

3Q 2019 Earnings Release

**HYUNDAI
OILBANK**



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3Q 2019 Earnings

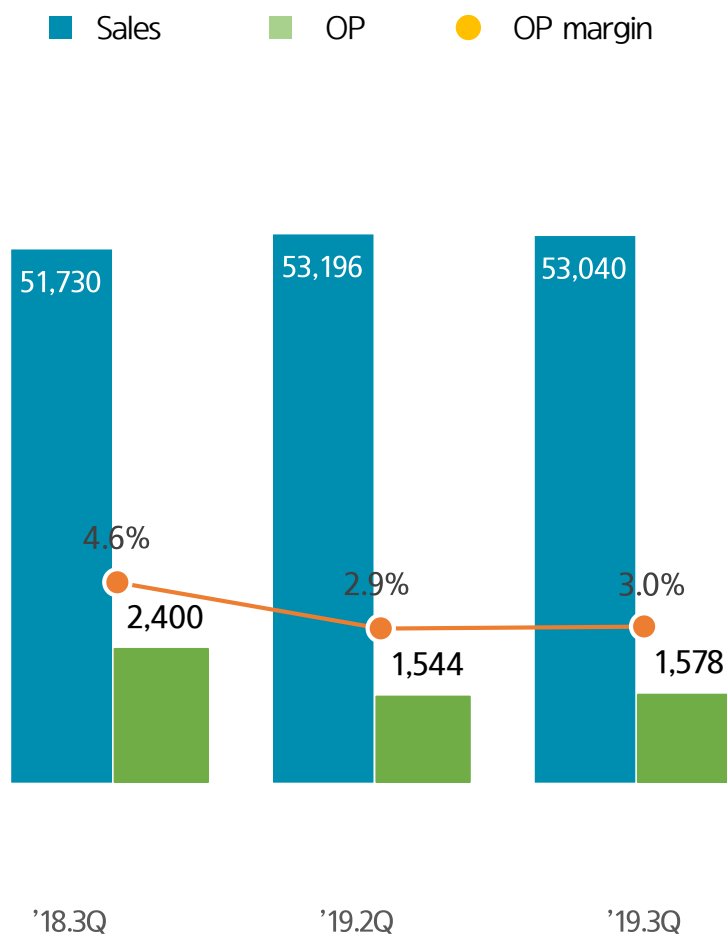
1. Consolidated Earnings
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5. Key Index and Operating Profit - Hyundai OCI
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1. Consolidated Earnings

3Q 2019 Consolidated Earnings

Unit: KRW bil.



- **Sales: KRW 5.3 trillion**

- QoQ 0.3% decrease (- KRW 17.5 bil.)
- YoY 2.5% increase (+ KRW 131.0 bil.)

- **QoQ Analysis**

- Sales decreased QoQ as the average crude price declined (67.4 → 61.2 \$/B)

- **YoY Analysis**

- Sales increased YoY as the production decreased in 3Q18 due to T/A

- **Operating Profit : KRW 157.8 bil.**

- QoQ increase: +KRW 3.4 bil.
- YoY decrease: -KRW 82.2 bil.

- **QoQ Analysis**

- Operating profit increased as cracks and spreads rose.

- **YoY Analysis**

- Operating profit decreased as oil price fell. (lagging effect)

