

4Q 2020 Earnings Release

HYUNDAI CONSTRUCTION EQUIPMENT



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4Q 2020 Earnings Release



1. Summary of Financial Results
2. Operating Profit Analysis
3. Sales Results by Business
4. Sales Results by Region
5. Non-operating Profit and Net Profit
6. Financial Statement



1. Summary of Financial Results

4Q

- Sales increased 20% YoY by recovery from main markets
- Operating profit increased 84.1% YoY by sales increase
- Net profit turned to losses by increase of non-operating expenses

Full-Year

- Sales decreased 8.2% YoY by global recession caused by Covid-19
- Operating profit decreased 42% YoY by sales decrease
- Net profit decreased 83.3% YoY by decrease of operating profit decrease and increase of non-operating expenses

(Unit: Billion KRW, %)

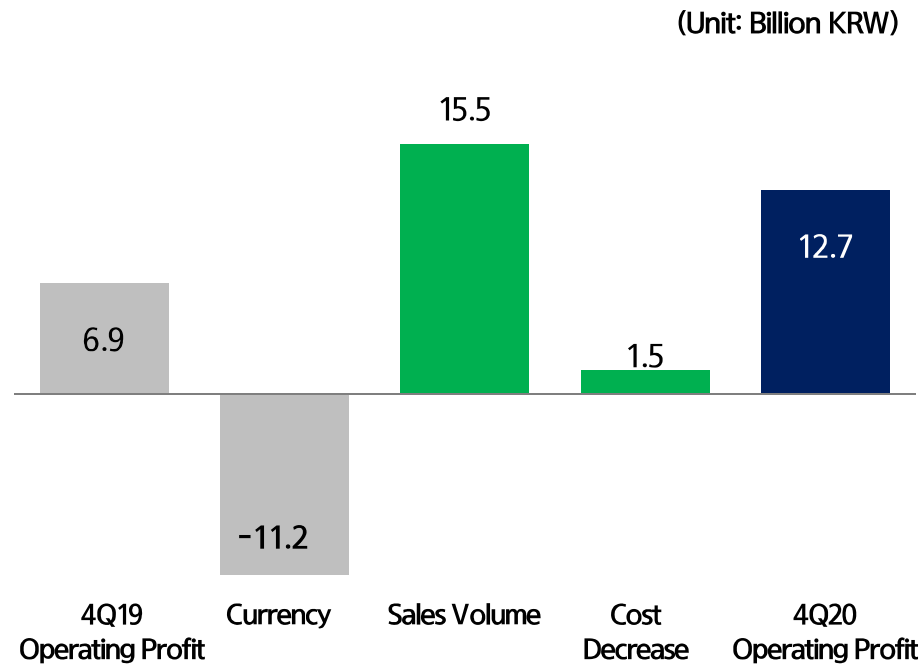
	'20.4Q	YoY	'19.4Q	2020	YoY	2019
Sales	688.7	20.0	574.1	2,617.5	-8.2	2,852.1
Operating Profit	12.7	84.1	6.9	91.6	-42.0	158
O/P Margin(%)	1.8	0.6p	1.2	3.5	-2.0p	5.5
Non-Operating Profit	-49.1	-	-38.5	-82.3	-	-87.3
Interest Income	-4.2	-	-4.3	-20.5	-	-20.3
Gains and Losses on Foreign exchange	-9.9	-	-7.2	-22.2	-	8.5
Net Profit	-17.1	-	-18.9	8.5	-83.3	50.9
Profit attributable to owners of the company	-23.7	-	-36.7	-9.7	Turn to loss	3.2

