

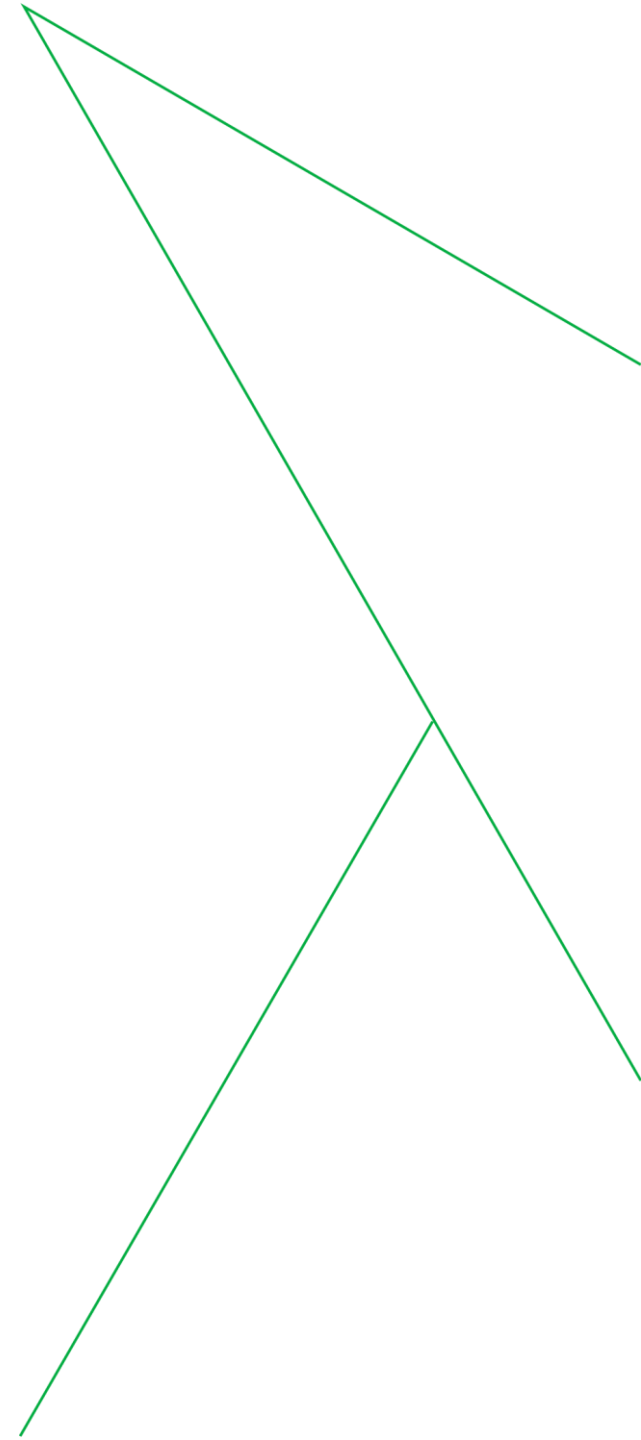
HD KSOE Value-up Plan

December 2024



CONTENTS

1. Company Overview
2. Business Status
3. Value-up Targets
4. Action Plans
5. Communication



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Company Overview

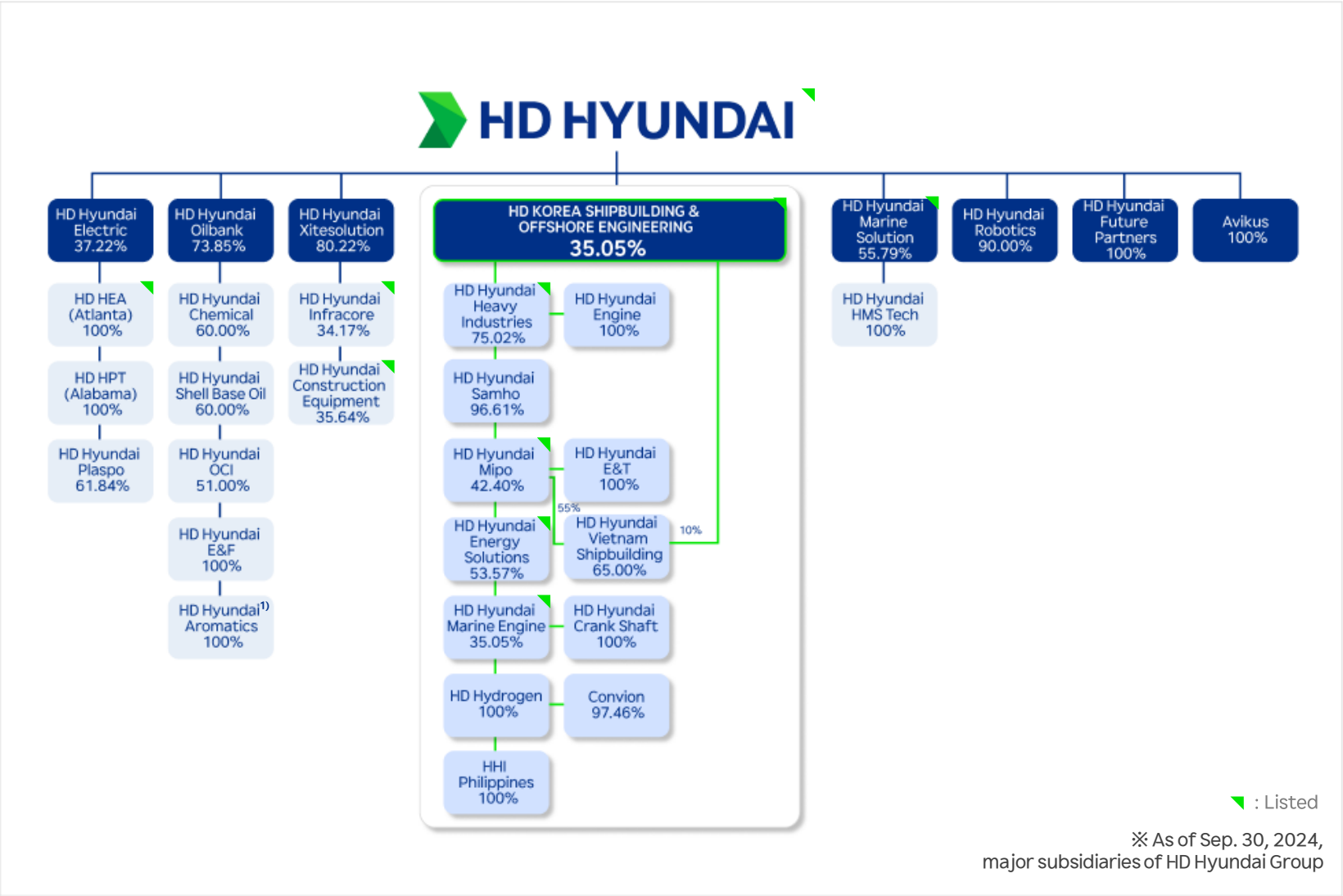
● Company Overview

Business Status

Value-up Targets

Action Plans

Communication



HD Hyundai Heavy Industries
75.02%

HD Hyundai Engine
100%

HD Hyundai Samho
96.61%

HD Hyundai Mipo
42.40%

HD Hyundai Energy Solutions
53.57%

HD Hyundai Marine Engine
35.05%

HD Hyundai Hydrogen
100%

HHI Philippines
100%

HD Hyundai HMS Tech
100%

HD Hyundai Robotics
90.00%

HD Hyundai Future Partners
100%

Avikus
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Avikus
100%

▲ : Listed

※ As of Sep. 30, 2024,
major subsidiaries of HD Hyundai Group

General Information

Company name	HD KSOE HD Korea Shipbuilding & Offshore Engineering
Market listing	KOSPI
CEO	Chung Kisun Kim Sung-joon
Establishment	December 28, 1973
Head office	477, Bundang Suseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do
Business areas	<ul style="list-style-type: none">• Shipbuilding• Offshore Plants• Engines & Machinery• Green
Shares outstanding	70,773,116shares (common stock)
Major shareholders	<ul style="list-style-type: none">• HD HYUNDAI(35.05%)• NPS(6.35%)

