

HD Hyundai Infracore Value-up Plan

December 2024



Disclaimer

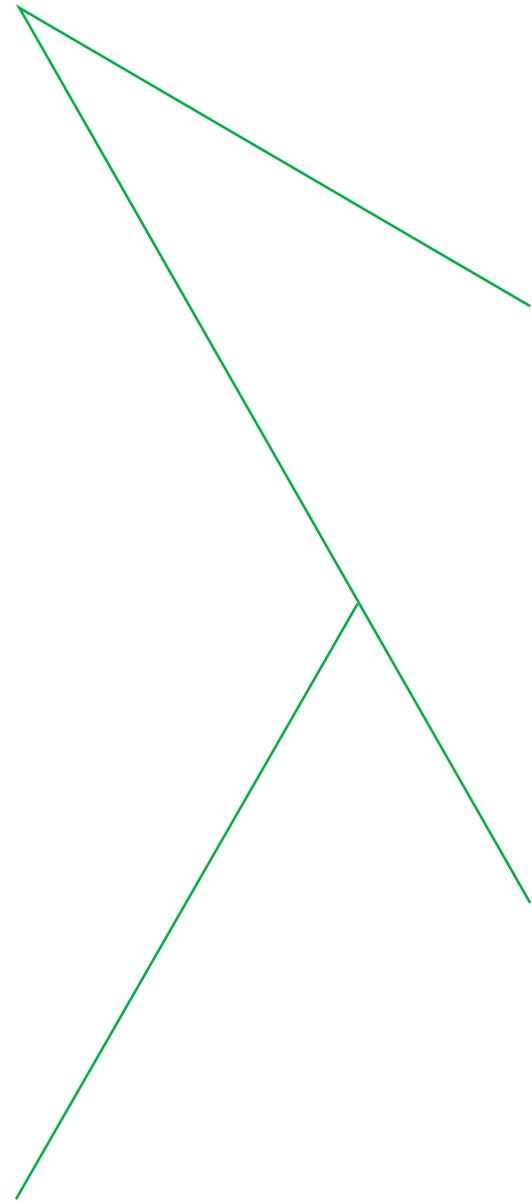
This document is provided by HD Hyundai Infracore Co., Ltd. (the "Company") for informational purposes as a reference for investment decisions.

The Company has not conducted an independent verification process for the information contained in this document. Furthermore, this document may include statements reflecting the Company's views or expectations about the future. Such forward-looking statements are based on various assumptions about future events, some of which are beyond the Company's control. These forward-looking statements involve certain risks and uncertainties that may result in actual outcomes significantly differing from those anticipated in the forward-looking statements.

The implementation of certain matters may require further decision-making processes, including approval by shareholders or the board of directors at the relevant time.

This document has been prepared as a reference for investors to assist in their investment decision-making. The Company and its employees make no guarantees or assurances regarding the content of this document and shall not bear any investment responsibility under any circumstances, including cases of negligence or other causes.

The Company assumes no obligation to update or revise the forward-looking statements to reflect events or circumstances occurring after the date this document is provided.



