



Nov 3, 2023

# 3Q 2023 Earnings Release

KUMHO PETROCHEMICAL



The business result for the 3rd quarter of 2023 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 petrochemical plant, is shown under a blue sky with scattered white clouds. In the foreground, a worker wearing a white hard hat and a dark jacket stands on a metal platform next to a tall, cylindrical, corrugated metal tower. The worker is looking through binoculars. The background features a complex network of pipes, tanks, and structures, with mountains visible in the distance. The overall scene is brightly lit, suggesting a clear day.

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# 3Q 2023 Business Results

## Income Statements

(Unit: KRW bn)

Classification	23.3Q	23.2Q	QoQ	22.3Q	YoY
Sales	1,507.0	1,578.1	-4.5%	1,887.1	-20.1%
Operating Profit	84.2 (5.6%)	107.9 (6.8%)	-22.0%	230.5 (12.2%)	-63.5%
EBITDA	144.6 (9.6%)	166.8 (10.6%)	-13.3%	289.0 (15.3%)	-50.0%
Pre-tax Income	115.8 (7.7%)	140.5 (8.9%)	-17.6%	280.0 (14.8%)	-58.6%
Net Income	103.6 (6.9%)	117.3 (7.4%)	-11.7%	210.8 (11.2%)	-50.9%
Equity Income	26.5	23.9	10.9%	24.2	9.5%

\* Net Income is based on Controlling interests.

# 3Q 2023 Business Results

## Balance Sheet

(Unit: KRW bn)

Classification	23.3Q	22 (End)	Change
<b>Asset</b> (Cash and equivalents)	7,941.4 (604.3)	7,719.2 (567.3)	2.9% (6.5%)
<b>Liabilities</b> (Debt)	2,207.0 (772.8)	2,065.8 (728.8)	6.8% (6.0%)
<b>Shareholder's Equity</b>	5,734.4	5,653.4	1.4%
<b>Liabilities/ Equity (%)</b>	38.5%	36.5%	1.9%p

