HD HYUNDAI ELECTRIC

3Q 2026 Earning Release

Oct 27th 2026

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1. 3Q 2026 Consolidated Earnings

3Q26 Summary

- Record quarterly revenue, while operating margin declined due to a higher share of domestic sales
- Orders declined due to the high base in 1H26, while distribution business maintained solid growth

(Consolidated Basis, UNIT : KRW bn)

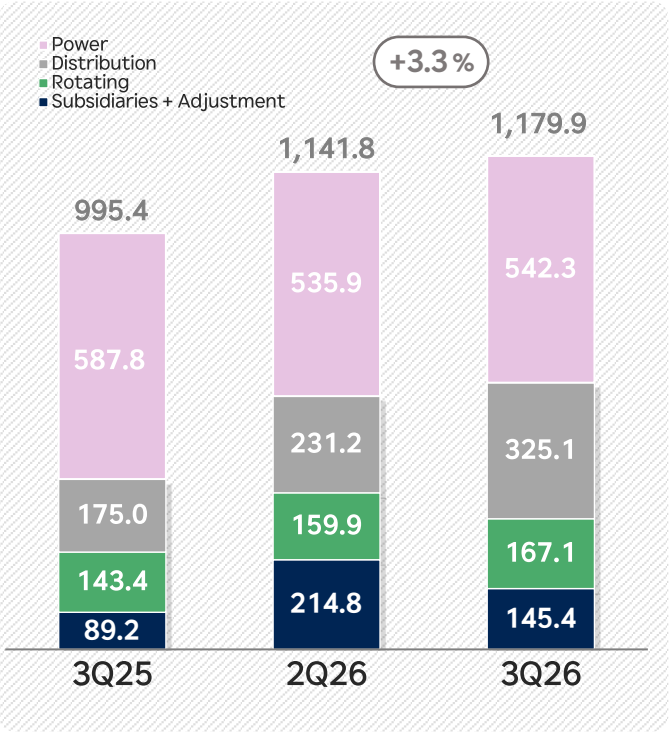
	3Q25	2Q26	3Q26	QoQ	YoY
Sales	995.4	1,141.8	1,179.9	3.3%	18.5%
Operating Profit	247.1	287.0	284.5	-0.9%	15.1%
OP Margin(%)	24.8%	25.1%	24.1%	-1.0%p	-0.7%p
Non-Operating Profit & Loss	3.3	-8.2	-43.7	-	-
Net income Before taxes	250.4	278.8	240.8	-13.6%	-3.8%
Net Profit	191.1	206.1	184.2	-10.6%	-3.6%
Controlling Shareholder's N/I	191.1	206.6	183.3	-11.3%	-4.1%
Order (USD mil.)	1,212	1,440	980	-31.9%	-19.1%
Backlog(USD mil)	6,983	8,490	8,843	4.2%	26.6%

Note) Figures based on HE's Consolidated Financial Statement (Consolidated assets : Hyundai Tech Center Hungary, HD Hyundai Electric Switzerland, Yang Zhong(China) Corporation, Shanghai R&D Center, Middle East Corporation, Alabama Corporation, Atlanta Sales Corporation, HD Hyundai Electric Texas LLC., HD Europe GmbH, HD Hyundai Plaspo, Yeocheon Energy, DaebulGreen1)

2. Sales Analysis by Segment

Sales by Segment

(UNIT : KRW bn)



