

4Q 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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4Q 2023 Business Results

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- 2. Operating Profit Overview**
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1. Financial Results Summary

4Q23

- Sales : Sales grew +1.5% YoY thanks to strong sales in North America, India and Brazil, despite sluggish sales in China and Europe.
- Operating Profit : Operating profit increased +11.2% YoY thanks to price hike and product mix improvement. However, we experienced some weakness in sales and increase in expenses such as R&D and labor.

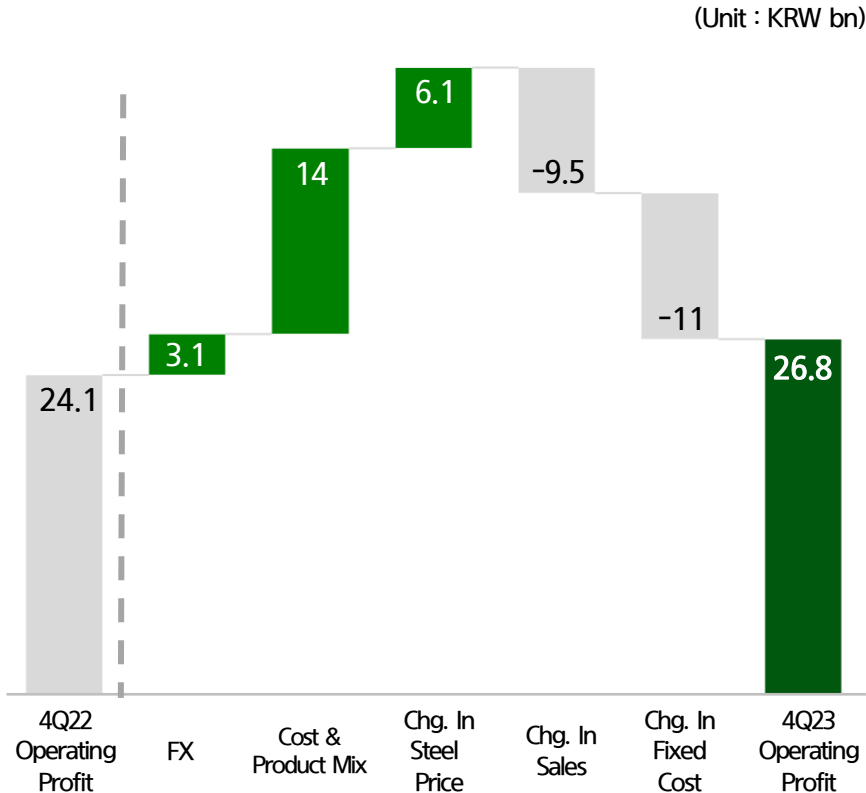
(Unit : KRW bn)

	'23.4Q		'22.4Q	2023		2022
		YoY			YoY	
Sales	845.9	1.5%	833.4	3,825	8.8%	3,515.6
Operating Profit	26.8	11.2%	24.1	257.2	50.8%	170.6
OP Margin(%)	3.2%	0.3%p	2.9%	6.7%	1.9%p	4.9%
Non-Operating Profit	-70.7	N/A	-43.6	-67	N/A	-17.8
Interest Income	-11.4	N/A	-8.2	-35.9	N/A	-20.7
Gain and Losses on Foreign exchange	-8.9	N/A	-29.5	26.3	N/A	18.5
Gain and Losses on other Non-Operating income	-50.4	N/A	-5.9	-57.4	N/A	-15.6
Net Profit	-42.8	N/A	-22.1	127.5	28.3%	99.4
Profit attributable to owners of the company	-36.8	N/A	-15.6	139.4	25.0%	111.5

