Korean Auto Industry Achievements & Challenges

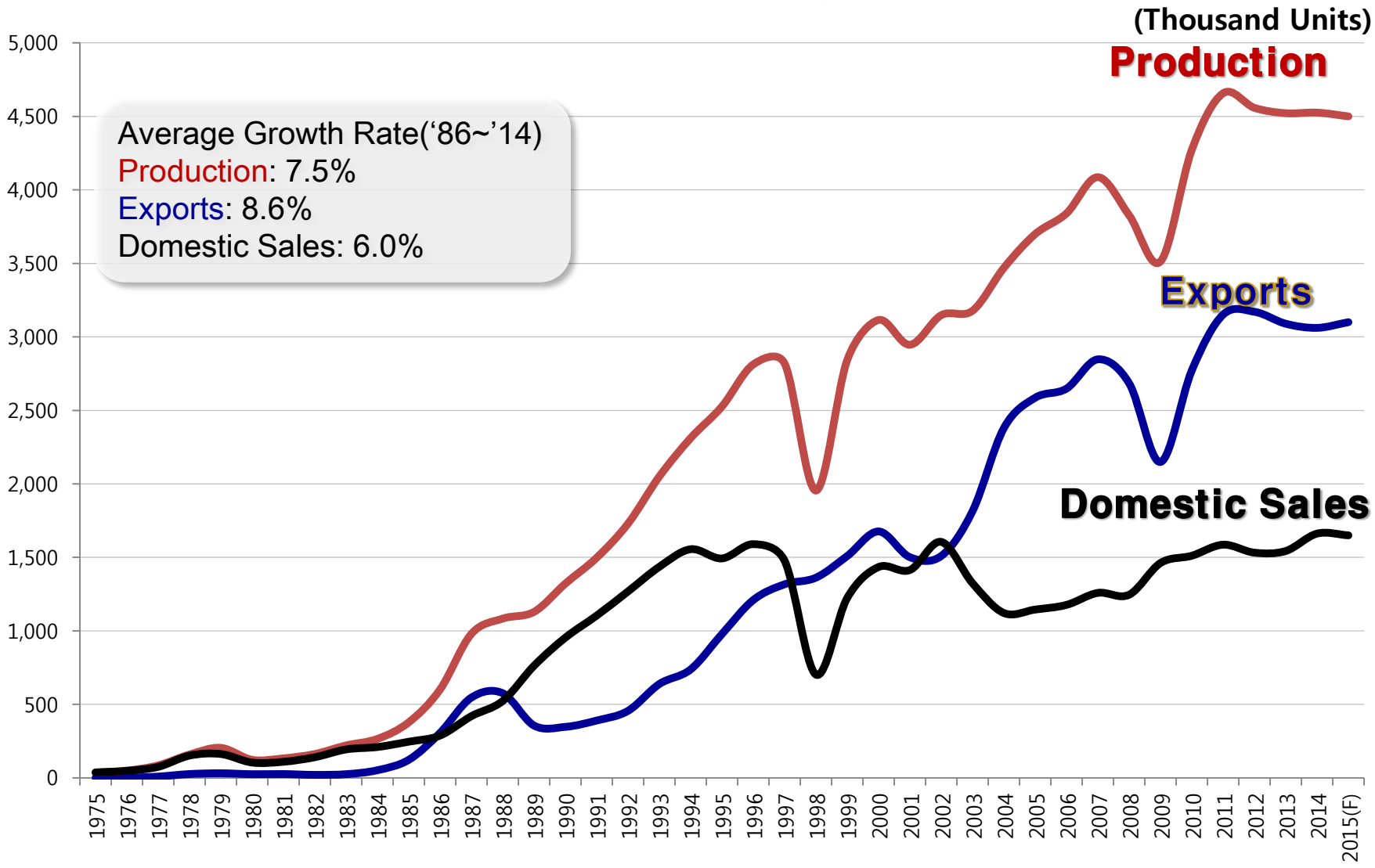
Oct. 2015

Tae-Nyen Kim

Korea Automobile Manufacturers Association

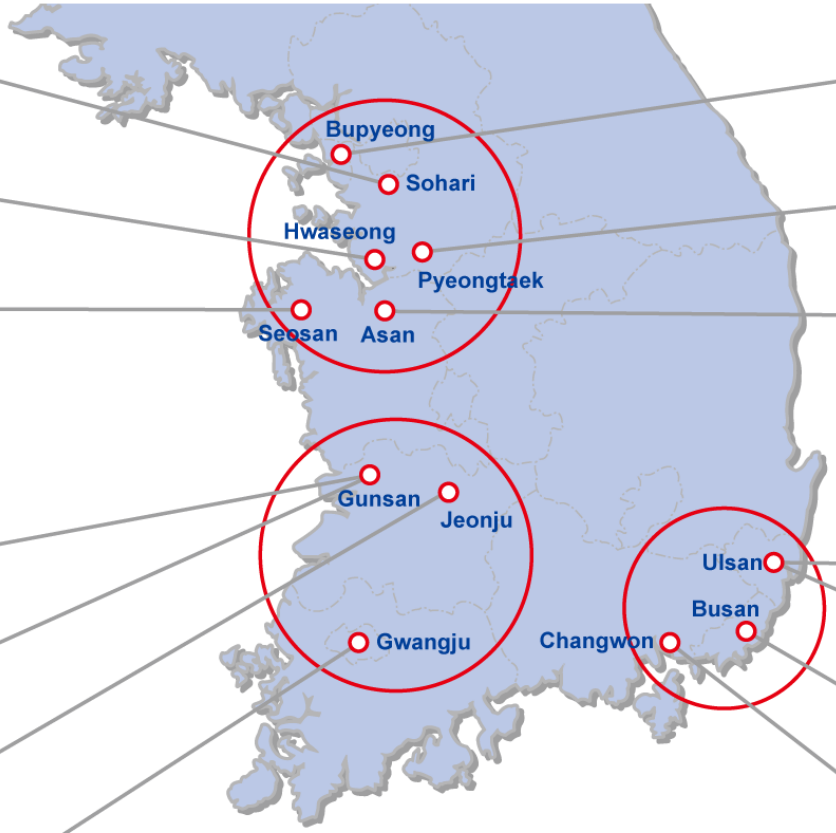
HYUNDAI KIA MOTORS GM KOREA SAMSUNG RENAULT SAMSUNG MOTORS SSANGYONG MOTOR

