

Third-Quarter 2019 Results

Halla Holdings

November 2019



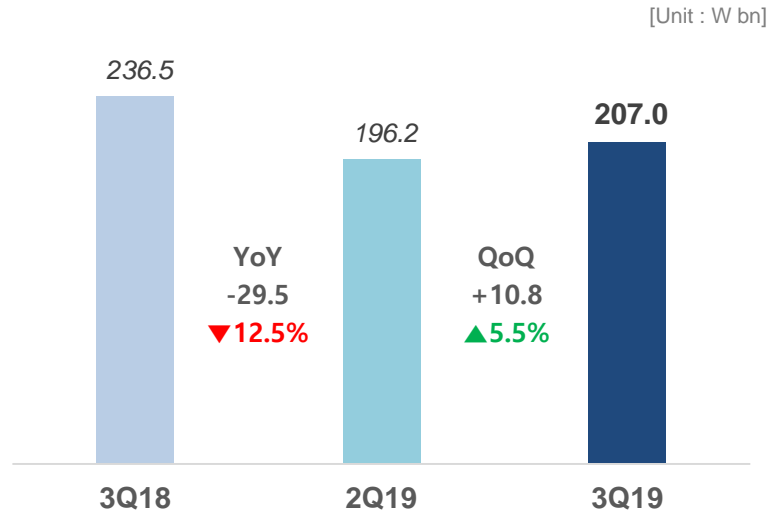
3Q 2019 Highlights

- ✓ **Consolidated 3Q results**
 - 3Q Sales of W 207.0 bn / OP of W 27.2 bn (OP Margin 13.2%) / Net profit of W 18.9 bn
- ✓ **Halla Holdings Business Unit**
 - Own business (aftermarket and logistics) margin maintained 4.1% OPM
 - Continue to drive qualitative development through business rationalization
- ✓ **Affiliates' highlights**
 - **Automobile**
 - Mando 3Q Sales of W 1,468.3 bn (YoY +5%) and OP of W 70.5 bn (OPM : 4.8%)
 - Mando Hella 3Q Sales of W 172.4 bn (YoY +19%) and OP of W 10.7 bn (OPM : 6.2%)
 - Sales growth as ADAS lead wave of strong growth (YoY +26%, 29% of total sales)
 - **Construction**
 - Achieved 3Q sales of W 372.5 bn (YoY +19%) and OP of W 24.5 bn (OPM : 6.6%)
 - Secured W 410 bn new business win in 3Q19
 - Order backlog growth (FY17 W 2.36 tn., FY18 W 2.48 tn., FY19.3Q W 2.82 tn.)
- ✓ **Continue to focus on saving cost**
 - Successfully issued W 59 bn Corporate bonds in Sep for refinancing purposes, 20 bp lower than Halla Holdings 3Y market interest rate

Profitable growth of Own Business and Automobile Sector / Securing a new biz opportunity

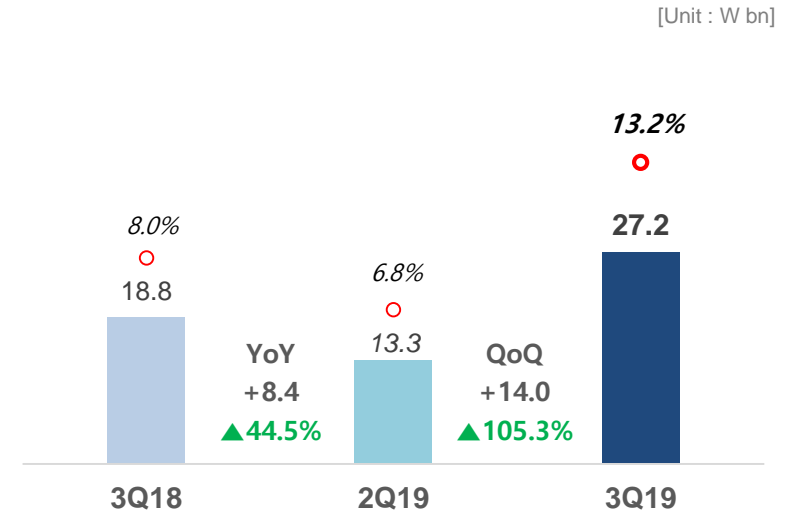
Business Performance

Sales



- **3Q Sales down 12.5% YoY**
 - Due to own low-profit business restructuring

Operating Profit (%)



