



2024 1Q Earnings Release

April 2024



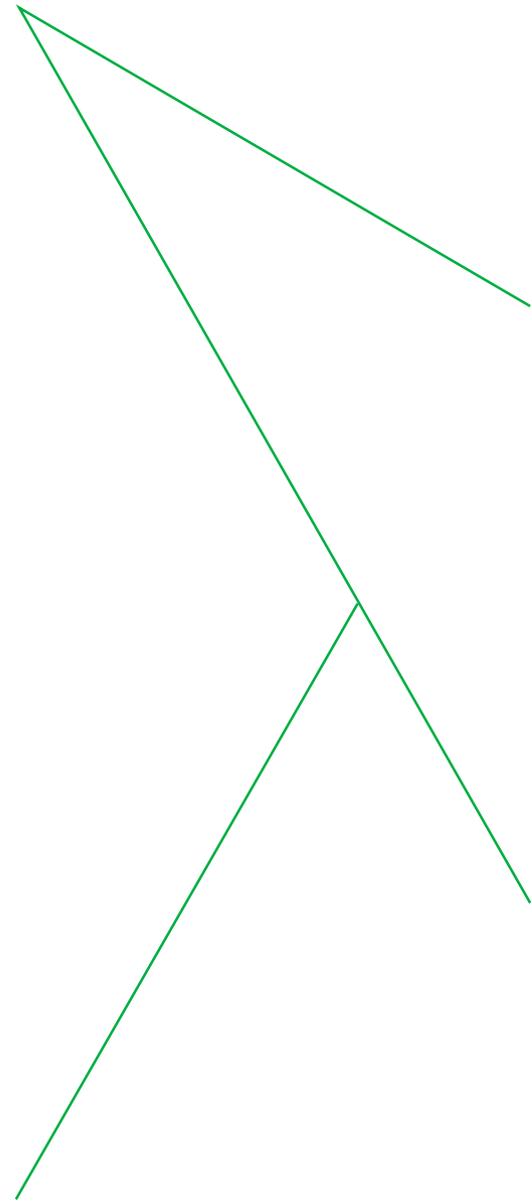
Disclaimer

This presentation contains preliminary figures which may be materially different from the final figures.

The financial information in this document are consolidated earnings results based on K-IFRS. Previous earnings results have also been restated in compliance with K-IFRS.

While the statements in this presentation represent our current assumptions plans and expectations and we believe these judgments are reasonable they are not guarantees of future performance and involve known and unknown risks uncertainties such as FX & raw material costs and other factors that may cause actual results to differ materially from the results performance achievements or financial position expressed or implied in this presentation.

This presentation is provided only as a reference material. It does not constitute or form part of an offer, invitation or recommendation to purchase any securities. HD Hyundai Infracore assumes no responsibility for investment decisions. We trust your decisions will be based on your own independent judgment.

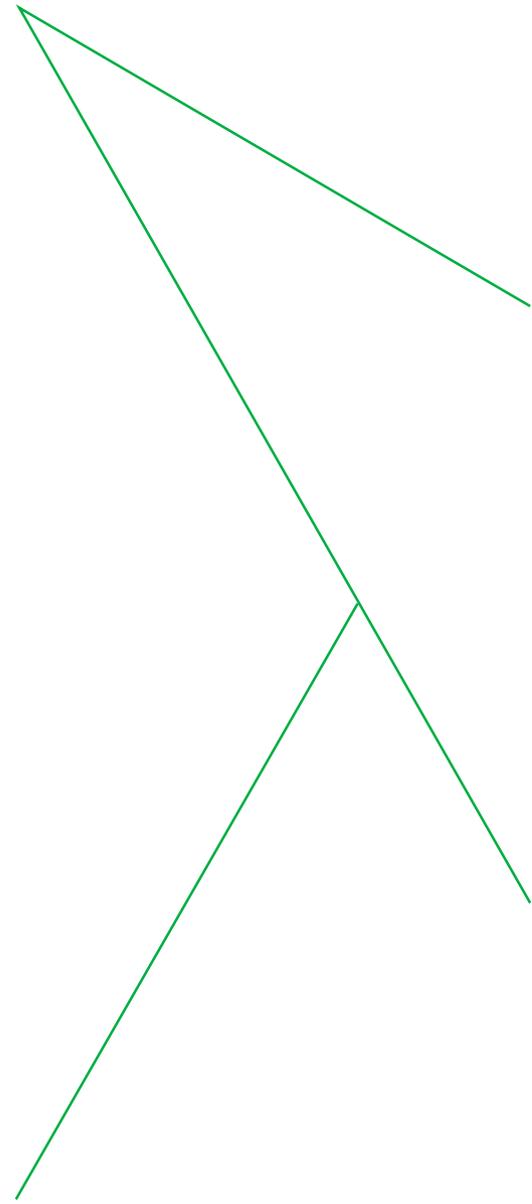


Contents

1. 1Q24 Results
2. EBIT Analysis
3. Analysis by Division & Region
4. Financial Structure

