



**SMART
MOVING
CREATOR**

**ANNUAL REPORT
2019 / 2020**

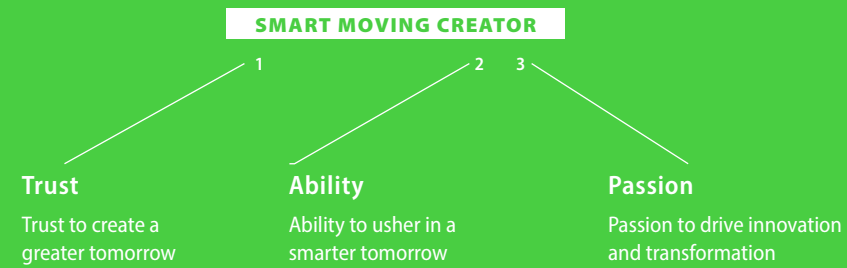
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SMART MOVING CREATOR

Hyundai Elevator aims to transform into a 'Smart Moving Creator' in response to the shifting landscape of the 4th Industrial Revolution. We will be wholeheartedly committed to attaining our vision and goal of rising to the unrivaled global top-tier status with a focus on the three core values of unwavering trust, smarter ability and innovation-leading passion.

**TRUST, ABILITY,
PASSION**



Trust to create a greater tomorrow

TRUST

Trust is an everlasting corporate value that stands the test of time. Hyundai Elevator endeavors to pursue even greater confidence and mutual respect from its customers, employees, and local communities on the basis of its ethics awareness to abide by principles and basics and through its safety awareness that puts safety first under any circumstances. This philosophy drove us to ceaselessly elevate our corporate credibility throughout six overseas corporations operating in 49 countries across the globe and to reach 20.3% in annual growth of overseas orders awarded. As such, we are taking a step closer each day to becoming an unrivaled global top-tier company in the greater future we create.

6 Corporations

20.3% Growth in Overseas Orders

49 Countries

ABILITY

The advent of the 4th Industrial Revolution demands that businesses establish an innovative business model to create new markets and build core capabilities to execute such a model. Hyundai Elevator will leverage its creativity, expertise and thorough self-management to bring innovation along the entire manufacturing value chain, from production and distribution to sales and consumption, and to usher in a smarter tomorrow in so doing. We make our smart capabilities a reality through connected elevators that deploy advanced information and communications technology to deliver elevator performance, the design selection system powered by augmented technology, and Jump Elevators enabled by cutting-edge engineering technology.

Ability to usher in a smarter tomorrow

AR Modeling System

Jump Elevator

Connected Elevator

PASSION

Taking a great leap forward to a new normal in the manufacturing industry requires passion to relentlessly pursue new innovation and transformation. Hyundai Elevator set the goal of driving the fundamental innovation of the manufacturing industry, and is undertaking the Smart 4.0 Innovation and Smart Factory initiatives that embrace cutting-edge information and communications technology across its entire business operations, as well as the Before Service initiative as an advanced version of its customer service. Each and every one of us at Hyundai Elevator is rising to this unprecedented challenge of innovation with renewed enthusiasm, steadfast execution, proactive change leadership, and mutual communication and cooperation.

Passion to lead innovation and transformation

Smart 4.0

Smart Factory

Before Service

CEO Message

By 2019, Hyundai Elevator has successfully maintained its No. 1 status in domestic elevator market share for 13 consecutive years and in paid maintenance unit for five consecutive years. To further promote sustainable future growth, we will accelerate our digital transformation for strengthened growth momentum.



Dear Respected Customers and Shareholders in Korea and abroad,

In the face of fluctuating market conditions at home and abroad and the rapidly-shifting industry ecosystem of the past year, our market share in the domestic elevator market exceeded 40% to place us in the No.1 ranking for 13 consecutive years, and the number of elevators that we serviced through paid maintenance surpassed 164,000 units to retain our No.1 leadership for five consecutive years. The year 2019 took on another meaning as it marked the beginning of our digital transformation journey to embark on substantial digital innovation initiatives to lay the basis for innovation.

While our performance on orders, sales and operating profit fell short of the set business plans amid the sluggish construction economy, the shrinking elevator market and other business challenges, our commitment to improving organizational efficiency and driving innovation allowed us to reach beyond 9% in our operating margin, which is one of the highest among domestic industry peers. Still yet, the protracted COVID-19 pandemic is expected to further aggravate economic conditions and the elevator market as a whole, both in Korea and abroad in 2020. Moreover, the Korean government's continued policy to tighten real estate regulations has already driven the construction market into crisis, bringing a drastic change in the upcoming business landscape.

Meanwhile, artificial intelligence which is being implemented into virtually every aspect of our society, is highlighting the need for businesses to pursue digital innovation through information and communications technology. This wave of transformation is considered a double-edge sword as it presents both crisis and opportunity. At Hyundai Elevator, we will accelerate our digital transformation in 2020 to build strengthened growth

momentum and to concentrate our company-wide capabilities on laying the basis to embrace the 4th Industrial Revolution.

To this end, we aim to focus on the following four top priorities in 2020.

First, we will shift to innovative customer-centric thinking.

To keep pace with the digital innovation era, we will place customers at the center of our entire decision-making process in our day-to-day business routines. Customer requirements will be digitalized so that we take a more proactive approach to reflecting the voice of customers as the end user of our products and services and pursue digital innovation to deliver the greatest possible customer satisfaction. To this end, we will leverage big data in developing customer-centric products and deploy AI-powered maintenance to develop a data-based service system, building customer-driven and proactive service capabilities.

Second, we will embrace innovative work methods.

Transformation starts with a thought, develops into an attitude and materializes into a behavior, and is ultimately perfected through the establishment of a dynamic and creative organization. Consistently driving this cycle of transformation requires a fundamental evolution in the way we work on the basis of organizational and individual cooperation. At Hyundai Elevator, we are building our digital system and innovation framework to enable data-based and instantaneous collaboration that operates independently of any limitations on space or device. This, we believe, will surely aid in the evolution of our work methods to embrace a culture of collaboration.

Third, we will seek process improvement and manufacturing innovation.

Our goal in adopting a wide range of innovation systems is to ensure agility in responding to market changes as well as optimization of our process and to successfully digitalize our entire organization. We will make systemic upgrades ranging from production and design to production management and the global sales network, and pursue innovation in improving relevant work processes in order to build digital manufacturing capabilities that will naturally lead to dramatic enhancement in productivity and efficiency.

Fourth, we will deliver innovative products and services.

The Internet of Things (IoT), cloud, big data, and AI have the potential as cutting-edge technology to create added value to existing products and services as well as to the ecosystem surrounding the elevator business. We are reinforcing our established products, services and business model through such innovative technology while exploring new business opportunities. We will develop a digital ecosystem with the elevator business at the center and seek open innovation to create diverse business models.

Respected Customers and Shareholders at Home and Abroad,

The global COVID-19 pandemic in 2020 presents challenges that we have never experienced before. The economic sentiment among business is at its lowest-ever since the global financial crisis of 2008, and we can barely predict its economic ramifications in the years ahead. The elevator industry is not an exception here as economic downturn will inevitably lead to severe contraction in the construction market, which in turn will virtually suspend orders granted to elevator makers.

Still yet, we believe in the power that lies within us. It is the same power which manifested itself as we stood united in the face of seemingly insurmountable hardship during the global financial crisis in the 90's and in the worldwide economic crisis of the late 2000's. As we yet again face an unprecedented challenge, we will choose to fully embrace the new wave of digital transformation in relentless pursuit of innovation, and pave the way for sustainable growth in so doing.

At Hyundai Elevator, we will continue to put one foot in front of the other to push ahead so that we may reciprocate your everlasting encouragement and support by becoming a company respected by all our shareholders and customers, both at home and abroad.

Thank you.

June 2020,
Seung-Bong Song

Representative Director, Hyundai Elevator

S. B. Song



BEYOND BOUNDARIES

As Korea's top-tier elevator company, Hyundai Elevator has pioneered the development of the domestic elevator industry over the past 36 years. On the strength of globally-recognized core competitive edge and technology, we have been fully committed to increasing orders awarded overseas and tapping into new territories in order to advance into the global market. This enabled us to establish a global network that spans 49 countries, with overseas corporations in China, Turkey, Malaysia, Vietnam, Indonesia and Brazil and 43 overseas agencies. Hyundai Elevator will continue to strengthen its global competitiveness and stabilize its overseas business operations to emerge as a global player in the elevator industry.

Korea

164,611

units of elevators under
maintenance

19,579

units of elevators installed
(including escalators and moving walks)

KOREA

Securing No.1 Market Share

Korea

Last year, the domestic elevator market suffered a sizeable contraction from the previous year due to the real estate and housing downturn that continued from 2018. In line with a decreasing demand for elevators, our sales and operating profit inched down on a y-o-y basis to KRW 1.8725 trillion and KRW 136.2 billion respectively. While we witnessed y-o-y increases for orders awarded on major projects and mid/large-scale sites that we specifically targeted, we fell short of attaining our targets in sales and operating profits due to declining small and short-term delivery orders and construction delays caused by economic slowdown as well as rising COGS (cost of goods sold) to sales ratios. Meanwhile, significant achievements were made in the maintenance and remodeling business as remodeling demands increased and needs arose for quality improvement and safety management following the enforcement of the revised elevator regulations.

Korea's elevator new installation market has reached maturity. Our market share in new elevator installation remained virtually the same at 43.9%. However, elevators requiring our maintenance services rose 6.0% from the previous year to 164,611 units, and this placed our market share at 22.9%. By 2019, Hyundai Elevator had maintained its No. 1

leadership position in domestic installation market share for 13 consecutive years and in maintenance market share for five consecutive years, solidifying its unchallenged dominance in the Korean market.

In 2020, the overall construction market is forecast to decelerate in line with tightening governmental real estate regulations, and decreased elevator demands may fuel fiercer competition. In particular, COVID-19 gives rise to mounting uncertainties from the unprecedented downturn in domestic consumption and the real economy. Economic indicators also point to negative prospects: a roughly 20% y-o-y drop is expected in residential building permit areas and the housing sales volume is also forecast to decline due to reductions in approving and initiating the construction of apartments, multi-household buildings and row houses and to loan regulations and limit pricing for newly-built apartments. As this may cause difficulties in landing orders in the elevator market which is closely related with the construction business, we will follow a two-track strategy of pursuing order volume and margin in reflection of market conditions while securing our pricing and quality competitiveness to further strengthen our market dominance.



Busan International Finance Center (BIFC)

MAX. 600m/min
32 elevators
14 escalators

Korea's fastest elevators installed



Korea's first LED glass escalators installed

Market Share

43.9%



Seoul Dragon City

MAX. 240m/min
33 elevators
10 escalators



LG U+ Yongsan Office Building

MAX. 240m/min
10 elevators
2 escalators



Hill State Songdo The Terrace

MAX. 210m/min
69 elevators
3 escalators



Korea's first double deck elevators installed



Korea's first Jump Elevators adopted

Targeting the world biggest market

China

China represents the world's largest elevator market which accounts for approximately 70% of the global elevator demand, and serves as our outpost in building global competitiveness. While the Chinese government continues with its policy to tighten real estate and loan regulations, real estate development investments are expanding to support the overall elevator demand. As more than 60% of the Chinese elevator demand is concentrated within its eastern and central regions including Sichuan, our sales operations are also focused on these target areas. In 2019, we experienced a decline in orders granted on high value-added sites and the resulting drop in total order value. A growing short-term delivery business, however, raised our y-o-y sales by 13%.

In 2020, the Chinese market is expected to expand the installation of elevators for vacation homes as well as exterior elevator installations on old apartment buildings in line with the intensive development of tier-2 and tier-3 cities. To match this, competitors will further speed up their endeavors to launch products that deploy new IoT-based technology and save energy consumption and develop ultra high-speed technology. This prompted our decision at Hyundai Elevator to identify new top-performing agents to increase orders awarded in tier-2 and tier-3 cities and to form strategic partnerships with large construction companies to win more landmark orders. Furthermore, we will successfully complete the construction of a new factory that will lead the 4th Industrial Revolution to solidify our brand reputation in the world's largest elevator market.

China

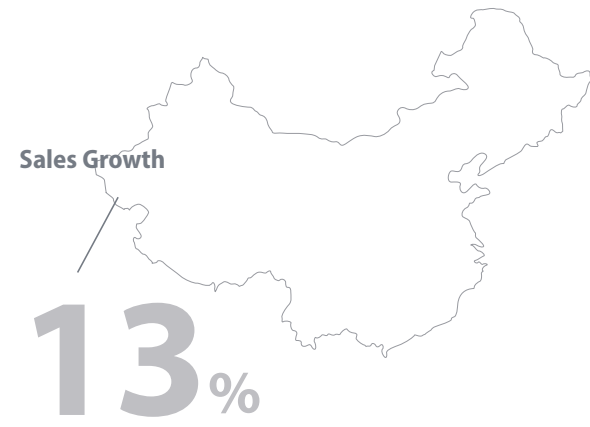
1.3%

increase in orders awarded

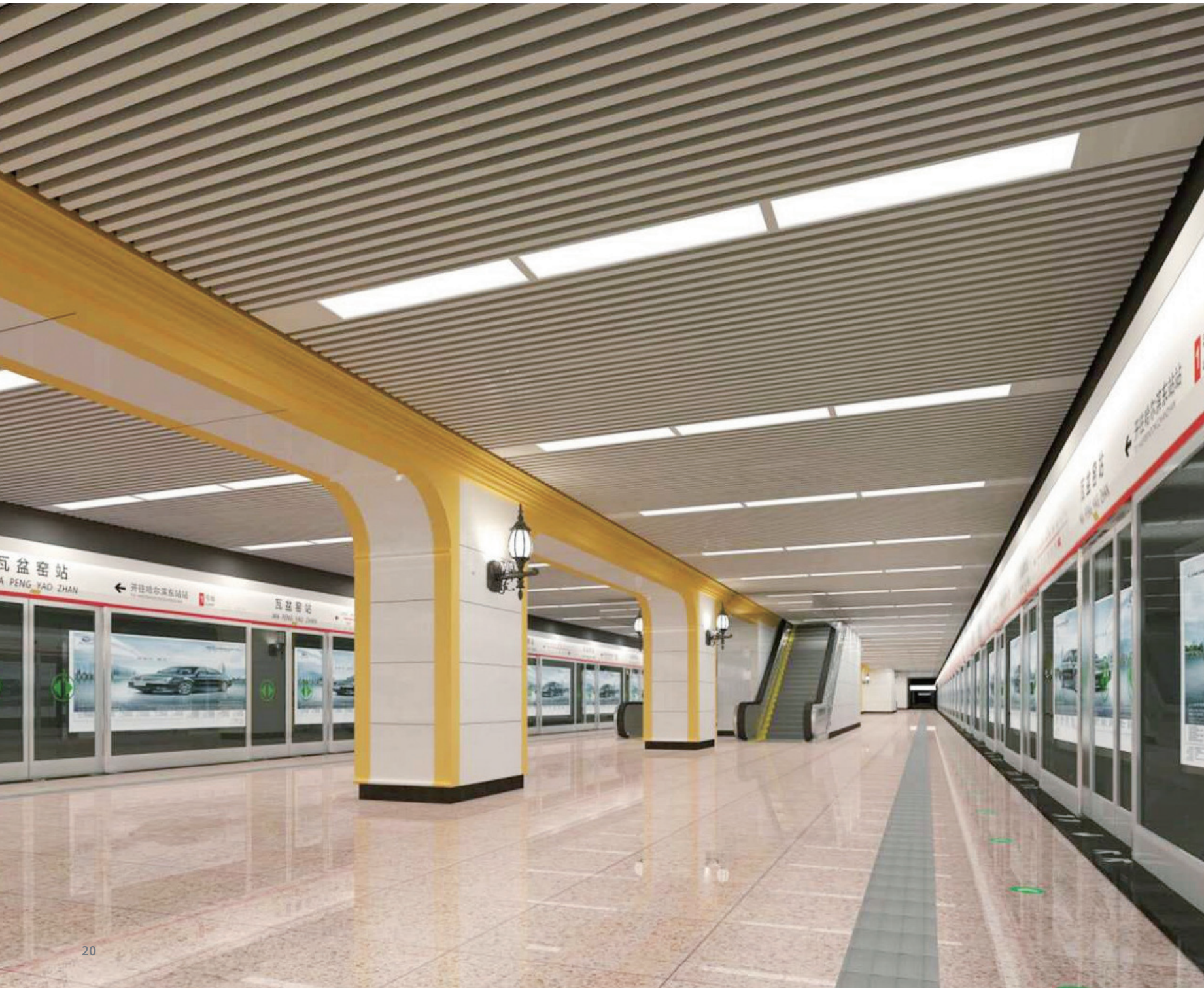
CNY 1.08487 billion

in orders awarded

CHINA



↓
**Harbin Subway Line 1
 (3rd stage)**
 MAX. 60m/min
 10 elevators
 56 escalators



→
**Dongping
 Laohuzhen,
 Shandong**
 MAX. 90m/min
 418 elevators



←
Nanmen Dashijie, Qinghai
 MAX. 240m/min
 22 elevators
 19 escalators

Asia

Vietnam
17.5%
increase in orders awarded

Malaysia
77.1%
increase in orders awarded

Indonesia
14.2%
increase in sales growth

Indonesia
29.5%
in operating margin

Expanding to the next level

Asia

In Vietnam, we secured a project from the nation's largest local constructor for the first time, initiated business with a new large-size developer, and landed a series of orders from existing customers last year. Still yet, a number of projects were either delayed or cancelled due to loan regulations imposed to prevent excessive real estate investments. While our orders awarded posted a 17.5% y-o-y growth, we were not able to reach the set sales target. In the first half of 2020, the global COVID-19 pandemic is forecast to cause delays in generating sales and landing orders. If the spread of COVID-19 slows down in the second half of the year and onwards, we plan to focus on winning additional orders from existing large-size customers and continue to secure new business with the top 50 constructors in order to raise the number of orders granted.

In Malaysia, we secured new projects from major top 10 customers and expanded our sales and service areas to lay a stronger basis for winning orders in 2019. While this allowed us to raise new orders awarded by 77.1% from the previous year and generate operating profits, we could not attain our sales target due to construction delays

and impacts from the orders granted the previous year. In 2020, we aim to remain agile in responding to the sustained low market growth and shifting product demand and to focus on winning large-scale projects to secure a stable volume.

In Indonesia, the government announcement to relocate the nation's capital city resulted in decreases in new volume, and the accelerated market entry of Japanese and Chinese competitors brought change in the installation segment. An increasing number of third-party companies advancing into the maintenance segment also intensified low price competition. Still yet, we responded to such low pricing strategy through preemptive order-winning activities and differentiated service quality to eventually reach the set order target which was up by 14.2% from the previous year. In 2020, we plan to establish a stable portfolio and expand our business presence in the increasingly growing remodeling market. Meanwhile, COVID-19 has urged us to develop contingency management plans in line with social lockdown measures, and we will keep a close watch on changing conditions.

ASIA



→
Sri Lanka Waterfront
MAX. 240m/min
81 elevators
21 escalators



↑
Philippines SM Four E-Com
MAX. 105m/min
42 elevators



←
Vietnam Vincy Ocean Park
MAX. 150m/min
68 elevators



→
Indonesia Gallery West
MAX. 240m/min
23 elevators
10 escalators



Focusing on boundless potential

Europe

Establishing the Turkish Corporation in 2016 served to create an outpost for us to advance into the European market, and this enabled us to build a premium brand identity and land orders on a number of high-speed elevator and large-scale site projects, including subways, offices, hospitals, and commercial-residential complexes in the Turkish market. While 2019 presented aggravating market conditions in line with the economic downturn and the resulting contraction in the new installation segment, intensifying price competition, and continued construction delays, we remained focused on facilitating service operations and practicing emergency management to improve our operating profits.

In 2020, the new installation segment is expected to continue shrinking and the global COVID-19 pandemic may delay overall project undertakings. Depending on the market recovery in the second half of 2020 and beyond, we will focus on strengthening our competitive edge to address the shifting market landscape by segment and product. Furthermore, we will expand our service operations to ensure stable profitability and continue with contingency management plans to lower costs and improve operating profits.

Middle East

Hyundai Elevator first entered the Iraq market in early 2000 and has steadily improved its brand awareness by landing orders for a government complex and other major public organizations. In 2014, we won the Bismayah New City project to supply 1,668 elevators and this paved the way for us to broaden our business presence in other Middle Eastern countries. In December 2016, we also won the Security Forces Medical City (SFMC) project undertaken by the Saudi Arabian government to build a large-scale medical complex. Other noteworthy accomplishments include such large-size project as the Mashhad Metro Line No. 2 in Iran.

In 2019, orders granted on high-speed models increased in major Middle Eastern countries, and our sales rose as additional orders were awarded through order partitioning conducted on large-scale project sites such as Saudi Arabia's SFMC Jeddah as well as the Bismayah project in Iran, and as we tapped into the social housing market. These projects, however, could not progress as planned due to the spread of COVID-19 in the first half of 2020. Going forward, we will proactively identify demand and provide installation technology support to secure more orders on high-speed models (moving at 180m/m or faster) and social housing in Saudi Arabia and across the Middle Eastern market.

Europe and Middle East

Turkey

9.3%

increase in sales growth

Saudi Arabia

8.0%

increase in sales growth

EUROPE & MIDDLE EAST



Sales Growth (Turkey)

9.3%



Turkey
YDA Konya Hospital
 MAX. 105m/min
 72 elevators
 42 escalators



Turkey
Metropol
 MAX. 360m/min
 99 elevators
 29 escalators



Saudi Arabia
Security Forces Medical City
 MAX. 150m/min
 284 elevators
 24 escalators



Turkey
Izmir Bayrakli Integrated Health Campus
 MAX. 105m/min
 110 elevators
 20 escalators

Central & Latin America

Chile
85.2%
increase in orders awarded

LATIN AMERICA

Seeking another opportunity

Central & Latin America

Sustained political and economic uncertainties gave rise to the prolonged economic downturn and the sluggish market in the Central and Latin American region last year. In Panama, Peru and other countries where agents were replaced, quality issues resulted in delays in landing orders while our agent in Cuba had to discontinue operations due to political issues, which in turn decreased orders. In Brazil, a downturn in the construction business reduced the size of the new installation segment, and our suspension of business operations resulted in stagnation in the inflow of service maintenance volume. All in all, our business operations suffered across the region. In 2020, our top priority in Brazil will be to leverage the top-notch service quality competitiveness of our products to expand the maintenance service volume in order to stabilize the operation of the local corporation and increase its sales while focusing on resolving quality issues early on to revitalize order-winning operations in Panama and Peru.



→
Argentina
Om Recoleta
MAX. 105m/min
9 elevators

2019 News Highlights

March 19



Developing AR/VR-enabled Elevator Design System

Last year, we developed an AR/VR-enabled elevator design system for customers to design elevators on their own and experience what this looks like in real time. Customers make choices on traction machines, doors, buttons, interior materials and other options on the tablet PC app, and the completed design is realized in a three-dimensional image which is then projected onto the actual object to enable customers to confirm the elevator design in the most realistic way possible. This cutting-edge technology helps customers better understand possible design combinations and provides them with a wider array of product choices for even greater customer satisfaction.

March 21



Ranked 1st in the Elevator Sector of the K-BPI for 8 Consecutive Years

The year 2019 marked our eighth year for consecutive rankings of being first in the elevator sector of the Korea-Brand Power Index (K-BPI) certified by the Korea Management Association. We scored high points across all categories including awareness power and loyalty, and outperformed the second and third ranked companies by an overwhelmingly large margin.

April 23



Forging a Strategic Partnership with HBC of Vietnam

Last April, we held a signing ceremony to forge a strategic partnership with Hoa Binh Construction Group JSC (HBC) of Vietnam. HBC is the nation's second largest construction company and holds an impressive track record in building Vietnam's tallest building and a number of other landmark buildings. This partnership enabled us to become HBC's third largest shareholder and ensured that HBC would deploy our products in all their future projects, which will surely serve as momentum to expand our presence in the Vietnamese market in the years ahead.

