



Feb 8, 2023

# 4Q 2022 Earnings Release

KUMHO PETROCHEMICAL



The business result for the 4th 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 clouds. In the foreground, a worker in a white hard hat and safety gear stands on a metal platform next to a tall, cylindrical industrial vessel. The background features a complex network of pipes, tanks, and distillation columns, with mountains visible in the distance.

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# 4Q 2022 Business Results

## Income Statements

(Unit: KRW bn)

Classification	22.4Q	22.3Q	QoQ	21.4Q	YoY
Sales	1,645.5	1,887.1	-12.8%	2,172.0	-24.2%
Operating Profit	113.9 (6.9%)	230.5 (12.2%)	-50.6%	415.3 (19.1%)	-72.6%
EBITDA	174.8 (10.6%)	289.0 (15.3%)	-39.5%	472.2 (21.7%)	-63.0%
Pre-tax Income	79.5 (4.8%)	280.0 (14.8%)	-71.6%	420.4 (19.4%)	-81.1%
Net Income	157.1 (9.5%)	210.8 (11.2%)	-25.5%	302.3 (13.9%)	-48.0%
Equity Income	21.7	24.2	-10.3%	34.6	-37.3%

\* Net Income is based on Controlling interests.

# 4Q 2022 Business Results

## Balance Sheet

(Unit: KRW bn)

Classification	22.4Q	21 (End)	Change
<b>Asset</b> (Cash and equivalents)	7,721.8 (569.4)	8,115.7 (622.9)	-4.9% (-8.6%)
<b>Liabilities</b> (Debt)	2,065.7 (728.8)	3,032.8 (957.7)	-31.9% (-23.9%)
<b>Shareholder's Equity</b>	5,656.1	5,082.9	11.3%
<b>Liabilities/ Equity (%)</b>	36.5%	59.7%	-23.1%p

