

3Q 2022 Earnings Release

**HYUNDAI
OILBANK**



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I. 3Q 2022 Earnings

II. Appendix

I. 3Q 2022 Earnings

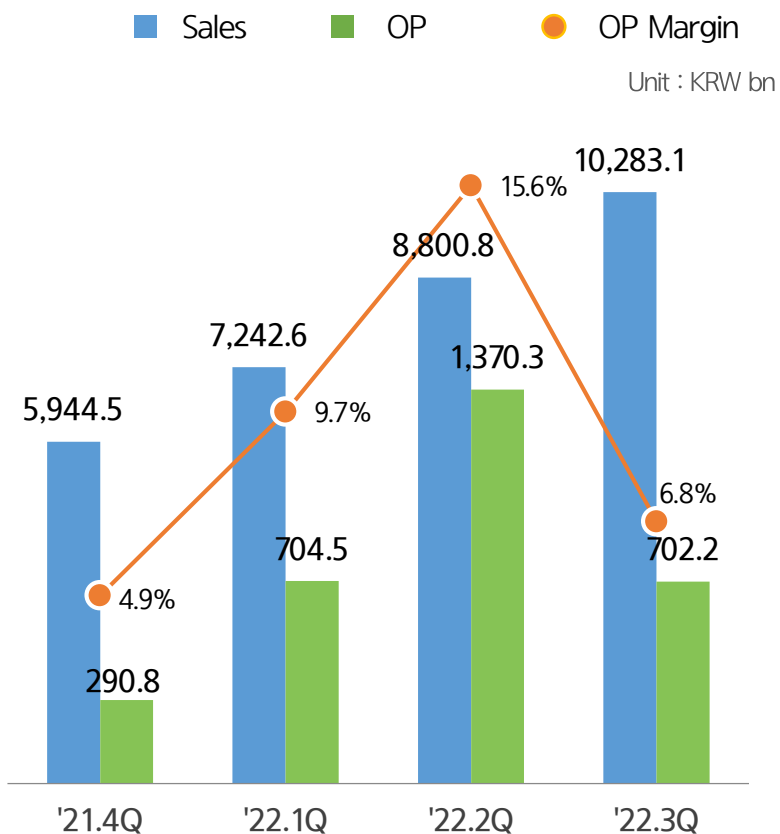
1. Consolidated Earnings
2. Earnings by Business Segment
3. 3Q 2022 Market Conditions
4. Market Outlook by Business Segment



1. Consolidated Earnings

Hyundai Oilbank recorded an operating profit of KRW 702.2 bn in 3Q (QoQ – KRW 668.1 bn) due to weak oil prices and margins following the global economic downturn and news of China expanding exports, but prices are still high compared to average years.

3Q 2022 Consolidated Earnings



- 3Q Consolidated OP : KRW 702.2 bn**

- 3Q Consolidated OP KRW 702.2 bn due to weak oil prices and margins
- QoQ – KRW 668.1 bn
- YoY + KRW 529.1 bn

- Margins decreased due to weak oil prices and product cracks**

- Oil prices decreased due to realization of economic recession following record inflation
(QoQ) Oil Price: 108.2 → 96.7 \$/B
- Product cracks decreased due to end of peak season and news of China expanding exports
(QoQ) Gasoline: 29.4 → 8.9 \$/B, Gasoil: 51.5 → 41.1 \$/B

2. Earnings by Business Segment

3Q 2022 Earnings

Unit : KRW bn

Business	'22.3Q			'22.2Q			'21.3Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Refining	9,438.2	398.0	4.2%	8,241.1	1,125.9	13.7%	5,159.5	62.8	1.2%
Petrochemical	2,563.0	195.5	7.6%	2,236.0	219.3	9.8%	1,047.5	46.0	4.4%
Lube Base Oil (Newly consolidated*)	388.7	50.4	13.0%	286.4	29.4	10.3%	231.1	59.9	25.9%
Others/Adjustments	-2,106.8	58.3		-1,962.7	-4.3		-1,256.6	4.4	
Consolidated Earnings	10,283.1	702.2	6.8%	8,800.8	1,370.3	15.6%	5,181.5	173.1	3.3%

