

2Q 2019 Earnings Release

HYUNDAI OILBANK



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2Q 2019 Earnings

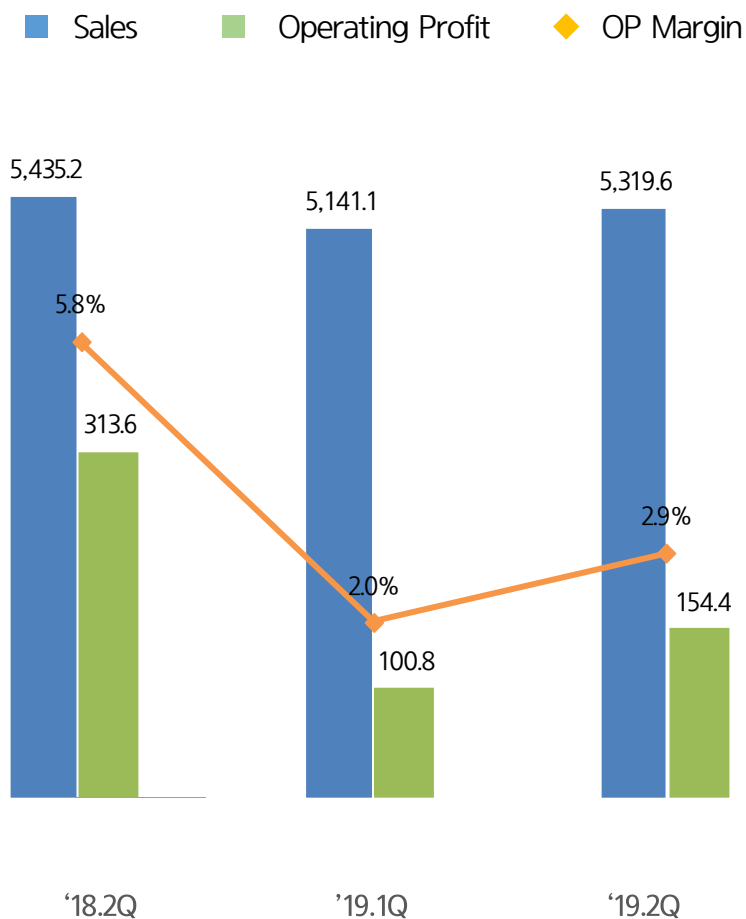
1. Consolidated Earnings
2. Earnings Breakdown
3. Key Index and Operating Profit - Hyundai Oilbank
4. Key Index and Operating Profit - Hyundai Chemical
5. Key Index and Operating Profit - Hyundai OCI
6. Operating Profit of Equity Method Affiliates (Hyundai Cosmo, Hyundai Shell Base Oil)
7. Financial Ratio



1. Consolidated Earnings

2Q 2019 Consolidated Earnings

Unit: KRW bil.



- **Sales: KRW 5.3 trillion**

- QoQ 3.5% increase (+ KRW 178.5 bil.)
- YoY 2.1% decrease (- KRW 115.6 bil.)

- **QoQ Analysis**

- Sales increased QoQ due to the increase of average crude price (63.5 → 67.4 \$/B)

- **YoY Analysis**

- Sales decreased YoY due to the decrease of average crude price (72.1 → 67.4 \$/B)

- **Operating Profit : KRW 154.4 bil.**

- QoQ increase: +KRW 53.6 bil.
- YoY decrease: -KRW 159.2 bil.

- **QoQ Analysis**

- Operating profit increased due to the increase of refining margin and exchange rate (KRW depreciation).

- **YoY Analysis**

- Refining margin decreased as cracks decreased.

2. Earnings Breakdown

'2Q 2019 Earnings

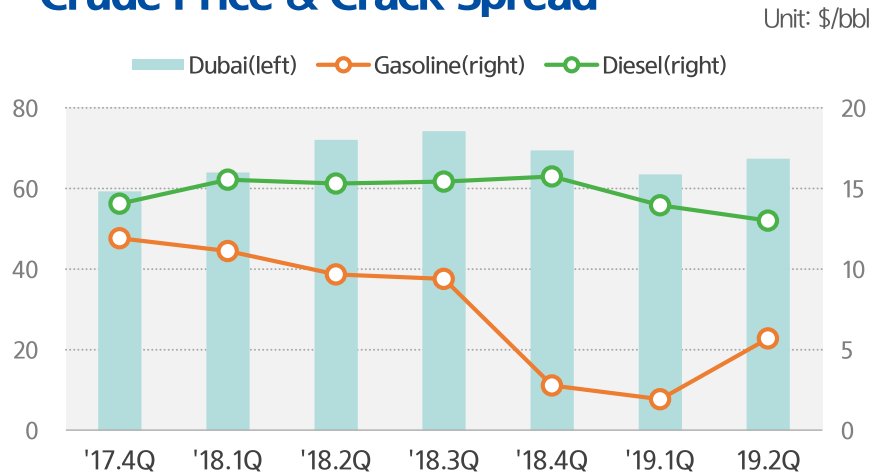
Unit: KRW bil.

