

Hyundai Elevator

# Corporate Value-up Plan

2024

# Disclaimer

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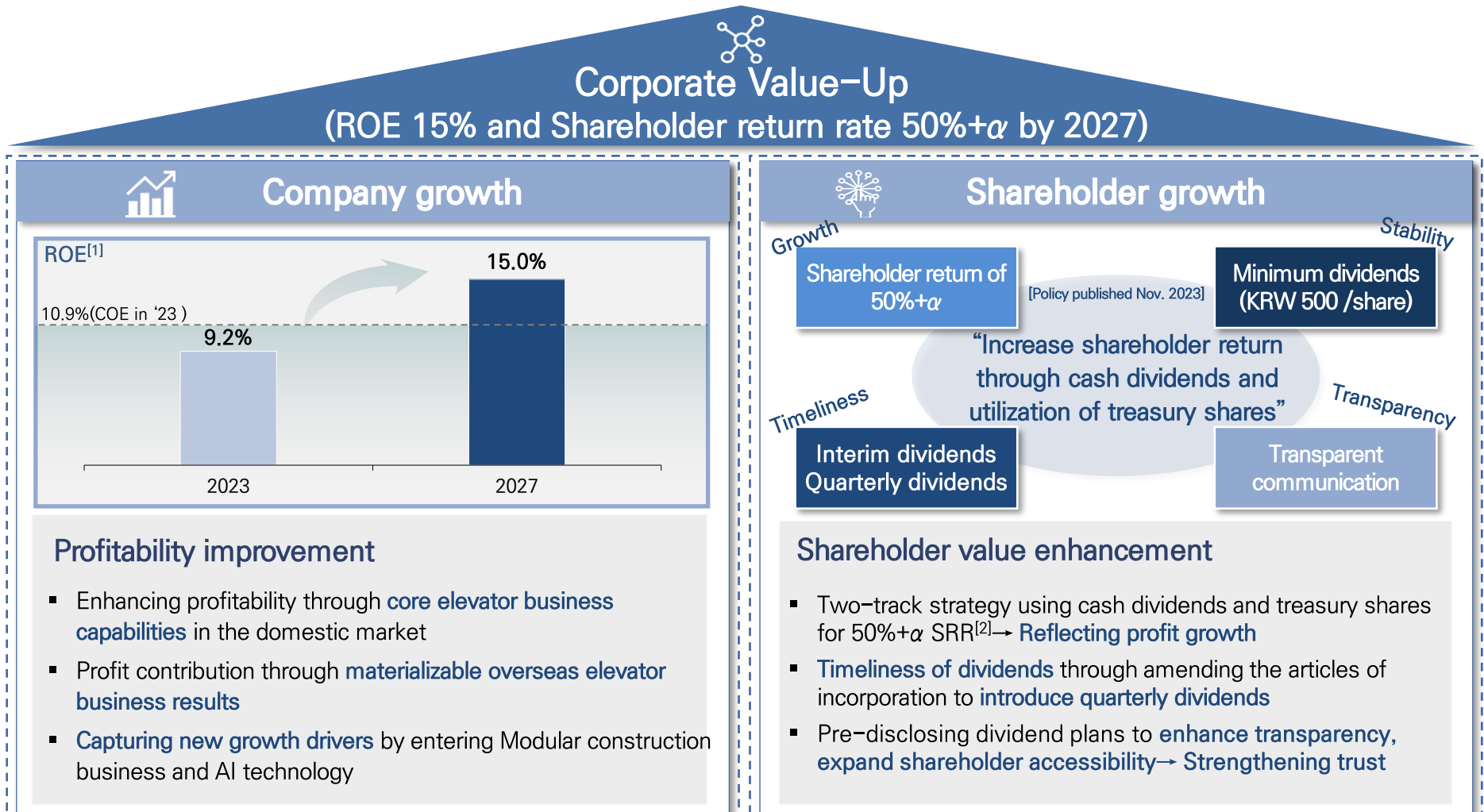
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# I . Executive Summary

Enhance profitability with No. 1 market share in the domestic elevator (E/L) market. Committed to boosting enterprise value through sustainable **shareholder return and transparent communication.**



Note: [1] Adjusted ROE after normalizing profit of KRW 282bn from majority shareholder litigation in '23, [2]SRR: Shareholder Return Rate

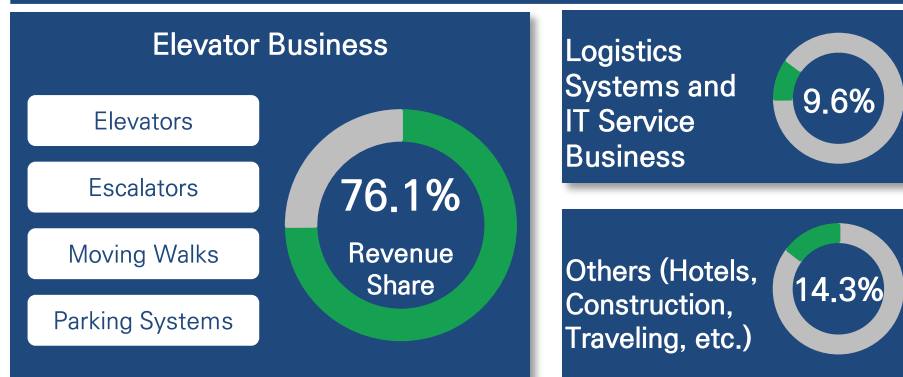
# II. Company Overview

Founded in 1984, the Company focuses on the elevator business while also operating logistics systems, hotels, and construction businesses.

