



Aug 5, 2022

# 2Q 2022 Earnings Release

KUMHO PETROCHEMICAL



The business result for the 2nd quarter of 2022 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.

A large industrial facility, likely a refinery or petrochemical plant, is shown under a blue sky with scattered white clouds. In the foreground, a worker wearing a white hard hat and a dark jacket stands on a metal platform, looking through a telescope or binoculars. The platform is part of a tall, cylindrical structure. In the background, there are various industrial structures, including distillation columns, pipes, and storage tanks. The facility is situated near a body of water, and mountains are visible in the distance.

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# 2Q 2022 Business Results

## Income Statements

(Unit: KRW bn)

Classification	22.2Q	22.1Q	QoQ	21.2Q	YoY
Sales	2,243.9	2,199.1	2.0%	2,199.0	2.0%
Operating Profit	353.9 (15.8%)	449.1 (20.4%)	-21.2%	753.7 (34.3%)	-53.0%
EBITDA	411.2 (18.3%)	505.6 (23.0%)	-18.7%	799.0 (36.3%)	-48.5%
Pre-tax Income	387.4 (17.3%)	503.7 (22.9%)	-23.1%	789.0 (35.9%)	-50.9%
Net Income	286.9 (12.8%)	373.2 (17.0%)	-23.1%	583.0 (26.5%)	-50.8%
Equity Income	21.0	49.3	-57.4%	55.8	-62.4%

\* Net Income is based on Controlling interests.

# 2Q 2022 Business Results

## Balance Sheet

(Unit: KRW bn)

Classification	22.2Q	21 (End)	Change
<b>Asset</b> (Cash and equivalents)	7,839.2 (3,658)	8,115.7 (622.9)	-3.4% (-41.3%)
<b>Liabilities</b> (Debt)	2,529.0 (7,798)	3,032.8 (957.7)	-16.6% (-18.6%)
<b>Shareholder's Equity</b>	5,310.2	5,082.9	4.5%
<b>Liabilities/ Equity (%)</b>	47.6%	59.7%	-12.0%p

## Financial Ratios

Classification	22.2Q	21 (End)	Change
<b>Debt/Equity</b>	14.7%	18.8%	-4.2%p
<b>Net Debt /Equity</b>	7.8%	6.6%	1.2%p
<b>Interest Coverage Ratio (x)</b>	49.0	88.5	-39.6
<b>ROE</b>	25.4%	47.8%	-22.4%p
<b>ROA</b>	16.5%	29.9%	-13.4%p