	'19.2Q			'19.1Q			'18.2Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Hyundai Oilbank	4905.1	107.5	2.2%	4547.0	75.0	1.6%	4693.4	281.4	6.0%
Hyundai Chemical	702.9	24.7	3.5%	924.0	6.3	0.7%	1063.6	21.7	2.0%
Hyundai OCI	43.7	7.0	16.0%	48.2	9.1	18.8%	35.0	3.2	9.1%
Others/Adjustments	-332.0	15.2		-378.1	10.4		-356.8	7.3	
Consolidated Earnings	5319.6	154.4	2.9%	5141.1	100.8	2.0%	5435.2	313.6	5.8%
Hyundai Cosmo (Equity Method)	677.6	27.6	4.1%	785.3	99.7	12.7%	716.3	22.0	3.1%
Hyundai Shell Base Oil (Equity Method)	221.2	4.5	2.0%	209.3	0.6	0.3%	201.1	26.1	13.0%

Note) Equity method affiliates Hyundai Cosmo & Hyundai Shell Base Oil are excluded in the consolidated earnings

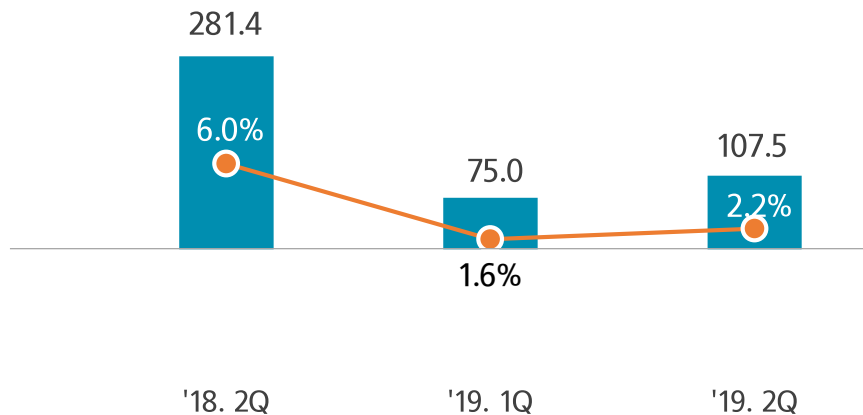
3. Key Index and Operating Profit - Hyundai Oilbank

Crude Price & Crack Spread



Operating Profit (Separate)

Unit : KRW bil.



2Q Market Analysis

- While crude price rose until May with positive prospects over the US-China trade deal, it turned downward with growing concern over an economic recession and reduced oil demand after the deal broke down.
- Gasoline crack rose QoQ with limited supply due to operational troubles across regions and growing demand in the US driving season.
- Kerosene/gas-oil crack was supported by limited supply: European refineries ran under normal operating rates due to contamination of pipelines in Russia, and several Asian refineries had operational issues.

3Q 2019 Forecast

- With high volatility due to global recession and political unrest in middle east, oil price is likely to slightly drop with growing shale oil production in and export from the US.
- Gasoline crack will rise with operational issues of Nghi Son and PES, prolonged TA of Petron and high demand in peak season.
- Kerosene/gas-oil crack is likely to rise with reduced supply due to large-scale turnarounds scheduled worldwide in September and October.