[Reference]

1. Policy on Shareholder Value
2. 2023 ESG Key Achievements
3. Sales & EBIT by Division
4. Long-term Sales & EBIT Forecast



1. 1Q24 Results

1Q24 Results

- Despite solid performance of the engine division, sales declined 10% YoY due to continued weakness in global construction equipment market.
- EBIT also dropped 39% YoY in line with weakness in sales, despite our efforts towards profitability such as raising prices on both construction equipment and engines.

(unit : KRW bn)

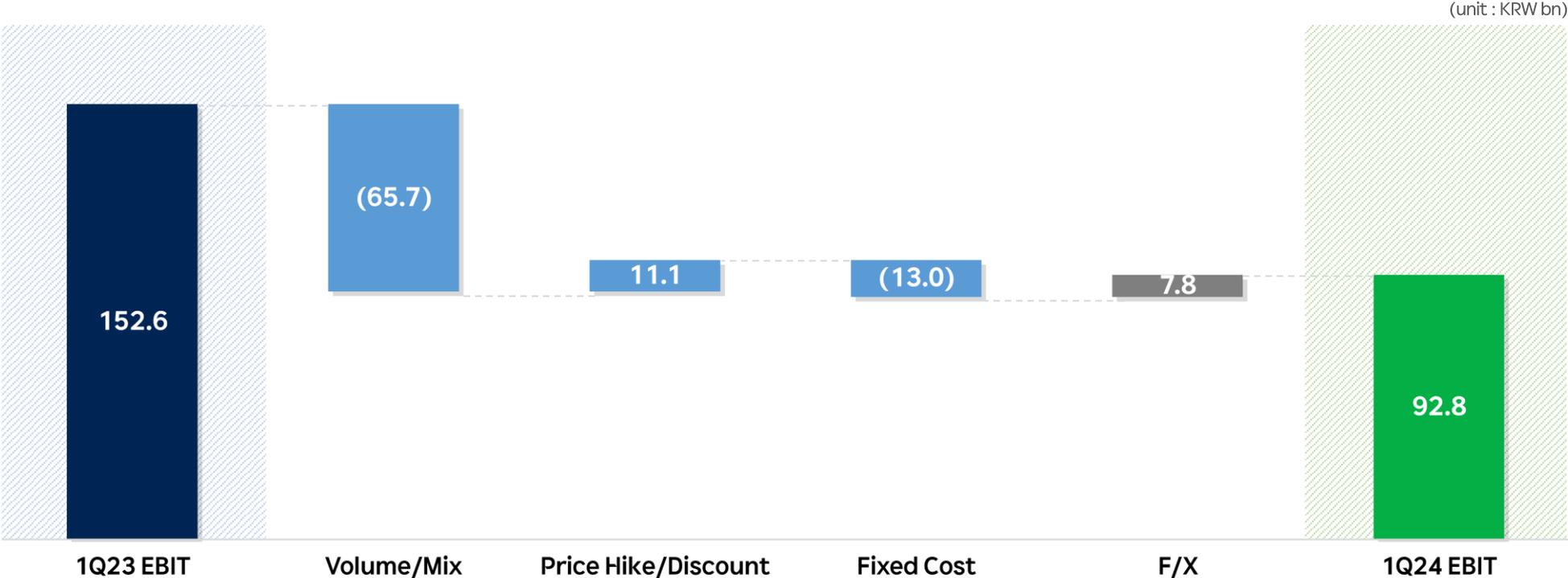
	1Q23	4Q23	1Q24	QoQ	YoY
Sales	1,287.8	981.6	1,157.3	+17.9%	-10.1%
EBIT	152.6	14.0	92.8	+563.0%	-39.2%
EBIT Margin(%)	11.8%	1.4%	8.0%	+6.6%p	-3.8%p
Net Financial Cost	15.8	13.2	12.6	-5.1%	-20.8%
F/X Gains/Losses	15.0	-20.2	16.0	-	+6.6%
Pretax Profit	145.6	-27.3	91.1	-	-37.4%
Net Profit	112.3	-43.9	67.6	-	-39.9%
Profit attributable to owners of parent	112.5	-43.9	67.6	-	-39.9%