## Company Profile [As of 3Q 2024]

Name	Hyundai Elevator Co., Ltd
CEO	Cho, Jae Cheon
Date of Establishment	May 23, 1984
HQ Address	128 Chungjusan1-ro, Chungju-si, Chungcheongbuk-do, South Korea
Business Area	Production, sales, and maintenance of elevator, escalator, etc.
Employees	2,893
Subsidiaries	38 (1 Public and 37 Private)

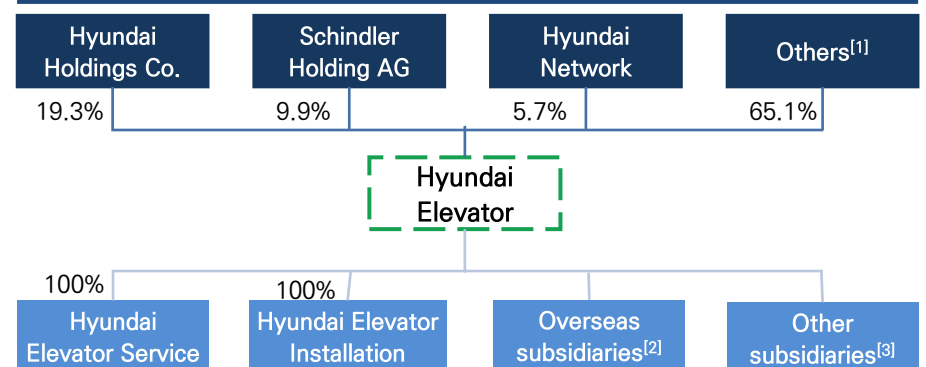
## Business overview [As of 3Q 2024]



## Financial Summary [As of 3Q 2024]

Financial Performance		Financial Position	
	Revenue KRW <b>2,098</b> bn		Assets KRW <b>3,370</b> bn
	Operating Income KRW <b>160</b> bn		Liabilities KRW <b>2,109</b> bn
	Net Income KRW <b>97</b> bn		Equity KRW <b>1,260</b> bn

## Shareholders and subsidiaries [As of 3Q 2024]



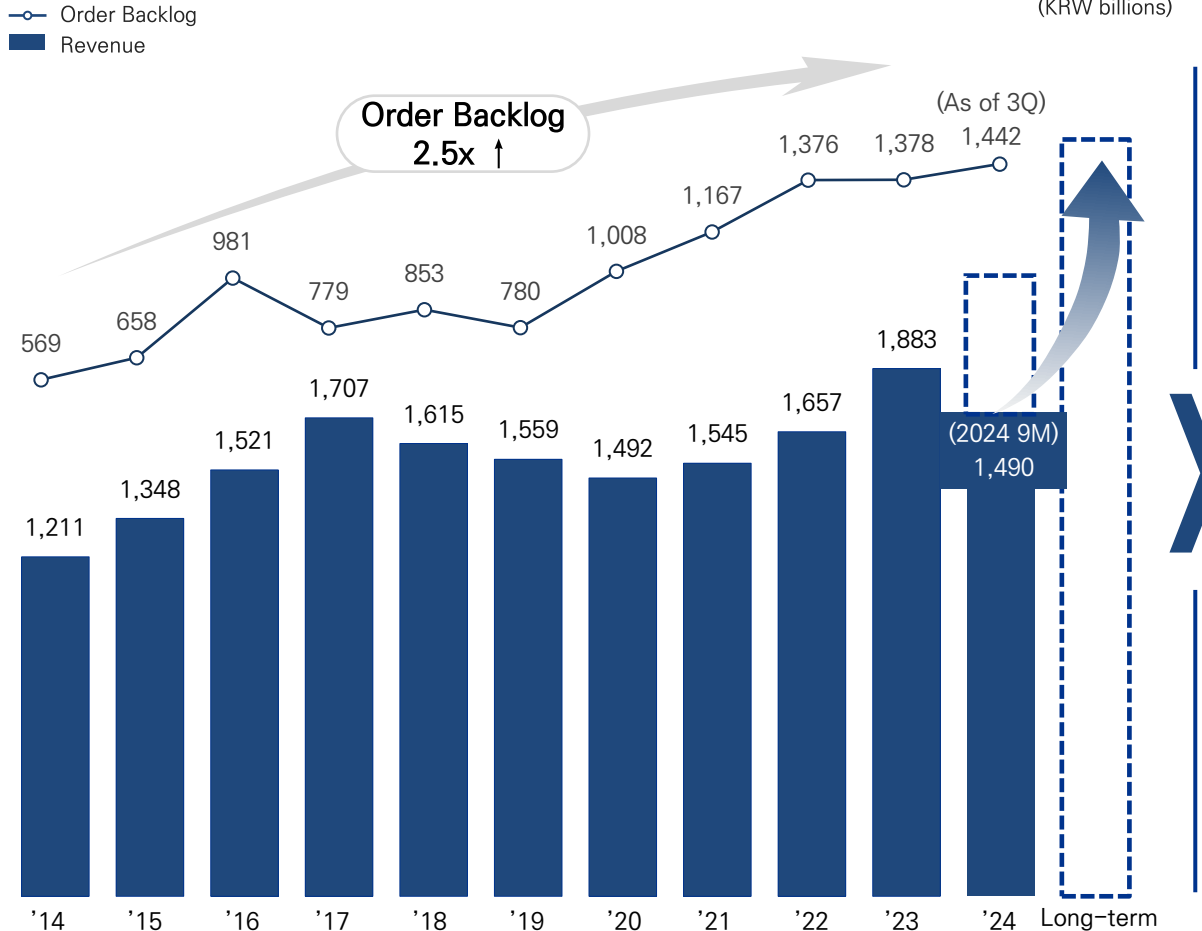
Note: [1] Treasury shares(7.6%), Employee Stock Ownership Plan(ESOP)(2.9%), Related Parties(2.8%) and Others(51.8%), [2] China, Indonesia, Vietnam, Malaysia, Türkiye, [3] Hyundai MOVEX (53.4%), Hyundai Research Institute(89.5%), etc.

# III. Current Status Analysis ① Revenue Growth

The leader in the domestic E/L market demonstrating steady revenue growth with unmatched technology. Securing long-term growth drivers based on technological competitiveness and new business expansion.

Hyundai Elevator revenue and order backlog trend (Standalone)

(KRW billions)



## Status Analysis

### ▲ Continuous growth leveraging a solid No.1 M/S position

- **Steady growth achieved** by expanding market share and securing E/L manufacturing and maintenance know-hows, thus remaining as the domestic E/L M/S #1 for 17 consecutive years.
- As the No.1 player with a strong sales network in the domestic E/L market, **continuous growth is expected** in the future.

