



HYUNDAI



Investor Presentation
March 2017

Cautionary Statement with Respect to Forward-Looking Statements

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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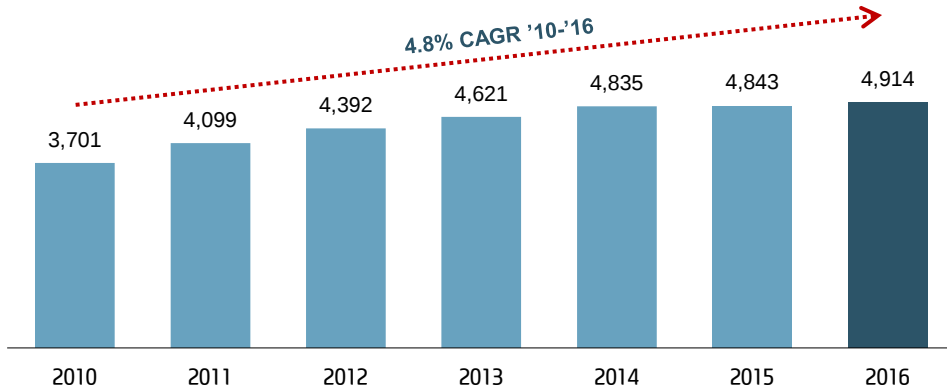


Key Strengths for HMC

1. Balanced Growth

Global Sales Trend

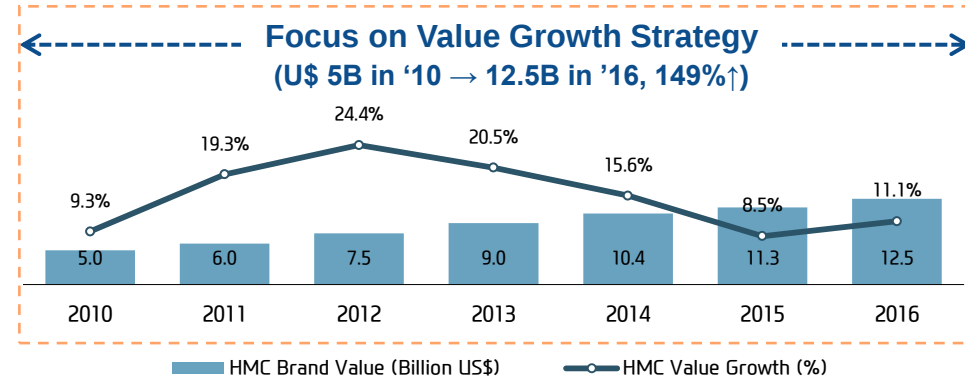
(Unit: 1,000 vehicles)



Source : Company data (Retail sales excluding CKD sales)

Brand Value Growth

(Unit: US\$ in Billions)

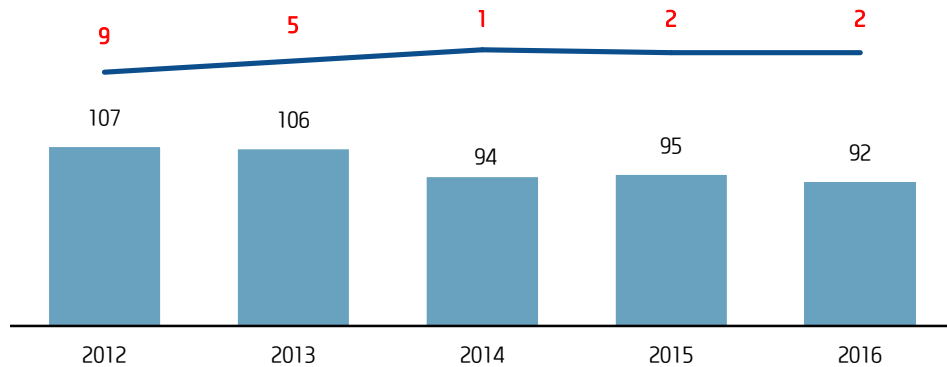


Source : Interbrand

Initial Quality Study

(Unit: number of problems per unit)

(Ranks among non-premium)

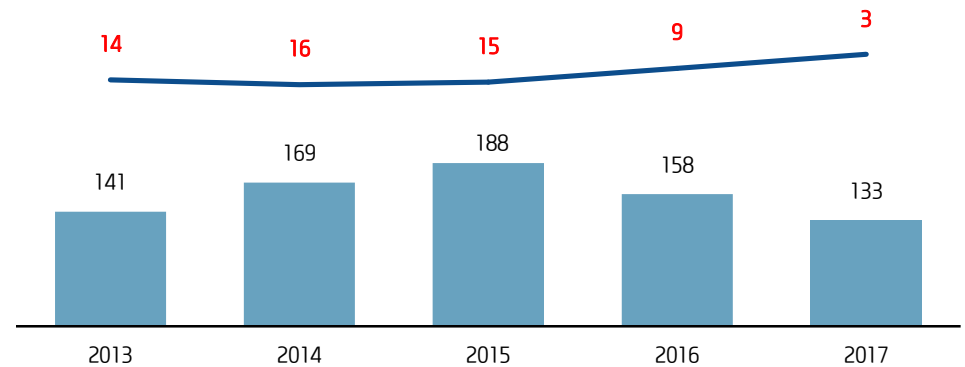


Source : J.D. Power

Vehicle Dependability Study

(Unit: number of problems per unit)

(Ranks among non-premium)



