



HVCC OVERVIEW



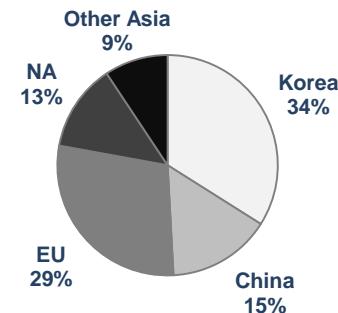
March 2014

Positioned for Growth

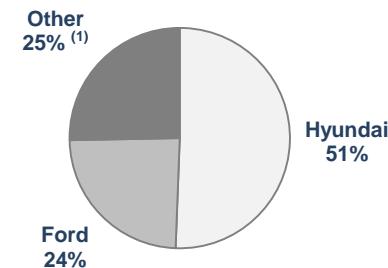
- ✓ Clear #2 global climate player, with 13% market share
- ✓ Leading product and technology portfolio
- ✓ One of only two “full-line” suppliers
- ✓ Customer-focused solutions provider with a worldwide presence
- ✓ Global manufacturing footprint supporting OEMs
- ✓ Gaining share in growing markets

Sales Breakdown

By Region



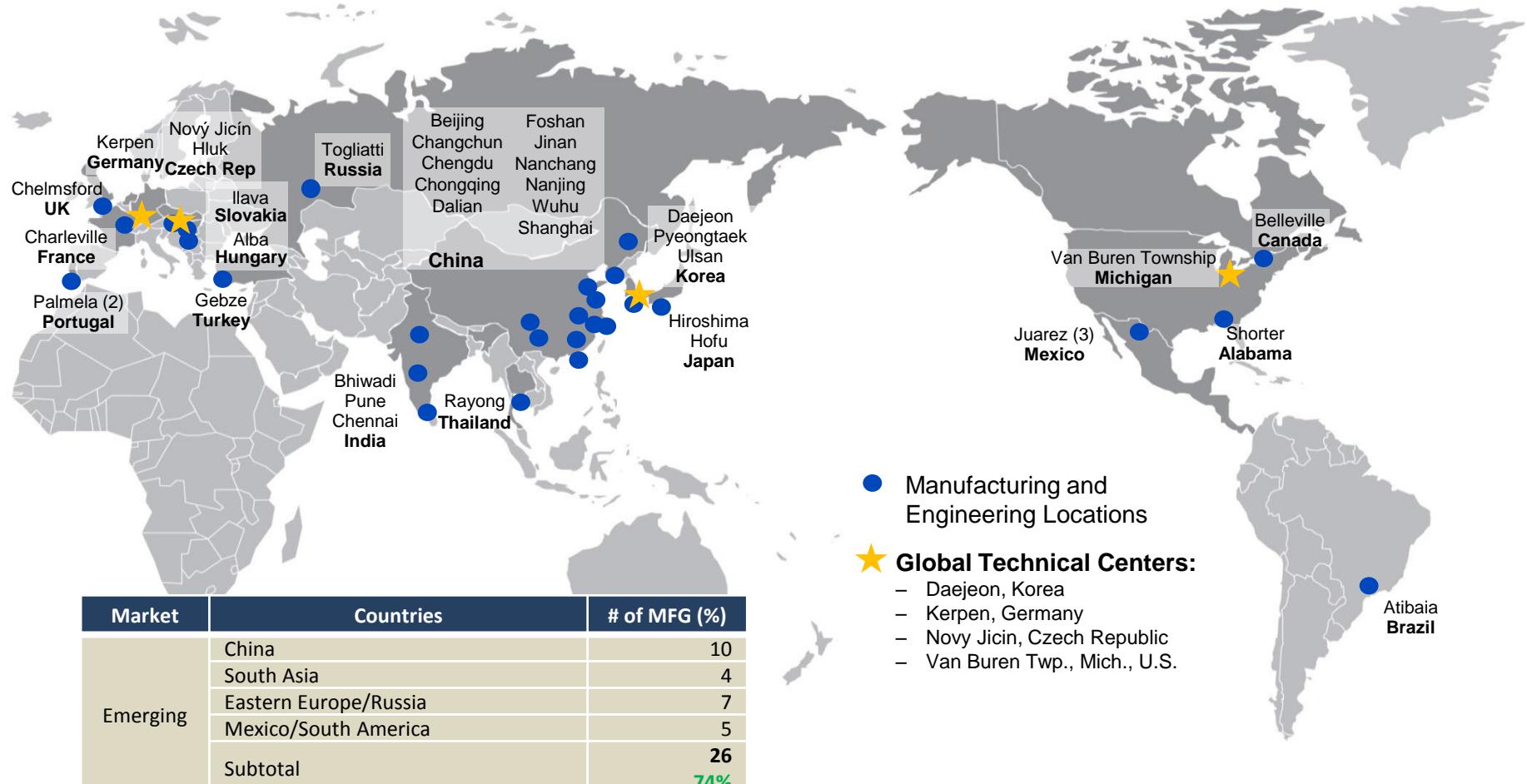
By Customer



A World-Class Climate Organization

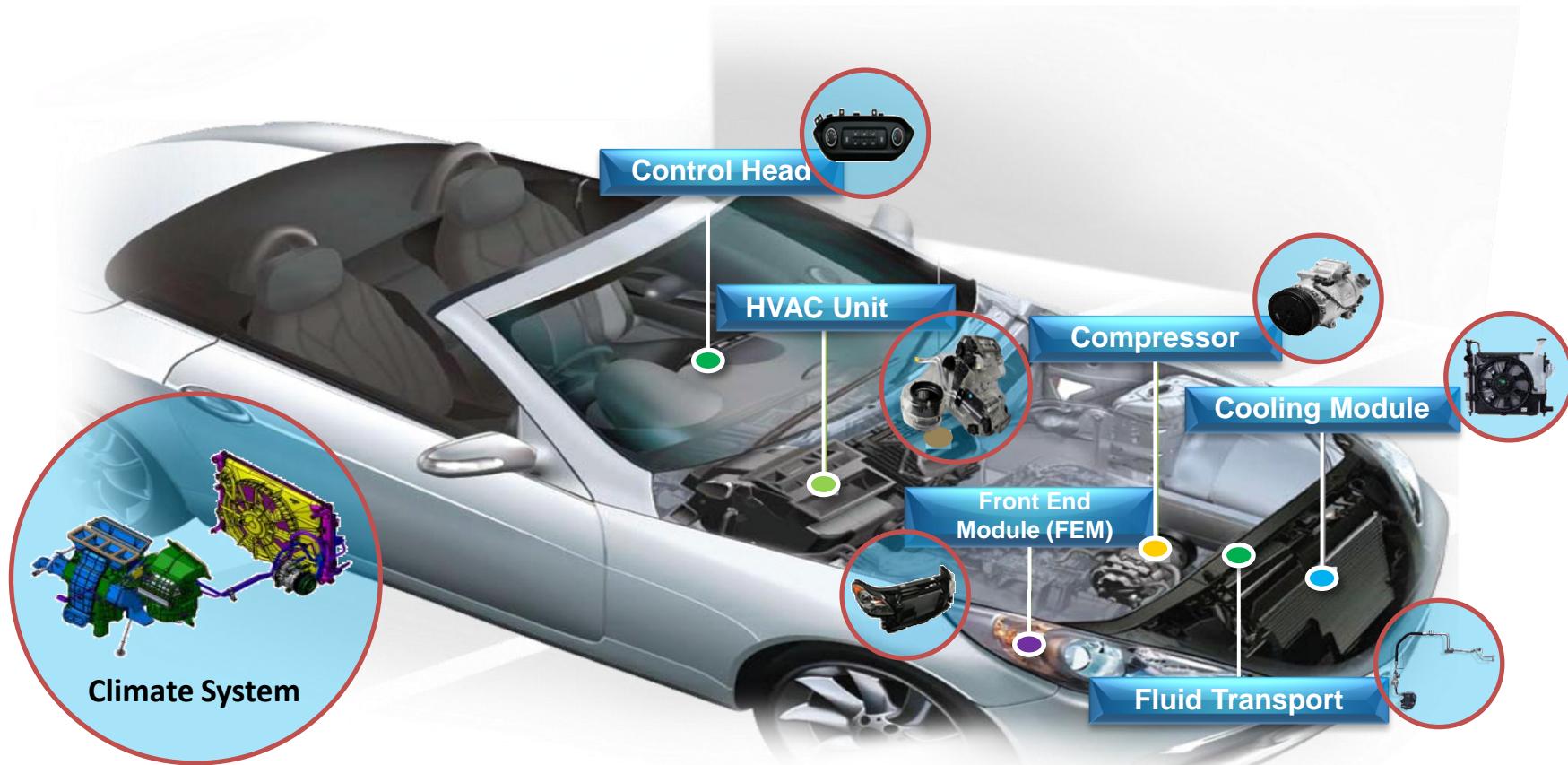
Note: (1) Multiple customers all under 2% share

