

Investor Relations

Earnings Presentation: 1Q 2025 Financial Results



Apr. 2025

I. 2025 1Q Financials

II. Appendix

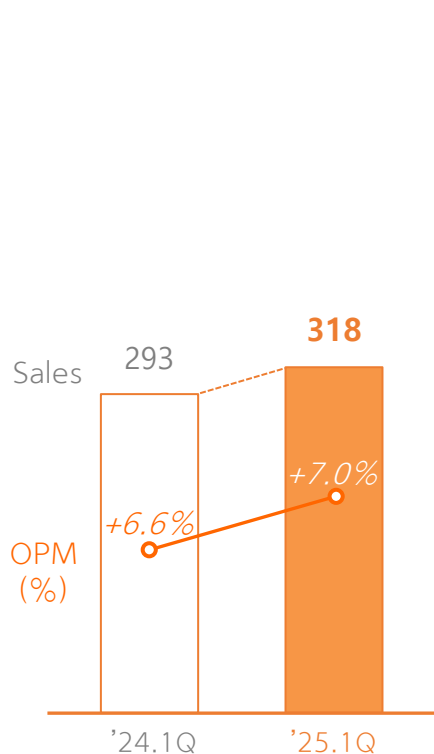
Disclaimer

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(KRW billion, %)

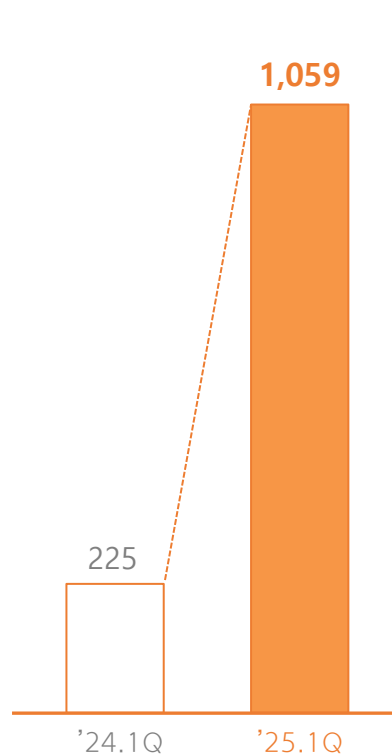
Sales

Increased sales and enhanced operating margin based on delivery of high profit engine



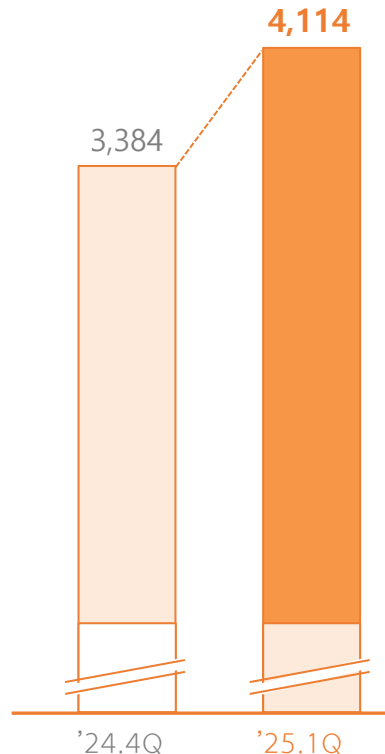
New Orders

Increased by KRW 834.2B (C/C accounts for 95%)



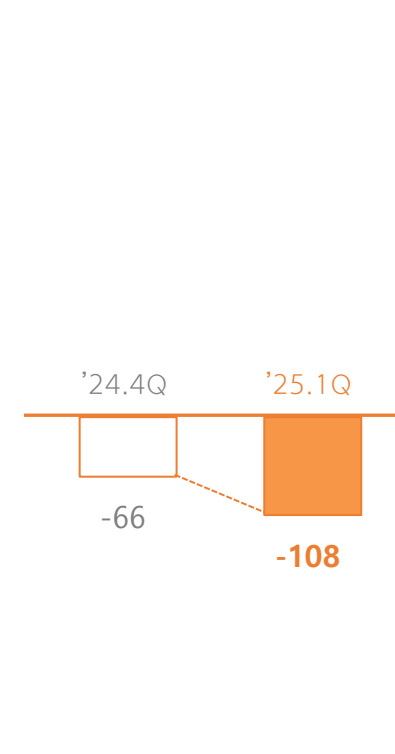
Backlog

Order backlog grew with increased C/C orders from China (DF engines accounts for 89%)