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

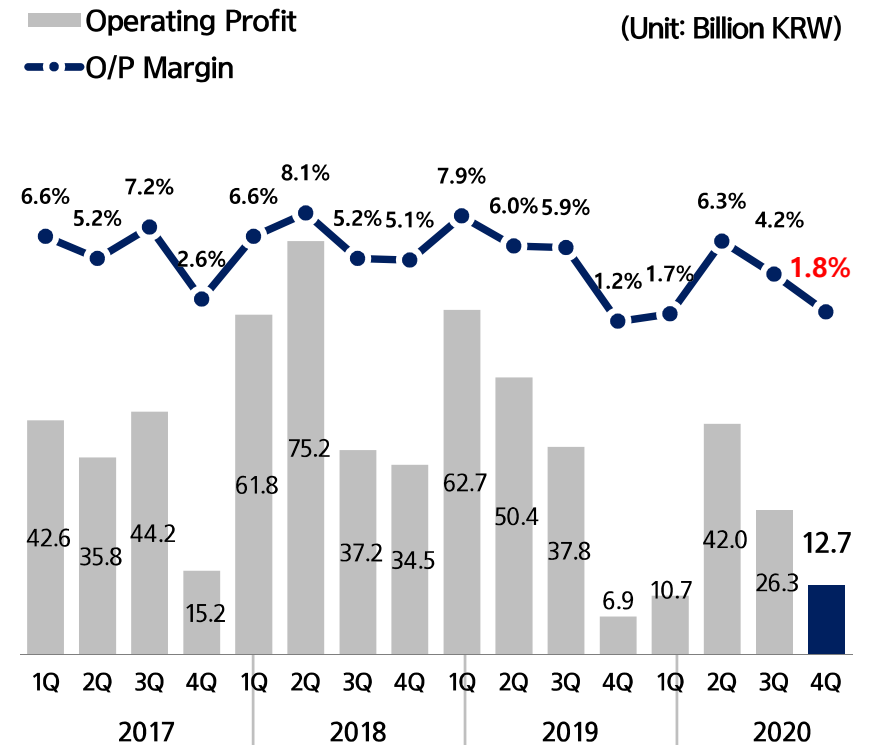
2. Operating Profit Analysis

- Operating profit increased 84.1% YoY

Operating Profit Analysis



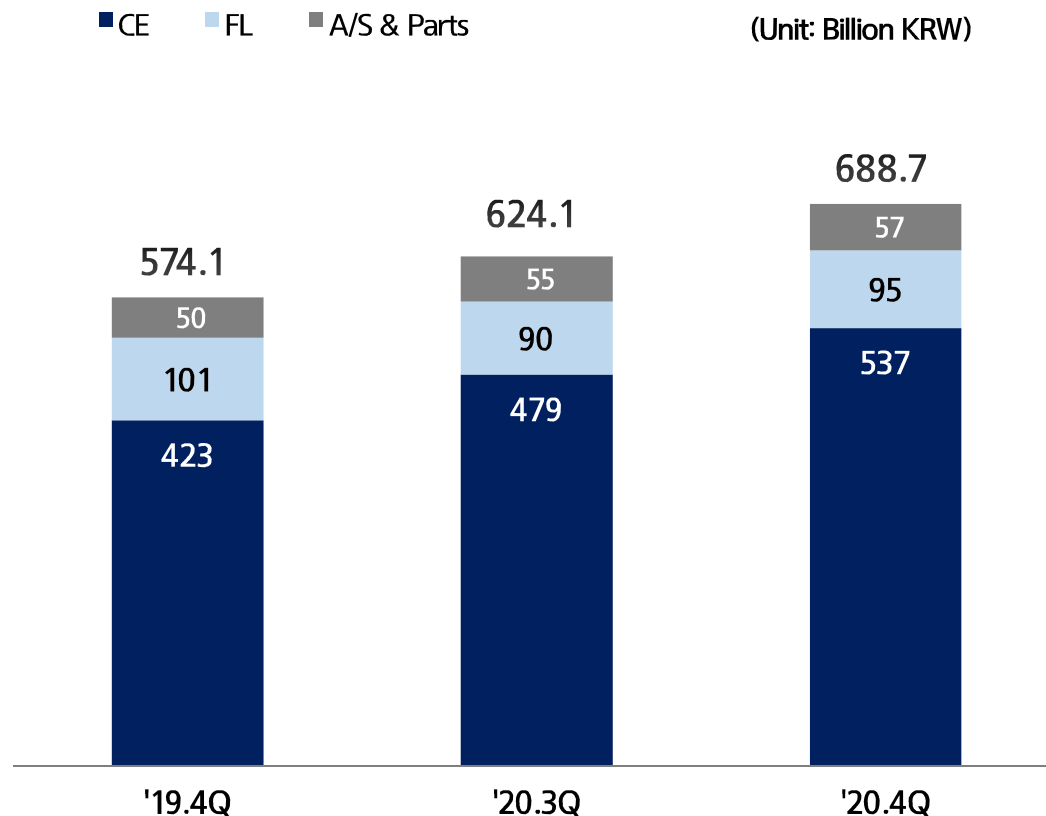
Quarterly Changes of Profit



3. Sales Results by Business

- C/E : Sales increased 26.8% in YoY by main market demand recovery
- F/L : Sales decreased 6.3% in YoY
 however increased 5.6% in QoQ by gradual recovery in Advanced market

