

3Q23 Business Results

2023. 10. 31



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 3Q23, 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.

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Income Statement

(100 Million KRW)	2022		2023			
	3Q	1~3Q	3Q	YoY	1~3Q	YoY
Revenue	20,803	59,589	20,990	0.9%	64,791	8.7%
Operating Income	557	1,603	683	22.6%	1,845	15.1%
%	2.7%	2.7%	3.3%	+0.6%p	2.8%	+0.1%p
Income before tax	327	2,778	355	8.6%	778	-72.0%
Net Income	-106	2,023	193	TB	339	-83.2%
%	-0.5%	3.4%	0.9%	+1.4%p	0.5%	-2.9%p

Change Factor (3Q, YoY)

- ▶ Revenue (+0.9%)
 - (+) Module ASP hike (change to platform unit), 4WD/CVJ volume increase
 - (-) Engine production decrease
 - (+) Mobility Solutions for HMGMA, defense business for export increase
- ▶ Operating Income (+22.6%)
 - (+) Overseas Subsidiaries cost reduction (Russia/China, +10.5B KRW)
 - (+) Sales cost decrease (logistics cost stabilization +11B KRW)
- ▶ Income before tax (+8.6%)
 - (+) Operating profit +12.6B KRW, (+) Base Effect of China plant +37.8B KRW
 - (-) Foreign currency transaction loss -42.8B KRW

Biz Area Performance



(100 Million KRW)		3Q22	2Q23	3Q23	YoY	QoQ
Auto Parts	Module	5,262	7,459	6,597	25.4%	-11.6%
	Parts	13,690	13,267	12,172	-11.1%	-8.3%
	Revenue	18,952	20,726	18,769	-1.0%	-9.4%
	Operating Income	544	629	685	26.0%	9.0%
	%	2.9%	3.0%	3.7%	+0.8%p	+0.7%p
Machinery	Machine Tools /Mobility Solution	1,413	1,638	1,627	15.1%	-0.7%
	Defense	438	487	594	35.6%	22.0%
	Revenue	1,851	2,125	2,221	20.0%	4.5%
	Operating Income	13	23	-2	-115.4%	-108.7%
	%	0.7%	1.1%	-0.1%	-0.8%p	-1.2%p

Change Factor (3Q, YoY)

- ▶ Revenue (-1.0%)
 - Module (+25.4%) ※ sales share 28% → 35%
 - OEM's domestic production increase
 - production type changed to platform unit
 - 4WD/CVJ (+9.9%) ※ sales share 21% → 23%
 - SUV and Luxury car sales increase
 - Engine (-19.6%)
 - China production decrease, Mexico product mix change
- ▶ Operating Income (+26.0%)
 - (+) mix improvement
 - (-) China/Mexico utilization rate down
 - (+) China/Russia operational efficiency improve
- ▶ Revenue (+15.1%)
 - Mobility solutions / Defense sales increase
 - Starts supplying facilities to HMGMA
 - Production for defense export increase
- ▶ Operating Income (-115.4%)
 - Non-recurring cost of machine tools business (-3.2B KRW)
 - Cost of new project in defense business increase

Balance Sheet



(100 Million KRW)	2022-End	3Q23-End	Change
Assets	75,465	71,785	-3,680
Cash & cash equivalents*	15,892	14,420	-1,472
Account receivable	16,464	15,634	-830
Tangible/Intangible assets	29,158	28,119	-1,039
Inventories	8,102	7,450	-652
Liabilities	38,128	33,779	-4,349
Account payable	10,129	10,676	547
Debt	22,175	16,381	-5,794
(Net debt)	(6,282)	(1,961)	(4,321)
Equity	37,337	38,006	669
Liability/Equity	102%	89%	

* Cash & cash equivalents : Cash + short-term financial instruments

Change Factor

- ▶ **Asset**
 - (-) Cash liquidity decrease (operating cash flow +444.8B KRW, debt redemption -579.4B KRW)
 - (-) Accounts receivable decrease (due to sales decrease of China plant 79.3B KRW)
- ▶ **Liabilities**
 - (-) Debt redemption (HQ -341B KRW, Overseas -284.4B KRW, F/X +46B KRW)
- ▶ **Equity**
 - (+) Overseas business translation gain increase +47.7B KRW
 - (+) Retained earnings increase (net income increase +44.7B KRW)

