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# Creating and Sharing Economic Value

Hyundai achieves sustainable growth by creating economic value as a global automobile company and then sharing with our stakeholders as a global corporate citizen.

## Global Business Performance

### Global Business Performance

In 2016, the automobile industry, excluding China, saw low growth of just 1.2% due to sluggish growth in the U.S., Europe and other major economies, and the sustained slowdown in Brazil, Russia and other emerging markets. The Chinese market, however, benefited from purchase tax cuts, and so the overall market growth rate was 4.4% with China included. Even with all the disruptions in the market, including difficult business conditions and uncertainties from political transformation in major markets and Brexit, as well as Korea's unstable political landscape, Hyundai has remained focused on quality and stability by positioning our brand firmly in the premium market and expanding the sales of green cars. These efforts resulted in sales of 4.86 million vehicles for the year.

### Market Share

(Unit: %)

	2014	2015	2016
Korea	41.2	38.9	36.0
Excluding Korea	5.1	4.9	4.8
Global	5.8	5.6	5.5

### Global Production

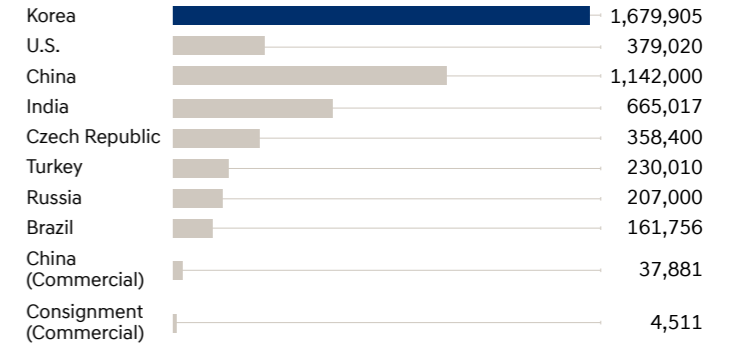
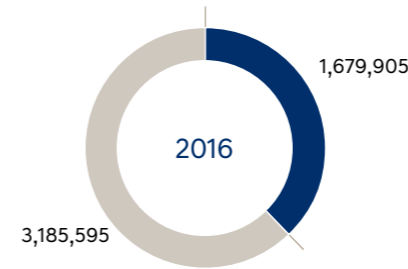
Our Korean plants have an annual production capacity of 1.76 million units. In 2016, the plants modified their work shift schedule<sup>1)</sup> to improve flexibility and product quality. With our fourth Chinese plant beginning operations with an annual production capacity of 300,000 units, our overseas production capacity is now 3.198 million units, so our total global production capacity reached 4.958 million units. In 2016, we responded to rising global demand for SUVs by increasing the production of Santa Fe at our U.S. plants,

<sup>1)</sup> Reduced work hours from an 8-hour (day) and 9-hour (night) shift to an 8-hour (day) and 8-hour (night)

### Global Production

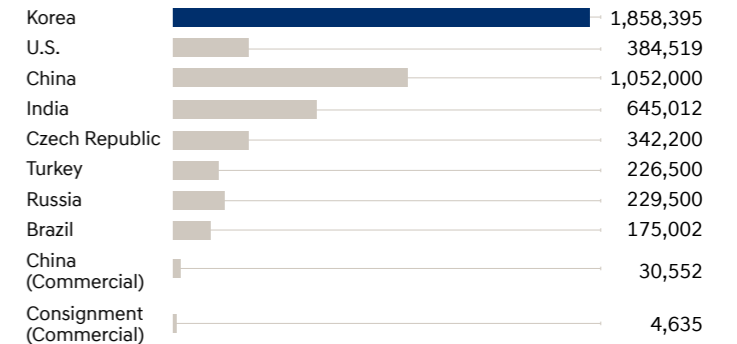
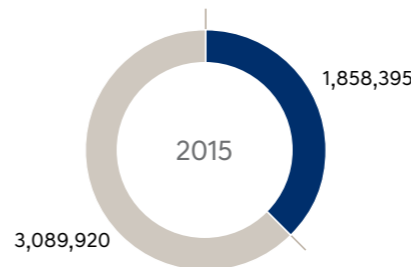
(Unit: Vehicle)