Source : J.D. Power

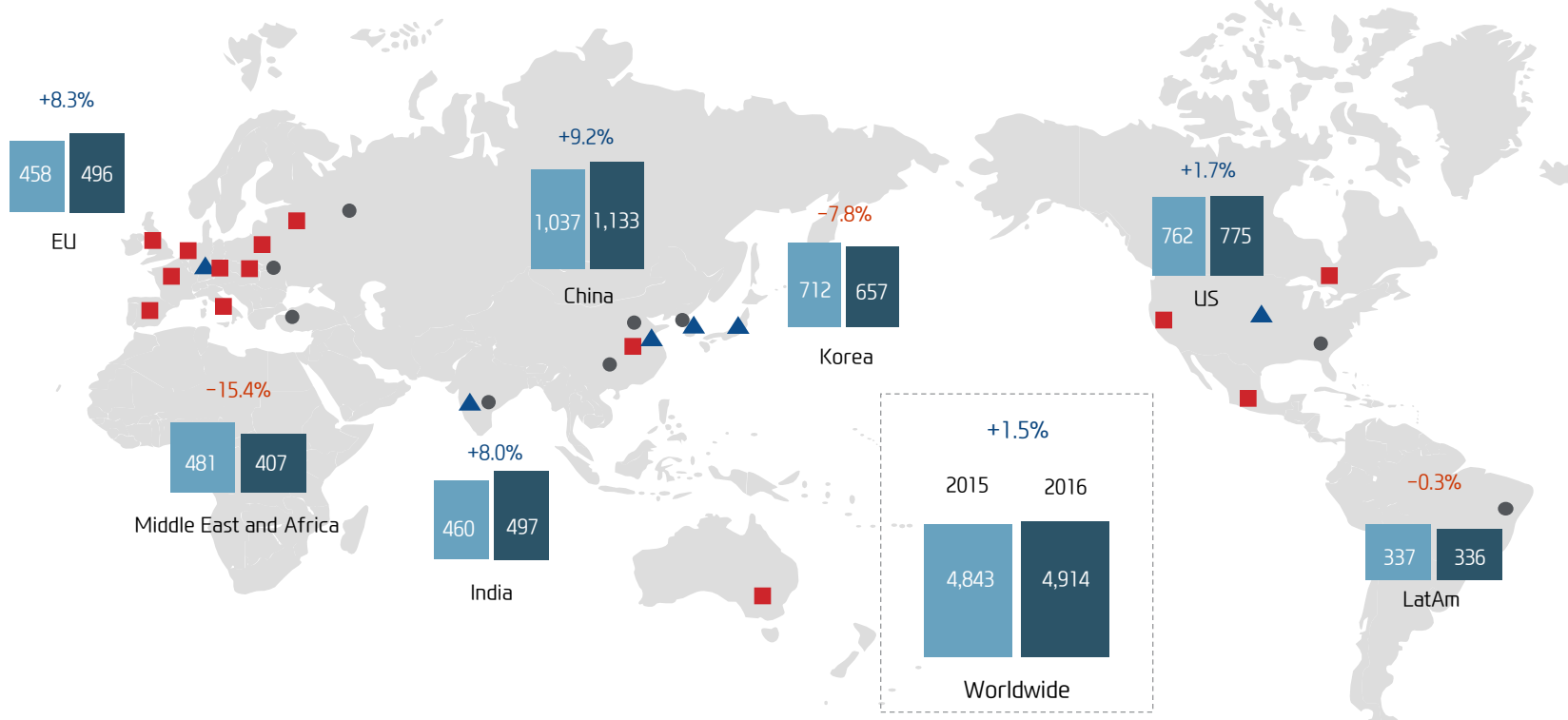
2. Balanced Sales Growth through Global Manufacturing Plants

9 manufacturing plants (●), 6 R&D facilities (▲), 14 direct sales subsidiaries (■), sales in more than 200 countries globally

■ 2015

■ 2016

(Unit: 1,000 vehicles)



Czech Plant



Russia Plant



Turkey Plant



India Plant



China Plant



US Plant

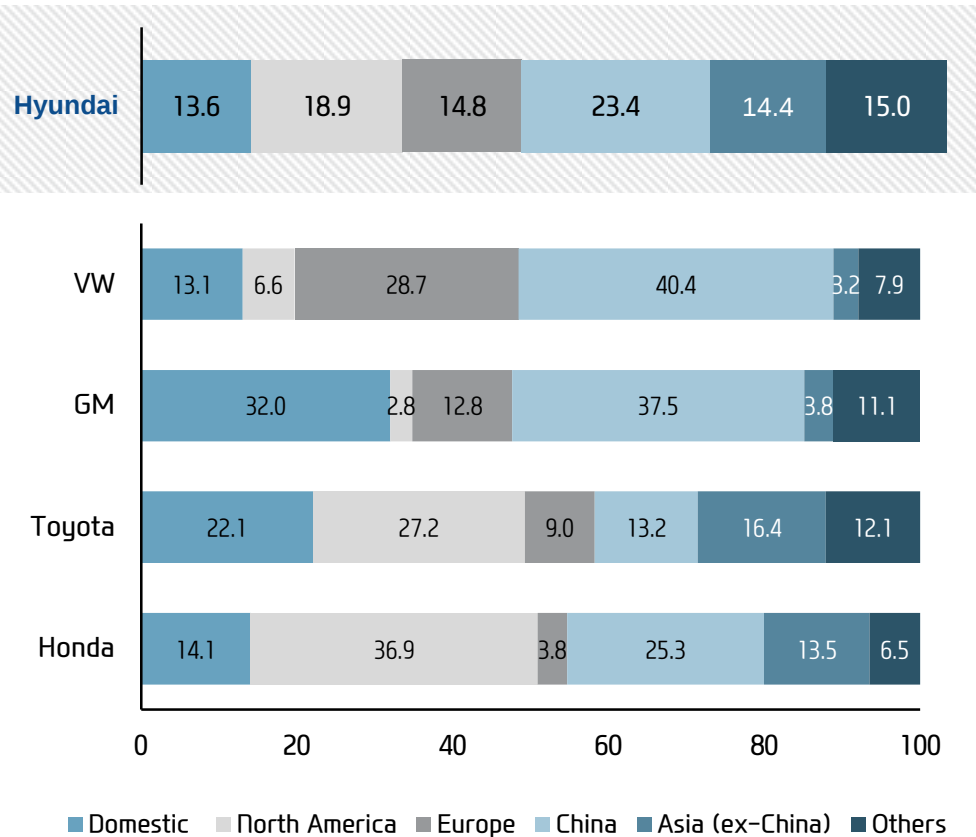


Brazil Plant

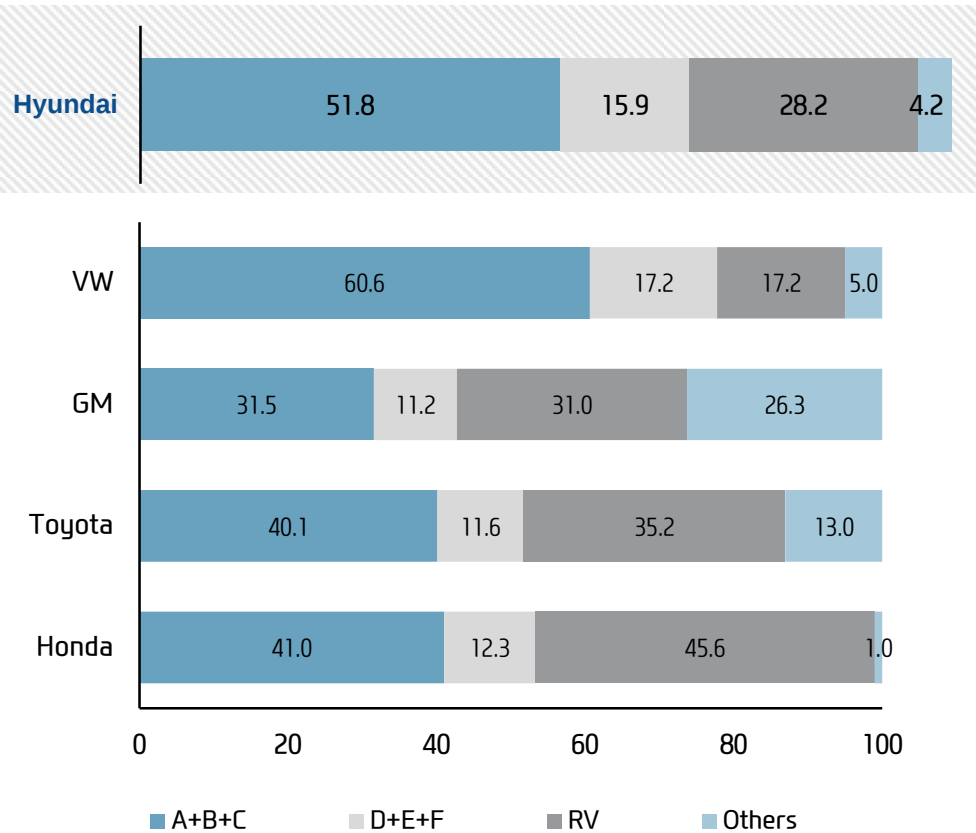
Source: Company data (Retail sales excluding CKD sales)

