COMPANY UPDATE

2026. 4. 24

EV/Mobility Team

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Hyundai Motor (005380)

1Q review; momentum poised to rebound

- Hyundai Motor's (HMC) 1Q operating profit missed consensus by 5.7%, pressured by tariffs, incentive increases, and the impact of the Middle East conflict. The figure, however, exceeded our estimate by KRW200b, primarily due to difference in warranty provisioning assumptions.
- Operating momentum should recover from 2Q onward, supported by multiple catalysts—eg, a projected hike in US market share, which should lift HMC into the top 3 in the region, in 2Q, and the commencement of SDV pace car testing and the launch of a new robotics training center in 3Q.
- As geopolitical risks in the Middle East ease, these positive fundamentals should be gradually reflected in the stock price.

WHAT'S THE STORY?

1Q26 results sluggish driven by one-off factors: Excluding the one-off factors (eg, KRW270b increase in warranty provisioning and KRW100b in Palisade recall costs), HMC's underlying operating profit would have stood at about KRW2.9t.

- **Sales of KRW45.9t (down 1.9% q-q but up 3.4% y-y):** Global wholesale sales (excluding China) totaled 949,000 units (down 1% q-q and 2.4% y-y). The auto and finance divisions posted sales of KRW36.5t (down 5.6% q-q and 0.5% y-y) and KRW9t (up 21% q-q and 21.5% y-y), respectively, while the 'others' division recorded sales of KRW2.4t (down 14.5% q-q but up 5.1% y-y).
- **Gross margin of 17.5% (down 2.7%pts y-y):** Global ASP came in at USD248,000 (down 1.9% q-q but up 1.0% y-y). ASP peaked at USD263,000 in 3Q25 but declined due to higher incentives. Higher US tariffs and rising raw material costs (up KRW200b y-y) put pressure on gross margin.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW700,000	31.6%
Current price	KRW532,000	
Market cap	KRW108.9t/USD73.5b	
Shares (float)	204,757,766 (65.6%)	
52-week high/low	KRW674,000/KRW179,900	
Avg daily trading value (60-day)	KRW916.7b/ USD619.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Motor (%)	9.7	111.1	180.0
Vs Kospi (%pts)	-8.4	25.4	9.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	700,000	700,000	0.0%
2026E EPS	40,308	39,833	1.2%
2027E EPS	42,444	43,637	-2.7%

SAMSUNG vs THE STREET

No of estimates	26
Target price	672,308
Recommendation	4.0

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	45,938.9	3.4	-1.9	-0.8	0.4
Operating profit	2,514.7	-30.8	48.3	8.4	-5.7
Pre-tax profit	3,521.5	-21.1	111.4	5.5	2.7
Controlling profit	2,335.3	-26.0	126.9	-3.8	-5.3
Margins (%)					
Operating profit	5.5				
Pre-tax profit	7.7				
Net profit	5.1				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	8.4	13.2	12.5
P/B	0.7	1.1	1.1
EV/EBITDA	14.4	17.4	16.9
Div yield (%)	3.4	2.1	2.3
EPS growth (% y-y)	-23.3	14.1	5.3
ROE (%)	8.4	8.9	8.8
Per-share data (KRW)			
EPS	35,331	40,308	42,444
BVPS	439,541	473,790	505,787
DPS	10,000	11,000	12,000

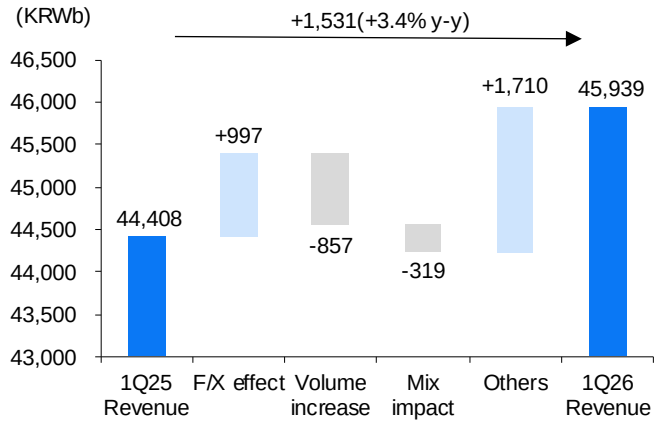
- **Gross margin of 17.5% (down 2.7%pts y-y):** Global ASP came in at USD248,000 (down 1.9% q-q but up 1.0% y-y). ASP peaked at USD263,000 in 3Q25 but declined due to higher incentives. Higher US tariffs and rising raw material costs (up KRW200b y-y) put pressure on gross margin.
- **Operating margin of 5.5% (down 2.7%pts y-y):** In addition to tariffs (KRW860b), HMC suffered reduced volumes from the Middle East conflict and the one-month halt in Palisade sales (KRW247b) and higher incentives (KRW337b). Palisade sales have resumed in April

