

# **The 57<sup>th</sup> Annual Report**

**(Jan 1, 2018 – Dec 31, 2018)**

**Ssangyong Motor Company**

[57<sup>th</sup> Annual Shareholders' Meeting]

## Opening Remarks

**Distinguished shareholders!**

Good morning.

Let me extend my sincere gratitude on participating in the 57<sup>th</sup> shareholders' meeting out of your busy schedule.

Last year, Ssangyong Motor achieved meaningful results in the midst of difficulties both inside and outside of the Company, further solidifying its position as an SUV expert.

The Company has achieved domestic sales growth for 9 consecutive years based on successful new product launches and solid product line-up, recording the highest sales since its foundation, and has been in third place in 15 years.

In particular, Rexton Sports, released last year, has been sold more than 42,000 units in Korea alone, recording the highest performance for the first time among the sports brands of the Company.

Thanks to the first introduction of 'Daytime 2-shift system' (8 + 8) in the industry and no labor dispute for 9 consecutive years, the company has secured additional production capacity and solidified stable labor-management relations.

Above all, the company has been able to solve the problem of reinstatement of dismissal through grand social agreement laying the groundwork for turnaround.

**Distinguished shareholders!**

Ssangyong Motor will continue to grow this year to build a more solid basis for management normalization.

To this end, we will successfully launch three new models with price competitiveness and achieve sales target of 163,000 units, the highest-ever volume of the company.

Rexton Sports KHAN, the first new model of the year, has been creating a new authentic pickup truck market since its launch in January and has been writing a new history of open SUVs.

Korando, released earlier this month, is also boasting the best driving performance and product competitiveness in its segment. It will become the iconic brand of SUV in Korea revitalizing compact SUV market.

Above all, we expect that as the representative platform of SsangYong Motor with Tivoli and Rexton brand, Korando will play a key role not only in making turnaround of the company but also in realizing its mid-and long-term goals.

### **Distinguished shareholders!**

This year will be an important year to determine SsangYong Motor's future sustainable growth.

Ssangyong Motor Company has succeeded in shifting into next generation with G4 Rexton and Rexton Sports. With all new SUV lineup completed with the launch of the new Korando, Ssangyong Motor Company will further strengthen its position as a SUV powerhouse.

Ssangyong Motor will continue to lead the new generation of SUV market by introducing new products every year.

In addition, the Company will actively respond to changes in the global market and secure new growth engines through the development of new technologies such as electric cars and future green vehicles and connected cars.

I hope you will continue to watch SsangYong Motor to grow as a global SUV company and please do not spare your support.

I would like to ask for your continued encouragement and interest in Ssangyong Motor and wish you and your family a lot of happiness.

Thank you.

29<sup>th</sup> March, 2018

C.E.O Johng-Sik, Choi

Ssangyong Motor Company

# **I . Annual Report**

## **1. Corporate Overview**

### **1) The objective of the company**

- (1) Manufacture and sale of various automobiles and parts thereof
- (2) Manufacture and sale of various heavy equipment and parts thereof
- (3) Repair of various automobiles and heavy equipment
- (4) Agency of automobile inspection
- (5) Manufacture of fire-fighting equipment
- (6) Export and import and agency thereof
- (7) Wholesale of automobile parts
- (8) Issue of offer sheets for sale of goods
- (9) Manufacture and production of various engines and related parts
- (10) Agency of automobile registration
- (11) Sales and consignment sale of good imported or exported
- (12) Sale and lease of real estate, equipment and facilities
- (13) Management of automobiles (used car sale; car scrapping agency; automobile lease)
- (14) Manufacture and sale of various molds
- (15) E-commerce and internet-related business
- (16) Various types of valued-added telecommunication business and specially-designated telecommunication business including an automobile information business, and sale and lease business of related equipment
- (17) Other businesses incidental to any of the foregoing

### **2) Core business**

Manufacturing and sales of various automobiles and parts

### 3) Plant and other premises

Name	Major Business	Location
Pyeongtaek plant (Main Office)	Manufacture of vehicles	455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do
Changwon plant	Manufacture of engines	10, Gongdan-ro 474beon-gil, Seongsan-gu, Changwon-si, Gyeongsangnam-do
Seoul Service Center and 11 other sites	Maintenance and part sales	243, Gurodong-ro, Guro-gu, Seoul

### 4) Employees data

Gender	Office workers	Factory workers	Others	Total	Remarks
Male	1,520	3,238	24	4,782	-
Female	84	3	26	113	-
Total	1,604	3,241	50	4,895	-

### 5) Matters related to shares

#### ① Type and number of issued shares

(Unit: Share, thousand KRW)

Sort of stock	The number of stocks	Amount	% of common stock	Remarks
Common Stock	137,949,396	689,746,980	100%	-

#### ② Changes in capital

(Unit: Share, thousand KRW)

Date	Sort of stock	Increase / Decrease		After Change		Remarks
		Shares	Amount	Shares	Amount of Capital	
2011.01.04	Common	5,193	25,965	36,542,794	182,713,970	Debt-equity swap
2011.02.09	Common	85,419,047	427,095,235	121,961,841	609,809,205	Paid-in capital increase (to the 3 <sup>rd</sup> party)
2012.05.19	Common	644,550	3,222,750	122,606,391	613,031,955	Paid-in capital increase (to the 3 <sup>rd</sup> party)
2012.08.15	Common	68,250	341,250	122,674,641	613,373,205	Paid-in capital increase (to the 3 <sup>rd</sup> party)

