

4Q 2021 Earnings Release

**HYUNDAI
OILBANK**



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I. 4Q 2021 Earnings

II. Investment Highlights

III. Appendix



I. 4Q 2021 Earnings

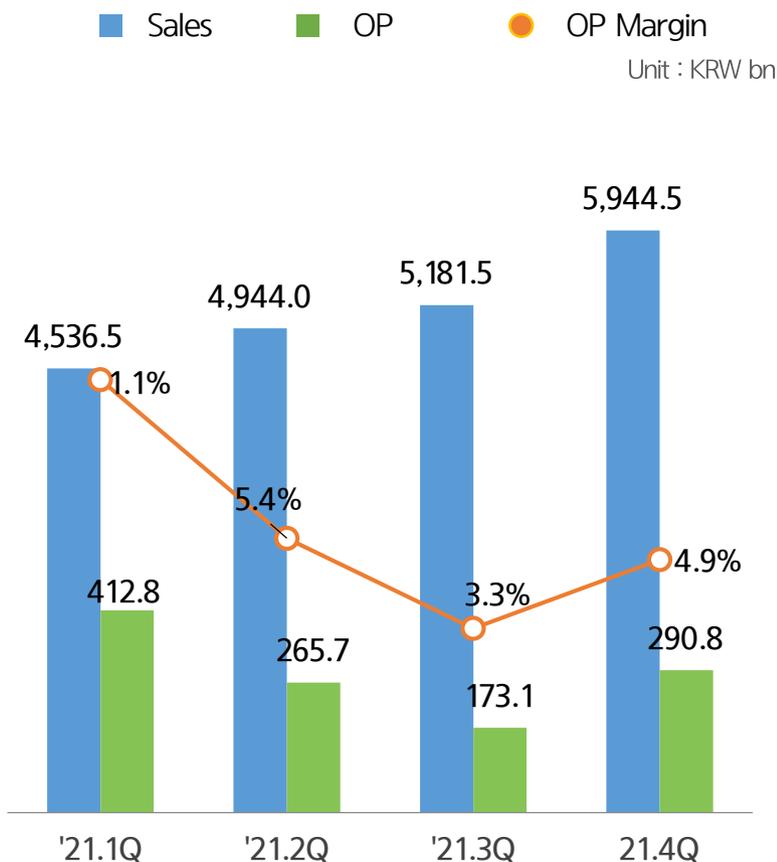
1. Consolidated Earnings
2. Earnings by Business Segment
3. 4Q 2021 Market Conditions
4. Market Outlook by Business Segment



1. Consolidated Earnings

Hyundai Oilbank recorded an operating profit of KRW 290.8 bn in 4Q, increase in QoQ by KRW 117.7 bn. Oil price and product spread has improved upon the arrival of the winter season, as well as the mitigation of Covid 19.

4Q 2021 Consolidated Earnings



- **4Q 2021 Operating Profit KRW +290.8 bn**

- QoQ increase : + KRW 117.7 bn
- YoY increase : + KRW 369.4 bn

- **2021 Operating Profit KRW 1,142.4 bn**

- Achieved the highest operating profit since inception despite continued impact of Corona
- Successfully turning to black from 2020 consolidated operating profit of -593.3 billion won

- **Refining Margin improved as oil price & product crack rose**

- Demand recovery due to the arrival of the winter season and the easing of Covid 19 situation
- Product crack rose due to demand recovery and alternative demand for natural gas
- Oil Price : (QoQ) 71.7 → 78.3 \$/B
- Cracks : (QoQ) Gasoline 9.7→12.9 \$/B, Gasoil 8.1→12.6 \$/B

2. Earnings by Business Segment

4Q 2021 Earnings

Unit : KRW bn

Business	'21.4Q			'21.3Q			'20.4Q		
	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin	Sales	Operating Profit	OP Margin
Refining	6,122.4	200.3	3.3%	5,159.5	62.8	1.2%	3,230.4	-110.9	-3.4%
Petrochemical	1,042.6	35.1	3.4%	1,047.5	46.0	4.4%	624.4	3.1	0.5%
Lube Base Oil (Newly consolidated*)	315.4	46.4	14.7%	231.1	59.9	25.9%	141.7	35.4	25.0%
Others/Adjustments	-1,535.9	9.0		-1,256.5	4.4		-602.6	-6.2	
Consolidated Earnings	5,944.5	290.8	4.9%	5,181.5	173.1	3.3%	3,393.9	-78.6	-2.3%

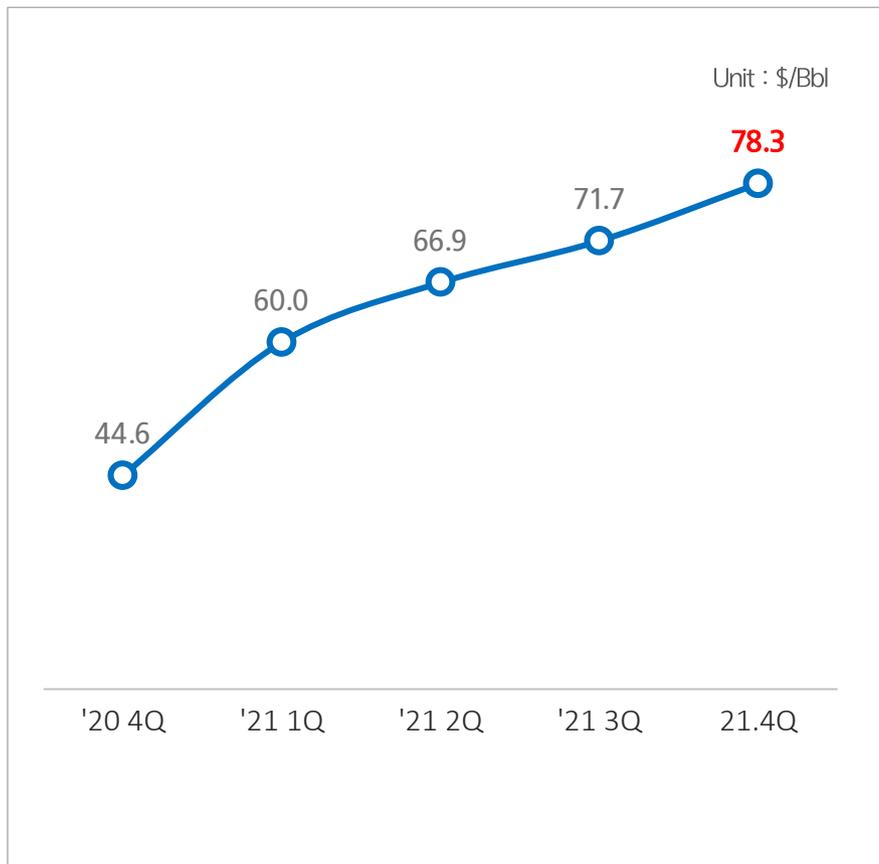
※ Lube base oil business (Hyundai Shell Base Oil, HSB) has been newly consolidated since Nov 2020 (HSB 2020 OP : 94.9 KRW bn)

