SECTOR UPDATE

2026. 4. 20

EV/Mobility Team

Esther Yim
Team Leader
esther.yim@samsung.com

Hyunji Kim
Research Associate
hyunzi.kim@samsung.com

Scan to go to
Research Center report database

Autos (OVERWEIGHT)

1Q preview; K-Scaped divide comes into focus

- Hyundai Motor (HMC) likely recorded weak 1Q results due to fall in its sales volume. Higher raw-material costs following the outbreak of the Iran war and a fire at a parts supplier are likely to dampen HMC and Kia's 2Q results.
- Nevertheless, we remain upbeat towards HMC/Kia, as they are well-positioned to thrive in this new normal of geopolitical conflicts amid the transition to physical AI.
- By year-end, a series of catalysts should confirm their potential to become top-tier players in the physical AI era.

WHAT'S THE STORY?

Polarized views: Hyundai Motor Group (HMG) saw a sharp early-year share-price rally driven by retail investors. However, institutional and foreign investors remain cautious, questioning the authenticity of HMG's transformation.

- **Sudden re-rating:** Following CES 2026, HMC/Kia are now being valued as robotics companies—yet their meaningful commercialization of robots remains at least two years away. The shift to software-defined vehicles (SDVs) is still based on expectations rather than fact.
- **Concerns over 2026 earnings:** In 2025, HMC/Kia suffered significant operating-profit declines due to US tariffs. In 2026, they continue to face earnings pressure due to tariff-related headwinds (2026 US tariff estimates: HMC KRW4.1t, Kia KRW3.3t), and HMC faces negative sales growth.
- **Global auto demand stalls—earnings growth requires physical AI:** In 2025, nearly all global automakers recorded y-y declines in profits due to US tariffs and intensifying competition. Even Chinese EV makers, once synonymous with growth, saw their sales growth turn negative amid a price war in China and a structural decline in EV demand there. Autonomous driving and robotics are now the only viable growth pathways left—but only six global automakers are actively pursuing both goals. At this early stage of industrial transformation, execution capability is the most critical criterion in our view. HMC and Kia possess four key advantages: 1) solid earnings performance (vs their peers'); 2) concrete plans to build dedicated data centers; 3) strategic partnerships with Nvidia and Google DeepMind for AI development; and 4) deep manufacturing expertise and proven ability to accumulate real-world data.

(Continued on the next page)

AT A GLANCE

Hyundai Motor (005380 KS, 527,000)		
Target price	KRW700,000	32.8%
BUY		
Kia (000270 KS, 157,400)		
Target price	KRW230,000	46.1%
BUY		
Hyundai Mobis (012330 KS, 420,000)		
Target price	KRW600,000	42.9%
BUY		
SL Corporation (005850 KS, 61,000)		
Target price	KRW87,000	42.6%
BUY		
Hwashin (010690 KS, 11,200)		
Target price	KRW16,000	42.9%
BUY		
Hankook T&T (161390 KS, 59,300)		
Target price	KRW85,000	43.3%
BUY		

- **Upcoming physical AI catalysts in 2026:** Upcoming share-price catalysts include: 1) HMC/Kia's disclosure of their SDV transition roadmaps; 2) their detailed announcements on robotics training centers and production facilities; 3) Tesla's launch of its third-generation Optimus robot and Unitree Robotics' IPO; and 4) the US government's official release of a national robotics industrial policy.

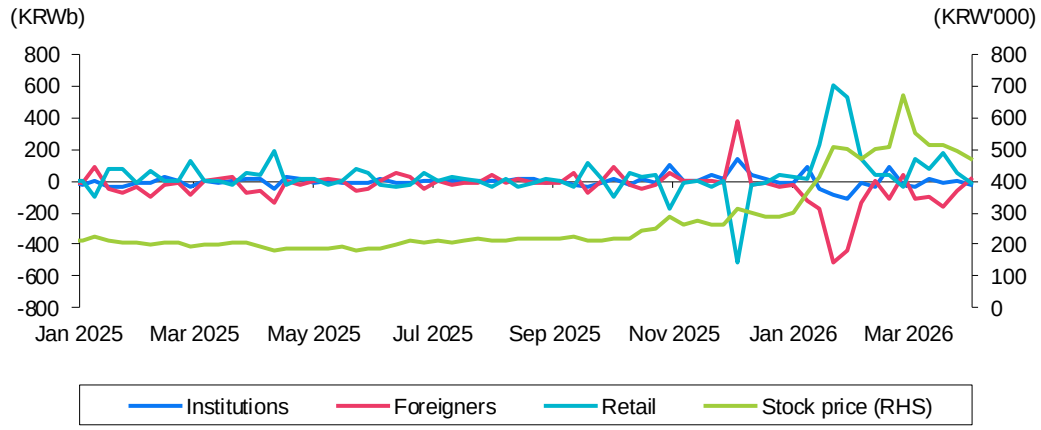
Geopolitical conflicts the new normal: For HMC/Kia, which are competing with Chinese EV makers in the value-for-money segment, geopolitical conflict is actually advantageous.

- **Market fragmentation:** Amid ongoing geopolitical conflicts and the persistent tech rivalry between the US and China, global markets and technology standards are fragmenting. HMC/Kia generate 80-90% of their profits in markets where Chinese EV makers face significant entry barriers (such as the US, India, and Korea).
- **Strong potential to secure top-3 spot in US:** In 1Q, HMC/Kia posted record US sales. In March, HMG trailed Ford by only 2,000-3,000 units, making it highly likely that they will sell more autos than the US automaker in 2Q. In the US hybrid segment in March, they surpassed Honda to claim the #2 position in terms of sales volume.

Polarized views towards HMG

There is a wide divergence between retail and institutional investors in how HMG is perceived in capital markets. Since the start of the year, the auto sector's stock-price rally (led by Hyundai Motor [HMC]) has been primarily driven by retail investors. However, both the domestic and international institutional investors we met during recent investor seminars were skeptical towards HMC/Kia's fundamental transformation. Indeed, until last year, HMC/Kia were widely viewed as lagging behind Chinese EV makers in terms of autonomous driving technology and cost competitiveness, with many analysts questioning their long-term viability (*ie*, over the next 4-5 years). The ongoing geopolitical tensions this year have further clouded their earnings recovery prospects. As such, many are questioning whether HMC's shares doubling in just one month—without corresponding earnings support—is justifiable. Moreover, the current market narrative, which centers on robot production and the shift to software-defined vehicles (SDVs), appears to have been talked up—these catalysts are not expected to materially impact HMG's earnings until 2028 at the earliest. Against this backdrop, foreign investors (primarily value-oriented investors who bought stocks based on their low valuation and expectations of enhanced shareholder returns following the 2023 policy shift) took profit during the rally at the start of the year.

HMC: Net purchases since Jan 2025, by investor type



Source: Dataguide, QuantiWise, Samsung Securities

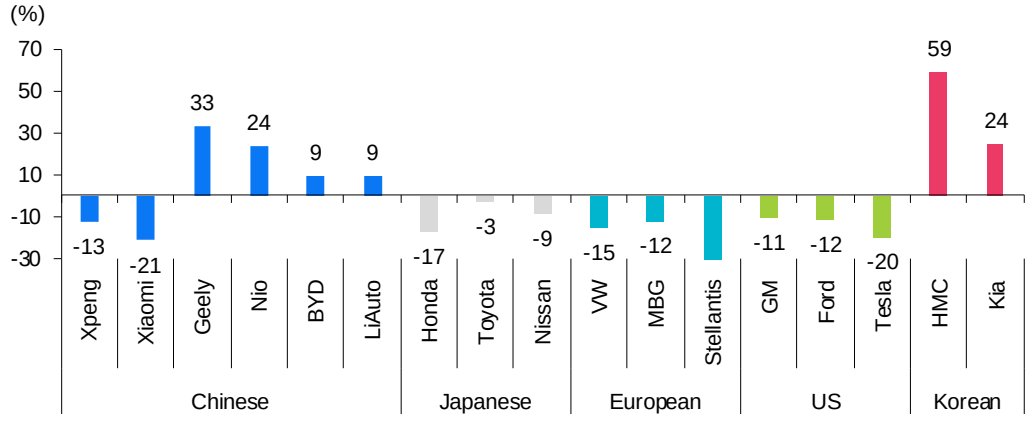
Yet, weak earnings are not unique to HMC/Kia. In 2025, nearly all global automakers—except for Xiaomi, whose EV division turned around—saw their profits shrink due to US tariffs and structural adjustments at their EV operations. HMC/Kia, however, maintained higher profitability than their industry peers. Furthermore, in 2026, the Middle East conflict has triggered sharp increases in raw-material prices. As the conflict should soften global auto demand as well, the earnings recovery outlook for global automakers should remain foggy this year. Even Chinese automakers, whose sales growth was flying high, began recording negative sales growth in 2H25 due to weakening demand in China amid intense price competition there. In this environment of stalled global auto demand and growing price competition, automakers failing to transition towards physical AI technologies should find it all but impossible to record earnings growth.

Globally, only six automakers are actively pursuing both autonomous driving and robotics. Excluding HMG, the other five command significantly higher valuation premiums than their global rivals. Even

Chinese EV leaders that are perceived as being ahead of HMC in autonomous driving technology have seen their valuations (P/E) rise despite logging weak earnings. In the field of robotics, HMG is ahead of Chinese players, as the latter firms (*eg*, BYD, Li Auto, and Xiaomi) have only announced their intention to enter robotics. Pure-play robotics firms are mostly private, and listed parts suppliers (*eg*, actuator makers) are still at the sample delivery stage, generating minimal revenue. Despite HMC/Kia posting the highest stock-price gains ytd among global automakers, HMC's 12-month forward P/E stands at just 10x—similar to Toyota's—and Kia's (6.7x) remains far below the Japanese automaker's.

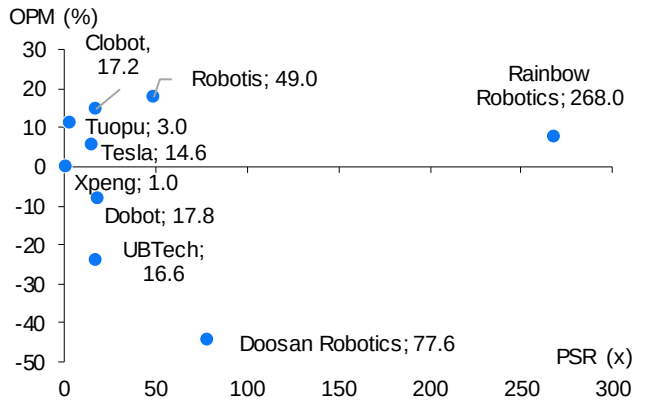
2026 should mark the dawn of the physical AI era, with the commercial rollout of robotaxis and the start of mass-production of humanoid robots. At this inflection point, where a massive technological shift is expected, the key criteria for investment selection should be financial strength and execution capability. AI requires high-performance semiconductors and data centers—without capital, execution is impossible. HMG is reported to have allocated USD3b to purchase 50,000 Nvidia Blackwell chips, with its total data center capex estimated at USD4b. Given a 5-year depreciation cycle for data centers, the group should need to invest more than USD3b every five years to just to sustain its AI intelligence for autonomous driving, robotics, and smart factories. HMG possesses four critical advantages: 1) solid earnings performance (vs that at its peers); 2) a concrete plan (to build data centers); 3) strategic partnerships with Nvidia and Google DeepMind for AI development; and 4) deep manufacturing expertise and proven ability (to accumulate real-world data). HMC/Kia and their value chains are well-positioned to thrive in the physical AI era.

Global automakers: Stock performance in 2026



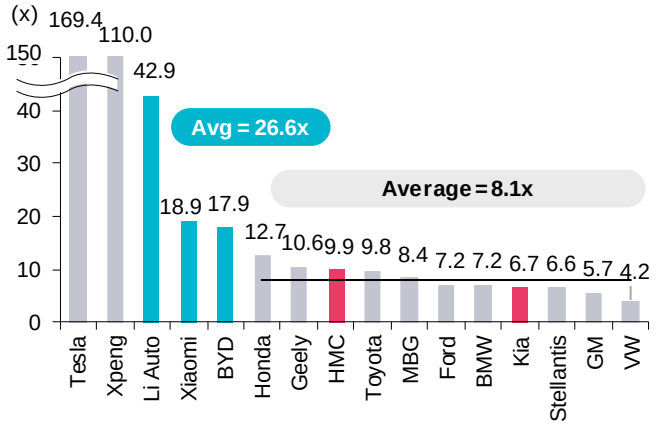
Note: From Jan 1-Apr 3, 2026
Source: Dataguide, QuantiWise, Samsung Securities

Robotics and actuator companies: P/S ratio vs OPM (2026E)



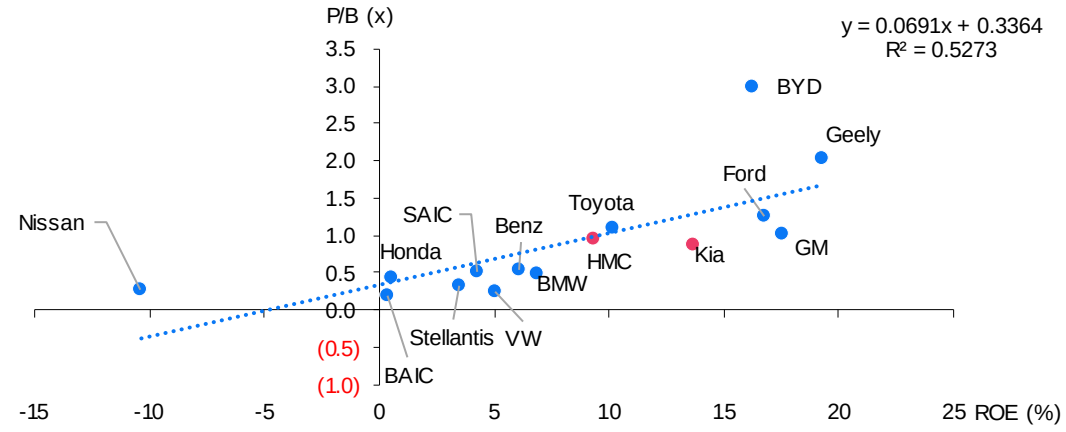
Source: Bloomberg, Samsung Securities

Automakers: 12-month forward P/E valuations



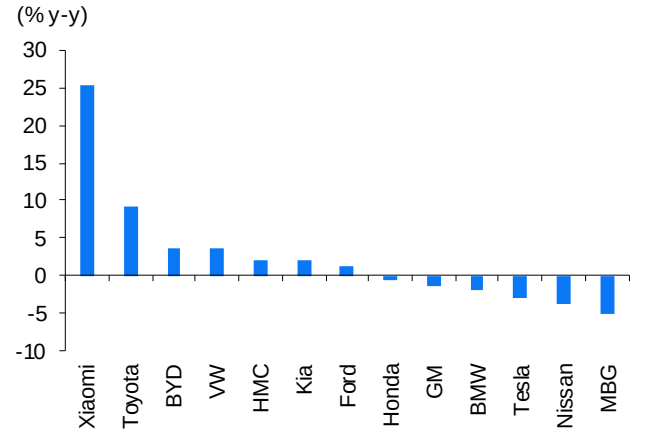
Source: Bloomberg, Samsung Securities

Automakers: P/B vs ROE (2026E)



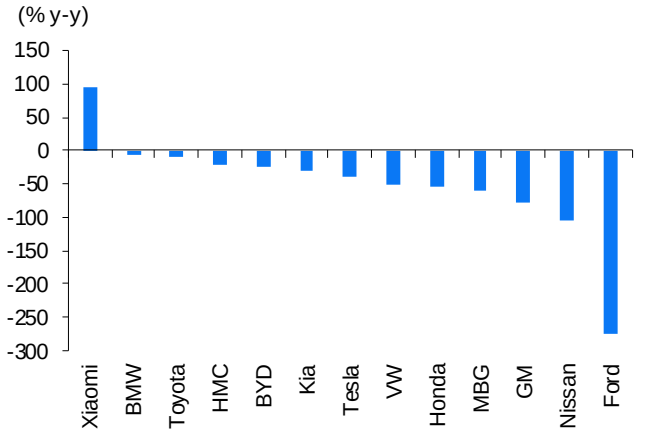
Source: Bloomberg, Samsung Securities

Global automakers: Revenue change in 2025



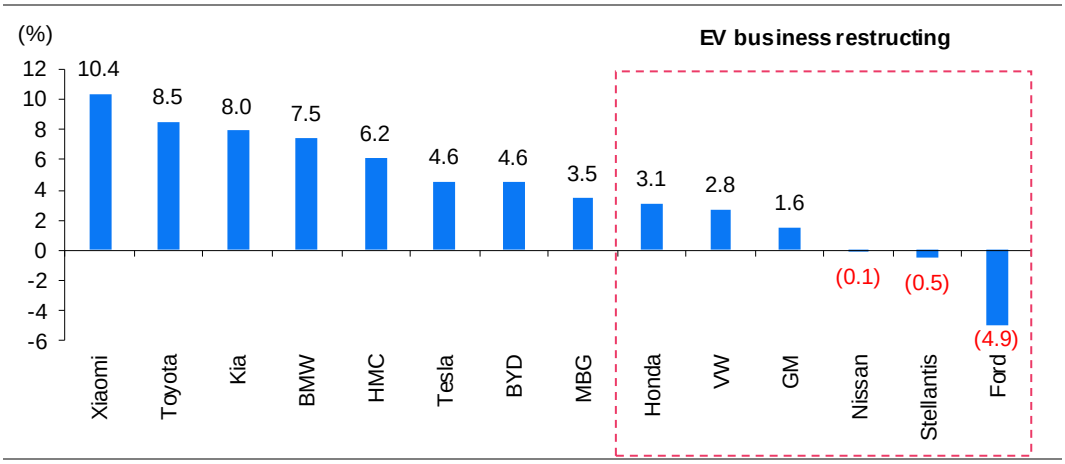
Source: Bloomberg, Samsung Securities

Global automakers: Operating income change in 2025



Source: Bloomberg, Samsung Securities

Global automakers: Operating margin in 2025



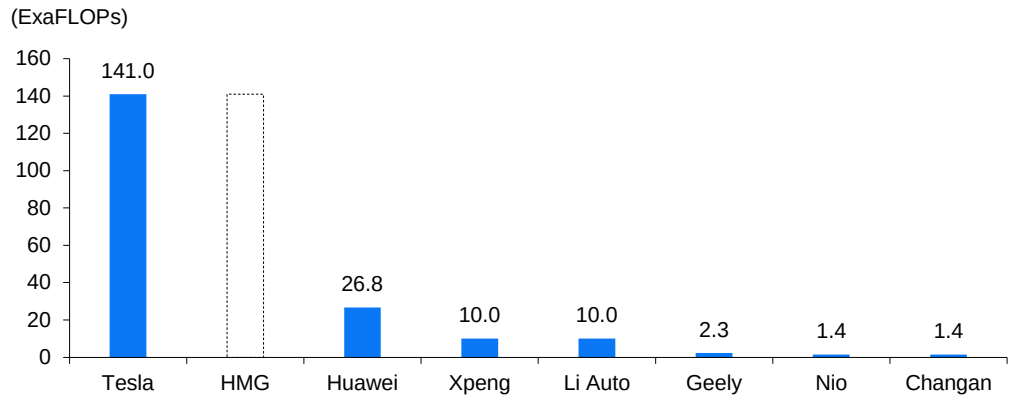
Source: Bloomberg, Samsung Securities

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.

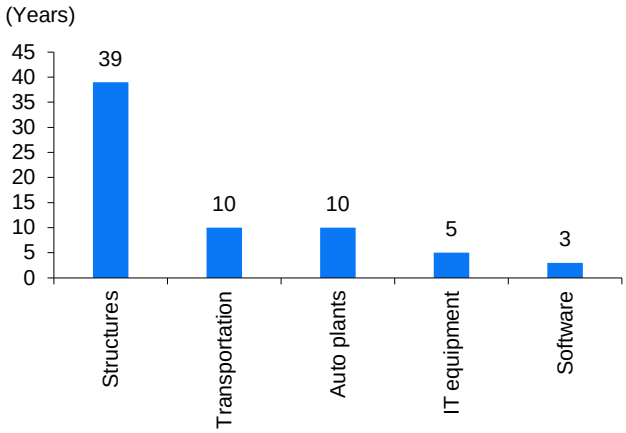
Source: Media, Samsung Securities

Tesla vs Chinese automakers: Computing power



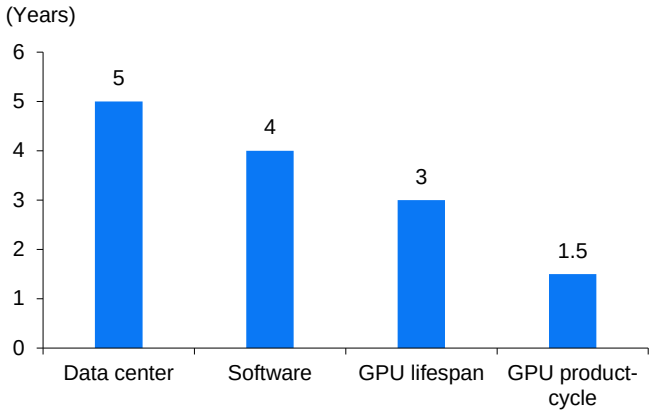
Source: CITIC, Samsung Securities

Capex items and tax-prescribed depreciation rates



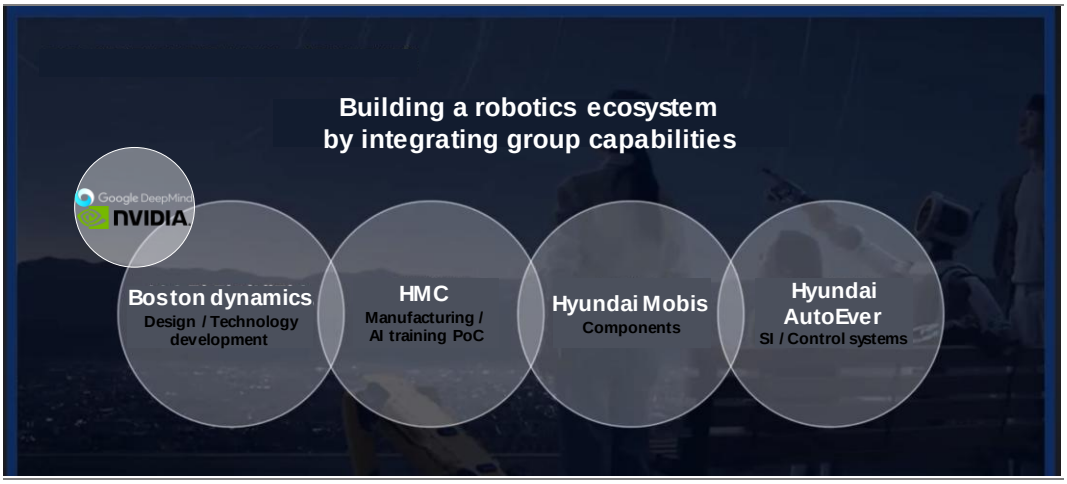
Source: Tax code, Samsung Securities

Data center asset depreciable life



Source: Nvidia, Samsung Securities

HMG: Robotics ecosystem



Source: Company data, Samsung Securities

Boston Dynamics: Robot value chain

Product	Component	Company	Notes
E-Atlas	Actuator	Hyundai Mobis	Sub-component sourcing status is undecided
	Head module	Hyundai Mobis	
	Body module, arm, leg	Hwashin	
	Battery	LG Energy Solution	
	Smart lighting	n/a	Bidding in progress
	SI / Control system	Hyundai AutoEver	
Spot	Actuator	HL Mando	2nd generation release planned for 2027
	Leg Module	SL Corp	
Stretch (Logistics Robot)	Turn Signal	SL Corp	

Source: Company data, Samsung Securities

Robotics Lab: MobED value chain

Component	Company	Remarks
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: 30 FPS / Power consumption: 5 W
Actuator	Gyeyang Electric	12 units per robot
Contract manufacturing	SL Corp	Includes battery pack

Note: The target is to sell 10,000 to 15,000 units over the next three years.
Source: HMC, Samsung Securities

Three key catalysts that will help alleviate skepticism surrounding HMG's execution capability are expected to be seen in 2026.

First, Kia's CEO Investor Day was on Apr 9, and HMC's is scheduled for 3Q. HMG's SDV transition roadmap is likely to be unveiled at these events, as well as details surrounding robotics training centers (Robot Metaplant Application Center; RMAC) and production facilities. The shift to SDVs represents a fundamental business model transformation: Moving from one-time vehicle sales to recurring software subscription revenue over a vehicle's lifespan. For robotics, investors are mostly focused on investment scale and equity stakes. Crucially, robotics training requires data centers—will HMG build them in-house or partner with cloud providers? In late February, HMG announced a KRW9t investment in the Saemangeum complex to build a data center and robotics ecosystem, triggering strong share-price gains across its value chain. Companies with exposure to the US robotics market are expected to surge when the US government announces its robot ecosystem investment plans.

Second, in 3Q, HMG plans to activate RMAC. Given that the Atlas robot will be tested at Hyundai Motor Group Metaplant America (HMGMA), the training center is expected to be located nearby. HMC's CEO Investor Day, which is expected to take place in 3Q, is likely to emphasize its solid-state battery technology. HMC is currently operating a pilot production line for solid-state batteries in Uiwang, targeting mass-production after 2030. By end-2026, it plans to begin test production at its Anseong battery campus. It also intends to mass-produce its SDV pace car to collect real-world road data and refine AI models for Level 2+ autonomy.

Third, in 4Q, HMC plans to start selling its Ioniq 5 to Waymo. As Waymo expands its robotaxi network nationwide, HMC's Ioniq 5 sales volume is expected to rise rapidly. HMC/Kia's robotaxi subsidiary Motional also plans to launch commercial operations in Las Vegas this year.

Globally, multiple physical AI catalysts should emerge from 2Q. In 2Q, Tesla should begin mass-production of its Cybercab, directly competing with Waymo in the robotaxi market. Tesla is also expected to unveil the third-generation Optimus robot. In 3Q, Unitree Robotics plans to be listed on the Shanghai Stock Exchange's STAR Market.

The most significant catalyst in 3Q should be the US government's robotics policy announcement. In late March, Republican Senator Tom Cotton and Democratic Senator Chuck Schumer jointly introduced the American Security Robotics Act of 2026. The bill aims to protect US data privacy and block the infiltration of robotics technologies from adversarial nations (*eg*, China, Russia, North Korea, and Iran) into critical US infrastructure and national security systems. Unlike the IRA, it contains no US production mandate or consumer subsidies—only exclusionary measures against China. As government subsidies are essential for nurturing nascent industries, the US government is expected to announce a supportive policy framework after the Iran conflict concludes.

HMG and global market: Physical AI momentum in 2026E

	Jan	Feb	2Q	3Q	4Q
HMG	• Atlas unveiled at CES • Partnership with Google DeepMind announced	• Boston Dynamics CEO replaced • Building a robotics value chain • Announced KRW9t investment in Saemangeum	• Announcement of RMAC investment structure	• Solid-state battery technology announcement (HMC CID) • RMAC operations begin	• Motional robotaxi service to be launched • Hyundai Ioniq 5 to start being supplied to Waymo • Anseong battery campus to become operational
Global			• Tesla Cybercab production • Optimus Gen3 unveiling • Waymo robotaxi expansion	• US robotics policy announcement • Tesla Optimus mass-production • Chinese company Unitree's IPO	• Agility mass-production • Figure AI mass-production

Source: Company data, Media, Samsung Securities

Comparison of Security Robotics Legislation, Drone Regulations, and the Inflation Reduction Act (IRA)

Aspect	Security Robotics Bill	Drone Regulations	IRA (Inflation Reduction Act)
Implementation	Expected to be introduced in Mar 2026; implementation anticipated in 2027	Implemented in 2024	Implemented in Aug 2024
Primary targets	Chinese and Russian-made humanoids and UGVs (Unmanned ground vehicles)	Chinese-made small and commercial drones (*eg*, DJI)	Electric vehicles containing Chinese batteries and critical minerals
Incentive approach	No incentives — pure regulatory restriction	Indirect support: Subsidies funded by customs revenue; large-scale procurement contracts with domestic firms (*eg*, Anduril)	Direct financial support: Consumer tax credits, production tax credits, and manufacturing subsidies
Production location requirements	Nationality-based: Manufacturer's country of origin is more important than production location	Component-level regulation: Mandatory phased US localization of parts	Final assembly must occur in North America; key minerals must originate from approved sources
Impact on Korean companies	Expanded export opportunities for finished products and components	Benefits for small drone components and defense-grade drone suppliers	Mandatory local factory investment in North America; eligibility for government subsidies

Source: Congress.Gov, Samsung Securities

HMG: Conflict era to prove be advantageous

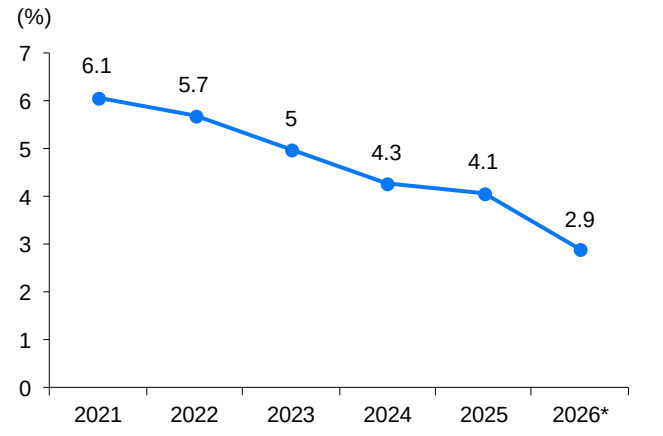
We are currently in an era of geopolitical conflict. Beginning with the Russia-Ukraine war in 2022, by 2026 the US had subdued Venezuela and was in open conflict with Iran. The US and China are also locked in battle for AI dominance. Wars drive up raw-material and logistics costs while suppressing consumer demand. The auto sector—classified as a discretionary good—is particularly vulnerable, as automakers cannot quickly pass on these rising costs.

