3Q 2019 Earnings Release

Hyosung Corporation

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3Q 2019 consolidated earnings and past consolidated earnings presented in this presentation are based on K-IFRS accounting standards. Historical data is provided for comparison purposes.

Information in this presentation has not been audited nor reviewed yet, and thus, is subject to change during the audit or review. Forward looking statements have been made with consideration of current status of the business environment and are also subject to change according to changes in the business environment, as well as the company's strategy.

Ⅰ. Profit & Loss

Income Statement (Consolidated)

(Unit: Hundred Million KRW)

	2018.3Q	2019.2Q (reviewed/audited)	2019.3Q (posted)	QoQ	YoY
Sales Revenue	7,919	9,410	7,840	▲1,570	▲79
Gross Profit	1,217	1,799	1,002	▲796	▲214
(Gross Profit Margin)	(15.4%)	(19.1%)	(12.8%)	(▲6.3%)	(▲2.6%)
Operating Profit	498	1,049	252	▲796	▲245
(Operating Profit Margin)	(6.3%)	(11.1%)	(3.2%)	(▲7.9%)	(▲3.1%)
Interest Expense	79	90	90	0.5	11
Gain or Loss on Foreign Exchange/Derivatives	▲37	58	12	▲46	49
Income before Tax	375	1,020	183	▲837	▲192
Net Income	271	859	▲52	▲911	▲323
EBITDA	535	1,116	326	▲790	▲209

Ⅱ. Balance Sheet

Statement of Financial Position (Consolidated)

(Unit: Hundred Million KRW)

	2019.06	2019.09	Change
Assets	66,539	64,900	▲1,638
Current Assets	14,873	13,871	▲1,001
Cash & Cash Equivalents	2,853	1,463	▲1,391
Non-Current Assets	51,666	51,029	▲637
Liabilities	39,442	37,888	▲1,554
Current Liabilities	24,552	23,025	▲1,527
Non-Current Liabilities	14,891	14,864	▲27
Equity	27,096	27,012	▲84
Debt	25,898	24,907	▲991
Net Debt	23,045	23,444	400
Debt Ratio	(145.6%)	(140.3%)	(▲5.3%)

Ⅲ. Profit & Loss by Company

Business Performance by Company

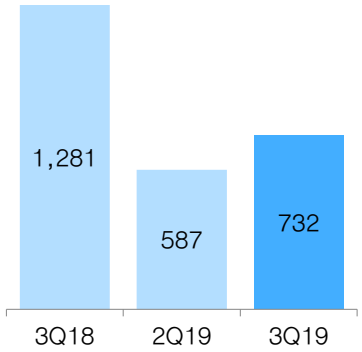
N/A = Not Available (Unit: Hundred Million KRW)

		2018.3Q		2019.2Q		2019.3Q	
		Sales Revenue	Operating Profit	Sales Revenue	Operating Profit	Sales Revenue	Operating Profit
Consolidated Object	Hyosung Corporation	1,281	▲11	587	▲31	732	110
	Hyosung TNS	1,768	105	2,618	384	2,394	278
	Hyosung Capital	486	64	545	102	441	38
	Others	4,844	102	5,964	181	5,240	99
Equity Method	Hyosung TNC	* N/A	* N/A	79	79	▲15	▲15
	Hyosung Advanced Materials	* N/A	* N/A	20	20	▲122	▲122
	Hyosung Chemical	* N/A	* N/A	58	58	74	74
	Hyosung Heavy Industries	* N/A	* N/A	110	110	▲170	▲170
Consolidated Adjustment		▲461	238	▲571	146	▲734	▲40
Total		7,919	498	9,410	1,049	7,840	252

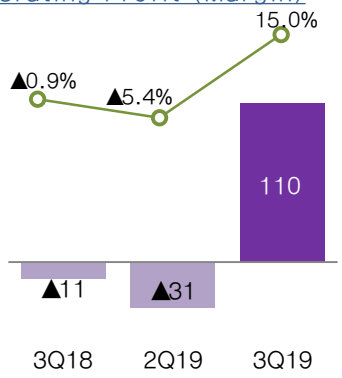
IV. Business Performance by Company

Hyosung Corp: Holdco's own business turned into profit-making in separate account (+ increased performance on both QoQ and YoY in OP)

