

Play Interactive **K5**



Kia Motors 2019 Business Results

January 22, 2020



The Power to Surprise

Note to Investors

This presentation has been prepared with unaudited results of FY2019 for investors' convenience.

Therefore, some numbers are subject to change upon review of Kia's independent auditors.





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Table of Contents

- Sales Summary
 - Financial Summary
 - Revenue & Earnings Analysis
 - 2020 Business Plan
 - Appendix
-



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2019 Sales Summary

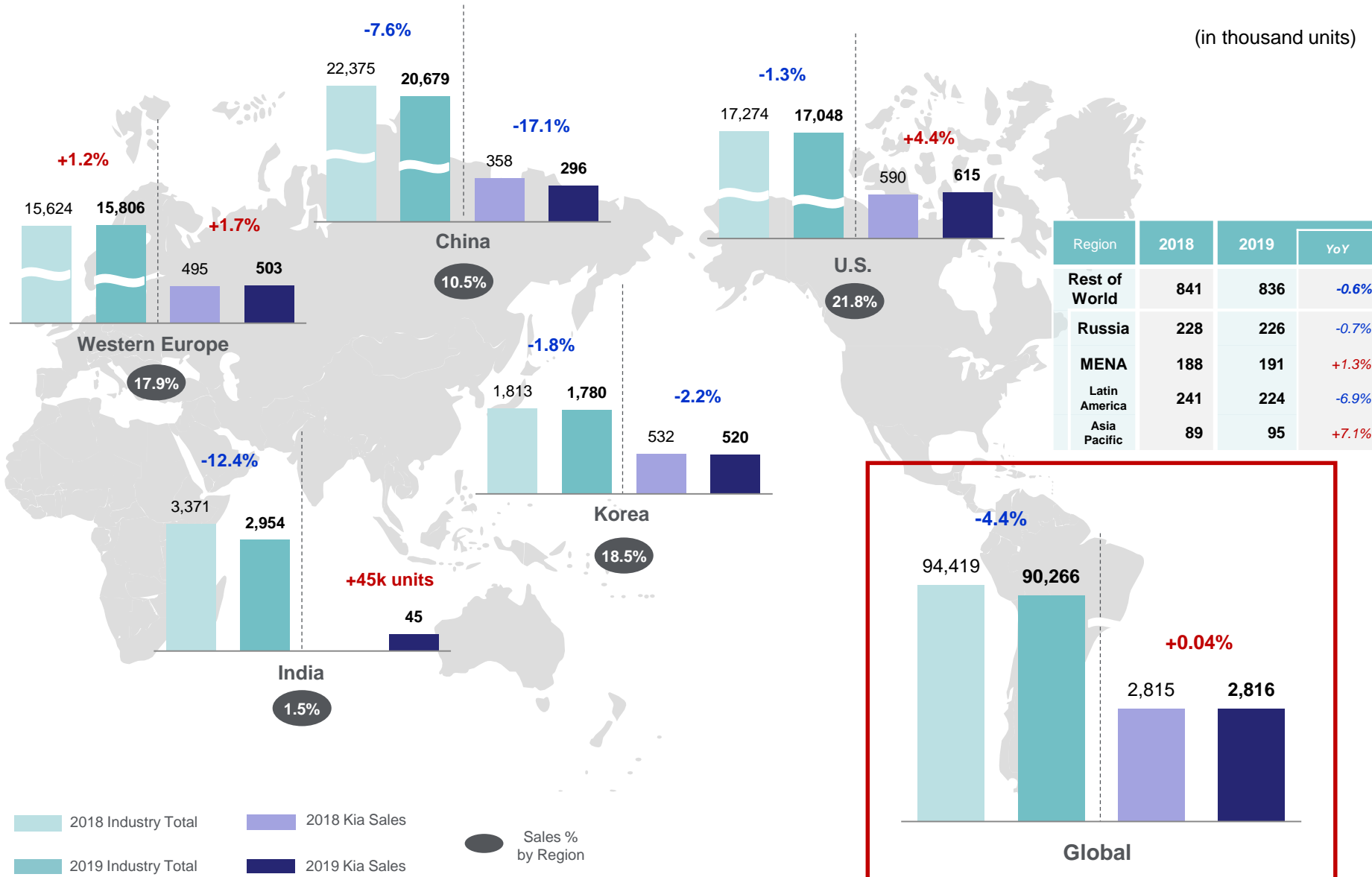
- Retail Sales
 - Wholesale
-

Global Retail Sales



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(in thousand units)



Wholesale by Regions



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(in thousand units)	'18.4Q	'19.4Q	YoY	2018	2019	YoY
	Wholesale	739	728	-1.4%	2,812	2,772
(ex-China)	611	669	+9.5%	2,442	2,513	+2.9%
Korea	137	145	+5.8%	532	520	-2.2%
North America	180	192	+6.6%	760	783	+3.0%
U. S.	142	152	+7.0%	591	613	+3.9%
Europe	115	127	+10.1%	504	521	+3.3%
Western Europe	113	122	+8.2%	492	504	+2.4%
India	-	31	-	-	45	-
China	128	59	-53.6%	371	259	-30.2%
Russia	68	65	-5.4%	237	235	-0.9%
MENA	54	55	+1.2%	179	191	+7.1%
Latin America	34	30	-9.8%	138	122	-12.2%
Asia-Pacific	23	24	+5.4%	91	96	+5.2%

