

1Q 2021 Earnings Release

HYUNDAI OILBANK



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I. 1Q 2021 Earnings

II. 2021 Investment Highlights

III. Appendix

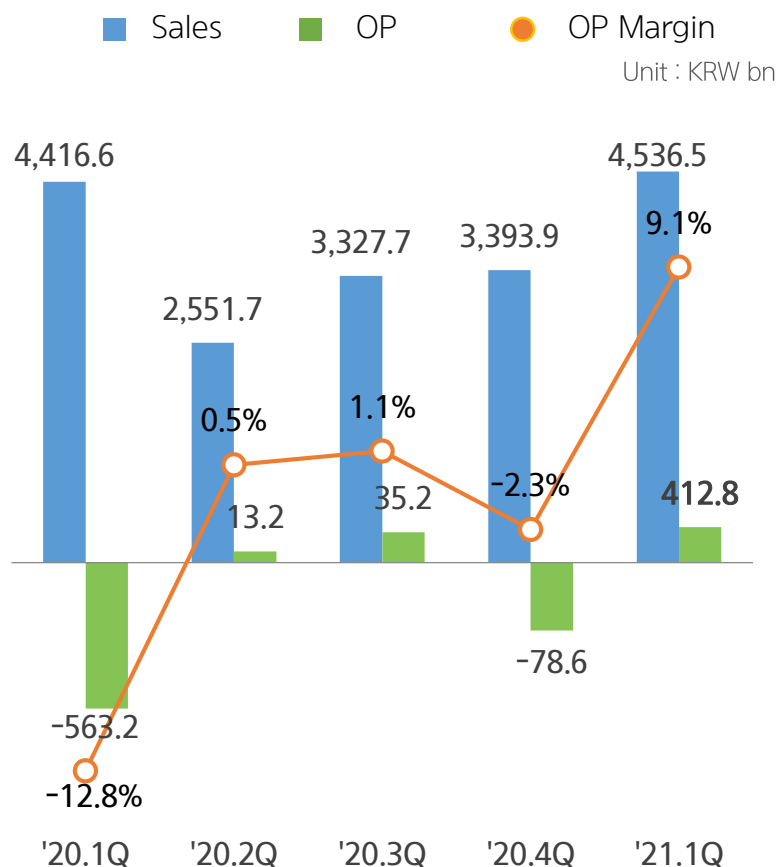
I. 1Q 2021 Earnings

1. Consolidated Earnings
2. Earnings by Business Segment
3. 1Q 2021 Market Conditions
4. Market Outlook by Business Segment

1. Consolidated Earnings

Hyundai Oilbank recorded an operating profit of KRW 412.8 bn in 1Q (QoQ + KRW 491.4 bn) with improving cracks and oil price owing to vaccination and refinery shutdowns in the US due to cold wave.

1Q 2021 Consolidated Earnings



• Profit improved as oil price & cracks rose

- Oil Price : (QoQ) 44.6 → 60.0 \$/b
- Cracks
: (QoQ) Gasoline 3.0 → 5.6, Gasoil 4.3 → 5.8 \$/b
- Petrochemical / Lube Base Oil Spread
: (QoQ) PX-N 135 → 191 \$/MT, 150N 175 → 252 \$/MT

• 1Q 2021 Operating Profit KRW + 412.8 bn

- QoQ increase : + KRW 491.4 bn
- YoY increase : + KRW 976.0 bn

2. Earnings by Business Segment

1Q 2021 Earnings

Unit : KRW bn

| Business | '21.1Q | | | '20.4Q | | | '20.1Q | | |
|--|---------|------------------|-----------|---------|------------------|-----------|---------|------------------|-----------|
| | Sales | Operating Profit | OP Margin | Sales | Operating Profit | OP Margin | Sales | Operating Profit | OP Margin |
| Refining | 4,285.8 | 211.3 | 4.9% | 3,230.4 | -110.9 | -3.4% | 3,973.7 | -476.9 | -12.0% |
| Petrochemical | 827.0 | 87.2 | 10.6% | 579.1 | -10.6 | -1.8% | 837.0 | -104.7 | -12.5% |
| Lube Base Oil (Newly consolidated*) | 307.7 | 103.0 | 33.5% | 93.7 | 23.8 | 25.4% | | | |
| Carbon Black | 52.3 | 15.0 | 28.7% | 45.3 | 13.7 | 30.2% | 48.8 | 11.9 | 24.4% |
| Others/Adjustments | -936.3 | -3.7 | | -554.6 | 5.4 | | -442.9 | 6.5 | |
| Consolidated Earnings | 4,536.5 | 412.8 | 9.1% | 3,393.9 | -78.6 | -2.3% | 4,416.6 | -563.2 | -12.8% |

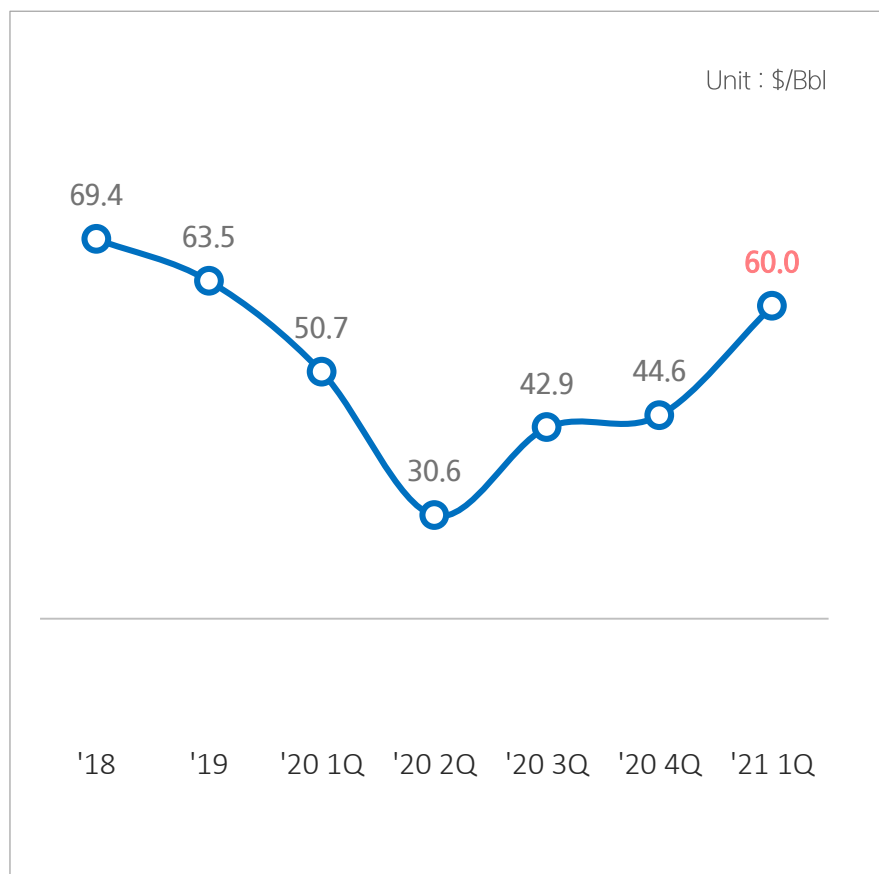
※ Lube base oil business (Hyundai Shell Base Oil, HSB) has been newly consolidated since Nov 2020 (HSB 2020 OP : 94.9 KRW bn)