Note. Based on K-IFRS consolidated financial statements

2. EBIT Analysis

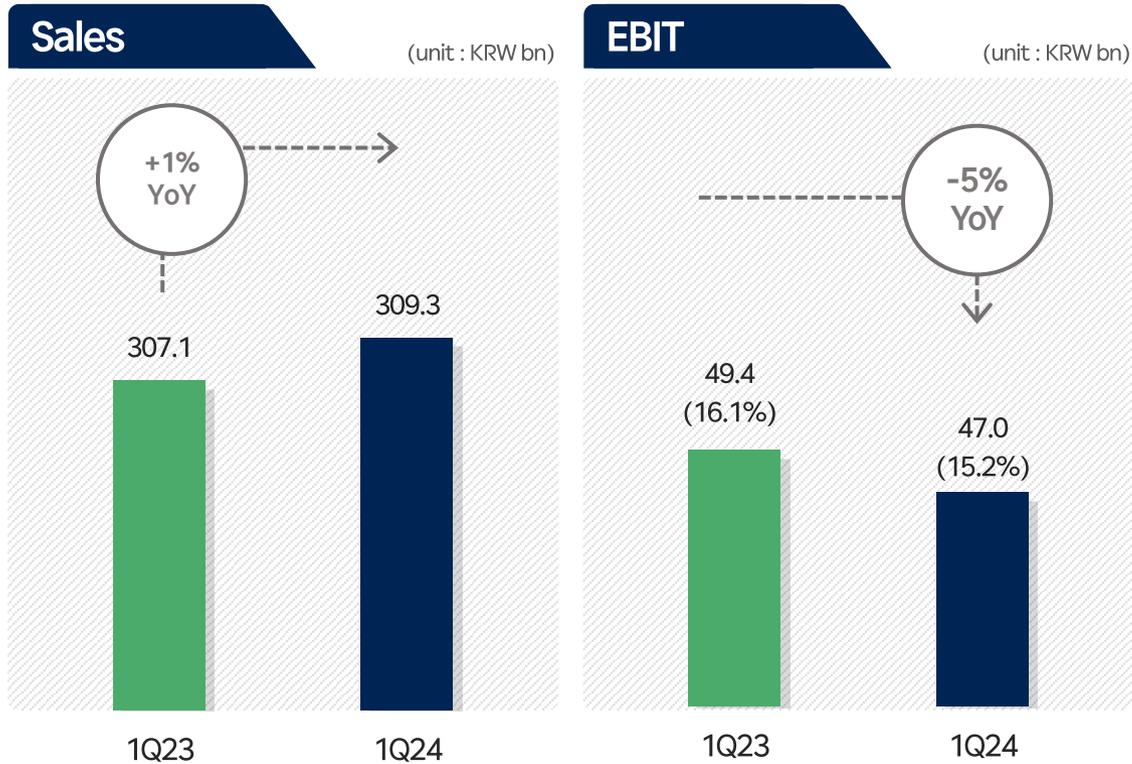
EBIT Analysis

Steady performance from engine division and favorable F/X and material costs worked in favor for EBIT. However, overall EBIT declined year-on-year mainly due to weaker sales from the construction equipment division.



3. Analysis by Division – Engine

▶ Engine



✔ Sales : Growth across product categories

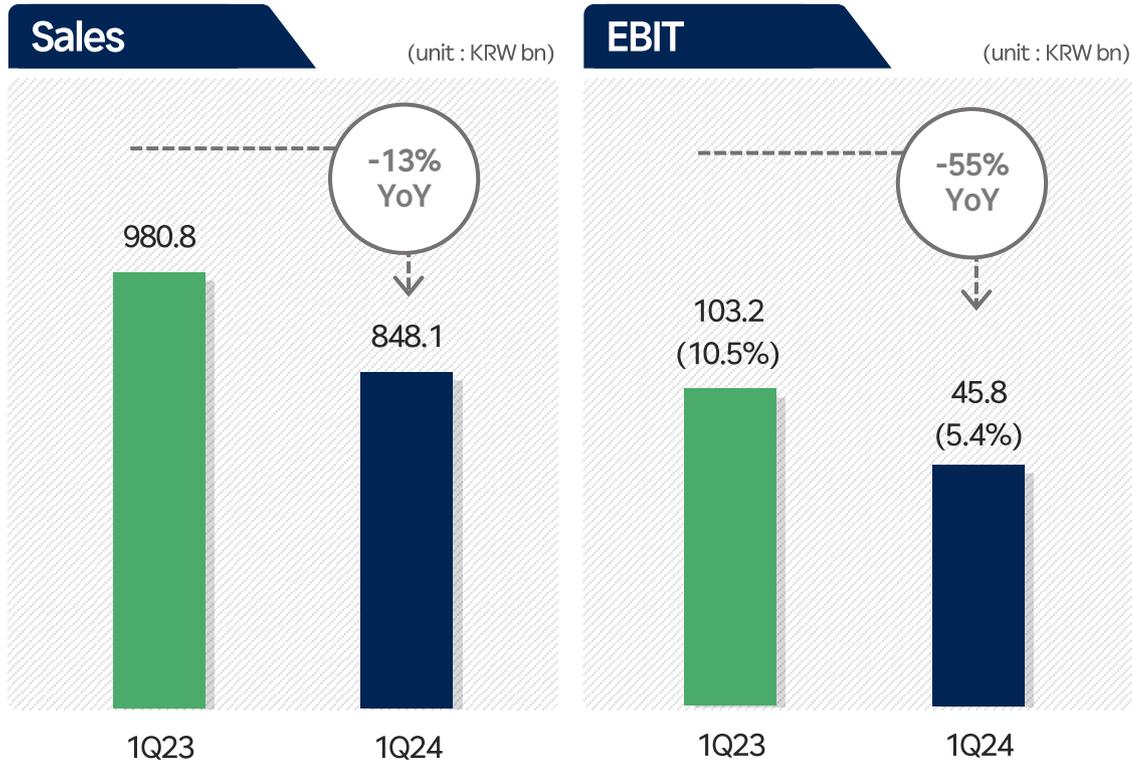
- Sales grew evenly across product categories including industrial, defense and parts/materials.
- We anticipate steady sales for generator engine in line with demand from data centers or microgrid markets in North America, growing demand for electricity in emerging markets and infrastructure related demand in North America and the Middle East. We also have a positive outlook on defense engine sales.

