

3Q 2020 Earnings Release

HYUNDAI CONSTRUCTION EQUIPMENT



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3Q 2020 Earnings Release



1. Summary of Financial Results
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3. Sales Results by Business
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5. Non-operating Profit and Net Profit
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1. Summary of Financial Results

3Q

- Sales decreased 2.4% in YoY similar to 3Q19 thanks to the recovery in some major markets despite COVID-19.
- O/P Margin decreased 1.7%p in YoY due to product mix change and increased cost.

(Unit: Billion KRW, %)

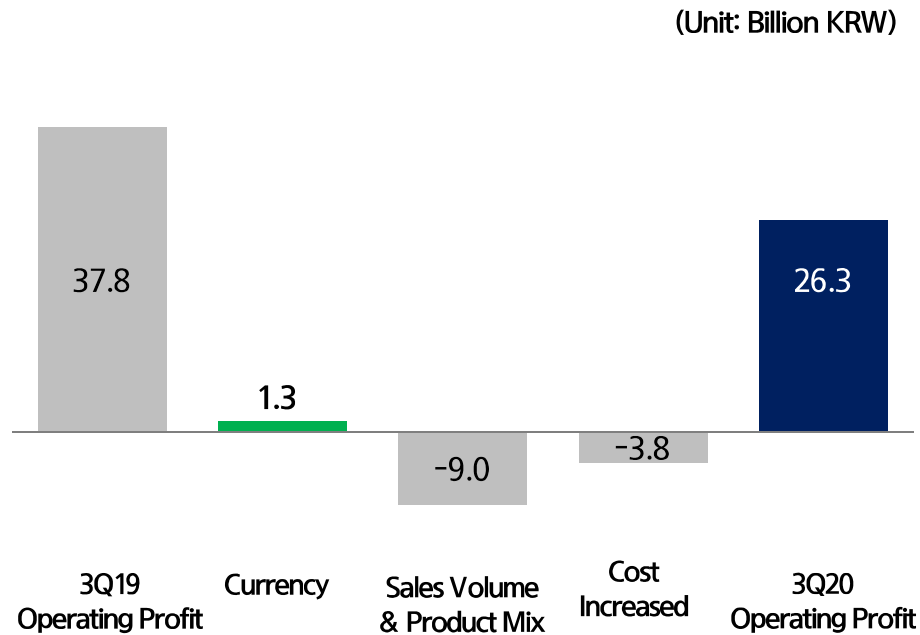
	'20.3Q		'19.3Q	'20.2Q
		YoY		
Sales	624.1	-2.4	639.6	668.4
Operating Profit	26.3	-30.4	37.8	42.0
O/P Margin(%)	4.2	-1.7p	5.9	6.3
Non-Operating Profit	-11.0	-	-2.8	-14.6
Interest income	-5.8	-	-5.5	-6.2
Gains and Losses on Foreign exchange	-5.5	-	5.5	-5.0
Net Profit	5.3	-79.5	25.8	19.1
Profit attributable to owners of the Company	2.9	-87.3	22.8	11.6

- Note) K-IFRS consolidated financial statements basis (consolidated with Belgium, Atlanta, Holding company and subsidiaries in China, India, Indonesia)

