



Hanwha Corporation

3Q 2022 Earnings

October 31, 2022

2022. 10. 31.

Highlights

3Q'22 Key Message

In-house

- Focus our business on providing 'Eco-friendly & High value-added material / Equipment / Infrastructure' to enter a high-growth industry

Consolidated

- Aerospace · Defense: A move to sharpen its competitiveness in the global defense industry through integration of defense business
- Renewable Energy: taking a step further thanks to rapidly growing industry

Sustainability Market Trend

2022

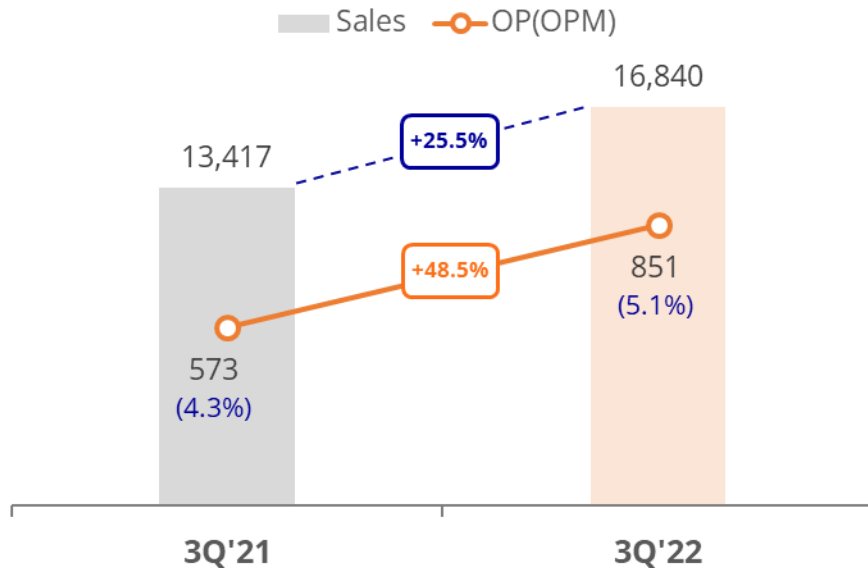
- EU: "Taxonomy for Sustainable Activities", "Proposal for a Directive on corporate sustainability due diligence"
- ISSB, published exposure draft General Requirements for Disclosure of Sustainability-Related Financial Information
- The Inflation Reduction Act(IRA) passed
- Sustainable security issue in Europe
- Hanwha Aerospace selected as preferred bidder for Korea's space rocket project

3Q22 Results : Hanwha Corp. (Consolidated)

Overall consolidated performance improved significantly

-Despite of external uncertainties, increased demand for renewable energy and defense peak season is approaching

(Unit : KRW bn)



	3Q'22	YoY	QoQ
Sales	16,838	25.5%	10.8%
Non-financial	9,861	35.0%	6.5%
Financial	10,278	28.6%	22.5%
Consolidation Adjustment	-3,301		
Operating Profit	917	60.0%	0.3%
Non-financial	692	68.9%	17.3%
Financial	279	50.6%	-27.9%
Consolidation Adjustment	-54		
Net Profit	851	64.9%	-7.2%
Controlling Shareholder	542	133.3%	-16.9%

Result

- **Non-financial performance improved YoY** thanks to ① Steep ASP improvement with growth in demand for renewable energy, ② Continued growth of video surveillance solutions in the U.S market, recovery of LTA for aircraft engine parts, and ③ Large-scale local construction project
- **Financial performance improved YoY** thanks to Guaranteed/long-term insurance and savings insurance sales increase due to high market interest rate

