

2Q 2020 Earnings Release

# HYUNDAI HEAVY INDUSTRIES HOLDINGS



## Disclaimer

---

This report has been prepared by Hyundai Heavy Industries Holdings Co., Ltd., indicated as "Company" below, for the purpose of promoting understanding of the company's business activities and it is prohibited to export, copy or redistribute the report.

"Predictive information" contained in this report is information that has not been subjected to individual verification. This refers to information related to future events, such as expected future management status and financial performance of the company. In terms of expressions, vocabulary such as 'prediction', 'forecast', 'plan', 'expectation', '(E)' are included.

The above "forecast information" is influenced by changes in the future business environment and inherently contains uncertainties. As a result of such uncertainties, actual future performance may significantly differ from those stated or implied in the "forecast information".

Furthermore, the outlook is based on current market conditions and the direction of the company management. Please be advised that changes may occur due to changes in the market environment and strategies, and are subject to change without notice.

Please note that the Company and its employees do not bear any responsibility for any loss resulting from the use of this material. (Including negligence and other cases)

Please do not copy or distribute this material as it contains the confidential information of the Company.

## 2Q 2020 Earnings Release

1. Summary of Financial Results
2. Financial Results by Companies
  - 1) Hyundai Oilbank
  - 2) Hyundai Construction Equipment
  - 3) Hyundai Electric & Energy Systems
  - 4) Hyundai Global Service
  - 5) Hyundai Robotics(Parent)
3. Net Income and Non-operating Income
4. Financial Ratio



# 1. Summary of Financial Results (1/3)

- Sales declined by 29.9% QoQ due to decreased sales in oil refining business stemming from fall in average oil price and conducting regular maintenance.
- Operating profit turned to black QoQ due to improved margins in oil refining business and non-oil related businesses.

(Unit : billion KRW)

	'20.2Q			'20.1Q	'19.2Q
		QoQ	YoY		
Sales	4,005.8	-29.9%	-41.3%	5,716.3	6,823.7
Operating Profit	104.3	Turned to black	-48.3%	(487.2)	201.9
OPM	2.6%	11.1%p	-0.4%p	-8.5%	3.0%
Non-operating Income	(77.4)	-	-	(116.5)	(121.1)
Interest income (net)	(49.7)	-	-	(47.0)	(66.5)
Gains and losses on Foreign exchange (net)	24.7	-	-	(50.5)	(7.1)
Profit before income taxes	26.9	Turned to black	-66.7%	(603.7)	80.8
Net Profit	22.2	Turned to black	-59.0%	(360.4)	54.2
Profit attributable to Common shareowners	1.8	Turned to black	-98.0%	(230.8)	90.7

