



RE:THINK

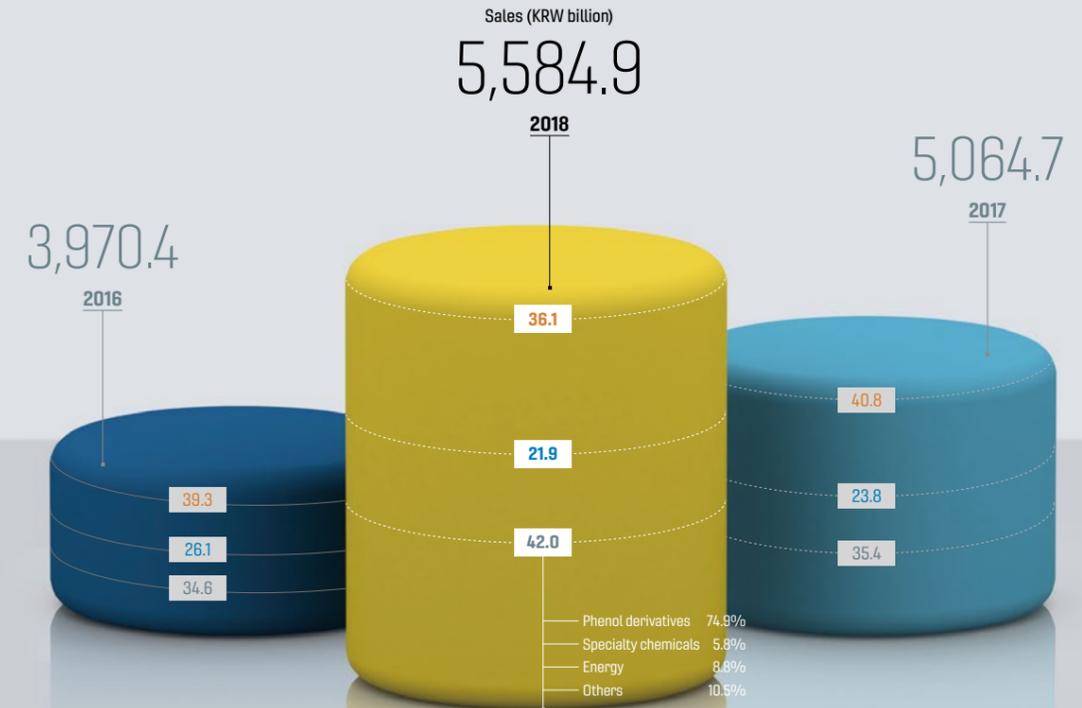
# K-Foundation

2018 was a year of resilience and growth. Despite challenging market conditions, we recovered momentum for growth, met all our operating targets, and delivered a strong performance based on the solid foundations which have enabled us to remain competitive even in difficult times. KKPC is now fully prepared to meet the challenges of the future, and to deliver balanced, profitable and stable growth.

## SALES BREAKDOWN BY BUSINESS

(Unit: %)

- Synthetic rubbers
- Synthetic resins
- Other businesses



K-FOUNDATION

K-INNOVATION

K-MOMENTUM

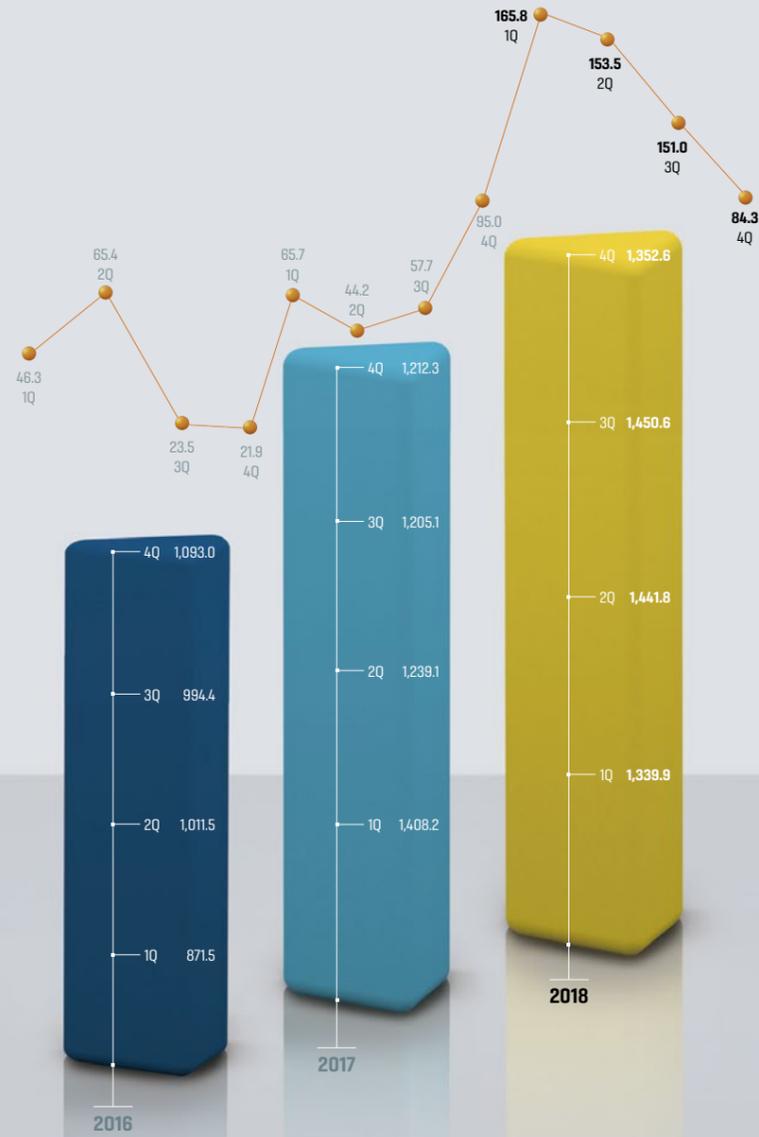
## BALANCED GROWTH

Our continued focus on diversifying our business structure in order to preemptively respond to market changes and uncertainty are bearing fruit. Consolidated sales for 2018 recorded KRW 5,584.9 billion, with all of our businesses seeing balanced growth. Our synthetic rubber business increased sales volumes and improved its profitability by enhancing the productivity of its special rubber products. Our synthetic resin business continued to grow by expanding production capacity for its high value-added ABS powder product, and by establishing stable sales channels. There were also noticeable improvements in both the sales and profitability of phenol derivatives.