4Q20 Sales by Business



• Construction Equipment

- Continued growth in Chinese market & demand recovery in Indian market
- QoQ : +12.0%
- YoY : +26.8%

• Fork Lift (Industrial Vehicle)

- Gradual recovery in Advanced market
- QoQ : +5.6%
- YoY : -6.3%

4. Sales by Region

- Direct Exports : 4Q20 recovered YoY level by continued gradual recovery.
- India : 4Q sales increased significantly by market demand recovery and additional demand delayed by Covid-19 in the first 2020.
- China / Domestic : Sales increased in 4Q and 2020 full year thank to market demand increase.
- Advanced market : Sales decreased in 2020 full year due to market recovery delay by Covid-19

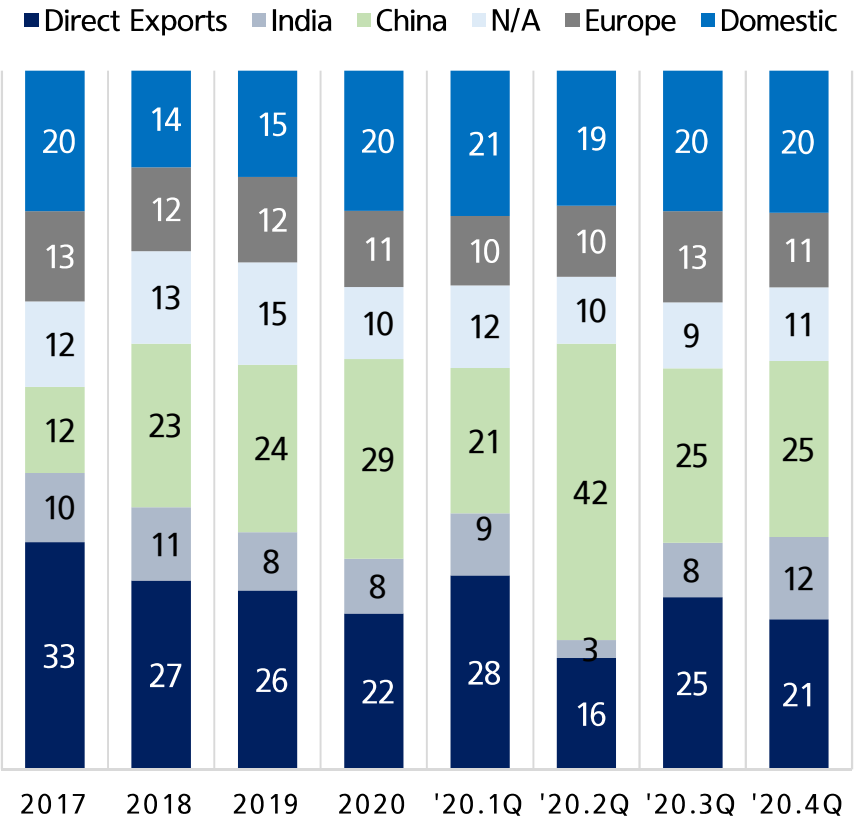
Sales

(Unit: Billion KRW, %)

	'20.4Q	YoY	19.4Q	2020	YoY	2019
Direct Exports	157.7	-1	160.1	631.0	-17	763.6
India	86.6	93	44.9	220.9	-11	248.1
China	185.0	35	137.0	808.7	13	716.2
North America	77.8	-4	81.3	293.7	-33	438.7
Europe	78.7	-12	89.7	307.8	-15	362.8
Domestic	149.2	56	95.8	567.2	25	455.1

