First-Quarter 2018 Analyst Briefing

1Q 2018: Key Financial Metrics

(KRW in Billions)

	1Q 2018	1Q 2017	YoY Variance		4Q 2017	QoQ Variance	
Revenue	**1,387**	**1,449**	-62	-4.3%	**1,424**	-38	-2.6%
Gross Profit	**211**	**239**	-27	-11.5%	**274**	-62	-22.7%
Margin (%)	15.2%	16.5%			19.2%		
SG&A (Incl R&D)	**116**	**112**	+4	+3.9%	**136**	-20	-14.4%
% of Sales	8.4%	7.7%			9.5%		
EBITDA	**160**	**176**	-16	-9.0%	**190**	-30	-16.0%
Margin (%)	11.5%	12.1%			13.4%		
Operating Profit	**95**	**127**	-32	-25.1%	**138**	-43	-30.9%
Margin (%)	6.9%	8.8%			9.7%		
Net Income	**66**	**74**	-9	-11.5%	**79**	-13	-16.6%
Margin (%)	4.7%	5.1%			5.5%		

Revenue and Operating Profit Lower Driven by Lower China Volume

1Q 2018 Highlights

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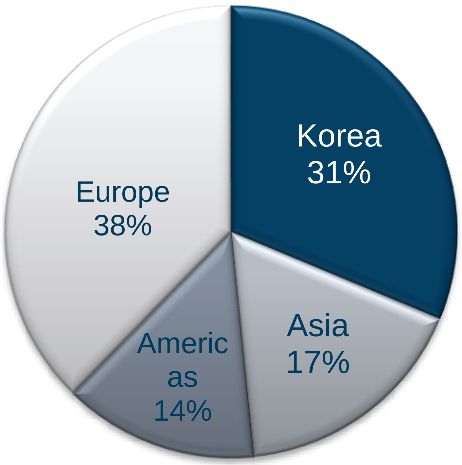
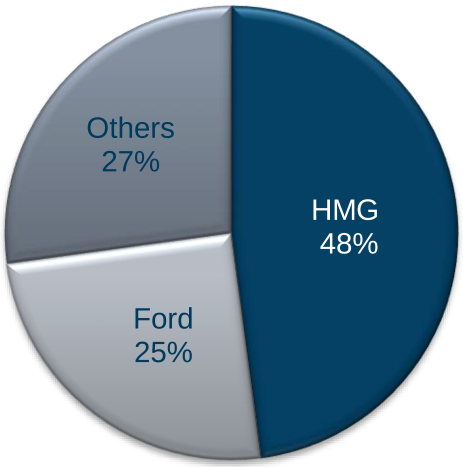
- ✓ **Operating profit and margin are down primarily due to lower volumes**
- ✓ **Customer diversification efforts continue; helps mitigate key customer volume fluctuations**
- ✓ **CapEx and R&D spend increases to support near-term growth**

