

A close-up, slightly blurred photograph of a car's exterior, focusing on the door handle and side mirror area. The car is dark-colored, and the background is bright and out of focus.

Moving Hyundai Mobis Forward

By right-sizing the balance sheet and adding diverse and independent directors to enhance accountability, Mobis can fulfill its true potential as an industry leader and steward of investors' capital

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Independent Shareholder Nominee Bios

Executive Summary

We urge all Mobis shareholders to help drive the necessary reforms at Mobis, by supporting our resolutions at the AGM on **22 March 2019**

Nearly a year has passed since HMG withdrew its restructuring plan. Informed by exhaustive research and extensive dialogue with other stakeholders, we advised Mobis to take action on the following critical issues to rectify the Company's persistent underperformance:

- As identified in Conway MacKenzie's Independent Analysis, Hyundai Mobis Co. ("Mobis") remains severely overcapitalized with a net cash balance of KRW7.4 trillion as of 2018, exceeding auto parts peers by KRW 4-6 trillion. Mobis affiliates have mismanaged these funds, investing in questionable projects that have heightened the alarm of markets and shareholders.
- Corporate governance at Mobis must be brought in line with international best practices. New independent directors are needed in the boardroom to provide diversity, depth of experience, and fresh perspectives and the Audit Committee must be granted greater independence to hold management accountable.

The problems facing HMG and Mobis are well-known but important to highlight in the absence of sufficient corrective action from management.

- Against its peers, Mobis continues to underperform significantly (by 50% vs. the KOSPI and 54% vs. its peers in the last five years)
- Valuation remains discounted as Mobis trades at 2.3x EV/EBITDA and 4.5x ex-cash P/E, which is a discount of 28-67% vs. KOSPI and 47-56% vs. peers

We recognize that the leadership of Mobis have put forward a number of small but incrementally positive proposals to meet these challenges. The Company's resolutions however, while steps in the right direction, fall far short. **Elliott has therefore proposed resolutions to the shareholders that build on the Company's solutions, commensurate to the scale of the problems:**

Summary of Resolutions Proposed by Elliott

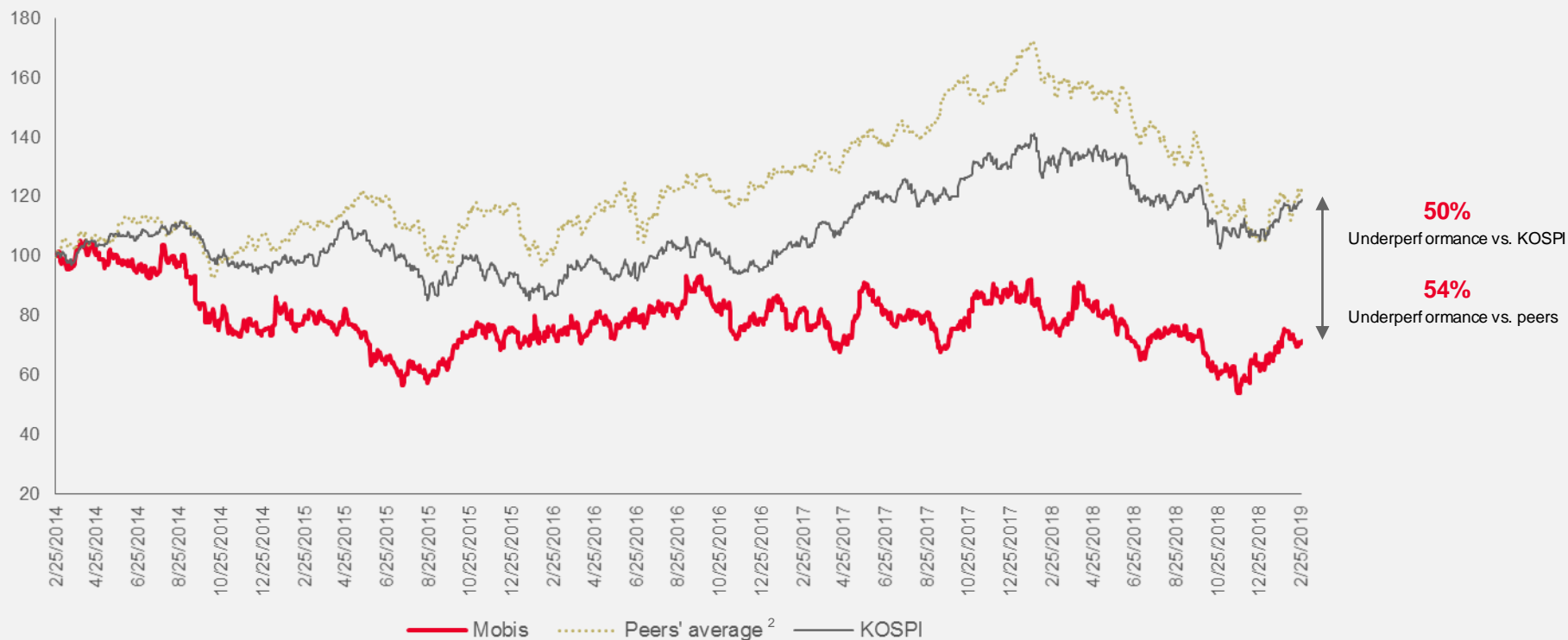
A. Agenda No. 2-2	The approval of appropriation of retained earnings for FY2018 at Mobis to dividends of KRW2.5 trillion for common voting shares of Mobis, representing KRW26,399 per share. If passed, shareholders would receive a one-time dividend equivalent to 12% of Mobis's current stock price
B. Agenda No. 3-2	The expansion of the Board size from its current membership of 9 to 11 directors
C. Agenda No. 3-3	The establishment of Compensation and Governance Committees at Mobis
D. Agenda No. 4-1-3 & 4-1-4	The nomination of two (2) highly qualified independent director candidates
E. Agenda No. 5	The nomination of the independent director candidates for the Company's Audit Committee

