



Nov 5, 2021

# 3Q 2021 Earnings Release

KUMHO PETROCHEMICAL



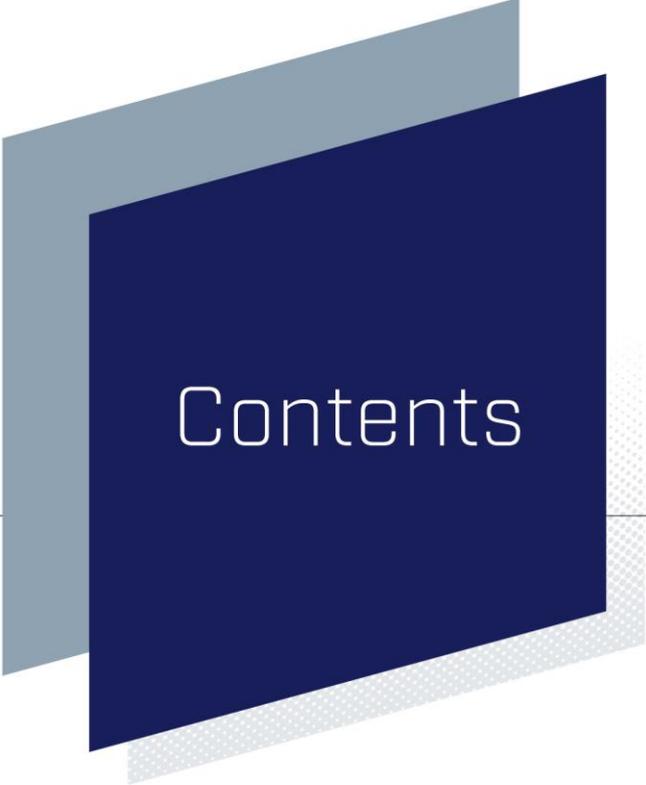
The business result for the 3rd quarter of 2021 is currently under the audit process, however this is presented purely for the purposes of investors' convenience.

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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# 3Q 2021 Business Results

## Income Statements

(Unit: KRW bn)

Classification	21.3Q	21.2Q	QoQ	20.3Q	YoY
Sales	2,236.3	2,199.0	1.7%	1,188.3	88.2%
Operating Profit	625.3 (28.0%)	753.7 (34.3%)	-17.0%	213.8 (18.0%)	192.5%
EBITDA	680.4 (30.4%)	799.0 (36.3%)	-14.8%	262.4 (22.1%)	159.3%
Pre-tax Income	733.4 (32.8%)	789.0 (35.9%)	-7.0%	223.9 (18.8%)	227.6%
Net Income	604.6 (27.0%)	583.0 (26.5%)	3.7%	146.2 (12.3%)	313.5%
Equity Income	38.9	55.8	-30.3%	18.4	111.4%

\* Net Income is based on Controlling interests.

# 3Q 2021 Business Results

## Balance Sheet

(Unit: KRW bn)

Classification	21.3Q	20 (End)	Change
<b>Asset</b> (Cash and equivalents)	7,630.3 (374.9)	5,027.2 (418.2)	51.8% (-10.4%)
<b>Liabilities</b> (Debt)	2,835.6 (1,000.1)	1,878.0 (860.1)	51.0% (16.3%)
<b>Shareholder's Equity</b>	4,794.7	3,149.2	52.3%
<b>Liabilities/Equity (%)</b>	59.1%	59.6%	-0.5%p