2013.05.23	Common	14,545,455	72,727,275	137,220,096	686,100,480	Paid-in capital increase (to the 3 <sup>rd</sup> party)
2017.03.04	Common	729,300	3,646,500	137,949,396	689,746,980	Paid-in capital increase (to the 3 <sup>rd</sup> party)

### ③ General affairs on shares

<b>Closing date</b>	December 31 <sup>st</sup>		
<b>Period of closing shareholders' registry</b>	January 1 <sup>st</sup> - January 10 <sup>th</sup>	<b>Base date</b>	December 31 <sup>st</sup>
<b>Public notice</b>	SYMC's Website ( <a href="http://www.smotor.com">http://www.smotor.com</a> ) or Kukmin IBo		
<b>Type of share certificates</b>	Eight types : One (1), Five (5), Ten (10), Fifty (50), One Hundred (100), Five Hundred (500), One Thousand (1,000), and Ten Thousand (10,000)		
<b>Agent</b>	<b>Name</b>	Korea Securities Depository	
	<b>Location</b>	23, Yeouinaru-ro 4-gil, Yeongdeungpo-gu, Seoul, Korea	

### 6) Corporate bond

(Unit: thousand KRW)

Type of bond	Date of issue	Issue amount	Interest rate	Outstanding amount	Repayment date	Payment guaranteed by
-	-	-	-	-	-	-

## 2. Sales Performance

### 1) Overall outlook

#### ① Domestic market

In 2018, the domestic automobile market decreased by 0.5% to its previous year and recorded 1,552,346 units due to the decline in consumer sentiment caused by the ongoing economic contraction.

- **PC** : PC sales declined by 7.7% from the previous year due to the decline in sales of all cars despite aggressive product development efforts by car makers in 2018.
- **RV** : RV recorded 10.8% of sales growth compared to the previous year due to strong sales of mid and large SUVs and small sales growth of CDV.
- ♦ SUV: Continued to increase and showed 12.7% of sales growth to the previous year with sales increase of mid and large SUV especially Rexton Sports and SantaFe.  
♦ CDV: Despite absence of new model, CDV increased 0.2% to the previous year.
- **SYMC** : Despite declining demand in the domestic car market, successful launch of Rexton Sports and the continued popularity of Tivoli and G4 Rexton led sales increase of SYMC, showing 2.3% sales rise to its previous year. It is the highest sales performance in last 15 years, and 3<sup>rd</sup> ranking in the domestic market.

(Unit: Vehicle - CBU only)

Classification	2018	2017	2016
Tivoli	30,343	38,071	37,540
Tivoli Air	13,554	17,209	19,395
G4 Rexton	16,674	15,235	
Rexton W		1,146	5,260
Rexton Sports	41,717		
Korando C	3,610	7,841	8,951
Korando Sports	304	22,912	26,141
Chairman W		517	957
Korando Turismo	2,938	3,746	5,310
<b>Total</b>	<b>109,140</b>	<b>106,677</b>	<b>103,554</b>



## ② Overseas market

The European auto market sold 15.6 million units in 2018, slightly down 0.04 percent compared to the last year. Results were diverse among the five major EU markets, with Spain (+7.0%) and France (+3.0%) posting growth, registrations falling slightly in Germany (-0.2%) and demand contracting in Italy (-3.1%), and the United Kingdom (-6.8%) due to uncertainties of Brexit risk last year.

The China total number of passenger car sold in 2018 was 22.7 million units down 6% from the previous year. The main reasons were the end of vehicle purchase tax reduction, delay of vehicle purchase and lower consumer confidence impacted from U.S.-China trade war.

In 2018 SYMC sold 32,855 units excluding CKD. In 2018, we launched the new model Korando Sports, and in 2019 we will expand sales in overseas markets by launching new model, C300, the successor of current Korando.

(Unit: Vehicle - CBU only)

Classification	2018	2017	2016
Rexton W	-	1,630	5,992
G4 Rexton	4,884	3,189	-
Korando C	4,430	5,789	5,616
Tivoli	10,293	13,226	22,932
Tivoli Air	4,564	2,946	5,954
Rexton Sports	3,102	-	-
Actyon Sports	4,244	7,276	8,229
Actyon	-	-	5
Chairman W	-	1	12
KorandoTurismo	1,338	2,951	3,460
<b>Total</b>	<b>32,855</b>	<b>37,008</b>	<b>52,200</b>

## 2) Production performance

(Unit: Vehicle)

Category	57 <sup>th</sup>	56 <sup>th</sup>	Remarks
Passenger car	-	314	Chairman W
RV	142,059	145,031	Korando C, Korando Sports, Korando Turismo, Rexton W, G4 Rexton, Rexton Sports Tivoli, Tivoli Air
Total	142,059	145,345	

## 3) Sales performance

(Unit: Mil. KRW, Vehicle)

Category	57 <sup>th</sup>		56 <sup>th</sup>		Remarks
	Volume	Amount	Volume	Amount	
Passenger car	-	-	518	26,140	Chairman W
RV	141,995	3,246,435	143,167	3,091,112	Korando C, Korando Sports, Korando Turismo, Rexton W, G4 Rexton, Rexton Sports Tivoli, Tivoli Air
CKD	1,314	34,135			
Others (Parts)	-	425,333	-	372,630	
Total	143,309	3,705,903	143,685	3,489,882	

