

4Q 2020 Earnings Release

HYUNDAI HEAVY INDUSTRIES HOLDINGS



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4Q 2020 Earnings Release

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[Appendix]



1. Summary of Financial Results (1/3)

- 2020 4Q : Sales of KRW 4,611.0 billion, operating loss of KRW 315.3 billion, reflecting the equity method loss in KSOE.
- 2020 : Sales of KRW 18.9 trillion, Despite its subsidiary Hyundai Electric's surplus and Hyundai Global Service's record high profits, it recorded operating losses of 597.1 billion won due to losses in the oil refining sector on the back of a sharp drop in oil prices.

(Unit : billion KRW)

	'20.4Q	'20.3Q	'19.4Q	2020	2019
Sales	4,611.0	4,577.9	6,785.1	18,911.0	26,630.3
Operating Profit	(315.3)	101.1	100.6	(597.1)	666.6
OPM	-6.8%	2.2%	1.5%	-3.2%	2.5%
Non-operating Income	(185.0)	(32.1)	(178.6)	(456.0)	(463.8)
Interest income (net)	(51.1)	(52.3)	(58.2)	(200.2)	(251.2)
Gains and losses on Foreign exchange (net)	75.6	29.0	24.3	78.8	(34.1)
Profit before income taxes	(500.3)	69.0	(78.0)	(1,053.2)	202.8
Net Profit	(451.0)	34.6	(102.6)	(789.7)	115.3
Profit attributable to Common shareowners	(369.6)	2.5	(26.0)	(609.2)	173.2

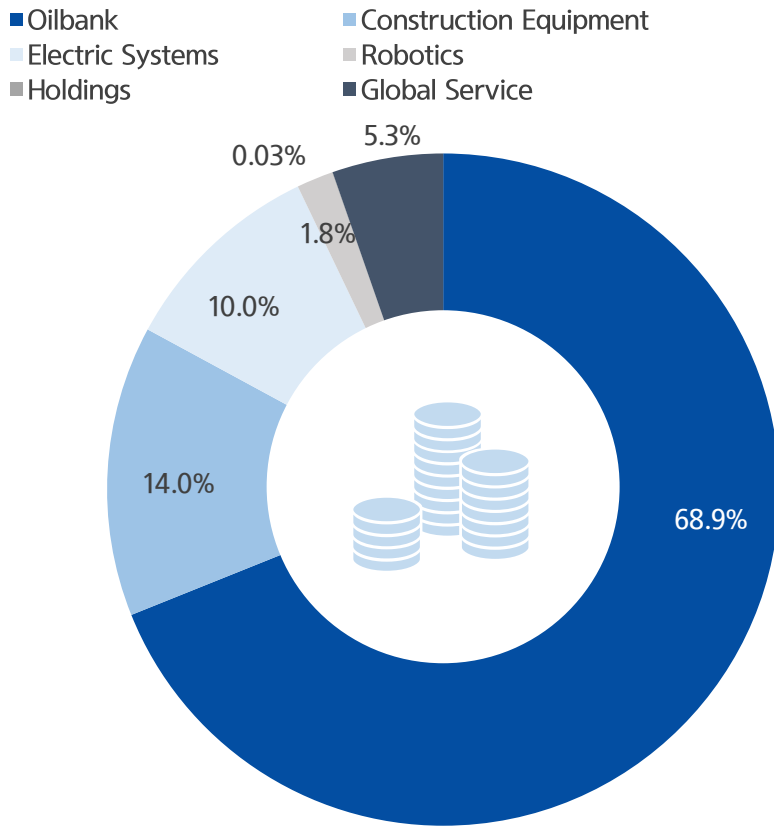
Note 1 .K-IFRS consolidated basis

Note 2. Interest income : Interest income + interest expense

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

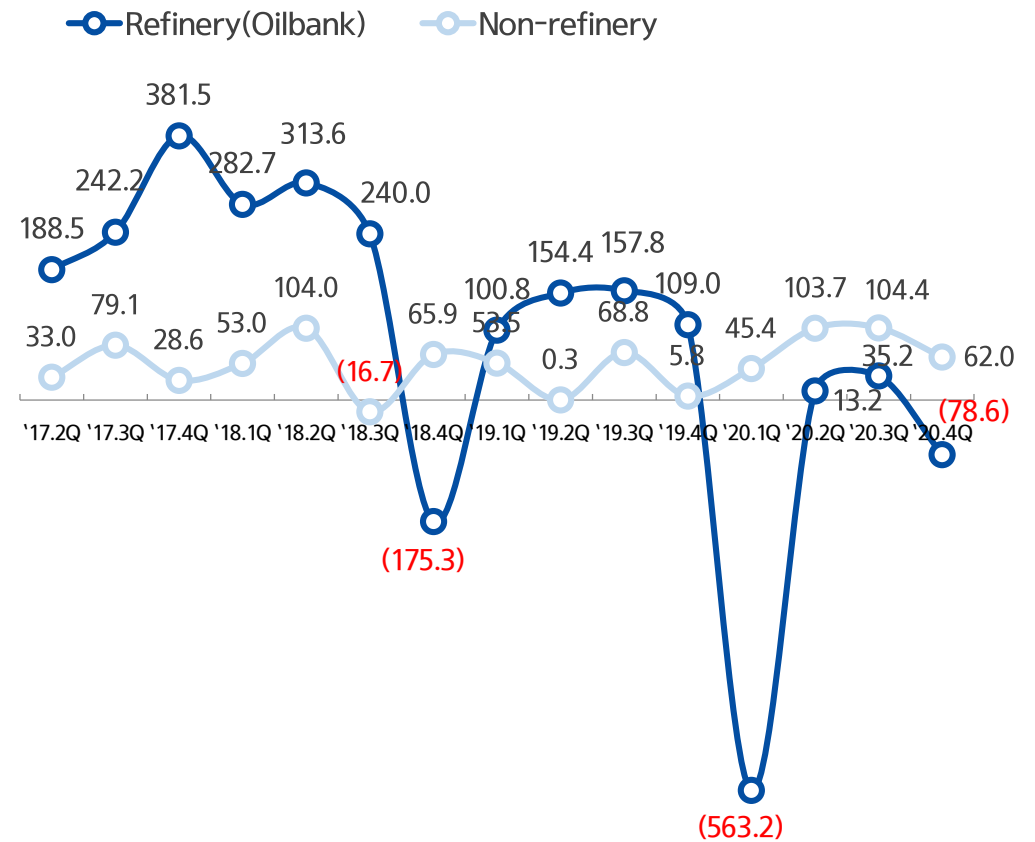
1. Summary of Financial Results (2/3)

