4Q 2019 Earnings release

HYUNDAI ELECTRIC & ENERGY SYSTEMS

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1. 4Q 2019 consolidated Earnings

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4Q revenue increased 45.8% QoQ to KRW 562 bn and operating loss continued.

Unit: KRW bn

구 분	'19.4Q			’19(annual)	'19.3Q	'18.4Q
		QoQ	YoY			
Sales	562.3	+45.8%	-0.1%	1,771.1	385.7	562.6
Operating Profit	-40.0	Loss continued	Turn to loss	-156.7	-4.0	3.1
OP Margin(%)	-7.1%	-6.1%p	-7.6%p	-8.8%	-1.0%	0.5%
Non-Operating Income and Loss	-156.4	Turn to loss	Loss continued	-176.9	5.0	-105.8
Net income before taxes	-196.4	Turn to loss	Loss continued	-333.6	1.0	-102.7
Net Income	-154.5	Turn to loss	Loss continued	-264.3	1.2	-93.9
controlling shareholder’s NI	-154.5	Turn to loss	Loss continued	-264.3	1.2	-93.9

Note) Figures based on HE’s Consolidated Financial Statement (Consolidated assets : Hyundai Tech Center Hungary, Hyundai Electric Switzerland, HDENE Power Solution India, Hyundai Heavy Industries Bulgaria, Yangzhong(China) Corporation, Shanghai R&D Center, Middle East Corporation, Alabama Corporation)

2. Sales analysis by segments

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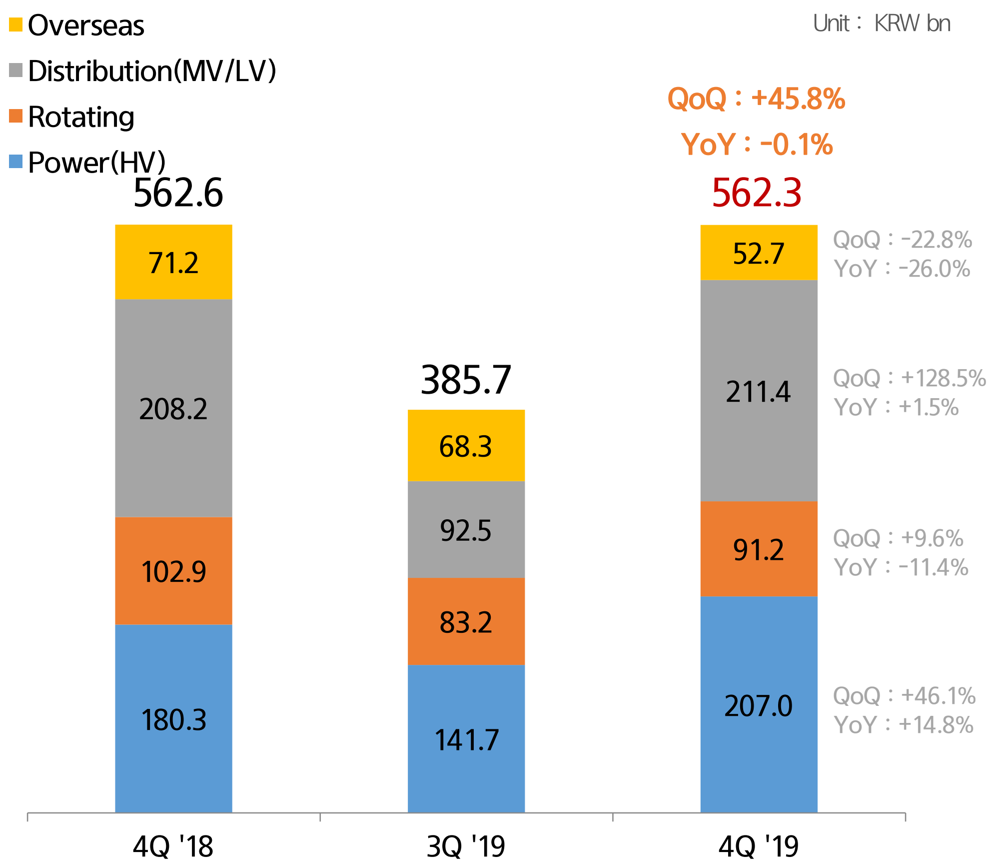
QoQ +45.8%, due to gradual increase in Middle East sales, improvement in domestic KEPCO sales, and reflection to revenue of Large-scale ESS orders in 3Q

