



Hyundai Heavy Industries 3Q 2011 K-IFRS Consolidated Earnings Release

Nov. 11, 2011

Important Notice

The financial information regarding “3Q 2011 Consolidated Earnings Release” is consolidated financial earnings results based on K-IFRS. 2Q 2010 earnings results have also been restated in compliance with K-IFRS.

The information of 3Q 2010 and 3Q2011 consolidated figures contained in this presentation has not been reviewed by outside auditors. It is presented here unaudited in the interest of timely disclosure solely for the convenience of our investors, and is subject to change as a result of the auditing process.

Also this presentation contains Business Plan which was formed based on the company’s estimation and therefore, the actual results may vary depending on both the domestic and global business environment.

I . IFRS Consolidated Results

II. IFRS Non-consolidated Results

III. Subsidiaries

Statements of Comprehensive Income (K-IFRS consolidated)



□ 3Q 2011 sales recorded KRW 13,094.1 bil., operating income KRW 915.4 bil.

- QoQ : Sales decreased by 2.2% due to sales decline of Shipbuilding and Construction Equipment sector, and operating income decreased due to profit decline of shipbuilding subsidiaries and margin decrease in non-shipbuilding sector
- YoY : Sales increased due to acquisition of Hyundai Oilbank(Aug. 2010) and shipbuilding work volume increase, and operating income decreased mainly due to margin decrease in divisions other than refinery and finance

(unit : bil. KRW)

	3Q 2011		2Q 2011	3Q 2010	
	QoQ	YoY			
Sales	13,094.1	-2.2%	36.6%	13,394.7	9,587.9
Cost of sales	11,526.1	-2.1%	46.1%	11,771.6	7,891.6
Gross profit	1,568.0	-3.4%	-7.6%	1,623.1	1,696.3
Operating income	915.4	-11.2%	-24.4%	1,030.3	1,210.1
Operating income margin	7.0%	-0.7%p	-5.6%p	7.7%	12.6%
Other non-operating income	1,128.3	-	-	(466.1)	(572.4)
Finance income	(1,280.4)	-	-	552.3	893.8
Equity method income	25.8	360.7%	-46.9%	5.6	48.6
Net income before income taxes	789.1	-29.7%	-50.1%	1,122.1	1,580.1
Net income	562.6	-28.6%	-54.7%	787.5	1,241.0
Net income margin	4.3%	-1.6%p	-8.6%p	5.9%	12.9%

Sales by divisions (K-IFRS Consolidated)



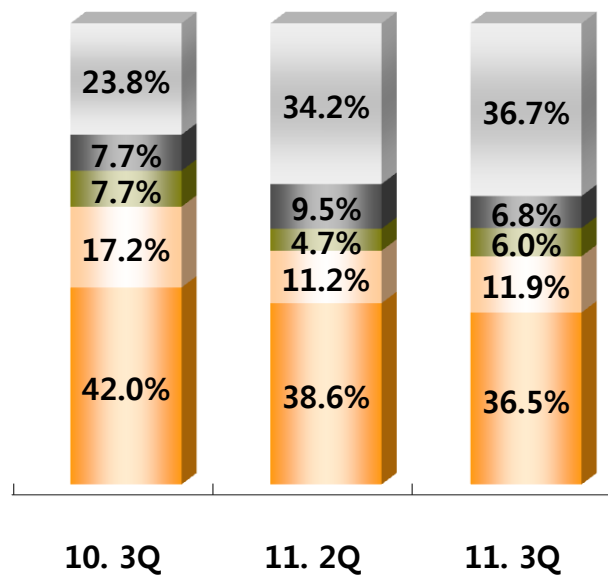
(unit : bil. KRW)

	3Q 2011		2Q 2011	3Q 2010	
		QoQ	YoY		
Shipbuilding	4,265.3	-8.4%	13.4%	4,658.8	3,759.7
Offshore & Engineering	832.5	2.7%	-10.3%	810.4	927.8
Industrial Plant & Engineering	729.7	6.8%	0.6%	683.4	725.7
Engine & Machinery	516.7	0.6%	90.4%	513.7	271.4
Electro Electric Systems	709.0	26.9%	-3.8%	558.7	736.7
Green Energy	76.4	8.7%	-	70.3	-
Construction Equipment	889.9	-30.3%	20.6%	1,276.5	738.1
Refinery	4,801.7	4.7%	110.7%	4,584.2	2,279.0
Finance	196.6	11.8%	67.3%	175.8	117.5
Others	76.3	21.3%	138.4%	62.9	32.0
Total	13,094.1	-2.2%	36.6%	13,394.7	9,587.9

Note 1) Green energy division has been separated from Electro Electric Systems since 2011.

