

3Q 2021 Earnings Release

HYUNDAI CONSTRUCTION EQUIPMENT



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3Q 2021 Business Results



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1. Financial Results Summary

3Q

Sales and Operating Profit increased driven by strong demand in Emerging countries & continued recovery in Advanced Countries

- Sales : 813.8 billion KRW (+30% YoY)
- Operating profit : 43 billion KRW (+63% YoY)

(Unit: Billion KRW, %)

	'21.3Q			'20.3Q	'21.2Q
		YoY	QoQ		
Sales	813.8	30.4%	-14.6%	624.1	952.6
Operating Profit	43.0	63.5%	-39.2%	26.3	70.7
O/P Margin(%)	5.3%	1.1%p	-2.1%p	4.2%	7.4%
Non-Operating Profit	1.5	N/A	-91.3%	-11.0	17.2
Interest Income	-2.9	N/A	N/A	-5.8	-5.2
Gain and Losses on Foreign exchange	5.4	N/A	-10.0%	-5.5	6.0
Net Profit	33.2	526.4%	-49.3%	5.3	65.5
Profit attributable to owners of the company	32.3	1013.8%	-46.3%	2.9	60.1

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

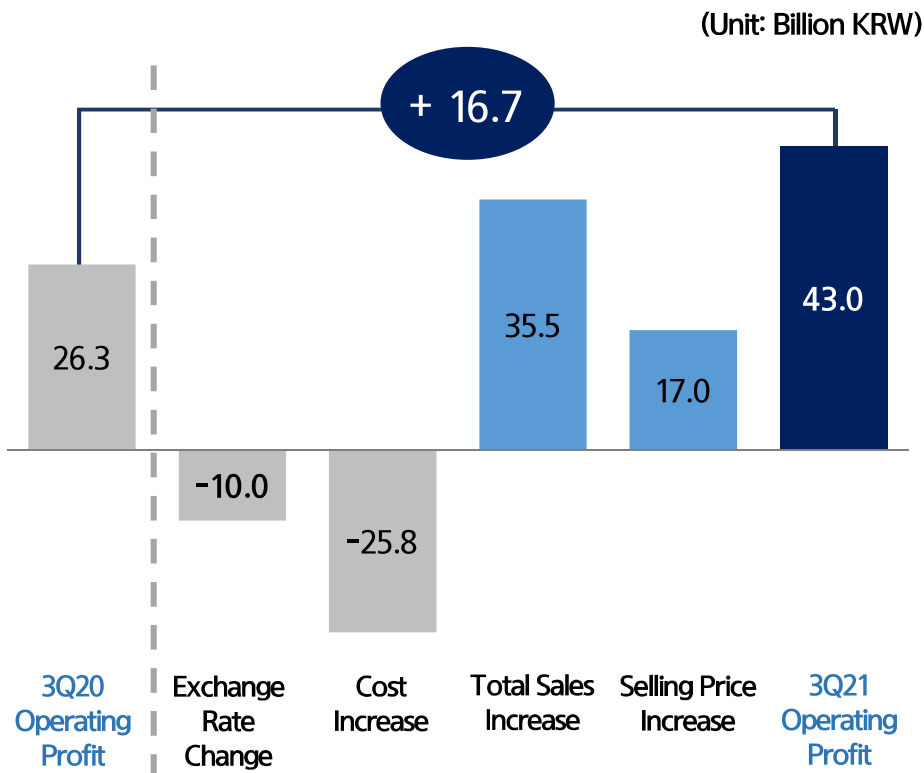
2. Operating Profit Overview

- Cost increased due to the high price of raw materials
- Sales decreased in China due to the market slowdown
- + Strong Sales in Emerging and Advanced Countries
- + Selling price increase for profit improvement

