



# 4Q 2020 Earnings Release

**February 9, 2021**

## **Disclaimer**

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# 4Q 2020: Key Financial Metrics

(KRW in Billions)

	4Q20	4Q19	YoY %	3Q20	QoQ %
<b>Revenue</b>	<b>2,101</b>	<b>1,961</b>	7.1%	<b>1,901</b>	10.5%
<b>COGS</b>	<b>1,761</b>	<b>1,638</b>	7.5%	<b>1,650</b>	6.8%
% of Sales	83.8%	83.5%		86.8%	
<b>SG&amp;A (Incl. R&amp;D)</b>	<b>146</b>	<b>152</b>	-4.2%	<b>132</b>	10.2%
% of Sales	6.9%	7.7%		6.9%	
<b>EBITDA</b>	<b>318</b>	<b>276</b>	15.2%	<b>239</b>	33.1%
Margin (%)	15.1%	14.1%		12.6%	
<b>Operating Profit</b>	<b>194</b>	<b>171</b>	13.6%	<b>120</b>	62.5%
Margin (%)	9.2%	8.7%		6.3%	
<b>Net Income</b>	<b>90</b>	<b>119</b>	-24.8%	<b>51</b>	76.2%
Margin (%)	4.3%	6.1%		2.7%	

**4Q Revenue and OP at Record High; Profitability Improved on Volume and Product Mix**

Note:  
EBITDA and Operating Profit has reflected reclassification of FTC penalty (11.5bW)

# FY 2020: Key Financial Metrics

(KRW in Billions)

	FY 2020	FY 2019	YoY Variance	
<b>Revenue</b>	<b>6,873</b>	<b>7,154</b>	-281	-3.9%
<b>COGS</b>	<b>6,008</b>	<b>6,120</b>	-111	-1.8%
% of Sales	87.4%	85.5%		
<b>SG&amp;A (Incl. R&amp;D)</b>	<b>549</b>	<b>550</b>	-2	-0.3%
% of Sales	8.0%	7.7%		
<b>EBITDA</b>	<b>784</b>	<b>864</b>	-80	-9.3%
Margin (%)	11.4%	12.1%		
<b>Operating Profit</b>	<b>316</b>	<b>484</b>	-168	-34.7%
Margin (%)	4.6%	6.8%		
<b>Net Income</b>	<b>113</b>	<b>323</b>	-209	-64.8%
Margin (%)	1.7%	4.5%		

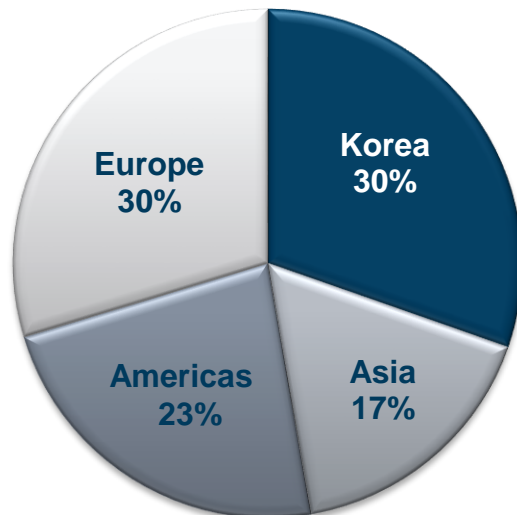
**2020 Revenue Missed the Original Revenue Target (7.8tW) due to COVID-19**

## 4Q20 Highlights

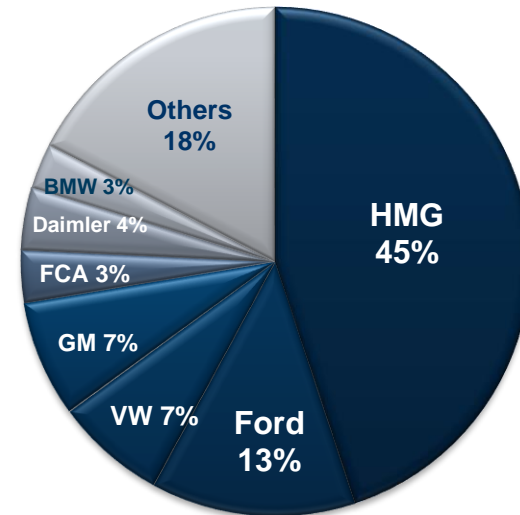
- 4Q adj-OPM recovered 8.7% on volume growth, favorable product mix and cost actions
- 4Q EV revenue ratio jumps to 22% with VW as the fastest growing EV customer
- Net debt improved 360 bW QoQ due to normalized operation and working capital management

