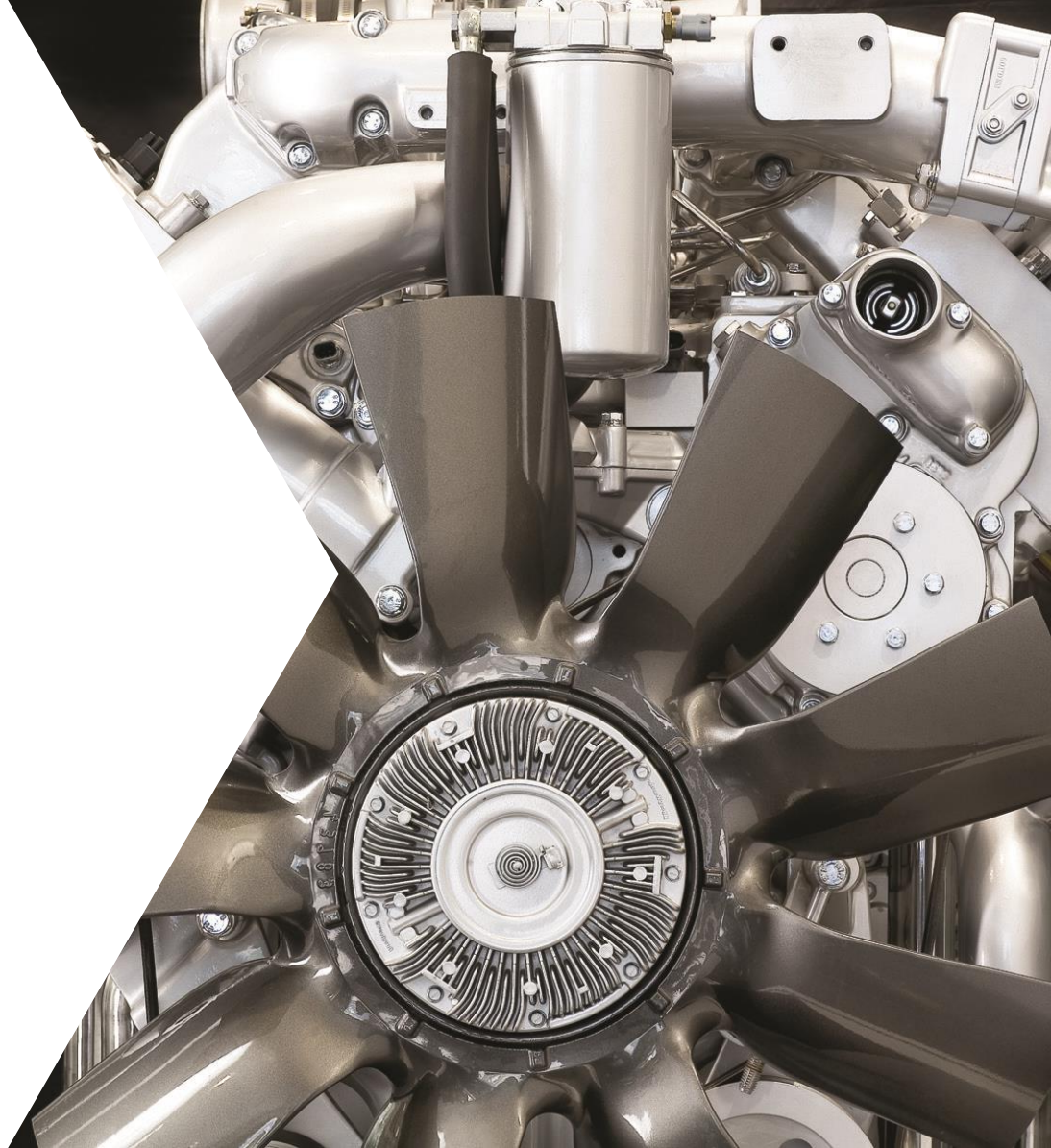




2024 3Q Earnings Release

October 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.