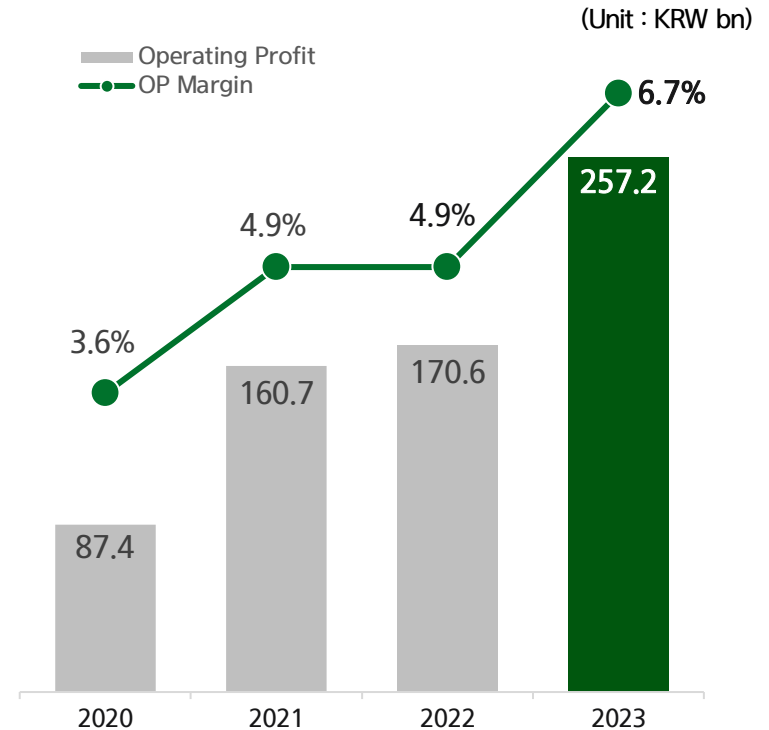
2. Operating Profit Overview

- 4Q23 : Operating profit increased +11.2% YoY thanks to price hike and improvement in product mix despite slower sales and increase in fixed costs.
- 2023 : Operating profit continued to improve over the years driven by 1) market diversification thanks to infrastructure investment in developed markets and mining demand in emerging markets, coupled with 2) reduced fixed costs in line with sales growth, 3) price hike and 4) positive F/X impact.

Operating Profit Analysis (YoY)



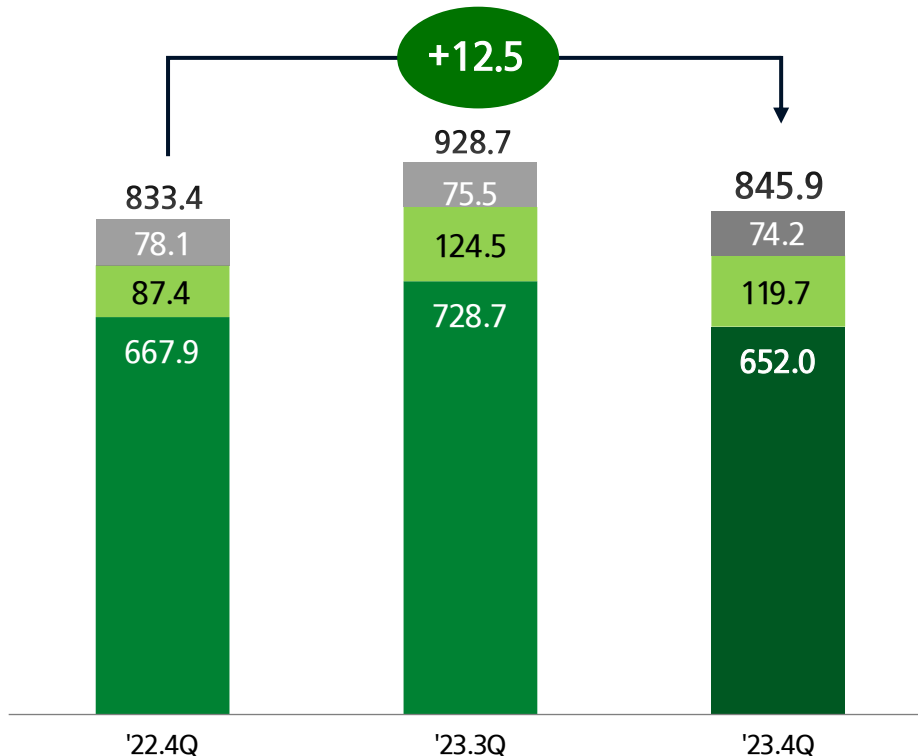
Operating Profit(Margin) Trend



3. Sales Overview by Business

Sales by Business in 4Q

■ Construction Equipment ■ Industrial Vehicle ■ Parts (Unit : KRW bn)



