLMs is Physical AI:** Humans process megabytes of sensory data per second—vision, spatial awareness, proprioception, touch, and sound. AI must internalize real-world causality and physical laws to reach human-level intelligence.
- **World Models; AI that understands, infers, and acts in the real world:** Physical environments generate exponentially more data than text. Training autonomous-driving models requires 10,000x more tokens than training LLMs, and training robot-learning models requires 100,000x more. Continuous improvement demands cloud-connected devices and a fleet-data loop; edge-data ingestion → model updates → redeployment → renewed edge-data collection

  Large-scale data-center investments are therefore essential for autonomous driving and robotics. Data centers depreciate over five years, and chips must be replaced every 3-5 years, leading to continuous operational expenses. Only a few technology firms with substantial financing capacity or strong operating cash flow can sustain such investments.
- **US-China rivalry shifting the US towards state capitalism, with robotics emerging as the next strategic technology:** The US is moving from a system that supports innovation through private enterprise to one in which the state directly invests in and deregulates core technologies. The government is considering issuing a robotics-industry executive order in 2026. The US Department of Commerce views robotics and advanced manufacturing as essential for reshoring critical production. The Department of Transportation aims to establish a robotics task force in 2025, and recent NDAA discussions include the creation of a National Robotics Technology Council.

**HMC begins assembling core elements of Physical AI:** Following its data center investment announcement, the company has begun unveiling AI devices. With the appointment of a new CTO for autonomous driving, the development of autonomous-driving technologies is expected to accelerate.

- **Five elements of Physical AI technology:** 1) the AI model; 2) high-quality, continuous, and structured data required for model improvement—AI training requires continuous input-to-output structured data; 3) devices capable of generating data in the format defined by the AI company; 4) data centers capable of training AI models, 5) high-performance edge chips.
- **HMG announces Nvidia GPU purchase plan:** In early November, the group announced plans to purchase 50,000 Blackwell GPUs (USD3b) by 2030. Data center construction is expected to cost KRW6t. The group subsequently announced KRW125.2t in domestic investments through 2030, 71% of which will be allocated to future-growth industries (KRW50.5t) and R&D (KRW38.5t). AI data centers, robot manufacturing capacity, and foundry expansions are core components.
- **AI-Ready devices announced:** The mass-production model of the MobED (mobile robot) will be launched in late 2025. In 2026, the company plans to unveil its third-generation humanoid robot and SDV devices for autonomous driving.
- **Remaining gap in autonomous driving technology:** The development of autonomous driving AI models requires a fleet data loop, where real-world driving data are continuously collected, applied

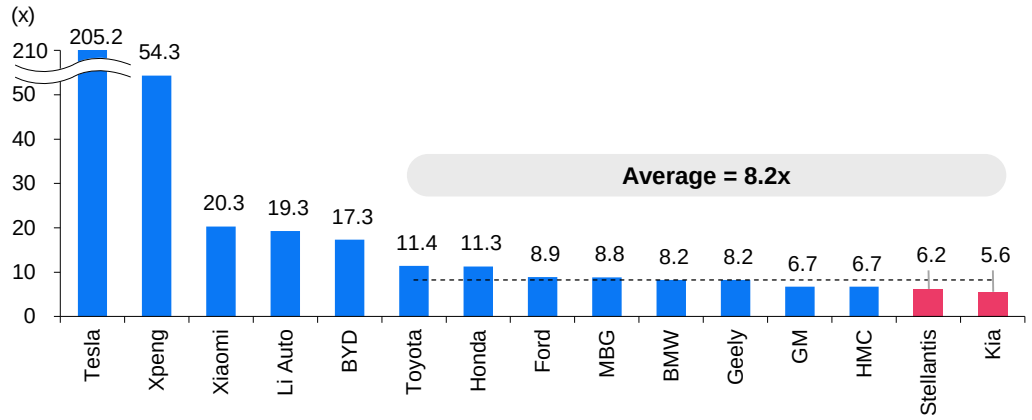
to models, deployed, and refined. The appointment of a new CTO for AVP (Advanced Vehicle Platform) is expected to accelerate the establishment of this process.

**Robotics Lab launches mobile robot:** Based on the MobED platform unveiled at CES 2022, Robotics Lab has launched an autonomous mobile robot. HMG targets sales of 10,000 units (cumulative) over the next three years.

