

1Q 2020 Earnings Release

HYUNDAI CONSTRUCTION EQUIPMENT



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1Q 2020 Earnings Release

1. Summary of Financial Results
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4. Sales Results by Region
5. Financial Statement



1. Summary of Financial Results

1Q

- Sales decreased 20.3% in YoY mainly due to the downturn in the global construction machinery market.
- O/P decreased 82.9% in YoY due to the fixed cost burden amid revenue falling.

(Unit: Billion KRW, %)

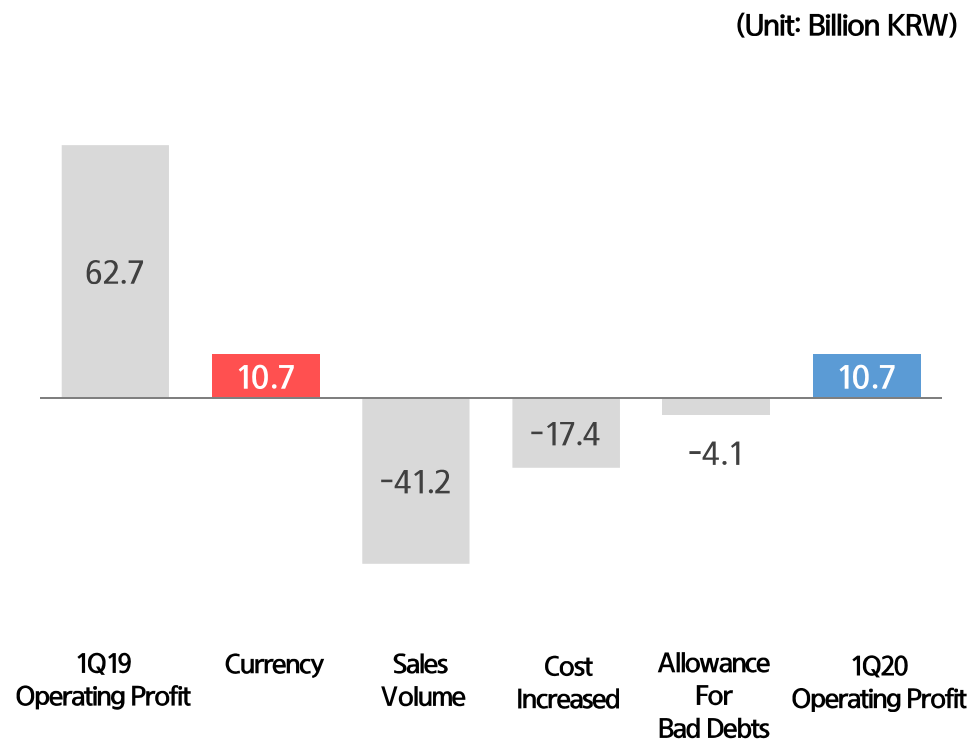
	'20.1Q			'19.1Q	'19.4Q
		YoY	QoQ		
Sales	636.3	-20.3	10.8	798.0	574.1
Operating Profit	10.7	-82.9	55.1	62.7	6.9
O/P Margin(%)	1.7	-6.2p	0.5p	7.9	1.2
Non-Operating Profit	-7.7	-	-	-2.6	-38.5
Interest income	-3.2	-	-	-4.1	-4.3
Gains and Losses on Foreign exchange	-1.9	(-)	-	6.3	-7.2
Net Profit	1.2	-97.7	(+)	52.2	-18.9
Profit attributable to owners of the Company	-0.4	(-)	-	36.6	-36.7

