

2Q 2022 Earnings Release

**HYUNDAI
OILBANK**



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I. 2Q 2022 Earnings

II. Investment Highlights

III. Appendix



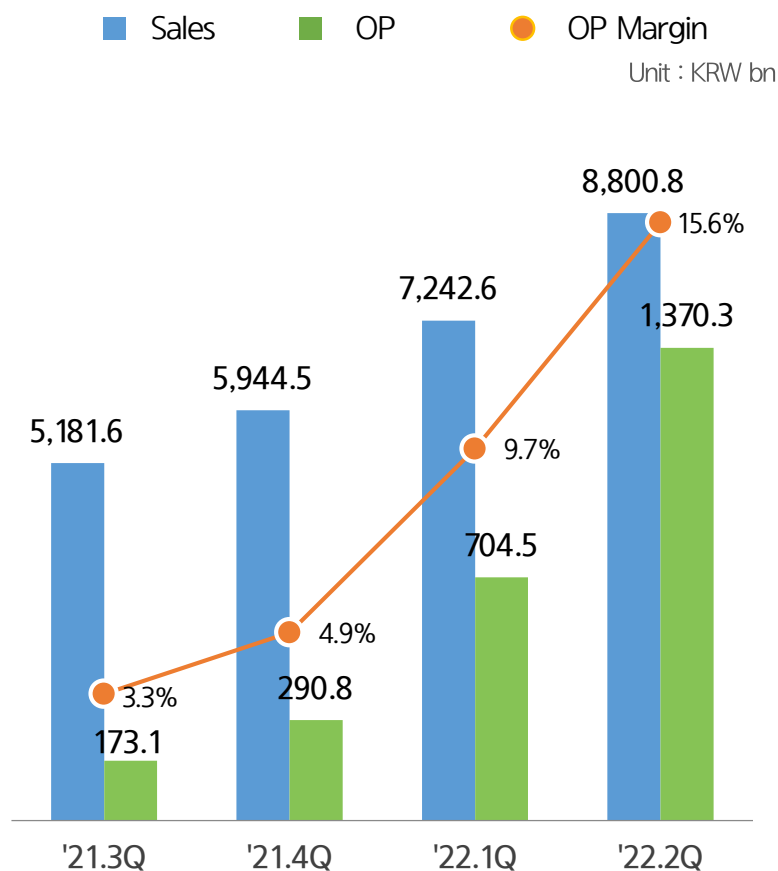
I. 2Q 2022 Earnings

1. Consolidated Earnings
2. Earnings by Business Segment
3. 2Q 2022 Market Conditions
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1. Consolidated Earnings

Hyundai Oilbank's consolidated operating profit in the second quarter was KRW 1,370.3 billion, up KRW 665.8 billion QoQ, while margins improved due to supply disruptions due to Russian sanctions and increased demand during peak season.

2Q 2022 Consolidated Earnings



• 2Q 2022 Operating Profit KRW +1,370.3 bn

- Achieved KRW 1,370.3 bn in operating profit in 2Q as margins improved due to rising oil price and product cracks
- QoQ increase : + KRW 665.8 bn, YoY increase : + KRW 1,104.6 bn

• Refining Margin improved as oil price & product crack rose

- Oil prices rise due to concerns about supply and demand disruptions due to Russian sanctions (96.2 → 108.2 \$/B)
- Product crack rose due to mobility demand recovery and low inventories worldwide
- Cracks : (QoQ) Gasoline 15.1→29.4 \$/B, Gasoil 22.1→51.5 \$/B

2. Earnings by Business Segment

2Q 2022 Earnings

Unit : KRW bn

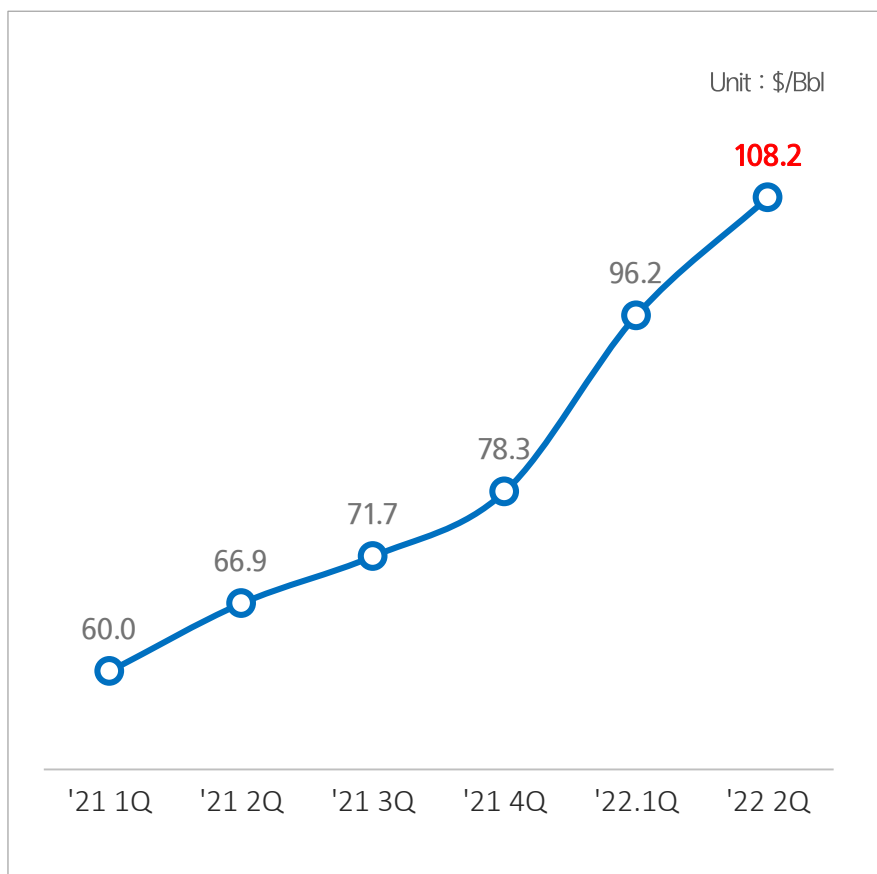
Business	'22.2Q			'22.1Q			'21.2Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Refining	8,241.1	1,125.9	13.7%	6,999.3	665.1	9.5%	4,751.1	90.9	1.9%
Petrochemical	2,236.0	219.4	9.8%	1,723.2	36.6	2.1%	982.5	73.7	7.5%
Lube Base Oil (Newly consolidated*)	286.4	29.4	10.3%	261.4	16.4	6.3%	281.7	92.1	32.7%
Others/Adjustments	-1,962.7	-4.5		-1,741.3	-13.6		-1,071.2	9.0	
Consolidated Earnings	8,800.8	1,370.3	15.6%	7,242.6	704.5	9.7%	4,944.0	265.7	5.4%

