

**GLENN CLIFT**

**PRESIDENT & C.E.O.**

**GLOVIS AMERICA, INC.**

## 1Q 2016 Business Result





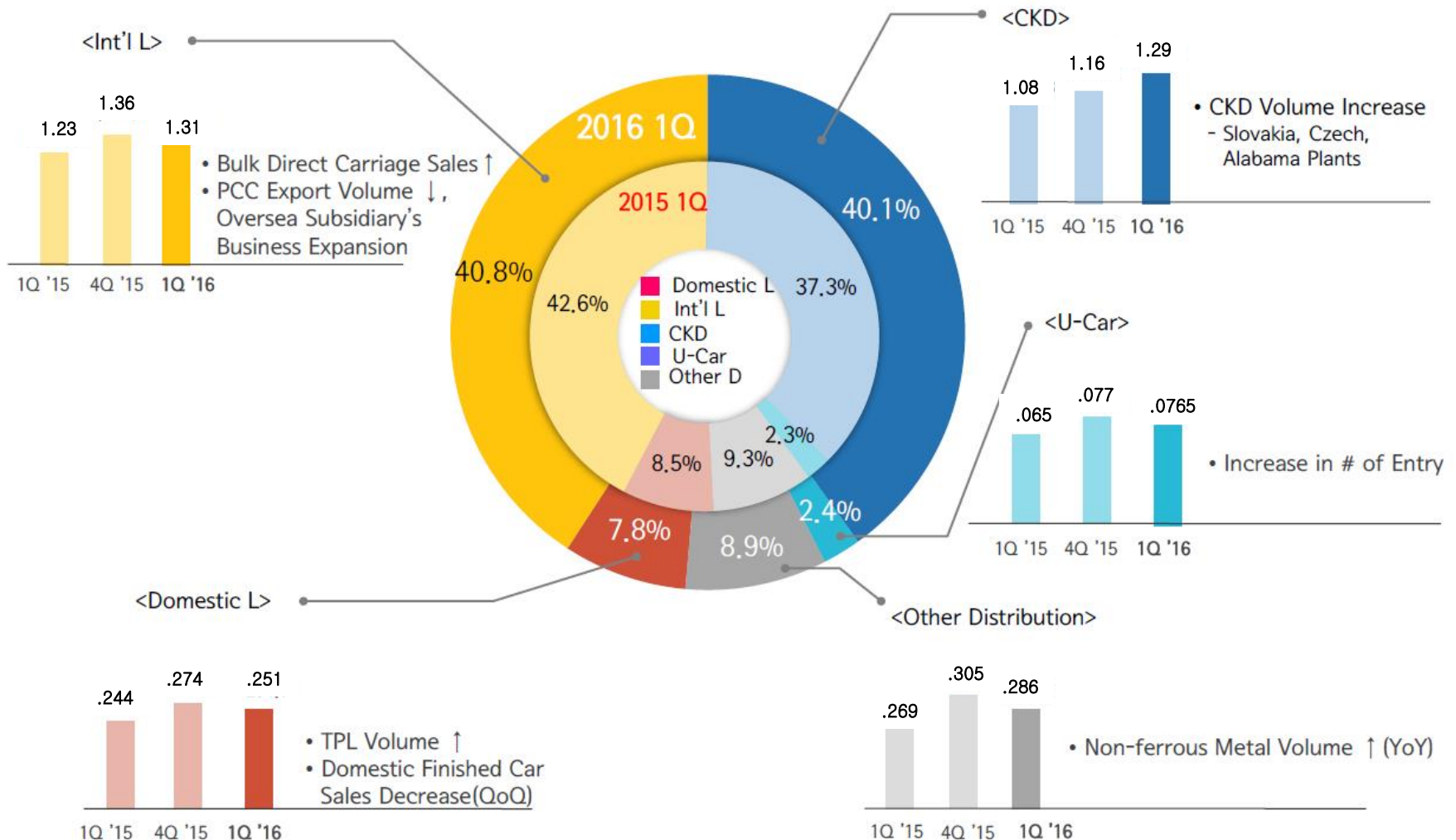
## HYUNDAI GLOVIS enhances efficiency throughout the customer value chain