Mobis continues to significantly underperform peers and the KOSPI

The Case for Change is Clear

Mobis continues to underperform significantly against its peers while 37% of the Company's market cap remains as net cash, dragging down returns

L5Y shareholder return performance¹



Source: Market data

Notes:

1. Dollarized total shareholder return performance indexed to 100

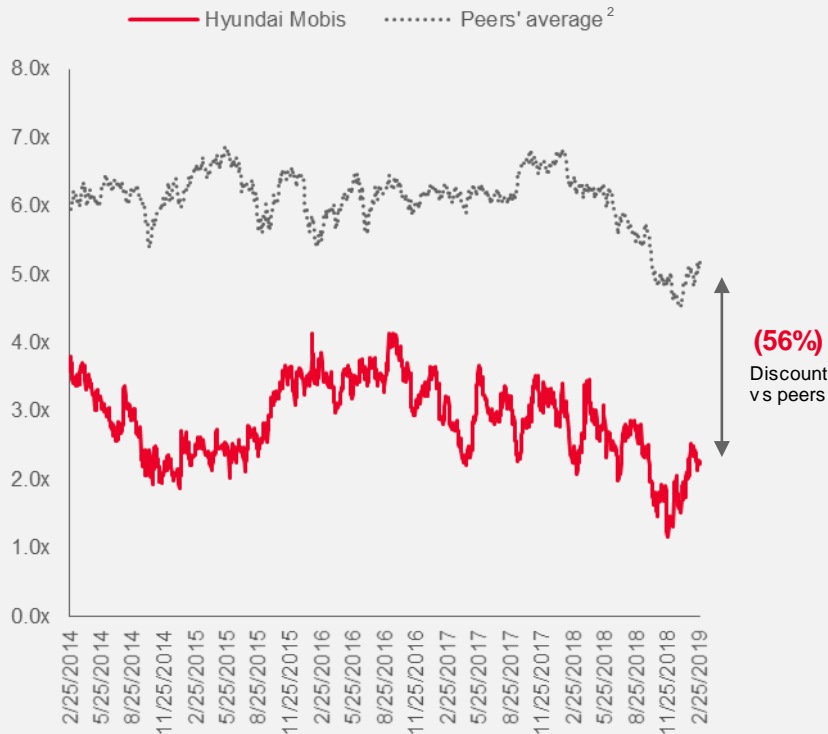
2. Peers' average includes Mando, Hanon, Denso, Aisin Seiki, Continental, Brembo, Valeo, Magna, Autoiv and Tenneco

Mobis valuation remains severely discounted vs. peers in terms of EV/EBITDA and P/E