✔ EBIT : Future profitability stemming from improved product mix and group synergy

- Double-digit EBIT margin maintained thanks to price hike and enhanced product mix.
- We anticipate sales and profitability to further improve in line with 1) sales growth for profitable large electric and gas generator, as well as 2) full-fledged sales from defense engines and 3) accelerated synergy within HD Hyundai Group.

3. Analysis by Division – Construction Equipment

Construction Equipment



✓ Sales : Continued impact from global tightening measures

- Sales declined by 13% YoY due to slower demand from developed and emerging markets and high comparison base. (Note that logistics bottleneck and dealer restocking in 1Q23 created a high comparison base for the quarter).
- On a positive note, market demand in China, Korea and some countries in the emerging market are showing signs of rebound.

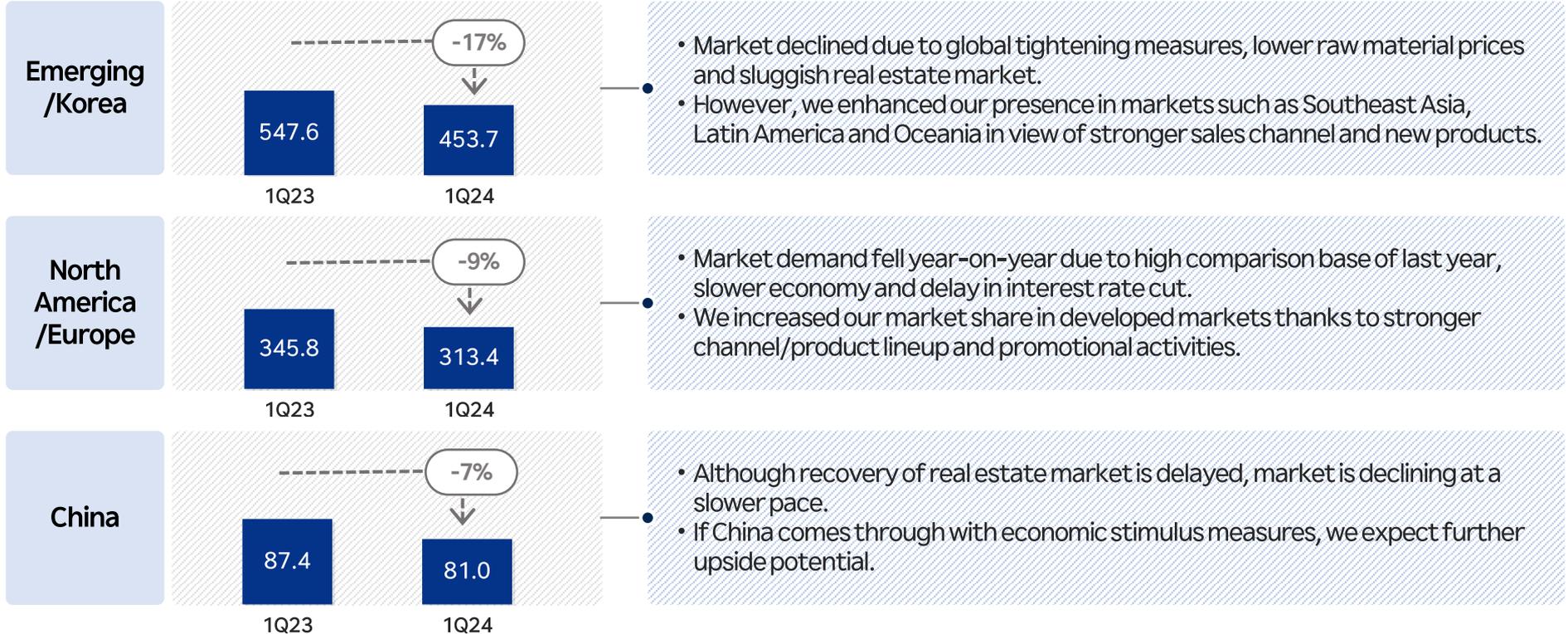
✓ EBIT : EBIT declined due to lower volume despite price hike