※ CKD excluded



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Financial Summary

- Consolidated Income Statement
 - Consolidated Balance Sheet
-

Consolidated Income Statement



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(in Billion Won)	2018		2019		YoY
		(% of sales)		(% of sales)	
Sales Revenue	54,170	100%	58,146	100%	+7.3%
Cost of Sales	46,177	85.2%	48,767	83.9%	+5.6%
Gross Profit	7,993	14.8%	9,379	16.1%	+17.4%
SG&A	6,835	12.6%	7,370	12.7%	+7.8%
Operating Profit	1,158	2.1%	2,010	3.5%	+73.6%
Pre-tax Profit	1,469	2.7%	2,531	4.4%	+72.3%
Net Profit	1,156	2.1%	1,827	3.1%	+58.0%

※ Consolidated Sales Units : 2,507,790 units in 2018 → 2,527,137 units in 2019 (+19,347 units, YoY +0.8%)

※ Average Currency Rate (USD/KRW) : W1,100 for 2018 → W1,166 for 2019 (+W66↑)

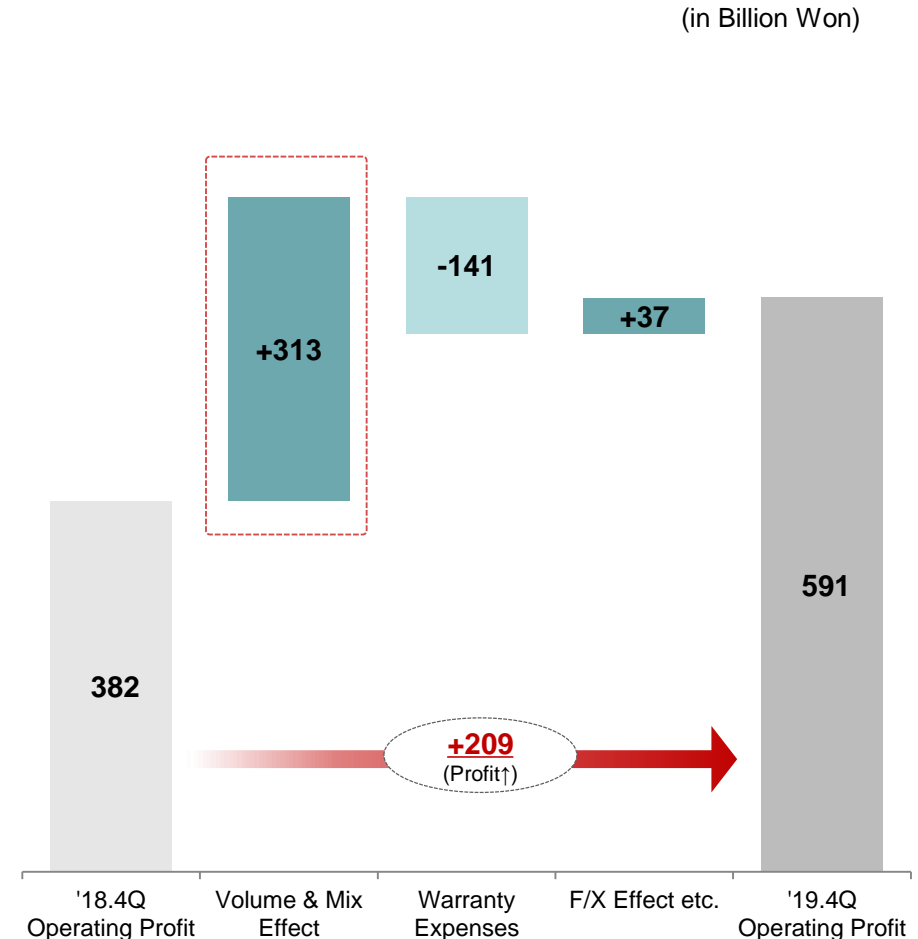
Consolidated Income Statement (4Q)



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(in Billion Won)	'18.4Q	'19.4Q	YoY
Sales Revenue	13,473	16,106	+19.5%
Cost of Sales	11,602	13,682	+17.9%
(% of sales)	86.1%	85.0%	-1.1%p
Gross Profit	1,872	2,423	+29.5%
(% of sales)	13.9%	15.0%	+1.1%p
Operating Profit	382	591	+54.6%
(% of sales)	2.8%	3.7%	+0.9%p
Pre-tax Profit	194	485	+149.8%
(% of sales)	1.4%	3.0%	+1.6%p
Net Profit	94	346	+267.3%
(% of sales)	0.7%	2.2%	+1.5%p

Factors Affecting Operating Profit (YoY)



※ Consolidated Sales Unit : '18.4Q 625,456 units → '19.4Q 675,919 units (+50,463 units, YoY +8.1%)

※ Average Currency Rate (USD/KRW) : '18.4Q W1,128 → '19.4Q W1,176 (+W48↑)

Consolidated Balance Sheet



The Power to Surprise

(in Billion Won)	2018	2019	YoY
Asset	51,787	55,288	+3,501
Current Asset	19,712	21,555	+1,844
*Cash (a)	8,511	9,013	+502
Liability (b)	24,543	26,367	+1,824
Current Liability	14,835	17,277	+2,442
Debt (c)	6,682	6,465	-217
*Net Cash (a) – (c)	1,829	2,548	+719
Equity (d)	27,244	28,921	+1,678
Liability to Equity Ratio (b)/(d)	90.1%	91.2%	+1.1%p