## 4) Major asset increase and their financing status

(Unit: Mil. KRW)

Investment areas	Amount	Financing details
Land	47	Self-financing and new borrowing
Building, Structures	7,528	
Vehicle transport equipment	689	
Machines	24,733	
Tools	68,390	
Equipment etc.	4,135	
Total	105,522	

### 3. Parent company, subsidiary company and company combinations

#### 1) Parent company status

<b>Parent company name</b>	Mahindra & Mahindra Ltd.		
<b>Parent company address</b>	Gateway Building, Apollo Bunder, Mumbai 400 001, India		
<b>Capital stock</b>	91,247mil. KRW as of 30 <sup>th</sup> Sept, 2018	<b>Major business areas</b>	Vehicle & Farm Equipment manufacturing and related business
<b>Number of shares in SYMC</b>	99,964,502	<b>% shareholding</b>	72.46%
<b>Major business with parent company</b>	Revenue (part, etc.) : 12,962mil. KRW Expenses (Parts, etc.) : 4,941 mil. KRW		

※ The above capital stock is as of 30<sup>th</sup> Sep, 2018.

#### 2) Subsidiary company etc status

(Unit: Share)

Subsidiary company				Relationship with SYMC		
Company name	Location	Capital	Core business areas	Number of shares owned	% of shares owned	Business relations with SYMC
Ssangyong(Shanghai) Automotive Co., Ltd.	China	30,000,000 (CNY)	Sale of vehicles and vehicle parts	No stock issued	100%	-
Ssangyong European Parts Center BV	Netherlands	700,000 (EUR)	Sale of vehicle parts	7,000	100%	Import & sale of vehicle parts
SY Auto Capital Co., Ltd.	Korea	20Bil. (Won)	Sales Finance company of vehicle	2,040,000	51%	Sales Finance company of vehicle
Ssangyong Australia PTY Ltd.	Australia	3,625,000 (AUS)	Sale of vehicles	3,625,000	100%	Sale of vehicles

### 3) Concurrent posts in subsidiary companies etc.

Directors		Concurrent office			
Name	Position in SYMC	Company	Position in concurrent office	Responsible area	Remarks
Choi, Johng Sik	Representative Director	Ssangyong(Shanghai) Automotive Co., Ltd.	Representative Director	-	-
Vasudev Tumbe	Vice President	SY Auto Capital Co., Ltd.	Director	-	-
Rim, Han Kyu	Executive Director	Ssangyong Australia PTY Ltd	Director	-	-
Chung, Yong Won	Executive Director	Ssangyong(Shanghai) Automotive Co., Ltd. Ssangyong Australia PTY Ltd.	Director	-	-
Lee, Jong Dae	Managing Director	Ssangyong European Parts Center BV	Director	-	-
Kim, Kwang Ho	Assistant Managing Director	SY Auto Capital Co., Ltd.	Director	-	-

## 4. Business performance and financial condition for the past 3 years

### 1) Consolidated Income Statement

(Unit: Mil.KRW)

Title of account	57th	56th	55th
	(Jan 1, 2018 – Dec 31, 2018)	(Jan 1, 2017 – Dec 31, 2017)	(Jan 1, 2016 – Dec 31, 2016)
I . Sales	3,704,793	3,494,638	3,628,537
II. Cost of sales	3,242,522	2,978,560	3,036,759
III. Gross profit	462,271	516,078	591,778
V . Selling and administrative expenses	526,447	581,354	563,784
IV. Operating profit (Loss)	(64,176)	(65,276)	27,994
V . Non-operating income	11,201	29,156	57,808
VII. Non-operating expense	10,530	35,014	38,569
VIII. Financial income	13,002	25,980	28,327
IX. Financial expense	13,013	22,026	21,241
X. Joint venture investment profit	1,719	1,396	3,814
XI. PBT	(61,797)	(65,784)	58,133
XII. Corporate tax	41	37	30
XIII. Net income (loss)	(61,838)	(65,821)	58,103

## 2) Consolidated Statements of Financial Condition

(Unit: Mil. KRW)

Title of account	57th	56th	55th
	(As of Dec 31, 2018)	(As of Dec 31, 2017)	(As of Dec 31, 2016)
I . Current assets	571,070	655,191	681,796
II . Non - Current assets	1,634,572	1,592,828	1,481,627
Total assets	2,205,642	2,248,019	2,163,423
I . Current liabilities	995,120	1,006,596	945,060
II . Non - current liabilities	517,234	466,268	405,669
Total liabilities	1,512,354	1,472,864	1,350,729
I . Capital stock	689,747	689,747	686,100
II . Other capital surplus	87,909	133,142	131,678
III . Other capital adjustment	1,243	1,154	(1,285)
IV . Retained earnings(Deficit)	(85,611)	(48,888)	(3,799)
Total equity	693,288	775,155	812,694
Total liabilities and equity	2,205,642	2,248,019	2,163,423

## 3) Income Statement

(Unit: Mil. KRW)

Title of account	57th	56th	55th
	(Jan 1, 2018 – Dec 31, 2018)	(Jan 1, 2017 – Dec 31, 2017)	(Jan 1, 2016 – Dec 31, 2016)
I . Sales	3,705,903	3,489,882	3,626,340
II . Cost of sales	3,247,911	2,976,694	3,035,871
III . Gross profit	457,992	513,188	590,469
V . Selling and administrative expenses	519,916	577,435	559,954
IV . Operating profit (Loss)	(61,924)	(64,246)	30,515
V . Non operating income	11,201	29,156	57,806
VII . Non operating expenses	11,695	39,786	38,569
VIII . Financial income	12,972	25,939	28,244

