

1Q 2022 Earnings Release

**HYUNDAI  
OILBANK**



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**I. 1Q 2022 Earnings**

**II. Investment Highlights**

**III. Appendix**



# I. 1Q 2022 Earnings

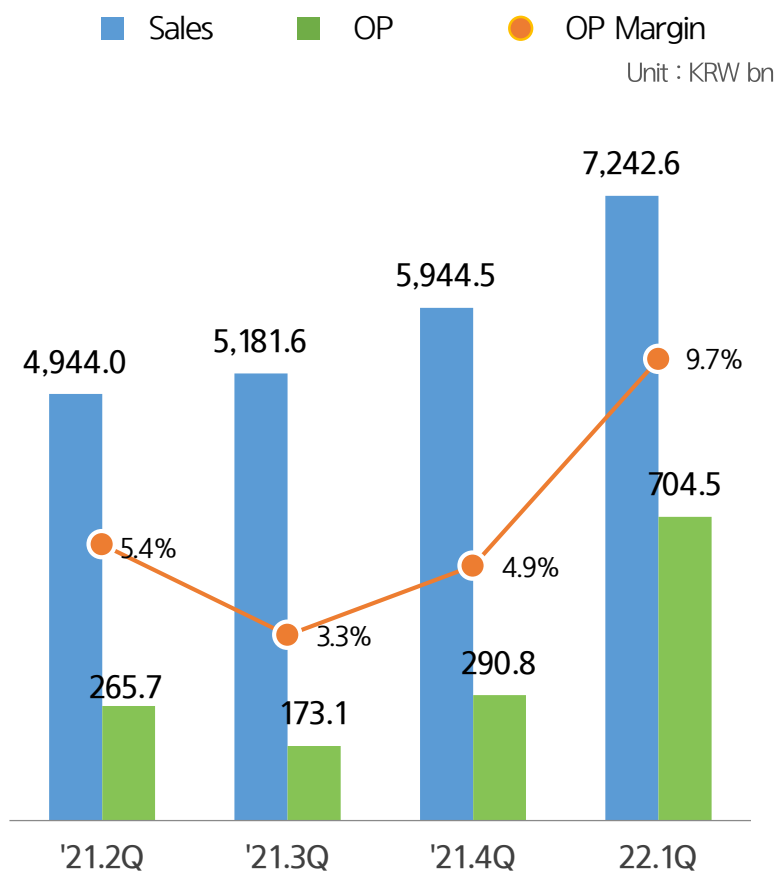
1. Consolidated Earnings
2. Earnings by Business Segment
3. 1Q 2022 Market Conditions
4. Market Outlook by Business Segment



# 1. Consolidated Earnings

Hyundai Oilbank recorded an operating profit of KRW 704.5 bn in 'Q, increase in QoQ by KRW 413.7 bn. Oil price and product spread has improved upon supply disruption due to Russian sanctions and increase in demand due to mobility recovery.

## 1Q 2022 Consolidated Earnings



### • 1Q 2022 Operating Profit KRW +704.5 bn

- Achieved KRW 704.5 bn in operating profit in 1Q as margins improved due to rising oil price and product cracks
- QoQ increase : + KRW 413.7 bn, YoY increase : + KRW 291.7 bn

### • Refining Margin improved as oil price & product crack rose

- Oil prices rise due to concerns about supply and demand disruptions due to Russian sanctions (78.3 → 96.2 \$/B)
- Product crack rose due to mobility demand recovery and low inventories worldwide
- Cracks : (QoQ) Gasoline 12.9→15.1 \$/B, Gasoil 12.6→22.1 \$/B

## 2. Earnings by Business Segment

### 1Q 2022 Earnings

Unit : KRW bn

Business	'22.1Q			'21.4Q			'21.1Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Refining	6,999.3	665.1	9.5%	6,122.4	200.3	3.3%	4,285.8	211.3	4.9%
Petrochemical	1,723.2	36.6	2.1%	1,042.6	35.1	3.4%	879.3	102.2	11.6%
Lube Base Oil (Newly consolidated*)	261.4	16.4	6.3%	315.4	46.4	14.7%	307.7	103.0	33.5%
Others/Adjustments	-1,741.3	-13.6		-1,535.9	9.0		-936.3	-3.7	
Consolidated Earnings	7,242.6	704.5	9.7%	5,944.5	290.8	4.9%	4,536.5	412.8	9.1%

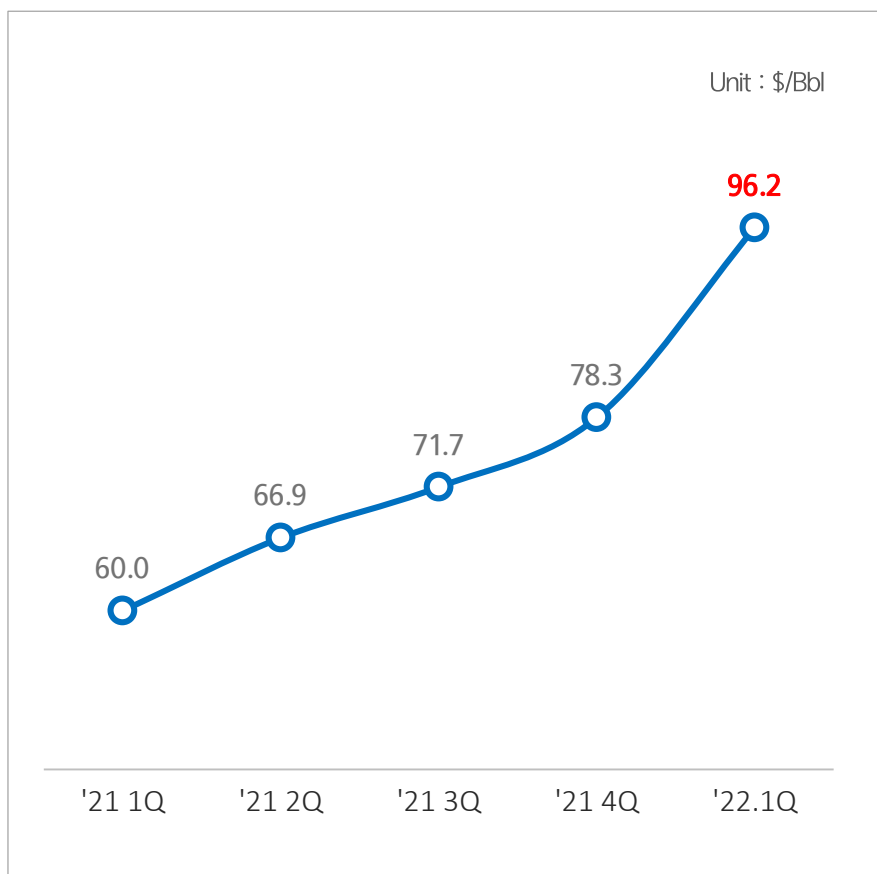
※ Lube base oil business (Hyundai Shell Base Oil, HSB) has been newly consolidated since Nov 2020