May 2

Relocating the Head Office and Building a New Factory in Chungju

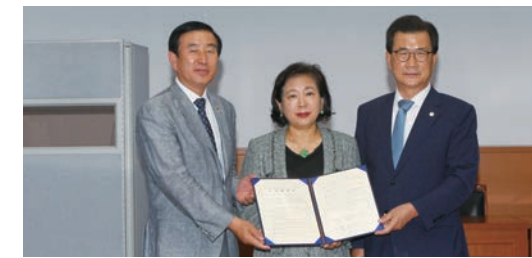
We are working to relocate our Head Office and are building a new factory and a logistics center in the 5th Industrial Complex in Chungju, in North Chungcheong Province. This new production facility, to be built on a parcel of land 150,0614m² big, will become our smart factory enabled by Internet of Things and big data technology with 25,000 units in annual capacity. The factory will be located next to the world's tallest test tower (300m) that will install a carbon fiber belt-type elevator moving at the ultra high-speed of 1,260m per minute. By building a smart factory and ensuring the integrated operation of factories and logistics centers, we will reinforce our competitive edge and position ourselves as a leading company pioneering the 4th Industrial Revolution in the Chungcheong region.

June 24

Climbing a Step Up in Corporate Credit Rating

Last year, our corporate credit rating climbed a step up from A-/Positive to A/Stable in the assessments made by NICE Investors Service. Key evidence cited included our top-notch market status in the Korean elevator market, exceptional operating revenue generated through the oligopolistic market structure, and excellent financial stability and flexibility.

July 3



Signing an Investment Agreement with North Chungcheong Province and Chungju City

Last July, we signed a KRW 250 billion investment agreement with North Chungcheong Province and Chungju City. Work is underway to relocate our Head Office to Chungju, and we plan to continue with investments by 2028 to build a new smart factory and a logistics center. North Chungcheong Province and Chungju committed to reciprocate through proactive administrative assistance, including support for site and equipment investments, tax benefits, and the operation of a dedicated taskforce team.

July 25

Korea's First Jump Elevator Making Steady Progress

Our Jump Elevators, Korea's first-ever, successfully made their first jump. Nine Jump Elevators moving at 210m/minute were installed for the Hill State Songdo The Terrace construction project in Yeonsu-gu, Incheon, and two of them made their successful first jump from the 7th to the 15th floor. These elevators are installed in the initial construction stage, and their machine rooms move upwards for operation as the construction frame builds up.

September 11



Appointing Song, Seung-bong as Representative Director

Last September, Hyundai Elevator appointed Song, Seung-bong as Representative Director through an ad-hoc general shareholder meeting and a Board of Director meeting. As an expert with years of experience in the elevator industry, he had been serving as Head of Manufacturing/R&D/Future Innovation Division since March of last year. Upon his inauguration, he announced three innovation priorities of strengthening our global manufacturing competitiveness, future technology capability, and service profitability.

November 27



Developing AI Elevators with KT

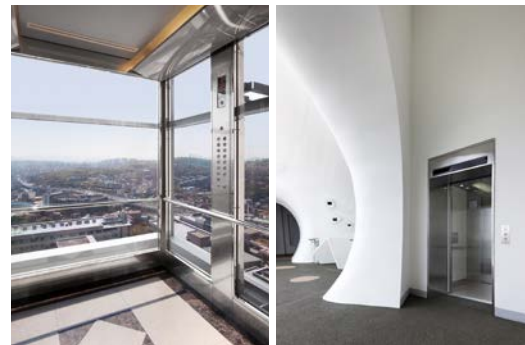
Last year, we signed an 'MOU on connected elevator business' with KT, Korea's major telecom operator, to develop next-generation elevators powered by information and communications technology (ICT). These elevators harness ICT to connect with smart devices and service robots in order to deliver improved security and passenger convenience. Combining the manufacturing and maintenance technology that we have to offer as the industry's No. 1 leader with KT's ICT will surely establish our competitive edge in the connected elevator segment as well.

Business Overview

In line with the evolving trends of urban architecture, Hyundai Elevator creates the fastest, safest and most convenient mobility experience through elevators, escalators, moving walks, auto parking systems and maintenance services. We leverage globally-recognized technology and expertise to deliver the greatest possible customer value throughout the entire industry.

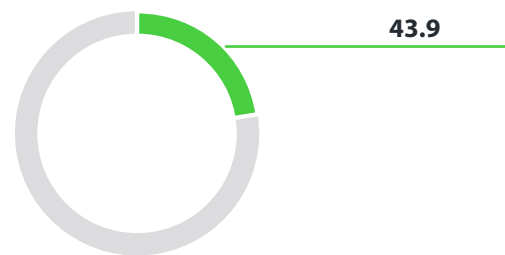
Elevators

Our elevators are optimized with the efficiency and economics of architectural spaces in mind and the goal of delivering comfortable and safe rides in order to add greater value to buildings. Leveraging our top-notch fundamental technology, we develop wide-ranging products that cater to diverse use conditions, tailor-made solutions and architectural design requirements, from ultra-high-speed elevators for 50-story or higher buildings (THE EL, THE EL DUO) and high-speed elevators (i-XEL) to mid/low-speed elevators (LUXEN, NEW YZER, NEO, VIVALDI), and special elevators (for observations, hospitals, and vessels).



Domestic Market Share (2019)

unit: %



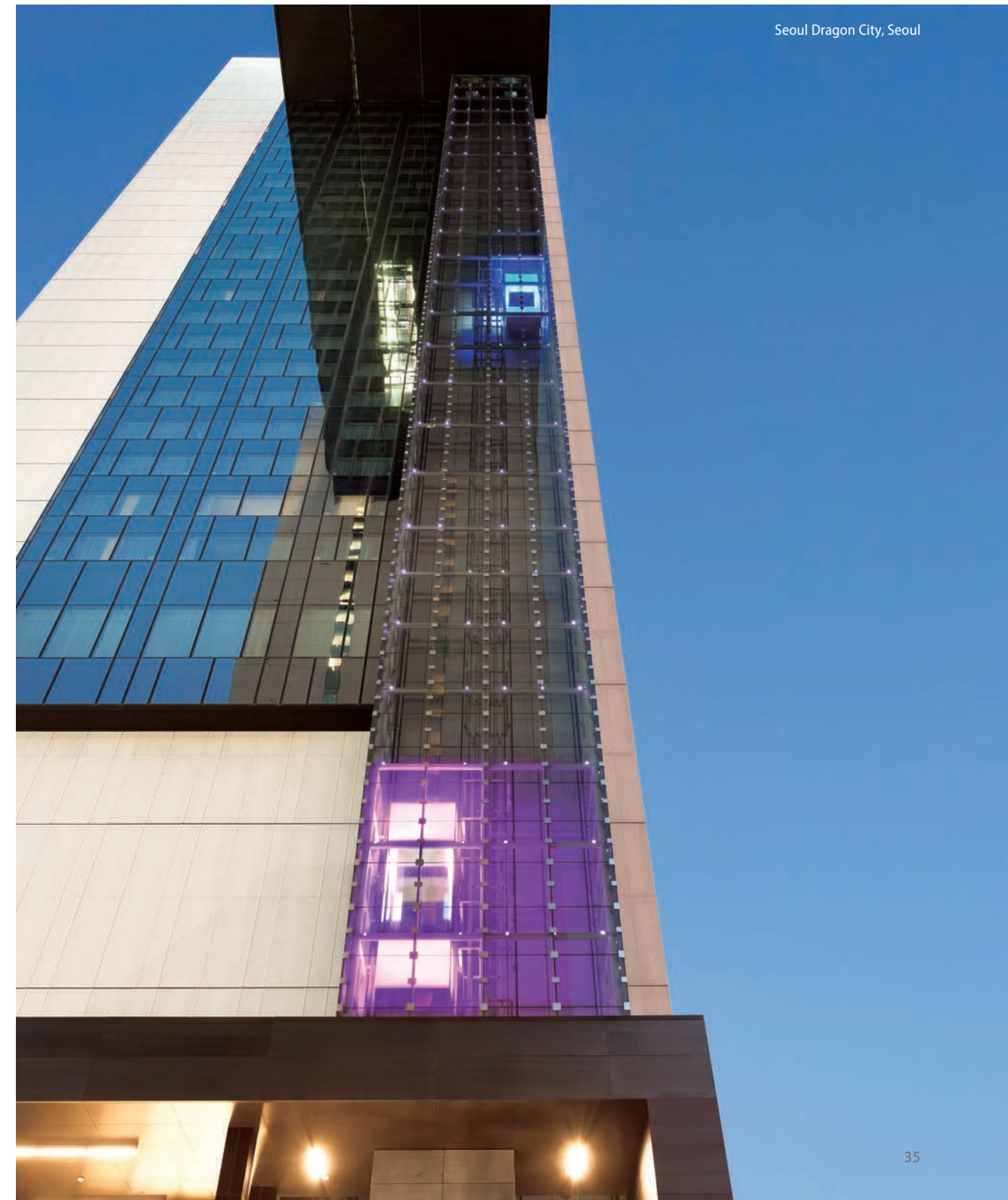
Major Portfolio

- Busan International Finance Center, Busan
- LG U+ Yongsan Office Building, Seoul
- Hill State Songdo The Terrace, Incheon
- Seoul Dragon City, Seoul
- Songdo Landmark City Central the Sharp, Incheon
- Yongin Severance Hospital, Yongin
- Park Hyatt Busan, Busan
- Hill State Ijin Bay City, Busan
- Naver New Office Building, Seongnam

In the face of challenging market conditions including but not limited to a series of real estate regulations introduced by the government as well as shrinking consumption and construction delays caused by economic downturn, our market share amounted to 43.9% to confirm yet again our unrivaled market dominance as the industry's No. 1 leader for 13 consecutive years. In 2020, the market is forecast to deteriorate even further and competition will only intensify in the domestic elevator market as the economic slowdown accelerates in the first half of the year due to governmental real estate regulations and the spread of COVID-19. Our response will be to further reinforce our price and quality competitive edge and continue to strengthen our market dominance in 2020.

Production Output

unit: No. of units



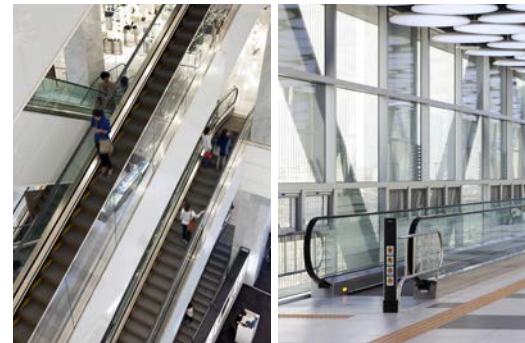
Seoul Dragon City, Seoul



Lotte World Mall, Seoul

Escalators & Moving Walks

Our escalators and moving walks connect spaces with ride comfort, safety, and economic benefits, transforming dreary urban buildings into open and communicative spaces. Their sophisticated design that maximizes space utilization, combined with their ergonomically-engineered curves, blends into any architectural structure built to serve diverse use conditions and concepts. A range of optional functionalities, from system inverters and transport capacity control systems to CRT monitoring panels, promote efficient maintenance and energy saving while fully meeting customer expectations.



Furthermore, slip-prevention steps, foot slip minimization, and other cutting-edge safety features add to improved safety and ride comfort. Our escalators grace the Incheon International Airport, the National Museum of Korea, Hyundai Department Stores, Yeosu Expo, and other mega multi-purpose complexes and major large-scale buildings. Our moving walks are designed to aid in the horizontal mobility of pedestrians, and are widely adopted across transportation interfaces and large-scale buildings such as Incheon International Airport, Airport Railroad facilities, Shinbundang Subway Line and Kintex.

Equipment Manufacturing Sales

unit: KRW billion, on a consolidated basis for 2019

2019		1,161.0
2018		1,262.4
2017		1,393.6

Major Escalator Portfolio

- Unicity Urban Bricks, Changwon
- Hill State Samsung Station Skansen, Goyang
- Yongin Severance Hospital, Yongin
- Hyundai Department Store Pangyo, Seongnam
- Garden Five, Seoul
- Cheongna Hill Station (Shinnam Station), Daegu
- Incheon International Airport, Incheon
- Hyundai Premium Outlet Daejeon, Daejeon
- Hyundai Premium Outlet Namyangju, Namyangju

Major Moving Walks Portfolio

- Starfield City Wirye, Hanam
- E-Mart Traders Gimpo, Gimpo
- Lotte Mart Cheongju, Cheongju
- Incheon International Airport, Incheon

Maintenance

Korea represents a sizeable demand of more than 720,000 units in the maintenance market as well as the elevator installation market. To generate long-term profits, we have actively tapped into this specific segment and ranked first in domestic market share for five consecutive years since 2015.

The complete revision of the elevator safety management regulations and tightened inspection standards on aging elevators created favorable conditions for growth in the maintenance and remodeling markets in 2019. Specifically, we are an overwhelmingly dominant leader in the remodeling segment with 48% market share.

In 2020, we will experience the direct impact of the revised elevator safety management regulations. Our approach is to proactively respond to risks that may occur in line with the enforcement of these revised regulations and lead the paradigm shift in the elevator service industry in order to constantly reinforce our competitive edge in the elevator maintenance market.



Maintenance Service Sales

unit: KRW billion, on a consolidated basis for 2019

2019		373.5
2018		333.3
2017		289.3

Auto Parking System

Hyundai Elevator provides a wide range of auto parking systems and services to choose from, including elevator, cart and multi-layer circulation puzzle types as well as our distinctive Hyundai Integrated Parking (HIP) system. Specifically, the HIP system created through our parking system expertise and technology, is capable of handling hundreds of cars with Korea's fastest continuous entry/exit lead time (within 38 seconds). This pallet-less large-scale parking system leverages conveyors and can be installed beneath general streets as well as buildings.



In addition, we deliver differentiated services available only through Hyundai Elevator such as smartphone exit booking, which allows drivers to conveniently reserve a time to take out their car, check for available parking spaces in real time and even make parking fee payments, all through the use of their smart phone. Another feature of this system is that it automatically recognizes license plate numbers at the time of entry into the parking system.

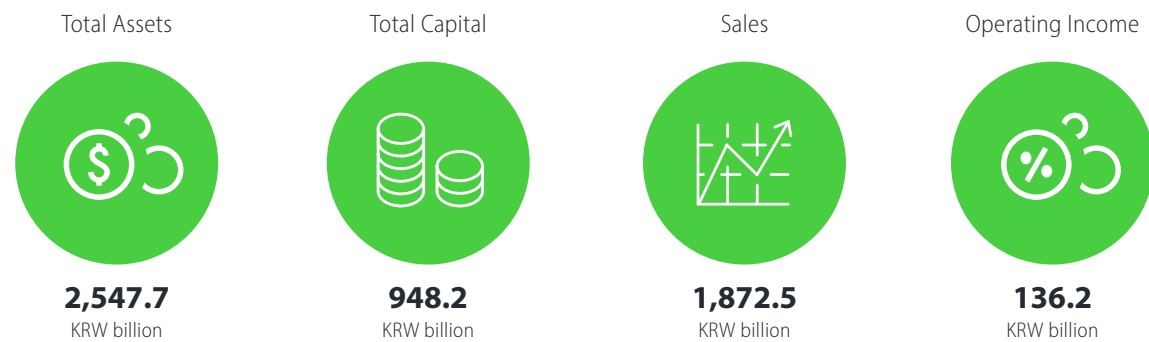
Last year, the domestic auto parking system market suffered a y-o-y drop in demand and contraction in market size due to delays in the initiation and completion of building construction as a result of economic downturn. In 2020, shrinking demand from the sluggish real estate market will only fuel competition further. We will focus on strengthening our fundamental competitiveness in product quality, prompt delivery and competitive pricing while tapping into wider market segments to secure profitability in order to elevate our market dominance.

Major Portfolio

- Hyundai Department Store Trade Center, Seoul
- Ramada Plaza Hotel, Suwon
- Sheraton Seoul Palace Gangnam, Seoul
- EL Tower, Seoul
- Park Hyatt Hotel, Seoul
- Hyundai Department Store Cheonho, Seoul

Key Achievements

Financial Achievements

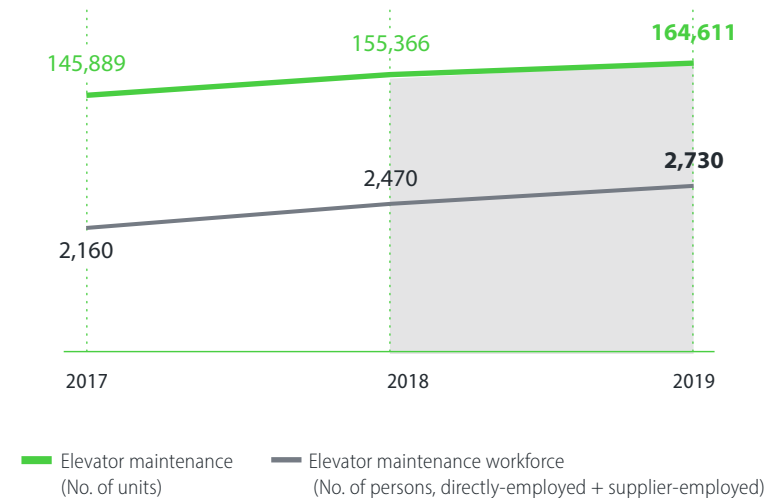


Performance Achievements

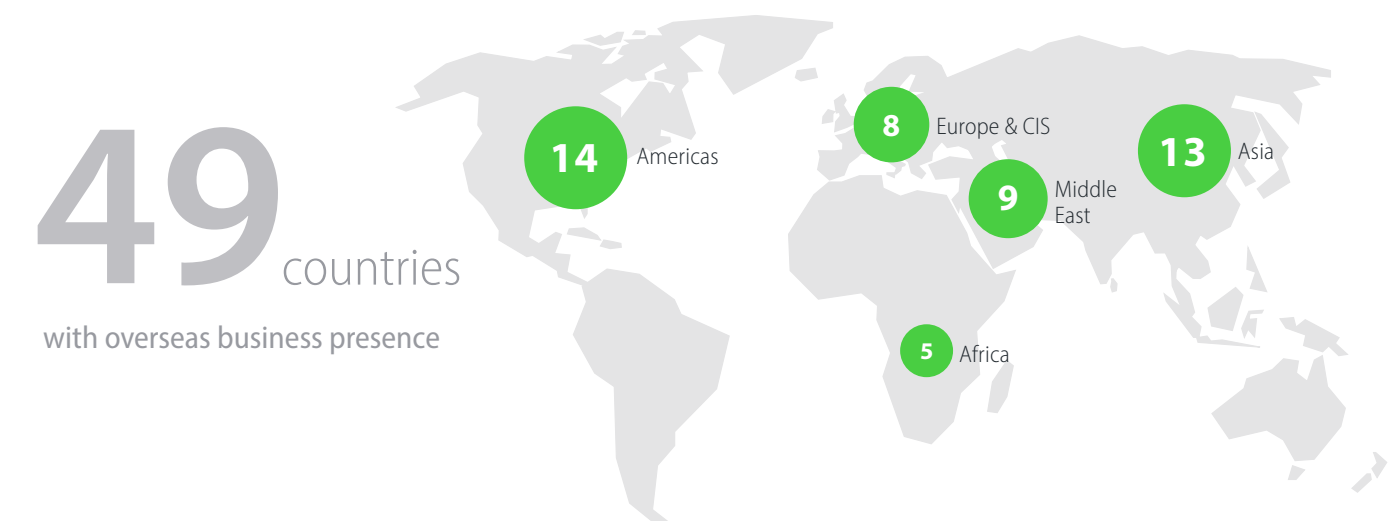
No. 1 for 13 consecutive years in domestic elevator installation

43.9%
in market share

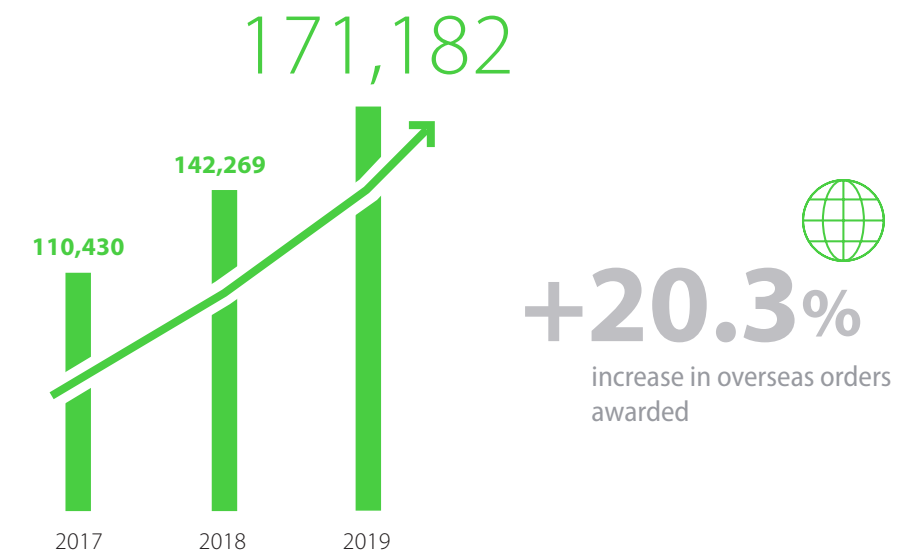
No. 1 for 5 consecutive years in domestic elevator maintenance



Global Business Achievements



Overseas Orders Awarded
(unit: KRW million)



Non-Financial Achievements

Employees



unit: No. of persons (%)

Administrative	955 (40.6)
Manufacturing/technical	1,368 (51.2)
Research	91 (3.7)
Others	253 (4.5)

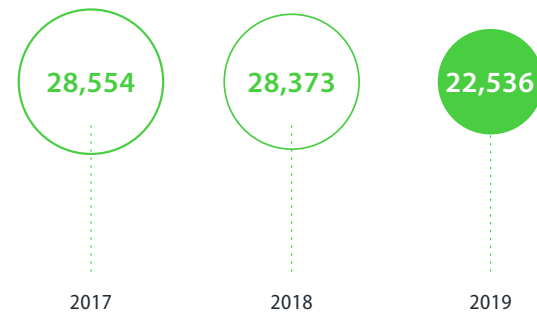
Suppliers receiving financial assistance (shared growth programs)



3,775 employees

Employees joining social contribution program

Cumulative hours of employees joining social contribution programs



* To strengthen social contribution programs that engage employees in a more meaningful way, the individual volunteer hour threshold was reduced from 12 to 8 hours, which resulted in a y-o-y drop in total volunteer hours.

OUR BUSINESS & COMPETENCE

- 42 Digital Innovation Strategy
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Hyundai Elevator is committed to delivering the fastest, safest and most convenient mobility experience in the 4th Industrial Revolution era to keep pace with the innovation trends of the ever-evolving elevator industry. Seeking digital transformation across product creation, manufacturing, installation and maintenance and deploying cutting-edge information and communications technology for the elevator sector, we provide top-notch mobility services beyond our customers' wildest imagination.

DIGITAL INNOVATION STRATEGY



Hyundai Elevator's Digital Innovation Strategy



Customer Centric Thinking



Work Method Innovation



Process Optimization



Product & Service Innovation

Establishment of a Data-based Management Infrastructure

Amid drastic changes occurring in the industry and surrounding businesses, comes the risk of being left behind when the ability to remain agile to the shifting tides is compromised. Simultaneously, there is a silver lining to the cloud of crisis in that it represents an opportunity to see new growth drivers. In particular, artificial intelligence that is becoming a part of virtually every aspect of our present day society is highlighting the need for cross-boundary digital innovation fueled by information and communications technology among businesses. Hyundai Elevator aims to build management infrastructure that supports data-based decision-making that is both swift and reasonable. To this end, we have set the course of our digital innovation strategy and created a new digital innovation organization to strategically pursue company-wide digital transformation.