## Financial Ratios

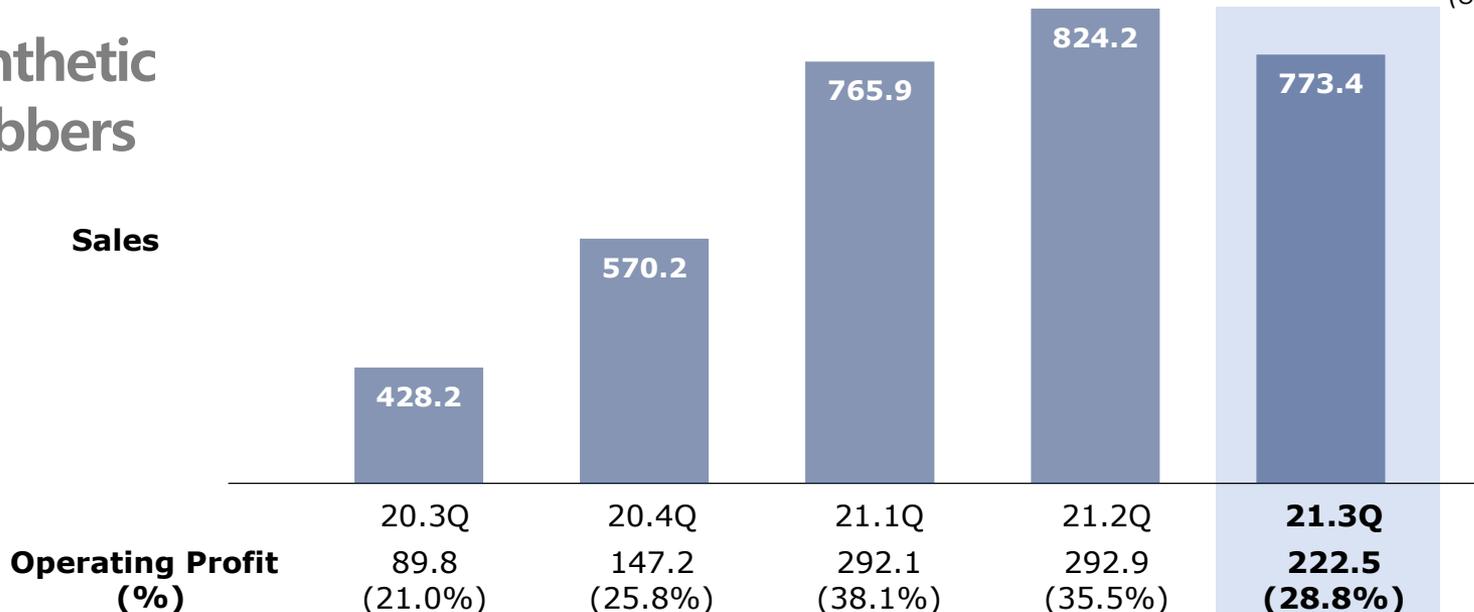
Classification	21.3Q	20 (End)	Change
<b>Debt/Equity</b>	20.9%	27.3%	-6.5%p
<b>Net Debt/Equity</b>	13.0%	14.0%	-1.0%p
<b>Interest Coverage Ratio (x)</b>	86.9	26.5	60.4
<b>ROE</b>	55.8%	20.2%	35.7%p
<b>ROA</b>	35.0%	12.2%	22.9%p

# Divisional Results & Outlook

## Synthetic Rubbers

Sales

(Unit: KRW bn)



