



# Hanwha Corporation

## 4Q 2022 Earnings

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2023. 2. 28.

# Disclaimer

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.

# Highlights

## 2022, Sustainability Story

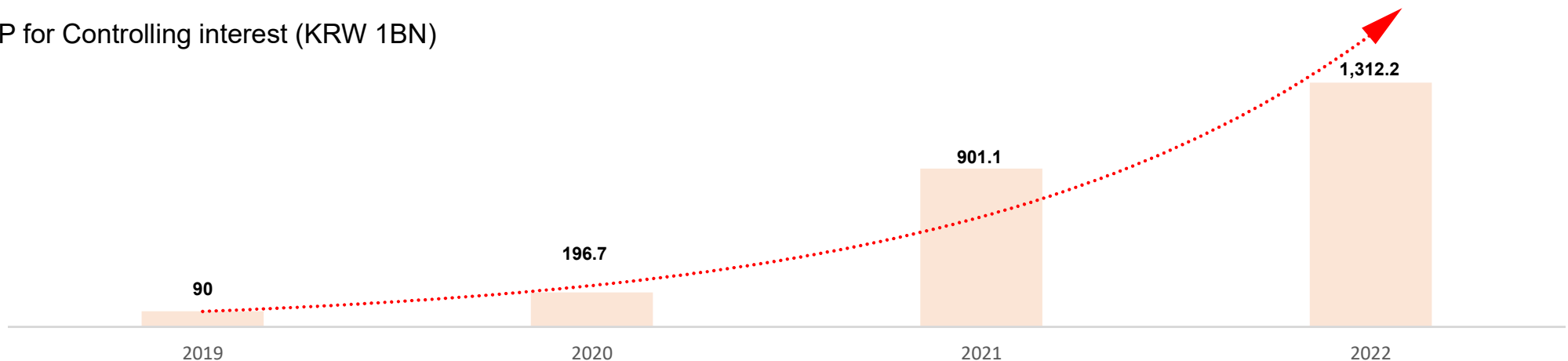
### Separate

- Established plans for own businesses of the company to evolve into focusing on eco-friendly materials, equipment, and infrastructure which is of growth potential & value-added through business restructuring
  - [Global]** Materials for IT Products, and personal · healthcare product
  - [Momentum]** Eco-friendly industrial equipment such as secondary batteries and solar power
  - [E&C]** Green Infra Developer such as wind power, sewage treatment
- Securing growth engines, Expanding size, and Visualizing hidden value with merging unlisted subsidiary, Hanwha E&C

### Consolidated

- The rapidly growing energy and security markets around the world have been in line with New identity of **Manufacturing sector**, resulting in chance to make another leap forward. So, Implementing large-scale investments and M&As to amplify the growth potential, We are evolving into a Global Player and Total Solution Provider.
- Financial sector** will strengthen management capabilities to respond to changes in the business environment due to the introduction of the new accounting system, while driving solid performance through synergy between strong sales channels and digital finance.

NP for Controlling interest (KRW 1BN)



# 4Q22 Results & Outlook, Hanwha Corp. (Consolidated)

## Year on year, Sales ↑ but OP ↓ due to increased financial sales-related costs

- In spite of the existence of globally common instable factors, strong performance is expected from the expansion of renewable energy and security markets.

(KRW 1BN)	4Q'22	4Q'21	YoY	3Q'22	QoQ
<b>Sales</b>	<b>17,099</b>	<b>13,904</b>	<b>+23.0%</b>	<b>16,841</b>	<b>+1.5%</b>
Non-financial	11,310	8,983	+25.9%	9,861	+14.7%
Financial	8,764	6,787	+29.1%	10,278	-14.7%
Adjustment	-2,976	-1,866		-3,298	
<b>OP</b>	<b>214</b>	<b>737</b>	<b>-71.0%</b>	<b>921</b>	<b>-76.8%</b>
Non-financial	537	240	+123.6%	692	-22.5%
Financial	-72	272	Deficit	279	Deficit
Adjustment	-251	225		-50	
<b>NP</b>	<b>181</b>	<b>254</b>	<b>-28.8%</b>	<b>855</b>	<b>-78.8%</b>
<b>NP(Controlling)</b>	<b>75</b>	<b>122</b>	<b>-38.5%</b>	<b>544</b>	<b>-86.2%</b>