Contents

1. Company Overview

- Company Overview
- Business Overview

2. Value-up Target & Action Plan

- Value-up Targets
- Action Plans

3. Communication Plan



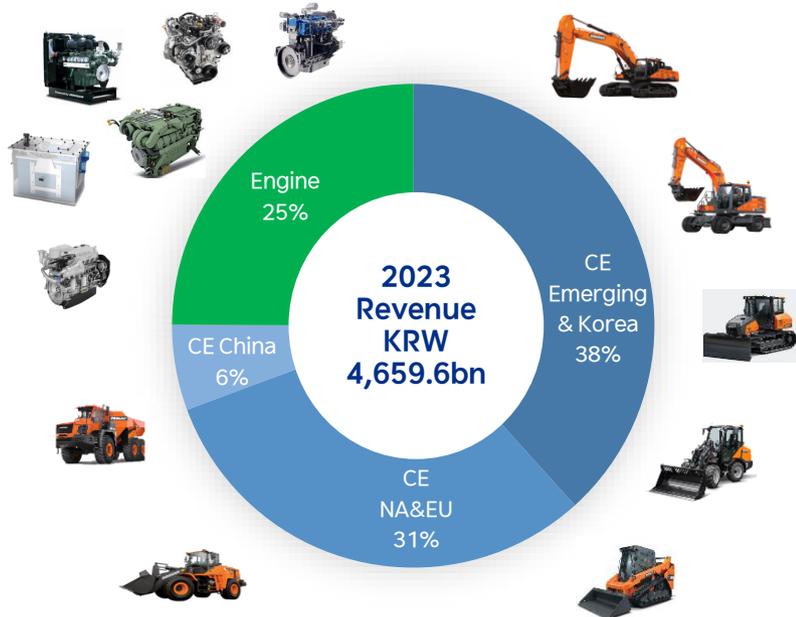
Company Overview

Company Overview

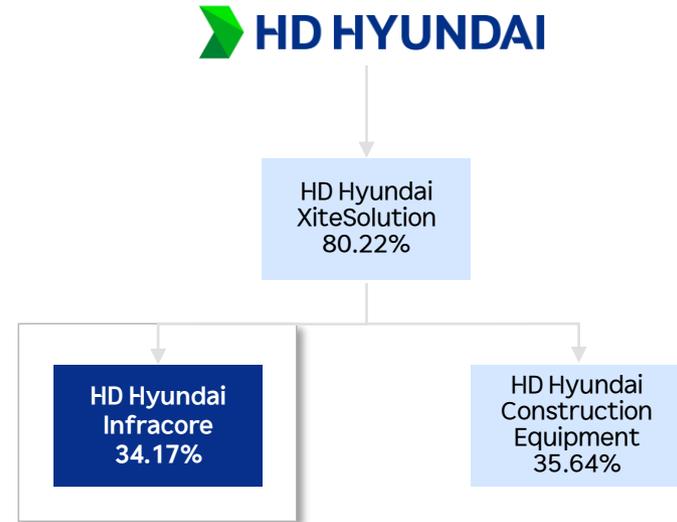
Value-up Targets & Action Plans

Communication Plan

Business Structure



Corporate Structure



※ As of September 2024, Reflective of Share Buyback & Cancellation

Business Overview

Company Overview

Value-up Targets & Action Plans

Communication Plan

Construction Equipment

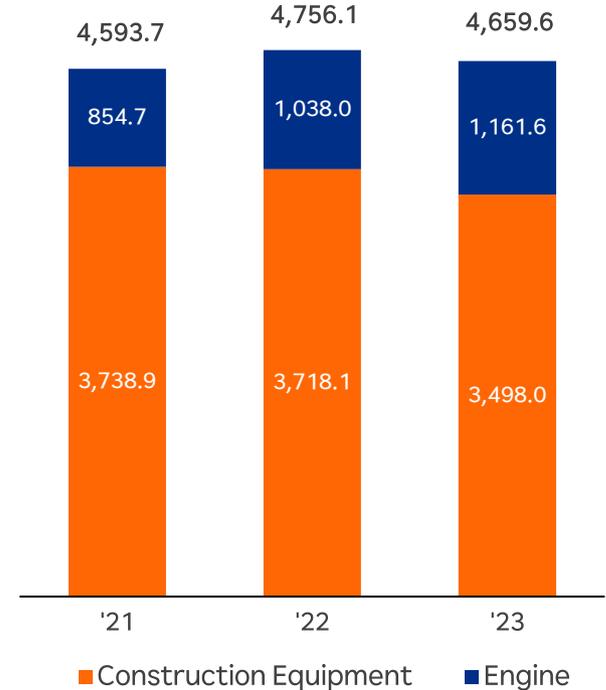
Mini Excavators (Under 5 tons)	Mid & Large Excavators
	
Wheel Excavator	Wheel Loader
	
Articulated Dump Truck	Dozer
	

Engine

Diesel & Gas Engine For Generators	Diesel & Gas Engine For Vehicles	Diesel & Gas Engine for Industrial Usage
		
Diesel Engine for Vessels	Diesel Engine for Defense (Tanks)	Hydrogen Engine
		
Hybrid Powertrain	e-Powerpack	
		

Sales Trend

(KRW bn)



※ Source : Company data

Business Overview : Financial Indicators

Company Overview

Value-up Targets & Action Plans

Communication Plan

Improved financial indicators driven by stable sales and profitability
Relatively high ROE amongst KOSPI's construction equipment players

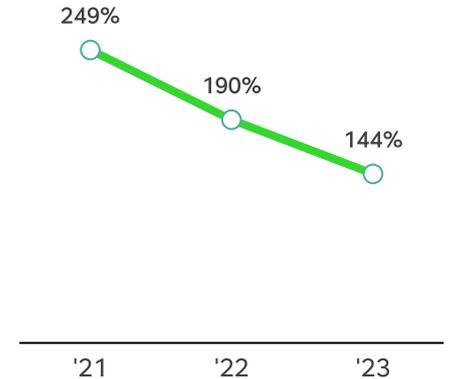
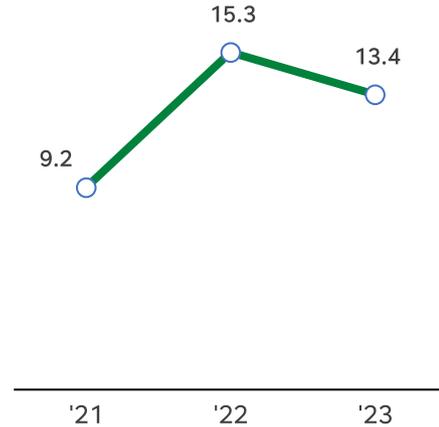
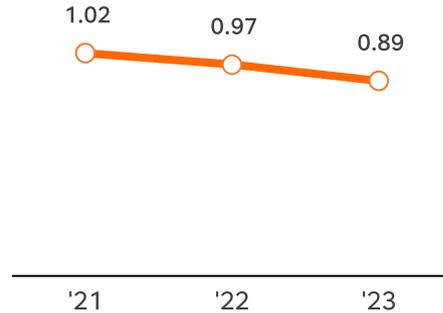
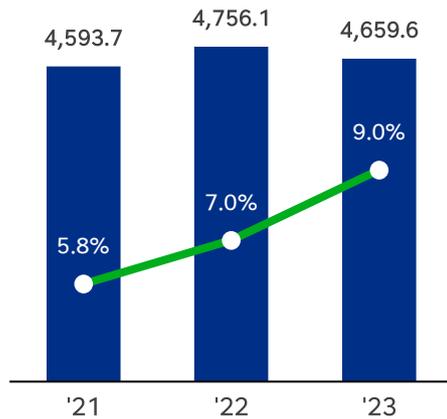
Sales/EBIT

PBR

ROE

Liabilities/Equity Ratio

(KRW bn, %)



1) PBR (Price to Book Ratio): Stock price at year-end / Book value per share at year-end

2) ROE (Return on Equity): Net income attributable to controlling interest / Average controlling interest equity (beginning and ending balances)

- ROE in 2021 was distorted due to the inclusion of net income from discontinued operation resulting from the change in the majority shareholder and the spin-off merger. As such, it has been recalculated by excluding the net income from discontinued operation and restated based on net income from ongoing operation attributable to the controlling shareholder, using the internally calculated post-spin-off total equity.