### 3Q Earnings Review

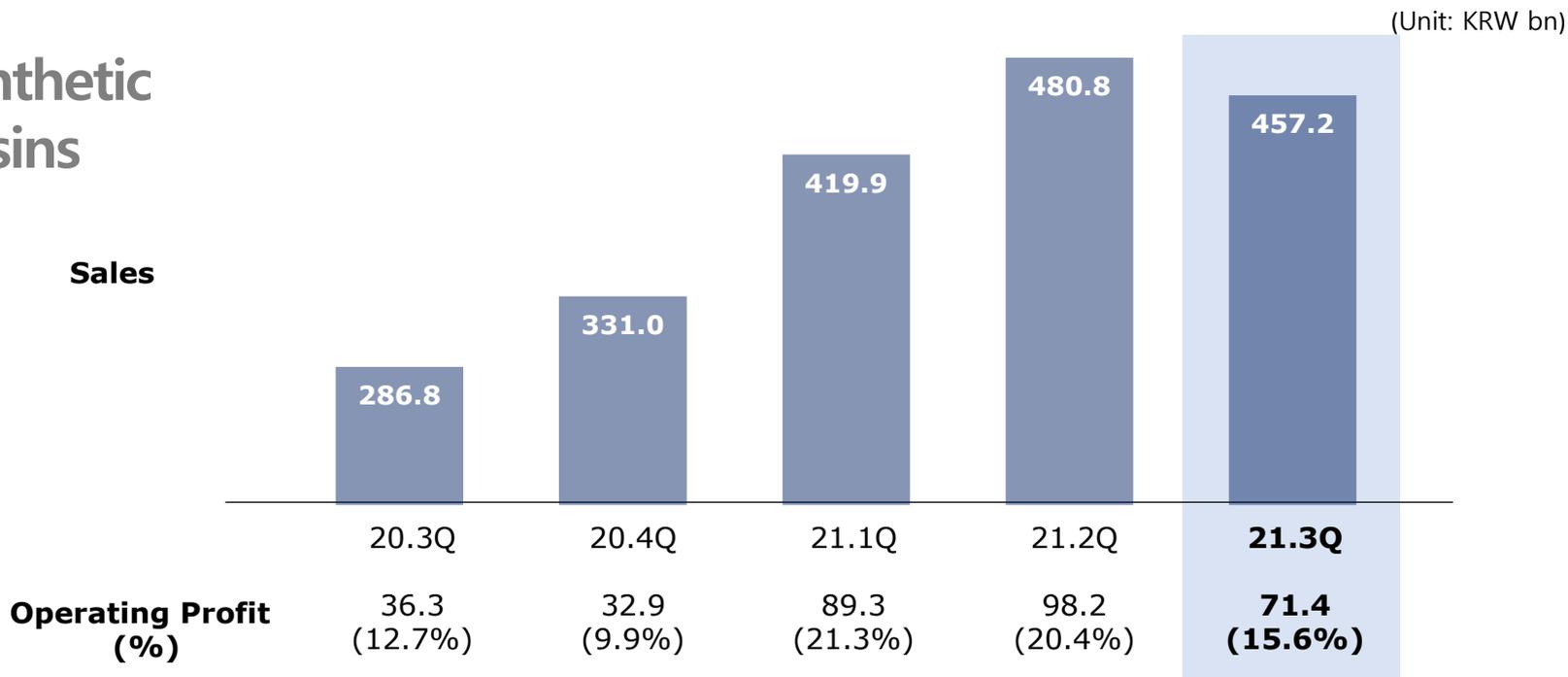
- Slight decrease in sales volume due to adjustment of utilization rate due to COVID19 in Southeast Asia.
- Profitability declined slightly due to a narrowing spread of major products compared to a rise in raw material prices, but maintained solid earnings.

### 4Q Outlook

- BD: China's domestic price has turned upward, but market price is expected to remain low due to oversupply concerns.
- Short-term purchasing sentiment improved due to reduced production of general-purpose rubber for tires due to power shortage in China.
- NB Latex Market price is expected to decline due to increased sales of unsold volumes by competitors due to the lockdown in the previous quarter.
  - Additional supply 70,000MT of NB Latex in 4Q

# Divisional Results & Outlook

## Synthetic Resins



### 3Q Earnings Review

- Although profitability declined slightly due to the low season in summer and COVID19 in Southeast Asia, but solid demand for ABS products maintained.

