

3Q 2023 Earnings Release



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**I. 3Q 2023 Earnings**

**II. Appendix**



# I. 3Q 2023 Earnings

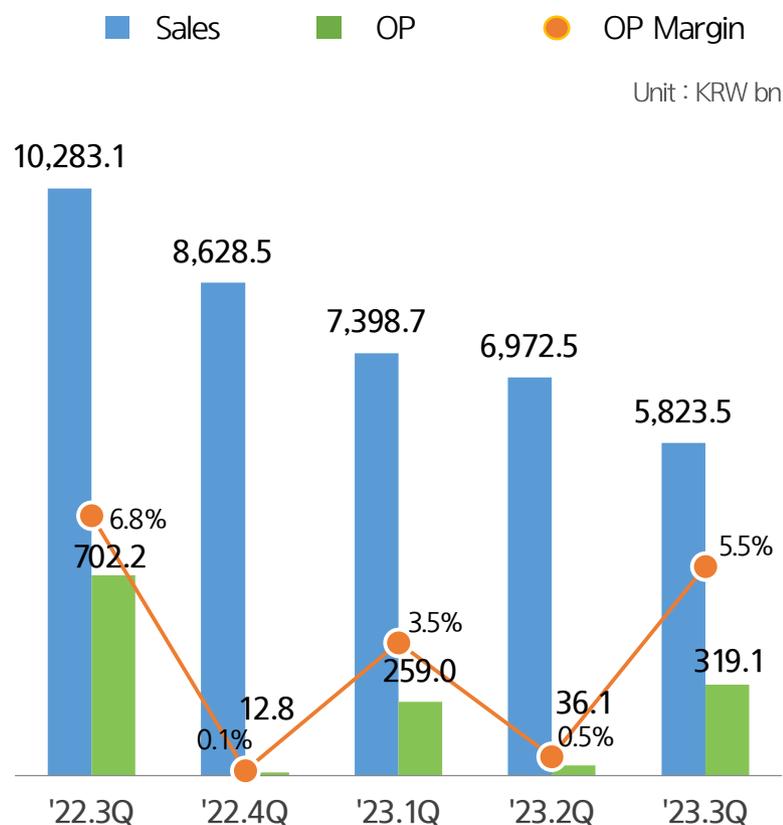
1. Consolidated Earnings
2. Earnings by Business Segment
3. 3Q 2023 Market Conditions
4. Market Outlook by Business Segment



# 1. Consolidated Earnings

HD Hyundai Oilbank recorded an operating profit of KRW 319.1 bn in 3Q (QoQ + 283.0 bn) due to improved refining margins resulting from increased oil prices and strong product cracks from tight supply and demand balance

## 3Q 2023 Consolidated Earnings



- **3Q Consolidated OP : KRW 319.1 bn**

- Refining margins improved due to rising oil prices and strong product cracks
- Oil prices rose due to tight supply and demand balance due to additional production cuts from Saudi and Russia
- Diesel/Kerosene cracks strengthened due to increased winter stockpile demand
- QoQ + KRW 283.0 bn
- YoY - KRW 383.1 bn

- **Strong market conditions across all products and improved refining margins**

- Oil prices rose due to additional Saudi production cuts and decreased exports from Russia (Oil prices : 77.8 (2Q) → 86.7 (3Q) \$/B)
- Kerosene and Diesel cracks improved due to disruptions in European refineries and increased winter stockpile demand (Kerosene : 14.0(2Q) → 26.1 (3Q)\$/B, Diesel: 15.6(2Q) → 28.8 (3Q)\$/B)

## 2. Earnings by Business Segment

### 3Q 2023 Earnings

Unit : KRW bn

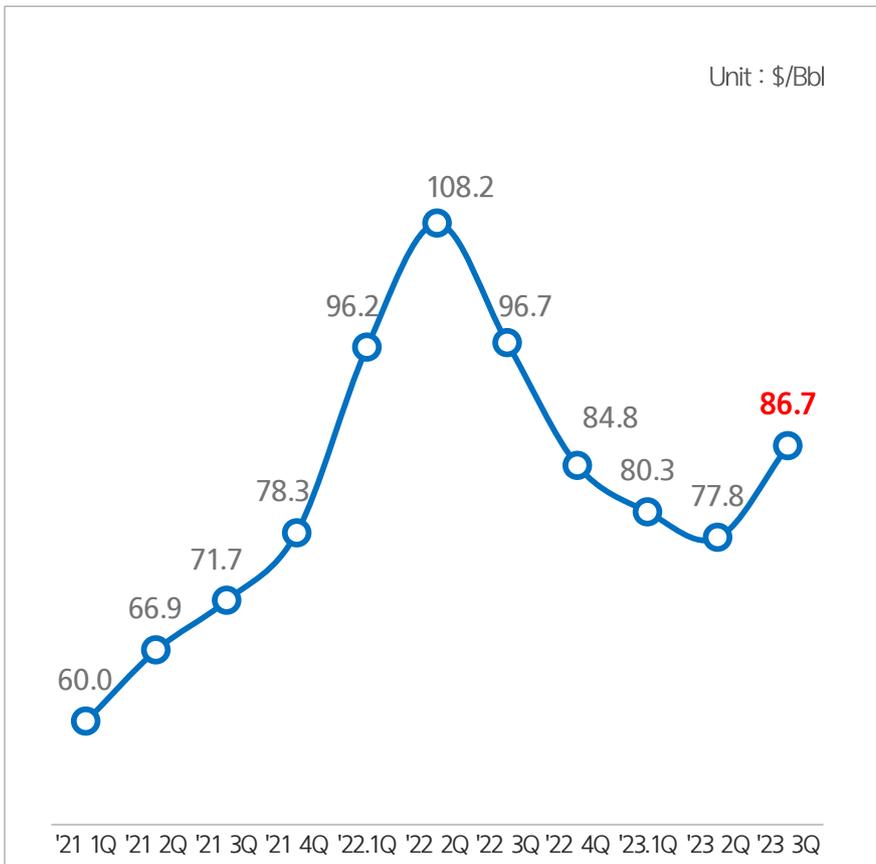
Business	'23.3Q			'23.2Q			'22.3Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Refining	5,266.7	262.0	5.0%	6,504.8	-96.5	-1.5%	9,438.2	398.0	4.2%
Petrochemical	1,169.4	44.5	3.8%	1,590.2	39.5	2.5%	2,563.0	195.5	7.6%
Lube Base Oil	287.4	19.0	6.6%	326.1	61.8	19.0%	388.7	50.4	13.0%
Others/Adjustments	-900.0	-6.4		-1,448.6	31.3		-2,106.8	58.3	
Consolidated Earnings	5,823.5	319.1	5.5%	6,972.5	36.1	0.5%	10,283.1	702.2	6.8%