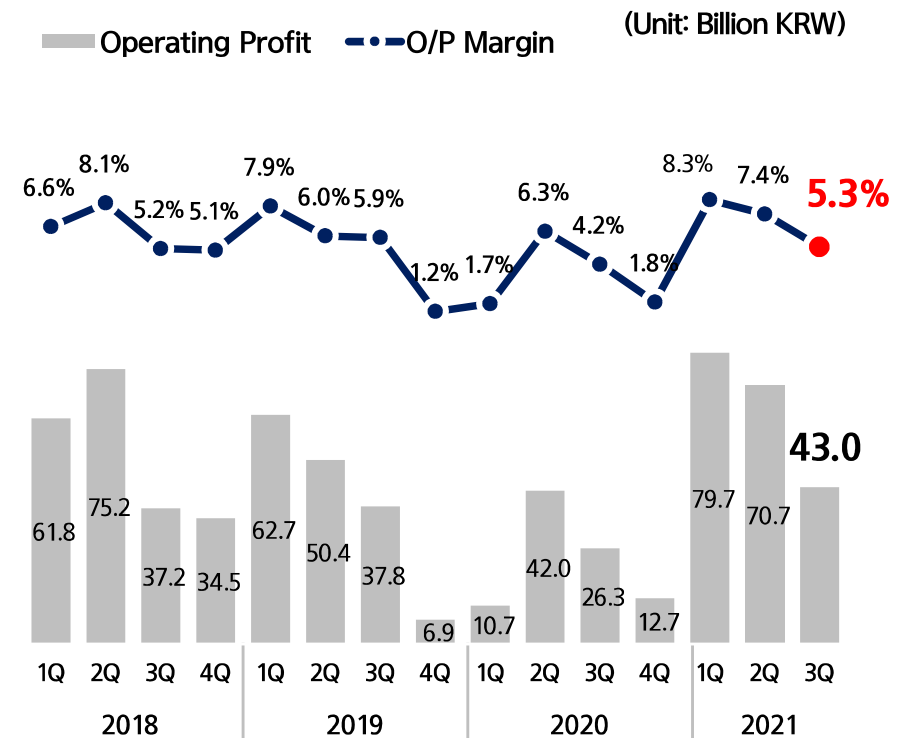


Operating Profit increased
16.7 billion KRW (+63% YoY)

Operating Profit Analysis (YoY)



