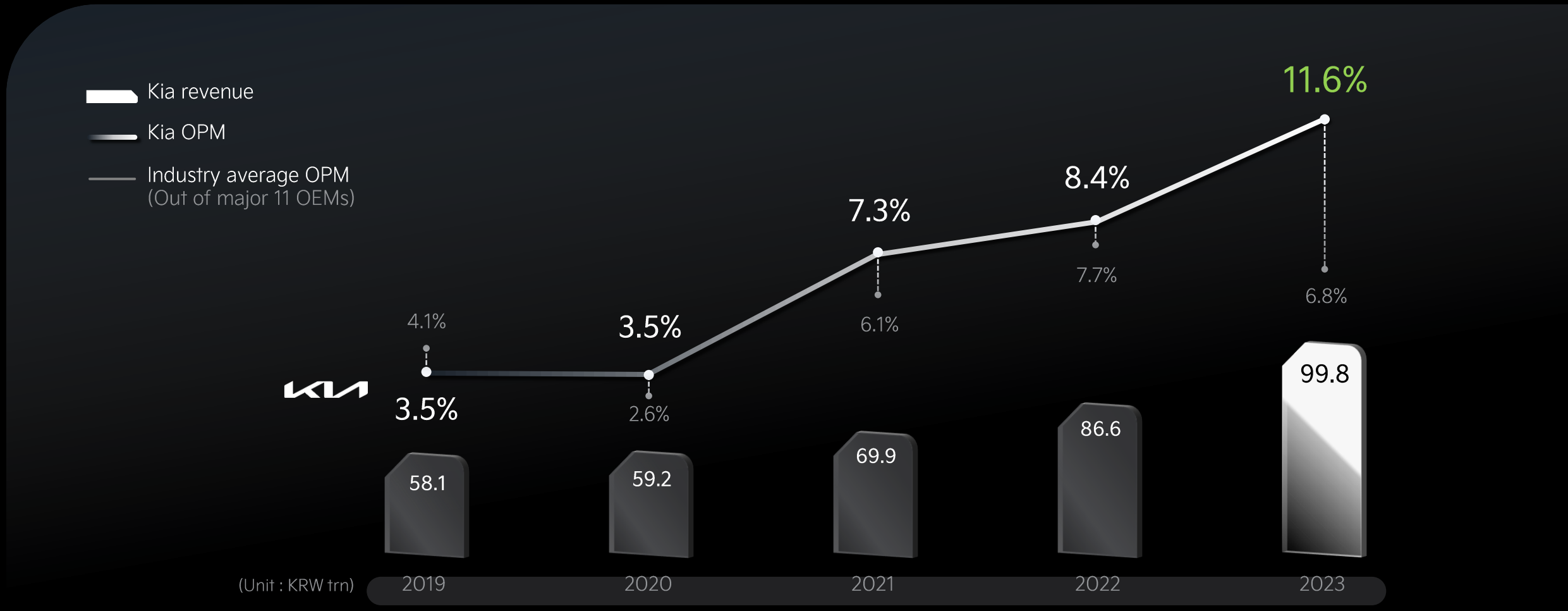
Kia Corporation Investor Presentation

May 2024

Movement that inspires

2023 Review

Revenue growth and improved profitability since **'Kia Transformation'** in 2021

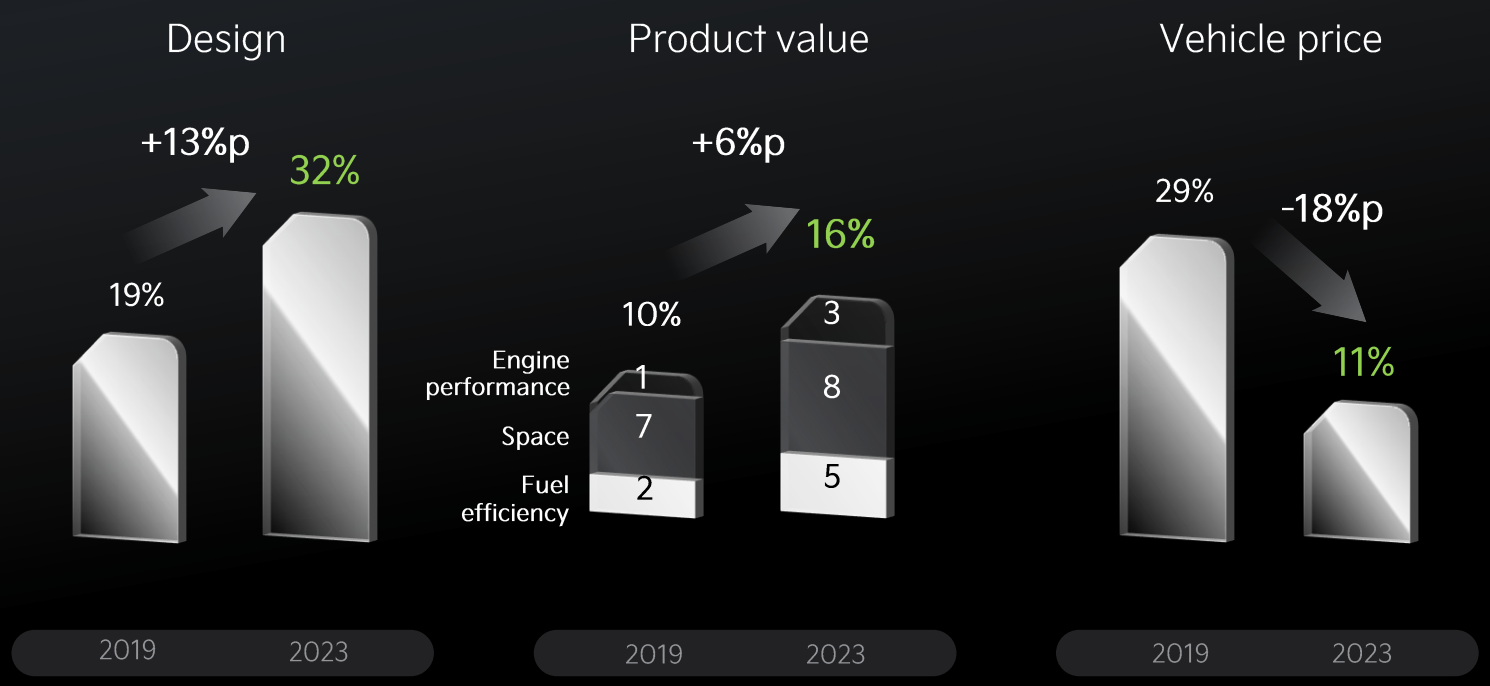


Product Factors

Transforming into a product-focused brand, recognized for design and product value

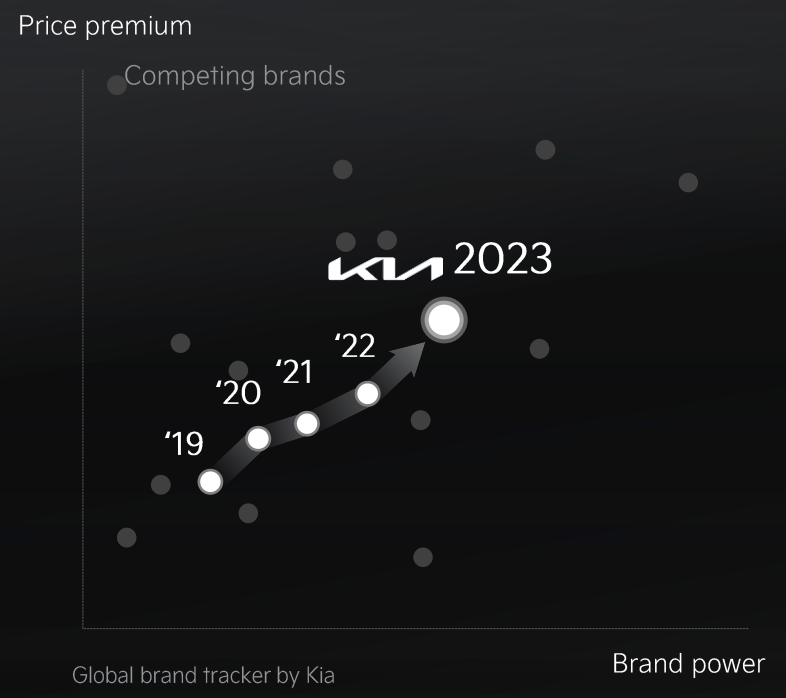
Key Purchasing Factors 2019 vs 2023

Design and product value has become the main reason to purchase



Primary purchasing factors according to global customer survey by Kia

Improvements in Brand Positioning



Global brand tracker by Kia

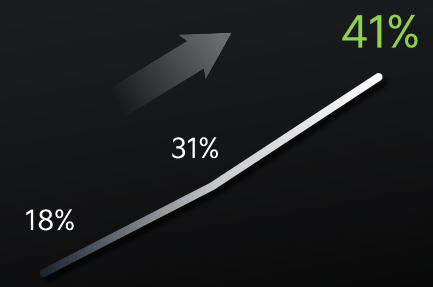
Pricing Factors

ASP boost from enhanced product and value pricing → Accelerated revenue growth

Product Value Enhancement

Active adoption of new specs & tech features

High-trim selection rate



2019 2021 2023

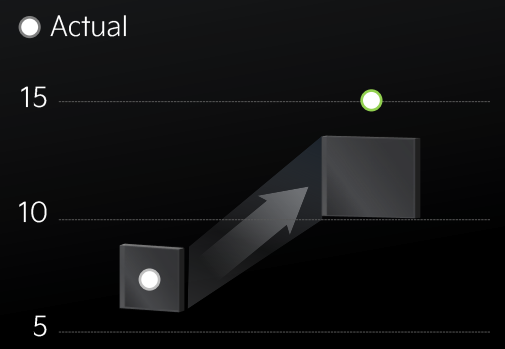
U.S. Sportage, Sorento, & Telluride combined

Quality Operation

Pricing based on higher-margin target

Increase in target margin

(Unit: %)