4Q 2020 Sales Composition



4Q 2020 Operating Profit

(Unit : billion KRW)



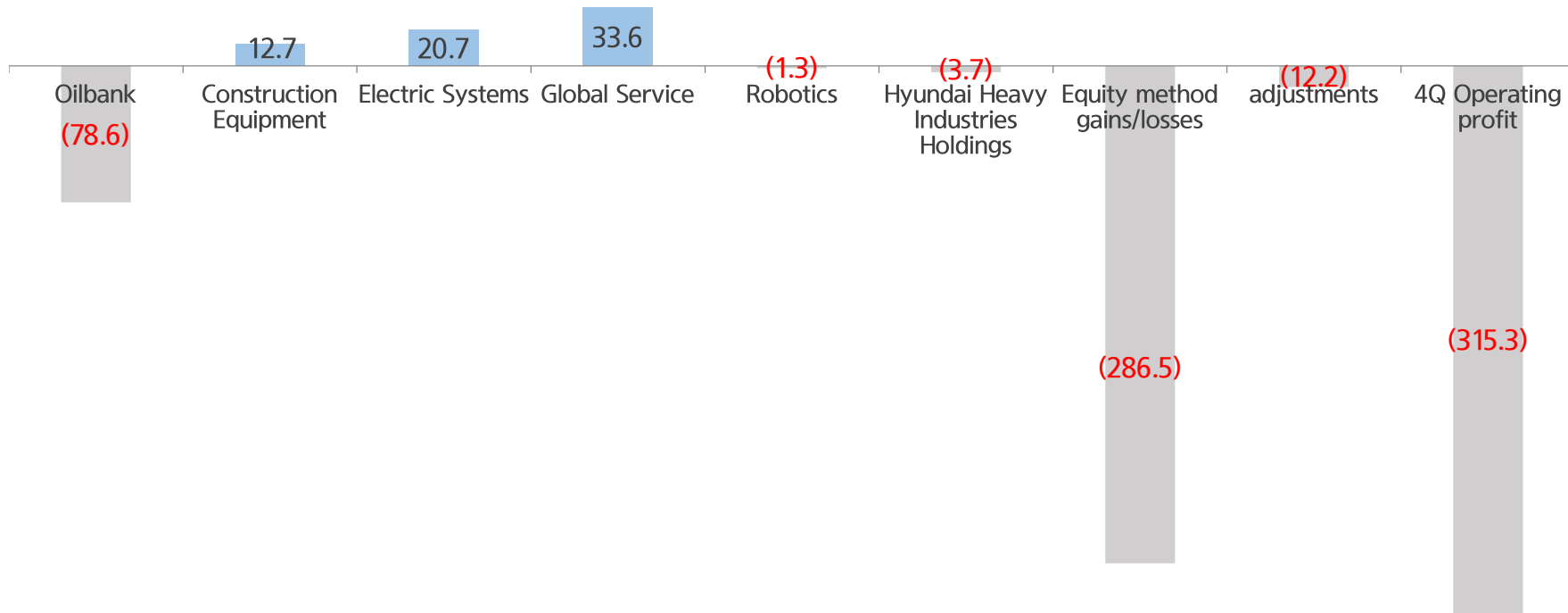
Note 1 : Consolidated Sales of each subsidiary excluding equity method gains/losses and dividends (Hyundai Heavy Industries Holdings : Parent basis)

Note 2 : Excluding equity method gains/losses and dividends

1. Summary of Financial Results (3/3)

4Q 2020 Operating profit Composition

(Unit : billion KRW)



2. Financial Results by Companies (1/2)

4Q 2020 Financial Results

(Unit :billion KRW)

