

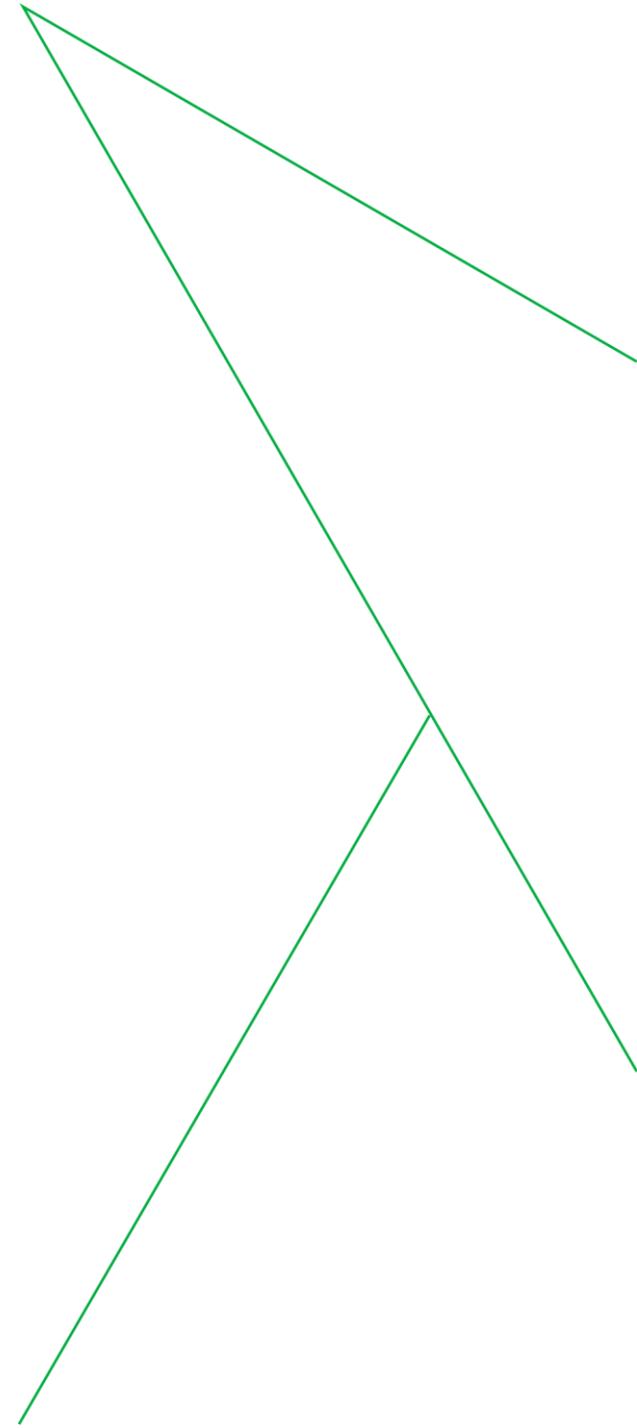
HD Hyundai Industries Value-up Plan

December 2024



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Company Overview

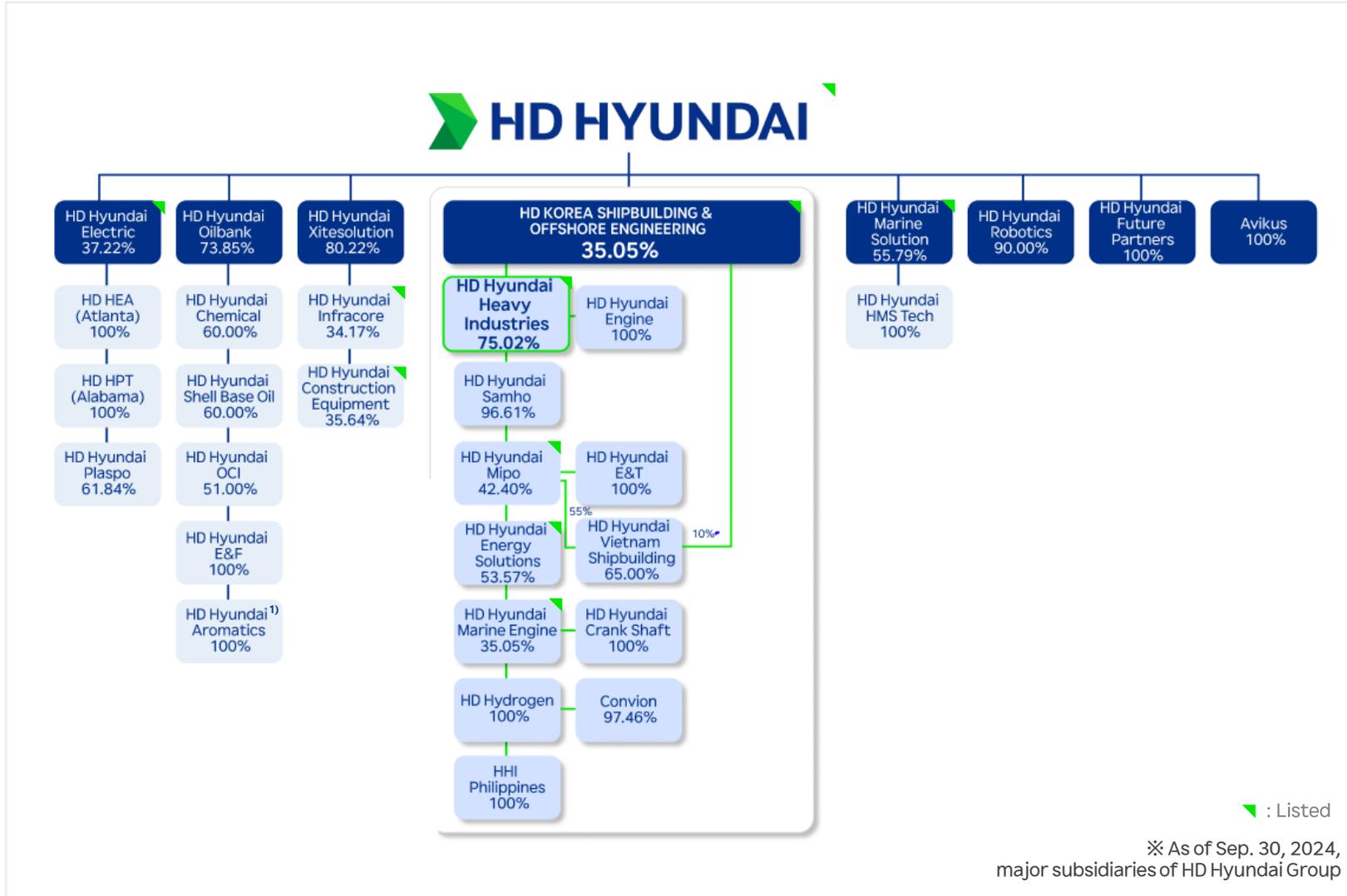
● Company Overview

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General Information

Company name	HD HHI HD HYUNDAI HEAVY INDUSTRIES
Market listing	KOSPI
CEO	Lee Sang-kyun Noh Jin-yul
Establishment	June 1, 2019
Head office	1000, Bangeojinsunhwando-ro, Dong-gu, Ulsan, Republic of Korea
Business areas	<ul style="list-style-type: none"> • Shipbuilding • Offshore Plants • Engines & Machinery
Shares outstanding	88,773,116shares (common stock)
Major shareholders	<ul style="list-style-type: none"> • HD KOSE(75.02%) • NPS(6.68%)

※ As of the end of September 2024

1) Stock Acquisition and Name Change as of November 1st,2024(formerly HD Hyundai Cosmo)