Global Footprint



35 Manufacturing Facilities and Four Technical Centers
Headquarters: Daejeon, Korea

Automotive Climate Control Systems



One of Two Full-Line Systems Providers

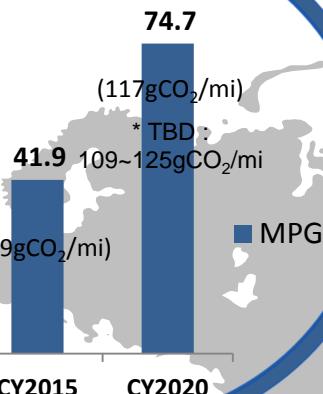


Compressor

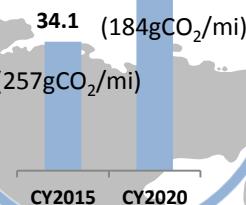
A/C System Operation Impacts Fuel Economy

Regulations

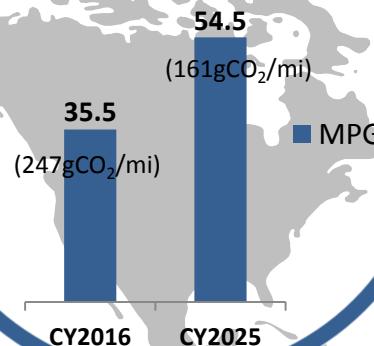
Europe



China



North America



A/C Regulation	EU	From 2017	Ban R134a refrigerant
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* Legislated by EU Committee

A/C Regulation	EPA	2009-2025	A/C emission credit available	CO ₂
	NHTSA	2017-2025	CAFE credits available	MPG

* EPA : Environmental Protection Agency

* NHTSA : National Highway Traffic Safety Administration

* CAFE: Corporate Average Fuel Economy

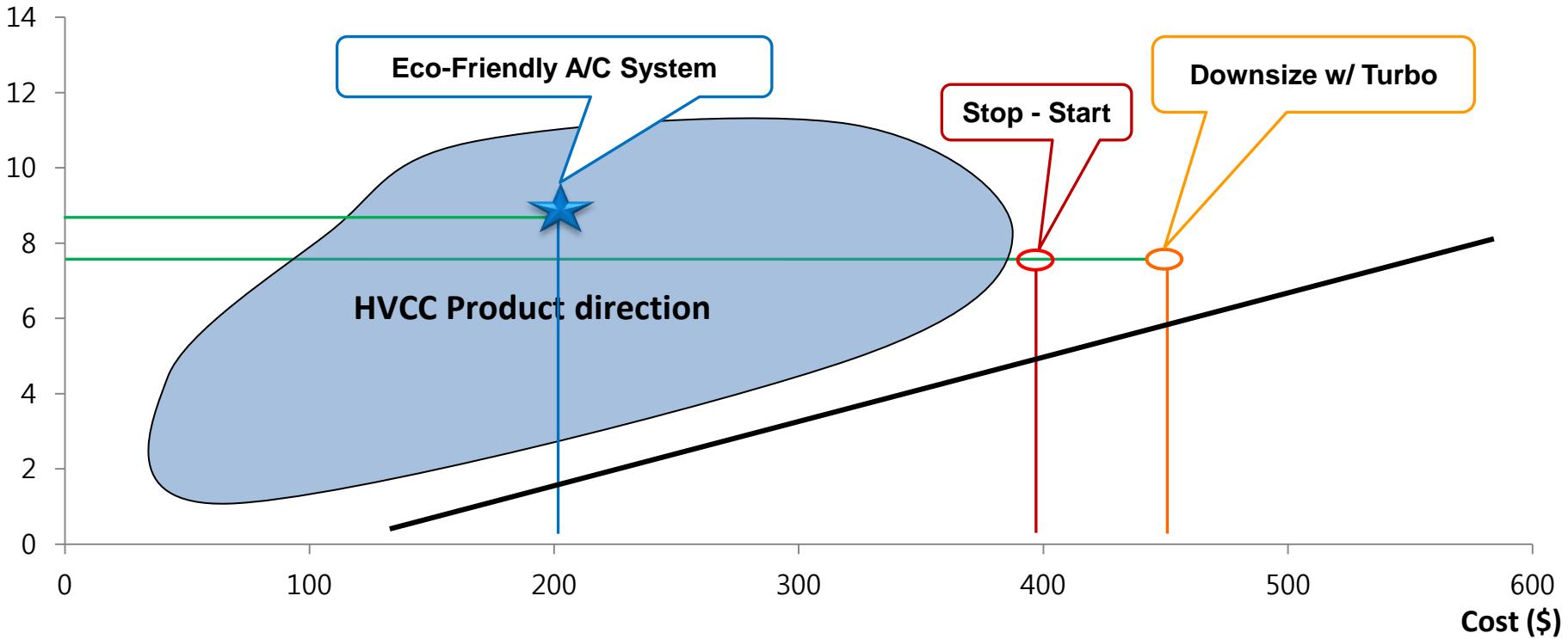
* Legislated by EPA and NHTSA

Strict Fuel Economy Standards and Emissions-Related Regulations

Customer Value Index



Fuel Efficiency (CO₂ Reduction, %)



* Source: EPA-420-D-09-901

Value Added Products and Market Appreciable Product Provider



- Demand increase for HEV / EV / FC
- Alternative refrigerant systems
 - R744 and R1234yf

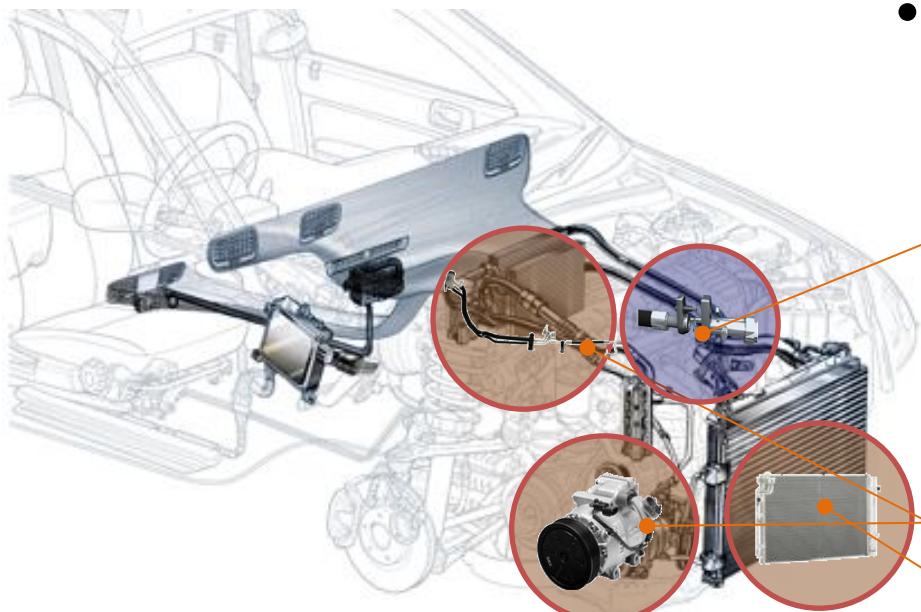


- Cabin air quality
- Comfort control
- Reduced noise, vibration and harshness (NVH)



- High efficiency system for fuel economy
 - Engine downsizing with turbo charger
 - Weight reduction
 - Heat recovery

