

A vertical decorative bar on the left side of the slide, consisting of a short orange segment at the top and a long dark blue segment below it.

Q3 2016 Earnings Release

Nov 7th, 2016







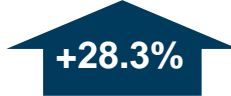

3Q16 Financials

Q3 2016 Key Financial Metrics

(KRW in Billions)	Q3 2016	YoY		QoQ	
		Q3 2015	B/(W)	Q2 2016	B/(W)
Sales	1,283	1,329	-3.5%	1,491	-13.9%
Cost of Sales <i>% of Sales</i>	1,071 83.5%	1,137 85.6%	-5.8% -2.1%p	1,281 85.9%	-16.4% -2.4%p
SG&A (Incl R&D Exp) <i>% of Sales</i>	105 8.2%	118 8.9%	-11.0% -0.7%p	115 7.7%	-8.6% +0.5%p
EBITDA <i>Margin (%)</i>	157 12.2%	118 8.9%	+33.1% +3.4%p	141 9.5%	+11.3% +2.7%p
Operating Income <i>Margin (%)</i>	107 8.3%	74 5.5%	+44.8% +2.8%p	95 6.4%	+12.3% +1.9%p
Net Income <i>Margin (%)</i>	74 5.7%	45 3.4%	+63.1% +2.3%p	64 4.3%	+15.1% +1.4%p

Efficiency management and one-off gains contributed to favorable results

3QYTD 2016 Key Financial Metrics

(KRW in Billions)	3QYTD 2016	YoY	
		3QYTD 2015	B/(W)
Sales	4,202	4,097	 +2.6%
Cost of Sales <i>% of Sales</i>	3,547 84.4%	3,486 85.1%	 +1.8% -0.7%p
SG&A (Incl R&D Exp) <i>% of Sales</i>	348 8.3%	373 9.1%	 -6.5% -0.8%p
EBITDA <i>Margin (%)</i>	447 10.6%	368 9.0%	 +21.5% +1.6%p
Operating Income <i>Margin (%)</i>	307 7.3%	239 5.8%	 +28.3% +1.5%p
Net Income <i>Margin (%)</i>	210 5.0%	171 4.2%	 +22.9% +0.8%p

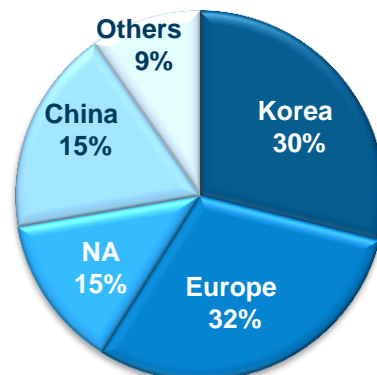
Business is well on track with 2016 guidance

Q3 Highlights

- ✓ Revenue Growth on Track
- ✓ One-off gains of 8.1 bW; adj-OPM is 7.7%
- ✓ Achieved New Business Win Targets

