



# Hanwha Corporation

## 4Q 2023 Earnings

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2024. 2. 29.

# Disclaimer

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This presentation contains the consolidated and separate financial results of the company and its subsidiaries prepared in accordance with K-IFRS.

This material provides preliminary earnings prior to the completion of an external audit for the convenience of investors only. It contains forward-looking statements that are inherently subject to risks and uncertainties, unexpected changes in market conditions, and subsequent adjustments in the business strategies of the company and its subsidiaries.

Thus, the actual results may differ from the projections made in this presentation, and company shall not be held liable for any investment decisions made on the basis of the information contained in this presentation.

# 4Q23 Results & Outlook, Separate

Sales reached KRW 1,951 billion, driven by growth in explosives, rechargeable battery/solar and E&C segments merger. Operating profit was KRW 14 billion, impacted by increased construction costs.

(KRW 1BN)

	4Q'23	4Q'22*	YoY	3Q'23	QoQ	2023	2022*	YoY
Sales	1,951	1,554	26%	1,850	5%	7,186	3,880	85%
E&C	1,203	835	44%	1,354	-11%	4,930	835	490%
Global	359	331	8%	313	15%	1,337	1,444	-7%
Momentum	309	209	48%	145	114%	717	574	25%
Others*	80	179	-56%	39	107%	202	1,027	-80%
OP	14	92	-85%	68	-80%	172	195	-12%
NP	63	195	-68%	20	220%	91	287	-68%

\* Performance from defense division is included in 4Q'22 and 2022 (Split of Defense division : 2022.11.2)

## 4Q23 Results

- E&C : (+) Increased sales from E&C merger at Nov.22
- Global : (+) Increased sales due to growth in domestic and global explosives, along with synthetic resin trading  
(-) Decreased material sales due to the falling ammonia prices
- Momentum : (+) Increased sales driven by rechargeable battery/solar equipment

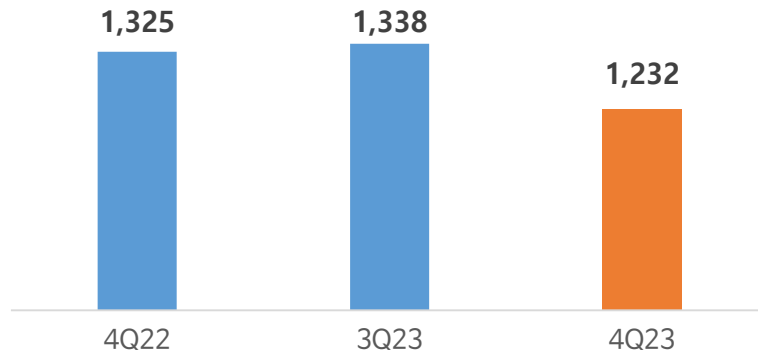
## 2024 Outlook

- E&C : Enhanced management of existing project and pursuing new contracts with a focus on stability
- Global : Expected sales growth on explosives and material due to expansion of 0.4 million tons of Nitric acid
- Momentum : The continuation of sales from existing contracts and focus on new contracts, primarily in North America and Europe

## Receiving \$230m Outstanding of BNCP Project and resuming Town B construction Focusing on Managing Existing PJs and Enhancing Operational Stability

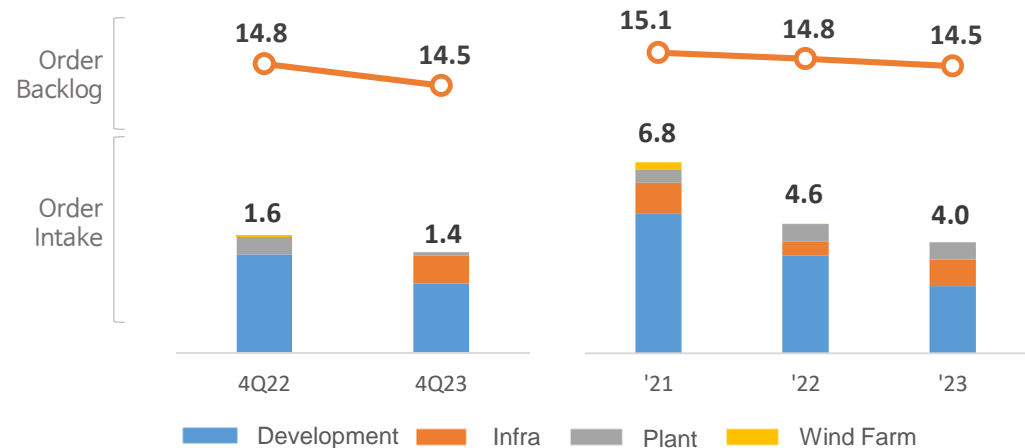
### Sales

(KRW 1BN)



