COMPANY UPDATE

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Hyundai Motor (005380)

Still plenty of upside

- Upcoming announcements (relating to plans to build Robot Metaplant Application Center and robot production facilities) in 1H26 should clearly define the roles of each affiliate within HMG's robot ecosystem.
- Hyundai Motor (HMC) is not just a buyer of robots to strengthen the group's governance structure. Rather, it plays a core role in: 1) providing robot behavior data; 2) validating AI model training; and 3) producing robots.
- HMC stands at the center of the group's robot ecosystem. Now is the time to focus on the changes in HMC's corporate value rather than on the value of its equity in subsidiary Boston Dynamics.

WHAT'S THE STORY?

Raising target price again after CES 2026: We increase our target price to KRW850,000 as Hyundai Motor (HMC) has demonstrated its role in training AI models for humanoid robots and confirmed its position as a key robot manufacturer.

- **Raising target valuation 31% based only on P/E valuation:** On Jan 14, we revised up our target price by 62.5% to KRW650,000, the average of target prices indicated by our P/E and P/B valuations. Specifically, we increased our target P/E multiple from 8x to 18x—matching the average of leading Chinese EV companies—to reflect redefined asset value and the start of robotics sales at HMC. To better capture earnings trends, we introduced a target P/B multiple of 0.93x, derived from the P/B vs ROE correlation coefficients of global automakers.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW850,000	60.7%
Current price	**KRW529,000**	
Market cap	KRW108.3t/USD73.7b	
Shares (float)	204,757,766 (65.9%)	
52-week high/low	KRW549,000/KRW177,500	
Avg daily trading value (60-day)	KRW659.2b/ USD448.4m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Motor (%)	83.0	156.2	153.7
Vs Kospi (%pts)	51.8	64.0	30.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	850,000	850,000	0.0%
2025E EPS	40,971	40,971	0.0%
2026E EPS	47,649	47,649	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	456,538
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	175,231	187,846	203,766	211,786
Operating profit (KRWb)	14,240	12,406	13,709	14,541
Net profit (adj) (KRWb)	13,230	11,851	13,037	13,915
EPS (adj) (KRW)	46,042	40,971	47,649	50,861
EPS (adj) growth (% y-y)	5.6	-11.0	16.3	6.7
EBITDA margin (%)	10.6	9.1	9.1	9.2
ROE (%)	12.4	9.7	10.4	10.3
P/E (adj) (x)	4.6	7.2	11.1	10.4
P/B (x)	0.5	0.7	1.1	1.0
EV/EBITDA (x)	10.5	13.7	15.8	15.2
Dividend yield (%)	5.7	4.0	2.5	2.6

Source: Company data, Samsung Securities estimates

Our site visits to firms within HMG's value chain have reaffirmed that HMC's role in the robotics field extends beyond providing behavioral data for robots—it is actively involved in AI training and robot production. With the commercialization of robotaxis anticipated in 2026, a new era for physical AI services is about to unfold. Unless there is a significant shock that delays the development of this ecosystem, investors should not miss the opportunity to capitalize on this growth trajectory. HMC is funding its investments through operating cash flow and may also pursue an additional IPO for Hyundai Motor India (to comply with local regulations, HMC must float at least another 7.5%pts more shares in Hyundai Motor India—7.5%pts is currently worth around USD1.5b).

As a result, we have shifted our valuation approach to focus solely on P/E. Applying a target P/E of 18x to our 2026 earnings estimates, we raise our 12-month target price by 30.8% to KRW850,000.

- **Investment strategy:** For investors who find the recent share-price rally burdensome, we suggest considering its preferred shares. HMC has announced a three-year plan to buy back and cancel KRW4t worth of shares over 2025-2027. To narrow the price gap between common and preferred shares, the company plans to increase the portion of preferred shares in its buy-back program. The price gap between common and preferred shares stands at 40% following the rally for common shares.

HMC—The center of the group's robot ecosystem: HMC provides behavior data enabling the refinement of robot models, validates AI model training, and leads the mass-production of robots. This is why attention should be given to HMC (vs the value of its equity in subsidiary Boston Dynamics).

