



INVESTOR RELATIONS

2Q 2019 Earnings Release

Aug 2, 2019



KUMHO
PETROCHEMICAL

The business result for the 2nd quarter of 2019 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 2019 Business Results

Income Statements

(Unit: KRW bn)

Classification	19.2Q	19.1Q	QoQ	18.2Q	YoY
Sales	1,297.1	1,275.1	1.7%	1,441.8	-10.0%
Operating Profit	138.9 (10.7%)	144.2 (11.3%)	-3.7%	153.5 (10.7%)	-9.5%
EBITDA	187.3 (14.4%)	192.9 (15.1%)	-2.9%	206.9 (14.4%)	-9.5%
Pre-tax Income	150.5 (11.6%)	143.4 (11.2%)	5.0%	181.1 (12.6%)	-16.9%
Net Income	115.2 (8.9%)	113.9 (8.9%)	1.1%	175.3 (12.2%)	-34.3%
Equity Income	10.4	10.2	1.5%	41.2	-74.7%

* Net Income is based on Controlling interests

2Q 2019 Business Results

Balance Sheet

(Unit: KRW bn)

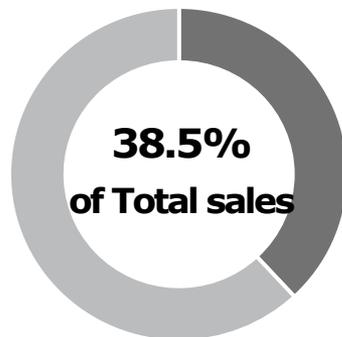
Classification	19.2Q	18 (End)	Change
Asset (Cash and equivalents)	4,780.0 (298.6)	4,616.7 (101.8)	3.5% (193.3%)
Liabilities (Debt)	2,221.7 (1,279.3)	2,268.6 (1,457.0)	-2.1% (-12.2%)
Shareholder's Equity	2,558.3	2,348.1	8.9%
Liabilities/Equity (%)	86.8%	96.6%	-9.8%p

Financial Ratios

Classification	19.2Q	18 (End)	Change
Debt/Equity	50.0%	62.1%	-12.0%p
Net Debt/Equity	38.3%	57.7%	-19.4%p
Interest Coverage Ratio (x)	12.1	9.7	2.4
ROE	18.7%	23.4%	-4.8%p
ROA	9.8%	10.7%	-0.9%p

