

# INVESTOR RELATIONS

## 1Q, 2013

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1. 1Q, 2013 Overview
2. Main Business Activities
3. 2Q, 2013 Outlook
4. Appendices



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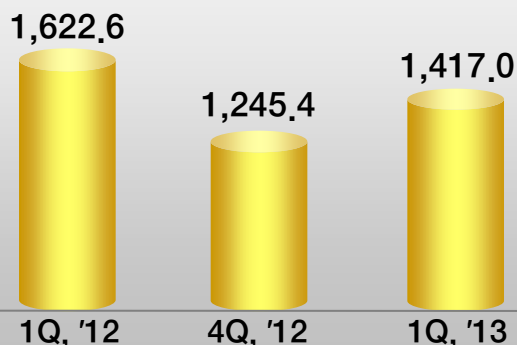
# 1Q, 2013 Overview

## Sales & Operating Income

- Sales increased by 13.8% over the previous quarter to KRW 1,417.0bn, but a decrease of 12.7% compared to the previous year
- Operating Income rose by 154.6% to KRW 77.9bn over the previous quarter, but a decrease of 36.1% compared to the previous year

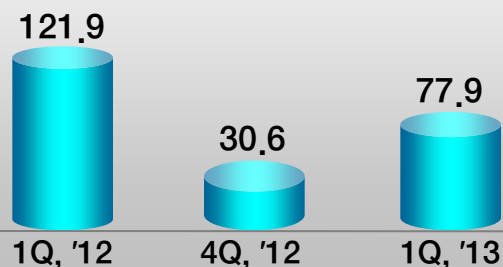
### Sales

Unit: KRW bn



### Operating Income

Unit: KRW bn



### 1Q, 2013 Performance

(Unit: KRW bn)

	1Q, '13	4Q, '12	1Q, '12	Rate of increase	
				QoQ	YoY
S a l e s	1,417.0	1,245.4	1,622.6	13.8%	-12.7%
[Syn. Rubbers]	680.1	617.4	870.8	10.2%	-21.9%
[Syn. Resins]	331.4	287.1	342.0	15.4%	-3.1%
[O t h e r s]	405.5	340.9	409.8	18.9%	-1.0%
Phenol Derivatives	276.9	215.2	289.9	28.7%	-4.5%
Specialty Chemicals	43.8	37.1	42.8	18.1%	2.3%
E n e r g y	42.5	41.9	44.5	1.4%	-4.5%
O t h e r s	42.3	46.7	32.6	-9.4%	29.8%
Operating Income	77.9	30.6	121.9	154.6%	-36.1%
[ % ]	5.5%	2.5%	7.5%	-	-
Income before Income Taxes	47.9	-52.6	132.3	-	-63.8%
N e t I n c o m e	34.3	-21.5	101.6	-	-66.2%
Gain/Loss on Valuation of Equity Method Investments	10.1	12.7	22.1	-20.5%	-54.3%

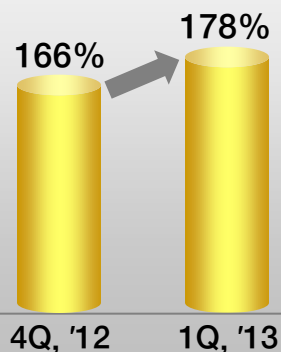
\* Net Income is based on controlling interests

# Financial Highlights

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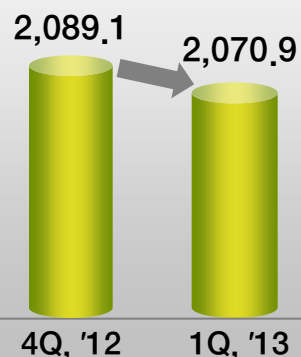
- Interest coverage ratio has improved due to an increase in profit, but simultaneously, a constant decrease in both liabilities and the interest cost

