

# Hyundai Motor Company

## 2018 Annual Business Results

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January 24<sup>th</sup>, 2019



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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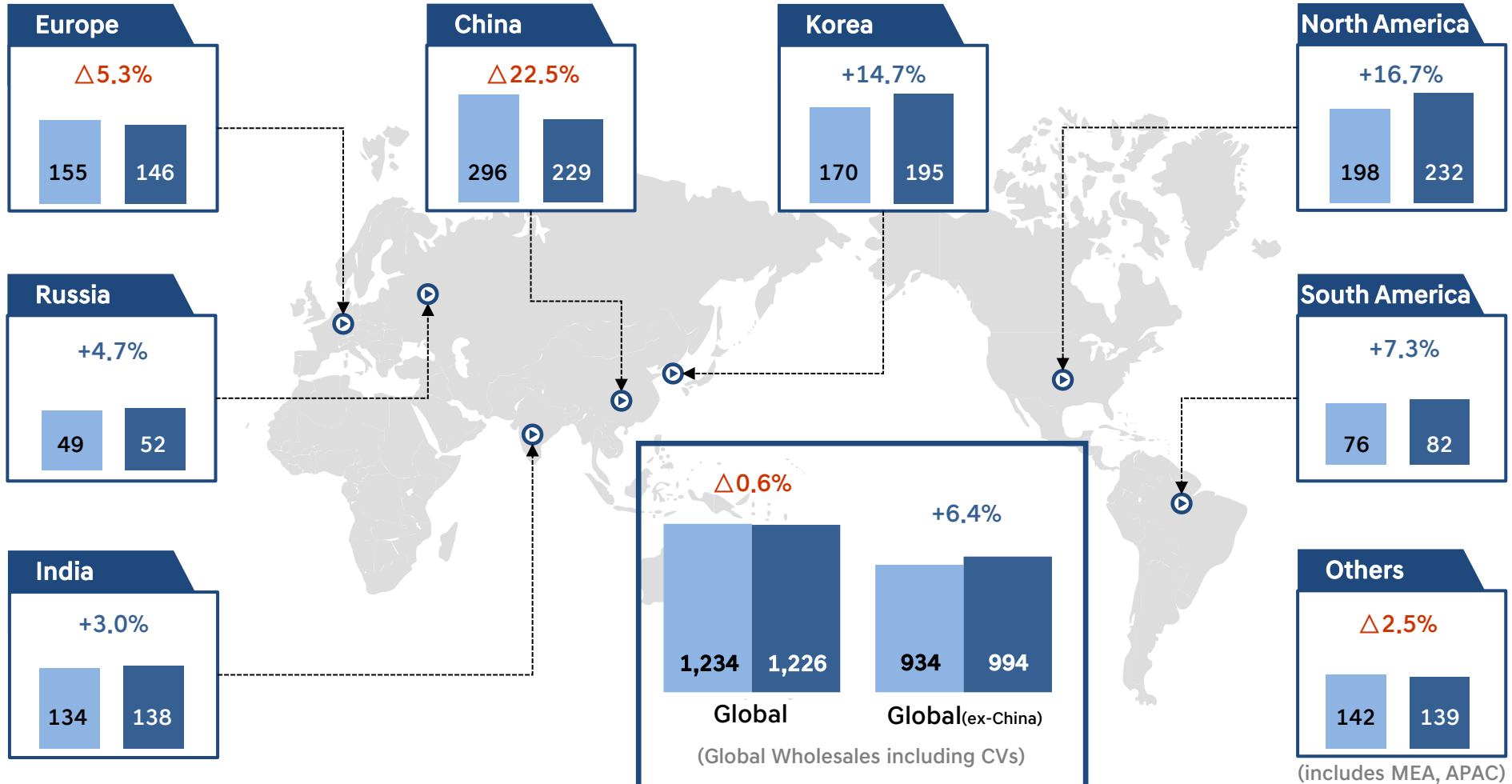
- **Sales Results**