- **HMC/Kia plants to serve as digital factories producing action data for robots:** Robot Metaplant Application Center (RMAC) provides a controlled environment where robots learn by mapping factory layout, movement paths, and work positions, which are then combined with real-world operational data from HMC/Kia's software-defined factory (SDF) facilities. The goal is to establish a closed-loop learning model [virtual training (RMAC)→ real-world data (SDF)→ retraining] that enables continuous improvement in speed, accuracy, and safety.
- **HMC likely to lead investments in RMAC and robot production plants:** The RMAC, where robots are trained, will likely be supported by investments from HMC/Kia that provide the action datasets. HMC/Kia, with expertise in mass production, are also likely to invest in robot production plants—eg, HMC and Kia will probably invest in a 60:40 equity structure, similar to what they did with Hyundai Motor Group Metaplant America (HMGMA).

Robots have a different scale of economy (vs autos): Autos consist of complex components (12,000 parts for EVs and 30,000 parts for ICE vehicles), with a break-even point (BEP) of 100,000 units per model and 200,000–300,000 units per factory. In contrast, robots—once a form factor is set—can be standardized with only 3 or 4 types of actuators, enabling modular production. Humanoid robots use 30-40 actuators per unit, with each actuator type used 10-12 times per robot. With 10,000 robots, 100,000–120,000 identical actuators are used, achieving economies of scale at the component level. The BEP for robots is 10,000 units, and for robot factories 20,000-30,000 units. This is why HMC has set the initial production capacity of its robot factory at 30,000 units.

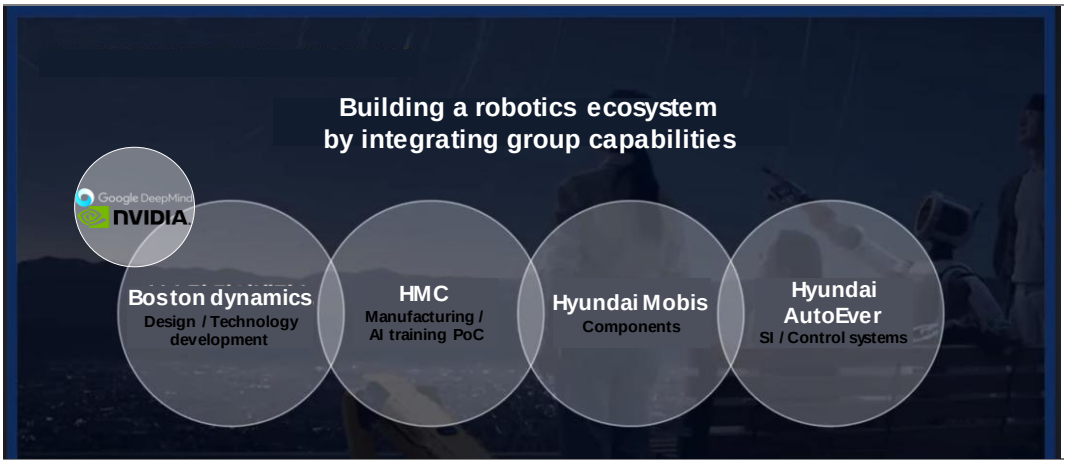
- **Revenue recognition to start in 2029:** When 10,000 Atlas robots are produced *pa*, the price should drop to USD 50,000/unit, falling to an estimated USD35,000/unit when 30,000 units are made *pa*. From 2027, Boston Dynamics should begin supplying the robot to non-HMG customers.

Initially, Atlas robots should be deployed in HMC/Kia factories (making it difficult for HMC to recognize robot revenue), but later—backed by the start of sales to non-affiliates—HMC should begin recognizing robot revenue in earnest from 2029, with related sales estimated at roughly KRW1t *pa*.

- **Production costs to fall:** The average labor cost in a US plant is USD70,000–80,000 *pa*. Atlas robots, whose battery can be swapped, can operate almost 24/7. The initial hourly cost of the robot is expected to stand at USD9.4, dropping to an estimated USD1.2/hour (or 1/6 the cost of Chinese labor) once 30,000 robots are being made *pa*.

