

# Hyundai Motor Company 2016 Business Results

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January 25, 2017



In the presentation that follows and in related comments by Hyundai Motor's management, our use of the words "expect," "anticipate," "project," "estimate," "forecast," "objective," "plan," "goal," "outlook," "target," "pursue" and similar expressions is intended to identify forward looking statements.

The financial data discussed herein are presented on a preliminary basis before the audit from our Independent Auditor; final data will be included in HMC's Independent auditor's report. While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors. Such factors include, among others, the following : changes in economic conditions, currency exchange rates or political stability; shortages of fuel, labor strikes or work stoppages; market acceptance of the corporation's new products; significant changes in the competitive environment; changes in laws, regulations and tax rates; and the ability of the corporation to achieve reductions in cost and employment levels to realize production efficiencies and implement capital expenditures at levels and times planned by management.

We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

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- **Sales Summary**

- ◇ **Retail Sales**

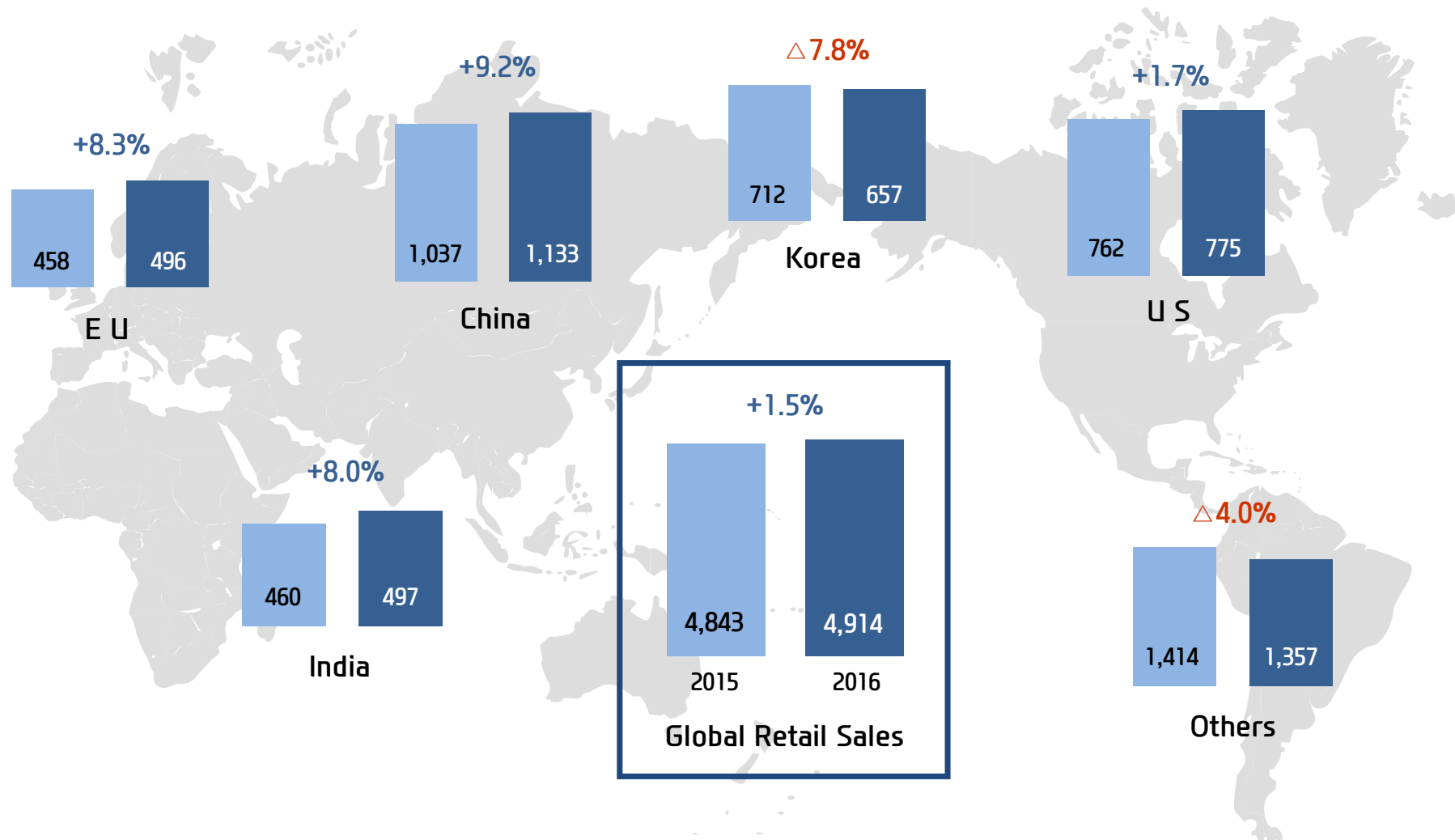
- ◇ **Sales by Plant**

- ◇ **Sales by Segment**

# Sales Summary : Retail Sales



■ 2015 ■ 2016 (Thousand units)



# Sales Summary : Sales by plant



(Thousand units)	'15. 4Q	2015	'16. 4Q	2016	4Q16 vs. 4Q15	2016 vs. 2015
