

1Q24 Earnings Release

April 24, 2024



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1. Financial Results Summary

1Q24 Results

- ✔ Despite solid demand and market share expansion in emerging markets, sales declined 3.8% YoY due to slower demand from developed markets.
- ✔ Operating profit also dropped 33% YoY due to increase in incentive costs aimed at promoting retail sales in developed market and one-off expenses.

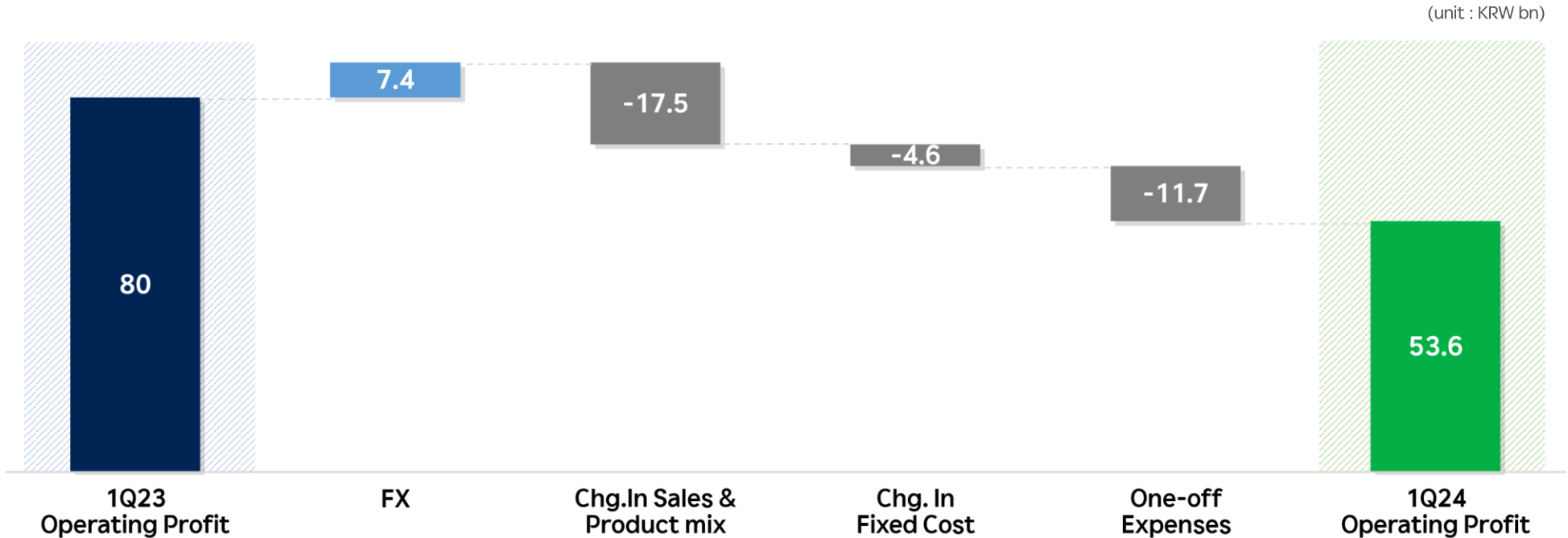
(unit : KRW bn)

	1Q24	YoY	QoQ	1Q23	4Q23
Sales	979.1	-3.8%	+15.8%	1,018.3	845.9
Operating Profit	53.6	-33.0%	+100%	80	26.8
OP Margin(%)	5.5%	-2.4%p	+2.3%p	7.9%	3.2%
Non-Operating Profit	0.3	-	-	11.2	-70.7
Interest Income	-7.8	-	-	-7.1	-11.4
Gain and Losses on Foreign exchange	11.1	-	-	19.6	-8.9
Net Profit	45.8	-34.1%	TB	69.5	-42.8
Profit attributable to owners of the company	45.8	-36.1%	TB	71.7	-36.8