- **3Q OPM increase 5.2%p YoY**
 - Due to increase in 3Q19 profits from affiliates and profitability improvement by own business restructuring

Strong performance in almost every aspect : On track to achieve double digit OPM

Performance Summary by Affiliates (3Q 2019)

Halla Holdings

Affiliates under the equity method

Mando

- **3Q 2019 financial**
 - Sales : W 1,468 bn (5% YoY increase)
 - OP : W 70.5 bn (4.8%)
- **Recent highlights**
 - Mando Korea (YoY +8%), North America (YoY +22%) and India (YoY +20%) reconfirmed strong fundamentals
 - China region sales rebounding from 2Q19 lows (QoQ +21%)
 - Strong new business wins: YTD KRW 8.1 tn.

**“ADAS” and “MHE emerging market”
strong growth and opportunity**

Mando Hella

- **3Q 2019 financial**
 - Sales : W 172.4 bn (19% YoY increase)
 - OP : W 10.7 bn (6.2%)
- **Recent highlights**
 - Sales growth as ADAS lead wave of strong growth (YoY +26%, 29% of total sales)
 - MHE China sales rebounded (YoY +13%, QoQ +35%)
 - MHE India sales growth (YoY +62%, QoQ +20%)

Halla Stackpole

- **3Q 2019 financial**
 - Sales : W 45.9 bn
 - OP : W 4.8 bn (10.4%)
- ※ Halla Holdings holds option to sell remaining stake of Halla Stackpole from 2022

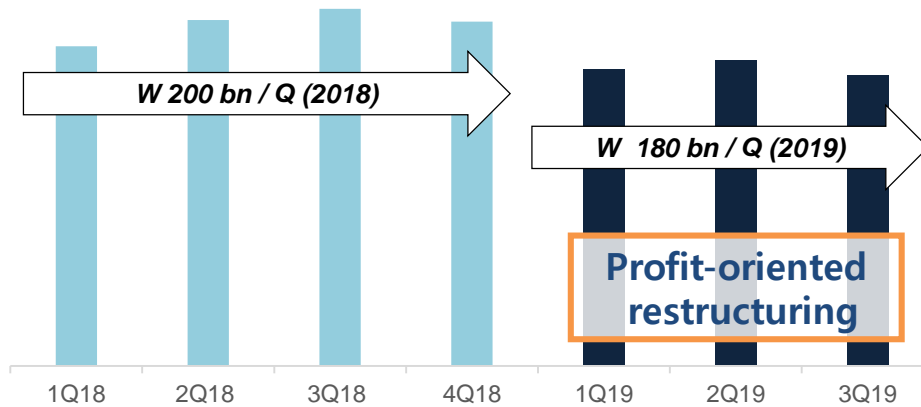
Halla

- **3Q 2019 financial**
 - Sales : W 372.5 bn (19.2% YoY decrease)
 - OP : W 24.5 bn (6.6%)
- **Recent highlights**
 - Secured W 410 bn new business win in 3Q19
 - Order backlog growth (FY17 W 2.36 tn. FY18 W 2.48 tn. FY19.3Q W 2.82 tn.)
 - Expanding small and medium-sized urban maintenance projects
 - Portfolio diversification (Logistics / Distribution / Leisure / M & A, etc)

