

4Q 2019 Earnings Release

**HYUNDAI
OILBANK**



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4Q 2019 Earnings

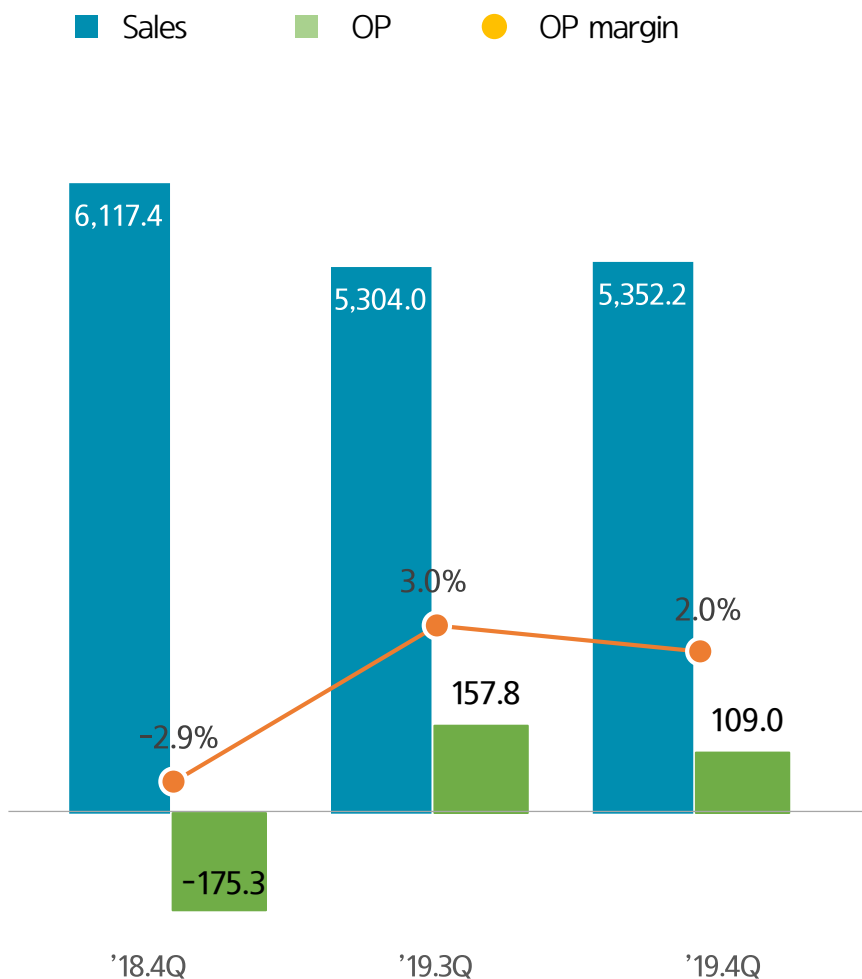
1. Consolidated Earnings
2. Earnings Breakdown
3. Key Index and Operating Profit - Hyundai Oilbank
4. Key Index and Operating Profit - Hyundai Chemical
5. Key Index and Operating Profit - Hyundai OCI
6. Operating Profit of Equity Method Affiliates (Hyundai Cosmo, Hyundai Shell Base Oil)
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1. Consolidated Earnings

4Q 2019 Consolidated Earnings

Unit: KRW bil.



- **Sales: KRW 5.3 trillion**

- QoQ 0.9% increase (+ KRW 48.2 bil.)
- YoY 12.5% decrease (- KRW 765.2 bil.)

- **QoQ Analysis**

- Sales increased QoQ as the average crude price rose (61.2 → 62.1 \$/B)

- **YoY Analysis**

- Sales decreased YoY as the average crude price fell (67.4 → 62.1 \$/B)

- **Operating Profit : KRW 109.0 bil.**

- QoQ decrease: -KRW 48.8 bil.
- YoY increase: +KRW 284.3 bil.

- **QoQ Analysis**

- Operating profit decreased as cracks and spreads fell and crude VLCC fares rose with the COSCO sanctions.

