

Kia Corporation Investor Presentation

September 2023



Movement that inspires



**Company Name /
CI Logo**

SI & CX

Design / Product

Brand

**Corporate
Strategy**

Company Name / CI Logo



Kia Motors Corporation



Manufacturing-driven business model

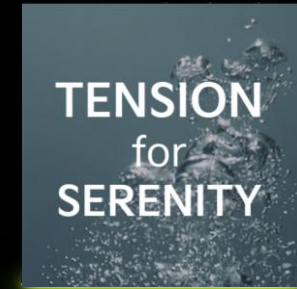
Expanding and transitioning into future mobility solutions



SI & CX



Design / Product



Expansion of the new design philosophy, the **"Opposites United"**



Reinforcement of high-performance/eco-friendly line-up and launch of strategic models
in emerging markets to meet various customer needs

Sustainable Mobility Solutions Provider

Planet

Shift to Sustainability

- Sponsoring Ocean Purification NGO (The Ocean Cleanup) as part of establishing resource circulation system
- Signed MOU with the Ministry of Oceans and Fisheries to promote Tidal Flat Restoration project
- Continue to strengthen CSR activities, such as revitalization of ageing/abandoned facilities (Kia Park projects in central & South America)



People

Shift our mindset

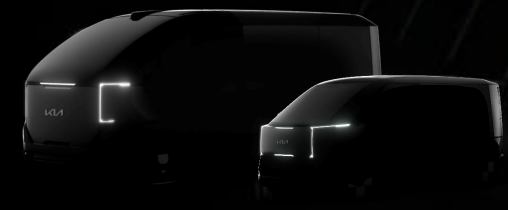
- Launch of customized customer channels (new website / total care / FoD-OTA)
- Internalizing customer-centered principles (Kia values & behaviors)



Profit

Shift our business

- Record performance in 2022 (revenue 86.5 trillion won, operating profit 7.2 trillion won)
- Increased green car sales contribution (2021 8% → 2022 13%)
- Entered new PBV markets through new partnerships



Transformation Scorecard

Virtuous Circle of "Product → Brand → Market Presence → Profitability / Future Investment"

01

Stronger Product

- Pricing : W21.6mn('18) → W31.9mn('22)
(CAGR : +10.2%)
- Volume : 2.8mn ('18) → 2.9mn ('22)
(CAGR : +0.7%)

02

Stickier Brand

- 1) Residual Value: 40('18)→ 55('22)
(2nd place of all OEMs)
- 2) VDS : 10th ('18) → 1st ('22)
(3 years in a row)
- 3) Conquest / Defection: #1 in industry

03

Firmer Presence

- Market Share
 - 1) U.S. : 3.4%('18) → 5.0%('22)
 - 2) W. Europe : 3.2%('18) → 4.8%('22)
 - 3) Global(ex-CN): 3.4%('18) → 5.1%('22)
(incl. CN: 3.8% in '22)

04

Better Finance

- EBIT margin : 2.1%('18) → 8.4%('22)
- ROE : 4%('18) → 15%('22)

EV Strategy Shift for Volume Scaling

EV Volume Expansion thru Launching Affordable EVs and Building EV Full Line-up

~2023

Flagship EV

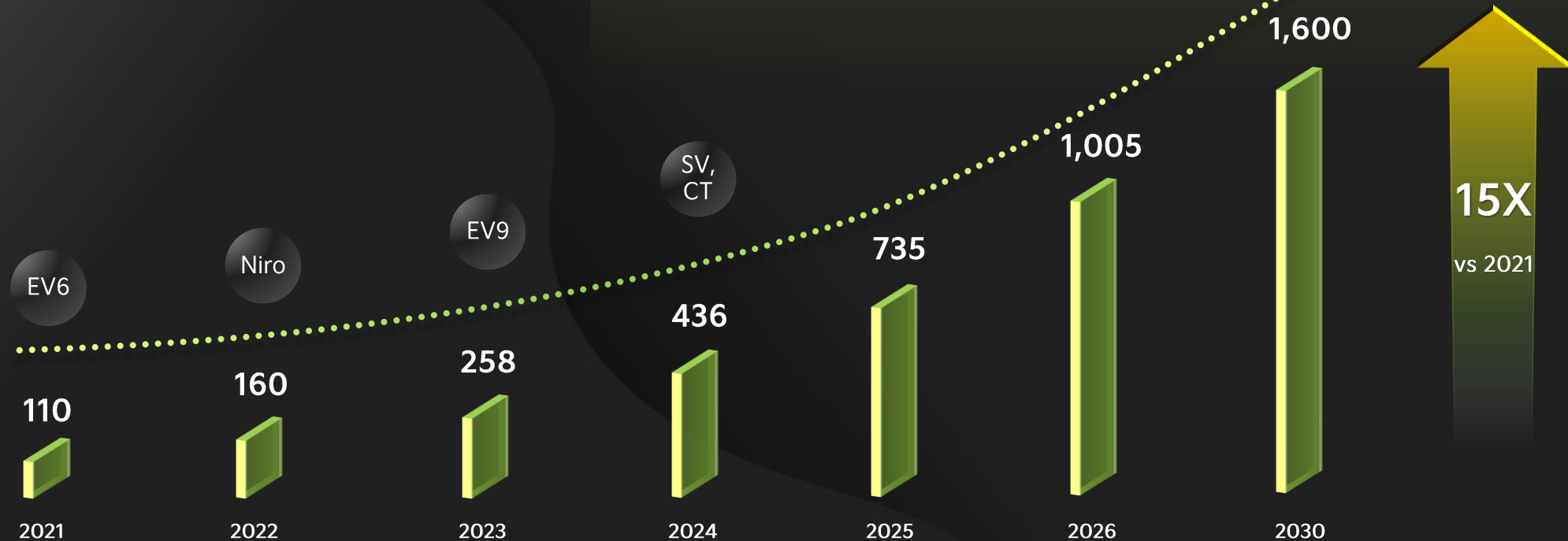
→ Brand Building

2024~

Affordable EV

→ Rapid Scaling

15 models
Full Line-up
(~2027)



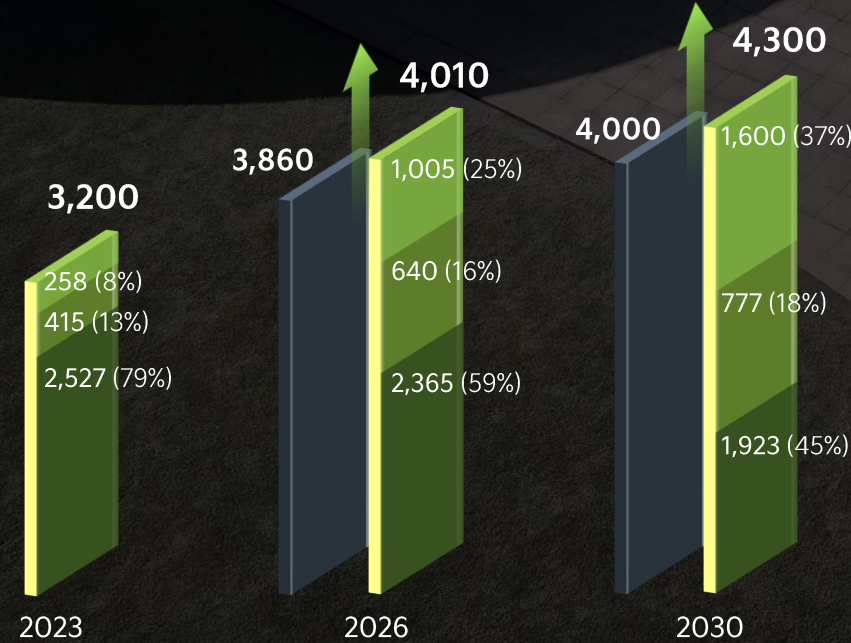
Kia 2030 Sales Plan

4.3M units by 2030 / Expansion of green car contribution in major markets (2023 : 29% → 2030 : 78%)

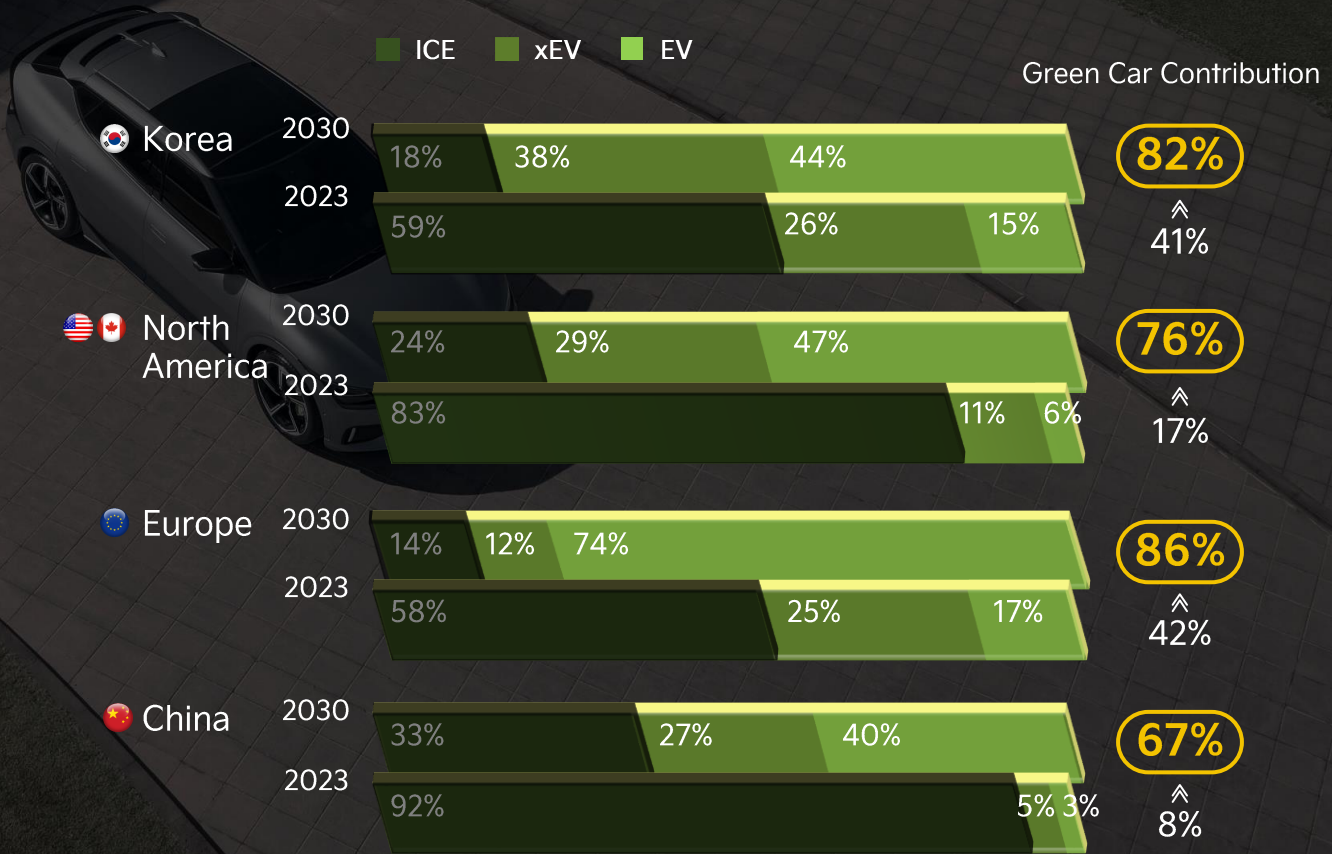
Long-term Sales Plan

(Unit : thousand units)

- EV
- xEV
- ICE
- 2022 CID
- 2023 CID
- ※ PBV excluded



Green Car Sales Contribution (2030)



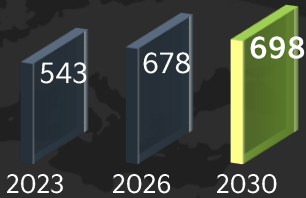
Global Sales Plan

4.3M units by 2030 through expansion of sales/production in major & emerging markets

(Unit : thousand units)
※ PBV excluded



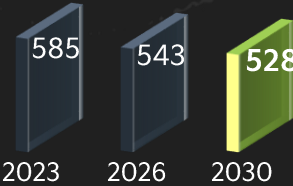
EUROPE



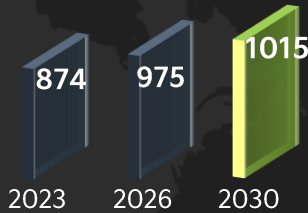
CHINA



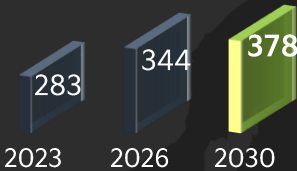
KOREA



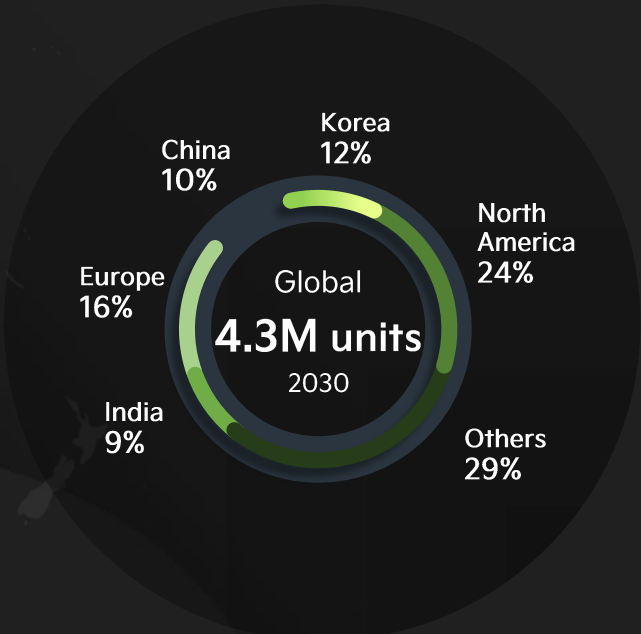
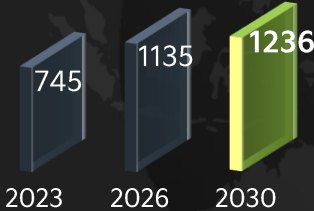
NORTH AMERICA



INDIA



OTHERS



Major Markets

2,685k

Emerging Markets

1,615k

EV Line-up Strategy

Launch of flagship model, the Kia EV9, and global volume models, to be followed by introduction of state-of-the-art global leading EV models

LINE-UP	2021	2022	2023	2024	2025	2026	2027	TOTAL
Passenger	-	-	1	1	-	1	-	3
SUV	1	1	2	1	3	-	1	9
Pick-up/ Commercial	1	-	-	-	-	2	-	3

Flagship Family SUV EV EV9



- Optimal EV performance based on e-GMP platform
- Space utilization that maximizes benefits of EV
- Prestige design, convenience features, autonomous driving, etc.

