

3Q 2019 Earnings Release

HYUNDAI HEAVY INDUSTRIES HOLDINGS



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3Q 2019 Earnings Release

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 - 1) Hyundai Heavy Industries Holdings
 - 2) Hyundai Oilbank
 - 3) Hyundai Construction Equipment
 - 4) Hyundai Electric & Energy Systems
 - 5) Hyundai Global Service
3. Non-operating Income and Net Income
4. Financial Ratio



1. Summary of Financial Results (1/3)

- Sales declined by 4.3% QoQ because sales of Hyundai Construction Equipment and Hyundai Electric have decreased in Q3 due to global economic uncertainty.
- Operating profit increased by 8.8% QoQ. Key contributors are earnings improvement in oil refining segment on higher margins and base effect arising from previous quarter's one-off loss.

(Unit : billion KRW)

	'19.3Q			'19.2Q	'18.3Q
		QoQ	YoY		
Sales	6,530.0	-4.3%	-1.1%	6,823.7	6,602.4
Operating Profit	219.6	8.8%	-38.3%	201.9	356.0
OPM	3.4%	0.4%p	-2.0%p	3.0%	5.4%
Non-operating Income	(117.3)	-	-	(121.1)	(53.1)
Interest income (net)	(64.1)	-	-	(66.5)	(51.3)
Gains and losses on Foreign exchange (net)	(32.7)	-	-	(7.1)	(0.9)
Profit before income taxes	102.3	26.6%	-66.2%	80.8	302.9
Net Profit	66.1	22.0%	-72.4%	54.2	239.5
Profit attributable to Common shareowners	38.1	-58.0%	-85.4%	90.7	260.3

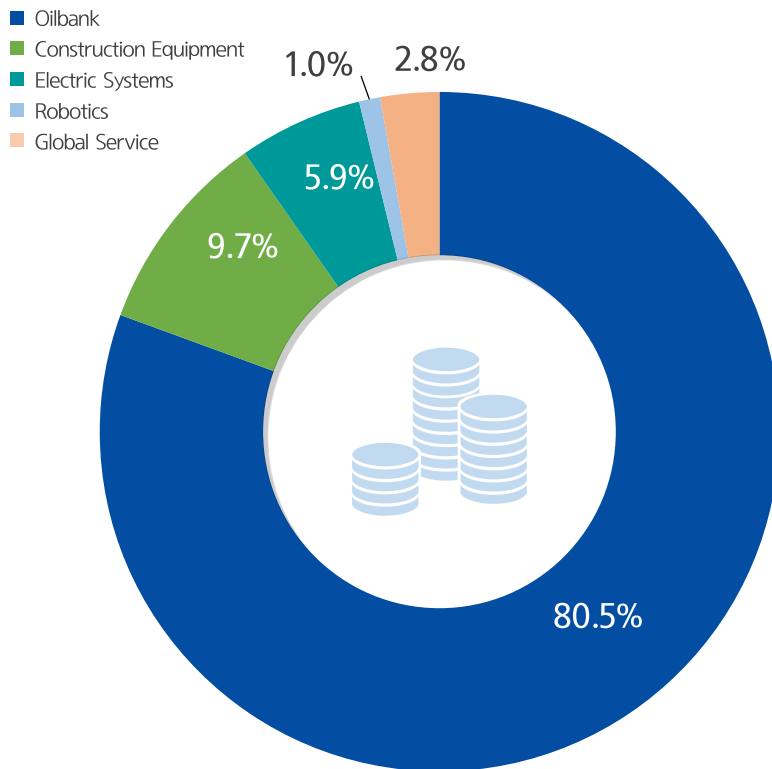
Note 1 .K-IFRS consolidated basis

Note 2. Interest income : Interest income + interest expense

Note 3. Gain and loss on foreign currency translation + Gain and loss on foreign currency transaction

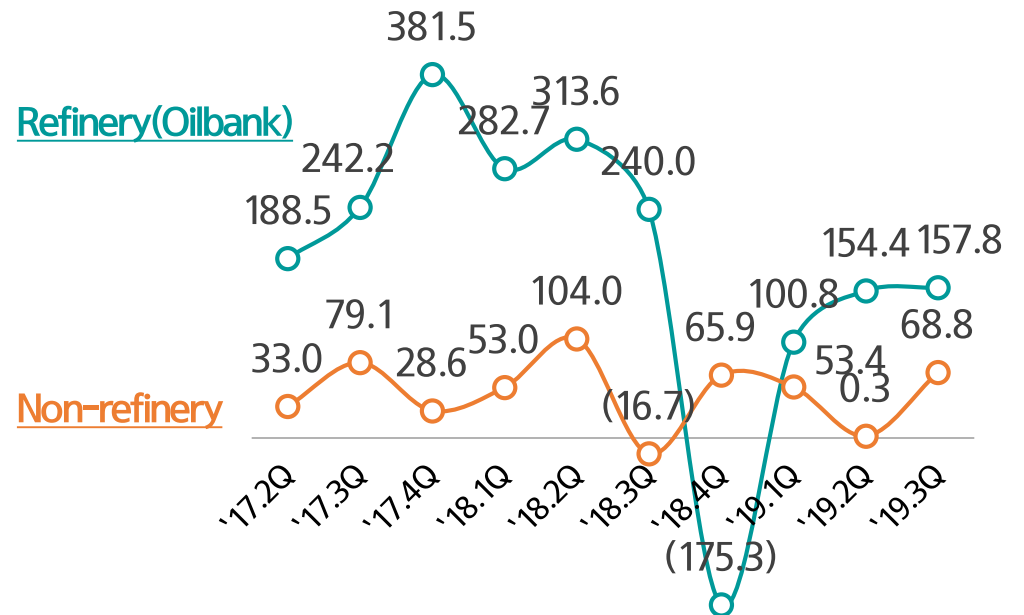
1. Summary of Financial Results (2/3)