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

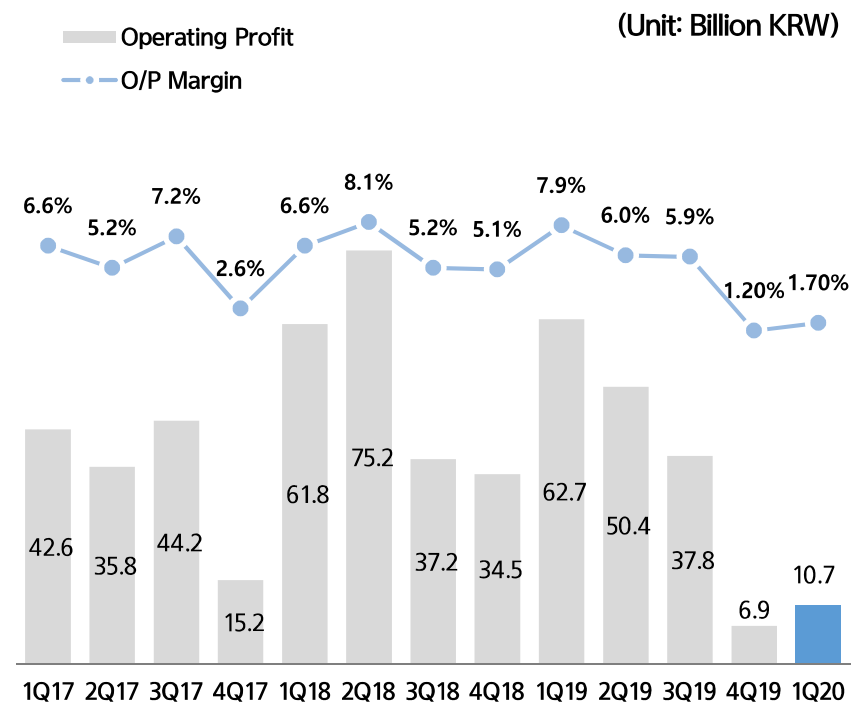
2. Operating Profit Analysis

- Reached O/P margin 1.7% due to the decreased sales volume and increased costs. (-6.2%p yoy)