### 3. 3Q 2023 Market Conditions (Refining)

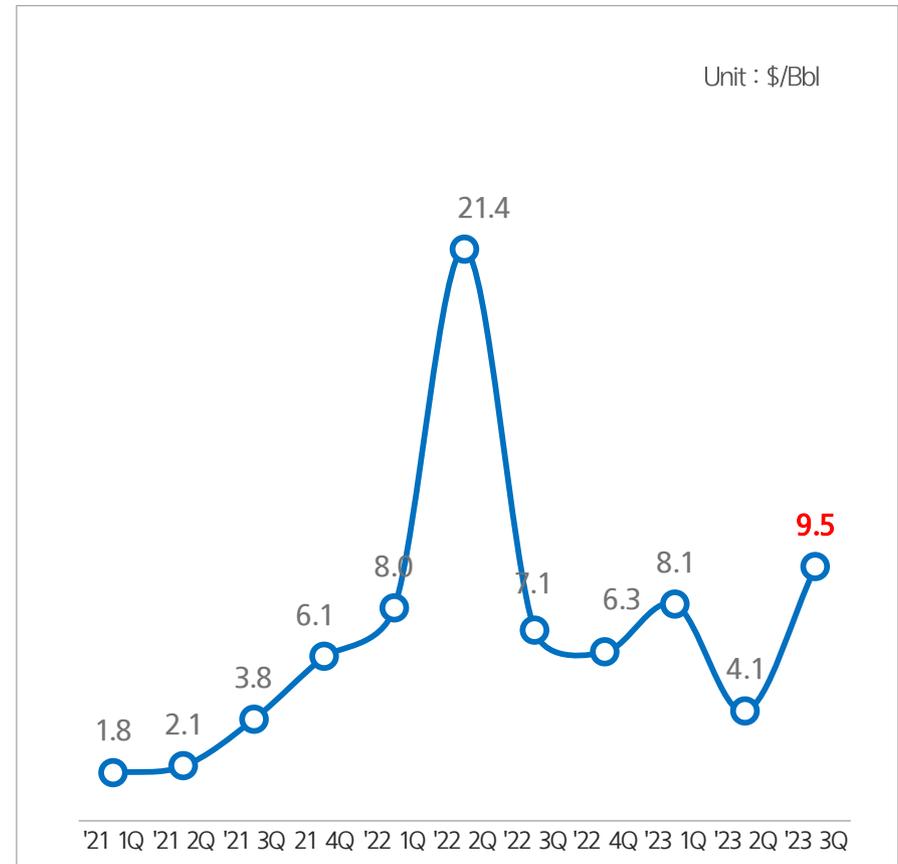
Oil prices rose due to tight supply and demand balance resulting from additional Saudi/Russia production cuts along with OPEC+ production cuts

Singapore refining margin increased due to strong kerosene and diesel cracks resulting from disruptions in European refineries and increasing winter stockpile demand