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

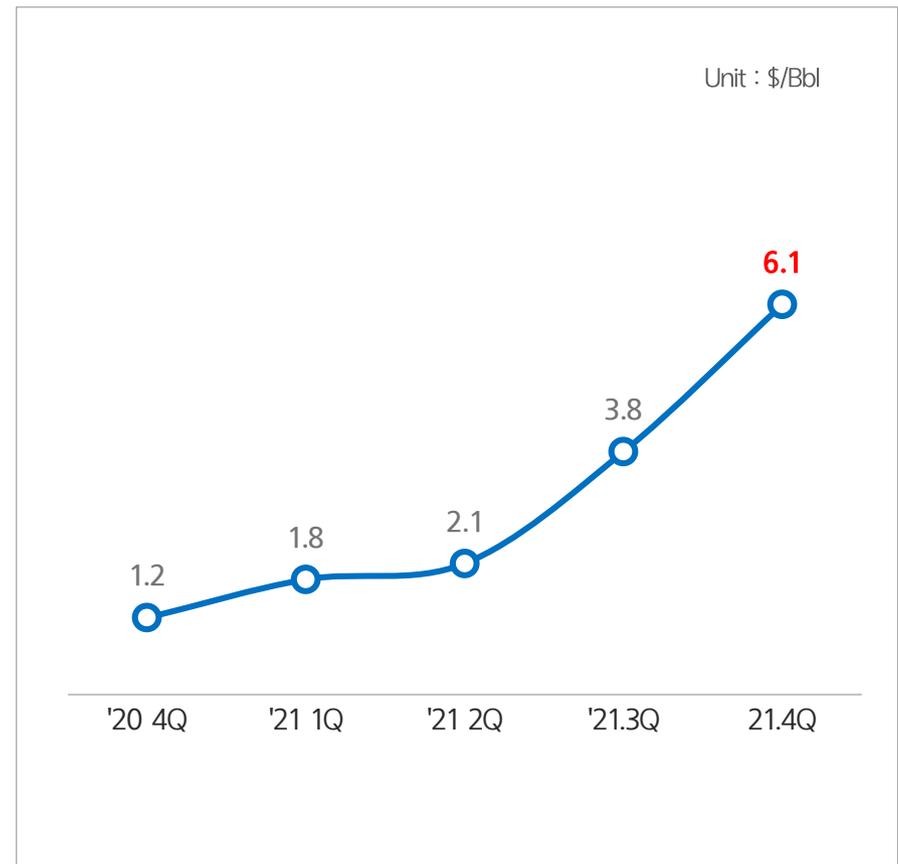
3. 4Q 2021 Market Conditions (Refining)

Oil price rose due to demand increase during winter season, as well as the mitigation of the Covid 19 situation. Refining margins are continuously improving as demand for products rise.

