

HYUNDAI CONSTRUCTION EQUIPMENT

IR PRESENTATION (2017)

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Chapter 1.

Business Performance

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1. Summary of Business Performance (Consolidated P/L)

2017 Business Performance


Unit: Billion won

	2017		2016	'17.4Q		'16.4Q
		YoY			YoY	
Sales	2,531	30%	1,953	590	33%	443
Cost of Sales	2,058	33%	1,547	491	38%	355
Gross Profit	,73	17%	406	99	13%	88
Operating Profit	138	36%	102	15	58%	10
O/P Margin	5.4%	0.2%p	5.2%	2.6%	0.4%p	2.2%

- 2017 Sales 2,531 Billion won

- YoY 30% 

- 4Q17 Sales 590 Billion won

- QoQ 33% 

- 2017 O/P 138 Billion won (Margin 5.4%)

- Won/Dollar Currency and One Off Expense Effect

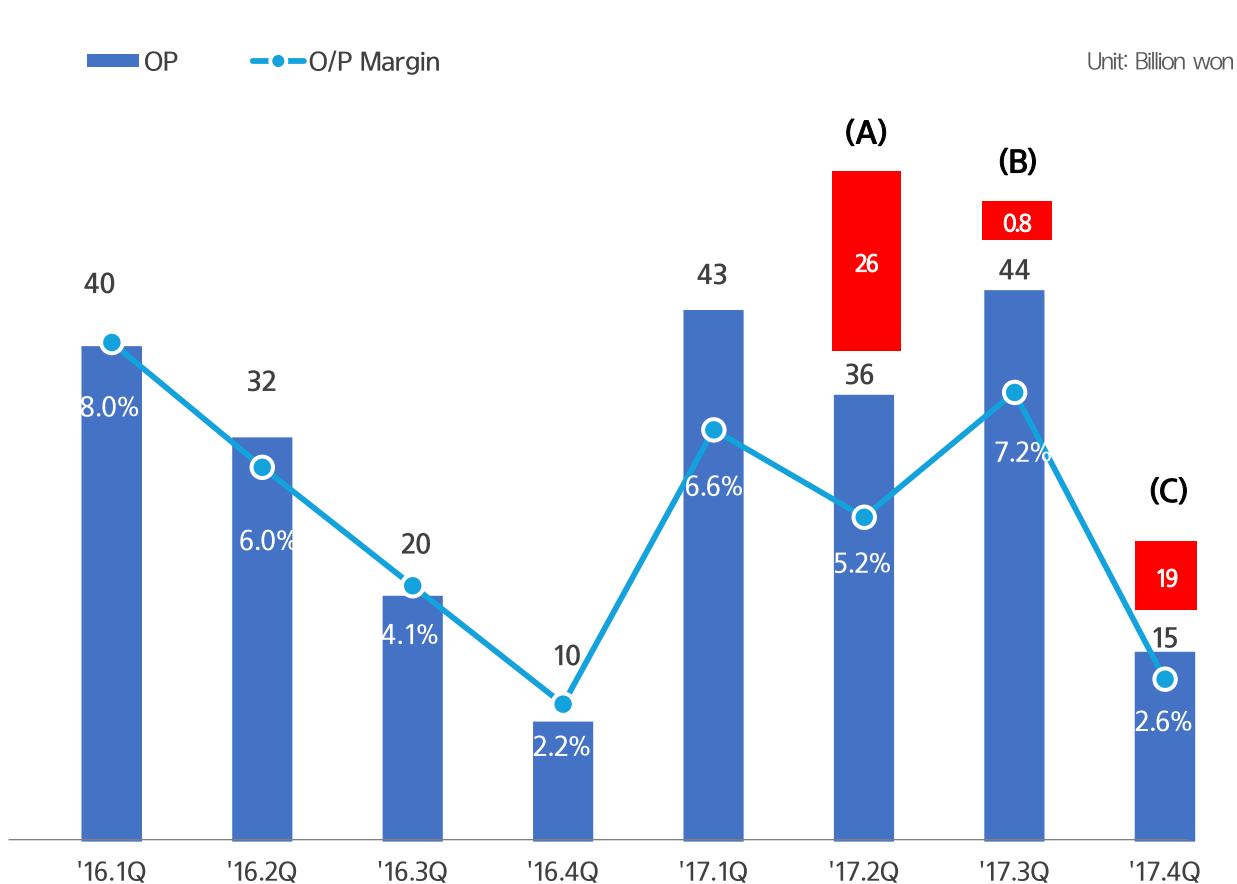
- 2017 Unrealized Loss 28 Billion Won

Unit: Billion won

	Unrealized Loss			
	2Q	3Q	4Q	Total
Europe	14	0.7	1.2	16
North America	12	0.1	0.6	13
Total	26	0.8	1.8	28

