

4Q 2017 Earnings Release

HYUNDAI OILBANK

Disclaimer

This report has been prepared by Hyundai Oilbank Co., Ltd., indicated as "Company" below, for the purpose of promoting understanding of the company's business activities and it is prohibited to export, copy or redistribute the report.

"Predictive information" contained in this report is information that has not been subjected to individual verification. This refers to information related to future events, such as expected future management status and financial performance of the company. In terms of expressions, vocabulary such as 'prediction', 'forecast', 'plan', 'expectation', '(E)' are included.

The above "forecast information" is influenced by changes in the future business environment and inherently contains uncertainties. As a result of such uncertainties, actual future performance may significantly differ from those stated or implied in the "forecast information".

Furthermore, the outlook is based on current market conditions and the direction of the company management. Please be advised that changes may occur due to changes in the market environment and strategies, and are subject to change without notice.

Please note that the Company and its employees do not bear any responsibility for any loss resulting from the use of this material. (Including negligence and other cases)

Please do not copy or distribute this material as it contains the confidential information of the Company.

Table of Contents

1. 4Q 2017 Earnings Release
Appendix

4Q 2017 Earnings

1. 4Q 2017 Consolidated Earnings
2. Consolidated Earnings by Business Segment
3. Key Index and Operating Profit (Hyundai Oilbank)
4. Key Index and Operating Profit (Hyundai Chemical)
5. Key Index and Operating Profit (Hyundai Shellbase Oil)
6. Financial Ratio
7. Investment Highlights

2. Consolidated Earnings by Business Segment

Hyundai Oilbank

4Q 2017 Consolidated Earnings

Unit: bil. KRW

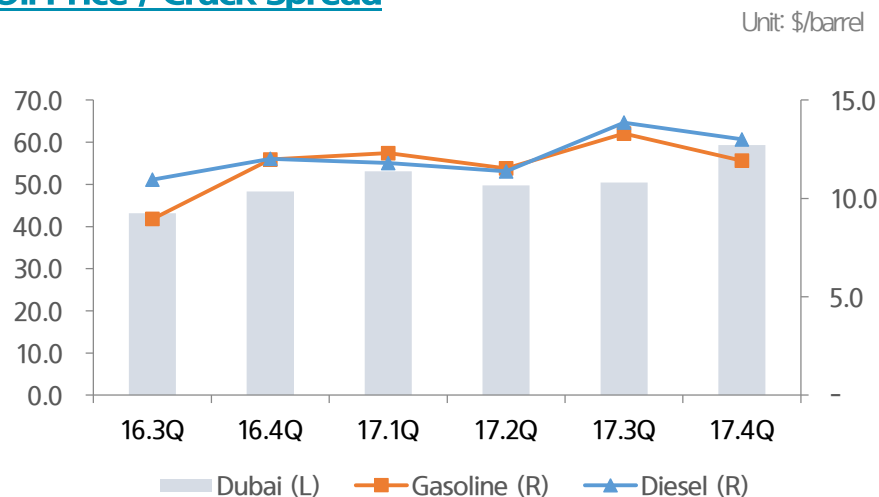
	'17.4Q			'17.3Q			'16.4Q		
	Sales	Operating Profit	OP margin	Sales	Operating Profit	OP margin	Sales	Operating Profit	OP margin
Hyundai Oilbank	4,142.2	303.6	7.3%	2,758.5	185.0	6.7%	3,460.2	244.1	7.1%
Hyundai Chemical	953.9	70.2	7.4%	775.3	54.4	7.0%	570.9	61.1	8.5%
Hyundai Shell Base Oil	171.1	21.0	12.3%	173.7	32.8	18.9%	112.6	9.6	8.5%
Others / Adjustments	(572.6)	6.7	-	(368.2)	2.5	-	(331.7)	2.2	-
Consolidated Total	4,694.6	401.5	8.6%	3,339.3	274.7	8.2%	3,812.0	317.0	8.3%