IX. Financial expense	12,996	22,007	21,226
X. PBT	(62,443)	(70,945)	56,770
XI. Corporate tax			-
XII. Net income (loss)	(62,443)	(70,945)	56,770

#### 4) Financial Statement

(Unit: Mil. KRW)

Title of Account	57th	56th	55th
	(As of Dec 31, 2018)	(As of Dec 31, 2017)	(As of Dec 31, 2016)
I . Current assets	575,684	655,307	679,573
II. Non-current assets	1,630,379	1,594,669	1,491,211
Total assets	2,206,063	2,249,976	2,170,784
I . Current liabilities	993,613	1,006,051	944,945
II. Non-current liabilities	517,174	466,268	405,669
Total liabilities	1,510,787	1,472,319	1,350,614
I . Capital stock	689,747	689,747	686,100
II. Other capital surplus	87,909	133,142	131,678
III. Other capital adjustments	103		-2,574
IV. Retained earnings	(82,483)	(45,232)	4,966
Total Shareholders' equity	695,276	777,656	820,170
Total liabilities and shareholders' equity	2,206,063	2,249,976	2,170,784

※ Above financial statements are drawn up based on K-IFRS(Separate).

#### 5. Issues to be addressed

N/A

## 6. Board & Audit Committee status

Name	Position	Responsible area/ Major role	Transaction with company	Remarks
Choi, Johng Sik	President and C.E.O. (Director)	Member of MC	None	-
Pawan Kumar Goenka	Director	Chairman of Board Chairman of MC Member of ODCRC	None	-
Rajeev Dubey	Director	-	None	-
Chang, Dae Ryun	Member of audit committee (Outside director)	Chairman of Audit Committee Member of ODCRC	None	-
Dominic DiMarco	Member of audit committee (Outside director)	Chairman of ODCRC Member of audit committee	None	-
Won, Bong Hee	Member of audit committee (Outside director)	Member of audit committee	None	-
Park, Yong Hwan	Member of audit committee (Outside director)	Member of audit committee	None	-

## 7. Major shareholder status

(Unit: Share)

Name of shareholders	Number of shares owned	Percentage of shares	Business relations with SYMC	Remarks
Mahindra & Mahindra Ltd.	99,964,502	72.46%	Part sales, etc.	Largest shareholder
National Pension Service	2,051,066	1.49%	-	-
ESOA	847,502	0.61%	-	-
ISHARES CORE MSCI EMERGING MARKETS ETF	585,837	0.42%	-	-
Choi ByungChang	501,567	0.36%	-	-
THE EMERGING MARKETS SMALL CAP SERIES	342,624	0.25%	-	-

## 8. Investment in other companies by SYMC and its subsidiaries (solely or collectively)

(Unit: Share)

Name of other company*	Investment company	Investment in other companies		Other companies' investment in SYMC	
		Number of shares owned	Percentage of shares owned (%)	Number of shares owned	Percentage of shares (%)
Ssangyong (Shanghai) Automotive Co., Ltd.	SYMC	-	100%	-	-
Ssangyong European Parts Center BV	SYMC	7,000	100%	-	-
SY Auto Capital Co., Ltd.	SYMC & KB Capital	2,040,000	51%	-	-
Ssangyong Australia PTY Ltd.	SYMC	3,625,000	100%	-	-

\* The companies where SYMC has more than 10% of total shares.

## 9. Major creditors

(Unit: Mil. KRW, Share)

Creditor name	Credit amount	Number of shares owned	Percentage of shares owned	Remarks
KDB Bank	100,000	0	0.00%	-
JPMorgan Chase Bank	33,719	0	0.00%	-
Bank of America Merrill Lynch	33,204	0	0.00%	-
BNP PARIBAS	26,671	0	0.00%	-
Australia and New Zealand Bank	21,318	0	0.00%	-
Citibank	20,825	0	0.00%	-
KB Kookmin Bank	10,000	0	0.00%	-
KEB Hana Bank	7,489	0	0.00%	-

## 10. Important issues after closing date

### 1) Type and number of issued shares

(Unit: Thous. KRW, Share)

Sort of Stock	Number of stock	Amount	Rate	Remarks
Common	149,840,002	749,200,010	100%	-



## 2) Changes in capital

(Unit: Thous. KRW, Share)

Date	Sort of stock	Increase / Decrease		After Change		Remarks
		Shares	Amount	Shares	Amount of Capital	
26 <sup>th</sup> Jan. 2019	Common	11,890,606	59,453,030	149,840,002	749,200,010	Paid-in capital increase (to the 3 <sup>rd</sup> party)

## 3) Others

- Issue Value of share (Par Value : KRW 5,000 per share): KRW 4,205 per share
- Date of listing : 12<sup>th</sup> February, 2019
- Lock-up of shares:
  - ▶ Recipient of the allotted shares: Mahindra & Mahindra Ltd
  - ▶ Numbers of the allotted shares: 11,890,606 shares
  - ▶ Period of Lock-up of shares: 11<sup>th</sup> February, 2019 ~ 10<sup>th</sup> February, 2020

## 11. Other important matters related to Business

N/A

## Consolidated Financial Statements

### 1) Consolidated statements of financial position

57<sup>th</sup> term (as of 2018.12.31)

