



Aug 4, 2023

# 2Q 2023 Earnings Release

KUMHO PETROCHEMICAL



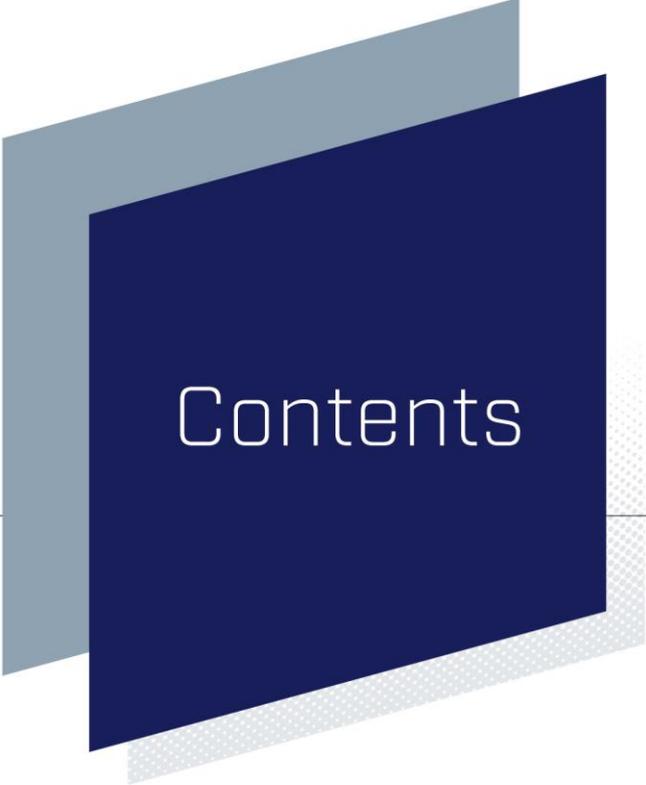
The business result for the 2nd quarter of 2023 is currently under the audit process, however this is presented purely for the purposes of investors' convenience.

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.



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# 2Q 2023 Business Results

## Income Statements

(Unit: KRW bn)

Classification	23.2Q	23.1Q	QoQ	22.2Q	YoY
Sales	1,578.1	1,721.3	-8.3%	2,243.9	-29.7%
Operating Profit	107.9 (6.8%)	130.2 (7.6%)	-17.1%	353.9 (15.8%)	-69.5%
EBITDA	166.8 (10.6%)	188.8 (11.0%)	-11.7%	411.2 (18.3%)	-59.4%
Pre-tax Income	140.5 (8.9%)	168.5 (9.8%)	-16.6%	387.4 (17.3%)	-63.7%
Net Income	117.3 (7.4%)	132.6 (7.7%)	-11.5%	286.9 (12.8%)	-59.1%
Equity Income	23.9	22.0	8.6%	21.0	13.8%

\* Net Income is based on Controlling interests.

# 2Q 2023 Business Results

## Balance Sheet

(Unit: KRW bn)

Classification	23.2Q	22 (End)	Change
<b>Asset</b> (Cash and equivalents)	7,658.2 (426.3)	7,719.2 (567.3)	-0.8% (-24.9%)
<b>Liabilities</b> (Debt)	1,983.5 (733.2)	2,065.8 (728.8)	-4.0% (0.6%)
<b>Shareholder's Equity</b>	5,674.7	5,653.4	0.4%
<b>Liabilities/ Equity (%)</b>	35.0%	36.5%	-1.6%p

