

Investor Relations

# **Earnings Presentation: 3Q 2025 Financial Results**

**Nov. 2025**

## I. 2025 3Q Financials

## II. Appendix

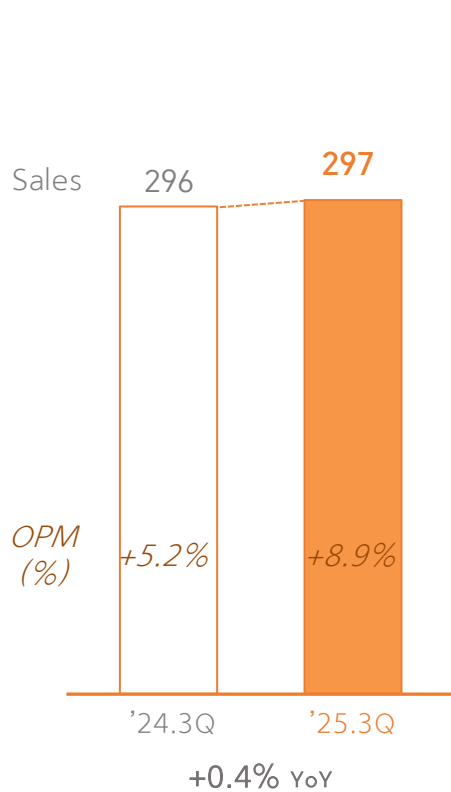
### **Disclaimer**

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(KRW billion, %)

## Sales

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



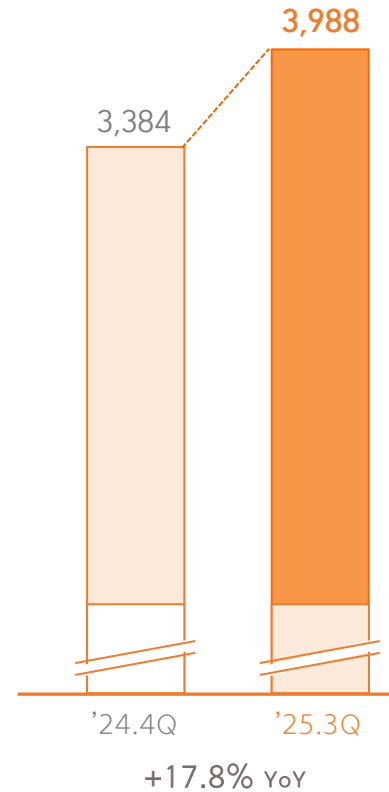
## New Orders

Increased by 118% YoY  
(Among marine engine orders, C/C accounts for 88%)



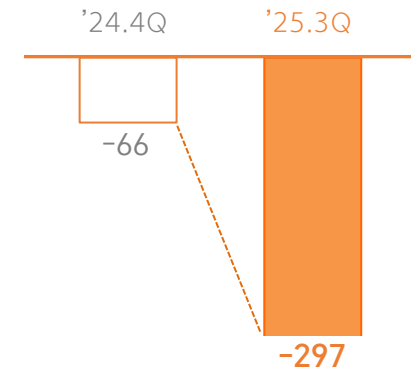
## Backlog

C/C orders from China drives order backlog  
(DF engines accounts for 87%)