※ Please refer to *Appendix* section for non-consolidated subsidiaries

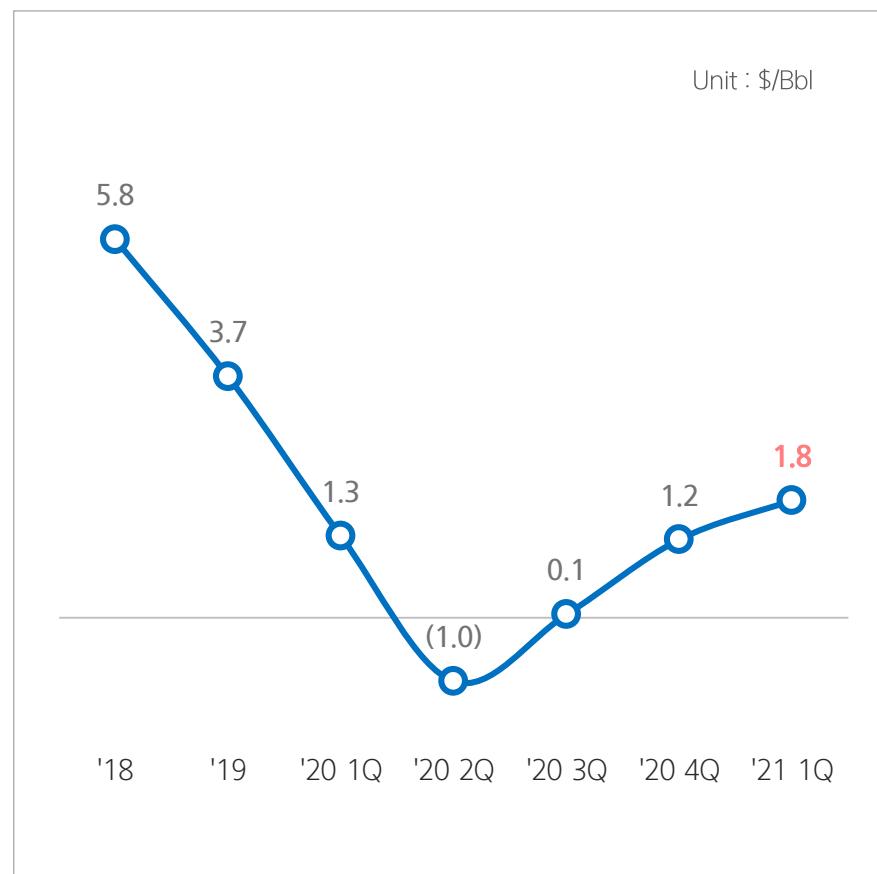
3. 1Q 2021 Market Conditions (Refining)

1Q 2021 oil price surged with optimistic expectation of global economic recovery COVID-19 vaccination and cut down in oil production in the US resulting from cold wave. Refining margin also recovered steadily.

Dubai Oil Price



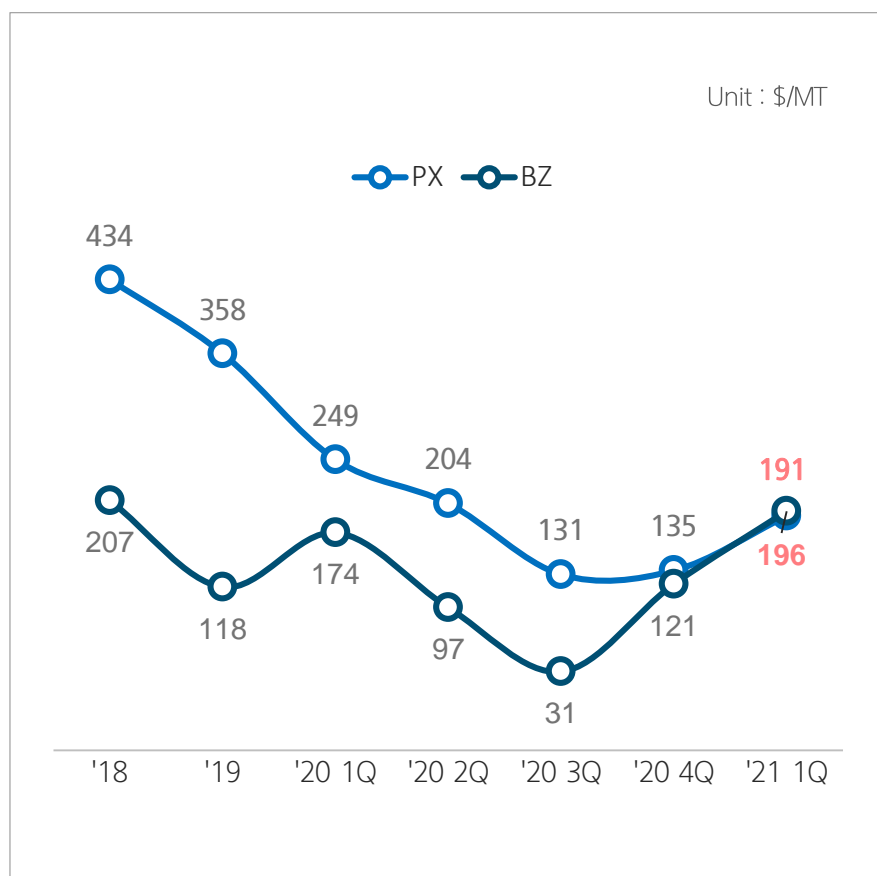
Singapore Refining Margin



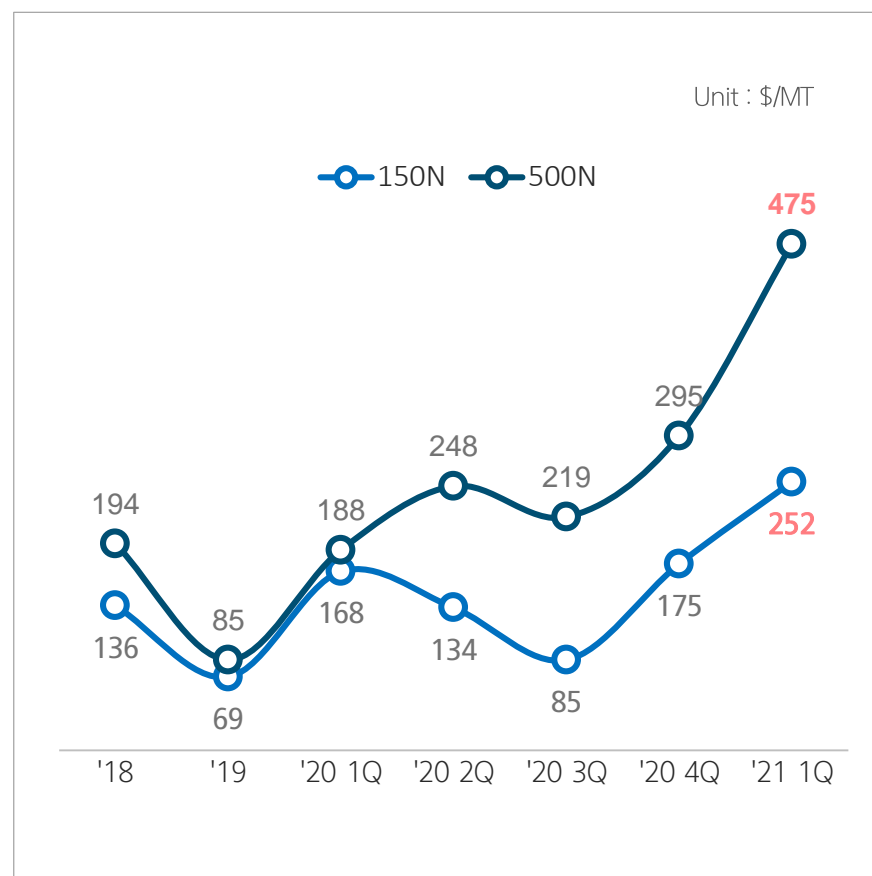
3. 1Q 2021 Market Conditions (BTX/Base oil)

