

3Q 2017 Earnings Release

# HYUNDAI OILBANK

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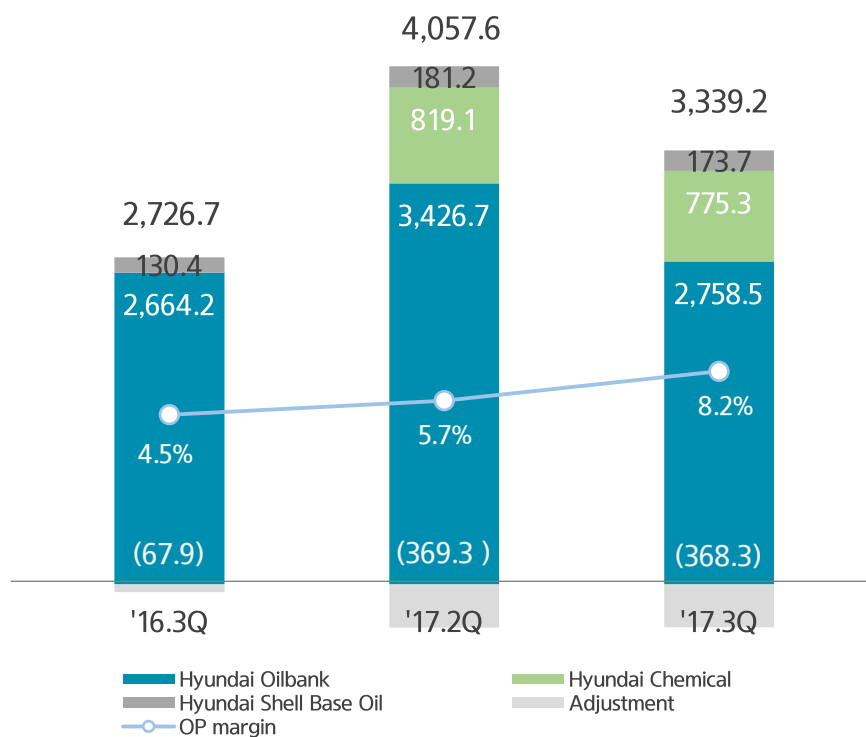
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# 1. 3Q 2017 Consolidated Earnings

Hyundai Oilbank

## 3Q 2017 Consolidated Sales & Operating Profit

Unit: bil. KRW



Note) 3Q 2017 K-IFRS Consolidated

## Sales & Operating Profit Analysis

Sales

- QoQ -17.7%
  - Production decreased due to regular TA
  - ※ Crude : (QoQ) 410 MBD → 310 MBD
- YoY +225%

Operating Profit

- QoQ +19.7%
  - Profit improved due to increased refining margin despite the sales reduction
- YoY +121.7%
  - Operation start up of Hyundai Chemical (Nov. 2016)

## 2. Consolidated Earnings by Business Segments

Hyundai Oilbank

### 3Q 2017 Consolidated Earnings by Segment

Unit: bil. KRW

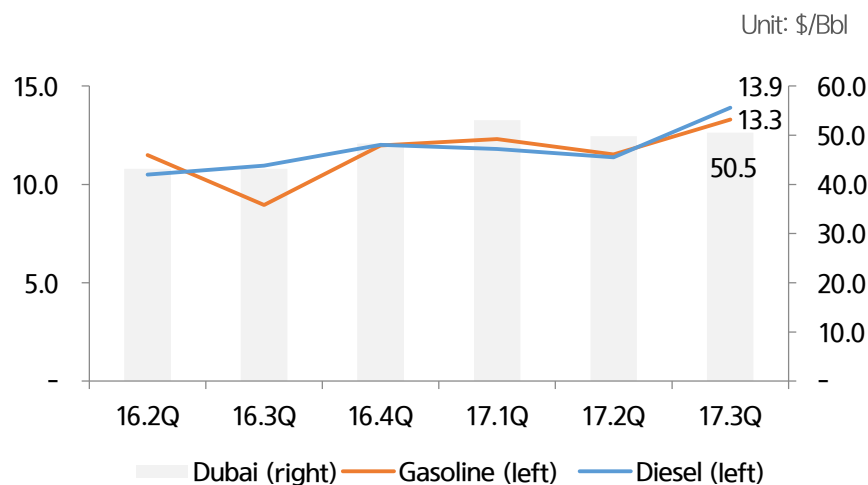
	'17.3Q			'17.2Q			'16.3Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Hyundai Oilbank	2,758.5	185.0	6.7%	3,426.7	130.5	3.8%	2,664.2	94.5	3.5%
Hyundai Chemical	775.3	54.4	7.0%	819.1	52.3	6.4%	-	(1.7)	-
Hyundai Shell Base Oil	173.7	32.8	18.9%	181.2	41.0	22.6%	130.4	26.7	20.5%
Adjustments	(368.3)	2.5	-	(369.3)	5.7	-	(67.9)	4.4	-
Consolidated Total	3,339.2	274.7	8.2%	4,057.7	229.5	5.7%	2,726.7	123.9	4.5%