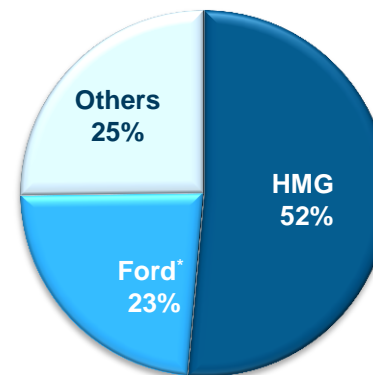
Sales Breakdown

By Region



- Based on 3Q 2016 Sales

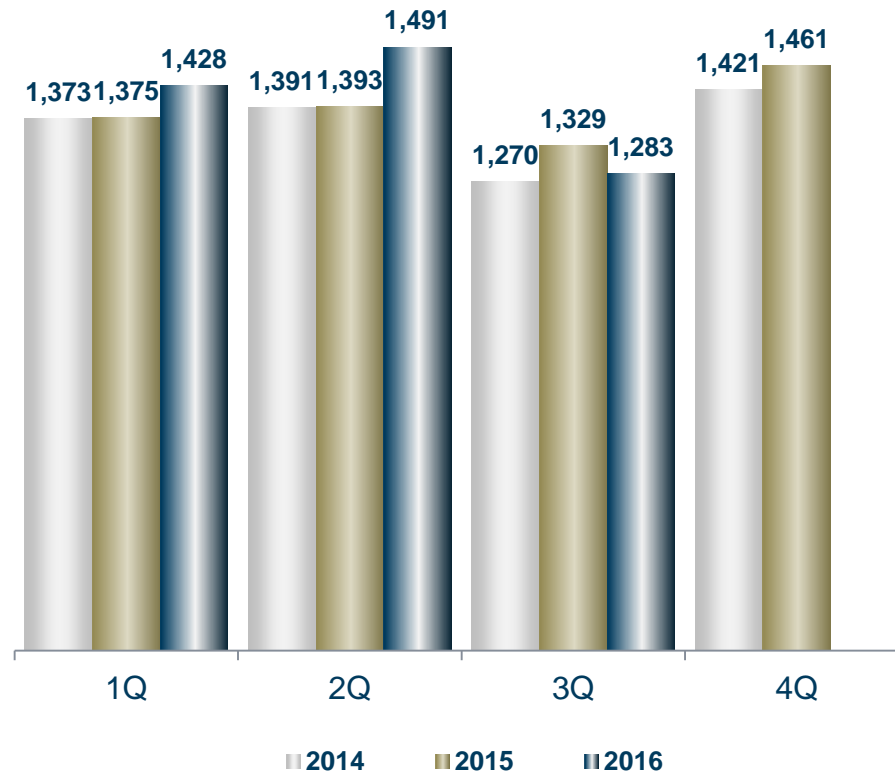
By Customer



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

Consolidated Sales

(KRW in Billions)



