SECTOR UPDATE

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Autos (OVERWEIGHT)

HMC's foreign ownership falls: Rotation or exit?

- Following CES 2026: 1) renewed interest in Hyundai Motor Group's (HMG) robotics business has driven up shares of its three key affiliates; and 2) foreign investors have been constant net sellers of Hyundai Motor (HMC).
- In contrast, foreign investors have become net buyers of Hyundai Mobis and Kia following their 4Q conference calls (end-January), supported by strong 4Q earnings (Mobis) and upbeat 2026 sales growth guidance (up 6.8%; Kia).
- HMC is, however, increasingly being seen as a deep tech company. It directly develops robotics, has unveiled a software-defined vehicle (SDV) roadmap, and possesses solid-state battery technology. As market perception shifts, foreign ownership of HMC should gradually recover.

AT A GLANCE

Hyundai Motor	(005380 KS, 509,000)	
Target price	KRW800,000	57.2%
BUY		
Kia	(000270 KS, 161,800)	
Target price	KRW230,000	42.2%
BUY		
Hyundai Mobis	(012330 KS, 446,000)	
Target price	KRW600,000	34.5%
BUY		

WHAT'S THE STORY?

Foreign ownership trends among HMG's trio diverge: All three key Hyundai Motor Group (HMG) companies are investing in the robotics ecosystem, but foreign investors are only selling Hyundai Motor (HMC). Foreign ownership of HMC stands at 30.52%, the lowest among the three affiliates.

- **Value funds behind the selling:** HMC's foreign ownership dropped to 26.3% over Mar-May 2022 amid rising interest rates and the exclusion of HMC/Kia EVs from US Inflation Reduction Act (IRA) benefits. The foreign ownership figure later recovered to 41.4% thanks to strong earnings and enhanced shareholder returns, aligning with their stakes in Kia Motors and Hyundai Mobis.

  Buoyed by CES 2026, HMC is up 80% ytd, making it less of a value play with a 2% dividend yield and a 2026 P/E of 11x. In contrast, Kia and Hyundai Mobis are up 39% and 26% ytd, respectively, with 2026 P/E multiples of 6.5x and 8.8x.

- **Limited earnings growth in 2026**: HMC's earnings growth should prove limited in 2026 due to US tariff headwinds (estimated at KRW4.1t) and stagnant sales growth (up just 0.5% to 4.158m units). Sales are set to rise just 1-2%, for an operating margin of 6.3-7.3% (up 0.1-1.4%pts). Meanwhile, capex should hit a record KRW17.8t (up 22.7%), leading to negative or near-zero free-cash flows in the range of -KRW1t to +KRW0.5t (excluding the finance division).

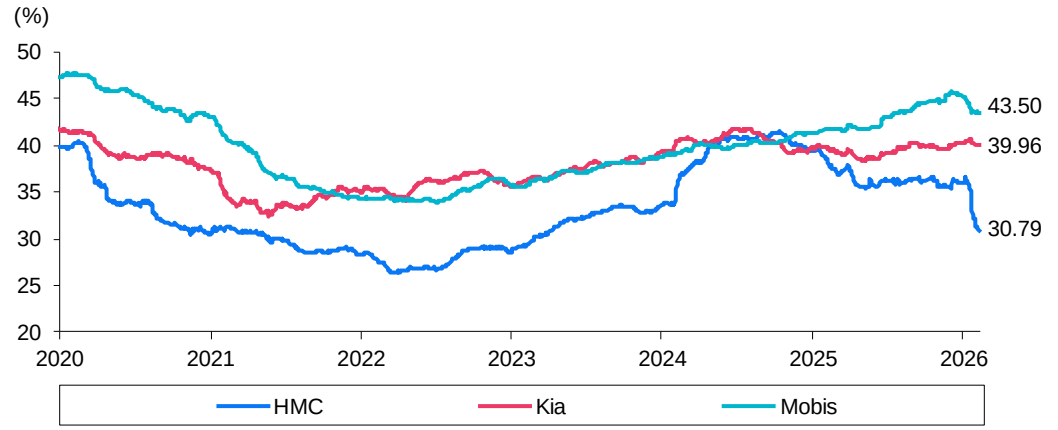
(Continued on the next page)

In contrast, Kia is likely to exceed its operating profit guidance of KRW10.2t (up 12.4%) if it meets its sales targets. Hyundai Mobis also offers strong earnings growth visibility—its module business is expected to turn profitable on a full-year basis in 2026.

Increasingly seen as a deep tech company: With robotics, autonomous driving, and solid-state battery capabilities, HMC is increasingly being compared to Tesla. As market perception of its technological prowess improves, foreign ownership should gradually recover.