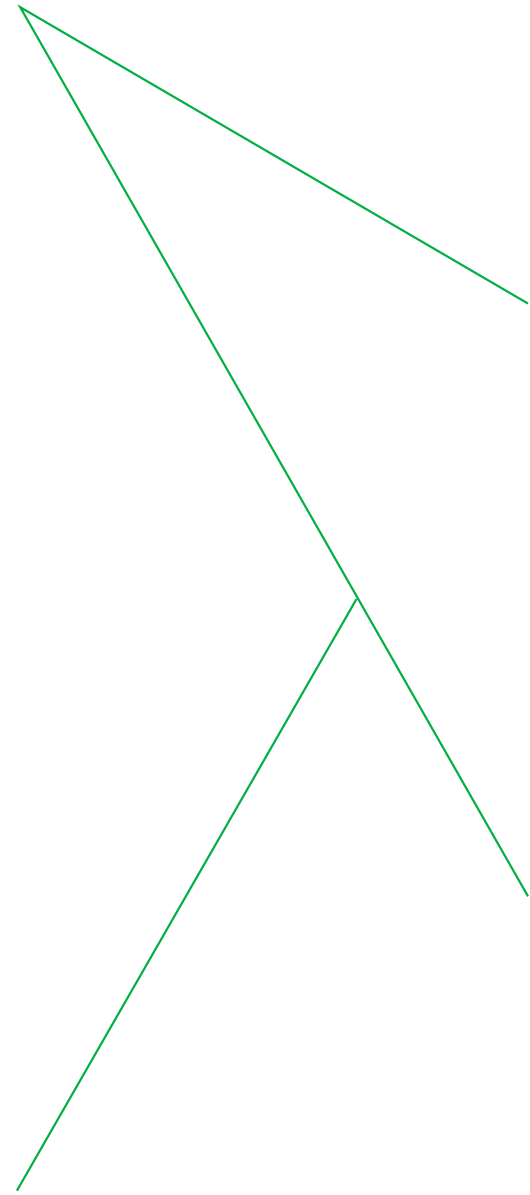
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[Reference]

1. Sales & EBIT by Division



1. 3Q24 Results

3Q24 Results

- ✓ Sales declined 15% YoY due to prolonged global tightening measures and continued weakness in raw material prices that affected the overall business environment.
- ✓ EBIT also dropped 77% YoY in line with weakness in sales and resulting increase in retail promotion, as well as greater expenses such as freight.

(unit : KRW bn)

	3Q23	2Q24	3Q24	QoQ	YoY
Sales	1,076.2	1,108.2	909.8	-17.9%	-15.5%
EBIT	89.7	81.5	20.7	-74.6%	-76.9%
EBIT Margin(%)	8.3%	7.4%	2.3%	-5.1%p	-6.0%p
Net Financial Cost	14.9	13.1	12.0	-8.1%	-19.3%
F/X Gains/Losses	5.1	20.7	-33.8	-	-
Pretax Profit	71.1	83.7	-31.6	-	-
Net Profit	49.0	63.1	-25.4	-	-
Profit attributable to owners of parent	49.0	63.1	-25.5	-	-

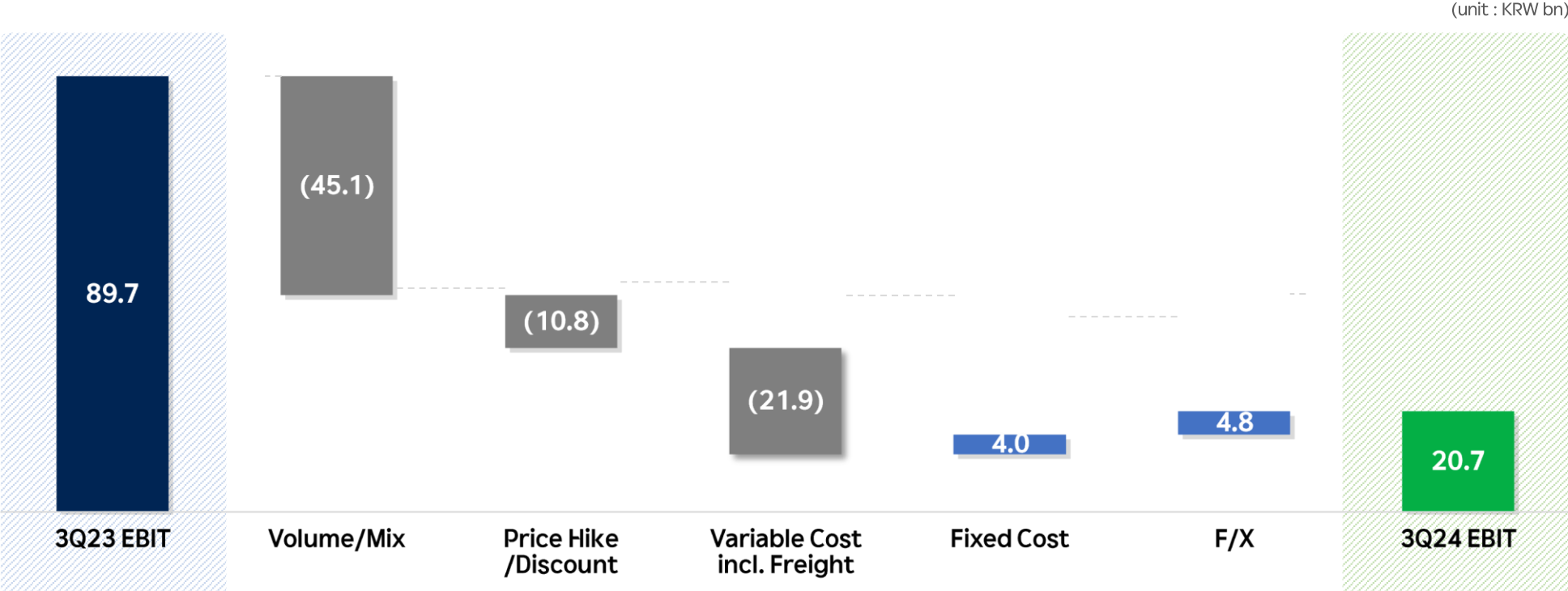
Note. Based on K-IFRS consolidated financial statements

