

Hyundai Motor Company 2017 1Q Business Results

April 26, 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**

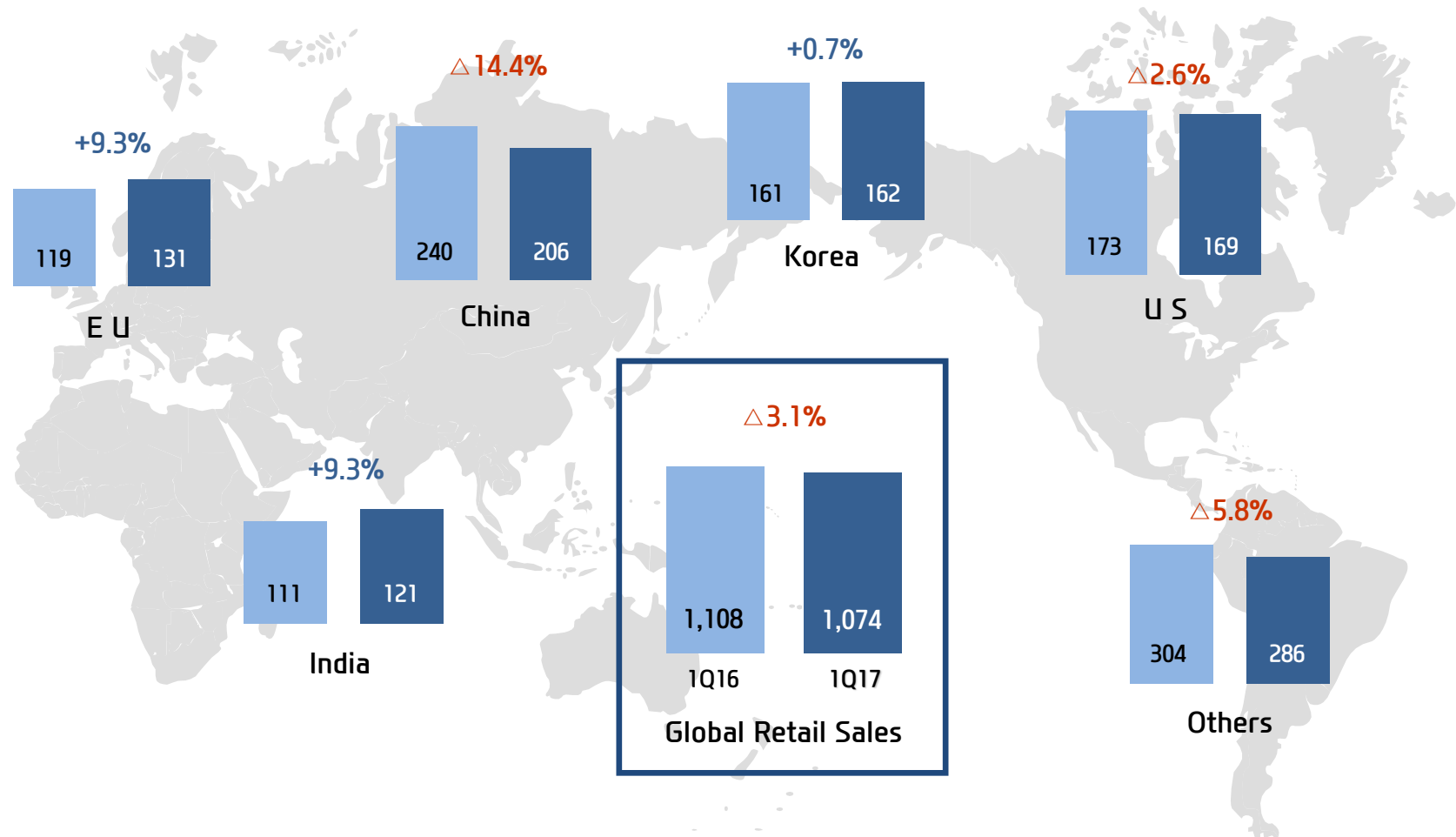
- ◇ **Sales by Plant**

- ◇ **Sales by Segment**

Sales Summary : Retail Sales



■ 2016. 1Q ■ 2017. 1Q (Thousand units)



