

# 2Q24 Earnings Release

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July 24, 2024



# Disclaimer

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

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# 1. Financial Results Summary

## 2Q24 Results

- ✔ Sales decreased by 17% YoY due to high base from the previous year and weak market demand.
- ✔ Operating profit declined by 39% in line with lower sales volume and increase in promotional expenses.

(unit : KRW bn)

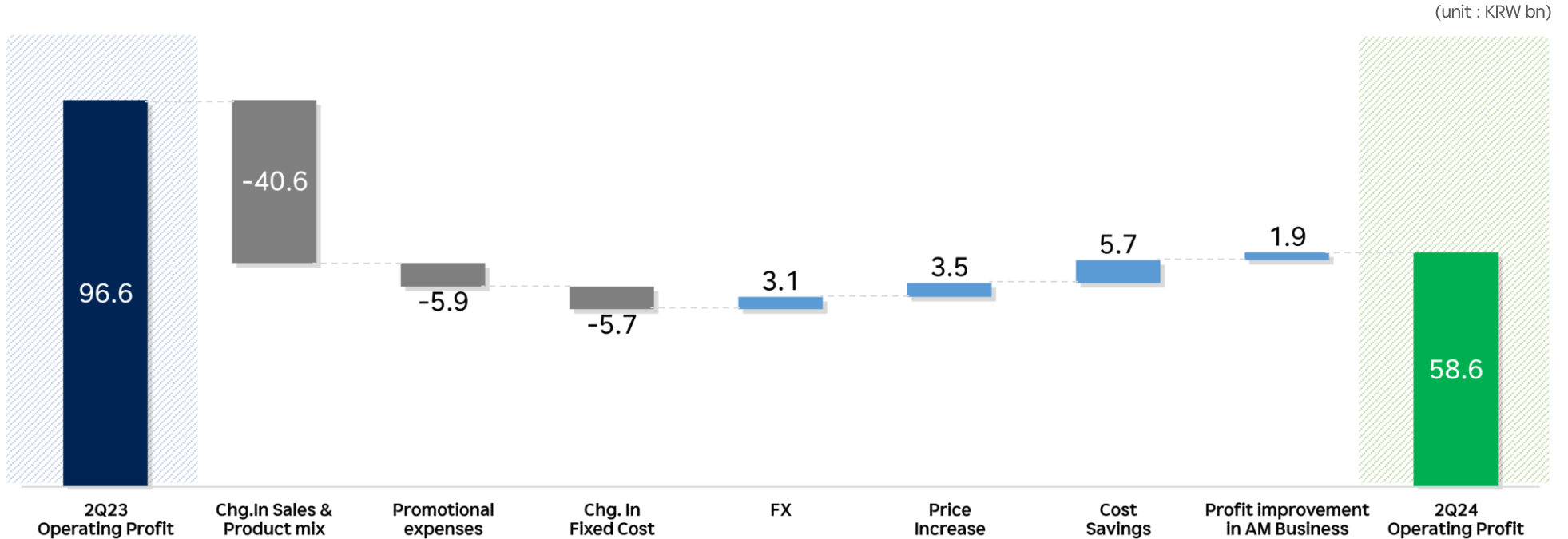
	2Q24	YoY	QoQ	2Q23	1Q24
Sales	853	-17%	-13%	1,032.1	979.1
Operating Profit	58.6	-39%	+9%	96.6	53.6
OP Margin(%)	6.9%	-2.5%p	+1.4%p	9.4%	5.5%
Non-Operating Profit	-13.8	-	-	-1	0.3
Interest Income	-9.3	-	-	-8.8	-7.8
Gain and Losses on Foreign exchange	-0.5	-	-	10.8	11.1
Net Profit	30.6	-55%	-33%	67.6	45.8
Profit attributable to owners of the company	30	-56%	-34.5%	68.2	45.8