EV Volume Drive



- Application of prestige EV technology to mass market EVs
- Concept development incorporating diverse market needs
- Accommodating distinctive life styles (urban, outdoor, etc.)

Top Notch Tech NEXT GEN EV



- Global leading EVs equipped with new next generation technology
- Innovative EVs with new exterior typology and next generation display

2022 CID
14 models

15 models



Derivative
EV in EM

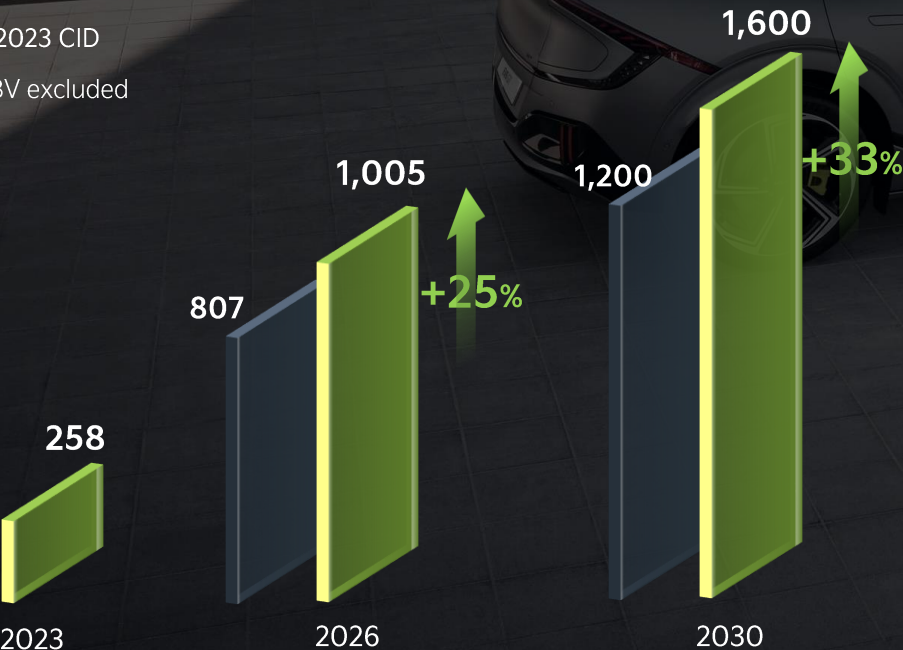
EV Volume-up

1.6M units EV sales by 2030 / EV contribution of 52% in major markets

Global EV Sales Plan

(Unit : thousand units)

2022 CID
2023 CID
※ PBV excluded



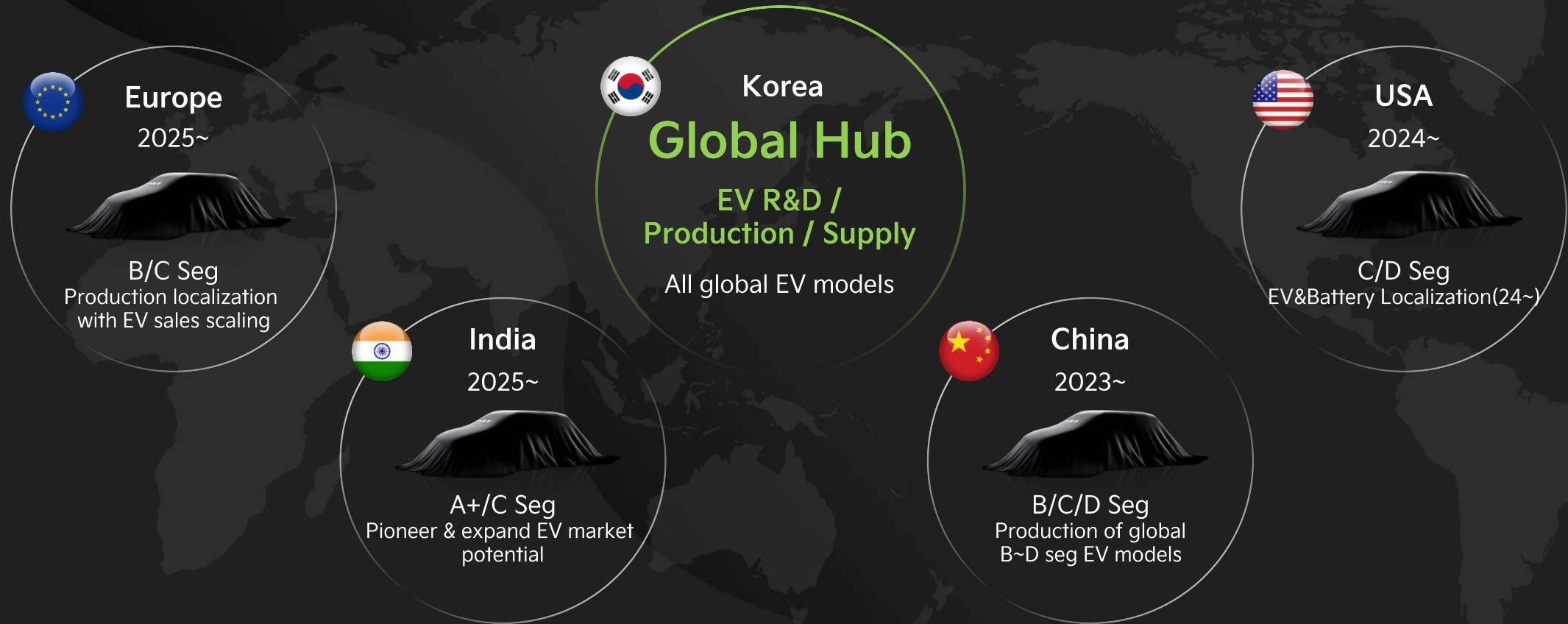
EV Sales Plan for Major Markets

(Unit : thousand units)

			2023	2026	2030	Compared to 2022 CID (2030)
	Korea	Units	85	155	233	+4
		%	15%	28%	44%	-
 	North America	Units	55	308	475	+163
		%	6%	32%	47%	+11%p
	Europe	Units	93	347	515	+115
		%	17%	51%	74%	+11%p
	China	Units	6	90	180	+22
		%	3%	27%	40%	+3%p
Major Market Total		Units	239	900	1,403	+304
		%	11%	36%	52%	+7%p

Global EV Supply Chain

Expand local production of main segment models by region responding to fast changing EV market

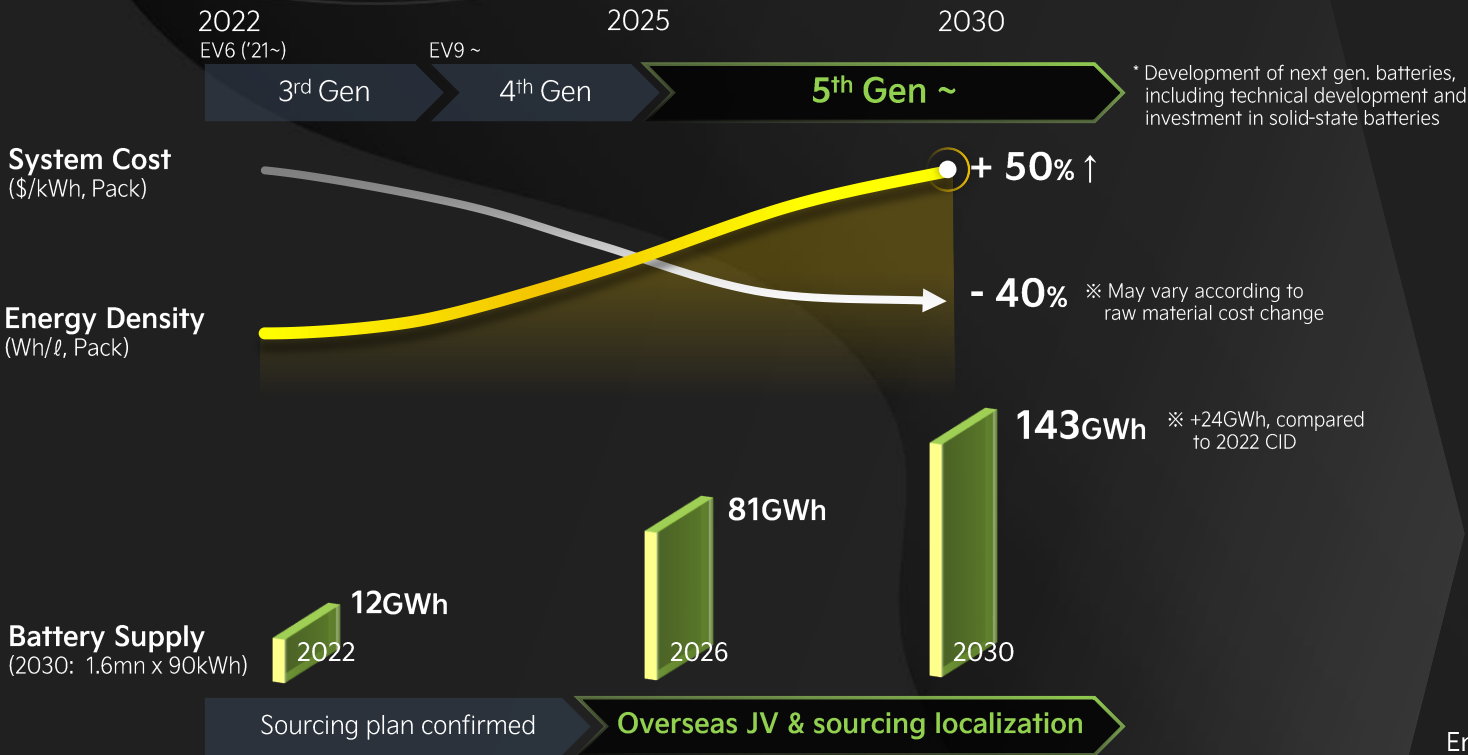


*CRMA : Critical Raw Materials Act

**IRA : Inflation Reduction Act

Battery Strategy Roadmap

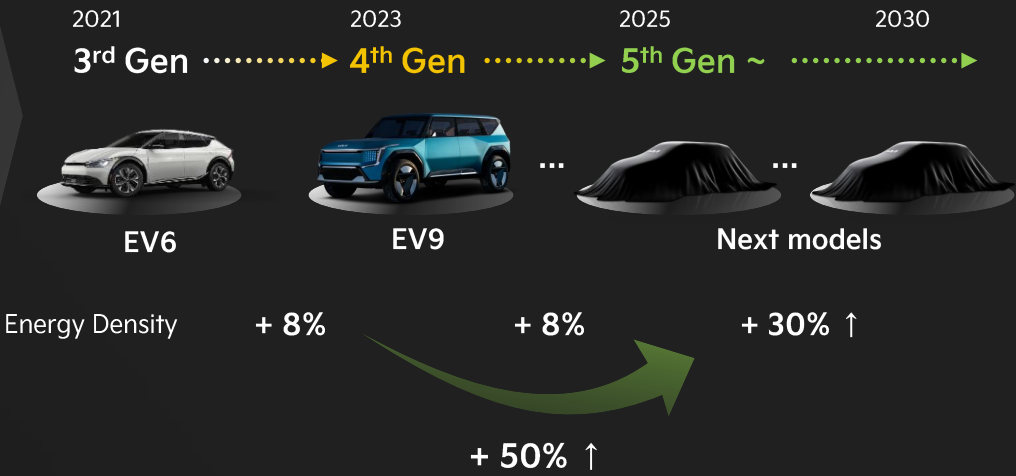
Continued advancement of battery technology while stabilizing battery supply by region



Review global JV expansion ('26~) JV expansion(Europe, ASEAN, etc.) in connection with EV production sites	Local sourcing in US ('25) Early establishment of local sourcing system responding to IRA	JV in Indonesia ('24) 10Gwh/Yr (150K units of EV) HMG share up to 50%
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Battery Technology Advancement

Enhanced competitiveness with improved charging speed & range



Reducing weight and securing AER competitiveness

Kia EV Product Strategy

Connectivity

Seamless and simple
connection

Autonomous

High safety
autonomous technology

Performance

High performance
GT models

Design

Eco-friendly sustainable
approach



Connectivity

Seamless, simple, and integrated connectivity via interworking networks

Maximize vehicle experience synergy by integrating connectivity with EVs



Connected Car Cloud

- Vehicle data analysis through high-performance car cloud
- Flexible connectivity through integrated and centralized controller with high efficiency



OTA and FoD Expansion

- Up-to-date vehicle management with latest firmware upgrades through OTA
- Development of additional FoD items to offer diverse products



Extended Application

- Expand connectivity service to ME&A, AP, and C&SA

Performance

GT trim enabling dynamic powerful driving emotions on road



EV6 GT Trim



- Explosive acceleration : 0- 100Km/h in 3.5 seconds
- GT drive mode
- Electronically controlled suspension and monoblock with caliper/large diameter brake

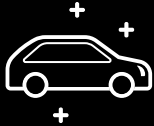
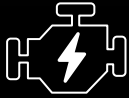
EV9 GT Trim



- Rich output : 0-100Km/h in 4 seconds
- Fast acceleration through high-power dual motors / all-wheel drive
- Stable driving during fast acceleration through reinforced suspension & electronic braking systems

GT Trim for Future EV Models

GT trim performance direction by vehicle type

SUV	Sedan / CUV	City Car
Rich Performance	On-road Driving Performance	Urban Performance
 Differentiated interior/exterior design	 Stable driving comfort at high speed through high-performance motors and safety-oriented tuning	 Rich performance / powerful acceleration / agile responsiveness

