

# 3Q24 Earnings Release

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Oct 23, 2024



# Disclaimer



The financial information in this presentation are consolidated earnings results based on K-IFRS.

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# 1. Financial Results Summary

## 3Q24 Results

- ✓ Sales decreased by 12% YoY due to 1) prolonged geopolitical risks and 2) demand recovery delay in developed markets caused by pending events such as the US presidential election.
- ✓ Operating profit declined by 20% due to lower sales volume and related increase in fixed cost burden.

(unit : KRW bn)

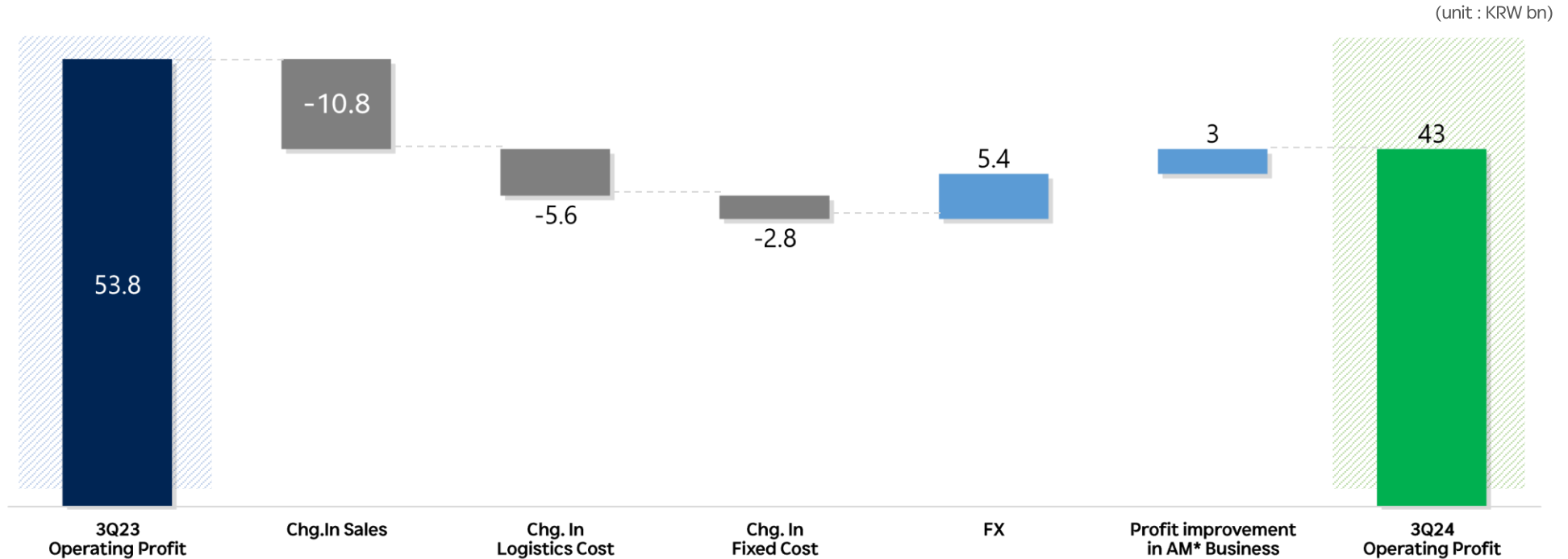
	3Q24	YoY	QoQ	3Q23	2Q24
Sales	816.8	-12%	-4%	928.7	853
Operating Profit	43	-20%	-27%	53.8	58.6
OP Margin(%)	5.3%	-1.6%p	-0.5%p	5.8%	6.9%
Non-Operating Profit	-27.2	-	-	-6.5	-13.8
Interest Income	-10.8	-	-	-8.6	-9.3
Gain and Losses on Foreign exchange	-14.3	-	-	4.8	-0.5
Net Profit	11.4	-66%	-63%	33.2	30.6
Profit attributable to owners of the company	11.0	-70%	-63%	36.3	30