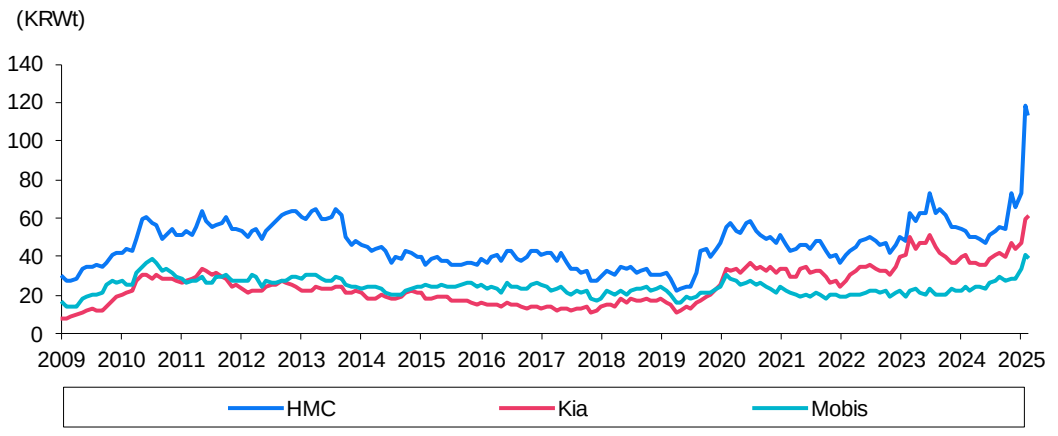
- **Core of robotics ecosystem loop:** HMC is not just a strategic investor in Boston Dynamics—it directly provides robot behavior data, operates training centers to validate robot models, and is the entity that manufactures the robots.
- **Autonomous driving—From weakness to strength:** Post-pandemic, HMC/Kia's low valuations (P/Es of 4-5x) were partly due to their perceived weakness in the field of autonomous driving. With new leadership, the pace of development should accelerate. Kia's CEO Investor Day (CID) is expected to showcase HMG's software-defined vehicle (SDV) roadmap.
- **Solid-state batteries:** HMC is producing solid-state batteries at its Uiwang pilot line and plans to test them in vehicles in 2027, with full production targeted for 2030.

HMG: Foreigner ownership



Source: QuantiWise, Samsung Securities

HMG: Market cap



Source: QuantiWise, Samsung Securities

HMC vs Tesla: Company valuation and physical AI technology

Category	HMC	Tesla
Market cap and P/E ratio*	USD763b and 10x P/E	USD1.54t and 205x P/E
Revenue / Net income (2026)**	USD136.4b / USD8.1b	USD106.6b / USD7.3b
Cash cow	• Auto sales volume: 4m units (ICE, HEV, EVs)	• Auto sales volume: 1.7m units (EVs) • Energy division (expanding from 80 GW)
Robotics	• Boston Dynamics (3 products, including Atlas) • Robotics Lab (14 products, including wearables and MobED)	• Optimus
Autonomous driving	• Advancing Atria AI, reviewing AlpaMayo applications • Motional robotaxi commercialization to begin in late-2026 • Supplying Hyundai Ioniq 5 to Waymo	• Deploying FSD version 14.3 • Cybercab production to start in Apr 2026 • Aiming to deploy robotaxis in half of US cities by 2026
Batteries	• Targeting solid-state battery mass-production by 2030	• Mass-producing 4680 batteries

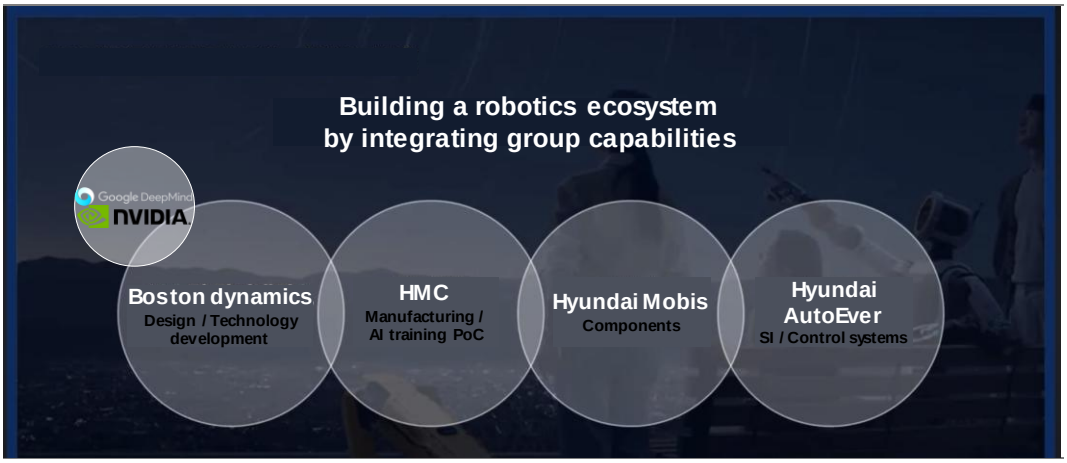
Note: Market cap is based on Feb 6 closing prices;
HMC's market cap is calculated using an exchange rate of USD/KRW1,450;
P/E ratios are based on 2026 consensus
Source: Company data, Bloomberg, Samsung Securities