2. Earnings Breakdown

'3Q 2019 Earnings

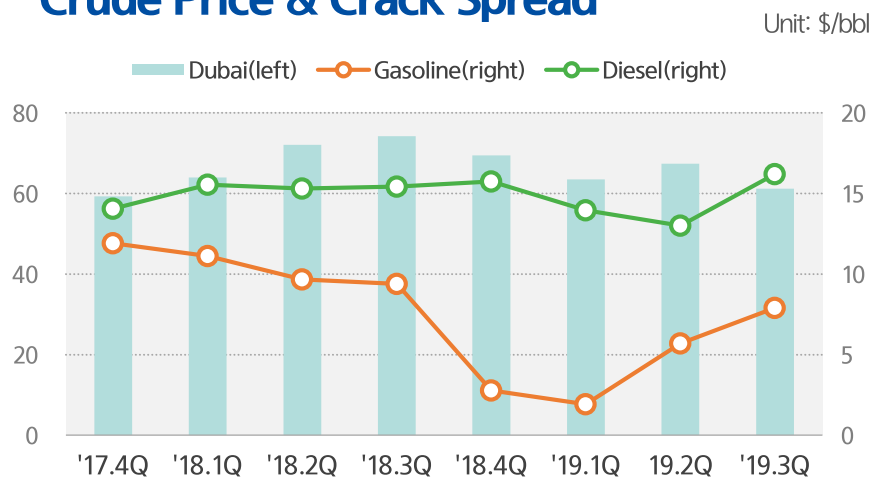
Unit: KRW bil.

	'19.3Q			'19.2Q			'18.3Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Hyundai Oilbank	4,665.7	88.2	1.9%	4,905.1	107.5	2.2%	4,499.7	201.5	4.5%
Hyundai Chemical	1,036.2	48.2	4.7%	702.9	24.7	3.5%	1,051.6	25.1	2.4%
Hyundai OCI	44.4	9.3	21.0%	43.7	7.0	16.0%	40.3	5.3	13.2%
Others/Adjustments	-442.3	12.1		-332.0	15.2		-418.6	8.1	
Consolidated Earnings	5,304.0	157.8	3.0%	5,319.6	154.4	2.9%	5,173.0	240.0	4.6%
Hyundai Cosmo (Equity Method)	702.4	3.3	0.5%	677.6	27.6	4.1%	820.4	53.5	6.5%
Hyundai Shell Base Oil (Equity Method)	195.7	-4.8	-2.4%	221.2	4.5	2.0%	153.1	6.8	4.4%

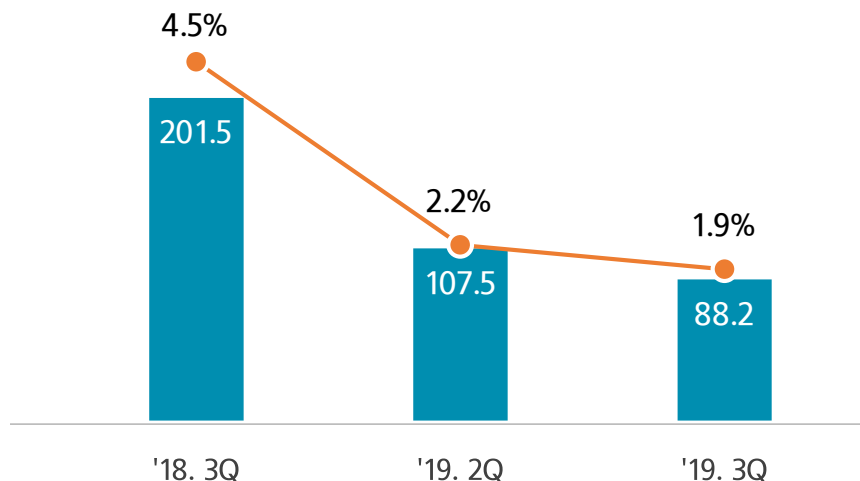
Note) Equity method affiliates Hyundai Cosmo & Hyundai Shell Base Oil are excluded in the consolidated earnings

3. Key Index and Operating Profit - Hyundai Oilbank

Crude Price & Crack Spread



Operating Profit (Separate)



• 3Q Market Analysis

- Despite a temporary upturn following the refinery attack in Saudi Arabia in mid-September, oil price fell QoQ with the continuous increase in oil supply such as from the US shale oil.
- Gasoline crack rose QoQ with the decrease in supply due to the permanent shutdown of PES in the US, operational troubles in refineries in the US and Japan caused by typhoons and the refinery attack in Saudi Arabia.
- Gas-oil crack rose with tight supply: refineries lowered operation rates in response to a low refining margin and operational disruptions persisted in refineries in Vietnam and China.