3Q 2019 Sales Composition



3Q 2019 Operating Profit

(Unit : billion KRW)



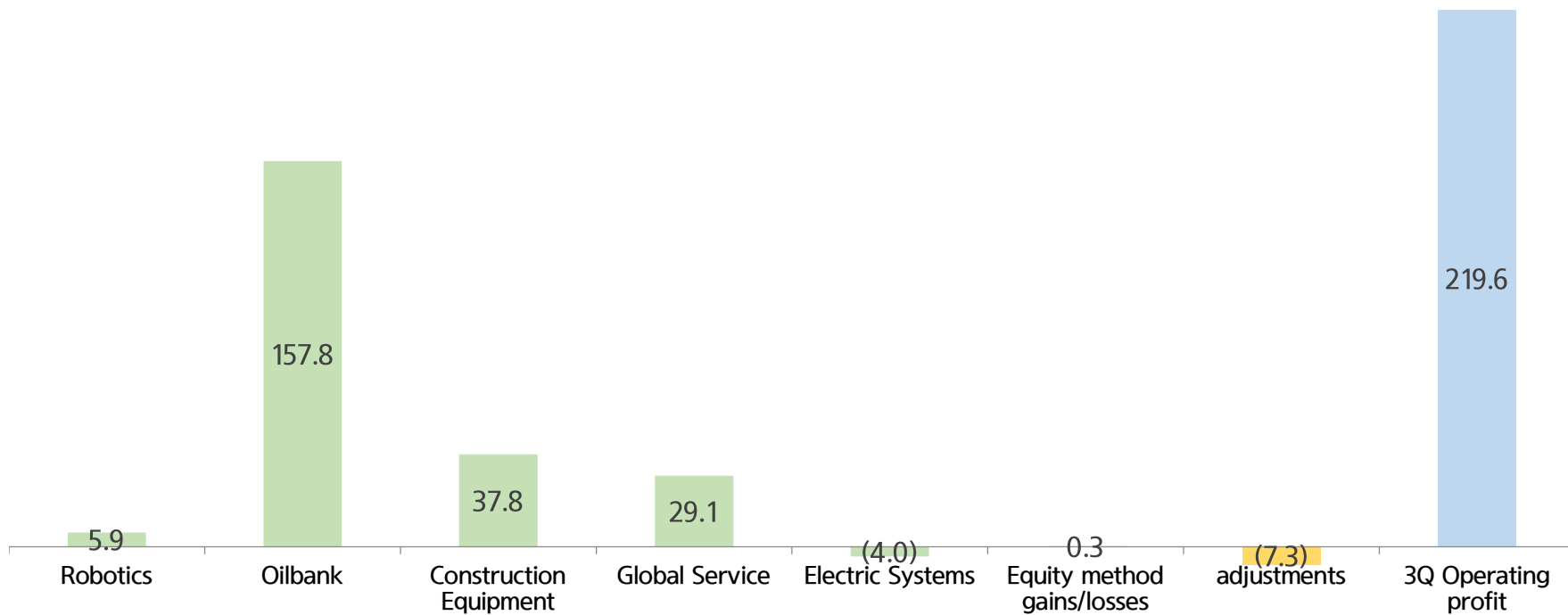
Note 1 : Consolidated Sales of each subsidiary excluding equity method gains/losses and dividends

Note 2 : Excluding equity method gains/losses and dividends

1. Summary of Financial Results (3/3)

3Q 2019 Operating profit Composition

(Unit : billion KRW)



2. Financial Results by Companies

3Q 2019 Financial Results

(Unit :billion KRW)