Net Debt

Gross Debt : KRW 80.3B
Cash and equivalents : KRW 188.7B

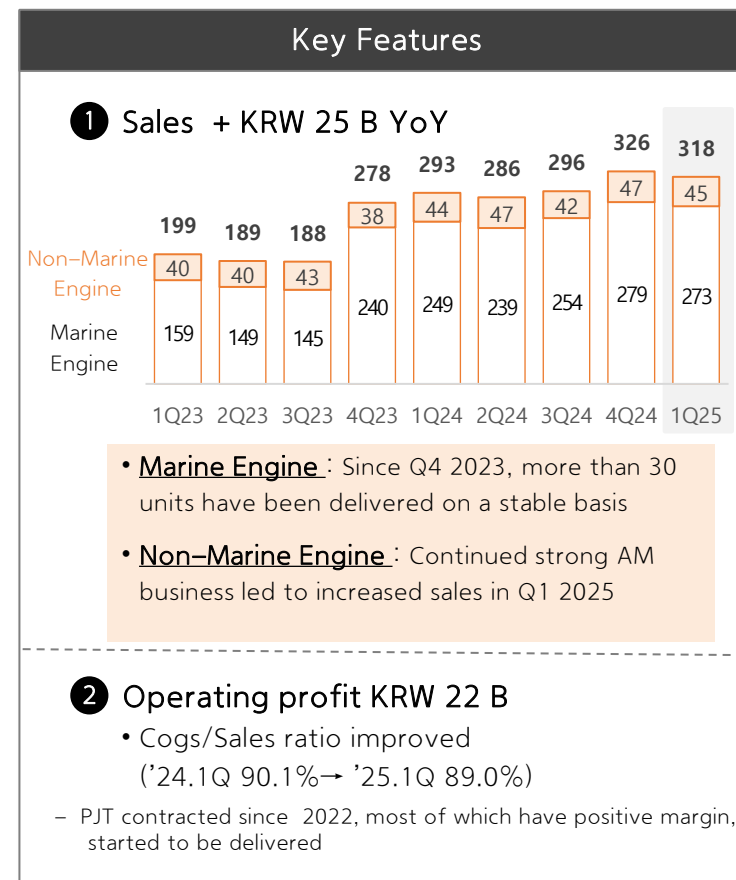


- ✓ Sales : KRW 318.2B
- ✓ Operating Profit: KRW 22.3B with 7% OP margin

(KRW Billion)

	'25.1Q	'24.1Q	YoY	'24.4Q	QoQ
Sales	1 318	293	+25	326	-8
COGS(%)	(89.0%)	(90.1%)	(-1.1%p)	(89.73%)	(-0.7%p)
Gross Profit	35	29		34	
SG&A	13	10		15	
Operating Profit	2 22	19	+3	18	+4
OP margin(%)	(7.0%)	(6.6%)	(+0.4%p)	(5.6%)	(+1.4%p)
Interest Income & Expense	0.2	-2		0	
Gain/Loss on F/X	-0.3	2		10	
Other Gain & Loss	-0.2	-1		-1	
Pretax Profit	20	19	+1	27	-7
Tax	0.6	4		-13	
Net Profit	19	15	+5	39	-20

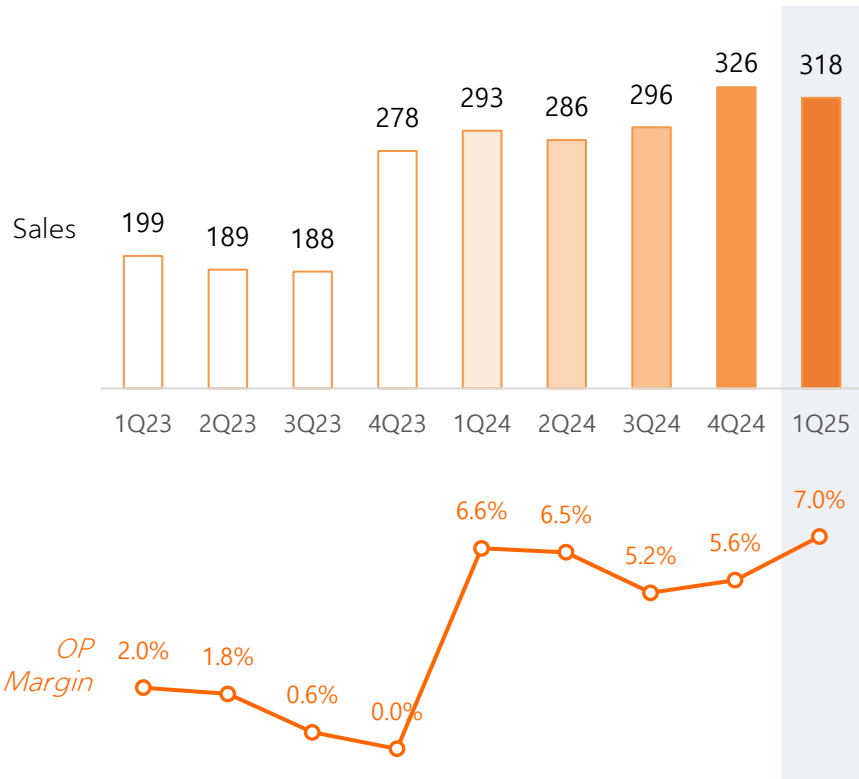
(KRW billion, %)



