



May 2, 2023

1Q 2023 Earnings Release

KUMHO PETROCHEMICAL



The business result for the 1st 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 tall, cylindrical metal structure with a spiral staircase and a platform is visible. Two workers wearing white hard hats and safety gear are standing on the platform, looking down. The background features a complex network of pipes, tanks, and other industrial structures, with mountains visible in the distance.

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1Q 2023 Business Results

Income Statements

(Unit: KRW bn)

| Classification | 23.1Q | 22.4Q | QoQ | 22.1Q | YoY |
|------------------|------------------|------------------|--------|------------------|--------|
| Sales | 1,721.3 | 1,645.5 | 4.6% | 2,199.1 | -21.7% |
| Operating Profit | 130.2 (7.6%) | 114.2 (6.9%) | 14.0% | 449.1 (20.4%) | -71.0% |
| EBITDA | 188.8 (11.0%) | 174.9 (10.6%) | 7.9% | 505.6 (23.0%) | -62.7% |
| Pre-tax Income | 168.5 (9.8%) | 80.5 (4.9%) | 109.3% | 503.7 (22.9%) | -66.5% |
| Net Income | 132.6 (7.7%) | 154.6 (9.4%) | -14.2% | 373.2 (17.0%) | -64.5% |
| Equity Income | 22.0 | 23.3 | -5.6% | 49.3 | -55.4% |

* Net Income is based on Controlling interests.

1Q 2023 Business Results

Balance Sheet

(Unit: KRW bn)

| Classification | 23.1Q | 22 (End) | Change |
|--|--------------------|--------------------|-----------------|
| Asset (Cash and equivalents) | 7,986.6 (521.4) | 7,719.2 (567.3) | 3.5% (-8.1%) |
| Liabilities (Debt) | 2,349.9 (787.7) | 2,065.8 (728.8) | 13.8% (8.1%) |
| Shareholder's Equity | 5,636.7 | 5,653.4 | -0.3% |
| Liabilities/ Equity (%) | 41.7% | 36.5% | 5.1%p |

Financial Ratios

| Classification | 23.1Q | 22 (End) | Change |
|--|-------|-------------|--------|
| Debt/Equity | 14.0% | 12.9% | 1.1%p |
| Net Debt /Equity | 4.7% | 2.9% | 1.9%p |
| Interest Coverage Ratio (x) | 16.5 | 39.3 | -22.8 |
| ROE | 9.4% | 19.1% | -9.7%p |
| ROA | 6.8% | 13.0% | -6.2%p |