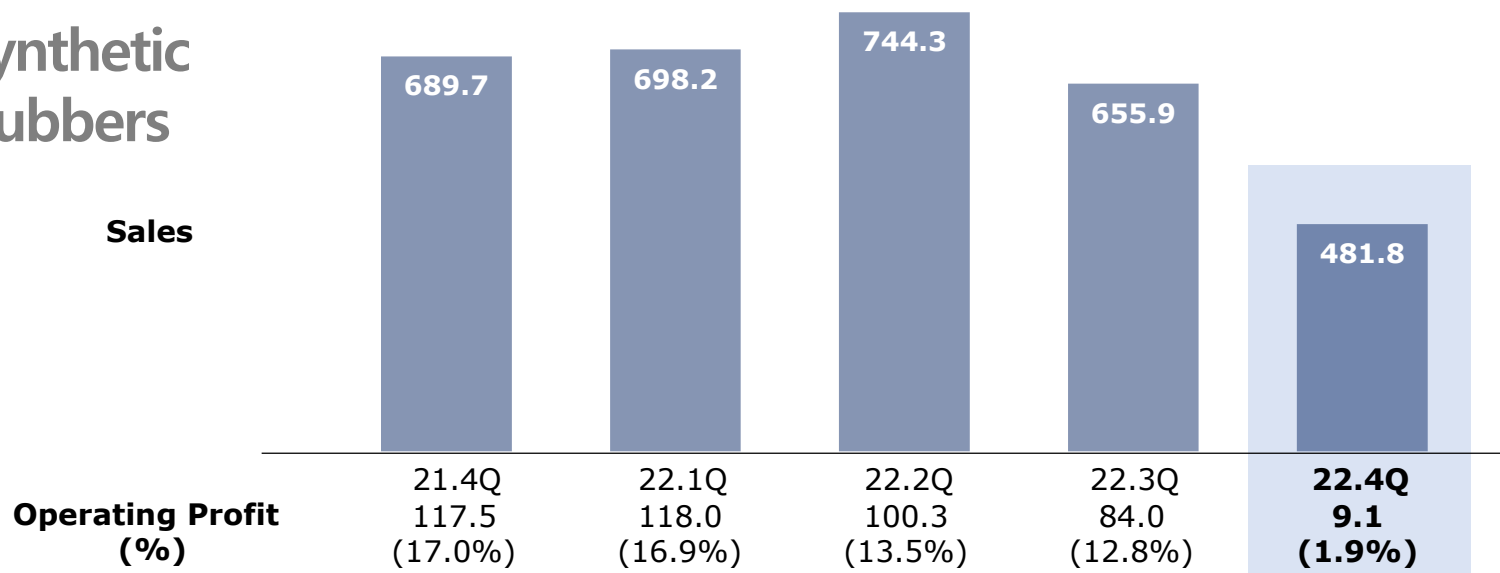
## Financial Ratios

Classification	22.4Q	21 (End)	Change
<b>Debt/Equity</b>	12.9%	18.8%	-6.0%p
<b>Net Debt /Equity</b>	2.8%	6.6%	-3.8%p
<b>Interest Coverage Ratio (x)</b>	39.1	88.5	-49.5
<b>ROE</b>	19.1%	47.8%	-28.6%p
<b>ROA</b>	13.0%	29.9%	-16.9%p

# Divisional Results & Outlook

(Unit: KRW bn)

## Synthetic Rubbers



## 4Q Earnings Review

- Reduced profitability due to decrease in sales volume caused by regular maintenance and high BD input price compared to market price.
- NB Latex sales volume increased slightly compared to the previous quarter, but market price continued to remain weak.

## '23. 1Q Outlook

- BD: Market price is expected to strong due to delayed operation of new plant in China and low utilization rate of crackers.
- Rising raw material prices and weak product prices are expected, but profitability is protected by focusing on high value-added products.

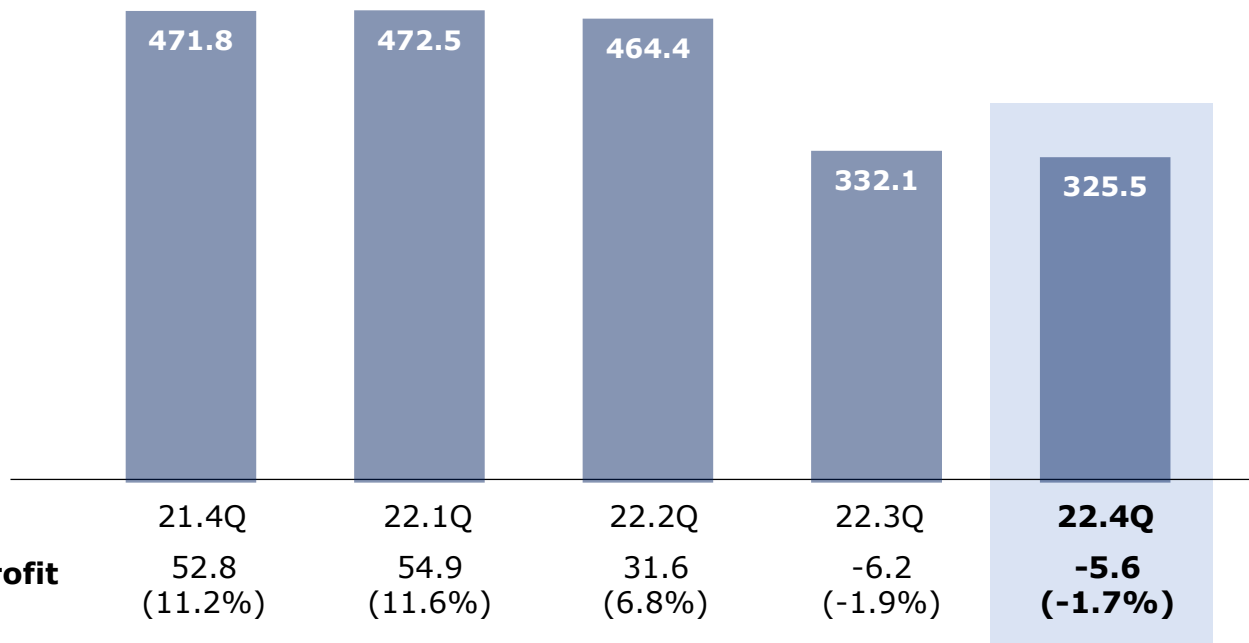
# Divisional Results & Outlook

(Unit: KRW bn)

## Synthetic Resins

### Sales

### Operating Profit (%)



## 4Q Earnings Review

- Low profitability due to weak prices of home appliances and compounding products in the low season.

