



May 8, 2020

1Q 2020 Earnings Release

KUMHO PETROCHEMICAL



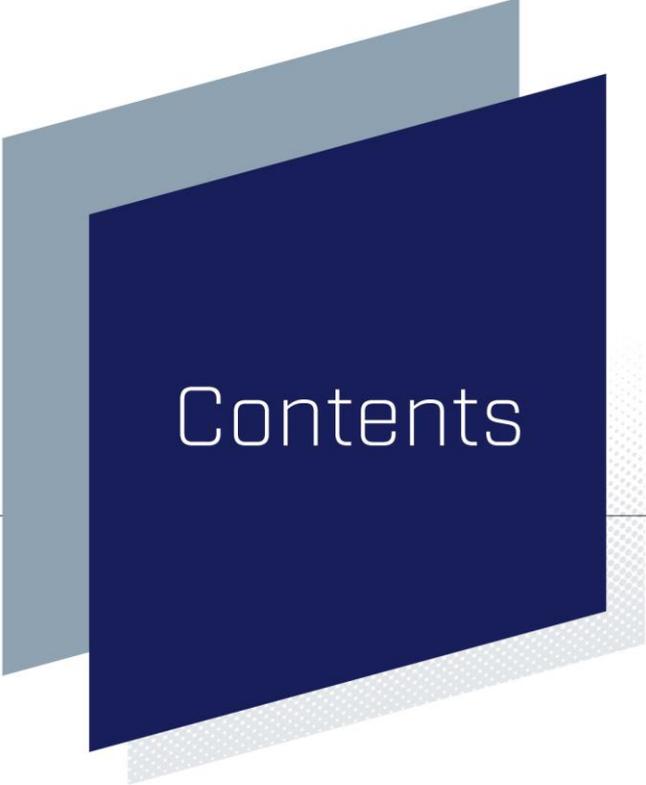
The business result for the 1st quarter of 2020 is currently under the audit process, however this is presented purely for the purposes of investors' convenience.

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 2020 Business Results

Income Statements

(Unit: KRW bn)

Classification	20.1Q	19.4Q	QoQ	19.1Q	YoY
Sales	1,225.5	1,185.7	3.4%	1,270.7	-3.6%
Operating Profit	133.1 (10.9%)	15.9 (1.3%)	737.1%	143.5 (11.3%)	-7.2%
EBITDA	182.1 (14.9%)	65.1 (5.5%)	179.7%	192.2 (15.1%)	-5.3%
Pre-tax Income	139.0 (11.3%)	16.6 (1.4%)	737.3%	142.8 (11.2%)	-2.7%
Net Income	127.5 (10.4%)	17.9 (1.5%)	612.3%	113.9 (9.0%)	11.9%
Equity Income	9.5	7.1	33.3%	10.2	-7.6%

* Net Income is based on Controlling interests.

* Since the business related with Electronic Chemicals has been disposed in this term, it is classified as discontinued operations, and the financials of same term of last year have been rewritten.

1Q 2020 Business Results

Balance Sheet

(Unit: KRW bn)

Classification	20.1Q	19 (End)	Change
Asset (Cash and equivalents)	4,621.1 (224.2)	4,538.0 (127.8)	1.8% (75.4%)
Liabilities (Debt)	1,961.2 (1,175.7)	1,908.4 (1,104.0)	2.8% (6.5%)
Shareholder's Equity	2,659.9	2,629.6	1.2%
Liabilities/ Equity (%)	73.7%	72.6%	1.2%p

Financial Ratios

Classification	20.1Q	19 (End)	Change
Debt/Equity	44.2%	42.0%	2.2%p
Net Debt /Equity	35.8%	37.1%	-1.4%p
Interest Coverage Ratio (x)	16.5	8.4	8.1
ROE	19.3%	11.8%	7.5%p
ROA	11.1%	6.4%	4.7%p

Divisional Results & Outlook

Synthetic Rubbers

38.3%
of total sales



1Q Earnings Review

- Improvement in profitability by removing high cost inventory and expanding spreads.
- Secure profitability with solid demand of NB Latex, NBR, SBS compared to the previous quarter.