3) Liabilities to Equity Ratio : Total liabilities/Total shareholder's equity

Business Overview : Construction Equipment

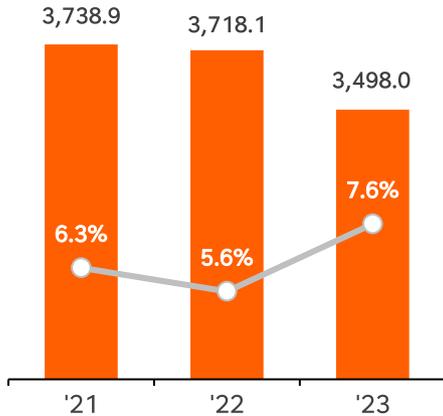
Company Overview

Value-up Targets & Action Plans

Communication Plan

CE Sales & OPM%

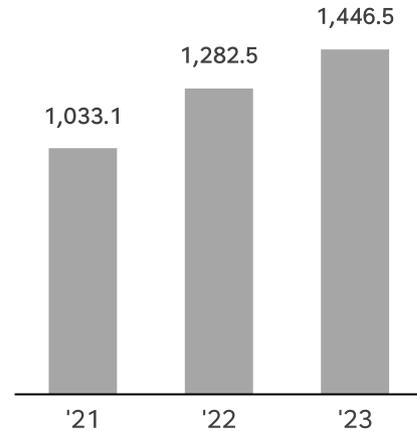
(KRW bn, %)



- We aim to grow as a full-liner construction equipment maker by securing a well-balanced region and product portfolio

Sales Trend - NA/EU

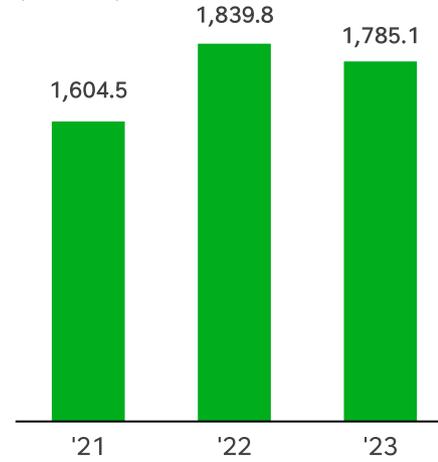
(KRW bn)



- Growth in North America was driven by infrastructure and reshoring trends, while Europe is expected to recover moderately from 2025 in line with economic recovery.
- We focused on growing market share in developed markets by strengthening our product lineup and channel competitiveness.

Sales Trend - EM/Korea

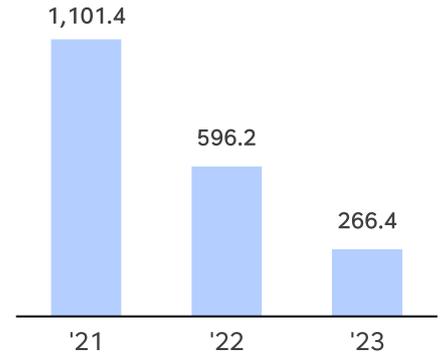
(KRW bn)



- Market demand fell due to global tightening and weakness in raw material prices.
- We reinforced our channel competitiveness by establishing subsidiaries in key regions.
- We will protect sales and profitability by increasing sales contribution from large-sized equipment and orders from key accounts.

Sales Trend - China

(KRW bn)



- Sales declined due to market weakness but have gradually recovered since 2024.
- We plan to strengthen our market presence through market-specific marketing schemes and secure profitability by focusing on fleet deals for mid-to-large equipment.

※ Source : Company data

Business Overview : Engine

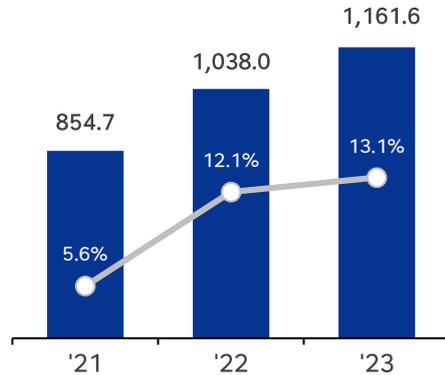
Company Overview

Value-up Targets & Action Plans

Communication Plan

Engine Sales & OPM%

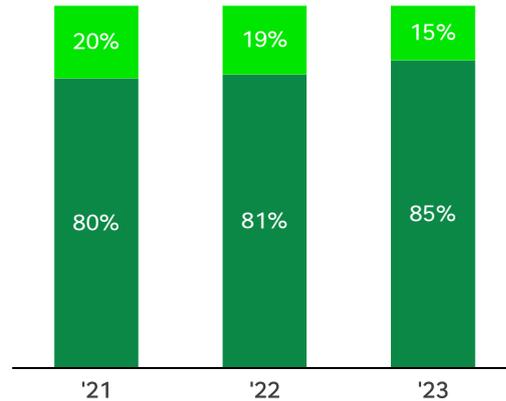
(KRW bn, OPM%)



- Sales increased across all product categories.
- EBIT margin remained stable in double digits.
- Following the launch of next-generation models in 2025, we expect additional growth potential thanks to accelerated synergies within HD Hyundai Group.