  Warranty provisioning jumped KRW270b q-q due to a sharp 5.5% q-q depreciation of the won against the US dollar. It is, however, expected to reverse in 2Q.
- **Auto division's operating margin of 5.36% (down 3%pts y-y):** Volume declines should recover in 2H with new model launches (the Avante, Tucson, and Genesis hybrid). Incentives in the US declined to USD2,508 per unit in 1Q (down 8.1% q-q and 21.6% y-y) due to reduced EV promotions, while European incentives remained higher (estimated EUR2,500–3,000 per unit) amid intensified competition from Chinese automakers.
- **Financial division's operating margin of 6.1% (up 0.3%pts y-y):** Sales rose to KRW9t (up 21.5% y-y). In Korea, stronger new-car promotions drove growth in financing and leasing volumes (up 9–10% y-y). In the US, higher HMC/Kia vehicle sales contributed to growth. The portion of the car buyers using Hyundai Capital America's financing services dropped to 67% (61% in 4Q23 → 67% in 4Q24 → 75.1% in 3Q25 → 72% in 4Q25-> 67% in 1Q26). While delinquency rates rose, they remained below market averages. At Hyundai Capital America, the proportion of prime customers (with FICO score above 660) has continued to expand: 80% in 2020 → 83% in 2022 → 88% in 3Q24 → >85% in 3Q25 → 85% in 4Q25 → more than 87% in 1Q26.
- **Quarterly dividend of KRW2,500 per share:** Record date is May 31 and payment date is Jun 30.

Profit recovery expected in 2H: 2Q should continue to face headwinds from engine valve supply disruptions and rising raw material costs. Operating profit should rebound to KRW3t in 2Q.

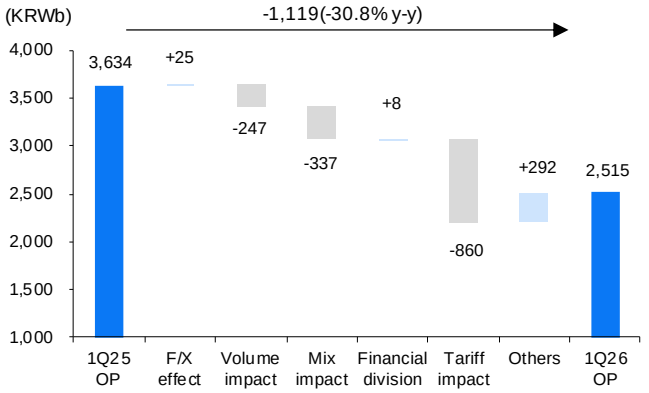
- **Impact of fire at engine valve supplier:** A March fire disrupted engine production. Alternative components are under evaluation and quality validation. Replacement sourcing should begin in 2Q, with full production ramp-up in 2H, minimizing annual impact.
- **Raw material costs:** An additional KRW200b y-y increase is expected in 2Q.
- **2Q outlook:** We estimate HMC's 2Q sales, operating profit, and operating margin at KRW51.4t (up 6.5% y-y), KRW3.1t (down 11.2% y-y), and 6.2%, respectively (vs FnGuide consensus of KRW46.5t, KRW3.5t, and 7.5%.

HMC: Factors behind revenue change



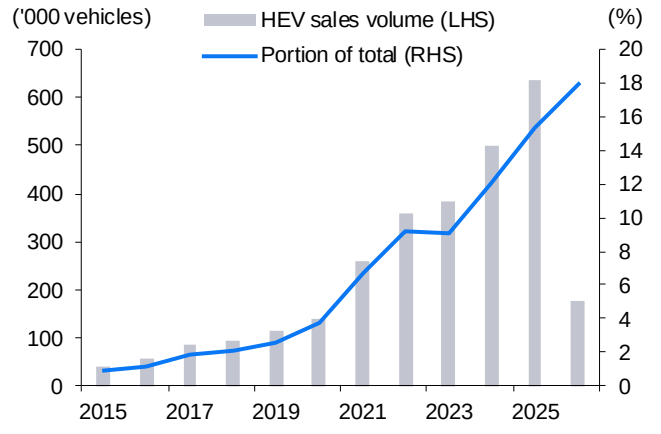
Source: Company data, Samsung Securities