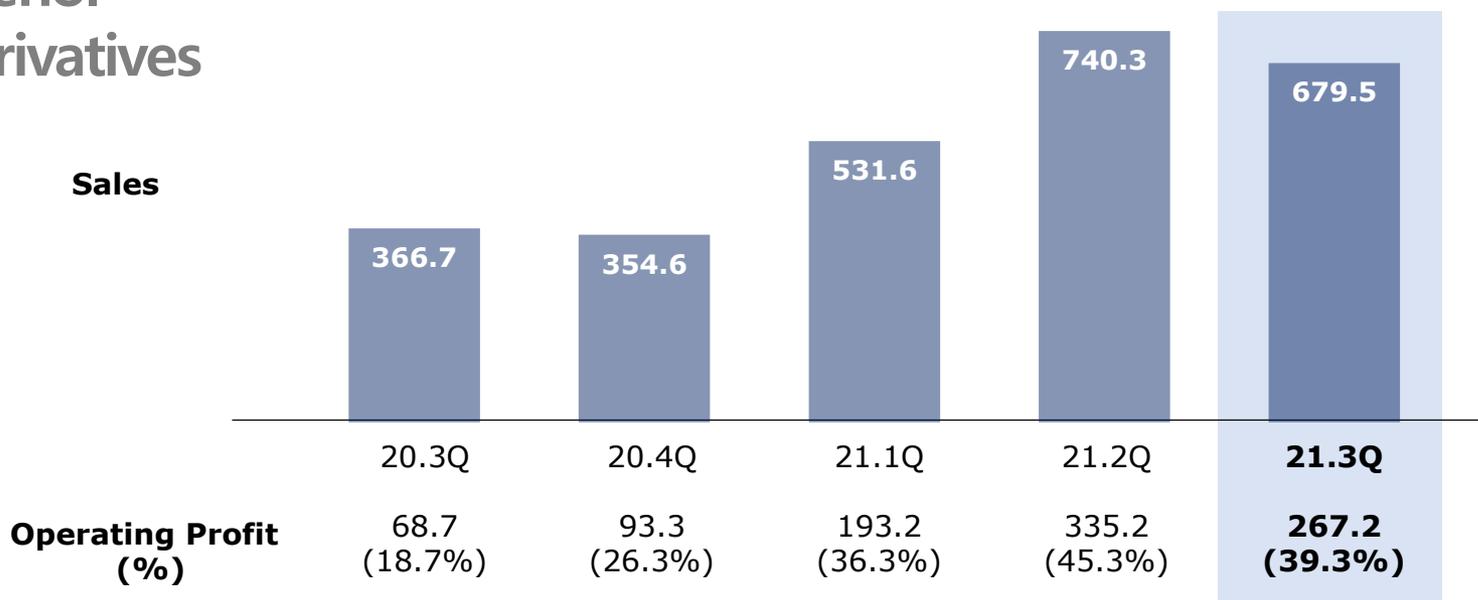
### 4Q Outlook

- SM: Asian market price is expected to remain strong due to increased regular maintenance in China and strong ethylene and benzene prices.
- Due to the power shortage in China, the utilization rate of the customers is adjusted, and the demand for products is expected to decrease slightly.

# Divisional Results & Outlook

(Unit: KRW bn)

## Phenol Derivatives



### 3Q Earnings Review

- Phenol/acetone profitability slight decreased, but secured BPA, EPOXY profitability.

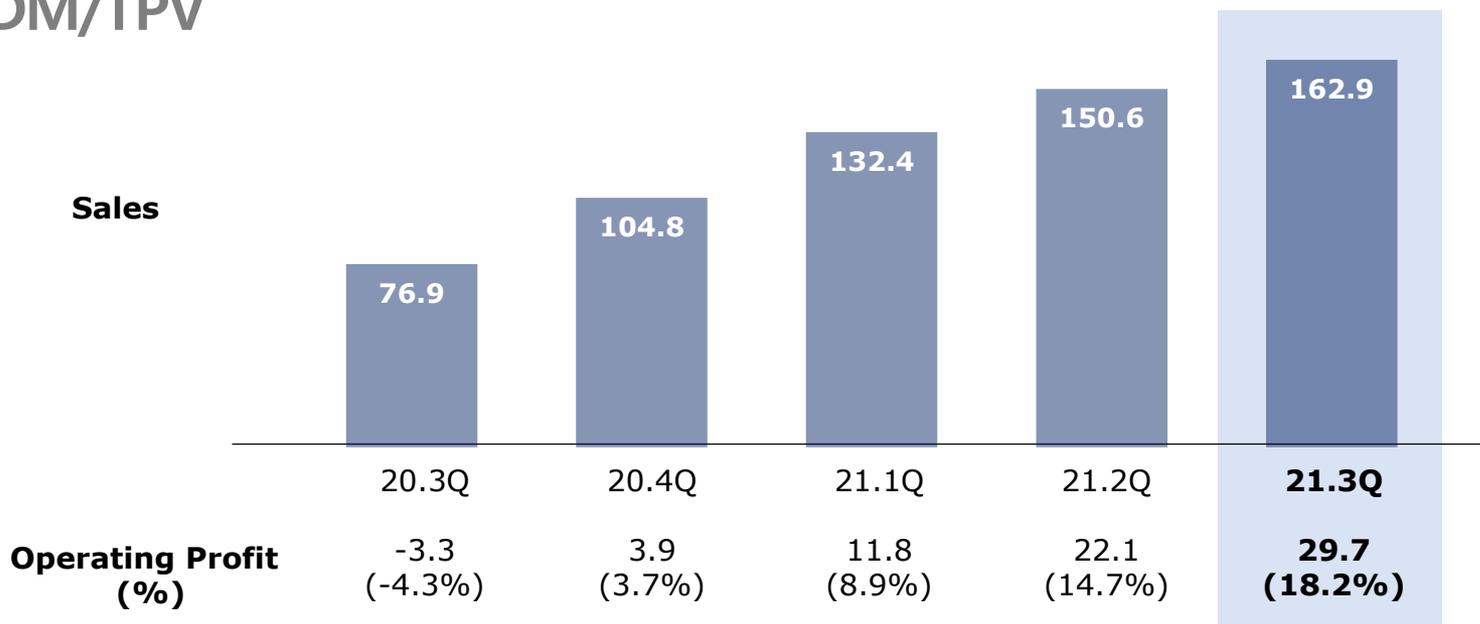
### 4Q Outlook

- Phenol/acetone prices are expected to remain flat, but BPA spreads are expected to narrow due to contraction in downstream demand and stable supply and demand in China.

