

2Q 2022 Earnings Release

HYUNDAI CONSTRUCTION EQUIPMENT



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2Q 2022 Business Results



1. Financial Results Summary
2. Operating Profit Overview
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5. Financial Statement and Indicators



1. Financial Results Summary

2Q

- Sales : Despite sluggish sales due to China's COVID-19 lockdown, advanced and emerging markets remain at the same level last year
- Operating profit : Higher material and logistics costs and temporary factors reduce operating profit year-on-year

* temporary factors 1) About 300 units of equipment are delayed to July due to bad weather at the end of June
2) Additional sales guarantee allowance of KRW 4 billion

(Unit: Billion KRW, %)

	'22.2Q	YoY	QoQ	'21.2Q	'22.1Q
Sales	875.1	-0.4%	-6.1%	878.6	932.4
Operating Profit	36.7	-43.0%	-21.4%	64.4	46.7
O/P Margin(%)	4.2%	-3.1%p	-0.8%p	7.3%	5.0%
Non-Operating Profit	-4.2	N/A	N/A	18.0	21.5
Interest Income	-4.3	N/A	N/A	-6.2	-6.5
Gain and Losses on Foreign exchange	0.9	-87.5%	-96.8%	7.2	28.5
Net Profit	17.0	-72.3%	-66.7%	61.3	51.1
Profit attributable to owners of the company	19.5	-65.1%	-62.4%	55.9	51.8

Note) 22.1Q, 2Q : consolidated Financial statement based on K-IFRS (Subsidiaries in Europe, North America, China, India, Indonesia and Brazil)

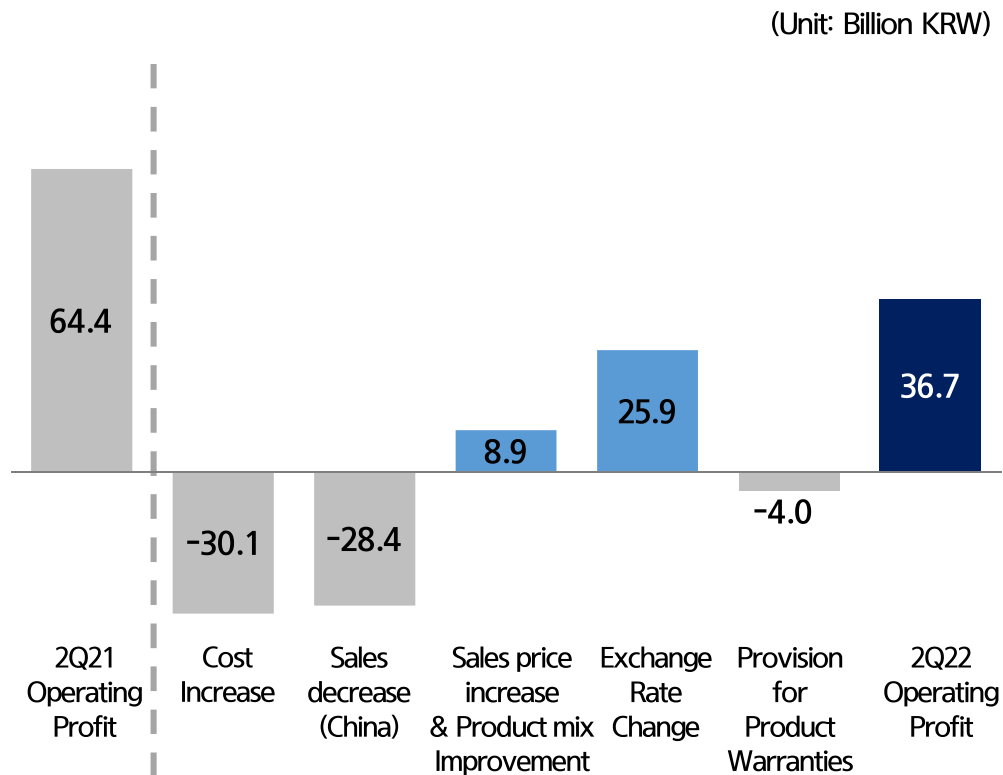
21.2Q : consolidated Financial statement based on K-IFRS