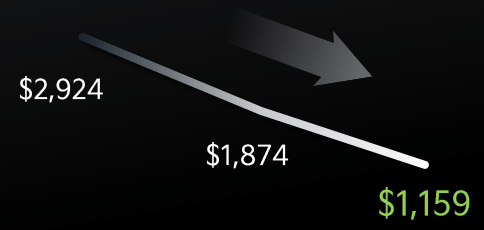


2019 2023

Sportage & Sorento combined

Push → Pull strategy

Incentive



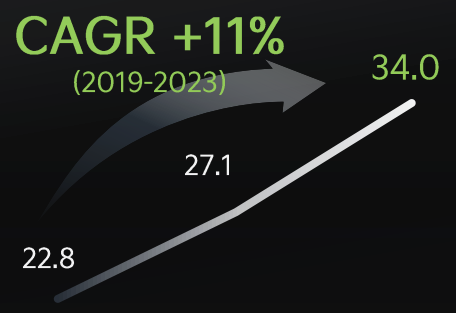
2019 2021 2023

Overseas subsidiaries combined

Improved ASP

Consolidated ASP

(Unit: Million KRW)



2019 2021 2023

2019~2023 ASP adjusted based on 2024 consolidated sales unit

Cost Factors

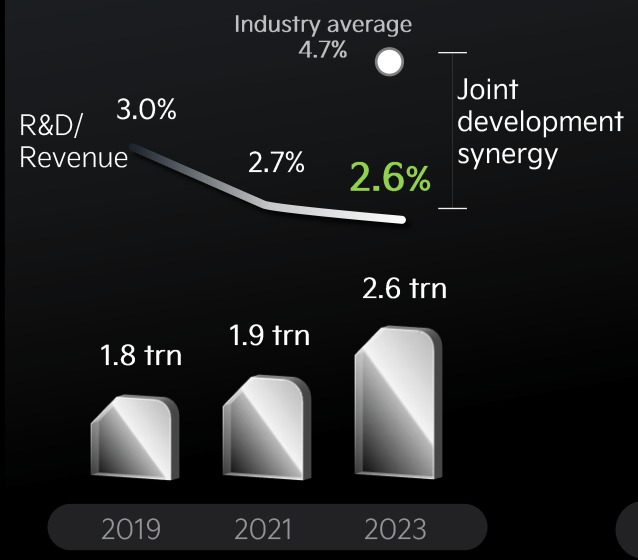
Securing cost competitiveness through efficient cost management

R&D Efficiency

Synergy in joint development of platforms and new technology within HMG

(Unit: KRW)

R&D costs

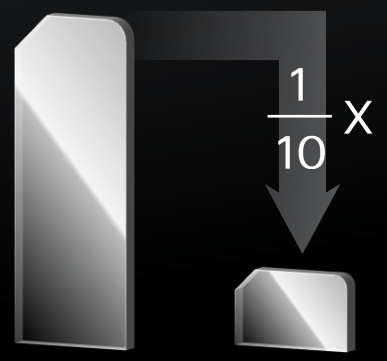


Industry average : 6 major OEMs for 1Q23~4Q23

CapEx Efficiency

EV line conversion from existing ICE line

CapEx

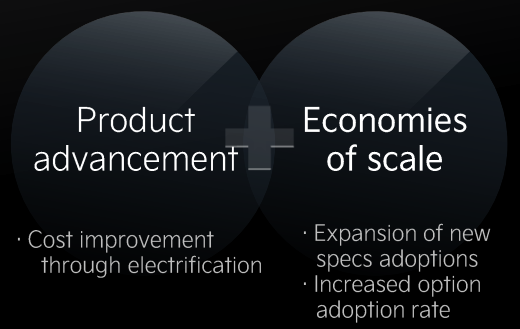


Dedicated : Gwangmyeong EVO plant,
Mixed : Hwaseong EV6 mixed production

Product Competitiveness

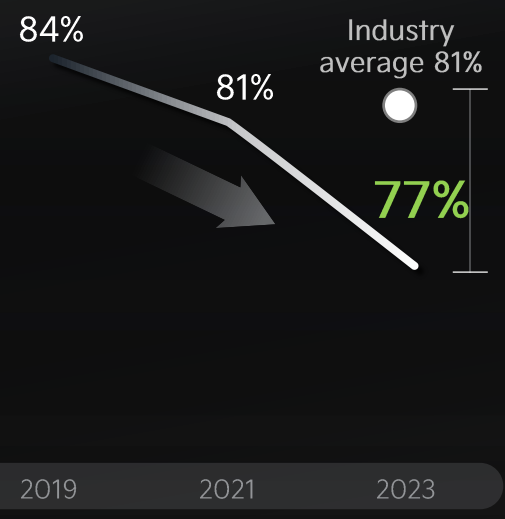
Improved cost efficiency through product advancement

Cost improvement structure



Cost Competitiveness

COGS ratio

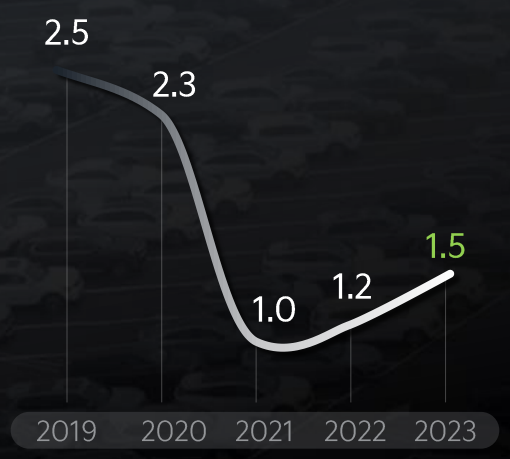


Industry average : 6 major OEMs for 1Q23~4Q23

Maintain Pull Strategy

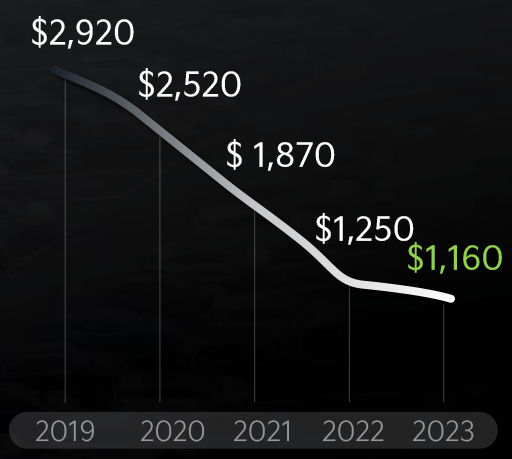
Maintain a virtuous cycle through efficient inventory & incentive management, improving residual value and profitability

Inventory



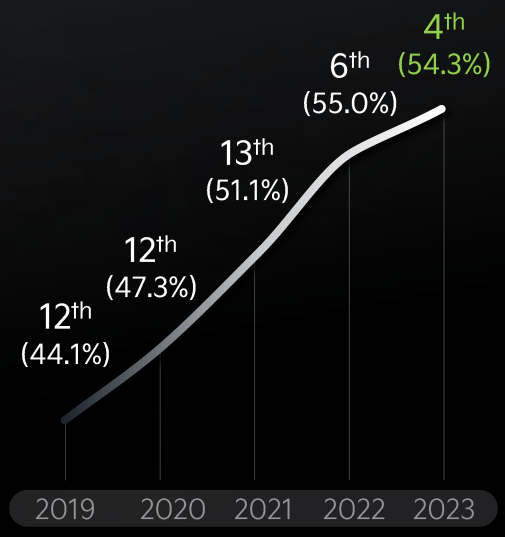
* MOS (Months of Stock)

Incentives



* Incl. Overseas Corps.

Residual Value



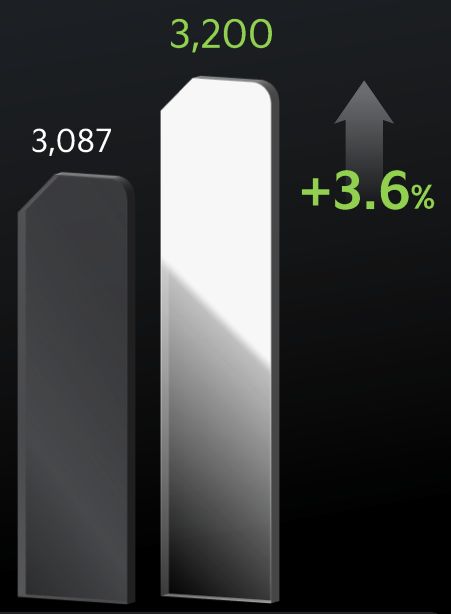
Based on the U.S. market
ALG Residual Value (1Q24)

2024 Financial Business Plan

Profit growth driven by sales expansion based on improved earnings structure

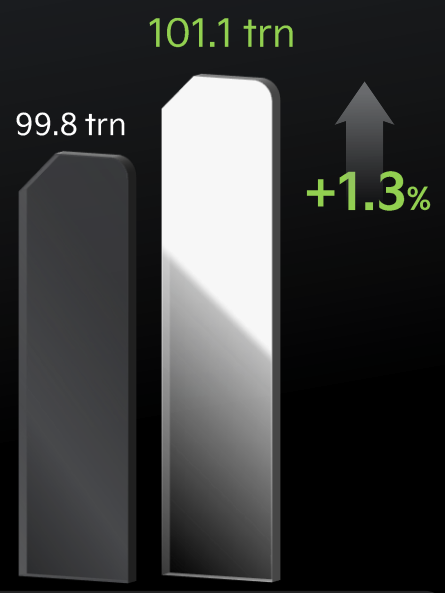
Wholesale

(Unit: '000)



