



Other Businesses

In addition to our mainstay synthetic rubbers and resins businesses, we are involved in the phenol derivatives, specialty chemicals, electronic materials, building materials, and energy businesses. Specialty chemicals and electronic materials are used to facilitate manufacturing or enhance the properties of the final product. Our Hugreen line of building materials continues to grow rapidly. And the Yeosu Energy I and II cogeneration utilities at our Yeosu plant provide power and steam for our use as well as resale.

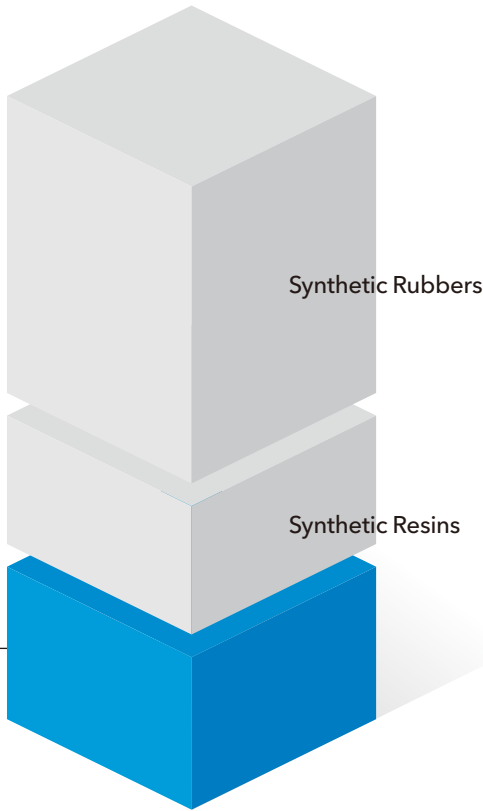


Other Businesses

Sales Revenue
In KRW Billions
1,557.1

Other Businesses
26.5% of total sales

- Phenol Derivatives**
Main Products
Phenol, Acetone, BPA, MIBK, Epoxy Resin
Key Applications
Home Appliances, Automobile Parts, Paint
- Specialty Chemicals**
Main Products
Vulcanization Accelerators, Antioxidants
Key Applications
Tires, Belts, Hoses, Electric Wire, Shoes, Paint for Ships
- Electronic Materials**
Main Products
Photoresist, BARC, PAG, PSPI, Sealant
Key Applications
Displays, Semiconductors
- Building Materials**
Main Products
Window Systems, Interior Materials
- Energy**
Main Products
Steam and Electricity



2012 Review

Accounting for 26.5% of overall sales in 2012, our other businesses—phenol derivatives, specialty chemicals, energy, electronic materials, and building materials—saw sales decline 7.0% to KRW 1,557.1 billion.

Our phenol derivatives business saw profitability weaken as operating rates fell due to rising feedstock prices and excessive inventories. Our specialty chemicals business saw its first loss in three years due to intensifying competition driven by the low-price strategy of certain competitors. Our electronic materials business saw sales shrink for the first time due to sales slump for existing products and delays in bringing new ones to market. Our building materials business reorganized its operations to refocus its efforts on its system window business, however it failed to turn a profit due to a sluggish construction market.

While the above businesses struggled during the year, our energy business saw both sales and operating income rise to set new records. The primary factors behind this improvement were increased steam sales to affiliate Kumho Mitsui Chemical following that company’s MDI expansion project as well as higher electricity rates. We also continued to invest in the construction of our first carbon nanotube plant, a new business we expect to drive future growth.

2013 Outlook

Our phenol derivatives business is expected to face growing competition as new BPA facilities come online. However, expanded capacity will give us world-class cost competitiveness and productivity, enabling us to ramp up marketing in the US, Latin America, and Europe. This as well as the resolution of anti-dumping and other trade issues will pave the way for stable growth.

Our specialty chemicals business will increase its feedstock self-supply ratio and diversify major feedstock supply channels to secure stable supplies and lay the foundation to win new business as it steps up cross-marketing with our insoluble sulfur plant in China. Our energy business will continue to optimize operations at both Yeosu Energy plants to meet increased demand for steam due to expansion projects at affiliates Kumho Mitsui Chemicals and Kumho Polychem. It will also diversify fuel sources to reduce costs and maximize profitability.

Our electronic materials business will aim to expand its market share as it looks to improve profitability by upgrading its quality competitiveness and productivity. Our building materials business will focus on improving the profitability of its PL window system business to accelerate this business’s shift to profitability.