2. EBIT Analysis

EBIT Analysis

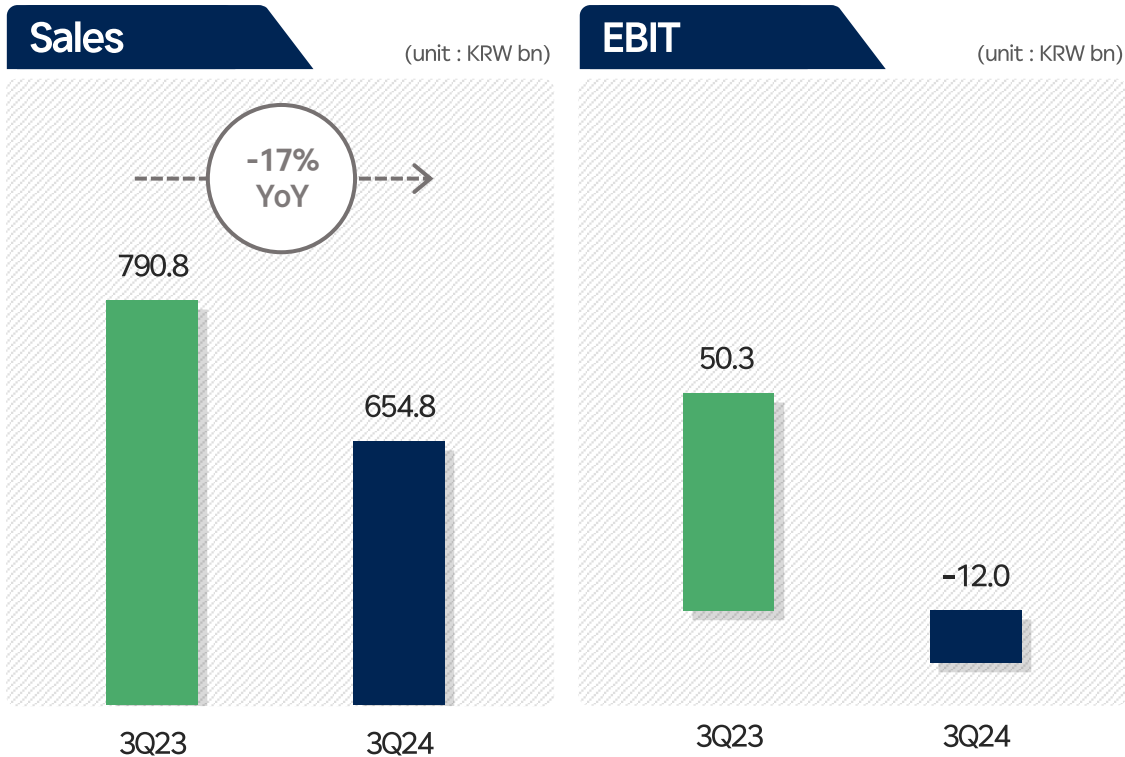


Despite efforts towards cost reduction, EBIT declined due to weak sales volume and promotion related expenses.



3. Analysis by Division

■ Construction Equipment



✓ Sales : Continued impact from global tightening measures and delayed rate cut

- Sales declined due to slower demand particularly from developed markets due to global tightening measures, delayed interest rate cut and uncertainties over the US Presidential Election.
- On a positive note, market demand in China grew for two consecutive quarters and emerging markets and Korea showing signs of recovery.

✓ EBIT : EBIT declined due to increase in marketing expenses

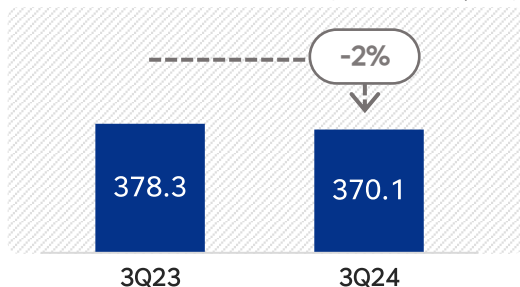
- EBIT decreased due to lower volume, higher logistics and marketing expenses.