### Order Intake & Order Backlog

(KRW 1TN)



### Key Business Updates

- **Establish Green Infra including sewage, offshore, etc.**
  - ('23.12) PPP contract of Pyeongtaek Sewage Treatment Plant
  - ('23.12) Shinan-Ui and etc. Winning Fixed Price Bidding
- **Resume building Town B of Iraq BNCP\***
  - ('23.12) Receiving Outstanding(\$0.23BN)
  - ('24.01) Resuming Finishing Process of Town B(9,480)

Discuss its transfer schedule

\* BNCP : Bismayah New City Project

### Orders(detail) & Plan

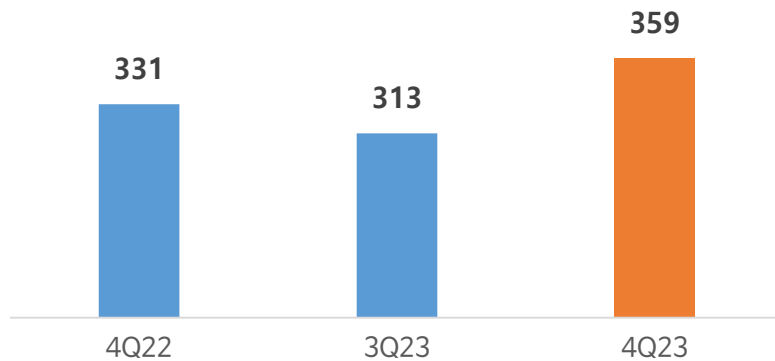
- **(4Q) 1.4TN won in total**
  - Development 0.97TN(Seoul Arena 0.3TN, Reconstruction 0.4TN)
  - Infra 0.39TN, Plant 0.05TN
- **(Plan) Backlog First, Prefer Seoul area to non-Seoul**
  - Strengthen Green Infra EPC capacity(sewage, wind farm, etc)
  - Constuction and Management of Seoul Station PJ
    - Secure Operational Stability
  - IDC for future profits

# Global Division

Sales increased as domestic and global explosives sales grew alongside expanded sales in synthetic resin. The expansion of 0.4 million tons of nitric acid is expected to enhance cost competitiveness in explosives and expand external sales of nitric acid

## Sales

(KRW 1BN)

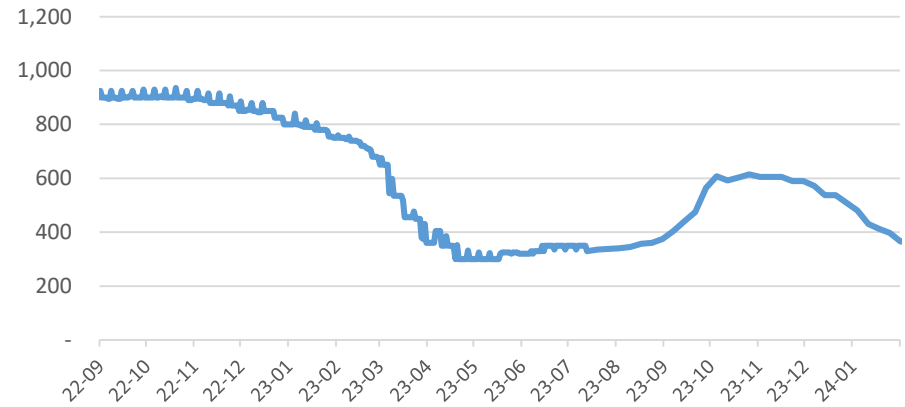


## Key Business Updates

- **Expand sales of Ammonium Nitrate and Electronic Detonator**
  - Securing stable sales channels through long-term supply contracts with major clients
  - Diversifying export markets to expand Ammonium Nitrate sales
- **Nitric acid plant 0.4M expansion will be completed by '24.06, with commercial production expected in 2H of '24.**
  - Enhancing cost competitiveness in explosives through 50,000 tons self-consumption
  - External sales of 0.35M tons  
(for polyurethane, synthetic resin, fertilizer, semiconductor materials)