- EBIT dropped -55% YoY on lower volume.
- Price hike and stable raw material prices remained favorable, however, logistics and labor costs had an adverse impact on EBIT.

3. Analysis by Division – Construction Equipment (By Region)

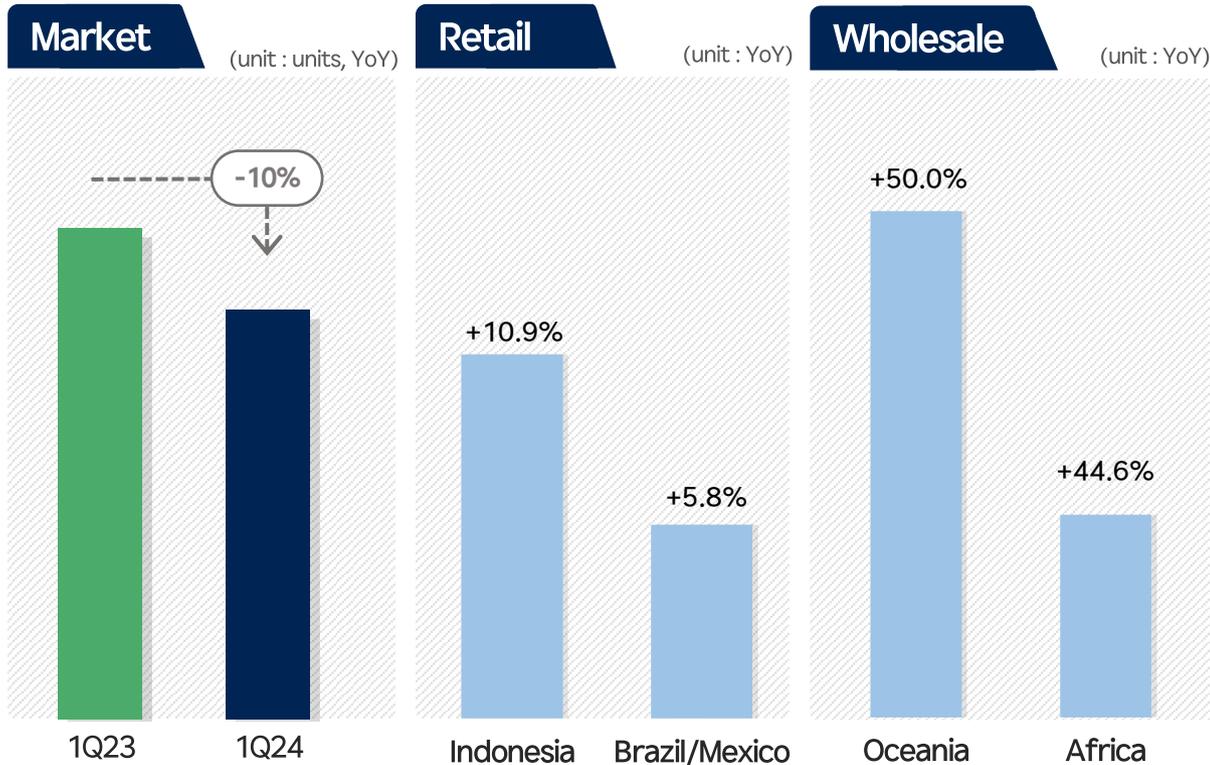
▶ Sales Breakdown by Region

(unit : KRW bn, YoY)