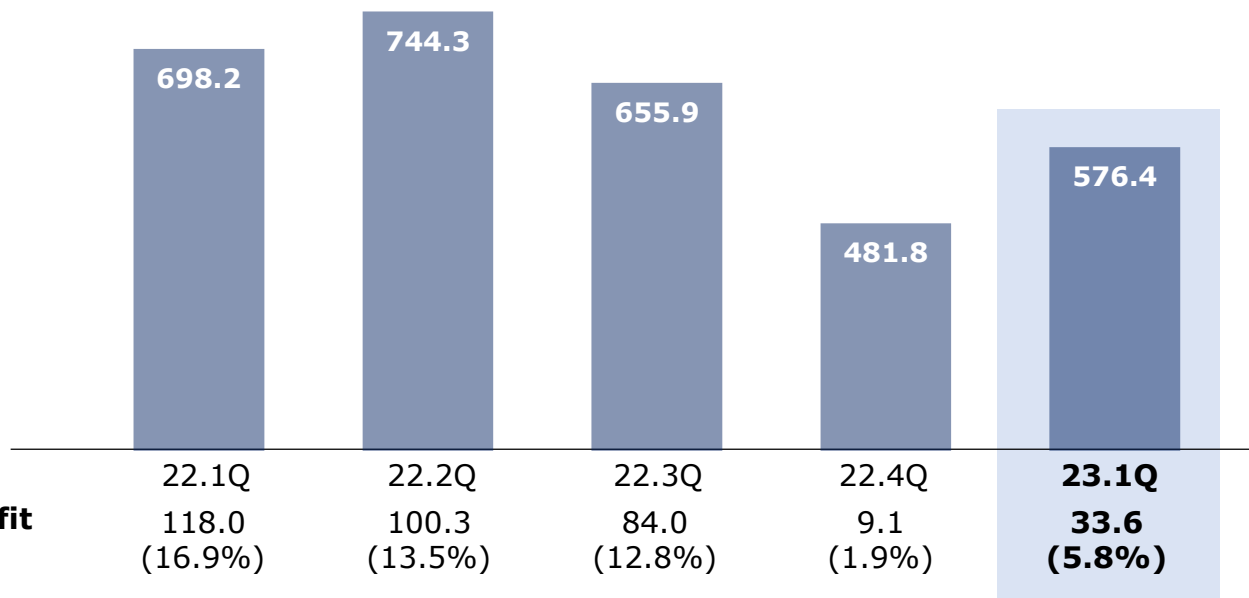
Divisional Results & Outlook

(Unit: KRW bn)

Synthetic Rubbers

Sales

Operating Profit (%)



1Q Earnings Review

- Defend profitability by increasing sales of high value-added products despite sluggish demand for derivative products.
- Compared to the previous quarter, sales volume of NB Latex increased, but competition among suppliers in the market continued to intensify.

2Q Outlook

- BD: The market price is expected to rise slightly due to cracker utilization, but the price is expected to decline after regular maintenance in the region.
- Product demand and market price are expected to be weak, but profitability is protected by improving market and product portfolio.

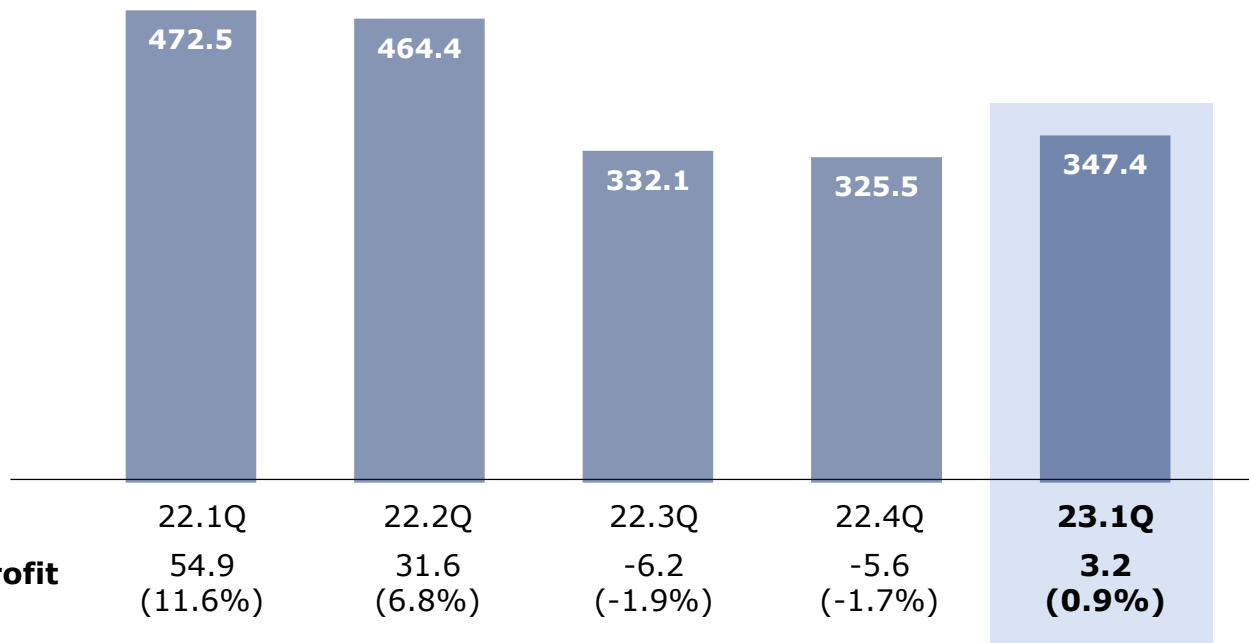
Divisional Results & Outlook

(Unit: KRW bn)

