

1Q 2019 Earnings Release

HYUNDAI HEAVY INDUSTRIES HOLDINGS



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1Q 2019 Earnings Release

1. Summary of Financial Results
2. Financial Results by Companies
 - 1) Hyundai Heavy Industries Holdings
 - 2) Hyundai Oilbank
 - 3) Hyundai Construction Equipment
 - 4) Hyundai Electric & Energy Systems
 - 5) Hyundai Global Service
3. Non-operating Income and Net Income
4. Financial Ratio



1. Summary of Financial Results (1/3)

- Sales decreased by 12.6% QoQ due to reduced sales in the oil refining sector following fall in average oil prices.
- Operating profit turned to surplus QoQ due to reversal of inventory evaluation losses in Hyundai Oilbank and gains on equity method evaluation of Hyundai Heavy Industries.
- Net profit turned to surplus QoQ due to operating profit and impairment losses of Hyundai Electric reflected in the previous quarter

(Unit : billion KRW)

	'19.1Q			'18.4Q	'18.1Q
		QoQ	YoY		
Sales	6,491.5	-12.6%	3.2%	7,428.1	6,290.7
Operating Profit	144.5	Turned to Profit	-55.9%	(163.9)	328.0
OPM	2.2%	Turned to Profit	-3.0%p	-2.2%	5.2%
Non-operating Profit	(46.8)	-	-	(272.0)	(35.6)
Interest income	(62.4)	-	-	(56.1)	(45.4)
Gains and losses on Foreign exchange	(18.7)	-	-	(3.1)	1.2
Profit before income taxes	97.7	Turned to Profit	-66.6%	(435.8)	292.3
Net Profit	97.6	Turned to Profit	-58.6%	(365.2)	236.0
Profit attributable to owners of the Company	70.4	Turned to Profit	-62.1%	(289.3)	185.9

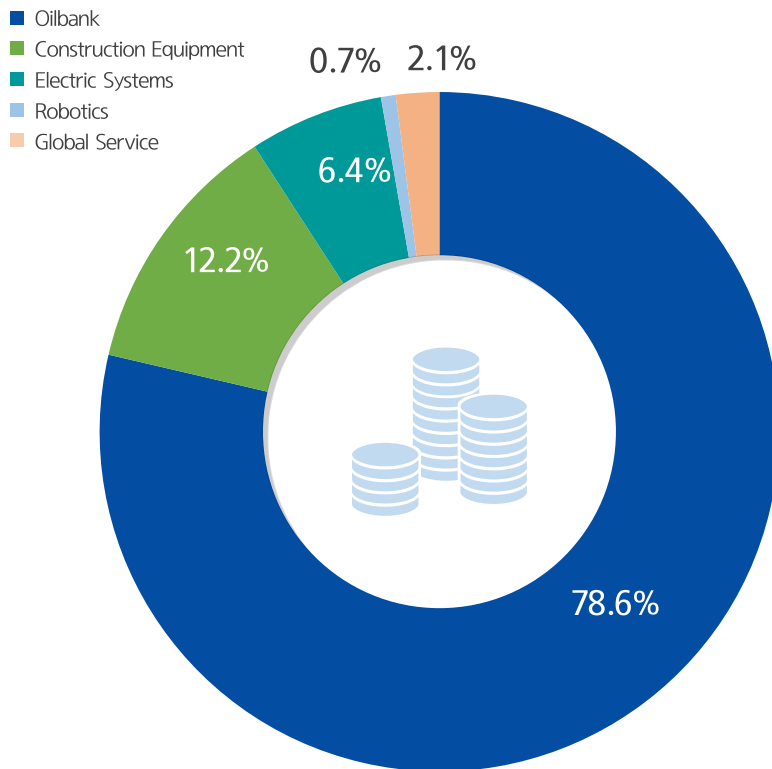
Note 1 .K-IFRS consolidated basis

Note 2. Interest income : Interest income + interest expense

Note 3. Gain and loss on foreign currency translation+ Gain and loss on foreign currency transaction

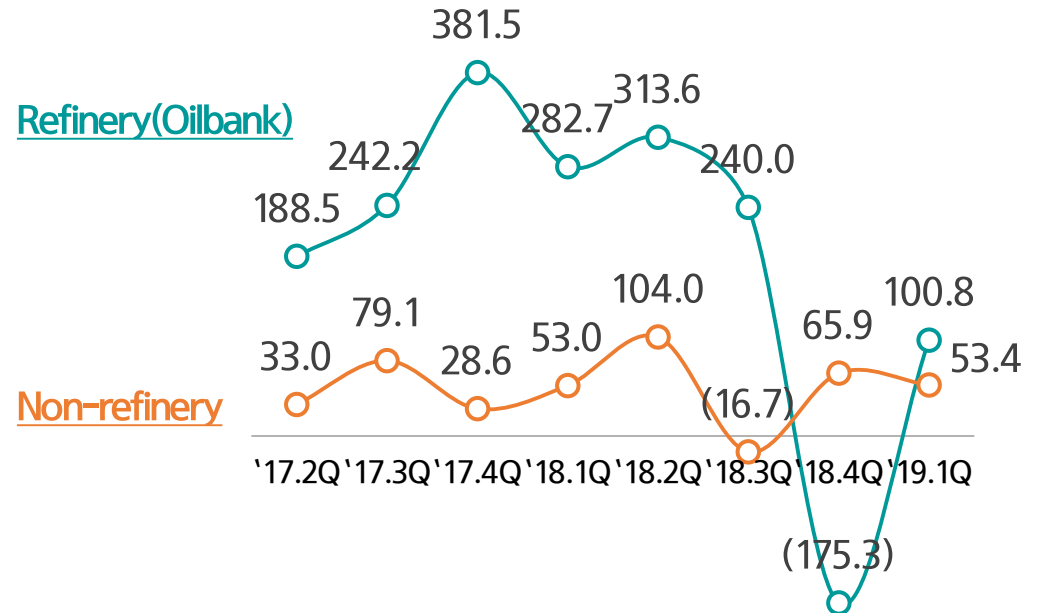
1. Summary of Financial Results (2/3)