Outlook

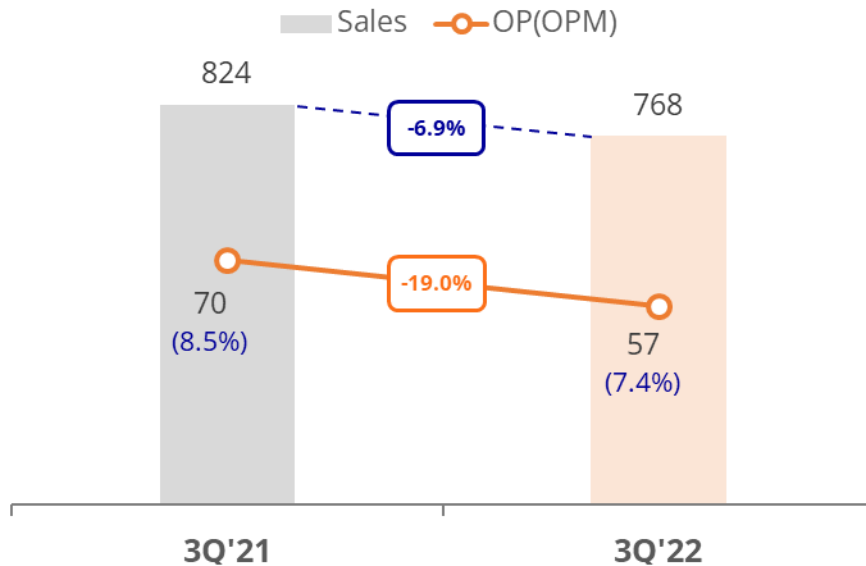
- E&C and petrochemical businesses are expected to be affected by inflation and interest rate hikes.
- Solid performance expected from energy independence issue in EU and IRA bill in US, and seasonal effect for defense business
- Financial affiliates' growth expected from sturdy insurance performance

3Q22 Results : Hanwha Corp. (Separate)

Sales slightly declined due to an outlook of economic downturn

- Growth of business scale expected after the structural reforms

(Unit : KRW bn)



	3Q'22	YoY	QoQ
Sales	768	-6.9%	-4.0%
Defense·Momentum	414	-16.2%	1.4%
Global	354	7.1%	-9.5%
Operating Profit	57	-19.0%	216.8%
Defense·Momentum	41	-6.5%	257.1%
Global	16	-39.3%	147.5%
Net Profit	26	-40.4%	-4.1%

Result

Decreased Sales YoY

- Global: Ammonia business sales increase due to the market condition
- Defense: Large projects completed
- Momentum: Reduced facility investment demand

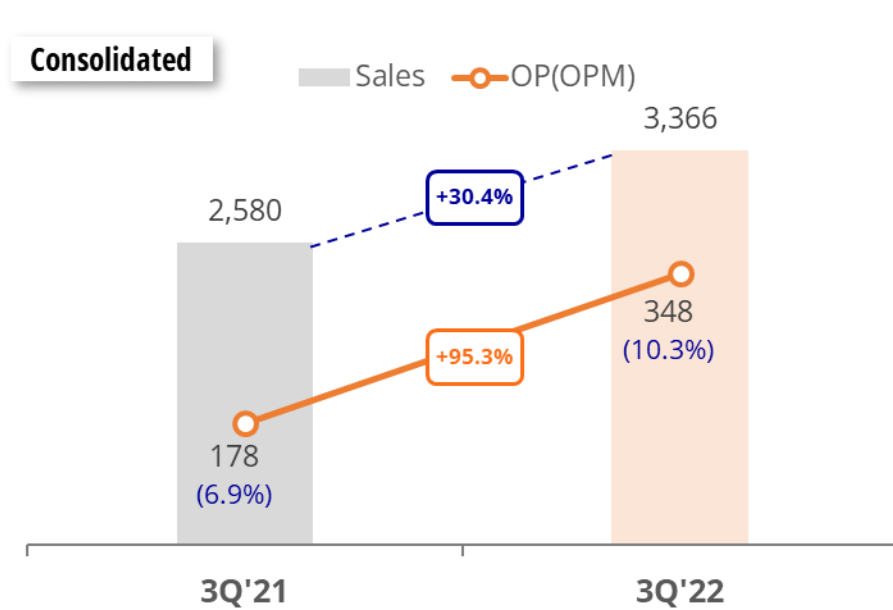
Decreased OP YoY :

- Petrochemical margins were good last year thanks to high oil price, but they have decreased relatively this year
- Increased cost of raw materials led to cost increase in overall business