Sales by segments



Analysis by segments

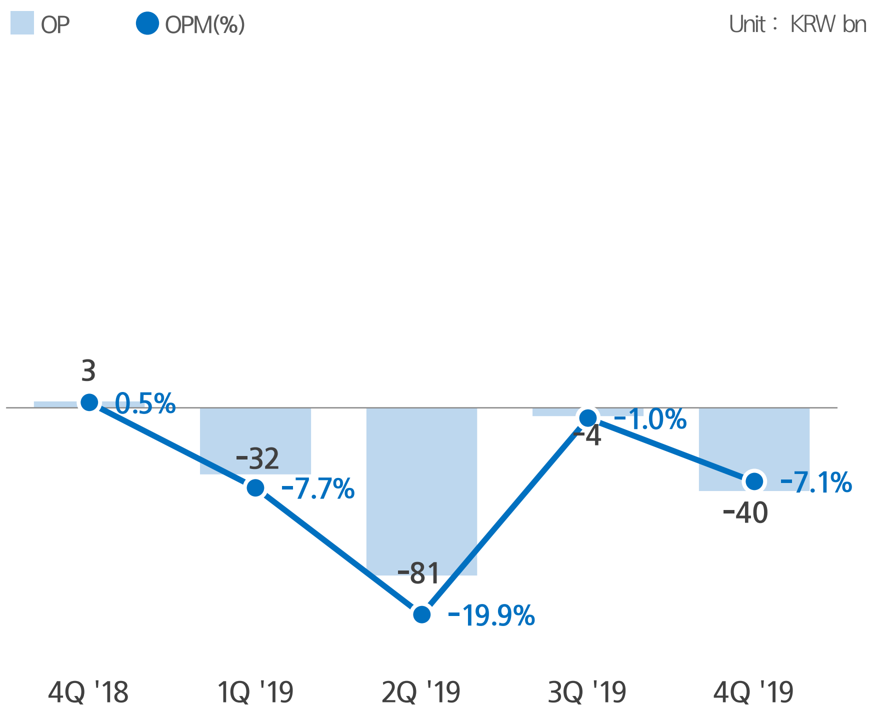
Power Equip.	- Increased sales to Middle East market gradually recovering - Domestic sales to KEPCO slightly improved
Rotating / Distribution Equip.	- increased sales of rotating machinery in domestic market - Large ESS orders in 3Q started to be reflected to revenue in 4Q
Overseas Subsidiaries	- Slight sales decrease due to proceeding with disposal of Bulgarian subsidiary.

Note) Figures based on HE's Consolidated Financial Statement (Consolidated assets : Hyundai Tech Center Hungary, Hyundai Electric Switzerland, HDENE Power Solution India, Hyundai Heavy Industries Bulgaria, Yangzhong(China) Corporation, Shanghai R&D Center, Middle East Corporation, Alabama Corporation)

3. Operating Profit analysis

Operating loss of KRW 40 bn due to one-off costs of KRW 35.4 bn, including personnel restructuring cost, warranty cost in overseas projects, provisioning for delayed projects, provisioning for canceled ESS projects, etc.

Operating Profit trend



OP analysis by segments

common	- Personnel restructuring(early-retirement) cost (KRW 6.6 bn, one-off)
Power Equip	- Warranty cost in some overseas projects (KRW 10.9 bn, one-off) - provisioning for delayed projects (KRW 11.5 bn, one-off)
Rotating / Distribution Equip.	- Maintaining good profitability of rotating equip. in domestic/overseas markets - Improved domestic margin in MV/LV switchgears, but, provisioning for canceled ESS projects (KRW 6.4 bn, one-off)
Overseas Subsidiary	- Losses incurred in Bulgarian subsidiary due to increased fixed cost burden by reduced sales and other costs resulted from company disposal.