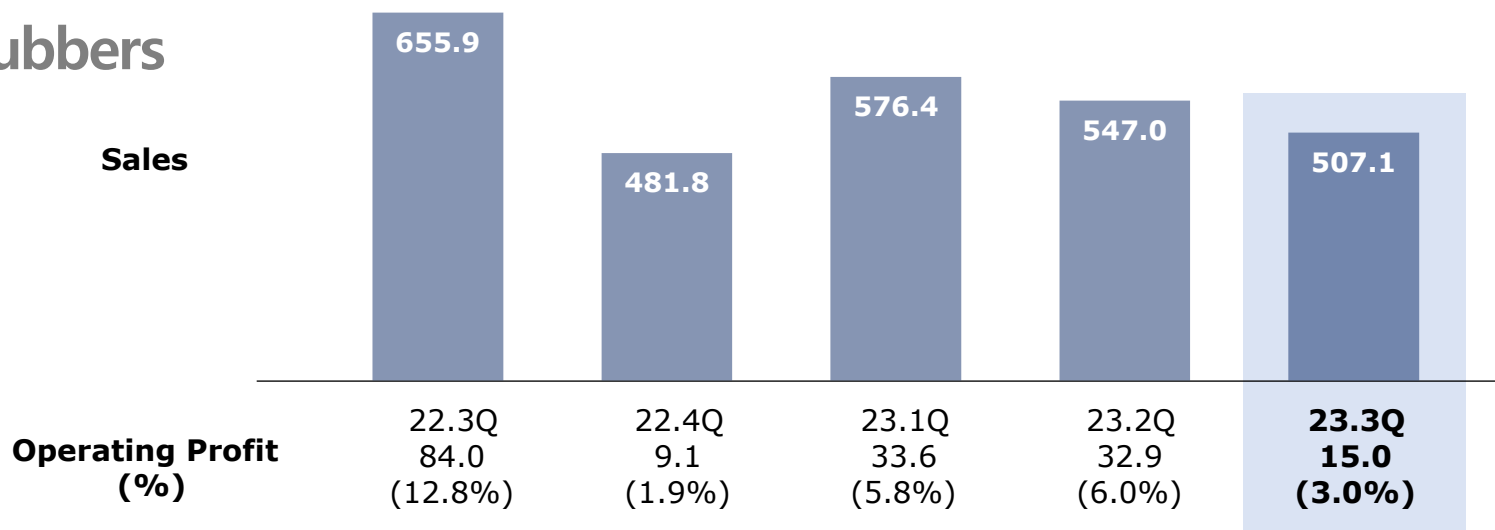
## Financial Ratios

Classification	23.3Q	22 (End)	Change
<b>Debt/Equity</b>	13.5%	12.9%	0.6%p
<b>Net Debt /Equity</b>	2.9%	2.9%	0.1%p
<b>Interest Coverage Ratio (x)</b>	12.8	39.3	-26.5
<b>ROE</b>	8.3%	19.1%	-10.8%p
<b>ROA</b>	6.0%	13.0%	-7.0%p

# Divisional Results & Outlook

(Unit: KRW bn)

## Synthetic Rubbers



### 3Q Earnings Review

- Due to weak demand in downstream industries, sales price increases was insufficient compared to raw material price increases, and sales and profitability decreased.
- NB Latex profitability declined due to intensifying supplier competition.

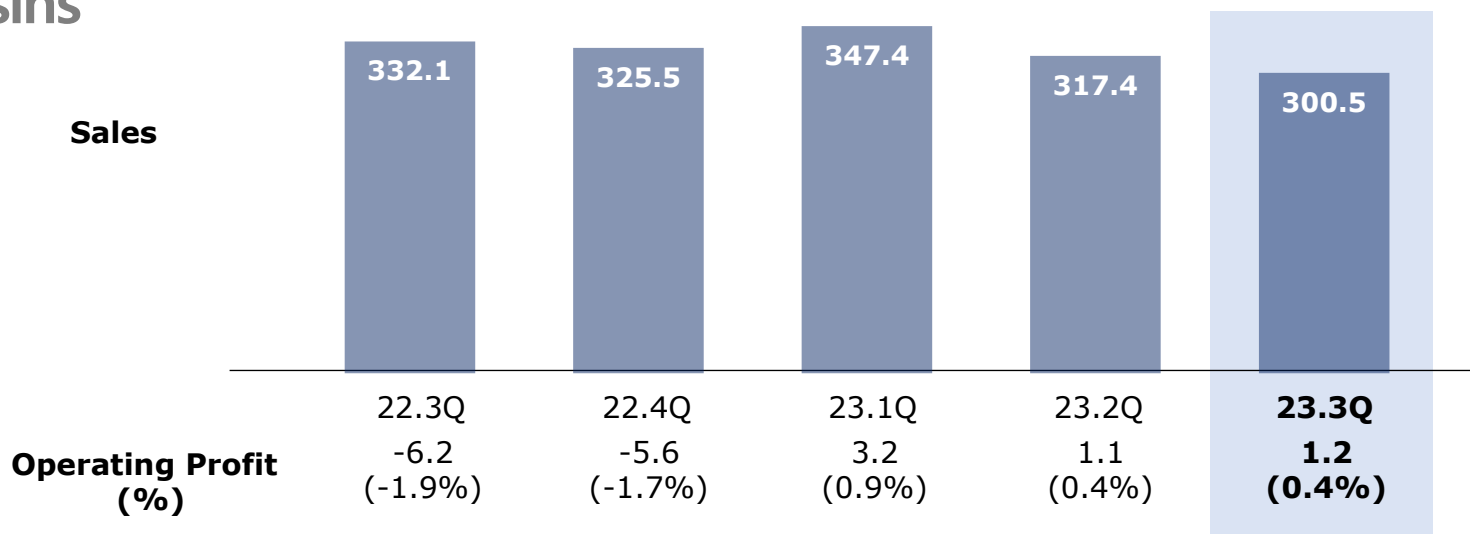
### 4Q Outlook

- BD: By adjusting the cracker operation rate and increasing light feed input, production is limited, but the price is expected to remain weak due to uncertainty in demand.
- Product demand is expected to continue to be sluggish, but profitability will be improved by strengthening the portfolio by market/product.

