Company Note Overseas
2021. 11. 15

Joby Aviation, Inc. (JOBY)

N/R

Analyst Robert Cheek
02-3787-2261 r.cheek@hmsec.com

International Stock Market Weekly

Aerospace: airlines

Joby Aviation, Inc. (JOBY)

Private and public firms, companies, as well as governments are investing billions of dollars into emerging electric vertical takeoff and landing (eVTOL) aircraft companies and the Urban Air Mobility (UAM) industry. Despite the impact of covid-19, UAM companies raised USD1.3bn in private investment in 2020, up 80% from 2019, according to Pitchbook. And money continues to flow into this emerging segment of aviation despite the global pandemic. To date, the majority of eVTOL/UAM investments have come from: 1) traditional aircraft manufacturers, 2) tech-companies, and (3) VCs. More recently, automotive companies have entered the fray, and the latest funding has been coming from special Purpose Acquisition Companies (SPACs). Indeed, this year has seen a great number of mobility companies using SPACs to go public. While the bulk of these companies are pre-profit or pre-revenue, are capital intensive, and are unlikely to generate returns for some time, the potential market which they address is massive and the technologies that could emerge from this would reshape the future of mobility.

And so, it appears that UAM companies are now drawing the attention of a broader range of investors in much the same way that Tesla (TSLA) and other EVs companies did over the previous decade, which hastened the development of the EV sector and generated outsized returns for investors. Among the many names entering the increasingly crowded space, Joby Aviation (JOBY) stands out as one of the most promising and is the largest publicly traded pure eVTOL company.

Stock pick for the third week of November

Joby Aviation, Inc. (JOBY)

About Joby Aviation, Inc. (JOBY)

Joby Aviation, Inc. is a Santa Cruz, California-based transportation company and has disclosed offices in San Carlos, California; Marina, California; and Munich, Germany. The company owns, manufactures, and operates aircraft. Joby develops an electric vertical take-off and landing (eVTOL) aircraft. The eVTOL can travel approximately 150 miles with a pilot and four passengers at 200 mph. The company delivers an application-based aerial ride-hailing service directly to end-users. It is designed to reduce urban congestion and accelerate the shift to sustainable modes of transit. Joby plans to deploy eVTOL aircraft in local aerial ridesharing networks in cities around the world and is developing an app-based platform that lets passengers book rides through its service. The company listed on the NYSE via a SPAC on Aug 11, 2021.

Rationale

Investing in eVTOL stocks is somewhat akin to purchasing Tesla stock just a few years ago.

Companies and governments are racing ahead to secure stakes in a future in which both intercity and intracity journeys done with eVTOLs. The more efficient and ecologically sound eVTOLs are expected to supplant traditional single-rotor helicopters for transport in urban centers because they are cleaner, faster, and quieter. They are also safer than their older petrol-powered ancestors thanks to built-in engine redundancy, few moving parts, and fly-by-wire tech. For investors what this means is that eVTOLs have the potential to disrupt and transform urban air mobility (UAM) economy within the decade.

Indeed, according to Joby this is at least a USD500bn market in the US and a global market of more than USD1trn. And we believe Joby is one of the best positioned to capitalize on what is likely to be strong future demand for eVTOL transportation. What is more, the company has been developing its eVTOL for more than a decade and plans to launch commercial operations in 2024 following its FAA certification flight tests in 2022. Joby's plan is to provide flights for the same price as ground-based taxis using a vertically integrated business model in which it is both the manufacturer and operator.

Joby is poised to potentially become a major disruptor in one of the fastest growing future industries. Indeed, Morgan Stanley (MS) estimates the eVTOL/UAM industry will reach USD1.5tn by 2040 as we utilize urban air travel to reduce traffic and open up an entirely new dimension of intracity travel. However, investing in eVTOL stocks is somewhat akin to purchasing Tesla stock just a few years ago . Right now, outside of VCs, carmakers, and aerospace companies, few are talking about this industry. However, when it takes off, it will catch most of the investing public by surprise and the massive gains will go to those who are willing to take the risk. In the next few years, people will start traveling from city to city via eVTOLs—this is inevitable. As such, the eVTOL / UAM industry will be immense and should prove to be one of the biggest growth industries of the decade.

eVTOLs will reduce traffic in major cities and allow passengers to reach for more quickly. Currently, eVTOL stocks are for the most part near initial SPAC pricing levels of USD10, meaning investors are able to gain exposure at what is likely the lowest price possible. As a comparison, EV stocks surged in 2020 but many investors missed out on the EV boom. The eVTOL boom is inevitable and presents a similar opportunity to capitalize on the transformation to electric mobility industry. eVTOL companies will reduce carbon emissions causing global warming and improve the overall quality of life.