※ Please refer to *Appendix* section for non-consolidated subsidiaries

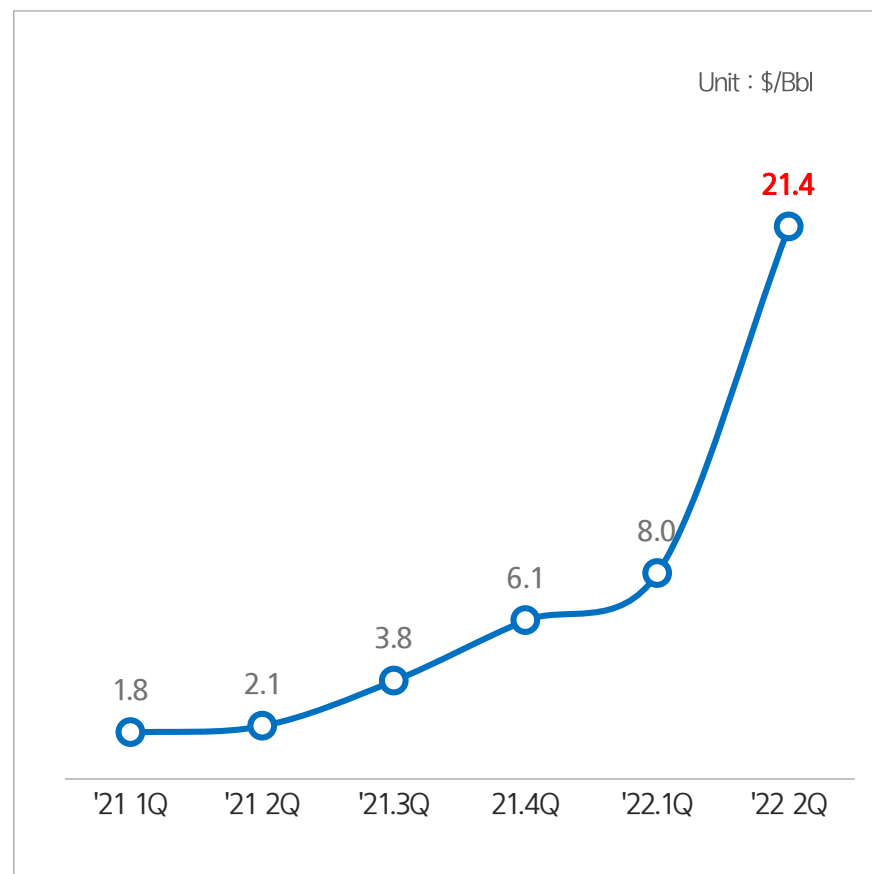
3. 2Q 2022 Market Conditions (Refining)

Oil prices continued to rise in the second quarter due to concerns about supply disruptions and a crude oil embargo adopted by the West after Russia's invasion of Ukraine.