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

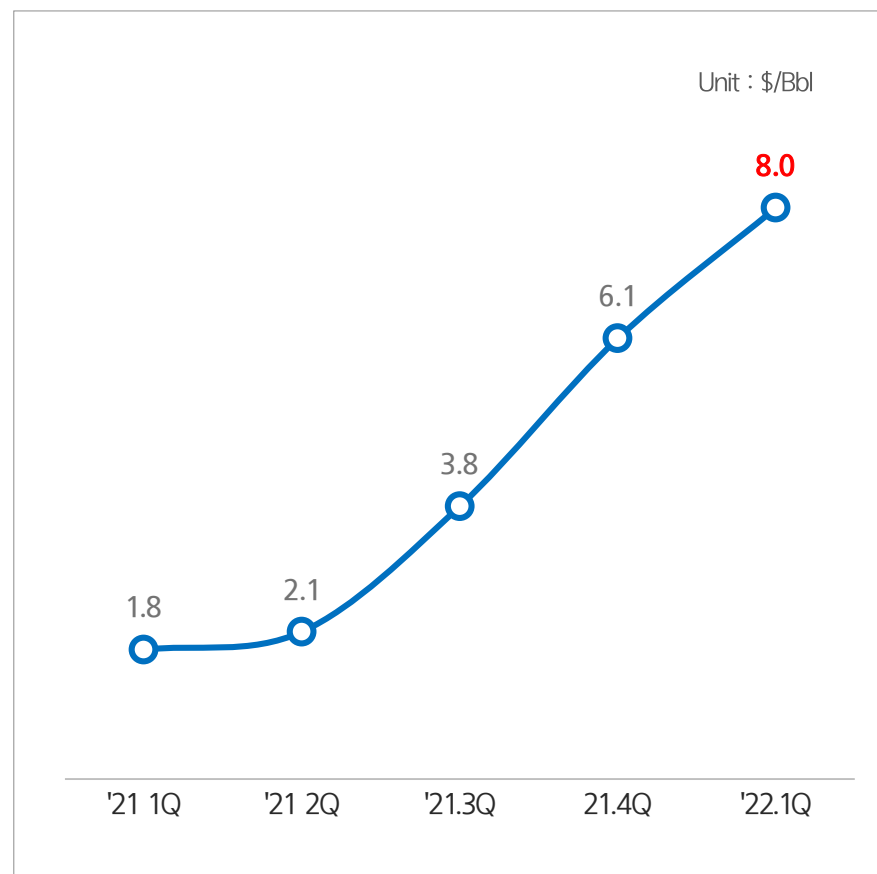
### 3. 1Q 2022 Market Conditions (Refining)

Oil prices rose sharply in the first quarter due to concerns about a supply disruption caused by the war between Russia and Ukraine, and refining margins continued to rise amid a supply shortage and solid demand due to Russian sanctions.