Among publicly traded eVTOL stocks that have the potential produce 10x or higher gains in the next few years, Joby is our top pick. Joby plans to enter the all-electric air taxi market in 2024 with its four-passenger emissions-free aircraft that can travel up to 150 miles with one charge at up to 200 mph. With more than 1,000 test flights over a decade, Joby has a considerable lead on other companies and is poised to disrupt the market and take substantial market share in this relatively new industry. Joby's backers include Toyota Motors (TM), Uber (UBER), Linkedin Founder Reid Hoffman, Zynga (ZNGA) founder Mark Pinkus, and early Tesla (TSLA) investor Jeff Skroll. In 2020, Joby's eVTOL was the first ever to be certified for air worthiness by the US Air Force, and the company is aiming for full FAA approval in 2023. To accelerate production, Joby partnered with Toyota to help build its aircraft at production plant and provide manufacturing expertise, which offers the potential to greatly lower its cost. To compete in the eVTOL market, Joby acquired Uber Elevate to bolster its air taxi business and position it's for rapid growth in the next few years. Uber also increased its stake in Joby to USD125mn, which gives Uber a stake in the company.

Joby's eVTOL can take off like a helicopter and uses its six rotors forward to fly like an airplane and if all goes according to plan, it will be the first electric air taxi to be certified for passenger service in the US. After that, the company plans to launch an aerial ride-hailing service in a handful of select US cities starting in 2024. To arrive at these goals, the company projects that it will use approximately USD1.1bn from 2021-24. Long restrictions on the sale of stock by insiders will help to relive the pressure in this phase. Joby's initial investors hold the majority of the shares, and they and the executive team and Reinvent Technology Partners' principals have lockups on their shares for a five-year period in which stock is freed in tranches on a yearly basis, with full vesting for Reinvent's founders when the stock price reaches USD50/sh, implying a market cap of more than USD30bn.

Joby plans to develop air taxi networks that will offer rides for USD3/mile, making it more affordable than taking an Uber Black.

Joby's eVTOL will be capable of carrying four passengers and a pilot 150 miles on a single charge, and the company plans to develop air taxi networks that will offer rides for USD3/mile, making it more affordable than taking an Uber (UBER) Black. Joby expects to start earning a profit by 2026 on USD2bn in revenue, and a decade later, it will reach USD20bn in revenue with 14,000 aircraft flying in 20 cities. For comparison, it took Tesla a decade from its IPO before it recorded a full-year profit. Ride-hailing companies Uber and Lyft are still in the red.

Joby has already secured an airworthiness certification for its eVTOL from the US Air Force, and it will

generate revenue over the next few years while obtaining real-world operating experience via a USAF program in which it will conduct tests of eVTOL aircraft for various use cases. The USAF awarded Joby USD40mn contract and the company expects to win additional contracts worth another USD100mn.

To operate at scale, the company plans to build thousands of eVTOLs a year, which are numbers more like the auto industry than the aerospace industry. For comparison, there were a total 2,658 small propeller airplanes and business jets made around the world in 2019, according to the General Aviation Manufacturers Association. To achieve this, Joby has an expert in mass manufacturing to guide it in Toyota, which has already invested USD400mn in the company and whose engineers are now working with Joby to set up a factory in California and optimize components for cost and mass production. Joby estimates that its eVTOL will cost USD1.3mn/each and that it will earn back its investment in just over one year, assuming an average of 40 flights/day, seven days a week, with an average of 2.3 passengers/flight. While neither Uber nor Lyft have yet to turn a profit with ride hailing services based on vehicles that cost over 50 times less, the company says its key differentiator is the operating economics and consumer value in the form of the time saved and productivity, which provide a unique recurring revenue opportunity.

Market outlook

Commercial air travel, much like the space travel, has remained nearly unchanged for decades.