3. Analysis by Division – Construction Equipment (By Region)

Emerging/Korea



Note. Company data

Highlight

Market Trend

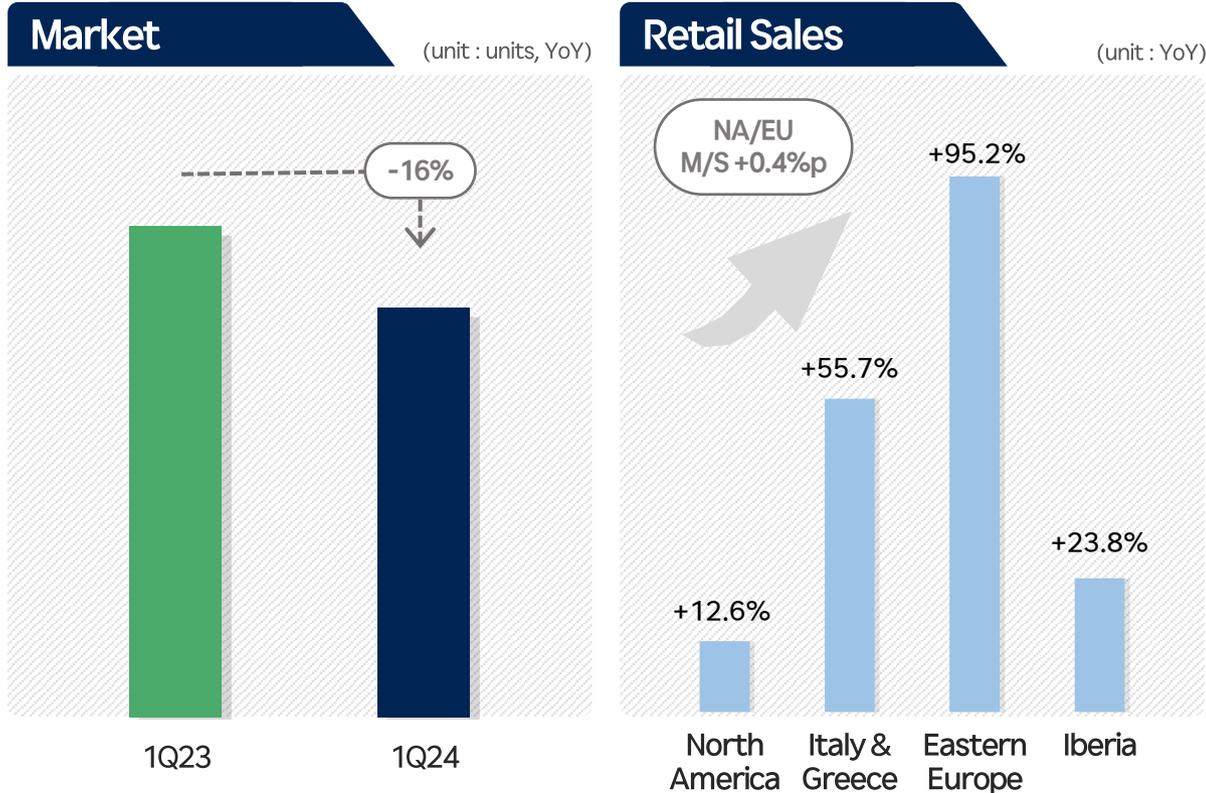
- Korea rebounded from the trough, whereas emerging market continued to slow down in 1Q. Market continued to be weak, declining by -10% YoY, however, some countries within emerging markets showed signs of recovery.

Sales Trend

- Weakness in Middle East and CIS markets worked negatively on sales given the high sales contribution. However, we anticipate recovery in Middle East after Ramadan and in CIS after dealer replacement during 1Q.
- After establishing the Indonesian subsidiary, efforts to capture key accounts led to fleet deals. We also saw market share gains in Oceania after securing MEX specialist dealers.
- Once Mexican subsidiary is established, we will endeavor to secure growth in Latin America.

3. Analysis by Division – Construction Equipment (By Region)

▶ North America/Europe



Note. Company data

Highlight

✔ Market Trend

- Market in Europe declined in line with slowing economy, while market in North America faltered as customers delayed purchasing decision in anticipation of rate cut.
- However, we believe potential demand still exists in North America given active quoting activities.
- Future interest rate cut is expected to lead to recovery in equipment purchasing.

✔ Sales Trend

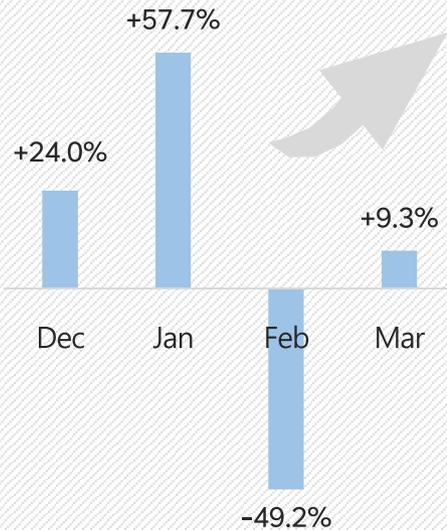
- Sales in 1Q24 declined. However, market share increased in developed markets thanks to launch of new models, increased cross-selling activities and promotion for key strategic dealers.

