HYUNDAI HEAVY INDUSTRIES

Deutsche Bank Access Korea Conference 2013
November 7~8, 2013

A global leader, sailing into a brilliant future
Global Leader

HYUNDAI
HEAVY INDUSTRIES CO.,LTD.

Important Notice

This presentation of Hyundai Heavy Industries (HHI) contains forward-looking statements relating to HHI's operations that are based on management's current expectations, estimates and projections. Words such as "anticipates", "expects", "intends", "plans", "projects", "schedules", "estimates" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and other factors including new order flows, FX rates, steel plate prices and so on, some of which are beyond company's control and are difficult to predict. Therefore, actual outcomes and actual results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements. HHI undertakes no obligation to update any forward-looking statements to reflect subsequent events.

Contents

HHI at a Glance

History

1970~2001

- **Dec. 1973**
  Established Hyundai Shipbuilding & Heavy Industries
- **Aug. 1999**
  Listed on Korea Stock Exchange

- **1983**
  Ranked No.1 in global shipbuilding market
- **Jun. 1994**
  Delivered Korea's first LNGc to HMM
- **Feb. 2001**
  Completed world's largest Elf Girassol FPSO (343,000 Ton)

2002~2007

- **Feb. 2002**
  Launched Hyundai Heavy Industries Group

- **2007**
  Built the world's most powerful ship engine
  (108,920 bhp marine engine, 8,600TEU containership)
- **2007**
  Built the world's largest LNGc (216,000 m2 for OSG)

2008~2013

- **Oct. 2008**
  Acquired Hi investment & Securities and Hi Asset Management
- **Dec. 2009**
  Acquired Hyundai Corporation
- **Aug. 2010**
  Acquired Hyundai Oilbank

- **2010**
  Achieved 100 million bhp production in 2 stroke marine engines
- **2011**
  Lifted world's largest offshore platform (North Rankin2 project, 23,600tonnes)
- **2011**
  Records 100 million Gross Tonnage in Ships

Sales Breakdown

(based on 2012 consolidated sales)

Refinery

(KRW 21,498.8 bil.)

Green Energy

(KRW 337.0 bil.)

Construction Equipment

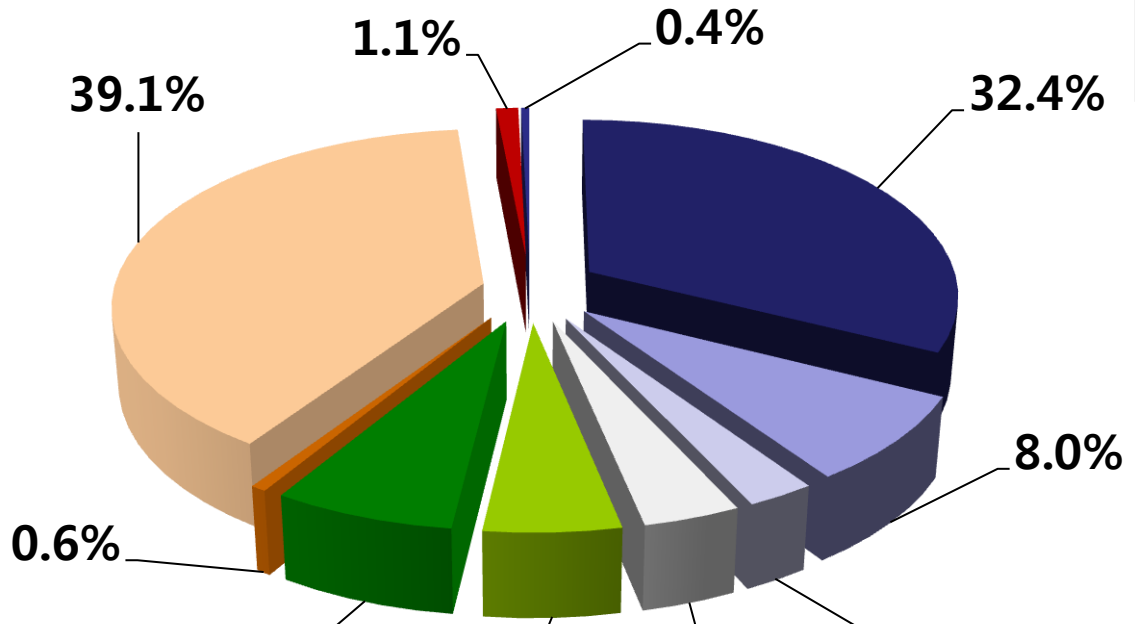
(KRW 3,791.2 bil.)

Financial Services

(KRW 634.1 bil.)

Others

(KRW 227.5 bil.)



Electro Electric Systems

(KRW 2,873.4 bil.)

Engine & Machinery

(KRW 2,011.1 bil.)

Shipbuilding

(KRW 17,787.7 bil.)

Offshore & Engineering

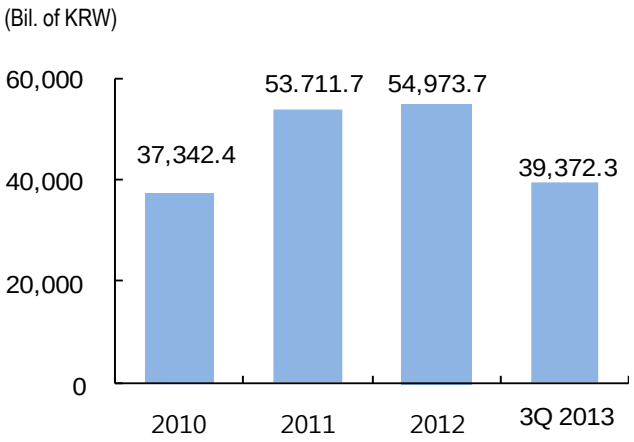
(KRW 4,381.8 bil.)

Industrial Plant & Engineering

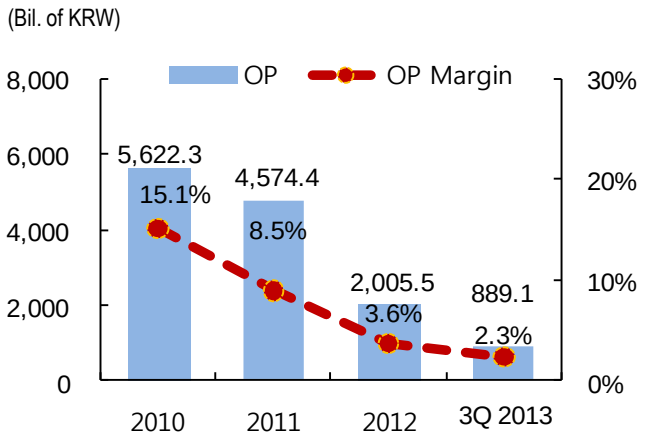
(KRW 1,431.1 bil.)

Financial Summary

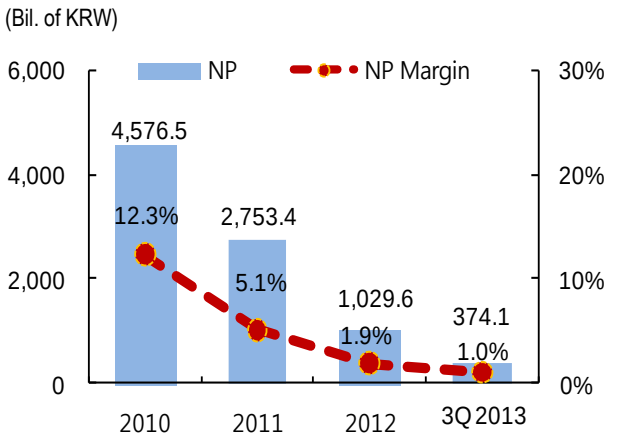
Sales



Operating Profit



Net Income

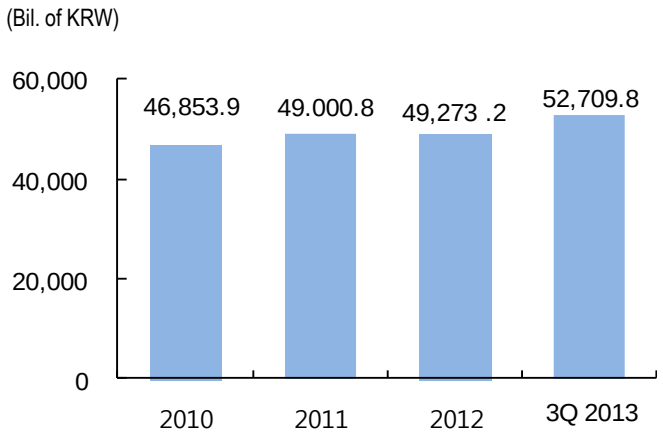


	2010		2011		2012		3Q 2013	
Sales	**37,342.4**	**100.0%**	**53,711.7**	**100.0%**	**54,973.7**	**100.0%**	**39,372.3**	**100.0%**
Operating Profit	**5,622.3**	**15.1%**	**4,574.4**	**8.5%**	**2,005.5**	**3.6%**	**889.1**	**2.3%**
Shipbuilding	2,766.7	17.4%	2,500.2	13.6%	1,047.1	5.9%	109.3	0.9%
Offshore	766.0	22.3%	392.3	10.5%	319.4	7.3%	263.0	7.8%
Industrial Plant	345.1	13.0%	253.1	9.4%	106.4	7.4%	69.5	9.6%
Engine & Machinery	756.2	38.7%	603.3	28.0%	347.6	17.3%	90.9	7.8%
Electro Electric	568.0	17.2%	154.3	6.4%	(74.3)	-2.6%	60.5	3.0%
Construction Equipment	389.2	11.6%	462.4	10.8%	276.5	7.3%	186.9	7.0%
Green Energy	-	-	(174.8)	-46.0%	(106.3)	-31.5%	(29.7)	-14.1%
Refinery	186.4	3.0%	596.8	3.2%	308.5	1.4%	399.9	2.5%
Finance services	80.2	19.2%	89.9	13.0%	95.1	15.0%	26.1	5.5%
Others	(235.5)	-	(303.1)	-	(314.5)	-	(287.3)	-
Net Income	**4,576.5**	**12.3%**	**2,753.4**	**5.1%**	**1,029.6**	**1.9%**	**374.1**	**1.0%**

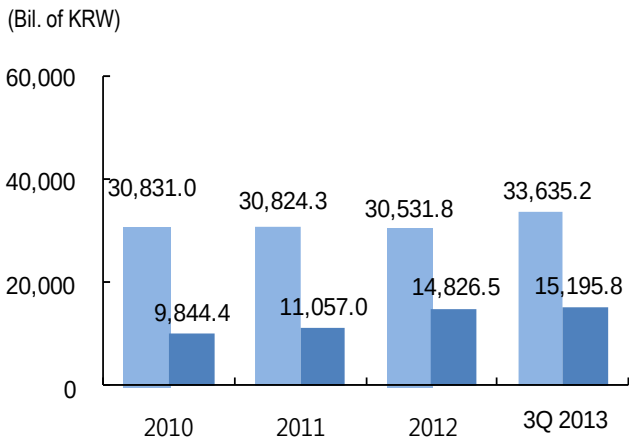
(Consolidated basis, K-IFRS)