2. Balanced Sales Growth by Diversified Business Portfolio

Geographically Diversified Portfolio (%)



Marketable Product Mix* (%)



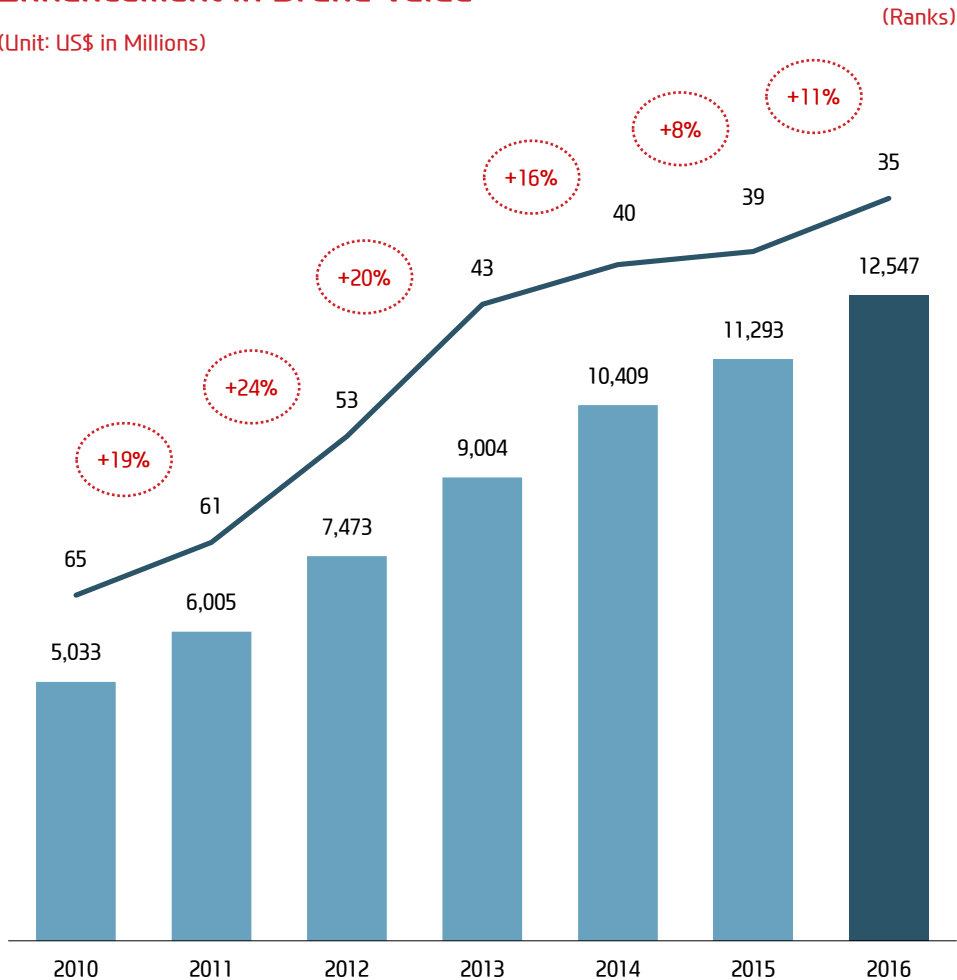
Source: Company data for HMC 2016 Global Retail Sales, Competitor information from IHS (CY2016 data)

*A+B+C=Mini+Sub Compact+Compact; D+E+F=Mid-Size+Large+Luxury; RV=SUV+MPV; Others=PUP and others; excluding HCVs

3. Brand Enhancement

Enhancement in Brand Value

(Unit: US\$ in Millions)



- Brand value has increased an average of 16% each year, since the implementation of Modern Premium in 2011.