3. Analysis by Division – Construction Equipment (By Region)

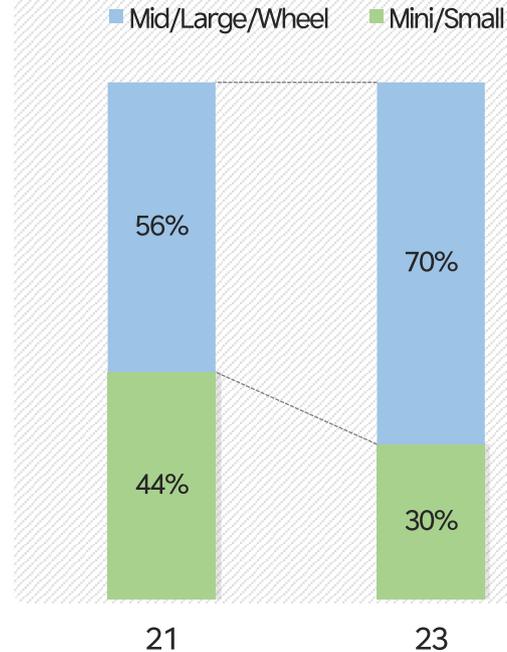
China

Monthly Market Trend

(unit : units, YoY)



Product Mix Trend



Note. Company data

Highlight

✔ Market Trend

- We have started to see signs of bottoming out from last December.
- If China comes through with economic stimulus measures or start to see replacement demand, we anticipate gradual demand recovery going forward.

✔ Sales Trend

- Sales in 1Q24 fell, however, once demand starts to recover, we expect sales to rebound from 2Q onwards.
- We are also seeing clear signs of sales mix improvement and therefore, when sales starts to turnaround, we also anticipate enhanced profitability.

4. Financial Structure

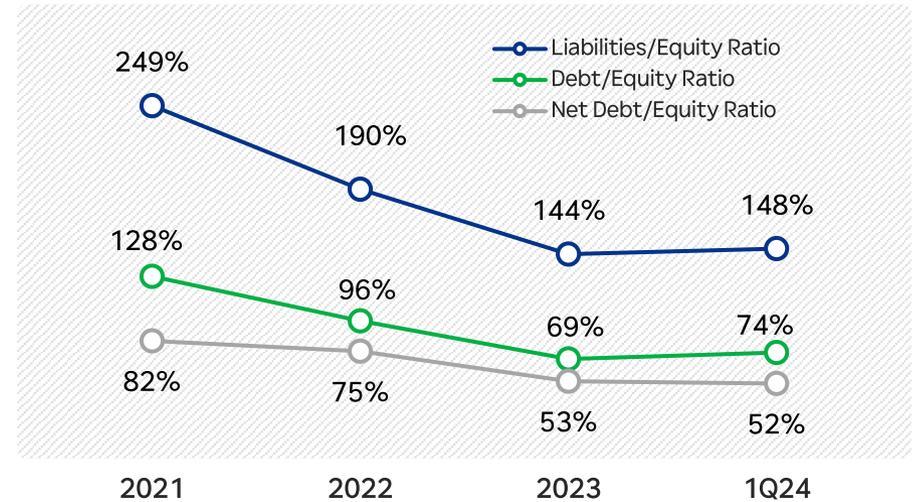
Statement of Financial Position

(unit :KRW bn)

	2021	2022	2023	1Q24
Total Assets	4,782.3	4,736.7	4,418.4	4,540.0
Cash & Cash Equivalent	625.4	352.4	286.2	403.2
Current Assets	3,239.9	3,130.9	2,833.4	2,968.3
Fixed Assets	1,542.4	1,605.8	1,585.0	1,571.7
Total Liabilities	3,412.5	3,101.6	2,605.1	2,705.9
Debt	1,750.2	1,572.7	1,254.6	1,352.5
Net Debt	1,124.8	1,220.3	968.3	949.2
Total Shareholder's Equity	1,369.8	1,635.1	1,813.3	1,834.1

Note. Based on K-IFRS consolidated financial statements

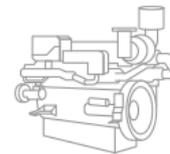
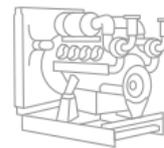
Key Financial Ratios



- On top of investment for future growth and plans to enhance shareholders' return, we will endeavor to further improve our financial structure.

