

## Synthetic Resins

Sales in our synthetic resins business declined 1.7% to KRW 1,325 billion in 2014. Our key focus for 2015 will be on expanding sales of commodity-grade products, strengthening our sales base, and securing a stable supply of feedstocks.

**Review //** Synthetic resins accounted for 27.8% of total consolidated sales in 2014. This business experienced a 1.7% decline in sales to KRW 1,325 billion.

Although falling international oil prices contributed to lower selling prices, our profitability rose thanks to the continued balance in supply-demand for ABS (acrylonitrile butadiene styrene) and other synthetic resins. Unlike other chemicals, steady demand for these products and strong prices for feedstock SM (styrene monomer) made them less susceptible to downward price pressure. Improved profitability here translated into higher overall profitability for the company.

In July 2014, we successfully completed a 55,000 mtpy expansion project of our PPG (polypropylene glycol) plant. Thanks to timing that coincided with a market upturn and improved economies of scale, the project elevated our competitiveness to the next level. This, combined with flexible inventory management, enabled us to effectively meet our sales targets to maximize profitability.

**Outlook //** The supply-demand balance in the synthetic resins market is projected to continue in 2015. Producers are expected to operate at the same levels of production, and there are no concerns about new capacity coming online. Styrene monomer prices are expected to stay strong as producers conduct scheduled maintenance shutdowns throughout the year. Demand for synthetic resins is expected to be steady with prices holding stable or rising slightly.

Our key focus in 2015 will be to ensure that our synthetic resins business continues to generate solid profitability. We will be building a solid platform for sales in international markets by expanding into new geographical regions, expanding sales of commodity-grade products, and upgrading our customer management capabilities. We will also focus on sales of strategic high-margin products to further bolster our bottom line. With supplies of styrene monomer expected to be tight, we will also continue to focus on securing the volume we need by continually monitoring market inventory to minimize price fluctuations and ensure a stable supply of this key feedstock.

## Sales Revenue

In KRW Billions

# 1,325

27.8% of total sales

### Main Products //

ABS, EP, SAN, PS, EPS,  
ENERPOR, PPG

### Key Applications //

Automobile Parts,  
Home Appliances,  
Beverage Containers,  
Sporting Goods,  
Office Supplies,  
Building Materials,  
Synthetic Wood

### Major Customers //

Samsung Electronics,  
LG Electronics, Sharp,  
Hyundai Motor, GM Korea,  
Canon, Kingfa, Haier, Kelon,  
Sabic, Korea Yakult

