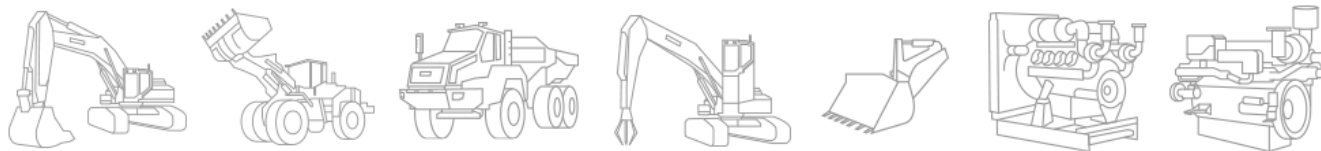


Powered by **Innovation**



2023 1Q Earnings Release

April 2023



DEVELON

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.

Table of Contents

1

1Q23 Results

2

Highlights

1Q23 Results

- Sales increased +12% YoY thanks to solid growths from the construction equipment division in emerging and developed markets and engine division.
- Despite sluggish demand in China and impact from delayed shipments, EBIT grew 46% YoY thanks to company-wide efforts towards profitability improvement.

Income Statement

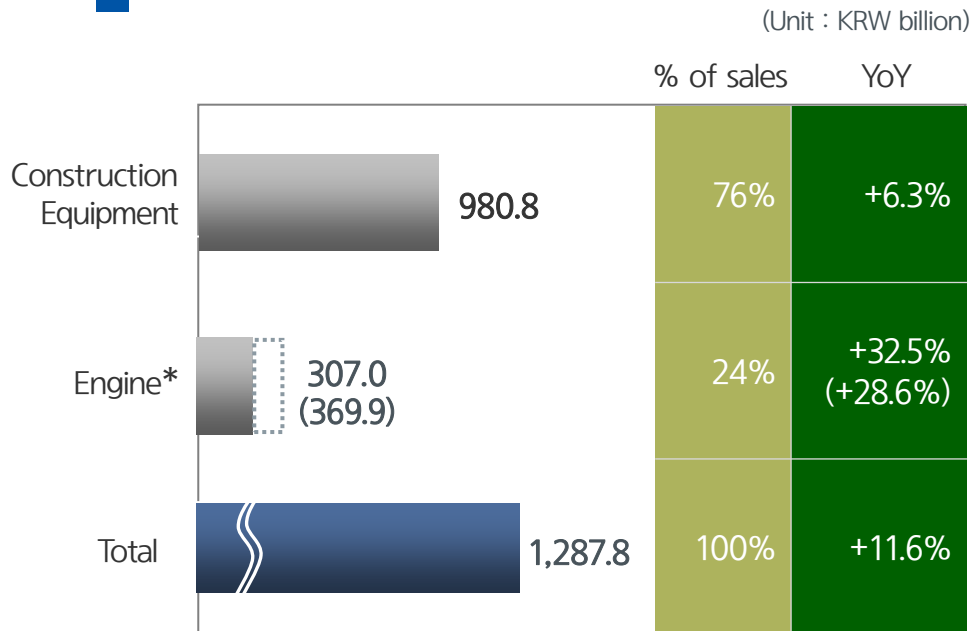
(Unit : KRW billion)

	1Q22	4Q22	1Q23	YoY	QoQ
Sales	1,154.5	1,236.8	1,287.8	+11.6%	+4.1%
EBIT	104.9	66.4	152.6	+45.5%	+129.9%
EBIT margin(%)	9.1%	5.4%	11.8%	+2.7%p	+6.4%p
(Net Financial Cost)	16.9	15.0	15.8	-6.3%	+5.6%
(F/X gains/losses)	12.4	-45.2	15.0	+20.9%	-
Pretax Profit	97.3	12.7	145.6	+49.7%	+1045.4%
Net Profit	74.2	32.7	112.3	+51.3%	+243.3%

