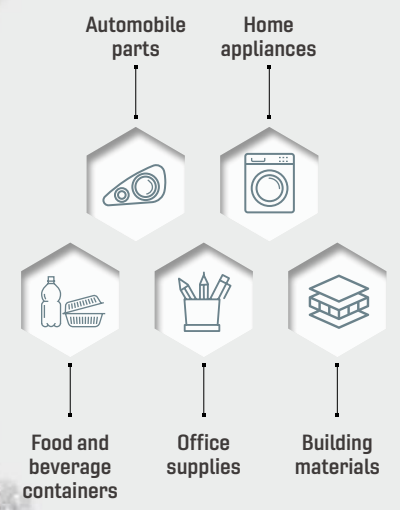


# SYNTHETIC RESINS



Profitability in synthetic resin business in 2018 was sluggish due to the US-China trade conflict, and the resulting weak demand and falling product prices. In the future, however, we will improve our competitiveness by focusing on long-term profitability.

## 2018 REVIEW

Our synthetic resin business accounts for 21.9% of total consolidated sales, with sales of KRW 1,225.7 billion in 2018, up 1.7% year-on-year. Profitability, however, decreased.

The oversupply of synthetic resins across the globe continued in 2018 as in 2017. In the first half of the year, product prices rose thanks to strong demand backed by oil price rise despite considerable volatility caused by an unexpected issue at a feedstock plant. However, in the second half of the year, increased uncertainty caused by the US-China trade conflict led to sluggish demand from China, which in turn led to falling product prices and a difficult business environment.

## 2019 OUTLOOK

Continuing oversupply in the global synthetic resin market is expected in 2019. In particular for ABS, there will be greater oversupply as the slowing global economy drives down demand, combined with expanding capacity in some regions. Both oil and feedstock prices are forecast to decline to below the average annual prices for 2018. However, there are still considerable uncertainties in the global economy, including the US-China trade conflict, and these will greatly affect future market conditions. KKPC will strive to increase sales and profitability by actively responding to changes in market conditions, both in Korea and overseas.

### KEY PRODUCTS

PS, ABS, EP, SAN, EPS, Enerpor, PPG

### KEY APPLICATIONS

Automobile parts, Home appliances, Food and beverage containers, Office supplies, Building materials

### MAJOR CUSTOMERS

Hyundai Motor Company, Kia Motors, GM Korea, Korea Yakult, Namyang Dairy Products, Samsung Electronics, LG Electronics, Dongbu Daewoo Electronics, Kingfa, Sabic, Haier, Arcelik, Vestel, KCC



### PORTION TO TOTAL SALES IN 2018

21.9%

### SALES (Unit: KRW billion)