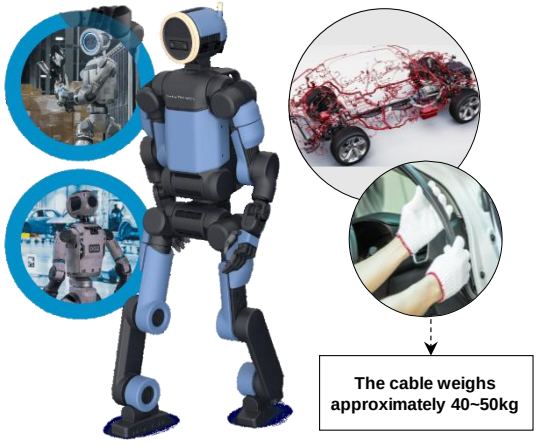
  With the deployment of Atlas robots in HMC/Kia factories, their production costs should slide. Currently, labor costs account for 7–8% of HMC/Kia's production costs. After 2028, their production costs could drop 1%pts *pa* (depending on the speed at which humanoid robots are deployed). If the robot is deployed across the automakers' value chains, HMC/Kia's production costs could fall 50%.

HMG: Robotics ecosystem



Source: Company data, Samsung Securities

Atlas Gen3: Employs cableless actuator structure



Source: Company data

Atlas: Cost breakdown (estimates)

Item	Unit cost (USD)	Quantity	Total cost (USD)
Rotary actuator	561	31	17,391
Vision sensor	41	3	123
Nvidia Thor chip	800	1	800
Gripper	800	2	1,600
Battery pack	200	4 kWh	200
Body			2,000
Subtotal			**22,114**
Data center depreciation*			26,666
Factory depreciation			442
Other operating costs			1,769
Total			**50,991**

Note: Assumes 10,000 units produced;
*Assumes usage of one-third of 50,000 Blackwell GPUs
Source: Samsung Securities estimates

Economies of scale: Automobile vs humanoid robot

Category	Automobile	Humanoid Robot
Number of parts	12,000 (EV) / 30,000 (ICE vehicle)	5,000-10,000
Parts standardization	Each part has an individual function (Material cost accounts for 55-60% of manufacturing cost)	Actuators can be standardized into 3-4 types (Actuator manufacturing cost accounts for 50-60%)
Modularization	Modularized into 6-8 units	Modularized into 6-8 units
Fixed costs	High fixed cost-to-sales ratio (6-12%), including factory structures, presses, molds, *etc*	Low fixed cost-to-sales ratio (1-2%) due mostly to modular assembly Still in the process of design standardization; mold production expected at 100,000+ units
Regulatory and certification costs	Complex regulations (collision, environment, safety)	Regulations are being developed to discriminate between humans and robots
Unit model BEP	100,000 units	10,000 units
Unit factory BEP	200,000-300,000 units	20,000-30,000 units

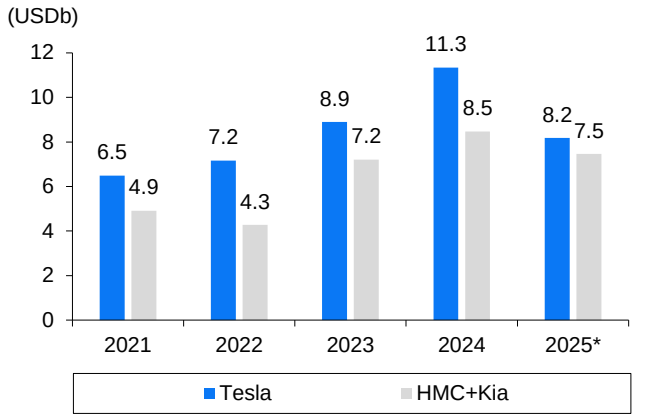
Source: Samsung Securities

HMC: Estimated revenue from Boston Dynamics Atlas

Year	Volume (units)	Production cost (USD)	HMC sales (USDm)	HMC sales (KRWb)
2028	5,000	130,000	675	979
	10,000	50,992	510	739
2029	20,000	37,659	753	1,092
	30,000	33,214	996	1,445
2030	40,000	30,992	1,240	1,798
	50,000	29,659	1,483	2,150