HMC: Factors behind operating income change



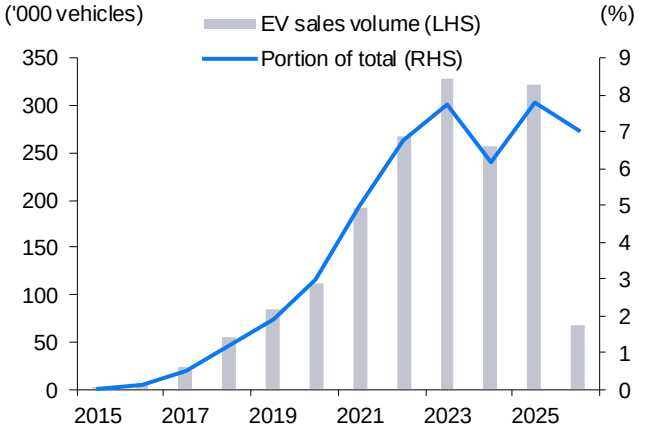
Source: Company data, Samsung Securities

HMC: Hybrid sales volume



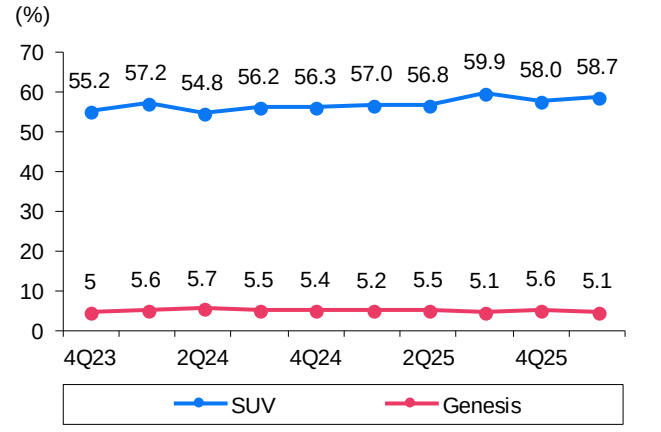
Source: Company data, Samsung Securities

HMC: EV sales volume



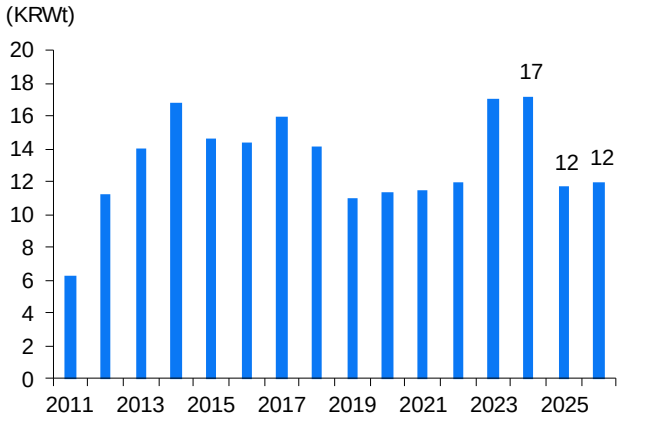
Source: Company data, Samsung Securities

HMC: SUV and genesis portion of sales volume



Source: Company data, Samsung Securities

HMC: Net cash position



Note: Excludes financial division
Source: Company data, Samsung Securities

HMC: Global sales volume and forecasts

('000 vehicles)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Global plant sales	1,006	1,063	1,022	1,021	985	1,058	1,031	1,076	4,174	4,111	4,119	4,294
Domestic	445	483	458	454	441	474	434	451	1,871	1,840	1,800	1,810
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	1,058	1,058	1,023	4,142	4,138	4,115	4,255
Global ASP (KRWm)	35.7	36.3	36.5	36.7	36.4	38.5	38.8	39.6	34.1	36.3	38.4	39.3