• 4Q 2019 Forecast

- Oil price is likely to show volatility with a cut in production by OPEC and non-OPEC, US-China trade deal and the uncertainty on Brexit.
- Gasoline crack, despite the end of gasoline peak season in the US, will rise with the decrease in supply from T/A and solid demands in major countries including Indonesia and Vietnam.
- Kerosene/gas-oil crack is likely to rise with reduced supply due to large-scale turnarounds scheduled worldwide in October.

• QoQ Operating Profit Analysis

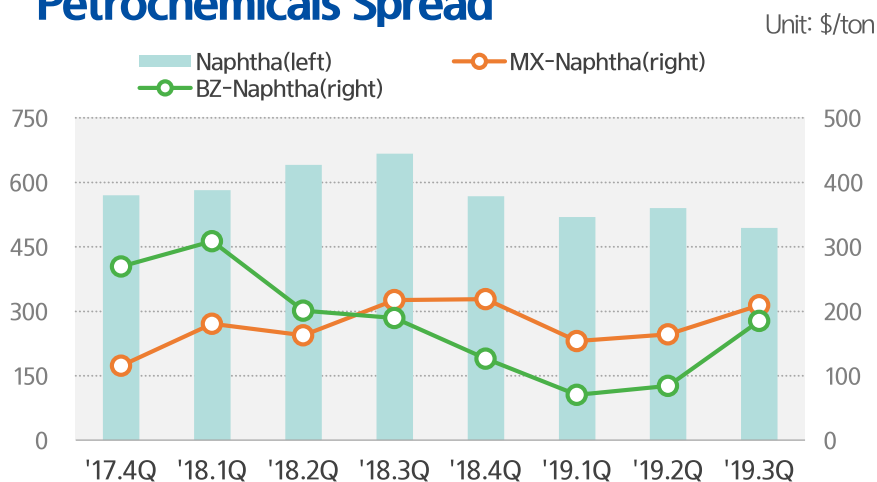
- Oil price dropped and sales were carried over due to typhoons.

• YoY Operating Profit Analysis

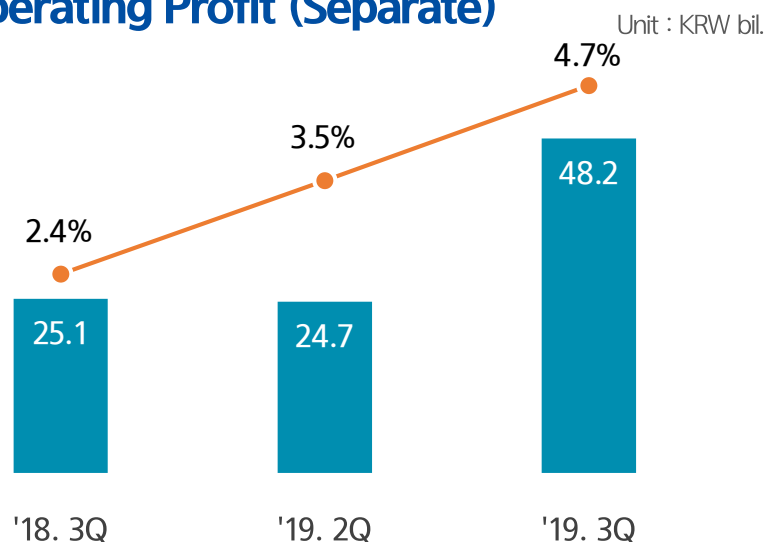
- Naptha crack fell and Saudi official selling price rose.

4. Key Index and Operating Profit – Hyundai Chemical

Petrochemicals Spread



Operating Profit (Separate)



3Q Market Analysis

- MX spread rose by \$44/ton QoQ due to the reoperation of Fuhaichuang (former Dragon Aromatics) and the rising spot purchase demand due to reformer trouble in Hengli.
- BZ spread rose with high selling price in the US and the decrease in the China's benzene inventories where China's benzene import is expected to increase.

