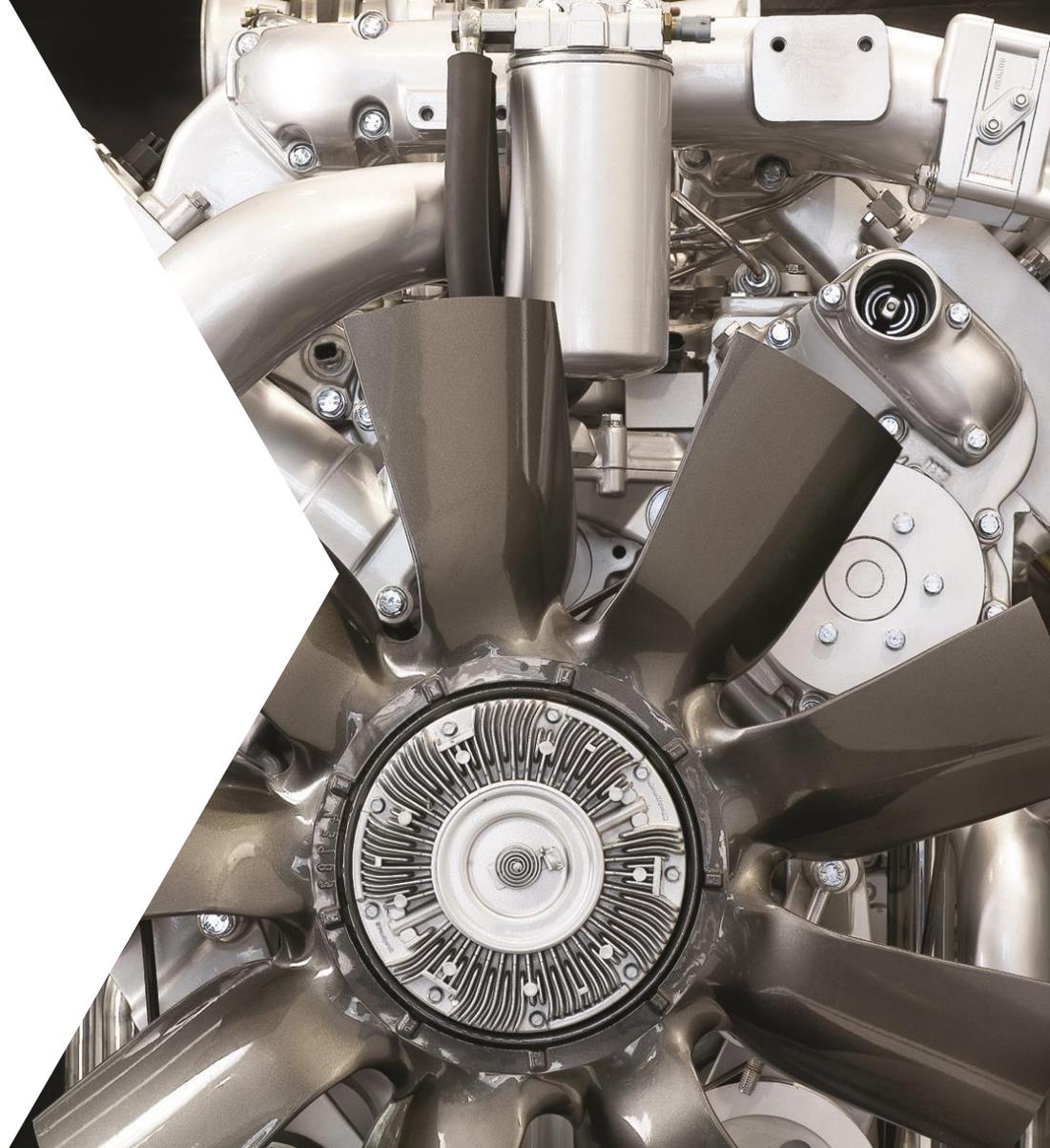




2024 Earnings Release

February 2025



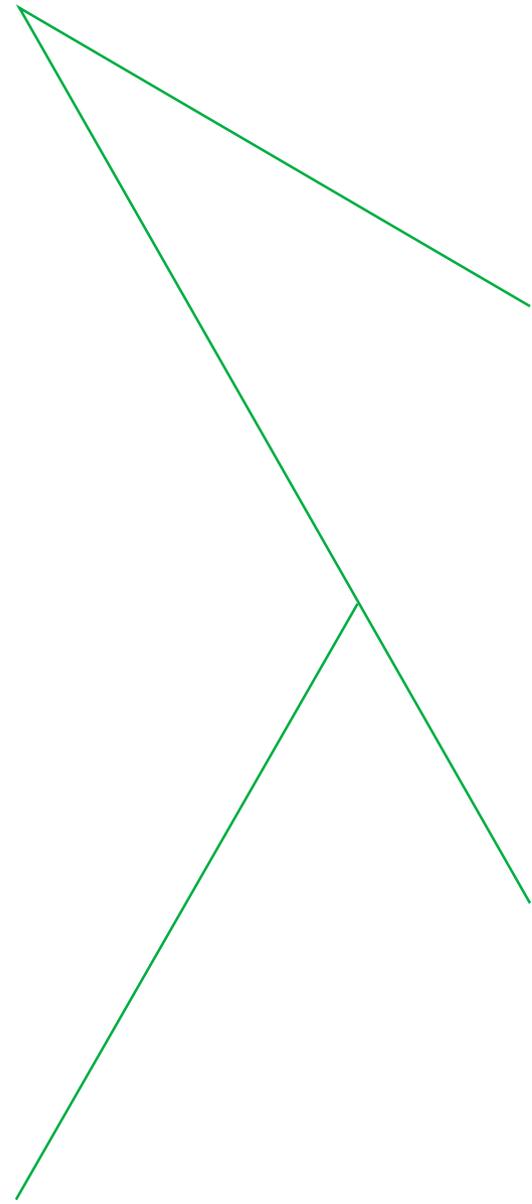
Disclaimer

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.

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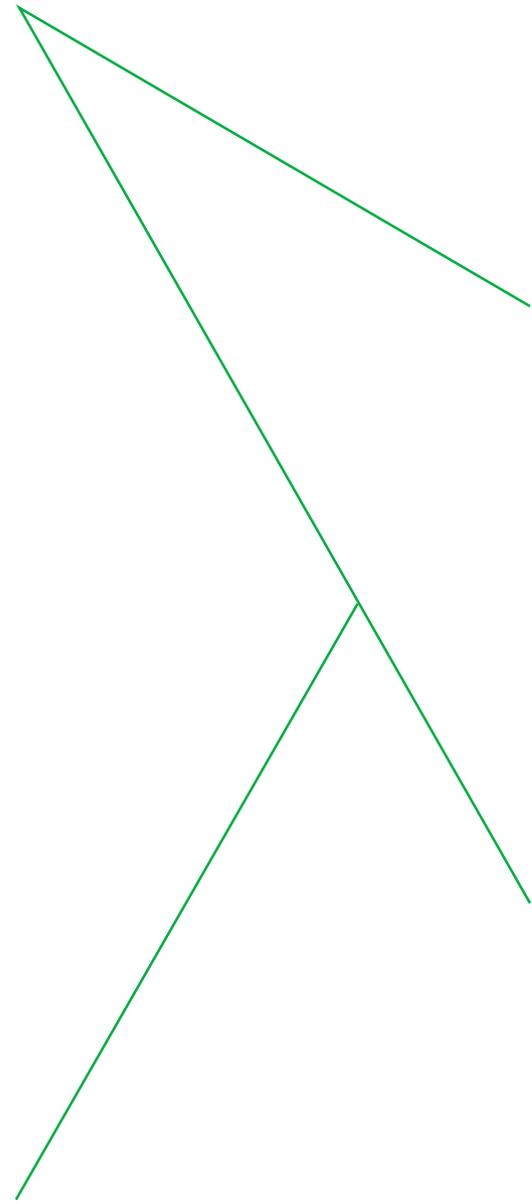


Contents

1. 2024 Results
2. EBIT Analysis
3. Analysis by Division & Region
4. Financial Structure
5. 2025 Outlook
6. Outlook by Division & Region

[Reference]

1. Long-term Outlook
2. 4Q24 Results & EBIT Analysis
3. Sales & EBIT by Division



1. 2024 Results

2024 Results

- ✓ Sales declined 12% in 2024 YoY due to prolonged global tightening measures and continued weakness in raw material prices that affected the overall business environment.
- ✓ EBIT dropped 56% YoY in line with weak demand and increase in retail promotion, as well as greater expenses such as freight.

