

4Q 2020 Earnings Release

HYUNDAI OILBANK



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I. 2020 4Q Earnings

II. 2021 Investment Highlights

III. Appendix

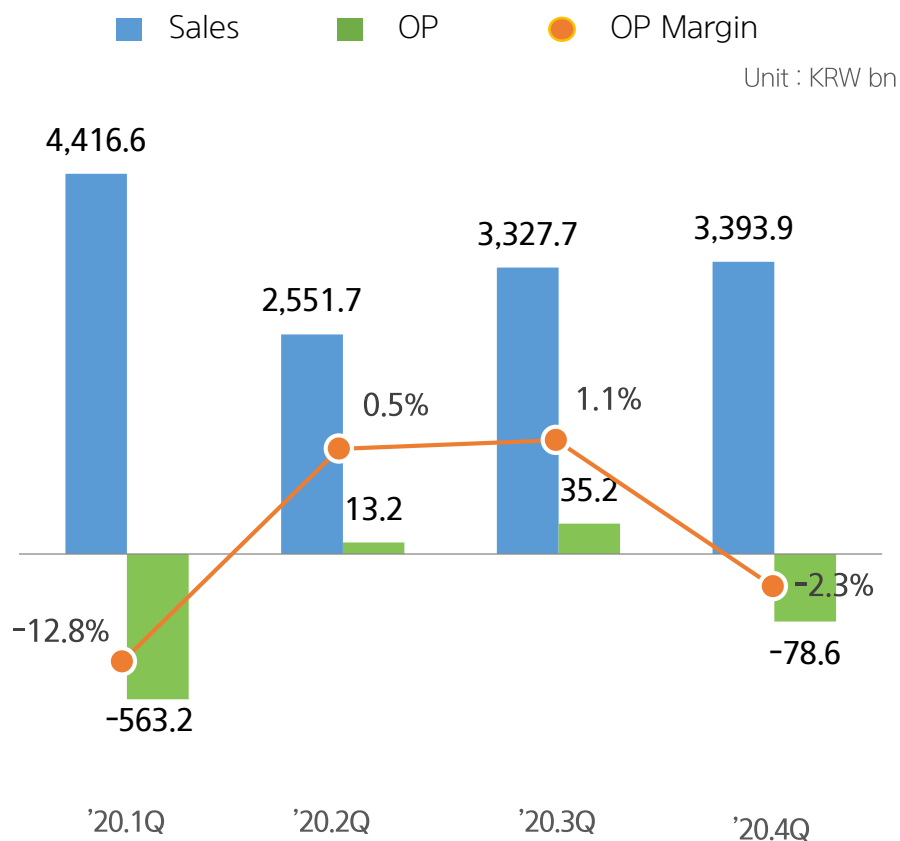
I. 2020 4Q Earnings

1. Consolidated Earnings
2. Earnings by Business Segment
3. Yearly Earnings Analysis

1. Consolidated Earnings

Hyundai Oilbank recorded an operating loss of KRW -78.6 bn in 4Q and KRW -593.3 bn in 2020 due to a sluggish recovery of oil demand from COVID-19 impacts.

2020 Consolidated Earnings



• 4Q Operating Loss KRW -78.6 bn

- Operating Profit decreased by 113.8 KRW bn QoQ
- Main product cracks narrowed QoQ
: Gas oil 5.0 → 4.3 \$/bbl, Naphtha 1.2 → 0.7 \$/bbl

• 2020 Operating Loss KRW -593.3 bn

- COVID-19 and oil price drop incurred a massive loss in 1Q.
- We attained a profit in two consecutive quarters in 2, 3Q while the market worsened as the global oil demand decreased.
- Operating loss in 4Q is due to a sluggish recovery of product demand arising from the resurgence of COVID-19.

2. Earnings by Business Segment

4Q 2020 Earnings

Unit : KRW bn

Business	'20.4Q			'20.3Q			'19.4Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Refining	3,230.4	-110.9	-3.4%	3,178.4	-19.4	-0.6%	4,928.3	59.9	1.2%
Petrochemical	579.1	-10.6	-1.8%	651.4	36.1	5.5%	990.8	26.9	2.7%
Lube Base Oil (Newly consolidated*)	93.7	23.8	25.4%	-	-	-	-	-	-
Carbon Black	45.3	13.7	30.2%	41.5	6.2	15.0%	44.3	10.7	24.0%
Others/Adjustments	-554.6	5.4		-543.6	12.3		-611.2	11.5	
Consolidated Earnings	3,393.9	-78.6	-2.3%	3,327.7	35.2	1.1%	5,352.2	109	2.0%

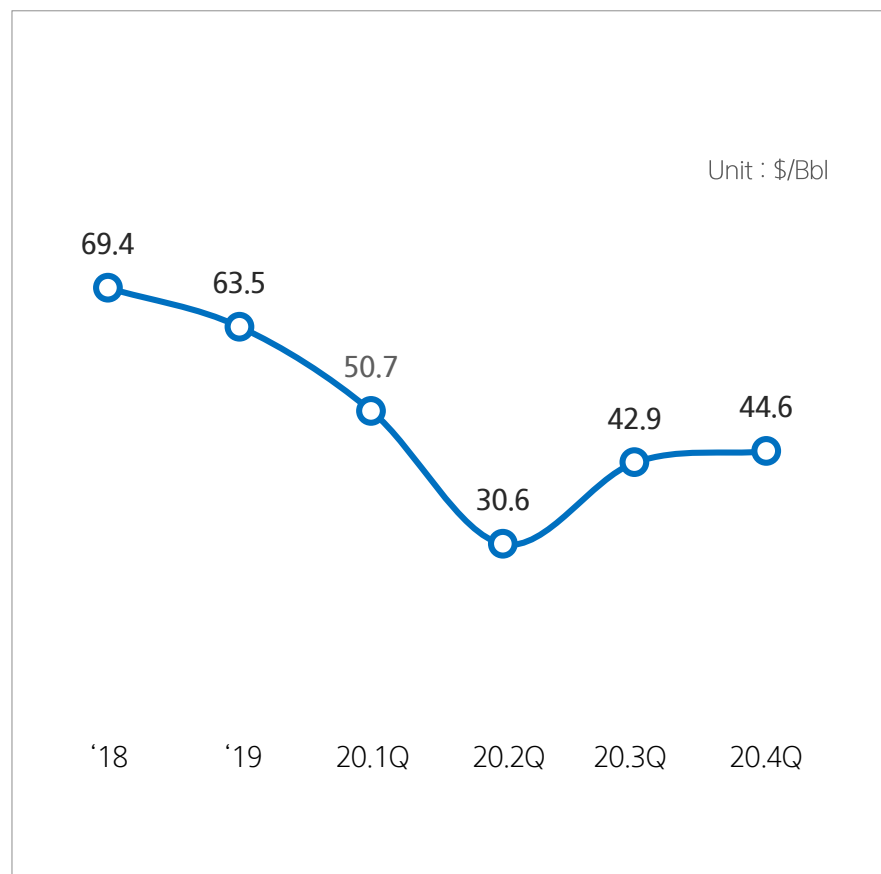
※ Lube base oil business (Hyundai Shell Base Oil, HSB) has been newly consolidated since Nov 2020 (HSB 2020 OP : 94.9 KRW bn)

