

Hyundai Motor Company 2018 3Q Business Results

October 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.

Table of Contents

- Sales Summary
- Financial Summary
- Appendix
 - Consolidated Financial Statements

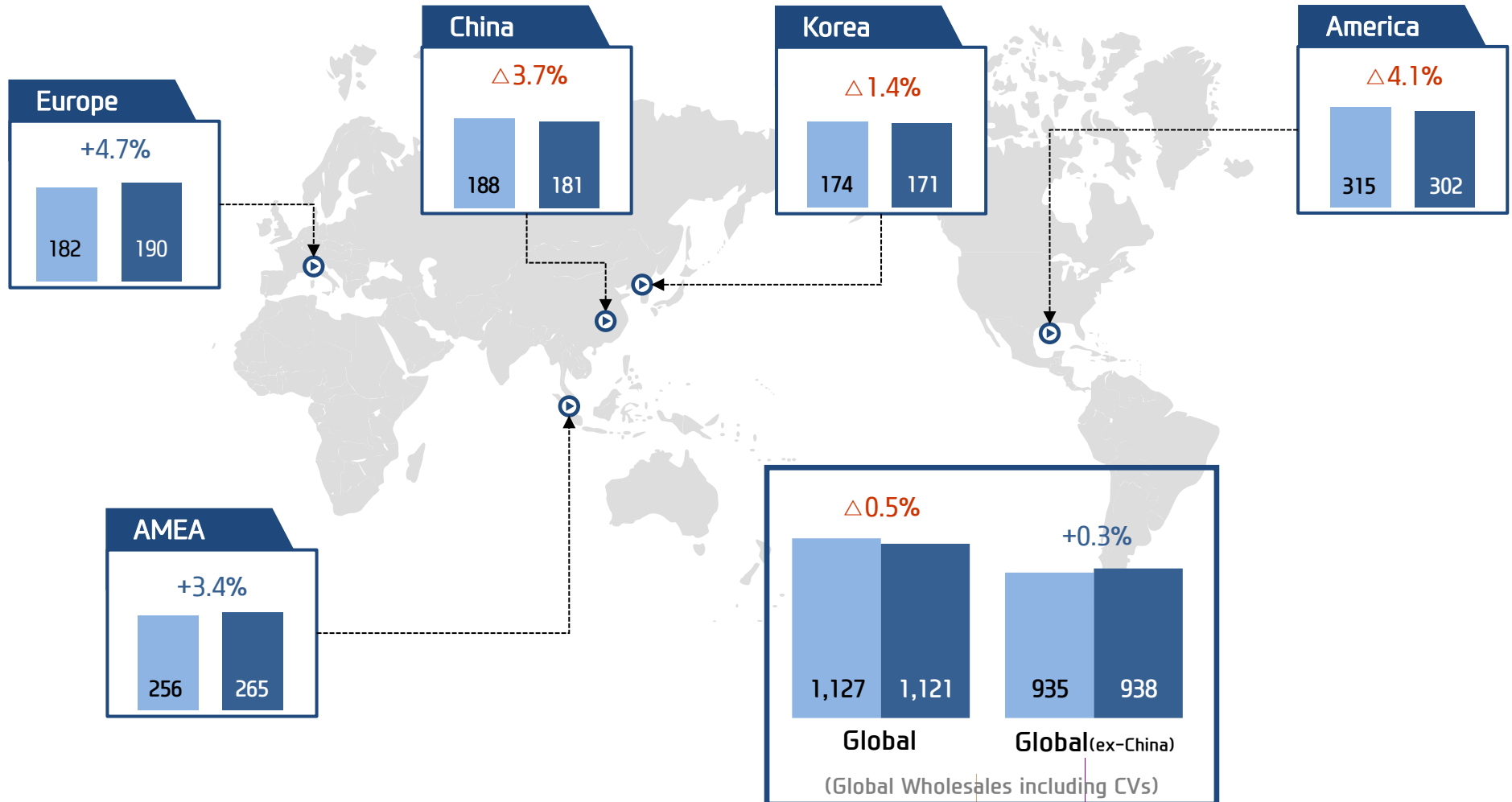
- **Sales Results**

- ◇ **Wholesales**

Sales Results : Wholesales



■ 2017. 3Q ■ 2018. 3Q (Thousand units)