- ✓ 1Q 2025 Sales KRW 318B
- ✓ Orders contracted in 2022 drove Q1 2025 sales and profit growth (+0.4%p YoY in OP margin)

Quarterly Sales & OP Margin

(KRW Billion)



Sales Breakdown

(KRW Billion)

Marine Engine
(+10% YoY)

- Increased engine sales from well-balanced customer portfolio

	1Q24	1Q25	+/-
H/O	95	126	31
SHI	71	110	39
CHINA	78	37	-41
Others	5	-	-5
Total	249	273	24

Non-Marine Engine
(+2% YOY)

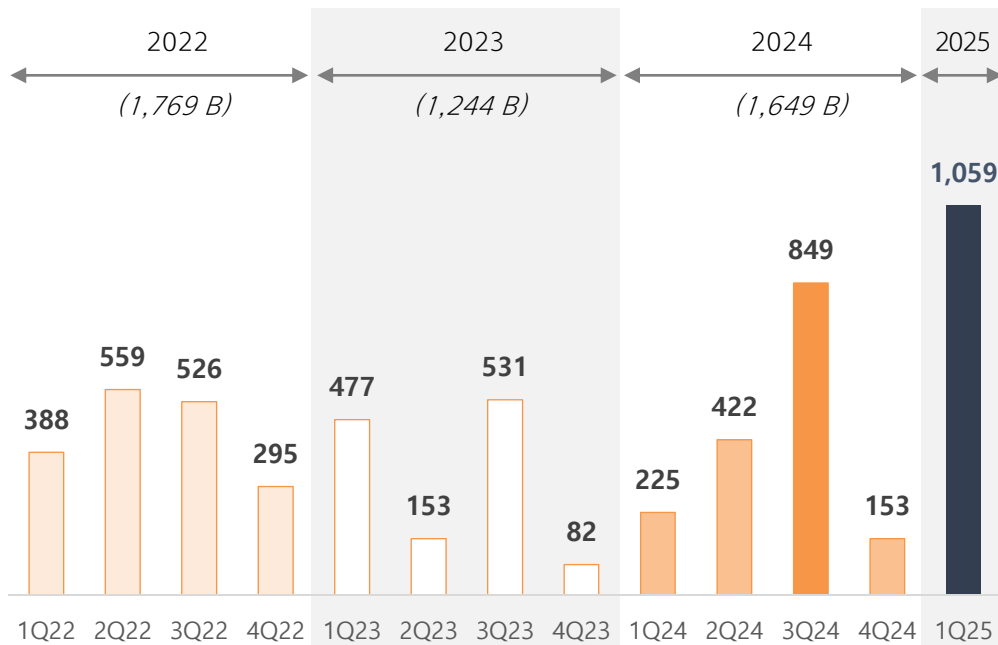
- Solid growth in high-margin AM business sales (AM sales grew 14% YoY)

	1Q24	1Q25	+/-
AM	34	39	5
SCR etc	10	6	-4
Total	44	45	1

- ✓ During 2025 1Q, new orders secured as much as c.60% of 2024 full-year contracts, driven by C/C from China
- ✓ DF engines account for 88% of new contracts in 2025 1Q

Quarterly New Orders

(KRW Billion)



Proportion of DF engine Orders

(KRW Billion)

	FY21	FY22	FY23	FY24	'25.1Q
Diesel engine	394	266	55	279	123
DF engine	474	1,341	985	1,315	927
(%)	(55%)	(83%)	(95%)	(82%)	(88%)
Marine engine	868	1,607	1,039	1,594	1,049

Proportion of DF engines by ship type

(%)

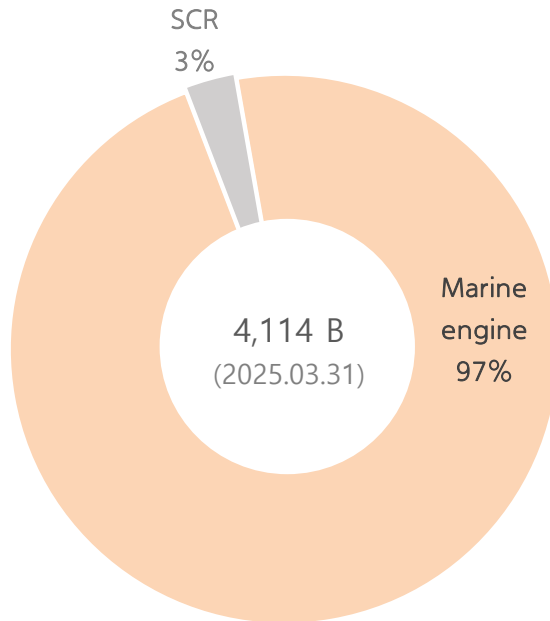
	FY21	FY22	FY23	FY24	'25.1Q
Bulk	100%	36%	3%	-	-
Container	0.1%	69%	99%	100%	92%
LNGC	100%	100%	100%	100%	100%
Tanker	75%	3%	69%	8%	-
Total	55%	83%	95%	82%	88%

