



2Q FY19 Business Results

Jul. 25th 2019

Since this document has yet to be reviewed by external auditors, please note that the figures in the document may be revised following an independent review.

This document contains forward-looking statements or information that are based on estimates and assumptions.

Please be advised that such forward-looking statements involve known and unknown risks, uncertainties and assumptions, and are subject to change.

The financial information in this document has been prepared in accordance with K-IFRS.

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I . 2Q FY19 Business Results

1. Income Statement



Unit: Bil. KRW

	2Q FY18	1Q FY19	2Q FY19	QoQ	YoY
Sales	355.4	326.6	330.2	1.1%	▲7.1%
Gross Profit	94.1	60.5	75.2	24.3%	▲20.1%
Operating Profit	73.1	37.7	52.2	38.5%	▲28.6%
Pre-tax Income	87.8	51.7	58.1	12.4%	▲33.8%
Net Income	68.5	40.8	40.0	▲2.0%	▲41.6%
Oil Price(WTI, \$/bbl)	67.87	54.90	59.82	9.0%	▲11.9%
Exchange Rate (₩/\$)	1,078.98	1,125.06	1,166.62	3.7%	8.1%

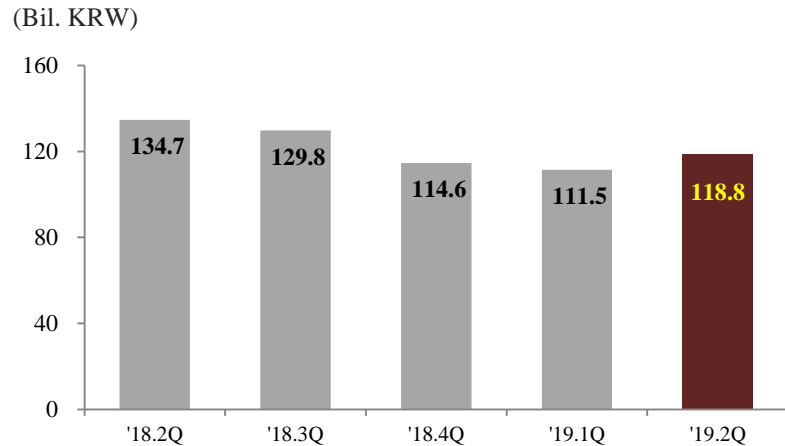
Unit: Bil. KRW

	Jun. 2018	Mar. 2019	Jun. 2019
Asset	1,709.5	1,756.1	1,701.3
Cash and Equivalents	249.0	6.7	23.1
Liabilities	413.4	380.7	285.8
Borrowings	181.1	81.2	81.2
Shareholder's Equity	1,296.1	1,375.4	1,415.5
Capital	129.0	129.0	129.0
Debt Ratio	31.9%	27.7%	20.2%
Capital Ratio	75.8%	78.3%	83.2%

※ 'Cash and cash equivalents' decreased due to reclassification of accounts according to changes in accounting standards.

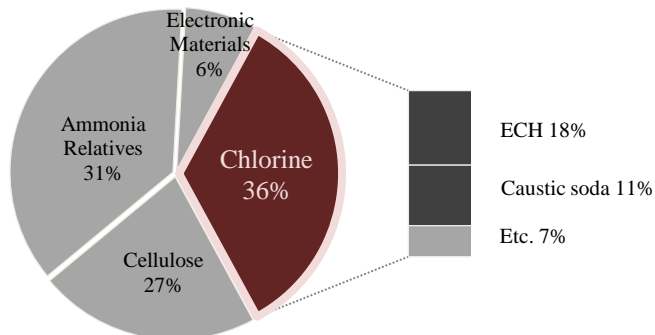
II. Divisional Results : Chlorine

Sales



Sales Portion

(2Q FY19)



Review

• ECH

The price variations remained static even during the high season due to Chinese economic slowdown. The Chinese chemical plant explosion in Jiangsu province sparked rise of the international price in mid June as the government stepped up its environment regulations, resulting in decline in the plant operation rate in China.

Facility expansion in the domestic downstream and the tightened supply from China led the sales volume and market price to rise, resulting in increase in revenue QoQ. But the revenue YoY declined due to market price fall.