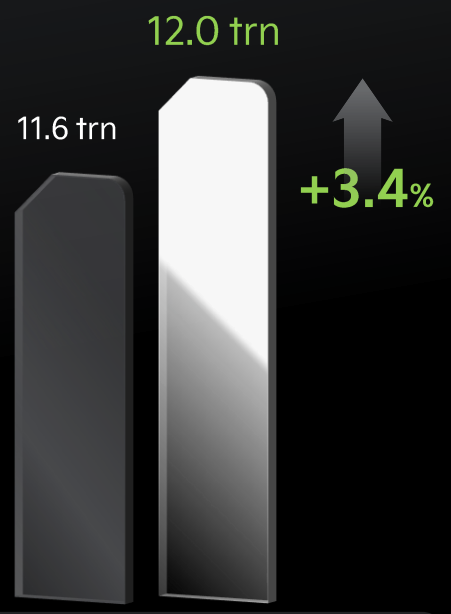
Sales Revenue

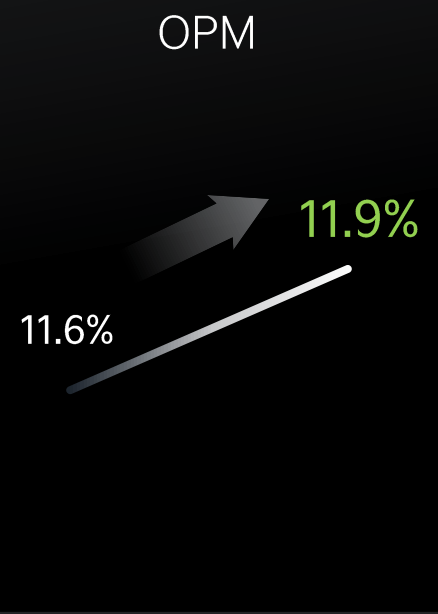
(Unit: KRW)



Operating Profits

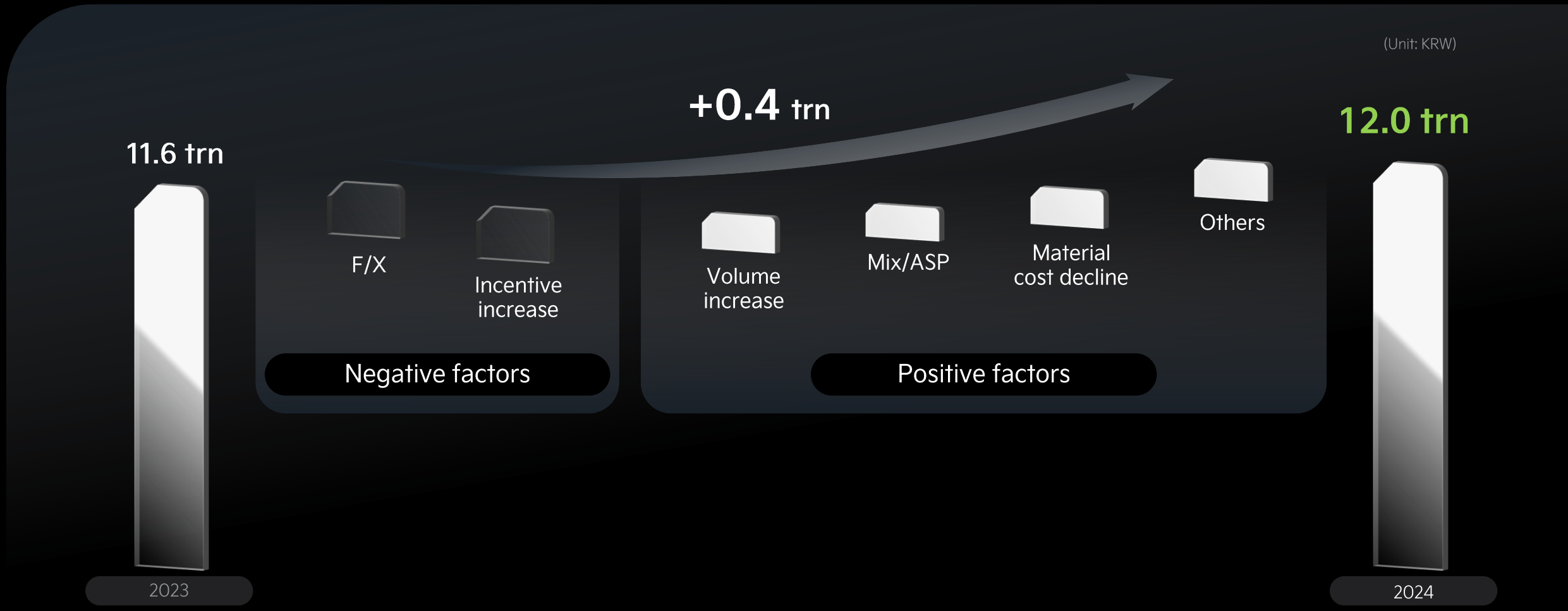
(Unit: KRW)





2023-2024 EBIT Bridge

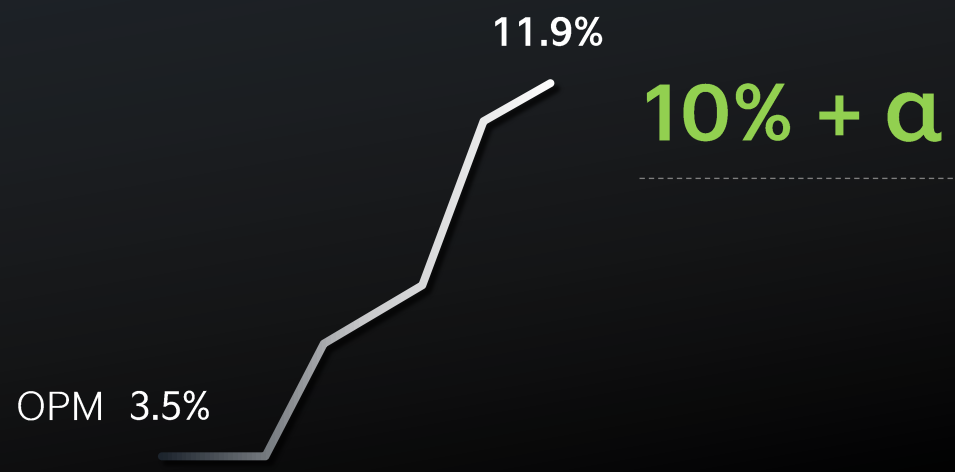
Projected ₩0.4trn operating profit growth, driven by volume increase and Mix/ASP improvement, despite F/X and incentive pressures



Mid-to Long-term Profitability Target

Setting sustainable profitability target of 10%+α based on internal capabilities

Kia Transformation



10% + α

Mid-to Long-term Sustainable Profitability

External variables

- Changes in EV market
- The rise of Chinese brands
- Intensified competition

Internal capabilities

EV
Cost competitive advantage

+

ICE/HEV
Maintain high profitability

+

SDV
Core business development

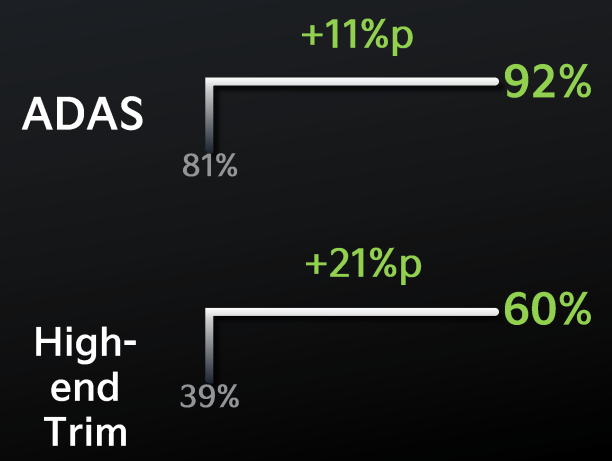
2019 … 2024 …

HEV Profitability Enhancement

Achieve double-digit margin via expanding HEV premium and cost reduction
→ Strengthen scale benefit through line-up expansion and volume increase

HEV Premium

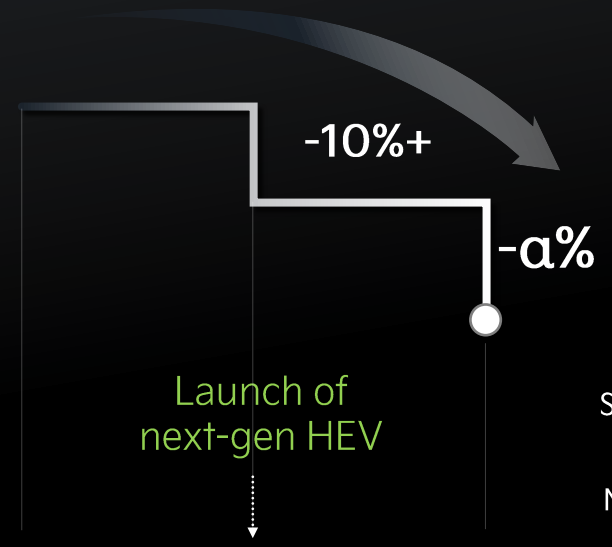
High-end trim/option selection rate



※ Based on 2023 Sorento (domestic)

HEV System Cost Reduction

Specification/resource optimization

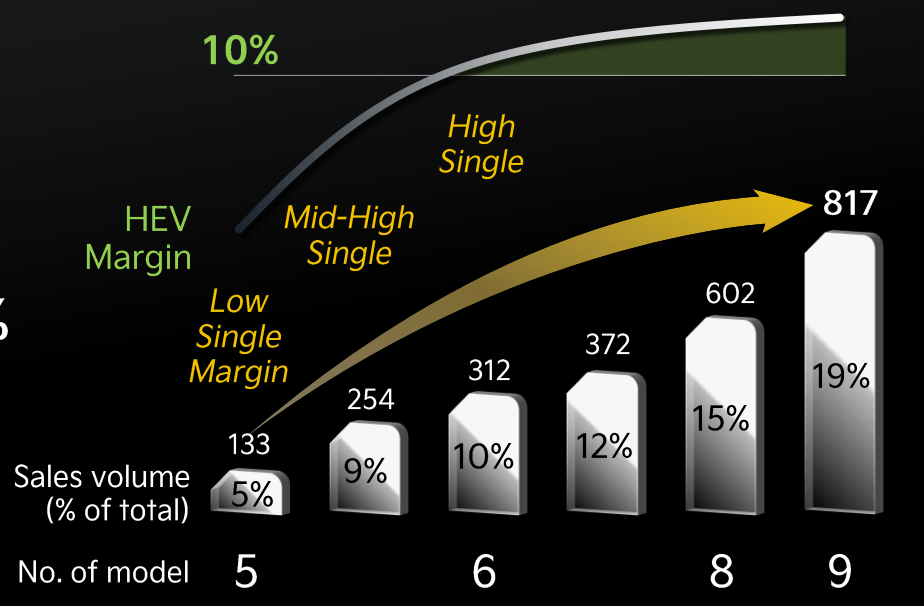


※ HEV System: engine, transmission, motor, etc.