1Q 2021 BTX spread improved due to operation troubles resulting from an earthquake in Japan and cold wave in North America. Lube base oil price remained firm due to tight supply in the market.

BTX Margin



Base Oil Margin



4. Market Outlook by Business Segment

21. 2Q Outlook

2021 Outlook

Refining

- Dubai oil price will remain stable around 60~65 \$/B as current supply and demand balance maintains.
- Gasoline crack will gradually recover as vaccination proceeds and driving season starts in the US.
- Kerosene/Gas-oil crack will remain stable.

- Oil demand outlook (IEA, Apr 2021)
: demand recovery 21.1Q 95m → 21.4Q 99m BD
- Cracks outlook (IHS, Mar 2021)
: 21.4Q Gasoline 10.9\$/B, Gas oil 12.4\$/B
- Refining margin will gradually improve until end of the year as demand recovers.

Petro-chemical (BTX)

- PX-N spread will rise as PX demand increases with large scale PTA expansions in China.
- PTA-PX spread will also recover and improve BTX spreads.

- Large scale PTA expansions in China will improve PX spread
('21 Expansion : PTA 7.4 mil. Ton / PX 5.8 mil. Ton)
- PTA market will recover in line with rebounding demand of apparels and synthetic textiles.

Lube Base — Carbon Black

- Lube base oil margin will stay firm with low utilization rates of refineries.
- Carbon black margin will stay firm as increase in feedstock price is reflected to product price.

- Lube base oil margin will remain strong with a high demand of premium base oil (Group II/III).
- Carbon black margin will improve with tire demand restoring from COVID-19 impacts.

II. 2021 Investment Highlights

1. HPC Project
2. Lube base oil competitiveness
3. MTBE plant expansion



1. HPC Project – Progress

Heavy-feed Petrochemical Complex (HPC) is in progress with 86% of completion rate as of Mar 2021 and commercial operation is scheduled in Nov 2021. HPC uses naphtha, T-DAO and residue gases to produce polyethylene (850kT/A) and polypropylene (500kT/A).

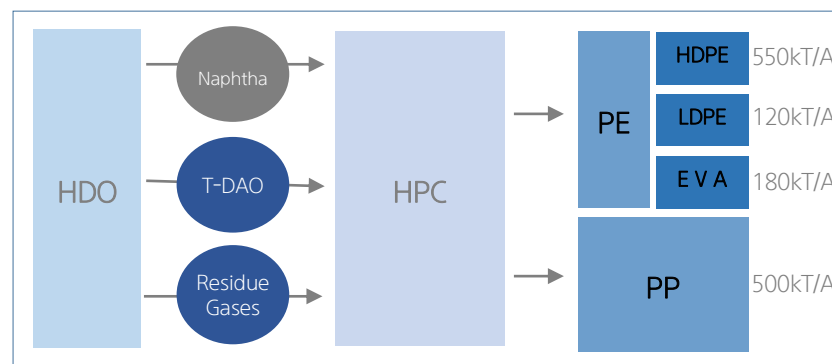
HPC Project (Hyundai Chemical)

- Overview : Unlike NCC using naphtha as a main feed, HPC uses multi-feed (T-DAO, Naphtha, LPG) to maximize ethylene production economics
- Shares : HDO 60%, Lotte Chemical 40%
- Product : Polyethylene 850KT/A, Polypropylene 500KT/A
- Schedule : Completion & Test Run (Aug 2021)

Commercial Operation (Nov 2021)

※ T-DAO: Treated De-Asphaltene Oil

• Plant and product summary



• Completion Rate : 86% (as of Mar 2021)



1. HPC Project – Competitiveness and material business

HPC uses T-DAO and residue gases cheaper than naphtha, which enables HPC to secure solid cost-competitiveness compared to other NCCs. We are planning expansion of eco-friendly, profitable chemical/material downstream business such as solar module production after HPC commercial operation.

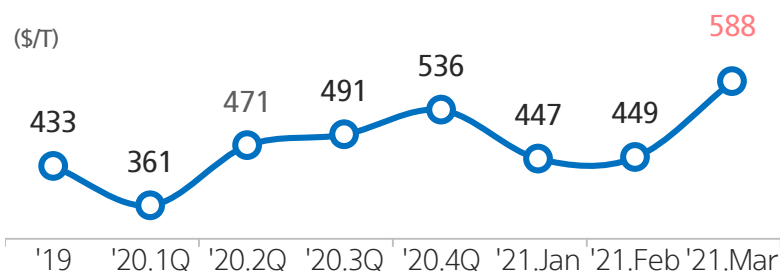
HPC competitiveness

• Feedstock Comparison with NCC

- 1) T-DAO and residue gases are cost-competitive feedstock as they are cheaper than naphtha.
- 2) Feedstock composition can be flexibly adjusted in response to market variation.

| Feedstock | NCC | HPC |
|-------------------|-----------|-----|
| LPG / Refined Gas | 0 ~ 10% | 26% |
| T-DAO | - | 34% |
| Light Naph | 90 ~ 100% | 40% |

• HDPE – Naph spread

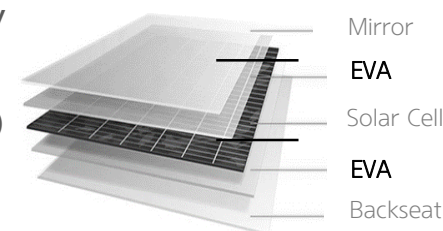


Eco-friendly energy material business

EVA

[Solar Module]

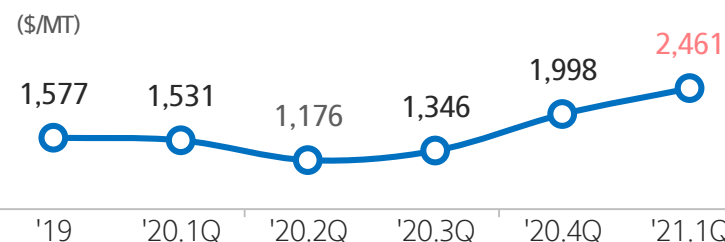
Outstanding permeability
and adhesiveness
(Solar cell protective film)



* EVA : Ethylene Vinyl Acetate

• EVA market

- Market is strong in 21.1Q and we plan to produce 180 KT/A upon the completion of HPC Project.