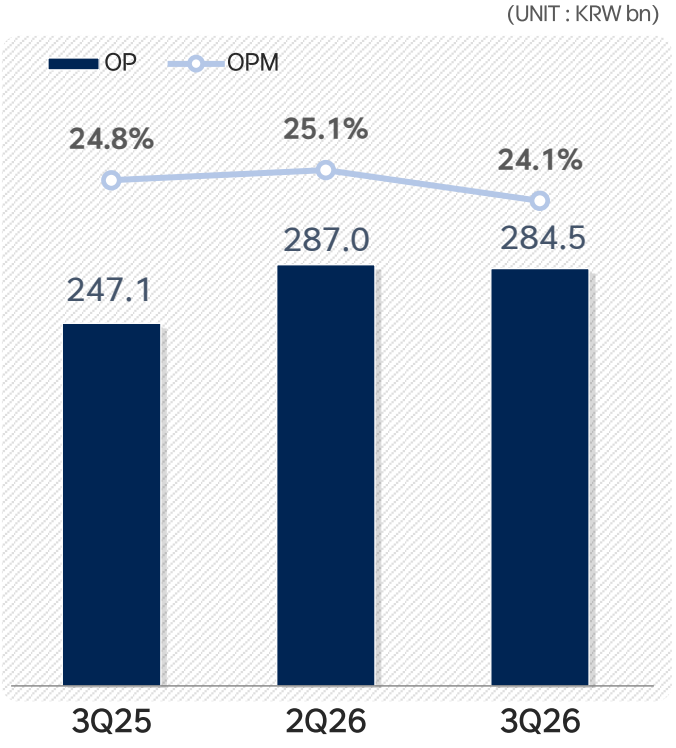
Analysis by Segment

		QoQ	YoY
Power	• GIS revenue increased in the Middle East and Europe, driving QoQ growth • Revenue declined YoY due to delayed European deliveries	1.2%	-7.7%
Distribution + New Business	• Despite lower marine switchgear deliveries, sales of distribution transformers for domestic semiconductor PRJ & all North America distribution products increased • Anjwa BESS project recognition (KRW 125 bn)	40.6%	85.8%
Rotating	• Both generator & motor sales increased, supported by strong growth in the domestic market	4.5%	16.5%
Subsidiaries	• Atlanta Sales subsidiary revenue declined due to a high base effect • Switchgear sales at the Yang Zhong subsidiary continued to increase	-32.3%	63.0%

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3. Operating Profit Analysis

Operating Profit Trend



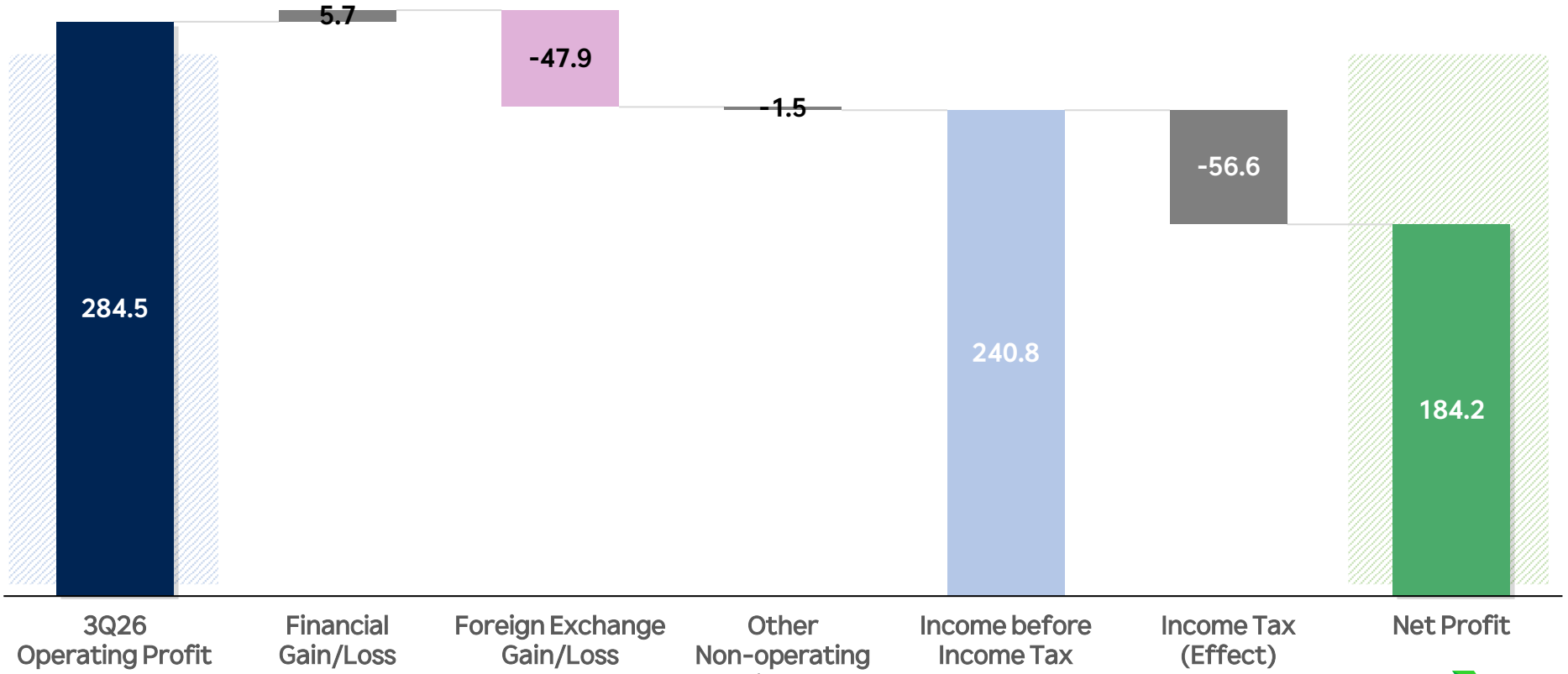
OP Analysis by Segments(QoQ)