Outlook

- Growth of in-house business expected after successful merger with Hanwha E&C
- While affected by inflation and interest rate hikes, improved performance for in-house business expected due to Global management efficiency work, Momentum and E&C project orders converting to sales

3Q22 Results : Hanwha Solutions



(Unit : KRW bn)

	3Q'22	YoY	QoQ
Sales	3,366	30.4%	-0.7%
Renewable Energy	1,332	61.0%	7.9%
Chemicals	1,470	12.1%	-8.4%
Adv. Materials	313	38.1%	4.4%
Galleria	127	5.0%	-4.1%
Others	125	31.9%	5.1%
Operating Profit	348	95.3%	25.5%
Renewable Energy	197	SURPLUS	460.2%
Chemicals	120	-55.1%	-47.5%
Adv. Materials	20	760.9%	19.3%
Galleria	8	13.2%	113.9%
Others	4	SURPLUS	170.2%

Result

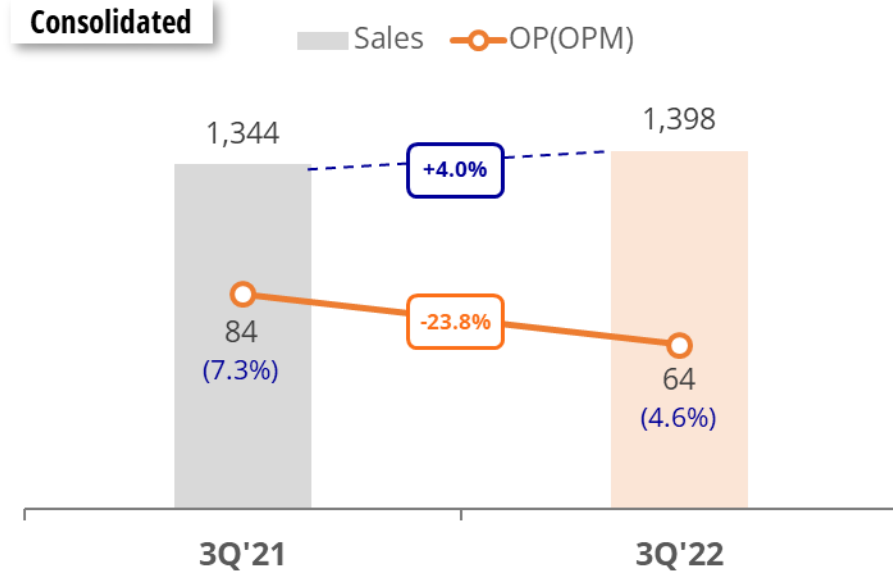
- Improved performance thanks to renewable energy market price increase and stabilization of maritime freight
- Strong sales from Advanced Materials division

Outlook

- Growth expected in the long run due to the US IRA bill and energy dependence in Europe.
- Strong demand will lead to solid performance

3Q22 Results : Hanwha Aerospace

(Unit : KRW bn)



	3Q'22	YoY	QoQ
Sales	1,398	4.0%	-4.1%
Hanwha Aerospace	329	2.8%	-10.4%
Hanwha Defense	352	9.2%	5.7%
Hanwha Systems	459	-17.6%	-10.0%
Hanwha Techwin	279	53.5%	9.0%
Satrec Initiative	23	-	11.5%
Operating Profit	64	-23.4%	-26.1%
Hanwha Aerospace	15	2922.9%	-34.6%
Hanwha Defense	9	-42.5%	-39.4%
Hanwha Systems	0.5	-98.8%	-97.0%
Hanwha Techwin	40	58.1%	11.3%
Satrec Initiative	-0.3	-	-