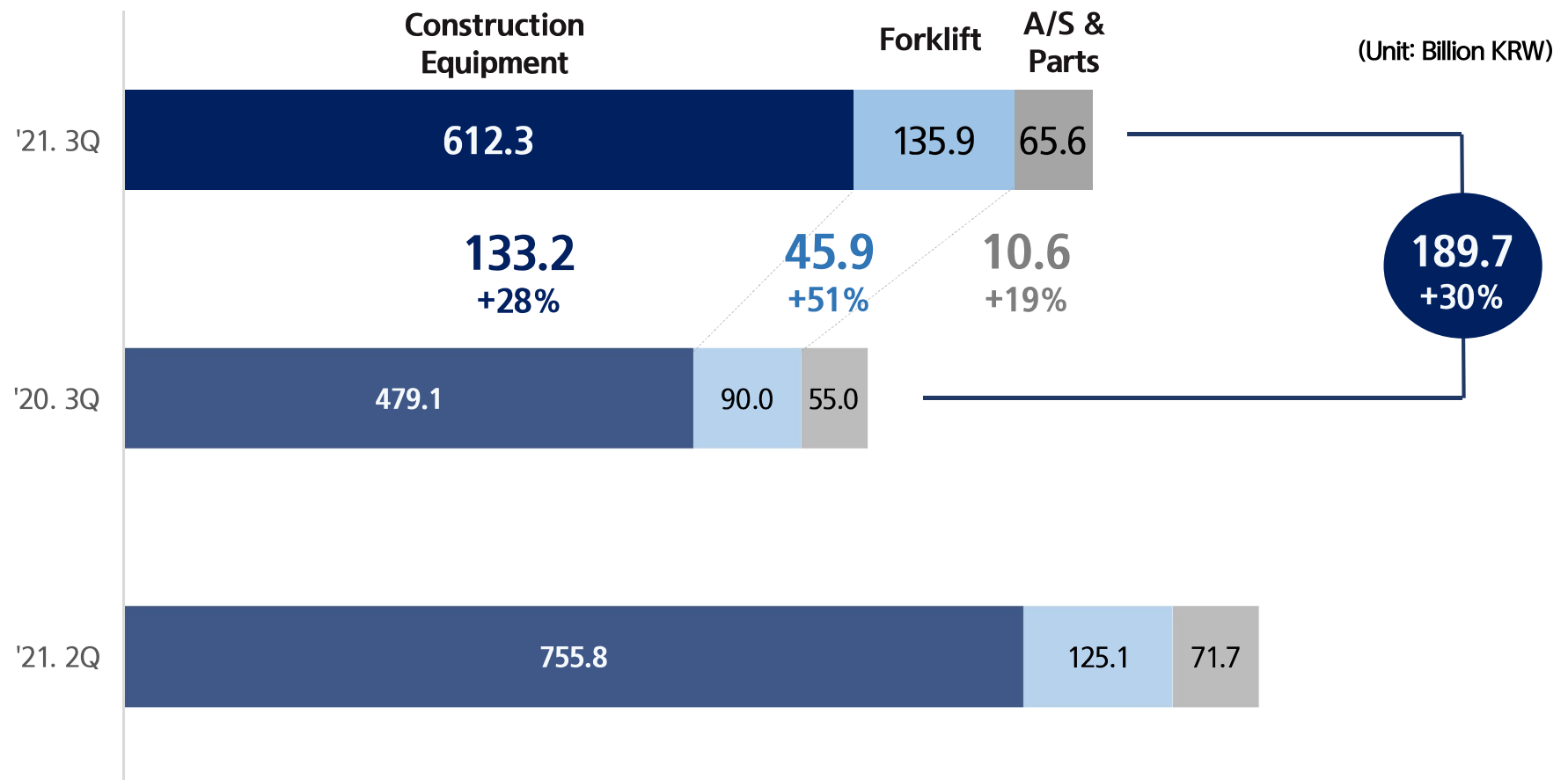
Quarterly Changes in Operating Profit



3. Sales Overview by Business

- CE : Despite of market slowdown in China, sales increased 133.2 bil KRW (+28% YoY) by strong sales in Emerging and Advanced Countries
- FL : Sales increased 45.9 bil KRW (+51% YoY) by recovered demand in North America and Emerging Countries

3Q21 Sales by Business



4. Sales Overview by Region

- Emerging : Market increased due to the rising oil price, in addition to the high price of raw materials
- India : Market recovered after the decrease caused by Covid-19 lockdown in 2Q
- Advanced : Sales increased by economic recovery including construction industry
- China : Preemptive action against the risk caused by the market slowdown (Distributor stocks management)
- Domestic : Favorable market condition continues