However, market fragmentation has led to Chinese EV makers being obstructed in HMG's core markets—HMC/Kia have been able to avoid direct price competition in their key regions. Both HMG and Chinese EV makers target the mass market, which buyers are looking for value-for-money autos. In reality, HMC/Kia have been steadily losing market share to Chinese EV brands in overlapping markets. Chinese EV makers benefit from vertical integration—they control everything from mining raw materials (for batteries) to smelting facilities, production equipment, autonomous driving software, and semiconductors—granting them overwhelming cost advantages. To address the Chinese oversupply, Chinese automakers began aggressively exporting their cars from 2023, becoming the world's top auto exporter in 2024.

Yet, prolonged price wars in China have eroded profitability. In 2026, reduced government subsidies have intensified competition among Chinese EV makers. Even BYD, China's market leader, has

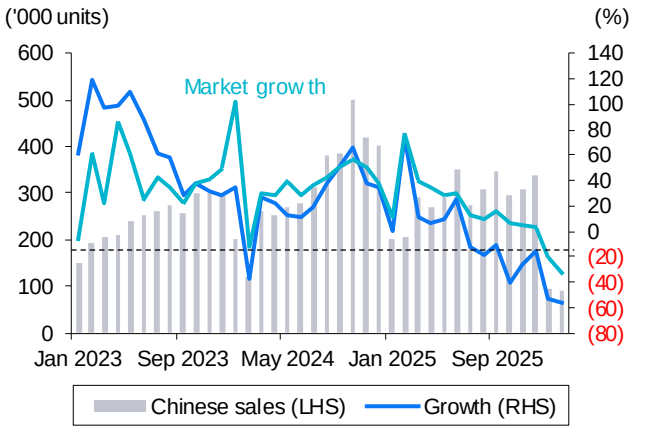
struggled to generate profits, pushing it to double down on exports. However, overseas sales expansion requires more local production. But wartime cost pressures should increase capital expenditure burdens and push back timelines. BYD, China's top-selling automaker, has seen its sales decline since Jul 2025, and it is expected to miss its 2026 sales target, likely marking its first post-pandemic annual decline in vehicle sales. As the most aggressive Chinese player in terms of overseas plant constructions, BYD has already delayed the opening of its Hungarian and Turkish plants by one year.

Chinese automakers: Average operating margin



Note: * As of Feb 2026
Source: National Bureau of Statistics of China, Media, Samsung Securities

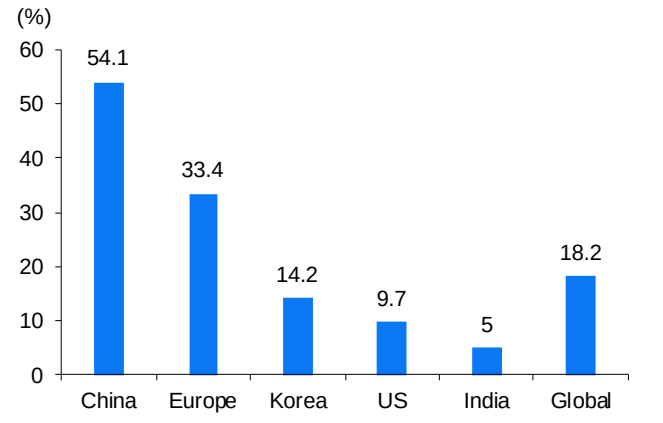
BYD: Sales in China



Source: Bloomberg, Samsung Securities

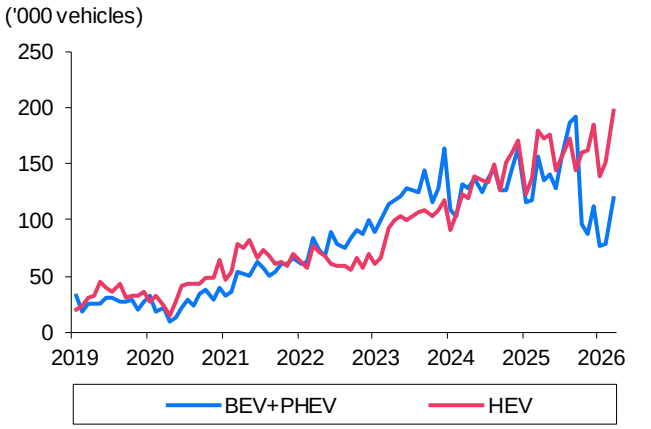
Global market fragmentation and diverging regional technical standards also favor HMC/Kia. For example, while EVs are becoming the standard in China and Europe, the penetration rate in HMC/Kia's core markets (the US, Korea, and India) remains around 10%. In the US and Korea, hybrid vehicle sales significantly outpace EV sales. The hybrid segment in the US is dominated by Toyota, Honda, HMC, Kia, and Ford, with Subaru and Mazda now joining the affray (after licensing Toyota's technology). Hybrids: 1) leverage existing ICE platforms, thus require minimal R&D investments; and 2) command higher ASPs and superior profitability vs conventional ICE autos.

EV penetration in major countries/regions



Source: EV-Volumes, Marklines, Samsung Securities

US: Auto demand - HEVs vs BEVs+PHEVs

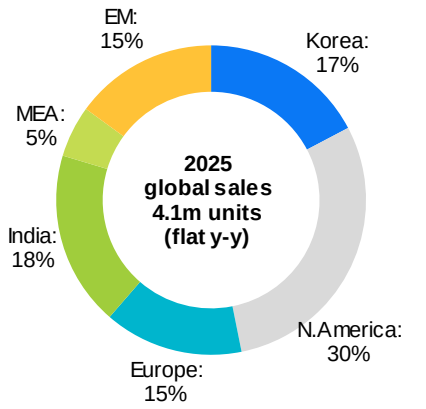


Source: Marklines, Samsung Securities

HMC/Kia on track to become top-3 automaker in US

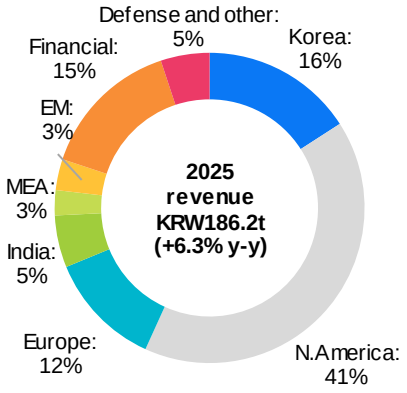
Since the pandemic, HMC/Kia have strategically shifted their sales focus from EMs to DMs, particularly North America. Their highest-margin markets are North America, Europe, and India. Among these three, North America—where Chinese automakers have virtually no presence—contributes 50-60% of HMC/Kia's consolidated operating profit. The Korean market, by contrast, faces soft growth and intense competition from imports, with HMC/Kia's estimated profitability at only 5-6%.

HMC: Global sales volume, by region



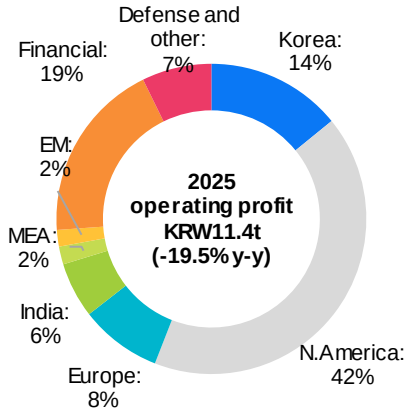
Source: Company data, Samsung Securities

HMC: Revenue portion, by region



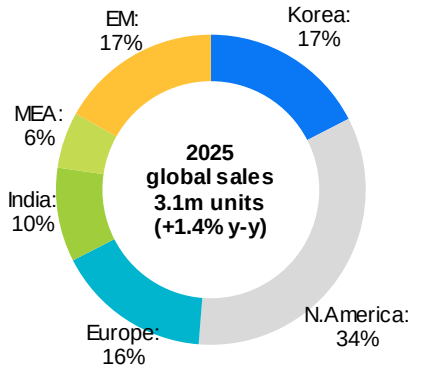
Source: Company data, Samsung Securities

HMC: Operating profit portion, by region



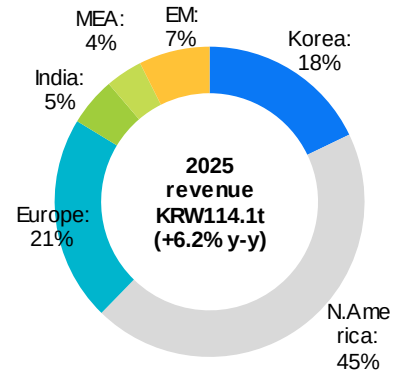
Source: Company data, Samsung Securities

Kia: Global sales volume, by region



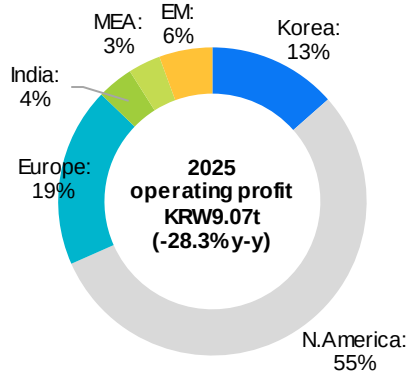
Source: Company data, Samsung Securities

Kia: Revenue portion, by region



Source: Company data, Samsung Securities

Kia: Operating profit portion, by region



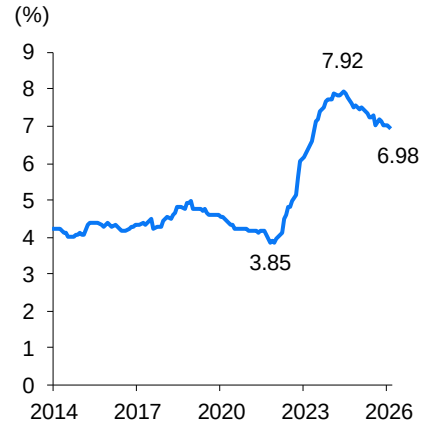
Source: Company data, Samsung Securities

Thus, the US market is the most critical for HMC/Kia's financial performance. US total auto demand has stalled at 15m-16m units *pa*, yet a more favorable environment is being created for HMC/Kia's value-for-money offerings. High interest rates and inflation have made used cars more attractive than new ones—used car sales now outpace new car sales by a ratio of 1.7-1.9:1. The average age of vehicles on US roads has risen from 11.8 years in 2019 to a record 13 years in 2026. While vehicle durability has improved, economic pressure has also prompted owners to keep their cars for longer. As auto longevity increases, total cost of ownership (TCO) becomes more critical—the largest component of TCO is the

auto's residual value. The lack of EV popularity in the US stems less from the expiration of IRA subsidies in Sep 2025 than from their weak used-car prices—*eg*, without subsidies, EVs hold lower resale values than their ICE auto equivalents.

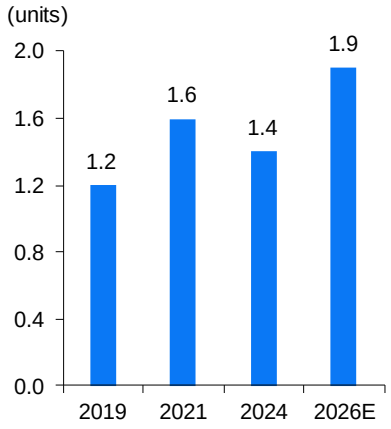
Gas prices have topped USD4 per gallon since March. Combined with a high base (pre-tariff stockpiling in Mar 2025 ahead of new US tariffs in Apr 2025), new US auto demand fell 11.7% y-y in March 2026. In this environment, the only segment experiencing growth is hybrids—not EVs. The hybrid market is now twice the size of the EV market and remains the sole auto segment seeing demand growth.

US: Rates on 60-month loans for new cars



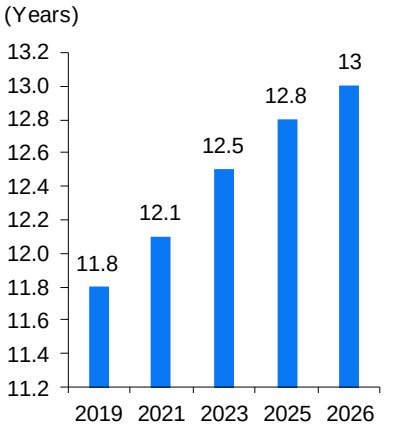
Source: Statista, Samsung Securities

US: Number of used vehicles sold per new vehicle sold



Source: Cox Automotive, Samsung Securities

US: Average age of vehicles in operation



Source: S&P Global Mobility, Samsung Securities

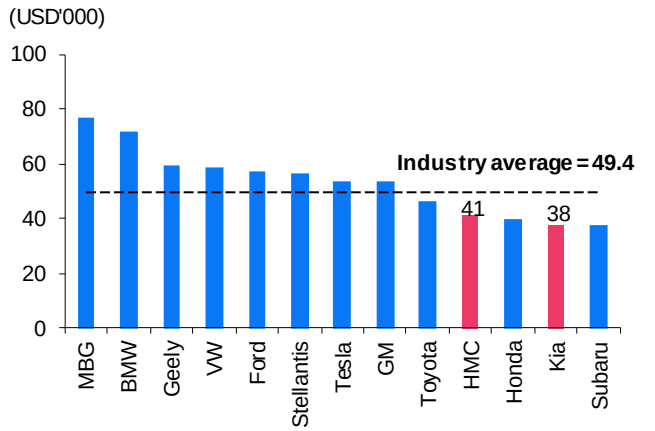
Tesla Model Y vs Toyota RAV4: 5-year TCO comparison in US

(USD)	Tesla Model Y		Toyota RAV 4	
	Long-range (ex tax credit)	Long-range (inc tax credit)	RAV4 HEV	RAV4 gasoline
2025 US sales (units)	316,458	316,458	181,433	277,583
Driving range (miles)	320	320	560-580	420-435
New car price	41,490	33,990	32,600	29,550
Fuel/Charging cost*	3,232	3,232	5,895	7,860
Repair & Maintenance	1,250	1,250	2,500	3,500
Insurance	9,000	9,000	7,250	6,750
Tax	750	750	1,500	2,000
Resale value	-15,446	-15,446	-17,575	-13,175
Resale value ratio (%)	37.2	45.4	53.9	44.6
Total cost of ownership	40,276	32,776	32,170	36,485
TCO per mile**	0.598	0.486	0.477	0.541

Note: *Assumes 80% home charging (USD0.2/kWh) and 20% Supercharging (USD0.4/kWh);
**TCO per mile is based on 5-year driving range of 67,380 miles (108,000 km)
Source: Kelly Blue Book, EIA, Samsung Securities

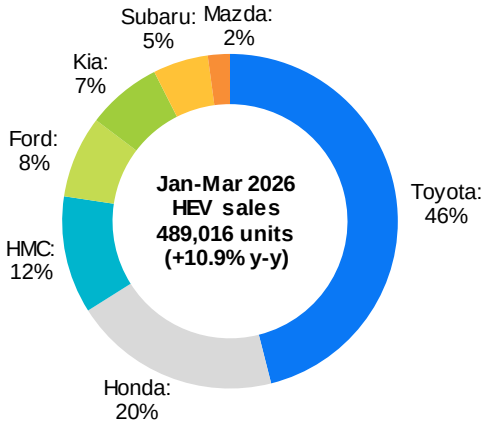
Starting in 2026, HMC/Kia aim to expand their hybrid lineups, beginning with the Palisade (HMC) and Telluride (Kia). HMC/Kia also enjoy strong price competitiveness in the US. Fueled by hybrid expansion and pricing strength, both brands logged record sales volume in 1Q26 and posted the highest market-share growth in the industry (y-y). In March, HMC/Kia (together) surpassed Honda to rank #2 in hybrid sales volume in the US. Overall, HMC/Kia rank #4 in total US sales, trailing Ford by just 2,000-3,000 units—HMG it highly likely to overtake Ford in 2Q26.

US market: Transaction price



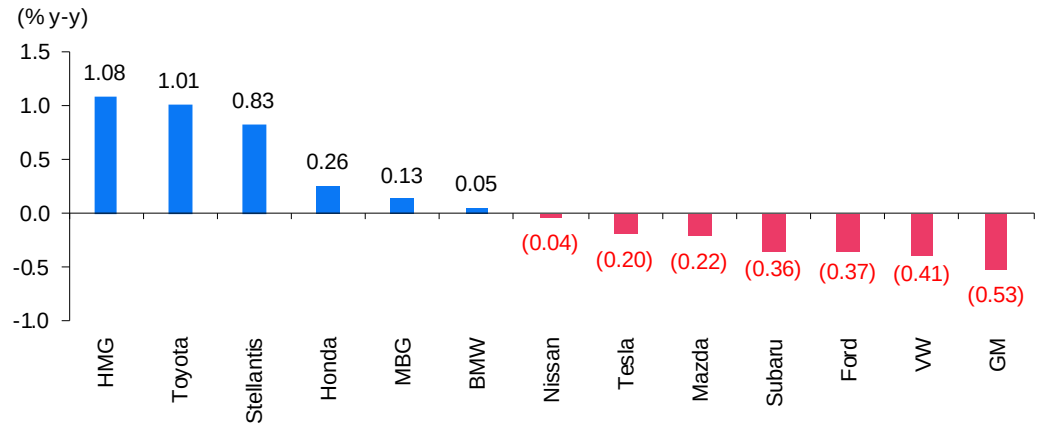
Source: Kelly Blue Book, Samsung Securities

US market: Hybrid market share



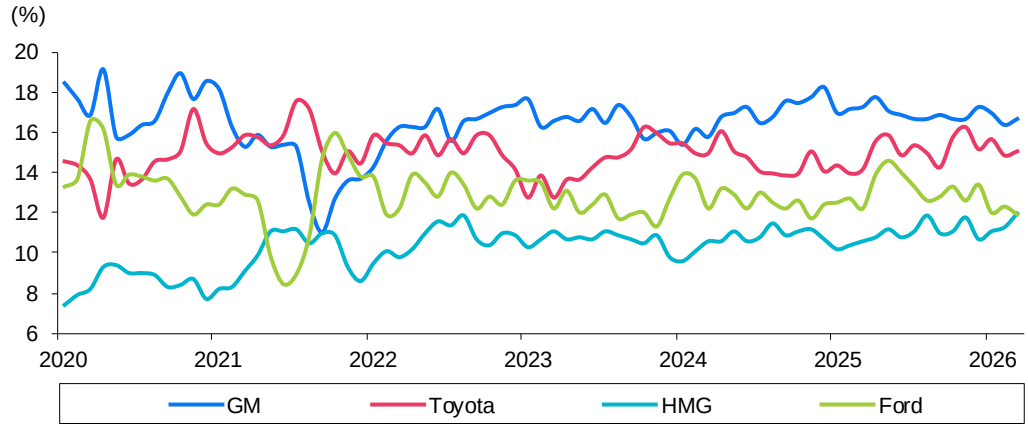
Source: MarkLines, Samsung Securities

US market: Market share changes y-y in 1Q26



Source: MarkLines, Samsung Securities

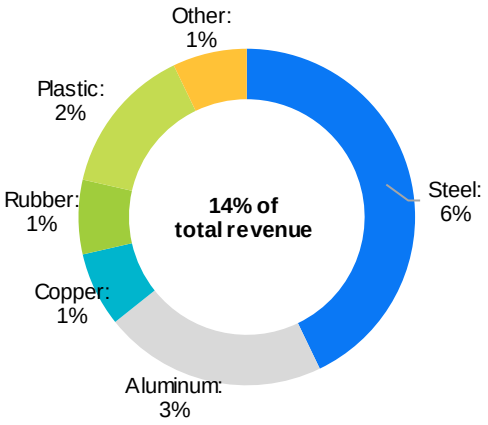
US: Market share, by automaker



Source: MarkLines, Samsung Securities

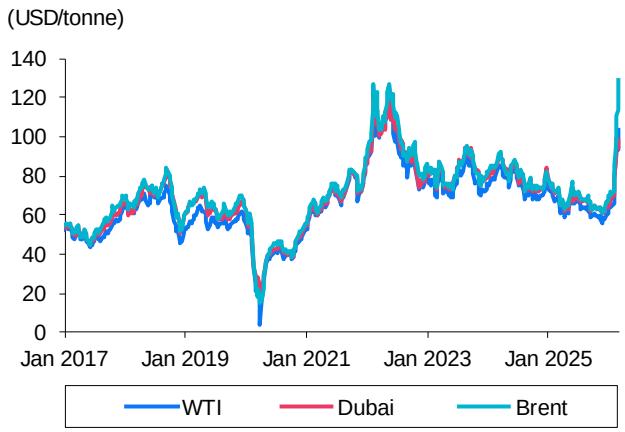
Meanwhile, rising raw-material prices due to the Middle East conflict are expected to negatively impact HMG's 2Q26 earnings. Raw materials account for 12-14% of its total sales, with key components including steel (6-7% of its total sales), aluminum (2-3%), plastic (1.5-2%), rubber (1%), and copper (0.5-1%). Aluminum, plastic, and copper prices have surged, likely adding a 0.5-1%pts cost burden (in total) to vehicle production from 2Q26. However, if HMG's sales volume remains stable, this price rise should be fully offset by the weakening won. For every KRW10 depreciation against the USD, HMC's operating profit rises 3-3.5%, Kia's 3.5-4%, and Hyundai Mobis' 1.5-2%. Rapid won weakening q-q at end-1Q (it weakened 5.5% since end-4Q) likely increased warranty provisioning, offsetting some of the gains. But if the current forex (KRW1,500/USD) persists through 2Q26, the won would be 5% weaker than the 2025 average of KRW1,423. From 2Q26, the weaker won should become a net positive factor for HMG's earnings.

Raw material costs as a percentage of sales



Source: HMC, Samsung Securities

Oil prices rise to levels seen when Russia-Ukraine war began



Source: Bloomberg, Samsung Securities

HMG: USD sensitivity estimates

	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
2025 operating profit	11,468	9,078	3,838
Operating income impact	**3.7%**	**4%**	**1.7%**

Source: Company data, Samsung Securities estimates

1Q preview for HMC/Kia: HMC and Kia's sales performance diverges

Below is our 1Q preview for HMC/Kia, with that for their suppliers beginning on p22.

- **HMC/Kia's global production lags wholesales volume in 1Q:** HMC and Kia together produced 1.763m vehicles in 1Q (flat q-q and -1.1% y-y), roughly 10,000 units more than their combined global wholesales volume of 1.75m units (-2.4% q-q and -1.4% y-y). The two automakers maintained their global inventories at reasonable levels of 2.2 and 2.5 months' worth of sales, respectively, with their US inventories at 3 and 2.9 months' worth of sales. Their US inventories are slightly above reasonable levels, so any sales impact stemming from the engine valve-related supply disruptions (there was a fire at a supplier) is likely to be minimal.
- **Ex-China performance:** Outside of China, HMC and Kia's combined global wholesales came in at 1.704m units in 1Q (-1.7% q-q and -1.3% y-y). HMC's ex-China wholesales reached 0.948m units (-4.8% q-q and -2.4% y-y). Looking at HMC's regional sales mix, the automaker showed strength in the US (selling 243,000 units; +0.3% y-y; led by the Santa Fe/Tucson hybrids and the new Palisade launch) but weakness in Korea (159,000 units; -4.4% y-y; sales of imported EVs such as those made by Tesla and BYD proved brisk).

  Kia's ex-China wholesales came to 775,000 units (+1.9% q-q and +0.3% y-y). Its wholesales in the US slipped 2% y-y to 202,000 units in 1Q on the high base, but likely returned to growth in February with the launch of the second-generation Telluride. In Korea, its wholesales increased 5.3% y-y to 142,000 units, supported by strong demand for EVs and key models.
- **Production disruption in 2Q:** A fire at a tier-2 supplier of engine valves is likely to result in a production loss of 30,000 units each for HMC and Kia over April-May. Both automakers are working to offset the impact by ramping up overseas production (including in the US). Currently coordinating with alternative suppliers, the automakers should be able to normalize production by June.
- **Regional sales and product mix:** HMC derived 41.3% of its wholesales from the US and Korea in 1Q (+0.4%pts y-y). For Kia, this portion was 44.4% (+0.2%pts y-y). HMC and Kia's regional sales mix was mostly stable y-y. Their wholesales in Europe remained sluggish, but the overall improvement in product mix likely helped mitigate this.

  In Europe, HMC's wholesales fell to 139,000 units (-7.9% y-y), continuing its decline. A hike in incentives (since 4Q24; estimated at EUR2,000 per vehicle) pressured profit. Kia's wholesales rose to 140,000 units (+2.1% y-y), reversing to an uptrend. Kia began production of the EV4 in August and the EV2 in February at its Slovakia plant. Now selling five EV models—EV2, EV3, EV4, EV5, PV5—Kia is aggressively targeting the European EV market. The Seltos hybrid is set for launch in 2H.

  Both HMC and Kia noted during their 4Q earnings calls that nearly half of their incremental annual incentive spending took place in Europe due to rising competition there. HMC's annual incentive spending expanded KRW2.18t y-y (1.1%pts of sales), with an estimated KRW1t of the increase tied to Europe. Kia's annual incentive spending grew KRW1.5t y-y (to 1.3%pts of its sales), with an estimated KRW700b of the increase linked to Europe. As Kia was the first to return to sales growth (*ie*, before HMC), whether it reduces its European incentives warrants attention.

  At HMC, the Genesis marque and SUVs accounted for a combined 65.3% of HMC's 1Q sales (+1.7%pts q-q). Kia's SUV sales portion dipped 0.4pts q-q to 75.4%.

- **HMC/Kia sell 323,000 hybrids (+31.3% y-y), representing 18.5% of total sales:** HMC sold 175,000 hybrids in 1Q (+27.8% y-y) and Kia sold 148,000 (+35.2% y-y). Hybrids made up 18% (+4.3%pts y-y) and 19.2% (+5%pts y-y) of HMC's and Kia's respective sales volumes, far exceeding their EV sales volume portions (6.5% and 8.8%).
- **US incentives drop q-q:** The average manufacturer incentive per vehicle fell 1.7% q-q (but rose 0.3% y-y) to USD3,385 in 1Q, according to Autodata. In 3Q25, there was intense competition to sell EVs before the IRA tax credits ended in September. But after that, as EV sales slowed, companies cut their incentives. Meanwhile, 1Q26 numbers were affected by a high base (consumers rushed to buy autos in 1Q25 ahead of the tariff implementation). HMC's US incentives per auto fell 8.1% q-q and 21.6% y-y to USD2,508. Kia's US incentives fell 3.1% q-q (but rose 4.3% y-y) to USD3,382. Of note, Kia said it actually offered incentives of USD2,200-2,300 per auto (virtually q-q).
- **Won weakens at end of quarter, hinting at higher warranty provisioning:** The won-dollar rate ended 1Q at KRW1,519.5/USD (+5.5% q-q). As the won weakened, the automakers likely set aside more for warranty provisioning. As of end-4Q25, HMC/Kia had a respective KRW9.74t and KRW8.55t in warranty liabilities (an estimated 65% in dollars and 15% in euros). We estimate that HMC/Kia made warranty provisioning of a respective KRW1.12t (+15% q-q and +26% y-y) and KRW1t (+4% q-q and +50% y-y) in 1Q.
- **HMC's operating profit to miss consensus by 22%:** We believe HMC will report 1Q sales of KRW46.3t (-1.1% q-q but +4.3% y-y) and an operating profit of KRW2.3t (+36.8% q-q but -36.2% y-y), for an operating margin of 5% (+1.4%pts q-q but -3.2%pts y-y). Barring a KRW350b increase in warranty provisioning (tied to the rapid won depreciation), operating profit would have read KRW2.65t—10.7% below consensus of KRW2.97t.
- **Kia's operating profit to miss consensus by 12.5%:** We expect Kia to announce 1Q sales of KRW29t (+3.2% q-q and +3.5% y-y) and an operating profit of KRW2.1t (+15.6% q-q but -29.2% y-y), for an operating margin of 7.3%. Excluding a KRW300b increase in warranty provisioning (due to the won weakening against the US dollar), Kia's operating profit would have reached KRW2.4t, meeting consensus of KRW2.4t.