Category	'20.4Q			'20.3Q			'19.4Q			Remarks	
	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM		
Hyundai Heavy Industries Holdings	1.4	(3.7)	-264.3%	71.5	68.1	95.2%	77.8	0.1	0.1%		
Hyundai Oilbank	3,393.9	(78.6)	-2.3%	3,327.7	35.2	1.1%	5,352.2	109.0	2.0%		
Consolidated Entities	Hyundai Construction Equipment	688.7	12.7	1.8%	624.1	26.3	4.2%	574.1	6.9	1.2%	
	Hyundai Electric & Energy Systems	491.4	20.7	4.2%	398.0	29.4	7.4%	562.3	(40.0)	-7.1%	
	Hyundai Global Service	262.8	33.6	12.8%	244.4	48.4	19.8%	319.5	38.8	12.1%	
	Hyundai Robotics	86.3	(1.3)	-1.5%	55.1	2.2	4.0%	-	-	-	
Equity Method	Korea Shipbuilding & Offshore Engineering	(286.5)	(286.5)	-	(26.1)	(26.1)	-	(10.6)	(10.6)	-	
Adjustment		(27.0)	(12.2)	-	(116.8)	(82.4)	-	(90.2)	(3.6)	-	
Total	4,611.0	(315.3)	-6.8%	4,577.9	101.1	2.2%	6,785.1	100.6	1.5%		

Note 1 : Hyundai Heavy Industries Holdings: Parent basis, According to the spin-off of the robot sector as of 2020.5.1, the robot sector performance is reflected in the consolidated basis of Hyundai Robotics.

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

2. Financial Results by Companies (2/2)

Financial Results

(Unit :billion KRW)

구 분	2020			2019			Remarks
	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM	
Hyundai Heavy Industries Holdings	375.9	300.8	80.0%	492.7	247.6	50.3%	
Hyundai Oilbank	13,689.9	(593.3)	-4.3%	21,116.9	522.0	2.5%	
Hyundai Construction Equipment	2,617.5	91.7	3.5%	2,852.1	157.8	5.5%	
Hyundai Electric & Energy Systems	1,811.3	72.7	4.0%	1,771.1	(156.7)	-8.8%	
Hyundai Global Service	1,009.0	156.6	15.5%	808.8	108.5	13.4%	
Hyundai Robotics	195.8	2.7	1.4%	-	-	-	
Equity Method							
Korea Shipbuilding & Offshore Engineering	(269.3)	(269.3)	-	50.9	50.9	-	
Adjustment	(519.1)	(359.0)	-	(462.2)	(263.5)	-	
Total	18,911.0	(597.1)	-3.2%	26,630.3	666.6	2.5%	

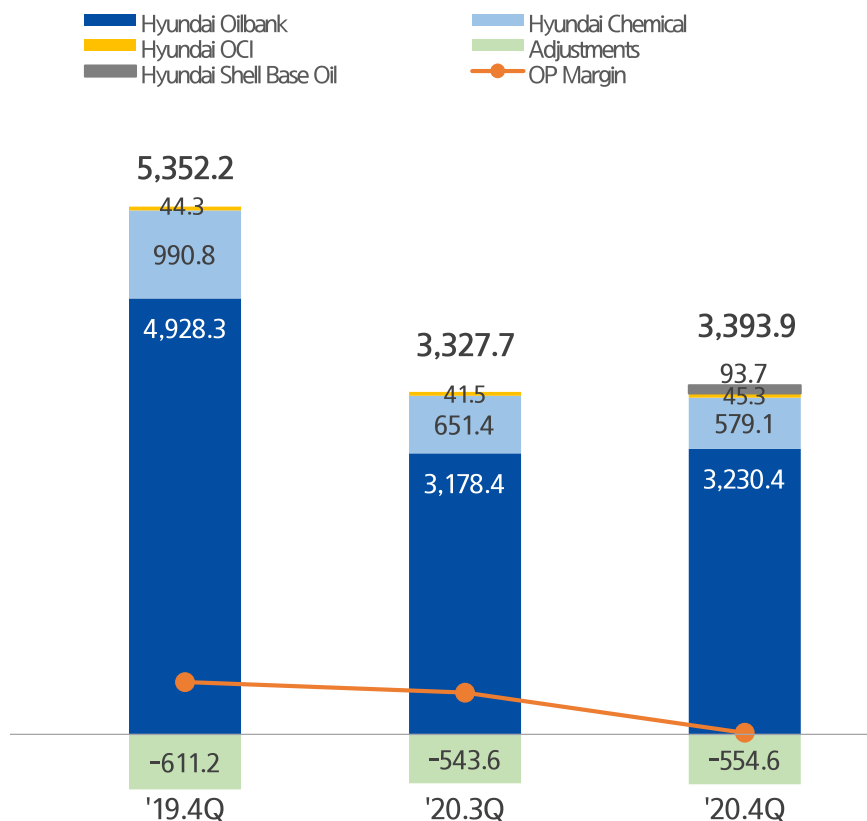
Note 1 : Hyundai Heavy Industries Holdings: Parent basis, According to the spin-off of the robot sector as of 2020.5.1, the robot sector performance is reflected in the consolidated basis of Hyundai Robotics.