Note. Based on K-IFRS consolidated financial statements

## 2. Operating Profit Overview

### Operating Profit Analysis (YoY)

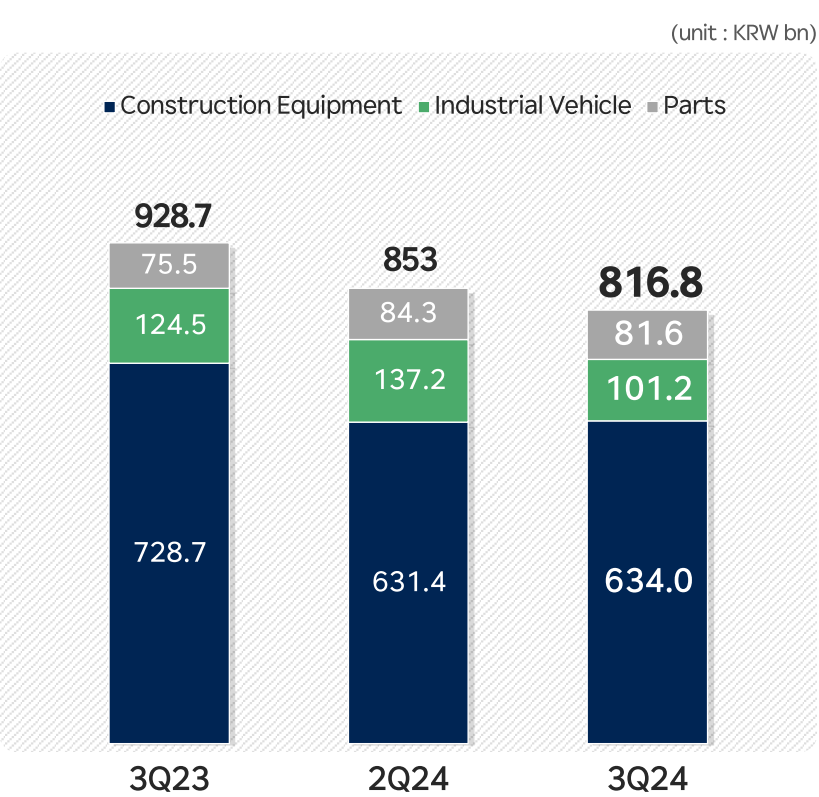
- ✓ Operating profit decreased YoY due to lower sales and resulting increase in fixed cost burden, along with rising logistics expenses in line with higher container shipping rates.



\*AM: After Market

### 3. Sales Overview by Business

#### Sales by Business



#### Sales Analysis

	YoY	QoQ
Construction Equipment	-13%	+0.4%
Industrial Vehicle	-19%	-26%
Parts	+8%	-3%

- Strong performance in India & Brazil
- However, sales decreased YoY due to lower demand in developed markets, coupled with weakened purchasing power in emerging markets.

- Sales declined YoY due to the high comparison base in 2023.
- Of note, delayed supply/production in 2022 created substantial backlog and such backlog started to be resolved in 2023 as headquarters expanded production and shipment.

- Parts revenue remained stable.

## 4. Sales Overview by Region

### Sales Analysis by Region

(unit: KRW bn, %)

	3Q24				23.3Q		24.2Q		Analysis (YoY)
	Sales	%	YoY	QoQ	Sales	%	Sales	%	
Emerging*	252.3	31	-30%	+2%	361.8	39	247	29	Impacted by 1) weaker purchasing power due to strong US dollar and 2) prolonged geopolitical risks
North America	203.2	25	-11%	-10%	229	25	225.7	26	Demand recovery delayed due to a wait-and-see approach in the construction market with upcoming presidential election
India	104.2	13	+14%	-8%	91.1	10	113.6	13	Infrastructure investment supporting the growth momentum
Europe	97	12	-15%	-3%	113.8	12	100.3	12	Continued weakness in demand from major countries, particularly in Western Europe
Brazil	57.9	7	+5%	-9%	55.2	6	63.5	7	New product lineup for MEX and midi products has led to improvement in market position
Korea	53	6	+21%	-7%	43.9	5	57	4	Low comparison base and various marketing tools supports YoY growth
China	49.2	6	+45%	+7%	33.9	4	45.9	5	Increase in demand driven by WEX**, MEX** and extra-large excavators(125T)

\* Emerging : Including regions such as Central/South America, Middle East, Africa, Asia and Türkiye-Israel