Financial Summary

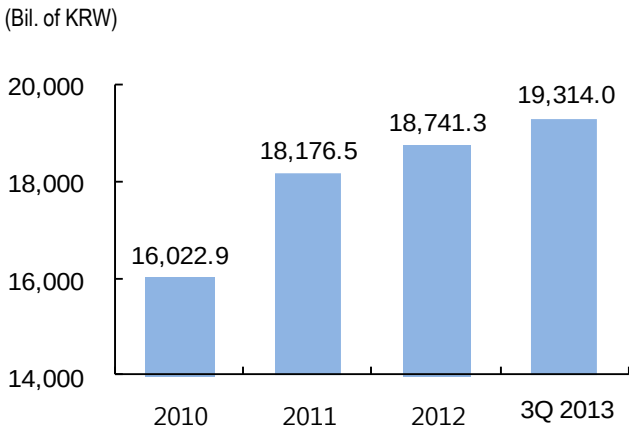
Assets



Liabilities & Total Debt



Shareholder's Equity

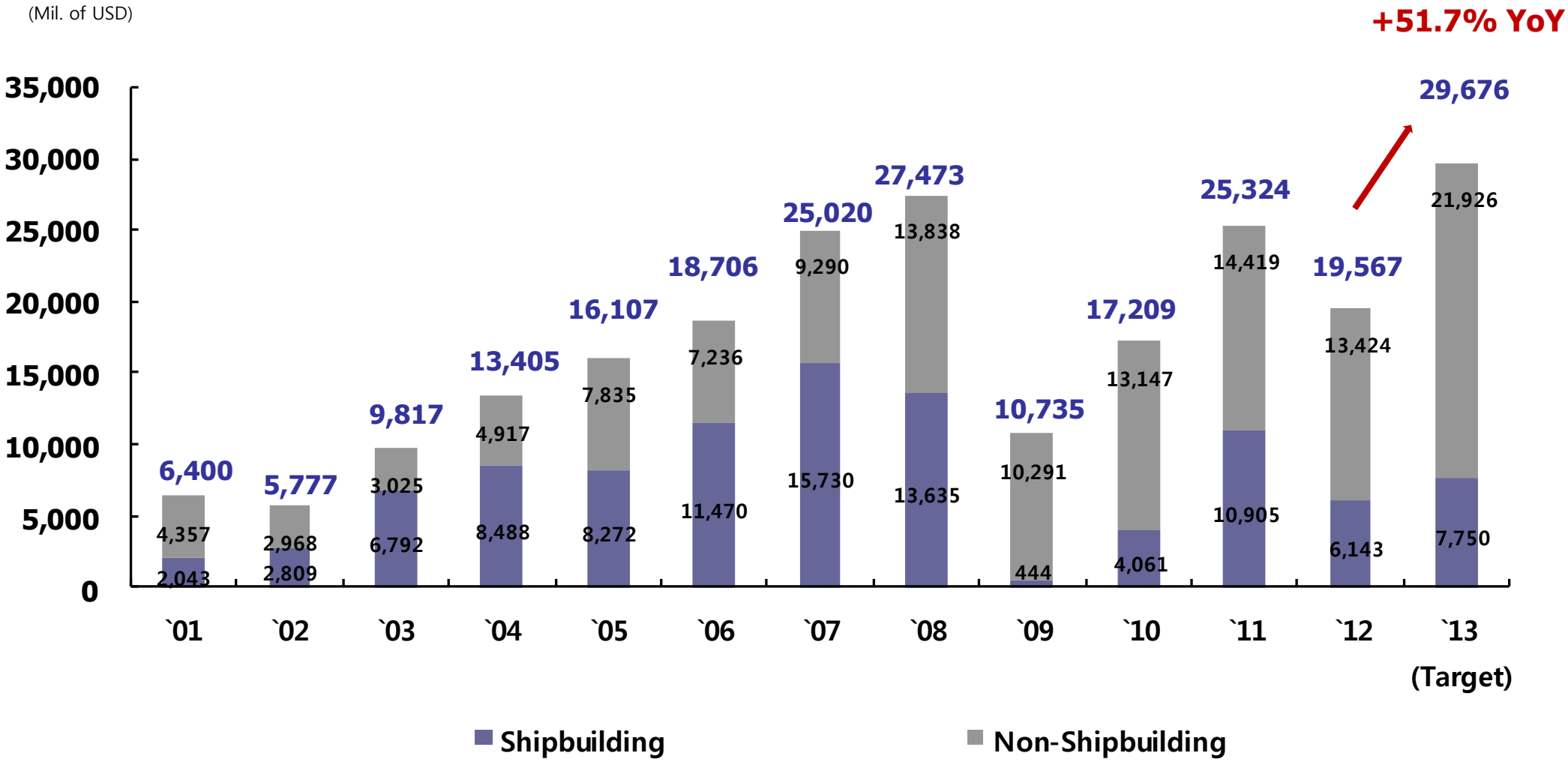


	2010	2011	2012	3Q 2013
Total Assets	**46,853.9**	**49,000.8**	**49,273.1**	**52,949.2**
Current Assets	**22,929.1**	**23,076.4**	**25,278.6**	**28,838.5**
Cash& Cash Equivalents	1,878.8	1,609.9	1,107.7	1,394.9
Non Current Assets	**23,924.8**	**25,924.4**	**23,994.5**	**24,110.7**
Total Liabilities	**30,831.0**	**30,824.3**	**30,531.8**	**33,635.2**
Current Liabilities	**26,011.7**	**25,490.8**	**22,174.0**	**25,426.7**
Non-Current Liabilities	**4,819.3**	**5,333.5**	**8,357.8**	**8,208.5**
Total Shareholder's Equity	**16,022.9**	**18,176.5**	**18,741.3**	**19,314.0**
Liabilties-to Equity Ratio	**192.4%**	**169.6%**	**162.9%**	**174.1%**
Debt-to-Equity Ratio	**61.4%**	**60.8%**	**79.1%**	**78.7%**
Total Debt	9,844.4	11,057.0	14,826.5	15,195.8

(Consolidated basis, K-IFRS)

Business Performance

New Orders Trend



HYUNDAI HEAVY INDUSTRIES

New Orders flow by Division

☐ **Achieving 73.7% of annual target, a 66.7% increase YoY on the back of positive order flow of commercial vessels and offshore production facilities**

- **Shipbuilding** : 25 Containerships, 14 LPGs, 9 Bulk Carriers, 7 Tankers, 4 Special Vessels, 2 LNGs, 1 Offshore Construction Vessel, 1 Accommodation Vessel, 1 Semi Submersible Rig
- **Offshore** : 1 FPSO (Rosebank, Chevron), 1 TLP & 1 FPU (Moho Nord, Total), 1 Spar Topside (Aasta Hansteen, Statoil)
- **Industrial Plant** : Shuqaiq Oil fired Conventional Power Plant, Saudi Arabia
  Az-Zour North Combined-cycle power plant, Kuwait (Major project in bid)
- **Engine & Machinery** : Four-stroke marine engine orders increased YoY due to demand increase for special vessels such as drillship in 2012
- **Electro Electric Systems** : Orders declined YoY as a result of profit-focused order taking
- **Construction Equipment** : Demand declined YoY esp. in the Middle East, South America, China
- **Green Energy** : The ongoing oversupply problem and slowing demand continued to unfold

Monthly New Orders in 2013

(unit : mil. of USD)

Division	2012		2013										
	Jul. (YTD)	Full year	Target	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep	Sep. (YTD)
Shipbuilding	4,361	6,143	7,750	937	0	570	1,049	1,733	682	916	865	85	6,837
Offshore	1,246	2,072	6,000	1,183	64	2,064	1,907	95	98	41	217	504	6,173
Industrial Plant	540	4,077	6,000	37	0	84	2	27	7	19	3,196	5	3,377
Engine & Machinery	1,350	1,858	3,100	162	235	292	170	283	290	200	219	137	1,988
Electro Electric	1,479	2,318	3,160	143	139	208	172	155	215	81	82	111	1,306
Construction Equipment	1,817	2,773	3,272	217	230	286	273	252	242	168	165	172	2,005
Green Energy	143	326	394	32	26	17	25	8	26	18	12	13	177
Total	10,936	19,567	29,676	2,711	694	3,521	3,598	2,553	1,560	1,443	4,756	1,027	21,863

Shipbuilding


VLCC


Containerships


Bulk Carrier


LNG


LPG

Car Carriers


Naval Ships


Drillship


Drilling Rig


Semi-Submersible Unit

Market Overview Shipbuilding

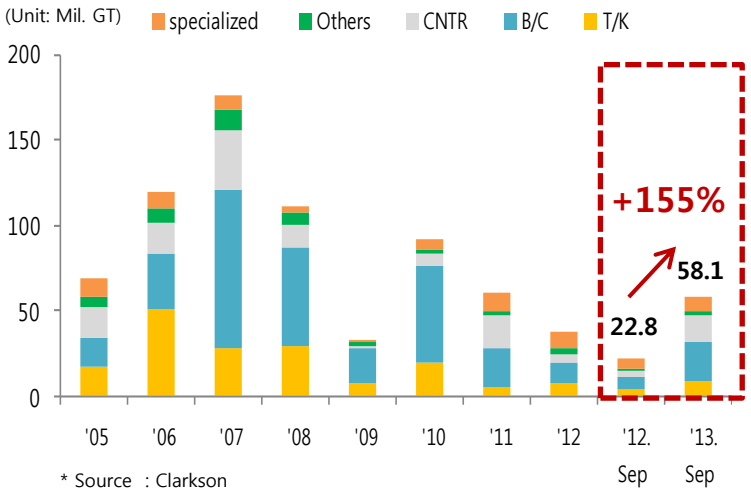
- Despite tough shipping market, **global new orders increased by 155% YoY as of September due to increased demands for ECO vessels**
- **In the 2nd half of the year, demands for LNGc and Drillship are expected to recover**
  - **LNG Carrier**

    As the US readies SHALE GAS export, market expects around 18 LNG Carriers have to be delivered annually from 2016 to 2020. Considering global demand increase for natural gas, market expects annual LNG Carrier demand will be increased to 40~45 vessels for the period.
  - **Drillship**

    Demand has been sluggish in 2013 due to speculative orders 2011 and 2012, but drillship order is expected to recover from the 2nd half of this year as the unchartered rate for the orders has been decreased.

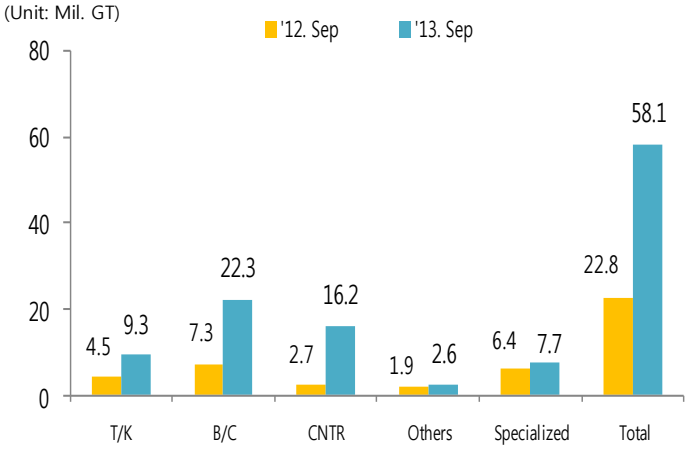
    (Due to buyers' increased interest to Heavy Duty Design, we introduced new design of HD12000)

Global demand



* Source : Clarkson

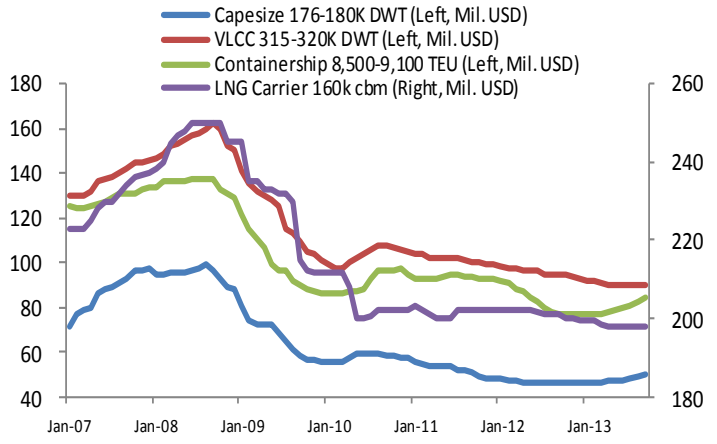
Global demand by vessel types



• Specialized Vessel : Drillship, LNGC and other offshore related vessels(AHTS, PSV)

* Source : Clarkson

Newbuilding price Trend



* From the beginning of 2013 (As of September 2013)

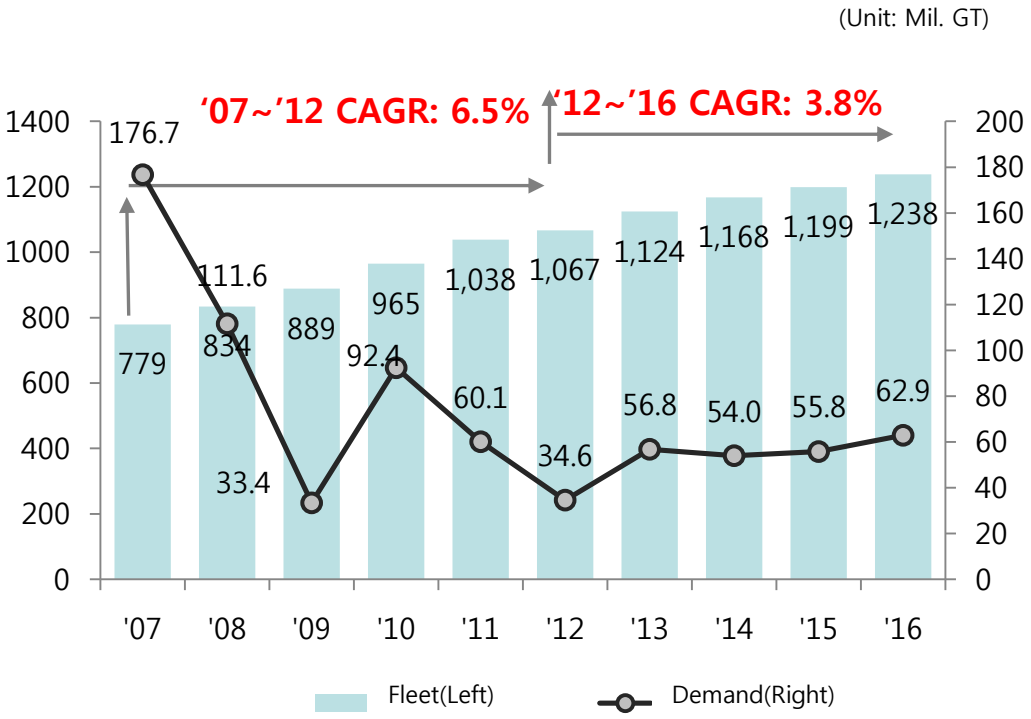
- Capesize B/C 176-180K DWT : +8.70%
- VLCC 315-320K DWT : -2.17%
- Containership 8,500-9,100 TEU: +9.80%
- LNG Carrier 160k cbm : -0.75%