Operating Profit Analysis

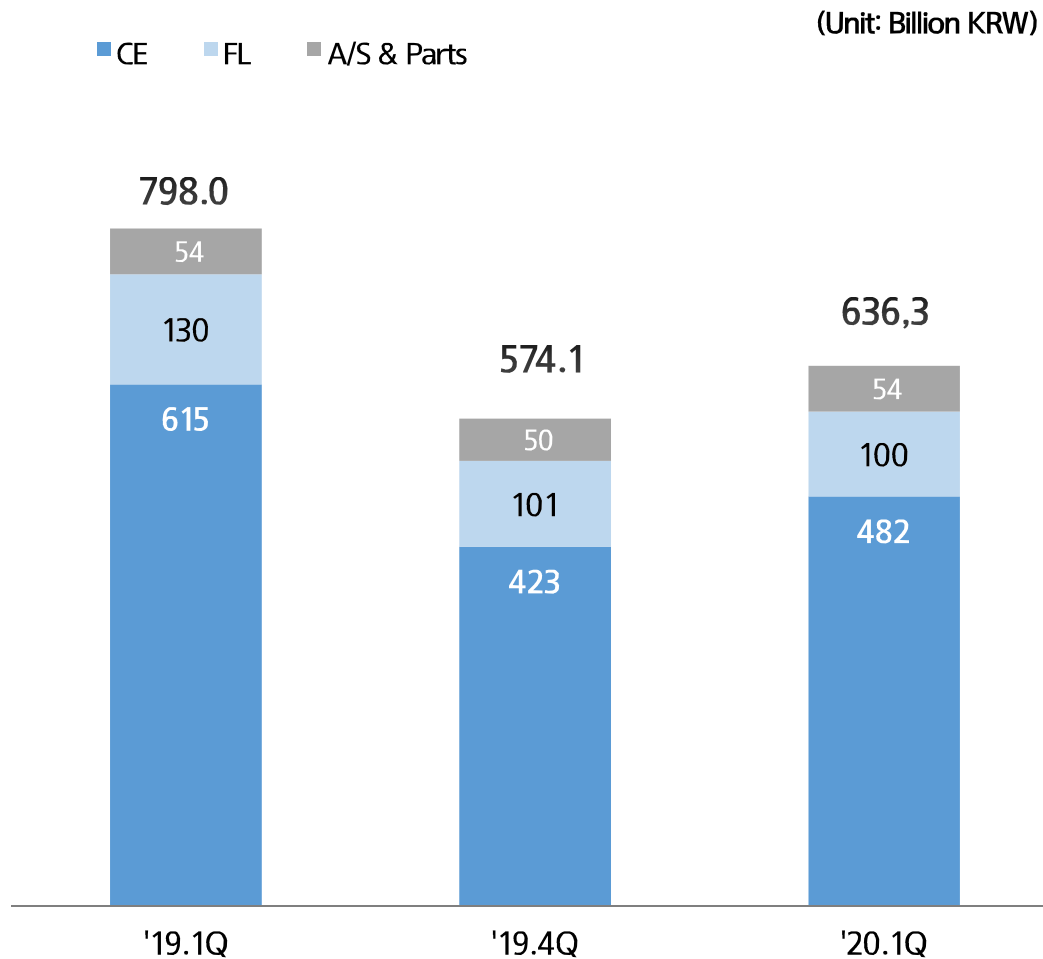


Quarterly Changes of Profit



3. Sales Results by Business

1Q20 Sales by Business



- **Construction Equipment**

- QoQ +14.0%
- YoY -21.5%

- **Fork Lift (Industrial Vehicle)**

- QoQ -1.2%
- YoY -22.7%

4. Sales by Region

- Direct export : Sales similar YoY due to increased sales in Middle East, Africa, Russia.
- Overseas : Sales declined YoY due to business operation restricted due to local governments' measures to prevent spread of Covid-19.
- Domestic : Sales increased YoY due to increased infrastructure projects and introduction of new unit.

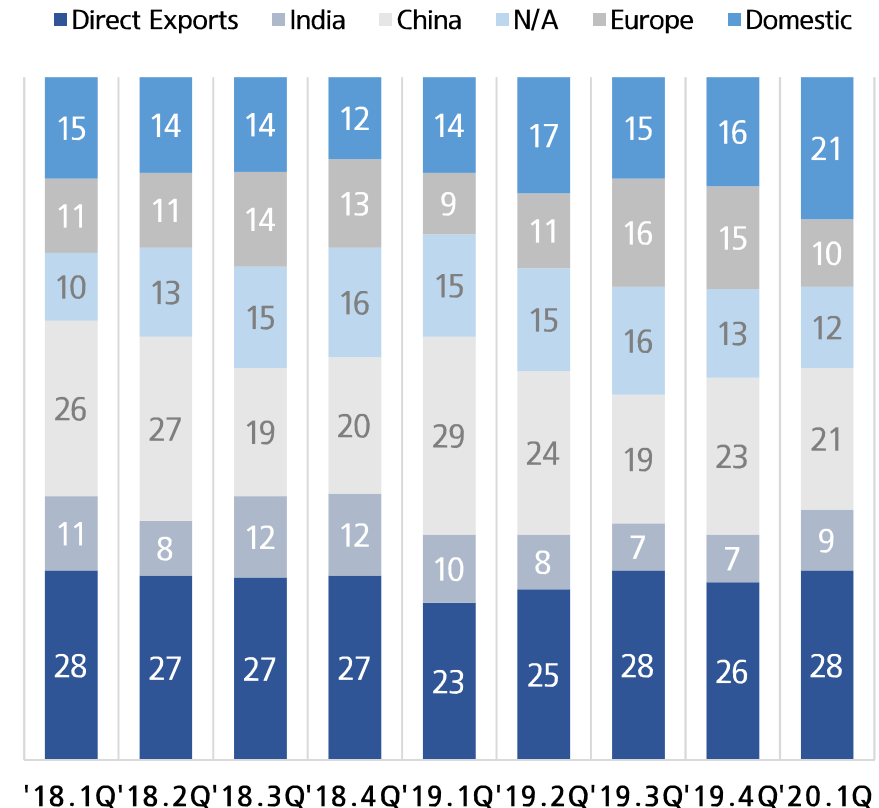
Sales

(Unit: Billion KRW, %)