#### Dubai Oil Price



#### Singapore Refining Margin

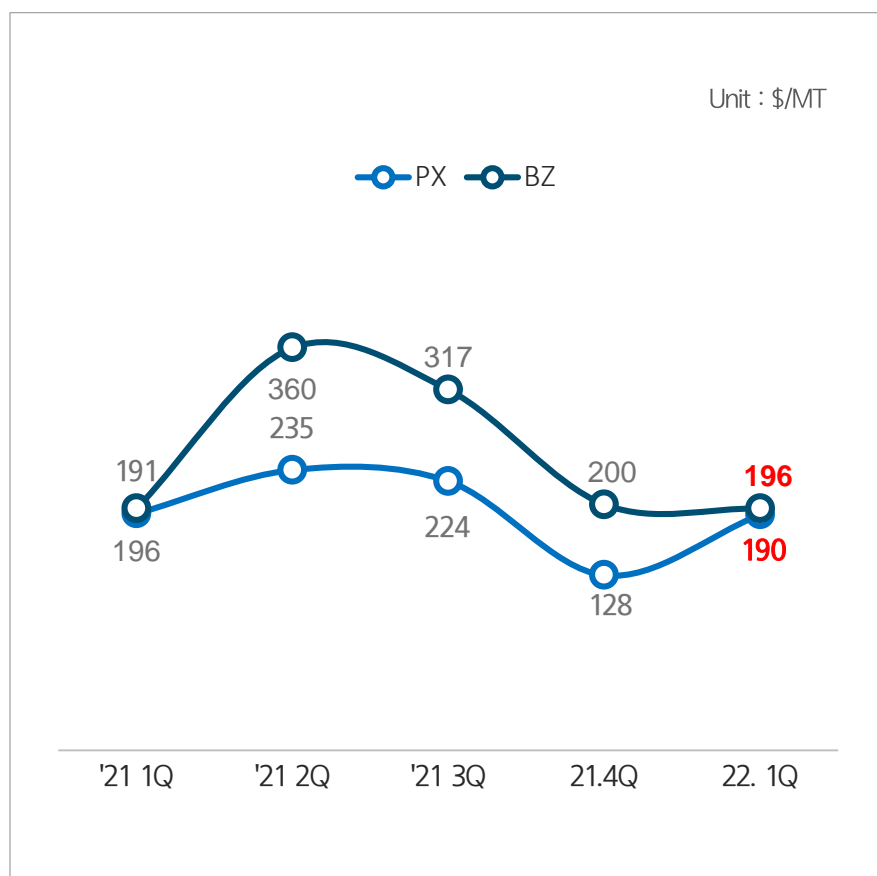


### 3. 1Q 2022 Market Conditions (BTX/Base oil)

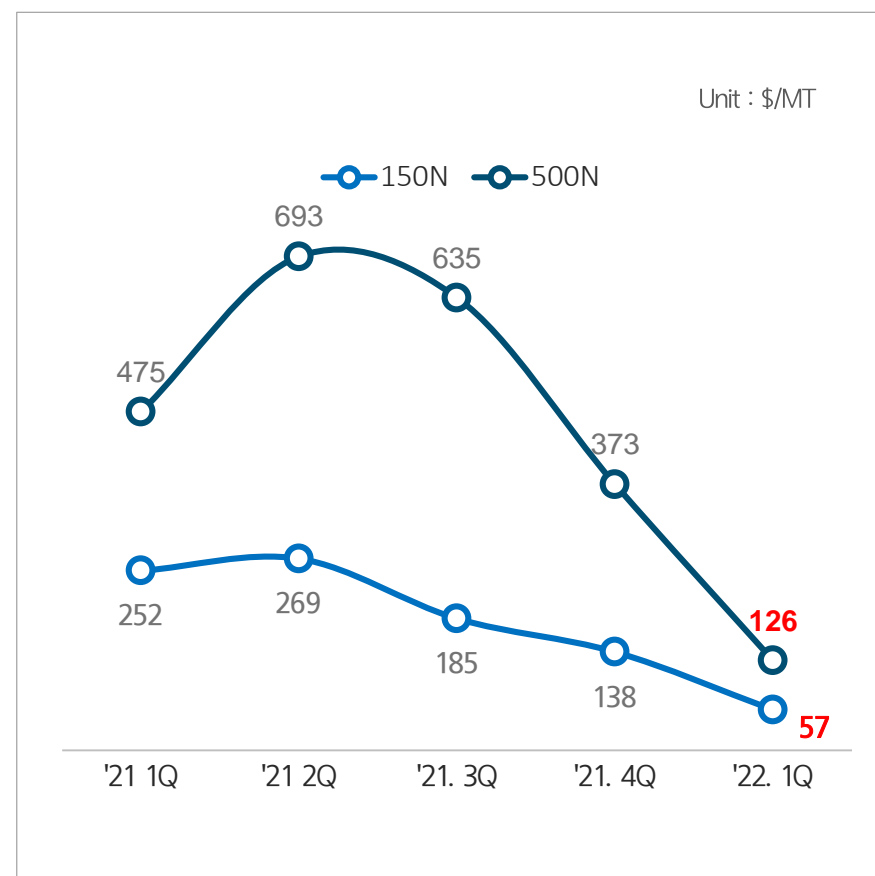
1Q PX margin rose due to continuous yield instability at the Zhejiang petrochemical plant in China, while BZ margin declined due to domestic inventory increase in China.

For the lube base oil, the spread narrowed due to a rise in raw material prices.

#### BTX Margin



#### Base Oil Margin





## 4. Market Outlook by Business Segment

### 22. 2Q Outlook

### 22. 3Q Outlook

#### Refining

- Despite a contraction in consumption due to inflation, the outlook is strong due to supply disruptions due to Russian sanctions
- Gasoline crack is expected to be supported by summer season and rising demand
- Kerosene/diesel is expected to remain strong due to Russian diesel supply restrictions

- Oil demand outlook  
: Global demand is expected to exceed 100 mb/d due to solid demand. However, oil price will remain flat as OPEC+ slows down the production, and the increase in shale gas supply
- Cracks outlook  
: Gasoline 15~16\$/B, Gasoil 25~30\$/B
- Low inventories due to continued impact of Russian sanctions

#### Petro-chemical (BTX)

- PX: expected to remain flat for the time being due to reduction in PTA plant utilization rate, low-level operation of Chinese PX makers
- BZ : margin will recover due to petrochemical companies' additional production cuts
- PE/PP: weakness expected to continue as polymer demand is expected to contract due to lockdown of major cities

- PX : weak outlook due to increased supply following the operation of a new PX plant in Shenghong, China
- BZ : margin expected to improve due to economic stimulus policies are expected ahead of Xi Jinping's reappointment
- PE/PP : expected to be bullish due to China's implementation of economic stimulus policies to achieve economic growth rate(+5.5%)

#### Lube Base --- Carbon Black

- Lube base oil margin will remain strong due to a decrease in supply due to regular maintenance in the spring
- Carbon black margin expected to deteriorate due to increased expenses due to regular maintenance in April

- Lube base oil margin is expected to decrease due to the monsoon season in India, which is a major demand source.
- Carbon black margin expected to be strong due to reduced carbon black supply in China and Russia

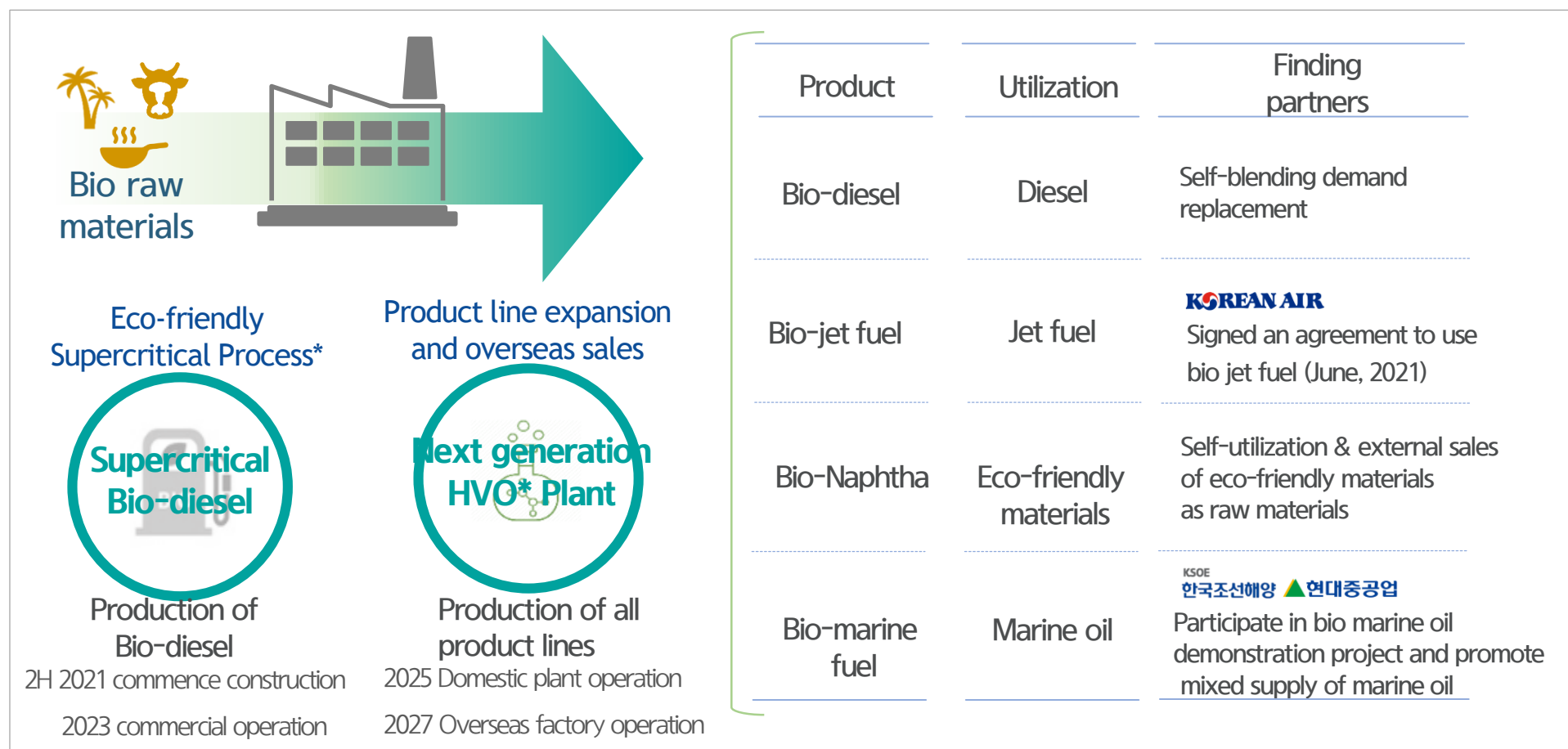
## II. Investment Highlights

1. Supercritical Biodiesel Plant Construction
2. Waste Plastics Processing Business
3. Blue Hydrogen Business

# 1. Bio-fuels Business

The company will produce supercritical biodiesel in 2023 as 1<sup>st</sup> stage, and will expand the business through the construction of the next-generation HVO plant in the 2<sup>nd</sup> stage.