\*\* MEX: Mini Excavator / WEX: Wheel Excavator

## 5. Financial Statement and Key Financial Ratios

### Summarized Financial Statement

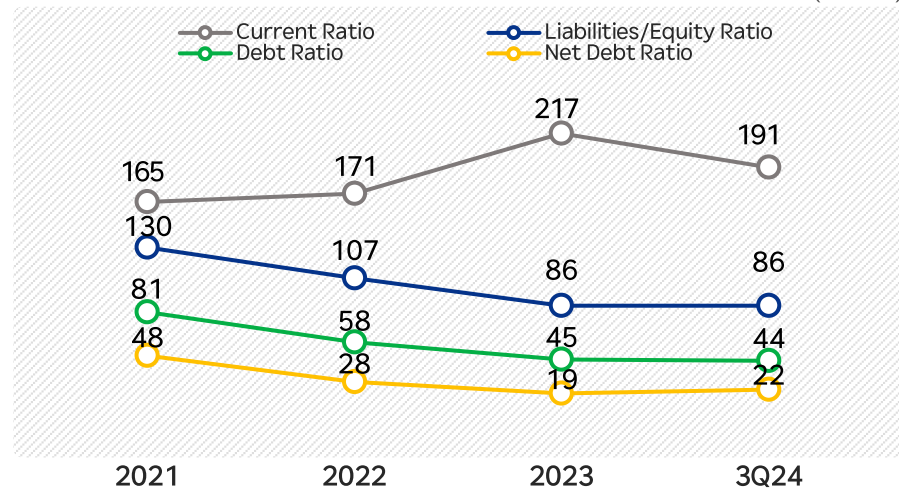
(unit : KRW bn)

	3Q24	2023	2022	2021
Total Assets	3,368.5	3,297	3,448.6	3,554.3
Current Assets	2,147.3	2,199.2	2,350.6	2,469.5
Non-current Assets	1,221.2	1,097.8	1,098.0	1,084.8
AR and others	653.3	635.2	707.7	876.5
Cash Equivalents & Financial Assets	396.1	458.6	488.3	524.6
Total Liabilities	1,553.2	1,525.9	1,781.3	2,006.5
Current Liabilities	1,126.7	1,014.2	1,373.7	1,499.1
Non-current Liabilities	426.5	511.7	407.6	507.4
AP and others	444.6	401.5	457.0	428.0
Borrowings	790.3	789.5	963.2	1,261.2
Net Borrowings	394.2	330.9	474.9	736.6
Total Equity	1,815.3	1,771.1	1,667.3	1,547.8

Note. Based on K-IFRS consolidated financial statements

### Key Financial Ratios

(unit : %)