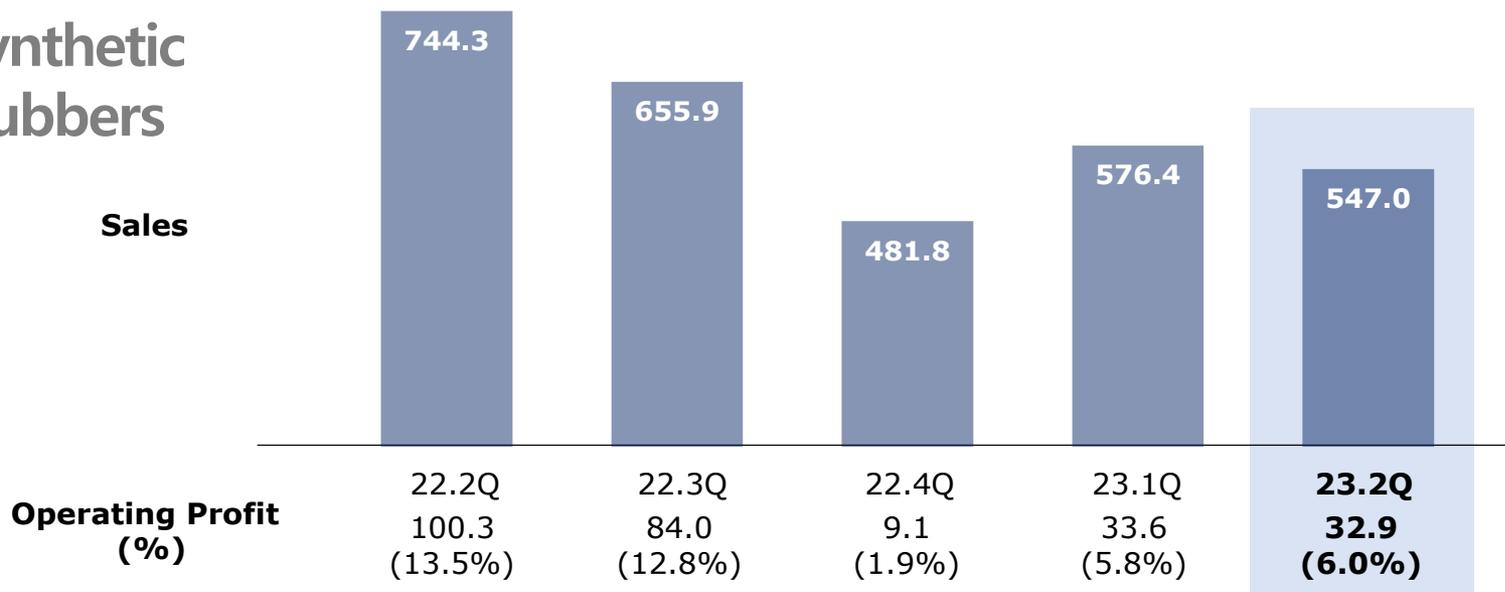
## Financial Ratios

Classification	23.2Q	22 (End)	Change
<b>Debt/Equity</b>	12.9%	12.9%	0.0%p
<b>Net Debt /Equity</b>	5.4%	2.9%	2.6%p
<b>Interest Coverage Ratio (x)</b>	14.4	39.3	-24.9
<b>ROE</b>	8.8%	19.1%	-10.3%p
<b>ROA</b>	6.5%	13.0%	-6.5%p

# Divisional Results & Outlook

(Unit: KRW bn)

## Synthetic Rubbers



## 2Q Earnings Review

- Insufficient profit improvement due to high BD input prices despite widening product spread in the market
- Sales volume declined due to weak demand for NB Latex and competition from suppliers continued to intensify.