Travelling by air instead of ground has been around since the 1950's, and several companies offer both scheduled and on-demand services. Indeed, many cities already have helipads, but many see very little utilization due to the noise pollution that come with helicopters. Over the past decade Joby improved the design of its vehicle so that its noise level is about the same as that of an air conditioner. As such, it can blend into the background noise of the cities in which it operates and utilize the existing infrastructure

Joby's eVTOL can take off and land like a helicopter but fly like a plane, making it safer, faster and quieter than the helicopters, according to the company. When looking at electric-powered mobility, we see that it is not only an idea whose time has come, but one that has been successfully utilized for over century with electric trains. Electric cars, which have a history that is almost as long, have recently commenced hockey stick growth thanks in large part to the efforts by Tesla. Even though aircraft have been used since the start of the last century, they have been almost completely dependent on petroleum. And commercial air travel, much like the space travel, has remained nearly unchanged for decades with improvements in areas such as aerodynamics and fuel efficiency. For space, that changed with the private sector's infusing the industry with Silicon Valley methods, which brought companies like SpaceX, Blue Origin, RocketLab (RKLB), and Astra Space (ASTR). Interestingly, the revolution in commercial air travel is coming after space But make no mistake, the revolution is here and growing. The challenge commercial air travel has faced were noise and pollution but with the advent of eVTOLs and other electric aircraft this has changed. Indeed, air travel accounted is one of the largest causes of greenhouse gas emissions, according to the EPA, while passenger vehicle still account for most transportation-related greenhouse gas emissions.

Joby's eVTOL could be the solution for a cheaper, greener, and quieter means of commercial flying, and as such allows for a rethink of transportation, expanding it from two dimensions to three dimensions. The company's eVTOL accommodates four passengers and a pilot. Because its eVTOL can take off and land vertically, infrastructure can be layered directly on urban centers, which is more cost effective than building special infrastructure to handle air taxis. Landing ports can be set up with relative ease and low cost on skyscraper rooftops or lounges built into existing buildings. This is a key facilitator for the expansion of UAM. Joby's vehicle can reach a top speed of 200 mph and has a 150+ mile range. Electric propulsion systems have fewer moving parts than their fossil-fuel counterparts and thus require lower maintenance budgets, which, translates to cost savings that can be passed on to consumers in the form of lower-priced tickets, expanding the market. In addition, Joby is forgoing the autonomy option, for now, which is a good strategy from a regulatory standpoint as it lowers the barriers to FAA certification. The market has several listed eVTOL makers and more will soon be entering the fray as investors and established companies want to ensure they have a stake in this emerging potential mega-industry. Joby together with Archer Aviation (ACHR), Lilium (LILM), and Vertical Aerospace (BSN), and It did so at a valuation that now stands at USD5.6bn despite still being pre-revenue. With the biggest market cap and cash raised of its peer group, Joby is the star of eVTOL companies. The company plans to generate revenues of USD2bn or more in 2026, which we believe is a driver for its current valuation.

The UAM industry is gaining altitude

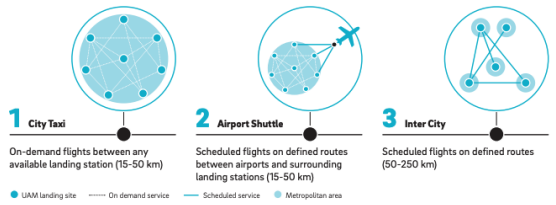
The UAM market is projected to grow from USD2.6bn in 2020 to USD9.1bn by 2030, at a CAGR of 13.5% in the period, according to MarketandMarkets. For the UAM market, the primary driver is the swelling demand to find alternative forms of transportation in urban areas. While adoption is currently limited due to legal, political, and technological barriers—these barriers are rapidly coming down. And among the current market players, Joby's product is the most promising. Joby estimates a massive untapped market opportunity of more than USD500mn in LA alone. The company does not expect any meaningful revenue until 2024, when it launches its app-based aerial ride hailing service. Until that time, the stock price will likely be driven news on areas such as developments, and approvals from the FAA. In the near term, Joby has already formed strategic partnerships with organizations that are working with the company to help it achieve its commercial launch in 2024.

When the company launches its commercial service, passengers will be able to travel from LAX to Newport Beach in just 15 minutes vs. an hour longer by car. While it is true that this trip can be done with a helicopter, eVTOLs should make those trips more affordable and thus more accessible. Electric motors typically have fewer moving parts than combustion engines, which translates to less maintenance. What is more, batteries reduce carbon emissions and reduce energy costs compared to jet fuel. At launch, the cost of flying on a Joby eVTOL will cost roughly USD4/mile but the company estimates the figure will decline to USD3/mile within two years. If this happens, that will bring the cost of transport by eVTOL in the vicinity of ground transportation, it will inevitably reduce the number of cars on the road.

