

Hyundai Motor Company 2017 Annual Business Results

January 25, 2018



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.

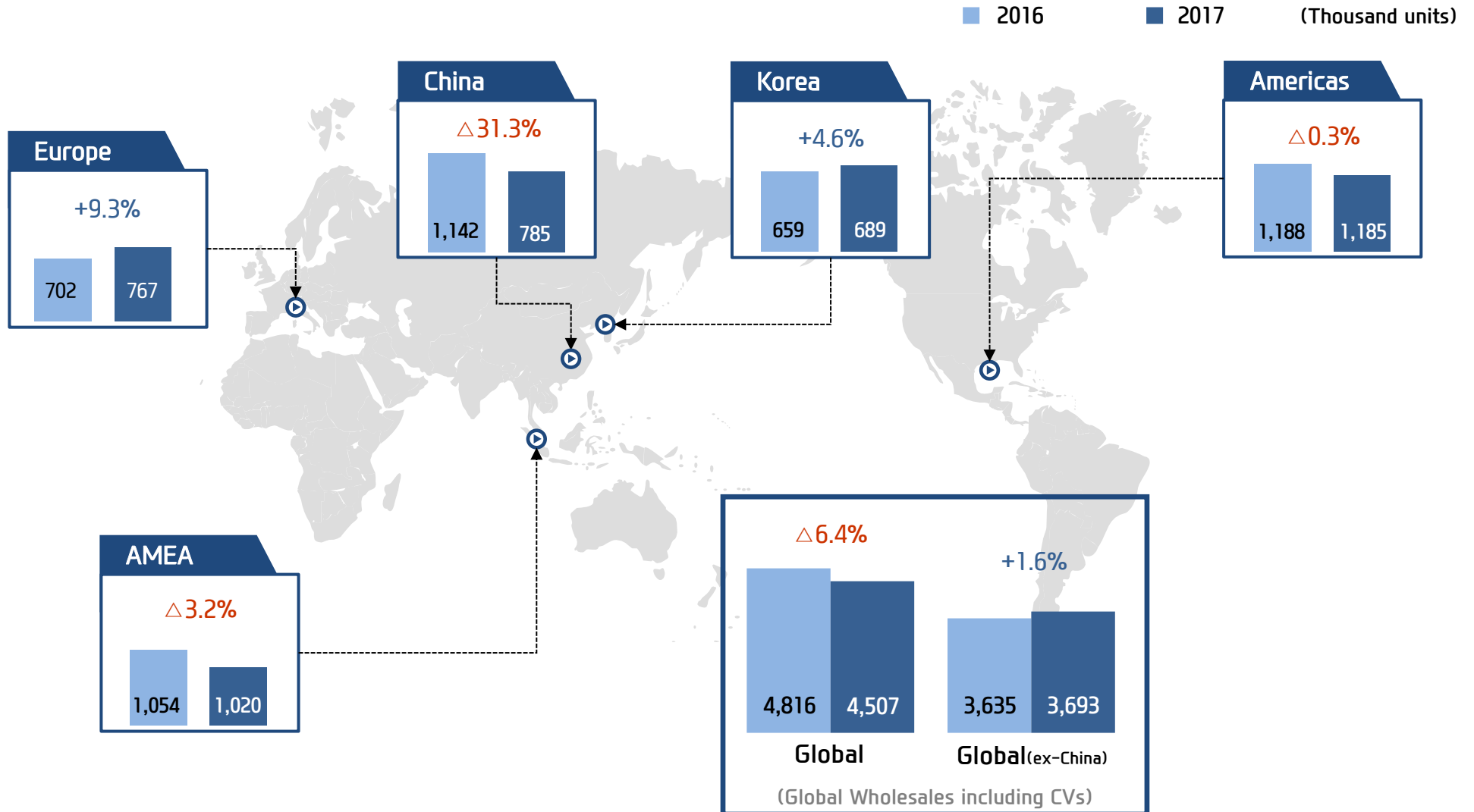
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- **Sales Results**

- ◇ **Wholesales**

Sales Results : Wholesales



Source: Company Data (excluding CKD, excluding CVs for each region except Korea)