Source: Company data, Samsung Securities

HMC: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	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	45,939	51,435	50,360	49,354	175,231	186,254	197,088	208,891
Autos	34,718	37,609	36,715	36,590	34,539	39,525	39,965	38,808	136,725	145,632	152,837	162,116
Finance	7,398	8,214	7,189	7,432	8,991	9,446	7,549	7,875	28,447	30,233	33,861	35,554
Other	2,292	2,464	2,818	2,817	2,409	2,464	2,846	2,671	10,060	10,390	10,390	11,221
Gross profit	8,980	9,110	8,284	7,843	8,017	8,878	8,659	9,153	35,749	34,217	34,707	36,407
Operating profit	3,634	3,602	2,537	1,695	2,515	3,197	2,957	2,968	14,240	11,468	11,636	12,199
Pre-tax profit	4,465	4,385	3,326	1,666	3,522	4,283	3,648	3,327	17,781	13,842	14,779	15,483
Net profit	3,382	3,250	2,548	1,184	2,585	3,212	2,736	2,495	13,230	10,365	11,028	11,613
Controlling profit	3,157	2,998	2,261	1,029	2,335	3,116	2,654	2,420	12,527	9,446	10,525	11,264
Margins (%)												
Gross profit	20.2	18.9	17.7	16.7	17.5	17.3	17.2	18.5	20.4	18.4	17.6	17.4
Operating profit	8.2	7.5	5.4	3.6	5.5	6.2	5.9	6.0	8.1	6.2	5.9	5.8
Net profit	7.6	6.7	5.5	2.5	5.6	6.2	5.4	5.1	7.5	5.6	5.6	5.6
Controlling profit	7.1	6.2	4.8	2.2	5.1	6.1	5.3	4.9	7.1	5.1	5.3	5.4

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**175,231**	**186,254**	**197,088**	**208,891**	**218,257**
Cost of goods sold	139,482	152,038	162,381	172,484	179,861
Gross profit	**35,749**	**34,217**	**34,707**	**36,407**	**38,395**
Gross margin (%)	20.4	18.4	17.6	17.4	17.6
SG&A expenses	21,510	22,749	23,071	24,208	24,873
Operating profit	**14,240**	**11,468**	**11,636**	**12,199**	**13,523**
Operating margin (%)	8.1	6.2	5.9	5.8	6.2
Non-operating gains (losses)	**3,223**	**2,374**	**3,143**	**3,284**	**3,477**
Financial profit	1,531	1,299	795	708	774
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	64	88	73
Pre-tax profit	**17,462**	**13,842**	**14,779**	**15,483**	**16,999**
Taxes	4,232	3,477	3,751	3,871	4,250
Effective tax rate (%)	24.2	25.1	25.4	25.0	25.0
Profit from continuing operations	13,549	10,365	11,028	11,613	12,749
Profit from discontinued operations	-319	0	0	0	0
Net profit	**13,230**	**10,365**	**11,028**	**11,613**	**12,749**
Net margin (%)	7.5	5.6	5.6	5.6	5.8
Net profit (controlling interests)	12,527	9,446	10,697	11,264	12,367
Net profit (non-controlling interests)	703	919	331	348	382
EBITDA	18,527	16,484	16,773	17,442	18,735
EBITDA margin (%)	10.6	8.9	8.5	8.4	8.6
EPS (parent-based) (KRW)	46,042	35,331	40,308	42,444	46,599
EPS (consolidated) (KRW)	48,626	38,767	41,554	43,756	48,040
Adjusted EPS (KRW)*	46,042	35,331	40,308	42,444	46,599

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**115,764**	**120,777**	**119,802**	**126,652**	**134,581**
Cash & equivalents	19,015	18,361	11,555	12,052	15,098
Accounts receivable	5,908	8,600	9,101	9,646	10,032
Inventories	19,791	20,662	21,864	23,173	24,100
Other current assets	71,050	73,155	77,283	81,782	85,351
Fixed assets	**224,034**	**248,067**	**260,668**	**272,739**	**282,484**
Investment assets	41,392	45,719	50,167	54,564	56,912
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**	**380,470**	**399,391**	**417,065**
Current liabilities	**79,510**	**88,579**	**86,283**	**91,240**	**95,206**
Accounts payable	12,550	12,287	13,002	13,781	14,399
Short-term debt	9,327	10,388	10,388	10,388	10,388
Other current liabilities	57,633	65,904	62,893	67,071	70,420
Long-term liabilities	**140,013**	**152,617**	**157,600**	**162,838**	**166,944**
Bonds & long-term debt	120,420	131,240	134,240	137,240	140,240
Other long-term liabilities	19,593	21,377	23,359	25,597	26,703
Total liabilities	**219,522**	**241,197**	**243,883**	**254,078**	**262,150**
Owners of parent equity	**109,103**	**115,447**	**124,054**	**132,432**	**141,651**
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	109,385	117,763	126,982
Other	3,362	4,865	5,400	5,400	5,400
Non-controlling interests' equity	**11,173**	**12,202**	**12,533**	**12,881**	**13,263**
Total equity	**120,276**	**127,648**	**136,587**	**145,313**	**154,915**
Net debt	130,142	152,127	155,334	157,968	158,129