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

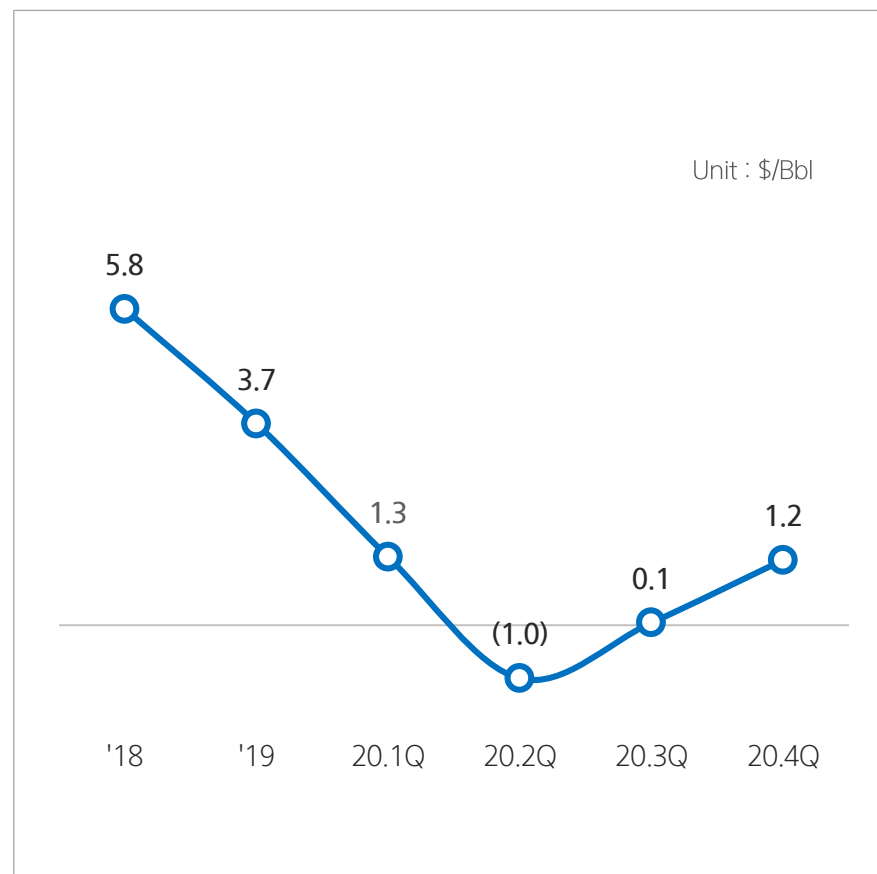
3. 2020 Analysis - Market

Oil price and refining margin plummeted early this year due to the COVID-19 outbreak. While they rebounded in the second half, the recovery of product demand slowed down with the resurgence of COVID-19. Nonetheless, refining margin is projected to improve in 2021 with an accelerated recovery of demand following vaccine distribution.

Dubai Oil Price



Singapore Refining Margin



3. 2020 Analysis – Competitors

Amid unfavorable market conditions after COVID-19 pandemic, Hyundai Oilbank has minimized loss by maximizing ultra-heavy crude input and optimizing production yield.

Operating Profit of Korean Refineries

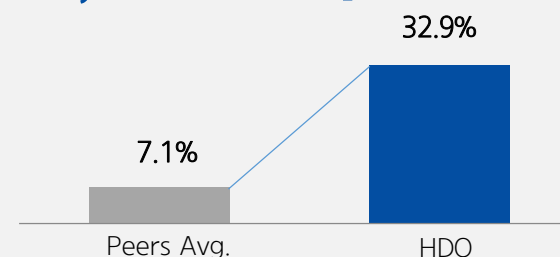
(Unit: KRW
bn)

	1Q	2Q	3Q	4Q	2020
Hyundai Oilbank	-563.2	13.2	35.2	-78.6	-593.3
SK Innovation	-1,775.2	-439.7	-53.6	-243.5	-2,512.0
S-OIL	-1,007.3	-164.3	-9.3	93.1	-1,087.8
GS Caltex	-1,031.8	-133.3	297.1	To be announced	-868.0
Total	-4,377.5	-724.1	269.4	-	-

※ Numbers based on earning release

Cost savings by ultra-heavy crude

[Ultra-heavy crude use ('20)]



Flexible Production

[Maximizing refining margin]

Product	Cracks (\$/B)		Yields	
	'19	'20	'19	'20
Jet	13.7	2.5	15%	9%
Gas oil	14.7	7.2	42%	46%

II. 2021 Investment Highlights

1. Market Outlook
2. 2021 Investment Highlights
3. Hyundai Shell Base oil Consolidation
4. HPC Project

1. Market Outlook by Business Segment

21.1Q Outlook

2021 Outlook

Refining

- Dubai oil price remains stable around 55 \$/B as oil producers keep cutting their production.
- Gasoline crack will gradually recover due to vaccine distribution and US stimulus package.
- Kerosene/Gas-oil crack will recover due to a cold wave in North America/Europe and growing demand from industry and transport.