Construction Equipment

- Steady sales despite market weakness
 - -2.4% YoY / -10.5% QoQ

Industrial Vehicle

- Robust demand in developed markets
 - +37% YoY / -3.9% QoQ

Parts

- Marginal decline despite stable sales flow
 - -5.0% YoY / -1.7% QoQ

4. Sales Overview by Region

- Emerging : Steady sales as the company outperformed in markets such as Middle East, Africa and Türkiye.
- India : Sales and profitability improved amidst infrastructure investment-driven demand.
- Brazil : Sales grew thanks to mining demand.
- China : Demand recovery remained slow due to economic downturn and worsened construction industry conditions.
- North America : Sales grew due to the diversified product line-up and infrastructure investment.
- Europe : Sales decreased slightly due to subdued retail demand caused by high interest rate environment.

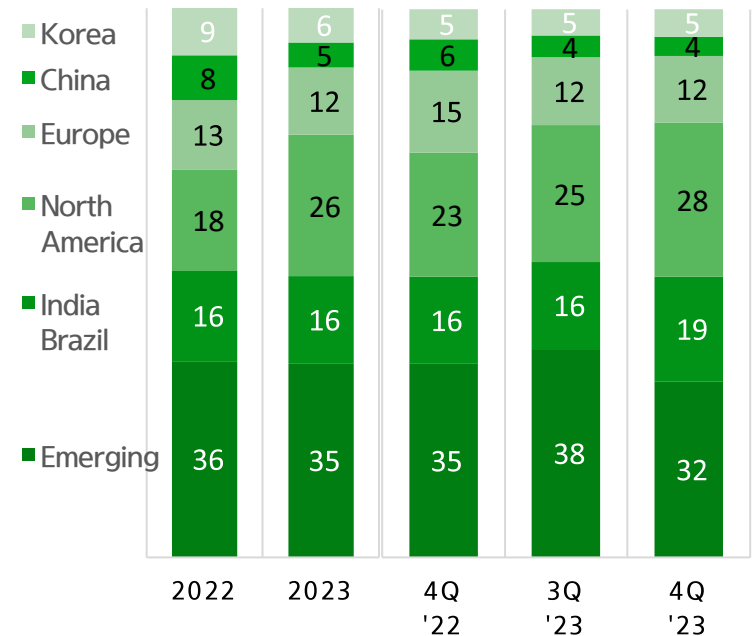
Sales

(unit : KRW bn, %)

	'23.4Q			'22.4Q	'23.3Q	2023	YoY	2022
		YoY	QoQ					
Emerging	268.7	-9	-25	294.5	358.9	1,349.6	7	1,256.1
India Brazil	154.9	17	6	132.0	146.3	608.5	5	577.9
China	38.4	-20	4	48.1	36.8	174.3	-39	288.0
North America	235.4	24	3	189.7	229.0	982.8	52	645.6
Europe	107.1	-14	-6	124.0	113.8	469.2	5	446.5
Korea	41.4	-8	-6	45.1	43.9	240.6	-20	301.5

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)

	2023	2022	2021	2020
Total Assets	3,297.0	3,448.6	3,554.3	3,355.9
Current Assets	2,199.2	2,350.6	2,469.5	2,265.0
Non-current Assets	1,097.8	1,098.0	1,084.8	1,090.9
AR and others	635.2	707.7	876.5	740.0
Cash Equivalents & Financial Assets	458.6	488.3	524.6	892.8
Total Liabilities	1,525.9	1,781.3	2,006.5	1,768.3
Current Liabilities	1,014.2	1,373.7	1,499.1	1,156.5
Non-current Liabilities	511.7	407.6	507.4	611.8
AP and others	401.5	457.0	428.0	355.8
Borrowings	789.5	963.2	1,261.2	1,214.5
Net Borrowings	330.9	474.9	736.6	321.7
Total Equity	1,771.1	1,667.3	1,547.8	1,587.6