□ Recorded KRW 1,394.1 bil. in 3Q 2011 (Decreased by 2.2% QoQ, increased by 36.6% YoY)

Sales Breakdown



- Refinery
- Construction Equipment
- Electro Electric System/Green Energy
- Offshore/Industrial Plant
- Shipbuilding/Engine

➤ Sales analysis QoQ

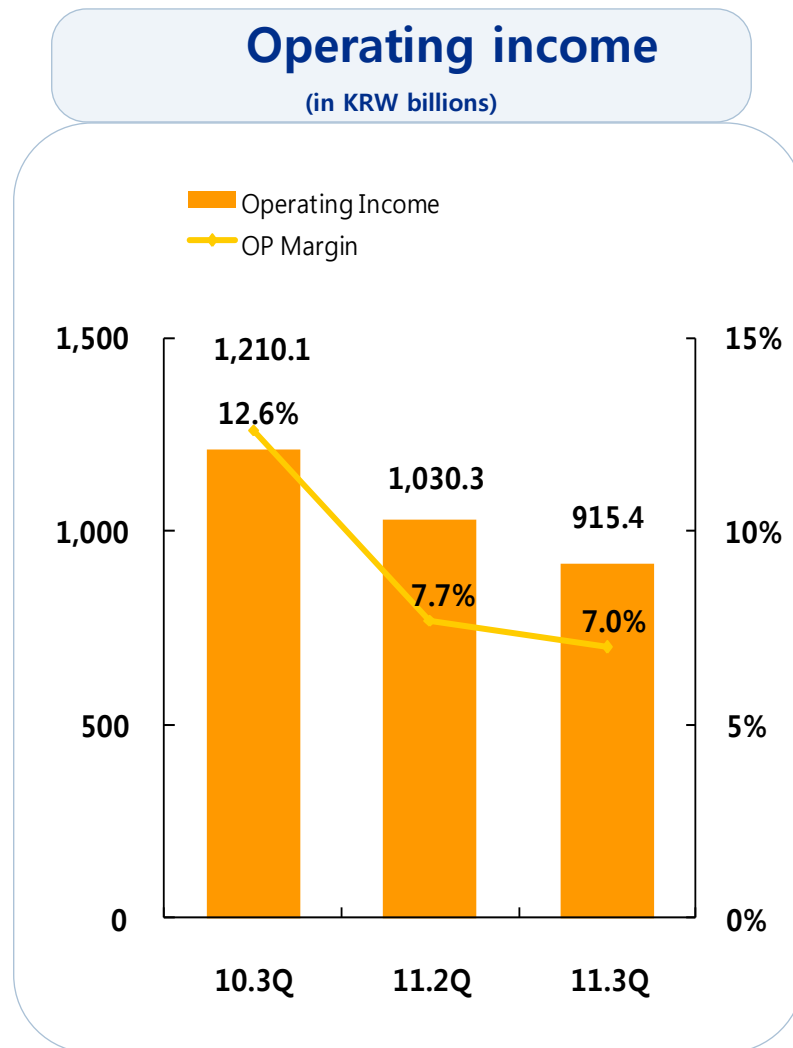
- Shipbuilding : Decreased due to the reduced working days and average selling price decline
- Offshore : Increased due to newly started overseas project of overseas subsidiary
- Industrial Plant : Increased due to the start of a new power plant project
- Engine & Machinery : Increased due to the PPS shipment
- Electro Electric Systems : Increased due to the order increase in India and demand recovery in Middle East
- Green Energy : Decreased due to the continued Solar Power Market stagnation in Europe
- Construction Equipment : Decreased due to the demand decline in China
- Refinery : Increased due to production increase of # 2HOU plant