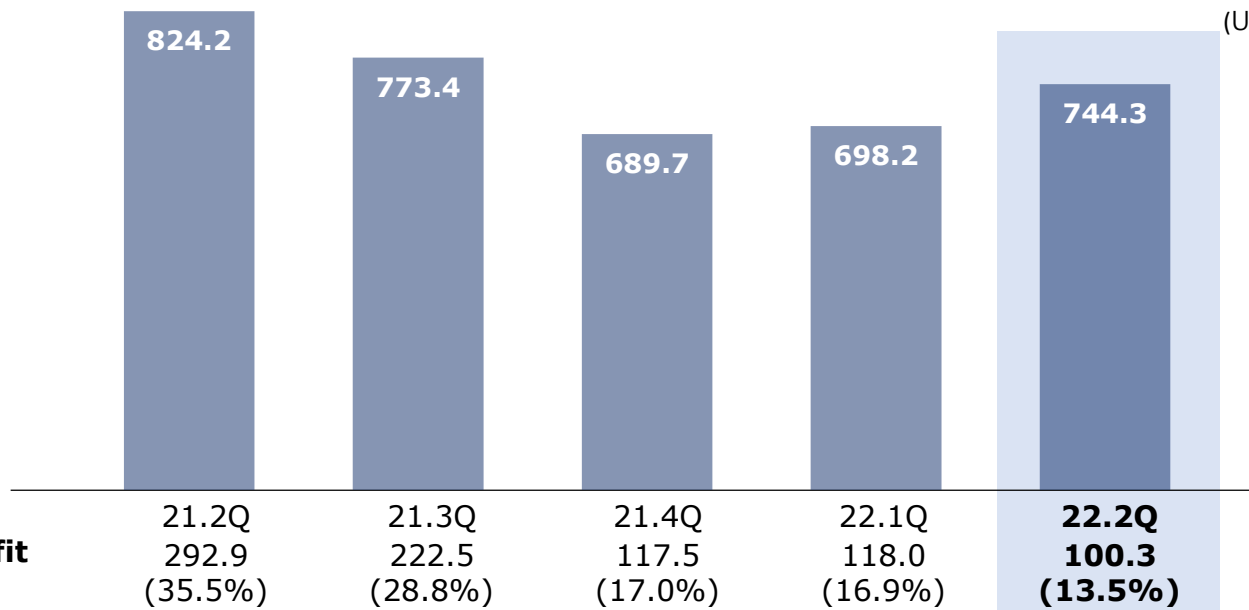
# Divisional Results & Outlook

## Synthetic Rubbers

### Sales

(Unit: KRW bn)

### Operating Profit (%)



## 2Q Earnings Review

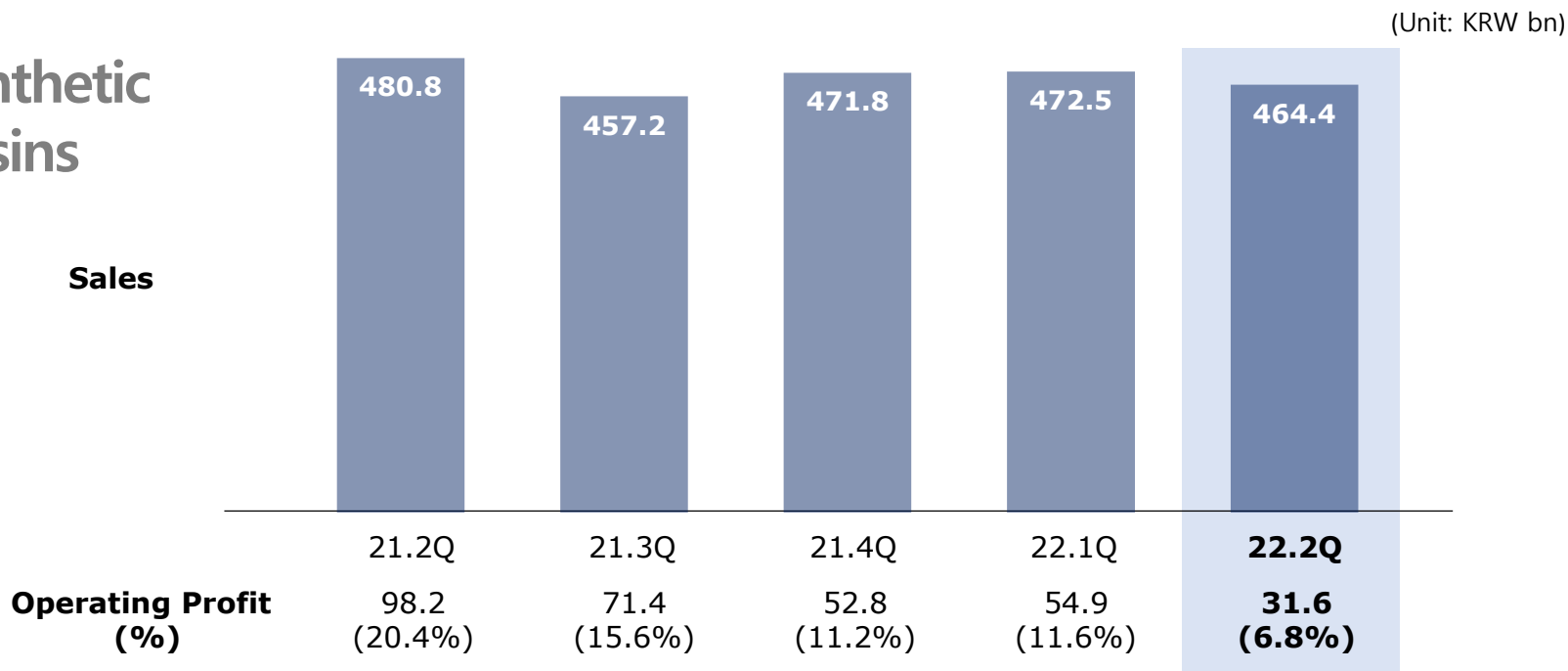
- Continued efforts to defend profitability based on improved product portfolio, despite rising raw material prices and sluggish demand.
- Narrowed product spreads compared to raw material BD price increase due to slow demand for general purpose rubber of tiers.
- NB Latex competition continues to intensify due to decrease in glove sales volume, and profitability declines.