Dubai Oil Price



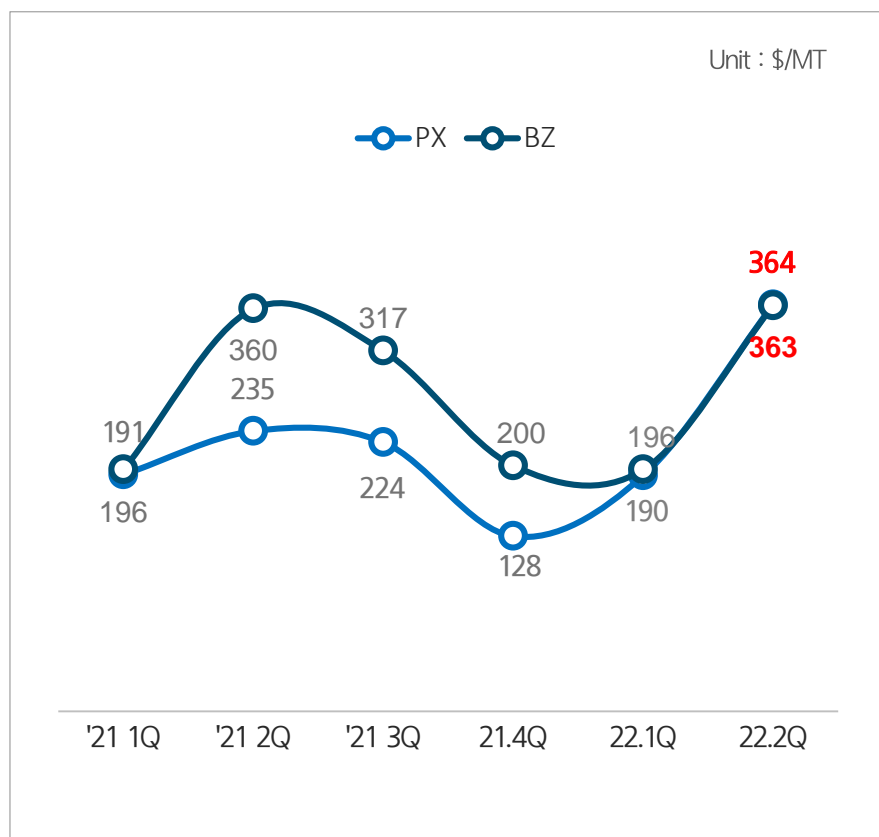
Singapore Refining Margin



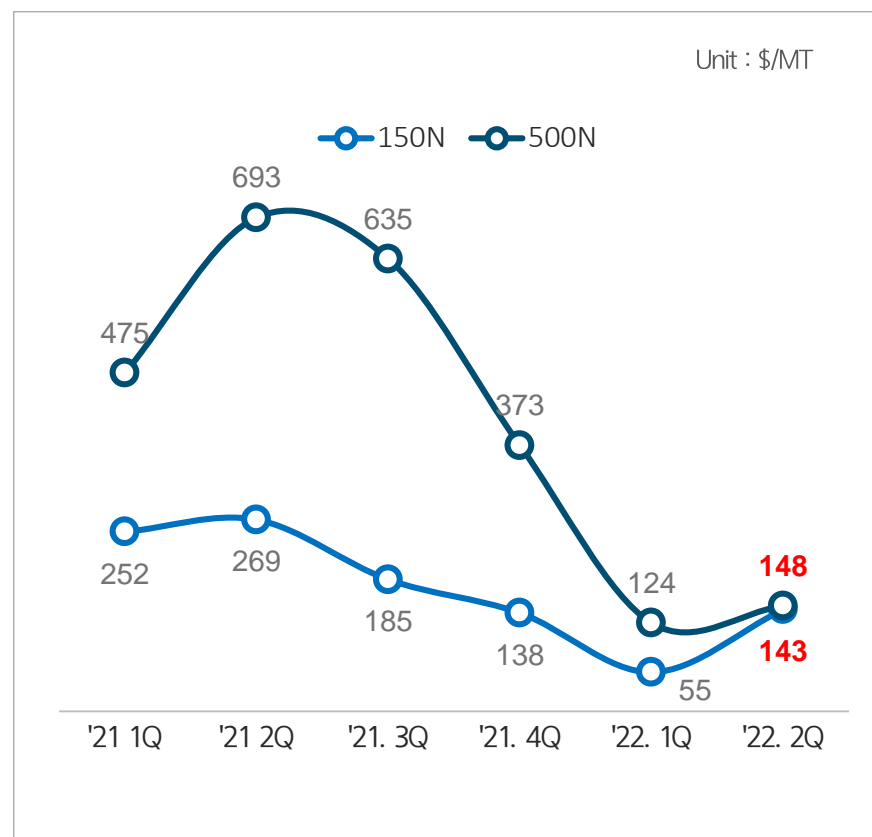
3. 2Q 2022 Market Conditions (BTX/Base oil)

PX margin improved in 2Q due to increased demand for gasoline blending in the US, and BZ margin improved due to easing of oversupply caused by spread narrowing in 1Q. For lube base oil, the spread increased due to a rise in base oil price along with a rise in oil prices and a decrease in base oil supply due to preferential production of diesel.

BTX Margin



Base Oil Margin



4. Market Outlook by Business Segment

22. 3Q Outlook

22. 4Q Outlook

Refining

- Concerns about economic slowdown exist, but support for demand recovery after Corona, reduced production capacity of OPEC+ and supply disruptions
- Demand for gasoline in peak season fell short of the previous year, and inventory and cracks were stabilized
- Kero/diesel are concerned about economic downturn, but maintain strong fundamentals due to limited supply

- Oil demand outlook
: Amid concerns about economic recession and insufficient production capacity, demand is expected to stabilize in the fourth quarter after peaking in the third quarter (end of US driving season)
- Cracks outlook
: Gasoline 10~15\$/B, Gasoil 35~40\$/B

Petro-chemical (BTX)

- PX: Weak outlook due to concerns about lockdown in major cities in China and stagnant PTA demand
- BZ : Weak outlook due to weak SM demand and increased BZ supply in 3Q
- PE/PP: The decline in polymer demand is expected due to the deterioration of the downstream industry due to the global economic downturn.

- PX : Weak outlook due to supply increase when new PX plant in Shenghong, China starts operation
- BZ : Expected to remain flat on reduced SM operation and recovery of US BZ demand
- PE/PP : Weakness expected to continue as there is downward pressure due to seasonality and year-end inventory reduction

Lube Base --- Carbon Black

- For Lube base oil, India's monsoon season and China's coronavirus lockdown are expected to reduce demand in the region
- Carbon black margin continue to remain strong due to tight supply and demand in Asia

- For lube base oil, the supply is expected to decrease in the winter due to the concentration of diesel production by oil refiners, so the trend is expected to remain strong.
- Carbon black margin deteriorated as carbon black prices fell due to falling oil prices