- **Financial Summary**

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

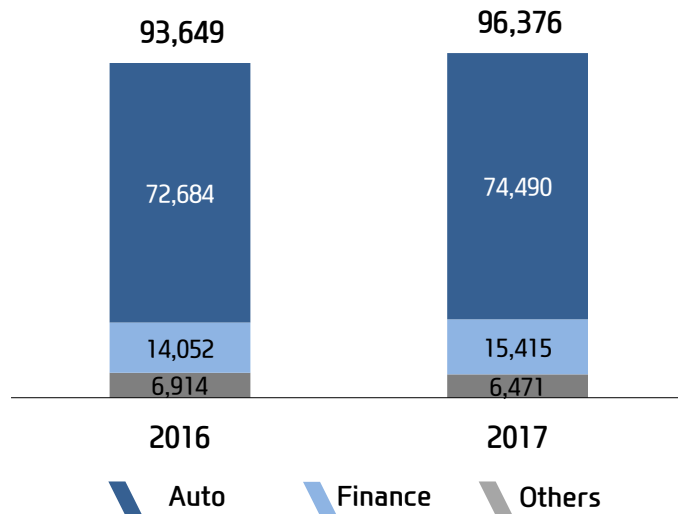
Revenue and Operating Income Analysis



Revenue by division

(Billion KRW)

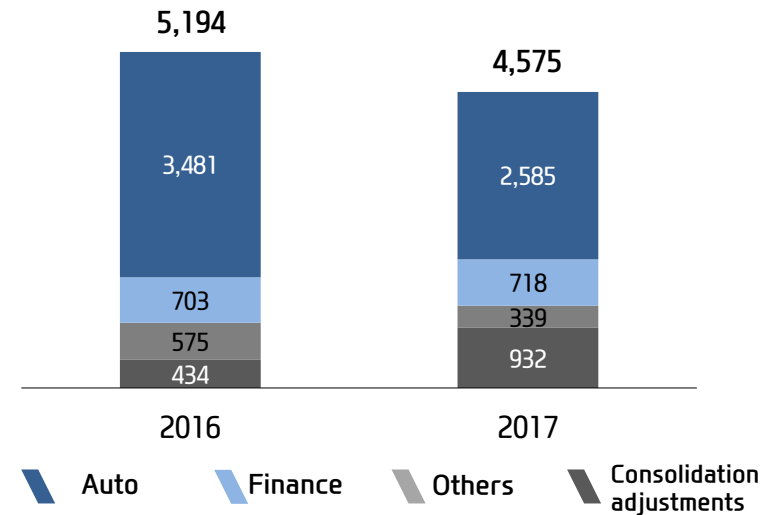
+2,727
(+2.9% ↑)



Operating income by division

(Billion KRW)

