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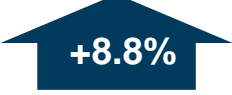


Q4 2016 Earnings Release

Feb 14th, 2017



4Q16 Financials







Q4 2016 Key Financial Metrics

(KRW in Billions)	Q4 2016	YoY		QoQ	
		Q4 2015	B/(W)	Q3 2016	B/(W)
Sales	1,502	1,461	 +2.8%	1,283	 +17.0%
Cost of Sales <i>% of Sales</i>	1,258 83.8%	1,211 82.9%	 +3.8% +0.8%p	1,071 83.5%	 +17.4% +0.3%p
SG&A (Incl R&D Exp) <i>% of Sales</i>	128 8.5%	129 8.8%	 -0.6% -0.3%p	105 8.2%	 +21.8% +0.3%p
EBITDA <i>Margin (%)</i>	164 10.9%	165 11.3%	 -1.2% -0.4%p	157 12.2%	 +4.1% -1.3%p
Operating Income <i>Margin (%)</i>	116 7.7%	121 8.3%	 -3.8% -0.5%p	107 8.3%	 +8.8% -0.6%p
Net Income <i>Margin (%)</i>	94 6.3%	73 5.0%	 +29.2% +1.3%p	74 5.7%	 +27.6% +0.5%p

Net income jumps due to robust operation results and non-operating forex gains

* Note: B/(W) represents better or worse

FY 2016 Key Financial Metrics

(KRW in Billions)	FY 2016	YoY	
		FY 2015	B/(W)
Sales	5,704	5,558	 +2.6%
Cost of Sales <i>% of Sales</i>	4,805 84.2%	4,697 84.5%	 +2.3% -0.3%p
SG&A (Incl R&D Exp) <i>% of Sales</i>	476 8.4%	502 9.0%	 -5.0% -0.7%p
EBITDA <i>Margin (%)</i>	609 10.7%	533 9.6%	 +14.1% +1.1%p
Operating Income <i>Margin (%)</i>	423 7.4%	360 6.5%	 +17.5% +0.9%p
Net Income <i>Margin (%)</i>	304 5.3%	243 4.4%	 +24.8% +0.9%p

2016 EBITDA target is achieved despite of one-off items

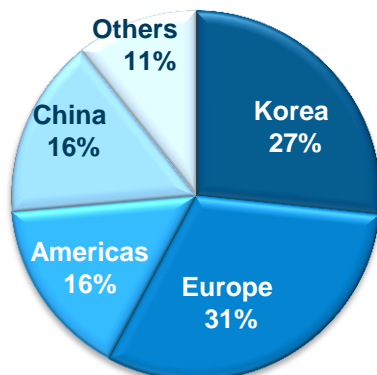
* Note: B/(W) represents better or worse

Q4 Highlights

- ✓ Record high quarterly sales while sitting on the highest backlog
- ✓ Achieved yearly guidance target as Europe shows improvement
- ✓ Net income increased 29% YoY due to solid operation and forex gains