### • Results

- Non-financial sales increased due to growing renewable energy businesses, peak season effect & increased exports of defense business, the growth of Hanwha Techwin in USA, The huge construction project
- Financial sales increased due to growing sales of life insurance and savings insurance due to rising market interest rates.
- High profitable sales of defense, turnaround in renewable energy biz result in increased OP in Non-financial but OP in financial decreased due to increased sales-related costs and decreased net operating income of securities firm.

### • Outlook

- Concerns over economic recession and global common instability (interest rates, raw material prices, etc.) exist, but non-financial companies will drive solid performance, focusing on the expansion of renewable energy and security markets.
- Business environment of Financial companies are expected to change due to the introduction of the new accounting system, but they are expected to strengthen their market dominance through strong sales channels and digital financial synergy, leading to solid insurance profits.

# 4Q22 Results & Outlook, Hanwha Corp. (Separate)

## Ready to Rebound

- Robust Crisis Mgt → Risk Mgt & Fostering Growth Biz

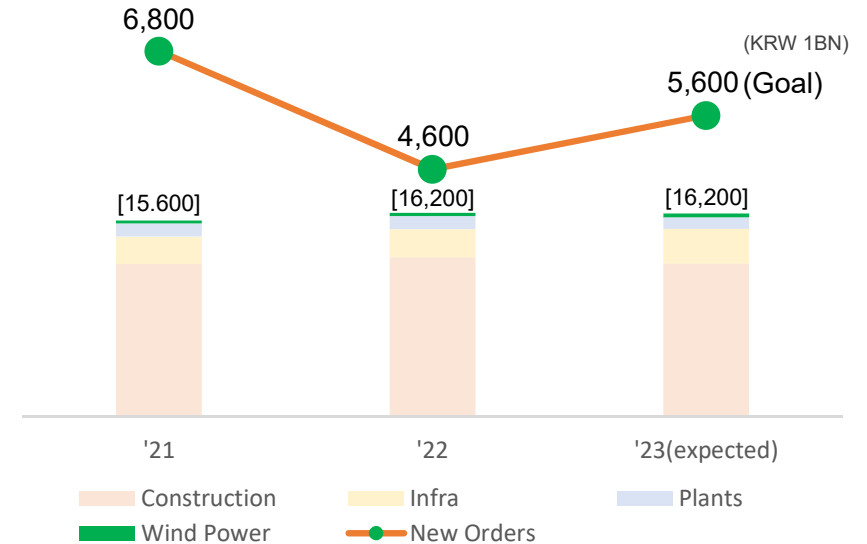
(KRW 1BN)	4Q'22	4Q'21	YoY	3Q'22	QoQ
<b>Sales</b>	<b>1,554</b>	<b>1,214</b>	<b>+28.0%</b>	<b>768</b>	<b>+102.4%</b>
Global	331	406	-18.4%	351	-5.8%
Momentum	209	247	-15.6%	118	+76.8%
E&C	835		<u>E&amp;C IN : 2022.11.01</u>		
The Rest	179		<u>Defense OUT: 2022.11.02</u>		
<b>OP</b>	<b>92</b>	<b>66</b>	<b>+43.6%</b>	<b>57</b>	<b>+67.9%</b>
<b>NP</b>	<b>194</b>	<b>26</b>	<b>+646.2%</b>	<b>26</b>	<b>+655.4%</b>

### • Results & Outlook

- Though Global(Trade Biz reorganization), Momentum(Clients' investment ↓) show sales ↓, Total sales ↑ (YoY) due to huge construction project of E&C.  
※ The Rest(Defense, Brand license): Similar level of sales considering business restructuring
- Total OP ↑ due to global(one-time profit), E&C (increased sales of large projects), while NP ↑ significantly(YoY) due to defense division disposal profit (KRW 210 billion).
- Foster Growth Biz with solid performance of E&C(large projects), Momentum(market growth of solar, secondary batteries equipment)