- **Foundation** 22<sup>nd</sup> Feb. 2001 (Headquarter : 512, Yeondong-daero, Gangnam-gu, Seoul, Korea)
- **Employees** 6,649 (Headquarter – 1,020 / Overseas – 5,629 as of Feb. 2016)
- **Business** Logistics (Global / Domestic logistics, Shipping)  
Distribution (KD, Used Car, Trading, Resource Recycling)
- **Revenue** 16.5 Billion USD (As of 2015, consolidated income)
- **Networks** Overseas : 56 / Domestic : 37
- **Credit Rating** Stable (Moody's : Baa1 / S&P : BBB+)



# 2016 Q1 Performance by Division

Unit: US Dollar 1 Billion

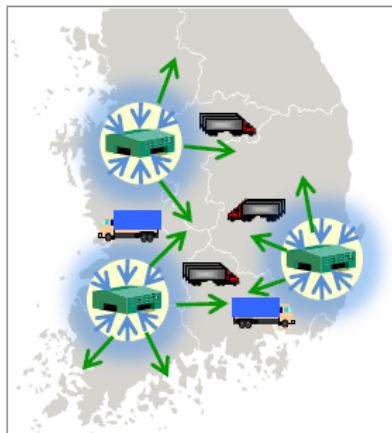
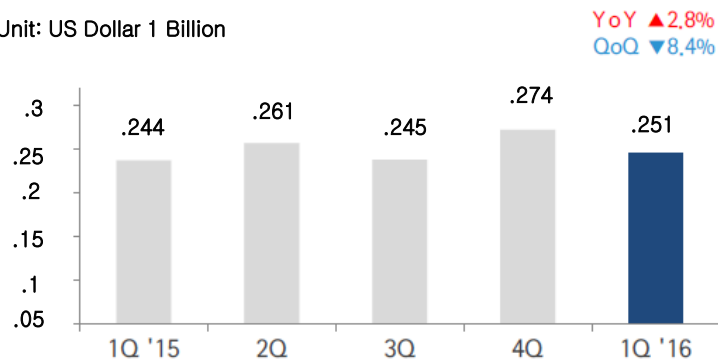


# 2016 Q1 Logistics

- T/P, Direct Delivery Sales Decrease(QoQ) due to Domestic Sales Decrease
- Oversea Subsidiary Business Expansion / Car Ocean Transportation Market Depression

## Domestic Logistics

Unit: US Dollar 1 Billion



### Type of Domestic Logistics

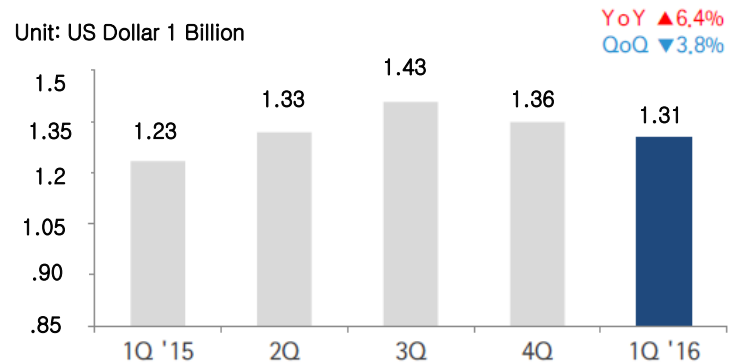
- Vendor → Car Factory
- Car Factory → Delivery Center/Port
- Delivery Center → Consumer
- Logistics Center → Service Center
- Ground, Coastal Transportation

### TPL Business Expansion

Domestic Sales Improvement  
(YoY +1.0%, QoQ -25.3%)