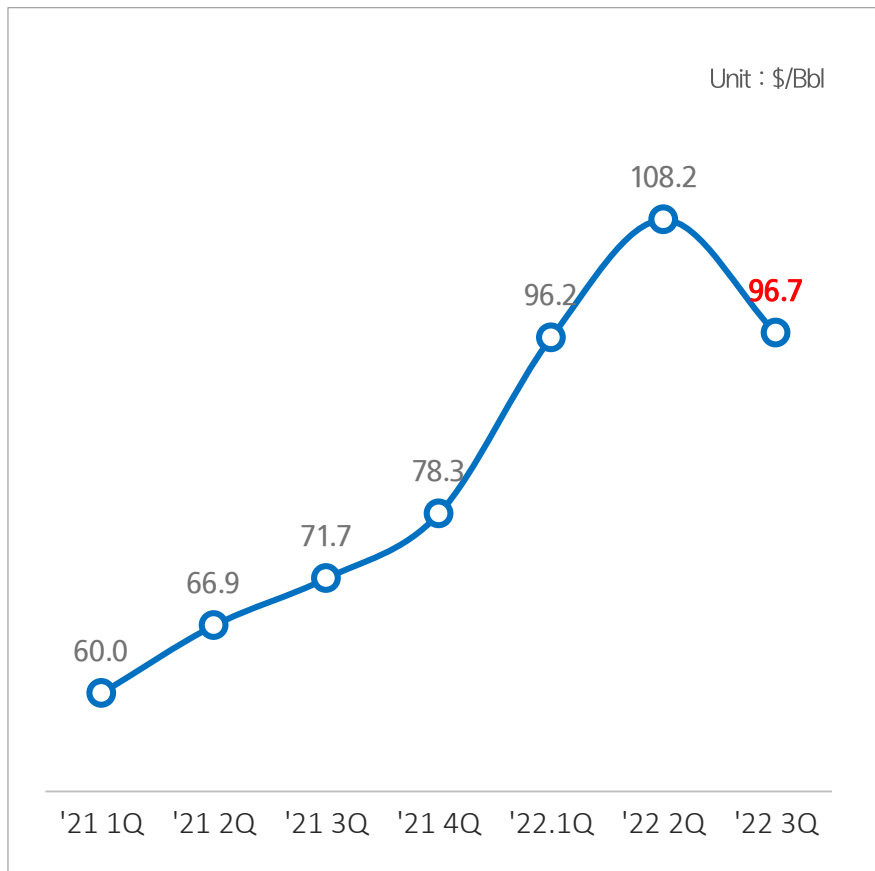
※ Lube base oil business (Hyundai Shell Base Oil, HSB) has been newly consolidated since Nov 2020

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

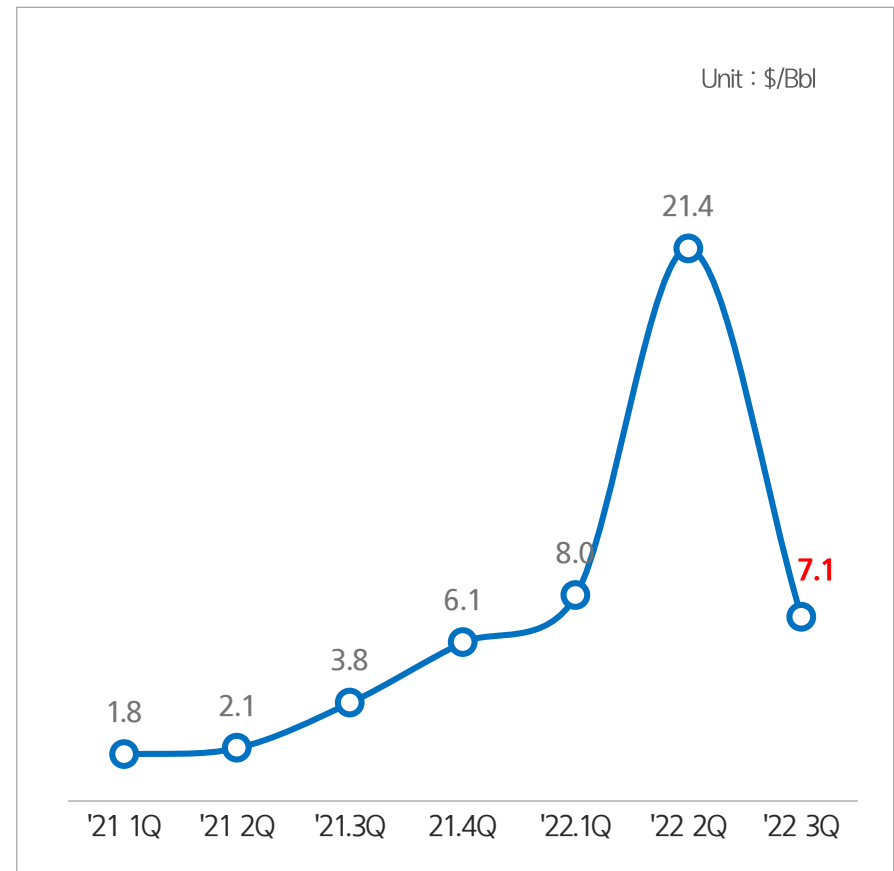
3. 3Q 2022 Market Conditions (Refining)

3Q oil prices fell QoQ due to economic downturn and the following strong dollar, and refining margin also declined QoQ due to decreasing product cracks resulting from end of US driving season and news of China expanding exports.