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

2-1) Hyundai Oilbank (Consolidated)

4Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 3,393.9 billion KRW**

- Up by 2.0% QoQ
- Down by 36.6% YoY

- **Operating Profit -78.6 billion KRW, OPM -2.3%**

- Turned to red QoQ
- Turned to red YoY

- **Analysis**

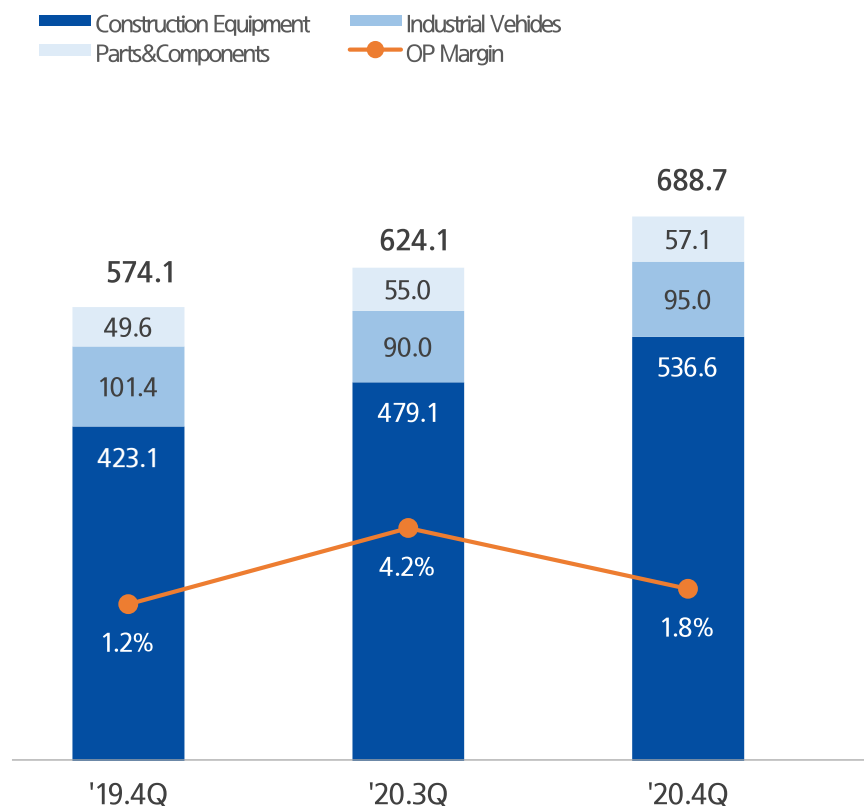
- Product cracks fell QoQ
[Cracks] Diesel 5.0→4.3 \$/b, Naphtha 1.2→0.7 \$/b)

Note : Consolidated, Lube base oil business (Hyundai Shell Base Oil, HSB) has been newly consolidated since Nov 2020

2-2) Hyundai Construction Equipment (Consolidated)

4Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



Note 1 : Consolidated basis

- **Sales 688.7 billion KRW**

- Up by 10.4% QoQ
- Up by 20.0% YoY

- **Operating Profit 12.7 billion KRW, OPM 1.8%**

- Down by 51.7% QoQ
- Up by 84.1% YoY

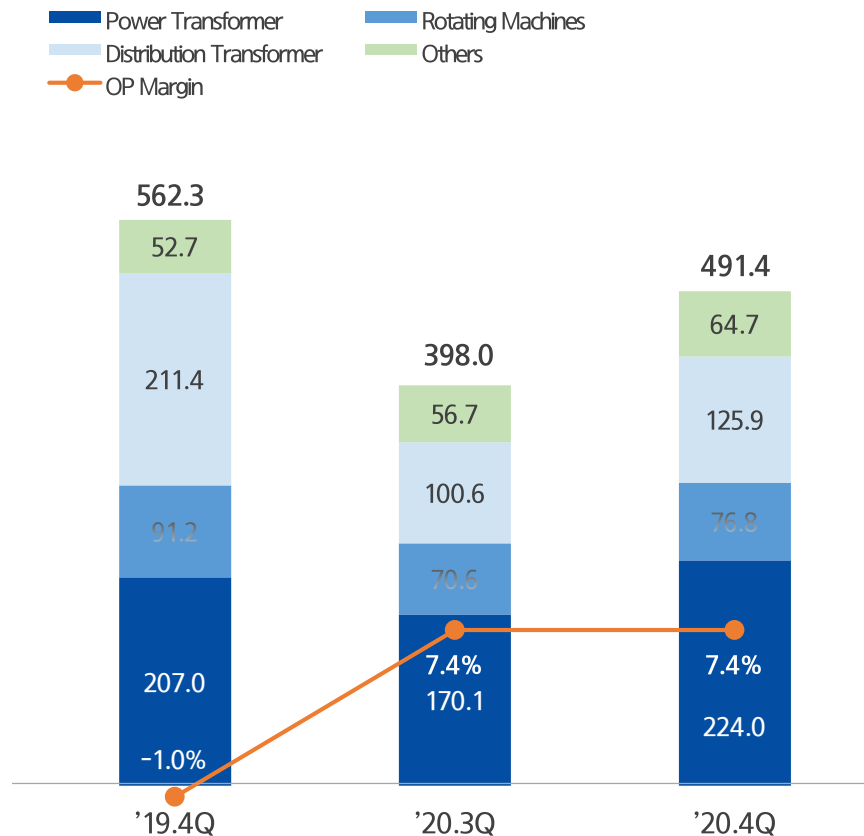
- **Analysis**

- Operating profit decreased QoQ due to depreciation of USD and higher costs.
- Sales and operating profit increased as demand increases in China and India and recovery in direct export regions

2-3) Hyundai Electric & Energy Systems (Consolidated)

4Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



Note 1 : Consolidated basis

- **Sales 491.4 billion KRW**

- Up by 23.5% QoQ
- Down by 12.6% YoY

- **Operating Profit 20.7 billion KRW, OPM 4.2%**

- Down by 29.6% QoQ
- Turned to black YoY

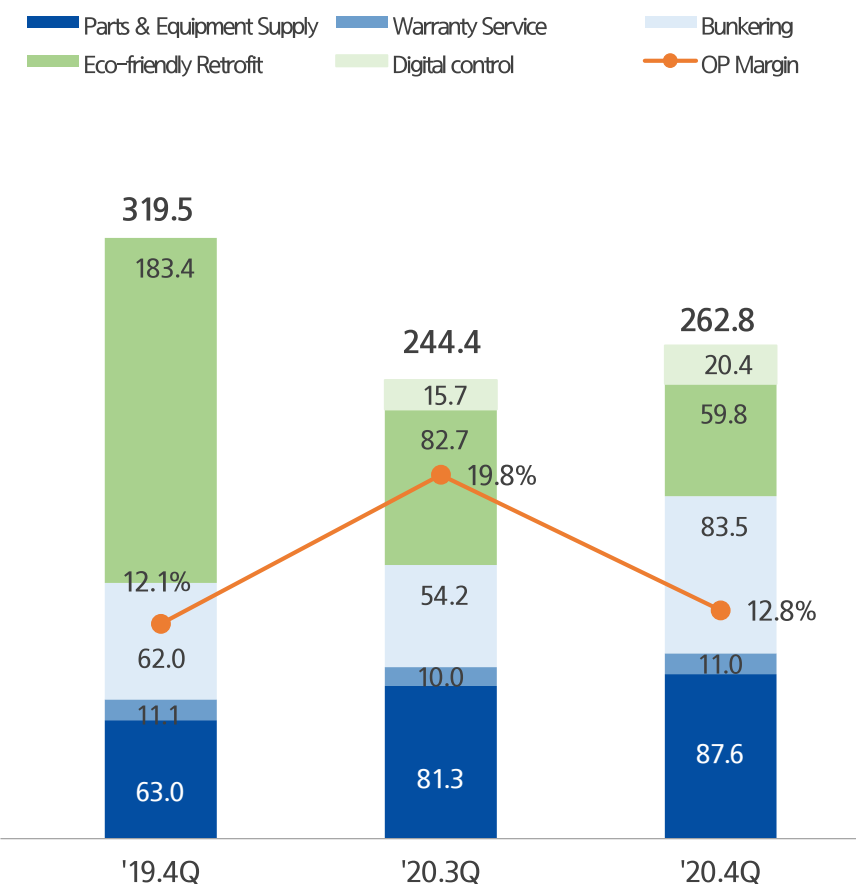
- **Analysis**

- Sales increased due to increased domestic sales of KEPCO and petrochemical industries as well as sales of overseas subsidiaries, but OPM decreased by reflecting one time cost of bonuses. (Excluding one-time expenses, OPM 5.5%)
- Sales declined as a result of selective orders YoY, but turned into surplus due to profitability-oriented orders with improved cost structure.

2-4) Hyundai Global Service (Consolidated)

4Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



Note1 : Consolidated basis

- **Sales 262.8 Billion KRW**

- Up by 7.5% QoQ
- Down by 17.7% YoY

- **Operating Profit 33.6 Billion KRW, OPM 12.8%**

- Down by 30.6% QoQ
- Down by 13.4% YoY

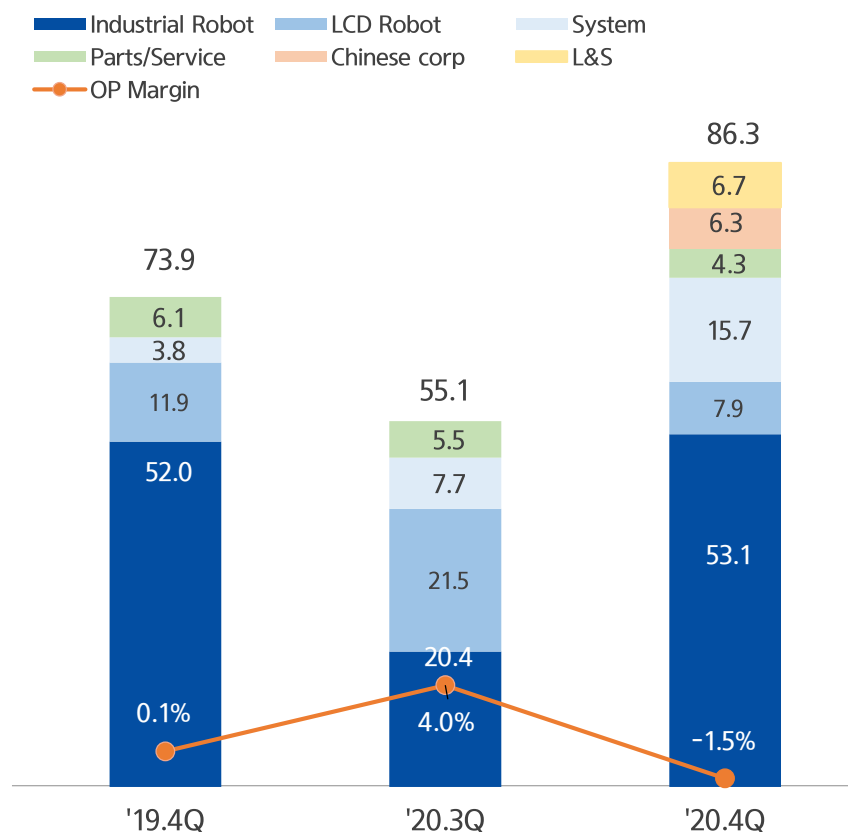
- **Analysis**

- Sales increased due to overall growth in all business divisions except eco-friendly retrofit division.
- Operating profit decreased due to lower contribution of eco-friendly retrofit sector sales, and depreciation of USD.

