

4Q 2023 Earnings Release

HD HYUNDAI
OILBANK



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I. 4Q 2023 Earnings

II. Appendix



I. 4Q 2023 Earnings

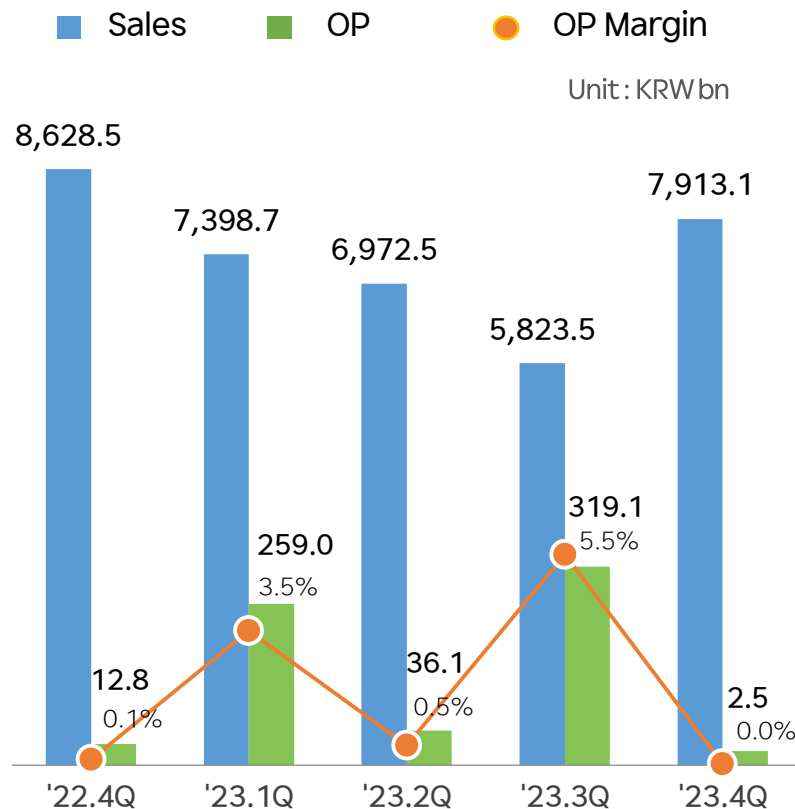
1. Consolidated Earnings
2. Earnings by Business Segment
3. 4Q 2023 Market Conditions
4. Market Outlook by Business Segment



1. Consolidated Earnings

HD Hyundai Oilbank recorded an operating profit of KRW 2.5 bn (QoQ – 316.6 bn) attributed to declining oil prices and weakened product cracks resulting from heightened production from non-OPEC nations such as the U.S. and an extended global recession

4Q 2023 Consolidated Earnings



- 4Q Consolidated OP : KRW 2.5 bn**
 - Refining margins worsened due to decreased oil prices and weakened product cracks
 - Oil prices decreased due to increased production from non-OPEC+ countries such as the U.S.
 - Bearish product market due to persisting global recession
 - QoQ - KRW 316.6 bn
 - YoY - KRW 10.3 bn
- Bearish product market and weakened refining margins**
 - Oil prices decreased due to increased non-OPEC+ oil production and concerns regarding sluggish demand in China (Oil prices : 86.7 (3Q) → 83.6 (4Q) \$/B)
 - Product market weakened due to the conclusion of regular maintenance and prolonged economic recession (Kerosene : 26.1(3Q) → 23.6 (4Q) \$/B, Diesel: 28.8(3Q) → 24.4 (4Q) \$/B)

2. Earnings by Business Segment

4Q 2023 Earnings

Unit: KRW bn

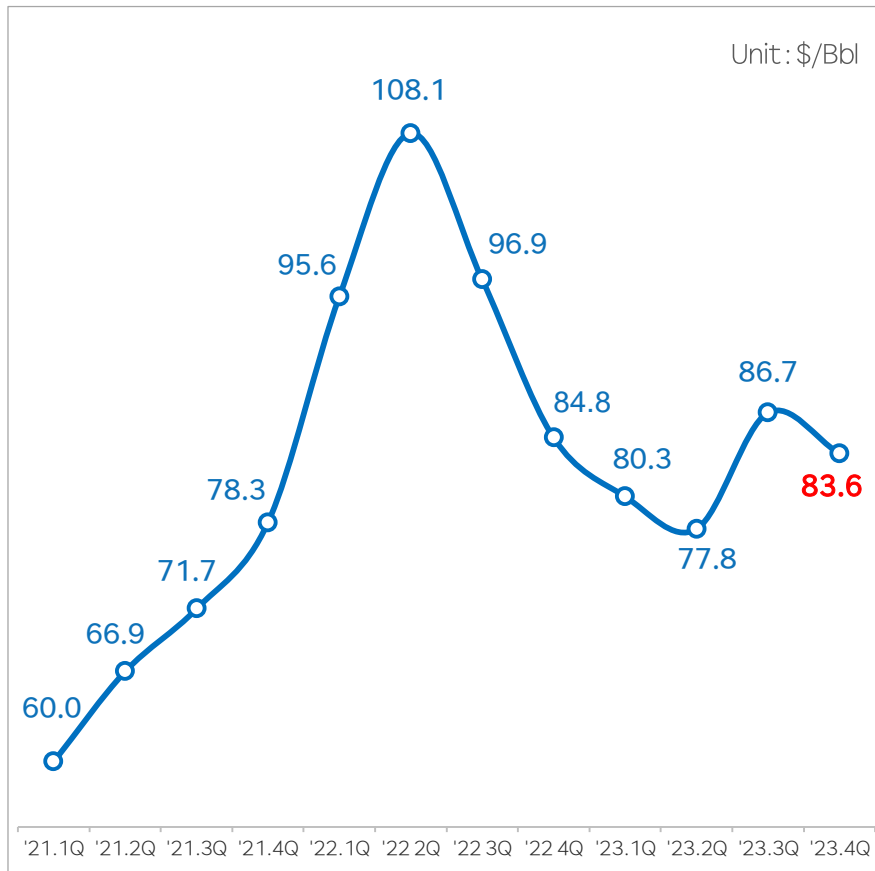
Business	'23.4Q			'23.3Q			'22.4Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Refining	7,603.2	-72.9	-1.0%	5,266.7	262.0	5.0%	7,921.2	-60.5	-0.8%
Petrochemical	1,619.4	-33.9	-2.1%	1,169.4	44.5	3.8%	1,973.7	-18.6	-0.9%
Lube Base Oil	318.5	34.7	10.9%	287.4	19.0	6.6%	330.2	29.6	9.0%
Others/Adjustments	-1,628.0	74.6		-900.0	-6.4		-1,596.6	62.3	
Consolidated Earnings	7,913.1	2.5	0.0%	5,823.5	319.1	5.5%	8,628.5	12.8	0.1%