	'20.1Q	YoY	QoQ	'19.1Q	'19.4Q
Direct Exports	191.3	0.9	19.5	189.6	160.1
India	63.4	-23.3	41.1	82.7	44.9
China	143.5	-39.3	4.7	236.6	137.0
North America	82.3	-31.7	1.2	120.5	81.3
Europe	66.9	-6.3	-25.4	71.4	89.7
Domestic	146.1	32.4	52.5	110.4	95.8

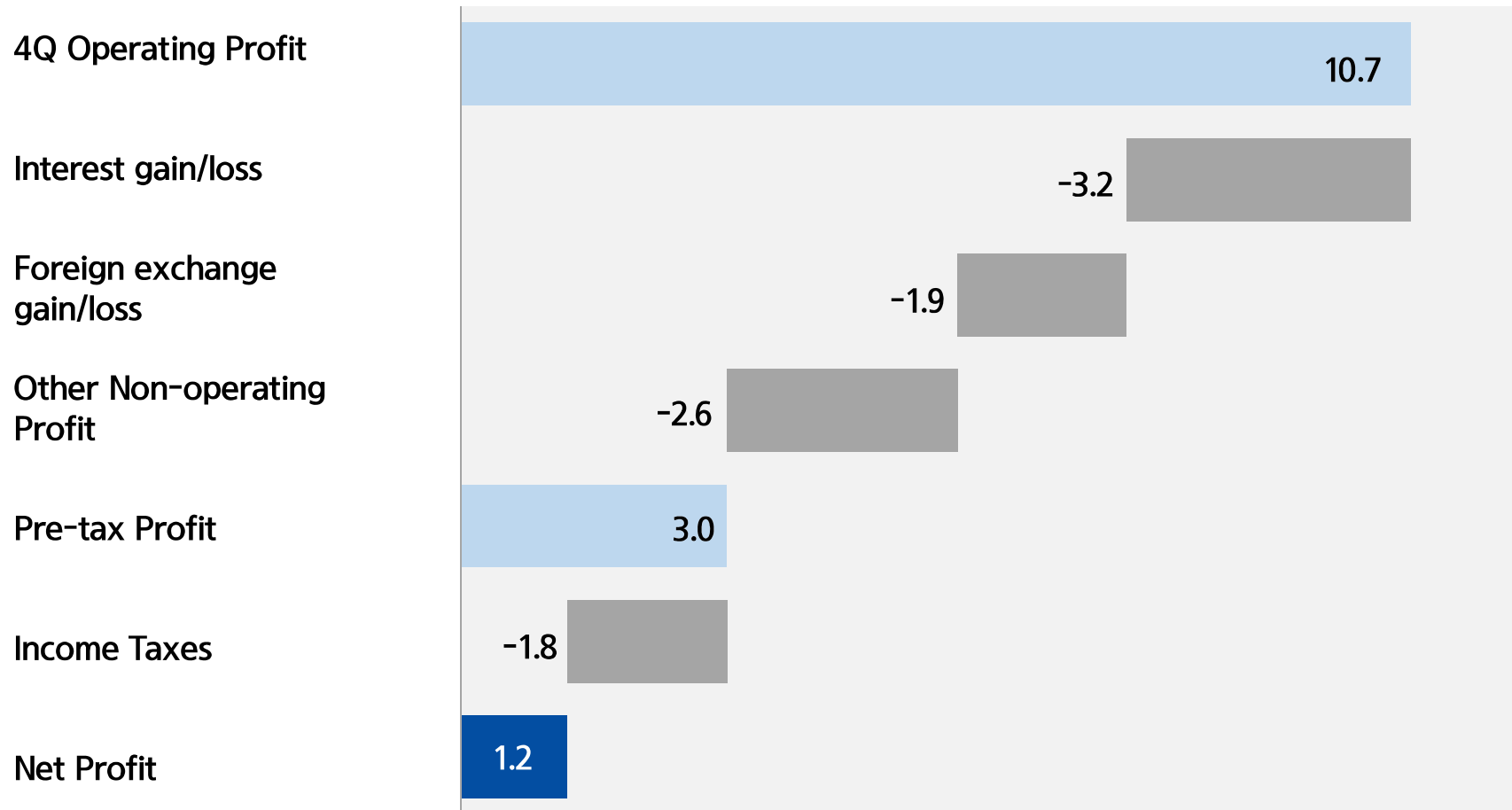
Quarterly Sales Portion by Region

(Unit: %)