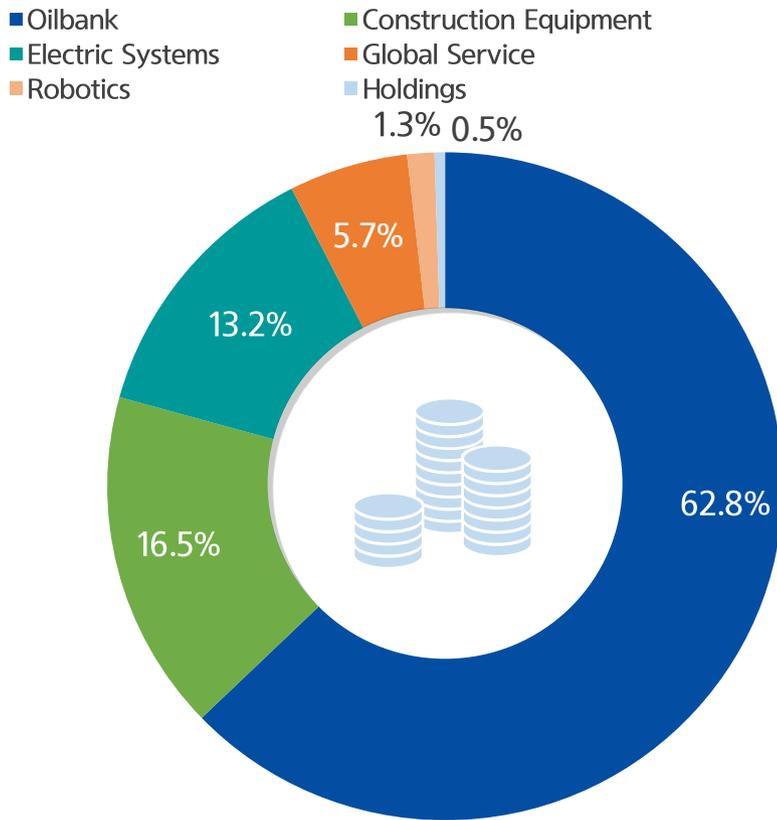
Note 1 .K-IFRS consolidated basis

Note 2. Interest income : Interest income + interest expense

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

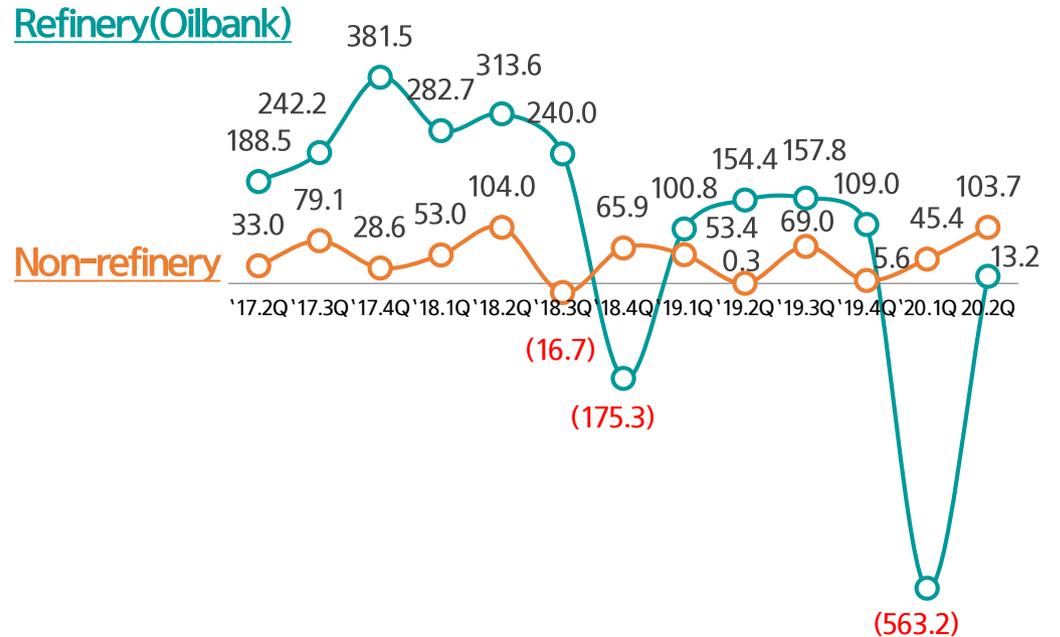
# 1. Summary of Financial Results (2/3)

## 2Q 2020 Sales Composition



## 2Q 2020 Operating Profit

(Unit : billion KRW)



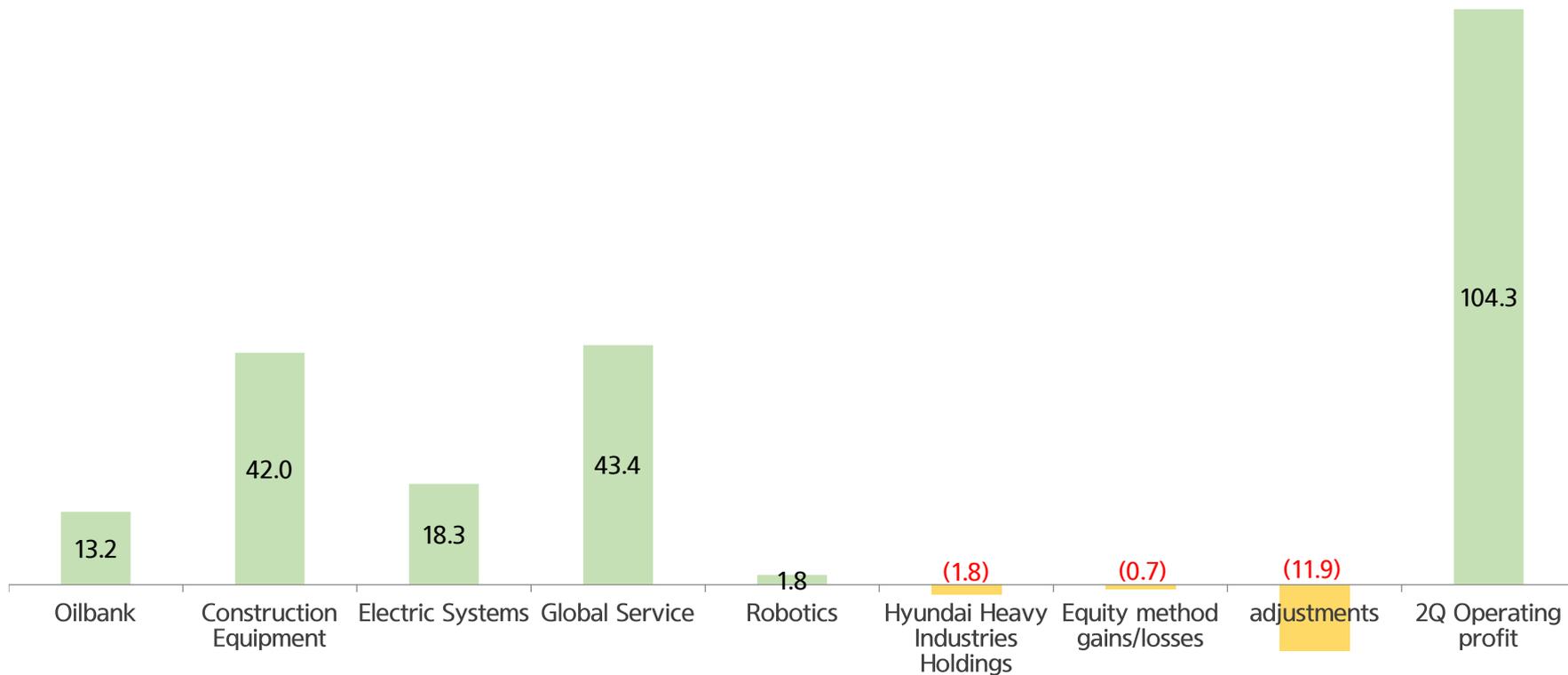
Note 1 : Consolidated Sales of each subsidiary excluding equity method gains/losses and dividends (Hyundai Heavy Industries Holdings and Robotics : Parent basis)