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

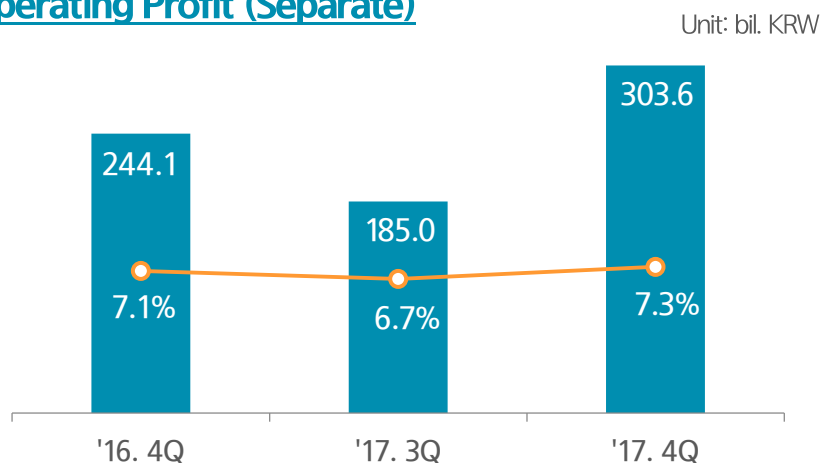
3. Key Index and Operating Profit (Hyundai Oilbank)

Hyundai Oilbank

Oil Price / Crack Spread



Operating Profit (Separate)



Market Condition & Forecast

4Q Analysis

- Crude price increased as OPEC continues to restrict production
- Gasoline crack decreased due to weak seasonal gasoline demand and increased supply following the fall regular T/A
- Kero/Gas oil crack decreased as the supply increased after the regular T/A, but the fall was buffered by the demand increase caused by the cold wave.

1Q 2018 Forecast

- Oil price started off the year strong, but the rise is expected to be limited by upcoming regular maintenances
- Strong Kero/Gas oil crack expected due to demand increase caused by the cold wave.

Operating Profit

QoQ +64.1%(+118.6 bil. KRW)

- Days of operation increased after the regular T/A
- Increase in operating profit due to increased refining margin following the rise oil price

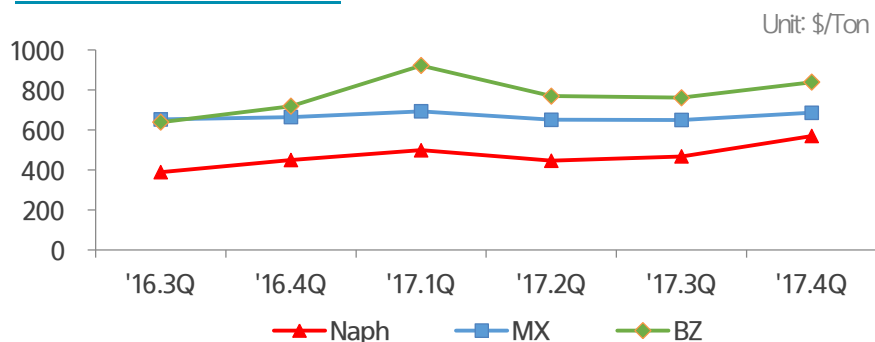
YoY +24.4% (+59.5 bil. KRW)

- Increased capacity after the revamp project in 3Q 2017 (CDU, FCC)
- Stronger refining margin due to rising product prices y-o-y

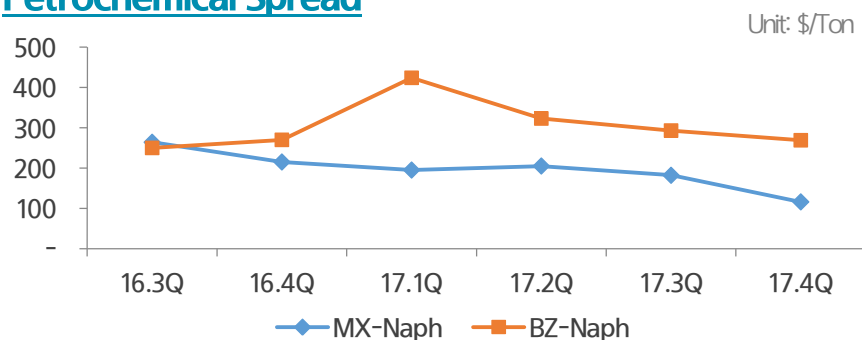
4. Key Index and Operating Profit (Hyundai Chemical)

Hyundai Oilbank

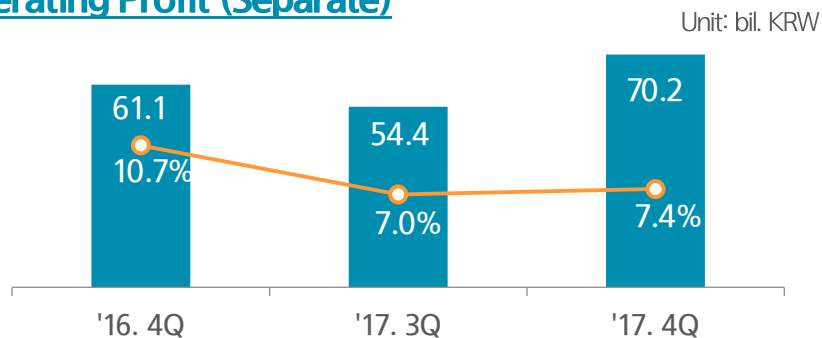
Petrochemical Price



Petrochemical Spread



Operating Profit (Separate)



