COMPANY UPDATE

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EV/Mobility Team

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Hyundai Motor (005380)

Why it still leads in robotics

- In the auto industry, Hyundai Motor (HMC) trails Kia in profitability, US market growth, and domestic sales—yet its P/E multiple remains roughly double Kia's.
- Hyundai Motor Group (HMG) plans to expand its robotics business in the US through three entities: Boston Dynamics, Robot Metaplant Application Center (RMAC), and Robotics America. HMC holds the largest equity stake in all three, establishing itself as the frontrunner in this emerging field.
- HMC should rally further, backed by RMAC (to come online in 3Q) and Robotics America (to be established in 2H26).

WHAT'S THE STORY?

Top pick—Raising target price by 14.3% to KRW800,000: We believe the operation of RMAC and establishment of Robotics America in 2H26 will serve as key catalysts.

- **Maintaining target P/E of 18x:** Our new target price of KRW800,000 is derived by applying 18x P/E to the 2026–2027 EPS average (previously based on 2026 only). The target multiple 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. While Li Auto currently trades at 32x P/E (Bloomberg) due to slowing earnings growth, Xiaomi and BYD trade at an average of 18x.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW800,000	30.5%
Current price	**KRW613,000**	
Market cap	KRW125.5t/USD85.3b	
Shares (float)	204,757,766 (65.6%)	
52-week high/low	KRW674,000/KRW179,900	
Avg daily trading value (60-day)	KRW845.8b/ USD574.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hyundai Motor (%)	20.7	132.2	227.6
Vs Kospi (%pts)	-5.5	22.4	12.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	800,000	800,000	0.0%
2026E EPS	41,942	41,942	0.0%
2027E EPS	46,021	46,021	0.0%

SAMSUNG vs THE STREET

No of estimates	26
Target price	685,000
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	186,254	197,088	208,891	218,257
Operating profit	11,468	12,232	13,504	14,907
Net profit (adj)	10,365	11,475	12,591	13,788
EPS (adj) (KRW)	35,331	41,942	46,021	50,393
EPS (adj) growth (% y-y)	-23.3	18.7	9.7	9.5
EBITDA margin (%)	8.9	8.8	9.0	9.2
ROE (%)	8.4	9.3	9.5	9.6
P/E (adj) (x)	8.4	14.6	13.3	12.2
P/B (x)	0.7	1.3	1.2	1.1
EV/EBITDA (x)	14.4	17.8	16.6	15.5
Dividend yield (%)	3.4	1.8	2.0	2.0

Source: Company data, Samsung Securities estimates

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.

- **To expand its robotics business in the US via three core entities:** While HMC already holds the largest stake (28%) in Boston Dynamics, it is also likely to hold the biggest ownership share in both RMAC and Robotics America, which should be established in 2H26. If HMC holds 50% or higher stakes in both, revenue from data services and robot production would begin to be recognized from 2027 onward.

Operation of RMAC from 3Q26— starting point of the physical AI era: We forecast HMC/Kia's combined market cap will exceed Toyota's in 2027.