Divisional Results & Outlook

Synthetic Rubbers

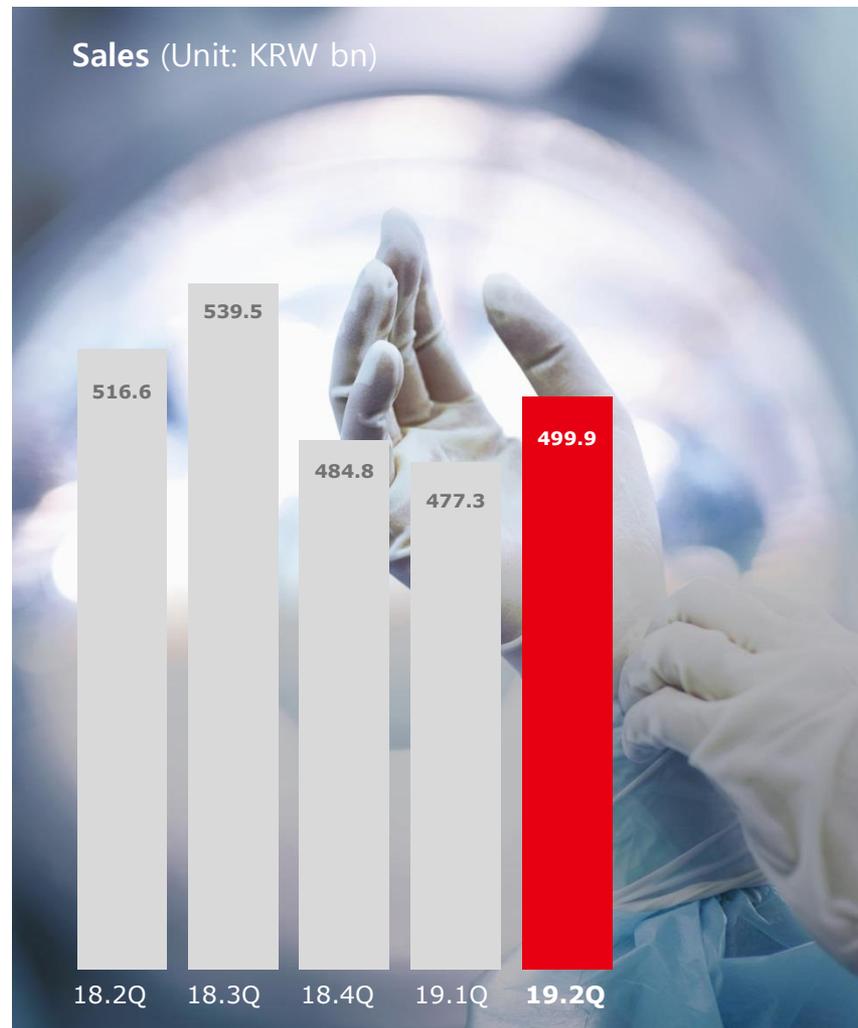


2Q Earnings Review

- Increase in sales volume of general-purpose products and slight improvement in profitability due to spread expansion.
- Maintained profitability for NB Latex, NBR, SBS with solid demand.

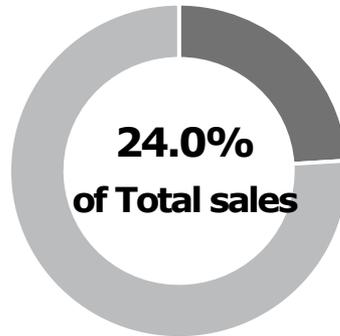
3Q Outlook

- BD: The price is forecasted to be strong due to regular maintenance in Asia, trouble in Japan and high usage of LPG cracking.
- Despite the rise in BD, SBR/BR price is expected to be weak because of low demand for automotive/tire industry.



Divisional Results & Outlook

Synthetic Resins



2Q Earnings Review

- Increase in PS sales volume for home appliances and improvement in profitability.
- Slight decrease in ABS sales volume for automotive, compounding due to US-China trade war.

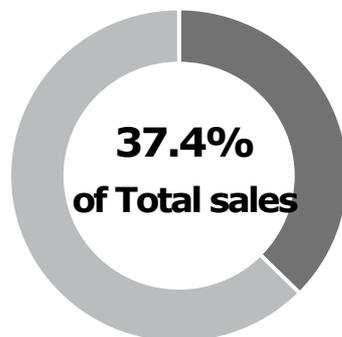
3Q Outlook

- SM: Demand is expected to decline during low season, but the price is forecasted to remain flat due to regular maintenance in China and Europe.
- ABS/PS price is expected to be weak because of low demand and on-going uncertainty in the market.