## Domestic Orders backlog(E&C)

- Focus on risk mgt, securing profitability



### • Results & Outlook

- In 2022, as economic uncertainties due to inflation and interest rate increase, Focus on risk mgt rather than expansion through aggressive order-taking-activities
- We will focus on risk mgt and on securing profitability centered on large domestic projects and order-taking from complex developments, infra projects is expected

# [subsidiaries] 4Q22 Results & Outlook, Hanwha Solutions(Consolidated)

(KRW 1BN)	4Q'22	4Q'21	YoY	3Q'22	QoQ
<b>Sales</b>	<b>3,929</b>	<b>2,963</b>	<b>+32.6%</b>	<b>3,366</b>	<b>+16.7%</b>
Renewable E	2,082	990	+110.3%	1,332	+56.4%
Chemicals	1,295	1,472	-12.0%	1,470	-11.9%
Adv Materials	278	263	+5.7%	313	-11.2%
Galleria	150	146	+2.8%	127	+18.9%
Others	124	92	+34.0%	125	-0.9%
<b>OP</b>	<b>182</b>	<b>84</b>	<b>+116.4%</b>	<b>348</b>	<b>-47.7%</b>
Renewable E	232	-153	Surplus	197	+17.6%
Chemicals	-32	232	Deficit	120	Deficit
Adv Materials	-4	-2	Deficit	20	Deficit
Galleria	17	8	+118.0%	8	+120.8%
Others	-60	-1	Deficit	4	Deficit

## • Results

- Despite the fall in international prices of major chemical products, sales increased in the renewable energy business and sales from power plant project result in Total sales ↑, YoY
- Despite the deficit from chemicals and advanced materials business, significant surplus from renewable energy business makes total OP increase, YoY

## • Outlook

- Strong performance outlook centered on renewable energy (seasonal off-season but one-time costs have disappeared compared to the previous quarter, profit realization from power plant projects) and chemicals (one-time cost elimination and major product's spread recovery).
- Strong demand for renewable energy is expected to continue, especially in USA, where the market is expected to grow rapidly and in Europe, where energy independence issues continue.

# [subsidiaries] 4Q22 Results & Outlook, Hanwha Aerospace(Consolidated)

(KRW 1BN)	4Q'22	4Q'21	YoY	3Q'22	QoQ
<b>Sales</b>	<b>2,518</b>	<b>1,765</b>	<b>+42.7%</b>	<b>1,398</b>	<b>+80.1%</b>
Aerospace	376	417	-10.0%	329	+14.2%
Land Systems	1,122	542	+106.8%	352	+219.0%
Hanwha Systems	789	680	+16.0%	459	+71.6%
Hanwha Techwin	250	171	+45.9%	279	-10.4%
Satrec Initiative	29	-	-	23	+26.5%
<b>OP</b>	<b>177</b>	<b>72</b>	<b>+145.5%</b>	<b>64</b>	<b>174.0%</b>
Aerospace	-20	4	Deficit	15	Deficit
Land Systems	183	57	+222.3%	9	+1,895.6%
Hanwha Systems	-8	7	Deficit	1	Deficit
Hanwha Techwin	35	4	+725.5%	40	-10.5%
Satrec Initiative	-9	-	-	-1	Deficit

## • Results

- Total sales ↑, YoY due to Land Systems(domestic mass production sales and exports↑), Techwin (Sales↑ from USA), and Systems (Sales↑ in defense biz and next-generation ERP).
- Despite demand↓ for the aviation industry due to the pandemic and consolidated loss of Hanwha System due to its new business, Total OP ↑, YoY due to high profitable Sales↑ from Land Systems, Techwin M/S ↑

## • Outlook

- Strong sales and operating profit is expected from Land Systems(external growth due to the merger of Hanwha Defense and exports increase) and Hanwha Techwin (continuous growth in the U.S. market)

## [subsidiaries] 4Q22 Results & Outlook, Hanwha Life(Separate)

(KRW 1BN)	4Q'22	4Q'21	YoY	3Q'22	QoQ
Sales	6,126	3,970	+54.3%	6,236	-1.8%
OP	-93	-7	Deficit	34	Deficit
NP	159	57	+181.2%	89	+79.8%