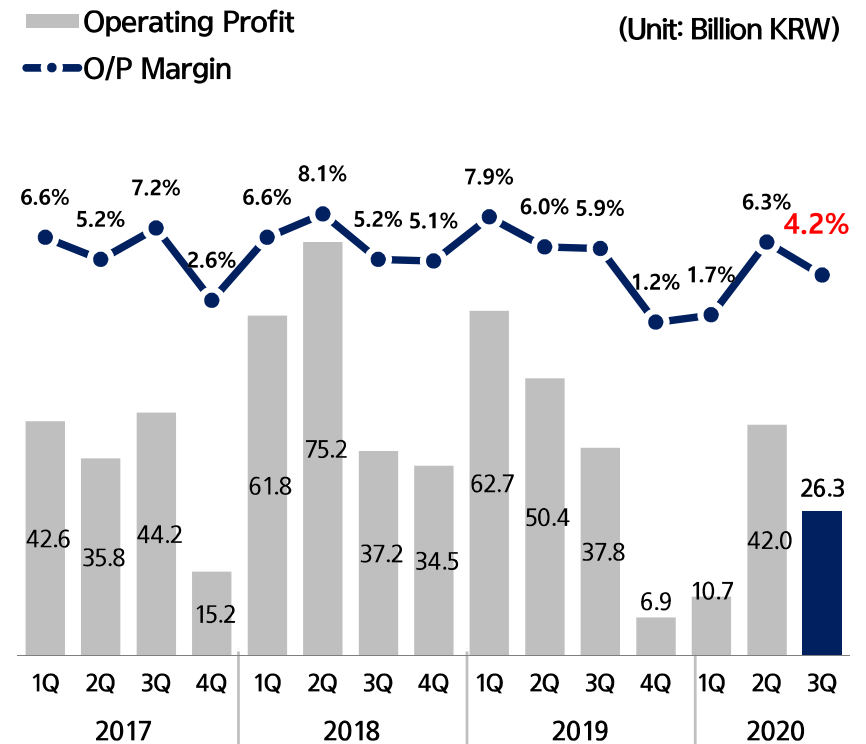
2. Operating Profit Analysis

- O/P margin reached 4.2% due to product mix change and increased cost. (YoY -1.7%p, QoQ -2.1%p)

Operating Profit Analysis



Quarterly Changes of Profit



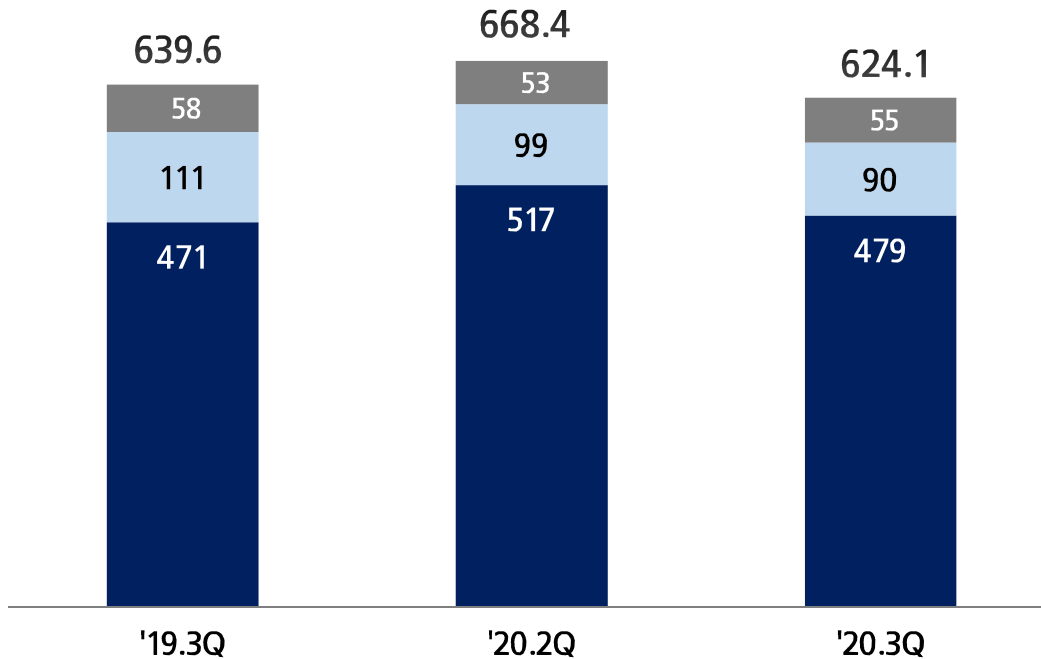
3. Sales Results by Business

- C/E : Sales increased 1.7% in YoY thanks to recovery in major markets.
- F/L : Sales decreased 18.8% in YoY due to uncertainty of advanced markets.