56<sup>th</sup> term (as of 2017.12.31)

(Unit : KRW)

Title of Account	57 <sup>th</sup>	56 <sup>th</sup>
Assets		
I. Current assets	571,070,203,349	655,191,219,796
1. Cash and cash equivalents	156,062,656,901	215,443,729,768
2. Trade receivables	157,181,130,377	187,064,712,812
3. Non-trade receivables	4,841,889,347	4,838,305,896
4. Other receivables	12,180,935,740	11,921,800,361
5. Derivative assets	891,318,916	-
6. Inventories	228,612,470,370	228,374,428,544
7. Other current assets	11,299,801,698	7,548,242,415
II. non-current assets	1,634,571,862,535	1,592,827,653,736
1. Non-current financial instruments	4,000,000	4,000,000
2. Non-current other receivables	35,124,578,913	33,953,846,043
3. Available-for-sale financial assets	560,000,000	560,000,000
4. Property, plant and equipment	1,228,125,717,695	1,239,703,950,683
5. Intangible assets	353,759,962,577	303,268,722,439
6. Investments in subsidiaries	16,706,344,618	15,063,851,200
7. Other non-current assets	291,258,732	273,283,371
Total assets	2,205,642,065,884	2,248,018,873,532
Liabilities		
I. Current liabilities	995,119,973,035	1,006,595,519,995
1. Trade payables	534,943,258,868	526,482,551,907
2. Non-trade payables	158,998,587,816	189,284,735,304
3. Short-term borrowings	178,227,545,171	163,840,987,050
4. Derivative liabilities	-	409,259,095
5. Other payables	38,053,381,726	37,164,319,879
6. Provision of warranty for sale	49,209,825,611	53,046,747,890
7. Other long-term employee benefits liabilities	2,726,290,000	1,190,438,138
8. Other current liabilities	32,961,083,843	35,176,480,732

<b>Title of Account</b>	<b>57<sup>th</sup></b>	<b>56<sup>th</sup></b>
II. Non-current liabilities	517,233,673,218	466,268,429,097
1. Long-term borrowings	75,000,000,000	70,000,000,000
2. Non-current other payables	1,593,270,810	3,374,007,893
3. Other long-term liabilities	11,317,481,541	-
4. Defined benefit liabilities	329,181,466,276	284,563,122,681
5. Other long-term employee benefits liabilities	14,313,193,681	15,138,489,583
6. Non-current provision of warranty for sale	85,828,260,910	93,192,808,940
Total liabilities	1,512,353,646,253	1,472,863,949,092
Equity		
Equity attributable to owners of the Company	693,288,419,631	775,154,924,440
I. Capital stock	689,746,980,000	689,746,980,000
II. Other capital surplus	87,909,477,800	133,141,919,432
III. Other equity	1,242,617,375	1,153,581,473
IV. Accumulated deficit	(85,610,655,544)	(48,887,556,465)
Non-controlling interests	-	-
Total equity	693,288,419,631	775,154,924,440
Total liabilities and equity	2,205,642,065,884	2,248,018,873,532

## 2) Consolidated statements of comprehensive loss

57<sup>th</sup> term (2018.01.01 - 2018.12.31)

56<sup>th</sup> term (2017.01.01 - 2017.12.31)

(Unit : KRW)

Title of Account	57 <sup>th</sup>	56 <sup>th</sup>
I. Sales	3,704,793,546,043	3,494,637,644,343
1. Sales of product	3,240,404,522,686	3,117,252,231,588
2. Sales of part	362,838,889,648	337,559,900,204
3. Other sales	102,069,767,766	40,316,060,382
4. Sales discount	(519,634,057)	(490,547,831)
II. Cost of sales	3,242,522,474,135	2,978,559,796,229
1. Cost of sales of product	2,964,816,497,372	2,776,656,991,187
2. Cost of sales of part	197,136,790,975	169,787,291,731
3. Other cost of sales	80,569,185,788	32,115,513,311
III. Gross profit	462,271,071,908	516,077,848,114
IV. Selling, general and administrative expenses	526,447,069,129	581,353,654,340
1. Selling expenses	335,750,173,424	390,697,540,125
2. Administrative expenses	190,696,895,705	190,656,114,215
V. Operating loss	(64,175,997,221)	(65,275,806,226)
VI. Other income & loss	670,275,852	(5,858,264,764)
Other income	11,201,137,260	29,156,178,060
Other expenses	10,530,861,408	35,014,442,824
VII. Finance income & loss	(11,100,026)	3,954,294,761
Finance income	13,002,066,795	25,979,516,111
Finance expense	13,013,166,821	22,025,221,350
VIII. Share of profits of joint venture	1,719,301,732	1,395,752,540
IX. Profit (Loss) before income taxes	(61,797,519,663)	(65,784,023,689)
X. Income tax expenses	40,707,752	37,174,808
XI. Profit (Loss) for the year	(61,838,227,415)	(65,821,198,497)
Owners of the Company	(61,838,227,415)	(65,821,198,497)
Non-controlling interests	-	-
XII. Other comprehensive income (loss) for the year	(20,028,277,394)	23,172,136,896
Items that will never be reclassified to profit or loss		
Defined benefit plan re-measurements	(20,040,504,982)	20,746,538,632
<b>Title of Account</b>	<b>57<sup>th</sup></b>	<b>56<sup>th</sup></b>

