



Aug 7, 2020

# 2Q 2020 Earnings Release

KUMHO PETROCHEMICAL



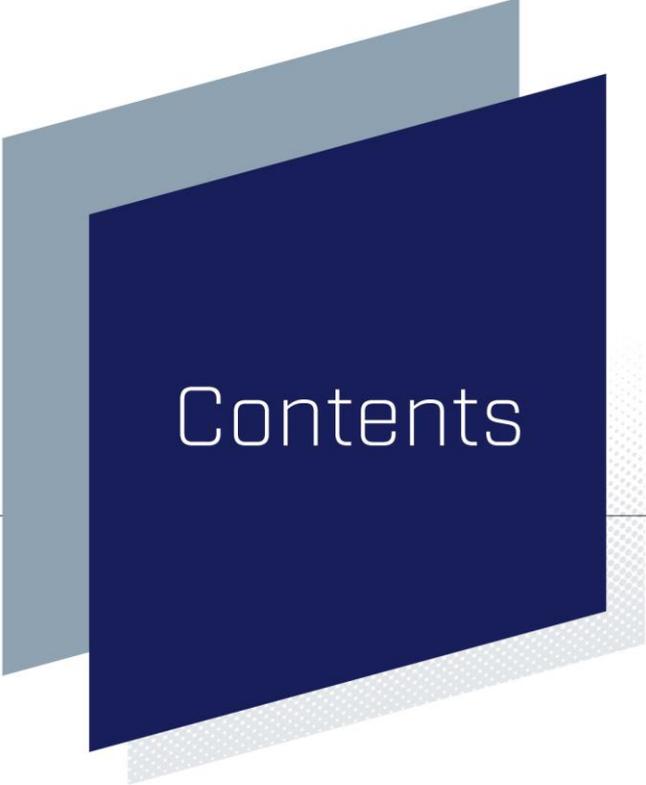
The business result for the 2nd quarter of 2020 is currently under the audit process, however this is presented purely for the purposes of investors' convenience.

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 2020 Business Results

## Income Statements

(Unit: KRW bn)

Classification	20.2Q	20.1Q	QoQ	19.2Q	YoY
Sales	1,026.2	1,225.5	-16.3%	1,292.8	-20.6%
Operating Profit	120.1 (11.7%)	133.1 (10.9%)	-9.8%	138.1 (10.7%)	-13.0%
EBITDA	169.0 (16.5%)	182.1 (14.9%)	-7.2%	186.5 (14.4%)	-9.4%
Pre-tax Income	126.6 (12.3%)	139.0 (11.3%)	-8.9%	149.7 (11.6%)	-15.4%
Net Income	99.8 (9.7%)	127.5 (10.4%)	-21.7%	115.2 (8.9%)	-13.4%
Equity Income	10.1	9.5	6.7%	10.4	-2.9%

\* Net Income is based on Controlling interests.

- Since the business related with Electronic Chemicals has been disposed in 20.1Q, it is classified as discontinued operations, and the financials of same term of last year have been rewritten.

# 2Q 2020 Business Results

## Balance Sheet

(Unit: KRW bn)

Classification	20.2Q	19 (End)	Change
<b>Asset</b> (Cash and equivalents)	4,667.2 (491.3)	4,538.0 (127.8)	2.8% (284.4%)
<b>Liabilities</b> (Debt)	1,897.7 (1,186.2)	1,908.4 (1,104.0)	-0.6% (7.4%)
<b>Shareholder's Equity</b>	2,769.5	2,629.6	5.3%
<b>Liabilities/ Equity (%)</b>	68.5%	72.6%	-4.1%p

## Financial Ratios

Classification	20.2Q	19 (End)	Change
<b>Debt/Equity</b>	42.8 %	42.0%	0.8%p
<b>Net Debt /Equity</b>	25.1%	37.1%	-12.0%p
<b>Interest Coverage Ratio (x)</b>	16.3	8.4	7.9
<b>ROE</b>	16.8%	11.8%	5.0%p
<b>ROA</b>	9.9%	6.4%	3.4%p

# Divisional Results & Outlook

## Synthetic Rubbers

36.1%  
of total sales



## 2Q Earnings Review

- Reduction in sales volume and revenue caused by reduced utilization rate of tire companies and weak demand due to COVID19.
- Secure profitability of NB Latex by increasing demand for hygiene products.