QoQ Operating Profit Analysis

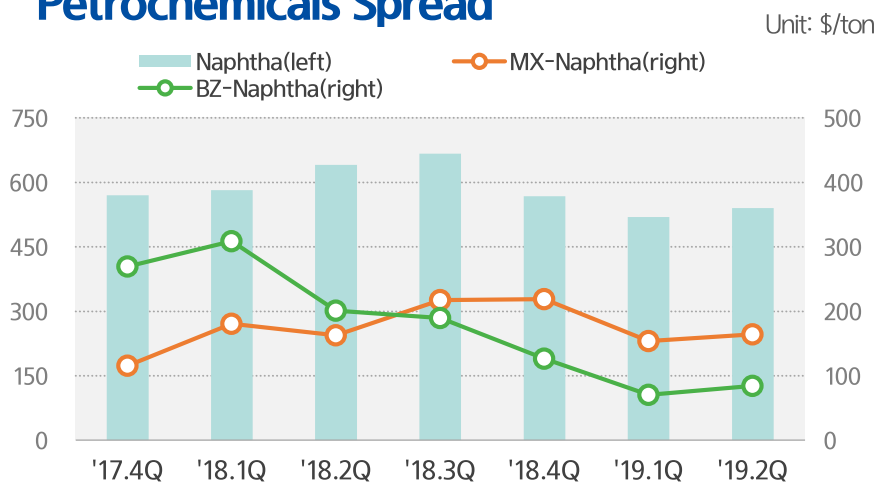
- Operating profit increased as refining margin and exchange rate rose. (KRW depreciation)

YoY Operating Profit Analysis

- Refining margin decreased as the cracks narrowed.

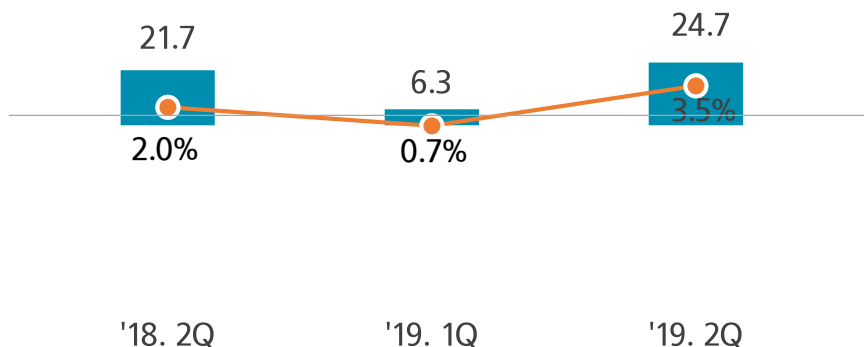
4. Key Index and Operating Profit - Hyundai Chemical

Petrochemicals Spread



Operating Profit (Separate)

Unit : KRW bil.



2Q Market Analysis

- MX spread stayed low until May as Formosa (Taiwan) postponed to restart its operation. The spread rose in June with PX projects scheduled in 3Q across China.
- BZ spread rose with decreasing supply and increasing export to the US. The supply was limited as BTX plants reduced operating rates in response to a low PX margin and as Formosa postponed to restart the operation.

3Q 2019 Forecast

- MX spread is likely to rise as PX manufacturers will recover its normal production level: S-oil will end its TA and Formosa #3 BTX will resume operation in 3Q.
- BZ spread is expected to remain steady as growing export demand to the US will be met by increasing PX production.

QoQ Operating Profit Analysis

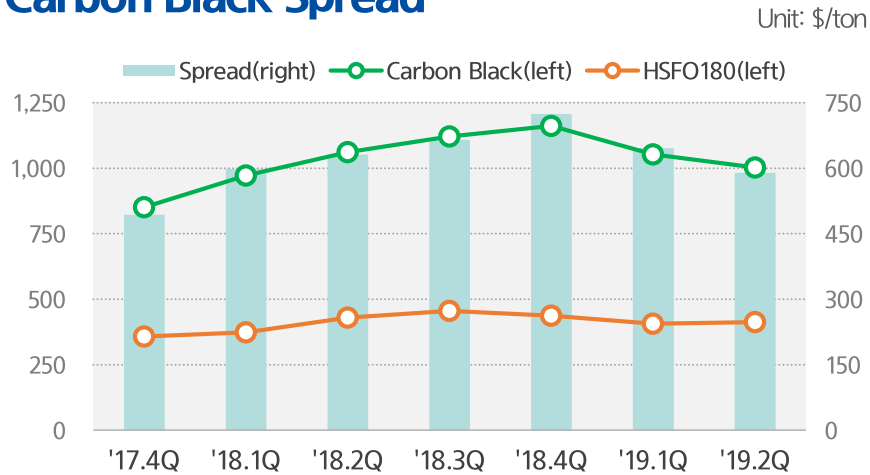
- Condensate purchase price fell and spreads rose.

YoY Operating Profit Analysis

- Condensate purchase price fell.