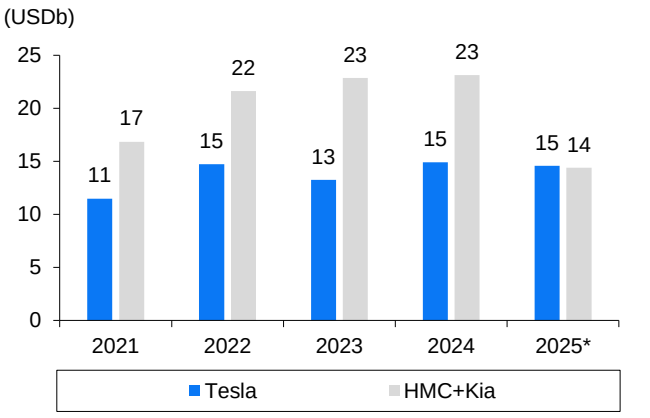
Note: * Assumes exchange rate of KRW1,450/USD
Source: Samsung Securities estimates

Capex: HMC/Kia vs Tesla



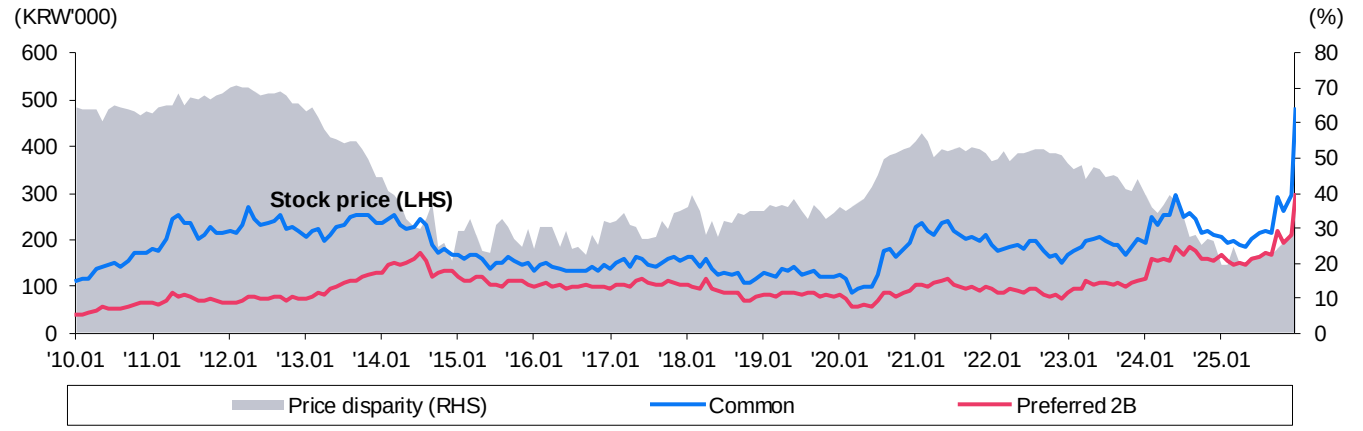
Source: Bloomberg, Samsung Securities

Operating cash flow: HMC/Kia vs Tesla



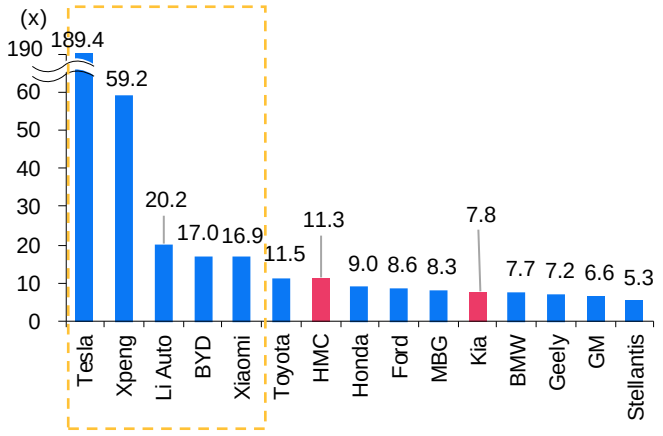
Note: * HMG 2Q, Tesla 3Q annualized cumulative figures, HMC excludes financial division
Source: Bloomberg, Dart. Samsung Securities