Dubai Oil Price



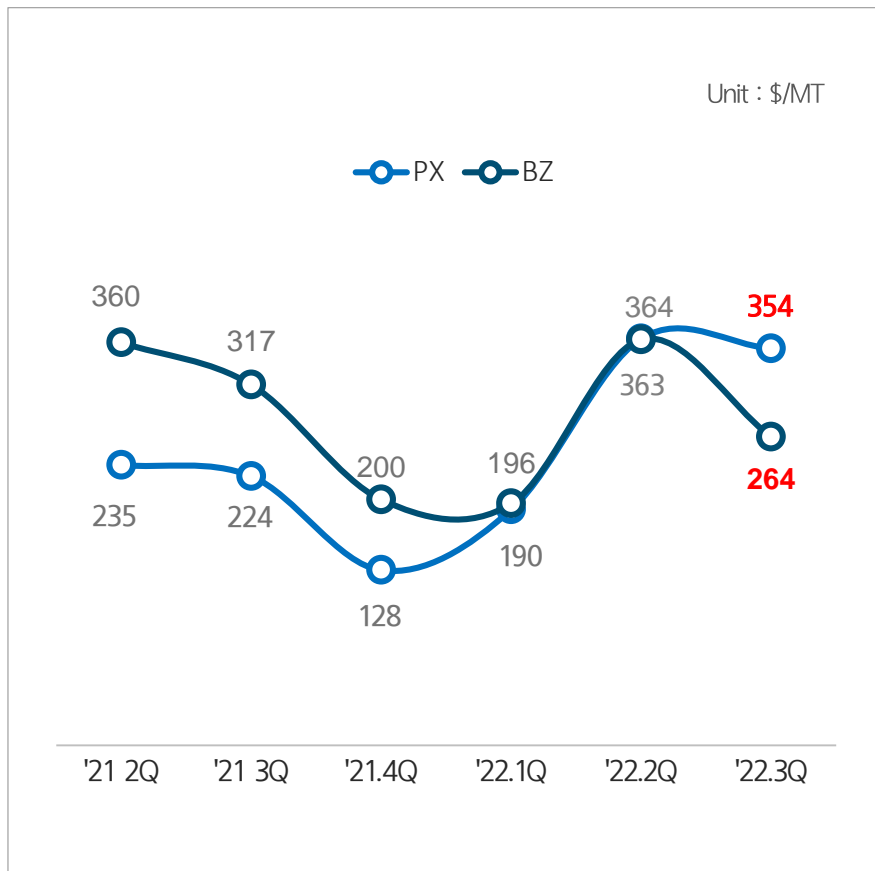
Singapore Refining Margin



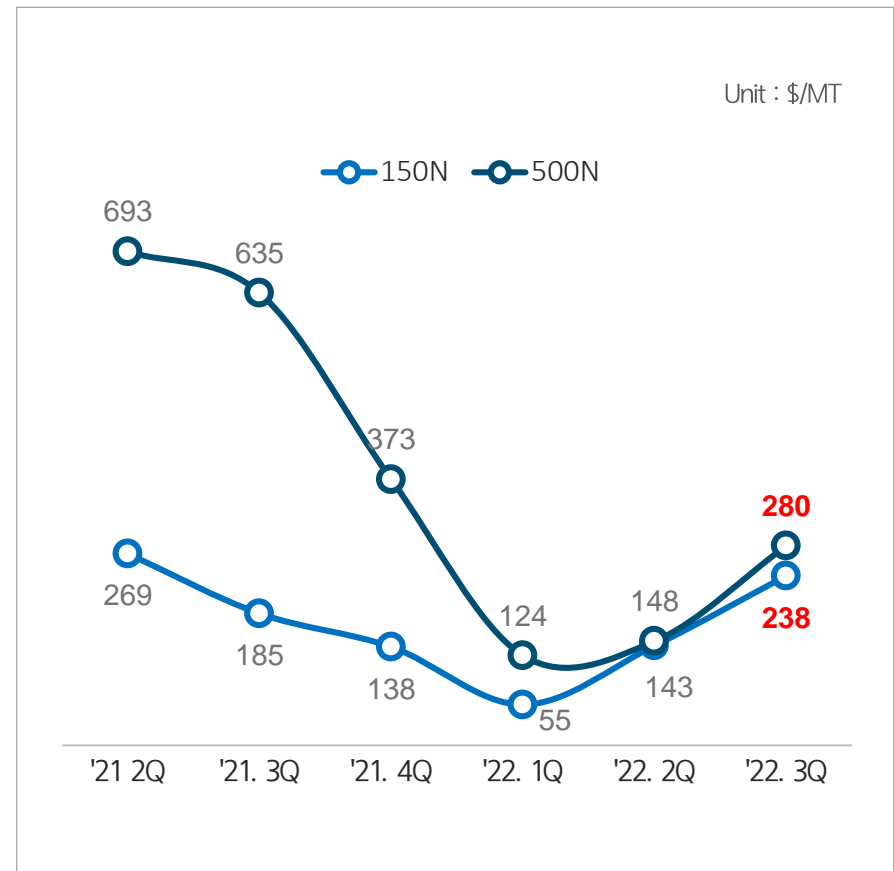
3. 3Q 2022 Market Conditions (BTX/Base oil)

PX margins remained flat due to low PX utilization rate resulting from sluggish downstream demand and delays in the operation of a new 4 mil MT PX plant in Shenhong, China. Lube base oil margin improved as decline in base oil prices was limited compared to decline in oil prices.