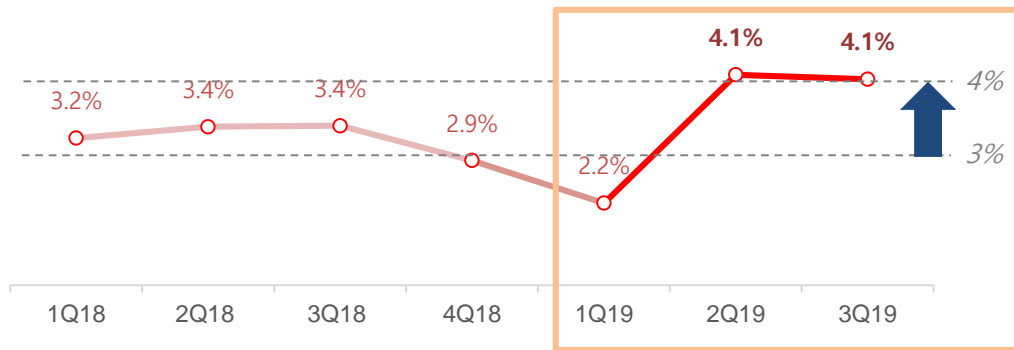
Securing a new biz opportunity

Own Business | Profitable Turnaround & Business Strategy

Sales | Profit-oriented Rationalizing



OPM | Maintain 4% level OPM



Business Strategy

- Rationalizing Logistics business and Improving logistics competitiveness of customers
- Maintain stable earnings in Domestic Aftermarket business
- Strengthening and expanding Overseas Aftermarket business

Profitable turnaround driven by focused Business Strategy

Mando Hella | ADAS “Wave of Strong Growth”

Growth

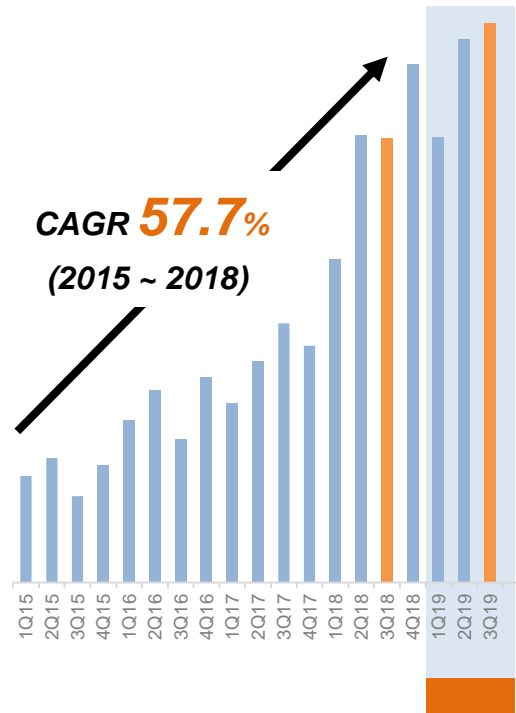
- Growth of Mando ADAS sales (3Q 2019) **30%** (YoY) ↑