- ◇ **Wholesales**

# Sales Results : Wholesales (4Q)

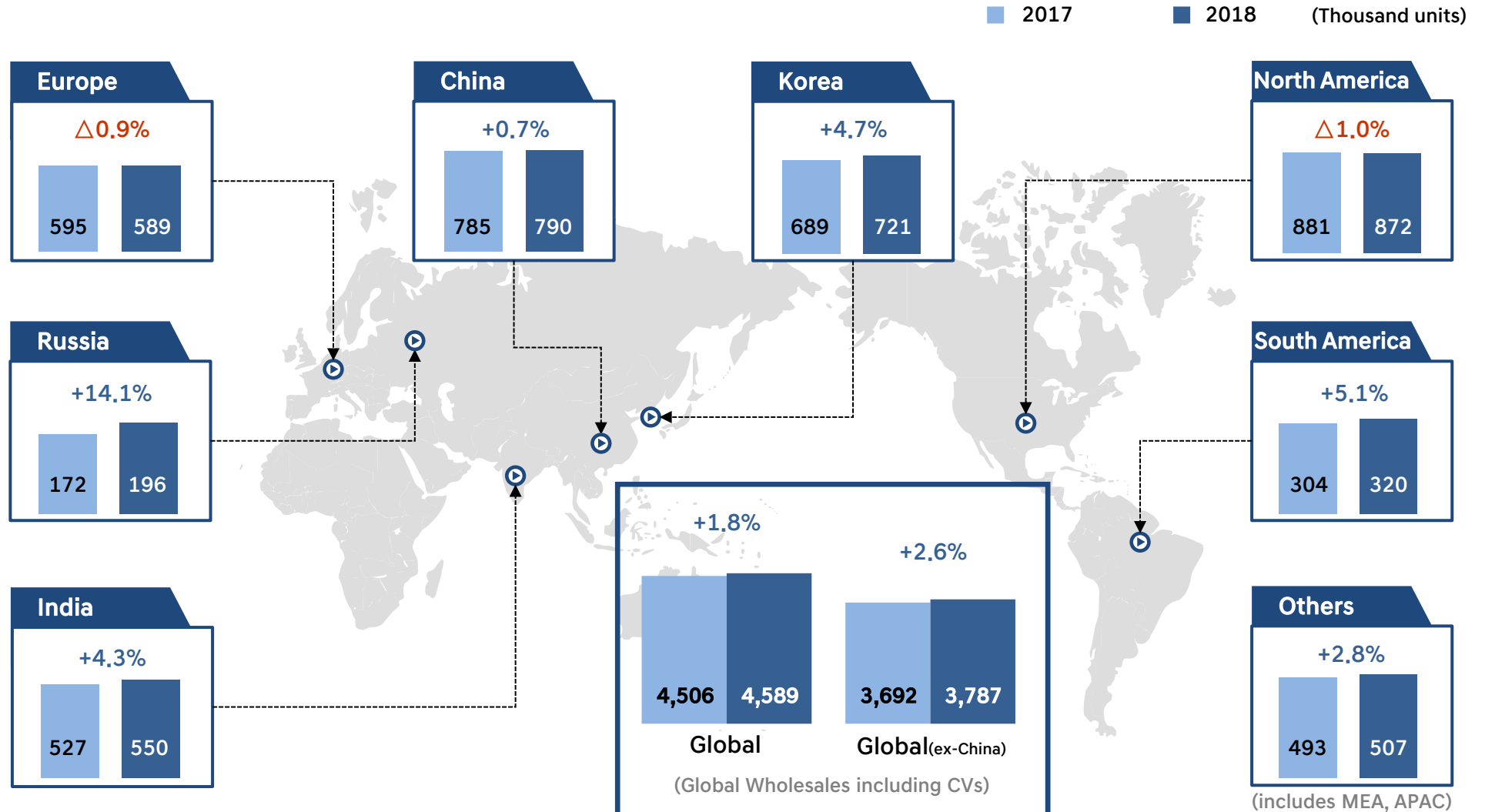


■ 2017. 4Q    ■ 2018. 4Q (Thousand units)



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

# Sales Results : Wholesales (Annual)



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

- **Financial Summary**

- ◇ Revenue and Operating Income Analysis

- ◇ Non-operating Income Analysis

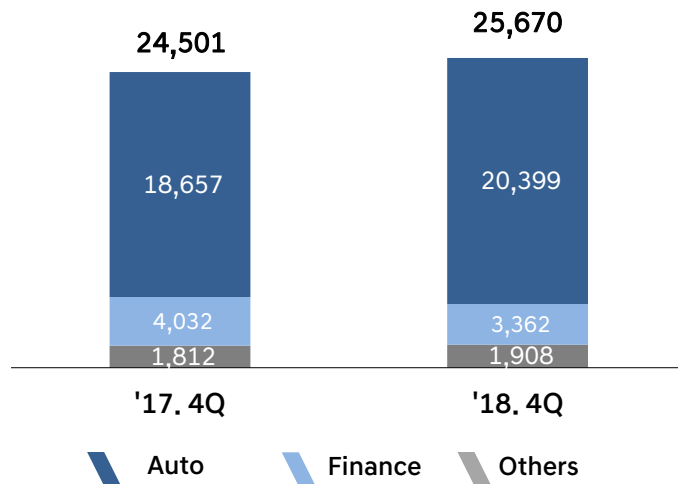
# Revenue and Operating Income Analysis (4Q)



## Revenue by Division

(Billion KRW)

