

4Q 2019 Earnings Release

# HYUNDAI HEAVY INDUSTRIES HOLDINGS



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# 4Q 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. Net Income and Non-operating Income
4. Financial Ratio



# 1. Summary of Financial Results (1/3)

- Sales increased by 3.9% QoQ due to increased sales of Hyundai Electric and Hyundai Global service.
- Operating profit decreased by 54.2% QoQ driven by lower refining margins and one-off costs of Hyundai Electric.

(Unit : billion KRW)

	'19.4Q			'19.3Q	'18.4Q
		QoQ	YoY		
Sales	6,785.1	3.9%	-8.7%	6,530.0	7,428.1
Operating Profit	100.6	-54.2%	Turned to surplus	219.6	(163.9)
OPM	1.5%	-1.9%p	Turned to surplus	3.4%	-2.2%
Non-operating Income	(178.6)	-	-	(117.3)	(272.0)
Interest income (net)	(58.2)	-	-	(64.1)	(56.1)
Gains and losses on Foreign exchange (net)	24.3	-	-	(32.7)	(3.1)
Profit before income taxes	(78.0)	deficit conversion	82.1%	102.3	(435.9)
Net Profit	(102.6)	deficit conversion	71.9%	66.1	(365.2)
Profit attributable to Common shareowners	(26.0)	deficit conversion	91.0%	38.1	(289.3)

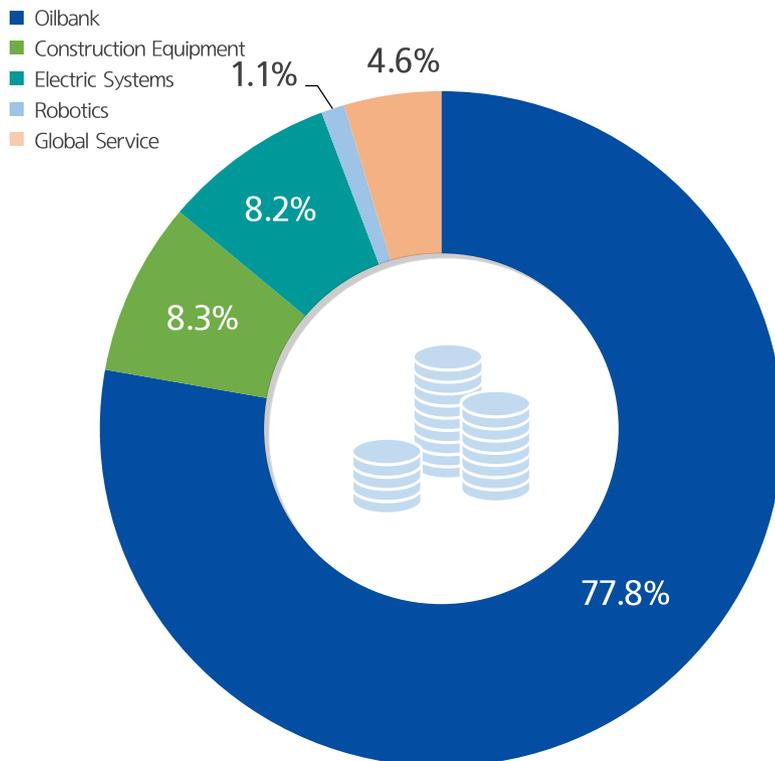
Note 1 .K-IFRS consolidated basis

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)

## 4Q 2019 Sales Composition

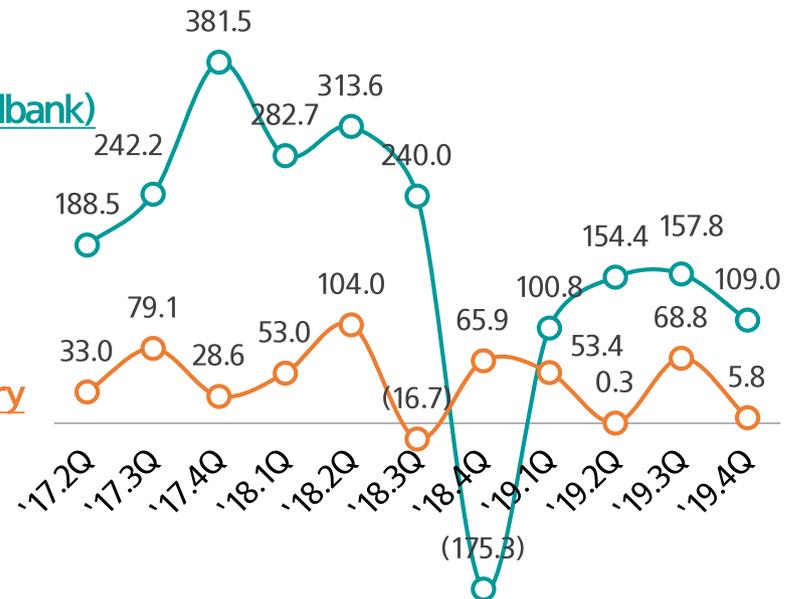


## 4Q 2019 Operating Profit

(Unit : billion KRW)

