

1Q 2020 Earnings Release

HYUNDAI HEAVY INDUSTRIES HOLDINGS



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1Q 2020 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 reduced by 15.8% QoQ due to decrease in sales of Hyundai Oilbank, a major subsidiary, spurred by the plunge in average oil prices.
- Operating profit turned to red due mainly to refinery business recording losses, driven by lowered refining margin and loss from inventory valuation on oil price crash, despite improvement in profits of non-refinery businesses.

(Unit : billion KRW)

	'20.1Q			'19.4Q	'19.1Q
		QoQ	YoY		
Sales	5,716.3	-15.8%	-11.9%	6,785.1	6,491.5
Operating Profit	(487.2)	Turn to red	Turn to red	100.6	144.5
OPM	-8.5%	Turn to red	Turn to red	1.5%	2.2%
Non-operating Income	(116.5)	-	-	(178.6)	(46.8)
Interest income (net)	(47.0)	-	-	(58.2)	(62.4)
Gains and losses on Foreign exchange (net)	(50.5)	-	-	24.3	(18.7)
Profit before income taxes	(603.7)	Remain red	Turn to red	(78.0)	97.7
Net Profit	(360.4)	Remain red	Turn to red	(102.6)	97.6
Profit attributable to Common shareowners	(230.8)	Remain red	Turn to red	(26.0)	70.4

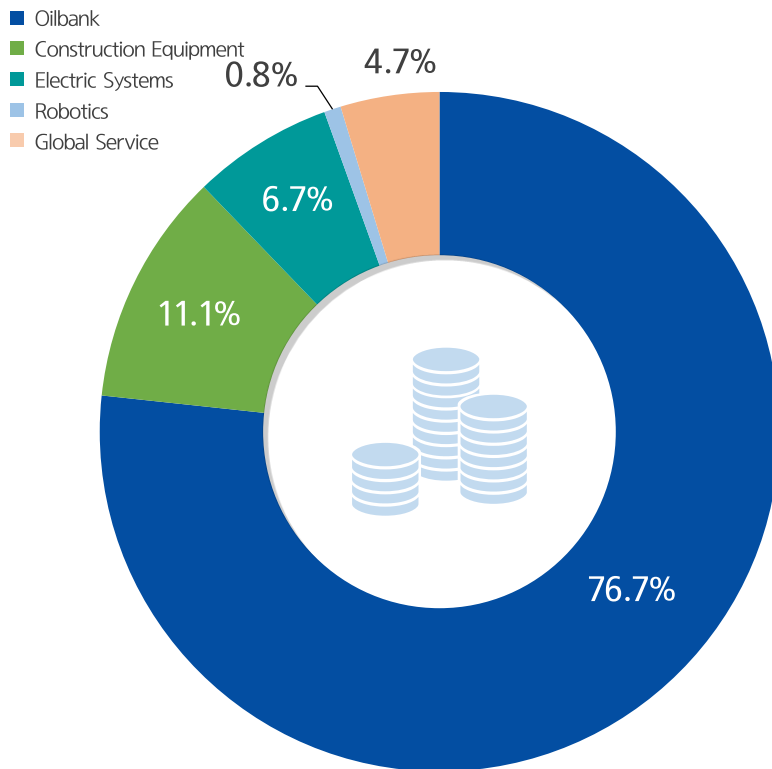
Note 1 .K-IFRS consolidated basis

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 2020 Sales Composition

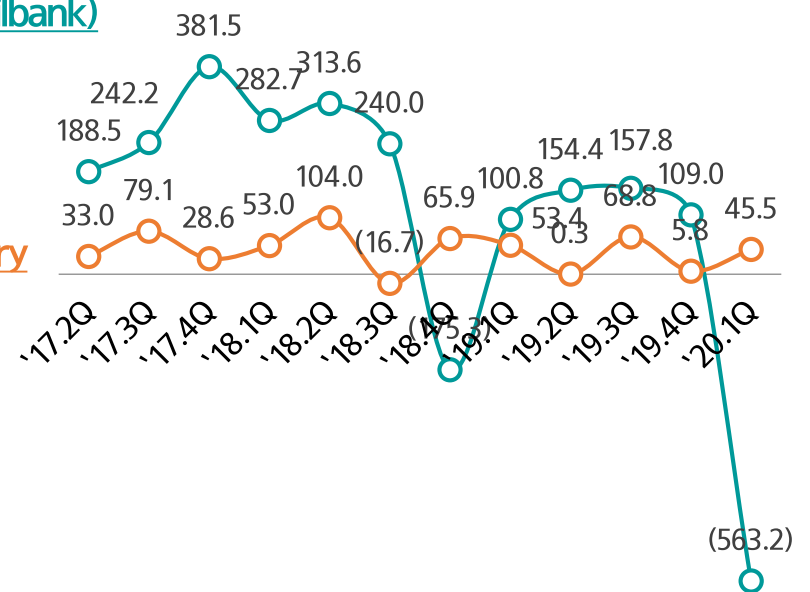


1Q 2020 Operating Profit

(Unit : billion KRW)