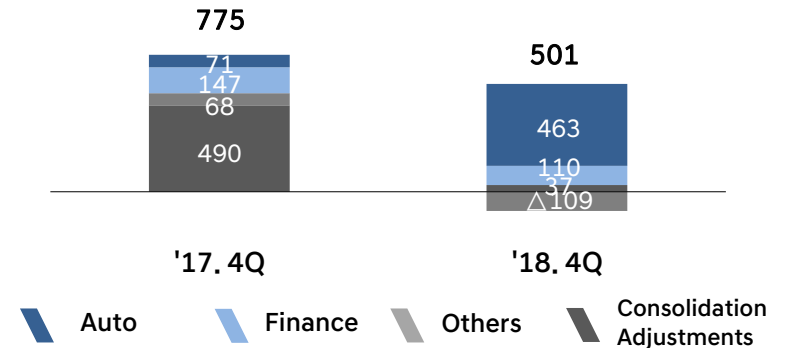
+1,169  
(+4.8%↑)



## Operating Income by Division

(Billion KRW)

△274  
(△35.4%↓)



- ▷ Auto sales increased thanks to SUV sales growth (Santa Fe, Palisade)
- ▷ Finance division sales decreased.

- ▷ Operating income of Auto division improved based on better product mix and weaker KRW.
- ▷ Earnings decline of subsidiaries hurt overall earnings.



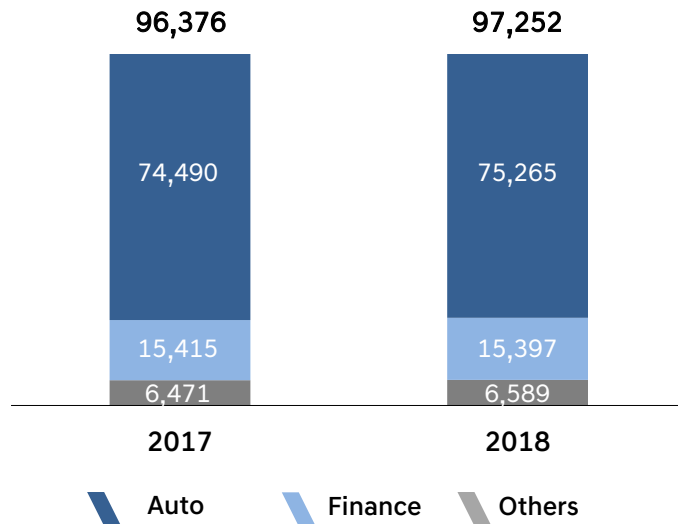
# Revenue and Operating Income Analysis (Annual)



## Revenue by Division

(Billion KRW)

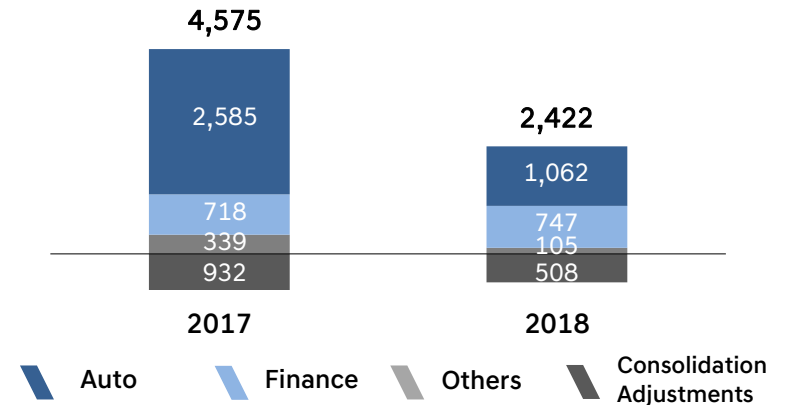
+876  
(+0.9%↑)



## Operating Income by Division

(Billion KRW)

