

3Q 2017 Earnings Release

HYUNDAI OILBANK

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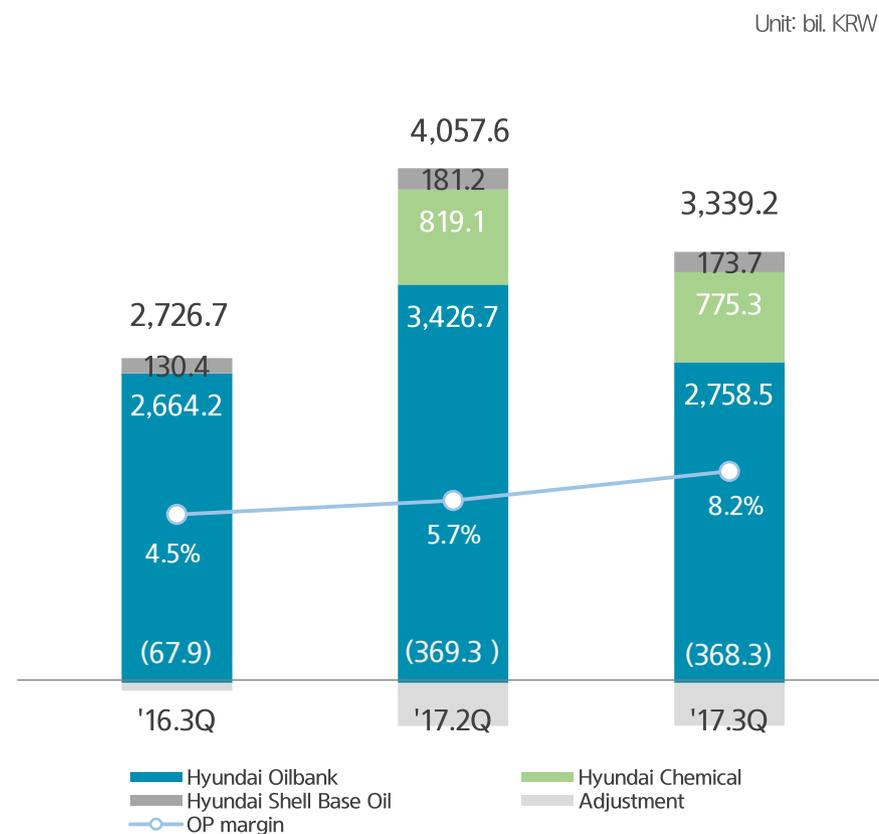
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3Q 2017 Earnings

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1. 3Q 2017 Consolidated Earnings

3Q 2017 Consolidated Sales & Operating Profit



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

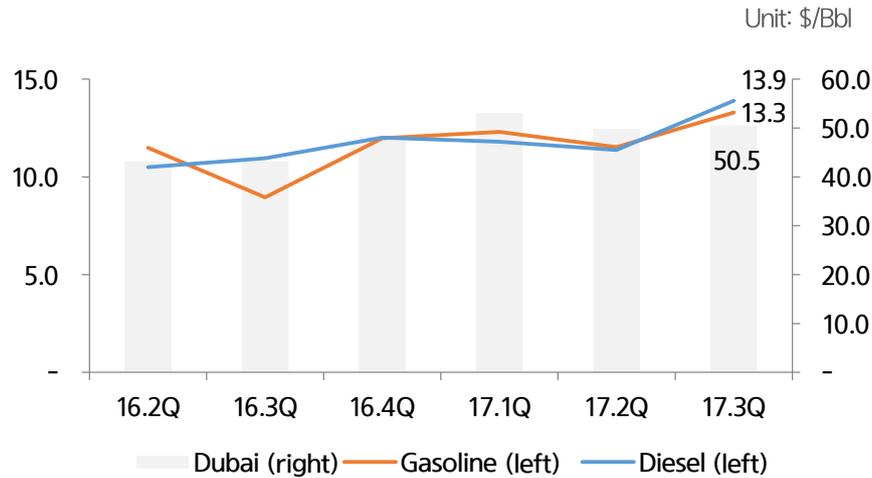
Unit: bil. KRW

| | '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)