3. Analysis by Division

■ Construction Equipment (By Region)

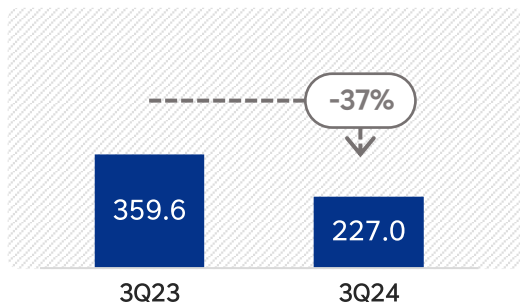
(unit : KRW bn, YoY)

Emerging /Korea



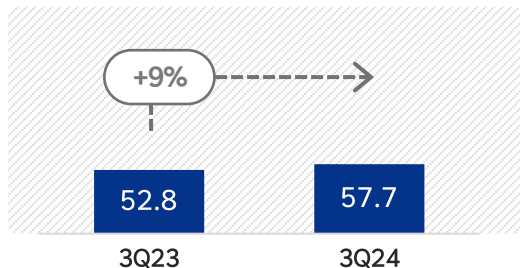
- Market within emerging markets showed mixed signals.
 - Growth in Indonesia, Latin America, Africa vs. Weakness in Middle East, Oceania
- Visible strategic achievements to expand our presence in key countries such as Indonesia, Brazil, Chile, and Mexico.
- However, market correction in Saudi Arabia and sanction on Russia, which accounted for a high portion last year, contributed to the decline in sales.

North America /Europe



- Market demand continued to weaken due to budget cut following the impact from the prolonged war between Russia-Ukraine, sluggish construction cycle in Europe and expected further interest rate cuts in key countries in the developed market.
- We continue to expect growth momentum from infrastructure investment and reshoring in North America and focus on increasing market share in Europe via new product launches and enhanced marketing efforts.

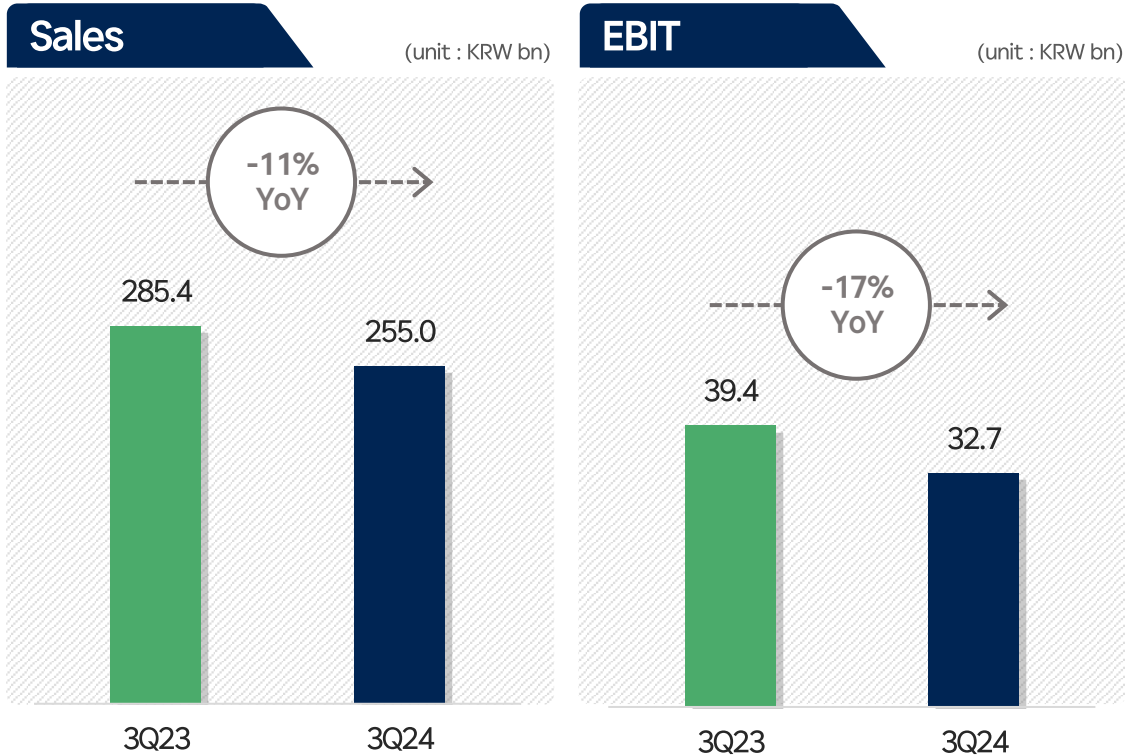
China



- Market grew in the category of small-sized/wheeled equipment thanks to local government driven rural development projects and we have started to improve our market position in this growing segment.
- We are also thoroughly preparing for the replacement cycle expected in 2026 to enhance our market presence going forward.

3. Analysis by Division

■ Engine



✓ Sales : Market declined in line with global 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 electric and vehicle engines in emerging markets.
- Steady defense engine sales and additional order potential continued to be a positive for the division.

✓ EBIT : Maintains double-digit profitability

- Double-digit EBIT margin was maintained thanks to 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.