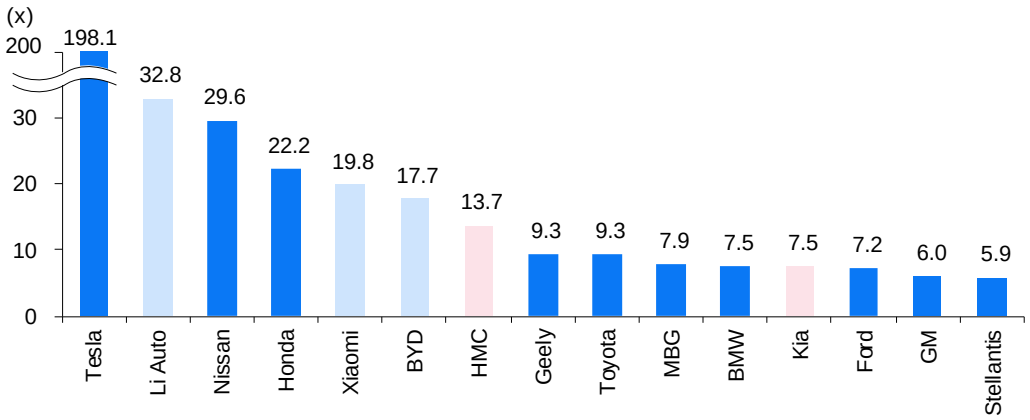
- **HMC/Kia's plants generate the real-world data needed to train robots:** Robots first train in RMAC, mastering factory layouts, movement paths, and task sequences in simulations. This virtual training data is then fused with live operational data from HMC/Kia's smart digital factory (SDF) systems. The objective is to create a self-improving feedback loop: virtual training → real-world feedback → model refinement.
- **RMAC's ownership structure:** Beyond HMG, Google and Nvidia are likely to take some stakes in RMAC. The two US firms need high-quality, real-world robotic behavior data to train next-generation foundation models. Both also operate data centers (essential for robot training) and inference chip-based businesses. Through RMAC, HMC and Kia could sell high-value robotic datasets not just to Google and Nvidia, but to other US tech giants.
- **RMAC's value:** Like Scale AI (which Meta invested 49% in), RMAC could monetize its data. Selling data to multiple enterprise clients could value RMAC at USD29b—or 21% of HMC/Kia's combined market cap. Assuming USD72/hour per robot-training unit, RMAC's value could come in at USD65b, nearly 49% of HMC/Kia's combined market cap.
- **RMAC's sales and earnings:** RMAC's revenue is projected to reach USD34m in 2027 but balloon to USD2.7b in 2030, driven by improvements in data quality and greater customization that enhances operational efficiency. Operating margin should top 50%, translating to USD2.7b in operating profit (or around KRW4t) in 2030—equivalent to 19% of HMC/Kia's combined 2025 operating profit.
- **Don't focus on valuation—focus on where the money is flowing:** In 2020, Tesla sold just 0.5m vehicles and posted a net profit of USD700m—only one-twentieth of Toyota's. Yet, the US carmaker's market cap surpassed the Japanese player's on Jul 2020, just months after having launched the Model Y in March.

  In 2H26, HMG is set to launch RMAC and set up Robotics America in 2H26. If these moves gain traction, HMC/Kia's combined market cap would overtake Toyota's next year. Such a reversal would be the market's acknowledgment that the Physical AI era has officially begun.

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.
- **New model launches in 2H:** HMC should roll out new models for Avante and Tucson in both ICE and hybrid variants as well as the Genesis hybrid.

Global automakers: 12-month-forward P/E



Source: Bloomberg, Samsung Securities

Data types required for robot AI model training

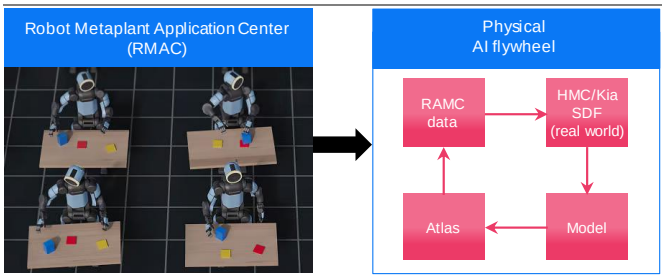
Data type	Components	Characteristics
Internet data	Text, images, video	Abundant but lacks physical action data
Synthetic data	Simulation trajectories, virtual environments	Low-cost but limited sim-to-real transfer
Real-world action data	Joint torque, force/tactile sensors, RGB video, multi-axis motion	Scarce, high-cost, and high-quality

Source: Nvidia GR00T N1 paper, Samsung Securities

Real-world data: High value, high cost

Source: Nvidia GR00T N1 paper, Silicon Valley Robotics Center, Samsung Securities