➤ Sales analysis YoY

Increased due to acquisition of Hyundai Oilbank and shipbuilding work volume increase

Operating Income Analysis (K-IFRS consolidated)

□ Recorded KRW 915.4 bil. in 3Q 2011 (Decreased by 11.2% QoQ and decreased by 24.4% YoY)



➤ Operating profit margin analysis QoQ

- Shipbuilding : Decreased due to profit decline of shipbuilding subsidiaries
- Offshore : Increased due to change order confirmation
- Industrial Plant : Decreased due to reduced process rate resulted by appreciation of US Dollars
- Engine & Machinery : Decreased due to profit decrease of large-size engines
- Electro Electric Systems : Increased due to sales increase
- Green Energy : Turned into deficit due to fall in module prices and provision for inventory valuation
- Construction Equipment : Decreased due to sales decline in China
- Refinery : Increased due to the discontinuing of domestic price discount and improvement of cracking margin

➤ Operating profit margin analysis YoY

- Shipbuilding : Decreased due to profit decline of shipbuilding subsidiaries
- Offshore/Industrial Plant : Decreased due to work volume decrease of the profitable projects
- Engine & Machinery : Decreased due to profit decrease of large-sized engines
- Electro Electric Systems : Decreased due to transformer sales decrease
- Construction Equipment : Decreased due to demand decline in China
- Refinery : Increased due to the cracking margin increase from commercial operation of #2HOU Plant

Statements of Financial Position (K-IFRS consolidated)



(unit: bil. KRW)

	As of Sep. 30 2011	As of Dec.31 2010	Change	
Total Assets	51,383.4	47,097.6	4,285.8	9.1%
Current Assets	25,627.7	22,769.4	2,858.3	12.6%
*Cash & Cash Equivalents	2,223.7	1,878.8	344.9	18.4%
Non-current Assets	25,755.7	24,328.2	1,427.5	5.9%
Total Liabilities	33,238.1	31,002.4	2,235.7	7.2%
Current Liabilities	28,130.0	26,308.6	1,821.4	6.9%
Non-current Liabilities	5,108.1	4,693.8	414.3	8.8%
Shareholders' Equity	18,145.3	16,095.2	2,050.1	12.7%
Liabilities-to-Equity Ratio	183.2%	192.6%	-12.6%p	-
Debt-to-Equity Ratio	57.6%	61.2%	-3.5%p	-
Total borrowings	10,454.6	9,844.4	610.2	6.2%

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Statements of Comprehensive Income (K-IFRS non-consolidated)

(in KRW billions)

	3Q 2011		2Q 2011	3Q 2010	
	QoQ	YoY			
Sales	5,906.9	-2.5%	11.3%	6,055.3	5,307.8
Cost of Sales	5,044.6	-0.3%	21.5%	5,061.9	4,152.0
Gross Profit	862.3	-13.2%	-25.4%	993.4	1,155.8
Operating Income	537.7	-20.6%	-36.0%	677.0	840.5
Operating Income Margin	9.1%	-1.0%p	-0.9%p	11.2%	15.8%
Other Non-operating Income	904.4	-	-	(342.1)	(581.7)
Financial income	(890.1)	-	-	373.6	549.1
Income before income taxes	552.0	-22.1%	-31.7%	708.5	807.9
Net Income	432.8	-19.7%	-30.0%	538.8	618.0
Net Income Margin	7.3%	-1.6%p	-4.3%p	8.9%	11.6%

Sales by divisions (K-IFRS, non-consolidated)



(in KRW billions)

	3Q 2011			2Q 2011	3Q 2011
		QoQ	YoY		
Shipbuilding	2,197.2	-5.5%	20.9%	2,325.6	1,817.7
Offshore & Engineering	786.9	-2.9%	-14.2%	810.4	917.5
Industrial Plant & Engineering	733.9	9.5%	3.3%	670.2	710.2
Engine & Machinery	717.7	0.6%	30.5%	713.1	549.8
Electro Electric Systems	640.6	13.6%	-10.3%	564.0	714.4
Green Energy	78.7	1.4%	-	77.6	-
Construction Equipment	706.0	-16.7%	26.0%	847.2	560.3
Others	45.9	-2.8%	21.1%	47.2	37.9
Total	5,906.9	-2.5%	11.3%	6,055.3	5,307.8

Note 1) Green energy division has been separated from Electro Electric division since 2011.