1Q 2018 Sales Breakdown

By Region



By Customer

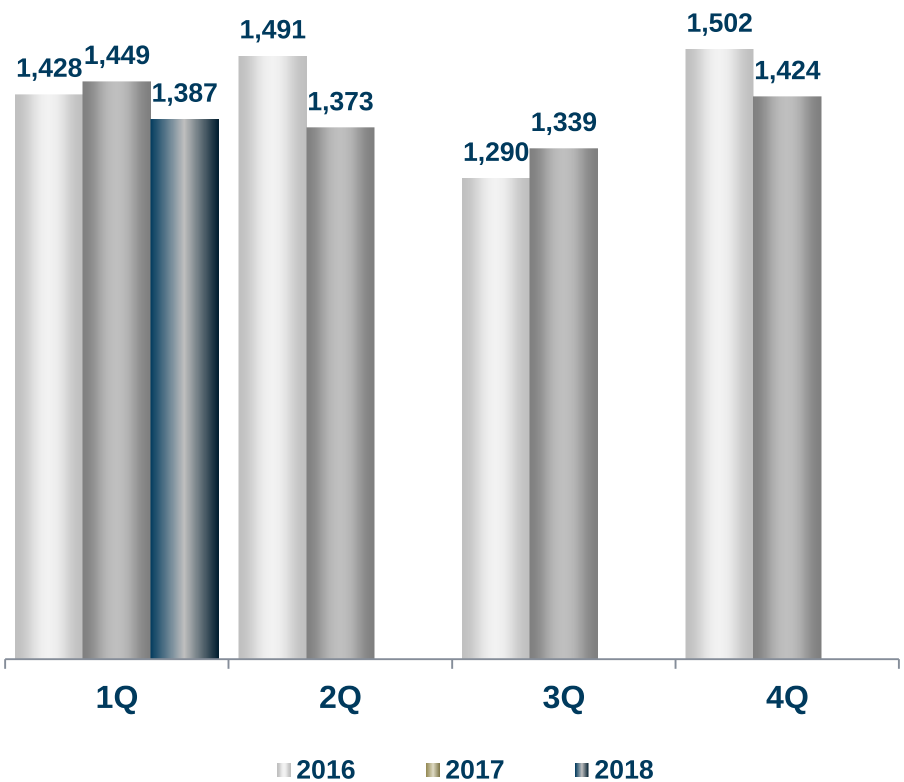


- Ford: Incl. Changan Ford & Ford Otosan

Quarterly Sales

Consolidated Sales

(KRW in Billions)



Comments

- 1Q18 sales down 3% YoY* due to;

  1) China revenue: -27%

  2) Americas revenue: -5%

  3) Korea revenue: -4%

- 1Q18 EU revenue is up 7% YoY based on volume and currency

- Revenue to HMG decreases 10% YoY in 1Q18

- Double-digit revenue increases attributed to:
  VW, BMW, FCA, JLR, and Geely

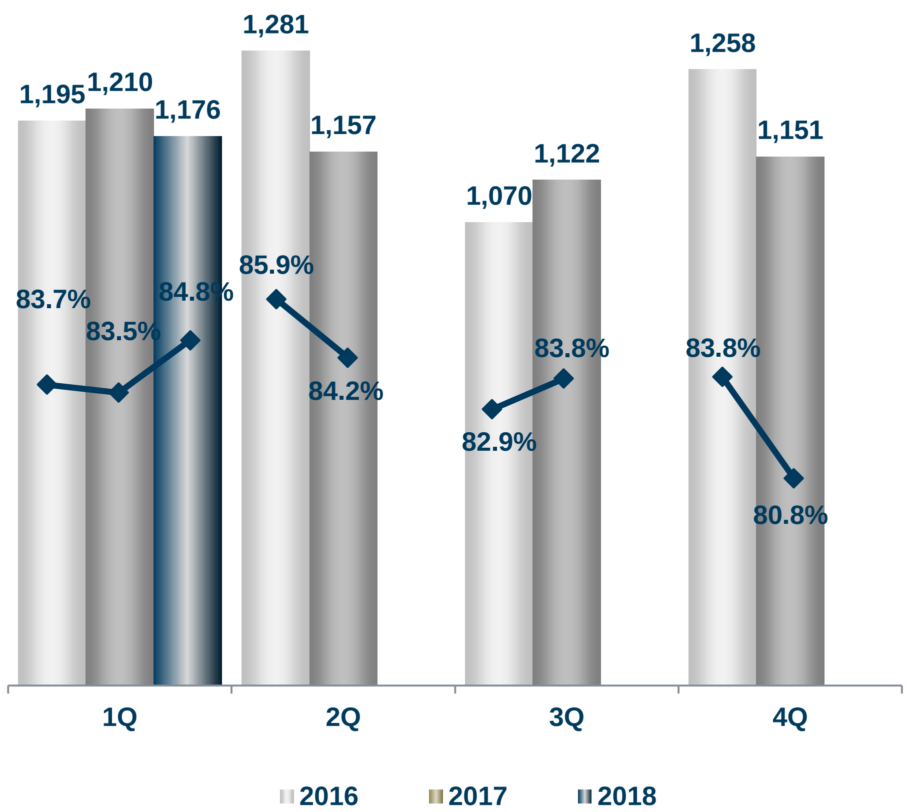
* Excluding the Indian EPG divesture in 1Q17.

1Q18 Revenue Decrease Driven by HMG Volume Drop

Quarterly Cost of Goods Sold

Quarterly Cost of Goods Sold

(KRW in Billions, % of sales)