## 3Q Outlook

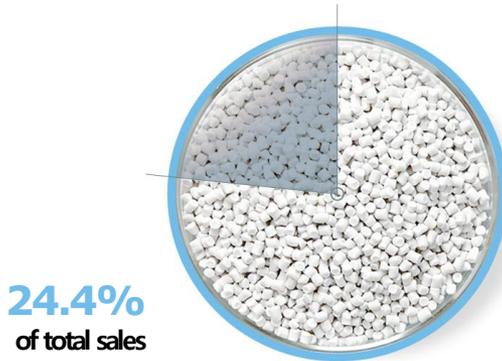
- BD: The price is forecasted to be rebound due to high usage of light feed cracking and reduced supply in the region.
- Demand recovery is expected due to restart of tire companies.

Sales (Unit: KRW bn)



# Divisional Results & Outlook

## Synthetic Resins



## 2Q Earnings Review

- Maintain profitability due to strong demand for food packaging/disposable PS and ABS for home appliances.

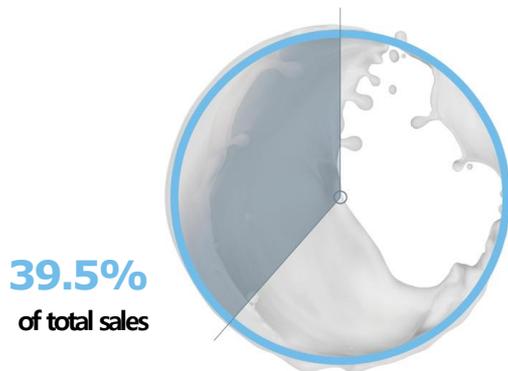
## 3Q Outlook

- SM: Despite strong demand, the price is forecasted to be strong due to reduced operations in the region.
- Expected to see an increase in selling prices and profitability caused by the improved demand in automotive/home appliance market.



# Divisional Results & Outlook

## Others

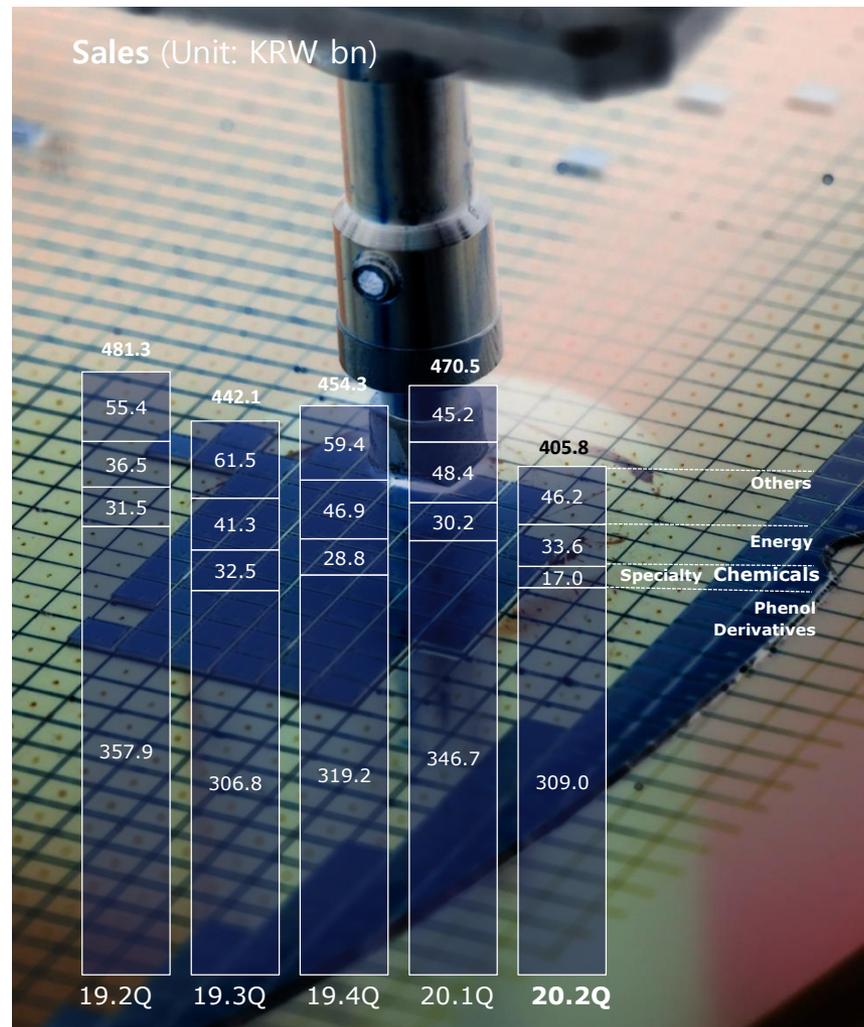


## 2Q Earnings Review

- Phenol derivatives: Improvement in profitability due to strong spreads of main products.
- Energy: Decline in sales and profitability caused by a drop in the electricity price (SMP) and annual shutdown.