Category	'19.3Q			'19.2Q			'18.3Q			Remarks	
	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM		
Hyundai Heavy Industries Holdings	69.0	5.9	8.6%	71.3	6.9	9.7%	57.1	4.3	7.5%		
Hyundai Oilbank	5,304.0	157.8	3.0%	5,319.6	154.4	2.9%	5,173.0	240.0	4.6%		
Consolidated Entities	Hyundai Construction Equipment	639.6	37.8	5.9%	840.4	50.4	6.0%	710.4	37.2	5.2%	
	Hyundai Electric & Energy Systems	385.7	(4.0)	-1.0%	405.2	(80.7)	-19.9%	440.2	(76.5)	-17.4%	
	Hyundai Global Service	187.6	29.1	15.5%	167.1	23.7	14.2%	117.3	18.3	15.6%	
Equity Method	Korea Shipbuilding & Offshore Engineering	0.3	0.3	-	59.2	59.2	-	142.5	142.5	-	
	Adjustment	(56.2)	(7.3)	-	(39.1)	(12.0)	-	(38.1)	(9.8)	-	
	Total	6,530.0	219.6	3.4%	6,823.7	201.9	3.0%	6,602.4	356.0	5.4%	

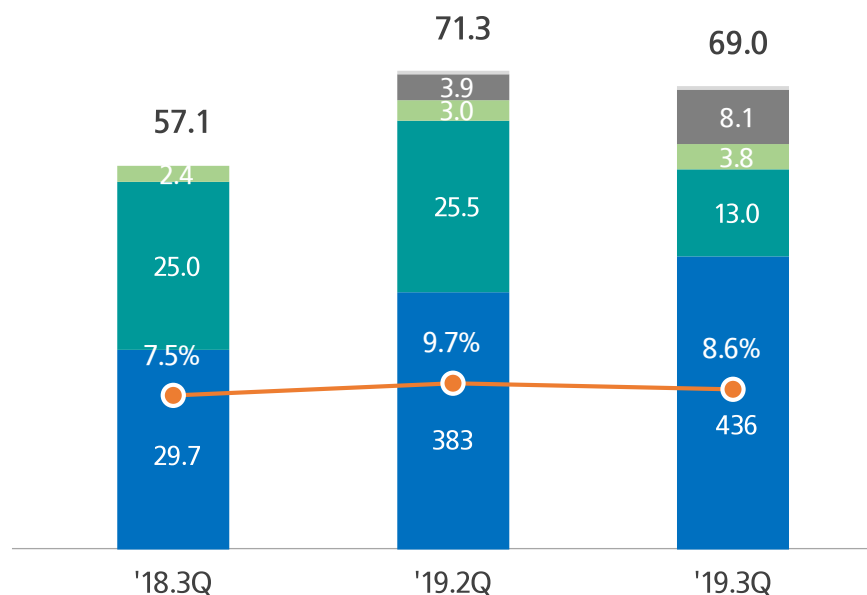
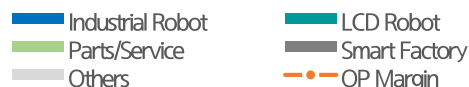
Note 1 : Hyundai Heavy Industries Holdings: Nonconsolidated basis

Note 2 : Hyundai Oilbank, Hyundai Electric & Energy Systems, Hyundai Construction Equipment, Hyundai Global Service: Consolidated basis

2-1) Hyundai Heavy Industries Holdings

'19 3Q Sales and Operating Profit Margin

(Unit : billion KRW)