2Q Outlook

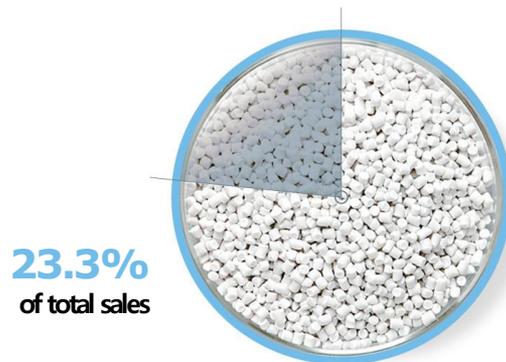
- BD: The price is forecasted to be weak due to high inventory of crackers, downstream makers and increased deep sea volume.
- Sales is expected to decline due to reduction utilization rate of downstream and slow demand caused by COVID19.

Sales (Unit: KRW bn)



Divisional Results & Outlook

Synthetic Resins



1Q Earnings Review

- Enhanced profitability due to decline of raw material price (SM/BD) and solid demand of ABS, HIPS.

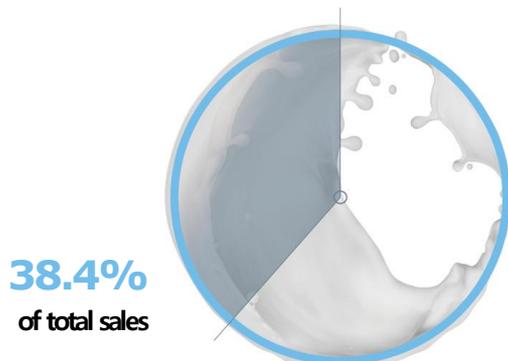
2Q Outlook

- SM: Despite oil price drop and global lockdown, the price is stable due to demand recovery in China. The price is expected to rebound depending on when lockdown is released and China's export demand recovers.
- Sales is expected to decline due to slow demand caused by COVID19 despite a slight increase in utilization rate in China.



Divisional Results & Outlook

Others

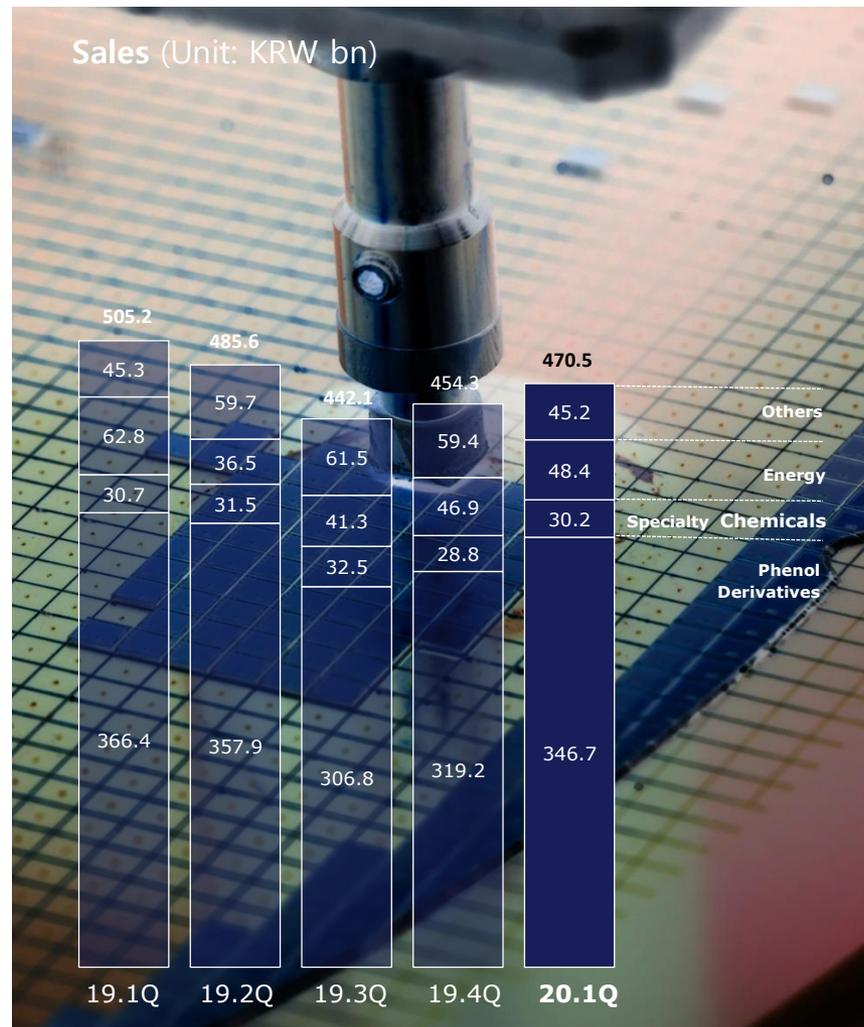


1Q Earnings Review

- Phenol derivatives: Turning profits by expanding spread of major products due to maintenance in the region.
- Energy: Improvement in profitability due to a increase in volume and sales price.