## '23. 1Q Outlook

- SM: Price is expected to rise due to regular maintenance in China.
- Downstream demand continues to be weak due to global economic slump, but market condition expected to recover gradually followed by China's reopening.

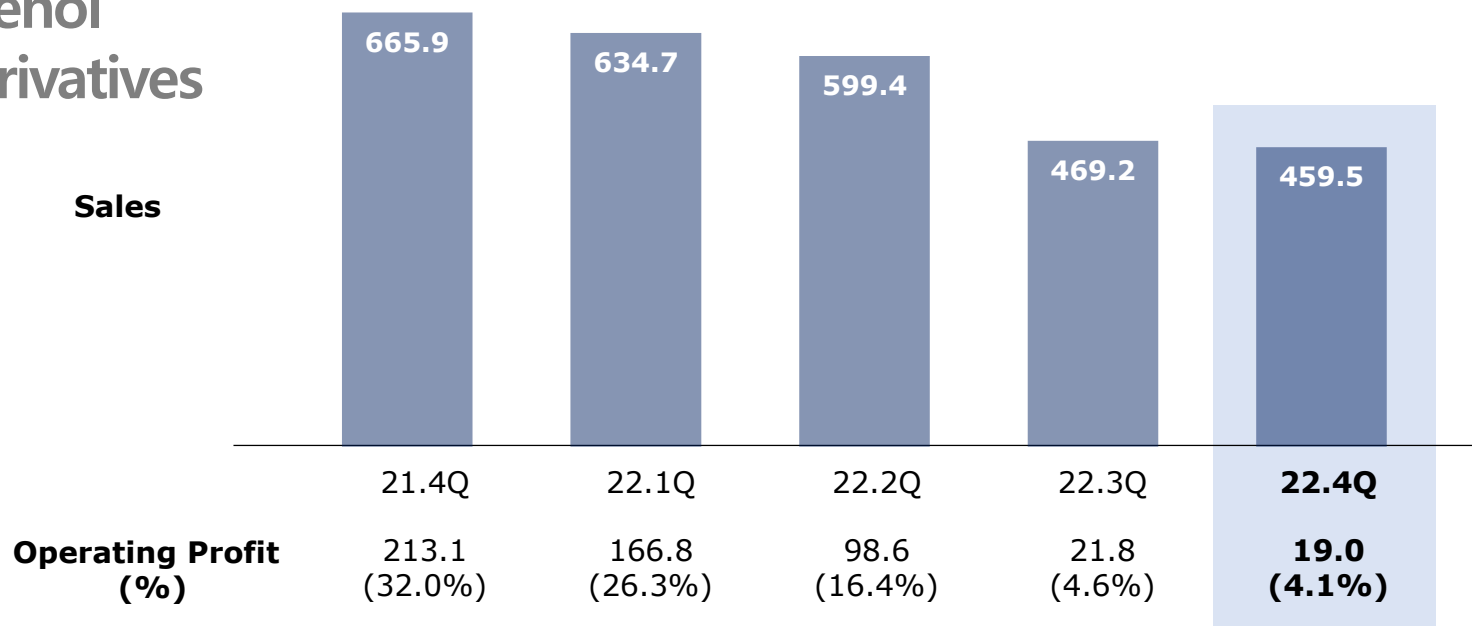


# Divisional Results & Outlook

(Unit: KRW bn)

## Phenol Derivatives

### Sales



## 4Q Earnings Review

- Reduced spreads and profitability of major products due to sluggish demand from downstream industries.