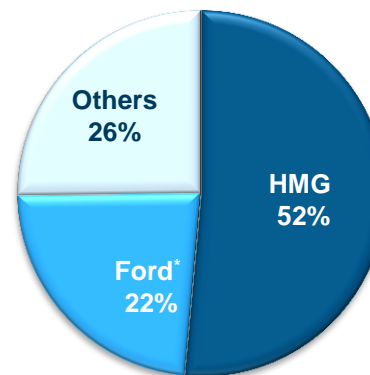
Sales Breakdown

By Region



- Based on FY 2016 Sales

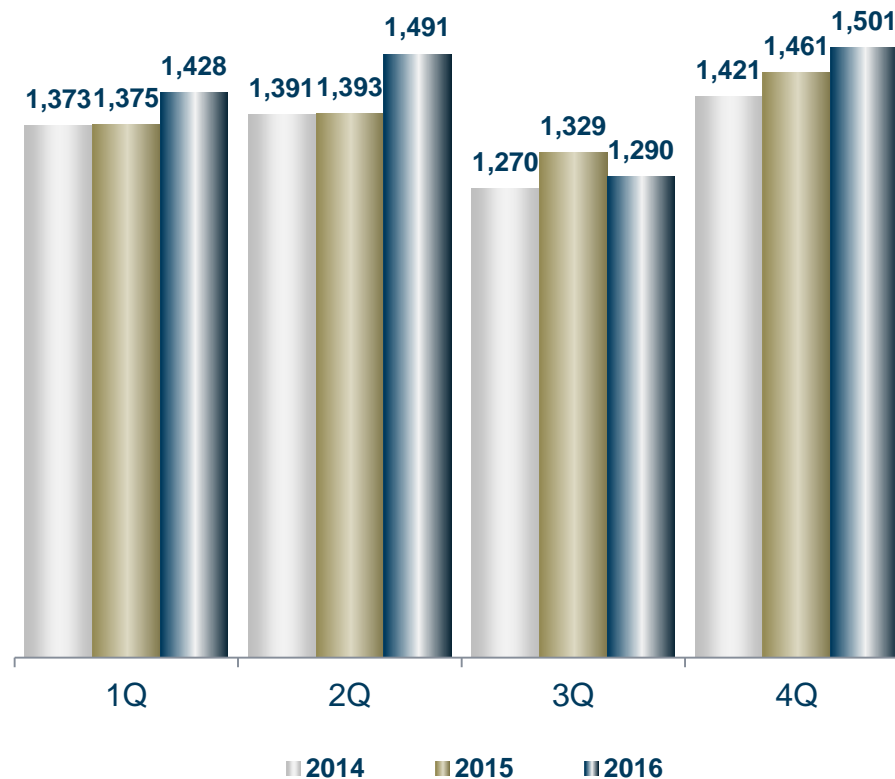
By Customer



- Ford: Incl. Changan Ford & Ford Otosan
- Based on FY 2016 Sales

Consolidated Sales

(KRW in Billions)



Comments

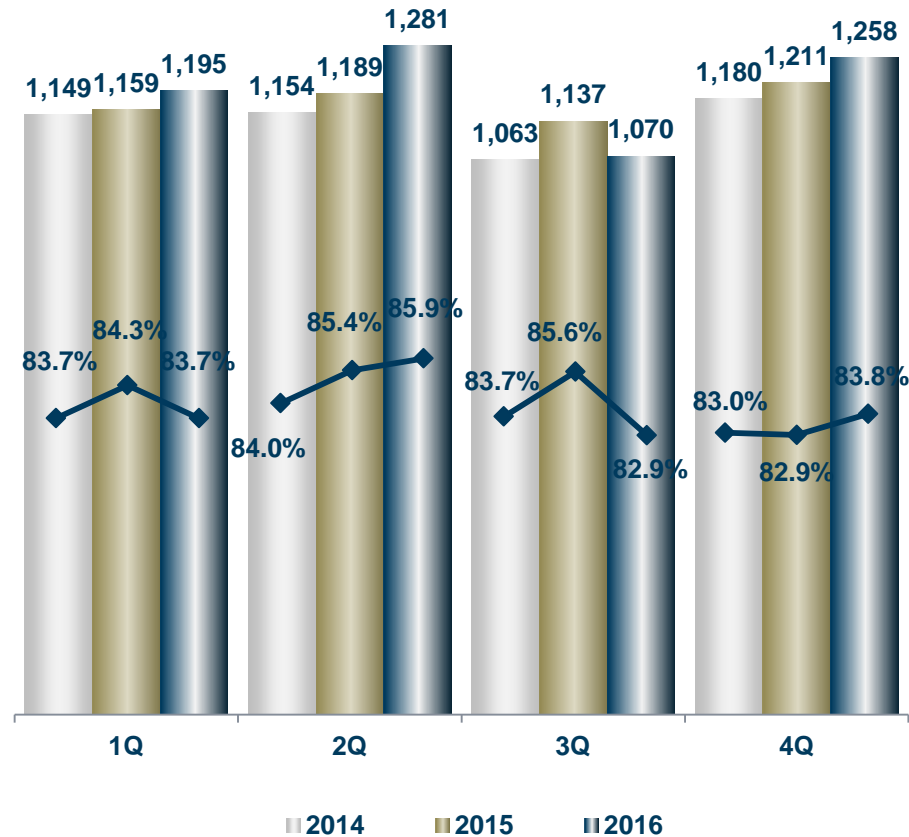
- 4Q16 consolidated revenue increased by 2.8% YoY despite of FX headwinds (-2.0%)
- 4Q16 America and Southeast Asia regional revenue increase fast due to Kia Mexico and Ford India
- 4Q16 Korea and Europe showed steady growth of revenue
- 4Q16 China revenue remained at the last year's level due to currency headwinds