Evolution of Korean Auto Industry



Auto Clusters in Korea

(UNITS)



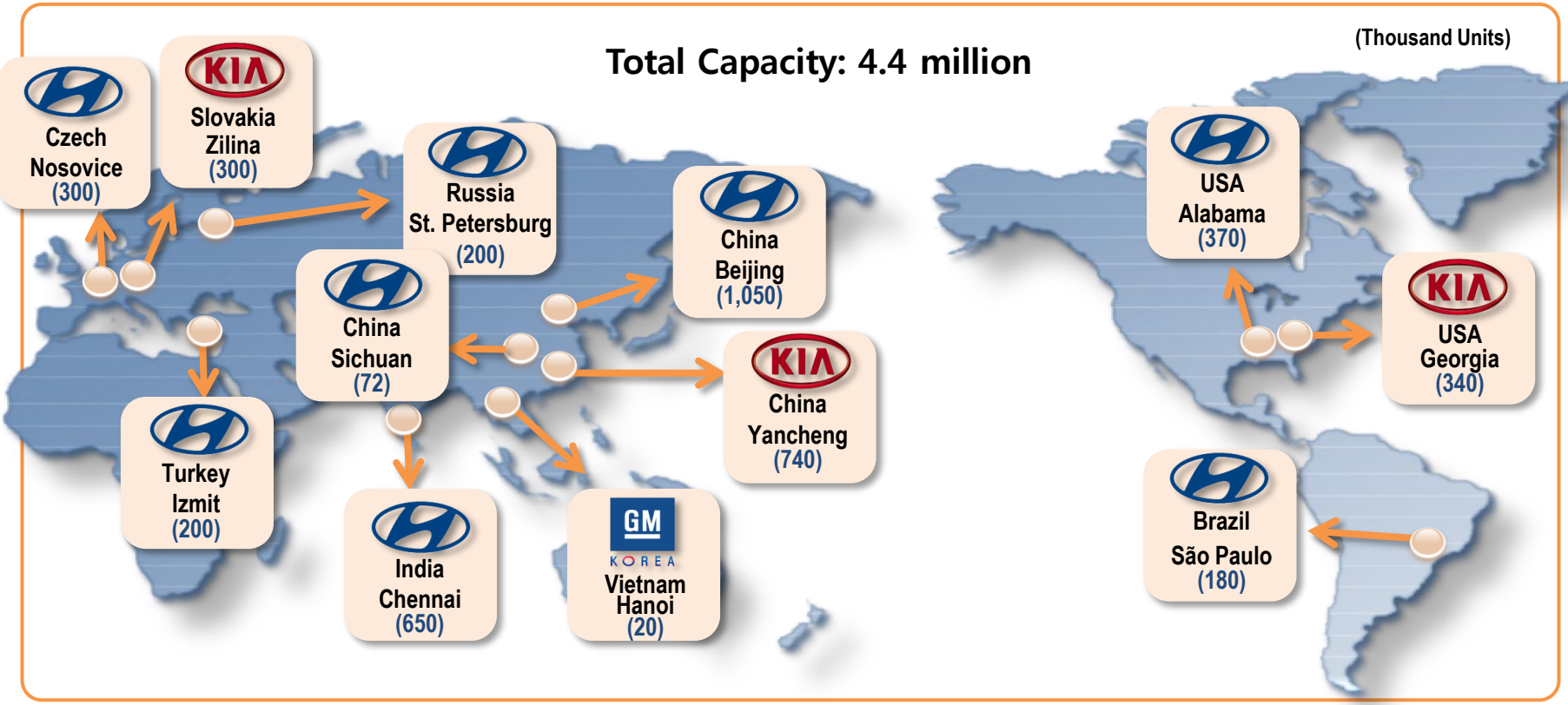
	PCs	CVs
KIA MOTORS	292,000	-
KIA MOTORS	541,000	-
KIA MOTORS	286,000	-
GM KOREA	145,000	-
TATA DAEWOO	-	10,400
HYUNDAI	-	61,000
KIA MOTORS	378,000	102,000