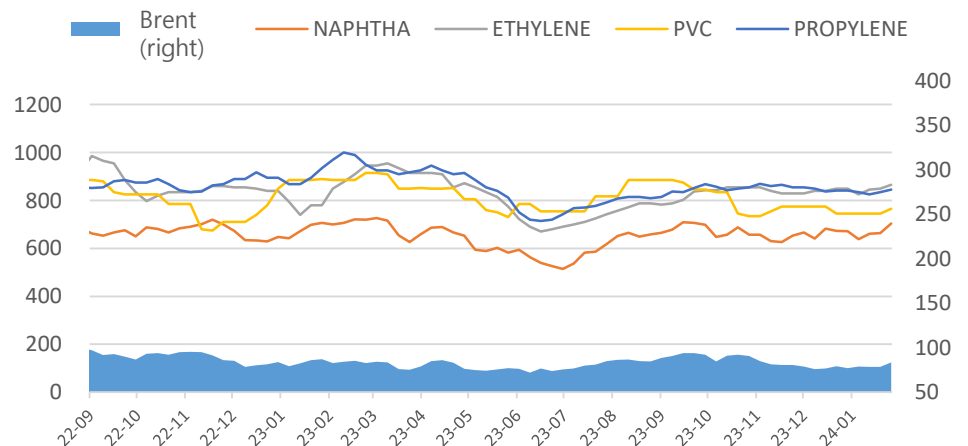
## Spot prices of Ammonia

(\$/mt)



## Spot prices of Chemicals and Oil

(\$/mt)

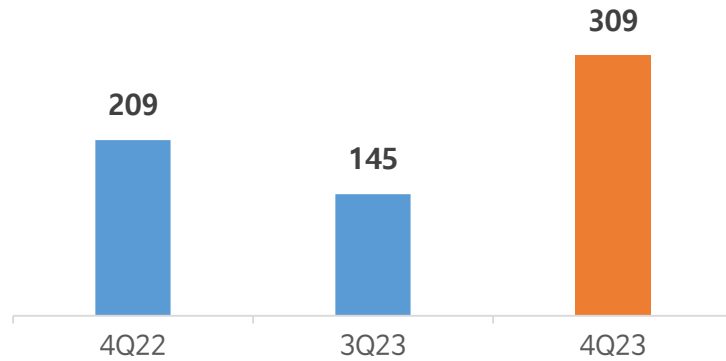


# Momentum Division

Sales increased due to extension of U.S. solar module lines and rechargeable battery. Profitability is anticipated to improve through orders from North American and European customers.

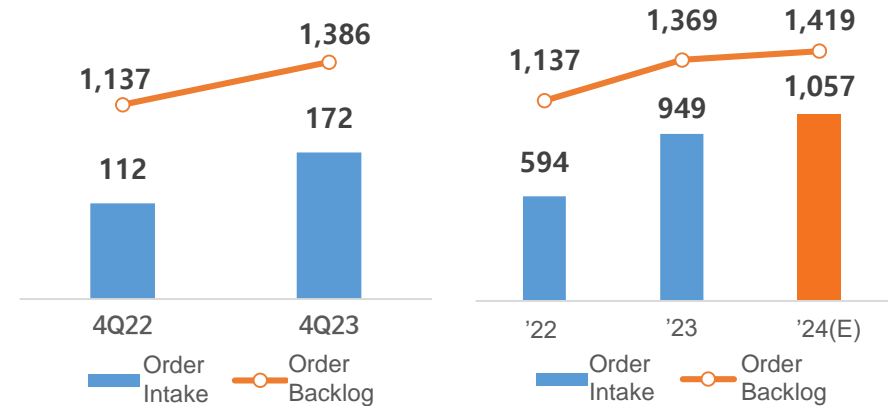
## Sales

(KRW 1BN)



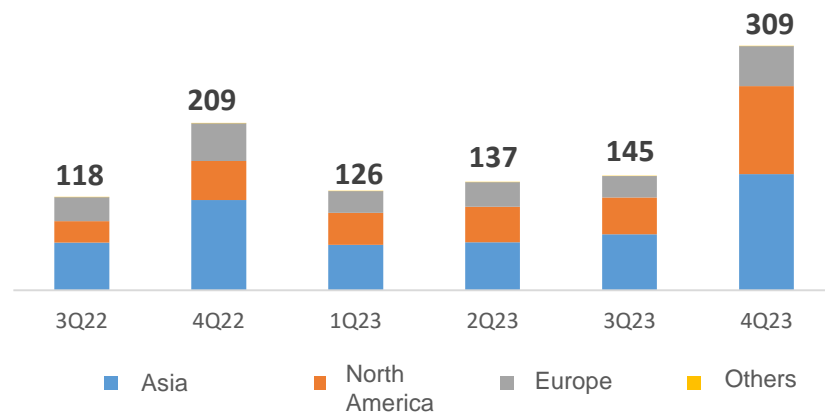
## Order Intake & Order Backlog

(KRW 1BN)



## Sales (Regional)

(KRW 1BN)