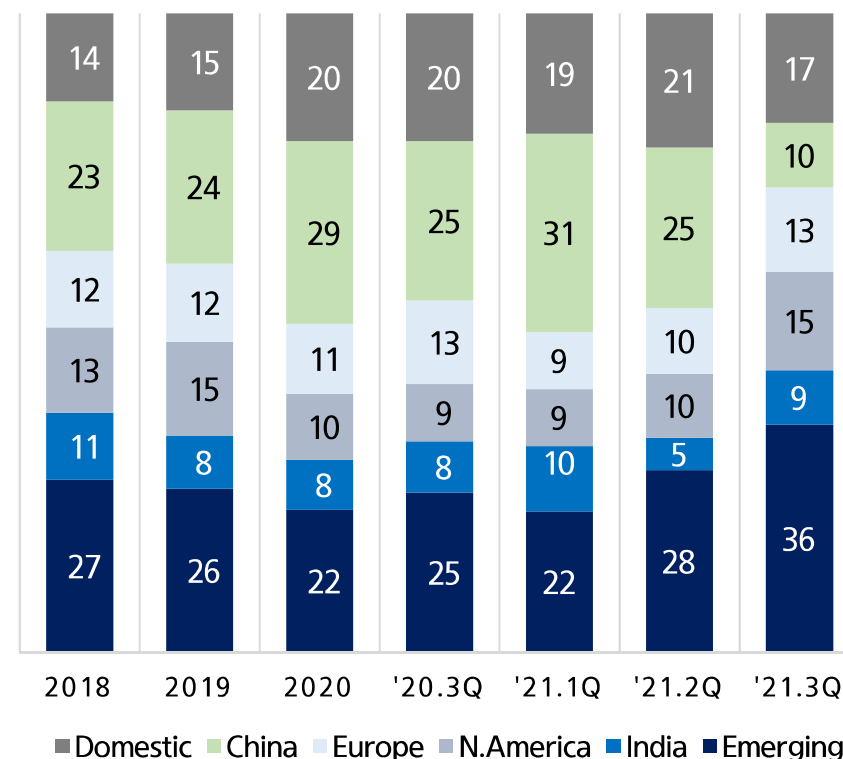
Sales Amount

(Unit: Billion KRW, %)

	'21.3Q			'20.3Q	'21.2Q
		YoY	QoQ		
Emerging	289.6	77	-1	163.9	293.6
India	69.6	34	33	51.8	52.4
North America	124.6	98	21	62.9	103.3
Europe	107.6	24	2	86.9	105.2
China	82.3	-50	-68	166.2	259.3
Domestic	139.8	5	-36	133.7	216.8

Quarterly Portion by Region

(Unit : %)