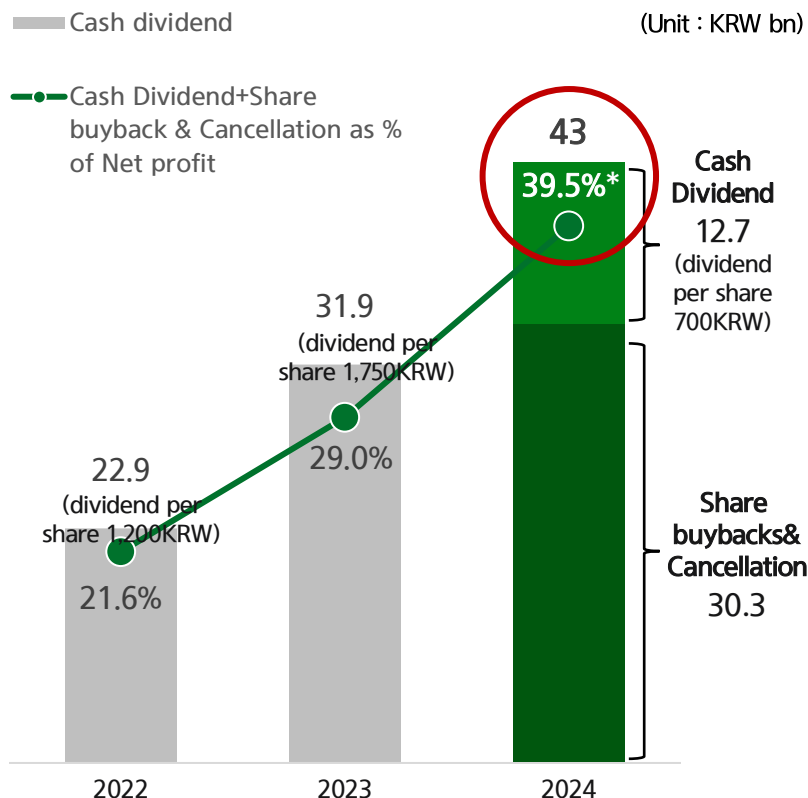
Key Financial Ratios

	2023	2022	2021	2020
Current Ratio (Current Assets / Current Liabilities)	217%	171%	165%	196%
Liabilities/Equity Ratio (Total Liabilities / Total Equity)	86%	107%	130%	111%
Debt Ratio (Debt / Total Equity)	45%	58%	81%	76%
Net Debt Ratio (Net Debt / Total Equity)	19%	28%	48%	20%

6. Shareholder Return

- Reflective of investment for future growth and plans to further enhance our financial structure, HD Hyundai Construction Equipment returns approximately 30% or more of its net profit to shareholders.
- In 2024, our company plans both cash dividends and share buyback & cancellation as part of our continued effort towards shareholder return.