### Debt to Equity Ratio

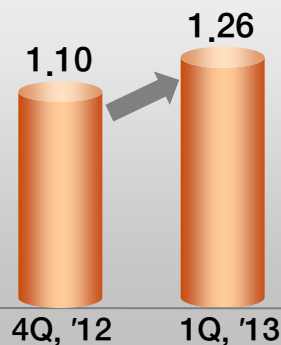


### Borrowings

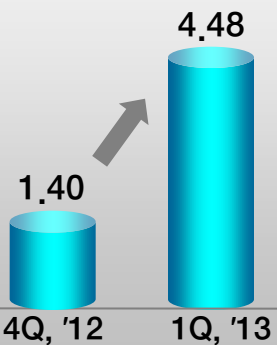
Unit: KRW billion



### Asset Turnover Ratio



### Interest Coverage Ratio



	Unit	1Q,'13	4Q,'12	1Q,'12	Rate of increase	
					QoQ	YoY
Assets	KRW bn	4,555.5	4,410.7	5,098.5	3.3%	-10.7%
Liabilities	KRW bn	2,919.4	2,752.4	3,491.1	6.1%	-16.4%
Shareholders' Equity	KRW bn	1,636.1	1,658.3	1,607.4	-1.3%	1.8%
Controlling Interests		1,523.3	1,547.7	1,496.4	-1.6%	1.8%
Non-Controlling Interests		112.8	110.6	111.0	2.0%	1.6%
Debt to Equity Ratio		178%	166%	217%	-	-
Borrowings	KRW bn	2,070.9	2,089.1	2,457.8	-0.9%	-15.7%
Won-Denominated		1,513.4	1,651.3	1,579.0	-8.4%	-4.2%
Foreign Currency-Denominated		557.5	437.8	878.8	27.3%	-36.6%
Asset Turnover Ratio		1.26	1.10	1.32	15.0%	-4.4%
Interest Coverage Ratio		4.48	1.40	4.26	220.4%	5.0%

# Performance Results for Synthetic Rubbers

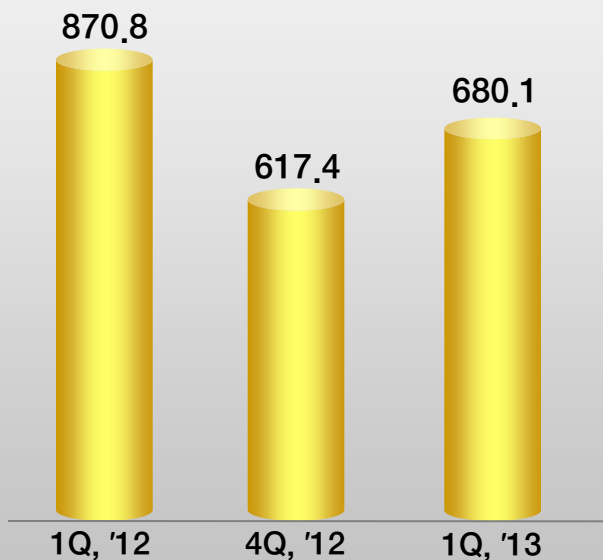
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## Synthetic Rubbers

- Sales increased by 10.2% over the previous quarter up to KRW 680.1bn (48.0% of total sales)
- Increased in sales and the profit margin due to the volume growth from the production expansion and by raising the selling price relative to the rise in the price of feedstock (BD)

### Sales

Unit: KRW bn



### 1Q, 2013 Performance

- Intensified fluctuation in BD price
  - Strong BD price has been sustained from the high expectation in the recovery of Chinese economy, however, it came to drop due to overstock storage within the area from the delay in recovery
  - BD price changes by region

(Unit: USD/ton)

	10.'12	11.'12	12.'12	01.'13	02.'13	03.'13
Asia	1,891	1,640	1,588	1,793	2,040	1,756
N. America	1,665	1,675	1,543	1,640	1,791	1,929
Europe	1,446	1,288	1,175	1,338	1,544	1,620

- Improvement in profitability of Synthetic Rubbers

- Profit margin rose due to the growth of sales volume from revamping capacity
- Profitability improved through increasing the selling price, reflecting the price increase of the feedstock

(Unit: USD/ton)