## '23. 1Q Outlook

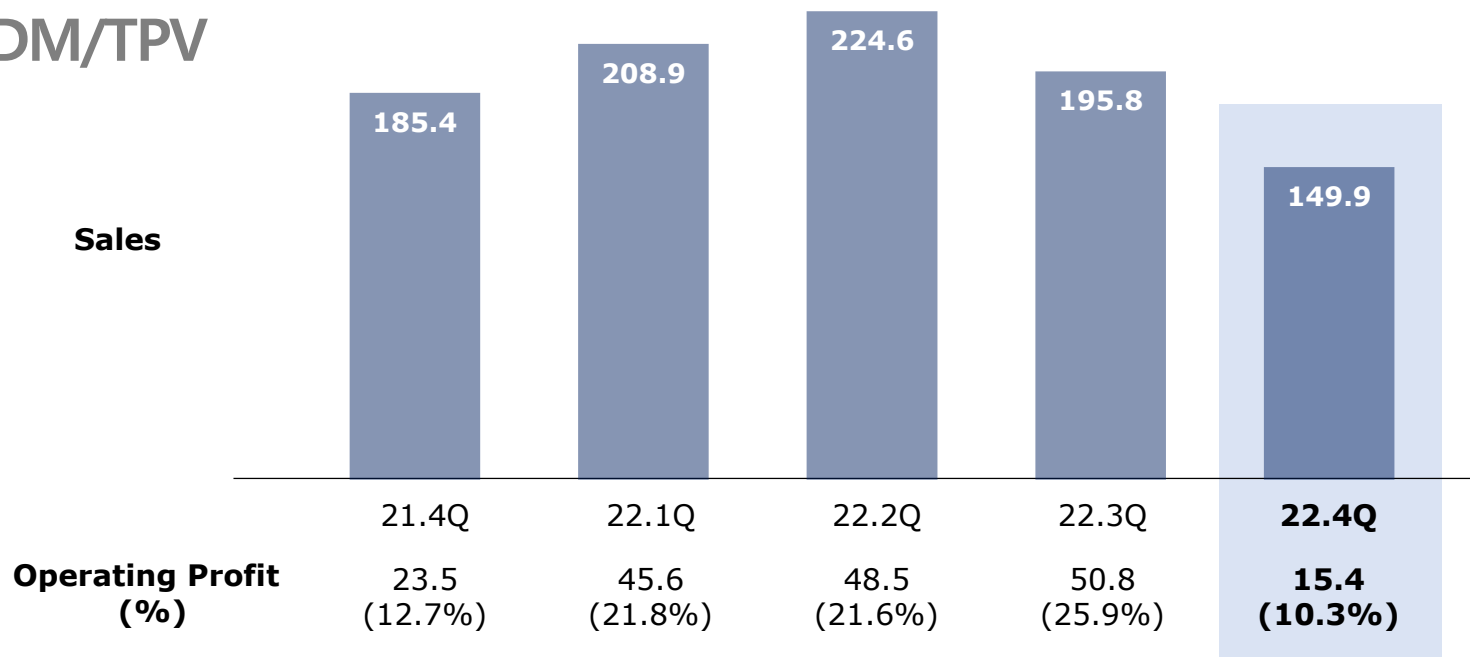
- Sales volume decline due to regular phenol maintenance and demand for BPA and Epoxy major products expected to remain weak.