## Int'l Logistics

Unit: US Dollar 1 Billion



### Car Volume Decrease

- Hyundai/Kia Export Volume ↓ (QoQ)
- Continuation of Low Oil Price

### Bulker Business Growth

- New Client Expansion & Long-Term Contract Acquisition

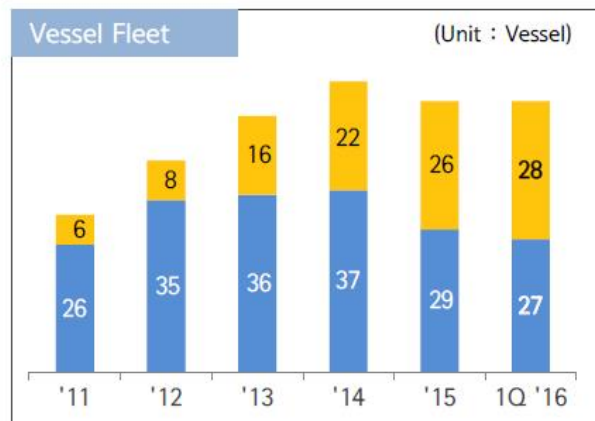
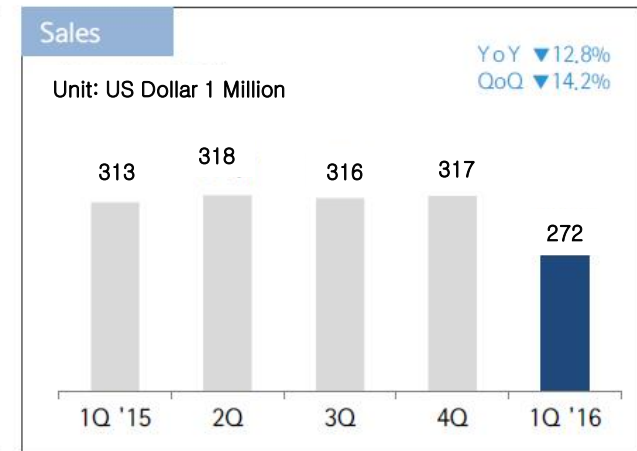
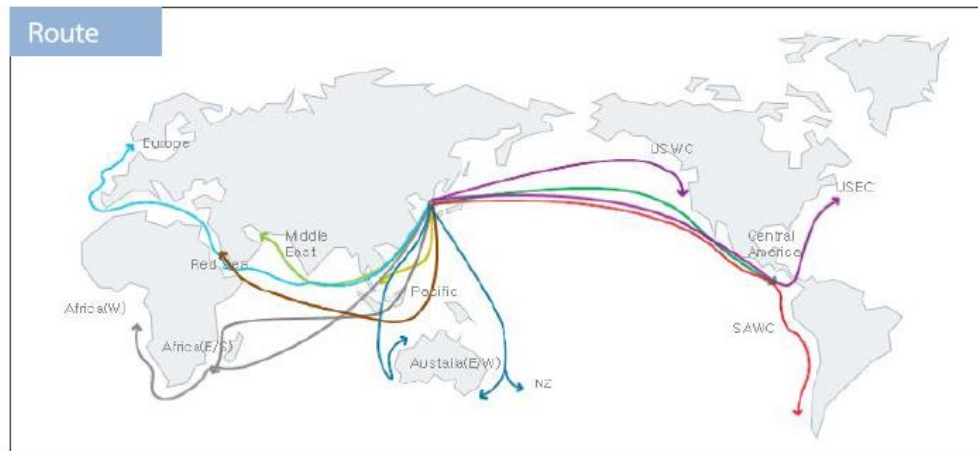
### Other Int'l Logistics' increase in Revenue

- Subsidiaries' In-land transportation & TPL Revenue Growth
- Container Export Sales Increase