3Q20 Sales by Business

(Unit: Billion KRW)

■ CE ■ FL ■ A/S & Parts



- **Construction Equipment**

- QoQ : -7.2%
- YoY : +1.7%

- **Fork Lift (Industrial Vehicle)**

- QoQ : - 9.0%
- YoY : -18.8%

4. Sales by Region

- Sales in China, India and Domestic increased by aggressive marketing, but it is still difficult to expect improvement in the advanced market due to COVID -19.

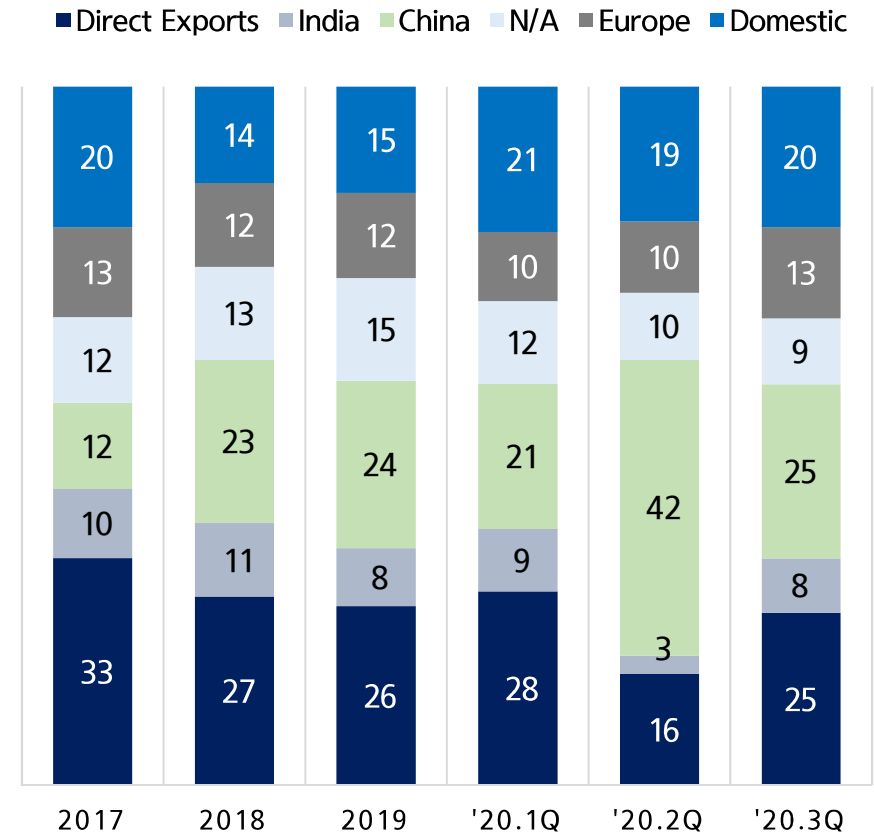
Sales

(Unit: Billion KRW, %)

	'20.3Q			19.3Q	'20.2Q
		YoY	QoQ		
Direct Exports	163.9	-13	39	187.7	117.8
India	51.8	2	171	50.6	19.1
China	166.2	32	-47	126.2	314.2
North America	62.9	-40	-11	105.2	70.5
Europe	86.9	-18	15	106.6	75.4
Domestic	133.7	33	-7	100.7	143.1

