

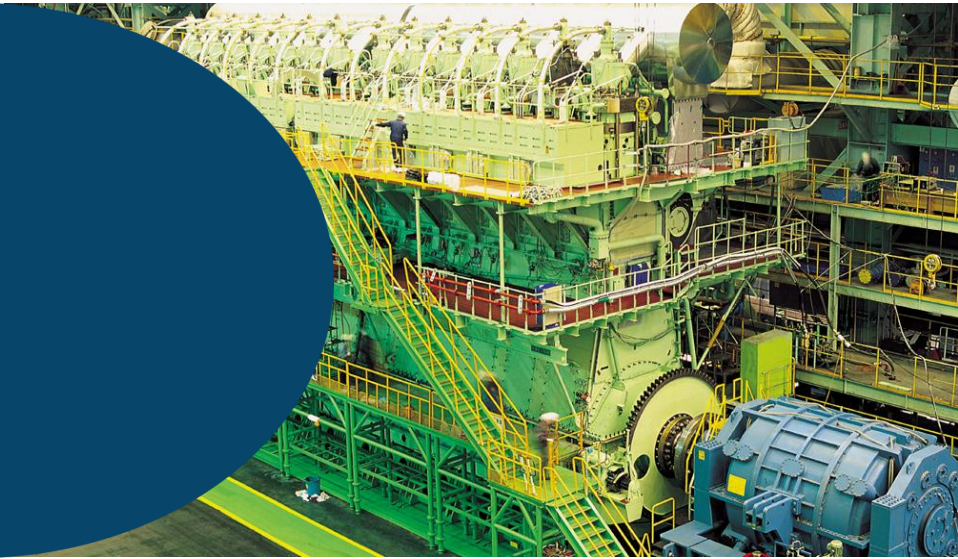


Investor Relations

3Q23 Operating Results

Nov. 2023

HSD Engine

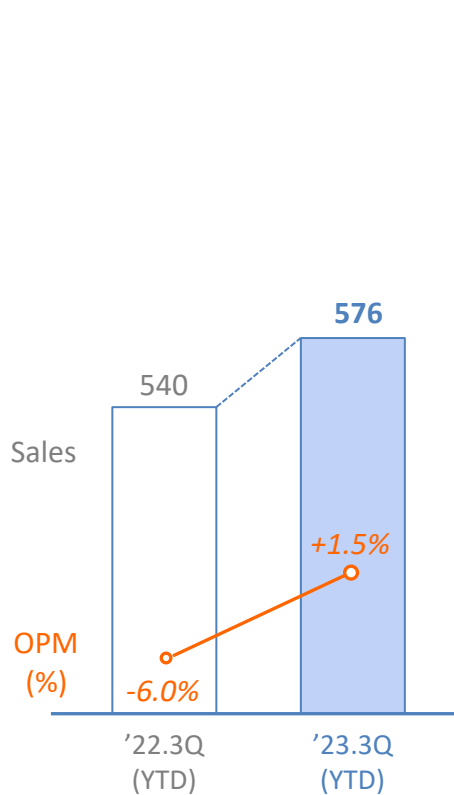


3Q23 Operating Results Summary

(Wbn, %)

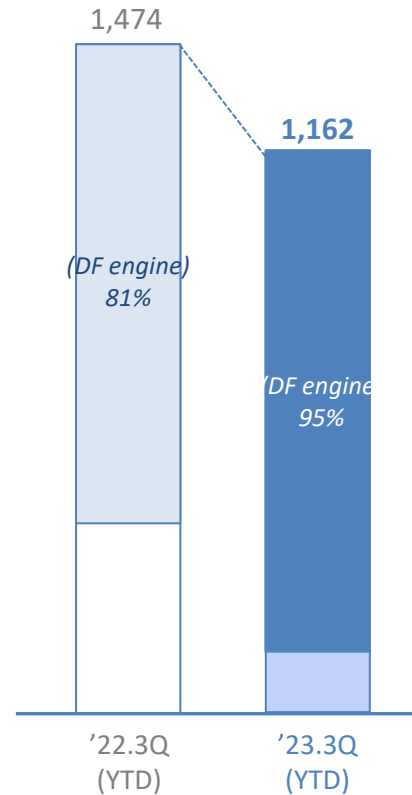
Sales

Increased sales due to increased shipments of marine engines & Operating profit turned into surplus