# Divisional Results & Outlook

(Unit: KRW bn)

## EPDM/TPV



## 4Q Earnings Review

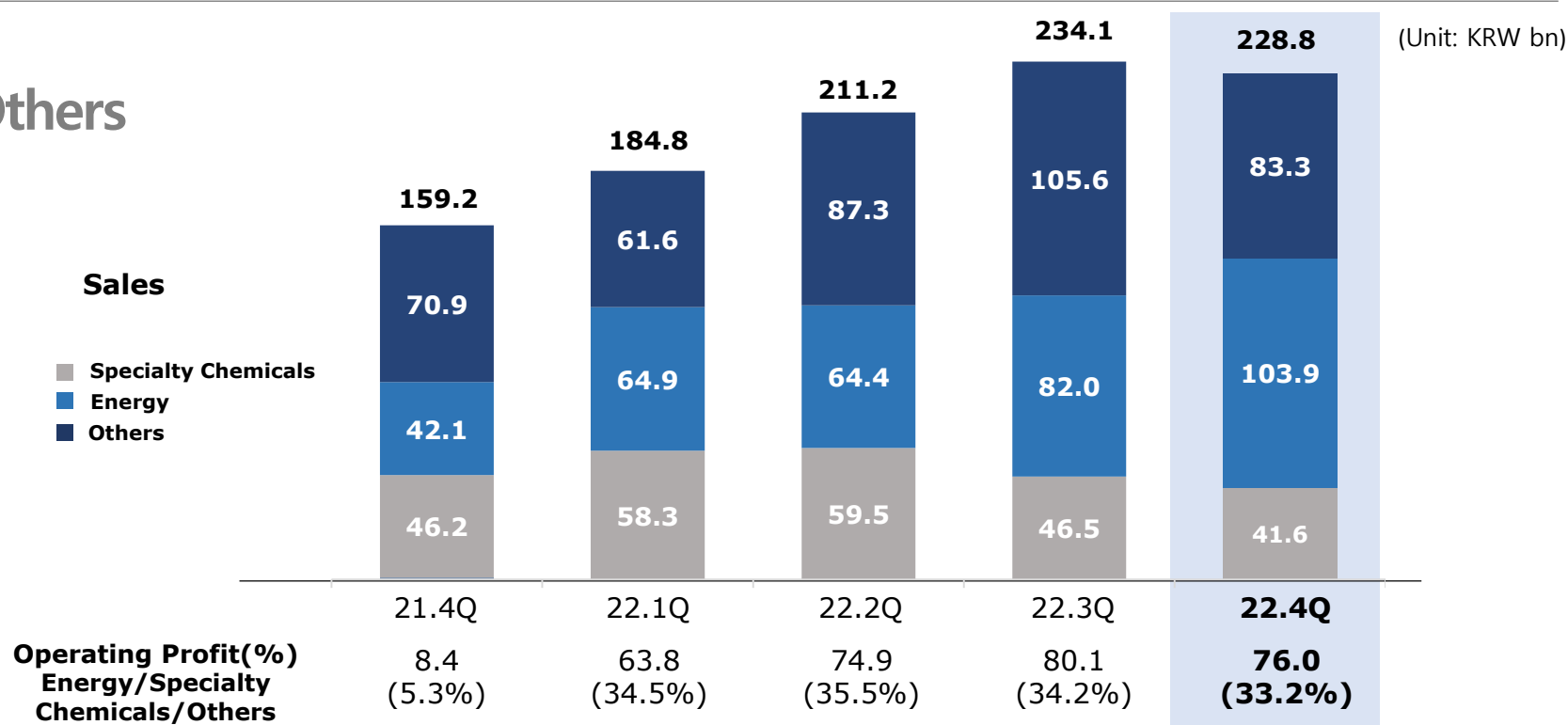
- Profitability decreased due to weak demand in the low season.

## '23. 1Q Outlook

- Product price is expected to remain flat due to delayed demand recovery in downstream industries and market uncertainty

# Divisional Results & Outlook

## Others



## 4Q Earnings Review

- Energy: Despite a decrease in sales volume due to regular maintenance, profitability maintained with a higher selling price compared to the previous quarter.

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## '23. 1Q Outlook

- Energy: Sales and profitability expected to decrease due to the application of the SMP cap.