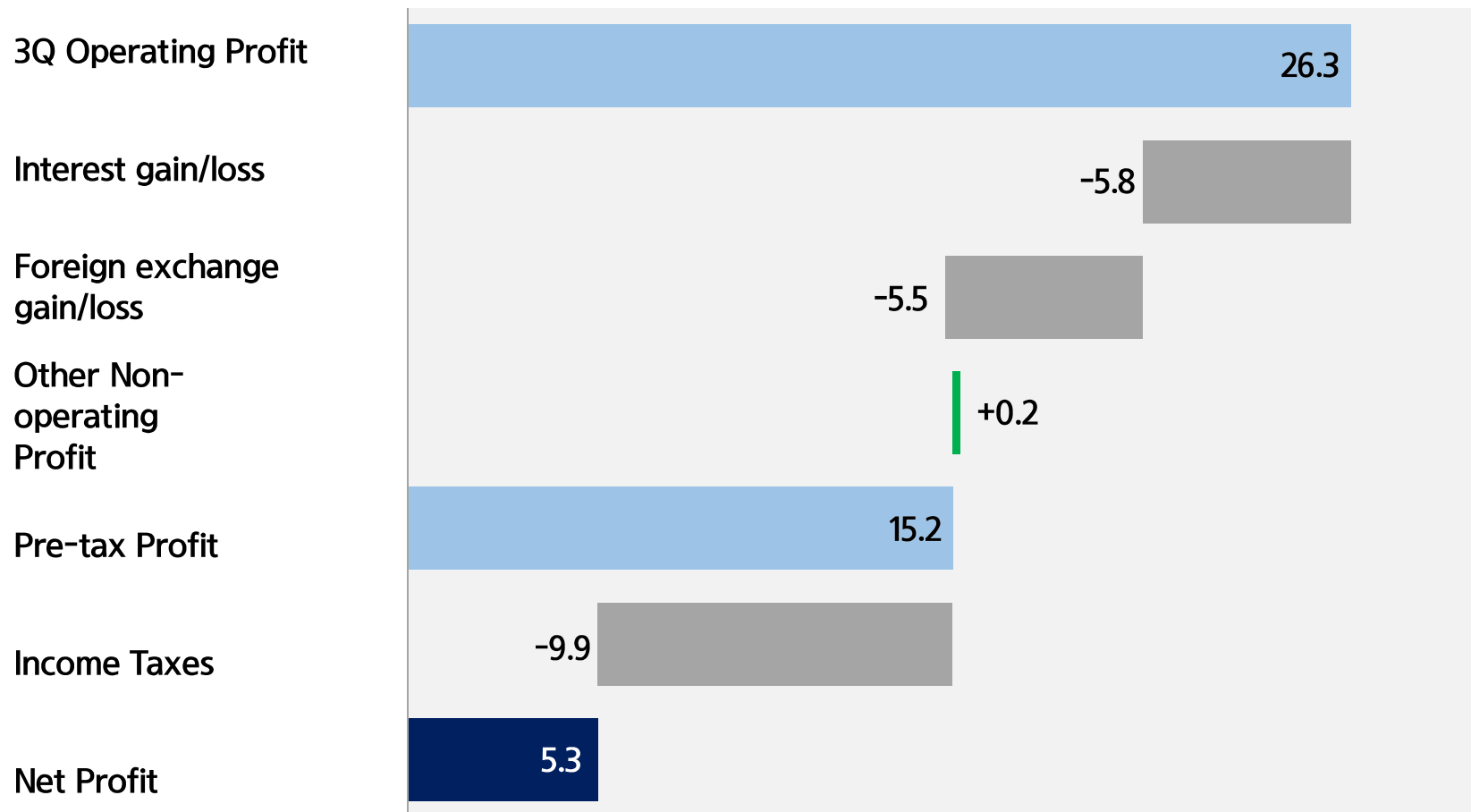
Quarterly Sales Portion by Region

(Unit : %)



5. Non-operating Profit and Net Profit

(Unit: Billion KRW)



6. Financial Statement

- Preemptive financing to secure liquidity amid the global crisis.
- Maintaining stable level of Debt and Net Borrowing Ratio.