Sales Trend - 3rd party/Internal

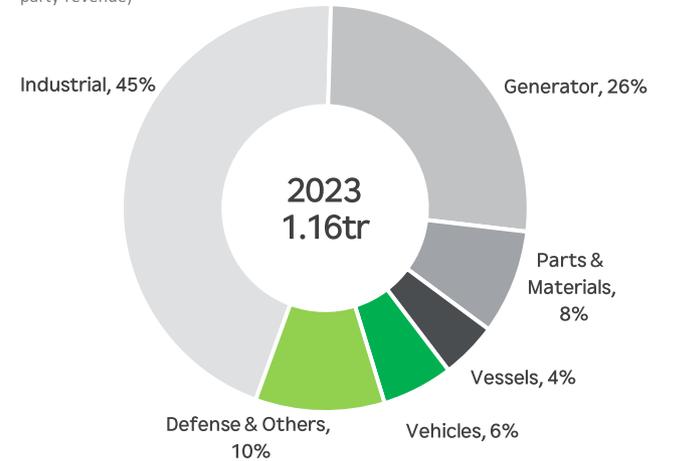
■ 3rd Party revenue
■ Internal revenue



- Contribution from internal sales decreased in line with strong growth from 3rd party revenue.
- Stronger environmental regulations and full-fledged growth of future powertrain market are expected to create new sales opportunities.
- Internal sales recovery is also expected once the construction equipment market rebounds.

Product Portfolio

(Based on 3rd party revenue)



- Demand for power generation and industrial engines is strong and expected to remain positive.
- We expect contribution from defense engine sales to also rise as defense engine exports ramp up.

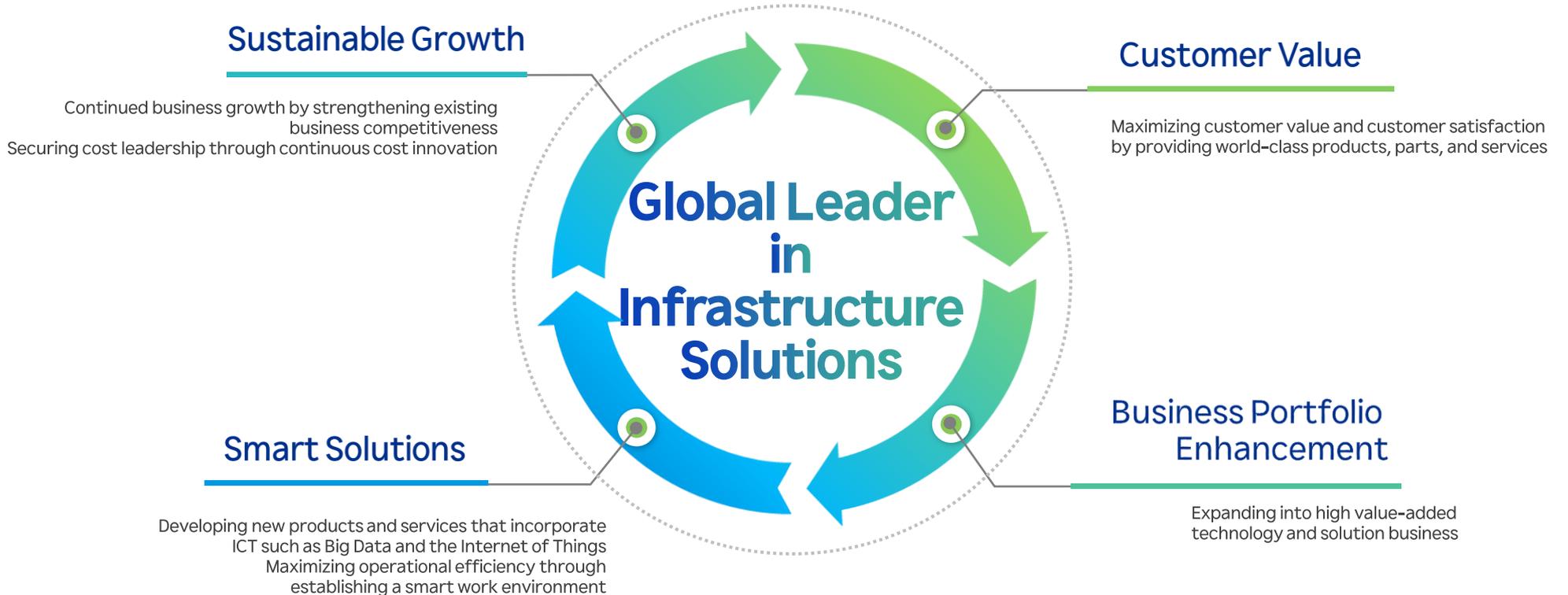
Vision : Global Leader in Infrastructure Solutions

Company
Overview

Value-up Targets
& Action Plans

Communication
Plan

Leaping forward as a global leading company that provides infrastructure solutions



Value-up Targets

Company
Overview

Value-up Targets
& Action Plans

Communication
Plan

Enhanced Biz. Competitiveness and ongoing R&D investment



2029 Revenue target **KRW 7~8tr**
 EBIT margin target **Above 10%**
 R&D expenses **4~5% of annual revenue**

- **Achieve growth by strengthening our fundamental capabilities**
 - Securing product competitiveness
 - Establish industry-leading differentiated technological competitiveness
 - Invest in R&D to achieve advanced engineering process.

Proactive Shareholder Returns



Shareholder Return ratio **Above 30%**
 Long-term ROE **Above 15%**

- **Shareholder return ratio: Above 30%**
 - Strategic shareholder return policy through flexibility in cash dividends and share buybacks/cancellation.
 - Change in dividend record date
 - Strive towards long-term ROE above 15%.