Source: Interbrand

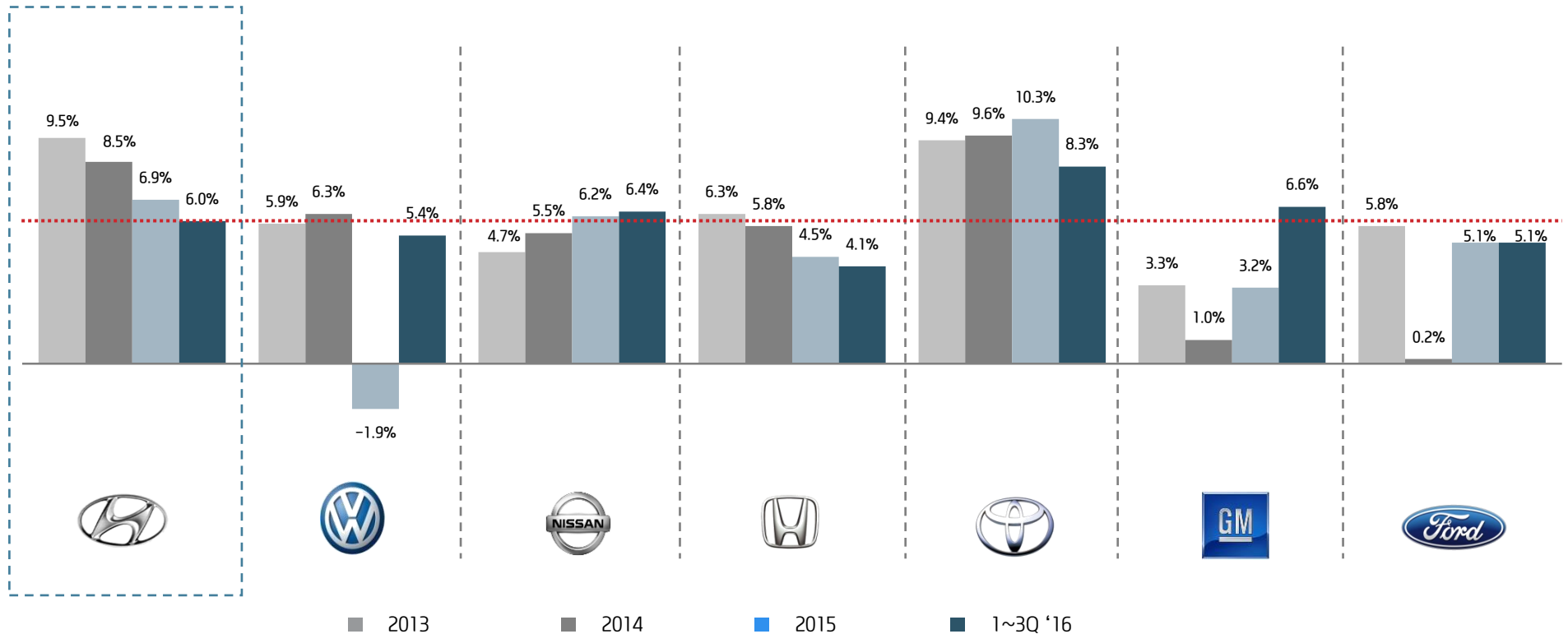
Awards and Accolades

Date	Titles	Regions	Models
'17.02	iF Design Award 2017	Germany	i30
'17.01	Executive Sedan Of The Year	India	Elantra
'17.01	Car of the Year Awards 2017 (Best Small Hatch)	U.K.	IONIQ
'17.01	BESTRIDES OF 2016 (compact crossover/SUV)	U.S.	Santa Fe Sport
'16.12	Top rank in Auto Bild's Quality Report	EU	Hyundai
'16.12	2017 10 Best Engines Award	U.S.	1.4L Kappa Turbo Engine
'16.11	Achieved maximum 5-star safety rating from Euro NCAP	EU	IONIQ
'16.11	N. America Car & Truck of Year Top 3 Nominees	U.S.	G90
'16.10	5 Star Safety Rating	U.S.	G80
'16.09	Best Luxury Sedan Award	U.S.	G90
'16.08	Best Buy 2016	Brazil	HB20
'16.07	Int'l Design Excellence Awards	U.S.	Elantra
'16.05	2016 SUV of the Year	France	Tucson
'16.03	Red Dot Design Award	Germany	IONIQ
'16.02	Drivers' Choice Award	U.S.	Tucson
'16.01	2016 Car of The Year	U.K.	i10

4. Consistent Profitability Relative to Peers

HMC has shown comparable operating performance relative to competitors during the past years

Consolidated Operating Margin Trend



Source: Public filings

Note: Based on consolidated financials, Calendarized financials for Japanese Firms.

Future Strategies



Sustainable Success Going Forward

Key Strategies for Ongoing Growth in Earnings

Consistent revenue growth and enhanced profitability to be achieved through structural improvement in product/brand value, balanced capacity expansion and cost structure improvement

Value Growth

Volume Growth

Cost Structure
Improvement

New Technology

New Brand

Enhance Product and
Brand Value

Balance Capacity
Expansion and
New Model Launch

Higher Cost
Competitiveness

Develop Independent
and Distinctive
Technology

Launch New Brand as
a Driver for Growth

1. Value Growth (Product Competitiveness)

Tucson and Genesis with outstanding specification received excellent remarks from customers

Tucson (Sub-compact SUV)

Specification	Hyundai Tucson (16MY)	Honda CR-V (16MY)	VW Tiguan (16MY)
Displacement	1.6T	2.4L	2.0L
Max. Power	175 @ 5,500	185 @ 6,400	200 @ 5,100
Mileage (City/Highway)	26mpg / 32mpg	26mpg / 33mpg	21mpg / 26mpg
Safety (Small Overlap)	Top Safety Pick Plus (Good)	Top Safety Pick Plus (Good)	– (Marginal)
MSRP	USD 22,700 ~ 27,550	USD 23,745 ~ 32,095	USD 24,890 ~ 36,420
2016 US Sales Volume (Growth)	89,713 (YoY 41% ↑)	357,335 (YoY 3% ↑)	43,638 (YoY 22% ↑)

G80 (Mid-luxury sedan)

Specification	Genesis G80 (16MY)	Audi A6 (16MY)	BMW 5 Series (16MY)
Displacement	3.8L	3.0L	3.0L
Max. Power	311 @ 6000	333 @ 6000	300 @ 5800
Mileage (City/Highway)	18mpg / 29mpg	20mpg / 30mpg	20mpg / 29mpg
Safety (Small Overlap)	Top Safety Pick Plus (Good)	Top Safety Pick Plus (Good)	– (Marginal)
MSRP	USD 38,750 ~ 53,850	USD 57,400 ~ 61,600	USD 55,850 ~ 59,650
2016 US Sales Volume (Growth)	24,266 (YoY △3% ↓)	18,686 (YoY △18% ↓)	32,408 (YoY △27% ↓)

Source: Autodata

2. Volume Growth

HMC's global sales to increase with capacity expansions

Capacity Expansion and Sales Plan

		Production Capacity Expansion		
(Unit: 1,000 vehicles)		2015	2016	2017 (P)
	Korea	1,870	1,870	1,870
	China (BHMC)	1,050	1,100	1,250
	India	650	650	650
	US	370	370	370
	Czech	300	300	300
	Turkey	200	200	200
	Russia	200	200	200
	Brazil	170	170	170
	Others	55	55	55
	Overseas	2,995	3,045	3,195
	Total	4,865	4,915	5,065

Sales Plan by Plants		
2016	2017 (P)	Change (%)
1,667	1,748	+4.9
1,142	1,250	+9.5
662	672	+1.5
387	380	-1.7
358	350	-2.4
230	230	+0.0
207	228	+9.9
161	177	+9.6
43	45	+4.6
3,191	3,332	+4.4
4,858	5,080	+4.6

Source: Company data

* Above sales figures are based on shipments

** BHMC : Beijing-Hyundai Motor Company (excluding China #5 plant to operate in end-2017) / Others : Sichuan-Hyundai Motor Company, Others