Sales Summary : Sales by plant



(Thousand units)	'16. 1Q	'16. 4Q	'17. 1Q	yoy	qoq
Korea	400	488	380	△5.0%	△22.1%
China	229	363	196	△14.4%	△46.0%
India	145	179	160	+10.2%	△10.3%
U S	94	86	94	+0.2%	+10.2%
Czech	90	89	98	+8.1%	+9.6%
Turkey	61	63	56	△9.2%	△11.6%
Russia	41	56	53	+29.7%	△6.1%
Brazil	34	45	41	+20.1%	△9.8%
China (CV)	12	9	11	△3.5%	+25.2%
Total	1,107	1,380	1,090	△1.6%	△21.0%

Sales Summary : Sales by segment



(Thousand units)		'16. 1Q		'16. 4Q		'17. 1Q		Share change	
			(share)		(share)		(share)	yoy	qoq
P V	Small	206	18.6%	246	17.8%	207	19.0%	+0.3%pt	+1.2%pt
	Small-Mid	374	33.8%	485	35.1%	329	30.2%	△3.6%pt	△4.9%pt
	Mid	124	11.2%	132	9.6%	105	9.7%	△1.5%pt	+0.1%pt
	Large	35	3.1%	57	4.1%	55	5.0%	+1.9%pt	+0.9%pt
	Total	739	66.8%	919	66.6%	696	63.8%	△2.9%pt	△2.8%pt
R V	Small-Mid	235	21.2%	301	21.8%	251	23.0%	+1.8%pt	+1.2%pt
	Mid	57	5.1%	77	5.6%	66	6.1%	+0.9%pt	+0.5%pt
	Total	292	26.4%	379	27.4%	317	29.1%	+2.7%pt	+1.6%pt
C V	Light	52	4.7%	53	3.9%	52	4.8%	+0.0%pt	+0.9%pt
	Heavy	24	2.1%	29	2.1%	25	2.3%	+0.2%pt	+0.2%pt
	Total	76	6.9%	82	6.0%	77	7.1%	+0.2%pt	+1.1%pt
Total		1,107	100.0%	1,380	100.0%	1,090	100.0%		

■ Financial Summary

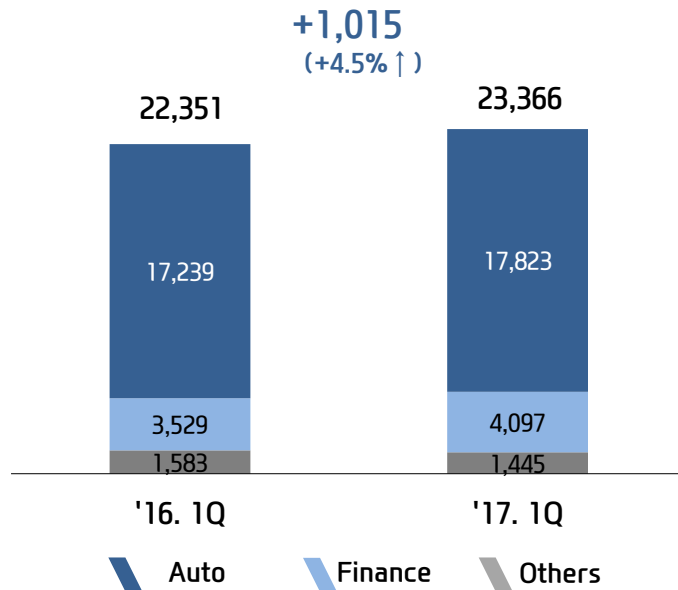
- ◇ Revenue and Operating Income Analysis
- ◇ COGS and SG&A Analysis
- ◇ Non-operating Income Analysis