(Subsidiaries in Europe, North America, China, India, Indonesia and Brazil, discontinued forklift operation has been reflected)

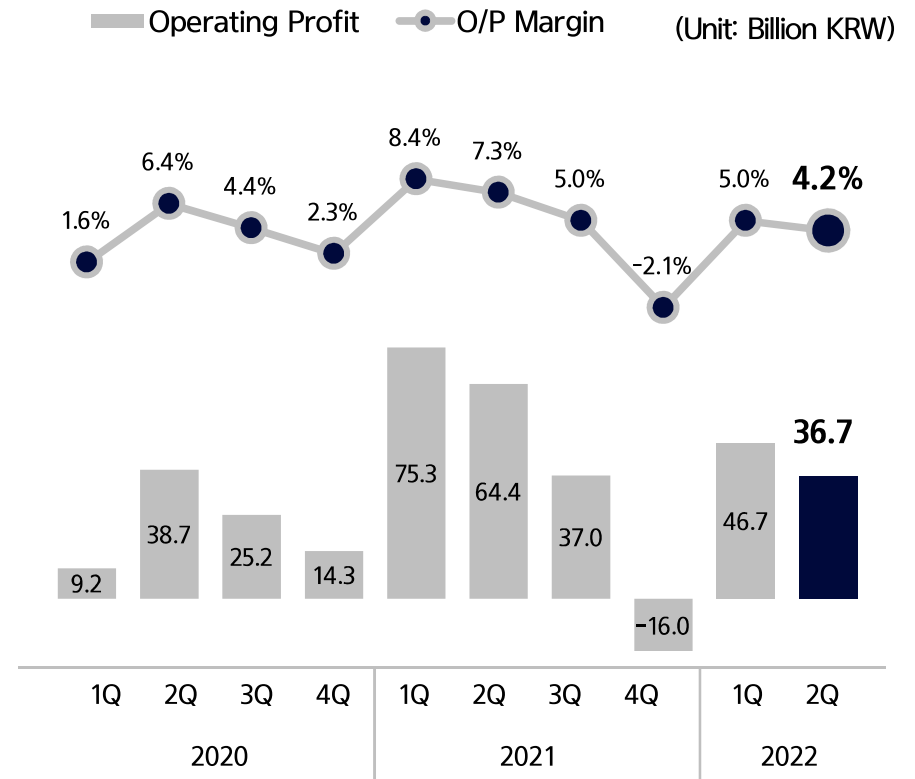
2. Operating Profit Overview

- Defend profitability by increasing sales and improving product mix despite increasing costs (raw materials and freight rates) and China's containment policy due to COVID-19
- Sales price increase will be expected in the second half of the year, mainly in regions with strong demand
- Expect improve profitability in 2H22 due to adjustment of thick plate price due by falling iron ore prices

Operating Profit Analysis (YoY)