Items that are or may be reclassified subsequently to profit or loss:		
Changes in fair value of cash flow hedge		103,000,000
Foreign currency translation difference for foreign operation	(13,964,098)	(135,306,007)
XIII. Total comprehensive income(loss) for the year	(81,866,504,809)	(42,649,061,601)
Owners of the Company	(81,866,504,809)	(42,649,061,601)
Non-controlling interests	-	-
XIV. Earnings (Losses) per share		
Basic and diluted earnings (losses) per share	(448)	(478)

### 3) Consolidated statements of changes in shareholders' equity

57<sup>th</sup> term (2018.01.01 - 2018.12.31)

56<sup>th</sup> term (2017.01.01 - 2017.12.31)

(Unit : KRW)

Title of Account	Capital stock	Other Capital Surplus				Other Capital adjustments	Retained earnings (Deficit)	Non-controlling interests	Total
		Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Gain from sales of treasury stock				
Balance at January 1, 2017	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	1,105,137,340	(1,285,812,572)	(3,799,100,846)	-	812,693,926,214
Total comprehensive income(loss) for the period:									
Net Income	-	-	-	-	-	-	(65,821,198,497)	-	(65,821,198,497)
Actuary of defined benefit	-	-	-	-	-	-	20,746,538,632	-	20,746,538,632
Gain on valuation of derivatives	-	-	-	-	-	2,574,700,025	-	-	2,574,700,025
Overseas operations translation credit	-	-	-	-	-	(135,305,980)	-	-	(135,305,980)
Variations in joint venture re-measurement factors	-	-	-	-	-	-	(13,795,754)	-	(13,795,754)
Paid-increase	3,646,500,000	1,463,559,800	-	-	-	-	-	-	5,110,059,800
Balance at Dec 31, 2017	689,746,980,000	12,916,272,619	118,189,001,064	931,508,409	1,105,137,340	1,153,581,473	(48,887,556,465)	-	775,154,924,440
Balance at Jan 1, 2018	689,746,980,000	12,916,272,619	118,189,001,064	931,508,409	1,105,137,340	1,153,581,473	(48,887,556,465)	-	775,154,924,440
Total comprehensive income(loss)									
Net Income	-	-	-	-	-	-	(61,838,227,415)	-	(61,838,227,415)
Actuary of defined benefit	-	-	-	-	-	-	(20,040,504,982)	-	(20,040,504,982)
Gain on valuation of derivatives	-	-	-	-	-	103,000,000	-	-	103,000,000
Overseas operations translation credit	-	-	-	-	-	(13,964,098)	-	-	(13,964,098)
Variations in joint venture re-measurement factors	-	-	-	-	-	-	(76,808,314)	-	(76,808,314)
Disposition of deficit	-	-	(44,127,304,292)	-	(1,105,137,340)	-	45,232,441,632	-	-
Balance at Dec 31, 2018	689,746,980,000	12,916,272,619	74,061,696,772	931,508,409	-	1,242,617,375	(85,610,655,544)	-	693,288,419,631

#### 4) Consolidated statements of cash flows

57<sup>th</sup> term (2018.01.01 - 2018.12.31)

56<sup>th</sup> term (2017.01.01 - 2017.12.31)

(Unit : KRW)

Title of Account	57 <sup>th</sup>	56 <sup>th</sup>
I. Operating activities	177,123,093,299	204,375,560,797
1. Cash generated from operations	179,057,613,503	205,476,098,165
(1) Profit(loss) for the year	(61,838,227,415)	(65,821,198,497)
(2) Adjustment	290,877,429,532	280,201,951,930
(3) Changes in assets and liabilities	(49,981,588,614)	(8,904,655,268)
2. Interest received	2,604,644,756	2,682,052,386
3. Interest paid	(4,550,164,960)	(3,793,589,754)
4. Dividends received	11,000,000	11,000,000
II. Investing activities	(257,693,933,873)	(277,454,555,398)
1. Cash inflows from investing activities:	2,873,259,335	7,281,143,236
Decrease in other receivables	2,425,473,737	6,220,682,215
Decrease in non-current financial assets	-	2,000,000
Disposal of property, plant and equipment	447,785,598	294,784,406
Disposal of intangible assets	-	763,636,365
Decrease in other assets	-	40,250
2. Cash outflows for investing activities:	(260,567,193,208)	(284,735,698,634)
Increase in other assets	4,139,420,156	8,976,266,184
Acquisition of property, plant and equipment	136,929,797,750	157,501,790,486
Acquisition of intangible assets	119,497,975,302	118,257,641,964
III. Financing activities	21,281,528,130	50,229,034,650
1. Cash inflows from financing activities:	33,781,528,130	75,243,094,152
Increase in borrowings	31,769,057,815	70,000,000,000
Proceeds from issuing capital stock	-	5,110,059,800
Receipts of government grants	2,012,470,315	133,034,352
2. Cash outflows for financing activities:	(12,500,000,000)	(25,014,059,502)
Decrease in borrowings	12,500,000,000	25,014,059,502
IV. Effect of exchange rate fluctuations on cash and cash equivalents	(91,760,423)	(108,017,371)
V. Net Increase(decrease) in cash and cash equivalents	(59,381,072,867)	(22,957,977,322)
VI. Cash and cash equivalents at January 1	215,443,729,768	238,401,707,090
VII. Cash and cash equivalents at December 31	156,062,656,901	215,443,729,768