Dubai Oil Price



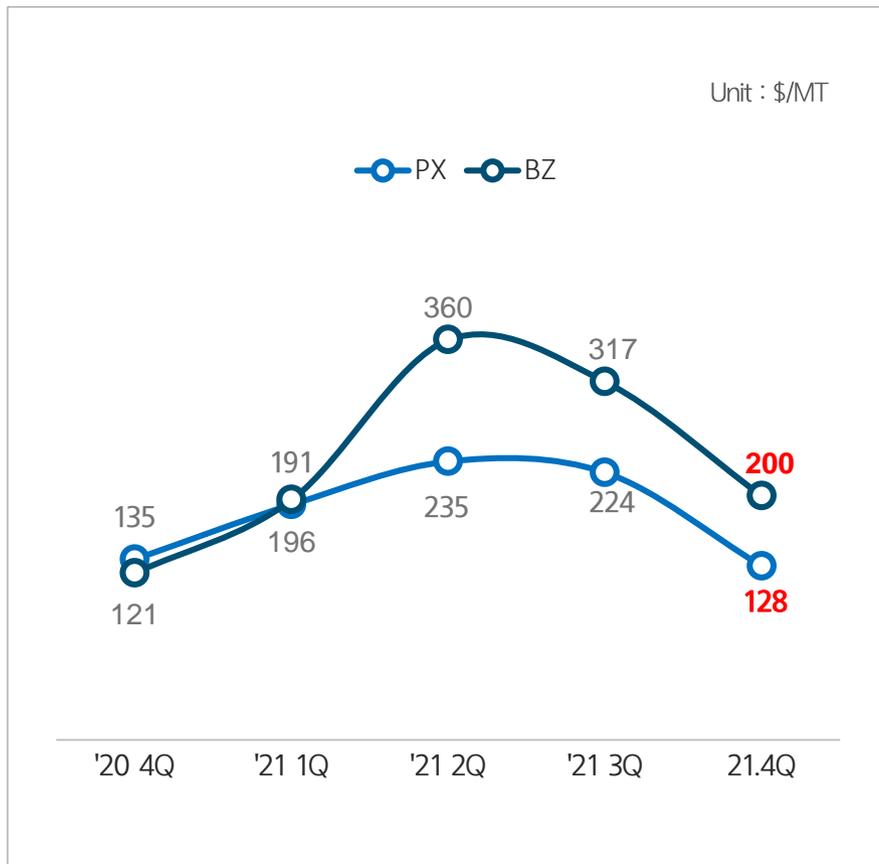
Singapore Refining Margin



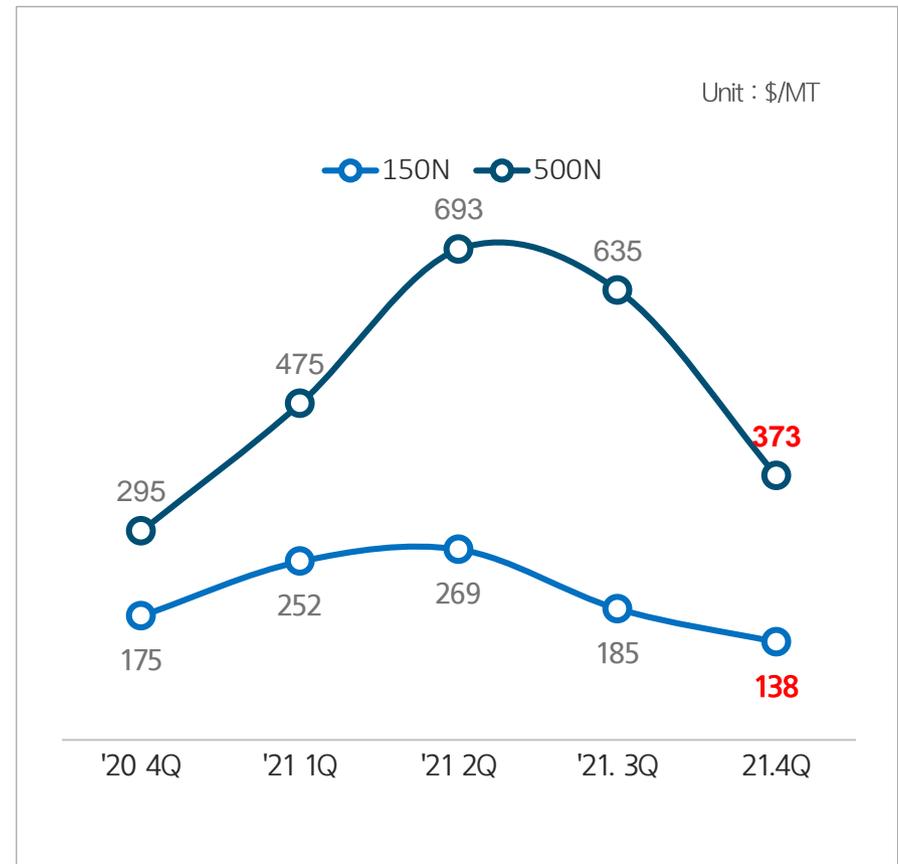
3. 4Q 2021 Market Conditions (BTX/Base oil)

4Q BTX spread narrowed QoQ due to the completion of the Zhejiang PC expansion in China. For base oil, the QoQ spread narrowed as supply increased due to an increase in oil refinery run rate and the end of regular maintenance.

BTX Margin



Base Oil Margin



4. Market Outlook by Business Segment

22. 1Q Outlook

22. 2Q Outlook

Refining

- Oil price expected to remain strong as concerns over low demand due to Omicron has weakened, low inventory level, and OPEC+ supply adjustment
- Gasoline cracks will be supported due to the weakening influence of Omicron and demand improvement over increased vaccination rate
- Diesel/Kerosene cracks bullish due to LNG replacement demand

- Oil demand outlook (IEA, Jan 2022)
: Demand recovery 1Q 99.5m → 2Q 100.2m BD
Supported by OPEC+ production capacity limit
- Cracks outlook
: '22 Gasoline 11~12\$/B, Gasoil 14~15\$/B
- Refining margin will gradually improve as demand recovers.

Petro-chemical (BTX)

- PX: Chinese New Year is a bearish factor, but expected to recover due to Zhejiang PC production instability
- BZ : Expected to recover due to US/Europe BZ plant troubles, even under the high inventory level due to weak Chinese demand
- PE/PP: Bearish upon decrease in Chinese demand due to Chinese Lunar New Year and winter Olympic

- PX : expected to improve gradually as demand recovers due to a decrease in large-scale capacity additions in China and as Covid situation eases.
- BZ : expected to remain bearish due to stable operation of US/Europe BZ plant, and continued Chinese inventory increase
- PE/PP : expected to recover Chinese demand recovery due to the arrival of driving season and the end of the winter Olympic

Lube Base --- Carbon Black

- Lube base oil margin will recover as spring season arrives, as well as the supply cap due to maintenance.
- Carbon black margin will stay firm as increase in feedstock price is reflected to product price.

- Lube base oil margin is expected to be strong due to the decrease in supply upon spring maintenance season.
- Carbon black margin will remain bullish due upward tire company utilization rate .

II. Investment Highlights

1. Supercritical Biodiesel Plant Construction
2. Waste Plastics Processing Business
3. Blue Hydrogen Business

1. Supercritical Bio-diesel Plant

In preparation for the carbon net zero policy, we will enter the bio-diesel business, which is expected to be highly profitable as a first step. We are building a 150KTA plant with supercritical process with the expected commercial operation early 2023.

Demand & Margin Forecast

- Global demand due to policy changes



- Higher margin compared to oil products



Supercritical bio-diesel business status

- Supercritical process characteristics



- Processing of low-cost/quality non-edible raw materials such as waste oil
- Manufactured by low-cost raw materials and methanol synthesis
- Mix with light oil (up to 5%)

- Timeline

- '21.10 : Detailed design in progress
- '21.12 ~'23.1H : Plant construction
- '23.1H : Commercial Operation (150 KTA)