# Divisional Results & Outlook

(Unit: KRW bn)

## EPDM/TPV



### 3Q Earnings Review

- Converted to a consolidated corporation of Kumho Polychem (July).
- Profitability improved QoQ due to strong product demand and tight supply.

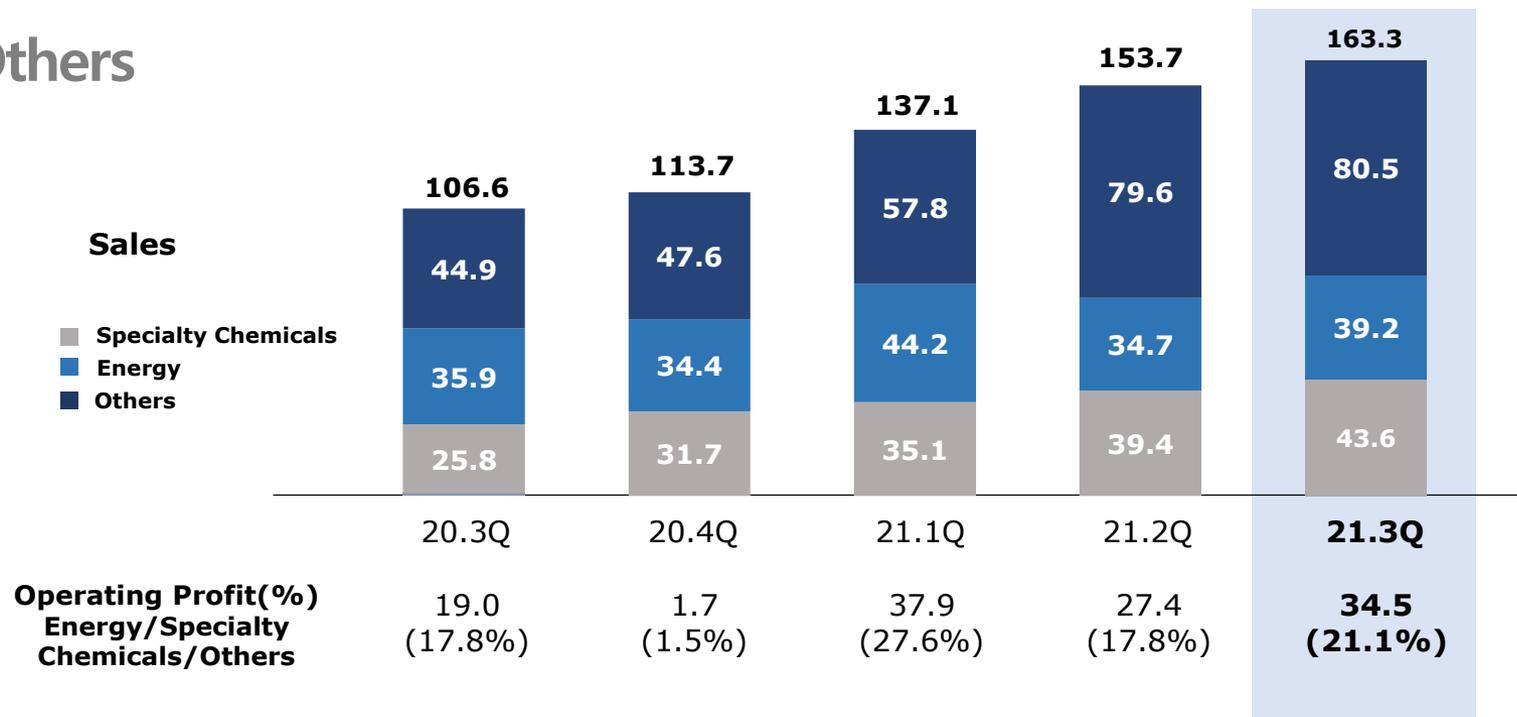
### 4Q Outlook

- Profitability is expected to remain on solid market demand and tight supply.