Refinery(Oilbank)

Non-refinery



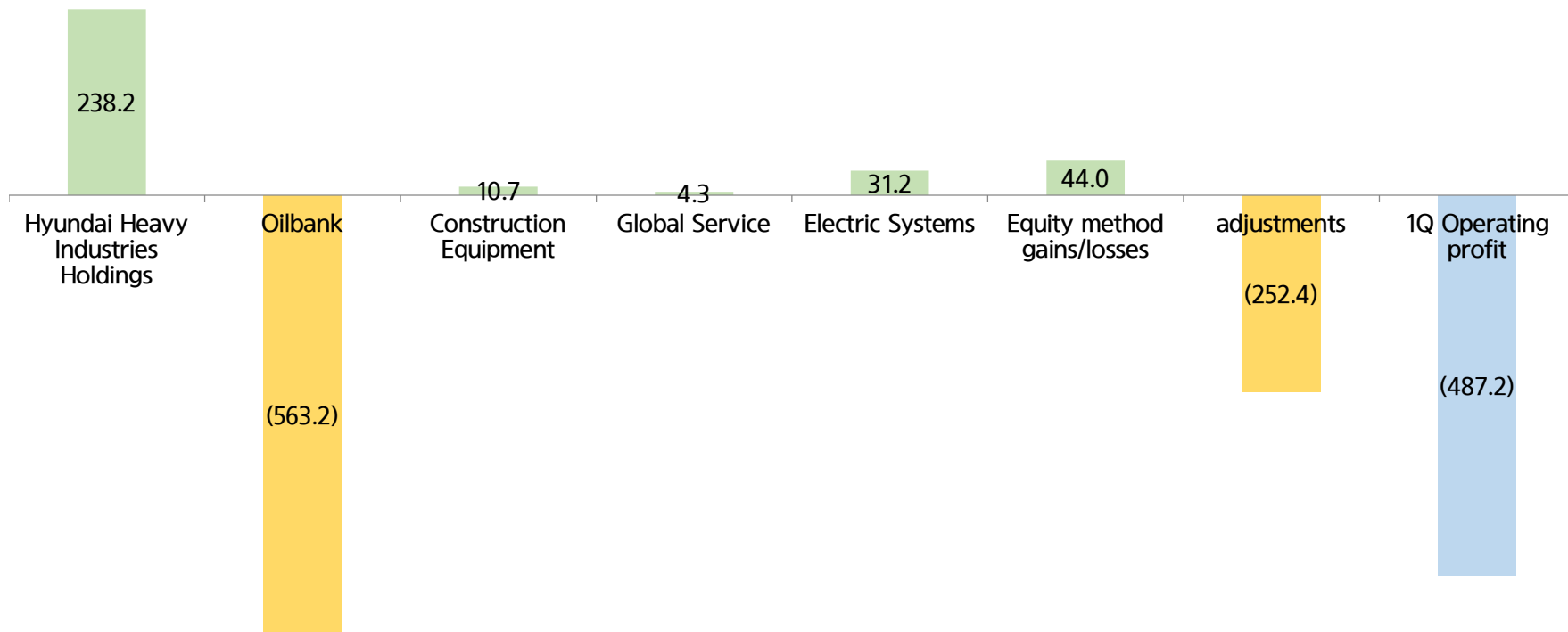
Note 1 : Consolidated Sales of each subsidiary excluding equity method gains/losses and dividends

Note 2 : Excluding equity method gains/losses and dividends

1. Summary of Financial Results (3/3)

1Q 2020 Operating profit Composition

(Unit : billion KRW)



2. Financial Results by Companies

1Q 2020 Financial Results

(Unit :billion KRW)

Category	'20.1Q			'19.4Q			'19.1Q			Remarks	
	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM		
Hyundai Heavy Industries Holdings	281.9	238.2	84.5%	77.8	0.1	0.1%	274.6	234.7	85.5%		
Hyundai Oilbank	4,416.6	(563.2)	-12.8%	5,352.2	109.0	2.0%	5,141.1	100.8	2.0%		
Consolidated Entities	Hyundai Construction Equipment	636.3	10.7	1.7%	574.1	6.9	1.2%	798.0	62.7	7.9%	
	Hyundai Electric & Energy Systems	386.4	4.3	1.1%	562.3	(40.0)	(7.1%)	417.9	(32.0)	-7.7%	
	Hyundai Global Service	271.3	31.2	11.5%	319.5	38.8	12.1%	134.6	16.9	12.6%	
Equity Method	Korea Shipbuilding & Offshore Engineering	44.0	44.0	-	(10.6)	(10.6)	-	2.0	2.0	-	
	Adjustment	(320.2)	(252.4)	-	(90.2)	(3.6)	-	(276.7)	(240.6)	-	
	Total	5,716.3	(487.2)	-8.5%	6,785.1	100.6	1.5%	6,491.5	144.5	2.2%	