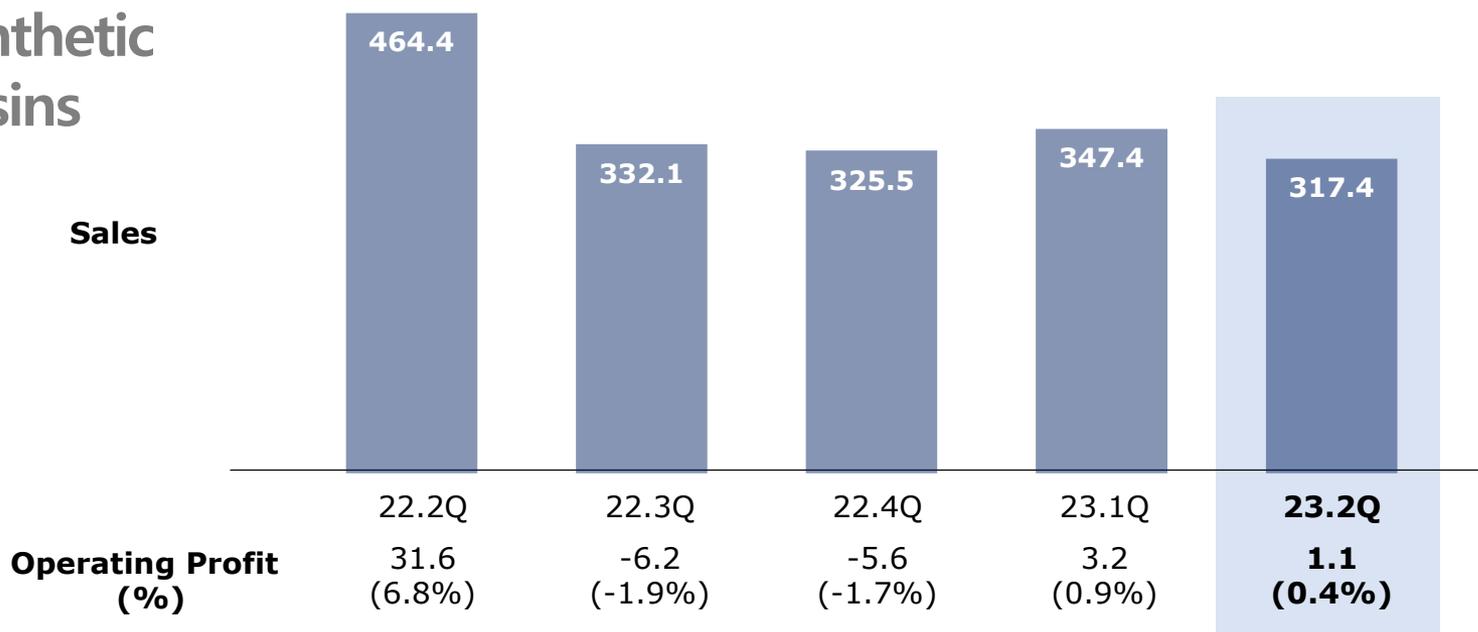
## 3Q Outlook

- BD: Although Asian BD prices rose at the beginning of the quarter, they are expected to remain on a downward trend due to uncertainties over whether derivatives market conditions will continue to improve.
- Weak product market price and sluggish demand are expected to continue. Defend against decline in profitability by increasing sales of high value-added products.

# Divisional Results & Outlook

(Unit: KRW bn)

## Synthetic Resins



### 2Q Earnings Review

- Profitability declined slightly due to continued weakness in product demand and input of raw materials that were higher than market prices.