## 3Q Outlook

- BD: Market price is expected to decrease due to weak demand of downstream and new plant operation.
- Product demand expected to weaken due to economic recession and expectations for product price decline because of weak BD prices.
- NB Latex demand declines and market price continues to weaken.

# Divisional Results & Outlook

## Synthetic Resins



## 2Q Earnings Review

- Weakening product prices and lower profitability due to reduced demand in the automobile/home appliance/compounding industry.

## 3Q Outlook

- SM: Price is expected to weaken due to low demand despite regular maintenance in the region.
- Market demand continues to slow due to intensifying wait-and-see attitudes and off-cycle seasonality.

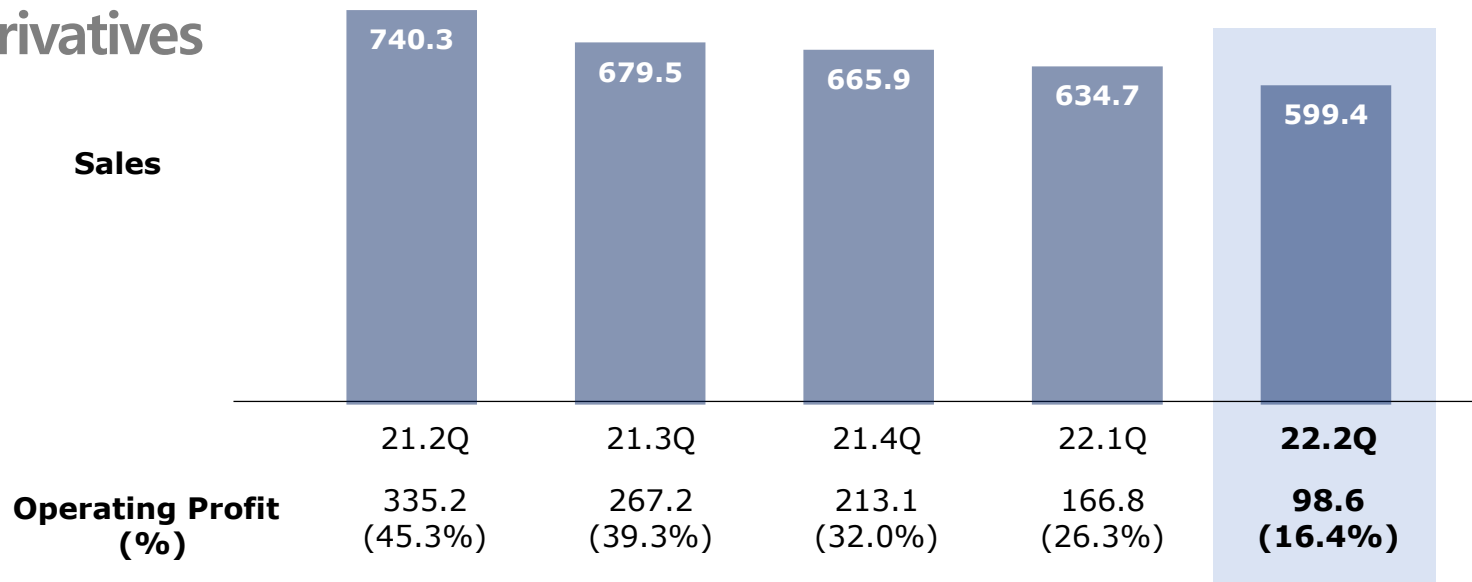


# Divisional Results & Outlook

(Unit: KRW bn)

## Phenol Derivatives

**Sales**



## 2Q Earnings Review

- Decreased profitability due to sluggish demand and worsened spreads of main products caused by the lockdown in China.