Comments

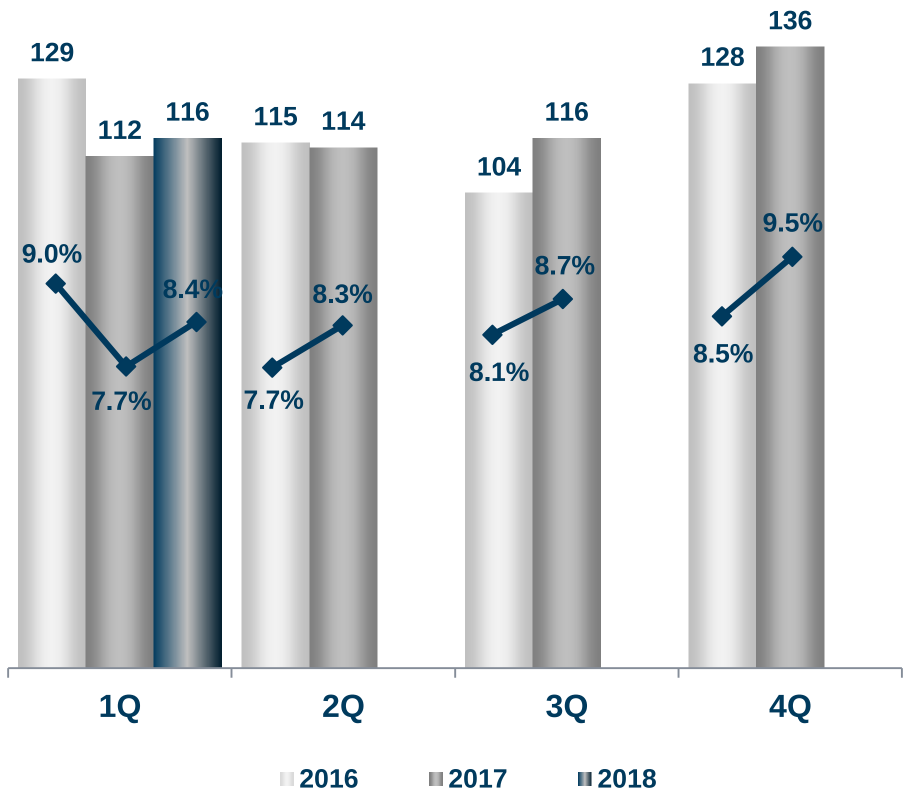
- COGS decreases 3%, in-line with sales volume decrease
- Positive factors:
  - ✓ EUR currency tailwinds and effective USD hedging
- Negative factor:
  - ✓ Low HMG volume in China
  - ✓ Increased D&A

1Q18 Gross Profit Margin Deterioration as Sales Volume Declines

Quarterly SG&A

Quarterly SG&A Status

(KRW in Billions, % of sales)



Comments

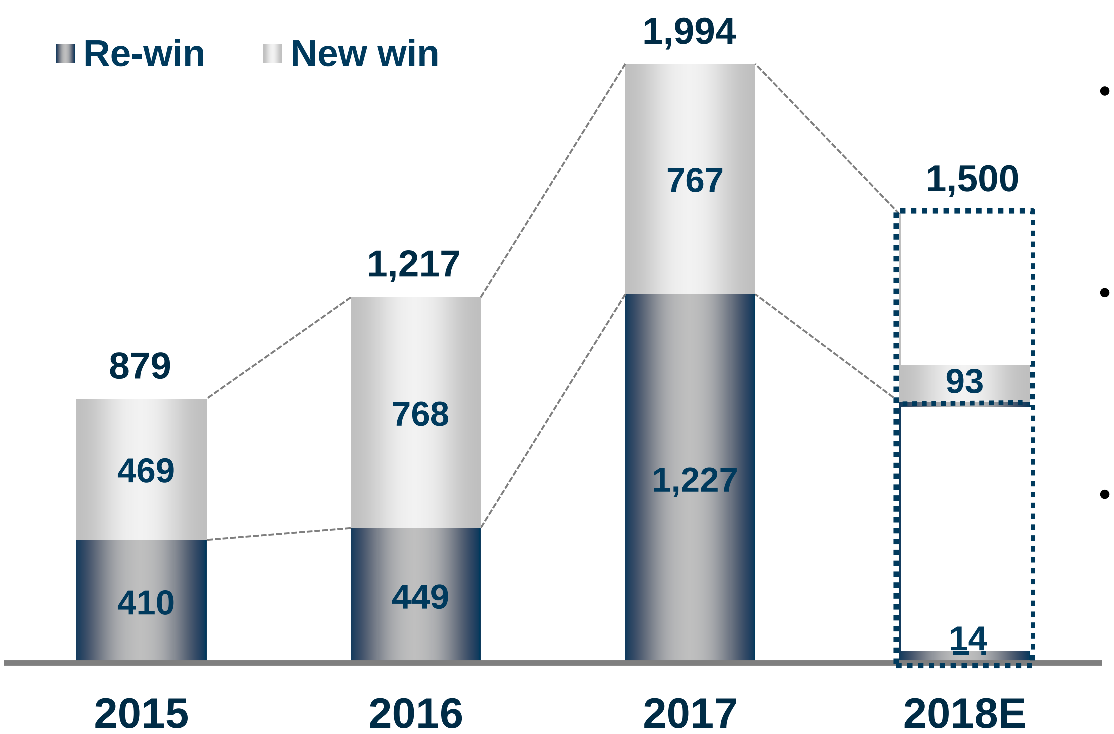
- 1Q18 SG&A cost remains at a consistent level
- 1Q18 R&D spending: 4.7% of total revenue (+0.9%p YoY)