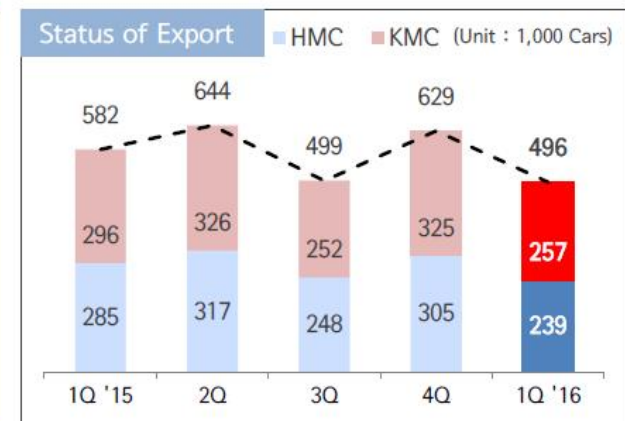


# 2016 Q1 RO-RO Ocean Freight

- HMC·KMC Export Volume Decrease
- Enhance Efficiency by Expansion of Vessel Size :  
# of Owned ↑ , Chartered ↓



- Check Point**
- H/KMC's Export ↓
    - YoY -14.7%
    - QoQ -21.2%
  - Delivery of PCC Owned Vessels
    - April : 1 vessel



# 2016 Q1 Bulk Ocean/Other Freight

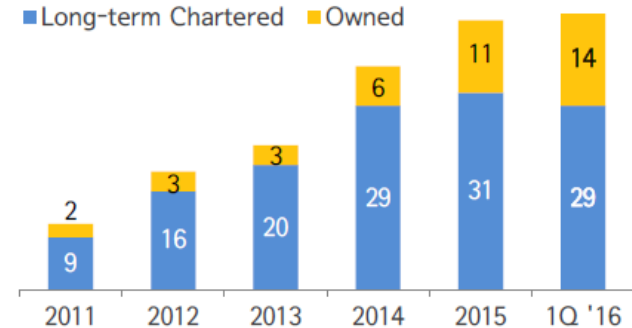
- Stable Sales and Profit Expansion by Securing Long-Term Contracts
- Oversea Subsidiary New Business & TPL Expansion

## Bulk Business

### Type of Business

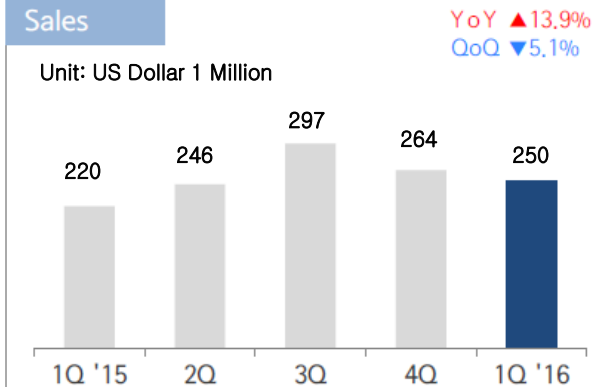
- Dry Bulk
  - Coal, Iron Ore, Logs, Grain, etc.
  - Support Blast Furnace of Hyundai Steel
- Wet Bulk
  - Long-term Contract for VLCC (Hyundai Oil bank, S-Oil, etc.)

### Vessel Fleet



### Sales

Unit: US Dollar 1 Million



## Other Int'l Logistics

### Type of Business

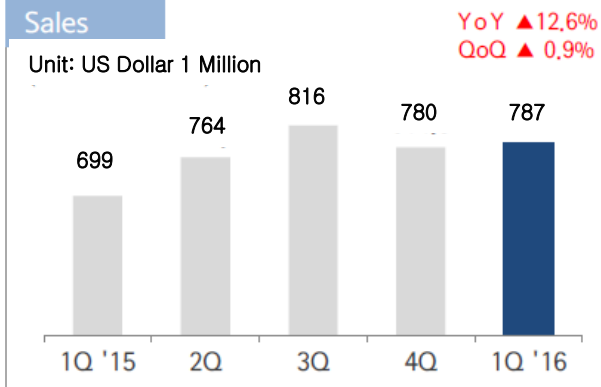
- Container Ocean Shipment
  - Auto Parts, Production Facilities, etc.
- Inland Transportation of Oversea Subsidiaries
- Air Transportation for Urgent Cargo