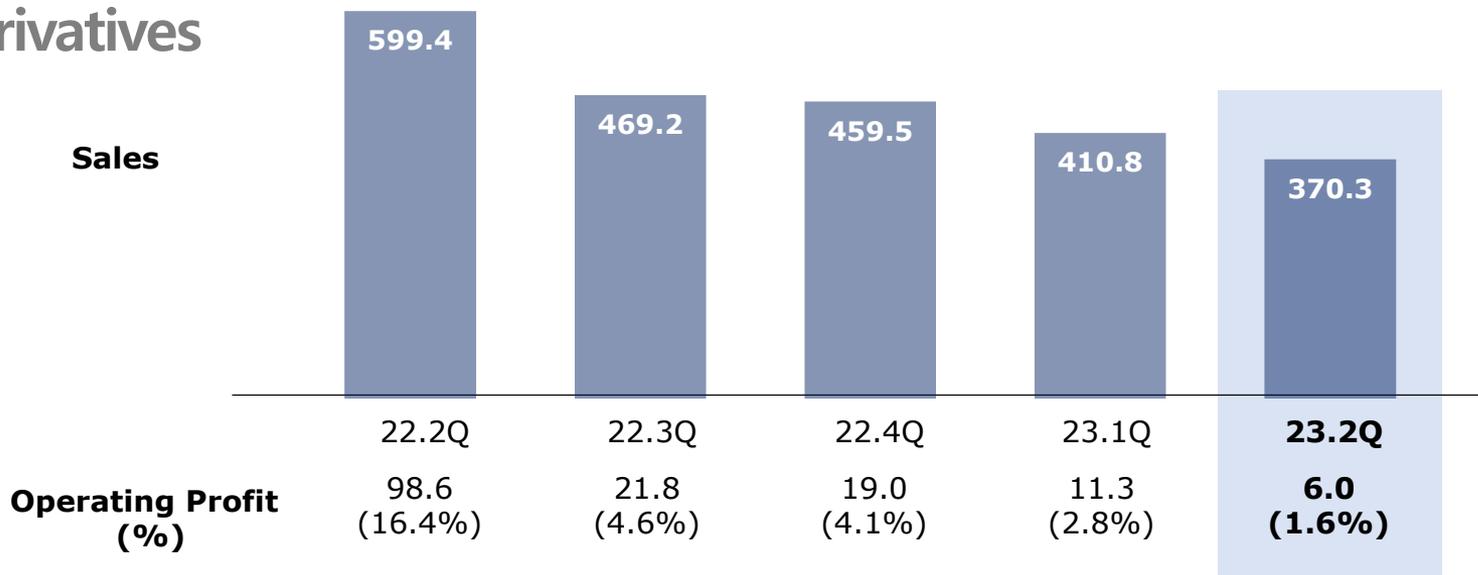
### 3Q Outlook

- SM: Expected to remain weak due to the inflow of new plants in China and the restart of major maintenance plants.
- Chinese ABS demand and market price expected to increase slightly, but the extent of increase is expected to be limited.

# Divisional Results & Outlook

(Unit: KRW bn)

## Phenol Derivatives



### 2Q Earnings Review

- Profitability declined due to decreased sales volume and continued sluggish demand.