Market Condition & Forecast

4Q Analysis

- MX-N : Spread narrowed as the rise in oil price increased naphtha price
- BZ-N : Decreased due to weak demand in China caused by delayed operation of new styrene monomer plants, etc.

1Q 2018 Forecast

- MX-N : Spread expected to improve as profitable PTA margin increases PX demand
- BZ-N : Spread expected to improve due to increased demand following the operation of new plants in China

Operating Profit

QoQ +29.0% (+15.8 bil. KRW)

- Despite the decrease in petrochemical spread, operating profit increased due to improved refining margin following the increase in oil price.

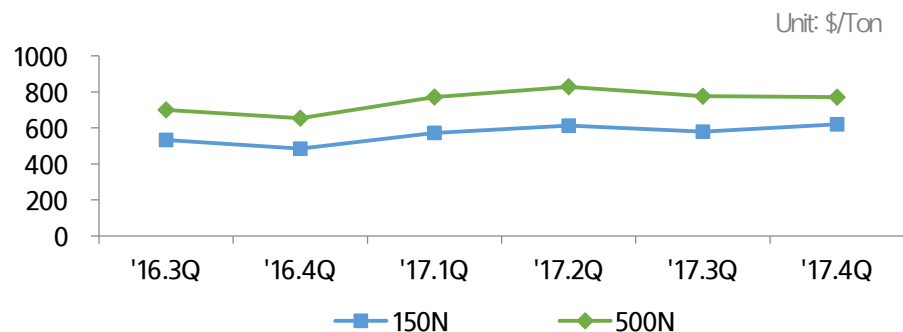
YoY +14.9% (+9.1 bil. KRW)

- Increased profit due to YoY increase in days of operation (commercial operation Nov. 2016)

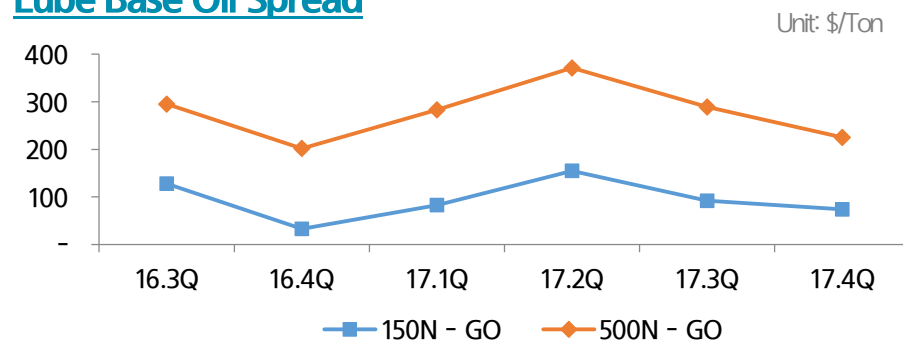
5. Key Index and Operating Profit (Hyundai Shell Base Oil)

Hyundai Oilbank

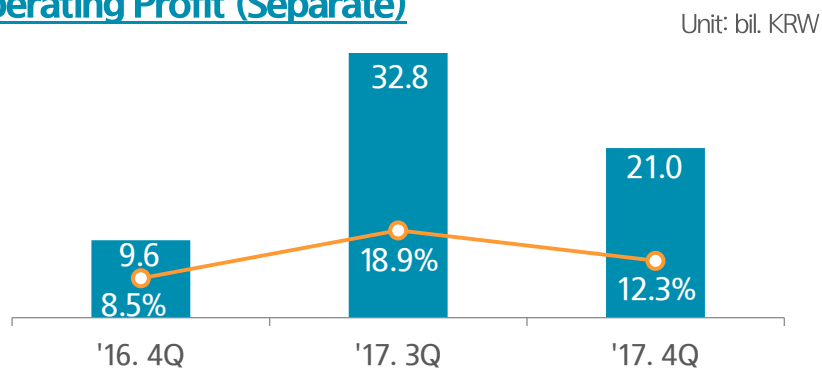
Lube Base Oil Price



Lube Base Oil Spread



Operating Profit (Separate)



Market Condition & Forecast

4Q Analysis

- LBO spread narrowed due to the decrease in price caused by weak seasonal demand and the increase in the production cost caused by higher gas oil price.

