



4Q FY17 Business Results

January 25th 2018

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 . 4Q FY17 Business Results

1. Income Statement



Unit: Bil. KRW

	4Q FY16	3Q FY17	4Q FY17	QoQ	YoY
Sales	247.6	309.3	240.5	▲22.2%	▲2.9%
Gross Profit	39.7	56.8	49.4	▲13.0%	24.4%
Operating Profit	16.4	29.4	26.1	▲11.2%	59.1%
Pre-tax Income	6.5	40.9	5.5	▲86.6%	▲15.4%
Net Income	2.6	31.7	7.6	▲76.0%	192.3%
Oil Price(WTI, \$/bbl)	49.33	48.23	55.44	14.9%	12.4%
Exchange Rate (₩/\$)	1,156.40	1,132.26	1,107.46	▲2.2%	▲4.2%

※ Pre-tax Income was reflective of the loss by selling S-EnPol, a investee company, and impaired fair value of the land collateral in conjunction with SMP.

As for the duplicated accounting treatment of SMP, the book value of the collateral is to be recorded as loss when the security right is exercised, and the impaired value treated in 2017 is to be reversed.

I . 4Q FY17 Business Results

2. Financial Position

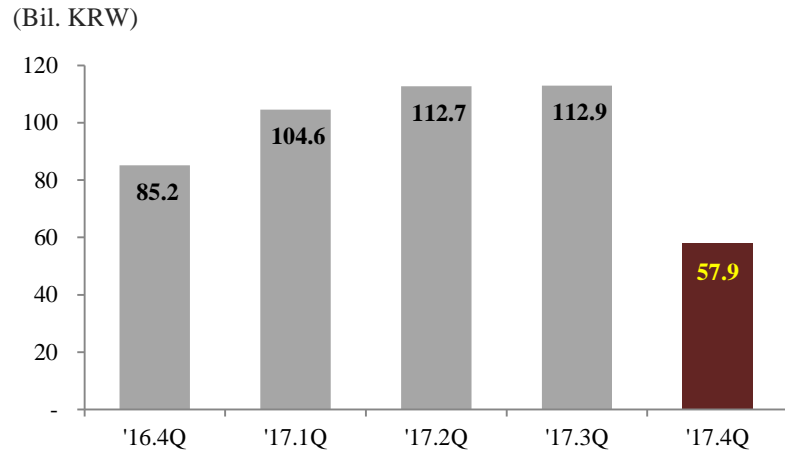


Unit: Bil. KRW

	Dec. 2016	Sep. 2017	Dec. 2017
Asset	1,531.0	1,610.5	1,658.2
Cash and Equivalents	210.1	221.3	131.7
Liabilities	419.3	424.8	465.5
Borrowings	301.4	281.0	281.0
Shareholder's Equity	1,111.7	1,185.7	1,192.7
Capital	129.0	129.0	129.0
Debt Ratio	37.7%	35.8%	39.0%
Capital Ratio	72.6%	73.6%	71.9%

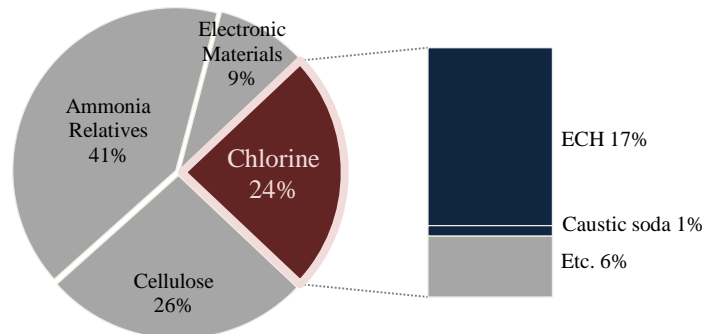
II. Divisional Results : Chlorine

Sales



Sales Portion

(4Q FY17)



Review

The sale prices of ECH and Caustic Soda rose thanks to their international market price hike, while their sales shrank as the result of regular maintenance of Q4.

- **ECH**

The Glycerin price went up in China, pushing down the G-ECH operation rate.

Chinese environmental regulations backed the international price increase. The regular maintenance for one month during Q4 brought down the volume, causing slight drop in sales QoQ.