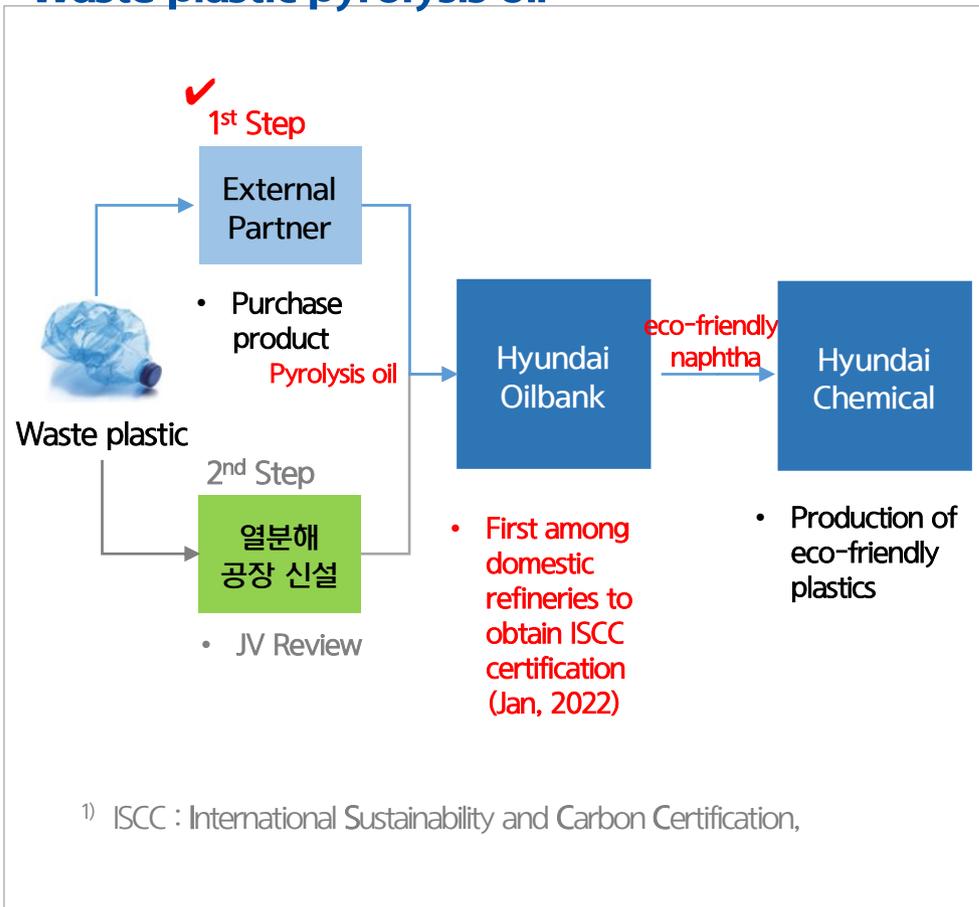
- Location

- Hyundai Oilbank Daesan Complex

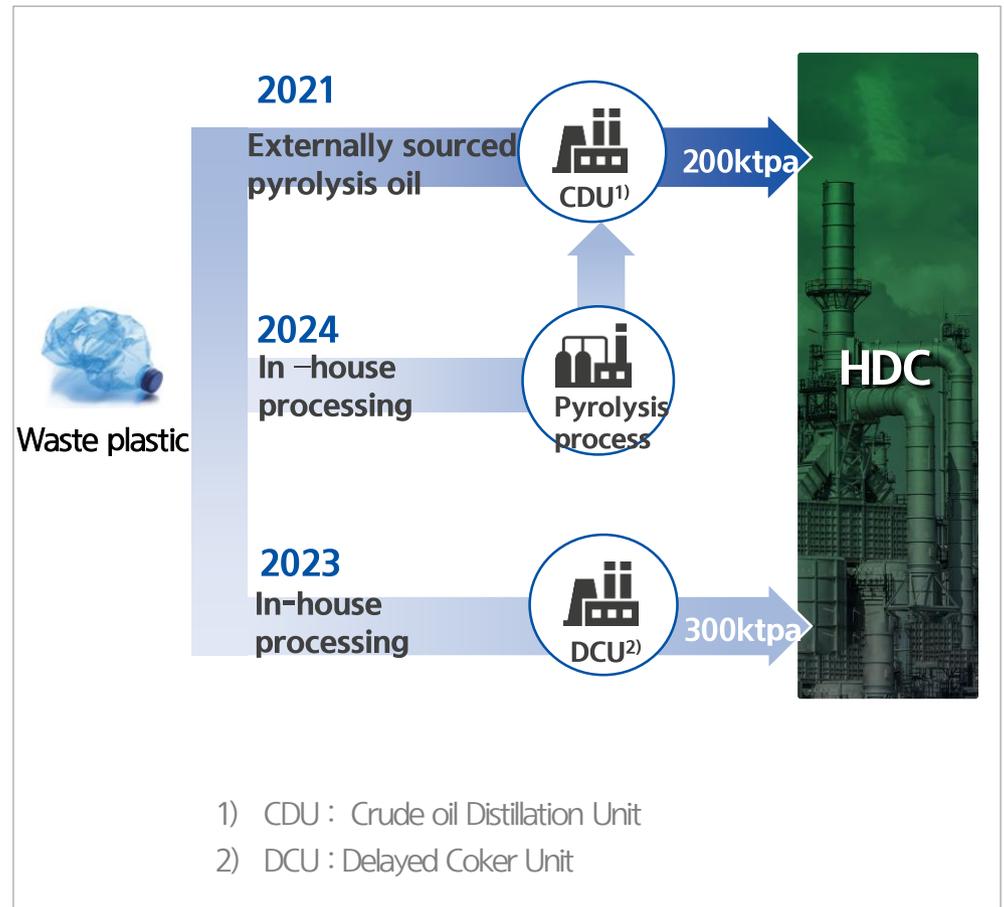
2. Waste Plastics Processing Business

Our company introduced and successfully processed waste plastic pyrolysis oil in November last year, and obtained ISCC¹⁾ certification for the first time among domestic refineries in Jan, 2022 to produce eco-friendly petroleum products. We plan to the waste plastic reprocessing business in earnest.

Eco-friendly business by utilizing Waste plastic pyrolysis oil



Business roadmap

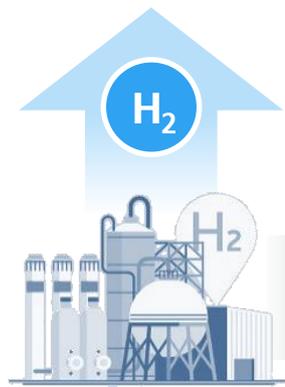


3. Blue Hydrogen Business

To enter the blue hydrogen business, we are preparing a CCU business for the production of blue hydrogen, and are promoting the carbon dioxide commercialization business such as producing eco-friendly building materials, manufacturing of paper/plastic additives, and dry ice.