# Divisional Results & Outlook

(Unit: KRW bn)

## Synthetic Resins



### 3Q Earnings Review

- Product price increases were limited due to sluggish demand and new ABS volume from China.

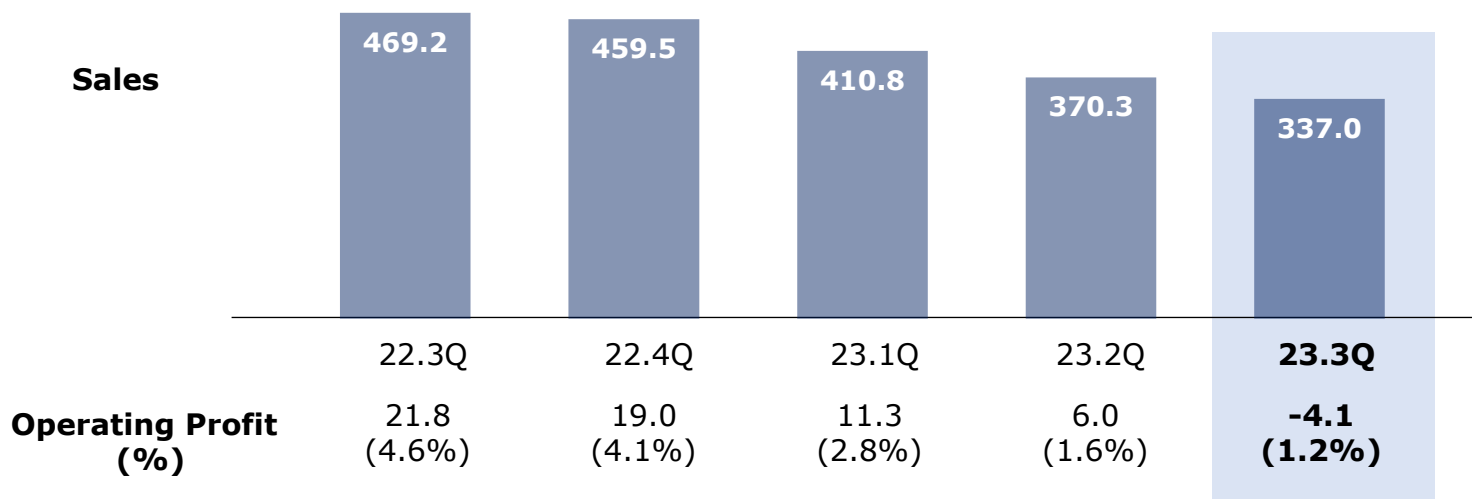
### 4Q Outlook

- SM: The price is expected to remain weak due to inflow of new factory volumes from China.
- Market prices are expected to weaken due to concerns about economic downturn and sluggish demand.

# Divisional Results & Outlook

(Unit: KRW bn)

## Phenol Derivatives



### 3Q Earnings Review

- Decreased sales and profitability due to delayed recovery in demand for major products.

