COMPANY UPDATE

2026. 5. 29

EV/Mobility Team

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AT A GLANCE

BUY

Target price	**KRW230,000**	**40%**
Current price	**KRW164,300**	
Market cap	KRW64.1t/USD42.7b	
Shares (float)	390,412,998 (60.4%)	
52-week high/low	KRW206,000/KRW88,400	
Avg daily trading value (60-day)	KRW238.9b/ USD158.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kia (%)	5.6	44.0	84.6
Vs Kospi (%pts)	-14.3	-30.9	-39.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	230,000	230,000	0.0%
2026E EPS	22,700	22,700	0.0%
2027E EPS	24,071	24,071	0.0%

SAMSUNG vs THE STREET

No of estimates	25
Target price	222,600
Recommendation	4.0

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

Samsung Securities

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Kia (000270)

2H outlook: To lead HMG's earnings recovery

- Among Hyundai Motor Group's three flagship companies—Hyundai Motor (HMC), Kia, and Hyundai Mobis—Kia has shown the least alignment with robotics momentum, which owes to its smaller equity stakes in robotics and key subsidiaries compared to HMC.
- With the launch of the Telluride and Seltos and production of the Sportage Hybrid in the US, and the rollout of the EV2 in Europe, Kia should show a clear earnings recovery from 2Q—earlier than HMC does.
- If the valuation gap with HMC widens, Kia's position as the most profitable player in the global mobility industry, coupled with its appeal as an undervalued play, would likely draw greater attention.

WHAT'S THE STORY?

Undervaluation appeal: While a valuation gap with Hyundai Motor (HMC) is inevitable due to differences in asset value, Kia remains an attractive stock given its strong earnings, shareholder returns, and robotics momentum.

- **Trading at half HMC's valuation...** HMC is trading at 14.9x forward P/E, while Kia is trading at just 7.5x. This disparity stems from: 1) Kia's lower equity stakes in robotics assets—HMC owns 27% of Boston Dynamics vs Kia's 18%, and HMC has a 55% stake in Robotics Lab vs Kia's vs 45%; 2) unequal ownership of key subsidiaries, many of which are undergoing revaluation; 3) retail investor concentration on HMC; and 4) ETFs heavily weighted toward HMC.
- **...and valuation gap reflects long-term market dynamics...** Since CES 2026, Hyundai Motor Group's key affiliates have rerated for being leaders in physical AI. What is particularly noteworthy is that HMC holds the largest equity stakes in key subsidiaries, including the robotics ones.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	114,141	125,987	130,351	135,592
Operating profit (KRWb)	9,078	10,441	10,961	11,514
Net profit (adj) (KRWb)	7,554	8,862	9,398	10,004
EPS (adj) (KRW)	19,111	22,700	24,071	25,625
EPS (adj) growth (% y-y)	-21.7	18.8	6.0	6.5
EBITDA margin (%)	10.3	10.4	10.3	10.2
ROE (%)	12.9	13.8	13.3	12.9
P/E (adj) (x)	6.4	7.2	6.8	6.4
P/B (x)	0.8	0.9	0.9	0.8
EV/EBITDA (x)	2.4	3.0	2.4	1.8
Dividend yield (%)	5.6	4.3	4.6	4.6

Source: Company data, Samsung Securities estimates

- **... but undervaluation is clear:** Despite this, Kia is delivering the highest profitability in the global mobility sector, with robust operating cash flows and rising cash reserves. We strongly expect the valuation gap with HMC to narrow.

The only global growth story in autos: As the "second EV wave" begins, Kia has fully lined up its product portfolio around mid-range and low-priced EVs.