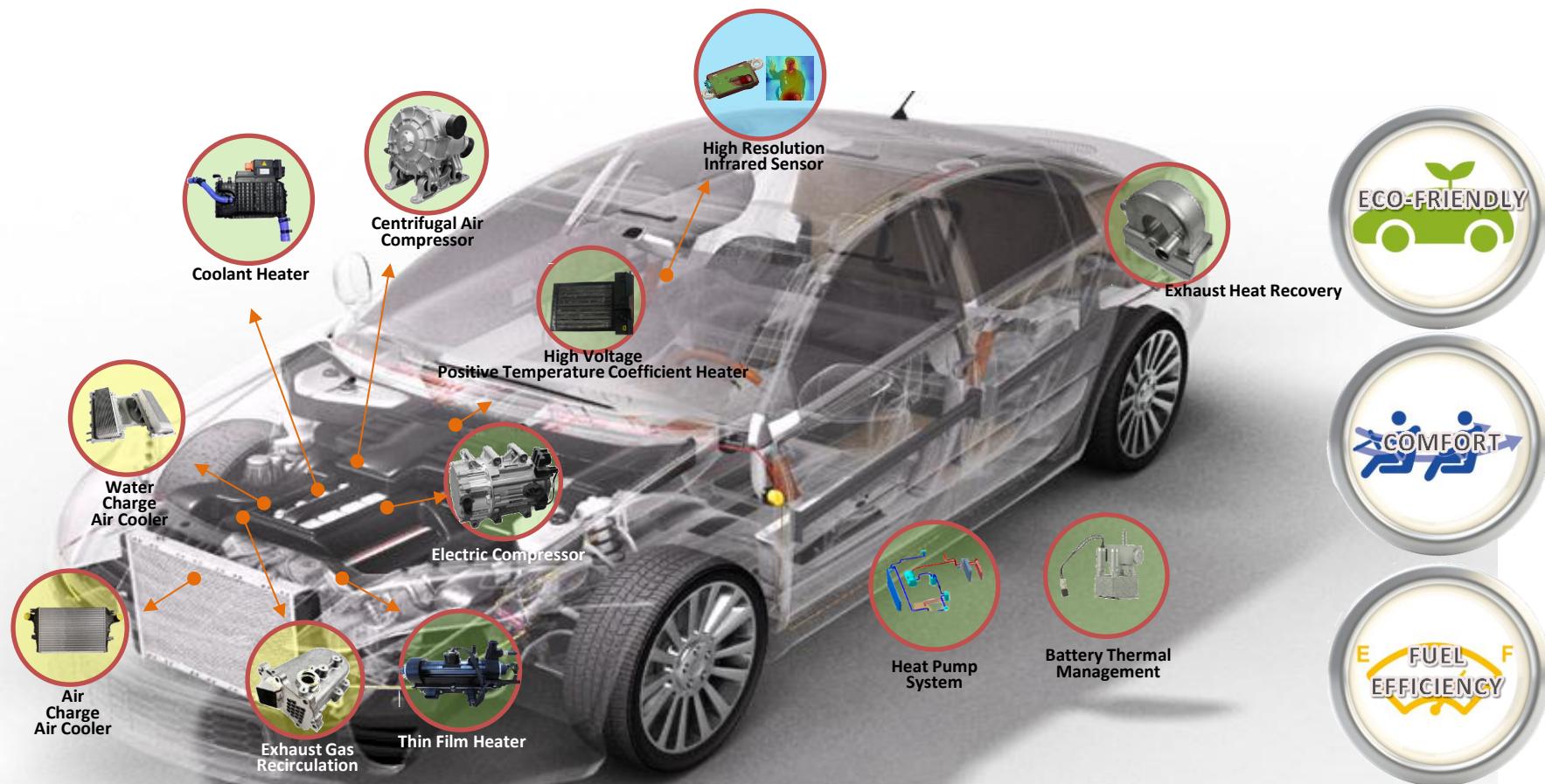
Solutions That Address Market and Industry Demands



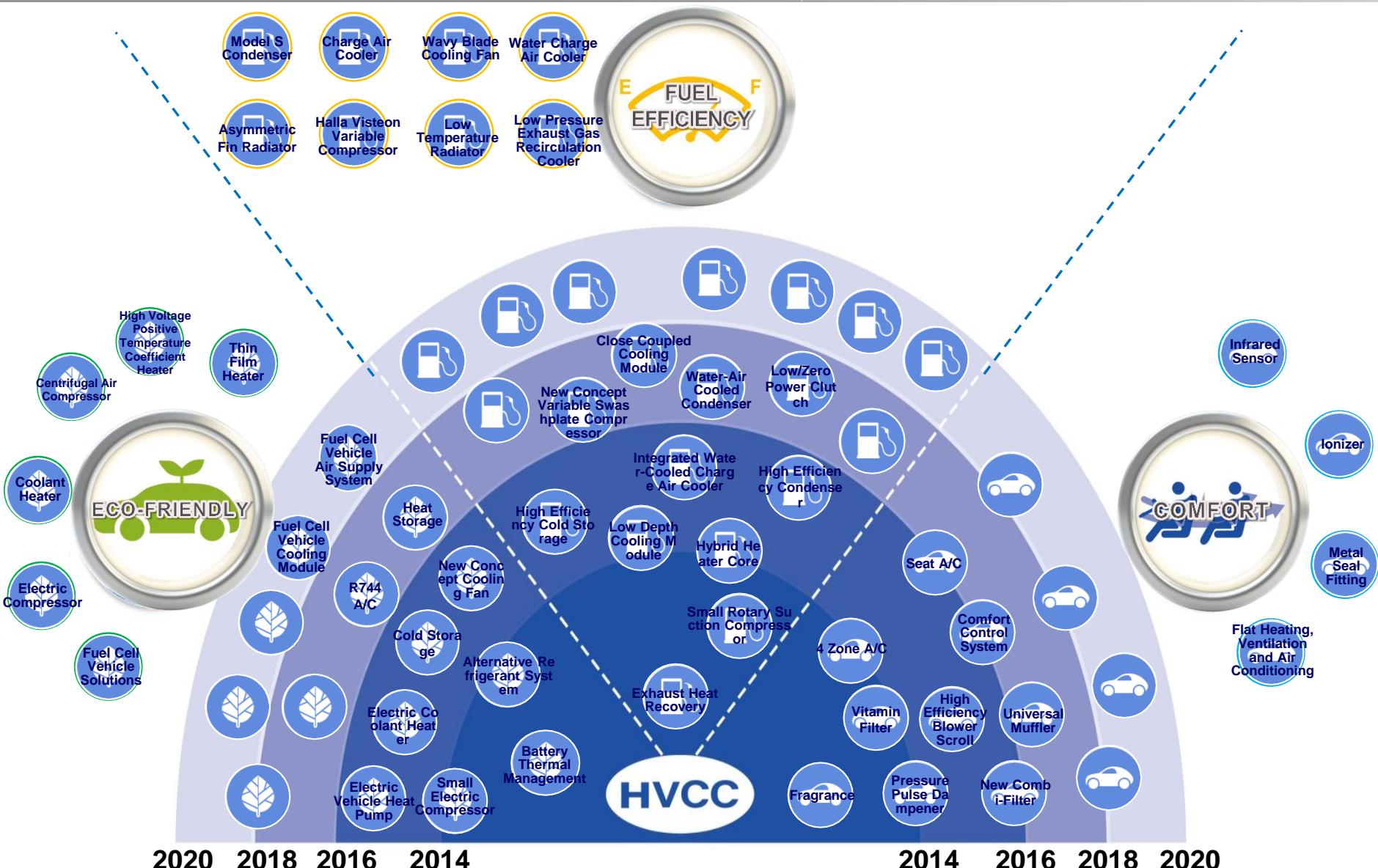
- **Conventional products to meet regulations:**
 - **Direct contribution**
 - Metal Seal Fitting
 - R744 System
 - 1234yf System
 - **Indirect contribution**
 - VS Compressor
 - Internal Heat Exchanger (HEX)
 - Improved Condenser and Evaporator