### • Results

- Sales increased(YoY) due to increased sales from savings insurance due to interest rate ↑, from coverage insurance
- OP decreased(YoY) caused by sales related cost ↑ from Insurance sales increase
- NP increased(YoY) due to reversal effect of variable insurance reserve, and profit from real estate disposal

### • Outlook

- With the introduction of the new accounting system, capital increases by 2 trillion KRW and risk considered capital ratio(RBC → K-ICS) ↑
- Under new accounting system, Savings insurance premiums are excluded from revenue recognition and sales are reduced accordingly.
- Strengthening management capabilities to respond to changes in the business environment caused by the introduction of the new system
- Strongly built sales channels and digital finance synergy strengthen market dominance



# Appendix #1

## Hanwha(Separate) Updates

After Business restructuring, the evolution is going smoothly

- Hanwha(Separate), MSCI ESG Report update
  - Reflecting the restructuring of the business structure, ESG Concern related to own business was deleted, and evaluation results suitable for the top parent company were obtained from the ESG perspective
- Momentum focuses on growth in eco-friendly industrial equipment-related businesses
  - Focus on the rapidly growing solar market in Europe and the United States

Daejeon Sewage Treatment Plant project successfully raised large-scale PF



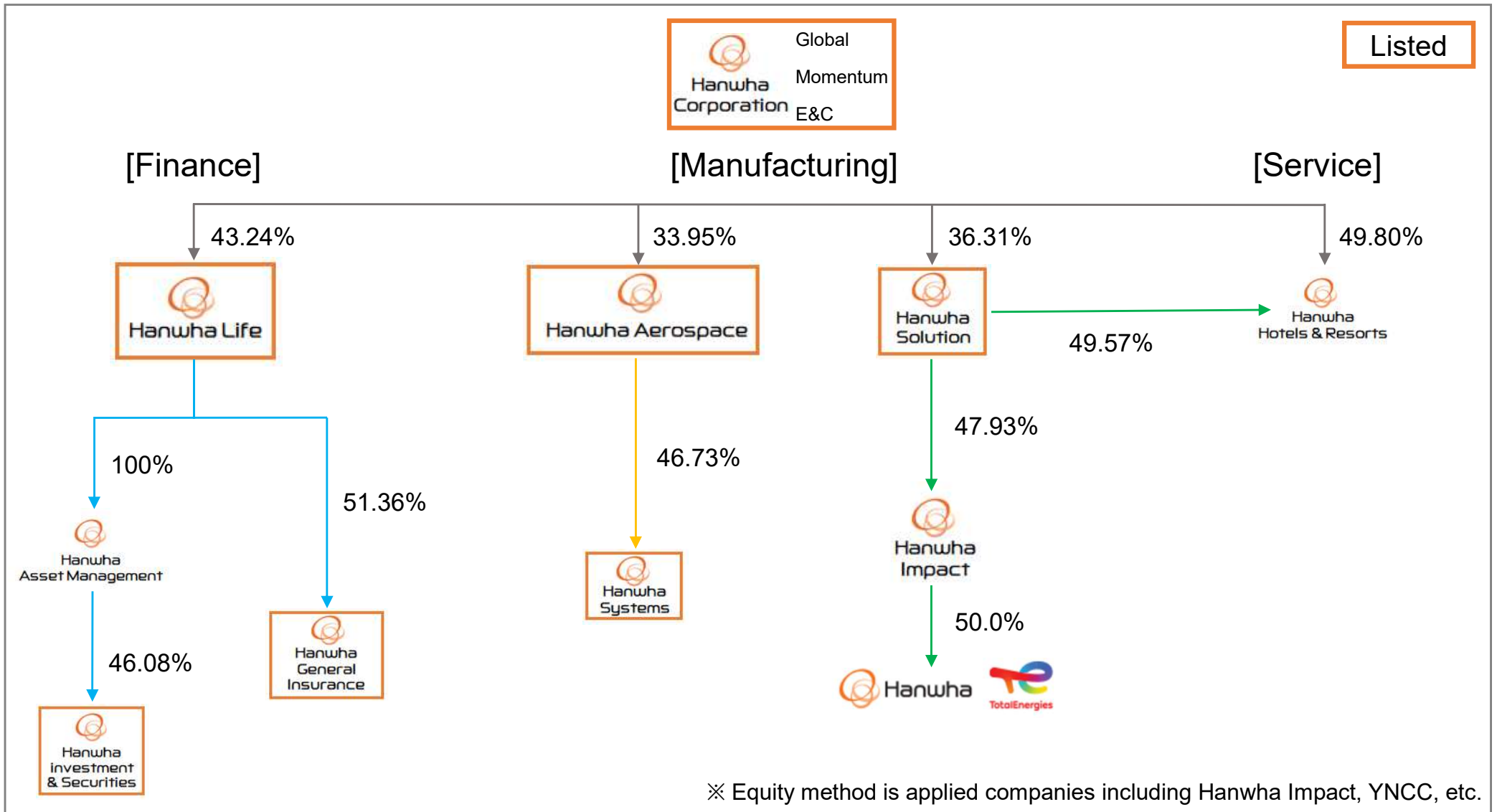
▲ Daejeon Sewage Treatment Plant project expected view