Korea	518	1,867	488	1,667	△5.9%	△10.7%
China	338	1,063	363	1,142	+7.3%	+7.5%
India	183	643	179	662	△2.7%	+2.9%
U S	99	380	86	387	△13.9%	+1.6%
Czech	94	342	89	358	△5.4%	+4.7%
Turkey	64	227	63	230	△1.8%	+1.5%
Russia	66	230	56	207	△13.8%	△9.6%
Brazil	48	174	45	161	△5.2%	△7.4%
China (CV)	12	32	9	39	△28.1%	+20.7%
<b>Total</b>	<b>1,425</b>	<b>4,963</b>	<b>1,380</b>	<b>4,858</b>	<b>△3.2%</b>	<b>△2.1%</b>

# Sales Summary : Sales by segment



(Thousand units)		'15. 4Q		2015.		'16. 4Q		2016		Share change	
			(share)		(share)		(share)		(share)	4Q16 vs. 4Q15	2016 vs. 2015
P V	Small	264	18.5%	952	19.2%	246	17.8%	895	18.4%	△0.7%p	△0.8%p
	Small-Mid	494	34.7%	1,806	36.4%	485	35.1%	1,669	34.4%	+0.4%p	△2.0%p
	Mid	187	13.1%	644	13.0%	132	9.6%	528	10.9%	△3.6%p	△2.1%p
	Large	53	3.7%	202	4.1%	57	4.1%	167	3.4%	+0.4%p	△0.6%p
	<b>Total</b>	<b>999</b>	<b>70.1%</b>	<b>3,605</b>	<b>72.6%</b>	<b>919</b>	<b>66.6%</b>	<b>3,259</b>	<b>67.1%</b>	<b>△3.5%p</b>	<b>△5.6%p</b>
R V	Small-Mid	262	18.4%	771	15.5%	301	21.8%	1,044	21.5%	+3.5%p	+6.0%p
	Mid	78	5.5%	274	5.5%	77	5.6%	257	5.3%	+0.1%p	△0.2%p
	<b>Total</b>	<b>340</b>	<b>23.9%</b>	<b>1,045</b>	<b>21.1%</b>	<b>379</b>	<b>27.4%</b>	<b>1,302</b>	<b>26.8%</b>	<b>+3.6%p</b>	<b>+5.7%p</b>
C V	Light	55	3.9%	217	4.4%	53	3.9%	195	4.0%	△0.0%p	△0.4%p
	Heavy	30	2.1%	95	1.9%	29	2.1%	102	2.1%	△0.0%p	+0.2%p
	<b>Total</b>	<b>86</b>	<b>6.0%</b>	<b>313</b>	<b>6.3%</b>	<b>82</b>	<b>6.0%</b>	<b>297</b>	<b>6.1%</b>	<b>△0.1%p</b>	<b>△0.2%p</b>
<b>Total</b>		<b>1,425</b>	<b>100.0%</b>	<b>4,963</b>	<b>100.0%</b>	<b>1,380</b>	<b>100.0%</b>	<b>4,858</b>	<b>100.0%</b>		