## Net Debt

Gross Debt : KRW 72 B  
Cash and short-term financial instruments : KRW 369 B

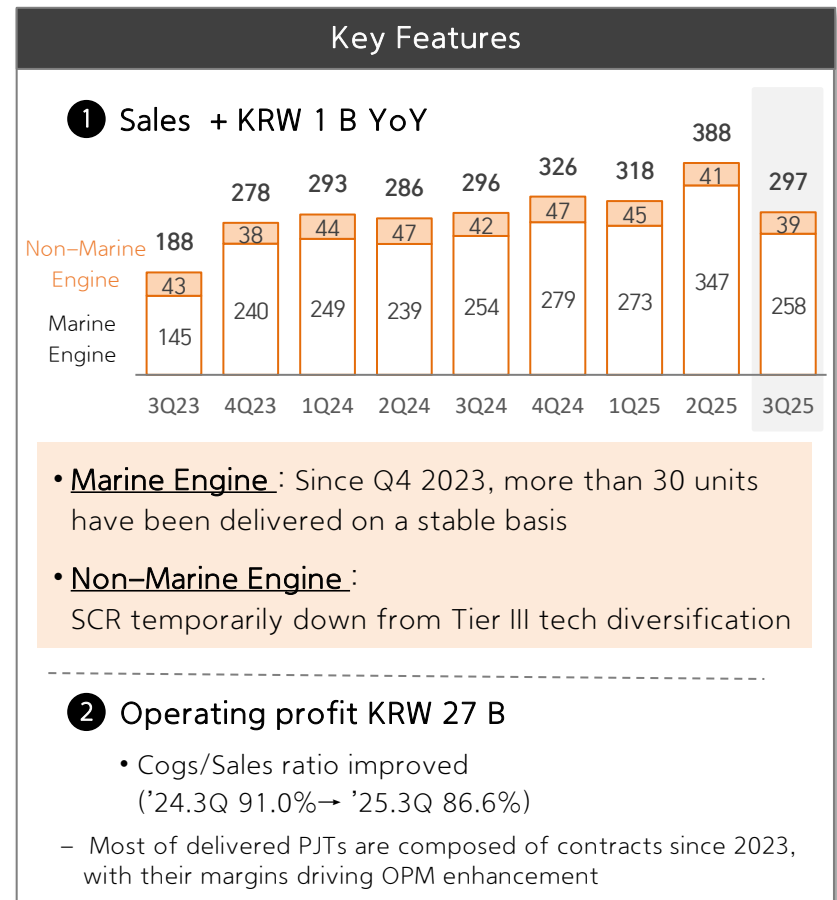


- ✓ Sales : KRW 297B
- ✓ Operating Profit: KRW 27B with 8.9% OP margin

(KRW Billion)

	'25.3Q	'24.3Q	YoY	'25.2Q	QoQ
<b>Sales</b>	<b>297</b>	<b>296</b>	+1	<b>388</b>	△91
COGS(%)	(86.6%)	(91.0%)	(Δ4.4%p)	(88.2%)	(Δ1.6%p)
Gross Profit	40	27		46	
SG&A	13	11		12	
<b>Operating Profit</b>	<b>27</b>	<b>15</b>	+12	<b>34</b>	△7
OP margin(%)	(8.9%)	(5.2%)	(+3.7%p)	(8.7%)	(+0.2%p)
Interest Income & Expense	2	-		1	
Gain/Loss on F/X	8	△3		△17	
Other Gain & Loss	△6	2		△3	
Pretax Profit	31	14	+17	15	+16
Tax	1	3		△7	
Net Profit	30	11	+19	22	+8

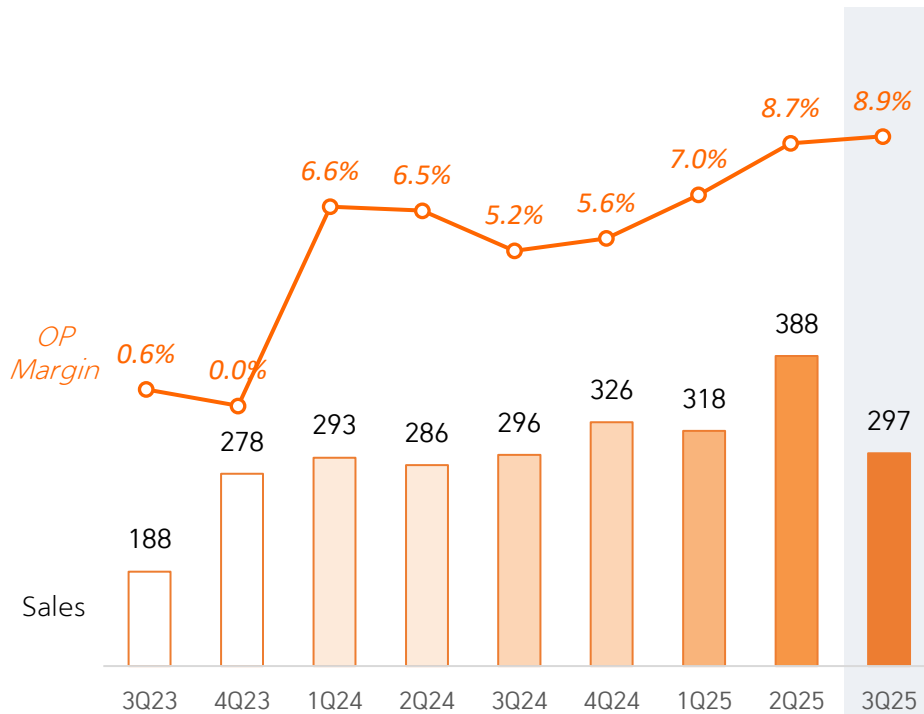
(KRW billion, %)



- ✓ 3Q 2025 Sales KRW 297B
- ✓ Contract margin enhancements from 2023 get down to be delivered.

## Quarterly Sales & OP Margin

(KRW Billion)



## Sales Breakdown

(KRW Billion)

Marine Engine  
(+1% YoY)

- Increased engine sales from well-balanced customer portfolio

	3Q24	3Q25	+/-
H/O	74	110	36
SHI	66	98	32
CHINA	115	50	△65
Others	-	-	-
<b>Total</b>	<b>255</b>	<b>258</b>	<b>3</b>

Non-Marine Engine  
(△6% YoY)

