

2Q 2023 Earnings Release

HD HYUNDAI
OILBANK



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I. 2Q 2023 Earnings

II. Appendix



I. 2Q 2023 Earnings

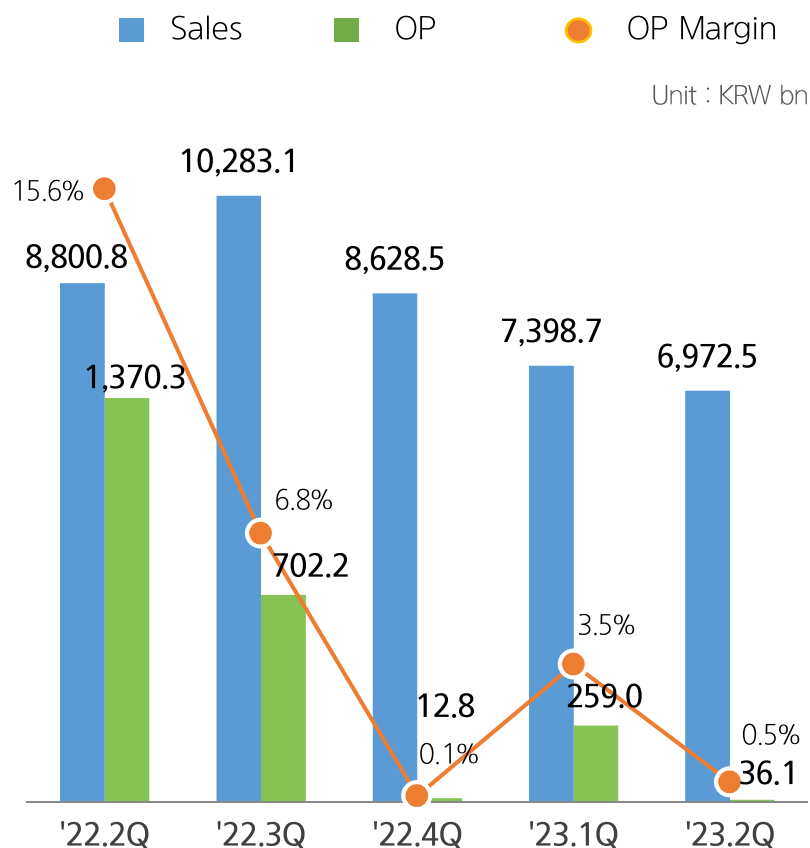
1. Consolidated Earnings
2. Earnings by Business Segment
3. 2Q 2023 Market Conditions
4. Market Outlook by Business Segment



1. Consolidated Earnings

HD Hyundai Oilbank recorded operating profit of KRW 36.1 bn in 2Q (QoQ - KRW 222.9 bn) resulting from decreased total refining margin due to continuous decline in oil price and weak product cracks

2Q 2023 Consolidated Earnings



- 2Q Consolidated OP : KRW 36.1 bn**

- 2Q Consolidated OP KRW 36.1 bn resulting from decreased total refining margin due to continuous decline in oil price and weak product cracks
- QoQ - KRW 222.9 bn
- YoY - KRW 1,334.2 bn

- Decreased total refining margin**

- Total refining margin decreased due to continuous decline in oil price and weak product cracks
(YoY) Oil price : - 30.3 \$/B (108.1 \$/B → 77.8 \$/B)
- Kerosene and Diesel crack weaken due to the end of peak season and sluggish industrial demand
(QoQ) Kero Margin : - 12.5 \$/B (26.5 \$/B → 14.0 \$/B)
Diesel Margin : - 13.0 \$/B (28.6 \$/B → 15.6 \$/B)

2. Earnings by Business Segment

2Q 2023 Earnings

Unit : KRW bn

Business	'23.2Q			'23.1Q			'22.2Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Refining	6,504.8	-96.5	-1.5%	6,797.3	193.4	2.8%	8,241.1	1,125.9	13.7%
Petrochemical	1,590.2	39.5	2.5%	1,727.4	35.5	2.1%	2,236.0	219.3	9.8%
Lube Base Oil (Newly consolidated*)	326.1	61.8	19.0%	379.7	30.8	8.1%	286.4	29.4	10.3%
Others/Adjustments	-1,448.6	31.3		-1,505.7	-0.7		-1,962.7	-4.3	
Consolidated Earnings	6,972.5	36.1	0.5%	7,398.7	259.0	3.5%	8,800.8	1,370.3	15.6%

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

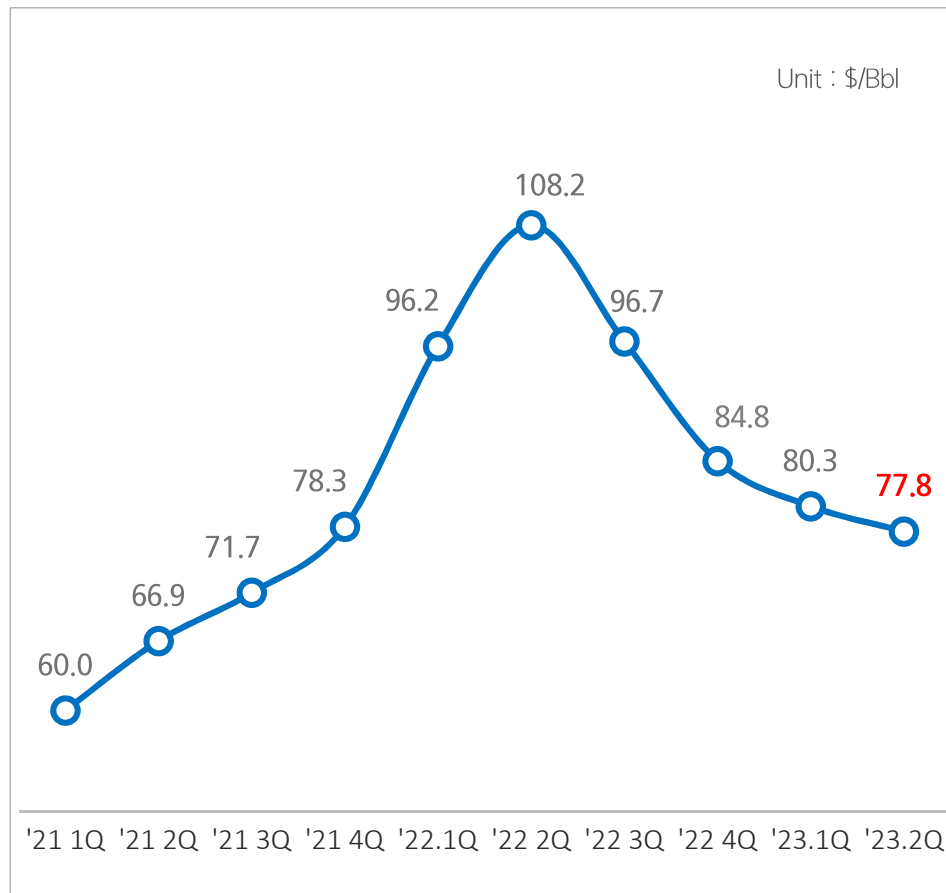
3. 2Q 2023 Market Conditions (Refining)



