



INVESTOR RELATIONS

1Q 2019 Earnings Release

Apr 30, 2019



**KUMHO
PETROCHEMICAL**

The business result for the 1st quarter of 2019 is currently under the audit process, however this is presented purely for the purposes of investors' convenience.

Hence, please be advised that some of the contents may be altered in the course of audit.

Forecasts and projections contained in this material are based on current business environments and management strategies, so these may differ from the actual result upon changes and unaccounted variables.



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1Q 2019 Business Results

Income Statements

(Unit: KRW bn)

Classification	19.1Q	18.4Q	QoQ	18.1Q	YoY
Sales	1,275.1	1,352.6	-5.7%	1,339.9	-4.8%
Operating Profit	144.2 (11.3%)	84.3 (6.2%)	71.0%	165.8 (12.4%)	-13.0%
EBITDA	192.9 (15.1%)	135.3 (10.0%)	42.6%	219.5 (16.4%)	-12.1%
Pre-tax Income	143.4 (11.2%)	79.1 (5.9%)	81.3%	194.2 (14.5%)	-26.2%
Net Income	113.9 (8.9%)	61.3 (4.5%)	86.0%	132.1 (9.9%)	-13.8%
Equity Income	10.2	9.4	8.9%	41.8	-75.5%

* Net Income is based on Controlling interests

1Q 2019 Business Results

Balance Sheet

(Unit: KRW bn)

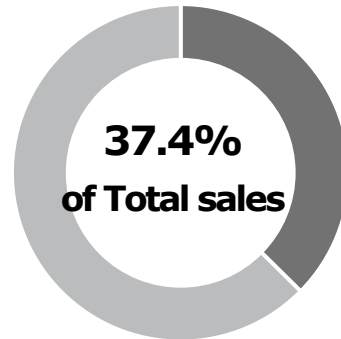
Classification	19.1Q	18 (End)	Change
Asset (Cash and equivalents)	4,777.8 (253.3)	4,616.7 (101.8)	3.5% (148.8%)
Liabilities (Debt)	2,367.6 (1,354.0)	2,268.6 (1,457.0)	4.4% (-7.1%)
Shareholder's Equity	2,410.2	2,348.1	2.6%
Liabilities/ Equity (%)	98.2%	96.6%	1.6%p

Financial Ratios

Classification	19.1Q	18 (End)	Change
Debt/Equity	56.2%	62.1%	-5.9%p
Net Debt /Equity	45.7%	57.7%	-12.0%p
Interest Coverage Ratio (x)	11.4	9.7	1.7
ROE	19.2%	23.4%	-4.3%p
ROA	9.7%	10.7%	-1.0%p

