

2Q 2023 Earnings Release

HD HYUNDAI CONSTRUCTION EQUIPMENT

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The financial information in this presentation are consolidated earnings results based on K-IFRS.

However, the transfer of forklift business (“discontinued operation”) is not reflected yet to compare with previous quarters and for your convenience. Therefore, the financial statement which reflects abovementioned discontinued operation will have different figures.

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2Q 2023 Business Results

- 1. Financial Results Summary**
- 2. Operating Profit Overview**
- 3. Sales Overview by Business**
- 4. Sales Overview by Region**
- 5. Financial Statement and Key Financial Ratios**

1. Financial Results Summary

2Q23

- Sales : Sales grew on the back of favorable trends in developed market, particularly in North America, and solid mining demand in emerging markets. As a result, sales grew 17.9% YoY and reached above KRW 1 trillion for two consecutive quarters.
- Operating Profit : Operating profit surged 163.2% YoY and 20.8% QoQ thanks to price hike, improvement in product mix and cost reduction efforts.

(Unit : KRW bn, %)

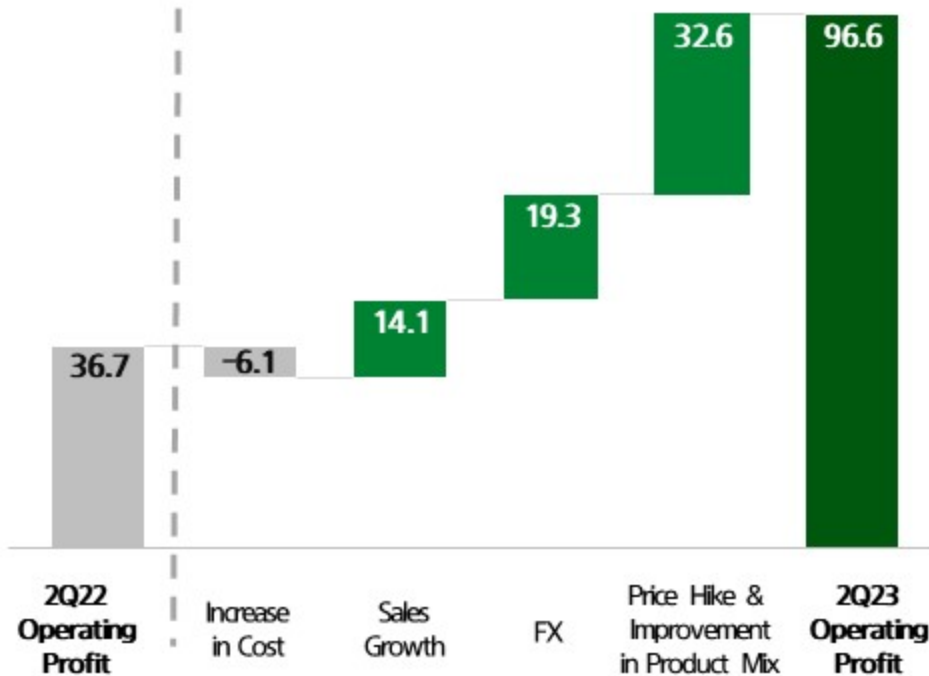
	'23.2Q			'22.2Q	'23.1Q
		YoY	QoQ		
Sales	1,032.1	17.9%	1.4%	875.1	1,018
Operating Profit	96.6	163.2%	20.8%	36.7	80.0
OP Margin(%)	9.4%	5.2%p	1.5%p	4.2%	7.9%
Non-Operating Profit	-1.0	N/A	N/A	-4.2	11.2
Interest Income	-8.8	N/A	N/A	-4.3	-7.1
Gain and Losses on Foreign exchange	10.8	N/A	N/A	0.9	19.6
Net Profit	67.6	300.0%	-2.7%	16.9	69.5
Profit attributable to owners of the company	68.2	249.7%	-4.9%	19.5	71.7

2. Operating Profit Overview

- Operating profit grew substantially year-on-year thanks to volume growth, price increase and improvement in product mix stemming from infrastructure investment in developed markets and mining demand in emerging markets and this led to OP margin nearing double-digit.

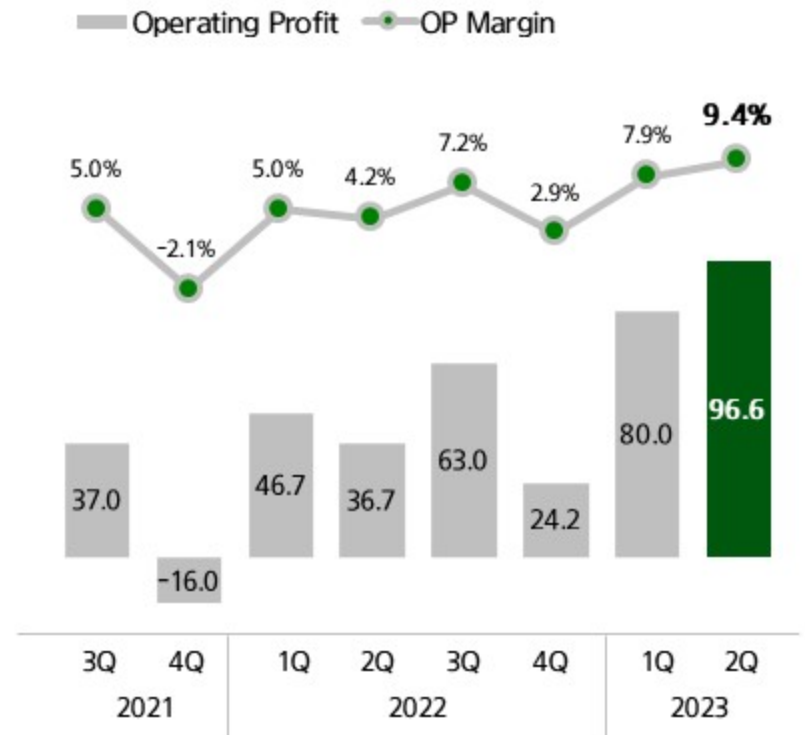
Operating Profit Analysis (YoY)

(Unit : KRW bn)



Operating Profit by Quarter

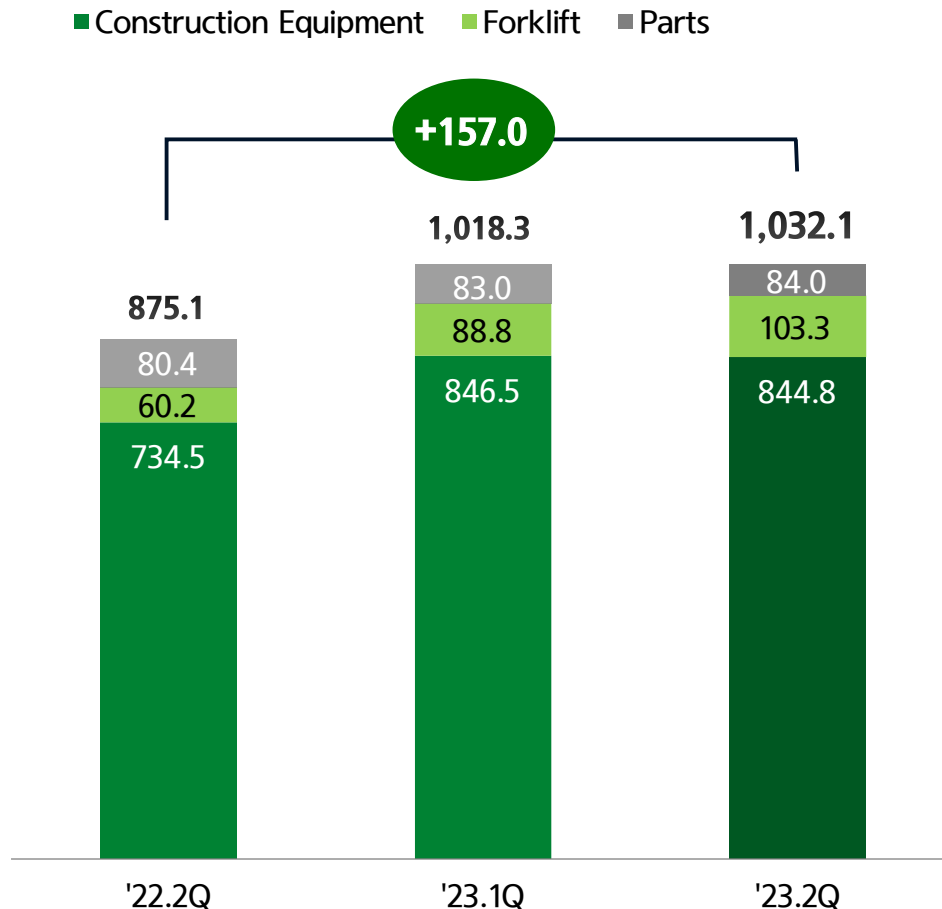
(Unit : KRW bn)



3. Sales Overview by Business

Sales by Business in 2Q

(Unit : KRW bn)



Construction Equipment

- Sales in emerging and developed markets grew on the back of favorable trends in infrastructure and mining.
 - +14.9% YoY / Flat QoQ

Forklift

- Sales surged as demand from developed markets continued to be favorable.
 - +71.5% YoY / +16.4% QoQ

Parts

- Sales remained stable.
 - +4.6% YoY / +1.3% QoQ

4. Sales Overview by Region

- Emerging : Mining demand remained solid. Also, regional mix improved in line with growing sales contribution from more profitable strategic regions.
- India : Infrastructure investment-driven demand was strong + market share was maintained at #2.
- Brazil : Infrastructure investment delayed with new government, but turnaround seen from May.
- China : Flexible production of Chinese production site offset the weakness in local demand in China.
- Developed : Historic quarterly sales in North America thanks to infrastructure and non-housing construction projects, while sales in Europe remained steady from infrastructure demand in markets such as Germany, Italy and France.

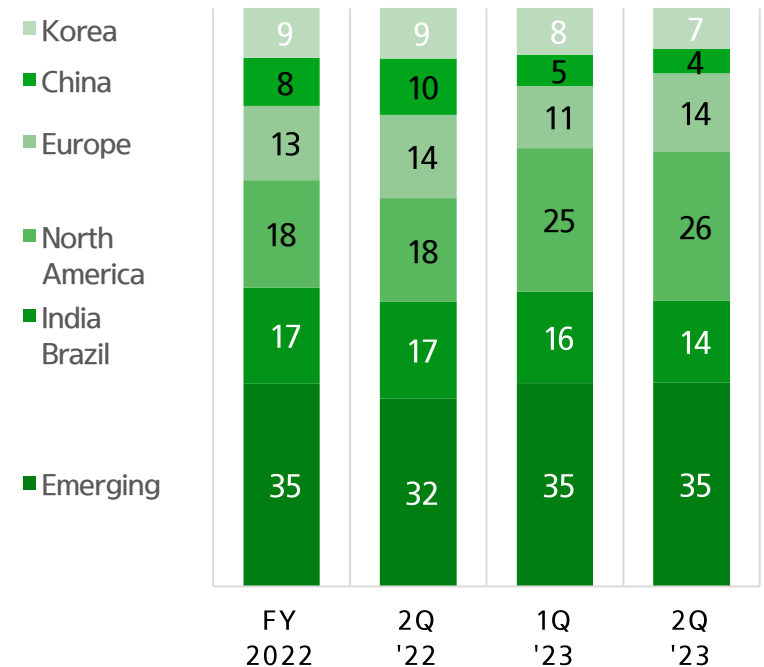
Sales

(unit : KRW bn, %)

	'23.2Q			'22.2Q	'23.1Q
		YoY	QoQ		
Emerging	364.4	30	2	281.1	357.5
India Brazil	145.8	0	-10	145.3	161.5
China	43.8	-48	-21	84.5	55.3
North America	265.6	72	5	154.8	252.8
Europe	139.3	12	28	124.8	109.1
Korea	73.2	-13	-11	84.5	82.1

Sales Breakdown by Region

(unit : %)



5. Financial Statement and Key Financial Ratios

- Financial status continued to improve in light of debt repayment, resulting in liabilities to equity ratio of below 100% and net debt to equity ratio of below 50%.

Summarized Financial Statement

(unit : KRW bn)

	'23.2Q	2022	2021	2020
Total Assets	3,446.3	3,448.6	3,554.3	3,355.9
Current Assets	2,326.5	2,350.6	2,469.5	2,265.0
Non-current Assets	1,119.8	1,098.0	1,084.8	1,090.9
AR and others	811.4	707.7	876.5	740.0
Cash Equivalents & Financial Assets	390.2	488.3	524.6	892.8
Total Liabilities	1,665.0	1,781.3	2,006.5	1,768.3
Current Liabilities	1,124.9	1,373.7	1,499.1	1,156.5
Non-current Liabilities	540.1	407.6	507.4	611.8
AP and others	449.4	457.0	428.0	355.8
Borrowings	877.6	963.2	1,261.2	1,214.5
Net Borrowings	487.4	474.9	736.6	321.7
Total Equity	1,781.3	1,667.3	1,547.8	1,587.6

Key Financial Ratios

	'23.2Q	2022	2021	2020
Current Ratio (Current Assets / Current Liabilities)	207%	171%	165%	196%
Liabilities/Equity Ratio (Total Liabilities / Total Equity)	93%	107%	130%	111%
Debt Ratio (Debt / Total Equity)	49%	58%	81%	76%
Net Debt Ratio (Net Debt / Total Equity)	27%	28%	48%	20%

Market Review & Outlook

- 1. 2Q Review & Outlook**
- 2-1. Market Outlook – North America**
- 2-2. Market Outlook – India**
- 2-3. Market Outlook – Emerging Market**

1. 2Q Review & Outlook

- Sales reached above KRW 1 trillion for two consecutive quarters thanks to favorable demand in North America, India and emerging markets.
- Sales should continue to grow on the back of demand in North America and emerging markets.

2Q Review & Outlook

(unit : KRW bn)

	HCE Sales	YoY	Review & Outlook
Global	1,032.1	+18%	
North America	265.6	+72%	<ul style="list-style-type: none"> • Historic-high sales and profits thanks to favorable market condition, price hike and improvement in logistics. • Such healthy sales trend should continue in 2H in light of continued infrastructure investment and launch of new mini excavator models.
Europe	139.3	+12%	<ul style="list-style-type: none"> • Market declined marginally due to weakness in construction cycle. However, sales continued to grow in markets such as Germany, Italy and France.
Emerging	364.4	+30%	<ul style="list-style-type: none"> • Sales and profits continued to grow thanks to price hike and improvement in regional mix. • Sales should remain stable in strategic regions(Türkiye : mid-sized excavators, Middle East and resource-rich countries : large-sized excavators).
India/Brazil	145.8	+0.3%	<ul style="list-style-type: none"> • India : While market demand surged, market share remained at #2 position. • Brazil : Demand should start recovery in 2H as uncertainties over policy dissipates and infrastructure investment is expected to commence.

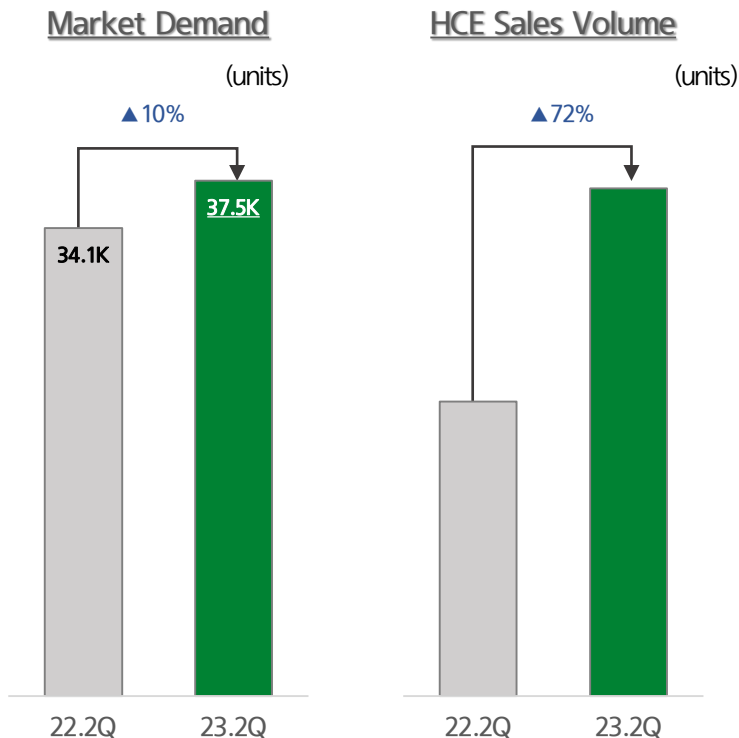
Note : Sales = Total Construction Equipment Sales + Forklift Sales of Overseas Subsidiaries

Source Company data

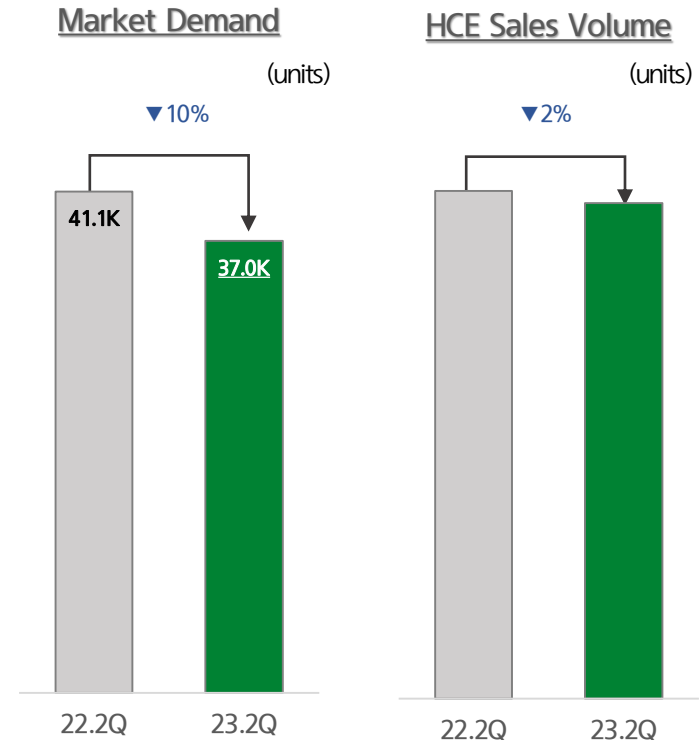
2-1. Market Outlook : Developed Markets

- [Demand] Demand in Europe should slow down in line with weakening housing cycle, however, demand in North America related to infrastructure investment should continue to support overall demand in developed markets.
- [Sales] Price hike and improved logistics should buoy profitability. Launch of new mini excavator models in 2H should also lead to favorable sales trend.

Demand & Sales Volume in North America (2Q)



Demand & Sales Volume in Europe (2Q)

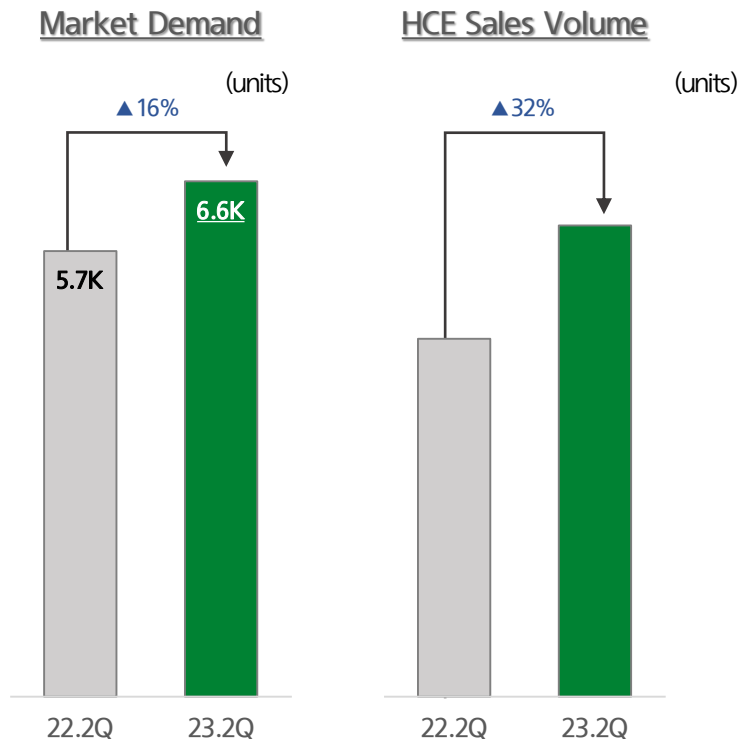


Note) Based on construction equipment sales volume / Demand in June based on estimates

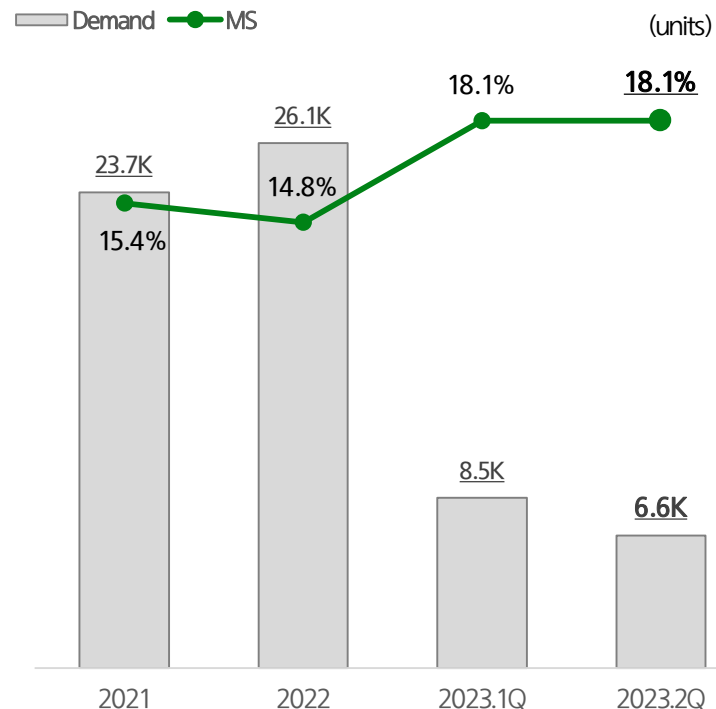
2-2. Market Outlook : India

- [Demand] Demand should continue in 2H23 due to continued infrastructure investment.
- [Sales] We have seen remarkable market share gains and have reached #2 in India thanks to stronger sales force (More than 40% of HCE dealers have above 20% market share).

Market Demand & Sales Volume in India (2Q)



Market share trend in India

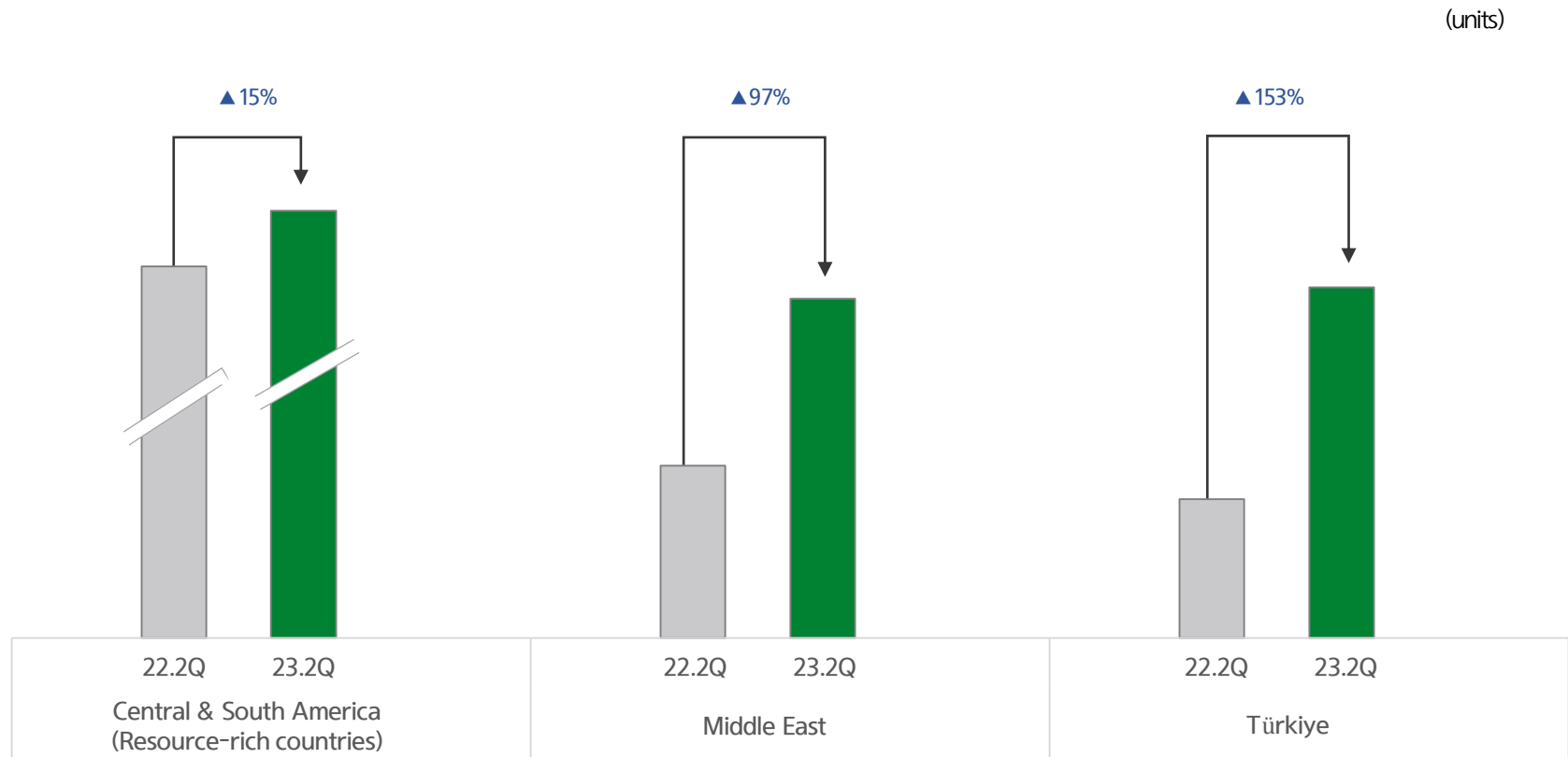


Note) Based on construction equipment sales volume

2-3. Market Outlook : Emerging Market

- [Demand] Demand in our strategic market such as Central & South America(resource-rich countries), Middle East(Neom Project) and Türkiye should continue to grow.
- [Sales] HCE plans to improve regional mix and aims for greater contribution from profitable strategic markets. It also expects enhanced product mix with increased contribution from large equipment.

Sales Volume Trend in Strategic Regions



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