### Refinery(Oilbank)

### Non-refinery



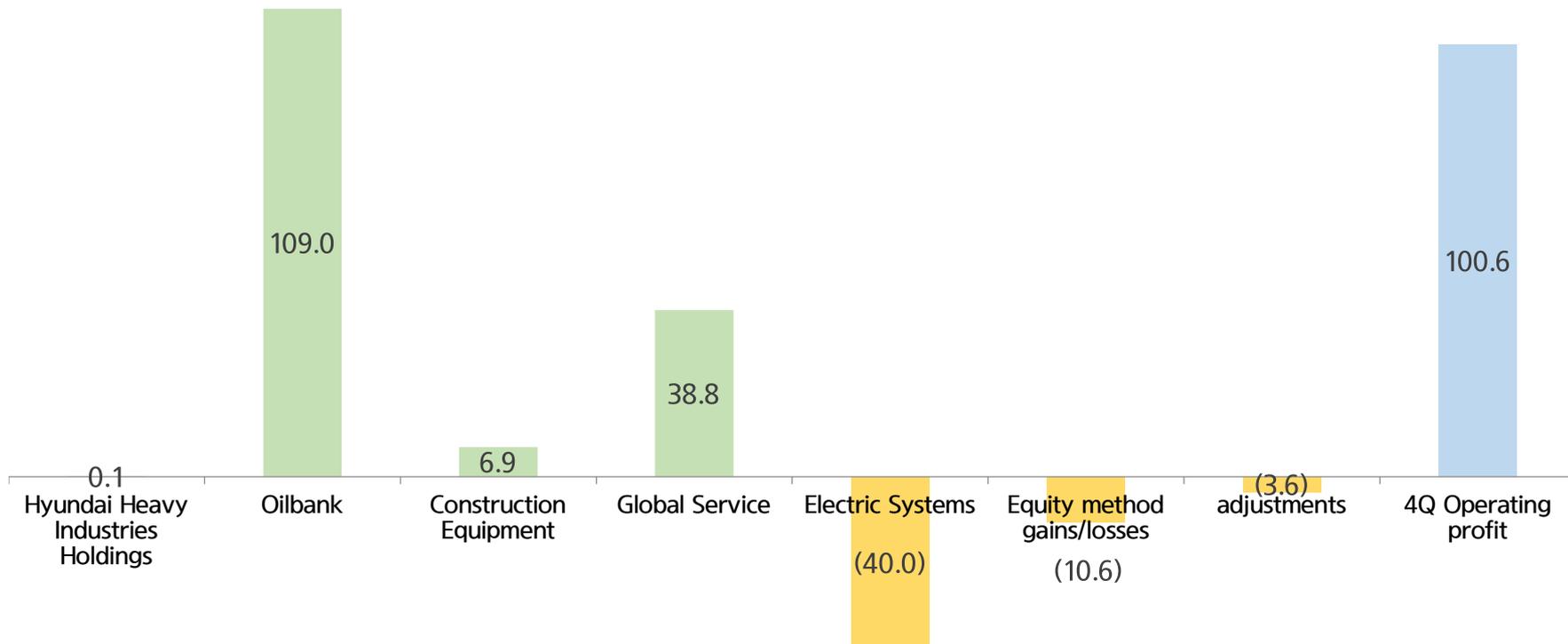
Note 1 : Consolidated Sales of each subsidiary excluding equity method gains/losses and dividends

Note 2 : Excluding equity method gains/losses and dividends

# 1. Summary of Financial Results (3/3)

## 4Q 2019 Operating profit Composition

(Unit : billion KRW)



## 2. Financial Results by Companies

### 4Q 2019 Financial Results

(Unit :billion KRW)

Category	'19.4Q			'19.3Q			'18.4Q			Remarks	
	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM		
Hyundai Heavy Industries Holdings	77.8	0.1	0.1%	69.0	5.9	8.6%	63.5	11.1	17.5%		
Hyundai Oilbank	5,352.2	109.0	2.0%	5,304.0	157.8	3.0%	6,117.4	(175.3)	-2.9%		
Consolidated Entities	Hyundai Construction Equipment	574.1	6.9	1.2%	639.6	37.8	5.9%	670.3	34.5	5.1%	
	Hyundai Electric & Energy Systems	562.3	(40.0)	(7.1%)	385.7	(4.0)	-1.0%	562.6	3.1	0.6%	
	Hyundai Global Service	319.5	38.8	12.1%	187.6	29.1	15.5%	136.6	17.2	12.6%	
Equity Method	Korea Shipbuilding & Offshore Engineering	(10.6)	(10.6)	-	0.3	0.3	-	(57.2)	(57.2)	-	
	Adjustment	(90.2)	(3.6)	-	(56.2)	(7.3)	-	(65.1)	2.7	-	
	<b>Total</b>	<b>6,785.1</b>	<b>100.6</b>	<b>1.5%</b>	<b>6,530.0</b>	<b>219.6</b>	<b>3.4%</b>	<b>7,428.1</b>	<b>(163.9)</b>	<b>-2.2%</b>	