Conventional Market Appreciated Products

Thermal Energy Management Solutions



Technology Roadmap



Wave Blade Fan



2007
PACE Award Winner

Metal Seal Fitting



2013
PACE Award Winner

Centrifugal Air Compressor



2014
PACE Award Finalist

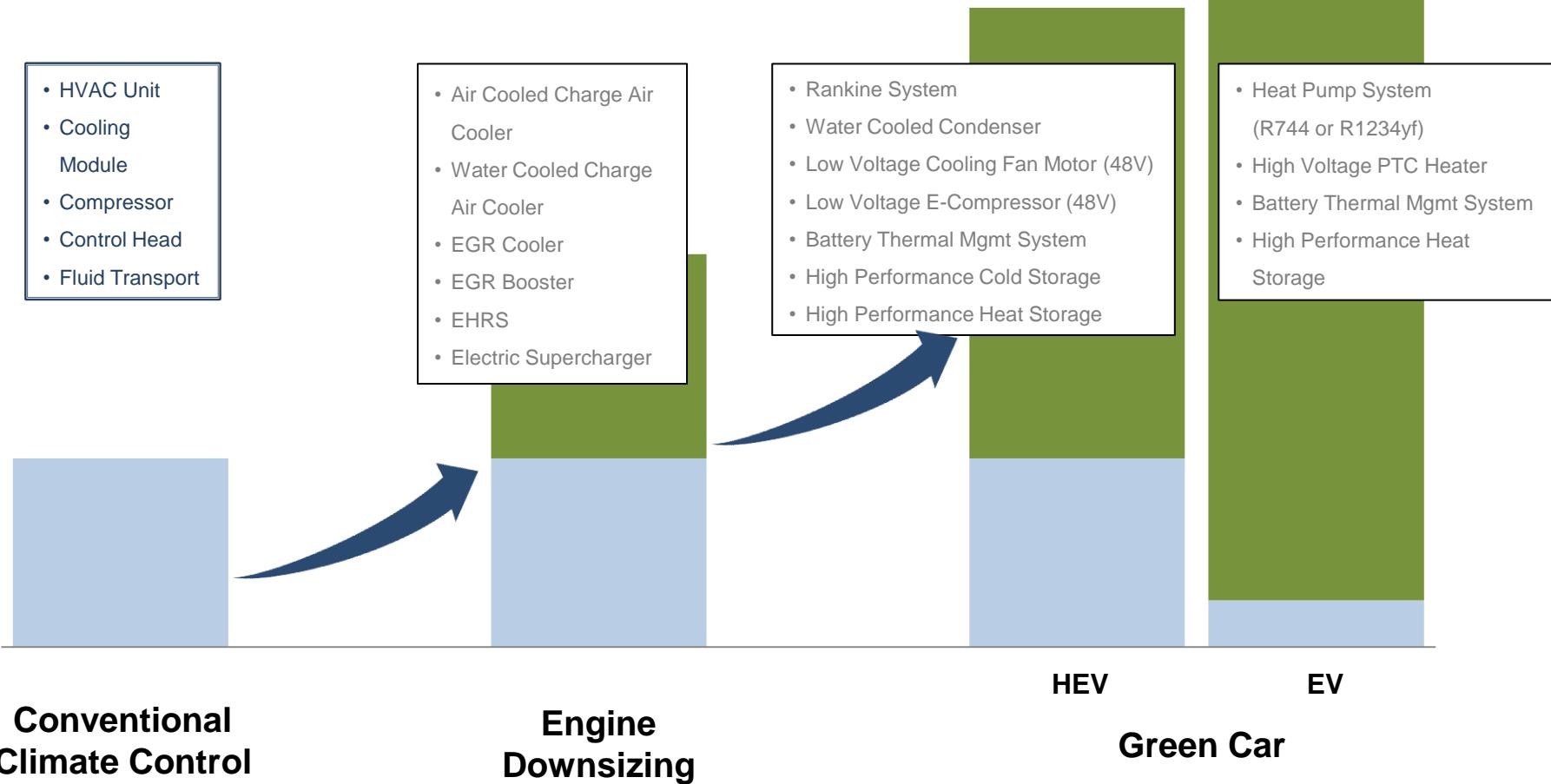
Zero Waste Dispense Coating



2014
PACE Award Finalist

Industry Recognition for Innovative Technology Development

- New Products ASP (Full Contents base)
- Conventional Products ASP (System base)



Conventional Climate Control

Engine Downsizing

Green Car

Significant Growth Potential Driven by New Products

- ✓ Market-leading and differentiated solutions
- ✓ Ready to earn maximum A/C credit regarding U.S. regulation
- ✓ Focused on delivering innovative solutions that are eco-friendly, efficient and deliver comfort
- ✓ Above market growth through customer diversification and continuous stream of new products
- ✓ Margin performance based on operation efficiency and technical innovation

Automotive Thermal Energy Management Solution Provider

Financials

2013 Financials



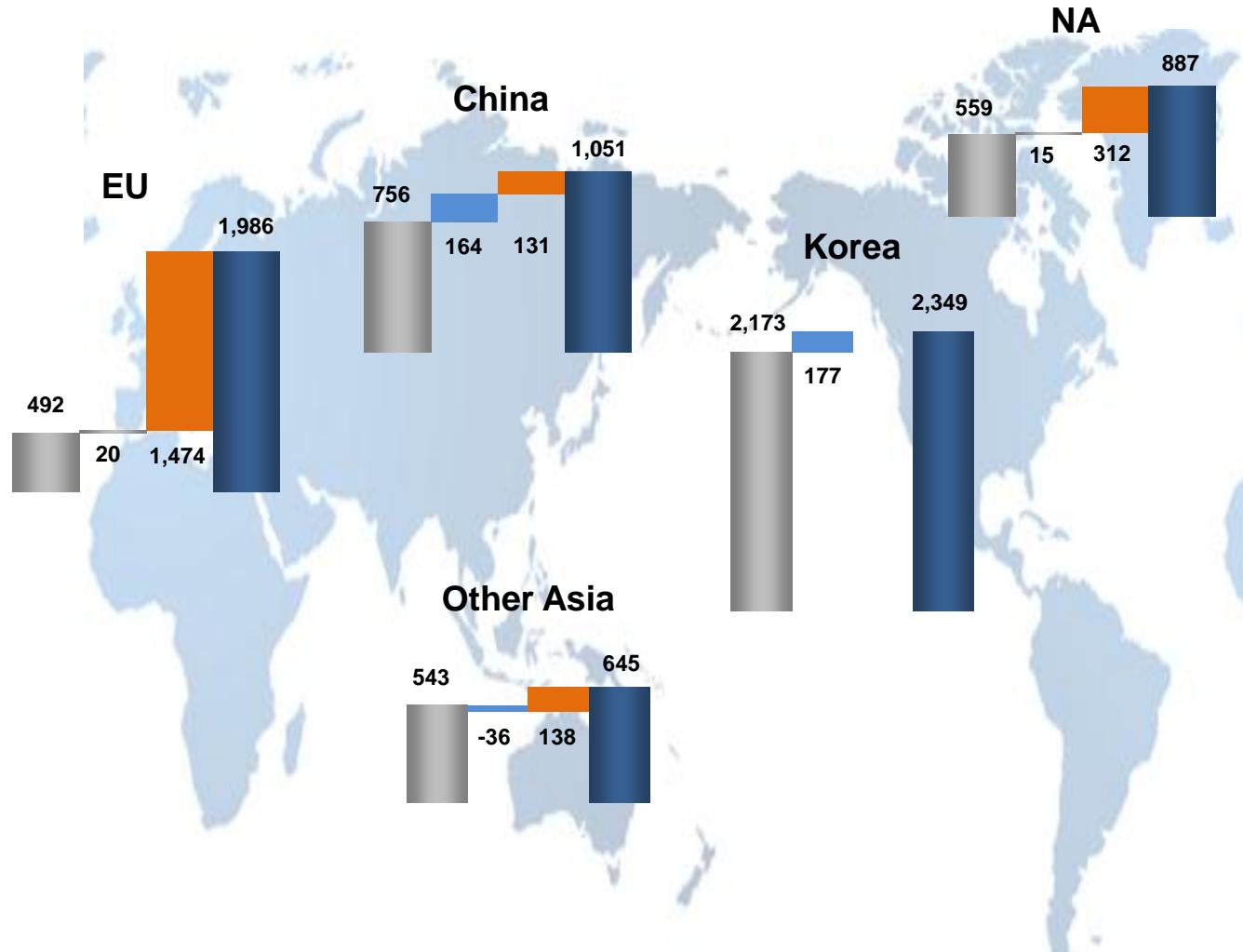
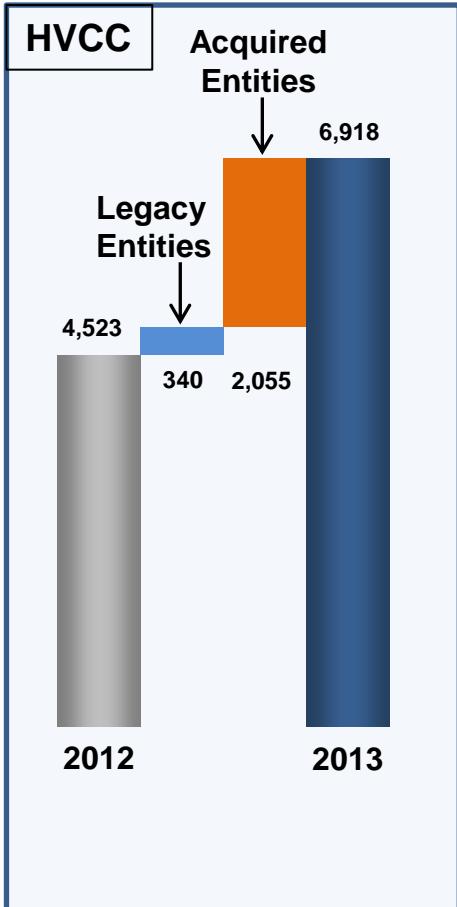
(K-IFRS / KRW in Billions)