Carbon utilization plan for self-production of blue hydrogen

Blue Hydrogen 100KT



Hyundai Oilbank
Daesan Plant



Monetization of CCU through carbon dioxide commercialization



Eco-friendly construction material (“Greencium”)

- Jan 2022 Chungcheongnam-do Regulatory Free Zone MOU
- 2022 1H commence construction of plant
- 2023 1H commercial operation



Paper/plastic additives

- 2021 4Q~2022 1Q: Pilot completion
- 2022 2Q: Prototype release



Dry ice

- 2021: sales volume 100 KT
- 2022: sales volume 360 KT



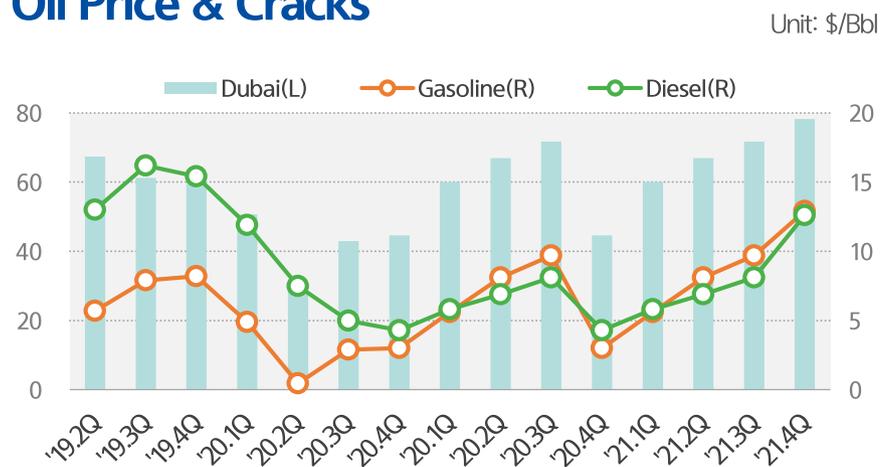
III. APPENDIX

1. Hyundai Oilbank
2. Hyundai Chemical
3. Hyundai Shell Base Oil
4. Hyundai OCI
5. Financial Ratios
6. Financial Statements



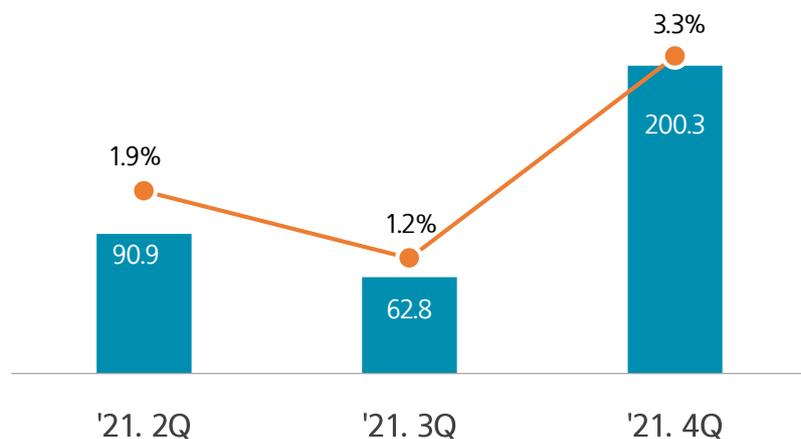
1. Hyundai Oilbank Key Indicators & Results

Oil Price & Cracks



Hyundai Oilbank Operating Income (Separate)

Unit : KRW bn.



• 4Q Analysis

- Oil prices rise on the easing of concerns over Covid 19, and the arrival of winter season
- Gasoline rose as vaccination rates improve and mobility recovers
- Kerosene/diesel prices surged temporarily due to a surge in natural gas in Europe and a power outage in China, and fell upon the appearance of the Omicron mutation, and rose again at the end of the year due to low mutation severity

• 22. 1Q Outlook

- Oil prices continue to remain bullish due to low inventories, OPEC+ supply control, and tight supply and demand.
- Gasoline supported by low global stock, and increase in domestic travel demand due to With Corona policy
- Kerosene/diesel expected to rise due to low inventories and rising offshore jet fuel demand, concerns over a supply shortage, such as a reduction in China's export quota

• QoQ Analysis

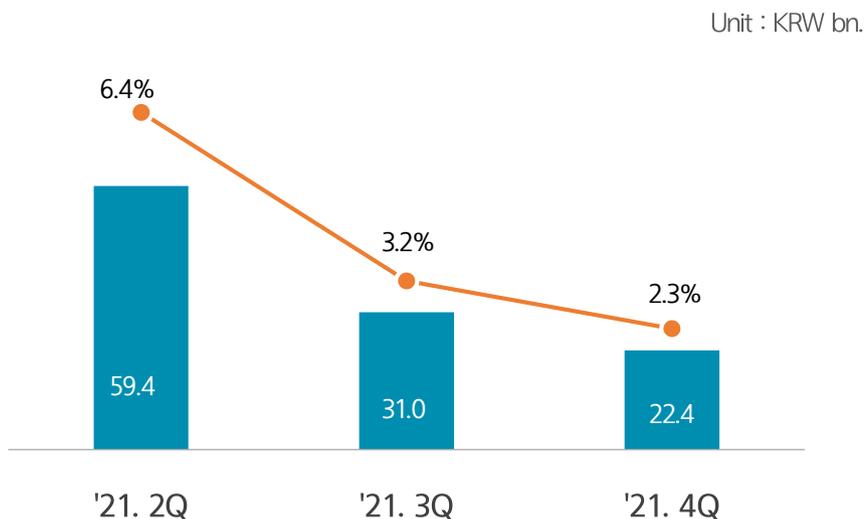
- Decrease of inventory effect
('21.2Q → '21.3Q oil price rose by 4.8 \$/B
'21.3Q → '21.4Q oil price rose by 6.6\$/B)

2. Hyundai Chemical Key Indicators & Results

Petrochemical Product Spreads



Hyundai Chemical Operating Income



4Q Analysis

- MX spread fell sharply due to a decrease in downstream operation such as PTA due to the power shortage in China and a decrease in MX demand due to PX plant maintenance in the region from October to November.