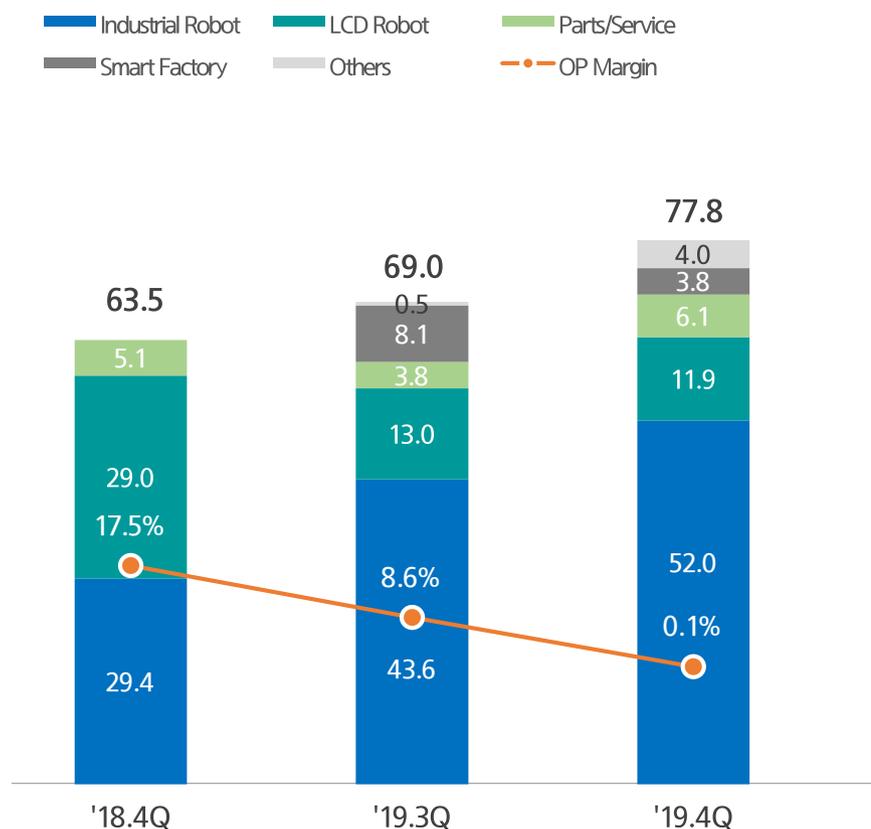
Note 1 : Hyundai Heavy Industries Holdings: Nonconsolidated basis

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

## 2-1) Hyundai Heavy Industries Holdings

### '19 4Q Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 77.8 billion KRW**

- Up 12.8% QoQ
- Up 22.5% YoY

- **Operating Profit 0.1 billion KRW**

- Down 98.3% QoQ
- Down 99.1% YoY

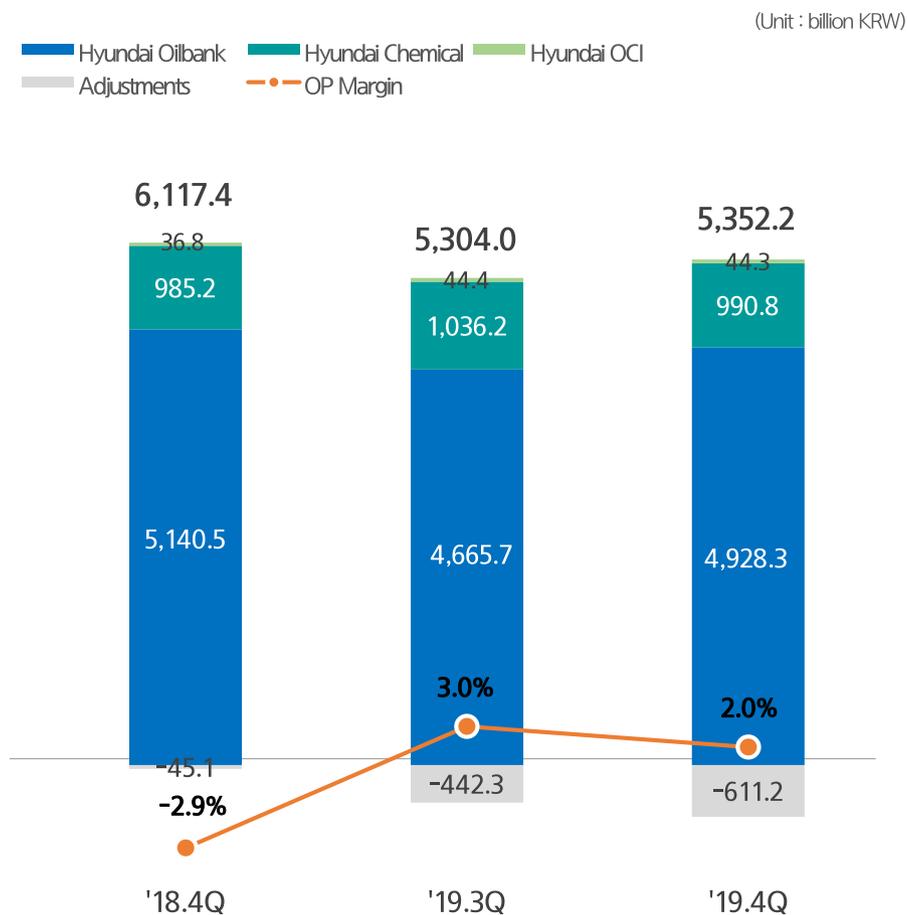
- **Analysis**

- Sales increased QoQ and YoY due to increased overseas new order intake of industrial robots in Q3.
- Operating profit decreased QoQ and YoY due to declined investment in automobile and display industries as a result of market slowdown and intense competition, and recognition of one-off costs.

