

Hyundai Motor Company 2017 1H Business Results

July 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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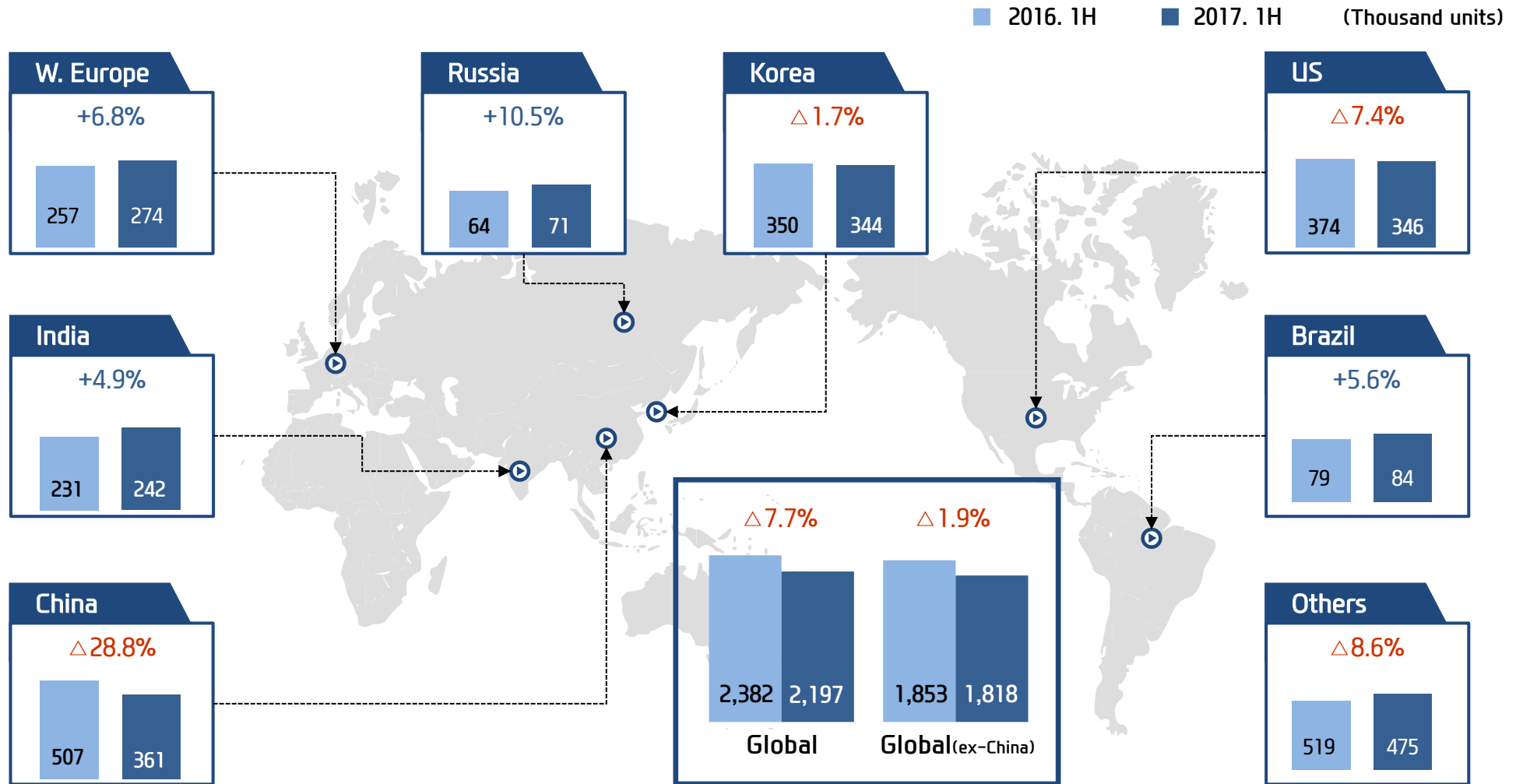
- Sales Summary
 - ◇ Sales by Plant
 - ◇ Retail Sales