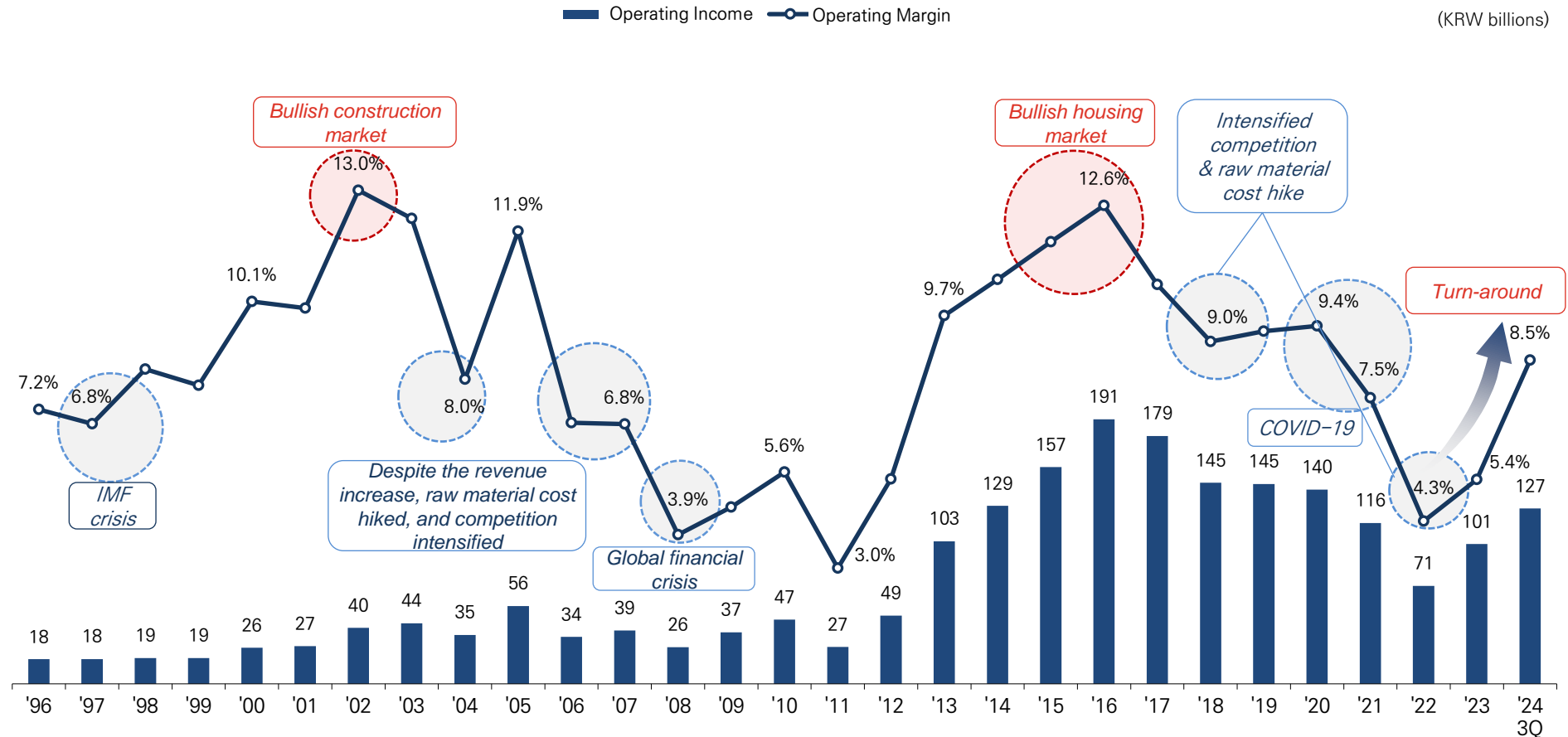
### ▲ Capturing Long-term growth driver with active AI/Smart R&D

- Developing additional growth factors with active R&D such as AI-augmented elevators.
- Transitioning to **smart mobility solutions** utilizing AI/Smart technologies as the future business, expanding beyond elevators and escalators.

# III. Current Status Analysis ② Stable Profitability

Since establishment, the Company maintained continuous growth and profitability despite economic crises such as the IMF, global financial crisis, COVID-19, and fluctuations in the construction & housing market cycles.

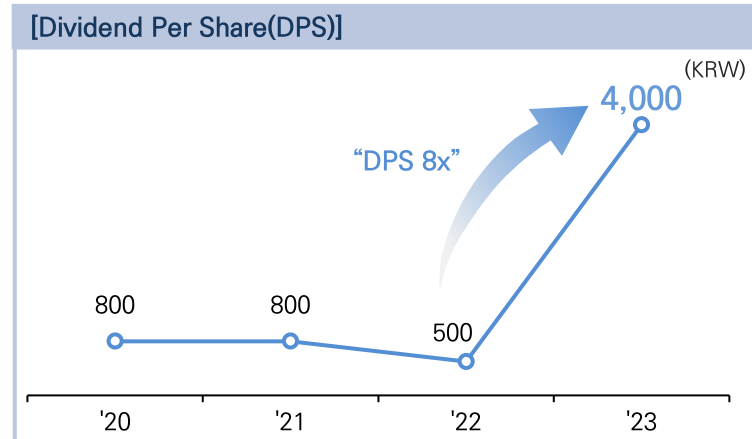
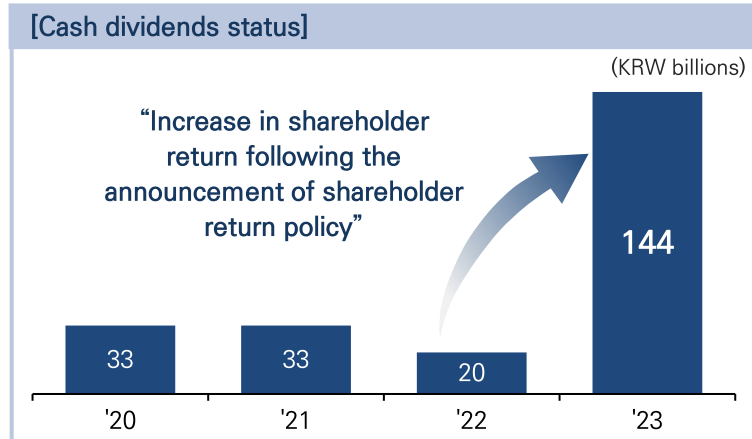
## Operating income and operating margin trend (Standalone)