	PCs	CVs
GM KOREA	380,000	-
SSANGYONG MOTOR	144,000	-
HYUNDAI	278,000	-
HYUNDAI	1,513,000	-
DAEWOO BUS	-	3,900
RENAULT SAMSUNG MOTORS	130,000	-
GM KOREA	194,000	63,000

Total Capacity : 4.8 million

HYUNDAI KIA MOTORS GM KOREA SSANGYONG MOTOR SAMSUNG RENAULT SAMSUNG MOTORS

Global Production Bases



Timeline of overseas plants in operation

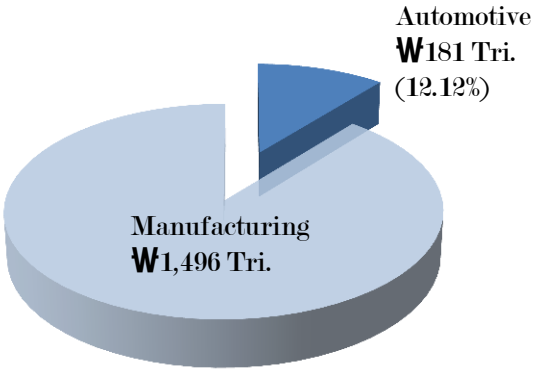
1996	1997	1998	2002	2005	2006	2008	2009	2010	2012	2014
Vietnam	Turkey	India	China	USA	Slovakia	Czech	USA	Russia	Brazil	China
GM KOREA	HYUNDAI	HYUNDAI	HYUNDAI KIA	HYUNDAI	KIA	HYUNDAI	KIA	HYUNDAI	HYUNDAI	KIA

HYUNDAI · KIA MOTORS · GM KOREA · SSANGYONG MOTOR · SAMSUNG RENAULT SAMSUNG MOTORS

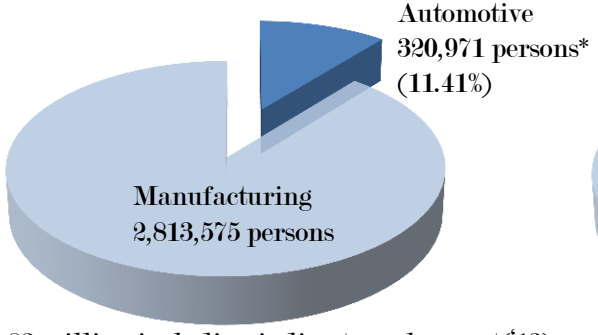
Contribution to the Korean Economy

■ Leading industry in terms of revenue, employment, exports, and so on

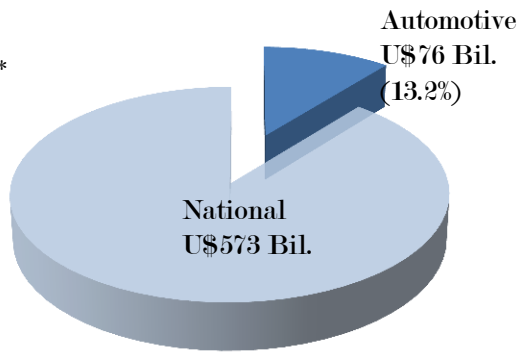
<Production Value>



<Employment>



<Exports>



* 1.83 million including indirect employment('13)

■ Integration with forward and backward industries

. Retro : Steel, Machinery, Rubber, Glass, Non-ferrous, Electric, Plastic, Chemical, etc.