		QoQ	YoY
Power	• North America transformer & Middle East GIS profitability continued to improve • European profitability declined as lower margin orders secured in 2023 recognized	-0.9%	15.1%
Distribution	• Overall margin in North America • Domestic market & distribution transformer improved • Margin pressure in LV/MV circuit breakers, with price increase effects expected to be fully reflected from 4Q		
Rotating	• Operating profit from rotating machinery improved, supported by strong margin expansion in the domestic market despite weaker profitability in overseas markets		
Subsidiaries	• (U.S. subsidiaries) : remained stable • (Yang Zhong subsidiary) : declined due to lower margins on marine switchgears		

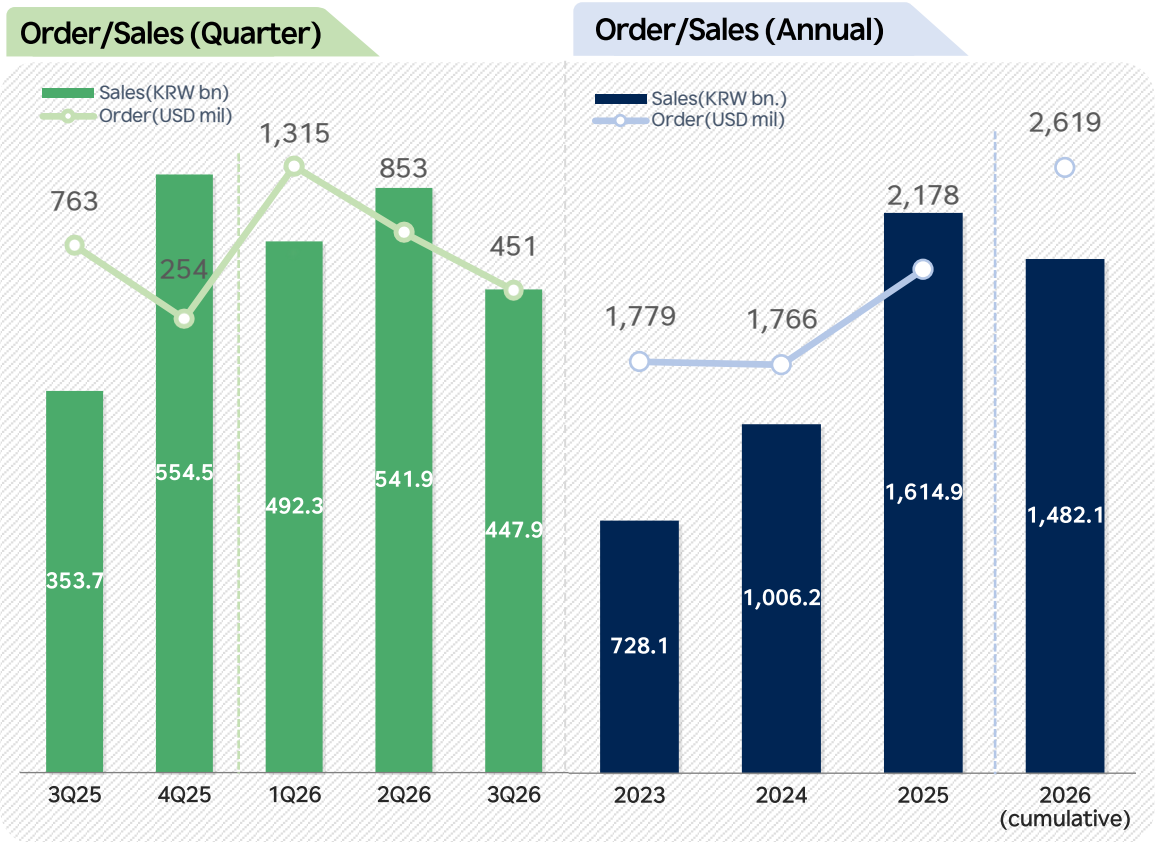
주1. K-IFRS 연결재무제표 기준

3Q26 Non-Operating Profit and Loss & Net Profit

(UNIT : KRW bn)



1) North America



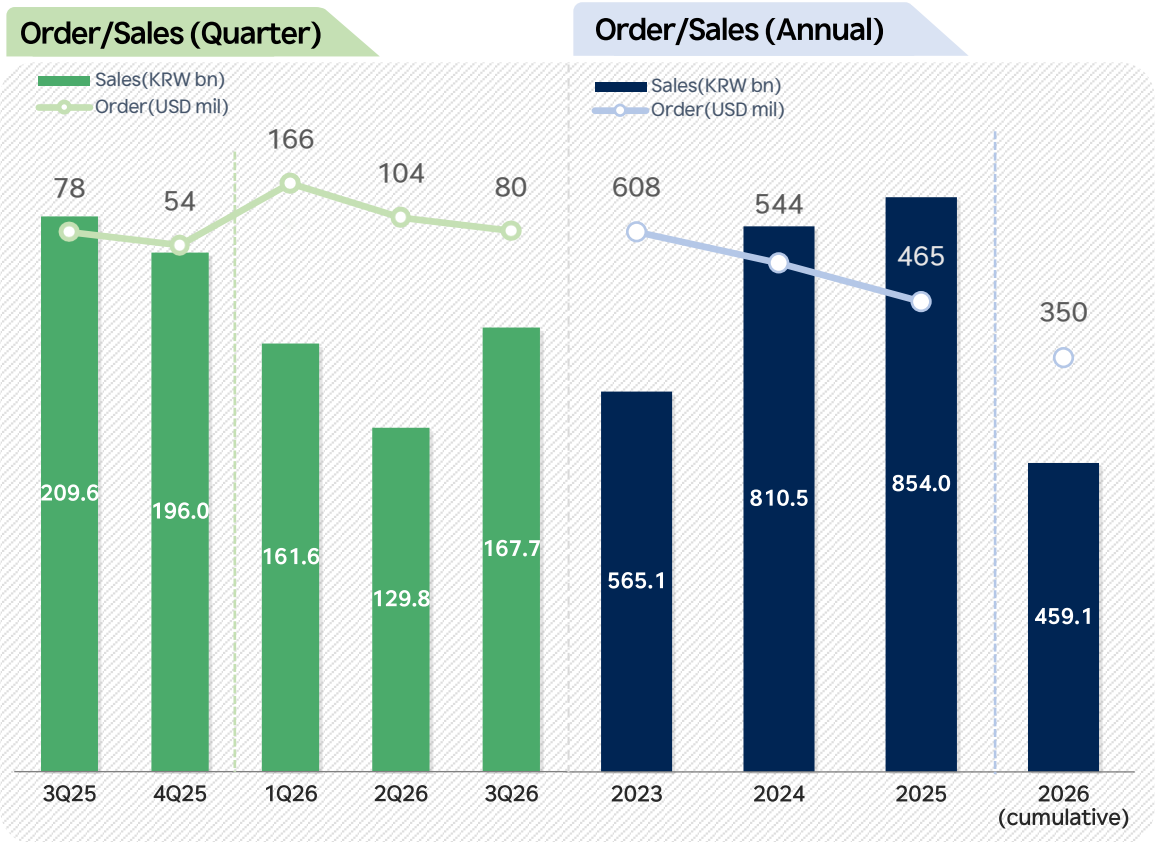
Analysis(QoQ)

