



INVESTOR RELATIONS

4Q 2019 Earnings Release

Jan, 30, 2020



**KUMHO
PETROCHEMICAL**

The business result for the 4th 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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4Q 2019 Business Results

Income Statements

(Unit: KRW bn)

Classification	19.4Q	19.3Q	QoQ	18.4Q	YoY
Sales	1,185.7	1,220.0	-2.8%	1,352.6	-12.3%
Operating Profit	16.1 (1.4%)	68.7 (5.6%)	-76.6%	84.3 (6.2%)	-80.9%
EBITDA	65.3 (5.5%)	118.0 (9.7%)	-44.7%	135.3 (10.0%)	-51.7%
Pre-tax Income	16.5 (1.4%)	68.8 (5.6%)	-76.0%	79.1 (5.9%)	-79.1%
Net Income	17.2 (1.5%)	47.6 (3.9%)	-63.9%	61.3 (4.5%)	-71.9%
Equity Income	6.8	11.3	-39.8%	9.4	-27.7%

* Net Income is based on Controlling interests

4Q 2019 Business Results

Balance Sheet

(Unit: KRW bn)

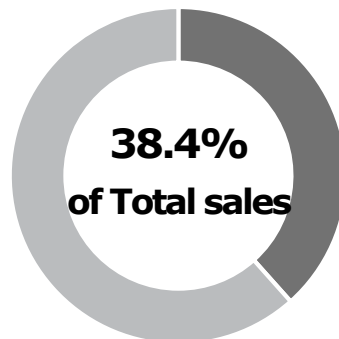
Classification	19.4Q	18 (End)	Change
Asset (Cash and equivalents)	4,538.0 (127.8)	4,616.7 (101.8)	-1.7% (25.5%)
Liabilities (Debt)	1,909.6 (1,104.0)	2,268.6 (1,457.0)	-15.8% (-24.2%)
Shareholder's Equity	2,628.4	2,348.1	11.9%
Liabilities/ Equity (%)	72.7%	96.6%	-24.0%p

Financial Ratios

Classification	19.4Q	18 (End)	Change
Debt/Equity	42.0%	62.1%	-20.0%p
Net Debt /Equity	37.1%	57.7%	-20.6%p
Interest Coverage Ratio (x)	8.4	9.7	-1.3
ROE	11.8%	23.4%	-11.6%p
ROA	6.4%	10.7%	-4.3%p

Divisional Results & Outlook

Synthetic Rubbers

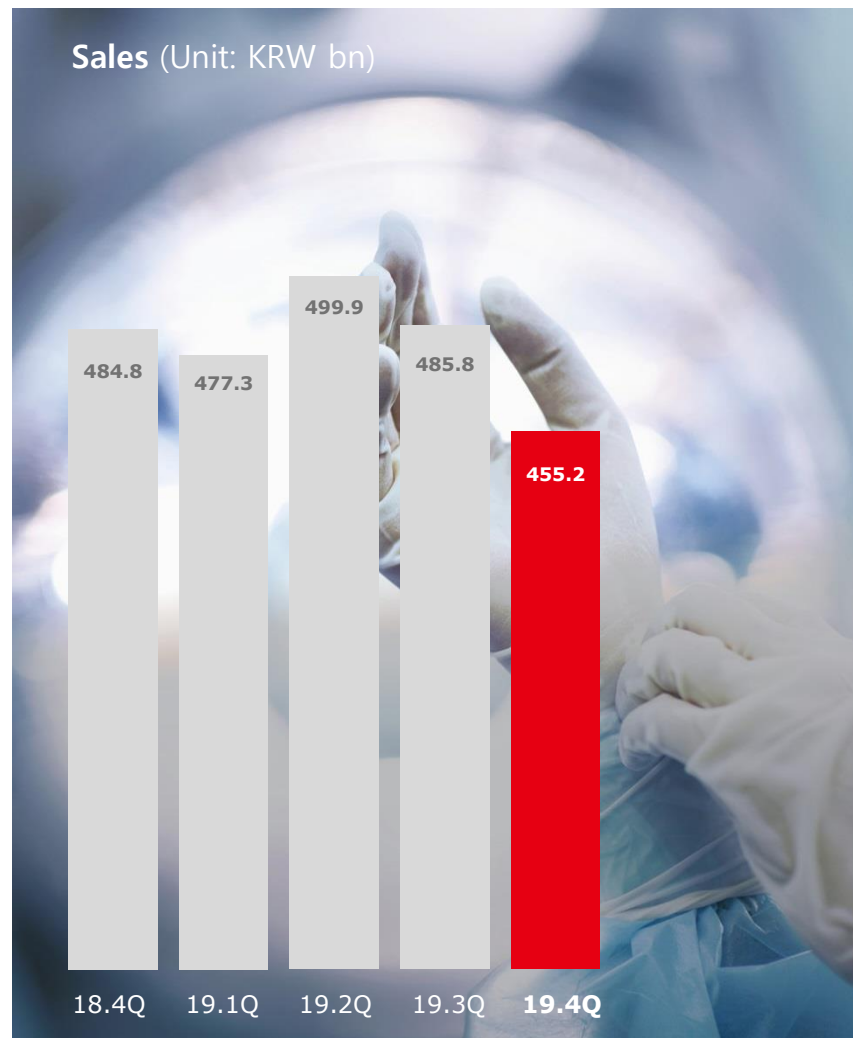


4Q Earnings Review

- Profitability declined due to high cost inventory produced before annual maintenance.
- Special rubber profitability reduced because of weak demand and intensified price competition.