- Deficit Reduction

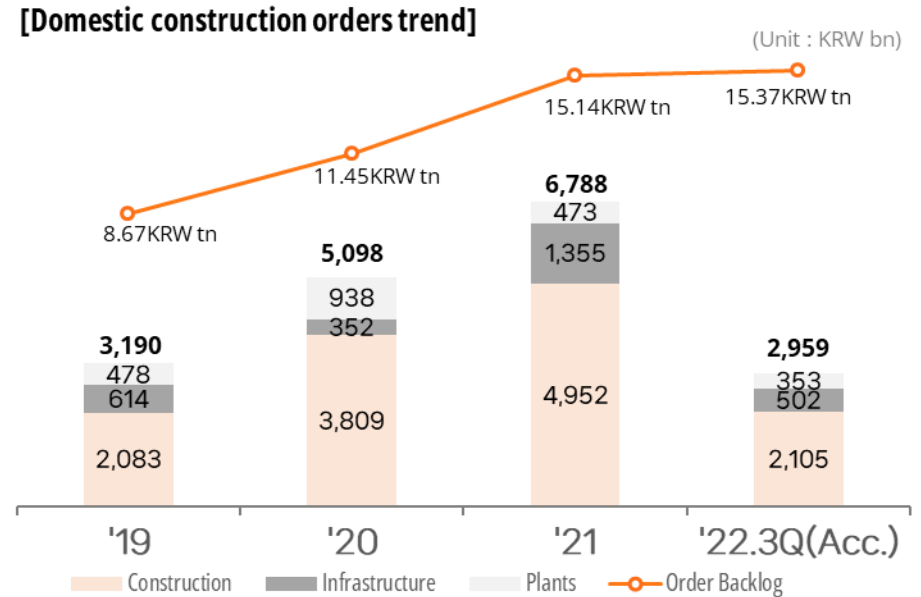
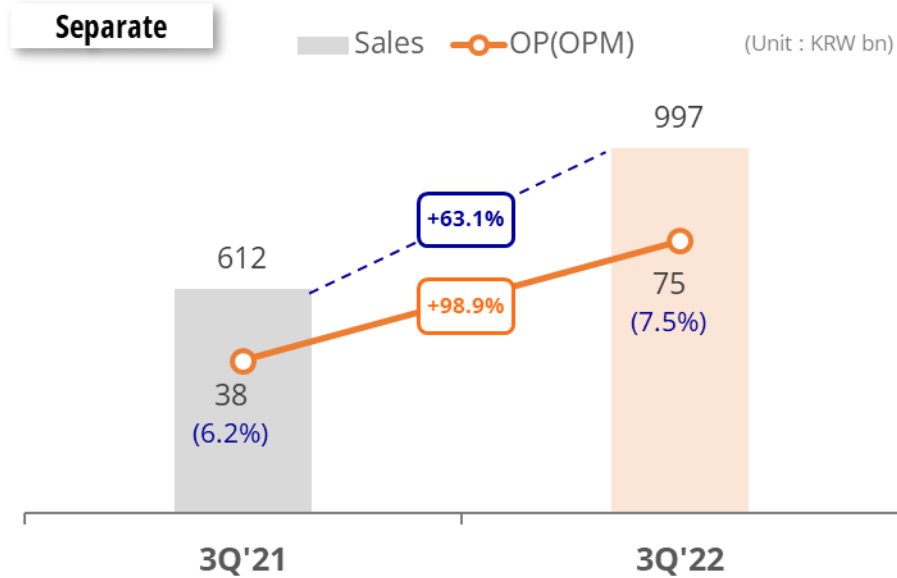
Result

- Sales slightly increased : Continued growth of video surveillance solutions in the U.S market, Recovery of LTA for aircraft engine parts.
- Operating profit fell year-on-year : Seasonal factors in the defense sector, SGA cost increase in Hanwha System/ICT

Outlook

- Solid performance expected : Seasonal effect in the defense sector, continued strong demand increase in the non-defense sector