	QoQ	YoY
ORDER • Order intake softened due to a high base in 1H, while 765kv transformers orders continued • Initial PO issuance has begun under the long-term supply agreement with Big Tech A	-47.1%	-40.9%
SALES • Revenue increased across all NA distribution categories • M/LV circuit breaker (VCB) sales to data centers grew (QoQ 4x) • Power segment revenue declined according to delivery schedules	-17.3%	26.6%

OUTLOOK

- Supply contract discussions with multiple Big Tech companies in progress, agreements expected from 4Q.
- Top 10 U.S. utilities' projected $289bn grid investment over five years to support sustained AI-driven power infrastructure demand (S&P Global, Sep. 2026)

2) Middle East



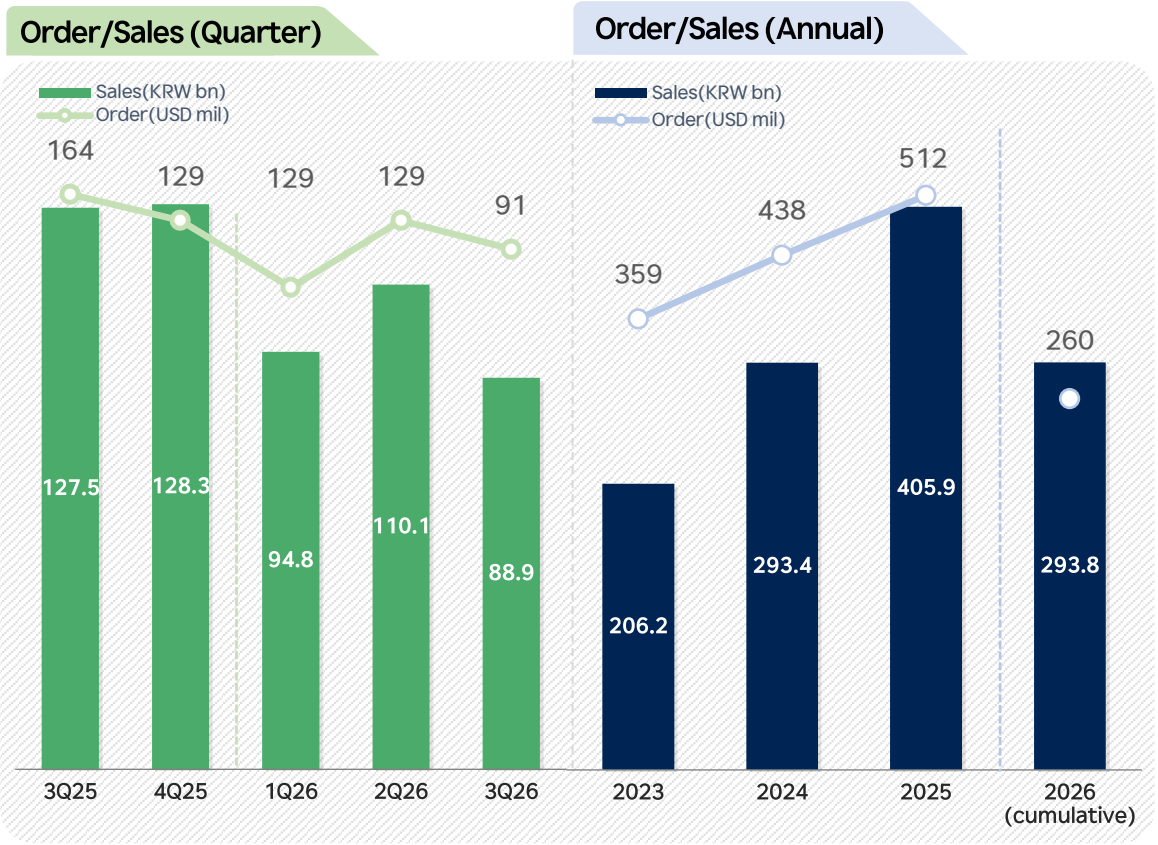
Analysis(QoQ)

