

# Fourth-Quarter 2020 Results

## Halla Holdings

February 2021



# 4Q 2020 Highlights

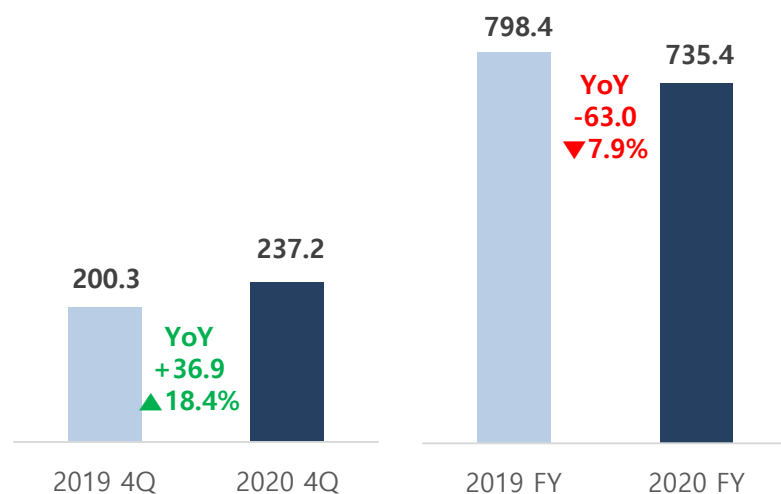
- ✓ **Consolidated 4Q results**
  - 4Q Sales of W 237.2 bn (YoY +18.4%)
  - 4Q OP of W 47.3 bn (OP Margin 19.9%)
  - 4Q Net profit of W 26.4 bn
- ✓ **Halla Holdings Business Unit**
  - Own business 4Q Sales of W 189.7 bn (YoY +12.4%) and OP of W 6.4 bn (OPM : 3.4%)
    - Successful turnaround of Europe corporation and Imported car parts business
- ✓ **Affiliates' highlights**
  - **Automobile**
    - Mando 4Q Sales of W 1,738.5 bn (YoY +6.3%) and OP of W 80.4 bn (OPM : 4.6%)
    - Mando Hella 4Q Sales of W 213.8 bn (YoY +24.7%) and OP of W 9.5 bn (OPM : 4.4%)
  - **Construction (Halla Corporation)**
    - 4Q sales of W 418.6 bn (YoY +14.6%) and OP of W 14.5 bn (OPM : 3.5%)
- ✓ **Continue to focus on cash liquidity**
  - Decided to sell 50% shares in Mando Hella on February 3, 2021
  - Successfully issued W 150 bn Corporate bonds early February.
    - Continue to save on interest costs (4bp/40bp lower than 3Y/5Y A0 grade rate)
- ✓ **Consolidated FY 2020 results**
  - Sales of W 735.4 bn (YoY -7.9%)
  - OP of W 90.3 bn (OP Margin 12.3%)
  - Net profit of W 43.8 bn

**Continue to drive shareholders' value based on strong results**

# Business Performance (consolidation)

## Sales

[Unit : W bn]

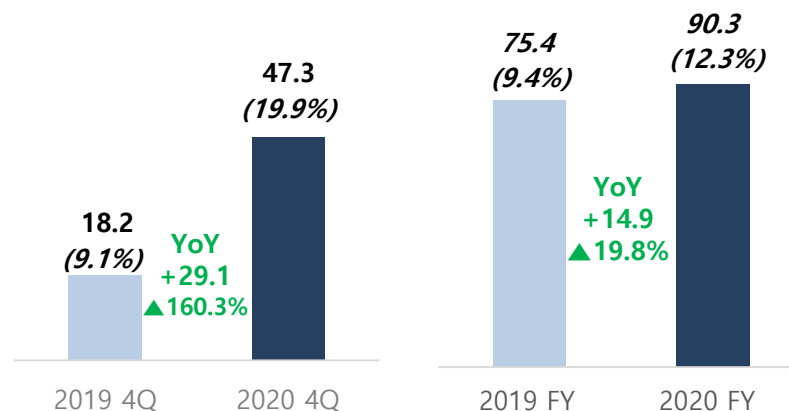


- **4Q Sales increase 18.4% YoY**

- Due to increase in 4Q20 profits from affiliates

## Operating Profit (%)

[Unit : W bn]