Note 1 : Nonconsolidated basis

- **Sales 69.0 billion KRW**

- Down 3.2% QoQ
- Up 20.8% YoY

- **Operating Profit 5.9 billion KRW**

- Down 14.5% QoQ
- Up 37.2% YoY

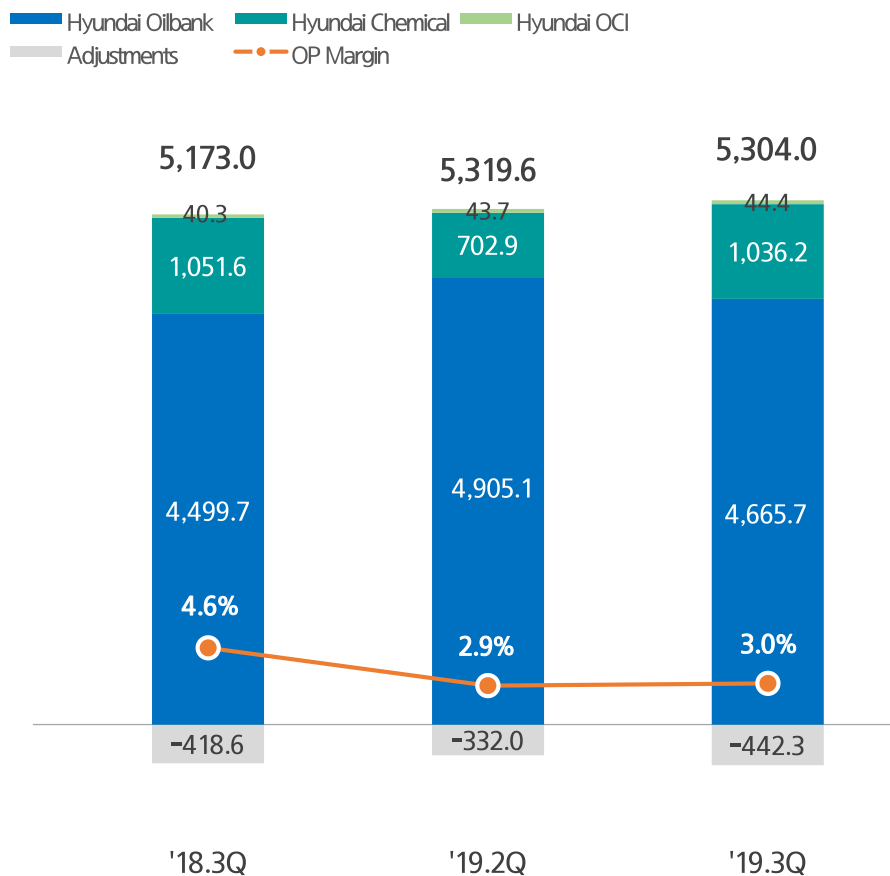
- **Analysis**

- (QoQ) Sales of LCD robot declined primarily due to decreased investment in display industry and increased competition.
- (YoY) Operating profit increased as sales of industrial robot improved and as smart factory business started to see meaningful progress.

2-2) Hyundai Oilbank (Consolidated)

'19 3Q Sales & Operating Profit Margin

(Unit : billion KRW)



Note: Consolidated

- **Sales 5,304.0 billion KRW**

Down 0.3% QoQ

Up 2.5% YoY

- **Operating Profit 157.8 billion KRW**

Up 2.2% QoQ

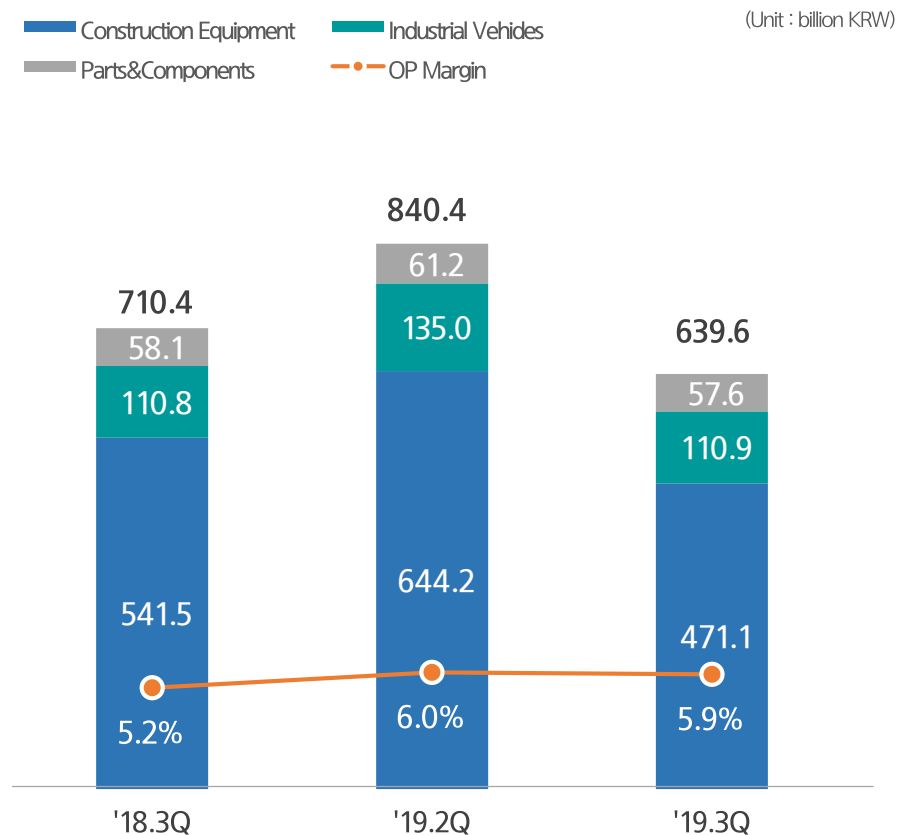
Down 34.3% YoY

- **Analysis**

- (QoQ) Operating profit increased driven by improved product crack/spread despite decreased sales due to drop in average oil price (approx. U\$ 6)
- (YoY) Operating profit declined owing to the fall in oil price and drop in gasoline/delivery crack.