Sales Revenue



Operating Profit (Margin)

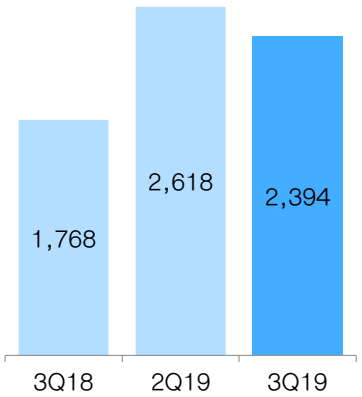


(Unit: Hundred Million KRW)

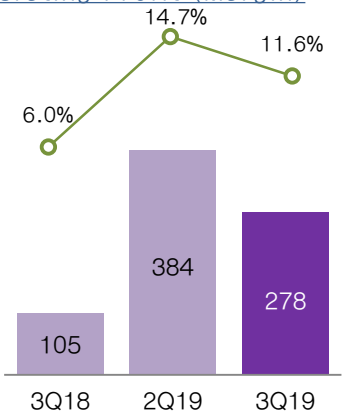
- Q3 turnaround to profit in separate account achieved by it's own business including dividends, trade, brand loyalty payments, IT services, etc.
- Q3 Earnings down in consolidated account
  : Estimated figures by street beat Q3 earnings
  (Experienced cuts in Revenue, OP and NP)
- ➢ Paid full amount of additional charges by tax investigation: Reflected its record in Q3 consolidated acct. (Holdco/TNC/Advanced Materials/Chemical/Heavy)

Hyosung TNS: Q3 Earnings went down a bit compared to its best ever-results in Q2 (+ increased performance on YoY)

Sales Revenue



Operating Profit (Margin)



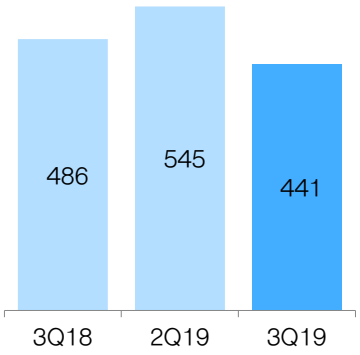
(Unit: Hundred Million KRW)

- Received new orders from Chase and started its supply
- Executed sole orders obtained from Sber Bank in Russia
- Launched new software business: obtained s/w orders from Huntington Bank in US and State Bank of India(SBI)
- Signed an MOU with Shinsegae INC. in Q2
  : Developing newest automated solutions with emart
- Developing future banking solution, "KIOSK", with two gigantic banks in US

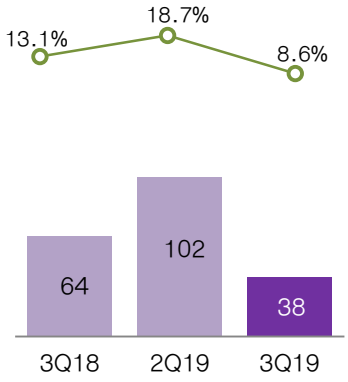
IV. Business Performance by Company

Hyosung Capital: As recession in manufacturing industry deepens, competition in equipment leasing market continues to increase (+ decreased performance on both QoQ and YoY)

Sales Revenue



Operating Profit (Margin)

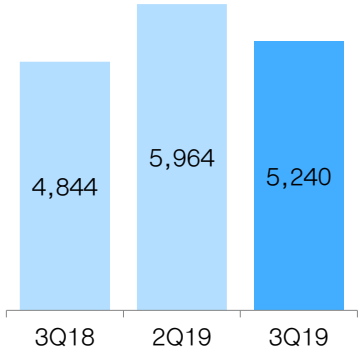


(Unit: Hundred Million KRW)