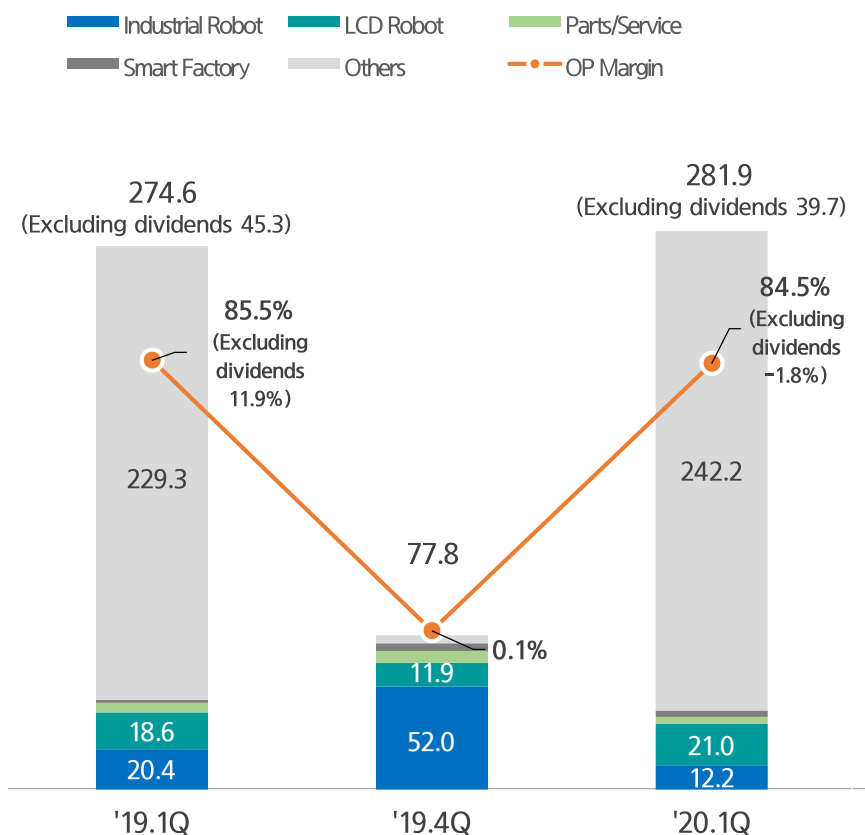
Note 1 : Hyundai Heavy Industries Holdings: Nonconsolidated basis

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

2-1) Hyundai Heavy Industries Holdings

'20 1Q Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 281.9 billion KRW**

- Up 262.3% QoQ
- Up 2.7% YoY

- **Operating Profit 238.2 billion KRW**

- Dividend Income increased, both QoQ and YoY, whereas robot business unit turned to losses.