4. Non-operating profit and net profit

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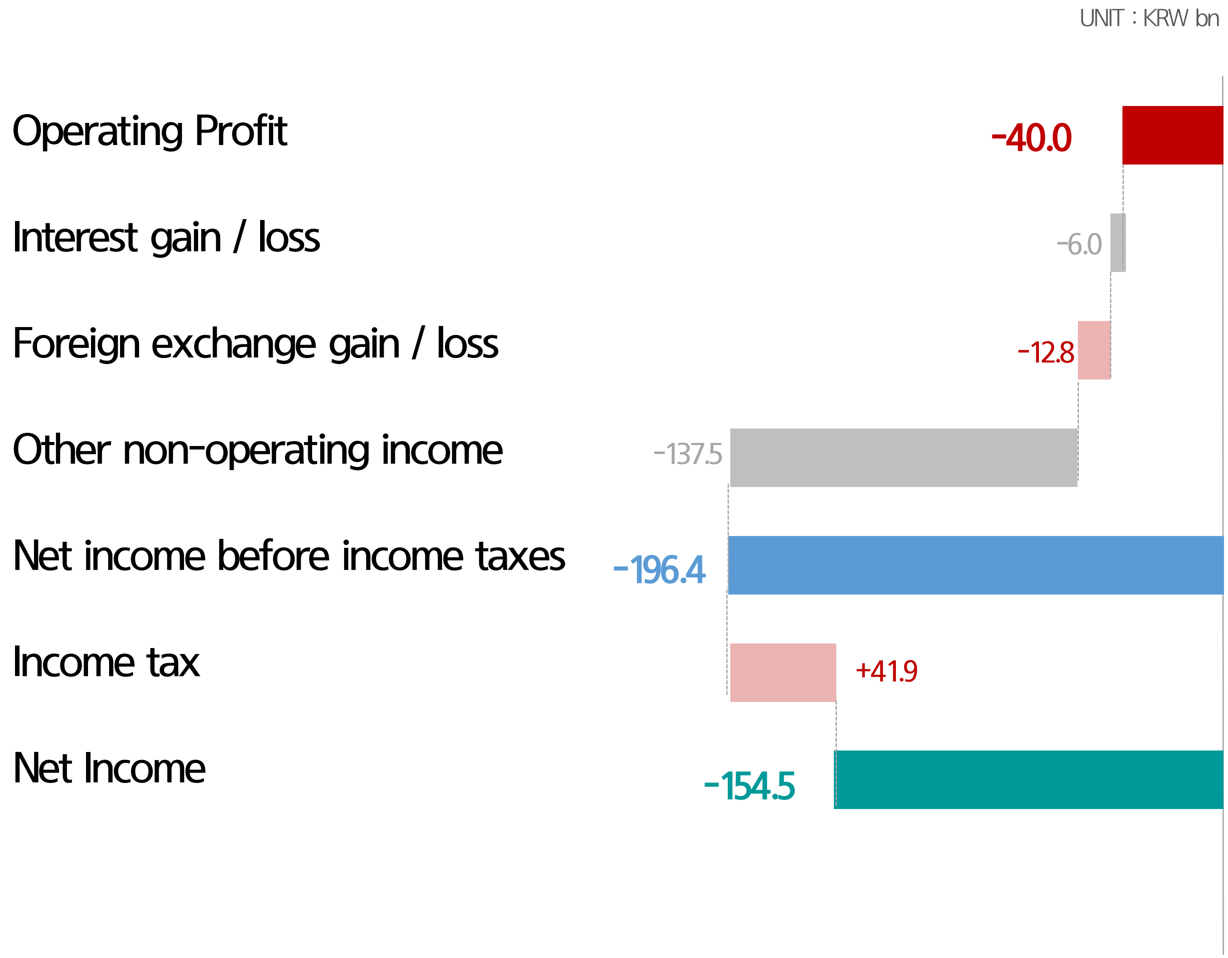
Non-operating losses of KRW 156.4 bn mainly due to one-off losses such as Impairment loss and provisioning for anti-dumping duty(4th), etc. Net income recorded KRW -154.5 bn.