3. 4Q 2023 Market Conditions (Refining)

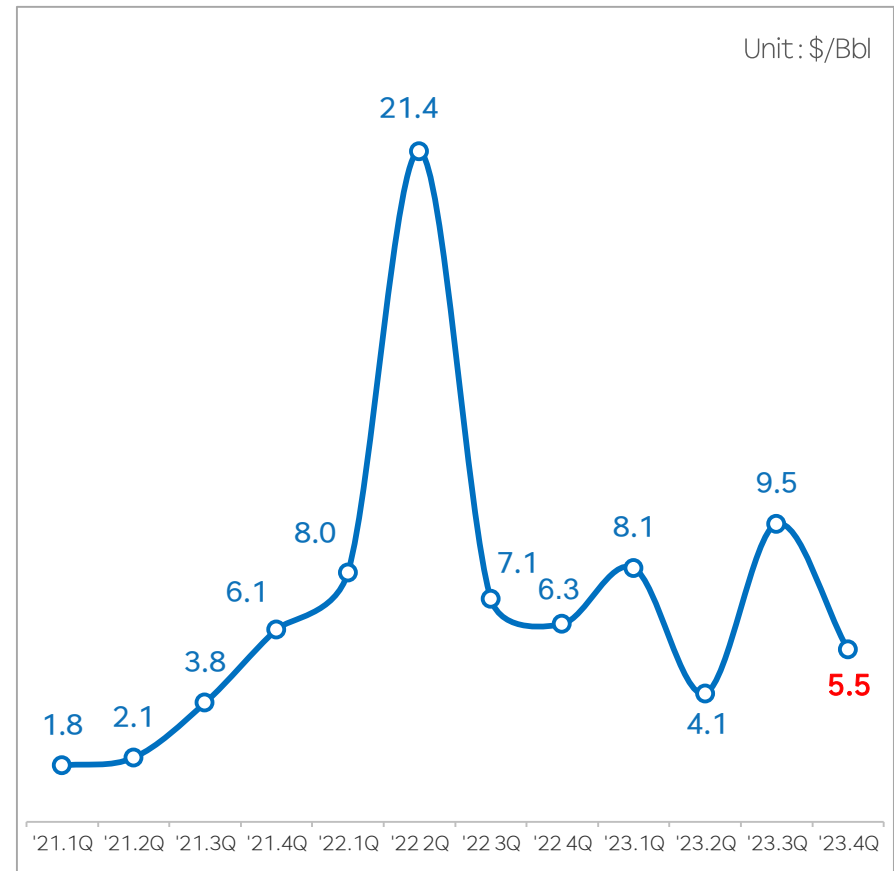
Oil prices decreased QoQ due to increased non-OPEC+ oil production from countries such as the U.S. and concerns regarding sluggish demand in China

Singapore refining margin decreased due to bearish product markets due to the conclusion of regular maintenance and persisting global recession

Dubai Oil Price



Singapore Refining Margin

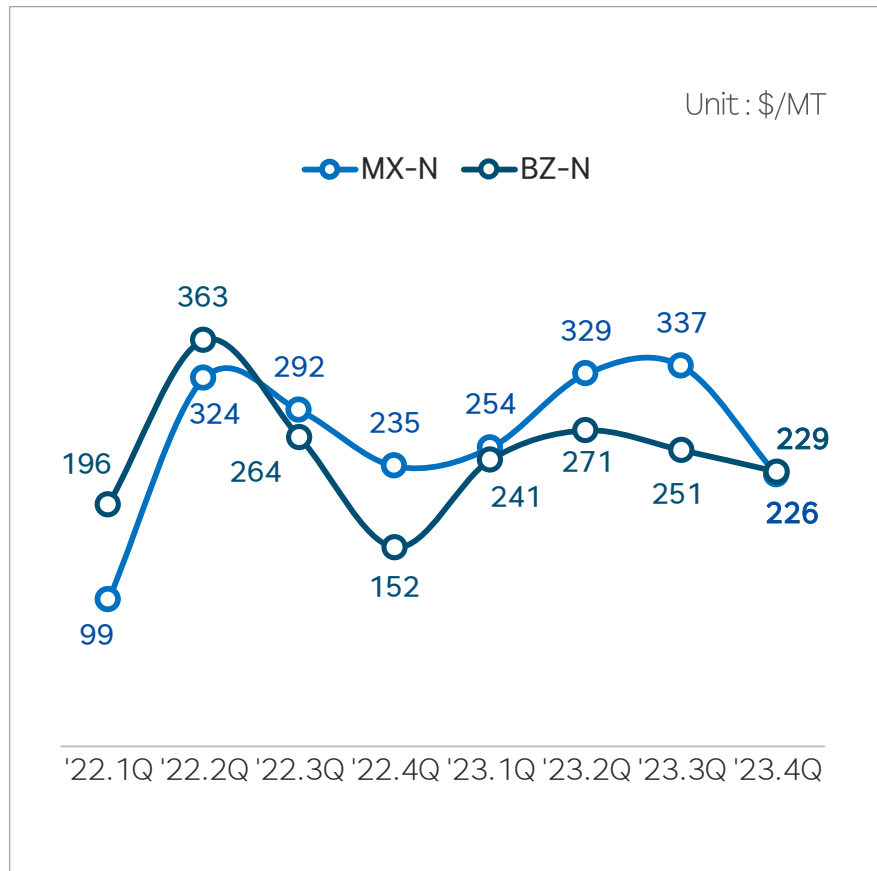


3. 4Q 2023 Market Conditions (Petrochemicals)