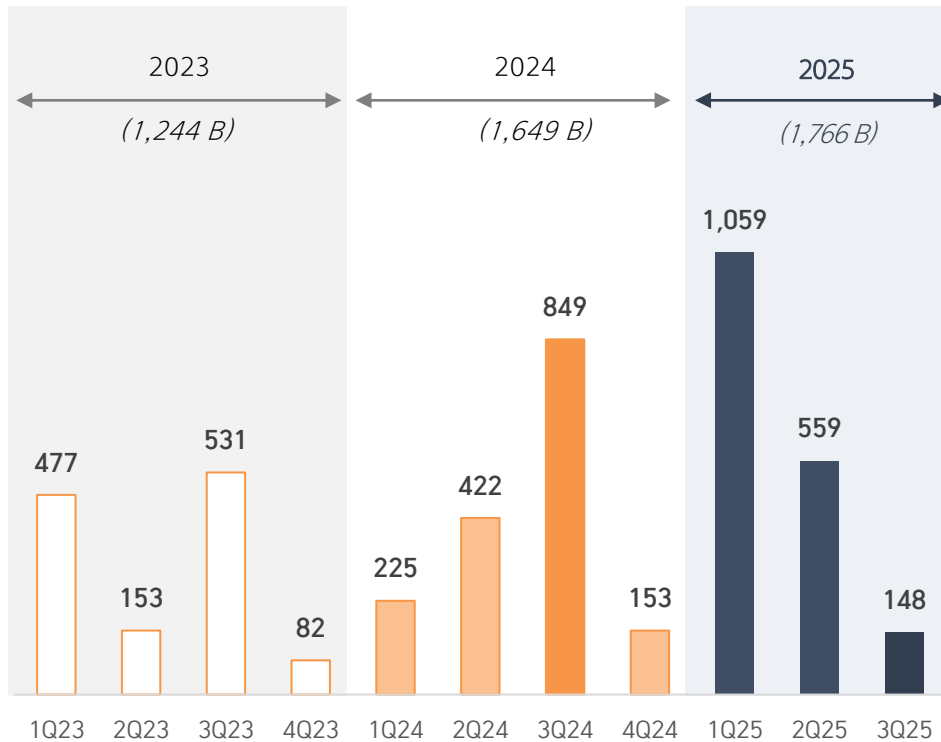
- Temporary slowdown amid groundwork for AM growth
- SCR revenue slightly reduced due to adoption of other Tier III solutions

	2Q24	2Q25	+/-
AM	35	34	△1
SCR etc	7	5	△2
<b>Total</b>	<b>42</b>	<b>39</b>	<b>△3</b>

- ✓ DF engines\* account for 88% of new contracts in 2025
- ✓ Container ships made up 88% of 2025 new marine engine orders

## Quarterly New Orders

(KRW Billion)



## Proportion of DF engine Orders

(KRW Billion)

구분	FY21	FY22	FY23	FY24	FY25
Diesel engine	394	266	55	279	190
DF engine	474	1,341	985	1,315	1,436
(%)	(55%)	(83%)	(95%)	(82%)	(88%)
Marine engine	868	1,607	1,039	1,594	1,626

## Proportion of DF engines by ship type

(%)

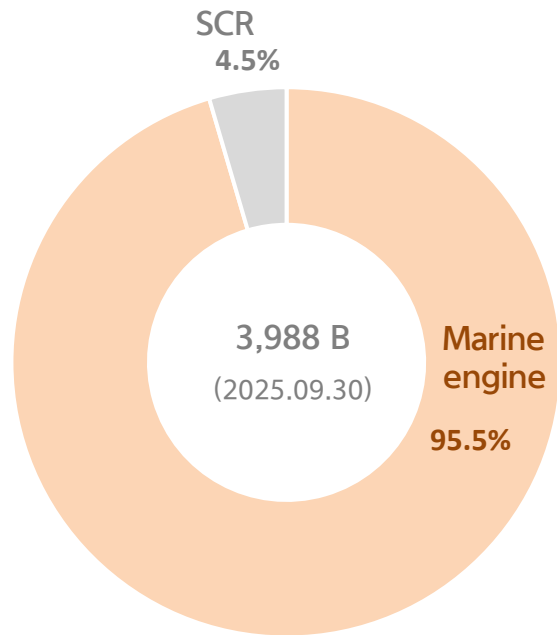
구분	FY21	FY22	FY23	FY24	FY25
Bulk	100%	36%	3%	-	-
Container	0.1%	69%	99%	100%	92%
LNGC	100%	100%	100%	100%	100%
Tanker	75%	3%	69%	8%	-
Total	55%	83%	95%	82%	88%