Note 1 : Nonconsolidated basis

## 2-2) Hyundai Oilbank (Consolidated)

### '19 4Q Sales & Operating Profit Margin



Note: Consolidated

- **Sales 5,352.2 billion KRW**

Up 0.9% QoQ

Down 12.5% YoY

- **Operating Profit 109.0 billion KRW**

Down 30.9% QoQ

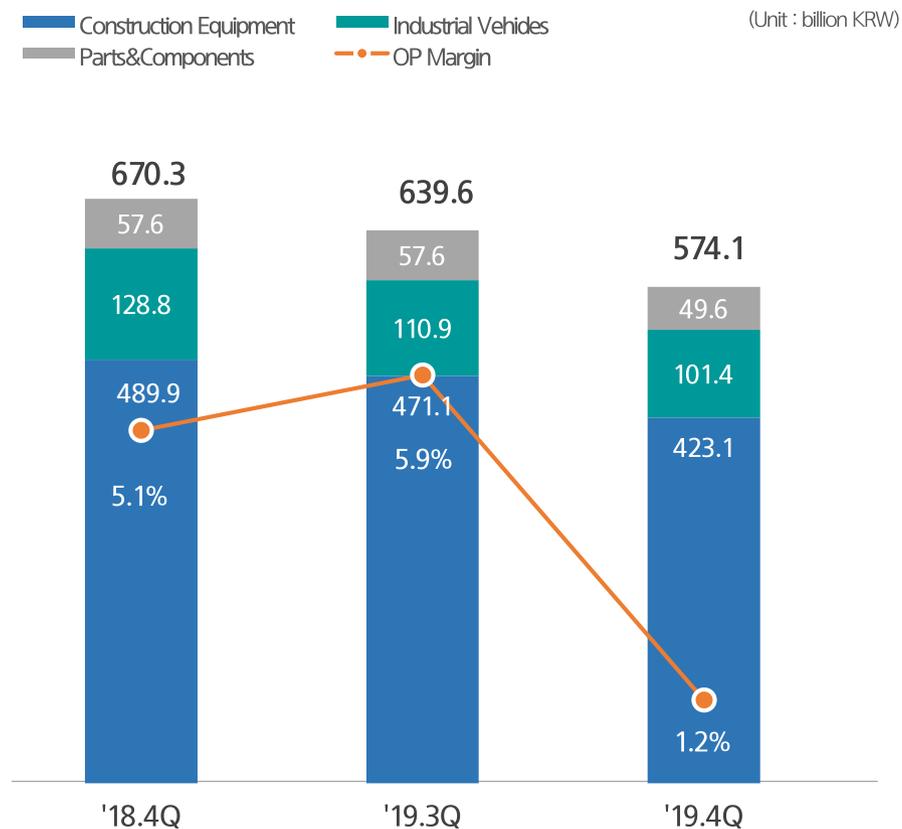
Turned of surplus

- **Analysis**

- Sales increased slightly QoQ driven by improved average oil price, but operating profit deteriorated in the same period due to decreased product crack/spread and increased crude oil freight rates.
- Turned to positive operating profit YoY due to elimination of loss on inventory evaluation and lagging effect caused by drop in oil price.