- Oil demand outlook (IEA, Jan 2021)
: demand recovery 21.1Q 94m → 21.4Q 99m BD
- Cracks outlook (IHS, Jan 2021)
: 21.4Q Gasoline 6.4\$/B, Gas oil 11.4\$/B
- Refining margin will gradually improve until end of the year as demand recovers.

Petro-chemical (BTX)

- PX-N spread will rise as PX demand increases with large scale PTA expansions in China.
- PTA-PX spread will also recover and improve BTX spreads.

- Large scale PTA expansions in China will improve PX spread
(’21 Expansion : PTA 7.4 mil.ton / PX 5.8 mil. Ton)
- PTA market will recover in line with rebounding demand of apparels and synthetic textiles.

Lube Base — Carbon Black

- Lube base oil margin will stay firm with low utilization rate of refineries.
- Carbon black margin will stay firm as increase in feedstock price is reflected to product price.

- Lube base oil margin will remain strong with a high demand of premium base oil (Group II/III).
- Carbon black margin will improve with tire demand restoring from COVID-19 impacts.

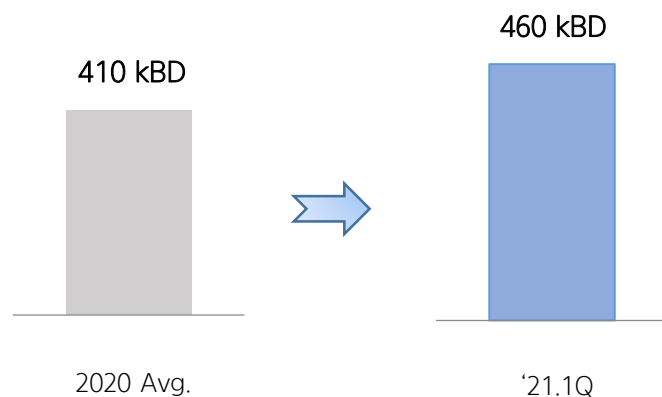
2. 2021 Investment Highlights (1)

We plan to increase our utilization to 460 kb/d by '21. 1Q as market conditions improve.
we will also increase ultra-heavy crude input to 160 kb/d to reduce production costs.

CDU operation plan

- CDU will run at a higher utilization rate as market conditions improve.
- No T/A scheduled for 2021

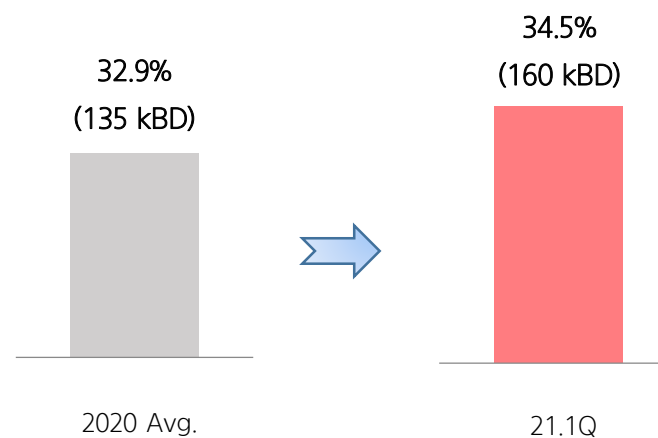
[CDU operation plan (20.1Q)]



Ultra-heavy crude

- We will cut production costs by increasing ultra-heavy crude input
- Additional 25 kBD input planned in 2020.1Q

[Ultra-heavy crude input plan (20.1Q)]



2. 2021 Investment Highlights (2)

We plan to produce MTBE, a gasoline component, to reduce a gasoline production cost. Economics of RDS expanded in last year will also improve as VLSFO margin increases.

MTBE Plant Expansion

- MTBE production (Gasoline component)
 - MTBE will be produced with C4 raffinate feedstock from HPC and cut gasoline production cost.

[MTBE Investment summary]

Investment	KRW 88.0 bn
Capacity	200 KT/A
Estimated Return	KRW 35.7bn/annum
Commercial Operation	2021.4Q

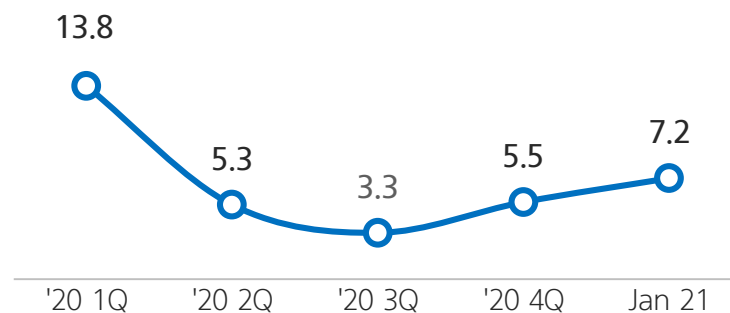
※ Estimated return based on 2015~2019 prices

RDS Economics Improvement

- RDS return improves with better VLSFO margin
 - VLSFO market recovers with refineries' run-cut
 - RDS return is expected to improve in turn.

[VLSFO-Dubai Crack]

Unit : \$/B



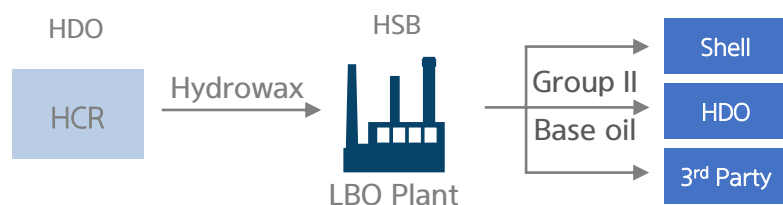
3. HSB Consolidation

Hyundai Shell Base Oil was included into our consolidated subsidiaries as of Nov. 2020, which we expect to contribute to our consolidated earnings with a positive market outlook for lube base oil in '21.

