



May 2, 2023

1Q 2023 Earnings Release

KUMHO PETROCHEMICAL



The business result for the 1st quarter of 2023 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 tall, cylindrical metal structure with a ladder and platform is visible. Two workers wearing hard hats are standing on the platform, looking down. The background features a complex network of pipes, tanks, and other industrial structures, with mountains visible in the distance.

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1Q 2023 Business Results

Income Statements

(Unit: KRW bn)

Classification	23.1Q	22.4Q	QoQ	22.1Q	YoY
Sales	1,721.3	1,645.5	4.6%	2,199.1	-21.7%
Operating Profit	130.2 (7.6%)	114.2 (6.9%)	14.0%	449.1 (20.4%)	-71.0%
EBITDA	188.8 (11.0%)	174.9 (10.6%)	7.9%	505.6 (23.0%)	-62.7%
Pre-tax Income	168.5 (9.8%)	80.5 (4.9%)	109.3%	503.7 (22.9%)	-66.5%
Net Income	132.6 (7.7%)	154.6 (9.4%)	-14.2%	373.2 (17.0%)	-64.5%
Equity Income	22.0	23.3	-5.6%	49.3	-55.4%

* Net Income is based on Controlling interests.

1Q 2023 Business Results

Balance Sheet

(Unit: KRW bn)

Classification	23.1Q	22 (End)	Change
Asset (Cash and equivalents)	7,986.6 (521.4)	7,719.2 (567.3)	3.5% (-8.1%)
Liabilities (Debt)	2,349.9 (787.7)	2,065.8 (728.8)	13.8% (8.1%)
Shareholder's Equity	5,636.7	5,653.4	-0.3%
Liabilities/ Equity (%)	41.7%	36.5%	5.1%p

Financial Ratios

Classification	23.1Q	22 (End)	Change
Debt/Equity	14.0%	12.9%	1.1%p
Net Debt /Equity	4.7%	2.9%	1.9%p
Interest Coverage Ratio (x)	16.5	39.3	-22.8
ROE	9.4%	19.1%	-9.7%p
ROA	6.8%	13.0%	-6.2%p

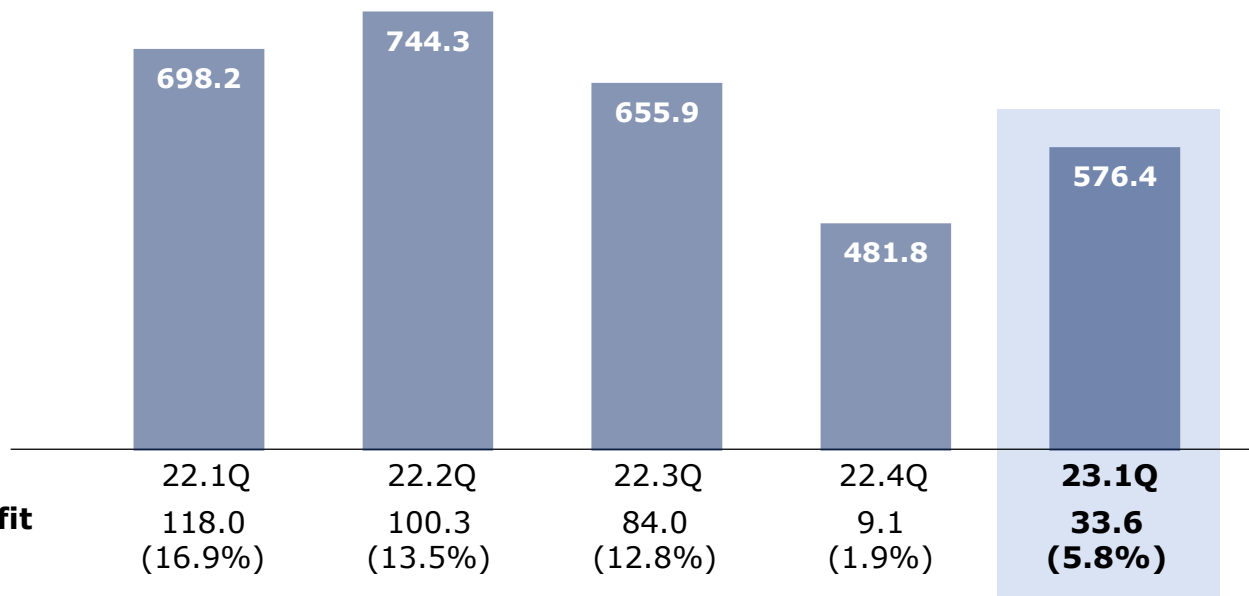
Divisional Results & Outlook

(Unit: KRW bn)

Synthetic Rubbers

Sales

Operating Profit (%)



1Q Earnings Review

- Defend profitability by increasing sales of high value-added products despite sluggish demand for derivative products.
- Compared to the previous quarter, sales volume of NB Latex increased, but competition among suppliers in the market continued to intensify.