## 2-3) Hyundai Construction Equipment(Consolidated)

### 4Q 2019 Sales and Operating Profit Margin



- **Sales 574.1 billion KRW**

- Down 10.2% QoQ
- Down 14.4% YoY

- **Operating Profit 6.9 billion KRW**

- Down 81.7% QoQ
- Down 80.0% YoY

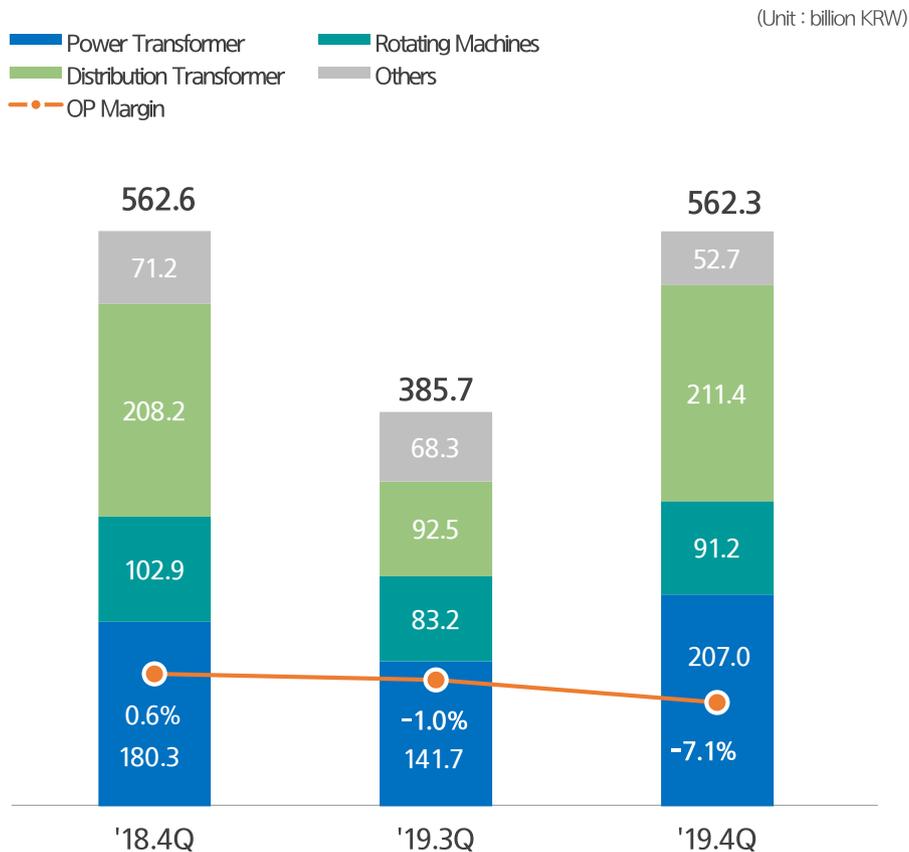
- **Analysis**

- Sales and operating profit decreased QoQ due to the off season
- Regional sales dropped YoY as market demand continues to shrink driven by global economic slowdown. Operating profit decreased due to increased costs such as fixed costs and warranty repair costs stemming from sales decline.

Note 1 : Consolidated basis

## 2-4) Hyundai Electric & Energy Systems (Consolidated)

### 4Q 2019 Sales and Operating Profit Margin



Note 1 : Consolidated basis

- **Sales 562.3 billion KRW**

- Up 45.8% QoQ
- Down 0.1% YoY

- **Operating Profit -40.0 billion KRW**

- OPM -7.1%, Remain red

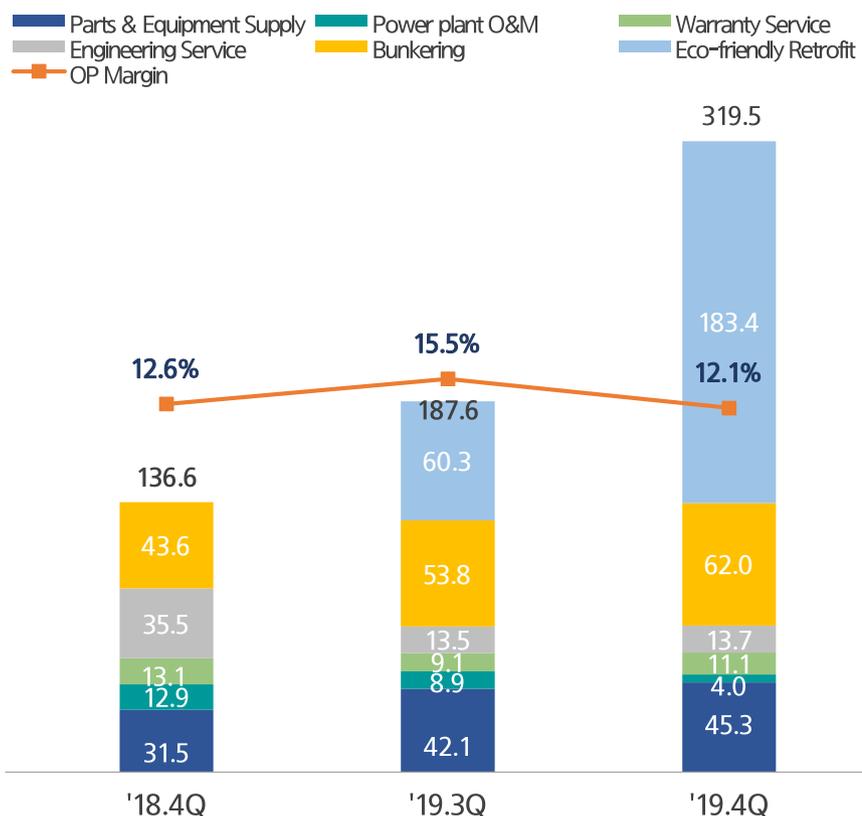
- **Analysis**

- Sales increased QoQ due to sales recovery in Middle East, improved sales of KEPCO, and sales recognition of ESS products that were ordered in Q3.
- Operating losses increased YoY due to one-off costs (35.4 billion won) such as human resources restructuring cost, overseas project warranty repair cost, and provisions due to delays.

## 2-5) Hyundai Global Service

### 4Q 2019 Sales and Operating Profit Margin

(Unit : billion KRW)



- Sales 319.5 Billion KRW**

- Up 70.3% QoQ
- Up 133.9% YoY

- Operating Profit 38.8 Billion KRW**

- Up 33.3% QoQ
- Up 125.6% YoY

- Analysis**

- Sales increased QoQ and YoY mainly due to increased sales in eco-friendly retrofit business.
- Operating profit increased QoQ and YoY due to increased sales of parts & materials and eco-friendly retrofit business.