Consolidated Financial Statement

(Unit: Billion KRW)

	'20.3Q	2019	2018	2017
Total Assets	3,434.2	3,188.0	3,126.5	2,228.7
Current Assets	2,336.7	2,151.5	2,203.9	1,553.5
AR and others	784.9	747.7	595.9	425.5
Cash & Cash Equivalents	934.8	637.5	522.2	426.0
Non-current Assets	1,097.5	1,036.5	922.7	675.2
Total Liabilities	1,821.8	1,610.9	1,558.3	1,057.7
Current Liabilities	1,162.6	1,052.8	945.1	785.6
AP and others	293.2	292.3	410.1	278.6
Non-current Liabilities	659.2	558.1	613.2	272.1
Borrowings	1,326.1	1,121.8	966.0	673.8
Net Borrowings	391.4	484.2	443.7	247.8
Total Equity	1,612.4	1,577.1	1,568.2	1,170.9

Analysis

	'20.3Q	2019	2018	2017
Current Ratio (Current Assets / Current Liabilities)	201%	204%	233%	198%
Debt Ratio (Total Liabilities / Total Assets)	113%	102%	99%	90%
Borrowing Ratio (Borrowings / Total Equity)	82%	71%	62%	58%
Net Borrowing Ratio (Net Borrowings / Total Equity)	24%	31%	28%	21%

Market Status

1. 2020 Global CE Market
2. Response to Market Environment Change

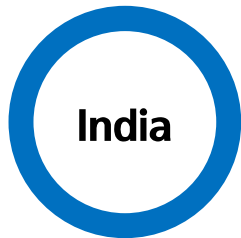


Major Market Issues - Global

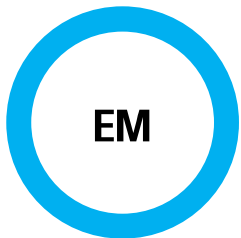
- Uncertainty from COVID-19 continues even recovery in some regions.



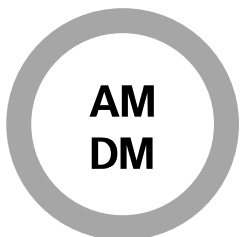
- Market demand in 3Q grew 63% YoY (33% growth 3Q20 YTD)
- Launching new model for 20 ton and 39 ton class and expansion of Special Equipment.



- Market shows V-shaped recovery with resumption of infrastructure projects after lockdown release in 2Q . It is expected the recovery to be continued in 4Q and next year.
- HCE has 16.4%(cumulative) market share in India with increased sales more than market growth.



- Sign of sales recovery shows up in some regions including increase of sale units etc.
- Close dealer management by using non-contact channel including Digital dealer conference.

