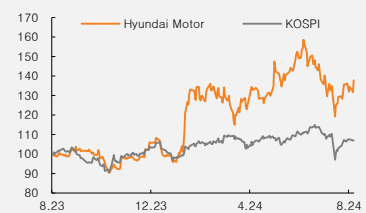


(Maintain)	Buy
Target price	W385,000
Current price (8/28/24)	W259,000
Upside	48.6%

OP (24F, Wbn)	15,712
Consensus OP (24F, Wbn)	15,681
EPS growth (24F, %)	15.4
Market EPS growth (24F, %)	88.0
P/E (24F, x)	5.1
Market P/E (24F, x)	10.3
KOSPI	2,689.83

Market cap (Wbn)	54,239
Shares (mn)	209
Free float (%)	65.5
Foreign ownership (%)	41.1
Beta (12M)	1.15
52-week low (W)	169,700
52-week high (W)	298,000

(%)	1M	6M	12M
Absolute	6.4	4.4	39.7
Relative	8.0	3.0	32.1



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Hyundai Motor

Takeaways from 2024 CEO Investor Day

Key upcoming events: US retail sales data release and Korea Value-Up Index launch in September, listing of Indian subsidiary in October

During its CEO Investor Day event, Hyundai Motor (HMC) unveiled plans to buy back W4tr worth of shares over three years starting in 2025, meeting market expectations for stronger shareholder returns. We expect HMC to further enhance shareholder returns using proceeds from the IPO of its Indian subsidiary (set for October). Potential positives in September include the launch of the Korea Value-Up Index and the release of August US retail sales data. Despite concerns over negative retail auto sales growth in June and July and weaker-than-expected 2Q24 results from global OEMs, we expect August data to be favorable, as sales appear to have begun recovering from the impact of the CDK Global cyberattack in the third week of July. We also think HMC's market share gains backed by its strong HEV lineup and price competitiveness deserve attention. We maintain our target price on HMC and retain the stock as our top pick.

Key takeaways: Higher shareholder returns, adjustments to xEV guidance, and increased investments over the medium/long term

Along with its shareholder return policy, the company announced a series of initiatives covering areas such as the government's value-up program, xEV plans, production strategies, battery solutions, software-defined vehicles (SDVs)/autonomous driving, medium/long-term investment plans/financial goals, the planned IPO in India, and the hydrogen business. The firm raised its total shareholder return (TSR) target for 2025-27 by 10%p to 35%+, with plans to buy back W1.33tr worth of shares annually over a three-year period (W4tr in total). Of note, the firm said it would take into account preferred stock discounts while executing buybacks. Meanwhile, the TSR target of 35%+ does not include cash from the upcoming listing of the Indian subsidiary; plans for using the proceeds will be announced after the listing. Another newly introduced shareholder return policy is a minimum DPS (W10,000) starting in 2024 and quarterly dividends of W2,500 (+25% increase) from 2025. The company also presented an average ROE target of 11-12% for 2025-27.

HMC announced a number of changes to its xEV plans. For HEVs, the firm maintained its short-term sales target while raising its medium/long-term target; the 2028 HEV sales target was raised by 40% to 1.33mn units, with North America expected to account for 52% of that figure (vs. 17% for Europe and 18% for Korea). For BEVs, the company presented a 2024 target of 300,000 units (vs. 330,000 units during 2023 CEO Investor Day and 300,000 units during the 4Q23 earnings call), a 2027 target of 840,000 units (vs. a 2026 target of 940,000 units during 2023 CEO Investor Day), and a 2030 target of 2mn units (unchanged). In addition, the company plans to launch extended-range electric vehicles (EREVs) in 2027.

Investment plans/financial goals: HMC plans to invest W120.5tr through 2033, which represents a nearly 10% increase from its investment plan shared last year. The incremental investment (W11.1tr) will be allocated to R&D (W7.1tr), and capex (W4.5tr). We are particularly encouraged by the firm's medium/long-term OP margin target (8-9% in 2024, 9-10% in 2027, and over 10% in 2030).

(Dec.)	2021	2022	2023	2024F	2025F
Revenue (Wbn)	117,611	142,151	162,664	173,588	180,019
OP (Wbn)	6,679	9,825	15,127	15,712	15,926
OP margin (%)	5.7	6.9	9.3	9.1	8.8
NP (Wbn)	4,942	7,364	11,962	13,683	13,857
EPS (W)	17,846	26,592	43,589	50,292	51,052
ROE (%)	6.8	9.4	13.7	13.9	12.7
P/E (x)	11.7	5.7	4.7	5.1	5.1
P/B (x)	0.8	0.5	0.6	0.7	0.6
Dividend yield (%)	2.4	4.6	5.6	5.0	5.1

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Figure 1. Value-up program (I): 2025-27 TSR target of 35%+ (including W4tr share buyback)