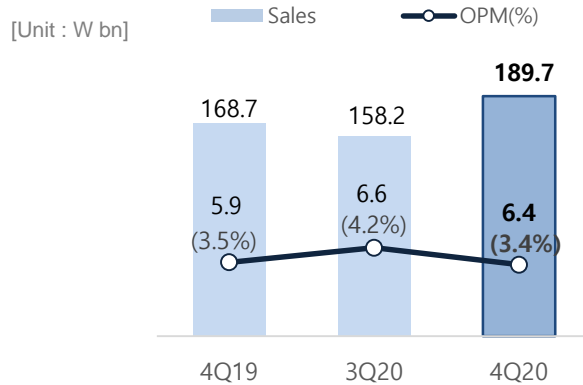
- **4Q OPM increase 160.3%p YoY**

- Due to increase in 4Q20 profits from affiliates and profitability improvement by own business restructuring

**COVID-19 negatively impacted the first half results, but fundamentals remain strong throughout the year**

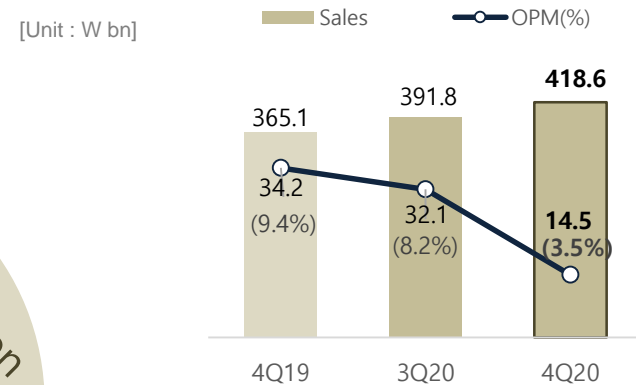
# Business Performance of 4Q 2020

## Aftermarket and Logistics



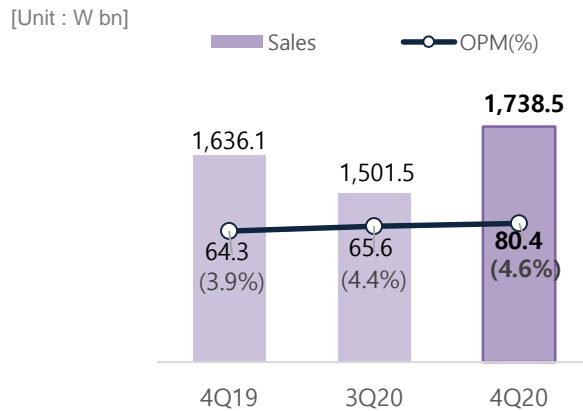
## Halla Corporation

(Affiliates under the equity method)



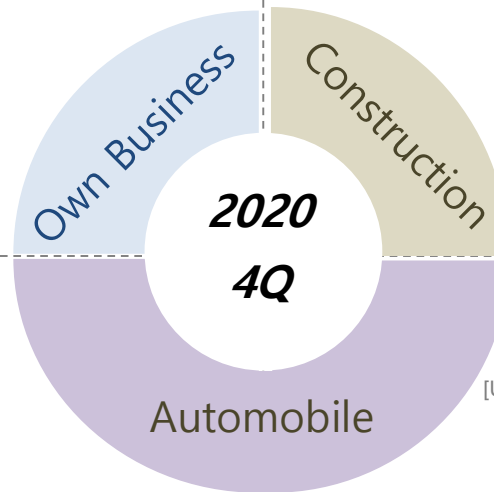
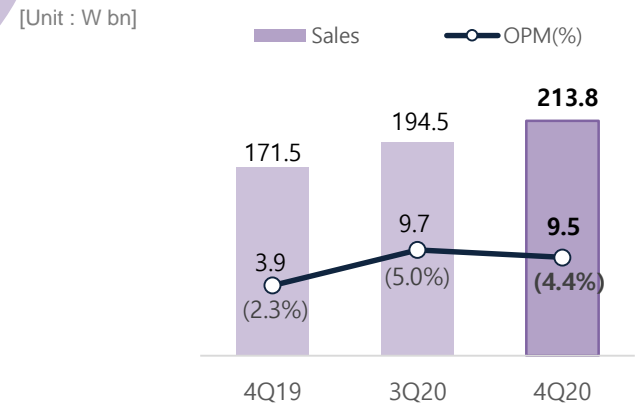
## Mando