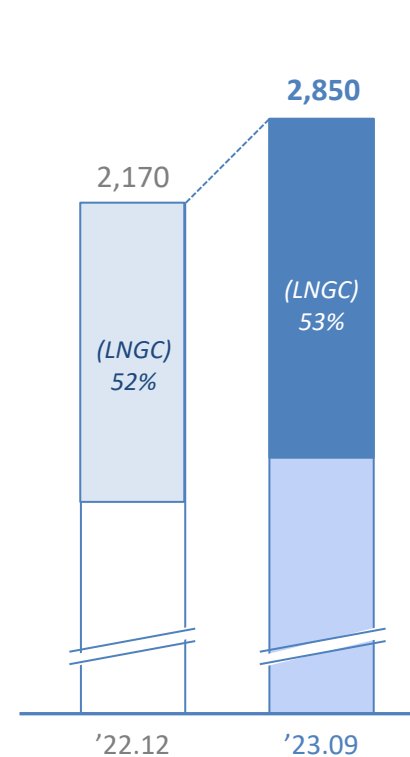
New Orders

312 billion won decrease compared to the previous period based on accumulated 3Q of 2023 (DF engine orders increase)



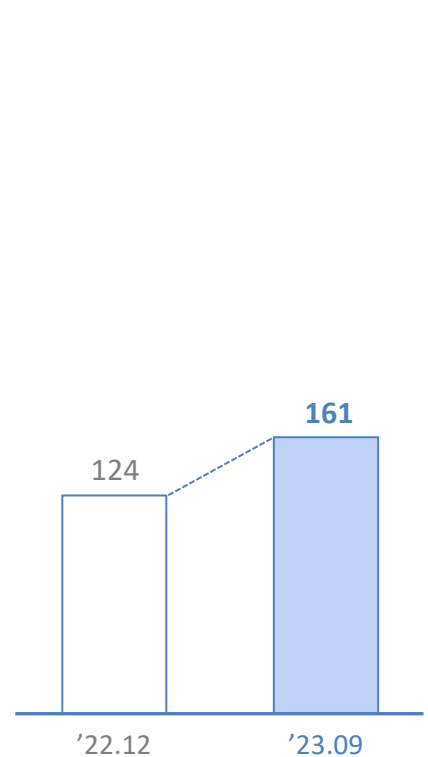
Backlog

Increased by W 679.1bn compared to the end of the previous year due to an increase in new orders compared to sales (53% of LNG in Marine engines)



Net Debt

Total borrowings: W231bn,
Cash : W70 bn



Income Statement

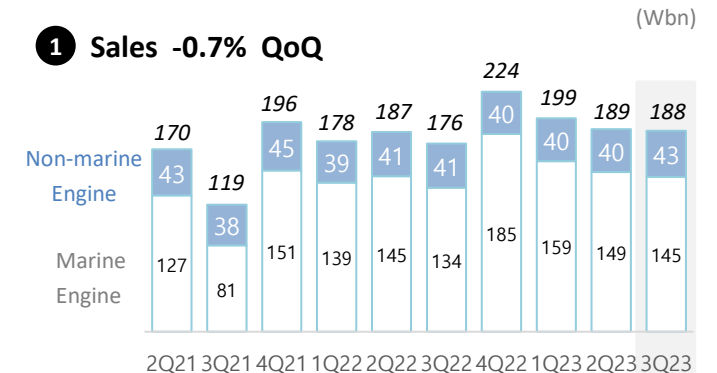
✓ Sales W188bn, OP W11bn

(Wbn)

	'23.3Q	'22.3Q	YoY	'23.2Q	QoQ
Sales	188 ¹	176	+6.8%	189	-0.7%
COGS(%)	(94.8%)	(95.4%)	(-0.6%p)	(93.9%)	(+1.0%p)
Gross Profit	10	8		12	
SG&A	9	7		8	
Operating Profit	1 ²	0.5		3	
OP margin(%)	(+0.6%)	(+0.3%)	(+0.3%p)	(+1.8%)	(-1.3%p)
Interest Income & Expense	-3	-2		-3	
Gain/Loss on F/X	1	5		0.6	
Other Gain & Loss	-3 ³	-0.1		-1	
Pretax Profit	-3	4	TR	0.6	TR
Tax	-0.7	1		0.2	
Net Profit	-2	2	TR	0.4	TR