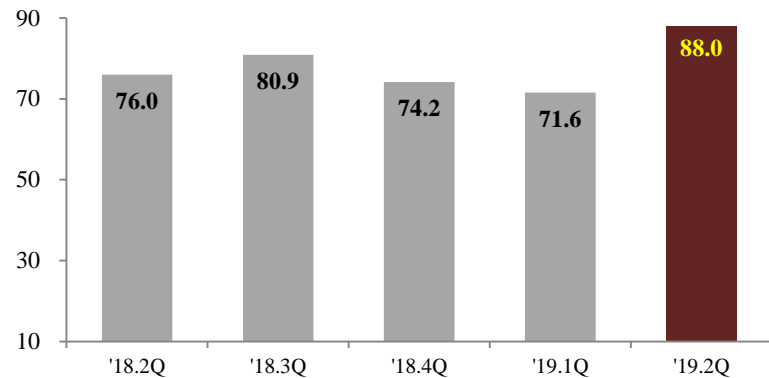
• Caustic Soda

The weakened price trend due to the declining demand as affected by the US-China trade war and the sales volume dropped due to regular maintenance resulted in the revenue fall QoQ. And the market price and the sales volume decline drove the fall in revenue YoY.

II. Divisional Results : Cellulose

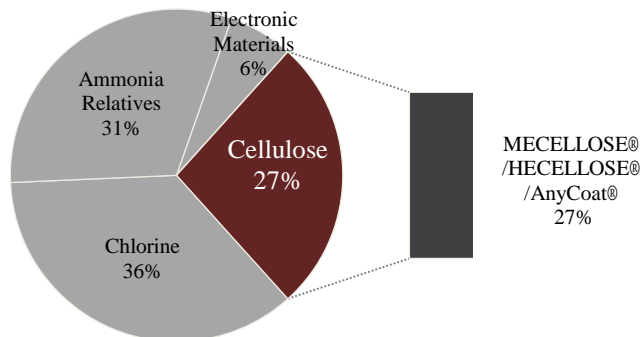
Sales

(Bil. KRW)



Sales Portion

(2Q FY19)



Review

- **MECELLOSE® , HECCELLOSE®**

The sales volume rose with the seasonality factor and increased the volume from expanded facilities. The FX rate appreciation backed the revenue increase QoQ. Increased sales volume and FX rate appreciation contributed to the rise in revenue YoY.

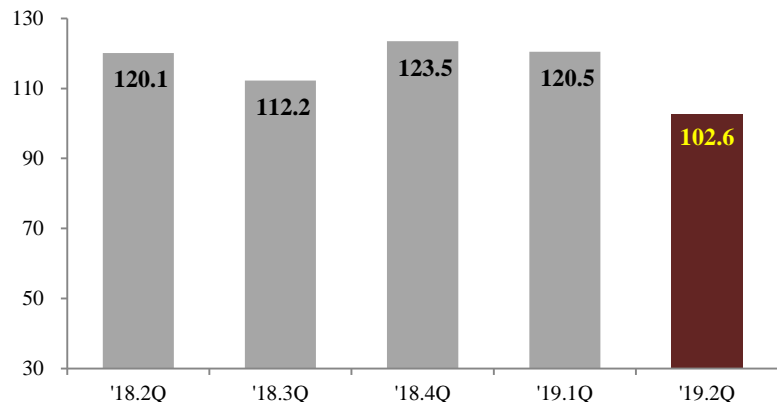
- **AnyCoat®**

Business growth in downstream related to generic drugs and the meat-free trend and demand increase in the wake of customers' facility expansion such as capsule makers pushed up the sales volume. The subsequent market price rise and the FX rate drove the revenue up QoQ and YoY

II. Divisional Results : Ammonia Relatives

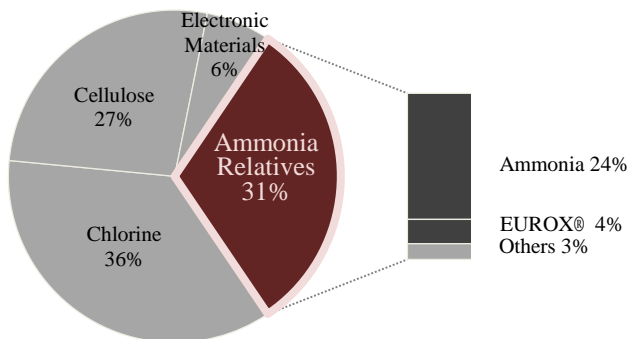
Sales

(Bil. KRW)



Sales Portion

(2Q FY19)



Review

- **Ammonia**

Supply increase caused by the new plant operation in Russia brought down the international price, leading to the market price fall. And the sales volume was also on the decline due to regular maintenance among customers. All these contributed to the revenue fall QoQ and YoY.