HMC vs Tesla: Physical AI momentum in 2026

	1Q	2Q	3Q	4Q
HMC	• Announcement of RMAC investment structure	• Announcement of robot factory, SDV roadmap (Kia CID)	• Solid-state battery technology announcement (HMC CID) • RMAC operations begin	• Motional robotaxi service to be launched • Hyundai Ioniq 5 supply to Waymo to begin • Anseong battery campus to start
Tesla	• 3rd-generation Optimus unveiled • FSD to be turned on in China and Europe	• Cybercab production to begin	• Expansion of robotaxi business • US robotaxi fleet regulation to ease	• Optimus mass-production to begin

Source: Company data, Samsung Securities estimates

HMG: Robotics ecosystem



Source: Company data, Samsung Securities

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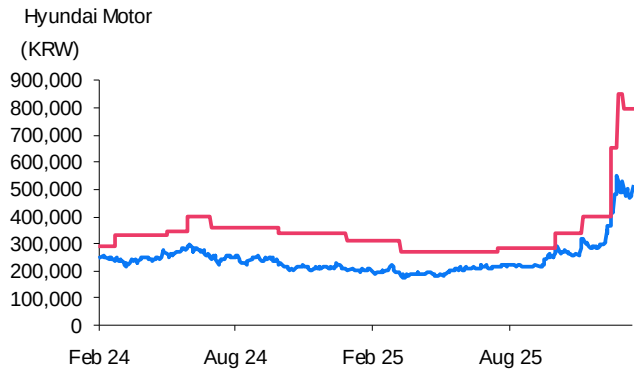
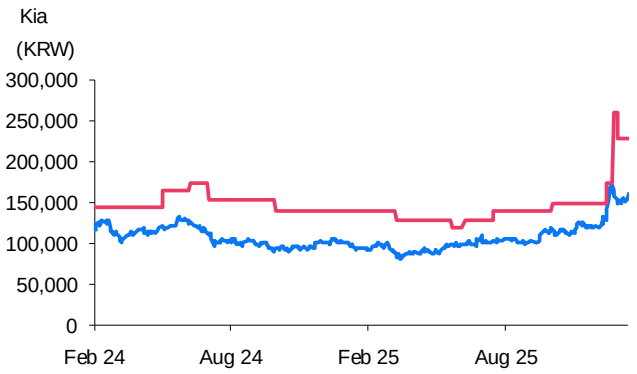
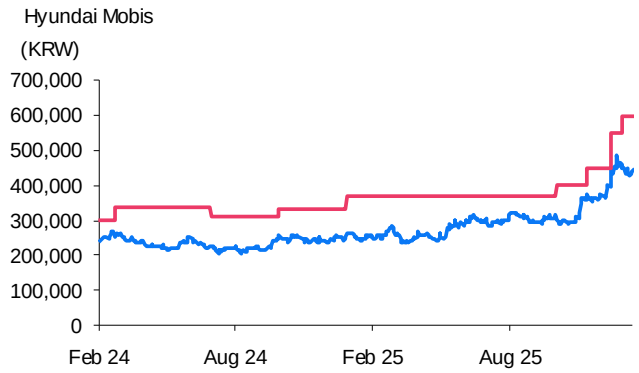
Target price changes in past two years







Rating changes over past two years (adjusted share prices)

Hyundai Motor												
Date	2024/2/5	3/20	5/29	6/25	7/26	10/25	2025/1/24	4/7	8/14	10/31	12/8	2026/1/14
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	290000	330000	345000	400000	360000	340000	310000	270000	285000	340000	400000	650000
Gap* (average)	-15.25	-26.19	-21.52	-31.63	-32.30	-37.27	-34.90	-26.06	-20.49	-20.69	-22.55	-27.91
(max or min)**	-11.90	-16.06	-16.96	-25.50	-28.06	-33.38	-28.39	-17.41	-7.02	-7.35	1.50	-15.54
Date	1/22	1/30										
Recommendation	BUY	BUY										
Target price (KRW)	850000	800000										
Gap* (average)	-40.91											
(max or min)**	-37.88											
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											
Recommendation	BUY											
Target price (KRW)	230000											
Gap* (average)												
(max or min)**												
Hyundai Mobis												
Date	2024/1/26	2/22	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	BUY	BUY		
Target price (KRW)	250000	300000	340000	310000	330000	370000	400000	450000	550000	600000		
Gap* (average)	-9.38	-16.07	-30.85	-28.56	-24.95	-24.53	-22.07	-16.66	-16.89			
(max or min)**	-2.40	-10.33	-21.76	-19.35	-21.67	-12.30	-9.38	0.22	-11.36			

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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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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* 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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