Key Features

1 Sales -0.7% QoQ



- **Marine Engine:** Delivery volume decreased in 3Q 23 compared to 2Q 23 due to a decrease in business days in the 3rd quarter
- **Non-marine Engine:** Sales increased compared to the previous quarter due to continued strong performance in SCR and Engine parts business

2 Operating Profit : W1.1bn

- COGS rate rises('23.2Q 93.9%→ '23.3Q 94.8%)

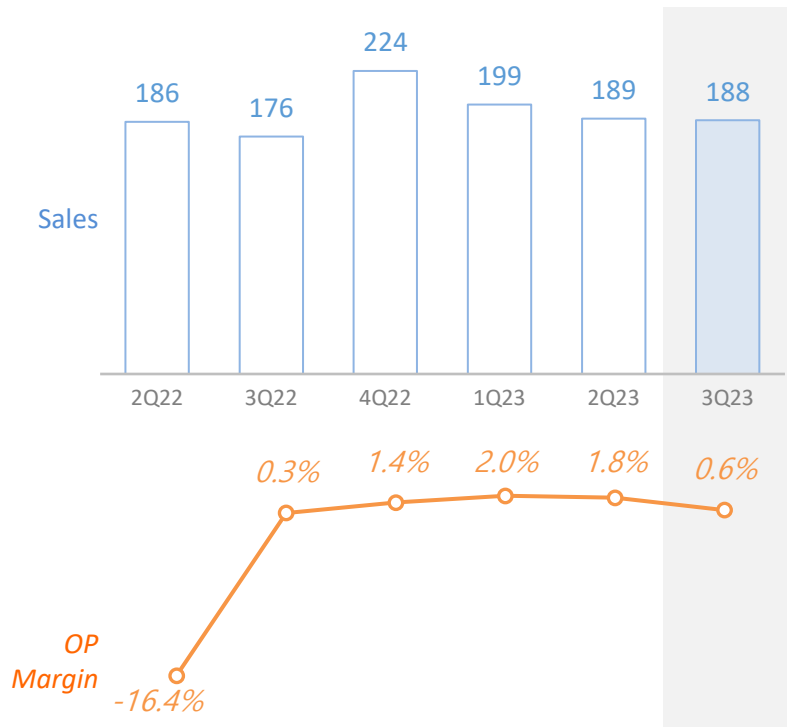
3 Other Gain & Loss

- Recognized loss of W 1 bn on sale of shares held by subsidiary HSD Marine Industry (Dalian) Co., Ltd

- ✓ Considering the order backlog in the 3Q, sales are expected to increase due to an increase in marine engine deliveries starting in this 4Q.

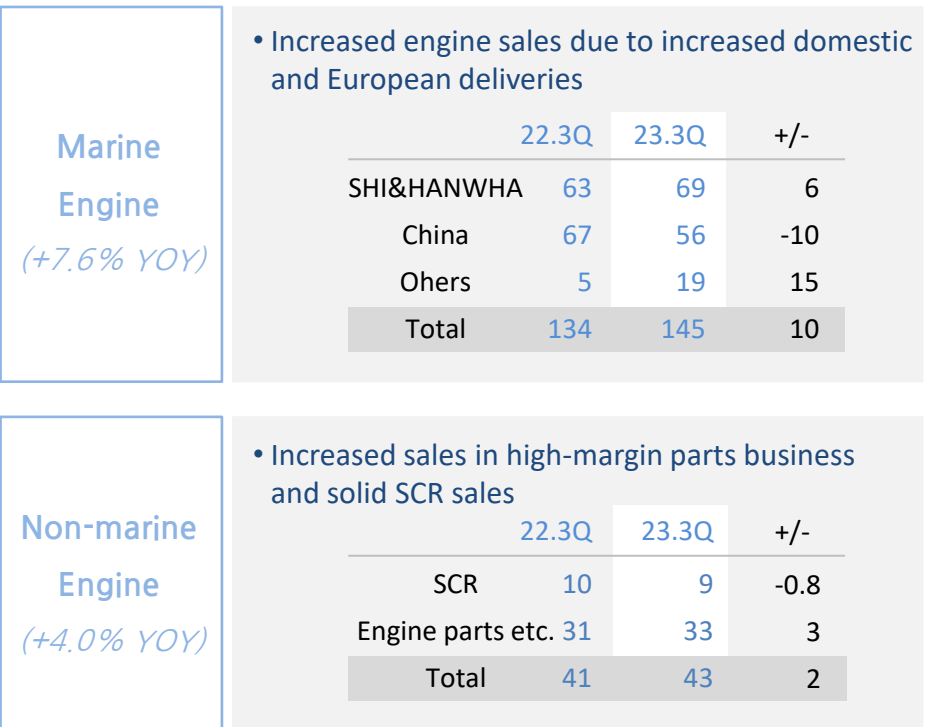
Quarterly Sales & Operating Profit

(Wbn)



