



**INVESTOR RELATIONS**

# 3Q 2019 Earnings Release

**Nov, 1, 2019**



**KUMHO  
PETROCHEMICAL**

The business result for the 3rd 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.



# CONTENTS

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- 01.** 3Q 2019 Business Results
- 02.** Divisional Results
- 03.** Appendix

# 3Q 2019 Business Results

## Income Statements

(Unit: KRW bn)

Classification	19.3Q	19.2Q	QoQ	18.3Q	YoY
Sales	<b>1,220.0</b>	1,297.1	-5.9%	1,450.6	-15.9%
Operating Profit	<b>68.7</b> (5.6%)	138.9 (10.7%)	-50.5%	151.0 (10.4%)	-54.5%
EBITDA	<b>118.0</b> (9.7%)	187.3 (14.4%)	-37.0%	202.4 (14.0%)	-41.7%
Pre-tax Income	<b>68.8</b> (5.6%)	150.5 (11.6%)	-54.3%	162.4 (11.2%)	-57.6%
Net Income	<b>47.6</b> (3.9%)	115.2 (8.9%)	-58.7%	122.4 (8.4%)	-61.1%
Equity Income	<b>11.3</b>	10.4	8.7%	25.7	-56.0%

\* Net Income is based on Controlling interests

# 3Q 2019 Business Results

## Balance Sheet

(Unit: KRW bn)

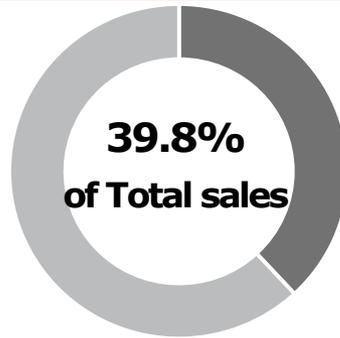
Classification	19.3Q	18 (End)	Change
<b>Asset</b> (Cash and equivalents)	4,587.2 (103.3)	4,616.7 (101.8)	-0.6% (1.4%)
<b>Liabilities</b> (Debt)	1,986.8 (1,196.4)	2,268.6 (1,457.0)	-12.4% (-17.9%)
<b>Shareholder's Equity</b>	2,600.4	2,348.1	10.7%
<b>Liabilities/Equity (%)</b>	76.4%	96.6%	-20.2%p

## Financial Ratios

Classification	19.3Q	18 (End)	Change
<b>Debt/Equity</b>	46.0%	62.1%	-16.0%p
<b>Net Debt/Equity</b>	42.0%	57.7%	-15.7%p
<b>Interest Coverage Ratio (x)</b>	7.2	9.7	-2.5
<b>ROE</b>	14.9%	23.4%	-8.5%p
<b>ROA</b>	8.0%	10.7%	-2.7%p