- **Robotics Lab pursuing a software-centric strategy:** Software sits at the core of robotics technology, enabling scalable services and sustained value creation. The first product, the MobED, features: 1) autonomous navigation that perceives its surroundings, makes independent decisions, generates real-time HD maps, and predicts obstacles for route optimization, with on-device AI models supporting person tracking and facial recognition; 2) hardware-control interfaces for robotic actuation 3) an intuitive controller that can be used easily even by users unfamiliar with digital devices 4) various functions to foster ecosystem development (*eg*, opening APIs for function calls, autonomous driving, user tracking, and map generation).
- **Product competitiveness of the MobED mobile robot:** Like legs on quadruped robots, each wheel on the MobED mobile robot is independently controlled, providing the robot with good balance and letting it climb steps up to 20 cm tall. Each wheel contains three motors, giving it three degrees of freedom. A mounted rail on top allows the incorporation of modular attachments such as delivery units, broadcast equipment, or patrol modules. Its maximum payload is 150 kg, and its operating time is 4-6 hours.

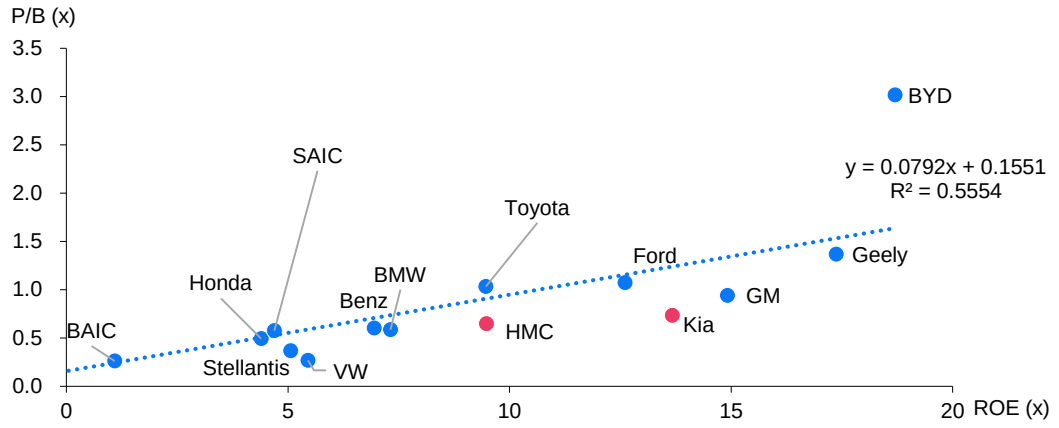
  Basic and Pro versions are available. The Basic model can be purchased by research institutions as an experimental platform with custom autonomous-driving software. The Pro model includes lidar and camera sensors and autonomous-driving algorithms, enabling its operation in diverse indoor and outdoor environments. Facial-recognition capabilities also enable delivery applications, and posture-control features allow the chassis to tilt for the safe movement of goods.
- **Robotics Lab's product portfolio and future plans:** With a portfolio spanning 14 categories (including wearable robots, mobile robots, manipulation-focused grippers and hands, quadruped robots, and humanoid robots), Robotics Lab plans to launch at least one new product *pa*. The next commercialized model will emphasize manipulation capabilities. All products are AI-ready devices, with the goal of completing a foundation model through their commercialization process.
- **Building Korea's robotics ecosystem:** HMC aims to establish a domestic robotics value chain. The new mobile robot incorporates lidar sensors from SOS Lab (2 units per robot), DeepX's DX-M1 NPU (30 FPS, 5W), motors from Keyang Electric (12 per robot), and batteries from Samsung SDI.
- **Robotics Lab need to build fleet-data loop:** Advancing the foundation model requires a continuous feedback cycle—devices must be connected to the cloud to aggregate curated edge data, improve the AI model, redeploy it, and again collect device-generated data. Without a fleet-data loop, the performance gap with leading Physical AI firms (such as Tesla, Figure AI, and Xpeng) will widen.

