



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.

A large industrial facility, likely a refinery or petrochemical plant, is shown under a blue sky with scattered clouds. In the foreground, a worker in a white hard hat and safety gear stands on a metal platform next to a tall, cylindrical industrial vessel. The background features a complex network of pipes, tanks, and distillation columns, with mountains visible in the distance.

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Contents

- 01.** 2Q 2020 Business Results
- 02.** Divisional Results
- 03.** Appendix

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

Financial Ratios

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

Divisional Results & Outlook

Synthetic Rubbers

36.1%
of total sales



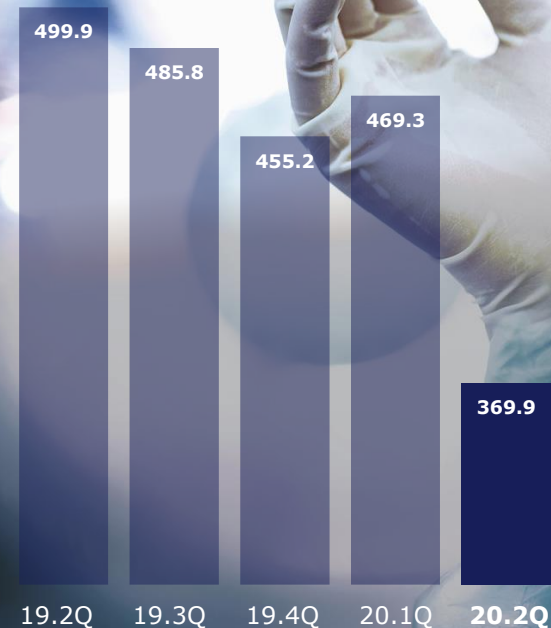
2Q Earnings Review

- 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

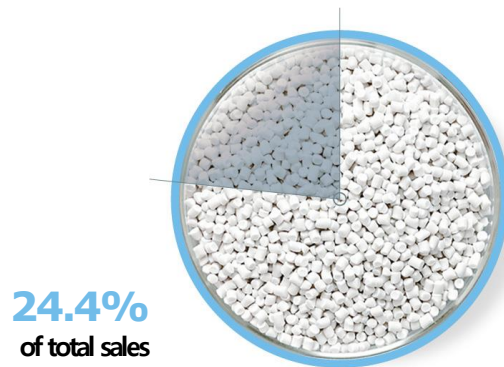
- BD: The price is forecasted to be rebound due to high usage of light feed cracking and reduced supply in the region.
- Demand recovery is expected due to restart of tire companies.

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.