- 12% out of total 3Q Sales

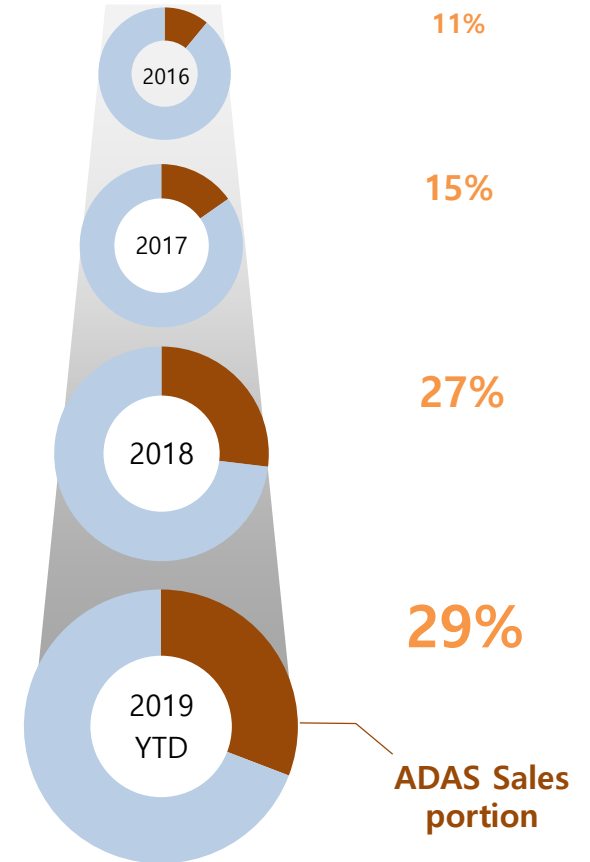
26% (YoY) ↑

- Growth of Mando Hella ADAS sales (3Q 2019)
- 29% out of total 3Q Sales
- Record high sales of W 49.8 bn

Mando Hella ADAS sales (2015 ~ 2019 3Q)



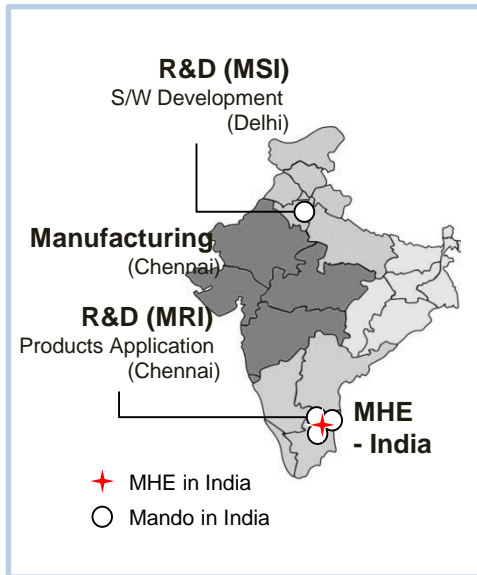
Contribution



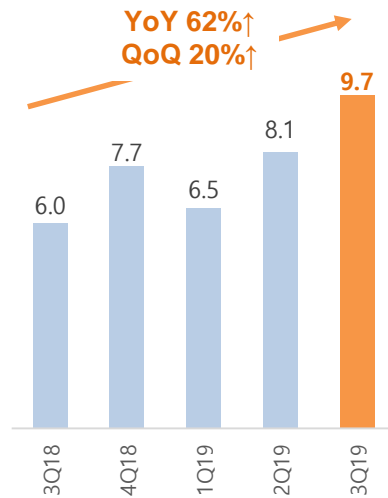
Continue on an upward trajectory for ADAS

Mando Hella | ADAS and Emerging Market "Growth and Opportunity"

India Sales Growth



[Unit : W bn]

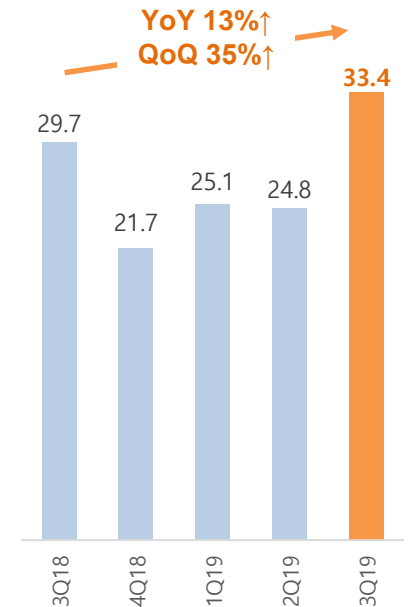


- Newly launched in 2017
- Achieved EBIT **break-even** in 2018 and Net Income **break-even** in 2019 YTD

China Sales Recover



[Unit : W bn]