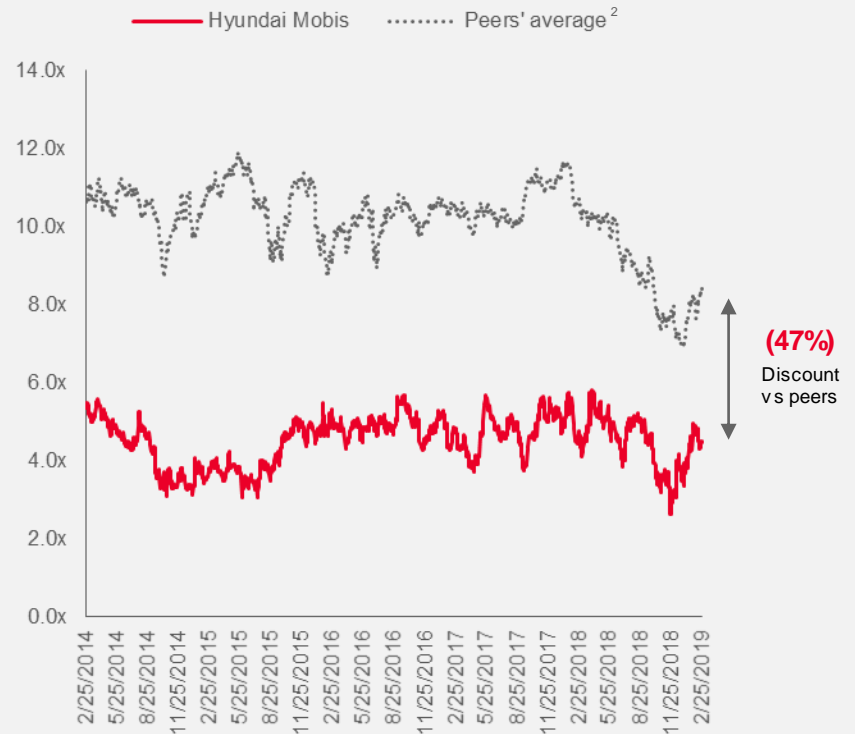
The Case for Change is Clear

Mobis also trades at just **0.7x P/B** vs. peers' **2.1x**

Mobis vs. peers' forward EV/EBITDA¹



Mobis vs. peers' forward P/E (Ex-Cash)¹



Source: Market data, company filings

Notes: 1. Forward EBITDA and earnings based on brokers' estimates. Market cap post deduction of cash and cash equivalents, short-term financial instruments, marketable securities

2. Peers' average includes Mando, Hanon, Denso, Aisin Seiki, Continental, Brembo, Valeo, Magna, Autoiv and Tenneco

Solutions must match the scale of the problems they seek to address:

The Case for Change is Clear

- Mobis continues to underperform significantly (by 50% vs. the KOSPI and 54% vs. its peers in the last five years) and valuation remains meaningfully depressed (up to 56% vs. peers)¹
- Elliott has consistently called for Mobis's excess capital to be returned to shareholders since last year
- The one-time dividend is a first step in right-sizing the Company's balance sheet and significantly reduces the risk that valuable capital will be used to fund non-core projects, as has happened repeatedly in the past (see slide 8 for examples)

Elliott therefore urges shareholder to take the necessary and proportionate action:

✔ Vote for:

Agenda No. 2-2 The approval of appropriation of retained earnings for FY2018 at Mobis to dividends of **KRW2.5 trillion** for common voting shares of Mobis, representing **KRW26,399** per share

Agenda No. 3-2 The expansion of the Board size from its current membership of 9 to 11 directors

Agenda No. 3-3 The establishment of Compensation and Governance Committees at Mobis

Agenda No. 4-1-3 Nomination of Robert ("Bob") Allen Kruse Jr. as an outside director

Agenda No. 4-1-4 Nomination of Rudolph ("Rudi") William C. von Meister as an outside director

Agenda No. 5-3 Appointment of Robert ("Bob") Allen Kruse Jr. to Mobis's audit committee

Agenda No. 5-4 Appointment of Rudolph ("Rudi") William C. von Meister to Mobis's audit committee

✘ Vote against

Agenda No. 2-1 The approval of appropriation of retained earnings for FY2018 at Mobis to dividends of **KRW379 billion** for common voting shares of Mobis, representing just **KRW4,000** per share