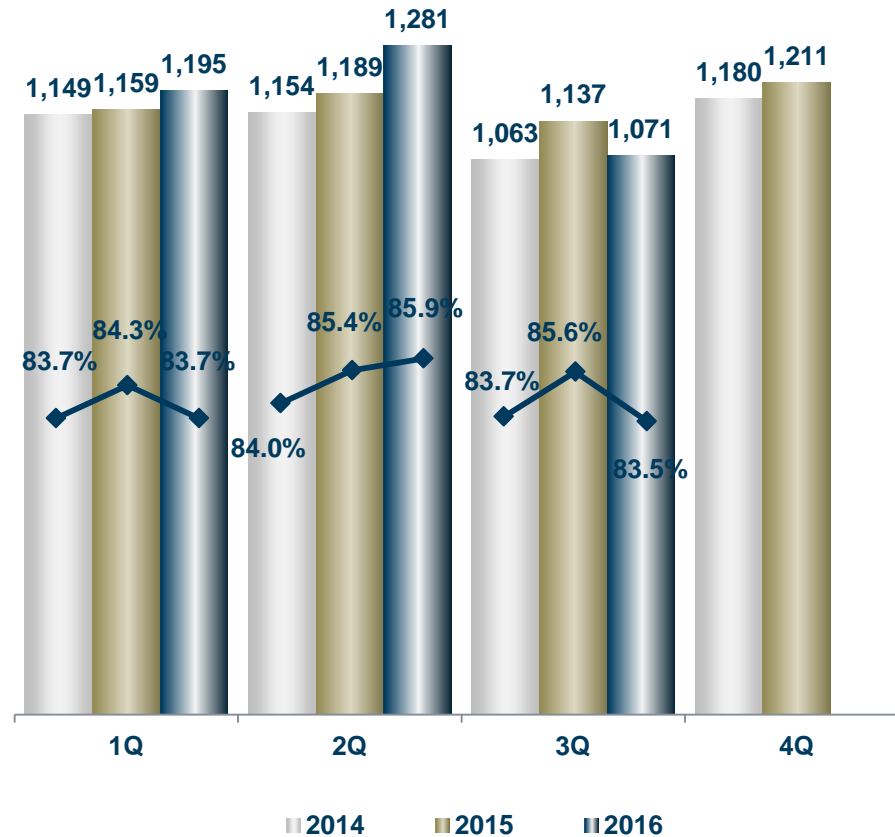
Comments

- 3Q16 consolidated revenue decreased by 3.5% YoY due to FX headwinds (-4.4%YoY) and lower output of HMG Korean plants
- 3Q16 China revenue remained flat, although largely offset by unfavorable FX
- 3Q16 North America's 0.7% YoY revenue growth supported by Mexico's new business, partially offset by unfavorable FX

Volume/Price effect was flat in 3Q while currency weighed downwards

Quarterly COGS

(KRW in Billions)



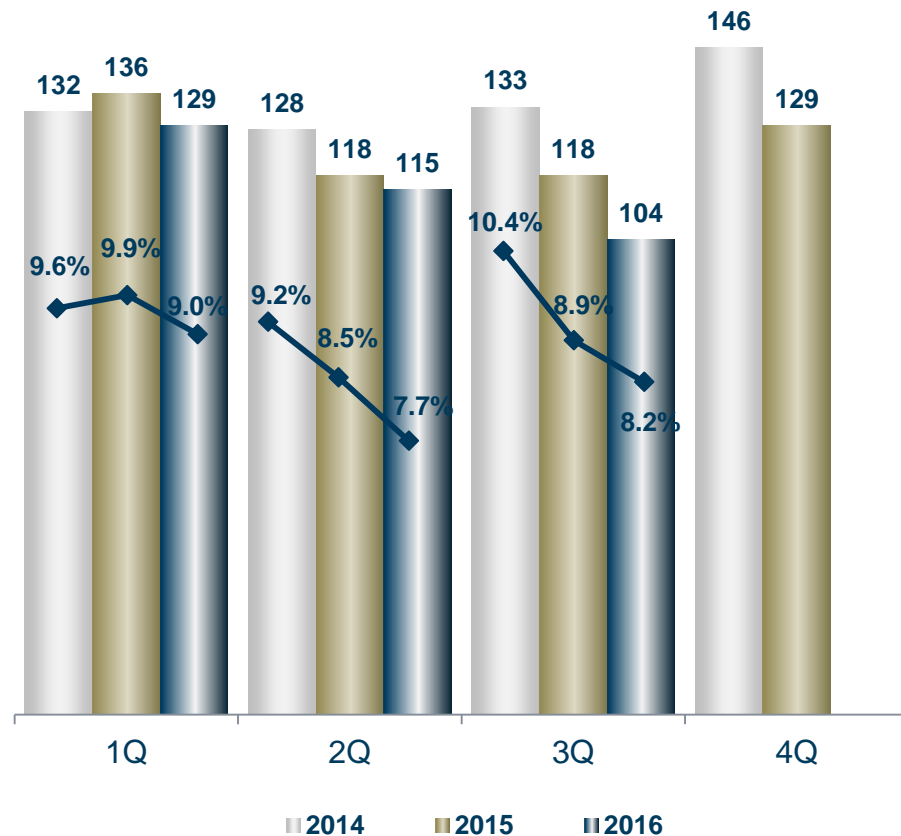
Comments

- 210 bp YoY improvement
 - Favorable factors;
 - . Material costs
 - . Cost control activities
 - Positive one-off gains: 8.1 bW
 - . Price settlement
 - . Other one-time costs

Better operational performance due to cost control activities and one-off gains

Quarterly SG&A Status

(KRW in Billions)