- **Financial Summary**
  - ◇ Revenue and Operating Income Analysis
  - ◇ COGS and SG&A Analysis
  - ◇ Non-operating Income Analysis

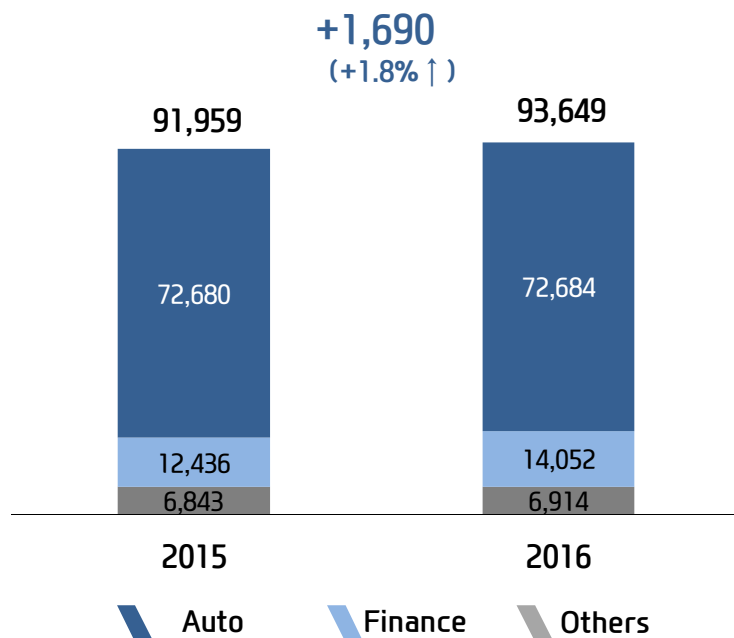


# Revenue and Operating Income Analysis



## Revenue by division

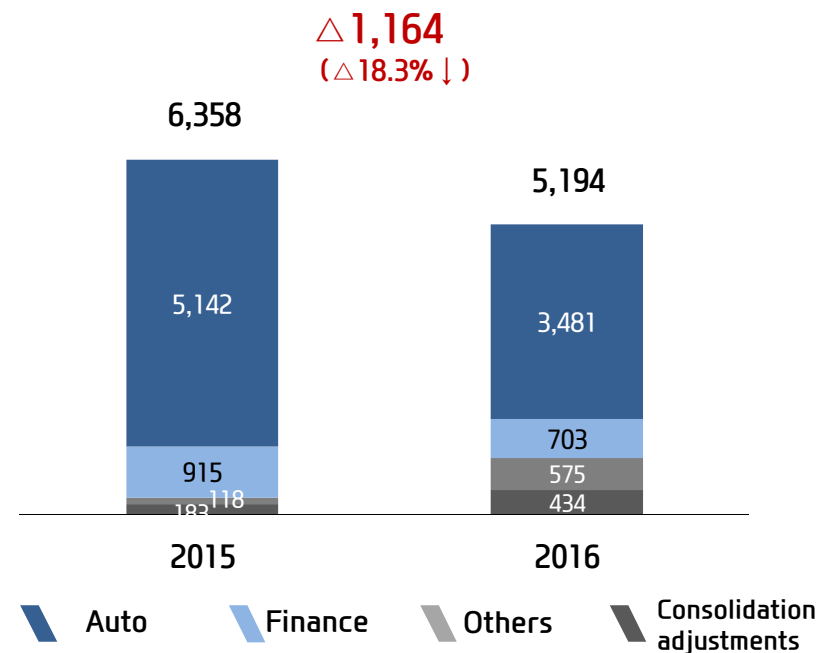
(Billion KRW)



- ▷ Auto : Production loss offset rising SUV sales
- ▷ Finance : Expanding financial products on new models

## Operating income by division

(Billion KRW)