### Check Point

- Oversea Subsidiary Sales
  - Inland Transportation Vol. Expansion(US, Europe)
- Weak GLOVIS RUSSIA AND GLOVIS BRAZIL Cont.
- Strengthen TPL Cargo
  - New/Existing Clients

### Sales

Unit: US Dollar 1 Million



# CKD Business

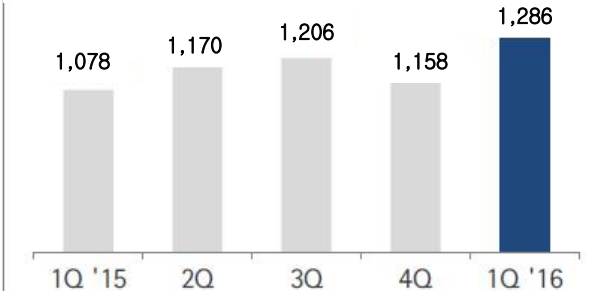
- Increase in Purchase Order
- Mexico Kia Plant CKD Revenue Initiation (March)

## Process



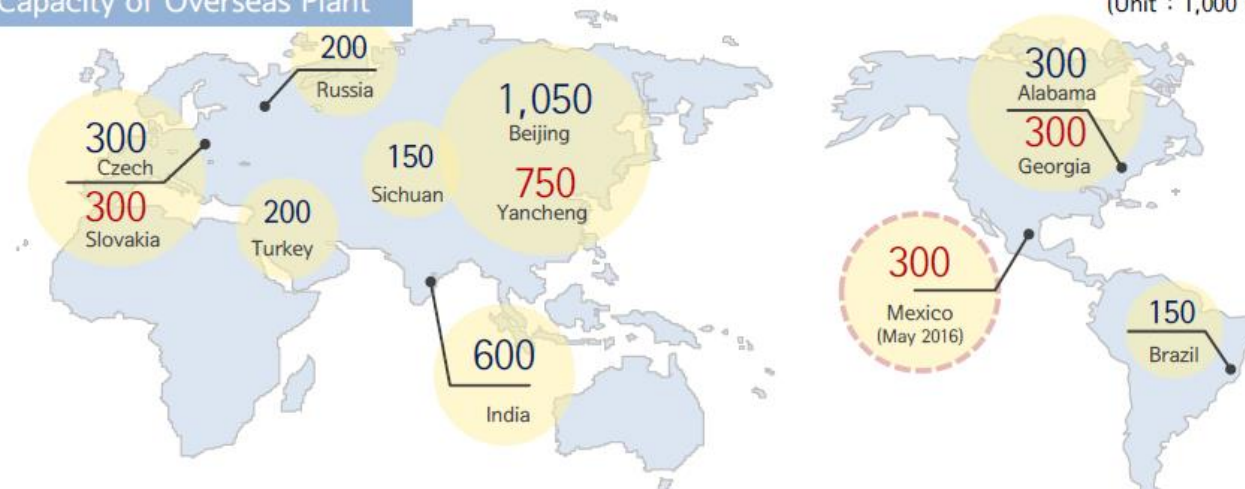
## Sales

Unit: US Dollar 1 Million



## Capacity of Overseas Plant

(Unit : 1,000 Cars)



## Check Point

- CKD Volume Increase
  - Slovakia: Sportage(QL)
  - Czech: Tucson(TL)
  - Alabama: Elantra(AD)
- KWN/USD F/X Effect
  - 3Q '15 Average : 1,167.8
  - 4Q '15 Average : 1,157.7
  - 1Q '16 Average : 1,201.4
- Mexico Plant Production
  - May 2016