	10.'12	11.'12	12.'12	01.'13	02.'13	03.'13
SBR	2,395	2,279	2,150	2,228	2,284	2,261
BR	2,734	2,560	2,400	2,450	2,500	2,483

\* Source: ICIS/PLATTS 2012, 2013

# Performance Results for Synthetic Resins

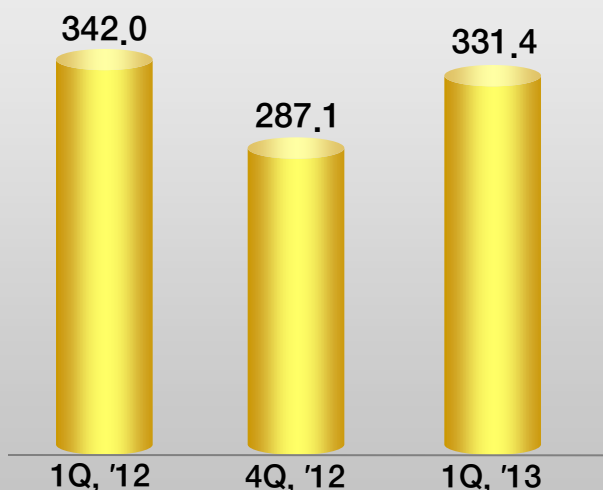
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## Synthetic Resins

- Sales increased by 15.4% over the previous quarter to KRW 331.4bn (23.4% of the total sales)
- Profitability improved from increasing the selling price in relative proportion to the price increase

### Sales

Unit: KRW bn



### 1Q, 2013 Performance

- Trends in feedstock (SM) price
  - Despite the price has been maintained strongly by the annual S/D and the difficulties faced by the Asian makers, low production rate in downstream resulted in dropping the feedstock price

(Unit :USD/ton, CFR China)

	10.'12	11.'12	12.'12	01.'13	02.'13	03.'13
SM	1,581	1,598	1,711	1,738	1,746	1,663

- Improvement in profitability of Synthetic Rubbers

- Sustained the profitability by increasing the selling price proportionally to the rise in the price of feedstock (SM/BD)

(Unit: USD/ton)

	10.'12	11.'12	12.'12	01.'13	02.'13	03.'13
PS	1,654	1,684	1,790	1,898	1,891	1,858
ABS	1,935	1,901	1,932	2,021	2,049	1,997

\* Source: PLATTS 2012, 2013

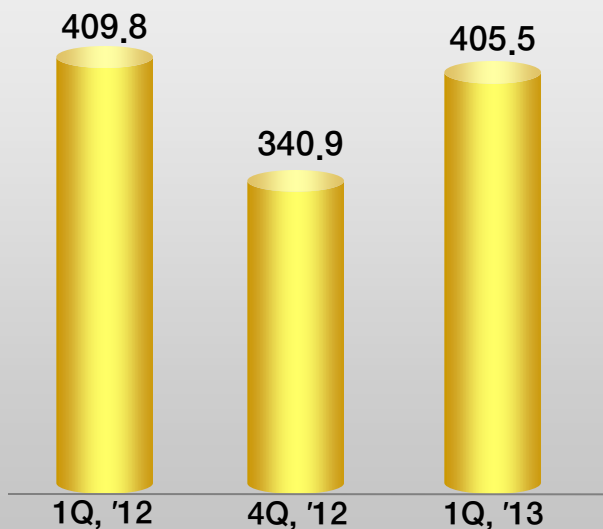
# Performance Results for Others

## Others

- Sales increased by 18.9% over the previous quarter to KRW 405.5bn (28.6% of total sales)
- Phenol Derivatives: Profitability improved through decreasing the feedstock price and maintaining the selling price from tight supplies

### Sales

Unit: KRW bn



### 1Q, 2013 Performance

- Phenol Derivatives
  - Fall in feedstock (Benzene) price as a result of low production rate in downstream
  - Profitability has been recovered by annual S/D and tight supplies within the area
- Energy
  - The unit cost of steam dropped due to the fall in oil price
  - The unit cost of electricity decreased slightly and sustained the level by well-balancing the supply and the demand of electricity

# Main Business Activities

## ● New Leap of Phenol Derivatives

- Revamping capacity for the World's No.5 Maker of BPA Capacity

(Unit: 1000MT/Y, KRW bn)

	Revamping Capacity	Completion	Investment	Note
BPA	150	Jul. '13	110.0	-No.1:SABIC(1,230) -No.2:Bayer(1,180) -No.3:Nanya(550) -No.4:Mitsui(505) -No.5:KPB(430)
MIBK	25	Dec. '12	18.1	
Epoxy Resin	70	Aug. '13	23.9	
Phenol	300	Apr. '15	220.0	
Acetone	185			
Cumene	460			
Total	1,190		372.0	