2Q Outlook

- BD: The market price is expected to rise slightly due to cracker utilization, but the price is expected to decline after regular maintenance in the region.
- Product demand and market price are expected to be weak, but profitability is protected by improving market and product portfolio.

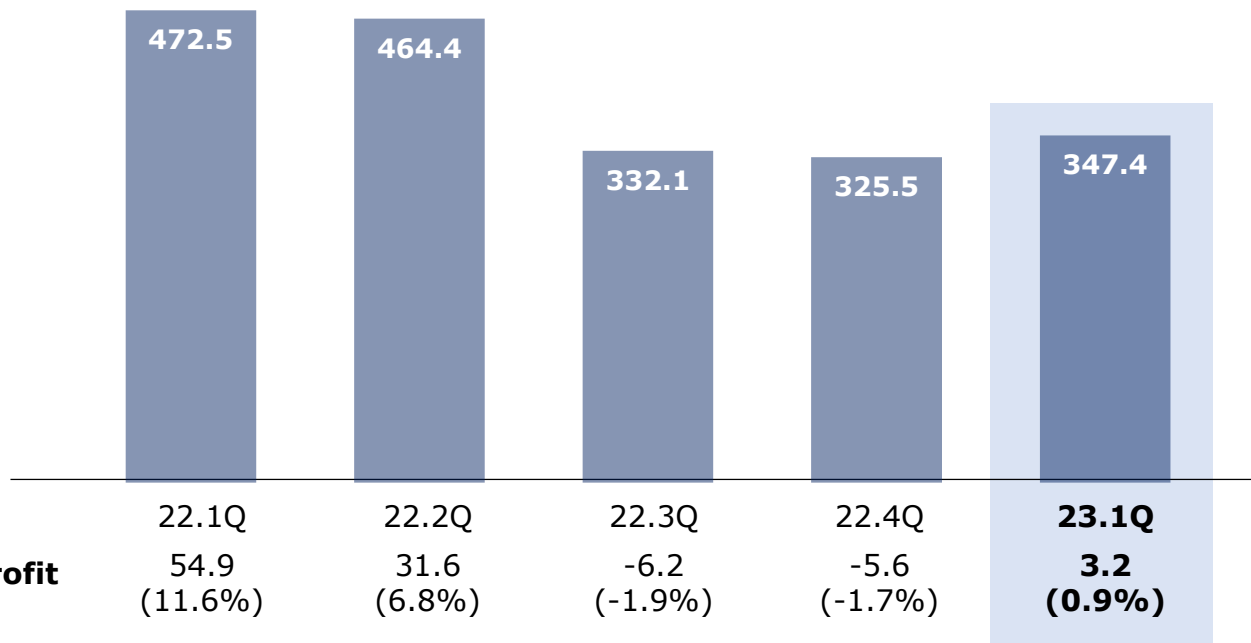
Divisional Results & Outlook

(Unit: KRW bn)

Synthetic Resins

Sales

Operating Profit (%)



1Q Earnings Review

- Product prices continued to remain weak due to global economic uncertainty and ABS new capacity in China.