4. Financial Structure

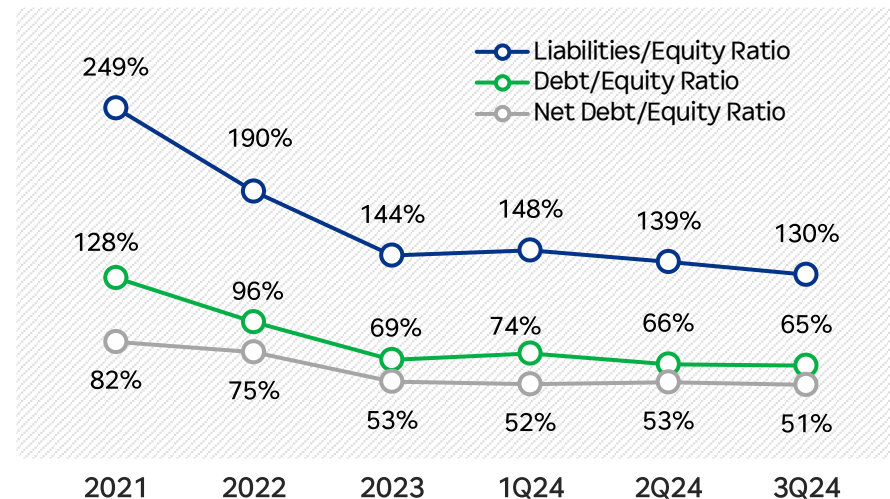
Statement of Financial Position

(unit :KRW bn)

	2022	2023	1Q24	2Q24	3Q24
Total Assets	4,736.7	4,418.4	4,540.0	4,463.3	4,277.8
Cash & Cash Equivalent	352.4	286.2	403.2	245.6	256.9
Current Assets	3,130.9	2,833.4	2,968.3	2,869.5	2,692.2
Fixed Assets	1,605.8	1,585.0	1,571.7	1,593.8	1,585.6
Total Liabilities	3,101.6	2,605.1	2,705.9	2,593.6	2,415.9
Debt	1,572.7	1,254.6	1,352.5	1,237.2	1,202.8
Net Debt	1,220.3	968.3	949.2	991.6	945.9
Total Shareholder's Equity	1,635.1	1,813.3	1,834.1	1,869.7	1,861.9

Note. Based on K-IFRS consolidated financial statements

Key Financial Ratios

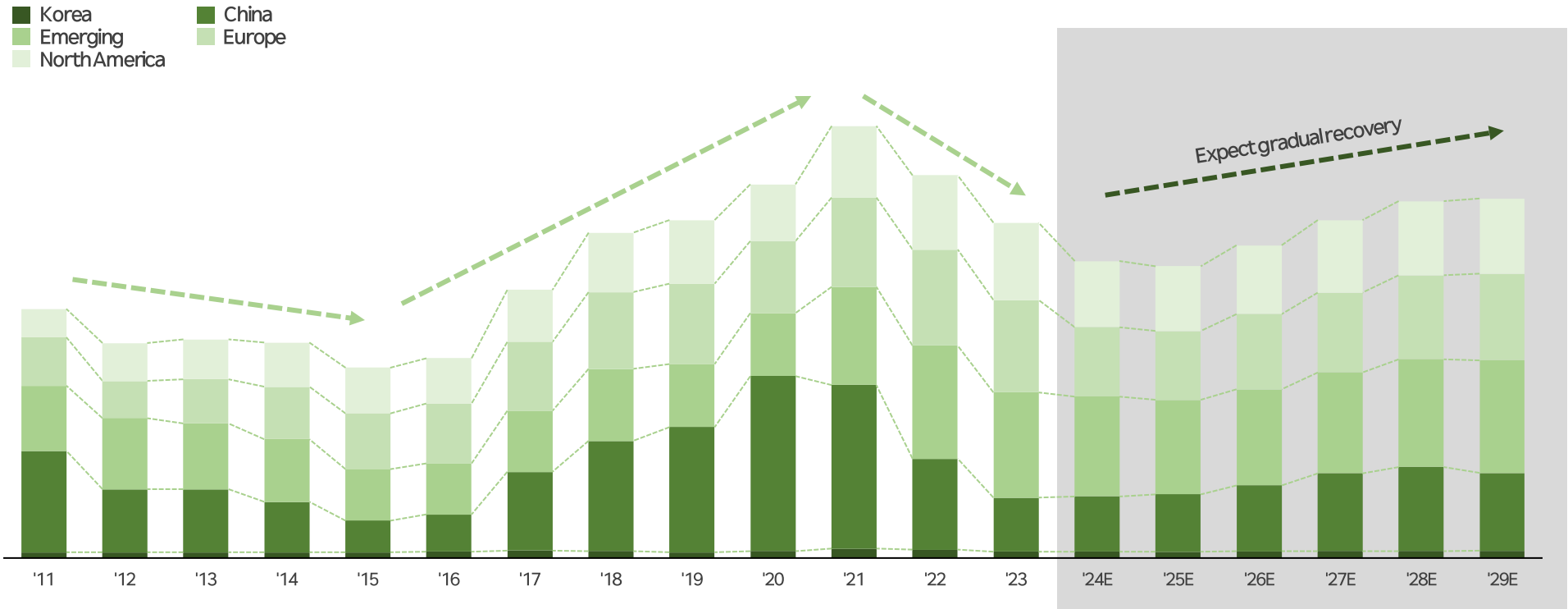


✓ On top of investment for future growth and plans to enhance shareholders' return, we will endeavor to further improve our financial structure.