(Affiliates under the equity method)



## Mando Hella

(Affiliates under the equity method)



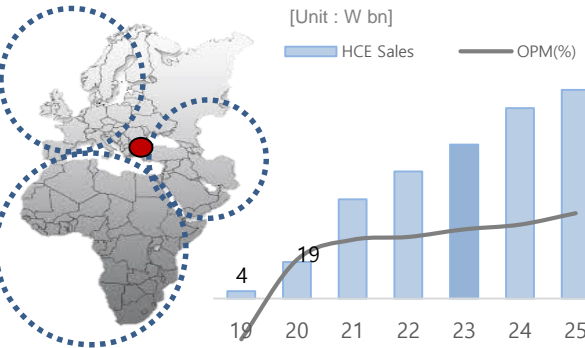
**Strong results from Halla Corporation and Strong 4Q recovery in Automobile business**

# Own Business | Mid-term growth strategies

## Global Aftermarket



### 1 Halla Holdings Corporation Europe



### 2 URIMAN (US)

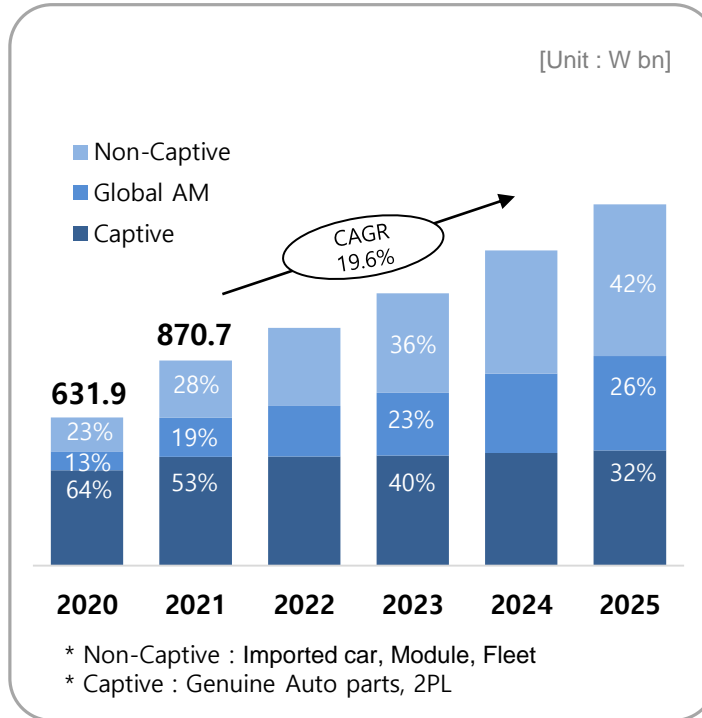


Enter North American market with Korean OE brand



S/Abs, DSM Full-line Supplier

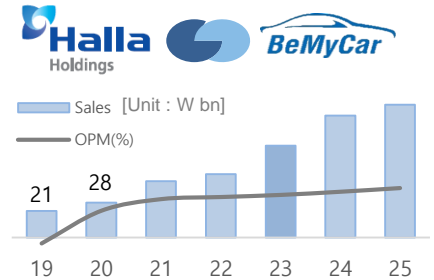