1Q 2019 Sales Composition



1Q 2019 Operating Profit

(Unit : billion KRW)



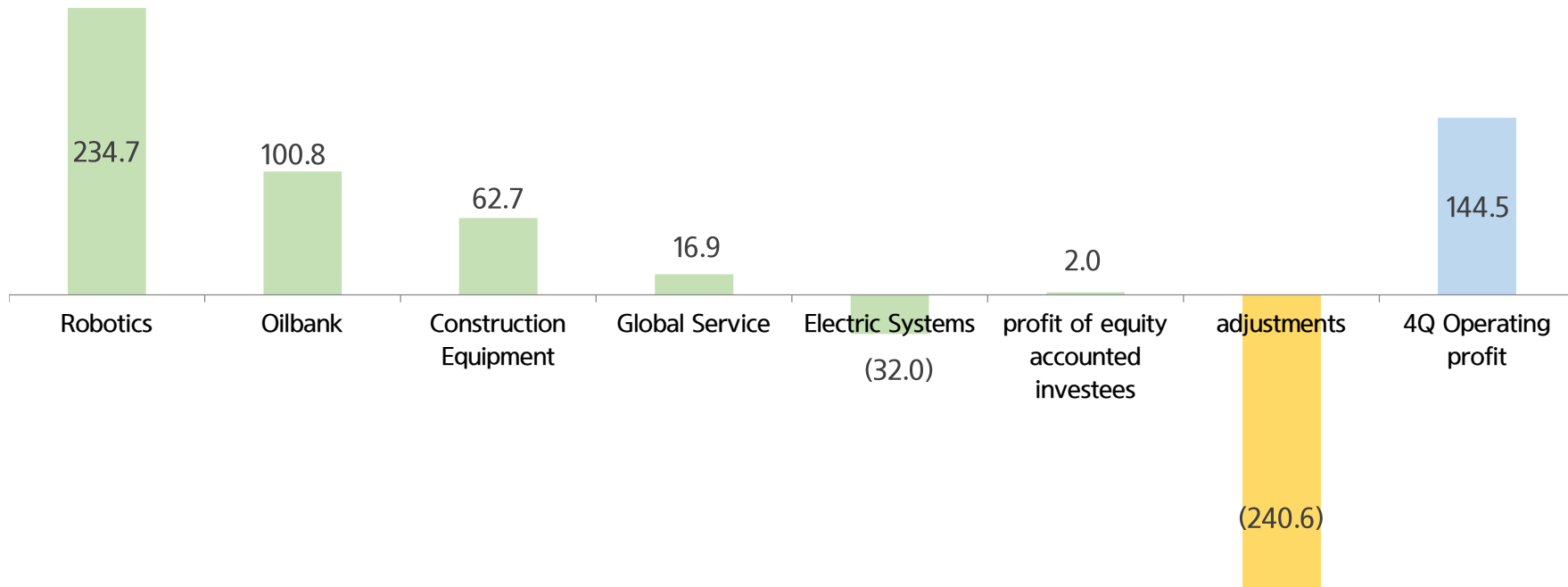
Note 1 : Consolidated basis excluding equity method and dividends

Note 2 : Equity method and dividends are excluded

1. Summary of Financial Results (3/3)

1Q 2019 Operating profit Composition

(Unit : billion KRW)



2. Financial Results by Companies

1Q 2019 Financial Results

(Unit :billion KRW)