HMG: Physical AI flywheel



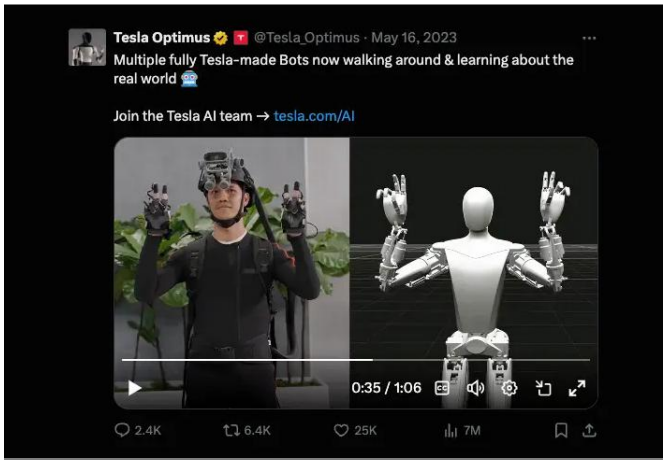
Data → Model training → Deployment on robot hardware → Operation in real-world environments → Generation of new data
As this process repeats, HMG can accumulate high-quality datasets that support sustained improvement in model performance

Source: Samsung Securities

Metaplant: Collaborative robots working alongside humans on an assembly line

Source: HMC

Tesla Optimus: Learning via teleoperation



Source: X

Tesla: Teleoperation job posting (USD48/hr)

Source: Company data

RMAC data value projection

	Units deployed (units)	Annual data hours ('000 hours)	Annual data value (USDm)	KRW equivalent (USDb)
2026 proof of concept stage	10	50	4	5.2
2027 early stage	500	2,500	180	261
2028 mass-production	5,000	25,000	1,800	2,610
2030 expansion	30,000	150,000	10,800	15,660

Note: Exchange rate applied: KRW1,450/USD.
Source: Samsung Securities

Data value generated by human workers at the Metaplant

	Number of workers	Annual data hours ('000 hours)	Annual data value (USDm)	KRW equivalent (USDb)
2027	1,100	2,200	158	230
2028	1,100	2,200	158	230
2030	1,500	3,000	216	313

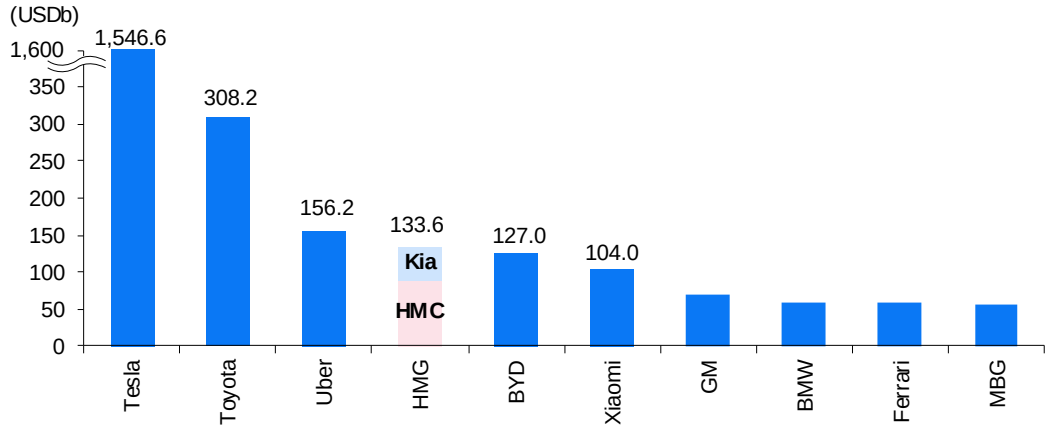
Source: Samsung Securities

HMC/Kia: Robot data business profitability forecasts

	Annual data value (RMAC + Overseas plants)	External sales ratio (%)	Revenue (USDm)	Operating profit* (USDm)	Net Profit** (USDm)
2026	4	0	n/a	n/a	n/a
2027	338	10	34	17	13
2028	1,958	30	588	294	232
2030	11,016	50	5,508	2,754	2,176