Note. Based on K-IFRS consolidated financial statements

## 2. Operating Profit Overview

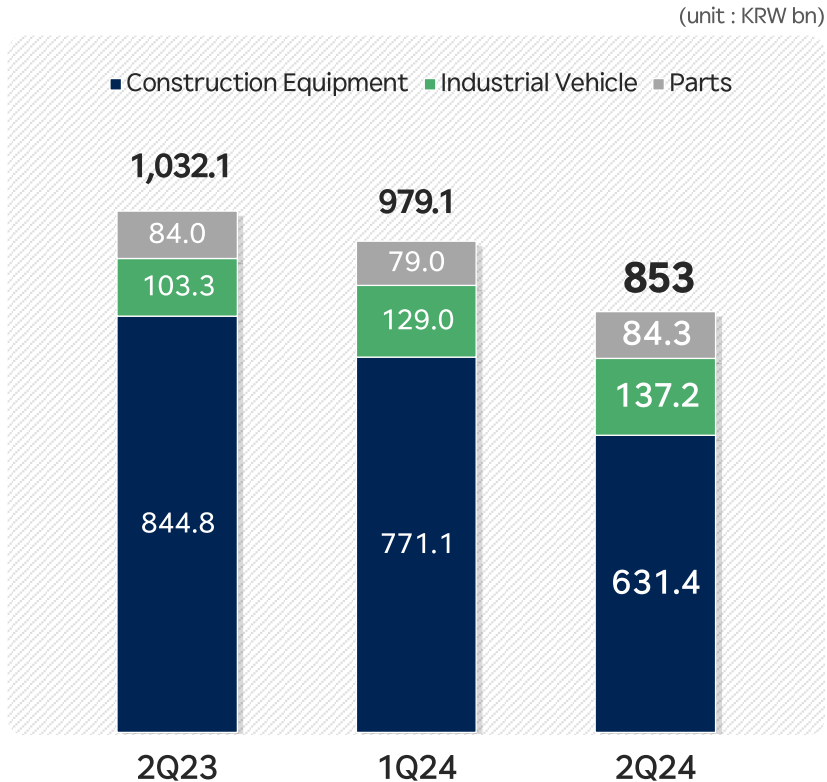
### Operating Profit Analysis (YoY)

✔ Operating profit decreased YoY due to reduced market demand and greater promotional expenses.



### 3. Sales Overview by Business

## Sales by Business in 2Q



## Sales Analysis by Business in 2Q

	YoY	QoQ
<p><b>Construction Equipment</b></p> <ul style="list-style-type: none"> <li>Despite strong performance in India &amp; Brazil, sales decreased YoY due to lower demand in developed markets, coupled with weakened purchase power in emerging markets.</li> </ul>	-25.3%	-18.1%
<p><b>Industrial Vehicle</b></p> <ul style="list-style-type: none"> <li>Performance improved driven by continued strong demand in North American market.</li> </ul>	+32.9%	+6.4%
<p><b>Parts</b></p> <ul style="list-style-type: none"> <li>Parts revenue remained stable.</li> </ul>	+0.4%	+6.7%

## 4. Sales Overview by Region

### Sales Analysis by Region

(unit: KRW bn, %)

	2Q24				23.2Q		24.1Q		Analysis (YoY)
	Sales	%	YoY	QoQ	Sales	%	Sales	%	
Emerging	238.4	28	-35%	-22%	364.4	35	307.6	31	Impacted by 1) weaker purchasing power due to strong US dollar and 2) economic sanctions on Russia
North America	225.7	27	-15%	-3%	265.6	26	232.1	24	Reduced construction spending + Continued dealer inventory adjustments due to slower market trend
India	113.6	13	+9%	-22%	104.1	10	145.4	15	Growth momentum secured with Modi's 3 <sup>rd</sup> term
Europe	100.3	12	-28%	-4%	139.3	14	104.9	11	Continued weakness in demand due to delayed interest rate cuts
Brazil	63.5	7	+52%	+37%	41.7	4	46.2	5	Strong performance due to regional economic growth and launch of new product lineups
Korea	57.0	7	-22%	-36%	73.2	7	88.4	9	Decrease in demand due to sluggish domestic market
China	54.5	6	+24%	0%	43.8	4	54.5	5	Increase in demand driven by WEX and MEX*