Divisional Results & Outlook

Synthetic Rubbers

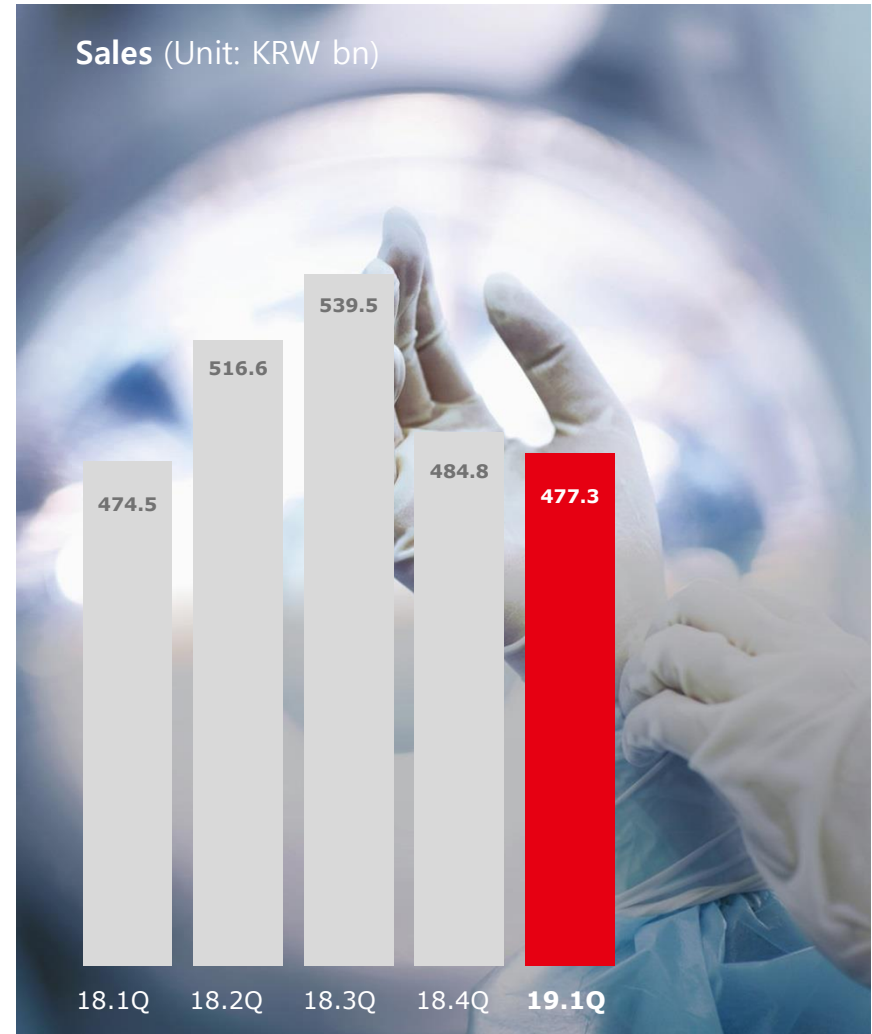


1Q Earnings Review

- Increased profitability due to low BD input price and increase in sales volume.

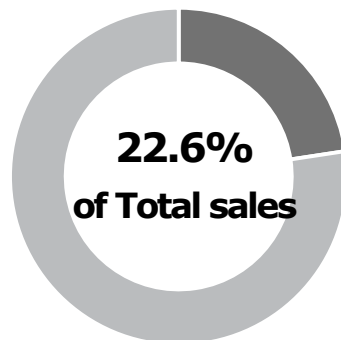
2Q Outlook

- BD input unit price to rise due to rising naptha price due to discontinuation of imported crude oil from Iran.
- Solid demand for specialty rubber (NB Latex, SBS, NBR) is expected and spreads will change according to raw material price.



Divisional Results & Outlook

Synthetic Resins



1Q Earnings Review

- Increased profitability due to solid demand for small appliances/white goods markets and increase in Re-stocking volume before and after Lunar New Year.

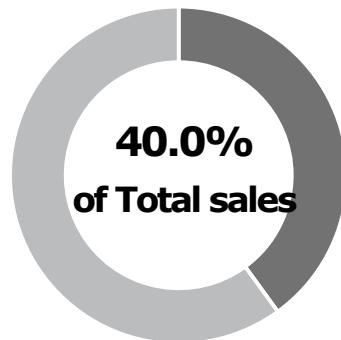
2Q Outlook

- The Price is expected to be stable in accordance to the stable raw material price.
- Demand and price will be determined according to the results of US-China trade negotiations and Chinese economic stimulus plan.