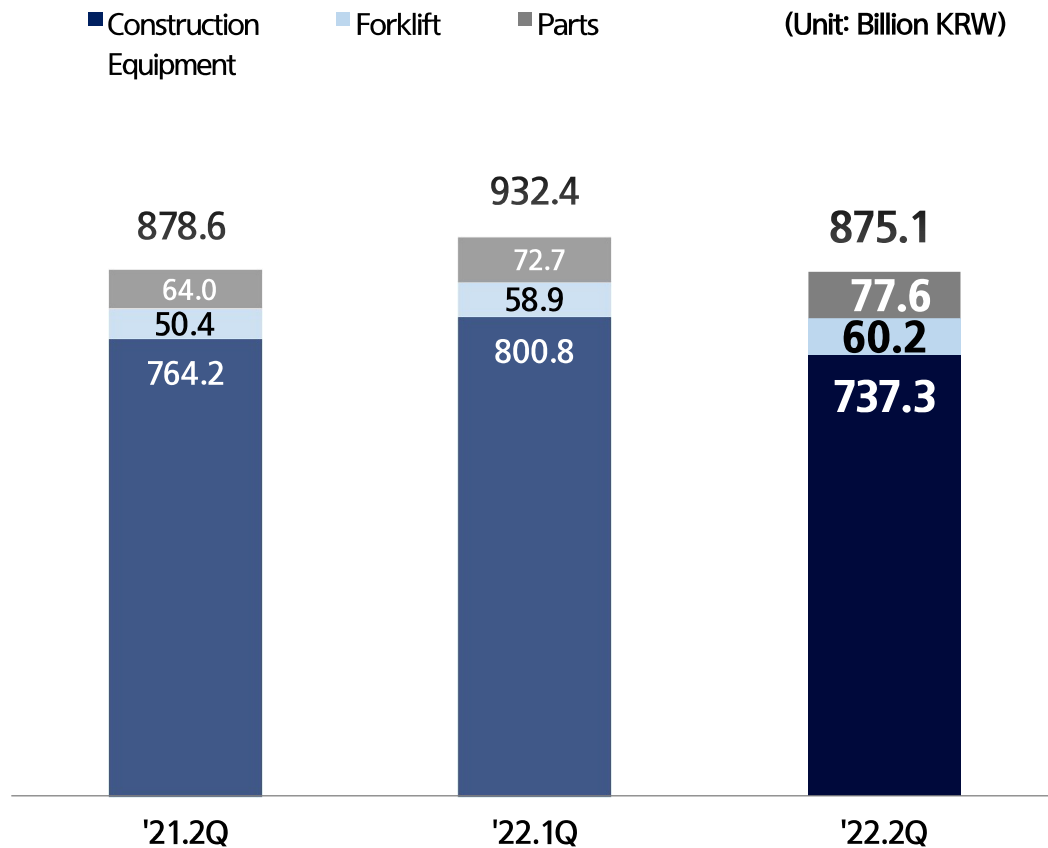


Quarterly Changes in Operating Profit



3. Sales Overview by Business Sector

2Q22 Sales by Business Sector



Construction Equipment

- Sales remain at the previous year's level by offsetting the impact of China's blockade with strong demand in advanced & emerging market
 - - 3.5%, YoY
 - - 7.9%, QoQ

Forklift

- Sales increase on the back of strong demand in North America market
 - + 19.4%, YoY
 - + 2.2%, QoQ

Parts

- Sales increase due to strategies to strengthen services in advanced markets
 - +21.3%, YoY
 - +6.7%, QoQ

4. Sales Overview by Region

- Emerging : Continued good sales due to strong energy and raw material prices
- India/Brazil : India – Increased sales due to COVID-19 recovery
Brazil – Continued strong market due to rising raw material and grain prices
- China : Sales declined due to the lockdown caused by the spread of COVID-19, but market improvement is expected in the second half due to the implementation of economic stimulus measures
- Advanced : Great growth by strong economy and continued infrastructure construction demand