BTX Margin



Base Oil Margin



4. Market Outlook by Business Segment

22. 4Q Outlook

2024 Outlook

Refining

- Dubai oil price will remain stable due to supply disruption resulting from 2 mil. barrel production cut from OPEC+, EU & G7's sanction against Russia and concerns about realization of economic recession
- Gasoline crack expected to weaken due to economic downturn and end of peak season
- Kerosene/Gasoil cracks expected to stay firm due to tight supply in the market

- Dubai oil price to stay flat due to decrease in demand from economic downturn resulting from record inflation and interest rate hike in major countries and decrease in supply resulting from OPEC+ production cut and prolonged sanctions against Russia
- Production cracks to weaken compared to 2022 : 2023 Gasoline \$5 ~ 10/B, Gasoil \$30 ~ 35/B

Petro-Chemical

- PX spread to weaken due to sluggish polyester demand and imminent operation of 4 mil. MT PX plant in Shenhong, China
- BZ spread expected to weaken as demand to decrease due to weak SM and economic downturn even though supply will decline resulting from deteriorated petrochemical economics
- PE/PP spread to weaken due to oversupply resulting from reoperation after T/A in Asia and inflow of products from offshore markets

- PX spread expected to weaken due to decrease in polyester demand resulting from global economic downturn and supply increase from new PX plant operation in Shenhong, China
- BZ spread to weaken due to oversupply of SM and decrease in demand from global economic slowdown
- PE/PP spread to weaken due to China's zero COVID-19 policy, global inflation pressure and tight fiscal policy

Lube Base --- Carbon Black

- Lube base oil margin to weaken as demand decrease due to concerns about economic slowdown in major countries including China
- Carbon black price expected to fall due to drop in oil prices in previous quarter

- Lube base oil margin to weaken due to sluggish demand caused by global economic recession
- Carbon black margin to decrease due to global economic recession and increase in supply

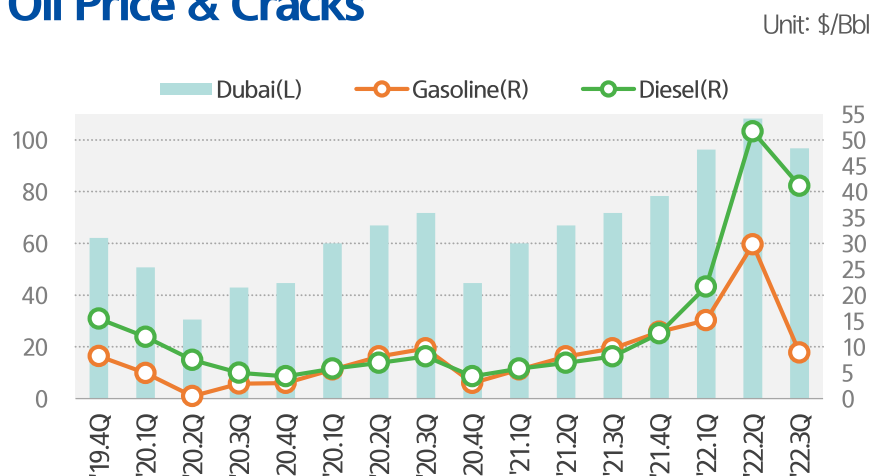
II. APPENDIX

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

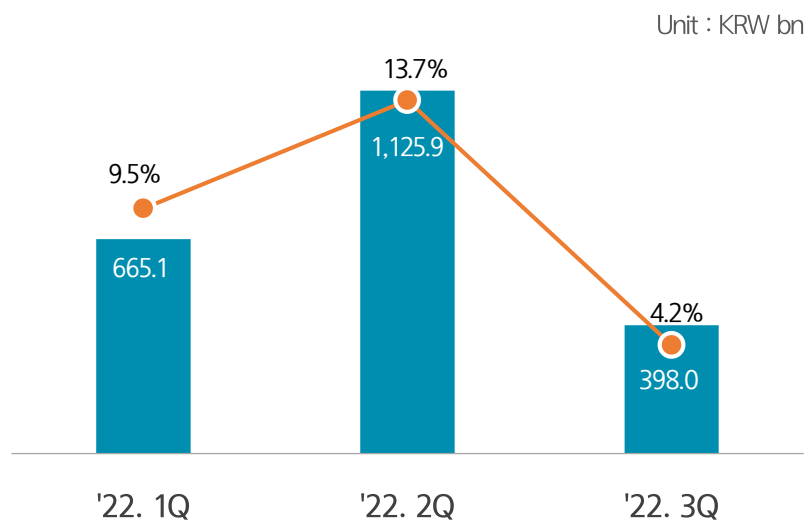


1. Hyundai Oilbank Key Indicators & Results

Oil Price & Cracks



Hyundai Oilbank Operating Income (Separate)



• 3Q Analysis

- Oil price declined with strong dollar and concern with economic recession
- Gasoline crack turned seasonally bearish as peak season ends
- Kerosene/Gasoil cracks were adjusted due to economic downturn and news of China expanding exports but stayed firm due to low inventory levels and tight supply in offshore markets