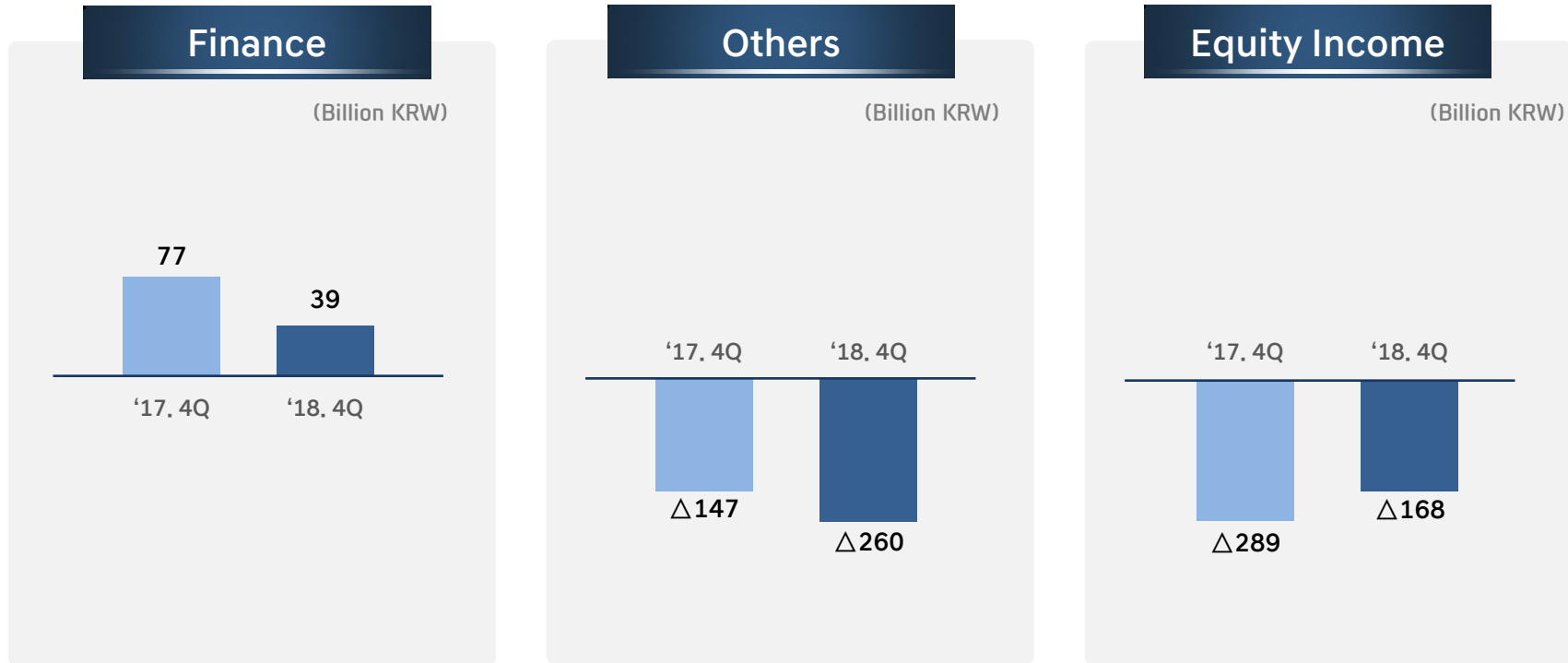
△2,153  
(△47.1%↓)



- ▷ Auto sales increased thanks to strong performance in domestic and emerging markets.
- ▷ Finance sales slightly decreased.