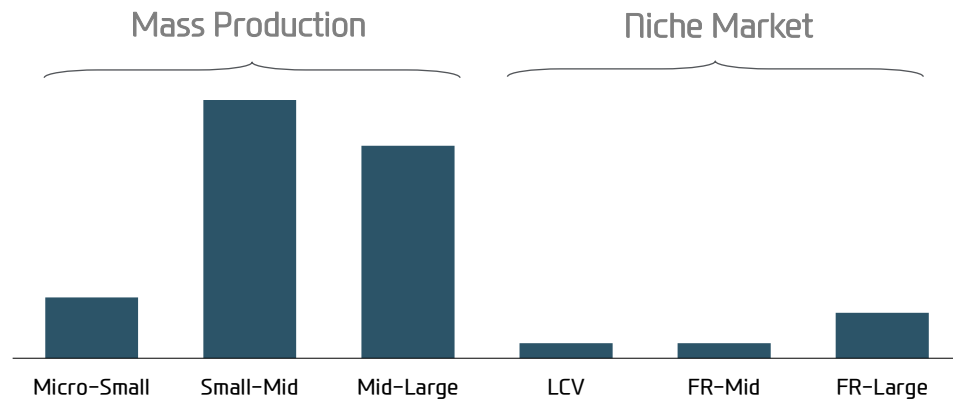
3. Cost Structure Improvement (Platform Integration)

Platform integration will reduce development costs and deliver greater economies of scale

Platform Integration Integration Schedule

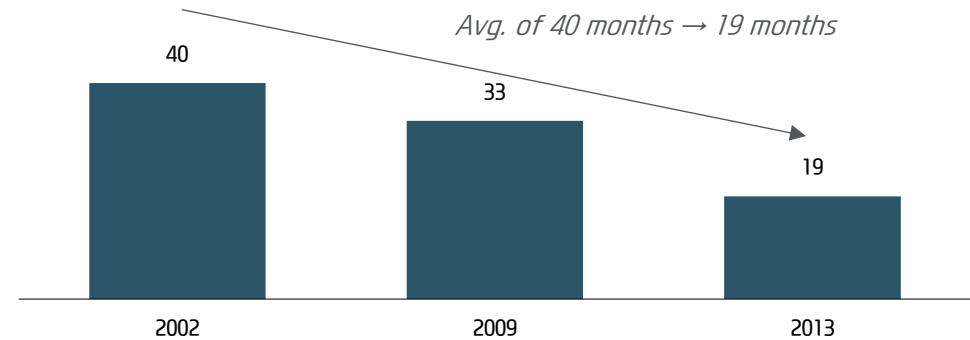
	2002	2009	2011	2015
Integrated Platforms	0	6	6	6
Total No. of Platforms	22	18	11	6
Total No. of Models	28	32	36	48

Models per Type of Platform

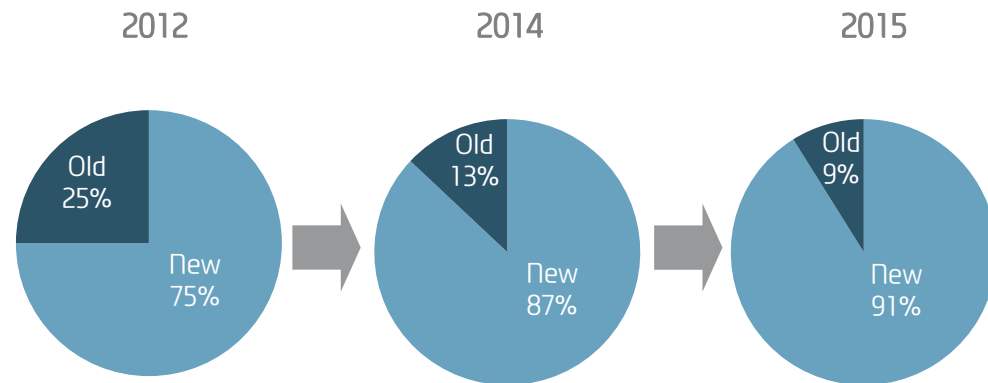


Source: Company Data

Reduction of Model Development Time



Increasing portion of models with integrated platform



4. New Technology (Strategy to Improve Fuel Efficiency)

By 2020, HMC will Improve fuel efficiency by 25% on average, securing the product competitiveness in the market

2020 Fuel Efficiency improvement Roadmap

Improve powertrains

- Refresh 70% of the current powertrains (7 out of 10 P/T line-ups to be replaced)
- Improve performance of 「Nu」 for mid-seg and 「Kappa」 engines for small-seg sedan
- Expand engine lineups with turbo-charger
- Improve current 6-speed and 8-speed transmission

Category	2014	By 2020
Gasoline	• Kappa, Gamma, Nu, Theta II, Lambda II, Tau	• New engines • Performance • Turbo Charger
Diesel	• U, R, A, S	• New engines
Transmission	• 4 spd : Kappa, CVT • 6 spd : Gamma, Theta, Lambda DCT • 7 spd : Gamma DCT • 8 spd : Lambda	• Increase number of transmissions • Improve transfer efficiency

Reduce weight

- Increase portion of advanced strength steel for the chassis of platform to make vehicles safer and lighter
- Apply more lightweight materials such as aluminum, foamed plastic and etc.

Category	2014	By 2018
Advanced strength steel	33% ~ 52%	48% ~ 62%

Expand Green Car line-ups

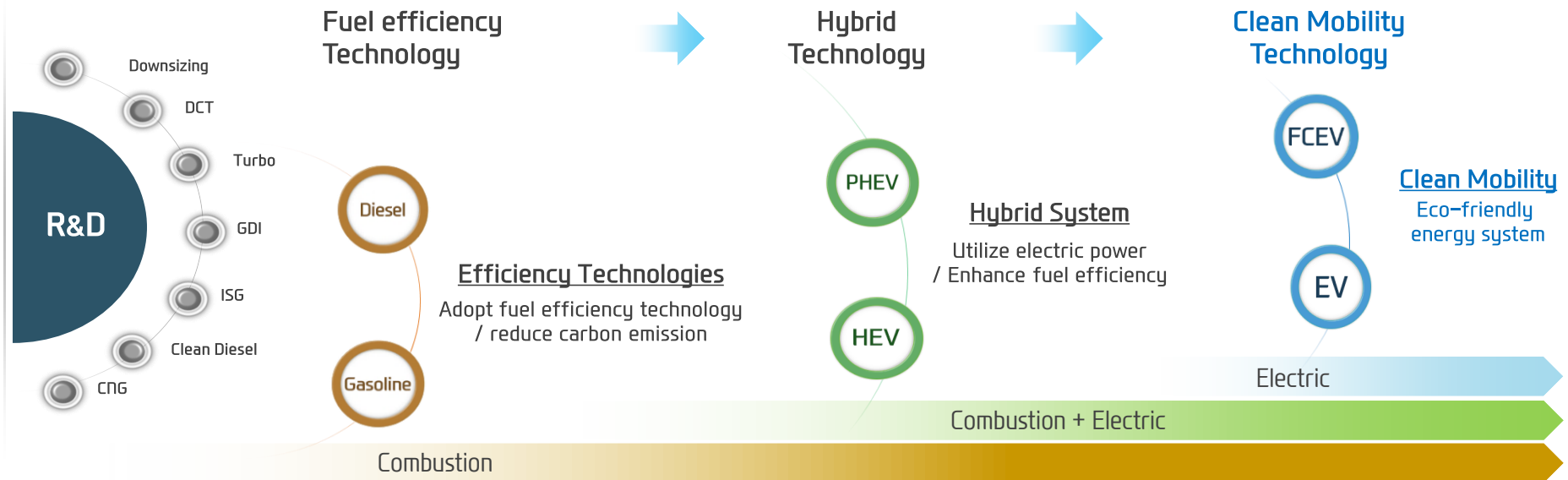
- Increase green car line-up to 28 models
- Introduce new green car technologies
- Aiming to be the 2nd largest manufacturer in green car market by 2020