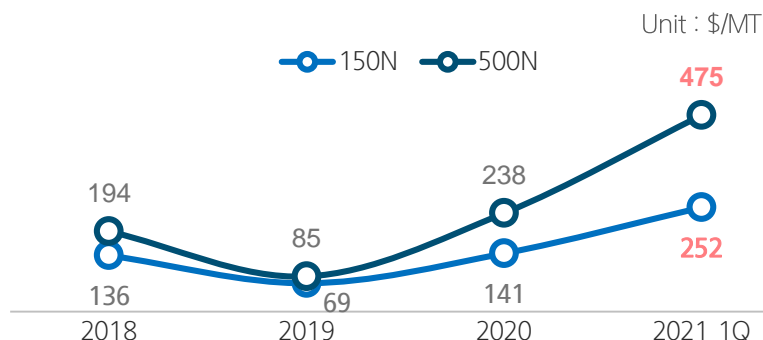


2. Lube base oil competitiveness

In response to a strong lube base oil market, we are maximizing LBO operation and will increase profit by upgrading capacity by 3,000 B/D to more than 28,000 B/D as strong market is likely to continue in 2Q.

Base oil market

[Base oil margin]



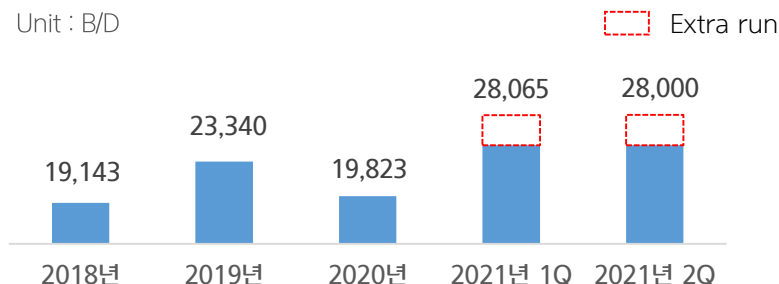
[Base oil market]

- Weak margin in '19 due to LBO plant expansion started to recover from 2nd half of 2020 due to a cut in supply and an increase in demand
- Large-scale regional T/A planned in May~ June will support strong market in 2Q

LBO capacity

- Despite LBO expansion in '18 (20,000 B/D → 25,000B/D), we were unable to enjoy increased capacity due to unfavorable market in '19~20.
- Benefit from expansion increased in '21 due to strong market and we are currently producing more than 28,000 B/D, which is 3,000 B/D over normal capacity by optimizing operation.

[LBO capacity]

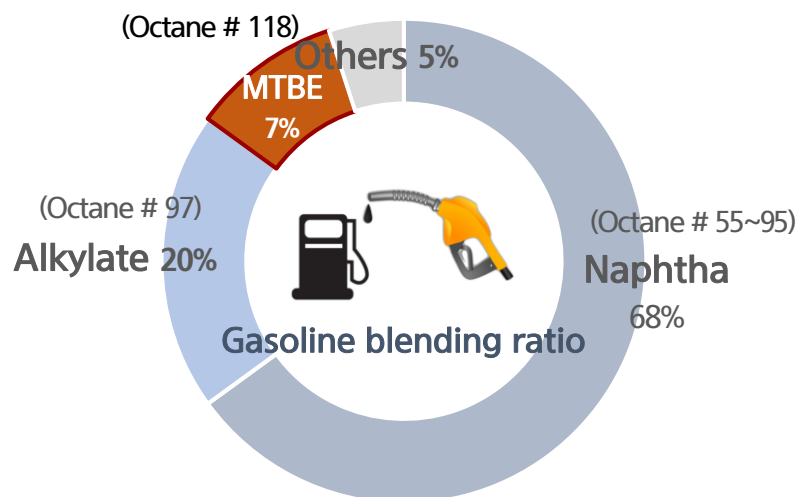


3. MTBE plant expansion

From 4Q 2021, MTBE plant will be in operation to directly produce MTBE used as a compounding material for gasoline octane adjustment, which we expect to improve gasoline manufacturing cost as MTBE has higher octane number and cheaper price compared to other gasoline components.

Gasoline blending ratio (Octane Adjustment) MTBE plant expansion

- High octane MTBE blending is required to meet the octane standard of gasoline products (88~98 RON).



- Reduction of gasoline manufacturing cost through MTBE plant expansion
 - MTBE has higher octane number and cheaper price compared to other high cost gasoline components such as alkylate.
 - MTBE will be directly produced with C4 raffinate feedstock from HPC.

[Investment Summary]

| | |
|----------------------|------------------|
| Investment | KRW 88.0 bn |
| Capacity | 200 KT/A |
| Estimated Return | KRW 31.2bn/annum |
| Commercial Operation | 2021.4Q |

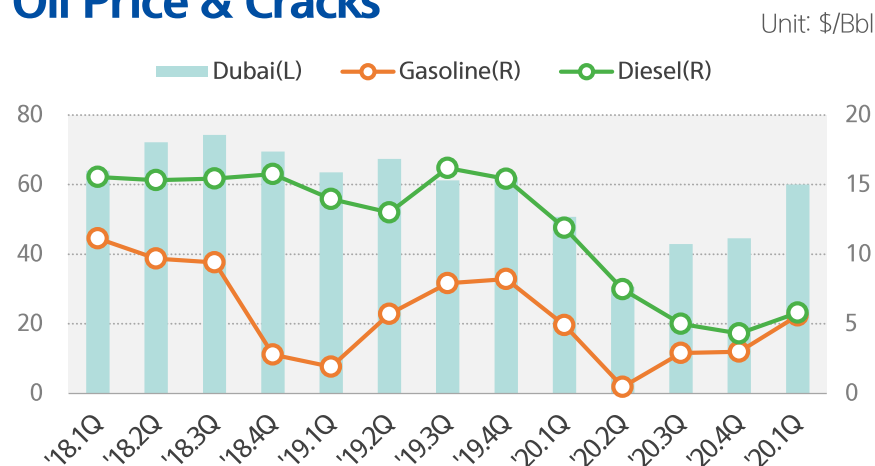
III. APPENDIX

1. Hyundai Oilbank
2. Hyundai Chemical
3. Hyundai Shell Base Oil
4. Hyundai OCI
5. Hyundai Cosmo (Equity Method)
6. Financial Ratios
7. Financial Statements



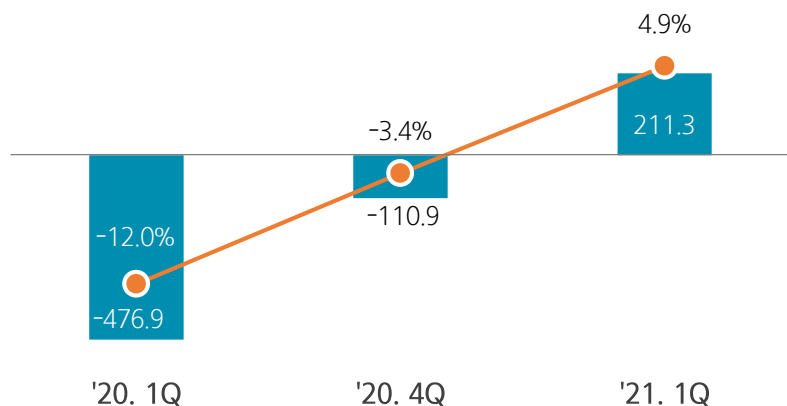
1. Hyundai Oilbank Key Indicators & Results

Oil Price & Cracks



Hyundai Oilbank Operating Income (Separate)

Unit : KRW bn.