# Divisional Results & Outlook

## Synthetic Rubbers

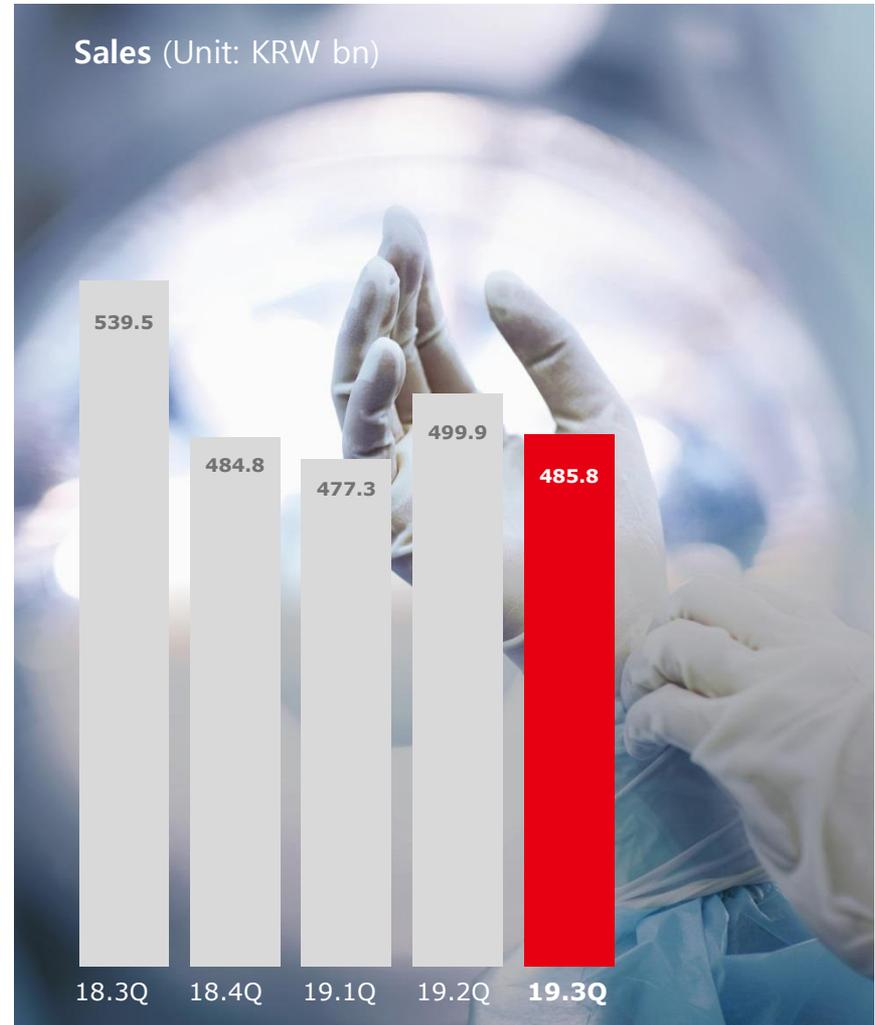


## 3Q Earnings Review

- Profitability of general-purpose rubber declined due to sluggish improvement in product prices, despite the rise in BD price.
- Special Rubber profitability reduced because of weak demand and intensified price competition.

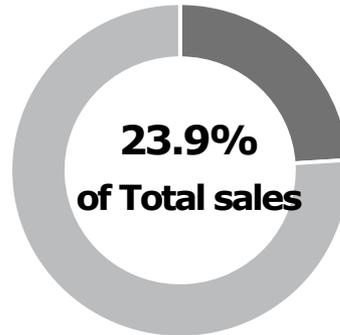
## 4Q Outlook

- BD: The price is forecasted to be weak due to increased supply in America/Europe and normal operation of new plant.
- Due to a weak main raw material price BD, wait and see attitude will be continued and the price is predicted to be weak.



# Divisional Results & Outlook

## Synthetic Resins



### 3Q Earnings Review

- Profitability were dropped because of weak demand during vacation season and increased external uncertainty.

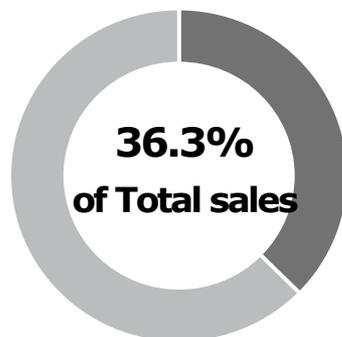
### 4Q Outlook

- SM: The price is expected to be weak due to stable supply and low demand.
- ABS/PS price is predicted to be weak because of low demand for automotive market in China/ Europe.