## Sales Breakdown (FY2020)

By Region



By Customer



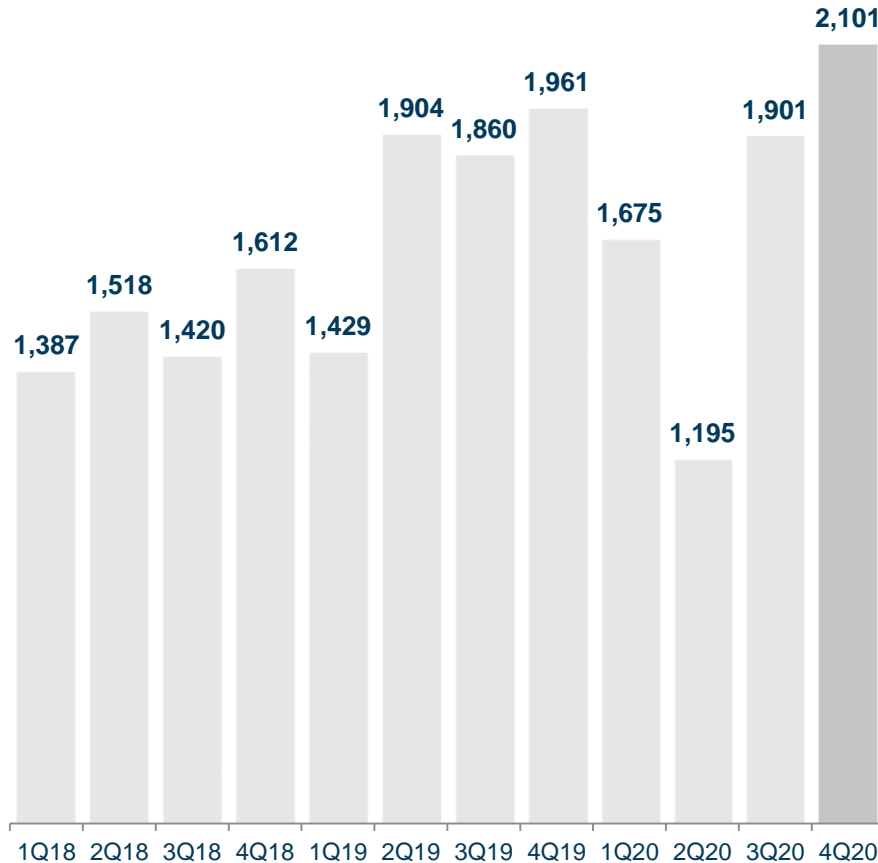
Note:

Regional revenue classified based on locations of manufacturing entities

# Quarterly Sales

## Consolidated Sales

(KRW in Billions)



## Comments

- 4Q20 revenue is the highest quarterly sales in company history
- Korea, Europe and China revenues up by 5%, 11% and 10% YoY respectively
- Americas revenue down 5% YoY due to strong KRW/USD
- Hanon Systems as-before revenue increased 9% YoY, while EFP revenue decreased 1% YoY
- HMG (+10% YoY), VW (+46%), GM (+47%), Daimler (+20%) and BMW (+14%) revenues increased on EV growth
- FCA revenue remains flat (+2% YoY), while Ford (-9%) decreased based on volumes