Operating profit forecasts

(KRWb)		1Q26E			2Q26E			2026E		
		Samsung	Consensus*	vs consensus	Samsung	Consensus*	vs consensus	Samsung	Consensus*	vs consensus
Autos	HMC	2,319	2,969	Below	3,042	3,550	Below	11,588	12,874	Below
	Kia	2,129	2,433	Below	2,872	2,752	In-line	10,290	10,276	In-line
Auto	Hyundai Mobis	866	856	In-line	959	946	In-line	3,869	3,838	In-line
Parts	Hanon Systems	94	92	In-line	109	114	In-line	417	413	In-line
	HL Mando	81	94	Below	97	110	Below	394	426	Below
	SL Corporation	123	119	In-line	133	137	In-line	447	434	In-line
	Haesung DS	23	24	Below	29	27	Above	109	107	In-line
	Hankook T&T	553	492	Above	507	518	In-line	2,199	2,198	In-line
	Hyundai AutoEver	40	49	Below	73	83	Below	292	301	In-line
	SNT Motiv	24	25	In-line	30	31	In-line	115	112	In-line

Note: Consensus as of Apr 3;
*Samsung forecast considered 'in-line' if deviation from consensus is within 5%
Source: Source: FnGuide, Samsung Securities

Average forex rates

	1Q26	4Q25	1Q25	Chg (% q-q)	Chg (% y-y)
KRW/USD	1,467.1	1,452.0	1,452.6	1.0	1.0
KRW/EUR	1,715.1	1,686.8	1,528.8	1.7	12.2
KRW/RUB	18.7	18.2	15.6	2.8	20.0
KRW/BRL	278.7	268.4	248.2	3.9	12.3
KRW/INR	16.0	16.3	16.8	-1.6	-4.6
KRW/CNY	211.6	204.4	199.7	3.5	6.0
KRW/MXN	83.4	79.2	71.1	5.4	17.3

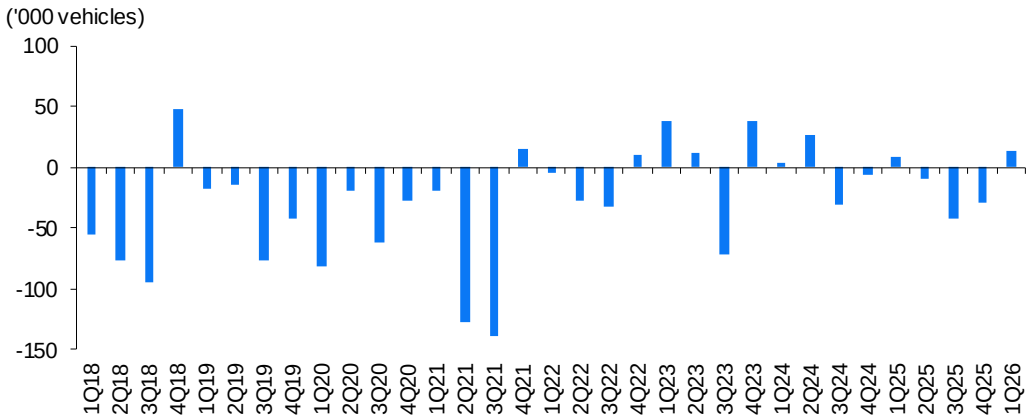
Source: Bloomberg, Samsung Securities

End-quarter forex rates

	1Q26	4Q25	1Q25	Chg (% q-q)	Chg (% y-y)
KRW/USD	1,519.5	1,439.8	1,472.9	5.5	3.2
KRW/EUR	1,749.6	1,695.2	1,593.9	3.2	9.8
KRW/RUB	18.6	18.3	17.7	1.8	5.1
KRW/BRL	292.7	262.9	258.4	11.3	13.3
KRW/INR	16.0	16.1	17.2	-0.2	-6.6
KRW/CNY	219.9	206.7	203.2	6.4	8.2
KRW/MXN	84.2	80.2	72.0	5.0	16.9

Source: Bloomberg, Samsung Securities

HMC/Kia: Global production less wholesales



Source: Company data, Samsung Securities

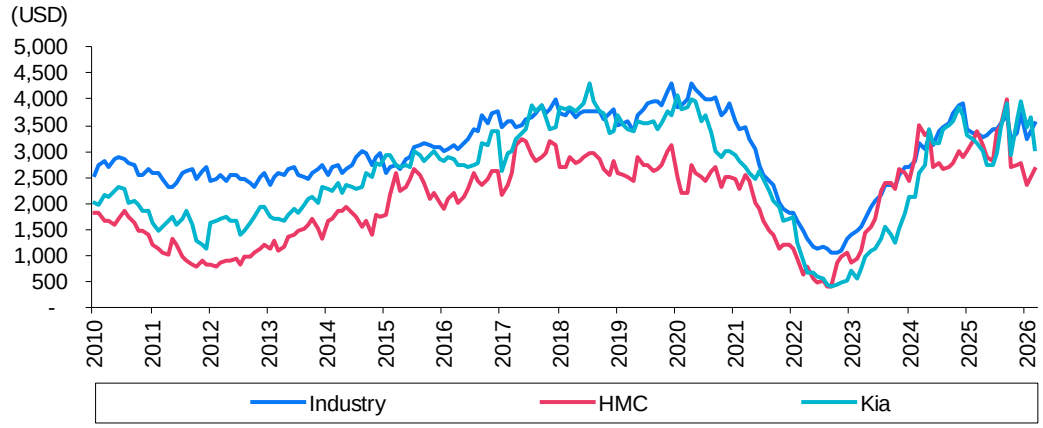
HMC/Kia: Sales in Korea and US

	HMC					Kia				
('000 vehicles)	1Q26	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	1Q26	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)
Korea	159	177	-10.4	166	-4.4	142	132	7.3	134	5.3
US	243	244	-0.3	243	0.3	202	209	-3.3	207	-2.0
Total	402	422	-4.6	409	-1.6	344	341	0.8	341	0.9
Global sales	**975**	**1,033**	**-5.6**	**1,001**	**-2.6**	**774**	**761**	**1.8**	**772**	**0.3**
Korea + US Portion (%)	41.3	40.8	0.4	40.9	0.4	44.4	44.8	-0.4	44.2	0.2

Note: Based on wholesales

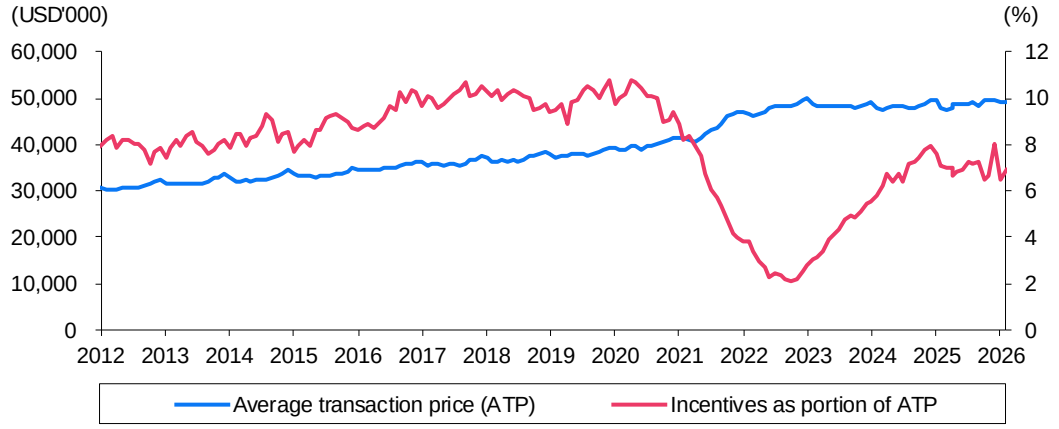
Source: Company data, Samsung Securities

HMC/Kia: US incentives



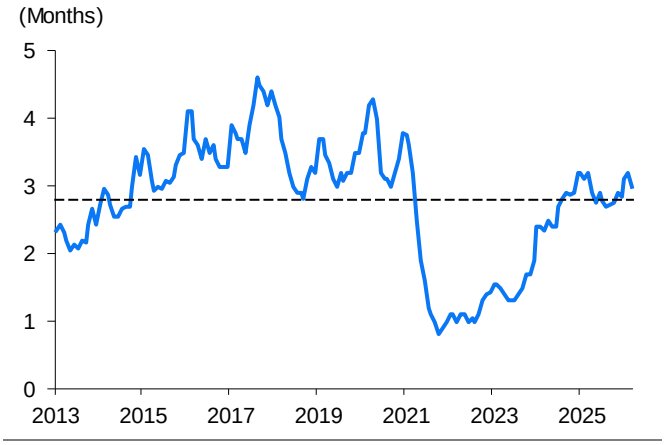
Source: AutoDataBowl, Samsung Securities

US market: Average transaction price and incentives as portion of average transaction price



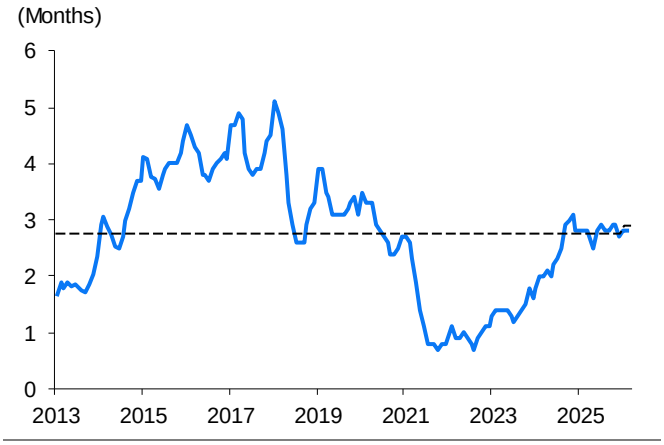
Source: Kelly blue book, Samsung Securities

HMC: Average dealer inventories



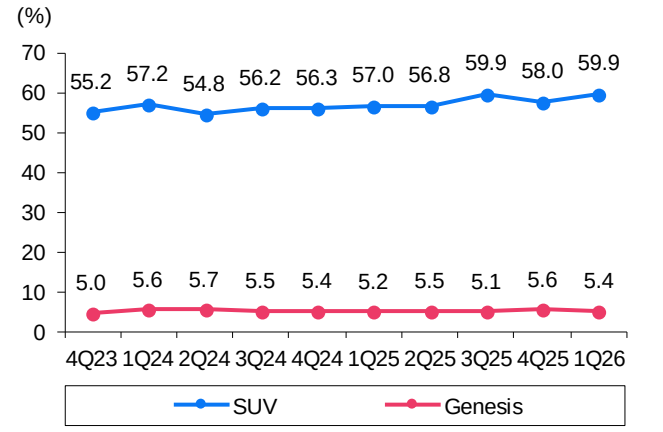
Source: Company data, Samsung Securities

Kia: Average dealer inventories



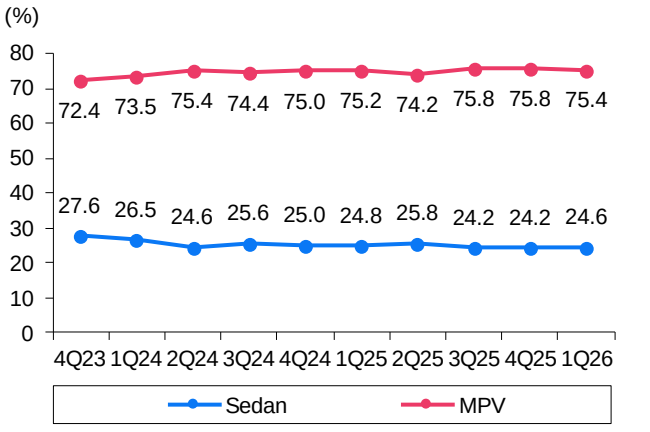
Source: Company data, Samsung Securities

HMC: SUV + MPV portion of sales volume



Source: Company data, Samsung Securities

Kia: SUV + MPV portion of sales volume



Source: Company data, Samsung Securities

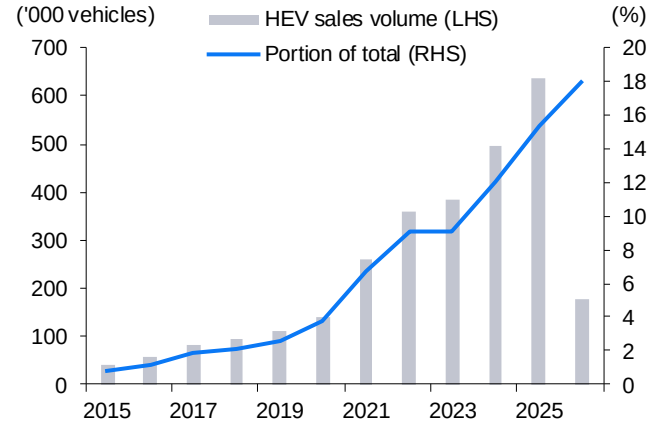
HMC/Kia: Sales volume, by powertrain

	HMC					Kia				
(Units)	1Q26	Portion (%)	1Q25	Portion (%)	Chg (% y-y)	1Q26	Portion (%)	1Q25	Portion (%)	Chg (% y-y)
EV	68,680	7.0	74,588	7.5	-7.9	93,597	12.1	71,113	9.2	31.6
BEV	59,879	6.1	64,091	6.4	-6.6	88,231	11.4	56,347	7.3	56.6
PHEV	8,801	0.9	10,497	1.0	-16.2	5,366	0.7	14,766	1.9	-63.7
HEV	175,196	18.0	137,075	13.7	27.8	148,537	19.2	109,893	14.2	35.2
Total	**975,213**	**100.0**	**1,001,150**	**100.0**	**-2.6**	**774,362**	**100.0**	**771,818**	**100.0**	**0.3**

Note: As portion of global wholesales

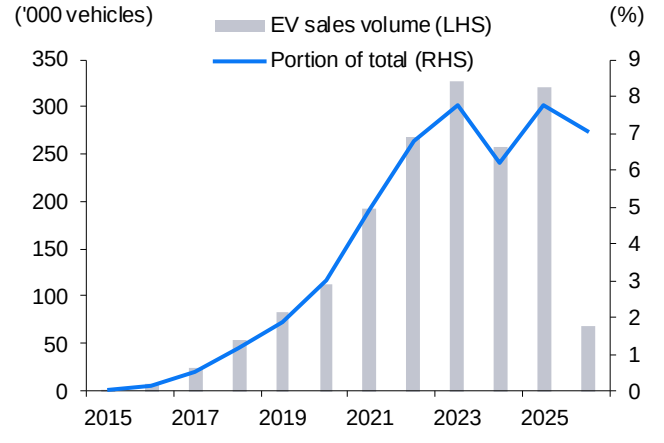
Source: Company data, Samsung Securities

HMC: Hybrid sales volume



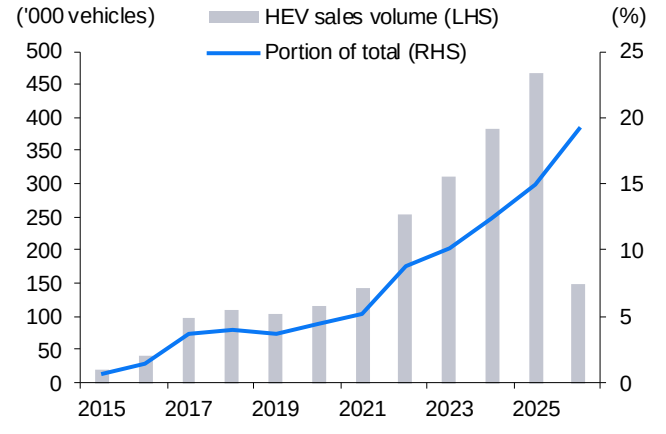
Source: Company data, Samsung Securities

HMC: EV sales volume



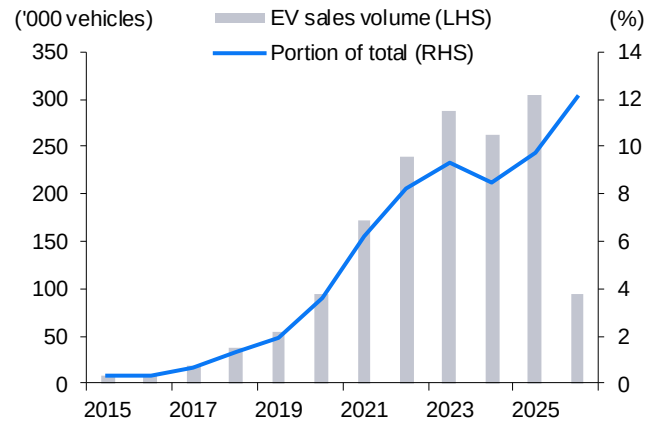
Source: Company data, Samsung Securities

Kia: Hybrid sales volume



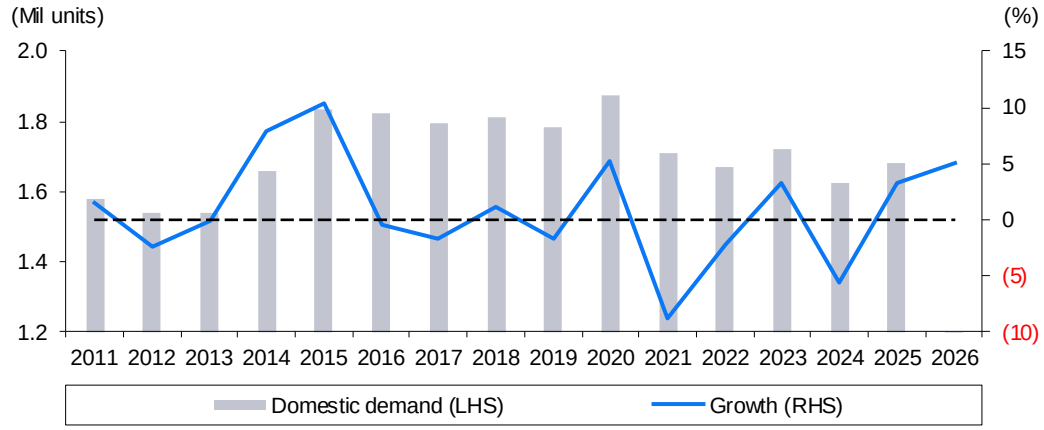
Source: Company data, Samsung Securities

Kia: EV sales volume



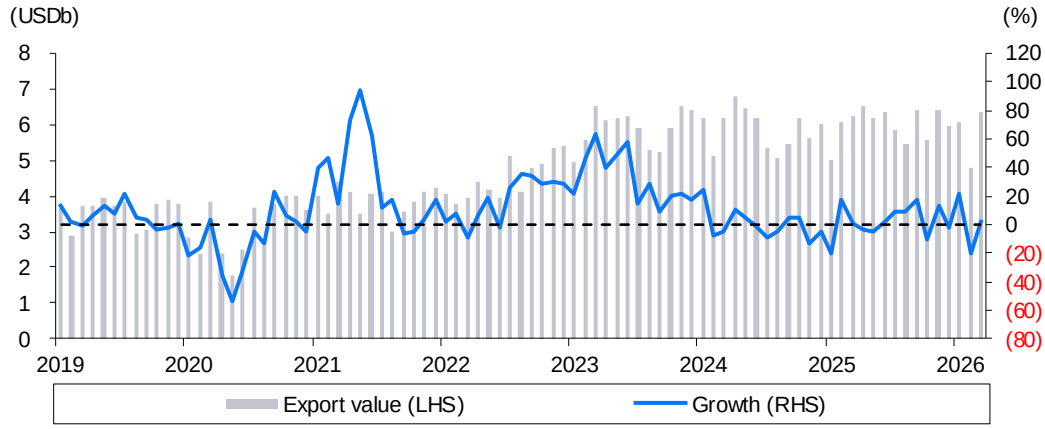
Source: Company data, Samsung Securities

Korea: Auto demand



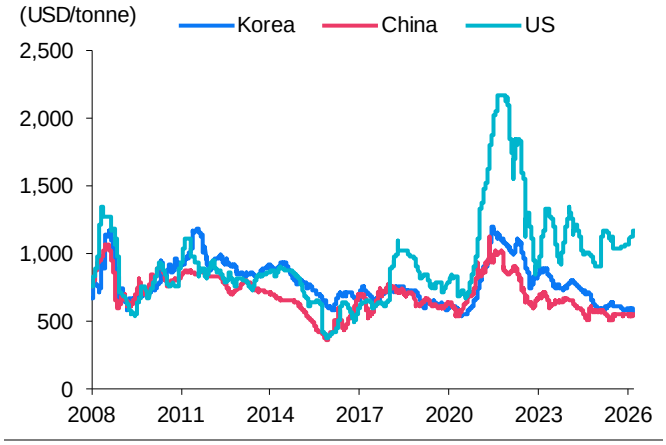
Source: KAMA, Samsung Securities

Korea: US-bound export value (Mar: +2.2% y-y)



Source: CEIC, Samsung Securities

Cold rolled steel price

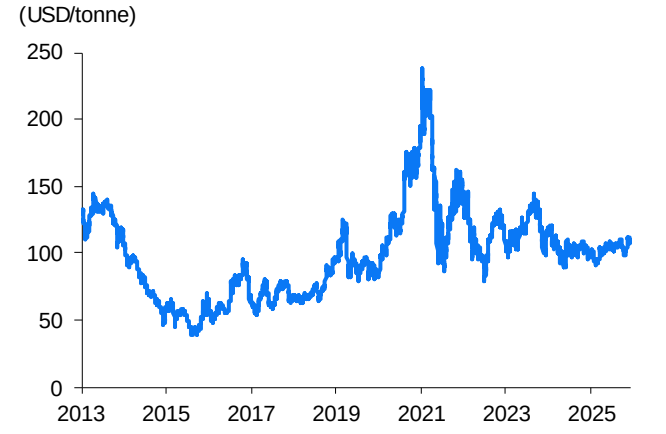


Source: Bloomberg, Samsung Securities

Aluminum price

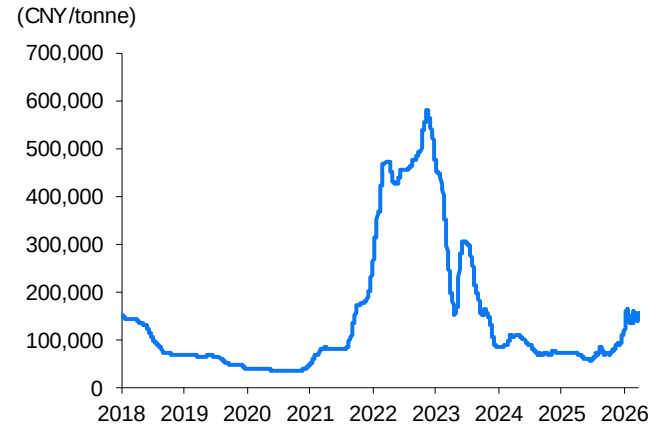
Source: Bloomberg, Samsung Securities

Iron ore price



Source: Bloomberg, Samsung Securities

Lithium carbonate price



Source: Bloomberg, Samsung Securities

HMC/Kia: Global ex-factory sales (production) and wholesales

('000 vehicles)		1Q26E	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)
KRW/USD (average)		1,467	1,452	1.0	1,453	1.0
Global ex-factory sales*	HMC	985	1,021	(3.5)	1,006	(2.1)
	Kia	778	742	4.8	776	0.3
	Total	1,763	1,763	(0.0)	1,781	(1.1)
China ex-factory sales*	HMC	42	53	(21.3)	44	(6.0)
	Kia	49	67	(25.8)	57	(12.7)
	Total	91	119	(23.8)	101	(9.8)
Global wholesales	HMC	975	1,033	(5.6)	1,001	(2.6)
	Kia	775	760	1.9	772	0.3
	Total	1,750	1,793	(2.4)	1,773	(1.3)
Global wholesales, excluding China	HMC	948	996	(4.8)	972	(2.4)
	Kia	756	738	2.4	754	0.2
	Total	1,704	1,734	(1.7)	1,726	(1.3)

Note: *Preliminary data
Source: Company data, FnGuide, Samsung Securities

HMC/Kia: Forecasts

(KRWb)		1Q26E	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	Consensus	Difference (%)
KRW/USD (average)		1,467	1,452	1.0	1,453	1.0		
HMC	Revenue	46,304	46,839	(1.1)	44,408	4.3	46,245	0.1
	Operating profit	2,319	1,695	36.8	3,634	(36.2)	2,969	(21.9)
	Operating margin (%)	5.0	3.6	1.4	8.2	(3.2)	6.4	(1.4)
	Net profit	2,504	1,184	111.5	3,382	(26.0)	2,866	(12.6)
	Net margin (%)	5.4	2.5	2.9	7.6	(2.2)	6.2	(0.8)
	Controlling net profit	2,429	1,029	136.0	3,157	(23.1)	2,674	(9.2)
	Controlling net margin (%)	5.2	2.2	3.0	7.1	(1.9)	5.8	(0.5)
Kia	Revenue	28,997	28,088	3.2	28,018	3.5	29,735	(2.5)
	Operating profit	2,129	1,843	15.6	3,009	(29.2)	2,433	(12.5)
	Operating margin (%)	7.3	6.6	0.8	10.7	(3.4)	8.2	(0.8)
	Net profit	1,923	1,471	30.8	2,393	(19.6)	1,951	(1.4)
	Net margin (%)	6.6	5.2	1.4	8.5	(1.9)	6.6	0.1
	Controlling net profit	1,923	1,474	30.5	2,393	(19.6)	2,053	(6.3)
	Controlling net margin (%)	6.6	5.2	1.4	8.5	(1.9)	6.9	(0.3)

Note: Consensus as of Apr 3;
Source: FnGuide, Samsung Securities estimates

1Q preview for supply chain: Mobis, Hankook T&T, SL Corp, Hwashin deliver solid results

- **Mobis—operating profit to meet consensus:** We expect Hyundai Mobis to report 1Q sales of KRW15.4t (+0.2% q-q and +4.6% y-y) and an operating profit of KRW866b (-7% q-q but +11.4% y-y, for an operating margin of 5.6%. The aftermarket parts division likely contributed sales of KRW3.6t (+10.4% y-y) and an operating profit of KRW906b (+3.4% y-y), for a margin of 25%. To offset US tariff pressures, the aftermarket parts division implemented price hikes in 2H25 which, together with a weaker won, has positively impacted profitability. In the US, three developments underpin the longer-term outlook for Mobis's aftermarket parts business: 1) hybrid vehicle demand is double EV demand; 2) the age of vehicles on the road is increasing; and 3) logistics costs and tariffs are shrinking the non-genuine aftermarket parts segment.

  The module division likely recorded sales of KRW11.8t (+2.9% y-y) and an operating loss of KRW41b (staying in the red y-y), for a margin of -0.3%. The module division likely recorded a 1Q loss due to elevated raw-material costs and the electrification business facing pressure (on HMC/Kia's supplier diversification efforts). The module division should turn profitable in 2H and achieve a profit in full-year 2026. Mobis is looking to sell its bumper business after divesting its lamp operations, and aims to focus on SDV and electrification initiatives.

- **Hankook T&T—operating profit to top consensus by 12%:** At Hankook Tire & Technology, operating profit likely exceeded consensus in 1Q, buoyed by: 1) robust tire sales in Korea and Europe; and 2) a rebound in operating results at subsidiary Hanon Systems. Early this year, tire prices were hiked by 2% in Korea and Europe. While the US imposed steep anti-dumping duties (14.35-87.99%) and countervailing duties (15.56-119.46%) on Chinese tires, competition remained fierce. Chinese manufacturers have responded by building plants in EMs like Vietnam and Indonesia to export to the US, while US distributors also source tires from China via OEM arrangements. In contrast, European consumers prioritize tire quality, resulting in low demand for Chinese-made tires.