Customer Centric Thinking

Digital innovation enables us to provide differentiated products and services through new technologies and systems and to deliver positive customer experiences to elevate our corporate brand value. Hyundai Elevator will take the end-user perspective in developing products and services that truly meet the needs of its customers to ultimately provide them with improved satisfaction. As a way to offer the greatest possible customer value, our Before Service is made available as an advanced maintenance system, and a data-based sales system has been established to expand customer centric services.

Before Service, an AI-powered maintenance solution, allows customers to directly check information on their elevators, from routine maintenance schedules to inspection history, and supports real-time communication to further improve customer satisfaction and trust. As part of our efforts to establish a data-based sales system, we have also introduced construction data acquisition and smart service sales management systems. This will surely facilitate our endeavors to land new orders and make proactive customer centric responses while differentiating our service operations based on the feedback from end user experiences.



Work Method Innovation

Digital innovation demands that we fundamentally change the way we work. As such, we are working to create a Digital Work Place that enables data-based instantaneous collaboration beyond the limitations of space or device. This innovative work environment will serve as a strong basis to strike a fine balance between security and productivity, with the former gaining even greater importance in the digital age, and to improve business outcomes. We aim to lay the basis for the digital work environment to shift to faster and more efficient digital communication at the organizational level, and to break down silos to work towards a culture of collaborative work methods.

Furthermore, we will define a vision of innovation aligned with our company-wide corporate vision, and seamlessly combine employees' work skill sets with the digital work environment to help create an innovation-driven organizational culture. To this end, we host the quarterly 'Open Innovation Contest' to embrace innovation technology from the outside and to identify creative ideas from within and apply them to our business conduct. This event is divided into digital innovation hackathon and best practice sessions, and is held in a way to encourage company-wide engagement to weave a culture of innovation throughout our corporate DNA.



Process Optimization

To fully leverage digital transformation in improving work efficiency and establishing data-based swift and reasonable decision-making, we need to renew and upgrade our systems across respective sectors. Hyundai Elevator is introducing a wide array of innovation systems to optimize our work process and ensure we remain agile in the midst of changing market conditions, and is making successful progress on organization-wide digitalization. In the manufacturing sector, we adopted smart factory automation solutions to manage our process and output in real time and to create a digital manufacturing operation system. In addition, standardized and integrated specifications are developed for our elevator design and manufacturing management systems while innovative improvements are made on our design work process to consistently improve its efficiency.

We will accelerate digital transformation at Hyundai Elevator through customer centric thinking, work method innovation, process optimization, and product & service innovation so that we leverage the growth momentum strengthened as such to fuel our future growth.



Using wide-ranging devices and minimizing physical movement to ensure uninterrupted business operations and improve productivity as a result

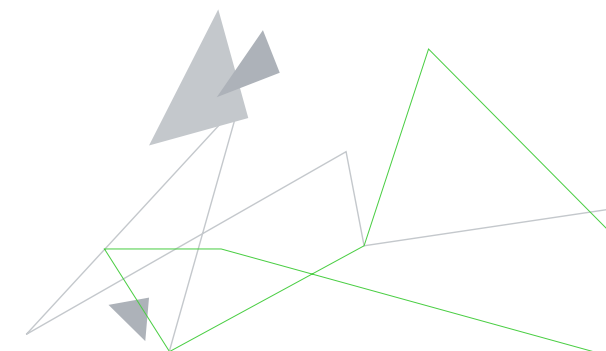
This came in tandem with upgrading our integrated global operational management system in the overseas business sector to realign our operational system and enhance work convenience for employees working at overseas corporations. Last but not least, Hyundai Elevator introduced an RPA system that supports the automation of simple and repetitive work with an aim to improve work efficiency across the board. In the second half of 2020, we will extend the scope of its application to save costs and further elevate our work efficiency.



Product & Service Innovation

Digital innovation represents a series of steps, from putting together digital and physical elements to deliver innovative products and services, to ultimately creating a new business model. Today, the business ecosystem surrounding the elevator industry is shifting towards digitalization. Cutting-edge technologies - Internet of Things, cloud, big data, and artificial intelligence – add new value to existing products and services.

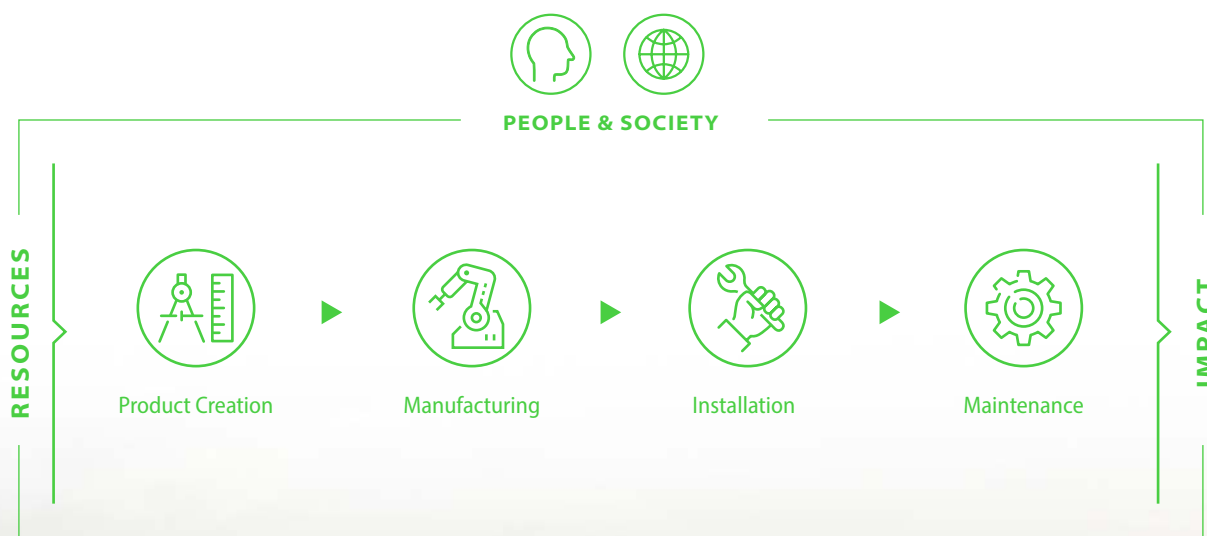
Hyundai Elevator's Before Service also prides itself as being part of the digital data-based infrastructure powered by such innovative technology as AI and IoT. Not only does this new service solution render our existing products and services more competitive, but also it will bring innovative change to strengthening our business model. In addition, we are engaged in diverse new business initiatives, including the expansion of maintenance services that connect elevators with robots through advanced robotics technology as well as the innovation of logistics automation. As Korea's leading elevator company, Hyundai Elevator will take the lead in building a digital ecosystem all around the elevator business and in pursuing open innovation to develop diversified business models.





CREATING SUSTAINABLE VALUE AND GROWTH

While we conduct business as an elevator company, we also enhance efficiency and safety in connecting people with spaces, and create greater and more enriching values to our cities and urban environment.



PEOPLE

At Hyundai Elevator, we know full well that all our capabilities start with people. We firmly believe in the power of people-driven collaboration as it unites us all, gives us a competitive advantage, and ultimately leads us to attaining our set goal and vision. We always put people first, and this corporate culture serves as the basis in recruiting and nurturing talent. [\(Read more on page 74\)](#)



Product Creation

It is our original technology and innovation that lies at the heart of our capabilities, and it is also what allows us to compete on a level playing ground against global companies in the elevator market. This also supports our commitment to delivering a swift, convenient and safe mobility experience and creating emotionally attractive spaces in line with urban architectural trends. As we endeavor to develop the most efficient and aesthetically-pleasing elevators, our product portfolio diversifies in response to our intent and this eventually reaches our customers. [\(Read more on page 48\)](#)



Manufacturing

The digital innovation that we pursue at Hyundai Elevator spans our entire manufacturing process, from order and design to production and quality, to improve product value and the overall customer experience. Shop floor data is collected in real time and a number of variables are factored into developing optimal plans and better addressing customers. Hyundai Elevator is responding to the manufacturing innovation of the 4th Industrial Revolution at an advanced speed with the most innovative and efficient methodology. [\(Read more on page 53\)](#)



Installation

Our commitment to innovation extends to installation. We developed a system to digitalize quality inspection data gathered from more than 20,000 installations per year and to respond to the elevator remodeling market in order to increase our market share. The sum of our endeavors last year allowed us to post the record achievements of ranking first for 13 consecutive years in the domestic elevator installation market and reaching 48% in remodeling market share. [\(Read more on page 59\)](#)



Maintenance

Amid the rapidly-shifting technological landscape, maintenance service is emerging as a key agenda in the elevator industry and is gaining importance as a key strategic priority for elevator companies to respond to the 4th Industrial Revolution. Our Before Service system, which harnesses the power of AI to conduct preemptive diagnoses and the predictive management of elevators, will support our endeavors to deliver differentiated customer service. [\(Read more on page 64\)](#)



SOCIETY

We are clearly aware that we have only been able to come this far through the support and encouragement of our customers. As such, we are committed to seeking mutual growth and sharing the benefits we reap with society. We care for people and the environment and strive to usher in a more flourishing community and a better tomorrow. To this end, we communicate with our stakeholders and pursue sustainable growth. [\(Read more on page 78\)](#)



Hyundai Elevator creates elevators through the deployment of diverse converging technologies to usher in the 4th Industrial Revolution era. We work ceaselessly to deliver new value beyond established standards, from AI-based predictive maintenance and voice/video recognition to new services enabled by big data analytics.

Manager, Hong-Ryul Chun
R&D Planning Team

Product Creation

R&D

Special Feature: Design

R&D

Hyundai Elevator leverages its globally-recognized R&D capabilities to develop new differentiated products and relentlessly pursue technology innovation.

Securing Future Growth Drivers

Strengthening the Technology Network

We will create a technology consortium with industry, academic and research partners to actively pursue cross-industry technology convergence and to strengthen the technology network to secure future growth drivers. Technology trends are changing rapidly and numerous businesses are collaborating with other companies, research institutes and universities to introduce new technology in order to build technological dominance and accelerate the translation of their technology into products through such collaboration. Hyundai Elevator will also leverage its technology network or consortium in creating new products.

Reinforcing Product Competitiveness

Deploying Converging Technology and Leveraging AI and Big Data

Technology convergence is defined as integrating technologies from heterogeneous sectors to maximize synergistic effects. As converging technology is deployed in the established elevator industry that is over a century old, it is rapidly transforming the technological landscape. This prompted our decision at Hyundai Elevator to create new value through technology convergence across electrical/machinery/IT sectors and to reinforce its product competitiveness in so doing. Furthermore, we aim to harness AI and big data analytics that form the foundation of the 4th Industrial Revolution to improve our elevator maintenance and the operational efficiency of our elevators and to develop elevators that retain their optimal state through remote management and control.

2019 Achievements in Technology Development

Expanding the Speed Range of NEW YZER Elevators

NEW YZER, an advance version of our 'YZER' model unveiled back in 1999 as Korea's first machine-room-less (MRL) elevator, delivers innovative features as it comes with Korea's most compact hoistway and shallowest pit. Its compact hoistway led to cost savings and strengthened sales competitiveness, and its smaller machine beams that were required to minimize the overhead hoistway allowed us to expand its speed range to 120~150m/minute. Reduction in its overhead dimension and hoistway size helped save on construction costs and we were able to secure more orders as a result of this. It will also enable us to effectively cater to large-capacity high-speed MRL installation sites, simplify the elevator structure through the scaling-up of the same MRL structure, and use lightweight traction machines to improve installation efficiency while reducing costs, ultimately building a stronger price competitive edge.

Developing a Smartphone Maintenance App

Last year, we developed a smartphone app that connects users to the control panel for elevator maintenance, which includes the ability to check if there is any malfunction. This was intended to address the following issues of the need to carry HHT, Hyundai Elevator's proprietary maintenance device, simplicity in maintenance menu, professional knowledge required for maintenance service, and the integration of HHT functionalities required due to the possession of smartphones on the part of maintenance technicians. This smartphone maintenance app (Android-based app designed for portable small terminals) allows for remote screen sharing/control with professionals to improve service efficiency and lay the basis for maintenance security technology. In addition, HHT functionalities were supported through smartphone-based wireless connections with the *WBVF control panel, to help ultimately digitalize the elevator maintenance system.

***WBVF control panel:** For an app to be developed and used in the field in replacement of the existing HHT system, the development of communication programs was required, along with the configuration of hardware to support them in order to transmit elevator data to the smartphone. To this end, a control panel capable of communicating with the smart HHT system (using the smartphone app) was chosen as the WBVF model to develop the above-mentioned functionality.



AI Group Control System

Our AI group control system makes use of AI for the integrated management and control of multiple elevators. This system analyzes elevator and passenger traffic through data learning on elevator operations based on deep learning algorithms, and designates the optimal elevator to passengers in consideration of wait times and travel times in order to improve traffic efficiency within the building.

Destination Selection System

Our Destination Selecting System (DSS) supports the quickest route to the destination floor. In buildings with significant foot traffic, this system encourages passengers moving to the same destination floor to board the same elevator in order to reduce wait and travel times while improving operational efficiency. If a passenger inputs the destination floor at the elevator platform, this system predicts the operational status and traffic of elevators within the building to call the optimal elevator for the passenger while considering wait and travel times to optimize the traffic efficiency of elevators. As demand for this system is gradually rising in China and in other overseas markets, we have developed a localized model for Chinese customers to reduce costs and increase our price competitive edge.

Developing a Monitoring System that Supports the OPC Protocol

We developed a monitoring panel that supports the *OPC protocol, an integrated communication protocol for buildings, to expand connections between our elevators and building security/control systems. This places us at an advantage as supporting the OPC protocol used as smart building standards will allow us to overcome the structural limitations of the existing connection system and fully cater to diverse customer requirements. In so doing, we are responding to the ongoing shift to smart buildings and strengthen interoperability among diverse devices within smart buildings.

*** OPC protocol:** As a building standardization communication protocol, the OPC protocol enables data exchange among applications from varying devices. Primarily adopted for smart building operations, this standardized communication protocol provides a single platform to support devices working across different areas within the building.

1 //

Special Feature

DESIGN

Our design R&D takes a customer centric approach to deliver user convenience in order to set the trend for global elevator design.

While historically, speed was the key competitive factor in the elevator market, it is now gradually shifting to design. The spatial concept of elevators is also transforming from a mere mode of transport, with its solid and mundane textures, to an inviting and comfortable space of mobility. As a trend setter, Hyundai Elevator ensures that its design not only considers exterior-focused styling but also remains true to its philosophy on quality and strategy with its details and functionality that are undetectable, yet just as important and effective in increasing the overall value and functionality of the building. Moving beyond performance and efficiency, we take a multi-faceted design approach in line with human/environment-driven and forward-looking architectural trends. We operate Design Center to leverage design as a key pillar in improving our brand value as a global market leader and building a sustained competitive advantage.

Developing Lifestyle-leading Design Ideas

Last year, we launched the 'customer insight COP' program to set our own research topics and gather and review a range of design ideas with the aim to analyze changing lifestyle trends and customer preferences and elaborate on diverse design ideas that deliver maximum user convenience. We believed that the in-depth study of customers' hidden needs would lay the basis to develop our distinctive and differentiated products and to reflect in new designs collaboration and the spirit of community among employees. Ideas identified as such include: an UX floor for strollers, an elevator with an embedded smart healthcare system, hall buttons for permanent construction purposes, and a pet-friendly elevator, which was chosen for its ingenuity and this pet-friendly elevator idea will be integrated into our future design development.

FOCUS

Pet-friendly Elevator

As more than 10 million Koreans have house pets nowadays, our pet-friendly elevator is especially relevant as it delivers differentiated functionalities for both pets and their owners to enjoy a safe and convenient elevator ride. To establish the design concept, in-depth research was conducted on the behavior and awareness of both pet owners and non-pet owners. Functional requirements identified as a result include the recognition of pets boarding the elevator, design and functional elements that ensure the safety of both pets and non-pet owners, and the prevention of accidents caused by leashes caught in the elevator. Pet buttons, pet sensors and other design plans were also identified to realize the specialized function of recognizing pets boarding the elevator. Our pet-friendly elevator proactively responds to the emerging trend of pet ownership and its differentiated functionalities will undoubtedly improve our product competitiveness and expand our available market.



Honored at Global Design Awards Multiple Times

Hyundai Elevator was the first in the industry to host a design contest back in 2008 to initiate its full-fledged development of design-focused elevators. At the center of such endeavors was our Design Center, which has served to set our global design strategy and study trends and customer needs as a way to conduct design R&D and application, putting us far ahead of the competition in design development. Our design competitiveness has been demonstrated time and again: we were named a 2018 IDEA Finalist, awarded with the Gold Medal at the iF Design Awards 2017, and a major prize at the iF Design Awards 2012. We will continue with our customer centric design R&D to fulfill our role as a trend setter in the global elevator industry.

Noteworthy Design Outcomes in 2019

Naver's new office building

Naver's new office building will be situated in Jeongja-dong, Seongnam City, Gyeonggi Province, Korea with eight underground floors and 29 above ground floors, accommodating office facilities, cultural and meeting facilities, and mixed-use living facilities. Hyundai Elevator is set to install a total of 40 elevators/escalators (38 elevators and 2 escalators) by February 2021, including 10 speedy elevators that move at 300m/minute. This project order is valued at approximately 13 billion, and we plan to satisfy non-standard length dimension needs through our independent design and new technology to manifest the unique corporate identity of Naver at the request of the company, and to deploy our latest technology to render this building a local landmark.



Design of the elevator to be installed at Yongsan Central Park Harrington Square

54
elevators

10
escalators

Harrington Square

Harrington Square is located in front of the Yongsan Station in the Yongsan No. 4 urban development area, the largest among development areas near the station with 53,066 m² in construction area. We landed orders on the Yongsan Hotel, Yongsan Prugio Summit, Yongsan Raemian, Yongsan I'Park Mall, and Yongsan Central Park Harrington Square out of the landmark site projects undertaken in the vicinity of the Yongsan Station. Their total order value amounts to KRW 8.73 billion, and 54 elevators and 10 escalators will be installed by August 2020.

As the wave of the 4th Industrial Revolution hits, the elevator industry is preparing to open a new chapter of technology innovation. Hyundai Elevator will develop a Manufacturing Execution System (MES) while completing its smart factory to ensure the efficient management of production data and promote speed and accuracy throughout its production system in order to take a new leap forward.

Manager, Duk-Jung Kim
MES TF



Manufacturing

ENGINEERING / PRODUCTION / QUALITY
Special Feature: Smart Factory, MES



Production

Our new factory in Chungju, Korea, will mark a new beginning for Hyundai Elevator to contribute to the development of the local economy while serving as a key production base to pioneer a new paradigm shift in the elevator industry.

Icheon Factory

Our Icheon Factory has played a leading role in the history of Korea's elevator industry over the past 36 years, and has served as a driving force behind our success in maintaining our unrivaled No.1 leadership for the past 13 years. Established back in 1984 in Icheon, Gyeonggi Province, Korea, the factory sits on a 44,040 m^2 parcel of land and operates state-of-the-art equipment to produce all the elevators that we install in Korea with the highest possible quality. In 2019, our daily maximum production output amounted to 101 units, and our annual production output and shipment reached 19,467 units and 19,501 units respectively. When including the escalators and moving walks imported from our Shanghai factory, our cumulative shipment is set to surpass the 300,000 mark in our corporate history.

Production

Icheon Factory



19,467 units
elevator production
output (2019)



101 units
maximum daily
elevator shipment
(2019)

New Factory in Chungju



300 m
world's tallest
test tower



25,000 units
estimated annual
production
capacity

Engineering

We performed design work on 19,158 elevators in full compliance with the elevator safety standards newly enforced in 2019.

As the first step in elevator manufacturing, design serves as the backbone of our technology prowess. Our design team consists of 71 design professionals stationed at our Icheon Head Office to fully focus on product development and the analyses of the overseas technology landscape to respond to rapidly-shifting market conditions and develop our global competitive edge. Refined design work, performed in accordance with the set process to satisfy varying customer requirements, lays the basis for us to generate optimal deliverables on machinery and electronics invested in project undertakings. Furthermore, our design team is also actively engaged in continuous quality improvement to contribute to elevating product quality and safety.

In 2019, we fully responded to the newly-enforced elevator safety standards to secure our market competitiveness. In particular, we successfully operated on key project sites in Korea and abroad, from the Chungnam National Univer-

sity Hospital in Sejong and Shinhan Investment Corporation's Yeouido Tower to Chapal Sky Mark in Pakistan and Ybox Bat Yam in Israel, to perform design work for 19,158 elevators. In 2020, we will develop high-speed glass observation elevators and marine MRL elevators to meet diverse customer requirements while shortening installation times on remodeling sites to expand our market share in the increasingly growing remodeling market. In addition, we will establish a Product Lifecycle Management (PLM) system to transform our design work and company-wide process in an innovative manner.

71 persons
Top-notch design professionals

19,158 units
Elevators designed by
Hyundai Elevator (2019)

Relocation to a New Factory in Chungju

Hyundai Elevator decided to relocate its head office and factory from Icheon in Gyeonggi Province to Chungju, and signed a KRW 250 billion investment agreement with Chungju City and North Chungcheong Province last July. To be situated in the 5th Industrial Complex in Chungju, our new factory will sit on a 150,000 m^2 parcel of land with a total floor area of 130,000 m^2 , and it will be more than four times larger than our Icheon Factory with an annual production capacity of 25,000 units. The factory will be accompanied by the world's tallest 300m high test tower and will come with a carbon fiber belt-type elevator that moves at 1,260m/min. Not only will our new factory in Chungju be armed with cutting-edge equipment for plate work and cutting, but also it will be built as a smart factory that deploys 4th Industrial Revolution technologies such as big data and IoT. We plan to break the ground for this new factory in the second half of 2020 and complete its construction in 2022. This cluster of our new smart factory, Head Office and logistics center in Chungju will pave the way for Hyundai Elevator to start anew to emerge as a global elevator company, and play a leading role to revitalize the local economy and set a new paradigm in the elevator industry.



1. Manufacturing of elevator doors
2. Aerial view of a new Chungju factory

Quality

In 2020, we will witness the completion of Hyundai Elevators' distinctive quality management platform powered by IoT and big data analytics.

Hyundai Elevator's Quality Management System

To improve product safety, we operate our company-wide quality management system with ISO 9001 as the foundation. This system spans our entire business process, from sales, development/design, and procurement to manufacturing, installation and service to deliver safer products, and all our employees fully comply with relevant regulations.

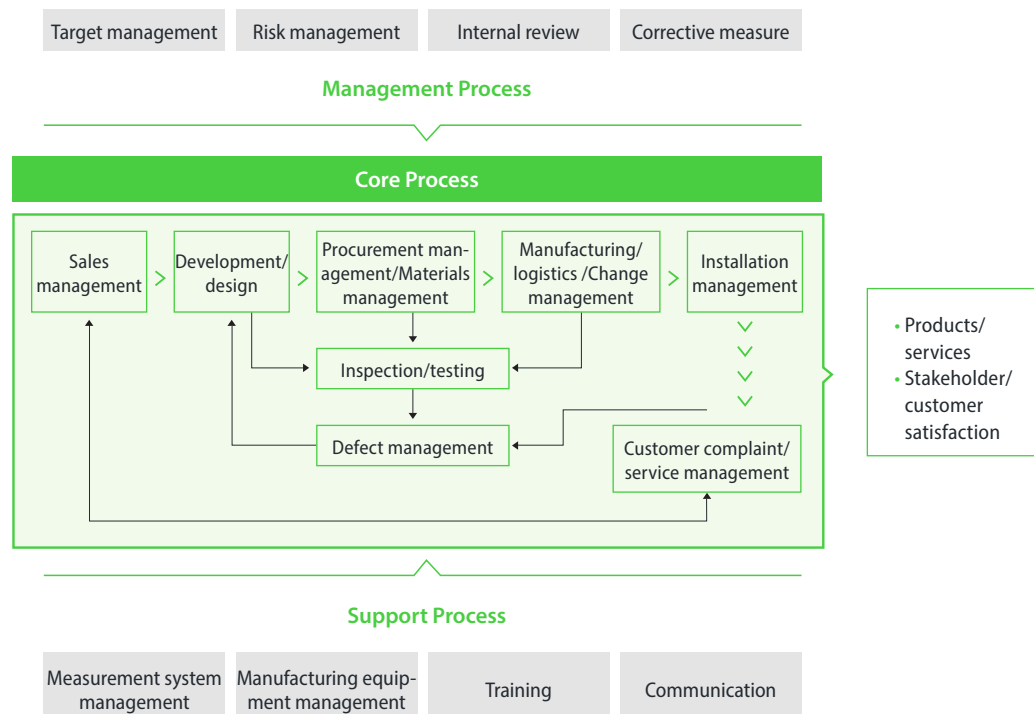
Reliability Validation

With our quality department playing a central role, we operate the Review Board on products newly developed or whose design was modified to perform thorough quality validations. This ensures that the products we ship out are free of defects, and enables us to conduct periodic reliability testing on newly-developed and mass-produced products for improved product reliability. At Hyundai Elevator, we take a preventive and robust approach in validating developed products and perform the highest-level reliability tests in order to ensure the safety and quality of our products.