Company overview

- HSB Consolidation (Nov. 2020)
 - Establishment : Apr. 2012
(Commercial operation : 2014)
 - Shares : HDO 60% / Shell 40%
 - Capacity : Group II base oil 1mn.T / annum
 - Earnings (2020) : Sales 571.2 KRW bn /
OP 94.9 KRW bn

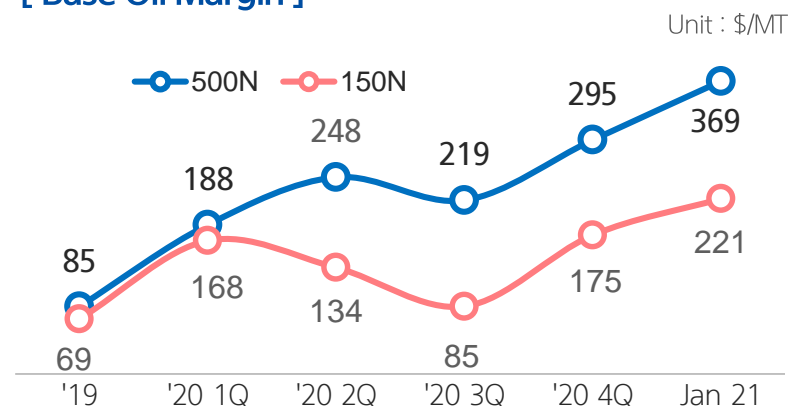
※ '20 consolidated OP contribution : 23.8 KRW bn (Nov~Dec)



Favorable Market conditions

- Base oil margin will stay at a positive level
 - Stock demand in China and spring peak season demand is expected to increase.
 - Manufacturers' T/A will cut supply in spring

[Base Oil Margin]



4. HPC Project

Heavy-feed Petrochemical Complex (HPC) is in progress with 78% of completion rate as of Jan 2021 and commercial operation is scheduled in Nov 2021. HPC uses T-DAO and residue gases cheaper than naphtha,

which enables HPC to secure solid cost-competitiveness compared to the other NCCs.

HPC Project (Heavy feed Petrochemical Complex)

- Overview : Unlike NCC which uses naphtha as a main feed, HPC uses multi-feed (T-DAO, Naphtha, LPG) to maximize ethylene production economics
※ T-DAO: Treated De-Asphaltene Oil

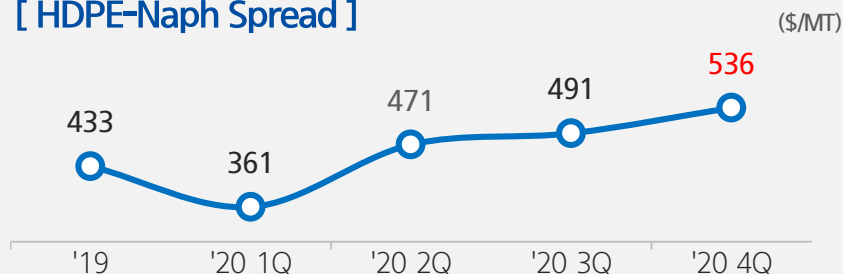
- Product: Polyethylene 850KT/A, Polypropylene 500KT/A

- Schedule : Completion & Test run (Aug 2021)

Commercial Operation (Nov 2021)

“ Estimated Return: KRW 500.0 bn/a ”

[HDPE-Naph Spread]



- Completion rate : 78% (as of Jan 2021)



- Feedstock comparison (compared to NCC)

Feedstock	NCC	H P C
LPG / Refined Gases	0 ~ 10%	26%
T-DAO	-	34%
Light Naph	90 ~ 100%	40%

※ Feedstock composition can be adjusted in response to market variations.

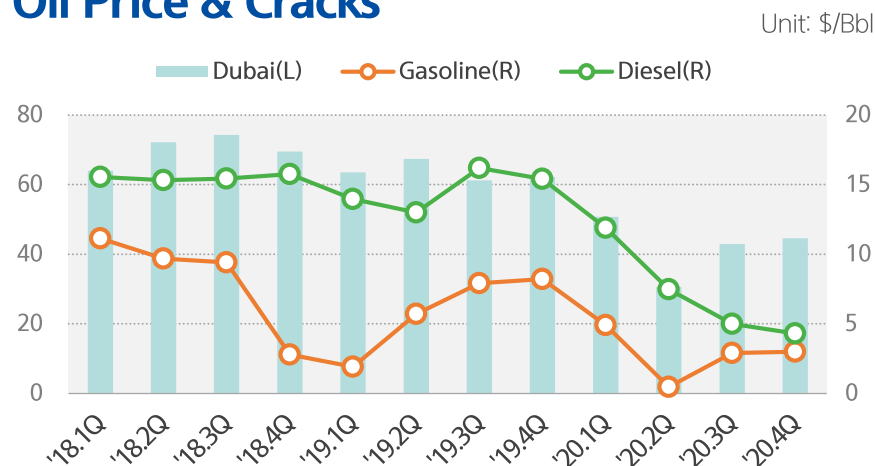
III. APPENDIX

1. Hyundai Oilbank
2. Hyundai Chemical
3. Hyundai Shell Base Oil
4. Hyundai OCI
5. Hyundai Cosmo (Equity Method)
6. Financial Ratios
7. Financial Statements



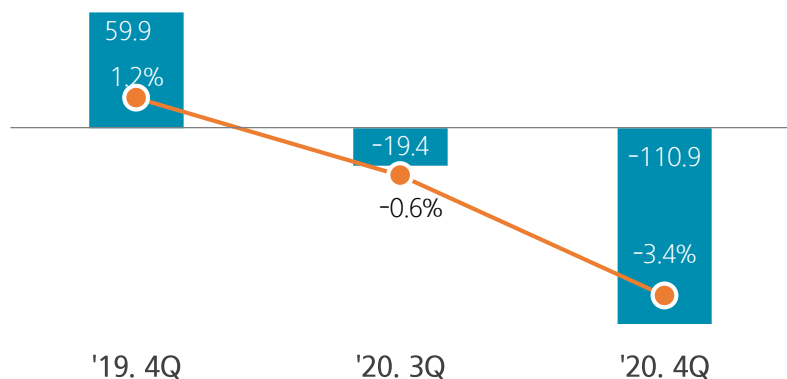
1. Hyundai Oilbank Key Indicators & Results

Oil Price & Cracks



Hyundai Oilbank Operating Income (Separate)

Unit : KRW bn.