# 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	1,887.1	1,645.5	<b>7,975.6</b>
Operating Profit	612.5	753.7	625.3	415.3	2,406.8	449.1	353.9	230.5	113.9	<b>1,147.4</b>
Net Interest Expense	7.6	5.8	3.8	4.3	21.5	1.1	1.9	-5.0	13.0	<b>11.0</b>
Equity Income	59.3	55.8	38.9	34.6	188.6	49.3	21.0	24.2	21.7	<b>116.2</b>
Pre-tax Income	675.3	789.0	733.4	420.4	2,618.1	503.7	387.4	280.0	79.5	<b>1,250.6</b>
Net Income	475.6	583.0	604.6	302.3	1,965.5	373.2	286.9	210.8	157.1	<b>1,028.0</b>

\* Net Income is based on Controlling interests.

# APPENDIX

## Production Capacity (KKPC)

Classification	Product	Capa	Unit	Note
Synthetic Rubbers	SBR	263,000	MT/Y	
	B R	HBR		
		LBR		
	S-SBR	123,000		Completion of Expansion 60,000MT/Y, 4Q, '22
	NdBR	60,000		
	NBR	92,000		
	HSR	10,000		
	NB Latex	710,000		Completion of Expansion 236,000MT/Y, 2Q, '24
	SB Latex	82,800		Improvement of productivity 2,000MT/Y, 4Q, '23
	SBS	144,000		
	<b>Total</b>	<b>1,696,800</b>		
Synthetic Resins	PS	264,500	MT/Y	
	ABS	250,000		Improvement of productivity 40,000MT/Y, 1Q, '23
	SAN/Powder	243,000		
	EPS	79,500		
	PPG	151,500		
	<b>Total</b>	<b>988,500</b>		
Specialty Chemicals	Antioxidants	70,800	MT/Y	
Energy	Steam	1,710	T/H	
	Electricity	300	MWH	
BD	Ulsan	90,000	MT/Y	
	Yeosu	147,000		
	<b>계</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	278,000		Completion of LP(II) Expansion 60,000MT/Y, 4Q, '23
	<b>Total</b>	<b>2,788,000</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	240,000	MT/Y	Completion of Expansion 70,000MT/Y, 4Q, '24
	TPV/KEPA	12,000		
	<b>Total</b>	<b>252,000</b>		



# APPENDIX

## Sales Breakdown & Export Share by Region

### Synthetic Rubbers

Domestic  
**21%**

Export  
**79%**

S.E.Asia	42%
China	23%
S.W.Asia	15%
America	10%
Europe	7%
Others	3%



### Synthetic Resins

Domestic  
**38%**

Export  
**62%**

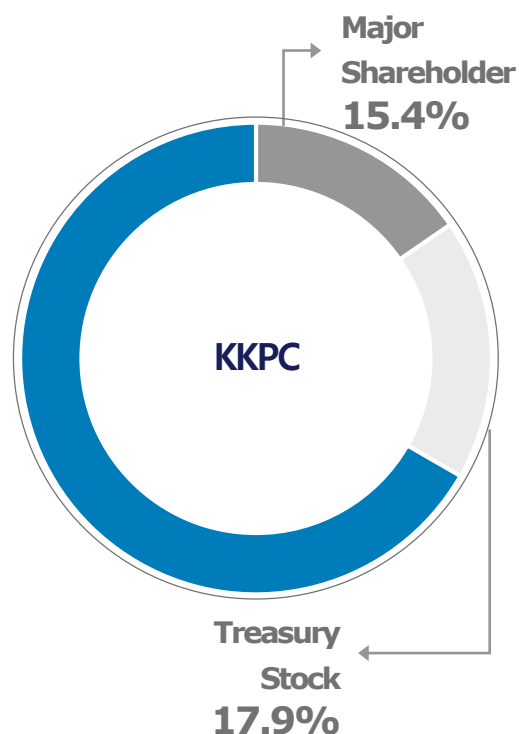
China	36%
S.W.Asia	21%
Africa	12%
S.E.Asia	11%
Europe	10%
America	10%



# 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>

\* As of 31<sup>th</sup> Dec, 2022.  
based on common shares





**Thank you**

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