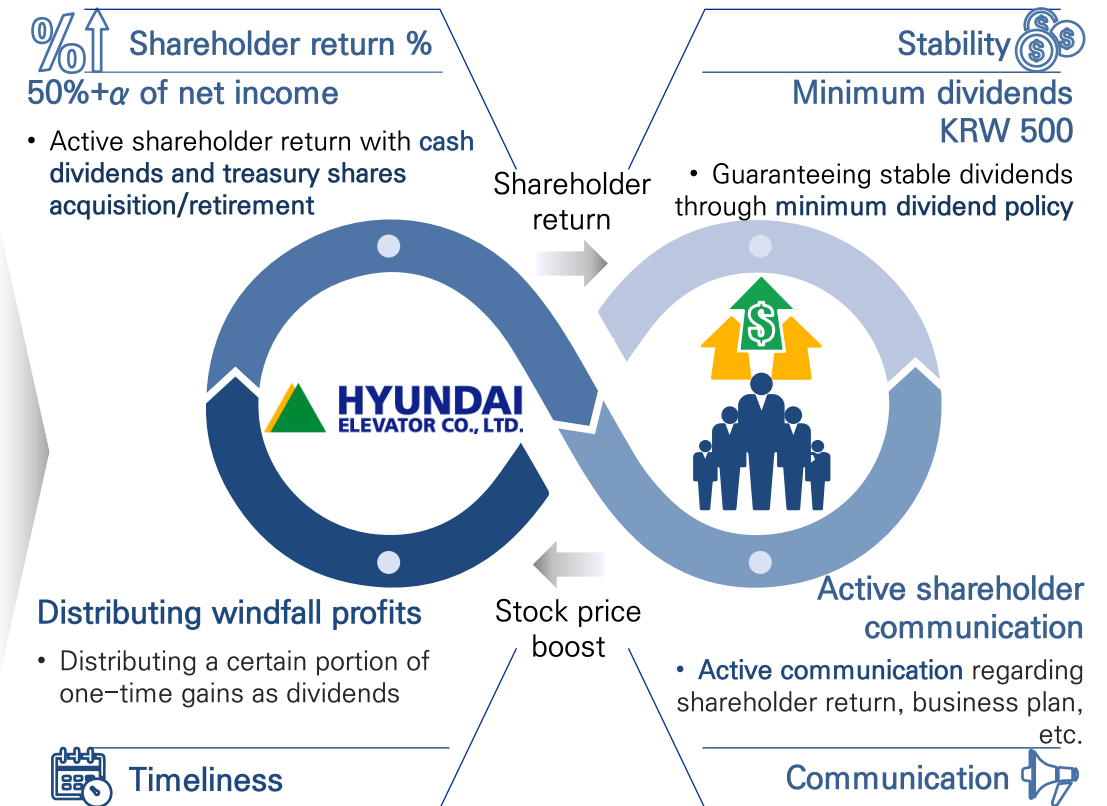
# III. Current Status Analysis ③ Active Shareholder Return

The 5-year shareholder return plan was announced in November 2023. A virtuous cycle of stock price boost from enterprise value enhancement through total shareholder return is expected.

## Shareholder return analysis



## Corporate policy for shareholder values (Announced in Nov. '23)



“A virtuous cycle of enhanced enterprise value and stock price boost through active shareholder return”

# III . Current Status Analysis ④ Envisioning a Green Mobility Company

Advancing ESG management strategy system and implementing action tasks to realize sustainability for various stakeholders and beyond – the society and the environment.

ESG VISION  
Create Green Mobility for a Sustainable World

## Focus Areas

E

- Climate action
- Sustainable resource circulation & Biodiversity
- Eco-friendly products
- Product responsibility

+

S

- Human rights management
- Human capital & Healthy organizational culture
- Supply chain management & Community impact
- Information protection

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G

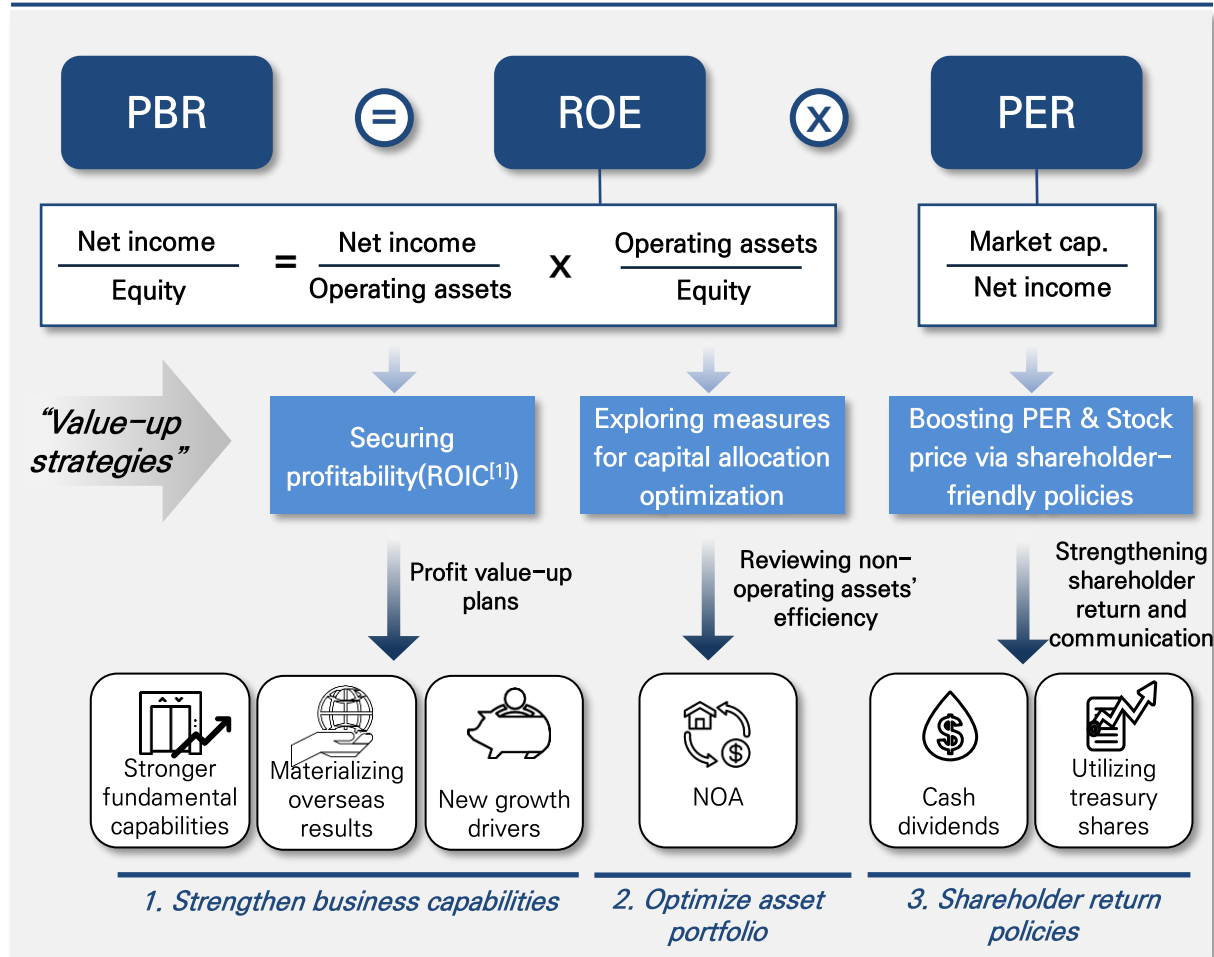
- Transparent governance
- Compliance
- Stakeholder communication
- Advancement of ESG management