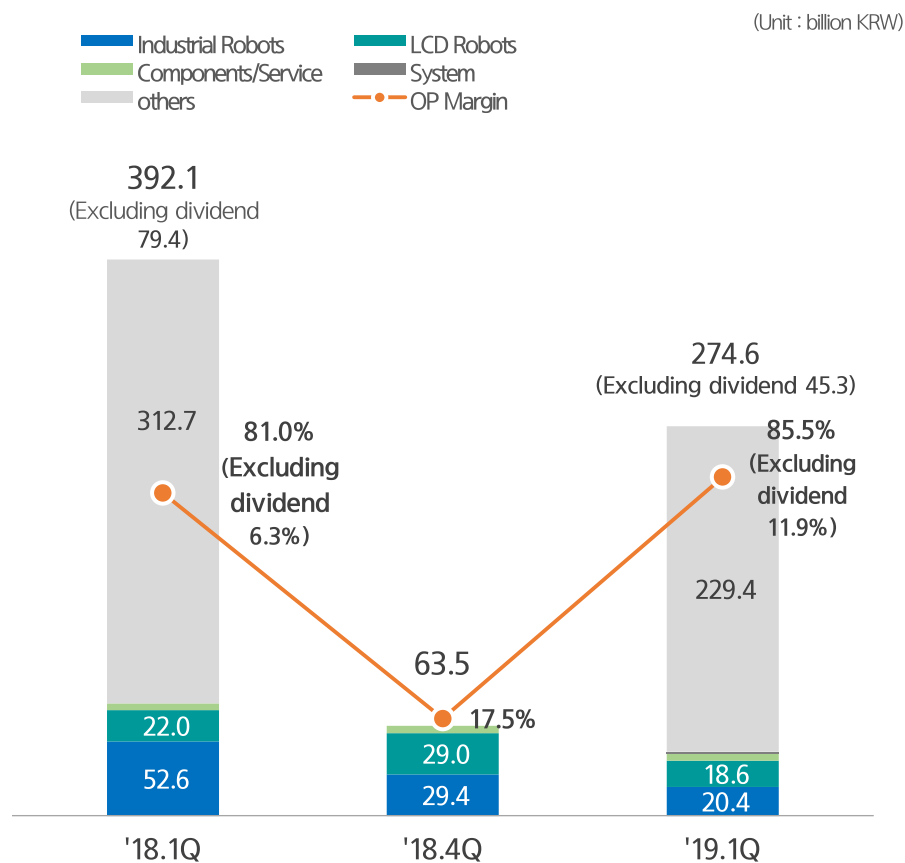
Category	'19.1Q			'18.4Q			'18.1Q			Remarks	
	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM		
Hyundai Heavy Industries Holdings	274.6	234.7	85.5%	63.5	11.1	17.5%	392.1	317.6	81.0%		
Hyundai Oilbank	5,141.1	100.8	2.0%	6,117.4	(175.3)	-2.9%	4,778.0	282.7	5.9%		
Consolidation Entities	Hyundai Construction Equipment	798.0	62.7	7.9%	670.3	34.5	5.2%	930.5	61.8	6.6%	
	Hyundai Electric & Energy Systems	417.9	(32.0)	-7.7%	562.6	3.1	0.6%	430.1	(30.8)	-7.2%	
	Hyundai Global Service	134.6	16.9	12.6%	136.6	17.2	12.6%	73.0	17.1	23.4%	
Equity Method	Hyundai Heavy Industries	2.0	2.0	-	(57.2)	(57.2)	-	7.9	7.9	-	
	Adjustment	(276.7)	(240.6)	-	(65.1)	2.7	-	(320.9)	(328.3)	-	
	Total	6,491.5	144.5	2.2%	7,428.1	(163.9)	-2.2%	6,290.7	328.0	5.2%	

Note 1 : Hyundai Heavy Industries Holdings unconsolidated basis

Note 2 : Hyundai Oilbank, Hyundai Electric & Energy Systems, Hyundai Construction Equipment, Hyundai Global Service consolidated basis

2-1) Hyundai Heavy Industries Holdings

1Q 2019 Sales and Operating Profit Margin



Note 1 : non consolidated basis

Note 2 : Others includes dividend income

- **Sales 274.6 billion KRW**
(Excluding dividend 45.3 billion KRW)

332.4% increase QoQ

30.0% decrease YoY

- **Operating Profit 234.7 billion KRW**
(Excluding dividend 5.4 billion KRW)