Quality Management in the 4th Industrial Revolution Era

We make continuous improvements in accordance with the ISO 9001 quality management system and the set business process with an aim to build sustained quality dominance in the 4th Industrial Revolution era. In 2019, we leveraged the Manufacturing Execution System (MES) to digitalize our quality data and realign our quality management system in so doing. Our plan for 2020 is to complete our distinctive quality management platform enabled by IoT and big data in preparation for the construction of our smart factory in Chungju.

Quality Management System Process



2 Special Feature

SMART FACTORY

Shanghai Factory in China



3.5 fold increase
in production capacity against the existing factory



2 fold increase
in productivity against the existing factory

Hyundai Elevator set plans to extend and relocate its Chinese factory established in 1993 when it first advanced into the country, and initiated the construction of a new factory in the Jinshan Industrial Zone in Shanghai in March 2018. Slated for completion in the second half of 2020, this new factory will become our first smart factory built on a 123,564 m² parcel of land with a 175 meter-tall ultra-high-speed elevator test tower. This IoT-enabled smart factory will also accompany an R&D center and a customer care center capable of monitoring elevator operations in real time and offering maintenance service. The completion of this new factory will increase our production capacity by 3.5 fold from the current 7,000 units to up to 25,000 units, productivity by two fold, and automation of manufacturing equipment by nearly 58% compared to the existing one. Building on this achievement, we plan to broaden our market share in China and in our overseas markets, while expanding our global capabilities.



3D view of a new factory in Shanghai, China (to be completed in the second half of 2020)

Quality Management System Process

- Set quality standards for each product category and leverage Manufacturing Execution System (MES) quality modules to compile inspection results in data format
- Analyze the digital data accumulated and collected through the Quality Management System (QMS) and the MES to preemptively address quality defects

3

Special Feature

MES

(Manufacturing Execution System)

We will leverage the Manufacturing Execution System (MES) to fully respond to the shifting landscape of the 4th Industrial Revolution and create a key driver behind our smart factory initiative.

Smart Factory and the MES

One of the emerging key words of the 4th Industrial Revolution is smart factory technology, often referred to as plant automation. The Manufacturing Execution System (MES) is an automation solution that specifically serves the manufacturing industry. This system ensures the integrated management of all information that could be collected from the shop floor with regards to work schedules, work instructions, quality management, and work output compilation while supporting prompt and accurate real-time decision-making through the AI-based real-time collection of information on equipment operations. Hyundai Elevator will harness this automated operation system to improve productivity towards the shifting manufacturing landscape of the 4th Industrial Revolution. As such, work is currently underway to transform our Chinese factory and the new Chungju factory into smart factories to fully embrace this Manufacturing Execution System.

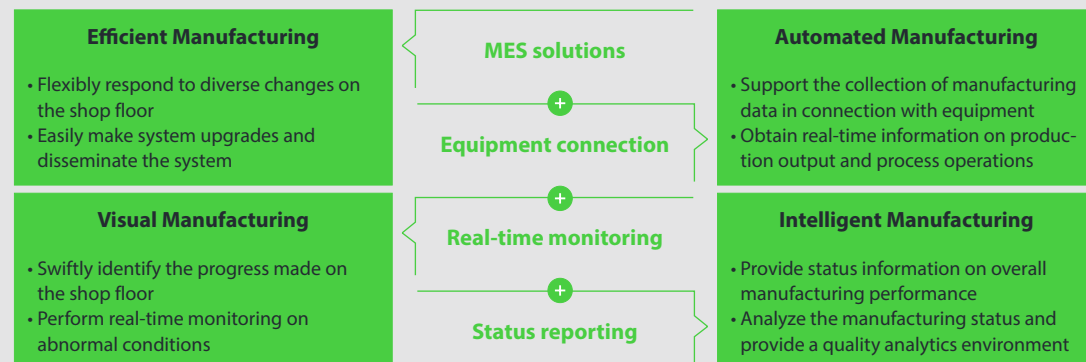
Improvements to Follow the Adoption of the MES

Current manufacturing systems inherently suffer multiple fundamental issues that chronically occur on the shop floor. Any delay in processing manufacturing outputs makes it difficult to manage shop floor information in real time, and most manufacturing and quality information is managed offline to reduce the connection and availability of information. Furthermore, equipment management primarily focuses on repair maintenance rather than service maintenance that would support a preemptive response. It also lacks information on the causes for repair, and numerous limitations exist on making improvements to increase factory utilization. The introduction of the MES automation solution will enable us to access a range of shop floor information from the aspects of accuracy, immediacy, and visibility. Furthermore, managing and using digitalized data will lead to improvements in manufacturing process and quality. This, in turn, will lay the foundation for smart factory operations to deploy advanced manufacturing technology.

Expected Benefits from the MES

Hyundai Elevator believes that the MES will enable digitalization, automation, and systemization across the entire manufacturing operation, create connections among factory operation systems to improve manufacturing efficiency, and manage operational data in real time to establish visibility. Furthermore, the system will serve as a key driver for Hyundai Elevator in fully responding to the shifting landscape of the 4th Industrial Revolution and laying the basis for the smart factory initiative through the resolution of pending issues across its manufacturing operations.

Deployment Concept of the MES



Digital innovation trends apply equally in the installation field. Hyundai Elevator is digitalizing information in the installation field and creating a mobile work environment to establish a smart installation system to manage the organically-aligned entire work process. This assists us in managing installation process data in real time on more than 20,000 units per year to deliver greater customer satisfaction.

Manager, Sun-Woo Baek
Installation Safety Technology Team

Installation

INSTALLATION / REMODELING
Special Feature: Workplace Safety



New Installation

Driven by relentless endeavors, Hyundai Elevator maintains its unchallenged status as the No. 1 leader in domestic elevator installation for 13 consecutive years.

Hyundai Elevator, with 43.9% in domestic elevator market share as of last year, has ranked first in new elevator installations for 13 consecutive years. In 2019, our installation volume amounted to nearly 19,000 units (based on completion), and 11 teams and 14 branch offices are committed to improving installation quality and safety management to ensure that all installation sites nationwide are watertight and safe against any possible defects.

Digitalization of Installation QC Data

Previously, installation Quality Control (QC) inspections were made in written/descriptive format and then the information was compiled and turned into data. This hand-written process made it difficult to accurately calculate components and categories on which issues frequently arose during inspections. As such, we were prompted to 'digitalize installation QC data and develop its application

infrastructure' to digitalize the installation quality inspection questionnaire that had been filled out manually by inspectors in order to improve our installation quality. Optical character recognition (OCR) technology was adopted so that questionnaire responses were conveniently digitized simply by taking a picture of them, and this allowed us to check the data through mobile and web platforms.

Gate Management System

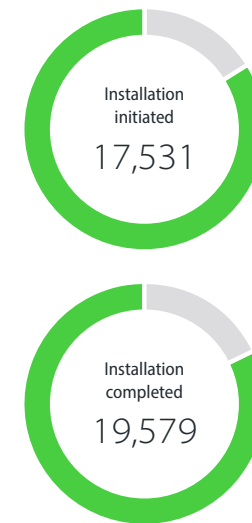
To improve the efficiency of shipment scheduling for new order sites, our 'firm section system' is up and running through a taskforce unit composed of members from installation, manufacturing, procurement and sales teams to confirm expected shipment dates. This gate management system spans the overall project execution process to minimize variations in production/shipment schedules. Pre-management sections and firm sections are defined based on expected shipment dates to reduce any change in production/shipment timelines to the minimum, and the principle of confirming the final plan four weeks prior to expected shipment and prohibiting any change two weeks prior to expected shipment is observed to ensure compliance with the set shipment date. This system is forecast to increase efficiency in our overall manufacturing operations in regards to the delivery of new installation shipments and significantly improve our installation-related work process.

Smart Installation System

Our Smart Installation System is used for installation site management to digitalize installation information and create a mobile work environment in order to improve work efficiency. Prior to the installation of an elevator, the construction status, the consultations made with customers, and site preparations are all converted into data, and mobile site work logs and the completed work are documented in images to increase accuracy in identifying the progress made at the site level. In addition, an e-approval process was adopted to handle site requests for consumables to shorten the time taken for approval and procurement while completion inspection information from the Korea Elevator Safety Agency was paired with our system to digitalize the progress data on completion inspections to facilitate installation work. This surely resulted in overall increases in installation efficiency and greater customer satisfaction.

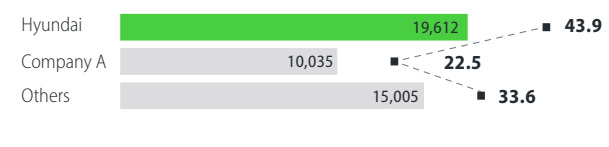
Elevators Installed by Hyundai Elevators (2019)

unit: No. of units



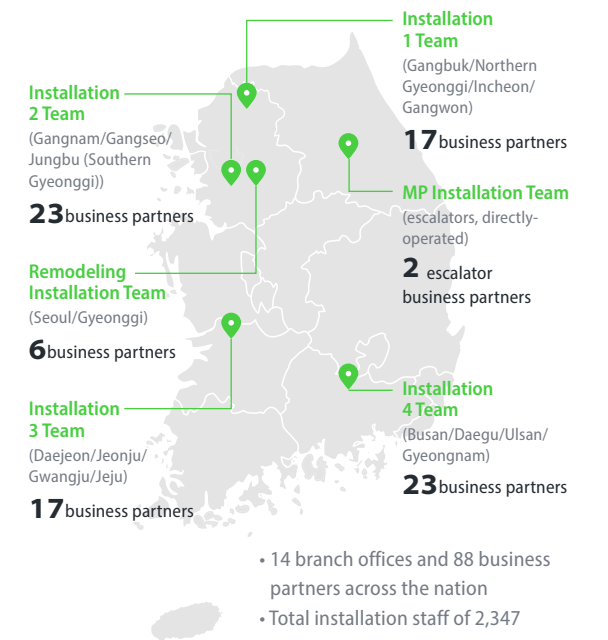
Hyundai Elevator's Construction Capacity (2019)

unit: No. of units



■ No. of elevators installed ■ Market share
* Source: Korea Elevator Safety Agency

Operational Status of Installation Units



FOCUS

High-Rise Construction Technology: Jump Elevator

Hyundai Elevator installed Korea's first Jump Elevators, that move at the speed of 210m/minute, in March of last year: nine such elevators were operated at the 'Hill State Songdo The Terrace' construction site undertaken by Hyundai Engineering & Construction. Unlike the conventional approach of installing elevators following the completion of the building frame, this cutting-edge technology allows machine rooms to move upwards as the building structure rises. Generally, machine rooms jump to higher floors when construction is completed for every seven floors, which explains how the name 'Jump Elevator' came to be.

Jump elevators are used for transporting workers and materials during the structural construction process, and then can be immediately converted to provide passenger rides following the completion of construction. The cabins are also installed along the internal hoistway, instead of the externally-installed ones used for construction purposes, and thus are not affected by rain, wind or any other weather conditions and are operable 24 hours/day, which generates significant benefits in reducing construction periods and costs.

Remodeling

In line with the upcoming replacement cycle of outdated elevators and the revision of the elevator safety regulations, the remodeling segment is gaining attention as a new growth driver.

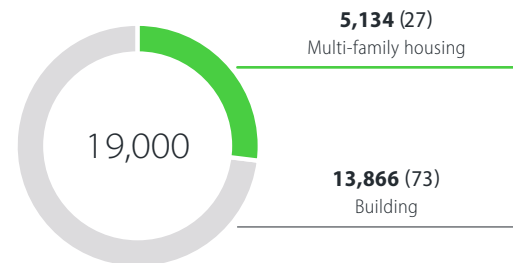
Last year, the number of elevators installed in Korea exceeded the 800,000 mark. The number of outdated elevators also keeps rising in tandem to installations, and this has boosted the replacement demand. In particular, elevator safety regulations revised in 2017 stipulated strengthened safety requirements, and these regulations were completely revised once again in March 2019 by integrating and improving provisions on elevator safety management that had been enforced according to individual reg-



ulations. This is adding vitality to the remodeling market to replace elevators that are 20 or more years older that are mainly in apartment buildings. As part of our move to respond to this increasing demand, we focused on expanding our sales operations in the replacement market last year, and were able to maintain our overwhelmingly dominant No.1 leadership with 3,489 units in replacement installation and 48% in remodeling market share.

The regulatory revision is set to spur the steep growth of the remodeling market well into 2024. This is why we believe that the year 2020 is a critical milestone in being a first mover in the growing domestic remodeling market. To strengthen our competitive edge in the remodeling market, we combined the capabilities of our remodeling team in the elevator business division and our MOD business team in the service business division to create an expanded remodeling team to be exclusively responsible for overall remodeling operations in 2020. This will pave the way to further reinforce our demand management system by diversifying the remodeling sales network. We also aim to enhance our sales competence for each installation segment, including small-size buildings and apartments, to maximize the potential for new orders. Last but not least, we will raise the share of buildings in landing orders and standardize our construction methods to increase profitability.

Expected Demand for Elevator Replacements (2020)
unit: No. of units (%)



4

Special Feature

WORKPLACE SAFETY

activities in an easier and more convenient manner. For all employees at Hyundai Elevator and our business partners to easily check health and safety information on the shop floor, we send them smartphone text messages (Kakao Talk), and launch accident prevention activities.

Field-driven Safety Initiatives

Safety incidents not only incur financial losses as a potential risk factor in business conduct but also have a direct impact on our brand value and on employee health, and thus warrant special attention and management. Hyundai Elevator considers 'employee health and safety promotion' as its fundamental management philosophy and strives to deliver a safe work environment. To this end, three-year environment, health and safety plans are set and a strategy system that consists of step-wise strategic tasks is up and running. Moreover, field-driven health and safety activities are performed to ensure safety on the shop floor in order to improve safety awareness at the field level and minimize the occurrence of safety injuries.

Publishing the Accident Casebook and Texting Safety Tips

To ensure that health and safety activities become an integral part of our corporate culture on the shop floor, we develop measures to help our employees access these ac-

Creating and Distributing Accident Prevention Posters

All our installation sites display posters designed to prevent accidents involving falls and jams to turn workers' attention to the key checkpoints to be reviewed in order to prevent such accidents and continuously alert them to safety issues on the shop floor.

Patrol Operation

Our construction sites employ nine dedicated patrol staff members to perform intensive reviews on high-risk work.

Health and Safety Slogan

Hyundai Elevator and our business partners jointly put forth the slogan 'Let's Work Safely!' to highlight the importance of working together to create the optimal work environment and we make concerted efforts to prevent safety incidents.

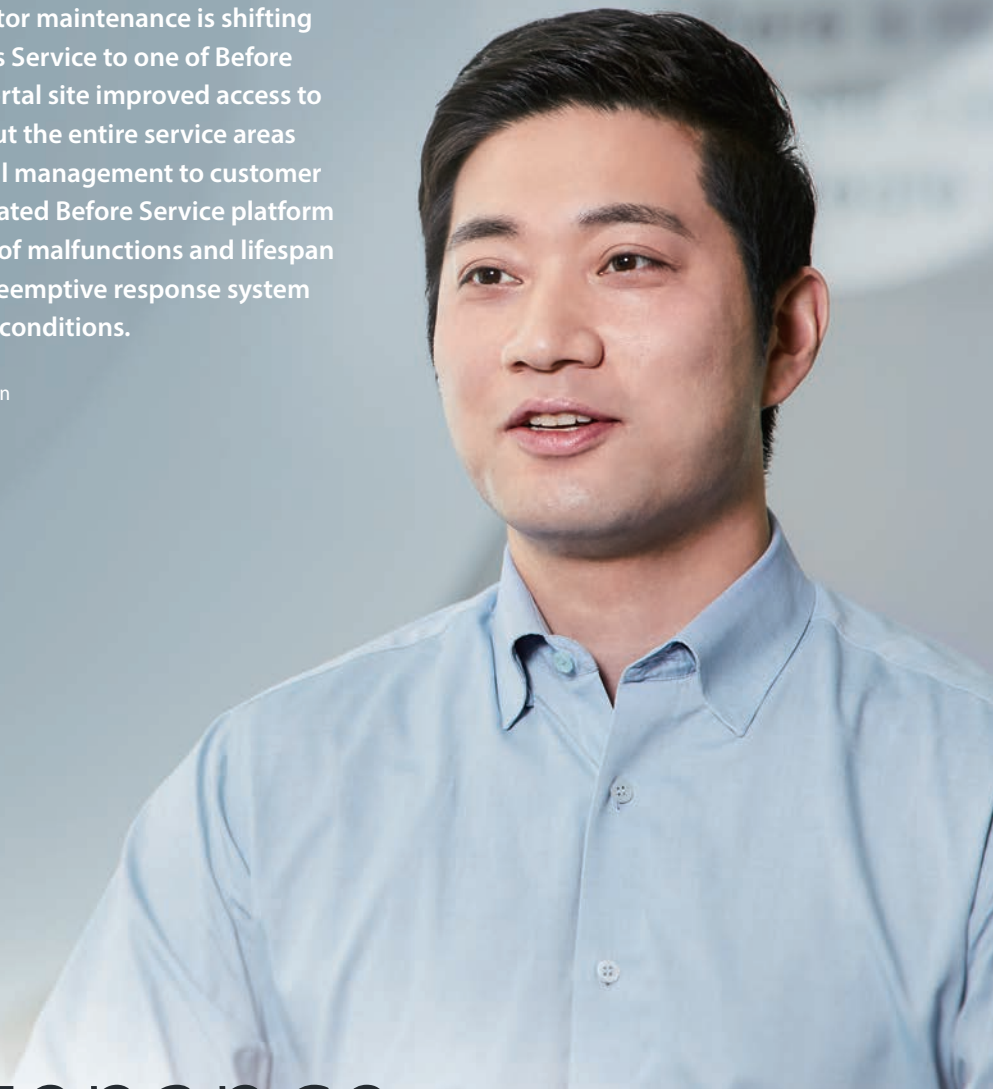
Patrol Checks Made

		2019	2018	2017	Change in percentage
Safety checks	No. of sites	5,698	5,862	5,175	-2.7%
	Sites found in violation of safety regulations	3,377	4,126	3,459	-18.1%



The paradigm of elevator maintenance is shifting from that of After-sales Service to one of Before Service. Our service portal site improved access to information throughout the entire service areas from sales and material management to customer service, and our integrated Before Service platform allows for the analysis of malfunctions and lifespan estimates to build a preemptive response system and address changing conditions.

Team member, Chang-Hoon Han
Smart Service Team



Maintenance

MAINTENANCE
Special Feature: Before Service

Maintenance

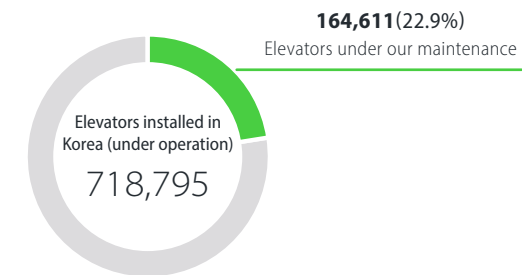
As Korea's No. 1 maintenance service provider, we deliver differentiated customer care services, from 24/7 customer response and real-time remote control to advanced IT solutions enabled by GIS and IoT.

HCCC Up and Running 24 Hours/day, 365 Days/year

Last year, Korea's elevator maintenance market rose to KRW 1 trillion in size. Hyundai Elevator is ranked first in this segment, and is operating a customer care center to facilitate customer communication and agile customer response. Located at our Icheon Head Office in Gyeonggi Province, the Hyundai Customer Care Center (HCCC) has served as a control tower in offering Hyundai Elevators' differentiated customer care service since 2006. This cutting-edge customer center is Korea's first to deploy a geographic information system (GIS) and is operated 24/7 throughout the year. On the strength of Korea's largest network of professional counselors and 2,730 maintenance experts, the HCCC makes use of the Hyundai Real Time Service (HRTS) to expediently and accurately handle fault reports and does its utmost to deliver impressive services that always exceed customer expectations.

Our Maintenance Market Share

unit: No. of units



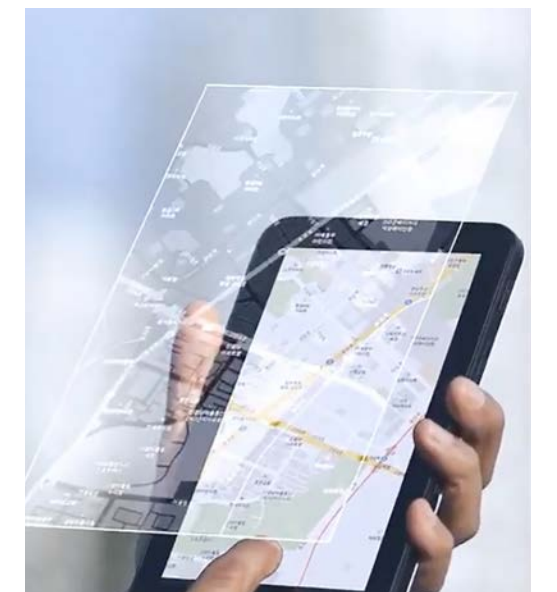
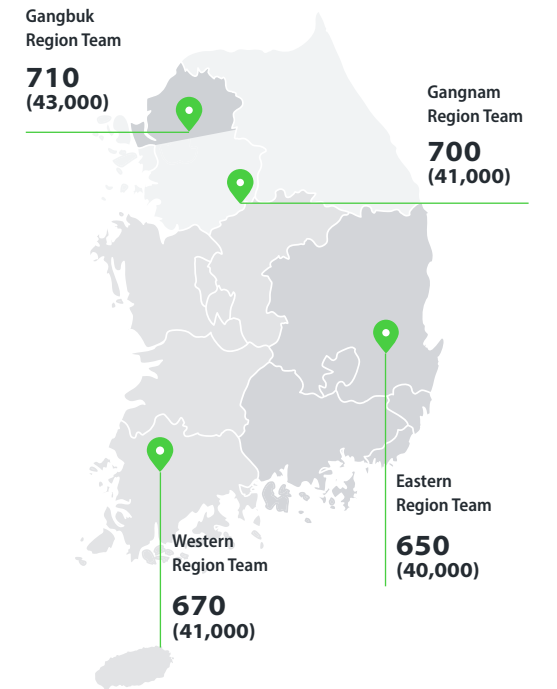
Maintenance Sales

unit: KRW 100 million



Maintenance Staff (directly-operated + business partners) and Units

unit: No. of persons (units)



Analyze the location information of users through IoT technology

Our Advanced Remote Management System HRTS

With the world's first smartphone-connected remote management system Hyundai Real Time Service (HRTS), we are leaping beyond the competition in offering top-notch elevator maintenance service. This advanced remote management system enables the HCCC to monitor the operation of our elevators installed across the nation 24/7 to check the status of elevators in real time and identify the type of malfunction to remedy the problem through remote service. In HRTS-enabled areas, nearly 86% of the total fault reports can be handled through remote repair to reduce unnecessary engineer visits and the use of valuable time and human resources.