Sustainable Management



Key Governance Metrics
over 90%

- **Create inclusive value for humanity and future society based on innovation**
 - Strengthen ESG management policies
 - Key Governance Metrics : Over 90%

※ Shareholder Return Ratio: (Dividends + Buyback and Cancellation of Shares) / Net income on standalone financial statements × 100.
 Non-recurring factors, such as one-time gains and losses can be excluded

Action Plan : Enhanced Competitiveness

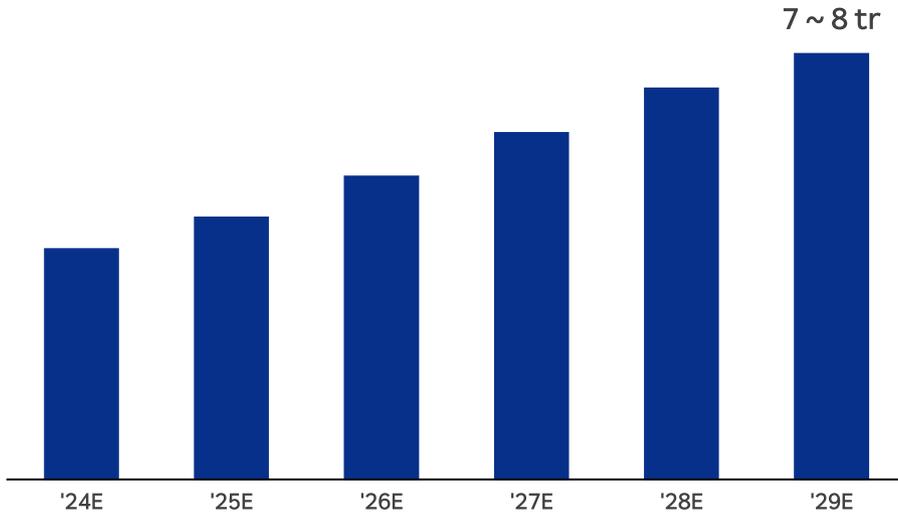
Company Overview

Value-up Targets & Action Plans

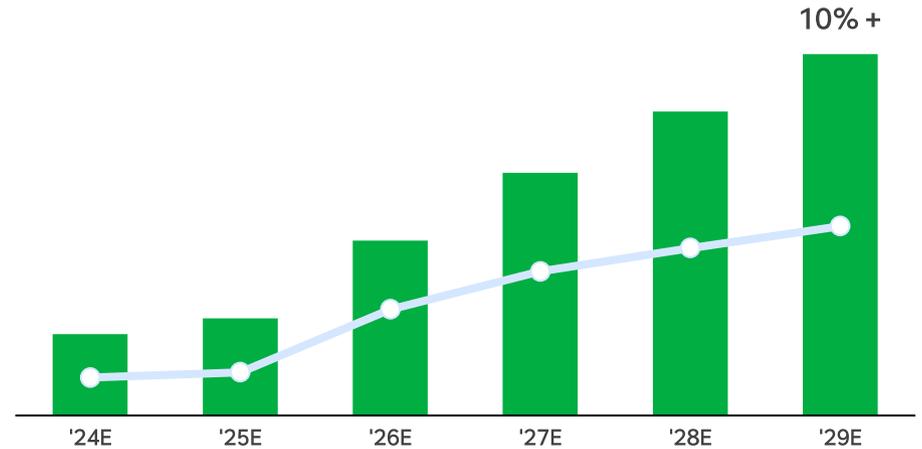
Communication Plan

KRW 7-8 tr in revenue and 10%+ EBIT margin by 2029

Long-term Sales Forecast



Long-term EBIT Forecast



※ Source : Company data

Action Plan : Enhanced Competitiveness

Company Overview

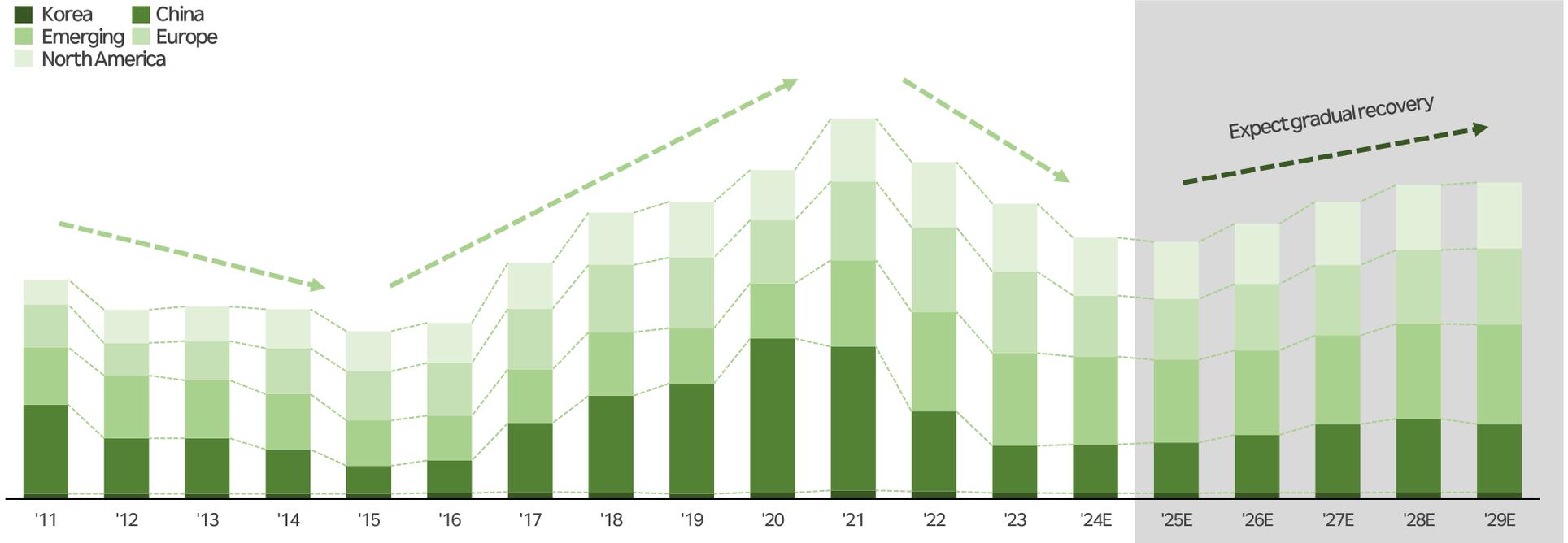
Value-up Targets & Action Plans

Communication Plan

Global Market – Trend & Outlook

- The global construction equipment market is undergoing market correction due to prolonged global tightening measures and continued weakness in raw material prices and should make a gradual recovery from the trough of 2024~2025.

Korea
 China
 Emerging
 Europe
 North America



※ Source : Company data, Based on excavator + Wheel loader sales volume