### Automakers: P/E valuation (2026E)




Source: Bloomberg, Samsung Securities

### Automakers: P/B vs ROE (2026E)



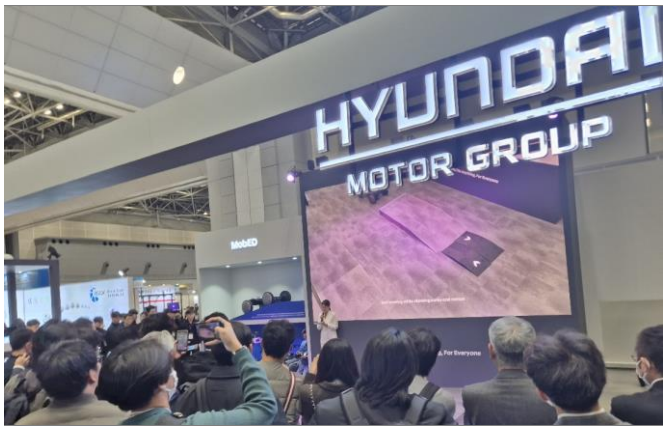

Source: Bloomberg, Samsung Securities

### MobED value chain

| Item | Company | Notes |
|---|---|---|
| Lidar | SOS lab | 2 units per robot; Supplied as a module by SL Corp |
| Battery | Samsung SDI | Cylindrical |
| Edge Chip | DeepX | DX-M1 NPU; Computing power: 30FPS; Power consumption: 5W |
| Motor | Kyang Electric | 12 units per robot |