Sales Summary : Sales by plant



(Thousand units)	'16. 2Q	'16. 1H	'17. 2Q	'17. 1H	'17. 2Q vs '16. 2Q	'17. 1H vs '16. 1H
Korea	461	861	484	864	+4.8%	+0.3%
India	163	309	157	318	△3.6%	+2.9%
US	104	198	96	190	△8.1%	△4.1%
Czech	97	187	90	188	△6.5%	+0.5%
Turkey	58	120	62	118	+7.0%	△1.3%
Russia	56	97	60	113	+8.0%	+17.2%
Brazil	40	74	43	84	+6.0%	+12.5%
Sub-total (ex-China)	981	1,847	994	1,876	+1.3%	+1.5%
China	294	523	105	301	△64.2%	△42.4%
China (CV)	11	23	9	20	△19.8%	△11.6%
Total	1,286	2,393	1,108	2,198	△13.8%	△8.2%

Sales Summary : Retail Sales



- **Financial Summary**

- ◇ Revenue and Operating Income Analysis
- ◇ Non-operating Income Analysis

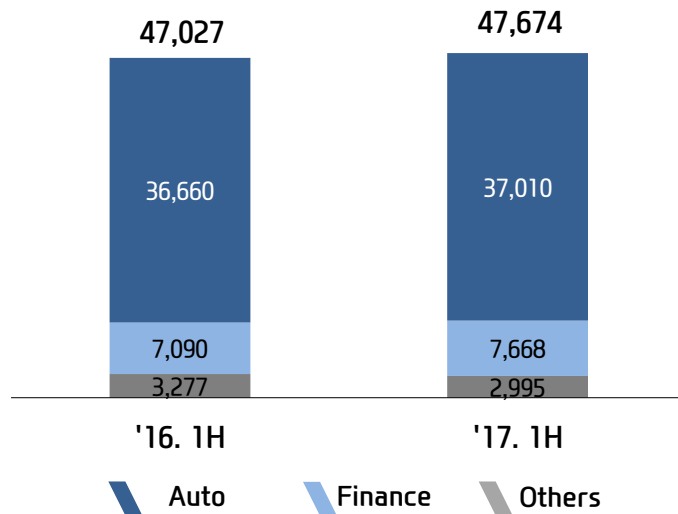
Revenue and Operating Income Analysis



Revenue by division

(Billion KRW)

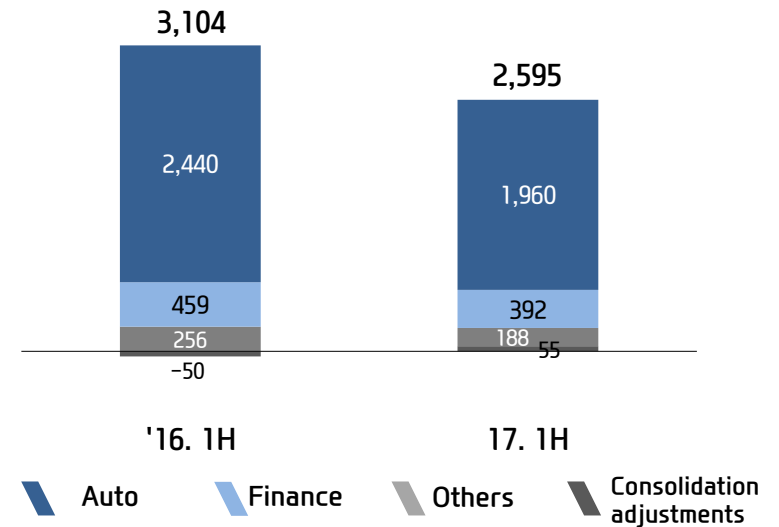
+647
(+1.4% ↑)



Operating income by division

(Billion KRW)