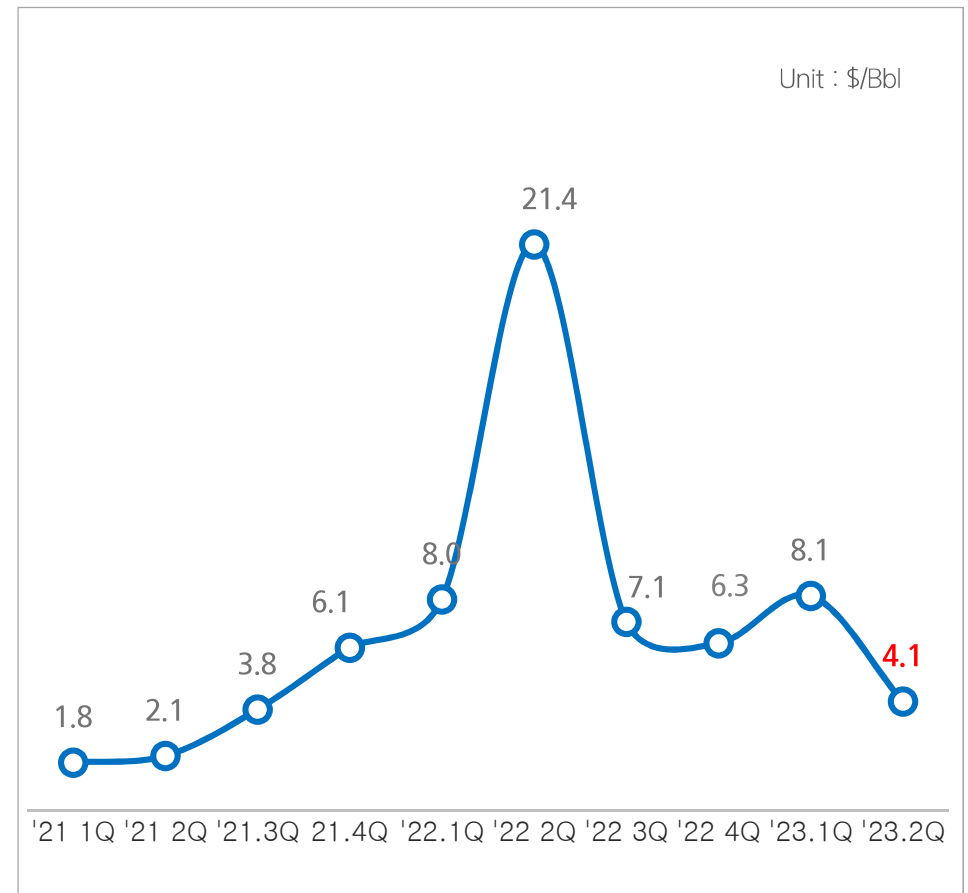
Oil prices declined slightly QoQ resulting from tightening stance maintained by the Federal Reserve Bank and sluggish demand recovery in China

Singapore refining margins decreased QoQ due to decline in kerosene and diesel crack

Dubai Oil Price



Singapore Refining Margin

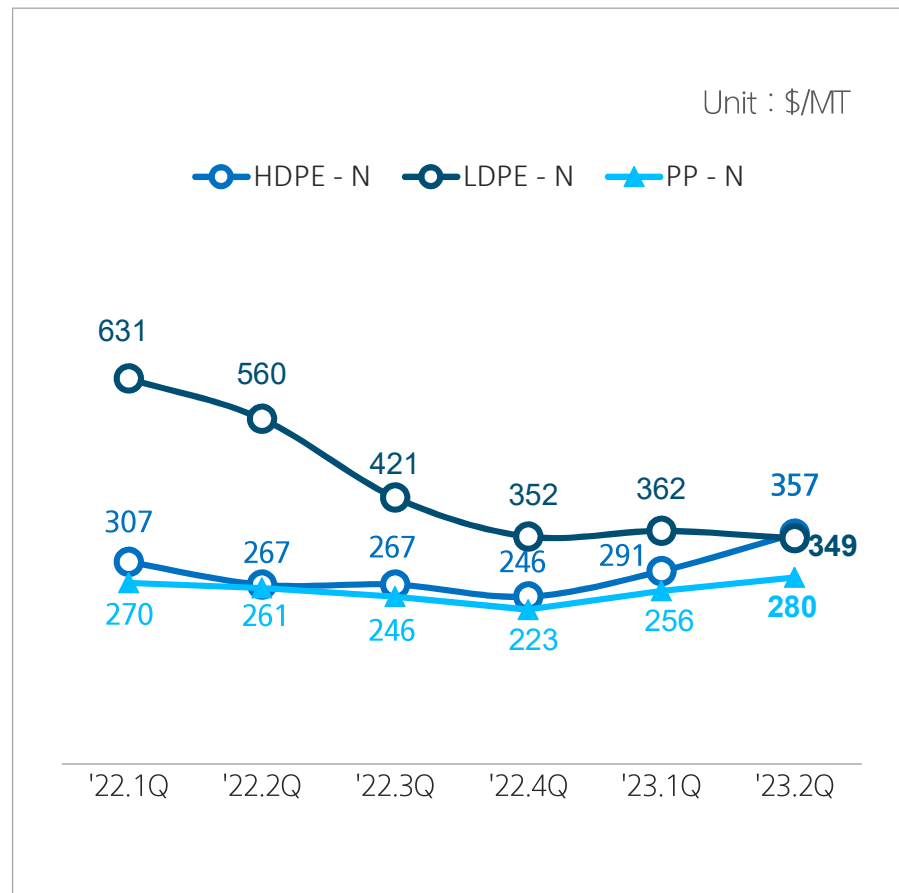


3. 2Q 2023 Market Conditions (Petrochemicals)