# Divisional Results & Outlook

## Others

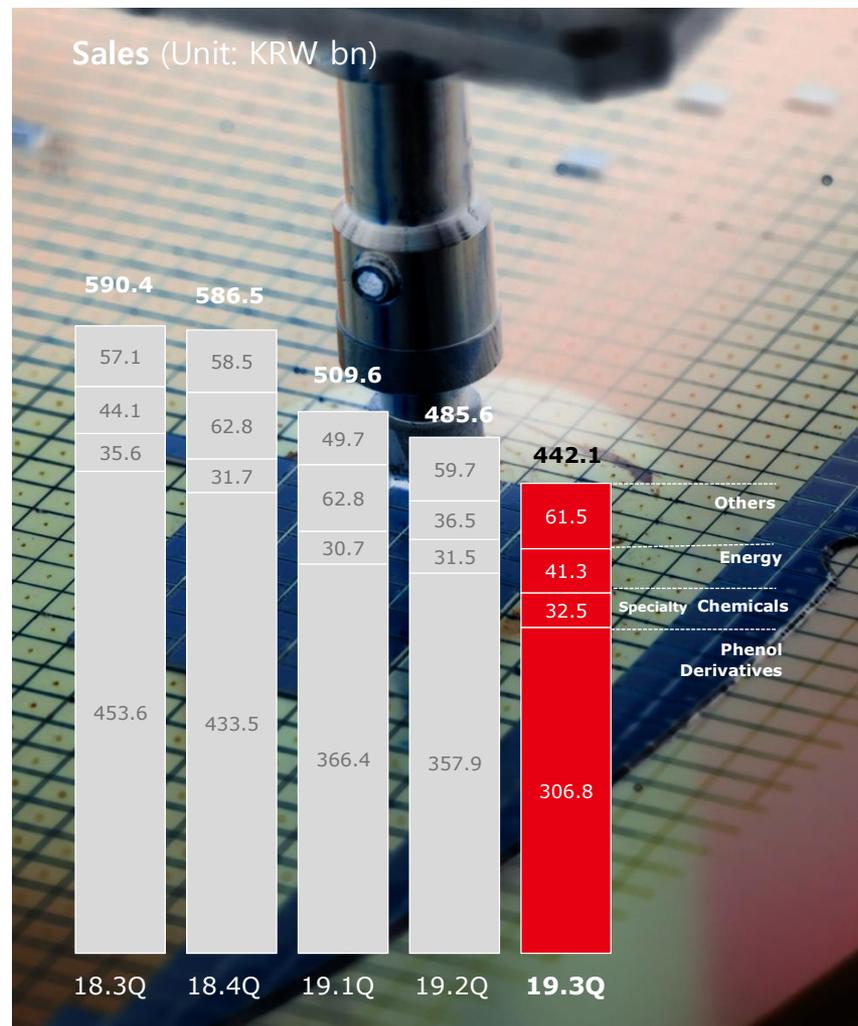


## 3Q Earnings Review

- Phenol derivatives: Reduced sales volume due to adjustment of utilization rate and operating loss because of lower spread caused by sluggish demand.
- Energy: Depreciation profitability caused by a drop in the electricity price(SMP).

## 4Q Outlook

- Phenol derivatives: Weak raw material price and low demand for main products is expected to continue.
- Energy: Sales and profitability will be improved with increased SMP price.



# 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	<b>1,220.0</b>		<b>3792.2</b>
Operating Profit	165.8	153.5	151.0	84.3	554.6	144.2	1,38.9	<b>68.7</b>		<b>351.8</b>
Net Interest Expense	13.5	23.8	12.4	13.2	62.8	14.7	15.2	<b>15.3</b>		<b>45.2</b>
Equity Income	41.8	41.2	25.7	9.4	118.1	10.2	10.4	<b>11.3</b>		<b>31.9</b>
Pre-tax Income	194.2	181.1	162.4	79.2	616.9	143.4	150.5	<b>68.8</b>		<b>362.8</b>
Net Income	132.1	175.3	122.4	61.4	491.2	113.9	115.2	<b>47.6</b>		<b>276.7</b>

\* 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
<b>Total</b>	<b>1,560,800</b>				
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			
<b>Total</b>	<b>877,000</b>				
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			
	<b>Total</b>	<b>237,000</b>			