- **YoY Analysis**

- Operating profit fell in '18.4Q with the oil price drop. (lagging effect)

2. Earnings Breakdown

'4Q 2019 Earnings

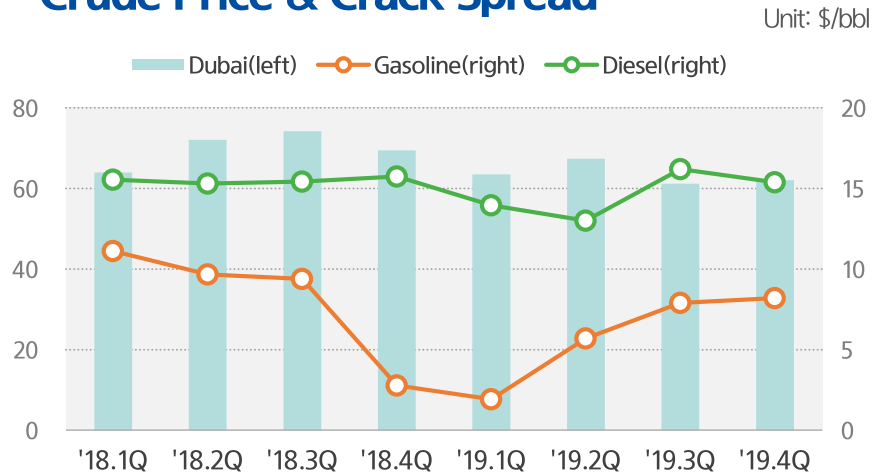
Unit: KRW bil.

	'19.4Q			'19.3Q			'18.4Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Hyundai Oilbank	4,928.3	59.9	1.2%	4,665.7	88.2	1.9%	5,140.5	-140.5	-2.7%
Hyundai Chemical	990.8	26.9	2.7%	1,036.2	48.2	4.7%	985.2	-50.1	-5.1%
Hyundai OCI	44.3	10.7	24.0%	44.4	9.3	21.0%	36.8	4.6	12.5%
Others/Adjustments	-611.2	11.5		-442.3	12.1		-45.1	10.7	
Consolidated Earnings	5,352.2	109.0	2.0%	5,304.0	157.8	3.0%	6,117.4	-175.3	-2.9%
Hyundai Cosmo (Equity Method)	736.5	-28.5	-3.9%	702.4	3.3	0.5%	743.2	60.0	8.1%
Hyundai Shell Base Oil (Equity Method)	180.8	6.5	3.6%	195.7	-4.8	-2.4%	183.6	1.8	1.0%

Note) Equity method affiliates Hyundai Cosmo & Hyundai Shell Base Oil are excluded in the consolidated earnings

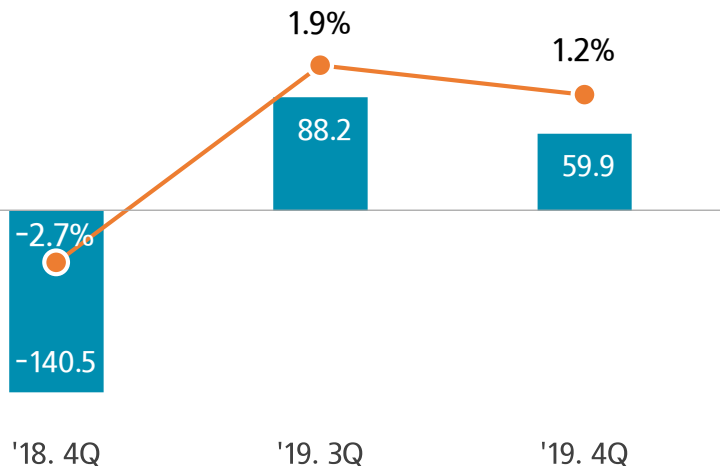
3. Key Index and Operating Profit - Hyundai Oilbank

Crude Price & Crack Spread



Operating Profit (Separate)

Unit : KRW bil.