Note 2 : Excluding equity method gains/losses and dividends

# 1. Summary of Financial Results (3/3)

## 2Q 2020 Operating profit Composition

(Unit : billion KRW)



## 2. Financial Results by Companies

### 2Q 2020 Financial Results

(Unit :billion KRW)

Category	'20.2Q			'20.1Q			'19.2Q			Remarks	
	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM	Sales	Operating Profit	OPM		
Consolidated Entities	Hyundai Heavy Industries Holdings	21.1	(1.8)	-8.5%	281.9	238.2	84.5%	71.3	6.9	9.7%	* '20.1Q Dividend : 240.8
	Hyundai Oilbank	2,551.7	13.2	0.5%	4,416.6	(563.2)	-12.8%	5,319.6	154.4	2.9%	
	Hyundai Construction Equipment	668.4	42.0	6.3%	636.3	10.7	1.7%	840.4	50.4	6.0%	
	Hyundai Electric & Energy Systems	535.5	18.3	3.4%	386.4	4.3	1.1%	405.2	(80.7)	-19.9%	
	Hyundai Global Service	230.5	43.4	18.8%	271.3	31.2	11.5%	167.1	23.7	14.2%	
	Hyundai Robotics	54.4	1.8	3.3%	-	-	-	-	-	-	
Equity Method	Korea Shipbuilding & Offshore Engineering	(0.7)	(0.7)	-	44.0	44.0	-	59.2	59.2	-	
	Adjustment	(55.1)	(11.9)	-	(320.2)	(252.4)	-	(39.1)	(12.0)	-	
	Total	4,005.8	104.3	2.6%	5,716.3	(487.2)	-8.5%	6,823.7	201.9	3.0%	

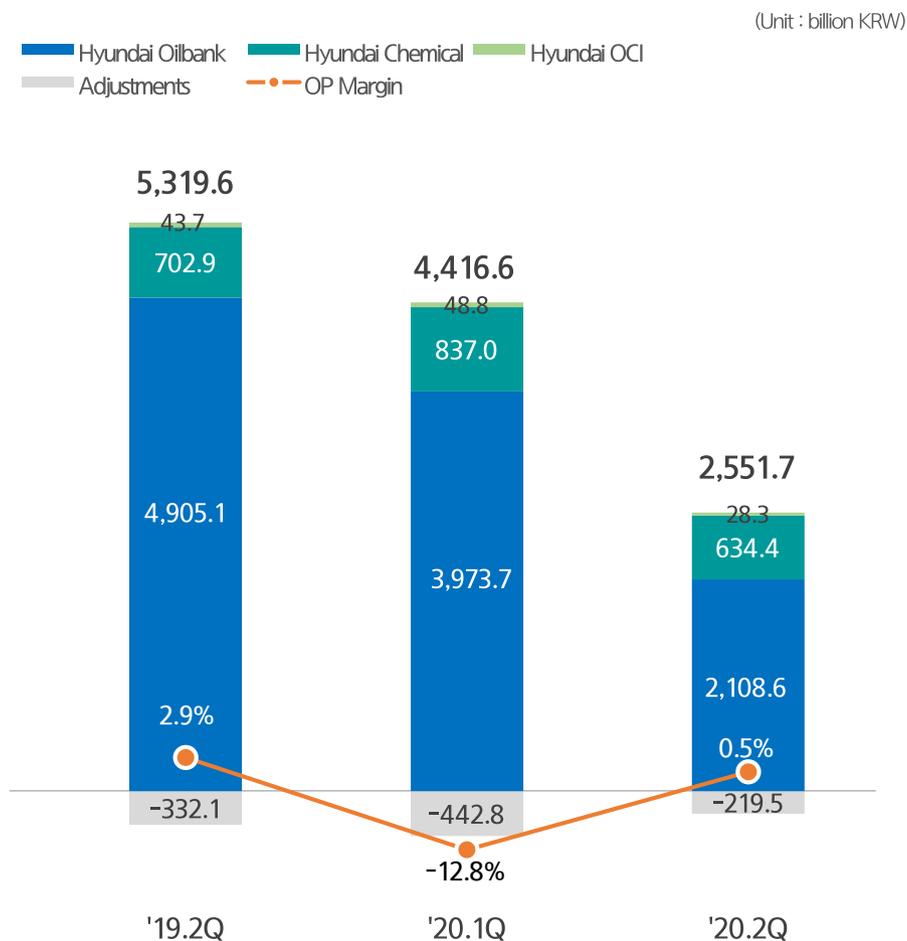
Note 1 : Hyundai Heavy Industries Holdings: Parent basis, According to the spin-off of the robot sector as of 2020.5.1, the robot sector performance from 2020.5.1 later is reflected in the performance of Hyundai Robotics.

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

Note 3 : Hyundai Robotics: Parent basis, According to the spin-off of of the robot sector as of 2020.5.1, Sales for Q2 2020 is reflected after 2020.5.1.