\*) DF engine: Dual-Fuel Engine

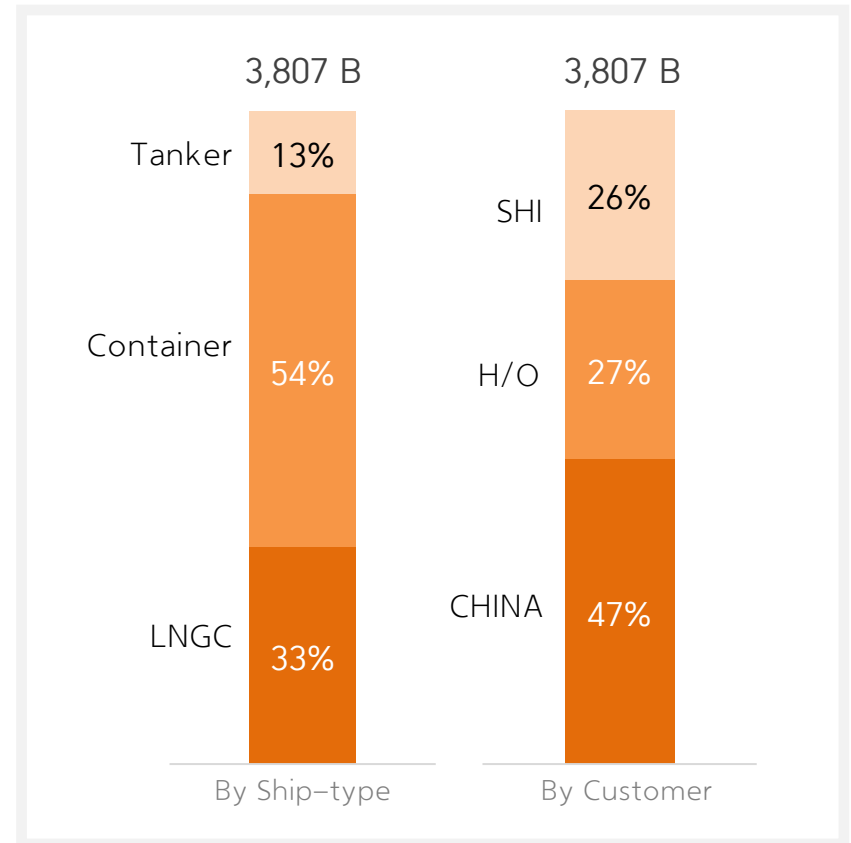
- ✓ Backlog covers approximately 3 years of deliveries
- ✓ DF engines account for 87% of marine engine

## Backlog Breakdown

(KRW Billion, %)



## Marine engine Backlog



✓ Net Debt :  $\Delta$ KRW 297 B , Net Debt ratio 224%

(KRW Billion)

	'24.12	'25.3Q	+/-
Current Assets	785	918	133
Non-current Assets	628	577	$\Delta$ 51
<b>Total Assets</b>	<b>1,413</b>	<b>1,494</b>	<b>81</b>
Current Liabilities	587	562	$\Delta$ 25
<i>Advance Receipts</i>	<i>212</i>	<i>215</i>	<i><math>\Delta</math>3</i>
Non-current Liabilities	433	471	38
<i>Long-term Advance Receipts</i>	<i>253</i>	<i>375</i>	<i>122</i>
<b>Total Liabilities</b>	<b>1,020</b>	<b>1,033</b>	<b>13</b>
Paid-in Capital	83	83	-
Capital Surplus	350	352	2
Retained Earnings	$\Delta$ 71	$\Delta$ 5	66
AOCI	31	31	-
<b>Total Equities</b>	<b>393</b>	<b>461</b>	<b>68</b>
Net Debt	$\Delta$ 66	$\Delta$ 297	$\Delta$ 231
Debt ratio	260%	224%	$\Delta$ 36%p

## Interest-bearing Debt

(KRW Billion)

	'24.12	'25.3Q
Bank loan	30	30
Corp. Bonds	44	42
<b>Gross Debt</b>	<b>74</b>	<b>72</b>
Cash and Short-term financial instruments	140	369
<b>Net Debt</b>	<b><math>\Delta</math>66</b>	<b><math>\Delta</math>297</b>