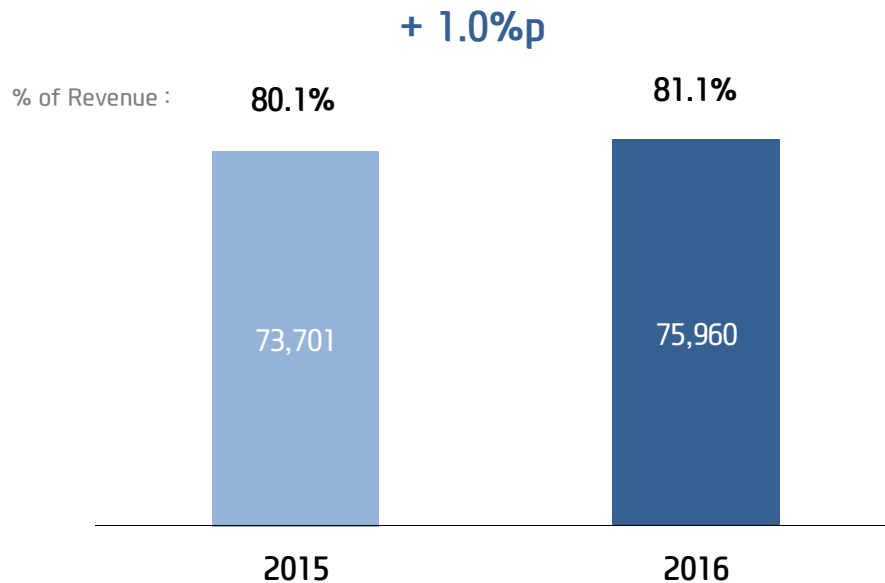
- ▷ Auto : Low utilization rate from strikes in Korea plants
- ▷ Finance : Loss from declining residual value in the US

# COGS and SG&A Analysis



## COGS

(Billion KRW)



- ▷ Rise in fixed costs due to lower utilization rate in Korea plants and declining KRW-USD FX rate