4Q 2019 Forecast

- MX spread is likely to fall QoQ. The MX demand will decrease as PX manufacturers will lower operation rates in response to deteriorating economics of operation.
- BZ spread is expected to fall due to the US selling price drop and the decrease in the import demand following routine maintenances of SM (styrene monomer) vendors.

QoQ Operating Profit Analysis

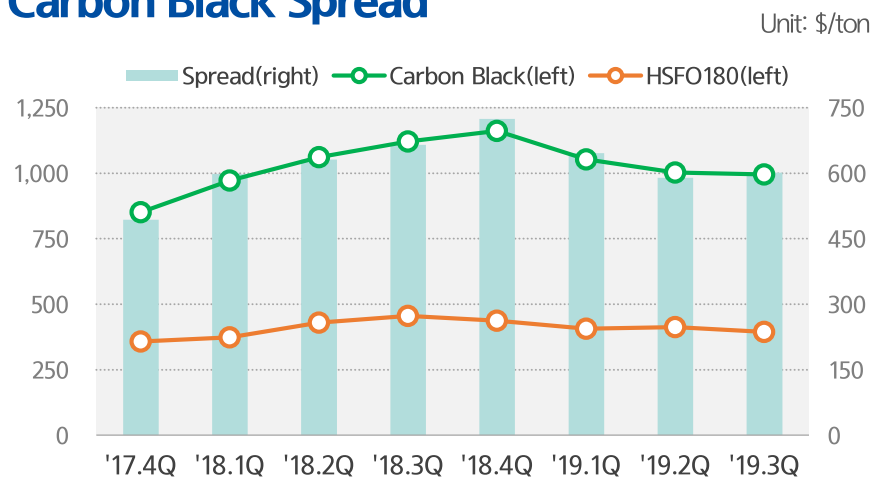
- Product spreads rose.

YoY Operating Profit Analysis

- Condensate purchase price fell.
(Premium: 5.0 → 0.9 \$/bbl, compare to Dubai)

5. Key Index and Operating Profit – Hyundai OCI

Carbon Black Spread



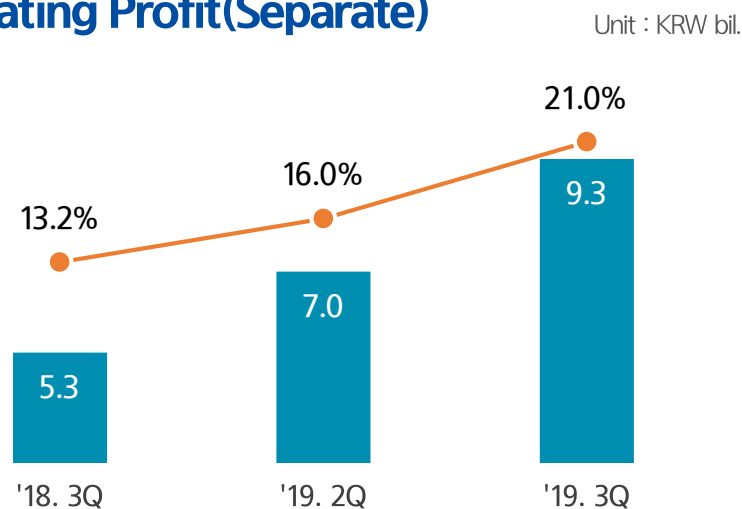
• 3Q Market Analysis

- Carbon black product price, following oil price with 3 to 6 months lag, dropped by \$7/ton QoQ reflecting crude price fall in 2Q19. However, production margin rose by \$69/ton as raw material price and operation costs fell.

• 4Q 2019 Forecast

- The spread is likely to slightly narrow down as the oil price drop in 3Q19 will be reflected to the product price.