* Cash = Cash & Cash Equivalents + ST Financial Instrument + ST Available for Sales Financial Asset



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Revenue & Earnings Analysis

- Revenue Analysis
 - COS and SG&A
 - Non-Operating Items
-

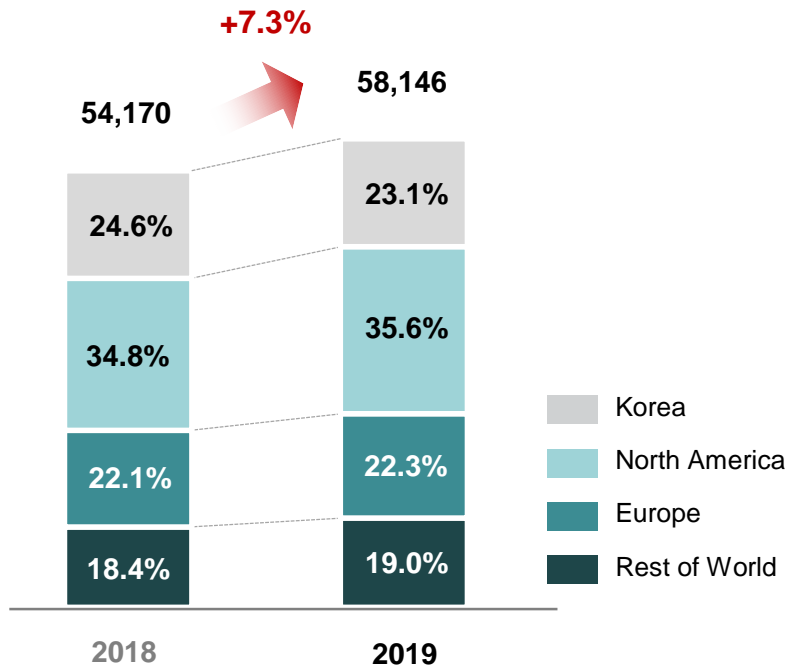
Revenue Analysis



The Power to Surprise

Sales Revenue by Region

(in Billion Won)



Contributing Factors

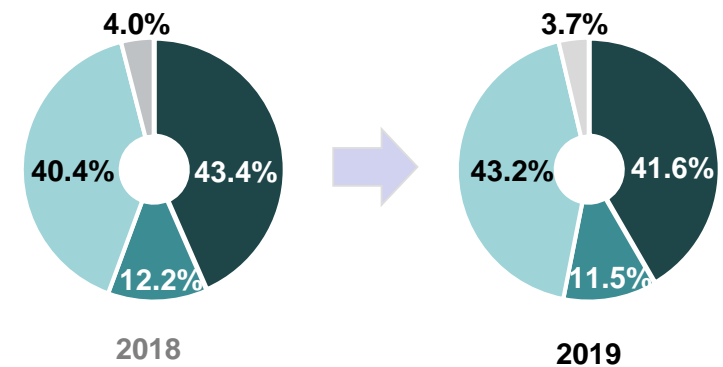
ASP

- Domestic (KRW) : 24.5mn → 24.9mn (+1.6%)
- Export (USD) : 15.5K → 16.1K (+3.5%)

F/X

- USD / KRW : W1,100 → W1,166 (+5.9%)
- EUR / KRW : W1,299 → W1,305 (+0.5%)
- RUB / KRW : W17.6 → W18.0 (+2.5%)

Sales by Segment



* Korea: KMC domestic revenue

* North America: KMA/KCI/KMM wholesale revenue + KMMG OEM/export revenue

* Europe: Europe sales subsidiaries' wholesale revenue + KMS export revenue

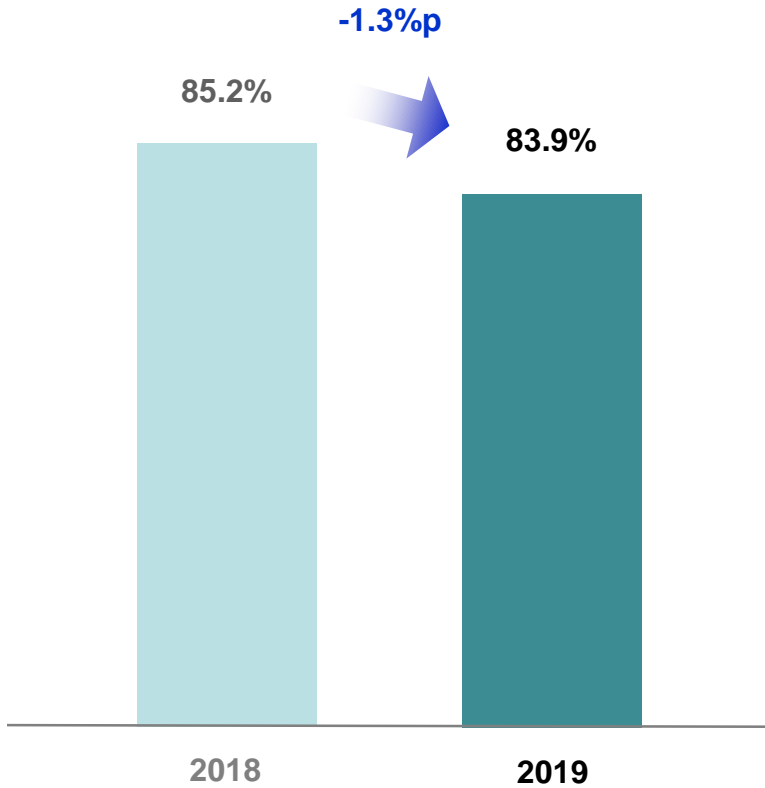
* RoW: KMC direct export revenue + KMI export revenue + Russia/KMAU/KMNZ wholesale revenue