Business Status

Company Overview

Business Status

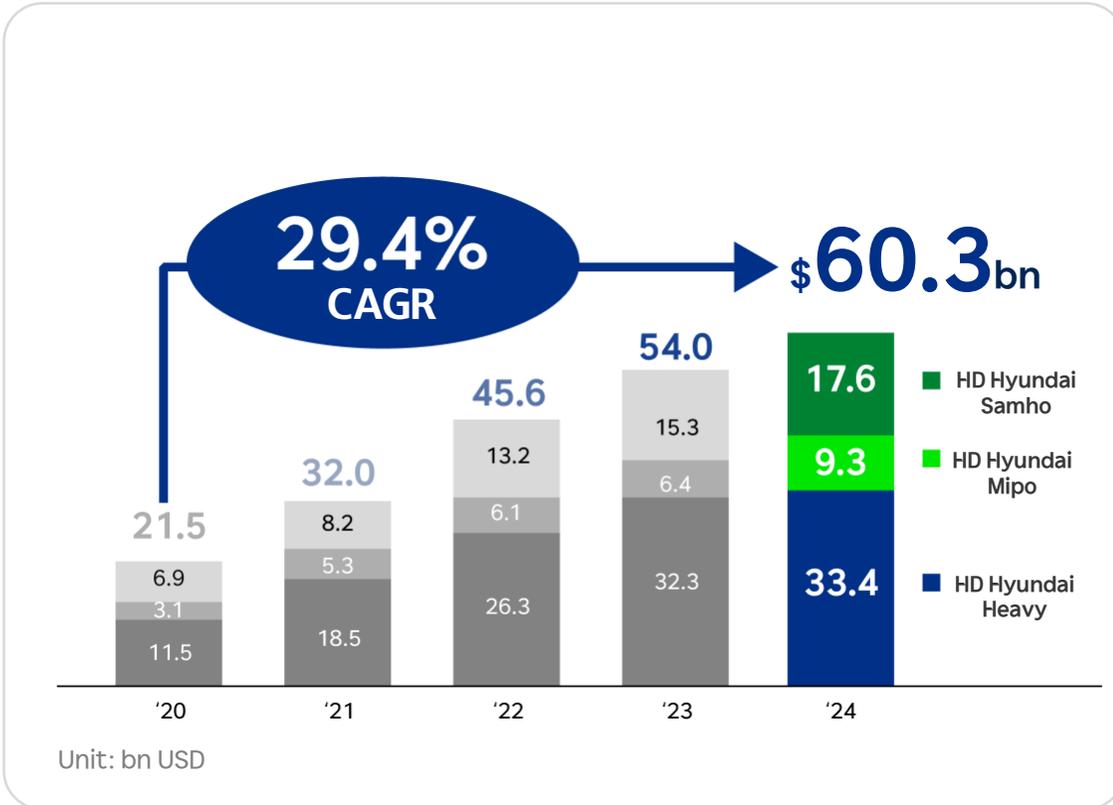
Value-up Targets

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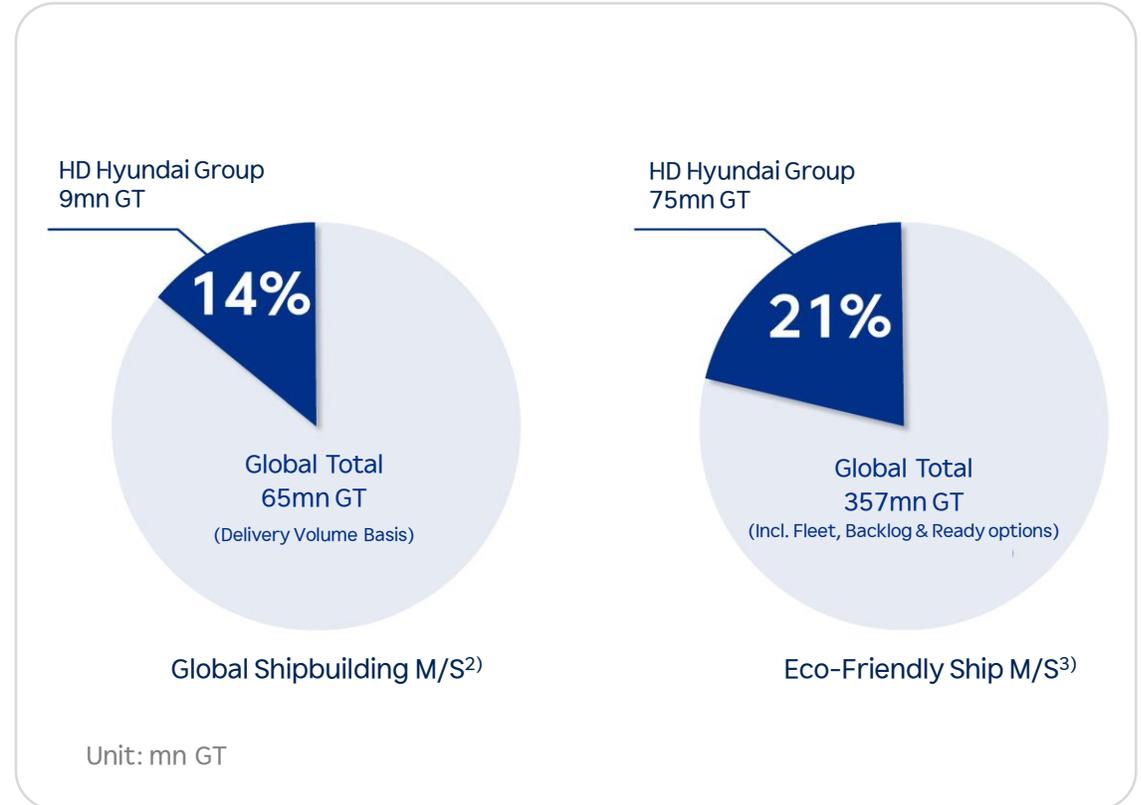
Communication