Divisional Results & Outlook

Others

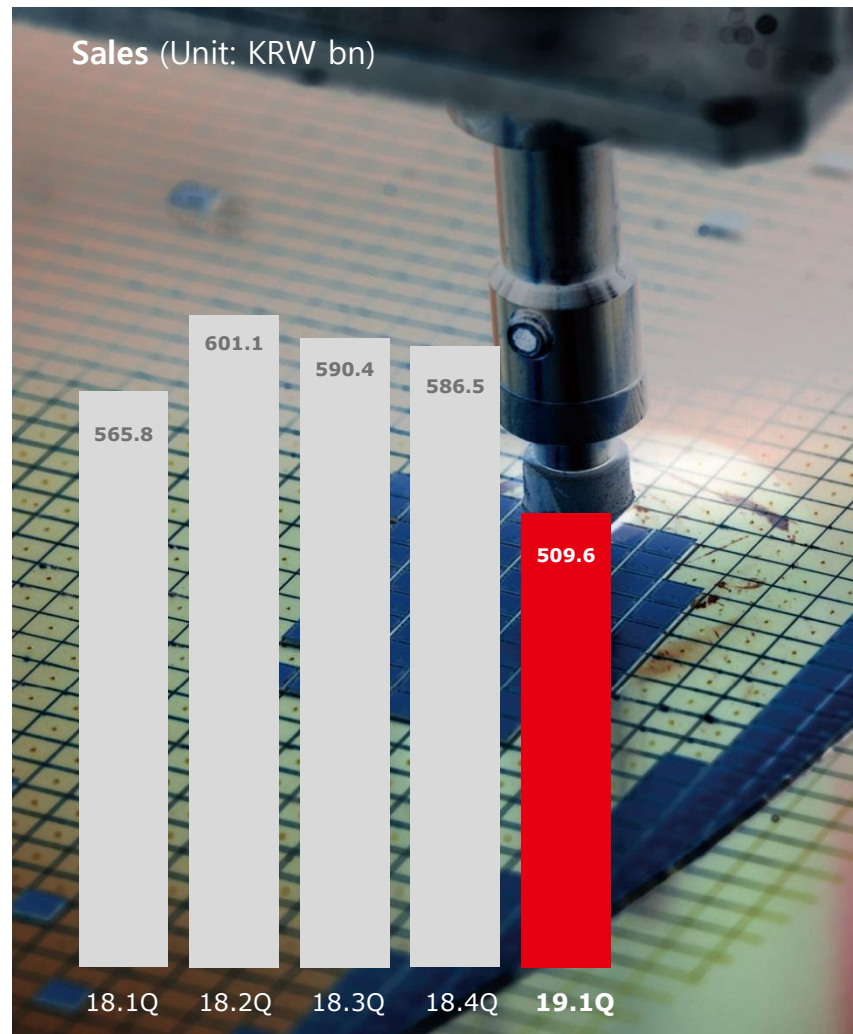


1Q Earnings Review

- Phenol derivatives: Reduction in profitability due to spread reduction for Phenol.
- Energy: Reduction in profitability due to steam price drop.

2Q Outlook

- Phenol derivatives : Downstream demand is expected to be weak due to strengthened environmental regulations and safety audits caused by explosion in Chinese pesticide plant.
- Energy: Sales volume will be reduced due to regular maintenance in May and SMP price is predicted to be weak.



Appendix

Quarterly Performance

(Unit: KRW bn)

Classification	2018					2019				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	1,339.9	1,441.8	1,450.6	1,352.6	5,584.9	1,275.1				1,275.1
Operating Profit	165.8	153.5	151.0	84.3	554.6	144.2				144.2
Net Interest Expense	13.5	23.8	12.4	13.2	62.8	14.7				14.7
Equity Income	41.8	41.2	25.7	9.4	118.1	10.2				10.2
Pre-tax Income	194.2	181.1	162.4	79.2	616.9	143.4				143.4
Net Income	132.1	175.3	122.4	61.4	491.2	113.9				113.9

* Net Income is based on Controlling interests

Appendix

Production Capacity (KKPC)

Classification	Product	Capa	Unit	Note
Synthetic Rubbers	SBR	384,000	MT/Y	
	B R	HBR		
		LBR		
	S-SBR	63,000		
	NdBR	60,000		
	NBR	87,000		
	HSR	10,000		
	NB Latex	400,000		Completion of Expansion 150,000MT/Y, 1H, '19
	SB Latex	82,800		
	SBS	84,000		
	Total	1,508,800		
Synthetic Resins	PS	233,000	MT/Y	
	ABS	250,000		
	SAN/Pwd	173,000		Completion of Expansion 16,000MT/Y, 1H, '18
	EPS	80,000		
	PPG	141,000		
	Total	877,000		
Specialty Chemicals	Antioxidants	83,900	MT/Y	
Energy	Steam	1,710	T/H	
	Electricity	300	MWH	
BD	Ulsan	90,000	MT/Y	
	Yeosu	147,000		
	Total	237,000		