Note) Hyundai Cosmo Petrochemical(HCP) earning is not included as HCP is accounted under equity method.

### 3. Key Index and Operating Profit (Hyundai Oilbank)

Hyundai Oilbank

#### Oil Price / Crack Spread



#### Market Condition & Forecast

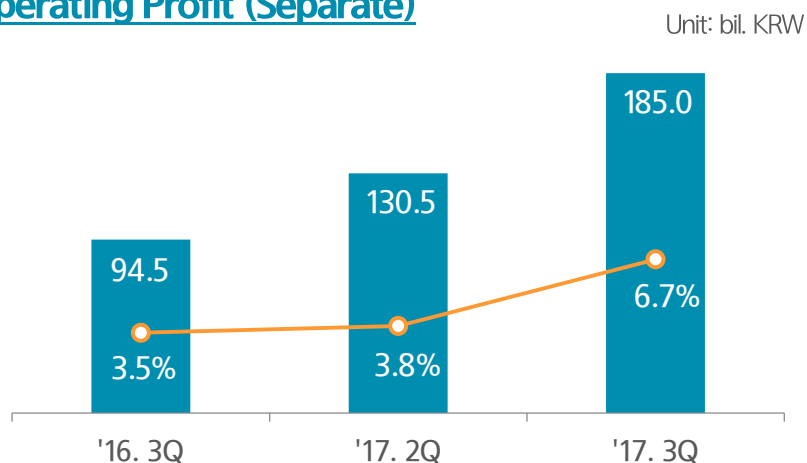
##### 3Q Analysis

- Oil price recovered due to OPEC production cut and increased global demand (+1.4%)
- Crack rose as US refineries shutting down

##### 4Q Forecast

- Oil price is to be maintained since production cut extends
- Crack is expected to decrease slightly due to increased supply after regular TA in Asia

#### Operating Profit (Separate)



#### Operating Profit

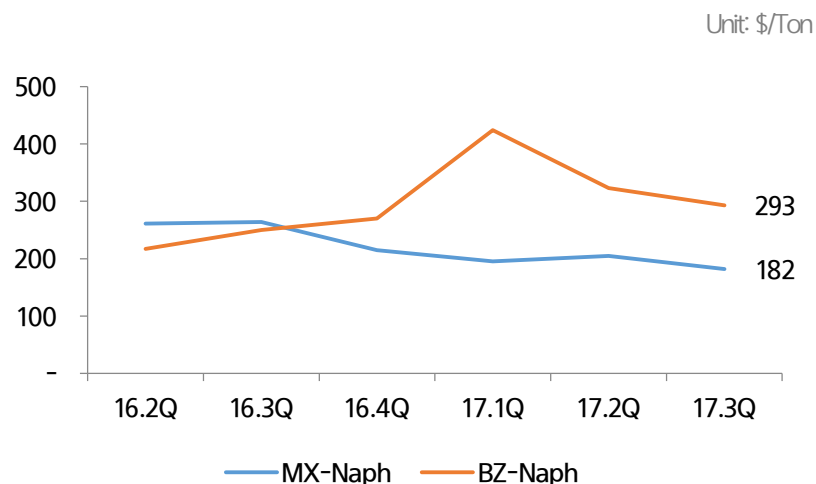
##### QoQ +41.8%, YoY +95.8%

- Profit from inventory increased due to oil price rise
- Refining margin increased as crack rises
- Decreased profit in previous year was due to sharply declined FX rate (-68KRW/\$)