4Q Analysis

- Oil price gradually rose as OPEC+ cut production and governments initiated vaccine inoculation.
- Gasoline crack recovered with vaccine distribution, despite a weak seasonal demand and increasing supply.
- Kerosene/Gas-oil crack was supported by a high demand of heating-oil due to a cold wave, industrial demand in China and India, and decrease in the refinery utilization in Europe and the US.

1Q Forecast

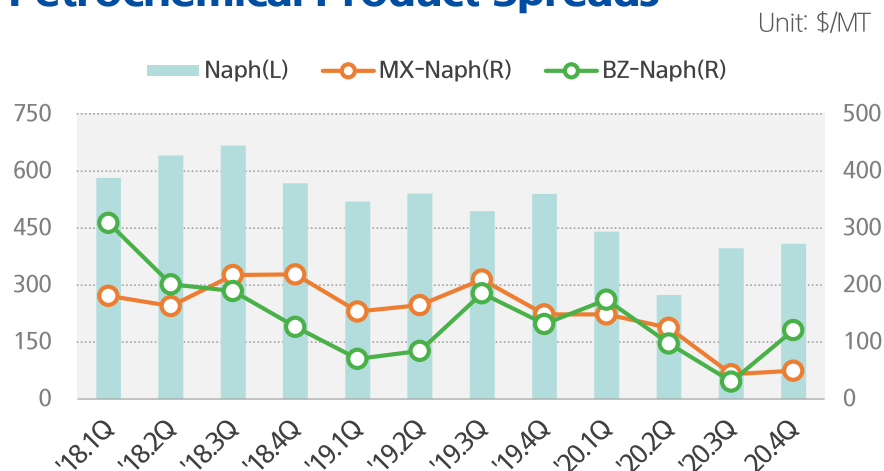
- Oil price is expected to rise with a high demand and a low inventory, while volatility related to the US energy policy and diplomatic relations with Iran and Venezuela will still remain.
- Gasoline is likely to improve as COVID impacts ease off and traffic volume grows, while its upward momentum will be limited by rising utilization of refiners in China and Middle East.
- Kerosene/Gas-oil crack will stay firm with growing demands for heating, generation and airlines and run-cut in the US and Europe.

QoQ Analysis

- Product cracks fell (Diesel -0.7 \$/b, Naphtha -0.5 \$/b)

2. Hyundai Chemical Key Indicators & Results

Petrochemical Product Spreads



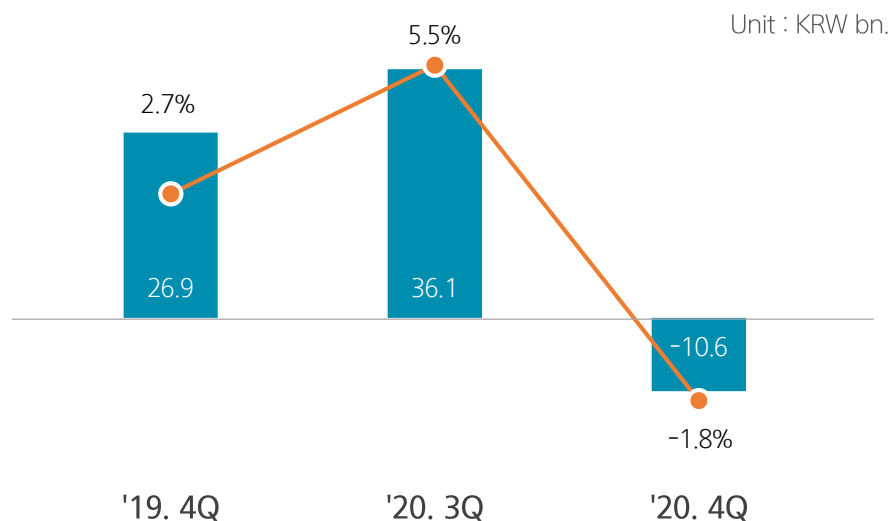
4Q Analysis

- MX spread remained low as PX plants reduced utilization due to a low PX margin and PX import demand from China decreased with a high inventory.
- Benzene spread widened as its price rose with a temporary imbalance in SM supply and demand and a supply shortage of benzene in Europe and the US.

1Q Forecast

- MX spread is expected to widen with a larger demand of PX following PTA expansions in China, while MX expansions in China will partly offset its upward trend.
- Benzene price is less likely to rise further as SM supply shortage is gradually relieved and benzene's growing export to the US eases its supply shortage.

Hyundai Chemical Operating Income

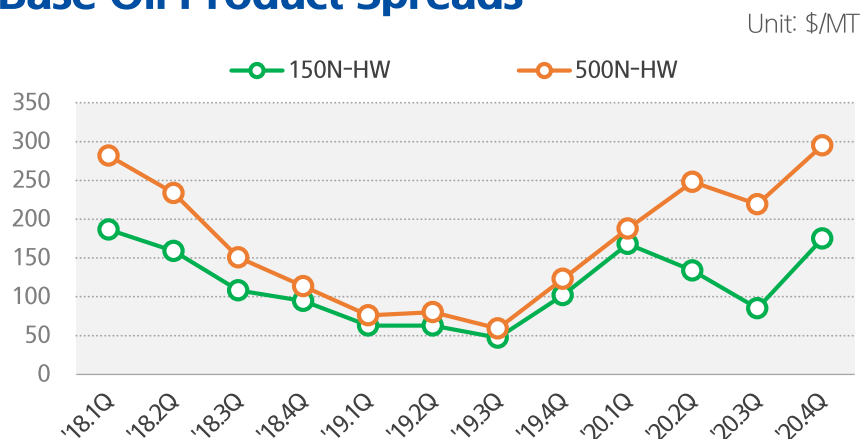


QoQ Analysis

- Qatar crude's long-term purchase contract premium rose.