## Bio-fuels business roadmap



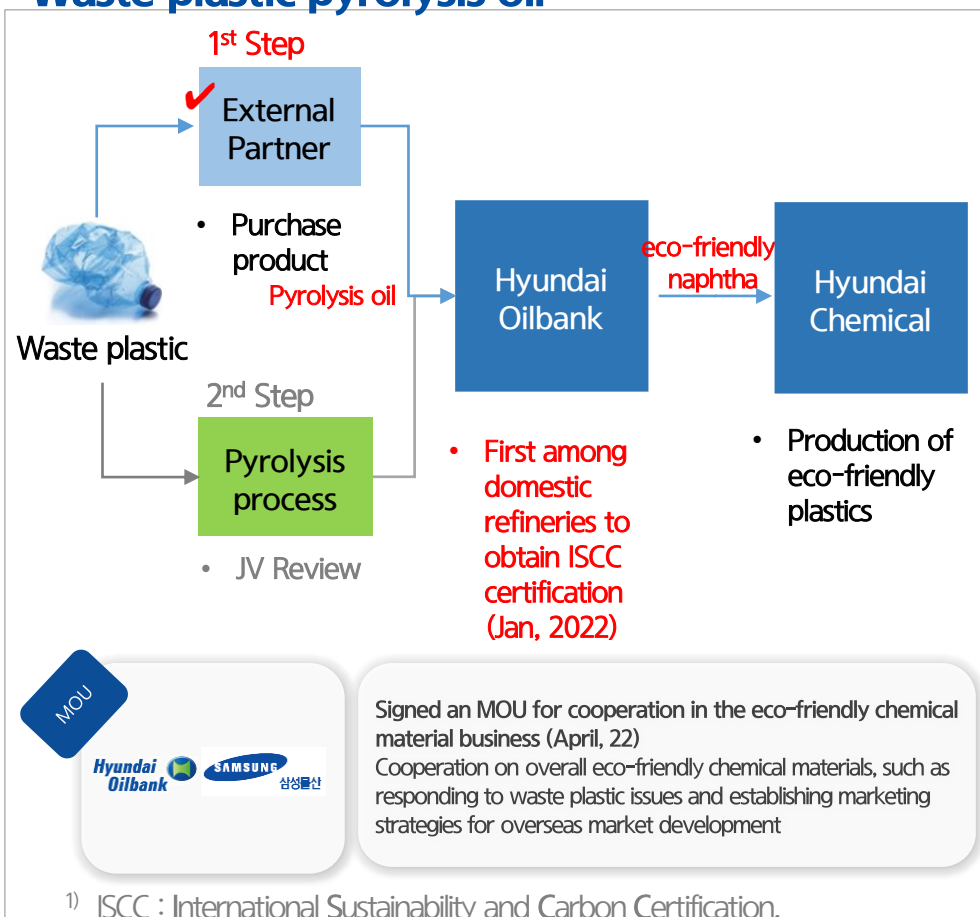
\* Supercritical Process: State-of-the-art process capable of handling all kinds of biomaterials

\* HVO: Hydrotreated Vegetable Oil

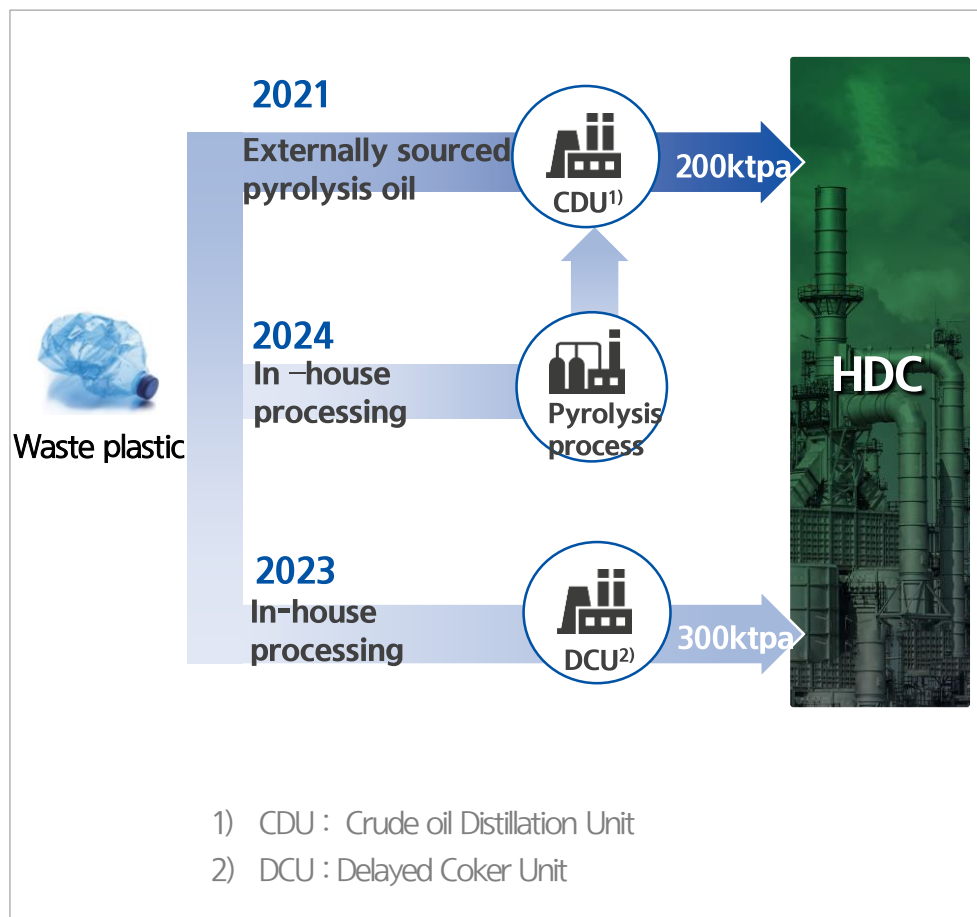
## 2. Waste Plastics Processing Business

Our company introduced and successfully processed waste plastic pyrolysis oil in November last year, and obtained ISCC<sup>1)</sup> certification for the first time among domestic refineries in Jan, 2022 to produce eco-friendly petroleum products. We plan to the waste plastic reprocessing business in earnest.