## Keyword Growth & Profitability



## Non-Captive Biz



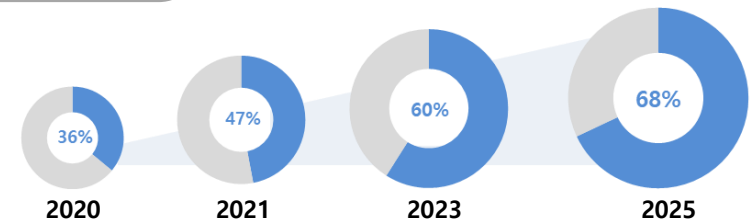
### 1 Imported Car Platform Service



### 2 Module



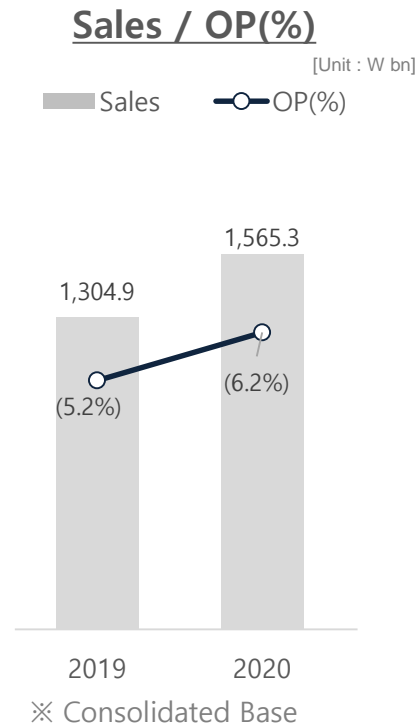
- Entering the European market after North America and China in 2021



Global Aftermarket & Non-Captive Biz ratio (%)

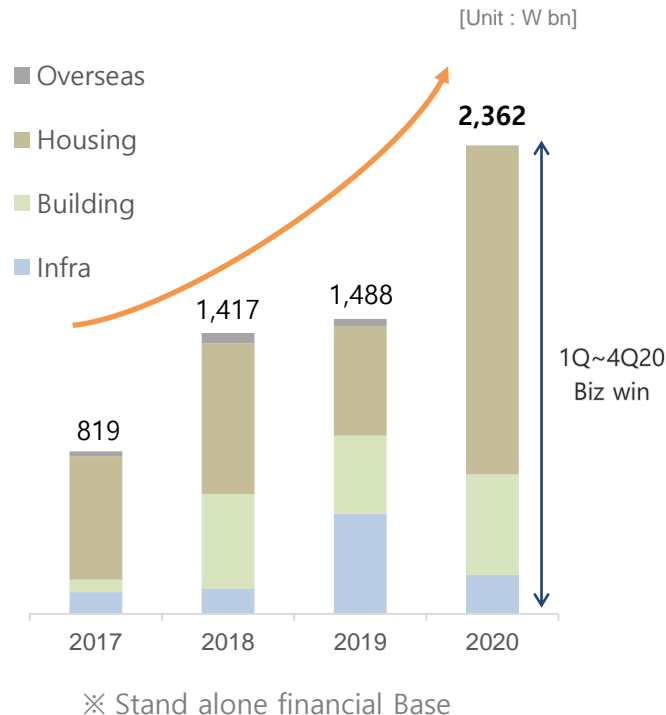
# Halla Corporation | '20 4Q Business Performance

## Sales / COGS rate



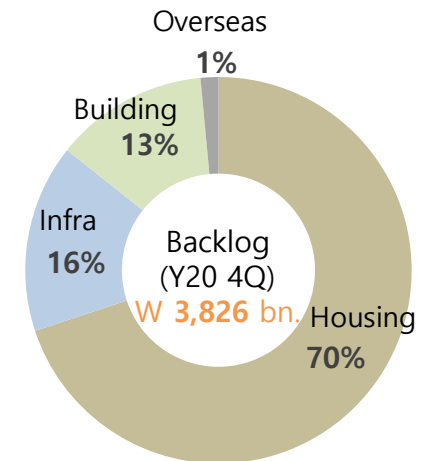
- ✓ Maintain stable COGS rate and reduce fixed cost