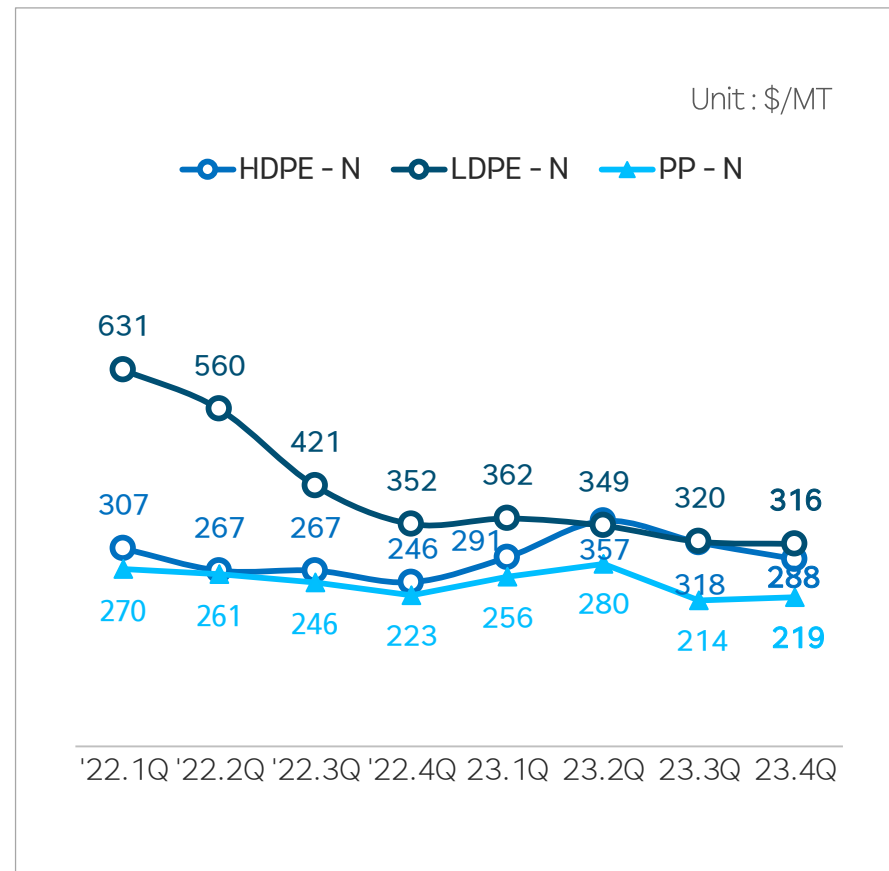
MX spreads weakened due to reduced gasoline blending demand during winter season and increased supply following the completion of regular maintenance for MX producers in the region

PE, PP spreads remained weak due to increased year-end supply aimed at depleting inventory levels of petrochemical companies within and outside the region

BTX Spread



PE/PP Spread



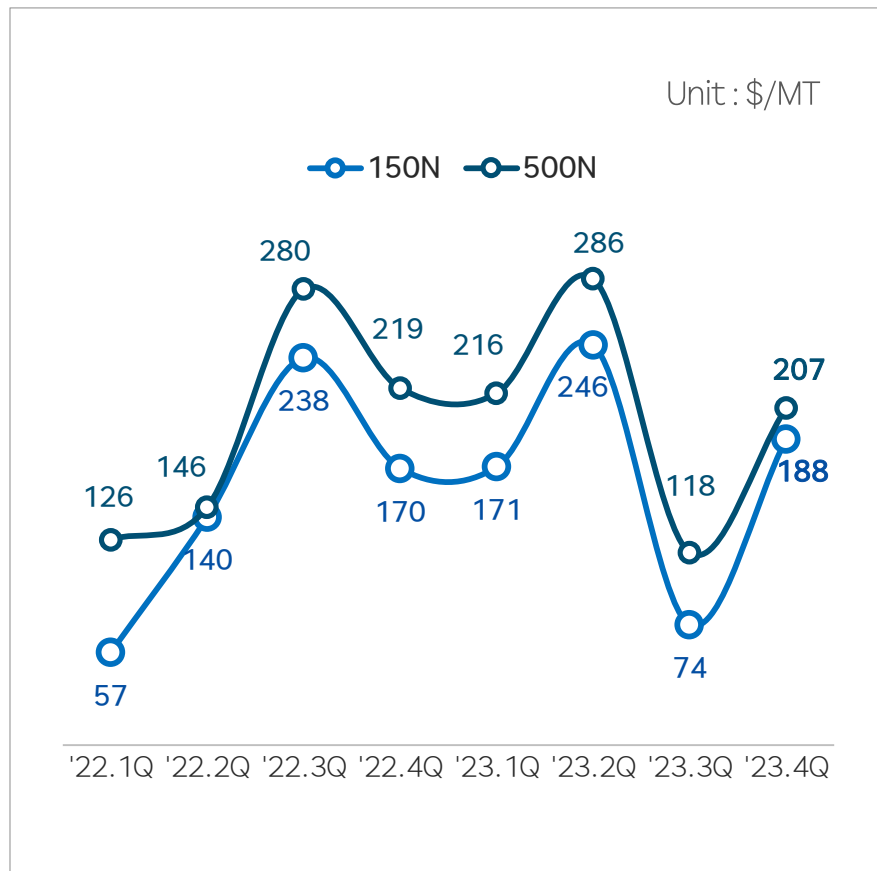
3. 4Q 2023 Market Conditions (Base oil / Carbon Black)