### Eco-friendly business by utilizing Waste plastic pyrolysis oil



### Business roadmap

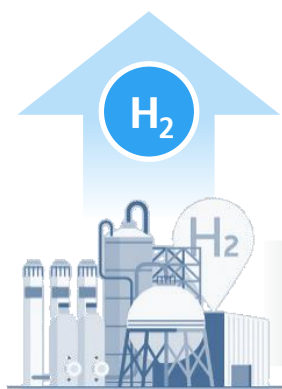


### 3. Blue Hydrogen Business

To enter the blue hydrogen business, we are preparing a CCU business for the production of blue hydrogen, and are promoting the carbon dioxide commercialization business such as producing eco-friendly building materials, manufacturing of paper/plastic additives, and dry ice.

#### Carbon utilization plan for self-production of blue hydrogen

Blue Hydrogen 100KT



Hyundai Oilbank  
Daesan Plant



#### Monetization of CCU through carbon dioxide commercialization



Eco-friendly construction material("Greencium")

- 2022 1H commence construction of plant
- 2023 1H commercial operation



Paper/plastic additives

- 2022 2Q: Pilot completion
- 2022 3Q: Prototype release



Dry ice

- 2021: sales volume 100 KT
- 2022: sales volume 360 KT





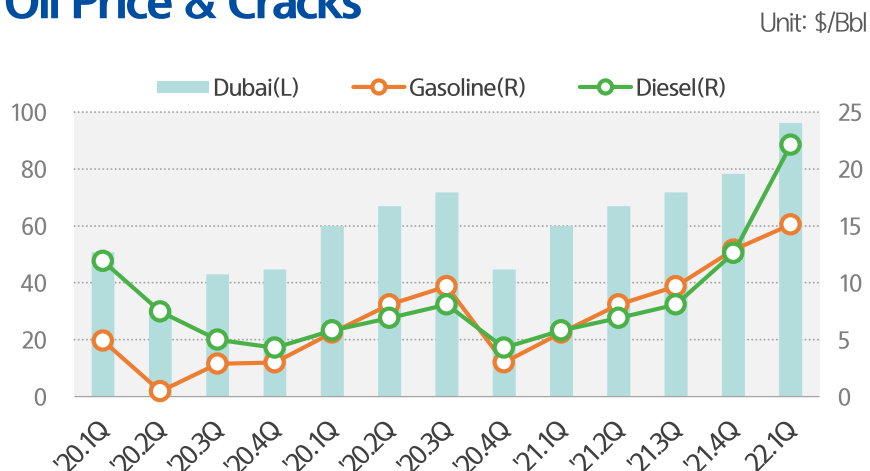
### III. APPENDIX

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

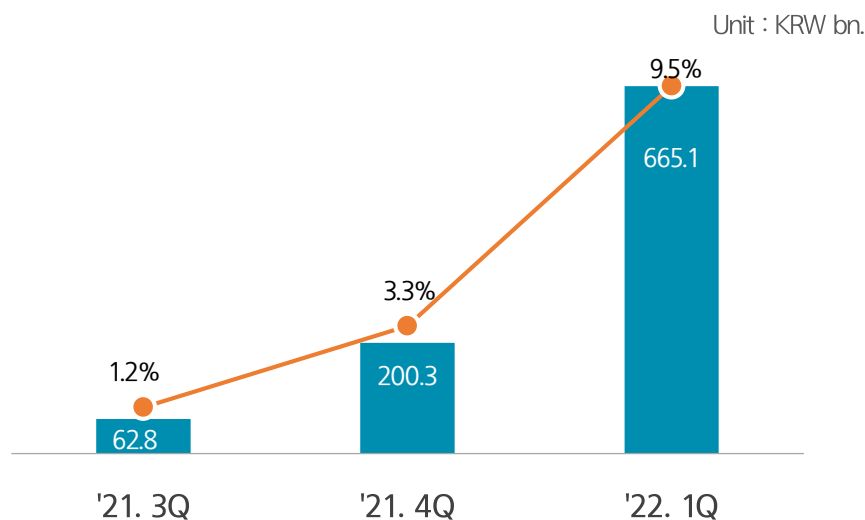


# 1. Hyundai Oilbank Key Indicators & Results

## Oil Price & Cracks



## Hyundai Oilbank Operating Income (Separate)



### • 1Q Analysis

- Oil prices rose amid Russia-Ukraine war and sanctions against Russia
- Gasoline strengthens as vaccination rates rise and mobility recovers
- Kerosene/Diesel continues to be strong as supply instability continues amidst global stock shortages (Russian diesel/VGO supply restrictions)

### • 2Q Outlook

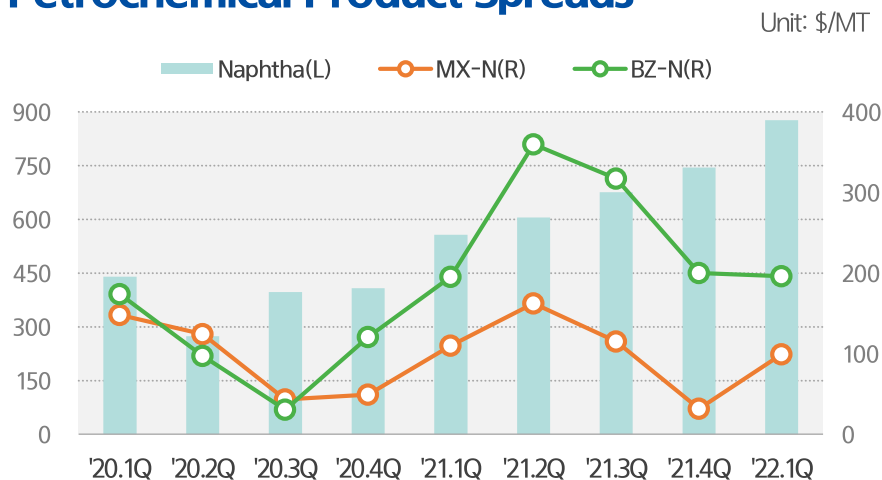
- Oil price expected to remain strong, as concerns about supply disruption due to Russian sanctions continue amid consumption contraction due to inflation, but still strong demand expected
- Gasoline is expected to be supported due to the arrival of the summer season and rising demand for travel from around the world
- Kerosene/diesel is expected to strengthen due to global low inventories, rising demand for offshore jet fuel, and continued geopolitical crisis