## New Business Win



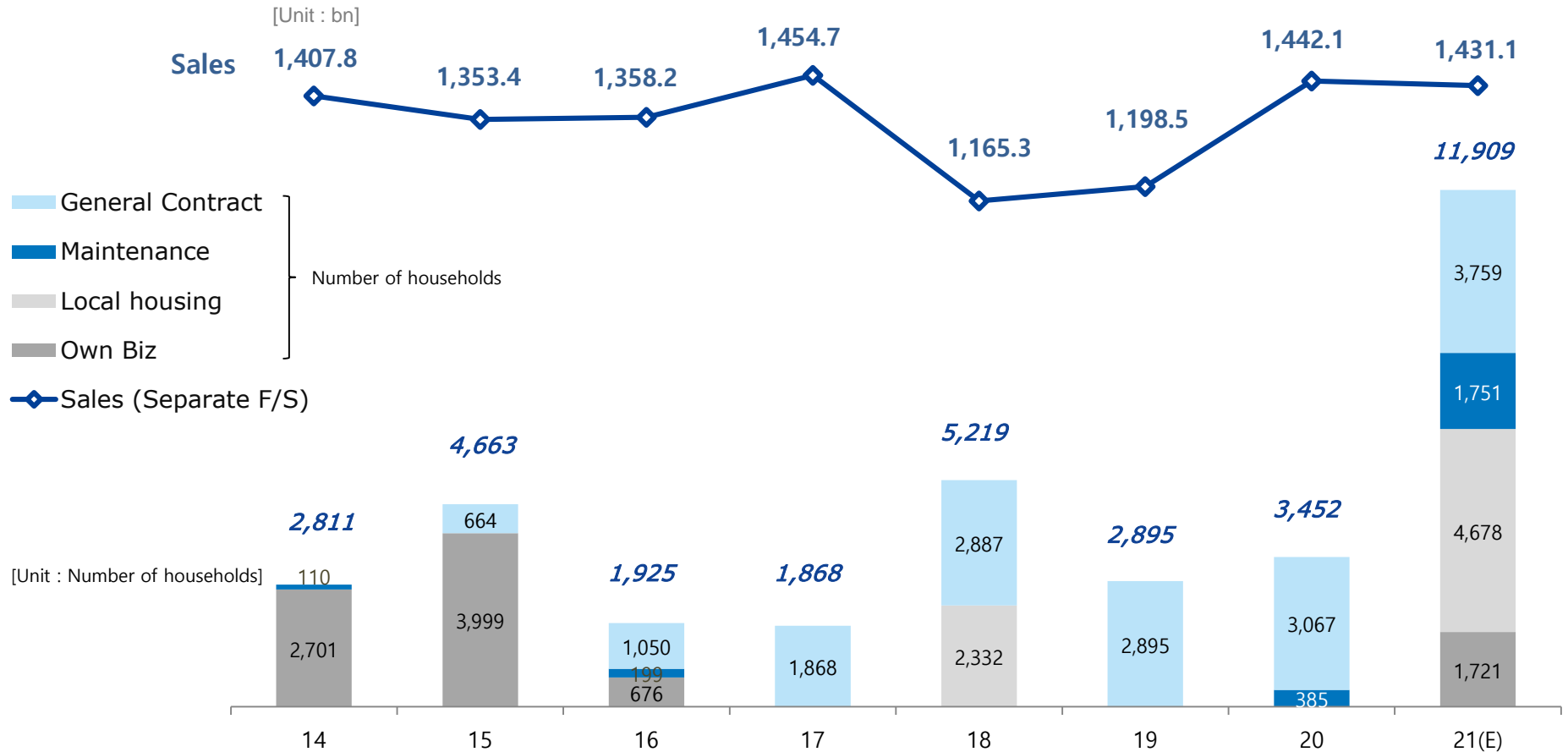
- ✓ Secured W 997 bn of new business win in 4Q20
- ✓ Order backlog growth : FY18 W 2.5 tn. → FY19 W 2.9 tn. → FY20 W 3.8 tn.

## Order Backlog



Maintain financial stability while delivering steady growth

# Housing/Building – Target to sell record-breaking number of units



\* Revenue to be realized over approximately 1~2 years period

\* Y21 Sales : Business Plan of FY21 (Separate F/S)