• 4Q Outlook

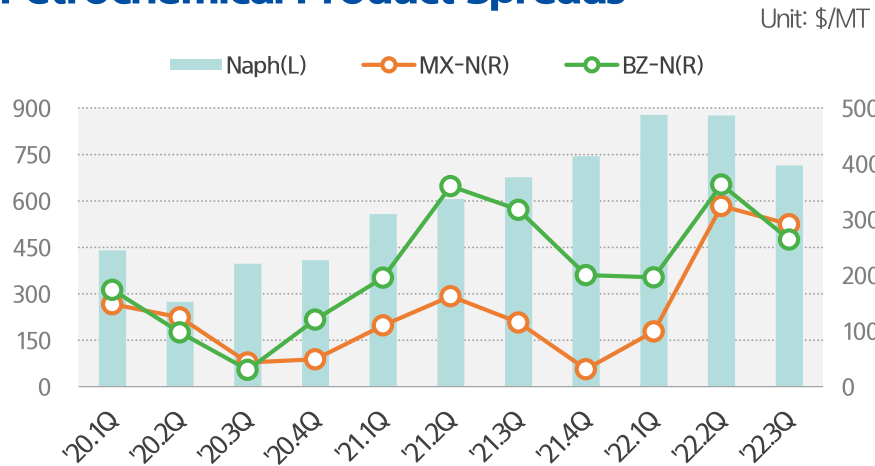
- Oil price downward pressure is high due to realization of economic recession but factors supporting oil prices remain as OPEC + cuts production and Russian sanction continues
- Gasoline crack will weaken due to decrease in demand from end of peak season and economic downturn
- Kerosene/Gasoil cracks to stay firm due to rising demand for heating in winter and recovery of jet fuel demand amid concerns over energy shortage in Europe

• QoQ Analysis

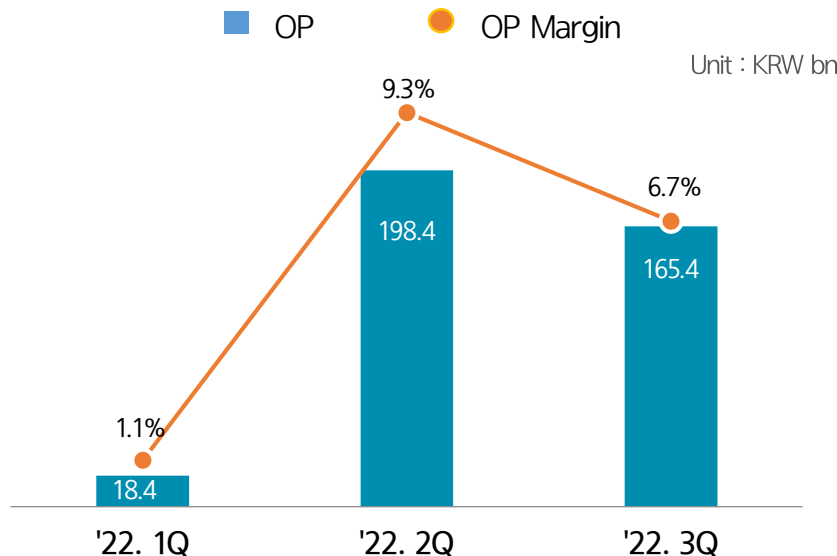
- Refining margin declined due to inventory effect and weak product cracks
(Oil Price 1Q → 2Q : 12 \$/B, 2Q → 3Q : -11.5 \$/B)

2. Hyundai Chemical Key Indicators & Results

Petrochemical Product Spreads



Hyundai Chemical Operating Income



• 3Q Analysis

- While MX spread weakened due to decreasing US gasoline blending demand, decline in spread is limited due to disruptions in restarts after T/A in Japan and decreasing exports from Japan resulting from increase in domestic gasoline demand

• 4Q Outlook

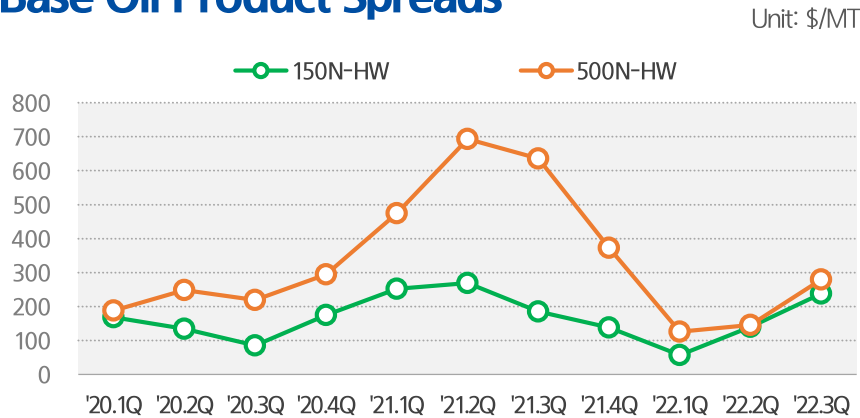
- MX spread expected to weaken as demand for gasoline blending in winter decreases and demand for downstream products decrease due to recession
- PX spread to weaken due to increased supply from PX expansion in China