Synthetic Resins

Sales

Operating Profit (%)



1Q Earnings Review

- Product prices continued to remain weak due to global economic uncertainty and ABS new capacity in China.

2Q Outlook

- SM: Market price expected to maintain upward trend due to strong oil and benzene prices. But, price expected to drop slightly after regular maintenance in Northeast Asia in the first half of the year
- ABS market prices remain weak due to delayed demand recovery in China.

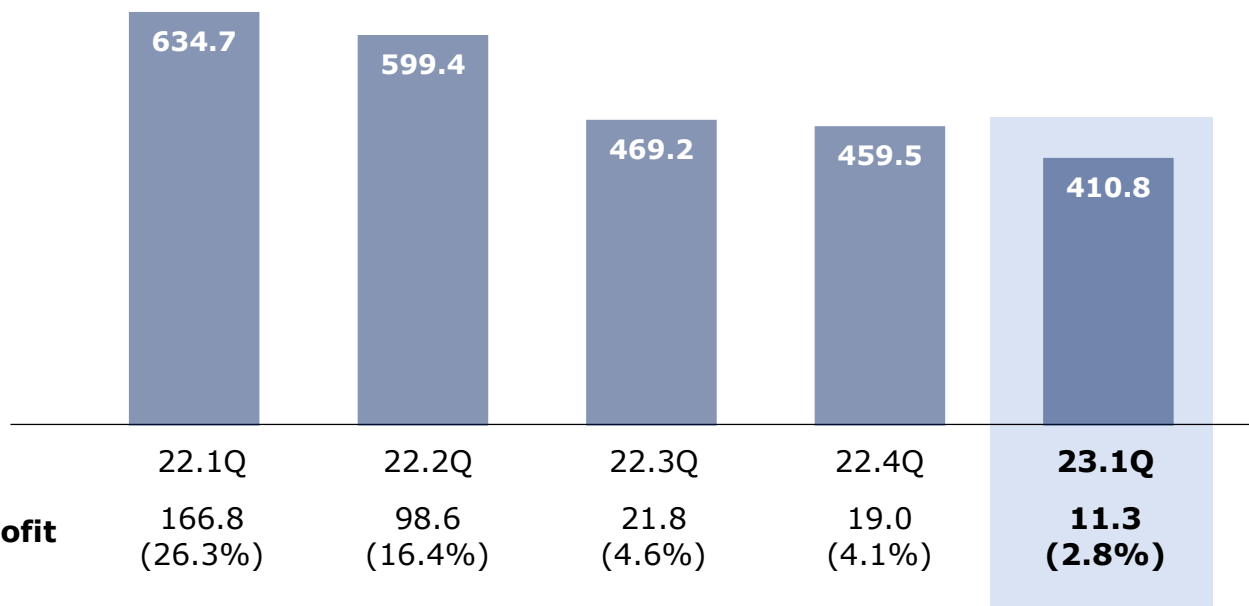
Divisional Results & Outlook

(Unit: KRW bn)

Phenol Derivatives

Sales

Operating Profit (%)



1Q Earnings Review

- Despite continued BPA oversupply and sluggish demand, defend profitability by adjusting sales by region/product.