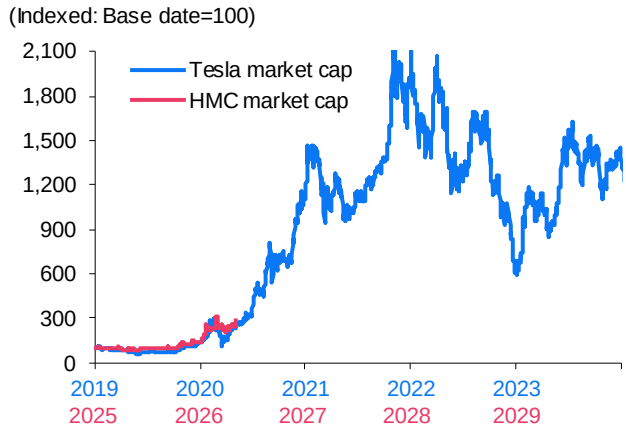
Note: *Assumes operating margin of 50%;
**Assumes corporate tax rate of 21%
Source: Samsung Securities

Top 10 global mobility companies, by market cap



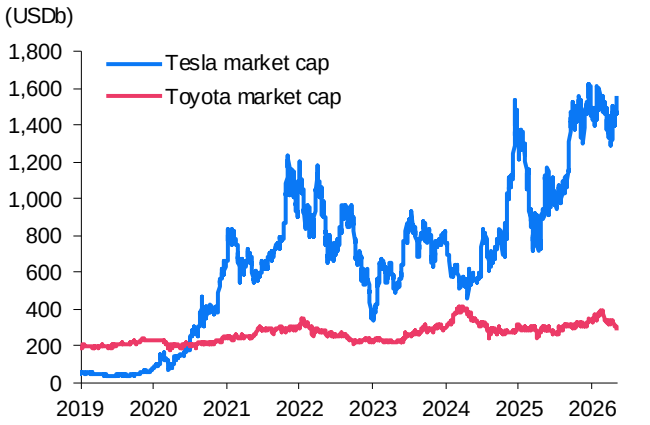
Source: Bloomberg, Samsung Securities

Market cap: HMC vs Tesla



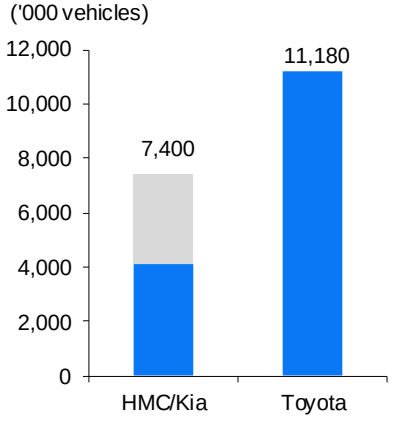
Source: Bloomberg, Samsung Securities

Market cap: Tesla vs Toyota



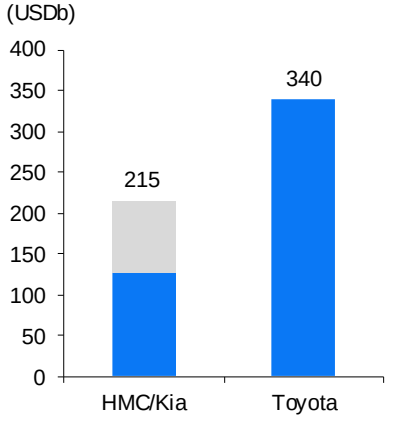
Source: Bloomberg, Samsung Securities

Global sales volume: HMG vs Toyota (2026)



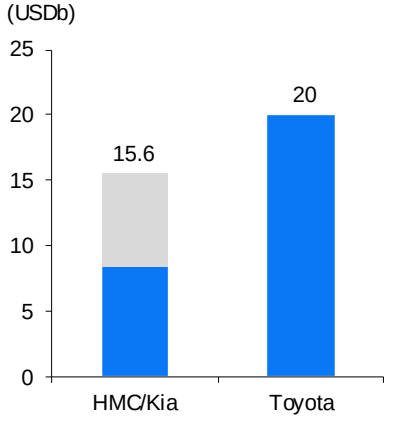
Note: HMC/Kia figures are Samsung Securities estimates; Toyota figures are FY27 guidance
Source: Company data, Samsung Securities.