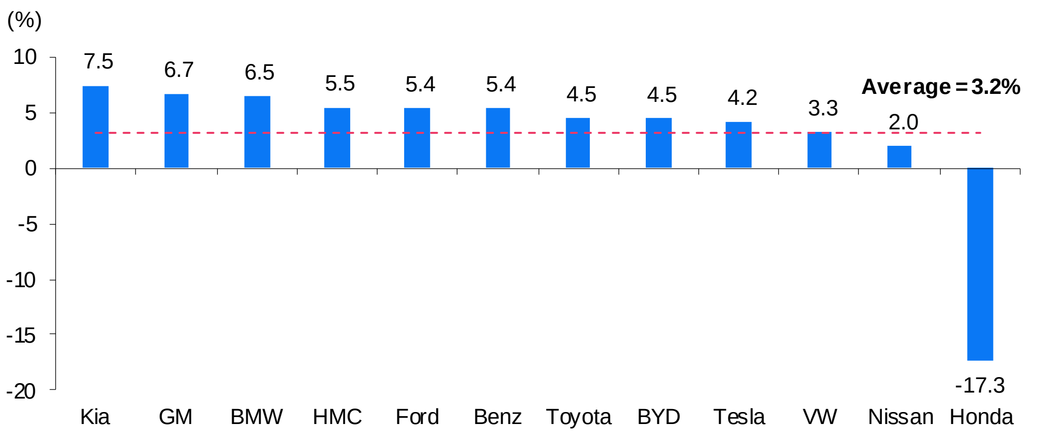
- **Clear earnings growth candidate:** Kia is targeting 3.35m wholesale sales in 2026 (up 6.8% y-y), suggesting it is poised to be the only major automaker with y-y sales volume growth. For the full year, it expects to post sales of KRW122.3t (up 7.2% y-y) and an operating profit of KRW10.2t, for an operating margin of 8.3%. With HMG assuming an exchange rate of KRW1,370/USD and an operating profit sensitivity of KRW300b-350b per KRW10 change in the exchange rate, upside surprises remain likely.
- **Strong financials:** Despite 2025 being the toughest operating environment since the pandemic, Kia maintained positive free cash flow (KRW430b) and a net cash position of KRW19.6t (up KRW897b y-y), equivalent to 33% of its market cap. By comparison, HMC's net cash (excluding financial subsidiaries) stood at KRW12t. Supported by solid earnings and financials, Kia's shareholder return policy continues to target a total payout ratio of 35%. Moreover, as investments in data centers, robotics training facilities, and robot manufacturing plants ramp up, Kia's share of these strategic capital expenditures is expected to grow—signaling its greater involvement in these businesses.

Clear earnings recovery ahead in 2Q: Kia is maintaining strong sales momentum in Korea. It is also seeing new-model effects in the US and Europe.

- **Korea—demand in recovery:** Korean auto demand bounced back 6.6% y-y in 1Q. Kia's sales volume increased 5.3% y-y to 142,000 units. Tesla's sales volume surged 335% y-y to 20,000 units, and Kia's EV sales also jumped 190% y-y to 34,000 units, supported by the full launch of its EV lineup.
- **US—new-model effects starting to click:** Kia rolled out ICE and HEV variants of the Telluride (February) and Seltos (April), while production of the Sportage Hybrid began at the Hyundai Motor Group Metaplant America in late April. We expect Kia's US wholesales to rise 15% q-q to 236,000 units in 2Q.
- **Europe—full EV lineup in place:** Following the launch of the PV5 (purpose-built vehicle) in late 2025, the EV2 rolled out in late-Mar 2026, priced below EUR30,000. Now with five models in lineup—the EV2, EV3, EV4, EV5, and PV5—Kia is well-positioned to ride the wave of growing European demand for EVs.
- **Weaker won to offset raw material cost pressure:** Rising raw material prices would add approximately KRW50b to annual costs. Kia's operating profit is sensitive to KRW/USD movements, with each KRW10 fluctuation in the exchange rate affecting profits by 3.5-4.0%. The exchange rate is KRW100 above the KRW1,370/USD assumed in its business plan.
- **Impact of fire at engine valve supplier:** A fire at a supplier of engine valves resulted in 20,000 units of lost production at Kia in April. Higher EV output partially offset the impact, resulting in a net production loss of 10,000 units. Production disruptions should cease in May, as components will be sourced from alternative suppliers.