■ A+B+C ■ D+E ■ RV ■ Others

* Global retail sales (ex-China)

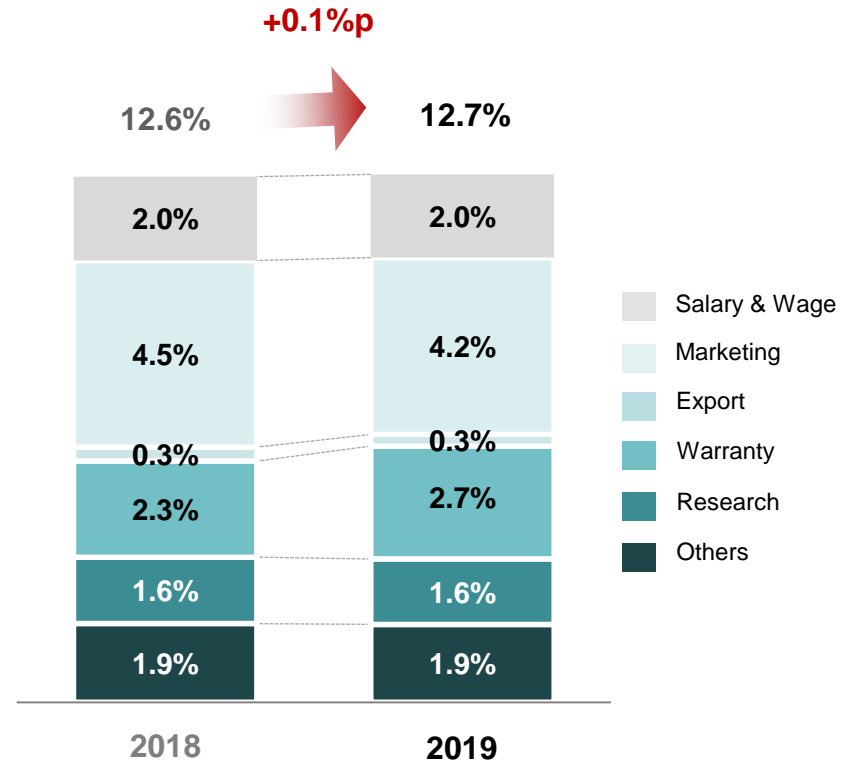
Cost of Sales

(% of Sales Revenue)



SG&A

(% of Sales Revenue)



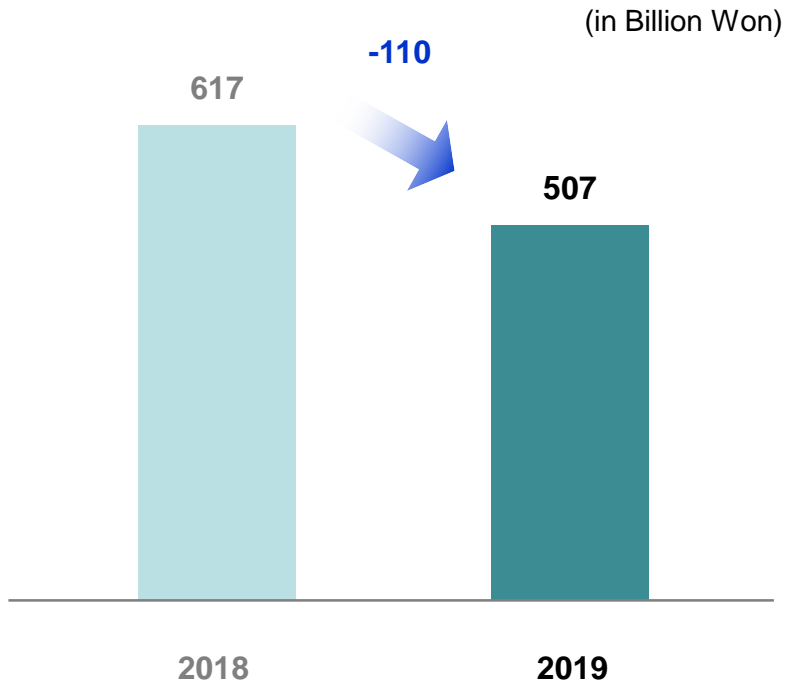
* Marketing Expenses
: Advertising + Sales Promotion + Overseas Marketing + Sales Commissions