5. Long-term Market Outlook

Global Market Trend & Outlook

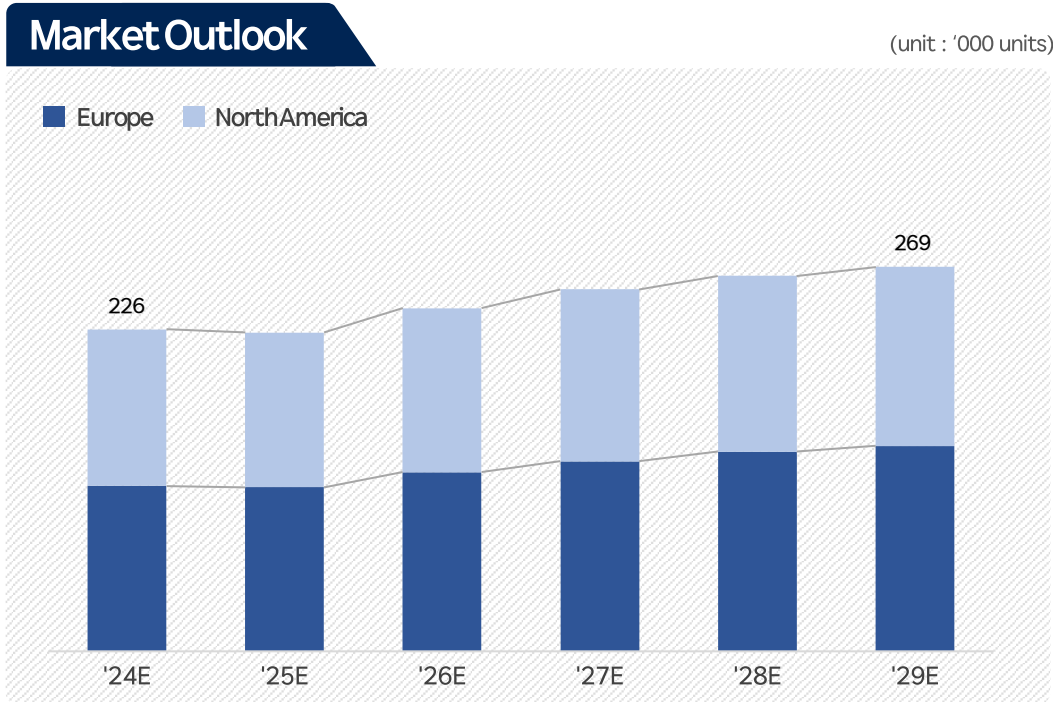
✓ The global construction equipment market is undergoing market correction due to prolonged global tightening measures and continued weakness in raw material prices and should make a gradual recovery from the trough of 2024~2025.



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

5. Long-term Market Outlook

■ Construction Equipment – North America/Europe



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

✓ Market Outlook

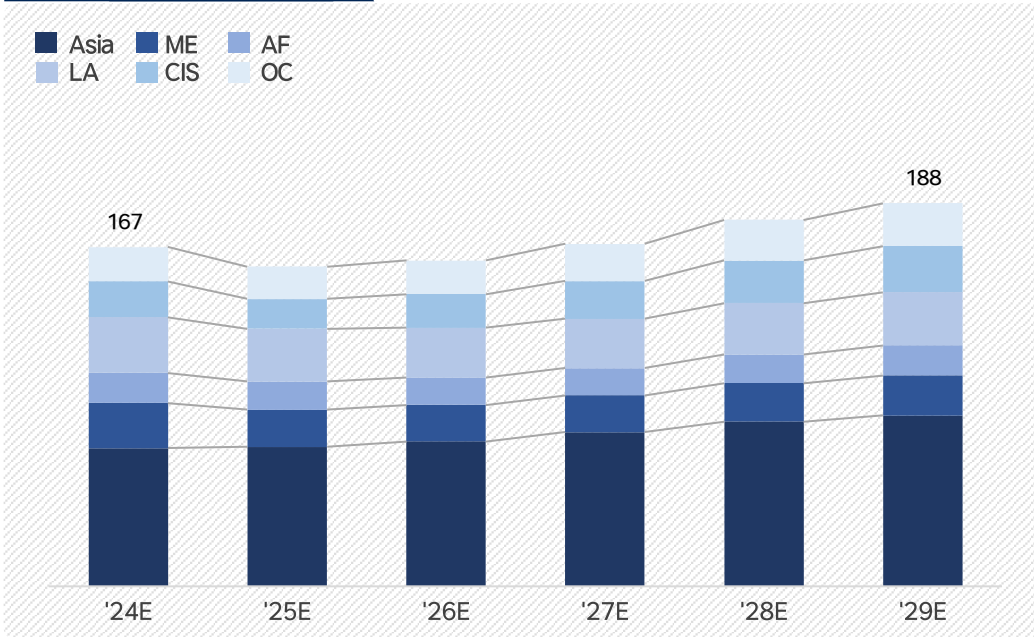
- Demand recovery is being delayed due to uncertainty over interest rate cuts, uncertainty about the U.S. presidential election, and contraction of infrastructure-related budgets due to the protracted war in Europe. However, we expect full-fledged recovery from 2H25.
- US should grow on the back of infrastructure 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.