\* MEX: Mini Excavator / WEX: Wheel Excavator

## 5. Financial Statement and Key Financial Ratios

### Summarized Financial Statement

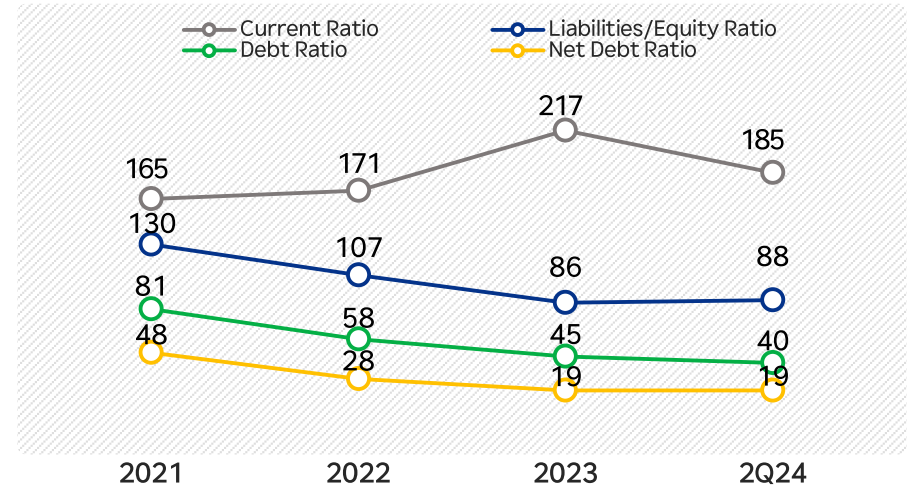
(unit : KRW bn)

	2Q24	2023	2022	2021
Total Assets	3,410.9	3,297.0	3,448.6	3,554.3
Current Assets	2,222.5	2,199.2	2,350.6	2,469.5
Non-current Assets	1,188.4	1,097.8	1,098.0	1,084.8
AR and others	699	635.2	707.7	876.5
Cash Equivalents & Financial Assets	391.2	458.6	488.3	524.6
Total Liabilities	1,601.4	1,525.9	1,781.3	2,006.5
Current Liabilities	1,203.3	1,014.2	1,373.7	1,499.1
Non-current Liabilities	398.1	511.7	407.6	507.4
AP and others	525	401.5	457.0	428.0
Borrowings	728.8	789.5	963.2	1,261.2
Net Borrowings	337.6	330.9	474.9	736.6
Total Equity	1,809.5	1,771.1	1,667.3	1,547.8

Note. Based on K-IFRS consolidated financial statements

### Key Financial Ratios

(unit : %)