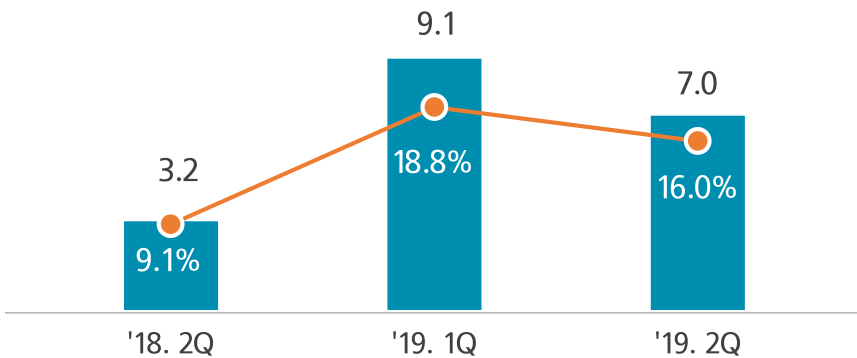
5. Key Index and Operating Profit – Hyundai OCI

Carbon Black Spread



Operating Profit(Separate)

Unit : KRW bil.



• 2Q Market Analysis

- Carbon black product price, following oil price with 3 to 6 months lag, dropped QoQ reflecting crude price drop in 4Q18. Carbon black spread narrowed as raw material price slightly rose QoQ.

• 3Q 2019 Forecast

- The spread is likely to slightly fall as the oil price drop in 2Q19 will be reflected to the product price.

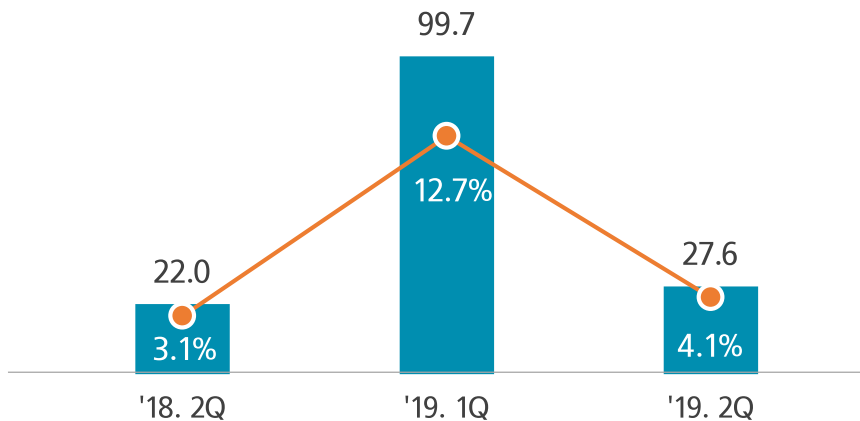
• Operating Profit Analysis

- Sales volume and the spread decreased.

6. Equity Method Affiliates (Hyundai Cosmo, Hyundai Shell Base Oil)

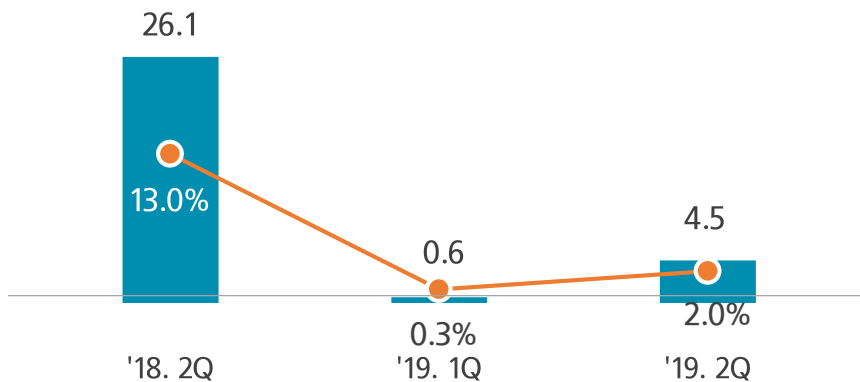
Operating Profit (Hyundai Cosmo)

Unit: KRW bil.



Operating Profit (Hyundai Shell Base Oil)

Unit: KRW bil.



• QoQ Operating Profit Analysis

- PX spread sharply fell due to the oversupply from newly built large-scale PX plants and weak demand owing to uncertainty over US-China trade dispute.

• YoY Operating Profit Analysis

- PX margin increased YoY.

(Unit: \$/ton)	2Q18	1Q19	2Q19
PX - N	324	541	348
BZ - N	201	70	85

• QoQ Operating Profit Analysis

- Spread slightly rose QoQ due to TA of several base oil manufacturers .