Order Backlog Growth Driven by Environmental Regulations and Replacement Demand

Order Backlog of Group's 3 Shipyards¹⁾



Global Market Share



※ 2024 YTD: As of the end of September 2024

1) Order Backlog: Amount based on accumulative orders excluding delivered amounts (revenue recognized according to progress rate)

※ Source: Clarksons

2) HD Hyundai Group (HD Hyundai Heavy Industries, HD Hyundai Samho, HD Hyundai Mipo) 2023 delivery volume basis

3) Eco-friendly ships: Ships equipped with eco-friendly dual-fuel engines (LNG, Methanol, LPG, etc.), excluding scrubber option, as of the end of November 2024

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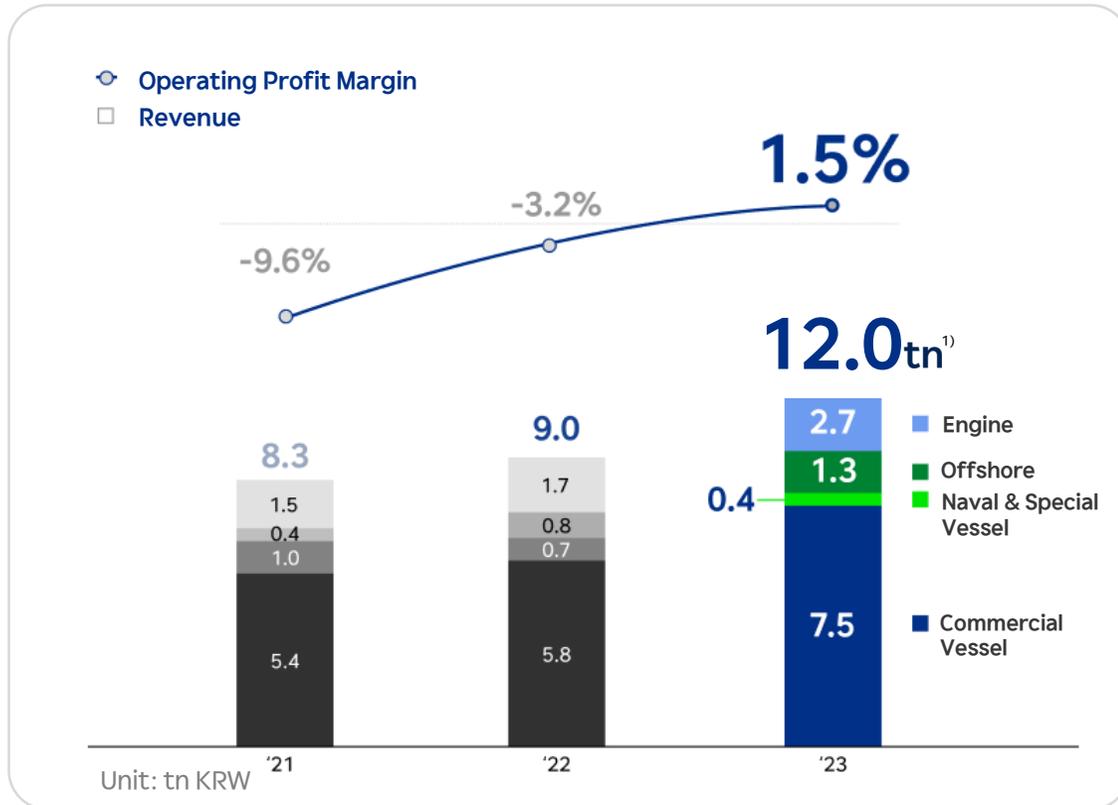
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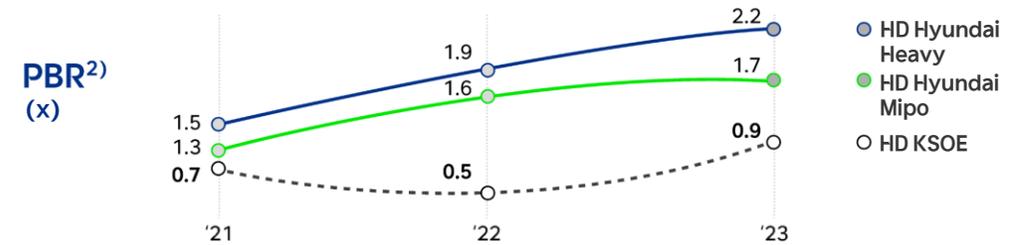
Market and Financial Indicators Improved by Growth in All Divisions