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

- **Financial Summary**

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

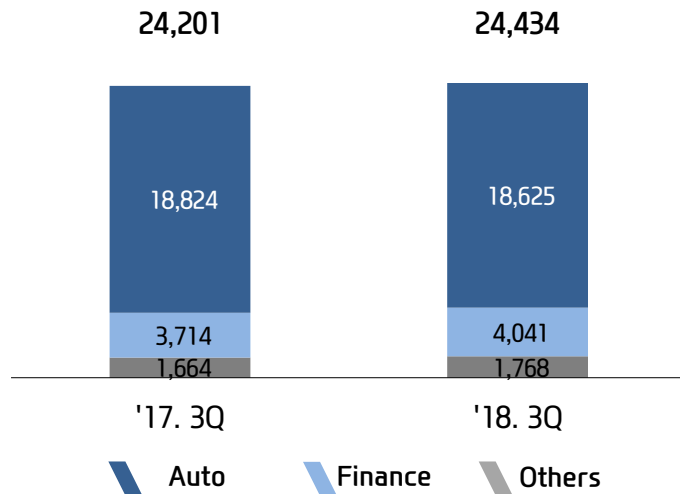
Revenue and Operating Income Analysis



Revenue by division

(Billion KRW)

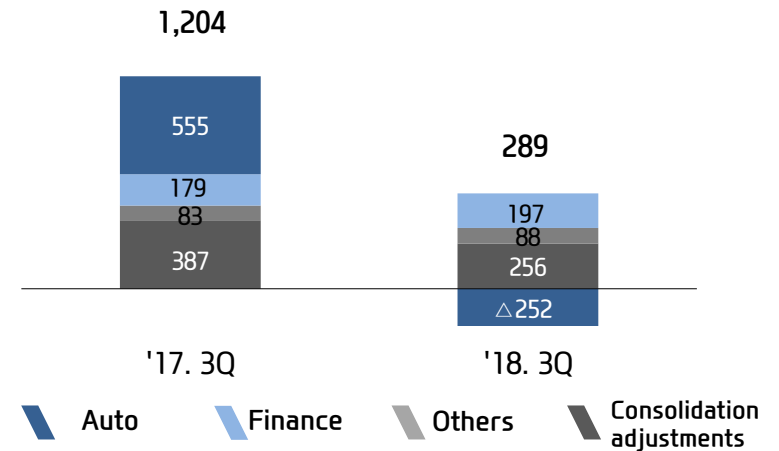
+232
(+1.0% ↑)



Operating income by division

(Billion KRW)