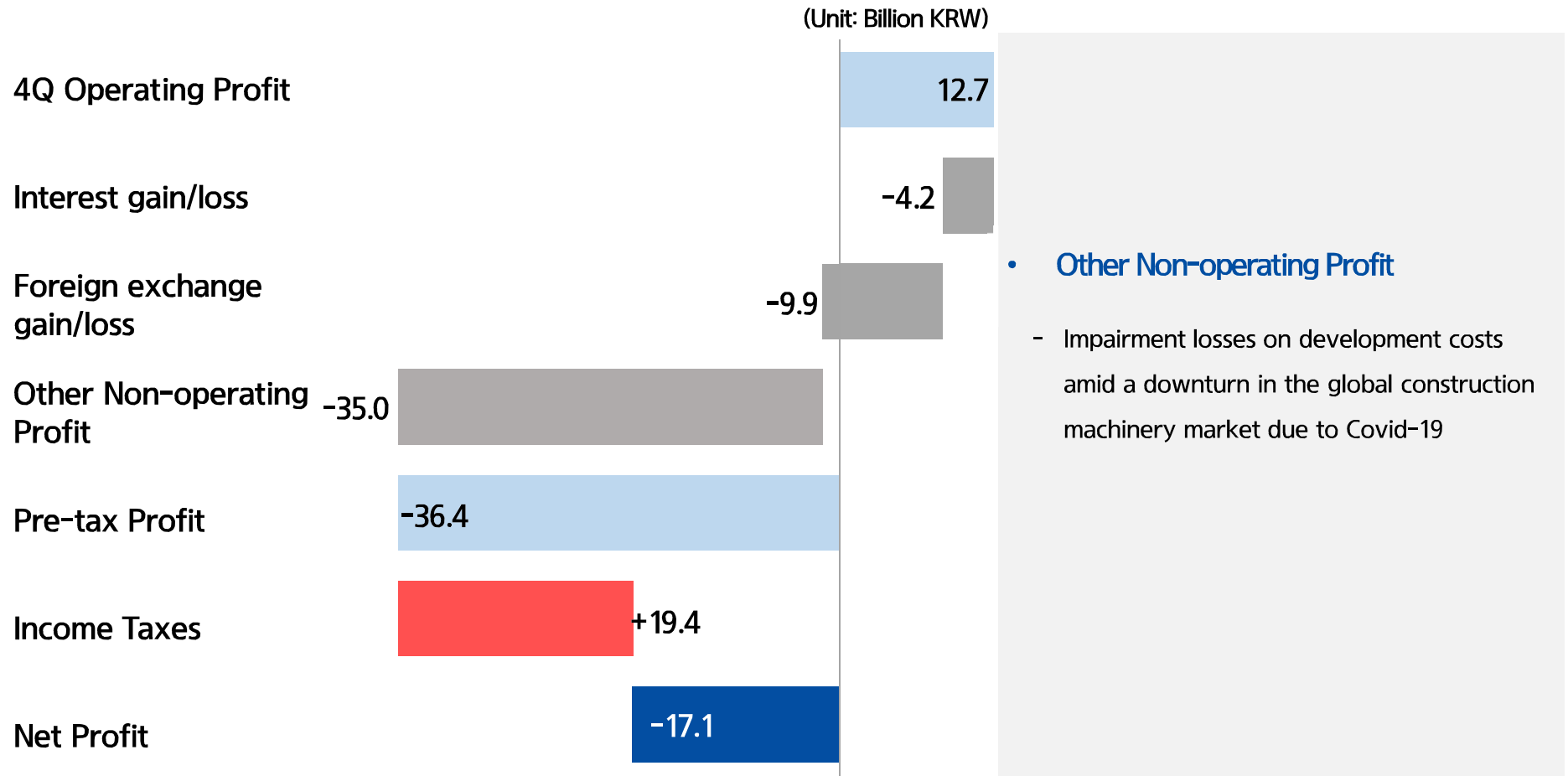
Quarterly Sales Portion by Region

(Unit : %)



• Note) Intercompany sales included

5. Non-operating Profit and Net Profit



6. Financial Statement

Consolidated Financial Statement

(Unit: Billion KRW)

	2020	2019	2018	2017
Total Assets	3,355.9	3,188.0	3,126.5	2,228.7
Current Assets	2,261.7	2,151.5	2,203.9	1,553.5
AR and others	740.0	747.7	595.9	425.5
Cash & Cash Equivalents	892.8	637.5	522.2	426.0
Non-current Assets	1,094.1	1,036.5	922.7	675.2
Total Liabilities	1,768.3	1,610.9	1,558.3	1,057.7
Current Liabilities	1,156.5	1,052.8	945.1	785.6
AP and others	355.8	292.3	410.1	278.6
Non-current Liabilities	611.8	558.1	613.2	272.1
Borrowings	1,214.5	1,121.8	966.0	673.8
Net Borrowings	321.7	484.2	443.7	247.8
Total Equity	1,587.5	1,577.1	1,568.2	1,170.9