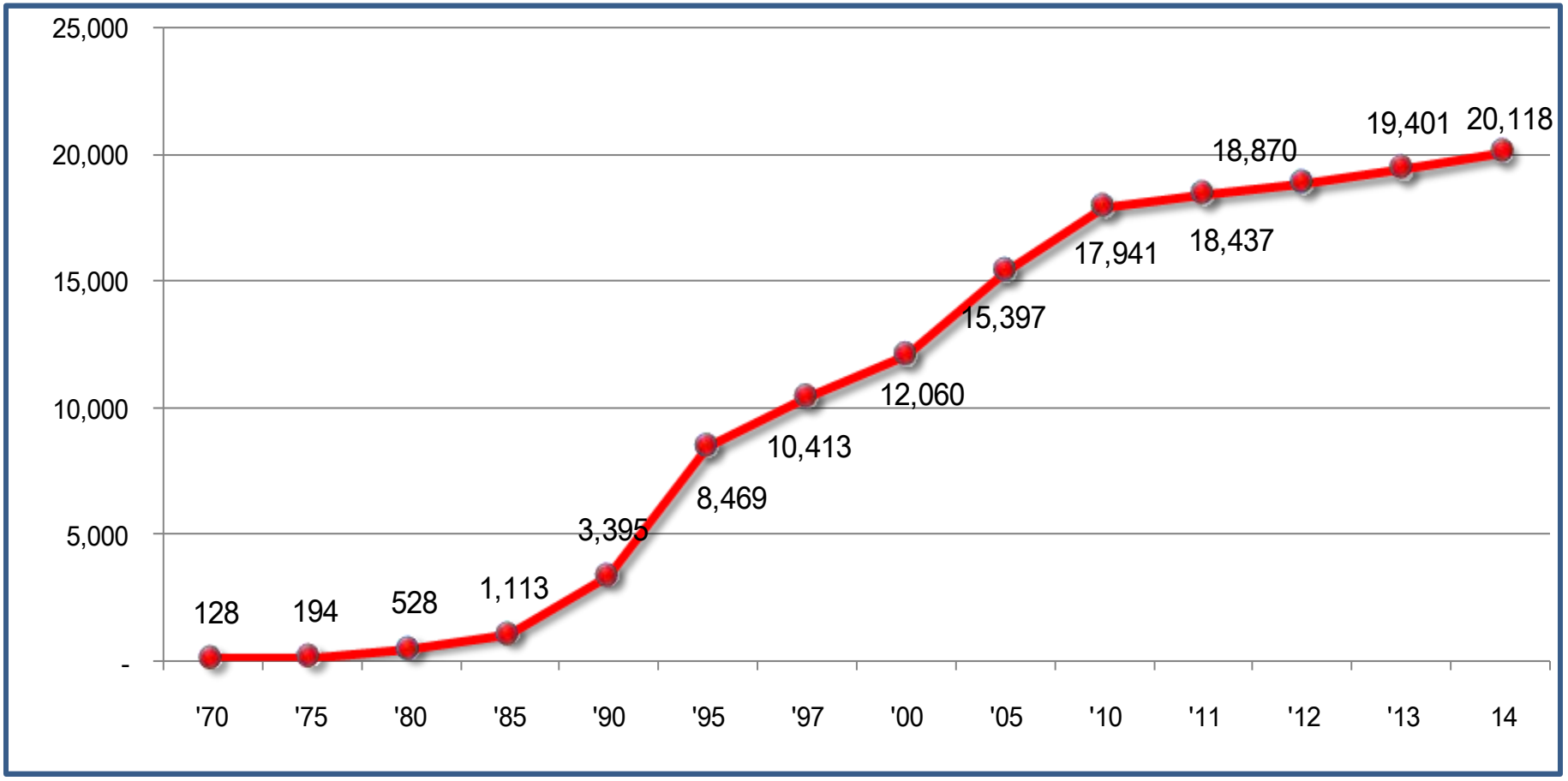
. Forward : Maintenance, Transport, Financing, PR, Other Services, etc.

"the automobile's importance to growth, trade, innovation, military technology, and the environment is, for practical purposes, immeasurable. The industry is a point of national pride, a center for manufacturing employment, and an instrument of state power for the world's most technologically advanced economies – much more so than most people realize."