- E&C raises 1.24 trillion won in PF, the largest – ever environmental private capital project, and secures stable project costs.
  - Strengthen 'Green Infra Developer' capabilities through the first large-scale sewage treatment plant relocation project in Korea
- (2023.02.20)

# Appendix #2

Operating **own business** [ Global, Momentum, E&C],

Hanwha Group's **Controlling Company**, the largest shareholder of listed companies Solutions, Aerospace, Life and unlisted company, H&R.



# Appendix #3

## 4Q22 Results : Hanwha Corp. and Key Subsidiaries

Company	(KRW 1BN)	1Q'21	2Q'21	3Q'21	4Q'21	1Q'22	2Q22	3Q22	4Q22	2021	2022
Hanwha	Sales	12,838.2	12,677.1	13,416.8	13,904.0	13,148.1	15,189.8	16,841.4	17,099.1	52,836.1	62,278.4
(Con)	OP	848.5	769.0	573.2	737.3	466.5	914.6	921.4	213.7	2,927.9	2,516.1
	OPM	6.6%	6.1%	4.3%	5.3%	3.5%	6.0%	5.5%	1.3%	5.5%	4.0%
Hanwha	Sales	710.3	1,186.6	824.3	1,214.3	758.8	799.4	767.8	1,553.9	3,935.5	3,879.9
(Separate)	OP	4.0	88.6	70.0	66.3	28.4	17.9	56.7	91.5	228.9	194.5
	OPM	0.6%	7.5%	8.5%	5.5%	3.7%	2.2%	7.4%	5.9%	5.8%	5.0%
Hanwha	Sales	2,404.3	2,777.5	2,580.3	2,963.1	2,970.3	3,389.1	3,365.7	3,928.8	10,725.0	13,653.9
Solutions	OP	254.6	221.1	178.4	84.3	157.9	277.7	348.4	182.2	738.3	966.2
(Con)	OPM	10.6%	8.0%	6.9%	2.8%	5.3%	8.2%	10.4%	4.6%	6.9%	7.0%
Hanwha	Sales	1,034.5	1,398.0	1,344.4	1,764.5	1,166.6	1,457.4	1,397.7	2,517.9	5,541.4	6,539.6
Aerospace	OP	42.6	78.5	84.1	71.9	47.2	87.2	64.4	176.6	277.1	375.3
(Con)	OPM	5.4%	7.9%	7.3%	4.1%	4.0%	6.0%	4.6%	7.0%	5.0%	6.0%
Hanwha	Sales	4,400.5	3,532.7	4,781.4	3,970.2	4,060.2	4,757.4	6,236.4	6,126.0	16,684.8	21,180.0
Life	NP	194.2	56.6	103.1	56.7	50.9	55.9	88.5	159.2	410.6	354.3
(Separate)	<sup>1)</sup> NPM	4.4%	1.6%	2.2%	1.4%	1.3%	1.2%	1.4%	2.6%	2.5%	1.7%

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