

Company Introduction



2017. 12

1. Overview

Integrated logistics company providing the best transportation service possible.

HMM is an integrated logistics company that provides the best transportation service based on roughly 100 high-tech ships, various logistics facilities, a shipping industry-leading IT system, skilled shipping professionals, and port networks that connect the whole world like a spider web.

We provide various transportation services utilizing a variety of ships.

Beginning with three VLCCs in 1976, HMM has strengthened its competitiveness to advance new services such as bulk carrier, VLOC, container carrier, and special product carrier. As a result, HMM has a stable business structure that can withstand sector fluctuations by operating diversified businesses.

Top Global Competitor

HMM has the world's highest level of competitiveness in shipping industry where intense border-less competition is spreading, based on our vast global networks, skilled ship operation and accurate market forecasting by best shipping professional, and one-dimensional high global IT system.

Main Commercial Artery and Advanced Guide Point

HMM transports nationally strategic materials such as crude oil, iron ore/coal and diverse special products as well as import/export goods. Earnings are 4.5 billion dollars per year, clearly playing a major role in Korea as a vital economic artery

Becoming the World's Top Integrated Logistics Company

HMM will continue to expand its fleets, secure terminals and inland logistics facilities at major sites around the world, and actively invest in customer-oriented IT system development, thereby growing into the world's best comprehensive logistics company, which gives "hope to shareholders, satisfaction to customers and pride to employees".

2. Vision

MISSION

We make your cargo valuable and deliver a better tomorrow

- Make your cargo valuable:

We create temporal, spatial, and psychological value through our Reliable Service, thereby transporting customers' cargo safely to the right place at the right time.

- Deliver a better tomorrow:

We deliver the richness of the everyday, economies and the future through our role of linking of goods and resources around the world.

VISION

HI 2020 – The Winning & Creating Pioneer

- HI 2020 (HMM Innovation 2020): Global Top 5 Ship operator in rate of operating profits by 2020

Core Value

Core Value	Core Value 5C
We will nurture talented people who can achieve the best results through "full confidence" and "collaboration-oriented attitude" based on "our highest level of competency".	Competence Confidence Collaboration
We pursue more than just customer satisfaction through "competitive products" and "family-like attitudes" based on "our partnership for mutual growth".	Customer Satisfaction
We will build a virtuous cycle structure of our business activities with "community contribution", "environment friendly management" and "ethics order establishment".	Contribution

SLOGAN: We Carry the Future!

3. Organization

Domestic Organizations (as of November 1, 2017)

3 under CEO's Direct Supervision	Compliance Management Office, Public Relations Office, Information Strategy Office.
4 Overall Management	Container Business Division, Bulk Business Division, Administration Division, Maritime Affairs Division.
1 Center	Container Business Support Center.
9 Headquarters	Container Sales Management Headquarters, Container Planning Headquarters, etc.
1 Branch	Busan Branch.
50 Teams	Transpacific Trade Management Team, Europe Trade Management Team etc.
5 Regional Offices	Pohang, Masan, Ulsan, Incheon, Gwangyang Office.

Overseas Organizations (as of November 1, 2017)

4 Overall Management	Transpacific Division, Europe Division, Southeast/west Asia Division, China Division
3 Headquarters	South China Headquarters, India Headquarters, Middle East Headquarters
23 Subsidiaries	France, Italy, Russia, Thailand, Vietnam, etc.
58 Branches	LA, New Jersey, Paris, Ningbo, Osaka, etc.
8 Overseas Offices	Jakarta, Sao Paulo, Chittagong, etc.
3 Terminals	CUT, WUT, KHT

※ Attachment 3: Please refer to the Hyundai Merchant Marine's Overseas Organizations (Subsidiary/Office Status)

4. The Main Status of HMM

1) Human Resources Status

Division		Full-time Employees	Fixed-term Workers	Total	Remarks
Onshore Employees	Male	560 persons	2 persons	562 persons	
	Female	250 persons	34 persons	284 persons	
Offshore Employees	Male	349 persons	66 persons	415 persons	
	Female	6 persons	-	6 persons	
Total		1,165 persons	102 persons	1,267 persons	