2-5) Hyundai Robotics (Consolidated)

4Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 86.3 billion KRW**

- Up by 56.6% QoQ
- Up by 16.8% YoY

- **Operating Profit 1.3 billion KRW, OPM -1.5%**

- Turned to red QoQ
- Turned to red YoY

- **Analysis**

- Sales increases due to large-sized orders of new automobile factories and battery manufacturing system received in the first half of last year.
- Profit deteriorated due to price competition due to lower demand and losses in Chinese subsidiaries and Hyundai L&S at the initial stage of the business.

Note 1 : Hyundai Robotics : '20 4Q Consolidated basis, '20 3Q,'19 4Q Parent basis.

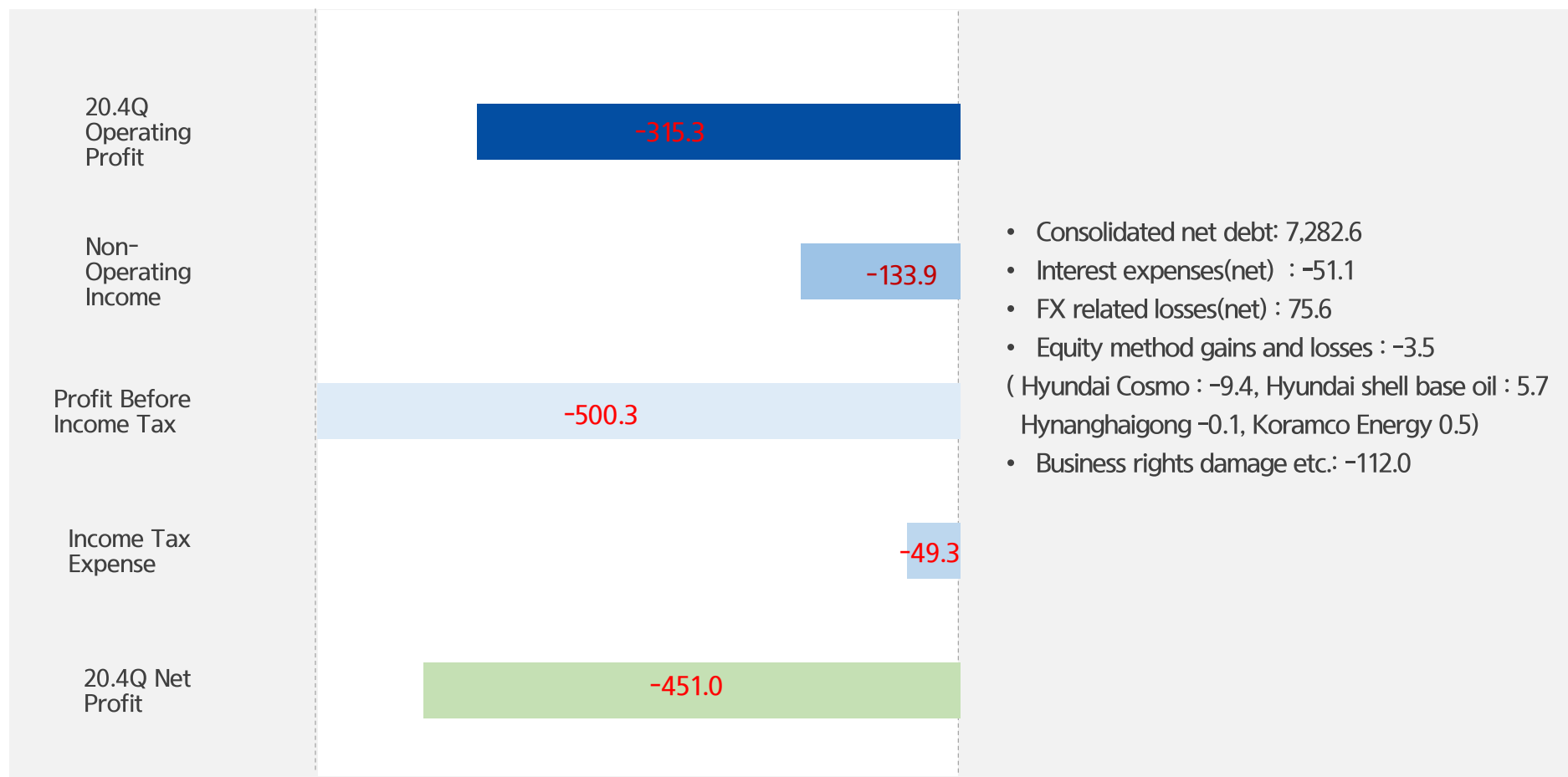
Note 2 :As of September 29, 2020, Hyundai Robotics consolidated Hyundai Robotics' Chinese subsidiary and Hyundai L&S.

Note 3 : According to the spin-off of the robot sector as of 2020.5.1 from Hyundai Heavy Industries Holdings, the performance before 2020.5.1 is compiled by aggregating the performance of the robot business for investors' convenience.

