

# Hyundai Motor (005380 KS)

## FUNDAMENTAL VIEW <sup>1</sup>

As of 26 Mar 2025

- Hyundai and Kia continued to post solid growth in global wholesales and retail sales, but its 4Q24 automotive operating profit declined YoY for a second consecutive quarter owing to higher sales incentives, rising labor and R&D costs, and a warranty provision revaluation impacted by currency. While its FY25 guidance calls for modest volume and revenue growth, its profit margins are expected to compress another 70 bp on the heels of 100 bp margin compression in FY24. Guidance does not include the potential impact of US import tariffs, which we believe would affect roughly 60% of its US vehicle sales and could further compress margin by another 60 bp to 230 bp, depending on which tariffs are implemented.

## RISKS & CATALYSTS

As of 26 Mar 2025

- Hyundai Motor Group targets FY25 wholesale volumes of 7.4 mn units, up 2% YoY, comprised of 1% volume growth at Hyundai and 4% volume growth at Kia. Both automakers are projecting modest growth in most of their major markets, except for a 1% decline by Hyundai in Europe. Kia projects outsized growth in India (+22%), starting from a base that is less than half that of Hyundai. Revenue growth is also projected to be modest at 3%-4% for Hyundai and 4% for Kia.
- The company projects FY25 revenue growth of 3%-4%, above its ~1% wholesale volume growth, based on higher average selling prices (ASPs) that are driven by increased volumes in North America, including higher sales of Genesis and eco-friendly cars. Automotive operating profit margins are projected to contract 60 bp at the midpoint of the range, based in part on higher sales incentives and enhanced European fuel regulations. Management noted its relatively strong FY25 profit outlook in a weak global demand market environment reflects its expectation for strong performance in North America, fueled in part by increased sales of hybrid and luxury vehicles. The company's FY25 outlook does not include the potential impact of US tariffs.

## CREDIT QUALITY SCORE (CQS) <sup>2</sup>

As of 07 May 2025

### CURRENT CQS

56

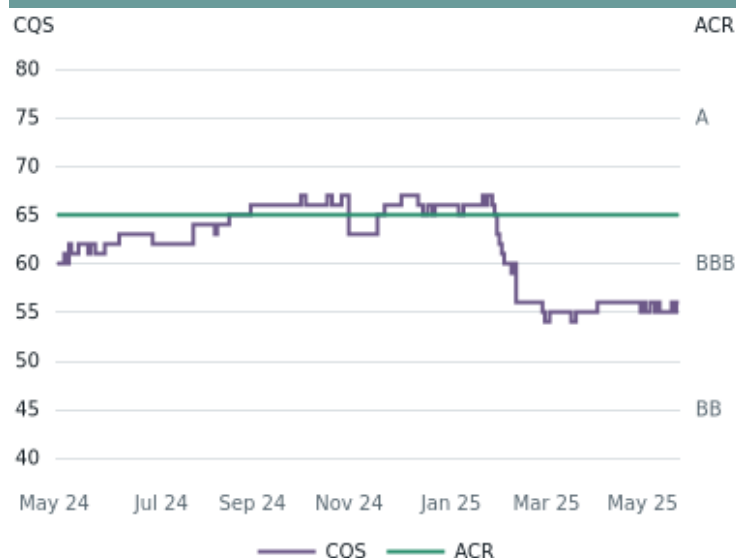
### CQS OUTLOOK <sup>3</sup>

NEGATIVE

STABLE

POSITIVE

### HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) <sup>4</sup> VS CQS



## KEY METRICS

As of 26 Mar 2025

KRW BN	FY20	FY21	FY22	FY23	FY24
Revenue	80,577	94,143	113,718	130,150	136,725
EBIT	890	5,459	8,950	15,440	14,189
EBIT Margin	1.1%	5.8%	7.9%	11.9%	10.4%
EBITDA	5,076	10,015	13,998	20,387	18,786
EBITDA Margin	6.3%	10.6%	12.3%	15.7%	13.7%
Total Liquidity	17,082	19,745	26,639	26,507	24,721
Net Debt	(4,453)	(5,202)	(11,035)	(10,916)	(9,308)
Total Debt	10,920	12,569	12,940	12,940	12,940
Gross Leverage	2.2x	1.3x	0.9x	0.6x	0.7x
Net Leverage	-0.9x	-0.5x	-0.8x	-0.5x	-0.5x

## BUSINESS DESCRIPTION

As of 26 Mar 2025

- Hyundai Motor Co., Ltd. engages in the manufacture and distribution of motor vehicles and parts. It operates through the following business areas: Vehicle, Financial and Other. The Vehicle division offers motor vehicles. The Financial division provides financing, leasing and credit cards. The Other division includes manufacture of railways. The company was founded on December 29, 1967, and is headquartered in Seoul, South Korea.
- Hyundai Capital America benefits from a support agreement with Hyundai Motor (HMC). HCA investor relations confirmed its support (keepwell) agreement contains a fixed charge coverage provision that it views as particularly strong compared to other peers.

## GLOSSARY

<sup>1</sup> The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

<sup>2</sup> The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

<sup>3</sup> The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

<sup>4</sup> The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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