

02 THE SYNTHETIC RUBBER PRICE SPREAD IS GROWING

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SYNTHETIC RUBBERS BUSINESS 2010 SALES

(In KRW billions)

2,234

SYNTHETIC RUBBERS BUSINESS 2010 OPERATING INCOME

(In KRW billions)

209

SYNTHETIC RUBBERS BUSINESS 2010 OPERATING MARGIN

9.4%

Natural rubber and synthetic rubber—the primary materials used to make tires—can be substituted for each other to a certain degree. This is why synthetic rubber prices are partially influenced by natural rubber prices. In major natural rubber producing nations such as Thailand, Indonesia, and Malaysia, tight supply due abnormal weather and local currency appreciation have kept natural rubber prices high as of March 2011, a trend that is expected to continue through 2012. On the other hand, the price of butadiene (BD), the primary feedstock used in synthetic rubbers, has seen a relatively minor rise due to increased capacity that came online in 2010, increasing the price spread with natural rubber. Our synthetic rubbers business booked record sales and operating profit of KRW 2,234 billion and KRW 209 billion, respectively, a record-setting performance that is a sign of things to come.