	2012	2013	B/(W) 2012	Key Drivers
Sales	3,653	5,189	 1,536	<ul style="list-style-type: none">• Acquired plants• Volume• Customer pricing
Operating Income	310 8.5%	364 7.0%	 54	<ul style="list-style-type: none">• Acquired plants• Volume• Operating efficiencies
PBT	343 9.4%	397 7.6%	 54	
Free Cash Flow	143	225	 82	<ul style="list-style-type: none">• Reflects impact of business growth
Net Cash	318	37	 (281)	<ul style="list-style-type: none">• Impact of acquisition, capital spending and dividend payout offset partially by operating cash flow

Sales and Profit Improvement Driven by Acquisition and Volume

2013 Sales Growth by region

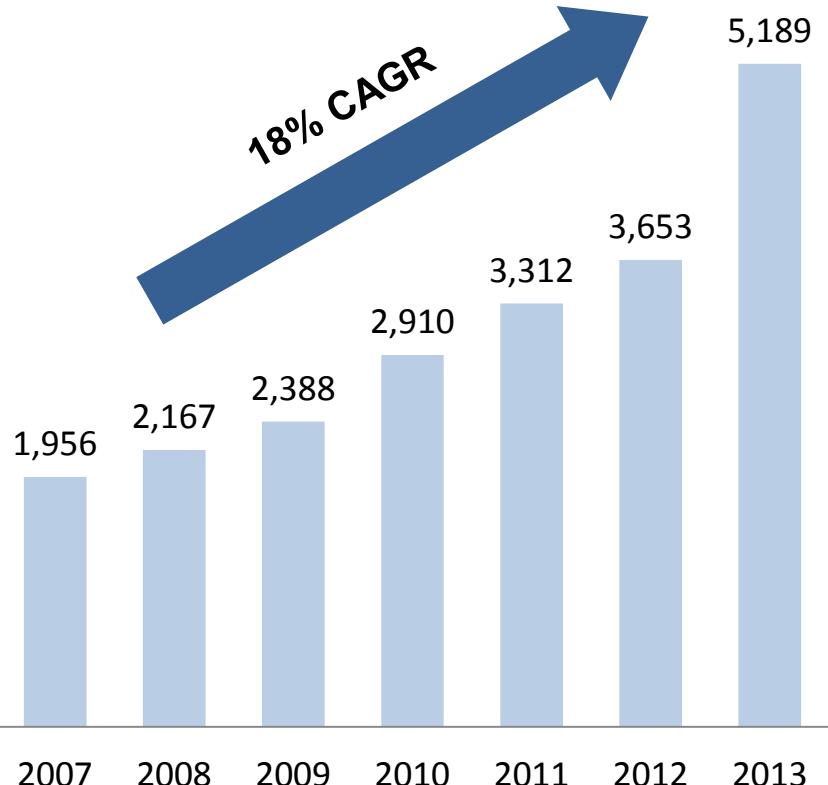
(KRW in Billions, Un-eliminated Revenue)



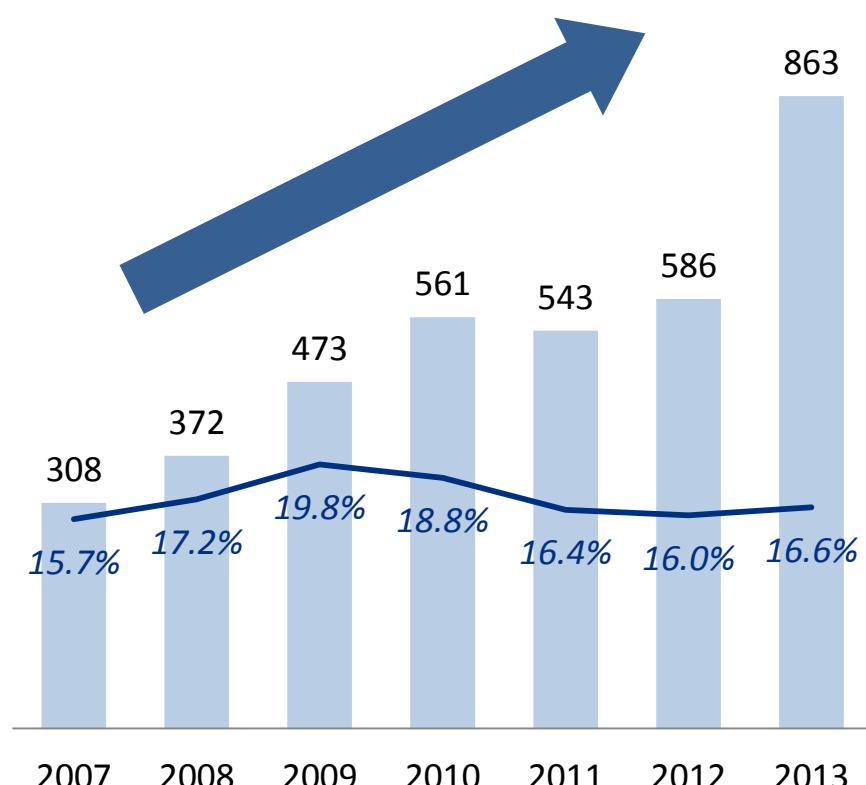
Sales Growth Driven by Acquisition and Customer Volume

