

2018 4Q Business Results



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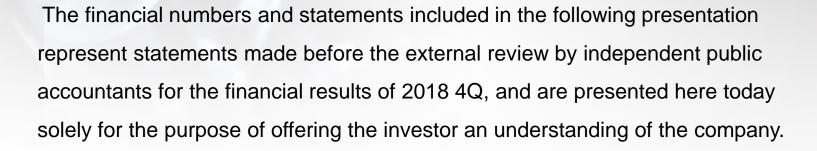








Disclaimer



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



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Income Statement



(Billion KRW)	2017	%	2018	%	Change(%)
Revenue	7,487	100	7,880	100	5.3
cogs	7,193	96.1	7,578	96.2	5.4
SG&A	277	3.7	297	3.8	7.1
Operating Profit	17	0.2	5	0.1	-69.9
Income before tax	-97	-1.3	-71	-0.9	
Net income	-63	-0.8	-55	-0.7	

▶ **Revenue** Sales increase in auto parts division due to volume growth of engine business

► Operating Profit Weak machinery divisions (struggling machine tools, dispose of the industrial machinery, etc.)

Income Statement (3Q)



(Billion KRW, %)	'17.4Q	%	'18.3Q	%	'18.4Q	%	YoY	QoQ
Revenue	1,877	100	1,922	100	2,160	100	15.1	12.4
cogs	1,875	99.9	1,845	96.0	2,084	96.5	11.1	12.9
SG&A	73	3.9	67	3.5	72	3.3	-2.3	6.5
Operating Profit	-72	-3.8	10	0.5	5	0.2		-49.5
Income before tax	-157	-8.4	-11	-0.6	-31	-1.4		
Net income	-119	-6.3	-8	-0.4	-24	-1.1		

► Revenue • YoY / QoQ : Volume increase in engine business

Operating Profit YoY: Volume and product mix impact in auto parts, low-base effect of ordinary wage lawsuit in 2017.

QoQ : Expenses increase in machinery

Biz Area Performance



(Billion KRW)	2017	2018	Change(%)	
Revenue	7,487	7,880	5.3	
Auto parts	6,442	6,850	6.4	
Machinery	1,045	1,030	-1.5	
Operating Profit	17 (0.2%)	(0.1%)	-69.9	
Auto parts	68 (1.1%)	120 (1.8%)	75.4	
Machinery	-52 (-4.9%)	-115 (-11.2%)		

Operating
Profit
FIOIIL

Analysis

- ► Auto Parts
- Strong Korean Won (Average FX -31 Won, 1,131 Won/\$ → 1,100 Won/\$)
- Volume and product mix improvement (UTR of global engine business ↑)
- Low-base effect of ordinary wage lawsuit in 2017
- **►** Machinery
- Increase in marketing expenses of machine tools division
- Provision for lawsuit in defense business
- Fixed cost burden of industrial machinery

Biz Area Performance (4Q)

(Bi	llion KRW)	2017	1Q	2Q	3Q	4Q	2018	1Q	2Q	3Q	4Q
R	evenue	7,487	1,872	1,813	1,925	1,877	7,880	1,741	2,057	1,922	2,160
	Auto Parts	6,442	1,611	1,542	1,674	1,616	6,850	1,480	1,759	1,670	1,942
	Machinery	1,045	261	271	251	261	1,030	261	298	252	218
Ol	perating Profit	17 (0.2%)	43 (2.3%)	30 (1.7%)	15 (0.8%)	-72 (-3.8%)	(0.1%)	-30 (-1.7%)	20 (1.0%)	10 (0.5%)	(0.2%)
	Auto Parts	68 (1.1%)	49 (3.0%)	38 (2.5%)	28 (1.7%)	-47 (-2.9%)	120 (1.8%)	-3 (-0.2%)	46 (2.6%)	27 (1.6%)	(2.6%)
	Machinery	-52 (-4.9%)	-6 (-2.2%)	-8 (-3.0%)	-13 (-5.1%)	-25 (-9.5%)	-115 (-11.2%)	-27 (-10.1%)	-26 (-8.7%)	-17 (-6.8%)	-45 (-20.7%)

Balance Sheet



(Billion KRW)	2017-End	2018-End	Change
Assets	7,194	7,107	-87
Cash & cash equivalents Account receivable	1,508 1,173	1,200 1,669	-308 496
Liabilities	4,054	4,070	16
Debit (Net Debt)	2,253 (745)	2,279 (1,080)	26 (335)
Equity	3,140	3,037	-103
Liability/Equity	129%	134%	5%р

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

Cash Flow



(Billion KRW)

Cash flows from operating

Net Profit

Depreciation & Amortization

Changes in operating assets and liabilities

Cash flows from investing

Increase of tangible & intangible assets
Increase of financial instruments

Cash flows from financing

Increase of debt

2018-End

-113

-55

261

-408

-464

-184

-287

-21

-5

Cash at Beginning

(Incl. ST financial instruments)

931

(1,508)

Change

(Incl. ST financial instruments)

-595

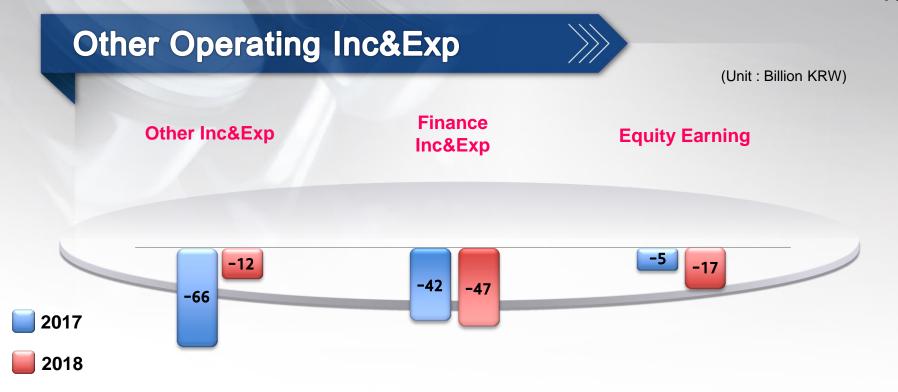
(-308)

Cash at End

(Incl. ST financial instruments)

336

(1,200)







Thank You