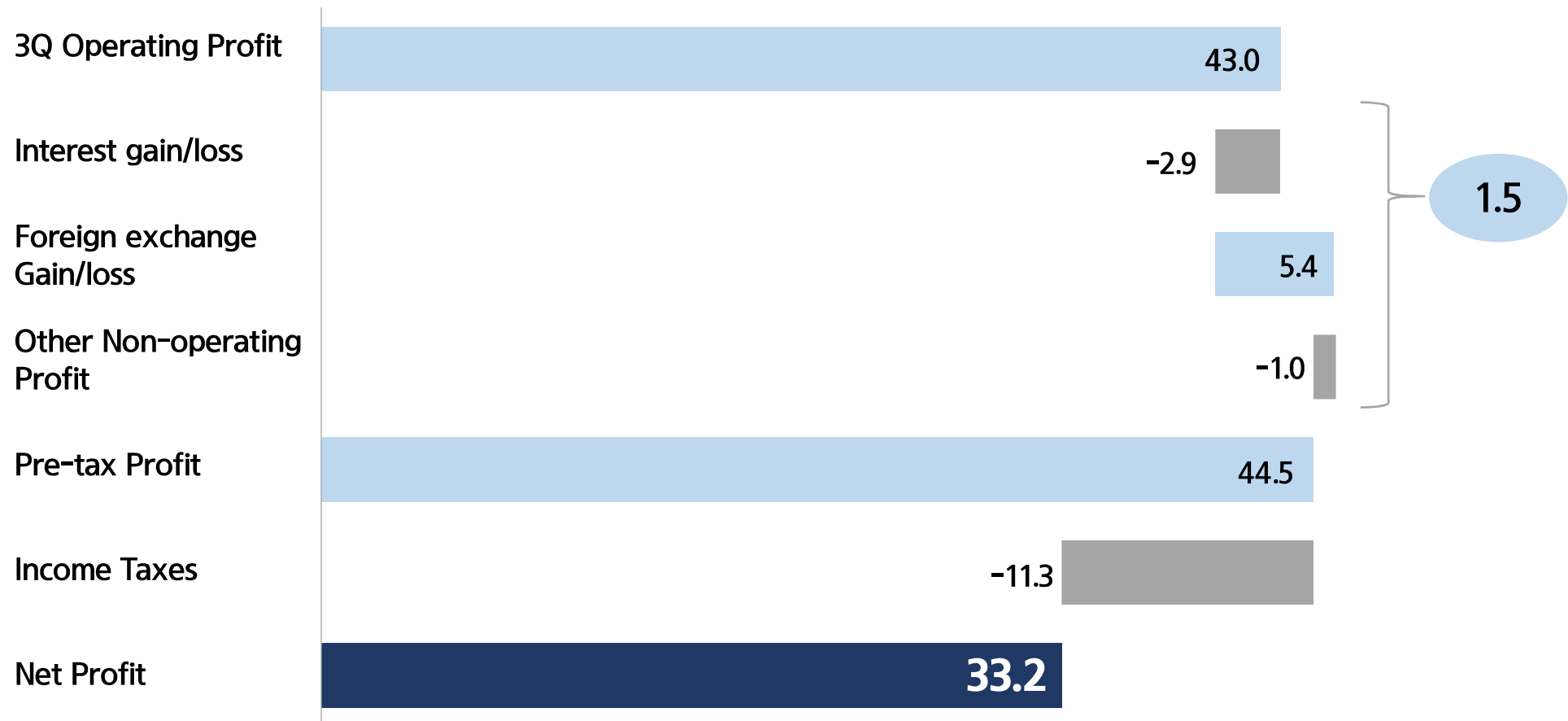


- Note 1) Internal transactions included
- Note 2) Parts for mass production sales in domestic & hydraulic cylinder sales in China excluded from Aug. 2021 (Parts for mass production business transferred to Hyundai Genuine Co Ltd)

5. Non-Operating Profit and Net Profit

- 32.2 billion KRW of Net profit including interest loss 2.9 billion KRW and foreign exchange gain 5.4 billion KRW

(Unit: Billion KRW)



6. Financial Statement and Indicators

- Good financial solvency

Consolidated Financial Statement

(Unit: Billion KRW)

	'21.3Q	2020	2019	2018
Total Assets	3,668.1	3,355.9	3,188.0	3,126.5
Current Assets	2,577.0	2,261.7	2,151.5	2,203.9
Non-current Assets	1,091.0	1,094.1	1,036.5	922.7
AR and others	1,104.2	740.0	747.7	595.9
Cash Equivalents & Financial Assets	761.1	892.8	367.5	522.2
Total Liabilities	1,875.3	1,768.3	1,610.9	1,558.3
Current Liabilities	1,346.9	1,156.5	1,052.8	945.1
Non-current Liabilities	528.4	611.8	558.1	613.2
AP and others	475.1	355.8	292.3	410.1
Borrowings	1,178.8	1,214.5	1,121.8	966.0
Net Borrowings	417.7	321.7	484.2	443.7
Total Equity	1,792.8	1,587.5	1,577.1	1,568.2

Key Indicators for analysis

	'21.3Q	2020	2019	2018
Current Ratio (Current Assets / Current Liabilities)	191%	196%	204%	233%
Debt Ratio (Total Liabilities / Total Equity)	105%	111%	102%	99%
Borrowing Ratio (Borrowings / Total Equity)	66%	77%	71%	62%
Net Borrowing Ratio (Net Borrowings / Total Equity)	23%	20%	31%	28%

Market Outlook



Market Review & Outlook

- Despite of market slowdown in China, the Company Sales have been increased 46% (3Q YTD, YoY) driven by double sales in Emerging countries and sales expansion in Advanced countries



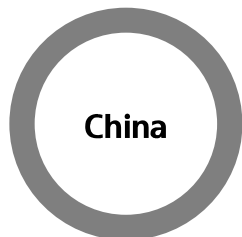
- Market increased 68% up to August (YoY), by the high price of raw materials
 - Sales increased 95% (3Q YTD quantity basis, YoY)
 - Continued order contracts (on-hand backlog orders are amount of 5 months sales)
- *As of end of Sep. '21