3. Hyundai Shell Base Oil Key Indicators & Results

Base Oil Product Spreads



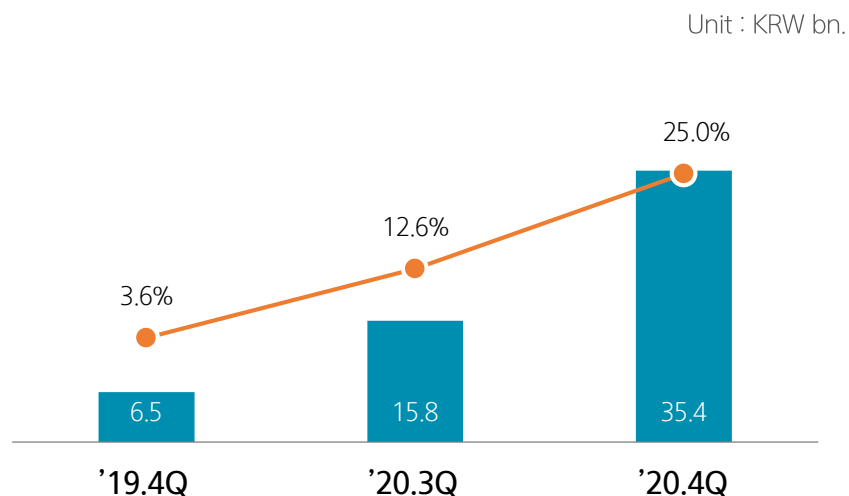
• 4Q Analysis

- Base oil spread widened as base oil supply decreased with a low utilization rate in line with a weak refining margin, whereas base oil product demand from major importers stayed firm.

• 1Q Forecast

- Spread will remain steady from last quarter, while the market may have volatility related to oil price and resurgence of COVID.

Hyundai Shell Base Oil Operating Income



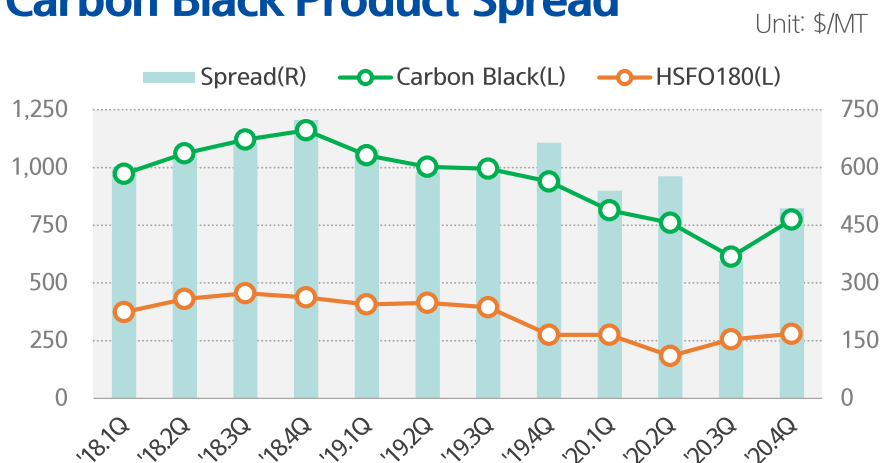
• QoQ Analysis

- Tight supply and firm demand improved product spread.

(Unit: \$/MT)	20.3Q	20.4Q	Change
150N-HW	85	175	+90
500N-HW	219	295	+76

4. Hyundai OCI Key Indicators & Results

Carbon Black Product Spread



• 4Q Analysis

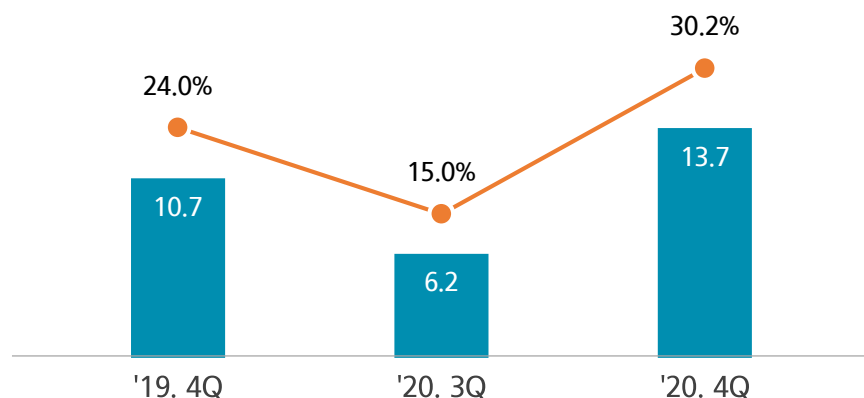
- Carbon black price follows the oil price (HSFO 180) with 2-3 months lag. Product margin improved as product price rose more compared to raw material cost.

• 1Q Forecast

- While a weak demand will persist, the product price is expected to rise following the oil price increase in the preceding quarter.

Hyundai OCI Operating Income

Unit : KRW bn.



• QoQ Analysis

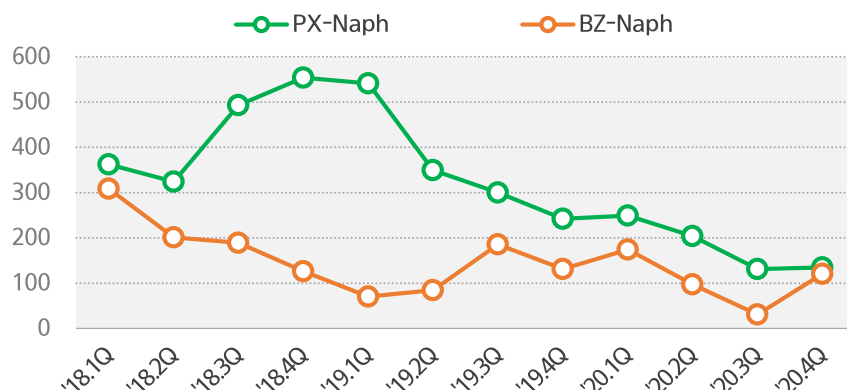
- While carbon black sales volume slightly decreased QoQ, production margin improved the operating profit.