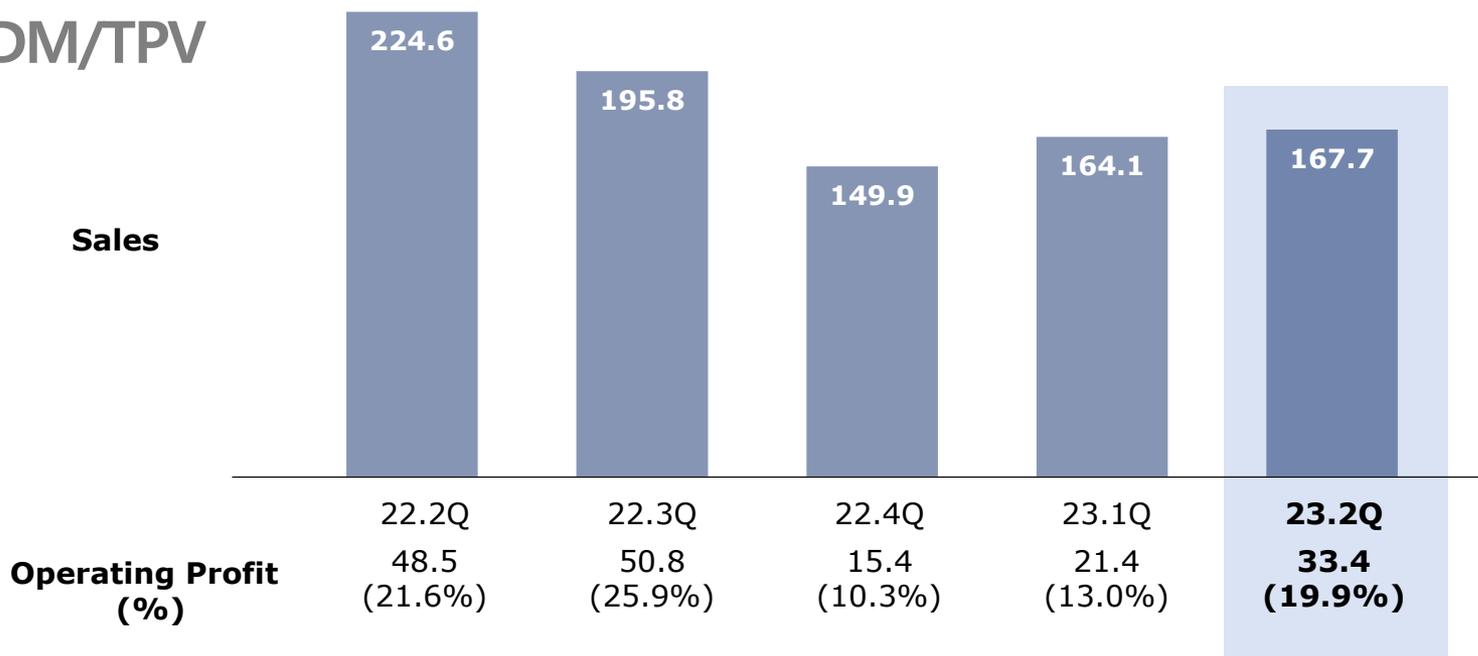
### 3Q Outlook

- Profitability decline expected due to delayed demand recovery for major products.

# Divisional Results & Outlook

(Unit: KRW bn)