Category	2016	By 2020
HEV	6 Models	10 Models
PHEV	2 Models	8 Models
EV	2 Models	8 Models
FCEV	1 Model	2 Models
Total	11 Models	28 Models

*Including Kia models

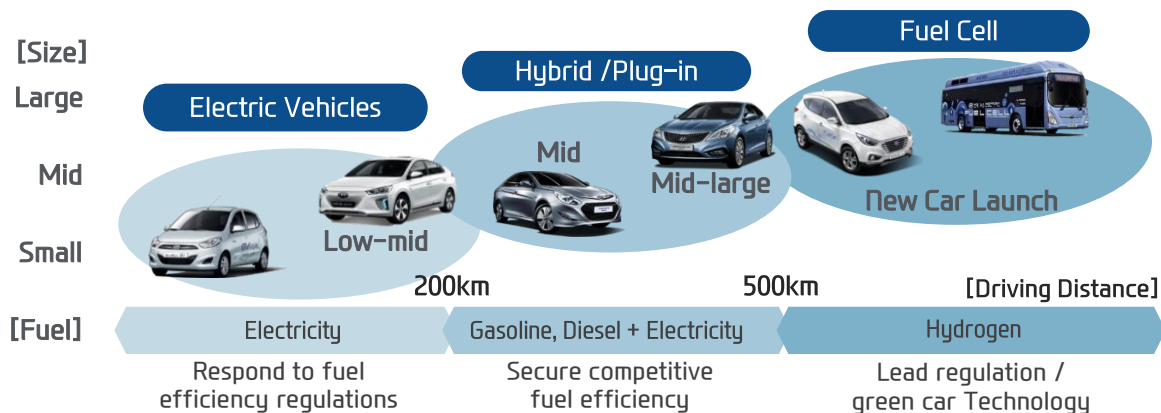
4. New Technology (Green Car Development Roadmap)

Mid / Long-term Green Car Development Strategy



Green Car Development Trend

Establish a flexible platform to swiftly react to market changes



Line-up Strategy

Expand Green Car line-up to 28 models by 2020 to become the world's 2nd largest manufacturer of green cars

Category	2016	By 2020
Rank	3 rd	2 nd
Number of Green Cars	11 models	28 models

*Including Kia models

*Source : IHS, Company data

4. New Technology (HEV & EV)

HMC independently developed and obtained distinctive technology on hybrid system

Hybrid Vehicle

Parallel Hybrid Drive System
Simpler in structure compare with other types of hybrid

Electric Motor
Powered by advanced lithium-ion battery

IONIQ HEV

- Displacement : 1.6 l
- Net Power : 141 ps
- Fuel Efficiency : 58 mpg
- Launched in 2016



HEV Performance Comparison

Specification	Hyundai IONIQ (Blue)	Toyota Prius (Eco)	Ford C-Max
Net Power	141 ps	121 ps	141 ps
Battery (kWh)	1.56 LiPo	0.75 Li	1.40 Li
Fuel Efficiency (combined)	58 MPG	56 MPG	39 MPG
System	Parallel System	Power Split System	Power Split System

Electric Vehicle

IONIQ EV

- Battery capacity : 28.0 kWh
- Max. distance : 280 km (EU)
191 km (Korea)
- Max. speed : 165 km/h



EV Performance Comparison

Specification	Hyundai IONIQ EV	Nissan Leaf	VW e-Golf
Battery	28 kWh	30 kWh	35.8 kWh
Motor	88 kW	80 kW	100 kW
Fuel Efficiency (combined)	136 MPGe	112 MPGe	119 MPGe
Driving Distance (US)	124 miles	107 miles	125 miles

Source: Company data

4. New Technology (PHEV & FCEV)

HMC independently developed and obtained distinctive technology on hybrid system

Plug-in Hybrid Vehicle



IONIQ PHEV

- Displacement : 1.6 ℓ
- Net Power : 141 ps
- Launched in 2017

PHEV Performance Comparison

Specification	Hyundai IONIQ PHEV	Toyota Prius Prime	Chevrolet Volt
Battery	8.9 kWh	8.8 kWh	18.4 kWh
Motor	44.5 kW	90 kW	111 kW
Fuel Efficiency (combined)	n/a	133 MPGe	106 MPGe
Driving Distance (US)	n/a	640 miles	420 miles

Fuel Cell Electric Vehicle



Tucson ix FCEV

- Max. distance: 415 km
- Max. speed: 160 km/h
- Fuel efficiency: 76.8km/kg
- World's 1st mass production in Mar '13

FCEV Development

- Assuring 'FCEV Leading Maker' position by participating in the demonstration program
- Major components are independently developed, e.g. FCEV stack
- The first auto maker to successfully begin commercial production several years ahead of competitors

	HMC	Toyota	Honda	Daimler
Production year	2013	2015	2016	2017(E)

Source: Company data

4. New Technology (Autonomous vehicle)

HMC targeted to commercialize fully autonomous driving vehicles by 2030

“Intelligent Safety Vehicle”

Development Philosophy

Provide ultimate safety not only to the driver but also to the passengers / pedestrians / other drivers, by having vehicle proactively analyzing driving environments and assist driver when necessary

✓ Development status

Level 1 & Level 2



HDA (Highway Driving Assist)



TJA (Traffic Jam Assistance)



Advanced Driver Assistance System

Level 3



Automated Lane Change



Highway TG Entry/Exit



Intersection Entry/Exit

✓ Levels of Driving Automation (SAE)

Lev.	Definition	Note
5	Full Automation	In advanced research
4	High Automation	First show in CES 2017
3	Conditional Automation	Completed advanced development
2	Partial Automation	Partially in market (HDA, etc.)
1	Driver Assistance	In market (LKAS, SCC, AEB, etc.)