## 3Q Outlook

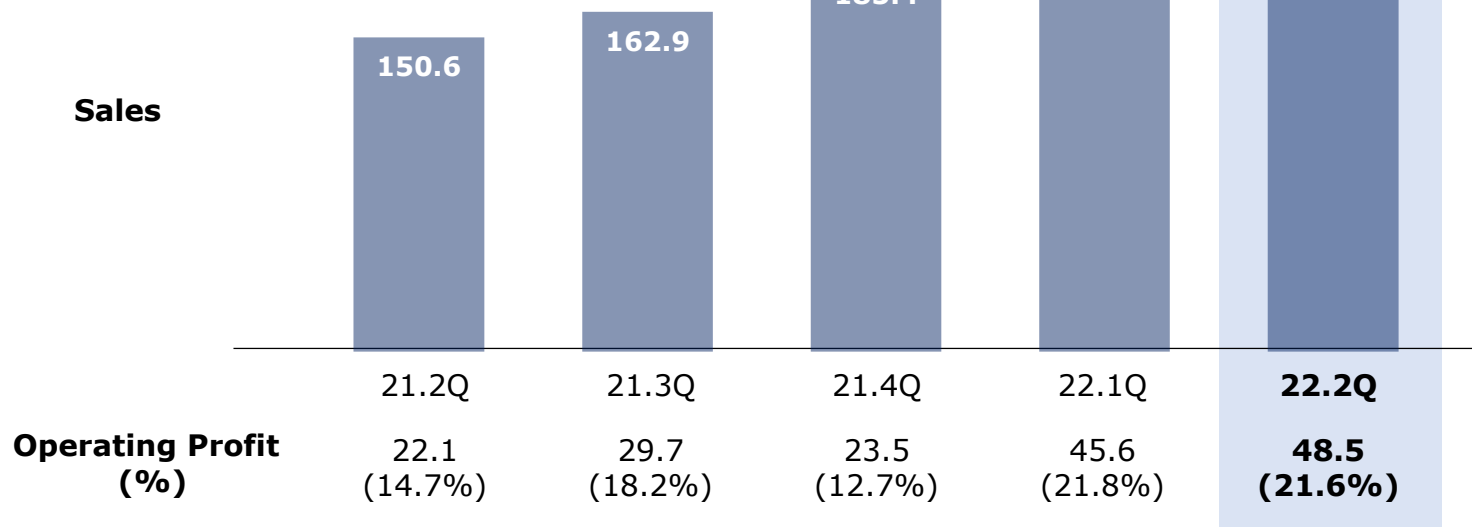
- Main product prices continued to weaken due to slow demand from downstream industries.



# Divisional Results & Outlook

(Unit: KRW bn)