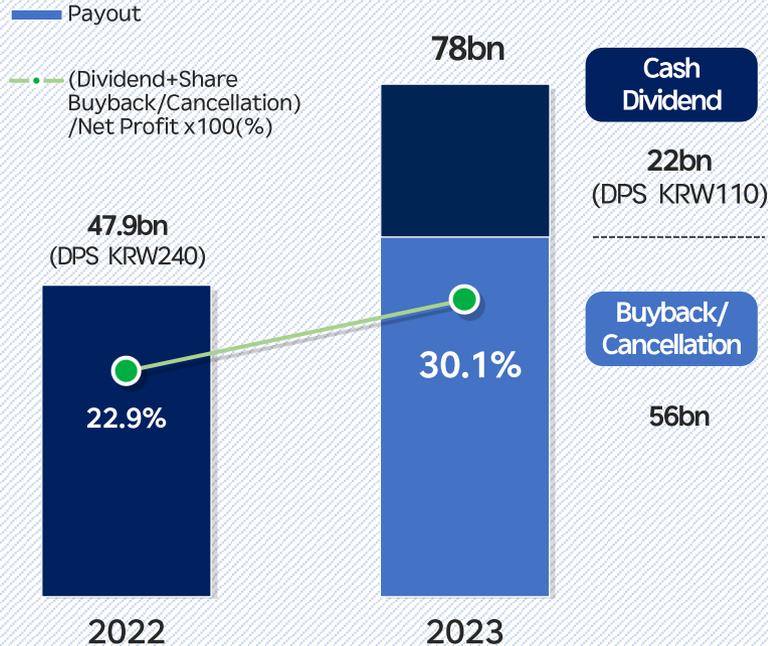


HD HYUNDAI
INFRACORE



[Reference] Policy on Shareholder Value

Dividends & Buyback/Cancellation



* 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.

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* 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.

* Net profit adjusted for unrealized gains or one-time profits

2023 ESG Key Achievements

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

DJSI Korea

Sustainability Yearbook Member

S&P Global Corporate Sustainability Assessment (CSA) Score 2023

Included in DJSI Korea for 14 consecutive years

S&P Sustainability Yearbook Member

 **한국ESG기준원**
Korea Institute of Corporate Governance and Sustainability



A Rating
ESG evaluation from Korea Corporate Governance Service

ESG Information, Analytics & Investment
SUSTINVEST



A Rating
By SUSTINVEST

MSCI 



BBB Rating
By MSCI





A- Rating
By CDP

[Reference] Sales & EBIT by Division

(unit : KRW bn)

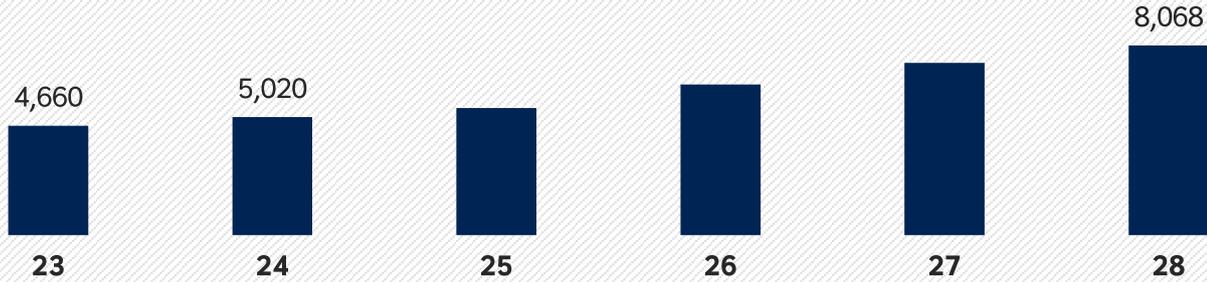
	1Q23	2Q23	3Q23	4Q23	2023	1Q24
Sales	1,287.8	1,314.0	1,076.2	981.6	4,659.6	1,157.3
Construction Equipment	980.8	1,013.3	790.8	713.1	3,498.0	848.1
Emerging/Korea	547.6	535.1	378.3	324.1	1,785.1	453.7
North America/Europe	345.8	404.3	359.6	336.8	1,446.5	313.4
China	87.4	73.9	52.8	52.2	266.4	81.0
Engine	307.1	300.6	285.4	268.5	1,161.6	309.3
(Total Sales incl. Internal Sales)	369.9	356.2	328.7	304.8	1,359.7	354.3
(Internal Sales)	62.8	55.6	43.3	36.3	198.1	45.0
EBIT	152.6	162.0	89.7	14.0	418.3	92.8
Construction Equipment	103.2	115.8	50.3	-3.4	265.9	45.8
Engine	49.4	46.2	39.4	17.4	152.4	47.0

Note. Based on K-IFRS consolidated financial statements

[Reference] Long-term Sales & EBIT Forecast

Sales

(unit : KRW bn)



CAGR
(23~28)

+11.6%

EBIT

(unit : KRW bn)



+19.4%