1Q Analysis

- Oil price rose with reduced production from OPEC+ and supply shortage caused by the cold wave in Texas.
- Gasoline crack rose in North America with vaccination, refinery shutdowns in Texas during the cold wave and scrapping of outdated refinery (CBC 130 kB/D), whereas it only remained steady in Asia due to the resurgence of COVID in India and high run rates in Korea.
- Kerosene/diesel cracks were supported by surging heating oil demand and supply shortage with refinery shutdowns during the cold wave in the US. Yet, as heating oil demand fell and Europe tightened lockdown, the cracks stayed flat with a slow demand in transport and industry.

2Q Outlook

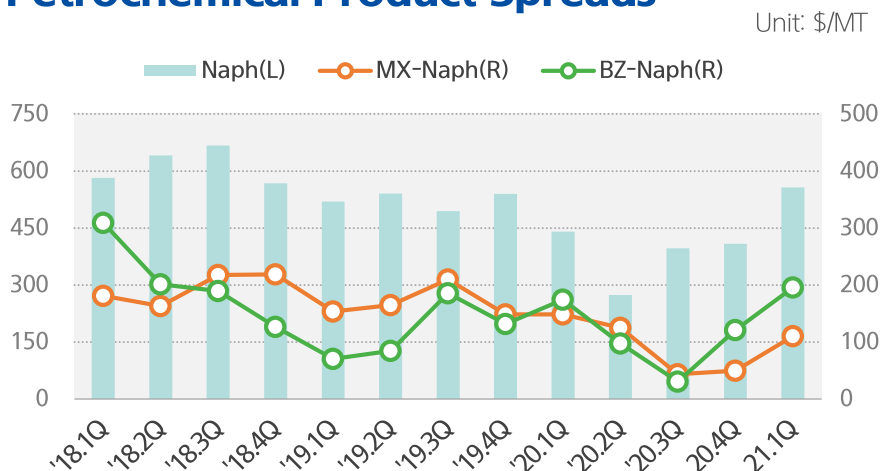
- Oil price is expected to maintain 60 - 65\$/B with supply control.
- Gasoline crack is expected to widen in North America as vaccination proceeds and driving season starts in the US.
- Kerosene/diesel crack will remain low with COVID resurgence in Asia and a weak demand for international air travel.

QoQ Analysis

- Oil price and cracks improved.
(Oil price 44.6 → 60.0, Gasoline 3.0 → 5.6, Diesel 4.3 → 5.8 \$/B)

2. Hyundai Chemical Key Indicators & Results

Petrochemical Product Spreads



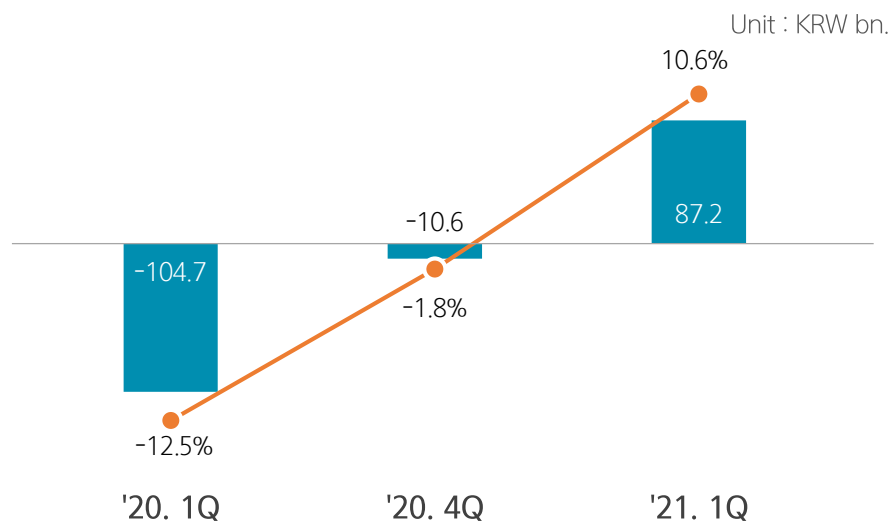
1Q Analysis

- MX spread rose QoQ with supply shortage of MX due to an earthquake in Japan and increase in MX demand following PTA expansions in China.
- BZ price rose with a strong demand in China and a subsequent increase of SM price. Meanwhile, a short supply of BZ raised BZ price in North America as the cold wave in the US impeded normalization of BZ factories.

2Q Outlook

- MX spread is expected to slightly widen QoQ. Despite a tight supply with T/A of MX producers in Japan, shrinking MX demand with a narrowing PX-MX spread will limit the upward momentum of the MX spread.
- BZ spread is projected to remain strong.

Hyundai Chemical Operating Income

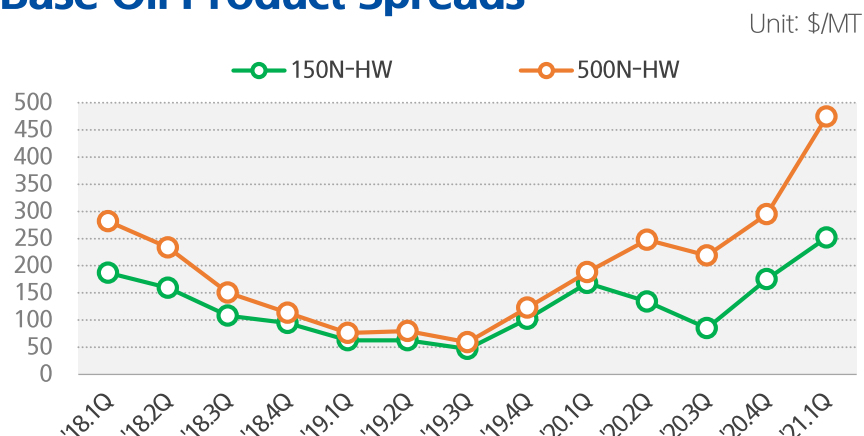


QoQ Analysis

- Refining margin and BTX spread improved.