## ● Expansion of Energy Business: New Yeosu Energy II

- Expanding Capacity: Steam 800T/H, Electricity 145MWH
  - Purpose: Steady supply of utilities to newly created plants and businesses of KKPC and its affiliates
  - Expectation: Saving costs of imported energy and being competent in prices by substituting bituminous coal with solid fuel extracted from wasted tires
  - Total Investment: KRW 425.8bn



# 2Q, 2013 Outlook

## ● Synthetic Rubbers

- Demand for the Synthetic rubbers are expected to increase slightly over the previous quarter based on the outlook of recovery in the demand of RE tire market in North America
- Profitability is forecasted to be improved due to the increase in sales volume from revamping capacity and expanding the spread between the feedstock price and the selling price of unit despite the annual S/D in April
- BD price is expected to rebound through the annual S/D of NCC suppliers and the initiation of feedstock exportation in the areas such as EU & N. America. However, the sensitivity in the price increase will purely be depended on the downstream of demand

## ● Synthetic Resin

- Demand is forecasted to rise mainly for seasonal appliances
- Profitability is estimated to be enhanced through diversifying the exporting regions as well as increasing the sales of high marginal products
- Level of SM price is expected to decrease slightly and sustain its level through the fall in supply from annual S/D

## ● Others

- Phenol Derivatives
  - Improvement in profitability would be restrained by the weak demand from slow recovery of production rate in downstream and overstocks



# Income Statement

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(Unit: KRW bn)

	1Q, '13	4Q, '12	1Q, '12	Rate of increase			
				QoQ		YoY	
				Amount	Rate	Amount	Rate
Sales	1,417.0	1,245.4	1,622.6	171.6	13.8%	-205.6	-12.7%
Operating Income	77.9	30.6	121.9	47.3	154.6%	-44.0	-36.1%
(Operating Margin)	5.5%	2.5%	7.5%	3.0%p	-	-2.0%p	-
Net Interest Expense	31.5	2.5	19.1	29.0	1160.0%	12.4	64.9%
Gain/Loss on Valuation of Equity Method Investments	10.1	12.7	22.1	-2.6	-20.5%	-12.0	-54.3%
Income before Income Taxes	47.9	-52.6	132.3	100.5	-	-84.4	-63.8%
(Ordinary Income Margin)	3.4%	-4.2%	8.2%	7.6%p	-	-4.8%p	-
Net Income	34.3	-21.5	101.6	55.7	-	-67.3	-66.2%
(Net Income Margin)	2.4%	-1.7%	6.3%	4.1%p	-	-3.8%p	-

\* Net Income is based on controlling interests

# Balance Sheet

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(Unit: KRW bn)

	1Q, '13	4Q, '12	1Q, '12	Rate of increase	
				QoQ	YoY
1. Current Assets	1,612.0	1,490.1	2,384.9	121.9	-772.9
- Cash	208.6	246.2	471.4	-37.6	-262.8
2. Non-Current Assets	2,943.5	2,920.6	2,713.6	22.9	229.9
<b>Total Assets</b>	<b>4,555.5</b>	<b>4,410.7</b>	<b>5,098.5</b>	<b>144.8</b>	<b>-543.0</b>
1. Current Liabilities	1,536.1	1,438.5	3,022.0	97.6	-1,485.9
2. Non-Current Liabilities	1,383.3	1,313.9	469.1	69.4	914.2
■ Interest Bearing Liabilities	2,070.9	2,089.1	2,457.8	-18.2	-386.9
- Short-Term Debts	806.5	879.0	2,093.7	-72.5	-1,287.2
- Long-Term Debts	1,264.4	1,210.1	364.1	54.3	900.3
■ Non-Interest Bearing Liabilities	848.5	663.3	1,033.3	185.2	-184.8
<b>Total Liabilities</b>	<b>2,919.4</b>	<b>2,752.4</b>	<b>3,491.1</b>	<b>167.0</b>	<b>-571.7</b>
1. Common & Preferred Stock	167.5	167.5	142.2	-	25.3
<b>Total Shareholder Equity</b>	<b>1,636.1</b>	<b>1,658.3</b>	<b>1,607.4</b>	<b>-22.2</b>	<b>28.7</b>
<b>Net Debt Ratio</b>	<b>40.9%</b>	<b>41.8%</b>	<b>39.0%</b>	<b>-0.9%p</b>	<b>1.9%p</b>
<b>Long-Term Debts to Total Debts Ratio</b>	<b>61.1%</b>	<b>57.9%</b>	<b>14.8%</b>	<b>3.1%p</b>	<b>46.2%p</b>
<b>Current Ratio</b>	<b>104.9%</b>	<b>103.6%</b>	<b>78.9%</b>	<b>1.4%p</b>	<b>26.0%p</b>
<b>Total Liabilities to Equity Ratio</b>	<b>178.4%</b>	<b>166.0%</b>	<b>217.2%</b>	<b>12.5%p</b>	<b>-38.8%p</b>