Source: Bloomberg, Samsung Securities

**Robotics Lab: MobED presentation at IREX**

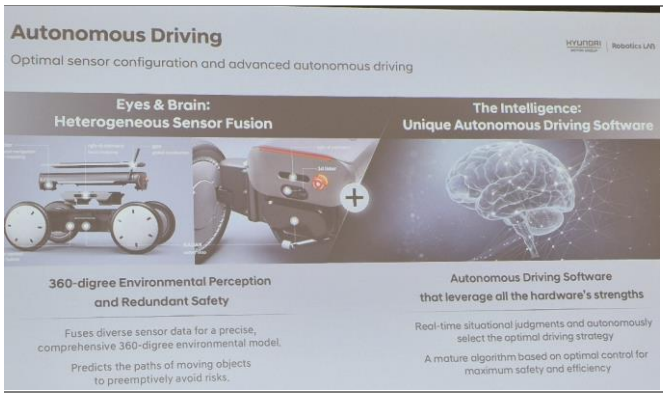



Source: Samsung Securities

**Robotics Lab: MobED presentation at IREX**

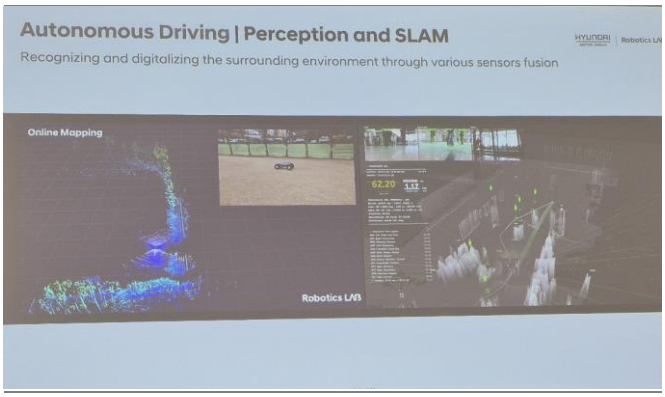
Source: Samsung Securities

**MobED: Autonomous driving**



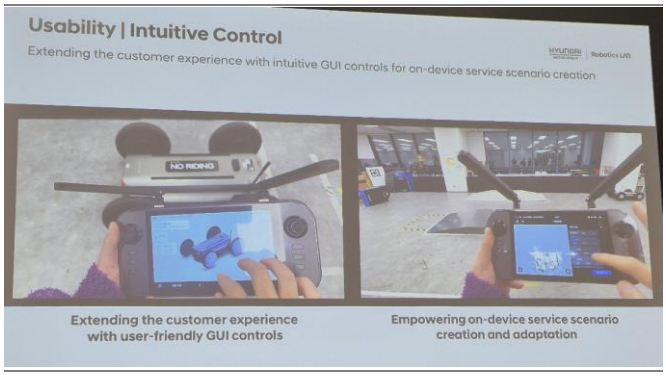

Source: Hyundai Motor, Samsung Securities

**MobED: Autonomous driving**



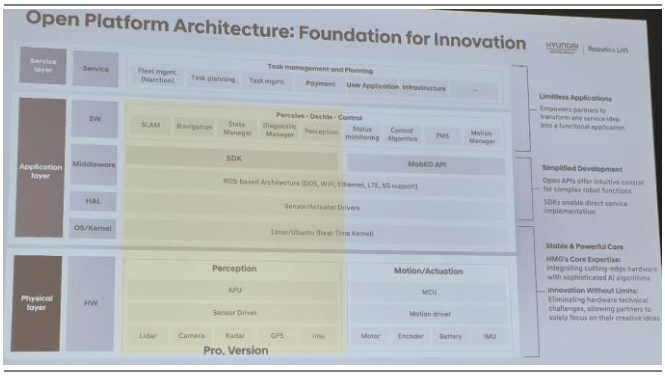

Source: Hyundai Motor, Samsung Securities

**MobED: Usability**




Source: Hyundai Motor, Samsung Securities

**MobED: Open platform**




Source: Hyundai Motor, Samsung Securities

## Income statement

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| **Sales** | **162,664** | **175,231** | **190,257** | **206,093** | **214,469** |
| Cost of goods sold | 129,179 | 139,482 | 154,909 | 168,508 | 175,375 |
| **Gross profit** | **33,484** | **35,749** | **35,347** | **37,586** | **39,094** |
| Gross margin (%) | 20.6 | 20.4 | 18.6 | 18.2 | 18.2 |
| SG&A expenses | 18,357 | 21,510 | 22,682 | 23,504 | 24,019 |
| **Operating profit** | **15,127** | **14,240** | **12,666** | **14,082** | **15,075** |
| Operating margin (%) | 9.3 | 8.1 | 6.7 | 6.8 | 7.0 |
| **Non-operating gains (losses)** | **1,750** | **3,251** | **3,332** | **3,728** | **4,013** |
| Financial profit | 1,560 | 1,531 | 887 | 669 | 664 |
| Financial costs | 971 | 899 | 512 | 528 | 543 |
| Equity-method gains (losses) | 2,471 | 3,114 | 2,905 | 3,188 | 3,408 |
| Other | -1,309 | -496 | 52 | 400 | 483 |
| **Pre-tax profit** | **16,877** | **17,490** | **15,998** | **17,810** | **19,088** |
| Taxes | 4,627 | 4,232 | 3,951 | 4,453 | 4,772 |
| Effective tax rate (%) | 27.4 | 24.2 | 24.7 | 25.0 | 25.0 |
| Profit from continuing operations | 12,992 | 13,549 | 12,047 | 13,358 | 14,316 |
| Profit from discontinued operations | -720 | -319 | 0 | 0 | 0 |
| **Net profit** | **12,272** | **13,230** | **12,047** | **13,358** | **14,316** |
| Net margin (%) | 7.5 | 7.5 | 6.3 | 6.5 | 6.7 |
| Net profit (controlling interests) | 11,962 | 12,527 | 11,140 | 12,957 | 13,887 |
| Net profit (non-controlling interests) | 311 | 703 | 907 | 401 | 429 |
| EBITDA | 20,073 | 18,527 | 17,410 | 18,980 | 20,108 |
| EBITDA margin (%) | 12.3 | 10.6 | 9.2 | 9.2 | 9.4 |
| EPS (parent-based) (KRW) | 43,589 | 46,042 | 41,668 | 48,822 | 52,325 |
| EPS (consolidated) (KRW) | 44,721 | 48,626 | 45,061 | 50,332 | 53,944 |
| Adjusted EPS (KRW)* | 43,589 | 46,042 | 41,668 | 48,822 | 52,325 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| **Current assets** | **58,604** | **64,336** | **54,899** | **57,204** | **59,291** |
| Cash & equivalents | 19,167 | 19,015 | 5,523 | 3,951 | 3,988 |
| Accounts receivable | 4,682 | 5,908 | 6,415 | 6,949 | 7,231 |
| Inventories | 17,400 | 19,791 | 21,770 | 23,582 | 24,541 |
| Other current assets | 17,355 | 19,622 | 21,191 | 22,722 | 23,531 |
| **Fixed assets** | **116,172** | **147,622** | **165,055** | **177,720** | **189,759** |
| Investment assets | 33,054 | 41,392 | 49,389 | 54,254 | 59,059 |
| Tangible assets | 38,921 | 44,534 | 48,692 | 50,707 | 51,597 |
| Intangible assets | 6,219 | 7,683 | 7,781 | 7,868 | 7,945 |
| Other long-term assets | 37,978 | 54,014 | 59,193 | 64,891 | 71,158 |
| **Total assets** | **282,463** | **339,798** | **360,578** | **382,580** | **404,089** |
| **Current liabilities** | **73,362** | **79,510** | **83,180** | **88,603** | **93,081** |
| Accounts payable | 10,952 | 12,550 | 13,626 | 14,760 | 15,360 |
| Short-term debt | 9,036 | 9,327 | 8,827 | 8,827 | 8,827 |
| Other current liabilities | 53,375 | 57,633 | 60,727 | 65,016 | 68,894 |
| **Long-term liabilities** | **107,292** | **140,013** | **148,496** | **154,873** | **161,005** |
| Bonds & long-term debt | 90,603 | 120,420 | 126,420 | 130,420 | 134,420 |
| Other long-term liabilities | 16,689 | 19,593 | 22,076 | 24,453 | 26,585 |
| **Total liabilities** | **180,654** | **219,522** | **231,677** | **243,476** | **254,086** |
| **Owners of parent equity** | **92,497** | **109,103** | **116,822** | **126,624** | **137,093** |
| Capital stock | 1,489 | 1,489 | 1,489 | 1,489 | 1,489 |
| Capital surplus | 4,378 | 7,656 | 7,656 | 7,656 | 7,656 |
| Retained earnings | 88,666 | 96,596 | 104,200 | 114,002 | 124,471 |
| Other | -2,036 | 3,362 | 3,477 | 3,477 | 3,477 |
| **Non-controlling interests' equity** | **9,312** | **11,173** | **12,080** | **12,480** | **12,910** |
| **Total equity** | **101,809** | **120,276** | **128,901** | **139,104** | **150,003** |
| Net debt | 99,174 | 130,142 | 148,545 | 153,847 | 157,903 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **-2,519** | **-5,662** | **17,074** | **19,260** | **20,407** |
| Net profit | 12,272 | 13,230 | 12,047 | 13,358 | 14,316 |
| Non-cash profit and expenses | 21,192 | 23,950 | 4,526 | 5,133 | 5,387 |
| Depreciation | 3,284 | 3,398 | 3,842 | 3,985 | 4,110 |
| Amortization | 1,663 | 889 | 902 | 913 | 923 |
| Other | 16,246 | 19,663 | -218 | 236 | 354 |
| Changes in A/L from operating activities | -30,365 | -35,160 | 3,188 | 4,192 | 4,467 |
| **Cash flow from investments** | **-8,649** | **-14,623** | **-28,439** | **-20,721** | **-20,161** |
| Change in tangible assets | -6,926 | -7,890 | -8,000 | -6,000 | -5,000 |
| Change in financial assets | -1,131 | -1,842 | -1,476 | -993 | -511 |
| Other | -592 | -4,891 | -18,964 | -13,729 | -14,650 |
| **Cash flow from financing** | **9,393** | **19,493** | **2,267** | **1,394** | **1,108** |
| Change in debt | 12,527 | 32,090 | 5,804 | 4,548 | 4,526 |
| Change in equity | 137 | 3,278 | 0 | 0 | 0 |
| Dividends | -2,499 | -3,913 | -3,536 | -3,155 | -3,417 |
| Other | -772 | -11,961 | 0 | -0 | -0 |
| Change in cash | -1,698 | -152 | -13,492 | -1,571 | 37 |
| Cash at beginning of year | 20,865 | 19,167 | 19,015 | 5,523 | 3,951 |
| Cash at end of year | 19,167 | 19,015 | 5,523 | 3,951 | 3,988 |
| **Gross cash flow** | **33,465** | **37,180** | **16,573** | **18,491** | **19,703** |
| **Free cash flow** | **-9,590** | **-13,723** | **9,074** | **13,260** | **15,407** |