Advancing corporate sustainability: 2024 KCGS Comprehensive Assessment Grade A(Excellent) and Sustainable Management Awards in Korea Grand Prize in Governance category

# IV. Value-up Goals ① Corporate Value-up Roadmap

Plans to achieve corporate value-up through ROE(ROIC), PER enhancements, as ROE and PER are the key PBR indicators.

## Value-up roadmap via PBR components analysis



## Choosing financial metrics

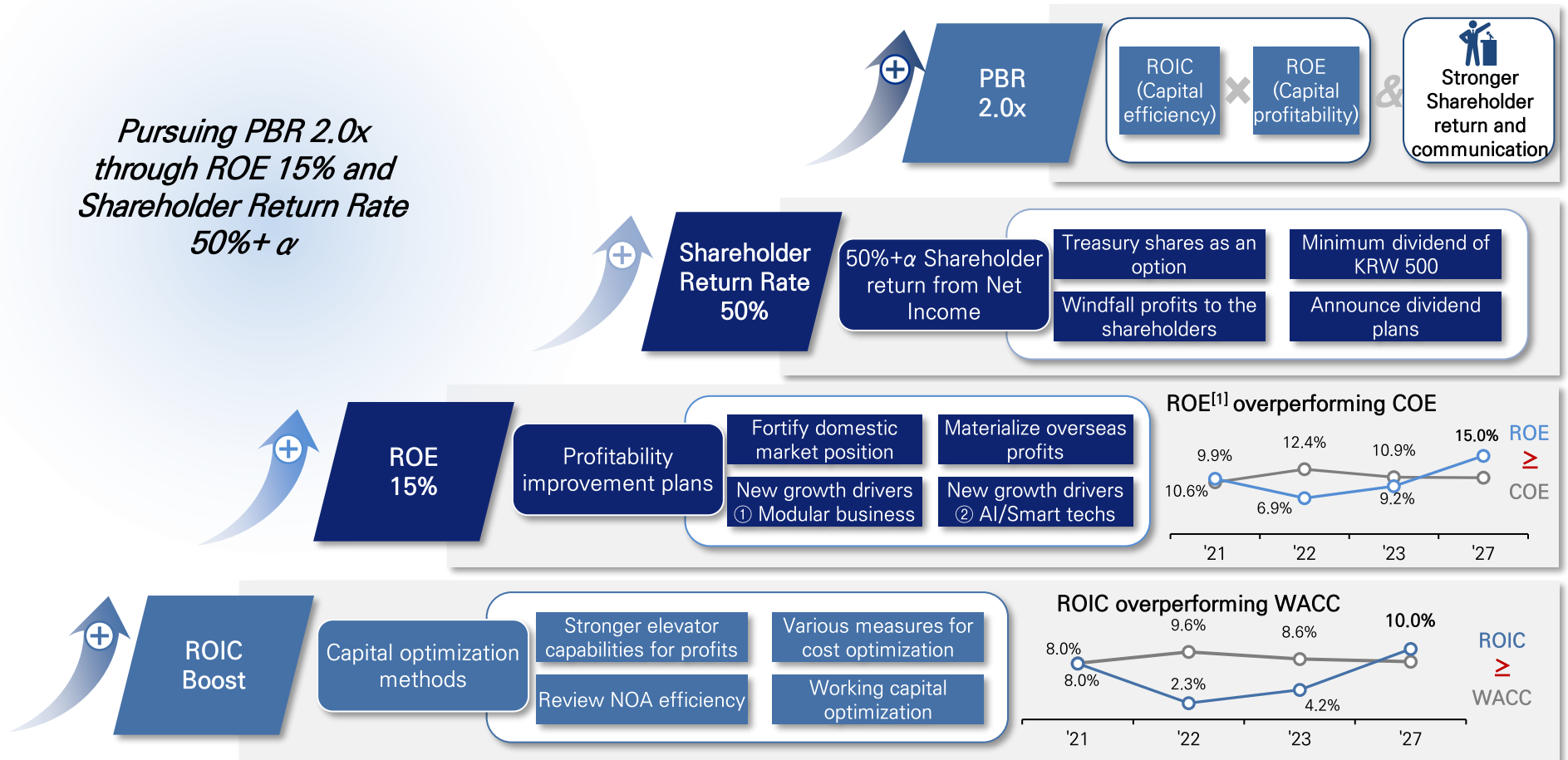
- ▲ **PBR: a comprehensive indicator of corporate value**
  - PBR consists of ROE and PER, which respectively signifies profitability and market valuation.
    - ※ ROE: **The profitability of the company from the shareholders' perspective.** (Net income/Equity)
    - ※ PER: **Reflects the market valuation of the company's profits.** (Market cap./Net income)
- ▲ **ROE&ROIC below the market's expectation**
  - The Company's ROE is below its COE, and the Corporate Value-up plan to address the shortfall in ROE.
- ▲ **Additional PER boost opportunity through Shareholder-friendly and Value-Up policies**
  - As the Company plans on more active shareholder return policies, additional room for enterprise value enhancements exists.