* Source : Clarkson

Market Outlook Shipbuilding

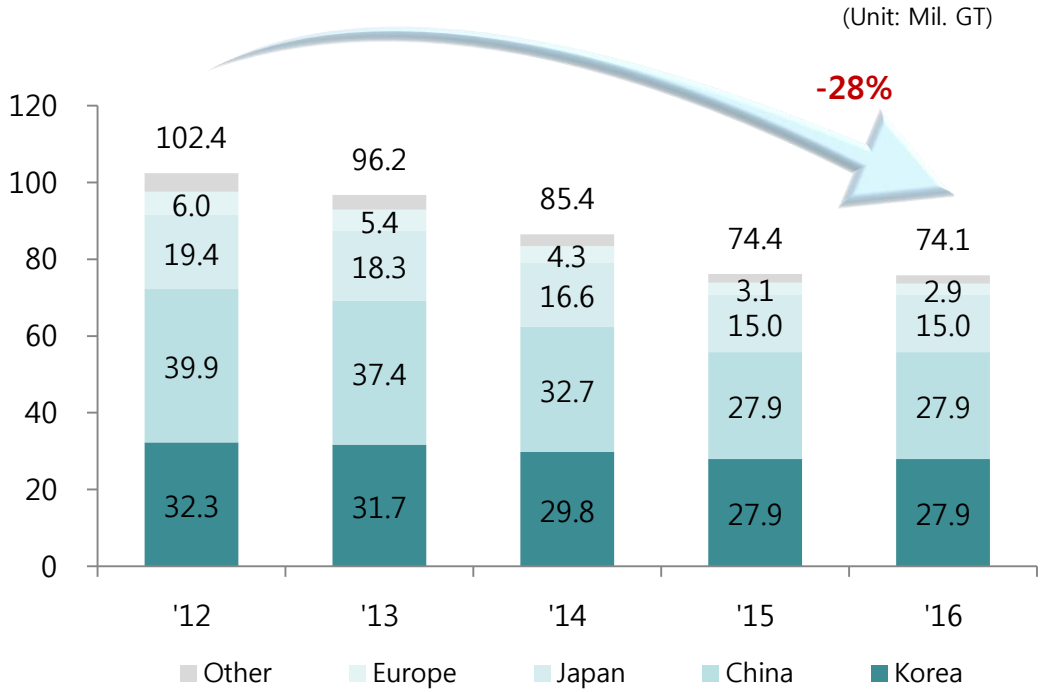
- **Shipbuilding demand will show gradual recovery due to lower fleet increase after 2012.**
  (CAGR for the five years from `07~`12 stands at 6.5%, CAGR for the five years from `02~`16 stands at 3.8%
- As the market demand stays weak, restructuring among the less competitive shipyards will be inevitable. After the restructuring **global shipbuilding capacity is expected to decline 28% till 2016** .

Global Fleet and demand Forecast



* Source: Clarkson

Global Shipbuilding Capacity Forecast by Country



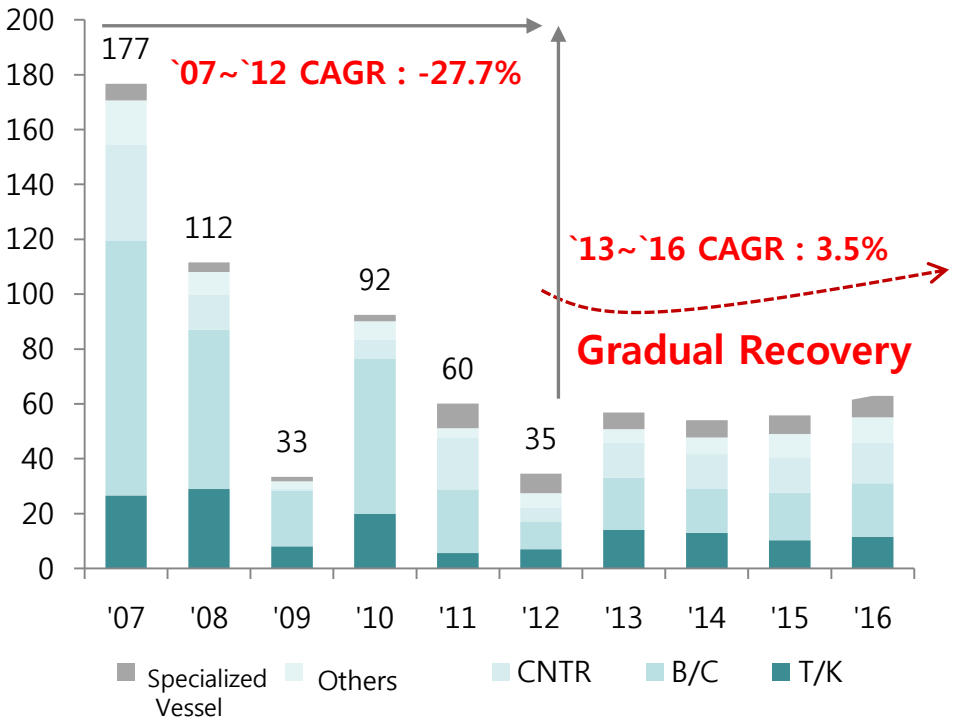
* Source: MSI, Clarkson

Market Outlook Shipbuilding

- Due to slow economic recovery and slow resolution of over supply of vessels**, market is expected to recover at a moderate pace.**
- **Due to shale gas trade and high oil price, sustained demand for LNGC is expected.**
- Due to current increasing rate of charter drillship contract, demand for drillship is expected to improve in 2014.

Demand Forecast by Shiptype

(Unit: Mil. GT)



* Specialized Vessel: Drillship, LNGC and other offshore related vessels(AHTS, PSV)
* Others: RoRo, PCTC, Reefer, etc.

* Source : Clarkson

(10% above), (5% above), (0% above), (0% below)

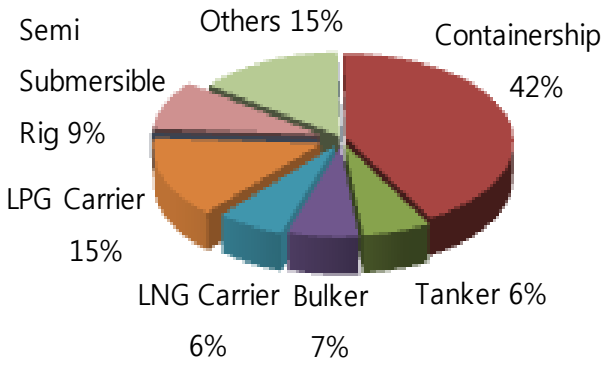
(Unit: Mil. GT)

		'12	'13	'14	'15	'16	'13~'16 CAGR	Signal
Commercial Vessels	T/K	7	14.0	13.0	10.3	11.6	-6.1%	
	B/C	10.1	19	16	17.3	19.5	0.9%	
	CNTR	4.9	12.9	12.7	12.7	14.8	4.7%	
	Others	5.4	4.9	6.0	8.7	9.2	23.4%	
	Sub Total	27.4	50.8	47.7	49.0	55.1	2.7%	
Specialized Vessels	Drillship	1.8	1.2	1.6	0.9	0.8	-12.6%	
	LNGC	3.8	3.5	3.5	4.6	5.5	16.3%	
	Others	1.6	1.3	1.2	1.3	1.5	4.9%	
	Sub Total	7.2	6.0	6.3	6.8	7.8	9.1%	
Total		34.6	56.8	54.0	55.8	62.9	3.5%	

* Source : Clarkson

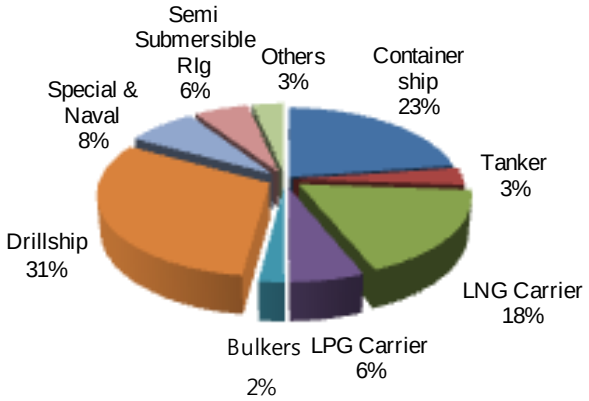
Performance Shipbuilding

New Orders by Shiptype (Sep. 2013)



• The above data is based on the amount

Backlog by Shiptype (Sep. 2013)



• Backlogs as of Sep. 2013 on a delivery basis : 132 vessels, USD 21.80 bil.
• The above data is based on the amount

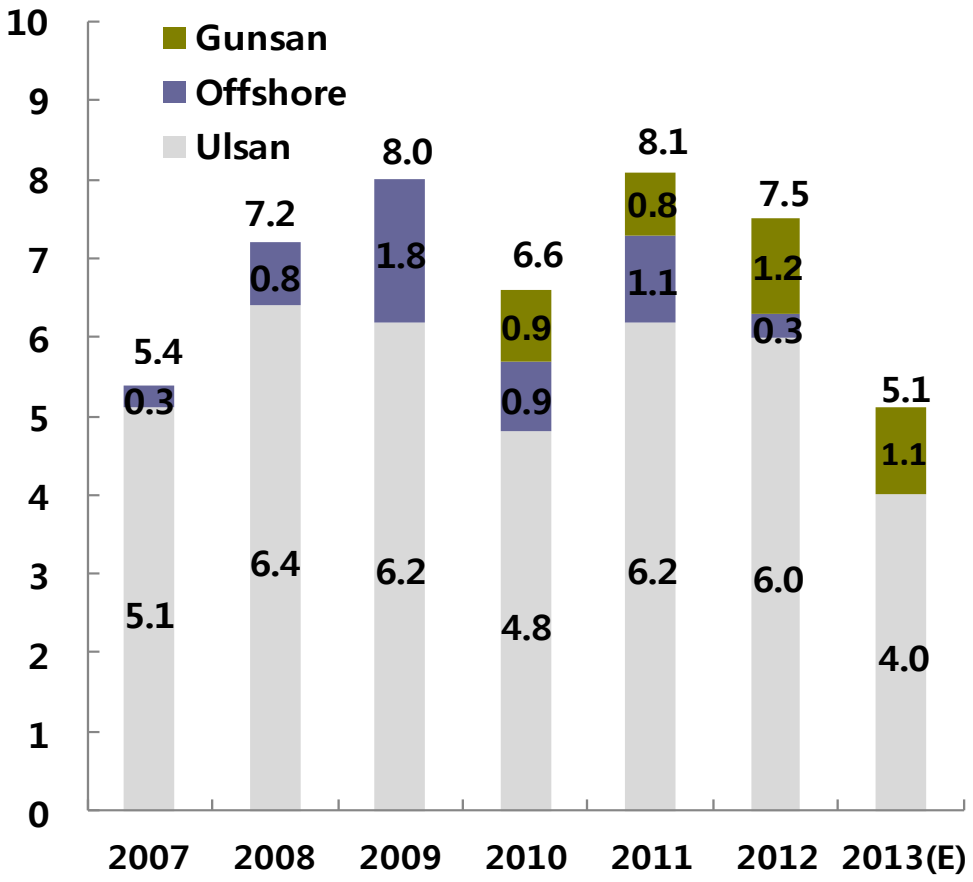
New Orders in 2013

	2012	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Total	Target	Achievement	Details (mil. USD)
# of ship	38	9	0	6	12	9	10	10	7	1	64	-	-	-25 Containerships (2,886) -14 LPG Carriers (999) -9 Bulk Carriers (457) -7 Tankers (435) -4 Special Vessel (526) -2 LNG Carriers (436) -2 Others (469) -1 Semi Submersible Rig (629)
Amount (mil. USD)	6,143	937	0	570	1,049	1,733	681	917	865	85	6,837	7,750	88.2%	

※ **New orders in Oct. 2013:** **USD 997 mil.**(4LNG Carriers , USD 830 mil., 2 Containerships, USD 167 mil.)