Statements of Financial Position (K-IFRS non-consolidated)

(in KRW billions)

	As of Sep.31 2011	As of Dec.31 2010	Change	
Total Assets	30,769.2	28,570.1	2,199.1	7.7%
Current Assets	12,756.5	11,511.1	1,245.4	10.8%
*Cash and Cash Equivalents	860.0	624.5	235.5	37.7%
Non-current Assets	18,012.7	17,059.0	953.7	5.6%
Total Liabilities	16,054.8	15,497.5	557.3	3.6%
Current Liabilities	14,813.6	14,180.0	633.6	4.5%
Non-current Liabilities	1,241.2	1,317.5	(76.3)	-5.8%
Shareholders' Equity	14,714.4	13,072.6	1,641.8	12.6%
Liabilities-to-Equity Ratio	109.1%	118.5%	-9.4%p	-
Debt-to-Equity Ratio	28.8%	26.4%	2.5%p	-
Total debt	4,242.9	3,447.3	795.6	23.1%

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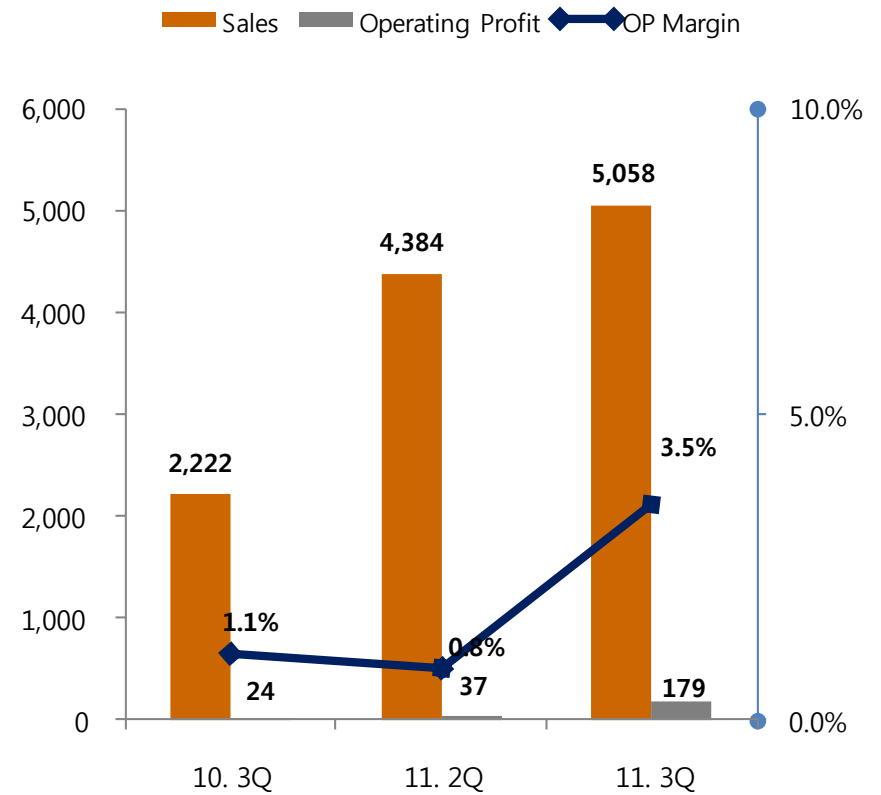
Global Oil Price Trend

(unit : USD)