2-3) Hyundai Construction Equipment(Consolidated)

3Q 2019 Sales and Operating Profit Margin



- **Sales 639.6 billion KRW**

- Down 23.9% QoQ
- Down 10.0% YoY

- **Operating Profit 37.8 billion KRW**

- Down 25.0% QoQ
- Up 16.0% YoY

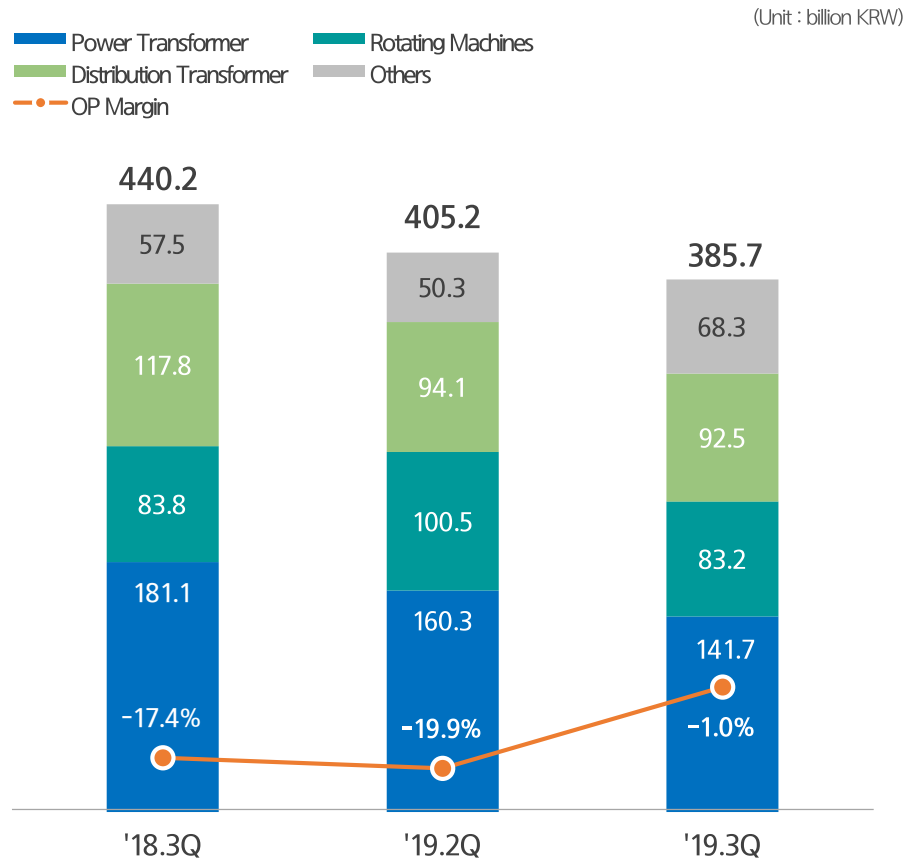
- **Analysis**

- (QoQ) Sales and operating profit decreased owing to entry off-season.
- (YoY) Operating profit improved due to rise in ₩/\$ rate and increased sales of high-return equipment despite decreased sales in the emerging markets such as China, India.

Note 1 : Consolidated basis

2-4) Hyundai Electric & Energy Systems (Consolidated)