2015.3% increase QoQ

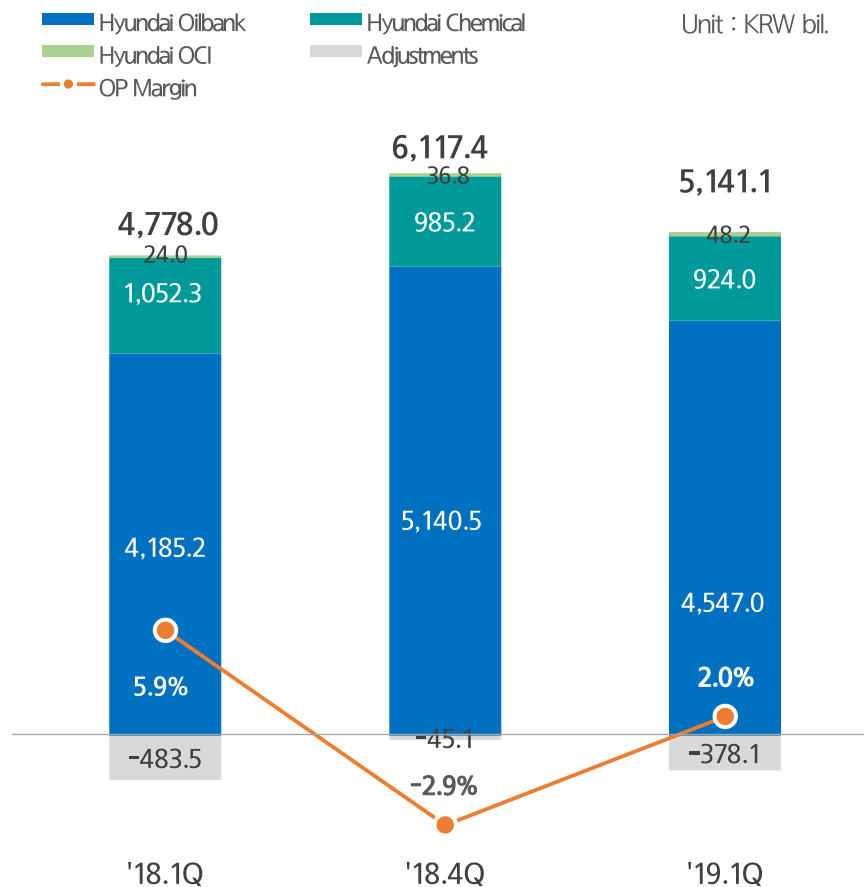
26.1% decrease YoY

- **Analysis**

- Dividend Income from subsidiaries(229.3 bil. KRW)
- Robot sales declined due to investment cutback in major industries (motor and display)

2-2) Hyundai Oilbank (Consolidated)

'19 1Q Sales & Operating Profit Margin



Note: Consolidated

- **Sales 5,141.1 billion**

16.0% decrease QoQ

7.6% increase YoY

- **Operating Profit 100.8 billion KRW**

Turned to profit QoQ

64.3% decrease YoY

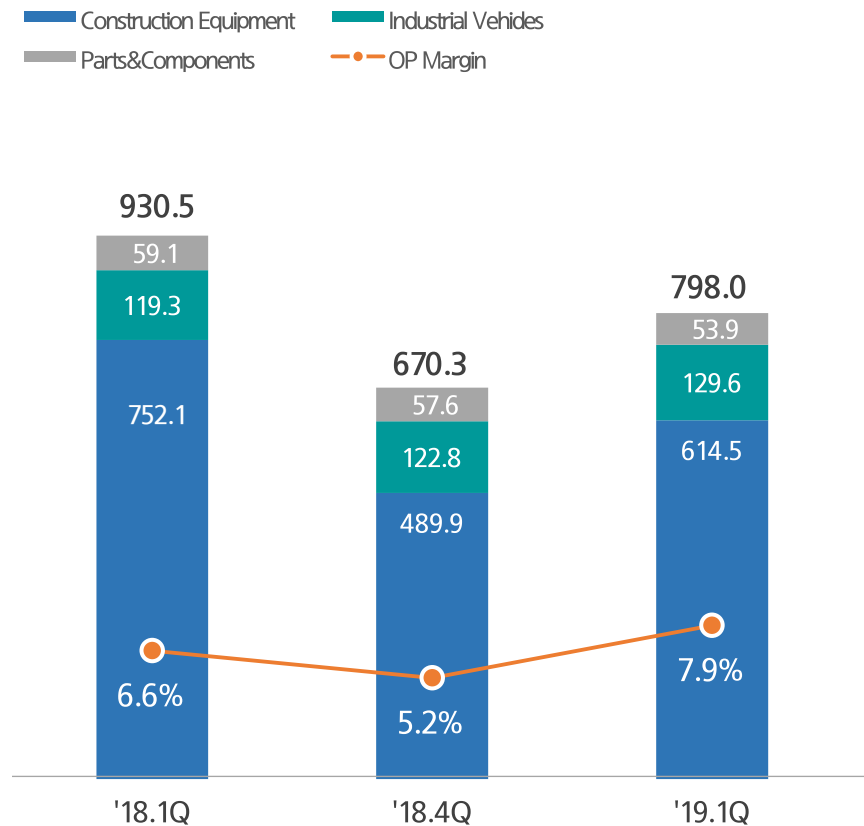
- **Analysis**

- Sales decreased QoQ due to the decrease of average oil prices but operating profit increased due to the reversal of inventory evaluation losses.
- Sales increased YoY due to the increase of refining capacity but operating profit declined due to weak refining margin with gasoline naphtha crack narrowed.

2-3) Hyundai Construction Equipment

1Q 2019 Sales and Operating Profit Margin

(Unit : billion KRW)