# Disposal of 50% shares in Mando Hella Electronics

## ✓ Deal Summary

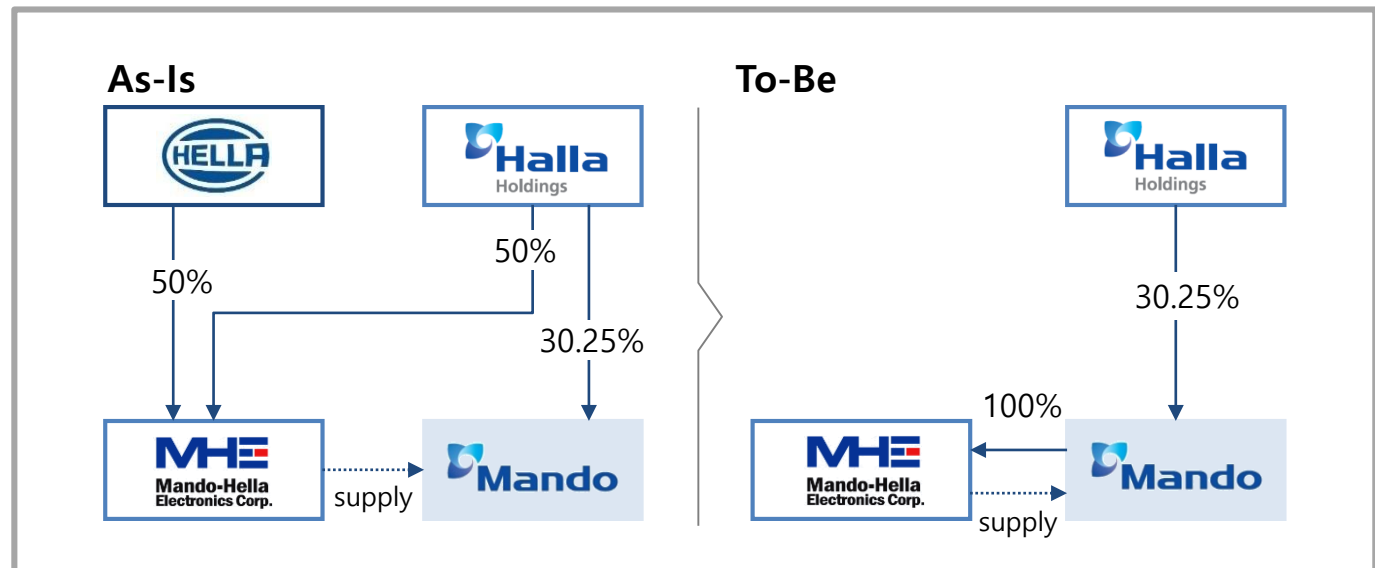
Halla Holdings decided to sell 50% shares in Mando Hella on February 3, 2021