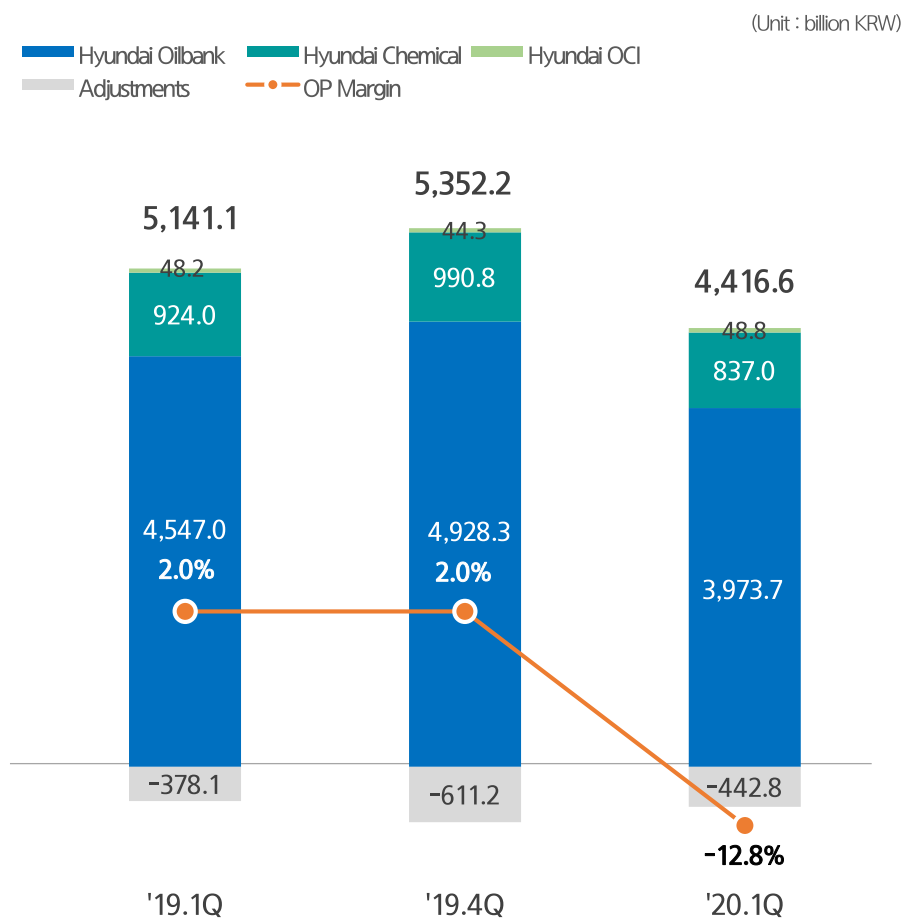
- **Analysis**

- Dividend Income increased, both QoQ and YoY.
- Robot business unit turned to losses, both QoQ and YoY because 1) sales declined on slump new order intakes, affected by COVID-19, and because of 2) the fixed cost expansion as well as 3) intensified price competition in the market.

Note 1 : Nonconsolidated basis

2-2) Hyundai Oilbank (Consolidated)

'20 1Q Sales & Operating Profit Margin



Note: Consolidated

- **Sales 4,416.6 billion KRW**

- Down 17.5% QoQ
- Down 14.1% YoY

- **Operating Profit -563.2 billion KRW, OPM -12.8%**

- 109.0 billion KRW QoQ Turned to losses
- 100.8 billion KRW QoQ Turned to losses

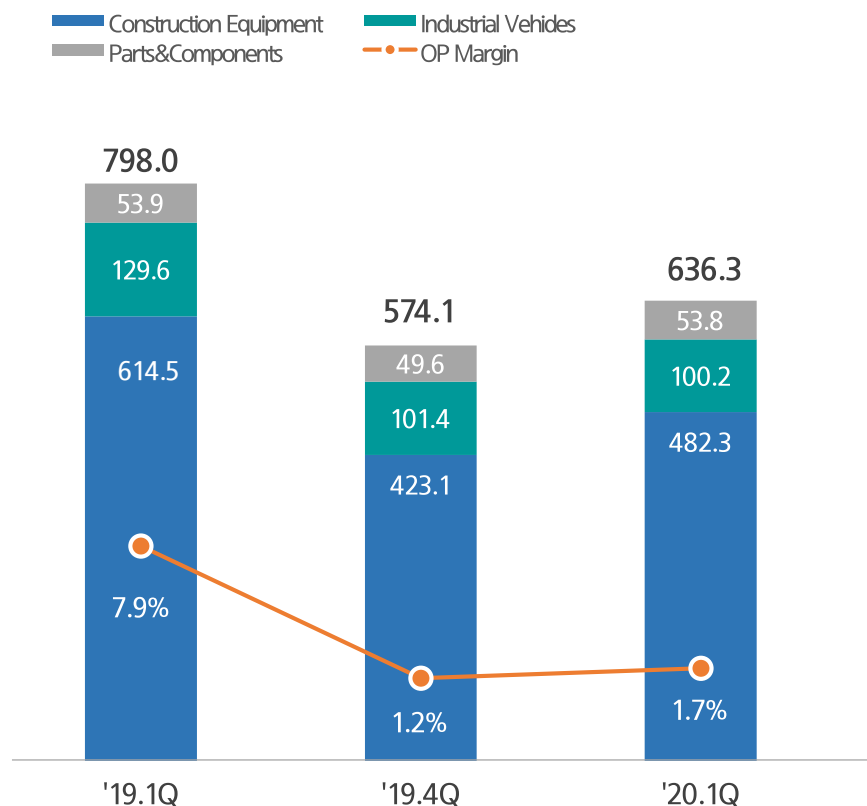
- **Analysis**

- Operating profit turned to red QoQ , mainly owing to
 - 1) losses from inventory valuation and lag effect, and 2)
 - 2) lowered light-oil product margin on COVID19 pandemic causing travel ban as well as disruption in industrial production.

2-3) Hyundai Construction Equipment(Consolidated)

1Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 636.3 billion KRW**

- Up 10.8% QoQ
- Down 20.3% YoY

- **Operating Profit 10.7 billion KRW, OPM 1.7%**

- Up 55.1% QoQ
- Down 82.9% YoY

- **Analysis**

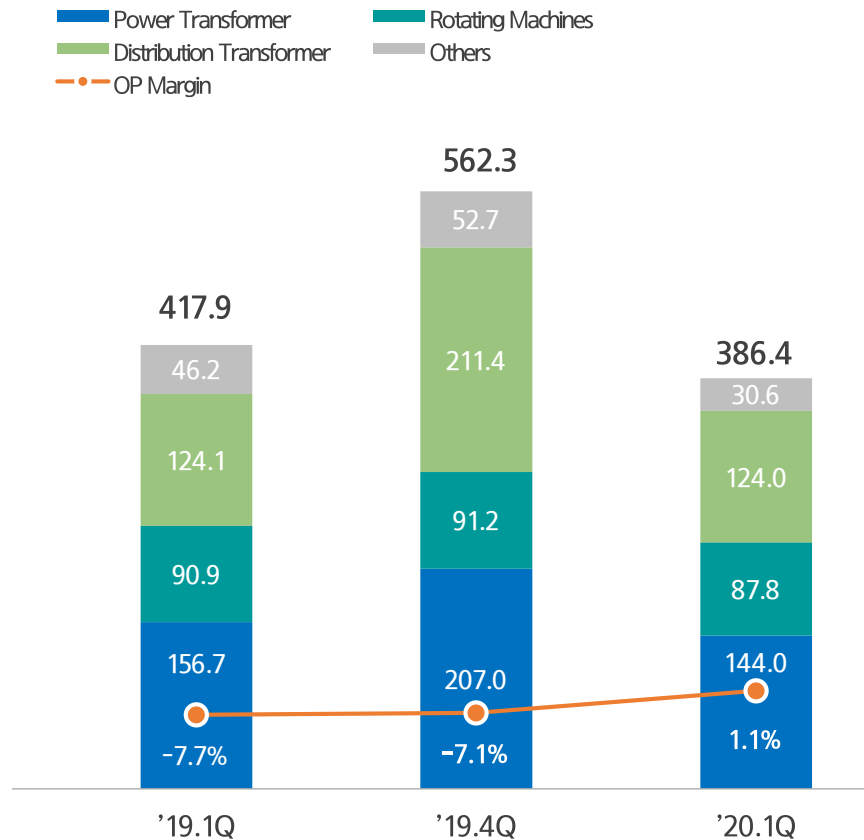
- Sales increased QoQ thanks to seasonality
- Operating profit slumped YoY, attributable to 1) demand shrinkage on global economic turmoil triggered by COVID19 and 2) elevated fixed costs burden on reduced sales.

Note 1 : Consolidated basis

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

1Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



Note 1 : Consolidated basis

- **Sales 386.4 billion KRW**

- Down 31.3% QoQ
- Down 7.5% YoY

- **Operating Profit 4.3 billion KRW**

- Turned to black, OPM 1.1%

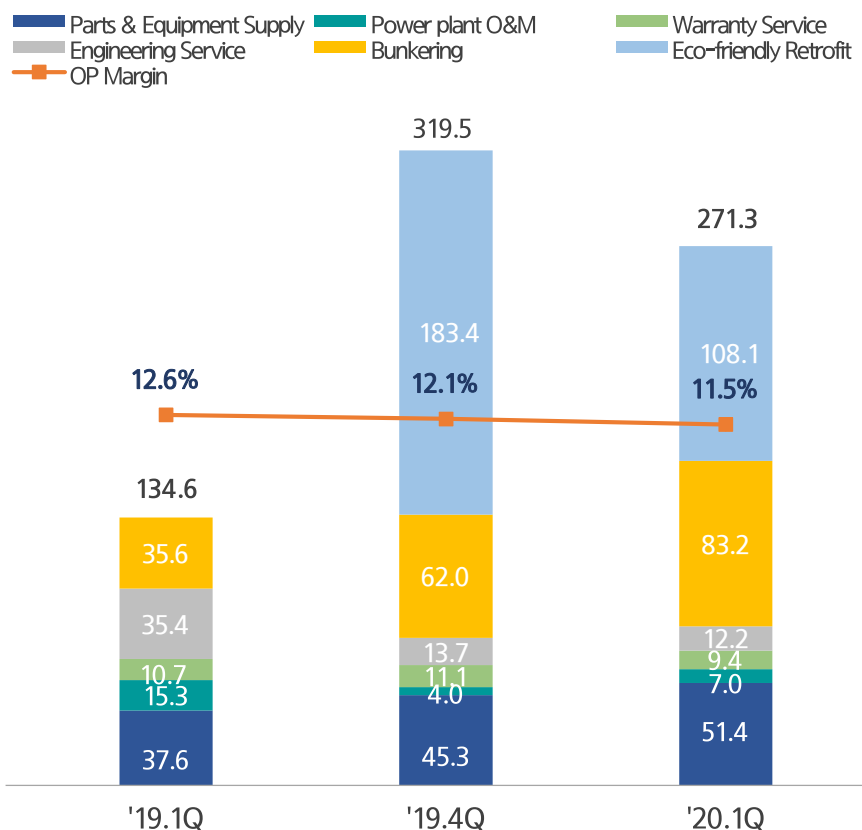
- **Analysis**

- Sales retreated due to 1) the base effect resulting from increase in sales on budget execution by clients in the previous quarter, and 2) sales of Bulgarian office resulting to the exclusion from consolidation.
- Turn to profits after five consecutive quarters booking losses, thanks to 1) selective order-taking activity considering profitability and 2) cost reduction effort through improving process efficiency.