1Q18 SG&A Cost Remains at a Previous Level

New Business Wins Update

1Q18 New Business Wins

(USD in Millions)



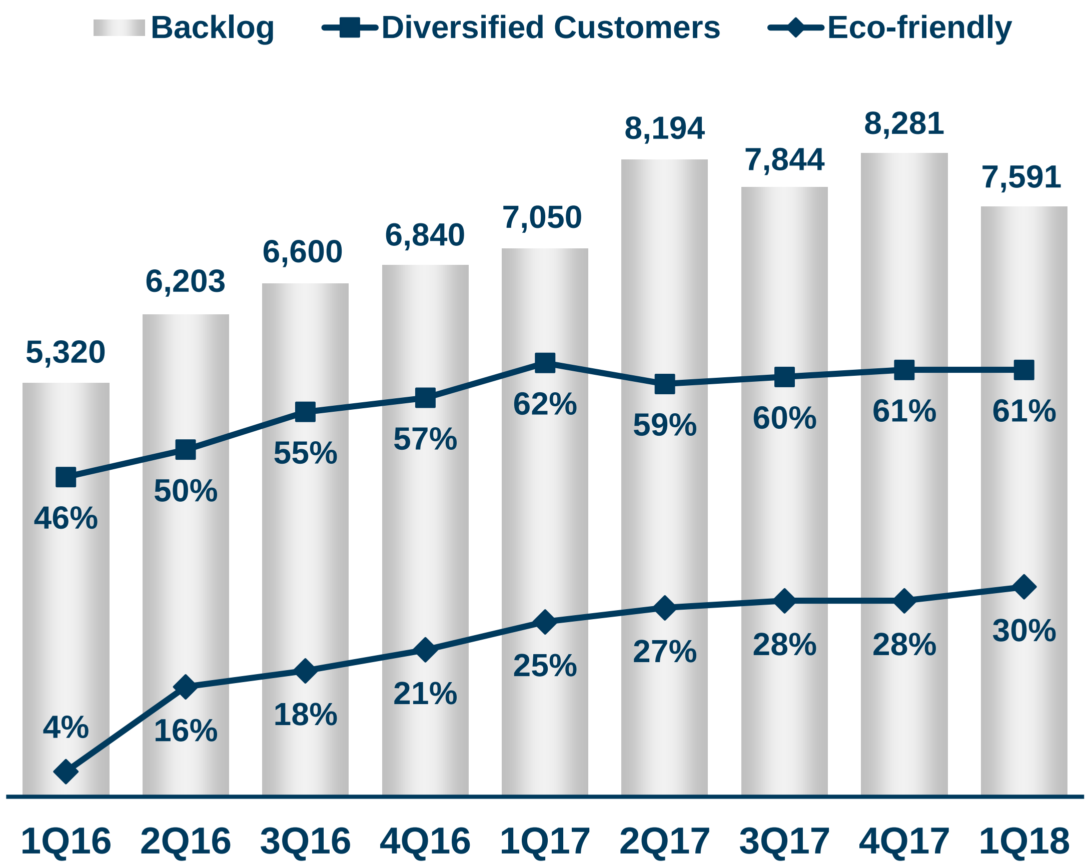
Eco-friendly	5%	35%	36%	48% (1Q)

- New business wins represents average annual revenue (in USD million)
- Orders from diversified customers account for 63% of 1Q18 new wins
- Eco-friendly vehicle orders account for 48% of 1Q18 new wins

Backlog Status Update

At 1Q18 Backlog (New Wins Only)