## EPDM/TPV



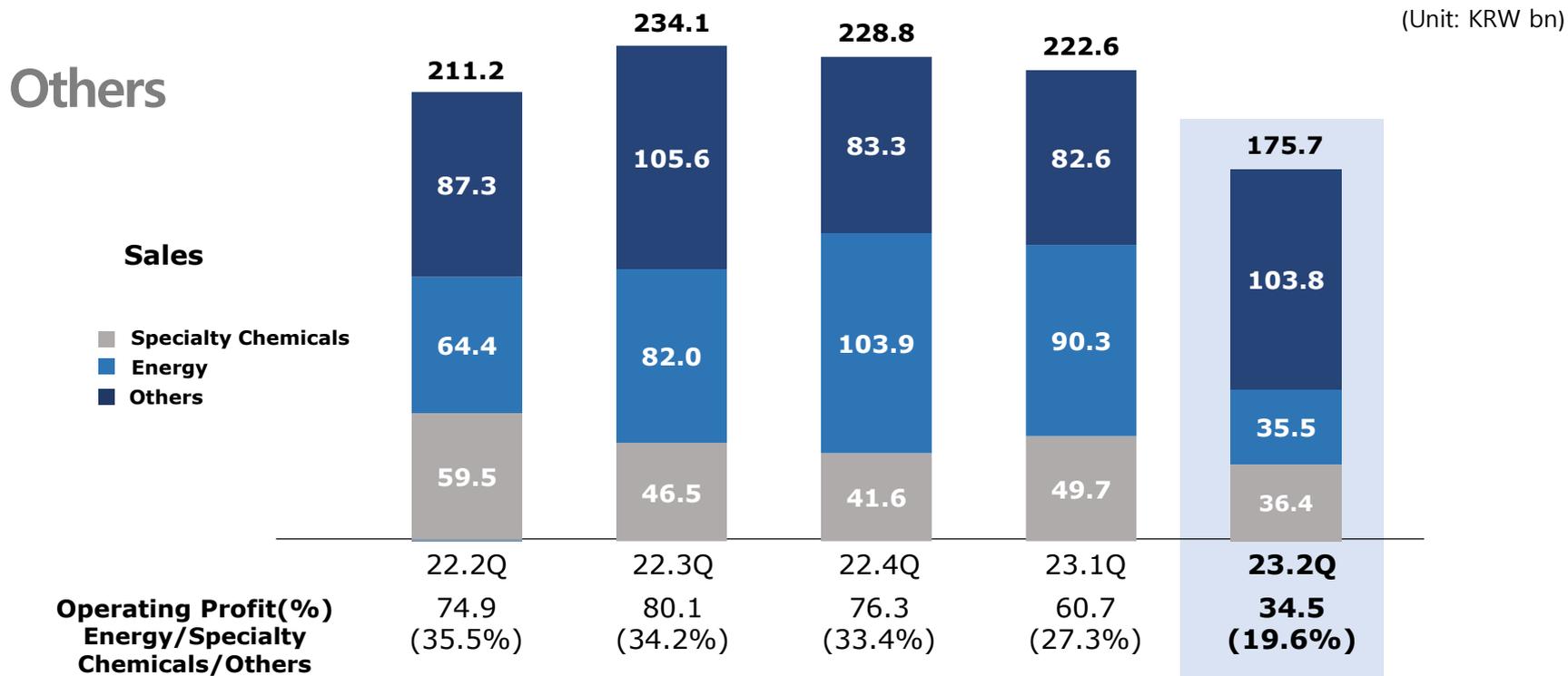
## 2Q Earnings Review

- Improved profitability by increasing sales volume and higher utilization rate compared to the previous quarter.

## 3Q Outlook

- Weak demand and product spread expected to narrow due to off-peak season.

# Divisional Results & Outlook



## 2Q Earnings Review

- Energy: Reduced profitability due to decrease in sales volume and decrease in SMP due to regular maintenance.

## 3Q Outlook

- Energy: Increase in sales volume and marginal improvement in profitability due to completion of 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	<b>7,975.6</b>	1,721.3	1,578.1			<b>3,299.4</b>
Operating Profit	449.1	353.9	230.5	114.2	<b>1,147.7</b>	130.2	107.9			<b>238.1</b>
Net Interest Expense	1.1	1.9	-5.0	13.3	<b>11.3</b>	-5.2	-0.1			<b>-5.3</b>
Equity Income	49.3	21.0	24.2	23.3	<b>117.8</b>	22.0	23.9			<b>45.9</b>
Pre-tax Income	503.7	387.4	280.0	80.5	<b>1,251.6</b>	168.5	140.5			<b>309.0</b>
Net Income	373.2	286.9	210.8	154.6	<b>1,025.5</b>	132.6	117.3			<b>249.9</b>

\* Net Income is based on Controlling interests.

# APPENDIX

## Production Capacity (KKPC)

Classification	Product	Capa	Unit	Note	
Synthetic Rubbers	SBR	263,000	MT/Y	Improvement of productivity 3,000MT/Y, 4Q, '23	
	B R	HBR			162,000
		LBR			50,000
	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			
<b>Total</b>	<b>1,696,800</b>				
Synthetic Resins	PS	264,500	MT/Y	Improvement of productivity 40,000MT/Y, 3Q, '23	
	ABS	250,000			
	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