1Q 2018 Forecast

- LBO spread expected to rebound as demand remains high in China, India, the Middle East, etc.

Operating Profit

QoQ -36.0% (-11.8 bil. KRW)

- Profit decreased as LBO spread narrowed

YoY +118.8% (11.4 bil. KRW)

- Profit increased due to wider LBO spread and the increase of days of operation
- HCR maintenance in Dec. 2016

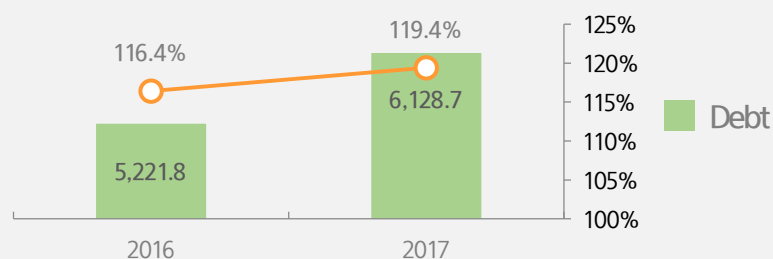
6. Financial Ratio

Hyundai Oilbank

Consolidated Financial Ratio

- Debt-to-Equity Ratio 119.4%**

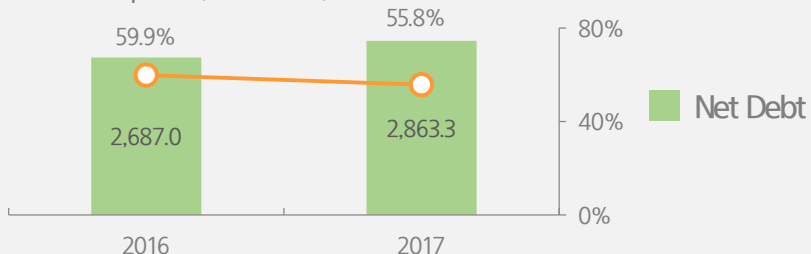
- Debt-to-Equity Ratio increased y-o-y due to the increase in working capital caused by rising oil price (29% increase from 2016 average)



- Net Debt-to-Equity Ratio 55.8%**

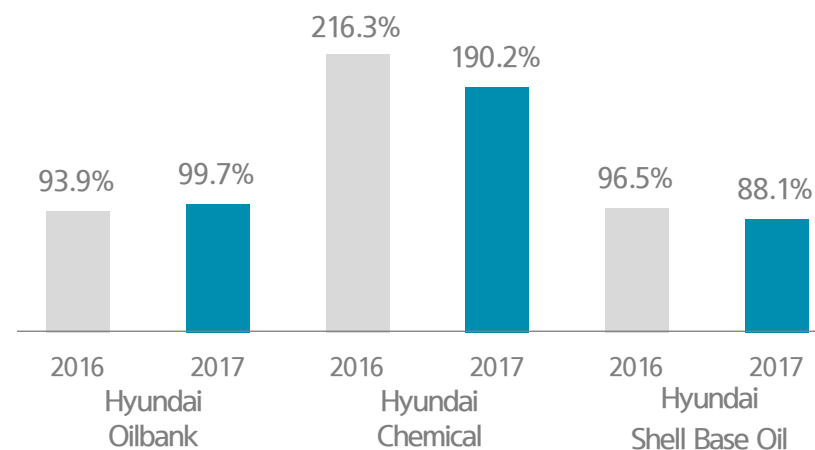
- Net debt-to-equity ratio improved y-o-y as equity (Retained Earnings) increased

- Increase in loan following the construction of Hyundai OCI Carbon plant (Oct. 2017)