	4Q23	4Q24	YoY	2023	2024	YoY
Sales	981.6	938.9	-4.3%	4,659.6	4,114.2	-11.7%
EBIT	14.0	-10.9	-	418.3	184.2	-56.0%
EBIT Margin(%)	1.4%	-1.2%	-2.6%p	9.0%	4.5%	-4.5%p
Net Financial Cost	13.2	11.5	-13.0%	59.9	49.2	-17.9%
F/X Gains/Losses	-20.2	48.9	-	7.2	51.7	+614.2%
Pretax Profit	-27.3	17.6	-	342.4	160.8	-53.0%
Net Profit	-43.9	3.2	-	230.7	108.4	-53.0%
Profit attributable to owners of parent	-43.9	3.1	-	230.7	108.4	-53.0%

Note. Based on K-IFRS consolidated financial statements

2. EBIT Analysis

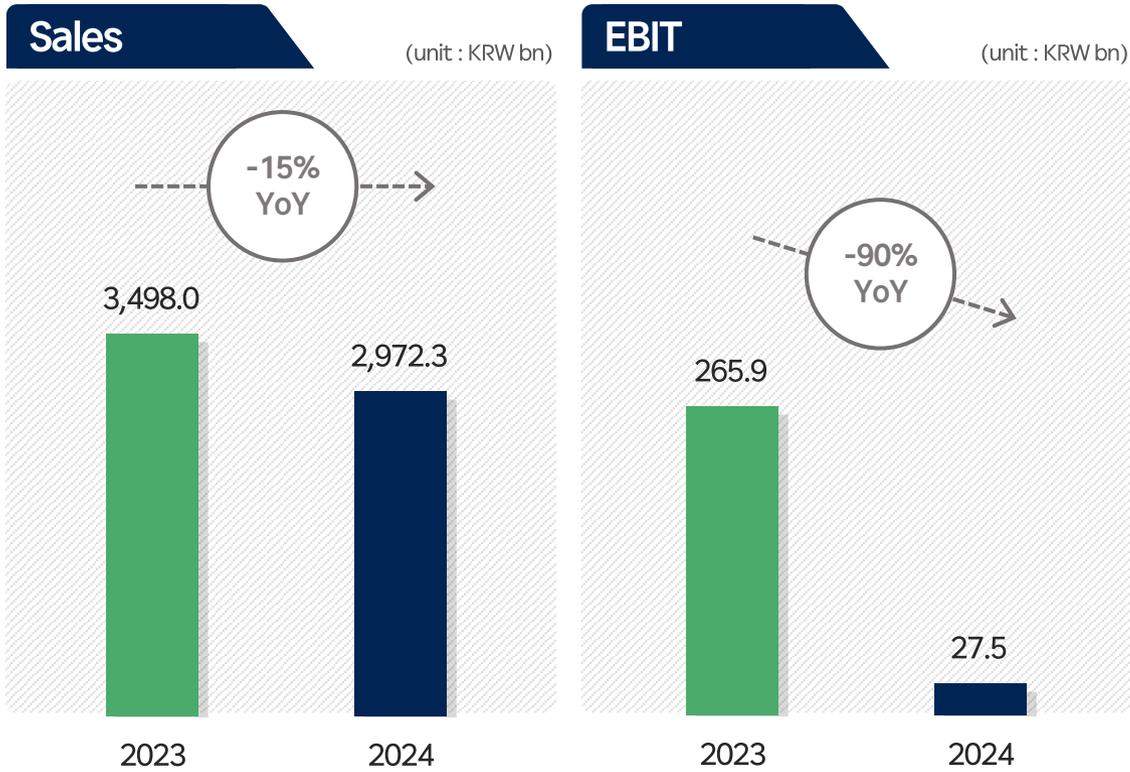
EBIT Analysis

Despite efforts towards cost reduction, EBIT declined due to weak sales volume and promotion related expenses.



3. Analysis by Division

Construction Equipment



✓ Sales : Continued weakness in demand and delay in interest rate cut

- Sales declined due to slower demand particularly from developed markets following global tightening measures and delayed interest rate cut.
- On a positive note, market demand in China grew for three consecutive quarters and emerging markets and Korea showed signs of recovery.

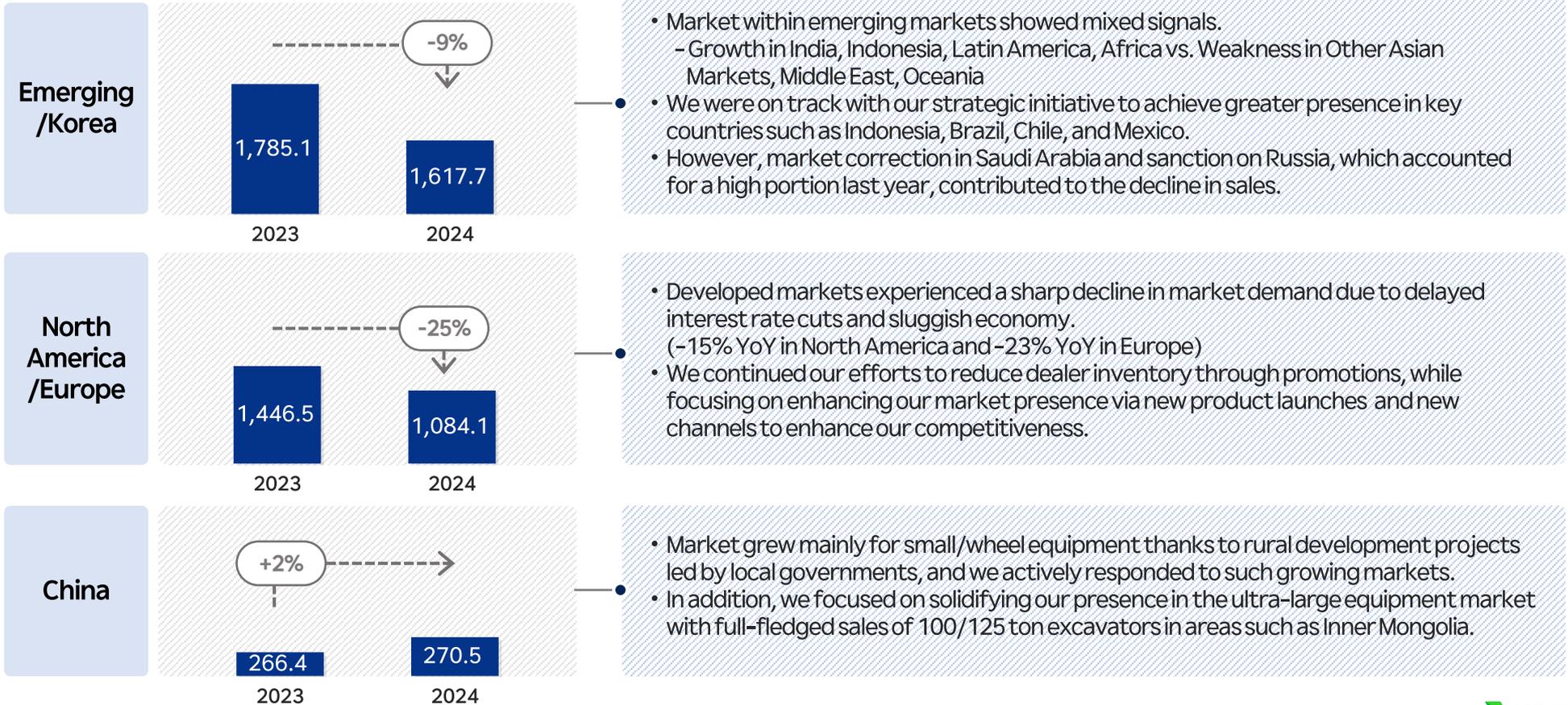
✓ EBIT : Increase in marketing expenses led to weaker profitability

- EBIT decreased due to lower sale volume and aggressive promotion expenses. In addition, costs involved in new product development and higher logistics expenses were additional negative factors.