Non-Operating Items

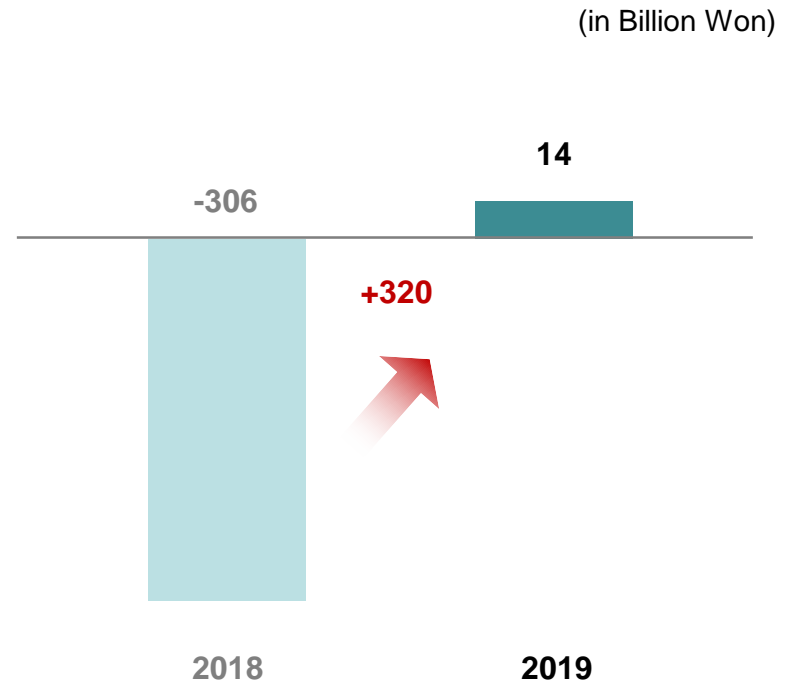


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Equity Earnings



Financial & Other Income / Expense





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2020 Business Plan

- Wholesale
-

2020 Wholesale by Regions



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(in thousand units)	2019	2020(F)	YoY
Wholesale	2,821	2,960	+4.9%
(CKD)	68	93	+36.3%
Korea	520	520	-0.04%
North America	783	800	+2.1%
U. S.	613	630	+2.7%
Europe	521	498	-4.3%
Western Europe	504	484	-4.0%
India	45	124	+174.2%
China	259	310	+19.8%
Russia	235	241	+2.2%
MENA	199	202	+1.3%
Latin America	126	133	+5.3%
Asia-Pacific	132	133	+0.4%

※ CKD sales : Russia, Latin America, MENA, Asia-Pacific

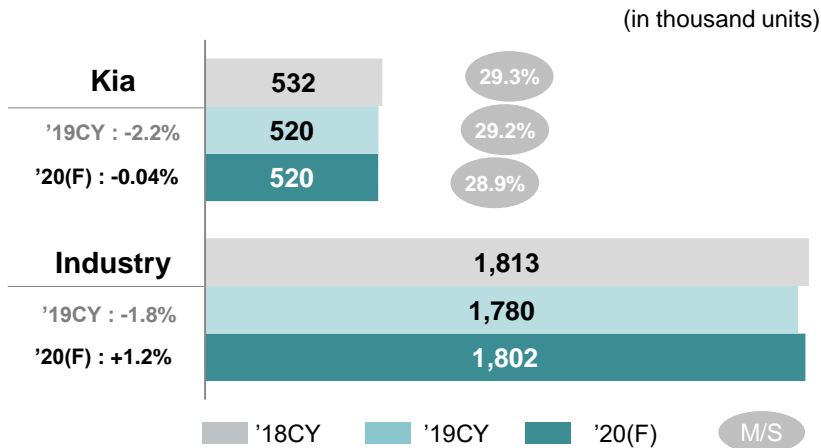


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Appendix

- Retail Sales by Key Markets
(Korea / U.S. / Western Europe / China / India)
 - 2020 Ex-factory Plan
 - Cash Flow Highlights
-

Sales & Market Share



* Industry demand & MS : Imported brands included

Industry

○ 2019 Trend

- Industry Demand 1.78mn units (YoY -1.8%)
- Aged **key volume models** and weakening of consumer sentiment
- Negative demand growth from imported brands on the back of delayed emission certification

○ 2020 Outlook

- Expecting industry demand of 1.8mn units (YoY +1.2%)
- (Positive) **Schedule to launch RV volume models**
- (Negative) Slower overall domestic economy conditions

■ 2020 New Models



Model	Sorento	Carnival
Segment	D-SUV	MPV
Launch	March 2020	July 2020
Dimension (L/W/H/WB)	4,800 / 1,900 / 1,690 / 2,815	5,155 / 1,995 / 1,740 / 3,090
Sales Plan	Domestic	62k units / year
	Export	158k units / year
		60 units / year
		65 units / year

Kia Sales

▶ 2019 Results

- Negative growth in the 1H on the back of competitor's new models and lack of new models
- Turned to positive growth in the 2H combined with new models launched such as the Seltos and facelifted models