<The Great Race: The Global Quest for the Car of the Future> by Levi Tillemann

Total Registration of Automobiles in Korea

(Thousand Units)



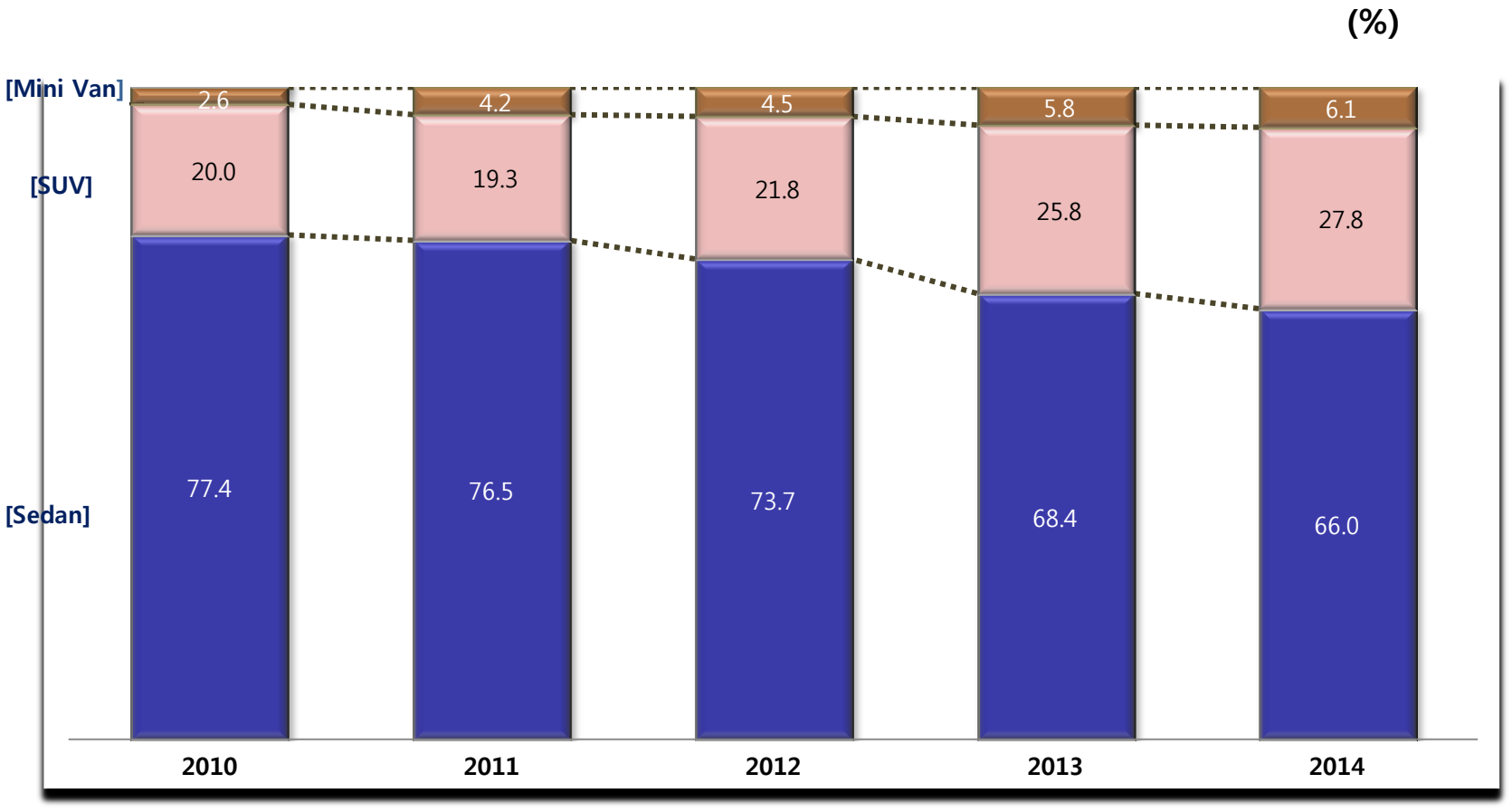
Production & Sales of Automobiles in Korea

(Thousand Units)

	Production	Domestic Sales	Imports	Exports	Transplant Production
'13	4,521	1,544	162	3,089	4,108
'14	4,525	1,662	219	3,063	4,414
'15(f)	4,500	1,650	250	3,100	4,600