2-5) Hyundai Global Service

1Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 271.3 Billion KRW**

- Down 15.1% QoQ
- Up 101.6% YoY

- **Operating Profit 31.2 Billion KRW, OPM 11.5%**

- Down 19.6% QoQ
- Up 84.6% YoY

- **Analysis**

- Sales and OP decreased QoQ because of the base effect resulting from expansion in sales backed by 1) increased retrofit orders for scrubbers, particularly boosted in 19.4Q, and.
- Sales and OP increased YoY, as eco-friendly retrofit sales, picked up in earnest since 4Q2019.

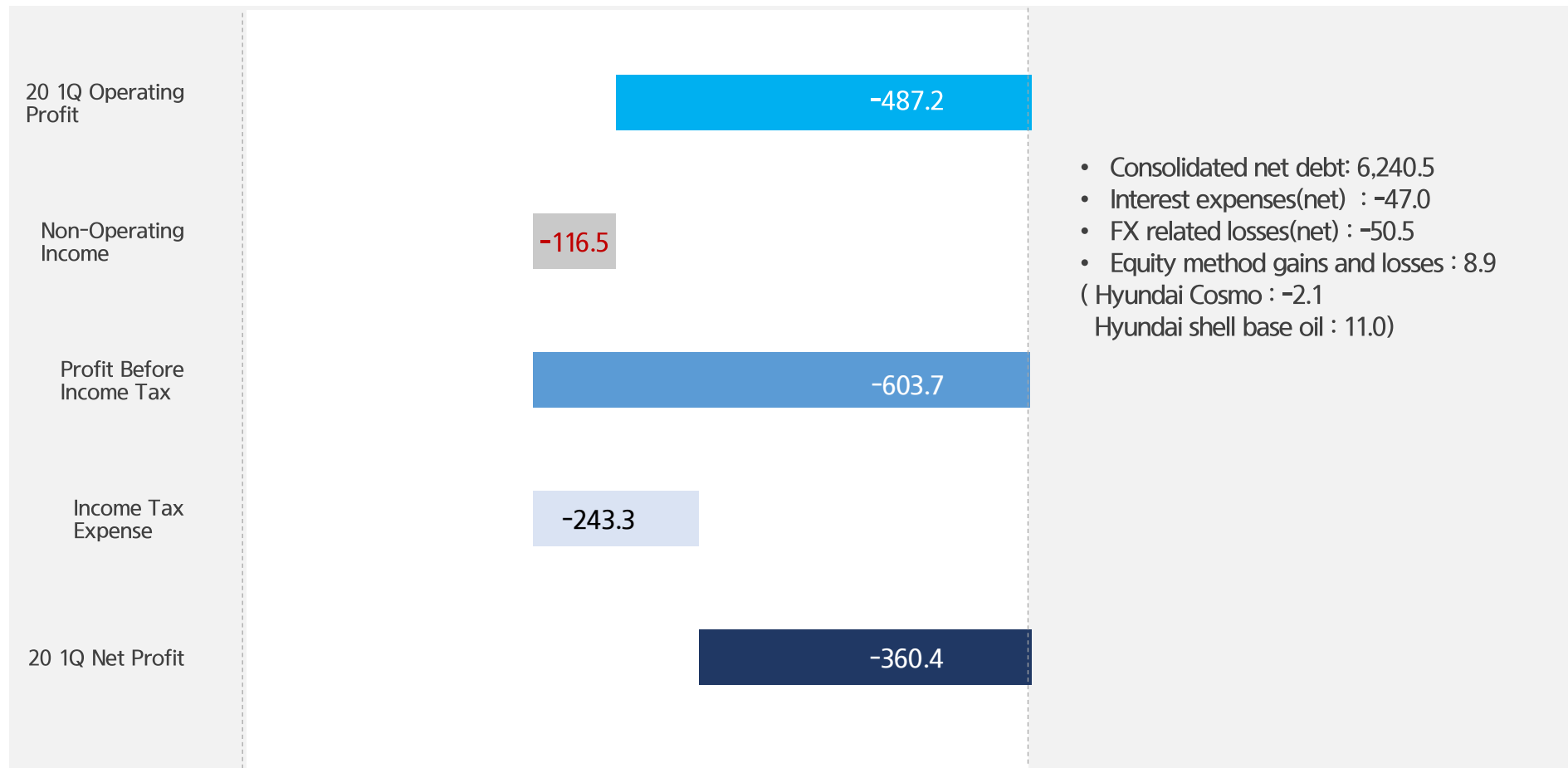
Note1 : Consolidated basis

Note2 : Eco-friendly Retrofit included in Engineering Service

3. Non-operating Profit and Net Income

1Q 2020 Financial Results

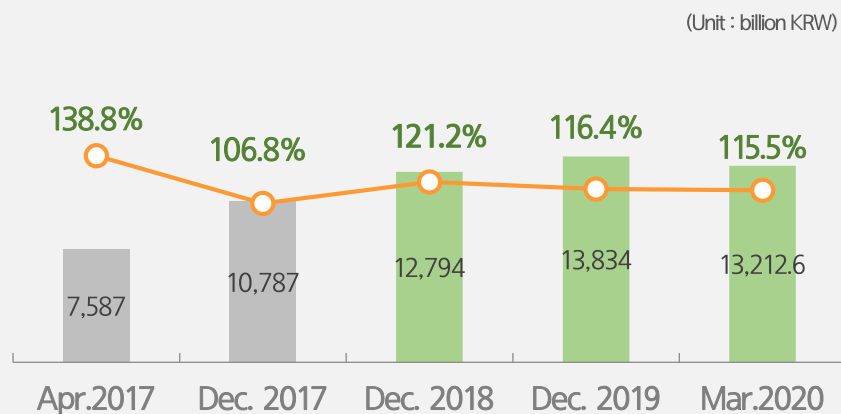
(Unit : billion KRW)



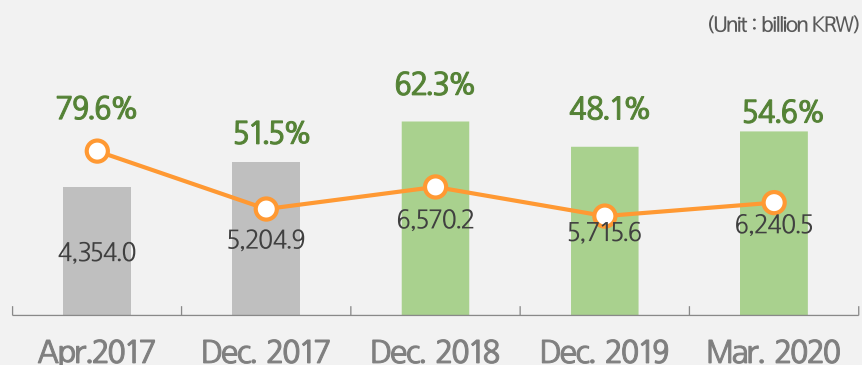