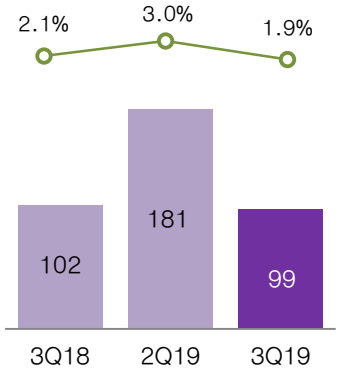
- Competition in equipment leasing market continues to intensify: Recession in primary industry such as manufacturing (+ breaking into the market by other sectors such as banking, etc.)
- Keep focusing on profitability and quality on an installment basis with industry materials (None Performing Loan Ratio ↓, Long Term Debt ↑)
- Challenging more sales in business finance and retailing

Others

Sales Revenue



Operating Profit (Margin)



(Unit: Hundred Million KRW)

- FMK: Q3 sales down by cutthroat competition between imported car dealers: various discounts with new cars + Strict regulations and authentication delay on diesel-powered cars (began to sell Diesel cars by August 2019)
- Transworld: Q3 earnings down by adjusting quantity of export containers for Hyosung Group's internal business
- Goodsprings: Highly lucrative sales orders down in Q3
- Overseas Trading Subsidiaries: Sales ↓, but OP ↑ slightly

Appendix 1. Financial Statement by Company

Hyosung Corporation (Separate)

• P/L Summary (Unit: Hundred Million KRW)

	2018.3Q	2019.2Q	2019.3Q
Sales Revenue	1,281	587	732
Gross Profit	116	107	258
Operating Profit	▲11	▲31	110
Interest Expense	2	6	5
Gain or Loss on Foreign Exchange/Derivatives	1	2	2
Income before Tax	▲8	▲31	103
Net Income	▲2	▲26	12

• B/S Summary (Unit: Hundred Million KRW)

	2019.06	2019.09	Change
Assets	21,262	21,199	▲62
* Cash	38	41	3
Tangible/ Intangible Assets	5,767	5,742	▲25
Liabilities	3,030	2,956	▲74
Debt	240	214	▲26
Equity	18,232	18,244	12
Debt Ratio	16.6%	16.2%	▲0.4%

Hyosung TNS

• P/L Summary (Unit: Hundred Million KRW)

	2018.3Q	2019.2Q	2019.3Q
Sales Revenue	1,768	2,618	2,394
Gross Profit	346	631	522
Operating Profit	105	384	278
Interest Expense	15	16	19
Gain or Loss on Foreign Exchange/Derivatives	▲5	▲5	4
Income before Tax	90	365	272
Net Income	87	262	174

• B/S Summary (Unit: Hundred Million KRW)

	2019.06	2019.09	Change
Assets	6,821	6,690	▲131
* Cash	1,844	1,329	▲515
Tangible/ Intangible Assets	1,287	1,296	9
Liabilities	3,709	3,701	▲7
Debt	1,892	2,094	202
Equity	3,113	2,989	▲123
Debt Ratio	119.1%	123.8%	4.7%

* **Cash:** including Cash, General Savings, Installment Savings for more than 3 months, and other Financial Products

Appendix 1. Financial Statement by Company

Hyosung Capital

- P/L Summary (Unit: Hundred Million KRW)

	2018.3Q	2019.2Q	2019.3Q
Sales Revenue	486	545	441
Gross Profit	149	188	121
Operating Profit	64	102	38
Interest Expense	-	-	0.4
Gain or Loss on Foreign Exchange/Derivatives	-	-	-
Income before Tax	64	105	38
Net Income	36	80	30

- B/S Summary (Unit: Hundred Million KRW)

	2019.06	2019.09	Change
Assets	23,878	22,683	▲1,196
* Cash	1,178	371	▲806
Tangible/ Intangible Assets	115	207	92
Liabilities	19,854	18,629	▲1,226
Debt	17,565	16,300	▲1,265
Equity	4,024	4,054	30
Debt Ratio	493.4%	459.5%	▲33.9%

FMK

- P/L Summary (Unit: Hundred Million KRW)

	2018.3Q	2019.2Q	2019.3Q
Sales Revenue	650	593	544
Gross Profit	107	132	105
Operating Profit	6	15	2
Interest Expense	2	6	4
Gain or Loss on Foreign Exchange/Derivatives	▲4	3	2
Income before Tax	1	18	5
Net Income	0.2	14	3