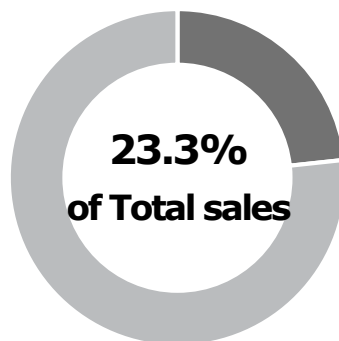
'20 1Q Outlook

- BD: The supply is forecasted to be tight due to cut production of manufacturers and regular maintenance despite new plant in China, Malaysia.
- Profitability is expected to improve during peak season, but the demand is likely to be volatile due to China coronavirus.



Divisional Results & Outlook

Synthetic Resins



4Q Earnings Review

- Decline in profitability due to seasonal low and price decline caused by raw material price (SM/BD).

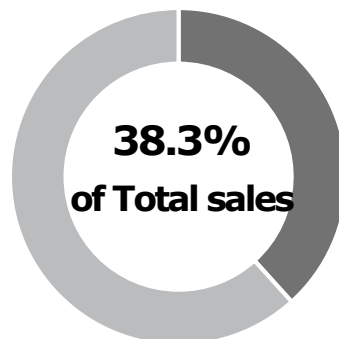
'20 1Q Outlook

- SM: Despite expansion in China, the price is expected to be flat due to cut production of manufacturers and global regular maintenance.
- Demand and purchasing sentiment is likely to be volatile depending on China coronavirus and US-China trade negotiations.



Divisional Results & Outlook

Others

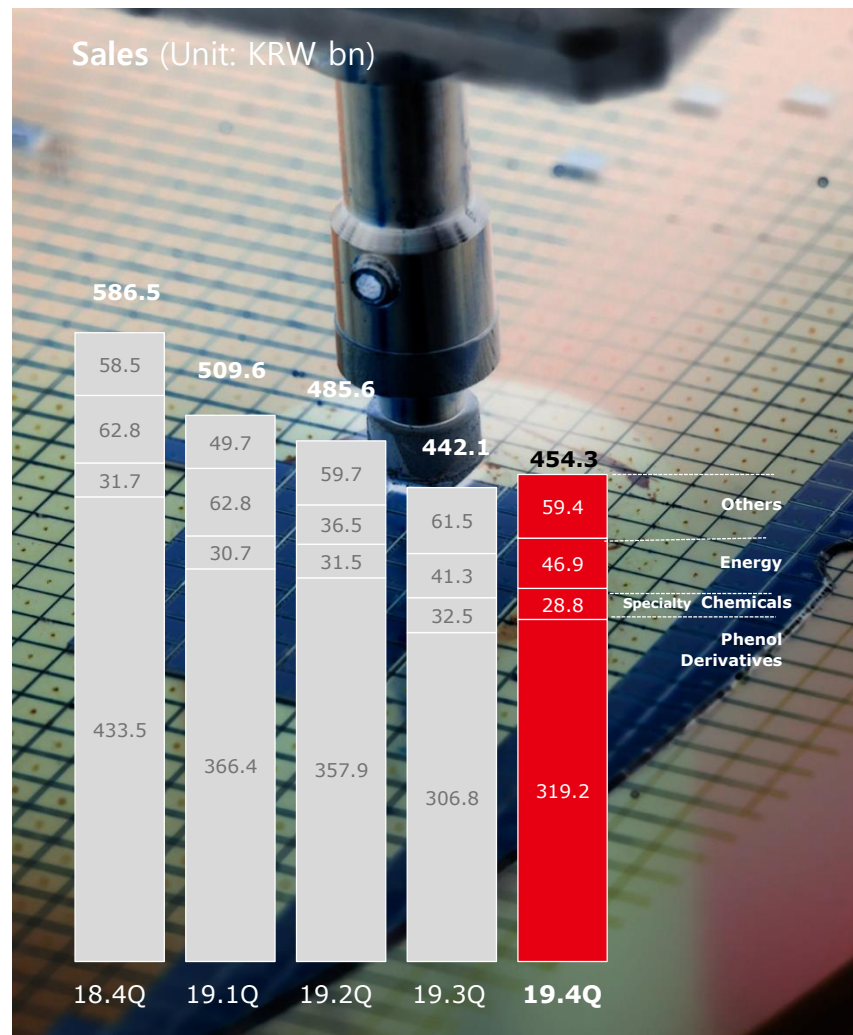


4Q Earnings Review

- Phenol derivatives: Profitability were dropped because of weak demand and the prolonged downward trend in the price.
- Energy: Profitability declined due to lower steam sales price despite rising SMP price.