5. Non-operating Profit and Net Profit

(Unit: Billion KRW)



6. Financial Statement

- Strict risk management while maintaining strong financial structure enabled to achieve necessary financial health to go through market downturn.
- Credit rating: A-(Stable)

Consolidated Financial Statement

(Unit: Billion KRW) **Analysis**

	20.1Q	2019	2018	2017		20.1Q	2019	2018	2017
Total Assets	3,242.1	3,188.0	3,126.5	2,228.7					
Current Assets	2,205.9	2,151.5	2,203.9	1,553.5	Current Ratio (Current Assets / Current Liabilities)	194%	204%	233%	198%
AR and others	803.5	747.7	595.9	425.5					
Cash & Cash Equivalents	627.6	637.5	522.2	426.0					
Non-current Assets	1,036.2	1,036.5	922.7	675.2					
Total Liabilities	1,648.0	1,610.9	1,558.3	1,057.7	Debt Ratio (Total Liabilities / Total Assets)	103.4%	102.1%	99.4%	90.0%
Current Liabilities	1,139.1	1,052.8	945.1	785.6					
AP and others	363.2	292.3	410.1	278.6					
Non-current Liabilities	508.9	558.1	613.2	272.1					
Borrowings	1,079.5	1,121.8	966.0	673.8	Borrowing Ratio (Borrowings / Total Equity)	67.7%	71.1%	61.6%	57.5%
Net Borrowings	451.9	484.2	443.7	247.8					
Total Equity	1,594.1	1,577.1	1,568.2	1,170.9					

Market Status

1. After COVID-19 Market Status
2. Risk Management
3. 2020 Market Outlook



After COVID-19 Market Status

- Increased market uncertainties due to lockdown impact on global market.
- Steep decline in demand: Low market forecast visibility.

CHINA

- Chinese market is in rapid recovery in the midst of negative Corona-19 impact. Overseas office in China is in normal business operation.
- Competition is getting intensified. Similar unit sales of 200 ~ 210 thousand expected this year similar to that of previous year.

INDIA

- Unit sales expected to decline by 10 ~ 20% due to government's plan to extend lockdown until early May.
- Market turnaround possible in case of government's investment plan on infrastructure accelerates.
- Overseas office will resume on May 3rd.

EM

- Purchasing power diminished on adverse external conditions such as FX, oil price, and lockdown.
- More significant impact of Covid-19 in starting mid-March.

DM

- Negative economic growth more severe than that of in 2009 is forecasted. Normal business operation is impossible, hence market decline is inevitable for the time being.

Major Issues Review and Mgmt Strategies

- Overcome global economic crisis through business operation concentrating on risk management.
- Recover sales through effective supply chain management and sales done 'remotely'.

India

- Scheduling to reopen Pune production facility → Reopening anticipated in early May
- Discussing sales strategies after the lift of lockdown over video conference.
- Supporting community as a part of CSR activity by providing groceries.

Risk Management

- Decreased 2019 year-end inventory by 25% in light of market downturn in 2020.
- Sales decline is inevitable due to Covid-19 impact, but rapid recovery of Chinese market is expected and will take preemptive measures to manage risks.
- Will strive to achieve margin improvement through expanding aftermarket business which has less Covid-19 impact.

Supply Chain

- Will take preemptive measures, but disruption on distribution of certain parts might occur amid Covid-19 lockdowns in European countries.
- Better positioned in terms of total supply chain point of view compared to other companies in Northern America / Europe.

2020 Market Outlook

- Severe COVID-19 impact since mid-March.