Analysis

	2020	2019	2018	2017
Current Ratio (Current Assets / Current Liabilities)	196%	204%	233%	198%
Debt Ratio (Total Liabilities / Total Assets)	111%	102%	99%	90%
Borrowing Ratio (Borrowings / Total Equity)	77%	71%	62%	58%
Net Borrowing Ratio (Net Borrowings / Total Equity)	20%	31%	28%	21%

2021 Outlook

1. Global CE Market Outlook
2. Regional Market Outlook
3. Strategies
4. Highlights 2021



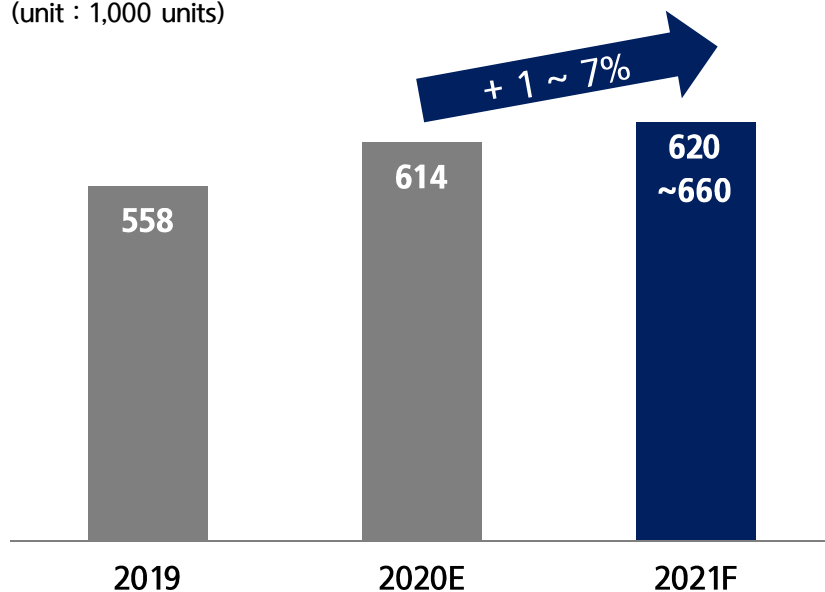
1. 2021 Global CE Market Outlook

Global Market Outlook

- **C/E**: expected to increase by 1~7% YoY
- **Forklift** : expected to increase by 2~7% YoY (excluding China / Japan)

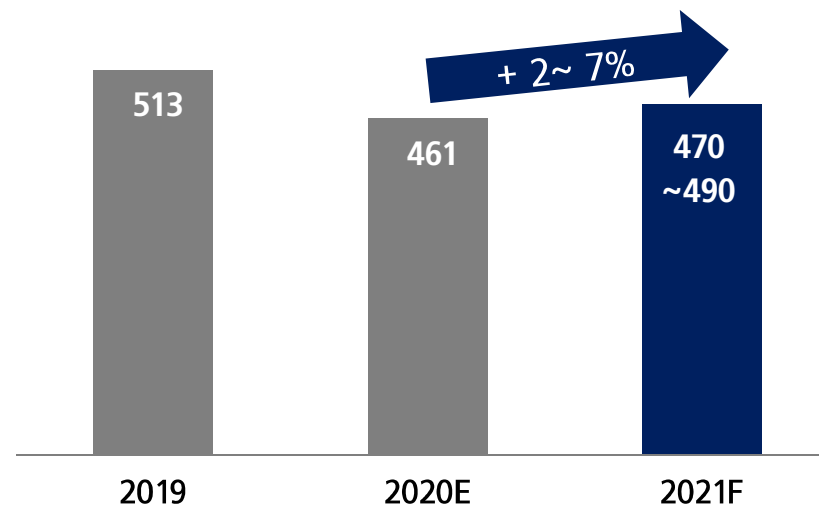
C/E Demand

(unit : 1,000 units)