Oil Price / Crack Spread



Market Condition & Forecast

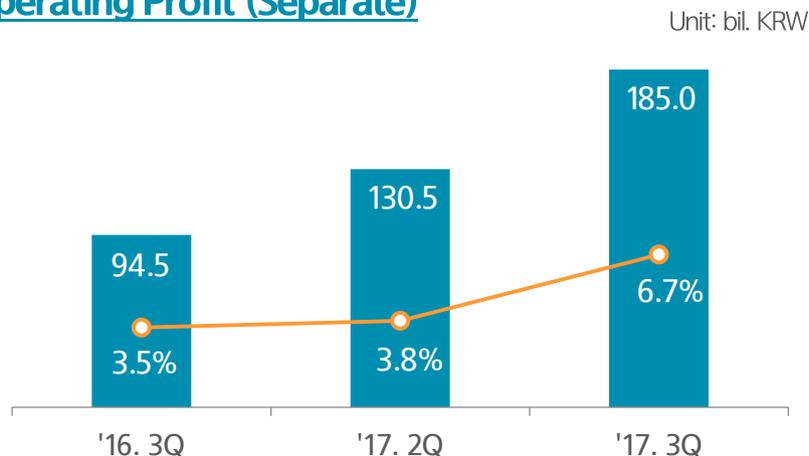
- 3Q Analysis

- 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)



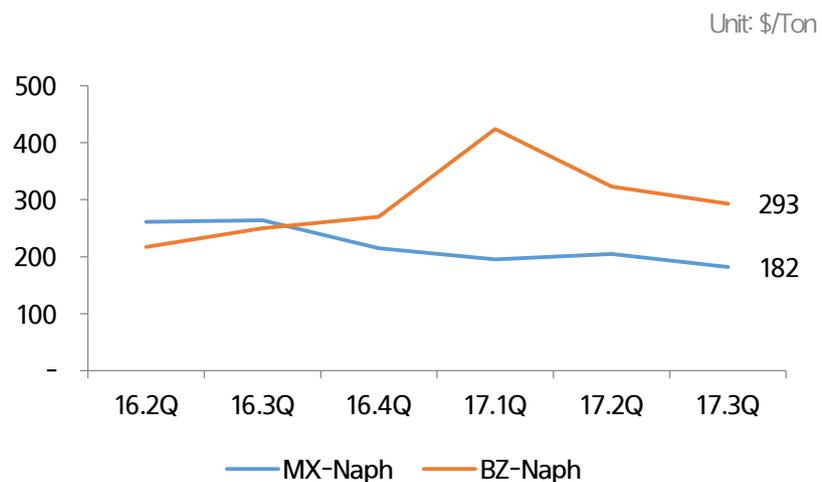
Operating Profit

- 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)

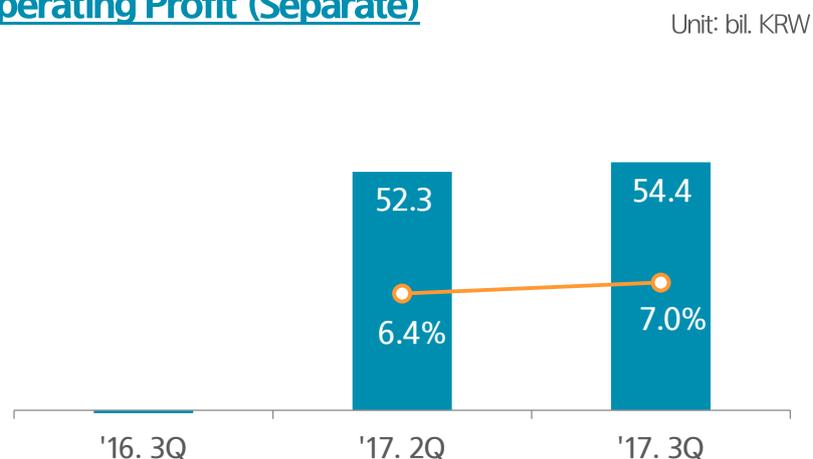
Petrochemical Spread



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)

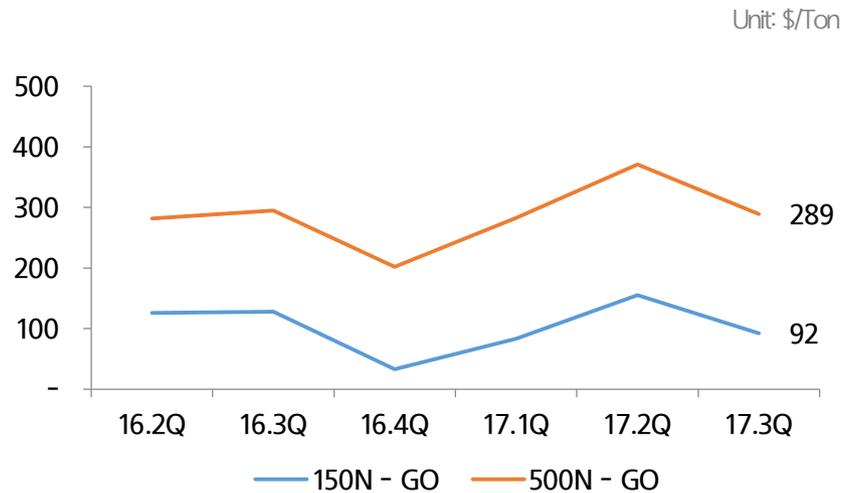


Operating Profit

- **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)