3. Analysis by Division

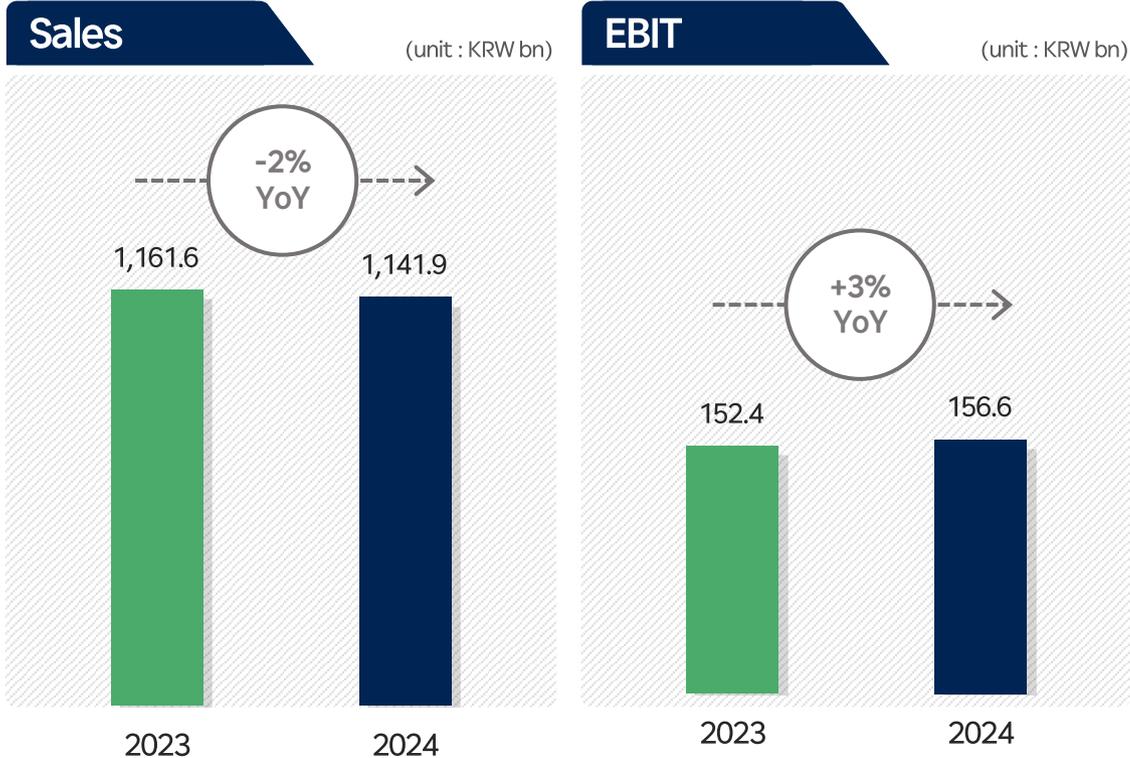
Construction Equipment (By Region)

(unit : KRW bn, YoY)



3. Analysis by Division

Engine



✓ Sales : Declined due to demand correction

- Sales declined due to global economic slowdown and resultant demand weakness.
- However, we saw solid demand for gas generator engines in North America, eco-friendly ship engines, and generator and vehicular engines in emerging markets.
- Steady defense engine sales and additional order potential continued to be a positive for the division.

✓ EBIT : On-going profitability improvement

- Double-digit EBIT margin was maintained despite decline in sales.
- 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.

4. Financial Structure

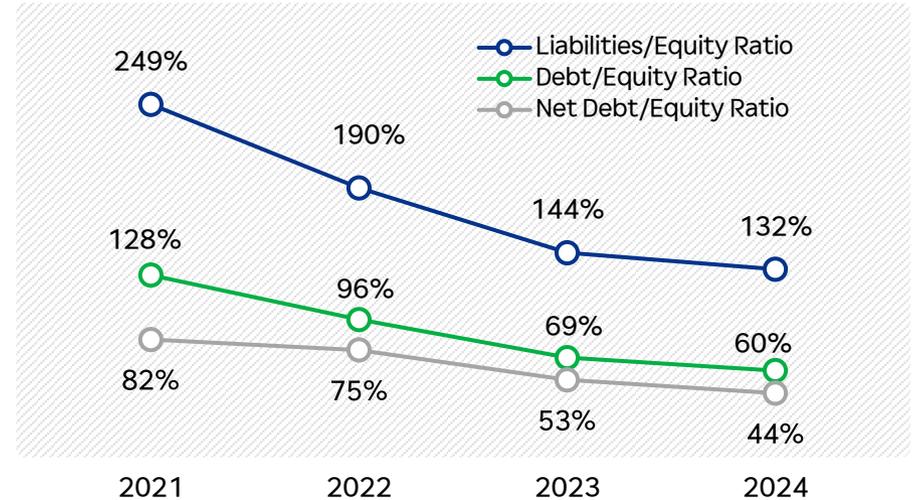
Statement of Financial Position

(unit :KRW bn)

	2022	2023	2024
Total Assets	4,736.7	4,418.4	4,287.2
Cash & Cash Equivalent	352.4	286.2	309.6
Current Assets	3,130.9	2,833.4	2,596.3
Fixed Assets	1,605.8	1,585.0	1,690.9
Total Liabilities	3,101.6	2,605.1	2,440.0
Debt	1,572.7	1,254.6	1,114.0
Net Debt	1,220.3	968.3	804.4
Total Shareholder's Equity	1,635.1	1,813.3	1,847.2

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.

5. 2025 Outlook

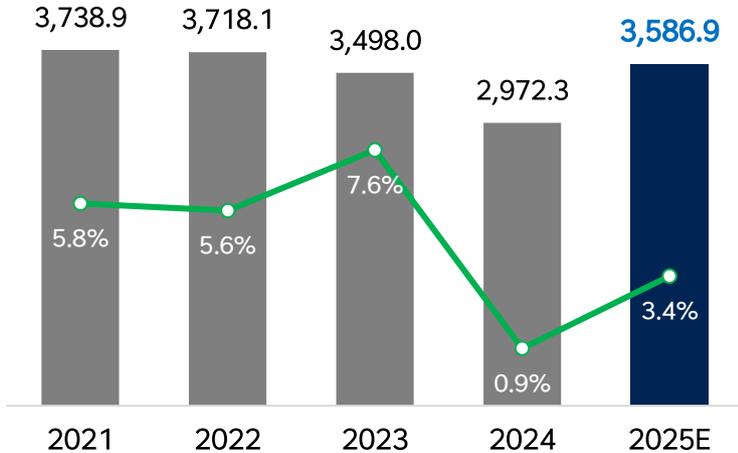
2025 Outlook

- Sales : KRW 4.8tr
- EBIT : KRW233.5bn
- EBIT Margin : 4.9%

- ✓ Sales to grow +17% YoY to KRW 4.8tr thanks to 1) enhanced product and channel competitiveness of the construction equipment division and 2) growing external sales of the engine division.
- ✓ EBIT is forecast to increase by +27% YoY to KRW 233.5 bn due to sales growth in line with stronger market presence and reduction of promotion expenses.