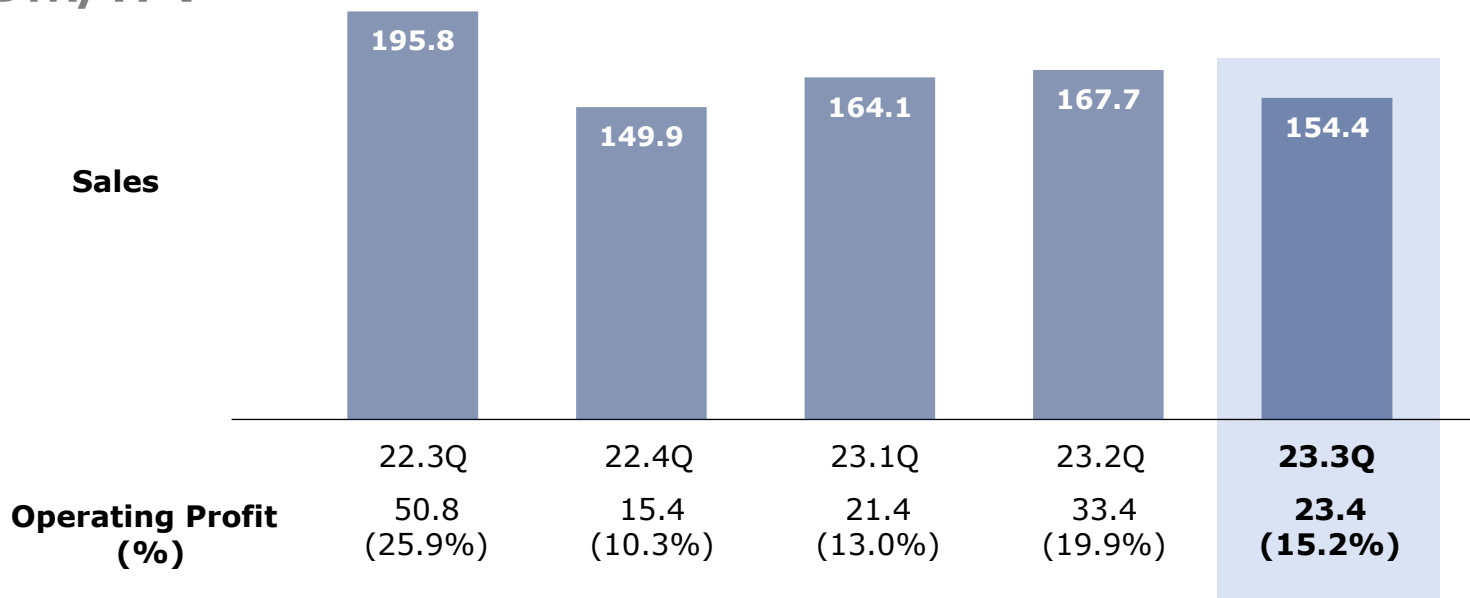
### 4Q Outlook

- Sales volume is expected to decrease slightly due to regular maintenance, but protect profitability by adjusting sales volume of products.

# Divisional Results & Outlook

(Unit: KRW bn)