• QoQ Analysis

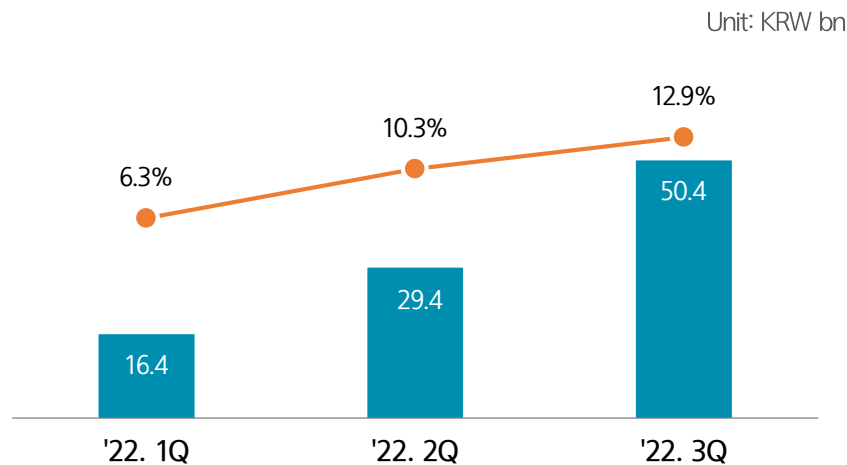
- Operating profits decreased due to inventory effect resulting from decrease in oil price (+24.5 KRW bn → -37.0 KRW bn) and weakened kerosene/gasoil cracks (\$51.5/B → \$41.1/B)

3. Hyundai Shell Base Oil Key Indicators & Results

Base Oil Product Spreads



Hyundai Shell Base Oil Operating Income



- 3Q Analysis

- Base oil spread improved as decline in base oil price was limited compared to decline in oil price due to firm demand from America and Europe

- 4Q Outlook

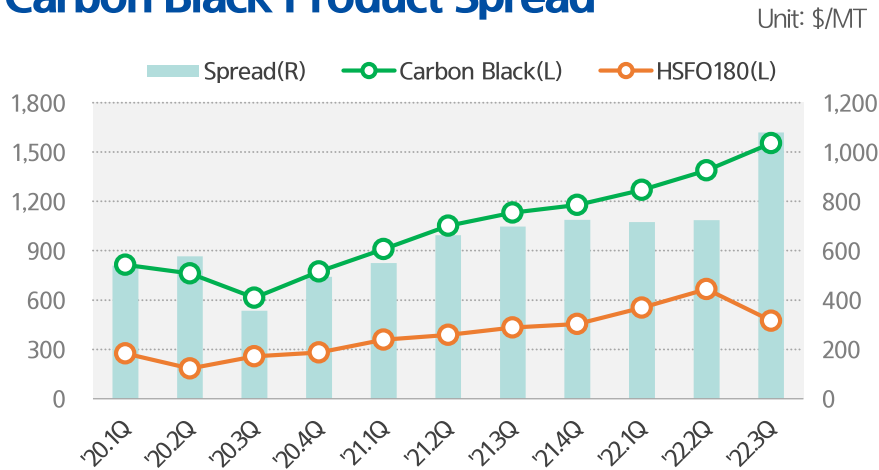
- Base oil spread to weaken as demand from major countries including China decreases due to concerns about economic recession

- QoQ Analysis

- Operating profits increased KRW 21.0 bn QoQ due to improved base oil spread

4. Hyundai OCI Key Indicators & Results

Carbon Black Product Spread



• 3Q Analysis

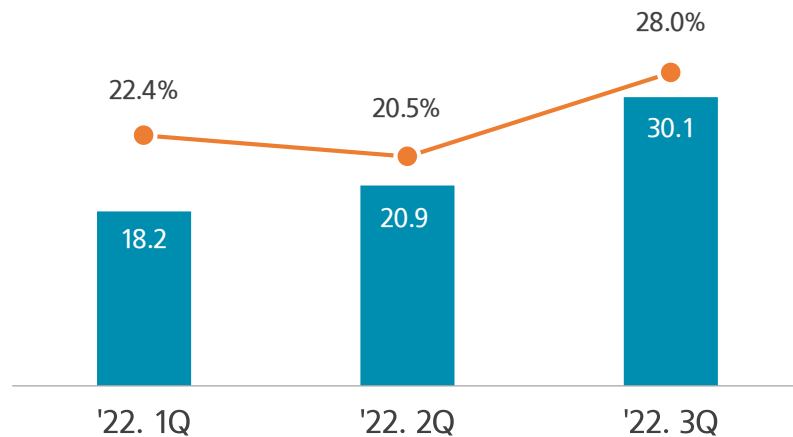
- Carbon black spread improved resulting from increase in product price due to rise in oil price in previous quarter and recent drop in HSFO 180 price due to recent decrease in oil price

• 4Q Analysis

- Carbon black prices to fall due to economic recession and decline in HSFO 180 price in previous quarter

Hyundai OCI Operating Income

Unit : KRW bn



• QoQ Analysis

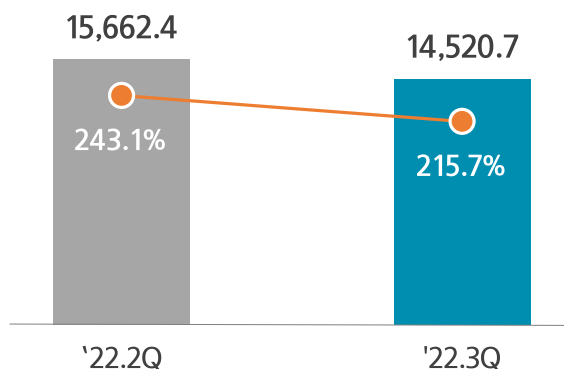
- Operating profit increased KRW 9.2 bn QoQ due to favorable market conditions such as rise in carbon black price and reduction in raw material cost