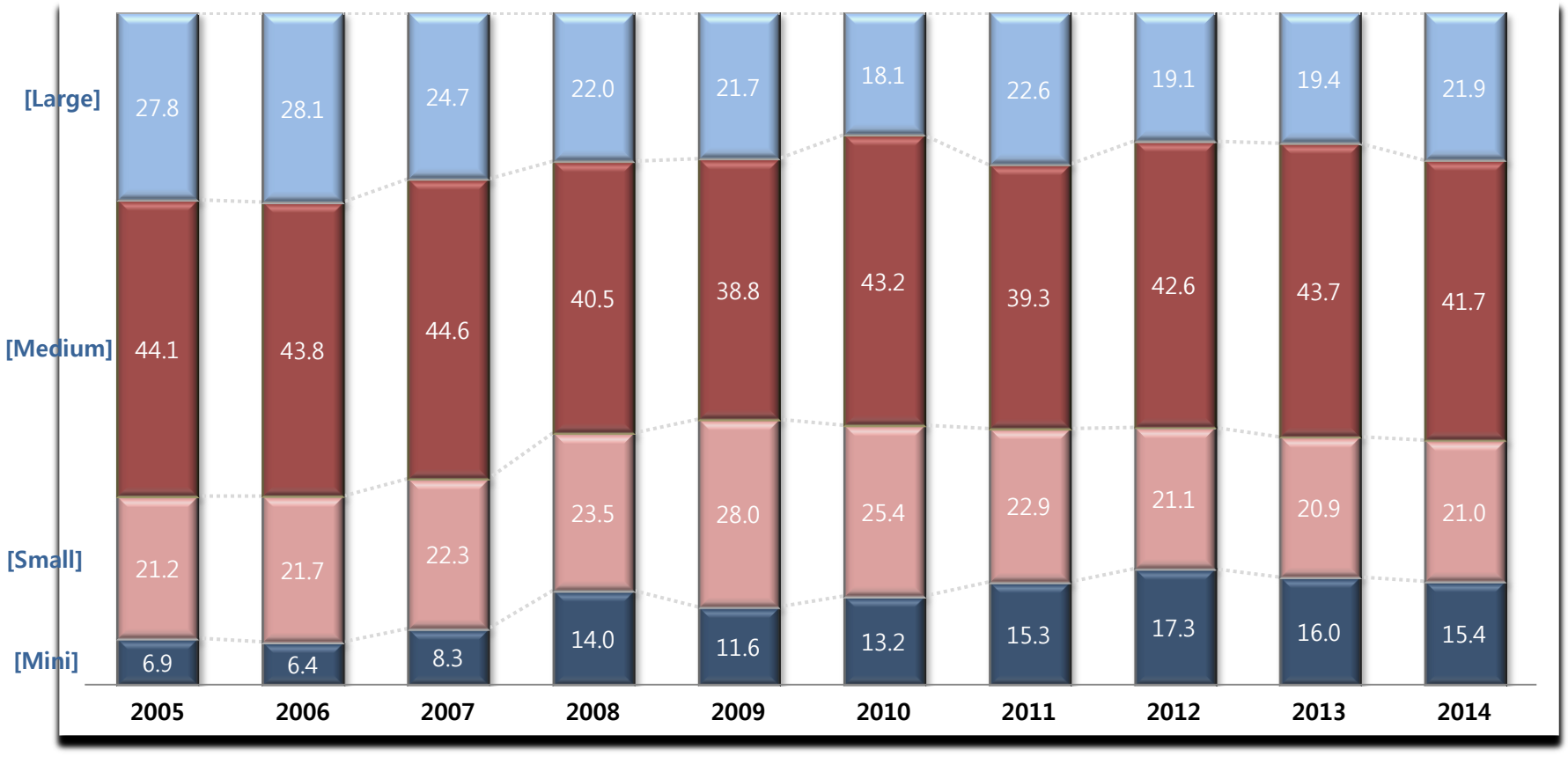
Note) Domestic sales are based on new registration