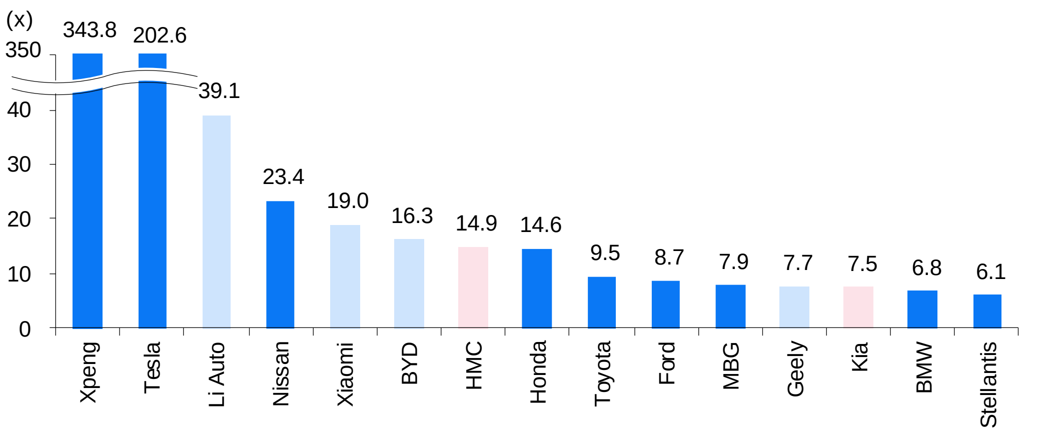
- **2Q preview—results to top consensus:** We expect Kia to post 2Q sales of KRW32.1t (up 9% q-q and 9.5% y-y) and operating profit of KRW2.95t (up 33.9% q-q and 6.8% y-y), for an operating margin of 9.2%. Consensus (FnGuide) puts 2Q sales at KRW31.6t and operating profit at KRW2.75t, for an operating margin of 8.7%.

Global automakers: Operating margin (1Q26)



Source: Bloomberg, Samsung Securities

Global automakers: 12-month-forward P/E



Source: Bloomberg, Samsung Securities

Hyundai Motor: Subsidiary equity value

Physical AI category	Subsidiary	Stake (%)	Book value (KRWb)	Market cap* (KRWb)	Market cap × stake × NAV discount** (KRWb)	Notes
Robotics	Boston Dynamics***	27.97	469			Kia's ownership: 17.23%
	Robotics Lab	55				Kia's ownership: 45%
	RMAC	TBD				Operations to commence in 2H26
	Robotics America	TBD				To be established in 2H26
SI, Robot control	Hyundai AutoEver	31.59	572	17,606	3,893	Kia's ownership: 16.24%
Autonomous driving/Robotics	Kia	35.17	21,679	65,238	16,061	
Defense/Unmanned defense	**Hyundai Rotem**	**33.77**	**891**	**23,411**	**5,534**	
Nuclear power/Data centers	Hyundai Construction	20.95	3,195	16,914	2,480	Kia's ownership: 5.24%
Finance	**Hyundai Capital**	**59.72**	**4,553**			**Kia's ownership: 40.13%**
	Hyundai Card	**36.96**	**1,587**			**Kia's ownership: 6.48%**
Total			**32,945**		**27,969**	

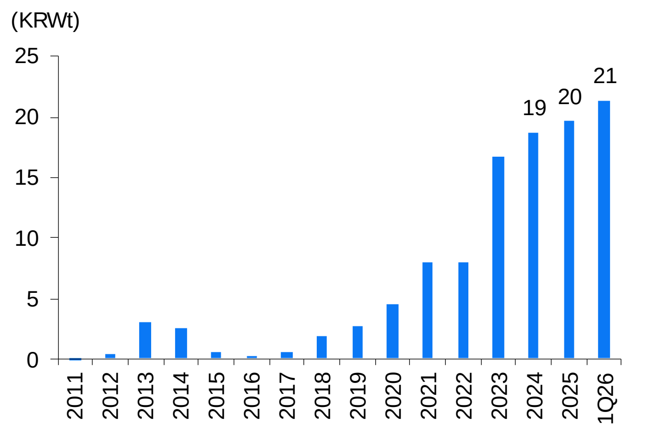
Note: *As of May 26;
**30% NAV discount applied;
***Includes HMG Global's stake in Boston Dynamics;
Bold entries are consolidated subsidiaries; others are accounted for under the equity method.
Source: Company data, Samsung Securities