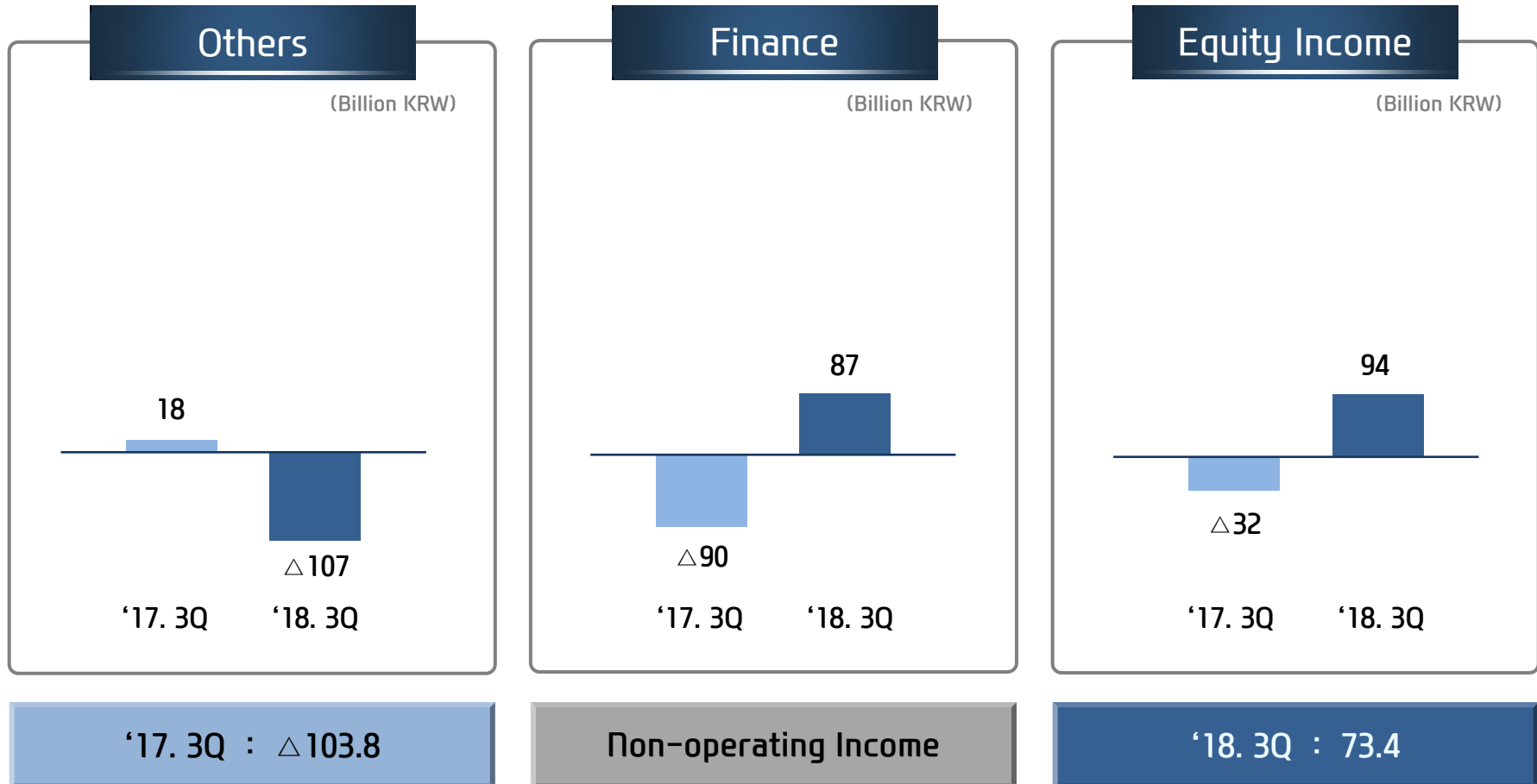
△915
(△76.0% ↓)



- ▷ Despite SUV mix improvement, unfavorable FX environment caused a deterioration in auto revenue
- ▷ Increased financing sales led the overall growth

- ▷ Quality related expense and FX of emerging market currencies caused a decrease in auto operating profit
- ▷ Finance and others maintained profit improvement