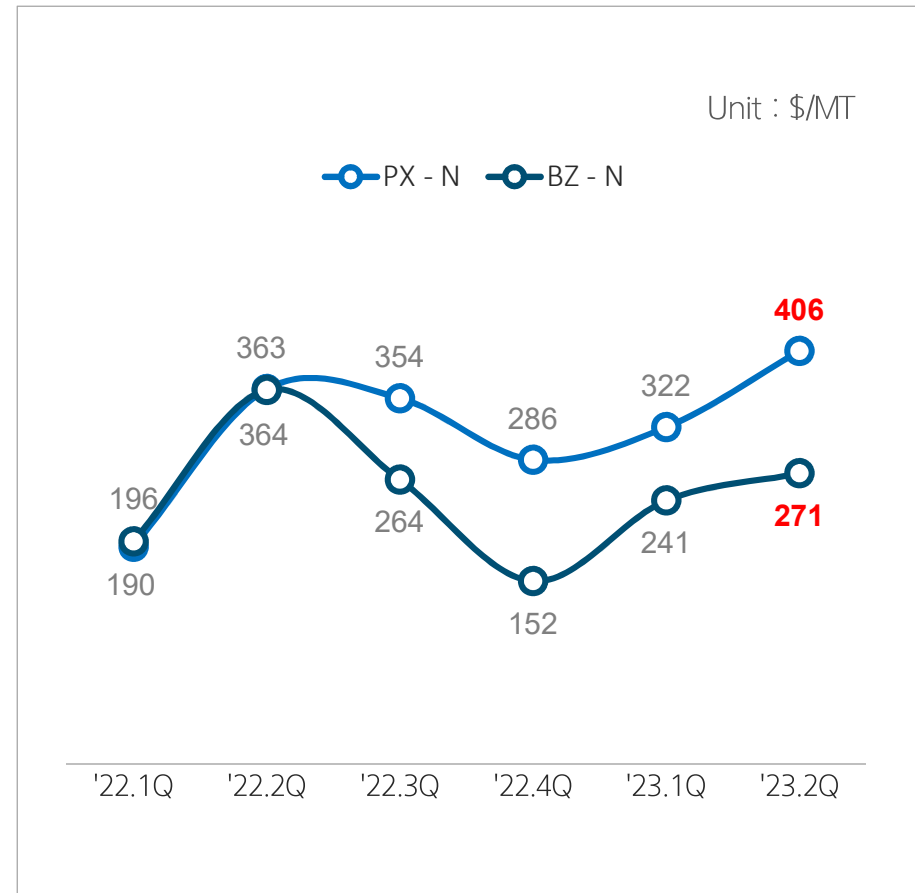
PE/PP spread increased slightly due to declined supply resulting from maintenances of petrochemical companies in the regional market and decreased raw material prices

PX spread improved due to intensifying competition of PTA companies in China and maintenances of Asian PX companies

PE/PP Spread



BTX Spread



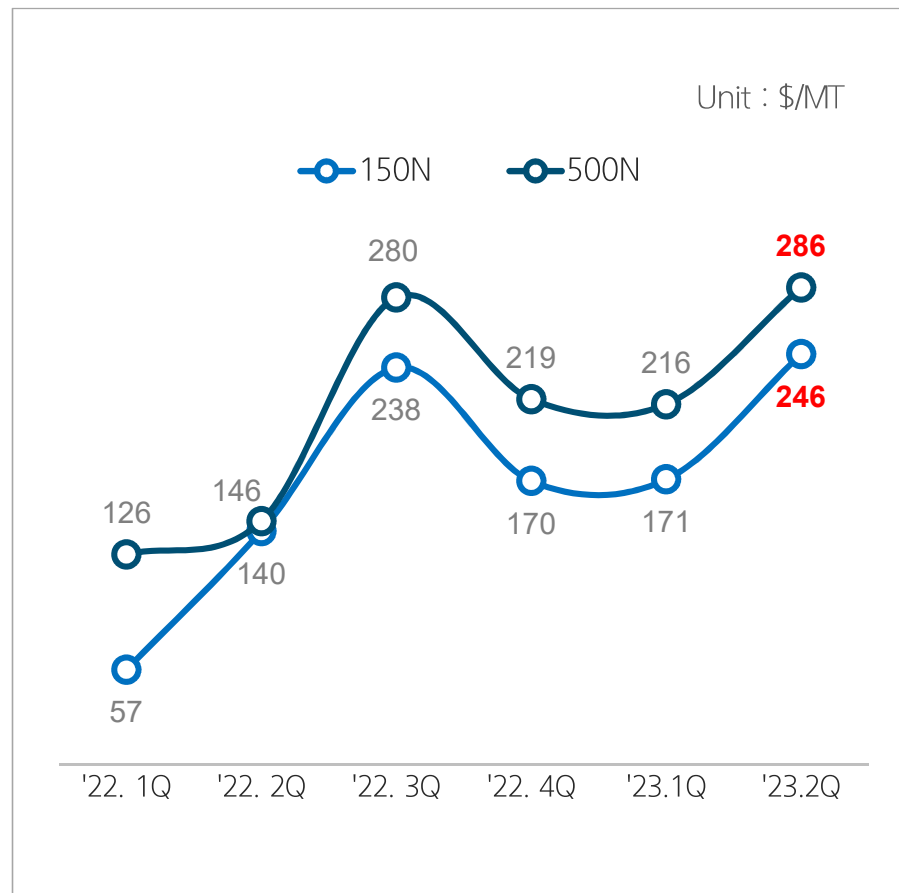
3. 2Q 2023 Market Conditions (Base oil / Carbon Black)