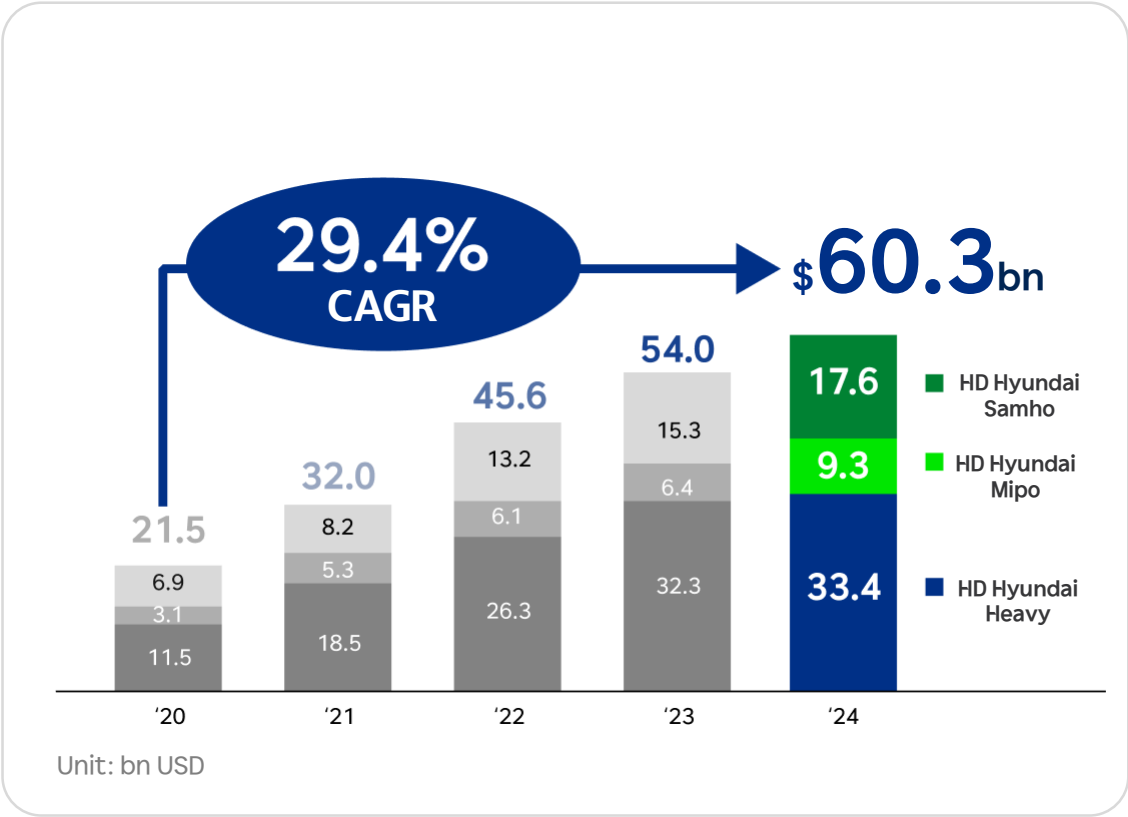
※ As of the end of September 2024

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

Business Status

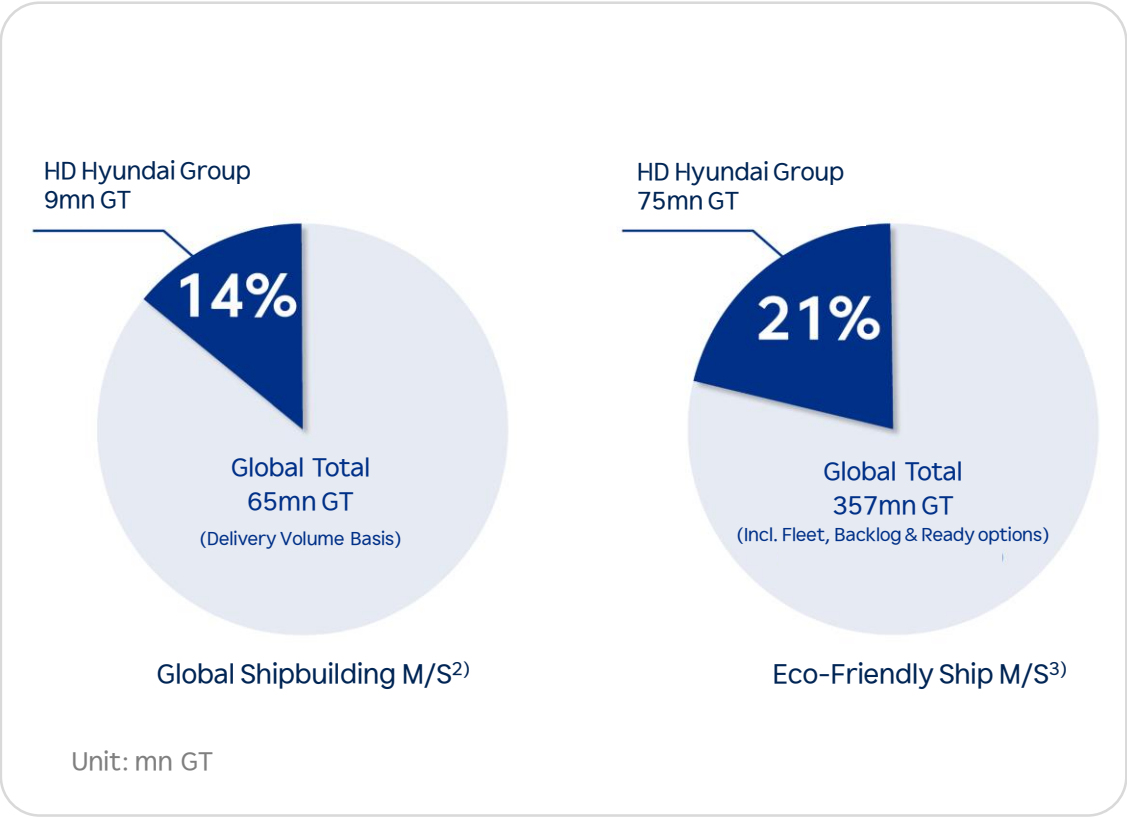
Order Backlog Growth Driven by Environmental Regulations and Replacement Demand

Order Backlog of Group's 3 Shipyards¹⁾



※ 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)