4. Financial Ratio

Consolidated Financial Ratio

- Liabilities Ratio 115.5%

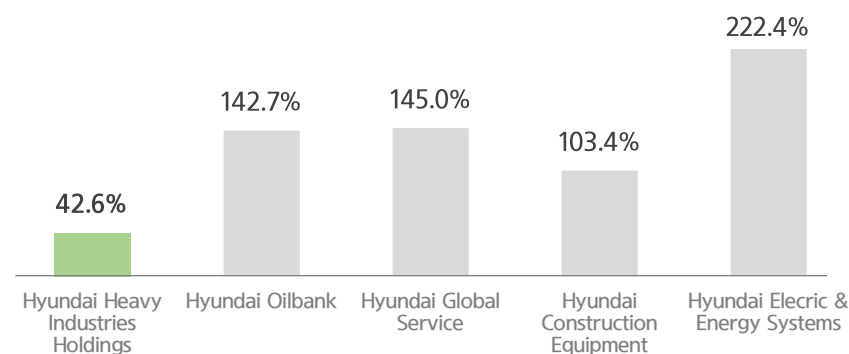


- Net Debt Ratio 54.6%



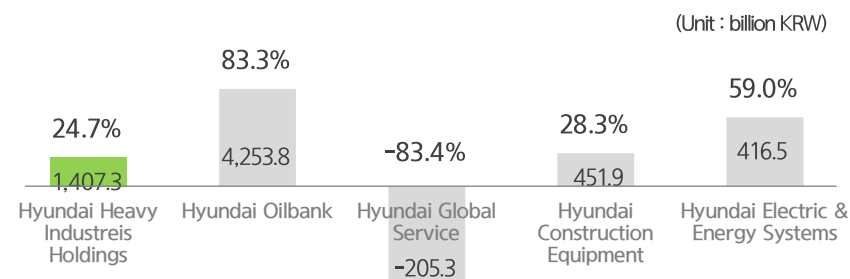
Financial Ratio of Major Affiliates

- 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	'20.1Q			'19.4Q	'19.1Q
		QoQ	YoY		
Sales	5,716.3	-15.8%	-11.9%	6,785.1	6,491.5
Cost of Goods Sold	5,919.2	-7.2%	-2.5%	6,377.3	6,073.5
Gross Profit	(202.9)	Turn to red	Turn to red	407.8	418.0
Operating Profit	(487.2)	Turn to red	Turn to red	100.6	144.5
OP margin	-8.5%	Turn to red	Turn to red	1.5%	2.2%
Non Operating Income & Loss	(116.5)	-	-	(178.6)	(46.8)
Profit before Tax	(603.7)	Remain red	Turn to red	(78.0)	97.7
Income Tax	(243.3)	-	-	24.6	0.1
Net Income	(360.4)	Remain red	Turn to red	(102.6)	97.6

