

Hyundai Motor (005380 KS)

FUNDAMENTAL VIEW ¹

As of 22 May 2025

- Hyundai Motor Group posted solid 1Q25 results and maintained its FY25 sales and consolidated operating profit guidance. While we continue to expect lower FY25 automotive profitability owing to tariff impacts on its US vehicle sales, which account for 25% of its global unit sales, we expect the tariff headwind to be partially offset by favorable currency and higher financial services profitability along with support by the South Korean government for the automotive sector. We expect these tariff mitigation factors to alleviate our previous concerns regarding potential negative rating actions.

RISKS & CATALYSTS

As of 22 May 2025

- Hyundai and Kia both maintained FY25 sales and consolidated operating profit guidance – which did not include the potential impact of tariffs – citing both uncertainty surrounding tariff implementation, especially for USMCA-compliant parts, and strategies to mitigate the tariff impact. Both companies called out the likelihood of price increases to mitigate the tariff impact, while Hyundai management highlighted additional mitigation strategies in their earnings conference call. On a combined basis, the Hyundai Motor Group (HMG) targets FY25 wholesale unit growth of 2% to 7.4 mn units, revenue growth of 5% to 6%, and a consolidated operating profit margin of 8.8% at the midpoint of the range for YoY margin contraction of 40 bp.
- The company's FY25 consolidated operating profit could also benefit from higher captive finance profit and favorable currency impacts related to the weak Korean won, two factors that boosted its 1Q25 profit. The South Korean government announced emergency support for the auto sector, including financial aid and tax cuts to mitigate the impact of US tariffs on imported vehicles.

CREDIT QUALITY SCORE (CQS) ²

As of 08 Aug 2025

CURRENT CQS

56

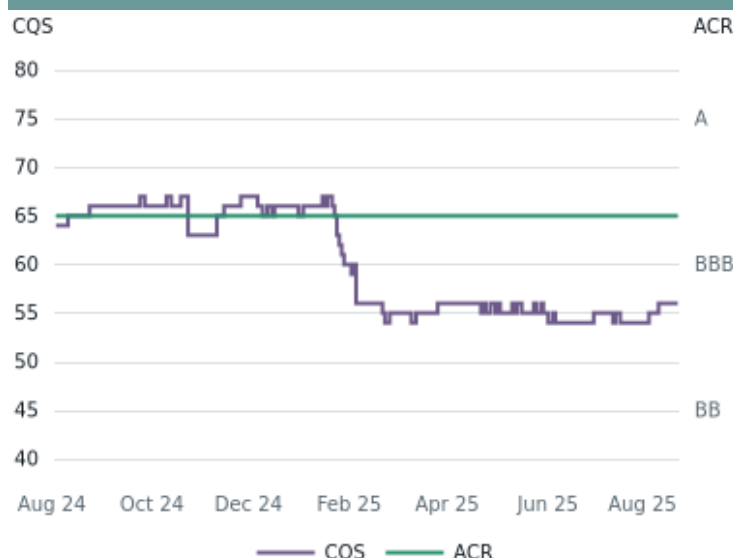
CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 22 May 2025

KRW BN	FY21	FY22	FY23	FY24	LTM 1Q25
Revenue	94,143	113,718	130,150	136,725	139,725
EBIT	5,459	8,950	15,440	14,189	13,945
EBIT Margin	5.8%	7.9%	11.9%	10.4%	10.5%
EBITDA	10,015	13,998	20,387	18,476	18,237
EBITDA Margin	10.6%	12.3%	15.7%	13.5%	13.9%
Total Liquidity	19,745	26,639	26,507	27,488	23,397
Net Debt	(5,202)	(11,035)	(10,916)	(11,799)	(15,252)
Total Debt	12,569	12,940	12,940	12,940	5,805
Gross Leverage	1.3x	0.9x	0.6x	0.7x	0.3x
Net Leverage	-0.5x	-0.8x	-0.5x	-0.6x	-0.8x

BUSINESS DESCRIPTION

As of 22 May 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

¹ 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.

² 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.

³ 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.

⁴ 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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