Global Market Share



※ 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

Business Status

Company
Overview

● Business
Status

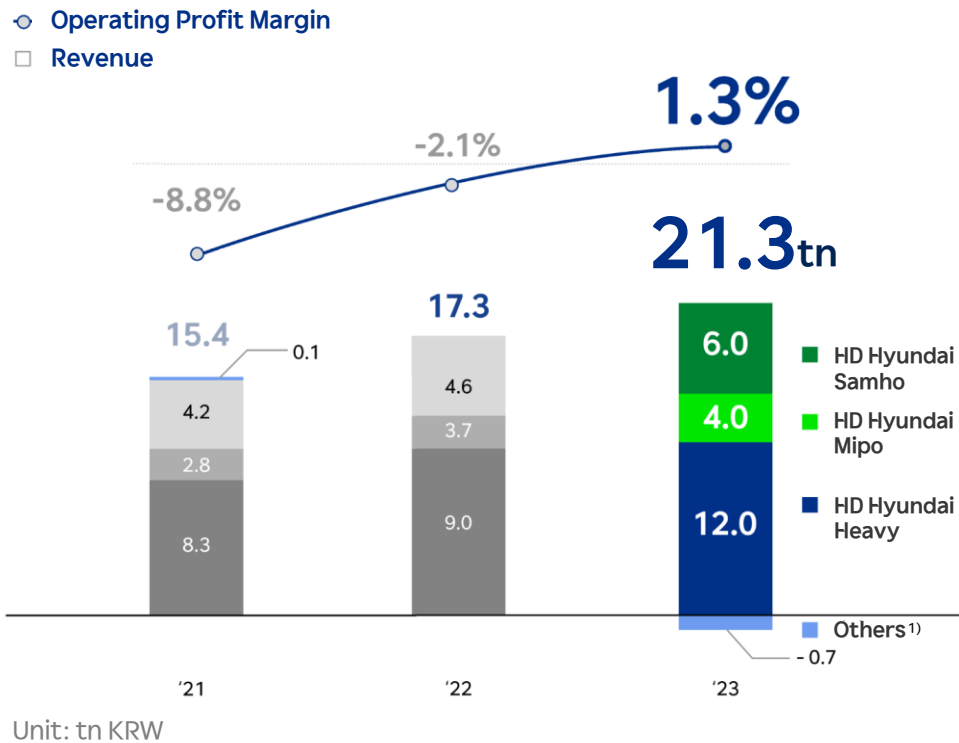
Value-up
Targets

Action
Plans

Communication

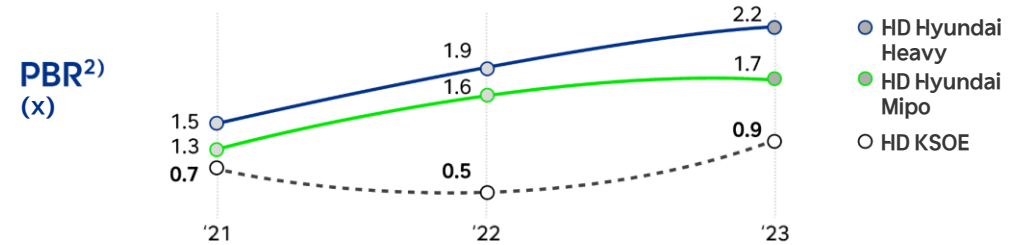
Overall Improvement in Subsidiaries' Performance Enhances Market and Financial Indicators

Revenue · Operating Profit Margin

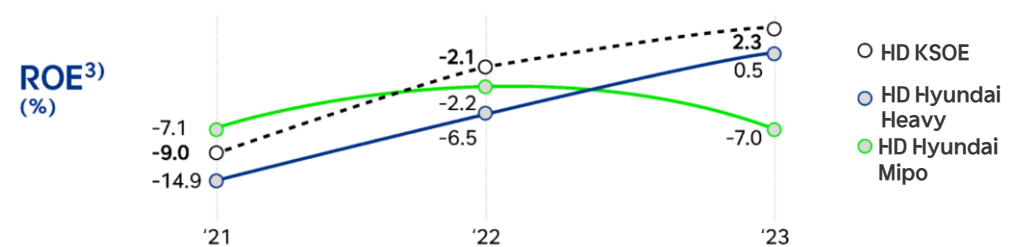


Market and Financial Indicators: Status and Analysis

- Strengthening the Holding Company and Securing Growth to Reduce Discount



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



- Strengthen Shareholder Returns with Improved Performance

Dividend: Dividends Not Paid since 2013 due to Weak Earnings

※ HD KSOE Consolidated basis

1) Others : Included separated HD KSOE, HD Hyundai Energy Solutions, HD Hyundai Marine Engine, other subsidiaries and consolidations adjustments

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)

Value-up Targets

Company
Overview

Business
Status

● Value-up
Targets

Action
Plans

Communication

'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: **34**tn KRW
(Consolidated Basis)

'27 ROE³⁾ Target: **12%~**

Achieving Financial Goals through Earnings Improvement

03 Sustainable Management

Key Governance Matrics⁴⁾: **93%**

Strengthening ESG Policies

Enhancing Communication with Shareholders

1) Shareholder Return Ratio: (Dividends + Buyback and Cancellation of Shares) / 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