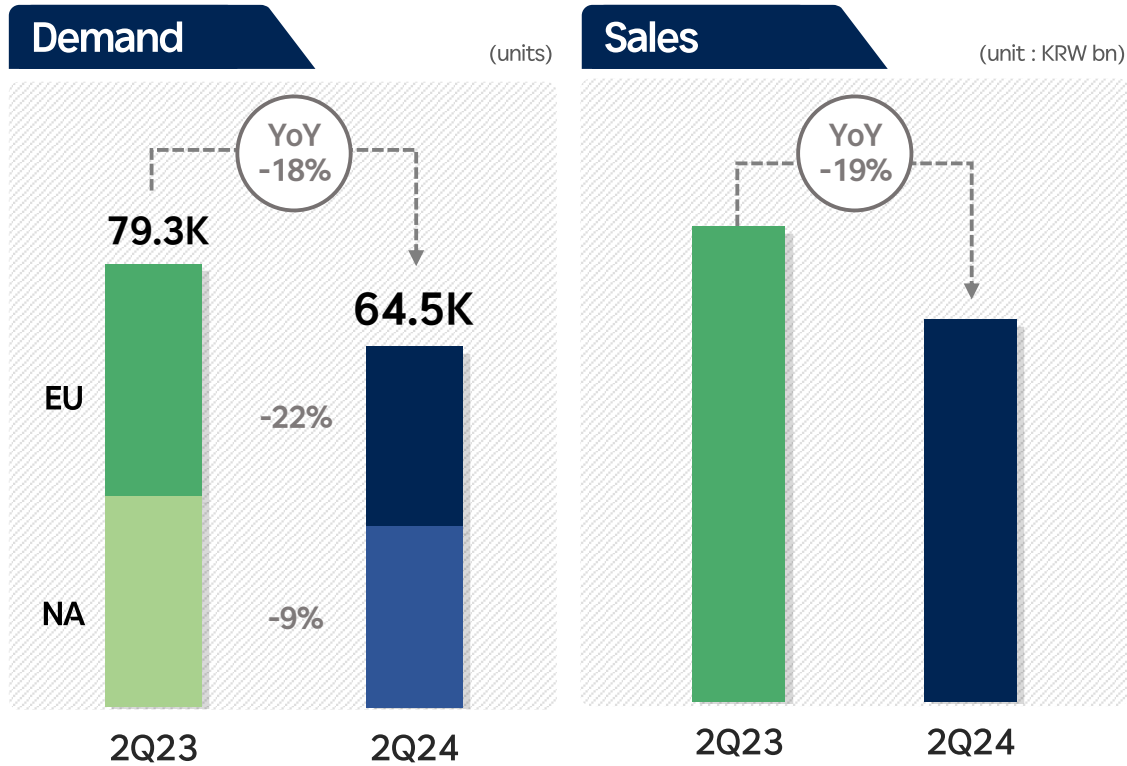


High levels of financial soundness secured



through stable operating cash flow generated from diversified regional portfolio.

## North America and Europe



Note : Market volume based on excavator+mid/large wheel loaders. Sales includes industrial vehicles.  
Source : Company data

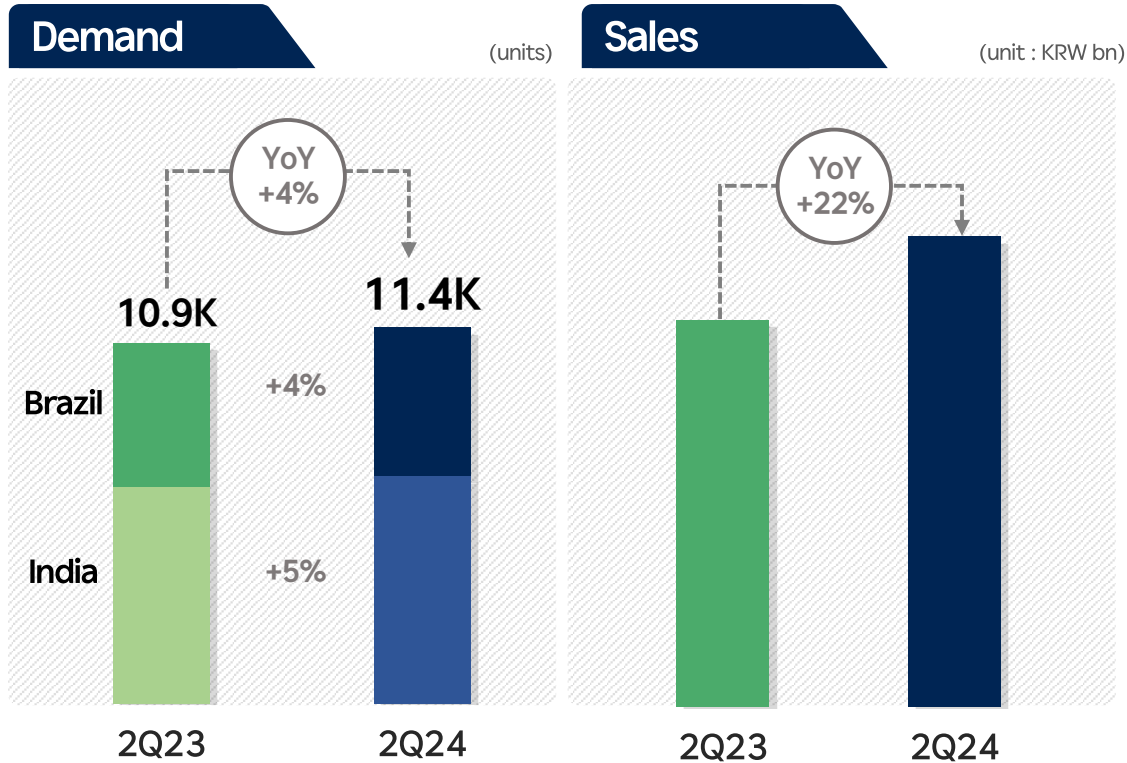
### ✓ Demand remained weak due to delay in interest rate cuts

- Given the dealer inventory adjustment during 1H, we expect the level of demand weakness to marginally improve in 2H.