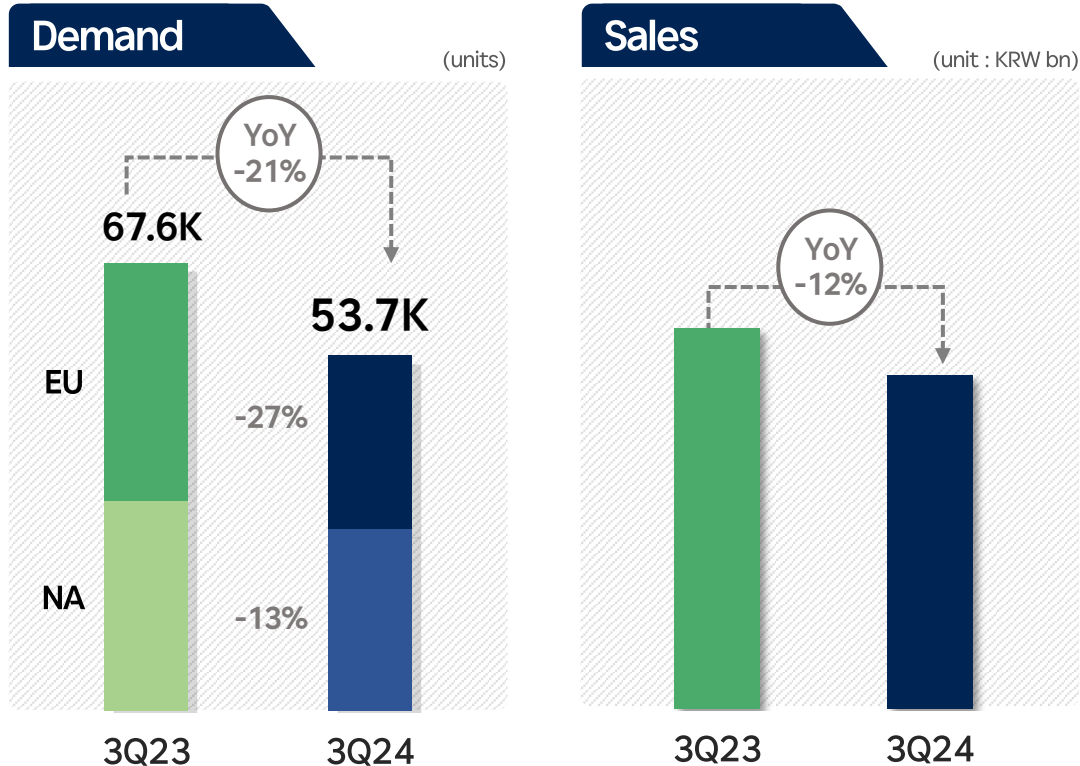


Excellent financial soundness secured through stable operating cash flow from our diversified regional portfolio.



## 6-1. Market Review & Outlook

### North America and Europe

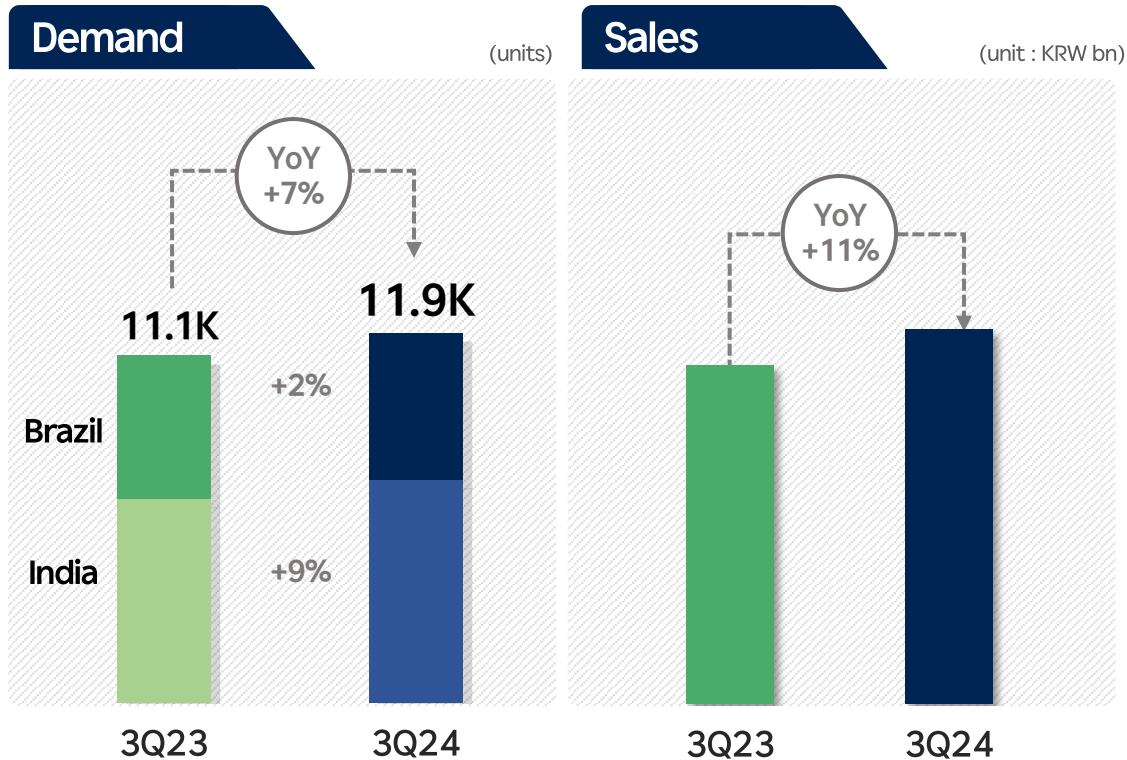


Note : Market volume based on excavator+mid/large wheel loaders. Sales includes industrial vehicles.  
Source : Company data

- ✓ **Demand recovery delayed despite interest rate cuts**
  - NA: Purchase delay prior to the Presidential election
  - EU: Economic slowdown continued even with the interest rate cut.
- ✓ **Focused on protecting sales and profitability despite slowing demand**
  - Market share increased in developed markets thanks to retail promotion and operational optimization
  - In addition, profitability from aftermarket grew substantially due to increased sales contribution from large equipment.