- Market increased continuously because of Covid-19 cases decline and investment to Infra-Structure (India : +65% / Brazil : +40%, 3Q YTD & YoY)
- High market position (Excavator M/S in India : 17.1% / Brazil M/S : 14.8%, 3Q YTD)



- Market increased 26% up to August (YoY), because of Economic recovery in Construction Industry. Favorable market condition is expected to continue in 2022.
- Sales increased 54% in N.America & Europe 3Q YTD (YoY, quantity basis), by Strong Sales of new model (A Series). Especially, N.America sales increased 75% 3Q YTD (YoY)

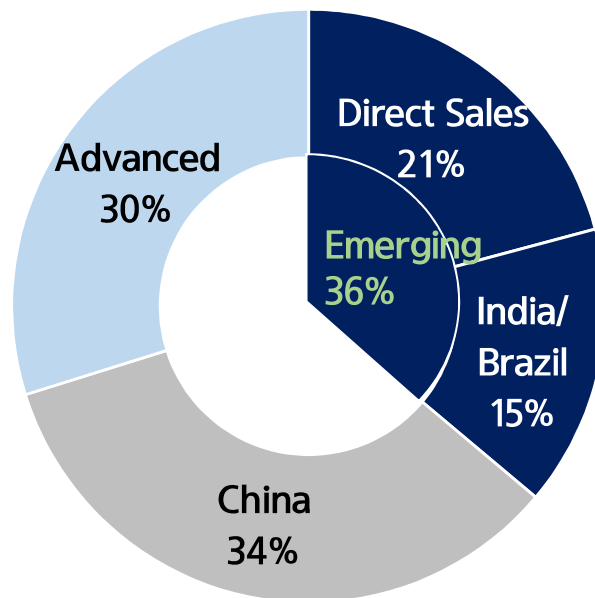


- Market decreased 32% in 3Q(YoY). Uncertainty exists due to the government policies for real estate and construction industry. *market increased 9%, 3Q YTD (YoY)
- Intensive management for distributors financial statements and profit increase, especially in in 2nd half of the year

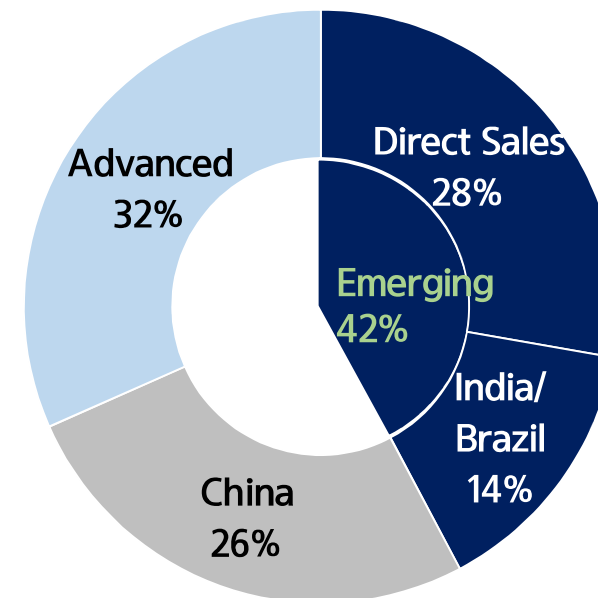
Improved Market Portfolio (3Q YTD)

- Sales expansions in Emerging & Advanced Countries
 - ➔ Dependence on Chinese market reduced
 - ➔ Sales volume and Profit both improved

2020 (JAN to DEC)