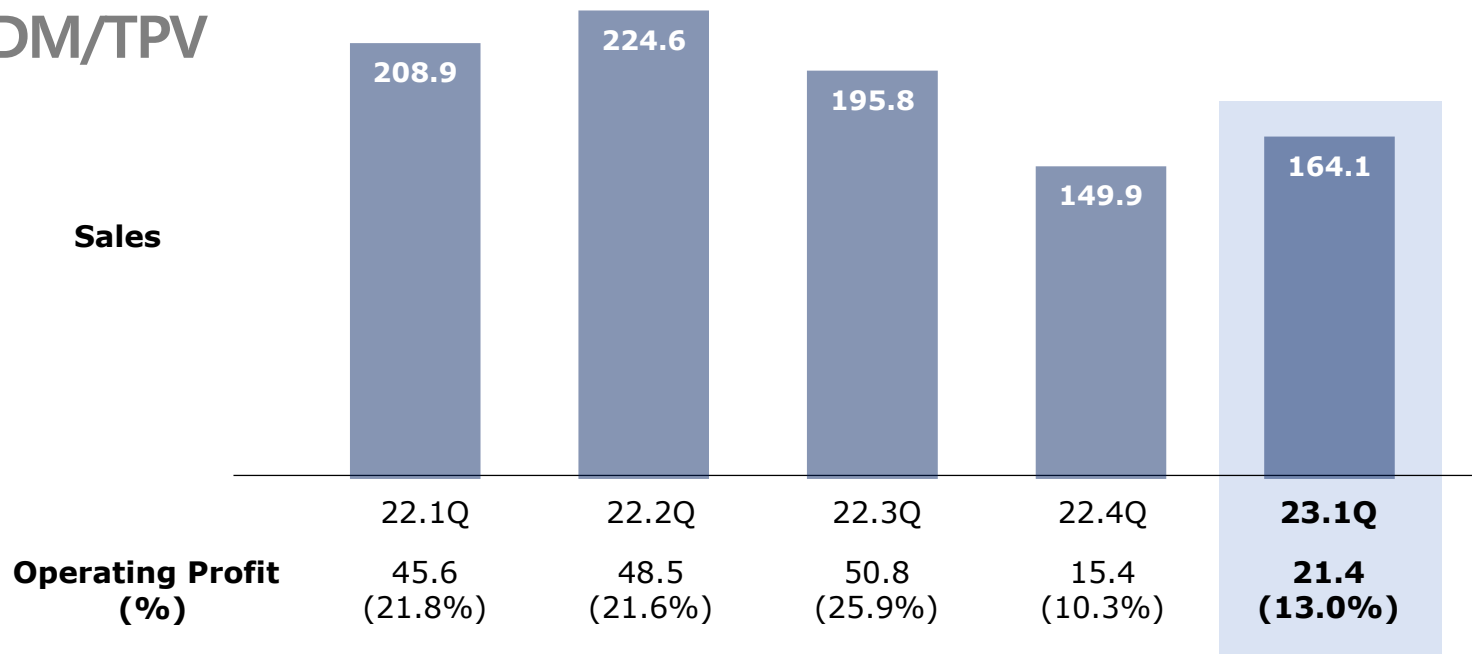
2Q Outlook

- Sales volume and profitability expected to decrease due to delayed demand recovery in downstream industries and regular maintenance.

Divisional Results & Outlook

(Unit: KRW bn)