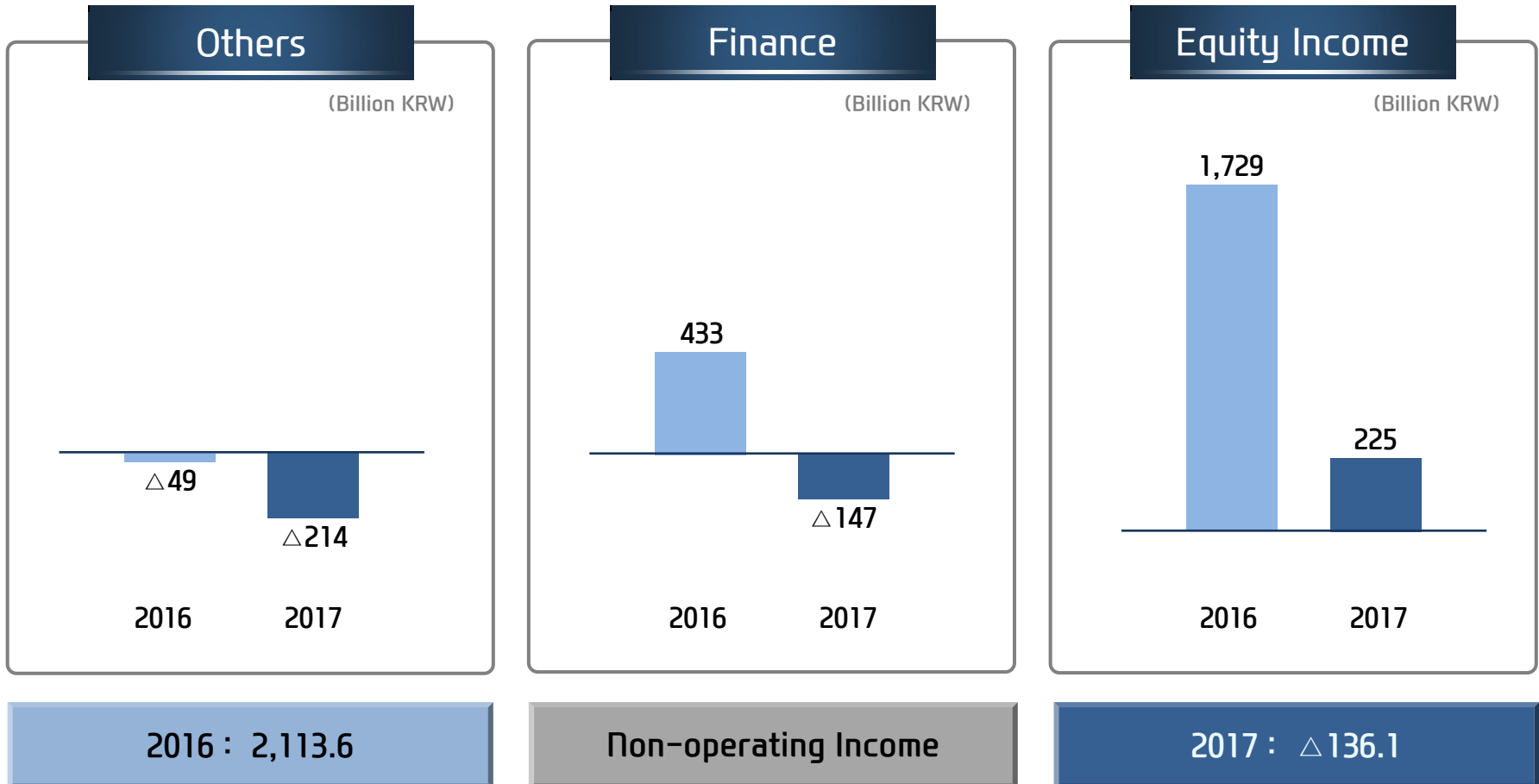
△619
(△11.9% ↓)



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

- ▷ Auto : Lowered profits due to labour strikes and rising incentive spending
- ▷ Finance : Loss from declining residual value in the US

Non-operating Income Analysis



- **2018 Business Plan**

2018 Business Plan



(Thousand units)	2017	2018 (P)	yoy
Total	4,507	4,675	+3.7%
Korea (Including CVs)	689	701	+1.8%
Overseas	3,818	3,974	+4.1%
Americas	1,185	1,222	+3.1%
AMEA	1,020	1,016	△0.5%
China	785	900	+14.6%
Europe	767	773	+0.8%
CVs	60	64	+6.6%

- **Appendix**

- ◇ Sales by Plant

- ◇ Retail sales

- ◇ Revenues by Plant

- ◇ Consolidated Financial Statements

Sales Summary : Sales by plant



(Thousand units)	'16. 4Q	2016	'17. 4Q	2017	'17. 4Q vs '16. 4Q	2017 vs 2016
Korea	445	1,663	401	1,692	△10.0%	+1.8%
India	179	662	183	678	+2.5%	+2.4%
US	86	387	63	328	△26.9%	△15.1%
Czech	89	358	90	355	+0.7%	△1.0%
Turkey	63	230	59	227	△7.0%	△1.3%
Russia	56	207	65	233	+14.4%	+12.5%
Brazil	45	161	49	182	+8.1%	+12.5%
Others	2	4	9	20	+362.0%	+346.7%
Sub-total (ex-China)	965	3,673	917	3,715	△5.0%	+1.1%
China	363	1,142	296	785	△18.6%	△31.3%
China (CV)	9	39	4	29	△53.7%	△25.3%
Total	1,337	4,854	1,217	4,529	△9.0%	△6.7%