F/L Demand

(unit : 1,000 units)



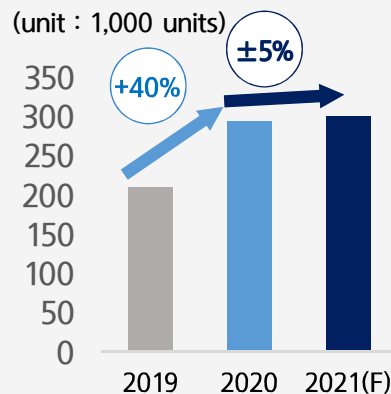
- Based on Excavator and Wheel loader (Only Excavator in China and India)
- Source : CCMA, ISC, AEM and Hyundai Construction Equipment internal data

- Excluding China Japan and class 3 forklift
- Source : World Industrial Truck Statistics (WITS) and Hyundai Construction Equipment internal data

2. Regional Market Outlook

China

Market Outlook



- In 2021, market is expected to increase or decrease slightly by government stimulus.
- But still uncertainty caused by US-China trade dispute and Covid-19 exists.

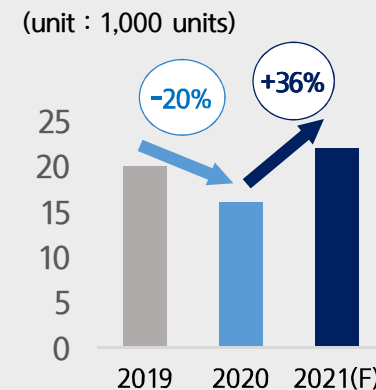
* Based on Excavator
 * Source : CCMA and HCE internal data

Main Strategy

- Strengthening promotions preparing for peak demand period from Jan to May including Chinese new year
- Launching new strategic model (including 20 ton excavator)
- Increasing sales of high profitable large excavator

India

Market Outlook



- Infrastructure Investment by Indian government is expected for economic stimulus in 2021.
- Market demand of 22,000 units is expected (YoY +36%)

* Based on Excavator
 * Source : HCE internal data

Main Strategy

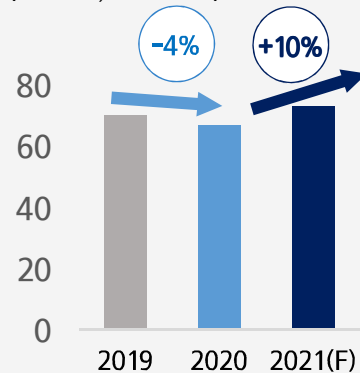
- Gradual price increase for profit improvement as market has recovered since the second half of 2020.
- Increasing sales of high profitable large excavator

2. Regional Market Outlook

Emerging Markets

Market Outlook

(unit : 1,000 units)



* Based on Excavator and Wheel-loader
 * Source : ISC and HCE internal data

- Market demand in mining sector has increased from 4Q 2020 as raw material price rose.
- Market is expected to grow 10 ~ 20% considering oil price recovery, vaccine and economic stimulus by government.

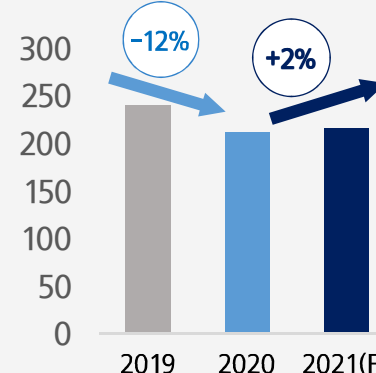
Main Strategy

- Secure main materials and products in advance for supplying equipment in time as emerging market demand is expected to increase.
- Increasing sales of high profitable large excavator for mining.

Developed Markets

Market Outlook

(unit : 1,000 units)



* Based on Excavator and Wheel-loader
 * Source : AEM, ISC and HCE internal data

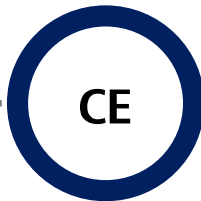
- North America : Market demand is expected to increase as Biden administration expands financial expenditure.
- Europe : Unfavorable market continues by Covid-19

Main Strategy

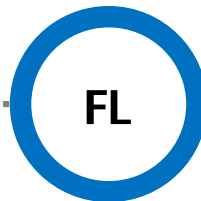
- Expand sales network by developing new dealers and improving existing dealers.
- Build special sales network for mini and small excavator
- Increase market presence by launching new model and option applied ICT technology.