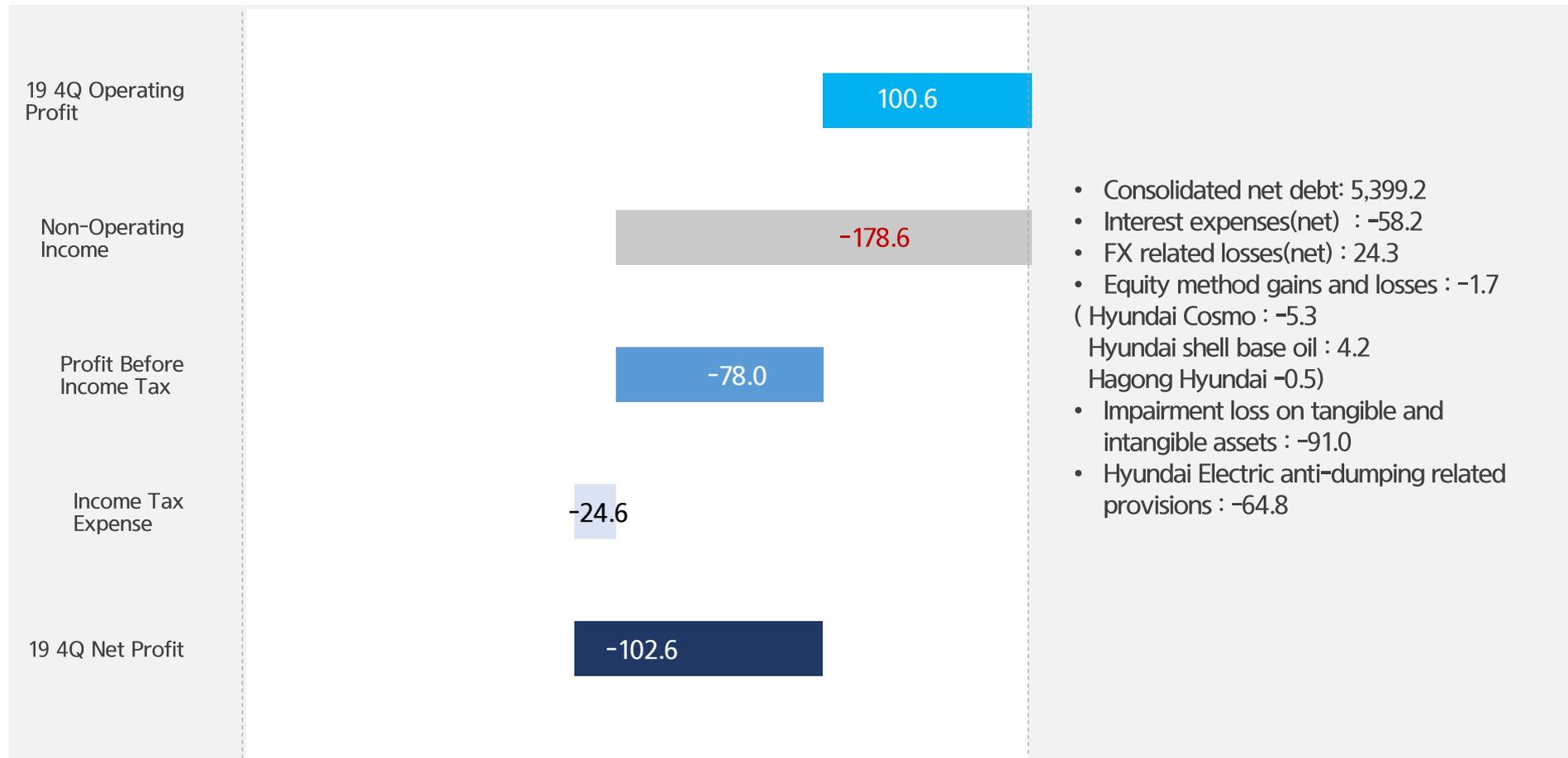
Note1 : Consolidated basis

Note2 : Eco-friendly Retrofit included in Engineering Service

### 3. Non-operating Profit and Net Income

#### 4Q 2019 Financial Results

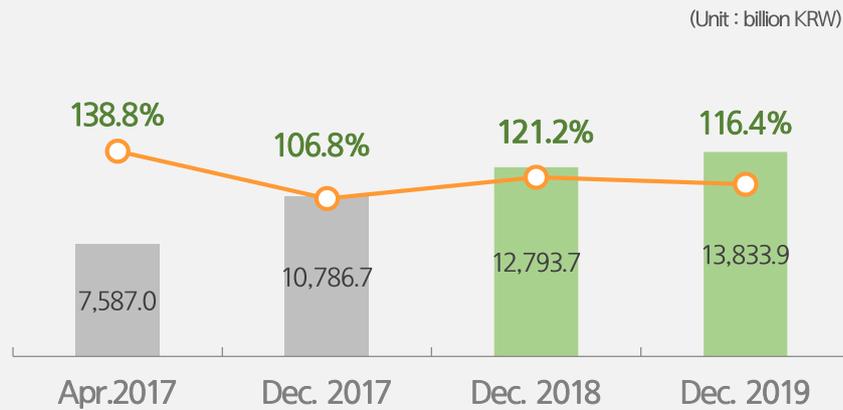
(Unit : billion KRW)