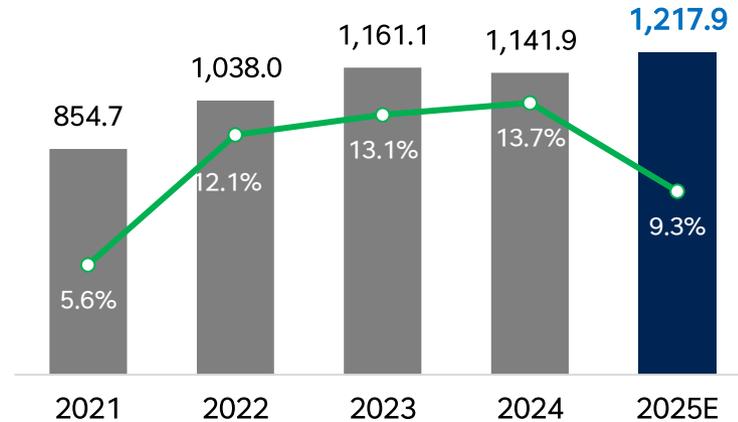
Construction Equipment

(Sales : KRW bn, EBIT Margin : %)



Engine

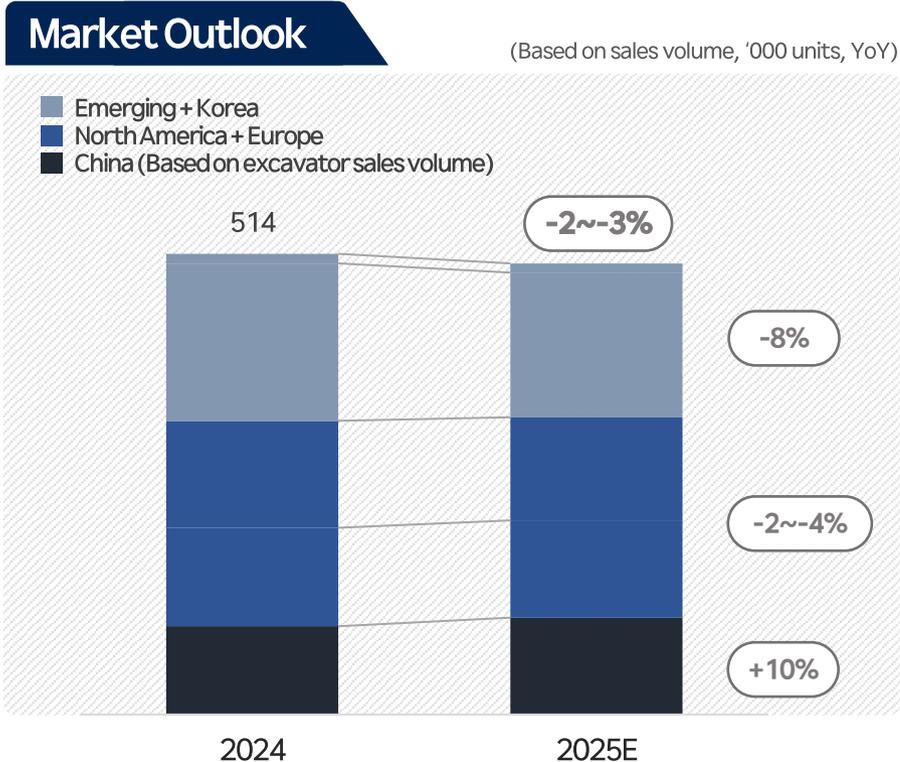
(Sales : KRW bn, EBIT Margin : %)



* 25 EBIT reflects increase in amortization expenses related to new product development

6. Outlook by Division – Construction Equipment

Market Outlook for 2025



Outlook : Emerging + Korea

- Emerging markets expect further correction as strong dollar and global economic uncertainty dampen demand for infrastructure investment.
- Korea should remain flat YoY due to increased uncertainty and the sluggish construction economy.

Outlook : North America + Europe

- Rising construction-related costs such as labor and prolonged high interest rates are a negative for North America, but we expect gradual recovery with Trump's 2nd administration in full swing.
- Europe to remain sluggish due to continued slowdown in France and Germany and lack of construction stimulus. However, moderate recovery is expected in 2H25 and further decline should be limited.

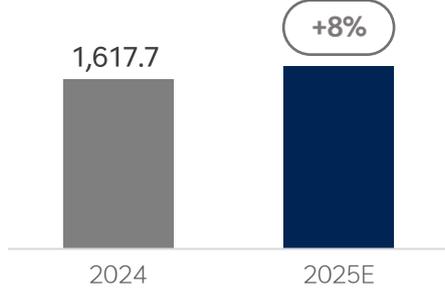
Outlook : China

- China to recover modestly by +10% YoY.
- Although focused on economic stability, expectations are rising for government-led infrastructure investment and real estate stimulus measures to achieve the growth rate target in the face of further US-China conflicts.

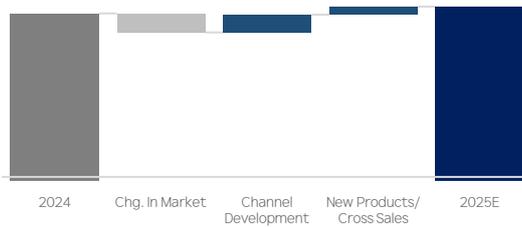
6. Outlook by Division – Construction Equipment

Sales Outlook for 2025

Emerging + Korea

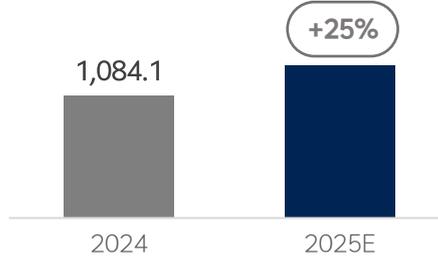


Strategy (Based on sales volume)

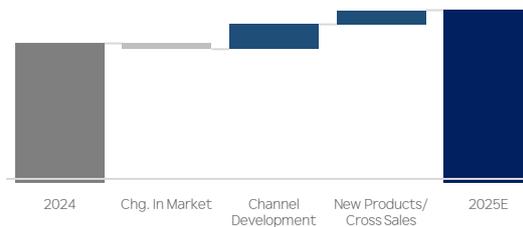


- To secure growth momentum in four strategic markets*.
- To strengthen operating base and enhance cross sales in Central & South America

North America + Europe

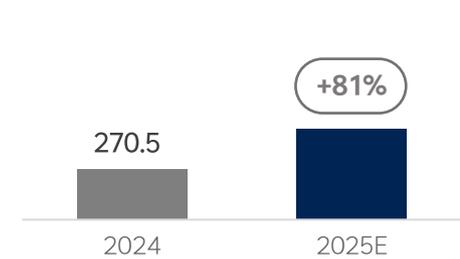


Strategy (Based on sales volume)

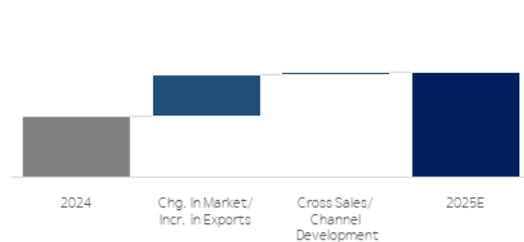


- To secure additional compact-specialist dealers and provide support for dealer enlargement
- Full-fledged sales of new products such as dozers and CTL expected.