Non-operating Income Analysis



- **Appendix**

- ◇ **Sales by Plant**

- ◇ **Retail sales**

- ◇ **Revenue by Plant**

- ◇ **Consolidated Financial Statements**

Sales Summary : Sales by plant

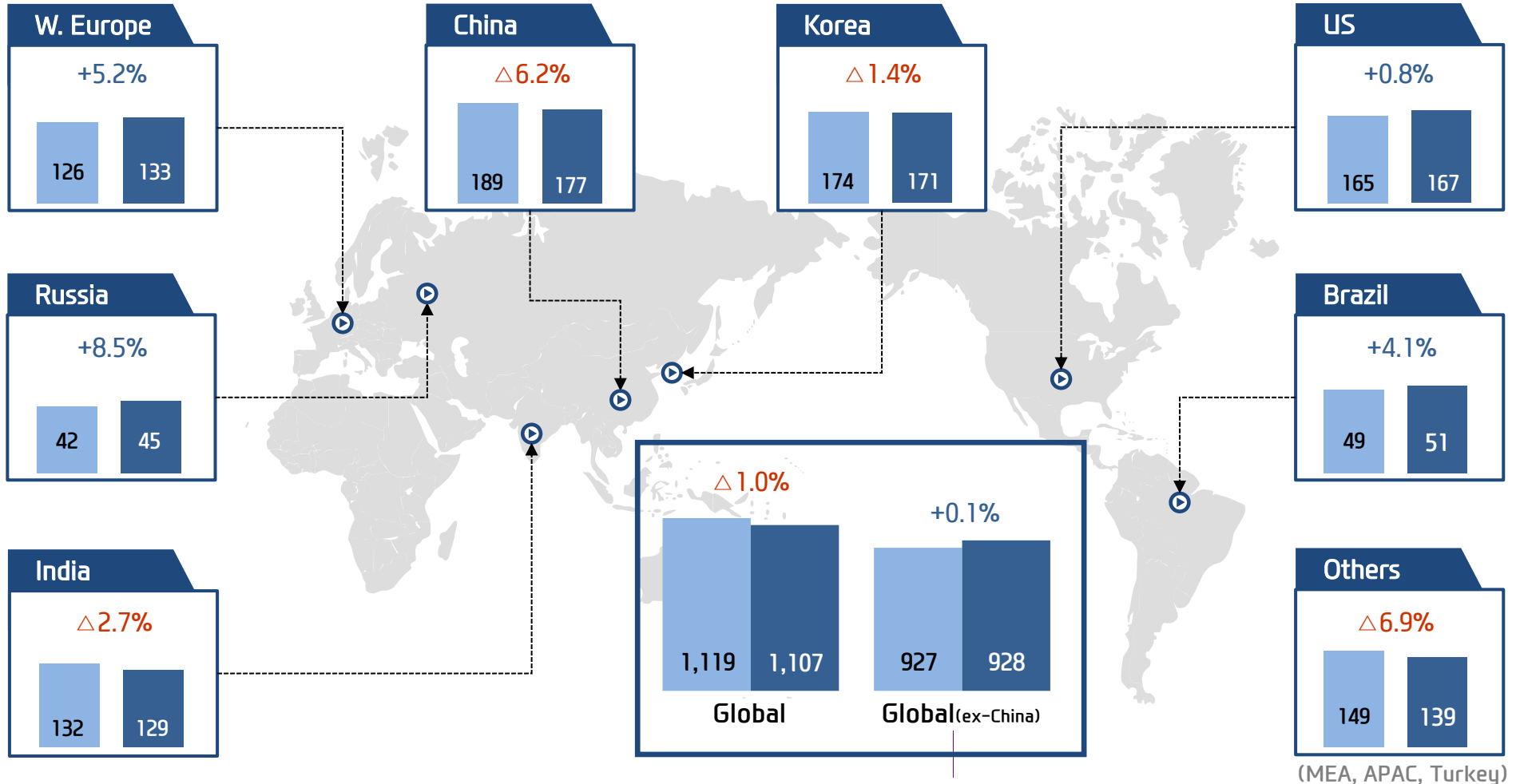


(Thousand units)	'17. 3Q	'17. 1~3Q	'18. 3Q	'18. 1~3Q	'18. 3Q vs '17. 3Q	'18. 1~3Q vs '17. 1~3Q
Korea	394	1,258	408	1,226	+3.7%	△2.6%
India	178	495	184	533	+3.8%	+7.6%
US	75	265	83	228	+10.5%	△14.2%
Czech	77	265	77	247	△0.2%	△6.7%
Turkey	50	168	43	151	△13.7%	△10.4%
Russia	56	169	58	178	+3.6%	+5.4%
Brazil	49	133	53	142	+9.0%	+7.4%
Others	8	11	17	43		
Sub-total (ex-China)	887	2,765	925	2,748	+4.3%	△0.6%
China	188	489	181	561	△3.7%	+14.7%
China (CV)	4	25	3	9	△41.5%	△64.6%
Total	1,079	3,279	1,108	3,318	+2.7%	+1.2%

Sales Summary : Retail Sales



■ 2017. 3Q ■ 2018. 3Q (Thousand units)



Revenues by Plant



(Billion KRW)	'17. 3Q	'17. 1~3Q	'18. 3Q	'18. 1~3Q	'18. 3Q vs '17. 3Q	'18. 1~3Q vs '17. 1~3Q
Korea (HMC)	9,742	31,786	10,085	30,745	+3.5%	△3.3%
India (HMI)	1,727	4,645	1,811	5,131	+4.9%	+10.5%
US (HMMA)	1,673	5,730	1,907	4,806	+14.0%	△16.1%
Czech (HMMC)	1,511	5,009	1,554	4,802	+2.9%	△4.1%
Turkey (HAOS)	744	2,292	611	2,145	△17.8%	△6.4%
Russia (HMMR)	698	2,121	684	2,169	△2.0%	+2.3%
Brazil (HMB)	643	1,729	574	1,616	△10.7%	△6.5%
China (BHMC)	3,002	7,573	2,597	8,592	△13.5%	+13.5%