Note 1 : Consolidated basis

- Sales 798.0 billion KRW**

19.1% increase QoQ

14.2% decrease YoY

- Operating Profit 62.7 billion KRW**

81.7% increase QoQ

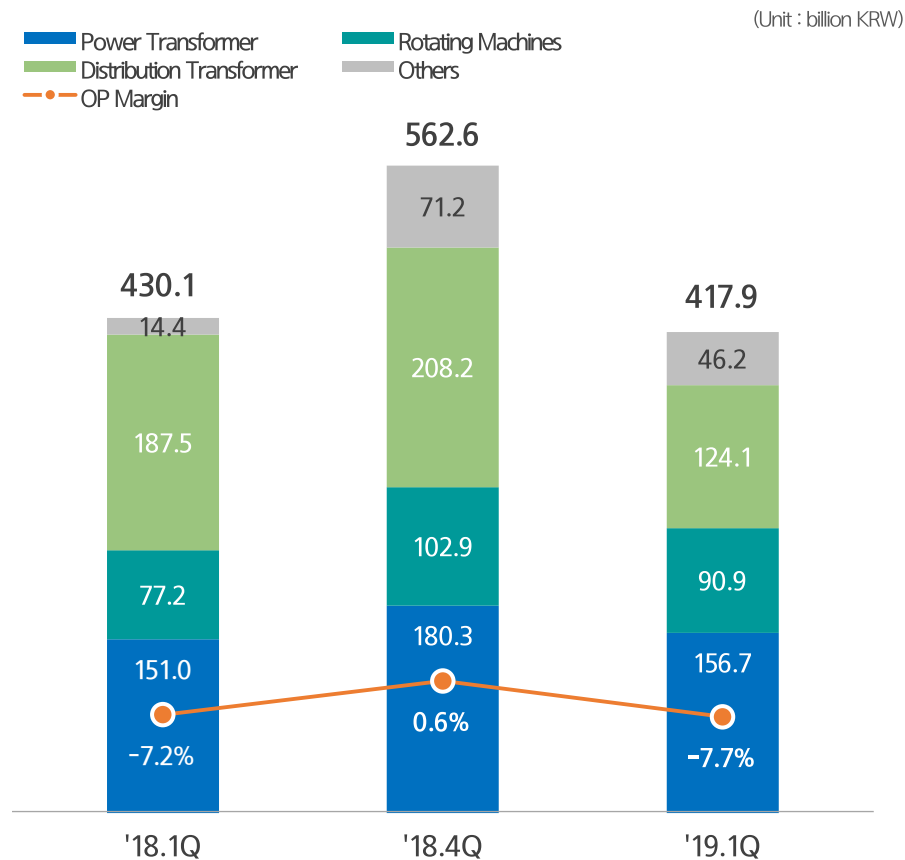
1.5% increase YoY

- Analysis**

- Sales increased QoQ due to seasonality, but decreased YoY due to worsening market condition in emerging markets.
- Operating profit increased QoQ due to the sales increase and YoY due to a rise in the selling price and exchange rate.

2-4) Hyundai Electric & Energy Systems

1Q 2019 Sales and Operating Profit Margin



Note 1 : Consolidated basis

- **Sales 417.9 billion KRW**

- 25.7% decrease QoQ
- 2.8% decrease YoY

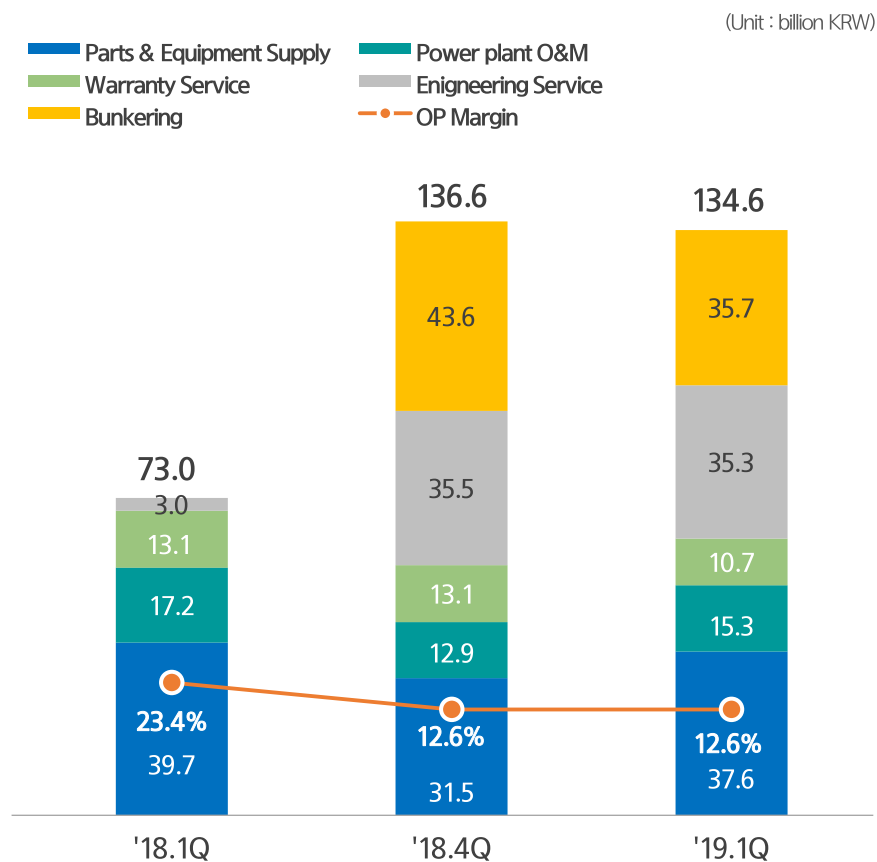
- **Operating Profit 32.0 billion KRW**

- 7.7% OPM, turned to deficit

- **Analysis**

- Sales decreased due to the reduction and delay of investment in domestic T&D industry and ESS fire issues.
- Operating loss due to the sales decline and increased fixed cost burden.