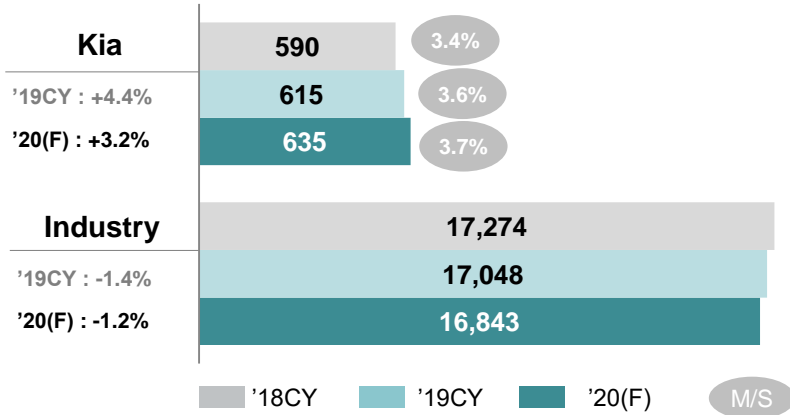
※ 2H19 : **[Seltos] Ranked no.1 M/S in the small SUV**

▶ 2020 Initiatives

- **Target to improve mix combined with higher margin generators RV models(Seltos, Sorento, Carnival)** → Boost sales and margins
- Recovery of sedans sales on the back of K-series models and Stinger PE model

Sales & Market Share

(in thousand units)



Industry

2019 Trend

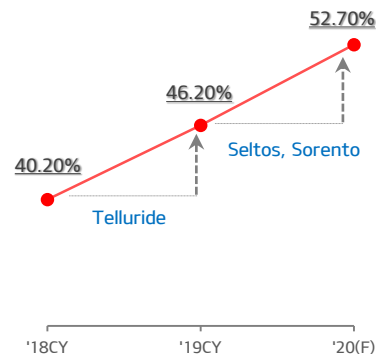
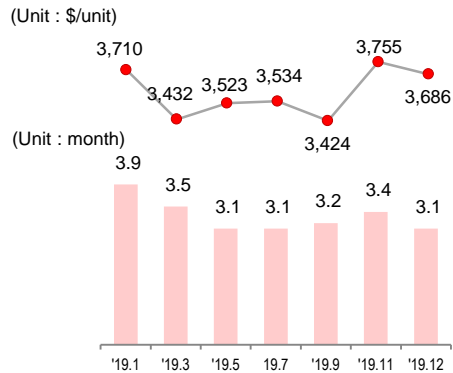
- Industry Demand 17.05mn units (YoY -1.4%)
- Deteriorating consumer spending
- Continuing slower demand on sedans despite solid demand growth from light trucks

2020 Outlook

- Expecting industry demand of 16.84mn units (YoY -1.2%)
- (Positive) Continuing solid overall economy conditions
- (Negative) **Uncertainties on the political issues** and possibility of slower consumer spending

Inventory and Incentive

Expanding RV sales



Kia Sales

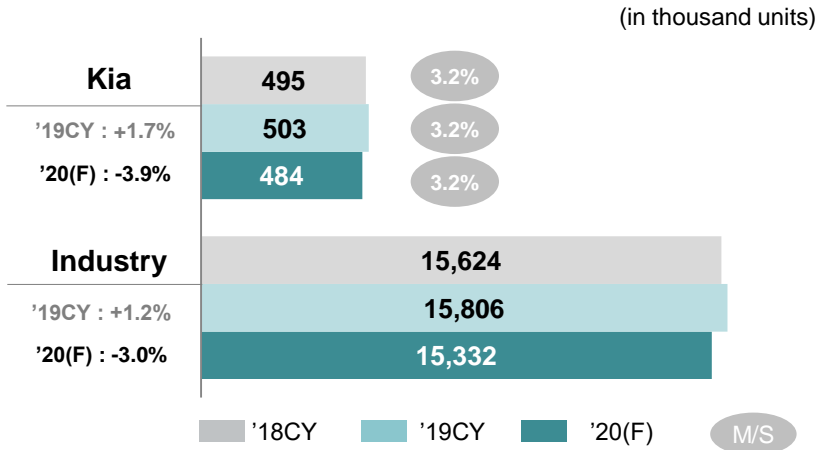
2019 Results

- Maintained stable inventory and **successfully launched the first Mid-size SUV, Telluride**
- Maintained **stable incentive spending**

2020 Initiatives

- Targeting further sales of Telluride and a new SUV
 - **Launching Seltos(1Q)** should lead further retail sales (+44k)
 - Schedule to launch U.S. made FMC : **K5(June), Sorento(Sept)**
- Expanding Telluride capacity**
 - 60k (Initial) → 80k (November 2019) → 100k (July 2020)

Sales & Market Share



Industry

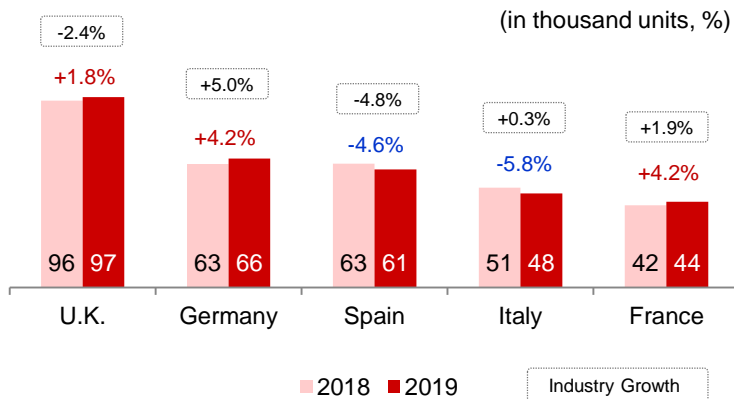
2019 Trend

- Industry Demand 15.81mn units (YoY +1.2%)
- Low base effect on the back of 'WLTP' introduced in '18 and pushing out sales ahead of CO2 emission regulations in '20