## EPDM/TPV



## 2Q Earnings Review

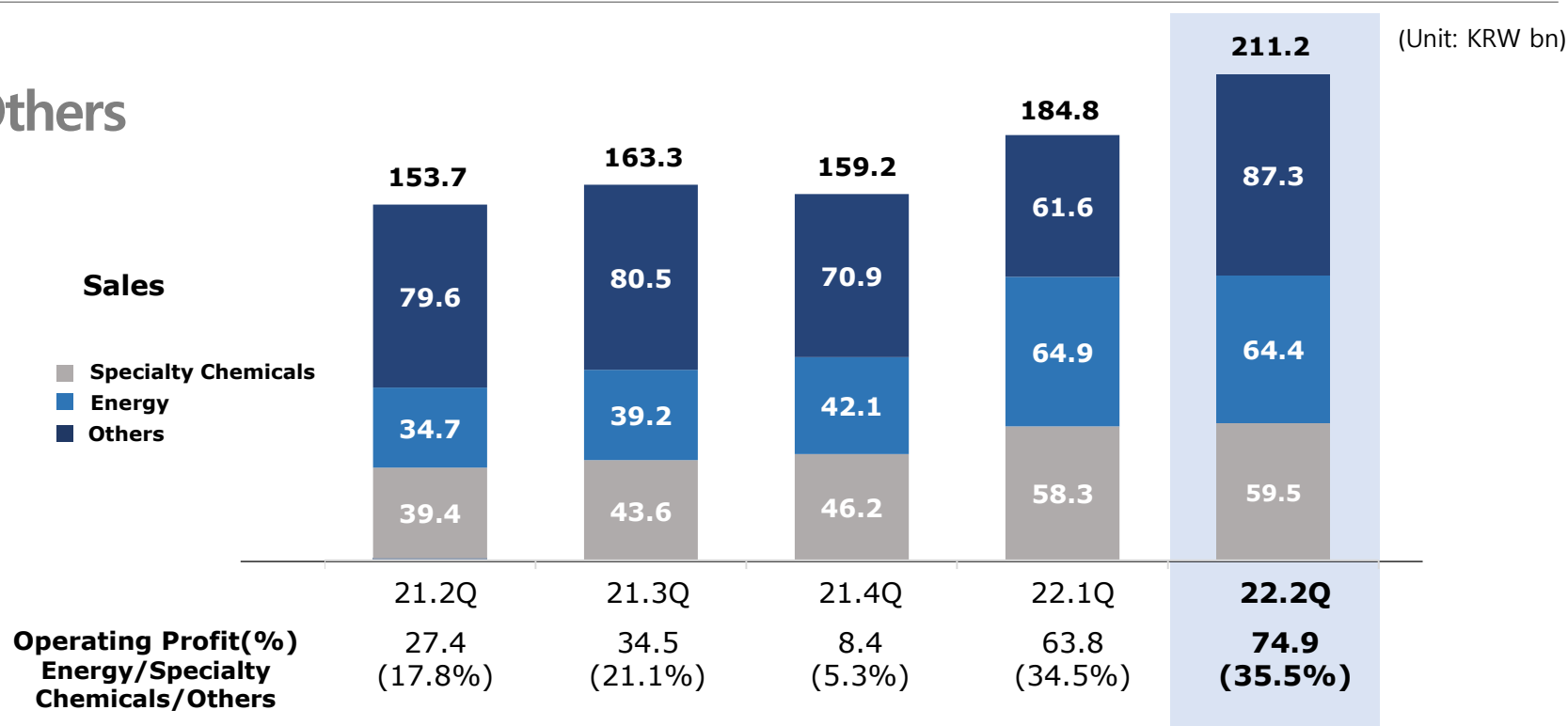
- The revenue grew and similar profit from the previous quarter due to solid demand.

## 3Q Outlook

- Despite weak demand in China, similar profitability is expected due to solid market price in Europe.

# Divisional Results & Outlook

## Others



## 2Q Earnings Review

- Energy: Reduced sales and profitability due to slight decline SMP price and maintenance in May.

## 3Q Outlook

- Energy: Similar profitability is expected due to the completion of maintenance despite a slight decrease in SMP from the previous quarter.

# APPENDIX

## Quarterly Performance

(Unit: KRW bn)

Classification	2021					2022				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	1,854.5	2,199.0	2,236.3	2,172.0	8,461.8	2,199.1	2,243.9			4,443.0
Operating Profit	612.5	753.7	625.3	415.3	2,406.8	449.1	353.9			803.0
Net Interest Expense	7.6	5.8	3.8	4.3	21.5	1.1	1.9			3.0
Equity Income	59.3	55.8	38.9	34.6	188.6	49.3	21.0			70.3
Pre-tax Income	675.3	789.0	733.4	420.4	2,618.1	503.7	387.4			891.1
Net Income	475.6	583.0	604.6	302.3	1,965.5	373.2	286.9			660.1

\* Net Income is based on Controlling interests.