*) DF engine: Dual-Fuel Engine

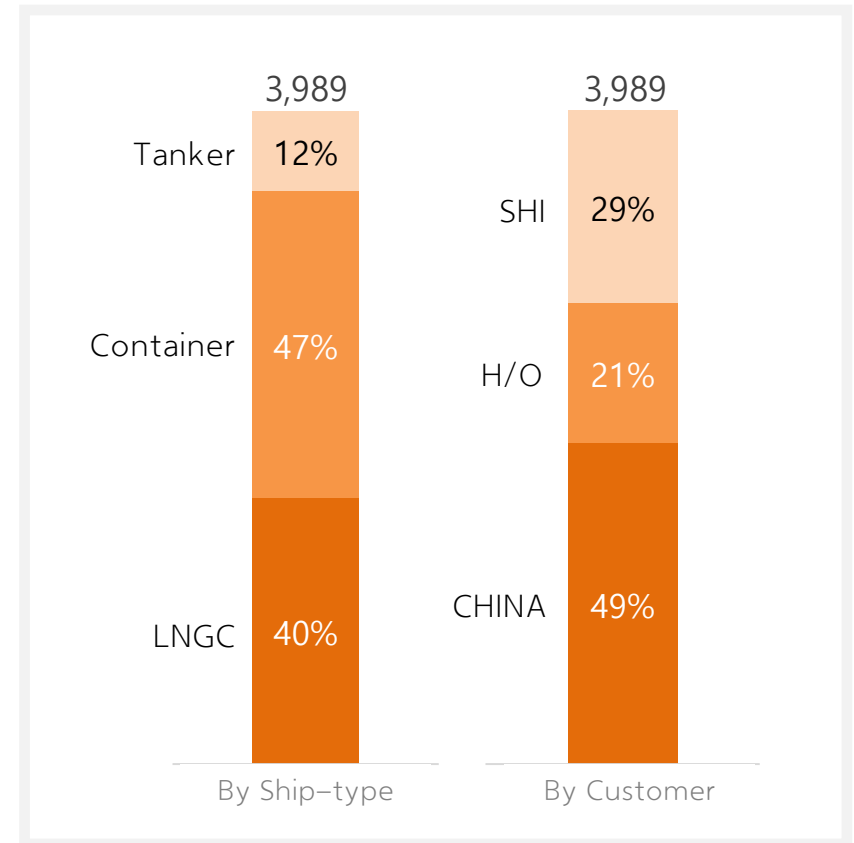
✓ Backlog: KRW 4,114B, , Marine Engine takes 97% of Hanwha Engine orderbook

Backlog Breakdown

(KRW Billion, %)



Marine engine Backlog



✓ Net Debt : ΔKRW 108 B , Net Debt ratio 260%

(KRW Billion)

	'24.12	'25.1Q	+/-
Current Assets	785	852	67
Non-current Assets	628	630	2
Total Assets	1,413	1,482	69
Current Liabilities	587	607	20
<i>Advance Receipts</i>	<i>225</i>	<i>229</i>	<i>17</i>
Non-current Liabilities	433	462	29
<i>Long-term Advance Receipts</i>	<i>253</i>	<i>277</i>	<i>24</i>
Total Liabilities	1,020	1,069	49
Paid-in Capital	83	84	-
Capital Surplus	350	351	0.4
Retained Earnings	-71	-52	19
AOCI	31	31	0.1
Total Equities	393	413	20
Net Debt	-66	-108	-43
Debt ratio	260%	260%	-

Interest-bearing Debt

(KRW Billion)

	'24.12	'25.1Q
Bank loan	30	40
Corp. Bonds	44	40
Gross Debt	74	80
Cash and equivalents	140	189
Net Debt	-66	-108