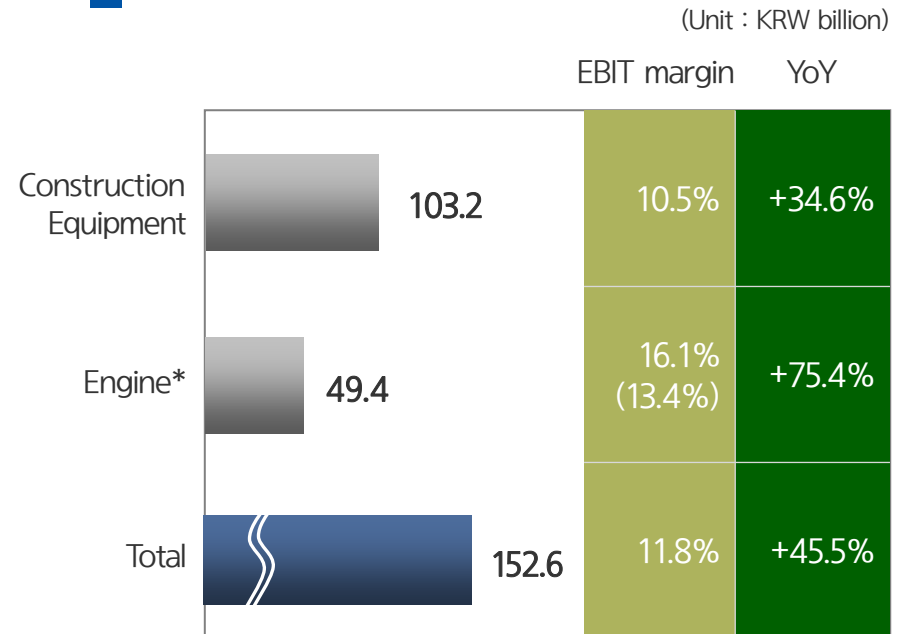
1Q23 Sales & EBIT by division

- Construction Equipment : Sales and EBIT grew year-on-year thanks to continued order flow from developed markets and enhanced profitability from emerging markets.
- Engine : Sales surged from third party customers for generator and industrial engines, while EBIT margin improved to a stable double-digit in line with price hike, volume growth and product mix improvement.

Sales



EBIT & Margin



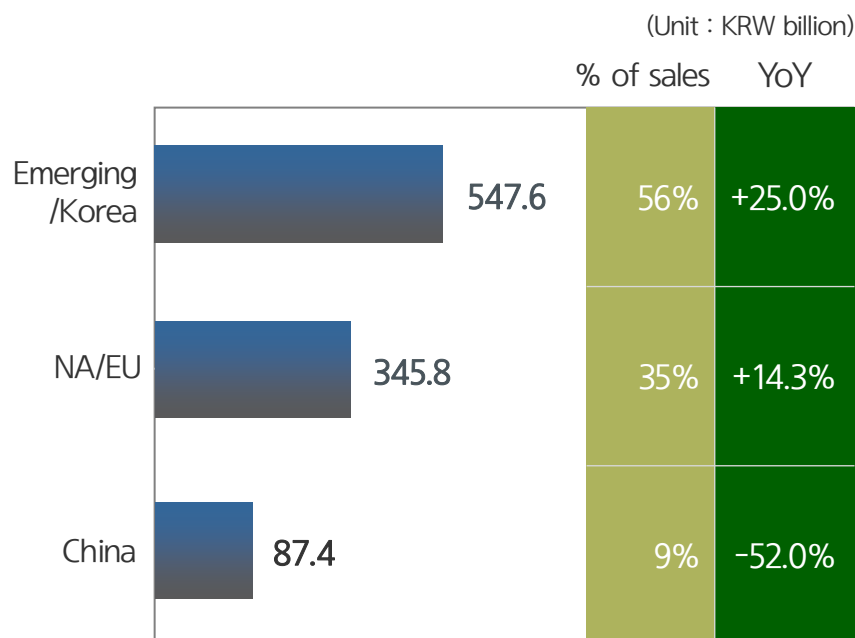
Note : Sales breakdown based on 3rd party revenue