**4Q Revenue Jumps 7% YoY on Volume Growth and Favorable Product Mix**

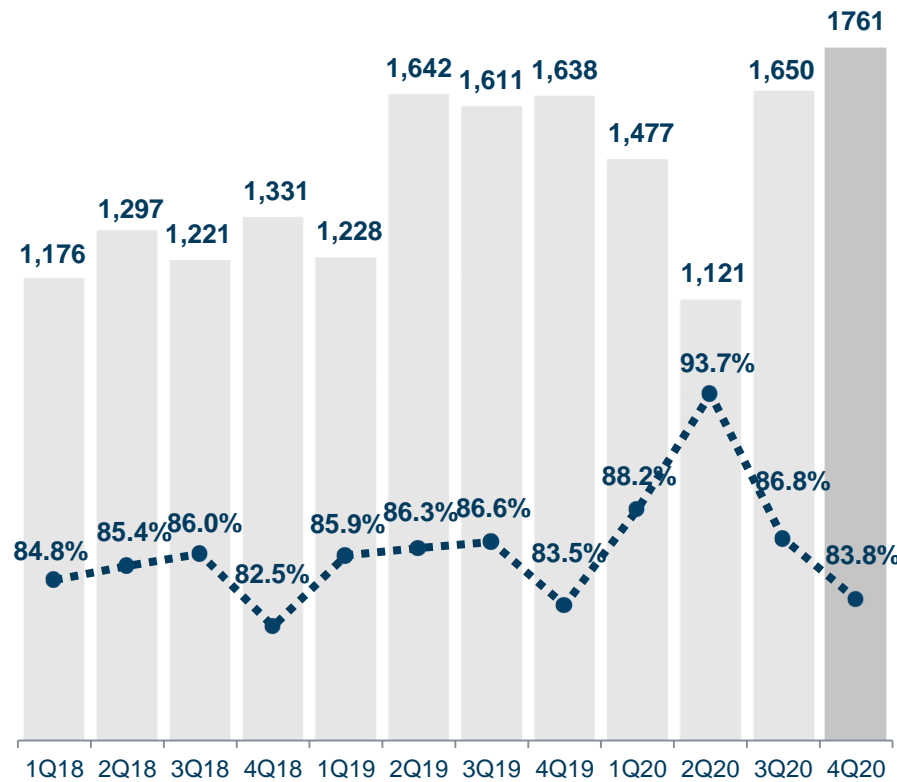
# Quarterly COGS

## Quarterly Cost of Goods Sold

## Comments

(KRW in Billions)

COGS COGS%



- Positive factors:
  - Benefits from cost improvement actions
  - Korea, Europe and China volume recovered and turned profitable
- Negative factors:
  - Discontinuation of a number of ICE sedans in the Americas

**Gross Margin Recovers to Pre-Pandemic Level**

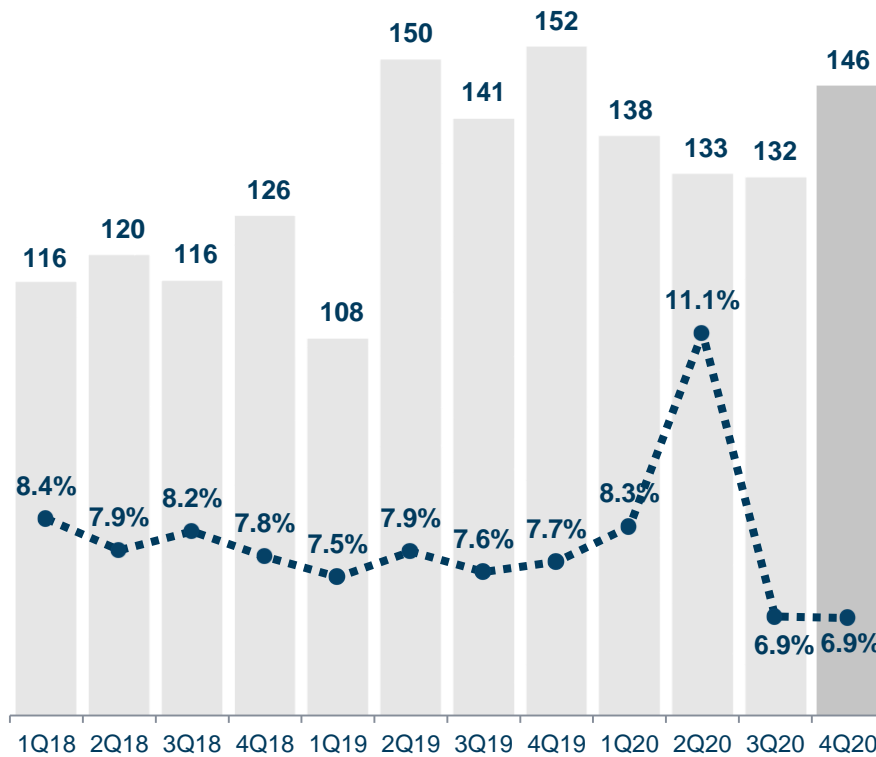
# Quarterly SG&A

## Quarterly SG&A Status

## Comments

(KRW in Billions)