Record high quarterly sales as volume/price effect was up 4.6% in 4Q16

Global COGS

Quarterly COGS

(KRW in Billions)



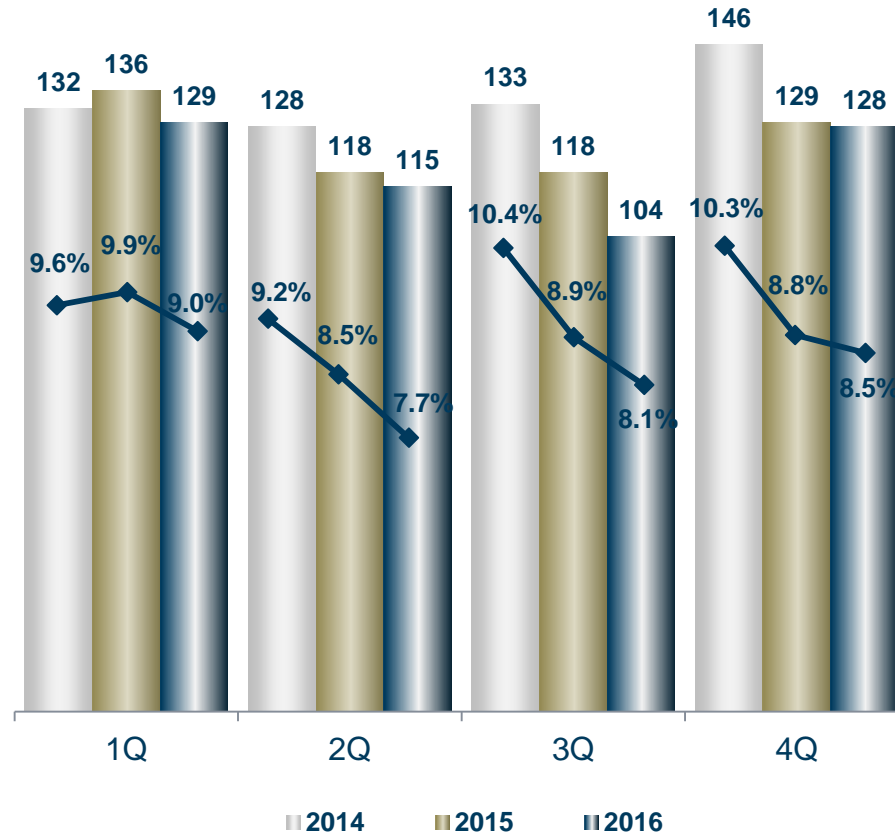
Comments

- 4Q16 COGS ratio is up by 80 bp
- Positive factors:
 - . Volume growth
- Negative factor:
 - . Manufacturing costs

COGS ratio deteriorates mainly due to rising material costs

Quarterly SG&A Status

(KRW in Billions)