II. Investment Highlights

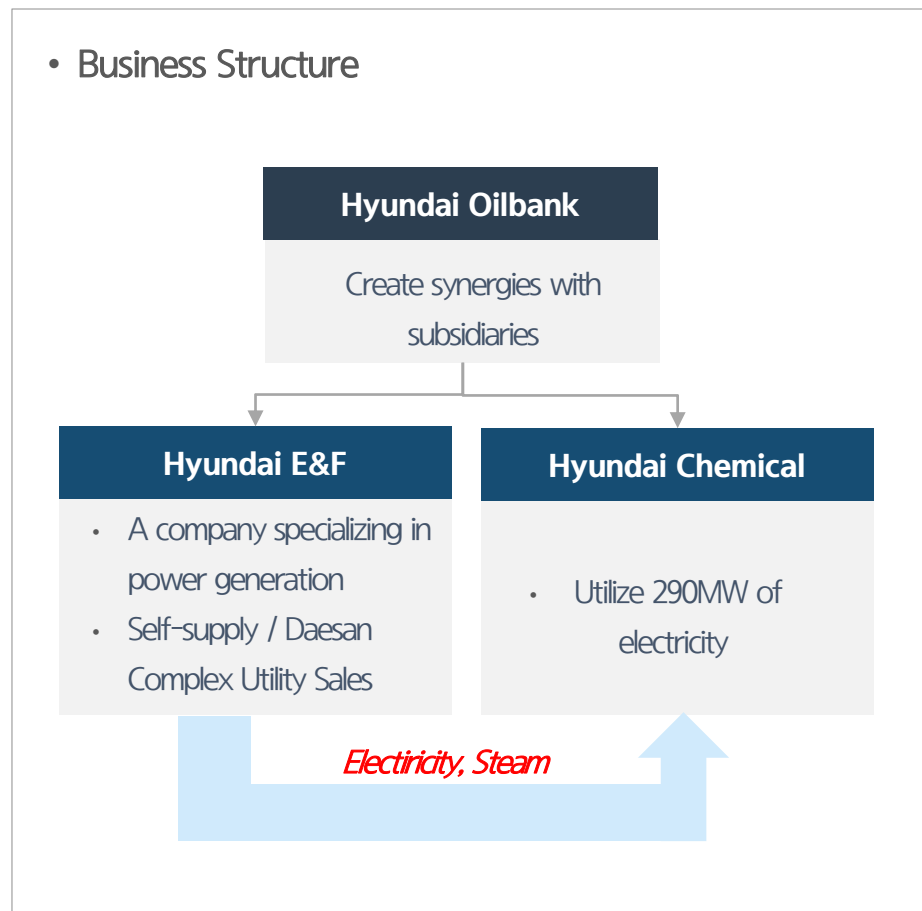
1. LNG Power Generation Business



LNG Power Generation Business

Hyundai E&F was established in June 2021 (100% stake) to promote the LNG collective energy business, and the project is underway with the goal of commercial operation of an eco-friendly LNG power plant capable of hydrogen co-firing in October 2025.

Business Structure



Business Summary

- Business summary
 - Hyundai E&F promotes group energy business to supply electricity and steam to Hyundai Chemical through investment in LNG power generation facilities
 - investment scale : KRW 380 bn
 - Reflecting hydrogen co-firing other than LNG (max 30%)
- Business Status
 - June '21 : Establishment of Hyundai E&F
 - Oct '21 : Acquired license for collective energy business
 - Nov '21 : Board approval for collective energy project
 - Oct '25 : Commercial operation
(electricity 290WM, steam 230 ton/hr)
- Business Site
 - Remaining land in the Daesan plant: 7,200 m2

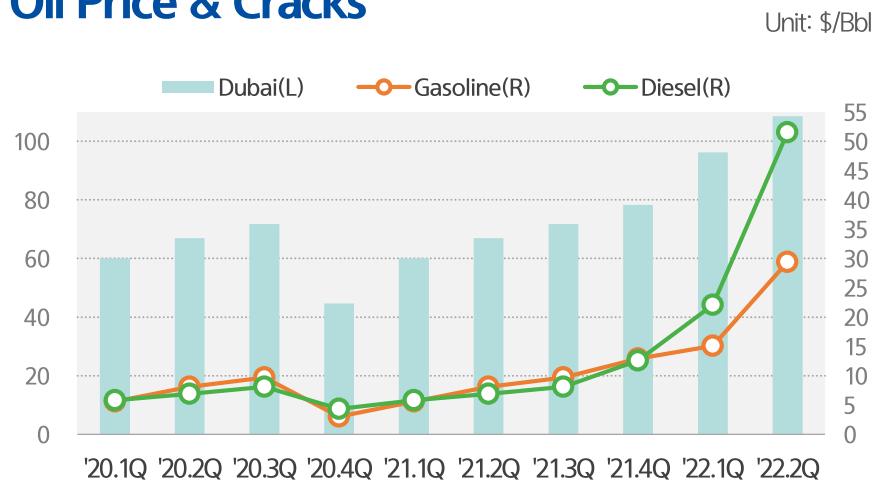
III. APPENDIX

1. Hyundai Oilbank
2. Hyundai Chemical
3. Hyundai Shell Base Oil
4. Hyundai OCI
5. Financial Ratios
6. Financial Statements

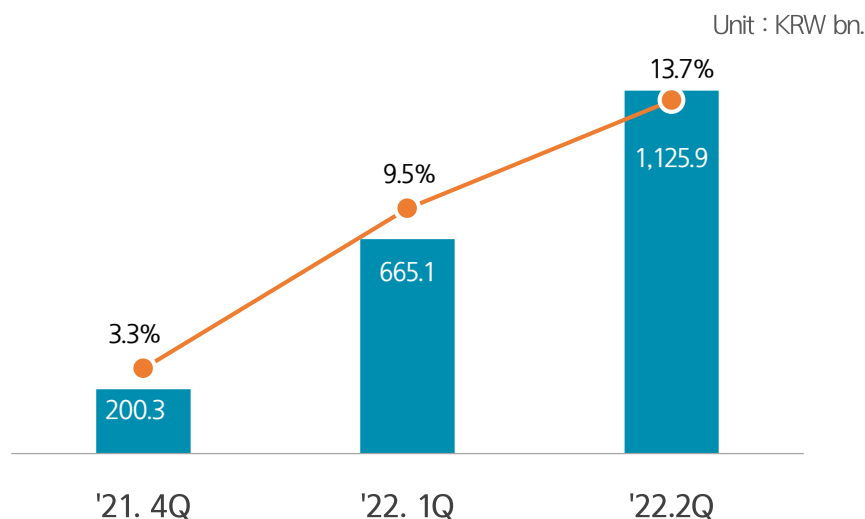


1. Hyundai Oilbank Key Indicators & Results

Oil Price & Cracks



Hyundai Oilbank Operating Income (Separate)