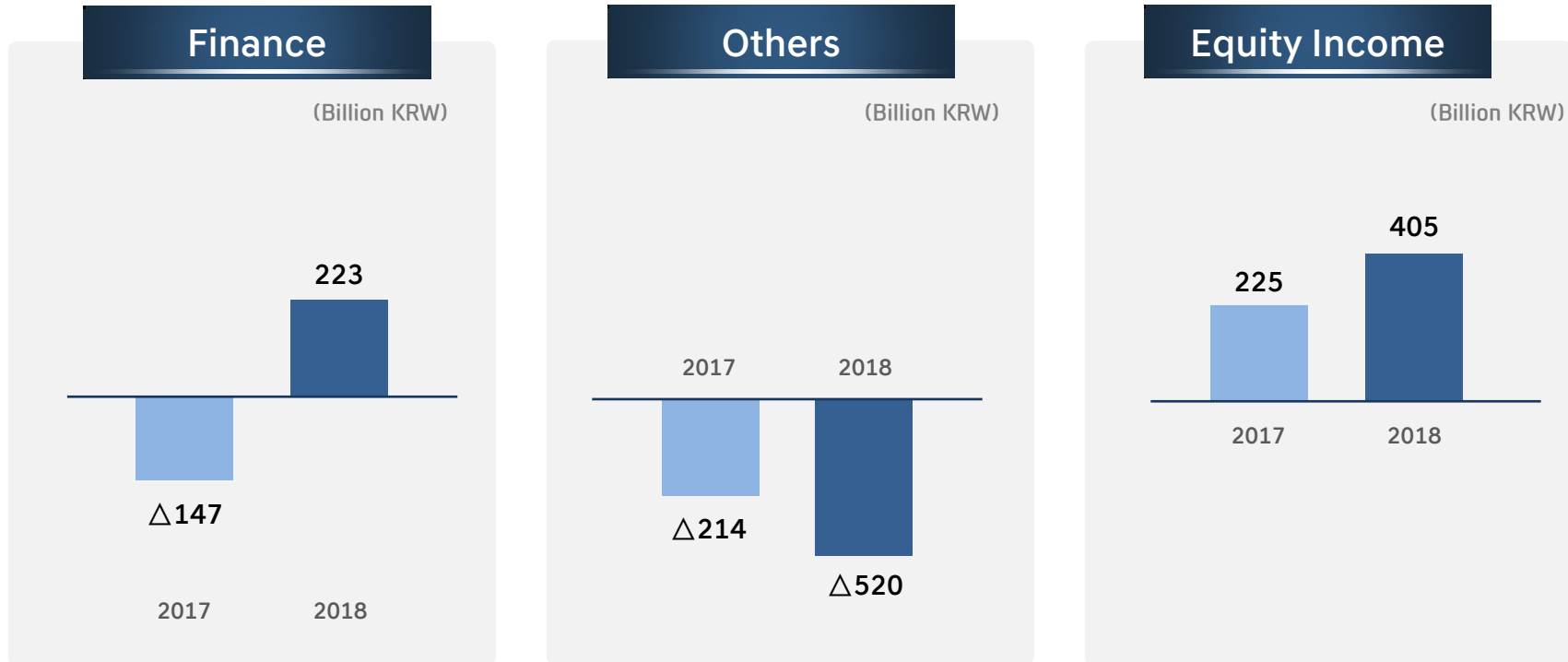
- ▷ Operating income of Auto division decreased due to foreign currency and quality related to cost.
- ▷ Although finance profit improved, others deteriorated