Shareholder Return

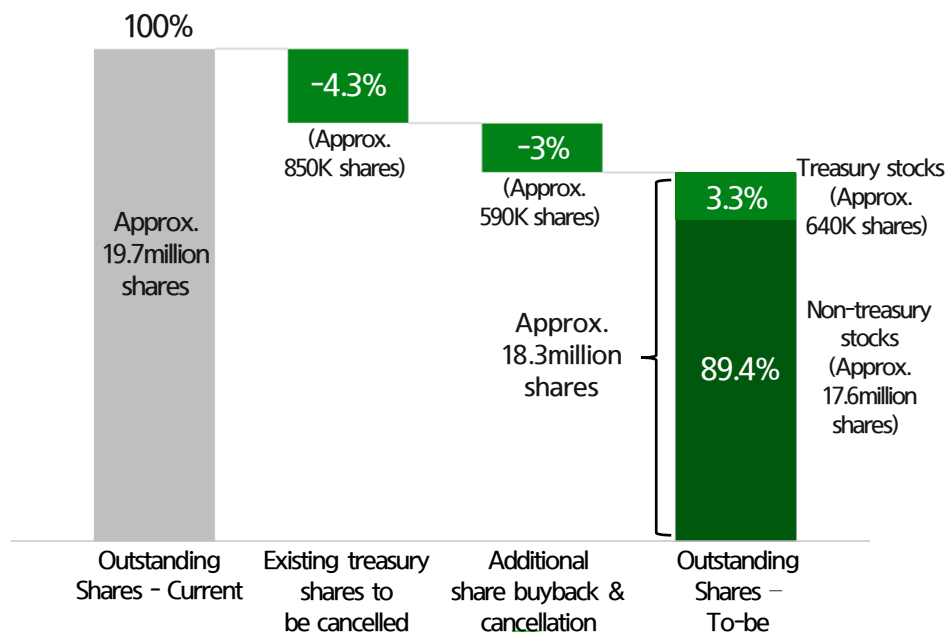


* Given the decline in cash dividend in 2024, we plan to return around 40% of net profit to shareholders.

** Assumes acquisition price of KRW 51,750 per share

2024 Share Buyback and Cancellation

The company plans to cancel existing treasury stocks, acquired during the spin-off of the industrial vehicle business, totaling 4.3% of outstanding shares. Additionally, we plan to purchase and cancel treasury stock of approx. 3% to enhance shareholder value.



Market Review & Outlook

- 1. Business Plan for 2024**
- 2. Market Outlook for 2024**
- 3. Key Strategies**

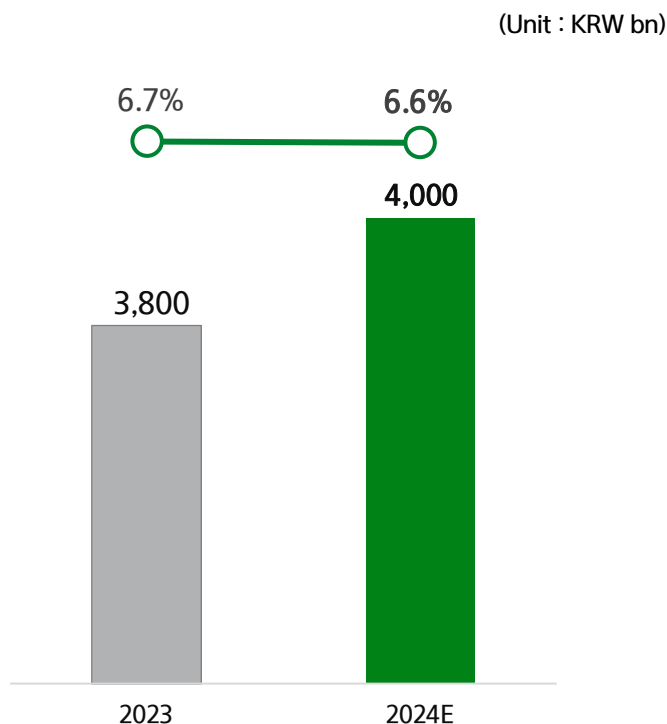
1. Business Plan for 2024

Business Plan 2024

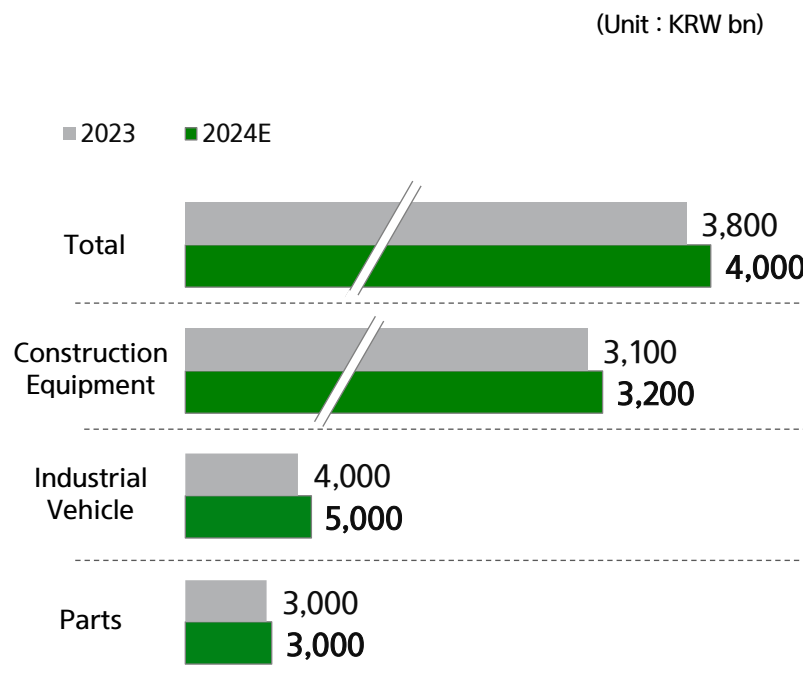
Sales of KRW 4,012 bn, Operating profit of KRW 263.8 bn (OPM 6.6%)