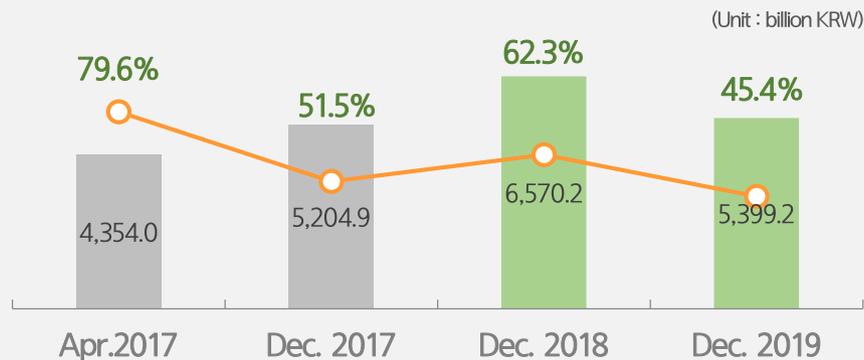
# 4. Financial Ratio

## Consolidated Financial Ratio

- Liabilities Ratio 116.4%

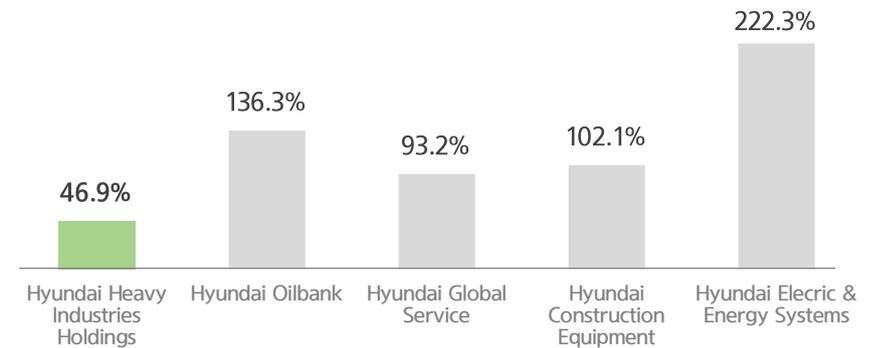


- Net Debt Ratio 45.4%



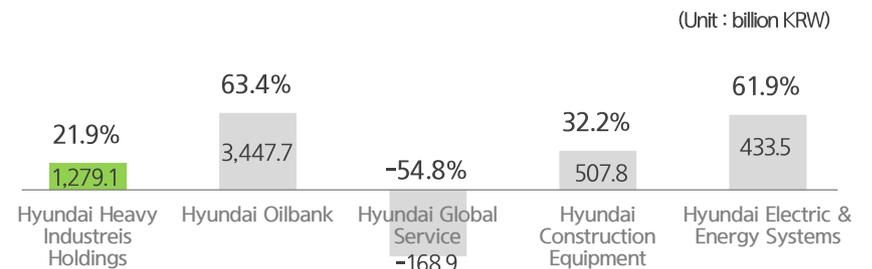
## Financial Ratio of Major Affiliates

- Liabilities Ratio



Note: HHHH - Nonconsolidated basis

- Net Debt Ratio



Note: HHHH - Nonconsolidated basis

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)

Category	'19.4Q			'19.3Q	'18.4Q
		QoQ	YoY		
Sales	6,785.1	3.9%	-8.7%	6,530.0	7,428.1
Cost of Goods Sold	6,377.3	5.4%	-13.1%	6,051.2	7,338.0
Gross Profit	407.8	-14.8%	352.6%	478.8	90.1
Operating Profit	100.6	-54.2%	Truned to surplus	219.6	(163.9)
OP margin	1.5%	-1.9%p	Truned to surplus	3.4%	-2.2%
Non Operating Income & Loss	(178.6)	-	-	(117.3)	(272.0)
Profit before Tax	(78.0)	Deficit conversion	82.1%	102.3	(435.9)
Income Tax	24.6	-	-	36.2	(70.6)
Net Income	(102.6)	Deficit conversion	71.9%	66.1	(365.2)

## Consolidated Balance Sheet

(Unit : billion KRW)