EPDM/TPV



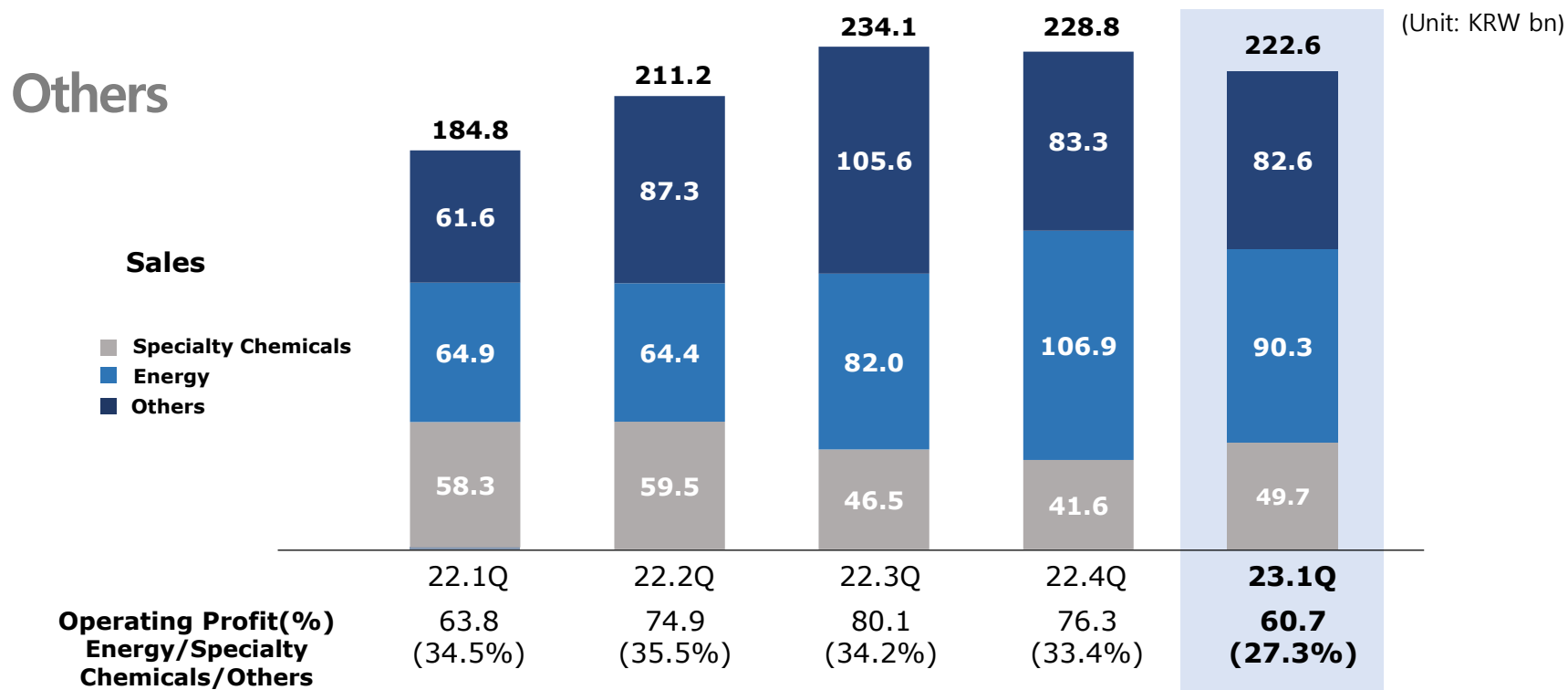
1Q Earnings Review

- Increased sales volume and improved profitability compared to the previous quarter.

2Q Outlook

- Product spread expected to improve due to increased sales volume and higher utilization rate compared to 1Q.

Divisional Results & Outlook



1Q Earnings Review

- Energy: Profitability decreased due to a drop in selling price due to the application of the SMP cap (Jan, Feb).

2Q Outlook

- Energy: Sales volume and profitability expected to decrease due to SMP cap and regular maintenance.

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 | 7,975.6 | 1,721.3 | | | | 1,721.3 |
| Operating Profit | 449.1 | 353.9 | 230.5 | 114.2 | 1,147.7 | 130.2 | | | | 130.2 |
| Net Interest Expense | 1.1 | 1.9 | -5.0 | 13.3 | 11.3 | -5.2 | | | | -5.2 |
| Equity Income | 49.3 | 21.0 | 24.2 | 23.3 | 117.8 | 22.0 | | | | 22.0 |
| Pre-tax Income | 503.7 | 387.4 | 280.0 | 80.5 | 1,251.6 | 168.5 | | | | 168.5 |
| Net Income | 373.2 | 286.9 | 210.8 | 154.6 | 1,025.5 | 132.6 | | | | 132.6 |

* Net Income is based on Controlling interests.