Delivery Shipbuilding

Annual Delivery (mil. GT)



Annual Delivery (number of vessels)

	2007	2008	2009	2010	2011	2012	2013 (E)
Ulsan	75	88	80	55	71	69	46
Offshore (on-ground building)	6	14	25	14	13	4	0
Gunsan	-	-	-	10	9	11	13
Total # of Ship	81	102	105	79	93	84	59

Offshore & Engineering

Floater(FPSO)

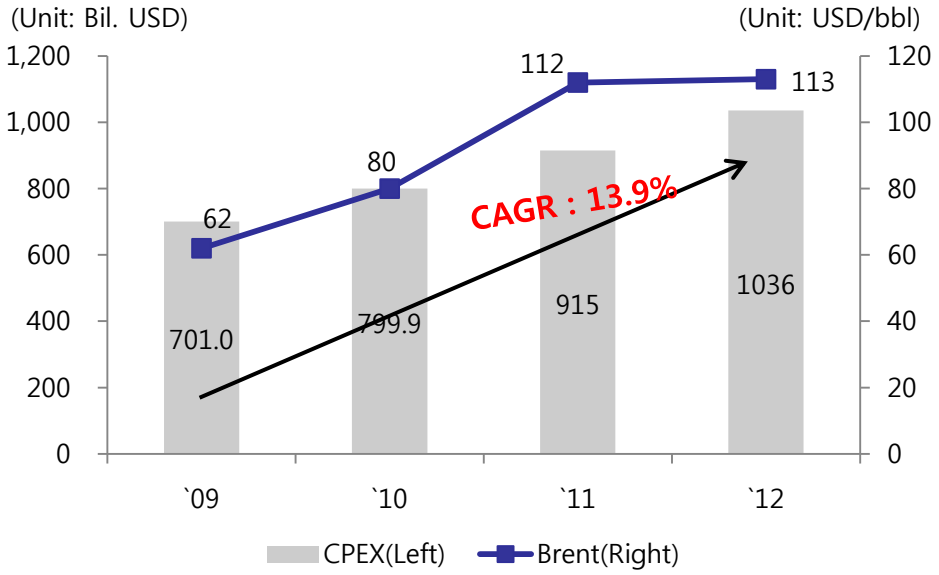
Fixed Platform

Subsea Pipeline

Market Overview Offshore & Engineering

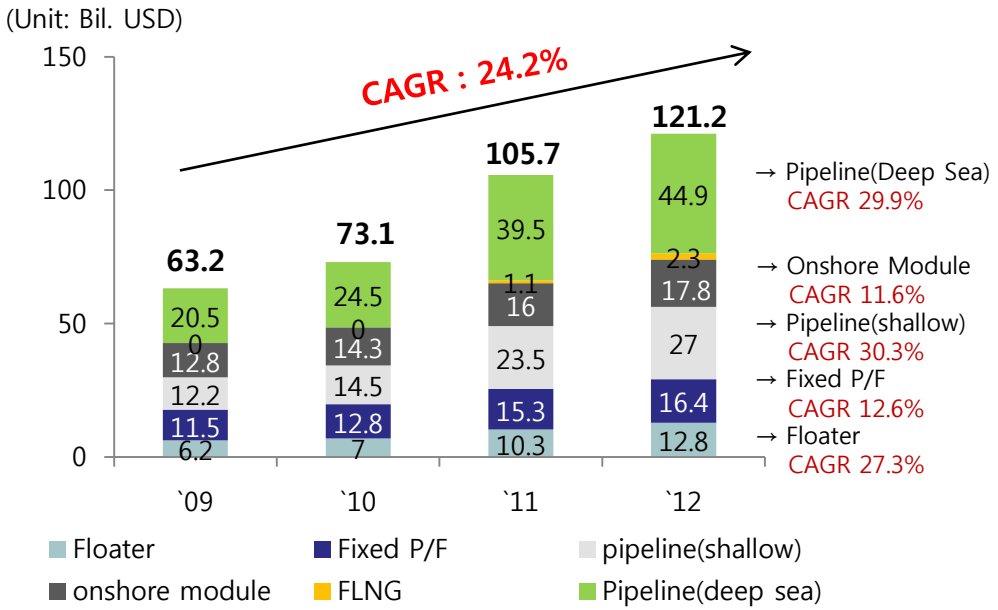
- Due to CAPEX increase of Oil Majors as high oil price maintained, size of offshore facilities market (FPSO, Platform, pipeline and etc.) has increased to U$ 121 billion in 2012. (2009~2012 CAGR : 24%)
- Since 2010 when the oil price exceeded U$80/barrel, the accrued CAPEX from Oil Majors reached U$2.8 trillion.
- **Demand for deep see floaters is expected to increase on the back of deep sea field development** since medium-sized FPSO (Conversion & Lease) takes up 80% of current floater market.

Oil Price, Oil & Gas CAPEX



* Source: Global Data (CAPEX Outlook, 2013), Bloomberg

Global Offshore Market

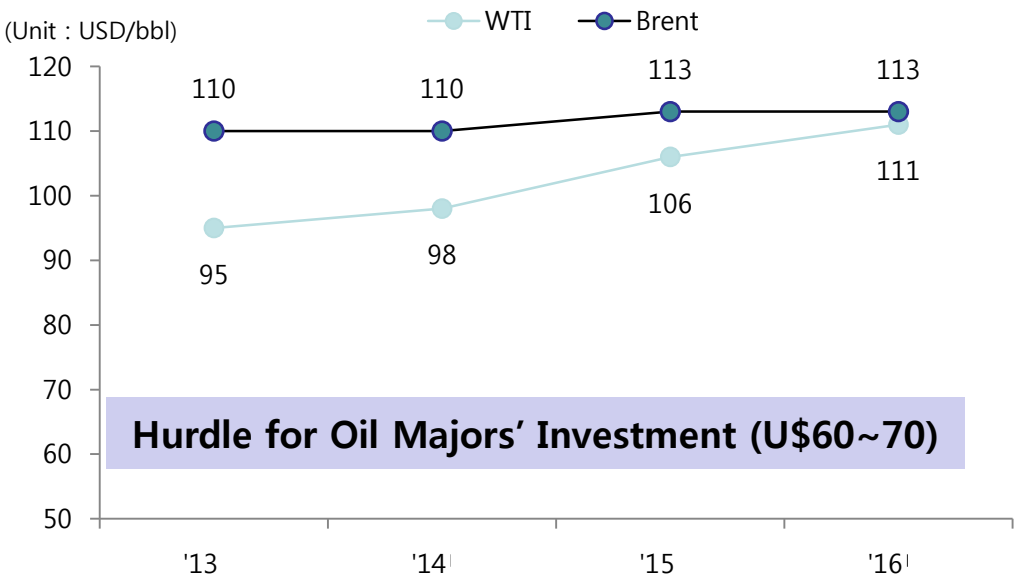


* Source: Infield, Company data

Market Outlook Offshore & Engineering

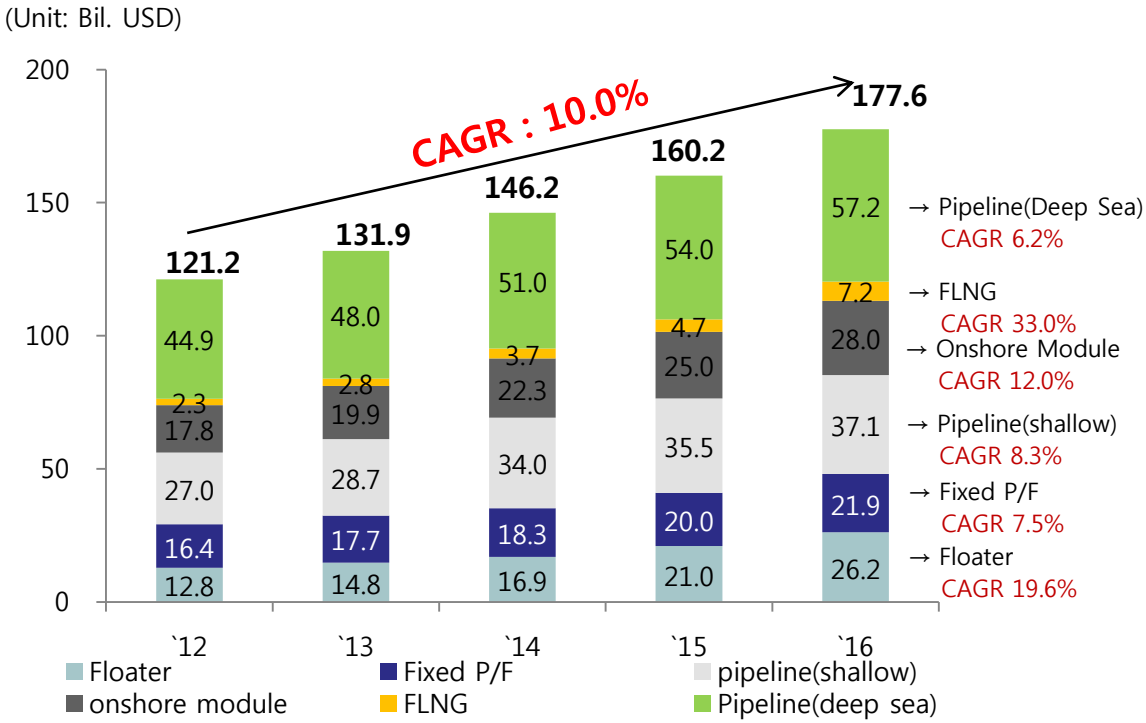
- **Oil Price is expected to stay at higher lever than the hurdle price (U$60~70/bbl) for oil majors' investment**
- Oil demand will increase from underdeveloped oil producing countries and **offshore market size will increase 10% annually from 2013 reaching U$178billion in 2016**
  - Sustained economic growth expected : Malaysia (5.3%), Nigeria (7.0%), Indonesia (6.4%), Thailand (5.0%)

Oil Price Forecast



* Source : Bloomberg ('13. March)

Global Offshore Market

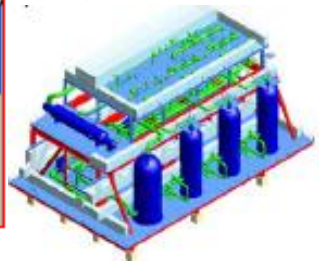


* Source: Infield, Company data

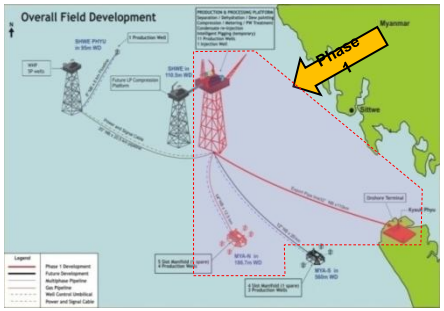
Performance Offshore & Engineering

Major Projects in 2009/2010

▪ **Gorgon LNG (Oct. 2009)**
- LNG processing modules fabrication ($2.1 bil. from Chevron)



▪ **Myanmar SHWE Field development project (Feb. 2010)**
- Installation of gas production & processing platform, pipeline & onshore terminal ($1.4 bil. from Daewoo International Corp.)



▪ **Goliat FPSO (Feb. 2010)**
- Cylindrical Floating Production Storage Offloading unit ($1.1 bil. from ENI Norge AS)

New Orders by Type

($ mil.)	2008	2009	2010	2011	2012	Sep. 2013
Fixed	1,113	2,196	1,501	2,121	1,621	200
Floating	1,704	46	1,303	1,819	412	5,678
Subsea Pipeline	145	100	252	539	31	272
Others	16	9	13	1	8	23
Total	2,978	2,351	3,069	4,480	2,072	6,173

Performance Record

(1976 ~ September 2013)

	Type	Total number of projects	Major Projects
Fixed	Platforms	84	· Bongkot 4A Platform (PTTEP, 2012)
	Onshore Facilities	10	· Sakhalin-1 OPF Onshore Modules Fabrication(ExxonMobil, 2006)
	Jack-up rig	3	· Harsh Environment Jack-up PDQ (BP, 1994)
	Semi-submersible Drilling Rig	10	· Deepwater Horizon Semi-Submersible Drilling Unit (R & B Falcon, 2000)
Floating	FPSO	10	· Usan FPSO (TOTAL, 2012)
	TLP	2	· West Seno Field Development (Chevron, 2003)
	FPU	4	· Moho Bilondo FPU (TOTAL, 2008)
Subsea Pipelines		5,192 km	· Paradip SPM Pipeline (IOCL, 2012)

Performance Offshore & Engineering

Major Projects Awarded in 2011

▪ Qatar, Barzan Offshore Project

- Date : Jan. 2011
- Price : USD 860 million
- Owner : RasGas Company
- Completion : Nov. 2013
- Details : Fabrication and Installation of Wellhead Platforms, Living Quarters, Onshore & Offshore pipeline (EPC)

▪ UK, Q204 FPSO

- Date : Feb. 2011
- Price : USD 1.2 billion
- Owner : BP
- Completion : May 2016
- Details : Construction of FPSO (EPC), Processing 0.32 million bpd, storing 0.8 million bbls

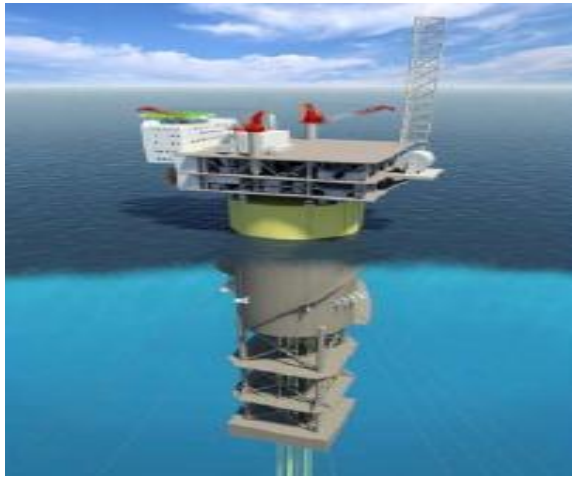
▪ UK, Clair Ridge Platform

- Date : Mar. 2011
- Price : USD 620 million
- Owner : BP
- Completion : Nov. 2014
- Details : Fabrication and Installation of Drilling and Quarters Platforms (EPC)

Performance Offshore & Engineering

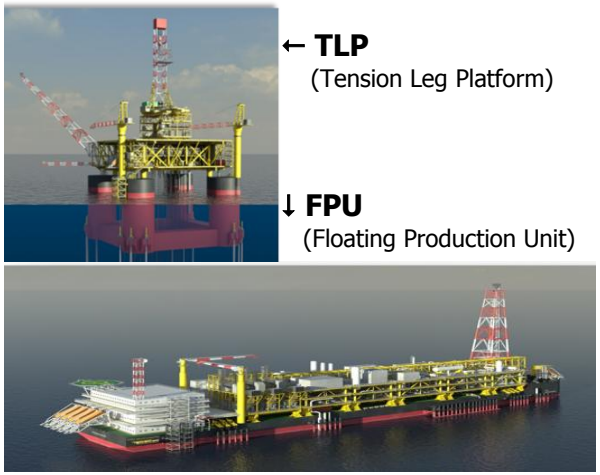
Major Projects Awarded in 2013

▪ Norway, Aasta Hansteen Spar Topside



- Date : Jan. 2013
- Price : USD 1.1 billion
- Owner : Statoil
- Completion : Feb. 2016
- Details : Fabrication and Installation of Spar Topsides (EPC)