Operating Profit(Separate)



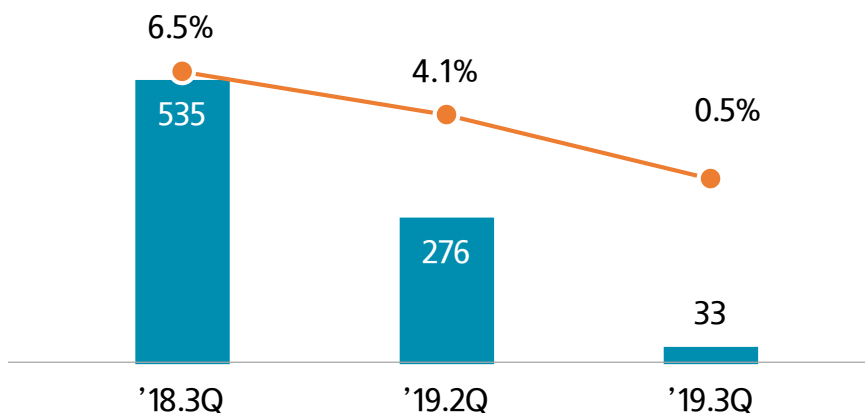
• Operating Profit Analysis

- Production margin increased QoQ. (2Q 449 → 3Q 518 \$/ton)

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

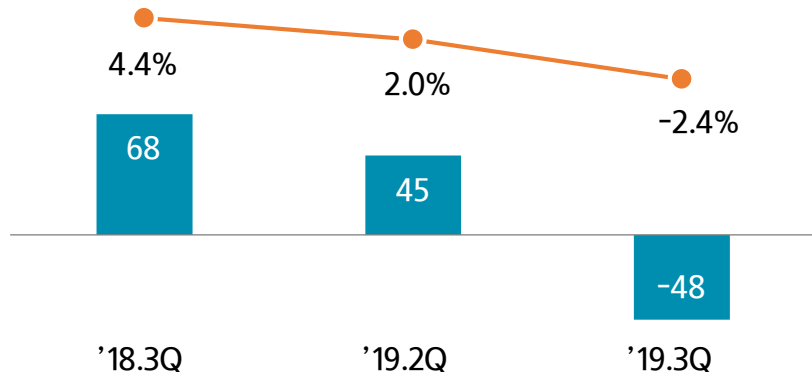
Operating Profit (Hyundai Cosmo)

Unit: KRW bil.



Operating Profit (Hyundai Shell Base Oil)

Unit: KRW bil.



• QoQ Operating Profit Analysis

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

• YoY Operating Profit Analysis

- PX margin decreased YoY.

(Unit: \$/ton)	3Q18	2Q19	3Q19
PX - N	493	350	300
BZ - N	189	84	185

• QoQ Operating Profit Analysis

- Spread fell with the decreasing demand in the global economic recession and an off-season coupled with the increase in the supply from new intra-regional factories.