# Non-operating Income Analysis (4Q)



(Billion KRW)	'17.4Q	'18.4Q
<b>Non-operating Income</b> (Finance + Others + Equity Income)	Δ359	Δ389

# Non-operating Income Analysis (Annual)



(Billion KRW)	2017	2018
<b>Non-operating Income</b> (Finance + Others + Equity Income)	Δ136	107

- **2019 Business Plan**

# 2019 Business Plan



(Thousand units)	2018	2019 (P)	YoY
<b>Total</b>	<b>4,589</b>	<b>4,680</b>	<b>+2.0%</b>
<b>Korea</b> (includes CV)	<b>721</b>	<b>712</b>	<b>△1.3%</b>
<b>Overseas</b>	<b>3,868</b>	<b>3,968</b>	<b>+2.6%</b>
North America	872	886	+1.6%
Europe	589	573	△2.7%
India	550	580	+5.5%
Russia	196	195	△0.7%
South America	320	336	+5.0%
China	790	860	+8.8%

Based on regional wholesales

- Appendix

- ◇ Sales by Plant

- ◇ Retail Sales

- ◇ Revenue by Plant

- ◇ Consolidated Financial Statements

# Sales Summary : Sales by Plant

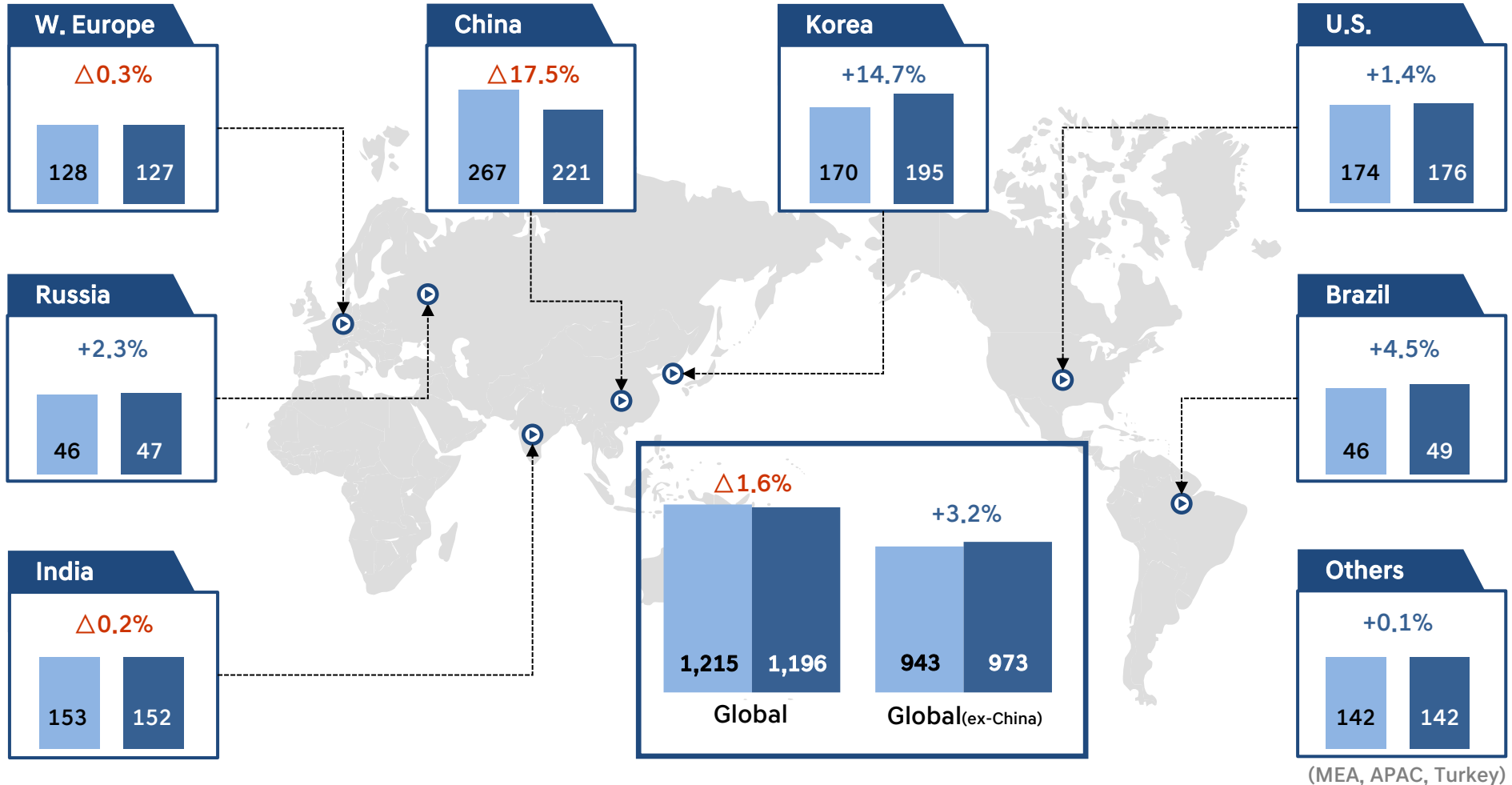


(Thousand units)	'17.4Q	2017	'18.4Q	2018	'18.4Q vs '17.4Q	2018 vs 2017
<b>Korea</b>	394	1,653	486	1,712	+23.1%	+3.6%
<b>India</b>	183	678	177	710	△3.3%	+4.7%
<b>U.S.</b>	63	328	94	322	+50.8%	△1.8%
<b>Czech</b>	90	355	93	340	+3.1%	△4.2%
<b>Turkey</b>	59	227	52	203	△11.0%	△10.6%
<b>Russia</b>	65	233	66	244	+2.0%	+4.5%
<b>Brazil</b>	49	182	48	191	△1.5%	+5.0%
<b>Others</b>	9	20	20	63		
<b>Sub-total (ex-China)</b>	<b>911</b>	<b>3,676</b>	<b>1,037</b>	<b>3,785</b>	+13.8%	+3.0%
<b>China</b>	296	785	229	790	△22.5%	+0.7%
<b>China (CV)</b>	4	29	4	12	△15.1%	△57.5%
<b>Total</b>	<b>1,211</b>	<b>4,490</b>	<b>1,269</b>	<b>4,587</b>	+4.8%	+2.2%