Divisional Results & Outlook

Others

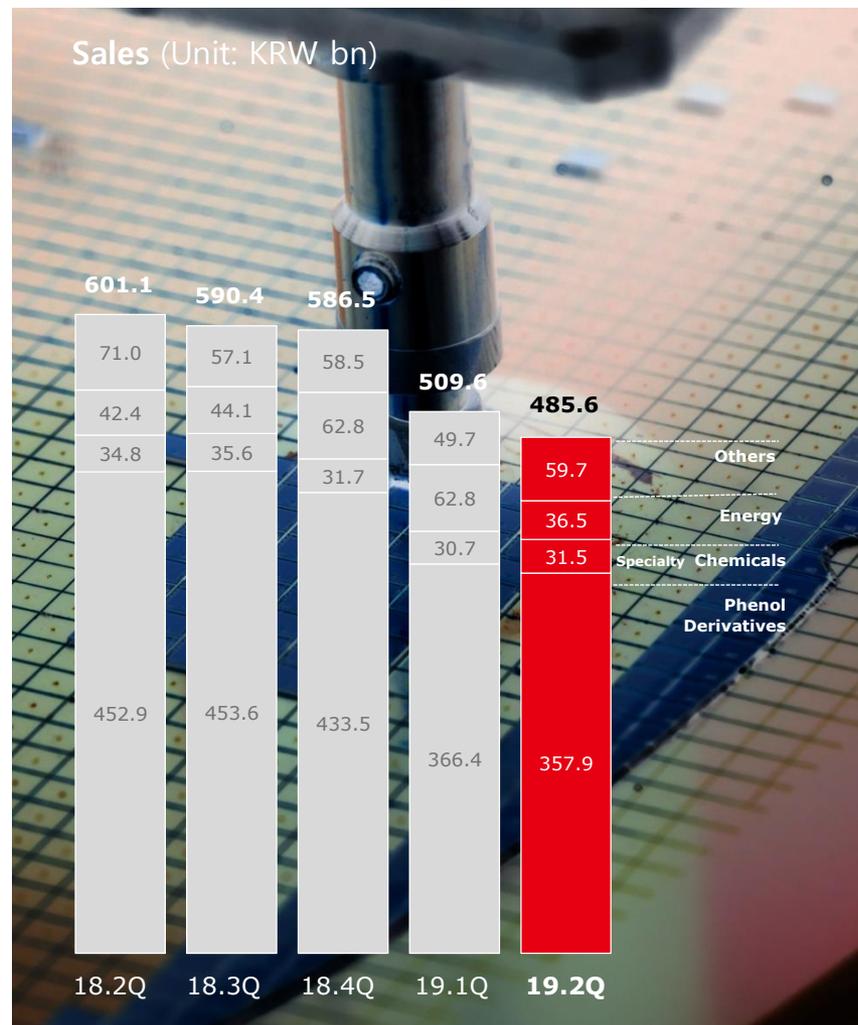


2Q Earnings Review

- Phenol derivatives: Slight decrease in profitability due to lower spread caused by sluggish demand.
- Energy: Depreciation in sales and profitability cause by a drop in the electricity price(SMP) and annual shutdown.

3Q Outlook

- Phenol derivatives : Spread for main products (Phenol, BPA) is expected to be weak.
- Energy: Sales and profitability will be improved after maintenance.



Appendix

Quarterly Performance

(Unit: KRW bn)

Classification	2018					2019				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	1,339.9	1,441.8	1,450.6	1,352.6	5,584.9	1,275.1	1,297.1			2,572.2
Operating Profit	165.8	153.5	151.0	84.3	554.6	144.2	1,38.9			283.1
Net Interest Expense	13.5	23.8	12.4	13.2	62.8	14.7	15.2			29.9
Equity Income	41.8	41.2	25.7	9.4	118.1	10.2	10.4			20.6
Pre-tax Income	194.2	181.1	162.4	79.2	616.9	143.4	150.5			294.0
Net Income	132.1	175.3	122.4	61.4	491.2	113.9	115.2			229.1

* Net Income is based on Controlling interests

Appendix

Production Capacity (KKPC)