#### Dubai Oil Price



#### Singapore Refining Margin

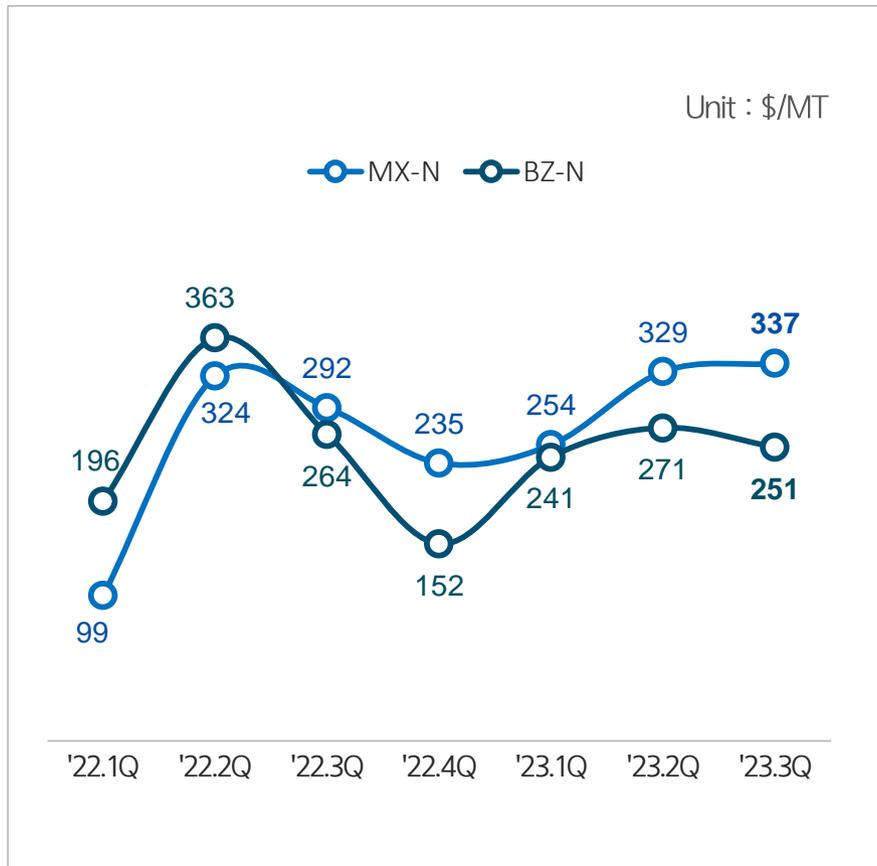


### 3. 3Q 2023 Market Conditions (Petrochemicals)

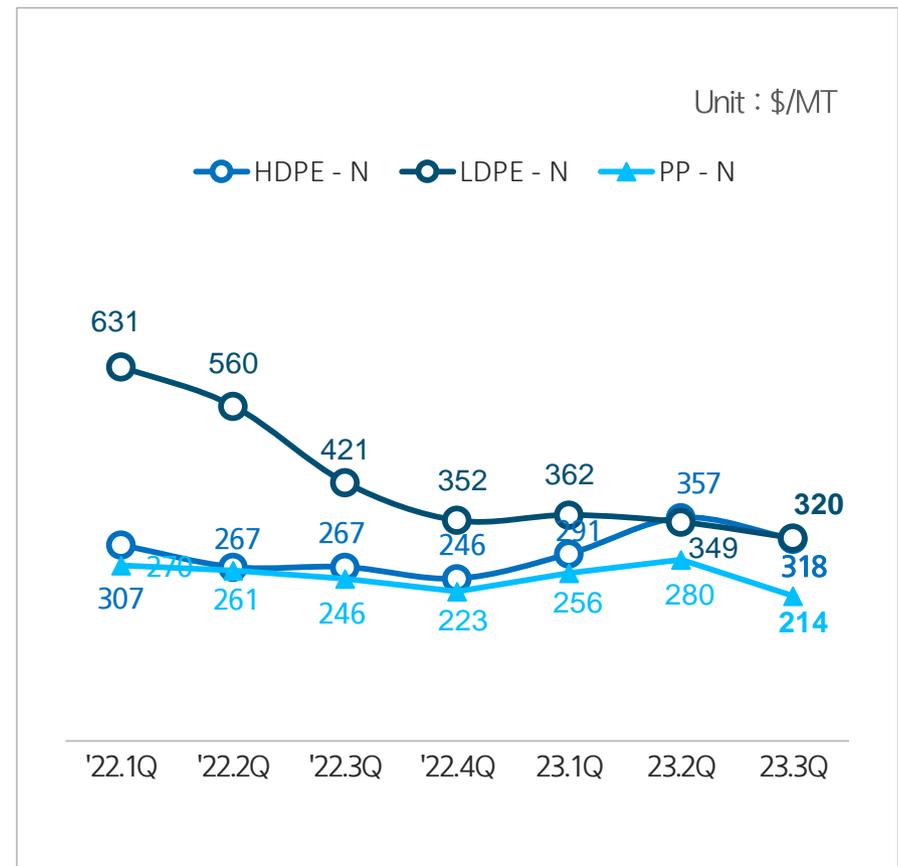
MX spread stayed strong due to increased gasoline blending demand resulting from strong gasoline market and decreased supply from regional maintenances in the 3Q

PE/PP spreads weakened due to continued inflows of offshore volumes and rising raw material prices