▪ Congo, Moho Nord TLP & FPU



- Date : Mar. 2013
- Price : USD 1.9 billion
- Owner : Total
- Completion : May 2015 (TLP)
  Jun. 2016 (FPU)
- Details : Fabrication and Installation of Tension Leg Platform and Floating Production Unit (EPC)

▪ UK, Rosebank FPSO

- Date : Apr. 2013
- Price : USD 1.9 billion
- Owner : Chevron
- Completion : Nov. 2016
- Details : Construction of FPSO (EPC)
  Processing 100,000 BOPD (Oil),
  190 MMSCFD (Gas),
  storing 1.05 million bbls

Industrial Plant & Engineering


Thermal Power Plant


Co-Generation Plant

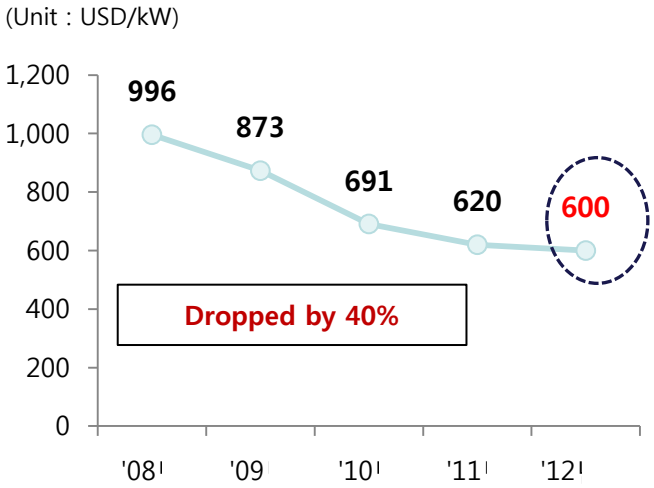

Process Plant


Combined Cycle Power Plant

Market Overview & Outlook Industrial Plant & Engineering

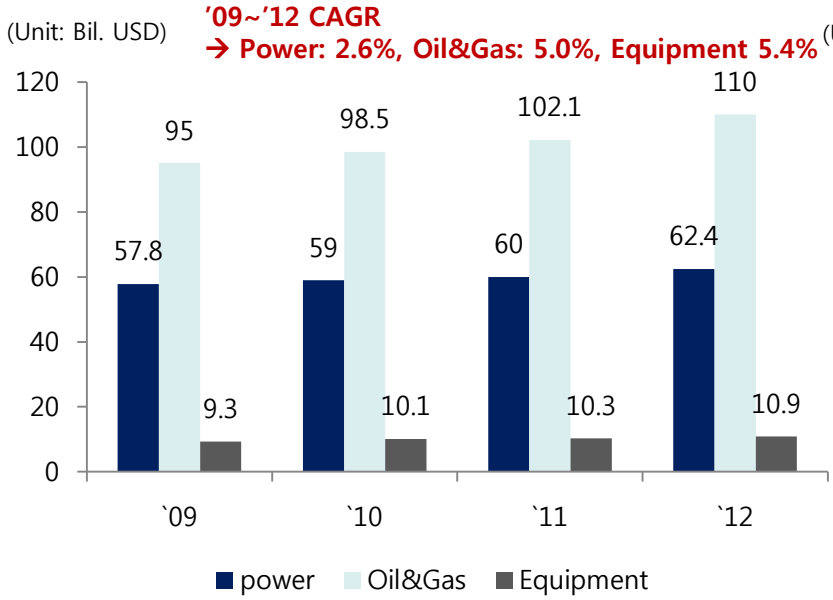
- Market expansion & growth for power plant is expected due to economical and industrial development in the middle east and ASEAN(Indonesia, Vietnam, Philippines, and etc.)
- Market growth for Oil & Gas related plant is expected due to high oil price, upgrade demand to meet environmental regulations, and Kuwait's plan to invest in refinery
- Since Korean E&C companies started to focus more on global power plant market due to poor demand in domestic construction market, **competition in power plant market has became tougher despite sustained increase in demand**.
  (Competition will get eased as the Korean E&C companies start to recognize huge losses)

EPC Contract price per KW



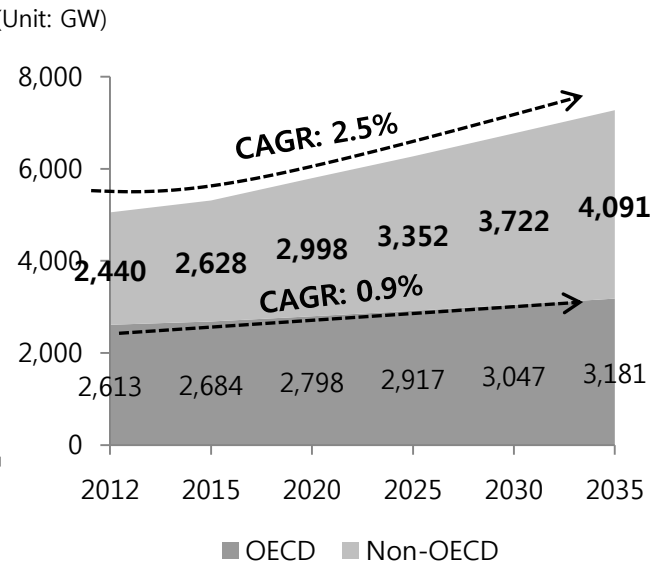
* Source: MEED

Global Market Size



* Source: Company data, EIA, Meed, Opec

Demand for Global Electricity



* Source: EIA

Performance Industrial Plant & Engineering

Performance Record

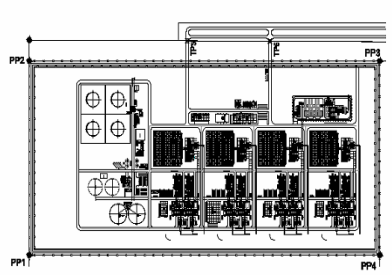
(1976 ~ September 2013)

Project Type		Major Projects
Oil & Gas	Oil & Gas	· **Integrated Gas Development (IGD) Project** (ADGAS, UAE, 2013(E))
		· **Escravos Gas Plant Phase Ⅲ** (Chevron Nigeria Ltd., Nigeria, 2010)
		· **Bonny Terminal Integrated Project** (Shell Petroleum Development, Nigeria, 2008)
	Tank Farm	· **KOC Crude Oil Export Facilities Project** (Kuwait Oil Company, 2008)
		· **JPR Zarpa Tank Farm Project** (Jordan Petroleum Company, 2000)
	Refinery & Petrochemical	· **Jazan Refinery and Terminal Project, Package. 2** (Saudi Aramco, 2016(E))
		· **HCP No.2 BTX Project Daesan** (HC Petrochem, Korea, 2013(E))
		· **Mumbai Diesel Hydro-Desulfurization Project** (Hindustan Petroleum Company, India, 2000)
		· **HPC 2nd Petrochemical Complex Project** (Hyundai Oilbank, 1997)
	Gas To Liquid	· **Pearl GTL Feed Gas Preparation Project** (Qatar Shell, 2011)
Power	Combined Cycle/ Simple Cycle Power Plant	· **Riyadh PP 11 Independent Power Project** (Dhuruma Electricity Company, Saudi Arabia, 2013(E))
		· **Sabiya Combined Cycle Gas Turbine Project** (Ministry of Electricity and Water, Kuwait, 2013(E))
		· **Al Dur Independent Water and Power Project** (Al Dur Power & Water Co., Bahrain, 2012)
		· **Marafiq Independent Water and Power Project** (Jubail Water and Power Company, Saudi Arabia, 2010)
		· **Shaybah Power Generation Project** (Saudi Aramco, Saudi Arabia, 2008)
	Cogeneration	· **Tihama Cogeneration Expansion Project Stage II** (Tihama Power Company, Saudi Arabia, 2015(E))
		· **Saudi Aramco 3rd party Cogeneration Program** (Tihama Power Company, Saudi Arabia, 2006)
	Thermal	· **Jeddah South Thermal Power Plant** (Saudi Electricity Company, Saudi Arabia, 2017(E))
		· **Namjeju #3&4 Thermal Power Plant** (KEPCO, Korea, 2007)
		· **Makkah-Taif Thermal Power Plant** (Saline Water Conversion Corporation, Saudi Arabia, 1989)
Desalination Plant		· **Taweelah A1** (ADWEA, UAE, 2002) · **Taweelah B** (ADWEA, UAE, 1995) · **Umm Al Nar West** (ADWEA, UAE, 1982) · **Al Khobar Phase 2** (SWCC, Saudi Arabia,1981)

New Orders by Type

(mil. USD)	2008	2009	2010	2011	2012	Sep. 2013
Power Plants	1,727	1,412	1,601	9	3,510	3,312
Chemical Plants	117	1,177	145	493	253	(83)
Plant equipment	232	237	264	512	314	148
Total	2,076	2,826	2,010	1,014	4,077	3,377

Major Projects in 2010/2011



▪ Riyadh PP11 (Jun. 2010)

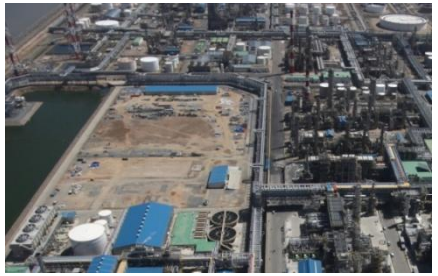
- 1.6 bil. USD / Dhuruma Electricity Company, Saudi Arabia (SEC)

- 1,756MW Combined cycle power plant

▪ HCP BTX (May 2011)

- 361 mil. USD / HC Petrochem, Korea

- #2 BTX project to increase Benzene, Toluene, Xylene (BTX) capacity for HC Petrochem(JV of Hyundai Oilbank 50% + Cosmo Oil Japan 50%)



Performance Industrial Plant & Engineering

Major Projects Awarded in 2012/2013

▪ Saudi Arabia, Jeddah South Power Plant

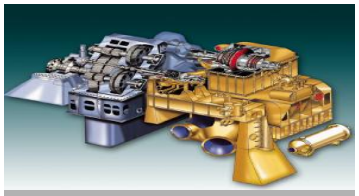
- Date : Oct. 2012
- Price : USD 3.2 billion
- Owner : Saudi Electricity Company
- Completion : Jun. 2016
- Details : 2,400MW Oil fired Conventional Power Plant

▪ Saudi Arabia, Shuqaiq Power Plant

- Date : Aug. 2013
- Price : USD 3.3 billion
- Owner : Saudi Electricity Company
- Completion : Aug. 2017
- Details : 2,640MW Oil fired Conventional Power Plant

Engine & Machinery

Marine Engine & Equip.



Marine & Industrial Turbine

Industrial & Marine Pump

Industrial Robot & System

Marine Propeller

Market Overview & Outlook Engine & Machinery

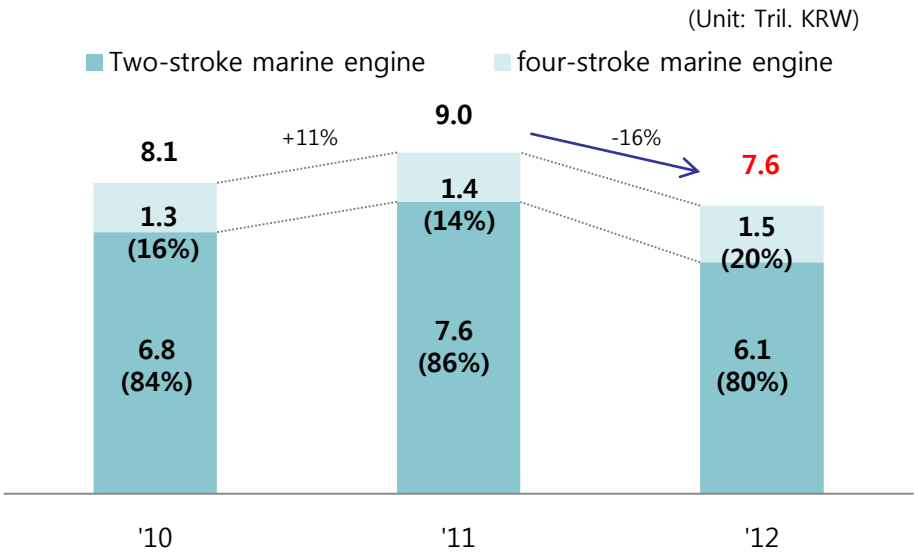
- **While the market for two-stroke marine engine decreased by 19%** as global commercial vessels market faced an order drought, the market for **four-stroke marine engine increased by 15%** as orders for special vessels such as drillships increased in 2012.
- In the first half of 2013, the demand for two-stroke marine engine showed a slight recovery driven by a slow recovery of commercial vessels market and increasing demand for eco-friendly marine engines as a result of stringent environmental regulations.
  (HHI's Eco-friendly engines : G-Type Engine production, ME-GI Engine commercialization, HiMSEN Dual-Fuel Engine development)

Marine engine price index trend

	`04	`05	`06	`07	`08	`09	`10	`11	`12	`13
Index	100	108	133	133	143	142	127	120	113	113