Revenue and Operating Income Analysis



Revenue by division

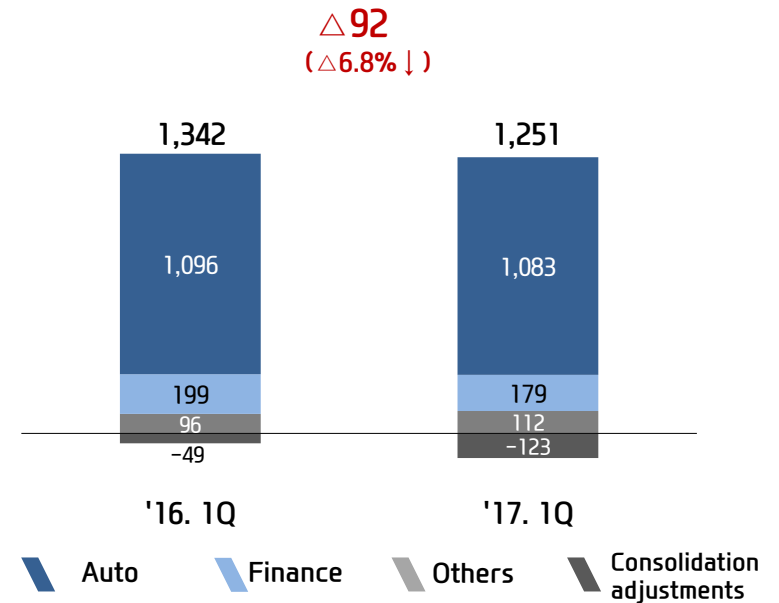
(Billion KRW)



- ▷ Auto : Rising SUV and mid-large sedan sales
- ▷ Finance : Expanding financial products on new models

Operating income by division

(Billion KRW)

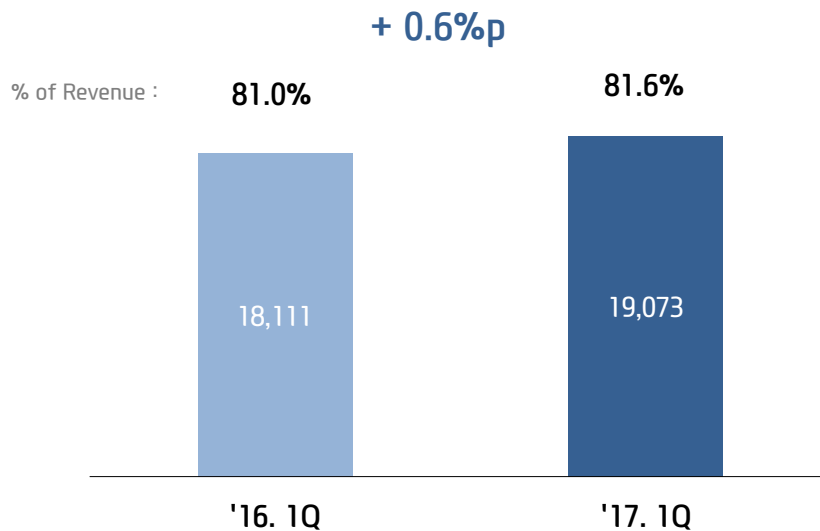


- ▷ Auto : Low utilization in Korea and the costs for recalls
- ▷ Finance : Loss from declining residual value in the US

COGS and SG&A Analysis

COGS

(Billion KRW)



- ▷ Despite product mix improvement from rising SUV sales portion, lower utilization rate in Korea plants raised COGS