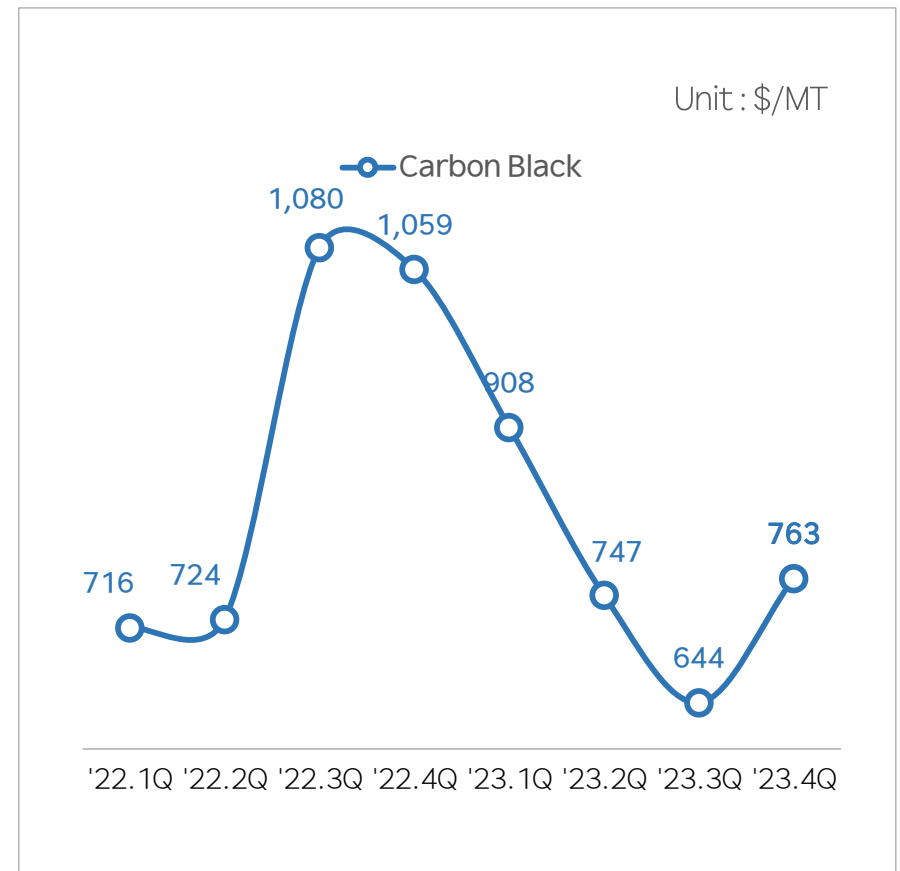
Lube base oil spreads turned bullish as demand rebounded following the end of the Indian monsoon season and maintenances within the region

Carbon black spreads also turned bullish as product prices increased in response to oil price increase in the previous quarter and as raw material costs decreased

Base Oil Spread



Carbon Black Spread



4. Market Outlook by Business Segment

24.1Q Outlook

2024 Outlook

Refining

- Dubai oil prices expected to remain weak due to sustained production growth in non-OPEC+ nations such as the U.S. and ongoing sluggish demand in China
- Gasoline cracks expected to gradually recover as stockpile demand increases for the seasonal peak
- Kerosene/Diesel cracks expected to remain flat amidst ongoing downward pressure from global recession concerns, despite robust seasonal demand

- Dubai oil prices expected to stabilize due to maintenance of an annual supply-demand balance, yet volatility may escalate due to heightened geopolitical risks in the ME
- Gasoline cracks expected to benefit from favorable market conditions driven by increased demand in the Southern hemisphere (Australia / New Zealand) and U.S.
- Kerosene/Diesel cracks expected to show mixed trends due to geopolitical risks such as extreme weather conditions and disputes, coupled with concerns regarding economic slowdown

Petro-Chemical

- MX spreads expected to stay robust due to heightened demand for gasoline blending for the onset of the driving season
- PE/PP spreads expected to remain strong due to increased demand for inventory reserves preparing for the peak manufacturing season

- MX spreads expected to remain strong during the peak gasoline season in the first half of the year. Even with decreased demand in the second half as the driving season concludes, the spread is expected to remain steady due to routine maintenances in the fall
- PE/PP spreads to stay robust despite stagnant demand from a prolonged economic downturn, as oversupply eases due to a decrease in new expansion volumes

Lube Base --- Carbon Black

- Lube base oil spreads to weaken due to sluggish demand in China, despite events such as Chinese New Year's holidays
- Carbon Black spreads to remain flat as product prices are expected to decline alongside falling oil prices, while raw material prices are anticipated to decline also

- Lube base oil spreads to persistently weaken due to subdued demand from an economic slowdown
- Carbon Black spreads expected to remain weak owing to the ongoing economic downturn and increased supply within the region