# APPENDIX

## Production Capacity (KKPC)

Classification	Product	Capa	Unit	Note
Synthetic Rubbers	SBR	256,000	MT/Y	Improvement of productivity 7,000MT/Y, 4Q, '22
	B R	HBR		
		LBR		
	S-SBR	63,000		Completion of Expansion 60,000MT/Y, 4Q, '22
	NdBR	60,000		
	NBR	92,000		Improvement of productivity 5,000MT/Y, 2Q, '22
	HSR	10,000		
	NB Latex	710,000		Completion of Expansion 236,000MT/Y, 4Q, '23
	SB Latex	82,800		
	SBS	144,000		
	<b>Total</b>	<b>1,622,800</b>		
Synthetic Resins	PS	264,500	MT/Y	Improvement of productivity 6,500MT/Y, 2Q, '22
	ABS	250,000		Improvement of productivity 40,000MT/Y, 4Q, '22
	SAN/Powder	243,000		Improvement of productivity 45,000MT/Y, 2Q, '22
	EPS	79,500		
	PPG	151,500		
	<b>Total</b>	<b>988,500</b>		
Specialty Chemicals	Antioxidants	88,800	MT/Y	
Energy	Steam	1,710	T/H	
	Electricity	300	MWH	
BD	Ulsan	90,000	MT/Y	
	Yeosu	147,000		
	<b>Total</b>	<b>237,000</b>		



# 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	273,000		Completion of LP(II) Expansion 60,000MT/Y, 4Q, '23
	<b>Total</b>	<b>2,783,000</b>		
Kumho Mitsui Chemicals	MDI	410,000	MT/Y	Completion of Expansion 200,000MT/Y, 2Q, '24
	Aniline	20,000		
	<b>Total</b>	<b>430,000</b>		
Kumho Polychem	EP(D)M	230,000	MT/Y	Completion of Expansion 10,000MT/Y, 2Q, '22
	TPV/KEPA	12,000		
	<b>Total</b>	<b>242,000</b>		



# APPENDIX

## Sales Breakdown & Export Share by Region

### Synthetic Rubbers

Domestic  
**19%**

Export  
**81%**

S.E.Asia	43%
China	18%
S.W.Asia	14%
America	13%
Europe	11%
Others	1%



### Synthetic Resins

Domestic  
**32%**

Export  
**68%**

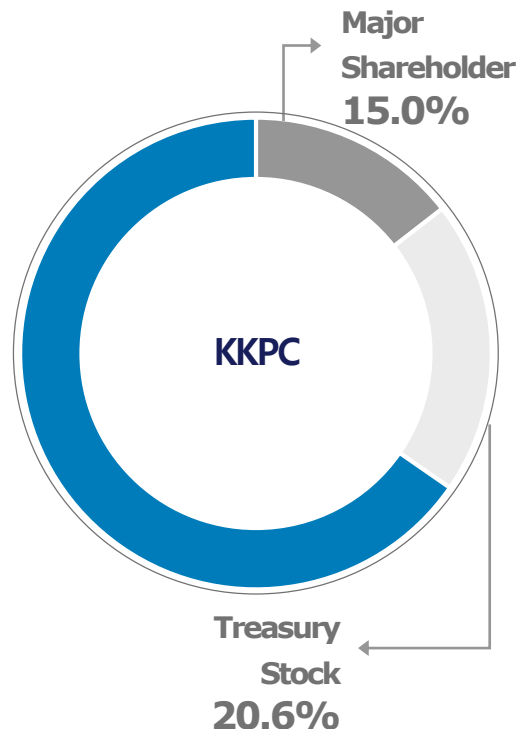
China	34%
S.W.Asia	15%
America	14%
Europe	14%
Africa	13%
S.E.Asia	10%



# APPENDIX

## Investment Shares & Financial assets at fair value

Financial assets at fair value	
Asiana Airlines	<b>11.0%</b>
Daewoo E&C	<b>3.4%</b>
KDB Life Insurance	<b>0.4%</b>



Investments in Affiliates	
Kumho P&B Chemicals	<b>100.0%</b>
Kumho Polychem	<b>100.0%</b>
Kumho Mitsui Chemicals	<b>50.0%</b>
Kumho Terminal & Logistics	<b>100.0%</b>
Korea Energy Power Plants	<b>96.1%</b>

\* Buy back 980,284 shares (as of 30<sup>th</sup> June, 22)  
Plan to cancel after the end of the trust contract  
(21<sup>st</sup> Mar, 22 ~ 20<sup>th</sup> Sep, 22)

\* As of 30<sup>th</sup> June, 2022.  
based on common shares



A graphic consisting of two overlapping squares. The front square is dark blue and contains the text 'Thank you'. The back square is a lighter blue. A thin horizontal line passes through the center of the squares. The bottom right corner of the dark blue square has a dotted pattern.

**Thank you**

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