## EPDM/TPV



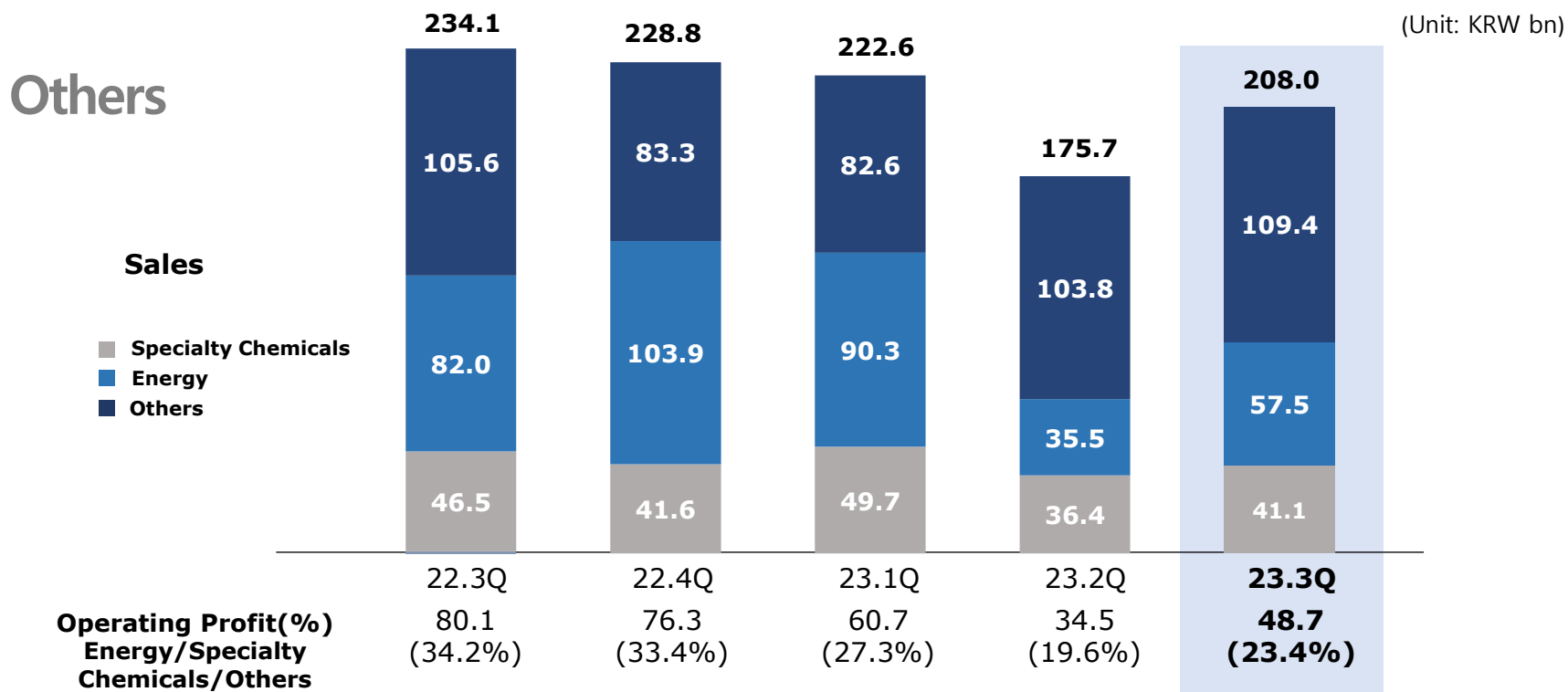
### 3Q Earnings Review

- Product spreads narrowed due to weak demand during off-season and profitability decreased.

### 4Q Outlook

- Sales volume will increase compared to the previous quarter, but profitability is expected to slightly decrease due to regular maintenance and operation rate adjustment.

# Divisional Results & Outlook



## 3Q Earnings Review

- Energy: Improved profitability due to increased sales despite a slight decline in SMP.

## 4Q Outlook

- Energy: Sales volume and profitability are expected to remain similar to the previous quarter.

# APPENDIX

## Quarterly Performance

(Unit: KRW bn)

Classification	2022					2023				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,199.1	2,243.9	1,887.1	1,645.5	<b>7,975.6</b>	1,721.3	1,578.1	1,507.0		<b>4,806.4</b>
Operating Profit	449.1	353.9	230.5	114.2	<b>1,147.7</b>	130.2	107.9	84.2		<b>322.3</b>
Net Interest Expense	1.1	1.9	-5.0	13.3	<b>11.3</b>	-5.2	-0.1	-3.2		<b>-8.5</b>
Equity Income	49.3	21.0	24.2	23.3	<b>117.8</b>	22.0	23.9	26.5		<b>72.4</b>
Pre-tax Income	503.7	387.4	280.0	80.5	<b>1,251.6</b>	168.5	140.5	115.8		<b>424.8</b>
Net Income	373.2	286.9	210.8	154.6	<b>1,025.5</b>	132.6	117.3	103.6		<b>353.5</b>

\* Net Income is based on Controlling interests.