## Key Business Updates

- **[Battery] Ongoing expansion of new orders and development of next-generation technologies**
  - Expanding foreign market entry and strengthening local response capabilities
  - Reinforcement of Next-generation Equipment Line-up
- **(Solar) Advance development of next-generation equipment & enhance competitiveness from a TCO\* perspective**
  - Design Completion of equipment of Tandem Pilot Line (Scheduled for '24 supply)
  - Cost reduction by finding U.S. solar project partners

# 4Q23 Results & Outlook, Consolidated

- Non-financial Sales increased due to sales growth on own businesses and Subsidiaries. (YoY +4%)
- Financial Sales increased as a result of Valuation Gains of FVPL<sup>1)</sup> (YoY +150%)

(KRW 1BN)

	4Q'23	4Q'22 <sup>2)</sup>	YoY	3Q'23	QoQ	2023	2022 <sup>2)</sup>	YoY	Results
<b>Sales</b>	<b>14,476</b>	<b>10,895</b>	<b>33%</b>	<b>11,939</b>	<b>21%</b>	<b>53,135</b>	<b>50,887</b>	<b>4%</b>	<b>- Sales</b>
									[Non-financial]
Non-Financial	9,084	8,740	4%	7,048	29%	30,323	28,568	6%	(Division) ▲ E&C, Equipment ▲ Explosives, Trading ▼ Material (Aerospace) ▲ Land systems, Aerospace, - Systems, Vision (CCTV)
Financial	5,392	2,155	150%	4,891	10%	22,812	22,319	2%	(Solution) ▲ Renewable Energy, - Chemical [Financial] ▲ Life, General Insurance, Securities
<b>OP</b>	<b>232</b>	<b>-842</b>	<b>Turned a profit</b>	<b>382</b>	<b>-39%</b>	<b>2,412</b>	<b>2,370</b>	<b>2%</b>	<b>- OP</b>
									[Non-financial]
Non-Financial	241	140	73%	217	11%	1,080	1,402	-23%	(Division) ▲ Explosives ▼ Trading, Material, E&C (Aerospace) ▲ Land systems, Systems ▼ Aerospace, Vision (CCTV),
Financial	-9	-981	Loss continued	166	-105%	1,332	968	38%	(Solutions) ▼ Renewable Energy, Chemical [Financial] ▲ Life, General Insurance, Securities
<b>NP</b>	<b>10</b>	<b>-437</b>	<b>Turned a profit</b>	<b>97</b>	<b>-89%</b>	<b>1,636</b>	<b>2,009</b>	<b>-19%</b>	

## Outlook

- [Non-financial] Continuous growth in Equipment, Renewable energy and Land systems.  
Chemical is expected to gradually improve in the second half in '24.
- [Financial] Steady growth by securing New Business CSM through reinforcing sales of high-profitability general insurance.

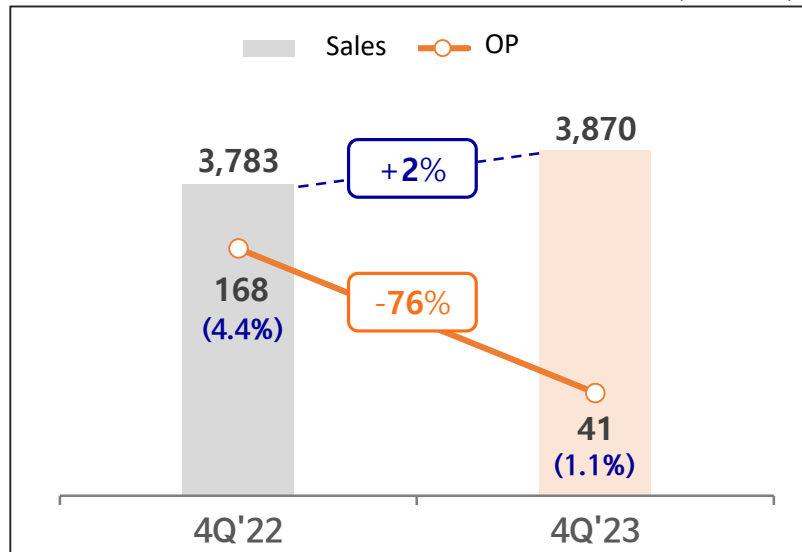
1) FVPL: Fair Value through Profit or Loss

2) Rewritten in accordance with IFRS 9 and 17

# Non-financial Subsidiaries

## Hanwha Solutions (Con.)

(KRW 1BN)