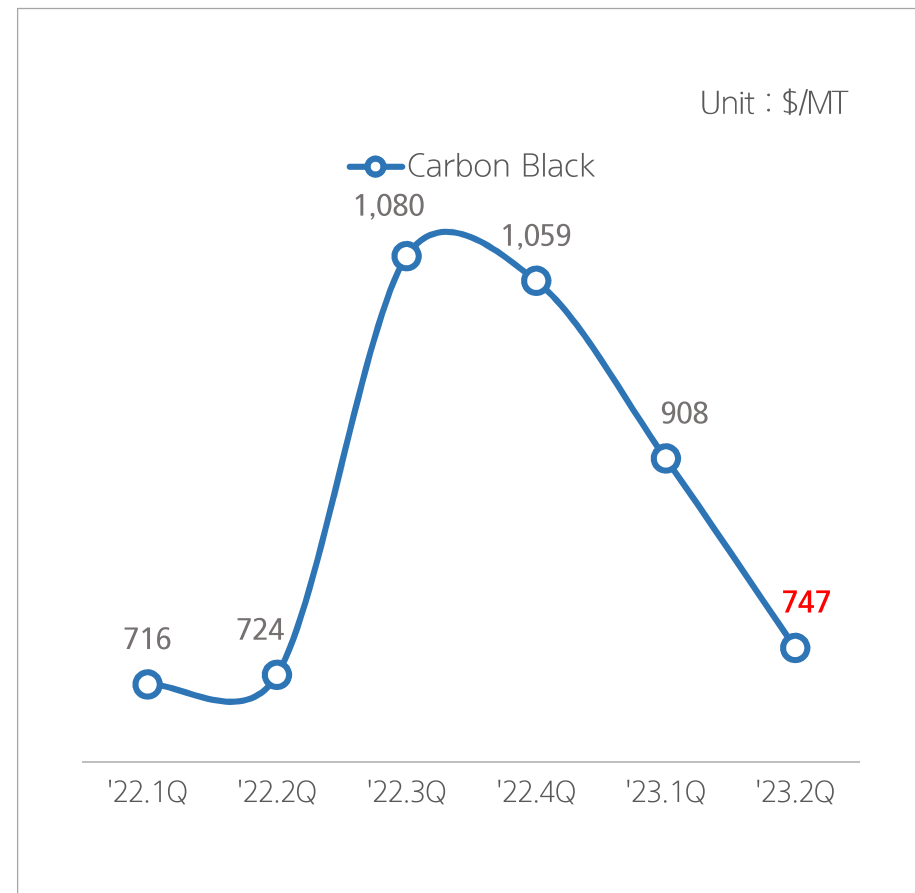
Lube base oil spread improved due to supply decline resulting from maintenances in the region and decreased raw material prices

Carbon black spread declined due to weakened carbon black price resulting from rise in supply

Base Oil Spread



Carbon Black Spread



4. Market Outlook by Business Segment

23.3Q Outlook

23.4Q Outlook

Refining

- Dubai oil prices expected to increase slightly due to OPEC+ production cuts and voluntary cut by Saudi Arabia
- Gasoline cracks to weaken as peak season ends
- Kerosene/Diesel cracks to remain flat due to stockpiling demand for winter season despite sluggish demand in industrial sectors

- Dubai oil prices expected to improve gradually due to OPEC+ production cuts and demand recovery in China
- Gasoline cracks to weaken due to high inventory level in off-seasons
- Kerosene/Diesel cracks to improve due to increased demand in winter peak season and recovery of jet fuel demand

Petro-Chemical

- PX spread to remain flat due to intensifying competition among PTA companies in China and increased utilization of polyester despite end of maintenances
- MX spread to decline gradually due to the end of MX maintenance schedule within the region
- PE/PP spread to increase slightly due to stockpiling demand and entry into peak season

- PX spread to increase due to improvement of polyester market in winter peak season
- MX spread to weaken slightly due to decreased gasoline blending demand in the region
- PE/PP spread to remain flat due to increased demand as the market enters peak season despite increased supply from reserved stocks

Lube Base --- Carbon Black

- Lube base oil spread to slightly weaken due to oversupply from end of maintenances and demand restriction resulting from Indian monsoon season
- Carbon black spread to remain flat due to increased product prices as well as raw material prices

- Lube base oil spread to improve slightly due to the end of Indian monsoon season
- Carbon black spread to decline slightly due to increased supply as well as raw material prices

II. APPENDIX

1. HD Hyundai Oilbank
2. HD Hyundai Chemical
3. HD Hyundai Shell Base Oil
4. HD Hyundai OCI
5. HD Financial Ratios
6. HD Financial Statements

