

Shareholder Value

KKPC communicates with our stakeholders from a long-term perspective through consistent IR activities, with the aim of ensuring that our shares are accurately valued in the market and also deliver greater value to shareholders. Backed by our successful share price performance in 2017 thanks to these efforts, we will continue to focus on enhancing shareholder value.

CAPITAL MARKET OVERVIEW

In 2017, markets around the world rose in general, with risks forecast at the end of 2016, including political uncertainties in various countries and slower growth in China, not being as severe as expected. In addition, despite concerns over the impact of interest rate rise by the US Federal Reserve in 2017, it had limited impact because it rose in a gradual manner, and the US government's market-friendly actions caused stock markets to reach new highs. In Europe, elections in various countries did not yield major shocks, economic growth reached its highest levels over the last decade, and stock markets rose. There were concerns over potential slower economic growth in China due to structural reforms, but in fact economic growth actually rose year-on-year for the first time in seven years and thus met market expectations. Countries around the world saw solid economic growth and upward trends in stock markets throughout the year.

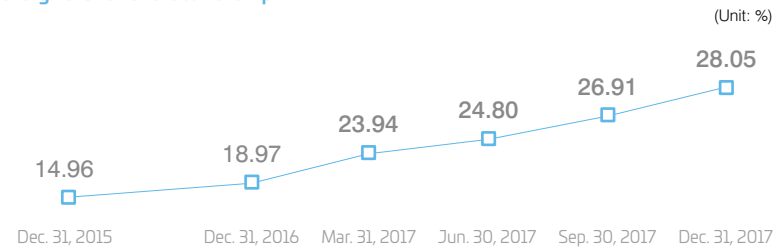
Stock markets in Korea also reached record levels. The KOSPI index began 2017 at 2,026.46 points and closed the year at 2,467.49 points, a sharp year-on-year increase of 21.8%. This was the result of continued foreign buying as economic conditions improved worldwide, and the increased attractiveness of the Korean market thanks to strong corporate performance. New governance codes also improved investor sentiment. All these factors added liquidity to the Korean stock market, with the KOSPI index peaking at a record closing price of 2,557.97 points.

SHARE PRICE PERFORMANCE

In 2017, our corporate performance was improved, which in turn attracted more interest in our shares from investors. Performances in our core business – synthetic rubbers and synthetic resins businesses – were improved over the previous year, and profits went up in phenol derivatives despite increases in industry supply.

Our continued efforts to make improvements across all business areas led to higher expectations of investors, and increased holdings by foreign shareholders in particular. The proportion of our shares held by foreigners has increased steadily over the last three years, and recorded year-on-year growth of 9.08%p in 2017 to reach 28.05% at the end of the year. Thanks to the inflow of investment from long-term and high-quality foreign institutional investors, our share price rose from KRW 82,000 at the beginning of the year to reach KRW 99,500 at the end of 2017, an increase of 21%.

Foreigners' Share Ownership



AWARDS FOR KKPC ANNUAL REPORT

Our 2016 annual report received the Diamond prize at the The International Annual Report Design Awards (IADA), an annual report evaluation contest held in the UK. We also won Bronze in the Traditional Annual Report category at the International Annual Report Competition (ARC) Awards, our eighth success at those awards. We have entered our annual reports in global evaluation contests since 2008 and have consistently won awards. This reflects our commitment to using annual reports to communicate with stakeholders, and we will continue to make efforts to improve how we share information about our company.

MAJOR IR ACTIVITIES IN 2017

We communicate with investors through a wide range of channels by listening to their opinions so as to build consensus with them, earn the trust of the market, and thus contribute to our corporate development. We publish public notices about the company's performance and major business matters, and share performance and other data on our website, in addition to holding regular meetings with investors. Moreover, we collect opinions of investors by publishing our annual reports before holding an annual general meeting (AGM) and through other means, in order to help them make decisions based on accurate information.

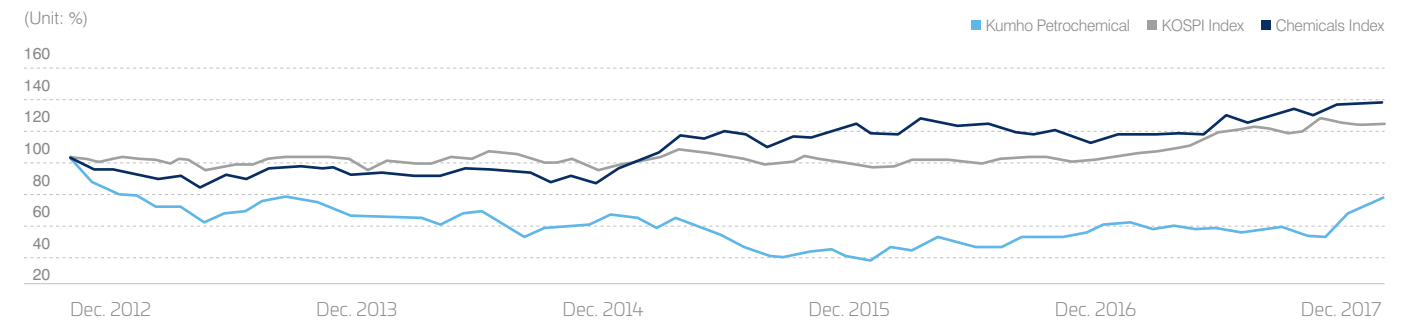
In 2017, we hosted weekly small group meetings in order to share information about KKPC with as many investors as possible, to have a dialogue with them and to listen to market opinion. We also held one-on-one meetings and conference calls with investors with language, timing or geographical constraints, as part of our efforts to make sure that domestic and overseas investors have the same level of communications. Given the increased proportion of our shares held by foreign investors, we particularly focused on strengthening our overseas IR activities, to the extent

that the number of meetings held with domestic and overseas institutions was about the same. We also focused on overseas IR activities such as attending conferences in the Americas and Asia, and used these as opportunities to attract more foreign investors.

DIVIDENDS

KKPC does its utmost to ensure that increases in its corporate profits are shared with shareholders. We maintained a level of cash dividends even when we were experiencing challenges in our business environment, and we were able to increase the dividend by 25% over the previous year in 2017 thanks to strong performance. Cash dividends for 2017 were declared at KRW 1,000 per common share and KRW 1,050 per preferred share, representing 20% (KRW 1,000) and 21% (KRW 1,050) of par value (KRW 5,000), respectively. This cash dividend increase has particular significance because we also paid back debt in order to improve our financial structure. Our largest shareholders received a different cash dividend of 18% (KRW 900), similar level of common shares, in order to support our corporate development. We will continue to aim for further increases in dividend payments by continuing to improve profits.

KKPC Stock Price vs. Key Indexes



Stock Performance in 2017