IF Agenda 3-2 does not pass

Agenda No. 4-1-1 Nomination of Brian Jones

Agenda No. 4-1-2 Nomination of Karl-Thomas Neumann

Notes:

1. See slides 5 and 6 for details on long term underperformance and valuation discounts vs. peers

Agenda 2:

Payment of Dividends

Elliott proposes that shareholders approve appropriation of retained earnings for FY2018 to dividends of **KRW2.5 trillion** for common voting shares of Mobis (Agenda 2-2)



Vote for: Agenda 2-2

- One-time dividend of **KRW2.5 trillion** or **KRW26,399** per share, representing **12%** of share price¹
- Reduces net cash balance from **KRW7.4 trillion** to **KRW4.9 trillion**
 - In conjunction with the share buyback proposed by management, net cash balance is further reduced to **KRW3.9 trillion**
- Does not remove the entire excess capital of Mobis but reasonably brings it in line with industry peers, leaving over half the excess capital on the Company's balance sheet
- Gross cash of **KRW7.0 trillion** after payout will be more than sufficient to meet liquidity and M&A needs
- Assuming a FCF generation in line with FY2018 (**KRW1.5 trillion** according to management²), Mobis will generate enough cash flow in the next three years to still fund its M&A and investment plans (still as yet, unspecified) without utilizing existing cash

SHAREHOLDERS MUST VOTE FOR ONLY ONE OF THESE AGENDAS. WE CALL ON THE COMPANY TO DISCLOSE THE NUMBER OF VOTES FOR EACH AGENDA.



Vote against: Agenda 2-1

- Dividend of **KRW379 billion** or **KRW4,000** per common share, representing **1.9%** of share price¹
- Fails to fix Mobis's overcapitalization problems
- Does not remove significant risk that capital will be used to fund value-destructive non-core projects as shareholders have seen in the past
 - **HMG's KRW10.6 trillion** purchase of land in Gangnam district (2014)
 - **HMG's KRW5.0 trillion** acquisition of a **34.5%** stake in Hyundai E&C (2011) at a **58%** premium to its share price at the time
 - **Mobis's KRW200 billion** investment in Green Cross Life (2012), which has yet to be profitable
- Management's explanation for **KRW3.5 trillion** needed for contingency reserves and a further **KRW4.0 trillion** for future M&A² is less than satisfactory given:
 - Management plans are missing critical details such as the quantum of spend reserved for different investments e.g. "M&A for further expansion" is not a compelling argument
 - Management plans lack any return hurdles for future M&A spend for which Mobis has reserved **KRW4.0 trillion** of cash
- While we note that the **KRW1 trillion** of buyback announced is incrementally positive, we would remind shareholders that this is an expansion of the buyback of **KRW188 billion** announced almost a year ago that has yet to be initiated. **A three-year horizon for a share buyback is just too long**

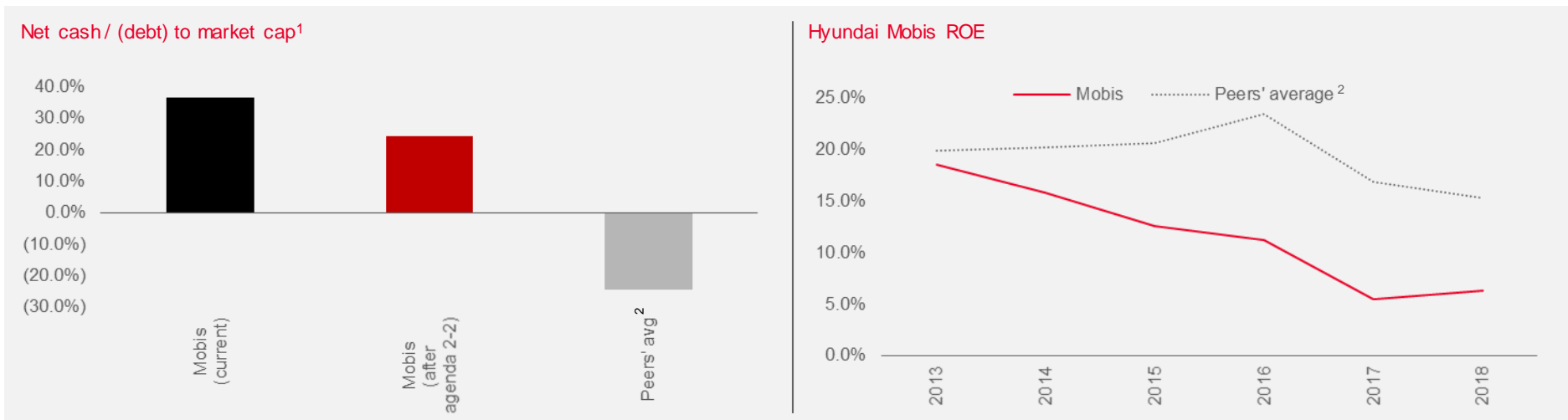
Notes:

1. Share price as of 25 Feb 2019

2. Slide 8, Mobis Presentation: Shareholder Value Maximization (26th February 2019)

Agenda 2: Payment of Dividends (cont'd)

Mobis has long been overcapitalized as compared to global peers, which has dragged down returns, standing at an industry low ROE of **6.3%**



On HMG's new headquarters

- We are concerned that HMG is poised to spend trillions of won in developing its new headquarters in Gangnam given the recent construction plan approvals
- We have seen research and news commentary that estimates a potential initial spend between KRW4 to 5 trillion
- Such a large expense would be value destructive and a continuation of poor stewardship of capital, mirroring the behavior exhibited when the Group spent over 10 trillion when acquiring the land four years ago, hurting shareholders in the process
- This is further evidence that excess capital must be returned to shareholders. The Company should return to the market to attract funding for future investments given its poor track record
- *"Our DCF analysis suggests that the GBC will generate a negative NPV of W6.0tn, consistent with abrupt share-price correction after the announcement...thus, from an economic standpoint, the GBC project would be considered value destructive."* (BofA Merrill Lynch, 16 January 2019)

Notes:

1. Share price as of 25 Feb 2019

2. Peers' average includes Mando, Hanon, Denso, Aisin Seiki, Continental, Brembo, Valeo, Magna, Autoliv and Tenneco. 2018 ROE for Denso, Aisin Seiki, Continental and Autoliv represent annualized FY2018 ROE

Agenda 3-2:

Expansion of the Board Size from 9 to 11

Vote for Agenda 3-2

Expansion of the Company's board size will not only bring it in line with HMC, but will also be critical in enabling a more diversified and independent Board to ensure better governance

- A renewed focus on corporate governance should start at the top, by improving the diversity, expertise and independence of the overall board structure
- We strongly urge shareholders to support expanding the Board to 11 members
- An expanded board size will enable an uncontested nomination of all four independent directors proposed by both Mobis and Elliott
- **We strongly urge the Company to reconsider its position against Agenda 3-2 – an expanded board with more outside directors will improve diversity and experience of the Board**

Agenda 3-3:

Establishment of Compensation and Governance Committees

Vote for Agenda 3-3: The following Committees will help champion shareholder rights and corporate transparency:

1. Director Compensation Committee

Mobis's independent director compensation falls well below global standards

Company	NED compensation (excluding Chairman / Committee / other roles)
HMG	c. US\$ 45,000 – 55,000
Continental	EUR 190,000
Valeo	c. EUR 60,000
Magna	US\$ 150,000
Autoliv	US\$ 240,000
Tenneco	US\$ 240,000

- To attract and retain top talent, directors should be provided with market competitive remuneration that properly aligns their incentives with that of the Company's stakeholders
- The amendment envisages the formation of a Compensation Committee that will establish compensation schemes that are transparent, commensurate with directors' experience and performance, and reasonable with domestic and international best practices
- In exchange, shareholders can and should call for directors' more focused attention to the Company

2. Corporate Governance & Communication Committee

- The Corporate Governance & Communication Committee has not been formally incorporated into the Company's AOI
- The partial amendment of the AOI provisions seeks to expressly provide for the establishment and duties of the Corporate Governance & Communication Committee
- The Committee would protect the corporate value of Mobis as well as the interests of the shareholders in the long term

Agenda 4:

Nomination of Outside Directors

Elliott has nominated two highly qualified and independent director candidates



Vote for:
Agenda **4-1-3** and **4-1-4**

- The Independent Shareholder Nominees have significant and relevant industry experiences
- These truly independent directors will represent all shareholders, and will be crucial in achieving real corporate governance at HMC

Robert ("Bob") Allen Kruse

Chief Technology Officer of Karma Automotive, a US-based electric vehicle manufacturer