- Foreign exchange gain / loss

  : - 12.8 bn KRW

- Other non-operating income

  [Impairment loss] : - 66.9 bn KRW
  [Provisioning for anti-dumping duty(4th)] : -64.8 bn KRW

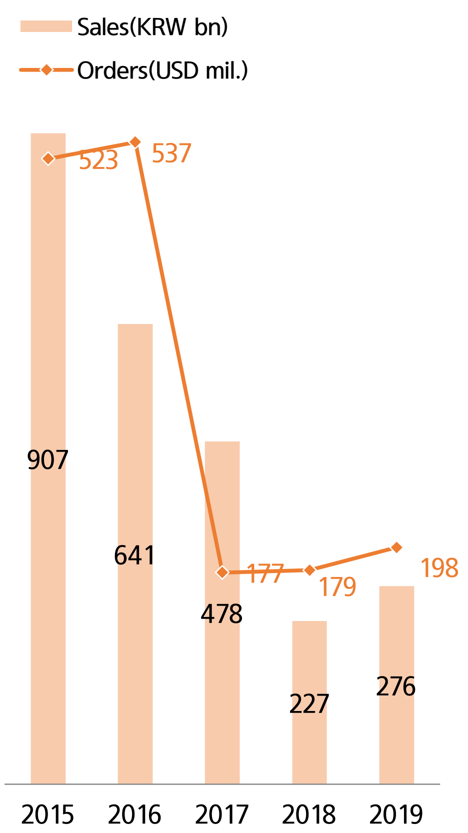
- Income tax (income)

  : + 41.9 bn KRW
  : income tax effect due to deficit

1) Middle East market

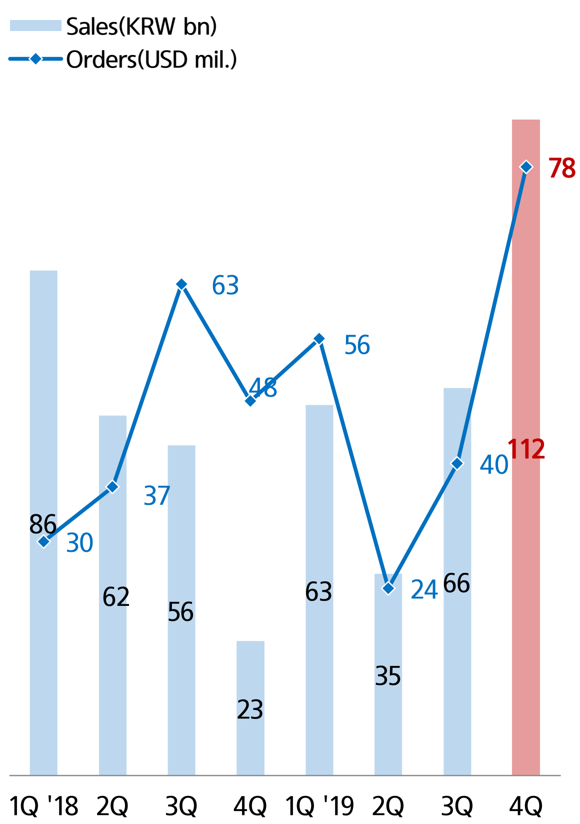
In 4Q, the expected recovery in Saudi market led to a visible increase in orders and sales, recording orders of USD 78 mil. and sales of KRW 112 bn., expected to continue gradual recovery.