■ SG&A    ●●● SG&A%



- 2020 SG&A expense: 8.0% of total revenue (+0.3%p YoY)
- 2020 R&D spending (incl. R&D capitalization): 4.9% of total revenue (-0.2%p YoY)

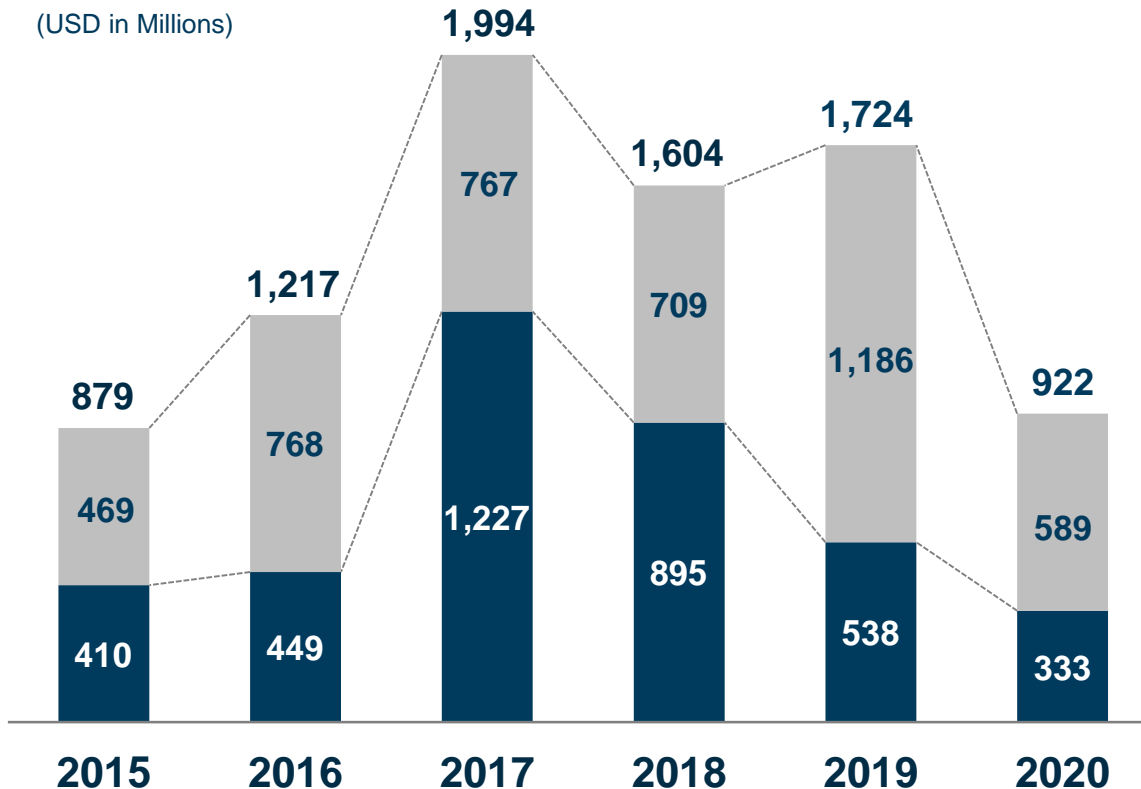
**Successful Implementation of Cost Improvement Actions in 2H20**

# New Business Wins Update

## FY2020 New Business Wins

■ Re-win ■ New win

(USD in Millions)



- New business wins represents average annual revenue (in USD million)
- Orders from diverse customers account for 63% of FY2020 new wins
- 2021 New win target is \$650m and re-win target is \$350m for the consolidated entity