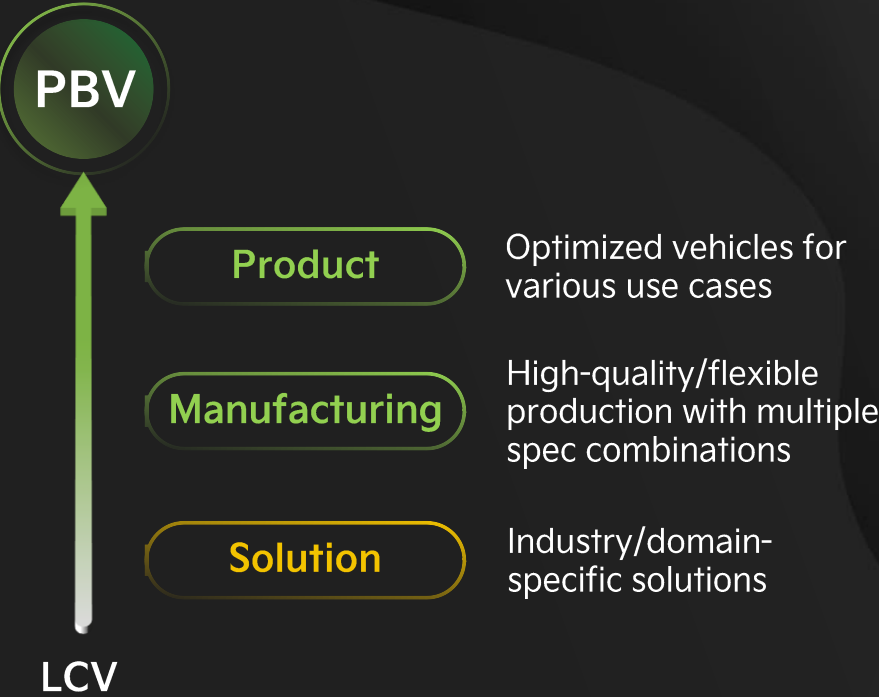
PBV Strategy



Movement that inspires

PBV-dedicated Business System

LCV vs. PBV

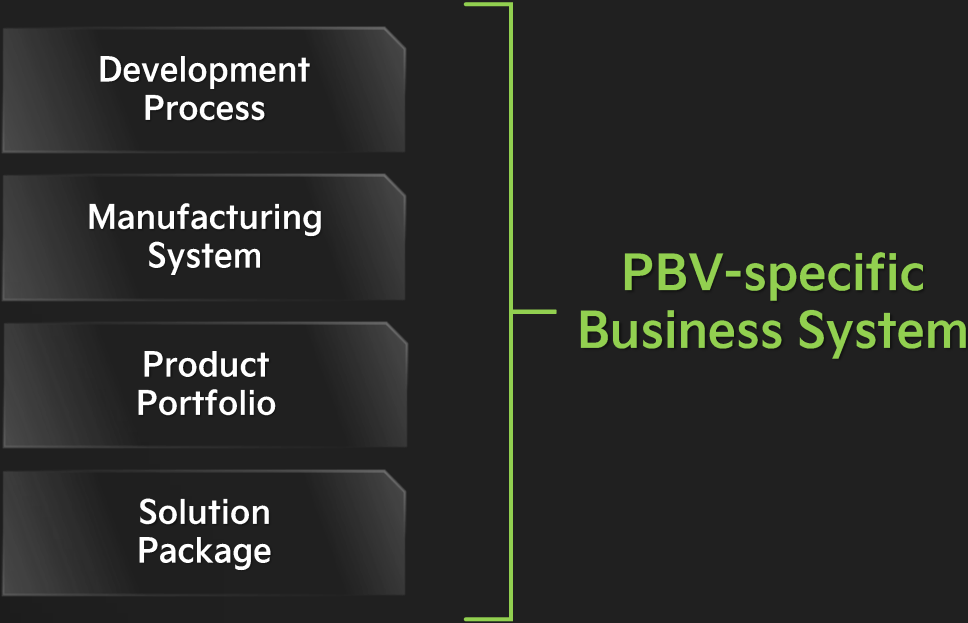


Transition into
**Customer-oriented
System**



Business System Optimization

「Vehicle + Solution」to serve customer needs



* PBV : Purpose Built Vehicle * LCV : Light Commercial Vehicle

PBV Full Line-up



Mid PBV
The 1st dedicated PBV

Mid PBV
+ AD (Robotaxi)

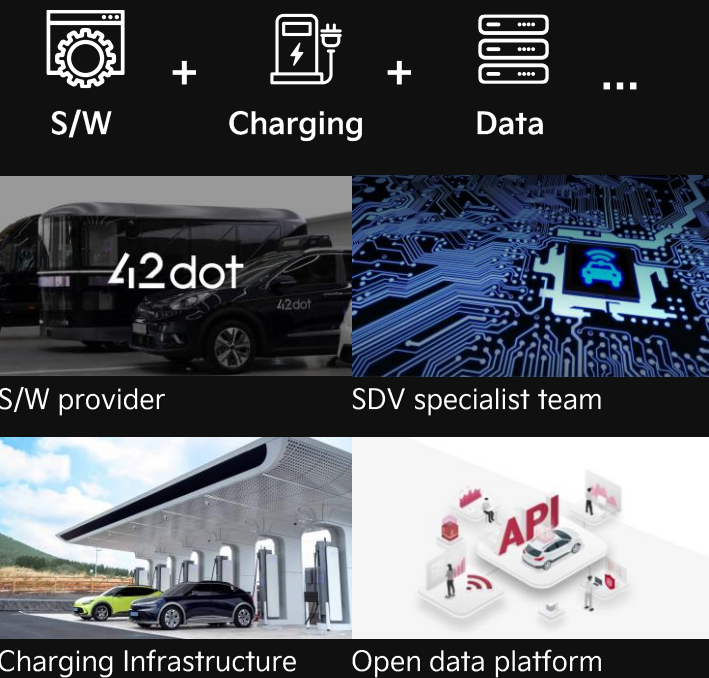
Large PBV

Small PBV

Domain-specific S/W Solution

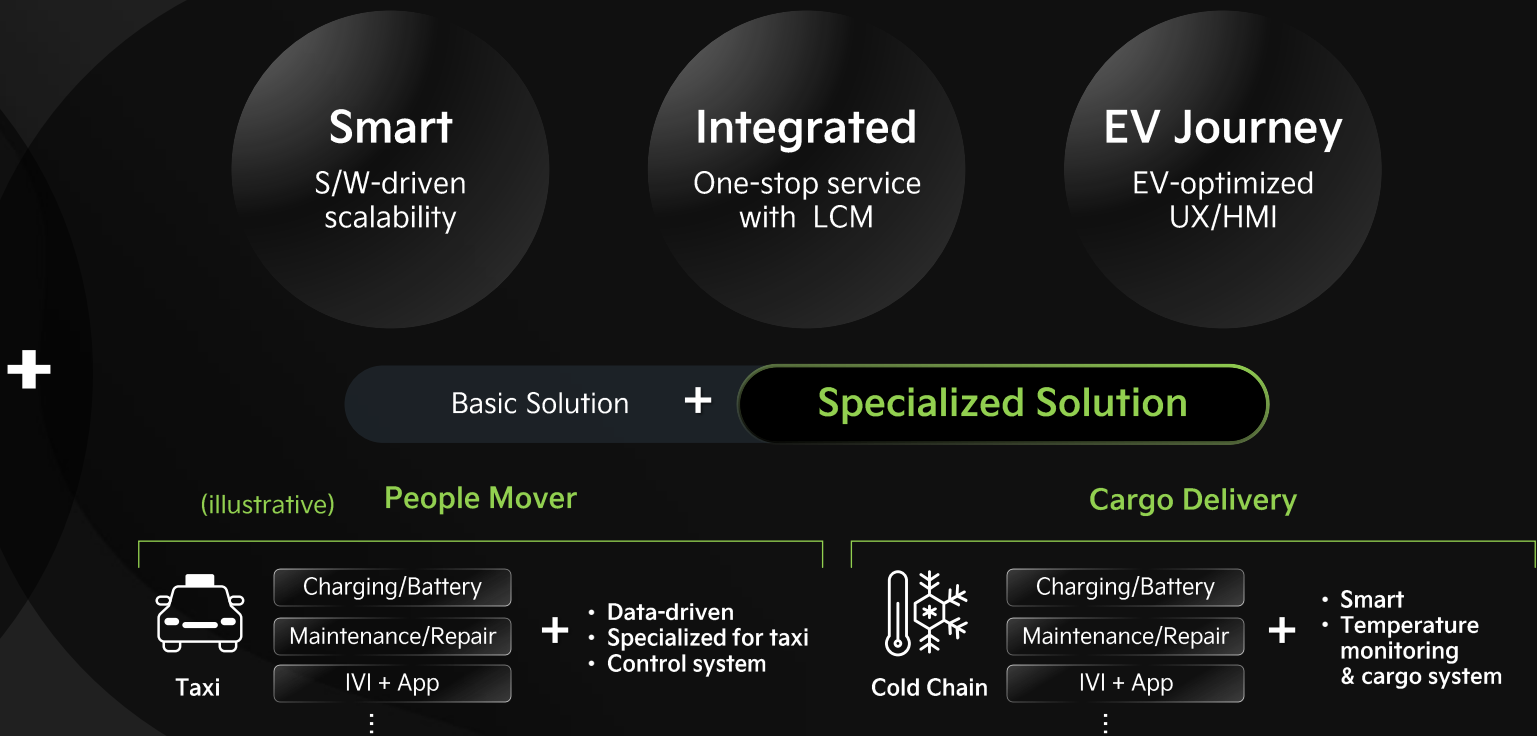
HMG Competency

S/W solution framework



Kia's PBV Solution

S/W based integrated PBV solutions



Innovative Flexible Production System

**Automated
Inspection**

Quality Enhancement



**PBV-dedicated
Plant in AutoLand Hwaseong**

High Quality & Manufacturing Flexibility
based on Innovative EV Production

BTO System

Lead Time Reduction
Inventory Optimization



**Flexible Cell
Manufacturing**

Automated
Logistics / Assembly



* BTO : Build to Order

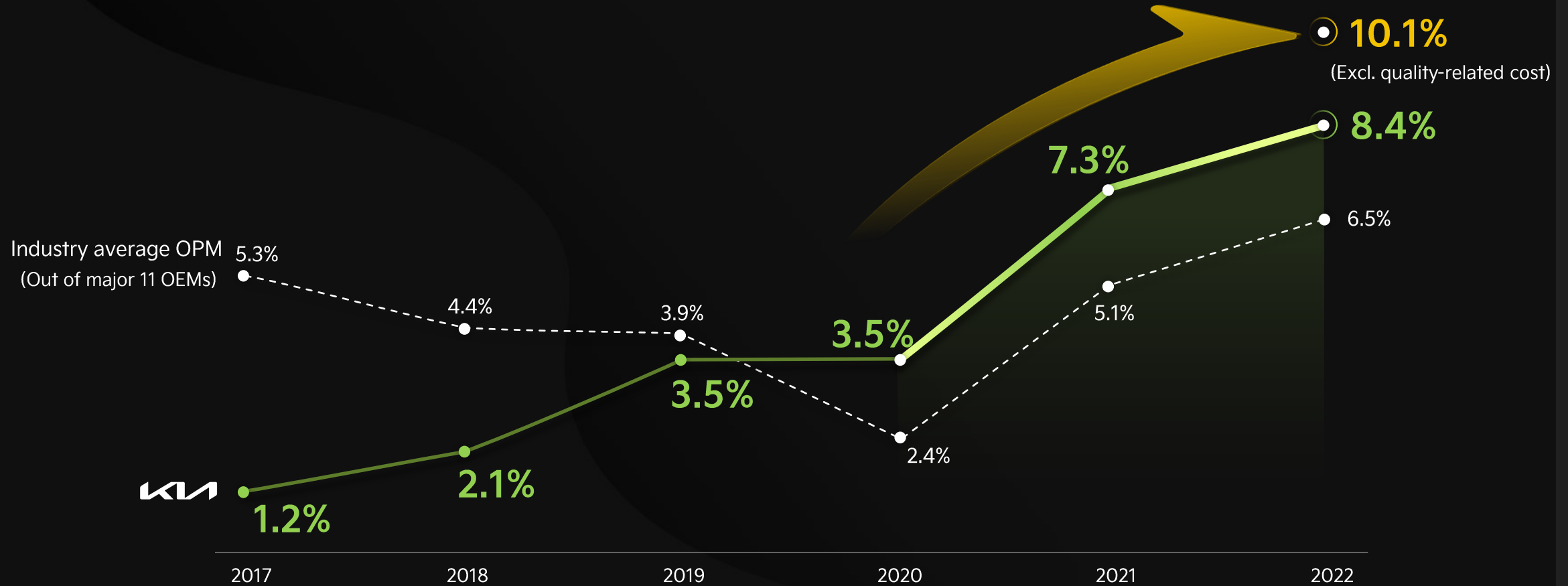
Financial Strategy



Movement that inspires

2022 Review

Global top-tier level of profitability



Key Financial Performance

ASP



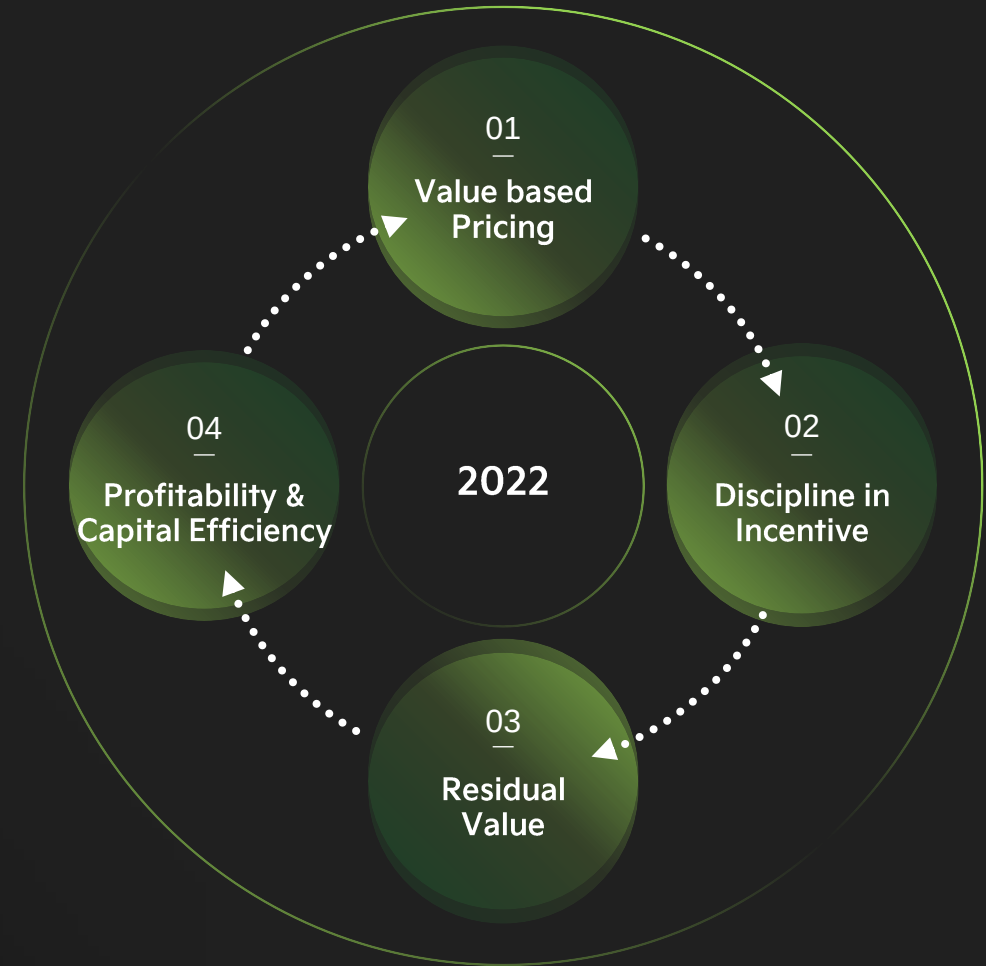
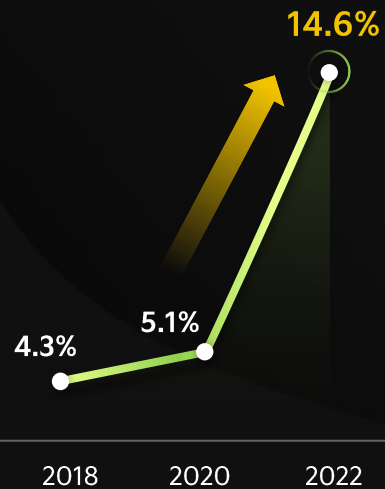
Incentive