  US anti-dumping duties on Korean tire exports, originally imposed in May 2021, have since been reduced following legal challenges by Korea's three major tiremakers. In Feb 2024, Hankook T&T's duty rate was cut from 27.05% to 6.3 (a 20.75%pts cut). Refunds for the duty difference will be paid every 4Q for three years, starting 4Q23. The company received KRW100b in 4Q23 and KRW70b in 4Q24. However, a KRW50b refund, originally anticipated in 4Q25, has been postponed to 1Q26.

  Rising butadiene prices and higher logistics costs may weigh on margins from late 2Q26, but the company expects to offset these higher costs through price hikes. Meanwhile, elevated auto loan rates, persistent inflation, and improved vehicle durability have extended the replacement cycle—a boon for tire manufacturers.

- **SL Corp—operating profit to meet consensus:** We expect SL Corp to post sales of KRW1.32t (-6.3% q-q but +7% y-y) and an operating profit of KRW123b (+8.6% q-q and +3.4% y-y), for an operating margin of 9.3%. Its solid results were likely driven by strong sales by HMC and Kia in the US and India. SL Corp stands to benefit from increased production of the Telluride (Kia) and from the launch of hybrid SUV manufacturing in the US in 2H26.

- **Hwashin—to report solid earnings:** We expect Hwashin to post 1Q sales of KRW520b (up 1.5% q-q and 9.8% y-y) and an operating profit of KRW29.6b (down 13% q-q and 2.9% y-y), for an operating margin of 5.7%. The outlook is supported by strong sales by HMC/Kia in the US and India. Hwashin is bidding for a contract for body module from Boston Dynamics.

- **Hyundai AutoEver—operating profit to miss consensus by 7.7%:** Hyundai AutoEver likely recorded 1Q sales of KRW975b (down 26.3% q-q but up 17% y-y), an operating profit of KRW45b (down 26.3% q-q but up 17% y-y), and an operating margin of 4.6% (down 41% q-q but up 69% y-y). While the systems integration (SI) segment has been logging steady revenue growth, the software segment has been underperforming. The software segment consists of navigation software and Mobilgene. Following the imposition of new US tariffs, navigation software is now being installed locally in the US, but consumer adoption (of the technology) has declined. In response, the company is developing a mid- to low-cost navigation software solution.
- **HL Mando—operating profit to fall short by 13.5%:** We expect HL Mando to post sales of KRW2.32t (-5.6% q-q but +2.3% y-y) and an operating profit of KRW81b (+1.5% q-q and +2.2% y-y), for a margin of 3.5%. HMC and Kia maintained robust production levels in 1Q, but sluggish production by North American EV makers likely had a negative impact on HL Mando. On the non-operating side, its results were likely pressured by quarterly interest costs (KRW25b) and a 50% decline in the share price of investment asset i-Motion (HKD6.25/share → HKD3.1/share).

Parts makers: Forecasts

(KRWb)		1Q26E	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	Consensus	Difference (%)
KRW/USD (average)		1,467	1,452	1.0	1,453	1.0		
Hyundai Mobis	Revenue	15,424	15,398	0.2	14,752	4.6	15,720	(1.9)
	Operating profit	866	930	(7.0)	777	11.4	856	1.1
	Operating margin (%)	5.6	6.0	(0.4)	5.3	0.3	5.4	0.2
	Net profit	1,025	768	33.4	1,032	(0.7)	1,048	(2.2)
	Net margin (%)	6.6	5.0	1.7	7.0	(0.4)	6.7	(0.0)
	Controlling net profit	1,022	763	34.0	1,031	(0.9)	1,054	(3.1)
	Controlling net margin (%)	6.6	5.0	1.7	7.0	(0.4)	6.7	(0.1)
Hanon Systems	Revenue	2,676	2,703	(1.0)	2,617	2.2	2,717	(1.5)
	Operating profit	94	90	4.5	21	344.9	92	2.1
	Operating margin (%)	3.5	3.3	0.2	0.8	2.7	3.4	0.1
	Net profit	46	(215)	nm	(23)	nm	48	(3.8)
	Net margin (%)	1.7	(8.0)	nm	(0.9)	nm	1.8	(0.0)
	Controlling net profit	45	(213)	nm	(24)	nm	37	20.9
	Controlling net margin (%)	1.7	(7.9)	nm	(0.9)	nm	1.4	0.3
HL Mando	Revenue	2,323	2,462	(5.6)	2,271	2.3	2,361	(1.6)
	Operating profit	81	80	1.5	79	2.2	94	(13.5)
	Operating margin (%)	3.5	3.2	0.2	3.5	(0.0)	4.0	(0.5)
	Net profit	42	29	44.3	35	21.0	55	(23.6)
	Net margin (%)	1.8	1.2	0.6	1.5	0.3	2.3	(0.5)
	Controlling net profit	39	24	64.4	28	41.3	49	(19.1)
	Controlling net margin (%)	1.7	1.0	0.7	1.2	0.5	2.1	(0.4)
SL Corp	Revenue	1,320	1,409	(6.3)	1,234	7.0	1,318	0.1
	Operating profit	123	114	8.6	119	3.4	119	3.6
	Operating margin (%)	9.3	8.1	1.3	9.7	(0.3)	9.0	0.3
	Net profit	105	77	36.9	104	0.8	115	(9.2)
	Net margin (%)	7.9	5.4	2.5	8.4	(0.5)	8.8	(0.8)
	Controlling net profit	102	73	38.5	100	1.7	102	0.1
	Controlling net margin (%)	7.7	5.2	2.5	8.1	(0.4)	7.7	(0.0)
SNT Motiv	Revenue	249	292	(14.7)	226	10.0	244	1.8
	Operating profit	24	31	(21.2)	23	5.7	25	(2.6)
	Operating margin (%)	9.8	10.6	(0.8)	10.2	(0.4)	10.2	(0.4)
	Net profit	22	13	74.4	21	4.9	26	(14.9)
	Net margin (%)	9.0	4.4	4.6	9.4	(0.4)	10.7	(1.8)
	Controlling net profit	22	13	73.1	21	4.9	24	(5.7)
	Controlling net margin (%)	9.0	4.4	4.5	9.4	(0.4)	9.7	(0.7)
Hwashin	Revenue	520	512	1.5	473	9.8	n/a	n/a
	Operating profit	30	34	(12.7)	30	(2.9)	n/a	n/a
	Operating margin (%)	5.7	6.6	(0.9)	6.4	(0.7)	n/a	n/a
	Net profit	22	19	15.9	29	(22.9)	n/a	n/a
	Net margin (%)	4.3	3.8	0.5	6.1	(1.8)	n/a	n/a
	Controlling net profit	22	19	15.9	29	(22.9)	n/a	n/a
	Controlling net margin (%)	4.3	3.8	0.5	6.1	(1.8)	n/a	n/a

Note: Consensus as of Apr 3;

Source: FnGuide, Samsung Securities

Parts makers: Forecasts

(KRWb)		1Q26E	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	Consensus	Difference (%)
KRW/USD (average)		1,467	1,452	1.0	1,453	1.0		
Hankook T&T	Revenue	5,111	5,456	(6.3)	4,964	3.0	5,228	(2.2)
	Operating profit	553	547	1.1	355	55.9	492	12.4
	Operating margin (%)	10.8	10.0	0.8	7.1	3.7	9.4	1.4
	Net profit	334	91	266.5	312	6.9	324	2.9
	Net margin (%)	6.5	1.7	4.9	6.3	0.2	6.2	0.3
	Controlling net profit	374	197	89.5	320	17.0	329	13.9
	Controlling net margin (%)	7.3	3.6	3.7	6.4	0.9	6.3	1.0
Hyundai AutoEver	Revenue	975	1,323	(26.3)	833	17.0	945	3.2
	Operating profit	40	76	(47.5)	27	50.3	49	(17.9)
	Operating margin (%)	4.1	5.8	(1.7)	3.2	0.9	5.2	(1.1)
	Net profit	33	54	(38.9)	20	66.9	44	(24.0)
	Net margin (%)	3.4	4.1	(0.7)	2.4	1.0	4.6	(1.2)
	Controlling net profit	32	53	(38.9)	20	65.3	37	(12.9)
	Controlling net margin (%)	3.3	4.0	(0.7)	2.4	1.0	3.9	(0.6)

Note: Consensus as of Apr 3;
Source: FnGuide, Samsung Securities

COMPANY UPDATE

2026. 4. 20

Scan to go to
Research Center report database

EV/Mobility Team

Esther Yim
Team Leader
esther.yim@samsung.com

Hyunji Kim
Research Associate
hyunzi.kim@samsung.com

Hyundai Motor (005380)

1Q preview; Volume growth to resume in 2H

- Hyundai Motor's (HMC) 1Q results likely fell short of consensus due to weak global sales and higher warranty provisions. We believe its sluggish sales outside the US and India offset the benefits from the won depreciation.
- Sales should pick up in 2H26, backed by new model launches for Tucson and Avante as well as the Genesis hybrid.
- The company remains well-positioned to lead in the Physical AI era, with multiple catalysts underway this year. HMC is our sector top pick.

AT A GLANCE

BUY

Target price	KRW700,000 48%
Current price	KRW473,000 (Apr 7 close)
Market cap	KRW96.9t/USD64.4b
Shares (float)	204,757,766 (65.7%)
52-week high/low	KRW674,000/KRW177,500
Avg daily trading value (60-day)	KRW1,230.7b/ USD818.2m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Motor (%)	-14.5	115.0	164.1
Vs Kospi (%pts)	-13.1	38.9	11.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	700,000	700,000	0.0%
2026E EPS	39,833	39,833	0.0%
2027E EPS	43,637	43,637	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	681,923
Recommendation	4.0

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

WHAT'S THE STORY?

Lowering target price by 12.5% to KRW700,000: The cut reflects downward revisions to our 2026 earnings estimates stemming from: 1) supply chain disruptions from a parts supplier fire; and 2) elevated raw material costs due to Middle East tensions.

- **Maintaining target P/E of 18x:** Our target P/E multiple of 18x is based on the 2025 average P/E of three leading Chinese EV companies—Li Auto, Xiaomi, and BYD—that have publicly pursued autonomous driving and robotics initiatives. Due to slowing earnings growth, these Chinese peers currently trade at an average P/E of 27x (Bloomberg), making HMC's valuation roughly 40% of their level.

  While these Chinese competitors have commercialized Level 2+ autonomous technologies 1-2 years ahead of HMC, they rely on external partners (eg, Momenta, Nvidia, and Horizon Robotics) for core AI inference models and chips. We view their technical capability as broadly aligned with HMC's, with no decisive advantage. Furthermore, in robotics, these firms remain at the announcement stage whereas HMC holds a clear lead in development and real-world deployment.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	186,254	198,570	208,078	216,759
Operating profit (KRWb)	11,468	11,588	12,634	13,601
Net profit (adj) (KRWb)	10,365	10,898	11,939	12,808
EPS (adj) (KRW)	35,331	39,833	43,637	46,814
EPS (adj) growth (% y-y)	-23.3	12.7	9.5	7.3
EBITDA margin (%)	8.9	8.4	8.6	8.7
ROE (%)	8.4	8.8	9.0	9.1
P/E (adj) (x)	8.4	11.9	10.8	10.1
P/B (x)	0.7	1.0	0.9	0.9
EV/EBITDA (x)	14.4	16.7	15.8	15.0
Dividend yield (%)	3.4	2.3	2.5	2.5

Source: Company data, Samsung Securities estimates

- **1H26 earnings to be sluggish:** HMC's sales outside the US and India should remain weak. Its 2Q results should reflect the impacts from: 1) a fire at a valve supplier, disrupting production by an estimated 30,000 units; and 2) rising raw material costs linked to the Middle East conflict, estimated to weigh on margins by 0.5–1%pt. Full benefit from the won depreciation requires sales growth, but this is unlikely until 2H, when new models arrive—for reference, each KRW10 rise against the US dollar would expand the firm's operating profit by 2.5–3%.
- **1Q preview—operating profit to miss:** HMC's ex-China wholesale volume totaled 948,000 units (down 4.8% q-q and down 2.4% y-y). US sales held steady at 243,000 units (up 0.3% y-y), supported by solid demand for the Santa Fe and Tucson hybrids and the refreshed Palisade. However, US incentives fell 8.1% q-q and 21.6% y-y to USD2,508 per vehicle following federal policy changes. Sales in Korea declined 4.4% y-y to 159,000 units, pressured by growing competition from Tesla and BYD. European sales fell 7.9% y-y to 139,000 units amid intensifying competition with Chinese EV brands.

  We expect HMC to report 1Q sales of KRW46.3t (down 1.1% q-q but up 4.3% y-y) and operating profit of KRW2.3t (up 36.8% q-q but down 36.2% y-y), for an operating margin of 5% (up 1.4%pt q-q and down 3.2%pts y-y). Barring a KRW400b increase in warranty provisioning tied to the rapid won depreciation, operating profit would have reached KRW2.7t—7% below the FnGuide consensus of KRW2.9t.

HMC/Kia latecomers to autonomous driving but emerging as global leaders in robotics: While Hyundai Motor (HMC) and Kia lag behind Tesla and Chinese EV makers in terms of autonomous driving technologies, they are likely to stand at the cutting of robotics thanks to two factors.

- **1) Boston Dynamics' leadership changes:** Boston Dynamics is transitioning from a research-focused venture to a mass-production company that is focused on commercialization. CEO Robert Playter resigned early this month, followed by the head of robotics research. The Atlas developer will likely appoint a new leadership team with expertise in mass-production and a strong public image to prepare for its IPO.

  The mass-production of 30,000 Atlas robots is only the first step. Going forward, Boston Dynamics must evolve into a company capable of selling more than 1m robots pa by: 1) securing new customers beyond Hyundai Motor Group (HMG) and Google DeepMind; and 2) developing general-purpose robots.
- **2) Formation of value chain:** HMC/Kia are rapidly selecting value-chain partners, prioritizing companies that are already in their value chains and have factories in the US. Decisions are being made quickly to align with the R&D timeline required for component development and the planned mass-production schedule (from 2H27). Actuators should be supplied by Hyundai Mobis, batteries by LG Energy Solution, body modules by Hwashin, and control systems & SI by Hyundai AutoEver. Smart lighting is now in the bidding process.
- **IPO may happen sooner than expected:** Boston Dynamics relies on Google DeepMind for its foundation model—a factor that limits its valuation compared to Figure AI (valued at USD39b in a recent Series C funding round). If Atlas can rapidly prove its ability to create value in manufacturing environments and secure clients beyond HMG, the robot company's valuation could surge.

Each quarter in 2026 to bring new momentum to physical AI

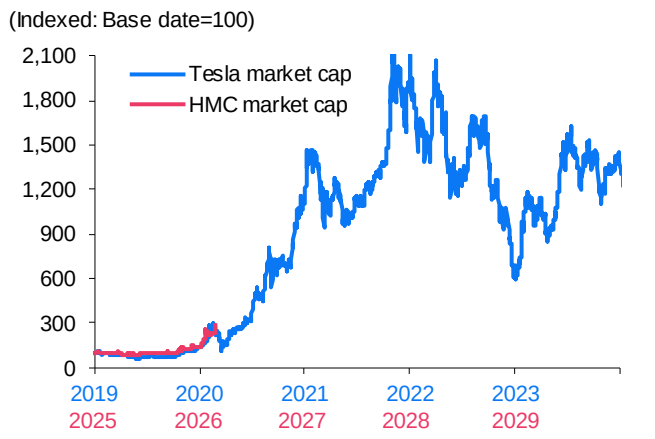
- **Robotics business:** First, the Robot Metaplant Application Center (RMAC) is set to begin operations near the Hyundai Motor Group Metaplant America in August. Investment size and equity stakes are expected to be announced in 2Q26. Second, the location for a robot production facility is under review, with mass-production targeted for 2028. Investment details and equity stakes should be announced in 1H26. Third, Hyundai Motor Group Robotics Lab's MobED will enter mass-production in 1H26, with commercialization of manipulation technology (grippers and hands) planned for end-2026. Fourth, the US is likely to roll out robotics industry policies in 1H26.
- **Autonomous driving business:** First, Kia's CEO Park Min-woo is likely to unveil the company's software-defined vehicle (SDV) roadmap at the CEO Investor Day event. Second, Motional plans to launch a Level-4 autonomous driving service in Las Vegas by end-2026, based on rule-based technology. It is likely to collaborate with HMC's AVP division on technology exchange. Third, HMC began to supply the Ionic 5 to Waymo in 4Q25. As Waymo expands services across the US, its solid demand should help improve utilization rates at the Hyundai Motor Group Metaplant America. We estimate that Waymo's fleet of autonomous robotaxis will reach 100,000 vehicles in 2028, with half that number to be delivered by HMC.
- **Solid-state battery technology development and mass-production roadmap:** In Mar 2025, HMC opened a next-generation battery research facility in Uiwang and began producing small quantities of solid-state battery prototypes (A-samples). Construction of the Future Mobility Battery Campus in Anseong is scheduled to be completed by end-2026. This large R&D hub for batteries, with an investment of KRW1.2t, should scale up technologies validated in Uiwang for mass-production. From 2027 to 2028, HMC plans to pilot solid-state batteries in Genesis-class flagship models to collect real-world driving data. In 2030, the company intends to launch vehicles based on a dedicated solid-state battery platform and apply the technology to robotics.

HMC to unveil three key technologies this year, sparking comparison with Tesla: Among global automakers, only Tesla and Hyundai Motor Group (HMG) possess comprehensive capabilities in autonomous driving, robotics, and battery technology. HMC's current target P/E of 18x is just a starting point, as its market cap remains at around 1/20th of Tesla's. The Korean carmaker is still at the start of its rerating.

- **Following a path similar to Tesla's six years ago:** In 3Q19, Tesla achieved profitability in its EV business, cementing its status as the leader of the EV era. Following the pandemic, its share price surged 20-fold. By comparison, HMC has begun to be recognized as a robotics leader following the unveiling of Atlas at CES 2026, with its share price rising 1.6x since early 2025. As HMG reveals more-detailed roadmaps for robotics and autonomous driving throughout 2026, HMC is poised to gain significant upward momentum in its valuation.
- **Global investor feedback on Atlas:** Atlas has been well-received by global investors as a production-ready robot, not just a prototype. It features standardized components (arms, legs, left and right modules are identical, with three types of standardized actuators), swappable batteries, and a payload capacity of 30-50 kg, making it ideal for manufacturing environments. It is seen as more practical for industrial use than service-oriented robots like Optimus or entertainment-focused Chinese robots.

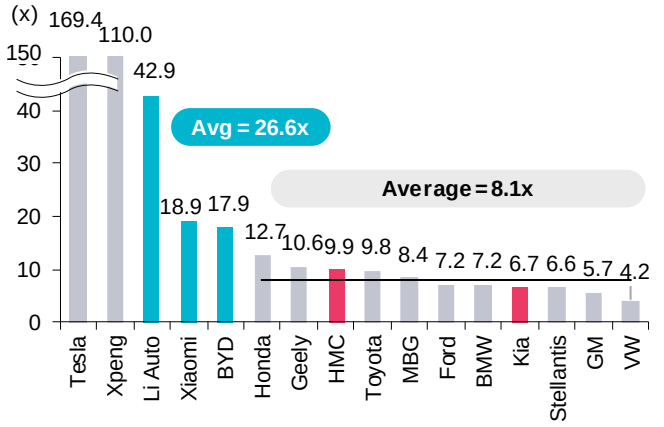
- **Autonomous driving:** Following the global pandemic, HMC and Kia traded at low valuations (P/E multiple of 4-5x), mainly due to weaknesses in autonomous driving technology. With the appointment of new leadership, technology development should accelerate.
- **Solid-state batteries:** HMC is on track to mass-produce solid-state batteries and fully integrate them into real-world applications.

Market cap: Tesla vs HMC



Note: Tesla indexed as of Jan 1, 2019 and HMC as of Jan 1, 2025
Sources: Bloomberg, Samsung Securities

Global automakers: 12-month forward P/E valuation



Sources: Bloomberg, Samsung Securities

HMC vs Tesla: Company valuation and "Physical AI" technology

Category	HMC	Tesla
Market cap and P/E ratio*	USD710b and 11x P/E	USD1.49t and 199x P/E
Revenue / Net income (2026)**	USD134.1b / USD7.7b	USD103.4b / USD6.7b
Cash cow	• Auto sales volume: 4m units (ICE, HEV, EVs)	• Auto sales volume: 1.7m units (EVs) • Energy division (expanding from 80GW)
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

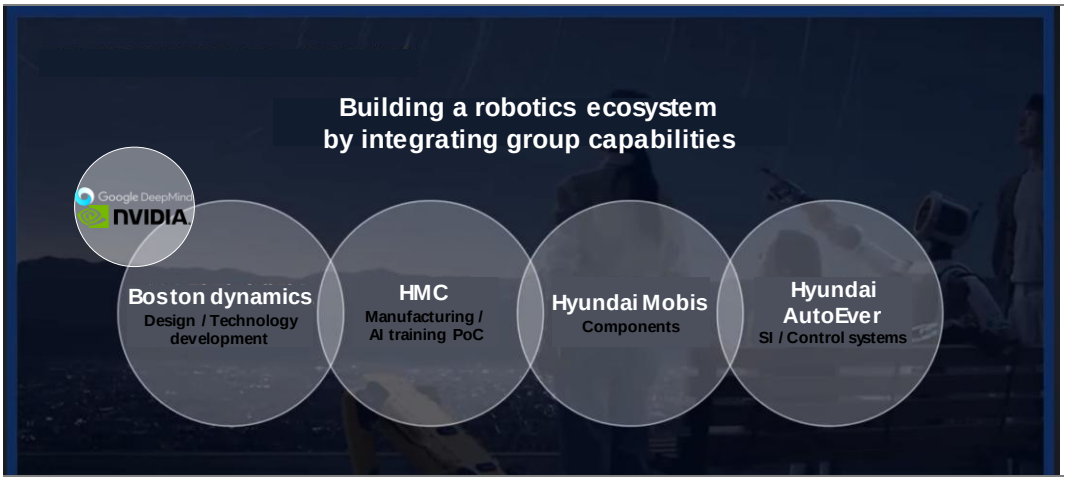
Note: Market cap is based on Mar 6 closing prices;
HMC's market cap is calculated using an exchange rate of USD/KRW1,450;
P/E ratios are based on 2026 consensus
Source: Company data, Bloomberg, Samsung Securities

HMC vs Tesla: "Physical AI" momentum in 2026E

	1Q	2Q	3Q	4Q
HMC	• Announcement of RMAC investment structure	• Announcement of robot factory, SDV roadmap (Kia CID) • Announcement of RMAC investment structure • US robotics policy announcement	• Solid-state battery technology announcement (HMC CID) • RMAC operations begin	• Motional robotaxi service launches • Hyundai Ioniq 5 supply to Waymo begins • Anseong battery campus operational
Tesla		• 3rd-generation Optimus unveiled • Cybercab production begins	• Expansion of robotaxis • US robotaxi fleet regulation easing • FSD deployment in China and Europe	• Optimus mass-production begins

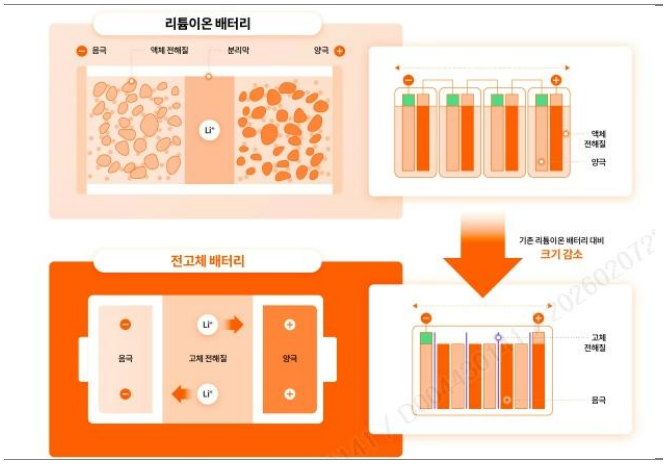
Source: Company data, Samsung Securities estimates

HMG: Robotics ecosystem



Source: Company data, Samsung Securities

Lithium-ion batteries vs solid-state batteries



Source: Company data

HMC: Anseong battery campus

Source: Media

HMC: Global sales volume and forecasts

('000 vehicles)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Global plant sales	1,006	1,063	1,022	1,021	985	1,060	1,033	1,081	4,174	4,111	4,129	4,304
Domestic	445	483	458	454	441	477	436	456	1,871	1,840	1,810	1,820
Overseas	561	580	563	567	543	583	597	625	2,303	2,271	2,319	2,484
India (HMI)	192	180	191	195	208	209	212	191	764	758	820	850
China (BHMC)	44	50	47	53	42	52	45	62	170	194	200	210
US (HMMA)	98	112	108	105	100	116	122	112	361	422	450	500
Turkey (HAOS)	62	59	39	38	39	54	46	71	246	198	210	210
Czech (HMMC)	73	74	67	63	67	86	75	93	327	277	320	330
Russia (HMMR)	0	0	0	0	0	0	0	0	0	0	40	100
Brazil (HMMB)	41	55	54	63	43	49	55	57	214	213	205	205
Global retail sales	1,001	1,066	1,038	1,033	975	1,090	1,069	1,000	4,142	4,138	4,135	4,265
Global ASP (KRWm)	35.7	36.3	36.5	36.7	38.1	38.6	38.6	40.0	34.1	36.3	38.8	39.3

Source: Company data, Samsung Securities

HMC: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (avg)	1,453	1,401	1,387	1,452	1,467	1,450	1,430	1,420	1,365	1,423	1,442	1,390
Revenue	44,408	48,287	46,721	46,839	46,304	52,019	50,686	49,561	175,231	186,254	198,570	208,078
Autos	34,718	37,609	36,715	36,590	36,130	40,808	40,178	38,281	136,725	145,632	155,397	162,403
Finance	7,398	8,214	7,189	7,431	7,768	8,625	7,549	7,803	28,447	30,233	31,744	33,332
Other	2,292	2,464	2,818	2,817	2,406	2,587	2,958	3,477	10,060	10,390	11,429	12,343
Gross profit	8,980	9,110	8,284	7,843	7,963	8,989	9,107	9,044	35,749	34,217	35,103	37,024
Operating profit	3,634	3,602	2,537	1,695	2,319	3,042	3,353	2,874	14,240	11,468	11,588	12,634
Pre-tax profit	4,465	4,385	3,326	1,666	3,338	4,128	4,044	3,020	17,781	13,842	14,531	15,919
Net profit	3,382	3,250	2,548	1,184	2,504	3,096	3,033	2,265	13,230	10,365	10,898	11,939
Controlling profit	3,157	2,998	2,261	1,029	2,429	3,003	2,942	2,197	12,527	9,446	10,571	11,581
Margins (%)												
Gross profit	20.2	18.9	17.7	16.7	17.2	17.3	18.0	18.2	20.4	18.4	17.7	17.8
Operating profit	8.2	7.5	5.4	3.6	5.0	5.8	6.6	5.8	8.1	6.2	5.8	6.1
Net profit	7.6	6.7	5.5	2.5	5.4	6.0	6.0	4.6	7.5	5.6	5.5	5.7
Controlling profit	7.1	6.2	4.8	2.2	5.2	5.8	5.8	4.4	7.1	5.1	5.3	5.6

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**175,231**	**186,254**	**198,570**	**208,078**	**216,759**
Cost of goods sold	139,482	152,038	163,467	171,054	177,900
Gross profit	**35,749**	**34,217**	**35,103**	**37,024**	**38,859**
Gross margin (%)	20.4	18.4	17.7	17.8	17.9
SG&A expenses	21,510	22,749	23,516	24,390	25,258
Operating profit	**14,240**	**11,468**	**11,588**	**12,634**	**13,601**
Operating margin (%)	8.1	6.2	5.8	6.1	6.3
Non-operating gains (losses)	**3,223**	**2,374**	**2,943**	**3,284**	**3,477**
Financial profit	1,531	1,299	786	706	789
Financial costs	899	1,010	599	599	611
Equity-method gains (losses)	3,114	2,510	2,883	3,088	3,240
Other	-524	-425	-127	90	58
Pre-tax profit	**17,462**	**13,842**	**14,531**	**15,919**	**17,077**
Taxes	4,232	3,477	3,633	3,980	4,269
Effective tax rate (%)	24.2	25.1	25.0	25.0	25.0
Profit from continuing operations	13,549	10,365	10,898	11,939	12,808
Profit from discontinued operations	-319	0	0	0	0
Net profit	**13,230**	**10,365**	**10,898**	**11,939**	**12,808**
Net margin (%)	7.5	5.6	5.5	5.7	5.9
Net profit (controlling interests)	12,527	9,446	10,571	11,581	12,424
Net profit (non-controlling interests)	703	919	327	358	384
EBITDA	18,527	16,484	16,725	17,878	18,813
EBITDA margin (%)	10.6	8.9	8.4	8.6	8.7
EPS (parent-based) (KRW)	46,042	35,331	39,833	43,637	46,814
EPS (consolidated) (KRW)	48,626	38,767	41,065	44,987	48,261
Adjusted EPS (KRW)*	46,042	35,331	39,833	43,637	46,814