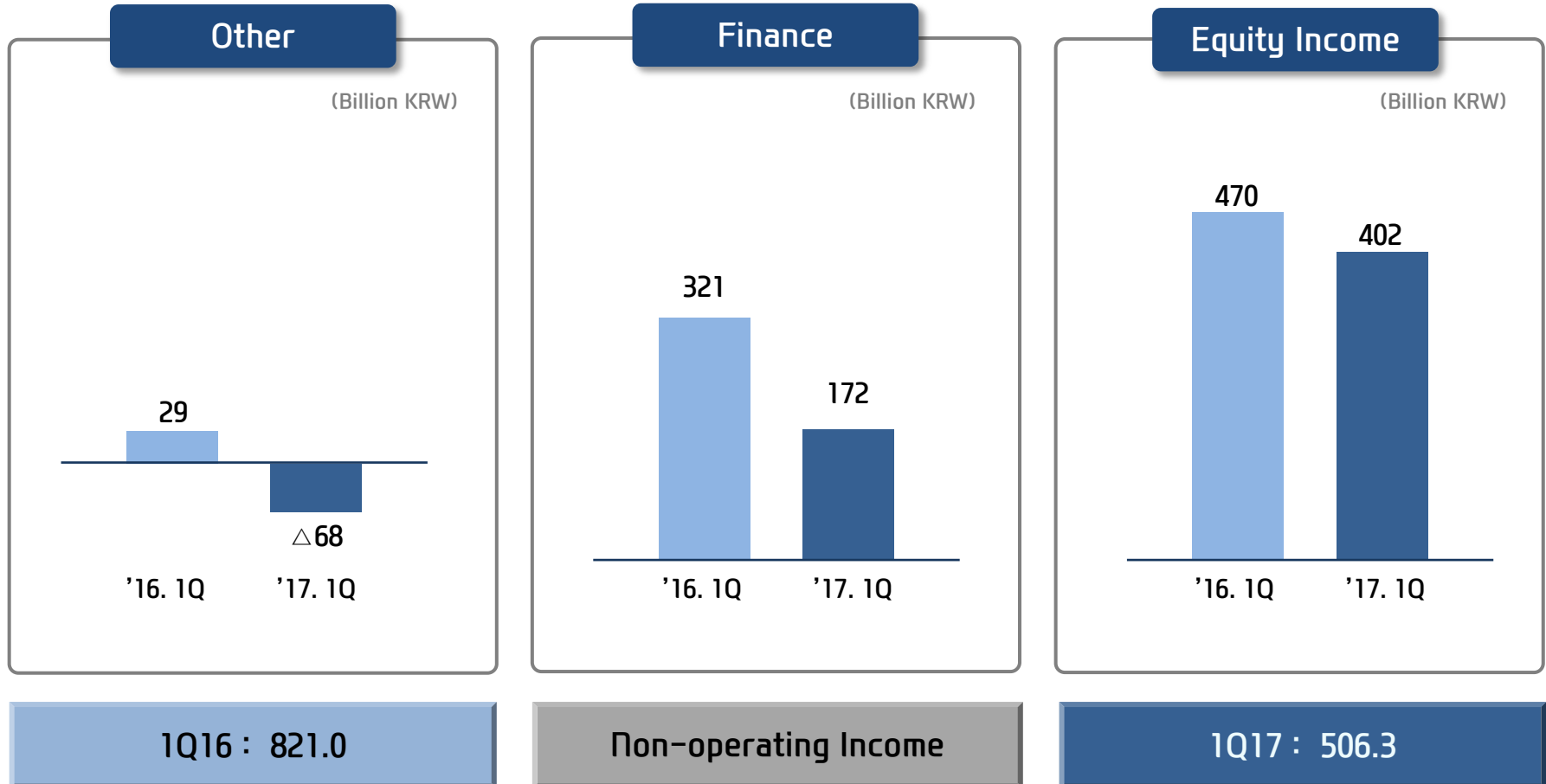
SG&A

(Billion KRW)

Expenses	1Q16	% of Sales	1Q17	% of Sales	yoy
Salary	668	3.0%	654	2.8%	△2.1%
Marketing	788	3.5%	811	3.5%	+2.9%
Warranties related	299	1.3%	413	1.8%	+38.2%
Research	190	0.8%	207	0.9%	+9.2%
Others	952	4.3%	957	4.1%	+0.5%
Total	2,897	13.0%	3,043	13.0%	+5.0%