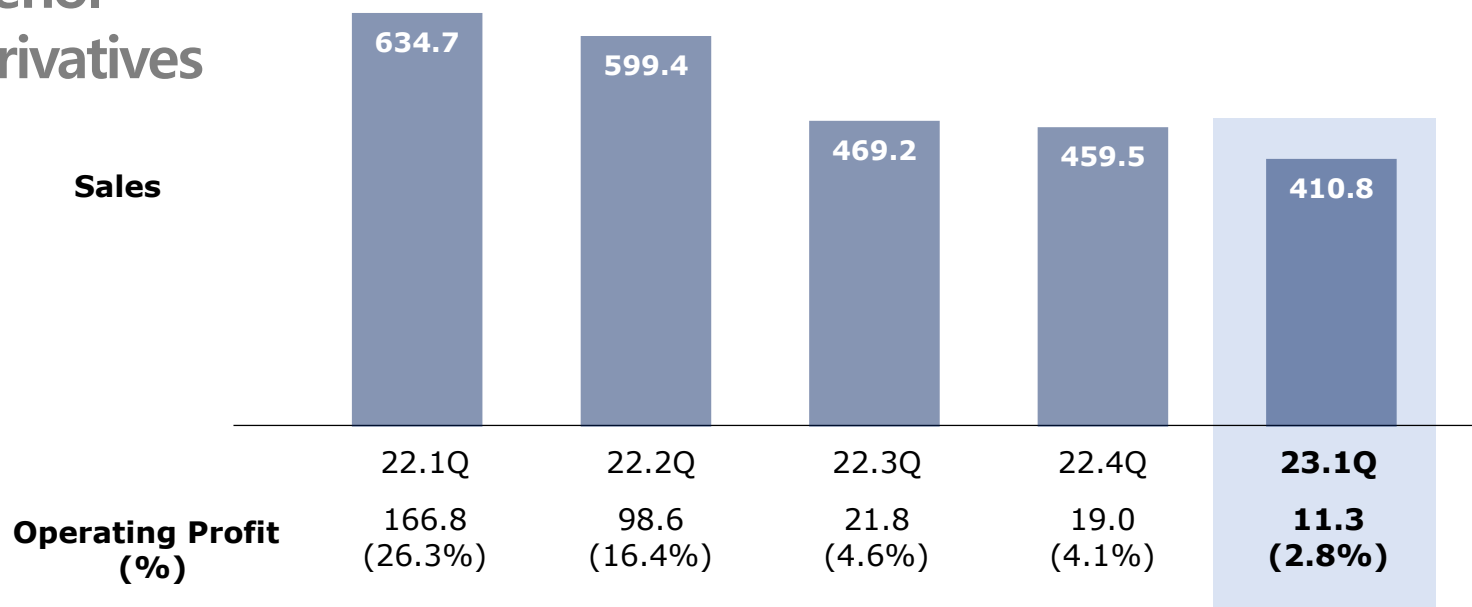
2Q Outlook

- SM: Market price expected to maintain upward trend due to strong oil and benzene prices. But, price expected to drop slightly after regular maintenance in Northeast Asia in the first half of the year
- ABS market prices remain weak due to delayed demand recovery in China.

Divisional Results & Outlook

(Unit: KRW bn)

Phenol Derivatives



1Q Earnings Review

- Despite continued BPA oversupply and sluggish demand, defend profitability by adjusting sales by region/product.