※ As of the end of September 2017, excluding foreign crew

2) Operating Fleet Status

Division		End of September, 2017	End of 2016	End of 2015	Remarks
Company Owned	Container	13 vessels	24 vessels	23 vessels	
	Bulk	6 vessels	9 vessels	17 vessels	
Chartered	Container	43 vessels	39 vessels	34 vessels	
	Bulk	37 vessels	43 vessels	51 vessels	
Total		99 vessels	115 vessels	125 vessels	

※ Decrease of vessels due to sale of bulk business (LNG carriers & Specific bulk carrier)

※ Excluding short-term charters; company owned and long-term (one year or longer)
chartered ships only

3) Service Network

Division	Route	Number of Lines	Total	Remarks
Europe	Northern Europe	5	9	
	Mediterranean Sea	2		
	Atlantic Ocean	2		
North America	West Coast	6	10	
	East Coast	4		
Emerging Trade	South America	4	8	
	Australia	2		
	Russia	2		

Asia	Middle East	4	38	
	India	6		
	Vietnam/Haiphong/Thailand/Indonesia	24		
	Singapore/Malaysia/Manila	4		
Total			65	

※ 2M + H, excluding feeder ships (Source: Hyundai Merchant Marine's website)

4) Status of Company-owned Terminals

Division	Share Ratio	Terminal Specification		
		Area	Berth Length	Annual Handling Capacity
Long Beach Terminal/USA	20%	1,554,000 m ²	1,530m	3 million TEU
Seattle Terminal/USA	20%	356,000 m ²	700m	0.5 million TEU
Kaohsiung Terminal/Taiwan	100%	424,000 m ²	940m	1.2 million TEU
Algeciras Terminal/Spain	100%	358,000 m ²	850m	1.86 million TEU
WUT/USA	100%	591,000 m ²	793m	0.9 million TEU
KHT/Taiwan	100%	166,000 m ²	640m	0.8 million TEU
RWG/ Netherlands	20%	1,080,000 m ²	1,150m	2.35million TEU

5) Board of Directors Committee

Division	Name	Current Title	Remarks
Internal Director	Yoo, Chang Keun	President & CEO of HMM	
	Kim, Jeong Beom	Chief of Hyundai Merchant Marine America (HMMA)	

External Director	Jeon, Joon Soo	Endowed and Distinguished Professor of Seogang University	
	Hwang, Yeong Seob	Senior Advisor to Shinhan Capital	
	Kim, Gyu Bok	Advisor to Kim & Chang Law Firm	
	Jeon, Seok Hong	Chairman of Seojin Energy Co., Ltd.	

6) Total Number of Shares

Division	Common Stock	Preferred Stock	Total	Remarks
Total number of shares to be issued	940,000,000	60,000,000	1,000,000,000	Bylaws changed
The total number of shares issued to date	404,728,854	33,005,000	437,733,854	
The total number of shares that have been decreased to date	212,923,027	31,147,143	244,070,170	Capital Decrease
Total number of outstanding shares	191,805,827	1,857,857	193,663,684	

※ Dec. 29, 1992/Apr. 22, 2016/Aug. 19, 2016 – Capital Decrease

7) Shareholdings of the Largest Shareholder and Related Parties

Division	Number of Shares	Equity Ratio	Remark
Korea Development Bank	25,437,461	13.13%	
Korea Shipping and Maritime Transportation Co., Ltd.	13,943,850	7.20%	Increase in paid-in capital to help improve the financial structure of HMM
SPC	24,527,807	12.67%	14 companies of Korea Credit Guarantee Fund

Employee Stock Ownership Association	1,118,357	0.58%	
Minor Shareholders and Others	128,636,209	66.42%	The Korean Teachers' Credit Union, etc.
Total	193,663,684	100%	

5. Financial Status

1) 3Q, 2017 (Consolidated Basis)

(UNIT: KRW)

Division	3Q, 2017	2Q, 2017	1Q, 2017
Sales	1,295.6 billion won	1,241.9 billion won	1,302.5 billion won
Operating Profit	△29.5 billion won	△128.1 billion won	△ 131.2 billion won
Net Profit	△60.3 billion won	△173.7 billion won	△ 734.6 billion won