- ▷ Rise in warranties expenses from the recalls
- ▷ Rise in research expenses on advanced research for future technologies

Non-operating Income Analysis



- **Appendix**

- ◇ **Operations by Plant**

- ◇ **Consolidated Financial Statements**

Operations by Plant



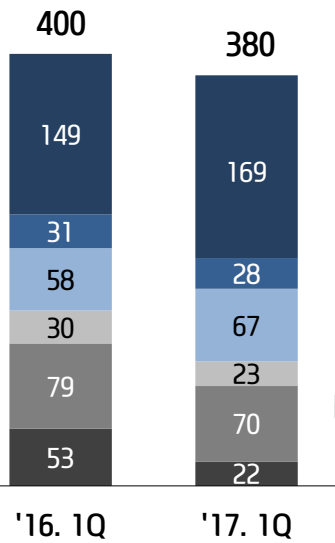
Korea Plant (HMC)

Sales Volume

Revenue

(Thousand units, Billion KRW)

- Accent ■ Elantra
- Sonata ■ Tucson
- Santa Fe ■ 기타



	'16. 1Q	'17. 1Q	Chg.
Rev.	10,147	10,318	+1.7%
Domestic	4,719	4,929	+4.4%
Export	5,427	5,389	△0.7%



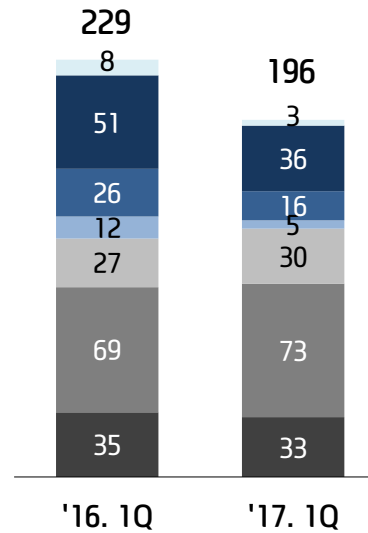
China Plant (BHMC)

Sales Volume

Revenue

(Thousand units, Billion KRW)

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



	'16. 1Q	'17. 1Q	Chg.
Rev.	4,379	3,168	△27.6%

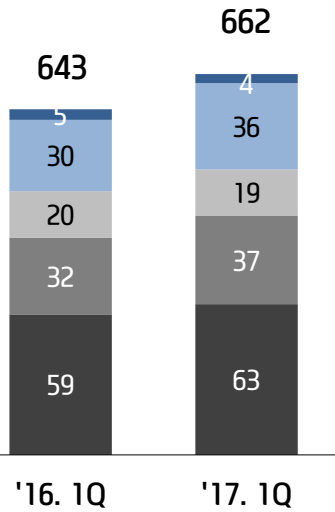


Operations by Plant

India Plant (HMI)

Sales Volume

- i10
- i20
- Eon
- Creta
- Others



Revenue

(Thousand units, Billion KRW)

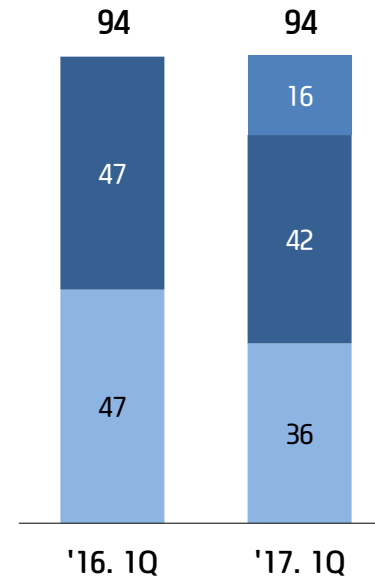
	'16. 1Q	'17. 1Q	Chg.
Rev.	1,364	1,485	+8.9%