Category	Apr.1, '17	Dec.31, '17	Dec.31, '18	Dec.31, '19
Current Assets	4,111.3	7,827.2	8,884.2	9,938.3
(Cash & Cash Equivalents)	572.1	1,126.3	1,099.8	2,348.0
Non-current Assets	8,943.7	13,061.4	14,463.6	15,780.3
<b>Total Assets</b>	<b>13,055.0</b>	<b>20,888.6</b>	<b>23,347.8</b>	<b>25,718.6</b>
Current Liabilities	4,922.2	6,528.7	8,660.2	8,046.0
(Short-term borrowings)	2,769.2	2,939.3	4,549.7	3,418.5
Non-current Liabilities	2,664.8	4,258.0	4,133.5	5,787.9
(Long-term borrowings)	2,156.9	3,391.9	3,325.0	4,652.9
<b>Total Liabilities</b>	<b>7,587.0</b>	<b>10,786.7</b>	<b>12,793.7</b>	<b>13,833.9</b>
Paid-in Capital	60.2	81.4	81.4	81.4
Others	4,510.8	6,460.2	4,344.0	4,727.3
Retained Earnings	0	946.8	3,302.0	3,183.3
Non-controlling interests	897.0	2,613.5	2,826.6	3,892.7
<b>Total Shareholder's Equity</b>	<b>5,468.0</b>	<b>10,101.9</b>	<b>10,554.1</b>	<b>11,884.7</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>13,055.0</b>	<b>20,888.6</b>	<b>23,347.8</b>	<b>25,718.6</b>

Note: K-IFRS consolidated basis

## 2. Consolidated Financial Statements (Hyundai Oilbank)

### Consolidated Income Statement

(Unit : billion KRW)

Category	'19.4Q			'19.3Q	'18.4Q
		QoQ	YoY		
Sales	5,352.2	0.9%	-12.5%	5,304.0	6,117.4
Cost of sales	5,137.6	1.9%	-16.9%	5,040.2	6,179.7
Gross profit	214.6	-18.7%	Turn to surplus	263.8	(62.3)
Operating profit	109.0	-30.9%	Turn to surplus	157.8	(175.3)
OP margin	2.0%	-1.0%p	Turn to surplus	3.0%	-2.9%
Non operating income & expenses	48.1	-	-	(93.0)	(97.2)
Equity method gains and losses	(1.1)	-	-	(5.5)	24.8
Profit before tax	156.0	163.1%	Turn to surplus	59.3	(247.7)
Income tax	34.0	-	-	18.3	(57.4)
Net income	122.0	197.6%	Turn to surplus	41.0	(190.3)

Note: K-IFRS consolidated basis

### Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '17	Dec.31, '18	Dec.31, '19
Current assets	4,103.6	4,358.3	4,565.4
(Cash & cash equivalents)	148.2	162.6	480.4
Non-current assets	6,837.7	7,386.5	8,290.5
<b>Total assets</b>	<b>10,941.3</b>	<b>11,744.8</b>	<b>12,855.9</b>
Current liabilities	3,797.7	4,578.0	4,086.7
(Short-term borrowings)	1,015.4	1,573.7	1,125.0
Non-current liabilities	2,081.7	2,042.7	3,327.6
(Long-term borrowings)	1,860.0	1,856.1	2,808.4
<b>Total liabilities</b>	<b>5,879.4</b>	<b>6,620.7</b>	<b>7,414.3</b>
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	440.8	454.6	443.6
Retained earnings	3,064.2	3,109.9	3,110.1
Non-controlling interest	331.5	334.2	662.4
<b>Total equity</b>	<b>5,061.9</b>	<b>5,124.1</b>	<b>5,441.6</b>
<b>Total liabilities &amp; equity</b>	<b>10,941.3</b>	<b>11,744.8</b>	<b>12,855.9</b>

### 3. Consolidated Financial Statement of Hyundai Global Service



#### Consolidated Income Statement

(Unit : billion KRW)

Category	'19.4Q			'19.3Q	'18.4Q
		QoQ	YoY		
Sales	319.5	70.3%	133.9%	187.6	136.6
Cost of Goods Sold	273.5	78.3%	143.5%	153.4	112.3
Gross Profit	46.0	34.5%	89.3%	34.2	24.3
Operating Profit	38.8	33.3%	125.6%	29.1	17.2
OP margin	12.1%	-3.4%p	-0.5%p	15.5%	12.6%
Non Operating Income & Loss	(2.6)	-	-	5.5	0.1
Profit before Tax	36.2	4.3%	109.2%	34.7	17.3
Income Tax	7.9	-	-	8.6	4.7
Net Income	28.3	8.4%	124.6%	26.1	12.6

#### Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '17	Dec.31, '18	Dec.31, '19
Current Assets	203.6	359.5	569.3
(Cash & Cash Equivalents)	39.1	124.8	168.9
Non-current Assets	5.5	11.2	26.2
<b>Total Assets</b>	<b>209.1</b>	<b>370.7</b>	<b>595.5</b>
Current Liabilities	43.0	151.8	284.5
(Short-term borrowings)	-	-	-
Non-current Liabilities	0.2	0.3	2.8
(Long-term borrowings)	-	-	-
<b>Total Liabilities</b>	<b>43.2</b>	<b>152.0</b>	<b>287.3</b>
Paid-in Capital	20.0	20.0	20.0
Others	105.7	105.5	105.2
Retained Earnings	40.2	93.2	183.0
<b>Total Shareholder's Equity</b>	<b>165.9</b>	<b>218.7</b>	<b>308.2</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>209.1</b>	<b>370.7</b>	<b>595.5</b>

Note: K-IFRS consolidated basis