※ 3Q, 2017 Disclosure Data (Source: Electronic Disclosure Website (DART))

2) Performance by Business Division

(UNIT: KRW)

Business Division	Item	Sales	Ratio
Container	Container shipping	3,311 billion won	86.22%
Bulk	Bulk shipping	414.5 billion won	10.79%
Other	Terminal, etc.	114.5 billion won	2.98%
Total		3,840 billion won	100%

3) Performance By Region

(Unit KRW)

Route	3Q, 2017 (Cumulative)	2Q, 2017 (Cumulative)	Ratio (2017. 3Q)
North America	1,582.2 billion won	1,083.9 billion won	41.20%
Europe	725.5 billion won	519. 6 billion won	18.89%
Asia	825.3 billion won	510.7 billion won	21.49%
Emerging Trade	250.8 billion won	138.4 billion won	6.53%
Other	456. 2 billion won	291.8 billion won	11.88%
Total	3, 840 billion won	2,544.4 billion won	100%

4. Asset Status

(Unit KRW)

Division	3Q, 2017	2Q, 2017	1Q, 2017	Remarks
Asset	3,441.7 billion won	3,419.3 billion won	3,830.1 billion won	
Debt	2,806 billion won	2,717.8 billion won	3,081.1 billion won	
Capital	635.7 billion won	701.5 billion won	749 billion won	
Debt Ratio	441%	387%	411%	

※ 3Q, 2017 Disclosure Data (Source: Electronic Disclosure Website (DART))

6. Business Status by Division

1) Container Business



Hyundai Merchant Marine has continued to expand its logistics network since it launched its container transportation services in the Asia-North America region in

1985, and now has established a global service network that links the entire world like a spider web, including Asia-North America, Asia-Europe and the Atlantic Ocean.

HMM, which satisfies customers' needs with a variety of types of vessels, ranging from small vessels of 1,000 TEU to Mega container vessels of 13,100 TEU, formed the New World Alliance (TNWA) group together with APL and MOL in 1998, and in 2012, launched a new shipping alliance of 'G6' with TNWA and the Grand Alliance (GA). Since then, we signed a strategic cooperation with 2M, which consists of Maersk and MSC in late 2016. In April 2017, we launched a full-fledged joint operation service to build a competitive network and expand our fleet capacity, thus strengthening our services on the East-West route. Also, we have secured a competitive edge in response to massive global shipping companies, by securing additional regional branch networks, including Korea-Vietnam and Korea-Japan through a consortium of HMM + K2 with Korean mid-sized shipping companies (Please refer to Attachment 2. Introduction of Strategic Cooperation and Consortium)

In addition, we are continuing to strengthen our services through investments in Mega container ships, and strengthening sales activity of special container business (Reefer, Special cargo business) and relationships with shippers, developing new markets. We are also actively investing in new service routes, increasing our fleets, and investing in IT.

Hyundai Merchant Marine is currently connecting more than 100 ports through more than 60 service routes around the world. It competes with major global shipping companies and is leading the development of premium services.



2) Port Logistics Business



Hyundai Merchant Marine is increasing its transportation efficiency by securing logistics facilities at major sites around the world.

WUT in Tacoma and Kaohsiung Terminal (KHT) in Taiwan operated by HMM have earned a reputation for cutting-edge facilities, excellent work efficiency and thorough safety management.

In addition, we provide the best inland logistics services using railways and trucks in the US and Canada through Hyundai Intermodal, Inc. located in the US, and operate the direct train services for container cargo (Block Train Service) in Europe.

We have formed a consortium with APL, MOL, CMA CGM and DP World and operate the Massvlakte 2 container terminal in Rotterdam, The Netherlands. This terminal was opened in September 2015 and will be in operation until 2040, with an annual capacity of approximately 2.35 million TEU.