#### BTX Spread



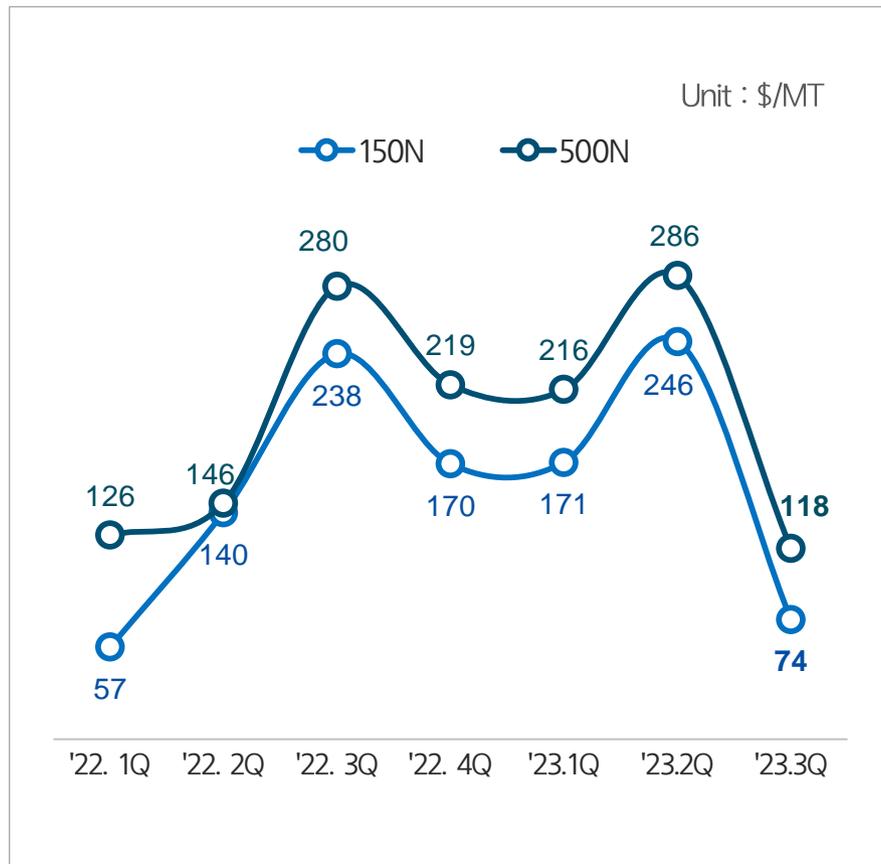
#### PE/PP Spread



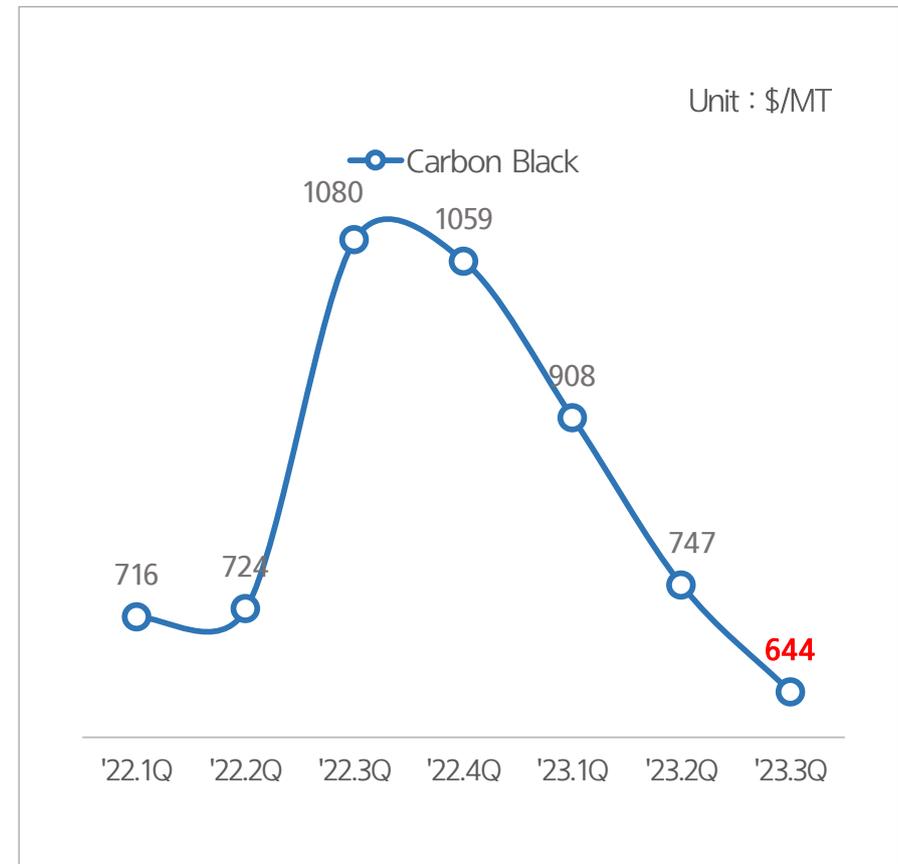
### 3. 3Q 2023 Market Conditions (Base oil / Carbon Black)

Lube base oil spread turned bearish due to increased oil prices and decreased demand from Indian Monsoon  
Carbon black spread stayed weak due to decline in price resulting from increased supply in the region and rise in raw material prices

#### Base Oil Spread



#### Carbon Black Spread



## 4. Market Outlook by Business Segment

### 23.4Q Outlook

### 24.1H Outlook

#### Refining

- Dubai oil prices expected to stay strong due to geopolitical risks arising from the Palestine conflict
- Gasoline cracks to weaken due to sluggish demand during the off-season
- Kerosene/Diesel cracks expected to remain strong due to tight supply and demand balance resulting from low inventory levels in the US/Europe and increase in winter heating oil demand

- Dubai oil prices expected to remain strong due to OPEC+ production cuts but the increase to be limited due to decrease in demand from global recession
- Gasoline cracks to turn strong due to increased summer storage demand
- Kerosene/Diesel cracks to stay strong due to continued decreasing exports in Russia and recovery of jet fuel demand

#### Petro-Chemical

- MX spread to weaken resulting from decrease in gasoline off-season demand and increase in supply due to end of maintenances
- PE/PP spread expected to weaken due to entrance of traditional year-end off-season and increase in supply from inventory depletion policy of petrochemical companies

- MX spread to gradually turn strong due to demand recovery after the end of gasoline off-season
- PE/PP spread expected to turn strong due to increased stockpiling demand for peak of manufacturing and decrease in supply from concentration of regional maintenances

#### Lube Base --- Carbon Black

- Lube base oil spread expected to remain strong due to recovery in demand due to the end of Indian Monsoon season and regular maintenances in the region
- Carbon Black spread to weaken due to decreasing demand from shrinking inventories at the end of the year in the region

- Lube base oil spread expected to remain solid due to seasonal demand such as replacing engine oil in spring
- Carbon Black spread to stay slightly weak due to increase in supply in the region despite improvement in demand