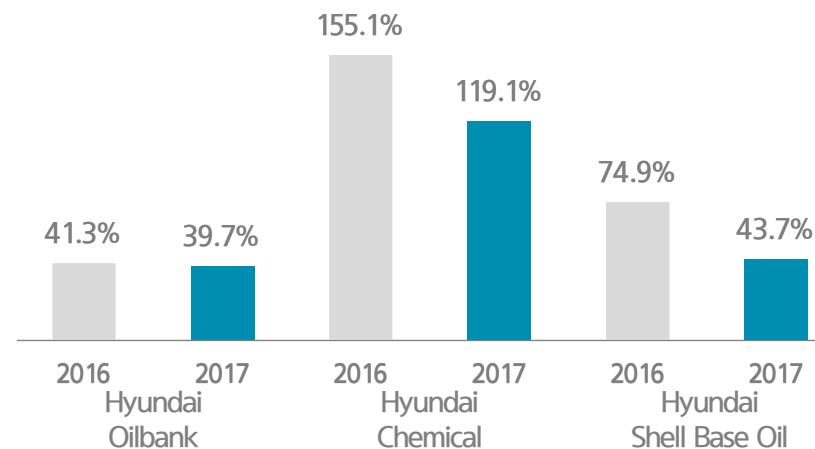


Separate Financial Ratio

- Debt-to-Equity Ratio**



- Net Debt-to-Equity Ratio**



7. Investment Highlights

Hyundai Oilbank

01 '17 Construction & Revamp Projects

- 2017 Major Projects

Unit: bil. KRW

	Previous Investment	2017	Total
#2CDU/#2 HOU Revamp	20	200	220
Carbon Black Construction	60	150	210

- 3Q 2017 Main Facility Revamp

Unit: KBD

Facility	Capa. Before	Capa. After	Difference
CDU	520	561(*611)	+41(*91)
FCC	76	*86	+10

* Capacity after CDU revamp (March 2018 expected)

* Gasoline production increased by 150K barrels/month after FCC revamp

- Oct. 2017 Hyundai OCI (OCI JV) mechanical completion
- Commercial Operation expected Feb. 2018
 - Carbon black production capacity of 100K Ton/year

02 '18 Construction & Revamp Projects

- 2018 Major Projects

Unit: bil. KRW

	Previous Investment	2018	Total
#1CDU/#1HOU Revamp	30	200	230
SDA Construction	60	140	200
LBO Revamp	20	20	40

- 2018 Main Facility Construction & Revamp Plans

Unit: KBD

Facility	Capa. Before	Capa. After	Difference
CDU	611	650	+39
HCR	42	50	+8
DCU	37	50	+14
SDA	-	90	+90
LBO	20	25	+5

- CDU: Includes Hyundai Chemical's Condensate Splitter (130KBD)

- Construction & Revamp Benefits
 - ▷ Cut costs by increasing input of low-price crude (Heavy Crude Oil)
 - ▷ Increase middle-distillates(Jet Fuel, Diesel) production by revamping upgrading facilities

Appendix

1. Consolidated Financial Statement of Hyundai Oilbank

1. Consolidated Financial Statement of Hyundai Oilbank

'Consolidated Income Statement

Unit: bil. KRW

	'17.4Q	QoQ	YoY	'17.3Q	'16.4Q
Sales	4,694.6	40.6%	23.2%	3,339.3	3,812.0
Cost of Goods Sold	4,178.2	41.5%	25.2%	2,952.3	3,336.6
Gross Profit	516.4	33.4%	8.6%	387.0	475.4
Operating Profit	401.5	46.2%	26.7%	274.7	317.0
OP margin	8.6%	0.4%p	0.3%p	8.2%	8.3%
Non Operating Income & Loss	39.6	-	-	-16.1	-64.7
Net Interest Gain	-18.0	-	-	-18.2	-17.1
Net F/X Gain	61.9	-	-	-8.2	-57.3
Profit before Tax	441.1	70.6%	74.8%	258.6	252.3
Income Tax	117.2	-	-	56.6	64.6
Net Income	323.9	60.3%	72.6%	202.0	187.7

Note : K-IFRS Consolidated

'Consolidated Balance Sheet

Unit: bil. KRW

	'16.4Q	'17.3Q	'17.4Q
Current Assets	3,205.1	3,403.9	4,306.6
(Cash & Cash Equivalents)	300.9	219.7	206.8
Non-current Assets	6,503.0	6,755.8	6,955.4
Total Assets	9,708.1	10,159.7	11,262.0
Current Liabilities	3,088.2	3,161.3	3,823.7
(Short-term borrowings)	1,102.0	1,011.6	1,040.4
Non-current Liabilities	2,133.6	2,183.6	2,305.0
(Long-term borrowings)	1,885.9	1,935.8	2,029.7
Total Liabilities	5,221.8	5,344.9	6,128.7
Paid-in Capital	1,225.4	1,225.4	1,225.4
Others	406.2	401.8	388.8
Retained Earnings	2,495.2	2,761.0	3,063.0
Total Shareholder's Equity	4,486.3	4,814.8	5,133.3
Total Liabilities & Shareholder's Equity	9,708.2	10,159.7	11,262.0

Hyundai Oilbank