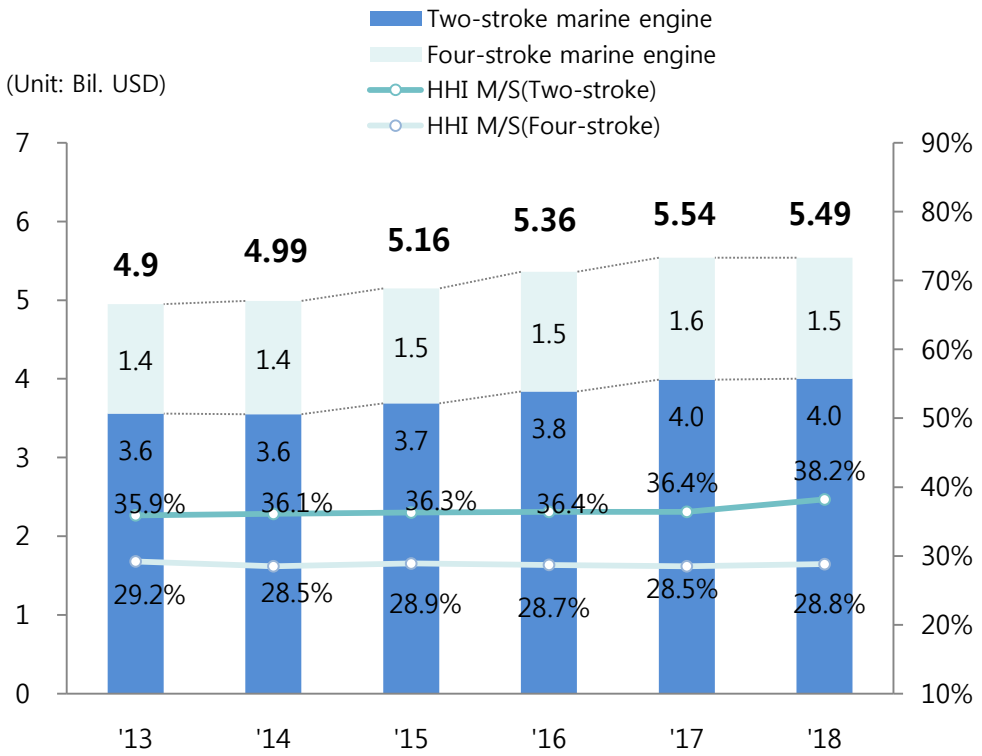
* Source : Company data

Global Marine engine market size



* Source : Company data (bhp production basis)

Global Marine engine market size and HHI M/S forecast



* Source : Company data (Sales basis)

Performance Engine & Machinery

Eco-friendly Engine products

▣ **G-Type Engine Production**

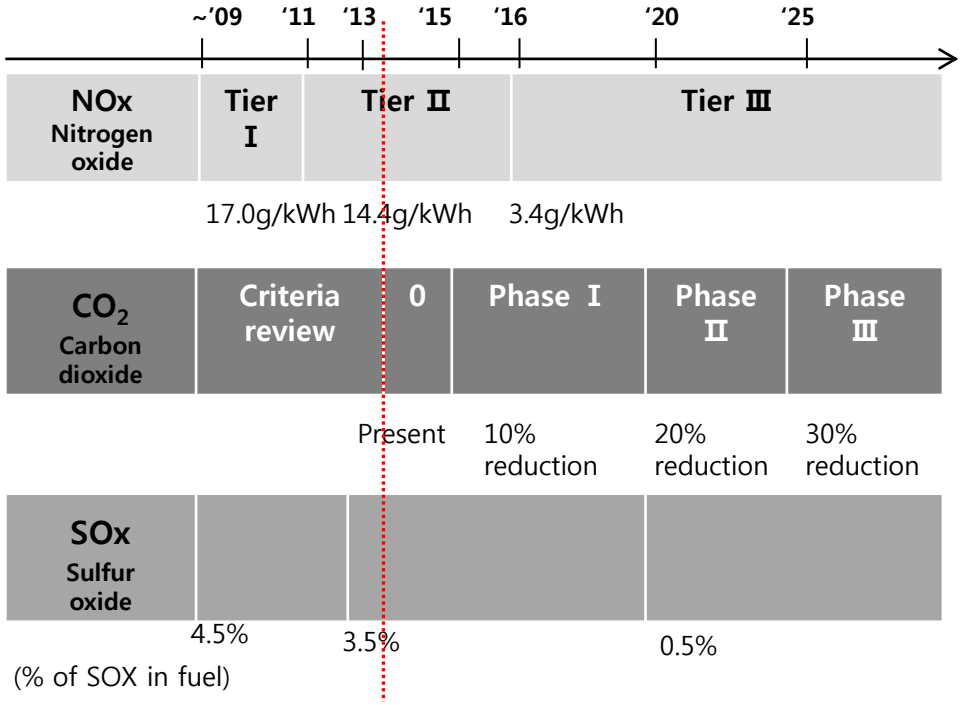
- Developed two-stroke marine engine which is capable of reducing fuel consumption and emissions by 7%. (March, 2013)
- The G-Type Engine will save $3.2 Mil. per year for 7,500TEU Containership

▣ **Industry's first dual-fuel marine engine package development**

- Developed the engine package which operates on both natural gas and diesel fuel simultaneously. (November, 2012)

▣ **EGR (Exhaust gas recirculation) system development**

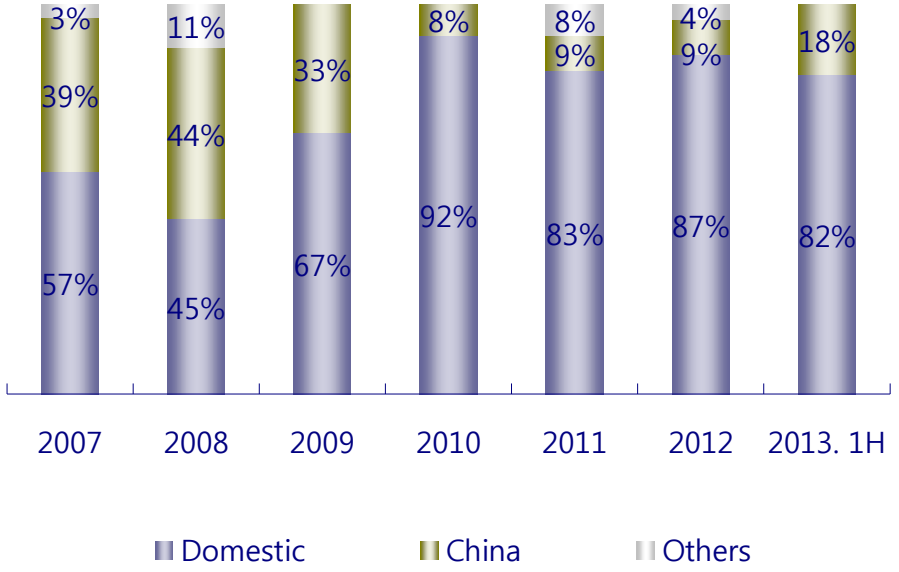
- Developed the industry's first two-stroke marine engine to feature an exhaust gas recirculation. (October, 2012)
- The system reduces NOx emissions by over 80% compared to Tier I



Market Share in 2012 (%)

	Large-size Marine Engine	Medium-size Marine Engine	Propeller	Diesel power plant
Domestic	52	50	90	95
Global	35	23	23	7

Marine Engine New Orders Breakdown by Region



HYUNDAI HEAVY INDUSTRIES

Electro Electric Systems

Transformers

Switchgears

High Voltage Circuit Breakers

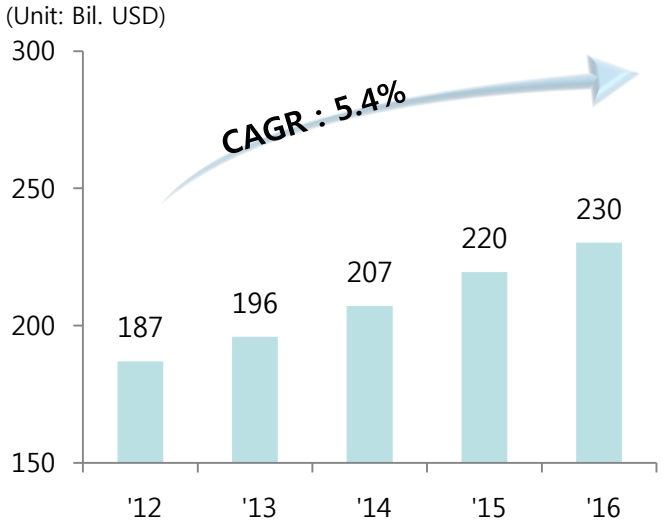
Marine Electrical Equip.

Market Overview & Outlook Electro Electric Systems

Electro Electric Systems

- The global electric equipment market shrank in 2009 due to financial crisis but the market size grew to 186.9 bil. USD in 2012 after hitting a record low in 2010.
- In developed countries (America, Europe), the ongoing financial crisis led to lower demand for power equipment, whereas **demand in emerging countries (Asia, Middle East) began to show a gradual improvement.**
- The global electric equipment market is expected to have stable growth potential until 2016 with CAGR 5.4% (2008~2012 CAGR 2.2%) driven by demand for replacement in developed countries, infrastructure investment expansion in Asia and Middle East, expansion of Smart-Grid market and many more.
- **The slumping global economy in the recent years resulted in oversupply of electric equipment market in the first half of 2013 which will continue to intensify competition between electric equipment manufactures**. To overcome the business recession, major manufacturers pursue making rapid inroads in the markets with high expected growth such as China and India.

Global Electric equipment market forecast



* Source: Goulden Reports, 2011

Capacity expansion of major manufacturers

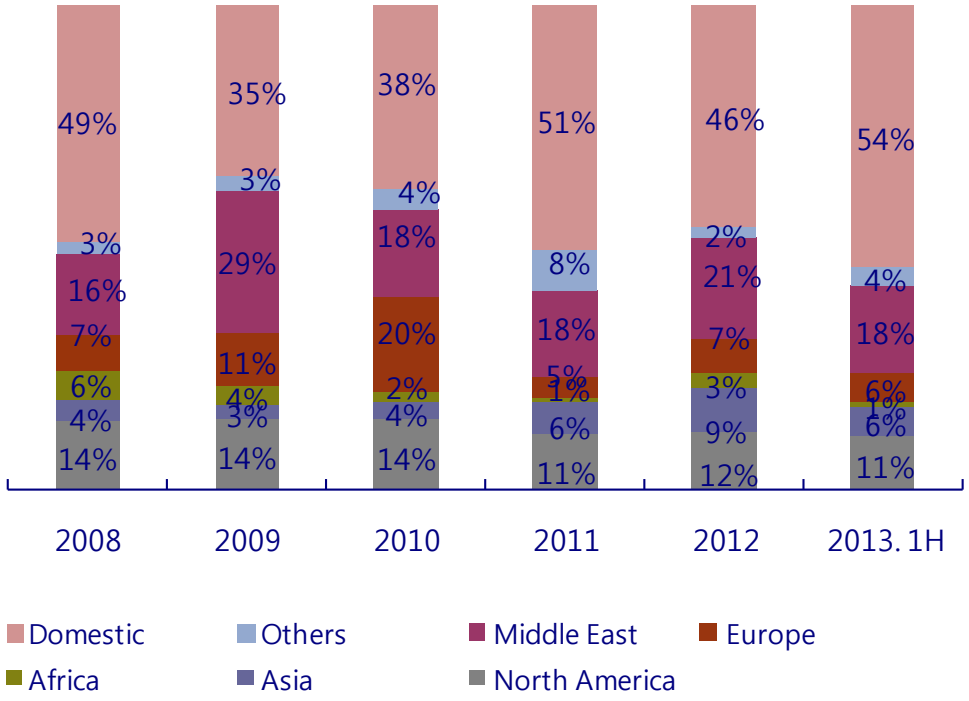
Producer	Capacity expansion	
	Region	Details
ABB	N. America	Acquisition of transformer company ('08)
SIEMENS	China	Construction of transformer manufacturing facility ('08)
	Russia	Construction of transformer manufacturing facility ('09)
	India	Construction of transformer and high voltage circuit breaker manufacturing facility ('10)
ALSTOM	China	Construction of transformer manufacturing facility ('09)
	India	Construction of transformer and high voltage circuit breaker manufacturing facility ('10)
ABB	N. America	Acquisition of transformer company ('08)
Mitsubishi	America	Construction of transformer manufacturing facility(`13)
HHI	Russia	Construction of high voltage circuit breaker manufacturing facility (`13)

Performance
Electro Electric Systems

Major performance

- **US transformer long-term supply contract (May 2010)**
  - USD 600 mil. Order for supplying transformers ranging from 230kV to 500kV to Southern California Edison(SCE) for 10 years from 2010 to 2019
  - Largest transformer order to date

Sales Breakdown by Region



* 2007 ~ 2009 sales are based on K-GAAP.

Major Projects

Project Type	Major Projects
Generator Installation	· West Generating Project (U.S.A)
Power Transmission & Mutation Installation	· British Columbia Hydro & Power Authority (Canada)
Iron Manufacture Installation	· NUEVA VENTANAS 240MW Coal Fired Power Project (Chile)
Water Treatment & Cement & Petrochemical Installation	· KODECO IKC Project (Indonesia)
Automotive Goods	· Seoul Metro (South Korea)
Marine Goods	· Royal Nedlloyd Group (Netherlands)
Ocean Installation	· Al-Jubail Saline Water Conversion (Saudi Arabia)
Marine Steam Turbine	· Hyundai Merchant Marine LNG Carrier – 22,000MW Marine Steam Turbine (South Korea)
Know-how Export	· Gas Insulated Switchgear : TATUNG Company (Taiwan)
Fresh Water Installation	· Shuweihat S2 IWPP Project (U.A.E.)