Orders / Sales (Annual)



Source) Hyundai Electric internal data

Orders / Sales (By Quarter)



- Orders / Sales in Middle East market improving with the recovery of Saudi market

: In Saudi market(the largest in the M-E), where investment in infra structure was sluggish until 2018 due to political issues, etc.

: from 3Q 2019, resumption of new orders has begun in Saudi. And in 4Q, recorded meaningful increase of orders and sales.

- Ordered transformers for Hawiyah project and Marjan project PKG 12 of ARAMCO

※ For the Saudi ARAMCO projects, Company has differentiated competitiveness as the sole approved vendor for HV transformers and GIS, among Korean suppliers.

5. Investment Highlight

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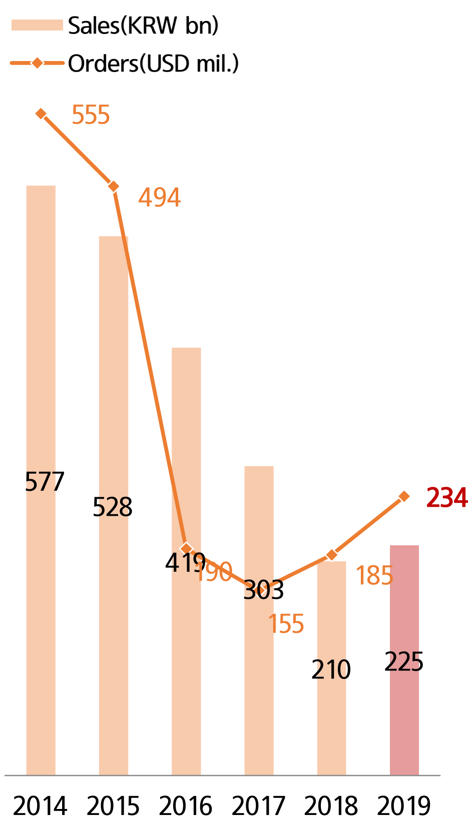
2) Marine products

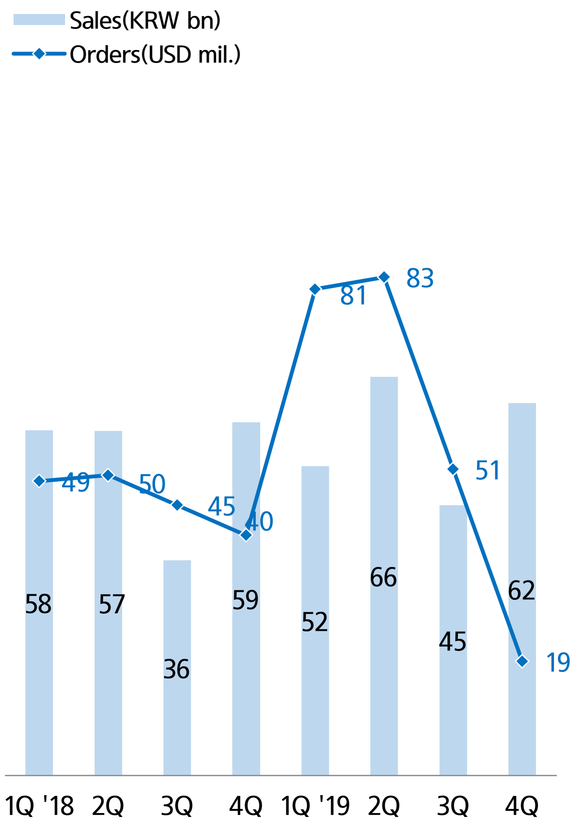
Orders for marine products have continued to recover since the bottom of 2017. In 2019, Company's orders are on recovery, recording USD 234 mil.(YoY +26%), expected to continue to recover this year.

Orders / Sales (Annual)



Source) Hyundai Electric internal data

Orders / Sales (By Quarter)



- '19 Annual order growth for marine products : +26% YoY

  : 2019 annual orders for marine products improved to USD 234 mil. (YoY +26%), based on good orders in the first half.