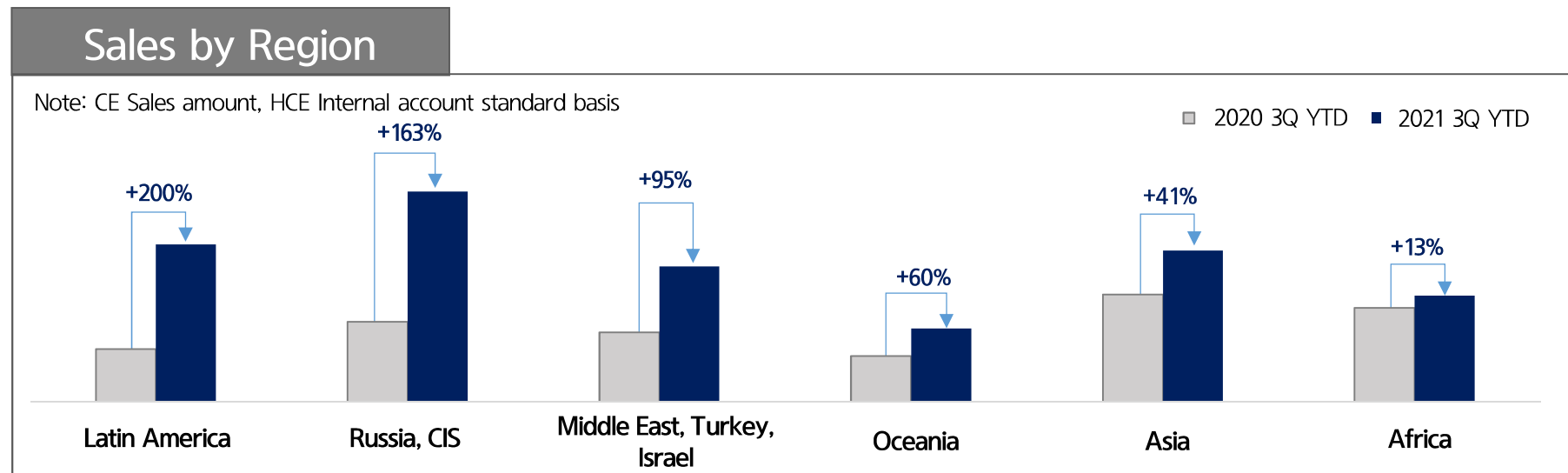
2021 (JAN to SEP)



Note: CE Sales amount, HCE Internal account standard basis

Emerging Market Analysis

- Sales growth in overall region, by production expansion through factories in India/Brazil/China and enhanced sales network



Price Trend – Raw Materials

- Over than last boom period('12-'13)

		'12	'13	'21 average
GDP growth rate	%	5.4	5.0	6.4(F)
Coal	\$/mt	96.4	84.6	122.8
Oil price	\$/bbl	105.0	104.1	66.0
Gold	\$/toz	1,670	1,411	1,801

- ### Global Operation - Flexibility
- Expand production base to Global
- ['21 3Q YTD : +182%, YoY]
- Exportation from Factory in China : +488%, YoY
 - Exportation from Factory in India : +106%, YoY
 - Exportation from Factory in Brazil : +244%, YoY

Status and Prospects of Synergy



Synergy Area

- To reinforce the competitiveness of Construction Equipment business in Hyundai Heavy Industries Group, target for core area established

Core area for Synergy

1 Maximize efficiency of Procurement/Logistics

- Integrated Procurement and Components sharing
- Global sourcing expansion
- Cost and fee reduction in logistics

2 Sales & A/S Optimization

- Sales network utilization by cross selling non-overlapped products
- Parts business advancement and sales increase through Mutual benchmarking
- Service Center sharing