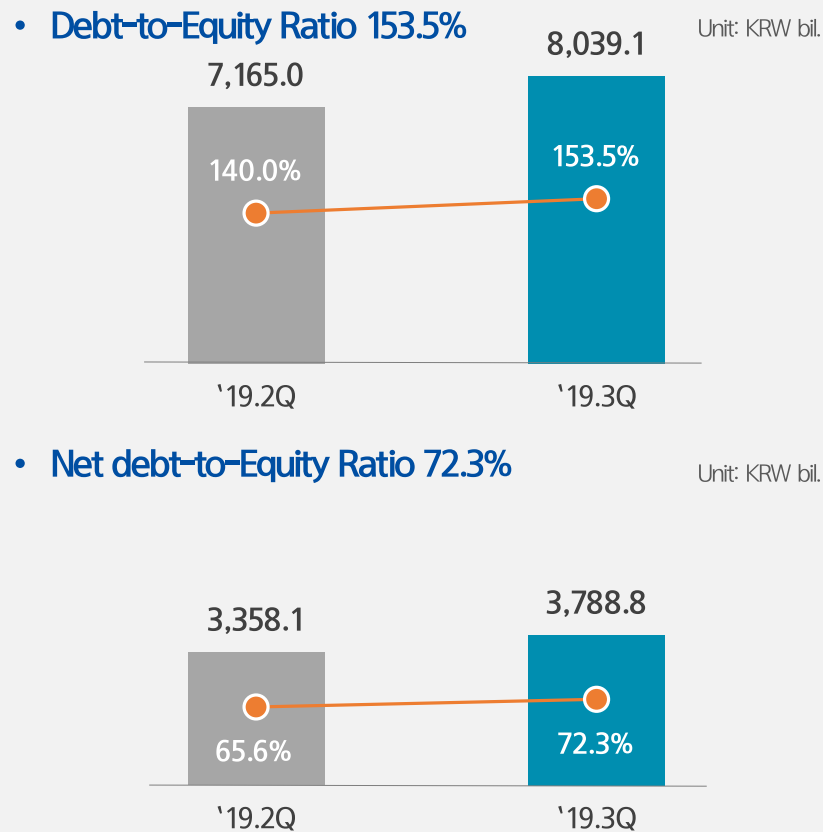
• YoY Operating Profit Analysis

- Spread declined YoY.

(Unit: \$/ton)	3Q18	2Q19	3Q19
150N-HSFO180	266	204	184

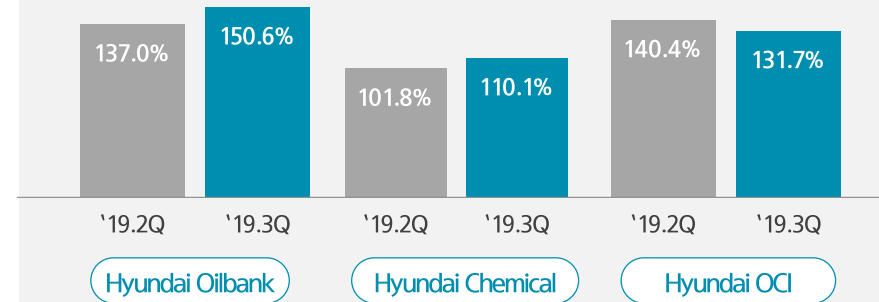
7. Financial Ratio

‘Consolidated Financial Ratio

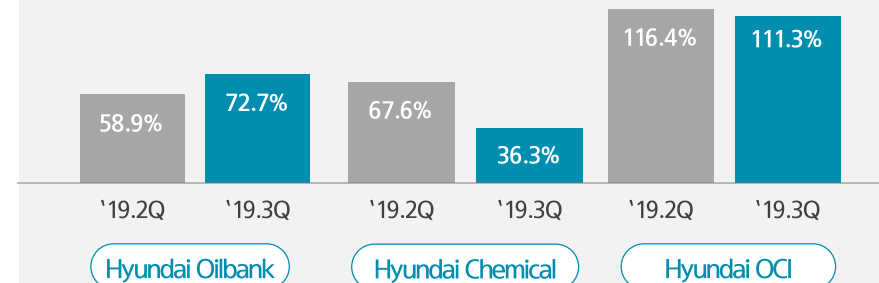


Financial Ratio of Major Subsidiaries (Separate)

• 3Q 2019 Debt-to-Equity Ratio



• 3Q 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.

	'19.3Q	QoQ	YoY	'19.2Q	'18.3Q
Sales	5,304.0	-0.3%	2.5%	5,319.6	5,173.0
Cost of goods sold	5,040.2	-0.5%	4.3%	5,067.8	4,831.6
Gross profit	263.8	4.8%	-22.7%	251.8	341.4
Operating profit	157.8	2.2%	-34.3%	154.4	240.0
OP margin	3.0%	0.1%p	-1.6%p	2.9%	4.6%
Non operating Income & expenses	-93.0			-46.2	-12.3
Equity method gains	-5.5			9.1	22.1
Profit before tax	59.3	-49.4%	-76.3%	117.3	249.8
Income tax	18.3			25.8	59.9
Net income	41.0	-55.2%	-78.4%	91.5	189.9