II. APPENDIX

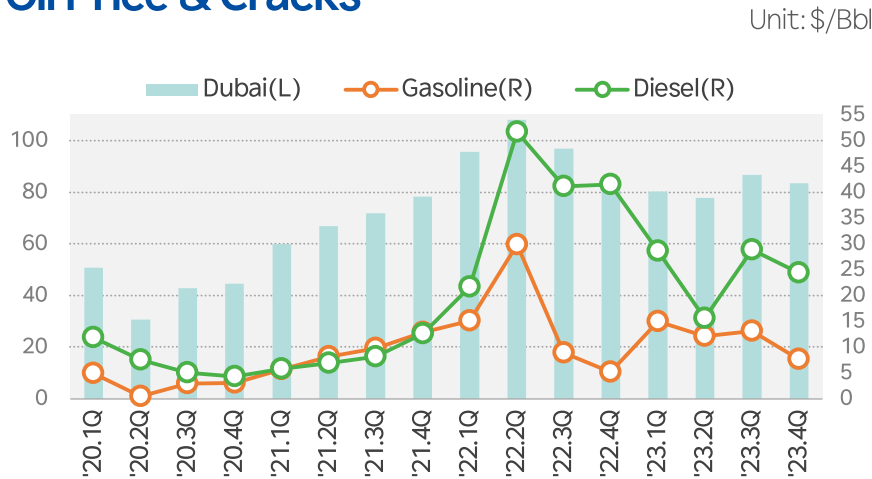
1. HD Hyundai Oilbank
2. HD Hyundai Chemical
3. HD Hyundai Shell Base Oil
4. HD Hyundai OCI
5. HD Financial Ratios
6. HD Financial Statements



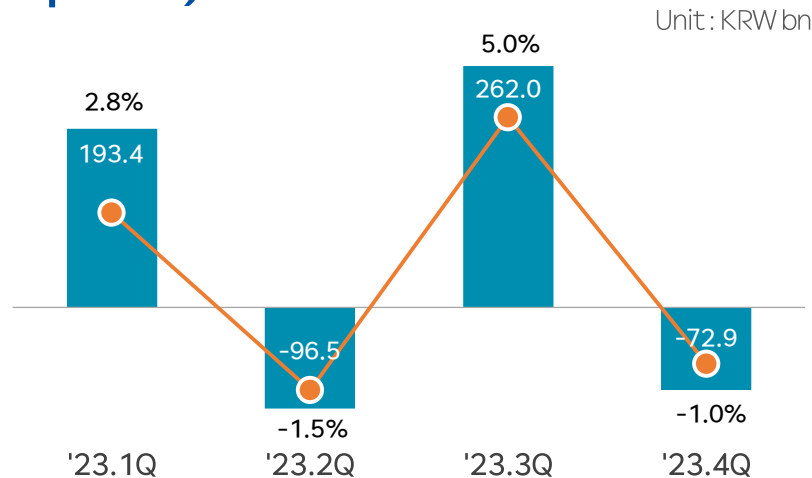
1. HD Hyundai Oilbank Key Indicators & Results



Oil Price & Cracks



HD Hyundai Oilbank Operating Income (Separate)



4Q Analysis

- Oil prices decreased QoQ due to heightened production from non-OPEC+ nations such as the U.S. and concerns regarding sluggish demand from China
- Gasoline cracks remained weak due to sluggish off-season demand
- Kerosene/Diesel cracks weakened due to the prolonged global recession, despite solid heating oil demand and rising year-end holiday season aviation fuel demand

24.1Q Outlook

- Oil prices expected to remain weak due to sustained production growth in the non-OPEC+ nations such as the U.S. and ongoing sluggish demand in China
- Gasoline cracks expected to gradually recover as stockpile demand increases for the seasonal peak
- Kerosene/Diesel cracks expected to remain flat amidst ongoing downward pressure from global recession concerns, despite robust seasonal demand

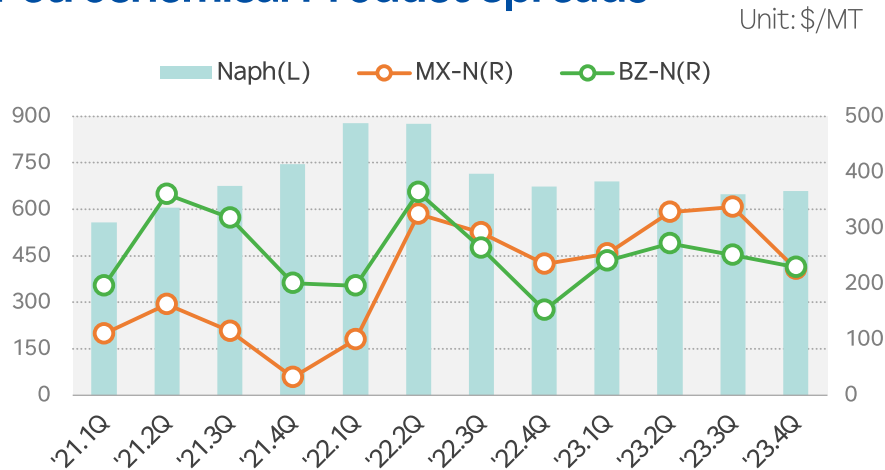
QoQ Analysis

- Operating income decreased QoQ due to weakened refining margin resulting from decreased oil prices and product cracks

2. HD Hyundai Chemical Key Indicators & Results



Petrochemical Product Spreads



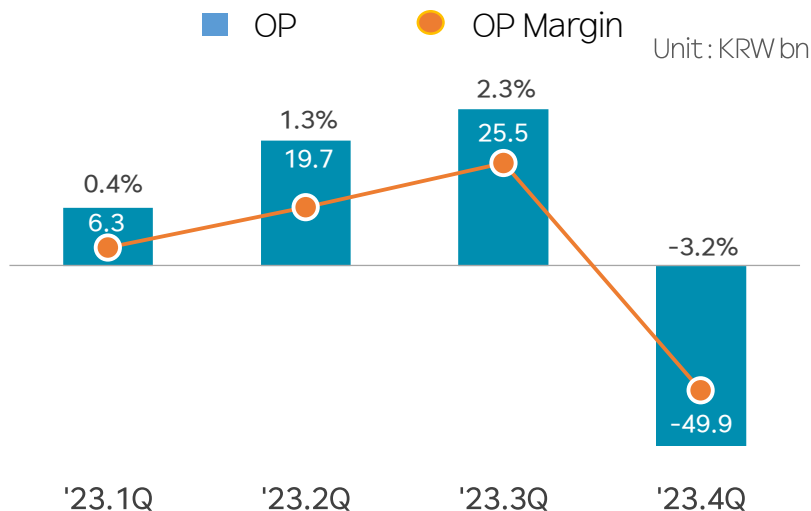
• 4Q Analysis

- MX spreads weakened due to reduced demand for gasoline blending during winter and increased supply following the completion of regular maintenances in the region
- PE/PP spreads remained weak towards the end of the year due to increased supply aimed at depleting inventory levels of petrochemical companies