3Q22 Results : Hanwha E&C



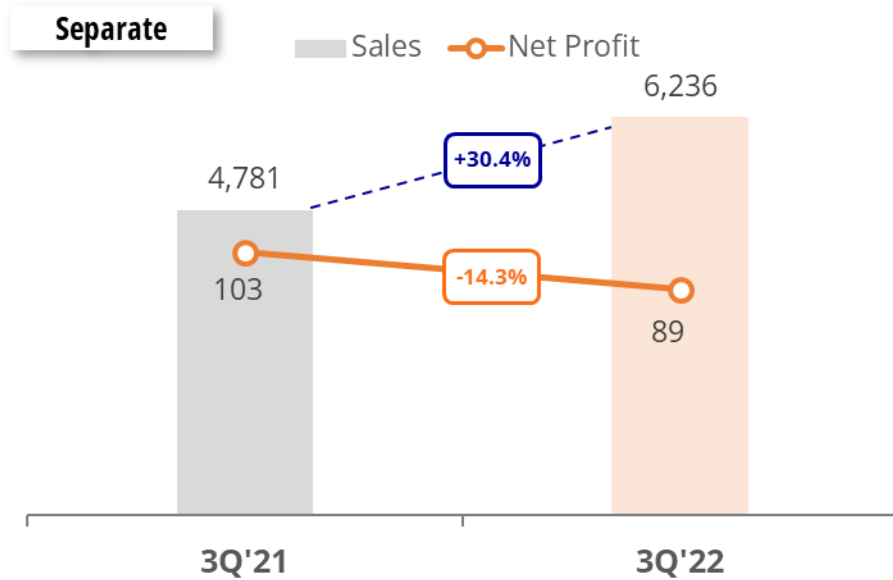
Result

- Improved Sales and OP as large scale domestic project orders started to convert to sales

Outlook

- As external uncertainties, such as economic downturn, caused by inflation and interest rate hikes are expected, we will focus on risk management and on securing profitability centered on large domestic projects.

3Q22 Results : Hanwha Life



(Unit : KRW bn)

	3Q'22	YoY	QoQ
Sales	6,236	30.4%	31.1%
Operating Profit	34	178.9%	-78.2%
Net Profit	89	-14.2%	58.3%

Result

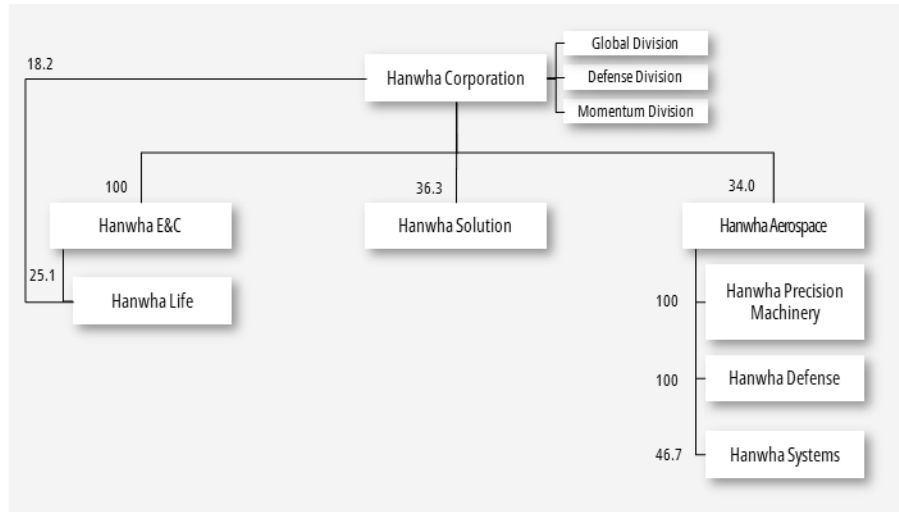
- Sales increase due to increased premium income from the guaranteed insurance
- Net profit decrease due to temporary increase in sales cost and bond sales profit decrease due to market volatility