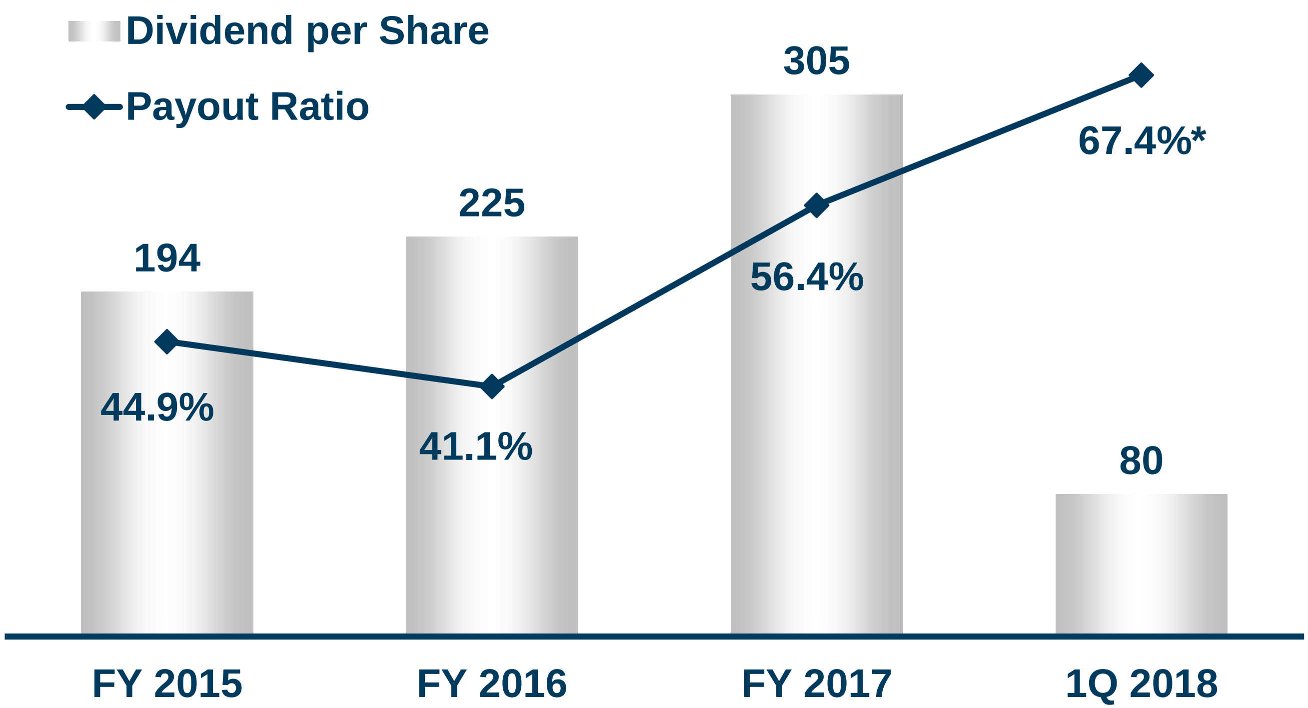
(USD in Millions)



- Backlog: defined as cumulative revenue for expected lifecycle of awards before start of production
- Orders from diversified customers account for 61% of backlog
- Eco-friendly vehicle orders account for 30% of backlog