## 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

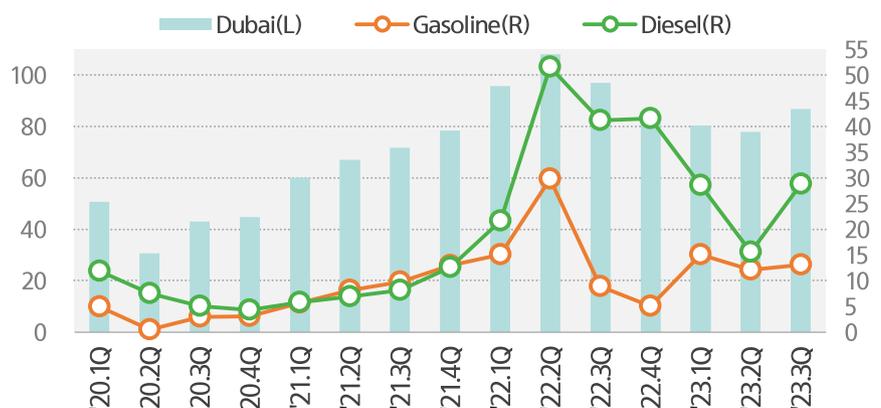


# 1. HD Hyundai Oilbank Key Indicators & Results



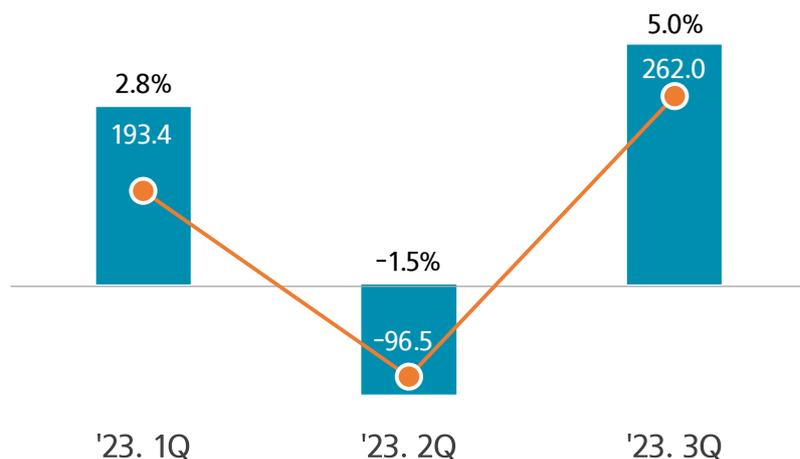
## Oil Price & Cracks

Unit: \$/Bbl



## HD Hyundai Oilbank Operating Income (Separate)

Unit : KRW bn



### • 3Q Analysis

- Oil prices rose due to tight supply-demand balance resulting from additional Saudi/Russia production cuts along with OPEC+ production cuts
- Gasoline cracks stayed strong due to summer seasonal demand despite decline in September due to end of peak season
- Kerosene/Diesel cracks stayed strong due to disruptions in European refineries and increasing winter stockpile demand

### • 23.4Q Outlook

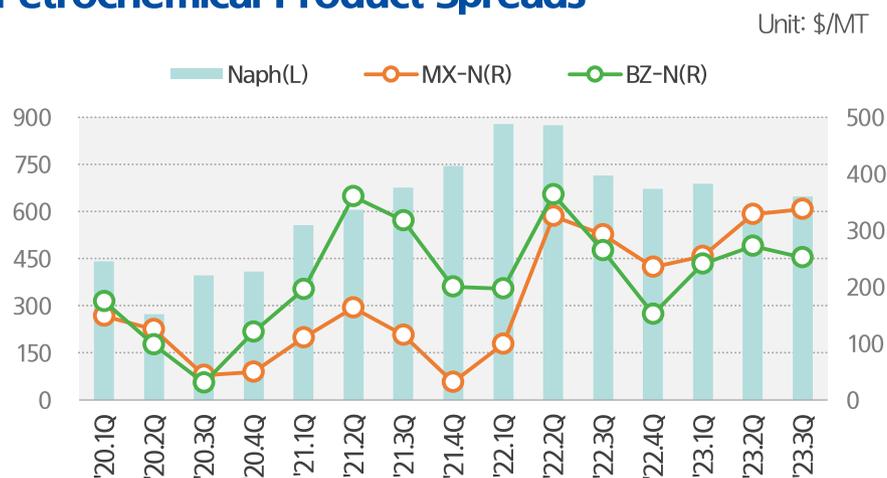
- Oil prices expected to stay strong due to geopolitical risks arising from the Palestine conflict
- Gasoline cracks to weaken due to sluggish demand during the off-season
- Kerosene/Diesel cracks expected to remain strong due to tight supply and demand balance resulting from low inventory levels in the US and Europe and increase in winter heating oil demand

### • QoQ Analysis

- Operating profit increased QoQ due to improved refining margins resulting from rising oil prices and strong market conditions in all products

## 2. HD Hyundai Chemical Key Indicators & Results

### Petrochemical Product Spreads



#### • 3Q Analysis

- MX spread stayed strong due to increased gasoline blending demand resulting from strong gasoline market conditions and decreased supply from regional maintenances in the 3Q

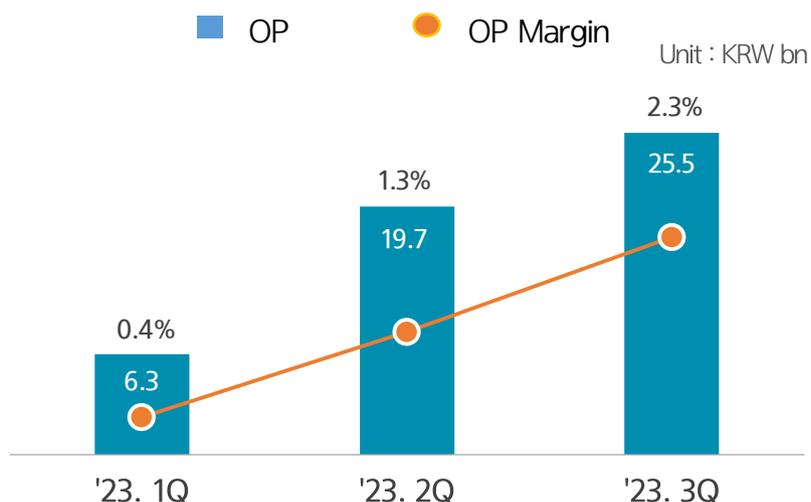
- PE/PP spreads weakened due to continued inflows of offshore volumes and rising raw material prices

#### • 23.4Q Outlook

- MX spread to weaken due to decrease in gasoline off-season demand and increase in supply from end of maintenances

- PE/PP spread expected to weaken due to entrance of traditional year-end off-season and increase in supply from inventory depletion policy of petrochemical companies