*SAE (Society of Automotive Engineers) : 미국자동차기술자협회

4. New Technology (Connected car)

HMC has concentrated on R&D and increased investment for future technologies

Major areas

Remote Support

Remotely connect cars to prevent or solve problems

Fully Autonomous

Fully autonomous using V2X
(V2X : Vehicle to Everything)

Smart Traffic

Locate vehicles and analyze traffic to navigate the car

Mobility Hub

Vehicles become center of our lives



“ Vehicles become information hubs connecting cars to life ”

4 Core Technologies



Car Network



Tele Network



Cloud

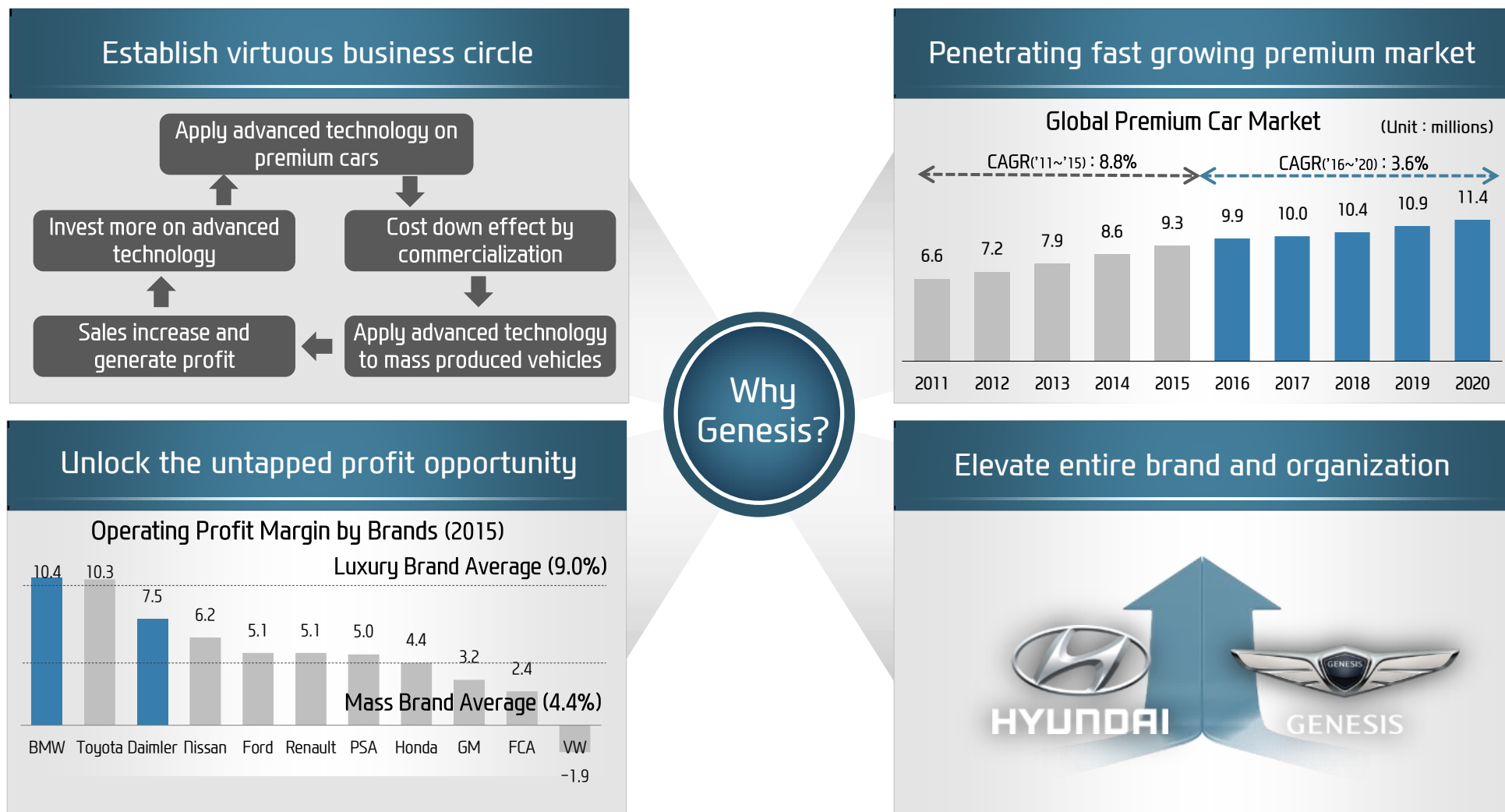


Big Data

- ‘Open Innovation’ partnership with global companies (Cisco partnership established in April 2016)
- Integrated infrastructure combining network, cloud, big data and security solutions

5. New Brand (Introduction of Genesis)

HMC introduced new global luxury brand 'Genesis' as a driver for growth

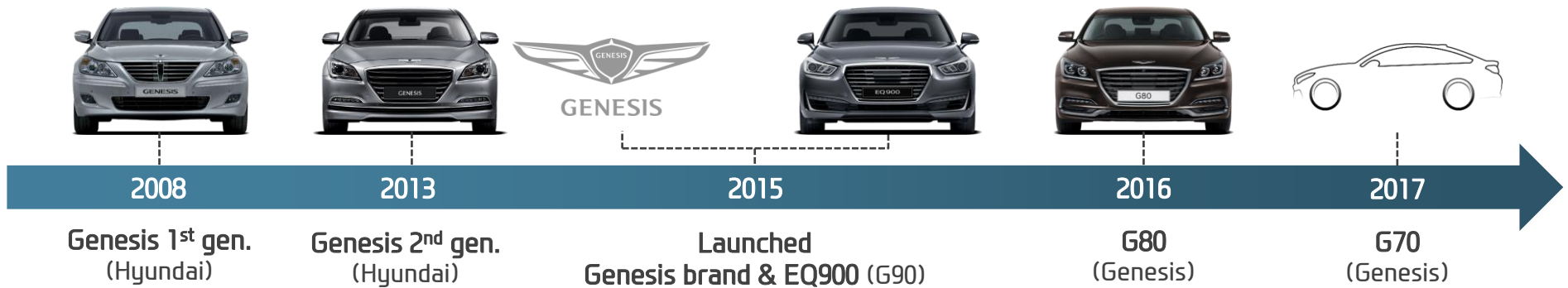


Source: IHS, Company data

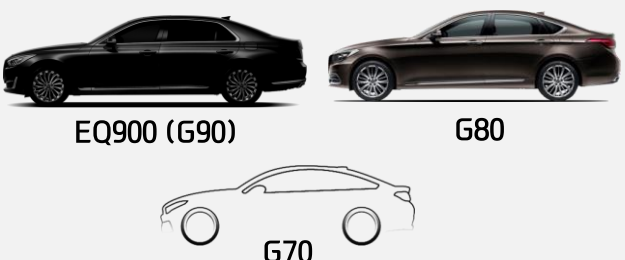
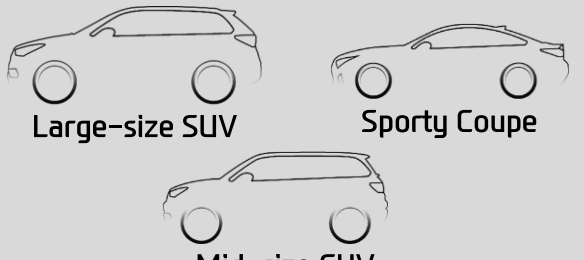
5. New Brand (Strategy of Genesis)