3. Hyundai Shell Base Oil Key Indicators & Results

Base Oil Product Spreads



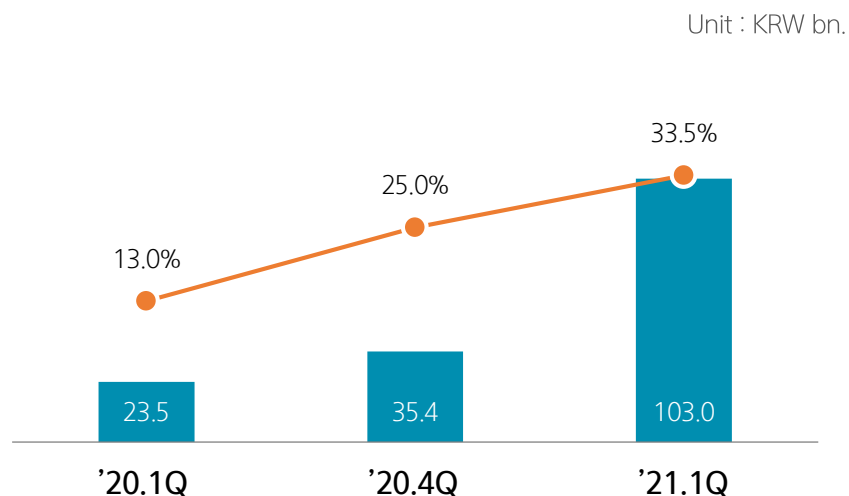
• 1Q Analysis

- Base oil supply decreased as refineries ran at a low utilization rate due to a weak refining margin and the cold wave in Texas, whereas base oil product demand stayed firm in major importing countries, which led to a strong base oil product spread.

• 2Q Outlook

- Strong market will continue in 2Q with run cuts of refiners.

Hyundai Shell Base Oil Operating Income



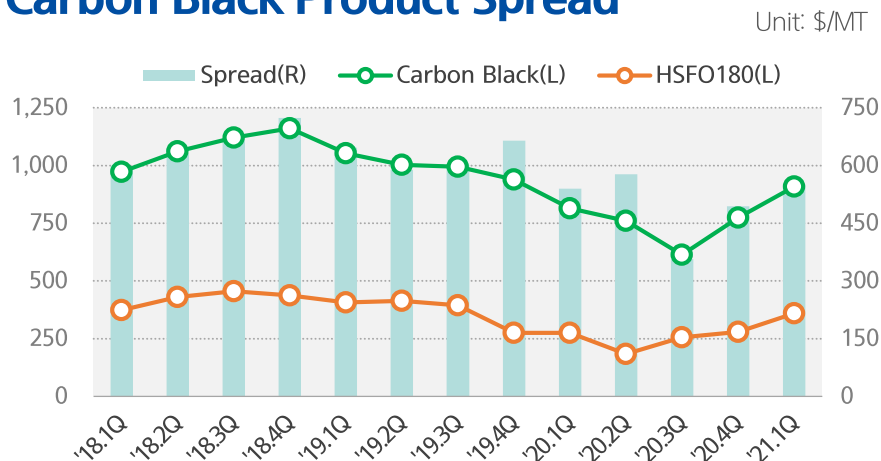
• QoQ Analysis

- Margin improved with a tight supply and a strong demand.

| (Unit: \$/MT) | 20.4Q | 21.1Q | Change |
|---------------|-------|-------|--------|
| 150N-HW | 175 | 252 | +77 |
| 500N-HW | 295 | 475 | +180 |

4. Hyundai OCI Key Indicators & Results

Carbon Black Product Spread



• 1Q Analysis

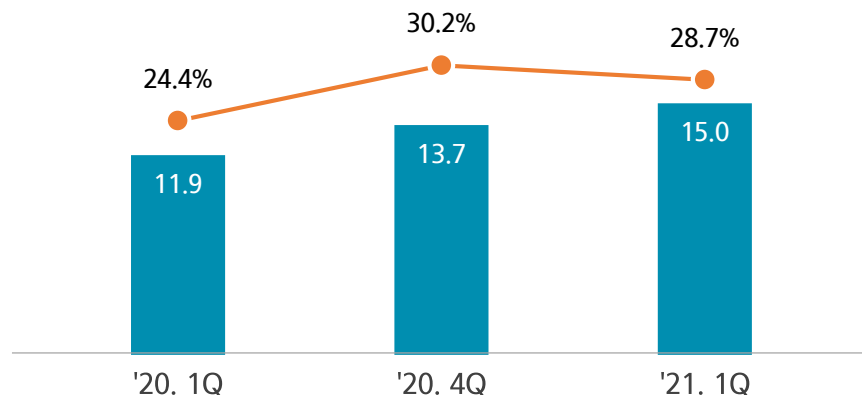
- Carbon black price follows oil price with 2-3 months lag. Carbon black price in 1Q rose by \$135 / ton QoQ with oil price increase in the previous quarter. With the increase in raw material price, production margin rose by \$56 / ton QoQ.

• 2Q Outlook

- Strong market is expected to continue as oil price increase in 1Q will be reflected in the product price in 2Q.

Hyundai OCI Operating Income

Unit : KRW bn.



• QoQ Analysis

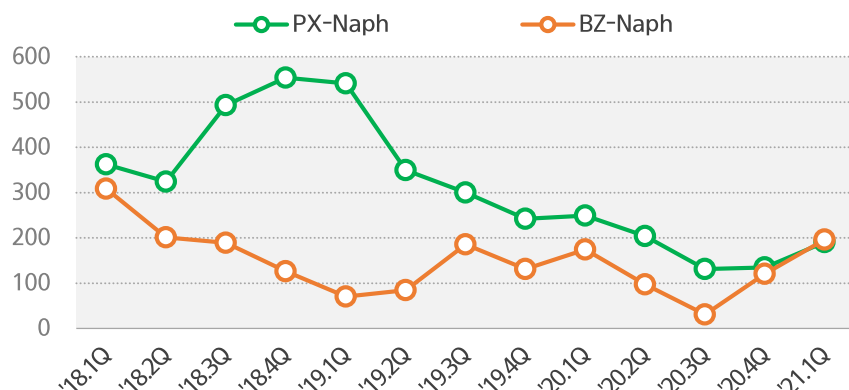
- While carbon black sales volume slightly decreased QoQ, earnings improved as production margin grew.

| Unit: KT, \$/T | 20.4Q | 21.1Q | Change |
|----------------|-------|-------|--------|
| sales volume | 40 | 37 | -3 |
| margin | 494 | 550 | +56 |

5. Equity Method Company (Hyundai Cosmo)

BTX Product Spreads

Unit: \$/MT



• 1Q Analysis

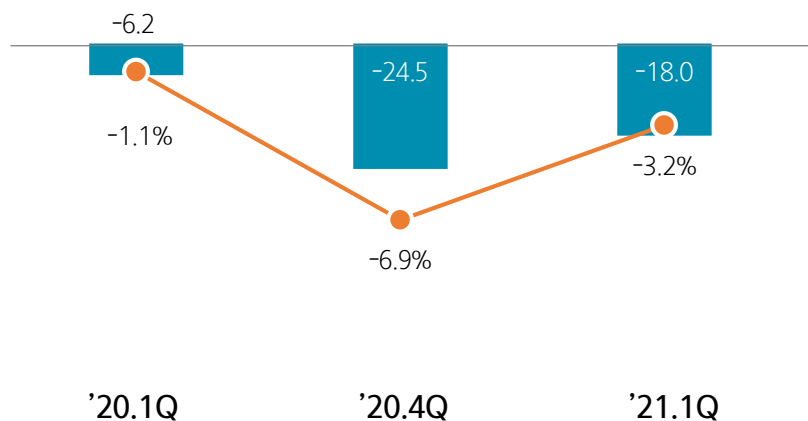
- While PX-naphtha spread rose with a growing PX demand following PTA expansions of 5 million ton in China, the spread improvement was limited as downstream margin worsened with oversupply of PTA and its high inventory in China.
- BZ price rose with a strong demand in China and subsequent increase of SM price. Meanwhile, a short supply of BZ raised BZ price in North America as the cold wave in the US impeded normalization of BZ factories.