* Numbers in parenthesis are based on total sales of engine business, which includes internal sales

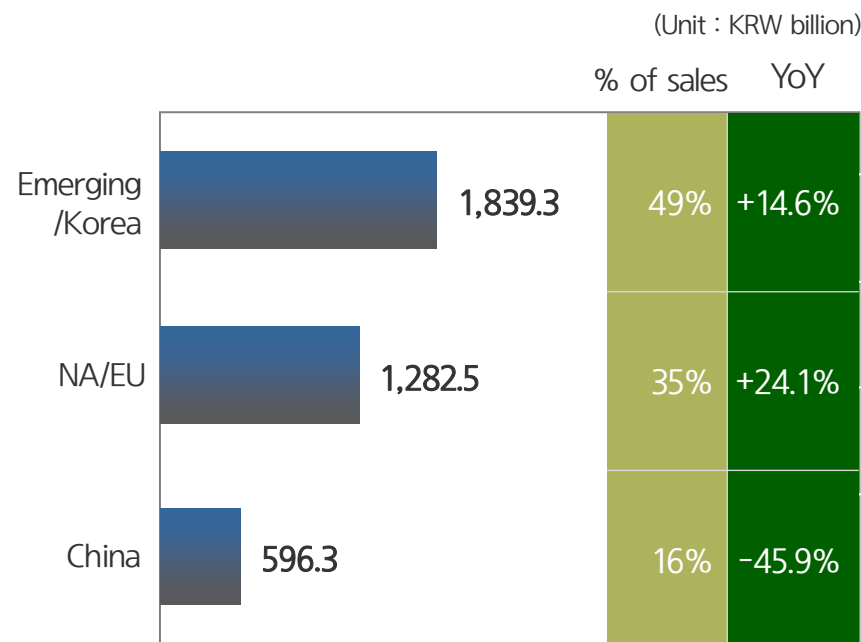
Regional breakdown (Construction Equipment)

- Emerging/Korea : Market declined marginally due to slowing global economy, however, sales reported double-digit growth thanks to demand from resource-rich countries in Middle East, CIS and Latin America.
- NA/EU : Demand remained solid due to infrastructure investment and rental demand. As a result, new orders and efforts to resolve logistics issues contributed towards sales growth.
- China : Demand was sluggish due to weak real estate market, however, if China comes through with aggressive economic stimulus measures, we expect upside potential.

CE regional breakdown (1Q23)



CE regional breakdown (2022)



Financial structure

- Net debt decreased by KRW69 billion compared to end-2022 thanks to increase in net profit.
(Net debt-to-equity ratio improved by 8.2%p compared to end-2022)
- Going forward, we expect to lower net debt to less than KRW1tr at end-2023 in line with debt maturity schedule.

Balance Sheet

(Unit : KRW billion)

	2021	2022	1Q23	Compared to end-2022
Current Assets	3,239.9	3,130.9	3,347.2	+216.3
Fixed Assets	1,542.4	1,605.8	1,574.4	-31.4
Total Assets	4,782.3	4,736.7	4,921.6	+184.9
Total Liabilities	3,412.5	3,101.6	3,189.7	+88.1
- Net Debt	1,124.8	1,220.3	1,151.3	-69.0
Total Shareholder's Equity	1,369.8	1,635.1	1,731.9	+96.8
Liabilities/Equity Ratio	249.1%	189.7%	184.2%	-5.5%p
Net Debt/Equity Ratio	82.1%	74.6%	66.5%	-8.2%p