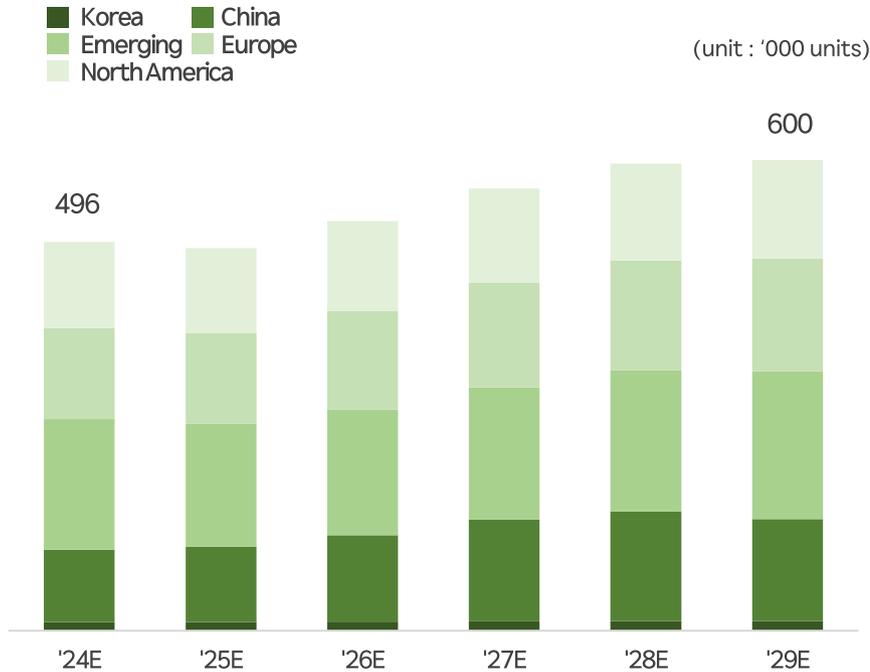
Action Plan : Enhanced Competitiveness

Company Overview

Value-up Targets & Action Plans

Communication Plan

Long-term Market Outlook



Market Outlook

: Market is expected to continue its weakness until 1H25 and start to make recovery from 2H25.

- North America : Continued high interest rates and downturn in the construction market are negative, but recovery is expected from 2H25 with uncertainties resolved over Presidential election.
- Europe : High interest rates and prolonged war reduced the infrastructure budgets within the region. We expect further weakness in 1H25, followed by a gradual recovery in 2H.
- Emerging : Global tightening, exchange rate volatility, and economic uncertainty suggest further adjustments. However, government-led infrastructure investments and stable growth in resource-rich countries provide a positive outlook for some nations within the region.
- China : Market recovery should start in 2025 and replacement cycle is expected to begin in 2026. Upside potential exists if additional stimulus measures are announced.
- Korea : Despite weakness in the domestic construction market, gradual recovery should continue following the trough in 2023.