# Divisional Results & Outlook

(Unit: KRW bn)

## Others



### 3Q Earnings Review

- Energy: Improved sales and profitability by increasing SMP.

### 4Q Outlook

- Energy: Profitability is expected to decline QoQ due to regular maintenance in Q4.

# APPENDIX

## Quarterly Performance

(Unit: KRW bn)

Classification	2020					2021				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	1,225.5	1,026.2	1,188.3	1,369.5	4,809.5	1,854.5	2,199.0	<b>2,236.3</b>		<b>6,289.8</b>
Operating Profit	133.1	120.1	213.8	275.1	742.1	612.5	753.7	<b>625.3</b>		<b>1,991.5</b>
Net Interest Expense	13.0	6.4	4.4	3.0	26.8	7.6	5.8	<b>3.8</b>		<b>17.2</b>
Equity Income	9.5	10.1	18.4	18.4	56.4	59.3	55.8	<b>38.9</b>		<b>154.0</b>
Pre-tax Income	139.0	126.6	223.9	277.4	766.9	675.3	789.0	<b>733.4</b>		<b>2,197.7</b>
Net Income	127.5	99.8	146.2	209.4	582.9	475.6	583.0	<b>604.6</b>		<b>1,663.2</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		155,000	
		LBR		50,000	
	S-SBR	63,000		Completion of Expansion 60,000MT/Y, 4Q, '22	
	NdBR	60,000			
	NBR	87,000			
	HSR	10,000			
	NB Latex	640,000		Completion of Expansion 70,000MT/Y, 4Q, '21 Completion of Expansion 236,000MT/Y, 4Q, '23	
	SB Latex	82,800			
	SBS	144,000		Improvement of productivity 6,000MT/Y, 3Q, '21	
<b>Total</b>	<b>1,547,800</b>				
Synthetic Resins	PS	252,000	MT/Y	Improvement of productivity 20,000MT/Y, 4Q, '21	
	ABS	250,000		Improvement of productivity 40,000MT/Y, 2Q, '22	
	SAN/Pwd	197,000		Improvement of productivity 18,000MT/Y, 3Q, '21 Improvement of productivity 24,000MT/Y, 2Q, '22	
	EPS	80,000			
	PPG	147,000			
	<b>Total</b>	<b>926,000</b>			
Specialty Chemicals	Antioxidants	88,800	MT/Y		
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