# Appendix

## Production Capacity (Affiliates)

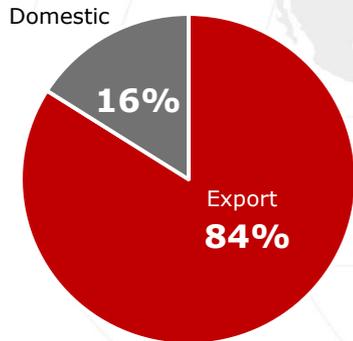
Classification	Product	Capa	Unit	Note
Kumho P&B Chemicals	Phenol	680,000	MT/Y	
	Acetone	420,000		
	MIBK	60,000		
	Cumene	900,000		
	BPA	450,000		
	Epoxy Resin	197,000		Completion of Expansion 17,000MT/Y, 1Q, '18 45,000MT/Y, 2Q, '19
	<b>Total</b>	<b>2,707,000</b>		
Kumho Mitsui Chemicals	MDI	350,000	MT/Y	Completion of Expansion 100,000MT/Y, 2H, '17 60,000MT/Y, 2H, '19
	Aniline	20,000		
	<b>Total</b>	<b>370,000</b>		
Kumho Polychem	EP(D)M	220,000	MT/Y	
	TPV/KEPA	12,000		Completion of Expansion TPV 5,000MT/Y, 4Q, '17
	<b>Total</b>	<b>232,000</b>		



# Appendix

## Sales Breakdown & Export Share by Region

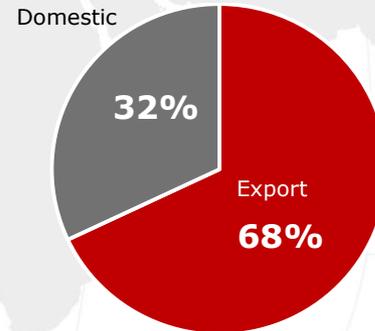
### Synthetic Rubbers



#### Export

S.E.Asia	54%
China	20%
S.W.Asia	10%
America	8%
Europe	6%
Others	2%

### Synthetic Resins



#### Export

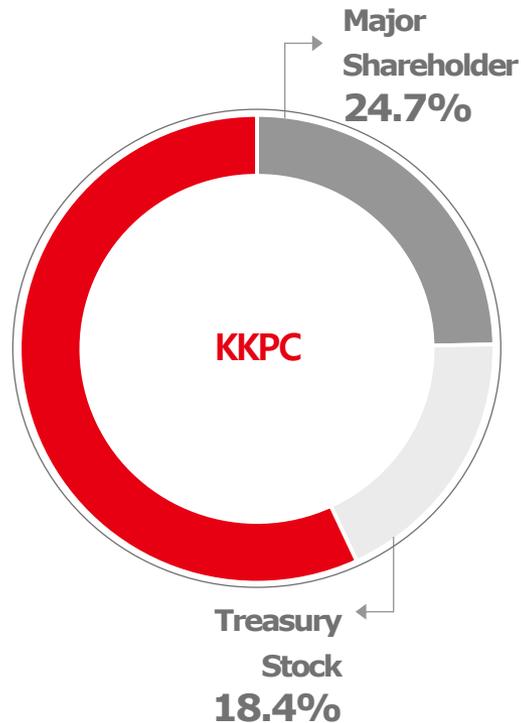
China	39%
Africa	18%
S.W.Asia	11%
S.E.Asia	11%
Europe	11%
America	10%

# Appendix

## Investment Shares & Asset available for sale

### Asset available for sale

Asiana Airlines	<b>12.0%</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 Mitsui Chemicals	<b>50.0%</b>
Kumho Polychem	<b>50.0%</b>
Kumho Terminal & Logistics	<b>100.0%</b>
Korea Energy Power Plants	<b>96.1%</b>

\* As of 30<sup>th</sup> Sep, 2019, based on common shares

**Thank you**

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