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**115,764**	**120,777**	**119,998**	**126,678**	**134,480**
Cash & equivalents	19,015	18,361	10,952	12,515	15,645
Accounts receivable	5,908	8,600	9,169	9,608	10,009
Inventories	19,791	20,662	22,028	23,083	24,046
Other current assets	71,050	73,155	77,848	81,472	84,780
Fixed assets	**224,034**	**248,067**	**260,668**	**272,725**	**282,466**
Investment assets	41,392	45,719	50,167	54,550	56,893
Tangible assets	44,534	48,750	50,849	51,811	51,778
Intangible assets	7,683	9,268	9,032	8,826	8,647
Other long-term assets	130,425	144,331	150,620	157,538	165,148
Total assets	**339,798**	**368,845**	**380,665**	**399,403**	**416,946**
Current liabilities	**79,510**	**88,579**	**86,517**	**91,112**	**94,971**
Accounts payable	12,550	12,287	13,100	13,727	14,300
Short-term debt	9,327	10,388	10,388	10,388	10,388
Other current liabilities	57,633	65,904	63,028	66,996	70,283
Long-term liabilities	**140,013**	**152,617**	**157,694**	**162,786**	**166,813**
Bonds & long-term debt	120,420	131,240	134,240	137,240	140,240
Other long-term liabilities	19,593	21,377	23,453	25,546	26,573
Total liabilities	**219,522**	**241,197**	**244,210**	**253,898**	**261,784**
Owners of parent equity	**109,103**	**115,447**	**123,926**	**132,618**	**141,891**
Capital stock	1,489	1,489	1,489	1,489	1,489
Capital surplus	7,656	7,780	7,780	7,780	7,780
Retained earnings	96,596	101,312	109,257	117,949	127,222
Other	3,362	4,865	5,400	5,400	5,400
Non-controlling interests' equity	**11,173**	**12,202**	**12,529**	**12,887**	**13,271**
Total equity	**120,276**	**127,648**	**136,455**	**145,505**	**155,162**
Net debt	130,142	152,127	155,890	157,530	157,629

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**-5,662**	**-5,991**	**13,184**	**15,462**	**14,765**
Net profit	13,230	10,365	10,898	11,939	12,808
Non-cash profit and expenses	23,950	25,920	4,667	4,996	5,031
Depreciation	3,398	3,745	3,901	4,038	4,033
Amortization	889	1,272	1,236	1,206	1,179
Other	19,663	20,904	-470	-248	-181
Changes in A/L from operating activities	-35,160	-34,325	31	1,368	-15
Cash flow from investments	**-14,623**	**-10,347**	**-13,805**	**-13,291**	**-12,950**
Change in tangible assets	-7,890	-8,121	-6,000	-5,000	-4,000
Change in financial assets	-1,842	2,832	-516	-373	-340
Other	-4,891	-5,059	-7,289	-7,918	-8,610
Cash flow from financing	**19,493**	**15,425**	**-5,860**	**632**	**368**
Change in debt	32,090	18,624	-3,234	3,521	3,519
Change in equity	3,278	124	0	0	0
Dividends	-3,913	-3,689	-2,626	-2,889	-3,151
Other	-11,961	366	0	0	0
Change in cash	-152	-654	-7,408	1,563	3,129
Cash at beginning of year	19,167	19,015	18,361	10,952	12,515
Cash at end of year	19,015	18,361	10,952	12,515	15,645
Gross cash flow	**37,180**	**36,285**	**15,566**	**16,935**	**17,839**
Free cash flow	**-13,723**	**-14,358**	**7,184**	**10,462**	**10,765**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	7.7	6.3	6.6	4.8	4.2
Operating profit	-5.9	-19.5	1.0	9.0	7.7
Net profit	7.8	-21.7	5.1	9.5	7.3
Adjusted EPS**	5.6	-23.3	12.7	9.5	7.3
Per-share data (KRW)					
EPS (parent-based)	46,042	35,331	39,833	43,637	46,814
EPS (consolidated)	48,626	38,767	41,065	44,987	48,261
Adjusted EPS**	46,042	35,331	39,833	43,637	46,814
BVPS	413,568	439,541	472,831	505,994	541,374
DPS (common)	12,000	10,000	11,000	12,000	12,000
Valuations (x)					
P/E***	4.6	8.4	11.9	10.8	10.1
P/B***	0.5	0.7	1.0	0.9	0.9
EV/EBITDA	10.5	14.4	16.7	15.8	15.0
Ratios (%)					
ROE	12.4	8.4	8.8	9.0	9.1
ROA	4.3	2.9	2.9	3.1	3.1
ROIC	7.1	3.6	3.3	3.5	3.7
Payout ratio	19.5	21.4	21.1	21.0	19.6
Dividend yield (common)	5.7	3.4	2.3	2.5	2.5
Net debt to equity	108.2	119.2	114.2	108.3	101.6
Interest coverage (x)	31.5	20.0	19.4	21.1	22.3

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. 4. 20

EV/Mobility Team

Esther Yim
Team Leader
esther.yim@samsung.com

Hyunji Kim
Research Associate
hyunzi.kim@samsung.com

Scan to go to
Research Center report database

Kia (000270)

1Q preview; rising cash, growing confidence in earnings

- Kia is showing sales recovery across all regions in 2026. Its 1Q operating profit likely met consensus, excluding an estimated KRW300b increase in warranty provisions due to a spike in year-end KRW/USD rate.
- Amid a slowdown in auto demand in 2026, Kia is likely to be the only automaker delivering earnings growth, supported by strong hybrid vehicle sales and high used-car values. It accumulates cash of KRW2-4t every year.
- Kia is expected to unveil its software-defined vehicle (SDV) roadmap and outline its role in Hyundai Motor Group's robotics ecosystem at the upcoming CEO Investor Day. A shift in market perception could trigger a re-rating, aligning share price more closely with underlying earnings and momentum.

AT A GLANCE

BUY

Target price	KRW230,000	52.5%
Current price	**KRW150,800 (Apr 7 close)**	
Market cap	KRW58.9t/USD39.2b	
Shares (float)	390,412,998 (60.4%)	
52-week high/low	KRW206,000/KRW82,000	
Avg daily trading value (60-day)	KRW290.6b/ USD193.2m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kia (%)	-9.7	44.7	78.3
Vs Kospi (%pts)	-8.2	-6.5	-24.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	230,000	270,000	-14.8%
2026E EPS	22,790	22,790	0.0%
2027E EPS	24,439	24,439	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	213,846
Recommendation	4.0

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

WHAT'S THE STORY?

Cutting target price by 14.8% to KRW230,000: We lower our target P/E multiple for Kia from 12x to 10x.

- **Target price based 10x 2026 P/E:** We used Toyota's current P/E multiple of 10x (Bloomberg) as our target P/E multiple for Kia. Even as US demand softened following the dot-com bubble in the 2000s, Toyota expanded its market share through hybrid models and high vehicle resale values.

  In the US, high auto loan rates and inflation have extended vehicle replacement cycles. The average age of vehicles on US roads has risen from 11.8 years in 2019 to a record 13 years in 2026. As consumers keep vehicles longer, ownership costs matter more—and the biggest factor in those costs is the vehicle's resale value. Kia is growing its market share in the US by expanding its hybrid lineup and benefiting from strong used-car values (ranked fourth in the industry).

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	114,141	124,297	128,499	133,762
Operating profit (KRWb)	9,078	10,290	11,117	12,011
Net profit (adj) (KRWb)	7,554	8,897	9,541	10,407
EPS (adj) (KRW)	19,111	22,790	24,439	26,657
EPS (adj) growth (% y-y)	-21.7	19.2	7.2	9.1
EBITDA margin (%)	10.3	10.4	10.6	10.7
ROE (%)	12.9	13.8	13.5	13.3
P/E (adj) (x)	6.4	6.6	6.2	5.7
P/B (x)	0.8	0.9	0.8	0.7
EV/EBITDA (x)	2.4	2.6	2.0	1.3
Dividend yield (%)	5.6	4.6	5.0	5.0

Source: Company data, Samsung Securities estimates

Meanwhile, Kia's lower P/E multiple compared to Hyundai Motor's (HMC) is unavoidable, given: 1) its smaller stake in robotics ventures (HMC and Kia own a respective 27% and 18% of Boston Dynamics, and a respective 60% and 40% of Hyundai Motor Group Robotics Lab); 2) stronger retail investor buying of HMC shares; and 3) ETFs structured with a heavy weighting toward HMC.

- **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.
- **Kia's operating profit to miss consensus by 12.5%:** Kia's global wholesale sales, excluding China, totaled 775,000 units (up 1.9% q-q and 0.3% y-y). US sales dipped 2% y-y to 202,000 units due to a high base of 1Q25, but should return to growth following the February launch of the second-generation Telluride. Sales in Kora increased 5.3% y-y 142,000 units, supported by robust demand for EVs and key models. In Europe, sales rebounded 2.1% y-y to 140,000 units, driven by expansion of its EV lineup.

  We expect 1Q sales of KRW29t (up 3.2% q-q and 3.5% y-y) and an operating profit of KRW2.1t (up 15.6% q-q but down 29.2% y-y), for an operating margin of 7.3%. Excluding a KRW300b increase in warranty provisions due to a spike in year-end KRW/USD rate, operating profit is likely to read KRW2.4t, meeting the FnGuide consensus of KRW2.4t.
- **Production disruption in 2Q:** A fire at a tier-2 supplier of engine valves is likely to result in a production loss of 30,000 units each for HMC and Kia during April-May. Both automakers are partially offsetting the impact by ramping up production overseas (including the US). Currently coordinating design with alternative suppliers, the automakers will be able to normalize production by June.

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.

- **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%).

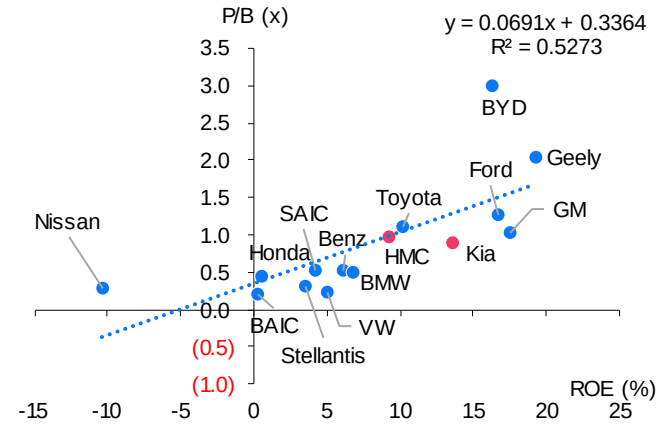
Tesla's connectivity service is priced at USD9.99 per month (or USD99 annually) and is adopted on nearly all vehicles. Total software-related recurring revenue reached USD3.8b last year.

- **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%.

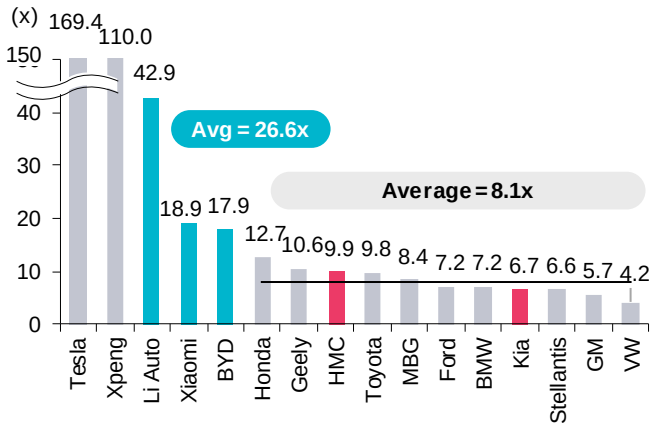
  Kia has also strengthened its market position since 2019 through disciplined inventory and incentive management, leading to a significant increase in used-car values. As new-model launches are scheduled from 2026, these higher residual values should support new-car demand. With projected annual North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

Automakers: P/B vs ROE (2026E)



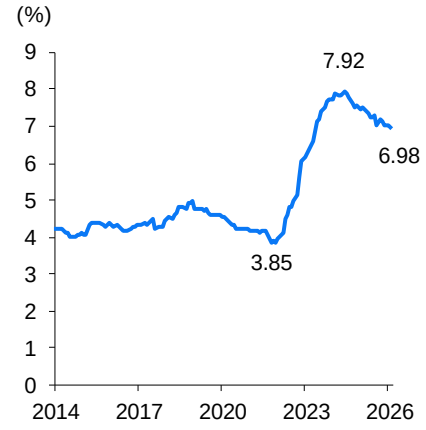
Source: Bloomberg, Samsung Securities

Automakers: 12-month forward P/E valuation



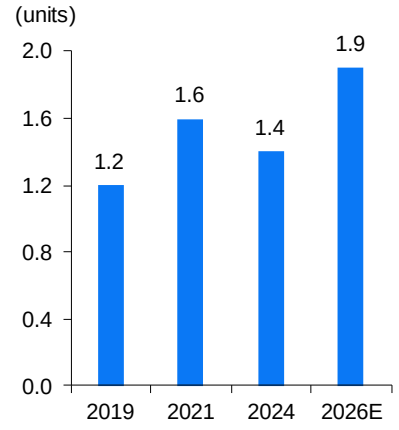
Source: Bloomberg, Samsung Securities

US: Rates on 60-month loans for new cars



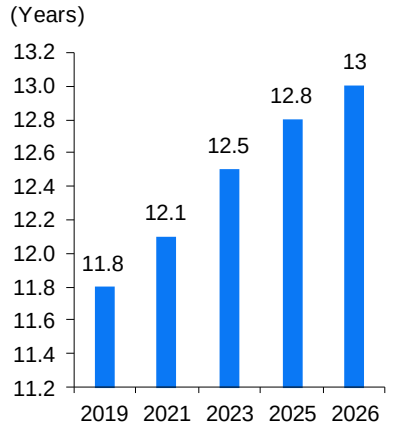
Source: Statista, Samsung Securities

US: Number of used vehicles sold per new vehicle sold



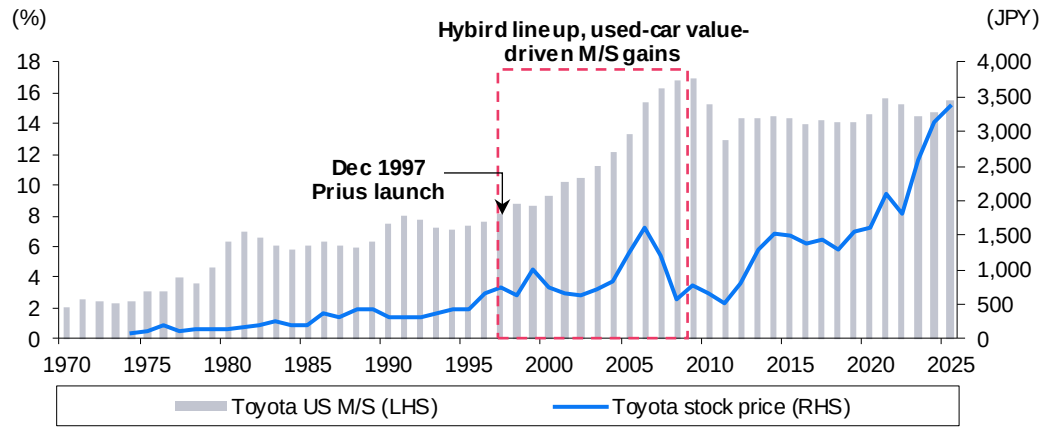
Source: Cox Automotive, Samsung Securities

US: Average age of vehicles on road



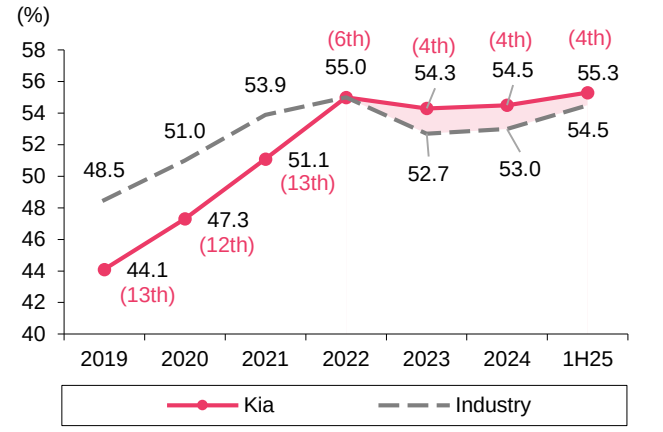
Source: S&P Global Mobility, Samsung Securities

Toyota: Market share in US



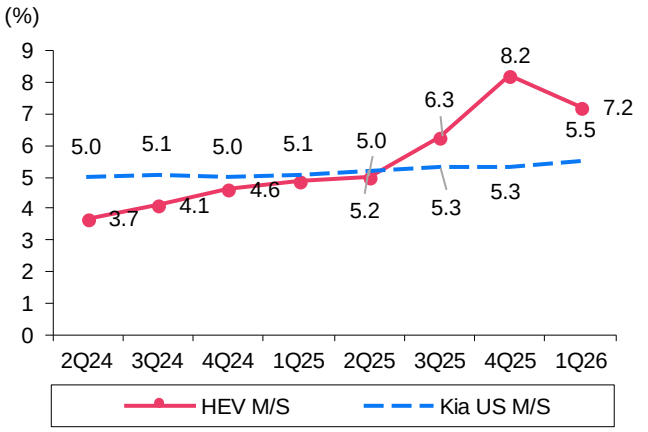
Source: Toyota, Bloomberg, Samsung Securities

Residual value and ranking



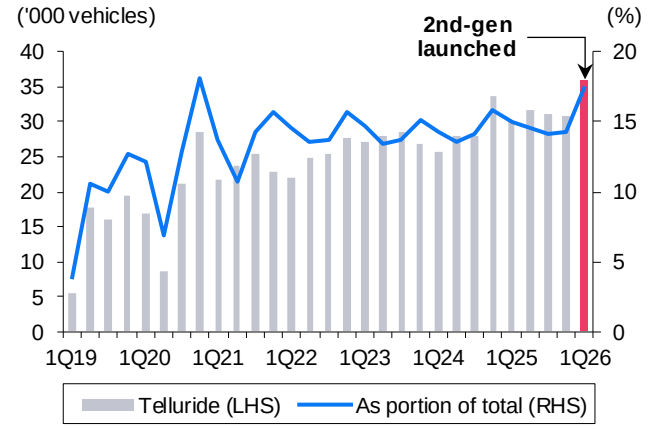
Source: U.S. ALG Residual Value, Company data, Samsung Securities

Kia: Hybrid market share in US



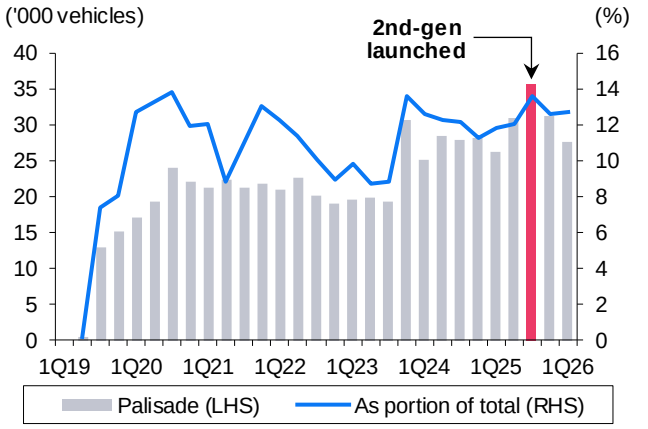
Source: Company data, Samsung Securities

Kia: Telluride sales volume and as portion of total sales



Source: Company data, Samsung Securities

HMC: Palisade sales volume and as portion of total sales



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**

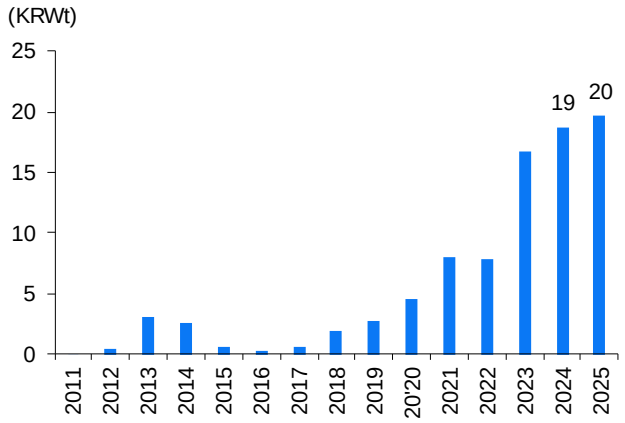
Source: Samsung Securities estimates

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
2025 operating profit	11,468	9,078	3,838
OP impact	**3.7%**	**4.0%**	**1.7%**

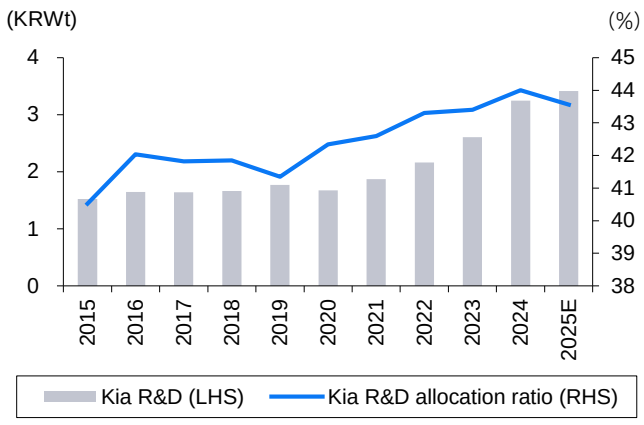
Source: Company data, Samsung Securities estimates

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

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		

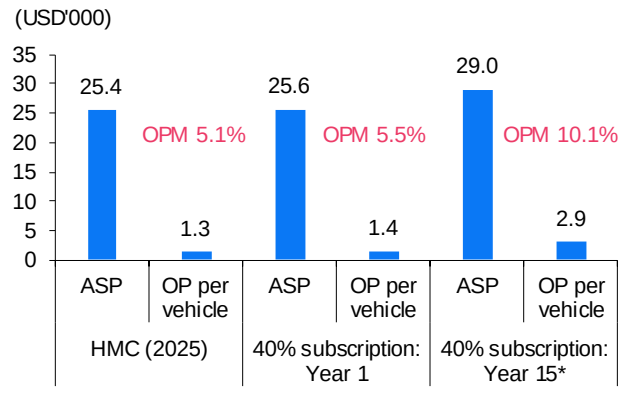
Source: Company data, Samsung Securities

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

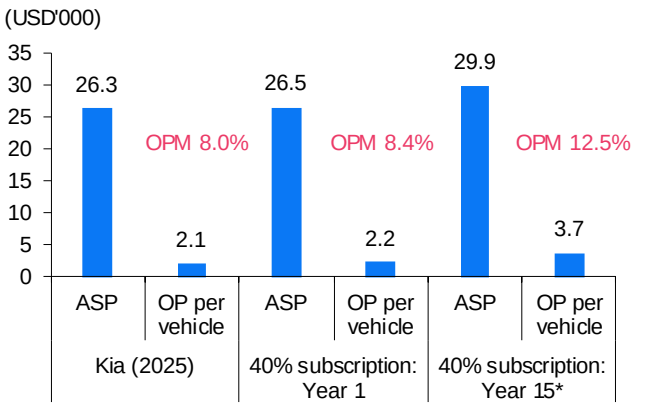
HMC: Estimated profitability changes from software sales



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

Kia: Global sales volume and forecasts

('000 vehicles)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Global plant sales	776	808	758	742	778	831	833	809	3,044	3,083	3,250	3,410
Domestic	394	417	397	379	401	402	393	375	1,547	1,587	1,570	1,590
Overseas	382	391	360	363	377	429	440	434	1,496	1,496	1,680	1,820
US (KMMG)	88	91	88	84	89	105	114	101	352	352	410	460
Europe (KMS)	89	86	64	56	73	98	90	98	351	295	360	380
China (DYK)	57	67	63	67	49	60	68	73	248	254	250	250
Mexico (KMM)	68	74	73	74	75	78	81	76	274	288	310	350
India (KMI)	81	73	72	82	90	87	87	86	270	307	350	380
Global retail sales	772	814	784	760	775	835	810	813	3,083	3,129	3,220	3,330
Global ASP (KRWm)	37.2	37.0	37.6	38.1	38.4	39.1	39.5	40.7	35.8	37.5	39.6	39.5

Source: Company data, Samsung Securities estimates

Kia: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (avg)	1,453	1,401	1,387	1,452	1,467	1,450	1,430	1,420	1,365	1,423	1,442	1,390
Revenue	28,018	29,350	28,686	28,088	28,997	31,922	31,225	32,152	107,449	114,141	124,297	128,499
Gross profit	6,081	5,875	5,409	5,143	5,782	6,254	5,739	6,006	24,771	22,508	23,781	24,497
Operating profit	3,009	2,765	1,462	1,843	2,129	2,872	2,395	2,894	12,667	9,078	10,290	11,117
Pre-tax profit	3,243	3,000	1,887	2,111	2,599	3,067	3,056	3,302	13,500	10,241	12,023	12,894
Net profit	2,393	2,268	1,422	1,471	1,923	2,270	2,261	2,443	9,775	7,554	8,897	9,541
Controlling profit	2,393	2,269	1,425	1,474	1,923	2,270	2,261	2,443	9,773	7,561	8,897	9,541
Margins (%)												
Gross profit	21.7	20.0	18.9	18.3	19.9	19.6	18.4	18.7	23.1	19.7	19.1	19.1
Operating profit	10.7	9.4	5.1	6.6	7.3	9.0	7.7	9.0	11.8	8.0	8.3	8.7
Net profit	8.5	7.7	5.0	5.2	6.6	7.1	7.2	7.6	9.1	6.6	7.2	7.4
Controlling profit	8.5	7.7	5.0	5.2	6.6	7.1	7.2	7.6	9.1	6.6	7.2	7.4

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**107,449**	**114,141**	**124,297**	**128,499**	**133,762**
Cost of goods sold	82,678	91,633	100,515	104,002	107,570
Gross profit	**24,771**	**22,508**	**23,781**	**24,497**	**26,192**
Gross margin (%)	23.1	19.7	19.1	19.1	19.6
SG&A expenses	12,104	13,430	13,491	13,380	14,181
Operating profit	**12,667**	**9,078**	**10,290**	**11,117**	**12,011**
Operating margin (%)	11.8	8.0	8.3	8.7	9.0
Non-operating gains (losses)	**833**	**1,163**	**1,734**	**1,777**	**1,865**
Financial profit	1,351	1,300	1,051	1,301	1,621
Financial costs	610	578	51	38	38
Equity-method gains (losses)	395	415	964	1,007	1,057
Other	-304	26	-230	-494	-775
Pre-tax profit	**13,500**	**10,241**	**12,023**	**12,894**	**13,876**
Taxes	3,725	2,687	3,126	3,352	3,469
Effective tax rate (%)	27.6	26.2	26.0	26.0	25.0
Profit from continuing operations	9,775	7,554	8,897	9,541	10,407
Profit from discontinued operations	0	0	0	0	0
Net profit	**9,775**	**7,554**	**8,897**	**9,541**	**10,407**
Net margin (%)	9.1	6.6	7.2	7.4	7.8
Net profit (controlling interests)	9,773	7,561	8,897	9,541	10,407
Net profit (non-controlling interests)	2	-7	0	0	0
EBITDA	15,216	11,792	12,917	13,594	14,357
EBITDA margin (%)	14.2	10.3	10.4	10.6	10.7
EPS (parent-based) (KRW)	24,413	19,111	22,790	24,439	26,657
EPS (consolidated) (KRW)	24,418	19,094	22,790	24,439	26,657
Adjusted EPS (KRW)*	24,413	19,111	22,790	24,439	26,657