2. Operating Profit Overview

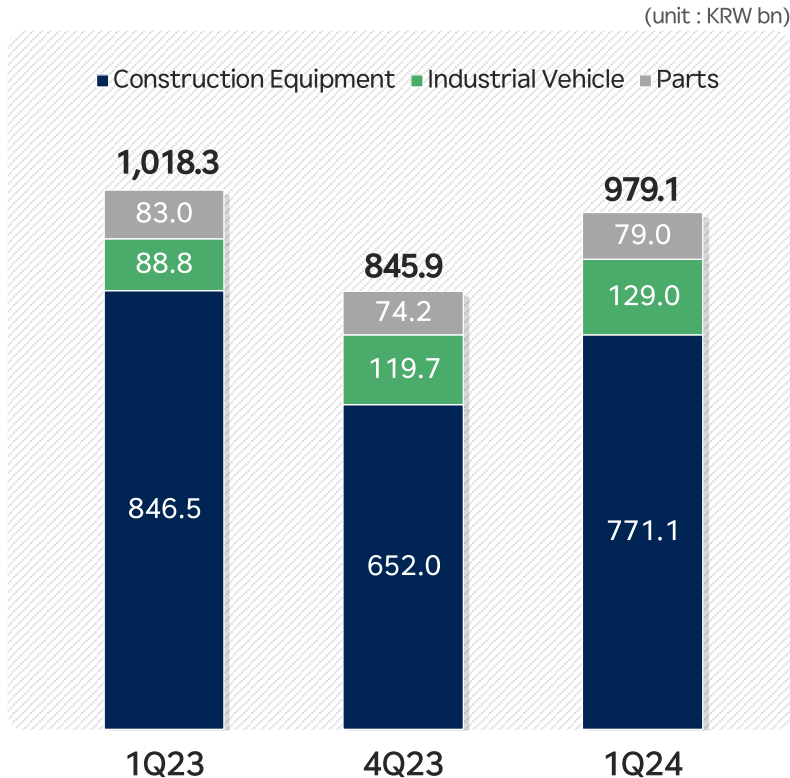
Operating Profit Analysis (YoY)

- ✔ Despite weakness in business environment, sales were primarily driven by demand in emerging markets. However, overall operating profit decreased due to increase in selling expenses and recognition of one-off expenses.



3. Sales Overview by Business

Sales by Business in 1Q



Sales Analysis by Business in 1Q

	YoY	QoQ
Construction Equipment <ul style="list-style-type: none"> (YoY) Despite sluggish business conditions in developed markets, negative impact on revenue was somewhat mitigated by the stable performance in emerging markets. (QoQ) Sales increased thanks to steady demand in emerging markets and market share expansion. 	-8.9%	+18.3%
Industrial Vehicle <ul style="list-style-type: none"> Sales continued to improve due to base effect following the easing of supply chain disruption and robust demand in the North America. 	+45.3%	+7.8%
Parts <ul style="list-style-type: none"> Sales remained solid in line with stable equipment sales flow. 	-4.8%	+6.5%

4. Sales Overview by Region

Sales Analysis by Region

(unit : KRW bn)

	1Q24				1Q23		4Q23		Analysis (YoY)
	Sales	%	YoY	QoQ	Sales	%	Sales	%	
Emerging	307.6	31	-14%	+15%	357.5	35	268.7	32	Sales declined due to economic sanctions on Russia and weakened purchasing power in some Asian regions in view of dollar's strength.
North America	232.1	24	-8%	-1%	252.8	25	235.4	28	Retail sales were pushed back given growing uncertainty over interest rate cuts.
India	145.4	15	+17%	+25%	123.9	12	116.2	14	Sales and profitability improved amidst infrastructure investment-driven demand under Modi administration.
Europe	104.9	11	-4%	-2%	109.1	11	107.1	12	Purchasing decision was delayed due to pent-up demand awaiting interest rate cuts in the second half of the year.
Korea	88.4	9	+8%	+114%	82.1	8	41.4	5	Market grew at a modest pace as the sluggish market condition in domestic construction sector eases.
China	54.5	5	-1%	+42%	55.3	5	38.4	4	Demand recovery remained slow due to economic downturn and worsened construction industry conditions.
Brazil	46.2	5	+23%	+19%	37.6	4	38.7	5	Market share increased as a result of new product line-up and strong domestic economic condition.