Company
Overview

Business
Status

● Value-up
Targets

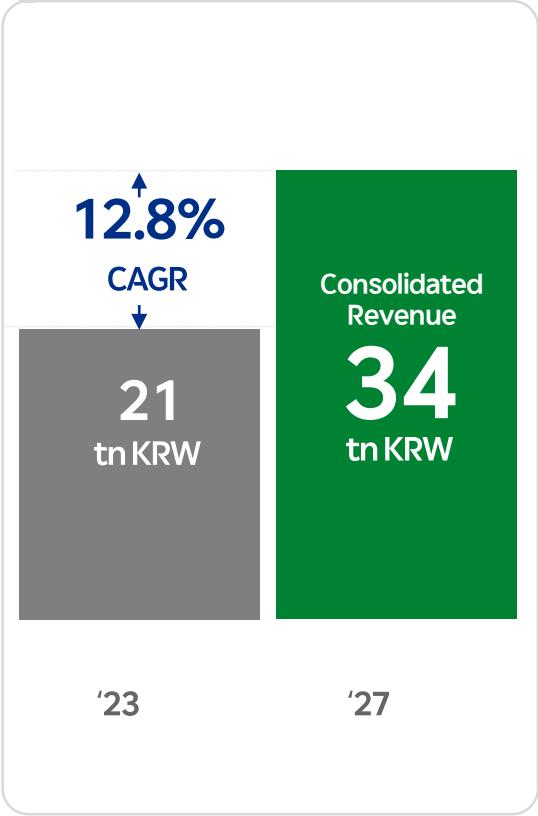
Action
Plans

Communication

01 Shareholder Returns



02 Long-Term Revenue



03 Financial Indicator



04 Key Governance Metrics³⁾



1) Shareholder Return Ratio: (Dividends + Buyback and Cancellation of Shares) / 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

Company
Overview

Business
Status

Value-up
Targets

● Action
Plans

Communication

01

Shareholder Return Ratio¹⁾

30%~

- Paying stable and predictable cash dividends
- Considering Share Buybacks and Retirements

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) Shareholder Return Ratio: (Dividends + Buyback and Cancellation of Shares) / 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