• YoY Operating Profit Analysis

- Spread slightly declined YoY.

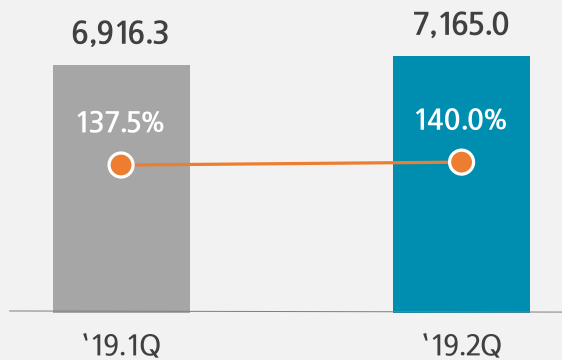
(Unit: \$/ton)	2Q18	1Q19	2Q19
150N-HSFO180	320	193	204

7. Financial Ratio

‘Consolidated Financial Ratio

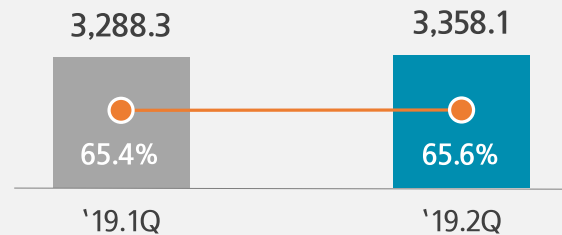
• Debt-to-Equity Ratio 140.0%

Unit: KRW bil.



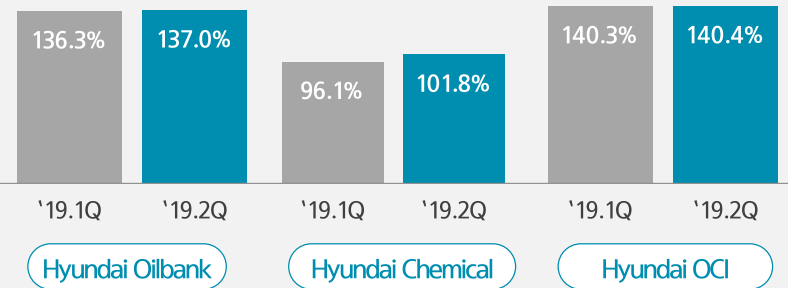
• Net debt-to-Equity Ratio 65.6%

Unit: KRW bil.

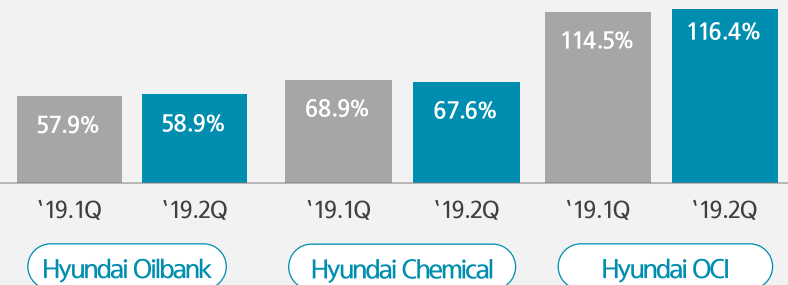


Financial Ratio of Major Subsidiaries (Separate)

• 2Q 2019 Debt-to-Equity Ratio



• 2Q 2019 Net debt-to-Equity Ratio



APPENDIX

1. Condensed Financial Statements of Hyundai Oilbank (Consolidated)
2. Condensed Financial Statements of Hyundai Oilbank (Separate)
3. Condensed Financial Statements of Hyundai Chemical (Separate)



1. Condensed Financial Statement of Hyundai Oilbank(Consolidated)

Consolidated Income Statement

Unit: KRW bil.

	'19.2Q	QoQ	YoY	'19.1Q	'18.2Q
Sales	5,319.6	3.5%	-2.1%	5,141.1	5,435.2
Cost of goods sold	5,067.8	2.7%	0.7%	4,936.1	5,031.1
Gross profit	251.8	22.9%	-37.7%	204.9	404.1
Operating profit	154.4	53.2%	-50.8%	100.8	313.6
OP margin	2.9%	0.9%p	-2.9%p	2.0%	5.8%
Non operating Income & expenses	-46.3	-	-	-67.7	-85.8
Equity method gains	9.1	-	-	37.9	19.5
Profit before tax	117.3	65.2%	-52.6%	71.0	247.3
Income tax	25.7	-	-	12.6	62.0
Net income	91.5	56.7%	-50.6%	58.4	185.3