5. Financial Statement and Key Financial Ratios

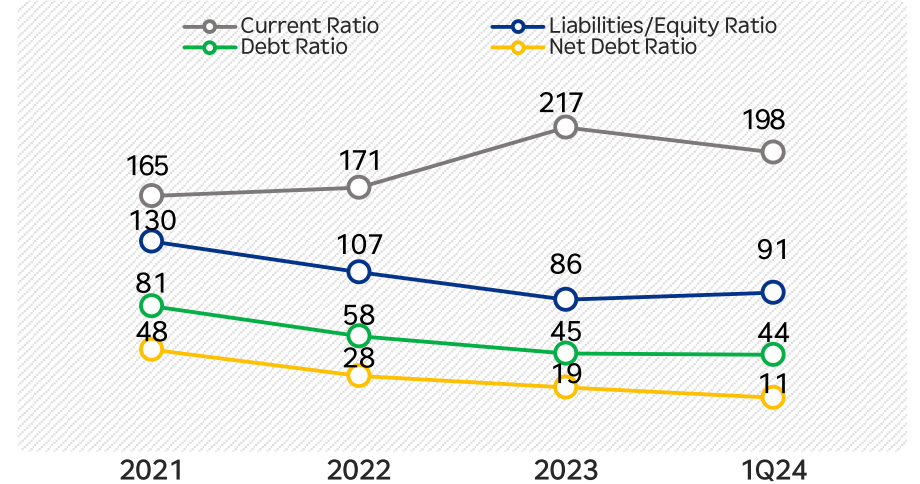
Summarized Financial Statement

(unit : KRW bn)

	1Q24	2023	2022	2021
Total Assets	3,442.7	3,297.0	3,448.6	3,554.3
Current Assets	2,313.2	2,199.2	2,350.6	2,469.5
Non-current Assets	1,129.5	1,097.8	1,098.0	1,084.8
AR and others	656.8	635.2	707.7	876.5
Cash Equivalents & Financial Assets	591.4	458.6	488.3	524.6
Total Liabilities	1,638.0	1,525.9	1,781.3	2,006.5
Current Liabilities	1,167.8	1,014.2	1,373.7	1,499.1
Non-current Liabilities	470.2	511.7	407.6	507.4
AP and others	508.9	401.5	457.0	428.0
Borrowings	789.4	789.5	963.2	1,261.2
Net Borrowings	198.0	330.9	474.9	736.6
Total Equity	1,804.7	1,771.1	1,667.3	1,547.8

Key Financial Ratios

(unit : %)