# Sales Summary : Retail Sales (4Q)

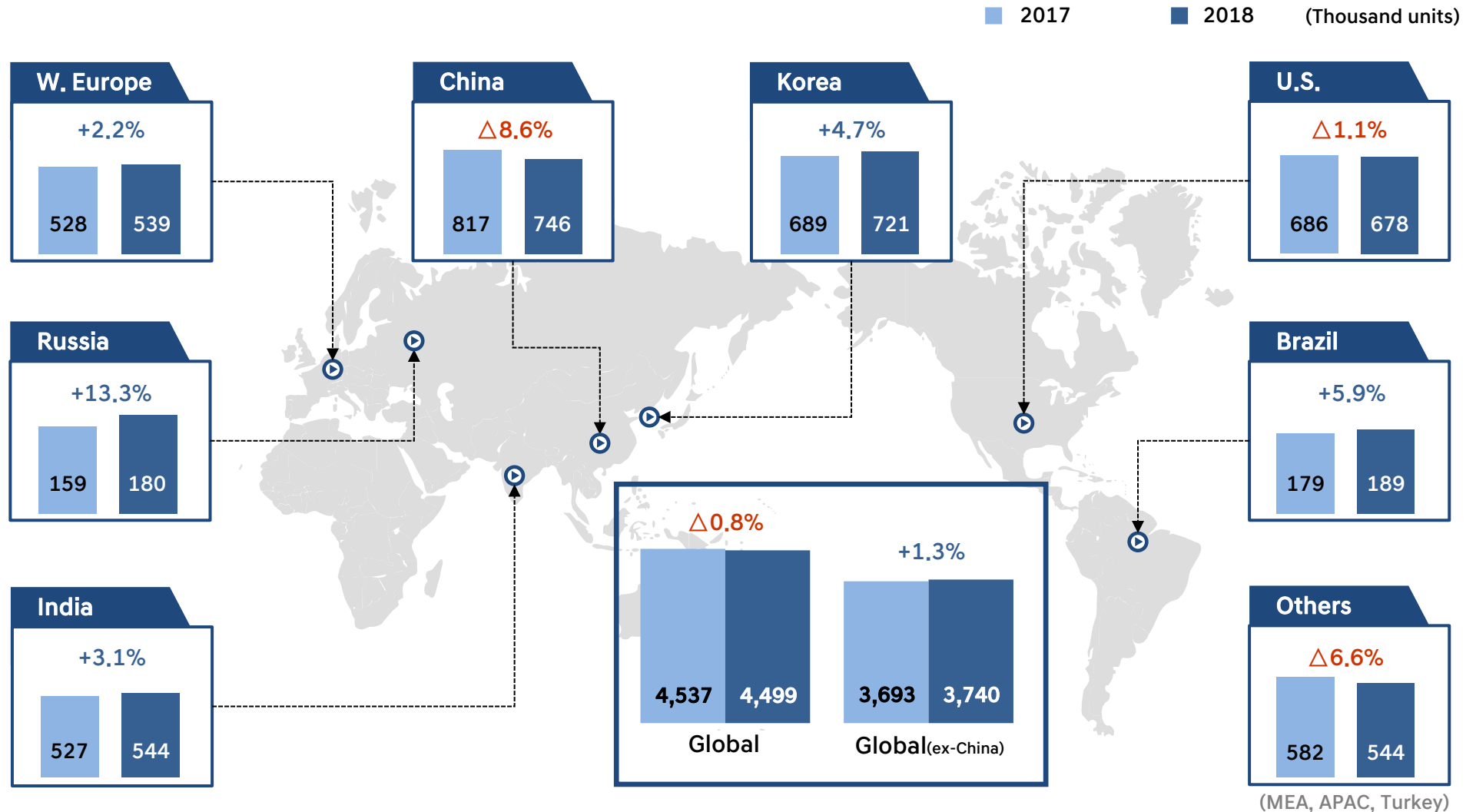


■ 2017. 4Q ■ 2018. 4Q (Thousand units)





# Sales Summary : Retail Sales (Annual)



# Revenue by Plant



(Billion KRW)	'17.4Q	2017	'18.4Q	2018	'18.4Q vs '17.4Q	2018 vs 2017
<b>Korea (HMC)</b>	9,819	41,605	12,415	43,160	+26.4%	+3.7%
<b>India (HMI)</b>	1,702	6,347	1,660	6,792	△2.4%	+7.0%
<b>US (HMMA)</b>	1,319	7,049	2,055	6,862	+55.8%	△2.7%
<b>Czech (HMMC)</b>	1,623	6,631	1,759	6,560	+8.4%	△1.1%
<b>Turkey (HAOS)</b>	884	3,176	748	2,894	△15.4%	△8.9%
<b>Russia (HMMR)</b>	817	2,938	785	2,955	△3.9%	+0.6%
<b>Brazil (HMB)</b>	624	2,353	535	2,151	△14.3%	△8.6%
<b>China (BHMC)</b>	4,577	12,149	3,342	11,934	△27.0%	△1.8%

# Statement of Income



(Billion KRW)	'17. 4Q	'18. 1Q	'18. 2Q	'18. 3Q	'18. 4Q	YoY	QoQ
<b>Revenue</b>	<b>24,501</b>	<b>22,437</b>	<b>24,712</b>	<b>24,434</b>	<b>25,670</b>	+4.8%	+5.1%
<b>Gross Profit</b>	<b>4,218</b>	<b>3,468</b>	<b>3,926</b>	<b>3,693</b>	<b>4,057</b>	△3.9%	+9.8%
Margin (%)	17.2	15.5	15.9	15.1	15.8		
<b>SG&amp;A</b>	<b>3,443</b>	<b>2,786</b>	<b>2,976</b>	<b>3,404</b>	<b>3,555</b>	+3.2%	+4.4%
Portion (%)	14.1	12.4	12.0	13.9	13.8		
<b>Operating Income</b>	<b>775</b>	<b>681</b>	<b>951</b>	<b>289</b>	<b>501</b>	△35.4%	+73.4%
Margin (%)	3.2	3.0	3.8	1.2	2.0		
<b>Income before tax</b>	<b>416</b>	<b>926</b>	<b>1,129</b>	<b>362</b>	<b>113</b>	△72.9%	△68.9%
Margin (%)	1.7	4.1	4.6	1.5	0.4		
<b>Net Income</b>	<b>1,288</b>	<b>732</b>	<b>811</b>	<b>306</b>	<b>△203</b>	△115.8%	△166.4%
Margin (%)	5.3	3.3	3.3	1.3	△0.8		
<b>Depreciation</b>	<b>589</b>	<b>571</b>	<b>576</b>	<b>600</b>	<b>611</b>		
<b>Amortization</b>	<b>341</b>	<b>344</b>	<b>352</b>	<b>364</b>	<b>343</b>		
<b>EBITDA</b>	<b>1,705</b>	<b>1,596</b>	<b>1,879</b>	<b>1,254</b>	<b>1,455</b>		