## Separate Financial Statements

### 1) Statements of financial position

57<sup>th</sup> term (as of 2018.12.31)

56<sup>th</sup> term (as of 2017.12.31)

(Unit : KRW)

Title of Account	57 <sup>th</sup>	56 <sup>th</sup>
Assets		
I. Current assets	575,683,830,866	655,306,853,216
1. Cash and cash equivalents	150,953,422,796	212,521,514,253
2. Trade receivables	179,011,136,626	194,911,639,365
3. Non-trade receivables	4,521,261,262	4,955,654,445
4. Other receivables	12,106,439,187	11,882,897,796
5. Derivative assets	891,318,916	-
6. Inventories	216,956,614,671	223,537,426,093
7. Other current assets	11,243,637,408	7,497,721,264
II. non-current assets	1,630,379,322,688	1,594,668,782,874
1. Non-current financial instruments	4,000,000	4,000,000
2. Non-current other receivables	35,124,578,913	39,637,401,016
3. Available-for-sale financial assets	560,000,000	560,000,000
4. Property, plant and equipment	1,227,206,438,965	1,239,668,890,519
5. Intangible assets	353,759,962,577	303,268,722,439
6. Investments in subsidiaries	3,248,243,454	1,056,485,529
7. Investments in joint venture	10,200,000,000	10,200,000,000
8. Other non-current assets	276,098,779	273,283,371
Total assets	2,206,063,153,554	2,249,975,636,090
Liabilities		
I. Current liabilities	993,613,040,009	1,006,050,749,193
1. Trade payables	534,719,077,632	526,467,391,988
2. Non-trade payables	157,785,447,277	188,785,993,568
3. Short-term borrowings	178,227,545,171	163,840,987,050
4. Derivative liabilities	-	409,259,095
5. Other payables	38,035,515,779	37,164,319,879
6. Provision of warranty for sale	49,209,825,611	53,046,747,890
7. Other long-term employee benefits liabilities	2,726,290,000	1,190,438,138
8. Other current liabilities	32,909,338,539	35,145,611,585



<b>Title of Account</b>	<b>57<sup>th</sup></b>	<b>56<sup>th</sup></b>
II. Non-current liabilities	517,173,701,182	466,268,429,097
1. Long-term borrowings	75,000,000,000	70,000,000,000
2. Non-current other payables	1,593,270,810	3,374,007,893
3. Other long-term liabilities	11,257,509,505	-
4. Defined benefit liabilities	329,181,466,276	284,563,122,681
5. Other long-term employee benefits liabilities	14,313,193,681	15,138,489,583
6. Non-current provision of warranty for sale	85,828,260,910	93,192,808,940
Total liabilities	1,510,786,741,191	1,472,319,178,290
Equity		
I. Capital stock	689,746,980,000	689,746,980,000
II. Other capital surplus	87,909,477,800	133,141,919,432
III. Other equity	103,000,000	-
IV. Accumulated deficit	(82,483,045,437)	(45,232,441,632)
Total equity	695,276,412,363	777,656,457,800
Total liabilities and equity	2,206,063,153,554	2,249,975,636,090

## 2) Statements of comprehensive loss

57<sup>th</sup> term (2018.01.01 - 2018.12.31)

56<sup>th</sup> term (2017.01.01 - 2017.12.31)

(Unit : KRW)

Title of Account	57 <sup>th</sup>	56 <sup>th</sup>
I. Sales	3,705,902,889,354	3,489,882,082,764
1. Sales of product	3,246,435,023,669	3,117,252,231,588
2. Sales of part	358,741,714,487	333,791,053,504
3. Other sales	101,245,785,255	39,329,345,503
4. Sales discount	(519,634,057)	(490,547,831)
II. Cost of sales	3,247,911,038,476	2,976,693,716,040
1. Cost of sales of product	2,972,224,086,768	2,776,656,991,187
2. Cost of sales of part	195,809,037,571	168,886,612,603
3. Other cost of sales	79,877,914,137	31,150,112,250
III. Gross profit	457,991,850,878	513,188,366,724
IV. Selling, general and administrative expenses	519,916,041,582	577,434,758,471
1. Selling expenses	333,833,267,462	390,223,730,397
2. Administrative expenses	186,082,774,120	187,211,028,074
V. Operating loss	(61,924,190,704)	(64,246,391,747)
VI. Other income & loss	(494,409,282)	(10,629,717,394)
Other income	11,201,087,039	29,156,178,060
Other expenses	11,695,496,321	39,785,895,454
VII. Finance income & loss	(23,940,469)	3,931,308,224
Finance income	12,971,870,518	25,938,729,763
Finance expense	12,995,810,987	22,007,421,539
VIII. Profit (Loss) before income taxes	(62,442,540,455)	(70,944,800,917)
IX. Income tax expenses	-	-
X. Profit (Loss) for the year	(62,442,540,455)	(70,944,800,917)
XI. Other comprehensive income (loss) for the year	(19,937,504,982)	23,321,238,657
Items that will never be reclassified to profit or loss		
Defined benefit plan re-measurements	(20,040,504,982)	20,746,538,632
Items that are or may be reclassified subsequently to profit or loss:		

Title of Account	57 <sup>th</sup>	56 <sup>th</sup>
Changes in fair value of cash flow hedge	103,000,000	2,574,700,025
XII. Total comprehensive income(loss) for the year	(82,380,045,437)	(47,623,562,260)
XIII. Earnings (Losses) per share		
Basic and diluted earnings (losses) per share	(453)	(515)