APPENDIX

Production Capacity (KKPC)

| Classification | Product | Capa | Unit | Note |
|---------------------|--------------|------------------|------|---|
| Synthetic Rubbers | SBR | 263,000 | MT/Y | |
| | B R | HBR | | Improvement of productivity 3,000MT/Y, 4Q, '23 |
| | | LBR | | |
| | 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 | | |
| | Total | 1,696,800 | | |
| Synthetic Resins | PS | 264,500 | MT/Y | |
| | ABS | 250,000 | | Improvement of productivity 40,000MT/Y, 2Q, '23 |
| | SAN/Powder | 243,000 | | |
| | EPS | 79,500 | | |
| | PPG | 151,500 | | |
| | Total | 988,500 | | |
| 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 | | |
| | 계 | 237,000 | | |



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, 4Q, '23 |
| | Total | 2,788,000 | | |
| Kumho Mitsui Chemicals | MDI | 410,000 | MT/Y | Completion of Expansion 200,000MT/Y, 2Q, '24 |
| | Aniline | 20,000 | | |
| | Total | 430,000 | | |
| Kumho Polychem | EP(D)M | 240,000 | MT/Y | Completion of Expansion 70,000MT/Y, 4Q, '24 |
| | TPV/KEPA | 12,000 | | |
| | Total | 252,000 | | |



APPENDIX

Sales Breakdown & Export Share by Region

Synthetic Rubbers

Domestic
18%

Export
82%

| | |
|----------|-----|
| S.E.Asia | 38% |
| China | 22% |
| America | 17% |
| S.W.Asia | 13% |
| Europe | 9% |
| Others | 1% |



Synthetic Resins

Domestic
35%

Export
65%

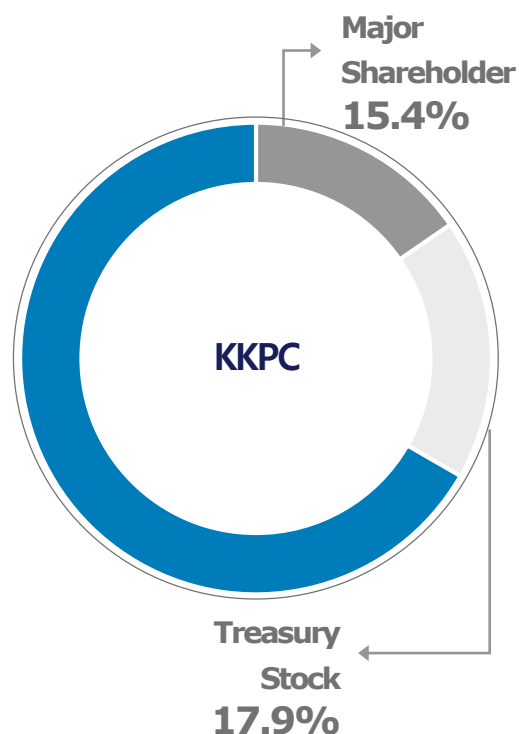
| | |
|----------|-----|
| China | 30% |
| S.W.Asia | 23% |
| Europe | 17% |
| America | 12% |
| S.E.Asia | 9% |
| Africa | 9% |



APPENDIX

Investment Shares & Financial assets at fair value

| Financial assets at fair value | |
|--------------------------------|--------------|
| Asiana Airlines | 11.0% |
| Daewoo E&C | 3.4% |
| KDB Life Insurance | 0.4% |



| Investments in Affiliates | |
|----------------------------|---------------|
| Kumho P&B Chemicals | 100.0% |
| Kumho Polychem | 100.0% |
| Kumho Mitsui Chemicals | 50.0% |
| Kumho Terminal & Logistics | 100.0% |
| Korea Energy Power Plants | 96.1% |

* As of 31th Mar, 2023.
based on common shares



Thank you

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