Profit trend of HDO

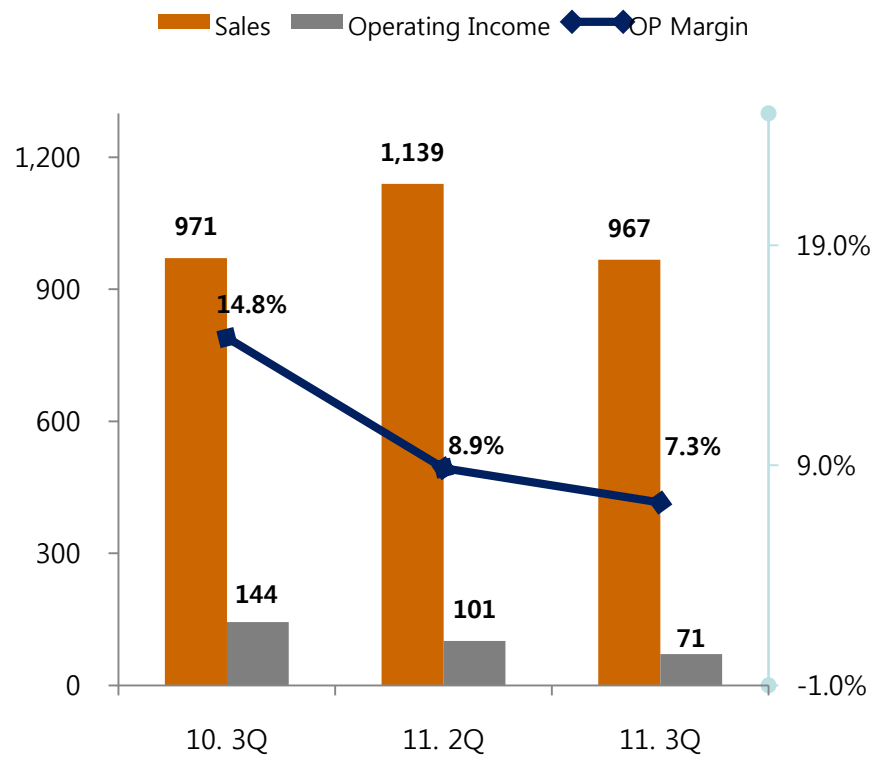
(unit : bil. KRW)



•Above figures are based on K-IFRS non-consolidated results of HDO.

Profit trend of HMD

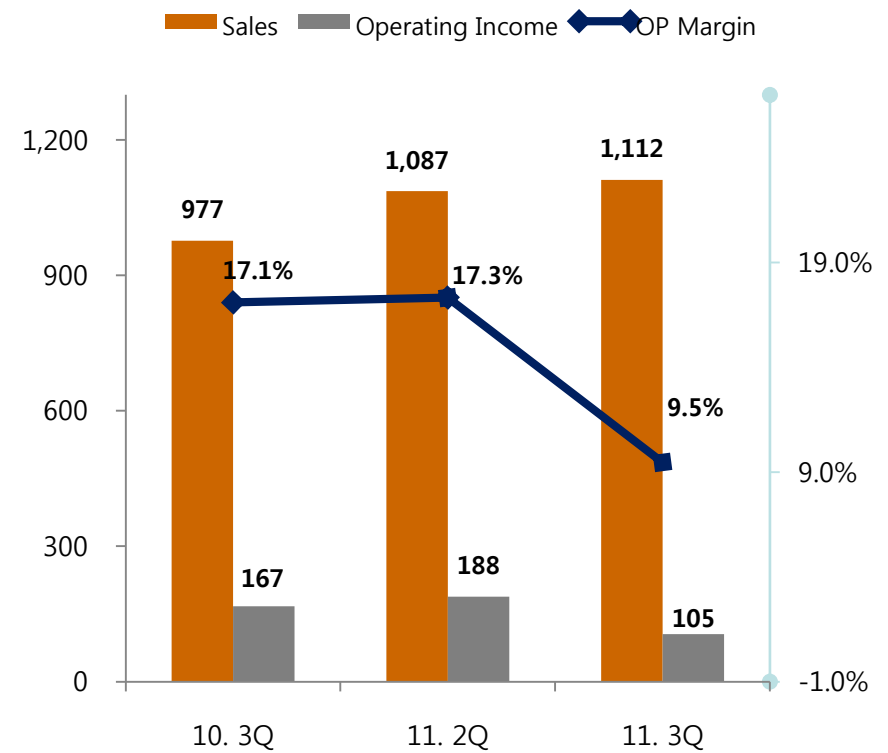
(unit : bil. KRW)



•Above figures are based on K-IFRS non-consolidated results of HMD.

Profit trend of HSHI

(unit : bil. KRW)



•Above figures are based on K-IFRS non-consolidated results of HSHI.

Thank you !

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