Classification	Product	Capa	Unit	Note	
Synthetic Rubbers	SBR	256,000	MT/Y		
	B R	HBR		290,000	
		LBR		48,000	
	S-SBR	63,000			
	NdBR	60,000			
	NBR	87,000			
	HSR	10,000			
	NB Latex	580,000			Completion of Expansion 154,000MT/Y, 1H, '19
	SB Latex	82,800			
	SBS	84,000			Completion of Expansion 45,000MT/Y, 2H, '20
Total	1,560,800				
Synthetic Resins	PS	233,000	MT/Y		
	ABS	250,000			
	SAN/Pwd	173,000			Completion of Expansion 16,000MT/Y, 1H, '18
	EPS	80,000			
	PPG	141,000			
Total	877,000				
Specialty Chemicals	Antioxidants	83,900	MT/Y	Completion of Expansion 4,900MT/Y, 2H, '20	
Energy	Steam	1,710	T/H		
	Electricity	300	MWH		
BD	Ulsan	90,000	MT/Y		
	Yeosu	147,000			
	Total	237,000			



Appendix

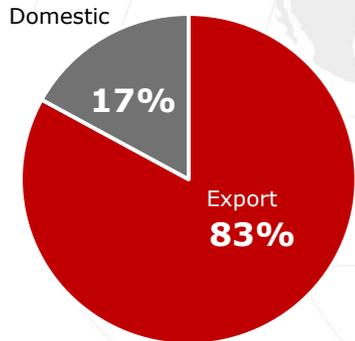
Production Capacity (Affiliates)

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	152,000		Completion of Expansion 17,000MT/Y, 1Q, '18 45,000MT/Y, 2Q, '19
	Total	2,662,000		
Kumho Mitsui Chemicals	MDI	350,000	MT/Y	Completion of Expansion 100,000MT/Y, 2H, '17 60,000MT/Y, 2H, '19
	Aniline	20,000		
	Total	370,000		
Kumho Polychem	EP(D)M	220,000	MT/Y	
	TPV/KEPA	12,000		Completion of Expansion TPV 5,000MT/Y, 4Q, '17
	Total	232,000		



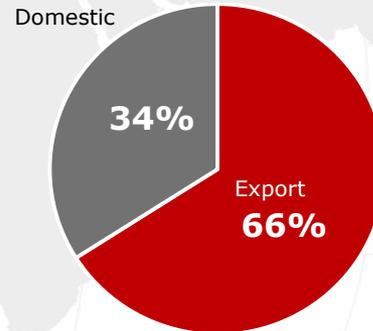
Appendix

Sales Breakdown & Export Share by Region



Export

S.E.Asia	49%
China	20%
S.W.Asia	11%
America	10%
Europe	9%
Others	1%



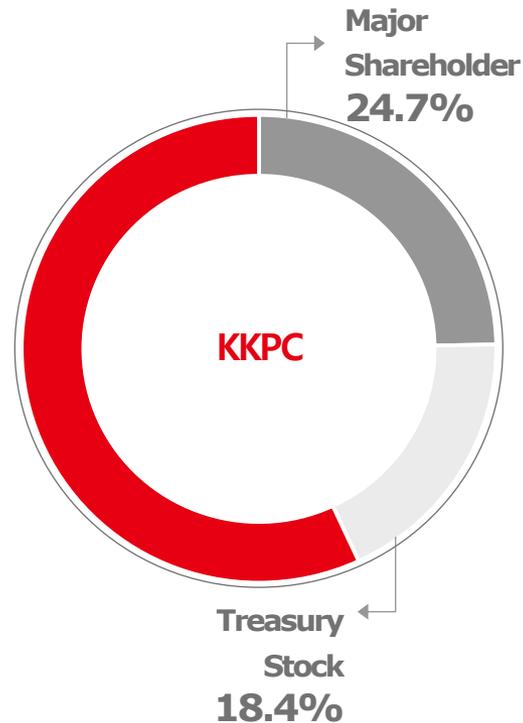
Export

China	40%
Africa	16%
Europe	13%
S.W.Asia	12%
America	10%
S.E.Asia	9%

Appendix

Investment Shares & Asset available for sale

Asset available for sale	
Asiana Airlines	12.0%
Daewoo E&C	3.4%
KDB Life Insurance	0.4%



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

* As of 30th June, 2019, based on common shares

Thank you