World's First Arrival Notice System TGIS

Hyundai Elevator is the first-ever elevator maker to introduce the Geographic Information System (GIS) to offer advanced customer care service, and has taken a step further to upgrade into the Traffic and Geographic Information System (TGIS) in providing maintenance service. Combining traffic with geographical data, the TGIS serves as a control system to find the most optimal route in consideration of traffic conditions and sends our engineers on the quickest route in the event of an emergency. All information is monitored at the control room until the emergency is resolved, and the estimated arrival time of our engineers is tracked down in real time.

A Smart System at Your Fingertips, Mobile App

Our Smart System includes mobile apps that assist our field maintenance technicians to make seamless remote connections to the HRTS. The Maintenance Mobile Solution (MMS) mobile app supports malfunction management, periodic inspections, and onsite information queries, and enables remote HRTS monitoring and operational data query. The H-BAND enables field engineers to share technical data and information with one another and to receive technical assistance via video calls. This mobile app can be used by our master engineers to offer video technical support through chats, manuals and design edits and by field engineers to share technical information and communicate with one another.

Hyundai Smart System Enabled by an AI Chatbot

In June 2018, we developed the 'Hyundai Smart System', the industry's first AI chatbot-enabled maintenance service. Powered by big data technology, this advanced system uses chatbots to respond to elevator-related inquiries and reports in real time, and deliver one-stop service along the cycle of receiving a fault report, assigning engineers, notifying the customer of their arrival times, reporting repair outcomes and enabling the customer to confirm the repairs. Streamlining customer inquiry and reporting procedures, this system is expected to reduce customers' wait times and to create even greater added value in the years ahead.



5 // Special Feature

BEFORE SERVICE

We stay ahead of the competition to respond to the paradigm shift in elevator maintenance service from reactive to predictive maintenance to earn greater customer trust.

Cutting-edge AI-powered Maintenance Service

Powered by IoT-based artificial intelligence that lies at the core of the 4th Industrial Revolution, our Before Service connects elevators with the network to compile real-time data transmitted from their control panel and uses AI to analyze such data to perform predictive assessments on malfunctions or the lifespan of parts. This advanced elevator maintenance system enables us to preemptively identify a range of issues that are hardly noticed through preventive inspections or human workers' situation assessments and to take action even before any malfunction occurs to dramatically improve efficiency in elevator operation and inspection. Our Before Service follows the two step process to better serve the needs of preventive maintenance.

As the first step, minor inspections and situation assessments are performed by the edge computing device installed within the elevator. For predictions and inspections that require a more intensive review, AI embedded on our

cloud server identifies the most optimal solution based on the history of past malfunction data and transmits the solution to our maintenance technicians. As this is driven by deep learning-based AI operations, our Before Service is capable of improving its accuracy in conducting predictive inspections in line with data accumulation. Presently, Hyundai Elevator is developing Before Service solutions with an aim to deliver the greatest possible customer service.

Building an IoT-integrated Before Service Platform

In the first half of last year, we created a Before Service taskforce unit to design and develop an integrated platform. The AI part of our R&D division is currently developing AI dedicated to Before Service operations. To ensure that accurate and proactive decisions and countermeasures are made under wide-ranging scenarios, we are developing a learning model optimized for predictive elevator inspections while feeding data into real-life malfunctions into the learning model to improve predictability.

37,500 units
in elevators maintained through
the HRTS (2019)

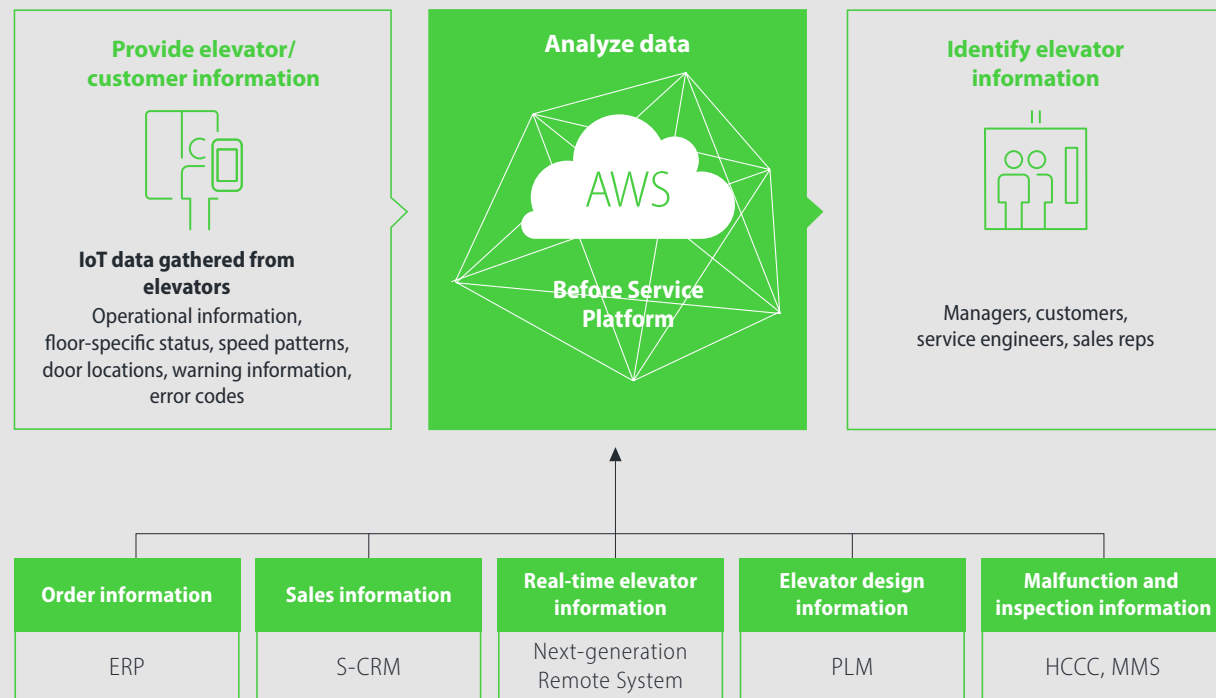


The server part is engaged in the distributed development of microservers to efficiently process data that is collected from across the nation within the cloud server while creating a cloud server that is fit for the shifting development environment to efficiently provide the information collected as such to AI and the service platform. Given that our Before Service would require company-wide collaboration, close communication is underway across all business areas including R&D, manufacturing and service with regards to network technology that connects the Company, elevators and customers in real time, control panel technology embedded within the elevator for the transmission of diverse data, service technology to offer information and services through web, mobile and app channels, and materials needed to manage the lifespan of parts, in addition to AI and cloud servers.

Service Paradigm Shift from A/S to B/S

The launching of our Before Service in June 2020 will significantly reduce the window of time in which our elevators are out of service and minimize customer inconvenience. We will do our utmost to efficiently respond to unexpected breakdowns and to earn greater customer trust in so doing. Furthermore, we will adopt Before Service for our global premium products to deliver differentiated value from the viewpoint of product strategy and to secure new VIP customers and enhance our service competitive edge in the overseas market.

Relationship Diagram of Our Before Service System



OUR SUSTAINABILITY

- 70 Governance
- 71 Risk Management
- 72 Ethics Management
- 74 Human Resource Development
- 76 Environment, Health and Safety Management
- 78 Social Contribution
- 79 Win-Win Management

To live up to the trust and confidence extended from customers, Hyundai Elevator fully complies with principles and transparent procedures, pursues open communication with varying stakeholders, and fulfills its responsibility as a corporate citizen. As we reap success today in pursuit of growth, we share the resulting benefits with our community for a greater tomorrow, and contribute to the development of the wider community that surrounds us as a global corporate citizen.

Governance

Composition of the BOD

Our Board of Directors (BOD) serves as the highest decision-making body to deliberate and decide on general management policies and major issues for the purpose of improving our corporate value through transparent business conduct and for pursuing the interest of all stakeholders. As of December 2019, our BOD consisted of seven directors – three internal directors, three outside directors, and one non-executive director. The company CEO and the BOD Chairmanship are independent of one another, and our BOD operates the Audit Committee, the Outside Director Candidate Recommendation Committee, and the Personnel Management Committee.

Independence of the BOD

At Hyundai Elevator, it is stipulated that outside directors should account for 25% or more of the BOD. Currently, three outside directors are responsible for holding senior management in check and assisting them in making objective decisions. Outside directors participate in all BOD committees to ensure the independence and transparency of their decision-making process. Notably, the Audit Committee may request reports on business operations or investigate the status of corporate assets when necessary. The committee is also authorized to request employees or outside auditors to attend meetings or seek expert advice at the expense of the Company.

Transparency and Expertise in Director Appointment

Our internal directors are nominated by the BOD and appointed at the General Shareholder Meeting. Outside directors are nominated by the Outside Director Recommendation Committee based on the depth and breadth of their expertise and experience and their appointment is approved at the General Shareholder Meeting.

Composition of the BOD

	Career		Date of Appointment
Internal Director	Jeong-Eun Hyun	Chairperson of Hyundai Group, Chairperson of the Hyundai Elevator BOD, Vice Chairperson of the Seoul Chamber of Commerce and Industry	Mar. 30, 2004
	Seung-Bong Song	Representative Director of Hyundai Elevator, Former Head of the Service Division at OTIS	Sep. 11, 2019
	Seok-Gyu Choi	Head of the Service Division, Hyundai Elevator, former CHO of Hyundai Elevator	Sep. 11, 2019
Outside Director	Young-Kee Chung	Chair of the Audit Committee, Professor of Business Administration at Hongik University (CPA), Former Vice Chairman at the Korea International Accounting Society	Mar. 25, 2019
	Sung-Jae Park	Lawyer at Min Law Firm, Former prosecutor at the Seoul Central District Prosecutor's Office	Mar. 25, 2020
	Chang-Jin Suh	Professor at Hanyang University School of Business Administration, Former head of Hanyang University Business Administration Research Institute	Sep. 11, 2019
Non-executive Director	Ho-Jin Kim	Executive Managing Director at Hyundai Group's Strategic Planning Division, Former Executive Managing Director at Daewoo Securities IB Division	Mar. 28, 2014

* As of Mar. 25, 2020

Appraisal and Remuneration

We conduct periodic appraisals on the BOD to ensure its proper fulfillment of roles and responsibilities. In conformity with Article 388 of the Commercial Act and the Articles of Incorporation, limits are placed on director remuneration through the resolutions made at the General Shareholder Meeting, and BOD members receive compensation in a fair and transparent manner in accordance with their performance appraisal outcomes and applicable regulations.

Stakeholder Communication

To establish stakeholder trust, we continue to reach out to our stakeholders through external/internal communication channels, which range from corporate disclosures to General Shareholder Meetings and IR events. We expediently disclose information on key management issues to provide timely information.

Executive Performance Appraisal and Remuneration

Our executives are evaluated and compensated in accordance with the set executive payment criteria. All our employees are paid basic bonuses (determined by our attainment of sales and operating profit targets and their increase rates) and over-profit bonuses (determined by excess operating profits beyond the set target and absolute increases in operating profits), and our executives are also entitled to such compensation according to their appointed position and performance appraisal outcomes. In addition, our executives receive assessments that are based on such non-financial factors involving HR, safety, and the environment in accordance with their position and responsibility.

Employee Remuneration

Limits are placed on our director remuneration through the resolutions made at the General Shareholder Meeting in accordance with Article 388 of the Commercial Act and the Articles of Incorporation. In September 2019, a new CEO was appointed, and his predecessor received at total of KRW 1.211 billion including pay, bonuses and severance pay. In 2019, the average pay per employee (excluding registered executives, based on the earned income disclosed on the earned income payment statement) was KRW 66 million.

Risk Management

Risk Policy

As internal/external risks are diversified due to the rapidly-shifting business landscape and their mutual correlation increases, this highlights the importance of identifying and preventing risks from the company-wide perspective. At Hyundai Elevator, we identify financial and non-financial risks that may pose a threat to our overall business operations and develop detailed management plans to regularly monitor and address these risks.

Risk Management System

We define risks by type and identify their causes to preemptively respond to them. Major risks are managed under the supervision of the financial department and other relevant departments in accordance with the policy approved by the BOD, and the BOD develops and provides written policies on specific risk areas such as currency, interest rates, and credit.

Risk Type, Measurement and Management

Type	Exposure	Measurement	Management		
Financial Risk	Market Risk	Currency	· Future business transactions · Financial assets and liabilities in denomination currency in addition to functional currency	· Cash flow estimation · Sensitivity analysis	· Currency forwards
		Interest Rate	· Long-term borrowings at floating rates	· Sensitivity analysis	· Maintenance of the appropriate ratio between fixed and floating rates
		Stock Price	· Investment in equity instruments	· Sensitivity analysis	· Portfolio diversification
		Credit Risk	· Cash equivalents, receivables, derivatives, debt instruments, entrusted assets	· Default rate analysis · Credit rating	· Diversification of bank deposits, credit limits, L/C debt instrument investment guidelines
	Liquidity Risk		· Borrowings and other liabilities	· Cash flow estimation	· Maintenance of borrowing limits
Non-Financial Risk	Legal Risk		· Non-compliance with legal standards and regulations	· Review and evaluation of regulatory compliance	· Preventive management system · Fair trade compliance program · Compliance officer operations
	Health and Safety Risk		· Non-compliance with legal standards and regulations, lack of training and awareness, and negligence	· Environment, health and safety assessment	· Operation of the health and safety management system
	Environmental Risk		· Non-compliance with legal standards or regulations	· Environmental impact analysis	· Regulatory and policy monitoring · Hazardous chemical/waste management process

Ethics Management

Ethics Management System

Both in Korea and abroad, anti-corruption laws and regulations by governments and supervisory authorities are tightening while society is tuning in more closely to business ethics. This prompted us to establish the Ethics Management Team back in 2007, and to reinforce its audit on our business operations through organizational realignment. Since 2018, the team has been divided into two independent units – Team 1 and Team 2 – to perform more stringent assessments on the operational status of our overseas corporations in line with our growing overseas presence. Our Ethics Management Unit is responsible for reviewing, evaluating and improving on our compliance with overall regulations and our implementation of applicable instructions across the entire business conduct while providing ethics training and serving as an information channel. On the firm basis of 'Ethics', which constitutes the foundation of our management philosophy, we strive to promote the transparency and accountability of our business operations, to establish a culture of fair trade, and to raise ethics awareness.

Internal Audit

Internal audits are categorized into regular, special and confirmatory audits. Regular audits are performed periodically in accordance with the set audit plans, and special audits are performed upon the CEO's approval when ordered by the CEO or when deemed necessary. Confirmatory audits are conducted to verify whether necessary improvements were made by working-level departments to address the issues identified through regular or special audits. In 2019, a total of 10 audits were performed, including six regular, three special and one confirmatory audit. While our overseas corporations mainly received special audits, they also established and operated a regular audit system.

Preventive Activities

Regular Preventive Audit

Regular visits are made to branch offices and constant monitoring is performed to manage potential risks. In 2019, such visits were paid to a total of 42 branch offices including 25 offices in Seoul and other regions of Korea, to review advance payment statements and cash management, corporate seal management, transportation expense payment status, and office working conditions.

Strengthening the Measures Taken and Operation of the Cyber Report Center

We operate the Cyber Report Center at our domestic and overseas corporations for our stakeholders to report any unethical practices regardless of time or location. Reports submitted to Ethics Management Unit are categorized into simple complaints and valid reports depending on their nature. Complaints raised from the field and simple after-sales service issues are swiftly referred to responsible teams and addressed in a way that satisfies both customers and stakeholders. Meanwhile, valid reports that concern corruption or unfair transactions that run counter to our ethics management are reported to the CEO and are subject to special audits before notifying handling outcomes to the informant.

As to the valid reports submitted to the Cyber Reporting Center at our overseas corporations, they are addressed through collaboration between Ethics Management Unit and the responsible staff at these corporations. Since July 2018, we have stipulated applicable regulations to tighten protection for informants, and adopted anonymous and mobile reporting that does not require e-mail authorization to improve reporting procedures and accessibility to the center. Major complaints that are raised frequently or that are specific in type are shared among employees to make doubly sure that they do not occur.

Reinforcement of Ethics Management

To weave ethics awareness deep into our corporate culture and employees' mindset, we publish and disseminate our 'Ethics Regulations' and the 'Ethics Management Casebook' among employees and conduct ethics management surveys, internalizing ethics management in our day-to-day organizational routines. The casebook is used to provide ethics management training to newly-appointed team leaders and branch heads, and our plan for 2020 is to launch activities to spread a culture of business ethics and reinforce responsible ethics management primarily among organizational leaders.

Ethics Regulations

Our Ethics Regulations are made widely available on our corporate website for all stakeholders to refer to in order to help employees at domestic and overseas corporations develop ethical values. In 2019, these regulations were revised and provisions on specific job duties were added.

Ethics Management Casebook

Ethics Management Unit is responsible for creating the Ethics Management Casebook in respective sectors through the monthly updates made on audits performed and reports submitted and handled and for providing newly-appointed team leaders and branch heads with training on the violations of our ethics regulations. In 2016, the casebook was published with illustrations to help all employees better access and understand its contents and was distributed to our teams and business partners. In addition, the Ethics Management Newsletter is created to share case studies on specific topics chosen for each month and is posted on our group portal to raise employees' ethics awareness. In 2019, an English version of the casebook containing chosen case studies of ethics management was published and shared among overseas corporations and training was provided.

Self-initiated Ethics Management Audit

Since 2015, we have performed 'self-initiated ethics management audits' to identify the level of our employees' awareness on ethics management and to constantly advance our corporate culture. Annual surveys are also conducted on all our employees on such topics as bribery, unjustified entertainment, and whistleblowing.

Operating an Integrated Internal Whistleblowing Center

Ethics Management Unit opened a whistleblowing center on our group portal in 2017 to respond to sexual harassment in the workplace. Since 2019, this center has been expanded to address both sexual and workplace harassment in response to the Workplace Harassment Prohibition Act. In addition, year-round interviews are conducted on team leaders, branch heads and new recruits to alert them to the significance of harassment issues.

Sexual Harassment Prevention Training

unit: No. of persons

Year	Online	Offline	Total
2017	144	2,092	2,236
2018	253	2,071	2,324
2019	2,574		2,574

■ Online ■ Offline

Achievements Made in Ethics Management

	2019	2018	2017
Audits performed (No. of audits)	10	6	11
Reports submitted and handled through the Cyber Report Center (Korea)	125	113	114
Handling rate (%)	100	100	100

Human Resource Development

Hyundai Elevator operates talent development programs to assist employees in strengthening their individual competency and grow into top-notch talent. We also improve our HR system and offer a range of welfare programs to bring equality and creativity to our corporate culture and to improve the work & life balance of our employees.

Employee Capacity Building

To attain our globalization strategy and promote the sustained growth and development of our employees, we operate systemic talent development programs based on the three pillars of Top Talent, Expertise and Global Talent.

Top Talent Program

Participants of our Top Talent Programs are chosen according to our distinctive definition of leadership skills and are entitled to receive tailor-made training. Special leadership lectures are offered to nurture next-generation leaders, and smart learning is employed to assist individual employees in improving their competence.

Expertise Program

Our Expertise Programs provide systemic training opportunities for employees to grow into top-notch experts in their field. A range of these programs are operated and they support individual career de-

Talent Development Training System



1. Top Talent

Nurture next-generation key leaders (Special leadership lectures, smart learning, etc.)

2. Expertise

Professional CDP program (in-house open training, e-learning, book learning, Job MBA, Job School, etc.)

3. Global Talent

Improve global business competence (Global CDP, regional research courses, etc.)

Employee Training (2019)

Training hours per person (per year)



55.6 hours

Training investment expenses per person (per year)



KRW 864,000

velopment, from in-house open training, e-learning and book learning to Job MBA and Job School, to help elevate employees' expertise.

Global Talent Program

We help employees strengthen their global competence through the integrated operation of global HR and training programs. Our global Career Development Program (CDP) and Community of Practice (CoP) programs provide varying training courses and regional research activities as well as overseas benchmarking training. Furthermore, internal/external language courses and the global internship program are provided, and quarterly TOEIC speaking tests are conducted.

HR Management at Overseas Corporations

Advancing the HR System

In 2019, we initiated the advancement of our HR system at six overseas corporations. A regular HR review system has been up and running since then at overseas corporations, a standardized job title system was introduced as part of the integration of HR operations across corporations, and the recruitment process was upgraded based on job-specific required competence. Our Chinese corporation improved its contract, resignation, and absenteeism systems as well as its HR appraisal, job title and wage structures, and our corporations in Southeast Asia and Turkey systematized their regular HR operations and streamlined relevant timelines to strengthen their HR capabilities.

In 2020, we plan to provide capacity-building programs for interviewers and assessors to help our overseas corporations reinforce their leadership capabilities. Biannual regular reviews will continue, key HR functions – recruitment, appraisal, and promotion – will be upgraded to elevate their HR capabilities, and collaboration with the Head Office will strengthen in the years ahead.

Capacity Building for Overseas Corporations

For capacity building and motivation of key talent at overseas corporations, we invited a total of 10 top-performing employees to our Head Office to provide them with training on our core values and

communication skills and cultural experience programs. Our employee exchange program with our Chinese corporation includes technology dissemination from the Head Office in Korea to China and the synchronization of work processes. As part of our global CDP training program designed to help domestic employees develop global competence, a global CoP program is under operation and its outcomes were shared across the board through the Global CoP Knowledge Conference held in January 2020. In addition, support was provided to three talented employees under the leadership program held in the U.S., China and Vietnam, and overseas benchmarking training and short-term overseas exchange programs were offered for employees to strengthen their global competence.

In 2020, we plan to launch a core competence training program for leaders at overseas corporations. MBA courses in the U.S. and China and the CEO course in Vietnam will be reinforced in alignment with overseas universities, and short-term expatriate assignment programs will be expanded at our Vietnamese and Indonesian corporations.

HR System Improvement

Streamlining the Job Title Structure

Our job title system was simplified from eight levels to three levels of team leaders, managers, and team members to bring equality to our organizational hierarchy and creativity to our corporate culture. This structural change in the job title system facilitated employee delegation and expedited our decision-making process as a result, and placed a stronger focus on performance in personnel and organizational operations to pave the way for a more autonomous organizational culture. This is also expected to help further stabilize our team-based system introduced through the organizational realignment in 2018.

Reorganizing the Wage/Job System

We reorganized our wage system to ensure that individual employees and teams are compensated according to their performance in order to motivate employees and lay the basis for their capacity building, thereby generating the greatest possible business outcomes. We also paved the way for improving our organizational productivity and recruiting and retaining top talent. Our Job rotation program intends to allow employees to gain experience and develop knowledge in diverse work areas and to promote communication among different teams. This is expected to help long-term employees refresh their outlook and bring a renewed vitality to their work.

Work & Life Balance

In reflection of the wide-spread social trend for work/life balance, we reduced our work hours from nine to eight hours a day, and introduced the PC Off program to improve employees' quality of life and satisfaction. We also offer support to expedite the realization of a work/life balance in our organizational routines.

Labor Relations

We develop a reasonable labor-management strategy to undertake wage negotiations and maintain stable labor relations. Joint training sessions and workshops are hosted between labor and management to build stronger consensus, and such endeavors allowed us to remain dispute-free for the past 31 years.

Employee Welfare Program

Residential Stability Support

We assist our employees in securing loans from the corporate welfare funds to purchase or rent their houses and provide livelihood support funds for our employees when urgent needs arise. We also provide leased apartments in Seoul and Gyeonggi as well as dormitories in Icheon for those who live far to ensure the residential stability of our employees.

Medical Expense Support

We support our employees and their family members in paying for medical expenses. Upon employment, our employees are insured collectively against accident damages and are entitled to benefits when injured or diagnosed with cancer. All our employees can receive comprehensive health check-ups, and can access the in-house medical centers equipped with first aid devices and over-the-counter medications.