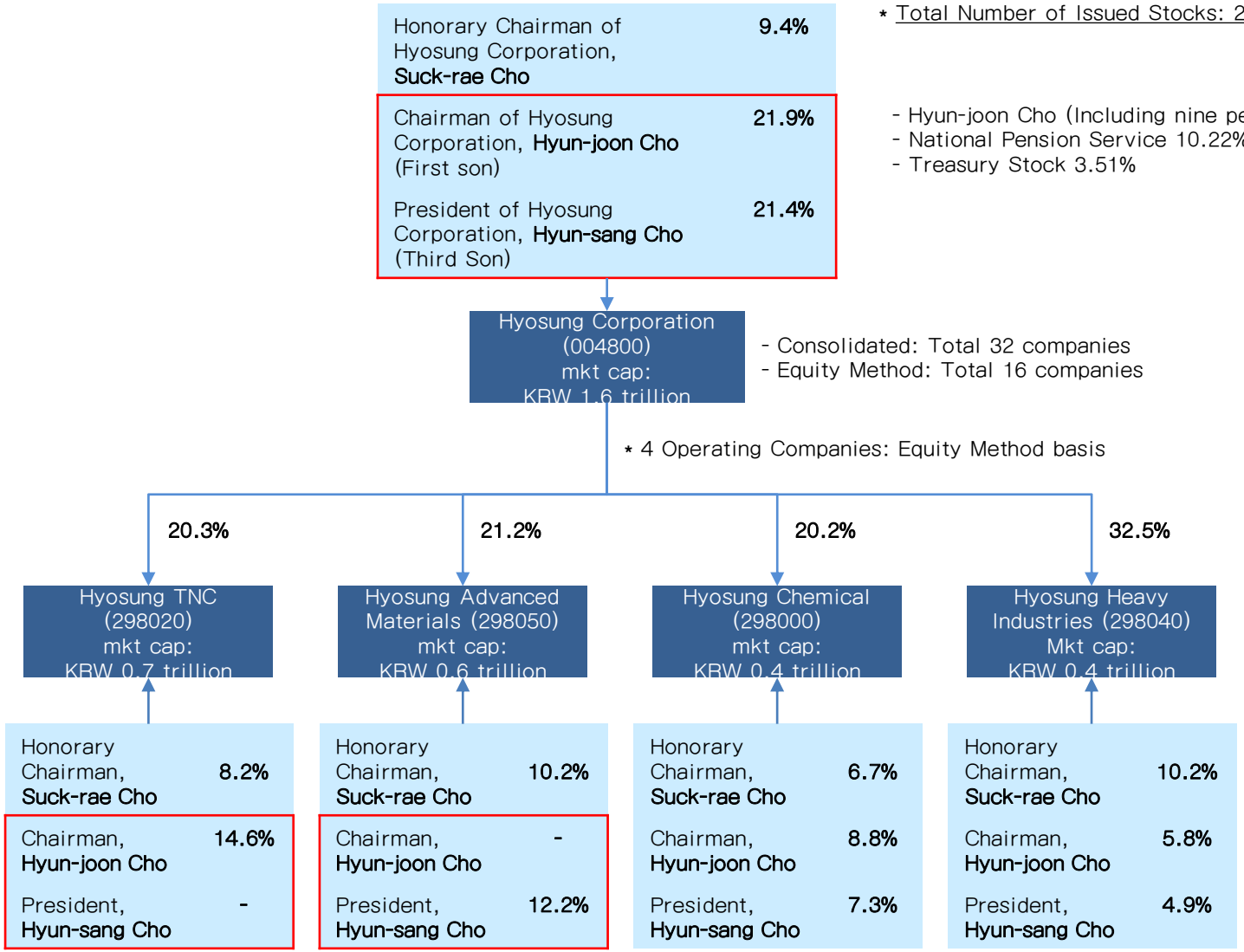
- B/S Summary (Unit: Hundred Million KRW)

	2019.06	2019.09	Change
Assets	1,521	1,327	▲194
* Cash	7	15	8
Tangible/ Intangible Assets	257	264	7
Liabilities	1,214	1,017	▲197
Debt	519	231	▲288
Equity	307	310	3
Debt Ratio	395.0%	328.0%	▲67.0%