  : Quarterly orders declined slightly in 3Q and 4Q due to shrunk new orders of shipyards in 1H '19.

  : However, solid order growth of shipbuilding industry since 2H '19 will lead to a continuous recovery of orders for Company's marine products, having some time lag (approx. 6~12 months)

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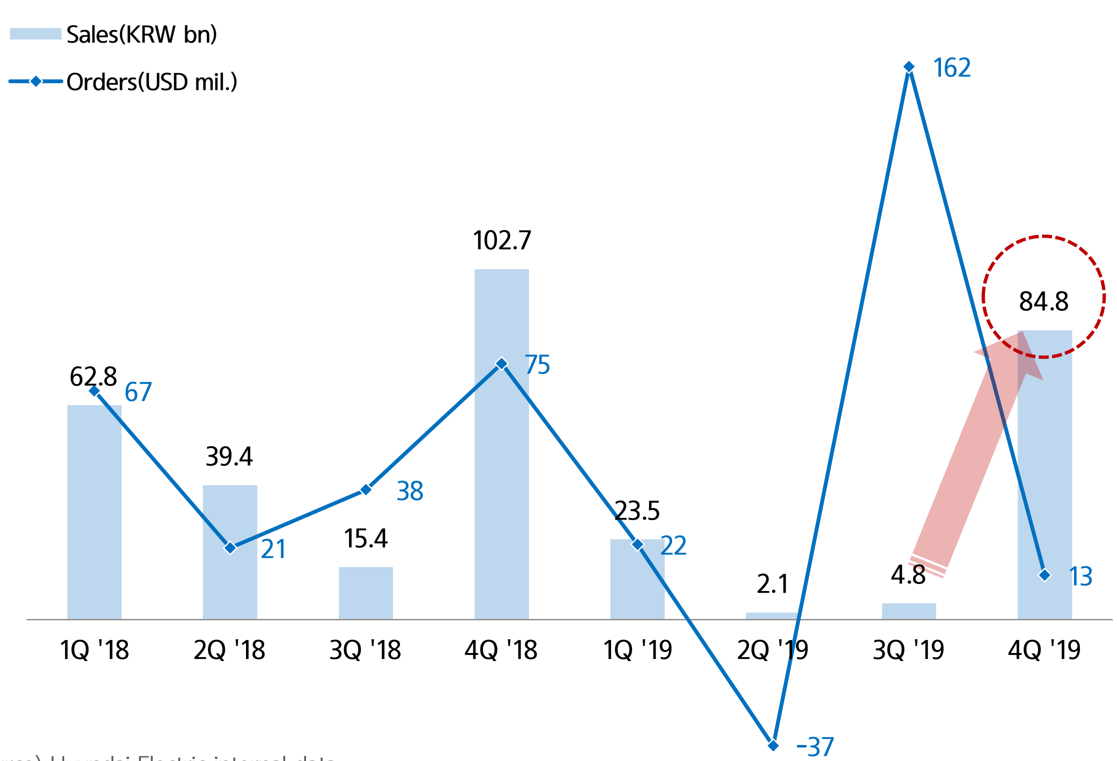
3) Energy Solution (ESS etc.)

Large orders in 3Q are recognized as sales from 4Q, and 4Q sales surged to KRW 84.8 bn.
In 2020, Company will continue to strengthen ordering activities by empathizing that there was no fire accident in any of our supply projects, as a competitive factor.

Energy Solution (ESS etc.) Orders / Sales



Source) Hyundai Electric internal data

- 4Q sales surged to USD 84.8 bn due to the sales reflection of large-scale orders in 3Q

: In 3Q, New orders of USD 162 mil., close to annual order target, including the large-scale 'Solasido' Project that worth KRW 100 bn.

: As large orders in 3Q began to be recognized as 4Q sales, 4Q sales jumped up

: Given that most of the annual order target have been met in 3Q, limited orders were added focused on profitability, considering internal capacity, in 4Q.

: By empathizing the fact that there was no fire accident among the projects supplied by us, as a competitive factor, Company will further strengthen ordering activities this year..