Livelihood Stability Support

We pay a portion of the year's kindergarten tuition fees for the children of our employees prior to entering elementary school, and the full entrance, registration and tuition fees for middle/high schools and universities. We offer gifts when employee's children enter kindergarten, elementary and middle schools, and on national holidays, Labor Day and employees' birthdays. In addition, welfare points are granted for the use of leisure and cultural activities as a way to improve the quality of life for our employees.

Self-Development Support and Others

We support our employees in taking in-house language courses or for funding the tuition fees for those attending outside language institutes. When obtaining job-related qualifications, we provide our employees with incentives and help them pay for test fees. To ensure that our employees enjoy even greater welfare and benefits, we offer wide-ranging leave programs (Refresh Leave, summer break, family event leave, special leave for long-term employees), rewards for long-term employees, financial support for in-house club activities, access to major leisure facilities across the nation, and in-house fitness centers for health promotion.

Environment, Health and Safety Management

Stronger Safety Leadership

We chose 'stronger safety leadership' as our top priority to deliver an injury-free workplace and elevate our safety culture, and have taken systemic and step-wise safety leadership building activities. As part of such endeavors, patrol checks were performed by our CEO on business divisions, the Head Office and executives, and these checks were also performed by team leaders and branch heads. Guidelines were developed by respective sites to choose patrol areas in order to perform cross checks for the safety status of these areas, and patrol outcomes were presented at management meetings to strengthen our field-level executive capabilities to practice safety culture.

Environment/Health/Safety Management Strategy and System

Hyundai Elevator is reinforcing its health and safety management system and taking a field-driven approach to health and safety operations in order to improve employee health and safety. We developed three-year mid/long-term environment/health/safety (EHS) plans and a corresponding strategic framework that consists of phase-based strategic projects with an aim to make our workplace even safer. In addition, respective teams are autonomously undertaking accident prevention and EHS system improvement programs to establish an ESH-driven culture. To systematically execute all of these activities, we ensure the integrated management of the ISO 14001 (environment) and OHSAS 18001 (safety) certifications: annual internal/periodic/surveillance audits are performed to maintain these certifications, and their operations are upgraded further to consistently elevate our performance of EHS management.

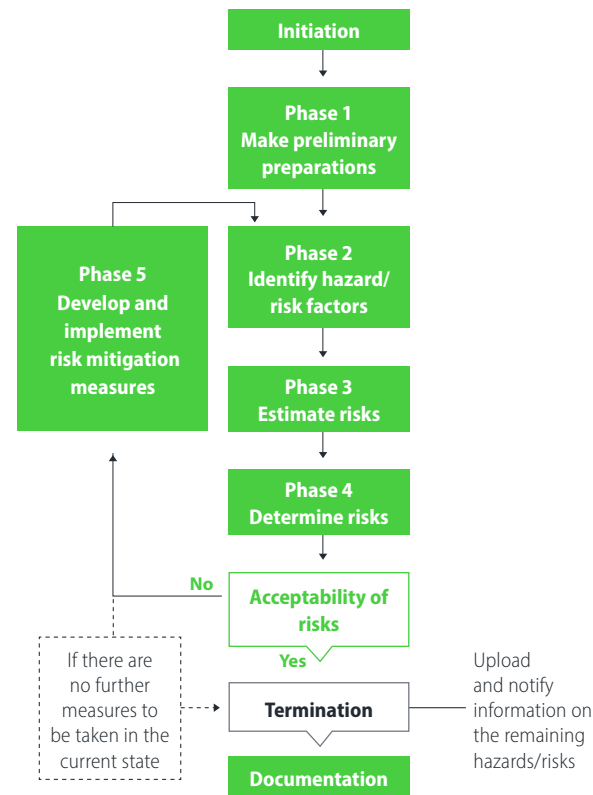
Safety Indicator Management in Field Operations

We manage safety indicators in field operations in a way that engages each and every employee by conducting safety activities, including self-directed safety checks, improvements and training and by sharing the resulting outcomes. With 18 teams participating in the fields of installation, service and manufacturing, team-specific managers were appointed to review and manage safety indicators in the four categories of injuries, on-site safety checks, near-miss incidents & potential risks and training attendance, and monthly assessments were made and their outcomes were shared. In addition, top three teams were rewarded at the end of the year to encourage our employees to practice safety management in their day-to-day business routines.

Field Risk Assessment and Improvement

As health and safety incidents may inevitably occur at our workplace, we continue to perform risk assessments on our Icheon Factory and our installation and service operations and to identify and improve potential risk factors in order to preemptively prevent accidents from ever occurring. We identify, assess and improve on hazardous and risk factors to create a safe and pleasant workplace, and our risk assessment system is up and running to conduct scientific assessments on potential risks in the field.

Field Risk Assessment Process



Health and Safety Training

Our health and safety training curriculum presents the industry's highest standards, and we offer a range of field-driven health and safety training programs to meet the various needs of trainees, from our own managers to all the employees of our business partners. Such training is provided both online and offline to improve its accessibility, and is delivered through diverse learning methods, including hands-on training and scenario reenactment to maximize its effects.

Health and Safety Promotion

We are engaged in diverse workplace health and safety promotion activities. We are developing a joint response team operation and reporting system to respond to pandemic infectious diseases while examining and preventing hazard factors that may cause musculo-skeletal diseases. We have installed AEDs (Automatic External Defibrillators) and are offering CPR training. We also provide training to prevent noise-induced deafness that may occur due to workplace noise, and conduct evacuation/response drills in the event of fires. These exercises are performed each year to improve our internal response capabilities and minimize damage when such disasters actually occur.



Signing of the safety goal attainment agreement for 2020

Health and Safety Training Provided (2019)



33,789 persons



116,647 hours

Safety Enhancement Goal (2020)

Y-o-y injury rate



72% decrease

Identify potential risks (including near-miss incidents)



2.3 fold increase

Safety training hours



167,232 hours

Social Contribution

Social Contribution Goal

Under the motto 'To be a company that grows by sharing', we strive to fulfill our corporate social responsibility and establish a culture of sharing with our local communities. As a responsible corporate citizen, Hyundai Elevator and its employees aim to continuously communicate with society, and reciprocate by giving back to society to pursue sustainable growth with all members of society. We fully support our social contribution initiatives aligned with our inherent business characteristics, and leverage our core strengths as a company in undertaking such initiatives to generate synergy. In 2019, we set the goal of reaching eight volunteer hours per employee, and a total of 3,775 employees volunteered for 22,536 hours in social contribution initiatives.

*To strengthen social contribution programs that engage employees in a more meaningful way, the individual volunteer hour threshold was reduced from 12 to 8 hours, which resulted in a y-o-y drop in total volunteer hours.

Key Social Contribution Initiatives

In addition to our strategic social contribution programs that are aligned with the key word 'safety' chosen in consideration of our business characteristics, we are also engaged in a range of programs with the full support and participation of our employees. We lend a helping hand to farmers during the farming season and launch environmental campaigns; we visit and volunteer at social welfare centers and support marathon competitions attended by people with disabilities in the social welfare sector; we join blood donation campaigns and donate blood donation certificates while making designated donations to medical facilities in the healthcare sector. In addition, we provide matching grant scholarships and salary donations that are made by our employees.

Strategic Social Contribution

As a social contribution program aligned with our business capabilities, we provide 'elevator accident life-saving drills' as well as 'elevator emergency rescue drills' for emergency rescue workers. Our elevator safety campaign, led by our branch offices all across the nation, raises passenger awareness on the proper use of elevators and escalators and the prevention of safety accidents. Together with the firemen

from the Icheon/Yeosu Fire Stations, we provide training on the basic structure of elevators, the use of door lock deactivation devices and emergency keys, the manual operation of elevators, and the proper response to accidents as part of our training program designed to rescue passengers trapped in elevators. This training was highly appreciated by emergency rescue staff who often address such accidents in the field.

Local Community Support

To support our local communities, we continued with our 'Love House Repairing Project' that has been under operation for several years now: in 2019, we helped repair houses for low-income and vulnerable individuals in the Icheon region on six occasions. We visited children living at local welfare centers to offer them diverse experience-based programs, including cooking classes. We also purchased the fruit cultivated by these welfare centers to provide livelihood support for children and donated the fruit to neighbors in the surrounding region. As part of our urban-rural exchange program, we visited the village with whom we forged sisterhood ties under the 'One Company for One Village' program (Sonyang-myeon and its senior welfare center) to help address the shortage of labor in these farming areas. For seniors living alone and vulnerable seniors in local communities, we provided daily life assistance (donation and delivery of briquettes) as a way to fulfill our corporate social responsibility.

Donation and Sponsorship

To provide practical assistance to local communities in need, we have continued with our donation and sponsorship programs. Our Matching Grant Scholarship program was designed to match the amount donated by employees (they round up their monthly wage to the nearest KRW 1,000 and donate the amount that falls under the KRW 1,000 unit) to help raise scholarship funds. Starting with six beneficiaries in 2009, this program has provided KRW 176 million to a total of 180 chosen beneficiaries by 2019. These funds donated by our employees were also used to donate daily necessities to seniors living alone, children from low-income families, and to welfare centers.

Win-Win Management

Compliance Program (CP) Operation

To establish fair trade practices, we disclose information on our compliance with the Fair Trade Act to our employees, external stakeholders and customers through management meetings and CEO Letters. We are also adopting and implementing the seven components of the fair trade compliance program as recommended by the Korea Fair Trade Commission.

In January 2019, all our employees signed the compliance pledge, and we designated team-specific CP officers to be responsible for CP training and review at the team level. Team-based risk assessments were made to identify high-risk organizations from the viewpoint of CP operation in April, guidelines were developed on CP rewards and sanctions in July, and analyses were conducted on the benefits of CP operation and improvement measures were identified with employees at the end of the year. Regular quarterly CP Committee meetings are hosted four times a year, and CP activities are reported to the Board of Directors on a semi-annual basis. Furthermore, Compliance Newsletters are published every two months, and a relevant whistleblowing system is under operation throughout the year. To ensure that regulatory violations are prevented, subcontract reviews (May~Jun.) and cartel prevention reviews (Sep.) are conducted while stringent disciplinary and sanction programs are operated.

CP Training

To encourage self-directed compliance with fair trade practices, we offer CP training to our executives, new recruits, agents, and sales representatives on the Fair Trade Act, the Subcontract Act, the Construction Industry Framework Act, the Elevator Facility Safety Management Act, and the Multi-Family Housing Management Act. Specifically, team-based tailor-made training is offered to organizations exposed to higher risks of regulatory violations due to their inherent business characteristics. In addition to the periodic CP training offered in the first and second half of the year respectively, anti-cartel training is provided, and CP workshops are hosted to directly engage employees and build consensus on the importance of compliance. Online training is also provided continuously on applicable CP regulations, including the Fair Trade Act, the Labeling and Advertisement Act, and the Subcontract Act.

Reinforcement of CP Operations

To respond to the external economic risks that increase in line with its broadening global business presence, Hyundai Elevator has established and operated the 'Economic Sanction Compliance Monitoring System' since last September. We laid the basis for global CP operations in November, and developed the 'Global Compliance Action Guidance', spanning the five categories of anti-trust, anti-corruption, economic sanctions, intellectual property rights, and personal information protection, such as standard compliance work manuals for employees. In addition, the 'Hyundai Elevator Brand Use Guidance for Business Partners' was created to provide business partners with standardized guidance on the use of our corporate identity and to protect our corporate assets.

Shared Growth Program

We strive to establish and disseminate a culture of shared growth based on our partnership with business partners. We have signed fair trade agreements with business partners since 2013 to pave the way for mutual growth for large businesses and their business partners. This enabled us to be rated 'Excellent' for five consecutive years in the Win-Win Growth Index published by the Presidential Commission for Corporate Partnership, and honored with the Korea Fair Trade Commission Chairperson's Citation in 2019. To assist our business partners in strengthening a sense of unity among their employees and improving employee welfare, we reinforced our welfare and benefit support, ranging from bereavement support for their employees and celebrating the anniversary of their establishment to providing discounts to their employees for comprehensive medical check-ups.

Furthermore, we help our partners with their recruitment process through supporting their attendance at job fairs. We are also establishing shared growth practices by supporting first/second-tier business partners in signing fair trade agreements, encouraging the use of standard subcontract forms, and monitoring their payment process so as to promote the mutual growth of even second/lower-tier business partners. Furthermore, we arrange discussion meetings with business partners to facilitate communication and exchange among business partners.

Social Contribution Performance (2019)

Annual social contribution activities



3,775 employees



22,536 hours

Salary donations made by employees



KRW 46,038,000

Matching grant scholarships on a cumulative basis



180 beneficiaries



KRW 176 million

Support for Business Partners (2019)

Financing support



KRW 5.1 billion

Training support



5,543 persons

Engineers sent to business partners



91 companies

APPENDIX

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Major Consolidated Financial Statements

December 31, 2019, 2018 and 2017

Consolidated Statements of Financial Position

(in Korean won)

	2019	2018	2017
Assets			
Current assets	985,979,787,860	901,104,061,201	945,231,044,555
Cash and cash equivalents	260,934,544,124	338,152,090,105	323,871,844,492
Short-term financial instruments	146,751,524,206	38,628,705,645	60,369,340,829
Available-for-sale financial assets	0	0	531,272,188
Financial assets at fair value through profit or loss	77,512,542,395	148,146,716	0
Held-to-maturity financial assets	1,186,677,055	288,460,000	674,810,000
Trade receivables	242,391,415,978	254,744,999,934	308,663,149,639
Due from customers for contract work	0	0	152,895,956,527
Contract assets	162,702,080,305	149,971,334,631	0
Other receivables	4,830,956,968	9,614,818,778	7,440,176,346
Derivative financial assets	974,826,171	465,818,986	2,787,619,729
Inventories	45,187,421,808	62,604,632,065	38,353,133,638
Other financial assets	2,955,378,996	7,441,380,564	7,276,804,421
Other current assets	26,420,393,059	27,594,828,807	27,555,548,501
Current tax assets	6,844,764,474	4,090,462,082	6,195,659,914
Assets held-for-sale	7,287,262,321	7,358,382,888	8,615,728,331
Non-current assets	1,561,751,400,516	1,473,733,679,676	1,342,419,005,443
Long-term financial instruments	1,117,009,798	1,868,780,000	453,860,000
Available-for-sale financial assets	0	0	44,667,305,079
Financial assets at fair value through profit or loss	130,598,968,455	170,543,588,524	0
Held-to-maturity financial assets	4,725,160,187	5,663,455,000	5,784,580,000
Investments in associates	196,399,539,927	29,544,160,134	25,929,638,451
Investment property	194,226,354,847	191,099,962,984	192,503,729,033
Property, plant and equipment	796,038,373,765	757,374,862,785	744,332,831,392
Intangible assets	129,228,305,527	170,149,046,066	174,842,400,661
Other financial assets	27,674,548,862	22,340,646,677	27,612,366,147
Other non-current assets	17,632,660,806	18,704,262,625	7,081,578,410
Deferred tax assets	64,110,478,342	106,444,914,881	119,210,716,270
Total assets	2,547,731,188,376	2,374,837,740,877	2,287,650,049,998

December 31, 2019, 2018 and 2017

Years Ended December 31, 2019, 2018 and 2017

Consolidated Statements of Financial Position

(in Korean won)

	2019	2018	2017
Liabilities			
Current liabilities	934,648,044,762	745,007,898,368	765,816,777,865
Trade payables	165,106,251,993	170,070,794,794	183,063,441,898
Other payables	139,615,113,615	144,344,287,613	115,589,984,067
Borrowings and debentures	264,865,856,030	105,882,815,174	226,267,638,893
Derivative financial liabilities	26,123,880,745	88,110,251,559	8,449,412,236
Advances received	122,010,217,143	23,402,979,924	31,177,619,760
Due to customers for contract work	0	0	145,005,683,859
Contract liabilities	115,485,224,812	130,538,163,303	0
Provisions	37,386,017,054	30,834,554,132	14,457,146,080
Other financial liabilities	5,740,441,368	515,000	257,500
Other current liabilities	58,315,042,002	50,838,735,736	40,718,439,071
Current tax liabilities	0	984,801,133	1,087,154,501
Non-current liabilities	664,904,309,011	698,622,115,234	686,555,791,345
Other payables	268,576,318,436	227,976,174,202	217,602,002,459
Other non-current liabilities	117,909,304,263	139,511,160,263	152,251,804,263
Borrowings and debentures	215,343,665,875	282,106,809,510	268,497,317,241
Other financial liabilities	11,445,261,918	0	0
Provisions	5,784,922,250	6,762,790,360	4,439,239,168
Derivative financial liabilities	1,034,331,228	0	0
Net defined benefit liabilities	14,119,607,144	11,151,277,896	15,124,137,127
Long-term employee benefits liabilities	8,997,934,240	7,403,099,547	6,624,489,045
Deferred tax liabilities	21,692,963,657	23,710,803,456	22,016,802,042
Total liabilities	1,599,552,353,773	1,443,630,013,602	1,452,372,569,210
Equity			
Equity attributable to owners of the Parent Company	936,646,628,109	921,109,453,937	836,331,476,322
Share capital	135,996,670,000	135,791,330,000	123,162,565,000
Capital surplus	557,638,944,868	559,007,576,680	463,768,269,111
Other components of equity	0	0	18,715,783,320
Accumulated other comprehensive income	(9,894,942,730)	(9,491,823,535)	(9,282,941,334)
Retained earnings	252,905,955,971	235,802,370,792	239,967,800,225
Non-controlling interest	11,532,206,494	10,098,273,338	(1,053,995,534)
Total equity	948,178,834,603	931,207,727,275	835,277,480,788
Total liabilities and equity	2,547,731,188,376	2,374,837,740,877	2,287,650,049,998

Consolidated Statements of Comprehensive Income

(in Korean won)

	2019	2018	2017
Sales	1,872,538,463,037	1,877,217,928,889	1,993,700,559,079
Cost of sales	1,495,344,039,589	1,503,999,347,870	1,614,975,314,613
Gross profit	377,194,423,448	373,218,581,019	378,725,244,466
Selling, marketing and administrative expenses	240,991,039,702	230,150,939,888	243,440,479,098
Operating profit	136,203,383,746	143,067,641,131	135,284,765,368
Other income	30,774,915,105	42,116,185,447	68,506,483,684
Other expenses	127,071,830,189	71,771,982,378	51,729,283,969
Share of net profit of associates accounted for using the equity method	3,314,496,426	747,126,107	(7,383,362,736)
Finance income	74,114,504,257	10,306,687,835	16,908,939,139
Finance costs	28,472,701,496	105,113,333,231	32,393,854,198
Profit before income tax	88,862,767,849	19,352,324,911	129,193,687,288
Income tax expense	45,272,156,467	17,894,049,123	50,192,492,890
Profit for the year	43,590,611,382	1,458,275,788	79,001,194,398
Other comprehensive income (loss) for the year, net of tax	(7,340,188,681)	2,145,828,192	(10,101,904,796)
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities	(6,613,572,212)	1,639,207,895	(7,304,334,979)
Share of remeasurements of net defined benefit liabilities from associates	(428,074,518)	1,158,164,655	(59,940,477)
Items that may be subsequently reclassified to profit or loss:			
Changes in the fair value of available-for-sale financial assets	0	0	(487,192,868)
Share of other comprehensive income (loss) of associates	(2,233,716,351)	(190,861,523)	(85,193,846)
Exchange differences on translation of foreign operations	1,935,174,400	(460,682,835)	(2,165,242,626)
Total comprehensive income for the year	36,250,422,701	3,604,103,980	68,899,289,602
Profit (loss) for the year attributable to:			
Owners of the Parent Company	48,516,186,508	7,940,899,442	93,617,146,017
Non-controlling interest	(4,925,575,126)	(6,482,623,654)	(14,615,951,619)
Total comprehensive income (loss) for the year is attributable to:			
Owners of the Parent Company	41,142,905,384	10,320,604,661	82,619,285,753
Non-controlling interest	(4,892,482,683)	(6,716,500,681)	(13,719,996,151)
Earnings per share attributable to the equity holders of the Parent Company for the year			
Basic earnings per share	1,785	299	3,801
Diluted earnings per share	1,785	299	3,801

Years Ended December 31, 2019, 2018 and 2017

Consolidated Statements of Cash Flows

(in Korean won)

	2019	2018	2017
Cash flows from operating activities			
Cash generated from operations	110,123,640,819	172,319,407,223	99,318,704,209
Interest received	10,738,708,439	7,552,950,374	11,332,731,431
Interest paid	(12,554,345,395)	(13,268,137,134)	(10,153,602,421)
Dividends received	403,318,837	784,718,268	291,075,669
Income tax refund (paid)	(6,711,621,356)	1,233,047,004	(8,093,409,170)
Net cash inflow from operating activities	101,999,701,344	168,621,985,735	92,695,499,718
Cash flows from investing activities			
Proceeds from disposal of held-to-maturity financial assets	288,460,000	674,810,000	61,620,000
Proceeds from disposal of available-for-sale financial assets	0	0	1,775,598,188
Proceeds from disposal of financial assets at fair value through profit or loss	32,515,360,402	1,087,218,130	0
Proceeds from disposal of short-term financial instruments	842,195,847	26,270,831,031	2,000,000,000
Increase in advances received	20,500,000,000	0	0
Decrease in derivative financial assets	1,230,873,939	621,665,716	9,124,401,629
Proceeds from disposal of property, plant and equipment	160,603,566	92,065,353	3,262,115,539
Proceeds from disposal of intangible assets	1,524,965,455	2,000,000,000	95,340,000
Government grants received	0	41,639,710	40,278,762
Decrease in long-term loans	242,070,700	182,154,830	109,062,372
Decrease in short-term loans	0	15,556,685,359	11,720,000,000
Decrease in long-term financial instruments	0	0	4,000,000
Proceeds from disposal of assets held for sale	139,671,511	331,432,599	0
Net cash flow due to disposal of disposal group	0	0	34,821,141,655
Increase in short-term loans	0	(6,000,000,000)	0
Increase in long-term loans	(440,000,000)	(2,227,985,359)	(12,464,390,030)
Payments for short-term financial instruments	(106,679,664,206)	(4,551,195,847)	(54,369,340,829)
Payments for long-term financial instruments	(1,306,080,000)	(1,414,920,000)	(435,360,000)
Acquisition of available-for-sale financial assets	0	0	(37,366,264,500)
Payments for financial assets at fair value through profit or loss	(125,872,668,309)	(120,182,992,669)	0
Payments for held-to-maturity financial assets	(94,305,000)	(167,335,000)	(3,878,825,000)
Payments for investments in associates	(105,768,933,476)	(200,000,000)	(31,099,998,684)
Acquisition of investment properties	0	0	(179,649,048,699)
Payments for property, plant and equipment	(41,135,113,188)	(43,430,009,397)	(106,500,960,515)
Payments for intangible assets	(19,581,767,063)	(4,410,727,512)	(2,295,471,682)
Decrease in derivative financial liabilities	(4,131,183,413)	(715,548,141)	(1,965,499,629)

Years Ended December 31, 2019, 2018 and 2017

Consolidated Statements of Cash Flows

(in Korean won)

	2019	2018	2017
Increase in other non-current receivables	0	0	(2,754,721,091)
Net cash outflow from investing activities	(347,565,513,235)	(136,442,211,197)	(369,766,322,514)
Cash flows from financing activities			
Proceeds from borrowings and debentures	175,556,327,989	102,032,176,982	319,871,357,040
Repayments of borrowings and debentures	(83,872,604,050)	(98,314,422,371)	(192,706,703,537)
Acquisition of non-controlling interest and others	6,511,511,630	(8,249,833,030)	225,000,000
Exercise of conversion rights of convertible bonds	0	(111,711,786)	0
Exercise of rights of claim for sale of convertible bonds	2,125,310,684	0	0
Repayments of lease liabilities	(7,298,478,073)	0	0
Dividends paid	(24,804,124,525)	(12,642,295,529)	(12,586,906,000)
Other advances received	100,000,000,000	0	0
Net cash inflow (outflow) from financing activities	168,217,943,655	(17,286,085,734)	114,802,747,503
Net cash increase (decrease) in cash and cash equivalents	(77,347,868,236)	14,893,688,804	(162,268,075,293)
Cash and cash equivalents at the beginning of the year	338,152,090,105	323,871,844,492	489,901,998,618
Effects of exchange rate changes on cash and cash equivalents	130,322,255	(613,443,191)	(3,762,078,833)
Cash and cash equivalents at the end of the year	260,934,544,124	338,152,090,105	323,871,844,492

Financial Management Discussion & Analysis

This Management Discussion & Analysis (MD&A) was prepared to compare Hyundai Elevator's business performance and financial position during the fiscal year ending on December 31, 2019 to that of the previous year. This MD&A is based on the consolidated financial statements prepared and audited in accordance with the K-IFRS. All amounts are denominated in Korean Won (KRW), and are based on a consolidated basis, and the Company in this section refers to 'Hyundai Elevator' unless otherwise stated.