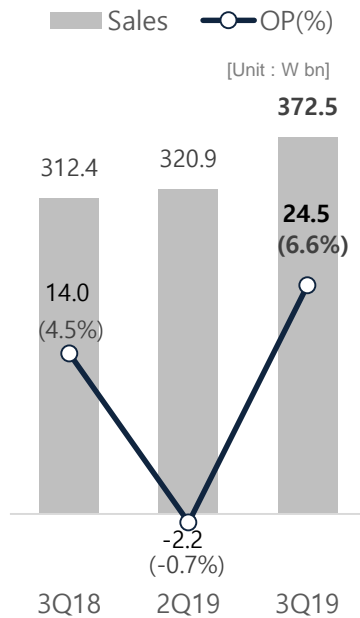


- Expanded camera product line in 2018
- Sales of Front Camera module amount to approximately W 3 bn in 3Q 2019

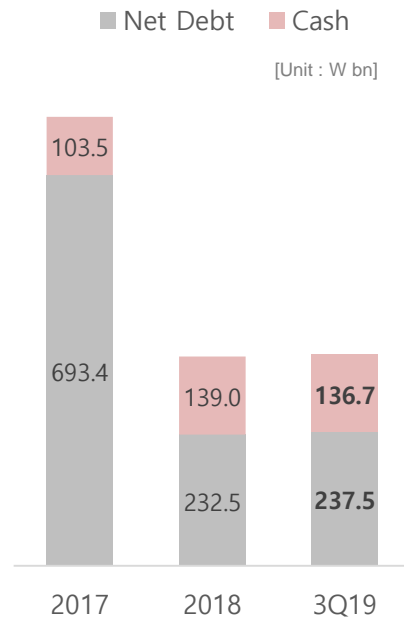
Continue to capture opportunities in Emerging market

'19 3Q Business Performance

Sales / OP(%)



Net Debt / Cash

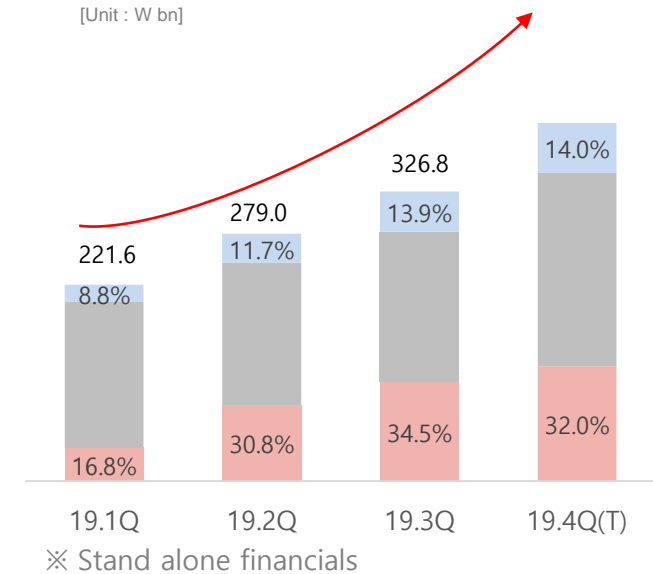


- ✓ Increase in operating profit due to increased sales and lower costs
- ✓ Fixed costs decreased due to employees restructuring in 2Q