※ Source : Company data, Based on excavator + Wheel loader sales volume

Action Plan : Enhanced Competitiveness

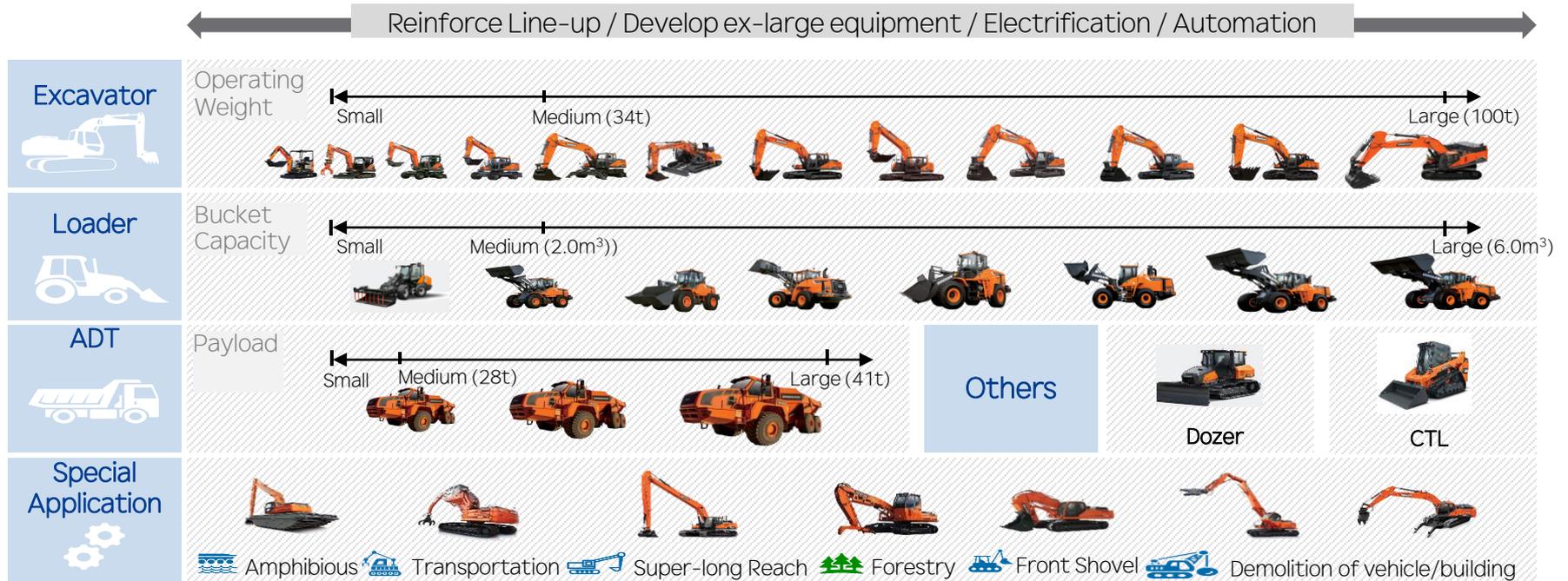
Company Overview

Value-up Targets & Action Plans

Communication Plan

Strengthening core competency

- We aim to develop construction equipment, special applications, and attachments to enhance our competitiveness and meet diverse customer needs. We will also strengthen our market position by expanding our product range, including extra-large equipment.



※ Source : Company data

Action Plan : Enhanced Competitiveness

Company Overview

Value-up Targets & Action Plans

Communication Plan

Strengthening core competency

- We plan to expand dealer coverage in underperforming regions and enhance local operational efficiency through the relocation and expansion of parts distribution centers and customization centers.

Sales

Sungnam, Korea | Yantai, China | Beijing, China |
 Americana, Brazil | Santiago, Chile |
 Suwanee, United States | Prague, Czech Republic |
 Jakarta, Indonesia | Mannheim, Germany |
 Mexico city, Mexico



Headquarter

Incheon, Korea

PDC (Parts Distribution Center)

Ansan, Korea | Yantai, China |
 Halle, Germany | Dubai, United Arab Emirates |
 Singapore | Jundiai, Brazil |
 Miami, United States | Suwanee, United States |
 Seattle, United States | Cardiff, United Kingdom
 Jakarta, Indonesia |

Production

Incheon, Korea | Gunsan, Korea
 Yantai, China | Tianjin, China
 Norway (Elnesvågen)

Dealer Network



Construction Equipment :
 More than 300+ dealers



Emerging Markets (~100)
 North America (~80) | China (~30)
 Europe (~80)



Engine :
 More than 150+ dealers

※ Source : Company data

Action Plan : Enhanced Competitiveness

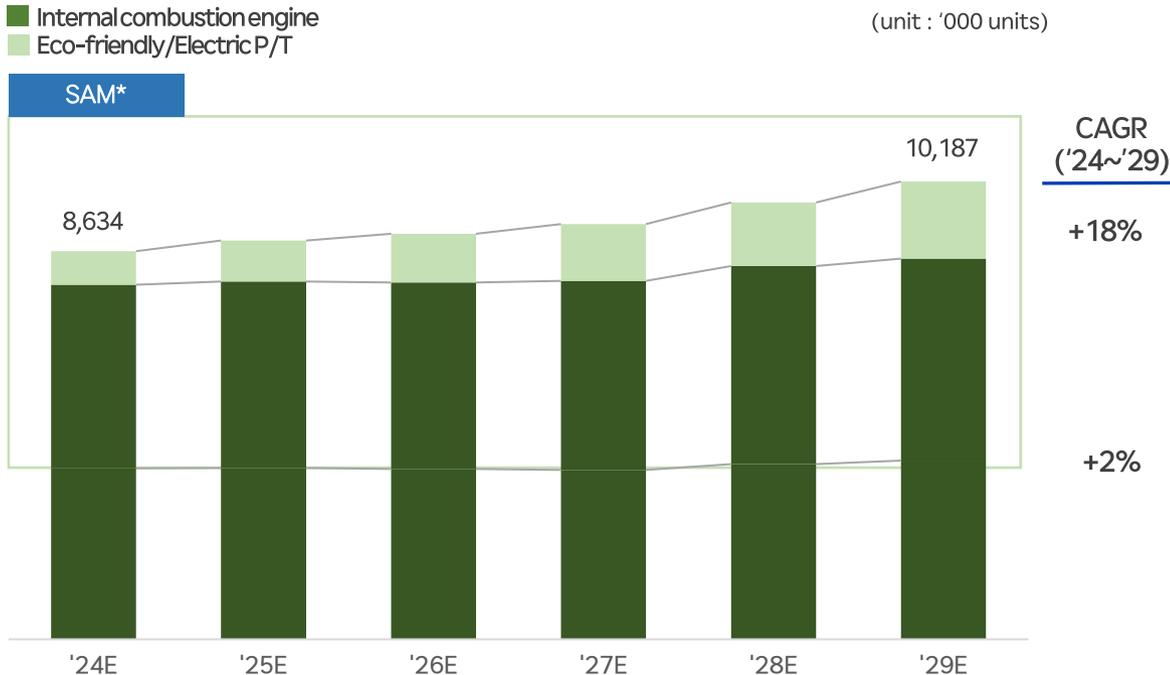
Company Overview

Value-up Targets & Action Plans

Communication Plan

Engine Market Outlook

- We will strengthen product competitiveness and secure growth momentum by achieving a full product lineup that encompasses a full range of products from ultra-small to extra-large engines.