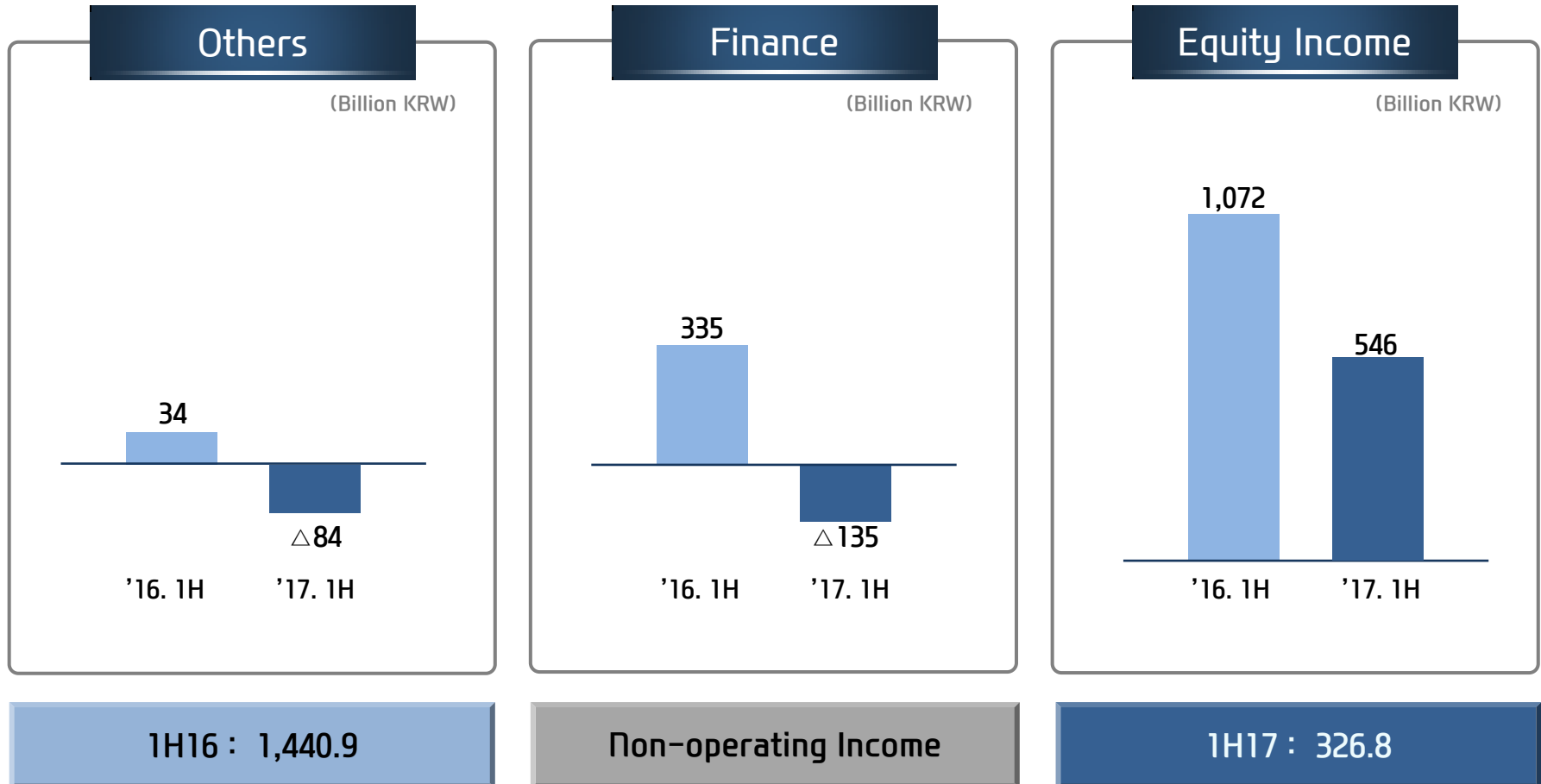
△509
(△16.4% ↓)



- ▷ Auto : Solid sales in emerging markets, despite sluggish sales in Korea and the US markets
- ▷ Finance : Expanding financial products on new models

- ▷ Auto : Rising costs for recalls and incentives spending
- ▷ Finance : Loss from declining residual value in the US