### • QoQ Analysis

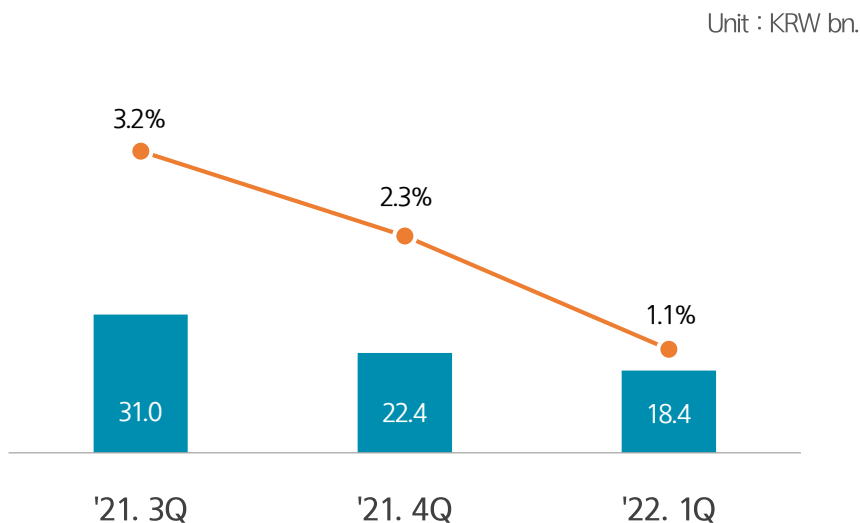
- Increase of inventory effect and improved crack margin  
( '21.3Q → '21.4Q oil price rose by 6.6 \$/B  
'21.4Q → '22.1Q oil price rose by 17.9\$/B)

## 2. Hyundai Chemical Key Indicators & Results

### Petrochemical Product Spreads



### Hyundai Chemical Operating Income



#### • 1Q Analysis

- MX spread rises as demand for blending increases due to strong gasoline, despite a decrease in downstream demand due to the expansion of China's coronavirus lockdown measures

#### • 2Q Outlook

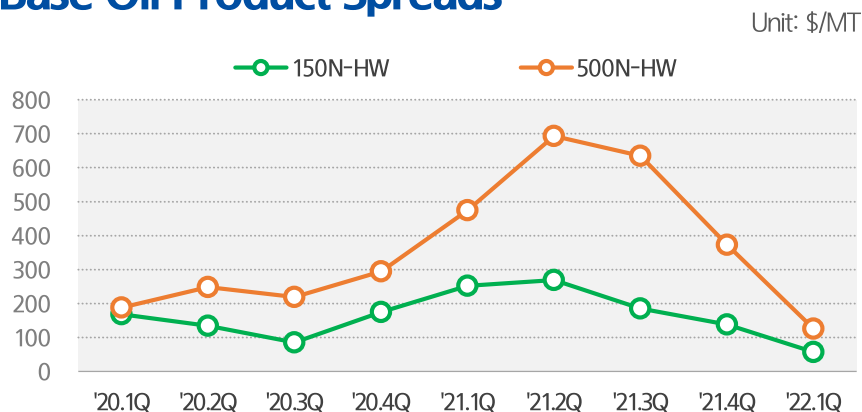
- MX spread is expected to improve due to a decrease in supply due to the shutdown of some companies due to the earthquake in Japan on 3/16 (ENEOS Sendai: 570,000 tons per year) and regular maintenance by Japanese MX producers (Taiyo: 700,000 tons per year)

#### • QoQ Analysis

- Margins dropped due to a sharp rise in raw material prices(oil and naphtha) and a decrease in downstream demand due to Chinese environmental regulations after Beijing Winter Olympics.

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

#### Base Oil Product Spreads



#### • 1Q Analysis

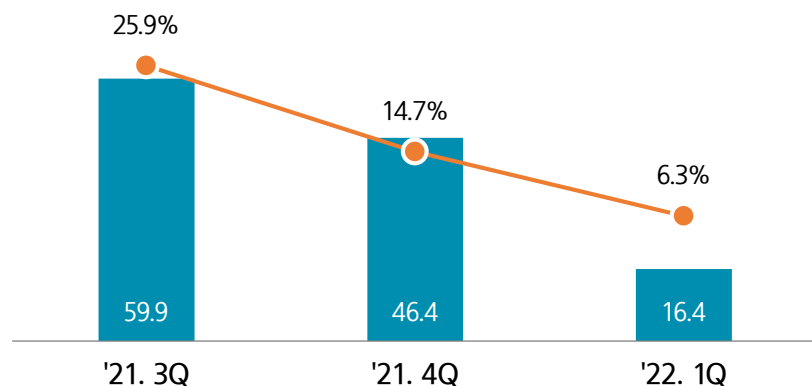
- Despite a decrease in base oil supply due to strong petroleum products, margins weakened due to a rise in raw material prices.

#### • 2Q Outlook

- Demand is expected to decrease in part due to China's coronavirus lockdown measures, but margins are expected to improve due to increased demand in India and Southeast Asia and insufficient supply due to regular maintenance

#### Hyundai Shell Base Oil Operating Income

Unit : KRW bn.

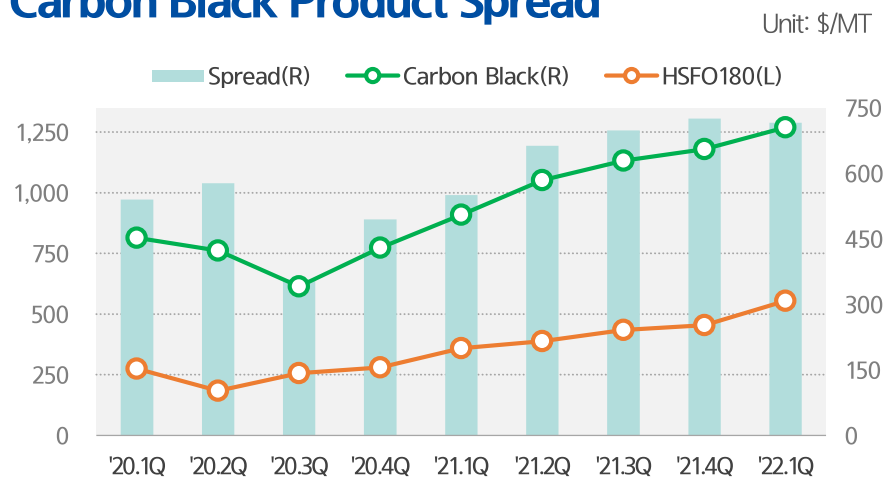


#### • QoQ Analysis

- Margins narrowed due to rising raw material prices despite a decrease in base oil supply due to strong petroleum products

## 4. Hyundai OCI Key Indicators & Results

### Carbon Black Product Spread



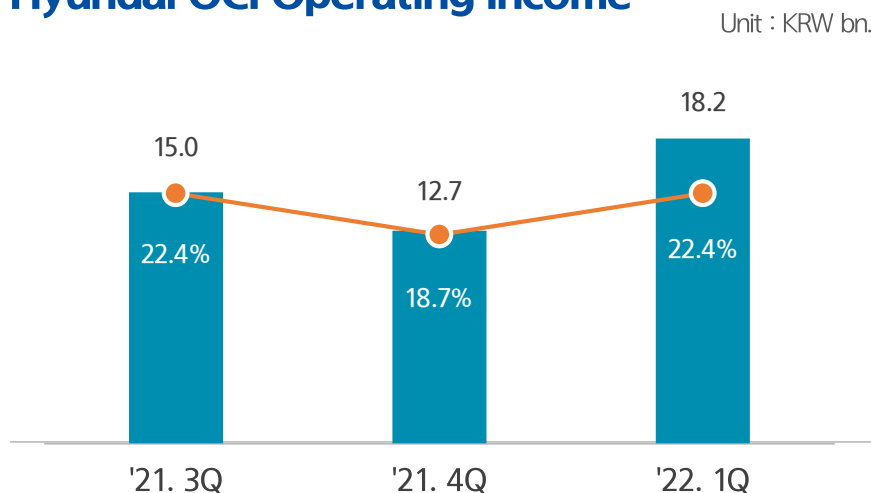
#### • 1Q Analysis

- Carbon black price in 1Q rose by \$90 / ton QoQ with oil price increase in the previous quarter. Accompanied by increase in raw material price, Carbon black-HSFO spread decreased by \$10 / ton QoQ.