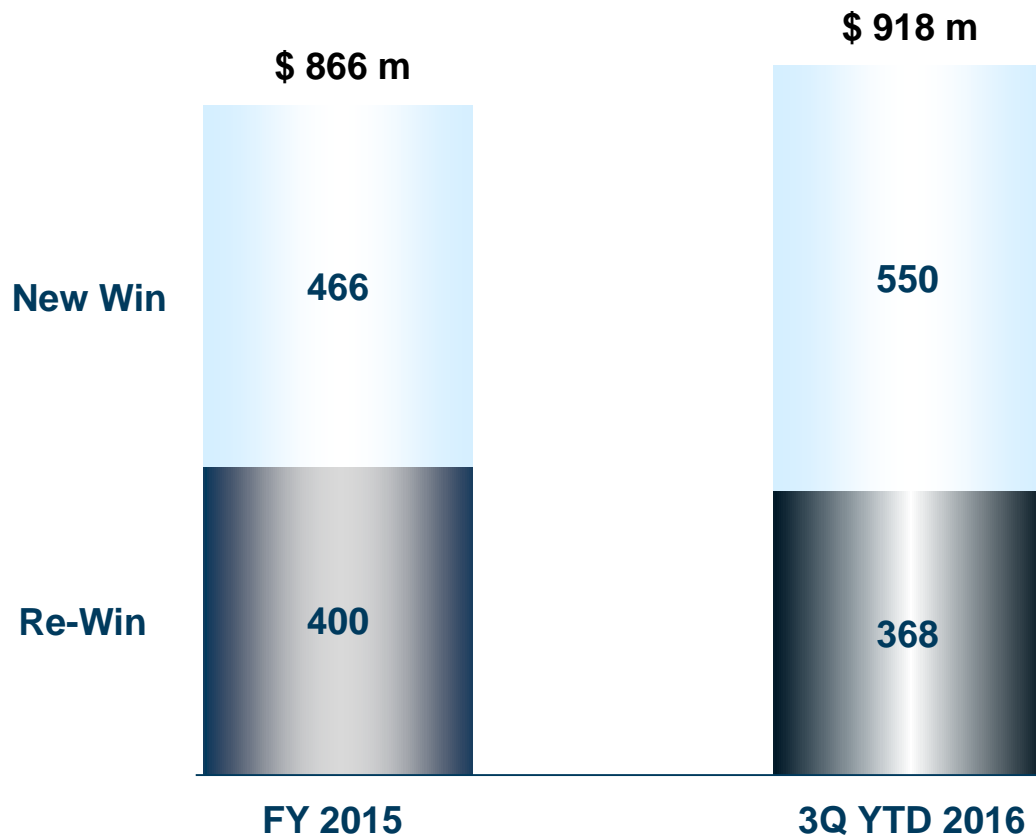
Comments

- 3Q16 spending was 13 bW better than 3Q15 (70 bp improvement)
- General costs decreased due to efficiency improvement activities
- Total R&D spending so far this year remained at 3Q15 YTD level

SG&A costs decreased from last year's level due to efficiency improvement activities

New Business Wins Update (Slide #1)