Residual Value



ROE



Structural Drivers of Profitability

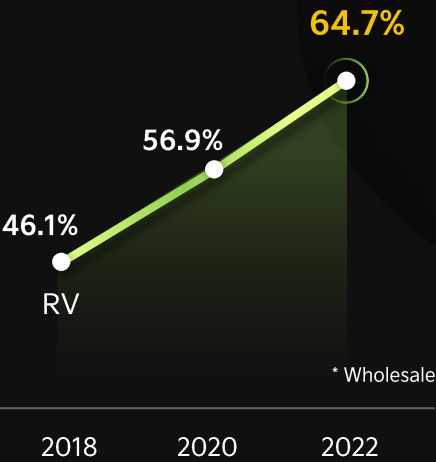
Pricing based on higher margin target, RV mix improvement ← Product competitiveness / Brand power

Pricing based on Higher Margin Target

- Actual
- Target



Mix Improvement



Product / Brand Power



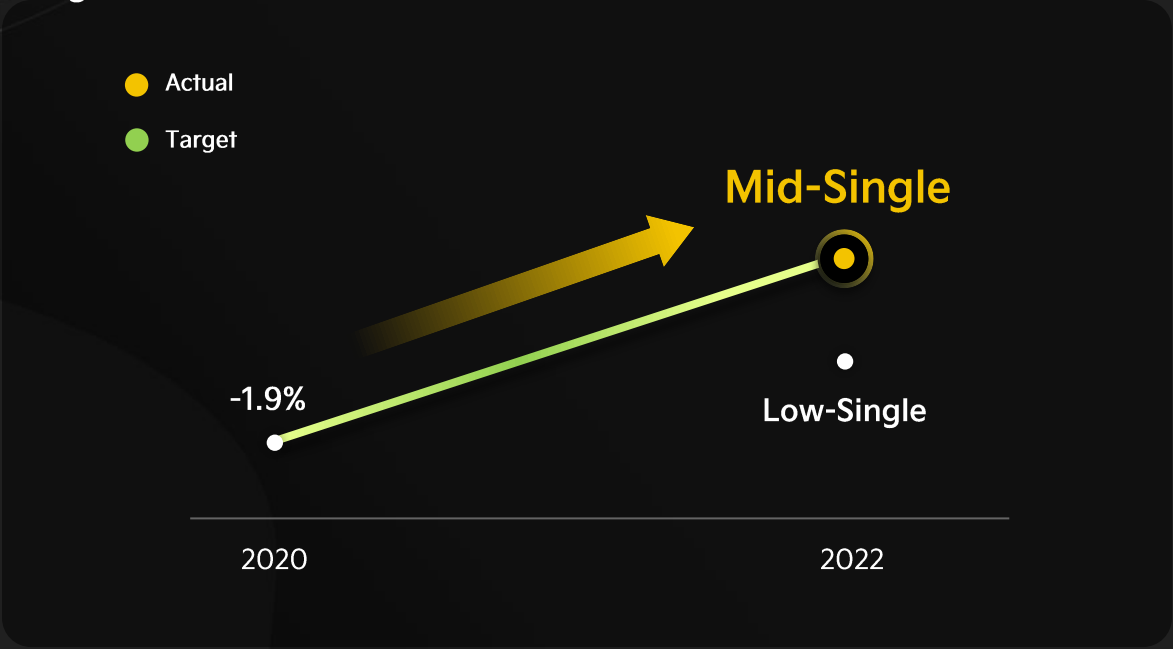
J.D. Power 2022
Brand with most number of
APEAL(Automotive Performance,
Execution and Layout)



Car of the Year in Key Markets

Top Notch EV Profitability

Actual profitability outperformed target



R&D Efficiency

- Sharing of R&D expense
- Commonization of EV Platform

CAPEX Efficiency

- EV line conversion from existing ICE line

Mix Improvement

- Sales of higher-end trim / option selection increase

Cost Saving for Core Parts

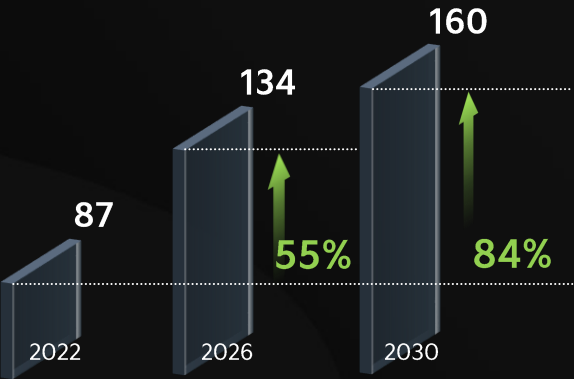
- Optimization of battery module structure
- Increase cost efficiency and open bidding

Mid-to-Long Term Target

Maintain solid profitability throughout EV transition
 New business opportunity from software/service

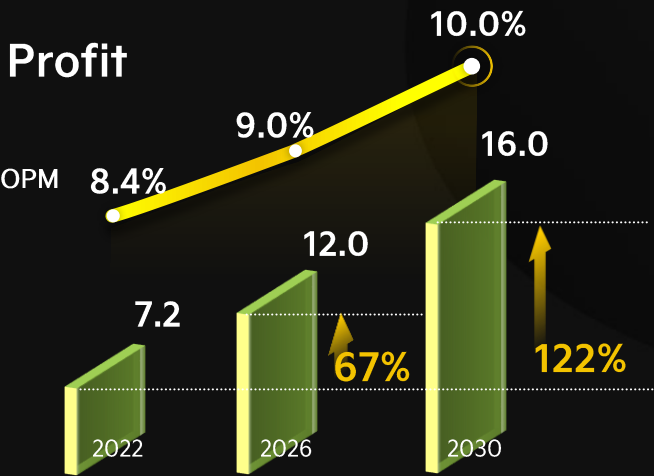
Revenue

(Unit : KRW trn)



Operating Profit

(Unit : KRW trn)



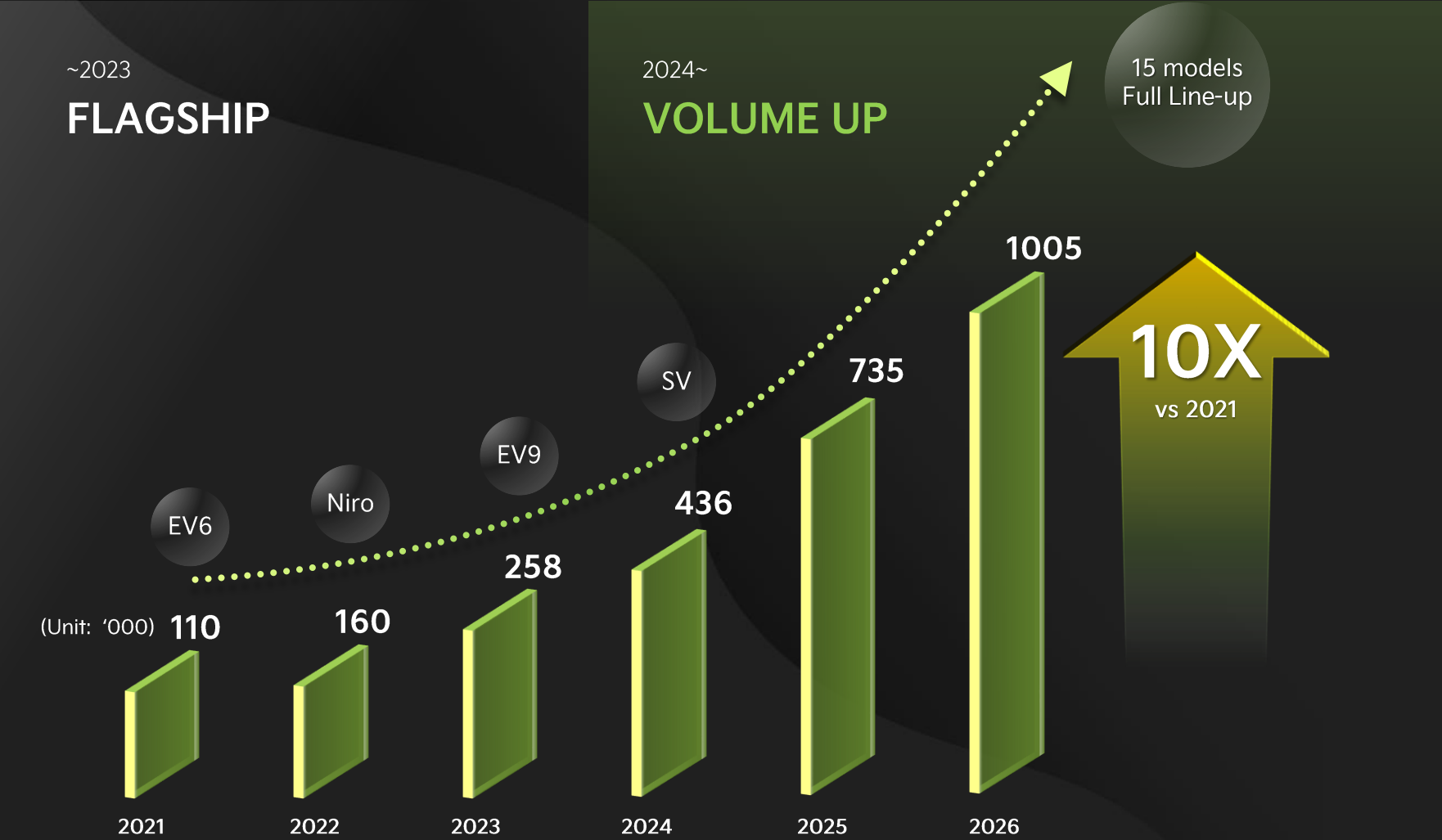
EV centric
 volume growth
 fueling EV profit
 contribution

Accelerated EV
 profitability

Software/Service
 monetization

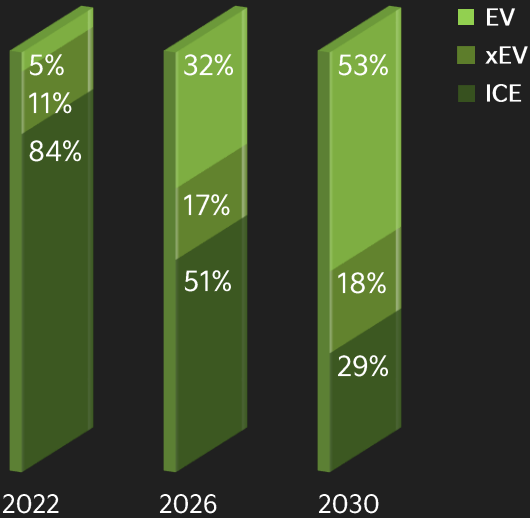
EV Centric Volume Growth Fueling EV Profit Contribution

Entering the phase of full-scale sales expansion, realizing economies of scale



EBIT Mix by Powertrain

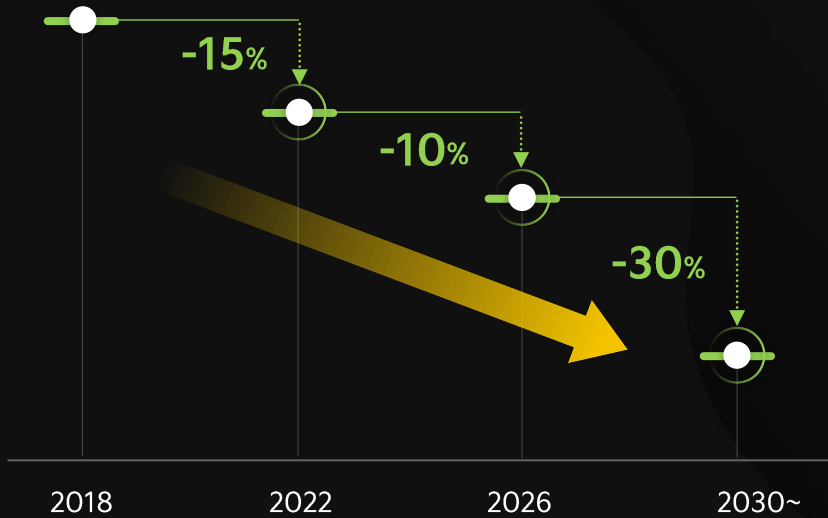
(Unit :%)



Cost Savings for Core EV Parts

Industry leading cost advantages from
 - battery module structure
 Cost efficiency and open bidding