- Estimated Closing date : 1Q 2021

## ✓ Disposal Price

W 82.5 bn

## ✓ Post closing Ownership



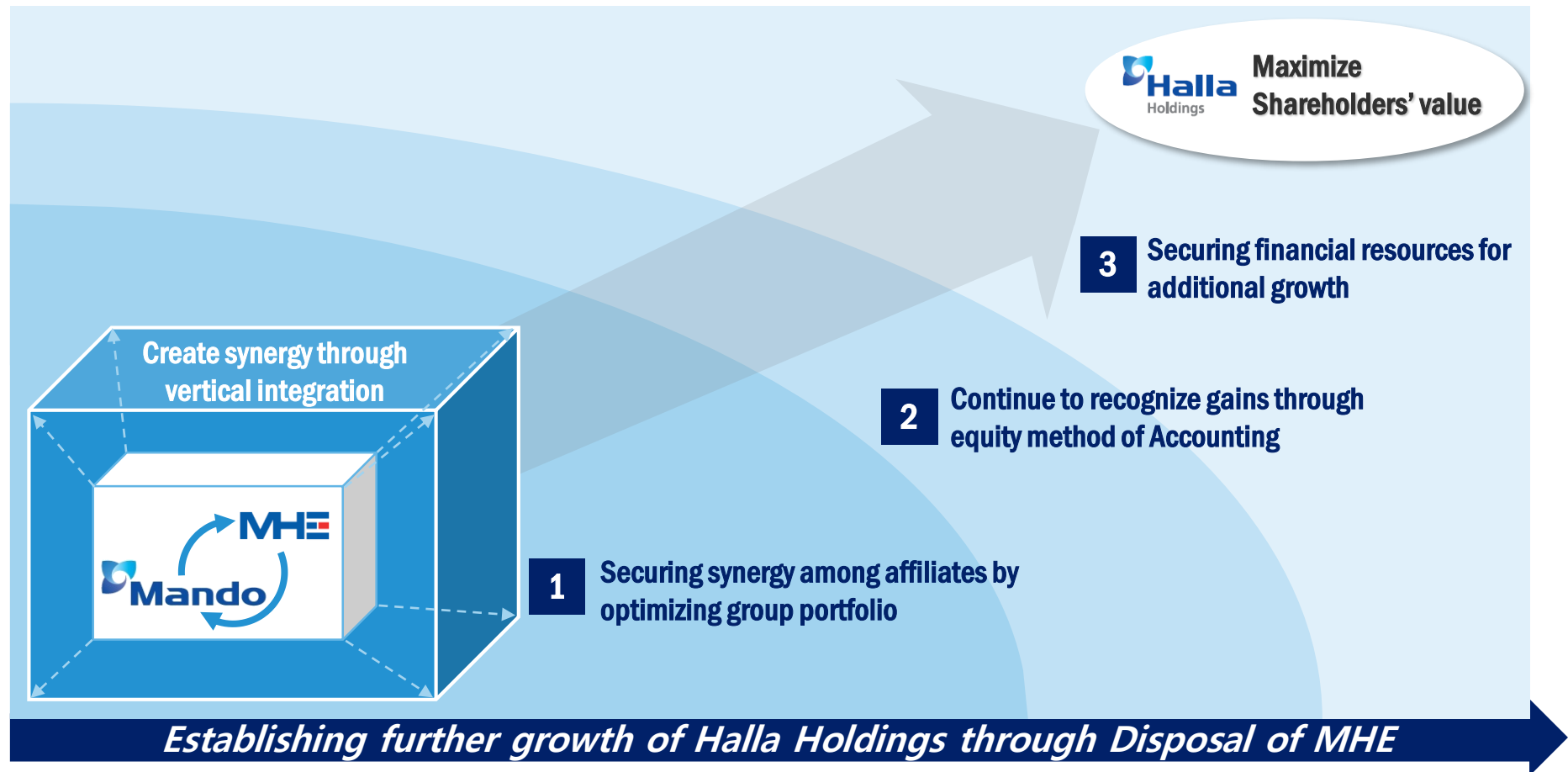
\* Mando acquires 100% equity stake from Hella Electronics and Halla Holdings, with a total acquisition price of W 165 bn.



# Expected Benefits from the Deal (1)

## ➤ Expected Benefits through Mando & MHE integration

Promote growth of affiliates by maximizing synergy between Mando and MHE  
Improve financial stability and diversify business portfolios



## Expected Benefits from the Deal (2)

1

### Securing synergy among affiliates by optimizing group portfolio

- Expanding product portfolio
- Customer Diversification
- Synergy through vertical integration



**Synergy creation enables Halla Holdings to earn long-term and continuous returns**

2

### Continue to recognize gains through equity method of Accounting

- **Halla Holdings can continue to recognize MHE's future growth through the equity method (30.25% stake in Mando)**
- **Profit is expected to improve through increased synergy between Mando-MHE**

3

### Securing financial resources for additional growth

- Improve financial stability
- Biz Portfolio Diversification



**Maximize Shareholders' value & Halla Holdings enterprise value**

# Maximize the corporate and shareholder value

## ➤ Maximize the corporate and shareholder value by portfolio diversification

### Maximize the corporate and shareholder value

#### DPS trend

(unit : won)



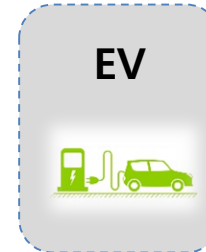
#### Own Stock Acquisition

- 10<sup>th</sup> Jan 2019: Stocks cancellation (330,621 shares)
- 26<sup>th</sup> Feb 2020: Announcement of stock acquisition plan (W 10.0 bn)
- 25<sup>th</sup> Aug 2020: Acquired 351,915 stocks for W 9.9 bn

### Biz Portfolio Diversification

<Biz Portfolio Diversification through M&A>

#### Target Industries

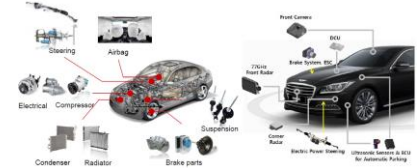


Focus on creating synergy (while not overlapping) with existing businesses

# FY 2021 Key Areas of Focus

## ✓ Halla Holdings Business Unit

- Secure growth and profitability by expanding domestic and overseas aftermarket business
- Continue to discover new growth engines (Imported car, Module, Fleet, etc.)