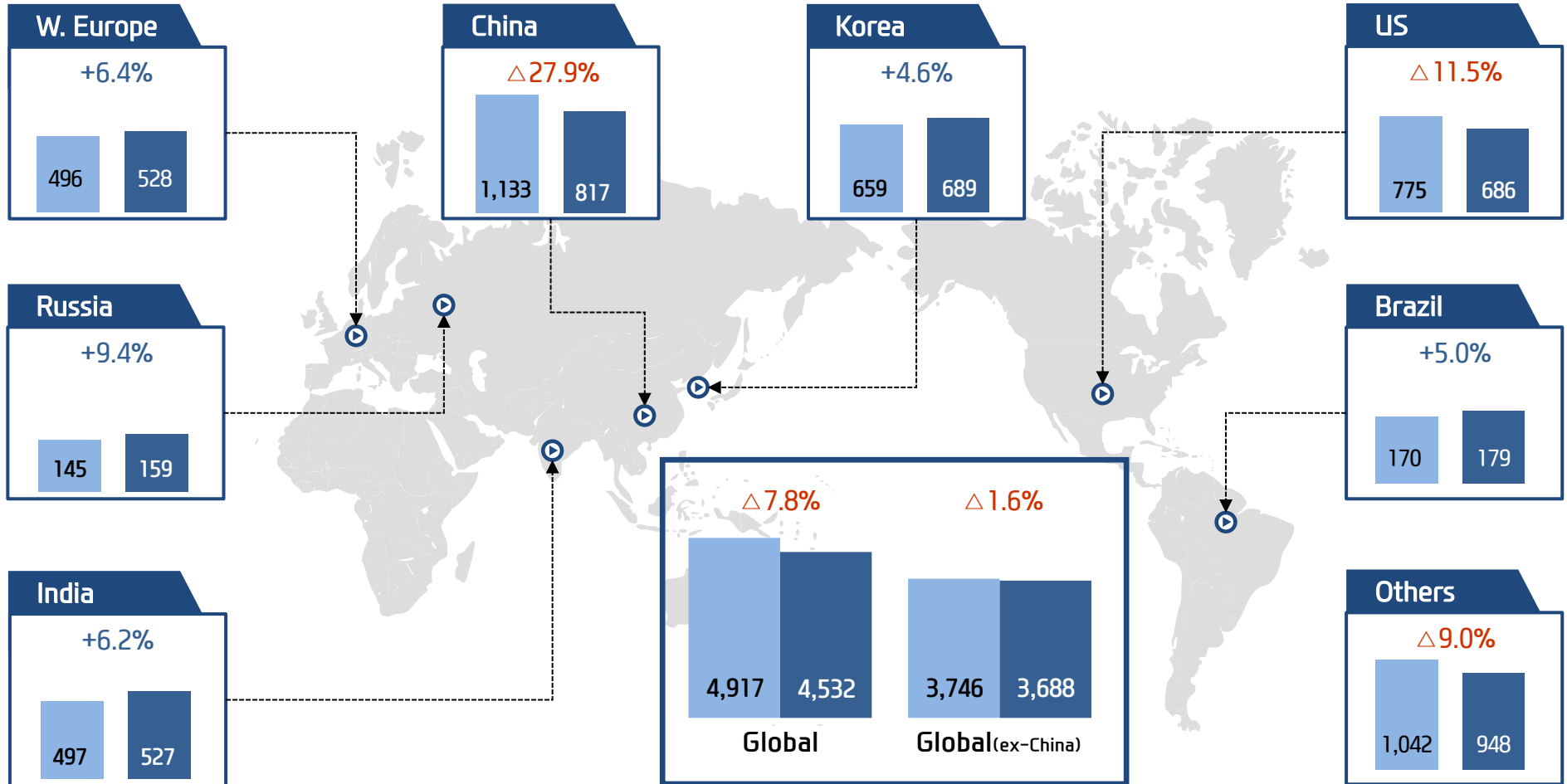
Sales Summary : Retail Sales



■ 2016

■ 2017

(Thousand units)



Revenues by Plant



(Billion KRW)	'16. 4Q	2016	'17. 4Q	2017	'17. 4Q vs '16. 4Q	2017 vs 2016
Korea (HMC)	12,028	41,714	9,819	41,605	△18.4%	△0.3%
India (HMI)	1,590	5,404	1,702	6,347	+7.0%	+17.4%
US (HMMA)	1,840	8,217	1,319	7,049	△28.3%	△14.2%
Czech (HMMC)	1,636	6,787	1,623	6,631	△0.8%	△2.3%
Turkey (HAOS)	926	3,320	884	3,176	△4.5%	△4.3%
Russia (HMMR)	630	2,041	817	2,938	+29.7%	+43.9%
Brazil (HMB)	486	1,636	624	2,353	+28.5%	+43.9%
China (BHMC)	6,093	20,129	4,577	12,149	△24.9%	△39.6%