US Plant (HMMA)

Sales Volume

- Elantra
- Sonata
- Santa Fe



Revenue

(Thousand units, Billion KRW)

	'16. 1Q	'17. 1Q	Chg.
Rev.	2,067	2,030	△1.8%



Operations by Plant



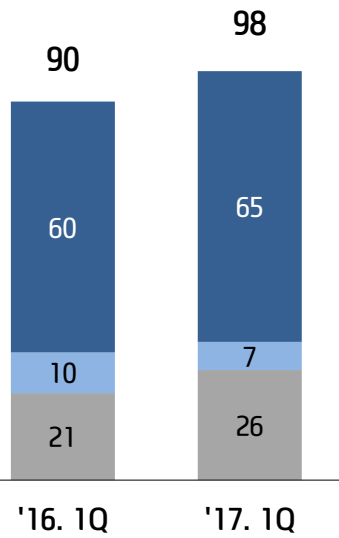
Czech Plant (HMMC)

Sales Volume

Revenue

(Thousand units, Billion KRW)

■ i30 ■ ix20 ■ ix35



	'16. 1Q	'17. 1Q	Chg.
Rev.	1,758	1,825	+3.8%



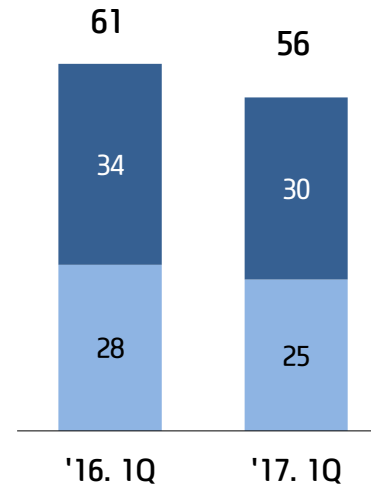
Turkey Plant (HAOS)

Sales Volume

Revenue

(Thousand units, Billion KRW)

■ i10 ■ i20



	'16. 1Q	'17. 1Q	Chg.
Rev.	872	709	△18.7%



Operations by Plant



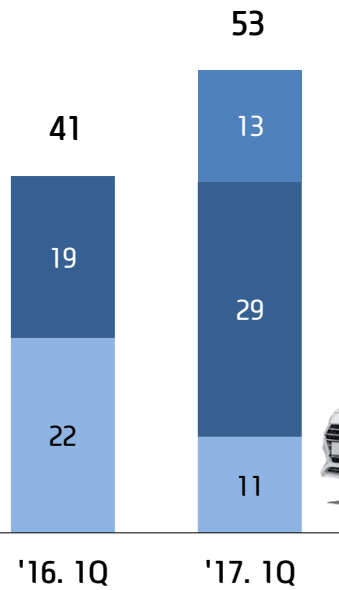
Russia Plant (HMMR)

Sales Volume

Revenue

(Thousand units, Billion KRW)

■ Solaris ■ Rio (Kia) ■ Creta



	'16. 1Q	'17. 1Q	Chg.
Rev.	344	653	+89.9%



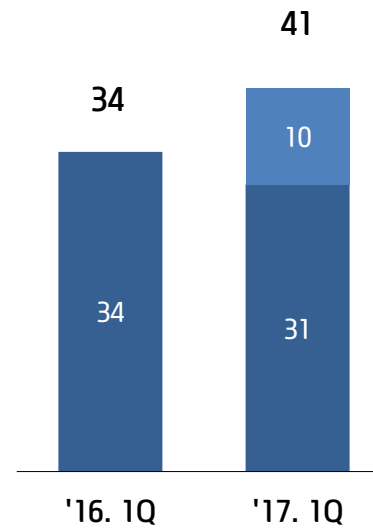
Brazil Plant (HMB)

Sales Volume

Revenue

(Thousand units, Billion KRW)