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**41,797**	**44,426**	**50,803**	**58,886**	**67,582**
Cash & equivalents	13,567	13,998	17,696	24,671	31,979
Accounts receivable	3,561	3,552	3,868	3,999	4,162
Inventories	12,419	14,666	15,971	16,511	17,187
Other current assets	12,251	12,210	13,268	13,705	14,253
Fixed assets	**50,958**	**54,553**	**56,359**	**56,390**	**56,804**
Investment assets	27,223	28,149	30,582	31,589	32,850
Tangible assets	17,928	19,934	19,875	19,398	18,992
Intangible assets	4,094	4,806	4,238	3,738	3,298
Other long-term assets	1,713	1,664	1,664	1,664	1,664
Total assets	**92,756**	**98,979**	**107,162**	**115,276**	**124,386**
Current liabilities	**26,977**	**28,378**	**29,628**	**30,623**	**31,868**
Accounts payable	10,455	10,662	11,611	12,004	12,495
Short-term debt	221	211	211	211	211
Other current liabilities	16,302	17,505	17,806	18,408	19,162
Long-term liabilities	**9,938**	**9,410**	**10,130**	**10,428**	**10,802**
Bonds & long-term debt	2,176	979	979	979	979
Other long-term liabilities	7,763	8,431	9,151	9,450	9,823
Total liabilities	**36,916**	**37,789**	**39,759**	**41,051**	**42,670**
Owners of parent equity	**55,831**	**61,188**	**67,401**	**74,222**	**81,714**
Capital stock	2,139	2,139	2,139	2,139	2,139
Capital surplus	1,760	1,771	1,771	1,771	1,771
Retained earnings	50,241	54,520	60,774	67,595	75,087
Other	1,691	2,758	2,716	2,716	2,716
Non-controlling interests' equity	**9**	**3**	**3**	**3**	**3**
Total equity	**55,840**	**61,190**	**67,404**	**74,224**	**81,717**
Net debt	-15,303	-19,162	-24,712	-31,975	-39,645

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**12,564**	**9,054**	**11,704**	**11,484**	**12,289**
Net profit	9,775	7,554	8,897	9,541	10,407
Non-cash profit and expenses	9,666	8,455	3,596	3,366	2,982
Depreciation	2,010	2,070	2,060	1,977	1,906
Amortization	540	644	567	500	440
Other	7,116	5,741	969	889	636
Changes in A/L from operating activities	-4,287	-4,328	1,143	473	592
Cash flow from investments	**-10,153**	**-4,960**	**-2,892**	**-1,869**	**-1,962**
Change in tangible assets	-3,424	-3,593	-2,000	-1,500	-1,500
Change in financial assets	-4,788	-1,940	-892	-369	-462
Other	-1,941	573	0	-0	0
Cash flow from financing	**-3,570**	**-4,175**	**-3,790**	**-2,718**	**-2,912**
Change in debt	-525	-887	-1,147	3	3
Change in equity	2	11	0	0	0
Dividends	-2,194	-2,559	-2,642	-2,721	-2,915
Other	-853	-740	0	0	0
Change in cash	-787	432	3,698	6,975	7,308
Cash at beginning of year	14,353	13,567	13,998	17,696	24,671
Cash at end of year	13,567	13,998	17,696	24,671	31,979
Gross cash flow	**19,441**	**16,009**	**12,494**	**12,907**	**13,389**
Free cash flow	**9,079**	**5,290**	**9,704**	**9,984**	**10,789**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	7.7	6.2	8.9	3.4	4.1
Operating profit	9.1	-28.3	13.3	8.0	8.0
Net profit	11.4	-22.7	17.8	7.2	9.1
Adjusted EPS**	12.1	-21.7	19.2	7.2	9.1
Per-share data (KRW)					
EPS (parent-based)	24,413	19,111	22,790	24,439	26,657
EPS (consolidated)	24,418	19,094	22,790	24,439	26,657
Adjusted EPS**	24,413	19,111	22,790	24,439	26,657
BVPS	141,812	157,456	173,421	190,970	210,248
DPS (common)	6,500	6,800	7,000	7,500	7,500
Valuations (x)					
P/E***	4.1	6.4	6.6	6.2	5.7
P/B***	0.7	0.8	0.9	0.8	0.7
EV/EBITDA	1.6	2.4	2.6	2.0	1.3
Ratios (%)					
ROE	19.1	12.9	13.8	13.5	13.3
ROA	11.3	7.9	8.6	8.6	8.7
ROIC	45.2	27.3	28.9	32.2	36.5
Payout ratio	26.2	34.9	30.6	30.6	28.0
Dividend yield (common)	6.5	5.6	4.6	5.0	5.0
Net debt to equity	-27.4	-31.3	-36.7	-43.1	-48.5
Interest coverage (x)	124.8	120.8	200.9	294.3	317.4

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. 4. 20

EV/Mobility Team

Esther Yim
Team Leader
esther.yim@samsung.com

Hyunji Kim
Research Associate
hyunzi.kim@samsung.com

Scan to go to
Research Center report database

Hyundai Mobis (012330)

1Q preview; replacement cycle; robot investments

- We expect Hyundai Mobis's 1Q results to align with consensus, underpinned by strong performance of the aftermarket parts division. Lengthening vehicle replacement cycles in advanced countries is driving the aftermarket parts division toward a structural growth trajectory.
- The module division, encompassing the electrification business, likely recorded losses due to elevated raw material costs and Hyundai Motor (HMC)/Kia's diversification of EV component sourcing. However, these losses should be offset in 2H by stronger margins in ADAS and electrical/electronic (E/E) parts businesses.
- Mobis offers the clearest visibility into three-year profitability growth within the industry. Actuator sales for Boston Dynamics's Atlas will likely commence in 2H27.

WHAT'S THE STORY?

Mobis's aftermarket parts business on long-term growth trajectory: Geopolitical conflicts and the US-China technological rivalry have fragmented global markets and led to the splintering of technical standards. Hyundai Motor (HMC) and Kia generate 80-90% of their profits in markets where Chinese EV manufacturers face limited access—primarily the US, India, and Korea.

- **EV penetration around 10% in US, India, and Korea:** In the US, demand for EVs has fallen due to uncertain used-car values and the end of government incentives, causing EV penetration to drop from 10% to 6%. In India, insufficient charging infrastructure limits EV penetration to approximately 5%. In Korea, EV penetration stands at about 15%, but it fluctuates significantly based on Tesla's sales performance.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	61,118	65,805	69,666	73,777
Operating profit (KRWb)	3,357	3,869	4,474	4,909
Net profit (adj) (KRWb)	3,665	4,441	4,979	5,378
EPS (adj) (KRW)	39,682	48,829	54,740	59,124
EPS (adj) growth (% y-y)	-8.7	23.0	12.1	8.0
EBITDA margin (%)	7.4	7.8	8.4	8.6
ROE (%)	7.7	8.7	9.0	9.0
P/E (adj) (x)	9.4	8.0	7.1	6.6
P/B (x)	0.7	0.7	0.6	0.6
EV/EBITDA (x)	7.2	6.4	5.3	4.5
Dividend yield (%)	1.7	1.9	2.1	2.1

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW600,000	53.8%
Current price	KRW390,000 (Apr 7 close)	
Market cap	KRW35.4t/USD23.5b	
Shares (float)	90,732,583 (65.6%)	
52-week high/low	KRW529,000/KRW234,500	
Avg daily trading value (60-day)	KRW197.5b/ USD131.3m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Mobis (%)	-12.2	31.3	56.9
Vs Kospi (%pts)	-10.7	-15.2	-33.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	600,000	600,000	0.0%
2026E EPS	48,829	48,829	0.0%
2027E EPS	54,740	54,740	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	583,846
Recommendation	4.0

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

- **Vehicle replacement cycle is lengthening in US market:** Higher auto financing rates and inflation pressures have made used cars more attractive than new ones. In the US, the average age of vehicles on the road has risen from 11.8 years in 2019 to 13 years in 2026—the highest on record.
- **Non-genuine aftermarket parts market contracts post-pandemic:** Amid logistics disruptions, chip shortages, and US tariffs, the non-genuine aftermarket parts market has contracted—creating a prolonged growth environment for Hyundai Mobis's aftermarket parts sales.
- **Cash cow role in funding new business investments:** Mobis is responsible for supplying the core components and systems needed for the group's transition to Physical AI.

Robotics, the new business—this time is different: Mobis is entering robotics as its third new business. Its first two ventures—automotive components and electrification—were both late-mover plays that required massive upfront R&D and capital expenditures, which suppressed profitability. The electrification business was launched to offset declining sales from the aftermarket parts business. By contrast, robotics builds on Mobis's established technologies, enabling a path to profitability from the outset.

- **Humanoid robot actuators as third business:** Mobis is developing actuators for E-Atlas, and also handles battery modules and sensors. Due to concerns about technology leaks, it is likely that Mobis will also produce grippers and head modules (including reasoning chips). Together, these components make up 60-70% of the total manufacturing cost of Atlas.
- **Mobis's sales to Boston Dynamics:** Mobis's sales to Boston Dynamics is likely to grow to KRW600b in 2027 and to KRW1t in 2029.

Profitable from inception: Robot actuators share much in common with existing steering technology, minimizing initial investment. Core components such as motors and sensors are already in-house technologies. The company is evaluating whether to internalize or outsource gearboxes.

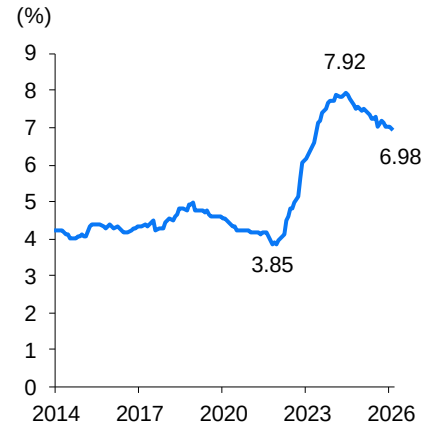
- **Clear visibility into earnings growth over next three years:** Mobis offers the clearest earnings visibility of any company in the industry.
- **Module division turning around:** The module division broke even in 2025, and is on track to achieve profitability in 2026. The division generated sales of KRW57t in 2025, so a 1%pt increase in operating margin would add KRW500-600b in annual profit.
- **We expect the module division to see increased profitability, led by:** 1) E/E parts (eg, ADAS) achieving economies of scale; and 2) sales to non-captive clients beginning in 2H (KRW600-700b pa; including BSA for Volkswagen).
- **CCU sales to rise starting 2027:** With HMC/Kia's transition to software-defined vehicles (SDV), Mobis will see increased sales of its central communication units (CCU). The CCU enables data exchange between vehicle control units and the centralized high-performance vehicle computer (HPVC). It is critical for: 1) managing over-the-air (OTA) updates—wirelessly updating software across vehicle systems including engine, braking, and steering; 2) vehicle diagnostics & monitoring—collecting real-time vehicle data and transmitting it to the cloud; and 3) security gateway—protecting the vehicle's internal networks from external cyberattacks.

- **Transitioning to technology company by divesting non-core units:** It is looking to sell its lamp and bumper businesses.
- **1Q preview—results in line with consensus:** We now expect Mobis to post 1Q sales of KRW15.4t (up 0.2% q-q and 4.6% y-y) and an operating profit of KRW866b (down 7% q-q but up 11.4% y-y), for an operating margin of 5.6%.

  In aftermarket parts, we estimate sales of KRW3.6t (up 10.4% y-y), operating profit of KRW906b (up 3.4% y-y), and an operating margin of 25%. To offset US tariff pressures, the aftermarket parts division implemented price hikes starting in 2H25 which, together with a weaker won, has positively impacted profitability. In the US market, three developments underpin the longer-term outlook for Mobis's aftermarket parts business: 1) hybrid vehicle demand is twice that of EVs; 2) the age of vehicles is increasing; and 3) logistics costs and tariffs are shrinking the non-genuine aftermarket parts market.

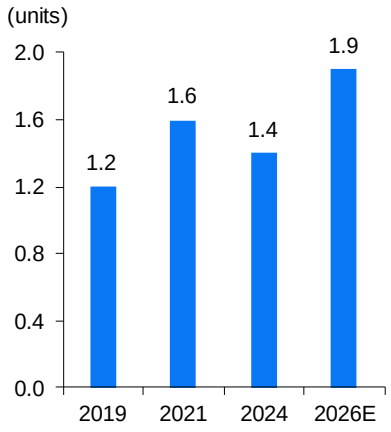
  In modules, we estimate sales of KRW11.8t (up 2.9% y-y), operating loss of KRW41b (moving into the red y-y), and an operating margin of -0.3%. The module division likely recorded a 1Q loss, due to elevated raw material costs and the electrification business facing pressure from HMC/Kia's supplier diversification. The module division should turn profitable in 2H and achieve full-year profitability in 2026.

US: Rates on 60-month loans for new cars



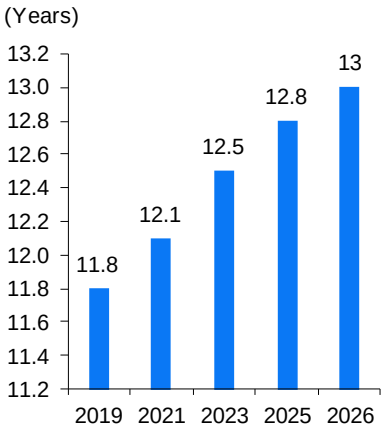
Source: Statista, Samsung Securities

US: Number of used vehicles sold per new vehicle sold



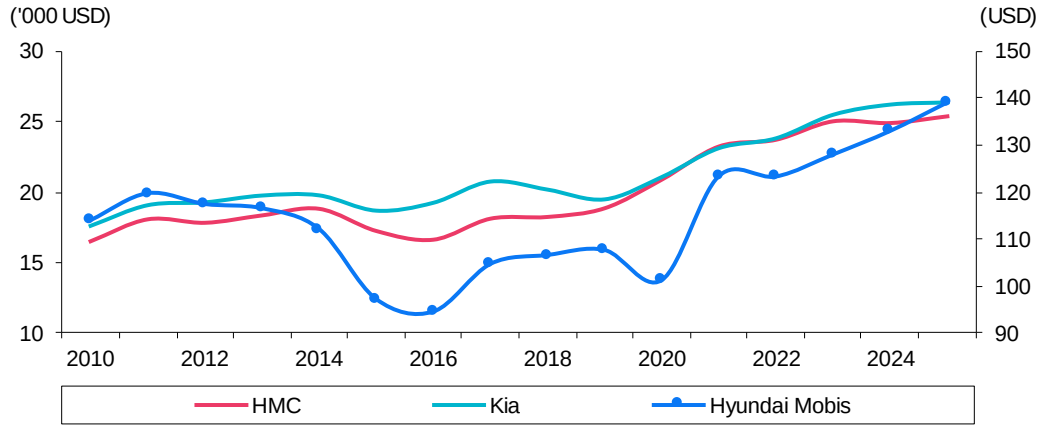
Source: Cox Automotive, Samsung Securities

US: Average age of autos on road



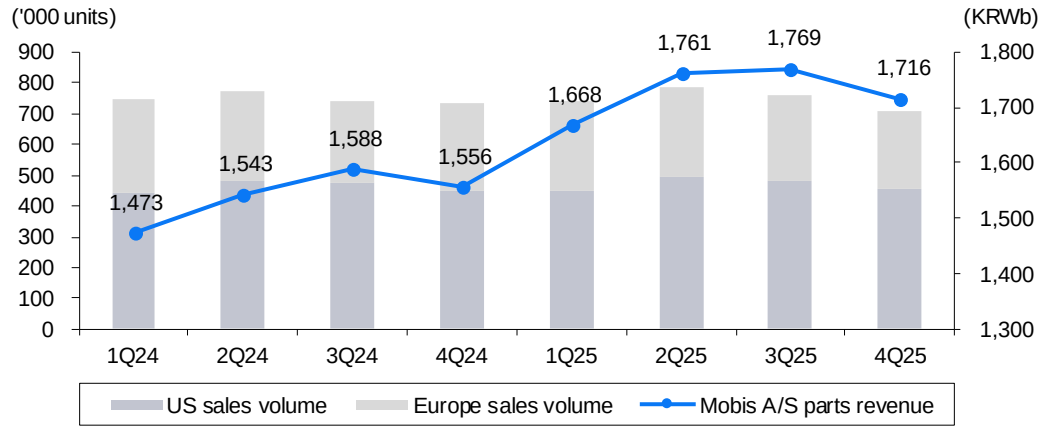
Source: S&P Global Mobility, Samsung Securities

Hyundai Mobis ASP vs HMC/Kia global ASP



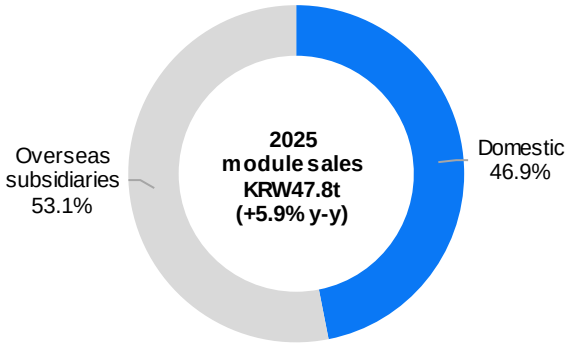
Source: Company data, Samsung Securities

US and Europe market: HMC/Kia global wholesales and Mobis A/S parts revenue



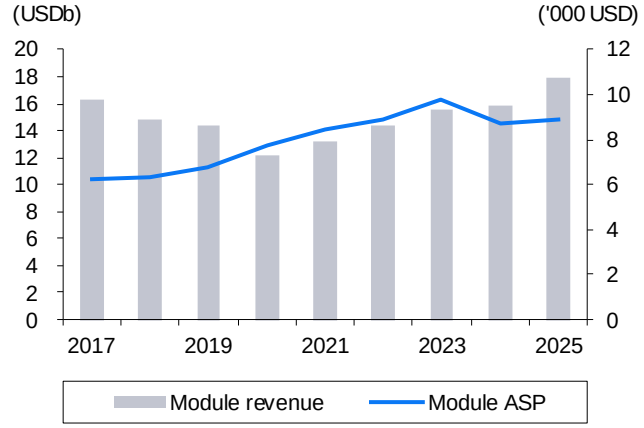
Source: Company data, Samsung Securities

Hyundai Mobis: Module sales



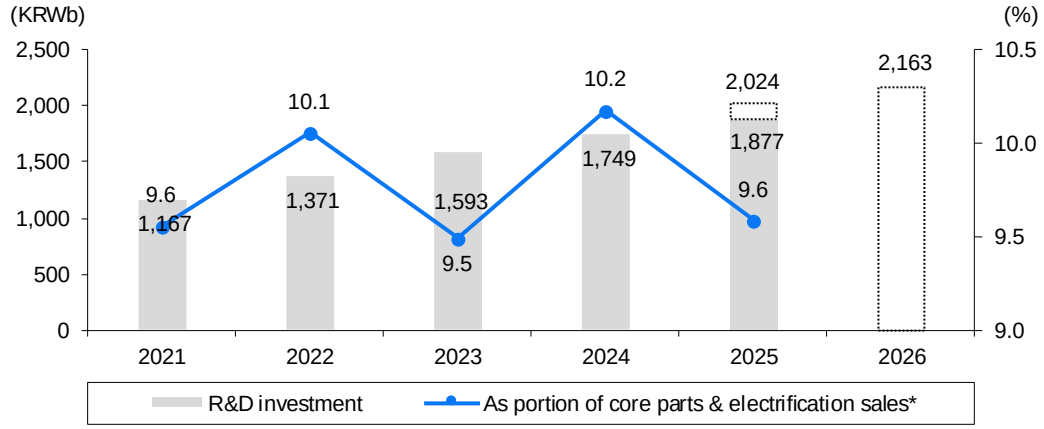
Source: Company data, Samsung Securities estimates

Hyundai Mobis: Sales and ASP at module business



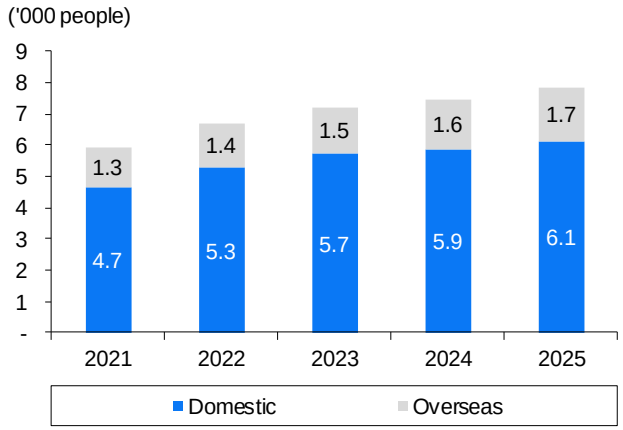
Source: Company data, Samsung Securities estimates

R&D as portion of core parts & electrification sales



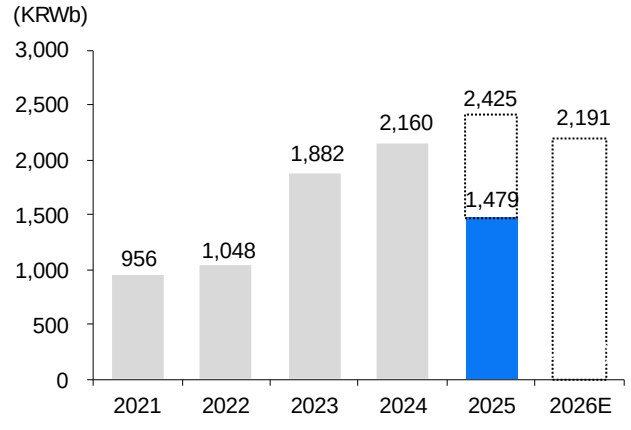
Note: * R&D as a percentage of electrification/core parts sales excludes battery cell value (estimated)
Source: Company data, Samsung Securities

Hyundai Mobis: Number of R&D personnel



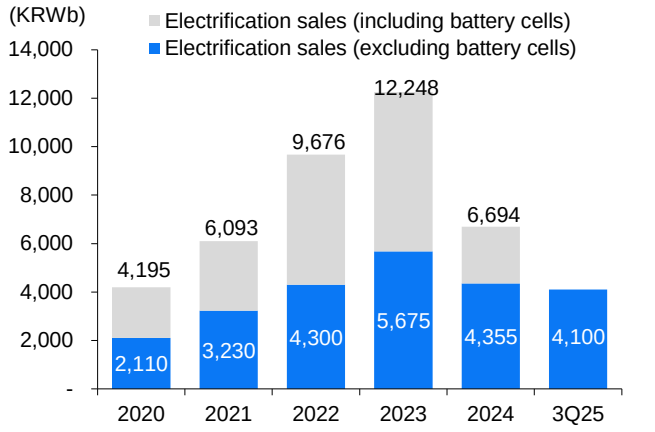
Source: Company data, Samsung Securities

Hyundai Mobis: Capex (production/R&D)



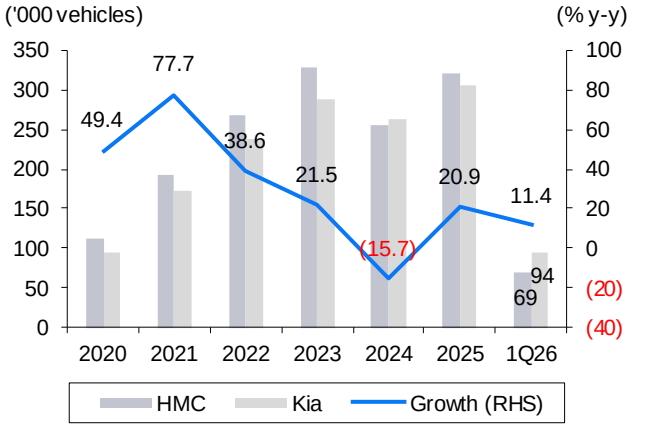
Source: Company data, Samsung Securities

Hyundai Mobis: Electrification revenue



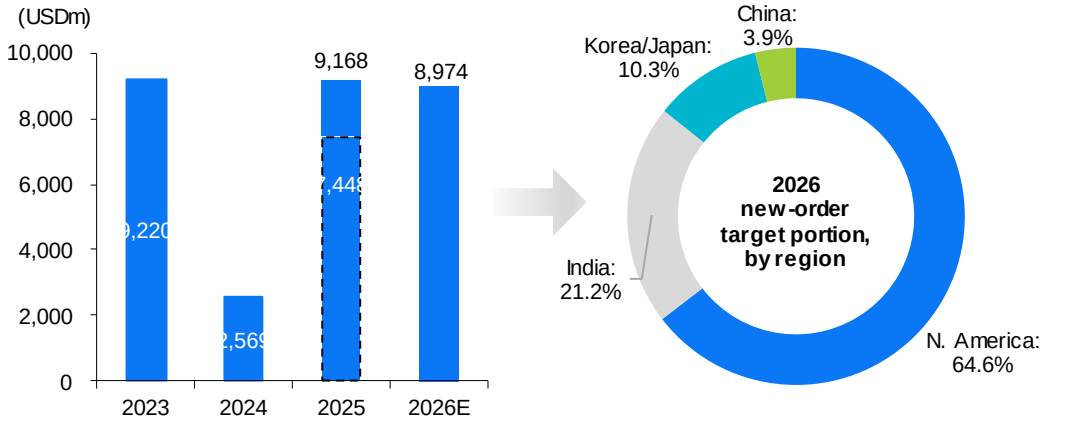
Source: Company data, Samsung Securities

HMC/Kia: BEV+PHEV sales volume



Source: Company data, Samsung Securities

Non-captive orders: Results & plans for core parts orders

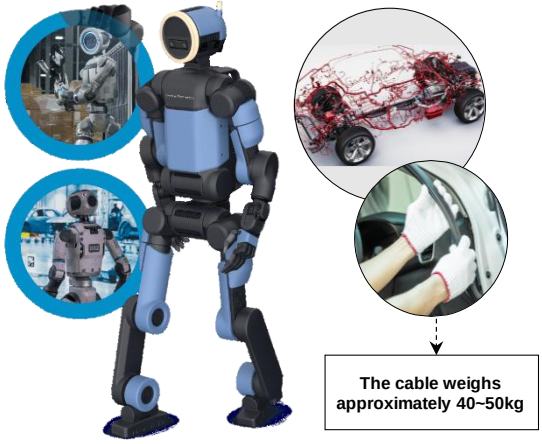


Source: Company data, Samsung Securities

Hyundai Mobis: Cableless actuator structure

Source: Company data

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

Rotary actuator: Cost breakdown

Component	Unit cost (USD)	Quantity	Total cost (USD)	Portion (%)
Harmonic/Planetary gearbox	165	1	165	29
Frameless torque motor	138	1	138	25
Torque sensor	83	1	83	15
Drive	69	1	69	12
Encoder	28	2	55	10
Brake	21	1	21	4
Bearing	7	3	21	4
Housing and other	10	1	10	2
Total	**-**	**-**	**561**	**100**

Source: CITIC Securities, Samsung Securities

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

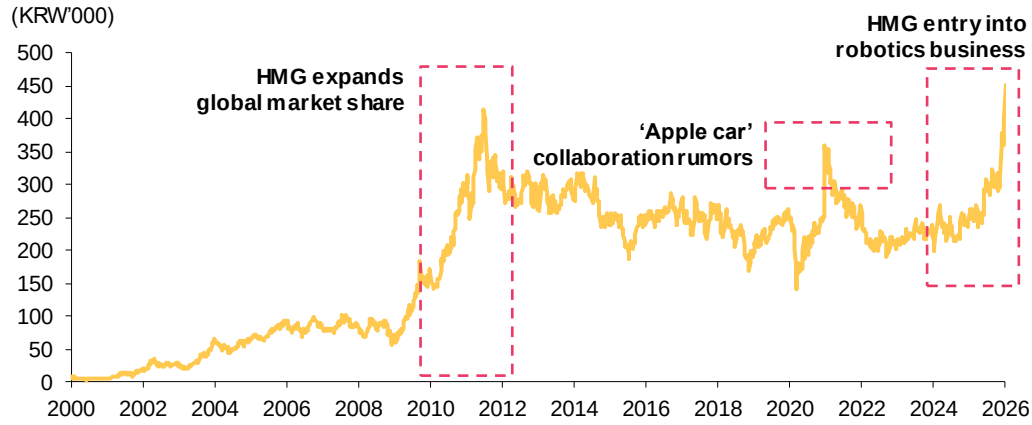
Source: Samsung Securities

Hyundai Mobis: Estimated revenue from Boston Dynamics Atlas

Volume (units)	Production cost (USD)	Mobis portion	Unit cost (USD)	Mobis sales* (USDm)	Mobis sales** (KRWb)
5,000	130,000	60%	78,000	425	617
10,000	50,992	60%	30,595	321	466
20,000	37,659	60%	22,595	475	688
30,000	33,214	60%	19,929	628	910
40,000	30,992	60%	18,595	781	1,132
50,000	29,659	60%	17,795	934	1,355