# Selling, General & Administrative Expenses



(Billion KRW)	'17. 4Q	% of Sales	'18. 4Q	% of Sales	YoY
<b>Sales</b>	<b>24,501</b>	100%	<b>25,670</b>	100%	+4.8%
<b>Salary</b>	<b>719</b>	2.9%	<b>784</b>	3.1%	+9.1%
<b>Marketing</b>	<b>894</b>	3.6%	<b>1,024</b>	4.0%	+14.5%
<b>Warranties related</b>	<b>252</b>	1.0%	<b>362</b>	1.4%	+43.6%
<b>Research</b>	<b>356</b>	1.5%	<b>435</b>	1.7%	+22.1%
<b>Others</b>	<b>1,222</b>	5.0%	<b>951</b>	3.7%	△22.2%
<b>Total</b>	<b>3,443</b>	14.1%	<b>3,555</b>	13.8%	+3.2%

# Statement of Income by division



(Billion KRW)	'17. 4Q	'18. 1Q	'18. 2Q	'18. 3Q	'18. 4Q	YoY	QoQ
<b>Revenue</b>	<b>24,501</b>	<b>22,437</b>	<b>24,712</b>	<b>24,434</b>	<b>25,670</b>	+4.8%	+5.1%
Automotive	18,657	17,389	18,852	18,625	20,399	+9.3%	+9.5%
Finance	4,032	3,778	4,216	4,041	3,362	△16.6%	△16.8%
Others	1,812	1,269	1,643	1,768	1,908	+5.3%	+7.9%
<b>Operating Income</b>	<b>775</b>	<b>681</b>	<b>951</b>	<b>289</b>	<b>501</b>	△35.4%	+73.4%
Automotive	71	400	451	△252	463	+556.7%	Turn to Profit
Finance	147	173	266	197	110	△24.9%	△44.0%
Others	68	38	88	88	△109	△261.6%	Turn to Loss
Adjustment	490	70	145	256	37	△92.5%	△85.6%

# Statement of Financial Position



(Billion KRW)	End-2017	End-2018	Diff.	% chg.
<b>Asset</b>	<b>178,199</b>	<b>180,656</b>	+2,456	+1.4%
Current Asset <sup>(a)</sup>	73,976	72,760	△1,256	△1.6%
<b>Liabilities<sup>(b)</sup></b>	<b>103,442</b>	<b>106,760</b>	+3,318	+3.2%
Current Liability <sup>(c)</sup>	43,161	48,557	+5,397	+12.5%
Debt <sup>(d)</sup>	72,001	73,296	+1,296	+1.8%
Provision	6,654	6,800	+145	+2.2%
<b>Equity<sup>(e)</sup></b>	<b>74,757</b>	<b>73,896</b>	△861	△1.2%
Capital Stock	1,489	1,489	0	0.0%
Capital Surplus	4,201	4,201	0	0.0%
Retained Earnings	67,332	66,490	△842	△1.3%
Current Ratio <sup>(a/c)</sup>	171.4%	149.8%		
Liability to Equity <sup>(b/e)</sup>	138.4%	144.5%		
Debt to Equity <sup>(d/e)</sup>	96.3%	99.2%		
EBITDA/Interest Exp.	24.3x	20.1x		

# Cash Flows



(Billion KRW)	'17. 4Q	'18. 1Q	'18. 2Q	'18. 3Q	'18. 4Q
<b>Beginning</b>	<b>9,073</b>	<b>8,822</b>	<b>8,393</b>	<b>8,777</b>	<b>9,336</b>
Net Income	1,288	732	811	306	△203
Depreciation	589	571	576	600	611
Amortization	341	344	352	364	343
Acquisitions of Tangible	△882	△914	△554	△707	△1,051
Acquisitions of Intangible	△526	△288	△317	△376	△651
Dividends paid	△24	△4	△858	△266	0
Others	△1,038	△868	373	638	729
<b>Ending</b>	<b>8,822</b>	<b>8,393</b>	<b>8,777</b>	<b>9,336</b>	<b>9,114</b>