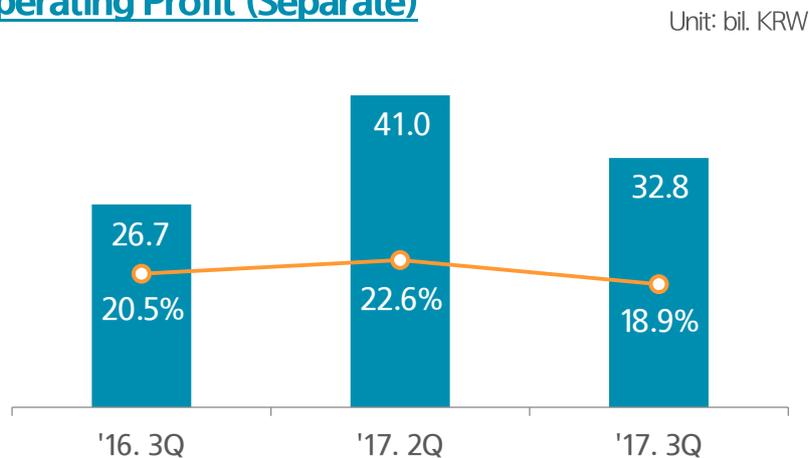
Base Oil Spread



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

Consolidated Financial Ratio

- Liabilities-to-Equity Ratio 111.0%**

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



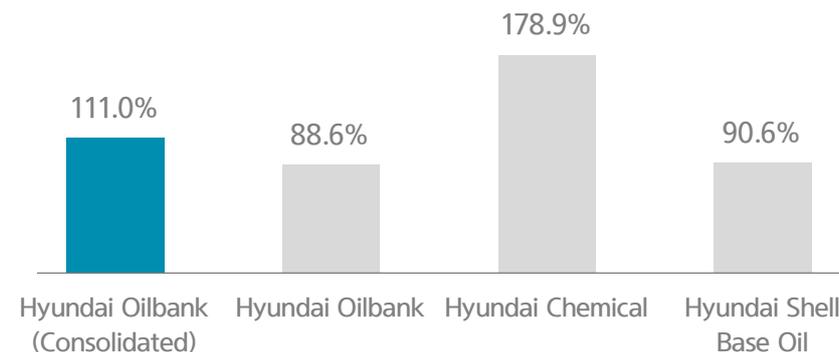
- Net Debt-to-Equity Ratio 56.7%**

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

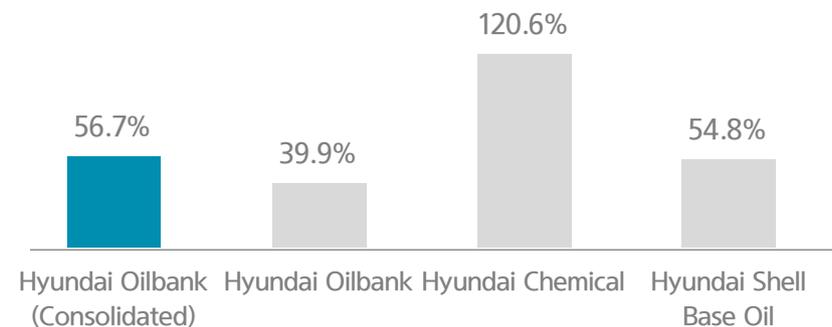


Liabilities-to-Equity Ratio & Debt-to-Equity Ratio

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



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



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

| 구분 | 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 |
| Total Assets | 9,708.2 | 9,802.8 | 10,159.7 |
| 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) |
| Total Liabilities | 5,221.8 | 4,886.7 | 5,344.9 |
| 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 |
| Total Shareholder's Equity | 4,486.4 | 4,916.1 | 4,814.8 |
| Total Equity | 9,708.2 | 9,802.8 | 10,159.7 |

Hyundai Oilbank