Revenue · Operating Profit Margin

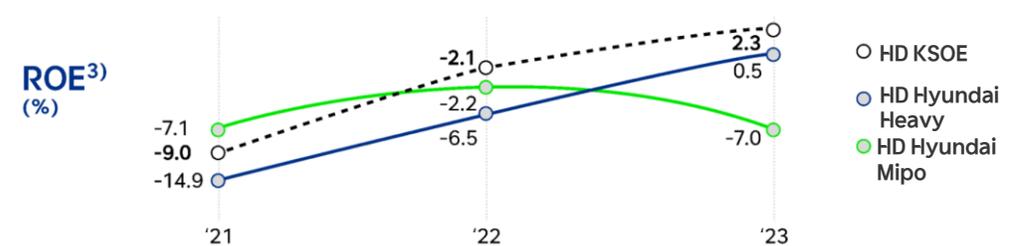


Market and Financial Indicators: Status and Analysis

- Improvement in Indicators due to Performance Enhancement



- Stable Long-Term Growth and ROE Improvement via Shareholder Returns



- Strengthen Shareholder Returns with Improved Performance

Dividend: Dividends Not Paid due to Weak Earnings (Listed in '21)

2) PBR (Price to Book Ratio): Ending stock price / Ending book value per share

3) ROE (Return on Equity): Net income attributable to controlling interest / Average controlling interest equity (beginning and ending balances)

※ HD HHI Consolidated basis

1) Major Subsidiaries: HD Hyundai Engine and more

Value-up Targets

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'Aiming to Enhance Shareholder Value as an Industry Leader'

01 Expansion of Shareholder Returns

Shareholder Returns Ratio¹⁾: **30%~**

Improvement of Dividend Distribution Procedure²⁾

Sustainable Shareholder Returns Policies

02 Stable Long-Term Performance

'27 Revenue Target: **19** tn KRW
(Consolidated Basis)

'27 ROE³⁾ Target: **15%~**

Achieving Financial Goals through Earnings Improvement

03 Sustainable Management

Key Governance Matrics⁴⁾: **93%**

Strengthening ESG Policies

Enhancing Communication with Shareholders

1) Dividend Payout Ratio : Dividends / Net income on separate financial statements × 100 / Non-recurring factors, such as one-time gains and losses, can be excluded

2) Set dividend record dates after general shareholder meetings, enabling investors to make informed decisions based on declared dividend amounts

3) ROE (Return on Equity): Net income attributable to controlling interest / Average controlling interest equity (beginning and ending balances)

4) Key Governance Metrics: Important indicators evaluating the transparency and fairness of a company's governance, calculated based on the compliance rate of 15 criteria designated by the Korea Exchange

Value-up Core Targets

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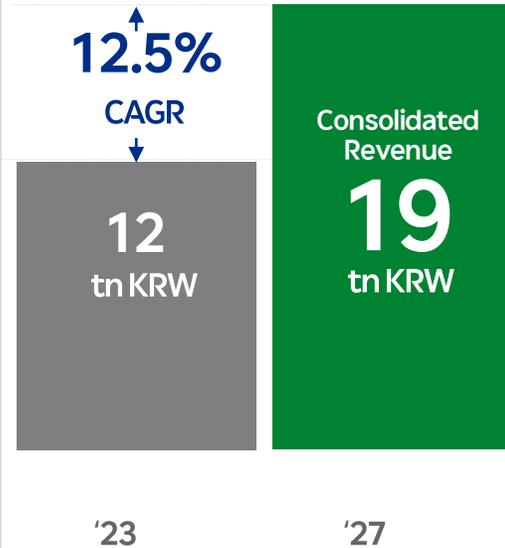
Communication

01 Shareholder Returns



Dividends Not Paid due to Weak Earnings

02 Long-Term Revenue



03 Financial Indicator



0.5% ('23) → 15%~ ('27)

04 Key Governance Metrics³⁾



73% ('23) → 93% ('27)

1) Dividend Payout Ratio : Dividends / Net income on separate financial statements × 100 / Non-recurring factors, such as one-time gains and losses, can be excluded

2) ROE (Return on Equity): Net income attributable to controlling interest / Average controlling interest equity (beginning and ending balances)

3) Key Governance Metrics: Important indicators evaluating the transparency and fairness of a company's governance, calculated based on the compliance rate of 15 criteria designated by the Korea Exchange

Action Plans : Proactive Shareholder Returns

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01

Dividend Payout Ratio¹⁾

30%~

- Paying stable and predictable cash dividends

02

**Changing the
Record date
of Dividend**

- Setting the record date after the dividend decision to enhance predictability
- Changing the record date of dividend from December 31 to Board-determined date