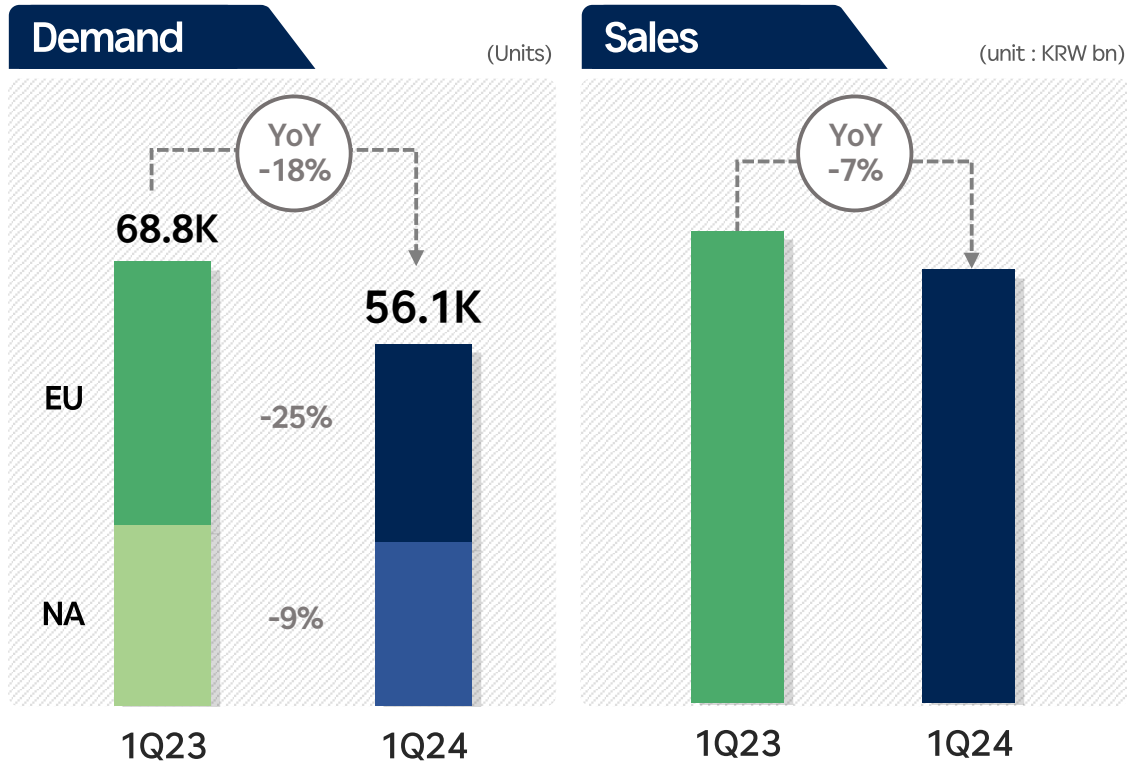


High levels of financial soundness secured



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

* MEX: Mini Excavator / WLO: Wheel Loader / ADT: Articulated Dump Truck

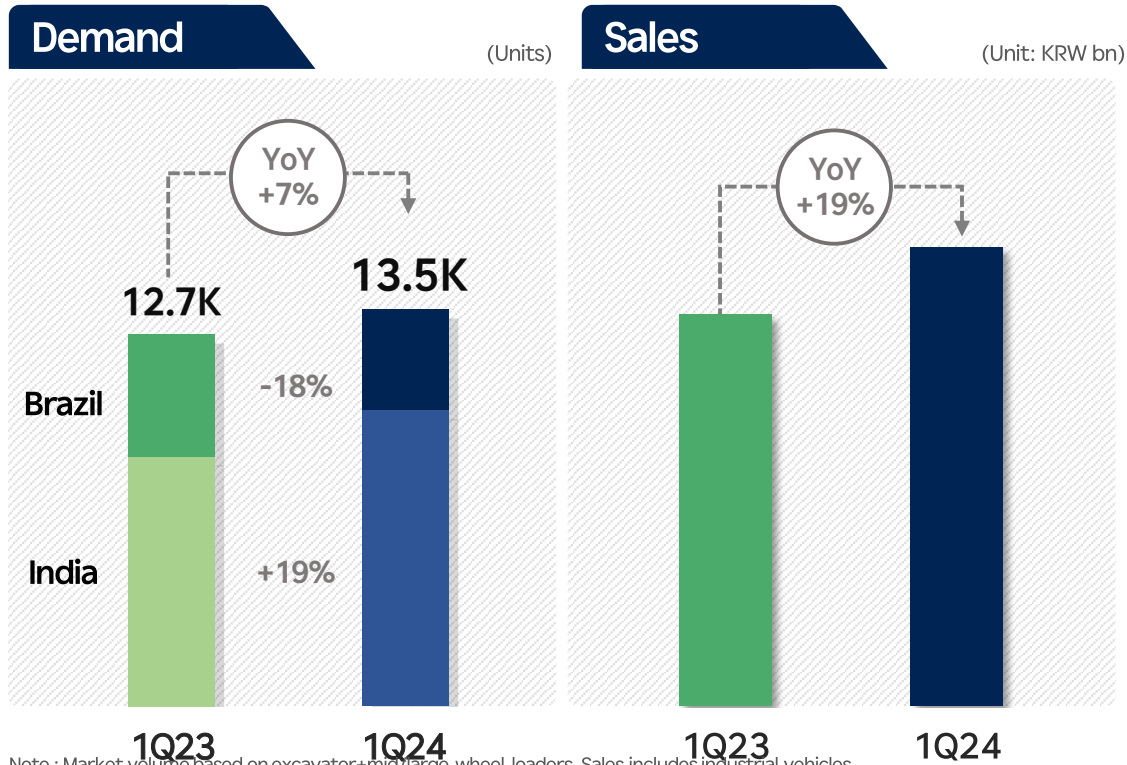
✓ Market demand weakened due to prolonged high interest rate