The incidents or phenomena that the Company forecasts to occur in the future within this report reflect the Company's views on such incidents and financial performance at the time of preparing this official disclosure document. While these forecasts are based on reasonable assumptions related to the future business environment, they also include a range of uncertainties. In conclusion, readers are cautioned not to place undue reliance on forward looking statements by the Company that expected issues, results, or influence will actually eventuate. The Company does not bear any obligation to publicly revise any forward looking statements as a result of risks or uncertainties that occur following the publication of this report.

1. Overview of the Year 2019

In 2019, the global economy shrank due to the U.S.-China trade disputes, declining trade volume and the resulting sluggish growth of emerging economies. In the domestic economy, heightened governmental real estate regulations led to decreases in new housing sales and the overall construction business continued to decelerate. In the face of such turbulent business conditions, the Company posted KRW 1639.3 billion in new orders, KRW 1558.9 billion in sales, and KRW 144.5 billion in operating profit (all in a non-consolidated basis) while maintaining its No.1 position in domestic new installation market share for 13 consecutive years and in domestic maintenance market share for five consecutive years. The following illustrates the discussion and analysis of the Company's business performance in its key business areas.

1.1 Elevator Business

Domestic Sales Business

The Company's elevator business is responsible for new elevator sales operation in Korea. In 2019, the nation's elevator market continued to decelerate in line with the government's real estate regulations and the sustained fall in construction orders granted in Korea. The supply of new apartment units has been on the decline since 2017, and intensifying competition to secure volume has deteriorated overall profitability. While the auto parking system business also suffered overall market contraction and decreases in demand to eventually fuel intense competition, the remodeling market experienced growing demand in line with the continued increase in replacement demand. In 2019, the Company's domestic elevator business sales dropped by 8.7% from the previous year to KRW 1.0188 trillion.

Overseas Sales Business

The Company's overseas sales business operates six corporations and 43 agencies across the globe. In 2019, the overseas sales business improved its overall performance as sales corporations gradually stabilized. In particular, large-scale orders were granted in the Middle East and orders were awarded by new customers in Southeast Asia, generating meaningful business outcomes. Meanwhile, the overall Southeast Asian market generally slowed down with stagnation related to the sluggish global economy, Central and Latin America suffered sanction issues, and Europe faced the economic crisis. These external environmental factors caused the Company's sales to fall slightly short of its initial target. In 2019, the Company's overseas orders rose 20.3% to KRW 171.2 billion, and sales dropped by 0.2% to KRW 149.1 billion from the previous year. The following outlines the market status in major countries in 2019.

(a) China

In the face of tightening governmental regulations on the real estate market and loan management, overall elevator demand remained in line with the housing supply led by the government and increasing urbanization. The Company is working to increase its order volume to emerge as a major player in this market and has reinforced its sales operations with a focus on large-size developers and key areas. As the Company's short-term delivery business grew active, its sales were boosted from the previous year.

(b) Vietnam

Vietnam's construction market continued to expand in line with the urbanization policy initiative, and the Company successfully landed orders from the nation's No. 1 constructor and new large-size developers. Meanwhile, the governmental loan regulations in the real estate market intended to prevent overheated investments and other policy issues in the Ho Chi Minh region resulted in project delays, and rising currency rates also led to business outcomes that fell short of the initial plan.

(c) Malaysia

The Company suffered from external environmental factors such as economic downturn leading to delays in construction processes and decreases in newly-initiated project undertakings. Still yet, orders awarded by new customers and the sales network established in the southern region led to y-o-y growth both in orders and sales. In the service segment, the successful signing of the large project conversion contract drove growth as well. Intensifying price competition, however, prevented the Company to reach the set performance target.

(d) Indonesia

Overall, the Company exceeded its business targets, and specifically set a new record in orders and sales. Building on such meaningful outcomes, its replacement construction orders also dramatically rose from the previous year. The Company added new locations into its service network in major cities of the central region to solidify its profit base.

(e) Turkey

Overall, the Turkish economy generally suffered deteriorating uncertainties due to the protracted economic downturn, severe currency fluctuations, and high inflation rates. In particular, its elevator demand plummeted in line with the continued difficulties in the construction market caused by decreases in building permits and the initiation of new construction projects as well as increases in unsold housing units. Still yet, the Company's operating profit improved on the strength of its contingency management and growing service operations.

(f) Brazil

The prolonged economic slowdown in Brazil continued to stifle the demand in the elevator market. The Company's overall performance, however, improved due to new sales operations that leveraged its brand reputation and its exceptional competitiveness in service quality. In particular, the resolution of project delays and the operational reinforcement of large-size sites and service parts enabled the Company to exceed its sales target and significantly improve its operating profit.

1.2 Service Business

The Company's service business involves the maintenance and repair of elevators and parts replacement. While the number of outdated elevators in Korea amounts to approximately 220,000 and is constantly rising, competition is further accelerating to secure volume. The complete revision of the elevator safety regulations in March 2019 led to tightening registration requirements for technical workforce in September of that year, and this aggravated adverse impacts across the entire service industry. Amid such challenging conditions, however, the number of elevators under the Company's maintenance rose by 9,245 from the previous year to 164,611 units to maintain its No. 1 leadership for five consecutive years. The Company's elevator replacement (remodeling) business has been running independently since 2020 to proactively address shifting market conditions. The Company's service business sales rose by 12.1% from the previous year to KRW 373.5 billion, and its replacement business also grew by 4.4% and made steady progress.

2. Financial Information

The Company's main revenue sources are generated from the manufacturing, sales, installation and maintenance of elevators, escalators, auto parking systems and related components. The following financial information and profitability analysis was extracted from the consolidated financial statements that were audited by an accounting firm and included in the annual report, and should be interpreted in conjunction with the consolidated financial statements that appear in this report.

2.1 Summary of Financial Information

As of the end of December 2019, the Company's assets amounted to KRW 2.5477 trillion, up by 7.3% from the previous year. This is attributable to increases in quick assets in line with increasing short-term financial instruments as well as in investment assets caused by the Company's acquiring shares from group affiliates. The Company's liabilities rose by 10.8% from the previous year to KRW 1.5996 trillion as its borrowings increased due to the issuance of corporate bonds. The Company's capital increased by 1.8% from the previous year to KRW 948.2 billion in line with increasing retained earnings including net income.

(on a consolidated basis, unit: KRW million, EPS:KRW)

		2019	2018	2017
Statement of Financial Position	Total assets	2,547,731	2,374,838	2,287,650
	Cash and cash equivalents	260,935	338,152	323,872
	Total liabilities	1,599,552	1,443,630	1,452,373
	Total capital	948,179	931,208	835,277
Income Statement	Sales	1,872,538	1,877,218	1,993,701
	Operating income	136,203	143,068	135,286
	Operating expenses	1,736,335	1,734,150	1,858,416
	Net income	43,591	1,458	79,001
Financial Ratio	Operating profit margin (%)	7.27	7.62	6.79
	Net income to sales ratio (%)	2.33	0.08	3.96
	ROE (%)	5.22	0.90	11.59
	Debt-to-equity ratio (%)	168.70	155.03	173.88
	Reserve ratio (%)	596.00	585.32	591.01
	EPS (KRW)	1,785	299	3,801
	BPS (KRW)	34,436	33,916	33,952
Cash dividends (KRW)	900	900	500	

3. Profitability

3.1 Sales Performance

In 2019, the Company's sales fell by 0.2% from the previous year to KRW 1.8725 trillion due to the sluggish construction business and market contraction, and its operating profit dropped by 4.8% from the previous year to KRW 136.2 billion as its sales decreased while sales and administrative expenses increased. The Company's net income rose by 2,989.8% from the previous year to KRW 43.6 billion thanks to the growth in financial income.

Summary Income Statement

(on a consolidated basis, KRW million)

	2019	2018	2017
Sales	1,872,538	1,877,218	1,993,701
Cost of goods sold	1,495,344	1,503,999	1,614,975
Gross profit	377,194	373,219	378,726
Selling and administrative expenses	240,991	230,151	243,440
Operating profit	136,203	143,068	135,286
Other income	30,775	42,116	68,506
Other expenses	127,072	71,772	51,729
Share of net profit of associates accounted for using the equity method	3,314	747	(7,383)
Financial income	74,115	10,307	16,909
Financial costs	28,473	105,114	32,394
Profit before income tax	88,862	19,352	129,195
Income tax expenses (benefit)	45,271	17,894	50,194
Profit for the year	43,591	1,458	79,001

3.2 Division-specific Business Performance

The sales of the Company's equipment manufacturing business declined by 8.0% from the previous year to KRW 1.1610 trillion due to the sluggish construction business and shrinking market, and its operating profit surged by 65.2% from the previous year to KRW 101.7 billion thanks to improving performance at overseas corporations. The Company's installation and maintenance service business benefited from increases in the number of paid maintenance units in the service sector and its sales rose by 22.5% from the previous year to KRW 506.2 billion as a result. Its operating profit, however, was affected by intensifying price competition and increasing sales and administrative expenses and declined by 53.9% from the previous year to KRW 30.3 billion. Others include real estate leases, tourist accommodations, travel, construction, and finance businesses, and these were impacted by increasing taxes and other expenses, a reduction in orders awarded in the travel sector and growing labor costs.

Business Performance by Division

(on a consolidated basis, KRW million)

		2019	2018	2017
Sales	Equipment manufacturing	1,160,978	1,262,448	1,393,559
	Installation and maintenance service	506,165	413,243	407,061
	Others	205,395	201,527	193,081
	Company-wide	1,872,538	1,877,218	1,993,701
Operating profit	Equipment manufacturing	101,709	61,571	111,459
	Installation and maintenance service	30,307	65,704	25,688
	Others	4,187	15,793	(1,861)
	Company-wide	136,203	143,068	135,286

Non-Financial Management Discussion & Analysis

This non-financial management discussion & analysis was prepared to illustrate the Company's key performance outcomes in such non-financial sectors as human, social and environmental capital. The reporting period spans from January 1, 2019 to December 31, 2019, and the following outlines 'Hyundai Elevator's performance - excluding subsidiaries - unless otherwise stated.

1. Human Capital

1.1 Composition of Employees

At Hyundai Elevator, the total number of employees is calculated by combining regular workers under direct employment contracts with the Company and contractual workers. The Company hired nearly 4,200 employees in Korea and abroad as of the end of 2019, and the Company continues to expand its overseas business and hires talented individuals on an ongoing basis. As of December 2019, the Company employed a total of 2,667 people in Korea: 51.3% as manufacturing and technical workers and 48.7% as administrative and research workers.

The ratio of regular workers amounted to 90.5%, down by roughly 5% point from the previous year due to the increasing ratio of recruiting service maintenance engineers who are contractual workers. From the diversity perspective, the ratio of high school graduates against the total rose by 4% point to 31.4%, and the employment of people with disabilities as well as patriots and veterans remained almost unchanged from the previous year. By age group, employment for employees in their 20's, 30's and 50's inched up while slightly declining for those in their 40's.

(unit: No. of persons)

		2019	2018	2017
Total Employees		2,667	2,288	2,112
By gender	Male	2,469	2,089	1,921
	Female	198	199	191
By job category	Administrative	955	929	900
	Manufacturing/technical	1,368	1,172	937
	Research	91	85	87
	Other	253	102	188
By employment type	Regular	2,414	2,186	1,924
	Contractual	253	102	188
Diversity	High school graduates	837	628	664
	People with disabilities	20	17	21
	Patriots and veterans	19	19	18
By age group	Age 30 or younger	1,006	854	723
	Ages 31 to 40	742	614	600
	Ages 41 to 50	528	510	514
	Ages 51 or older	391	310	275

1.2 Nurturing Female Talent

The Company consistently strives to hire female employees and improve their professional capacity. In 2019, the total number of female employees amounted to 198 to remain almost unchanged from the previous year (199), their ratio against the total fell by 1.3% to 7.4%. The ratio of female managers and higher positions rose by 0.8% point from the previous year to 5.7%, and this is considered highly significant given the inherent characteristics of the machinery/electrical facility and manufacturing business where the recruitment of females is fairly limited.

		2019	2018	2017
Female employees (No. of persons)		198	199	191
Ratio of female employees	Against total employees	7.42	8.70	9.04
Ratio of female managers	Against total managers	5.74	4.91	4.98

1.3 Recruitment and Resignation

The Company calculates the number of new recruits by combining the number of regular workers and contractual workers who signed the employment contract with the Company for the concerned year. In line with the revision of the Elevator Safety Management Act, the Company's recruitment of maintenance staff increased, and the number of new hires for 2019 rose by 14.4% from the previous year to 486 persons. In 2019, total resignations dropped by 46.8% from the previous year to 132 persons, and the resignation rate fell by roughly 6% point from the previous year to 4.9%.

(unit: No. of persons)

		2019	2018	2017
New recruitment	Male	478	401	287
	Female	8	24	17
	Total	486	425	304
	Regular	272	304	140
	Contractual	214	121	164
Resignation/turnover	Male	123	232	263
	Female	9	16	29
	Total	132	248	292
	Regular	89	61	135
	Contractual	43	187	157
Resignation rate		4.9	10.8	13.8

1.4 Retirement Pension

In conformity with the Employee Retirement Benefit Security Act, the Company operates a defined benefit (DB) retirement pension system. The Company introduced the wage peak program in 2017, and since 2018 has been providing a training program to fully support employees who are nearing retirement to plan for their future. In 2019, the amount of contributions made to the retirement funds rose by 14% from the previous year to KRW 169.0 billion.

(unit: KRW 100 million)

	2019	2018	2017
Retirement pension	1,690	1,482	1,190

1.5 Parental Leave and Return to Work

The Company ensures that its employees do not suffer career discontinuation due to pregnancy, childbirth or childcare needs. The Company proactively encourages its employees to take pre/post-natal leave and parental leave and to apply for reduced work hours during pregnancy. The Company's Head Office and the Seoul Office also operate maternity protection rooms. In 2019, 15 employees took parental leave, and six of them were male employees, which serves as a case in point that the ratio of male employees taking parental leave is on the continual rise. Eight employees took childbirth leave, and 11 returned to work after taking parental leave.

(unit: KRW 100 million)

	2019	2018	2017
Employees who took childbirth leave	8	11	2
Employees who took parental leave	Female	9	7
	Male	6	4
	Total	15	11
Employees who returned to work following parental leave (those who returned to work for the concerned year)	11	4	7
Ratio of employees who returned to work following parental leave (employees who returned to work/employees who took parental leave)	73.3%	36.4%	140.0%
Employees who resigned within 12 months of returning to work	2	1	0

1.6 Labor Relations

The Company protects its employees' freedom of association as stipulated by labor law, and each employee is freely entitled to join a labor union. At Hyundai Elevator, labor and management remained dispute-free for the past 31 years and have maintained reasonable and stable partnerships. In 2019, joint labor-management training and workshop were hosted to build an even stronger consensus, and the PC Off program was implemented to support work & life balance and improve employee satisfaction.

(unit: %)

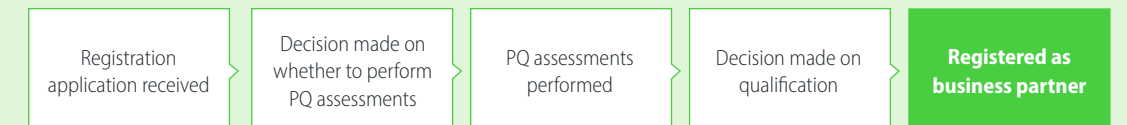
	2019	2018	2017
Ratio of unionized employees	74.5	79.8	64.4

2. Social Capital

2.1 Selection of Business Partners

The Company follows transparent and objective procedures to select new business partners. Any company wishing to do business with Hyundai Elevator can apply to register on the corporate website. This is followed by a decision whether PQ Assessments* would be performed, and then PQ Assessments are conducted on qualified candidates. The assessments consist of both financial and non-financial components, and the companies granted final approval are registered as the Company's business partner. If an applicant makes necessary improvements on disqualified evaluation items, reassessments are performed with such requests, and the company can be registered as a business partner based on assessment outcomes.

* PQ Assessment: Prequalification assessments are conducted on business partner candidates for their non-financial performance in environment and safety as well as financial and technical performance.



2.2 Mutual Growth

The Company strives to pursue mutual growth to create a healthy business ecosystem. The Company provides financial assistance and makes cash-equivalent payments for its business partners while continuously improving its payment conditions and offering technology development and training support. Furthermore, a range of programs are under operation to strengthen partnerships and communication with business partners, from briefing on its mutual growth programs and publishing newsletters to conducting satisfaction surveys on business partners. Such endeavors allowed the Company to be rated 'Excellent' for five consecutive years in the Win-Win Growth Index published in December 2019.

		2019	2018	2017
Financial support	No. of business partners who received financial support	362	260	381
	Financial support provided (KRW 100 million)	51	61	69
	Ratio of cash/cash equivalent payments (%)	100	100	100
	No. of payments made	1~2 times	1~2 times	1~2 times
Technology support/protection	Technology development support provided (No. of cases)	1,297	1,503	1,556
Training/HR/recruitment support	Training support (No. of trainees)	5,543	7,632	6,764
	Business partners who were sent engineers (No. of companies)	91	81	91
Welfare and benefit support	Funeral supplies provided (No. of cases)	202	181	131

2.3 Fair Trade Agreement

Since 2013, the Company has signed fair trade agreements with its business partners to support mutual growth activities. These business partners receive support to improve their business conditions in diverse areas across financing, technology, and training while the Company procures high-quality materials and components produced as such to improve the overall competitive edge across the industry. In 2019, the Company signed fair trade agreements with a total of 275 business partners, and is consistently committed to complying with fair trade regulations and pursuing mutually-beneficial cooperation.

	2019	2018	2017
Purchases made from major business partners (KRW million)	767,962	878,564	860,537
Business partners with whom fair trade agreements were signed (No. of companies)	275	293	285

2.4 R&D Investment

The Company is committed to developing technology that delivers ultra-high-efficiency elevators and remote maintenance through its R&D Center. To respond to the 4th Industrial Revolution, the Company is also developing a preemptive maintenance system that merges IoT technology with artificial intelligence. In 2019, the Company's R&D workforce amounted to 91 employees in total, and its R&D expenditures declined by 5.0% from the previous year to KRW 22.9 billion.

	2019	2018	2017
R&D expenditures (KRW 100 million)	229	241	249
Ratio against sales (%)	1.22	1.28	1.25
R&D workforce (No. of persons)	91	85	87

3. Environmental Capital

The Company is building an integrated environmental management system to systematically manage the operation of environmental facilities, the emission of air pollutants, and the consumption of water and electricity.

3.1 GHG Emissions

The Company's GHG emissions are calculated from the emissions generated from its Head Office in Icheon, the Seoul Office, the Cheonan Distribution Center, and the nation-wide branches, and do not include emissions from its subsidiaries and supply chain. The intensity of the GHG emissions is calculated by dividing the total GHG emissions by the sales (KRW 100 million). In 2019, the Company's total GHG emissions amounted to 10,024tonCO₂eq and the intensity was 0.54, which is down by 5.4% from that of the previous year and by 2.7% from the set target. To reduce its GHG emissions, the Company periodically monitors its energy consumption to identify and improve on operational inefficiencies. In 2020, the Company set its GHG emissions target at 9,723tonCO₂eq, down by 3% from the previous year, and is determined to mitigate its GHG emissions continuously in the upcoming years.

(unit: tonCO₂eq)

	2019	2018	2017
Total emissions	10,024	10,619	11,560
Scope 1	2,058	2,369	2,773
Scope 2	7,758	8,069	8,279
Scope 3	208	180	508
Intensity-based energy consumption (emissions/sales (KRW 100 million))	0.54	0.57	0.58
Change in intensity (%)	(5.4)	(2.4)	(8.8)

3.2 Air Pollutant Management

At Hyundai Elevator, air pollutants are processed through control equipment to minimize pollutant substances before they are released into the air. The main pollutant is dust, and the Company strives to reduce the emission of such pollutants through the annual maintenance of its control equipment and the periodic replacement of consumables. In 2019, the generation of dust, the main air pollutant, amounted to 0.38 tons, which represents a dramatic 31.5% drop from the previous year, and this is attributable to decreases in the utilization of its wastewater treatment facility. Main sources of dust generation include powder coating equipment as well as evaporators installed at the wastewater treatment facility. The Company continues to do its best to lower these pollutants.

(unit: Ton)

	2019	2018	2017
Dust	0.4	0.6	1.9

3.3 Energy Consumption

The Company calculates its energy consumption based on the consumption of its Head Office in Icheon, the Seoul Office, the Cheonan Distribution Center, and its nation-wide branches. Such data is collected by the integrated environmental management system through energy bills issued by energy providers, and does not include the energy consumption of its subsidiaries or any others along the supply chain. The energy intensity is calculated by dividing total energy consumption by sales (KRW 100 million). In 2019, the Company improved the efficiency of its boilers to significantly reduce city gas consumption, which naturally led to a reduction in electricity consumption. The Company's energy consumption amounted to 150TJ, and its intensity-based energy consumption fell by 6.6% from the previous year.

	2019	2018	2017
Total consumption (TJ)	150	161	173
Electricity (kwh)	11,643,366	12,112,202	12,611,820
Gas (Nm ³)	759,918	914,490	1,022,137
Fuel (ℓ)	153,159	141,836	214,114
Intensity-based consumption (consumption X 1,000/sales (KRW 100 million))	8.01	8.58	8.68
Change in intensity (%)	(6.6)	(1.2)	(9.7)

3.4 Water Resource Management

The calculation of the Company's water consumption is based on the consumption at its Icheon Head Office and at the Cheonan Distribution Center. The Company cleans its sumps every year to reduce the effluents generated from its manufacturing process and improve the quality of effluents while periodically managing its operational facilities to reduce the discharge of high-concentration effluents. In 2019, the Company's water resource consumption, including the use of underground water, industrial water, and recycled water, declined to 32,000 tons, which represents an 8.1% drop based on intensity. Its generation of effluents fell by 30.2% to 1,583 tons from the reuse of cleaning water consumed at its coating equipment installed at Factory 1.

	2019	2018	2017	
Water resources	Total consumption (K ton)	32.0	34.9	38.4
	Tap water (K ton)	0	0	0
	Underground water (K ton)	25.0	26.4	28.6
	Industrial water (K ton)	7	8.5	9.8
	Total water recycled (K ton)	3.4	3.4	3.4
	Intensity-based consumption (consumption X 1,000 / sales (KRW 100 million))	1.71	1.86	1.93
	Change in intensity (%)	(8.1)	(3.5)	(6.9)
Effluents	Effluents generated (ton)	1,583	2,269	2,981

3.5 Chemicals Management

The Company is dedicated to reducing its discharge of chemical substances each year. The Company uses its chemical inventory to perform impact assessments based on its discharge of chemicals in order to minimize any damage to the surrounding environment while constantly implementing review and prevention programs. The Company plans to minimize its use of chemicals and shift to substances that are harmless to the human body. In 2019, the Company's consumption of chemicals rose by 21.7% from the previous year to 30.6 tons due to increases in coating products and their resulting growth in the consumption of powder and related subsidiary materials.