3Q21 results

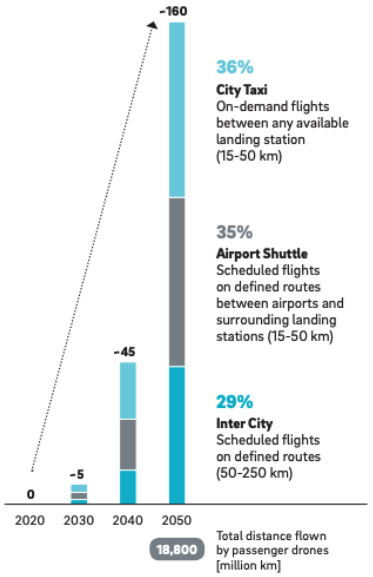
Joby reported 3Q21 results after the market close on Nov 11. For the quarter, Joby incurred a net loss of USD78.9mn, reflecting continued growth in operations. Net loss was USD50.8mn higher YoY. R&D cost of USD52.1mn reflects ongoing development and certification activities, including early manufacturing operations. SG&A expenses totaled USD15.6mn. An additional USD11.2mn cost reflected the change in fair market valuation of derivative liabilities and merger-related transaction expenses, partly offset by income from equity-method investments. 3Q adjusted EBITDA was a loss of USD55.9mn, primarily reflecting employee costs associated with the development and certification of the aircraft. The adjusted EBITDA loss was USD23.6mn higher than in 3Q20. Higher expenses in 3Q21 YoY reflect increased headcount to support development and certification activities, early manufacturing operations, initial investments in commercialization, and administrative costs to support scaling. Net loss also includes an increase in cost from stock-based compensation, depreciation, and amortization expenses. One-time costs, excluded from 3Q21 adjusted EBITDA, include transaction expenses from the merger with RTP of USD9.0mn and the USD11.5mn revaluation of liabilities associated with outstanding warrants and earn-out shares. Stock-based compensation expense of USD7.6mn and income from equity-method investments of USD10.3mn were excluded. The company's BS provides a solid financial foundation to support its long-term goals. 3Q21 ended with USD1.4bn in cash, cash equivalents, restricted cash, and investments in marketable securities. Gross proceeds from the merger with RTP, including Uber's investment, were roughly USD1.2bn, which the company expects to support it until initial commercial operations. Net increase in cash through the first nine months of 2021 totaled USD939mn, which reflected the closure of the merger with RTP, and cash received from Uber's investment, partially offset by cash used in operations, capital expenditure and acquisitions.

Fig 1. Future passenger UAM market will be dominated by three main use cases



Source: RolandBerger, Hyundai Motor Securities

Fig 2. Operating UAM passenger drones ['000]



Source: RolandBerger, Hyundai Motor Securities

Fig 3. Cities getting bigger and more congested: sustainable mobility more critical than ever

Source: Joby Aviation, Hyundai Motor Securities

Fig 4. Massive untapped market: USD500mn+ per year in LA alone

Source: Joby Aviation, Hyundai Motor Securities

Fig 5. Service unit economics at scale in 2026

Revenue Drivers	
24 Miles	Avg Flight Length
~165 mph	Cruising Speed
2.3 Passengers	Avg Load Factor
~6 Minutes	Turnaround Time
$3.00	Price / Seat Mile
Revenue per Available Seat Mile $1.73	

Cost Drivers	
~22¢	Pilot
~19¢	Maintenance cost (including labor)
~11¢	Skyport Support & Landing Fees
~13¢	Battery & Charging (~30 kWh/Trip, 1Y Replacement)
~9¢	Aircraft & Insurance
~12¢	Other expenses
Cost per Available Seat Mile $0.86	

Source:: Joby Aviation, Hyundai Motor Securities

Fig 6. Per plane economics (USD mn)

Revenue	$2.2
Cost of Goods Sold	($0.9)
Gross Margin	$1.3
Other Exp.	($0.3)
Contribution Margin	$1.0
Payback Period	1.3 yrs

Source:: Joby Aviation, Hyundai Motor Securities

Fig 7. eVTOL market expected to undergo strong growth

Source: MarketandMarkets, Hyundai Motor Securities

Fig 8. Regulatory officials focusing on electric vertical aircraft (EVA) certification

Jay Merkle
FAA UAS Executive Director

"We really cracked the code on how to take decades-old aviation [rules] and get to the essence of each of those requirements and say 'What was the safety goal here?'...**It is absolutely not true that there need to be all new regulations governing Urban Air Mobility**."