- Demand for mini excavator weakened, while wheel loader demand remains relatively steady.
- Sales declined, however, improvement in market presence was a positive development.
(NA +0.7%p YoY/ EU +0.4%p YoY)
» Sharp rebound expected as demand recovers

✓ Securing sales by increasing contribution from high value-added products

- Sales decreased in line with lower demand and high comparison basis of last year.
- Adverse impact on sales to be minimized via improvement in sales mix (more sales of wheel loaders and articulated dump trucks) and stronger retail promotion.

India & Brazil



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

Source : Company data

* 6~8 ton excavators

✓ [India] Solid demand based on 3rd term of Modi administration

- Steady demand expected in India, despite modest demand adjustment after elections.

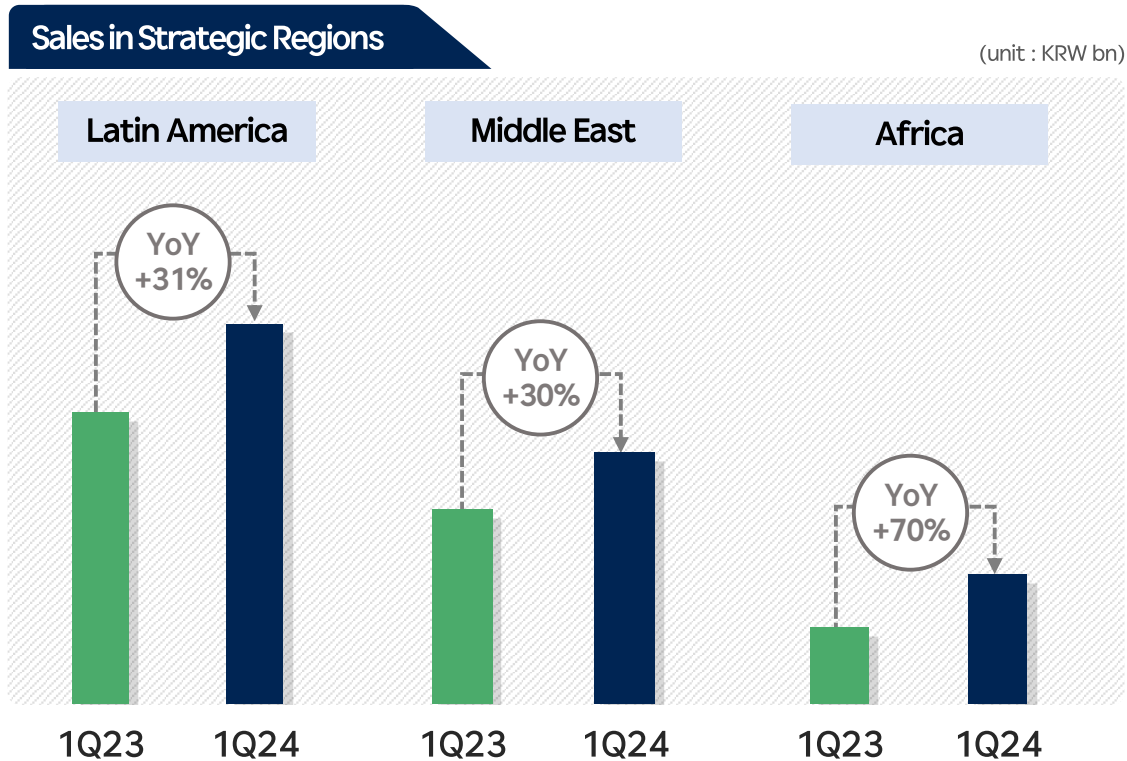
✓ [India] Enhanced business portfolio

- Significantly improved profitability thanks to investment in product lineup and price hike

✓ [Brazil] On-going earnings improvement

- Sales increased thanks to synergy between existing models and newly launched midi products*