■ Korea ■ Excluding Korea



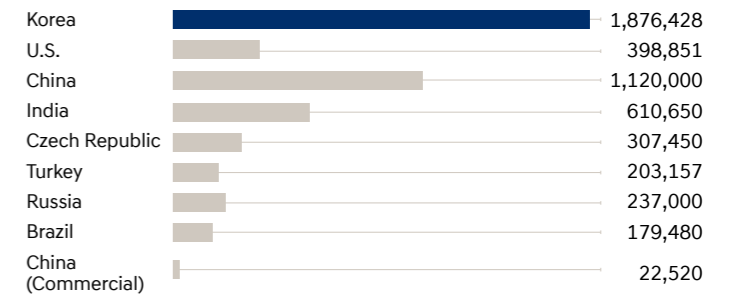
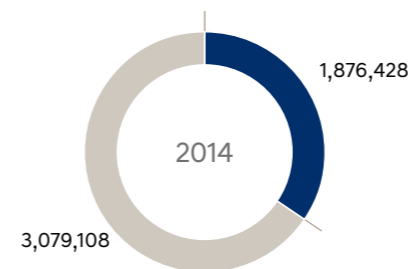
**4,865,500**

Total



**4,948,315**

Total



**4,955,536**

Total

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increasing supply of Tucson from the Czech Republic and mass-producing the compact SUV Creta in Russia. Overseas plants are now responsible for 65% of our total production, and with each plant also producing strategic local models, we now have a system in place that allows us to respond quickly and accurately to changing conditions across global markets.

### Global Sales

Despite the sales growth thanks to the China's purchase tax cut, Russia, Brazil and other emerging markets remained stagnant, and persistently low oil prices resulted in a slower-than-expected recovery in the Middle East and Africa. As a result, our sales for the year fell by 104,782 units to 4,860,049 vehicles. Sales in Korea fell by 8% due to the aging of our flagship models, such as Santa Fe, increased pent-up demand for the new Grandeur and intensifying competition. We were still able to successfully launch the new Grandeur, and sales of our green cars rose by 12% thanks to the launch of the IONIQ HEV and EV, which broadened our eco-friendly model line-up. We also expanded our premium range by launching the G80 Sport and the G90 Limousine, which enabled our Genesis brand to position itself firmly in the premium segment in Korea.

Overseas, we set a new record in the Chinese market, with our sales rising 7% to 1,142,016 units after we timed the launch of strategic local models and new models to coincide with cuts in local purchase taxes. In the Middle East, Africa, Brazil, Russia and other emerging markets, however, sales fell, and as a result, our total overseas sales fell by 1% year-on-year to 4,201,407 units. Overseas sales comprise 86% of our total sales. By region, our sales in Western Europe increased by 6% from the previous year to 503,048 units thanks to economic stimulus packages, which in turn improved consumer sentiment. 2016 marked the first time our sales exceeded half a million in India, as falling interest rates and economic promotion initiatives of the Indian government boosted sales by 5% to 500,539 units. In the U.S., sales were down by 3% to 771,772 units as a result of the global economic downturn and the strong dollar causing sluggish exports and consumption. In the Middle East and Africa, sales fell by 23% to 360,034 units as consumer sentiment deteriorated because of continuing low oil prices and political instability.

### Global Sales

(Unit: Vehicle)

	2014	2015	2016
Korea	685,191	714,121	658,642
Excluding Korea	4,278,344	4,250,710	4,201,407
Global	4,963,535	4,964,831	4,860,049

\* Based on shipments

## Business Performance

### Financial Highlights

(Unit: KRW billion)

	2014	2015	2016	
Consolidated	Sales	89,256	91,959	93,649
	Operating profit	7,550	6,358	5,194
	Net profit <sup>1)</sup>	7,649	6,509	5,720
	EBITDA <sup>2)</sup>	10,100	9,152	8,552
Separate	Sales	43,046	44,440	41,714
	Operating profit	3,735	4,267	2,699
	Net profit	4,914	5,435	4,102
	EBITDA <sup>2)</sup>	5,349	6,047	4,913

<sup>1)</sup> Includes minority interest

<sup>2)</sup> Operating profit + depreciation of tangible assets + depreciation of real estate held for investment + depreciation of intangible assets

### Sales Revenue by Overseas Subsidiary

(Unit: KRW billion)

	2014	2015	2016
HMMA	7,437	7,510	8,217
BHMC	19,756	19,203	20,129
HMI	4,637	5,404	5,981
HAOS	2,744	3,186	3,320
HMMC	5,398	5,794	6,787
HMMR	2,384	1,930	2,041
HMB	2,263	1,710	1,636

\* Based on separate sales performance before adjustment for consolidation