# Used Car Auction

- ❑ Market Expansion of U-Car Auction
- ❑ Continuous Increase in # of Entry

## Process

### Exhibit Used Cars



### Assess/Inspect Used Car

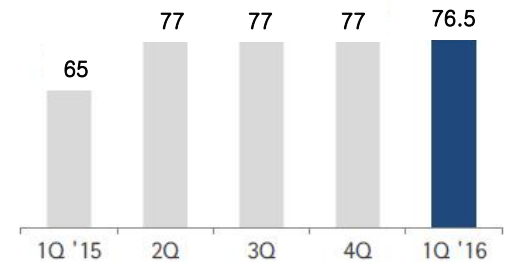


### Bidding



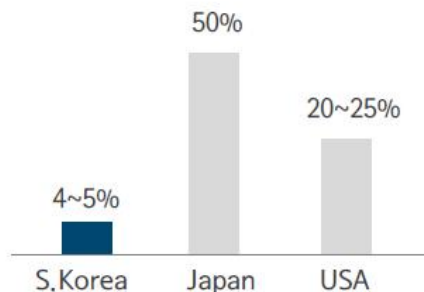
## Sales

Unit: US Dollar 1 Million

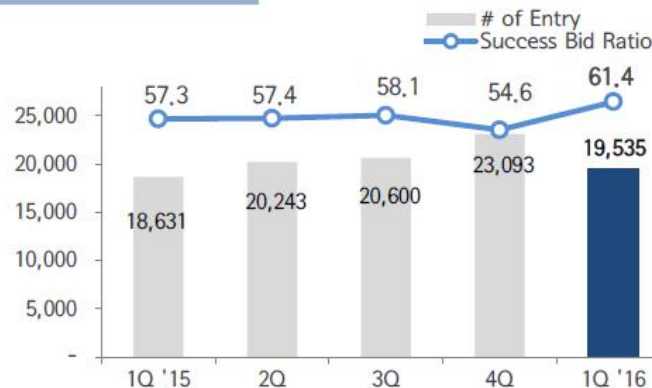


## Comparison w/ Others

Lower Proportion of Auction  
⇒ Growth Potential ↑



## Status of Auction



- Proportion of Auction Market in Korea : approx. 5%
- M/S of GLOVIS in Auction Market : approx. 45%

# Other Distribution/Trading Business

- ❑ Copper Cathode Trading Biz Expansion / Aluminum Volume Decrease
- ❑ Profitability Enhancement from Stabilization of the Commodity Price Drop

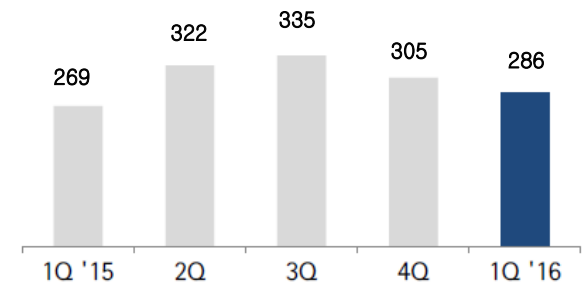


## Type of Business

- Reinforce Distribution Business by adding Trading Function
- Export/Import/Tripartite Intermediary Trade
- Synergy Effect with Logistics Business
- Non-ferrous Metal, Finished Car
- Distribution of Used/Recycled Auto Parts collected from scrap-car-network
- Distribution of Oversea Subsidiary
  - T/W Assembling, Metal Scrap, etc.

## Sales

Unit: US Dollar 1 Million



## Flow of Recycled Auto Part

Collecting Disused Car



Subcontractors For Remanufacturing



Resource Recycling\*

- Recycled Auto Parts, Metal Scrap, etc.