Economy of Scale

Line-up expansion

(Unit: Thousand)



EV Strategy in Response to Changes in EV Market

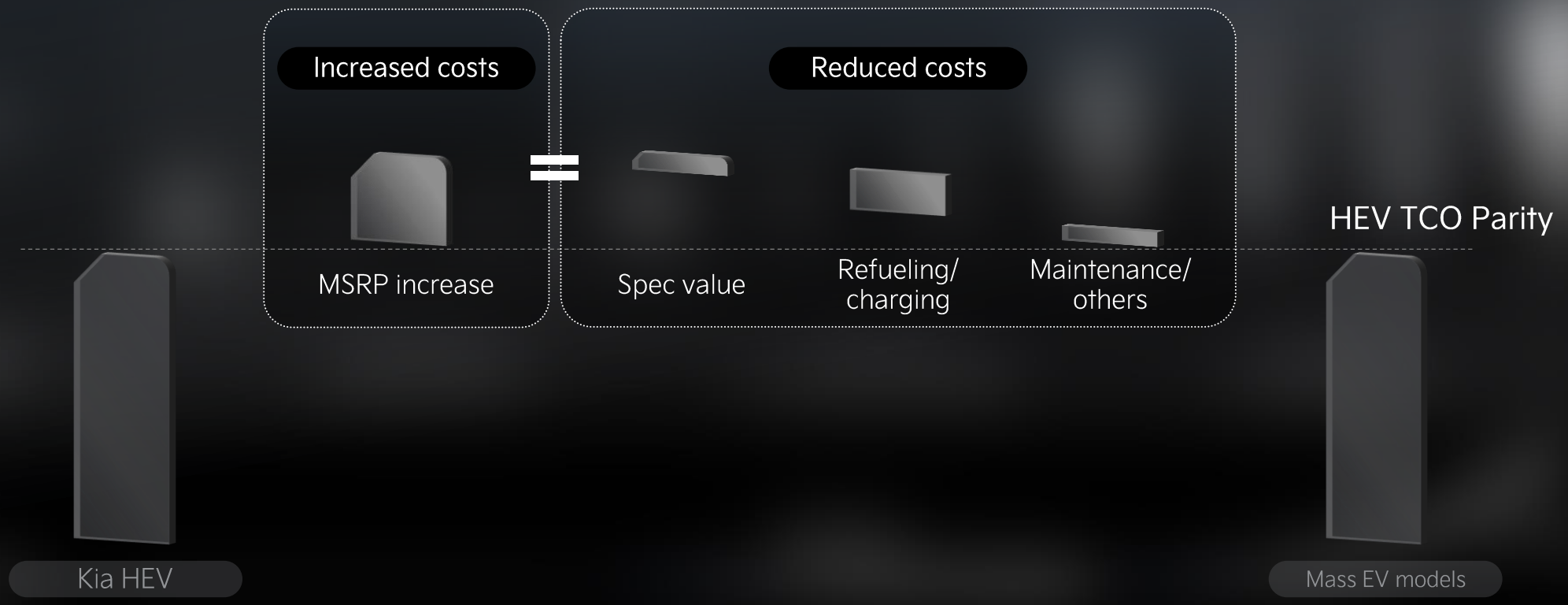
Launching mass EV line-up to preoccupy market → Expanding profitability in the mature EV market

	Phase 1. EV Introductory period	Phase 2. EV Mass Adoption	Phase 3. EV Maturity
Sales plan	2021 – 2024	2024 – 2027	2027 – 2030
Operating strategy	EV flagship line-up Strengthen EV brand positioning	+ Mass EV line-up Expand EV market presence and increase scale benefit	+ Full EV line-up SDV-based business advancement
Profitability target		Mid-single	ICE equivalence

EV Strategy in Response to Changes in EV Market

Launching mass EV line-up to preoccupy market → Expanding profitability in the mature EV market

HEV TCO Parity : Secure competitive pricing based on cost competitiveness

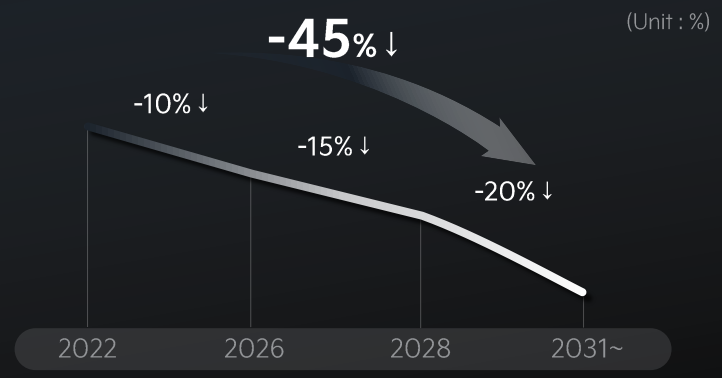


※ Based on domestic specifications

Cost Saving for EV

Elevate EV margin through comprehensive cost reduction, battery diversification, and technology innovation

PE Cost Reduction



* Raw material cost based on constant price of 3Q20

Global battery supply pool expansion

Weight reduction/battery efficiency enhancement

PE cost reduction vs. 2022 -45% ↓

* PE(Power Electronics) : battery, motor, ICCU, etc.

Battery Diversification

LFP battery utilization

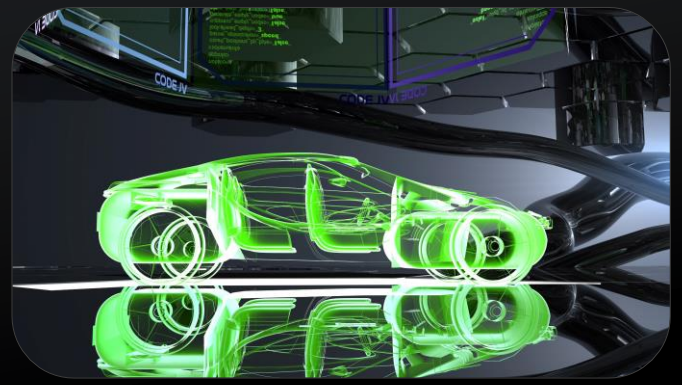
Form factor diversification

Optimized performance for entry-level models

Diversifying form factors based on next-gen platform

Battery cost -10 ~ -20% vs. NCM

Next-gen EV Platform Development



Minimized parts & system complexity based on IMA

Increased commonization ratio led by expanded coverage

Parts(ex-PE) cost -10 ~ -20% vs. current platform

* IMA : Integrated Modular Architecture

Investment Plan for Next 5 Years

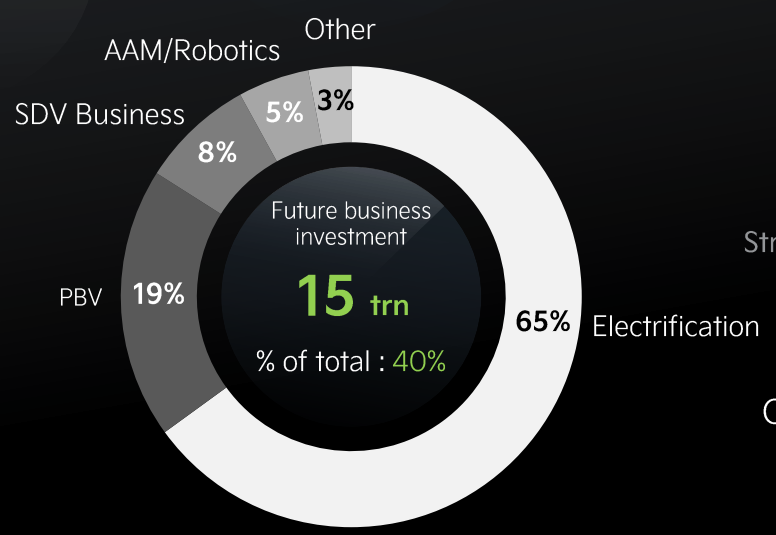
Accelerated resource allocation to business transition

(Unit: KRW)