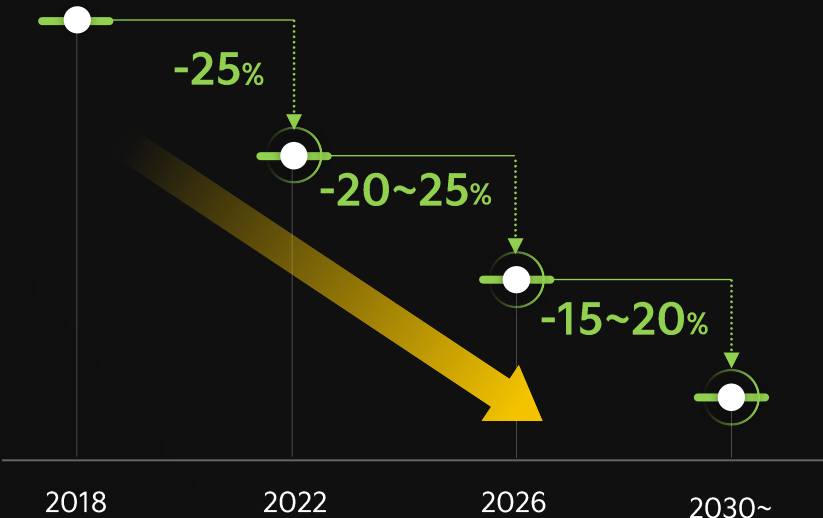
Battery



* Assumption : raw material cost constant from 3Q20

Motor System/ICCU

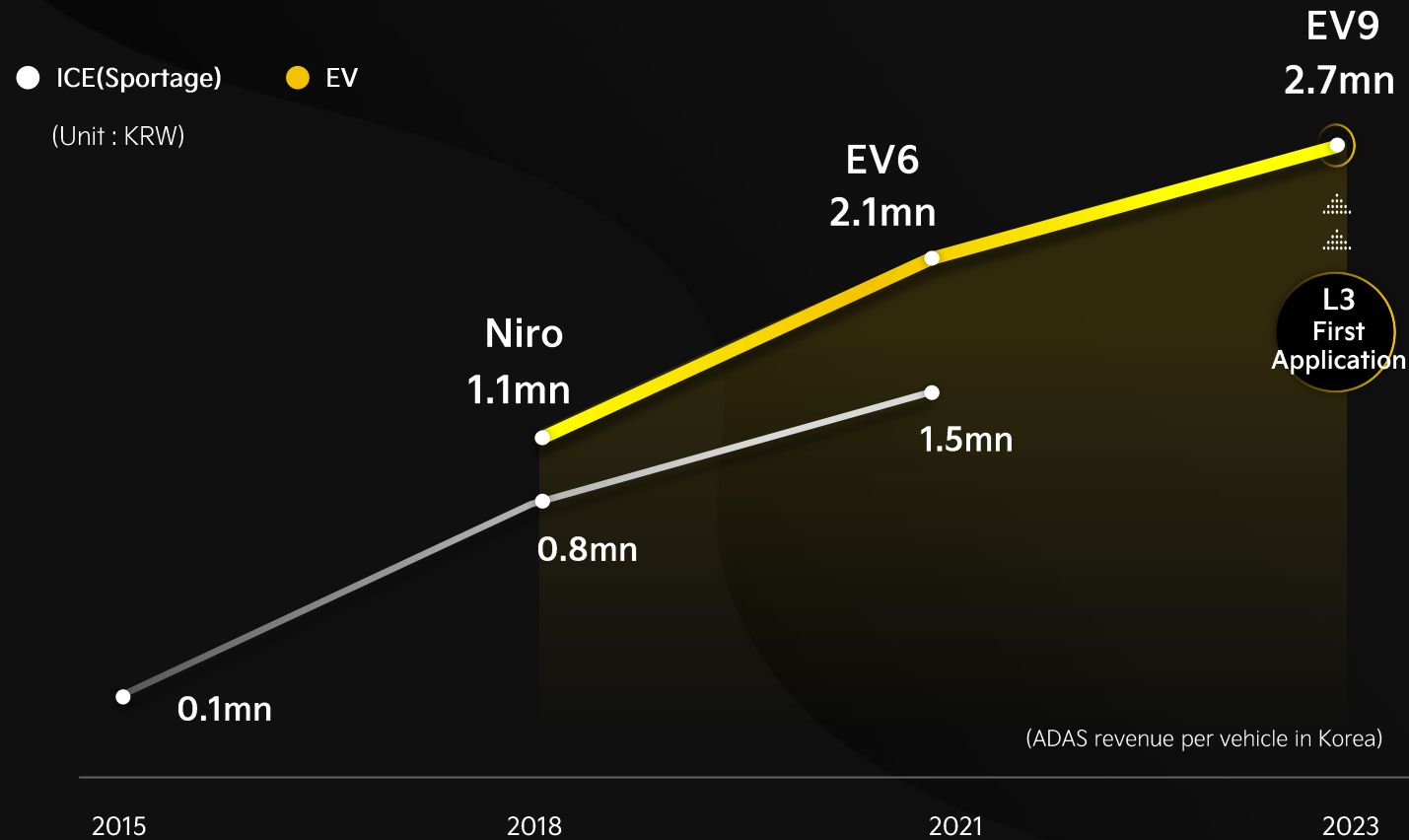
* Motor System : Drive Motor + Inverter + Reducer
 * ICCU : Integrated Charging Control Unit



* Assumption : raw material cost constant from 3Q20

Software, Service Monetization

Accelerated capitalization on vehicle technology



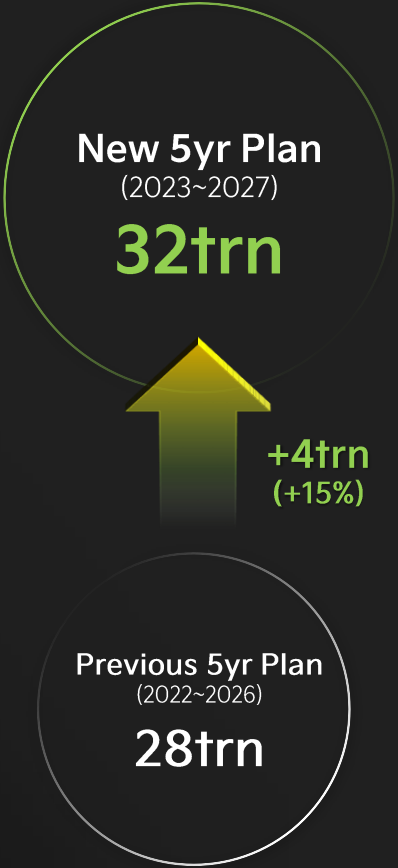
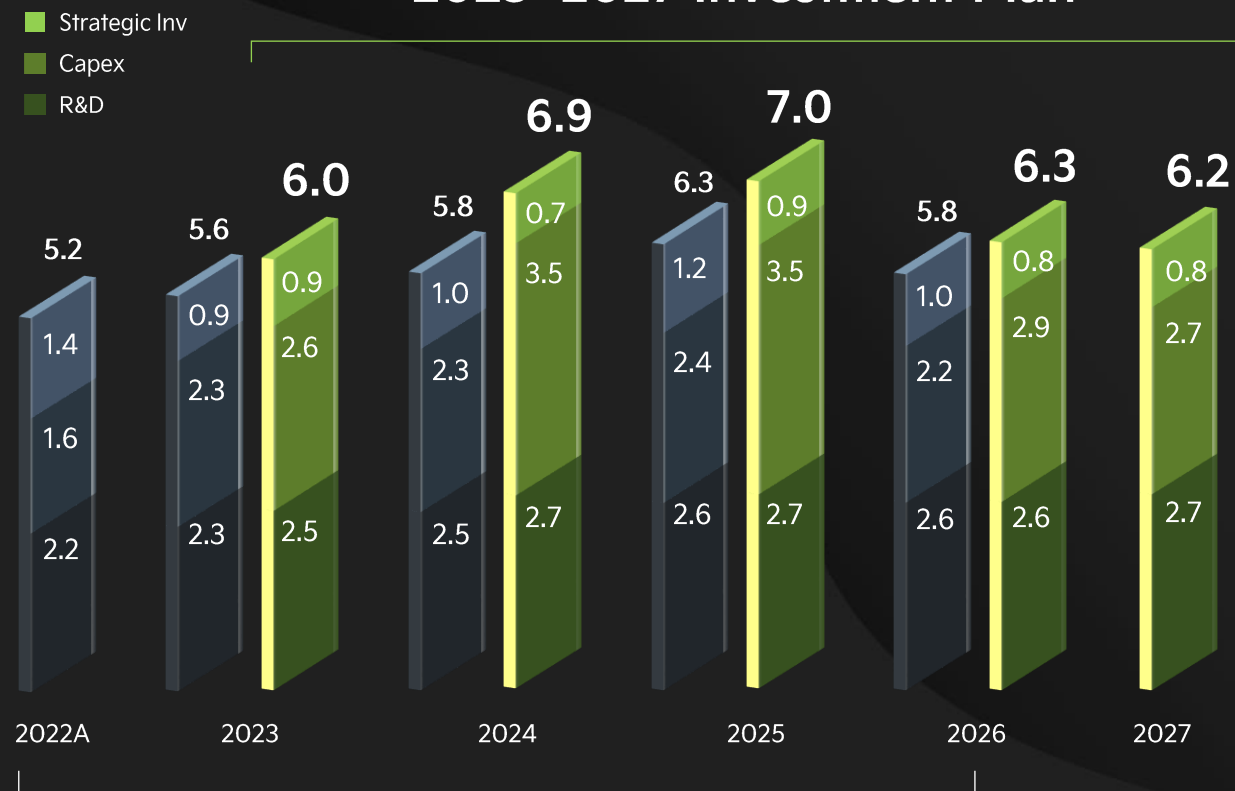
ADAS Market Size



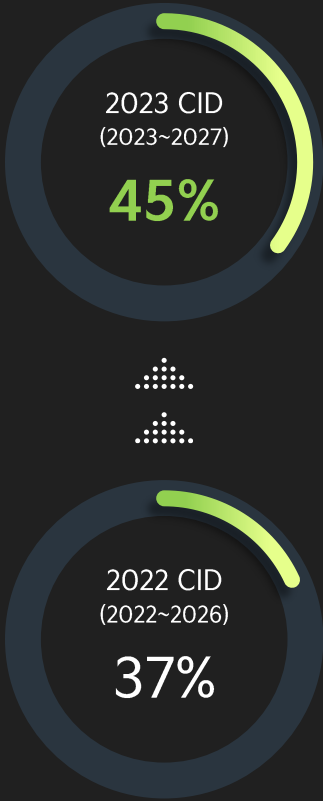
Investment Plan for Next 5 Years

Accelerated resource allocation to business transition

2023~2027 Investment Plan



% of Future Business Investment



Shareholder Return Policy

Accelerating shareholder's value through dividend growth
 Long-term plan for share buyback & cancellation