### Result

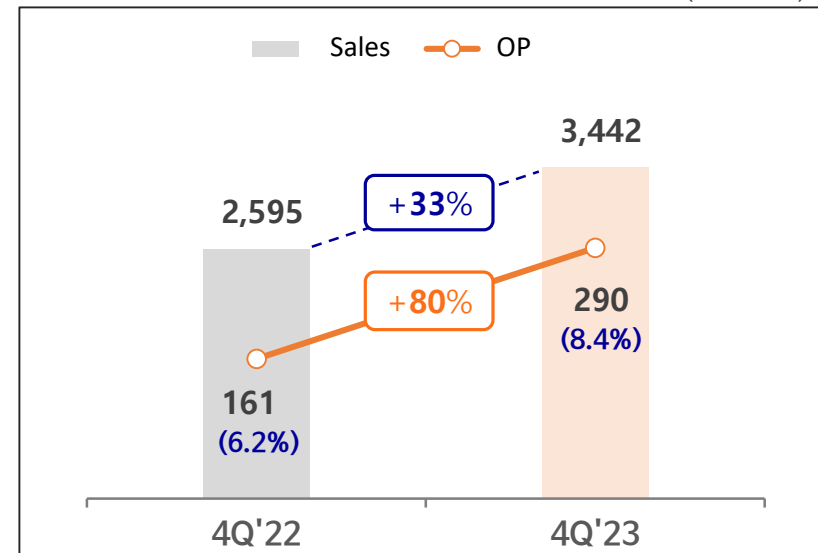
- Sales increased due to increase in module shipments and revenue from development asset, OP decreased due to the decline in module sales price and weak demand in Chemicals

### Outlook

- Expected to recover in 2H by running new facilities in America and reflecting its value of development asset
- Expected to improve in Chemicals as purchasing power recovers

## Hanwha Aerospace (Con.)

(KRW 1BN)



### Result

- Despite a decline in performance in Aerospace and Vision(CCTV), Sales and OP Increased due to the growth in export volume of Land systems

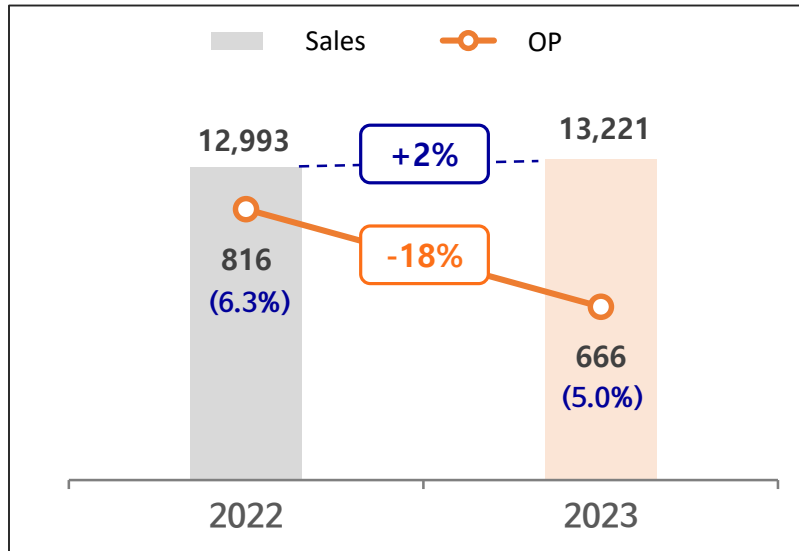
### Outlook

- Expected in Vision(CCTV) to recover in demand in the North American market and increase in sales in the European market
- Expected to increase in Land Systems' export volumes such as K9 SPH and Chunmoo MLRS for Poland

# Financial Subsidiaries

## Hanwha Life (Sep.)

(KRW 1BN)



### Result

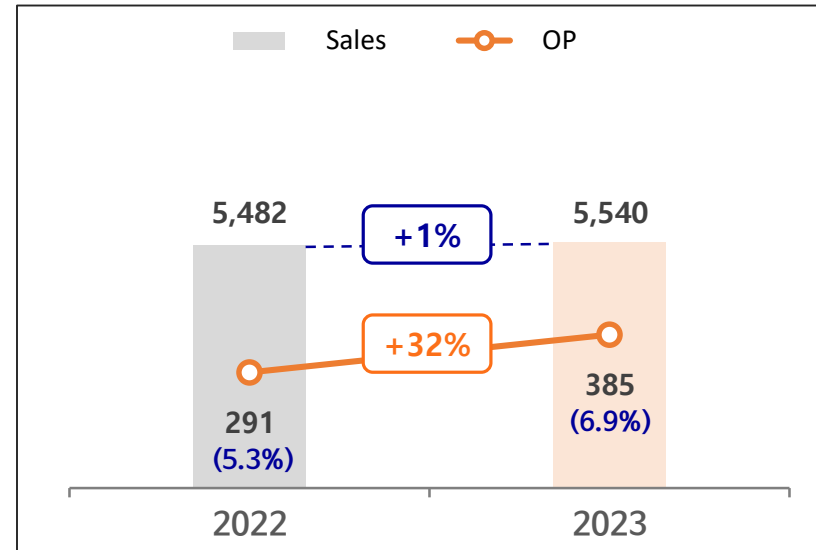
- Sales increased due the expansion of new insurance contracts
- OP decreased due to a reduction in disposable gains and an increase in interest expenses resulting from the expansion of new insurance contracts