2Q Analysis

- Oil prices strengthened due to sanctions against Russia and lack of production capacity for OPEC+
- Gasoline enters the peak season and strengthens offshore market conditions
- Kerosene/diesel recorded unprecedented strength due to a decrease in Russian diesel supply and continued low inventories in Europe

3Q Outlook

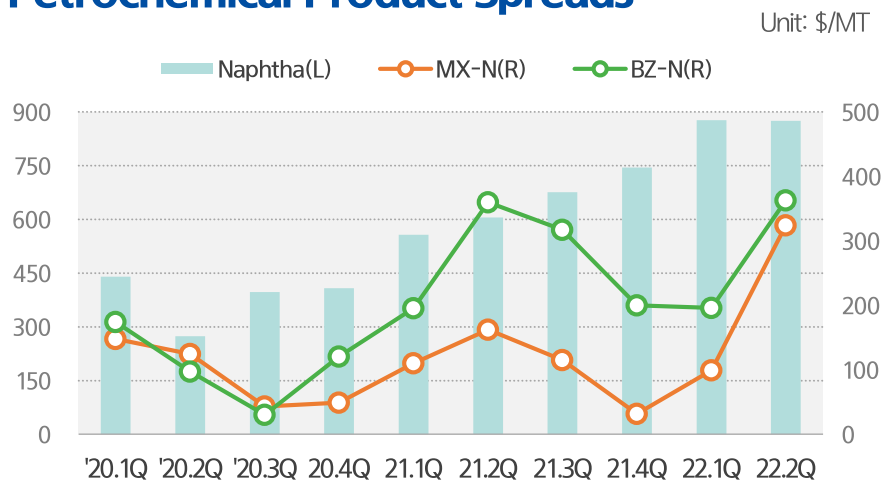
- Oil prices are expected to remain strong due to increased demand and supply shortages in the summer season, amid concerns about an economic downturn and increased volatility after June.
- Gasoline expected to turn bearish with end of peak season
- For kerosene/diesel, margins are expected to be supported due to continued low inventories, but concerns persist over downward pressure from the global recession

QoQ Analysis

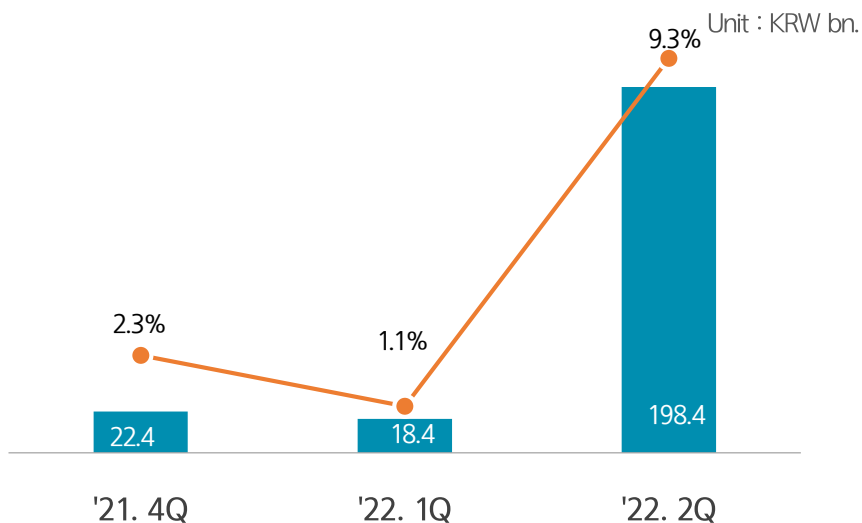
- Increase in refining margin due to improved crack margin
('21.4Q → '22.1Q oil price rose by 17.9\$/B
'22.1Q → '22.2Q oil price rose by 12.0\$/B)

2. Hyundai Chemical Key Indicators & Results

Petrochemical Product Spreads



Hyundai Chemical Operating Income



• 2Q Analysis

- The MX spread rose sharply due to the increase in export demand to the US due to the occurrence of a price difference between regional and offshore due to the strong US gasoline price. Meanwhile, due to regular maintenance by Japanese MX companies (Taiyo company: 700,000 ton/year), the supply in the region decreased and increased significantly.

• 3Q Outlook

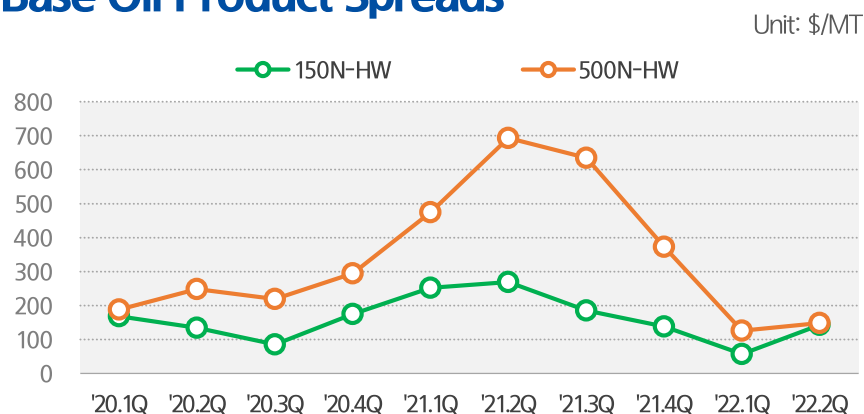
- The MX spread is expected to adjust due to a decrease in export demand to the US and an increase in supply following the end of regular maintenance in the region.