Rudolph ("Rudi") von Meister

A global automotive executive with more than four decades across Asia, Europe and the Americas

- See appendix for more detailed candidate backgrounds
- Given management's focus on expanding its competency in electrification and future car technologies, Rudi and Bob are the obvious candidates that deserve your votes



Vote against:
Agenda **4-1-1** and **4-1-2**
Unless Agenda 3-2 is approved

- On the condition that shareholders approve the expansion of Mobis board size to 11, Elliott would also support the two director nominees as proposed by the Board
- Elliott would note, however:
 - Dr. Karl Thomas Neumann, while well qualified, currently serves on two boards (EVELOZCITY and Navico)
 - His appointment to Mobis board may be a technical violation of The Presidential Decree of Commercial Code Article 34 (5) that prohibits outside directors from serving on more than two boards of public and private companies
 - Opel was never profitable under Dr. Neumann's leadership (2013 – 2017)
 - Brian Jones' experiences that relate to BankCap Partners, Bridgeview Bank Group, Atlantic Capital, and Xenith Bankshares are presented by management as potentially separate and unrelated entities¹
 - These four entities are all related to or owned by Bankcap Equity Fund, a private equity fund incorporated in Delaware

Notes:

1. Slide 5, Mobis Presentation: Shareholder Value Maximization (26th February 2019)

Agenda 5:

Nomination of the Independent Shareholder Nominees for the Audit Committee Role

Vote for Agenda 5-3 and 5-4

Mobis's audit committee is required by law to perform a key role in helping the board fulfill its fiduciary responsibilities

- The audit committee oversees the Company's financials and monitors the directors' performance of their duties
- It also investigates, where necessary, illicit financial behavior on the Board and within management
- In order to discharge their challenging duties in an unbiased and transparent manner while remaining truly faithful to the Company and its shareholders, it is paramount that the audit committee be composed of truly independent members with diverse backgrounds and expertise
- For that reason, Elliott has nominated each of the Independent Shareholder Nominees for the audit committee role

**THE ELECTION OF THE INDEPENDENT SHAREHOLDER NOMINEES TO THE AUDIT COMMITTEE
WILL HELP ENSURE THAT MOBIS'S BOARD FULFILLS ITS FIDUCIARY RESPONSIBILITIES**

A close-up photograph of the rear of a white car, focusing on the taillight assembly. The taillight is a prominent, curved, red lens with a clear section at the top. The car's body is white and glossy, reflecting light. The background is blurred, showing a paved surface and a building.

Appendix

Elliott Proposed Independent Shareholder Nominees:

Robert (“Bob”) Allen Kruse

Bob Kruse is a leading automotive technology expert and executive with more than four decades of experience.

Since 2017, Bob has been the Chief Technology Officer for Karma Automotive following two years in the same role for Qoros, a Chinese luxury automotive OEM.

From 2010 to 2016, Bob held senior executive and board roles at a number of start-up electric vehicle companies.

Previous experience

Prior to that, Bob spent nearly four decades at General Motors, leading teams across the company’s marquee brands and led General Motor’s electric vehicle powertrain efforts that resulted in its first Chevy Volt model.

Bob was appointed to President Barack Obama’s National Academy of Science Sub Committee on advanced battery technology in 2010.

Education

Bob earned his Bachelor’s Degree in electrical engineering from University of Missouri and his Master’s Degree from Massachusetts Institute of Technology (MIT).

Rudolph (“Rudi”) von Meister

Rudi von Meister is a global automotive executive with more than four decades of experience across Asia, Europe and the Americas.

Rudi was most recently the President for Asia-Pacific for ZF Friedrichshafen AG from 2014 through 2017 where he managed more than 8000 employees, in 37 manufacturing locations that generated \$3.6 billion in revenue.

Previous experience

Prior to that, Rudi was the President for China for Navistar from 2011 through 2013, leading its joint venture relationships with Chinese stakeholders.

From 2007 to 2011, Rudi led business development activities for Iveco Trucks, part of the Fiat Group, and from 1993 to 1997 he led the development of Delphi’s various joint ventures in China as Vice President and Chief Representative.

Rudi also spent more than two decades in a variety of roles with General Motors and oversaw the integration of a number of GM joint ventures, including GM and Daewoo.

Education

Rudi has a Bachelor’s Degree from the University of Pennsylvania and an MBA from Columbia University.