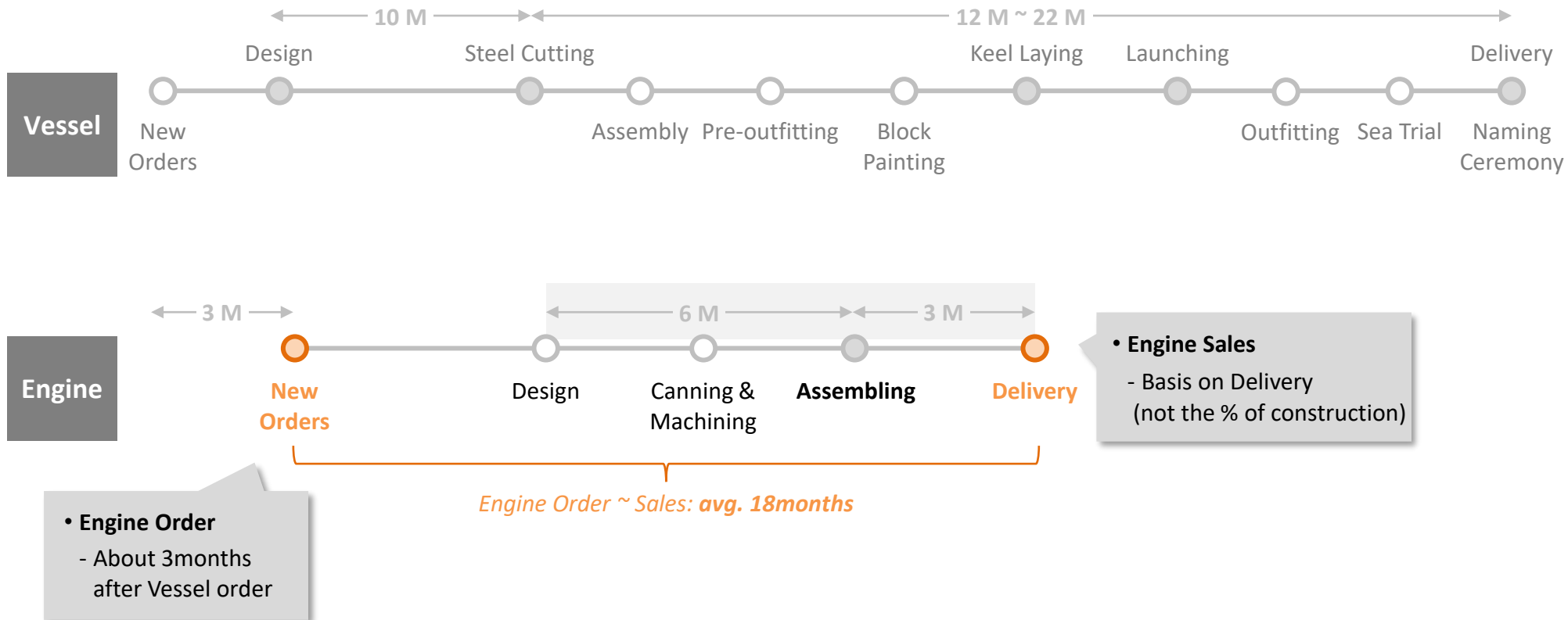
I. 2025 3Q Financials

II. Appendix

## **Disclaimer**

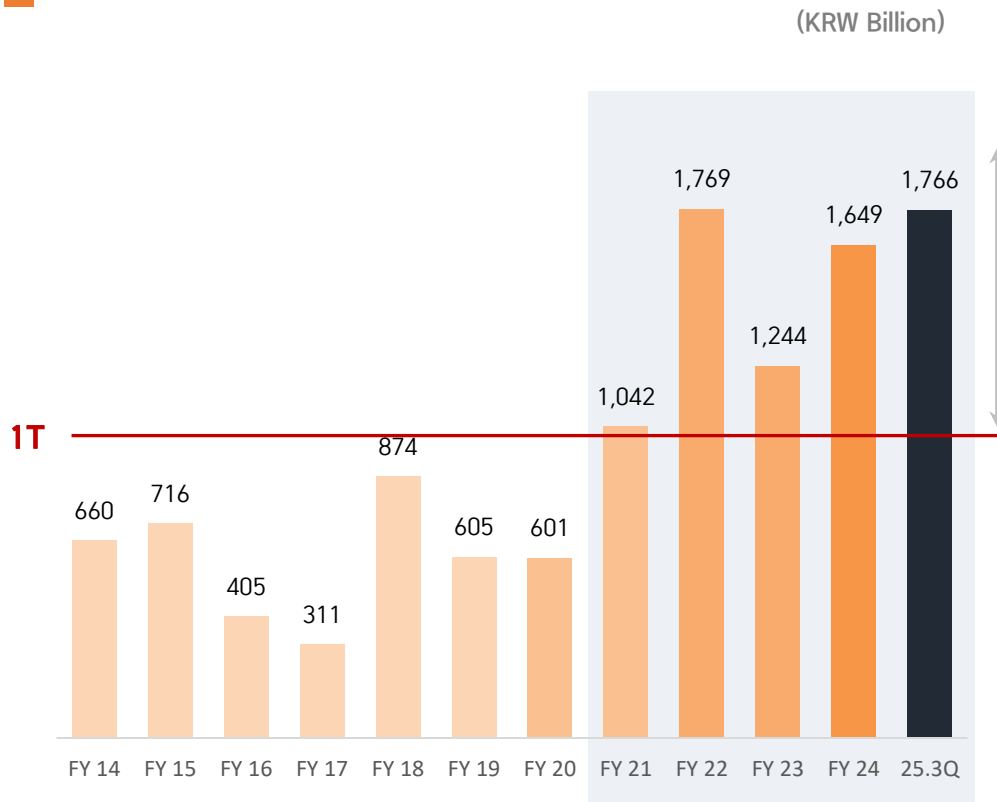
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## Shipbuilding & Engine manufacturing Process