Statement of Income



(Billion KRW)	'17. 3Q	'17. 4Q	'18. 1Q	'18. 2Q	'18. 3Q	YoY	QoQ
Revenue	24,201	24,501	22,437	24,712	24,434	+1.0%	△1.1%
Gross Profit	4,340	4,218	3,468	3,926	3,693	△14.9%	△6.0%
Margin (%)	17.9	17.2	15.5	15.9	15.1		
SG&A	3,135	3,443	2,786	2,976	3,404	+8.6%	+14.4%
Portion (%)	13.0	14.1	12.4	12.0	13.9		
Operating Income	1,204	775	681	951	289	△76.0%	△69.6%
Margin (%)	5.0	3.2	3.0	3.8	1.2		
Income before tax	1,100	416	926	1,129	362	△67.1%	△67.9%
Margin (%)	4.5	1.7	4.1	4.6	1.5		
Net Income	939	1,288	732	811	306	△67.4%	△62.3%
Margin (%)	3.9	5.3	3.3	3.3	1.3		
Depreciation	568	589	571	576	600		
Amortization	321	341	344	352	364		
EBITDA	2,093	1,705	1,596	1,879	1,254		

Selling, General & Administrative Expenses



(Billion KRW)	'17. 3Q		'18. 3Q		YoY
		% of Sales		% of Sales	
Sales	24,201	100%	24,434	100%	+1.0%
Salary	670	2.8%	703	2.9%	+4.9%
Marketing	848	3.5%	863	3.5%	+1.8%
Warranties related	299	1.2%	753	3.1%	+151.6%
Research	251	1.0%	255	1.0%	+1.6%
Others	1,067	4.4%	829	3.4%	△22.3%
Total	3,135	13.0%	3,404	13.9%	+8.6%

Statement of Income by division



(Billion KRW)	'17. 3Q	'17. 4Q	'18. 1Q	'18. 2Q	'18. 3Q	YoY	QoQ
Revenue	24,201	24,501	22,437	24,712	24,434	+1.0%	△1.1%
Automotive	18,824	18,657	17,389	18,852	18,625	△1.1%	△1.2%
Finance	3,714	4,032	3,778	4,216	4,041	+8.8%	△4.1%
Others	1,664	1,812	1,269	1,643	1,768	+6.2%	+7.6%
Operating Income	1,204	775	681	951	289	△76.0%	△69.6%
Automotive	555	71	400	451	△252	Turn into loss	Turn into loss
Finance	179	147	173	266	197	+10.2%	△25.9%
Others	83	68	38	88	88	+5.5%	△0.4%
Adjustment	387	490	70	145	256	-	-

Statement of Financial Position



(Billion KRW)	End-2017	End-3Q18	Diff.	% chg.
Asset	178,199	179,772	+1,573	+0.9%
Current Asset ^(a)	73,976	73,206	△770	△1.0%
Liabilities^(b)	103,442	104,848	+1,406	+1.4%
Current Liability ^(c)	43,161	47,149	+3,988	+9.2%
Debt ^(d)	72,001	72,005	+5	+0.0%
Provision	6,654	7,163	+509	+7.6%
Equity^(e)	74,757	74,924	+167	+0.2%
Capital Stock	1,489	1,489	0	0.0%
Capital Surplus	4,201	4,201	0	0.0%
Retained Earnings	67,332	67,118	△215	△0.3%
Current Ratio ^(a/c)	171.4%	155.3%		
Liability to Equity ^(b/e)	138.4%	139.9%		
Debt to Equity ^(d/e)	96.3%	96.1%		
EBITDA/Interest Exp.	24.3x	21.3x		

Cash Flows



(Billion KRW)	'17. 3Q	'17. 4Q	'18. 1Q	'18. 2Q	'18. 3Q
Beginning	7,246	9,073	8,822	8,393	8,777
Net Income	939	1,288	732	811	306
Depreciation	568	589	571	576	600
Amortization	321	341	344	352	364
Acquisitions of Tangible	△743	△882	△914	△554	△707
Acquisitions of Intangible	△352	△526	△288	△317	△376
Dividends paid	△269	△24	△4	△858	△266
Others	1,362	△1,038	△868	373	638
Ending	9,073	8,822	8,393	8,777	9,336