# Production Capacity(KKPC)

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	Product	Capacity	Unit	Note
Synthetic Rubbers	SBR	481,000	MT/Y	Completion of Expansion : 110,000MT/Y(Ulsan), Sep. '12
	HBR	284,000		
	LBR	43,000		
	S-SBR	60,000		Completion of Expansion : 60,000MT/Y(Yeosu), Nov. '12
	NdBR	36,000		
	NBR	50,000		
	HSR	10,000		
	NBR Latex	140,000		
	SB Latex	70,000		
	SBS	70,000		
	Total	1,244,000		
Synthetic Resins	PS	230,000	MT/Y	
	ABS	250,000		
	EPS	75,000		
	PPG	80,000		
	Total	635,000		
Specialty Chemicals	Antioxidants	80,300	MT/Y	
Energy	Steam	910	T/H	Completion of Expansion : Steam 800T/H & Electricity 145MWH, in 2015
	Electricity	155	MWH	
BD	Ulsan Plant	90,000	MT/Y	
	Yeosu Plant	147,000		
	Total	237,000		

# Production Capacity(Affiliates)

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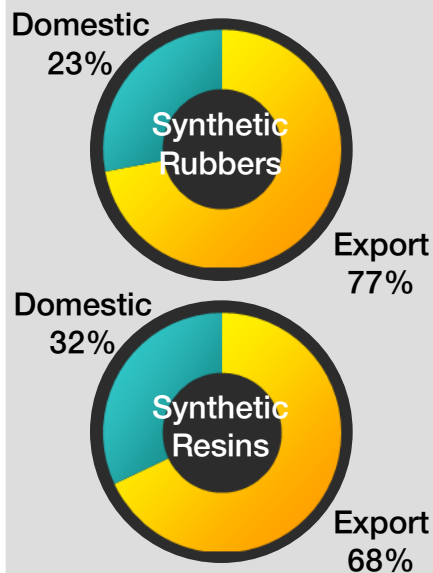
	Product	Capa.	Unit	Note
Kumho P&B Chemical	Phenol	380,000	MT/Y	Completion of Expansion: 300,000MT/Y, Apr. '15
	Acetone	235,000		Completion of Expansion: 185,000MT/Y, Apr. '15
	MIBK	55,000		Completion of Expansion: 25,000MT/Y, Dec. '12
	Cumene	440,000		Completion of Expansion: 460,000MT/Y, Apr. '15
	BPA	280,000		Completion of Expansion: 150,000MT/Y, Jul. '13
	Epoxy Resin	90,000		Completion of Expansion: 70,000MT/Y, Aug. '13
	Total	1,480,000		
Kumho Polychem	EP(D)M	100,000	MT/Y	Completion of Expansion: 60,000MT/Y, 2Q, '13
	TPV	7,000		
	Total	107,000		
Kumho Mitsui Chemicals	MOF	200,000	MT/Y	Completion of Expansion: 50,000MT/Y, Jun. '12
	Aniline	2,000		
	Total	202,000		