### HD Hyundai Chemical Operating Income



#### • QoQ Analysis

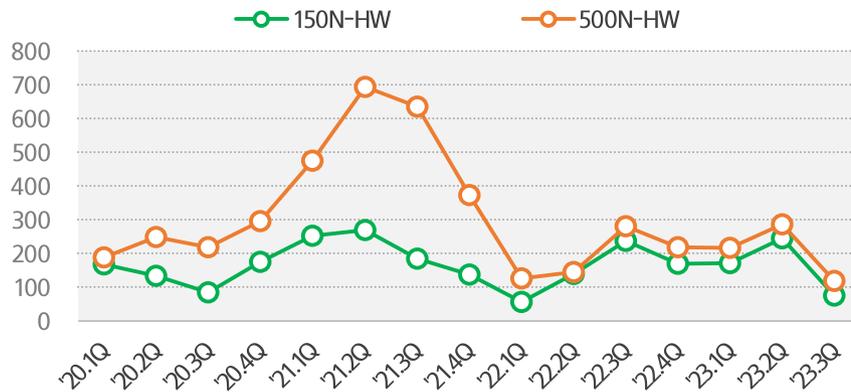
- Operating profit increased due to strong MX and BZ spreads and improved refining margins

### 3. HD Hyundai Shell Base Oil Key Indicators & Results



#### Base Oil Product Spreads

Unit: \$/MT



- **3Q Analysis**

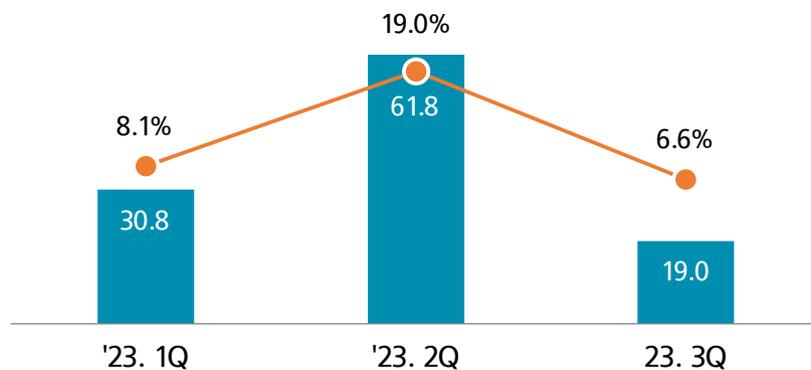
- Lube base oil spread turned bearish due to increased oil prices and decreased demand from the Indian Monsoon

- **23.4Q Outlook**

- Lube base oil spread expected to remain strong due to recovery in demand due to the end of the Indian Monsoon season and regular maintenances in the region

#### HD Hyundai Shell Base Oil Operating Income

Unit: KRW bn



- **QoQ Analysis**

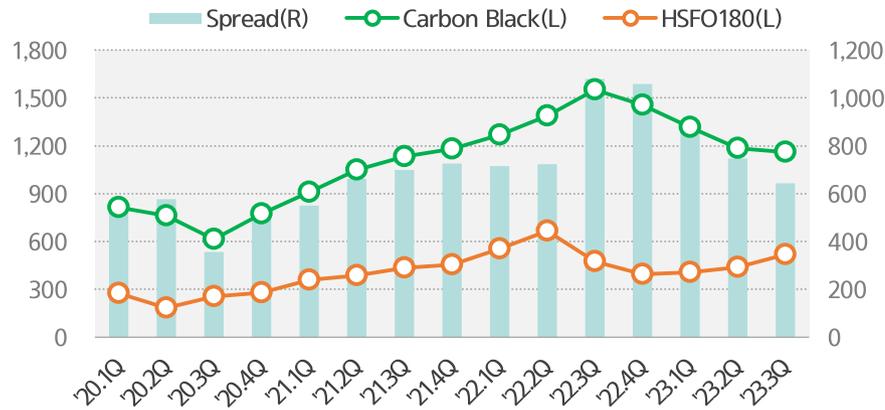
- Operating profit decreased due to decline in base oil spreads

# 4. HD Hyundai OCI Key Indicators & Results



## Carbon Black Product Spread

Unit: \$/MT



### • 3Q Analysis

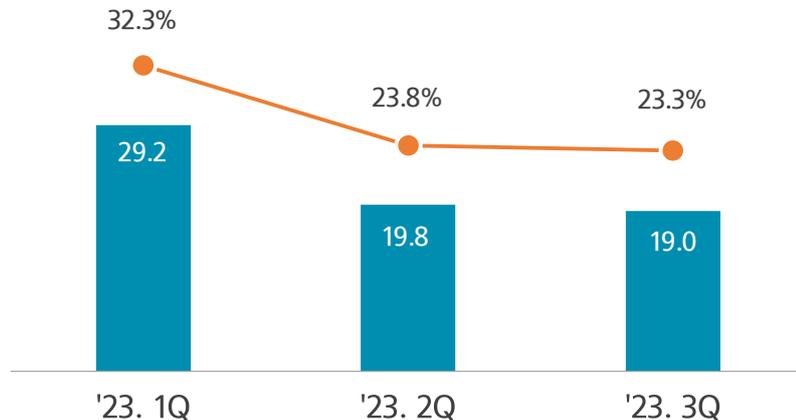
- Carbon black spread stayed weak due to decline in price from increased supply in the region and rise in raw material prices

### • 23.4Q Outlook

- Carbon Black spread to weaken due to decreasing demand from shrinking inventories at the end of the year in the region

## HD Hyundai OCI Operating Income

Unit : KRW bn



### • QoQ Analysis

- Operating profit decreased due to falling product prices from increased supply in the region and decreased spread due to rising raw material costs