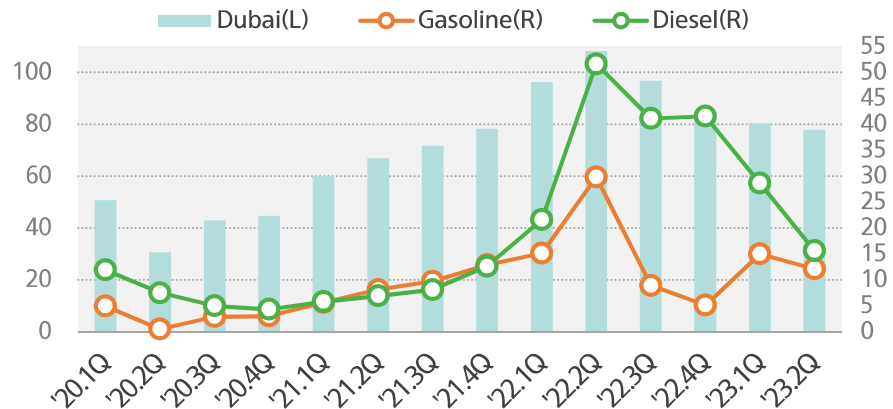


1. HD Hyundai Oilbank Key Indicators & Results



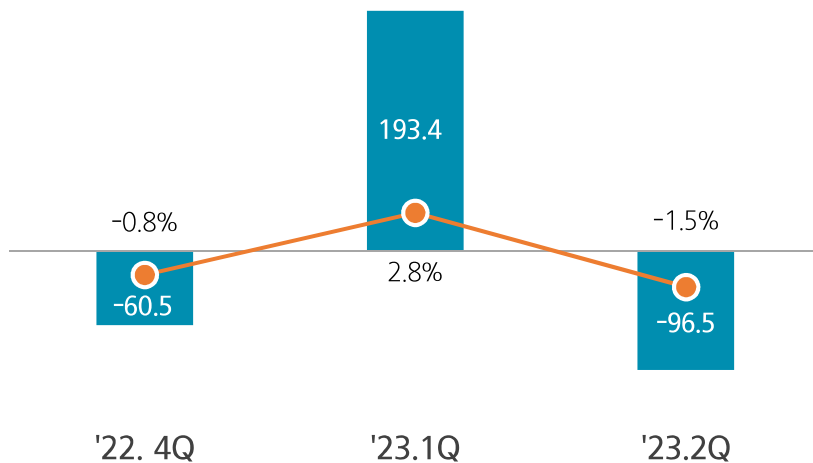
Oil Price & Cracks

Unit: \$/Bbl



HD Hyundai Oilbank Operating Income (Separate)

Unit : KRW bn



• 2Q Analysis

- Oil price declined slightly due to tightening stance maintained by the Federal Reserve Bank and sluggish demand recovery in China
- Gasoline crack improvement was limited due to decline in Naphtha prices from petrochemical market recession, despite entry into gasoline peak season
- Kerosene/Diesel cracks weakened due to sluggish off-season and industrial demand resulting from recession

• 23.3Q Outlook

- Oil price to increase due to OPEC+ production cuts and tight supply and demand balance
- Gasoline cracks to weaken as peak season ends
- Kerosene/Diesel cracks to improve slightly due to stockpiling demand for winter season and expectations of economic recovery

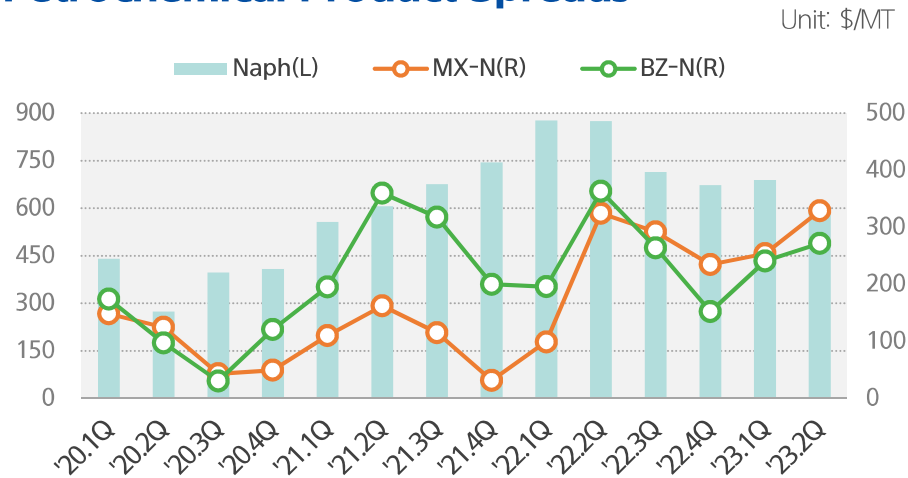
• QoQ Analysis

- Operating income declined due to decline in oil price and product cracks

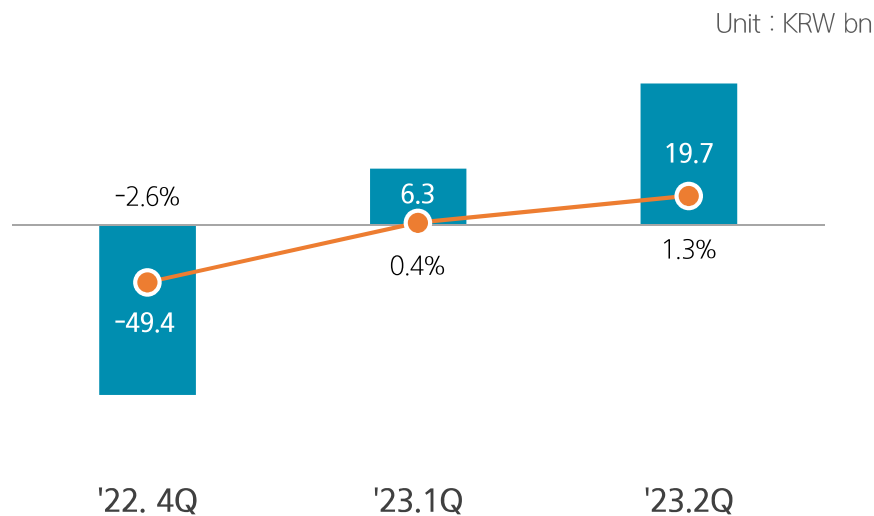
2. HD Hyundai Chemical Key Indicators & Results



Petrochemical Product Spreads



HD Hyundai Chemical Operating Income



• 2Q Analysis

- MX spread improved due to gasoline blending demand in the US and stable PX demand resulting from PTA expansions
- PE/PP spread improved due to supply decline within the regional market and less decline in product price compared to that of raw material prices

• 23.3Q Outlook

- MX spread to improve due to maintenance in the region
- BTX spread to weaken due to decline in BZ/SM margins and weakening buy pressure resulting from high inventory level in China
- PE, PP margins to improve due to increase in demand as off-season ends despite increase in supply resulting from end of maintenances within the region