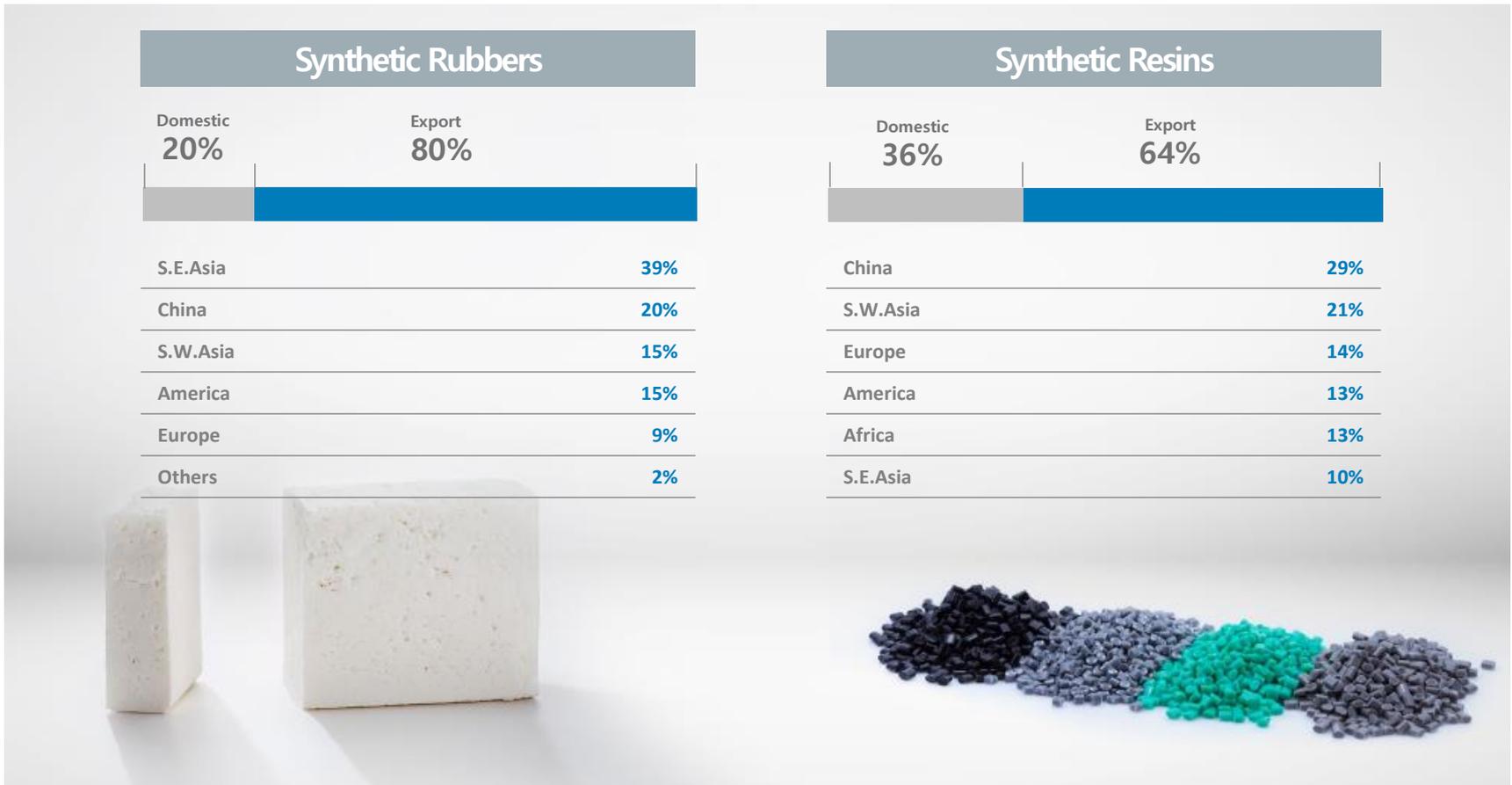
## Production Capacity (Affiliates)

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, 1Q, '24
	<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	10,000		
	<b>Total</b>	<b>420,000</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>		



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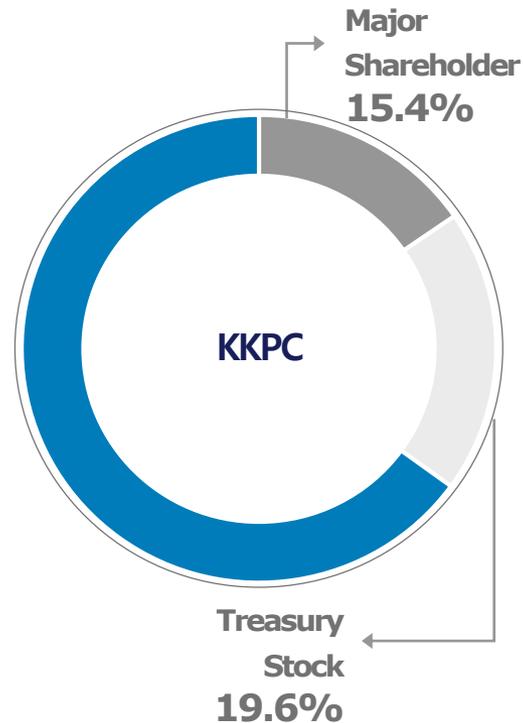
## Sales Breakdown & Export Share by Region



# 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%

\* Buy back 496,206 shares (as of 30<sup>th</sup> June, 23)  
Plan to cancel after the end of the trust contract  
(21<sup>st</sup> Mar, 23 ~ 20<sup>th</sup> Sep, 23)

\* As of 30<sup>th</sup> Jun, 2023.  
based on common shares



**Thank you**

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