Earl Lawrence
FAA Aircraft Certification Service Executive Director

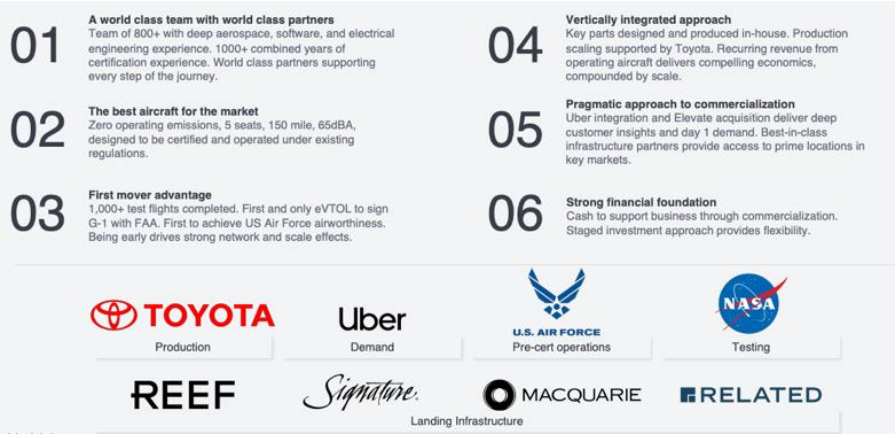
"I have four active formal applications for electric vertical-lift aircraft right now that are going to be the Urban Air Mobility aircraft of the future. These aren't concepts; these are full-up active type certification projects. **And I expect to be issuing a type certificate to one of these aircraft prior to 2022**."

Steve Dickson
FAA Administrator

"We are **currently engaged with the builders of more than 15 electric vertical takeoff and landing** Urban Air Mobility aircraft projects. In January, we saw North America's first public demonstration of an autonomous two-seat flying taxi..."

Source: Blade, Hyundai Motor Securities

Fig 9. Investment highlights



Source: Joby Aviation, Hyundai Motor Securities

The company projects to generate revenue in 2024 and reach USD20bn in annual revenue by 2030.

Valuation and risks

Joby's current market cap is USD5.6bn. The company has plans to scale revenue quickly to address the growing need for urban air travel to reduce traffic jams and gridlock, which should translate into revenue growth once it hits its stride. The company projects to generate revenue in 2024 and reach USD20bn in annual revenue by 2030. Joby has a P/E of 0, however from the business life cycle point of view, investing in companies such as Joby is about owning stocks in the high-growth stage. Accordingly, key metrics that are used for mature businesses are irrelevant. Dividends and P/E are not how to gauge potential returns with disruptive growth companies. Returns are based on events that take place during the rapid growth stage. If the company secures a leading position, the moat strengthens. The company breaks even and starts making a profit. As the company grows in size and liquidity, it becomes an investment target to institutional investors and more analysts initiate coverage and it then becomes included in indexes. In short, the company's intrinsic value grows as it matures.

Of course, it is not easy to determine the right price of growth stocks and investors must take the risk with a variety of options. However, using the full-vesting of USD50/sh for Reinvent Technology Partners' principals' locked-up shares as a guide, we arrive at an implied market cap of more than USD30bn. While some early-stage companies have a compelling story, they lack the numbers to support this story. In stark contrast, mature companies should be evaluated on numbers alone. As such, only buying stocks in mid and large-cap companies eliminates any opportunity to secure 10x returns. Accordingly, investors should target an optimal mix of story and numbers with a focus on companies within disruptive or soon-to-be-disruptive industries that are about continued growth, not speculative growth. Buy the companies and hold them with a view on the long-term opportunity.

While Joby is not generating meaningful revenues yet, there are the more risk-averse investors that may find its current valuation unsuitable to their taste. However, for those who see the massive potential that this fast-growing industry of the future offers and are able to withstand the volatility inherent with such investments, then Joby may be the most promising way to gain the exposure to this very alluring sector. Having said that, the future is always uncertain, and investors should keep in mind that Joby is fundamentally a speculative investment.