Note: [1] ROIC=(NOPLAT/Operating Assets), boosting ROIC will lead to optimizing (Net income/Operating assets)

# IV. Value-up Goals ② 2027 Value-up Goals

Aims to achieve ROE 15% and Shareholder Return Rate 50%+ $\alpha$  by 2027.

## Milestones for the target financial metrics

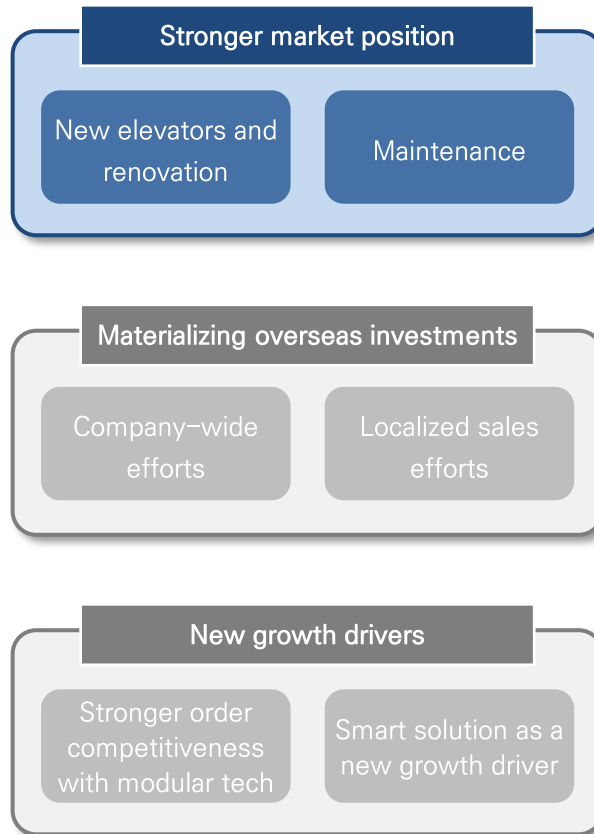


Note: [1] Adjusted ROE after normalizing profit of KRW 282bn from controlling shareholder litigation in '23

# V. Value-up Plan ① Fortifying Domestic Market Position

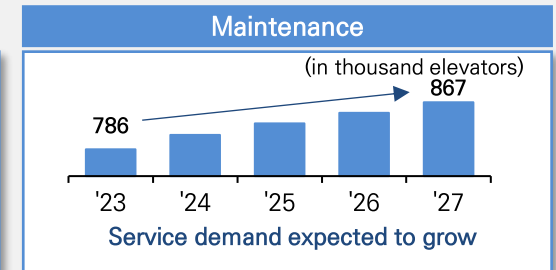
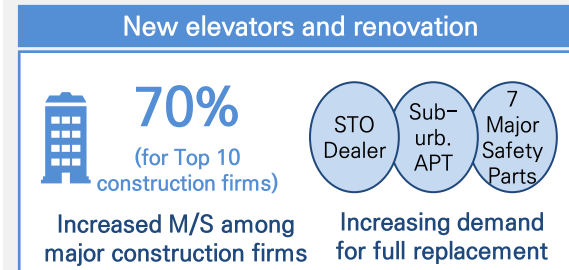
Winning orders through enhanced market share and improving profitability will help fortifying domestic E/L market position.

## Strategy to boost revenue and profitability



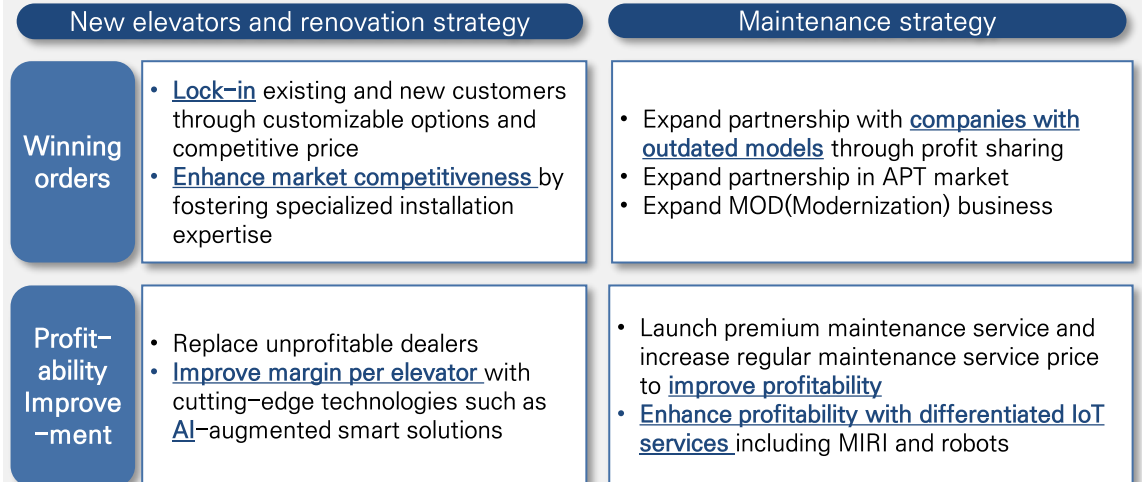
## Domestic E/L market forecast and market position expansion plan