• 24.1Q Outlook

- MX spreads expected to stay robust due to heightened demand for gasoline blending for the onset of the driving season
- PE/PP spreads expected to remain strong due to increased demand for inventory reserves preparing for the peak manufacturing season

HD Hyundai Chemical Operating Income



• QoQ Analysis

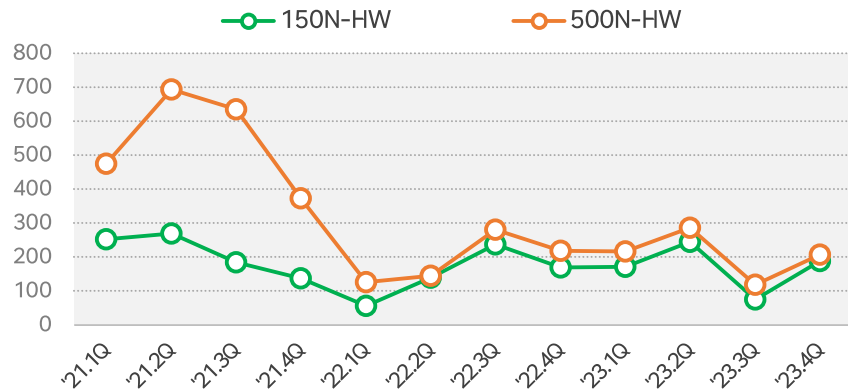
- Operating income decreased QoQ as aromatic (MX, BZ) spreads and oil prices weakened

3. HD Hyundai Shell Base Oil Key Indicators & Results



Base Oil Product Spreads

Unit: \$/MT



• 4Q Analysis

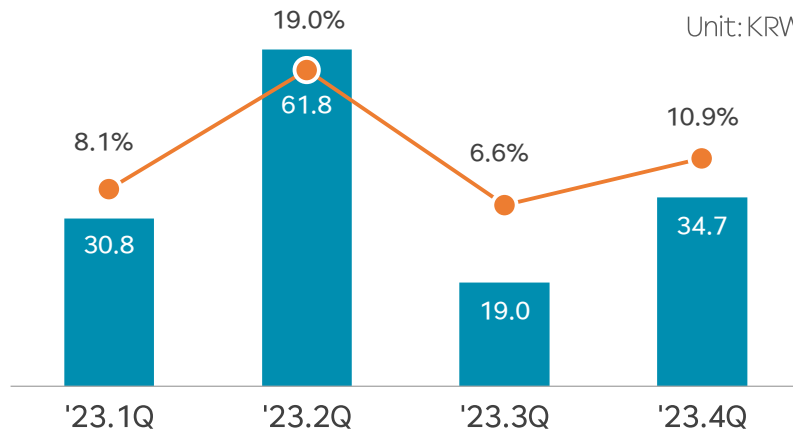
- Lube base oil spreads turned bullish as demand rebounded following the conclusion of the Indian monsoon season and regional maintenances

• 24.1Q Outlook

- Lube base oil spreads expected to weaken due to sluggish demand in China from economic downturn, despite events such as Chinese New Year's holidays

HD Hyundai Shell Base Oil Operating Income

Unit: KRW/bn



• QoQ Analysis

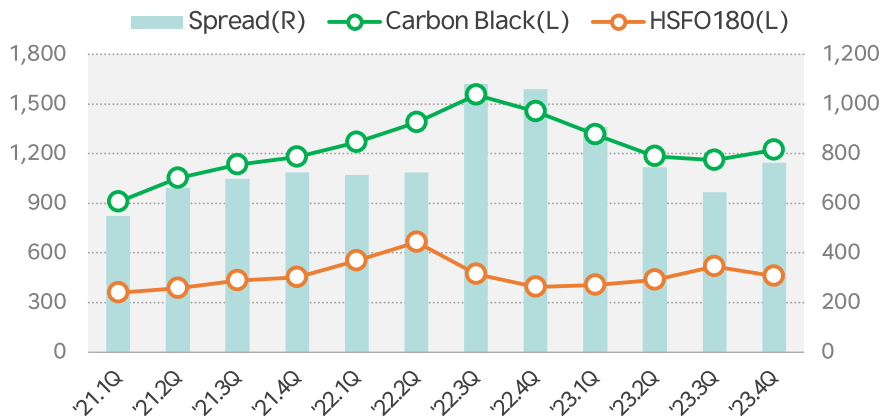
- Operating income increased QoQ due to improved lube base oil spreads

4. HD Hyundai OCI Key Indicators & Results



Carbon Black Product Spread

Unit: \$/MT



4Q Analysis

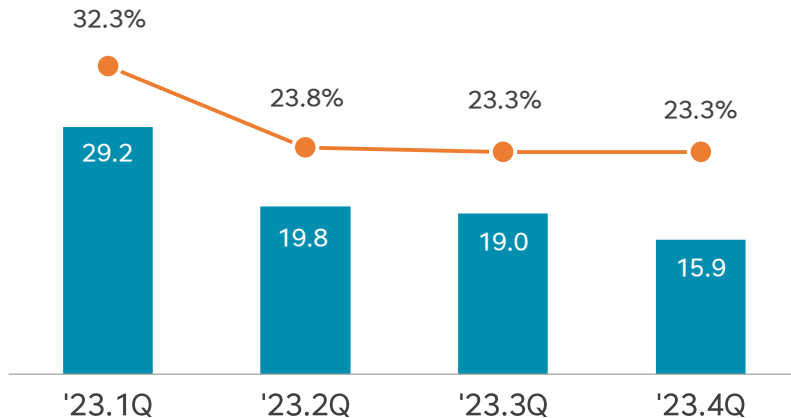
- Carbon black turned bullish as product prices increased in response to oil price increase in the previous quarter and decreased raw material costs