Consolidated sales: HMG vs Toyota (2026)



Note: HMC/Kia figures are Samsung Securities estimates; Toyota figures are FY27 guidance
Source: Company data, Samsung Securities.

Operating profit: HMG vs Toyota (2026)



Note: HMC/Kia figures are Samsung Securities estimates; Toyota figures are FY27 guidance
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	8,817	8,904	9,565	35,749	34,217	35,303	37,712
Operating profit	3,634	3,602	2,537	1,695	2,515	3,136	3,202	3,380	14,240	11,468	12,232	13,504
Pre-tax profit	4,465	4,385	3,326	1,666	3,522	4,222	3,892	3,739	17,781	13,842	15,375	16,788
Net profit	3,382	3,250	2,548	1,184	2,585	3,167	2,919	2,804	13,230	10,365	11,475	12,591
Controlling profit	3,157	2,998	2,261	1,029	2,335	3,072	2,832	2,720	12,527	9,446	10,959	12,213
Margins (%)												
Gross profit	20.2	18.9	17.7	16.7	17.5	17.1	17.7	19.4	20.4	18.4	17.9	18.1
Operating profit	8.2	7.5	5.4	3.6	5.5	6.1	6.4	6.8	8.1	6.2	6.2	6.5
Net profit	7.6	6.7	5.5	2.5	5.6	6.2	5.8	5.7	7.5	5.6	5.8	6.0
Controlling profit	7.1	6.2	4.8	2.2	5.1	6.0	5.6	5.5	7.1	5.1	5.6	5.8

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	161,785	171,179	178,477
Gross profit	**35,749**	**34,217**	**35,303**	**37,712**	**39,780**
Gross margin (%)	20.4	18.4	17.9	18.1	18.2
SG&A expenses	21,510	22,749	23,071	24,208	24,873
Operating profit	**14,240**	**11,468**	**12,232**	**13,504**	**14,907**
Operating margin (%)	8.1	6.2	6.2	6.5	6.8
Non-operating gains (losses)	**3,223**	**2,374**	**3,143**	**3,284**	**3,477**
Financial profit	1,531	1,299	802	737	835
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	57	59	12
Pre-tax profit	**17,462**	**13,842**	**15,375**	**16,788**	**18,383**
Taxes	4,232	3,477	3,900	4,197	4,596
Effective tax rate (%)	24.2	25.1	25.4	25.0	25.0
Profit from continuing operations	13,549	10,365	11,475	12,591	13,788
Profit from discontinued operations	-319	0	0	0	0
Net profit	**13,230**	**10,365**	**11,475**	**12,591**	**13,788**
Net margin (%)	7.5	5.6	5.8	6.0	6.3
Net profit (controlling interests)	12,527	9,446	11,131	12,213	13,374
Net profit (non-controlling interests)	703	919	344	378	414
EBITDA	18,527	16,484	17,370	18,747	20,119
EBITDA margin (%)	10.6	8.9	8.8	9.0	9.2
EPS (parent-based) (KRW)	46,042	35,331	41,942	46,021	50,393
EPS (consolidated) (KRW)	48,626	38,767	43,239	47,444	51,952
Adjusted EPS (KRW)*	46,042	35,331	41,942	46,021	50,393

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**115,764**	**120,777**	**120,249**	**128,078**	**137,045**
Cash & equivalents	19,015	18,361	12,002	13,478	17,562
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**	**380,917**	**400,817**	**419,529**
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**	**124,488**	**133,815**	**144,041**
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	109,819	119,146	129,372
Other	3,362	4,865	5,400	5,400	5,400
Non-controlling interests' equity	**11,173**	**12,202**	**12,546**	**12,924**	**13,337**
Total equity	**120,276**	**127,648**	**137,034**	**146,739**	**157,379**
Net debt	130,142	152,127	154,887	156,542	155,664