HMC: Price gap between common and preferred shares



Source: QuantiWise, Samsung Securities

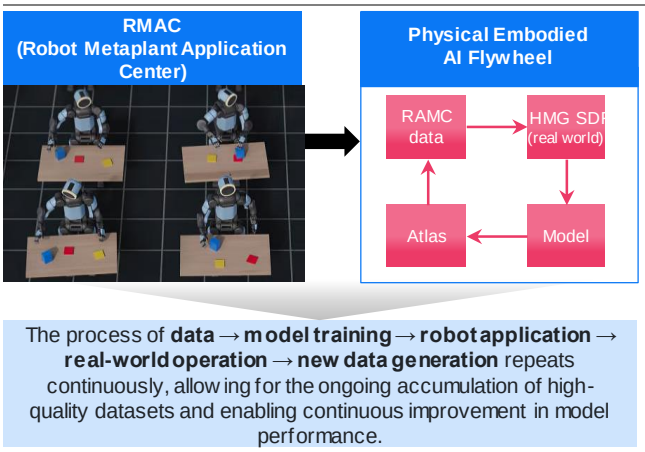
Global automakers: 12-month forward P/E valuation



Note: As of Jan 21

Source: Bloomberg, Samsung Securities

HMC: Physical embodied AI flywheel



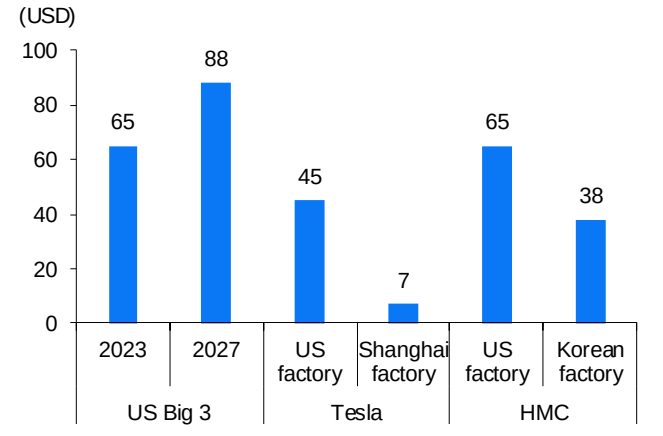
The process of **data → model training → robot application → real-world operation → new data generation** repeats continuously, allowing for the ongoing accumulation of high-quality datasets and enabling continuous improvement in model performance.

Robotics companies: Level of in-house technology stack integration

	Company	World model/ Foundation model	Vision/ Action model	Inference chip	Body design	Mass-production	Notes
Full stack	Tesla	In-house (FSD)	In-house (FSD)	In-house (AI5)	In-house	2H26	
	Xpeng	In-house	In-house	In-house (Turing AI)	In-house	End-2026	
Model-based full stack	Figure AI	In-house	In-house	Nvidia Thor	In-house	2026	Foundation model independent from OpenAI
	Robotics Lab	In-house	In-house	DeepX	In-house	1H26	Based on mobile robot 'MobED'
	Agibot	In-house	In-house	Nvidia Thor	In-house	2024	Cumulative production of 5,000 units
Big Tech collaboration	Boston Dynamics	Collaboration with Google DeepMind	In-house	Nvidia Thor	In-house	2028	Actuator standardization, collaboration with Hyundai Mobis
	Agility	Collaboration with Nvidia	In-house	Nvidia Thor	In-house	2026	5th generation by end-2026
	Aptroniks	Collaboration with Google DeepMind	In-house	Nvidia Thor	In-house	202	
	1X	Collaboration with Nvidia	In-house	Nvidia Thor	In-house	2026	Subscription model launched in April
	Unitree	Collaboration with Nvidia	In-house	Nvidia Thor	In-house	2025	500 units produced in 2025

Source: Company data, Samsung Securities

Hourly wages in the US, China, and Korea



Source: Company data, media, Samsung Securities

Humanoid robot: Cost per hour

(USD)	Case 1 (Initial price)	Case 2 (price if 30,000 units made *pa*)	Note
Useful life	2 years	5 years	
Robot price	135,000	33,000	
Software cost	2,376	5,940	USD99/month * 3 years
Maintenance cost	13,500	8,250	5% of purchase price * 3 years
Total robot cost	150,876	47,190	
Hourly cost	**9.4**	**1.2**	**22 hours/365 days/ /useful life**

Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**162,664**	**175,231**	**187,846**	**203,766**	**211,786**
Cost of goods sold	129,179	139,482	152,809	167,122	173,301
Gross profit	**33,484**	**35,749**	**35,037**	**36,644**	**38,484**
Gross margin (%)	20.6	20.4	18.7	18.0	18.2
SG&A expenses	18,357	21,510	22,632	22,935	23,943
Operating profit	**15,127**	**14,240**	**12,406**	**13,709**	**14,541**
Operating margin (%)	9.3	8.1	6.6	6.7	6.9
Non-operating gains (losses)	**1,750**	**3,251**	**3,331**	**3,673**	**4,013**
Financial profit	1,560	1,531	877	645	627
Financial costs	971	899	512	528	543
Equity-method gains (losses)	2,471	3,114	2,904	3,188	3,408
Other	-1,309	-496	62	369	520
Pre-tax profit	**16,877**	**17,490**	**15,737**	**17,382**	**18,554**
Taxes	4,627	4,232	3,885	4,346	4,638
Effective tax rate (%)	27.4	24.2	24.7	25.0	25.0
Profit from continuing operations	12,992	13,549	11,851	13,037	13,915
Profit from discontinued operations	-720	-319	0	0	0
Net profit	**12,272**	**13,230**	**11,851**	**13,037**	**13,915**
Net margin (%)	7.5	7.5	6.3	6.4	6.6
Net profit (controlling interests)	11,962	12,527	10,954	12,646	13,498
Net profit (non-controlling interests)	311	703	897	391	417
EBITDA	20,073	18,527	17,149	18,607	19,574
EBITDA margin (%)	12.3	10.6	9.1	9.1	9.2
EPS (parent-based) (KRW)	43,589	46,042	40,971	47,649	50,861
EPS (consolidated) (KRW)	44,721	48,626	44,328	49,123	52,434
Adjusted EPS (KRW)*	43,589	46,042	40,971	47,649	50,861

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**58,604**	**64,336**	**54,143**	**56,147**	**57,753**
Cash & equivalents	19,167	19,015	4,957	3,029	2,655
Accounts receivable	4,682	5,908	6,333	6,870	7,141
Inventories	17,400	19,791	21,770	23,615	24,545
Other current assets	17,355	19,622	21,083	22,632	23,412
Fixed assets	**116,172**	**147,622**	**165,055**	**177,720**	**189,757**
Investment assets	33,054	41,392	49,389	54,254	59,056
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**	**359,822**	**381,523**	**402,548**
Current liabilities	**73,362**	**79,510**	**82,768**	**88,205**	**92,621**
Accounts payable	10,952	12,550	13,453	14,593	15,168
Short-term debt	9,036	9,327	8,827	8,827	8,827
Other current liabilities	53,375	57,633	60,487	64,784	68,627
Long-term liabilities	**107,292**	**140,013**	**148,349**	**154,731**	**160,841**
Bonds & long-term debt	90,603	120,420	126,420	130,420	134,420
Other long-term liabilities	16,689	19,593	21,929	24,311	26,421
Total liabilities	**180,654**	**219,522**	**231,117**	**242,935**	**253,463**
Owners of parent equity	**92,497**	**109,103**	**116,635**	**126,126**	**136,207**
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	104,013	113,504	123,585
Other	-2,036	3,362	3,477	3,477	3,477
Non-controlling interests' equity	**9,312**	**11,173**	**12,070**	**12,461**	**12,878**
Total equity	**101,809**	**120,276**	**128,705**	**138,587**	**149,085**
Net debt	99,174	130,142	149,103	154,747	159,226