	QoQ	YoY
ORDER • Orders remained solid, supported by robust GIS demand including Saudi HVDC projects • Distribution orders declined due to the high base from switchgear licensing orders in 2Q	-23.1%	2.6%
SALES • GIS revenue returned to normal levels, driving sales growth • Management of geopolitical risks through revised trade terms & optimized shipping routes	29.2%	-20.0%

OUTLOOK

- Selective order growth pursued through follow-on Saudi HVDC projects amid continued Middle East Grid investment demand
- Distribution market outlook is expected to improve as switchgear licensing & distributor orders resume from 4Q

3) Europe



Analysis(QoQ)

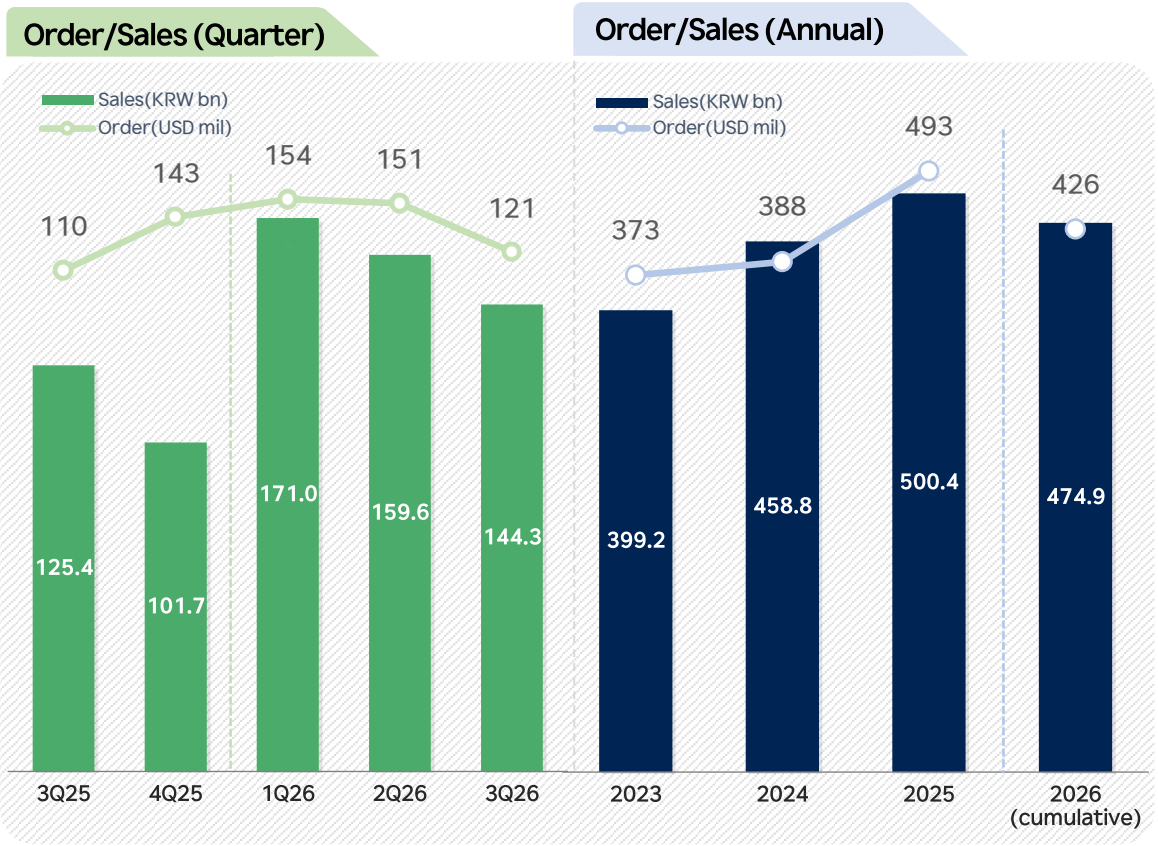
	QoQ	YoY
ORDER • Secured data center transformer orders in France & Finland • UK grid connection reforms (Gate2) led to changes in project priorities → adjustments to order schedules	-29.5%	-44.5%
SALES • Power transformer and marine switchgear sales declined , revenue growth is expected from 2H27 • VCB sales to Nordic data centers expanded	-19.3%	-30.3%