'20 1Q Outlook

- Phenol derivatives: Market price and Profitability are expected to rise due to rising raw materials and tight supply of major products.
- Energy: Sales and profitability will be improved with increased SMP price.



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	1,297.1	1,220.0	1,185.7	4,977.9
Operating Profit	165.8	153.5	151.0	84.3	554.6	144.2	1,38.9	68.7	16.1	367.9
Net Interest Expense	13.5	23.8	12.4	13.2	62.8	14.7	15.2	15.3	3.8	49.0
Equity Income	41.8	41.2	25.7	9.4	118.1	10.2	10.4	11.3	6.8	38.7
Pre-tax Income	194.2	181.1	162.4	79.2	616.9	143.4	150.5	68.8	16.5	379.2
Net Income	132.1	175.3	122.4	61.4	491.2	113.9	115.2	47.6	17.2	293.9

* Net Income is based on Controlling interests

Appendix

Production Capacity (KKPC)

Classification	Product	Capa	Unit	Note
Synthetic Rubbers	SBR	256,000	MT/Y	
	B R	HBR		
		LBR		
	S-SBR	63,000		
	NdBR	60,000		
	NBR	87,000		
	HSR	10,000		
	NB Latex	580,000		Completion of Expansion 154,000MT/Y, 1H, '19
	SB Latex	82,800		
	SBS	84,000		Completion of Expansion 45,000MT/Y, 2H, '20
	Total	1,560,800		
Synthetic Resins	PS	239,000	MT/Y	
	ABS	250,000		
	SAN/Pwd	181,000		Completion of Expansion 16,000MT/Y, 1H, '18
	EPS	80,000		
	PPG	148,000		
	Total	898,000		
Specialty Chemicals	Antioxidants	83,900	MT/Y	Completion of Expansion 4,900MT/Y, 2H, '20
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)

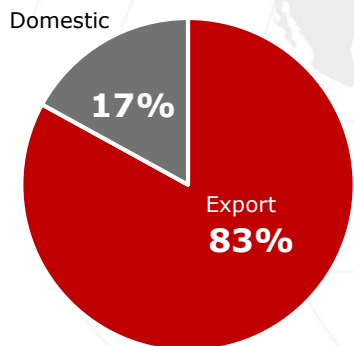
Classification	Product	Capa	Unit	Note
Kumho P&B Chemicals	Phenol	680,000	MT/Y	Completion of Revamping 100,000MT/Y, 4Q, '23
	Acetone	420,000		Completion of AR(Acetone recycle) Expansion 56,000MT/Y, 1Q, '21
	MIBK	60,000		Completion of MIBC Expansion 10,000MT/Y, 4Q, '21
	Cumene	900,000		Completion of Revamping 300,000MT/Y, 4Q, '23
	BPA	450,000		Completion of Expansion 150,000MT/Y, 4Q, '23
	Epoxy Resin	197,000		Completion of Expansion 17,000MT/Y, 1Q, '18 45,000MT/Y, 2Q, '19
	Total	2,707,000		
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



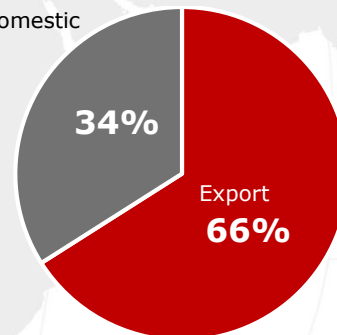
Export

S.E.Asia	59%
China	19%
S.W.Asia	9%
America	6%
Europe	5%
Others	2%

Synthetic Resins



Domestic



Export

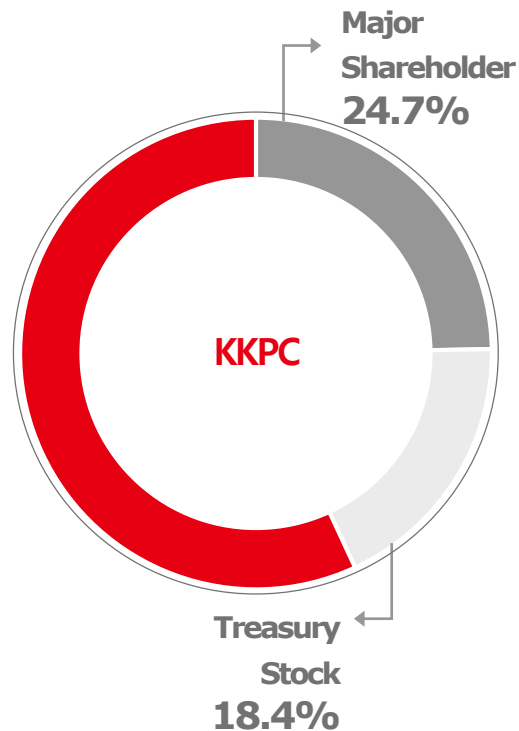
China	48%
Africa	12%
S.E.Asia	11%
S.W.Asia	10%
Europe	10%
America	9%

Appendix

Investment Shares & Asset available for sale

Asset available for sale

Asiana Airlines	11.0%
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 31th Dec, 2019,
based on common shares

Thank you