**Eco-friendly**  
(% out of New win)

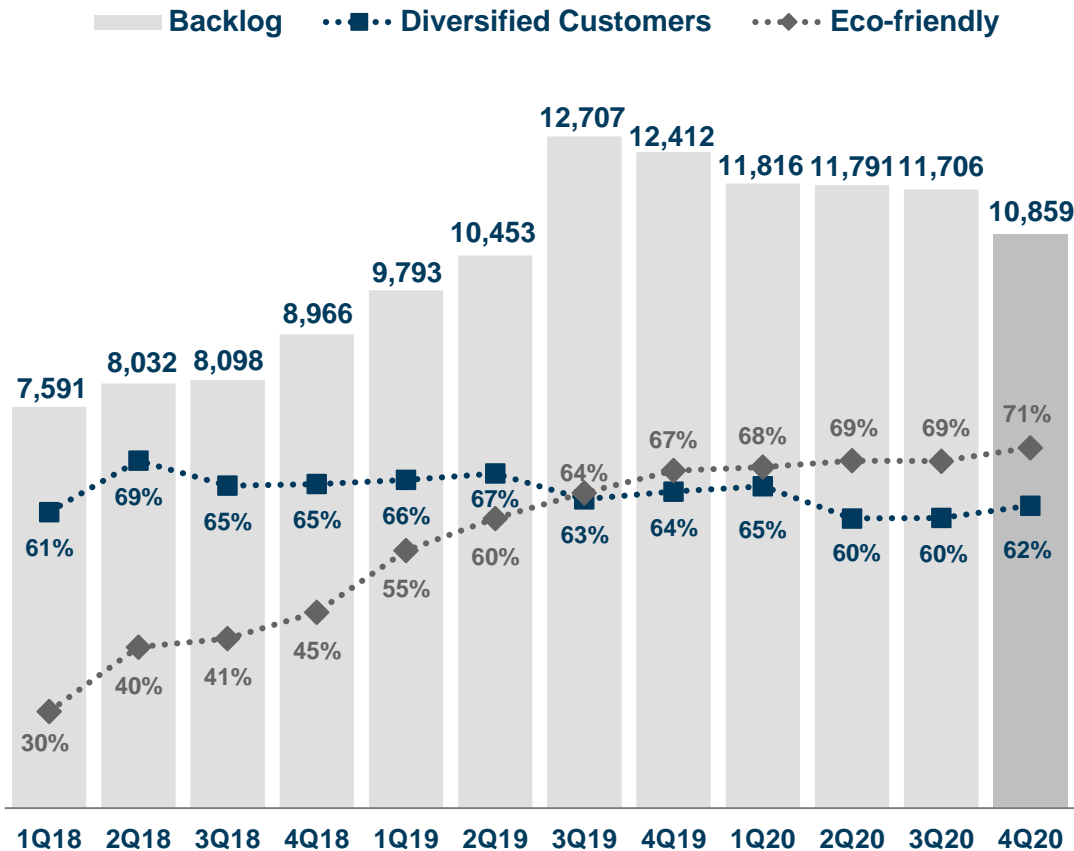
2015	2016	2017	2018	2019	2020
5%	35%	44%	63%	71%	76%