03

**Establishment
of Shareholder
Return Policy**

- Establishing a mid-to-long-Term shareholder return policy for FY2025- FY2027
- Establishing a sustainable shareholder return policy that considers mid- to long-term performance and business environment

1) Dividend Payout Ratio : Dividends/ Net income on separate financial statements × 100/ Non-recurring factors, such as one-time gains and losses, can be excluded

Action Plans : Enhancing Competitiveness in Key Segments

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	Commercial vessel	Strengthening new order and production competitiveness through leadership in eco-friendly and digital technologies
	Naval & Special vessel	Leading next-generation naval technology and promoting overseas business expansion
	Engine & Machinery	Expanding synergy among 3 engine manufacturers and boosting eco-friendly engine production
	Offshore Energy	Strengthening existing business capabilities and entering the renewable energy market
	R&D · New Business	Increasing revenue through R&D and equipment business expansion

Action Plans : Commercial Vessel

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01 Eco-friendly Ship Market Leadership



Secures order competitiveness by enlarging the technological gap

- Global No.1 in low-carbon vessel technology and delivery record (LNG • Methanol propulsion vessels)
- Building a leadership position in carbon-free vessel technology

Commercialization in progress :
Ammonia and Hydrogen vessel
Under development : Electric Propulsion Vessel

02 Digital Ship Technology Leadership



Provides cutting-edge services incorporating AI

- Minimize crew numbers with autonomous vessel solutions
- Ensuring crew safety via remote AI monitoring of high-risk areas on vessel

03 Building the Smart Shipyard



Maximize production efficiency

- Increase productivity with automation and process optimization
- Prevent safety accidents via real-time AI monitoring

Action Plans : Special & Navel Vessel

Company Overview

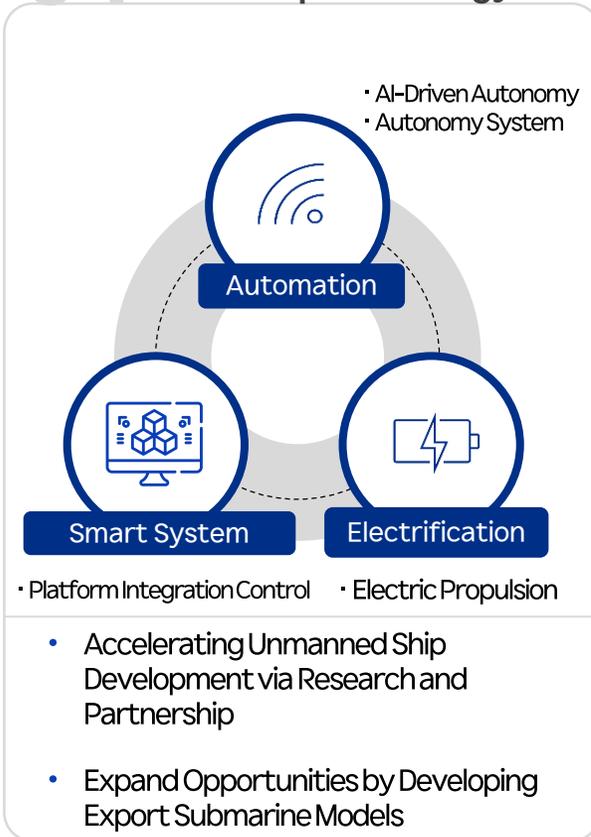
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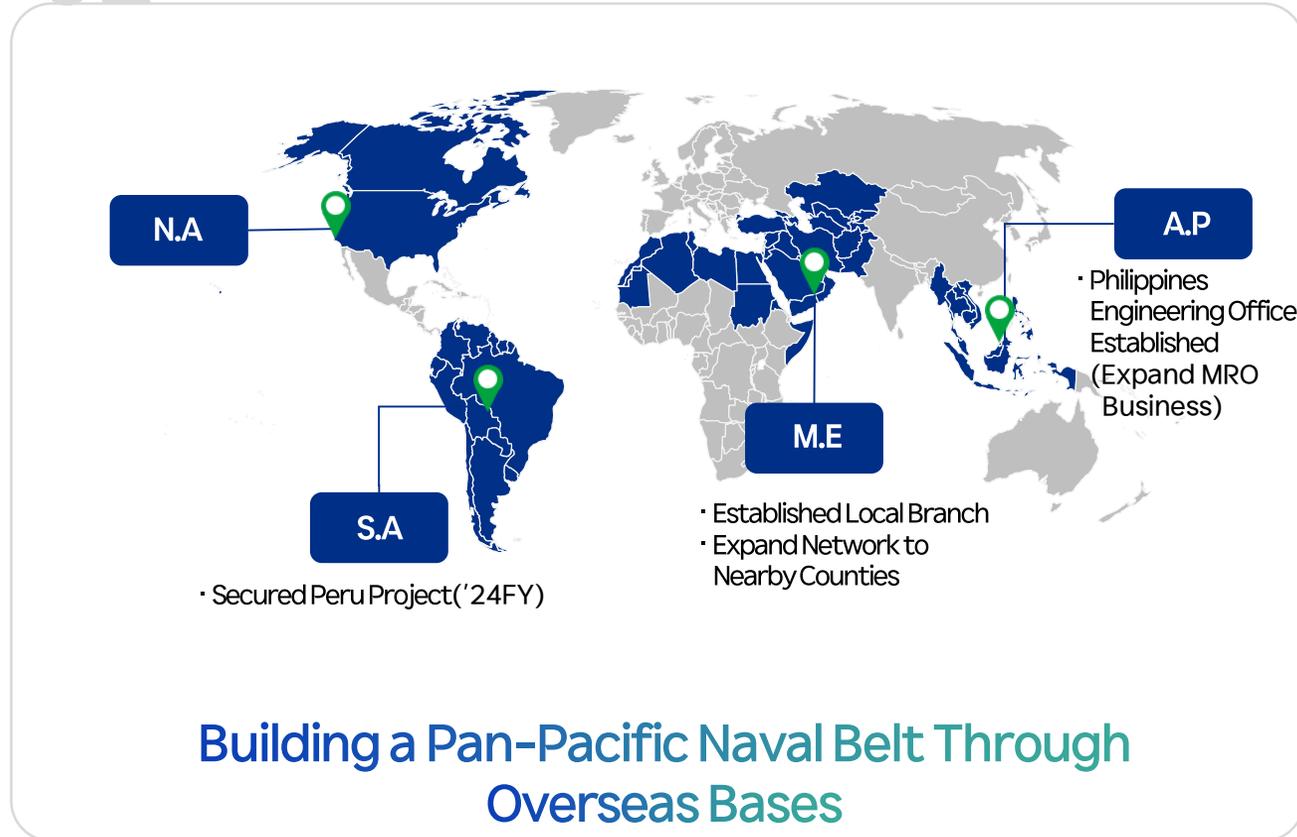
Communication