• 2Q Outlook

- PTA-PX spread will recover as PX demand is expected to increase with a growing demand of BTX and large scale PTA expansions in China
- BZ-naphtha spread will remain strong with short supply.

Hyundai Cosmo Operating Income

Unit : KRW bn.



• QoQ Analysis

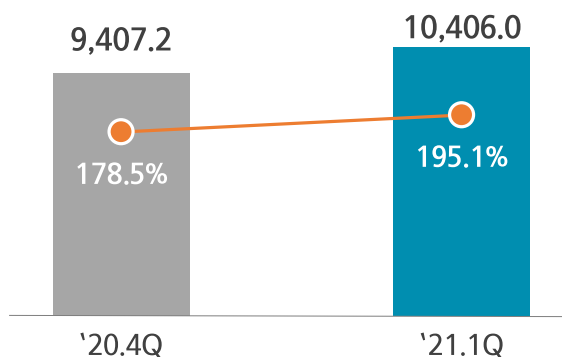
- PX and BZ spread improved.

6. Financial Ratios

Consolidated Financial Ratios

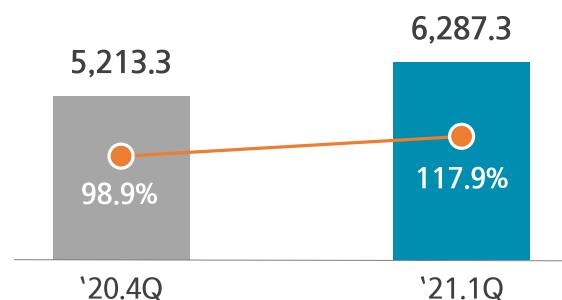
- Debt to Equity Ratio 195.1%

Unit : KRW bn.



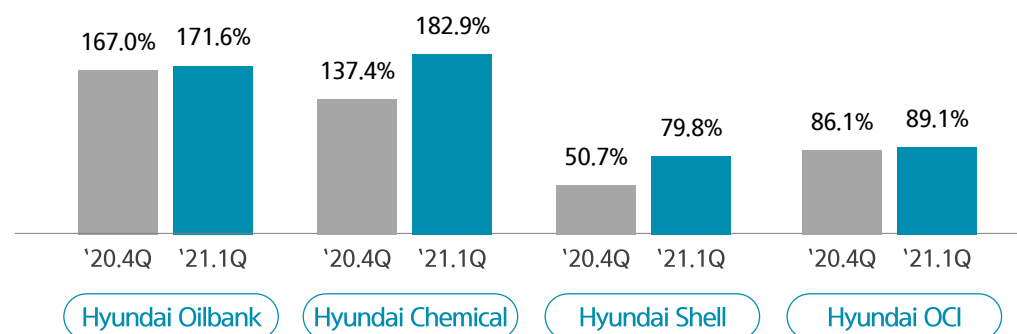
- Net Debt to Equity Ratio 117.8%

Unit : KRW bn.

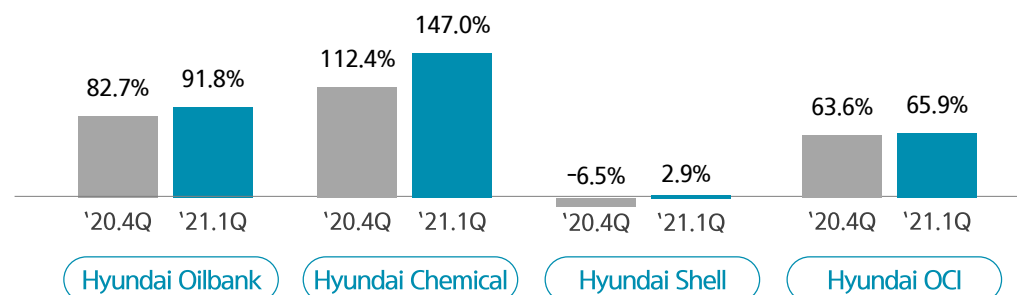


Separate Financial Ratios

- Debt to Equity Ratio



- Net Debt to Equity Ratio



7-1. Financial Statements – Hyundai Oilbank (Consolidated)

Consolidated Income Statement

Unit : KRW bn.

| 구 분 | '21.1Q | QoQ | YoY | '20.4Q | '20.1Q |
|---------------------------------|---------|-----------------|-----------------|---------|---------|
| Sales | 4,536.5 | 33.7% | 2.7% | 3,393.9 | 4,416.6 |
| Cost of goods sold | 3,988.4 | 19.4% | -18.0% | 3,341.4 | 4,866.8 |
| Gross profit | 548.1 | 944.3% | Turned a profit | 52.5 | -450.2 |
| Operating profit | 412.8 | Turned a profit | Turned a profit | -78.6 | -563.2 |
| OP margin | 9.1% | 11.4%p | 21.9%p | -2.3% | -12.8% |
| Non operating Income & expenses | -136.1 | | | 144.9 | -113.7 |
| Equity method gains | -6.4 | | | -3.2 | 8.9 |
| Profit before tax | 276.7 | 317.1% | Turned a profit | 66.3 | -676.9 |
| Income tax | 83.1 | | | -3.0 | -214.7 |
| Net income | 193.6 | 179.5% | Turned a profit | 69.3 | -462.2 |

Consolidated Balance Sheet

Unit : KRW bn.

| 구 분 | '19.4Q | '20.4Q. | '21.1Q |
|----------------------------|----------|----------|----------|
| Current assets | 4,565.4 | 3,294.6 | 3,965.6 |
| (Cash & cash equivalents) | 480.4 | 301.7 | 217.3 |
| Non-current assets | 8,290.5 | 11,383.6 | 11,774.0 |
| Total assets | 12,855.9 | 14,678.1 | 15,739.6 |
| Current liabilities | 4,086.7 | 3,239.4 | 3,460.4 |
| (Short-term borrowings) | 1,125.0 | 644.0 | 868.2 |
| Non-current liabilities | 3,327.6 | 6,167.8 | 6,945.6 |
| (Long-term borrowings) | 2,808.4 | 4,871.0 | 5,636.5 |
| Total liabilities | 7,414.3 | 9,407.2 | 10,406.0 |
| Paid-in capital | 1,225.4 | 1,225.4 | 1,225.4 |
| Others | 443.6 | 707.1 | 704.9 |
| Retained earnings | 3,110.1 | 2,535.0 | 2,582.0 |
| Non-controlling interests | 662.4 | 803.4 | 821.3 |
| Total equity | 5,441.6 | 5,270.9 | 5,333.6 |
| Total liabilities & equity | 12,855.9 | 14,678.1 | 15,739.6 |

Note: Consolidated in accordance with K-IFRS

7-2. Financial Statements – Hyundai Oilbank (Separate)