### Outlook

- Expected to grow by securing New Business CSM through expanding the sales organization and reinforcing sales of general insurance

## Hanwha General Insurance (Sep.)

(KRW 1BN)



### Result

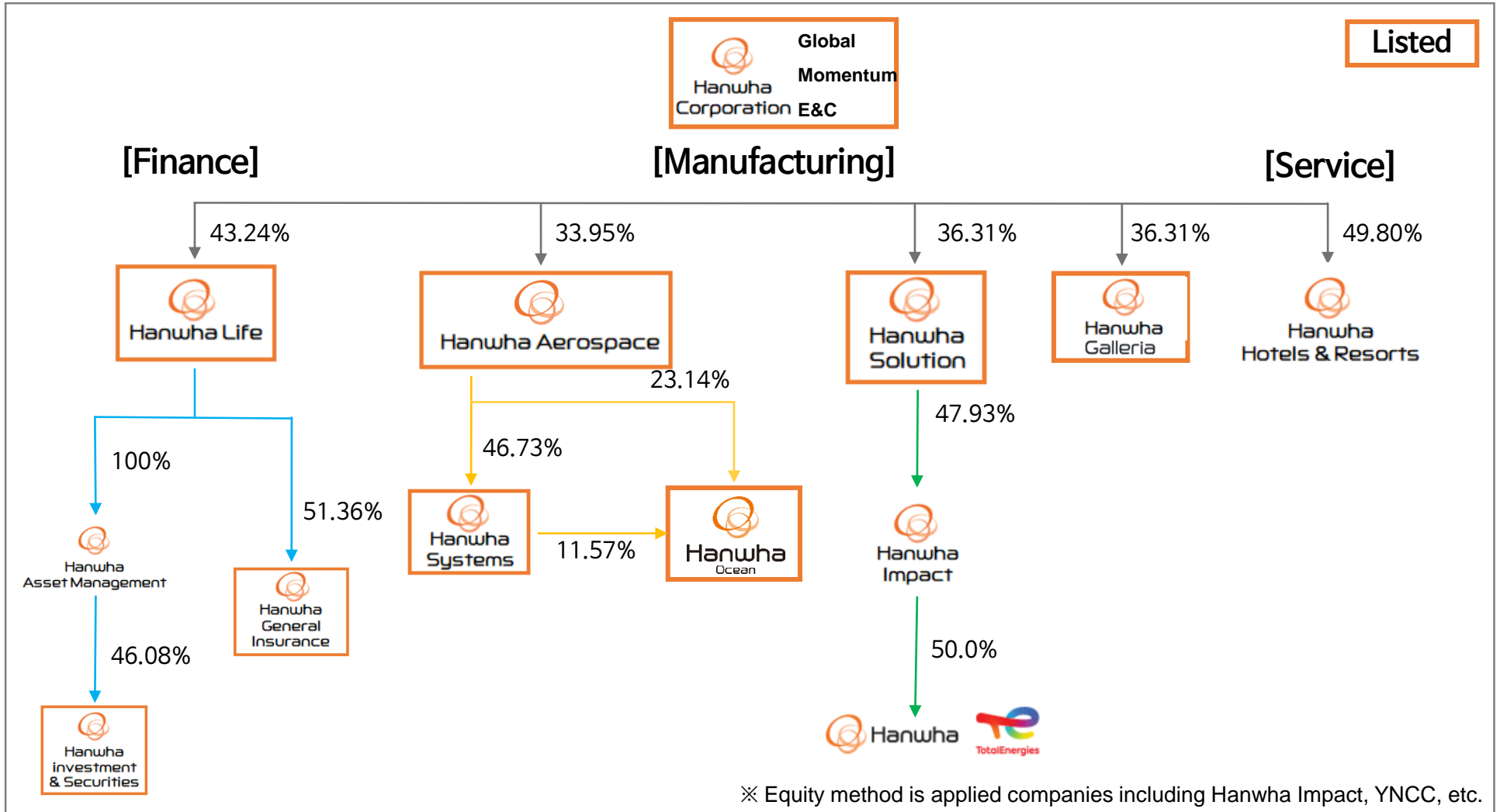
- Sales increased due to the growth of insurance income
- OP increased due to Investment Profit from the growth of interest/dividend and Valuation Gains of FVPL

