



**Min Keh-sik**  
Vice Chairman & CEO/CTO

## To Our Valued Stakeholders,

At Hyundai Heavy Industries, we believe that greatness in any business begins with consistently meeting—and exceeding—expectations over time. It gives us great pleasure to say that we once again exceeded expectations as we set new records for both orders and sales in 2008. While we fell slightly short of our ambitious order target, we still grew orders by 9.8% to USD 27.5 billion. Our robust multi-year orderbook helped us easily surpass our sales target as we grew sales 28.5% to nearly KRW 20 trillion. Despite volatile exchange rates, soaring raw materials prices and the global credit crunch that hit late in the year, our solid business portfolio, technical leadership, and labor-management relations enabled us to post an operating income of KRW 2,206.2 billion and net income of KRW 2,256.7 billion, respective increases of 26% and 30%. We also continued to strategically lay the foundation for future growth during the year as investments in our new Gunsan shipyard and Eumseong photovoltaic cell and module plant proceeded on schedule.

Looking ahead into 2009, virtually every sector of the global economy faces unprecedented uncertainty and the prospect of even tougher competition as industry overcapacity worsens in the current downturn. That said, our record 2008 order performance combined with a robust three-plus-year orderbook puts us in a strong position to ride out the challenges before us. Overall, we expect each of our six major businesses with the exception of construction equipment to deliver solid sales growth in the coming year. We are aiming for orders of USD 21.1 billion and sales of KRW 2,287.6 billion as we invest KRW 1,430 billion in capital expenditures to expand our shipbuilding and nascent alternative and renewable energy businesses.

Given the formidable challenges that lie before us, we have set three strategic directions to guide us as we pursue continued growth in the coming year.

Our first focus will be on improving our operating structure. We will be firmly breaking from the high-overhead structure and business practices that taken root during our growth-centric business expansion of the past few years. In addition to limiting expenditures on organization, personnel, and investments to the absolute essentials, we will be sharpening competitiveness by taking aggressive steps to reduce costs based on a top-to-bottom analysis of our cost structure.

Our second focus will be on ensuring our organization is capable of responding to whatever challenges lie ahead. In addition to keeping a close eye on emerging businesses and product markets to get a competitive jump on those new opportunities, we will be working closely with existing customers to ensure we keep their business. We will also be looking for creative ways to optimize our current production and material procurement systems for the current business climate as we sharpen our competitiveness by focusing on effectively managing the risks and opportunities of today's volatile currency exchange and raw materials markets.

Our third focus will be on ensuring we provide a safe and rewarding workplace for our people. We will be stepping up our workplace health and safety initiatives as we continue to adopt and implement strict work standards and regulations. Guided by a spirit of excellence and labor-management unity, we will also continue to foster a proactive and progressive corporate culture that will help our people achieve their full potential as we strive to live up to the highest standards of corporate citizenship.

In closing, we would like to thank you again for your interest in Hyundai Heavy Industries. We have faced many business ups and downs since our founding in 1972, overcoming every challenge that has come our way. We are confident that the strong bonds of unity and cooperation we have forged with labor over the years will enable us to wisely weather the present difficult business environment and emerge stronger than ever in the years ahead. Whether you are an investor, customer, partner, employee, or community member, we would be honored to have you on board with us in 2009 as we continue to create new value that will satisfy great expectations around the globe.



**Choi Kil-seon**  
President & CEO

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Vice Chairman & CEO/CTO

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