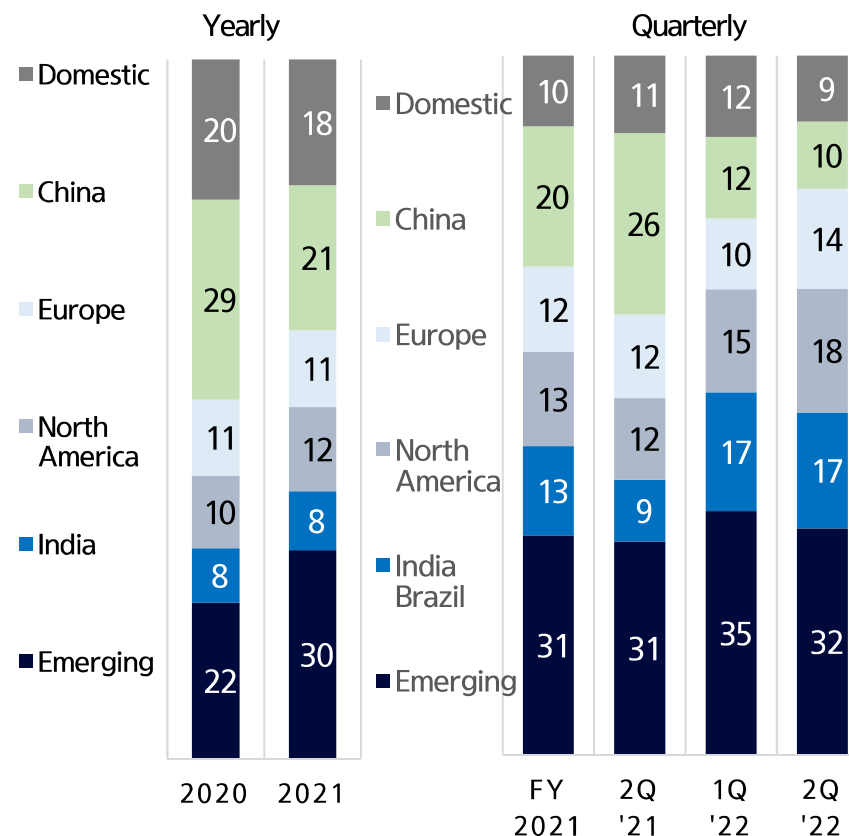
Sales Amount

(Unit: Billion KRW, %)

	'22.2Q			'21.2Q	'22.1Q
		YoY	QoQ		
Emerging	283.3	5	-13	268.9	325.0
India Brazil	145.3	87	-8	77.9	158.4
China	84.5	-63	-22	229.0	108.6
North America	154.8	50	13	103.0	137.3
Europe	124.8	19	32	104.8	94.5
Domestic	82.4	-16	-24	97.6	108.6

Sales Portion per Region

(Unit : %)



Note) Continued operations only (CE All + Forklift Sales by Overseas subsidiaries)

* Before the business restructuring

* After the business restructuring

5. Financial Statement and Indicators

- Stable financial status

Consolidated Financial Statement

(Unit: Billion KRW)

	'22.2Q	2021	2020	2019
Total Assets	3,605.0	3,554.3	3,355.9	3,188.0
Current Assets	2,522.1	2,469.5	2,265.0	2,151.5
Non-current Assets	1,082.9	1,084.8	1,090.9	1,036.5
AR and others	879.5	876.5	740.0	747.7
Cash Equivalents & Financial Assets	714.9	524.6	892.8	637.5
Total Liabilities	1,956.5	2,006.5	1,768.3	1,610.9
Current Liabilities	1,553.3	1,499.1	1,156.5	1,052.8
Non-current Liabilities	403.2	507.4	611.8	558.1
AP and others	395.4	428.0	355.8	292.3
Borrowings	1,213.5	1,261.2	1,214.5	1,121.8
Net Borrowings	498.6	736.6	321.7	484.2
Total Equity	1,648.5	1,547.8	1,587.6	1,577.1

Key Indicators for analysis

	'22.2Q	2021	2020	2019
Current Ratio (Current Assets / Current Liabilities)	162%	165%	196%	204%
Debt Ratio (Total Liabilities / Total Assets)	119%	130%	111%	102%
Borrowing Ratio (Borrowings / Total Equity)	74%	81%	76%	71%
Net Borrowing Ratio (Net Borrowings / Total Equity)	30%	48%	20%	31%

Note) 22.2Q : consolidated Financial statement based on K-IFRS (Subsidiaries in Europe, North America, China, India, Indonesia and Brazil)

2020, 2021 : consolidated Financial statement based on K-IFRS

(Subsidiaries in Europe, North America, China, India, Indonesia and Brazil, discontinued forklift operation has been reflected)

Market Outlook



1. Market Review

- Our sales remained at the similar level last year as we made up for the contraction of the Chinese market in advanced and emerging markets

1H22 Market Demand & Sales

(Unit : Market Demand - Thousand Units / Sales - Billion KRW)

	Market Demand	YoY	Sales	YoY	Review & Outlook
Global	330.7	-20%	1,807.5	+2%	• Our sales remained at the same level last year as we made up for the contraction of the Chinese market in advanced and emerging markets
Emerging	67.1	+24%	608.3	+30%	• Continued good sales mainly in resource-holding countries due to strong raw material prices
North America	60.7	+5%	292.1	+51%	• Maintain robust demand for medium and large equipment. Increase our market position by strengthening our sales network
Europe	78.6	+2%	219.3	+13%	• Continuing good demand in major countries (France, Italy), Incremental resolution of supply problems leads to increased sales
India Brazil	25.0	+24%	303.7	+44%	• India : Maintaining strong market demand and market share • Brazil: Our company's sales volume increases due to high raw material prices
China	91.2	-53%	193.1	-63%	• Although the market has shrunk, the Chinese government's investment in infrastructure can improve some of the market conditions in the second half of the year
Domestic	8.1	-12%	191.0	-1%	• Adjusting market demand

Note) Market Demand : Excavators & Wheel loaders (but, Excavators only for China / India), Market demand of June 2022 is estimated.

Sales : After the business restructuring (CE All + Forklift Sales by Overseas subsidiaries) / Source : HCE estimation

2. Outlook

- Expect to maintain sales growth in advanced/emerging markets in the second half and slow recovery in Chinese market

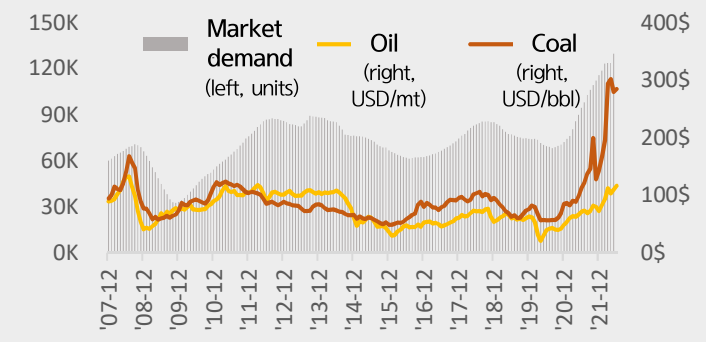
Advanced Market

- Expect to maintain robust sales centered on medium and large equipment by continuing infrastructure-related investments
- Stronger dealer network over the past few years and new model launch effects are linked to robust market demand, which is expected to continue to increase
- Considering equipment supply issues and back order, sales growth is expected to continue

Emerging Market

- High demand is expected to be maintained mainly in resource-rich countries such as Indonesia and the Middle East due to continued high oil prices and demand for raw materials
- As of the end of June, emerging markets have a back order more than 7 months
- Continued expansion of orders on large equipment

※ Oil&Coal Prices with demands in emerging market



1) Based on Excavators & Wheel loaders, 12months accumulated
 2) Source : Market Demand (ISC & HCE estimation), Oil & Coal (World Bank)

China

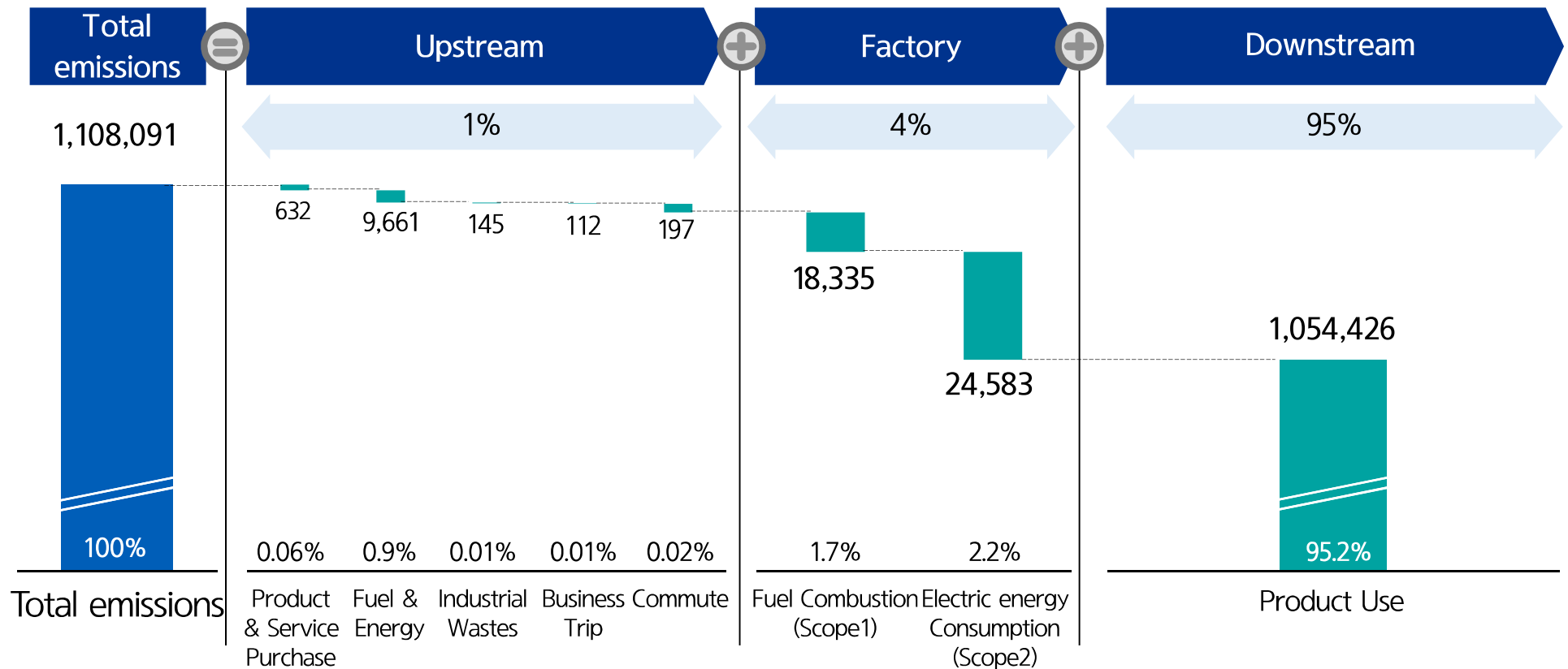
- Expectations for a recovery in demand in the second half of the year due to delayed demand during peak season and increased government investment in infrastructure
- ※The issuance of special bonds by local governments from January to May was 2.4 trillion yuan, more than doubling from the same period last year

[ESG] 2050 Carbon Neutral Roadmap(1)

- Establish a "2050 Carbon Neutral Plan" to proactively respond to the market environment following the global climate crisis
- According to carbon emissions analysis, 95% of greenhouse gas emissions occur when using the product
 - ⇒ Establishing eco-friendly power conversion and technology development as the main business strategy and promoting it as a medium - to long-term task

Greenhouse Gas Emissions of Hyundai Construction Equipment in 2021(Value Chain)

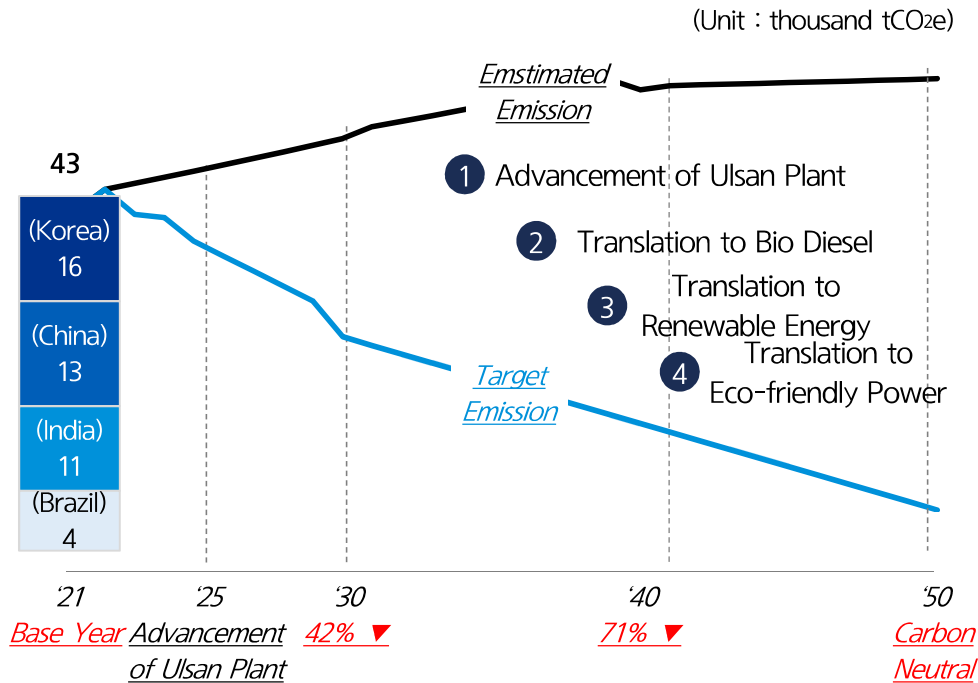
(Unit : tCO₂e)