In January 2017, we acquired a stake in the Long Beach Terminal in the US and the Kaohsiung Terminal, and in May, 2017, we acquired the Algeciras Terminal in Spain, a strategic hub connecting Europe-South America and Asia-North American east coast routes. We are expecting to increase profitability by strengthening routes in North America by expanding the throughput volume at the Long Beach terminal and by expanding our

container terminal networks and reducing terminal fees. As of 2017, the annual handling capacity of Hyundai Merchant Marine's overseas terminals is about 6.38 million TEUs.



3) Oil Tanker Business



The oil tanker business of HMM has been an integral part of our company history. In 1976, we started operation of three very large crude-oil carriers (VLCCs). Today, we are operating a fleet consisting of twelve vessels, including five super-large tankers, medium-sized tankers, and petroleum product carriers.

We have signed long-term transportation contracts with domestic and overseas oil refineries and secured stable earnings by transporting crude oil from the Middle East and West Africa to the Far East, the United States and Europe. We also have actively participated in the spot market, making considerable earnings in the crude oil transport market between third countries.

In addition to a competitive fleet and efficient operation management, HMM has been recognized as one of the world's most competitive companies in the oil tanker business with accurate analyses of the rapidly changing oil tanker market and an aggressive sales force.

Also, in May of 2017, the company signed an LOI (Letter of Intent) with Daewoo Shipbuilding & Marine Engineering, which allows us to order up to 10 VLCCs. As a result, the competitiveness of our oil tanker division is expected to be further strengthened by establishing an optimal profit structure by competitive fleet restructuring and increasing the proportion of long-term contracts with top-ranking shippers as well as specialized ships management and cultivation of sales/operation professionals.

<Oil Tanker Business>

An oil tanker is the largest ship in size among several types of merchant ships. A VLCC is 330m in length and 58m in width and can accommodate three soccer stadiums on its deck area.

VLCC stands for Very Large Crude Oil Carrier, meaning a very large tanker, and refers to a tanker ranging from 200,000 to 300,000 tons. In the case of a tanker of 300,000 ton class or more, it is called ULCC (Ultra Large Crude Oil Carrier).

The amount of crude oil transported by a VLCC at one time is 262,000 M/T, which is equivalent to Korea's daily crude oil consumption.

Oil tankers may be operated under long-term contracts with oil refineries, or transported through short-term spot contracts.

4) Trampoer/General Bulk Carrier Business



Since the commencement of the ore coal carrier service in 1981, HMM has been engaged in transport services for iron ore, coal, nickel, manganese, bauxite and raw aluminum in cooperation with the world's major steel mills, electric power companies and raw material suppliers.

We have secured stable earnings through iron ore/coal transportation regardless of the market conditions. We are also strengthening our sales capabilities by signing long- and short-term freight contracts with various shippers, including Dongyang Cement and three domestic sugar manufacturing companies.

In addition, we have various bulk carriers, ranging from small vessels of 30,000 tons or less to large vessels of 200,000 tons or more through short-and long term chartering. We also transport cargo, such as iron, wood and pulp, within the regions of North America, Latin America, Middle East-Europe and Asia. We have opened liner services in several regions and we also provide tramp services that frequently transport bulk cargo, including coal, cement, fertilizers, grains, between North America, Australia and Asia.

HMM is enhancing its competitiveness in the bulk carrier business by focusing on a precise earnings-centered sales strategy through effective long- and short-term chartering to respond flexibly to changes in the market conditions.

<Bulk Carrier Business>

Bulk cargoes are often transported by tramp vessels, although regular line routes are opened and transported for them.

A tramp vessel operates according to the time and route required by a shipper without any fixed route. For a tramper business, a shipping company may own vessels, but it is common to charter a suitable vessel according to the type and quantity of cargo. Therefore, a tramper business is often considered to have ship chartering/hiring activities.

A tramp ship's size ranges from small ships operating on the coast to more than 200,000 DWT. They carry a variety of cargoes, such as coal, iron ore, grains, fertilizers, logs, and sugar.

5) Heavy Cargo Business



Hyundai Merchant Marine entered the heavy cargo transportation business for the first time in Korea in 2007, and since then, has been operating three heavy-cargo vessels of 10,000 DWT (deadweight).