6. Key financial indicators

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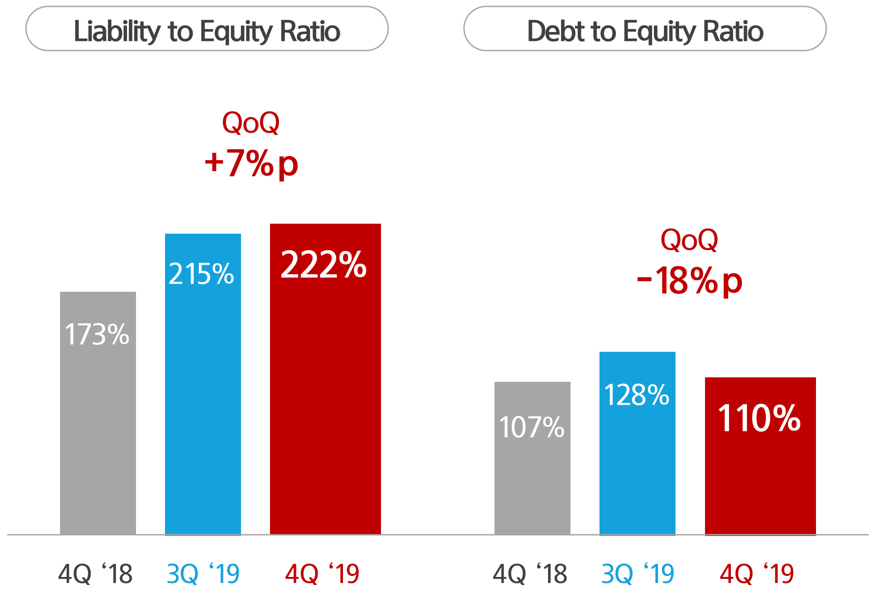
Financial Statements

UNIT: KRW bn

	4Q '18	3Q '19	4Q '19
Total Assets	2,326.1	2,347.0	2,256.5
Current assets	1,651.7	1,577.8	1,450.6
Cash and cash equivalents	376.3	422.2	329.2
Non-current assets	674.4	769.2	772.3
Total Liabilities	1,474.8	1,602.7	1,556.3
Current liabilities	1,123.3	1,055.8	1,144.1
Non-current liabilities	351.4	546.9	406.2
Total Debt	906.7	948.9	772.7
Net Debt	530.3	516.7	433.5
Total Equity	851.3	744.3	700.2



- Debt to equity ratio slightly decreased due to repayment of some debt.
- Due to net losses in 4Q, total equity decreased, and liability to equity ratio increased.

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Appendix.