4Q Market Analysis

- Crude price rose with China's increased crude import and recovering market sentiment following the reconciliation between US and China over the trade dispute.
- Gasoline crack increase was limited as refineries completed TA, new plants started operation and the demand was weak in the off-season.
- Gas-oil crack fell with oversupply and slow demand: VLSFO supply and inventory increased more than expected, shipping companies preferred VLSFO over MGO and refineries in China increased their export.

1Q 2020 Forecast

- Oil price will average 62\$/bbl in 1Q20, with high volatility arising from uncertainties on a production cut implementation, geopolitical crisis in the middle-east and the Coronavirus outbreak.
- Gasoline crack is likely to narrow in 1Q20 due to oversupply. However, it will gradually improve with TA scheduled in the spring season and lowered FCC operation for VLSFO production.
- Kerosene/gas-oil crack will narrow with the slow heating-oil demand and the industrial/aviation demand due to the Coronavirus outbreak and new plants of Longsheng (China), RAPID (Malaysia) and Hengyi (Brunei).

QoQ Operating Profit Analysis

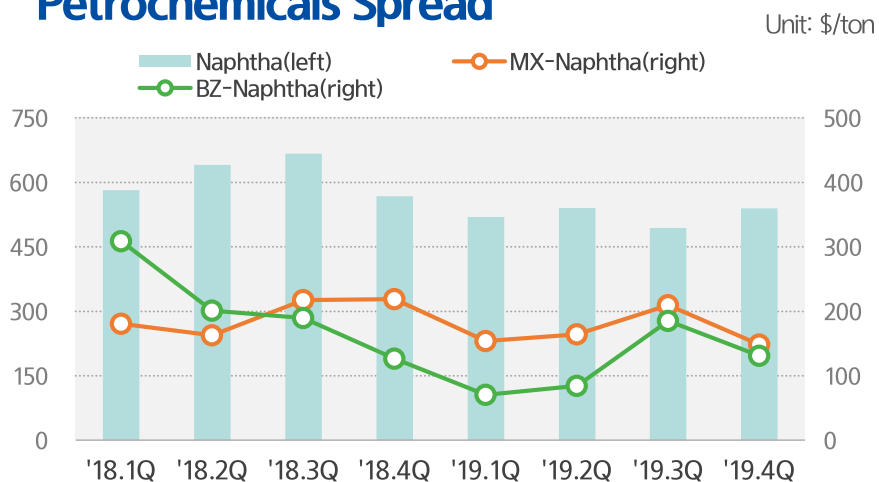
- Cracks and exchange rates fell and crude freight fares rose.

YoY Operating Profit Analysis

- Operating profit fell in '18.4Q with the oil price drop. (lagging effect and inventory valuation loss)

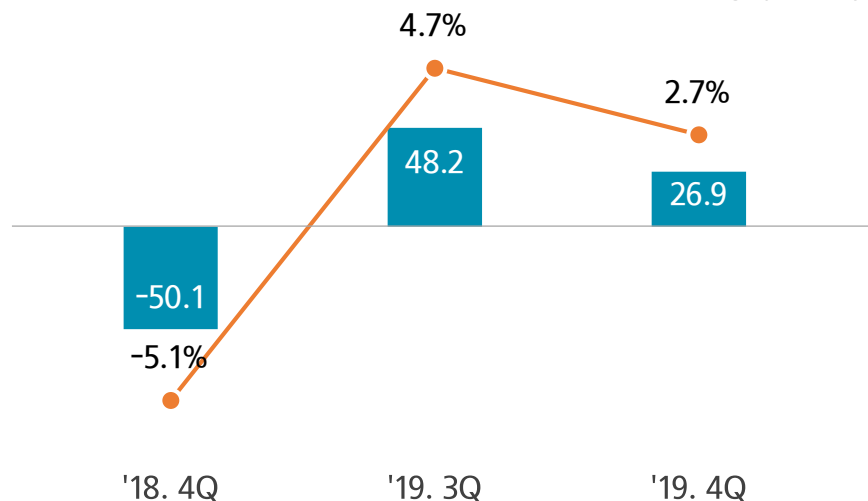
4. Key Index and Operating Profit – Hyundai Chemical

Petrochemicals Spread



Operating Profit (Separate)

Unit : KRW bil.