### QUARTERLY PERFORMANCE TREND

(Unit: KRW billion)

■ Sales  
● Operating Income



111.2% ↑

Year-on-year growth of operating income

### PROFITABLE GROWTH

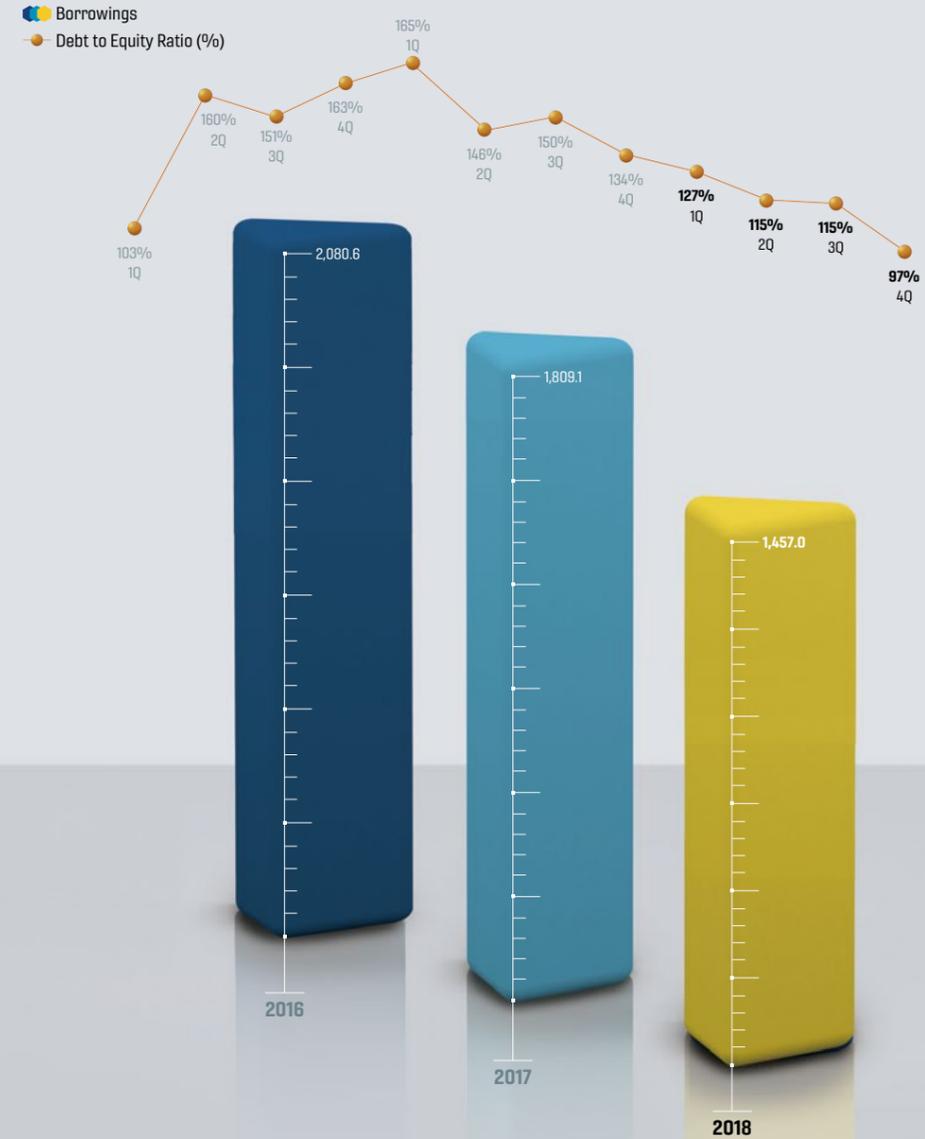
In 2018, KKPC firmly maintained our growth momentum based on solid profitability, recording a surplus for the 73rd consecutive quarter. In synthetic rubber business, improvements in profitability and sales were driven by our proactive responses to changes in market demand for special rubber products. In phenol derivatives business, as a vertically-integrated manufacturer, we flexibly adjusted the supply of phenol derivatives by identifying demand and supply status of our products and by forecasting market fluctuations in order to maximize profitability. This has enabled us to achieve a strong performance in phenol derivatives that led overall growth for the company.

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### FINANCIAL STABILITY

(Unit: KRW billion)

■ Borrowings  
● Debt to Equity Ratio (%)



37.4%p ↓

Year-on-year improvement of debt-to-equity ratio

### STABLE GROWTH

The solid performance has led to improvements in corporate fundamentals of KKPC. With our major businesses generating strong cash flows, we continued to pay back borrowings. As a result, our debt-to-equity ratio dropped from 134.0% at the end of 2017 to 96.6% at the end of 2018. Our interest coverage ratio improved from 4.01x to 9.73x, while our asset turnover ratio improved from 1.11x to 1.21x. Thanks to these operational and financial improvements, in 2018, NICE Investors Service and Korea Ratings upgraded our corporate credit rating outlook from A- (stable) to A- (positive).

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