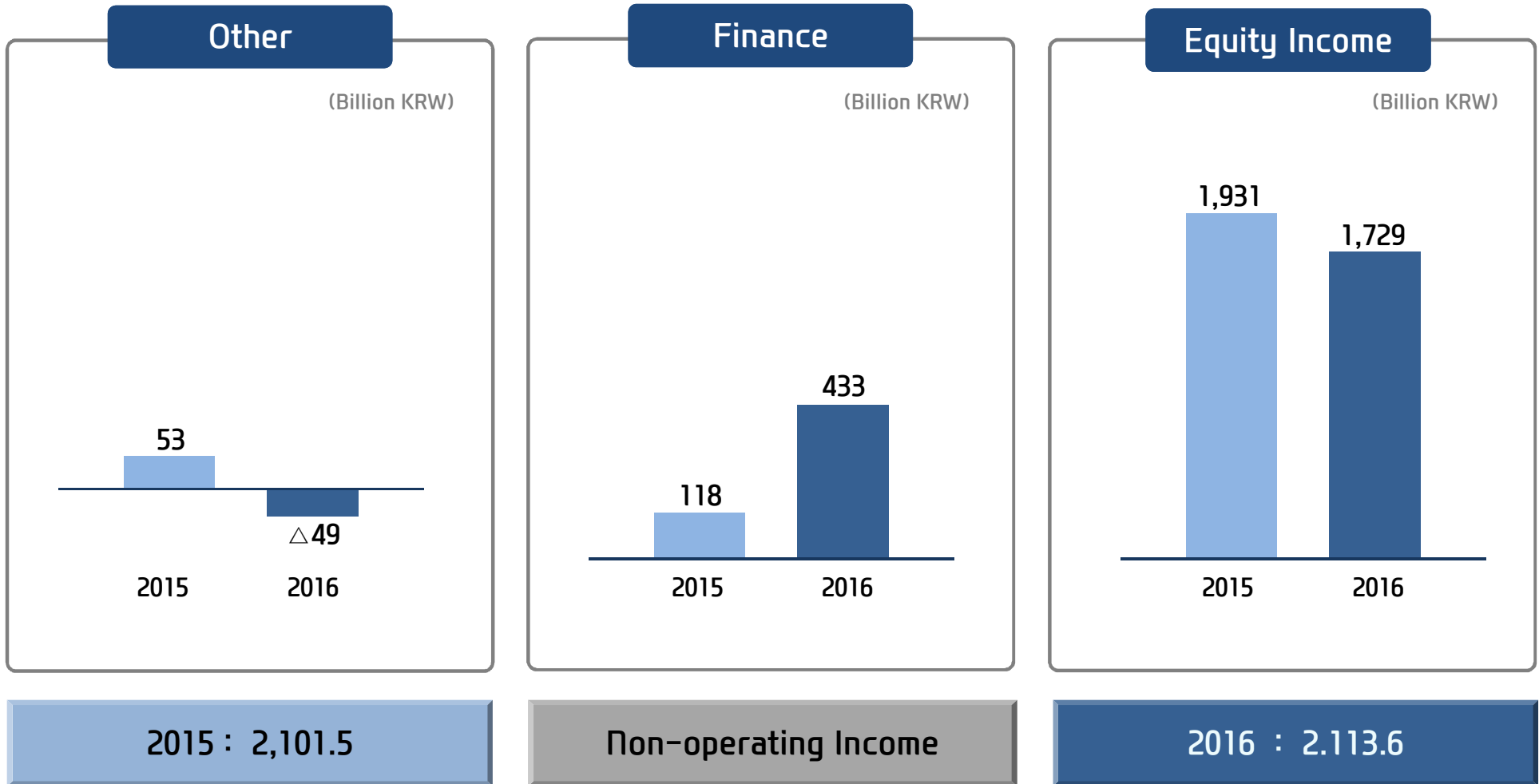
## SG&A

(Billion KRW)

Expenses	2015	share	2016	share	change
Salary	2,748	3.0%	2,733	2.9%	△0.5%
Marketing	3,036	3.3%	3,282	3.5%	+8.1%
Warranties related	1,240	1.3%	1,469	1.6%	+18.5%
Research	929	1.0%	1,019	1.1%	+9.7%
Others	3,947	4.3%	3,992	4.3%	+1.1%
<b>Total</b>	<b>11,900</b>	<b>12.9%</b>	<b>12,496</b>	<b>13.3%</b>	<b>+5.0%</b>

- ▷ Rise in warranties expenses from year-end FX rate
- ▷ Rise in research expenses on advanced research for future technologies

# Non-operating Income Analysis



- **2017 Business Plan**

# 2017 Business Plan



(Thousand units)	2016	2017 (P)	YoY
<b>Total Sales</b>	<b>4,858</b>	<b>5,080</b>	<b>+4.6%</b>
<b>Korea</b>	<b>1,667</b>	<b>1,748</b>	<b>+4.9%</b>
Domestic	657	683	+4.0%
Export	1,010	1,065	+5.4%
<b>Overseas</b>	<b>3,191</b>	<b>3,332</b>	<b>+4.4%</b>
China	1,142	1,250	+9.5%
India	662	672	+1.5%
US	387	380	△1.7%
Czech	358	350	△2.4%
Others	642	680	+5.9%

- **Appendix**

- ◇ **Operations by Plant**

- ◇ **Consolidated Financial Statements**

# Operations by Plant



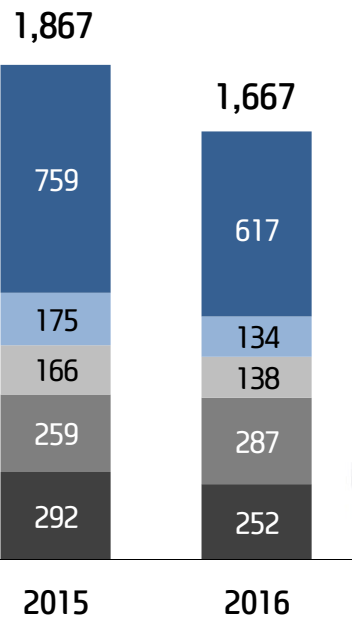
## Korea Plant (HMC)