3. Non-operating Profit and Net Income

4Q 2020 Financial Results

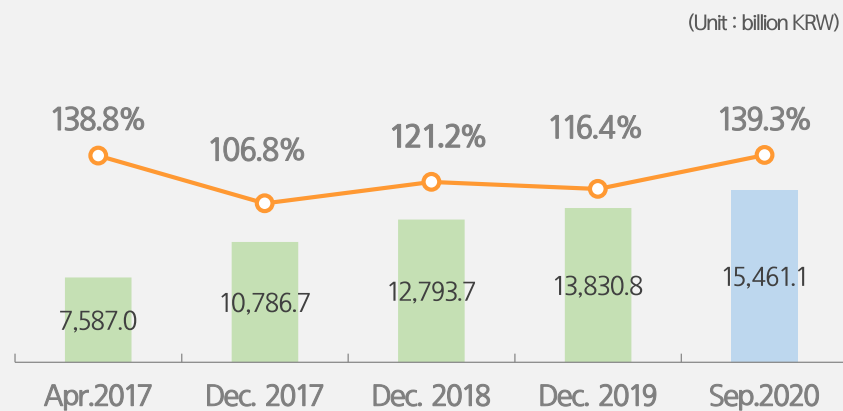
(Unit : billion KRW)



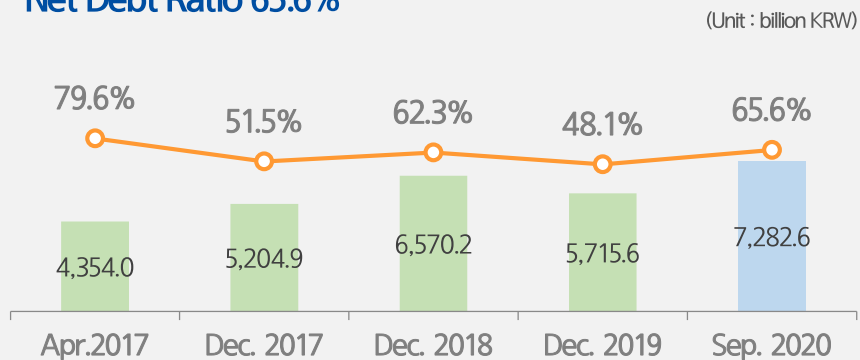
4. Financial Ratio

Consolidated Financial Ratio

• Liabilities Ratio 139.3%

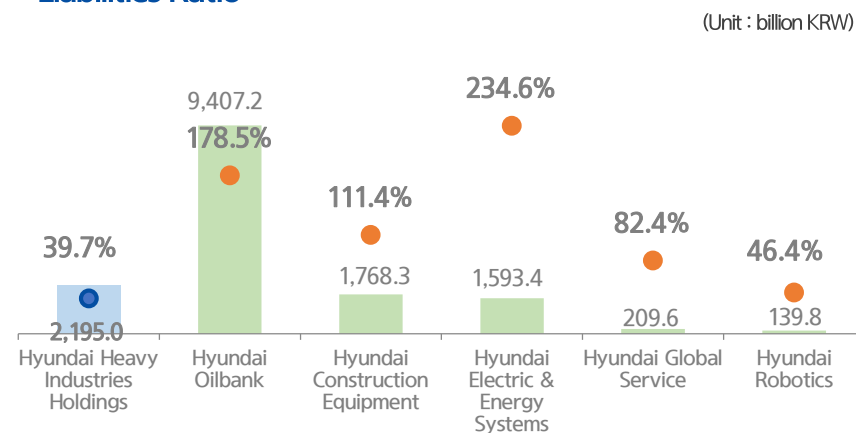


• Net Debt Ratio 65.6%



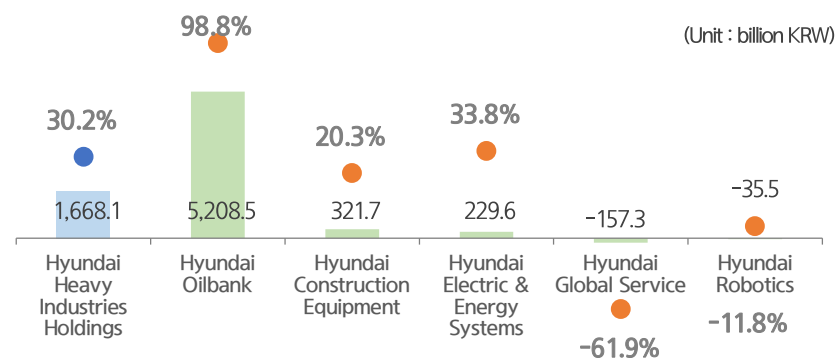
Financial Ratio of Major Affiliates

• Liabilities Ratio



Note: HHHH - Separated basis

• Net Debt Ratio



Note: HHHH - Separated basis

5. Shareholder Value Improvement Policy

Share split

- Share split

- Value per share :

5,000 won (before split) → 1,000 won (after split)

- Purpose :

Increase liquidity by expanding the number of shares in circulation

Note 1. It will be listed on the agenda of the regular shareholders' meeting (scheduled for 2021.03.25) and the schedule, procedures, and other necessary matters may be partially changed during the consultation process with the shareholders' meeting resolution.

Dividend

- Cash dividend

- Dividend per share : KRW18,500

- Dividend yield : 5.93%

- Total dividend amount : KRW 261,473 million

- Dividend policy

- Intermediate dividend (once a year)

- Minimum 70% of dividend payout ratio for the next 3 years (2021-2023)

Note 1. The total amount of dividend is calculated based on 14,133,686 shares excluding 1,664,931 shares of treasury shares

Note 2. Payout ratio is based on net Income of parent financial statements and one-time gains or losses can be excluded from the calculation of payout ratio.