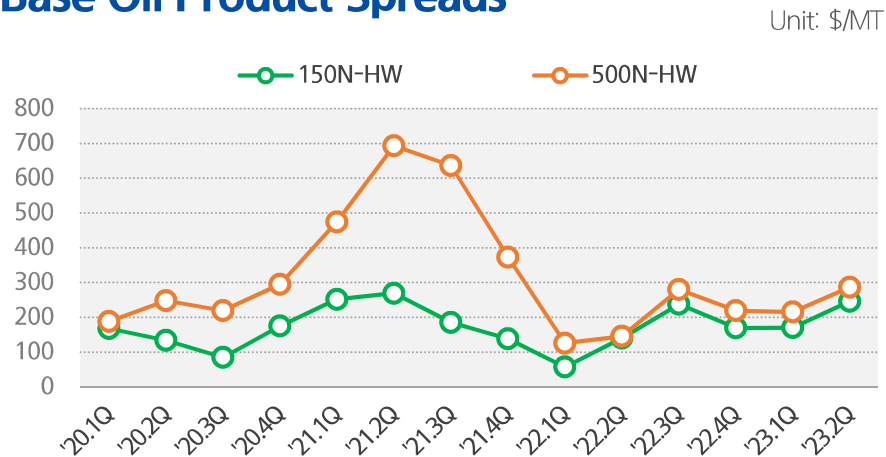
• QoQ Analysis

- Operating income increased as MZ/BZ and EVA spreads improved

3. HD Hyundai Shell Base Oil Key Indicators & Results



Base Oil Product Spreads



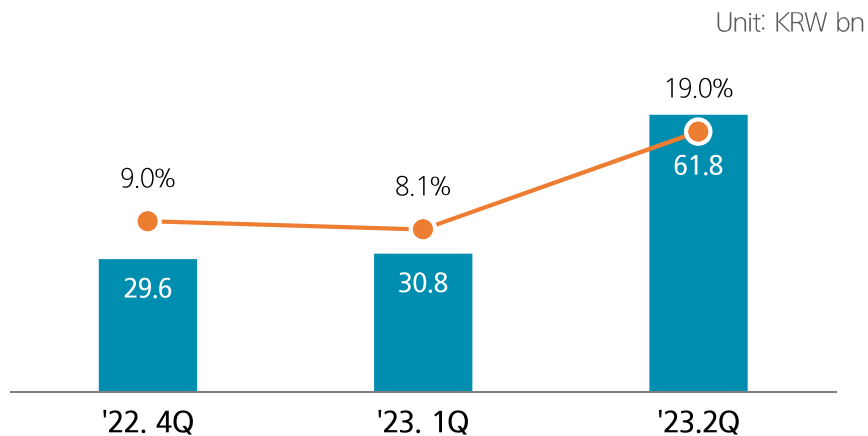
- **2Q Analysis**

- Base oil spread improved due to supply decline resulting from maintenances in China and decreased raw material prices

- **23.3Q Outlook**

- Base oil spread to weaken due to over-supply resulting from end of maintenances in China and demand restriction from Indian monsoon season

HD Hyundai Shell Base Oil Operating Income



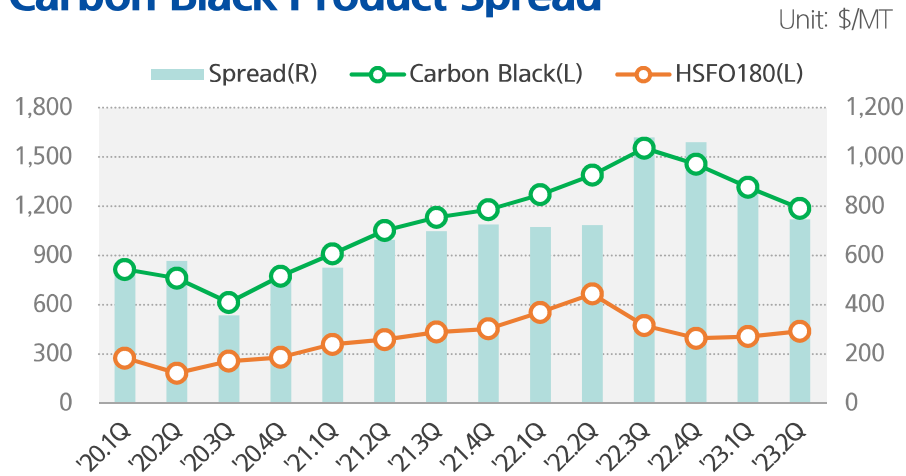
- **QoQ Analysis**

- Operating income increased due to improvement in base oil spread and decline in raw material prices

4. HD Hyundai OCI Key Indicators & Results



Carbon Black Product Spread



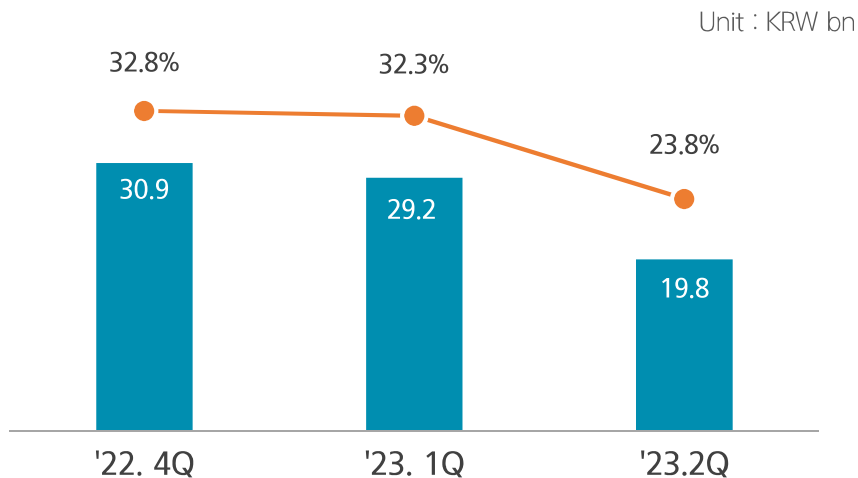
• 2Q Analysis

- Carbon black spread declined due to weakened price from increased supply and comparatively stable raw material prices