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**

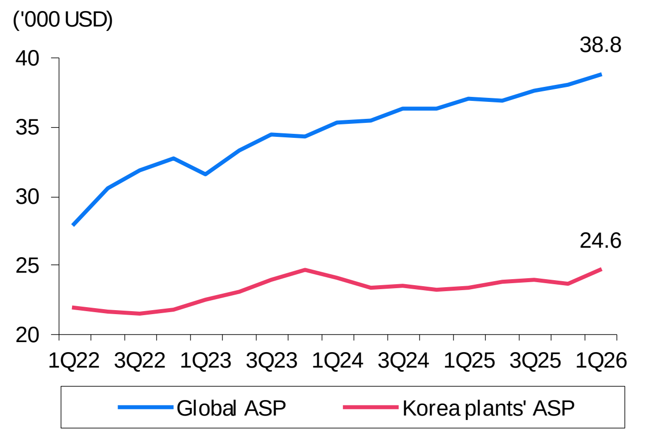
Source: Samsung Securities estimates

Kia: Net cash



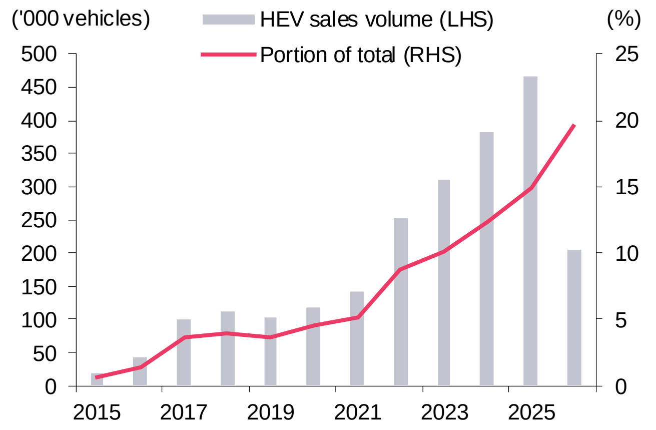
Source: Company data, Samsung Securities

Kia: ASP trends



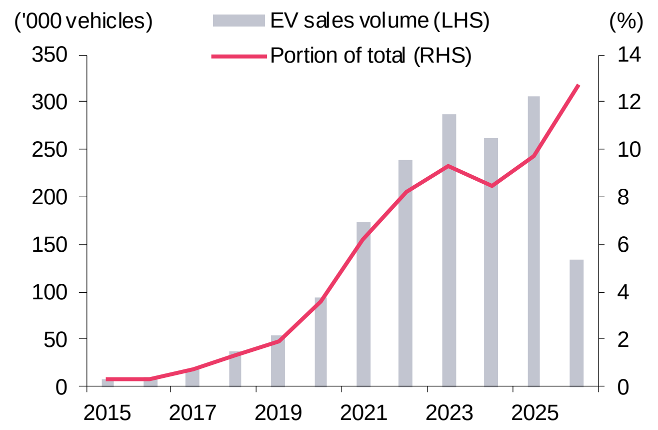
Note: Korea plant ASP includes domestics and exports
Source: Company data, Samsung Securities

Kia: Hybrid sales volume



Note: As of Apr 2026
Source: Company data, Samsung Securities

Kia: EV sales volume



Note: As of Apr 2026
Source: Company data, Samsung Securities

Kia: Global sales volume and forecasts

('000 vehicles)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Global plant sales	776	808	758	742	780	841	837	831	3,044	3,083	3,290	3,440
Domestic	394	417	397	379	404	412	397	396	1,547	1,587	1,610	1,620
Overseas	382	391	360	363	376	429	440	435	1,496	1,496	1,680	1,820
US (KMMG)	88	91	88	84	87	105	114	103	352	352	410	460
Europe (KMS)	89	86	64	56	73	98	90	98	351	295	360	380
China (DYK)	57	67	63	67	50	60	68	73	248	254	250	250
Mexico (KMM)	68	74	73	74	76	78	81	75	274	288	310	350
India (KMI)	81	73	72	82	90	87	87	86	270	307	350	380
Global retail sales	772	814	784	761	779	846	827	851	3,083	3,130	3,290	3,400
Global ASP (KRWm)	37.2	37.0	37.6	38.0	38.8	38.6	38.7	40.2	35.8	37.4	39.2	39.3

Source: Company data, Samsung Securities estimates

Kia: 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	28,018	29,350	28,686	28,088	29,502	31,876	31,232	33,378	107,449	114,141	125,987	130,351
Gross profit	6,081	5,875	5,409	5,143	5,804	6,188	5,719	6,298	24,771	22,508	24,008	24,414
Operating profit	3,009	2,765	1,462	1,843	2,205	2,887	2,452	2,897	12,667	9,078	10,441	10,961
Pre-tax profit	3,243	3,000	1,887	2,111	2,635	3,125	3,101	3,277	13,500	10,241	12,138	12,700
Net profit	2,393	2,268	1,422	1,471	1,830	2,312	2,295	2,425	9,775	7,554	8,862	9,398
Controlling profit	2,393	2,269	1,425	1,474	1,831	2,312	2,295	2,425	9,773	7,561	8,862	9,398
Margins (%)												
Gross profit	21.7	20.0	18.9	18.3	19.7	19.4	18.3	18.9	23.1	19.7	19.1	18.7
Operating profit	10.7	9.4	5.1	6.6	7.5	9.1	7.9	8.7	11.8	8.0	8.3	8.4
Net profit	8.5	7.7	5.0	5.2	6.2	7.3	7.3	7.3	9.1	6.6	7.0	7.2
Controlling profit	8.5	7.7	5.0	5.2	6.2	7.3	7.3	7.3	9.1	6.6	7.0	7.2