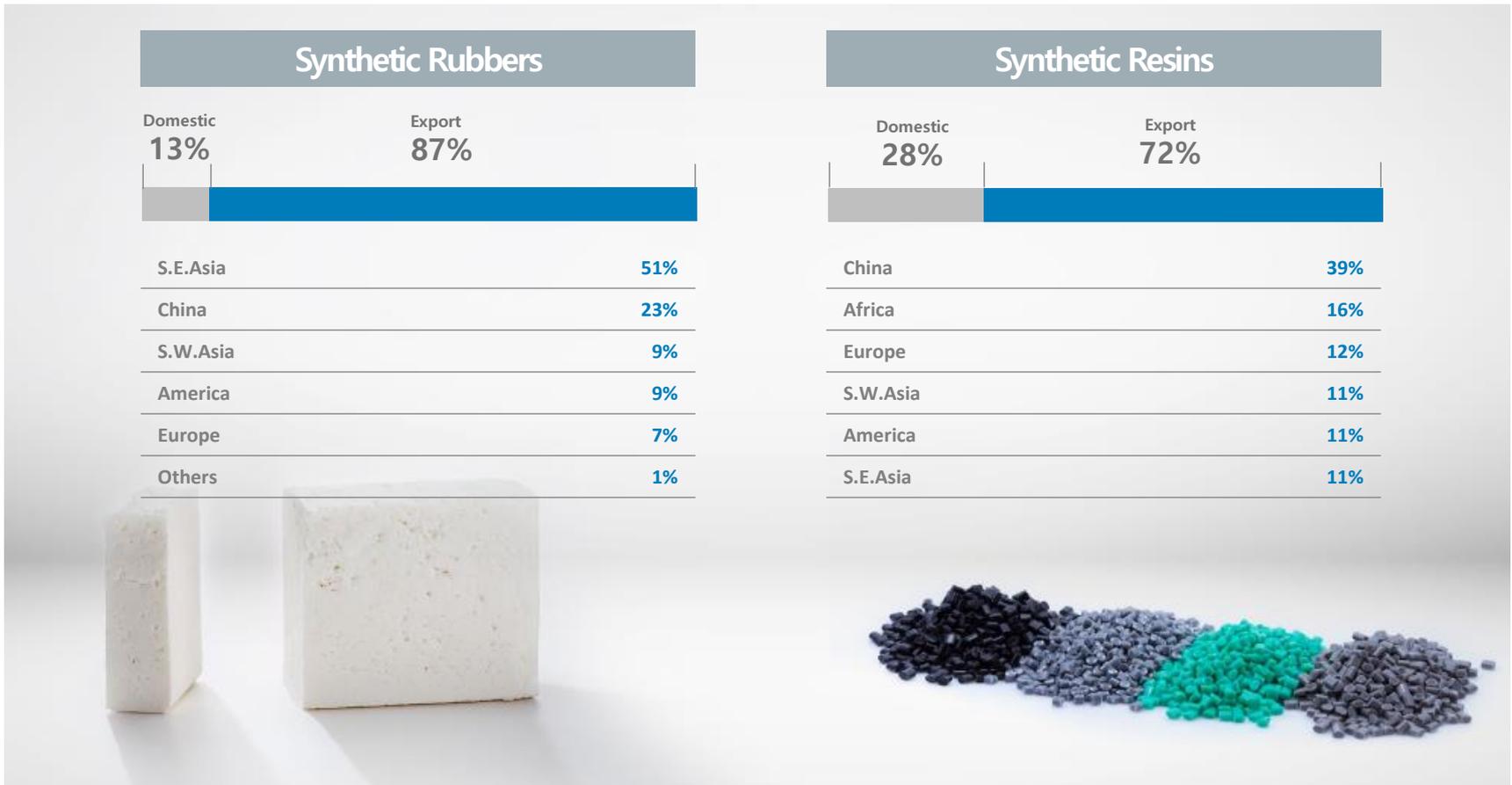
## Production Capacity (Affiliates)

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	207,000		Completion of LER(III) Expansion 60,000MT/Y, Mar, '22 Completion of LER(IV) Expansion 65,000MT/Y, July, '23
	<b>Total</b>	<b>2,717,000</b>		
Kumho Mitsui Chemicals	MDI	410,000	MT/Y	Completion of Expansion 200,000MT/Y, Dec, '23
	Aniline	20,000		
	<b>Total</b>	<b>430,000</b>		
Kumho Polychem	EP(D)M	230,000	MT/Y	Completion of Expansion 10,000MT/Y, June, '21 Completion of Expansion 10,000MT/Y, June, '22
	TPV/KEPA	12,000		
	<b>Total</b>	<b>242,000</b>		



# APPENDIX

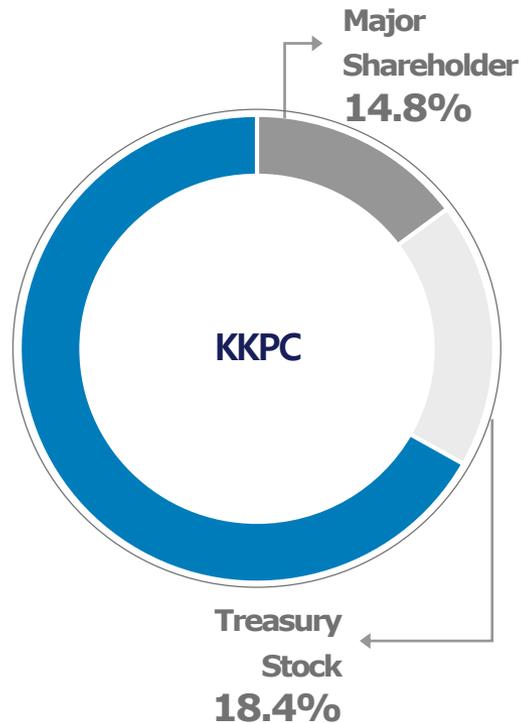
## Sales Breakdown & Export Share by Region



# 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 Polychem	<b>100.0%</b>
Kumho Mitsui Chemicals	<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, 2021.  
based on common shares



**Thank you**

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