## 2-1) Hyundai Oilbank (Consolidated)

### '20 2Q Sales & Operating Profit Margin



Note: Consolidated

- **Sales 2,551.7 billion KRW**

- Down by 42.2% QoQ
- Down by 52.0% YoY

- **Operating Profit 13.2 billion KRW, OPM 0.5%**

- Turned to black QoQ
- Down by 91.5% YoY

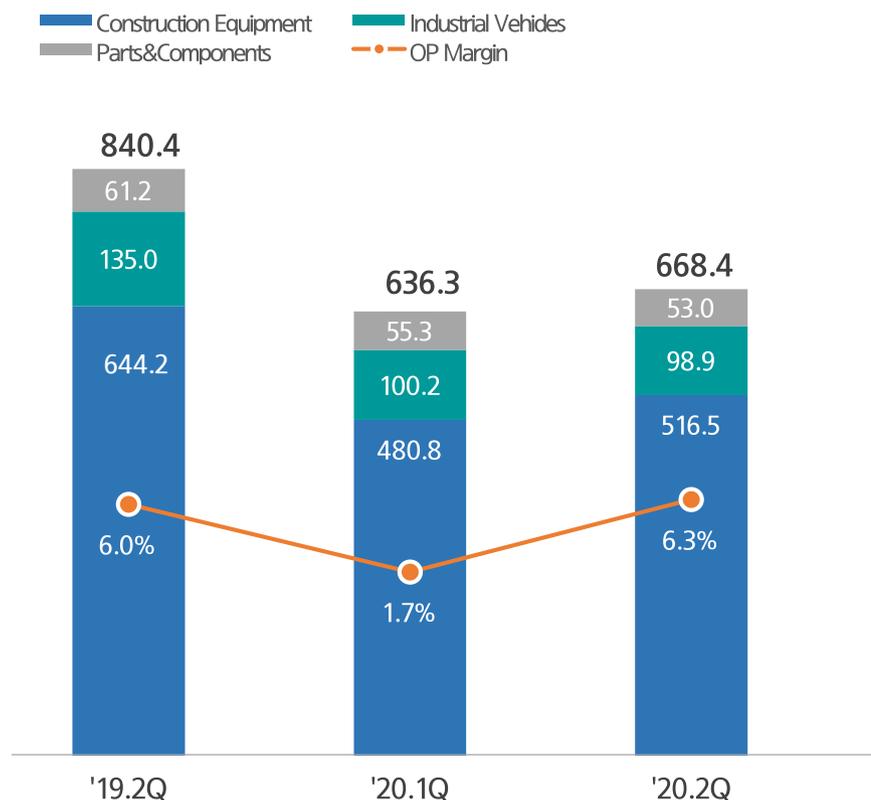
- **Analysis**

- Turned to operating profit as a result of strategic transitioning into lucrative products and maximizing heavy crude, despite the most brutal market conditions.
- Improved margins due to recovered oil price since April.

## 2-2) Hyundai Construction Equipment (Consolidated)

### 2Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



Note 1 : Consolidated basis

- **Sales 668.4 billion KRW**

- Up by 5.0% QoQ
- Down by 20.5% YoY

- **Operating Profit 42.0 billion KRW, OPM 6.3%**

- Up by 292.5% QoQ
- Down by 16.7% YoY

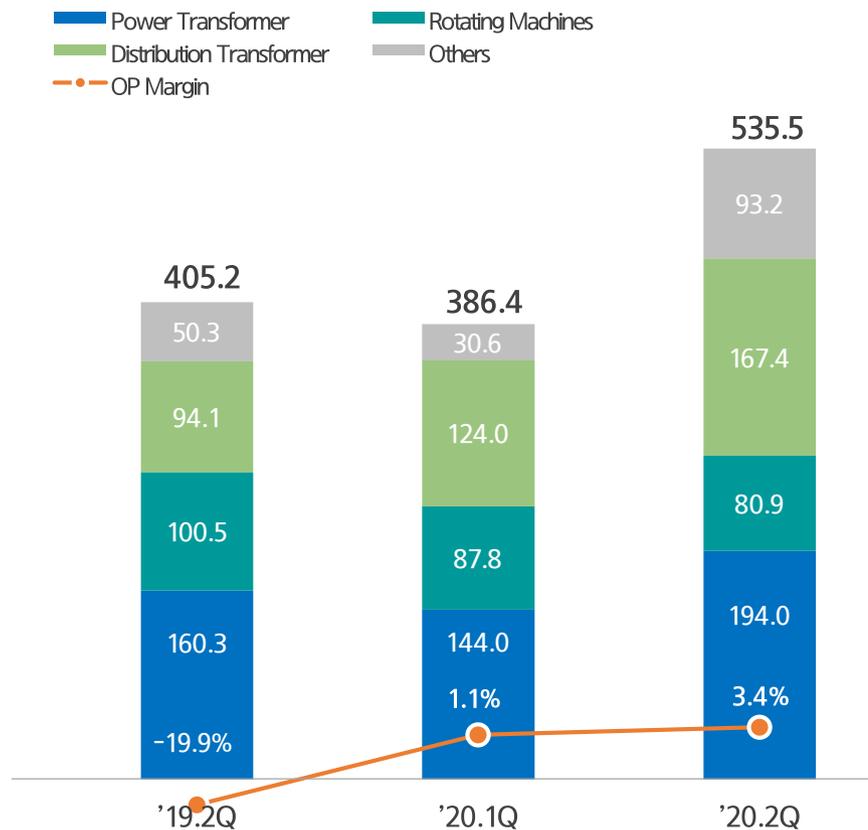
- **Analysis**

- (QoQ) Both sales and operating profit increased due to seasonal effect.
- (YoY) Operating profit decreased due to COVID-19 pandemic and decreased sales. (However, OPM improved due to decreased allowance for bad debts and operational costs)