2020 Outlook

- Expect 15.33mn units of industry demand (YoY -3.0%)
- (Positive) Forecast similar economy growth compared to 2019
- (Negative) Adjusting sales due to strict regulations introduced

Kia's sales performance



Kia Sales

2019 Results

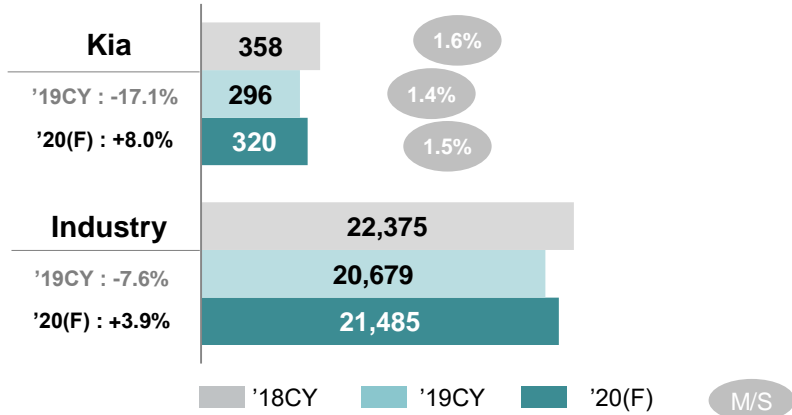
- Ceed sedan (+33%) / Ceed derivatives (CUV: +11k) and continuing solid sales on the Stonic (67K, +20%)
- Started to expand EV sales

2020 Initiatives

- Expanding green car to meet CO2 regulation (Target 24% of green car sales out of total sales)
 - % of EV sales: 3% → 9%
- Planning to run most efficient mix to consider profitability rather than maximizing volume
- Expand Ceed + derivatives capa to meet demand growth

Sales & Market Share

(in thousand units)



Industry

2019 Trend

- Industry Demand 20.68mn units (YoY -7.6%)
- Delaying stimulating policy & trading negotiations between the U.S. and China and higher dealer inventories

2020 Outlook

- Expect industry demand of 21.49mn units (YoY +3.9%)
- (Positive) Faster demand growth ahead of subsidies abolition
- (Negative) Continued slow economy and consumer spending growth

2020 New Models



Model	Seltos	K5
Segment	B-SUV	D-PC
Launch	November 2019	July 2020
Dimension (L/W/H/WB)	4,375 / 1,800 / 1,600 / 2,630	4,960 / 1,860 / 1,445 / 2,885
Sales Plan	80k units / year	40k units / year

Kia Sales

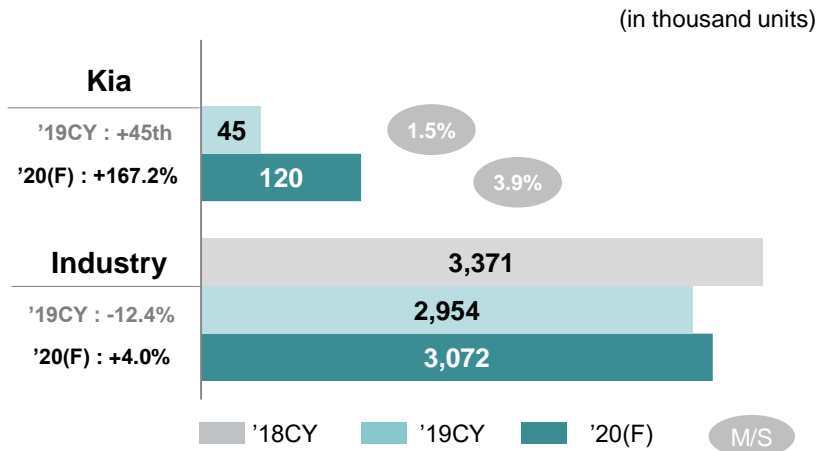
2019 Results

- Slower industry demand growth and lack of new models
- Aged on the key volume models such as the K2 and K3

2020 Initiatives

- Introducing new models, new KX3 (aka: Seltos) and K5
- Stabilizing dealers' inventory
- Restructuring dealers systems through changing incentive policies and improve dealers profitability

Sales & Market Share



Industry

2019 Trend

- Industry Demand 2.95mn units (YoY -12.4%)
- High base effect on the back of better-than-expected growth since 2017
- Less-than-expected GDP growth deteriorated consumer sentiment

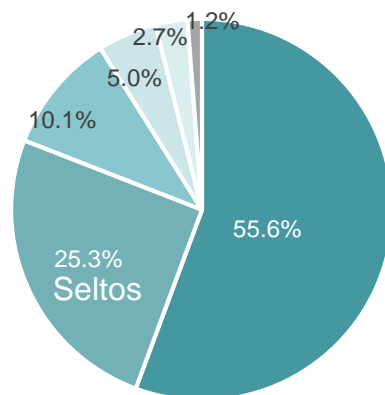
2020 Outlook

- Expect industry demand of 3.07mn units (YoY +4.0%)
- (Positive) Easing uncertainties on BS6 policy and recovery of overall economy conditions
- (Negative) Possibility of facing financing difficulties