Sales of Passenger Cars by Type

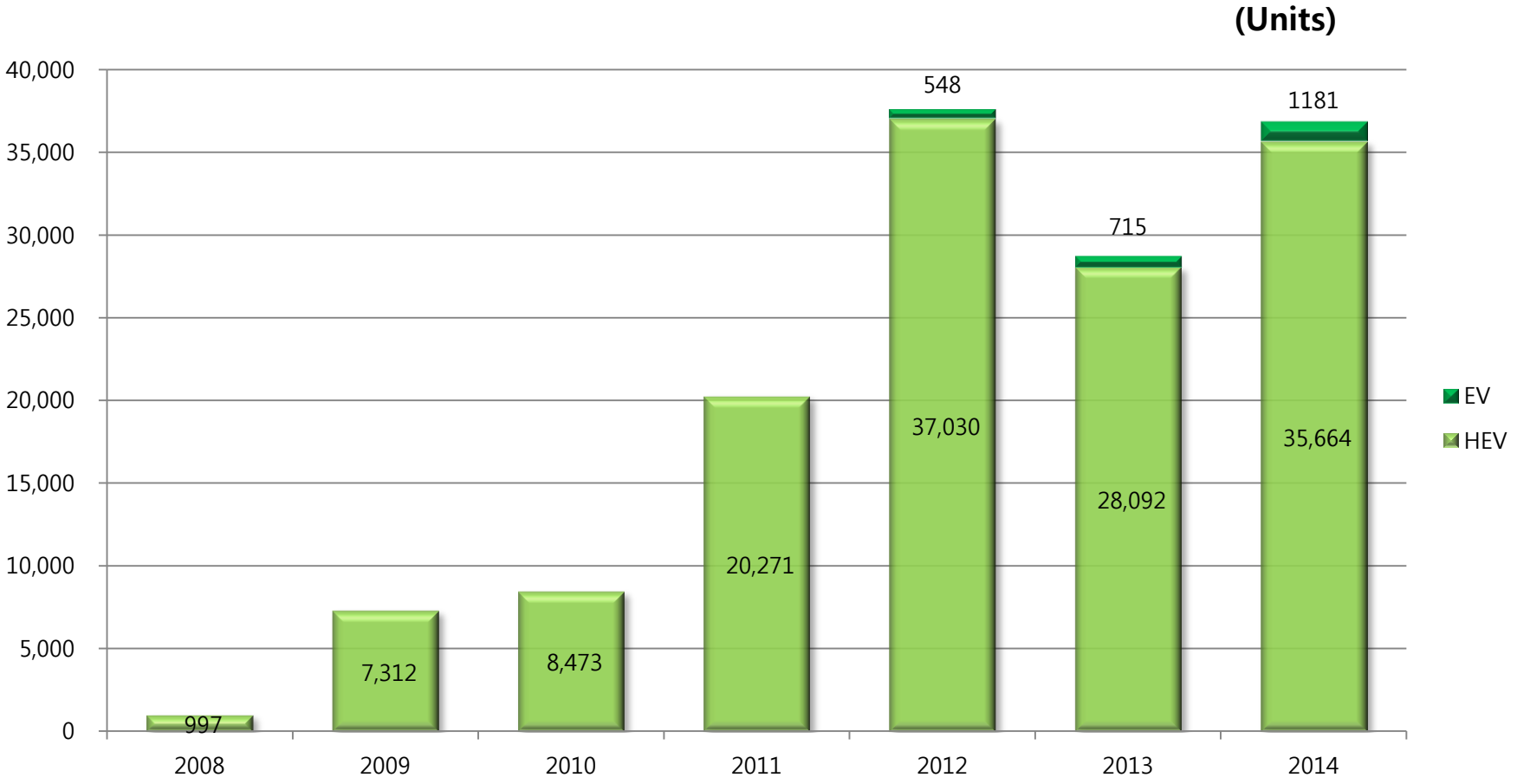


Sales of Passenger Cars by Segment

(%)



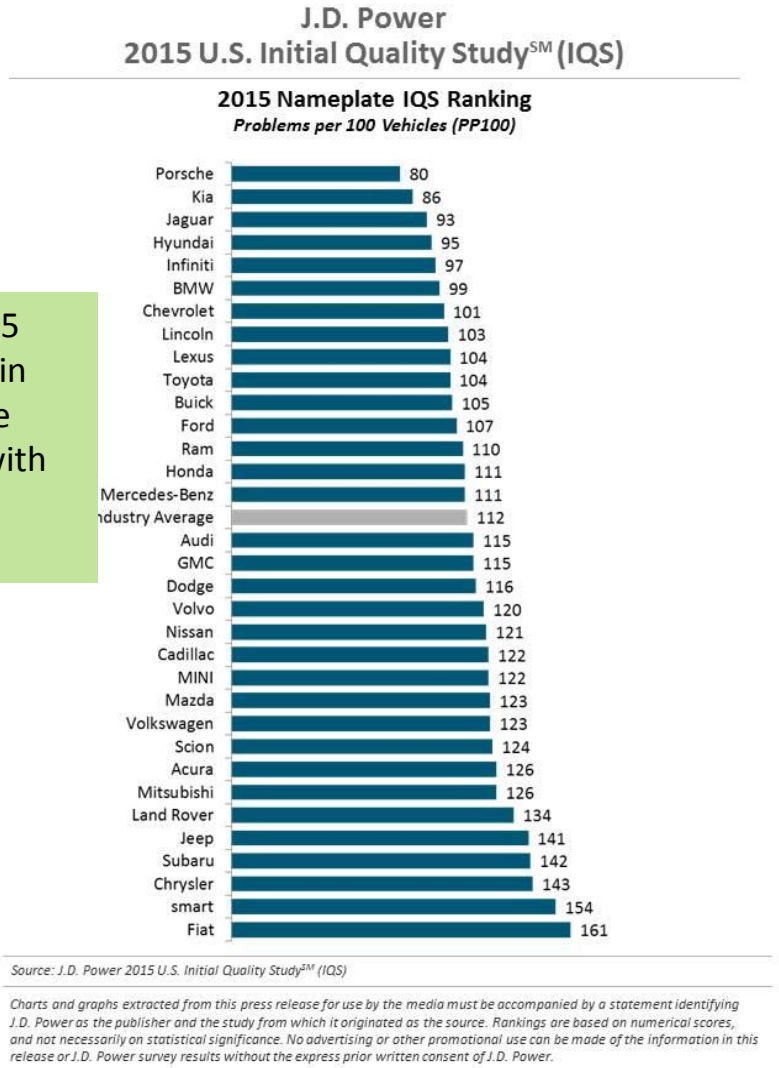
New Registration of EVs and HEVs



Note) Tax cut for EV : ₩4.2 mil. ; for HEV : ₩2,9 mil.