5. Financial Ratios

Consolidated Financial Ratios

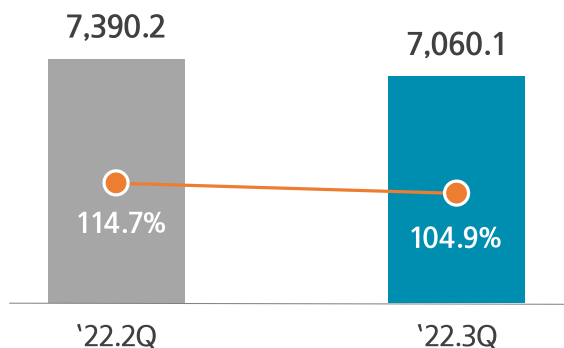
- Debt to Equity Ratio 215.7%

Unit : KRW bn



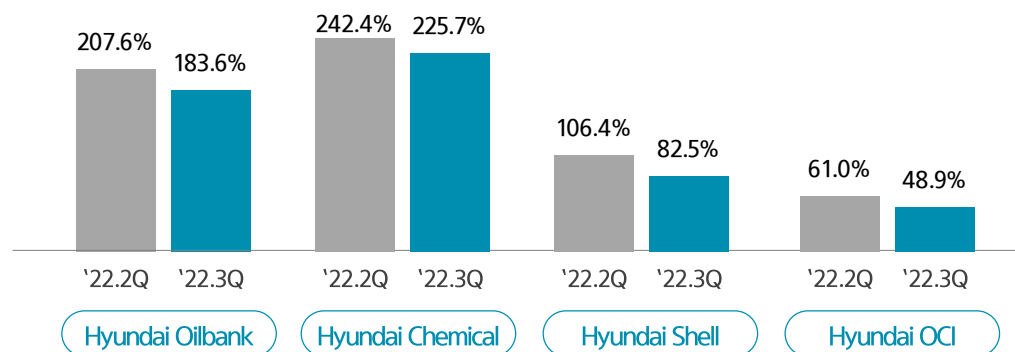
- Net Debt to Equity Ratio 104.9%

Unit : KRW bn

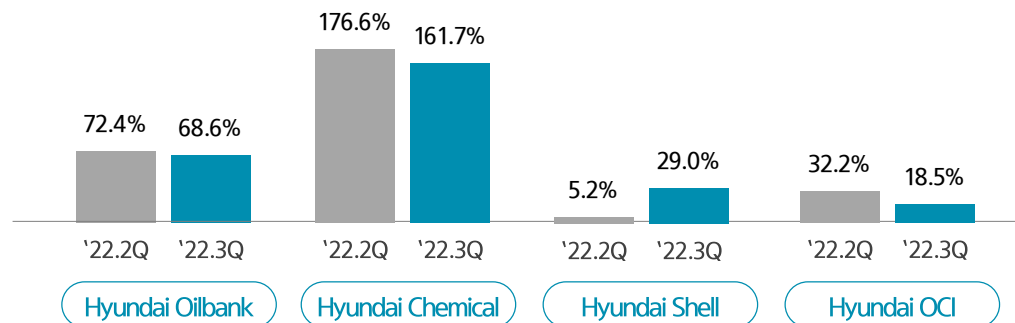


Separate Financial Ratios

- Debt to Equity Ratio



- Net Debt to Equity Ratio



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



Consolidated Income Statement

(Unit : KRW bn)

	'22.3Q	QoQ	YoY	'22.2Q	'21.3Q
Sales	10,283.1	16.8%	98.5%	8,800.8	5,181.5
Cost of goods sold	9,410.2	29.4%	92.9%	7,273.8	4,877.2
Gross profit	872.9	(42.8%)	186.8%	1,527.0	304.3
Operating profit	702.2	(48.8%)	305.6%	1,370.3	173.1
OP margin	6.80%	(8.7%p)	3.5%p	15.6%	3.3%
Non operating Income & expenses	(417.6)	59.9%	219.9%	(261.3)	(130.5)
Equity method gains	(30.6)			(4.1)	(5.7)
Profit before tax	254.0	(77.0%)	588.7%	1,104.9	36.9
Income tax	75.9			286.9	48.0
Net income	178.1			818.0	(11.1)

Consolidated Balance Sheet

(Unit : KRW bn)

	'22.3Q	'22.2Q	'21.3Q
Current assets	8,008.6	9,028.4	5,593.1
(Cash & cash equivalents)	459.3	233.6	348.7
Non-current assets	13,245.0	13,076.3	12,432.5
Total assets	21,253.6	22,104.7	18,025.6
Current liabilities	6,823.2	7,719.3	5,190.1
(Short-term borrowings)	1,348.6	1,168.6	1,194.7
Non-current liabilities	7,697.5	7,943.1	7,259.5
(Long-term borrowings)	6,170.8	6,455.3	6,024.8
Total liabilities	14,520.7	15,662.4	12,449.6
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	714.6	607.6	670.0
Retained earnings	3,712.4	3,594.1	2,662.2
Non-controlling interests	1,080.5	1,015.2	1,018.4
Total equity	6,732.9	6,442.3	5,576.0
Total liabilities & equity	21,253.6	22,104.7	18,025.6