Mid-size SUV M/S



Model	Seltos
Segment	B-SUV
Launch	August 2019
Sales Plan	India: 70k units / year
	Export: 41k units / year



Kia Sales

2019 Results

- Successful launching of Seltos
 - Ranked #2 M/S in the Mid-size SUV segment
- Established premium brand image
- Expanded to 2 shifts earlier than expected

2020 Initiatives

- Adding new models (Carnival CKD in Feb and entry SUV in Aug)
 - Expanding Seltos sales to maintain current momentum
- Continuing successful ramp-up
 - ※ 65k ('19) → 170k ('20F) → 300k ('22F)

2020 Ex-factory Business Plan



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(in thousand units)	2019	2020(F)	YoY
Ex-factory	2,778	2,896	+4.2%
Korea Plants	1,454	1,429	-1.7%
Domestic	520	520	-0.04%
Export	934	909	-2.6%
Overseas Plants	1,247	1,376	+10.4%
U.S.	274	276	+0.5%
China	284	338	+18.7%
Europe	344	332	-3.5%
Mexico	287	263	-8.2%
India	58	168	+191.1%
CKD	77	90	+17.0%

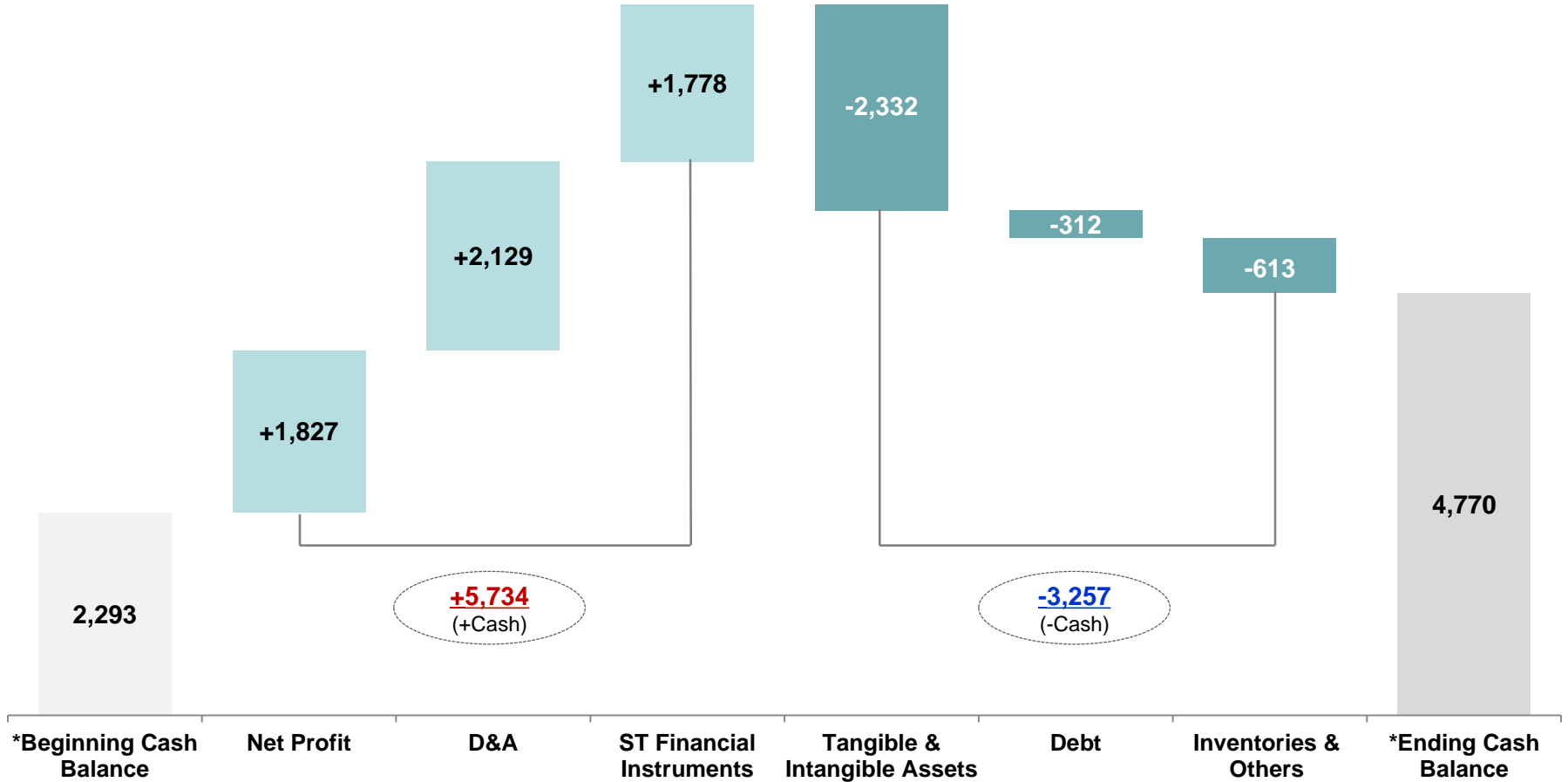
※ CKD sales : Russia, Latin America, MENA, Asia-Pacific

☐ Cash Flow Highlights



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(in Billion Won)



※ Cash balance excludes ST financial instruments & ST Available for Sales Financial Asset



Thank you

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IR GO 주주와 기업을 연결하고 응원합니다.