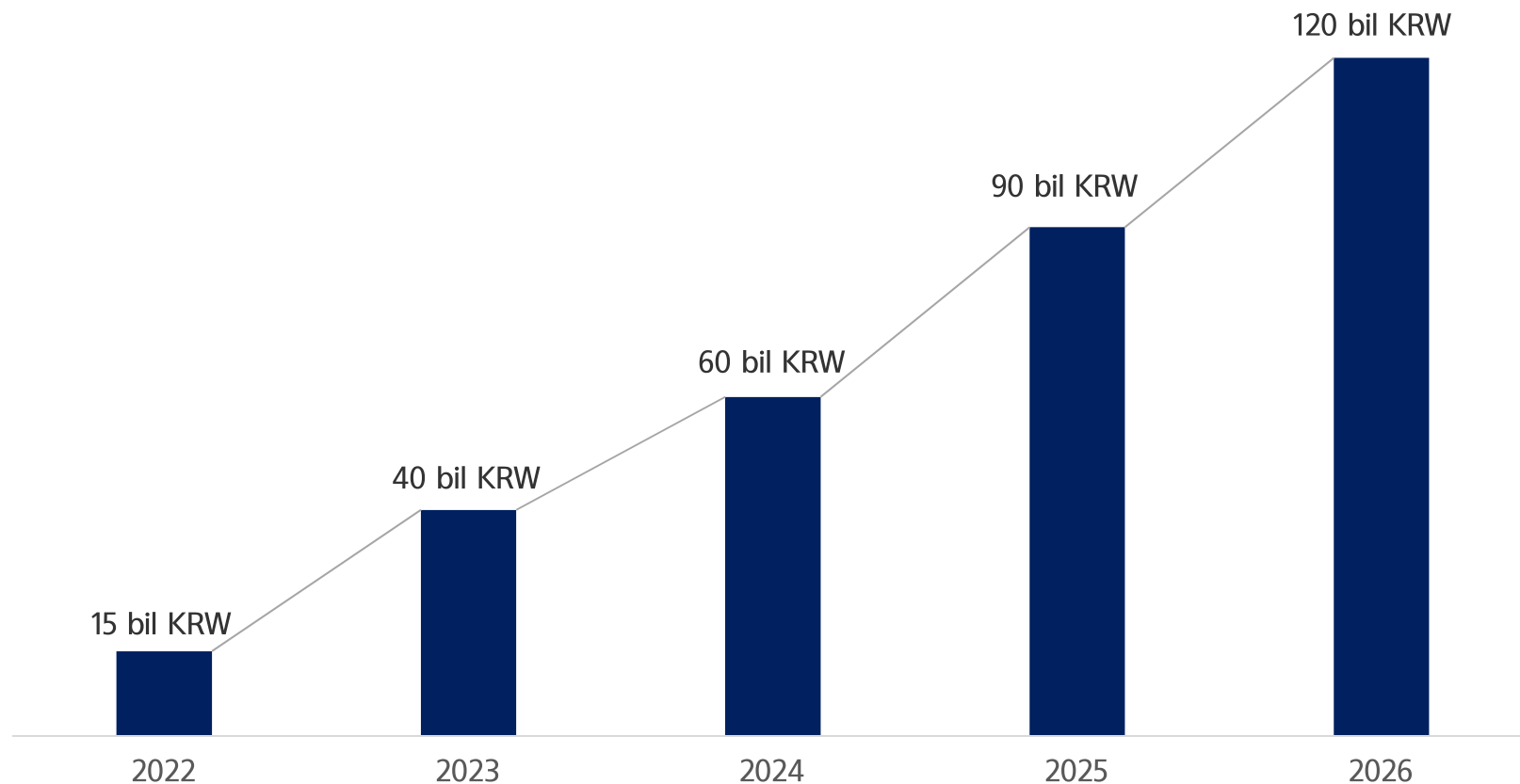
3 Production, Quality and R&D Optimization

- Cooperation for new products development and future technology
- Common Platform for Excavator/Wheel loader to develop common model production
- Advanced Production management through Mutual benchmarking of production line & logistics operation

Synergy Prospects

- Target of Synergy between Hyundai Construction Equipment and Hyundai Doosan Infracore
: about 1 trillion KRW (aggregate basis).
- Maximize Synergy effect of Construction Equipment business by seeking subjects of improvement and opportunity

HCE Synergy Prospects : EBIT Impact



* approximate figures