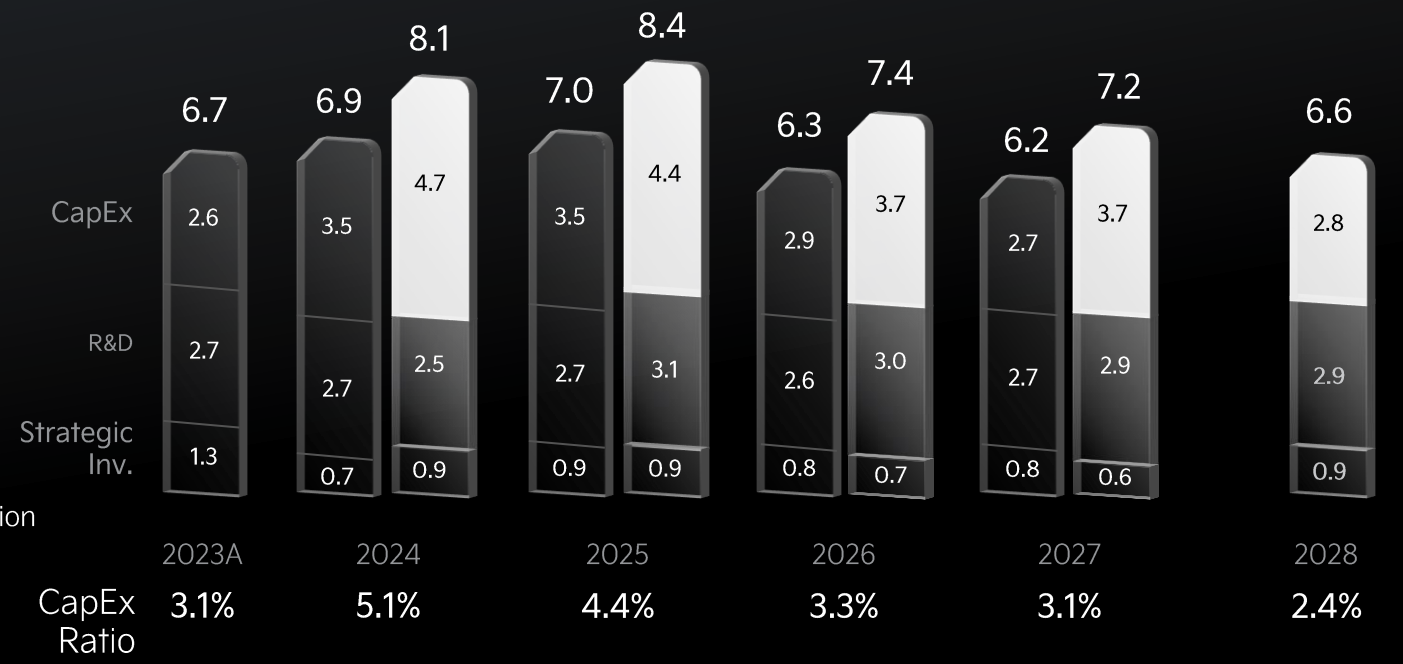
+5 trn (14%)

Previous 5yr Plan (2023-2027)
33 trn

New 5yr Plan (2024-2028)
38 trn



2024~2028 Investment Plan



Shareholder Return Policy

Accelerated cash return ratio through enhanced profitability

Payout Ratio

20~35%

of net profit

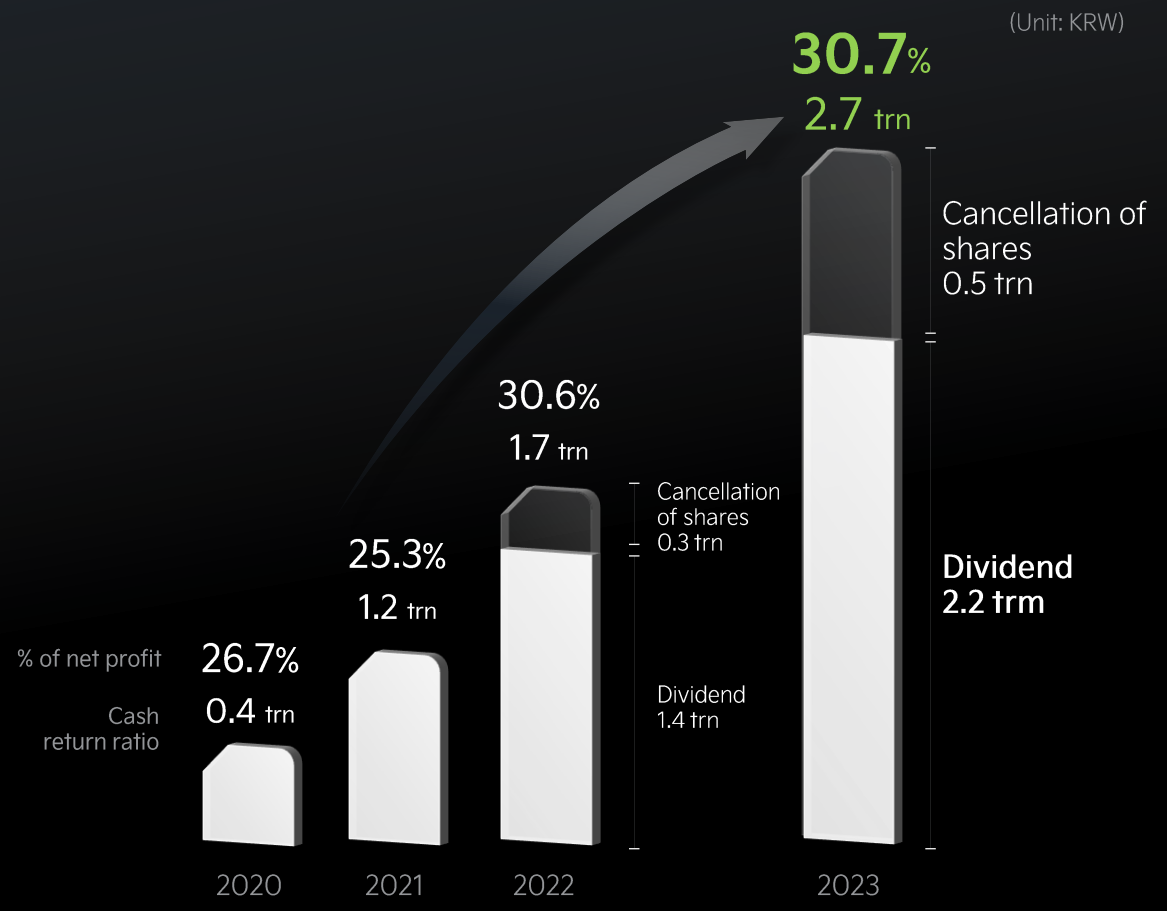
Buyback Program

5-Year Long-term plan (2024~)

500 Billion Max. amount/year

50% Cancellation

Additional 50% cancellation
(upon achieving 3QTD financial target)



2030 Mid-to Long-term Strategy

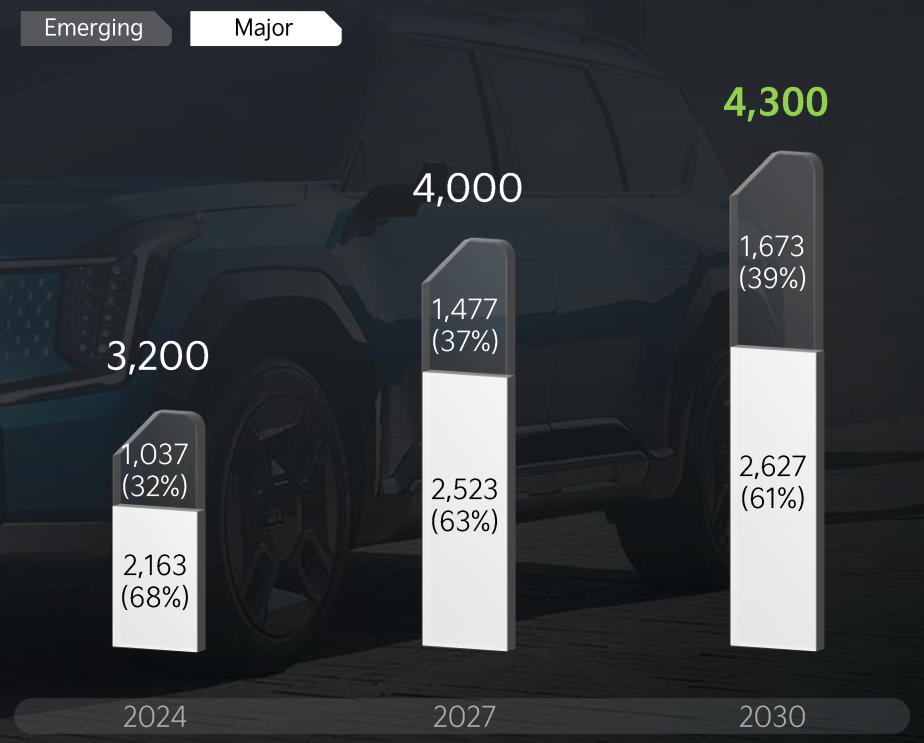
본 문서는 현대자동차·기아의 정보자산으로 귀사와의 비밀유지계약 및 제반법률에 따라 법적 보호를 받습니다.

Global Sales by 2030: 4.3 Million Units

- Major markets: 2.6 million units / Emerging markets: 1.7 million units

Mid-to Long-term Sales Plan

(Unit: Thousand)



Major Markets[1)]

- Secure tier 1 EV brand position via establishment of full EV line-up
- Achieve continuous growth by enhancing product competitiveness and developing local manufacturing bases
- Create new demand through PBV

Emerging Markets

- Diversify production locations to respond to emerging market demands
- Differentiate brand image through enhanced customer experience
- Develop optimized line-up in line with EV growth rate

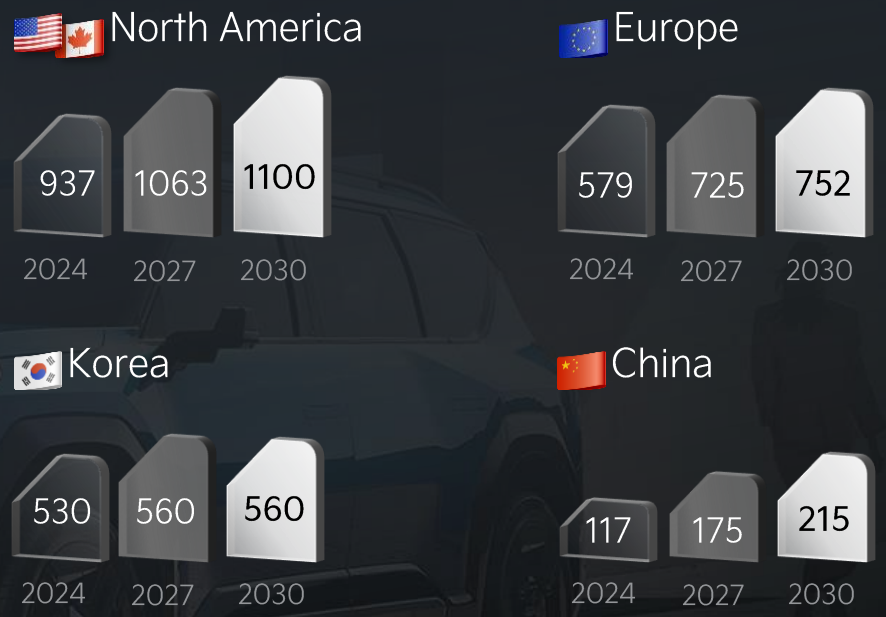
1) North America, EU, KR, CN

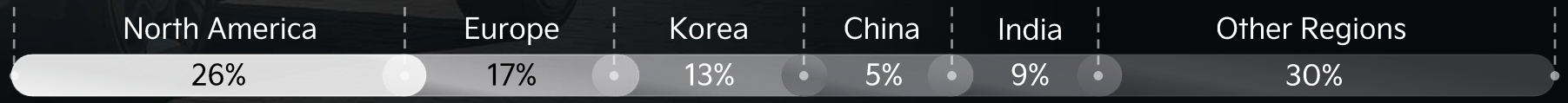
Regional Sales Plan

Global sales by 2030: 4.3 million units

- Major markets: 2.6 million units / Emerging markets: 1.7 million units

(Unit: Thousand)