4Q Market Analysis

- MX spread fell by 61 \$/ton QoQ with decrease in demand, as major MX buyers including Lotte Chemical (Ulsan) and Hyundai Cosmo cut down their operation.
- BZ spread narrowed down due to slow demand with unfavorable economics of downstream products such as styrene monomer and the decrease in the export to the US.

1Q 2020 Forecast

- MX spread is likely to show an upturn with a continuous purchase from Hengli petrochemical (China) and increase in demand for gasoline composites following the end of winter.
- BZ spread is expected to rise with the decrease in supply due to production cuts of BTX/NCC, together with favorable offshore price.

QoQ Operating Profit Analysis

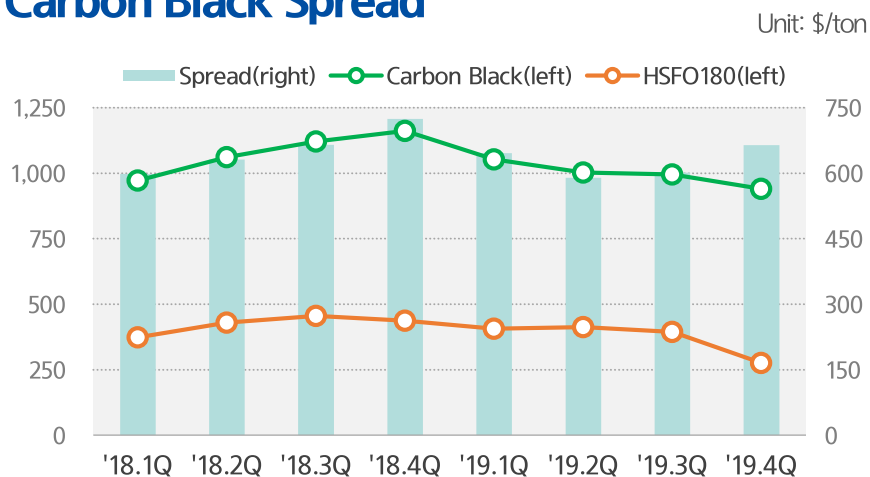
- Product spreads fell. (MX-N : 209 → 148 \$/ton)

YoY Operating Profit Analysis

- Operating profit fell in '18.4Q with the oil price drop. (lagging effect and inventory valuation loss)

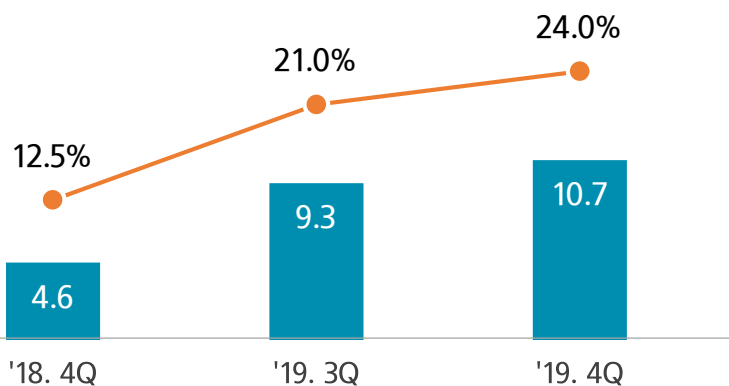
5. Key Index and Operating Profit – Hyundai OCI

Carbon Black Spread



Operating Profit (Separate)

Unit : KRW bil.



• 4Q Market Analysis

- While carbon black product price fell QoQ, production margin rose with greater decrease of raw material price.

• 1Q 2020 Forecast

- The spread is likely to slightly narrow down as the oil price drop in 4Q19 will be reflected to the product price.