### Outlook

- Enhancing the competitiveness of the insurance business by expanding the sales of general insurance and reinforcing management to improve persistency ratio
- Securing stable interest by investing high-profit asset such as long-term bonds

# Appendix #1

Hanwha Corp. (HWC) is operating its own businesses [Global/Momentum/E&C Division], and as the controlling company of Hanwha Group, has subsidiaries including Hanwha Solutions, Hanwha Aerospace, Hanwha Life, Hanwha Galleria, Hanwha Hotels & Resorts and others.



## Appendix #2

### 4Q23 Results: Hanwha Corp. and Non-financial Subsidiaries

회사	(KRW 1BN)	4Q22 <sup>2)</sup>	1Q23	2Q23	3Q23	4Q23	2021	2022 <sup>2)</sup>	2023
Hanwha (Con.) <sup>1)</sup>	Sales	10,895	14,402	12,342	11,939	14,476	52,836	50,887	53,135
	OP	-842	1,374	283	382	232	2,928	2,370	2,412
	OPM	-7.7%	9.5%	2.3%	3.2%	1.7%	5.5%	4.7%	4.5%
Hanwha (Sep.)	Sales	1,554	1,580	1,805	1,850	1,951	3,936	3,880	7,186
	OP	91.5	48.9	41	68.4	13.5	229	195	172
	OPM	5.9%	3.1%	2.3%	3.7%	0.7%	5.8%	5.0%	2.4%
Hanwha Solutions (Con.)	Sales	3,783	3,100	3,393	2,926	3,870	10,725	13,654	13,289
	OP	168	271	194	98.3	40.7	738	966	605
	OPM	4.4%	8.8%	5.7%	3.4%	1.1%	6.9%	7.1%	4.5%
Hanwha Aerospace (Con.)	Sales	2,595	2,038	1,908	1,982	3,439	5,541	6,540	9,366
	OP	165	224	81.2	104	292	277	375	702
	OPM	6.4%	11.0%	4.3%	5.3%	8.5%	5.0%	5.7%	7.5%





1) Defense division performance is included until October '22 (Spinoff of Defense Division and Merger E&C: '22.11.2)

2) Rewritten in accordance with IFRS 9 and 17

# Appendix #3

## (E&C) Hanwha's MXD Line-up

\* MXD: Mixed Use Development

	Seoul Station (Northern area)	Jamsil MICE complex	Suseo Station Transfer Center	Daejeon Station (Eastern area)
Birds-eye				
Order	KORAIL	SEOUL Metropolitan Gov.	Korea National Railway	KORAIL
Share	29% (100% As Hanwha Group)	15% (39% As Hanwha Group)	46%	50%
Area	0.34 mil. m <sup>2</sup>	0.99 mil.m <sup>2</sup>	0.51 mil. m <sup>2</sup>	0.36 mil. m <sup>2</sup>
Facilities	OT/Business/ Accommodation/ Retail	Convention/Stadium/ Sports Complex/ Facilities (Accommodation, Retail, etc)	Department store/OT/ Business/Accommodation	APT/Retail/Business/ Accommodation
Project Cost (Construction Cost)	2.7 tril. won (1 tril. won)	2.2 tril. won (0.8 tril. won)	1.6 tril. won (1.1 tril. won)	1.1 tril. won (0.4 tril. won)
Ground Break	2024	After 2025	2025	2025

## Appendix #4

### Project Financing Guarantee amount(As of December 2023)

(KRW Bn)

Sortation		Amount	Note
Maintenance project		291	Long-term loan for redevelopment/reconstruction association projects that are mostly converted to completion guarantee terms (expiring upon the completion of each project)
Own business (Bridge-Loan)		392	Seoul Station 220Bn, Gyeonggi Gwangju Development 58Bn Suwon Goseok Officetel 70Bn, Daejeon Station 44Bn
General Contracting	Completion	183	Daishin Gangnam Station Office 139Bn (Expiration date: Apr '24) Inspire Complex Resort 44Bn (Expiration date: Dec '25)
	Begin construction	5	Yongin international logistics land construction PJ 5Bn (Expiration date: Aug '24)
	Bridge-Loan	19	Gimpo Gamjeong Urban Development 19Bn
<b>Total</b>		<b>890</b>	

*“The PF risk amount is 24.2Bn KRW. Significantly lower amount compared to other construction companies”*