Construction Equipment


Mini Excavator


Crawler Excavator


Wheel Excavator


Wheel Loader


Forklift Truck

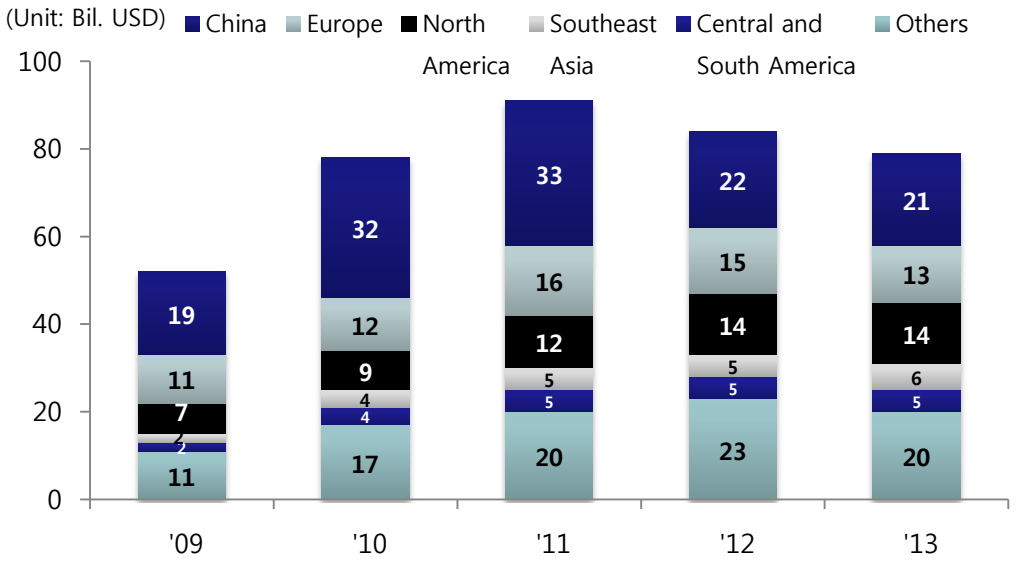

Skid Steer Loader

Market Review & Outlook Construction Equipment

Construction Equipment

- In 2012, the global construction equipment market shrank by 9% (9.2 bil. USD) YoY to 83.4 bil. USD, where products that are relatively more sensitive to economic conditions shrank more than others. (Wheel loader market: -21%, Excavator market: -9%)
- **Global construction equipment market is expected to shrink in 2013, esp. in China(-5%) and Europe(-15%).**
- The Chinese excavator market saw a positive YoY growth from 2013 April, but **the ongoing global economic challenges and tight credit policies will dampen excavator demand and the market is expected to shrink slightly for the year as a whole**.
- After 2014, the global construction equipment market will see growth at CAGR of 9% until 2016, driven by steadily expanding infrastructure investment in the emerging market.

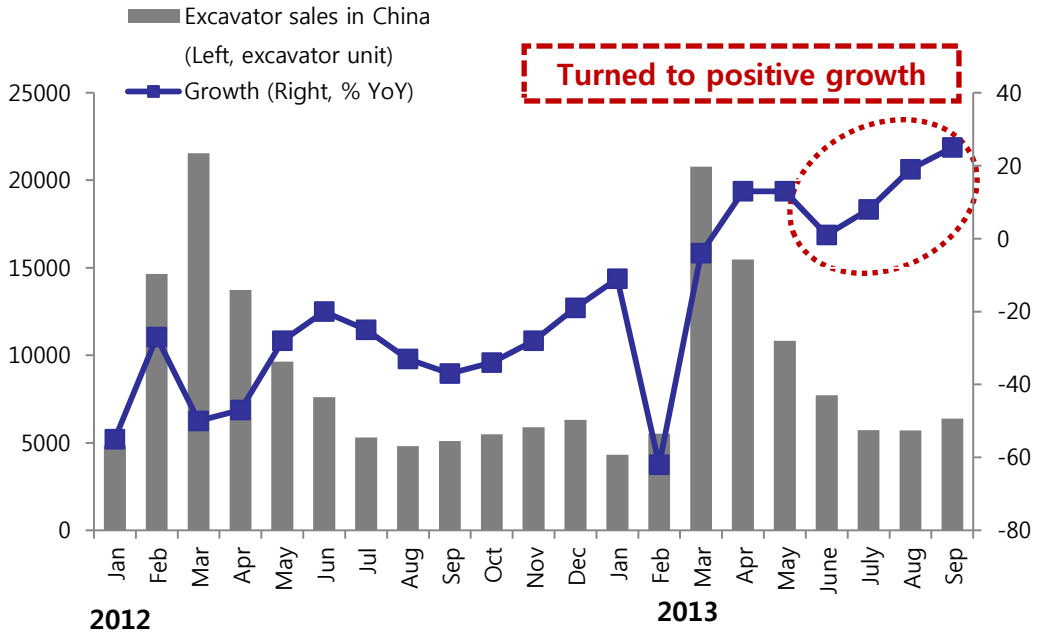
Trend of global construction machinery market (2009~2016)



• Others: Middle East, India, Russia, Africa, Oceania, Turkey, Japan and South Korea

* Source : : ISC, Off Highway Research, WITS

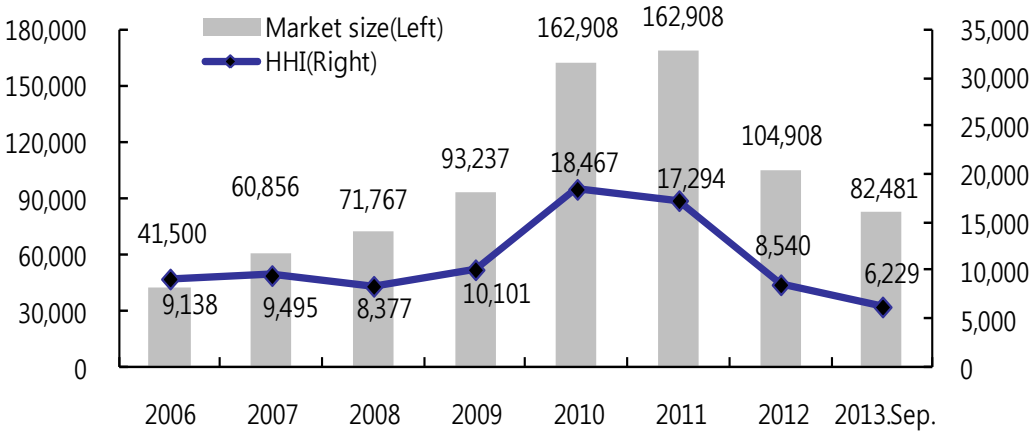
Monthly Excavator sales in China



* Source : China Construction Machinery Association

Performance Construction Equipment

Excavators Sales in China

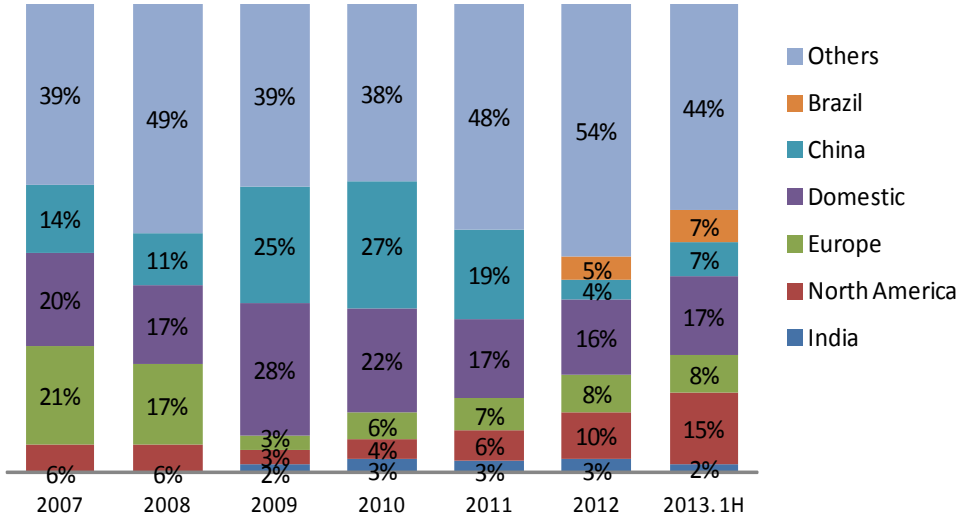


Excavator Sales in China

	Sep. 2012	Sep. 2013	YoY
Market	87,239	82,481	-5.5%
HHI	7,275	6,229	-14.4%
M/S	8.3%	7.6%	-0.7%p

(Source : China construction machinery association)

Construction Equipment Sales by Region



※ 2007 ~ 2009 sales are based on K-GAAP.

※ Others includes Russia (10%), Middle East (9%), Africa (8%), Southeast Asia (7%), Turkey, Australia and etc.

HHI's Excavator Market Share by Region

	2010	2011	2012
Domestic	33.2%	32.4%	27.5%
Global	8.6%	8.0%	8.7%
China	11.3%	10.2%	8.1%
India	11.3%	13.9%	17.3%

(Source : Company data)

Green Energy

Solar Power

Wind Power

Market Review & Outlook Green Energy

(Solar power)

- Although ongoing chronic oversupply and fall in product prices is worsening profitability, solar panel installations in 2013 1Q increased by 21% YoY (7.6GW). The demand in China is forecasted to be 6.4GW, Japan 6.3GW, U.S.A 5.0GW, Germany 4.2GW, Italy 1.9GW.
- **Chinese manufacturers continued to dump their inventories, leading to a cutthroat competition, but order opportunities in Japanese market and Europe's anti-dumping tariffs on Chinese solar panels helped to increase inquiries to Korean manufacturers**.

(Wind power)

- In the global wind power market, the market share of Chinese manufacturers saw a continued growth brought on by extensive experiences in the domestic market, whereas the market share of the European manufacturers was scaled back.
- **As the market experiences an oversupply problem, manufacturers are focusing to expand their lineup with large-sized wind turbines to diversify model lineup** and pave the way for future growth.

Global Market demand for Solar power

(GW)	'08	'09	'10	'11	'12	'13(E)	'14(E)	'15(E)	'16(E)
Demand(A)	6.0	8.4	19.2	27.7	33.0	35.1	45.4	53.8	56.7
Supply capacity(B)	12.0	21.0	34.2	55.1	57.0	50.5	55.3	59.8	73.6
Excess capacity(C=B-A)	6.0	12.6	15.0	27.4	24.0	15.4	9.9	6.0	16.9
% of excess capacity(C/A)	100.0%	150.0%	78.1%	98.9%	72.7%	43.9%	21.8%	11.2%	29.8%

* Source: Photon Consulting January, 2013

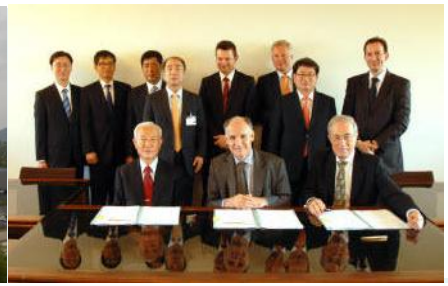
Global Market demand for Wind power

(GW)	'08	'09	'10	'11	'12	'13(E)	'14(E)	'15(E)	'16(E)
Demand(A)	26.7	38.6	36.6	41.9	48.6	40.8	48.8	48.9	52.3
Supply capacity(B)	38.1	57.3	64.4	78.6	81.0	72.4	71.9	70.5	67.1
Excess capacity(C=B-A)	11.4	18.7	27.8	36.7	32.4	31.6	23.1	21.6	14.8
% of excess capacity(C/A)	42.7%	48.4%	76.0%	87.6%	66.7%	77.5%	47.3%	44.2%	28.3%

* Source: Bloomberg New Energy Finance, February, 2013

Solar Power

- Vertically Integrated Solar company with 600MW capacity of polysilicon-based solar modules
- Thin-film solar cell production facility with 100 MW capacity in 2013

	Solar Cell	Solar Module	Thin-film Solar module	Solar System (Inverter)
Picture				
Facilities	**Solar Cell Plant** (Eumseong, Korea)	**Solar Module Plant** (Eumseong, Korea)	**Hyundai Avancis** (Ochang, Korea)	**Electro Electric Systems Division** (Ulsan, Korea)
Annual Capacity (2012)	600MW	600MW	100MW	500MW
Details	- Mono-crystalline, Poly-crystalline solar cells produced	- 54 cell(6X9), 60 cell(6X10), 72 cell(6X12) modules produced	- JVC with Saint-Gobain (50:50) - CIGS (Cu, In, Ga, Se) thin-film solar module produced	- Grid-Tied Solar Inverter with/without transformer

Capacity and Sales

		2005	2007	2008	2009	2010	2011	2012
Capacity	Cell (MW)	30	30	60	370	370	580	600
	Modules (MW)	20	30	70	170	510	560	600
Sales (KRW bil.)			50	107	150	591	399	344
% of total HHI Sales			0.4%	0.6%	1.3%	2.6%	1.6%	1.4%

* The above capacity expansion and sales plan is subject to change according to the market situation.