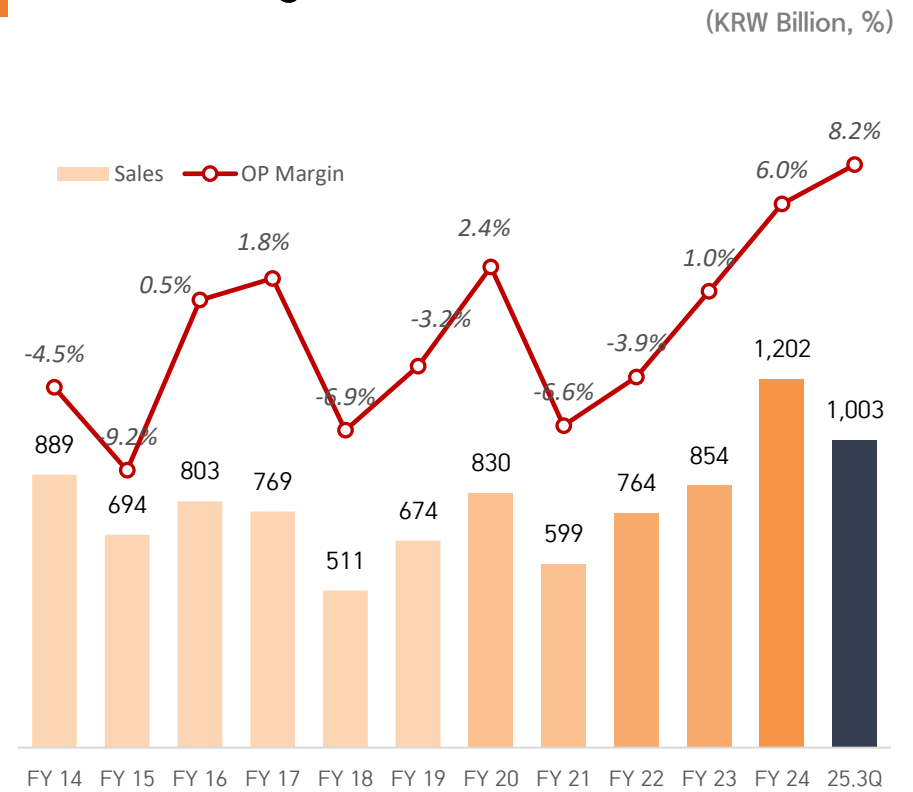


- ✓ Over KRW 1T in annual orders since 2021 – shifted to normalized margins from 2022.
- ✓ As of Q3 2025, New orders surpassed the total achieved in 2024.

## 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

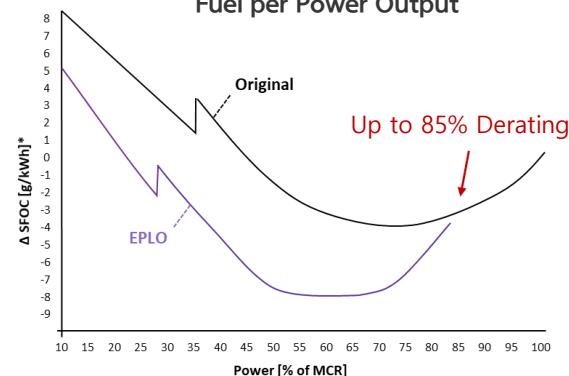
### EPLO (Engine Part Load Optimization)

: Eco-friendly retrofit

enhancing fuel efficiency via partial-load optimization.

- ✓ With Accelleron: Custom **engine optimization**
- ✓ 3% reduction in fuel and CO<sub>2</sub>, Improved **CII rating**
- ✓ **Longer** engine life, **lower** maintenance

#### Fuel per Power Output



#### [2024 Höegh Autoliners EPLO]



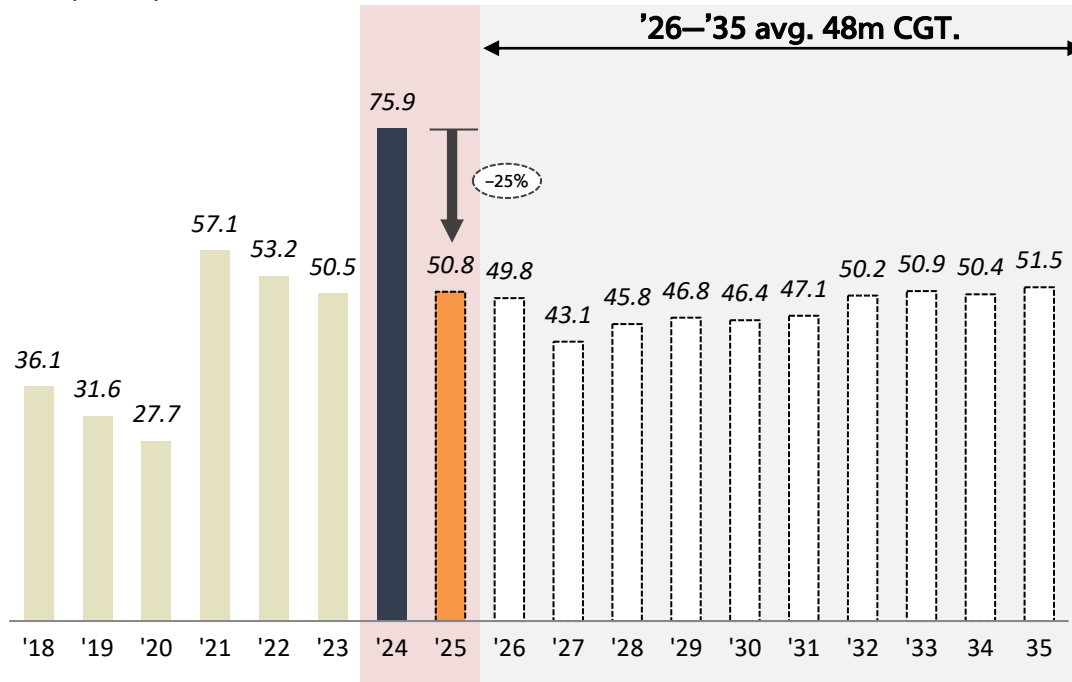
- 8 Höegh Autoliners PCTCs
- 10g/kWh fuel reduction (5% savings)