The bottom line

If Joby is able to achieve USD2bn in revenue by 2026 then we can assume a total company value of between USD20bn to USD30billion. That gives investors 3x to 5x growth in the next five years provided the company reaches its goals. And we believe that among the several players in the space, Joby is among the most likely to succeed as it more established than competitors like Archer or Blade as it already has more than a decade of flight experience, 700+ employees, and strategic partnerships with the US Department of Defense, Uber, and Toyota. While speculative, for eVTOL stocks, Joby is best in class, to buy and could prove to be a stunning bargain at its current price level of USD10/sh.

Fig 10. UAM is a highly attractive "hard-tech" segment

	EV CHARGING	RIDE SHARING	ELECTRIC VEHICLES	eVTOL	AUTONOMOUS VEHICLES
START-TO-MARKET	<1 YEAR	<2 YEARS	3-5 YEARS	6+ YEARS	6+ YEARS
	LOW BARRIERS TO ENTRY			HIGH BARRIERS TO ENTRY	
ENGINEERING TALENT SPECIALIZATION	COMMODITY	COMMODITY	MEDIUM TALENT SPECIALIZATION	SPECIALIZED TALENT NEEDED	SPECIALIZED TALENT NEEDED
REGULATION	USING EXISTING REGULATIONS	USING EXISTING REGULATIONS	USING EXISTING REGULATIONS	USING EXISTING REGULATIONS	NEW REGULATIONS NEEDED
TECHNOLOGY ACCESS	MINIMAL TO NO TECHNOLOGY	COMMODITY TECHNOLOGY	WELL-UNDERSTOOD TECHNOLOGY	WELL-UNDERSTOOD TECHNOLOGY	ADVANCED TECHNOLOGY NEEDED

Source: Archer, Hyundai Motor Securities

Fig 11. Joby Aviation timeline

DEC 2024 *Projected*
FIRST DELIVERY
Joby Aviation has said that, having completed type certification, it will begin commercial operations with the S4 eVTOL aircraft during 2024.

AUG 2021
INVESTMENT
On August 11, 2021, Joby Aviation completed an initial public offering on the New York Stock Exchange. This followed its merger with special purpose acquisition company Reinvent Technology Partners. It is expected to raise $1.6 billion in fresh capital.

DEC 2020
PARTNERSHIP
Through its Agility Prime program, the United State Air Force (USAF) granted airworthiness approval to the Joby S4, with expected military service entry in 2023.

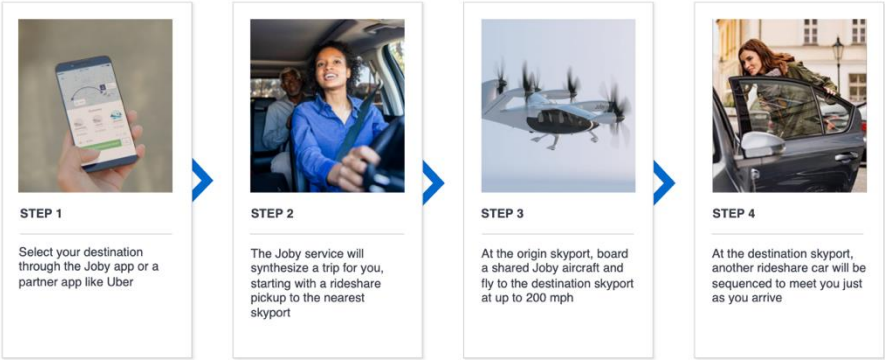
JAN 2017
TYPE CERTIFICATION APPLIED
On an unspecified date in 2017, Joby Aviation applied to begin type certification of its S4 eVTOL aircraft.

JAN 2014
TEST FLIGHT
Between 2014 and 2017, Joby Aviation says it made "hundreds" of flights with full-scale examples of the S4 eVTOL aircraft. On an unspecified date in 2017, the company began flight testing a full-scale production prototype.

JAN 2009
PROGRAM LAUNCHED
Joby Aviation was founded during 2009.