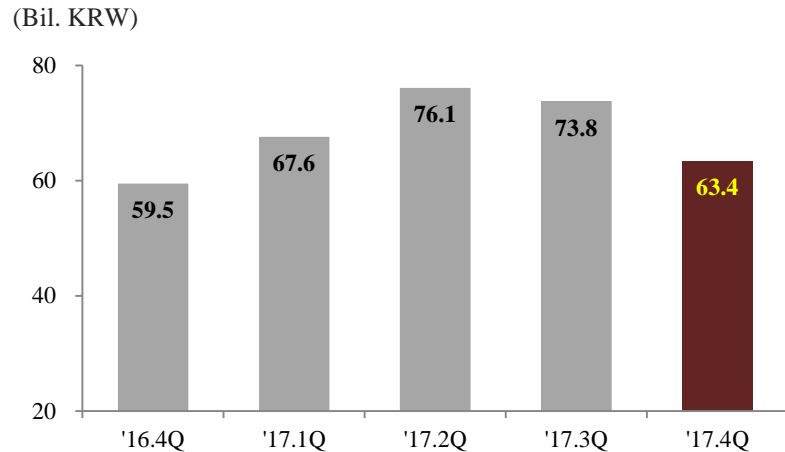
- **Caustic Soda**

The Chinese environmental regulations kept the international market price high. The regular maintenance jobs dragged down the sales volume and revenues accordingly. Due to the change of the accounting standard, the revenue impact of 2017 was incorporated in Q4, causing drop in revenue figures.

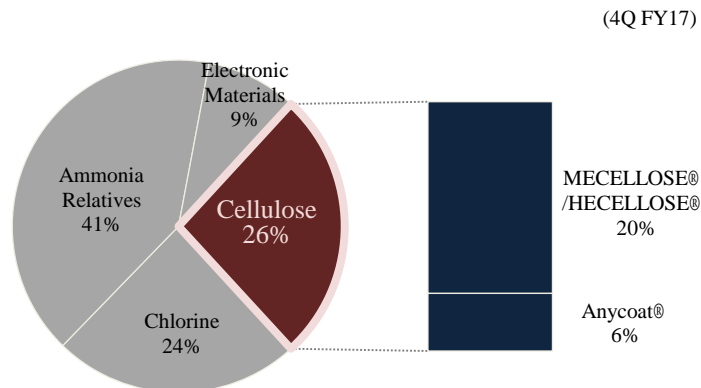
* The change in revenue and cost accounts did not impact the profit and loss.

II. Divisional Results : Cellulose

Sales



Sales Portion



Review

Cellulose division saw its sales down as affected by seasonality of Q4 and regular maintenance jobs.

- **MECELLOSE® , HECCELLOSE®**

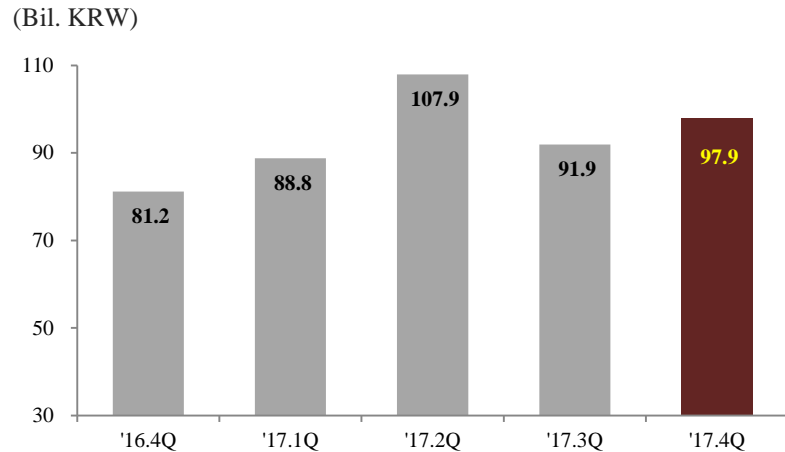
The sales volumes decreased due to seasonal factor and regular maintenance jobs, recording fallen sales QoQ. On the other hand, actual sale was created thanks to new customers, contributing to sales increase YoY.

- **AnyCoat®**

The sales volume fell due to timing of shipping toward the end of the quarter, pushing down the revenue QoQ. Although the sales volume rose thanks to higher contract volume YoY, the overall revenue fell off due to lower selling prices.

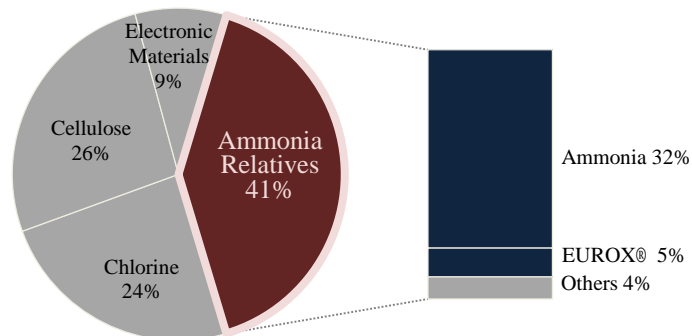
II. Divisional Results : Ammonia Relatives

Sales



Sales Portion

(4Q FY17)



Review

Ammonia division saw a solid sale trend enabled by strong performance in the downstream and its revenue rise due to strong price performance in the international market.