Outlook

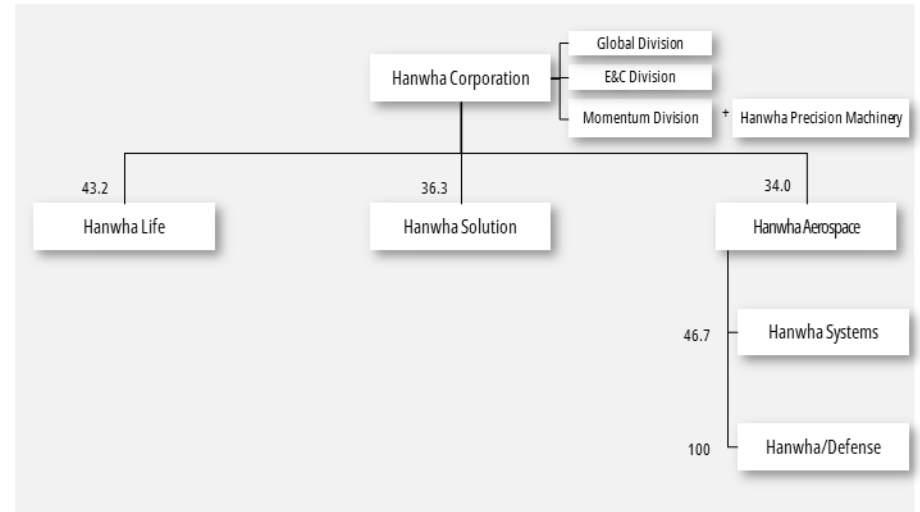
- Solid performance expected thanks to reversal of variable guarantee reserves and increased profit from alternative investment asset sales

Business Restructuring Review

Improving business efficiency and competitiveness through the restructuring



[Before]



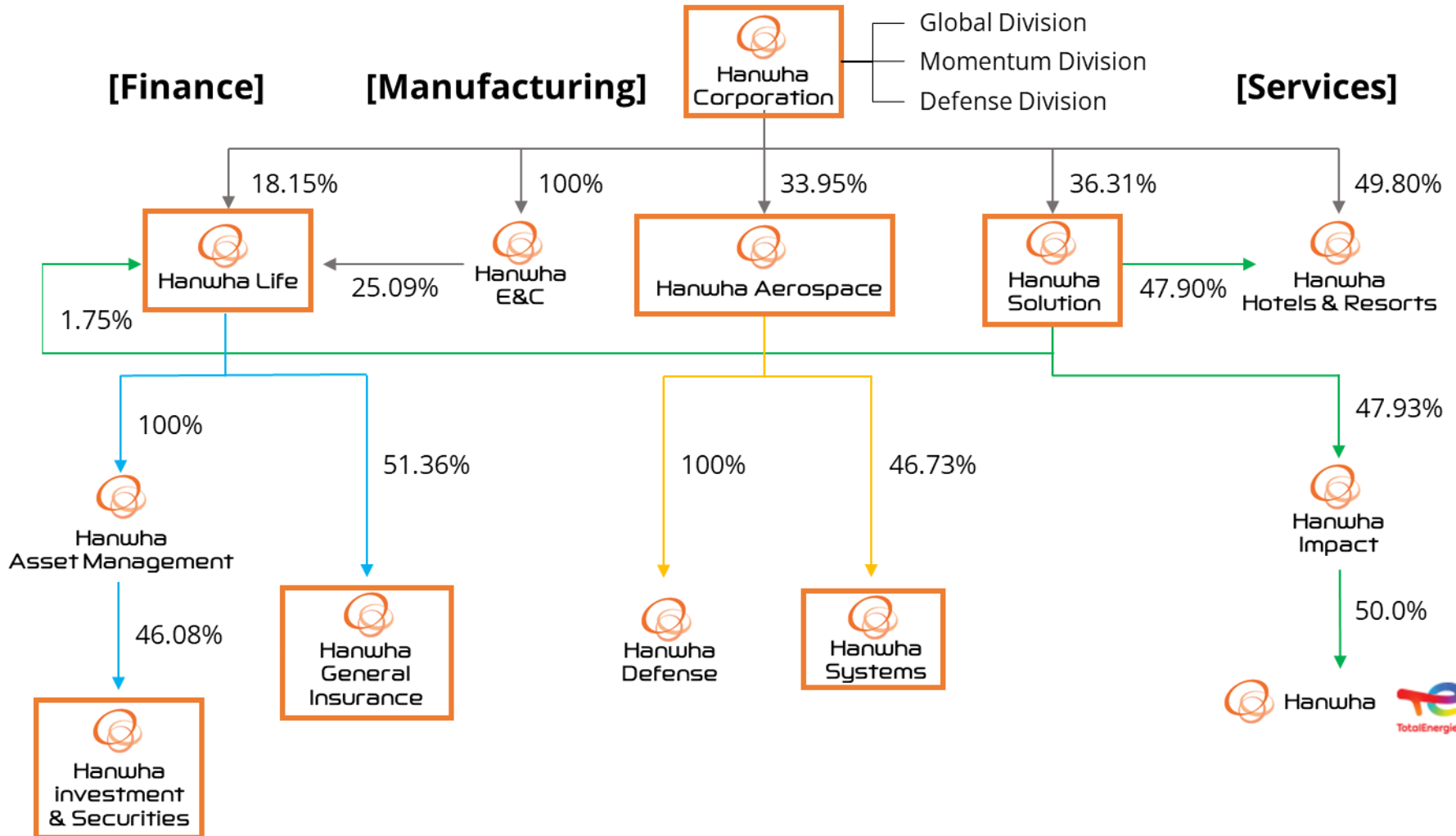
[After]