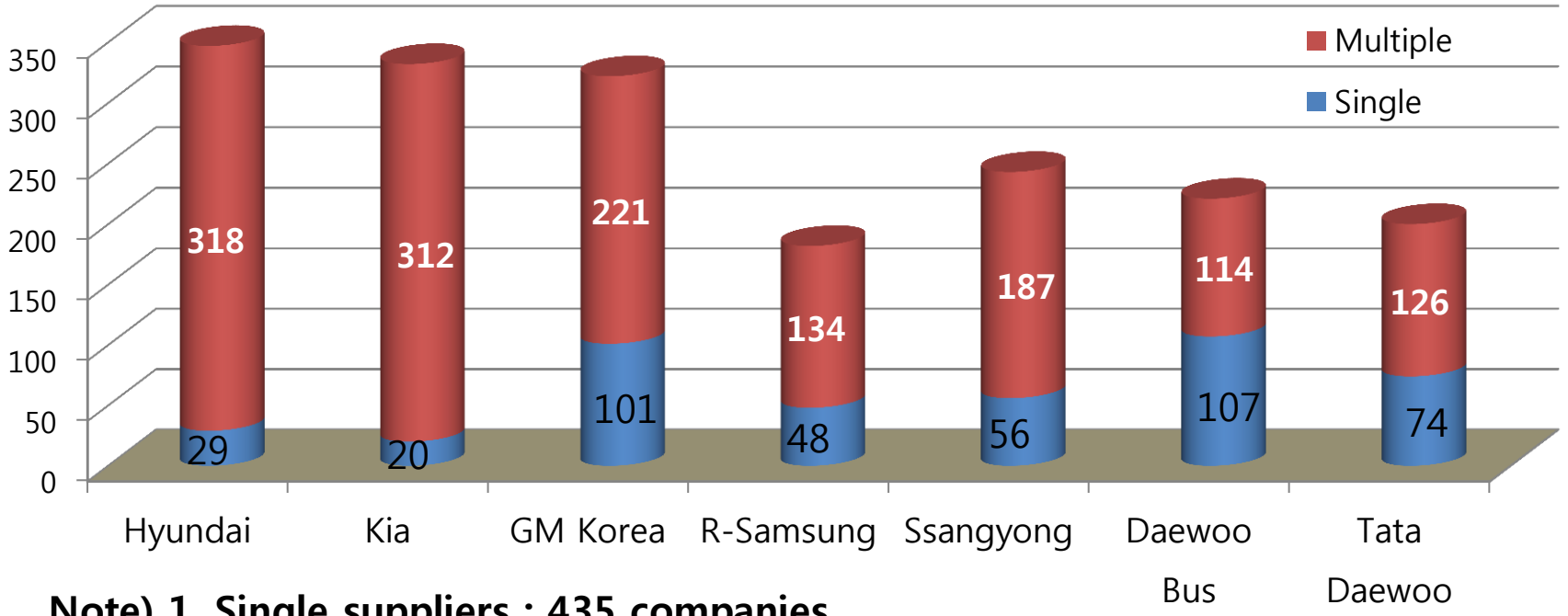
Improvement of Korean Car Quality

"Press Releases: June 17, 2015 Korean Brands Lead Industry in Initial Quality, While Japanese Brands Struggle to Keep Up with Pace of Improvement."
(J.D. Power)



Suppliers for OEMs

Hyundai	Kia	GM Korea	Ssangyong	Renault Samsung	Total
347	332	322	243	182	898



Note) 1. Single suppliers : 435 companies
2. Ratio of single suppliers : 17.8% (based on 5 passenger car makers)

Challenges to Be Addressed

	Local	Overseas
Economic Factors	+ Stabilizing oil prices - Economic slowdown - Increasing household debts - Labour unrests	+ Recovering global economy - Appreciation of Korean won + FTA effect (EU, USA, Canada, Australia, etc.)
Market Factors	+ Reviving demand + Back-to-back release of new models - Surge of imported cars	+ Rehabilitating U.S. & EU markets - Slowdown of emerging markets, coupled with political unrests + Improving brand values and quality of Korean cars
Technological Factors	- R&D burdens for eco-car development - Stronger fuel economy regulations - Enhancing safety regulations	- Competitive development of low-priced cars - Regulations on CO_2 emissions + Global harmonization of technical regulations

Thank you

감사합니다.