Note: Consolidated in accordance with K-IFRS

Consolidated Balance Sheet

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.3Q
Current assets	4,103.6	4,358.3	5,206.1
(Cash & cash equivalents)	148.2	162.6	471.4
Non-current assets	6,837.7	7,386.5	8,071.3
Total assets	10,941.3	11,744.8	13,277.4
Current liabilities	3,797.7	4,578.0	5,148.1
(Short-term borrowings)	1,015.4	1,573.7	1,916.4
Non-current liabilities	2,081.7	2,042.7	2,891.0
(Long-term borrowings)	1,860.0	1,856.1	2,371.1
Total liabilities	5,879.4	6,620.7	8,039.1
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	440.8	454.6	455.7
Retained earnings	3,064.2	3,109.9	3,024.0
Non-controlling interests	331.5	334.2	533.2
Total equity	5,061.9	5,124.1	5,238.3
Total liabilities & equity	10,941.3	11,744.8	13,277.4

2. Condensed Financial Statement of Hyundai Oilbank (Separate)

Income Statement (Separate)

Unit: KRW bil.

	'19.3Q	QoQ	YoY	'19.2Q	'18.3Q
Sales	4,665.7	-4.9%	3.7%	4,905.1	4,499.7
Cost of good sold	4,473.7	-4.9%	6.5%	4,703.4	4,198.7
Gross profit	192.0	-4.8%	-36.2%	201.7	301.0
Operating profit	88.2	-18.0%	-56.3%	107.5	201.5
OP margin	1.9%	-0.3%p	-2.6%p	2.2%	4.5%
Non-operating income & expenses	-81.0			-37.0	-6.6
Profit before tax	7.2	-89.7%	-96.3%	70.5	194.9
Income tax	7.2			18.7	50.5
Net income	0.0	-100.0%	-100.0%	51.8	144.4

Balance Sheet (Separate)

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.3Q
Current assets	3,226.2	3,240.5	3,978.2
(Cash & cash equivalents)	57.9	26.1	21.1
Non-current assets	5,906.1	6,360.3	7,096.5
Total assets	9,132.3	9,600.8	11,074.7
Current liabilities	3,319.9	3,888.2	4,725.8
(Short-term borrowings)	835.2	1,427.6	1,811.8
Non-current liabilities	1,239.0	1,174.9	1,929.7
(Long-term borrowings)	1,038.4	1,017.5	1,426.2
Total liabilities	4,558.9	5,063.1	6,655.5
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	426.6	429.3	428.5
Retained earnings	2,921.4	2,883.0	2,765.3
Total equity	4,573.4	4,537.7	4,419.2
Total liabilities & equity	9,132.3	9,600.8	11,074.7

3. Condensed Financial Statement of Hyundai Chemical(Separate)

Income Statement (Separate)

Unit: KRW bil.

	'19.3Q	QoQ	YoY	'19.2Q	'18.3Q
Sales	1,036.2	47.4%	-1.5%	702.9	1,051.6
Cost of good sold	983.5	46.0%	-3.8%	673.7	1,022.1
Gross profit	52.7	80.5%	78.6%	29.2	29.5
Operating profit	48.2	95.1%	92.0%	24.7	25.1
OP margin	4.7%	1.2%p	2.3%p	3.5%	2.4%
Non-operating income & expenses	-9.9			-7.7	-4.5
Profit before tax	38.3	125.3%	85.9%	17.0	20.6
Income tax	9.0			4.1	4.9
Net income	29.3	127.1%	86.6%	12.9	15.7

Balance Sheet (Separate)

Unit: KRW bil.

	'17.4Q	'18.4Q	'19.3Q
Current assets	1,017.4	865.5	1,265.2
(Cash & cash equivalents)	44.7	89.9	431.3
Non-current assets	1,015.3	1,017.2	1,203.4
Total assets	2,032.7	1,882.7	2,468.6
Current liabilities	626.8	479.4	520.2
(Short-term borrowings)	174.8	121.9	88.7
Non-current liabilities	705.5	706.5	773.3
(Long-term borrowings)	704.2	705.6	768.8
Total liabilities	1,332.3	1,185.9	1,293.5
Paid-in capital	480.0	480.0	920.0
Others	-4.2	-1.3	-3.3
Retained earnings	224.6	218.1	258.4
Total equity	700.4	696.8	1,175.1
Total liabilities & equity	2,032.7	1,882.7	2,468.6

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