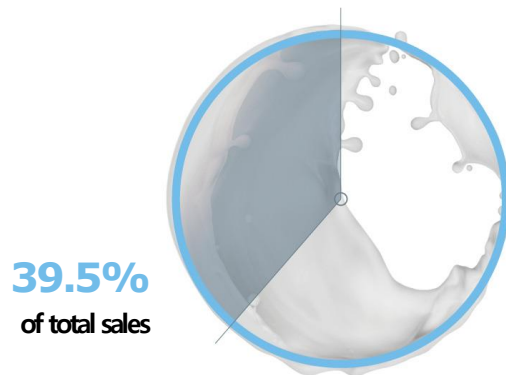
3Q Outlook

- 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

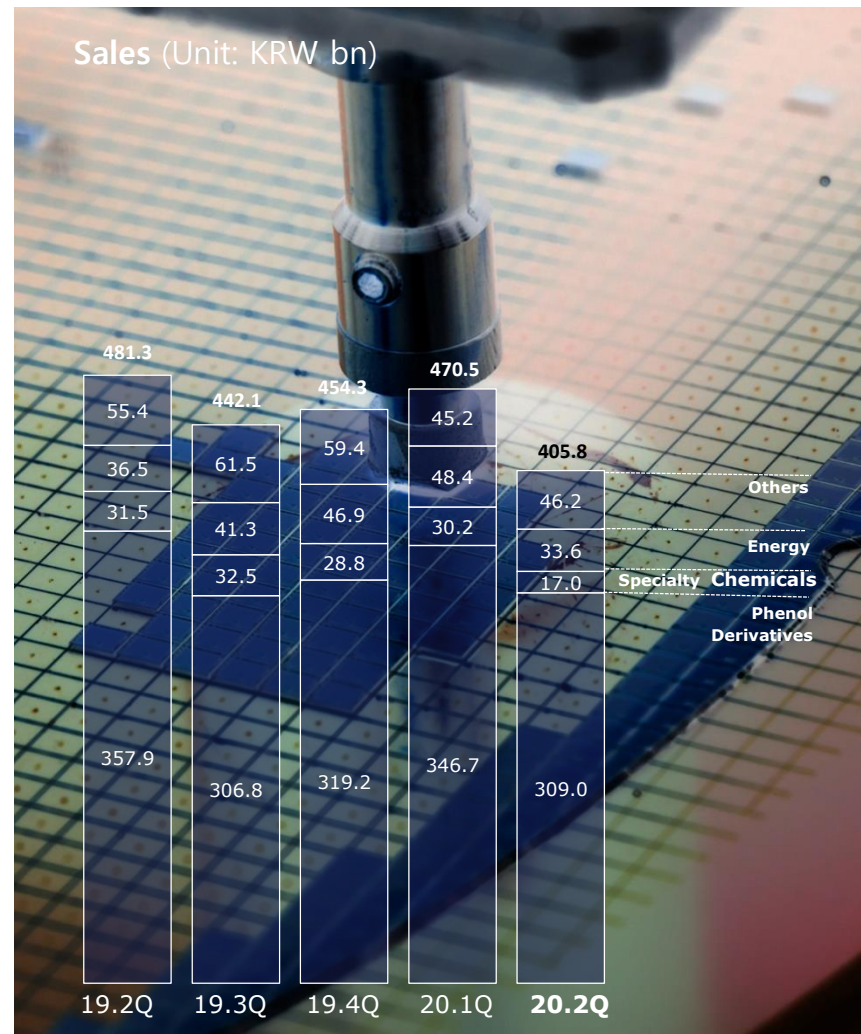


2Q Earnings Review

- 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	1,026.2			2,251.7
Operating Profit	143.5	138.1	68.7	15.9	366.2	133.1	120.1			253.2
Net Interest Expense	14.7	15.2	15.3	3.8	49.0	13.0	6.4			19.4
Equity Income	10.2	10.4	11.3	7.1	39.0	9.5	10.1			19.6
Pre-tax Income	142.8	149.7	68.8	16.6	377.8	139.0	126.6			265.6
Net Income	113.9	115.2	47.6	17.9	294.6	127.5	99.8			227.3

* 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		
		LBR		
	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
	Total	1,569,800		
Synthetic Resins	PS	239,000	MT/Y	
	ABS	250,000		
	SAN/Pwd	181,000		
	EPS	80,000		
	PPG	144,000		
	Total	894,000		
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		
	Total	237,000		



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
	Total	2,717,000		
Kumho Mitsui Chemicals	MDI	410,000	MT/Y	Completion of Expansion 60,000MT/Y, 2H, '19
	Aniline	20,000		
	Total	430,000		
Kumho Polychem	EP(D)M	220,000	MT/Y	
	TPV/KEPA	12,000		
	Total	232,000		



APPENDIX

Sales Breakdown & Export Share by Region

Synthetic Rubbers

Domestic
13%

Export
87%

S.E.Asia	55%
China	23%
America	7%
Europe	7%
S.W.Asia	6%
Others	2%



Synthetic Resins

Domestic
35%

Export
65%

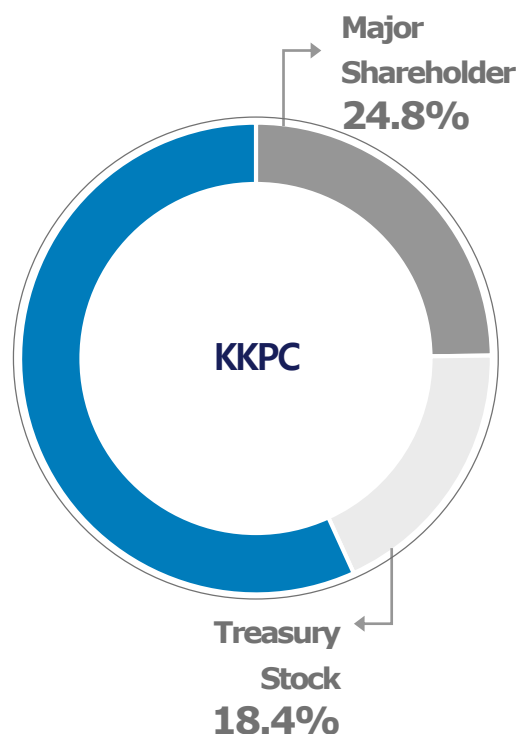
China	41%
Africa	16%
S.W.Asia	12%
S.E.Asia	12%
Europe	12%
America	7%



APPENDIX

Investment Shares & Asset available for sale

Asset available for sale	
Asiana Airlines	11.0%
Daewoo E&C	3.4%
KDB Life Insurance	0.4%



Investments in Affiliates	
Kumho P&B Chemicals	100.0%
Kumho Mitsui Chemicals	50.0%
Kumho Polychem	50.0%
Kumho Terminal & Logistics	100.0%
Korea Energy Power Plants	96.1%

* As of 30th June, 2020.
based on common shares



Thank you

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