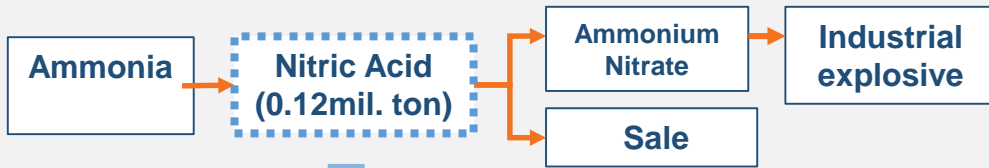
# Appendix #5

## (Global) Sales plan of 0.52 mil. ton of Nitric Acid

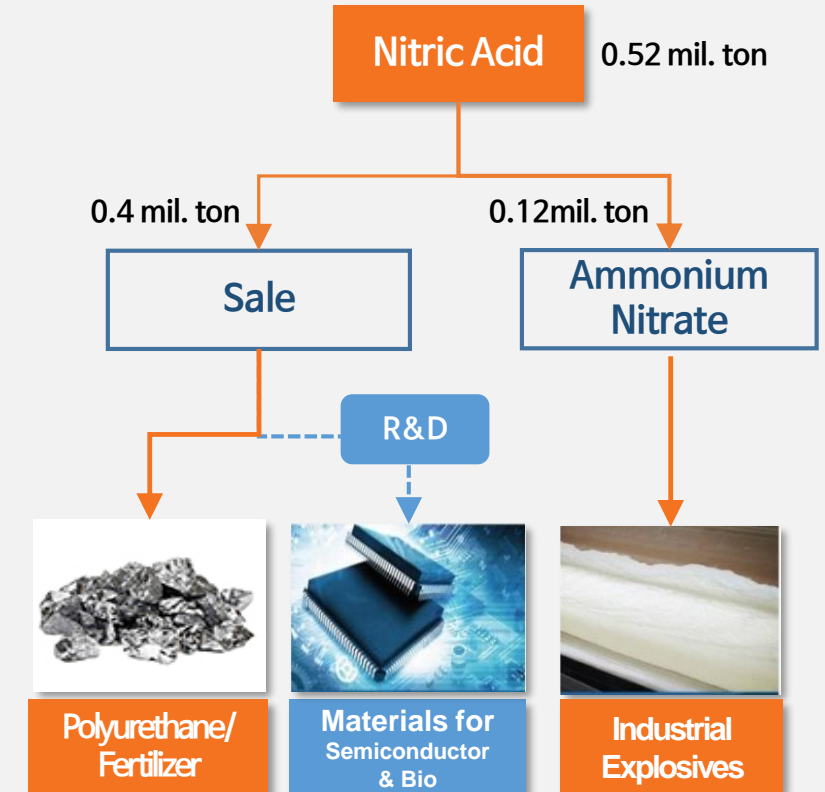
### Nitric Acid



- Ingredients of polyurethane, fertilizer, etc.
- For Deposition and Cleaning process of semiconductor and display
- Global Nitric Acid Market: 41 tril. won\*  
\* 2023



### How Nitric Acid is Used



### Groundbreaking Ceremony('23.7.18)



- Capacity to produce 0.52 mil. ton annually by '24(0.12 mil. ton at now)
- Securing both cost competitiveness and driving force for broadening its business to Bio and Semiconductor materials

R&D for Discovering and Commercializing High-value added, Nitric Acid-based Businesses such as Bio and Semiconductor materials

# Appendix #6

## P&L(Separate)

Accounts	[KRW 1BN]		
	2023	2022	YoY
Revenue	7,186	3,880	3,306
COGS	6,511	3,290	3,221
<b>Gross Profit</b>	675	590	85
SG&A	503	396	108
<b>EBIT</b>	172	195	-23
Other Income	230	445	-215
Other Expense	219	256	-36
Interest/Finance Profit	100	31	69
Interest/Finance Expense	195	97	98
<b>EBT</b>	87	318	-231
Taxes	-4	31	-35
<b>Net Income</b>	91	287	-196

## BS(Separate)

Accounts	[KRW 1BN]		
	2023	2022	YoY
<b>Assets</b>	10,507	10,730	-224
Current Assets	2,700	3,452	-752
(Cash Equivalents)	72	500	-428
(Accounts Receivables)	1,310	1,392	-82
Non-current Assets	7,806	7,278	528
(Investments in subsidiaries and associates)	4,933	4,863	70
<b>Liabilities</b>	7,107	7,386	-279
Current Liabilities	3,625	4,431	-805
(Borrowings and Debentures)	1,595	2,295	-700
Non-current Liabilities	3,482	2,956	526
(Borrowings and Debentures)	2,085	1,675	409
<b>Equity</b>	3,400	3,344	56