Sales and Gross Profit

Sales

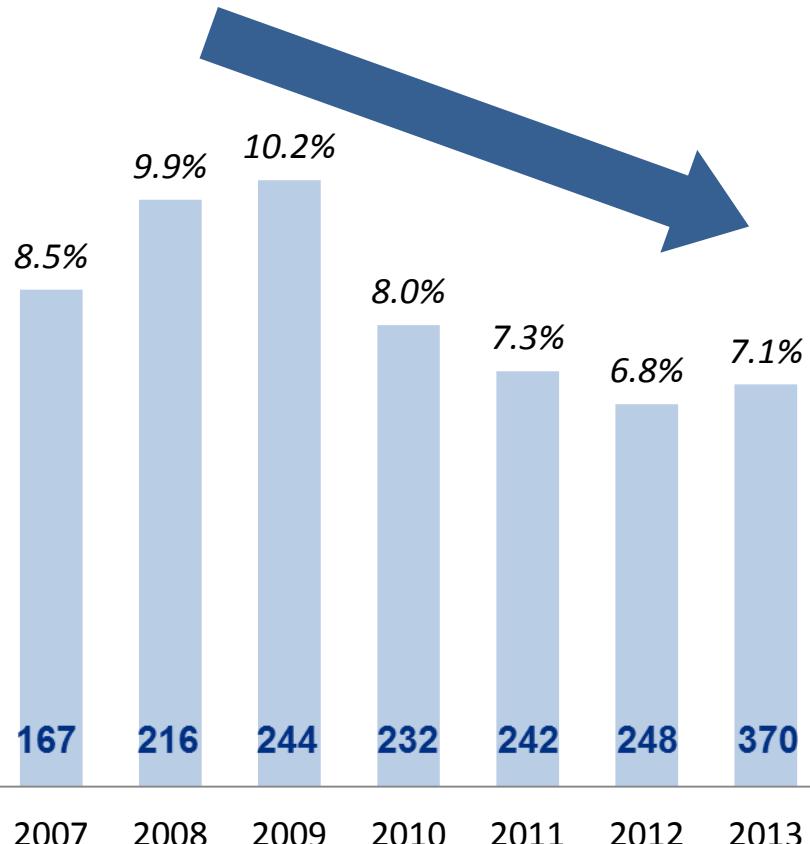


Gross Profit

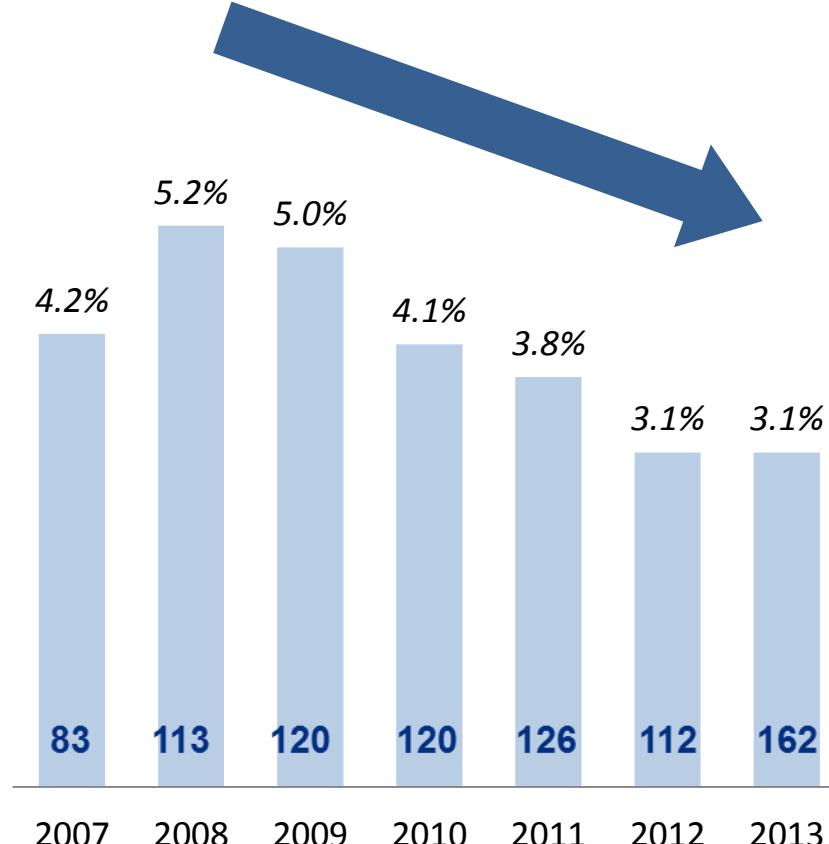


Robust Historical Sales and Gross Profit Growth

SG&A Expense as % of Sales



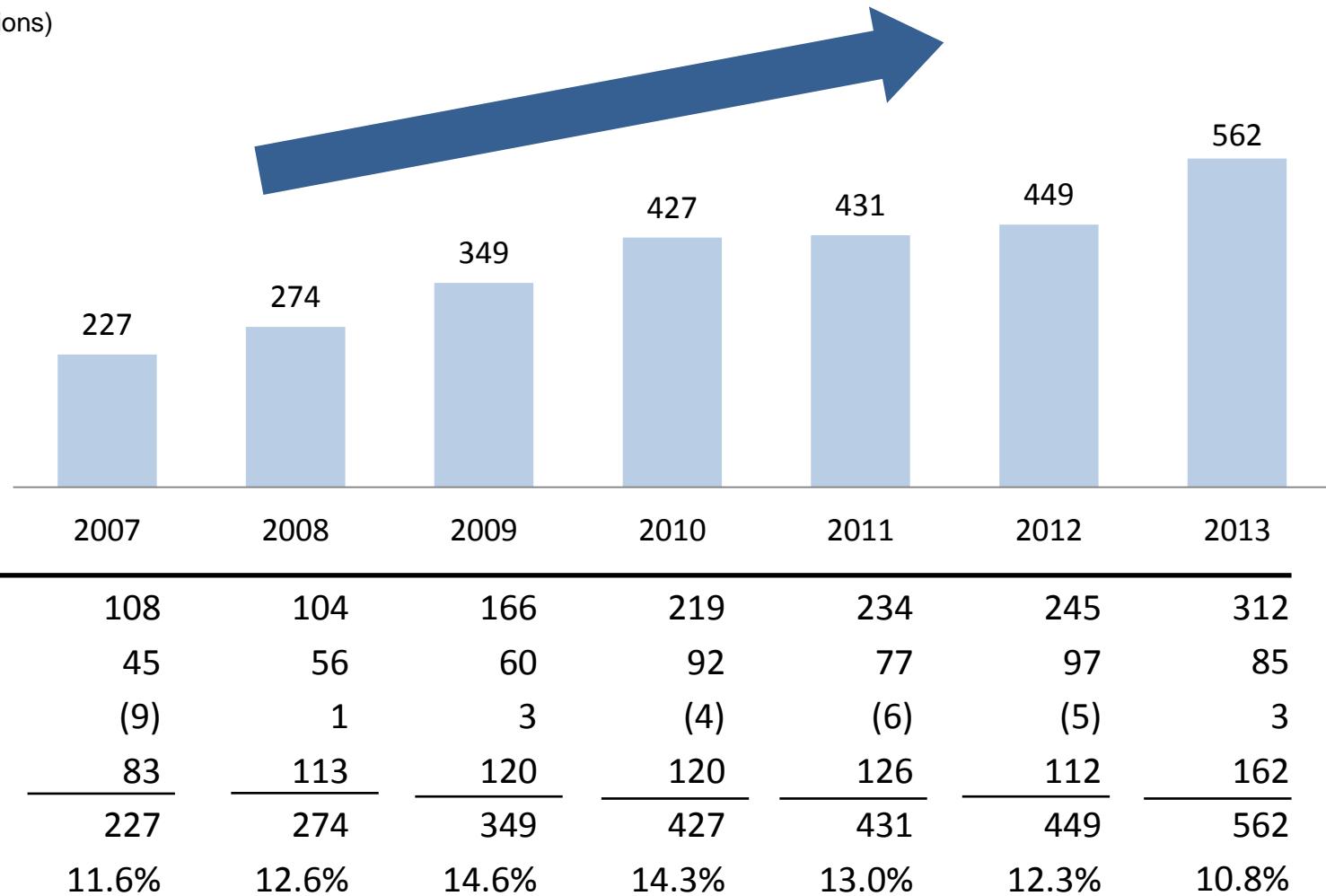
D&A Expense as % of Sales



Note: SG&A less "ordinary development cost "