China



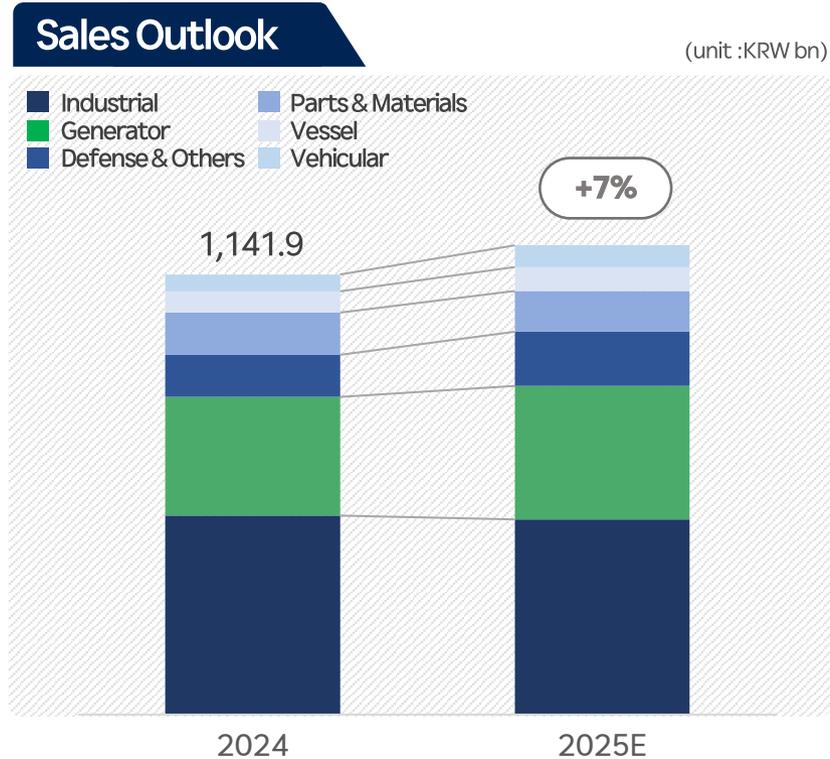
Strategy (Based on sales volume)



- To secure differentiated competitiveness in the extra-large/wheel market.
- To expand role as the export base for the global market and actively support cross-sales.

6. Outlook by Division – Engine

Sales Outlook for 2025



✓ Sales Outlook

- Despite continued uncertainty due to global economic slowdown, engine sales continued to show strong demand for various applications such as generators, defense, vehicles, and ships. As such, engine sales is expected to grow by +7% YoY via enhanced product competitiveness that meets market and customer needs.
- We plan to strengthen sales to existing customers and continue efforts to discover additional customers in new markets such as Africa, Eastern Europe, and Central Asia.
- In addition, we will secure growth momentum in the long run by investing in the new Gunsan engine plant.

✓ EBIT Outlook

- Although greater sales contribution from profitable engine applications will be a positive for 2025, EBIT is expected to stay at KRW 112.8bn due to increase in amortization expense* following the launch of new models and increased investment to secure future competitiveness.

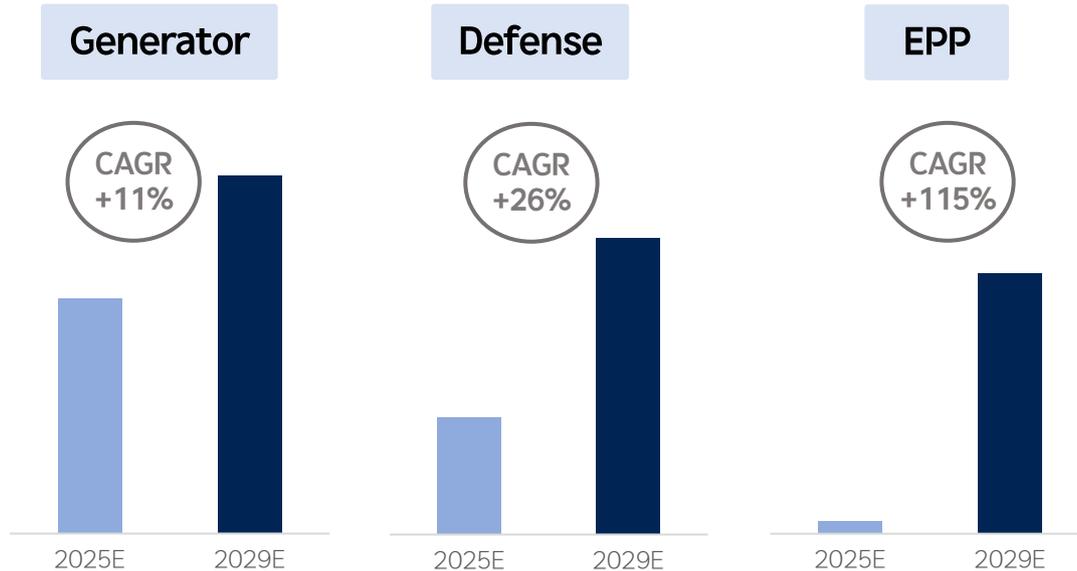
* Increase in amortization expense is due to amortization of key investments such as new products such as DX05/08, which is scheduled to start in 2025

6. Outlook by Division – Engine

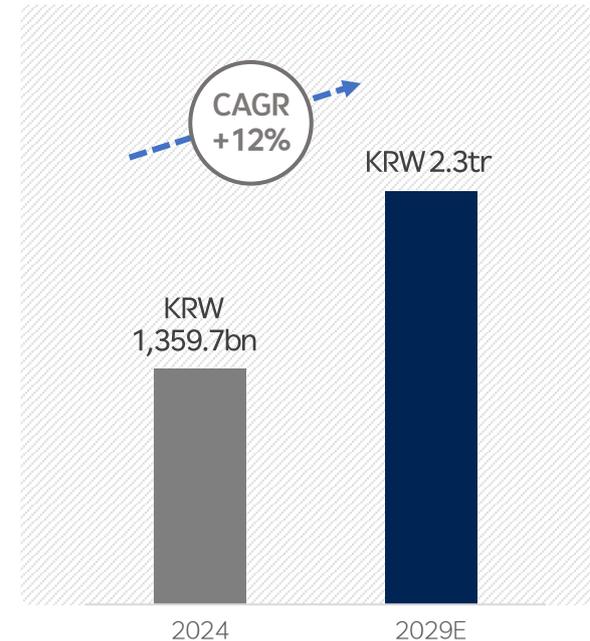
Impact from facility investment at Gunsan (Korea)

- Plans to invest KRW 141.2bn to build an engine manufacturing facility in Gunsan.
- Cumulative sales of KRW 4.5tr over 10 years expected from the new production lines for large-sized power generation/defense engines and eco-friendly e-Powerpack, which are both fast growing and highly profitable segments.

Long-term Outlook – Generator/Defense/EPP investment

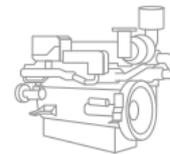
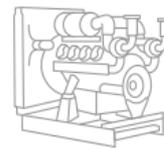