### ✓ Sales should improve in 2H24 compared to 1H24 thanks to stronger retail promotions

- Sales declined in 2Q24 due to preemptive risk management.
- However, we anticipate gradual recovery in 2H thanks to impact from retail promotions.
- We also expect enhanced profitability in line with growing sales contribution from high-value-added attachments.

### India & Brazil



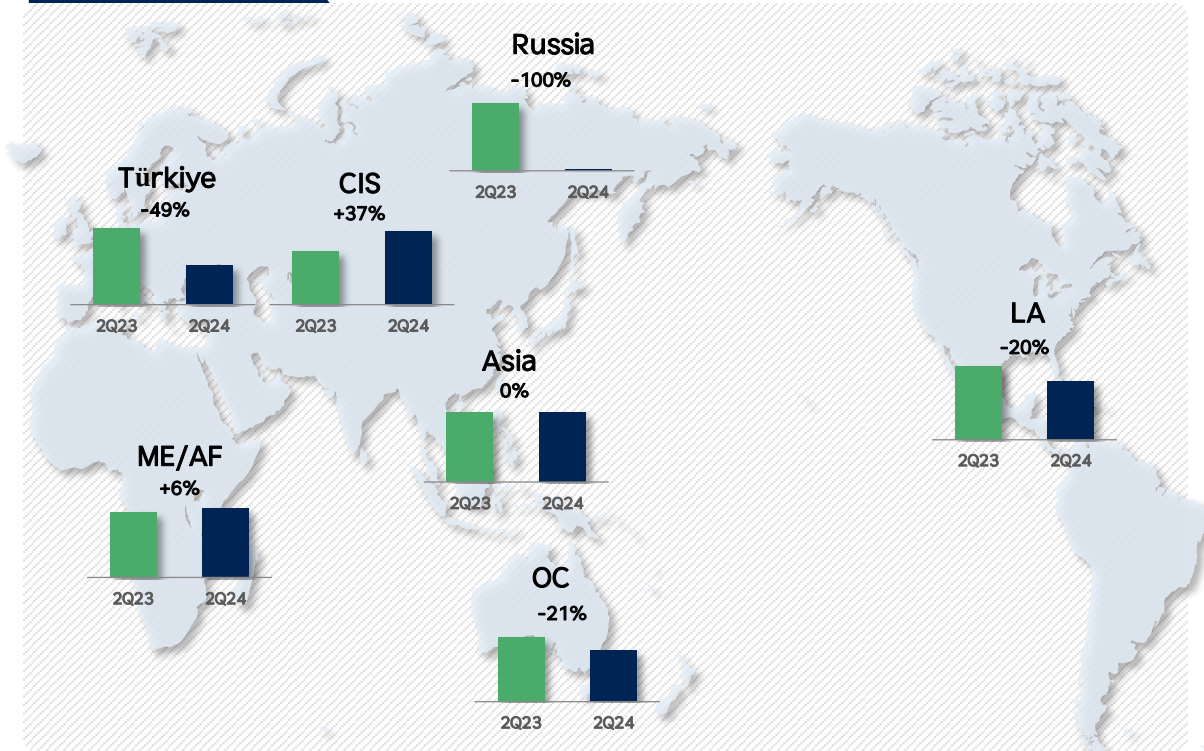
Note : Market volume based on excavator+mid/large wheel loaders. Sales includes industrial vehicles.  
Source : Company data

- ✔ **[India] Infrastructure investment policies to drive both market and revenue growth**
  - As key officials under Modi government related to infrastructure investment remain in office, policies on infrastructure should likely be maintained.
- ✔ **[Brazil] Despite unfavorable market condition, sales to increase through diversified product portfolio**
- ✔ **Sustained high profitability**
  - Above-market-rate sales growth to continue thanks to successful improvement in fundamentals of our overseas subsidiaries' corporate operation.