- **Ammonia**

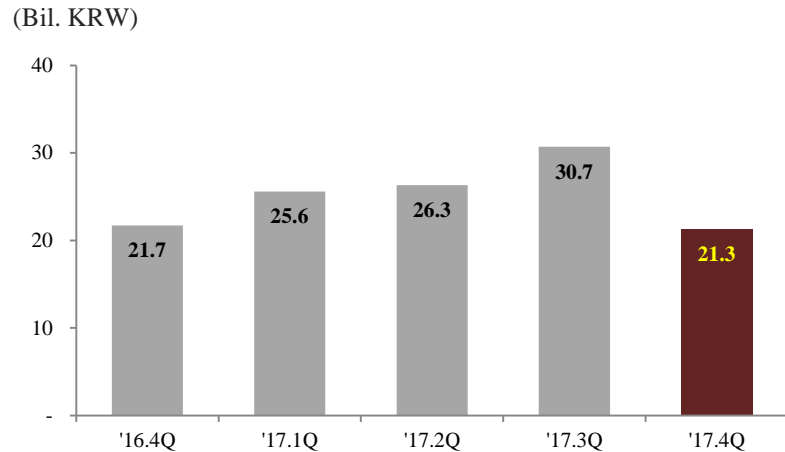
The international price were on the rise as affected by regular maintenance jobs and discontinued operations by major Middle East players. And sales volume also increased thanks to strong business in the downstream such as Acronitrile, driving up the revenue QoQ.

- **EUROX®**

Being on a higher demand due to its increased transport in Q4, the revenue and profit increased QoQ. And with EURO6 in place and old vehicle replacement, the sales volume also rose YoY, resulting in higher revenue.

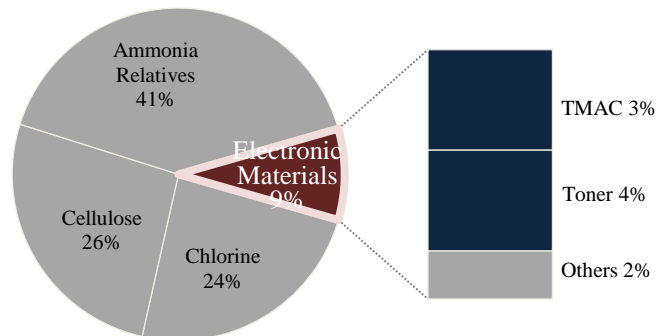
II. 사업부문별 실적 분석 : 전자재료 계열

Sales



Sales Portion

(4Q FY17)



Review

Despite strong business performance downstream, the revenue fell due to higher raw material prices and seasonality of Q4.

- **TMAC**

The market price increased as affected by the price hike of methanol, the key raw material, while the revenue remained similar to the previous quarter with slight reduction in sales volume.

- **Toner**

The sales volume during Q4 declined partly due to seasonal factor and relative to Q3, when advance purchase was made in the wake of the customer's merging into HP, leading to lower revenue figures than the previous quarter.

Appendix. Quarterly Business Results



Unit: Bil. KRW

	FY16					FY17				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	285.6	292.6	284.9	247.6	1,110.7	286.6	323.0	309.3	240.5	1,159.5
Gross Profit	36.0	50.1	36.9	39.7	162.8	46.2	57.8	56.8	49.4	210.2
Operating Profit	▲21.2	24.5	10.0	16.4	29.7	22.1	33.6	29.4	26.1	111.1
Income Before Tax	▲95.9	27.2	11.8	6.5	▲50.4	24.8	39.5	40.9	5.5	110.7
Net Income	▲76.9	22.0	8.7	2.6	▲43.5	19.5	30.5	31.7	7.6	89.2
Oil Price (WTI, \$/bbl)	33.45	45.59	44.94	49.33	43.33	51.93	48.29	48.23	55.44	50.97
Exchange Rate (₩/\$)	1,202.41	1,163.17	1,121.09	1,156.40	1,160.77	1,154.93	1,129.35	1,132.26	1,107.46	1,131.00

MISSION

사랑과 신뢰를 받는
제품과 서비스를 제공하여
인류의 풍요로운 삶에 기여한다

We enrich people's lives by providing
superior products and services that
our customers love and trust