22. 1Q Outlook

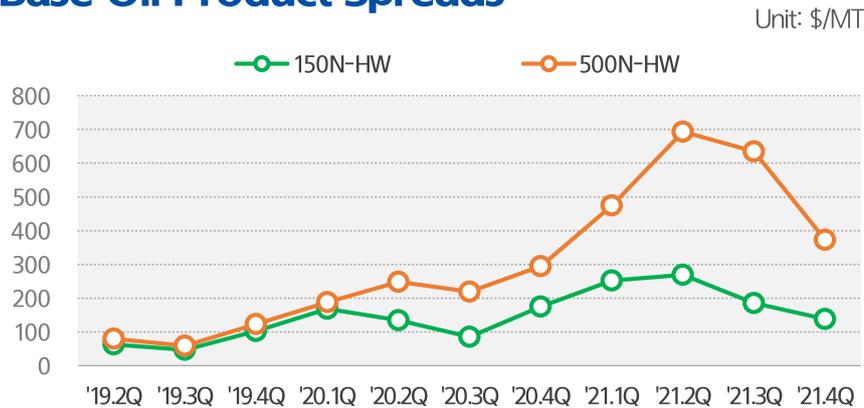
- The MX spread is expected to rise on the back of an improvement in PX spread due to reduced PX operation and an increase in gasoline blending demand due to the recent rise in oil prices.

QoQ Analysis

- BTX spread narrowed, followed by Margin reduction
 (MX-Naph : 3Q 115.1\$/mt / 4Q 31.7\$/mt
 BZ-Naph : 3Q 317.5\$/mt / 4Q 200.2\$/mt)

3. Hyundai Shell Base Oil Key Indicators & Results

Base Oil Product Spreads



- **4Q Analysis**

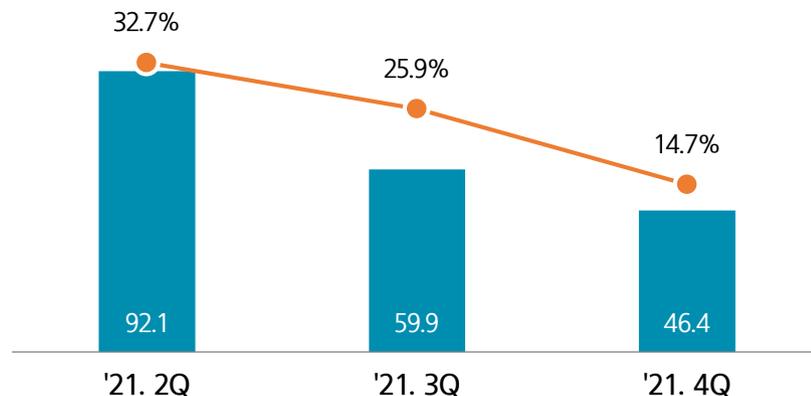
- Turned bearish due to an increase in supply due to an increased refinery run rate and the end of maintenance and a rise in raw material prices

- **22. 1Q Outlook**

- Will remain bearish due to strong raw materials and low season, but expected to improve due to a gradual recovery of demand and the transition to the With Corona and the spring peak season.

Hyundai Shell Base Oil Operating Income

Unit : KRW bn.



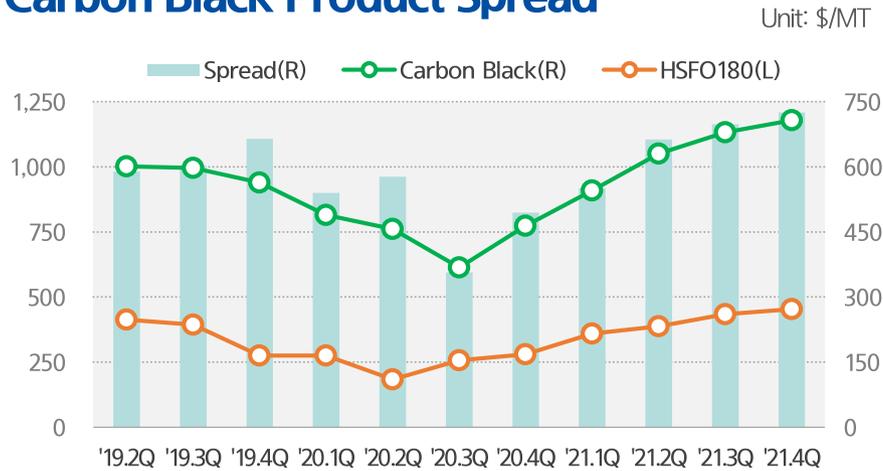
- **QoQ Analysis**

- Margin decreased due to refinery run rate increase, ample supply due to maintenance period end, and rise in raw material price

※ '20. 4Q Result: Non-consolidated earnings KRW 11.6 bn., Consolidated earnings KRW 23.8 bn., Gross earnings KRW 35.4 bn.

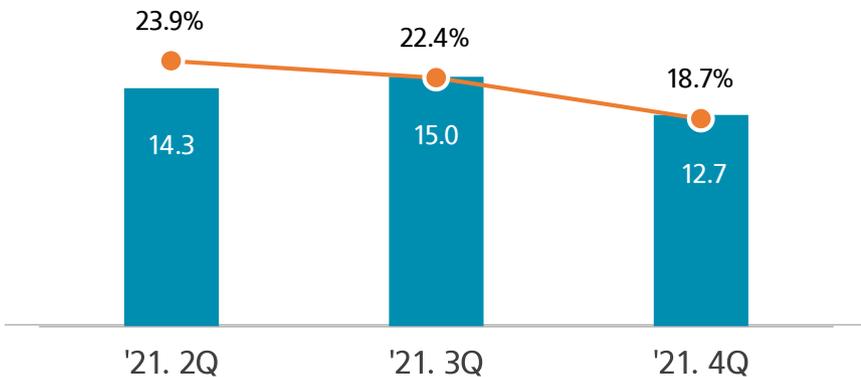
4. Hyundai OCI Key Indicators & Results

Carbon Black Product Spread



Hyundai OCI Operating Income

Unit : KRW bn.



• 4Q Analysis

- Carbon black price in 4Q rose by \$47 / ton QoQ with oil price increase in the previous quarter. With the increase in raw material price, Carbon black-HSFO spread increased by \$27 / ton QoQ.