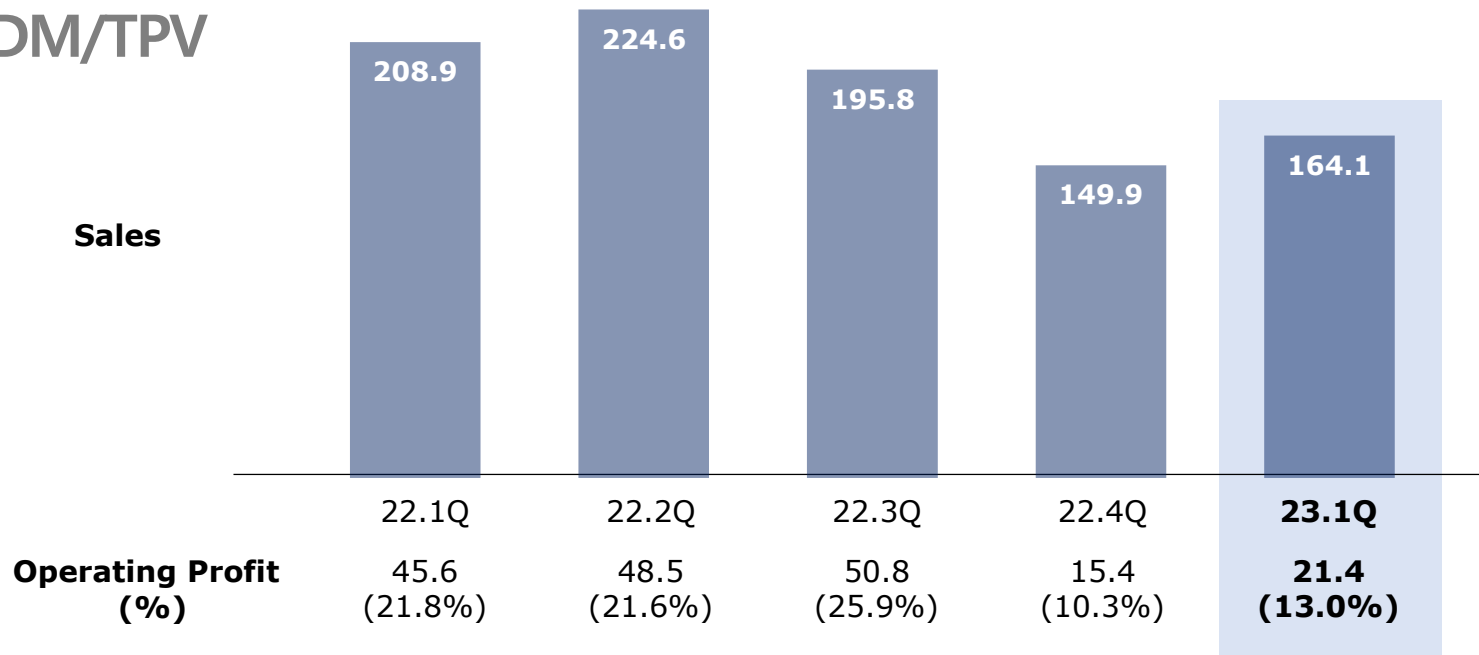
2Q Outlook

- Sales volume and profitability expected to decrease due to delayed demand recovery in downstream industries and regular maintenance.

Divisional Results & Outlook

(Unit: KRW bn)