2020 Business Plan

2020 Business Plan

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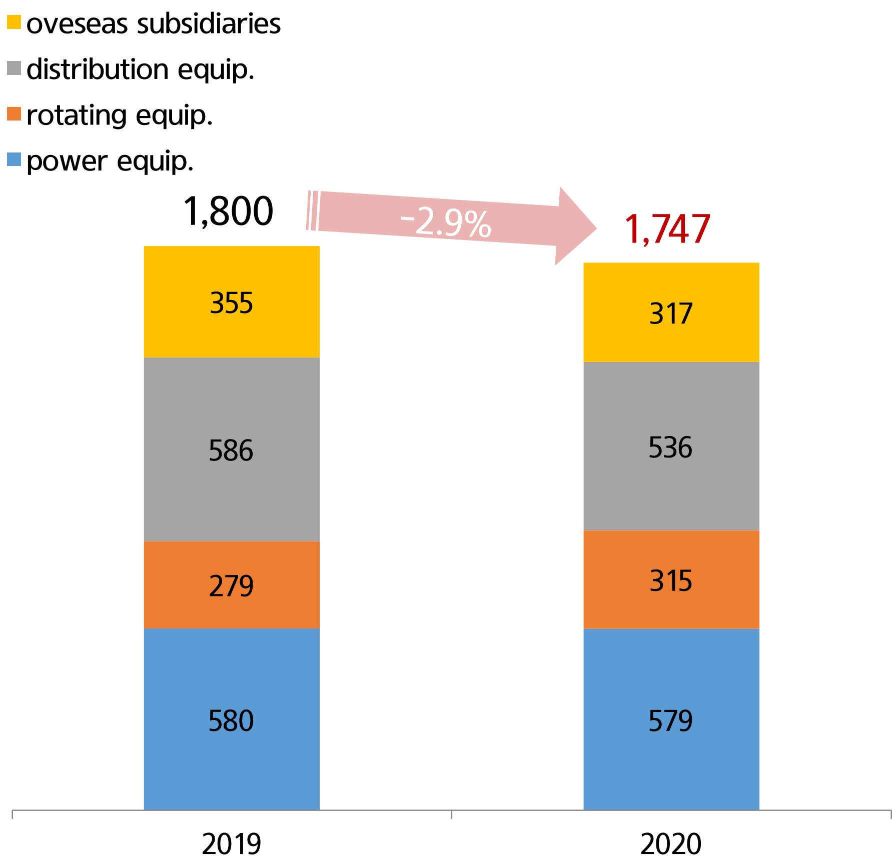
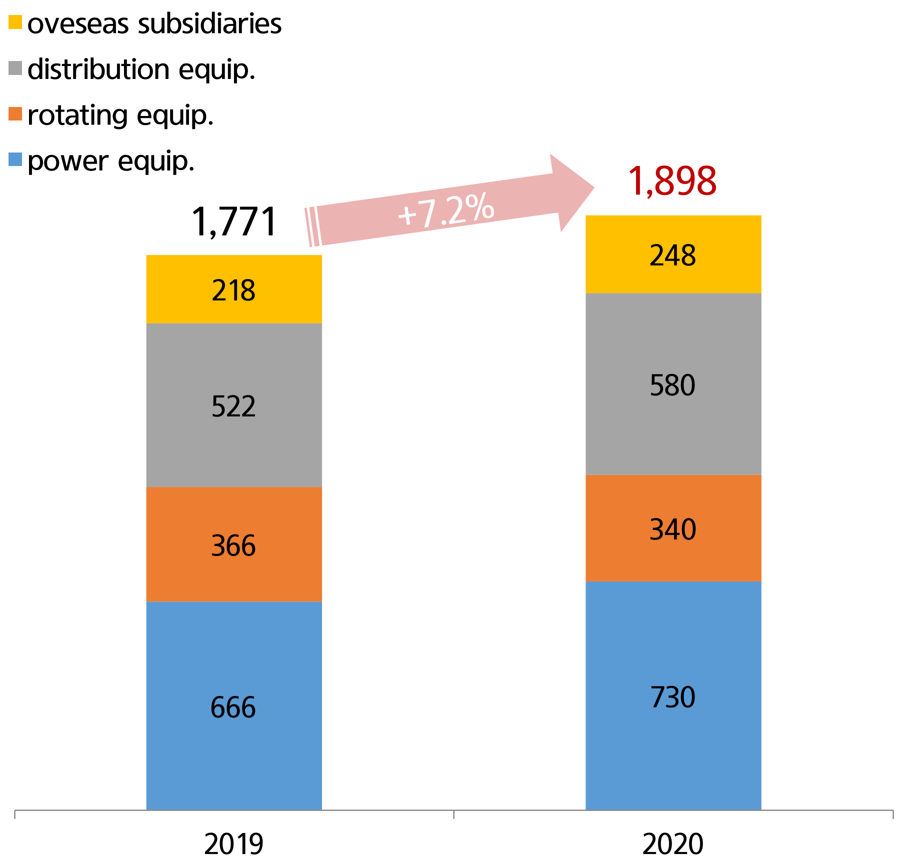
Planning Orders USD 1,747 mil., Sales KRW 1,898 bn.

Orders (Unit : USD mil.)



Sales (Unit : KRW bn)



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