Payout Ratio

20~35%

of Net Profit

Buyback Program

5yr

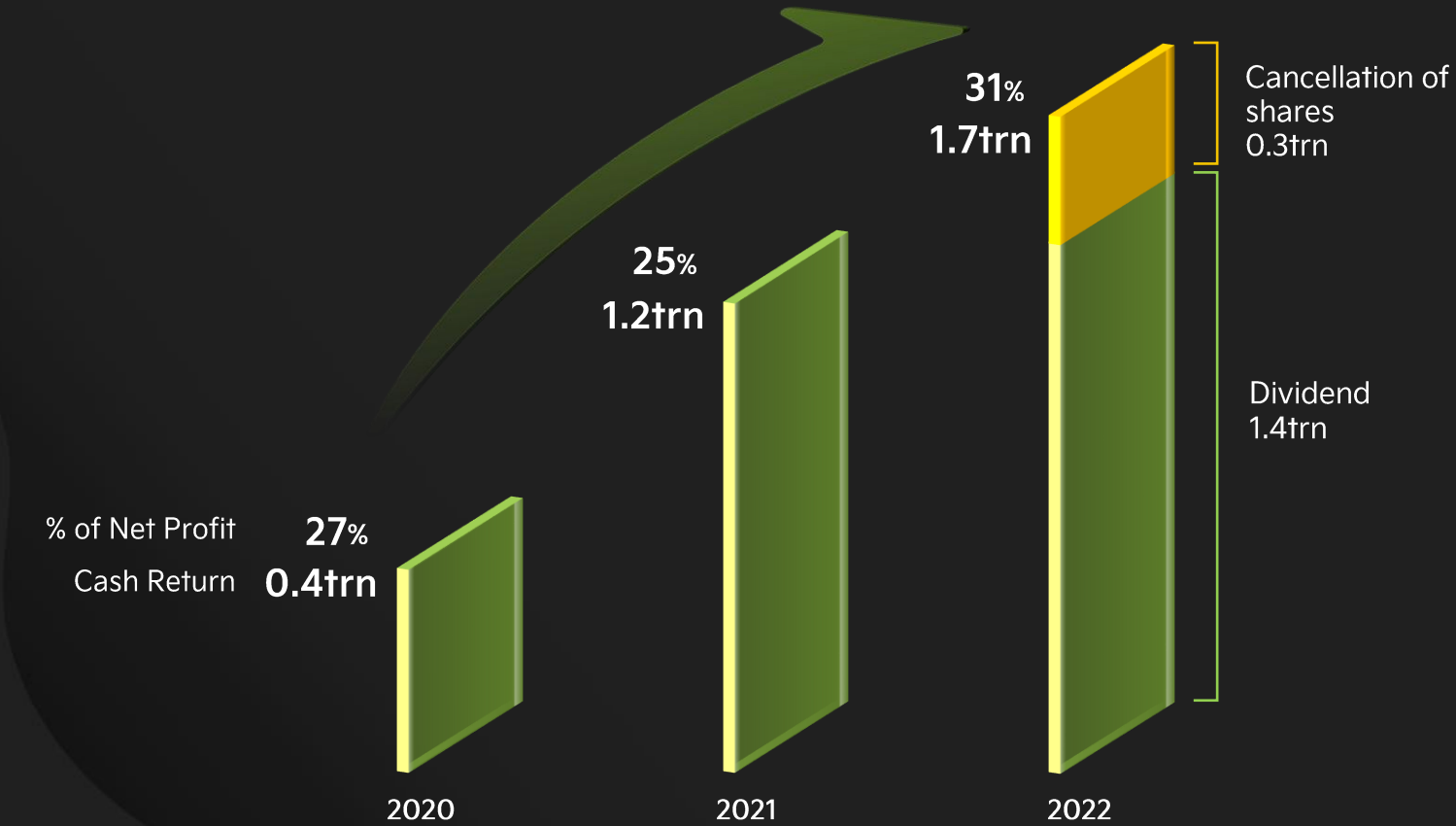
Long-term Plan

500bn

Max.Amount/year

50%

Cancellation



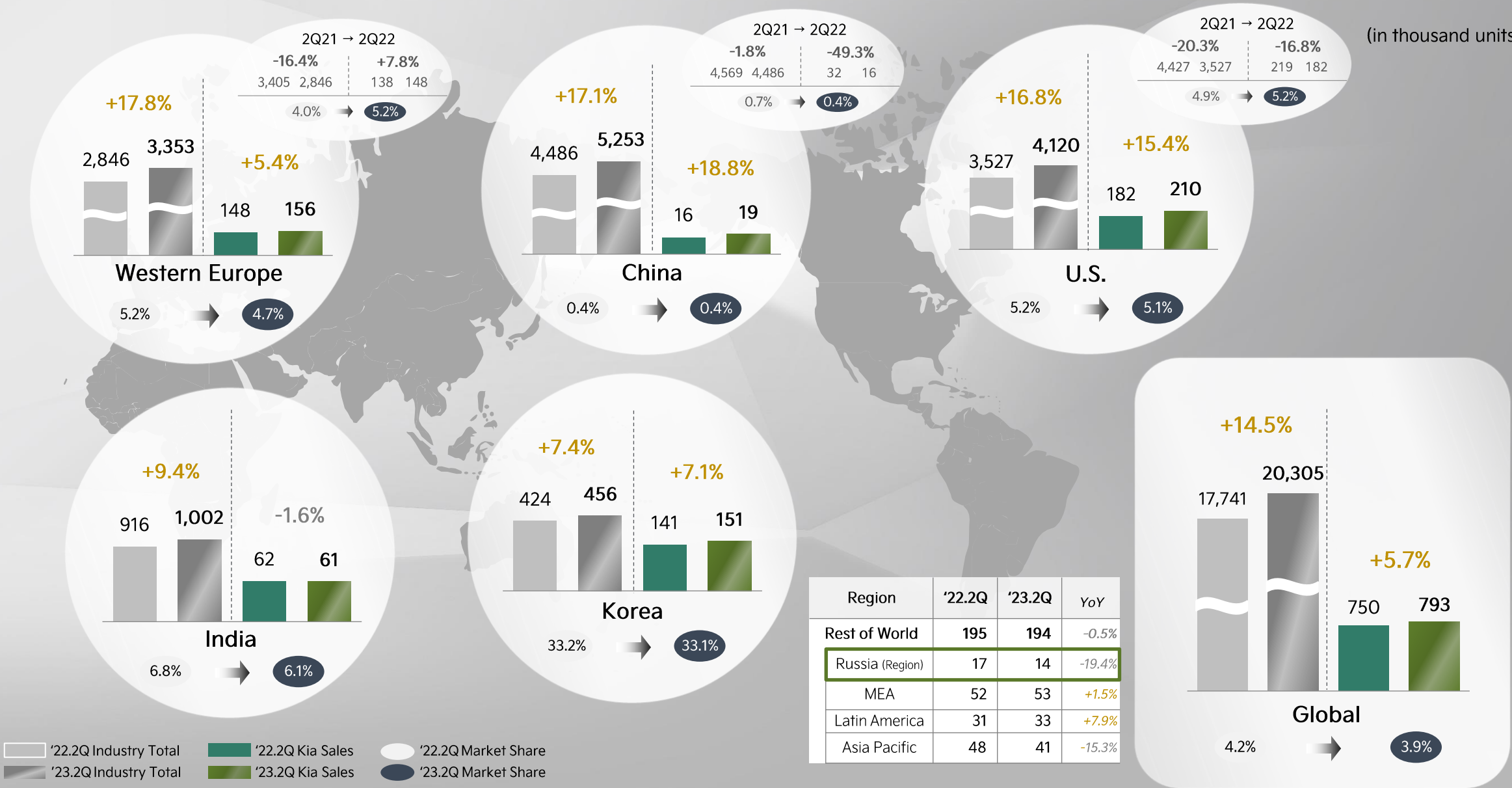
Appendix : 2023 2Q Business Results



- Global Retail Sales
 - Consolidated Income Statement
 - OP Analysis
 - Consolidated Balance Sheet
 - Sales Performance by Market (Korea, U.S., Western Europe, India, China)
 - Global Market Share Trend
 - Cash Flow Highlights
 - 2023 Guidance Update
-

Global Retail Sales (Q2)

(in thousand units)

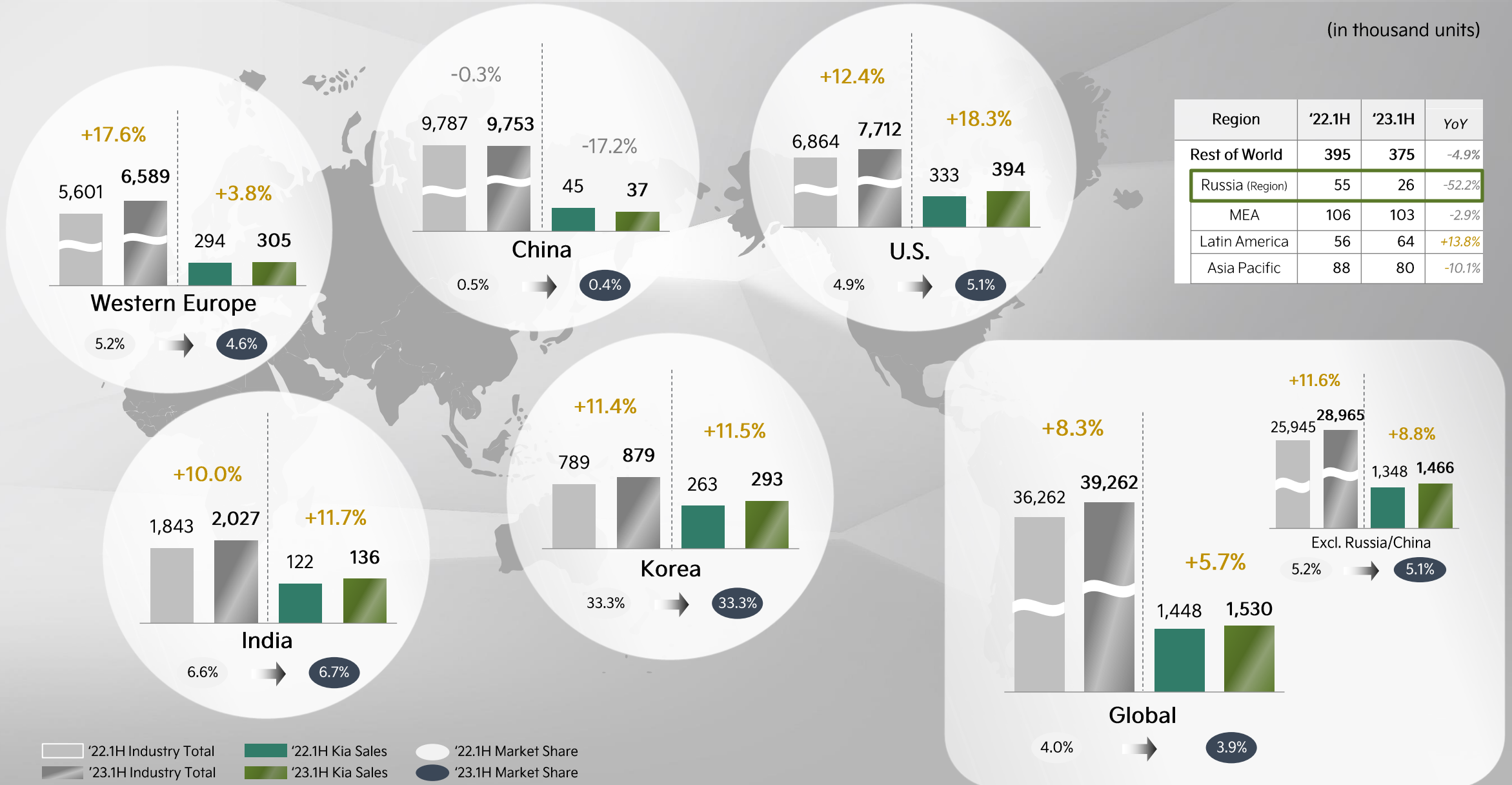


* Western Europe industry demand : ACEA, China/India sales : Wholesale ※ CKD / Special Vehicles Included

Global Retail Sales (1H)

(in thousand units)

Region	'22.1H	'23.1H	YoY
Rest of World	395	375	-4.9%
Russia (Region)	55	26	-52.2%
MEA	106	103	-2.9%
Latin America	56	64	+13.8%
Asia Pacific	88	80	-10.1%



* Western Europe industry demand : ACEA, China/India sales : Wholesale ※ CKD / Special Vehicles Included

Consolidated Income Statement (Q2)

(in Billion Won)	'22.2Q	(% of sales)	'23.2Q	(% of sales)	YoY (%)
Sales Revenue	21,876	100%	26,244	100%	+20.0%
Cost of Sales	17,299	79.1%	20,178	76.9%	+16.6%
Gross Profit	4,577	20.9%	6,066	23.1%	+32.6%
SG&A	2,342	10.7%	2,663	10.1%	+13.7%
Operating Profit	2,234	10.2%	3,403	13.0%	+52.3%
Pre-tax Profit	2,624	12.0%	3,682	14.0%	+40.3%
Net Profit	1,881	8.6%	2,817	10.7%	+49.8%

※ Consolidated Sales Units : '22.2Q 697,594 units → '23.2Q 758,875 units (+61,281 units, +8.8%)

※ Average Currency Rate(USD/KRW) : '22.2Q KRW 1,260 → '23.2Q KRW 1,315 (+KRW 55 ↑, +4.4%)

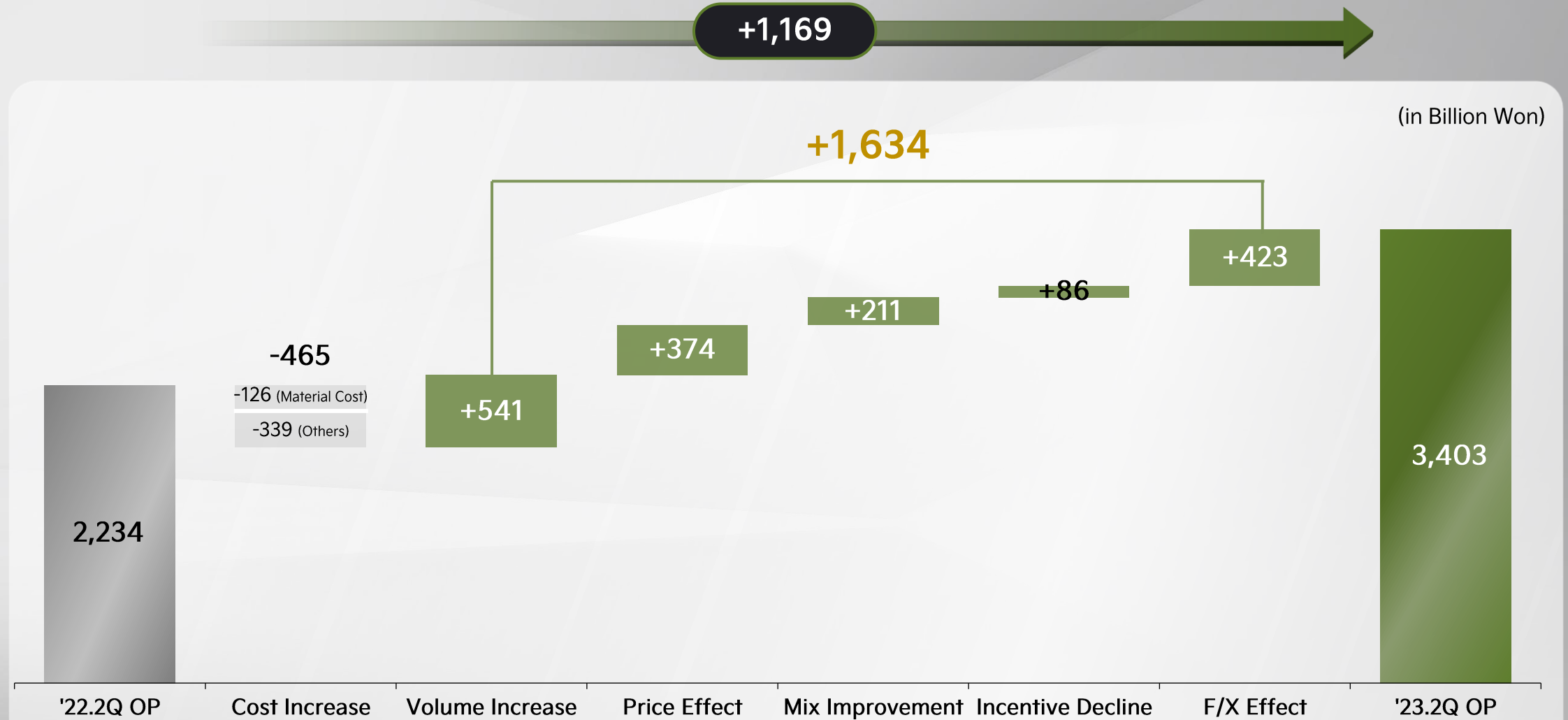
Consolidated Income Statement (1H)

(in Billion Won)	'22.1H	(% of sales)	'23.1H	(% of sales)	YoY (%)
Sales Revenue	40,233	100%	49,935	100%	+24.1%
Cost of Sales	32,066	79.7%	38,495	77.1%	+20.1%
Gross Profit	8,168	20.3%	11,440	22.9%	+40.1%
SG&A	4,327	10.8%	5,163	10.3%	+19.3%
Operating Profit	3,841	9.5%	6,277	12.6%	+63.4%
Pre-tax Profit	4,142	10.3%	6,824	13.7%	+64.8%
Net Profit	2,914	7.2%	4,937	9.9%	+69.4%

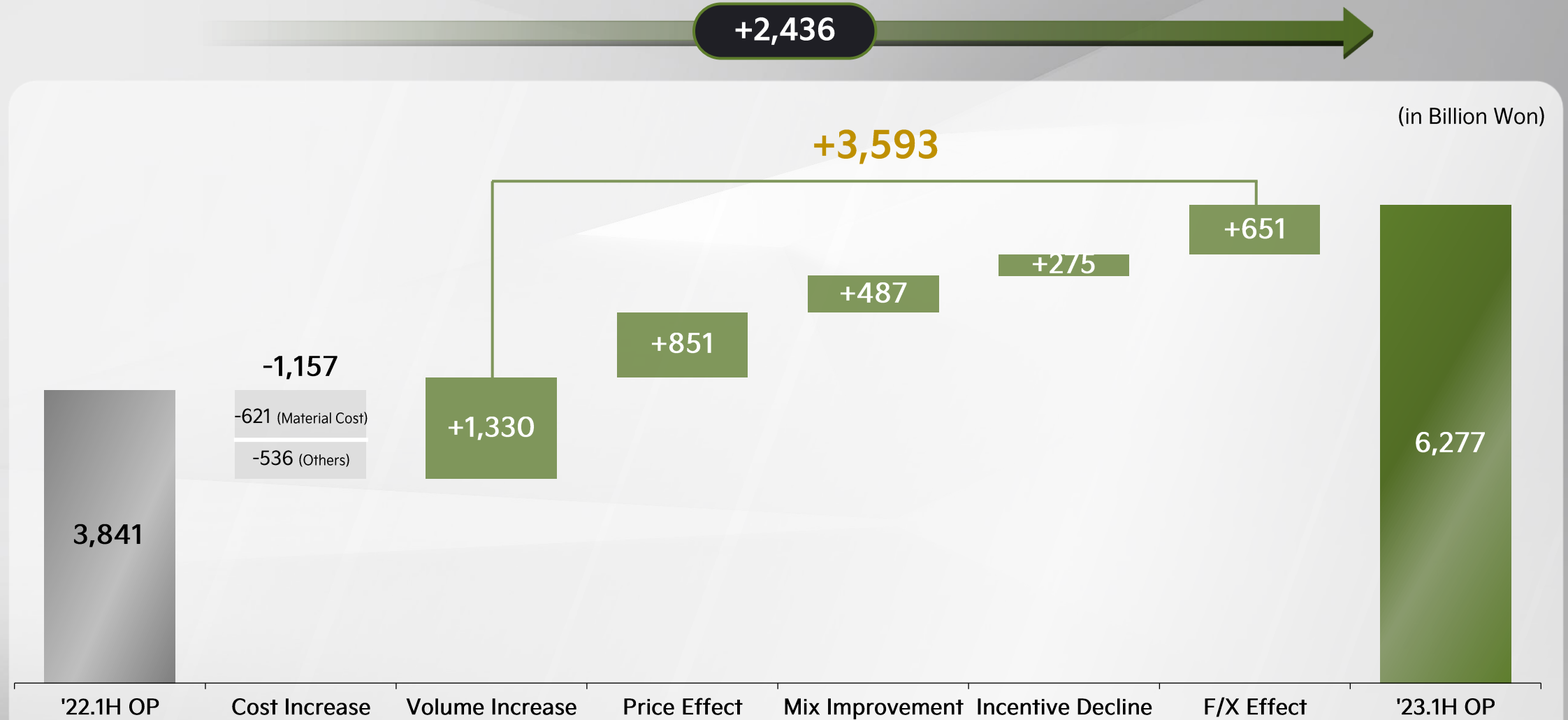
※ Consolidated Sales Units : '22.1H 1,330,995 units → '23.1H 1,484,001 units (+153,006 units, +11.5%)