#### • 2Q Outlook

- Carbon black product prices are expected to rise due to the reflection of the rise in oil prices in 1Q, but profitability is expected to deteriorate due to higher raw material costs and increased expenses due to regular maintenance in April.

### Hyundai OCI Operating Income



#### • QoQ Analysis

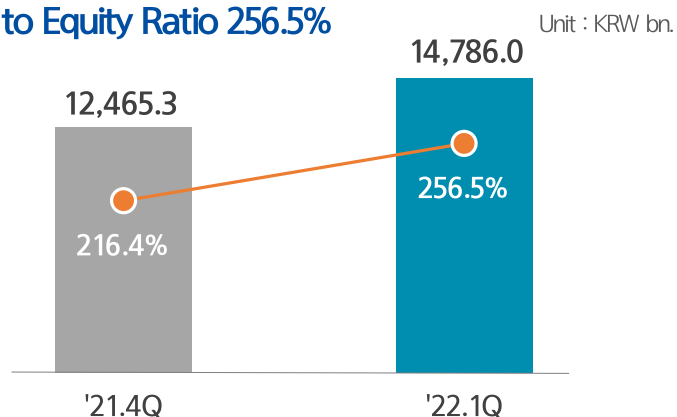
- Operating profit increased by KRW 5.5 billion QoQ due to carbon black price increase, productivity improvement and cost reduction



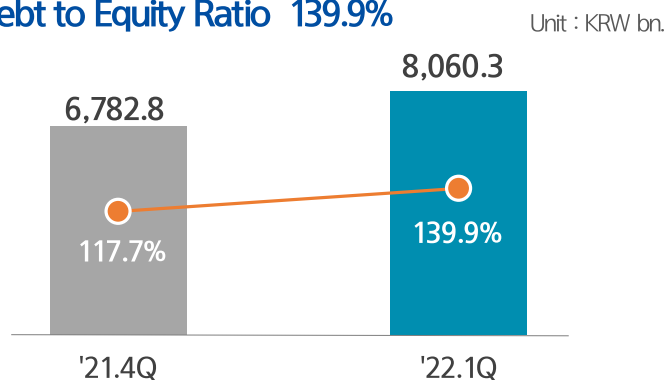
## 5. Financial Ratios

### Consolidated Financial Ratios

- Debt to Equity Ratio 256.5%

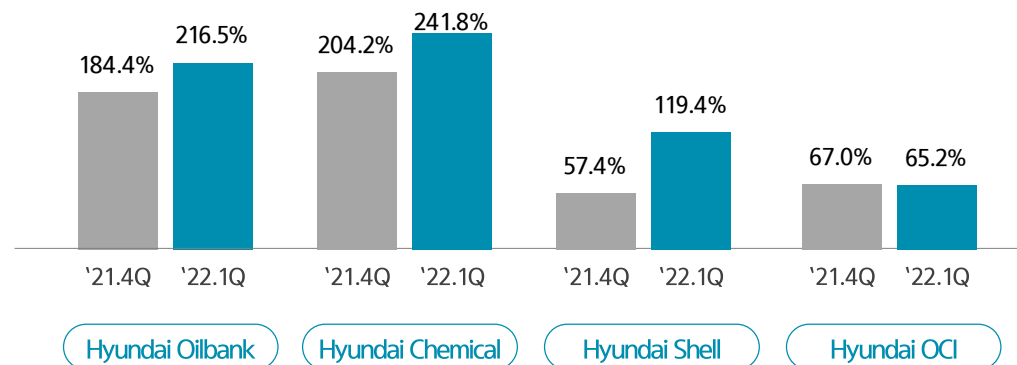


- Net Debt to Equity Ratio 139.9%

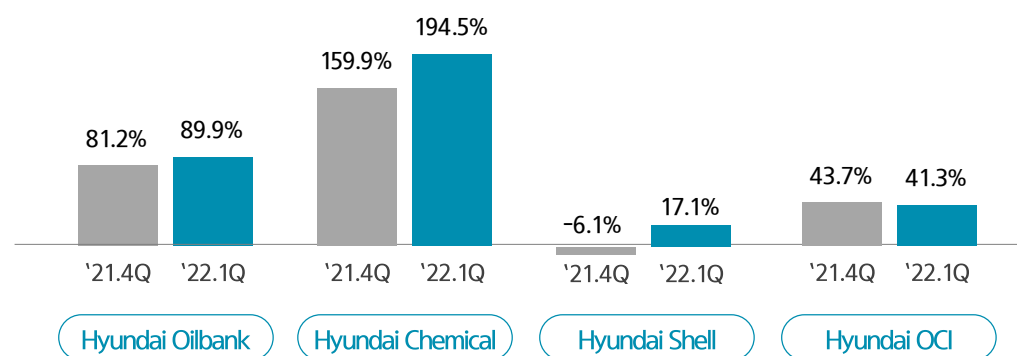


### Separate Financial Ratios

- Debt to Equity Ratio



- Net Debt to Equity Ratio



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

### Consolidated Income Statement

Unit : KRW bn.

구 분	'22.1Q	QoQ	YoY	'21.4Q	'21.1Q
Sales	7,242.6	21.8%	59.7%	5,944.5	4,536.5
Cost of goods sold	6,390.0	16.1%	60.2%	5,501.8	3,988.4
Gross profit	852.6	92.6%	55.6%	442.7	548.1
Operating profit	704.5	142.3%	70.7%	290.8	412.8
OP Margin	9.7%	4.8%p	0.6%p	4.9%	9.1%
Non operating Income & expenses	(98.1)			(38.5)	(136.1)
Equity method gains	(20.2)			(13.9)	(6.4)
Profit before tax	606.4	140.3%	119.2%	252.3	276.7
Income tax	171.7			73.7	83.1
Net income	434.7	143.4%	124.5%	178.6	193.6

### Consolidated Balance Sheet

Unit : KRW bn.

