

beyond
the best

KUMHO PETROCHEMICAL

Kumho Petrochemical Annual Report 2012

READY FOR TOMORROW





At Kumho Petrochemical Co., Ltd. (KKPC), we have grown along with our customers since our founding in 1970 by providing innovative petrochemical solutions and customer-focused service. Today as a trusted partner and the world's largest and most competitive producer of synthetic rubbers with world-class technology and products in the fields of synthetic resins, phenol derivatives, and specialty chemicals, we are now expanding into the fields of energy, electronic materials, building materials, and advanced materials to drive future growth as we pursue our vision becoming a global leading chemical group by 2020.

Ready for Tomorrow

In early 2010, the Kumho Asiana Group entered a workout program with creditors as its performance worsened due to an overaggressive merger and acquisition strategy further aggravated by the global financial crisis. As a member of the group, we at KKPC had also cross-invested in group affiliates. As the valuation losses on these equity-method investments in Kumho Industries, Kumho Tire, and other affiliates mounted, our soaring debt-to-equity ratio led to the signing of a memorandum of understanding with 14 creditor banks as part of our business normalization plan.

We approached this crisis as an opportunity to improve our financial structure and transform ourselves into a stronger, healthier company. We sold off our holdings in the unprofitable affiliates that had been the source of our equity-method valuation losses and refocused our holdings on our chemical affiliates to build a first-rate chemical group. These actions as well as consecutive record-setting business performances in 2010 and 2011 enabled us to graduate from our MOU with creditor banks on schedule at the end of 2012.

Over the past three years, we have achieved far beyond what we or anyone else could have imagined. The results speak for themselves.