■ HB20 ■ Creta



	'16. 1Q	'17. 1Q	Chg.
Rev.	322	540	+67.8%



Statement of Income



(Billion KRW)	'16. 1Q	'16. 2Q	'16. 3Q	'16. 4Q	'17. 1Q	yoy	qoq
Revenue	22,351	24,677	22,084	24,538	23,366	+4.5%	△4.8%
Gross Profit	4,239	5,023	3,894	4,533	4,293	+1.3%	△5.3%
Margin (%)	19.0	20.4	17.6	18.5	18.4		
SG&A	2,897	3,261	2,826	3,512	3,043	+5.0%	△13.4%
Portion (%)	13.0	13.2	12.8	14.3	13.0		
Operating Income	1,342	1,762	1,068	1,021	1,251	△6.8%	+22.5%
Margin (%)	6.0	7.1	4.8	4.2	5.4		
Income before tax	2,163	2,382	1,495	1,267	1,757	△18.8%	+38.6%
Margin (%)	9.7	9.7	6.8	5.2	7.5		
Net Income	1,768	1,764	1,119	1,069	1,406	△20.5%	+31.5%
Margin (%)	7.9	7.1	5.1	4.4	6.0		
Depreciation	529	526	537	573	546		
Amortization	273	284	304	334	306		
EBITDA	2,144	2,573	1,908	1,927	2,102		

Statement of Income by division



(Billion KRW)	'16. 1Q	'16. 2Q	'16. 3Q	'16. 4Q	'17. 1Q	yoy	qoq
Revenue	22,351	24,677	22,084	24,538	23,366	+4.5%	△4.8%
Automotive	17,239	19,421	16,618	19,406	17,823	+3.4%	△8.2%
Finance	3,529	3,561	3,767	3,195	4,097	+16.1%	+28.3%
Others	1,583	1,695	1,699	1,937	1,445	△8.7%	△25.4%
Operating Income	1,342	1,762	1,068	1,021	1,251	△6.8%	+22.5%
Automotive	1,096	1,344	216	825	1,083	△1.2%	+31.3%
Finance	199	260	161	84	179	△9.9%	+114.5%
Others	96	159	145	174	112	+15.9%	△35.9%
Adjustment	-49	-1	547	-62	-123	+150.0%	+99.0%

Statement of Financial Position



(Billion KRW)	End-2016	End-1Q17	Diff.	% chg.
Asset	178,836	173,241	△5,595	△3.1%
Current Asset ^(a)	72,450	69,633	△2,816	△3.9%
Liabilities^(b)	106,491	101,466	△5,025	△4.7%
Current Liability ^(c)	43,610	41,282	△2,328	△5.3%
Debt ^(d)	73,444	68,906	△4,538	△6.2%
Provision	6,973	6,941	△32	△0.5%
Equity^(e)	72,345	71,775	△570	△0.8%
Capital Stock	1,489	1,489	+0	+0.0%
Capital Surplus	4,203	4,201	△2	△0.0%
Retained Earnings	64,361	64,878	+516	+0.8%
Current Ratio ^(a/c)	166.1 %	168.7%		
Liability to Equity ^(b/e)	147.2 %	141.4%		
Debt to Equity ^(d/e)	101.5 %	96.0%		
EBITDA/Interest Exp.	31.4x	24.1x		

Cash Flows



(Billion KRW)	'16. 1Q	'16. 2Q	'16. 3Q	'16. 4Q	'17. 1Q
Beginning	7,332	6,475	6,414	7,578	7,890
Net Income	1,768	1,764	1,119	1,069	1,406
Depreciation	529	527	537	573	546
Amortization	273	284	304	334	306
Acquisitions of Tangible	△905	△658	△510	△897	△644
Acquisitions of Intangible	△244	△362	△300	△500	△261
Dividends paid		△816	△269		
Others	△2,277	△800	285	△266	△2,708
Ending	6,475	6,414	7,578	7,890	6,534