[Source: Accelleron Press Releases]

- ✓ 2025 new contracts are expected to decline by 25% YoY ('24 75.9m.CGT → '25 50.8m.CGT)
- ✓ Mid- to long-term average ('26 ~ '33) expected at 48m CGT.

## Global New Orders Outlook

(mCGT)



※ Source : Clarkson Forecast Report (Mar. 2025)

## 2025 MEPC Meeting Summaries

Marine Environment Protection Committee

### MEPC 83<sup>rd</sup> Session

(2025.04.07~11)

#### • Key Features

- World's first maritime carbon pricing scheme to take effect in H1 2027
- Vessels over 5,000 GT must meet GFI<sup>1)</sup> standards (Non-compliance: \$100-\$380/tCO<sub>2</sub>e to IMO)
  - Base: 4% by 2028, 16% by 2030, 30% by 2035
  - Direct<sup>2)</sup> : 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.

### MEPC 2<sup>nd</sup> E/S

(2025.10.14~17)

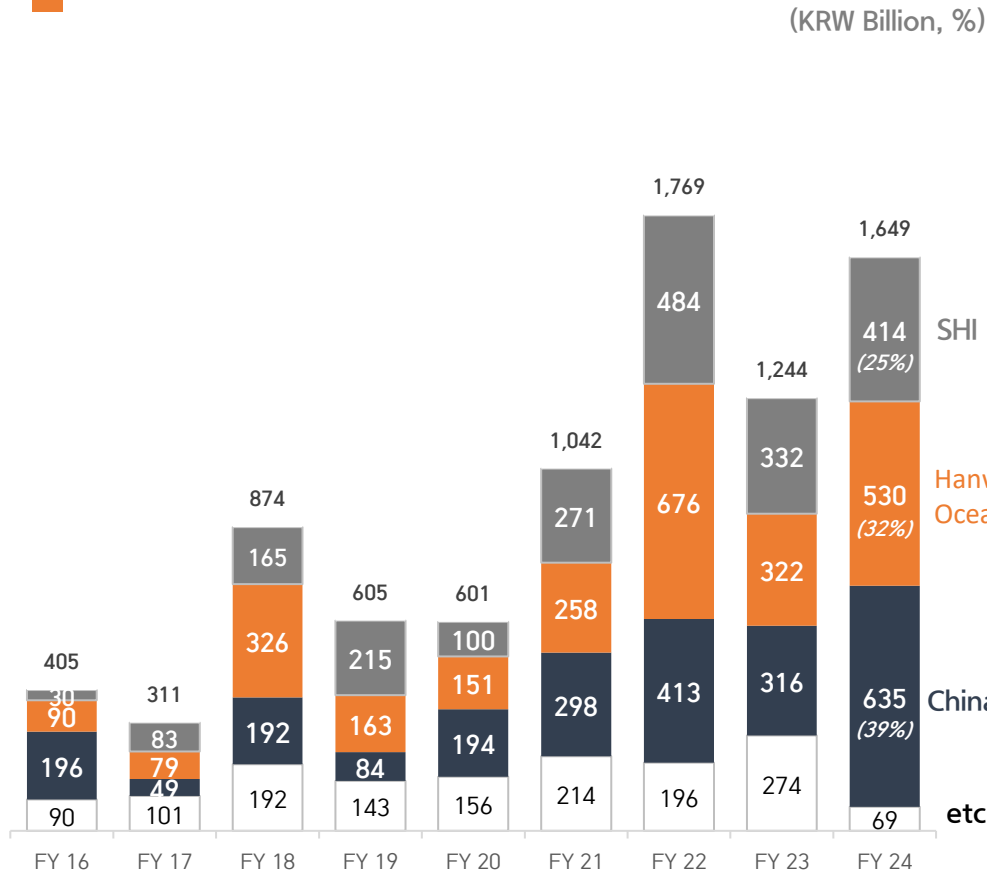
#### • Key Features

- Adoption of IMO NZF<sup>3)</sup> deferred by one year
- Uncertainty increases as the EU moves to strengthen its carbon regulations<sup>4)</sup>.