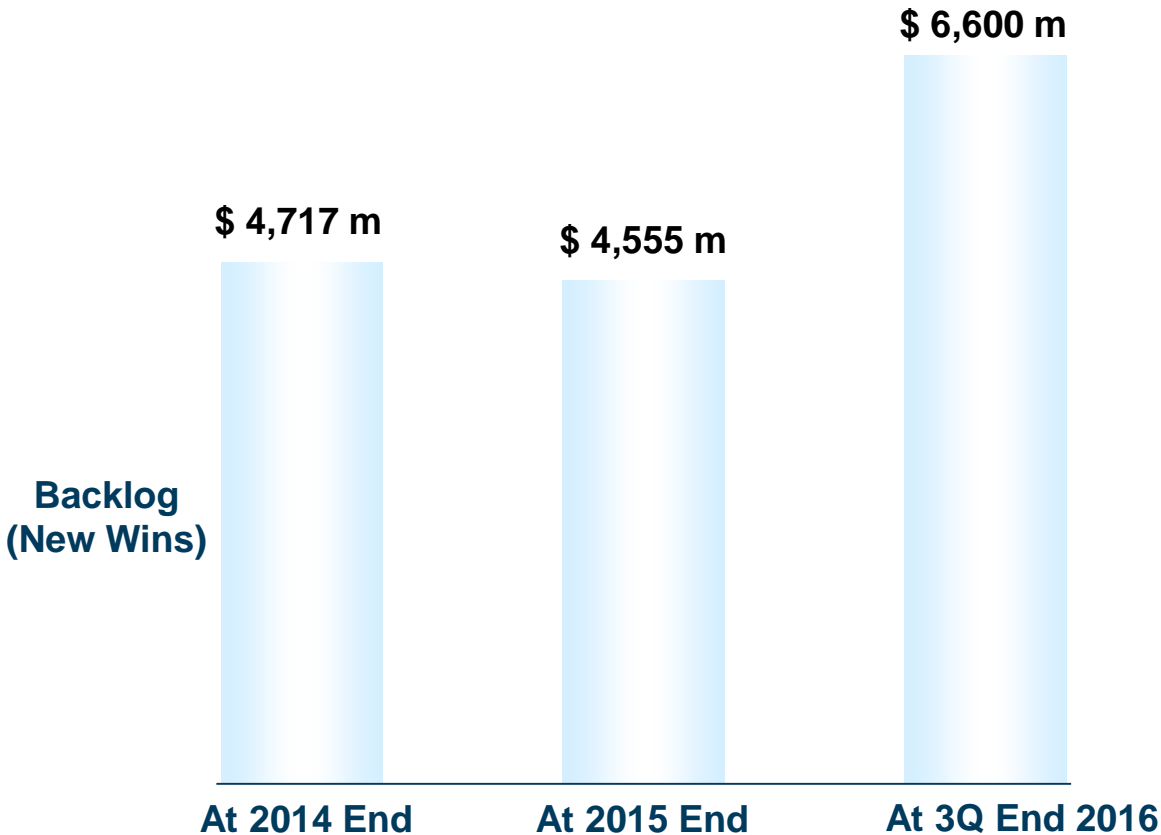
3Q YTD New Business Wins Status



- 3Q YTD NBW surpasses NBW of entire 2015.
- Order from Growth and Tech Customers accounts for 63% of New Wins.
- Order for eco-friendly vehicles account for 32% of New Wins in 3Q YTD 2016.

Backlog Status Update (Slide #2)

3Q16E 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 55% of backlog.
- Order for eco-friendly vehicles account for 18% of backlog.

Key Highlight

- **Revenue growth is well on track with 2016 guidance**
- **Adjusted OPM is 7.7%, which is reconciled with positive one-off gains of 8.1bW**
- **Order backlog is historical high, supporting 7.3 TW sales target in 2020.**



Appendix.

Q3 2016 Balance Sheet

(K-IFRS / KRW in Billions)

Balance Sheet

	3QYTD 2016	2015YE
Cash and cash equivalent	386	447
Account receivable	1,023	1,121
Inventories	421	382
Property and equipment	1,064	1,093
Intangible assets	234	207
Other assets	469	209
Total assets	3,597	3,459
Account payable	843	1,023
Debt	624	401
Other liabilities	298	236
Shareholders' equity	1,777	1,745
Non-controlling interests	55	55
Total liabilities & shareholders' equity	3,597	3,459

Cash and Debt

Cash Balance	3QYTD 2016	YE2015	YE2014
Net Debt	238	(46)	20
Net Debt Ratio	12.9%	(2.6%)	1.2%
Debt to Equity	34.1%	22.3%	24.0%

Leverage

(as of Sep 30, 2016)

Last 12 Months EBITDA	615
Debt / EBITDA	1.014
Net Debt to EBITDA	0.387

Stable cash creation leading to a strong balance sheet



Thank You