Table of Contents

1

1Q23 Results

2

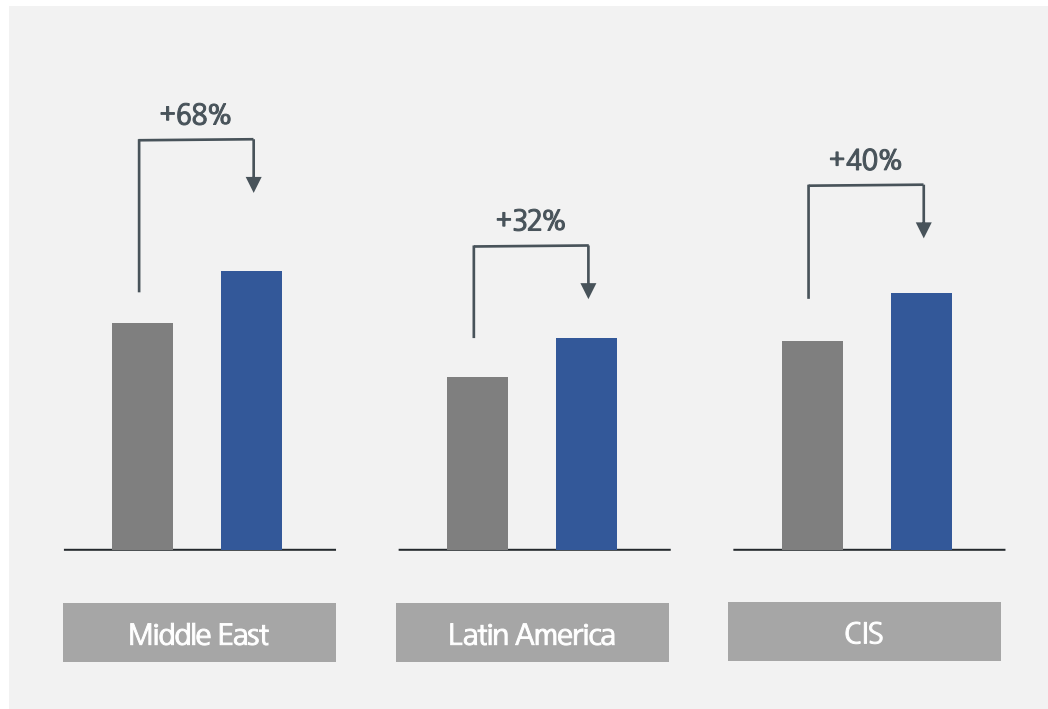
Highlights

Construction Equipment (Emerging/Korea)

- In view of last year's high comparison basis and this year's global quantitative tightening, emerging market declined. However, resource-rich countries continued to see solid demand from infrastructure investment and mining.
- Despite shipment delays, sales in emerging markets during 1Q23 grew +25% YoY thanks to efforts to strengthen channel competitiveness. Profitability in the region also improved substantially due to price hike and enhanced product line-up that includes cost-effective models.

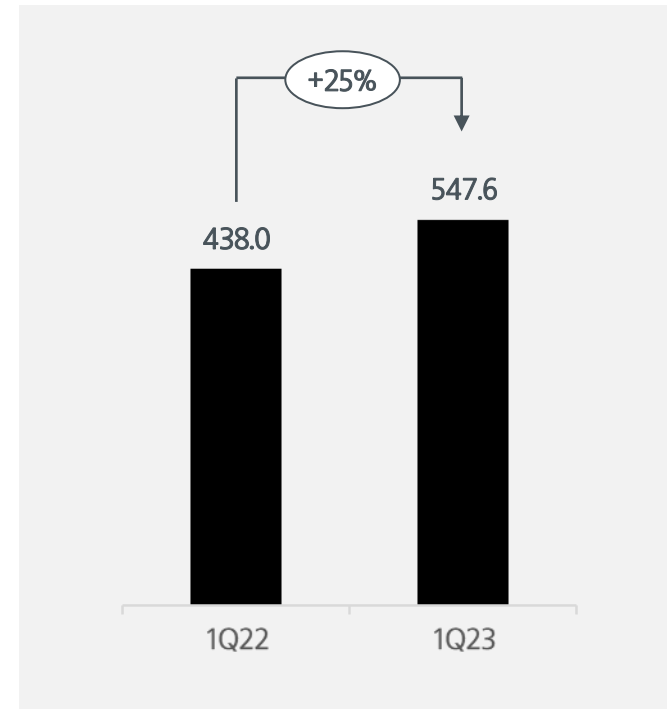
HDI – Retail Sales Volume

(unit : YoY)