Note: *Sales figures inflated by 5% to account for aftermarket services revenue;
** Assumes exchange rate of KRW1,450/USD
Source: Samsung Securities estimates

Hyundai Mobis: Long-term share-price performance



Source: QuantiWise, Samsung Securities

Mobis: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (avg)	1,453	1,401	1,387	1,452	1,467	1,450	1,430	1,420	1,365	1,423	1,442	1,390
Revenue	14,752	15,936	15,032	15,398	15,424	16,974	16,576	16,832	57,237	61,118	65,805	69,666
Chg (% y-y)	6.4	8.7	7.4	4.7	4.6	6.5	10.3	9.3	-3.4	6.8	7.7	5.9
Simple modules	6,799	7,403	6,849	7,181	7,045	8,019	7,765	7,526	25,633	28,232	30,355	31,969
Core parts & electrification	4,675	5,204	4,826	4,863	4,760	5,372	5,220	5,643	19,518	19,568	20,995	22,593
After-sales service	3,278	3,330	3,357	3,354	3,619	3,583	3,591	3,662	12,085	13,318	14,456	15,104
Gross profit	2,062	2,198	2,129	2,440	1,945	2,164	2,159	2,603	8,063	8,830	8,870	9,768
Operating profit	777	870	780	930	866	959	982	1,063	3,073	3,357	3,869	4,474
Chg (% y-y)	43.1	36.8	-14.1	-5.6	11.4	10.2	25.9	14.2	33.9	9.2	15.2	15.6
Modules	-100	42	-37	171	-41	70	75	166	-42	76	271	742
After-sales service	877	828	817	760	906	889	907	897	3,116	3,282	3,599	3,732
Net profit	1,032	934	931	768	1,025	1,101	1,062	1,254	4,060	3,665	4,441	4,979
Controlling profit	1,031	932	929	763	1,022	1,098	1,059	1,251	4,056	3,656	4,431	4,967
Chg (% y-y)	19.7	-6.4	1.1	-40.3	-0.9	17.8	13.9	64.0	18.5	-9.9	21.2	12.1
Margins (%)												
Gross profit	14.0	13.8	14.2	15.8	12.6	12.7	13.0	15.5	14.1	14.4	13.5	14.0
Operating profit	5.3	5.5	5.2	6.0	5.6	5.6	5.9	6.3	5.4	5.5	5.9	6.4
Modules	-0.9	0.3	-0.3	1.4	-0.3	0.5	0.6	1.3	-0.1	0.2	0.5	1.4
After-sales service	26.7	24.9	24.3	22.7	25.0	24.8	25.2	24.5	25.8	24.6	24.9	24.7
Net profit	7.0	5.9	6.2	5.0	6.6	6.5	6.4	7.5	7.1	6.0	6.7	7.1
Controlling net profit	7.0	5.9	6.2	5.0	6.6	6.5	6.4	7.4	7.1	6.0	6.7	7.1

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**57,237**	**61,118**	**65,805**	**69,666**	**73,777**
Cost of goods sold	49,174	52,288	56,935	59,898	63,260
Gross profit	**8,063**	**8,830**	**8,870**	**9,768**	**10,516**
Gross margin (%)	14.1	14.4	13.5	14.0	14.3
SG&A expenses	4,989	5,472	5,001	5,295	5,607
Operating profit	**3,073**	**3,357**	**3,869**	**4,474**	**4,909**
Operating margin (%)	5.4	5.5	5.9	6.4	6.7
Non-operating gains (losses)	**2,191**	**1,758**	**2,299**	**2,442**	**2,560**
Financial profit	812	606	453	501	583
Financial costs	486	355	167	154	154
Equity-method gains (losses)	1,788	1,400	1,963	2,094	2,200
Other	78	107	50	1	-68
Pre-tax profit	**5,264**	**5,115**	**6,169**	**6,915**	**7,469**
Taxes	1,204	1,450	1,727	1,936	2,091
Effective tax rate (%)	22.9	28.4	28.0	28.0	28.0
Profit from continuing operations	4,060	3,665	4,441	4,979	5,378
Profit from discontinued operations	0	0	0	0	0
Net profit	**4,060**	**3,665**	**4,441**	**4,979**	**5,378**
Net margin (%)	7.1	6.0	6.7	7.1	7.3
Net profit (controlling interests)	4,056	3,656	4,431	4,967	5,365
Net profit (non-controlling interests)	5	9	11	12	13
EBITDA	4,058	4,525	5,149	5,851	6,343
EBITDA margin (%)	7.1	7.4	7.8	8.4	8.6
EPS (parent-based) (KRW)	43,480	39,682	48,829	54,740	59,124
EPS (consolidated) (KRW)	43,528	39,779	48,948	54,874	59,268
Adjusted EPS (KRW)*	43,480	39,682	48,829	54,740	59,124

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**28,424**	**30,366**	**32,448**	**35,647**	**39,431**
Cash & equivalents	4,788	4,922	5,581	7,608	10,144
Accounts receivable	9,914	10,221	11,005	11,651	12,338
Inventories	6,763	6,862	7,388	7,822	8,283
Other current assets	6,958	8,361	8,474	8,567	8,666
Fixed assets	**38,173**	**40,034**	**42,670**	**44,889**	**46,947**
Investment assets	23,438	24,789	26,605	28,101	29,694
Tangible assets	12,003	12,347	13,254	14,051	14,580
Intangible assets	1,167	1,266	1,178	1,104	1,041
Other long-term assets	1,564	1,633	1,633	1,633	1,633
Total assets	**66,597**	**70,401**	**75,118**	**80,535**	**86,378**
Current liabilities	**12,745**	**13,058**	**13,449**	**14,191**	**14,981**
Accounts payable	6,748	6,691	7,205	7,627	8,077
Short-term debt	648	796	796	796	796
Other current liabilities	5,350	5,570	5,448	5,768	6,108
Long-term liabilities	**7,733**	**8,130**	**8,572**	**8,937**	**9,325**
Bonds & long-term debt	1,927	1,819	1,819	1,819	1,819
Other long-term liabilities	5,806	6,311	6,754	7,118	7,506
Total liabilities	**20,479**	**21,188**	**22,021**	**23,127**	**24,306**
Owners of parent equity	**46,081**	**49,168**	**53,042**	**57,340**	**61,991**
Capital stock	491	491	491	491	491
Capital surplus	1,367	1,377	1,377	1,377	1,377
Retained earnings	42,911	45,225	49,075	53,373	58,025
Other	1,311	2,075	2,098	2,098	2,098
Non-controlling interests' equity	**37**	**45**	**56**	**68**	**81**
Total equity	**46,118**	**49,213**	**53,098**	**57,408**	**62,072**
Net debt	-1,236	-1,256	-2,426	-4,452	-6,989

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**4,253**	**4,473**	**3,679**	**4,197**	**4,543**
Net profit	4,060	3,665	4,441	4,979	5,378
Non-cash profit and expenses	625	1,841	92	207	231
Depreciation	903	1,065	1,193	1,303	1,371
Amortization	82	102	87	74	63
Other	-360	674	-1,189	-1,171	-1,203
Changes in A/L from operating activities	-822	-708	-79	-65	-69
Cash flow from investments	**-4,589**	**-3,234**	**-2,100**	**-2,100**	**-1,900**
Change in tangible assets	-2,088	-1,281	-2,100	-2,100	-1,900
Change in financial assets	65	1	-0	-0	-0
Other	-2,566	-1,953	-0	-0	-0
Cash flow from financing	**-255**	**-1,205**	**-1,090**	**-669**	**-713**
Change in debt	804	114	-511	0	0
Change in equity	4	10	0	0	0
Dividends	-406	-583	-580	-669	-713
Other	-657	-745	0	0	0
Change in cash	-291	134	659	2,026	2,536
Cash at beginning of year	5,079	4,788	4,922	5,581	7,608
Cash at end of year	4,788	4,922	5,581	7,608	10,144
Gross cash flow	**4,685**	**5,506**	**4,533**	**5,186**	**5,609**
Free cash flow	**2,049**	**3,125**	**1,579**	**2,097**	**2,643**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-3.4	6.8	7.7	5.9	5.9
Operating profit	33.9	9.2	15.2	15.6	9.7
Net profit	18.6	-9.7	21.2	12.1	8.0
Adjusted EPS**	19.6	-8.7	23.0	12.1	8.0
Per-share data (KRW)					
EPS (parent-based)	43,480	39,682	48,829	54,740	59,124
EPS (consolidated)	43,528	39,779	48,948	54,874	59,268
Adjusted EPS**	43,480	39,682	48,829	54,740	59,124
BVPS	509,212	551,325	594,739	642,931	695,084
DPS (common)	6,000	6,500	7,500	8,000	8,000
Valuations (x)					
P/E***	5.4	9.4	8.0	7.1	6.6
P/B***	0.5	0.7	0.7	0.6	0.6
EV/EBITDA	5.1	7.2	6.4	5.3	4.5
Ratios (%)					
ROE	9.4	7.7	8.7	9.0	9.0
ROA	6.5	5.4	6.1	6.4	6.4
ROIC	11.3	10.7	11.7	12.8	13.5
Payout ratio	13.3	15.9	15.1	14.4	13.3
Dividend yield (common)	2.5	1.7	1.9	2.1	2.1
Net debt to equity	-2.7	-2.6	-4.6	-7.8	-11.3
Interest coverage (x)	23.8	19.0	23.2	29.0	31.8

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 4. 20

EV/Mobility Team

Esther Yim
Team Leader
esther.yim@samsung.com

Hyunji Kim
Research Associate
hyunzi.kim@samsung.com

Scan to go to
Research Center report database

Hankook T&T (161390)

1Q preview; a fragmented market, only the prepared make money

- Hankook Tire & Technology is likely to be the only player in the domestic auto sector to consensus-beating 1Q results, thanks to: 1) price increases in Europe and Korea; and 2) an earnings recovery at subsidiary Hanon Systems.
- Rising raw material and logistics costs linked to the Middle East war should be recognized from 3Q. In response, Hankook T&T is evaluating further product price hikes.
- EV tire demand is growing in Europe, while replacement tire demand is rising in the US amid a lengthening of vehicle replacement cycles. Once war risks subside, the company's stock price should rebound quickly.

WHAT'S THE STORY?

Characteristics of global tire industry: Global tire demand is growing at a modest pace of 2-3% *pa*.

- **Tire market more resilient than new-vehicle market:** In 2025, global tire demand reached roughly 2b units—80% stemmed from replacement needs, which demand type is steady and immune to the state of the economy.
- **Second-tier companies capture growing market share:** Top-tier global tire makers have lost market share worldwide due to high pricing. The combined market share of the top-four companies shrank 15%pts from 60% in 2005 to 45% in 2025. Second-tier tire makers have gained market share by offering quality products (on a par with those offered by top-tier firms) at prices 10-15% lower.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW85,000	34.3%
Current price	KRW63,300 (Apr 9 close)	
Market cap	KRW7.8t/USD5.3b	
Shares (float)	123,875,069 (55.3%)	
52-week high/low	KRW75,900/KRW36,200	
Avg daily trading value (60-day)	KRW26.8b/ USD18.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hankook T&T (%)	11.1	64.2	74.9
Vs Kospi (%pts)	0.9	0.9	-30.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	85,000	85,000	0.0%
2026E EPS	12,367	12,367	0.0%
2027E EPS	14,146	14,146	0.0%

SAMSUNG vs THE STREET

No of estimates	16
Target price	84,125
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	21,202	21,629	22,948	23,891
Operating profit (KRWb)	1,841	2,199	2,394	2,265
Net profit (adj) (KRWb)	972	1,366	1,563	1,489
EPS (adj) (KRW)	8,795	12,367	14,146	13,479
EPS (adj) growth (% y-y)	-2.3	40.6	14.4	-4.7
EBITDA margin (%)	15.2	16.6	16.5	15.1
ROE (%)	9.4	12.0	12.5	10.9
P/E (adj) (x)	6.6	5.1	4.5	4.7
P/B (x)	0.6	0.6	0.5	0.5
EV/EBITDA (x)	4.1	3.5	3.0	2.7
Dividend yield (%)	3.9	5.2	6.3	6.3

Source: Company data, Samsung Securities estimates

- **No significant pressure from Chinese competitors:** 1) While Chinese tire manufacturers face oversupply risk, the industry is not a strategic priority for the Chinese government, because its technology has limited spillover effects (on other sectors) and creates relatively few jobs. Although two Chinese brands are among the global top 10 (sales basis), their global market influence pales in comparison to that of Chinese EV makers. 2) The US imposes anti-dumping duties (14.35-87.99%) and countervailing duties (15.56-119.46%) on Chinese tires. In Europe, tires are considered high-involvement consumer goods due to their safety-critical nature, creating high brand barriers.

Investment point 1—Well-prepared player in fragmenting market: Geopolitical conflicts and the US-China technological rivalry have fragmented global markets and led to a splintering of technical standards. EV tire replacement cycles are about to pick up in China and Europe, while the vehicle replacement cycle in the US continues to lengthen.

- **EV penetration high only in China and Europe:** As of 2025, the EV penetration stands at 54% in China and 33% in Europe, led by pure-play EV makers such as BYD and Tesla. Since the widespread adoption of EVs began in 2020, the first major cohort of vehicles is now entering its first tire replacement cycle.

  EV tires as a portion of Hankook Tire & Technology's (Hankook T&T) OE tire sales has expanded 9%pts y-y to 32%—exceeding the global EV penetration of 25% in 2025. EV tires as a portion of its replacement (RE) tire sales has expanded 5%pts y-y to 7-8% and continues to climb as aging EVs enter their tire replacement cycle.

- **Used car demand exceeds new car demand in US:** In the US, high auto loan rates and inflation have lengthened auto replacement cycles. For every new car sold, 1.7-1.9 used cars are sold. The average age of vehicles on US roads has risen from 11.8 years in 2019 to a record 13 years in 2026. As the vehicle replacement cycle lengthens, demand for aftermarket services and RE tires should rise.

  Amid growing demand for RE tires, Hankook T&T launched the second phase of its Tennessee plant expansion in late 2025 (total capacity after the second expansion: 6m units). As the facility begins to also produce truck and bus radial (TBR) tires, it is likely to pursue supply deals for Tesla's Semi Truck.

Investment point 2—Hankook T&T's tire brand designed for EVs—tier jumping strategy to turn into higher earnings: Hankook T&T should rise to become a top-tier player on a combination of the EV tire replacement cycle and Tesla's robotaxis.

- **Separate EV tire brand iON launches in 2022:** Functionalized polymer and silica are added to iON tires to improve their performance. They are designed to be quiet and ecofriendly, and were first launched in Europe before being rolled out in Korea, the US, and China. As there is no established top-tier brand for EV tires yet, Hankook T&T aims to ascend to the top tier through this segment.
- **Tesla and BYD are key clients:** Hankook T&T has a diversified OE tire clientele. Its largest client is HMG (30% of sales), followed by VW (20%), Tesla (10%), and BYD (5%). It derives 5-10% of sales from each Japanese automaker. The affordable versions of Tesla's Model 3 and Model Y, which debuted in late October, have been kitted out with iON tires as standard. Tesla's robotaxis, set to enter production in Apr 2026, are also expected to feature Hankook T&T tires.

- **Targeting higher share of EV tires in OE tire sales:** Hankook T&T managed to grow the EV tire portion of its total OE tire sales from 15% in 2023 to 22% in 2024, and it is targeting 29% this year. The company generates 50% of its EV tire sales in China, 35% in Europe, and 15% in North America and Korea. OE tires generate margins similar to those on auto parts (5-6%), but their sales typically lead to greater demand for RE tires (which have higher margins) down the line. Hankook T&T has secured EV pure-plays Tesla, BYD, Xpeng, and Rivian as customers, and also supplies legacy automakers VW, HMC, and GM with EV tires.
- **Truck and bus tires have three times the ASP:** The tiremaker is believed to be in talks to supply tires for electric school buses and commercial vehicles in the US. A North American EV maker plans to begin robo-trucking services in 2026, and landing a deal to supply it with tires would create additional growth momentum for Hankook T&T. Truck and bus tires have three times the ASP of sedan/SUV tires. Hankook T&T is building a truck and bus tire plant in the US with 1m units of capacity, and the facility is scheduled to become operational in late 2026.
- **EV tires have shorter replacement cycles:** Tires on new internal combustion engine (ICE) cars are typically replaced after 4-5 years (or 80,000-100,000 miles of use) vs 3-4 years on EVs (60,000-80,000 miles)—EVs weigh more and can accelerate faster than ICE autos. Robotaxis/robotrucks in around-the-clock service with annual mileage of 50,000-80,000 miles should need more-frequent tire replacement—probably every 2 years.
- **Tires for EVs are 10-15% more expensive than those for ICE autos:** Hankook T&T is a second-tier player in the ICE vehicle tire industry, pricing its products 10-15% lower than those of top-tier companies Michelin and Bridgestone. Yet, the Korean firm prices its EV tires on par with those of Michelin and Bridgestone, as the top tier has yet to be established in the EV tire segment. OE tires for EVs command a 5-10% premium vs tires for ICE vehicles, as EV tires are generally larger (typically 18-22 inches). RE tires for ICE vehicles offer an operating margin of 15-20%, but RE tires for EVs can be more lucrative, providing an operating margin of 30%. By 2026, EV tires should account for more than 10% (up 3%pts y-y) of Hankook T&T's RE tire sales (80% of total tire sales). We estimate that every 10%pt increase in the EV tire portion of RE sales will boost operating margin by 0.8%pts.
- **Tires up for replacement:** Hankook T&T enjoys a 4-5%pts higher operating margin during periods when RE tire demand is strong. Its shares surged: 1) in 2013 as a replacement cycle began—autos sold during the 2010 motorization of China needed new tires; and 2) in 2016 on the start of a replacement cycle—SUV sales surged in 2012. The EV boom began in 2020, and the first wave of EV tire replacements is expected in 2025. As a supplier of tires to pure-play EV manufacturers, Hankook T&T stands to benefit the most from the upcoming replacement cycle.

Investment point 3—Strengthening shareholder return program: Hankook T&T has introduced interim dividends and plans to raise its dividend payout ratio to 35% (based on tire earnings) by 2027. It should manage to narrow the valuation gap with its peer group.

- **The most undervalued tiremaker:** Despite boasting high profitability, Hankook T&T is trading at 5.1x forward P/E vs the global tire maker average of 11x. We attribute this to investor disappointment over the acquisition of Hanon Systems, with which potential synergies are questionable. Hankook T&T's valuation should recover—2025 profitability at Hanon Systems confirms that it has turned around following restructuring.

- **Strengthening shareholder return program:** Based on tire business earnings over 2025-2027, the tiremaker plans to increase its interim dividends and lift its dividend payout ratio to 35% by 2027. We assume the ratio will rise 5%pts every year. Hankook T&T's DPS increased 15% y-y to KRW2,200 in 2025 (including an interim dividend of KRW800), making shareholder dividend income eligible for separate taxation. We expect its DPS to reach KRW3,300 in 2026 (up 43%) and KRW4,000 in 2027 (up 21%).

Temporary hike in raw material and logistics costs: In March, due to the Middle East conflict, the price of butadiene surged 206% m-m and the Shanghai Containerized Freight Index (SCFI) rose 39% m-m.

- **Raw material price pass-through with 3-month lag:** The hike in butadiene prices (from KRW1,250/tonne at end-February to KRW2,570/tonne in early April) should cause synthetic rubber prices (which are equal to 7% of its total sales) to rise, probably from end-2Q. However, tire manufacturers in Europe and Korea raised their ASPs by 2% in 1Q. With further adjustments under review for 2H, tier makers should be able to offset ongoing cost pressure.
- **Logistics costs to stabilize quickly:** For the tire industry, logistics expenses account for 5-6% of firms' sales (2.5-3x higher than the Korean manufacturing average of 2.5%). Freight rates are negotiated semi-annually, and thanks to recently reduced geopolitical risks, the freight index should stabilize at a lower level.

1Q earnings outlook: In the domestic auto sector, Hankook T&T should be the only company with consensus-beating results.

- **1Q preview:** Hankook T&T should post 1Q sales of KRW510b (up 4.8% y-y) and an operating profit of KRW55.3b (up 55.9% y-y), for an operating margin of 10.8%. This reflects continued improvement at subsidiary Hanon Systems and robust growth at its tire business.

  In the tire segment, sales, operating profit and operating margin are estimated at KRW240b (down 11.6% q-q but up 3.8% y-y), KRW45.9b (flat q-q and up 37.6% y-y), and 17.7%, respectively. Sales should be subdued as 1Q is a low season, but improved profitability is expected thanks to lower raw material costs and tariff refunds.

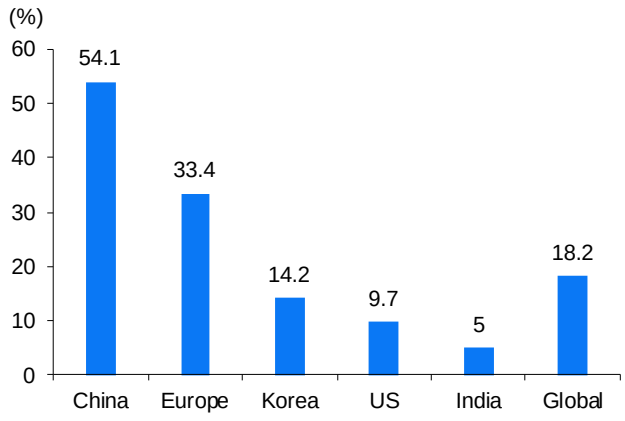
  According to FnGuide consensus, sales will be KRW522b, operating profit KRW49.2b, and operating margin 9.4%.
- **Tariff refunds recognized in 1Q:** Tariff refunds for 2025 (estimated at KRW40b) tied to a reduction in anti-dumping duties were postponed to 1Q because of the US government shutdown. The US set anti-dumping duties on imported tires on May 24, 2021. Korea's top-three tire makers responded by submitting data and filing complaints. In early Feb 2024, the duties were adjusted lower by 20.75%pts from 27.05% to 6.3% for Hankook T&T. The difference was to be refunded every 4Q over a three-year period. A refund of KRW100b was paid out in 4Q23 and KRW70b in 4Q24. A refund of KRW40b was expected in 4Q25, but this has been deferred to 1Q26.
- **2026 earnings guidance:** Hankook T&T targets sales growth this year and an operating margin above 13.4% (its five-year average). It believes large-diameter tires will account for 51% of its sales volume (up 6.7%pts y-y) and OE electric vehicle tires will make up over 33% of its sales volume (up 6%pts y-y). The company estimates its global EV tires will account for 28% of its tire sales volume.

Global tire company: Sales growth in 2025; Sales at tier-1 firms stall but grow at tier-2 companies

			2024	2025	Growth (%)	Note
Tier 1	1	Michelin	29,417	29,382	-0.1	
	2	Bridgestone	29,269	29,627	1.2	
	3	Goodyear	18,878	18,280	-3.2	
	4	Continental	42,967	22,242	-48.2	Spun off automotive parts division; tire segment growth: -0.5% y-y
Tier 2	5	Pirelli	7,327	7,660	4.5	
	6	Sumitomo Rubber	8,007	8,074	0.8	
	7	Hankook T&T	6,903	14,922	116.2	Acquired Hanon Systems (Rev; KRW1t); tire segment growth: +9% y-y
	8	Yokohama Rubber	7,233	8,260	14.2	
	9	Zhongce Rubber Group	5,452	6,410	17.6	
	10	Sailun Group	4,417	5,324	20.5	
	14	Kumho Tire	3,320	3,306	-0.4	Plant fire in Gwangju
	17	Nexen Tire	2,086	2,243	7.5	

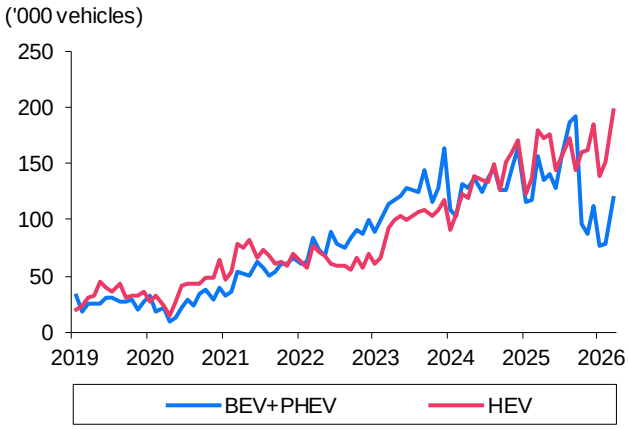
Source: Bloomberg, Samsung Securities

EV penetration in major countries



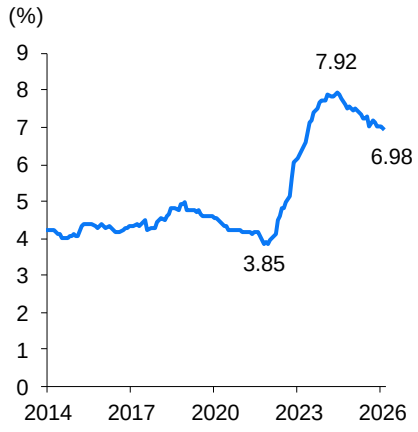
Source: EV-Volumes, Marklines, Samsung Securities

US: Auto demand - HEVs vs BEVs+PHEVs



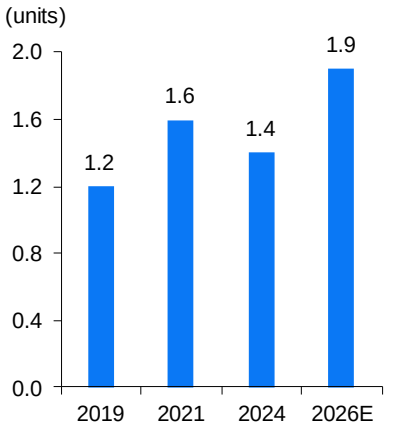
Source: Marklines, Samsung Securities

US: Rates on 60-month loans for new cars



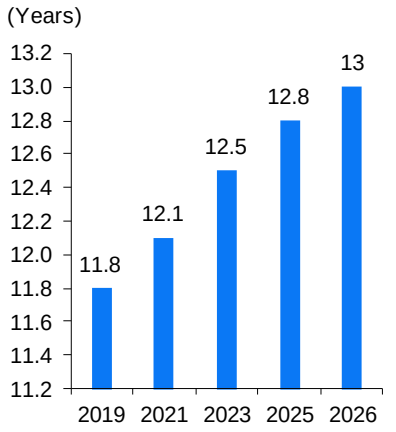
Source: Statista, Samsung Securities

US: Number of used vehicles sold per new vehicle



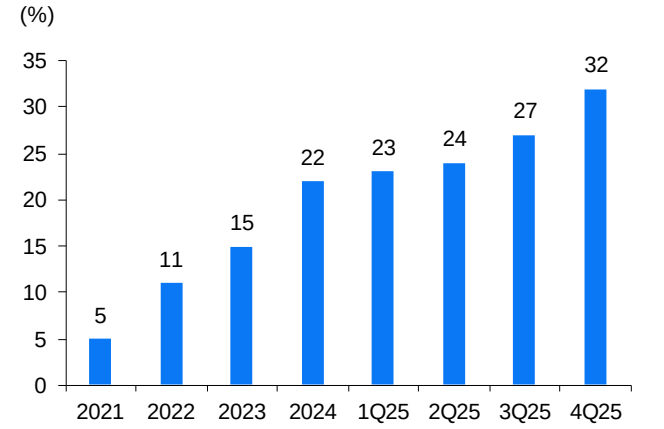
Source: Cox Automotive, Samsung Securities

US: Average age of vehicles in operation



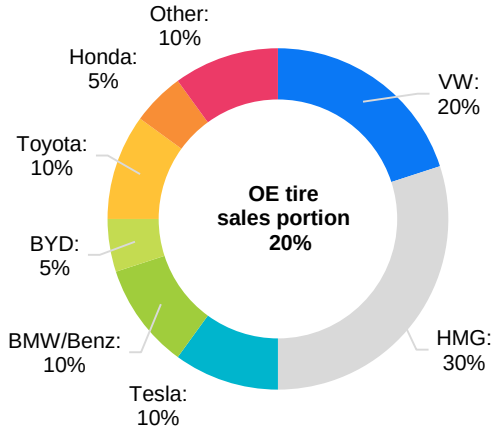
Source: S&P Global Mobility, Samsung Securities