• 22. 1Q Outlook

- Carbon black margin will stay firm as increase in feedstock price is reflected to product price.

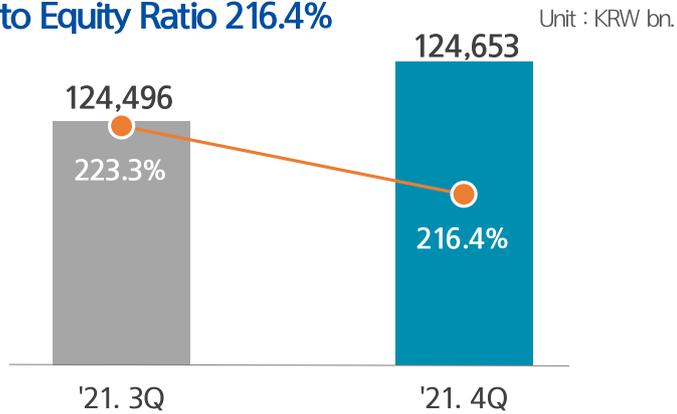
• QoQ Analysis

- While carbon black price has risen, due to the increase in raw material price and other costs, earnings dropped.

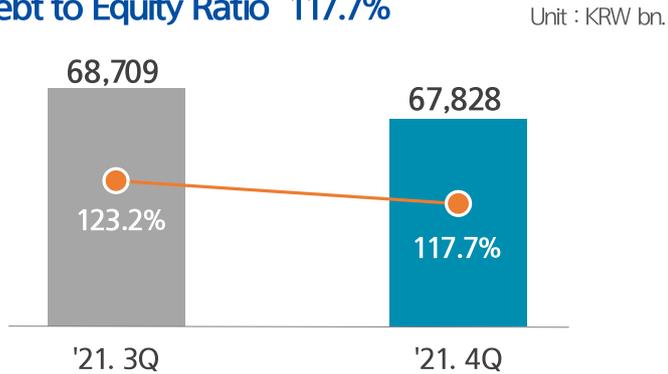
5. Financial Ratios

Consolidated Financial Ratios

- Debt to Equity Ratio 216.4%

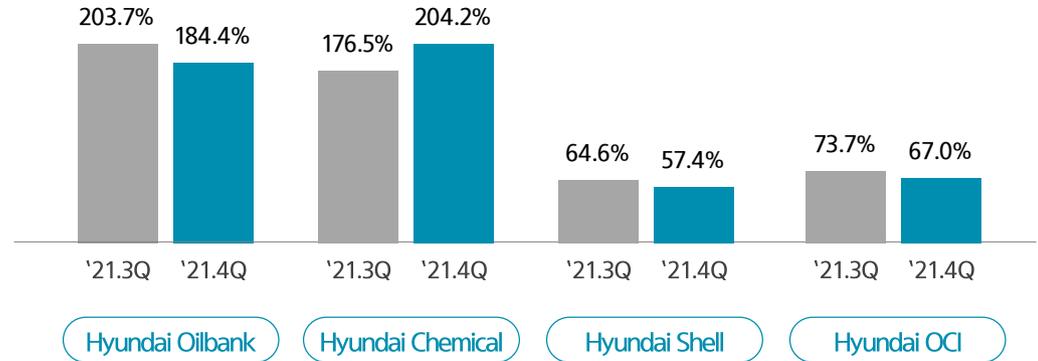


- Net Debt to Equity Ratio 117.7%

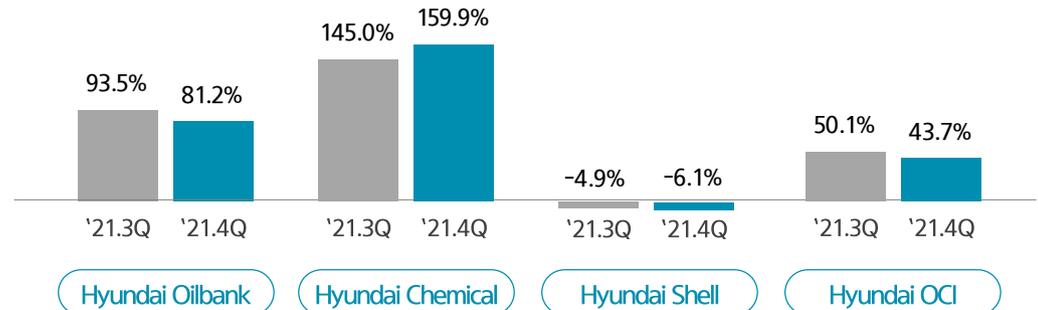


Separate Financial Ratios

- Debt to Equity Ratio



- Net Debt to Equity Ratio



6-1. Financial Statements – Hyundai Oilbank (Consolidated)

Consolidated Income Statement

Unit : KRW bn.

구 분	'21.4Q			'21.3Q	'20.4Q
		QoQ	YoY		
Sales	5,944.5	14.7%	75.2%	5,181.5	3,393.9
Cost of goods sold	5,501.8	12.8%	64.7%	4,877.2	3,341.4
Gross profit	442.7	45.5%	743.2%	304.3	52.5
Operating profit	290.8	68.0%	Turned a profit	173.1	(78.6)
OP Margin	4.9%	1.6%p	7.2%p	3.3%	(2.3%)
Non operating Income & expenses	(38.5)	-	-	(136.2)	145.0
Equity method gains	(13.9)	-	-	(5.7)	(3.2)
Profit before tax	252.3	583.7%	280.5%	36.9	66.3
Income tax	73.7	-	-	48.0	(3.0)
Net income	178.6	흑자전환	157.7%	(11.1)	69.3

Consolidated Balance Sheet

Unit : KRW bn.