1Q 2019 Sales and Operating Profit Margin



- **Sales 134.6 Billion KRW**

- 1.5% decrease QoQ
- 84.4% increase YoY

- **Operating Profit 16.9 Billion KRW**

- 1.6% decrease QoQ
- 1.2% decrease YoY

- **Analysis**

- Oil bunkering sales declined due to decrease oil prices QoQ.
- Operating profit declined due to lower contribution of highly profitable business (Parts & Equipment Sales and Power Plant O&M)

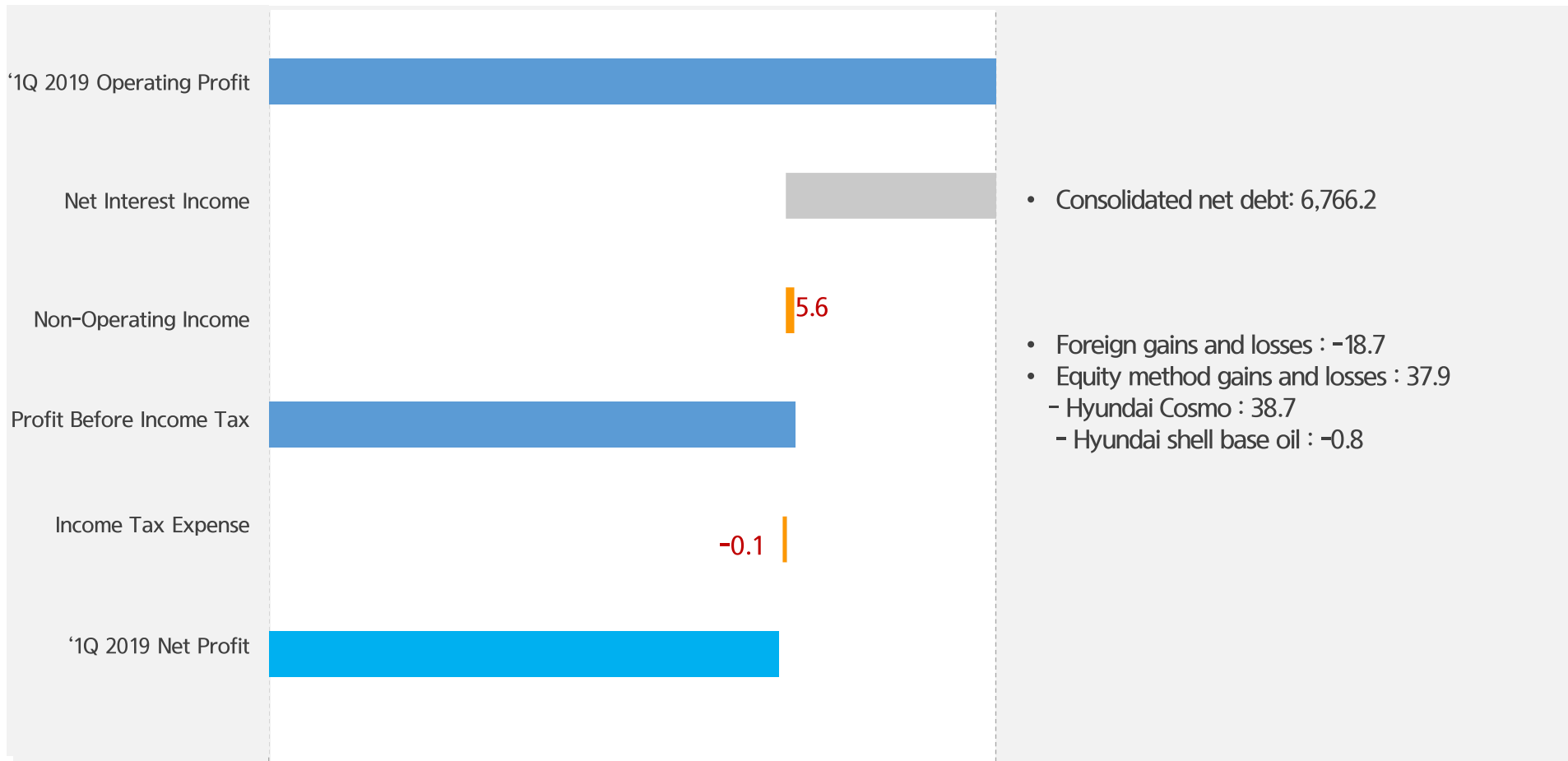
Note1 : consolidated basis

Note2 : Inc. eco-friendly Retrofit in Engineering Service

3. Non-operating Profit and Net Income

1Q 2019 Financial Results

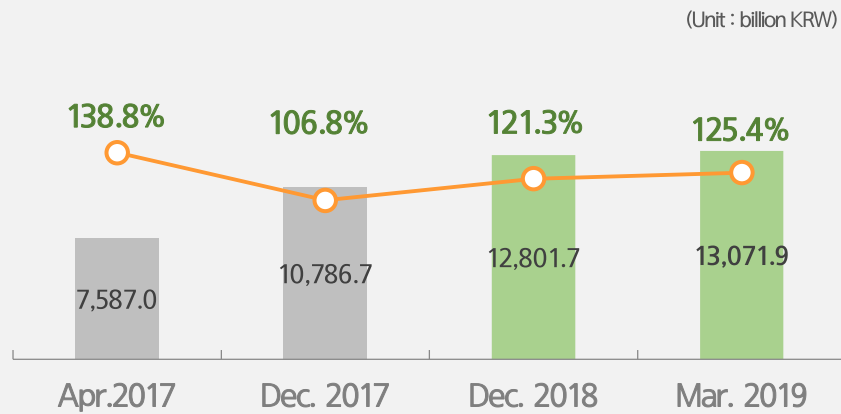
(Unit : billion KRW)