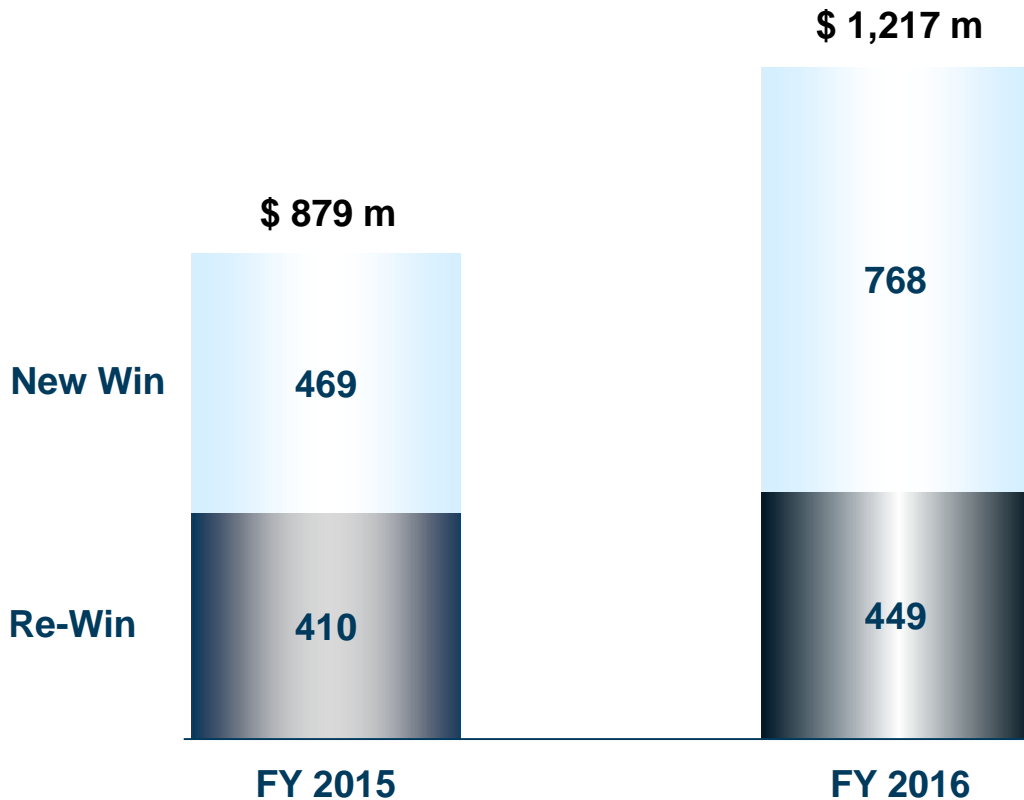
Comments

- 4Q16 SG&A ratio is down by 30 bp
- Positive factors:
 - . Admin costs
- Total R&D spending in 2016 is 4.1% of annual sales (+0.1%p YoY).

4Q16 SG&A ratio improved by 30 bp due to cost cutting measures

New Business Wins Update (Slide #1)