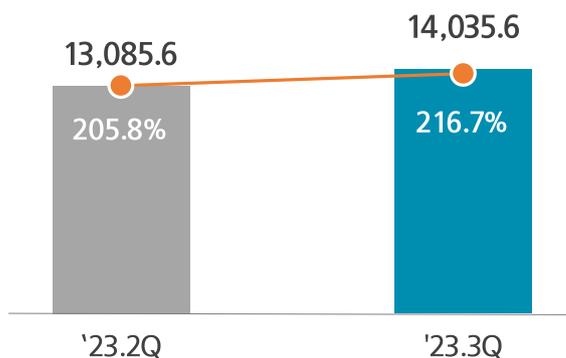
# 5. Financial Ratios



## Consolidated Financial Ratios

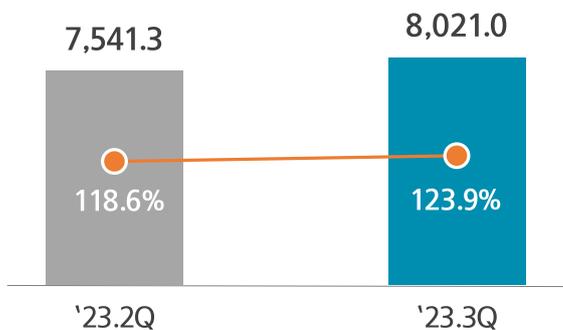
- Debt to Equity Ratio 216.7%

Unit : KRW bn



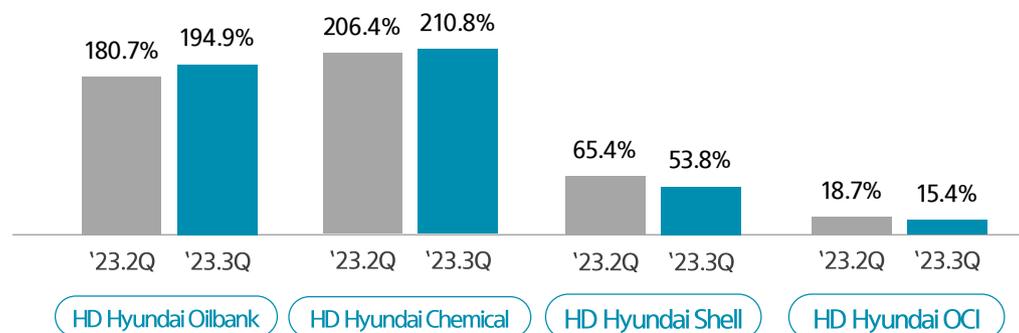
- Net Debt to Equity Ratio 123.9%

Unit : KRW bn

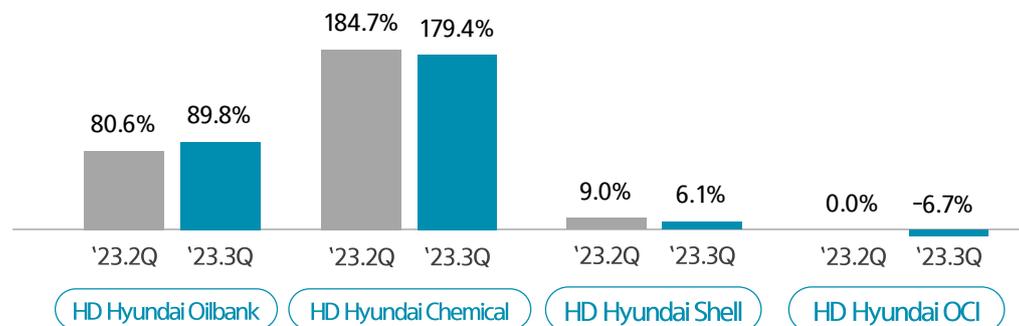


## Separate Financial Ratios

- Debt to Equity Ratio



- Net Debt to Equity Ratio



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



### Consolidated Income Statement

Unit : KRW bn

	'23.3Q			'23.2Q	'22.3Q
		QoQ	YoY		
Sales	5,823.5	(16%)	(43%)	6,972.5	10,283.1
Cost of goods sold	5,331.7	(21%)	(43%)	6,762.5	9,410.2
Gross profit	491.8	134%	(44%)	210.0	872.9
Operating profit	319.1	784%	(55%)	36.1	702.2
OP margin	5.5%			0.5%	6.8%
Non operating Income & expenses	(149.5)	(60%)	64%	(93.5)	(417.6)
Equity method gains	(12.3)	(215%)	60%	(3.9)	(30.6)
Profit before tax	157.3	T/P	(38%)	(61.3)	254.0
Income tax	30.1			(7.0)	75.9
Net income	127.2	T/P	(29%)	(54.3)	178.1
Controlling interest	124.3	T/P	2%	(73.9)	122.1

### Consolidated Balance Sheet

Unit : KRW bn

	'23.3Q	'23.2Q	'22.3Q
Current assets	7,134.3	6,233.3	8,008.6
(Cash & cash equivalents)	396.6	502.9	459.3
Non-current assets	13,377.3	13,210.2	13,245.0
<b>Total assets</b>	<b>20,511.6</b>	<b>19,443.5</b>	<b>21,253.6</b>
Current liabilities	6,525.1	5,507.2	6,823.2
(Short-term borrowings)	2,182.8	1,780.3	1,348.6
Non-current liabilities	7,510.5	7,578.4	7,697.5
(Long-term borrowings)	6,234.8	6,263.9	6,170.8
<b>Total liabilities</b>	<b>14,035.6</b>	<b>13,085.6</b>	<b>14,520.7</b>
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	683.3	690.1	714.6
Retained earnings	3,485.9	3,365.4	3,712.4
Non-controlling interests	1,081.4	1,077.0	1,080.5
<b>Total equity</b>	<b>6,476.0</b>	<b>6,357.9</b>	<b>6,732.9</b>
<b>Total liabilities &amp; equity</b>	<b>20,511.6</b>	<b>19,443.5</b>	<b>21,253.6</b>