- Sales : Sales should grow 5% YoY, focusing on strategic markets within both developed and emerging.
- Operating profit : Operating profit is forecast to grow YoY by strengthening key product lines and maximizing synergy effects, as well as proactive risk management.

Sales and OPM outlook



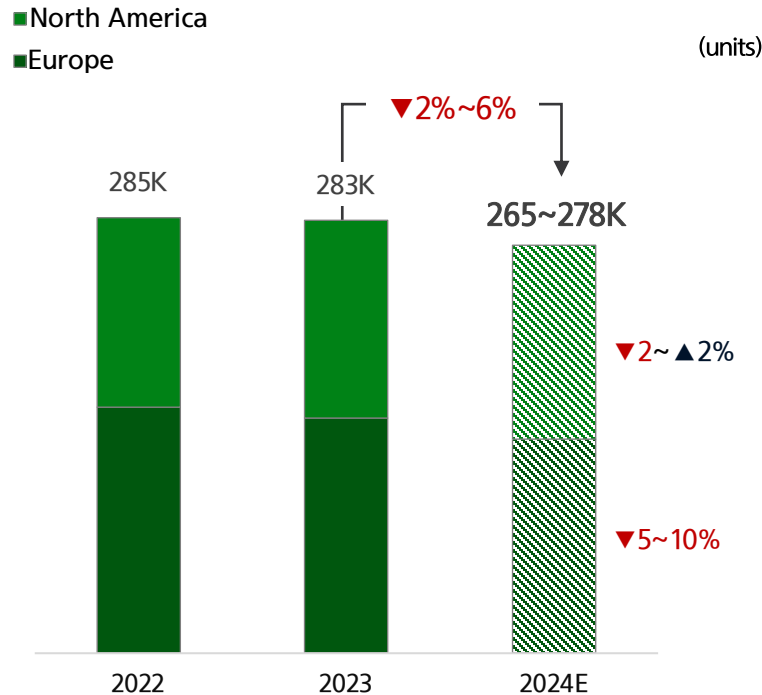
Sales forecast by business segment



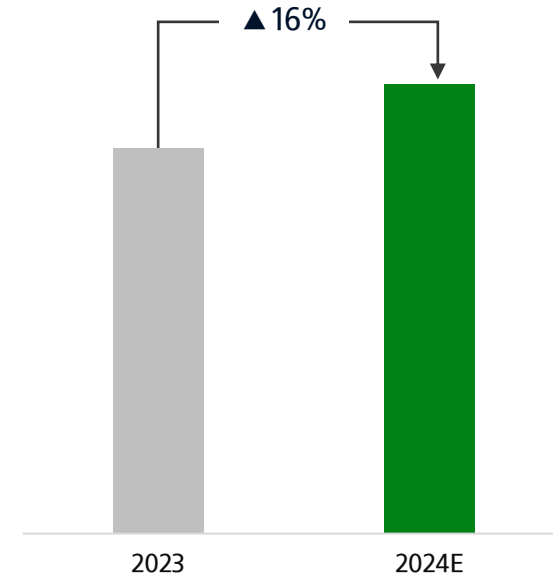
2-1. Market Outlook for 2024 : Developed

- [Market] In North America, stable demand is expected in 1H, whereas we anticipate increased market uncertainty in 2H with the upcoming election. In Europe, demand is expected to recover from 2H in line with interest rate cuts.
- [Sales] Sales are expected to increase due to stronger product lineup (new MEX models, increased cross-sales) and retail promotions. Profitability is to be secured by optimizing global operations and growing sales contribution from high-margin equipment.