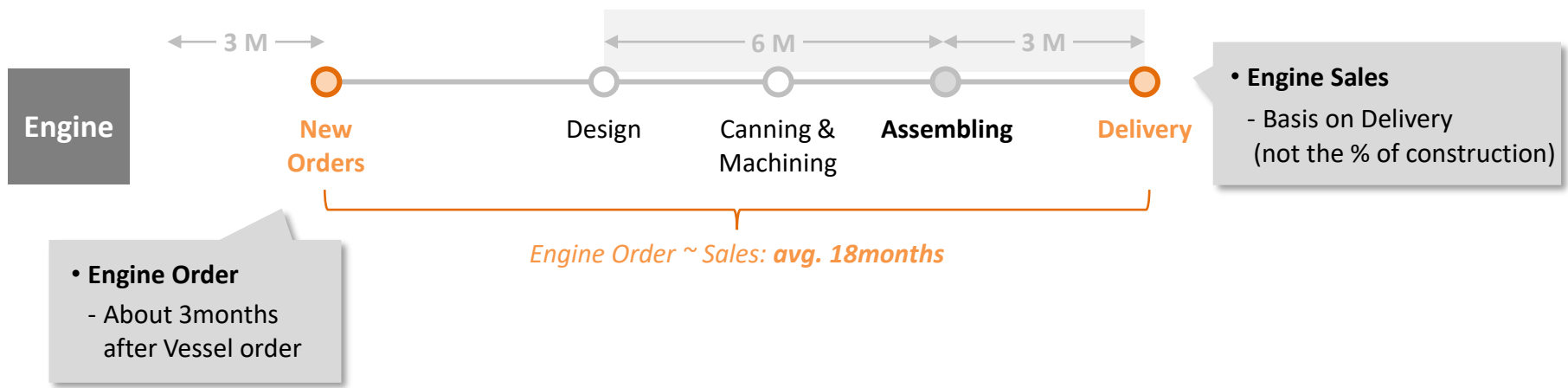
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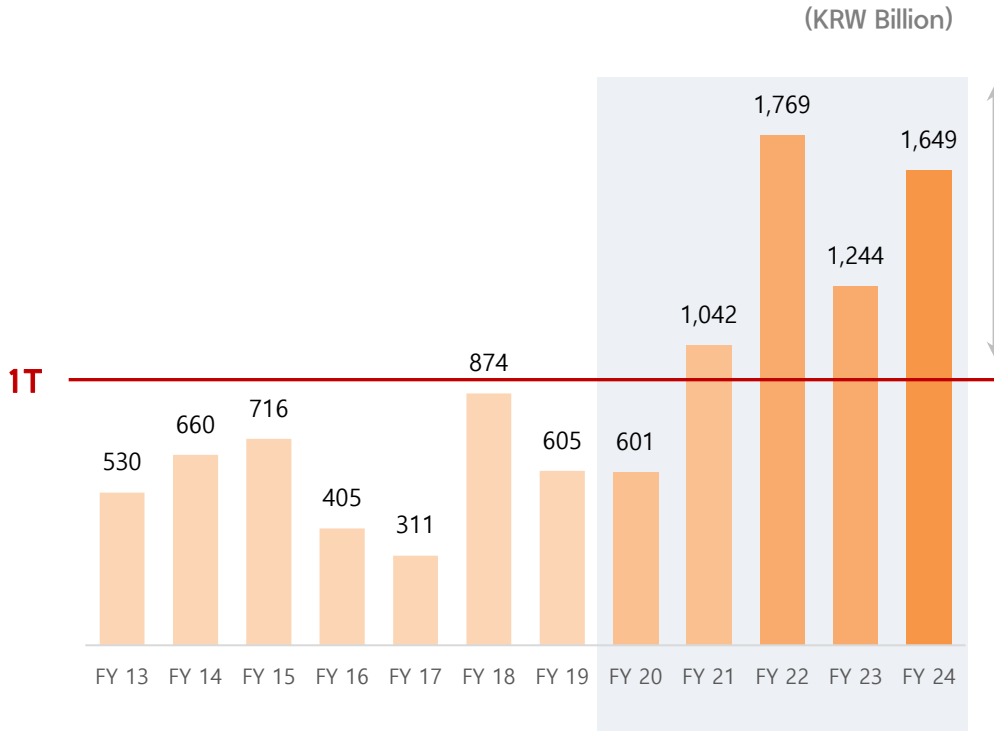
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Shipbuilding & Engine manufacturing Process