Steelworks /Smelters

Auto Part Manufacturers

Maintenance Stores

# Non-Affiliated Business

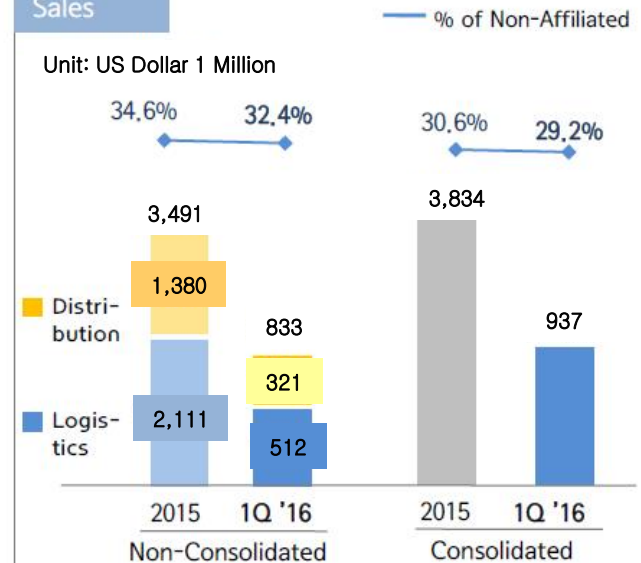


## Strength

- Real-time Cargo Tracking System
- Global Network all around the world
- Synergy with Captive Market
- Logistics Consulting

## Sales

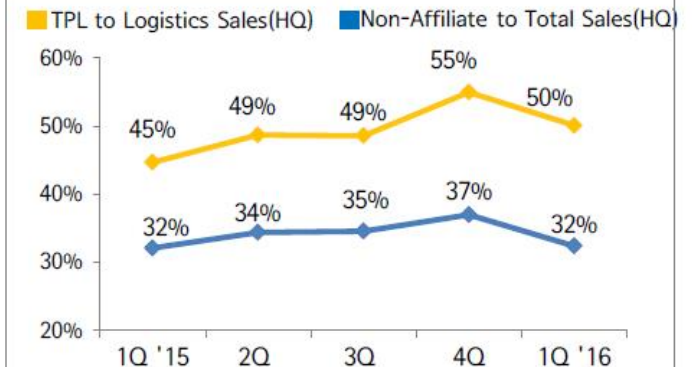
Unit: US Dollar 1 Million



## Clients



## Non-Affiliated & TPL





# GKR Subsidiary Sales

## Europe



Unit: US Dollar 1 Million

Class.	1Q '15	4Q '15	1Q '16
Europe	103.5	139.6	138.7
Czech Rep.	9.9	14.9	14.1
Slovakia	10.2	12.9	11.7
Russia	26.1	29.5	23.3
Turkey	13.6	15.9	15.2
Subtotal	163.3	212.8	203.0

## Asia-Pacific



Unit: US Dollar 1 Million

Class.	1Q '15	4Q '15	1Q '16
Beijing	53.2	57.0	57.7
India	78.0	73.7	83.6
Australia	10.7	10.6	13.1
Mongolia	.3	-	.2
Subtotal	142.2	141.3	154.6

## The Americas



Unit: US Dollar 1 Million

Class.	1Q '15	4Q '15	1Q '16
America	266.3	290.8	308.9
Brazil	18.7	17.7	16.2
Mexico	0.90	11.6	7.9
Subtotal	285.9	320.1	333.0

## “2016 Best Performer Among Korea’s Top 500 Companies”



CEO **Kyung-bae Kim**

Hyundai Glovis chief rated as top local CEO



The assessment analyzed five categories, such as on-year growth rate of sales, the return on equity, the debt ratio and the growth rate of employment. Twenty points were allotted to each category.