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**-5,662**	**-5,991**	**13,738**	**14,479**	**14,704**
Net profit	13,230	10,365	11,028	11,613	12,749
Non-cash profit and expenses	23,950	25,920	4,777	4,885	5,026
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	-361	-358	-186
Changes in A/L from operating activities	-35,160	-34,325	455	711	-17
Cash flow from investments	**-14,623**	**-10,347**	**-13,755**	**-13,381**	**-12,977**
Change in tangible assets	-7,890	-8,121	-6,000	-5,000	-4,000
Change in financial assets	-1,842	2,832	-466	-463	-367
Other	-4,891	-5,059	-7,289	-7,918	-8,610
Cash flow from financing	**19,493**	**15,425**	**-5,861**	**639**	**372**
Change in debt	32,090	18,624	-3,238	3,526	3,520
Change in equity	3,278	124	0	0	0
Dividends	-3,913	-3,689	-2,624	-2,886	-3,148
Other	-11,961	366	0	0	0
Change in cash	-152	-654	-6,806	497	3,046
Cash at beginning of year	19,167	19,015	18,361	11,555	12,052
Cash at end of year	19,015	18,361	11,555	12,052	15,098
Gross cash flow	**37,180**	**36,285**	**15,805**	**16,498**	**17,775**
Free cash flow	**-13,723**	**-14,358**	**7,738**	**9,479**	**10,704**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	7.7	6.3	5.8	6.0	4.5
Operating profit	-5.9	-19.5	1.5	4.8	10.9
Net profit	7.8	-21.7	6.4	5.3	9.8
Adjusted EPS**	5.6	-23.3	14.1	5.3	9.8
Per-share data (KRW)					
EPS (parent-based)	46,042	35,331	40,308	42,444	46,599
EPS (consolidated)	48,626	38,767	41,554	43,756	48,040
Adjusted EPS**	46,042	35,331	40,308	42,444	46,599
BVPS	413,568	439,541	473,790	505,787	540,996
DPS (common)	12,000	10,000	11,000	12,000	12,000
Valuations (x)					
P/E***	4.6	8.4	13.2	12.5	11.4
P/B***	0.5	0.7	1.1	1.1	1.0
EV/EBITDA	10.5	14.4	17.4	16.9	15.8
Ratios (%)					
ROE	12.4	8.4	8.9	8.8	9.0
ROA	4.3	2.9	2.9	3.0	3.1
ROIC	7.1	3.6	3.3	3.4	3.6
Payout ratio	19.5	21.4	20.8	21.6	19.6
Dividend yield (common)	5.7	3.4	2.1	2.3	2.3
Net debt to equity	108.2	119.2	113.7	108.7	102.1
Interest coverage (x)	31.5	20.0	19.4	20.4	22.1

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

Source: Company data, Samsung Securities estimates

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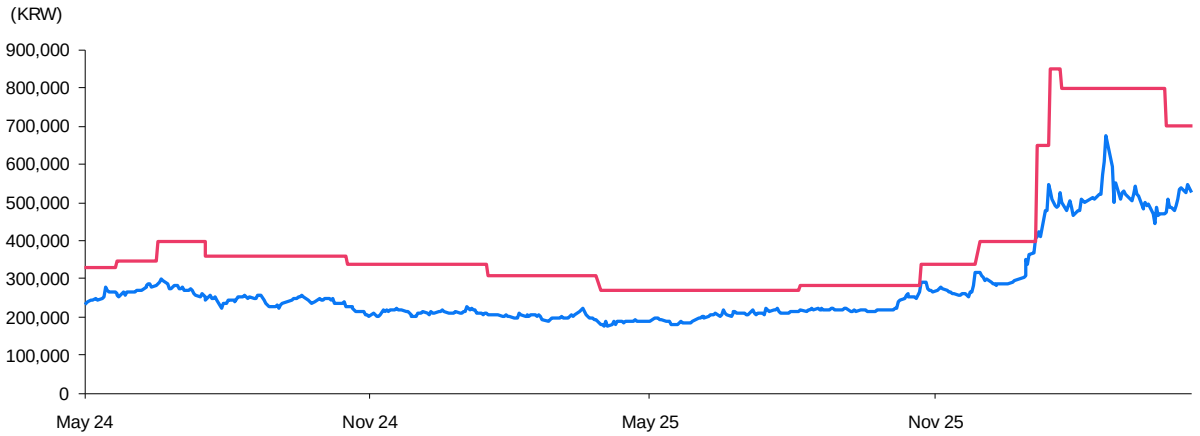
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

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	

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

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Company

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

Industry

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

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

Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

Global Disclosures & Disclaimers

General

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