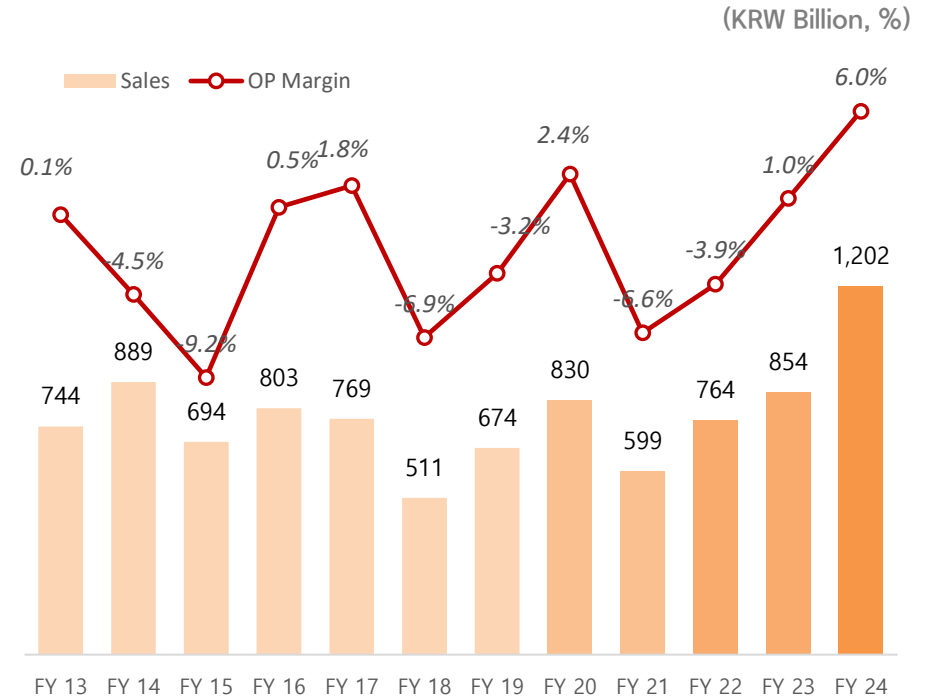


- ✓ Over KRW 1T in annual orders since 2021; shifted to normalized margins from 2022.
- ✓ Orders grew in 2024 on LNG and container demand; 2025 expected to maintain a similar level.

New Orders



Sales & OP margin



LTSA Contract Highlights

1 PAN OCEAN LTSA

- 5 years ('25 ~ '29)
 - LNG Carriers, VLOC, etc.
- #### Main Services
- Scheduled Spare parts
 - Unscheduled parts
 - Comprehensive Care Service



[Feb 27, 2025] Hanwha Engine signed LTSA with Pan Ocean

2 K-MARINE LTSA

- 5 years ('25 ~ '29)
- VLOC, etc

EPLO Applications

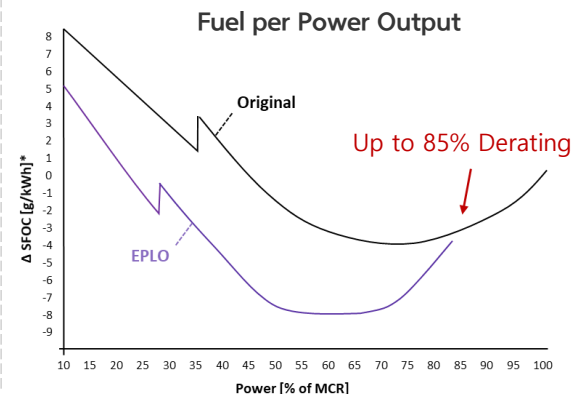
MSC EPLO Frame Agreement

- 5 years
- #### Main Services
- Turbocharger upgrade
 - Component Replacement
 - Engine Output Optimization

EPLO (Engine Part Load Optimization)

: Eco-friendly retrofit enhancing fuel efficiency via partial-load optimization.

- ✓ With Accelleron: Custom **engine optimization**
- ✓ 3% reduction in fuel and CO₂, Improved **CII rating**
- ✓ **Longer** engine life, **lower** maintenance



[2024 Höegh Autoliners EPLO]



- 8 Höegh Autoliners PCTCs
- 10g/kWh fuel reduction (5% savings)

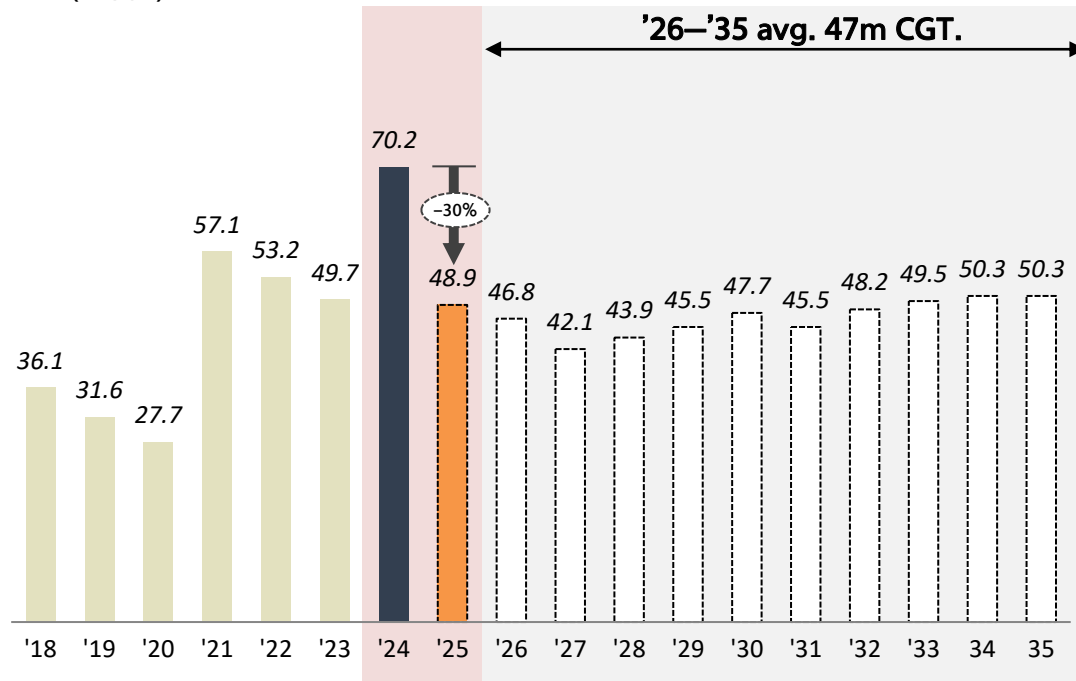
[Source: Accelleron Press Releases]

- ✓ 2025 new contracts are expected to decline by 29% YoY ('24 70.2m.CGT → '25 48.9m.CGT)
- ✓ Mid- to long-term average ('26 ~ '33) expected at 47m CGT.