Major Market 2,627k (61%)

※ 2,163k as of 2024

Emerging Market 1,673k (39%)

※ 1,037k as of 2024

Global
4.3 Million
(2030)

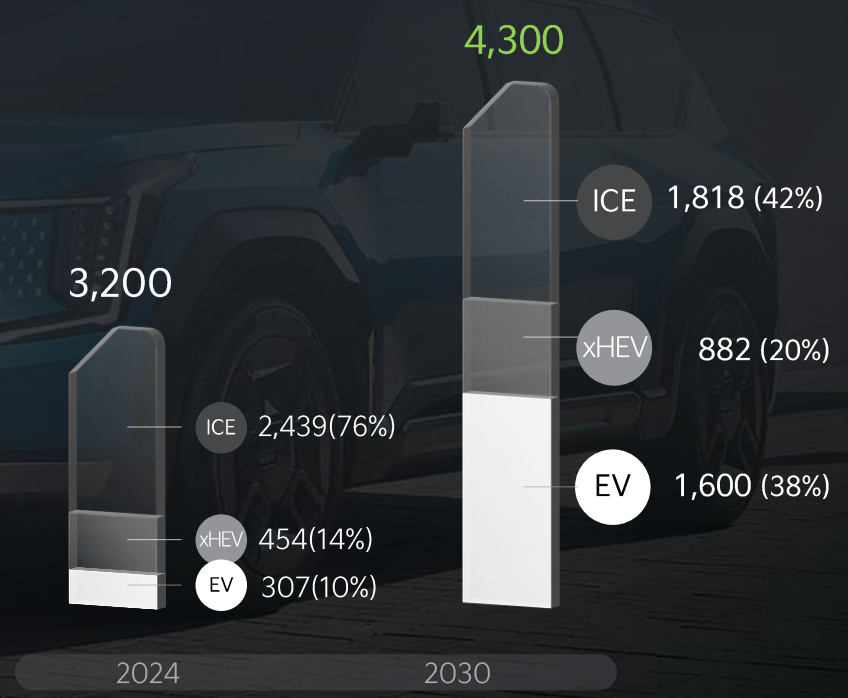
Green Car Sales Plan

Green car sales by 2030: 2.48 million units (58%)

- Major markets : EV 52%, xHEV 28%, totaling 80% of sales

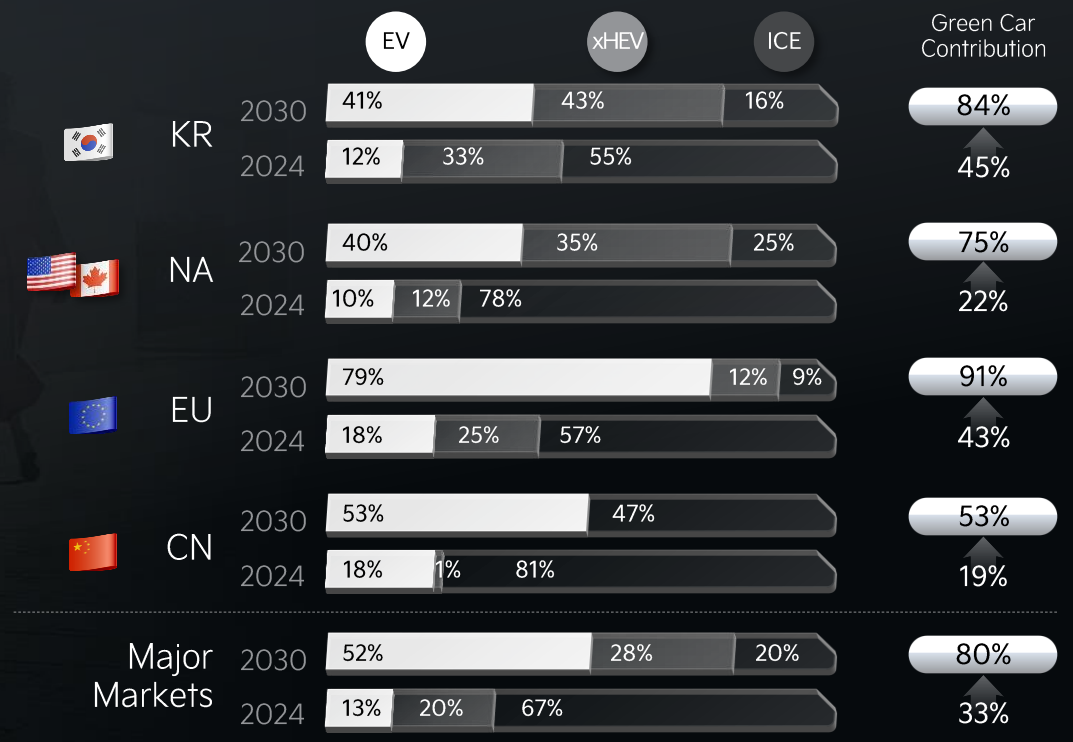
Sales Plan by Powertrain

(Unit: Thousand)



Major Markets Product Mix (2030)

(Unit: Thousand)



HEV Line-up Reinforcement

- New HEV model launches
- +21% CAGR from 2024 to 2028

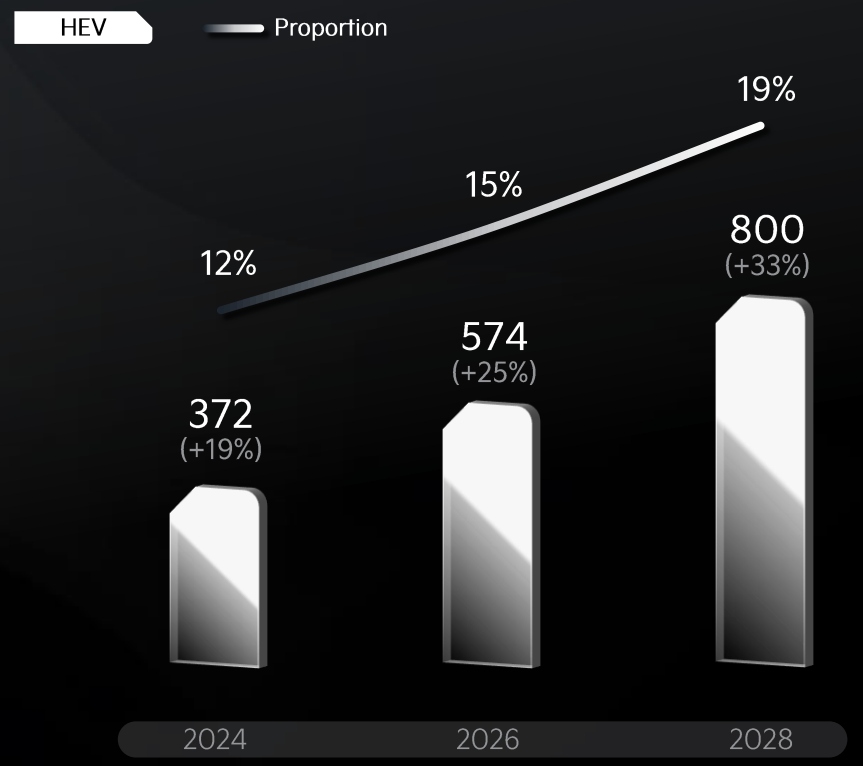
HEV Line-up

(Number of Models)

	2024	2026	2028
Passenger	2	2	2
SUV	4	6	7
Total	6	8	9

HEV Sales Contribution

(Unit: Thousand / % YoY)



Hybrid Vehicle Operation Plan

Enhancing hybrid performance through improvements in power, torque, and fuel efficiency

Next-gen hybrid powertrain strategy

Responding to increasing demand of sub-compact & mid-size HEVs
Expansion of large & compact size HEVs

Next-gen hybrid powertrain development

Enhanced power and fuel efficiency to diversify HEV offerings

Current

Only offered on sub-compact & mid-size vehicles

Large	
Mid-Size	Sub-compact & Mid-size Vehicles
Compact	

Future Hybrid Strategy

Expand into compact & large-size vehicles

Large	Large size HEV
Mid-Size	Sub-compact & Mid-size Vehicles
Compact	Compact HEV

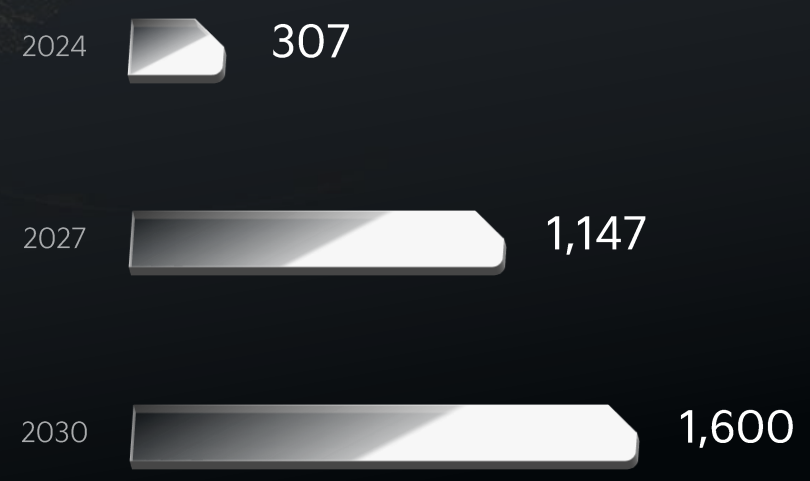
EV Sales Plan by Region

Global EV sales: 1.6 million units (38%)