Sales Breakdown

(Wbn)

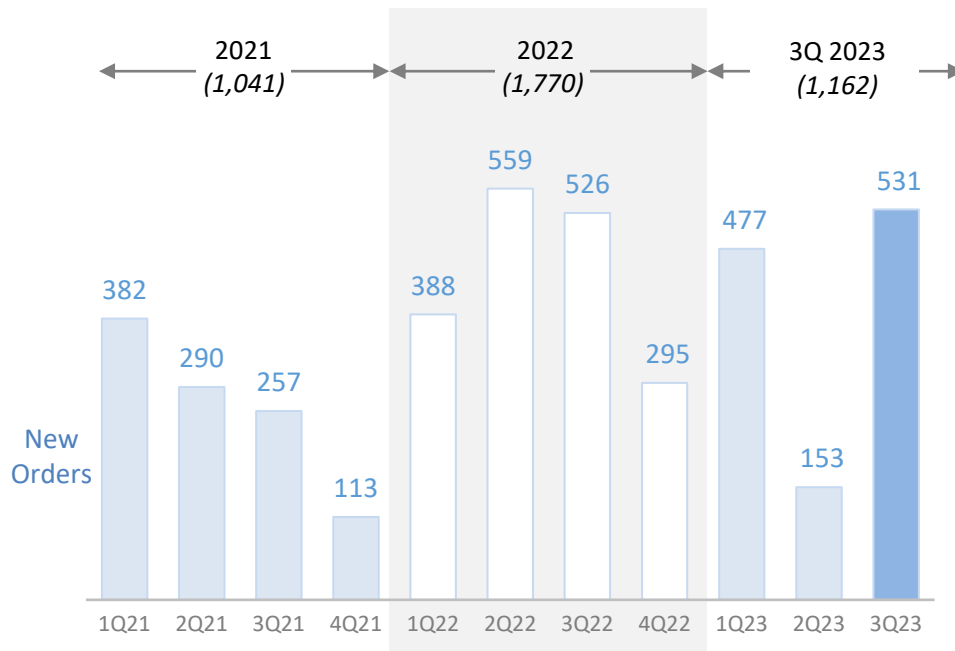


New Orders

- ✓ 3Q New Orders: W531bn
- ✓ The proportion of DF engine* accounted for 95% this year, and in particular, the proportion of DF engine adopted by Commercial Vessel rose to 90%

Quarterly New Orders

(Wbn)

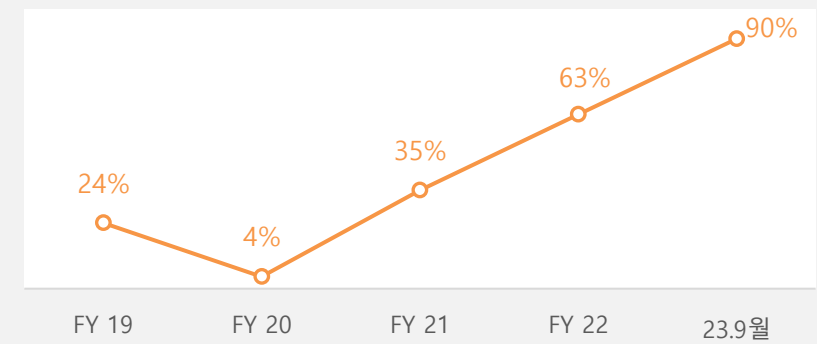


The proportion of DF engine Orders

(Wbn)

	FY 19	FY 20	FY 21	FY 22	3Q 23
Diesel engine	157	377	394	266	53
DF engine	307	86	474	1,341	922
(%)	(66%)	(19%)	(55%)	(83%)	(95%)
Marine engine	464	464	868	1,607	976

The proportion of DF engine in Commercial Vessel(%)