### 3) Statements of changes in shareholders' equity

57<sup>th</sup> term (2018.01.01 - 2018.12.31)

56<sup>th</sup> term (2017.01.01 - 2017.12.31)

(Unit : KRW)

Title of Account	Capital stock	Other Capital Surplus				Other Capital adjustments	Retained earnings (Deficit)	Total
		Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Gain from sales of treasury stock			
Balance at Jan 1, 2017	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	1,105,137,340	(2,574,700,025)	4,965,820,653	820,169,960,260
Total comprehensive income(loss)								
Net income(loss)	-	-	-	-	-	-	(70,944,800,917)	(70,944,800,917)
Actuary of defined benefit	-	-	-	-	-	-	20,746,538,632	20,746,538,632
Gain on valuation of derivatives	-	-	-	-	-	2,574,700,025	-	2,574,700,025
Paid-increase	3,646,500,000	1,463,559,800	-	-	-	-	-	5,110,059,800
Balance at Dec 31, 2017	689,746,980,000	12,916,272,619	118,189,001,064	931,508,409	1,105,137,340	-	(45,232,441,632)	777,656,457,800
Balance at Jan 1, 2018	689,746,980,000	12,916,272,619	118,189,001,064	931,508,409	1,105,137,340	-	(45,232,441,632)	777,656,457,800
Total comprehensive income(loss)								
Net income(loss)	-	-	-	-	-	-	(62,442,540,455)	(62,442,540,455)
Actuary of defined benefit	-	-	-	-	-	-	(20,040,504,982)	(20,040,504,982)
Gain on valuation of derivatives	-	-	-	-	-	103,000,000	-	103,000,000
Disposition of deficit	-	-	(44,127,304,292)	-	(1,105,137,340)	-	45,232,441,632	-
Balance at Dec 31, 2018	689,746,980,000	12,916,272,619	74,061,696,772	931,508,409	-	103,000,000	(82,483,045,437)	695,276,412,363

#### 4) Statements of cash flows

57<sup>th</sup> term (2018.01.01 - 2018.12.31)

56<sup>th</sup> term (2017.01.01 - 2017.12.31)

(Unit : KRW)

Title of Account	57 <sup>th</sup>	56 <sup>th</sup>
I. Operating activities	177,498,480,119	205,080,777,994
1. Cash generated from operations	179,435,486,109	206,204,896,914
(1) Profit(loss) for the year	(62,442,540,455)	(70,944,800,917)
(2) Adjustment	293,718,065,031	285,797,740,581
(3) Changes in assets and liabilities	(51,840,038,467)	(8,648,042,750)
2. Interest received	2,588,204,074	2,645,795,758
3. Interest paid	(4,536,210,064)	(3,780,914,678)
4. Dividends received	11,000,000	11,000,000
II. Investing activities	(260,348,099,706)	(277,445,714,475)
1. Cash inflows from investing activities:	2,872,913,523	7,281,143,236
Decrease in other receivables	2,425,473,737	6,220,682,215
Decrease in non-current financial assets	-	2,000,000
Disposal of property, plant and equipment	447,439,786	294,784,406
Disposal of intangible assets	-	763,636,365
Decrease in other assets	-	40,250
2. Cash outflows for investing activities:	(263,221,013,229)	(284,726,857,711)
Increase in other assets	4,139,420,156	8,976,266,184
Acquisition of property, plant and equipment	136,632,785,121	157,492,949,563
Acquisition of intangible assets	119,497,975,302	118,257,641,964
Acquisition of subsidiaries	2,950,832,650	-
III. Financing activities	21,281,528,130	50,229,034,650
1. Cash inflows from financing activities:	33,781,528,130	75,243,094,152
Increase in borrowings	31,769,057,815	70,000,000,000
Proceeds from issuing capital stock	-	5,110,059,800
Receipts of government grants	2,012,470,315	133,034,352
2. Cash outflows for financing activities:	(12,500,000,000)	(25,014,059,502)
Decrease in borrowings	12,500,000,000	25,014,059,502
IV. Net Increase(decrease) in cash and cash equivalents	(61,568,091,457)	(22,135,901,831)
V. Cash and cash equivalents at January 1	212,521,514,253	234,657,416,084
VI. Cash and cash equivalents at December 31	150,953,422,796	212,521,514,253

## 5) Statement of disposition of deficit

57<sup>th</sup> term (2018.01.01 - 2018.12.31)

56<sup>th</sup> term (2017.01.01 - 2017.12.31)

(Unit : KRW)

Title of Account	57 <sup>th</sup>	56 <sup>th</sup>
	Expected appropriation date: Mar. 29, 2019	Finalized disposition date: Mar.30, 2018
I. Unappropriated retained earnings (deficit)	(82,483,045,437)	(45,232,441,632)
1. Undisposed retained earnings(deficit) carried over from prior year	-	4,965,820,653
2. Net income (loss)	(62,442,540,455)	(70,944,800,917)
3. Actuarial income(loss)	(20,040,504,982)	20,746,538,632
II. Appropriation earnings(deficit)		45,232,441,632
1. Gain from sales of treasury stock	-	1,105,137,340
2. Gain on capital reduction	-	44,127,304,292
III. Unappropriated earnings(deficit) to be carried forward to the subsequent year	(82,483,045,437)	-