Genesis Brand to achieve full line-up of 6 models by 2020

History



Roadmap

Phase 1 (~ '17)	Phase 2 (~ '20)	Phase 3 ('21 ~)
Sales Channel Share existing sales network and resources	Sales Channel Selectively open exclusive dealers and operate online sales channel	Sales Channel Separately operate exclusive dealers
Line-up : 3 models  EQ900 (G90) G80 G70	Line-up : 6 models  Large-size SUV Sporty Coupe Mid-size CUV	Line-up : Diversify powertrain Green car models 

5. New Brand (High Performance Vehicle, N sub-brand)

N will bring racetrack-capable vehicles to customers who truly love cars

Three Principles of N brand

Balanced Performance

Delivers the value of harmonized performance

Emotional Delight

Maximize driver's emotional delight of driving

Inspired Technology

Technology originated from WRC

Major Concept Models



RM16

- Displacement: 2.0T GDI
- Max. Power: 300 PS
- Max. Torque: 39kg.m

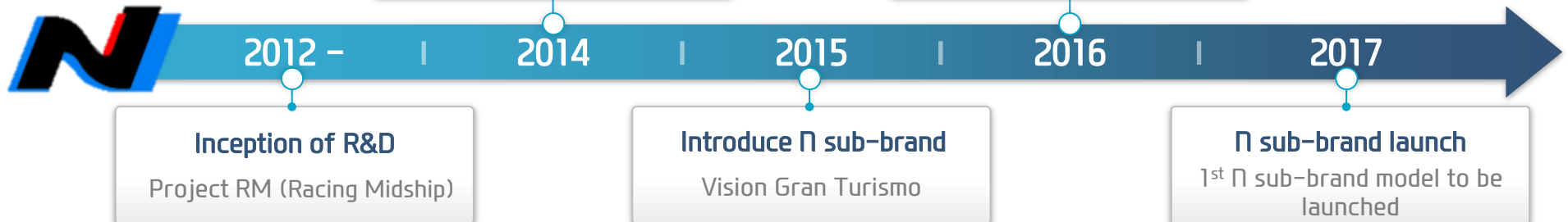


N 2025 Vision Gran Turismo

- Displacement: Hydrogen Fuel Cell
- Max. Power: 884 PS

RM14 Concept

RM 16 Concept

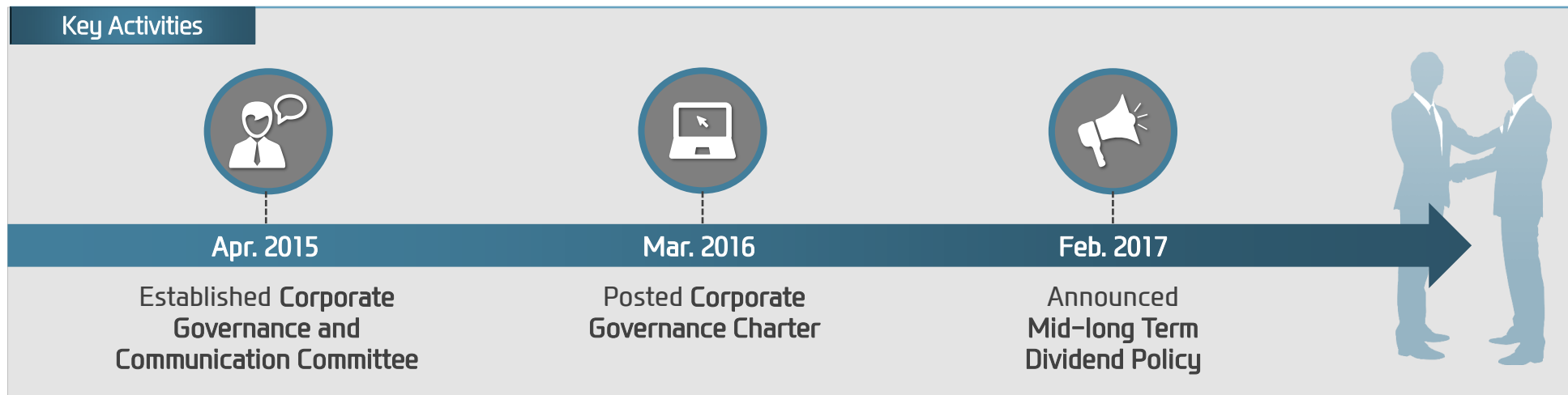


Shareholder Value



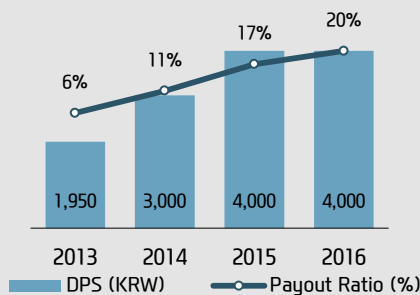
Shareholder Value

HMC has increased shareholder return, enhanced communication with shareholders, and improved transparency



Mid-long Term Dividend Policy

- ✓ Allocate 30 to 50% of annual Free Cash Flow for shareholder returns
- ✓ Aim to lift its payout ratio to the average of global automakers



*Free Cash Flow from non-finance division

*DPS for ordinary shares including interim dividend

Appendix



Balance Sheet (K-IFRS Consolidated)

(Billion KRW)	FY2015	FY2016	diff.	chg.
Assets	165,368	178,836	+13,468	+8.1%
Current Assets ^(a)	67,529	72,450	+4,920	+7.3%
Liabilities^(b)	98,487	106,491	+8,005	+8.1%
Current Liabilities ^(c)	41,214	43,610	+2,396	+5.8%
Debt ^(d)	64,932	73,444	+8,512	+13.1%
Provision	6,742	6,973	+231	+3.4%
Equity^(e)	66,881	72,345	+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 ^(a/c)	163.9 %	166.1 %		
Liability to Equity ^(b/e)	147.3 %	147.2 %		
Debt to Equity ^(d/e)	97.1 %	101.5 %		
EBITDA / Interest Expenses	35.3 x	31.4 x		

Income Statement (K-IFRS Consolidated)

(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		