Market Outlook



Sales Volume Outlook



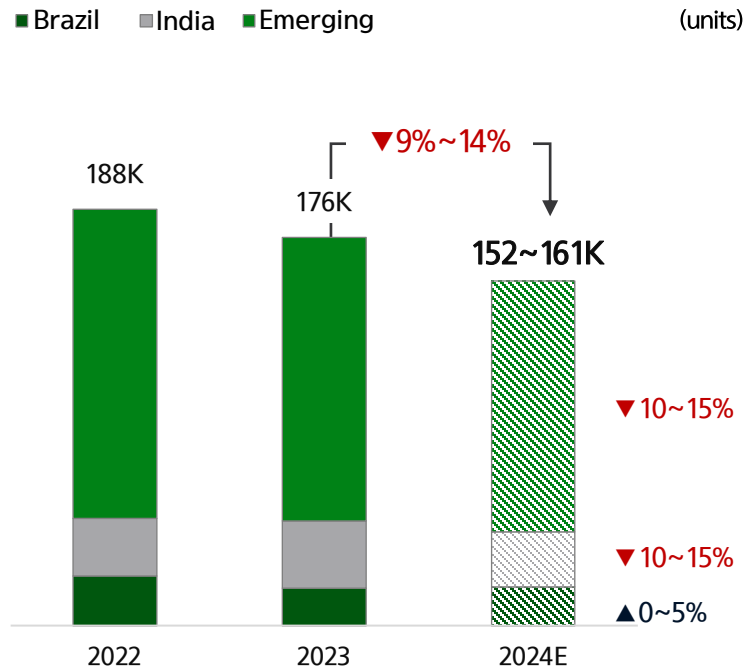
Note : Market volume based on excavators + mid/large wheel loaders. Sales includes industrial vehicles(North America + Europe)

Source : Company data

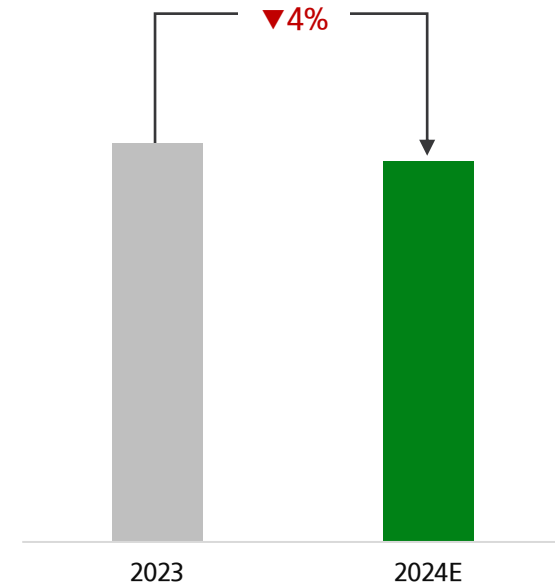
2-2. Market Outlook for 2024 : Emerging Market

- [Market] Despite global market slowdown, healthy demand is expected to continue in India until general elections. Brazil is expected to see gradual market recovery from 2024 thanks to increased government expenditure in infrastructure.
- [Sales] We will strengthen competitiveness in emerging markets by establishing new sales subsidiaries in Chile/Mexico and enhancing our sales channel in Middle East and Africa. We will also focus on profitability by scaling up our exports to the Middle East, Africa and Central/South America.

Market Outlook



Sales Volume Outlook



Note : Market volume based on excavators + mid/large wheel loaders. Sales includes industrial vehicles. Emerging market includes direct exports, India and Brazil.

Source : Company data

3-1. Key Strategies- Stronger product lineup

Expand Compact Lineup

Enhance presence in developed markets through MEX expansion

- Launch full line-up of MEX* (2H23 : 7 models, 2024 : 4 models)
- Expand M/S by cultivating compact specialized dealers and strengthen rental sales
- Establish foundation for sustainable growth by securing presence in North America & Europe where demand is stable



Expand LEX Lineup

Secure new markets by strengthening lineup through cross-selling

- Expand LEX** lineup, Resume LEX sales in developed market
- Enhance presence in Africa, Central and South America
- Support order for Saudi Neom Pjt. and resume sales in UAE after winning lawsuit
- Promote production and sales of 100T in emerging markets and 120T in Chinese market