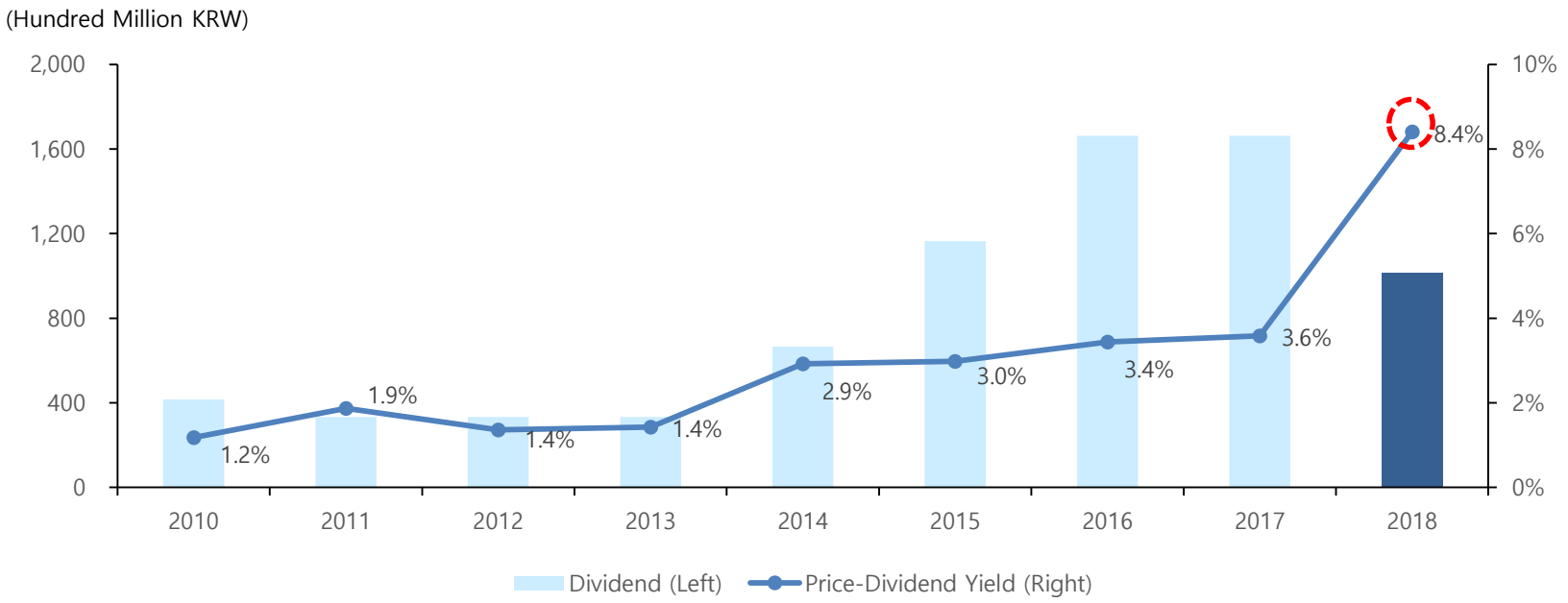
* **Cash:** including Cash, General Savings, Installment Savings for more than 3 months, and other Financial Products

Appendix 2. Hyosung P/L Analysis: Consolidated vs. Separate

Appendix 3. Governing Structure: Hyosung Split into Five Companies



Appendix 4. Dividend & Price-Dividend Yield



	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Income (Hundred Million KRW)	3,057	▲ 450	1,566	▲2,292	2,692	4,926	4,555	3,256	4,641
DPS (KRW)	1,250	1,000	1,000	1,000	2,000	3,500	5,000	5,000	5,000
Dividend (Hundred Million KRW)	416	333	333	333	665	1,164	1,663	1,663	1,017
Payout Ratio	0.14	-	0.21	-	0.25	0.24	0.37	0.51	0.22
Market Price (KRW)	106,000	53,600	73,600	70,300	68,400	117,500	145,500	139,500	59,500
Market Cap (Hundred Million KRW)	37,225	18,823	25,846	24,688	24,020	41,263	51,096	48,989	12,537