Beginning in 2010, we have drastically strengthened our heavy cargo fleet, by securing new ships, including four ships equipped with crane capable of lifting 640 tons of cargo and two ships capable of lifting 900 tons.

It is specialized in the transport of oil, petrochemicals, power generation, fresh water and civil engineering-related plant facilities between the Far East, South-East Asia and Middle East. We are trying to maximize customer satisfaction on cargo safety through customized safe loading services based on our own 3D cargo stowage system and engineering-sourced technology.

We have maintained the most market share in the domestic cargo transportation industry (about 55%, domestic to Middle East), based on our professional manpower and engineering expertise for large domestic and overseas EPC (Engineering, Procurement & Construction) companies.

HMM currently provides heavy cargo transportation services in Asia, the Middle East, Australia and Europe, and plans to continue expanding these service areas to North America (west and east coast) and South America routes.

<Heavy Cargo Business>

Heavy cargo transportation is an area where marine transportation of expensive equipment, including generators and machinery & equipment is necessary for overseas construction projects, such as nuclear power plants and plant businesses.

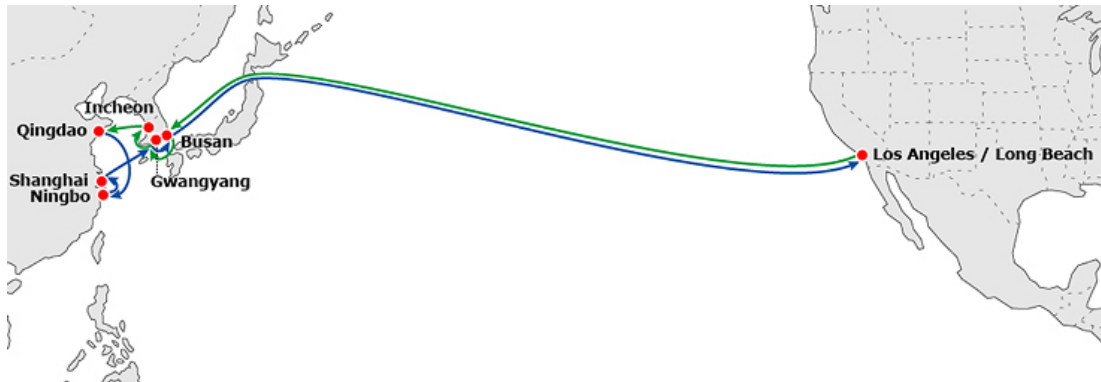
Since heavy cargo is heavy and expensive, its transportation requires advanced technology and know-how.

In particular, recent heavy cargo tends to be bigger, heavier, and bulkier than before, and is attracting attention from the world as a high value-added business.