# APPENDIX

## Production Capacity (KKPC)

Classification	Product	Capa	Unit	Note	
Synthetic Rubbers	SBR	263,000	MT/Y	Improvement of productivity 3,000MT/Y, 4Q, '23	
	B R	HBR			162,000
		LBR			50,000
	S-SBR	123,000			
	NdBR	60,000			
	NBR	92,000			
	HSR	10,000			
	NB Latex	710,000			Completion of Expansion 236,000MT/Y, 2Q, '24
	SB Latex	82,800			Improvement of productivity 2,000MT/Y, 4Q, '23
	SBS	144,000			
<b>Total</b>	<b>1,696,800</b>				
Synthetic Resins	PS	264,500	MT/Y		
	ABS	290,000			
	SAN/Powder	237,000			
	EPS	79,500			
	PPG	151,500			
<b>Total</b>	<b>1,022,500</b>				
Specialty Chemicals	Antioxidants	70,800	MT/Y		
Energy	Steam	1,710	T/H		
	Electricity	300	MWH		
BD	Ulsan	90,000	MT/Y		
	Yeosu	147,000			
	<b>Total</b>	<b>237,000</b>			



# APPENDIX

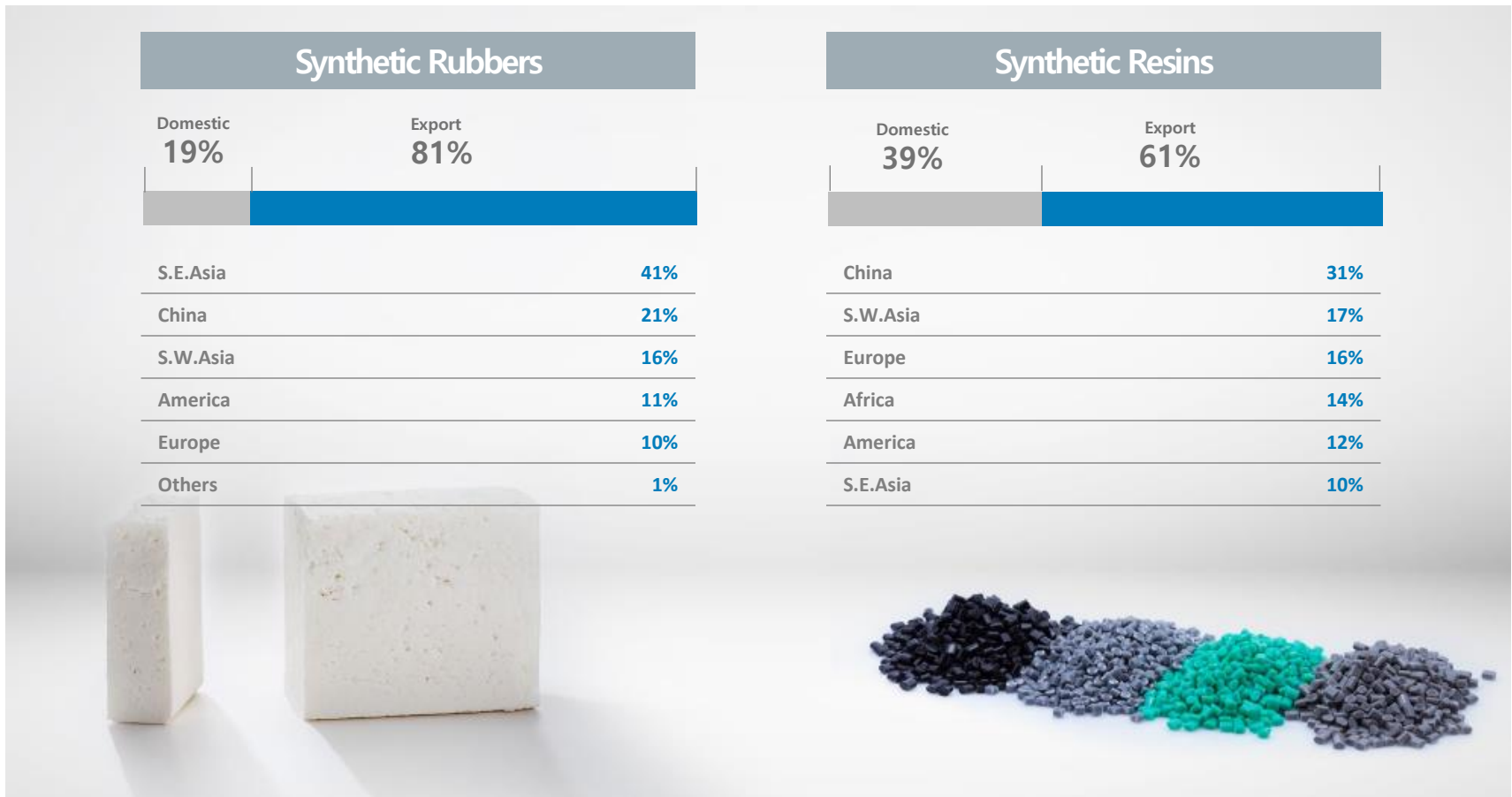
## Production Capacity (Affiliates)