Intense Focus on Fixed Cost Structure

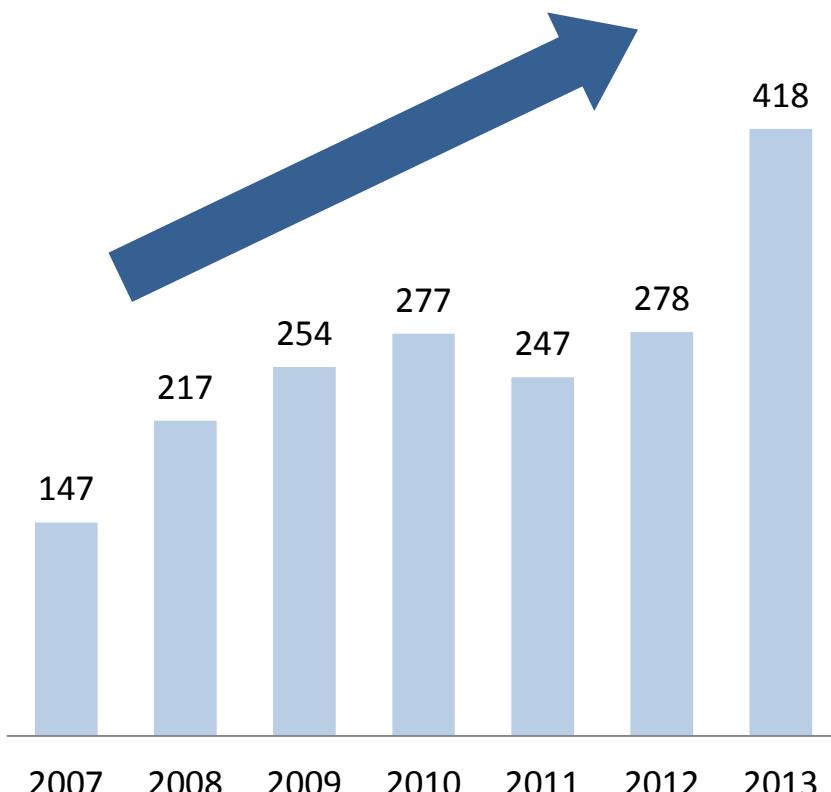
(K-IFRS / KRW in Billions)



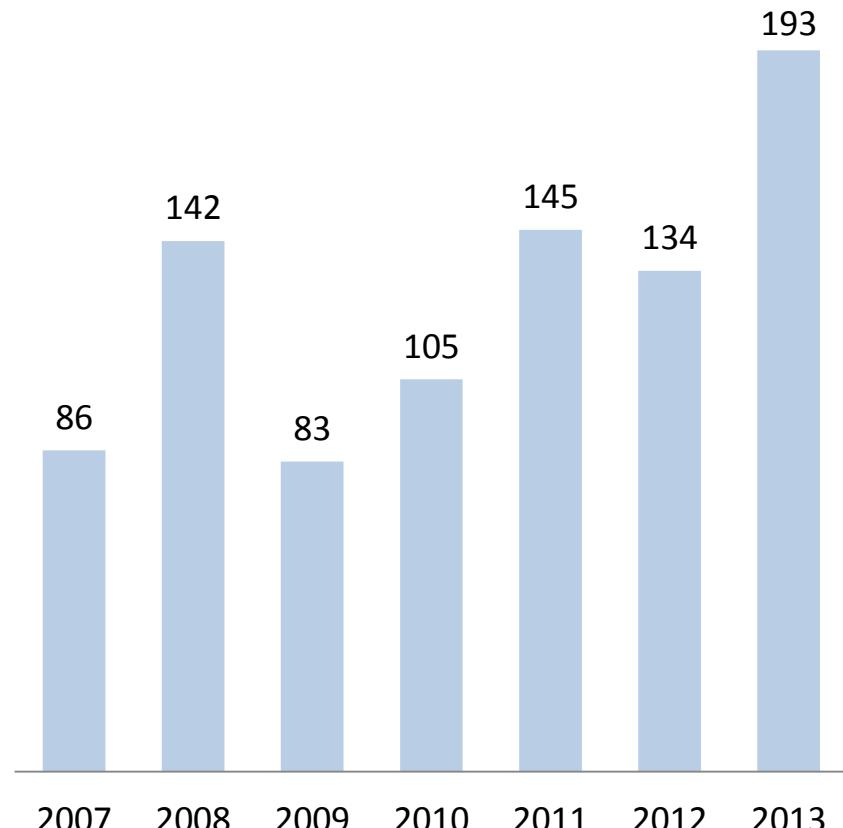
EBITDA Improvement Driven by Sales Growth and Profit Improvement

Operating Cash Flow and Capex

Operating Cash Flow



Capex

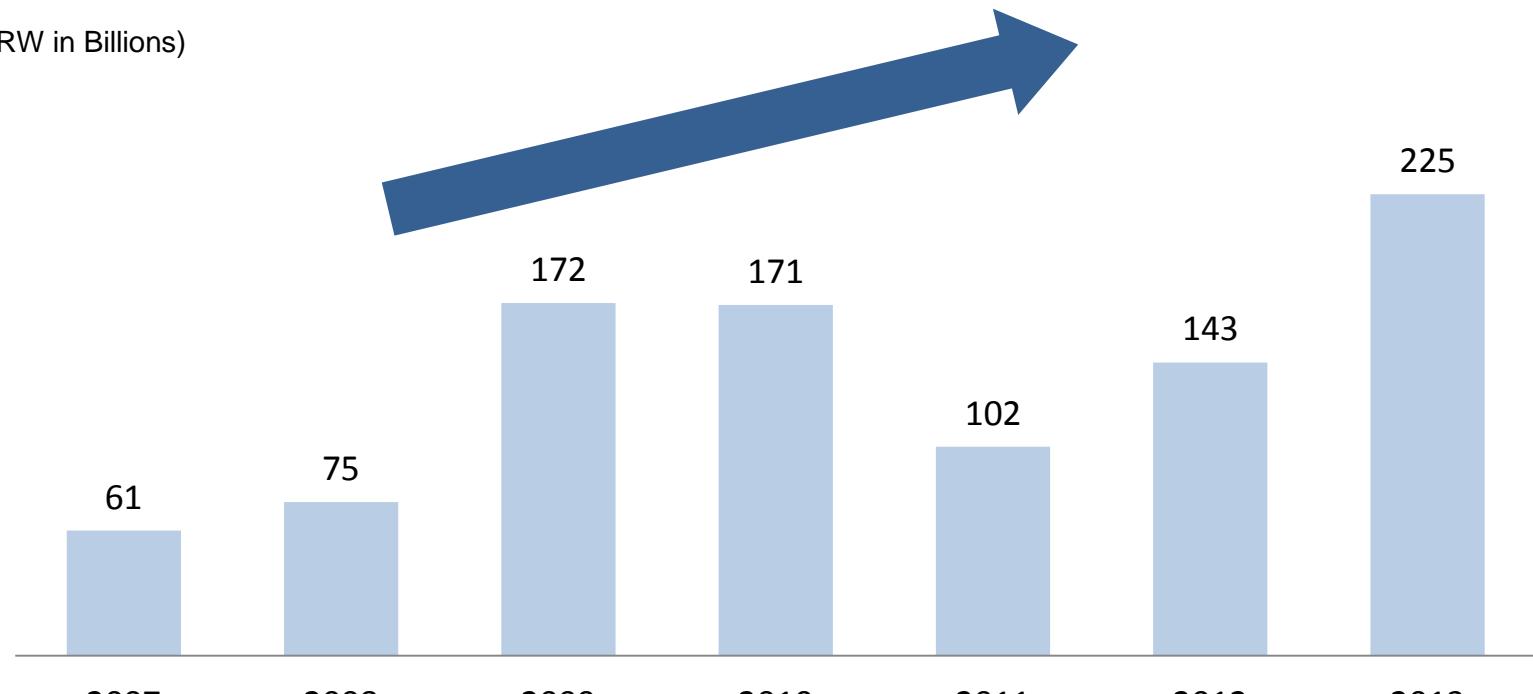


Strong Operating Cash Flows with Disciplined Capital Expenditures

Free Cash Flow



(K-IFRS / KRW in Billions)