### Sales Volume

### Revenue

(Thousand units, Billion KRW)

- Accent
- Sonata
- Others
- Elantra
- Santa Fe



	2015	2016	Chg.
Rev.	44,440	41,714	△6.1%
Domestic	19,341	19,348	+0.0%
Export	25,099	22,366	△10.9%



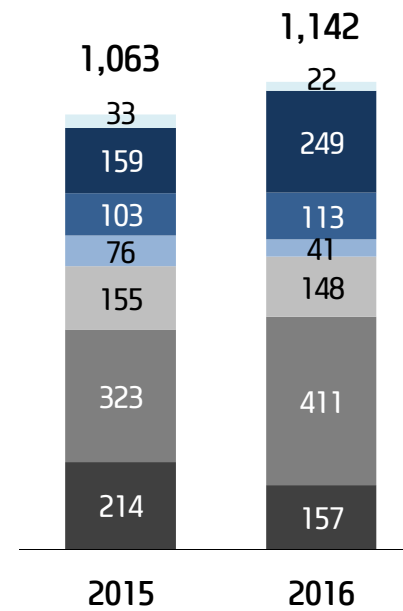
## China Plant (BHMC)

### Sales Volume

### Revenue

(Thousand units, Billion KRW)

- Accent
- Sonata
- Santa Fe
- Elantra
- ix25
- Tucson
- Mistra



	2015	2016	Chg.
Rev.	19,203	20,129	+4.8%



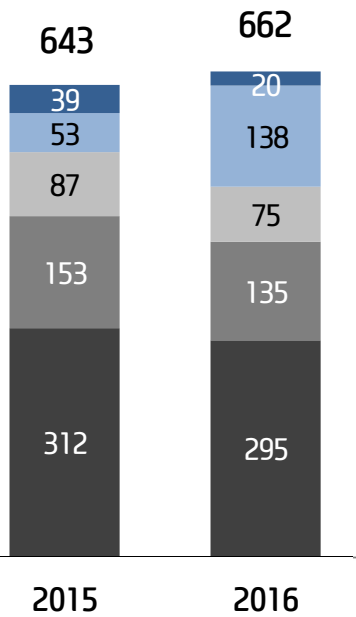
# Operations by Plant



## India Plant (HMI)

### Sales Volume

- i10   ■ i20   ■ Eon
- Creta   ■ Others



### Revenue

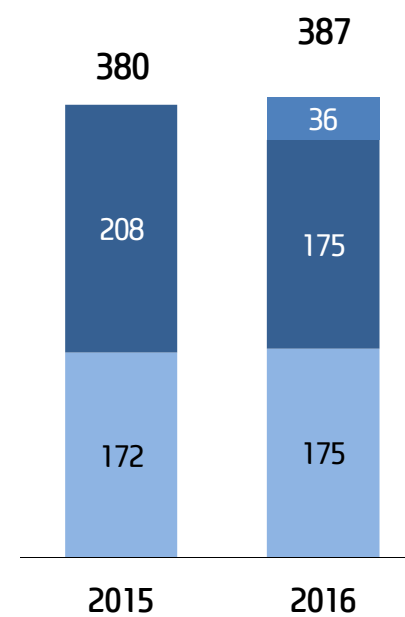
(Thousand units, Billion KRW)

	2015	2016	Chg.
Rev.	5,404	5,981	+10.7%

## US Plant (HMMA)

### Sales Volume

- Elantra   ■ Sonata   ■ Santa Fe



### Revenue

(Thousand units, Billion KRW)

	2015	2016	Chg.
Rev.	7,510	8,217	+9.4%



# Operations by Plant



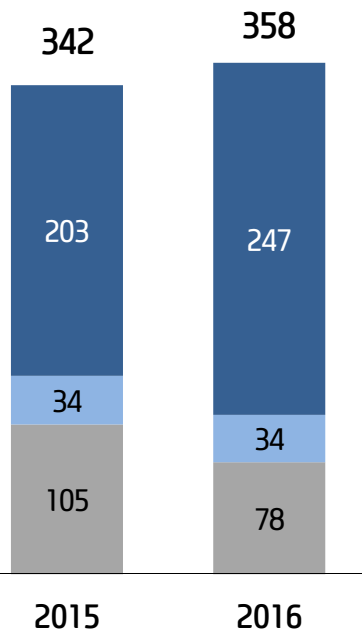
## Czech Plant (HMMC)