※ Average Currency Rate(USD/KRW) : '22.1H KRW 1,233 → '23.1H KRW 1,295 (+KRW 62 ↑, +5.0%)

Operating Profit Analysis (Q2)



Operating Profit Analysis (1H)

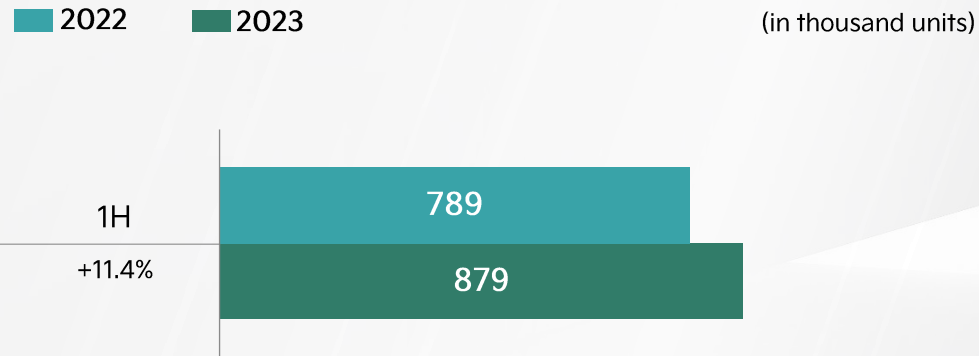


Consolidated Balance Sheet

(in Billion Won)	2022 Year-end	'23.2Q-end	Change
Asset	73,711	78,397	+4,686
Current Asset	34,147	37,414	+3,267
*Cash (a)	19,398	20,554	+1,156
Liability (b)	34,368	35,460	+1,092
Current Liability	25,378	26,782	+1,404
Debt (c)	7,473	5,190	-2,283
*Net Cash (a) - (c)	11,925	15,364	+3,439
Equity (d)	39,343	42,937	+3,594
Liability to Equity Ratio (b)/(d)	87.4%	82.6%	-4.8%p

* Cash = Cash & Cash Equivalents + ST Financial Instruments + ST Available-for-sale Financial Asset

Industry Demand



Overview and Outlook

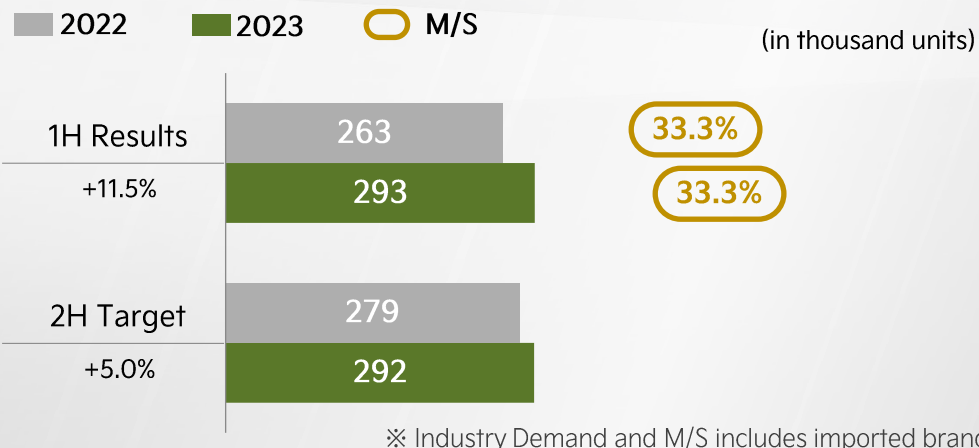
1H Overview

- Industry demand recorded 879k units (YoY +11.4%)
 - High growth due to **low base and normalization of production**
 - Continued trend of RV and Green Car(HEV, EV) driven growth

2H Outlook

- Despite higher base, **similar YoY demand** due to pent-up demand
- Despite end of excise tax cut, purchase burden expected to be mitigated by **easing of tax standard and stabilization of interest rate**

Kia (Retail)



Results and Initiative

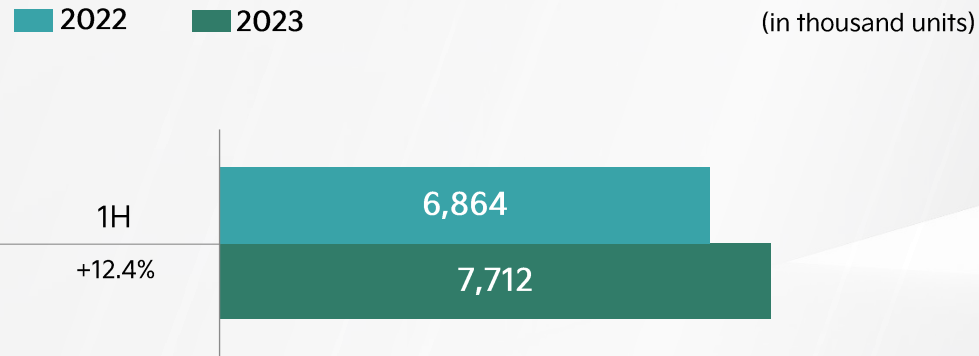
1H Results

- Recorded highest 1H sales** and maintained 33% M/S
- Continued RV and green car contribution** in line with industry trend

2H Initiatives

- Maintain momentum with PE launches of volume models**(Sorento, K5)
- Continue to increase RV portion** on the back of high RV backorders
- Increase test drive channels** to expand accessibility to Kia EVs

Industry Demand



Overview and Outlook

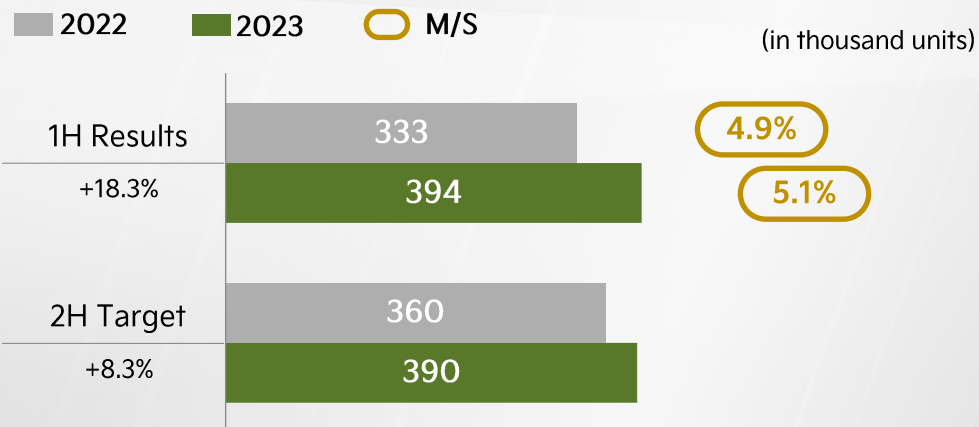
1H Overview

- Industry demand recorded 7,712k units (YoY +12.4%)
- A low base and improved supply situation led to high growth

2H Outlook

- Despite supply recovery, increased interest rates and car prices expected to lead to limited sales recovery

Kia (Retail)



Results and Initiative

1H Results

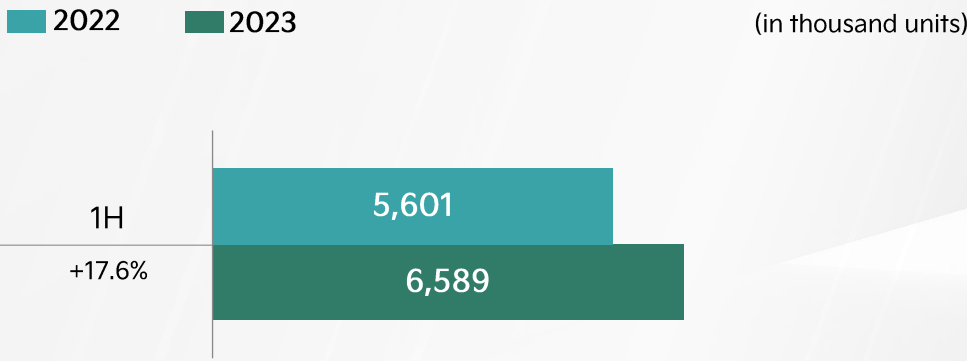
- M/S expanded on the back of strong demand and maximum utilization of available inventory
- RV mix improved thanks to continuous sales increase of RVs

2H Initiatives

- Strengthen marketing to promote further sales of key SUV models
- Strengthen EV competitiveness to secure momentum in line with IRA
- Successfully launch our flagship EV, EV9 (Production in Sept, Launch in Nov)

Western Europe

Industry Demand

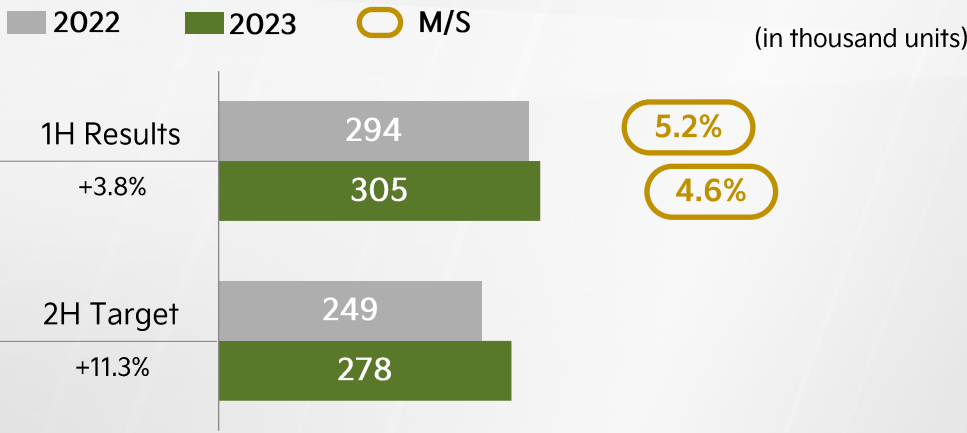


※ Source : ACEA

Overview and Outlook

- 1H Overview
 - Industry demand recorded 6,589k units (YoY +17.6%)
 - Low base effect and supply increase by OEMs led to growth
- 2H Outlook
 - Weaker demand growth outlook due to disappearance of the base effect and economic slowdown concerns amid high interest rates

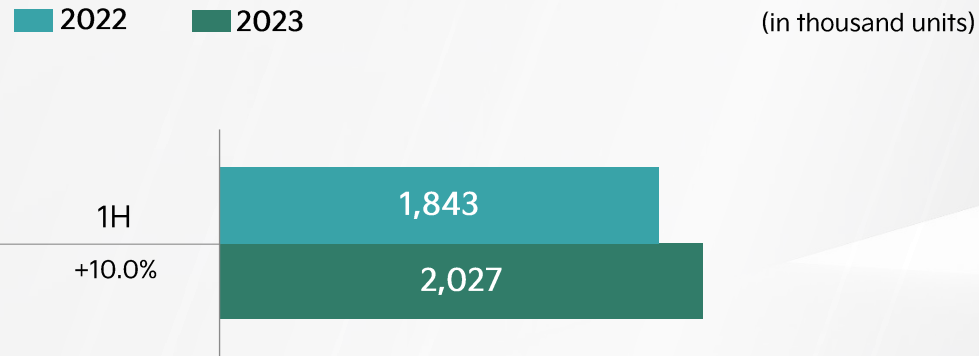
Kia (Retail)



Results and Initiative

- 1H Results
 - Despite a high base, improved supply and RV focused strong sales (EV6, Sportage, Sorento) led to sales growth
- 2H Initiatives
 - Marketing campaign(test drive) for successful launch of EV9 (July : Production, Oct : Launch)
 - Increase production from Slovakia Plant through weekend overtime and increase supply from Korea Plants to maintain sales momentum

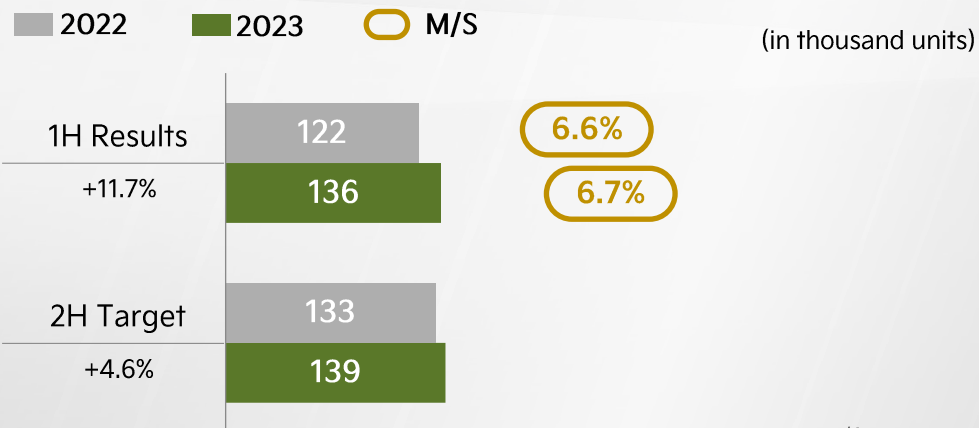
Industry Demand



Overview and Outlook

- 1H Overview
 - Industry demand recorded 2,027k units (YoY +10.0%)
 - In addition to low base effect, growth influenced by **resumption of economic activities and improvements in the production situation**
- 2H Outlook
 - **Limited growth is expected** due to depletion of pent-up demand and weakening consumer sentiment