# Sales Status

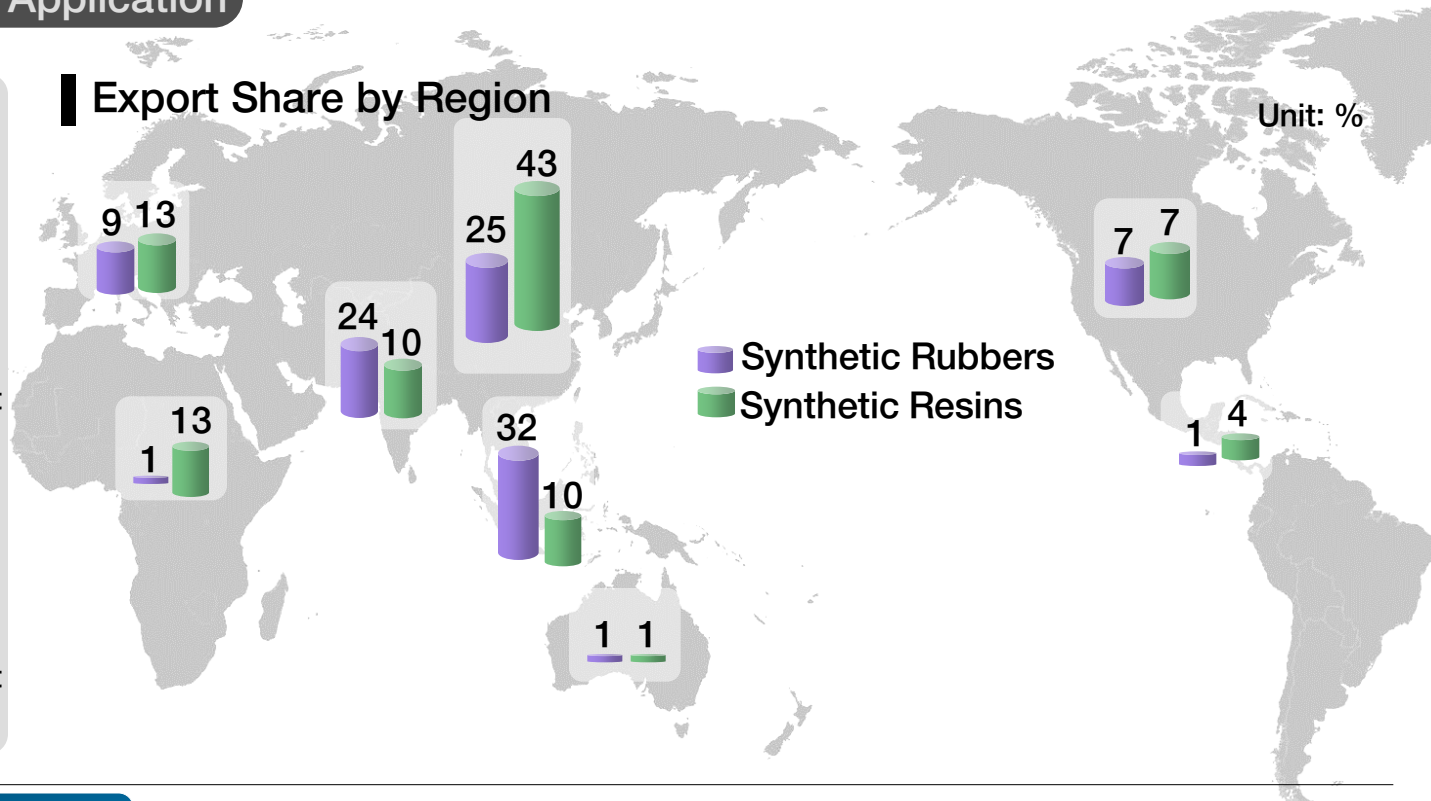
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## Sales by Region & Application

