

## 2014 Overview

In 2014, weaker-than-expected economic recovery in Europe, concerns about the possible exit of Greece from the Eurozone, and conflict between the Russia and Ukraine led to growing concerns about the Eurozone economy. This, combined with sluggish growth in China, contributed to the continued stagnation of the global economy.

Beyond the decline in demand brought on by the sluggish economy, our synthetic rubbers business faced a deteriorating market environment as aggressive capacity expansion in emerging markets increased their ability to meet their own needs, further intensifying competition. The dramatic drop in international oil prices in the second half of the year sparked volatility in both feedstock and product prices, leading to shrinking demand, falling prices, and lower sales.

In contrast, our synthetic resins business experienced dramatic growth in sales and profitability, benefitting from balanced supply and demand in the market and strong prices for key feedstock styrene monomer.

Our phenol derivatives business also enjoyed improved profitability thanks to a supply adjustment, enabling that business to return to the black.

We closed 2014 with consolidated sales of KRW 4,766 billion, a 7.1% year-on-year decline. Operating income jumped 37.7% to KRW 185 billion. In terms of financial structure, we were able to maintain our debt-to-equity ratio at roughly the same level as 2013 despite a large-scale investment now underway to expand the capacity of our Yeosu Energy II plant by 2016 thanks to the liquidity generated by operating activities.

These results were made possible by the stable and safe operations of our production facilities. Most notably, our Yeosu plant surpassed its longest period of accident-free operation in 2014, marking its 11th year. This performance was even more significant due to the interrelated nature of safety, stable operations, and the environment.

### Sales by Market //



### Exports by Region //