MEPC¹⁾ 83 Brief (2025.04.07~2025.04.11)

Global New Orders Outlook

(mCGT)



• Key Features

- World's first maritime carbon pricing scheme to take effect in H1 2027
- Vessels over 5,000 GT must meet GFI²⁾ standards (Non-compliance: \$100–\$380/tCO₂e to IMO)
- Base: 4% by 2028, 16% by 2030, 30% by 2035
- Direct: 17% by 2028, 21% by 2030, 43% by 2035
- Tier 1: GFI between Base and Direct
- Tier 2: Excess emitters
- Surplus Units credited, if compliant with GFI standards
- However, Remedial Units (RU) must be purchased if non-compliant with standards.
- RU prices:
 - Tier 1 – \$100/tE CO₂eq, Tier 2 – \$380/tE CO₂eq.

• Future projections

- Eco-friendly, low-emission fuel engine demands will grow fast
- Korean yards will be benefited from demand for eco friendly vessels.

1) MEPC: Marine Environment Protection Committee

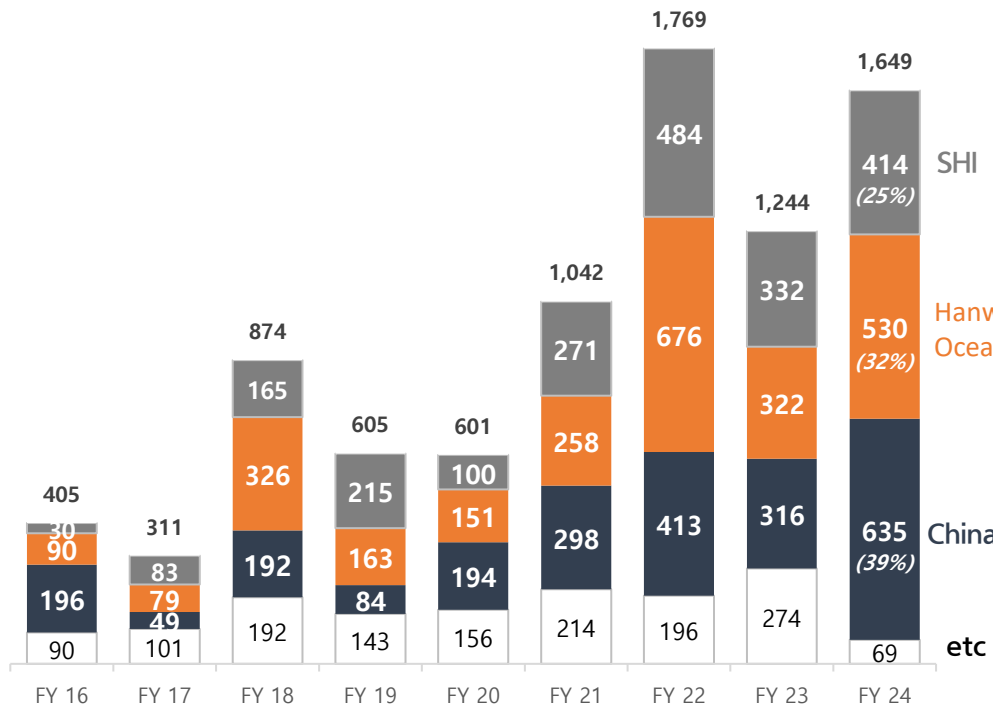
2) GFI: GHG Fuel Intensity

3) CII: Carbon Intensity indicator

✓ balanced revenue sources : Samsung Heavy Industries, Hanwha Ocean, and Chinese shipyards.