EV sales in major markets: 1.4 million units (52%)

Global EV Sales Plan

(Unit: Thousand)



Major Markets EV Sales Plan

(Unit: Thousand)

		2024	2027	2030
KR	Units	64	159	227
	Percentage of Total	12%	28%	41%
NA	Units	93	323	437
	Percentage of Total	10%	30%	40%
EU	Units	106	455	593
	Percentage of Total	18%	63%	79%
CN	Units	21	68	115
	Percentage of Total	18%	39%	53%
Major Markets	Units	284	1,005	1,372
	Percentage of Total	13%	40%	52%

EV Line-up Strategy

- Line-up expansion of mass EV models from 2024
- Business expansion through pioneering the PBV market

New Line-up	2023	2024	2025	2026	2027	Vehicles in Operation (2027)
EV	3	1	4	1	1	13
PBV	-	-	1	-	1	2
EV Total	**3**	**1**	**5**	**1**	**2**	15

Flagship EV

EV6, EV9 showcase
innovative EV brand image

Mass EV

EV3, EV4 to lead mass adoption

PBV

Secure new growth engines
through new business creation

Mass EV Model Launch

Introducing new mass EV Models

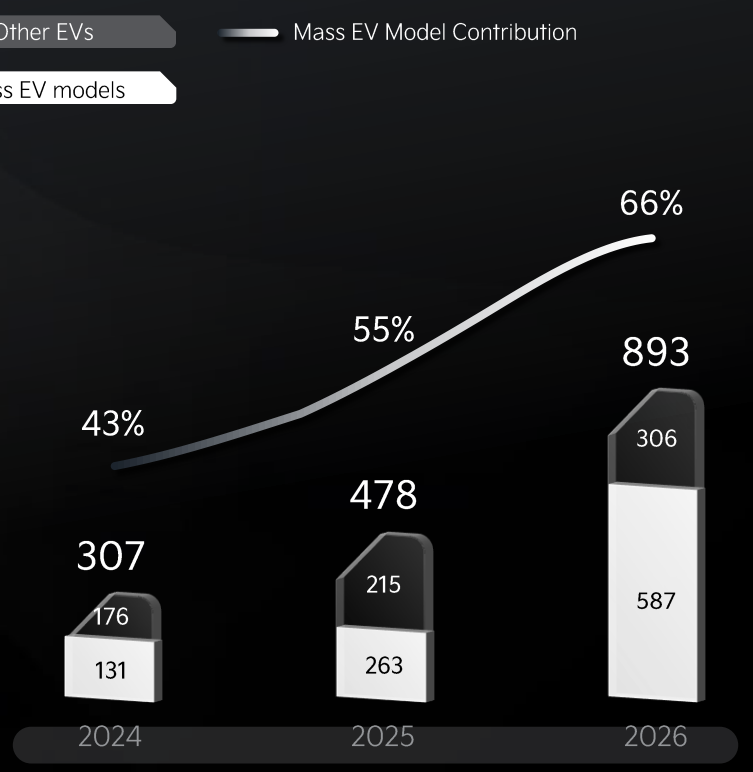
Mass EV Model Line-up

(Number of Models)

		2024	2025	2026
Major Markets	Dedicated EVs	1	4	4
	Derivative EVs	2	2	2
	Total	3	6	6
Emerging Markets	Dedicated EVs	2	4	4
	Derivative EVs	1	3	3
	Total	3	7	7

Mass Model Sales Contribution

(Unit: Thousand / %)



Supply Optimization Through Flexible Manufacturing Systems

- Implementing flexible ICE-xEV production to respond to market changes
- Enhancing EV competitiveness through EV-dedicated plants

Mixed Production Line in Existing Plants + EV-dedicated Plants

Mixed Production Lines

13

7 Domestic | 6 Overseas

Expanding ICE ↔ xEV Mixed Production Lines

to Flexibly Respond to Market Changes

EV-dedicated Plants

2

Introduce Mass EV Models

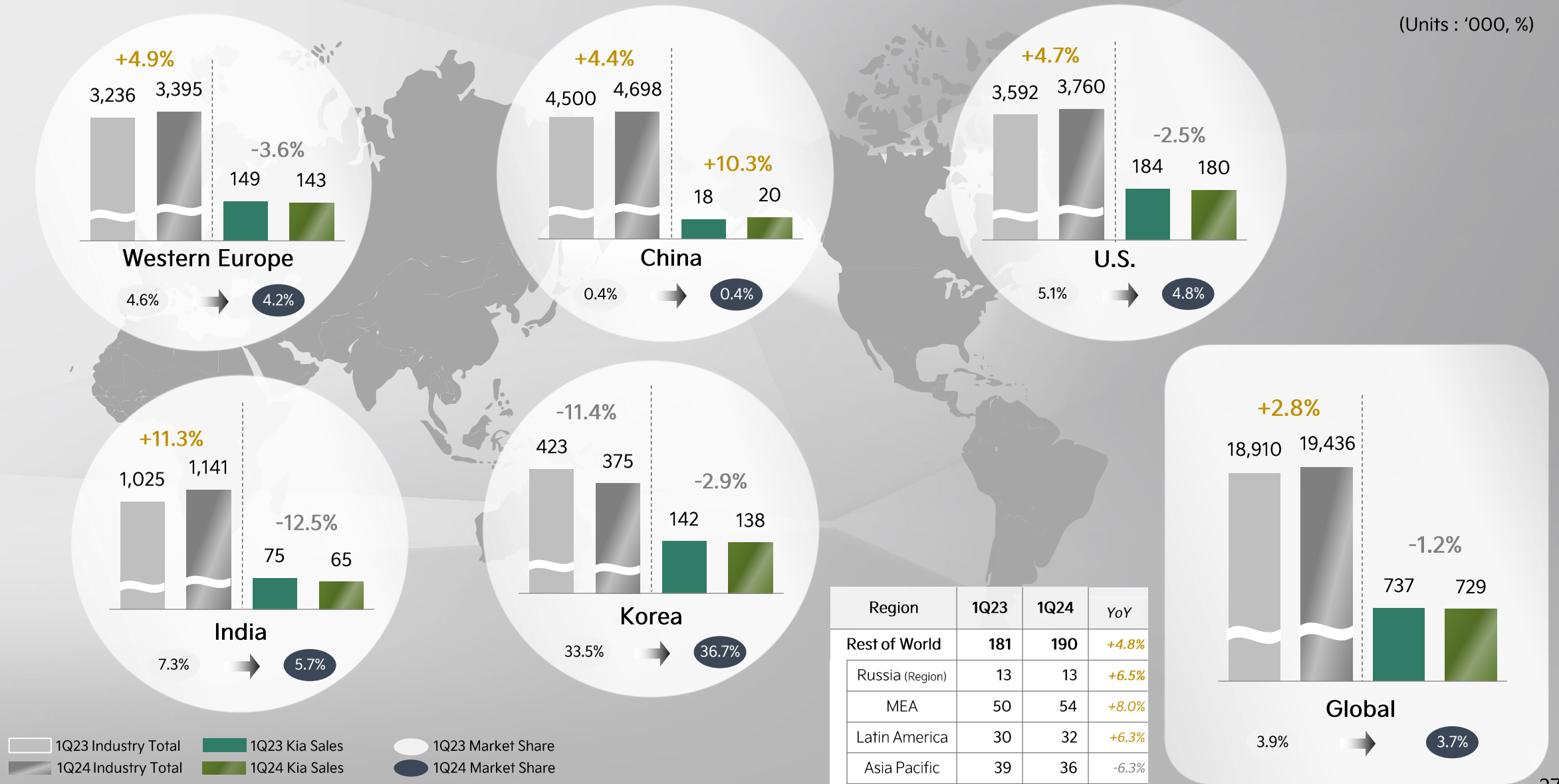
To Achieve Economies of Scale

1Q24 Business Results

본 문서는 현대자동차·기아의 정보자산으로 귀사와의 비밀유지계약 및 제반법률에 따라 법적 보호를 받습니다.