Kia (Wholesale)

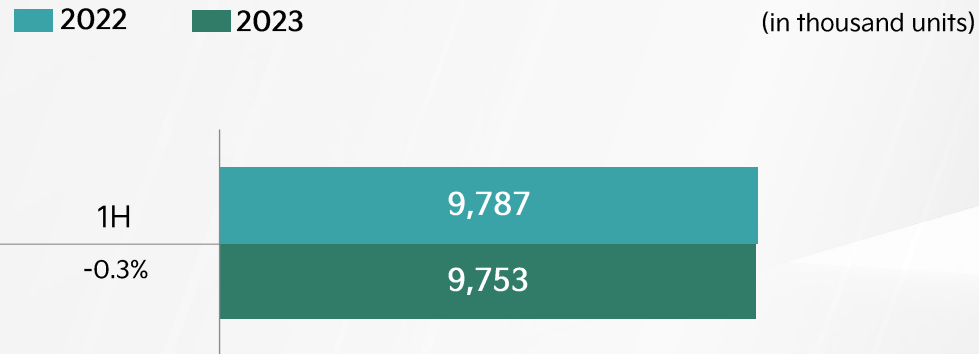


※ Industry Demand and M/S : Wholesale

Results and Initiative

- 1H Results
 - **Improved production situation and the new car effect of Carens** are led to sales growth and market share expansion
 - Q2 sales temporarily weakened compared to Q1 due to delayed demand of Seltos amid the **launch of Seltos PE model in July**
- 2H Initiatives
 - **Successfully launch Seltos PE model** to recover sales momentum
 - Early opening of new dealerships line with new model launches

Industry Demand



Overview and Outlook

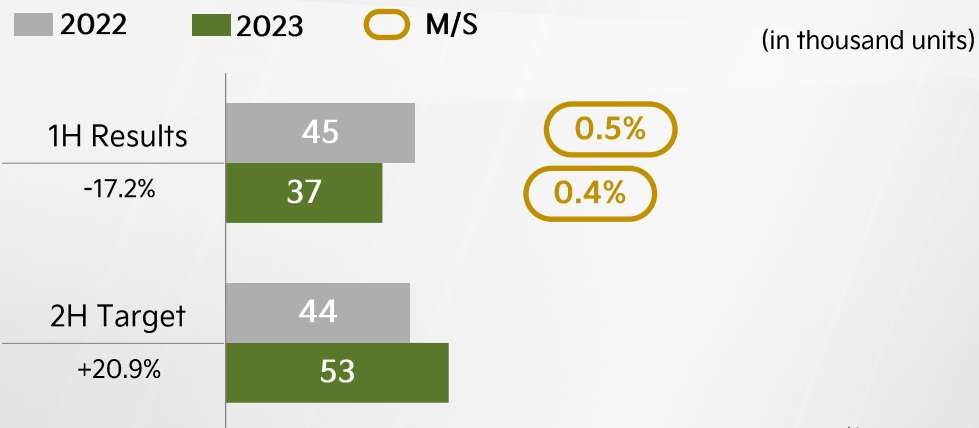
◦ 1H Overview

- Industry demand recorded 9,753k units (YoY -0.3%)
- After the end of purchase tax reduction last year, **sluggish demand lead to stagnated growth**

◦ 2H Outlook

- Low growth expected** from high base from purchase tax reduction last year and delayed economic recovery

Kia (Wholesale)



※ Industry Demand and M/S : Wholesale

Results and Initiative

◦ 1H Results

- Lack of EV models** in EV centric market and slow sales of ICEs led to sales decline

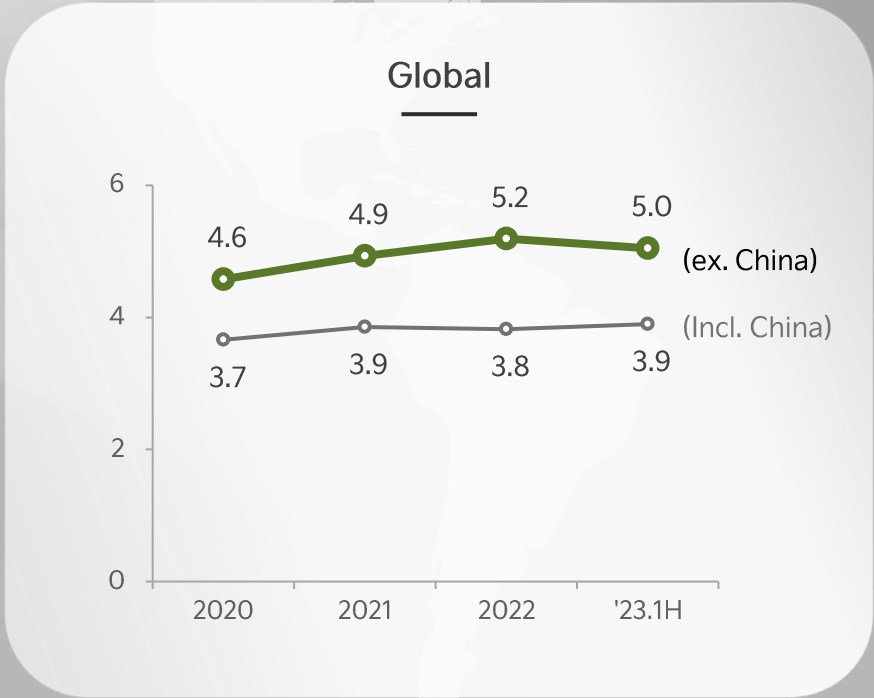
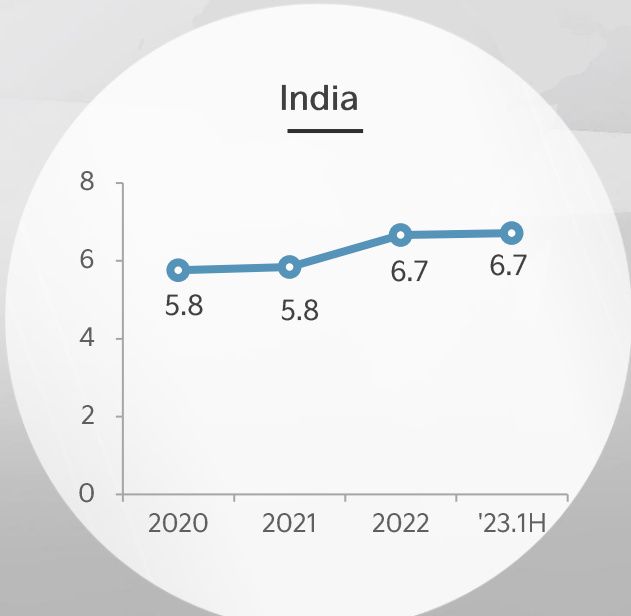
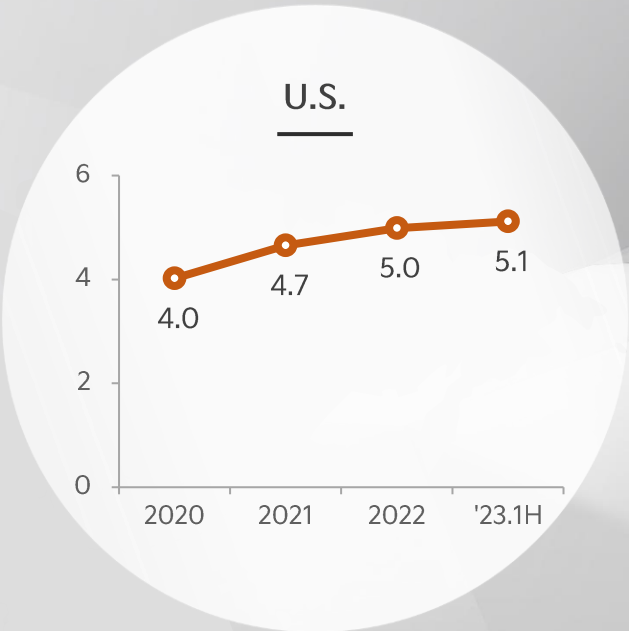
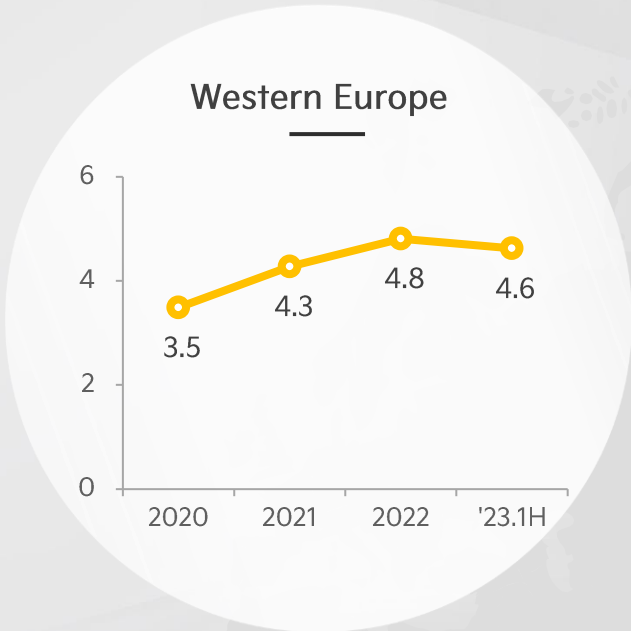
◦ 2H Initiatives

- EV transition to begin with launch of new EV line-up** (Aug : EV6, Nov : EV5)
- Reconstruction of dealer networks in major cities(1st & 2nd tier cities) through recruitment of large dealers
- Expansion of EV-exclusive sales channels facilitated through dealer collaborations and the establishment of city stores
- Expand export volume/models** and utilize idle capacity of China Plants

Global Market Share Trend

(Unit : %)

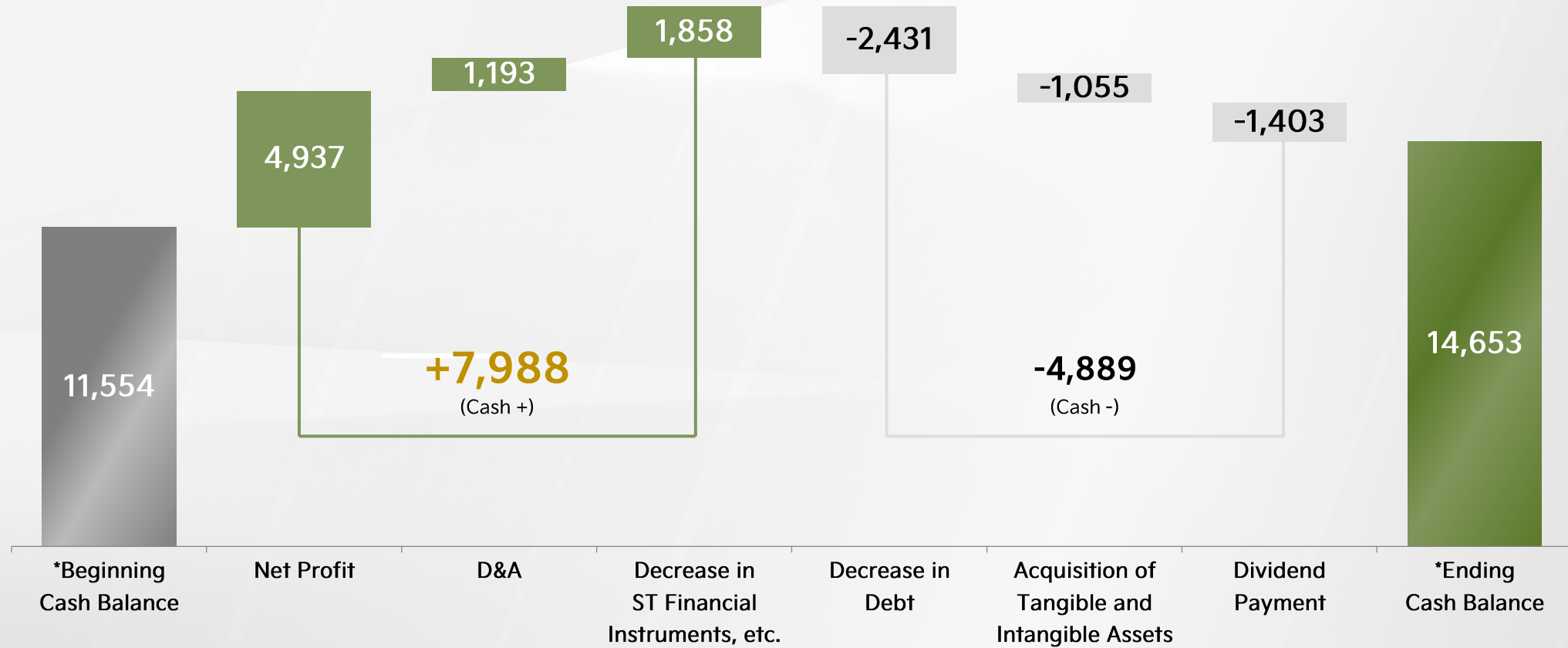
Region	2020	2021	2022	'23.1H
Russia (Region)	11.6	11.4	8.7	4.8
MEA	6.2	6.5	6.2	6.5
Latin America	2.5	3.0	3.3	3.5
Asia Pacific	3.0	3.5	3.5	3.3



Cash Flow Highlights



(in Billion Won)



* Beginning/Ending Cash Balance excludes ST financial instruments & ST Available-for-sales Financial Asset

2023 Annual Guidance Update



Sales Revenue

(in trillion Won)

over +2.4

over 100

97.6



Initial

Revised

Operating Profit

(in trillion Won)

+2.2 ~ 2.7

11.5 ~ 12

9.3



Initial

Revised

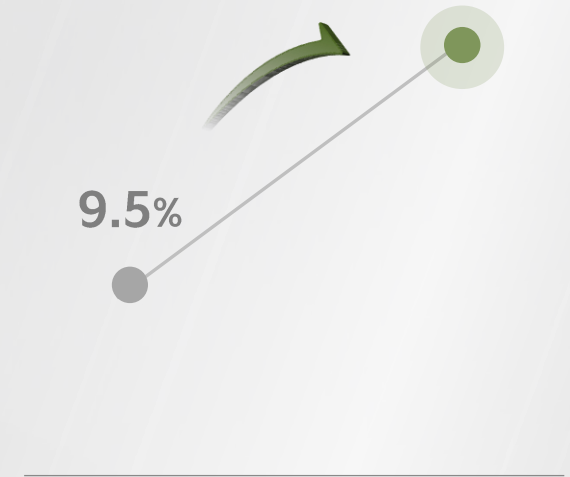
OPM

(% of Sales Revenue)

+2.0 ~ 2.5%

11.5 ~ 12.0%

9.5%



Initial

Revised

Thank you.