## 4. Key Index and Operating Profit (Hyundai Chemical)

Hyundai Oilbank

### Petrochemical Spread



#### Market Condition & Forecast

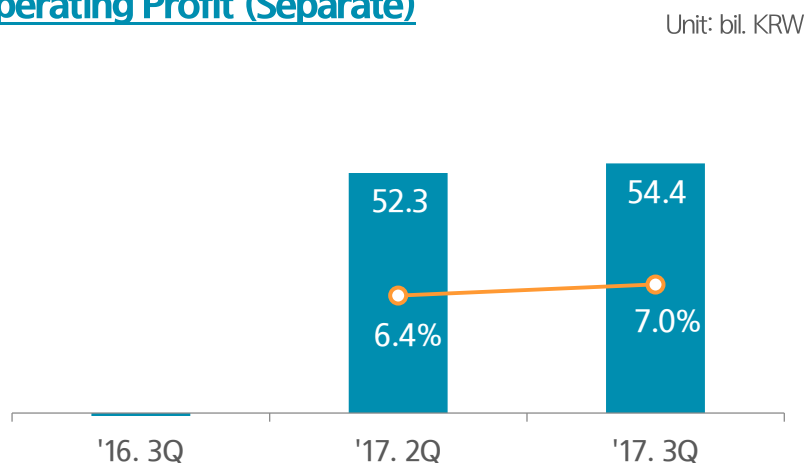
##### 3Q Analysis

- MX-N : Decreased due to supply increase after regular TA of Japanese companies
- BZ-N : Decreased due to BZ inventory rise in China

##### 4Q Forecast

- MX-N : Remain low due to capacity expansion in China
- BZ-N : Remain stable as styrene monomer price stabilized in China

### Operating Profit (Separate)



#### Operating Profit

- Operation start up of Hyundai Chemical (Nov. 2016)

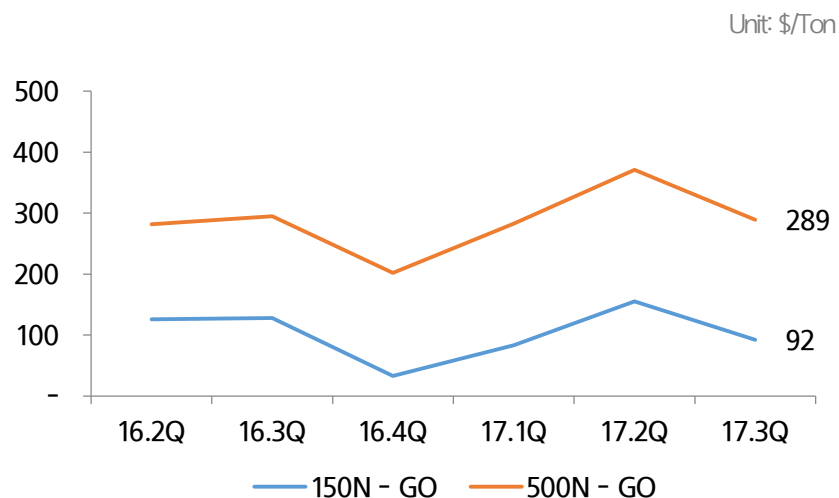
##### QoQ +4.0%

- Profit from inventory increased due to oil price rise despite slight decline in product spread

## 4. Key Index and Operating Profit (Hyundai Shell Base Oil)

Hyundai Oilbank

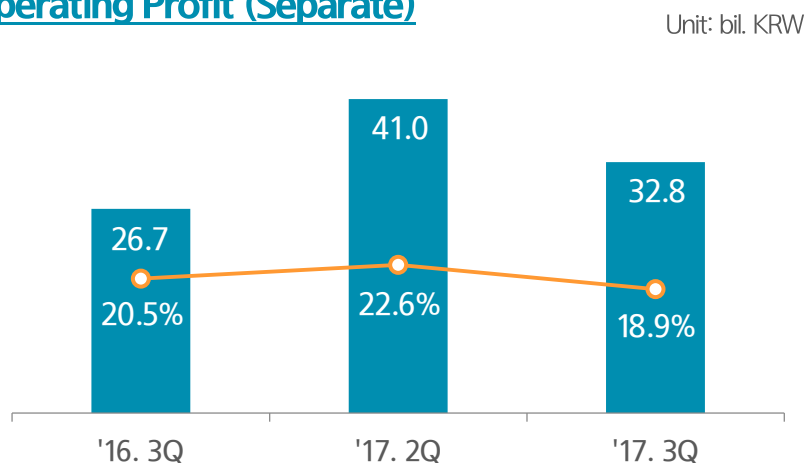
### Base Oil Spread



#### Market Condition & Forecast

- **3Q Analysis**
  - Base oil spread decreased due to GO price rise and increased base oil supply
- **4Q Forecast**
  - Base oil price is expected to remain weak due to supply increase