구 분	'20. 4Q	'21. 3Q	'21. 4Q
Current assets	3,294.6	5,593.1	5,384.2
(Cash & equivalents)	301.7	348.7	323.1
Non-current assets	11,383.6	12,432.5	12,841.8
Total assets	14,678.1	18,025.6	18,226.1
Current liabilities	3,239.4	5,174.0	5,238.7
(Short-term borrowings)	644.0	1,194.7	1,173.1
Non-current liabilities	6,167.8	7,259.5	7,226.5
(Long-term borrowings)	4,871.0	6,024.8	5,932.8
Total liabilities	9,407.2	12,433.6	12,465.3
Paid in capital	1,225.4	1,225.4	1,225.4
Others	707.1	670.0	686.8
Retained earnings	2,535.0	2,678.2	2,824.9
Non-controlling Interests	803.4	1,018.4	1,023.7
Total equity	5,270.9	5,592.1	5,760.8
Total liabilities & equity	14,678.1	18,025.6	18,226.1

Note : Consolidated in accordance with K-IFRS

6-2. Financial Statements – Hyundai Oilbank (Separate)

Income Statement (Separate)

Unit : KRW bn.

item	'21.4Q			'21.3Q	'20.4Q
		QoQ	YoY		
Sales	6,122.4	18.7%	89.5%	5,159.5	3,230.4
Cost of goods sold	5,775.7	16.3%	80.1%	4,968.0	3,207.5
Gross profit	346.7	81.0%	1,414.0%	191.5	22.9
Operating profit	200.3	218.9%	Turned a profit	62.8	(110.9)
OP Margin	3.3%	2.1%p	6.7%p	1.2%	(3.4%)
Non operating Income & expenses	48.0	-	-	16.3	65.8
Equity method gains	248.3	214.0%	Turned a profit	79.1	(45.0)
Profit before tax	55.1	-	-	19.2	(14.1)
Income tax	193.2	222.7%	Turned a profit	59.9	(31.0)

Balance Sheet (Separate)

Unit : KRW bn.

구 분	'20. 4Q	'21. 3Q	'21. 4Q
Current assets	2,540.6	4,525.7	4,284.9
(Cash & equivalents)	71.3	61.6	96.4
Non-current assets	8,790.1	8,818.6	8,764.4
Total assets	11,330.7	13,344.2	13,049.3
Current liabilities	2,724.3	4,593.6	4,177.2
(Short-term borrowings)	329.9	1,027.8	751.5
Non-current liabilities	4,362.8	4,357.5	4,283.4
(Long-term borrowings)	3,251.9	3,141.7	3,072.3
Total liabilities	7,087.1	8,951.0	8,460.7
Paid in capital	1,225.4	1,225.4	1,225.4
Others	859.0	845.2	853.1
Retained earnings	2,159.2	2,322.6	2,510.1
Total equity	4,243.6	4,393.2	4,588.6
Total liabilities & equity	11,330.7	13,344.2	13,049.3

6-3. Financial Statements – Hyundai Chemical (Separate)

Income Statement (Separate)

Unit : KRW bn.

구 분	'21.4Q			'21.3Q	'20.4Q
		QoQ	YoY		
Sales	974.8	(0.6%)	68.3%	980.5	579.1
Cost of goods sold	947.6	0.2%	61.8%	945.5	585.7
Gross profit	27.2	(22.3%)	Turned a profit	35.0	(6.6)
Operating profit	22.4	(27.7%)	Turned a profit	31.0	(10.6)
OP Margin	2.3%	(0.9%p)	4.1%p	3.2%	(1.8%)
Non operating Income & expenses	1.5	-	-	(8.7)	4.6
Equity method gains	24.0	7.6%	Turned a profit	22.3	(6.1)
Profit before tax	5.8	-	-	5.6	(1.5)
Income tax	18.2	9.0%	Turned a profit	16.7	(4.5)

Balance Sheet (Separate)

Unit : KRW bn.

구 분	'20. 4Q	'21. 3Q	'21. 4Q
Current assets	615.1	998.9	1,121.6
(Cash & equivalents)	35.2	121.6	62.6
Non-current assets	2,852.4	4,177.7	4,646.7
Total assets	3,467.5	5,176.7	5,768.2
Current liabilities	580.1	564.1	1,069.1
(Short-term borrowings)	273.0	123.9	386.3
Non-current liabilities	1,426.8	2,740.2	2,803.0
(Long-term borrowings)	1,403.3	2,711.6	2,708.1
Total liabilities	2,006.9	3,304.3	3,872.1
Paid in capital	1,220.0	1,520.0	1,520.0
Others	(4.3)	(8.0)	-3.4
Retained earnings	244.9	360.3	379.6
Total equity	1,460.6	1,872.3	1,896.2
Total liabilities & equity	3,467.5	5,176.7	5,768.2

6-4. Financial Statements – Hyundai Shell Base Oil (Separate)

Income Statement (Separate)

Unit : KRW bn.

구 분	'21.4Q			'21.3Q	'20.4Q
		QoQ	YoY		
Sales	315.4	36.5%	122.6%	231.1	141.7
Cost of goods sold	265.9	56.9%	155.9%	169.5	103.9
Gross profit	49.5	(19.6%)	30.6%	61.6	37.9
Operating profit	46.4	(22.5%)	31.1%	59.9	35.4
OP Margin	14.7%	(11.2%p)	(10.3%p)	25.9%	25.0%
Non operating Income & expenses	0.4	-	-	(0.4)	(0.6)
Equity method gains	46.8	(21.3%)	34.5%	59.5	34.8
Profit before tax	11.2	-	-	14.3	9.1
Income tax	35.6	(21.2%)	38.5%	45.2	25.7

Balance Sheet (Separate)

Unit : KRW bn.

구 분	'20. 4Q	'21. 3Q	'21. 4Q
Current assets	192.5	401.0	326.1
(Cash & equivalents)	110.3	119.5	112.9
Non-current assets	269.2	256.3	264.0
Total assets	461.7	657.3	590.1
Current liabilities	56.7	159.8	127.2
(Short-term borrowings)	9.9	9.9	9.9
Non-current liabilities	98.6	98.3	88.1
(Long-term borrowings)	89.4	89.5	79.5
Total liabilities	155.3	258.1	215.3
Paid in capital	13.0	13.0	13.0
Others	119.4	119.4	119.4
Retained earnings	174.0	266.8	242.4
Total equity	306.4	399.2	374.8
Total liabilities & equity	461.7	657.3	590.1

※ HSB was included as consolidated subsidiary from Nov 2020 onward. '20. 4Q includes both non-consolidated earnings of Oct 2020 and consolidated earnings from November.

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