3. 2021 Business Goal & Strategy

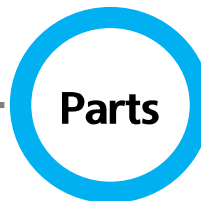
Business Goal : 2,751 bil KRW



- Sales increase of Large Excavator



- Expand business sector
(B2B sector & Smart Logistics)



- Increase Product sales (Expand line-up)

4. Highlights 2021 – Increase Large Excavator Sales

- Large excavator demand is expected to increase as raw material price rise by global economic recovery
- Increase large excavator sales by expanding promotion for customers.



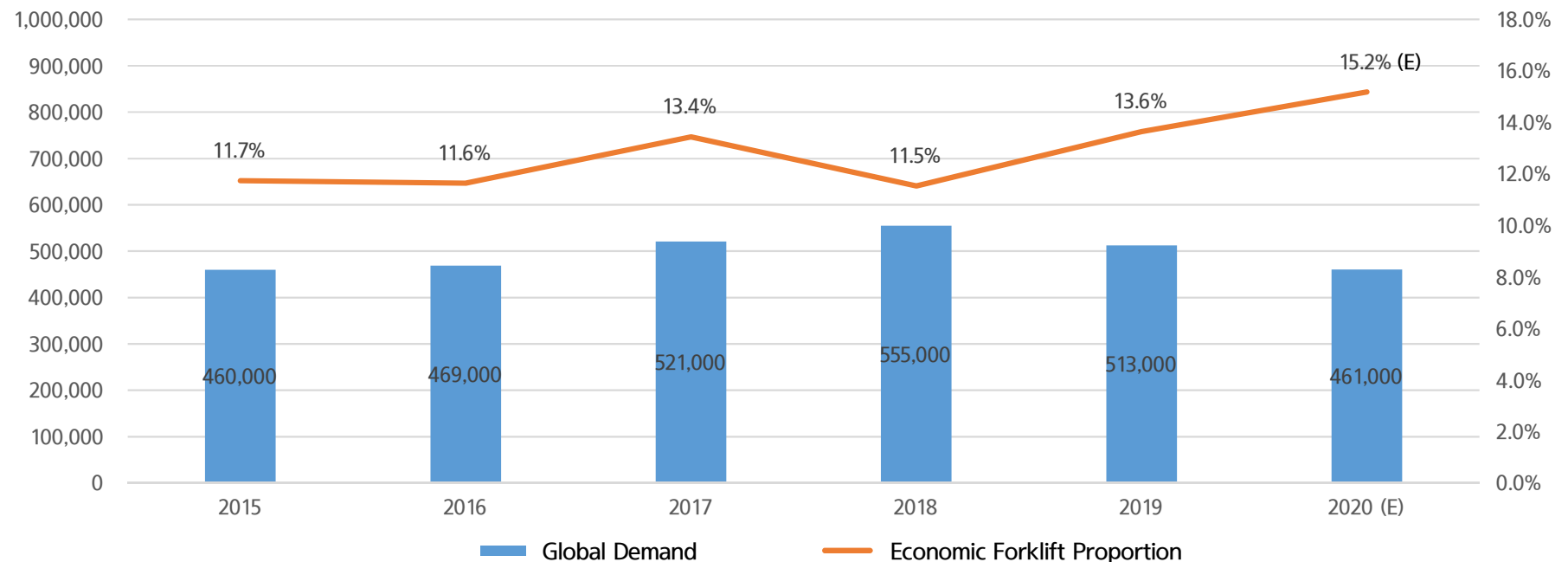
* Source of Large excavator demand in emerging market : ISC and HCE internal data from 33 ton to 150 ton excavator

* Source of coal and copper price : <https://tradingeconomics.com>

4. Highlights 2021 – Economic Forklift

- As demand for Chinese economic forklift has been on the rise
- HCE signed MOU with UN(Chinese company) to increase sales in emerging and Europe market.

Chinese economic forklift proportion in global market



- Note : Demand of Chinese and Japanese market, Class 3 demand are excluded
- Source : World Industrial Truck Statistics (WITS) and HCE internal data