### Operating Profit (Separate)



#### Operating Profit

- **QoQ -20.0%**
  - Profit decreased due to decline in base oil spread
- **YoY +22.8%**
  - Production decreased in previous year (change of catalyst)

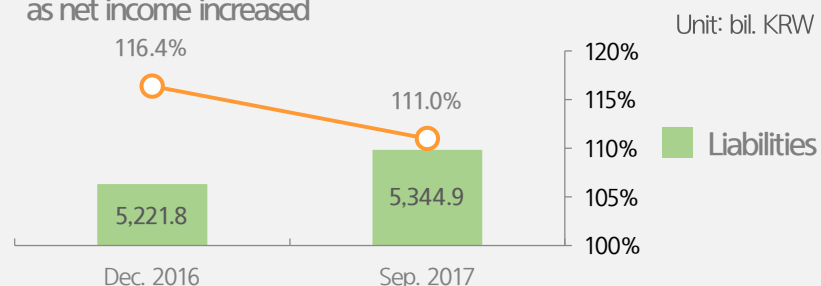
## 6. Financial Ratio

Hyundai Oilbank

### Consolidated Financial Ratio

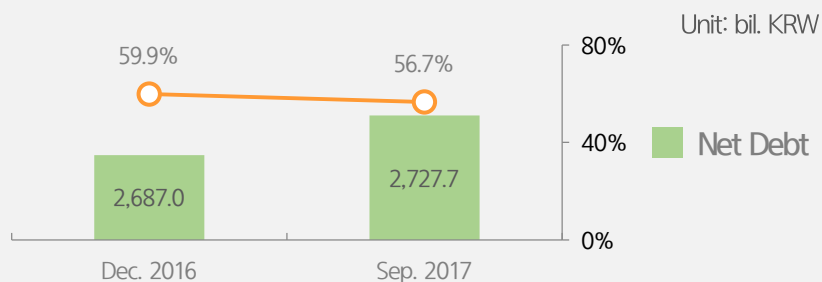
- Liabilities-to-Equity Ratio 111.0%**

- Despite of dividend payment, Liabilities-to-Equity Ratio improved as net income increased