OUTLOOK

- UK Gate 2 : reprioritize grid connections based on project readiness and alignment with national power plans
  → Order visibility for power equipment is expected to improve as project schedules are finalized
- Strong demand outlook continues, supported by accelerating European expansion by major tech companies & growing hyperscale data center demand

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4) Marine Product



Analysis(QoQ)

	QoQ	YoY
ORDER • Marine rotating machinery orders declined temporarily due to order seasonality • Orders focus on high-value-added Projects	-19.9%	10.0%
SALES • Revenue declined in line with shipbuilding schedules, while switchgears sales at Yang Zhong continued to grow.	-9.6%	15.1%

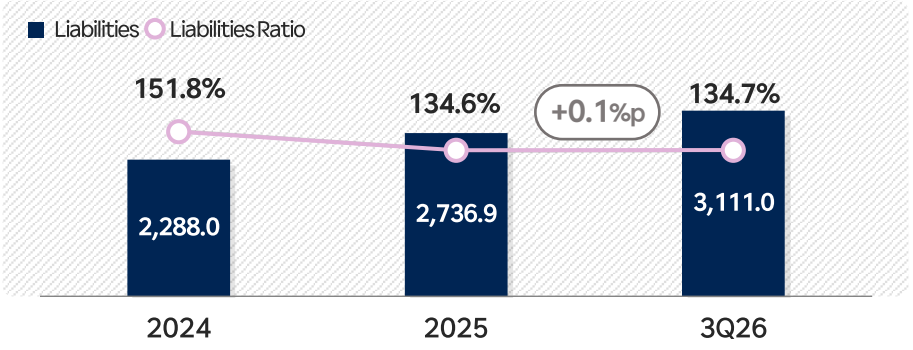
OUTLOOK

- Generator orders expected to increase as HD Hyundai Heavy Industries expands engine production capacity
- Generator order discussions underway for previously secured AI data center engine projects, with orders expected in 4Q26–1Q27

6. Key Financial Statement

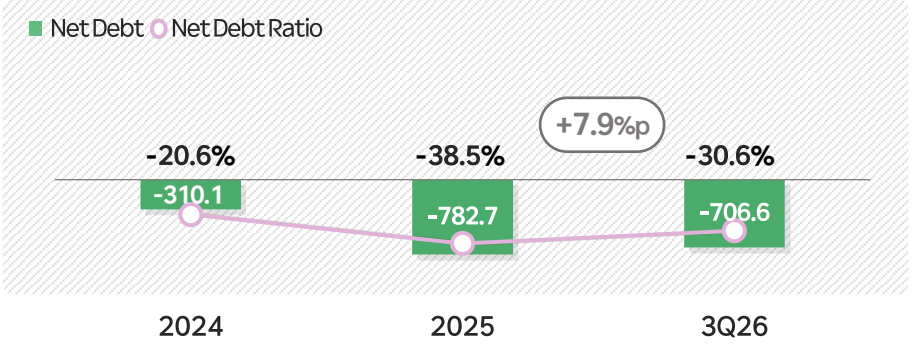
Liabilities / Equity Ratio

(UNIT : KRW bn)



Net Debt / Equity Ratio

(UNIT : KRW bn)



Financial Statement

(UNIT : KRW bn)