Growth Drivers for Future Powertrain

- Industrial : Expected to grow around forklifts and ESS. Growth rate expected to vary for other usages such as construction equipment depending on regulation and subsidy policies
- Commercial Vehicles : Regulatory and subsidy policies are expected to accelerate the transition

Growth Drivers of the Internal Combustion Engine Market

- Generator: Demand stems from growing trend for larger buildings and increasing need for electricity in emerging markets
- Construction equipment: Gradual recovery expected thanks to infrastructure investment and stimulus measures

※ SAM : Serviceable Addressable Market
 ※ Source : Company data

Action Plan : Proactive Shareholder Returns

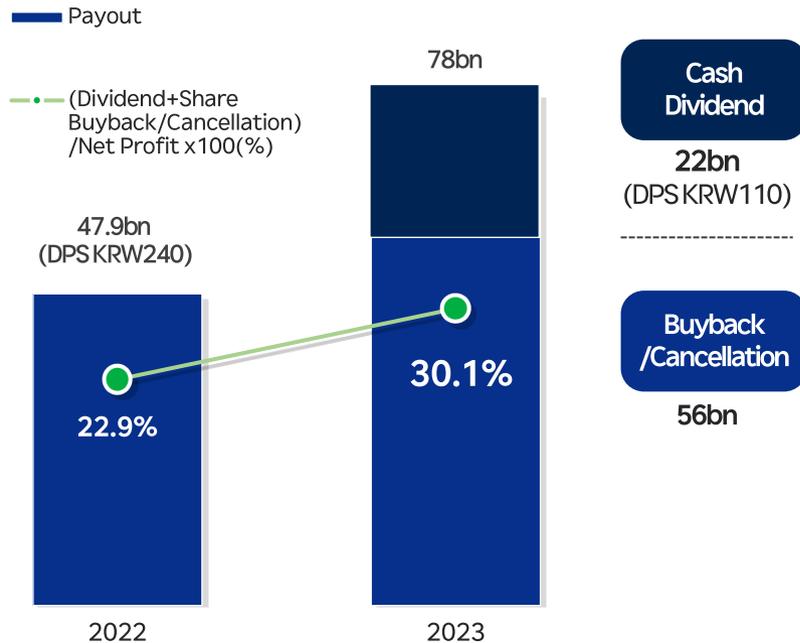
Company Overview

Value-up Targets & Action Plans

Communication Plan

Shareholder Return Ratio : 30%+

Dividends & Buyback/Cancellation



LT Policy to Enhance Shareholder Value

- We seek to enhance predictability on shareholder return.
- Our 2024~2026 mid-term shareholder return policy aims to offer more than 30% of adjusted net profit (adjusted for unrealized gains or one-time profits) towards the enhancement of shareholder value.
- Long-term shareholder policy includes cash dividends and share buyback/cancellation with consideration for business environment and investment plans.

※ Payout ratio (cash dividends + share buyback & cancellation) stands at 30.1% based on net profit (separate financial statement) in 2023 exclusive of one-time profit related to dividends worth KRW 200bn from the Chinese subsidiary.

Action Plan : Sustainable Management

Company Overview

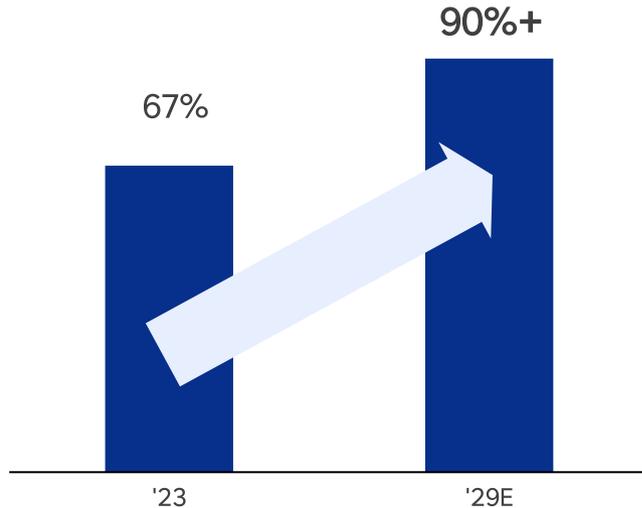
Value-up Targets & Action Plans

Communication Plan

Sustainable growth through transparent and responsible corporate management

Improving Key Governance Metrics Targets

Increasing compliance rate
by making changes to non-compliant items
(Change of dividend record date, Disclosure of dividend policy, etc.)



Advanced ESG Management System

Creating inclusive values for humanity and future society based on innovation



Communication Plan

Company
Overview

Value-up Targets
& Action Plans

●
Communication
Plan

Ensure effective communication to align intrinsic value with market value



Expanding Communication Channels

- Regular C-Level Meetings (at least twice a year)
- Regular Domestic and Overseas NDRs



Comprehensive Materials

- Post IR materials in KOR/ENG simultaneously on the website
- Provide informational materials on the website in case of major events such as dividends and treasury stock purchases.



Addressing Market Feedback

- Active communication with market participants and address market feedback
- Implement improvements and disclose such changes in the annual Value-up Plan



ESG

- Stronger communication on ESG Issues with related parties
- Advancement in system for environment/ safety/health management
- Stronger implementation of initiative for fair trade/shared growth