Unit: Kiloton, \$/MT

	20.3Q	20.4Q	Change
Carbon Black			
Sales Volume	41	40	-1
Production Margin	286	425	+139

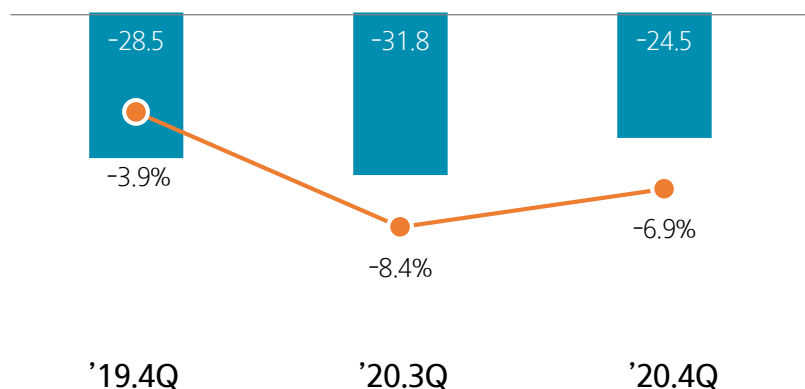
5. Equity Method Company (Hyundai Cosmo)

BTX Product Spreads



Hyundai Cosmo Operating Income

Unit : KRW bn.



• 4Q Analysis

- PX demand improved with the operation of a new 2.5 million ton PTA in China. Nonetheless, PX price increase is limited by high inventory rates of PX and PTA in China
- Benzene spread widened as its price rose with a temporary imbalance in SM supply and demand and a supply shortage of benzene in Europe and the US.

• 1Q Forecast

- PX price is expected to rise with a large scale PTA expansion (500-800 mil. ton) scheduled in the first half of 2021 in China.
- Benzene price is less likely to rise further as SM supply shortage is gradually relieved and benzene's growing export to the US eases its supply shortage.

• QoQ Analysis

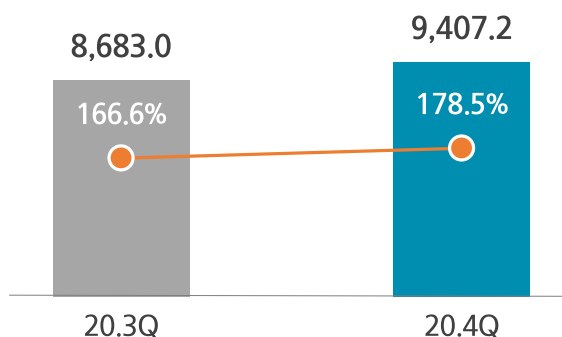
- PX margin remained steady from last quarter. However, BZ spread recovered with a strong downstream demand.

6. Financial Ratios

Consolidated Financial Ratios

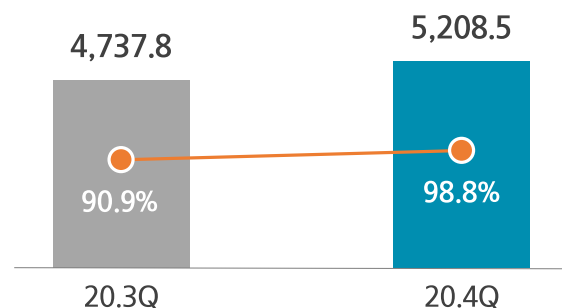
- Debt to Equity Ratio 178.5%

Unit : KRW bn.



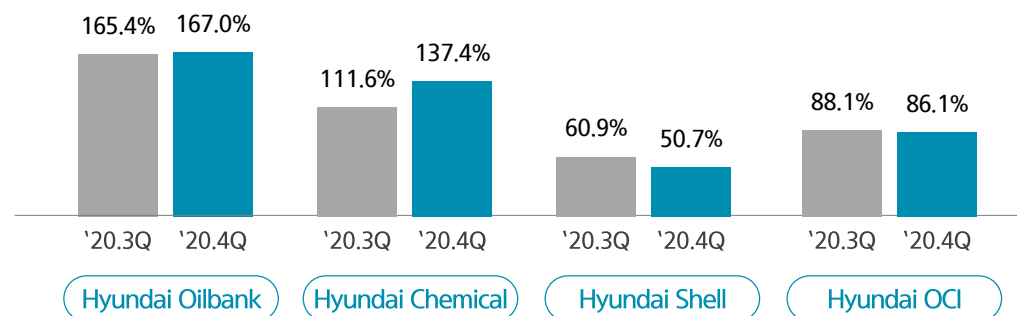
- Net Debt to Equity Ratio 98.8%

Unit : KRW bn.

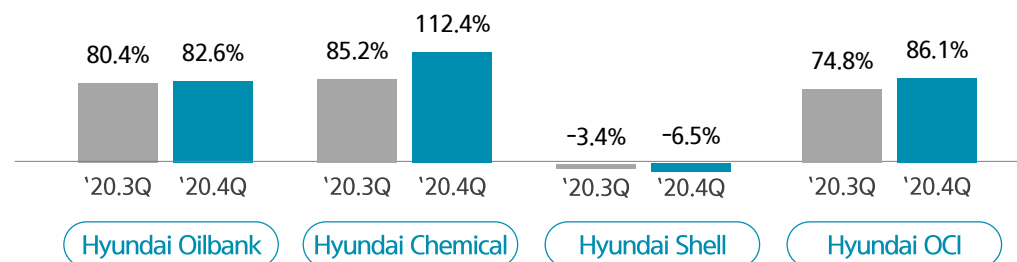


Separate Financial Ratios

- Debt to Equity Ratio (as of the end of 2020.4Q)



- Net Debt to Equity Ratio (as of the end of 2020.4Q)



7-1. Financial Statements – Hyundai Oilbank (Consolidated)

Consolidated Income Statement

Unit : KRW bn.

	'20.4Q	QoQ	YoY	'20.3Q	'19.4Q
Sales	3,393.9	2.0%	-36.6%	3,327.7	5,352.2
Cost of goods sold	3,341.4	5.6%	-35.0%	3,164.8	5,137.6
Gross profit	52.5	-67.8%	-75.5%	162.8	214.6
Operating profit	-78.6	Turned a deficit	Turned a deficit	35.2	109.0
OP margin	-2.3%	-3.4%p	-4.3%p	1.1%	2.0%
Non operating Income & expenses	145.0			23.0	46.9
Equity method gains	-3.2			-4.3	-1.1
Profit before tax	66.3	14.0%	-57.5%	58.2	155.9
Income tax	-3.0			8.7	33.9
Net income	69.3	40.0%	-43.2%	49.5	122.0

Consolidated Balance Sheet

Unit : KRW bn.