# Fuel Distribution



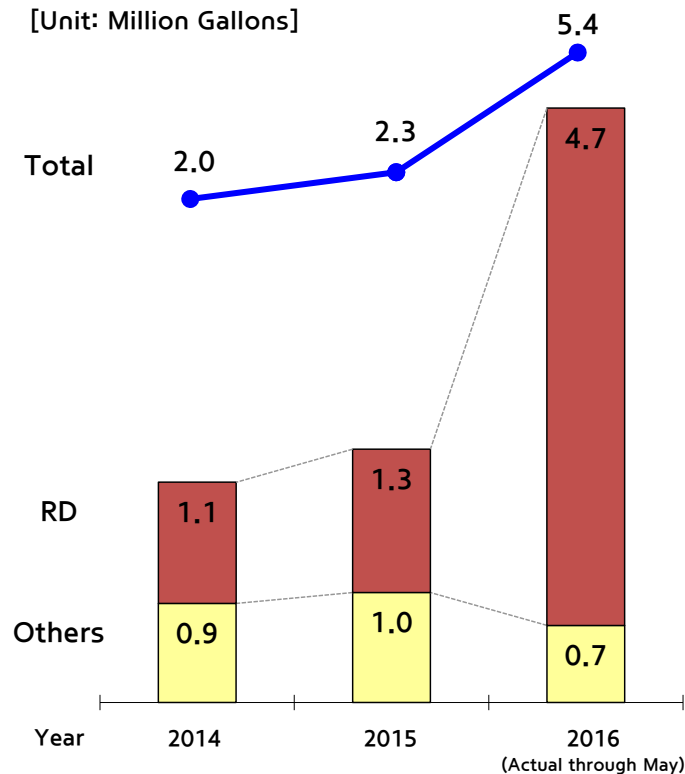


# Business Overview

HYUNDAI GLOVIS

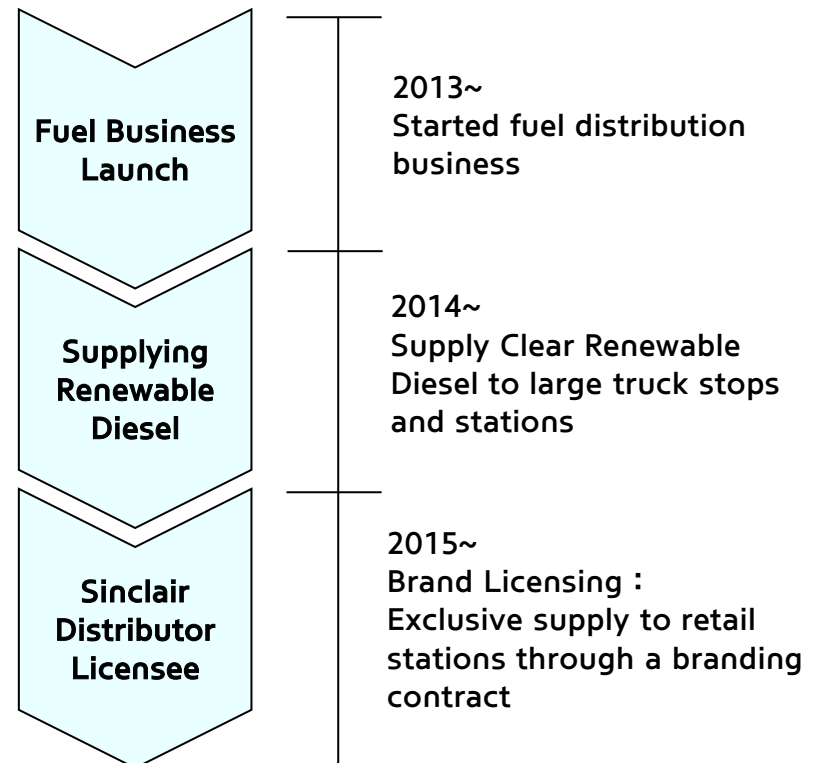
Business started 2013 as a distributor of gasoline & diesel to unbranded retail gas stations and truck stops. We began to provide Renewable Diesel in 2014, and became an authorized Distributor Licensee of Sinclair brand in 2015

## Volume Trend Analysis



※ Experiencing significant increase in RD sales in 2016

## Business history



# Why Renewable Diesel ?

HYUNDAI GLOVIS

## Source:

- ✓ No crude oil to make it, typically a vegetation oil like palm oil mixed with animal fats
- ✓ Unlike bio diesel which is typically made from used cooking oil

## Benefits:

- ✓ Superior quality with clear color (cetane rating > 70), fossil diesel averages 50
- ✓ Less susceptible to freezing than fossil or bio diesel
- ✓ Engines perform better and cleaner to the environment  
(Less CO<sub>2</sub> by 40 – 90% compared to fossil diesel)

## ► RD Samples from our suppliers



# Re-branding to Sinclair

HYUNDAI GLOVIS

## ► Conversion Completed

(Before)



(After)



## ► Rebranding in process