Cash Flow



(100 Million KRW)

(100 Million KRW)	3Q23-End	Cash at Beginning (Incl. ST financial instruments)
Cash flows from operating	5,764	6,744 (15,892)
Net Income	339	
D&A	2,117	
Changes in operating assets and liabilities	2,133	
Cash flows from investing	1,315	+507 (-1,472)
Increase of tangible & intangible assets	-855	
Decrease of short-term financial instruments	2,074	
Cash flows from financing	-6,572	
Decrease of debt	-6,370	
Net foreign exchange difference	72	7,323 (14,420)

Non-Operating Inc&Exp

(100 Million KRW)

Change Factor (YoY)

※ F/X Inc&Exp change

(100 Million KRW)	2022		2023		
	3Q	1~3Q	3Q	YoY	1~3Q
F/X Inc&Exp	201	1,530	△227	△428	△880
HQ	310	530	40	△270	94
Russia	△62	1,099	△264	△202	△927

3Q22

-230

2Q23

-474

3Q23

-329

Non-Operating Inc&Exp

+201

-227

F/X Inc&Exp

► Increase of foreign exchange loss

- Due to fall of KRW/USD (strong KRW) and rise of RUB/EUR (weak RUB)

F/X	2022		2023	
	2Q End	3Q End	2Q End	3Q End
KRW/USD	1,293	1,435	1,313	1,345
RUB/EUR	54.3	56.5	94.4	100.6

-78

-56

Finance Inc&Exp

► Financial cost decrease

- Debt decrease (2,360B → 1,620B KRW)

(100 Million KRW)	'22.3Q End	'23.3Q End
HQ	13,289	9,236
Overseas	10,301	6,945

-362

-55

Other Inc&Exp

► Increase of other income

- base effect of goodwill revaluation of China plant in 3Q22 (+37.8B KRW)

Appendix

Income Statement (quarterly)



(100 Million KRW)	2021			2022			2023		
	1Q	2Q	3Q	1Q	2Q	3Q	1Q	2Q	3Q
Revenue	18,548	19,801	17,701	19,068	19,718	20,803	20,950	22,851	20,990
Gross Income	1,081	1,430	1,233	1,343	1,385	1,558	1,302	1,580	1,540
SG&A	807	978	921	828	854	1,001	793	928	856
Operating Income	274	452	312	515	531	557	509	652	683
%	(1.5%)	(2.3%)	(1.8%)	(2.7%)	(2.7%)	(2.7%)	(2.4%)	(2.9%)	(3.3%)
Income before tax	307	494	379	209	2,242	327	244	179	355
Net Income	225	383	167	133	1,996	-106	133	14	193
%	(1.2%)	(1.9%)	(0.9%)	(0.7%)	(10.1%)	(-0.5%)	(0.6%)	(0.1%)	(0.9%)

Biz Area Performance (quarterly)



(100 million KRW)	2021			2022			2023		
	1Q	2Q	3Q	1Q	2Q	3Q	1Q	2Q	3Q
Revenue	18,548	19,801	17,701	19,068	19,718	20,803	20,950	22,851	20,990
Auto Parts	16,857	17,835	15,773	17,151	17,729	18,952	19,162	20,726	18,769
Machinery	1,691	1,966	1,928	1,917	1,989	1,851	1,788	2,125	2,221
Operating Income	274 (1.5%)	452 (2.3%)	312 (1.8%)	515 (2.7%)	531 (2.7%)	557 (2.7%)	509 (2.4%)	652 (2.9%)	683 (3.3%)
Auto Parts	420 (2.5%)	593 (3.3%)	387 (2.5%)	494 (2.9%)	515 (2.9%)	544 (2.9%)	461 (2.4%)	629 (3.0%)	685 (3.7%)
Machinery	-146 (-8.6%)	-141 (-7.2%)	-75 (-3.9%)	21 (1.1%)	16 (0.8%)	13 (0.7%)	48 (2.7%)	23 (1.1%)	-2 (-0.1%)

Thank You