# Backlog Status Update

## 4Q20 Backlog (New Wins Only)

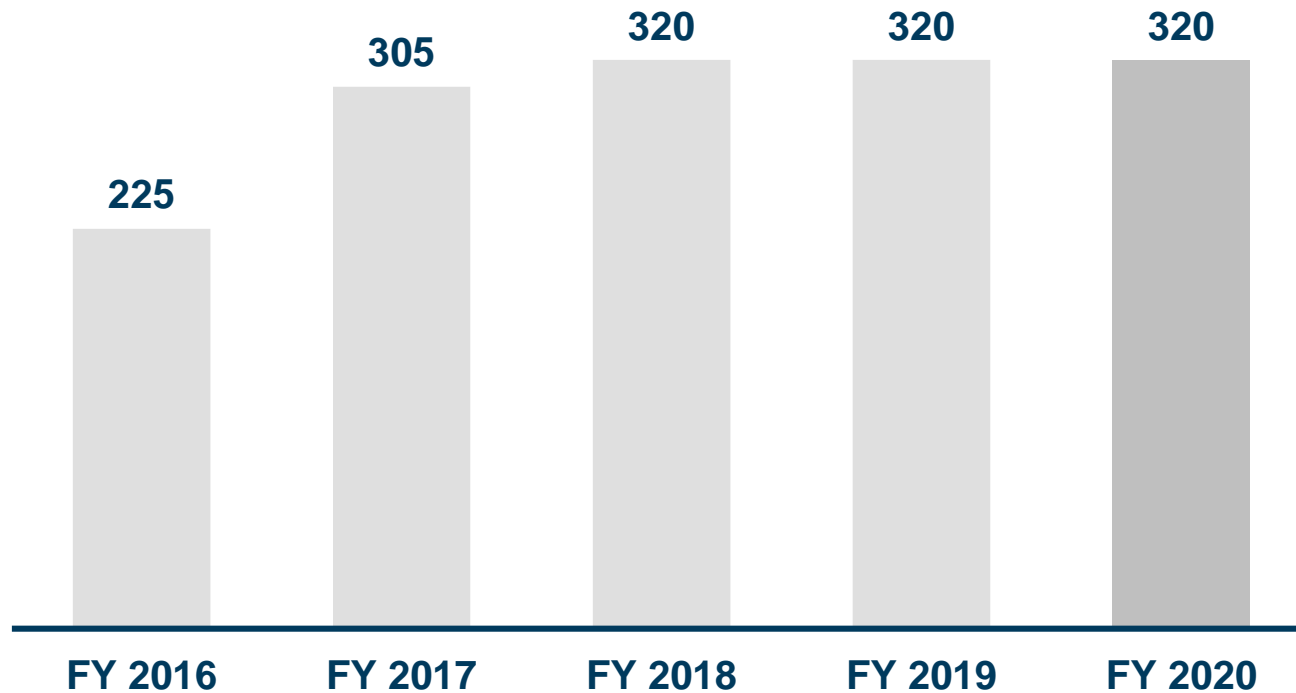
(USD in Millions)



- Backlog: Defined as cumulative revenue for expected lifecycle of awards before start of production
- Orders from diverse customers account for 62%
- Eco-friendly orders account for 71%