Attachment 1: Service Routes by Business Division

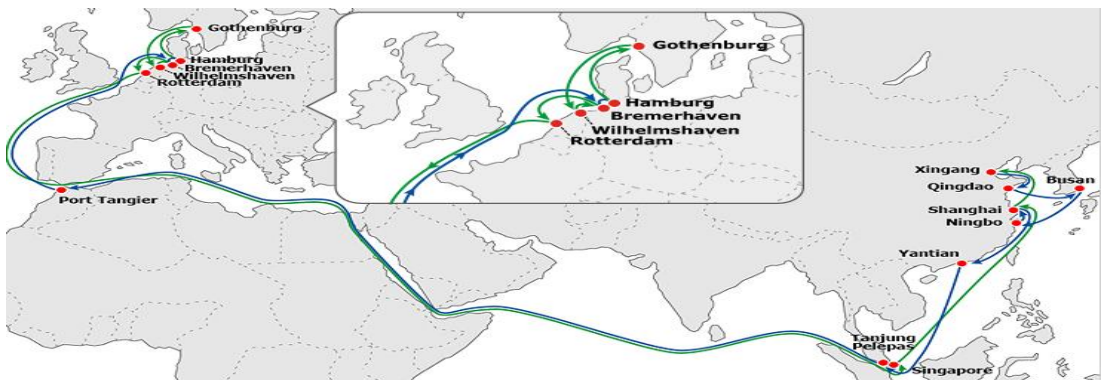
Container Business

1) The North America Routes



※ 9 routes including the above 1 Pacific South

2) The Europe Routes



※ 10 routes including the above 1 Asia-Europe Loop

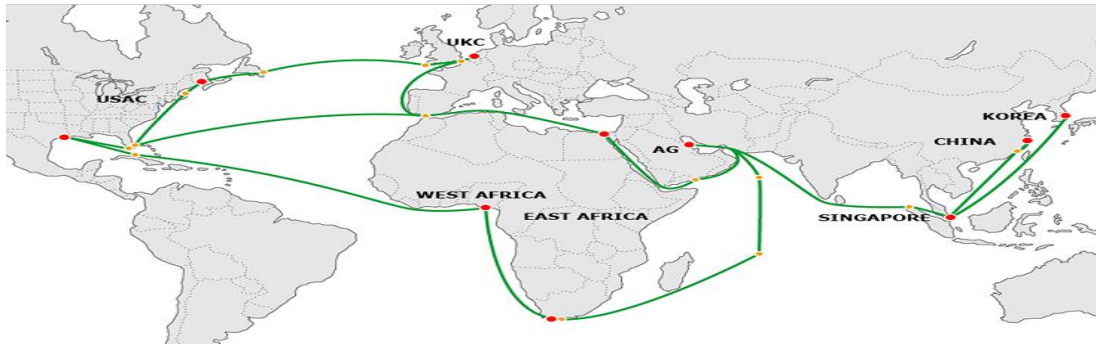
2) The Asia Routes



※ 36 routes including the above 1 CKI (China Korea Indonesia);

Bulk Carrier Business

1) Oil Tankers (North America - Far East, Middle East - Far East)



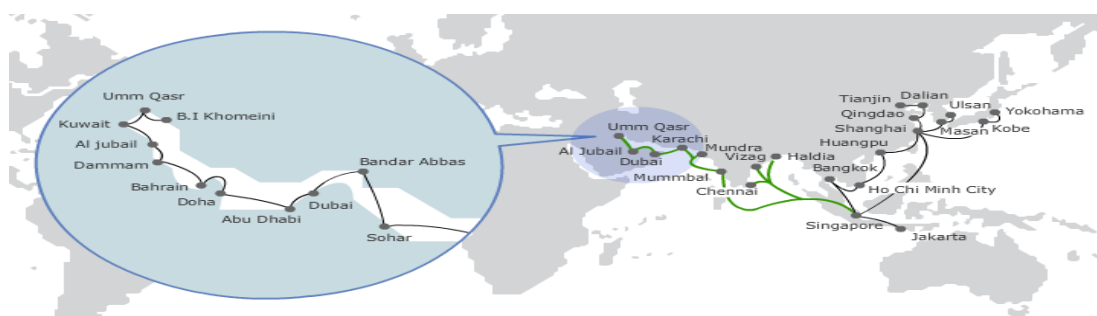
2) Trampers (Europe - Far East, Australia/South America - Far East)



3) General Cargo Ships (South-East Asia - Far East)



4) Heavy Cargo Ships (Middle East - Far East)



Attachment 2: Introduction of Strategic Cooperation and Consortium

'2M + H' Strategic Cooperation

In March 2017, HMM signed strategic cooperation agreement with 2M and started the service from April 1, 2017.

HMM has greatly strengthened its competitiveness in the East-West service route through the strategic cooperation with 2M. It plans to cooperate by 2020 in the form of a Slot Exchange for US West Coast and a Slot Purchase for US East Coast, Northern Europe and the Mediterranean Sea.

With this strategic cooperation, HMM's BSA (Basic Slot Allocation) has greatly expanded, thus enabling it to secure stable earnings in the future. The Basic Slot Allocation allocated to HMM has increased to 22% more than when belonging to the past G6 Alliance. In particular, the Basic Slot Allocation for the US West Coast, where HMM has competitiveness, has increased by about 50% compared to that of G6.