HDI – Sales

(unit : KRW bn, YoY)



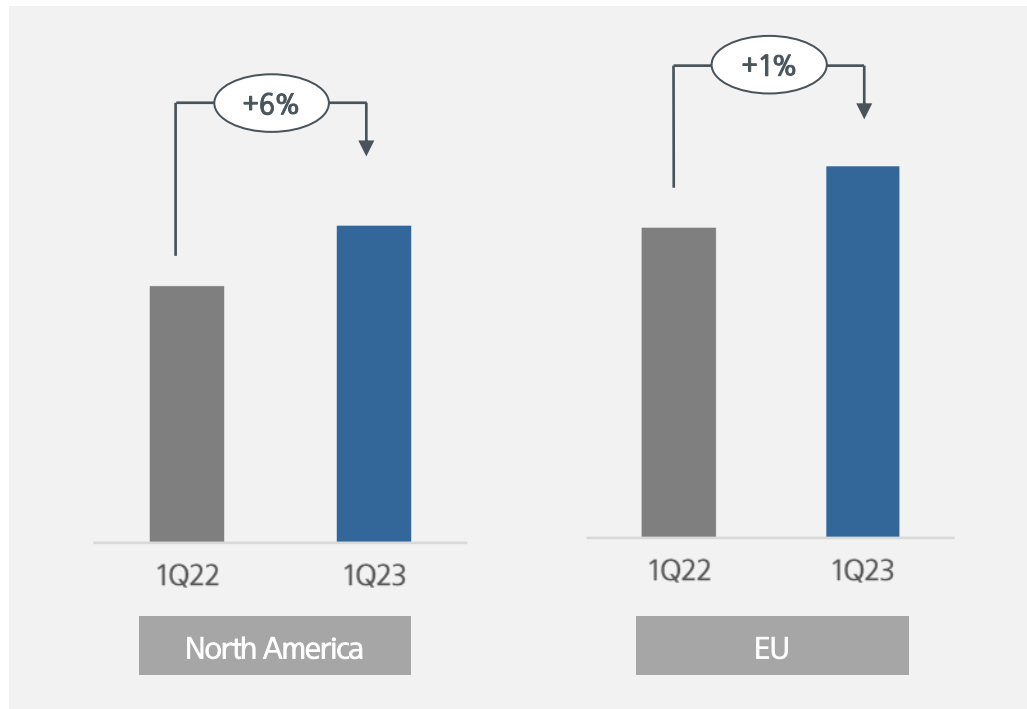
* Sales volume based on excavators, wheel loaders and ADT

Construction Equipment (NA/EU)

- Developed markets continued to grow thanks to infrastructure investment and rental demand. As demand should be stronger than our initial expectations in 2H, we may consider additional price increase in the region.
- Sales in developed markets during 1Q23 grew +14% YoY in view of enhanced product line-up and channel competitiveness. As logistics issues gradually get resolved and sales efforts at ConExpo start to affect order flow from 2Q, we anticipate additional upside potential going forward.