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**107,449**	**114,141**	**125,987**	**130,351**	**135,592**
Cost of goods sold	82,678	91,633	101,979	105,936	109,798
Gross profit	**24,771**	**22,508**	**24,008**	**24,414**	**25,794**
Gross margin (%)	23.1	19.7	19.1	18.7	19.0
SG&A expenses	12,104	13,430	13,567	13,453	14,280
Operating profit	**12,667**	**9,078**	**10,441**	**10,961**	**11,514**
Operating margin (%)	11.8	8.0	8.3	8.4	8.5
Non-operating gains (losses)	**833**	**1,163**	**1,697**	**1,738**	**1,825**
Financial profit	1,351	1,300	1,046	1,287	1,595
Financial costs	610	578	51	38	38
Equity-method gains (losses)	395	415	927	968	1,017
Other	-304	26	-225	-479	-749
Pre-tax profit	**13,500**	**10,241**	**12,138**	**12,700**	**13,339**
Taxes	3,725	2,687	3,276	3,302	3,335
Effective tax rate (%)	27.6	26.2	27.0	26.0	25.0
Profit from continuing operations	9,775	7,554	8,862	9,398	10,004
Profit from discontinued operations	0	0	0	0	0
Net profit	**9,775**	**7,554**	**8,862**	**9,398**	**10,004**
Net margin (%)	9.1	6.6	7.0	7.2	7.4
Net profit (controlling interests)	9,773	7,561	8,862	9,398	10,004
Net profit (non-controlling interests)	2	-7	0	0	0
EBITDA	15,216	11,792	13,068	13,438	13,860
EBITDA margin (%)	14.2	10.3	10.4	10.3	10.2
EPS (parent-based) (KRW)	24,413	19,111	22,700	24,071	25,625
EPS (consolidated) (KRW)	24,418	19,094	22,700	24,071	25,625
Adjusted EPS (KRW)*	24,413	19,111	22,700	24,071	25,625

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**41,797**	**44,426**	**50,883**	**58,833**	**67,125**
Cash & equivalents	13,567	13,998	17,331	24,130	31,040
Accounts receivable	3,561	3,552	3,920	4,056	4,219
Inventories	12,419	14,666	16,188	16,749	17,422
Other current assets	12,251	12,210	13,444	13,898	14,444
Fixed assets	**50,958**	**54,553**	**56,764**	**56,833**	**57,242**
Investment assets	27,223	28,149	30,987	32,033	33,288
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**	**107,647**	**115,667**	**124,368**
Current liabilities	**26,977**	**28,378**	**30,028**	**31,061**	**32,301**
Accounts payable	10,455	10,662	11,769	12,176	12,666
Short-term debt	221	211	211	211	211
Other current liabilities	16,302	17,505	18,048	18,673	19,424
Long-term liabilities	**9,938**	**9,410**	**10,250**	**10,560**	**10,931**
Bonds & long-term debt	2,176	979	979	979	979
Other long-term liabilities	7,763	8,431	9,271	9,581	9,952
Total liabilities	**36,916**	**37,789**	**40,279**	**41,621**	**43,233**
Owners of parent equity	**55,831**	**61,188**	**67,366**	**74,043**	**81,133**
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	60,740	67,417	74,506
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**	**67,369**	**74,046**	**81,135**
Net debt	-15,303	-19,162	-24,462	-31,562	-38,832

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**12,564**	**9,054**	**11,896**	**11,397**	**11,924**
Net profit	9,775	7,554	8,862	9,398	10,004
Non-cash profit and expenses	9,666	8,455	3,788	3,368	2,914
Depreciation	2,010	2,070	2,060	1,977	1,906
Amortization	540	644	567	500	440
Other	7,116	5,741	1,161	891	568
Changes in A/L from operating activities	-4,287	-4,328	1,333	491	590
Cash flow from investments	**-10,153**	**-4,960**	**-3,040**	**-1,883**	**-1,960**
Change in tangible assets	-3,424	-3,593	-2,000	-1,500	-1,500
Change in financial assets	-4,788	-1,940	-1,040	-383	-460
Other	-1,941	573	-0	0	0
Cash flow from financing	**-3,570**	**-4,175**	**-3,789**	**-2,718**	**-2,912**
Change in debt	-525	-887	-1,146	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	3,332	6,800	6,910
Cash at beginning of year	14,353	13,567	13,998	17,331	24,130
Cash at end of year	13,567	13,998	17,331	24,130	31,040
Gross cash flow	**19,441**	**16,009**	**12,650**	**12,765**	**12,918**
Free cash flow	**9,079**	**5,290**	**9,896**	**9,897**	**10,424**