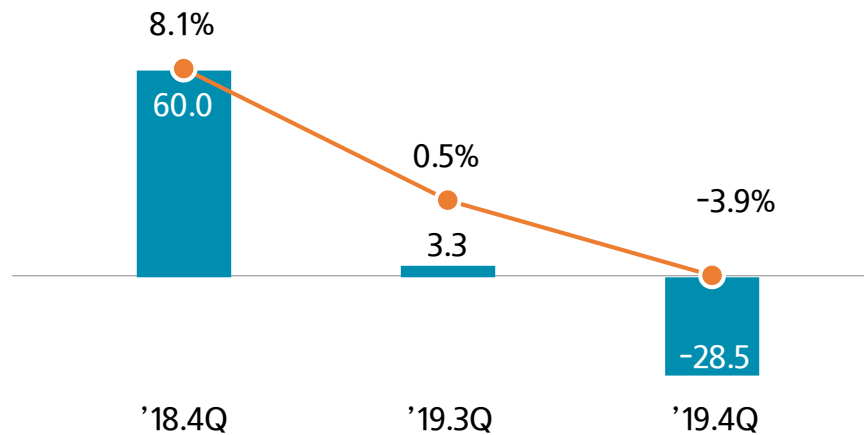
• Operating Profit Analysis

- Production margin increased QoQ. (+48 \$/ton)

6. Equity Method Affiliates (Hyundai Cosmo, Hyundai Shell Base Oil) Hyundai Oilbank

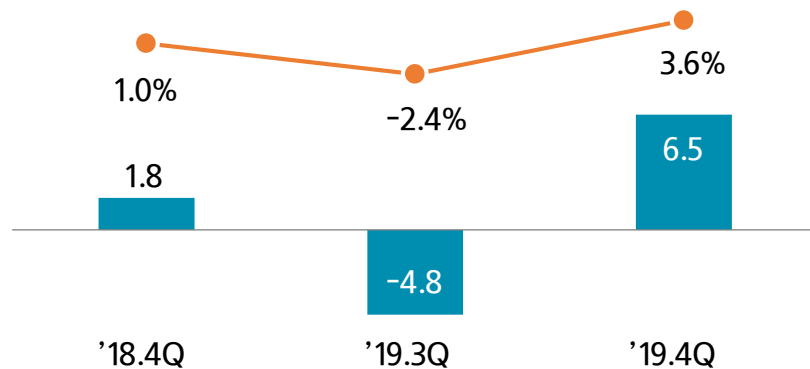
Operating Profit (Hyundai Cosmo)

Unit: KRW bil.



Operating Profit (Hyundai Shell Base Oil)

Unit: KRW bil.



• QoQ Operating Profit Analysis

- PX spread fell with China's new PX plants (Sinopec, Sinochem Zhejiang Petrochemical) and the US-China trade dispute.

• YoY Operating Profit Analysis

- PX margin decreased YoY.

(Unit: \$/ton)	4Q18	3Q19	4Q19
PX - N	554	300	242
BZ - N	126	185	131

• QoQ Operating Profit Analysis

- Margin improved as lube base oil production decreased as MGO/VLSFO production increased with improved economics following the IMO regulation.

• YoY Operating Profit Analysis

- Spread widened YoY.

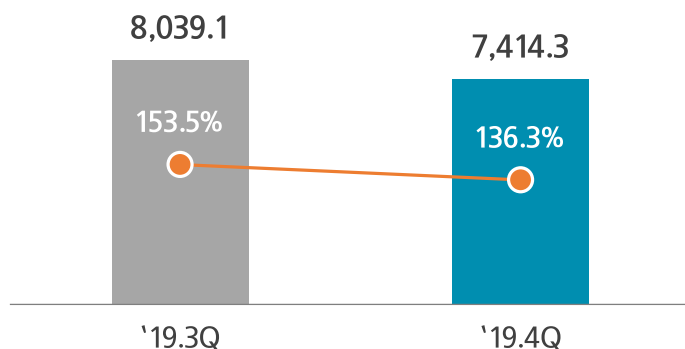
(Unit: \$/ton)	4Q18	3Q19	4Q19
150N-HSFO180	235	162	280