Source: Company materials, Mirae Asset Securities Research

Figure 2. Value-up program (II): 2025-27 TSR target of 35%+ (including W4tr share buyback)



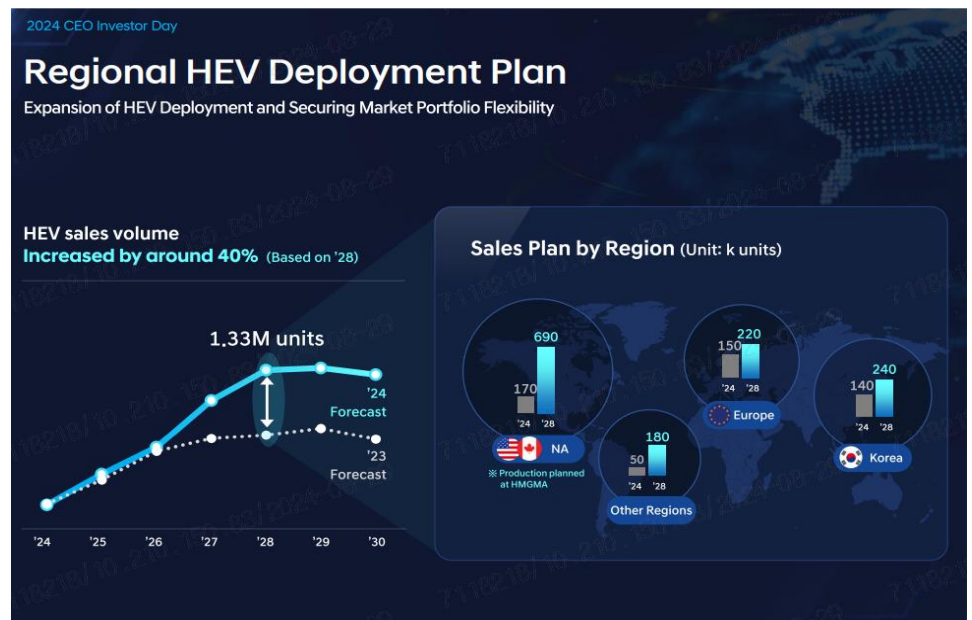
Source: Company materials, Mirae Asset Securities Research

Figure 3. 2030 BEV sales target maintained at 2mn units



Source: Company materials, Mirae Asset Securities Research

Figure 4. 2028 HEV sales target raised by 40%



Source: Company materials, Mirae Asset Securities Research

Figure 5. Total of W120.5tr to be invested over the next 10 years (+10% vs. 2023 plan)



Source: Company materials, Mirae Asset Securities Research

Figure 6. Medium/long-term profitability targets



Source: Company materials, Mirae Asset Securities Research

Hyundai Motor (005380 KS)

Income statement (summarized)

(Wbn)	2022	2023	2024F	2025F
Revenue	142,151	162,664	173,588	180,019
Cost of revenue	113,880	129,179	136,440	141,651
GP	28,271	33,485	37,148	38,368
SG&A expenses	18,447	18,357	21,436	22,442
OP (adj.)	9,825	15,127	15,712	15,926
OP	9,825	15,127	15,712	15,926
Non-operating profit	1,356	2,492	3,917	3,629
Net financial income	71	440	563	458
Net income from associates	1,558	2,471	3,498	3,286
Pretax profit	11,181	17,619	19,629	19,555
Income tax	2,979	4,627	4,945	5,007
Profit from continuing operations	8,202	12,992	14,685	14,548
Profit from discontinued operations	-219	-720	-319	0
NP	7,984	12,272	14,366	14,548
Attributable to owners	7,364	11,962	13,683	13,857
Attributable to minority interests	619	311	682	691
Total comprehensive income	9,034	12,429	16,054	14,548
Attributable to owners	8,234	12,204	15,338	13,899
Attributable to minority interests	800	224	717	649
EBITDA	14,873	20,073	20,447	20,490
FCF	6,612	-9,590	8,347	15,183
EBITDA margin (%)	10.5	12.3	11.8	11.4
OP margin (%)	6.9	9.3	9.1	8.8
Net margin (%)	5.2	7.4	7.9	7.7

Balance sheet (summarized)