Appendix #1

Ownership Structure – Before Business Restructuring

Listed

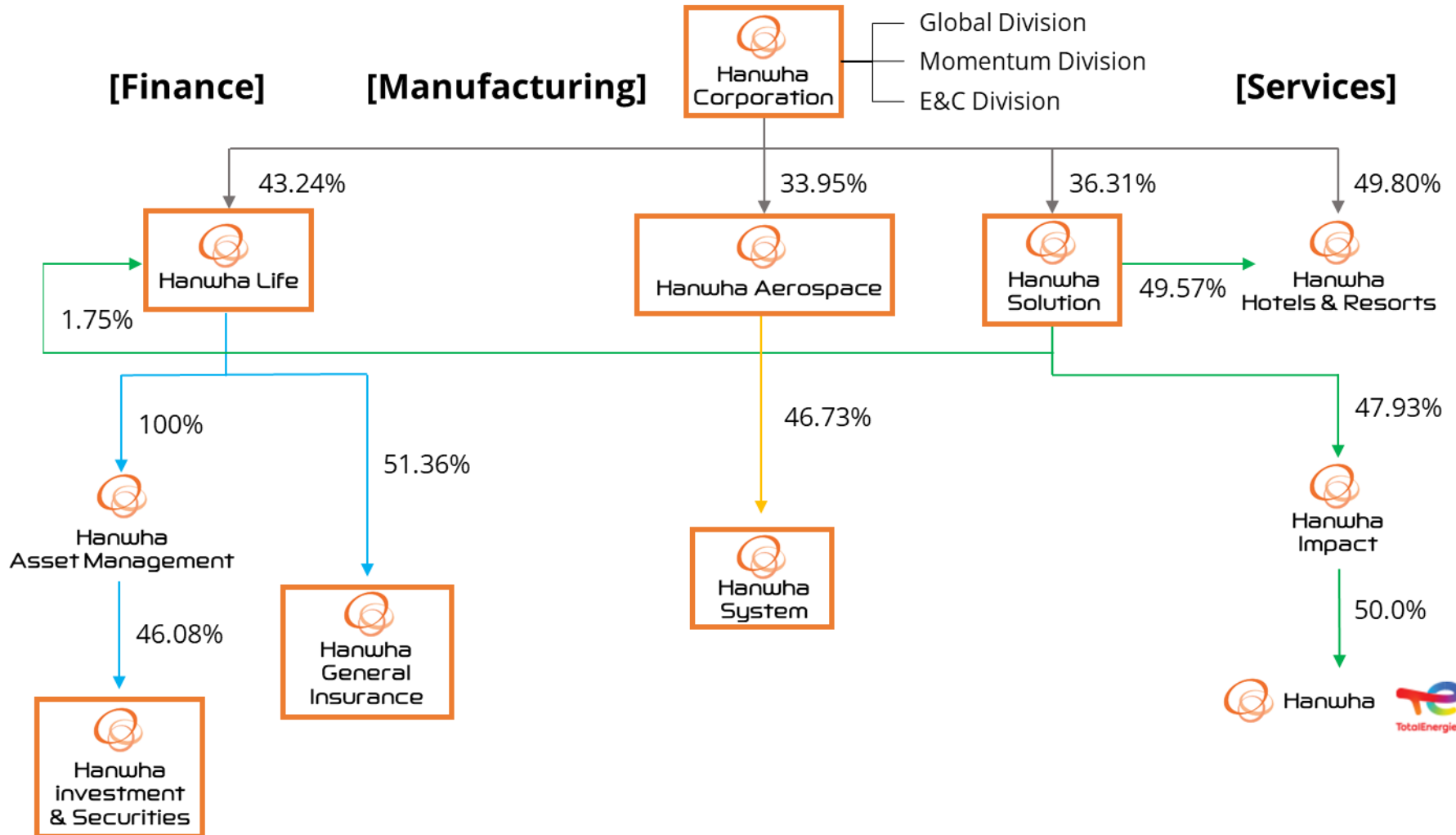


※ Equity method is applied to 95 companies including Hanwha Impact, YNCC, etc.

Appendix #1

Ownership Structure – After Business Restructuring

Listed



※ Equity method is applied to companies including Hanwha Impact, YNCC, etc.

Appendix #2

3Q22 Results : Hanwha Corp. and Key Subsidiaries

(Unit : KRW bn)

Company		1Q'21	2Q'21	3Q'21	4Q'21	1Q'22	2Q22	3Q22	2020	2021
Hanwha Corporation (Consolidated)	Sales	12,838.2	12,677.1	13,416.8	13,904.0	13,144.0	15,189.8	16,837.7	50,926.5	52,836.1
	OP	848.5	769.0	573.2	737.3	465.8	914.6	917.0	1,549.0	2,927.9
	OPM	6.6%	6.1%	4.3%	5.3%	3.5%	6%	5.4%	3.0%	5.5%
Hanwha Corporation (Separate)	Sales	710.3	1,186.6	824.3	1,214.3	758.8	799.4	767.8	4,000.8	3,935.5
	OP	4.0	88.6	70.0	66.3	28.4	17.9	56.7	166.9	228.9
	OPM	0.6%	7.5%	8.5%	5.5%	3.7%	2.2%	7.4%	4.2%	5.8%