• 23.3Q Outlook

- Carbon black spread to remain flat due to increased product prices as well as raw material prices

HD Hyundai OCI Operating Income



• QoQ Analysis

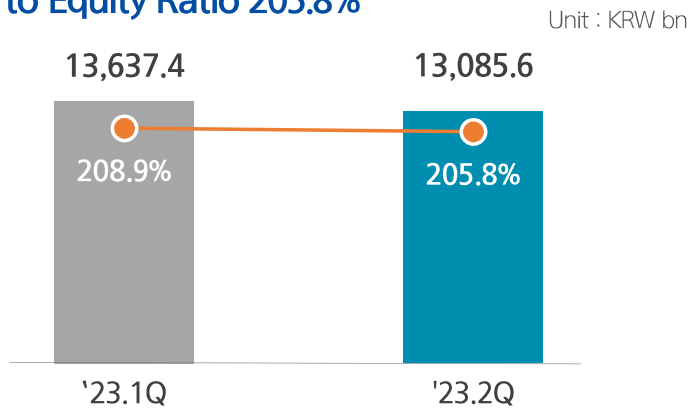
- Operating income decreased due to weakened carbon black prices from increased supply

5. Financial Ratios

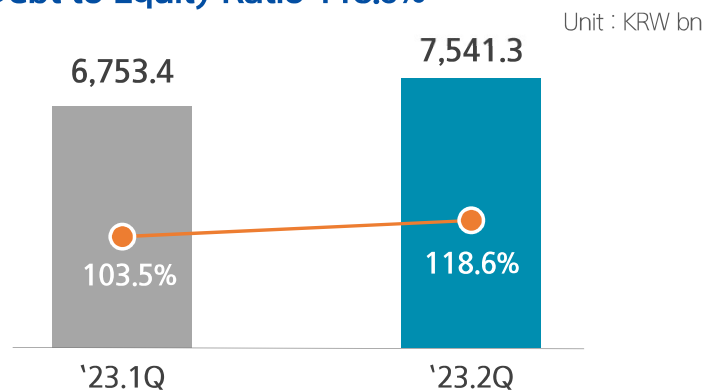


Consolidated Financial Ratios

- Debt to Equity Ratio 205.8%

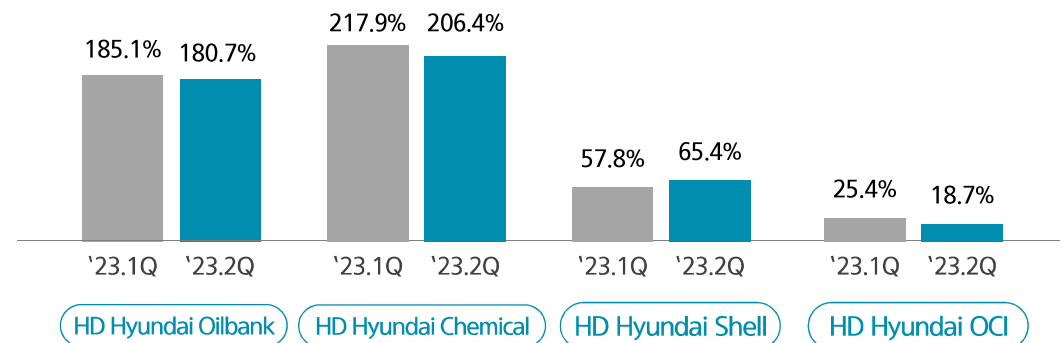


- Net Debt to Equity Ratio 118.6%

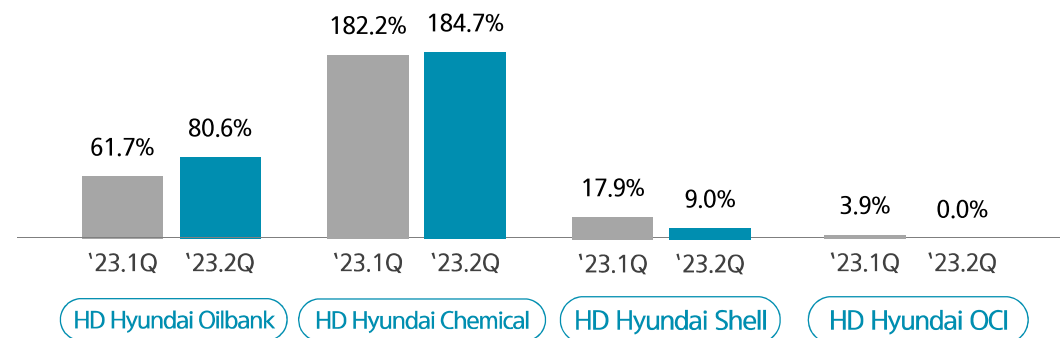


Separate Financial Ratios

- Debt to Equity Ratio



- Net Debt to Equity Ratio



6-1. Financial Statements – HD Hyundai Oilbank (Consolidated)



Consolidated Income Statement (Unit : KRW bn)

	'23.2Q			'23.1Q	'22.2Q
		QoQ	YoY		
Sales	6,972.5	(6%)	(21%)	7,398.7	8,800.8
Cost of goods sold	6,762.5	(3%)	(7%)	6,966.0	7,273.8
Gross profit	210.0	(51%)	(86%)	432.7	1,527.0
Operating profit	36.1	(86%)	(97%)	259.0	1,370.3
OP margin	0.5%			3.5%	15.6%
Non operating Income & expenses	(93.5)	31%	64%	(135.4)	(261.3)
Equity method gains	(3.9)	(680%)	5%	(0.5)	(4.1)
Profit before tax	(61.3)	T/L	T/L	123.1	1,104.9
Income tax	(7.0)			29.6	286.9
Net income	(54.3)	T/L	T/L	93.5	818.0
Controlling interest	(73.9)	T/L	T/L	96.3	760.2

Consolidated Balance Sheet (Unit : KRW bn)