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**-5,662**	**-5,991**	**14,185**	**15,458**	**15,742**
Net profit	13,230	10,365	11,475	12,591	13,788
Non-cash profit and expenses	23,950	25,920	4,919	5,182	5,311
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	-218	-62	99
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	-6,359	1,476	4,085
Cash at beginning of year	19,167	19,015	18,361	12,002	13,478
Cash at end of year	19,015	18,361	12,002	13,478	17,562
Gross cash flow	**37,180**	**36,285**	**16,394**	**17,773**	**19,098**
Free cash flow	**-13,723**	**-14,358**	**8,185**	**10,458**	**11,742**

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	6.7	10.4	10.4
Net profit	7.8	-21.7	10.7	9.7	9.5
Adjusted EPS**	5.6	-23.3	18.7	9.7	9.5
Per-share data (KRW)					
EPS (parent-based)	46,042	35,331	41,942	46,021	50,393
EPS (consolidated)	48,626	38,767	43,239	47,444	51,952
Adjusted EPS**	46,042	35,331	41,942	46,021	50,393
BVPS	413,568	439,541	475,446	511,069	550,125
DPS (common)	12,000	10,000	11,000	12,000	12,000
Valuations (x)					
P/E***	4.6	8.4	14.6	13.3	12.2
P/B***	0.5	0.7	1.3	1.2	1.1
EV/EBITDA	10.5	14.4	17.8	16.6	15.5
Ratios (%)					
ROE	12.4	8.4	9.3	9.5	9.6
ROA	4.3	2.9	3.1	3.2	3.4
ROIC	7.1	3.6	3.5	3.8	4.0
Payout ratio	19.5	21.4	20.0	19.9	18.2
Dividend yield (common)	5.7	3.4	1.8	2.0	2.0
Net debt to equity	108.2	119.2	113.0	106.7	98.9
Interest coverage (x)	31.5	20.0	20.4	22.5	24.4

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

Source: Company data, Samsung Securities estimates

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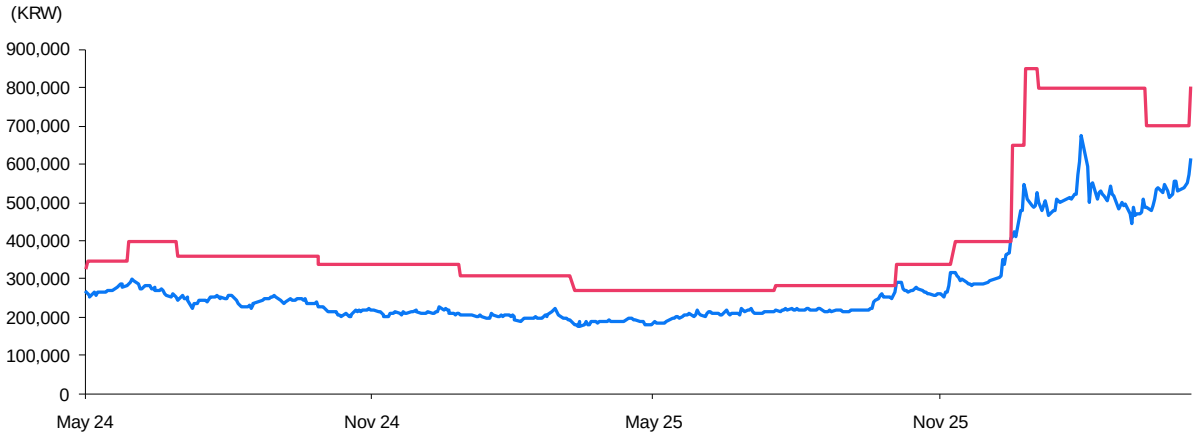
Target price changes in past two years



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	4/10	5/11
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	800000	800000	700000	800000
Gap* (average)	-35.99	-37.66	-23.42	
(max or min)**	-15.75	-36.50	-31.64	

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%)

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