7. Financial Ratio

Consolidated Financial Ratio

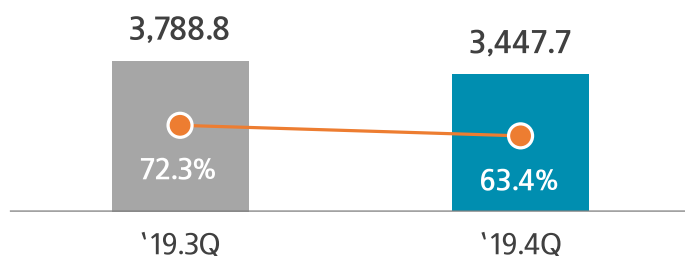
- Debt-to-Equity Ratio 136.3%

Unit: KRW bil.



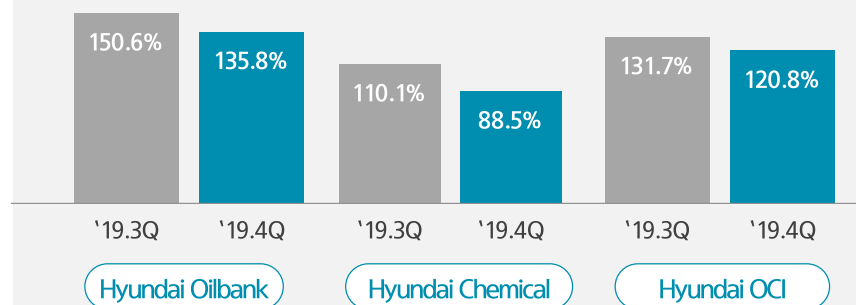
- Net debt-to-Equity Ratio 63.4%

Unit: KRW bil.

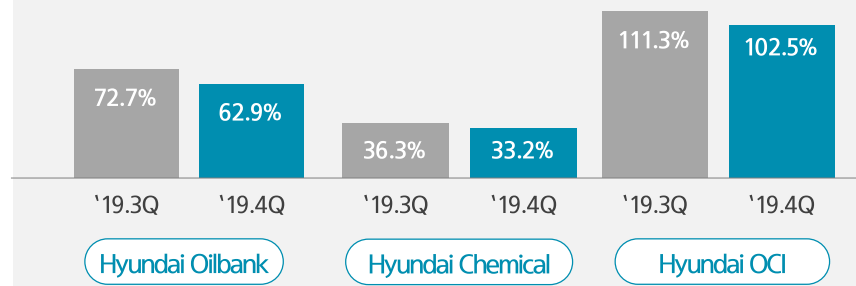


Financial Ratio of Major Subsidiaries (Separate)

- 4Q 2019 Debt-to-Equity Ratio



- 4Q 2019 Net debt-to-Equity Ratio



APPENDIX

1. Condensed Financial Statements of Hyundai Oilbank (Consolidated)
2. Condensed Financial Statements of Hyundai Oilbank (Separate)
3. Condensed Financial Statements of Hyundai Chemical (Separate)



1. Condensed Financial Statement of Hyundai Oilbank(Consolidated)

Consolidated Income Statement

Unit: KRW bil.