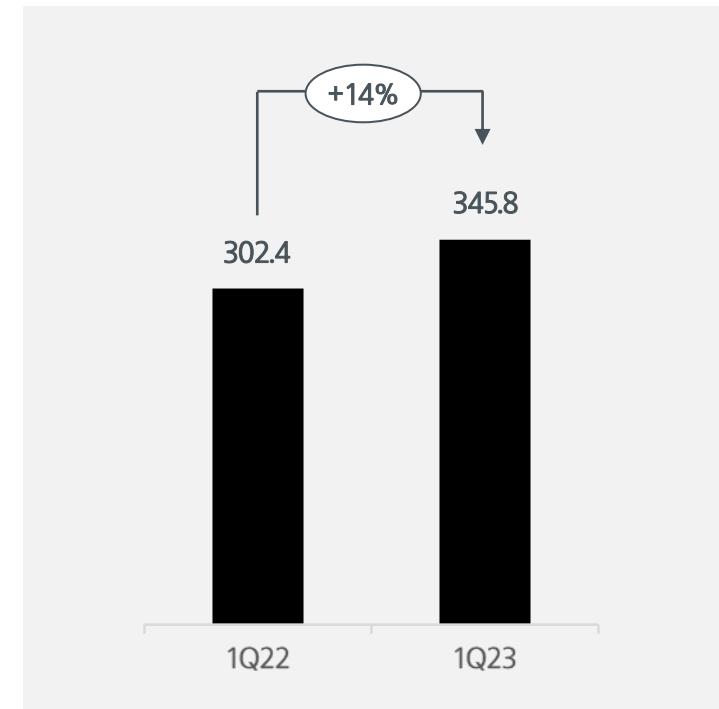
Market – Sales Volume

(unit : YoY)



HDI – Sales

(unit : KRW bn, YoY)



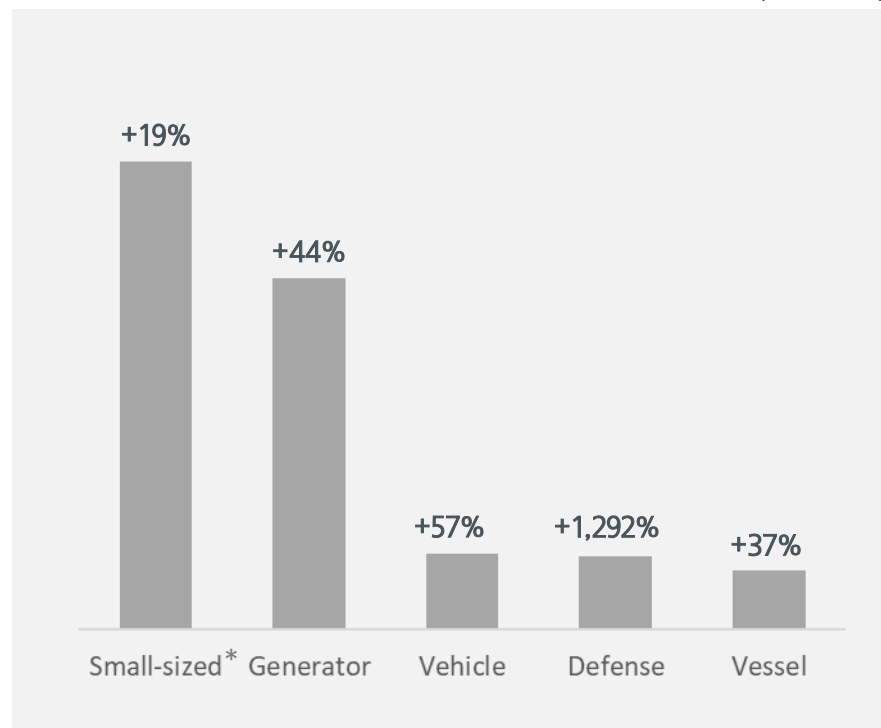
* Sales volume based on excavators, wheel loaders and ADT

Engine

- Engine sales in 1Q23 grew remarkably thanks to growth in various engine usages such as generator, vehicle and defense. EBIT margin rose to 16.1% as a result of price hike, volume growth and improvement in product mix.
- Despite concerns over global economic slowdown, we anticipate improvement in both sales and profitability as we see 1) further progress in synergy within HD Hyundai Group and 2) sales recognition of defense engine orders.

HDI – Sales by Product (1Q23)

(unit : YoY)



* Small-sized engines : Used for Doosan Bobcat's small-sized equipment and forklift trucks

HDI – Profitability Trend