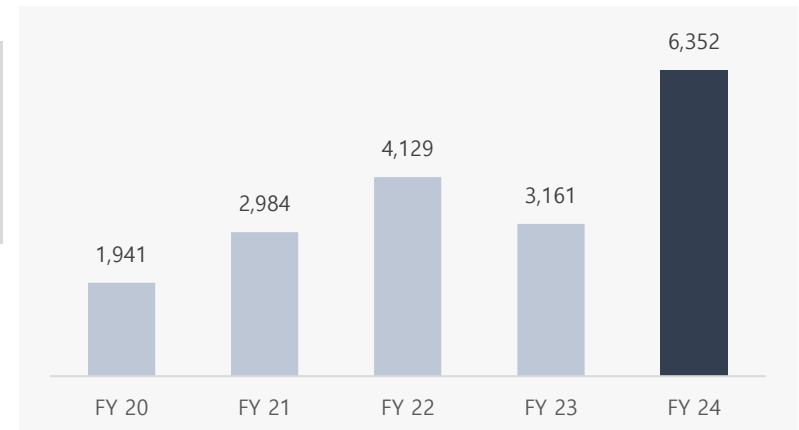
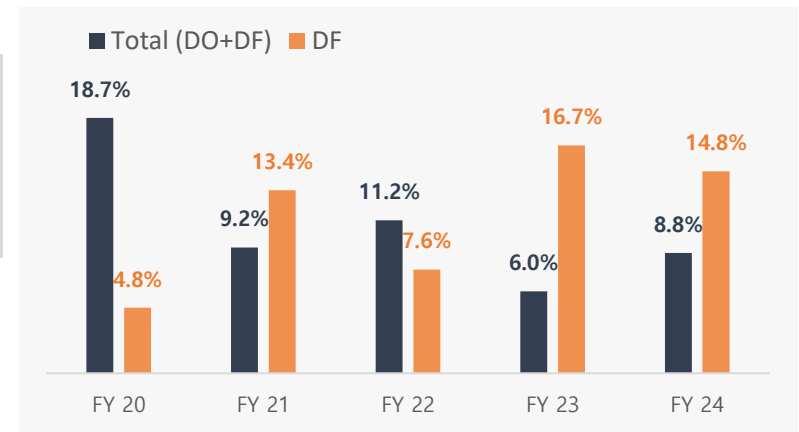
Order Breakdown by customer

(KRW Billion, %)



Chinese market

(KRW Billion, %)



Overview

Company	Hanwha Engine Co., Ltd.
Date of Foundation	Dec. 30, 1999
Address	Sinchon-dong 69-3, Seongsan-gu, Changwon-si, Gyeongnam
Business	Marine engines / MRO/ Diesel engines for power plants
Exports	Local/direct Exports (90%), Domestic (10%)
Capital	₩83.4bn [2024.12.]
No. of Employees	825 [2024.12.]

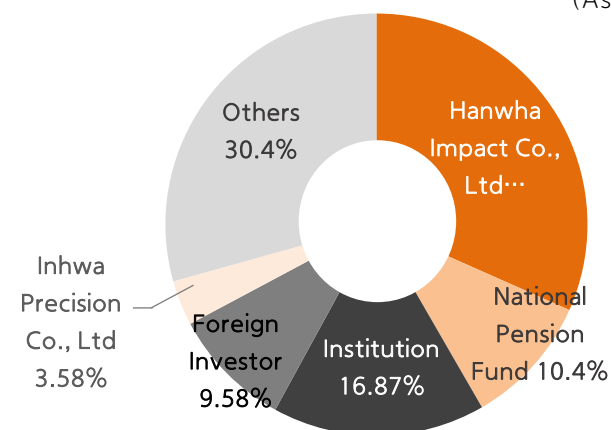
Business Areas

(KRW Billion, %)

Business Areas	2024 Revenue	Weight
Marine Engine	10,223	85%
AM	1,447	12%
SCR	329	2.7%
Powerplant	23	0.3%
Total	12,022	100%

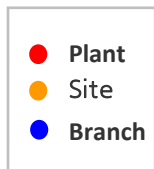
Shareholders

(As of 2025.03.31)





Changwon Plant (Headquarter)



Hanwha Engine

Two stroke Engine (Low-Speed Engine)

Main Business (85% of total sales in 2024)

product Large vessel (e.g. LNGC, Container, Tanker, Bulker)

Licensors MAN ES, Win-GD

Customer Ship Builder (e.g. SHI, H/O, Yangzijiang, NTS)



Hanwha Engine AM Business *(After Market Business)*

Major Products

CYLINDER COVER



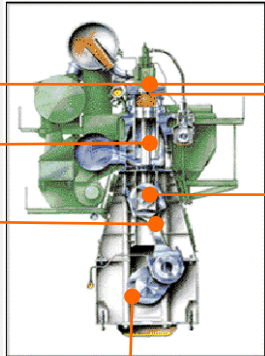
PISTON ROD



CONNECTING ROD



CRANK SHAFT



SPINDLE GUIDE



PISTON CROWN



CROSS HEAD PIN



Service Marine engines parts and technical service

Customer Major fleet owners, domestic agencies

Business overview

- Providing and Servicing maintenance parts for marine engine for entire lifecycle of vessel

Scope of Supply

Parts Supply

- > M/E, G/E, SCR
- > Correct Specification
- > Competitive Price
- > Just-In-Time Delivery

Tech. Service

- > Planning of Maintenance
- > Periodic Inspection
- > Recondition Service
- > Maintenance Service by well proven S/E

Environment Solution

- > Engine Part Load Optimization
- > NOx Monitoring Solution
- > EEXI Calculation

Digital Solution

- > Remote Monitoring
- > Performance Analysis
- > DIY or On-line Trouble Shooting
- > Tekomar XPERT, WMS