※ Consolidated Base

Expansion of sales due to new construction

■ Y18 New Housing ■ Other PJT ■ Siheung PJT

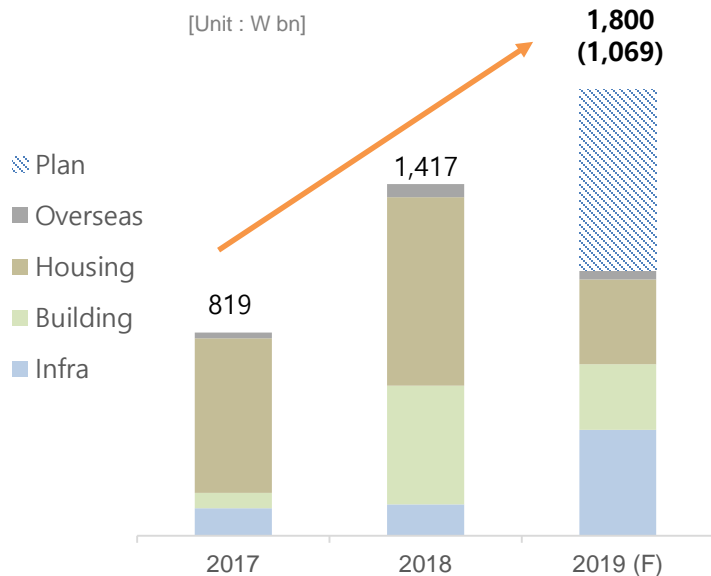


- ✓ Sales expansion from Seoul National University Siheung Campus and new housing construction projects starting in 2018

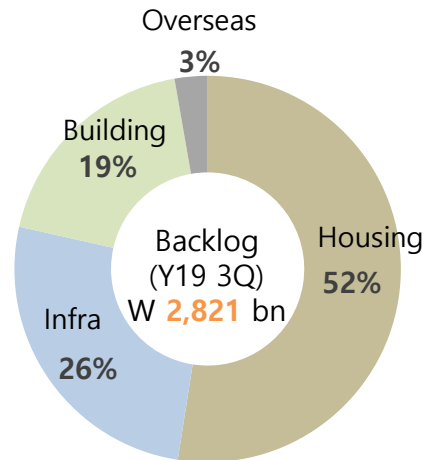
Maintain financial stability while delivering steady growth

Halla | New Business Wins & Sustainability

New Business Win



Order Backlog



Strategies

“ Participate in the early stage of development and Maximize profitability ”

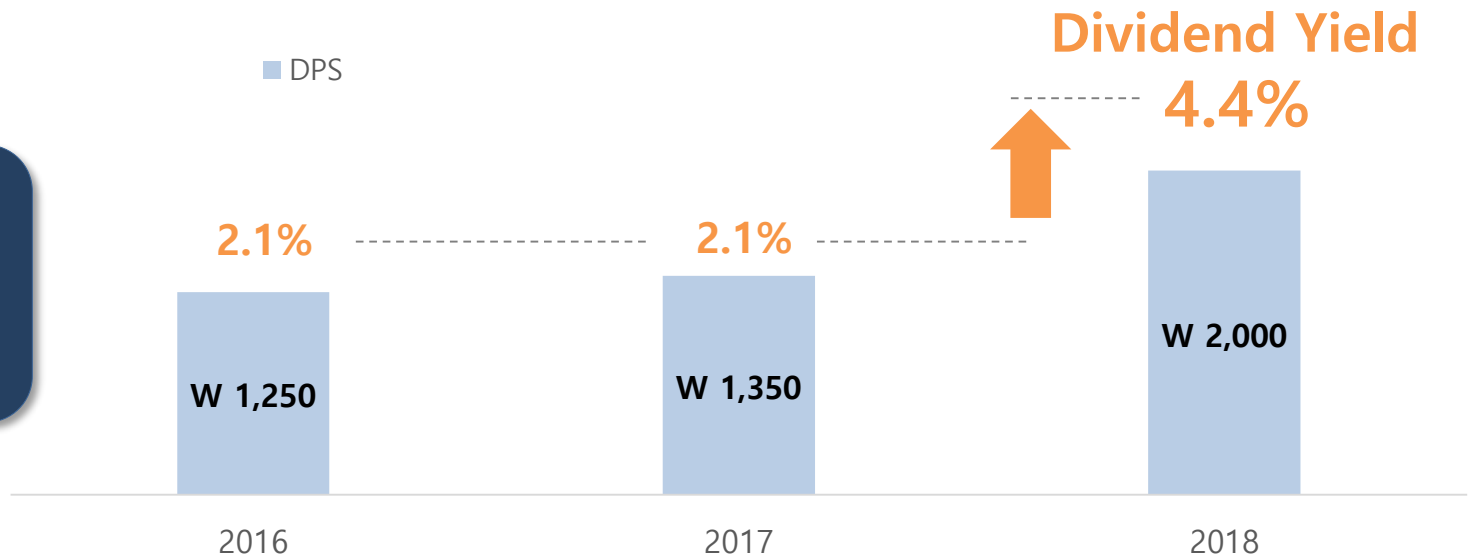
- ✓ Securing small-scale land in the Seoul metropolitan area and Expanding its own development projects
- ✓ Expansion of small and medium sized urban maintenance business
- ✓ Suggested PJT : 2nd large-scale PJT, Pyeongtaek East Expressway