24.1Q Outlook

- Carbon Black spreads expected to remain flat due to decreased product and raw material prices

HD Hyundai OCI Operating Income

Unit: KRW bn



QoQ Analysis

- Operating income decreased QoQ due to reduced demand stemming from year-end inventory reduction by customers both within and outside the region

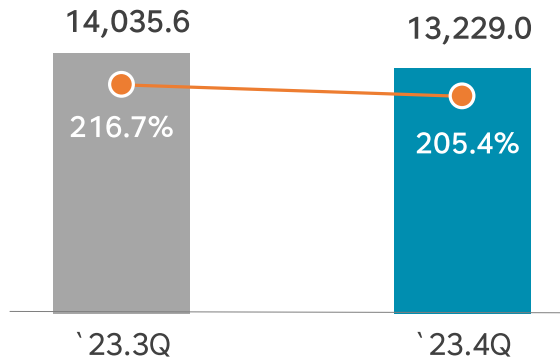
5. Financial Ratios



Consolidated Financial Ratios

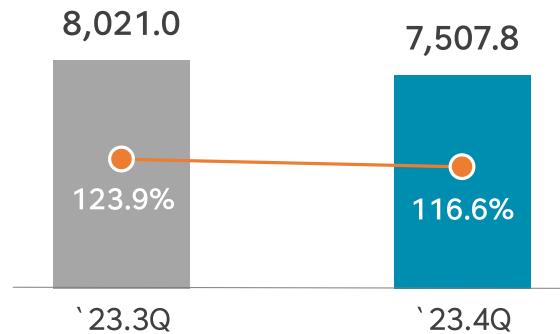
- Debt to Equity Ratio 205.4%

Unit: KRWbn



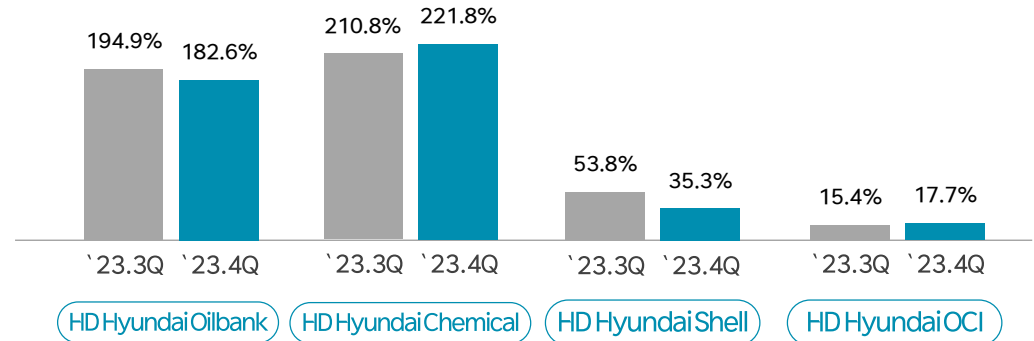
- Net Debt to Equity Ratio 116.6%

Unit: KRWbn

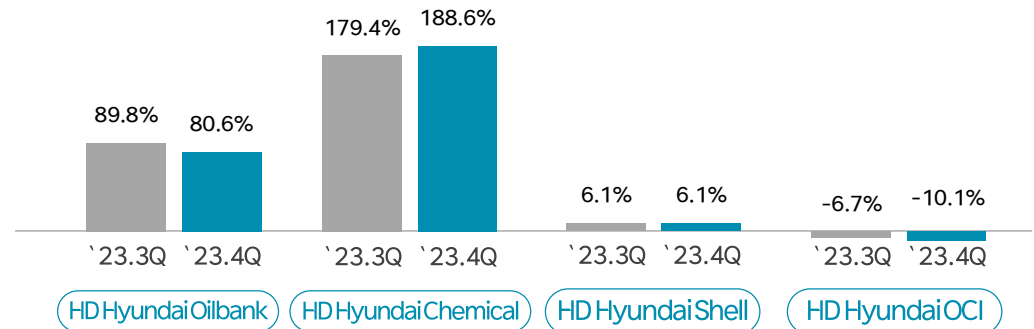


Separate Financial Ratios

- Debt to Equity Ratio



- Net Debt to Equity Ratio



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

Consolidated Income Statement Unit: KRWbn

	'23.4Q			'23.3Q	'22.4Q
		QoQ	YoY		
Sales	7,913.1	36%	(8%)	5,823.5	8,628.5
Cost of goods sold	7,733.6	45%	(8%)	5,331.7	8,419.8
Gross profit	179.5	(64%)	(14%)	491.8	208.7
Operating profit	2.5	(99%)	(80%)	319.1	12.8
OP margin	0.0%			5.5%	0.1%
Non operating Income & expenses	(26.0)	83%	T/L	(149.5)	232.8
Equity method gains	20.9	T/P	T/P	(12.3)	(4.7)
Profit before tax	(2.6)	T/L	T/L	157.3	240.9
Income tax	8.2			30.1	39.0
Net income	(10.8)	T/L	T/L	127.2	201.9
Controlling interest	0.3	(100%)	(100%)	124.3	179.8