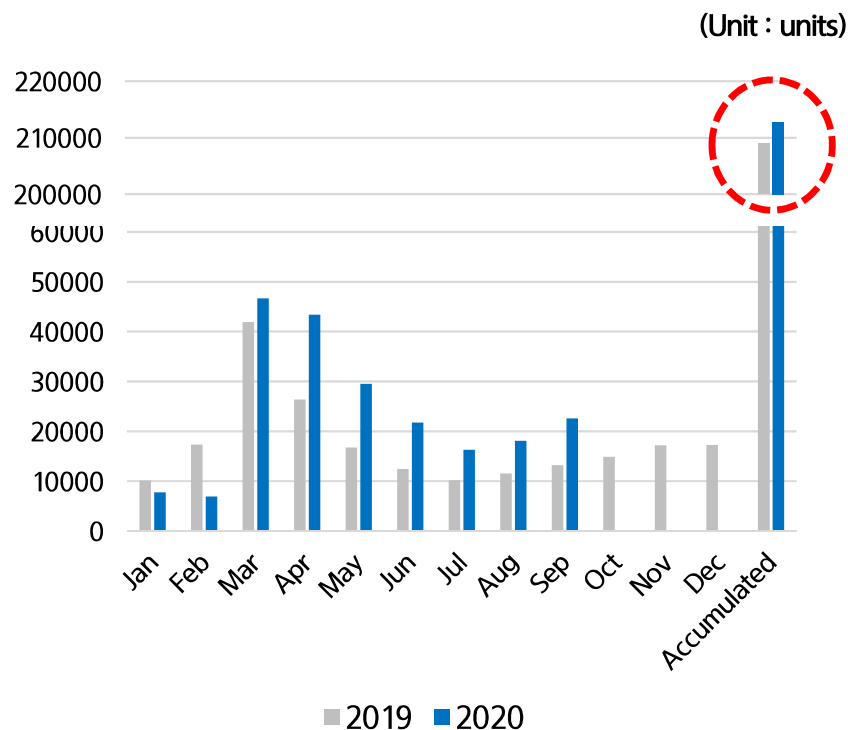


- In AM (Advanced Market including N/A and Europe), still uncertainty continues because of COVID-19 pandemic and U.S presidential election.
- Domestic market has recovered and HCE sales are on the rise YoY.

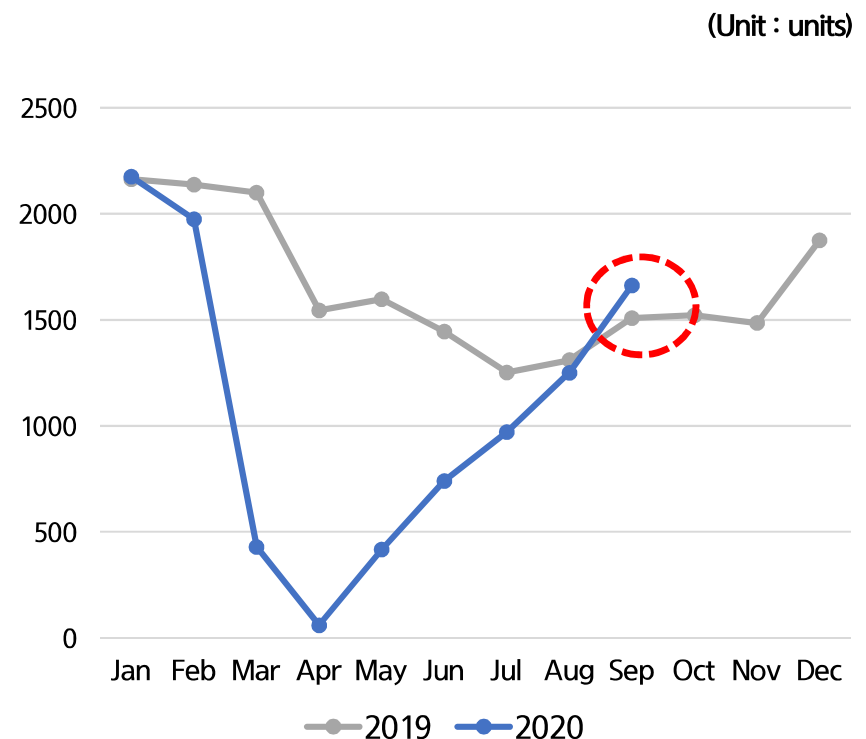
Major Market Issues – China, India

- (China) 3Q in 2020 YTD market demand (212,000 units) exceeded 2019 whole year market demand (209,000 units)
- (India) Market shows V-shaped recovery with resumption after lockdown release in 2Q. Focusing on producing and supplying machines for increased demand without delay caused by COVID-19.

China : 2019-2020 Monthly Market Demand



India : 2019-2020 Monthly Market Demand



Response to Market Environment Change

- Reinforcement of ESG competence to meet sustainability management. (Elevated ESG Level from B+(2019) to A(2020) by Korea Corporate Governance Service)
- New technology development to secure future competence.

Eco-friendly Technology



- Hydrogen Forklift / Excavator

Logistics Automation



- Autonomous forklift / Autonomous Control System

Technology Investment



- New R&D Center (Nov 2020) (Technology Innovation Center)