(unit: Ton)

	2019	2018	2017
Total consumption of chemicals	30.6	25.15	27.43

3.6 Waste Management

At Hyundai Elevator, waste is lawfully treated following its waste management process along the cycle of generation, transport and treatment. Furthermore, the Company evaluates its waste processing companies to ensure that waste is processed in conformity with applicable laws, and offers annual environmental training on waste sorting and storage inspection to employees handling and discharging waste. In 2019, the Company generated a total of 269 tons of waste, which is down by 17.7% from the previous year in line with the increasing recycling of waste.

(unit: Ton)

	2019	2018	2017	
Waste	Total	269	327	369
	Landfill	4	7	17
	Incineration	13	10	20
	Recycling	252	310	332
	Total designated waste	44	30	38
	Change in waste generation (%)	(17.7)	(11.4)	3.5

3.7 Environmental Investment

Hyundai Elevator makes environmental investments each year to efficiently maintain and operate its environmental facilities. The environmental operational expenses include waste treatment expenses, pollution control facility repair expenses, and sewage treatment expenses. In 2019, the Company's environmental operational expenses inched down from the previous year to KRW 341 million.

(unit: KRW million)

	2019	2018	2017	
Environmental expenditures	Environmental operation expenses	341	365	357
	Environmental investments	20	30	10

Independent Auditor's Report

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF HYUNDAI ELEVATOR CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of Hyundai Elevator Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 41 to these consolidated financial statements. As discussed in Note 41, the Mount Geumgang and Gaeseong tourism business and the development of Gaeseong industrial complex of Hyundai Asan Corporation, a subsidiary, has been suspended, and the resumption of the business is not determined at the end of the reporting period. The Group cannot reasonably measure the ultimate impact on the financial position at the reporting date, and accordingly, the consolidated financial statements do not reflect the impact.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition based on the input method

Why It Is Determined to Be a Key Audit Matter

As explained in the Note 2 (significant accounting policies), the Group recognizes contract revenue and expenses by allocating contract revenue and contract cost in proportion to the stage of completion of contract activity at the end of the reporting period when the percentage of completion of the performance obligation of the contract using the cost-based input method can be estimated reliably. The percentage of completion is measured by the proportion that costs incurred to date, excluding any contract cost that does not reflect the Group's performance, bear to the estimated total costs of the contract. The Group presents the gross amount due from customer for contract work as contract assets for which costs incurred plus recognized profits (less recognized losses) exceed progress billings, and the gross amount due

to customers for contract work as contract liabilities for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

As explained in Note 3 (critical accounting estimates and assumptions), total contract revenue is measured based on the initial amount of revenue agreed in the contract. However, the measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future event; for example, it can fluctuate based on changes in scope of work, costs, production period and customers' plans with the relevant factors. The measurement of contract revenue is also affected by the percentage of completion measured based on the total contract costs and the aggregated amount costs incurred. Total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others.

Also, as explained in Note 25 (summary of major construction contracts), the estimated total contract revenue and costs are changed due to changes in construction contract, cost of raw materials and others.

We determined the accuracy of revenue recognition using input method as a key audit matter considering that the Group's accounting policy of recognizing revenue based on percentage-of-completion using the input method requires management's accounting estimates and judgements, and the impact of the result is significant on the consolidated financial statements.

How Our Audit Addressed the Key Audit Matter

We obtained an understanding of the accounting policy for the Group's revenue recognition based on the input method, and identified and assessed the relevant changes. We performed test of controls and substantive audit procedures. We obtained an understanding of the design of the internal control for the revenue recognition of contracts using the cost-based input method and tested the operating effectiveness of the following main controls.

- Internal control on review and approval of total contract cost
- Internal control on aggregation and allocation of contract cost
- Internal control on cost allocation by each construction
- Internal control on review of difference between execution budget and completion cost

Also, we performed substantive audit procedures on contract revenue and cost, which are significant components of revenue recognition, and the audit procedures performed are as follows:

- We reviewed significant terms of contracts
- We performed analytical review procedures on major financial ratios such as profit rate
- We checked current progress of major projects and any significant changes incurred at the end of the reporting period
- We recalculated the percentage of completion for the project
- We obtained an understanding of calculation method and significant assumption on the total contract cost and tested samples of its relevant evidences for the calculation
- We checked the projects with a significant difference between the rate of estimated contract cost and the rate of actual construction costs to date
- We tested samples on the occurrence and timing of cost recognition, replacement of each construction which incurred during the year, for each construction contract
- We checked any possible deferred penalties by comparing the construction completion date of the contract to percentage of completion
- We checked disclosures in relation to the contracts using a cost-based input method according to the contract revenue and costs and amended contract

2. Impairment assessment on investments in goodwill

Why It Is Determined to Be a Key Audit Matter

As explained in Note 17 (intangible assets), goodwill amounts to ₩ 52,635 million as at December 31, 2019. The Group performs impairment assessment on goodwill annually. We focused our audit effort on two Cash Generating Units (CGUs); i) Hyundai L&R Co., Ltd., a subsidiary, and ii) Hyundai Asan Corporation. Corresponding goodwill amounts recognized are ₩ 22,141 million and ₩ 22,591 million, respectively. We determined the above goodwill as key audit matter considering that its significance in size and the future estimated cash flow that requires the management's judgement on the future business estimation and discount rates and others for the impairment assessment on goodwill.

How Our Audit Addressed the Key Audit Matter

We performed the following audit procedures to address the key audit matter.

- We evaluated the independence and adequacy of the expert who involved in valuation of recoverable amount
- We assessed the appropriateness of valuation models used by management to estimate the recoverable amounts
- We compared the cash flow forecasts used in the impairment models to forecasts approved by management.
- We assessed the reasonableness of the key assumptions used for the recoverable amounts estimation.
 - We evaluated the consistency of the sales growth rate, profit rate and forecast of investing activity forecasts on the business plan by comparing them with historical performances and market conditions
 - We compared the current year performance to prior year estimation
 - We compared the discount rates used by management with those calculated independently using observable information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chihyung Won, Certified Public Accountant.

Seoul, Korea

March 17, 2020

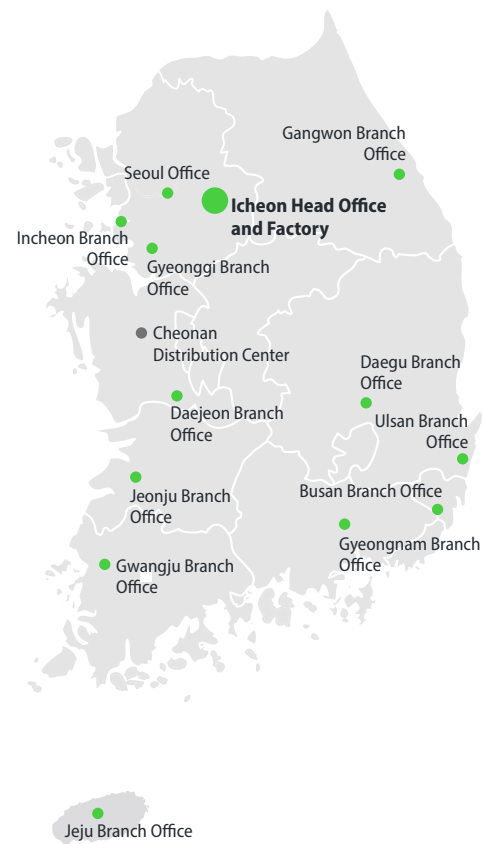
This report is effective as of March 17, 2020, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Global Network

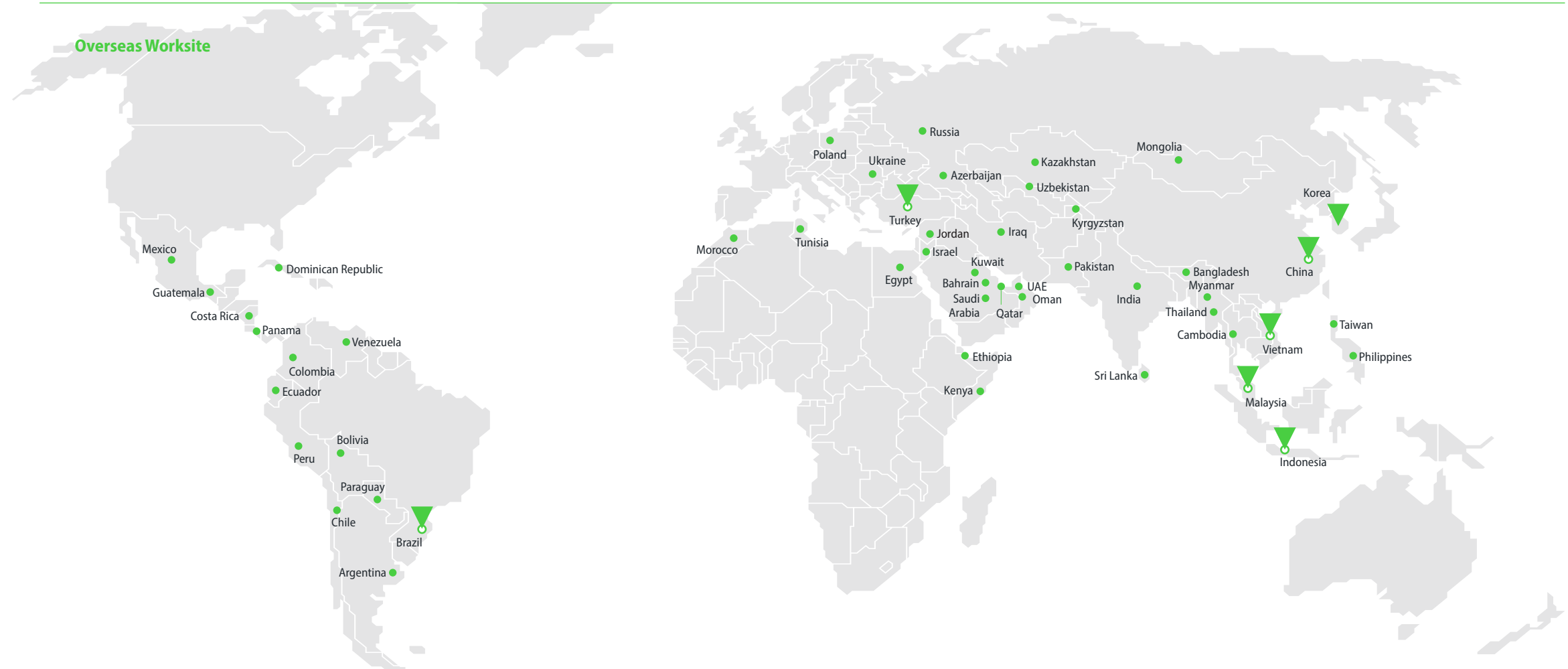
Major Business Units

At Hyundai Elevator, we operate the Head Office in Icheon and the Seoul Office, along with 12 branch offices throughout Korea. Our overseas network includes six overseas corporations as well as overseas agencies spanning 49 countries across the globe.

Domestic Worksite



Overseas Worksite



● Head Office/ Factory

Icheon Factory 1, 2, 3, R&D Center,
Hyundai Customer Care Center (HCCC)

● Domestic Office

Seoul Office, Gyeonggi Branch Office, Busan Branch Office, Incheon Branch Office, Daejeon Branch Office, Daegu Branch Office, Ulsan Branch Office, Gangwon Branch Office, Jeonju Branch Office, Gwangju Branch Office, Gyeongnam Branch Office, Jeju Branch Office

● Distribution Center

Cheonan Distribution Center



○ Overseas Corporations

China, Malaysia, Vietnam, Indonesia, Turkey, and Brazil

● Overseas Agencies

9 in Asia, 9 in the Middle East, 13 in the Americas, 5 in Africa, and 7 in Europe and CIS

Worksite Status

Head Office

(Icheon City, Gyeonggi Province)

- Factory 1, 2, 3: 44,040 m² in size
- Hyundai Asan Tower: World's top-tier elevator test tower
- Hyundai Customer Care Center (HCCC): Real-time remote management service (HRTS) and customer counseling
- Manufacturing Unit, R&D Unit, New Factory Construction Unit, Procurement Unit, Quality Unit, Safety Unit

Seoul Office

(Yeonji-dong, Jongno-gu, Seoul)

- Elevator Business Division, Service Division, Finance Division, Management Division
- Global Sales Unit, Installation Unit, Business Support Unit
- Remodeling Unit, Auto Parking System Business Unit, Digital Innovation Unit, Product Strategy Unit, Ethics Management Unit

Chinese Factory

(Shanghai, China)

- 28,716 m² in size
- Manufacturing of elevators and escalators
- Elevator test tower (72m in height)
- A new factory under construction (set for completion in the second half of 2020)

Major References

Key Domestic Site

Site	Elevator		Escalator/Moving Walk			Note
	Maximum speed (mpm)	No. of units	No. of escalators	No. of moving walks	Total No. of units	
Busan International Finance Center (BIFC)	600	32	14		46	Korea's fastest elevator
Songdo G Tower	360	18			18	
Park Hyatt Busan	360	11			11	
Hill State Ijin Bay City	300	58	6		64	
Naver's new office building	300	38	2		40	
KEPCO's Head Office in Naju	300	22	4		26	
Yongsan Central Park Harrington Square	240	54	10		64	
Seoul Dragon City	240	33	10		43	Korea's first LED glass escalator
Ilsan The Sharp Gravista	240	31			31	
Hill State Samsung Station	240	30	10		40	
Ilsan Urban Sky	240	23			23	
LG U+ Yongsan Office Building	240	10	2		12	Korea's first double deck elevator
Ansan Gran City Xii	210	92			92	
Songdo M1 residential-commercial complex	210	81	4		85	
Hill State Songdo The Terrace	210	69	3		72	Korea's first JUMP elevator
Yongin Dongbaek Severance Hospital	210	28	6		34	
Icheon Lotte Castle Gold Sky	210	21		10	31	
SK Hynix R&D building	180	19			19	
Choji Station Major Town Prugio (Metro, Eco, Park complexes)	150	78			78	
Officetel in the main commercial district of Misa-dong, Hanam City	150	43	29		72	
Hyundai Department Store Pangyo	120	37	82		119	
SK Hynix MF	105	24			24	
Hyundai Premium Outlet (Daejeon, Namyangjoo)	90	39	74		113	
Starfield City Wirye				26	26	
Gimpo Han River Central Square			24		24	
Lotte Outlet Gunsan			22		22	
E-Mart Traders Gimpo				18	18	

Key Overseas Site

Country	Site	Elevator		Escalator	
		Maximum speed (mpm)	No. of units	No. of units	Total No. of units
China	Nanmen Dashijie, Qinghai	240	22	19	41
	Guoji Fuzhuangcheng, Pucheng	105	25	84	109
	Dongping Laohuzhen, Jinan	90	418		418
	Harbin Metro No. 1 (phase 3)	60	10	55	65
Turkey	Metropol	360	99	29	128
	Izmir Hospital	105	110	20	130
	YDA Konya Hospital	105	72	42	114
	Dogus Metro	60	62	196	258
Malaysia	Genting Highland T3 & T4	300	59	44	103
	M Vertica	240	37		37
	Galeri Tropika 2	240	22	8	30
	Suez Domain Block E,F,G & Podium	210	37	52	89
Vietnam	PPA1M Kota Bahru	150	24		24
	D'Capital	210	49		49
	HH2 Phuc Hung A, B	180	43		43
	Vincity Ocean Park	150	68		68
Philippines	Ecohome 3	150	28		28
	Manila Bay Mall	150	16		68
Saudi Arabia	SM Four E-Com	105	42	52	42
	Security Forces Medical City	150	284	24	308
Israel	MK-955: Al Thakher	150	48		48
	YBOX Bat Yam L1-L5	240	5		5
Indonesia	Gallery West	240	23	10	33
	Hotel Mercure Lampung	210	15		15
Sri Lanka	Waterfront	240	81	21	102
Myanmar	Yangon Hotel	180	20		20
Qatar	Al Majed Tower	180	10	18	28
Guatemala	Plaza Presidente	120	11	17	28
UAE	Al Qusais Bldg(Pak A)	105	57		57
Argentina	Om Recoleta	105	9		9
Costa Rica	Oxigeno	90	18	42	60

Company History

Establishment 1984~1989

- May.1984** Founded Hyundai Elevator Co., Ltd.
- May.1985** Completed the Icheon Elevator Factory (Factory 1)
- Sep.1986** Completed the Icheon Escalator Factory and Elevator Test Tower
- Jul.1988** Completed the Icheon Escalator Factory 2

Momentum 1990 ~ 1999

- Aug. 1993** Established the Chinese joint venture Shanghai Hyundai Elevator Co., Ltd.
- Sep. 1993** Established a joint venture in the Philippines (Hyundai Elevator Services Phils., Inc.)
- Nov. 1995** Completed the Cheonan Distribution Center
- Jul. 1996** Listed on the Korea Exchange
- Mar. 1998** Obtained the ISO 9001 and ISO 14001 certifications for elevators, Auto-Parking Systems and Materials Handling Systems from DNV

Growth 2000~2009

- Jul. 2001** Became the first Korean company to obtain the CE Mark (European safety standards) for elevators (DNV)
- Sep. 2004** Awarded with the Golden Tower Industrial Medal at the 28th National Productivity Innovation Competition (granted by the President)
- Feb. 2005** Awarded with the Top Prize at the Most Admired Business and Businessmen Awards 2005 (Federation of Korean Industries, Seoul Economic Daily)
- Mar. 2006** Opened a round-the-clock customer center capable of handling customer complaints and serving customers

- Apr.2009** Completed the world's tallest ultra-high-speed elevator test tower 'Hyundai Asan Tower' (205m) and the Chung Mong-hun R&D Center
 - Installed Korea's fastest elevators (600m/min, Hyundai Asan Tower)
 - Installed the world's fastest observation elevators (420m/min, Hyundai Asan Tower)

Apr. 2009 Surpassed the 100,000 mark in elevator shipment

Jul. 2009 Exported ultra-high-speed elevators (480m/min) to the Venezuelan governmental complex

- Nov.2009** - Developed and installed the world's fastest elevators (1,080m/min, Hyundai Asan Tower)
- Developed and installed the world's fastest double deck elevators (600m/min, Hyundai Asan Tower)

Go Global! 2010~2020

- Jun. 2010** Became the first Korean company to be rated A under the German elevator energy efficiency certification program (TÜV, Germany)
- Feb. 2012** Awarded at the iF Product Design Award 2012 for the Destination Selecting System
- Mar. 2013** Set a record in Korea in exceeding the injury-free target by 15 times (remained injury-free for 5.4 million hours, Korea Occupational Health and Safety Agency)
- Mar. 2013** Opened Hyundai Customer Care Center
- Jan. 2014** Established a Vietnamese joint venture (Hyundai Thanh Cong Elevator Vietnam Co., Limited)
- Jan. 2014** Increased the equity ownership of the Shanghai joint venture to 100%
- Apr. 2014** Completed a factory in Brazil
- Jun.2014** Installed Korea's fastest elevators (600m/min, Busan International Finance Center)
- Dec. 2014** Installed and operated Korea's longest escalators (57m, Shinnam station, Line No. 3, Daegu Metro)

- Feb.2015** Installed and operated Korea's first double deck elevators (LG U+ office building in Yongsan)

Aug. 2015 Completed Korea's first elevator training center Hyundai Elevator Institute of Technical Education

Sep. 2015 Awarded with the Golden Industrial Medal at the 39th National Productivity Competition (granted by the President)

- Nov.2015** Entered the Hall of Fame that recognizes businesses with outstanding quality competitiveness (Ministry of Trade, Industry, and Energy, Korean Agency for Technology and Standards / Korean Standards Association)

Apr. 2016 Announced Hyundai Elevator globalization strategy and Vision 2030

- Jul.2016** Exceeded the 2,000 mark in monthly production output at the Icheon Factory

Aug. 2016 Surpassed the 200,000 mark in cumulative elevator production (since 1984)

Sep. 2016 Established a joint venture in Turkey (Hyundai Elevator Asansör ve Servis Sanayive Ticaret Anonim Şirketi)

Sep. 2016 Declared Vision 2020 at the Shanghai corporation

Oct. 2016 Surpassed the 20,000 mark in the number of HRTS (Hyundai Real Time Service) units

Oct. 2016 Became the first elevator maker to obtain the global carbon management certification (CARBON TRUST Standard)

Nov. 2016 Launched world's first LED glass-adopted elevators and escalators

- Dec.2016** Exceeded the 20,000 mark in annual production output at the Icheon Factory

Mar. 2017 - Became the first-ever elevator maker in the world to be awarded with the Gold Prize at the iF Design Award for 'ANYVATOR'

- Awarded at the iF Design Award for 'in/out lights' used for parking facility

- Jun.2017** Surpassed 2,000 units in the number of elevators installed per month

Jun.2017 Rated 'Excellent' for three consecutive years by the Win-Win Index (Korea Commission for Corporate Partnership)

Jul. 2017 Spun-off the non-elevator operations (logistics, PSD) / Launched Hyundai Movex

- Oct.2017** Surpassed the 130,000 mark in the number of paid maintenance elevators

- Nov.2017** Awarded with the Prime Minister Citation for outstanding performance in sharing business benefits during the 2017 Win-Win Growth Week (Ministry of Trade, Industry and Energy, Korea Commission for Corporate Partnership)

Dec.2017 Exceeded the 20,000 mark in the number of elevators installed per year

Mar. 2018 Started the construction of a new factory in Shanghai, China

Mar. 2018 Acquired 100% equity of the Turkish joint venture

Mar. 2018 Ranked 1st for seven consecutive years in the Elevator Sector of the Korea-Brand Power Index published by KMAC

Jun.2018 Graded 'Excellent' for four consecutive years in the Win-Win Growth Index published by the Korea Commission for Corporate Partnership

Jun.2018 Launched the 'Hyundai Smart System', an AI chatbot-enabled maintenance service

Aug. 2018 Acquired 90% equity of the Malaysian joint venture

Sep.2018 Landed Korea's 1st JUMP Elevator order

Sep. 2018 Became the 1st-ever elevator maker in the world to be named a Finalist at the IDEA Awards in the U.S.

Dec. 2018 Launched the VIVALDI, a new low-to-mid speed model

Jan. 2019 Won the Platinum Award for the 2018 Annual Report at the LACP Vision Awards in the U.S.

Mar. 2019 Developed an AR/VR-enabled elevator design selection system

Mar. 2019 Ranked first for eight consecutive years in the Elevator Sector of the Korea-Brand Power Index published by KMAC

Apr. 2019 Forged a strategic partnership (Hoa Binh Construction Group) in Vietnam

Jun. 2019 Upgraded in corporate credit rating (A/Stable, NICE Investors Service)

Jun. 2019 Signed an investment agreement with Chungju City and North Chungcheong Province (MOU)

Sep. 2019 Upgraded in corporate rating outlook (A/Positive, Korea Ratings Corporation)

Oct. 2019 Signed an MOU with KT to conduct AI elevator business

Feb. 2020 Won the Gold Award for the 2019 Annual Report at the LACP Vision Awards in the U.S.

May2020 Developed the world's first carbon fiber belt-type ultra-high-speed elevator moving at a speed of 1,260m/min

Report Preparation

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Global Sales Unit

Global Marketing Team /
Ji-Hye Lee

Installation Unit

Installation Planning Team /
Jin-Won Moon

Remodeling Unit

Remodeling 2 Team /
Jae-Gook Sung

Auto Parking System Business Unit

Auto Parking System Sales Team /
Chang-Young Song

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Service Business Management Team /
Woo-Min Shim

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Production Technology Team /
Eui-Jun Kwon

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MES TF / Duk-Jung Kim

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Seok-Jun Moon
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Eui-Jun Baek
Global Business Management Team /
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Jae-Wan Hur

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Quality Management Team /
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Environmental Health & Safety Team /
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Talent Development team /
Doo-Hee Kim

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 **HYUNDAI ELEVATOR**