## ✓ Mando

- Solid growth driven by the electrification trend including EV and ADAS
- 2021 Target : Sales W 6.04 trillion (YoY 8.5% increase)



<CES 2021 Innovation Award>

## ✓ Halla

- Drive growth through solid new business backlog
- 2021 Target : Sale W 1,431 bn / OP W 73.5 bn (OPM 5.1%)
  - ※ Stand alone financials



Securing new growth engines and Stable growth of Affiliates

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# Appendix

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## Appendix | Key Financial Metrics

[Unit : bn. KRW, %]	YoY			QoQ		FY 2019
	4Q 2020	4Q 2019	B/(W)	3Q 2020	B/(W)	
<b>Sales</b>	237.2	200.3	36.9 ↑ 18.4%	205.7	31.4 ↑ 15.3%	798.4
<b>Operating Profit</b>	47.3 19.9%	18.2 9.1%	29.1 ↑ 160.3%	44.8 21.8%	2.5 ↑ 5.5%	75.4 9.4%
<b>Net Profit</b>	26.4 11.1%	12.7 6.3%	13.7 ↑ 107.8%	33.0 16.0%	-6.6 ↓ -20.1%	41.1 5.1%
<b>EBITDA</b>	49.9 21.0%	20.6 10.3%	29.3 ↑ 142.4%	47.2 23.0%	2.7 ↑ 5.6%	84.9 10.6%

## Appendix | Consolidated Statements of Financial Position

[Unit : W bn, %]

Description	4Q 2020	3Q 2020	Variance
Asset	1,958.1	1,920.7	+37.4
(Cash)	141.7	223.6	-81.9
Liability	1,071.3	1,044.3	+27.0
(Debt)	707.9	732.9	-25.0
Equity	886.8	876.4	+10.4
(Capital)	55.1	55.1	-
L/E ratio	120.8%	119.2%	+1.6%
D/E ratio	79.8%	83.6%	-3.8%
Net D/E ratio	63.8%	58.1%	+5.7%

※ L/E ratio(Liability to Equity ratio), D/E ratio(Debt to Equity ratio), Net D/E ratio(Net Debt to Equity ratio)

## Appendix | Performance Summary by Affiliates

### ➤ Business Unit of Holdings & Consolidated Affiliate

[Unit : W bn, %]

	Business Unit of Holdings		Consolidated Affiliate   JJ Halla	
	4Q20	FY2020	4Q20	FY2020
Sales	189.7	631.9	5.2	15.7
Operating Profit	6.4	20.6	1.0	0.7
(%)	3.4%	3.3%	18.8%	4.3%
Pre-tax Profit	n/a	n/a	n/a	-13.1
Net Profit	n/a	n/a	n/a	-13.3

### ➤ Affiliates under the Equity Method of Accounting

[Unit : W bn, %]

	Mando		Mando Hella		Halla Stackpole		Halla	
	4Q20	FY2020	4Q20	FY2020	4Q20	FY2020	4Q20	FY2020
Sales	1,738.5	5,563.5	213.8	687.4	54.3	176.4	418.6	1,565.3
Operating Profit	80.4	88.7	9.5	21.3	9.2	19.6	14.5	96.8
(%)	4.6%	1.6%	4.4%	3.1%	17.0%	11.1%	3.5%	6.2%
Pre-tax Profit	48.5	20.2	6.7	11.2	7.6	19.7	57.4	132.4
Net Profit	75.7	12.5	1.8	4.8	5.7	15.1	45.1	110.5



# Disclaimer

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The 4Q 2020 results of Halla Holdings are prepared on a consolidated basis in accordance with IFRS.

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