Note: Consolidated in accordance with K-IFRS

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



### Income Statement (Separate)

Unit : KRW bn

	'23.3Q			'23.2Q	'22.3Q
		QoQ	YoY		
Sales	5,266.7	(19%)	(44%)	6,504.8	9,438.2
Cost of goods sold	4,842.3	(25%)	(45%)	6,438.3	8,874.0
Gross profit	424.4	538%	(25%)	66.5	564.2
Operating profit	262.0	T/P	(34%)	(96.5)	398.0
OP margin	5.0%			(1.5%)	4.2%
Non-operating income & expenses	(100.3)	T/L	71%	22.8	(342.3)
Profit before tax	161.7	T/P	190%	(73.7)	55.7
Income tax	31.5			(25.3)	12.1
Net income	130.2	T/P	199%	(48.4)	43.6

### Balance Sheet (Separate)

Unit : KRW bn

	'23.3Q	'23.2Q	'22.3Q
Current assets	5,921.9	5,032.0	6,412.8
(Cash & cash equivalents)	218.3	278.2	113.2
Non-current assets	8,966.6	8,817.6	8,982.4
<b>Total assets</b>	<b>14,888.5</b>	<b>13,849.6</b>	<b>15,395.2</b>
Current liabilities	5,485.3	4,667.4	5,692.9
(Short-term borrowings)	1,636.9	1,288.9	1,031.3
Non-current liabilities	4,354.0	4,247.9	4,274.5
(Long-term borrowings)	3,117.0	2,968.3	2,807.4
<b>Total liabilities</b>	<b>9,839.3</b>	<b>8,915.3</b>	<b>9,967.4</b>
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	846.0	857.5	856.2
Retained earnings	2,977.8	2,851.4	3,346.2
<b>Total equity</b>	<b>5,049.2</b>	<b>4,934.3</b>	<b>5,427.8</b>
<b>Total liabilities &amp; equity</b>	<b>14,888.5</b>	<b>13,849.6</b>	<b>15,395.2</b>

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

### Income Statement (Separate)

Unit : KRW bn

	'23.3Q			'23.2Q	'22.3Q
		QoQ	YoY		
Sales	1,087.8	(28%)	(56%)	1,507.0	2,455.7
Cost of goods sold	1,055.7	(29%)	(54%)	1,479.9	2,283.0
Gross profit	32.1	18%	(81%)	27.1	172.7
Operating profit	25.5	29%	(85%)	19.7	165.4
OP margin	2.3%			1.3%	6.7%
Non-operating income & expenses	(48.6)	(8%)	28%	(44.8)	(67.5)
Profit before tax	(23.1)	8%	T/L	(25.1)	97.9
Income tax	(6.0)			(6.4)	25.7
Net income	(17.1)	9%	T/L	(18.7)	72.2

### Balance Sheet (Separate)

Unit : KRW bn

	'23.3Q	'23.2Q	'22.3Q
Current assets	1,126.1	1,104.0	1,793.4
(Cash & cash equivalents)	20.1	14.0	163.8
Non-current assets	5,030.4	5,006.0	4,958.8
<b>Total assets</b>	<b>6,156.5</b>	<b>6,110.0</b>	<b>6,752.2</b>
Current liabilities	1,013.8	778.9	1,333.2
(Short-term borrowings)	533.8	479.4	280.0
Non-current liabilities	3,161.8	3,336.9	3,346.0
(Long-term borrowings)	3,039.6	3,217.2	3,236.4
<b>Total liabilities</b>	<b>4,175.6</b>	<b>4,115.8</b>	<b>4,679.2</b>
Paid-in capital	1,520.0	1,520.0	1,520.0
Others	-4.3	-8.1	9.8
Retained earnings	465.2	482.3	543.2
<b>Total equity</b>	<b>1,980.9</b>	<b>1,994.2</b>	<b>2,073.0</b>
<b>Total liabilities &amp; equity</b>	<b>6,156.5</b>	<b>6,110.0</b>	<b>6,752.2</b>

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



### Income Statement (Separate)

Unit : KRW bn

	'23.3Q			'23.2Q	'22.3Q
		QoQ	YoY		
Sales	287.4	(12%)	(26%)	326.1	388.7
Cost of goods sold	265.4	1%	(21%)	261.7	336.0
Gross profit	22.0	(66%)	(58%)	64.4	52.7
Operating profit	19.0	(69%)	(62%)	61.8	50.4
OP margin	6.6%			18.9%	12.9%
Non-operating income & expenses	0.6	T/P	T/P	(0.4)	(3.0)
Profit before tax	19.6	(68%)	(58%)	61.4	47.4
Income tax	4.4			14.1	11.4
Net income	15.2	(68%)	(58%)	47.3	36.0

### Balance Sheet (Separate)

Unit : KRW bn

	'23.3Q	'23.2Q	'22.3Q
Current assets	234.0	239.9	275.9
(Cash & cash equivalents)	60.5	52.8	4.2
Non-current assets	248.1	253.4	261.4
<b>Total assets</b>	<b>482.1</b>	<b>493.3</b>	<b>537.3</b>
Current liabilities	89.0	115.1	157.2
(Short-term borrowings)	10.0	10.0	9.9
Non-current liabilities	79.7	80.0	85.7
(Long-term borrowings)	69.7	69.7	79.6
<b>Total liabilities</b>	<b>168.7</b>	<b>195.1</b>	<b>242.9</b>
Paid-in capital	13.0	13.0	13.0
Others	119.4	119.4	119.3
Retained earnings	181.0	165.8	162.1
<b>Total equity</b>	<b>313.4</b>	<b>298.2</b>	<b>294.4</b>
<b>Total liabilities &amp; equity</b>	<b>482.1</b>	<b>493.3</b>	<b>537.3</b>

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



**HD** HYUNDAI  
OILBANK