Sales Outlook – Based on total sales





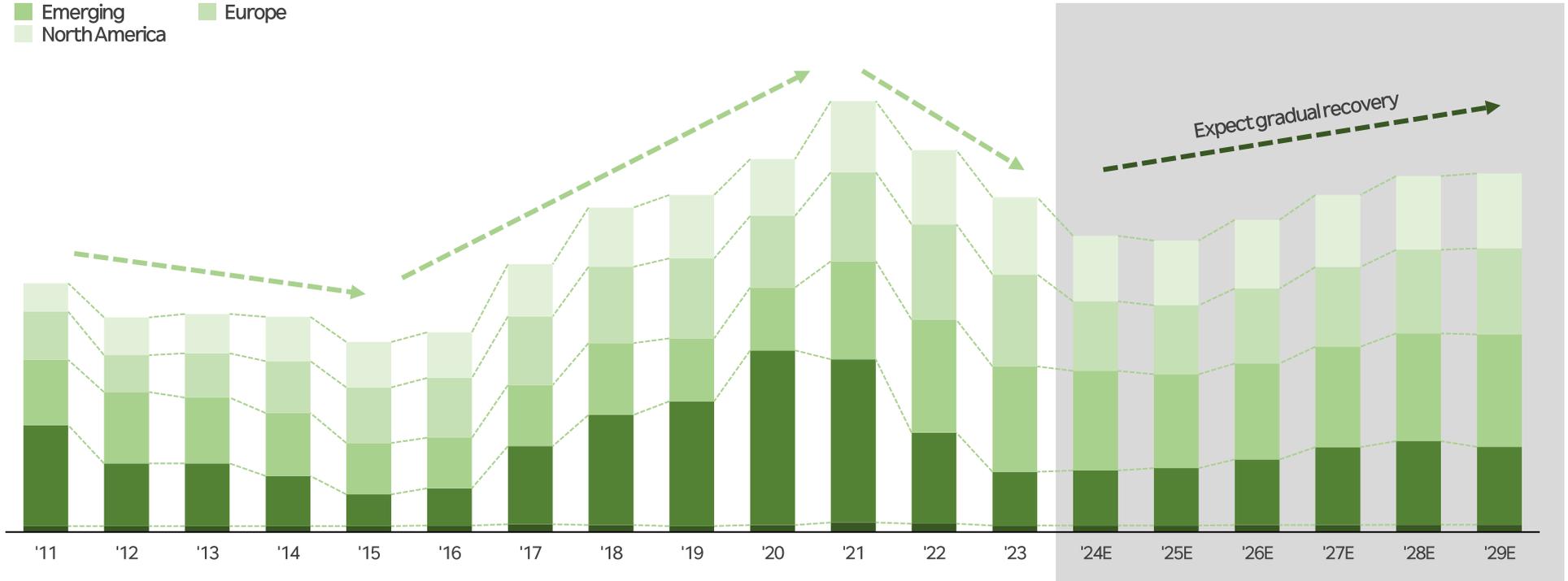
HD HYUNDAI
INFRACORE



Global Market Trend & Outlook

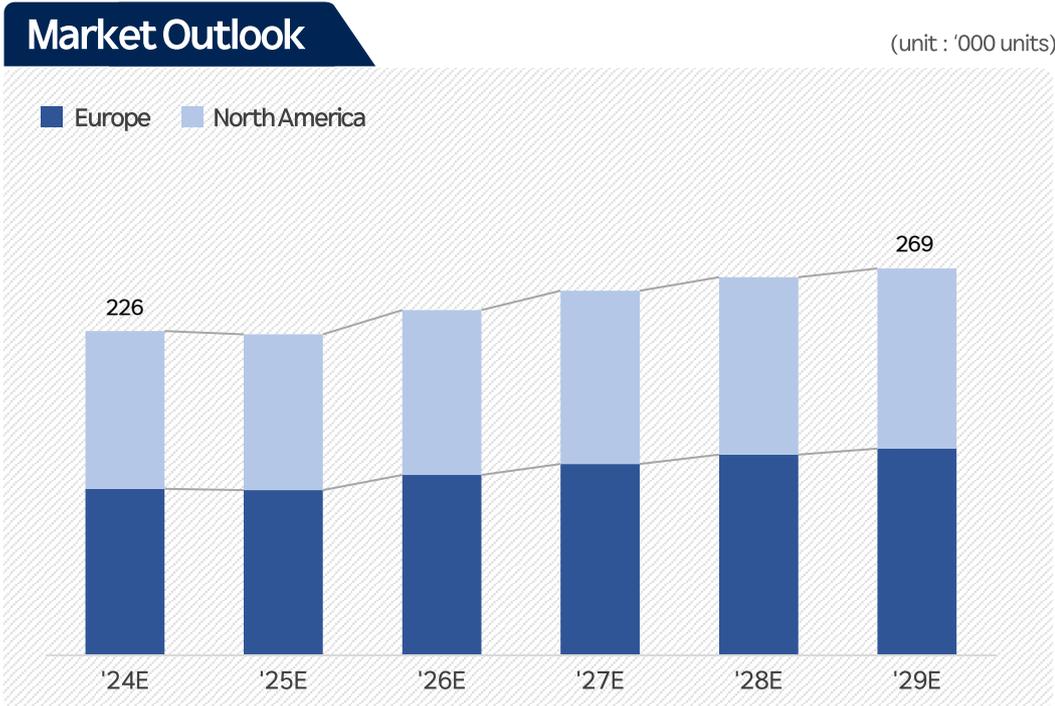
✓ The global construction equipment market is undergoing market correction due to prolonged global tightening measures and continued weakness in raw material prices and should make a gradual recovery from the trough of 2024~2025.

Korea
 China
 Emerging
 North America
 China
 Europe
 North America



* Source: Company data, Based on excavator + wheel loader sales volume

Construction Equipment – North America/Europe



* Source: Company data, Based on excavator + wheel loader sales volume

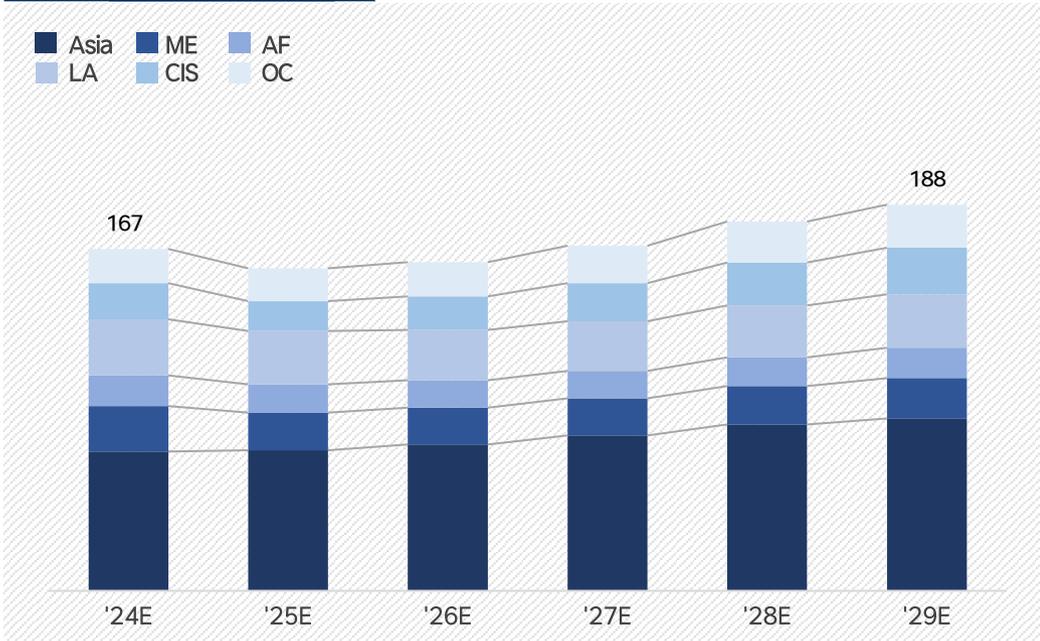
Market Outlook

- Demand recovery is being delayed due to uncertainty over interest rate cuts, uncertainty about the U.S. presidential election, and contraction of infrastructure-related budgets due to the protracted war in Europe. However, we expect full-fledged recovery from 2H25.
- US should grow on the back of infrastructure and reshoring momentum after the presidential election, while Europe is expected to recover moderately from 2025.
- Once interest rates are perceived as sufficiently cut, demand should rebound in full swing.