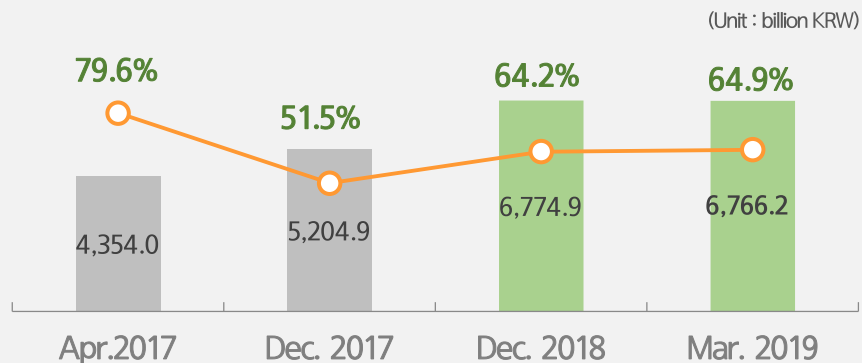
4. Financial Ratio

Consolidated Financial Ratio

- Debt Ratio 125.4%

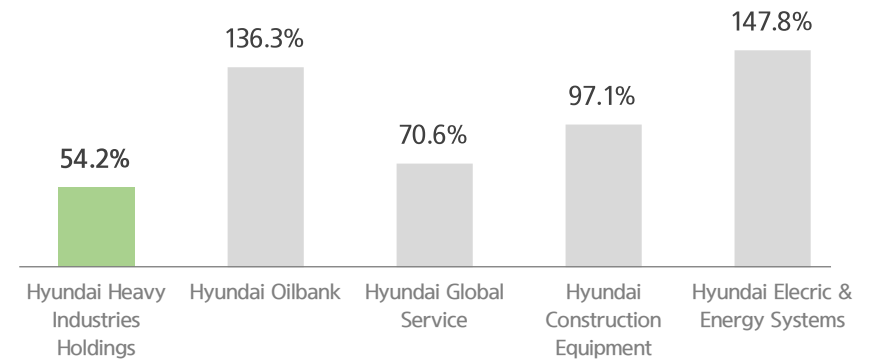


- Net Debt Ratio 64.2%

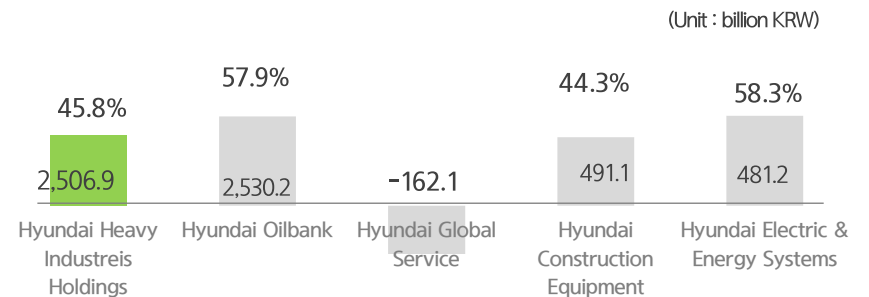


Financial Ratio of Major Affiliates

- Debt Ratio (As of the end of Mar. 2019)



- Net Debt Ratio (As of the end of Mar. 2019)



Appendix.

Summary of Financial Statements

1. Consolidated Financial Statement of HHIH
2. Consolidated Financial Statement of HDO
3. Consolidated Financial Statement of HGS

1. Consolidated Financial Statement of HHIH

Consolidated Income Statement

(Unit : billion KRW)

구 분	'19.1Q			'18.4Q	'18.1Q
		QoQ	YoY		
Sales	6,491.5	-12.6%	3.2%	7,428.1	6,290.7
Cost of Goods Sold	6,073.5	-17.2%	6.6%	7,338.0	5,692.2
Gross Profit	417.9	363.9%	-30.2%	90.1	598.5
Operating Profit	144.5	Turned to surplus	-55.9%	(163.9)	328.0
OP margin	2.2%	Turned to surplus	-3.0%p	-2.2%	5.2%
Non Operating Income & Loss	(46.8)	-	-	(272.0)	(35.6)
Profit before Tax	97.7	Turned to surplus	-66.6%	(435.8)	292.3
Income Tax	0.1	-	-99.9%	(70.6)	56.3
Net Income	97.6	Turned to surplus	-58.6%	(365.2)	236.0