Appendix

Production Capacity (Affiliates)

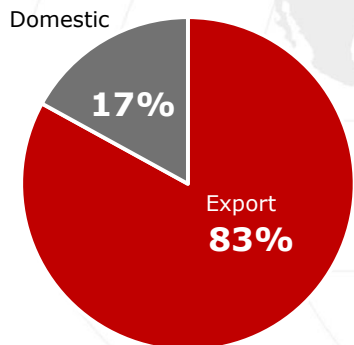
Classification	Product	Capa	Unit	Note
Kumho P&B Chemicals	Phenol	680,000	MT/Y	
	Acetone	420,000		
	MIBK	60,000		
	Cumene	900,000		
	BPA	450,000		
	Epoxy Resin	152,000		Completion of Expansion 17,000MT/Y, 1Q, '18 45,000MT/Y, Apr, '19
	Total	2,662,000		
Kumho Mitsui Chemicals	MDI	350,000	MT/Y	Completion of Expansion 100,000MT/Y, 2H, '17 60,000MT/Y, 2H, '19
	Aniline	20,000		
	Total	370,000		
Kumho Polychem	EP(D)M	220,000	MT/Y	
	TPV/KEPA	12,000		Completion of Expansion' TPV 5,000MT/Y, 4Q, '17
	Total	232,000		



Appendix

Sales Breakdown & Export Share by Region

Synthetic Rubbers



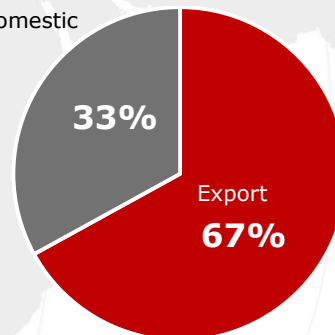
Export

S.E.Asia	49%
China	20%
S.W.Asia	12%
America	10%
Europe	8%
Others	1%

Synthetic Resins



Domestic



Export

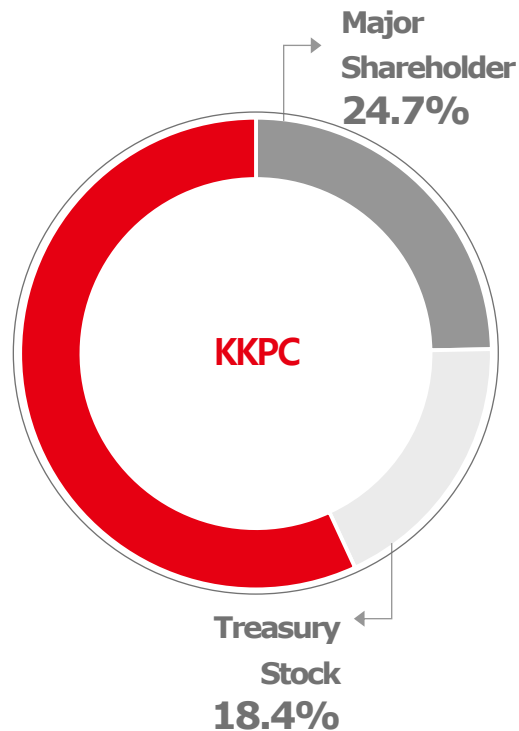
China	38%
Africa	16%
Europe	15%
America	11%
S.E.Asia	10%
S.W.Asia	10%

Appendix

Investment Shares & Asset available for sale

Asset available for sale

Asiana Airlines	12.0%
Daewoo E&C	3.4%
KDB Life Insurance	0.4%



Investments in Affiliates

Kumho P&B Chemicals	100.0%
Kumho Mitsui Chemicals	50.0%
Kumho Polychem	50.0%
Kumho Terminal & Logistics	100.0%
Korea Energy Power Plants	96.1%

* As of 31st Mar, 2019,
based on common shares

Thank you