Construction Equipment – Emerging Markets

Market Outlook

(unit : '000 units)



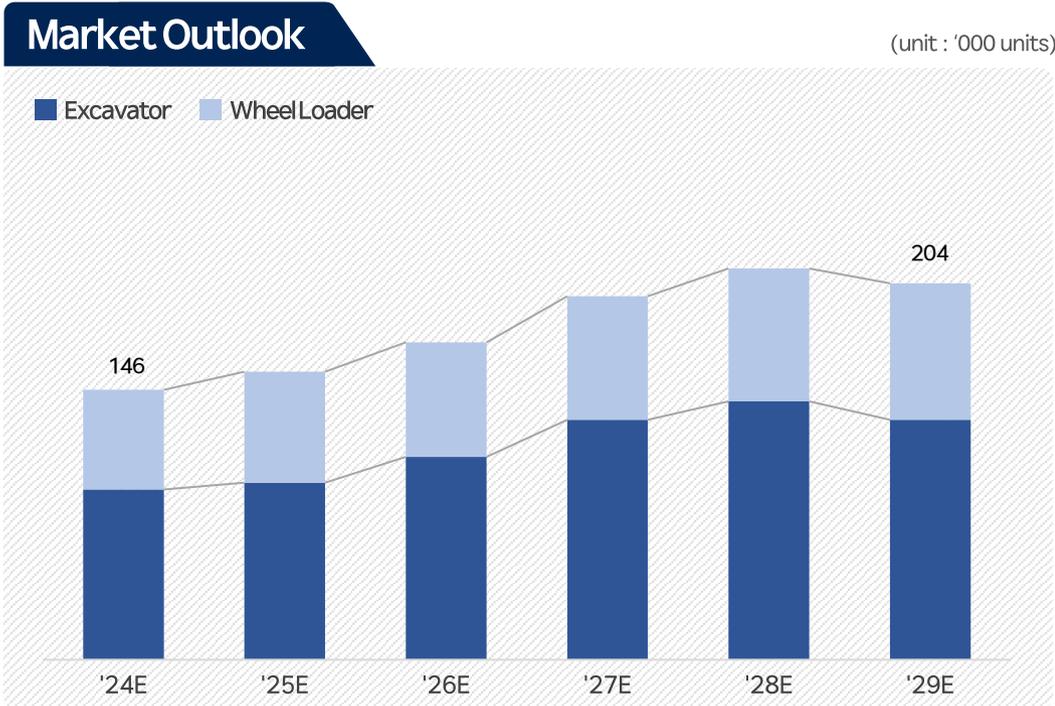
* Source: Company data, Based on excavator + wheel loader sales volume

* Asia : Incl. India, LA : Latin America, ME : Middle East, Incl. Türkiye, AF : Africa, CIS : Commonwealth of Independent States, OC : Oceania

Market Outlook

- Market is facing global tightening, F/X instability, economic uncertainty and geopolitical risks and thus, we expect further market contraction until 1H25.
- However, it is positive that demand from both government-led infrastructure investment and resource-rich countries are showing stable growth. (e.g. Indonesia, Chile, Mexico and major African countries)
- Risks due to changes in external environment such as war and logistics still exist, but we expect additional upside potential from 1) stabilization of commodity prices due to the global economic recovery and 2) demand for postwar reconstruction.

Construction Equipment – China

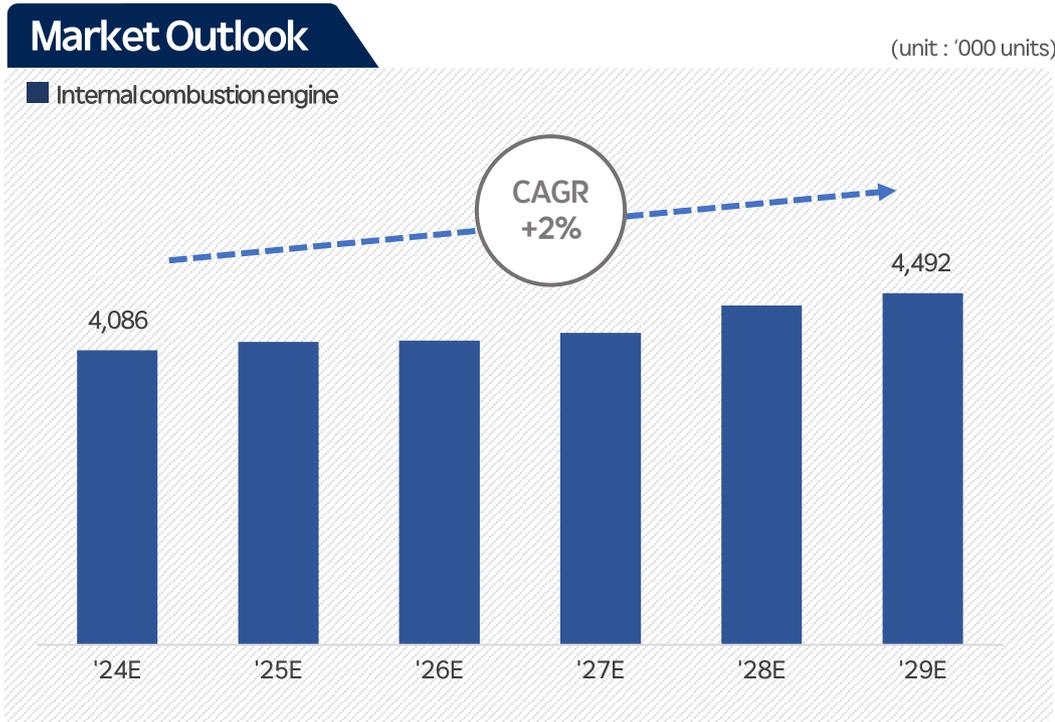


* Source: Company data, Based on excavator + wheel loader sales volume

Market Outlook

- The market is showing clear signs of bottoming out and recovering gradually, mainly for small and wheeled excavators.
- China continues to emphasize stability as its economic stance. However, expectations are rising for government-led infrastructure and real estate stimulus measures to achieve the growth rate target.
- Ahead of the replacement cycle in 2026, we expect market to also recover for above mid-sized equipment.