 - » Improvement expected to continue thanks to additional lineup through cross-selling
- Profitability to also improve thanks to enhanced profit structure and sales growth.

Emerging Markets



Note : Market volume based on excavator+mid/large wheel loaders
Source : Company data

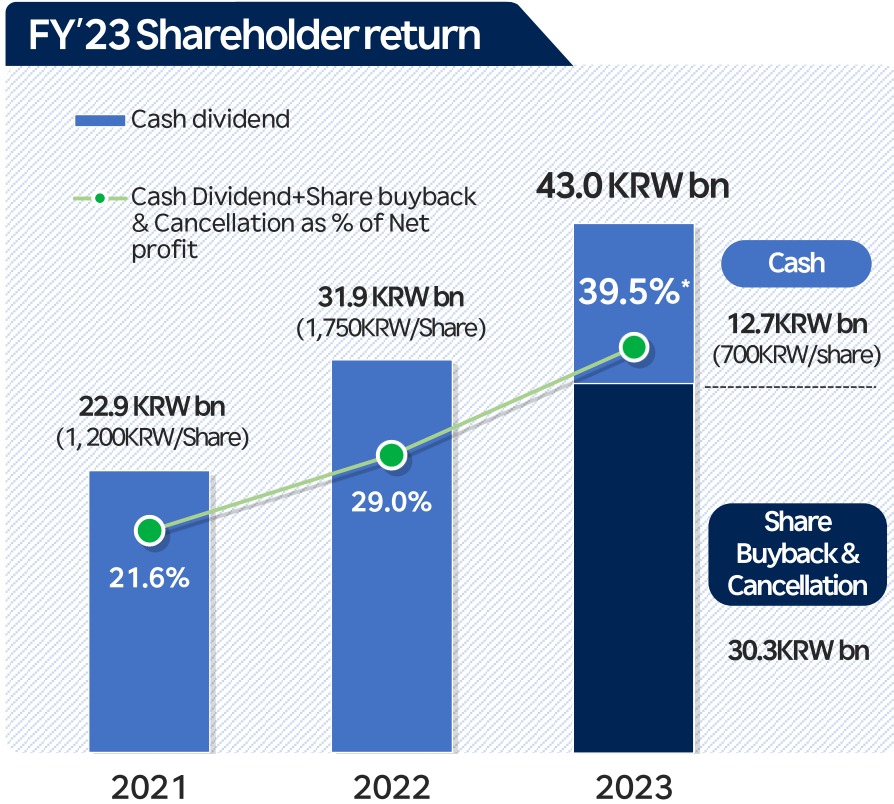
✓ Differentiation in demand by region

- Despite overall demand slowdown, demand remained healthy in Middle East and Africa.
- Upside potential is expected thanks to the recent rise in oil and raw material prices.

✓ Continue to improve regional & product mix

- Sales grew in line with internal focus on high-profit regions by strengthening sales capability.
- We also endeavored to secure profitability by expanding sales of ex-large equipment and securing key account customers.

[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 30th, 2024
- Rationale: To enhance shareholder value by canceling treasury stocks

✔ Share buyback and cancellation (30.3 KRW bn)

- Purchase period: Feb. 19th, 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.