	'19.4Q	QoQ	YoY	'19.3Q	'18.4Q
Sales	5,352.2	0.9%	-12.5%	5,304.0	6,117.4
Cost of goods sold	5,137.6	1.9%	-16.9%	5,040.2	6,179.7
Gross profit	214.6	-18.7%	-	263.8	-62.3
Operating profit	109.0	-30.9%	-	157.8	-1,753.0
OP margin	2.0%	-1.0%p	+4.9%p	3.0%	-2.9%
Non operating Income & expenses	48.1	-	-	-93.0	-97.2
Equity method gains	-1.1	-	-	-5.5	24.8
Profit before tax	156.0	163.1%	-	59.3	-247.7
Income tax	34.0	-	-	18.3	-57.4
Net income	122.0	197.6%	-	41.0	-190.3

Note: Consolidated in accordance with K-IFRS

Consolidated Balance Sheet

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.4Q
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
Total assets	10,941.3	11,744.8	12,855.9
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
Total liabilities	5,879.4	6,620.7	7,414.3
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 interests	331.5	334.2	662.4
Total equity	5,061.9	5,124.1	5,441.6
Total liabilities & equity	10,941.3	11,744.8	12,855.9

2. Condensed Financial Statement of Hyundai Oilbank (Separate)

Income Statement (Separate)

Unit: KRW bil.

	'19.4Q			'19.3Q	'18.4Q
		QoQ	YoY		
Sales	4,928.3	5.6%	-4.1%	4,665.7	5,140.5
Cost of good sold	4,752.4	6.2%	-8.0%	4,473.7	5,166.2
Gross profit	175.9	-8.4%	-	192.0	-25.7
Operating profit	59.9	-32.0%	-	88.2	-140.5
OP margin	1.2%	-0.7%p	+3.9%p	1.9%	-2.7%
Non-operating income & expenses	47.8			-81.0	-83.8
Profit before tax	107.8	1396.9%	-	7.2	-224.3
Income tax	24.4			7.2	-48.8
Net income	83.4	-	-	0.0	-175.5

Balance Sheet (Separate)

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.4Q
Current assets	3,226.2	3,240.5	3,336.1
(Cash & cash equivalents)	57.9	26.1	37.5
Non-current assets	5,906.1	6,360.3	7,233.2
Total assets	9,132.3	9,600.8	10,569.3
Current liabilities	3,319.9	3,888.2	3,690.5
(Short-term borrowings)	835.2	1,427.6	985.4
Non-current liabilities	1,239.0	1,174.9	2,397.4
(Long-term borrowings)	1,038.4	1,017.5	1,875.3
Total liabilities	4,558.9	5,063.1	6,087.9
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	426.6	429.3	429.3
Retained earnings	2,921.4	2,883.0	2,826.7
Total equity	4,573.4	4,537.7	4,481.4
Total liabilities & equity	9,132.3	9,600.8	10,569.3

3. Condensed Financial Statement of Hyundai Chemical(Separate)

Income Statement (Separate)

Unit: KRW bil.

	'19.4Q	QoQ	YoY	'19.3Q	'18.4Q
Sales	990.8	-4.4%	0.6%	1,036.2	985.2
Cost of good sold	957.7	-2.6%	-7.2%	983.5	1,031.4
Gross profit	33.1	-37.1%	-	52.7	-46.2
Operating profit	26.9	-44.2%	-	48.2	-50.1
OP margin	2.7%	-2.0%p	+7.8%p	4.7%	-5.1%
Non-operating income & expenses	1.5			-9.9	-11.8
Profit before tax	28.4	-25.9%	-	38.3	-61.9
Income tax	6.3			9.0	-14.8
Net income	22.1	-24.6%	-	29.3	-47.1

Balance Sheet (Separate)

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.4Q
Current assets	1,017.4	865.5	1,314.3
(Cash & cash equivalents)	44.7	89.9	391.1
Non-current assets	1,015.3	1,017.2	1,492.1
Total assets	2,032.7	1,882.7	2,806.4
Current liabilities	626.8	479.4	533.4
(Short-term borrowings)	174.8	121.9	118.6
Non-current liabilities	705.5	706.5	784.3
(Long-term borrowings)	704.2	705.6	767.3
Total liabilities	1,332.3	1,185.9	1,317.7
Paid-in capital	480.0	480.0	1,220.0
Others	-4.2	-1.3	-10.2
Retained earnings	224.6	218.1	278.9
Total equity	700.4	696.8	1,488.7
Total liabilities & equity	2,032.7	1,882.7	2,806.4

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