- ✓ Secured W 410 bn of new business win in 3Q19 (FY19 YTD W 1,069 bn)
- ✓ Order backlog growth : FY17 W 2.36 tn. → FY18 W 2.48 tn. → FY19.3Q W 2.82 tn.

Continue to deliver solid earnings growth

Shareholders' Value

Shareholder-Friendly Dividend Policy











Addition to major Korea Exchange Core Indices

- *KRX High Dividend Yield 50*
- *KOSPI High Dividend Yield 50*

Continue to drive shareholders' value

Appendix

Appendix | Key Financial Metrics

[Unit : bn. KRW, %]	YoY			QoQ	
	3Q 2019	3Q 2018	B/(W)	2Q 2019	B/(W)
Sales	207.0	236.5	-29.5 -12.5% 	196.2	10.8 5.5% 
Operating Profit	27.2 13.2%	18.8 8.0%	8.4 44.5% 	13.3 6.8%	13.9 105.3% 
Net Profit	18.9 9.1%	9.7 4.1%	9.2 94.1% 	4.2 2.2%	14.7 344.9% 
EBITDA	29.6 14.3%	21.2 9.0%	8.4 39.9% 	15.6 8.0%	14.0 89.5% 

Appendix | Consolidated Statements of Financial Position

[Unit : W bn, %]

Description	3Q 2019	2Q 2019	Variance
Asset	1,802.1	1,725.7	76.4
(Cash)	144.8	83.8	61.0
Liability	918.2	863.9	54.3
(Debt)	647.4	590.3	57.1
Equity	883.8	861.8	22.0
(Capital)	55.1	55.1	-
L/E ratio	103.9%	100.2%	3.7%
D/E ratio	73.3%	68.5%	4.8%
Net D/E ratio	56.9%	58.8%	-1.9%

※ 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	
	3Q19	3Q18	3Q19	3Q18
Sales	174.5	214.4	3.2	3.4
Operating Profit	7.1	7.2	-1.1	-1.2
(%)	4.1%	3.4%	-34.3%	-36.6%
Pre-tax Profit	n/a	n/a	-4.3	-4.5
Net Profit	n/a	n/a	-4.3	-4.5

➤ Affiliates under the Equity Method of Accounting

[Unit : W bn, %]

	Mando		Mando Hella		Halla Stackpole		Halla	
	3Q19	3Q18	3Q19	3Q18	3Q19	3Q18	3Q19	3Q18
Sales	1,468.3	1,398.1	172.4	145.3	45.9	45.5	372.5	312.4
Operating Profit	70.5	49.9	10.7	9.7	4.8	5.3	24.5	14.0
(%)	4.8%	3.6%	6.2%	6.7%	10.4%	11.7%	6.6%	4.5%
Pre-tax Profit	83.9	33.9	7.7	6.1	5.6	4.1	3.2	7.7
Net Profit	52.7	26.9	6.4	5.1	4.4	3.1	1.3	11.2

Disclaimer

The 3Q 2019 results of Halla Holdings are prepared on a consolidated basis in accordance with IFRS.

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