• QoQ Analysis

- Profit increased significantly QoQ due to the sharp rise in kerosene and diesel product cracks (Diesel 21.6\$/B → 2Q2 \$51.6/B) and BTX spread (MX 99.2\$/ton → 324.2\$/ton)

3. Hyundai Shell Base Oil Key Indicators & Results

Base Oil Product Spreads



• 2Q Analysis

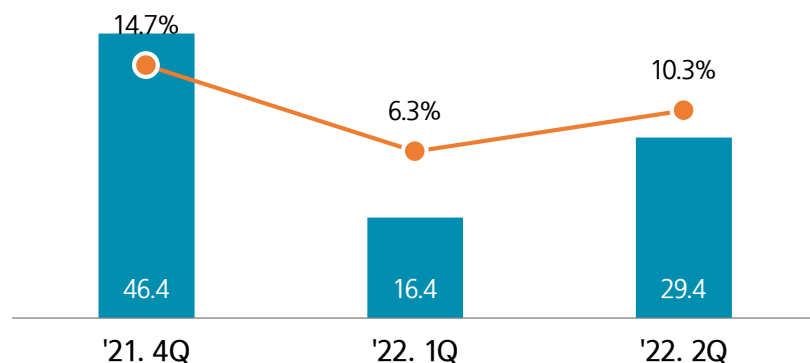
- Diesel production preferentially reduces the supply of lube base oil and improves spread

• 3Q Outlook

- In the aftermath of the monsoon season in India and the impact of China's corona lockdown, the demand in the regional market is expected to decrease, so it is expected to remain weak.

Hyundai Shell Base Oil Operating Income

Unit : KRW bn.

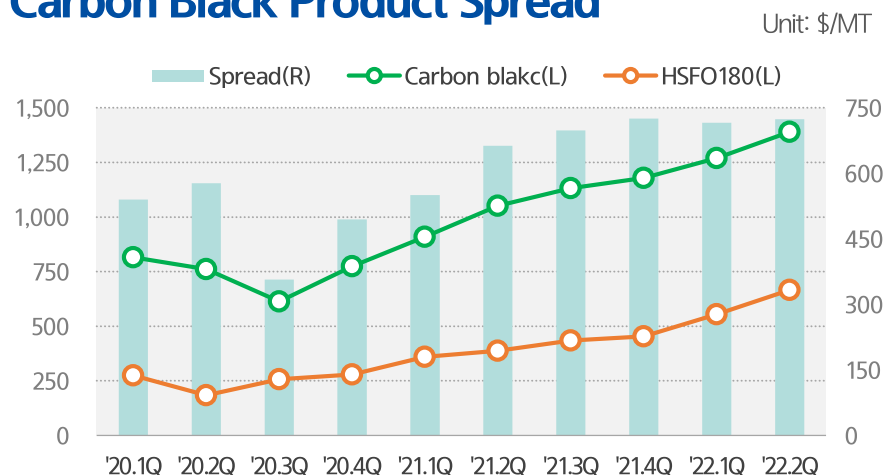


• QoQ Analysis

- Spread increase due to decrease in lube base oil supply due to preferential production of diesel

4. Hyundai OCI Key Indicators & Results

Carbon Black Product Spread



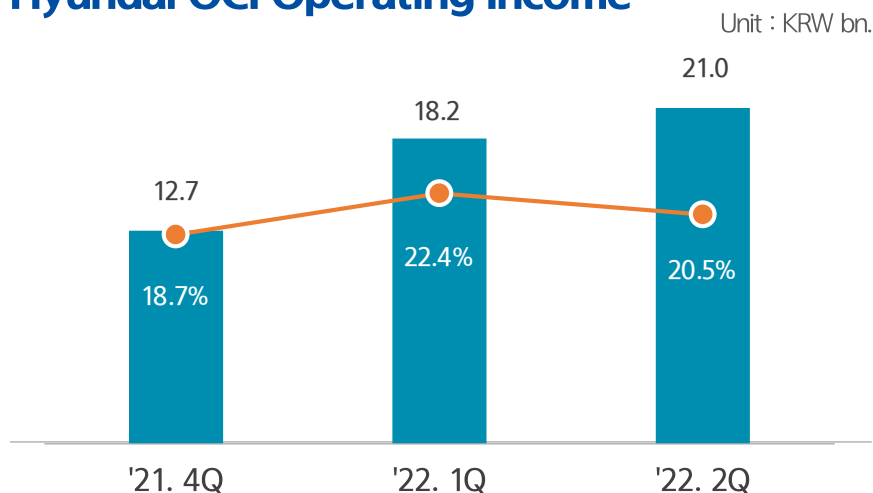
• 2Q Analysis

- Carbon black price in 1Q rose by \$120 / ton QoQ with oil price increase in the previous quarter. Accompanied by increase in raw material price, Carbon black-HSFO spread increased by \$8 / ton QoQ.

• 3Q Outlook

- Carbon black price expected to rise as tight supply in Asia continues due to rising raw material prices and prolonged war in Russia and Ukraine

Hyundai OCI Operating Income



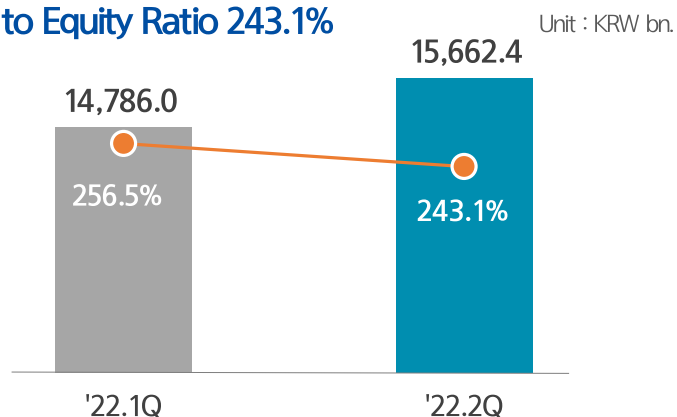
• QoQ Analysis

- Operating profit increased by KRW 2.8 billion QoQ due to carbon black price increase, despite increase expenses incurred by '22 regular maintenance.