Hanwha E&C (Separate)	Sales	587.0	725.1	611.6	709.8	648.5	1,036.1	997.5	3,288.4	2,633.5
	OP	34.1	54.5	37.8	-8.0	16.6	892.	75.3	193.3	118.4
	OPM	5.8%	7.5%	6.2%	-1.1%	2.6%	8.6%	7.5%	5.9%	4.5%
Hanwha Life (Separate) ¹⁾	Sales	4,400.5	3,532.7	4,781.4	3,970.2	4,060.2	4,757.4	6,236.4	17,174.0	16,684.8
	Net Profit	194.2	56.6	103.1	56.7	50.9	55.9	88.5	163.9	410.6
	Net Profit Margin	4.4%	1.6%	2.2%	1.4%	1.3%	1.2%	1.4%	1.0%	2.5%
Hanwha Solution (Consolidated)	Sales	2,404.3	2,777.5	2,580.3	2,963.1	2,970.3	3,389.1	3,365.7	9,195.0	10,725.0
	OP	254.6	221.1	178.4	84.3	157.9	277.7	348.4	594.2	738.3
	OPM	10.6%	8.0%	6.9%	2.8%	5.3%	8.2%	10.4%	6.5%	6.9%
Hanwha Aerospace (Consolidated)	Sales	1,212.4	1,686.4	1,542.5	1,973.8	1,378.1	1,671.1	1,397.7	5,321.4	6,415.1
	OP	65.9	132.6	103.3	81.3	66.4	112.9	64.4	243.9	383.0
	OPM	5.4%	7.9%	6.7%	4.1%	4.8%	6.8%	4.6%	4.6%	6.0%

1) Hanwha Life's figures are on a separate basis as disclosed on its quarterly & semi-yearly financial reports to the Financial Supervisory Service