Note: Consolidated in accordance with K-IFRS

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

Income Statement (Separate)

Unit : KRW bn

	'22.3Q			'22.2Q	'21.3Q
		QoQ	YoY		
Sales	9,438.2	14.5%	82.9%	8,241.1	5,159.5
Cost of good sold	8,874.0	27.3%	78.6%	6,971.0	4,968.0
Gross profit	564.2	(55.6%)	194.6%	1,270.1	191.5
Operating profit	398.0	(64.6%)	533.6%	1,125.9	62.8
OP margin	4.2%	(9.4%p)	3.0%p	13.7%	1.2%
Non-operating income & expenses	(342.3)			(222.3)	16.3
Profit before tax	55.7	(93.8%)	(29.6%)	903.6	79.1
Income tax	12.1			237.3	19.2
Net income	43.6	(93.5%)	(27.1%)	666.3	59.9

Balance Sheet (Separate)

Unit : KRW bn

	'22.3Q	'22.2Q	'21.3Q
Current assets	6,412.8	7,415.7	4,525.7
(Cash & cash equivalents)	113.2	47.9	61.6
Non-current assets	8,982.4	8,904.9	8,818.6
Total assets	15,395.2	16,320.6	13,344.3
Current liabilities	5,692.9	6,516.5	4,593.6
(Short-term borrowings)	1,031.3	806.5	1,027.8
Non-current liabilities	4,274.5	4,498.4	4,357.5
(Long-term borrowings)	2,807.4	3,085.3	3,141.7
Total liabilities	9,967.4	11,014.9	8,951.1
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	856.2	773.9	845.2
Retained earnings	3,346.2	3,306.4	2,322.6
Total equity	5,427.8	5,305.7	4,393.2
Total liabilities & equity	15,395.2	16,320.6	13,344.3

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

Income Statement (Separate)

Unit : KRW bn

	'22.3Q			'22.2Q	'21.3Q
		QoQ	YoY		
Sales	2,455.7	15.1%	150.4%	2,133.9	980.5
Cost of good sold	2,283.0	18.3%	141.5%	1,929.9	945.5
Gross profit	172.7	(15.3%)	393.1%	204.0	35.0
Operating profit	165.4	(16.6%)	433.9%	198.4	31.0
OP margin	6.7%	(2.6%p)	3.6%p	9.3%	3.2%
Non-operating income & expenses	(67.5)			(39.0)	(8.7)
Profit before tax	97.9	(38.5%)	338.9%	159.4	22.3
Income tax	25.7			37.6	5.6
Net income	72.2	(40.7%)	331.5%	121.8	16.7

Balance Sheet (Separate)

Unit : KRW bn

	'22.3Q	'22.2Q	'21.3Q
Current assets	1,793.4	2,016.0	998.9
(Cash & cash equivalents)	163.8	42.6	121.6
Non-current assets	4,958.8	4,755.1	4,177.7
Total assets	6,752.2	6,771.1	5,176.6
Current liabilities	1,333.2	1,466.1	564.1
(Short-term borrowings)	280.0	300.0	123.9
Non-current liabilities	3,346.0	3,327.4	2,740.2
(Long-term borrowings)	3,236.4	3,235.0	2,711.6
Total liabilities	4,679.2	4,793.5	3,304.3
Paid-in capital	1,520.0	1,520.0	1,520.0
Others	9.8	-13.4	-8.0
Retained earnings	543.2	471.0	360.3
Total equity	2,073.0	1,977.6	1,872.3
Total liabilities & equity	6,752.2	6,771.1	5,176.6

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

Income Statement (Separate)

Unit : KRW bn

	'22.3Q			'22.2Q	'21.3Q
		QoQ	YoY		
Sales	388.7	35.7%	68.2%	286.4	231.1
Cost of good sold	336.0	31.8%	98.2%	254.8	169.5
Gross profit	52.7	66.9%	(14.4%)	31.6	61.6
Operating profit	50.4	71.5%	(15.8%)	29.4	59.9
OP margin	12.9%	2.7%p	(13.0%p)	10.3%	25.9%
Non-operating income & expenses	(3.0)			(1.5)	(0.4)
Profit before tax	47.4	69.8%	(20.3%)	27.9	59.5
Income tax	11.4			6.6	14.3
Net income	36.0	68.7%	(20.5%)	21.3	45.2

Balance Sheet (Separate)

Unit : KRW bn

	'22.3Q	'22.2Q	'21.3Q
Current assets	275.9	272.9	401.0
(Cash & cash equivalents)	4.2	76.1	119.5
Non-current assets	261.4	260.2	256.3
Total assets	537.3	533.1	657.3
Current liabilities	157.2	187.0	159.8
(Short-term borrowings)	9.9	9.9	9.9
Non-current liabilities	85.7	87.7	98.3
(Long-term borrowings)	79.6	79.6	89.5
Total liabilities	242.9	274.7	258.1
Paid-in capital	13.0	13.0	13.0
Others	119.3	119.4	119.4
Retained earnings	162.1	126.0	266.8
Total equity	294.4	258.4	399.2
Total liabilities & equity	537.3	533.1	657.3

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

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