5. Long-term Market Outlook

Construction Equipment – Emerging Markets

Market Outlook

(unit : '000 units)



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

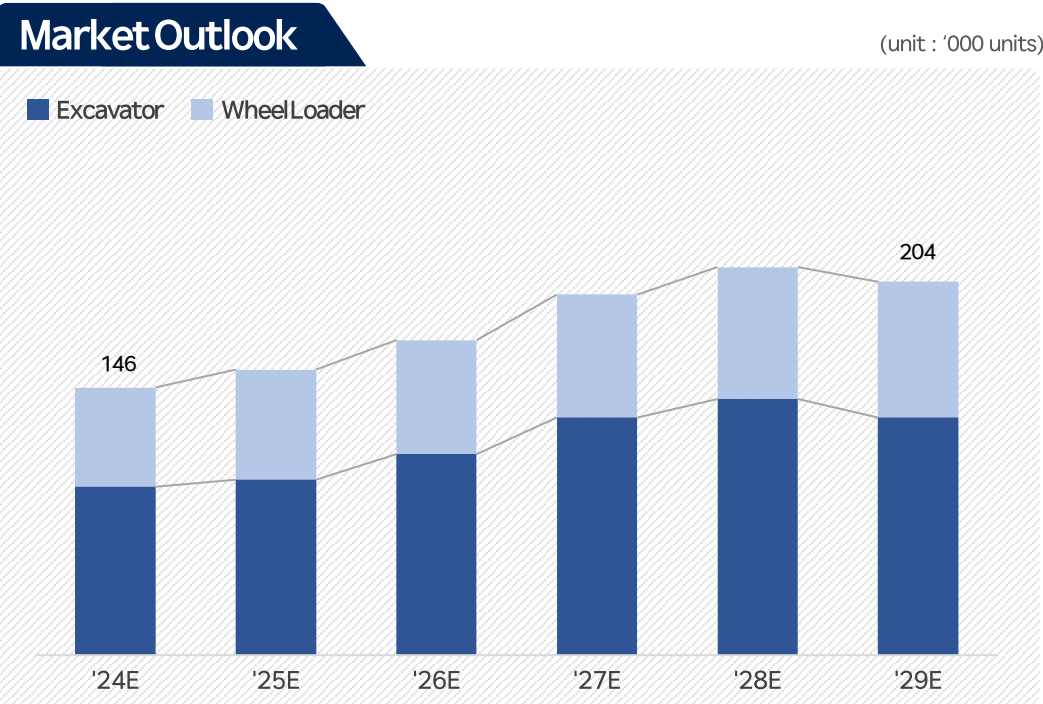
* Asia : Incl. India, LA : Latin America, ME : Middle East, Incl. Türkiye, AF : Africa, CIS : Commonwealth of Independent States, OC : Oceania

✓ 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.