Consolidated Balance Sheet Unit: KRWbn

	'23.4Q	'23.3Q	'22.4Q
Current assets	6,286.1	7,134.3	6,366.2
(Cash & cash equivalents)	268.9	396.6	134.9
Non-current assets	13,382.9	13,377.3	13,369.2
Total assets	19,669.0	20,511.6	19,735.4
Current liabilities	5,618.3	6,525.1	5,344.7
(Short-term borrowings)	1,379.8	2,182.8	1,064.9
Non-current liabilities	7,610.7	7,510.5	7,463.9
(Long-term borrowings)	6,396.9	6,234.8	6,050.5
Total liabilities	13,229.0	14,035.6	12,808.6
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	714.5	683.3	693.9
Retained earnings	3,447.0	3,485.9	3,909.1
Non-controlling interests	1,053.1	1,081.4	1,098.4
Total equity	6,440.0	6,476.0	6,926.8
Total liabilities & equity	19,669.0	20,511.6	19,735.4

Note: Consolidated in accordance with K-IFRS

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



Income Statement (Separate)

Unit: KRW/bn

	'23.4Q			'23.3Q	'22.4Q
		QoQ	YoY		
Sales	7,603.2	44%	(4%)	5,266.7	7,921.2
Cost of goods sold	7,514.6	55%	(4%)	4,842.3	7,807.0
Gross profit	88.6	(79%)	(22%)	424.4	114.2
Operating profit	(72.9)	T/L	(20%)	262.0	(60.5)
OP margin	(1.0%)			5.0%	(0.8%)
Non-operating income & expenses	27.9	T/P	(20%)	(100.3)	34.8
Profit before tax	(45.0)	T/L	(75%)	161.7	(25.7)
Income tax	(11.3)			31.5	67.3
Net income	(33.7)	T/L	64%	130.2	(93.0)

Balance Sheet (Separate)

Unit: KRW/bn

	'23.4Q	'23.3Q	'22.4Q
Current assets	5,264.7	5,921.9	5,003.8
(Cash & cash equivalents)	77.6	218.3	35.7
Non-current assets	8,868.3	8,966.6	8,969.3
Total assets	14,133.0	14,888.5	13,973.1
Current liabilities	4,771.9	5,485.3	4,492.6
(Short-term borrowings)	884.4	1,636.9	758.8
Non-current liabilities	4,360.8	4,354.0	4,126.6
(Long-term borrowings)	3,222.6	3,117.0	2,756.2
Total liabilities	9,132.7	9,839.3	8,619.2
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	864.6	846.0	860.8
Retained earnings	2,910.3	2,977.8	3,267.7
Total equity	5,000.3	5,049.2	5,353.9
Total liabilities & equity	14,133.0	14,888.5	13,973.1

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



Income Statement (Separate)

Unit: KRW/bn

	'23.4Q			'23.3Q	'22.4Q
		QoQ	YoY		
Sales	1,538.2	41%	(18%)	1,087.8	1,879.6
Cost of goods sold	1,581.1	50%	(18%)	1,055.7	1,920.8
Gross profit	(42.9)	T/L	(4%)	32.1	(41.2)
Operating profit	(49.9)	T/L	(1%)	25.5	(49.4)
OP margin	(3.2%)			2.3%	(2.6%)
Non-operating income & expenses	(33.5)	31%	T/L	(48.6)	14.7
Profit before tax	(83.4)	(261%)	(140%)	(23.1)	(34.7)
Income tax	(10.0)			(6.0)	(36.0)
Net income	(73.4)	(329%)	T/L	(17.1)	1.3

Balance Sheet (Separate)

Unit: KRW/bn

	'23.4Q	'23.3Q	'22.4Q
Current assets	1,100.9	1,126.1	1,263.9
(Cash & cash equivalents)	23.1	20.1	34.2
Non-current assets	5,019.5	5,030.4	5,004.7
Total assets	6,120.4	6,156.5	6,268.6
Current liabilities	990.5	1,013.8	880.8
(Short-term borrowings)	483.4	533.8	288.9
Non-current liabilities	3,227.8	3,161.8	3,324.8
(Long-term borrowings)	3,126.9	3,039.6	3,202.8
Total liabilities	4,218.3	4,175.6	4,205.6
Paid-in capital	1,520.0	1,520.0	1,520.0
Others	-1.5	-4.3	-4.9
Retained earnings	383.6	465.2	547.9
Total equity	1,902.1	1,980.9	2,063.0
Total liabilities & equity	6,120.4	6,156.5	6,268.6

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

Income Statement (Separate)

Unit: KRW/bn

	'23.4Q			'23.3Q	'22.4Q
		QoQ	YoY		
Sales	318.5	11%	(4%)	287.4	330.2
Cost of goods sold	281.3	6%	(6%)	265.4	298.0
Gross profit	37.2	69%	16%	22.0	32.2
Operating profit	34.7	83%	17%	19.0	29.6
OP margin	10.9%			6.6%	9.0%
Non-operating income & expenses	(0.5)	T/L	T/L	0.6	0.1
Profit before tax	34.2	74%	15%	19.6	29.7
Income tax	11.4			4.4	17.4
Net income	22.8	50%	85%	15.2	12.3

Balance Sheet (Separate)

Unit: KRW/bn

	'23.4Q	'23.3Q	'22.4Q
Current assets	206.4	234.0	214.2
(Cash & cash equivalents)	29.3	60.5	6.7
Non-current assets	248.3	248.1	257.7
Total assets	454.7	482.1	471.9
Current liabilities	63.2	89.0	76.9
(Short-term borrowings)	9.9	10.0	9.9
Non-current liabilities	55.4	79.7	88.2
(Long-term borrowings)	39.7	69.7	69.6
Total liabilities	118.6	168.7	165.1
Paid-in capital	13.0	13.0	13.0
Others	119.4	119.4	119.4
Retained earnings	203.7	181.0	174.4
Total equity	336.1	313.4	306.8
Total liabilities & equity	454.7	482.1	471.9



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