Income Statement (Separate)

Unit : KRW bn.

| 구 분 | '21.1Q | QoQ | YoY | '20.4Q | '20.1Q |
|---------------------------------|---------|-----------------|-----------------|---------|---------|
| Sales | 4,285.8 | 32.7% | 7.9% | 3,230.4 | 3,973.7 |
| Cost of good sold | 3,950.2 | 23.2% | -9.1% | 3,207.5 | 4,347.5 |
| Gross profit | 335.6 | 1366.4% | Turned a profit | 22.9 | -373.8 |
| Operating profit | 211.3 | Turned a profit | Turned a profit | -110.9 | -476.9 |
| OP margin | 4.9% | 8.4%p | 16.9%p | -3.4% | -12.0% |
| Non-operating income & expenses | -27.8 | | | 65.9 | -106.3 |
| Profit before tax | 183.5 | Turned a profit | Turned a profit | -45.0 | -583.2 |
| Income tax | 34.0 | | | -14.0 | -174.3 |
| Net income | 149.5 | Turned a profit | Turned a profit | -31.0 | -408.9 |

Balance Sheet (Separate)

Unit : KRW bn.

| 구 분 | '19.4Q | '20.4Q | '21.1Q |
|----------------------------|----------|----------|----------|
| Current assets | 3,336.1 | 2,540.6 | 3,021.3 |
| (Cash & cash equivalents) | 37.5 | 71.3 | 42.2 |
| Non-current assets | 7,233.2 | 8,790.1 | 8,646.6 |
| Total assets | 10,569.3 | 11,330.7 | 11,667.9 |
| Current liabilities | 3,690.5 | 2,724.3 | 2,738.2 |
| (Short-term borrowings) | 985.4 | 329.9 | 469.9 |
| Non-current liabilities | 2,397.4 | 4,362.8 | 4,634.0 |
| (Long-term borrowings) | 1,875.3 | 3,251.9 | 3,515.4 |
| Total liabilities | 6,087.9 | 7,087.1 | 7,372.2 |
| Paid-in capital | 1,225.4 | 1,225.4 | 1,225.4 |
| Others | 429.3 | 859.0 | 851.6 |
| Retained earnings | 2,826.7 | 2,159.2 | 2,218.7 |
| Total equity | 4,481.4 | 4,243.6 | 4,295.7 |
| Total liabilities & equity | 10,569.3 | 11,330.7 | 11,667.9 |

7-3. Financial Statements – Hyundai Chemical (Separate)

Income Statement (Separate)

Unit : KRW bn.

| 구 분 | '21.1Q | QoQ | YoY | '20.4Q | '20.1Q |
|---------------------------------|--------|-----------------|-----------------|--------|--------|
| Sales | 827.0 | 42.8% | -1.2% | 579.1 | 837.0 |
| Cost of good sold | 735.3 | 25.5% | -21.6% | 585.7 | 937.4 |
| Gross profit | 91.7 | Turned a profit | Turned a profit | -6.6 | -100.4 |
| Operating profit | 87.2 | Turned a profit | Turned a profit | -10.6 | -104.7 |
| OP margin | 10.6% | 12.4%p | 23.1%p | -1.8% | -12.5% |
| Non-operating income & expenses | -12.5 | | | 4.5 | -9.8 |
| Profit before tax | 74.7 | Turned a profit | Turned a profit | -6.1 | -114.5 |
| Income tax | 18.0 | | | -1.6 | -40.5 |
| Net income | 56.7 | Turned a profit | Turned a profit | -4.5 | -74.0 |

Balance Sheet (Separate)

Unit : KRW bn.

| 구 분 | '19.4Q | '20.4Q | '21.1Q |
|----------------------------|---------|---------|---------|
| Current assets | 1,314.3 | 615.1 | 898.3 |
| (Cash & cash equivalents) | 391.1 | 35.2 | 30.8 |
| Non-current assets | 1,492.1 | 2,852.4 | 3,403.6 |
| Total assets | 2,806.4 | 3,467.5 | 4,301.9 |
| Current liabilities | 533.4 | 580.1 | 840.4 |
| (Short-term borrowings) | 118.6 | 273.0 | 351.1 |
| Non-current liabilities | 784.3 | 1,426.8 | 1,941.1 |
| (Long-term borrowings) | 767.3 | 1,403.3 | 1,914.5 |
| Total liabilities | 1,317.7 | 2,006.9 | 2,781.5 |
| Paid-in capital | 1,220.0 | 1,220.0 | 1,220.0 |
| Others | -10.2 | -4.3 | -1.1 |
| Retained earnings | 278.9 | 244.9 | 301.6 |
| Total equity | 1,488.7 | 1,460.6 | 1,520.5 |
| Total liabilities & equity | 2,806.4 | 3,467.5 | 4,301.9 |

7-4. Financial Statements – Hyundai Shell Base Oil (Separate)



Income Statement (Separate)

Unit : KRW bn.

| 구 분 | '21.1Q | QoQ | YoY | '20.4Q | '20.1Q |
|---------------------------------|--------|--------|--------|--------|--------|
| Sales | 307.7 | 117.2% | 70.9% | 141.7 | 180.1 |
| Cost of good sold | 202.9 | 95.3% | 32.8% | 103.9 | 152.8 |
| Gross profit | 104.8 | 176.6% | 283.9% | 37.9 | 27.3 |
| Operating profit | 103.0 | 191.1% | 338.5% | 35.4 | 23.5 |
| OP margin | 33.5% | 8.5%p | 20.5%p | 25.0% | 13.0% |
| Non-operating income & expenses | -0.1 | | | -0.6 | -1.3 |
| Profit before tax | 102.9 | 195.6% | 363.4% | 34.8 | 22.2 |
| Income tax | 24.8 | | | 9.1 | 4.5 |
| Net income | 78.1 | 203.9% | 341.2% | 25.7 | 17.7 |

Balance Sheet (Separate)

Unit : KRW bn.

| 구 분 | '19.4Q | '20.4Q | '21.1Q |
|----------------------------|--------|--------|--------|
| Current assets | 179.1 | 192.5 | 247.7 |
| (Cash & cash equivalents) | 44.8 | 110.3 | 91.3 |
| Non-current assets | 288.5 | 269.2 | 263.7 |
| Total assets | 467.6 | 461.7 | 511.4 |
| Current liabilities | 97.2 | 56.7 | 128.4 |
| (Short-term borrowings) | 25.0 | 9.9 | 9.9 |
| Non-current liabilities | 126.3 | 98.6 | 98.6 |
| (Long-term borrowings) | 119.9 | 89.4 | 89.5 |
| Total liabilities | 223.6 | 155.3 | 227.0 |
| Paid-in capital | 13.0 | 13.0 | 13.0 |
| Others | 118.6 | 119.4 | 119.4 |
| Retained earnings | 112.5 | 174.0 | 152.1 |
| Total equity | 244.0 | 306.4 | 284.5 |
| Total liabilities & equity | 467.6 | 461.7 | 511.4 |

※ HSB was included as consolidated subsidiary from Nov 2020 onwards. '20. 4Q includes both non-consolidated earnings of Oct 2020 and consolidated earnings from November.