3Q 2019 Sales and Operating Profit Margin



Note 1 : Consolidated basis

- **Sales 385.7 billion KRW**

- Down 4.8% QoQ
- Down 12.4% YoY

- **Operating Profit -4.0 billion KRW**

- OPM 1.0%, Remain red

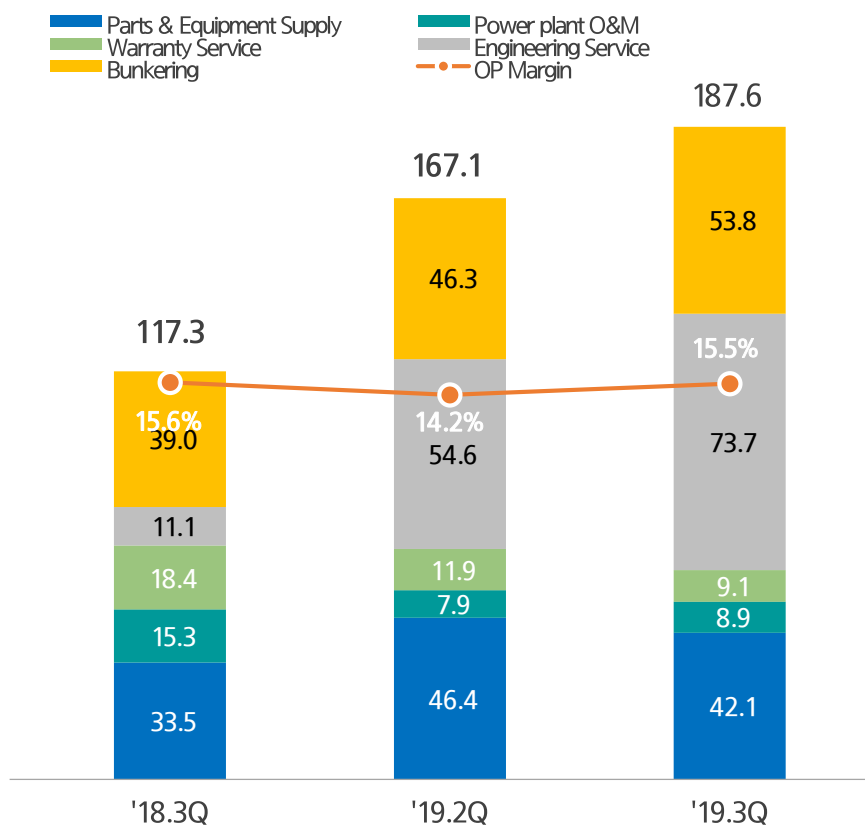
- **Analysis**

- Sales slump continued due to sluggish sales of domestic power equipment which was impacted by drop in facility investment in power generation and transmission, and unrealized revenue from increased new orders from ESS market resumption.
- Operating loss improved due to reduction of non-current losses, such as quality failure costs, and reversal of some construction provisions.

2-5) Hyundai Global Service

3Q 2019 Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 187.6 Billion KRW**

- Up 12.3% QoQ
- Up 59.9% YoY

- **Operating Profit 29.1 Billion KRW**

- Up 22.8% QoQ
- Up 59.0% YoY

- **Analysis**

- (QoQ) Operating profit increased due to increase in percentage of sales and improved project profitability of technical services including eco-friendly retrofit.
- (YoY) Operating profit increased due to increased sales of engineering service including profitable parts/materials and eco-friendly retrofit.