Solar Product Certification

- UL Listed
- IEC 61215 edition 2, IEC 61730 (TUV)
- J-PEC
- JET Cert
- CE Declaration
- MCS (UK)
- CSTB (France)
- Ammonia resistance test

Wind Power

➢ Wind Turbine Production facilities

Company Name	Details
Wind Turbine plant (HHI)	- Located in Gunsan, Korea - Annual Capacity: 600MW - Capex: KRW 110 bil.
Weihai Hyundai Wind Power Technology	- Located in Weihai, China - Annual Capacity: 600MW (2MW X 300 units) - JVC with Datang Shandong Power Generation (80% by HHI)
Jahnel-Kestermann (Jake)	- Located in Bochum, Germany - Annual Capacity: approx. 500 units of gearbox

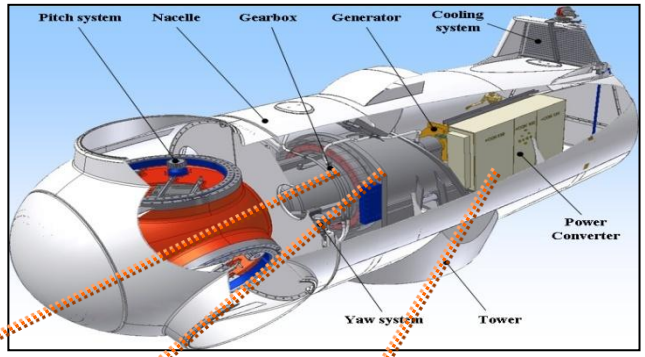
➢ HHI's Products & Certification

Model	Rated Power (MW)	Gear Type	Installation Type	On Market
HQ1650	1.65	Geared	Onshore	Jun. 2009
HQ2000	2.0	Geared	Onshore	Jun. 2010
HQ5500	5.5	Geared	Offshore	-

* On Market: based on proto-type installation date

Wind Turbine System Structure

Nacelle Part (Installed in Tower)



(Geared Type)

Gear box (Jake)

Generator (HHI)

Power converter (HHI)

Transformer (HHI)

- HHI's production : Nacelle part (Geared & Gearless)
- Outsourcing : Rotor Part (Blade, Hub), Tower

Subsidiaries

Hyundai Oilbank

At a Glance

- **Production Capacity** **390,000B/D**
  #1 : 110,000 B/D, #2 : 280,000 B/D

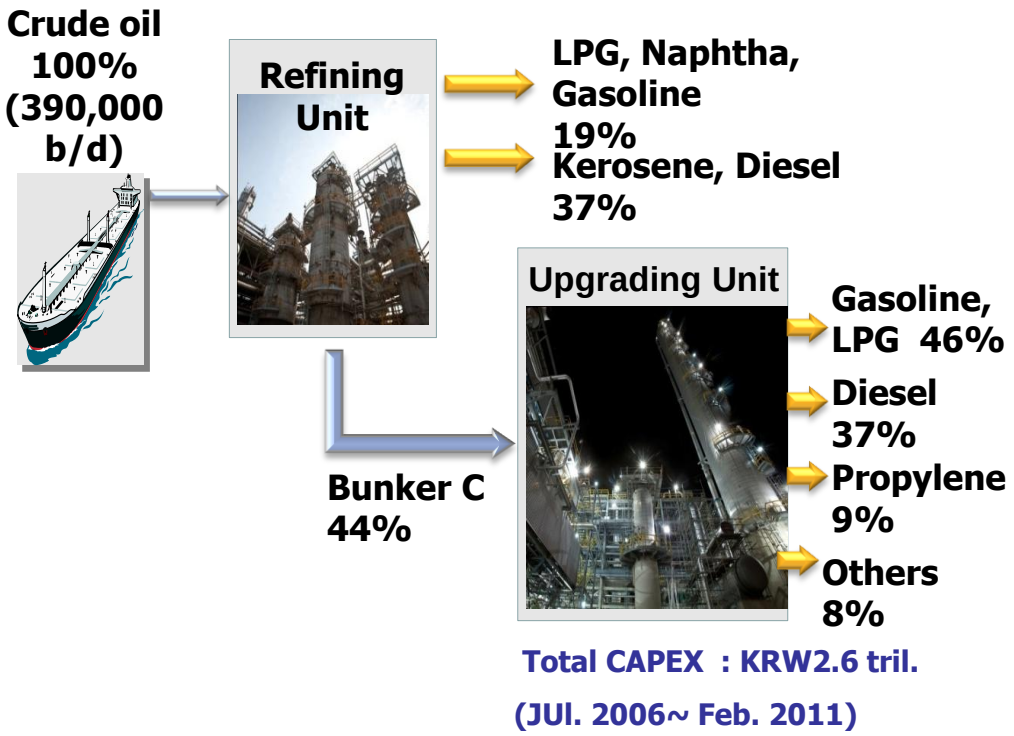
- **Completion of # 2 HOU Plant** **34.4%**

  With the completion of # 2 HOU plant in Jan., 2011,
  Hyundai Oilbank achieved a ratio of 34.4%,
  the highest upgrading ratio in the industry

- **Domestic Light Oil Market Share** **22.1%**

- **HHI's Management Control** **91.1%**
  Acquired by HHI in Aug., 2010

Facilities & Products



Total CAPEX : KRW2.6 tril.
(JUl. 2006~ Feb. 2011)

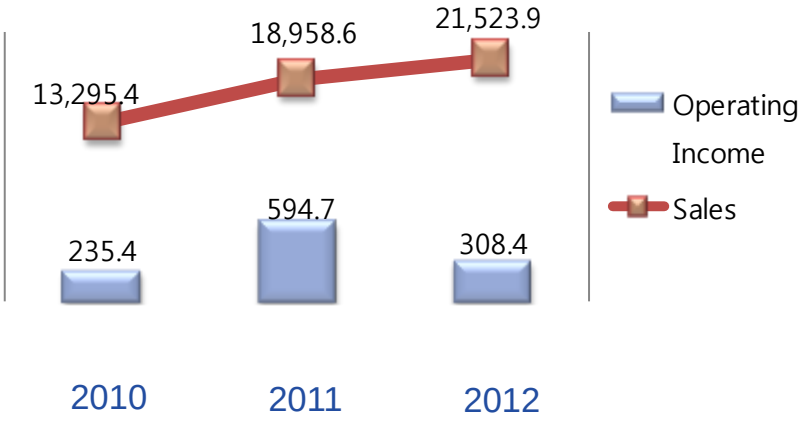
HYUNDAI HEAVY INDUSTRIES

Hyundai Oilbank

Income Statement

(Unit: KRW billion)

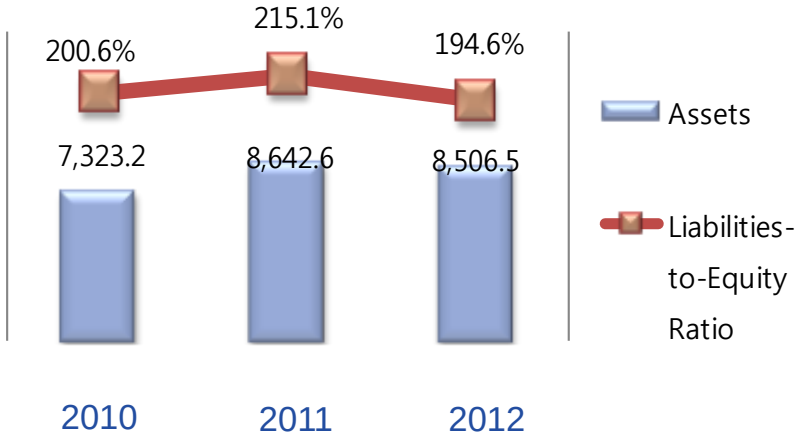
	2010	2011	2012	2013. 1H
Sales	13,295.4	18,958.6	21,523.9	9,716.9
Operating Income	235.4	594.7	308.4	255.6
%	1.8	3.1	1.4	2.6
Net Income	409.2	360.7	156.5	66.3
%	3.1	1.9	0.7	0.7



Financial Position

(Unit: KRW billion)

	2010	2011	2012	2013. 1H
Total Assets	7,323.2	8,642.6	8,506.5	8,989.8
Total Liabilities	4,887.3	5,899.5	5,618.8	6,035.0
Total Shareholder's Equity	2,435.8	2,743.2	2,887.6	2,954.8
Liabilities-to-Equity Ratio(%)	200.6	215.1	194.6	204.2



* The financial information of 2009 is based on K-GAAP.

Hyundai Samho

At a Glance

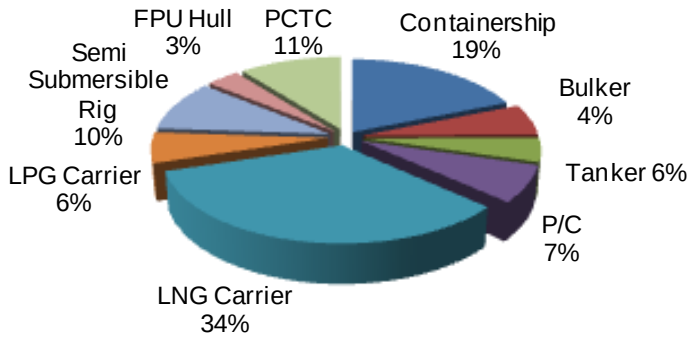
- **Production Capacity** **4.3 mil. GT**

  - Delivered 42 vessels in 2012
  - # of dry docks : 2

- **2013 Sales Target** **3,717 bil. KRW**

- **2013 Order Target** **4,500 mil. USD**

Backlog by Shiptype (2013)



- Backlogs as of Sep. 2013 on a delivery basis : 71 vessels, USD 7.90 bil.
- The above data is based on the amount

New Orders in 2013

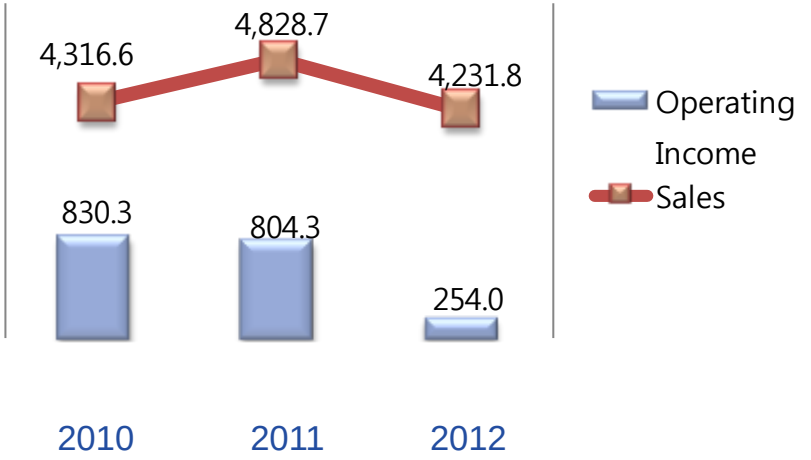
	2012	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Total	Target	Achievement	Details (mil. USD)
# of ship	16	0	0	10	10	6	0	13	7	0	46	36	127.8%	-11 P/Cs (547) -10 PCTCs (687) -9 Containerships (1,029) -6 LPG Carriers (450) -4 Bulk Carriers (254) -2 Tankers (114) -2 LNG Carriers (420) -1 FPU Hull (270) -1 High Lift Vessel (188)
Amount (mil. USD)	2,508	0	0	716	689	396	0	1,031	1,127	0	3,959	4,500	88.0%	

Hyundai Samho

Income Statement

(Unit: KRW billion)

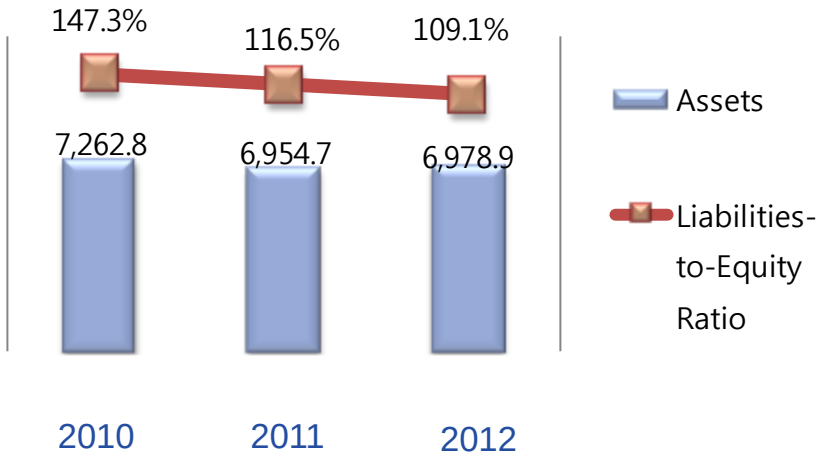
	2010	2011	2012	2013. 1H
Sales	**4,316.6**	**4,828.7**	**4,231.8**	**1,798.9**
Operating Income	**830.3**	**804.3**	**254.0**	**16.9**
%	**19.2**	**16.7**	**6.0**	**0.9**
Net Income	**631.6**	**551.0**	**-13.4**	**20.5**
%	**14.6**	**11.4**	**-0.3**	**1.1**



Financial Position

(Unit: KRW billion)

	2010	2011	2012	2013. 1H
Total Assets	**7,262.8**	**6,954.7**	**6,978.9**	**6,696.2**
Total Liabilities	**4,325.8**	**3,741.7**	**3,641.1**	**3,390.1**
Total Shareholder's Equity	**2,937.0**	**3,213.0**	**3,337.7**	**3,306.1**
Liabilities-to-Equity Ratio(%)	**147.3**	**116.5**	**109.1**	**102.5**



* The financial information of 2009 is based on K-GAAP.

Q & A

Thank You

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***For More Information**

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