## 3Q Outlook

- Phenol derivatives: The product price is forecasted to be weak by increasing phenol supply and easing acetone supply in the region.
- Energy: Sales and profitability will be improved after maintenance.



# APPENDIX

## Quarterly Performance

(Unit: KRW bn)

Classification	2019					2020				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	1,270.7	1,292.8	1,220.0	1,185.7	4,969.2	1,225.5	<b>1,026.2</b>			<b>2,251.7</b>
Operating Profit	143.5	138.1	68.7	15.9	366.2	133.1	<b>120.1</b>			<b>253.2</b>
Net Interest Expense	14.7	15.2	15.3	3.8	49.0	13.0	<b>6.4</b>			<b>19.4</b>
Equity Income	10.2	10.4	11.3	7.1	39.0	9.5	<b>10.1</b>			<b>19.6</b>
Pre-tax Income	142.8	149.7	68.8	16.6	377.8	139.0	<b>126.6</b>			<b>265.6</b>
Net Income	113.9	115.2	47.6	17.9	294.6	127.5	<b>99.8</b>			<b>227.3</b>

\* Net Income is based on Controlling interests.

\* Since the business related with Electronic Chemicals has been disposed in 20.1Q, it is classified as discontinued operations, and the financials of same term of last year have been rewritten.

# 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 60,000MT/Y, 2H, '20
	SB Latex	82,800			
	SBS	93,000			Completion of Expansion 45,000MT/Y, 2H, '20
<b>Total</b>	<b>1,569,800</b>				
Synthetic Resins	PS	239,000	MT/Y		
	ABS	250,000			
	SAN/Pwd	181,000			
	EPS	80,000			
	PPG	144,000			
	<b>Total</b>	<b>894,000</b>			
Specialty Chemicals	Antioxidants	83,900	MT/Y	Completion of Expansion 4,900MT/Y, 1H, '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