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Mar.31, '20
Current Assets	8,884.2	9,938.3	8,333.6
(Cash & Cash Equivalents)	1,099.8	2,348.0	1,589.1
Non-current Assets	14,463.6	15,780.3	16,317.6
Total Assets	23,347.8	25,718.6	24,651.2
Current Liabilities	8,660.2	8,046.0	7,066.1
(Short-term borrowings)	4,549.7	3,418.5	3,055.2
Non-current Liabilities	4,133.5	5,787.9	6,146.5
(Long-term borrowings)	3,325.0	4,652.9	5,063.4
Total Liabilities	12,793.7	13,833.9	13,212.6
Paid-in Capital	81.4	81.4	81.4
Others	4,344.0	4,727.3	4,648.3
Retained Earnings	3,302.0	3,183.3	2,694.4
Non-controlling interests	2,826.6	3,892.7	4,014.5
Total Shareholder's Equity	10,554.1	11,884.7	11,438.6
Total Liabilities & Shareholder's Equity	23,347.8	25,718.6	24,651.2

2. Consolidated Financial Statements (Hyundai Oilbank)

Consolidated Income Statement

(Unit : billion KRW)

Category	'20.1Q			'19.4Q	'19.1Q
		QoQ	YoY		
Sales	4,416.6	-17.5%	-14.1%	5,352.2	5,141.1
Cost of sales	4,866.8	-5.3%	-1.4%	5,137.6	4,936.1
Gross profit	(450.2)	Turn to red	Turn to red	214.6	204.9
Operating profit	(563.2)	Turn to red	Turn to red	109.0	100.8
OP margin	-12.8%	Turn to red	Turn to red	2.0%	2.0%
Non operating income & expenses	(122.7)	-	-	48.1	-67.6
Equity method gains and losses	8.9	-	-	(1.1)	37.9
Profit before tax	(676.9)	Turn to red	Turn to red	156.0	71.0
Income tax	(214.7)	Turn to red	Turn to red	34.0	12.6
Net income	(462.2)	Turn to red	Turn to red	122.0	58.4

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Mar.31, '20
Current assets	4,358.3	4,565.4	3,582.1
(Cash & cash equivalents)	162.6	480.4	323.8
Non-current assets	7,386.5	8,290.5	8,804.6
Total assets	11,744.8	12,855.9	12,386.7
Current liabilities	4,578.0	4,086.7	3,524.5
(Short-term borrowings)	1,573.7	1,125.0	1,313.3
Non-current liabilities	2,042.7	3,327.6	3,758.4
(Long-term borrowings)	1,856.1	2,808.4	3,269.0
Total liabilities	6,620.7	7,414.3	7,282.9
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	454.6	443.6	766.9
Retained earnings	3,109.9	3,110.1	2,465.8
Non-controlling interest	334.2	662.4	645.7
Total equity	5,124.1	5,441.6	5,103.8
Total liabilities & equity	11,744.8	12,855.9	12,386.7

Note: K-IFRS consolidated basis

3. Consolidated Financial Statement of Hyundai Global Service



Consolidated Income Statement

(Unit : billion KRW)

Category	'20.1Q			'19.4Q	'19.1Q
		QoQ	YoY		
Sales	271.3	-15.1%	101.6%	319.5	134.6
Cost of Goods Sold	232.3	-15.1%	105.9%	273.5	112.8
Gross Profit	39.0	-15.2%	78.9%	46.0	21.8
Operating Profit	31.2	-19.6%	84.6%	38.8	16.9
OP margin	11.50%	-0.6%p	-1.1%p	12.1%	12.60%
Non Operating Income & Loss	5.9	-	-	(2.6)	3.0
Profit before Tax	37.1	2.5%	86.4%	36.2	19.9
Income Tax	9.2	-	-	7.9	5.1
Net Income	27.9	-1.4%	88.5%	28.3	14.8

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Mar.31, '20
Current Assets	359.5	569.3	575.2
(Cash & Cash Equivalents)	124.8	168.9	205.3
Non-current Assets	11.2	26.2	27.8
Total Assets	370.7	595.5	602.9
Current Liabilities	151.8	284.5	353.0
(Short-term borrowings)	-	-	-
Non-current Liabilities	0.3	2.8	3.8
(Long-term borrowings)	-	-	-
Total Liabilities	152.0	287.3	356.8
Paid-in Capital	20.0	20.0	20.0
Others	105.5	105.2	106.3
Retained Earnings	93.2	183.0	119.8
Total Shareholder's Equity	218.7	308.2	246.1
Total Liabilities & Shareholder's Equity	370.7	595.5	602.9

Note: K-IFRS consolidated basis



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