### Sales Volume

### Revenue

(Thousand units, Billion KRW)

■ i30 ■ ix20 ■ ix35



	2015	2016	Chg.
Rev.	5,794	6,787	+17.1%



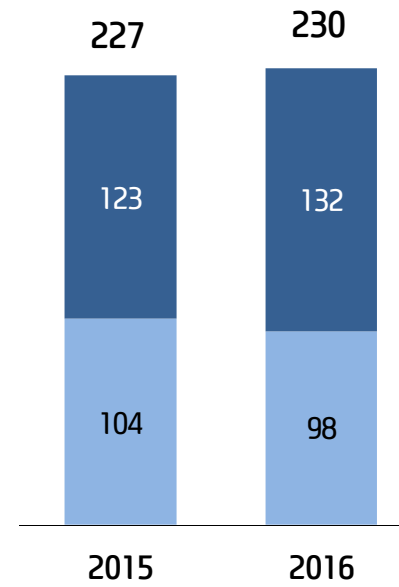
## Turkey Plant (HAOS)

### Sales Volume

### Revenue

(Thousand units, Billion KRW)

■ i10 ■ i20



	2015	2016	Chg.
Rev.	3,186	3,320	+4.2%



# Operations by Plant

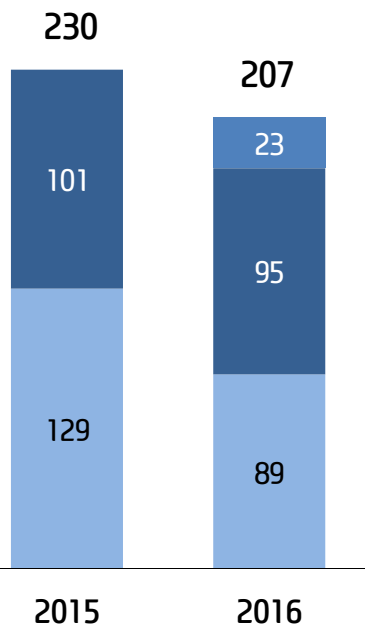
## Russia Plant (HMMR)

Sales Volume

Revenue

(Thousand units, Billion KRW)

■ Solaris ■ Rio (Kia) ■ Creta



	2015	2016	Chg.
Rev.	1,930	2,041	+5.8%



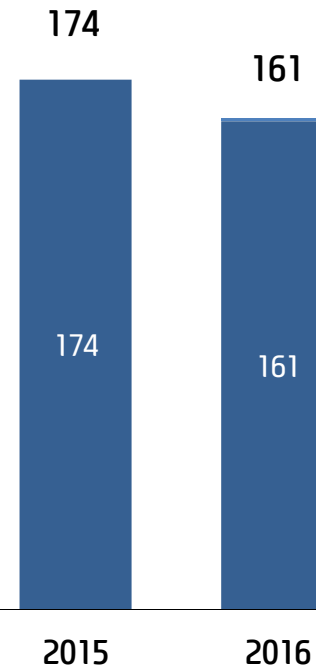
## Brazil Plant (HMB)

Sales Volume

Revenue

(Thousand units, Billion KRW)