Hankook T&T: EV tire portion of total OE tire sales volume



Source: Company data, Samsung Securities

Hankook T&T: OE tire sales, by customer



Source: Company data, Samsung Securities

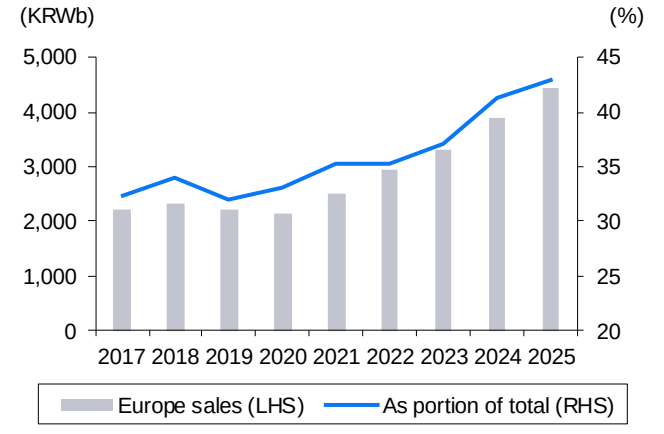
Tesla: Model Y (comes with 19- or 20-inch tires)

Source: Company data

Ford: F-150 Lightning (18- 20- or 22-inch tires)

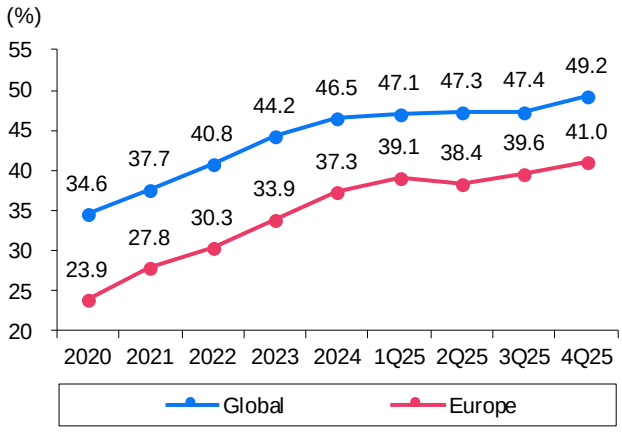
Source: Company data

Hankook T&T's revenue from Europe: Absolute and as portion of total



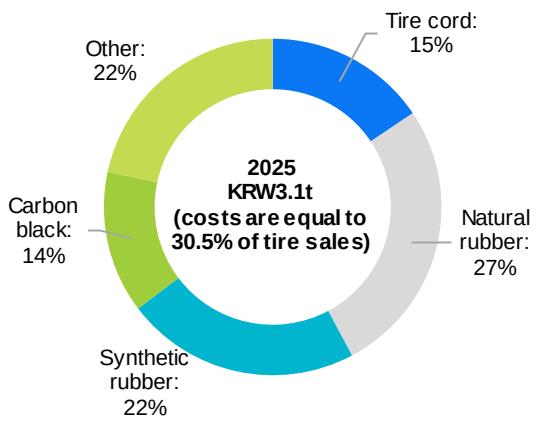
Source: Company data, Samsung Securities

Hankook T&T: 18-inch-or-larger portion of tires



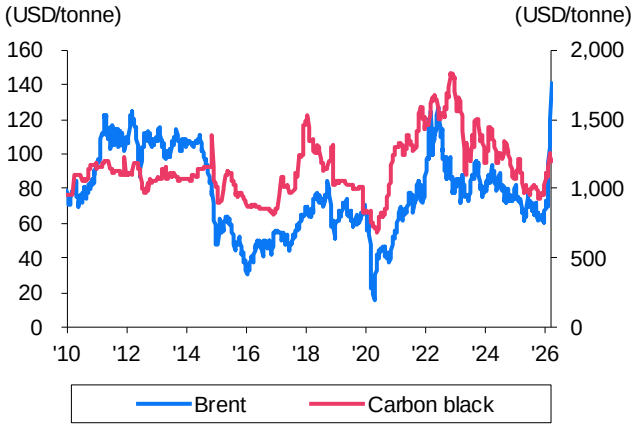
Source: Company data, Samsung Securities

Hankook T&T: Material cost breakdown



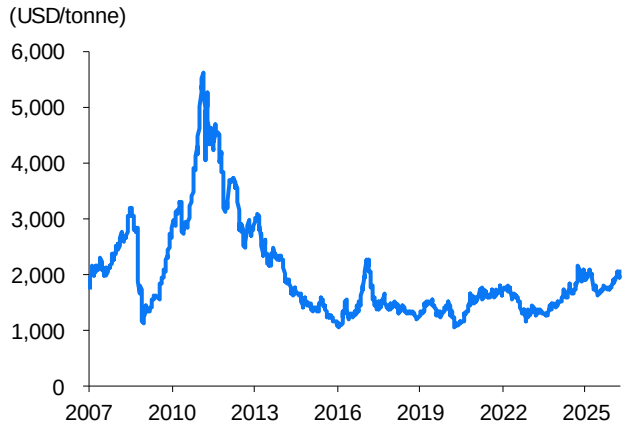
Source: Company data, Samsung Securities

Oil prices vs carbon black prices



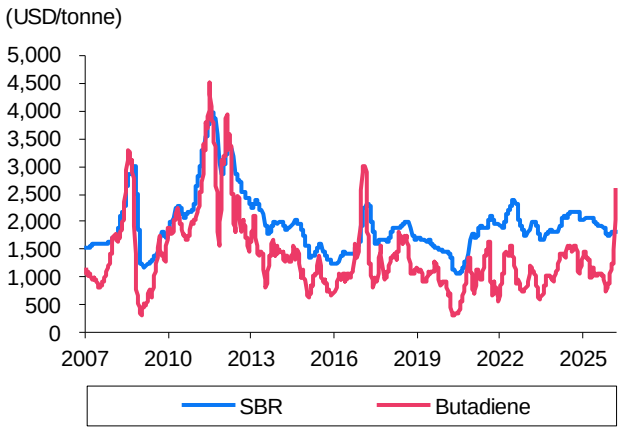
Note: Based on Brent crude
Source: Bloomberg, Samsung Securities

Natural rubber price



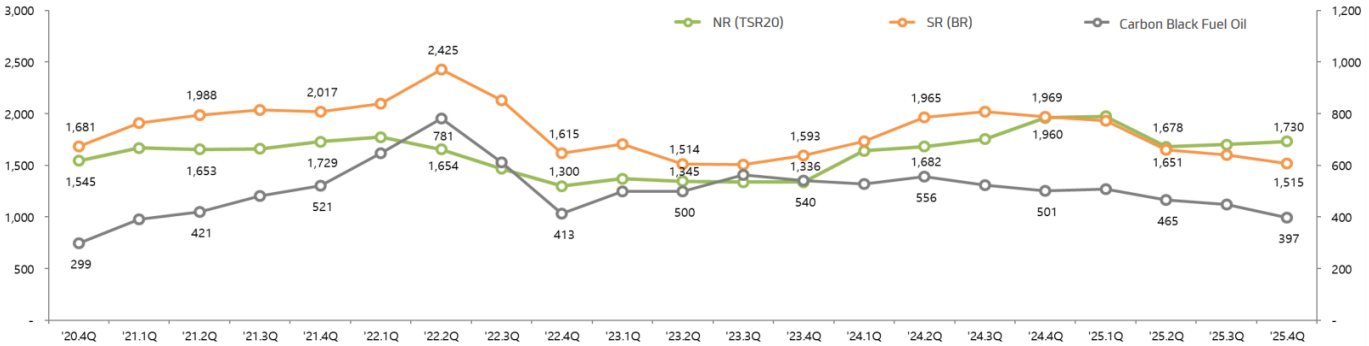
Source: Bloomberg, Samsung Securities

Synthetic rubber and butadiene prices



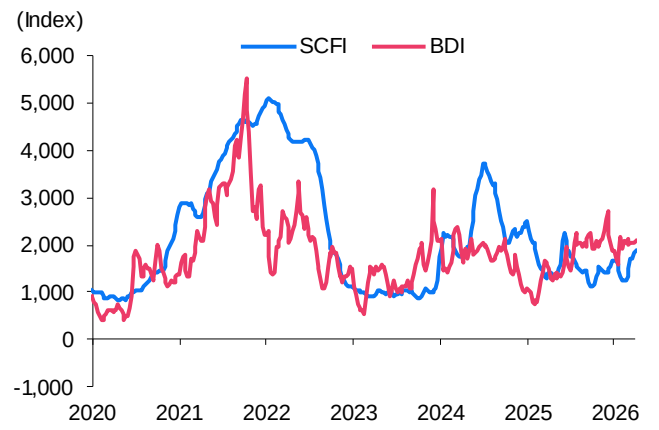
Source: Bloomberg, Samsung Securities

Hankook T&T: Raw material input costs



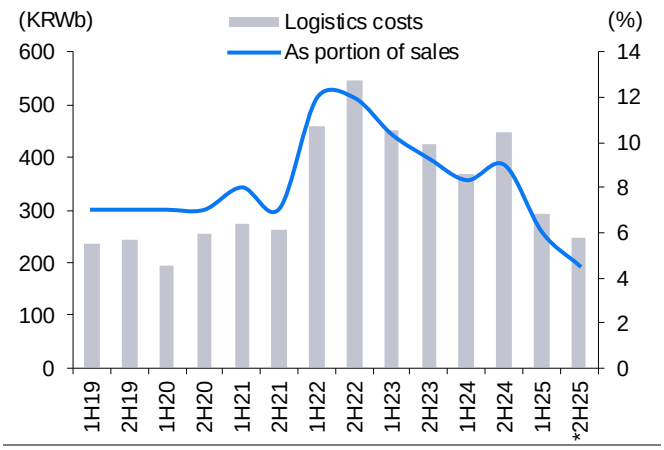
Note: Unit = USD/tonne
Source: Company data

Shipping indices: SCFI and BDI



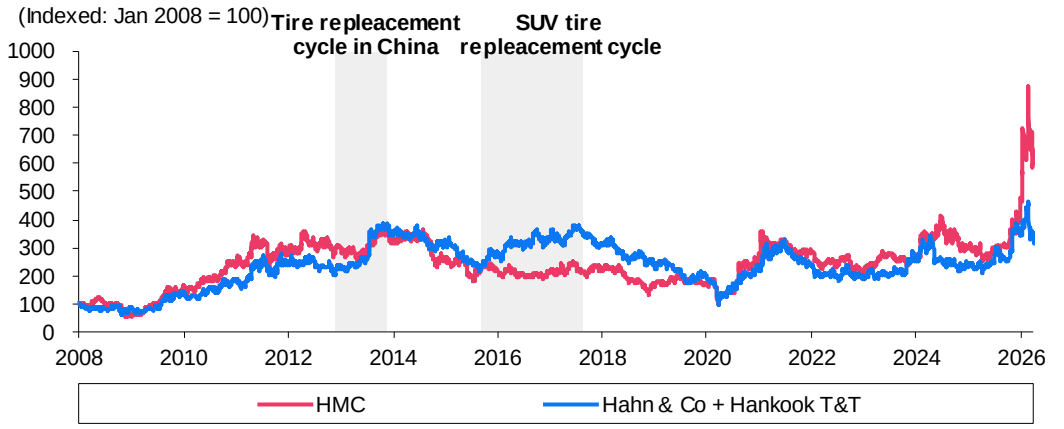
Source: Bloomberg, Samsung Securities

Hankook T&T: Logistics costs



Source: Company data, Samsung Securities estimates

Relative market cap: Hankook T&T + Hahn & Co vs HMC



Note: Transitioned to a holding company structure in 2012;
Hankook T&T was Hahn & Co before 2012

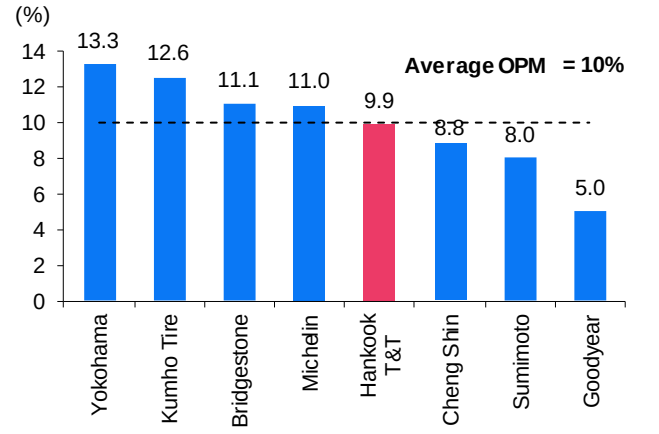
Source: Bloomberg, Samsung Securities

Hankook T&T: Global capacity and utilization rates

Capacity (mil units)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
Korea	42	42	42	40	40	38	38	31	31	31	31
China	30	30	30	30	28	28	28	28	28	28	28
Hungary	18	18	18	18	18	18	18	18	18	18	22
Indonesia	11	11	11	11	11	11	11	11	11	11	11
US	0	0	0	5	5	5	5	5	5	10	12
Global total	**101**	**101**	**101**	**104**	**102**	**100**	**100**	**93**	**93**	**98**	**104**
Chg (% y-y)	-	-	-	3	-1.9	-2	-	-7	-	5.4	6.1
Utilization (%)	96	95	96	86	79	83	88	95	98	98	98

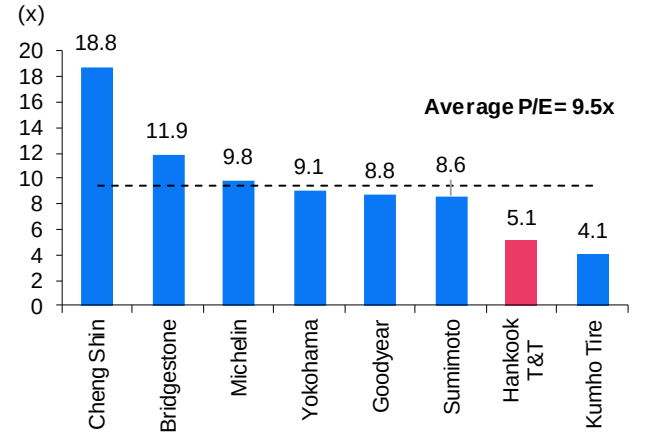
Source: Company data, Samsung Securities estimates

Global tire makers: Operating margin (2026E)



Source: Bloomberg, Samsung Securities

Global tire makers: 12m forward P/E valuation



Source: Bloomberg, Samsung Securities

Hankook T&T: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,450	1,430	1,420	1,365	1,423	1,442	1,390
Revenue	4,964	5,370	5,413	5,456	5,111	5,571	5,451	5,497	9,412	21,202	21,629	22,948
Chg (% y-y)	133.3	131.7	122.3	115.5	3.0	3.7	0.7	0.7	5.3	125.3	2.0	6.1
Tire	2,346	2,511	2,707	2,754	2,435	2,722	2,774	2,729	9,412	10,319	10,660	11,424
Chg (% y-y)	10.3	8.3	11.2	8.8	3.8	8.4	2.5	-0.9	5.3	9.6	3.3	7.2
Thermal management	2,617	2,858	2,706	2,703	2,676	2,849	2,677	2,768	n/a	10,884	10,970	11,523
Chg (% y-y)	n/a	n/a	n/a	n/a	2.2	-0.3	-1.1	2.4	n/a	n/a	0.8	5.0
Gross profit	964	1,098	1,297	1,306	1,366	1,256	1,406	1,289	3,468	4,665	5,316	5,670
Operating profit	355	354	586	547	553	507	538	601	1,762	1,841	2,199	2,394
Chg (% y-y)	-11.1	-15.8	24.6	15.5	55.9	43.3	-8.2	9.9	32.7	4.5	19.4	8.9
Tire	334	289	491	457	459	398	423	502	1,762	1,571	1,782	1,904
Chg (% y-y)	-16.3	-31.1	4.3	-3.4	37.6	37.5	-13.8	9.9	32.7	-10.9	13.5	6.8
Thermal management	21	64	95	90	94	109	115	99	n/a	270	417	490
Chg (% y-y)	-67.7	-10.2	-1.0	흑전	344.9	69.7	20.6	10.0	n/a	n/a	54.1	17.6
Net profit	312	179	390	91	334	284	320	429	1,131	972	1,366	1,563
Controlling profit	320	182	390	197	374	319	359	481	1,115	1,089	1,532	1,752
Margins (%)												
Gross profit	19.4	20.4	24.0	23.9	26.7	22.5	25.8	23.4	36.8	22.0	24.6	24.7
Operating profit	7.1	6.6	10.8	10.0	10.8	9.1	9.9	10.9	18.7	8.7	10.2	10.4
Tire	14.2	11.5	18.1	16.6	18.9	14.6	15.3	18.4	18.7	15.2	16.7	16.7
Thermal management	0.8	2.2	3.5	3.3	3.5	3.8	4.3	3.6	n/a	2.5	3.8	4.3
Net profit	6.3	3.3	7.2	1.7	6.5	5.1	5.9	7.8	12.0	4.6	6.3	6.8
Controlling profit	6.4	3.4	7.2	3.6	7.3	5.7	6.6	8.7	11.8	5.1	7.1	7.6

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**9,412**	**21,202**	**21,629**	**22,948**	**23,891**
Cost of goods sold	5,944	16,537	16,313	17,278	18,104
Gross profit	**3,468**	**4,665**	**5,316**	**5,670**	**5,787**
Gross margin (%)	36.8	22.0	24.6	24.7	24.2
SG&A expenses	1,706	2,824	3,117	3,275	3,522
Operating profit	**1,762**	**1,841**	**2,199**	**2,394**	**2,265**
Operating margin (%)	18.7	8.7	10.2	10.4	9.5
Non-operating gains (losses)	**-188**	**-402**	**-353**	**-283**	**-253**
Financial profit	220	356	143	190	240
Financial costs	145	541	487	497	505
Equity-method gains (losses)	-93	76	0	0	0
Other	-170	-292	-9	24	13
Pre-tax profit	**1,574**	**1,439**	**1,846**	**2,112**	**2,012**
Taxes	443	468	480	549	523
Effective tax rate (%)	28.1	32.5	26.0	26.0	26.0
Profit from continuing operations	1,131	972	1,366	1,563	1,489
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,131**	**972**	**1,366**	**1,563**	**1,489**
Net margin (%)	12.0	4.6	6.3	6.8	6.2
Net profit (controlling interests)	1,115	1,089	1,532	1,752	1,670
Net profit (non-controlling interests)	16	-118	-166	-190	-181
EBITDA	2,277	3,224	3,595	3,788	3,617
EBITDA margin (%)	24.2	15.2	16.6	16.5	15.1
EPS (parent-based) (KRW)	8,998	8,795	12,367	14,146	13,479
EPS (consolidated) (KRW)	9,131	7,843	11,029	12,615	12,020
Adjusted EPS (KRW)*	8,998	8,795	12,367	14,146	13,479

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**7,275**	**11,553**	**12,873**	**14,635**	**16,297**
Cash & equivalents	1,882	2,603	3,746	4,960	6,230
Accounts receivable	1,862	3,583	3,655	3,878	4,037
Inventories	2,384	3,905	3,984	4,227	4,401
Other current assets	1,147	1,461	1,488	1,571	1,630
Fixed assets	**8,575**	**15,095**	**15,105**	**15,032**	**14,694**
Investment assets	2,046	455	462	481	496
Tangible assets	4,693	9,924	10,212	10,377	10,258
Intangible assets	250	3,736	3,452	3,194	2,961
Other long-term assets	1,586	979	979	979	979
Total assets	**15,850**	**26,647**	**27,978**	**29,667**	**30,991**
Current liabilities	**3,687**	**6,775**	**6,462**	**6,893**	**7,145**
Accounts payable	538	1,695	1,729	1,834	1,910
Short-term debt	977	1,492	1,592	1,692	1,692
Other current liabilities	2,171	3,588	3,141	3,367	3,543
Long-term liabilities	**968**	**5,670**	**6,208**	**6,305**	**6,377**
Bonds & long-term debt	147	3,008	3,518	3,528	3,538
Other long-term liabilities	821	2,662	2,690	2,777	2,839
Total liabilities	**4,655**	**12,445**	**12,670**	**13,198**	**13,522**
Owners of parent equity	**11,100**	**12,105**	**13,378**	**14,727**	**15,909**
Capital stock	62	62	62	62	62
Capital surplus	3,007	2,894	2,894	2,894	2,894
Retained earnings	7,354	8,139	9,366	10,715	11,897
Other	677	1,011	1,056	1,056	1,056
Non-controlling interests' equity	**94**	**2,096**	**1,931**	**1,741**	**1,561**
Total equity	**11,195**	**14,202**	**15,308**	**16,469**	**17,470**
Net debt	-349	3,834	2,795	1,735	522

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,886**	**1,608**	**2,705**	**2,781**	**2,716**
Net profit	1,131	972	1,366	1,563	1,489
Non-cash profit and expenses	1,359	2,492	2,209	2,238	2,130
Depreciation	497	1,069	1,112	1,136	1,118
Amortization	18	314	284	258	234
Other	844	1,109	813	845	778
Changes in A/L from operating activities	-284	-1,004	-57	-175	-125
Cash flow from investments	**-2,610**	**-735**	**-1,408**	**-1,325**	**-1,018**
Change in tangible assets	-1,025	-2,039	-1,400	-1,300	-1,000
Change in financial assets	-146	395	-8	-25	-18
Other	-1,439	909	-0	-0	-0
Cash flow from financing	**182**	**-214**	**-196**	**-230**	**-419**
Change in debt	1,063	4,486	109	173	69
Change in equity	0	-113	0	0	0
Dividends	-159	-344	-305	-403	-488
Other	-722	-4,243	0	0	0
Change in cash	-362	721	1,143	1,214	1,270
Cash at beginning of year	2,244	1,882	2,603	3,746	4,960
Cash at end of year	1,882	2,603	3,746	4,960	6,230
Gross cash flow	**2,490**	**3,464**	**3,575**	**3,801**	**3,619**
Free cash flow	**853**	**-500**	**1,305**	**1,481**	**1,716**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	5.3	125.3	2.0	6.1	4.1
Operating profit	32.7	4.5	19.4	8.9	-5.4
Net profit	55.2	-14.1	40.6	14.4	-4.7
Adjusted EPS**	54.8	-2.3	40.6	14.4	-4.7
Per-share data (KRW)					
EPS (parent-based)	8,998	8,795	12,367	14,146	13,479
EPS (consolidated)	9,131	7,843	11,029	12,615	12,020
Adjusted EPS**	8,998	8,795	12,367	14,146	13,479
BVPS	90,995	99,234	109,663	120,727	130,414
DPS (common)	2,000	2,300	3,300	4,000	4,000
Valuations (x)					
P/E***	4.3	6.6	5.1	4.5	4.7
P/B***	0.4	0.6	0.6	0.5	0.5
EV/EBITDA	2.0	4.1	3.5	3.0	2.7
Ratios (%)					
ROE	10.8	9.4	12.0	12.5	10.9
ROA	7.9	4.6	5.0	5.4	4.9
ROIC	16.8	9.2	8.9	9.6	9.1
Payout ratio	21.9	25.8	26.3	27.8	29.2
Dividend yield (common)	5.2	3.9	5.2	6.3	6.3
Net debt to equity	-3.1	27.0	18.3	10.5	3.0
Interest coverage (x)	39.7	5.7	4.5	4.8	4.5

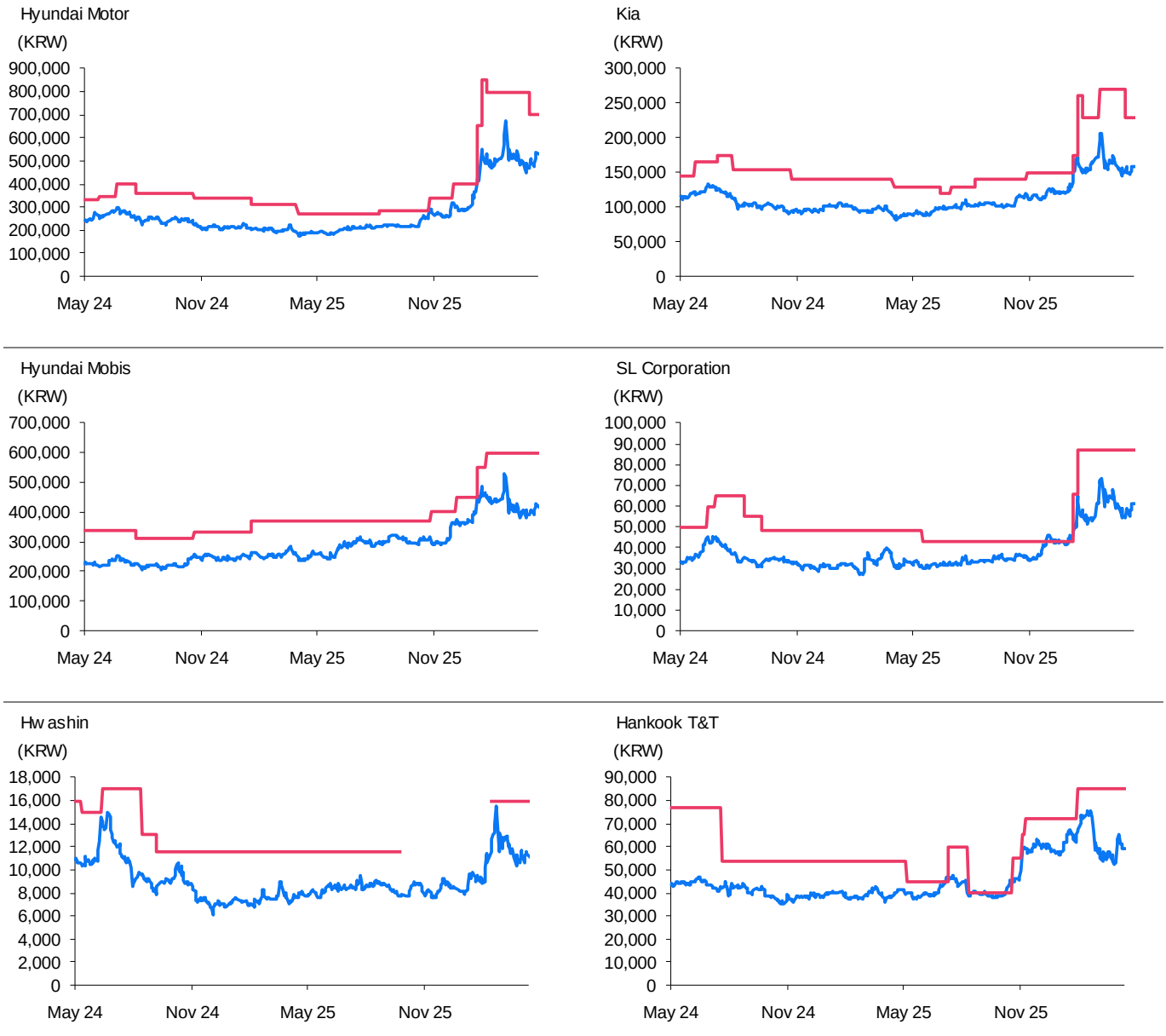
Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Compliance notice

- As of 4/17 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 4/17 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.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

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	4/7										
Recommendation	BUY	BUY										
Target price (KRW)	800000	700000										
Gap* (average)	-35.99											
(max or min)**	-15.75											
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	4/7									
Recommendation	BUY	BUY	BUY									
Target price (KRW)	230000	270000	230000									
Gap* (average)	-30.12	-39.27										
(max or min)**	-24.35	-23.70										
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					
Hwashin												
Date	2023/11/15	2024/5/16	6/18	8/19	9/11		2026/2/19					
Recommendation	BUY	BUY	BUY	BUY	BUY		BUY					
Target price (KRW)	16000	15000	17000	13000	11500		16000					
Gap* (average)	-26.87	-25.83	-31.40	-31.78	-29.77							
(max or min)**	-14.06	-3.33	-11.76	-26.08	-7.74							
Hankook T&T												
Date	2024/2/27	5/2	7/25	2025/5/12	7/17	8/18	10/27	11/10	11/14	2026/2/5		
Recommendation	BUY	BUY	BUY	HOLD	BUY	HOLD	BUY	BUY	BUY	BUY		
Target price (KRW)	70000	77000	54000	45000	60000	40000	55000	65000	72000	85000		
Gap* (average)	-20.95	-42.64	-26.89	-10.33	-25.13	0.11	-15.80	-8.72	-15.70			
(max or min)**	-9.86	-31.56	-17.31	3.89	-21.17	13.38	-10.27	-8.15	-6.67			

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 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd.. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA