

3Q 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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# **3Q 2023 Business Results**

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

# 1. Financial Results Summary

3Q23

- Sales : Sales grew +6.2% YoY thanks to favorable trends in developed market, particularly in North America. Sales remained sluggish in Korea and China.
- Operating Profit : Operating profit decreased -14.6% YoY due to increase in costs such as R&D despite solid topline growth.

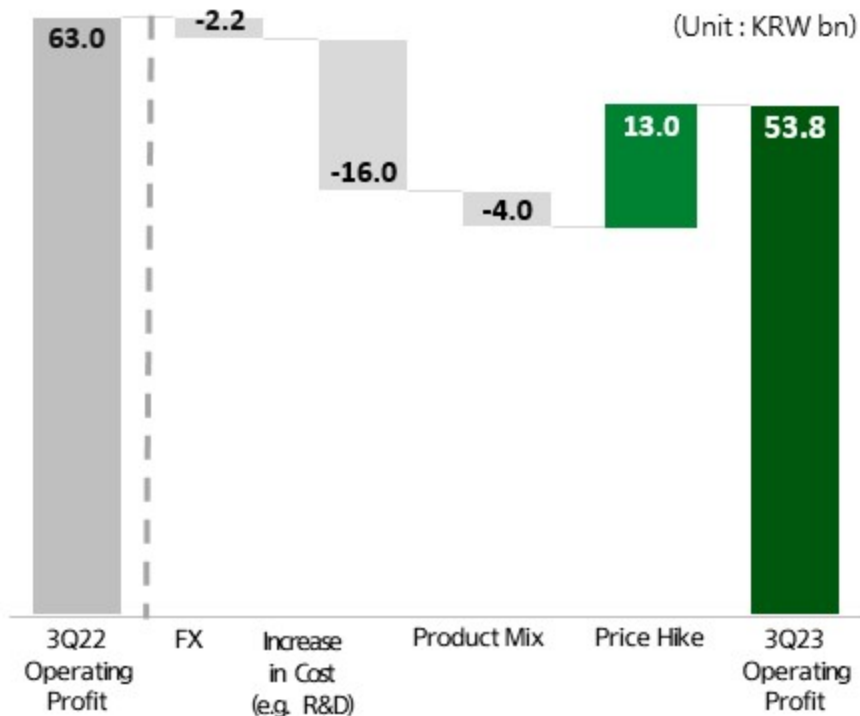
(Unit : KRW bn)

|  | '23.3Q |        |        | '22.3Q | '23.2Q  |
|--|--------|--------|--------|--------|---------|
|  |        | YoY    | QoQ    |        |         |
| Sales  | 928.7  | 6.2%   | -10.0% | 874.8  | 1,032.1 |
| Operating Profit                             | 53.8   | -14.6% | -44.3% | 63.0   | 96.6    |
| OP Margin(%)                                 | 5.8%   | -1.4%p | -3.6%p | 7.2%   | 9.4%    |
| Non-Operating Profit                         | -6.5   | N/A    | N/A    | 8.5    | -1.0    |
| Interest Income                              | -8.6   | N/A    | N/A    | -1.7   | -8.8    |
| Gain and Losses on Foreign exchange          | 4.8    | N/A    | N/A    | 18.6   | 10.8    |
| Net Profit                                   | 33.2   | -37.9% | -50.9% | 53.5   | 67.6    |
| Profit attributable to owners of the company | 36.3   | -35.1% | -46.8% | 55.9   | 68.2    |

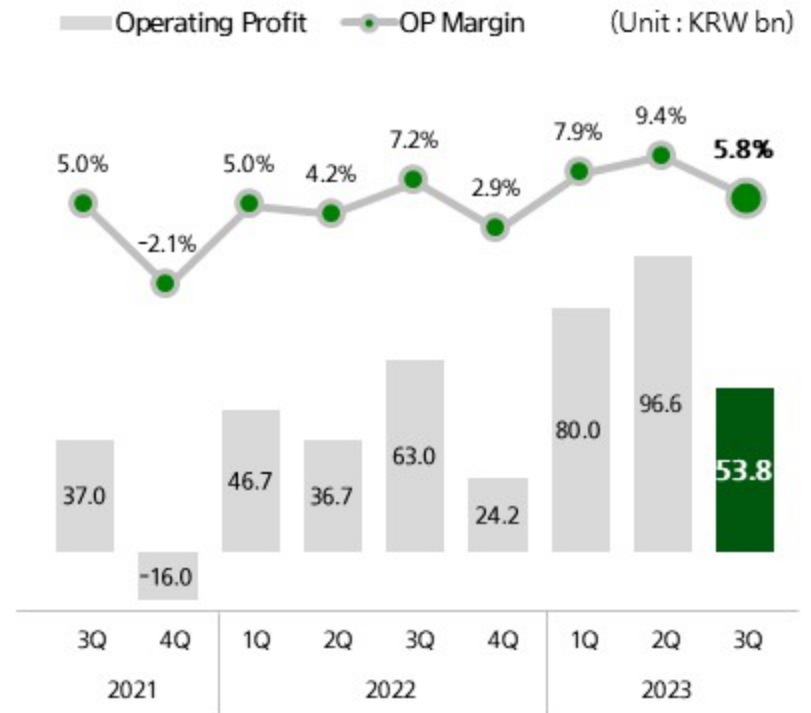
## 2. Operating Profit Overview

- Operating profit decreased on year-on-year basis due to increase in costs such as R&D despite favorable sales growth and price hike.

### Operating Profit Analysis (YoY)



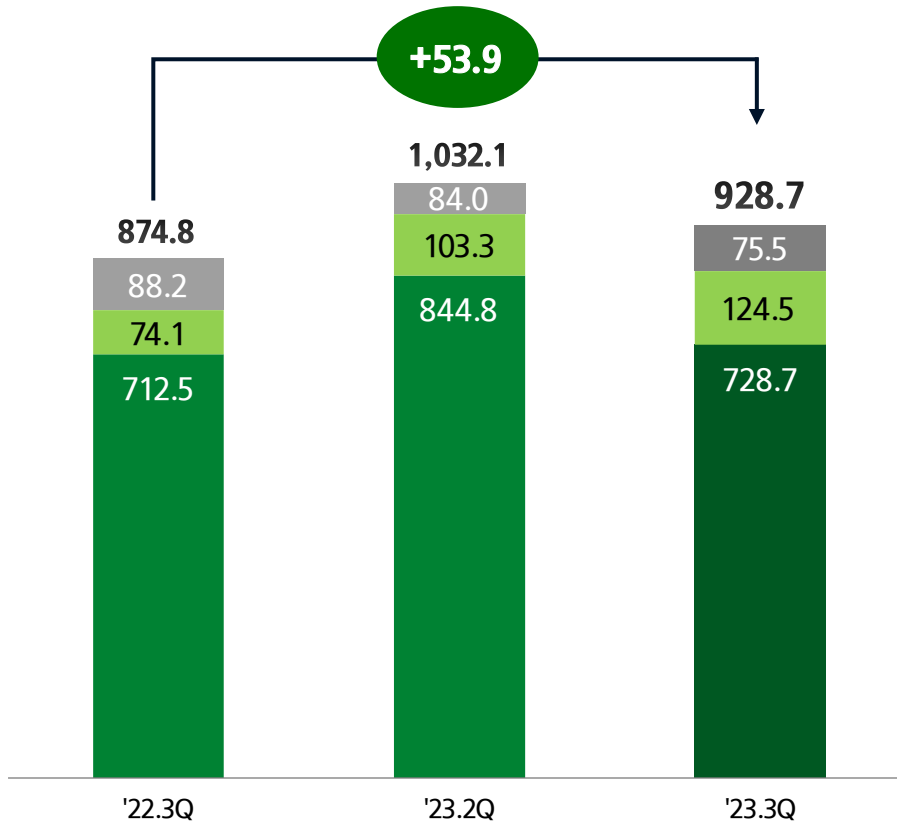
### Operating Profit by Quarter



# 3. Sales Overview by Business

## Sales by Business in 3Q

■ Construction Equipment ■ Forklift ■ Parts (Unit : KRW bn)



### Construction Equipment

- Sales growth driven by infrastructure investment and reshoring of manufacturing companies in North America.
  - +2.3% YoY / -13.7% QoQ

### Forklift

- Sales surged as demand from developed markets continued to be favorable.
  - +68.1% YoY / +20.6% QoQ

### Parts

- Minor decline despite robust sales flow.
  - -14.4% YoY / -10.1% QoQ

## 4. Sales Overview by Region

- Emerging : Although market growth slowed down, sales remained firm YoY as the company outperformed in market such as Middle East, Africa and Latin America.
- India : Amidst infrastructure investment-driven demand, market share was maintained at #2.
- Brazil : After delayed infrastructure investment with new government in 1H23, sales started recovery.
- China : Demand recovery remains slow despite announcement of economic stimulus measures.
- North America : Sales growth was driven by infrastructure investment in North America.
- Europe : Thanks to demand in key markets, sales increased despite global economic tightening.

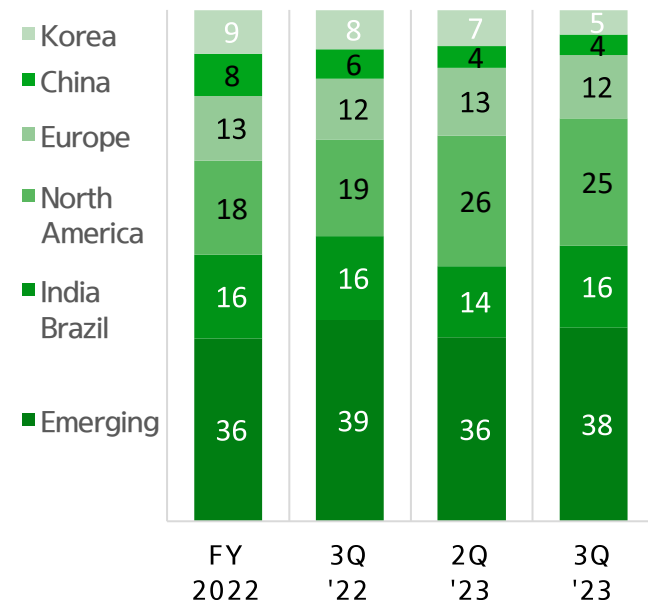
### Sales

(unit : KRW bn, %)

|                  | '23.3Q |     |     | '22.3Q | '23.2Q |
|------------------|--------|-----|-----|--------|--------|
|                  |        | YoY | QoQ |        |        |
| Emerging         | 357.7  | 2   | -2  | 349.5  | 364.4  |
| India<br>Brazil  | 147.0  | 3   | 1   | 142.3  | 145.8  |
| China            | 37.3   | -24 | -15 | 49.1   | 43.8   |
| North<br>America | 229.0  | 40  | -14 | 163.8  | 265.6  |
| Europe           | 113.8  | 10  | -18 | 103.3  | 139.3  |
| Korea            | 43.9   | -34 | -40 | 66.8   | 73.2   |

### 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)

|                                     | '23.3Q  | 2022    | 2021    | 2020    |
|-------------------------------------|---------|---------|---------|---------|
| Total Assets                        | 3,475.9 | 3,448.6 | 3,554.3 | 3,355.9 |
| Current Assets                      | 2,347.8 | 2,350.6 | 2,469.5 | 2,265.0 |
| Non-current Assets                  | 1,128.1 | 1,098.0 | 1,084.8 | 1,090.9 |
| AR and others                       | 780.7   | 707.7   | 876.5   | 740.0   |
| Cash Equivalents & Financial Assets | 420.9   | 488.3   | 524.6   | 892.8   |
| Total Liabilities                   | 1,654.1 | 1,781.3 | 2,006.5 | 1,768.3 |
| Current Liabilities                 | 1,112.4 | 1,373.7 | 1,499.1 | 1,156.5 |
| Non-current Liabilities             | 541.7   | 407.6   | 507.4   | 611.8   |
| AP and others                       | 438.1   | 457.0   | 428.0   | 355.8   |
| Borrowings                          | 858.3   | 963.2   | 1,261.2 | 1,214.5 |
| Net Borrowings                      | 437.4   | 474.9   | 736.6   | 321.7   |
| Total Equity                        | 1,821.8 | 1,667.3 | 1,547.8 | 1,587.6 |

## Key Financial Ratios

|  | '23.3Q | 2022 | 2021 | 2020 |
|--|--------|------|------|------|
| Current Ratio<br>(Current Assets / Current Liabilities)        | 211%   | 171% | 165% | 196% |
| Liabilities/Equity Ratio<br>(Total Liabilities / Total Equity) | 91%    | 107% | 130% | 111% |
| Debt Ratio<br>(Debt / Total Equity)                            | 47%    | 58%  | 81%  | 76%  |
| Net Debt Ratio<br>(Net Debt / Total Equity)                    | 24%    | 28%  | 48%  | 20%  |

# **Market Review & Outlook**

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

# 1. 3Q Review & Outlook

- [Review] Sales continued to grow despite prolonged high interest rate environment and resulting global economic slowdown.
- [Outlook] We plan to strengthen business in resource-rich countries to secure sales and profitability.

## 3Q Review & Outlook

(unit : KRW bn)

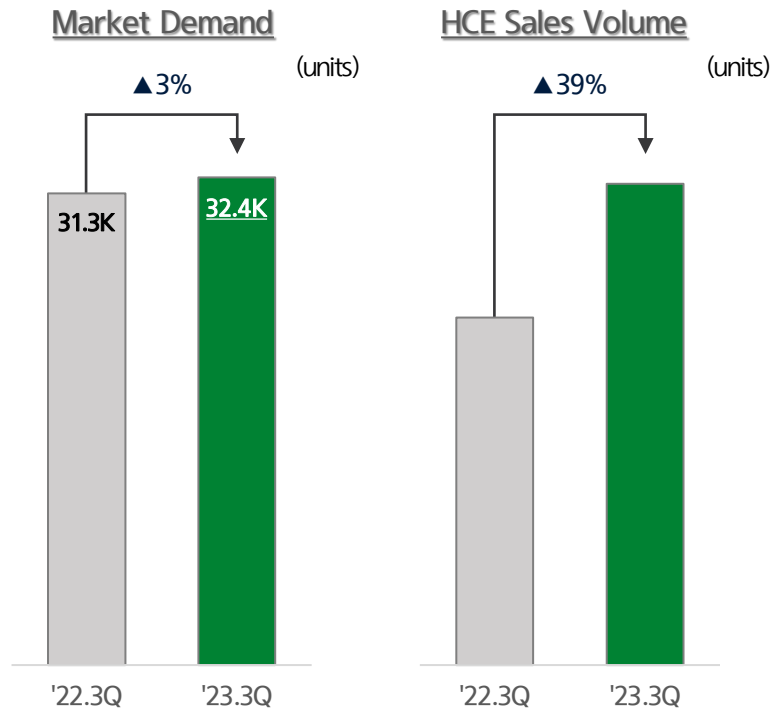
|               | HCE Sales | YoY  | Review & Outlook  |
|---------------|-----------|------|---|
| Global        | 928.7     | +6%  |   |
| North America | 229.0     | +40% | <ul style="list-style-type: none"> <li>• Favorable sales trend to be maintained driven by infrastructure investment and reshoring of manufacturing companies in North America, despite slowdown in restocking demand.</li> <li>• We plan to strengthen core competitiveness by securing more mega-dealers and operating customization center.</li> </ul>  |
| Europe        | 113.8     | +10% | <ul style="list-style-type: none"> <li>• Despite economic downturn due to tightening policies, sales increased modestly YoY thanks to price hike and sales contribution from major countries such as Germany, Italy and France.</li> <li>• We continue to invest in strengthening our dealer network (for coverage expansion and personnel recruitment) and expand our key account business.</li> </ul> |
| Emerging      | 357.7     | +2%  | <ul style="list-style-type: none"> <li>• Although market slowed down, sales remained firm YoY as the company outperformed in market such as Middle East, Africa and Latin America.</li> <li>• Based on recent increases in oil and coal prices, we anticipate favorable sales outlook, primarily in resource-rich countries.</li> </ul>   |
| India/Brazil  | 147.0     | +3%  | <ul style="list-style-type: none"> <li>• India : Outperforming market growth and thus, maintained strong market dominance.</li> <li>• Brazil : Infrastructure projects have resumed and bidding activities are gradually picking up.</li> </ul>   |

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

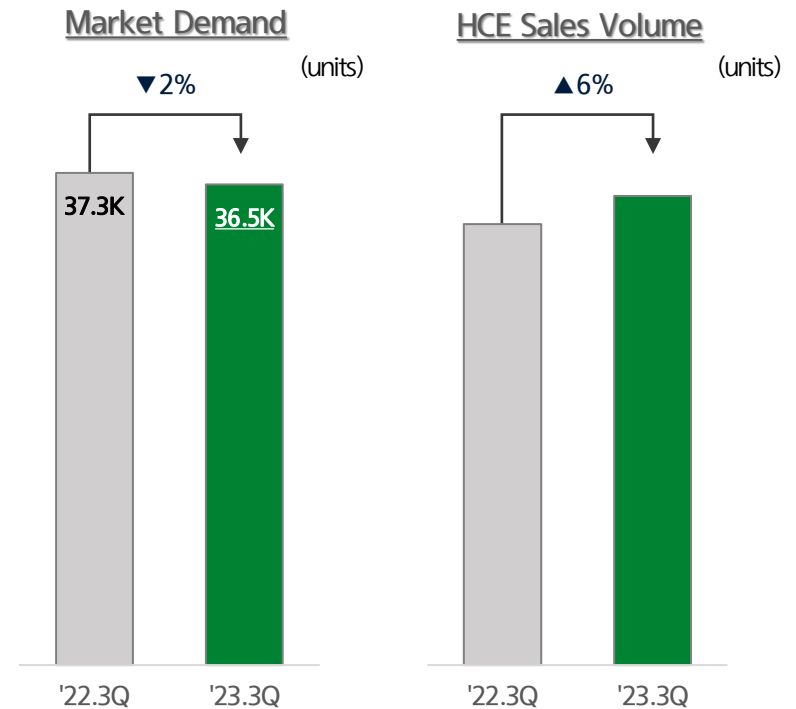
## 2-1. Market Outlook : Developed Markets

- [Demand] Market demand in North America should grow in line with construction and infrastructure investments. However, modest decline is expected in Europe due to global economic tightening.
- [Sales] We are making progress in terms of market share thanks to increased sales of MEX products. We also anticipate enhanced local responsiveness with opening of North America's Customizing Center (opened in August 2023).

### ■ Demand & Sales Volume in North America (3Q)



### ■ Demand & Sales Volume in Europe (3Q)

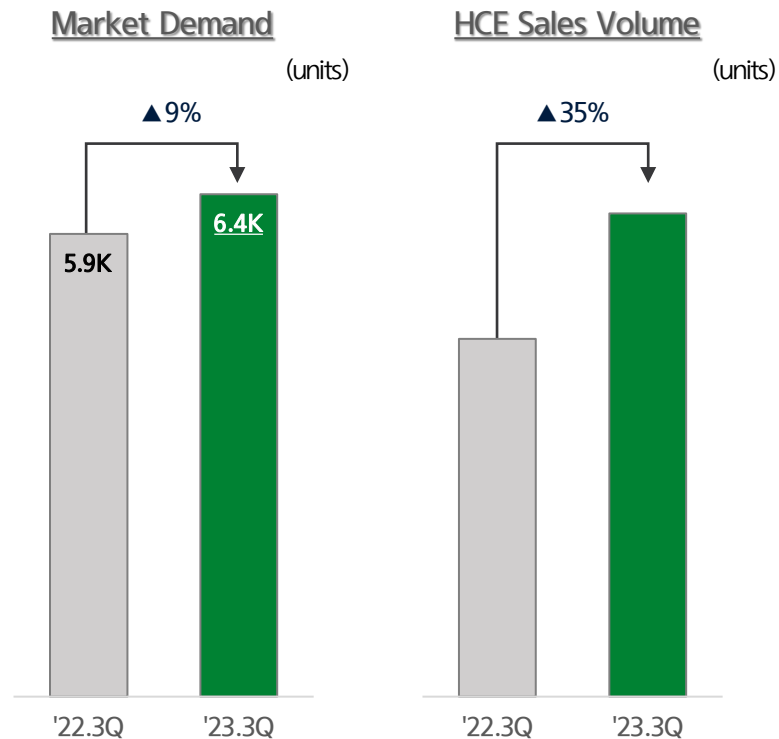


Note) Based on construction equipment sales volume / Demand in September based on estimates

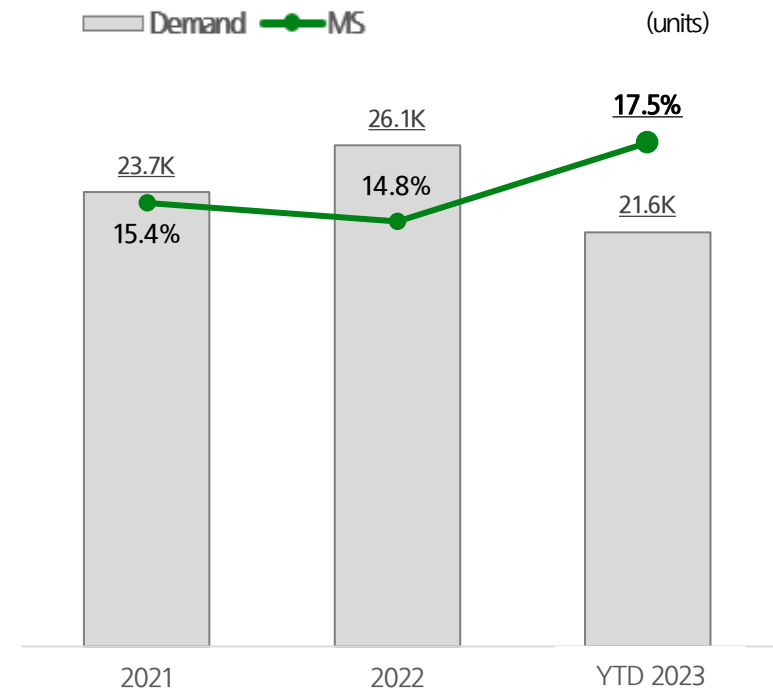
## 2-2. Market Outlook : India

- [Demand] Demand should continue due to Modi's continued infrastructure investment.
- [Sales] We expect to maintain solid #2 market position by introducing new models and enhancing product competitiveness (Of note, we hold #1 market share for our competitive 20-ton category). We also plan to improve profitability by exporting from India to Middle East and Africa.

### Market Demand & Sales Volume in India (3Q)



### Market share trend in India



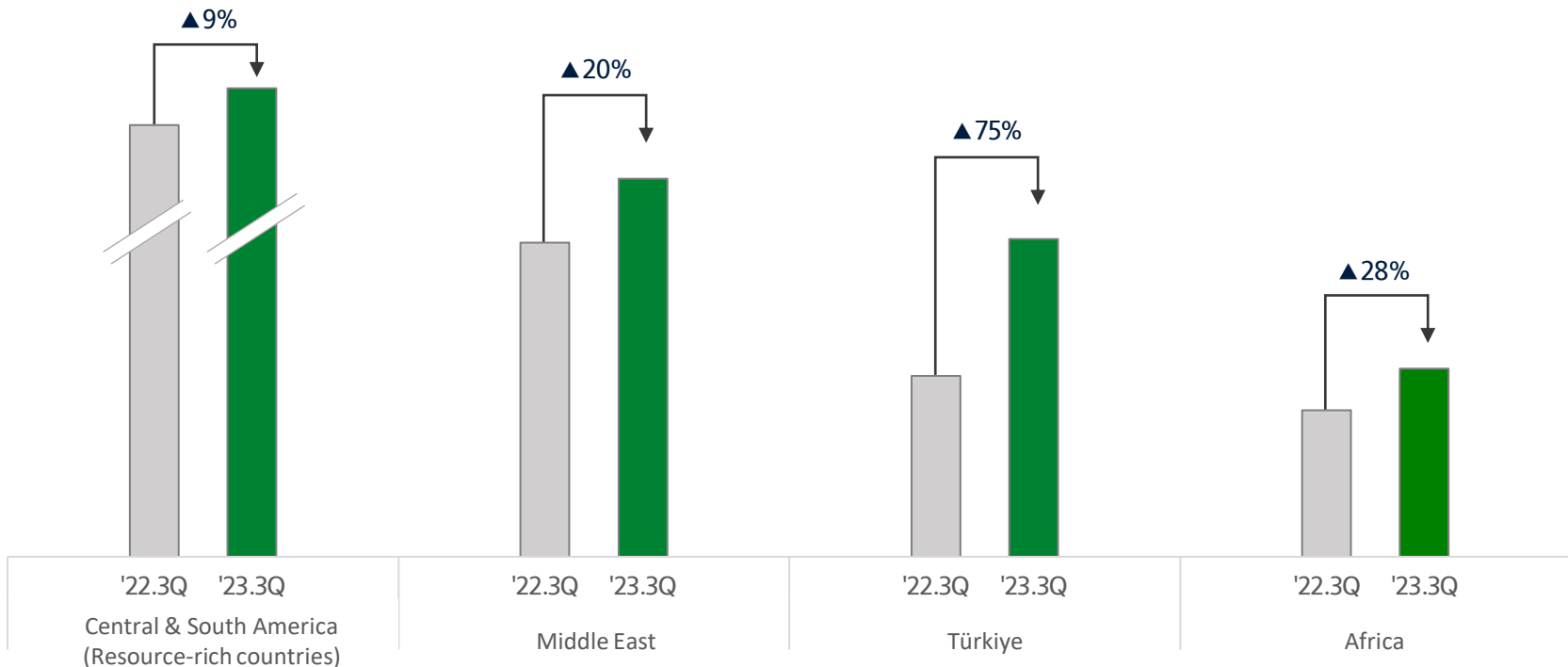
Note) Based on construction equipment sales volume

## 2-3. Market Outlook : Emerging Market

- [Demand] Based on recent increases in oil and coal prices, we anticipate favorable sales outlook, primarily in resource-rich countries.
- [Sales] We plan topline growth by capturing large mining customers in Middle East, Africa, and Central & South America and strengthening our sales network.

### ■ Sales Volume Trend in Strategic Regions

(units)



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