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Apr.1, '17	Dec.31, '17	Dec.31, '18	Mar.31 '19
Current Assets	4,111.3	7,827.2	8,884.5	8,500.7
(Cash & Cash Equivalents)	572.1	1,126.3	1,099.8	1,066.5
Non-current Assets	8,943.7	13,061.4	14,470.2	14,992.9
Total Assets	13,055.0	20,888.6	23,354.7	23,493.6
Current Liabilities	4,922.2	6,528.7	8,652.1	8,512.0
(Short-term borrowings)	2,769.2	2,939.3	4,549.7	3,554.4
Non-current Liabilities	2,664.8	4,258.0	4,149.6	4,559.9
(Long-term borrowings)	2,156.9	3,391.9	3,325.0	1,505.2
Total Liabilities	7,587.0	10,786.7	12,801.7	13,071.9
Paid-in Capital	60.2	81.4	81.4	81.4
Others	4,510.8	6,460.2	4,344.6	4,351.4
Retained Earnings	0	946.8	3,298.5	3,105.1
Non-controlling interests	897.0	2,613.5	2,828.5	2,883.8
Total Shareholder's Equity	5,468.0	10,101.9	10,553.0	10,421.7
Total Liabilities & Shareholder's Equity	13,055.0	20,888.6	23,354.7	23,493.6

2. Consolidated Financial Statements (Hyundai Oilbank)

Consolidated Income Statement

Unit: KRW bil.

	'19.1Q	QoQ	YoY	'18.4Q	'18.1Q
Sales	5,141.1	-16.0%	7.6%	6,117.4	4,778.0
Cost of sales	4,936.1	-20.1%	12.5%	6,179.7	4,389.0
Gross profit	204.9	Turned to surplus	-47.3%	-62.3	389.0
Operating profit	100.8	Turned to surplus	-64.3%	-175.3	282.7
OP margin	2.0%	Turned to surplus	-3.9%p	-2.9%	5.9%
Non operating income & expenses	-29.8	-	-	-72.4	5.5
Profit before tax	71.0	Turned to surplus	-75.4%	-247.7	288.2
Income tax	12.6	-	-	-57.4	69.3
Net income	58.4	Turned to surplus	-73.3%	-190.3	218.9

Consolidated Balance Sheet

Unit: KRW bil.

구 분	'16.4Q	'17.4Q	'18.4Q	'191Q
Current assets	3,033.2	4,103.6	4,358.3	4,173.8
(Cash & cash equivalents)	300.6	148.2	162.6	207.2
Non-current assets	6,375.5	6,837.7	7,386.5	7,772.9
Total assets	9,408.7	10,941.3	11,744.8	11,946.7
Current liabilities	3,088.0	3,797.7	4,578.0	4,521.0
(Short-term borrowings)	1,102.0	1,015.4	1,573.7	1,619.9
Non-current liabilities	1,885.3	2,081.7	2,042.7	2,395.3
(Long-term borrowings)	1,691.3	1,860.0	1,856.1	1,881.4
Total liabilities	4,973.3	5,879.4	6,620.7	6,916.3
Paid-in capital	1,225.4	1,225.4	1,225.4	1,225.4
Others	458.1	440.8	454.6	451.1
Retained earnings	2,496.0	3,064.2	3,109.9	2,918.2
Non-controlling interest	255.9	331.5	334.2	435.7
Total equity	4,435.4	5,061.9	5,124.1	5,030.4
Total liabilities & equity	9,408.7	10,941.3	11,744.8	11,946.7

Note: Consolidated in accordance with K-IFRS

3. Consolidated Financial Statement of Hyundai Global Service

Consolidated Income Statement

(Unit : billion KRW)

구 분	'19.1Q			'18.4Q	'18.1Q
		QoQ	YoY		
Sales	134.6	-1.5%	84.4%	136.6	73.0
Cost of Goods Sold	112.8	0.4%	119.5%	112.3	51.4
Gross Profit	21.8	-10.3%	0.9%	24.3	21.6
Operating Profit	16.9	-1.7%	-1.2%	17.2	17.1
OP margin	12.6%	-	-10.8%	12.6%	23.4%
Non Operating Income & Loss	3.0	-	-	0.1	0.1
Profit before Tax	19.9	15.0%	15.7%	17.3	17.2
Income Tax	5.1	8.5%	6.3%	4.7	4.8
Net Income	14.8	17.5%	19.4%	12.6	12.4

Note1 : consolidated basis

Consolidated Balance Sheet

(Unit : billion KRW)

구 분	Dec.31, '16	Dec.31, '17	Dec.31, '18	Mar.31 '19
Current Assets	142.9	203.6	359.5	391.4
(Cash & Cash Equivalents)	57.7	39.1	124.8	144.7
Non-current Assets	1.9	5.5	11.2	16.4
Total Assets	144.8	209.1	370.7	407.8
Current Liabilities	18.9	43.0	151.8	169.3
(Short-term borrowings)	-	-	-	-
Non-current Liabilities	0.6	0.2	0.3	4.7
(Long-term borrowings)	-	-	-	-
Total Liabilities	19.5	43.2	152.0	174.0
Paid-in Capital	20.0	20.0	20.0	20.0
Others	105.2	105.7	105.5	105.7
Retained Earnings	0.1	40.2	93.2	108.1
Total Shareholder's Equity	125.3	165.9	218.7	233.8
Total Liabilities & Shareholder's Equity	144.8	209.1	370.7	407.8

Note1 : '16. 4Q, non consolidated basis , '17.4Q, '18. 4Q, consolidated basis



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