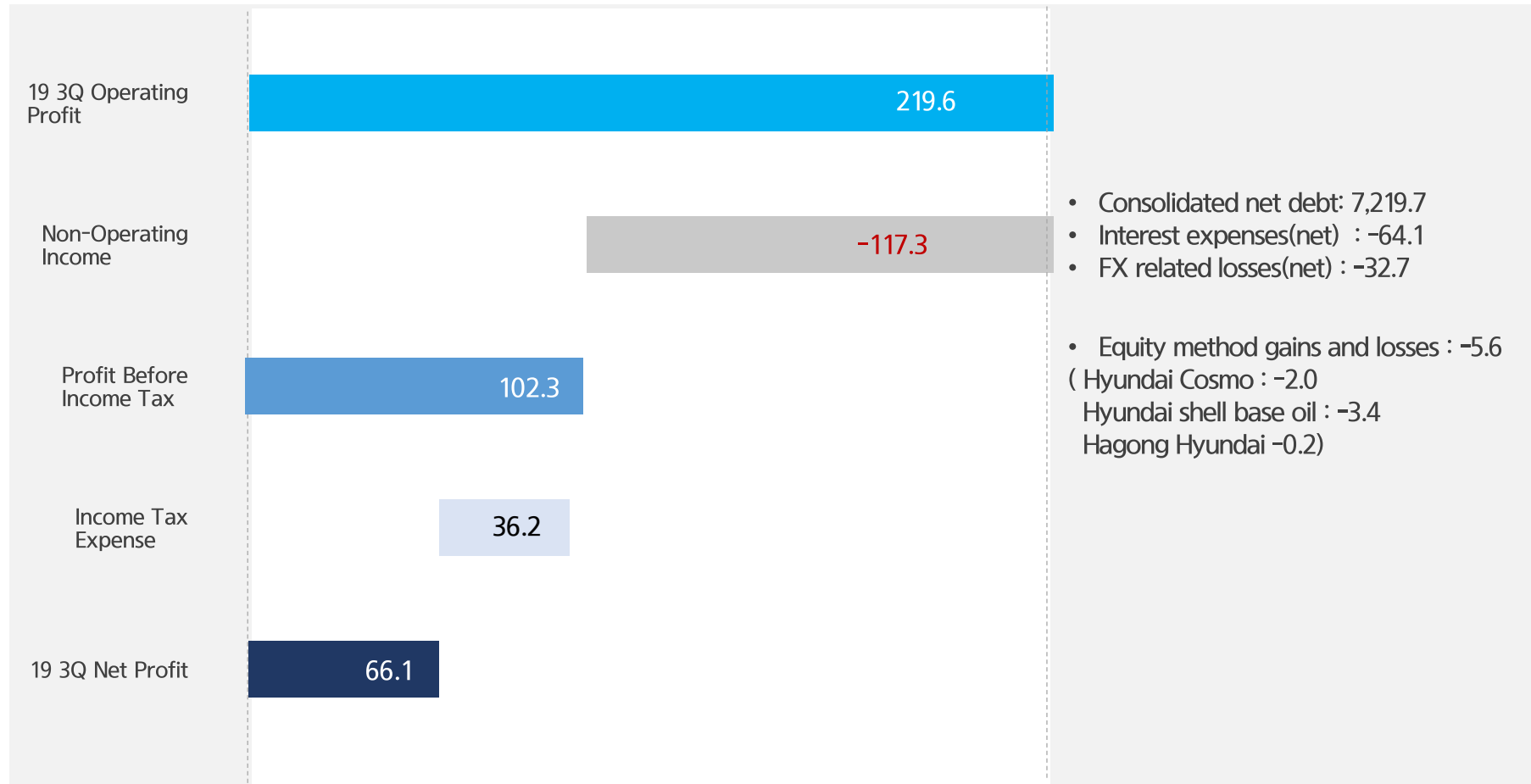
Note1 : Consolidated basis

Note2 : Eco-friendly Retrofit included in Engineering Service

3. Non-operating Profit and Net Income

3Q 2019 Financial Results

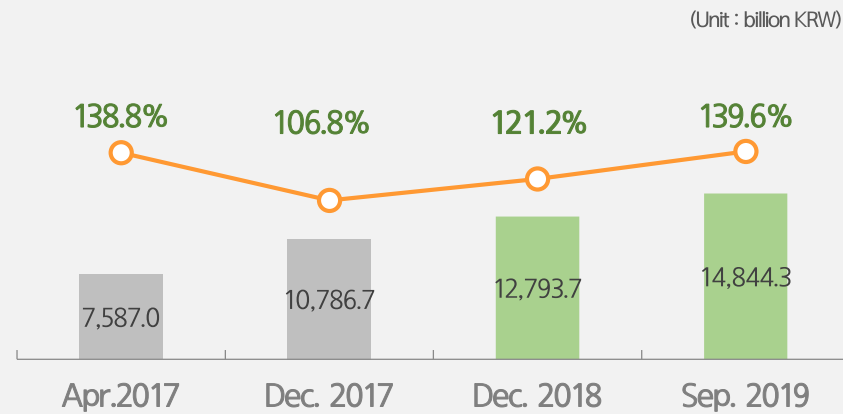
(Unit : billion KRW)



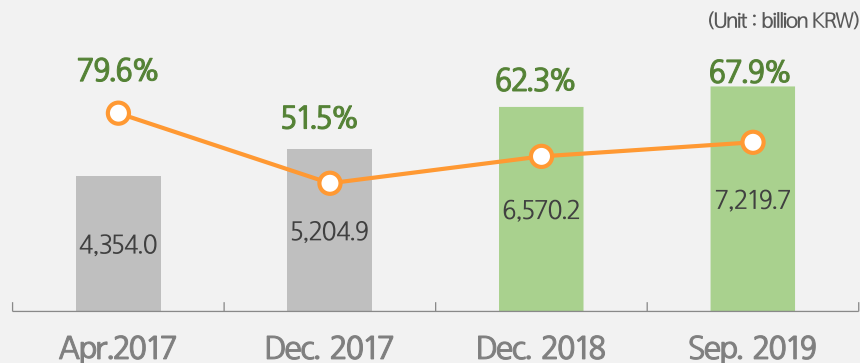
4. Financial Ratio

Consolidated Financial Ratio

• Liabilities Ratio 139.6%

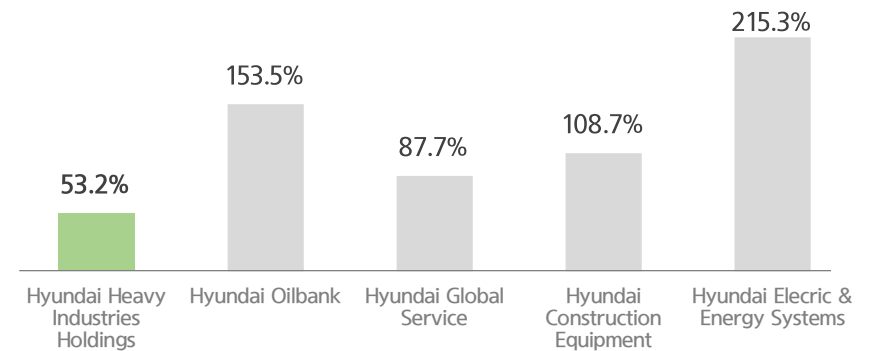


• Net Debt Ratio 67.9%



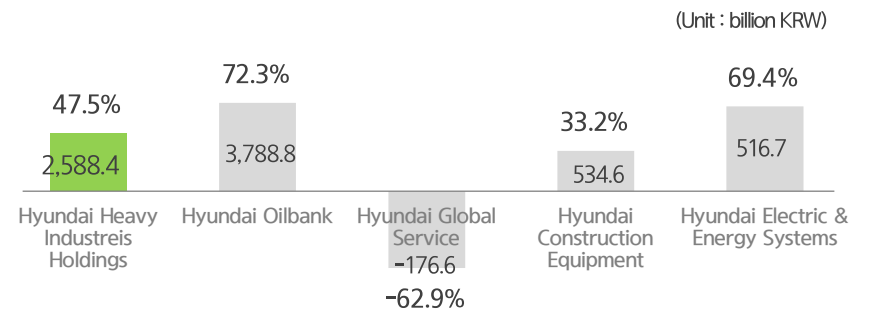
Financial Ratio of Major Affiliates

• Liabilities Ratio (As of the end Sep. 2019)



Note: HHHH - Nonconsolidated basis

• Net Debt Ratio (As of the end Sep. 2019)



Note: HHHH - Nonconsolidated basis

Appendix.