Dividends

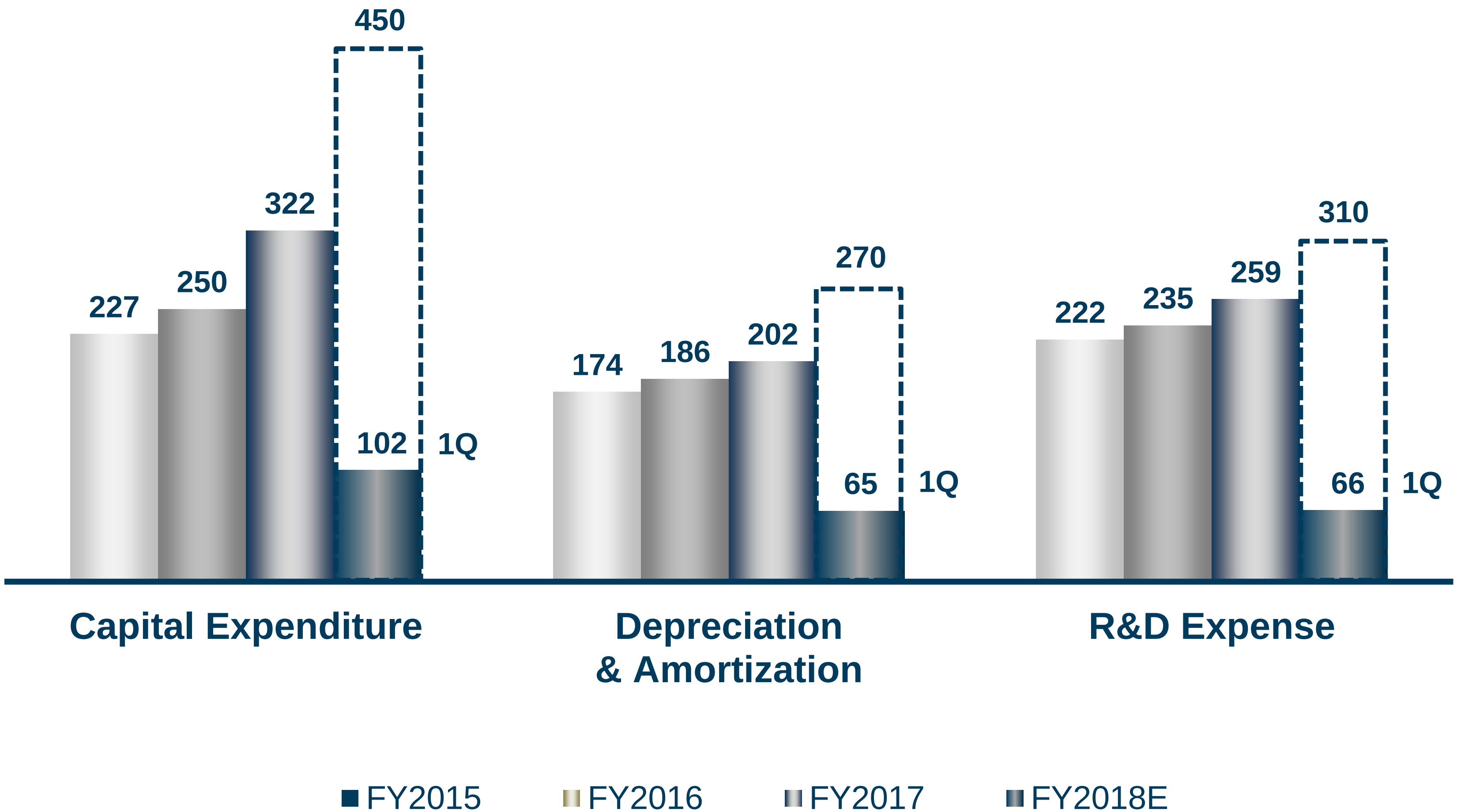
- **1Q18 Quarterly Dividends: 80 KRW per share**



* Based on quarterly net income per share 1Q18

Quarterly Dividend Increase 7% YoY

Trend of CapEx, D&A and R&D Expense



CapEx, D&A and R&D Spending Rise Following Strong Order Intake

2018 Guidance Update

(KRW in Billions)

	2018 Guidance	
	New	Previous
Revenue	5,900	6,000
EBITDA*	750	720
Operating Profits	480	500
Capital Spending	450	450

* EBITDA increases due to the lease accounting change of K-IFRS in 1Q18.

1Q 2018 Balance Sheet

(K-IFRS / KRW in Billions)

Balance Sheet

	1Q E 2018	YE 2017
Cash and cash equivalent	507	567
Account receivable	1,054	972
Inventories	472	469
Property and equipment	1,454	1,262
Intangible assets	459	438
Other assets	497	412
Total assets	**4,442**	**4,120**

Account payable	1,002	1,045
Debt	965	757
Other liabilities	378	286
Shareholders' equity	2,024	1,979
Non-controlling interests	73	53
Total liabilities & shareholders' equity	**4,442**	**4,120**

Cash and Debt

Cash Balance	**1Q E 2018**	**YE 2017**
Net Debt	458	190
Net Debt Ratio	21.8%	9.3%
*before lease accounting change	13.5%	
Debt to Equity	46.0%	37.3%

Leverage	**1Q E 2018**	**YE 2017**
Last 12 months EBITDA	654	670
Debt / EBITDA	147.4%	113.0%
Net Debt / EBITDA	70.0%	28.3%

Balance Sheet Remains Strong; Debt Increases Driven by Accounting Change for Leases

1Q 2018 Earnings Release Summary

- Revenue and Operating Profits decline due to lower China volume.
- Revenue to diversified customers grows fast.
- Revenue related to eco-friendly vehicles is 7.5% in 1Q.
- NBW is on track to yearly target $1.5B.
- Yearly guidance is revised to reflect slow 1Q results and lease accounting change.
- Balance sheet remains strong to support future growth.

Thank You