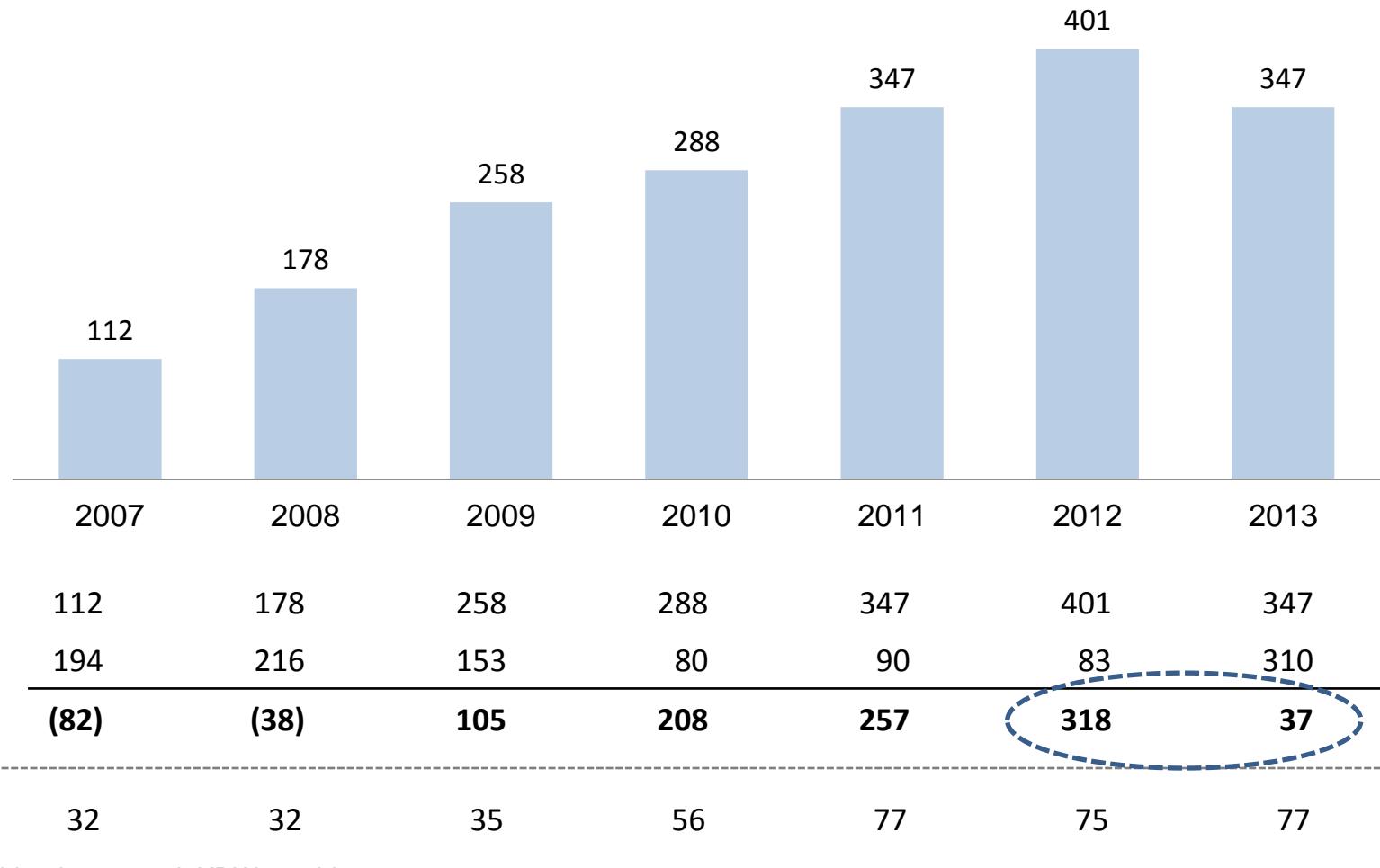


Operating CF	147	217	254	277	247	278	418
Capex	86	142	83	105	145	134	193
Free Cash Flow	61	75	172	171	102	143	225

Robust Cash Flow Improvement Driven by Growth & Operations

Growing Cash Balances

(K-IFRS / KRW in Billions)



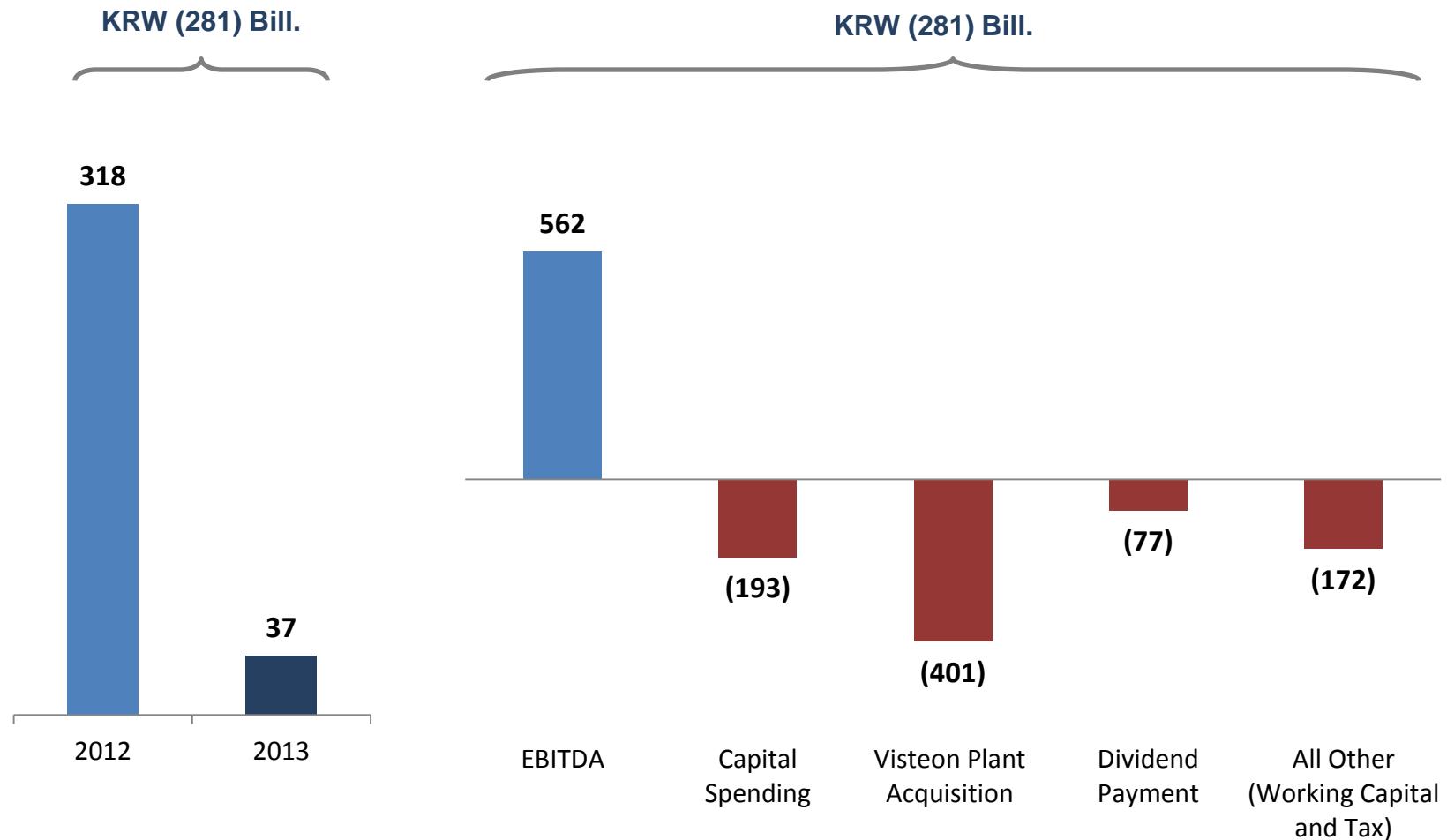
* 2014 Dividend approved: KRW 103 bln

Growing Cash Balances

Net Cash Flux -- 2013 vs. 2012

(KRW in Billions)

Net Cash Change



- ✓ Solid growth in 2013 driven by customer volumes and acquisition
- ✓ Strong balance sheet providing flexibility for the future
- ✓ Business generating significant free cash flow
- ✓ Growing dividend payouts

Thank You!



한라비스테온공조(주)

Halla Visteon Climate Control Corp.

www.hvccglobal.com