Moreover, HMM introduced exclusive three US west coast services; PS1: Pacific South 1, PS2: Pacific South 2, and PN2: Pacific North 2 from the existing two services so as to strengthen its sales force in the US West Coast services where it has competitiveness.

'HMM + K2 Consortium'

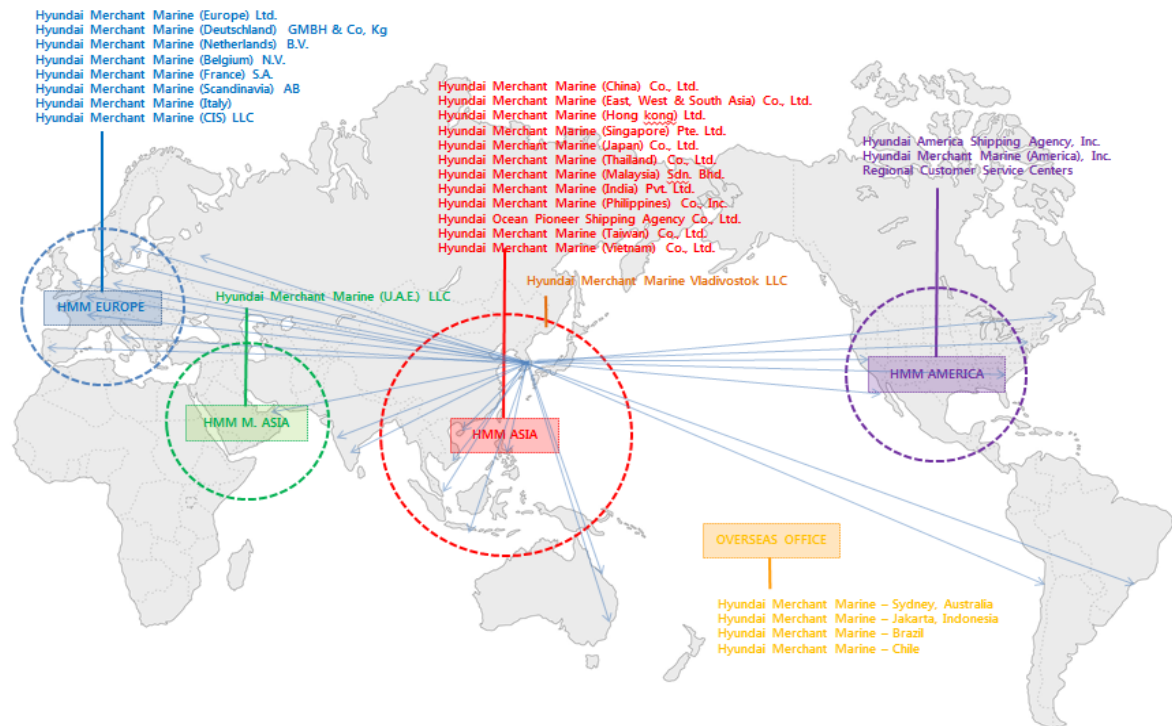
HMM formed a consortium of "HMM + K2" in January, 2017, with Sinokor Merchant Marine and Heung-A Shipping, the representative short sea shipping companies, and entered into full-scale service from March after signing a contract at the end of February, 2017.

The cooperation regions cover Japan, China, and all of South-East and Southwest Asia. The initial contract period is two years and automatically renewed when expired. It is the first tried cooperation between ocean-going and short sea shipping companies in Korea's maritime history. It includes various forms of cooperation, regions, and joint investment in port infrastructure, unlike existing simple co-operation.

Sinokor Merchant Marine and Heung-A Shipping will be able to reduce costs and improve customer service. They are also able to complement their vulnerability by jointly developing new routes on third party countries, which have been vulnerable to short sea shipping companies.

The cooperation forms of the consortium include a Vessel Sharing Agreement, a Slot Exchange Agreement, a Slot Purchase Agreement. It plans to upgrade cooperation procedures to the level of co-investment in port infrastructure and container equipment sharing, etc. in the medium to long term.

Attachment 3: Hyundai Merchant Marine Overseas Organizations (Subsidiary/Office Status)



※ As of November 1, 2017