Classification	Product	Capa	Unit	Note
Kumho P&B Chemicals	Phenol	680,000	MT/Y	
	Acetone	420,000		
	MIBK	60,000		
	Cumene	900,000		
	BPA	450,000		
	Epoxy Resin	278,000		Completion of LP(II) Expansion 60,000MT/Y, 1Q, '24
	<b>Total</b>	<b>2,788,000</b>		
Kumho Mitsui Chemicals	MDI	410,000	MT/Y	Completion of Expansion 200,000MT/Y, 3Q, '24
	Aniline	10,000		
	<b>Total</b>	<b>420,000</b>		
Kumho Polychem	EP(D)M	240,000	MT/Y	Completion of Expansion 70,000MT/Y, 4Q, '24
	TPV/KEPA	12,000		
	<b>Total</b>	<b>252,000</b>		



# APPENDIX

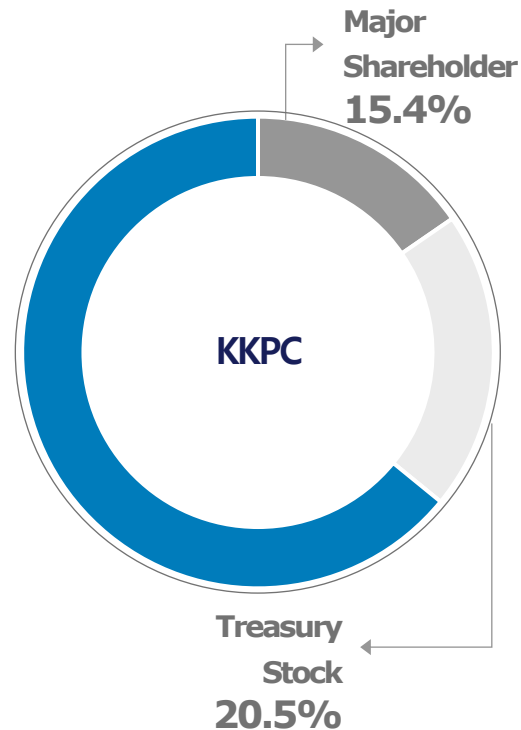
## Sales Breakdown & Export Share by Region



# APPENDIX

## Investment Shares & Financial assets at fair value

Financial assets at fair value	
Asiana Airlines	<b>11.0%</b>
Daewoo E&C	<b>3.4%</b>
KDB Life Insurance	<b>0.4%</b>



\* Buy back 766,633 shares (as of 30<sup>th</sup> Sep, 23) and Cancellation (23<sup>rd</sup> Oct, 23)

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

\* As of 30<sup>th</sup> Sep, 2023. based on common shares



**Thank you**

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