- **EUROX®**

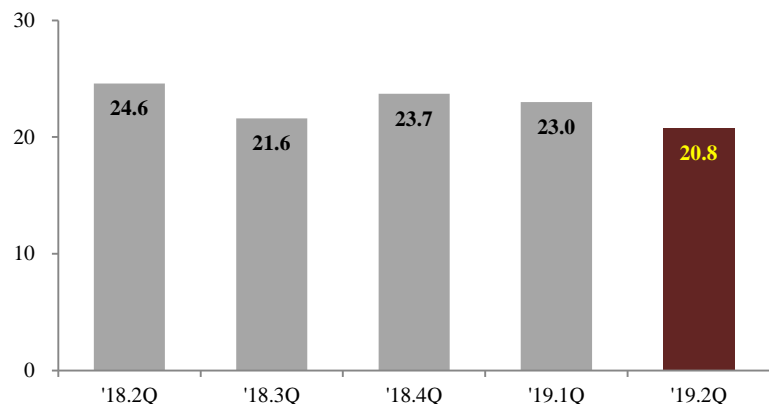
The sales volume rose enabled by arrival of in-season of the logistics business, intensive marketing in distribution, and expanded infrastructure pushed up the revenue QoQ.

And the revenue YoY also rose thanks to the volume increase driven by the urea solution market growth.

II. Divisional Results : Electronic Materials

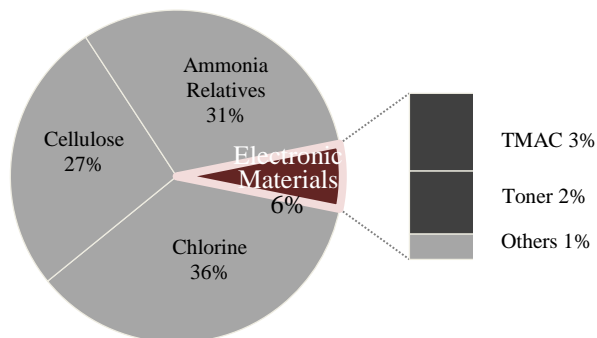
Sales

(Bil. KRW)



Sales Portion

(2Q FY19)



Review

• TMAC

As the US-China trade war dragged down the downstream economy involving semi-conductors, the revenue declined QoQ. Although the sales volume turned up enabled by increased production of customers, the weakened price of the major raw material (methanol) resulted in fall of the market price, recording the revenue curve in the similar level YoY.

• Toner

The sales volume dropped due to the model reorganization by customers, bringing down the revenue both QoQ and YoY.

Appendix. Quarterly Business Results



Unit: Bil. KRW

	FY18					FY19				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	335.8	355.4	344.5	336.0	1,371.7	326.6	330.2			656.9
Gross Profit	71.9	94.1	72.6	61.6	300.2	60.5	75.2			135.7
Operating Profit	49.8	73.1	48.9	38.9	210.7	37.7	52.2			89.9
Income Before Tax	70.8	87.8	70.4	46.1	275.2	51.7	58.1			109.7
Net Income	55.2	68.5	54.7	36.4	214.9	40.8	40.0			80.8
Oil Price (WTI, \$/bbl)	62.90	67.26	69.50	58.77	64.76	54.90	59.82			57.36
Exchange Rate (₩/\$)	1072.72	1,078.98	1,121.52	1,127.43	1,100.16	1,125.06	1,166.62			1,145.84

※ The difference between quarterly results and cumulative results is attributable to the round-off.

MISSION

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인류의 풍요로운 삶에 기여한다

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superior products and services that
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