## 6-2. Market Review & Outlook

### India & Brazil



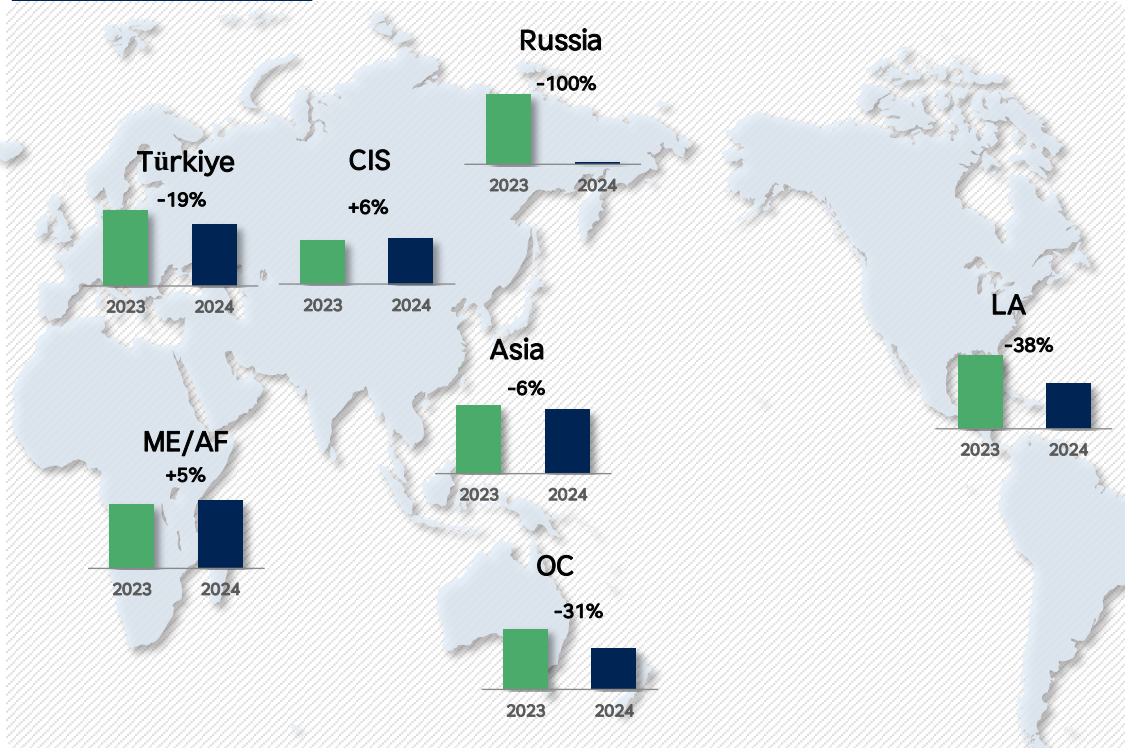
Note : Market volume based on excavator + mid/large wheel loaders. Sales includes industrial vehicles.  
Source : Company data

- ✓ [India] Infrastructure investment executed to ensure policy continuity of Modi's 3<sup>rd</sup> government
  - Policies on infrastructure likely be maintained.
- ✓ [Brazil] Possibility of further interest rate hikes(already increased in September) to support pre-purchase demand
- ✓ Sustained high profitability thanks to stable business environment
  - Cost reduction efforts + increased sales of locally produced equipment leads to greater profitability.
  - Strengthened market position through expansion of product lineup

### Emerging Markets

#### Sales

(unit : KRW bn)



#### ✓ Despite growing uncertainties, some regions are showing signs of recovery

- Demand continued to be weak due to last year's high base and high-interest rates, but AF/CIS/ME demand increased slightly.
- Infrastructure investments should resume as major regional elections conclude.
- Relocation of Indonesia's capital should also trigger equipment demand.

#### ✓ Continued efforts to improve product mix and sales network

- Expanding coverage in Africa through sales network development.
- Expanding sales of extra-large equipment and diversification of sales channels.
- Strengthening the sales capabilities of overseas subsidiaries & key accounts.