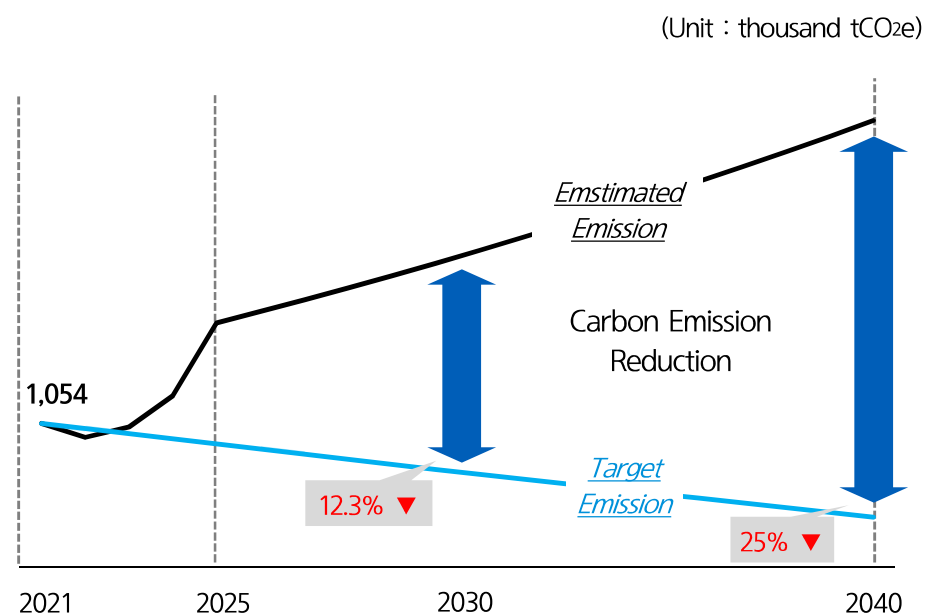
[ESG] 2050 Carbon Neutral Roadmap(2)

- Business Place : Energy efficiency and roof solar energy (2MW class) promotion through advancement of Ulsan plant
- Product : Establishment of eco-friendly products portfolio and establishment of mini electric excavator Line-up by 2026

Carbon Neutral Plan (Business Place)



Emission Reduction Plan for Products Use



Year	Current existing Products (%)	Eco-friendly Products* (%)
2021	100	0
2025	95	5
2030	17	83
2035	8	92
2040	3	97

- Electric battery, Hydrogen fuel cell, Hybrid power, Green fuel conversion, Electro-hydraulic

[ESG] 2021 Publication of an integrated report



Hyundai Construction Equipment strives to internalize ESG management throughout the enterprise and shares financial And non-financial performance with stakeholders

This report can be downloaded as a PDF file from the homepage of Hyundai Construction Equipment.

*PDF Download (www.hyundai-ce.com)

ESG Ratings



Configuration	main contents	note
introduction	Integrated Synergy of Three Construction Equipment Companies, Major achievements in 2021	
ESG Management	ESG Decision Making System, ESG Strategy	
	Double Materiality Assessment	
	Measurement of non-financial value (Long-Term Value): 408.3 billion won	Domestic Business Place
Business Strategy	Company's strategic direction and performance on five key issues	
ESG Performance	Governance structure, transparent management and risk management	Domestic & part of overseas business place
	Safety, Health and Environmental Management Performance Carbon Neutralization in Workplaces and Carbon Emission Reduction Strategies for Products	
	Partnership growth, employee value promotion, and community contribution activities	
Global standard	GRI, SASB, TCFD, UN SDGs, UNGC	
Public Information	Financial/Non-financial Performance Statement(ESG Fact Sheet), Third Party Verification Report, Stakeholder Communication, Association membership status, Global networks, etc	Domestic Business Place