Global Retail Sales

(Units : '000, %)



Region	1Q23	1Q24	YoY
Rest of World	181	190	+4.8%
Russia (Region)	13	13	+6.5%
MEA	50	54	+8.0%
Latin America	30	32	+6.3%
Asia Pacific	39	36	-6.3%

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

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Wholesale by Region

(Units : '000)	1Q23	1Q24	YoY (%)
Wholesale	768	761	-1.0%
Korea	142	138	-2.9%
North America	246	255	+3.6%
U.S.	200	205	+2.5%
Europe	152	156	+2.5%
Western Europe	145	146	+0.9%
India	75	65	-12.5%
China	18	20	+10.3%
Russia & CIS	11	12	+12.8%
MEA	59	48	-18.5%
Latin America	29	28	-0.9%
Asia-Pacific	37	38	+2.8%

※ CKD / Special Vehicles Included ※ Special Vehicles : [1Q23] 1k units (Korea 0.3k units, Overseas 0.7k units) → [1Q24] 0.7k units (Korea 0.2k units, Overseas 0.5k units)

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Consolidated Income Statement

(Units : ₩ Billion)	1Q23	(% of sales)	1Q24	(% of sales)	YoY (%)
Sales Revenue	23,691	100%	26,213	100%	+10.6%
Cost of Sales	18,317	77.3%	19,977	76.2%	+9.1%
Gross Profit	5,373	22.7%	6,236	23.8%	+16.1%
SG&A	2,499	10.6%	2,810	10.7%	+12.4%
Operating Profit	2,874	12.1%	3,426	13.1%	+19.2%
Pre-tax Profit	3,142	13.3%	3,785	14.4%	+20.4%
Net Profit	2,120	8.9%	2,809	10.7%	+32.5%

※ Consolidated Sales Unit : [1Q23] 735,587 units → [1Q24] 725,428 units (-10,159 units, -1.4%)

※ Average F/X Rate : USD/KRW [1Q23] ₩1,276 → [1Q24] ₩1,328 (+₩53 ↑, +4.1%)

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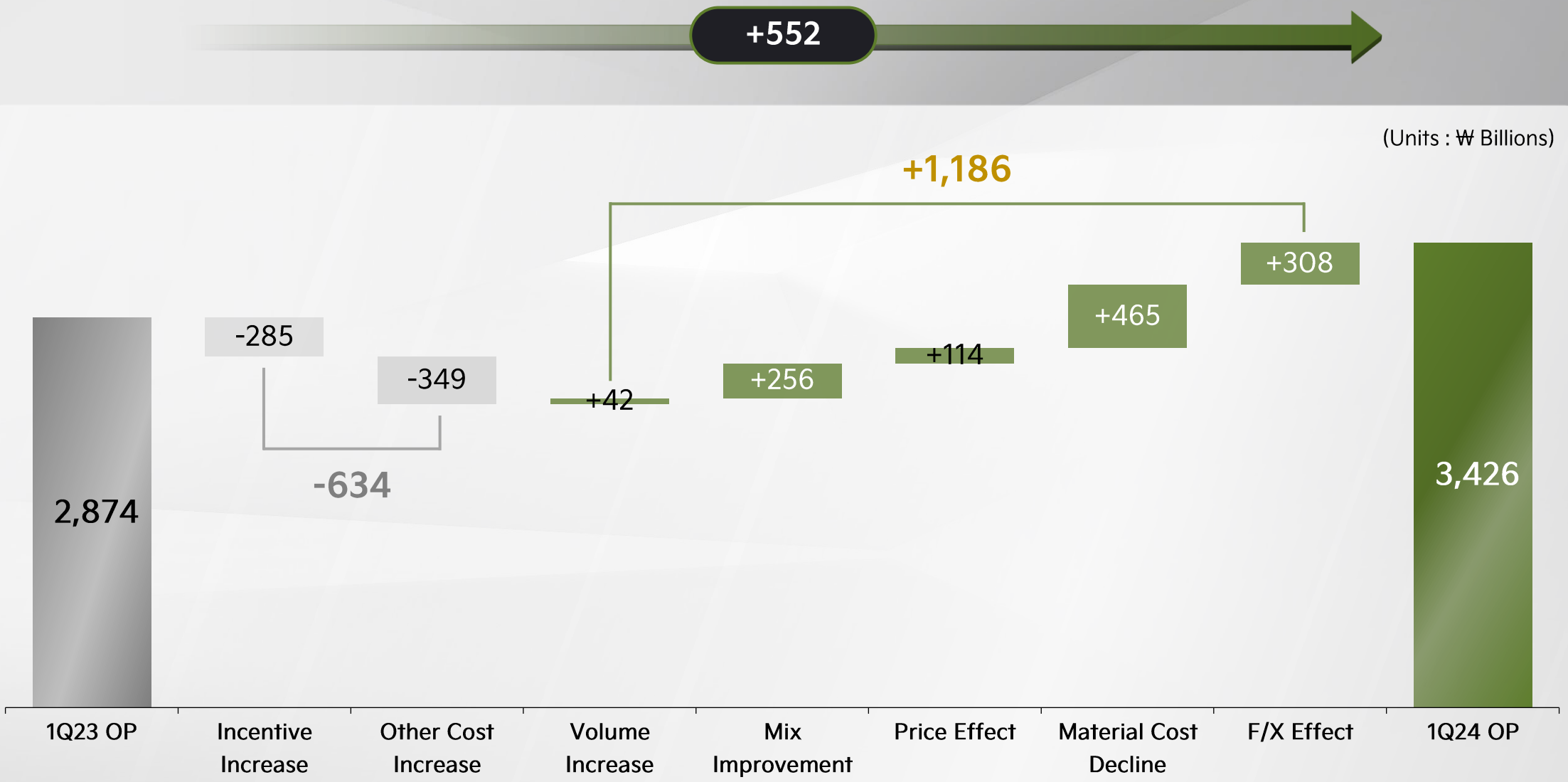
Operating Profit Analysis



※ Other cost : - ₩106.6bn for warranty expense, etc.

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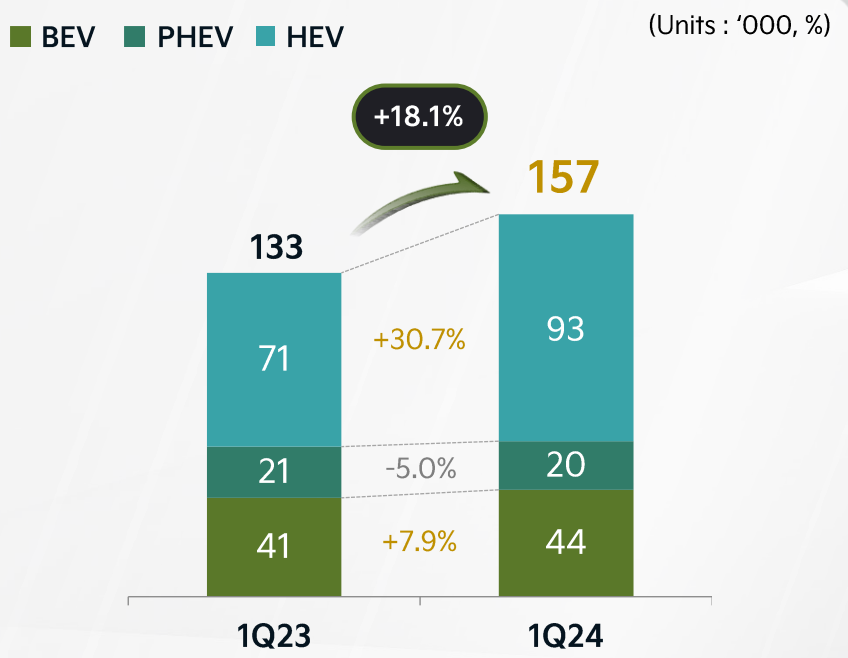
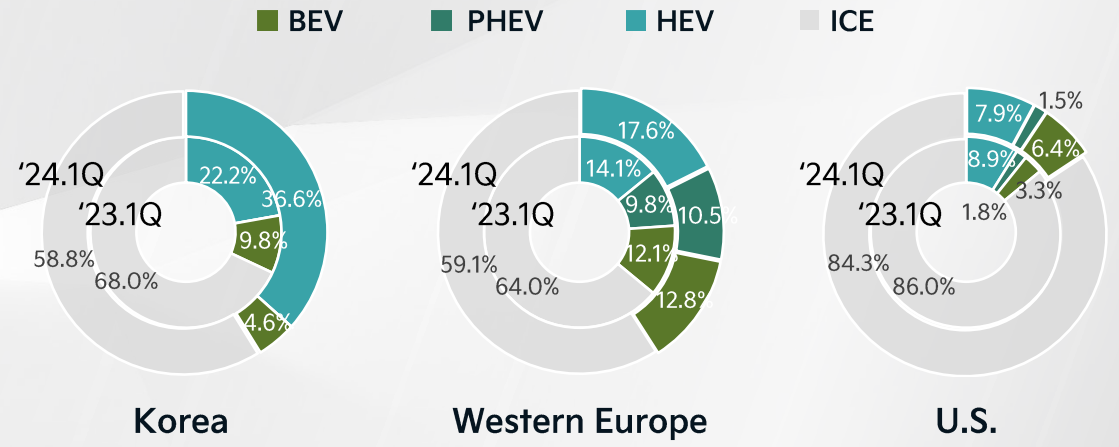
Green Car Sales Summary

Global Retail Sales

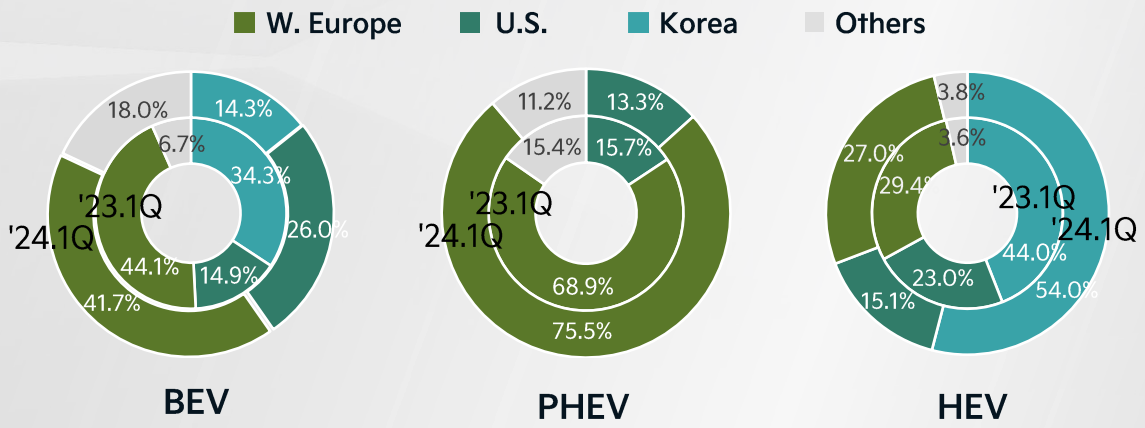


% of Sales	1Q23	1Q24
HEV	9.7%	12.8%
PHEV	2.9%	2.7%
BEV	5.5%	6.0%
xEV	18.1%	21.6%
ICE	81.9%	78.4%
Total Sales (units)	**737k**	**729k**

Green Car Sales Contribution in Major Markets



Market Division of Green Car Sales by Type



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Thank you.
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