■ HB20 ■ Creta



	2015	2016	Chg.
Rev.	1,710	1,636	△4.4%



# Statement of Income



(Billion KRW)	'15. 4Q	'16. 1Q	'16. 2Q	'16. 3Q	'16. 4Q	YoY	QoQ
Revenue	24,765	22,351	24,677	22,084	24,538	△0.9%	+11.1%
Gross Profit	4,719	4,239	5,023	3,894	4,533	△3.9%	+16.4%
Margin (%)	19.1	19.0	20.4	17.6	18.5		
SG&A	3,204	2,897	3,261	2,826	3,512	+9.6%	+24.3%
Portion (%)	12.9	13.0	13.2	12.8	14.3		
Operating Income	1,515	1,342	1,762	1,068	1,021	△32.6%	△4.4%
Margin (%)	6.1	6.0	7.1	4.8	4.2		
Income before tax	2,063	2,163	2,382	1,495	1,267	△38.6%	△15.2%
Margin (%)	8.3	9.7	9.7	6.8	5.2		
Net Income	1,529	1,768	1,764	1,119	1,069	△30.1%	△4.5%
Margin (%)	6.2	7.9	7.1	5.1	4.4		
Depreciation	515	529	527	537	573		
Amortization	243	273	284	304	334		
EBITDA	2,273	2,144	2,573	1,908	1,927		

# Statement of Income by division



(Billion KRW)	'15. 4Q	'16. 1Q	'16. 2Q	'16. 3Q	'16. 4Q	YoY	QoQ
<b>Revenue</b>	<b>24,765</b>	<b>22,351</b>	<b>24,677</b>	<b>22,084</b>	<b>24,538</b>	<b>△0.9%</b>	<b>+11.1%</b>
Automotive	20,036	17,239	19,421	16,618	19,406	△3.1%	+16.8%
Finance	2,985	3,529	3,561	3,767	3,195	+7.0%	△15.2%
Others	1,744	1,583	1,695	1,699	1,937	+11.1%	+14.0%
<b>Operating Income</b>	<b>1,515</b>	<b>1,342</b>	<b>1,762</b>	<b>1,068</b>	<b>1,021</b>	<b>△32.6%</b>	<b>△4.4%</b>
Automotive	1,464	1,096	1,344	216	825	△43.6%	+282.8%
Finance	145	199	260	161	84	△42.2%	△48.1%
Others	-82	96	159	145	174	△312.7%	+20.5%
Adjustment	-12	-49	-1	547	-62	+437.5%	△111.3%

# Statement of Financial Position



(Billion KRW)	End-2015	End-2016	Diff.	% chg.
<b>Asset</b>	<b>165,368</b>	<b>178,836</b>	+13,468	+8.1%
Current Asset <sup>(a)</sup>	67,529	72,450	+4,920	+7.3%
<b>Liabilities<sup>(b)</sup></b>	<b>98,487</b>	<b>106,491</b>	+8,005	+8.1%
Current Liability <sup>(c)</sup>	41,214	43,610	+2,396	+5.8%
Debt <sup>(d)</sup>	64,932	73,444	+8,512	+13.1%
Provision	6,742	6,973	+231	+3.4%
<b>Equity<sup>(e)</sup></b>	<b>66,881</b>	<b>72,345</b>	+5,463	+8.2%
Capital Stock	1,489	1,489	-	+0.0%
Capital Surplus	3,520	4,203	+682	+19.4%
Retained Earnings	60,035	64,361	+4,326	+7.2%
Current Ratio <sup>(a/c)</sup>	163.9 %	166.1 %		
Liability to Equity <sup>(b/e)</sup>	147.3 %	147.2 %		
Debt to Equity <sup>(d/e)</sup>	97.1 %	101.5 %		
EBITDA/Interest Exp.	35.3 x	31.4 x		

# Cash Flows



(Billion KRW)	'15. 4Q	'16. 1Q	'16. 2Q	'16. 3Q	'16. 4Q
<b>Beginning</b>	<b>6,467</b>	<b>7,332</b>	<b>6,475</b>	<b>6,414</b>	<b>7,578</b>
Net Income	1,530	1,768	1,764	1,119	1,069
Depreciation	515	529	527	537	573
Amortization	243	273	284	304	334
Acquisitions of Tangible	△1,038	△905	△658	△510	△897
Acquisitions of Intangible	△441	△244	△362	△300	△500
Dividends paid	△130		△816	△269	
Others	186	△2,277	△800	285	△266
<b>Ending</b>	<b>7,332</b>	<b>6,475</b>	<b>6,414</b>	<b>7,578</b>	<b>7,890</b>