Engine – Internal combustion engine

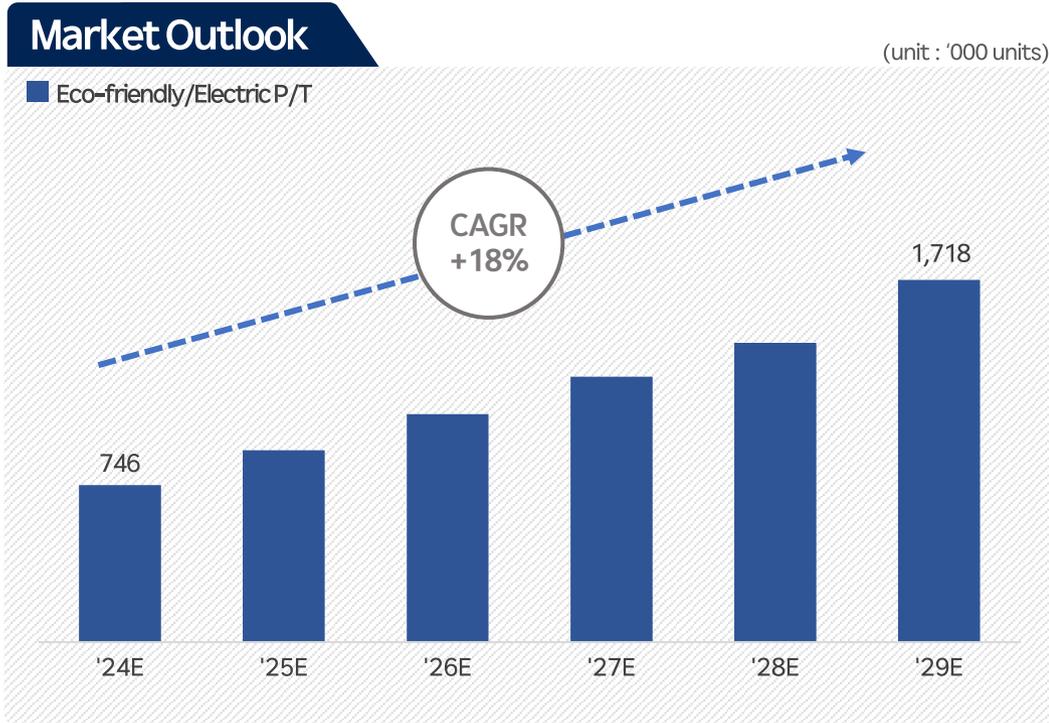


* Source: Company data, Based on market size excluding captive volume

Internal combustion engine

- **Generator:** Demand from growing trend for larger buildings and increasing need for electricity in emerging markets. Also, demand to grow for oil & gas as well as data center needs in North America.
 - Focus on strengthening product lineup and expanding customer base in US and Europe
- **Defense :** Growing demand in regions such as Eastern Europe and Middle East amid geopolitical conflicts.
 - Additional tank engine exports outside of existing supply contracts anticipated
- **Marine:** Increase in demand for marine engines that complies with high emission regulations due to stronger environmental regulations
 - Preemptive response to environmental regulations through the launch of eco-friendly electronic engines
- **Industrial :** Gradual recovery expected on the back of interest rate cuts and stimulus measures

■ Engine – Eco-friendly/Electric P/T



* Source: Company data

✔ Eco-friendly/Electric P/T

- Developed E-Powerpack that can be optimized for various applications
 - **Industrial:** Growth forecast centered on forklifts and ESS. Pace of growth for construction machinery is subject to regulations and subsidy policies.
 - **Commercial vehicles :** Regulatory and subsidy policies are expected to accelerate power transition. EVs are expanding from small → medium/large and also progressing to high voltage/high capacity.
 - Mass production of battery packs for small-sized construction equipment, forklifts, buses and trucks will start next year.
- Development of hydrogen engine as a next-generation power source
 - : Hydrogen engine has excellent power and can utilize the existing internal combustion engine platform, making it easy to retrofit aging equipment.
 - : We expect mass production for trucks in 2025 and commercialization of generator engines in 2026.

[Reference] 2. 4Q24 Results & EBIT Analysis

4Q24 Results

- ✓ Sales declined 4% YoY due to global tightening measures that affected the overall business environment.
- ✓ EBIT turned red in line with weakness in sales, increase in retail promotion, as well as greater expenses such as freight.

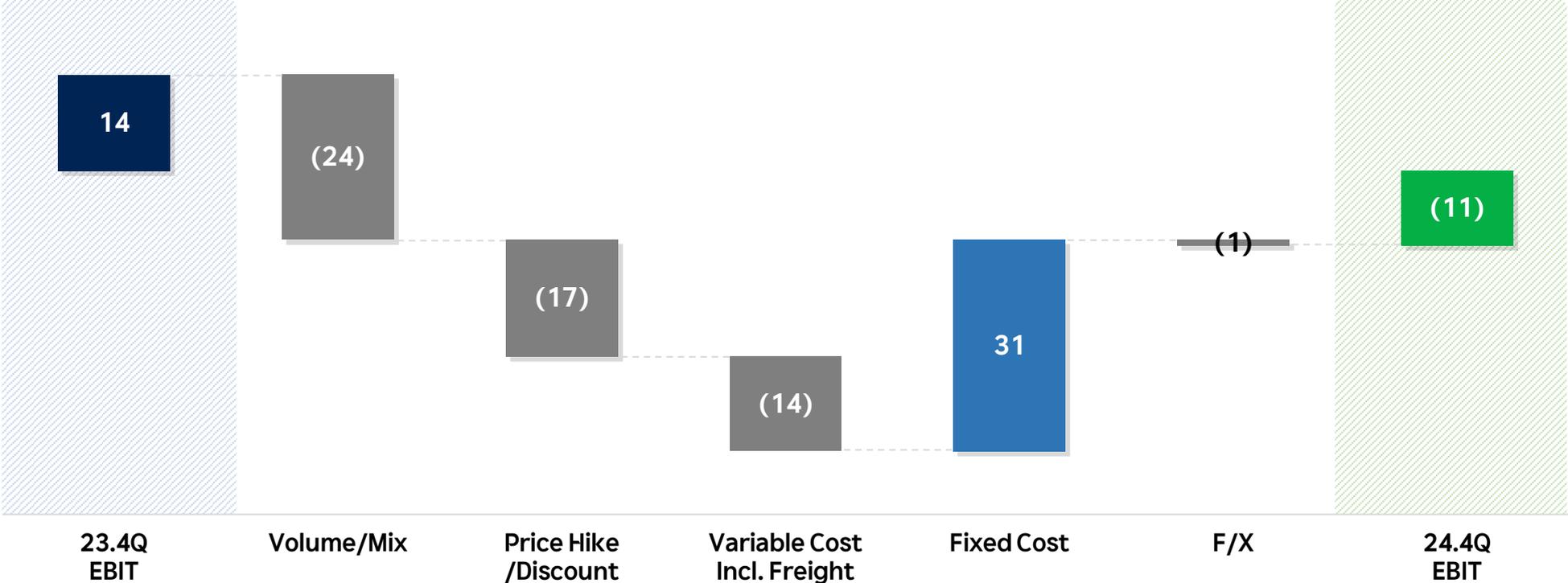
(unit :KRW bn)

	4Q23	3Q24	4Q24	QoQ	YoY
Sales	981.6	909.8	938.9	+3.2%	-4.3%
EBIT	14.0	20.7	-10.9	-	-%
EBIT Margin(%)	1.4%	2.3%	-1.2%	-3.4%p	-2.6%p
Net Financial Cost	13.2	12.0	11.5	-4.3%	-13.0%
F/X Gains/Losses	-20.2	-33.8	48.9	-	-
Pretax Profit	-27.3	-31.6	17.6	-	-
Net Profit	-43.9	-25.4	3.2	-	-
Profit attributable to owners of parent	-43.9	-25.5	3.1	-	-

EBIT Analysis

✔ Despite substantial cost reduction, EBIT declined due to weak sales volume and promotion related expenses.

(unit : KRW bn)



[Reference] 3. Sales & EBIT by Division

(unit : KRW bn)

	1Q23	2Q23	3Q23	4Q23	2023	1Q24	2Q24	3Q24	4Q24	2024
Sales	1,287.8	1,314.0	1,076.2	981.6	4,659.6	1,157.3	1,108.2	909.8	938.9	4,114.2
Construction Equipment	980.8	1,013.3	790.8	713.1	3,498.0	848.1	786.3	654.8	683.1	2,972.3
Emerging/Korea	547.6	535.1	378.3	324.1	1,785.1	466.9	435.4	370.1	345.2	1,617.7
North America/Europe	345.8	404.3	359.6	336.8	1,446.5	313.4	275.9	227.0	268.0	1,084.1
China	87.4	73.9	52.8	52.2	266.4	67.8	75.0	57.7	70.0	270.5
Engine	307.1	300.6	285.4	268.5	1,161.6	309.3	321.9	255.0	255.8	1,141.9
(Total Sales incl. Internal Sales)	369.9	356.2	328.7	304.8	1,359.7	354.3	365.3	291.8	296.3	1,307.7
(Internal Sales)	62.8	55.6	43.3	36.3	198.1	45.0	43.4	36.8	40.5	1,65.8
EBIT	152.6	162.0	89.7	14.0	418.3	92.8	81.5	20.7	-10.9	1,84.2
Construction Equipment	103.2	115.8	50.3	-3.4	265.9	45.8	30.8	-12.0	-37.0	27.5
Engine	49.4	46.2	39.4	17.4	152.4	47.0	50.7	32.7	26.2	1,56.6

Note. Based on K-IFRS consolidated financial statements