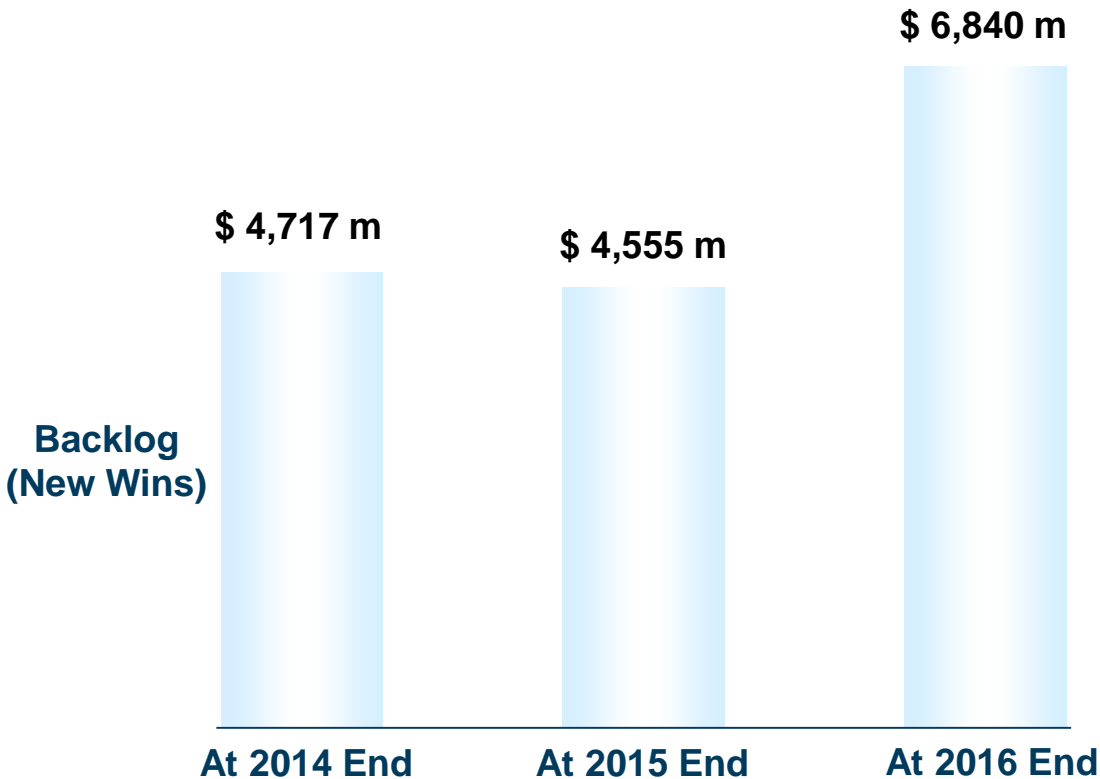
FY2016 New Business Wins Status



- NBW represents annual average revenue (in Mills. USD).
- Order from Growth and Tech Customers accounts for 60% of New Wins.
- Order for eco-friendly vehicles account for 35% of New Wins in FY 2016.

Backlog Status Update (Slide #2)

FY2016 Backlog Status (New Wins Only)



- Definition of Backlog : Cumulative revenue for expected lifecycle of awards before SOP.
- Order from Growth and Tech Customers accounts for 57% of backlog.
- Order for eco-friendly vehicles account for 21% of backlog.

- **4Q16 Quarterly Dividends: 75 KRW per share**
- **Dividends Trend**

	FY 2014	FY 2015	FY 2016
Yearly Dividends per Share (KRW)	194	194	225
Yearly Payout Ratio	37.6%	44.9%	41.1%
Dividend Yield	1.9%	1.9%	2.2%

Key Highlight

- **Achieved FY 2016 business target**
- **Solid order flow will lead to long term growth**
- **Increasing dividends to maximize shareholder value**



Appendix.

YE 2016 Balance Sheet

(K-IFRS / KRW in Billions)

Balance Sheet

	YE 2016	YE 2015
Cash and cash equivalent	425	447
Account receivable	1,054	1,054
Inventories	430	382
Property and equipment	1,178	1,093
Intangible assets	350	207
Other assets	422	276
Total assets	3,860	3,459
Account payable	1,017	1,012
Debt	646	401
Other liabilities	312	247
Shareholders' equity	1,828	1,745
Non-controlling interests	57	55
Total liabilities & shareholders' equity	3,860	3,459

Cash and Debt

Cash Balance	YE 2016	YE 2015	YE 2014
Net Debt	221	(46)	20
Net Debt Ratio	11.7%	(2.6%)	1.2%
Debt to Equity	34.3%	22.3%	24.0%

Leverage

(as of Dec, 2016)

FY2016 EBITDA	609
Debt / EBITDA	1.062
Net Debt / EBITDA	0.363

Stable cash creation leading to a strong balance sheet



Thank You