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**-2,519**	**-5,662**	**16,517**	**18,918**	**19,982**
Net profit	12,272	13,230	11,851	13,037	13,915
Non-cash profit and expenses	21,192	23,950	4,471	5,050	5,290
Depreciation	3,284	3,398	3,842	3,985	4,110
Amortization	1,663	889	902	913	923
Other	16,246	19,663	-273	153	257
Changes in A/L from operating activities	-30,365	-35,160	2,826	4,172	4,442
Cash flow from investments	**-8,649**	**-14,623**	**-28,439**	**-20,736**	**-20,145**
Change in tangible assets	-6,926	-7,890	-8,000	-6,000	-5,000
Change in financial assets	-1,131	-1,842	-1,476	-1,008	-495
Other	-592	-4,891	-18,964	-13,729	-14,650
Cash flow from financing	**9,393**	**19,493**	**2,260**	**1,394**	**1,107**
Change in debt	12,527	32,090	5,796	4,549	4,525
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	-14,058	-1,927	-374
Cash at beginning of year	20,865	19,167	19,015	4,957	3,029
Cash at end of year	19,167	19,015	4,957	3,029	2,655
Gross cash flow	**33,465**	**37,180**	**16,322**	**18,087**	**19,205**
Free cash flow	**-9,590**	**-13,723**	**8,517**	**12,918**	**14,982**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	14.4	7.7	7.2	8.5	3.9
Operating profit	54.0	-5.9	-12.9	10.5	6.1
Net profit	53.7	7.8	-10.4	10.0	6.7
Adjusted EPS**	63.9	5.6	-11.0	16.3	6.7
Per-share data (KRW)					
EPS (parent-based)	43,589	46,042	40,971	47,649	50,861
EPS (consolidated)	44,721	48,626	44,328	49,123	52,434
Adjusted EPS**	43,589	46,042	40,971	47,649	50,861
BVPS	351,861	413,568	444,068	480,203	518,582
DPS (common)	11,400	12,000	12,000	13,000	13,500
Valuations (x)					
P/E***	4.7	4.6	7.2	11.1	10.4
P/B***	0.6	0.5	0.7	1.1	1.0
EV/EBITDA	7.9	10.5	13.7	15.8	15.2
Ratios (%)					
ROE	13.7	12.4	9.7	10.4	10.3
ROA	4.6	4.3	3.4	3.5	3.5
ROIC	15.0	12.3	8.9	9.2	9.3
Payout ratio	19.4	19.5	22.3	20.9	20.3
Dividend yield (common)	5.6	5.7	4.0	2.5	2.6
Net debt to equity	97.4	108.2	115.8	111.7	106.8
Interest coverage (x)	27.1	31.5	24.2	26.0	26.8

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

Source: Company data, Samsung Securities estimates

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- As of 1/22 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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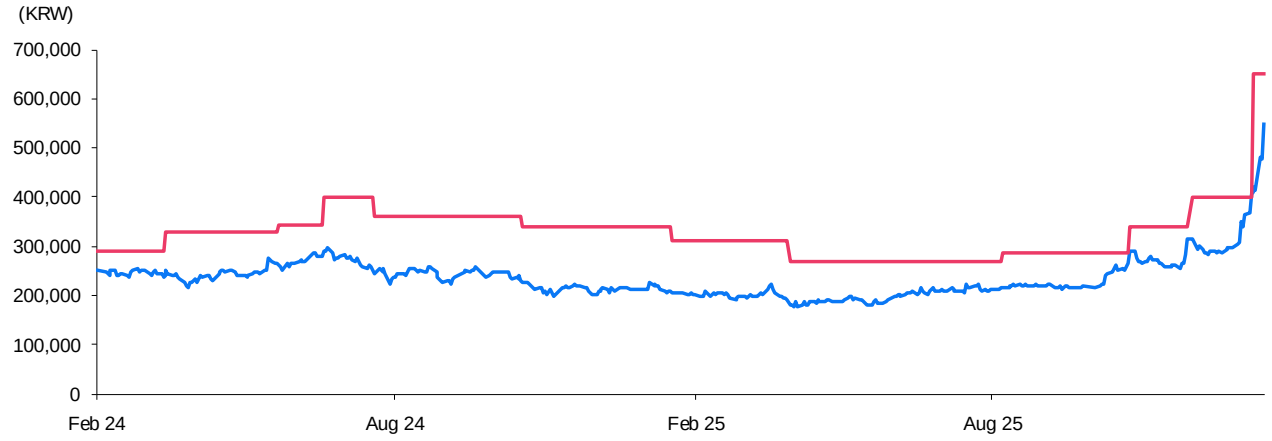
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

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	-22.55
(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	1.50

Date	2026/1/14	1/22
Recommendation	BUY	BUY
Target price (KRW)	650000	850000
Gap* (average)	-27.91	
(max or min)**	-15.54	

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

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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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General

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