

# 3Q19 Business Results

Oct. 25, 2019



# Disclaimer



The financial numbers and statements included in the following presentation represent statements made before the external review by independent public accountants for the financial results of 3Q19, and are presented here today solely for the purpose of offering the investor an understanding of the company.

Part of the presentation is subject to change in the process of final reviewing by independent public accountants.

# CONTENTS



- ① Income Statement
- ② Biz Area Performance
- ③ Balance Sheet
- ④ Cash Flow
- ⑤ Other Operating Inc&Exp

# Income Statement

(Billion KRW)	'18.1Q~3Q	%	'19.1Q~3Q	%	Change(%)
Revenue	5,720	100	5,516	100	-3.6
Gross Profit	225	3.9	298	5.4	32.2
SG&A	225	3.9	216	3.9	-3.9
Operating Profit	0.2	0.0	82	1.5	-
Income before tax	-40	-0.7	52	0.9	Turn to black
Net income	-31	-0.5	40	0.7	Turn to black

- **Revenue** Weak machinery divisions (struggling machine tools and FA business)
- **Operating Profit** Product mix impact in auto parts and decrease in one-off loss in machinery

# Income Statement (3Q)

(Billion KRW, %)	3Q18	%	2Q19	%	3Q19	%	YoY (%)	QoQ (%)
<b>Revenue</b>	1,922	100	1,892	100	1,775	100	-7.7	-6.2
<b>Gross Profit</b>	77	4.0	97	5.1	123	7.0	60.5	27.4
<b>SG&amp;A</b>	67	3.5	67	3.5	86	4.9	28.0	28.6
<b>Operating Profit</b>	10	0.5	30	1.6	37	2.1	287.8	24.7
<b>Income before tax</b>	-11	-0.6	6	0.3	30	1.7	Turn to black	421.7
<b>Net income</b>	-8	-0.4	6	0.3	20	1.1	Turn to black	204.2

## YoY

- Revenue
  - Decrease in low-margin module assembly sales and weak machinery
- Operating Profit
  - Product mix impact in auto parts
  - Decrease in one-off loss in machinery

## QoQ

- Volume decrease in auto parts (short working days)
- Product mix impact in auto parts

# Biz Area Performance

(Billion KRW)		'18.1Q~3Q	'19.1Q~3Q	Change(%)
Revenue		5,720	5,516	-3.6
	Auto parts	4,908	4,852	-1.2
	Machinery	812	665	-18.1
Operating Profit		0.2 (0.0%)	82 (1.5%)	-
	Auto parts	70 (1.4%)	127 (2.6%)	81.2
	Machinery	-70 (-8.6%)	-45 (-6.7%)	35.8

## Operating Profit

## Analysis

### ► Auto Parts

- Weak Korean Won (Average FX +72 Won, 1,090 Won/\$ → 1,162 Won/\$)
- Volume and product mix improvement (UTR of engine / 4WD unit / CVJ ↑, Module↓)

### ► Machinery

- Decrease in one-off loss (liquidation of non-profitable business)
- Weak machine tools and FA

# Biz Area Performance

(Billion KRW)		1Q	2Q	3Q	4Q	2018	1Q	2Q	3Q	2019 1Q~3Q
Revenue		1,741	2,057	1,922	2,160	7,880	1,849	1,892	1,775	5,516
	Auto Parts	1,480	1,759	1,670	1,942	6,850	1,615	1,670	1,567	4,852
	Machinery	261	298	252	218	1,030	234	222	208	664
Operating Profit		-30 (-1.7%)	20 (1.0%)	10 (0.5%)	5 (0.2%)	5 (0.1%)	15 (0.8%)	30 (1.6%)	37 (2.1%)	82 (1.5%)
	Auto Parts	-3 (-0.1%)	46 (2.6%)	27 (1.6%)	50 (2.6%)	120 (1.8%)	29 (1.8%)	48 (2.9%)	50 (3.2%)	127 (2.6%)
	Machinery	-27 (-10.1%)	-26 (-8.7%)	-17 (-6.8%)	-45 (-20.7%)	-115 (-11.2%)	-14 (-5.9%)	-18 (-8.0%)	-13 (-6.2%)	-45 (-6.7%)

# Balance Sheet

(Billion KRW)	2018-End	2019 3Q-End	Change
<b>Assets</b>	<b>7,107</b>	<b>6,796</b>	<b>-311</b>
Cash & cash equivalents	1,200	1,237	37
Account receivable	1,669	1,391	-279
<b>Liabilities</b>	<b>4,070</b>	<b>3,701</b>	<b>-369</b>
Trade payable	1,191	865	-326
Debit	2,279	2,257	-22
(Net Debt)	(1,080)	(1,020)	(-60)
<b>Equity</b>	<b>3,037</b>	<b>3,095</b>	<b>58</b>
<b>Liability/Equity</b>	<b>134%</b>	<b>120%</b>	<b>-14%p</b>

※ Cash & Cash Equivalents = Cash + Short-term financial instruments



# Cash Flow

(Billion KRW)	2019 3Q-End	Cash at Beginning (Incl. ST financial instruments)
<b>Cash flows from operating</b>	318	336 (1,200)
Net Profit	40	
Depreciation & Amortization	196	
Changes in operating assets and liabilities	32	
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<b>Cash flows from investing</b>	-338	-99 (37)
Increase of tangible & intangible assets	-182	
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<b>Cash flows from financing</b>	-85	Cash at End (Incl. ST financial instruments)
Decrease of debt	-69	237 (1,237)

## Other Operating Inc&Exp

(Unit : Billion KRW)

Other Inc&Exp

Finance  
Inc&Exp

Equity Earning

-5

-11

-34

-31

1

13

■ '18.1Q~3Q

■ '19.1Q~3Q

'18.1Q~3Q

-40

+11

'19.1Q~3Q

-29

**Thank You**