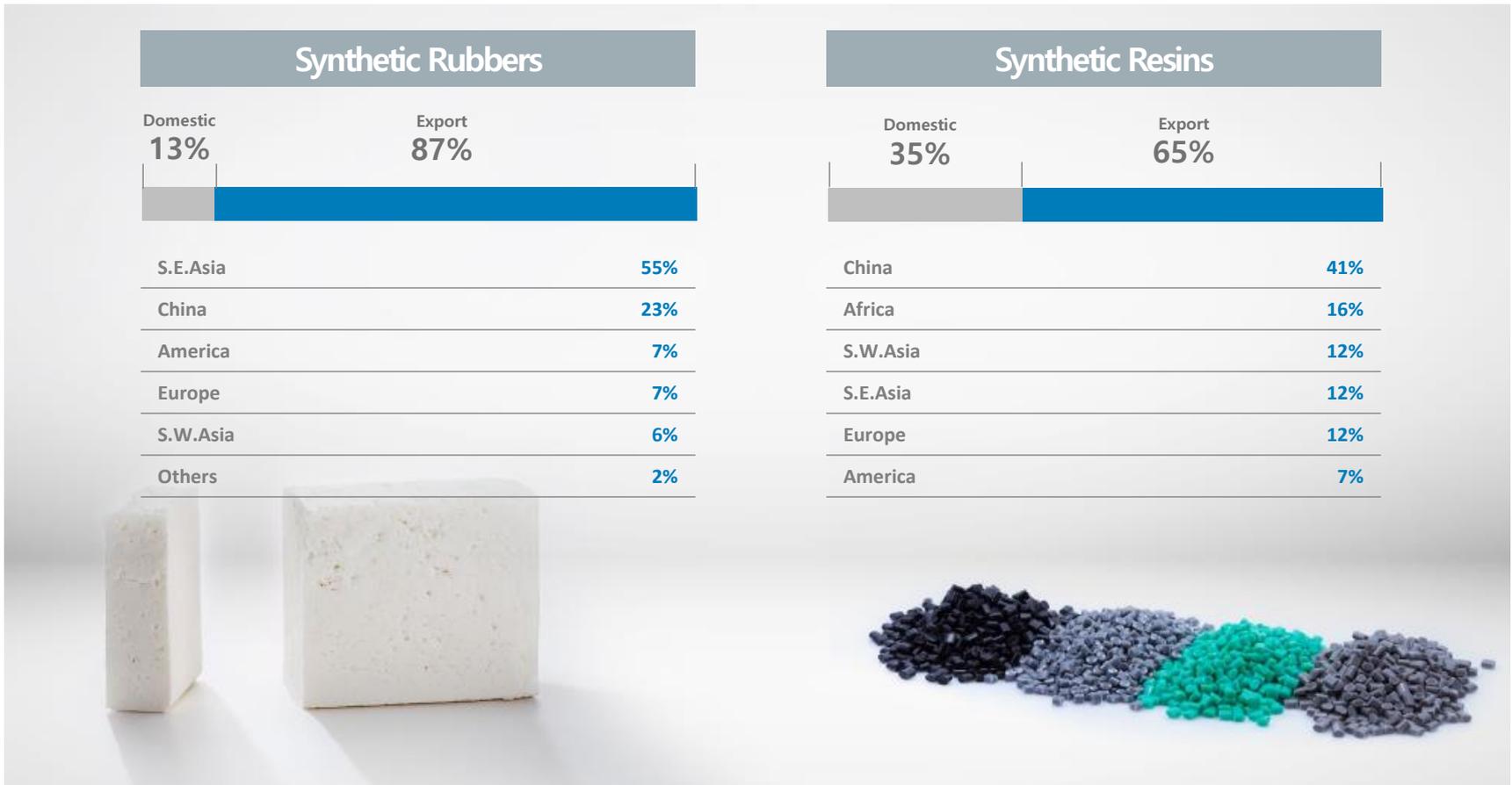
## Production Capacity (Affiliates)

Classification	Product	Capa	Unit	Note
Kumho P&B Chemicals	Phenol	680,000	MT/Y	
	Acetone	420,000		Completion of AR(Acetone recycle) Expansion 56,000MT/Y, 1Q, '21
	MIBK	60,000		
	Cumene	900,000		
	BPA	450,000		
	Epoxy Resin	207,000		Completion of Expansion 45,000MT/Y, 2Q, '19 Completion of LER(III) Revamping 20,000MT/Y, 3Q, '21
	<b>Total</b>	<b>2,717,000</b>		
Kumho Mitsui Chemicals	MDI	410,000	MT/Y	Completion of Expansion 60,000MT/Y, 2H, '19
	Aniline	20,000		
	<b>Total</b>	<b>430,000</b>		
Kumho Polychem	EP(D)M	220,000	MT/Y	
	TPV/KEPA	12,000		
	<b>Total</b>	<b>232,000</b>		



# APPENDIX

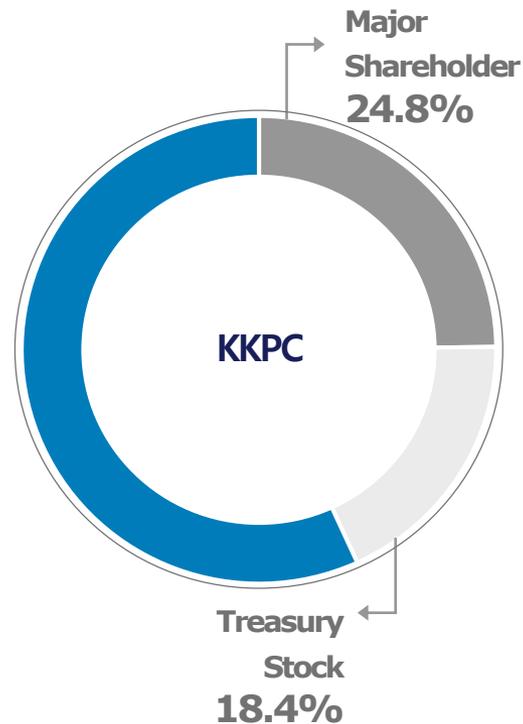
## Sales Breakdown & Export Share by Region



# APPENDIX

## Investment Shares & Asset available for sale

Asset available for sale	
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 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> June, 2020.  
based on common shares



**Thank you**

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