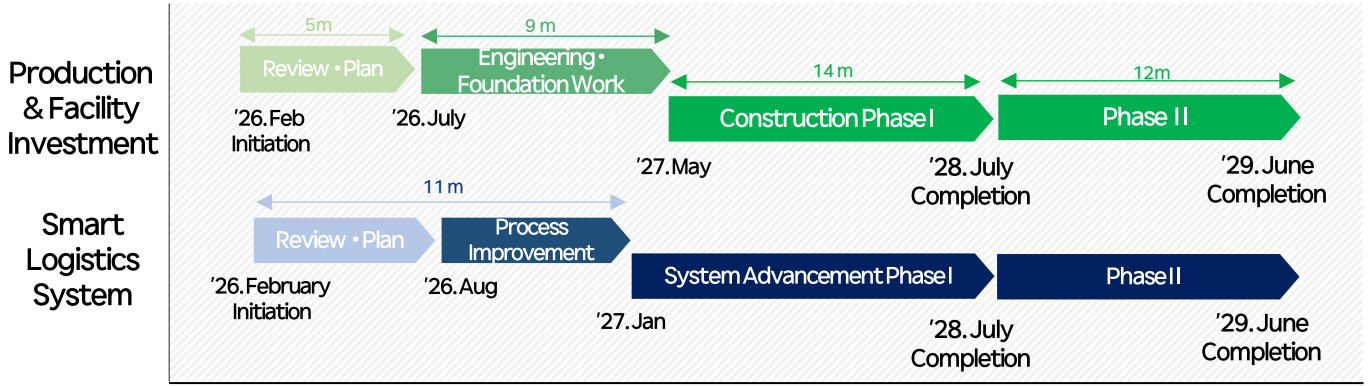
	2024	2025	3Q26
Current Assets	2,763.7	3,426.3	3,810.2
Cash and Cash Equivalents	569.8	950.8	800.7
Non-current assets	1,031.8	1,343.5	1,610.4
Assets	3,795.5	4,769.8	5,420.5
Current liabilities	2,001.1	2,548.7	2,960.6
Non-current liabilities	286.9	188.2	150.4
Total Debt	293.7	186.1	108.8
Net Debt	-310.1	-782.7	-706.6
Liabilities	2,288.0	2,736.9	3,111.0
Other components of equity	691.6	710.2	669.6
Retained Earnings	815.9	1,322.7	1,639.9
Equity	1,507.5	2,032.9	2,309.5

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7. CAPEX Plan

Chungju Distribution Campus Phase II Investment

- Growing AI Data Center Demand Driving Continued Mega PRJ Awards & Distribution Equipment Package Orders : Distribution Equipment Production Cluster & High-Efficiency Manufacturing System
  → Enhanced Responsiveness to High-Value Strategic Markets & Strengthened Global Supply Competitiveness



CAPEX	KRW 198 bn
Period (Construction)	26 Month
Revenue (Annual)	+ KRW 250 bn

CAPA Expansion & Integrated Production Cluster

- Expansion of Integrated Distribution Solutions for Sustainable Mega Project Awards
  - Integrated Development, Manufacturing & Certification Capabilities driving business synergies & strengthening competitiveness (+15% Productivity)
  - Smart Factory Implementation & Logistics Automation maximizing operational efficiency (+60% Space Utilization, -60% Internal Logistics Lead Time)

High-Value Business-Focused Strategy

- Strategic Focus on High-Margin, High-Value Markets (Data Centers, Semi-conductors, etc.)
  - Expansion of Premium Products, Distribution Packages & Engineering Solutions

2028 Distribution Sales target +KRW 1.1tn

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Power Transformer Ulsan New Plant Completion • Operation





Ulsan power transformer new plant completed
(Trial operations : Oct. 2026 / Full operation : Nov. 2026)

- Securing Additional capacity for continued grid & data center demand
- Enhancing growth potential through a high-value product mix, led by data center projects and 765kV transformers

Investment	Annual Revenue Increase	New Hires
KRW 211.8bn	KRW 200bn+	130 people
New plant & Production equipment	Based on incremental Capacity	Local Employment

Additional 40~50 units • Early achievement of 100% utilization

Early Ramp-up Target

’25.01	’26.10	’26.11	’27.11
Construction Start	Completed	Full operation	100% Utilization


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