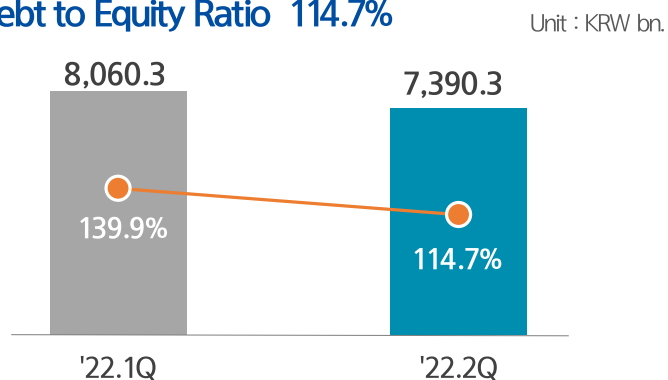
5. Financial Ratios

Consolidated Financial Ratios

- Debt to Equity Ratio 243.1%

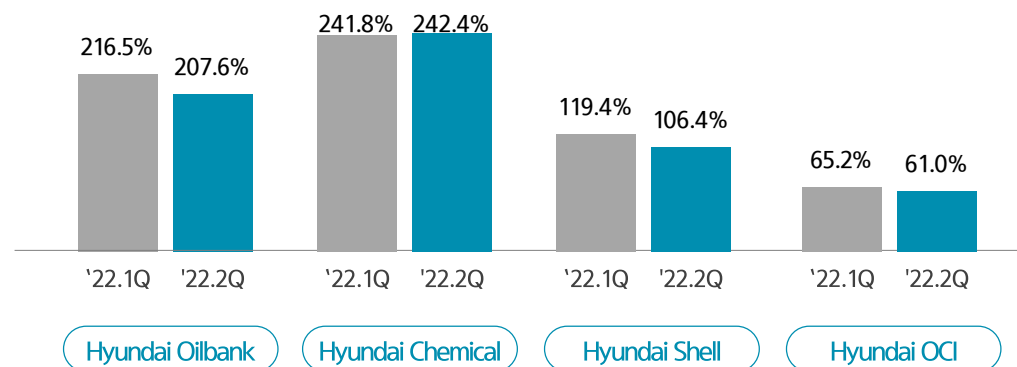


- Net Debt to Equity Ratio 114.7%

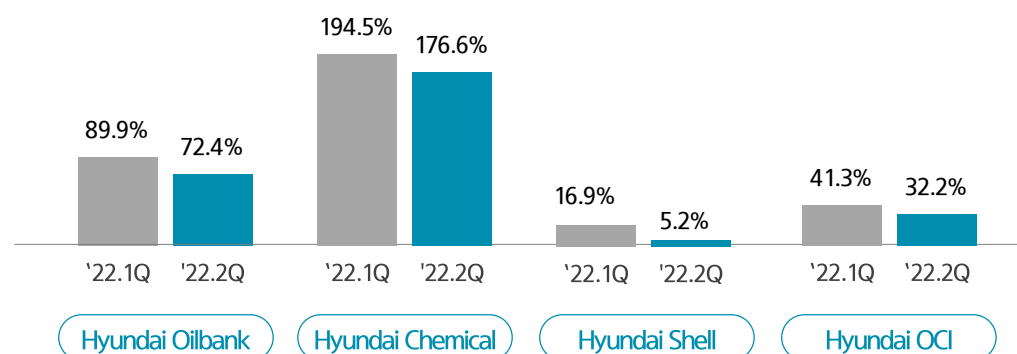


Separate Financial Ratios

- Debt to Equity Ratio



- Net Debt to Equity Ratio



6-1. Financial Statements – Hyundai Oilbank (Consolidated)

Consolidated Income Statement

Unit : KRW bn.

구 분	'22.2Q	QoQ	YoY	'22.1Q	'21.2Q
Sales	8,800.8	21.5%	78.0%	7,242.6	4,944.0
Cost of goods sold	7,273.8	13.8%	59.9%	6,390.0	4,549.5
Gross profit	1,527.0	79.1%	287.1%	852.6	394.5
Operating profit	1,370.3	94.5%	415.8%	704.5	265.7
OP Margin	15.6%	5.8%p	10.2%p	9.7%	5.4%
Non operating Income & expenses	(265.4)			(98.1)	(38.1)
Equity method gains	(4.1)			(20.2)	(4.0)
Profit before tax	1,104.9	82.2%	385.4%	606.4	227.6
Income tax	286.9			171.7	60.7
Net income	818.0	88.2%	390.0%	434.7	166.9

Consolidated Balance Sheet

Unit : KRW bn.