01 Lead Next-Gen Special-Navel Ship Technology



※ Partnership with Palantir for unmanned vessel system development

02 Securing Growth through Overseas Expansion



1) MSRA : Master Ship Repair Agreement
 2) MRO : Maintenance, Repair and Operations

Action Plans : Engine

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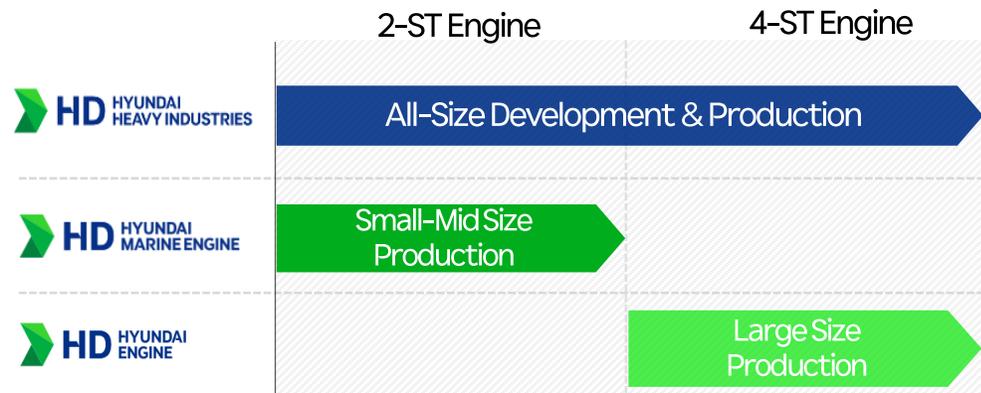
Value-up Targets

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01 Expanding Synergy among 3 Major Engine Manufacturers