## 2-3) Hyundai Electric & Energy Systems (Consolidated)

### 2Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



Note 1 : Consolidated basis

- **Sales 535.5 billion KRW**

- Up by 38.6% QoQ
- Up by 32.2% YoY

- **Operating Profit 18.3 billion KRW, OPM 3.4%**

- Up by 325.6% QoQ
- Turned to black YoY

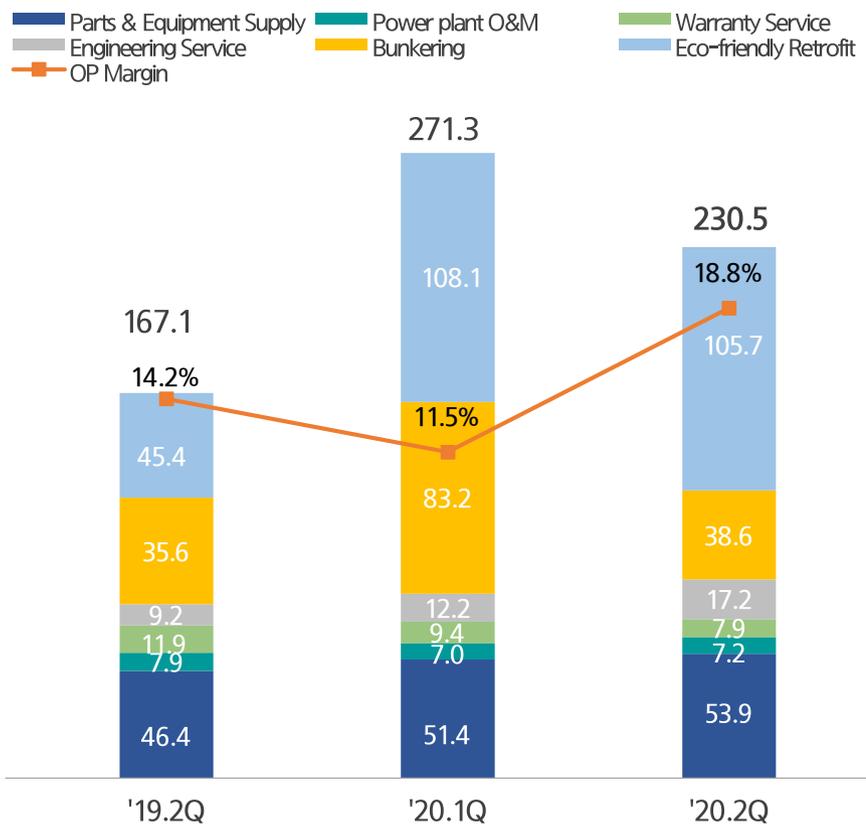
- **Analysis**

- Sales increased due to increased sales of transformers, switchgears and etc. to KEPCO and its affiliates as well as increased overseas sales.
- Improved profitability due to cost restructuring and gradual depletion of low margin backlogs along with mix transition to improved margin orders.

## 2-4) Hyundai Global Service (Consolidated)

### 2Q 2020 Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 230.5 Billion KRW**

- Down by 15.0% QoQ
- Up by 37.9% YoY

- **Operating Profit 43.4 Billion KRW, OPM 18.8%**

- Up by 39.1% QoQ
- Up by 83.1% YoY

- **Analysis**

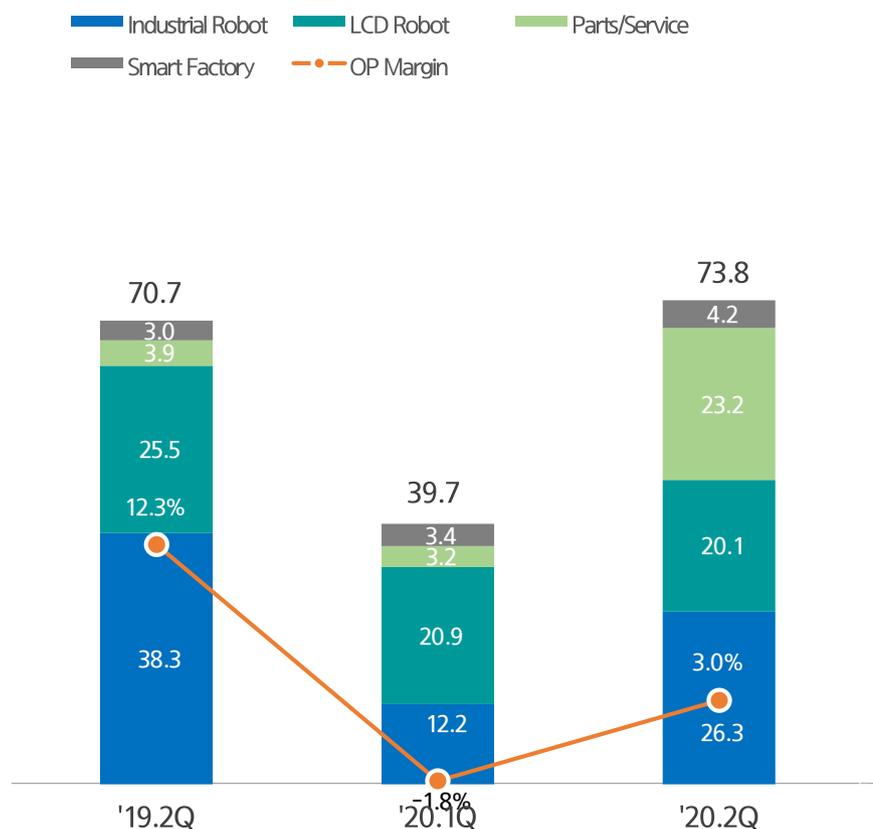
- Despite decreased sales in bunkering business due to fallen demand for oil on Corona 19 pandemic and drop in global oil price, profitability improved attributable to cost reduction in repair shipyards as a result of production optimization for scrubber retrofits.
- Eco-friendly retrofit sales and operating profit increased YoY.