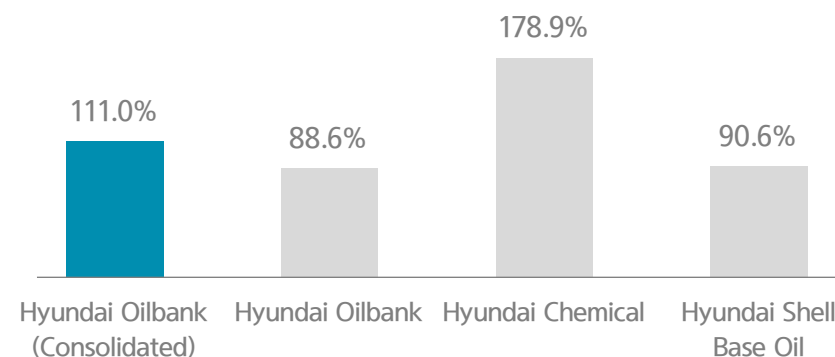
- Net Debt-to-Equity Ratio 56.7%**

- Increase in equity(retained earning) improved Debt-to-Equity Ratio

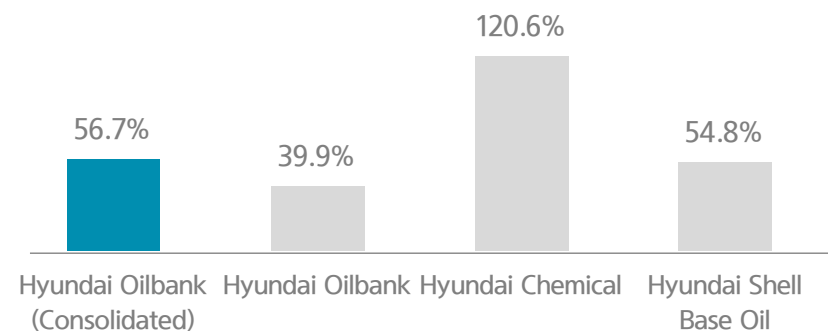


### Liabilities-to-Equity Ratio & Debt-to-Equity Ratio

- Liabilities-to-Equity Ratio (Sep. 2017)**



- Debt-to-Equity Ratio (Sep. 2017)**



## 7. Investment Highlights

Hyundai Oilbank

### 01 Improvement in Revenue Generation Base by Extension of Main Processes

- Extension of main facilities in 3Q. 2017
  - CDU expansion & #2 HOU extension

Unit: MBD		
Facilities	Original Capacity	After Revamp
CDU	520	600
RDS	85	98
FCC	76	86

- Extension plan for main facilities in 2018
  - Investment for upgrading facilities

Facilities	Details	Note
SDA	Separating asphaltene	New
DCU	Converting asphalt into light oil	Revamp
HCR	Enhancing upgrading capability	Revamp

### 02 Business Portfolio Diversification with Non-Refining Sector

- Increased operating profit from non-refining sector

#### □ Contribution to Operating Profit

	'16.3Q	17.3Q
Refining	80%	68%
Non-refining	20%	32%

-Non-refining: Hyundai Chemical, Hyundai Shell Base Oil,  
-Hyundai Cosmo Petrochemical is excluded due to equity method

- Hyundai OCI(51%sharehold, JV with OCI) plans to start operation in January 2018
  - Produce carbon black 100,000 ton per year (Additional 50,000 ton in 2020)
- ▷ Recorded surplus for twenty-one consecutive quarters with stable profit through facility upgrade and business diversification (3Q. 2012 ~ 3Q. 2017))

**Secure competitiveness based on continuous growth  
and Enhance stability of business portfolio diversification**

# Appendix

## 1. Consolidated Financial Statement of Hyundai Oilbank

# 1. Consolidated Financial Statement of Hyundai Oilbank

## 'Consolidated Income Statement

Unit: bil. KRW

	'17.3Q			'17.2Q	'16.3Q
		QoQ	YoY		
Sales	3,339.2	-17.7%	22.5%	4,057.6	2,726.7
Cost of Sales	2,952.2	-20.9%	17.2%	3,731.8	2,518.4
Gross Profit	387.0	18.8%	85.8%	325.8	208.3
Operating Income	274.7	19.7%	121.7%	229.5	123.9
OP Margin	8.2%	2.6%p	3.7%p	5.7%	4.5%
Non Operating Income & Loss	-16.1	-	-	-22.1	17.7
Profit before Income Taxes	258.6	24.7%	82.6%	207.4	141.6
Income Taxes	56.6	-	-	50.7	30.5
Net Income	202.0	28.9%	81.8%	156.7	111.1
Profit attribute to owners of company	176.9	36.7%	71.2%	129.4	103.3
Profit attribute to non-controlling interest	25.1	-8.1%	221.8%	27.3	7.8

Note : K-IFRS Consolidated

## 'Consolidated Balance Sheet

Unit: bil. KRW

구 분	Dec. 2016	Jun. 2017	Sep. 2017
Current Assets	3,205.1	3,253.2	3,403.9
(Cash & Cash Equivalents)	(300.9)	(325.6)	(219.7)
Non-current Assets	6,503.1	6,549.6	6,755.8
<b>Total Assets</b>	<b>9,708.2</b>	<b>9,802.8</b>	<b>10,159.7</b>
Current Liabilities	3,088.2	3,022.6	3,161.3
(Short-term borrowings)	(1,102.0)	(1,202.1)	(1,011.6)
Non-current Liabilities	2,133.6	1,864.1	2,183.6
(Long-term borrowings)	(1,885.9)	(1,616.8)	(1,935.8)
<b>Total Liabilities</b>	<b>5,221.8</b>	<b>4,886.7</b>	<b>5,344.9</b>
Paid-in Capital	1,225.4	1,225.4	1,225.4
Others	406.2	408.4	401.8
Retained Earnings	2,495.2	2,880.7	2,761.0
Non-controlling interests	359.6	401.6	426.6
<b>Total Shareholder's Equity</b>	<b>4,486.4</b>	<b>4,916.1</b>	<b>4,814.8</b>
<b>Total Equity</b>	<b>9,708.2</b>	<b>9,802.8</b>	<b>10,159.7</b>

***Hyundai Oilbank***