2. Operating Profit Analysis

Operating Profit



vs. 3Q17 -65.6% ↓

Operating profit decline compared to 3Q17 due to KRW appreciation and one-off loss regarding wage negotiation issue

- KRW appreciation (14 Billion won)
- Wage Negotiation Issue (6.8 Billion won)

vs. 4Q16 +58.3% ↑

Operating profit increase compared to 4Q16 due to sales volume increase in China and Emerging market.

(A) + (B) + (C)

Unrealized Loss 28 Billion Won

If the unrealized loss issue is not reflected, the operating profit for 2017 should be 166 Billion won. (Margin 6.6%)

3. Summary of Business Performance (by Products)

- Comparing to year 2016, HCE achieved 29.6% sales growth.
- Construction Equipment 36.2%, Forklift 10.5%, Parts 21.8%

Sales by Products

Unit: Billion won

	2017		2016	'17.4Q		'16.4Q
		YoY			YoY	
CE	1,871	36.2%	1,378	435	43.0%	298
FL	450	10.5%	407	107	7.8%	99
Parts	204	21.8%	168	49	23.7%	40
Total	2,531	29.6%	1,953	590	33.4%	437

Analysis

CE
(36.2% ▲)

- **M/S Finished 2nd Place in Domestic Market**
Excavator M/S 26.6%('16) → 34.8% ('17)
- **Sales Growth in Emerging Markets**
Increase in demand of Med-Large Excavators due to the recovery of raw material prices

FL
(10.5% ▲)

- **Expanding Model Line-Up by launch Class 3 FL**

Parts
(21.8% ▲)

- **Increase in demand of High Valued Parts according to sales growth of Equipment**

4. Summary of Business Performance (by Region)

Hyundai Construction Equipment

Sales by Region (*Global Sales)

Unit: Billion won

		2017		2016	'17.4Q		'16.4Q
			YoY			YoY	
Emerging Market	Russia /CIS	150	129.1%	65	26	29.9%	20
	Latin America	101	37.0%	74	31	100.7%	15
	*India	284	35.7%	210	78	15.8%	67
	*China	354	92.9%	184	98	120.8%	44
	Others	498	-2.8%	512	130	39.5%	94
	Sum	1,387	32.8%	1,045	362	50.9%	240
Domestic		580	32.4%	438	104	4.0%	100
Developed Market	*North America	355	16.5%	304	79	11.0%	71
	*Europe	373	7.4%	347	88	30.0%	67
	CNHi	118	1229.1%	9	28	321.3%	7
	Oceania	78	23.7%	63	16	34.2%	12
	Sum	923	27.7%	723	210	34.1%	157
Others		12	95.0%	6	2	-60.0%	6
*Total		2,903	31.2%	2,212	679	35.1%	503

*Global Sales : NOT reflected corporate items and eliminations

*Overseas Corporations (India, China, N/A, Europe)

5. Balance Sheet

Maintaining Stable Financial Structure with Sustained Revenue and Profit Growth

Balance Sheet

Unit: Billion won

	As of the end of Dec. 2017	As of the end of Sep. 2017
Assets	2,229	1,853
Current assets	1,554	1,216
Cash and Cash equivalent	426	204
Non-current assets	675	637
Liabilities	1,058	1,039
Current Liabilities	786	793
Non-current liabilities	272	246
Borrowings	674	694
Net borrowings	248	489
Capital	1,171	814

Analysis

	As of the end of December 2017	As of the end of September 2017
Current Ratio (Current Assets / Current Liabilities)	198%	153%
Debt Ratio (Total Liabilities / Total Assets)	90%	128%
Borrowing Ratio (Total Debt / Total Equity)	57.5%	85.2%





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