	'23.2Q	'23.1Q	'22.2Q
Current assets	6,233.3	6,884.9	9,028.4
(Cash & cash equivalents)	502.9	694.9	233.6
Non-current assets	13,210.2	13,280.1	13,076.3
Total assets	19,443.5	20,165.0	22,104.7
Current liabilities	5,507.2	5,924.2	7,719.3
(Short-term borrowings)	1,780.3	1,150.8	1,168.6
Non-current liabilities	7,578.4	7,713.2	7,943.1
(Long-term borrowings)	6,263.9	6,297.5	6,455.3
Total liabilities	13,085.6	13,637.4	15,662.4
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	690.1	702.9	607.6
Retained earnings	3,365.4	3,523.3	3,594.1
Non-controlling interests	1,077.0	1,076.0	1,015.2
Total equity	6,357.9	6,527.6	6,442.3
Total liabilities & equity	19,443.5	20,165.0	22,104.7

Note: Consolidated in accordance with K-IFRS

6-2. Financial Statements – HD Hyundai Oilbank (Separate)



Income Statement (Separate)

Unit : KRW bn

	'23.2Q			'23.1Q	'22.2Q
		QoQ	YoY		
Sales	6,504.8	(4%)	(21%)	6,797.3	8,241.1
Cost of goods sold	6,438.3	(0%)	(8%)	6,440.4	6,971.0
Gross profit	66.5	(81%)	(95%)	356.9	1,270.1
Operating profit	(96.5)	T/L	T/L	193.4	1,125.9
OP margin	(1.5%)			2.8%	13.7%
Non-operating income & expenses	22.8	(42%)	T/P	38.9	(222.3)
Profit before tax	(73.7)	T/L	T/L	232.3	903.6
Income tax	(25.3)			34.0	237.3
Net income	(48.4)	T/L	T/L	198.3	666.3

Balance Sheet (Separate)

Unit : KRW bn

	'23.2Q	'23.1Q	'22.2Q
Current assets	5,032.0	5,591.6	7,415.7
(Cash & cash equivalents)	278.2	507.6	47.9
Non-current assets	8,817.6	8,868.8	8,904.9
Total assets	13,849.6	14,460.4	16,320.6
Current liabilities	4,667.4	5,176.6	6,516.5
(Short-term borrowings)	1,288.9	790.0	806.5
Non-current liabilities	4,247.9	4,211.8	4,498.4
(Long-term borrowings)	2,968.3	2,847.4	3,085.3
Total liabilities	8,915.3	9,388.4	11,014.9
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	857.5	862.8	773.9
Retained earnings	2,851.4	2,983.8	3,306.4
Total equity	4,934.3	5,072.0	5,305.7
Total liabilities & equity	13,849.6	14,460.4	16,320.6

6-3. Financial Statements – HD Hyundai Chemical (Separate)



Income Statement (Separate)

Unit : KRW bn

	'23.2Q			'23.1Q	'22.2Q
		QoQ	YoY		
Sales	1,507.0	(8%)	(29%)	1,637.0	2,133.9
Cost of goods sold	1,479.9	(9%)	(23%)	1,624.0	1,929.9
Gross profit	27.1	108%	(87%)	13.0	204.0
Operating profit	19.7	213%	(90%)	6.3	198.4
OP margin	1.3%			0.4%	9.3%
Non-operating income & expenses	(44.8)	36%	(15%)	(70.6)	(39.0)
Profit before tax	(25.1)	61%	T/L	(64.3)	159.4
Income tax	(6.4)			(17.3)	37.6
Net income	(18.7)	60%	T/L	(47.0)	121.8

Balance Sheet (Separate)

Unit : KRW bn

	'23.2Q	'23.1Q	'22.2Q
Current assets	1,104.0	1,399.6	2,016.0
(Cash & cash equivalents)	14.0	31.2	42.6
Non-current assets	5,006.0	5,019.0	4,755.1
Total assets	6,110.0	6,418.6	6,771.1
Current liabilities	778.9	906.5	1,466.1
(Short-term borrowings)	479.4	345.2	300.0
Non-current liabilities	3,336.9	3,492.7	3,327.4
(Long-term borrowings)	3,217.2	3,364.4	3,235.0
Total liabilities	4,115.8	4,399.2	4,793.5
Paid-in capital	1,520.0	1,520.0	1,520.0
Others	-8.1	-1.6	-13.4
Retained earnings	482.3	501.0	471.0
Total equity	1,994.2	2,019.4	1,977.6
Total liabilities & equity	6,110.0	6,418.6	6,771.1

6-4. Financial Statements – HD Hyundai Shell Base Oil (Separate)



Income Statement (Separate)

Unit : KRW bn

	'23.2Q			'23.1Q	'22.2Q
		QoQ	YoY		
Sales	326.1	(14%)	14%	379.7	286.4
Cost of goods sold	261.7	(24%)	3%	345.6	254.8
Gross profit	64.4	89%	104%	34.1	31.6
Operating profit	61.8	101%	110%	30.8	29.4
OP margin	18.9%			8.1%	10.3%
Non-operating income & expenses	(0.4)	T/L	73%	0.3	(1.5)
Profit before tax	61.4	97%	120%	31.1	27.9
Income tax	14.1			7.0	6.6
Net income	47.3	96%	122%	24.1	21.3

Balance Sheet (Separate)

Unit : KRW bn

	'23.2Q	'23.1Q	'22.2Q
Current assets	239.9	201.9	272.9
(Cash & cash equivalents)	52.8	27.4	76.1
Non-current assets	253.4	257.0	260.2
Total assets	493.3	458.9	533.1
Current liabilities	115.1	79.3	187.0
(Short-term borrowings)	10.0	9.9	9.9
Non-current liabilities	80.0	88.7	87.7
(Long-term borrowings)	69.7	69.6	79.6
Total liabilities	195.1	168.0	274.7
Paid-in capital	13.0	13.0	13.0
Others	119.4	119.4	119.4
Retained earnings	165.8	158.5	126.0
Total equity	298.2	290.9	258.4
Total liabilities & equity	493.3	458.9	533.1

※ HSB was included as consolidated subsidiary from Nov 2020 onwards.