Note1 : Consolidated basis

## 2-5) Hyundai Robotics (Parent)

### '20 2Q Sales and Operating Profit Margin

(Unit : billion KRW)



- **Sales 73.8 billion KRW**

- Up by 85.9% QoQ
- Up by 4.4% YoY

- **Operating Profit 2.2 billion KRW, OPM 3.0%**

- Turned to black QoQ
- Down by 75.2% YoY

- **Analysis**

- Sales and Operating profit improved QoQ due to increased sales of industrial robots and system orders.
- Operating profit decreased as a result of COVID-19 pandemic, and reduced selling prices due to intensified market competition.

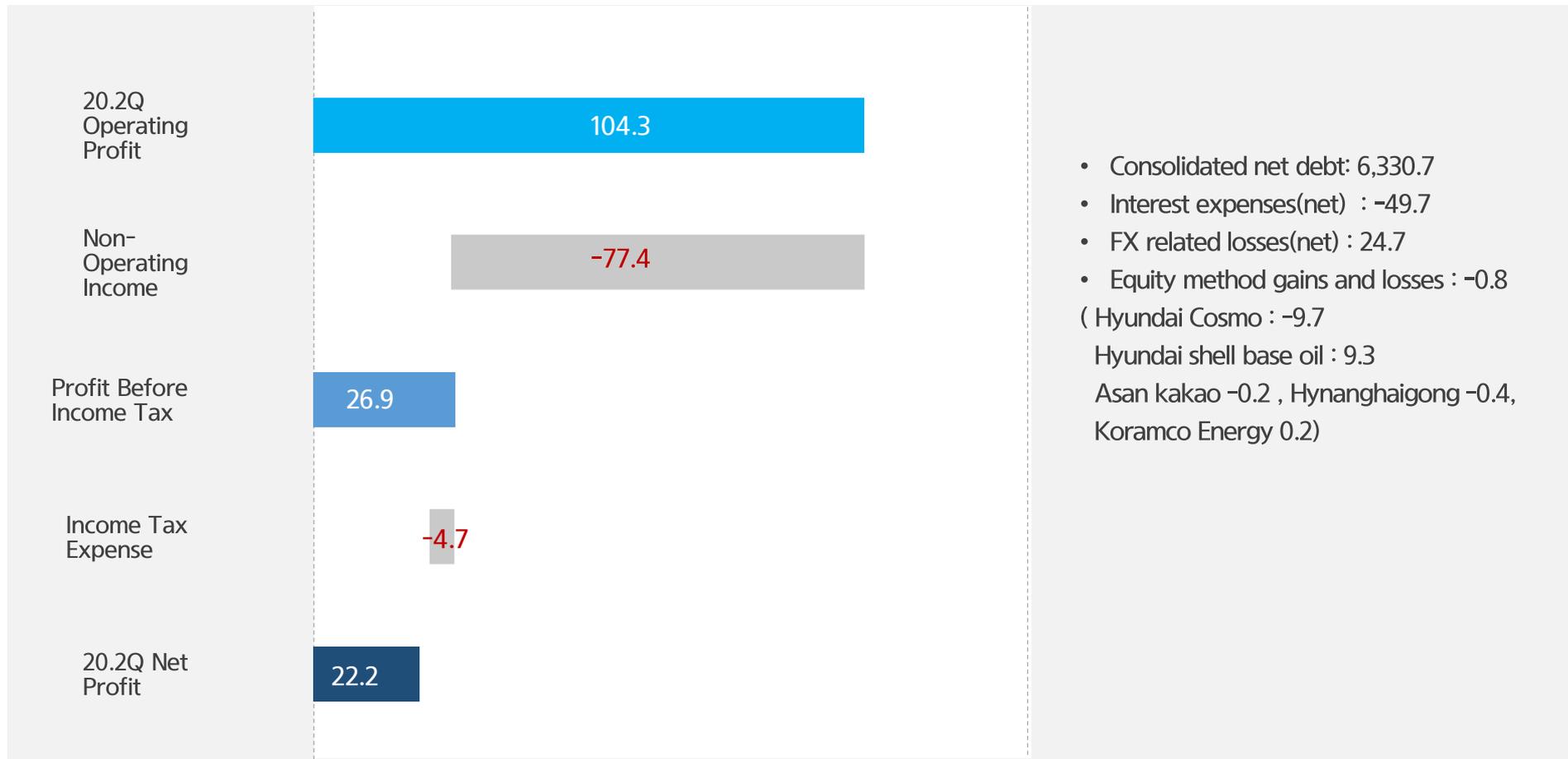
Note 1 : Parent basis

Note 2 : According to the spin-off of the robot sector as of 2020.5.1, the performance before 2020.5.1 is compiled by aggregating the performance of the robot business for investors' convenience.