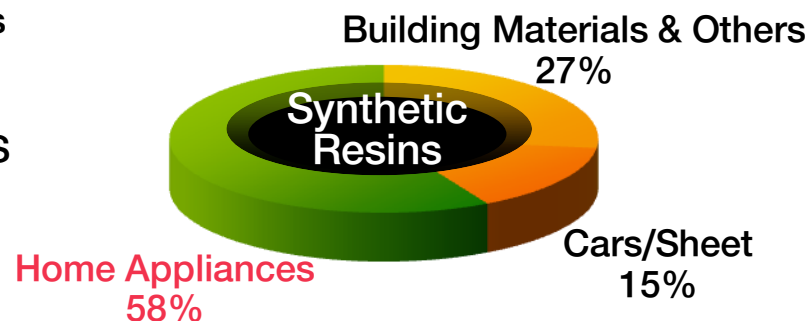
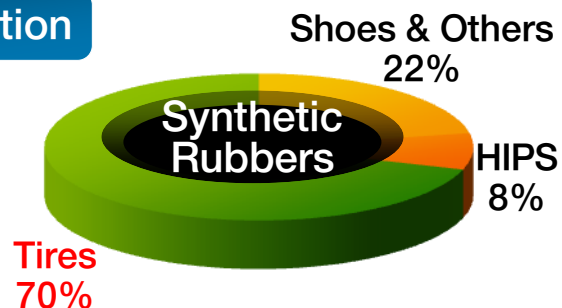
### 1Q, '13 Sales proportion



### Export Share by Region

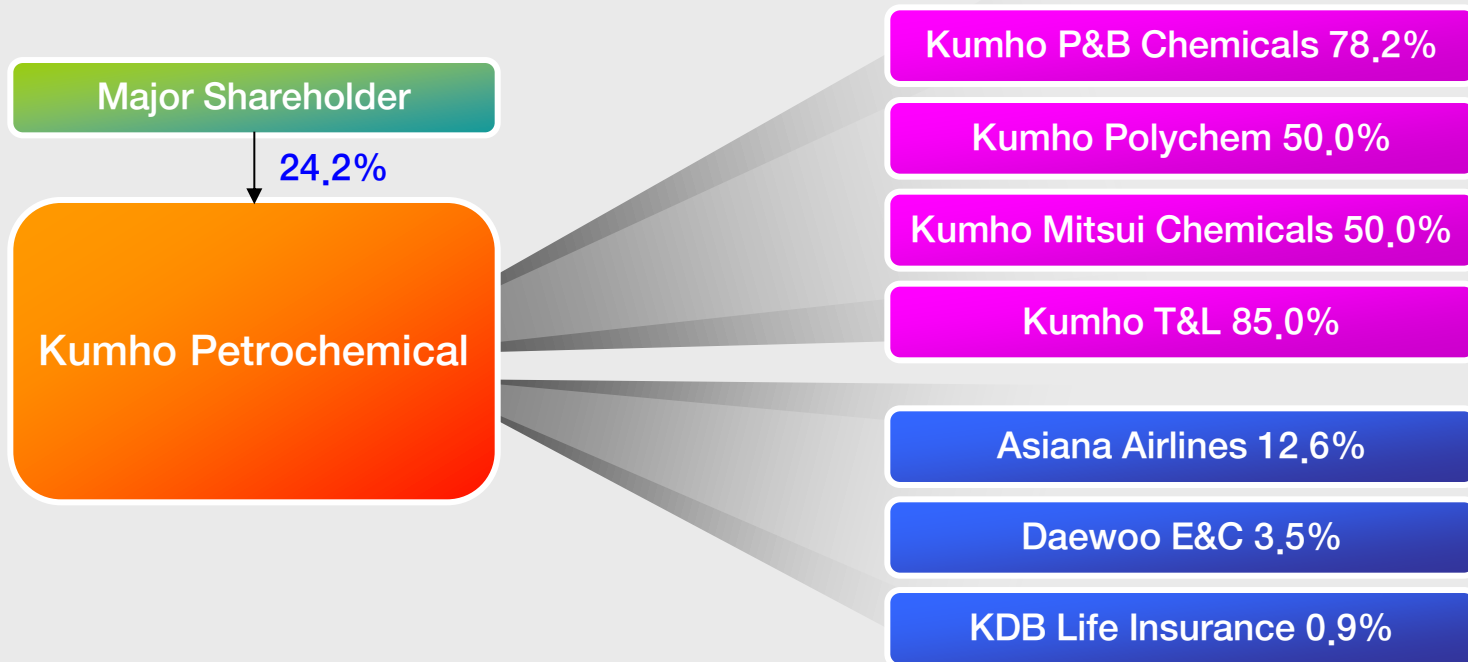


### Sales Share by Application



# Investments in affiliates

※ As of 31st Mar, 2013,  
Based on common shares



Q & A