### Current market and forecast



***"A tailored plan for the domestic E/L market's characteristic and change!"***

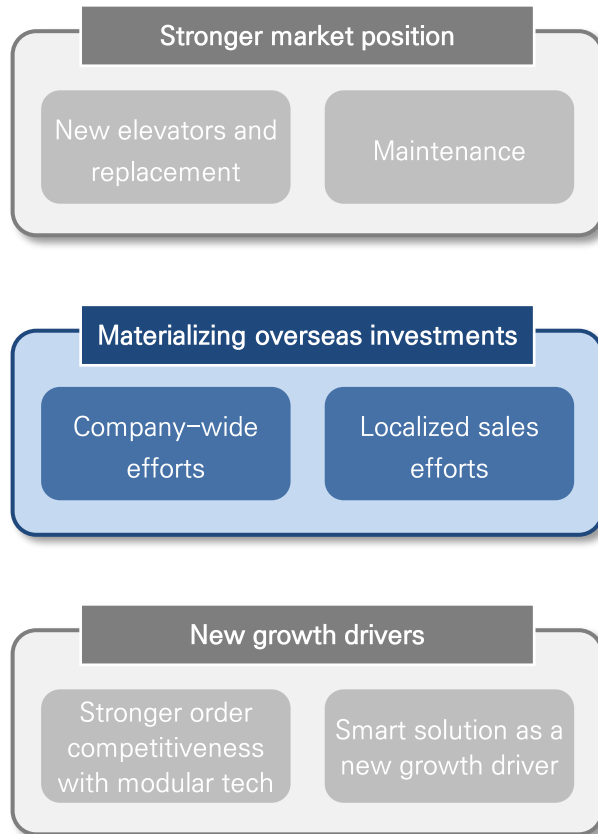
### Winning orders & Profitability improvement plan



# V. Value-up Plan ② Materializing Overseas Business Results

Turnaround in overseas profitability will be initiated utilizing the accumulated overseas sales networks.

## Strategy to boost revenue and profitability



## Overseas market strategy

### Overseas sales network



*“Overseas profitability turnaround with overseas network!”*

### Company-wide efforts

#### More orders through direct sales

- Collaborate with Korean construction companies’ overseas sites
- Reinforce North America, Middle East and CIS regions coverage

#### Improved profitability from reorganized sales network

- Select orders based on profitability
- Increase margin with material, option diversification
- Win large/high-speed/landmark construction orders for profitability

### Localized sales efforts



# V. Value-up Plan ③ New Growth Drivers

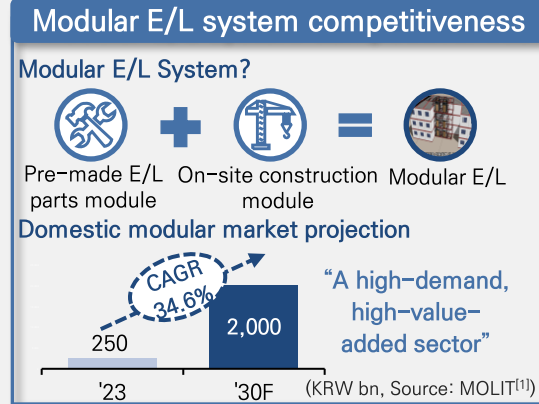
Planning to capture new growth drivers aligned with the paradigm shift to smart mobility with active investments to the future.

## Strategy to boost revenue and profitability

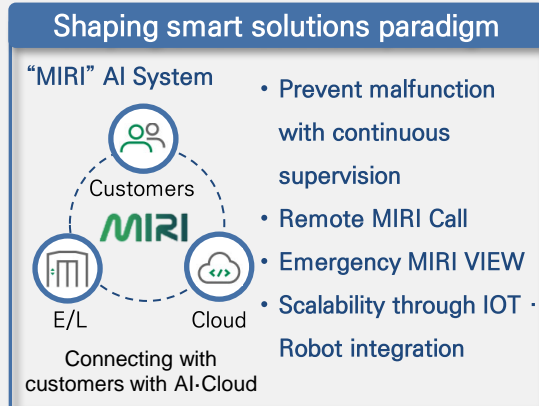


## New E/L business expansion following the smart mobility trend

### Entering the modular construction market



### Expanding smart solution implementation



### Expectations and outlook

- 1 **Strengthen order competitiveness** by capturing the domestic modular construction market
- 2 Recognized as **"recommended manufacturer"** for Neom-City project (The only global E/L manufacturer)
- 3 **Strengthen cutting-edge technology** suiting the current paradigm shift by obtaining modular **E/L know-hows**