*MEX: Mini Excavator

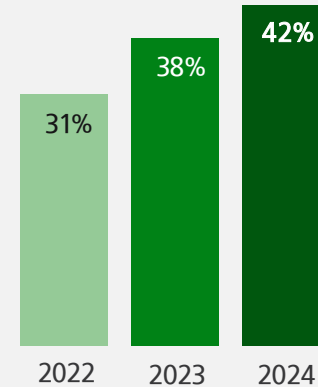
**LEX: Large Excavator

3-2. Key Strategies- Secure Profitability

Increased contribution from high-profit markets

Increase sales contribution from America & Europe

- North America
 - ① Foster additional mega dealer
 - ② Expand rental business
 - ③ Launch 50T flagship model
 - ④ Fully utilize CUS* to lower freight expenses
- Europe
 - ① Expand dealer coverage to 100% in Germany & Italy
 - ② Expand Key Account business
- Latin America
 - Establish strategic base and tighten regional management
 - Planned branches : Mexico and Chile (1H24)



[Sales contribution from North America & Europe]

Expand profitable parts sales

Strengthen supply capabilities and expand attachment business

- Increase accessibility by expanding global network (New PDC** in Canada and Indonesia)
- Launch attachment business (e.g. Rotate/Tilt Coupler)
- Improve supply rate by enhancing demand forecast of parts using AI
- Launch secondary brans for parts (ValueMate)
 - New sales opportunity for out-of-warranty equipment

Increase Flexible Production

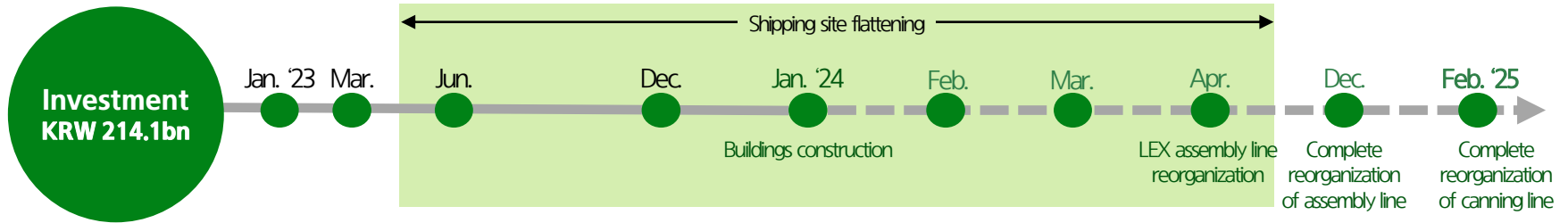
Increase exports from plant in China, India and Brazil

- Expand Chinese MEX production model and increase exports to developed market
- Secure additional export opportunities for India/Brazil production models (Emerging markets such as Africa)

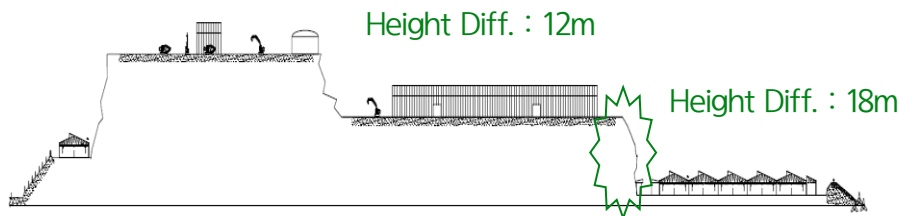
*CUS: Customization Center

**PDC: Parts Distribution Center

[Ref.] Ulsan Campus(Smart Factory) – Status & Expectation



To-be



Expected Effects

Better Quality

- Mother plant of Medium to Large Excavator & Wheel Loader
- Production base of high-end product
- Automated inspection for quality management

Lower Cost

- Cost reduction through automated production
- Prevent errors and accidents through real-time data collection and analysis

Greater Capacity

- Increased production capacity by 60% (9,600/year → 15,400/year)
- M/H reduction through yard flattening between the plants
- Solving logistics backflow and parts supply conflict issues

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