EPDM/TPV



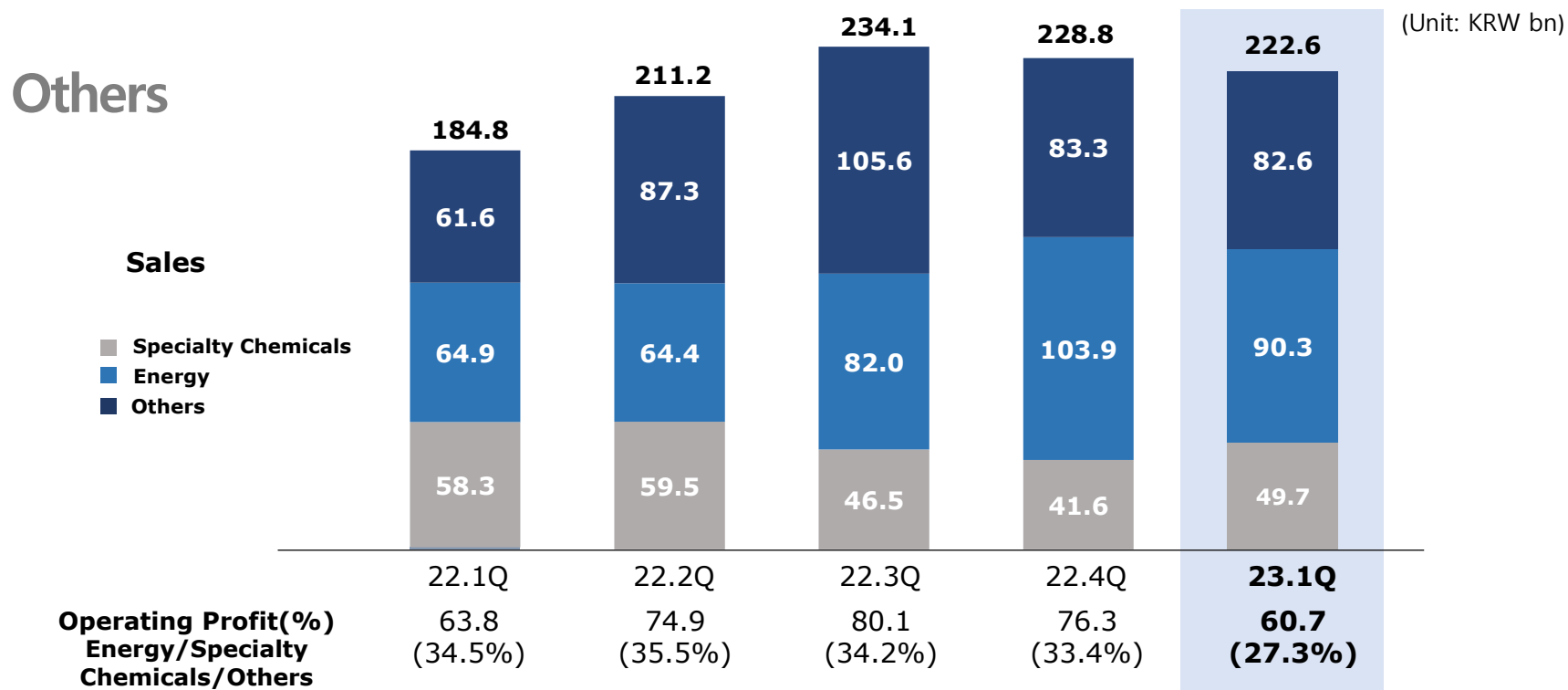
1Q Earnings Review

- Increased sales volume and improved profitability compared to the previous quarter.

2Q Outlook

- Product spread expected to improve due to increased sales volume and higher utilization rate compared to 1Q.

Divisional Results & Outlook



1Q Earnings Review

- Energy: Profitability decreased due to a drop in selling price due to the application of the SMP cap (Jan, Feb).

2Q Outlook

- Energy: Sales volume and profitability expected to decrease due to SMP cap and regular maintenance.

APPENDIX

Quarterly Performance

(Unit: KRW bn)

Classification	2022					2023				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,199.1	2,243.9	1,887.1	1,645.5	7,975.6	1,721.3				1,721.3
Operating Profit	449.1	353.9	230.5	114.2	1,147.7	130.2				130.2
Net Interest Expense	1.1	1.9	-5.0	13.3	11.3	-5.2				-5.2
Equity Income	49.3	21.0	24.2	23.3	117.8	22.0				22.0
Pre-tax Income	503.7	387.4	280.0	80.5	1,251.6	168.5				168.5
Net Income	373.2	286.9	210.8	154.6	1,025.5	132.6				132.6

* 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		Improvement of productivity 3,000MT/Y, 4Q, '23
		LBR		
	S-SBR	123,000		
	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		
	Total	1,696,800		
Synthetic Resins	PS	264,500	MT/Y	
	ABS	250,000		Improvement of productivity 40,000MT/Y, 2Q, '23
	SAN/Powder	243,000		
	EPS	79,500		
	PPG	151,500		
	Total	988,500		
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		
	계	237,000		



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
	Total	2,788,000		
Kumho Mitsui Chemicals	MDI	410,000	MT/Y	Completion of Expansion 200,000MT/Y, 2Q, '24
	Aniline	20,000		
	Total	430,000		
Kumho Polychem	EP(D)M	240,000	MT/Y	Completion of Expansion 70,000MT/Y, 4Q, '24
	TPV/KEPA	12,000		
	Total	252,000		



APPENDIX

Sales Breakdown & Export Share by Region

Synthetic Rubbers

Domestic
18%

Export
82%

S.E.Asia	38%
China	22%
America	17%
S.W.Asia	13%
Europe	9%
Others	1%



Synthetic Resins

Domestic
35%

Export
65%

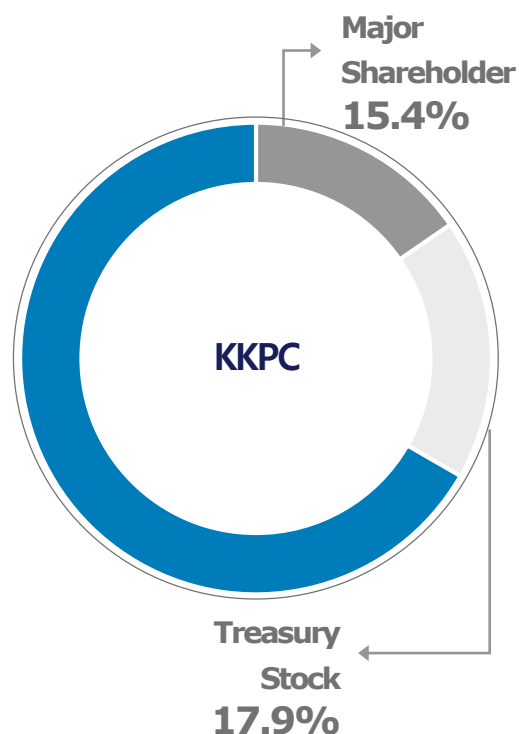
China	30%
S.W.Asia	23%
Europe	17%
America	12%
S.E.Asia	9%
Africa	9%



APPENDIX

Investment Shares & Financial assets at fair value

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



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

* As of 31th Mar, 2023.
based on common shares



Thank you

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