### 3. Non-operating Profit and Net Income

#### 2Q 2020 Financial Results

(Unit : billion KRW)



- Consolidated net debt: 6,330.7
- Interest expenses(net) : -49.7
- FX related losses(net) : 24.7
- Equity method gains and losses : -0.8  
 ( Hyundai Cosmo : -9.7  
 Hyundai shell base oil : 9.3  
 Asan kakao -0.2 , Hynanghaigong -0.4,  
 Koramco Energy 0.2)

## 4. Financial Ratio

### Consolidated Financial Ratio

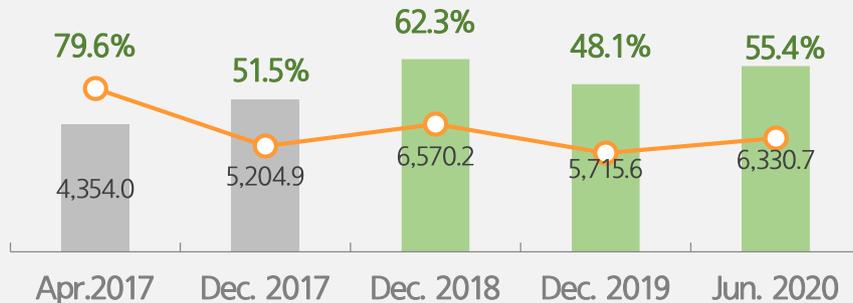
- Liabilities Ratio 130.9%

(Unit : billion KRW)



- Net Debt Ratio 55.4%

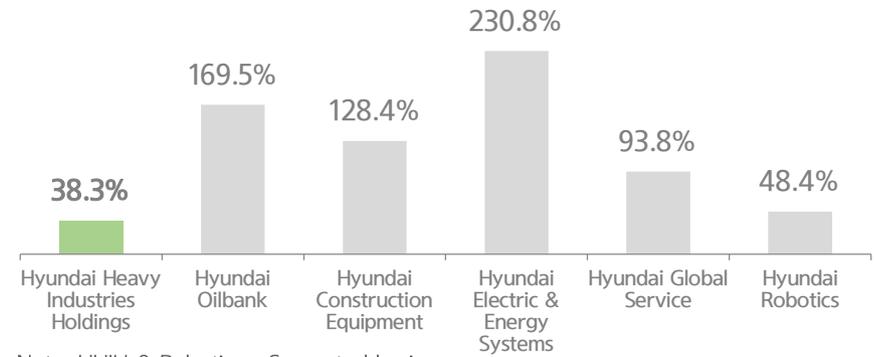
(Unit : billion KRW)



### Financial Ratio of Major Affiliates

- Liabilities Ratio

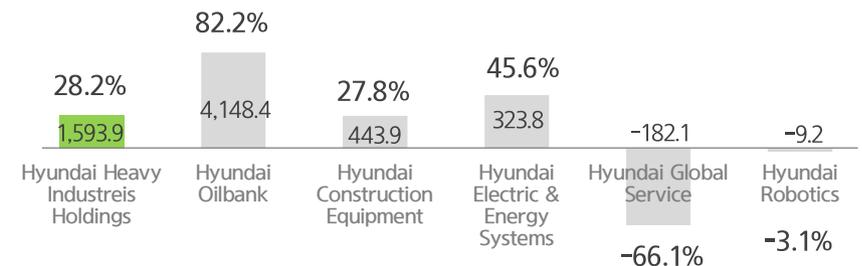
(Unit : billion KRW)



Note: HHHH & Robotics - Separated basis

- Net Debt Ratio

(Unit : billion KRW)



Note: HHHH Robotics - Separated 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	'20.2Q			'20.1Q	'19.2Q
		QoQ	YoY		
Sales	4,005.8	-29.9%	-41.3%	5,716.3	6,823.7
Cost of Goods Sold	3,623.3	-38.8%	-42.5%	5,919.2	6,298.5
Gross Profit	390.3	Turned to black	-25.7%	(202.9)	525.2
Operating Profit	104.3	Turned to black	-48.3%	(487.2)	201.9
OP margin	2.6%	11.1%p	-0.4%p	-8.5%	3.0%
Non Operating Income & Loss	(77.4)	-	-	(116.5)	(121.1)
Profit before Tax	26.9	Turned to black	-66.7%	(603.7)	80.8
Income Tax	4.7	Turned to black	-82.3%	(243.3)	26.6
Net Income	22.2	Turned to black	-59.0%	(360.4)	54.2

## Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Jun.30, '20
Current Assets	8,884.2	9,938.3	8,659.6
(Cash & Cash Equivalents)	1,099.8	2,348.0	2,224.3
Non-current Assets	14,463.6	15,780.3	17,722.3
<b>Total Assets</b>	<b>23,347.8</b>	<b>25,718.6</b>	<b>26,381.9</b>
Current Liabilities	8,660.2	8,046.0	7,575.6
(Short-term borrowings)	4,549.7	3,418.5	3,049.2
Non-current Liabilities	4,133.5	5,787.9	7,378.8
(Long-term borrowings)	3,325.0	4,652.9	5,722.8
<b>Total Liabilities</b>	<b>12,793.7</b>	<b>13,833.9</b>	<b>14,954.4</b>
Paid-in Capital	81.4	81.4	81.4
Others	4,344.0	4,727.3	4,739.0
Retained Earnings	3,302.0	3,183.3	2,574.3
Non-controlling interests	2,826.6	3,892.7	4,032.8
<b>Total Shareholder's Equity</b>	<b>10,554.1</b>	<b>11,884.7</b>	<b>11,427.5</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>23,347.8</b>	<b>25,718.6</b>	<b>26,381.9</b>

## 2. Consolidated Financial Statements (Hyundai Oilbank)

### Consolidated Income Statement

(Unit : billion KRW)

Category	'20.2Q			'20.1Q	'19.2Q
		QoQ	YoY		
Sales	2,551.7	-42.2%	-52.0%	4,416.6	5,319.6
Cost of sales	2,435.8	-50.0%	-51.9%	4,866.8	5,067.8
Gross profit	115.9	Turned to black	-54.0%	(450.2)	251.8
Operating profit	13.2	Turned to black	-91.4%	(563.2)	154.4
OP margin	0.5%	13.3%p	-2.4%p	-12.8%	2.9%
Non operating income & expenses	(31.6)	-	-	(122.6)	-46.3
Equity method gains and losses	(0.2)	-	-	8.9	9.1
Profit before tax	(18.6)	Deficit reduction	Turned to red	(676.9)	117.3
Income tax	(2.3)	-	-	(214.7)	25.8
Net income	(16.3)	Deficit reduction	Turned to red	(462.2)	91.5

### Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Jun.30, '20
Current assets	4,358.3	4,565.4	3,445.1
(Cash & cash equivalents)	162.6	480.4	425.5
Non-current assets	7,386.5	8,290.5	10,154.6
<b>Total assets</b>	<b>11,744.8</b>	<b>12,855.9</b>	<b>13,599.7</b>
Current liabilities	4,578.0	4,086.7	3,800.8
(Short-term borrowings)	1,573.7	1,125.0	898.5
Non-current liabilities	2,042.7	3,327.6	4,752.2
(Long-term borrowings)	1,856.1	2,808.4	3,680.3
<b>Total liabilities</b>	<b>6,620.7</b>	<b>7,414.3</b>	<b>8,553.0</b>
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	454.6	443.6	735.1
Retained earnings	3,109.9	3,110.1	2,437.8
Non-controlling interest	334.2	662.4	648.4
<b>Total equity</b>	<b>5,124.1</b>	<b>5,441.6</b>	<b>5,046.7</b>
<b>Total liabilities &amp; equity</b>	<b>11,744.8</b>	<b>12,855.9</b>	<b>13,599.7</b>

Note: K-IFRS consolidated basis

### 3. Consolidated Financial Statement of Hyundai Global Service



#### Consolidated Income Statement

(Unit : billion KRW)

Category	'20.2Q			'20.1Q	'19.2Q
		QoQ	YoY		
Sales	230.5	-15.0%	37.9%	271.3	167.1
Cost of Goods Sold	180.8	-22.2%	30.5%	232.3	138.5
Gross Profit	49.7	27.4%	73.8%	39.0	28.6
Operating Profit	43.4	39.1%	83.1%	31.2	23.7
OP margin	18.8%	7.3%p	4.6%p	11.5%	14.2%
Non Operating Income & Loss	10.0	-	-	5.9	2.6
Profit before Tax	41.6	12.1%	58.8%	37.1	26.2
Income Tax	12.7	38.0%	98.4%	9.2	6.4
Net Income	28.9	3.6%	46.0%	27.9	19.8

#### Consolidated Balance Sheet

(Unit : billion KRW)

Category	Dec.31, '18	Dec.31, '19	Jun.30, '20
Current Assets	359.5	569.3	499.6
(Cash & Cash Equivalents)	124.8	168.9	182.1
Non-current Assets	11.2	26.2	34.7
<b>Total Assets</b>	<b>370.7</b>	<b>595.5</b>	<b>534.3</b>
Current Liabilities	151.8	283.9	247.6
(Short-term borrowings)	-	-	-
Non-current Liabilities	0.3	3.4	11.0
(Long-term borrowings)	-	-	-
<b>Total Liabilities</b>	<b>152.0</b>	<b>287.3</b>	<b>258.6</b>
Paid-in Capital	20.0	20.0	20.0
Others	105.5	105.2	105.2
Retained Earnings	93.2	183.0	150.5
<b>Total Shareholder's Equity</b>	<b>218.7</b>	<b>308.2</b>	<b>275.7</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>370.7</b>	<b>595.5</b>	<b>534.3</b>

Note: K-IFRS consolidated basis