Non-operating Income Analysis



- **Appendix**

- ◇ **Consolidated Financial Statements**

Statement of Income



(Billion KRW)	'16. 2Q	'16. 3Q	'16. 4Q	'17. 1Q	'17. 2Q	yoy	qoq
Revenue	24,677	22,084	24,538	23,366	24,308	△1.5%	+4.0%
Gross Profit	5,023	3,894	4,533	4,293	4,727	△5.9%	+10.1%
Margin (%)	20.4	17.6	18.5	18.4	19.4		
SG&A	3,261	2,826	3,512	3,043	3,382	+3.7%	+11.2%
Portion (%)	13.2	12.8	14.3	13.0	13.9		
Operating Income	1,762	1,068	1,021	1,251	1,344	△23.7%	+7.5%
Margin (%)	7.1	4.8	4.2	5.4	5.5		
Income before tax	2,382	1,495	1,267	1,757	1,165	△51.1%	△33.7%
Margin (%)	9.7	6.8	5.2	7.5	4.8		
Net Income	1,764	1,119	1,069	1,406	914	△48.2%	△35.0%
Margin (%)	7.1	5.1	4.4	6.0	3.8		
Depreciation	526	537	573	546	552		
Amortization	284	304	334	306	307		
EBITDA	2,573	1,908	1,927	2,102	2,203		

Selling, General & Administrative Expenses



(Billion KRW)	'16. 1H	% of Sales	'17. 1H	% of Sales	yoy
Sales	47,027	100%	47,674	100%	+1.4%
Salary	1,347	2.9%	1,312	2.8%	△2.6%
Marketing	1,639	3.5%	1,688	3.5%	+3.0%
Warranties related	813	1.7%	1,002	2.1%	+23.4%
Research	420	0.9%	432	0.9%	+2.9%
Others	1,939	4.1%	1,990	4.2%	+2.6%
Total	6,158	13.1%	6,425	13.5%	+4.3%

Statement of Income by division



(Billion KRW)	'16. 2Q	'16. 3Q	'16. 4Q	'17. 1Q	'17. 2Q	yoy	qoq
Revenue	24,677	22,084	24,538	23,366	24,308	△1.5%	+4.0%
Automotive	19,421	16,618	19,406	17,823	19,187	△1.2%	+7.6%
Finance	3,561	3,767	3,195	4,097	3,571	+0.3%	△12.8%
Others	1,695	1,699	1,937	1,445	1,550	△8.5%	+7.3%
Operating Income	1,762	1,068	1,021	1,251	1,344	△23.7%	+7.6%
Automotive	1,344	216	825	1,083	877	△34.7%	△19.0%
Finance	260	161	84	179	213	△18.0%	+18.8%
Others	159	145	174	112	76	△52.4%	△32.2%
Adjustment	-1	547	-62	-123	178	Π.A.	Π.A.

Statement of Financial Position



(Billion KRW)	End-2016	End-1H17	Diff.	% chg.
Asset	178,836	178,757	△79	+0.0%
Current Asset ^(a)	72,450	71,920	△529	△0.7%
Liabilities^(b)	106,491	105,079	△1,412	△1.3%
Current Liability ^(c)	43,610	43,182	△428	△1.0%
Debt ^(d)	73,444	71,712	△1,732	△2.4%
Provision	6,973	7,162	+189	+2.7%
Equity^(e)	72,345	73,678	+1,333	+1.8%
Capital Stock	1,489	1,489	△0	+0.0%
Capital Surplus	4,203	4,201	△1	+0.0%
Retained Earnings	64,361	65,692	+1,330	+2.1%
Current Ratio ^(a/c)	166.1 %	166.6%		
Liability to Equity ^(b/e)	147.2 %	142.6%		
Debt to Equity ^(d/e)	101.5 %	97.3%		
EBITDA/Interest Exp.	31.4x	25.2x		

Cash Flows



(Billion KRW)	'16. 2Q	'16. 3Q	'16. 4Q	'17. 1Q	'17. 2Q
Beginning	6,475	6,414	7,578	7,890	6,534
Net Income	1,764	1,119	1,069	1,406	914
Depreciation	527	537	573	546	552
Amortization	284	304	334	306	307
Acquisitions of Tangible	△ 658	△ 510	△ 897	△ 644	△ 786
Acquisitions of Intangible	△ 362	△ 300	△ 500	△ 261	△ 325
Dividends paid	△ 816	△ 269			△ 846
Others	△ 800	285	△ 266	△ 2,708	896
Ending	6,414	7,578	7,890	6,534	7,246