	'18.4Q	'19.4Q	'20.4Q
Current assets	4,358.3	4,565.4	3,294.6
(Cash & cash equivalents)	162.6	480.4	301.7
Non-current assets	7,386.5	8,290.5	11,383.6
Total assets	11,744.8	12,855.9	14,678.1
Current liabilities	4,578.0	4,086.7	3,239.4
(Short-term borrowings)	1,573.7	1,125.0	644.0
Non-current liabilities	2,042.7	3,327.6	6,167.8
(Long-term borrowings)	1,856.1	2,808.4	4,871.0
Total liabilities	6,620.7	7,414.3	9,407.2
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	454.6	443.6	707.1
Retained earnings	3,109.9	3,110.1	2,535.0
Non-controlling interests	334.2	662.4	803.4
Total equity	5,124.1	5,441.6	5,270.9
Total liabilities & equity	11,744.8	12,855.9	14,678.1

Note: Consolidated in accordance with K-IFRS

7-2. Financial Statements – Hyundai Oilbank (Separate)

Income Statement (Separate)

Unit : KRW bn.

	'20.4Q	QoQ	YoY	'20.3Q	'19.4Q
Sales	3,230.4	1.6%	-34.5%	3,178.4	4,928.3
Cost of good sold	3,207.5	4.4%	-32.5%	3,071.3	4,752.4
Gross profit	22.9	-78.6%	-87.0%	107.1	175.9
Operating profit	-110.9	Remained deficit	Turned a deficit	-19.4	59.9
OP margin	-3.4%	-2.8%p	-4.6%p	-0.6%	1.2%
Non-operating income & expenses	65.9			24.3	47.9
Profit before tax	-45.0	Turned a deficit	Turned a deficit	4.9	107.8
Income tax	-14.0			-1.9	24.4
Net income	-31.0	Turned a deficit	Turned a deficit	6.8	83.4

Balance Sheet (Separate)

Unit : KRW bn.

	'18.4Q	'19.4Q	'20.4Q
Current assets	3,240.5	3,336.1	2,540.6
(Cash & cash equivalents)	26.1	37.5	71.3
Non-current assets	6,360.3	7,233.2	8,790.1
Total assets	9,600.8	10,569.3	11,330.7
Current liabilities	3,888.2	3,690.5	2,724.3
(Short-term borrowings)	1,427.6	985.4	329.9
Non-current liabilities	1,174.9	2,397.4	4,362.8
(Long-term borrowings)	1,017.5	1,875.3	3,251.9
Total liabilities	5,063.1	6,087.9	7,087.1
Paid-in capital	1,225.4	1,225.4	1,225.4
Others	429.3	429.3	859.0
Retained earnings	2,883.0	2,826.7	2,159.2
Total equity	4,537.7	4,481.4	4,243.6
Total liabilities & equity	9,600.8	10,569.3	11,330.7

7-3. Financial Statements – Hyundai Chemical (Separate)

Income Statement (Separate)

Unit : KRW bn.

	'20.4Q	QoQ	YoY	'20.3Q	'19.4Q
Sales	579.1	-11.1%	-41.6%	651.4	990.8
Cost of good sold	585.7	-4.1%	-38.8%	610.9	957.6
Gross profit	-6.6	Turned a deficit	Turned a deficit	40.5	33.2
Operating profit	-10.6	Turned a deficit	Turned a deficit	36.1	26.9
OP margin	-1.8%	-7.3%p	-4.5%p	5.5%	2.7%
Non-operating income & expenses	4.5			4.8	1.5
Profit before tax	-6.1	Turned a deficit	Turned a deficit	40.9	28.4
Income tax	-1.6			9.9	6.3
Net income	-4.5	Turned a deficit	Turned a deficit	31.0	22.1

Balance Sheet (Separate)

Unit : KRW bn.

	'18.4Q	'19.4Q	'20.4Q
Current assets	865.5	1,314.3	615.1
(Cash & cash equivalents)	89.9	391.1	35.2
Non-current assets	1,017.2	1,492.1	2,852.4
Total assets	1,882.7	2,806.4	3,467.5
Current liabilities	479.4	533.4	580.1
(Short-term borrowings)	121.9	118.6	273.0
Non-current liabilities	706.5	784.3	1,426.8
(Long-term borrowings)	705.6	767.3	1,403.3
Total liabilities	1,185.9	1,317.7	2,006.9
Paid-in capital	480.0	1,220.0	1,220.0
Others	-1.3	-10.2	-4.3
Retained earnings	218.1	278.9	244.9
Total equity	696.8	1,488.7	1,460.6
Total liabilities & equity	1,882.7	2,806.4	3,467.5

7-4. Financial Statements – Hyundai Shell Base Oil (Separate)

Income Statement (Separate)

Unit : KRW bn.

	'20.4Q	QoQ	YoY	'20.3Q	'19.4Q
Sales	93.7	-25.5%	-48.2%	125.8	1,80.8
Cost of good sold	67.8	-37.4%	-60.4%	108.3	1,71.4
Gross profit	25.9	48.0%	175.5%	17.5	9.4
Operating profit	23.8	50.6%	266.0%	15.8	6.5
OP margin	25.4%	12.8%p	21.8%p	12.6%	3.6%
Non-operating income & expenses	-0.3			-0.7	2.4
Profit before tax	23.5	55.3%	163.5%	15.1	8.9
Income tax	6.9			2.8	2.2
Net income	16.6	34.9%	147.7%	12.3	6.7

Balance Sheet (Separate)

Unit : KRW bn.

	'18.4Q	'19.4Q.	'20.4Q
Current assets	249.7	179.1	192.5
(Cash & cash equivalents)	6.9	44.8	110.3
Non-current assets	328.5	288.5	269.2
Total assets	578.2	467.6	461.7
Current liabilities	96.0	97.2	56.7
(Short-term borrowings)	25.0	25.0	9.9
Non-current liabilities	149.2	126.3	98.6
(Long-term borrowings)	144.8	119.9	89.4
Total liabilities	245.2	223.6	155.3
Paid-in capital	13.0	13.0	13.0
Others	118.6	118.6	119.4
Retained earnings	201.4	112.5	174.0
Total equity	333.0	244.0	306.4
Total liabilities & equity	578.2	467.6	461.7

※ HSB was included as consolidated subsidiary from Nov 2020 onwards. '20. 4Q earnings are accumulated income from November.