### Expectations and outlook

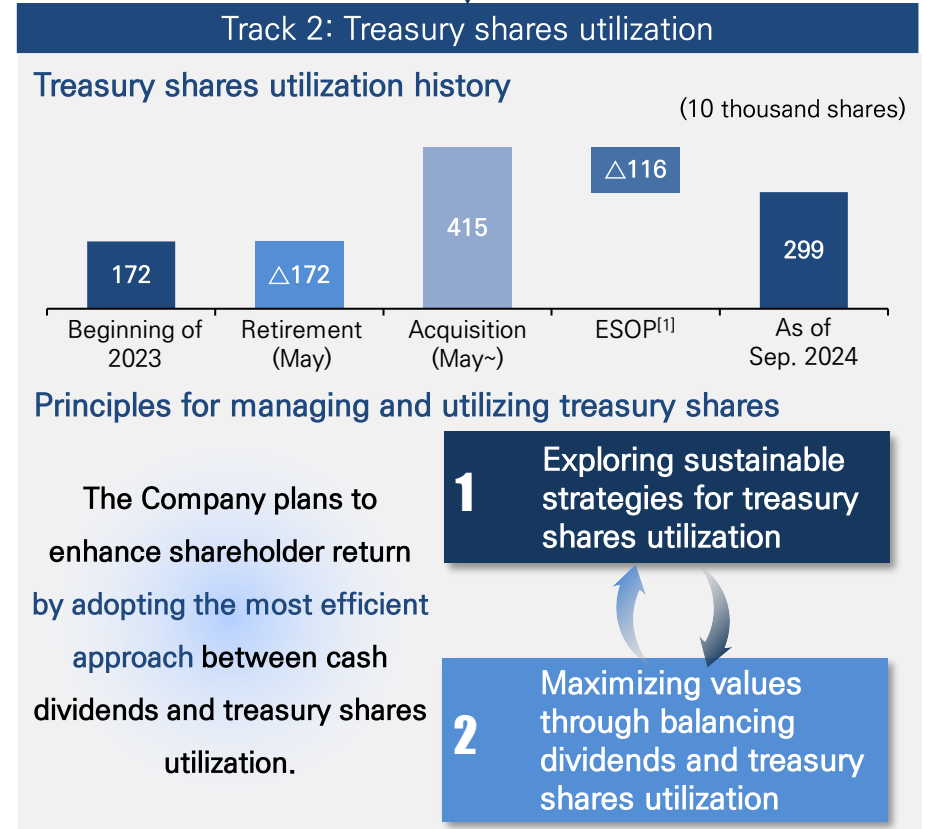
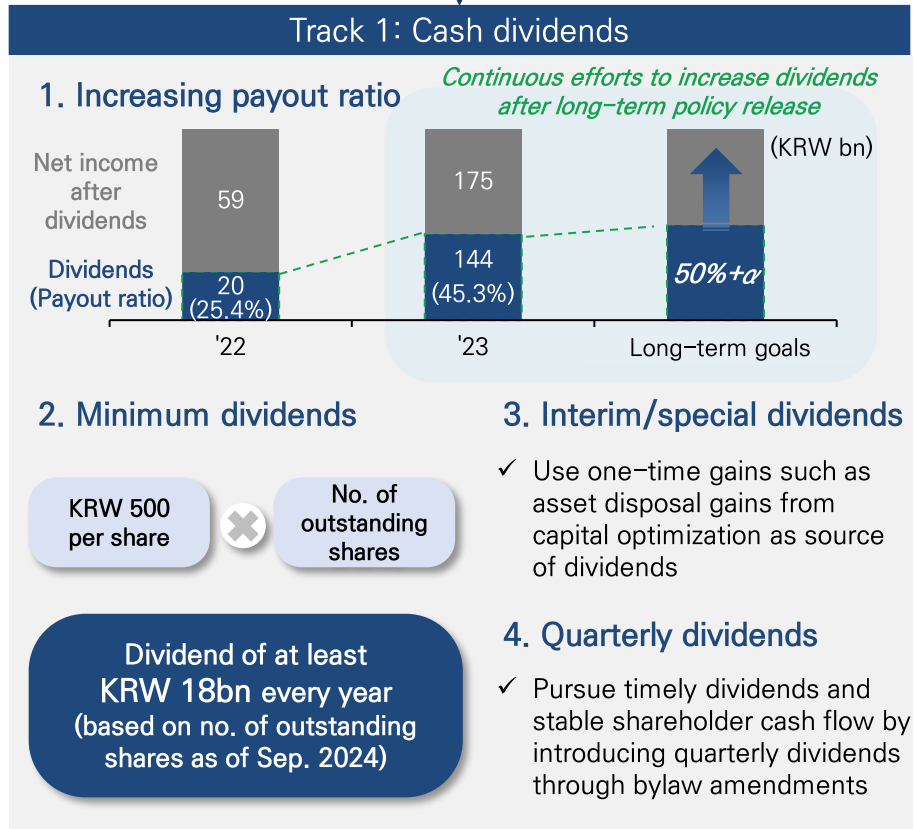
- 1 **Present innovative possibilities** with AI-augmented new technologies in the E/L market
- 2 **Smart Platform** which functions beyond a transportation and builds continuous customer relations
- 3 **Boost market competitiveness** in the global E/L market by combining stability and smart tech

Note: [1] MOLIT: Ministry of Land, Infrastructure and Transport of South Korea

# V. Value-up Plan ④ Shareholder Return Plans

Achieve **SRR of 50%+α** and enhance shareholder values with a two-track strategy of increasing dividends by establishing long-term shareholder return policy and utilizing treasury shares,

$$\text{SRR(\%)} \text{ (Shareholder Return Rate)} = \frac{\text{Total dividends} + \text{Treasury shares acquisition/retirement}}{\text{Previous year net income}} \geq 50\%$$



Note: [1] ESOP: Employee Stock Ownership Plan

# V. Value-up Plan ⑤ Transitioning to a Green Mobility Company

A transparent, advanced government structure, a long-term carbon neutrality roadmap, and advanced safety management strategy system will be promoted for a sustainable management of the Company.

## Key non-financial focus areas

**Governance**

Establishing transparency

**Environment**

Climate action in response to climate change

**Society**

Advancing the Safety Management System

## Key action plans

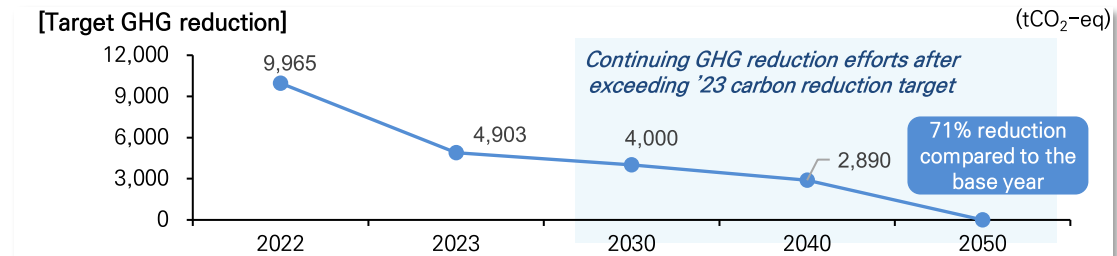
- Introducing board operation assessment to enhance board expertise and audit independence

Board operation assessment method	
Annual assessment	Assess BOD·Committees
Enhance audit independence	
Audit committee with all independent directors	



Enhance board expertise based on the assessment results and enhance governance independence

- Long-term GHG<sup>[1]</sup> reduction implementation plan for achieving carbon neutrality 2050



- Roadmap for advancing the safety management strategy system



Note: [1] GHG: Greenhouse Gas

# VI. Communication

Transparency and trust will be strengthened to enhance enterprise value and ensure transparent management.

## Communication status and future plans



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Thank you.