Company
OverviewBusiness
StatusValue-up
Targets
 **Action
Plans**

Communication

	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

Company
Overview

Business
Status

Value-up
Targets

● Action
Plans

Communication

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

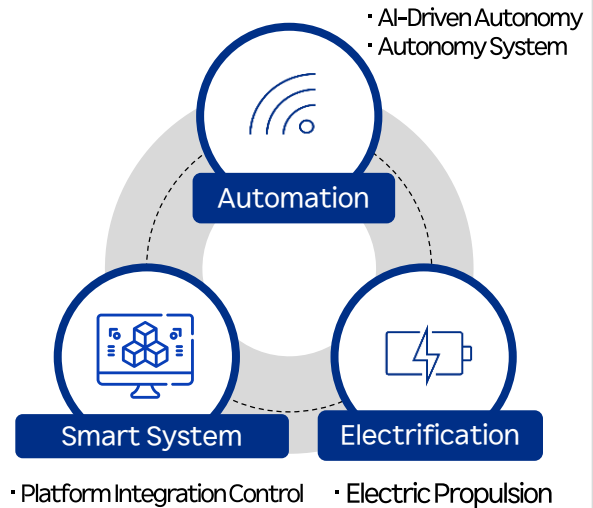
Business
Status

Value-up
Targets

● Action
Plans

Communication

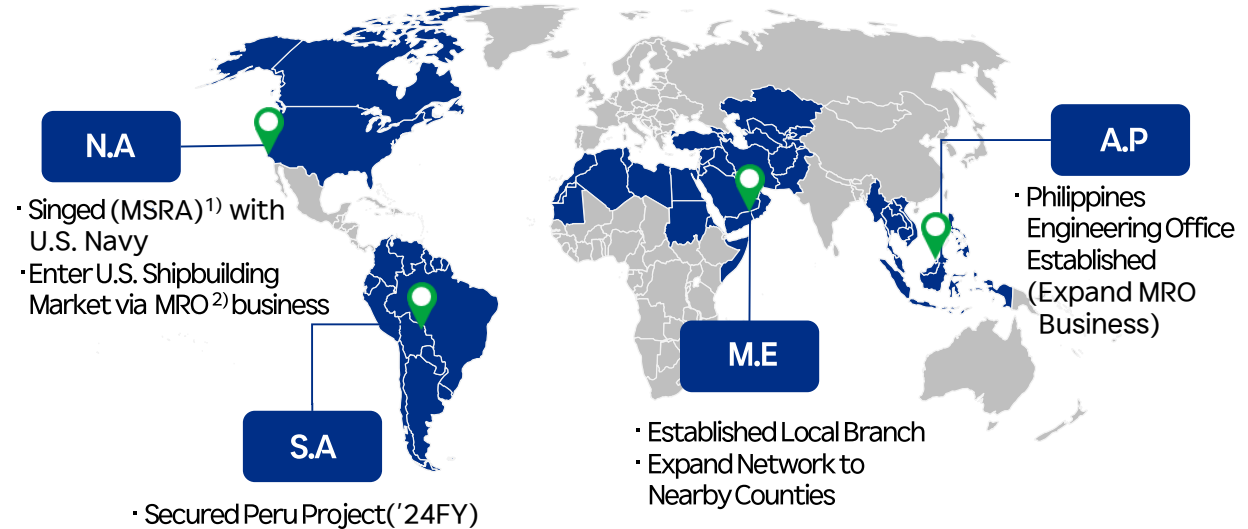
01 Lead Next-Gen Special-Navel Ship Technology



- Accelerating Unmanned Ship Development via Research and Partnership
- Expand Opportunities by Developing Export Submarine Models

※ Partnership with Palantir for unmanned vessel system development

02 Securing Growth through Overseas Expansion



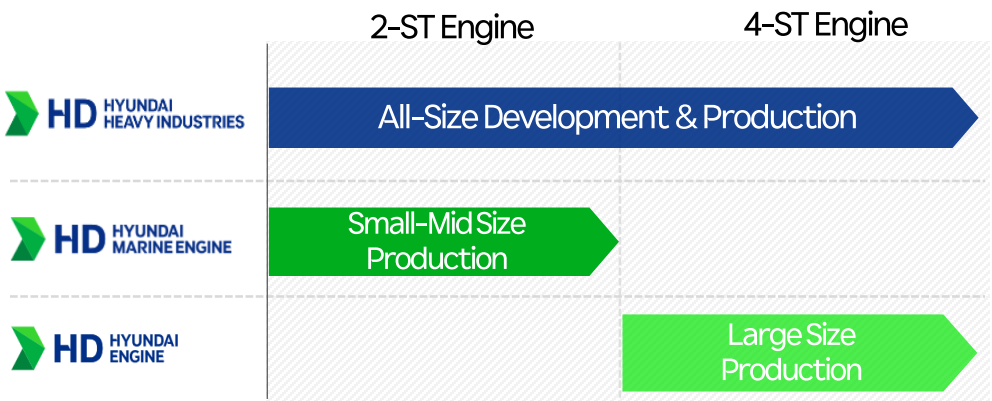
Building a Pan-Pacific Naval Belt Through Overseas Bases