5. Long-term Market Outlook

■ Construction Equipment – China



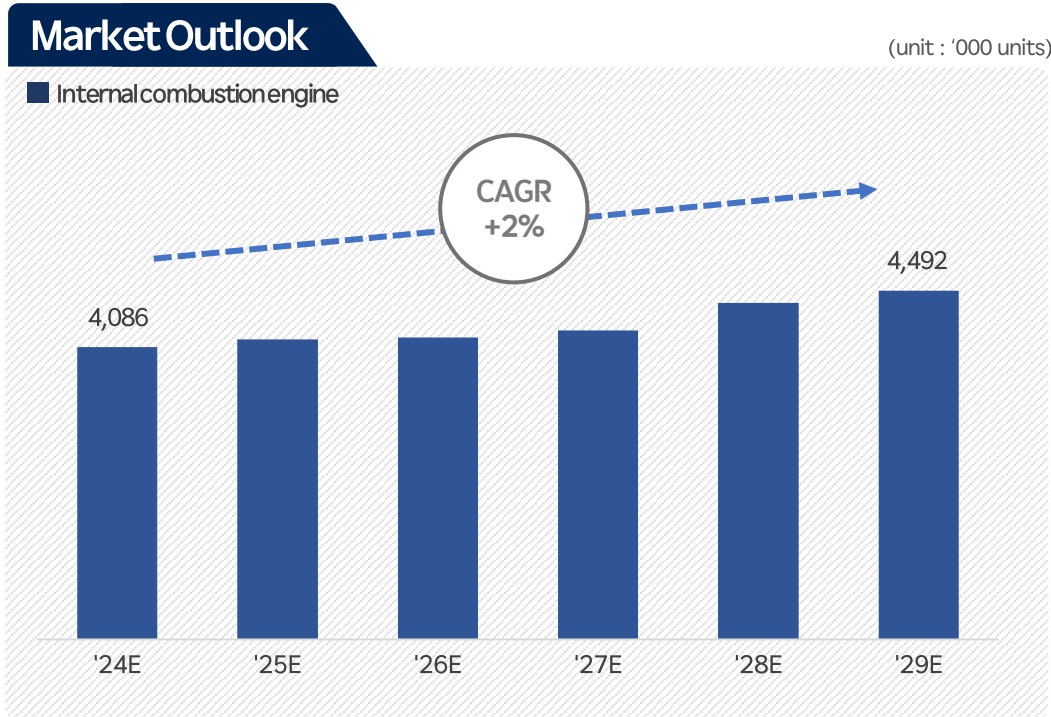
* Source: Company data, Based on excavator + wheel loader sales volume

✓ 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.

5. Long-term Market Outlook

■ Engine – Internal combustion engine



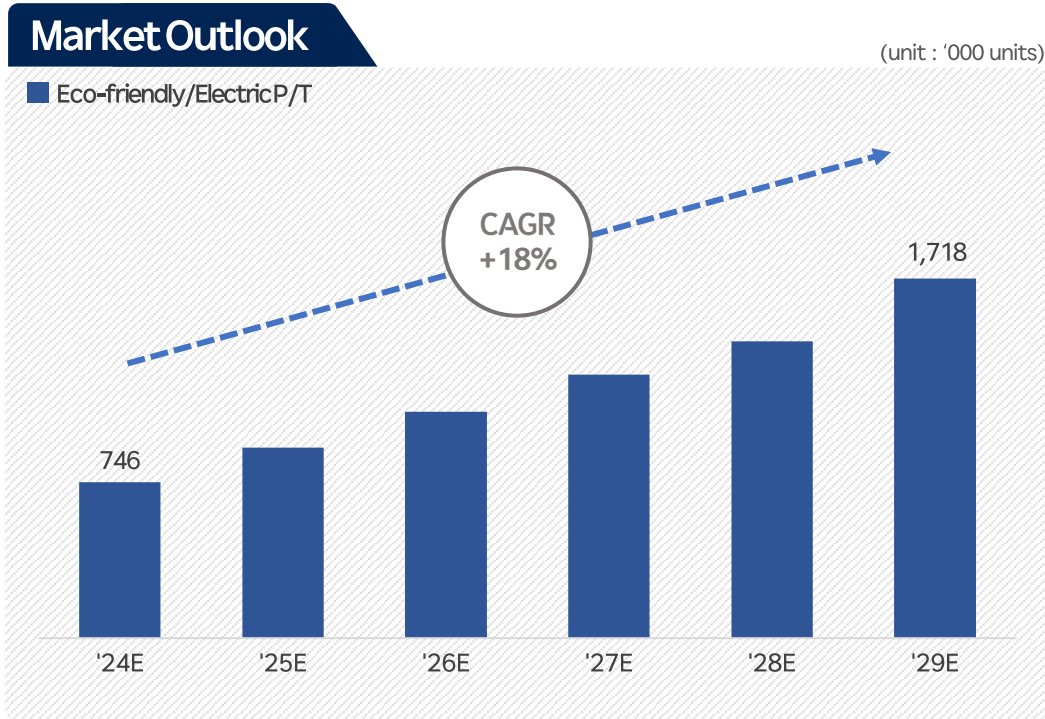
* Source: Company data, Based on market size excluding captive volume

✓ 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

5. Long-term Market Outlook

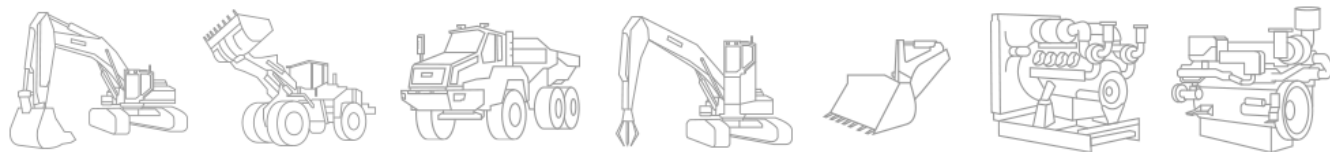
■ Engine – Eco-friendly/Electric P/T



* 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] Sales & EBIT by Division

(unit : KRW bn)

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

Note. Based on K-IFRS consolidated financial statements