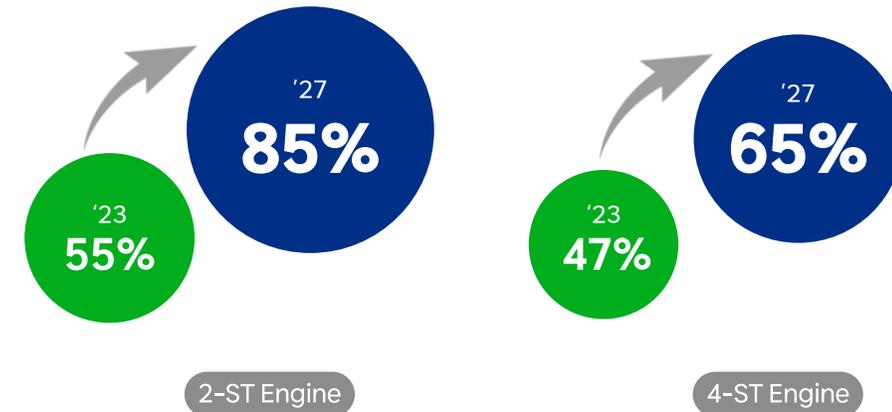
Establish Strategic Production System



- Expand Synergy via Integration of Functions (Sales, Purchase, Design)
- Promote Strategic Production via Specialized Engine Bases

02 Increasing Production of Eco-Friendly Engines

Rising Shares in Eco-Friendly Engine Production



- Expand on LNG/LPG DF Engine Production
- Plan to Commercialize Hydrogen Engine Using World's First Ammonia Engine Technology

※ 2023 : Based on production volume, 2027: Based on production plan volume

※ 2-stroke : Propulsion engines for medium and large vessels, 4-stroke: Power engines for medium and large vessels and propulsion engines for small vessels

Action Plans : Offshore Energy

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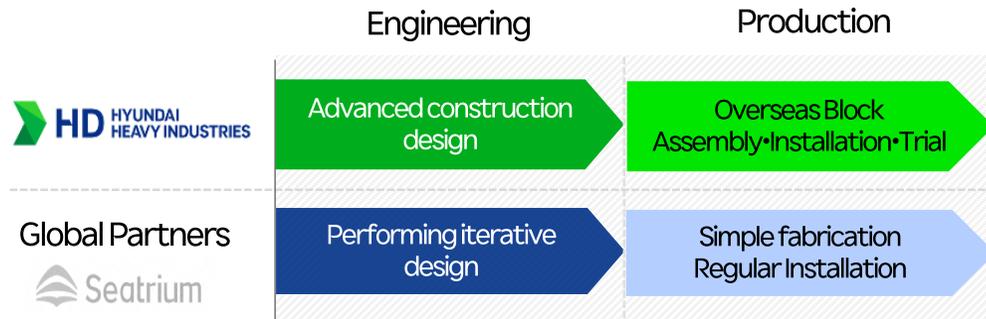
Value-up Targets

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Communication

01 Enhancing Profitability and Business Efficiency

Enhancing Efficiency Through Focusing on Core Processes



- Stable & high-profit project-focused operations
- Flexible business execution through collaboration with global partners

※ Clarksons Offshore Index 121 Point (as of November 2024) – record high

02 Expanding into Renewable Energy Business: SMR· Offshore Wind Power

Partnerships to enter Renewal Energy Market



- Investing in Terra Power²⁾ and developing SMR
- MOU signed for Scottish floating wind project and model development

1) SMR(Small Modular Reactor) :A nuclear power reactor that uses metal fuel made from nuclear
 2) Terra Power: U.S.-based company developing SMRs

Action Plans : Sustainable Management

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01 Improving Key Governance Metrics Targets¹⁾

'27
93%

Items for Expanding Key Metrics Compliance

- Change of dividend record date
- Disclosure of dividend policy
- Outside director appointed chairperson

02 Advanced ESG Management System

STEP
'25 **01**
Enhancing ESG Due Diligence at Key Sites



STEP
'26 **02**
Building Integrated Metrics and System



STEP
'27 **03**
Enhancing Value Chain Due Diligence

Responsible Management for Sustainable Growth

Global Regulatory Response

Stakeholder Communication

Sustainable Growth

※2023 : base on Disclosure of Corporate Governance Report (compliance rate calculated based on 10 out of 15 criteria met)

※2027 : based on the Company target

1) Key Governance Metrics : Indicators that evaluate the transparency and fairness of a company's governance, calculated based on the compliance rate of 15 criteria designated by the Korea Exchange

Communication

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● Communication

Ensure effective communication to align intrinsic value with market value



Expanding Communication Channels

- Regular C-Level Meetings (at least twice a year)
- Regular Domestic and Overseas NDRs



Comprehensive Materials

- IR Fact Book and Monthly Data Publication
- Providing IR materials in KOR/ENG



Addressing Market Feedback

- Actively listening to market feedback
- Implement improvements in the annual Value-up Plan



ESG

- Strengthening Communication on ESG Issues
- Transparent disclosure via Sustainability Report and ESG Website