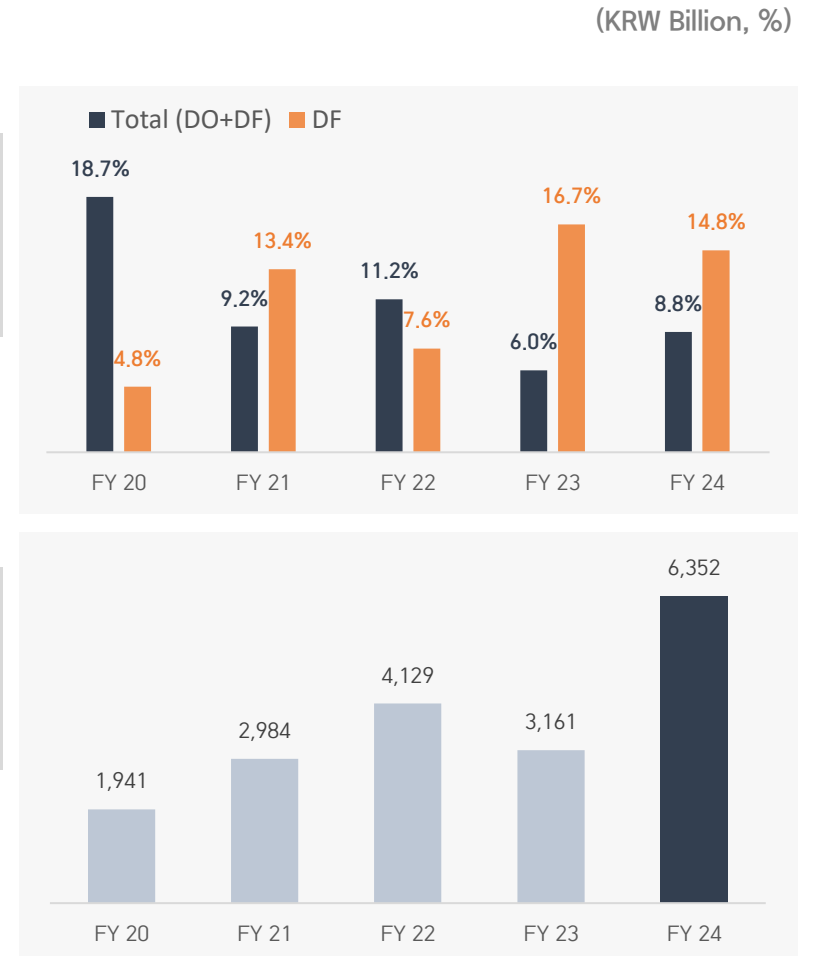
1) GFI: GHG Fuel Intensity  
 2) Direct Compliance target  
 3) Net Zero Framework  
 4) ETS, Fuel EU

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

## Order Breakdown by customer



## Chinese market



## 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.]

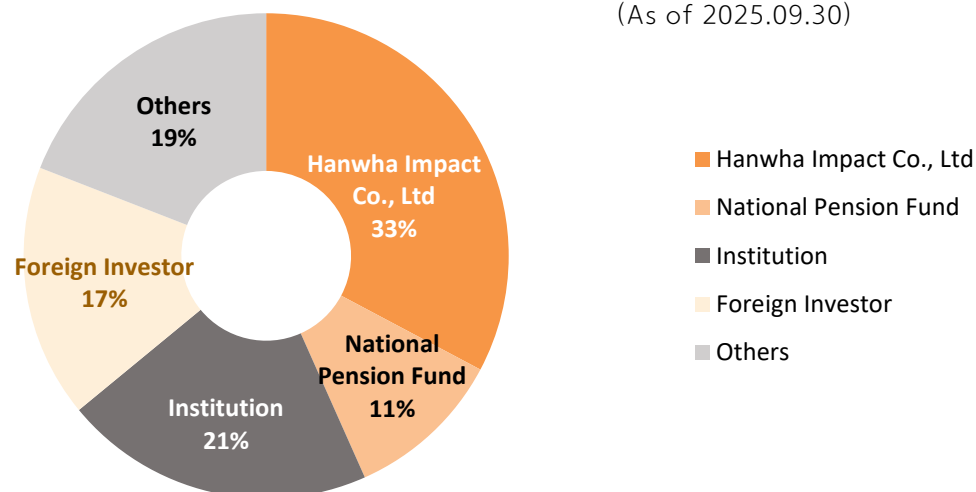
## Business Areas

(KRW Billion, %)

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

## Shareholders

(As of 2025.09.30)





## Changwon Plant (Headquarter)



- Plant
- Site
- Branch

## 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)

**Licensor** Everllence(f.k.a. MAN-ES), Win-GD

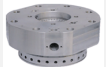
**Customer** Ship Builder (e.g. SHI, H/O, Yangzijiang, NTS)



## Hanwha Engine AM Business *(After Market Business)*

### Major Products

CYLINDER COVER



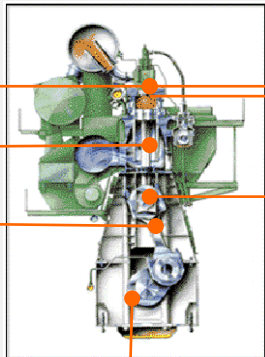
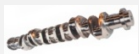
PISTON ROD



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