## Financial ratios

| Year-end Dec 31 | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 14.4 | 7.7 | 8.6 | 8.3 | 4.1 |
| Operating profit | 54.0 | -5.9 | -11.1 | 11.2 | 7.1 |
| Net profit | 53.7 | 7.8 | -8.9 | 10.9 | 7.2 |
| Adjusted EPS** | 63.9 | 5.6 | -9.5 | 17.2 | 7.2 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 43,589 | 46,042 | 41,668 | 48,822 | 52,325 |
| EPS (consolidated) | 44,721 | 48,626 | 45,061 | 50,332 | 53,944 |
| Adjusted EPS** | 43,589 | 46,042 | 41,668 | 48,822 | 52,325 |
| BVPS | 351,861 | 413,568 | 444,777 | 482,097 | 521,956 |
| DPS (common) | 11,400 | 12,000 | 12,000 | 13,000 | 13,500 |
| **Valuations (x)** | | | | | |
| P/E*** | 4.7 | 4.6 | 7.6 | 6.5 | 6.0 |
| P/B*** | 0.6 | 0.5 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 7.9 | 10.5 | 13.7 | 12.8 | 12.3 |
| **Ratios (%)** | | | | | |
| ROE | 13.7 | 12.4 | 9.9 | 10.6 | 10.5 |
| ROA | 4.6 | 4.3 | 3.4 | 3.6 | 3.6 |
| ROIC | 15.0 | 12.3 | 9.1 | 9.4 | 9.6 |
| Payout ratio | 19.4 | 19.5 | 21.9 | 20.4 | 19.7 |
| Dividend yield (common) | 5.6 | 5.7 | 3.8 | 4.1 | 4.3 |
| Net debt to equity | 97.4 | 108.2 | 115.2 | 110.6 | 105.3 |
| Interest coverage (x) | 27.1 | 31.5 | 24.8 | 26.7 | 27.8 |