**4Q20 Quarterly Dividend: 116 KRW per share**

## Dividend per Share



- **Share Buyback Contract ended in December**

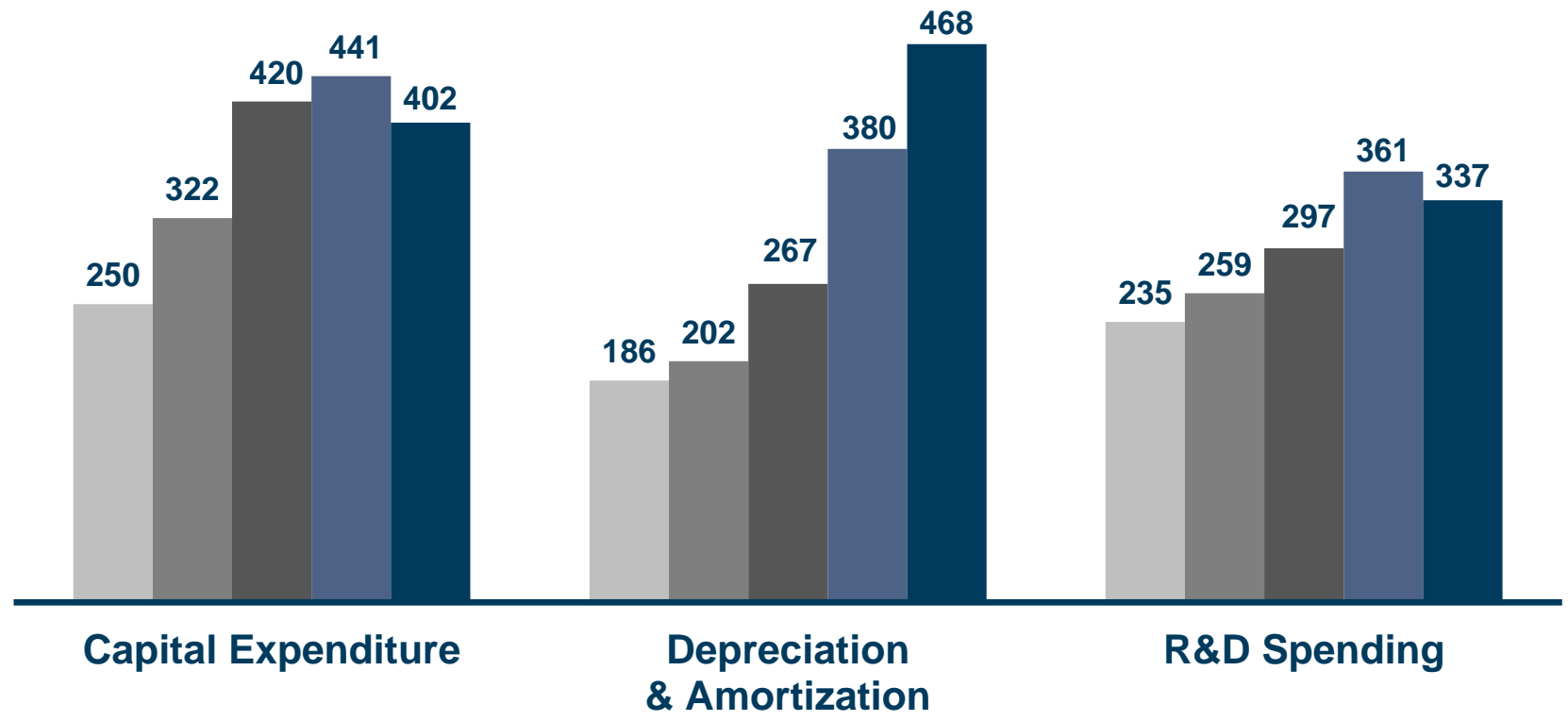
- **Period:** March 20 – Dec. 10, 2020
- **Total share buyback:**  
131,570 shares in 1H, no additional share buyback in 3Q and 4Q
- **Fund Used:** 1.1bW

**Due to Stock Market Normalization in 2H20,  
Only 3% of Total Share Buyback Fund Was Used**

# Trend of CapEx, D&A and R&D Spending

■ FY2016 ■ FY2017 ■ FY2018 ■ FY2019 ■ FY2020

(KRW in Billions)



**2020 CapEx Was Slightly Over Guidance due to Accelerated EV Launches**

# YE 2020 Balance Sheet

(K-IFRS / KRW in Billions, x times)

## Balance Sheet

	Dec 2020	Dec 2019	Dec 2018
Cash and cash equivalent	1,304	687	1,018
Account receivable	1,223	1,254	1,021
Inventories	630	613	506
Property and equipment	2,224	2,130	1,551
Intangible assets	1,622	1,593	564
Lease assets	211	205	181
Other assets	593	601	515
<b>Total assets</b>	<b>7,807</b>	<b>7,082</b>	<b>5,356</b>
Account payable	1,581	1,459	1,215
Debt	3,430	2,734	1,672
Other liabilities	557	552	337
Shareholder's equity	2,117	2,217	2,037
Non-controlling	122	121	95
<b>Total liabilities &amp; shareholders' equity</b>	<b>7,807</b>	<b>7,082</b>	<b>5,356</b>

## Cash and Debt

Cash Balance	Dec 2020	Dec 2019	Dec 2018
Net Debt	2,125	2,047	654
Net Debt Ratio	1.0	0.9	0.3
Debt to Equity	1.5	1.2	0.8

Leverage	2020	2019	2018
EBITDA	784	864	701
Debt / EBITDA	4.4	3.0 *	2.4
Net Debt / EBITDA	2.7	2.2 *	0.9
EBITDA/ Net Interest Expenses	9.2	14.7 *	39.7

\* Annualized EBITDA

**Net Debt Improved 570 bW in 2H20; Net Debt to EBITDA Target is 1.95 by 2021E**

# Guidance for 2021

(KRW in Billions)

	<b>2021 Guidance</b>
<b>Revenue</b>	<b>7,800</b>
<b>EBITDA</b>	<b>1,020</b>
<b>Operating Profit</b>	<b>510</b>
<b>Capital Spending</b>	<b>370</b>

# Thank You

## Investor Relations Team

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