2Q Outlook

- Phenol derivatives: Major products spreads will be stable due to strong acetone price and regular maintenance of BPA in the region.
- Energy: Sales volume will be reduced due to regular maintenance in 2Q and SMP price is predicted to be weak.



APPENDIX

Quarterly Performance

(Unit: KRW bn)

Classification	2019					2020				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	1,270.7	1,297.1	1,220.0	1,185.7	4,973.5	1,225.5				1,225.5
Operating Profit	143.5	138.9	68.7	15.9	367.0	133.1				133.1
Net Interest Expense	14.7	15.2	15.3	3.8	49.0	13.0				13.0
Equity Income	10.2	10.4	11.3	7.1	39.0	9.5				9.5
Pre-tax Income	142.8	150.5	68.8	16.6	378.6	139.0				139.0
Net Income	113.9	115.2	47.6	17.9	294.6	127.5				127.5

* Net Income is based on Controlling interests.

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APPENDIX

Production Capacity (KKPC)

Classification	Product	Capa	Unit	Note	
Synthetic Rubbers	SBR	256,000	MT/Y		
	B R	HBR		290,000	
		LBR		48,000	
	S-SBR	63,000			
	NdBR	60,000			
	NBR	87,000			
	HSR	10,000			
	NB Latex	580,000			Completion of Expansion 60,000MT/Y, 2H, '20
	SB Latex	82,800			
	SBS	93,000			Completion of Expansion 45,000MT/Y, 2H, '20
Total	1,569,800				
Synthetic Resins	PS	239,000	MT/Y		
	ABS	250,000			
	SAN/Pwd	181,000			
	EPS	80,000			
	PPG	144,000			
	Total	894,000			
Specialty Chemicals	Antioxidants	83,900	MT/Y	Completion of Expansion 4,900MT/Y, 1H, '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	207,000		Completion of Expansion 45,000MT/Y, 2Q, '19 Completion of LER(III) Revamping 60,000MT/Y,3Q, '21
	Total	2,717,000		
Kumho Mitsui Chemicals	MDI	410,000	MT/Y	Completion of Expansion 60,000MT/Y, 2H, '19
	Aniline	20,000		
	Total	430,000		
Kumho Polychem	EP(D)M	220,000	MT/Y	
	TPV/KEPA	12,000		
	Total	232,000		



APPENDIX

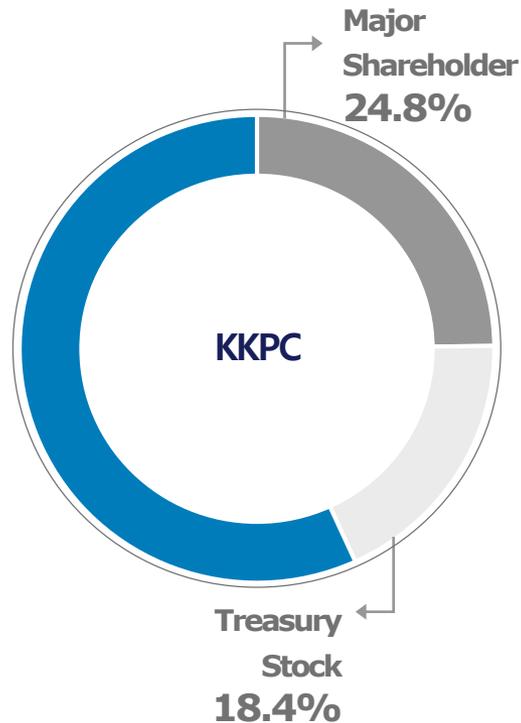
Sales Breakdown & Export Share by Region



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 31st Mar, 2020, based on common shares



Thank you

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