(Wbn)	2022	2023	2024F	2025F
Current assets	58,352	58,604	69,641	58,342
Cash & equivalents	20,865	19,167	27,028	14,344
AR & other receivables	7,288	6,887	7,331	7,529
Inventory	14,291	17,400	18,522	19,208
Other current assets	15,908	15,150	16,760	17,261
Non-current assets	107,027	116,172	122,535	124,118
Investments in associates	25,199	28,476	30,312	31,435
PP&E	36,153	38,921	40,832	42,381
Intangible assets	6,102	6,219	5,273	4,160
Total assets	255,742	282,463	305,257	295,541
Current liabilities	74,236	73,362	72,227	50,765
AP & other payables	19,075	19,595	20,858	21,631
Short-term financial liabilities	37,434	34,390	30,780	7,783
Other current liabilities	17,727	19,377	20,589	21,351
Non-current liabilities	90,609	107,292	118,962	119,581
Long-term financial liabilities	76,037	91,609	102,273	102,273
Other non-current liabilities	14,572	15,683	16,689	17,308
Total liabilities	164,846	180,654	191,189	170,345
Equity attributable to owners	82,350	92,497	103,732	114,169
Capital stock	1,489	1,489	1,489	1,489
Capital surplus	4,241	4,378	4,375	4,375
Retained earnings	79,954	88,666	98,251	108,688
Minority interests	8,547	9,312	10,336	11,027
Shareholders' equity	90,897	101,809	114,068	125,196

Cash flow statement (summarized)

(Wbn)	2022	2023	2024F	2025F
Operating cash flow	10,627	-2,519	13,904	20,183
NP	7,984	12,272	14,366	14,548
Non-cash income/expenses	20,256	21,192	12,727	9,109
Depreciation	3,181	3,284	3,325	3,451
Amortization	1,867	1,663	1,410	1,112
Other	15,208	16,245	7,992	4,546
Chg. in working capital	-13,923	-30,365	-8,205	1,072
Chg. in AR & other receivables	-1,326	-99	3	-185
Chg. in inventory	-2,721	-3,250	-647	-686
Chg. in AP & other payables	3,333	984	-1,016	432
Income tax	-2,394	-3,894	-4,575	-5,007
Cash flow from investing activities	-1,203	-8,649	-7,600	-5,326
Chg. in PP&E	-3,878	-6,926	-5,514	-5,000
Chg. in intangible assets	-1,711	-1,778	-379	0
Chg. in financial assets	657	-1,131	-532	-326
Other	3,729	1,186	-1,175	0
Cash flow from financing activities	-1,324	9,393	2,338	-26,418
Chg. in financial liabilities	4,641	12,527	7,015	-22,998
Chg. in equity	171	137	-3	0
Dividends	-1,355	-2,499	-1,577	-3,420
Other	-4,781	-772	-3,097	0
Chg. in cash	8,069	-1,698	7,861	-12,683
Beginning balance	12,796	20,865	19,167	27,028
Ending balance	20,865	19,167	27,028	14,344

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

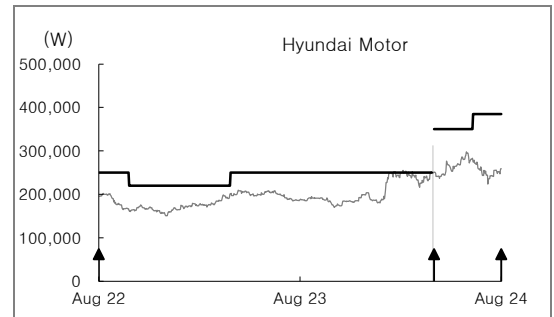
	2022	2023	2024F	2025F
P/E (x)	5.7	4.7	5.1	5.1
P/CF (x)	1.5	1.7	2.6	3.0
P/B (x)	0.5	0.6	0.7	0.6
EV/EBITDA (x)	8.9	7.9	8.3	7.8
EPS (W)	26,592	43,589	50,292	51,052
CFPS (W)	101,970	121,947	99,579	87,158
BPS (W)	303,544	341,739	385,433	423,884
DPS (W)	7,000	11,400	13,000	13,100
Dividend payout ratio (%)	17.7	18.9	18.4	18.4
Dividend yield (%)	4.6	5.6	5.0	5.1
Revenue growth (%)	20.9	14.4	6.7	3.7
EBITDA growth (%)	32.4	35.0	1.9	0.2
OP growth (%)	47.1	54.0	3.9	1.4
EPS growth (%)	49.0	63.9	15.4	1.5
AR turnover (x)	38.3	36.3	35.9	35.5
Inventory turnover (x)	11.0	10.3	9.7	9.5
AP turnover (x)	11.4	11.9	12.1	11.9
ROA (%)	3.3	4.6	4.9	4.8
ROE (%)	9.4	13.7	13.9	12.7
ROIC (%)	10.3	15.0	14.9	15.0
Debt-to-equity ratio (%)	181.4	177.4	167.6	136.1
Current ratio (%)	78.6	79.9	96.4	114.9
Net debt-to-equity ratio (%)	95.0	97.4	82.9	67.1
Interest coverage ratio (x)	18.8	27.1	33.1	35.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Hyundai Motor (005380)	07/09/24	Buy	385,000
	04/29/24	Buy	350,000
	04/26/24	No Coverage	
	04/26/23	Buy	250,000
	10/24/22	Buy	220,000
	01/25/22	Buy	250,000



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	79.52%	12.05%	8.43%	0%
Investment banking services	85%	5%	10%	0%

* Based on recommendations in the last 12-months (as of June 30, 2024)

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