Statement of Income



(Billion KRW)	'16. 4Q	'17. 1Q	'17. 2Q	'17. 3Q	'17. 4Q	yoy	qoq
Revenue	24,538	23,366	24,308	24,201	24,501	△0.2%	+1.2%
Gross Profit	4,533	4,293	4,727	4,340	4,218	△6.9%	△2.8%
Margin (%)	18.5	18.4	19.4	17.9	17.2		
SG&A	3,512	3,043	3,382	3,135	3,443	△2.0%	+9.8%
Portion (%)	14.3	13.0	13.9	13.0	14.1		
Operating Income	1,021	1,251	1,344	1,204	775	△24.1%	△35.6%
Margin (%)	4.2	5.4	5.5	5.0	3.2		
Income before tax	1,267	1,757	1,165	1,100	416	△67.2%	△62.2%
Margin (%)	5.2	7.5	4.8	4.5	1.7		
Net Income	1,069	1,406	914	939	1,288	+20.5%	+37.1%
Margin (%)	4.4	6.0	3.8	3.9	5.3		
Depreciation	573	546	552	568	589		
Amortisation	334	306	307	321	341		
EBITDA	1,927	2,102	2,203	2,093	1,705		

Selling, General & Administrative Expenses



(Billion KRW)	2016	% of Sales	2017	% of Sales	yoy
Sales	93,649	100%	96,376	100%	+2.9%
Salary	2,733	2.9%	2,701	2.8%	△1.2%
Marketing	3,282	3.5%	3,430	3.6%	+4.5%
Warranties related	1,420	1.5%	1,554	1.6%	+9.4%
Research	1,019	1.1%	1,039	1.1%	+2.0%
Others	4,042	4.3%	4,279	4.4%	+5.9%
Total	12,496	13.3%	13,003	13.5%	+4.1%

Statement of Income by division



(Billion KRW)	'16. 4Q	'17. 1Q	'17. 2Q	'17. 3Q	'17. 4Q	yoy	qoq
Revenue	24,538	23,366	24,308	24,201	24,501	△0.2%	+1.2%
Automotive	19,406	17,823	19,187	18,824	18,657	△3.9%	△0.9%
Finance	3,195	4,097	3,571	3,714	4,032	+26.2%	+8.6%
Others	1,937	1,445	1,550	1,664	1,812	△6.5%	+8.9%
Operating Income	1,021	1,251	1,344	1,204	775	△24.1%	△35.6%
Automotive	825	1,083	877	555	71	△91.5%	△87.3%
Finance	84	179	213	179	147	+76.1%	△17.8%
Others	174	112	76	83	68	△61.2%	△18.8%
Adjustment	-62	-123	178	387	490	nm.	+26.5%

Statement of Financial Position



(Billion KRW)	End-2016	End-2017	Diff.	% chg.
Asset	178,836	178,199	△636	△0.4%
Current Asset ^(a)	72,450	73,976	+1,526	+2.1%
Liabilities^(b)	106,491	103,442	△3,049	△2.9%
Current Liability ^(c)	43,610	43,161	△449	△1.0%
Debt ^(d)	73,444	72,001	△1,443	△2.0%
Provision	6,973	6,654	△318	△4.6%
Equity^(e)	72,345	74,757	+2,413	+3.3%
Capital Stock	1,489	1,489	△0	△0.0%
Capital Surplus	4,203	4,201	△1	△0.0%
Retained Earnings	64,361	67,332	+2,971	+4.6%
Current Ratio ^(a/c)	166.1 %	171.4%		
Liability to Equity ^(b/e)	147.2 %	138.4%		
Debt to Equity ^(d/e)	101.5 %	96.3%		
EBITDA/Interest Exp.	31.4x	30.8x		

Cash Flows



(Billion KRW)	'16. 4Q	'17. 1Q	'17. 2Q	'17. 3Q	'17. 4Q
Beginning	7,578	7,890	6,534	7,246	9,073
Net Income	1,069	1,406	914	939	1,288
Depreciation	573	546	552	568	589
Amortization	334	306	307	321	341
Acquisitions of Tangible	△897	△644	△786	△743	△882
Acquisitions of Intangible	△500	△261	△325	△352	△526
Dividends paid			△846	△269	△24
Others	△266	△2,708	896	1,362	△1,038
Ending	7,890	6,534	7,246	9,073	8,822