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

Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	7.7	6.2	10.4	3.5	4.0
Operating profit	9.1	-28.3	15.0	5.0	5.0
Net profit	11.4	-22.7	17.3	6.0	6.5
Adjusted EPS**	12.1	-21.7	18.8	6.0	6.5
Per-share data (KRW)					
EPS (parent-based)	24,413	19,111	22,700	24,071	25,625
EPS (consolidated)	24,418	19,094	22,700	24,071	25,625
Adjusted EPS**	24,413	19,111	22,700	24,071	25,625
BVPS	141,812	157,456	173,331	190,511	208,751
DPS (common)	6,500	6,800	7,000	7,500	7,500
Valuations (x)					
P/E***	4.1	6.4	7.2	6.8	6.4
P/B***	0.7	0.8	0.9	0.9	0.8
EV/EBITDA	1.6	2.4	3.0	2.4	1.8
Ratios (%)					
ROE	19.1	12.9	13.8	13.3	12.9
ROA	11.3	7.9	8.6	8.4	8.3
ROIC	45.2	27.3	29.0	31.7	34.9
Payout ratio	26.2	34.9	30.7	31.0	29.1
Dividend yield (common)	6.5	5.6	4.3	4.6	4.6
Net debt to equity	-27.4	-31.3	-36.3	-42.6	-47.9
Interest coverage (x)	124.8	120.8	203.8	290.0	304.1

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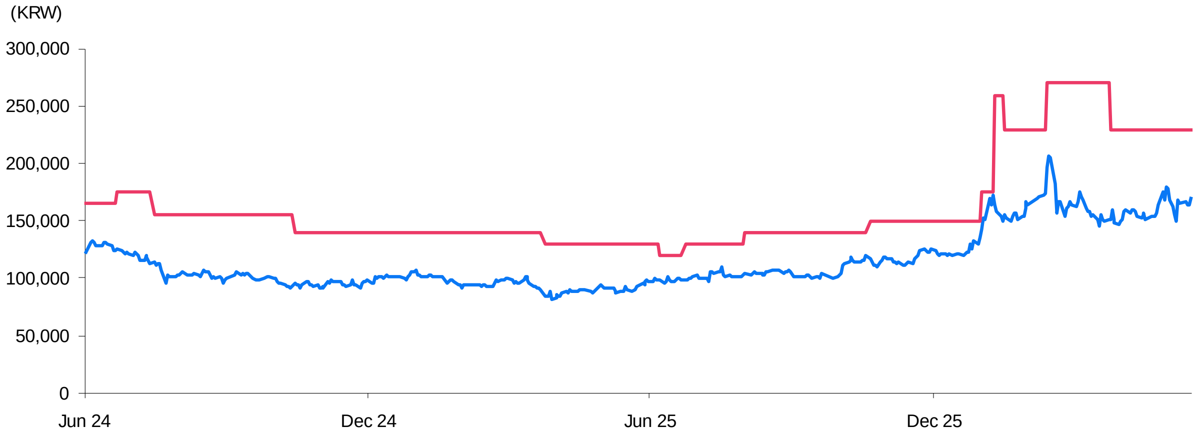
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/5/29	7/4	7/29	10/28	2025/4/7	6/20	7/7	8/14	11/3	2026/1/14	1/22	1/29
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	165000	175000	155000	140000	130000	120000	130000	140000	150000	175000	260000	230000
Gap* (average)	-24.20	-31.41	-34.54	-30.66	-30.49	-17.88	-21.50	-24.00	-20.38	-7.53	-40.63	-30.12
(max or min)**	-19.82	-27.83	-27.68	-23.79	-23.38	-15.75	-15.08	-14.36	-9.33	-1.66	-38.85	-24.35

Date	2/25	4/7
Recommendation	BUY	BUY
Target price (KRW)	270000	230000
Gap* (average)	-39.27	
(max or min)**	-23.70	

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%)

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General

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