### Emerging Markets

#### Sales

(unit : KRW bn)



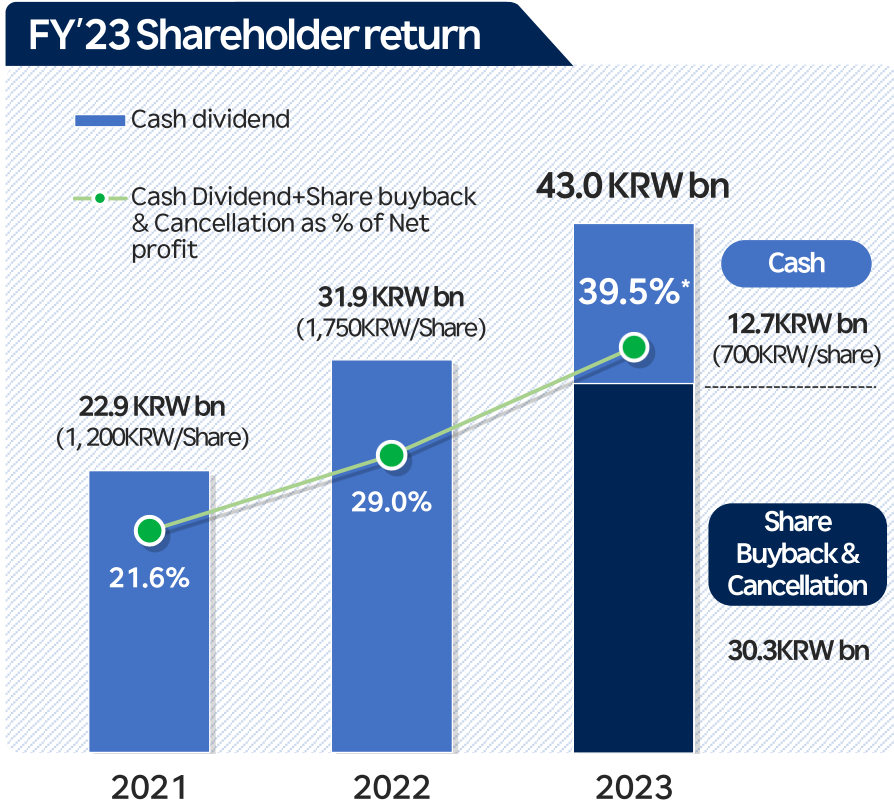
#### ✔ Continued slowdown in demand

- Demand continued to be weak due to last year's high base and high-interest rates, but AF/CIS demand increased slightly.
- Economic sanctions on Russia became effective.

#### ✔ Procuring sales through stronger sales network

- Branches in Chile & Mexico to commence operations (Chile in Jul., Mexico in Sep.)
- Expanding coverage in Africa through sales network development
- To develop cost-effective equipment to respond to market entry by Chinese companies

# [Appendix] Progress on shareholder returns for the FY2023 and mid to long term policy



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

## Progress

### ✓ Cancelling existing treasury stocks (853,697 shares)

- Outstanding shares: Before 19,700,793 → After 18,847,096
- Date: April 30<sup>th</sup>, 2024
- Rationale: To enhance shareholder value by canceling treasury stocks

### ✓ Share buyback and cancellation (30.3 KRW bn)

- Purchase period: Feb. 19<sup>th</sup>, 2024 ~ Aug. 19, 2024
- Scheduled to be canceled immediately upon completion of purchase

### ✓ Mid/long term shareholder return policy

- Over the next three years (Y2024~Y2026), more than 30% of net profit (non-consolidated base) will be paid out as dividends or share buyback & cancellation (One-time gains and losses can be excluded when calculating net profit.)
- We seek to enhance predictability on shareholder return.