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	'20.4Q			'20.3Q	'19.4Q
		QoQ	YoY		
Sales	4,611.0	0.7%	-32.0%	4,577.9	6,785.1
Cost of Goods Sold	4,590.1	8.7%	-28.0%	4,221.1	6,377.3
Gross Profit	20.8	-94.2%	-94.9%	356.8	407.8
Operating Profit	-315.3	Turn to deficit	Turn to deficit	101.1	100.6
OP margin	-6.8%	-9.0%p	-8.3%p	2.2%	1.5%
Non Operating Income & Loss	-185.0	-	-	-32.1	-178.6
Profit before Tax	-500.3	Turn to deficit	-	69.0	-78.0
Income Tax	-49.3	Turn to deficit	Turn to deficit	34.4	24.6
Net Income	- 451.0	Turn to deficit	-	34.6	-102.6

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Dec.31, '20
Current assets	8,884.2	9,938.3	8,049.1
(Cash & cash equivalents)	1,099.8	2,348.0	2,038.5
Non-current assets	14,463.6	15,780.3	18,509.9
Total assets	23,347.8	25,718.6	26,559.0
Current liabilities	8,660.2	8,046.0	6,336.4
(Short-term borrowings)	4,549.7	3,418.5	2,248.2
Non-current liabilities	4,133.5	5,787.9	9,124.7
(Long-term borrowings)	3,325.0	4,652.9	7,283.8
Total liabilities	12,793.7	13,833.9	15,461.1
Paid-in capital	81.4	81.4	81.4
Others	4,344.0	4,727.3	4,720.6
Retained earnings	3,302.0	3,183.3	2,213.0
Non-controlling interest	2,826.6	3,892.7	4,082.9
Total equity	10,554.1	11,884.7	11,097.9
Total liabilities & equity	23,347.8	25,718.6	26,559.0

2. Consolidated Financial Statements (Hyundai Oilbank)

Consolidated Income Statement

(Unit : billion KRW)

Category	'20.4Q			'20.3Q	'19.4Q
		QoQ	YoY		
Sales	3,393.9	2.0%	-36.6%	3,327.7	5,352.2
Cost of sales	3,341.4	5.6%	-35.0%	3,164.8	5,137.6
Gross profit	52.5	-67.8%	-75.5%	162.8	214.6
Operating profit	-78.6	Turn to deficit	Turn to deficit	35.2	109.0
OP margin	-2.3%	-3.4%p	-4.3%p	1.1%	2.0%
Non operating income & expenses	145.0	-	-	23.0	46.9
Equity method gains and losses	-3.2	-	-	-4.3	-1.1
Profit before tax	66.3	14.0%	-57.5%	58.2	155.9
Income tax	-3.0	-	-	8.7	33.9
Net income	69.3	40.0%	-43.2%	49.5	122.0

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Dec.31, '20
Current assets	4,358.3	4,565.4	3,294.6
(Cash & cash equivalents)	162.6	480.4	301.7
Non-current assets	7,386.5	8,290.5	11,383.6
Total assets	11,744.8	12,855.9	14,678.1
Current liabilities	4,578.0	4,086.7	3,239.4
(Short-term borrowings)	1,573.7	1,125.0	644.0
Non-current liabilities	2,042.7	3,327.6	6,167.8
(Long-term borrowings)	1,856.1	2,808.4	4,871.0
Total liabilities	6,620.7	7,414.3	9,407.2
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	454.6	443.6	707.1
Retained earnings	3,109.9	3,110.1	2,535.0
Non-controlling interest	334.2	662.4	803.4
Total equity	5,124.1	5,441.6	5,270.9
Total liabilities & equity	11,744.8	12,855.9	14,678.1

Note: K-IFRS consolidated basis

3. Consolidated Financial Statement of Hyundai Global Service



Consolidated Income Statement

(Unit : billion KRW)

Category	'20.4Q			'20.3Q	'19.4Q
		QoQ	YoY		
Sales	262.8	7.5%	-17.7	244.4	319.5
Cost of Goods Sold	222.8	19.1%	-18.5%	187.1	273.5
Gross Profit	40.0	-30.2%	-13.0%	57.3	46.0
Operating Profit	33.6	-30.6%	-13.4%	48.4	38.8
OP margin	12.8%	-7.0%p	0.7%p	19.8%	12.1%
Non Operating Income & Loss	-8.7	148.6%	234.6%	-3.5	-2.6
Profit before Tax	24.9	-44.5%	-31.2%	44.9	36.2
Income Tax	7.1	-38.3%	-10.1%	11.5	7.9
Net Income	17.8	-46.7%	-37.1%	33.4	28.3

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Dec.31, '20
Current Assets	359.5	569.3	428.3
(Cash & Cash Equivalents)	124.8	168.9	93.7
Non-current Assets	11.2	26.2	35.6
Total Assets	370.7	595.5	463.9
Current Liabilities	151.8	283.9	200.6
(Short-term borrowings)	-	-	-
Non-current Liabilities	0.3	3.4	9.0
(Long-term borrowings)	-	-	-
Total Liabilities	152.0	287.3	209.6
Paid-in Capital	20.0	20.0	20.0
Others	105.5	105.2	20.0
Retained Earnings	93.2	183.0	214.3
Total Shareholder's Equity	218.7	308.2	254.3
Total Liabilities & Shareholder's Equity	370.7	595.5	463.9

Note: K-IFRS consolidated basis