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

Action Plans : Engine

01 Expanding Synergy among 3 Major Engine Manufacturers

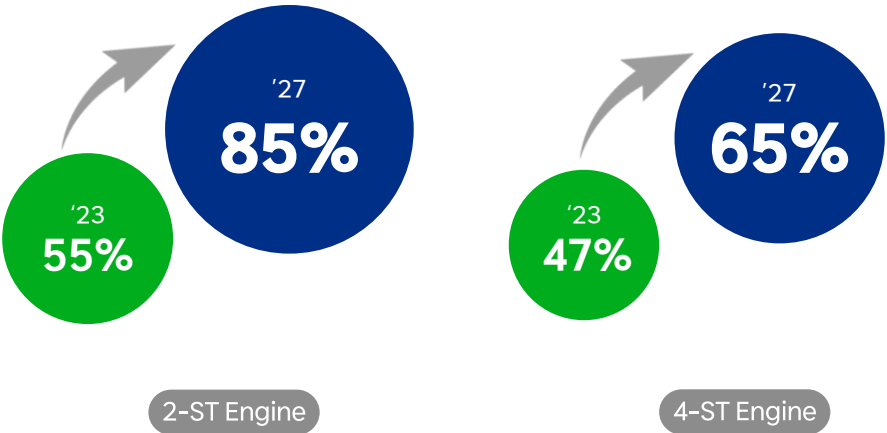
Establish Strategic Production System



- 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

Company
Overview

Business
Status

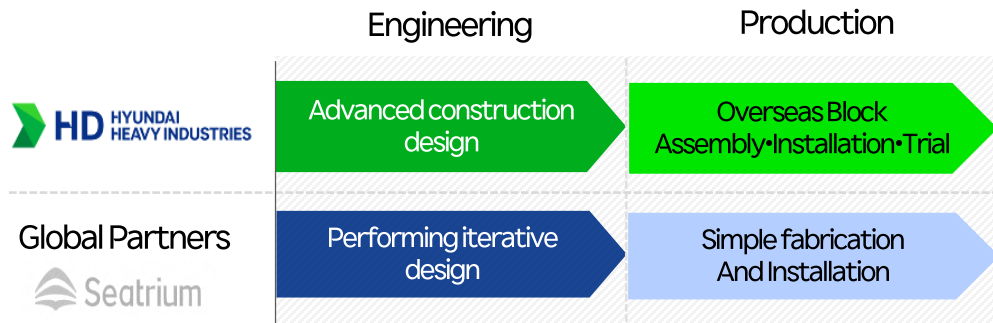
Value-up
Targets

● Action
Plans

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

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

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

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 : R&D · New Business

Company
Overview

Business
Status

Value-up
Targets

● Action
Plans

Communication

01 Focusing on Core R&D

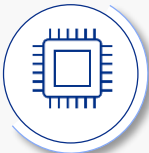
Implementation of eco-friendly and advanced mobility



Zero-Emission
(Eco-ship)



Smartship
(Remote control)



Electrification
(Electric propulsion)

Smart Yard



Automation
(Autonomous control)



Safety
(Accident prevention)

02 Expanding Eco-Friendly Equipment Line-up

- Gas Fuel Supply System
- Gas operation and storage system



GAS

HD KSOE
Expanding
own business



DIGITAL



GREEN

- Electric Powered System
- Energy Saving Device
- Energy Management
- GHG emission reduction device

03 Entering the Fuel Cell Business

STEP 1. Invest in Technologies
(Equity investment)



Cell • Stack
manufacturer

STEP 2. M&A of Leading Enterprise



Leadership in SOFC¹⁾
Technology

STEP 3. New Entity



Development of
independent models

STEP 4. Market Entry



Entering the domestic
clean hydrogen power
market

1) SOFC : Solid Oxide Fuel Cell, A type of fuel cell that uses solid oxide or ceramic electrolyte to generate electricity

Action Plans : Sustainable Management

Company
OverviewBusiness
StatusValue-up
Targets
 Action
Plans

Communication

01 Improving Key Governance¹⁾ Metrics Targets

'27
93%

Items for Expanding Key Metrics Compliance

- Change of dividend record date
- Disclosure of dividend policy
- Outside director appointed chairperson
- Setting an Annual General Meeting date to avoid peak seasons

02 Advanced ESG Management System

STEP
01
'25
Enhancing ESG Due
Diligence at Key Sites



STEP
02
'26
Building Integrated Metrics
and System



STEP
03
'27
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

Company
OverviewBusiness
StatusValue-up
TargetsAction
Plans

● Communication

Ensure effective communication to align intrinsic value with market value



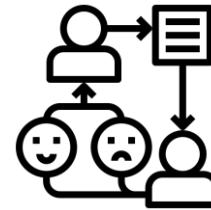
Expanding Communication Channels

- 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