구 분	'22. 1Q	'21. 4Q	'21. 1Q
Current assets	7,618.8	5,384.2	3,965.6
(Cash & equivalents)	211.6	323.1	217.3
Non-current assets	12,930.6	12,841.8	11,774.1
<b>Total assets</b>	<b>20,549.4</b>	<b>18,226.1</b>	<b>15,739.6</b>
Current liabilities	7,152.8	5,238.7	3,460.4
(Short-term borrowings)	2,164.3	1,173.1	868.2
Non-current liabilities	7,633.2	7,226.5	6,945.7
(Long-term borrowings)	6,107.6	5,932.8	5,636.5
<b>Total liabilities</b>	<b>14,786.0</b>	<b>12,465.3</b>	<b>10,406.0</b>
Paid in capital	1,225.4	1,225.4	1,225.4
Others	658.2	686.8	704.9
Retained earnings	2,925.1	2,824.9	2,582.0
Non-controlling Interests	954.7	1,023.7	821.3
<b>Total equity</b>	<b>5,763.4</b>	<b>5,760.8</b>	<b>5,333.6</b>
<b>Total liabilities &amp; equity</b>	<b>20,549.4</b>	<b>18,226.1</b>	<b>15,739.6</b>

Note : Consolidated in accordance with K-IFRS

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

### Income Statement (Separate)

Unit : KRW bn.

item	'22.1Q	QoQ	YoY	'21.4Q	'21.1Q
Sales	6,999.3	14.3%	63.3%	6,122.4	4,285.8
Cost of goods sold	6,196.3	7.3%	56.9%	5,775.7	3,950.2
Gross profit	803.0	131.6%	139.3%	346.7	335.6
Operating profit	665.1	232.1%	214.8%	200.3	211.3
OP Margin	9.5%	6.2%p	4.6%p	3.3%	4.9%
Non operating Income & expenses	31.1			48.0	(27.8)
Equity method gains	696.2	180.4%	279.4%	248.3	183.5
Profit before tax	175.3			55.1	34.0
Income tax	520.9	169.6%	248.4%	193.2	149.5

### Balance Sheet (Separate)

Unit : KRW bn.

구 분	'22. 1Q	'21. 4Q	'21. 1Q
Current assets	6,258.2	4,284.9	3,021.3
(Cash & equivalents)	64.4	96.4	42.2
Non-current assets	8,902.0	8,764.4	8,646.6
<b>Total assets</b>	<b>15,160.2</b>	<b>13,049.3</b>	<b>11,667.9</b>
Current liabilities	5,972.7	4,177.2	2,738.2
(Short-term borrowings)	1,423.2	751.5	469.9
Non-current liabilities	4,397.7	4,283.4	4,634.0
(Long-term borrowings)	2,945.5	3,072.3	3,515.4
<b>Total liabilities</b>	<b>10,370.4</b>	<b>8,460.7</b>	<b>7,372.2</b>
Paid in capital	1,225.4	1,225.4	1,225.4
Others	833.2	853.1	851.6
Retained earnings	2,731.2	2,510.1	2,218.7
<b>Total equity</b>	<b>4,789.8</b>	<b>4,588.6</b>	<b>4,295.7</b>
<b>Total liabilities &amp; equity</b>	<b>15,160.2</b>	<b>13,049.3</b>	<b>11,667.9</b>

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

### Income Statement (Separate)

Unit : KRW bn.

구 분	'22.1Q	QoQ	YoY	'21.4Q	'21.1Q
Sales	1,642.0	68.4%	98.5%	974.8	827.0
Cost of goods sold	1,617.3	70.7%	120.0%	947.6	735.3
Gross profit	24.7	(9.2%)	(73.1%)	27.2	91.7
Operating profit	18.4	(17.9%)	(78.9%)	22.4	87.2
OP Margin	1.1%	(1.2%p)	(9.5%p)	2.3%	10.6%
Non operating Income & expenses	(9.6)			1.5	(12.5)
Equity method gains	8.8	(63.3%)	(88.2%)	24.0	74.7
Profit before tax	2.1			5.8	18.0
Income tax	6.7	(63.2%)	(88.2%)	18.2	56.7

### Balance Sheet (Separate)

Unit : KRW bn.

구 분	'22. 1Q	'21. 4Q	'21. 1Q
Current assets	1,700.7	1,121.6	898.3
(Cash & equivalents)	60.3	62.6	30.8
Non-current assets	4,619.1	4,646.7	3,403.6
<b>Total assets</b>	<b>6,319.8</b>	<b>5,768.2</b>	<b>4,301.9</b>
Current liabilities	1,357.9	1,069.1	840.4
(Short-term borrowings)	637.9	386.3	351.1
Non-current liabilities	3,112.7	2,803.0	1,941.1
(Long-term borrowings)	3,018.6	2,708.1	1,914.5
<b>Total liabilities</b>	<b>4,470.6</b>	<b>3,872.1</b>	<b>2,781.5</b>
Paid in capital	1,520.0	1,520.0	1,220.0
Others	-20.1	-3.4	-1.1
Retained earnings	349.3	379.6	301.6
<b>Total equity</b>	<b>1,849.2</b>	<b>1,896.2</b>	<b>1,520.4</b>
<b>Total liabilities &amp; equity</b>	<b>6,319.8</b>	<b>5,768.2</b>	<b>4,301.9</b>

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

### Income Statement (Separate)

Unit : KRW bn.

구 분	'22.1Q	QoQ	YoY	'21.4Q	'21.1Q
Sales	261.4	(17.1%)	(15.0%)	315.4	307.7
Cost of goods sold	242.7	(8.7%)	19.6%	265.9	202.9
Gross profit	18.7	(62.2%)	(82.2%)	49.5	104.8
Operating profit	16.4	(64.7%)	(84.1%)	46.4	103.0
OP Margin	6.3%	(8.4%p)	(27.2%p)	14.7%	33.5%
Non operating Income & expenses	(0.4)			0.4	(0.1)
Equity method gains	16.0	(65.8%)	(84.5%)	46.8	102.9
Profit before tax	3.7			11.2	24.8
Income tax	12.3	(65.4%)	(84.3%)	35.6	78.1

### Balance Sheet (Separate)

Unit : KRW bn.

구 분	'22. 1Q	'21. 4Q	'21. 1Q
Current assets	272.7	326.1	247.7
(Cash & equivalents)	49.5	112.9	91.3
Non-current assets	247.5	264.0	263.7
<b>Total assets</b>	<b>520.2</b>	<b>590.1</b>	<b>511.4</b>
Current liabilities	195.0	127.2	128.4
(Short-term borrowings)	9.9	9.9	9.9
Non-current liabilities	88.1	88.1	98.5
(Long-term borrowings)	79.5	79.5	89.5
<b>Total liabilities</b>	<b>283.1</b>	<b>215.3</b>	<b>226.9</b>
Paid in capital	13.0	13.0	13.0
Others	119.4	119.4	119.4
Retained earnings	104.7	242.4	152.1
<b>Total equity</b>	<b>237.1</b>	<b>374.8</b>	<b>284.5</b>
<b>Total liabilities &amp; equity</b>	<b>520.2</b>	<b>590.1</b>	<b>511.4</b>

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