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

Source: Company data, Samsung Securities estimates

## Compliance notice

- As of Dec 5 2025, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of Dec 5 2025, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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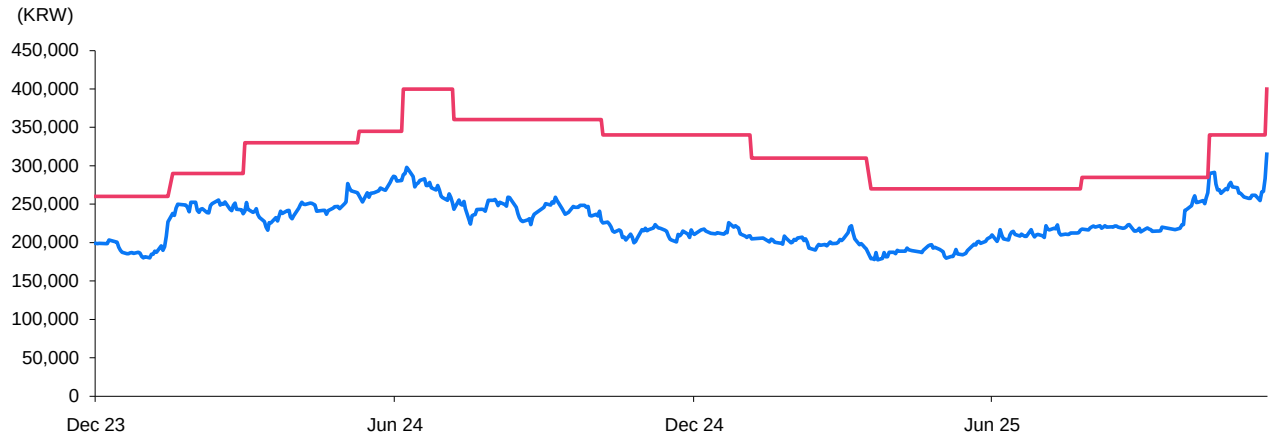
## Target price changes in past two years




## Rating changes over past two years (adjusted share prices)

| Date | 2023/10/26 | 2024/2/5 | 3/20 | 5/29 | 6/25 | 7/26 | 10/25 | 2025/1/24 | 4/7 | 8/14 | 10/31 | 12/8 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Recommendation | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 260000 | 290000 | 330000 | 345000 | 400000 | 360000 | 340000 | 310000 | 270000 | 285000 | 340000 | 400000 |
| Gap* (average) | -28.49 | -15.25 | -26.19 | -21.52 | -31.63 | -32.30 | -37.27 | -34.90 | -26.06 | -20.49 | -20.69 | |
| (max or min)** | -12.69 | -11.90 | -16.06 | -16.96 | -25.50 | -28.06 | -33.38 | -28.39 | -17.41 | -7.02 | -7.35 | |

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

### Samsung Securities uses the following investment ratings*

**Company**

| | |
|---|---|
| **BUY** | Expected to increase in value by 15% or more within 12 months and is highly attractive within sector |
| **HOLD** | Expected to increase/decrease in value by less than 15% within 12 months |
| **SELL** | Expected to decrease in value by 15% or more within 12 months |

**Industry**

| | |
|---|---|
| **OVERWEIGHT** | Expected to outperform market by 5% or more within 12 months |
| **NEUTRAL** | Expected to outperform/underperform market by less than 5% within 12 months |
| **UNDERWEIGHT** | Expected to underperform market by 5% or more within 12 months |

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

**Percentage of ratings in 12 months prior to 2025.09.30**

BUY (83.5%)·HOLD (16.5%)·SELL (0%)

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