Summary of Financial Statements

1. Consolidated Financial Statement of HHIH
2. Consolidated Financial Statement of HDO
3. Consolidated Financial Statement of HGS

1. Consolidated Financial Statement of HHIH

Consolidated Income Statement

(Unit : billion KRW)

Category	'19.3Q			'19.2Q	'18.3Q
		QoQ	YoY		
Sales	6,530.0	-4.3%	-1.1%	6,823.7	6,602.4
Cost of Goods Sold	6,051.2	-3.9%	1.2%	6,298.5	5,977.1
Gross Profit	478.8	-8.8%	-23.4%	525.2	625.3
Operating Profit	219.6	8.8%	-38.3%	201.9	356.0
OP margin	3.4%	0.4%p	-2.0%p	3.0%	5.4%
Non Operating Income & Loss	(117.3)	-	-	(121.1)	(53.1)
Profit before Tax	102.3	26.6%	-66.2%	80.8	302.9
Income Tax	36.2	-	-	26.6	63.4
Net Income	66.1	22.0%	-72.4%	54.2	239.5

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Apr.1, '17	Dec.31, '17	Dec.31, '18	Sep.30, '19
Current Assets	4,111.3	7,827.2	8,884.2	9,885.1
(Cash & Cash Equivalents)	572.1	1,126.3	1,099.8	1,565.7
Non-current Assets	8,943.7	13,061.4	14,463.6	15,590.6
Total Assets	13,055.0	20,888.6	23,347.8	25,475.7
Current Liabilities	4,922.2	6,528.7	8,660.2	8,852.3
(Short-term borrowings)	2,769.2	2,939.3	4,549.7	4,478.7
Non-current Liabilities	2,664.8	4,258.0	4,133.5	5,992.0
(Long-term borrowings)	2,156.9	3,391.9	3,325.0	4,624.0
Total Liabilities	7,587.0	10,786.7	12,793.7	14,844.3
Paid-in Capital	60.2	81.4	81.4	81.4
Others	4,510.8	6,460.2	4,344.0	4,362.6
Retained Earnings	0	946.8	3,302.0	3,235.8
Non-controlling interests	897.0	2,613.5	2,826.6	2,951.6
Total Shareholder's Equity	5,468.0	10,101.9	10,554.1	10,631.4
Total Liabilities & Shareholder's Equity	13,055.0	20,888.6	23,347.8	25,475.7

2. Consolidated Financial Statements (Hyundai Oilbank)

Consolidated Income Statement

(Unit : billion KRW)

Category	'19.3Q			'19.2Q	'18.3Q
		QoQ	YoY		
Sales	5,304.0	-0.3%	2.5%	5,319.6	5,173.0
Cost of sales	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 and losses	(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

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '17	Dec.31, '18	Sep.30, '19
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 interest	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

3. Consolidated Financial Statement of Hyundai Global Service



Consolidated Income Statement

(Unit : billion KRW)

Category	'19.3Q			'19.2Q	'18.3Q
		QoQ	YoY		
Sales	187.6	12.3%	60.0%	167.1	117.3
Cost of Goods Sold	153.5	10.8%	62.0%	138.5	94.8
Gross Profit	34.2	19.6%	51.8%	28.6	22.5
Operating Profit	29.1	23.3%	59.1%	23.7	18.3
OP margin	15.5%	1.3%p	-0.1%p	14.2%	15.6%
Non Operating Income & Loss	5.5	-	-	2.6	-0.8
Profit before Tax	34.7	32.4%	98.8%	26.2	17.5
Income Tax	8.6	-	-	6.4	5.2
Net Income	26.1	31.8%	113.1%	19.8	12.2

Note: K-IFRS consolidated basis

Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '17	Dec.31, '18	Sep.30, '19
Current Assets	203.6	359.5	507.5
(Cash & Cash Equivalents)	39.1	124.8	176.6
Non-current Assets	5.5	11.2	19.4
Total Assets	209.1	370.7	527.0
Current Liabilities	43.0	151.8	241.3
(Short-term borrowings)	-	-	-
Non-current Liabilities	0.2	0.3	4.9
(Long-term borrowings)	-	-	-
Total Liabilities	43.2	152.0	246.2
Paid-in Capital	20.0	20.0	20.0
Others	105.7	105.5	106.8
Retained Earnings	40.2	93.2	154.0
Total Shareholder's Equity	165.9	218.7	280.8
Total Liabilities & Shareholder's Equity	209.1	370.7	527.0

Note1 : Dec.31,'16 non consolidated basis / Dec.31,'17, Dec.31,'18, Jun30 '19 consolidated basis



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