Note: Consolidated in accordance with K-IFRS

Consolidated Balance Sheet

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.2Q
Current assets	4,103.6	4,358.3	4,447.9
(Cash & cash equivalents)	148.2	162.6	141.2
Non-current assets	6,837.7	7,386.5	7,835.9
Total assets	10,941.3	11,744.8	12,283.9
Current liabilities	3,797.7	4,578.0	4,861.3
(Short-term borrowings)	1,015.4	1,573.7	1,694.3
Non-current liabilities	2,081.7	2,042.7	2,303.7
(Long-term borrowings)	1,860.0	1,856.1	1,823.4
Total liabilities	5,879.4	6,620.7	7,165.0
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	440.8	454.6	451.7
Retained earnings	3,064.2	3,109.9	3,000.3
Non-controlling interests	331.5	334.2	441.5
Total equity	5,061.9	5,124.1	5,118.8
Total liabilities & equity	10,941.3	11,744.8	12,283.9

2. Condensed Financial Statement of Hyundai Oilbank (Separate)

Income Statement (Separate)

Unit: KRW bil.

	'19.2Q			'19.1Q	'18.2Q
		QoQ	YoY		
Sales	4,905.1	7.9%	4.5%	4,547.0	4,693.4
Cost of good sold	4,703.4	7.5%	8.8%	4,373.4	4,324.0
Gross profit	201.7	16.2%	-45.4%	173.6	369.4
Operating profit	107.5	43.3%	-61.8%	75.0	281.4
OP margin	2.2%	0.6%p	-3.8%p	1.6%	6.0%
Non-operating income & expenses	-37.0	-	-	25.1	-59.0
Profit before tax	70.5	-29.6%	-68.3%	100.1	222.4
Income tax	18.7	-	-	16.6	58.5
Net income	51.8	-38.0%	-68.4%	83.5	163.9

Balance Sheet (Separate)

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.2Q
Current assets	3,226.2	3,240.5	3,617.4
(Cash & cash equivalents)	57.9	26.1	41.3
Non-current assets	5,906.1	6,360.3	6,865.0
Total assets	9,132.3	9,600.8	10,482.4
Current liabilities	3,319.9	3,888.2	4,566.8
(Short-term borrowings)	835.2	1,427.6	1,622.2
Non-current liabilities	1,239.0	1,174.9	1,492.1
(Long-term borrowings)	1,038.4	1,017.5	1,027.1
Total liabilities	4,558.9	5,063.1	6,059.0
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	426.6	429.3	430.1
Retained earnings	2,921.4	2,883.0	2,768.0
Total equity	4,573.4	4,537.7	4,423.4
Total liabilities & equity	9,132.3	9,600.8	10,482.4

3. Condensed Financial Statement of Hyundai Chemical(Separate)

Income Statement (Separate)

Unit: KRW bil.

	'19.2Q	QoQ	YoY	'19.1Q	'18.2Q
	Sales	702.9	-23.9%	-33.9%	924.0
Cost of good sold	673.7	-26.1%	-35.0%	912.0	1,037.1
Gross profit	29.2	143.3%	10.2%	12.0	26.5
Operating profit	24.7	292.1%	13.8%	6.3	21.7
OP margin	3.5%	2.8%p	1.5%p	0.7%	2.0%
Non-operating income & expenses	-7.7	-	-	-8.8	-21.4
Profit before tax	17.0	Turned to profit	5566.7%	-2.5	0.3
Income tax	4.0	-	-	-0.6	-0.1
Net income	12.9	Turned to profit	3125.0%	-1.9	0.4

Balance Sheet (Separate)

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.2Q
Current assets	1,017.4	865.5	795.6
(Cash & cash equivalents)	44.7	89.9	63.2
Non-current assets	1,015.3	1,017.2	1,127.4
Total assets	2,032.7	1,882.7	1,923.1
Current liabilities	626.8	479.4	313.1
(Short-term borrowings)	174.8	121.9	59.1
Non-current liabilities	705.5	706.5	657.2
(Long-term borrowings)	704.2	705.6	648.0
Total liabilities	1,332.3	1,185.9	970.3
Paid-in capital	480.0	480.0	730.0
Others	-4.2	-1.3	-6.4
Retained earnings	224.6	218.1	229.2
Total equity	700.4	696.8	952.8
Total liabilities & equity	2,032.7	1,882.7	1,923.1

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