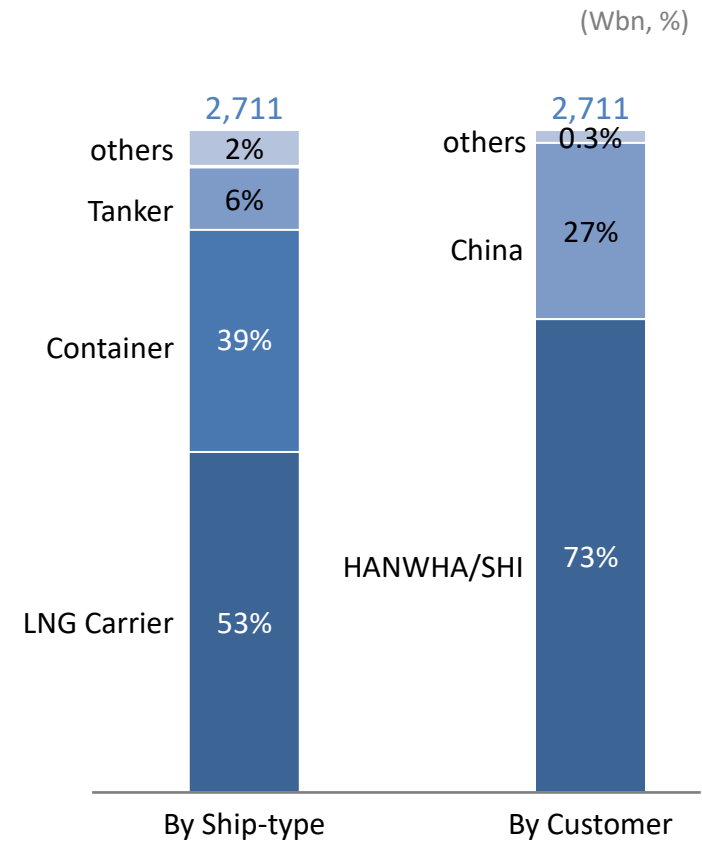
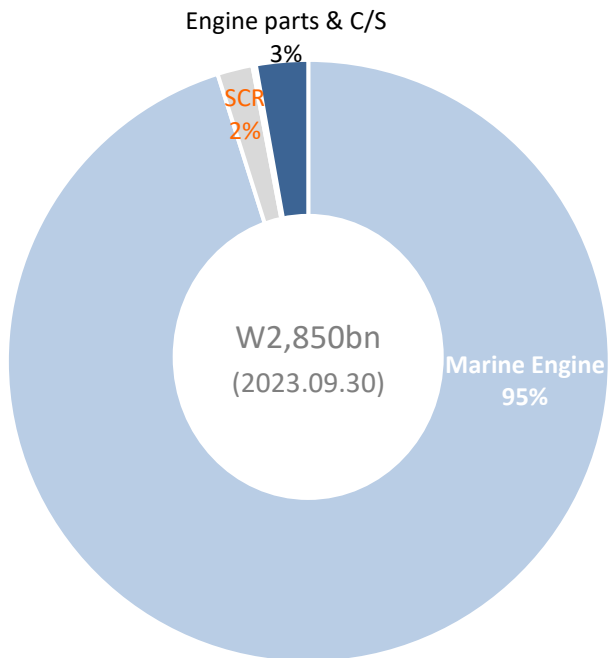


*) DF Engine: Dual-Fuel Engine

Backlog

✓ Backlog: W2,850bn, Marine Engine accounts for 95%

Backlog Breakdown



Balance Sheet

- ✓ Net Debt : W161bn,
 - ✓ Net Debt ratio : 394%
- (Wbn)

	'22.12	'23.09	+/-
Current Assets	471	611	140
Non-current Assets	485	503	18
Total Assets	956	1114	158
<hr/>			
Current Liabilities	499	597	98
<i>Advance Receipts</i>	131	178	47
Non-current Liabilities	236	291	55
<i>Long-term Advance Receipts</i>	151	183	32
Total Liabilities	735	888	154
<hr/>			
Paid-in Capital	72	72	-
Capital Surplus	273	273	-
Retained Earnings	-148	-144	4
Accumulated Other Comprehensive Income	24	24	0.3
Total Equities	222	226	4
<hr/>			
Net Debt	124	161	37
Net Debt ratio	331%	394%	62%p

Interest-bearing Debt

(Wbn)

	'22.12	'23.09
Bank loan	202	190
Corp. Bond	-	40
Gross Debt	202	231
Cash	78	70
Net Debt	124	161