Source: Futureflight, Hyundai Motor Securities

Fig 12. Press a button and get a flight



Source: Joby Aviation, Hyundai Motor Securities

Fig 13. Joby S4 specs, local VTOL lift + cruise

PERFORMANCE			
Passenger Capacity	5	Empty Weight	n/a
Range	276.748 km	MGTOW	2,177.242 kg
Cruise Speed	321.8 kmh	Payload Weight	n/a
Powerplant Type	Propeller	**DIMENSIONS**	
Power Source	Electric	Length	21 ft
Endurance	n/a	Width	n/a
Max Altitude	n/a	Height	n/a
Takeoff Distance	n/a	Wingspan	38 ft
Landing Distance	n/a		

Source: Futureflight, Hyundai Motor Securities

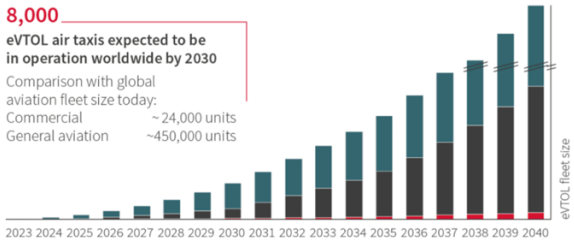
Fig 13. EVs are here to stay

Source: Joby Aviation, Hyundai Motor Securities

Fig 14. Strategic partnerships accelerate market launch

Source: Futureflight, Hyundai Motor Securities

Fig 15. 8,000 eVTOL air taxis to be operating worldwide by 2030



Source: Futureflight, Hyundai Motor Securities

Fig 16. Shifting transportation from 2D to 3D

Source: Joby Aviation, Hyundai Motor Securities

Fig 17. 3Q21 highlights

Acoustic Testing with NASA
We became the first company to fly an electric aircraft as part of NASA's National Campaign, providing a key opportunity for the agency to analyze our aircraft's low noise profile.

154 Mile Flight
We completed what we believe to be the longest ever eVTOL flight on a single charge, as part of our ongoing flight test campaign.

First Steps to Commercial Service
We began the process to receive a Part 135 Air Carrier Certificate, which is required to commence revenue-generating passenger flights.

Completion of SPAC Merger
We began trading on the New York Stock Exchange through our merger with Reinvent Technology Partners ("RTP").

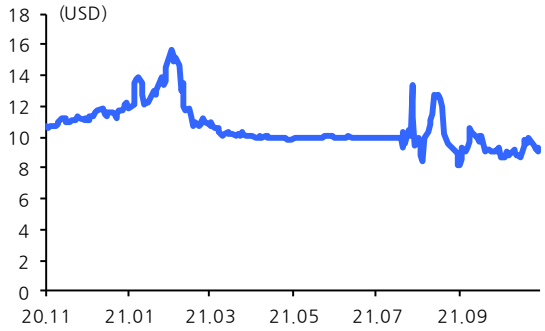
Source: Joby Aviation, Hyundai Motor Securities

Fig 18. Peer Valuation

Company	Ticker	Market Cap(USDmn)	P/E Ratio	P/S Ratio	EV/EBITDA	Sales Growth (%)
Joby Aviation, Inc.	JOBY	5,495	NA	NA	NA	NA
Blade Air Mobility, Inc.	BLDE	696	NA	NA	NA	NA
Archer Aviation Inc.	ACHR	1,381	NA	NA	NA	NA
Broadstone Acquisition Corp.	BSN	379	NA	NA	NA	NA
Lilium N.V.	LILM	2,671	NA	NA	NA	NA

Source: Thomson One, Hyundai Motor Securities

Fig 19. JOBY Stock Price



Source: Bloomberg, Hyundai Motor Securities

Compliance note

- The author(s) of this report does (do) not have any interests in the company (ies) covered herein.
- Hyundai Motor Securities has not disclosed the material contained in this report to any institutional investor or third party prior to its publication.
- The author(s) of this report does (do) not own more than 1% of the shares of the company (ies) covered in this report.
- The company covered herein is an affiliate of Hyundai Motor Securities
- This report accurately reflects the author Robert Cheek's professional views and was written without any undue external influence or interference.

- This report has been prepared for informational purposes only and thus may not be reproduced or distributed without the prior written consent of Hyundai Motor Securities.
- The information and statistical data contained herein were taken from sources believed to be reliable but in no way can be guaranteed and, therefore, final investment decisions should be made based on each client's own judgment.
- This report cannot be used as evidence in any legal disputes related to the client's investment decisions.