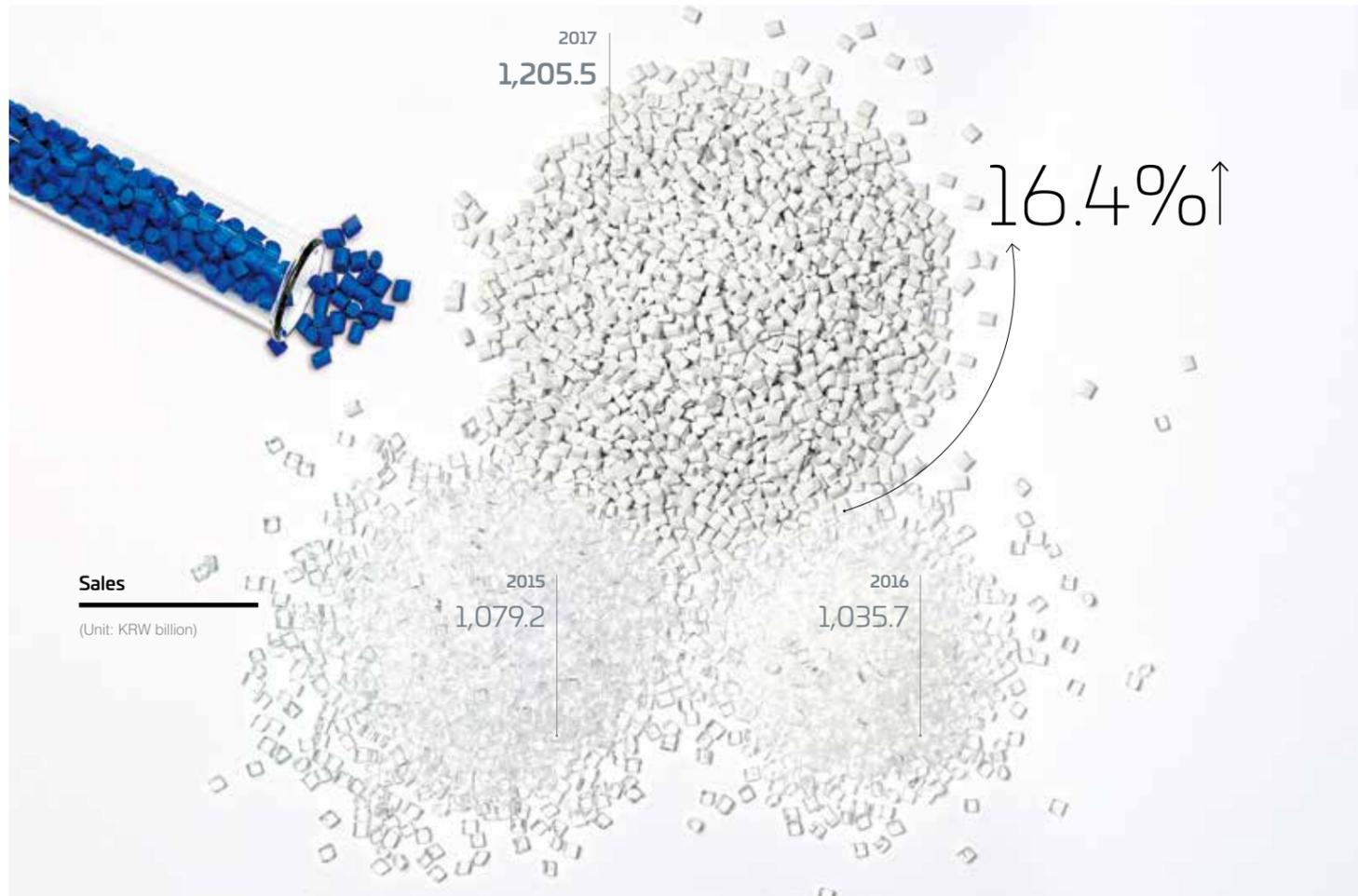
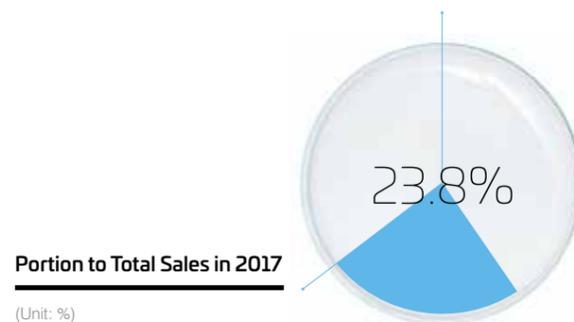


Synthetic Resins



In synthetic resins, we continued solid and stable growth pace in 2017, achieving increases in both sales and operating income, thanks to our efforts to further improve products backed by favorable market conditions.



2017 REVIEW

Our synthetic resin business accounts for 23.8% of total sales, with sales of KRW 1,205.5 billion in 2017, up 16.4% year-on-year. Profitability also increased.

KKPC was able to pass feedstock price fluctuations in our synthetic resin business onto selling prices, thanks to stable demand, and thus improved profitability. This was led by ABS products even though they are commodity products, and we also made improvements to the properties of PS and other resin products, including making them more eco-friendly. Our efforts were well received by the market, and we were therefore able to substantially increase our market share for some of these products, mainly for high-yield products, which in turn boosted sales and enhanced profitability.

2018 OUTLOOK

As some of our competitors expand capacity, supply in the synthetic resin market is expected to increase in 2018, but demand is also expected to increase, leaving the overall supply/demand situation much as it was in 2017. Companies in the market are also likely to maintain approximately the same utilization rates, another reason that the market is expected to be similar to last year. The market for styrene monomer (SM), a main feedstock, is expected to be strong in the first half of the year, when there is a concentration of regular maintenance, and then stabilize in the second half as operations across the industry normalize.

Against this backdrop, KKPC will strive to maintain the profitability of our synthetic resin business by actively expanding our customer base. We will build a full sales system for ABS powder, where our capacity expansion will be completed during 2018. For existing products, we will identify new overseas markets and develop new uses for them. We will also improve profitability by responding quickly to market trends and regulations and by sourcing our feedstock procurement in a competitive manner. These initiatives will enable KKPC to achieve our goals for 2018.



KEY PRODUCTS

PS, ABS, EP, SAN, EPS, Enerpor, PPG



KEY APPLICATIONS

Automobile parts, Home appliances, Food and beverage containers, Office supplies, Building materials



MAJOR CUSTOMERS

Hyundai Motor Company, Kia Motors, GM Korea, Korea Yakult, Namyang Dairy Products, Samsung Electronics, LG Electronics, Dongbu Daewoo Electronics, Kingfa, Sabic, Haier, Arcelik, Vestel, KCC