구 분	'22. 2Q	'22. 1Q	'21. 2Q
Current assets	9,028.4	7,618.8	4,920.1
(Cash & equivalents)	233.6	211.6	366.1
Non-current assets	13,076.3	12,930.5	11,983.2
Total assets	22,104.7	20,549.4	17,070.3
Current liabilities	7,719.3	7,152.8	4,132.7
(Short-term borrowings)	1,168.6	2,164.3	1,041.8
Non-current liabilities	7,943.1	7,633.2	7,291.0
(Long-term borrowings)	6,455.3	6,107.6	6,036.2
Total liabilities	15,662.4	14,786.0	11,460.7
Paid in capital	1,225.4	1,225.4	1,225.4
Others	607.6	658.2	700.1
Retained earnings	3,594.1	2,925.1	2,694.1
Non-controlling Interests	1,015.2	954.7	990.0
Total equity	6,442.3	5,763.4	5,609.6
Total liabilities & equity	22,104.7	20,549.4	17,070.3

Note : Consolidated in accordance with K-IFRS

6-2. Financial Statements – Hyundai Oilbank (Separate)

Income Statement (Separate)

Unit : KRW bn.

item	'22.2Q	QoQ	YoY	'22.1Q	'21.2Q
Sales	8,241.1	17.7%	73.5%	6,999.3	4,751.1
Cost of goods sold	6,971.0	12.5%	53.6%	6,196.3	4,537.5
Gross profit	1,270.1	58.2%	494.5%	803.0	213.6
Operating profit	1,125.9	69.3%	1138.7%	665.1	90.9
OP Margin	13.7%	4.2%p	11.7%p	9.5%	1.9%
Non operating Income & expenses	(222.4)			31.1	(30.2)
Equity method gains	903.6	29.8%	1389.2%	696.2	60.7
Profit before tax	237.3			175.3	13.6
Income tax	666.3	27.9%	1315.0%	520.9	47.1

Balance Sheet (Separate)

Unit : KRW bn.

구 분	'22. 2Q	'22. 1Q	'21. 2Q
Current assets	7,415.7	6,258.2	3,630.0
(Cash & equivalents)	47.9	64.4	57.4
Non-current assets	8,904.9	8,902.0	8,735.9
Total assets	16,320.6	15,160.2	12,365.9
Current liabilities	6,516.5	5,972.7	3,536.7
(Short-term borrowings)	806.5	1,423.2	876.3
Non-current liabilities	4,498.4	4,397.7	4,488.6
(Long-term borrowings)	3,085.3	2,945.5	3,415.6
Total liabilities	11,014.9	10,370.4	8,025.3
Paid in capital	1,225.4	1,225.4	1,225.4
Others	773.9	833.2	853.1
Retained earnings	3,306.4	2,731.2	2,262.1
Total equity	5,305.7	4,789.8	4,340.6
Total liabilities & equity	16,320.6	15,160.2	12,365.9

6-3. Financial Statements – Hyundai Chemical (Separate)

Income Statement (Separate)

Unit : KRW bn.

구 분	'22.2Q	QoQ	YoY	'22.1Q	'21.2Q
Sales	2,133.9	30.0%	131.3%	1,642.0	922.8
Cost of goods sold	1,929.9	19.3%	124.6%	1,617.3	859.2
Gross profit	204.0	726.1%	221.0%	24.7	63.6
Operating profit	198.4	976.8%	234.2%	18.4	59.4
OP Margin	9.3%	8.2%p	2.9%p	1.1%	6.4%
Non operating Income & expenses	(39.0)			(9.6)	(2.2)
Equity method gains	159.4	1708.5%	179.0%	8.8	57.1
Profit before tax	37.6			2.1	14.6
Income tax	121.8	1708.7%	186.2%	6.7	42.5

Balance Sheet (Separate)

Unit : KRW bn.

구 분	'22. 2Q	'22. 1Q	'21. 2Q
Current assets	2,016.0	1,700.7	1,081.2
(Cash & equivalents)	42.6	60.3	143.6
Non-current assets	4,755.1	4,619.1	3,881.6
Total assets	6,771.1	6,319.8	4,962.8
Current liabilities	1,466.1	1,357.9	639.5
(Short-term borrowings)	300.0	637.9	123.9
Non-current liabilities	3,327.4	3,112.7	2,466.3
(Long-term borrowings)	3,235.0	3,018.6	2,440.5
Total liabilities	4,793.5	4,470.6	3,105.8
Paid in capital	1,520.0	1,520.0	1,520.0
Others	-13.4	-20.1	-7.1
Retained earnings	471.0	349.3	344.1
Total equity	1,977.6	1,849.2	1,857.0
Total liabilities & equity	6,771.1	6,319.8	4,962.8

6-4. Financial Statements – Hyundai Shell Base Oil (Separate)

Income Statement (Separate)

Unit : KRW bn.

구 분	'22.2Q	QoQ	YoY	'22.1Q	'21.2Q
Sales	286.4	9.6%	1.7%	261.4	281.7
Cost of goods sold	254.8	5.0%	36.0%	242.7	187.4
Gross profit	31.6	68.9%	(66.5%)	18.7	94.3
Operating profit	29.4	79.2%	(68.1%)	16.4	92.1
OP Margin	10.3%			6.3%	32.7%
Non operating Income & expenses	(1.5)			(0.4)	(0.6)
Equity method gains	27.9	74.1%	(69.5%)	16.0	91.5
Profit before tax	6.6			3.8	22.0
Income tax	21.3	73.5%	(69.3%)	12.2	69.5

Balance Sheet (Separate)

Unit : KRW bn.

구 분	'22. 2Q	'22. 1Q	'21. 2Q
Current assets	272.9	272.8	330.2
(Cash & equivalents)	76.1	49.5	106.1
Non-current assets	260.2	247.4	258.5
Total assets	533.1	520.2	588.7
Current liabilities	187.0	195.0	136.4
(Short-term borrowings)	9.9	9.9	9.9
Non-current liabilities	87.7	88.1	98.4
(Long-term borrowings)	79.6	79.5	89.5
Total liabilities	274.7	283.1	234.8
Paid in capital	13.0	13.0	13.0
Others	119.4	119.4	119.4
Retained earnings	126.0	104.7	221.5
Total equity	258.4	237.1	353.9
Total liabilities & equity	533.1	520.2	588.7

※ HSB was included as consolidated subsidiary from Nov 2020 onward.

