

MIRA INFORM REPORT

Report No. :	535306
Report Date :	17.10.2018

IDENTIFICATION DETAILS

Name :	KUMHO POLYCHEM CO., LTD.
Registered Office :	100, Cheonggyecheon-Ro, Jung-Gu, Seoul, 8F, East Wing, Signature Tower, Korea 04542
Country :	South Korea
Financials (as on) :	31.12.2017
Date of Incorporation :	05.06.1985
Com. Reg. No.:	104-81-34515
Legal Form :	Co., Ltd by shares
Line of Business :	Manufacture of Synthetic Rubber. (Athylenepropylene Rubber, Synthetic Rubber, EPDM)
No. of Employees :	198

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

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NOTES:

Any query related to this report can be made on e-mail: infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
South Korea	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

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SOUTH KOREA - ECONOMIC OVERVIEW

After emerging from the 1950-53 war with North Korea, South Korea emerged as one of the 20th century's most remarkable economic success stories, becoming a developed, globally connected, high-technology society within decades. In the 1960s, GDP per capita was comparable with levels in the poorest countries in the world. In 2004, South Korea joined the trillion-dollar club of world economies.

Beginning in the 1960s under President PARK Chung-hee, the government promoted the import of raw materials and technology, encouraged saving and investment over consumption, kept wages low, and directed resources to export-oriented industries that remain important to the economy to this day. Growth surged under these policies, and frequently reached double-digits in the 1960s and 1970s. Growth gradually moderated in the 1990s as the economy matured, but remained strong enough to propel South Korea into the ranks of the advanced economies of the OECD by 1997. These policies also led to the emergence of family-owned chaebol conglomerates such as Daewoo, Hyundai, and Samsung, which retained their dominant positions even as the government loosened its grip on the economy amid the political changes of the 1980s and 1990s.

The Asian financial crisis of 1997-98 hit South Korea's companies hard because of their excessive reliance on short-term borrowing, and GDP ultimately plunged by 7% in 1998. South Korea tackled difficult economic reforms following the crisis, including restructuring some chaebols, increasing labor market flexibility, and opening up to more foreign investment and imports. These steps lead to a relatively rapid economic recovery. South Korea also began expanding its network of free trade agreements to help bolster exports, and has since implemented 16 free trade agreements covering 58 countries—including the United State and China—that collectively cover more than three-quarters of global GDP.

In 2017, the election of President MOON Jae-in brought a surge in consumer confidence, in part, because of his successful efforts to increase wages and government spending. These factors combined with an uptick in export growth to drive real GDP growth to more than 3%, despite disruptions in South Korea's trade with China over the deployment of a US missile defense system in South Korea.

In 2018 and beyond, South Korea will contend with gradually slowing economic growth - in the 2-3% range - not uncommon for advanced economies. This could be partially offset by efforts to address challenges arising from its rapidly aging population, inflexible labor market, continued dominance of the chaebols, and heavy reliance on exports rather than domestic consumption. Socioeconomic problems also persist, and include rising inequality, poverty among the elderly, high youth unemployment, long working hours, low worker productivity, and corruption.

Source : CIA

BASIC INFORMATION

Company Name	KUMHO POLYCHEM CO., LTD.
Registered Address	100, Cheonggyecheon-ro, Jung-gu, Seoul, Korea
Building	8F, East Wing, Signature Tower
Zip Code	04542
Tel	+82-2-6303-3801
Fax	+82-2-6303-3812
E-mail	yoo1128@polychem.co.kr ; webmaster@polychem.co.kr
Website	www.polychem.co.kr ; www.kumhopolychem.co.kr
Trading Address	8F, East Wing, Signature Tower, 100, Cheonggyecheon-ro, Jung-gu, Seoul, Korea (Old Address System : 8F, East Wing, Signature Tower, 99, Supyo-dong, Jung-gu, Seoul, Korea)
Tel	+82-2-6303-3801
Fax	+82-2-6303-3812
Other Address-Yecheon	144-6, Wolha-dong, Yeosu-si, Jeollanam-do, Korea
Factory	
Tel	+82-61-688-2711
Fax	+82-61-688-2899
Type	Export
Industry	Manufacture of Synthetic Rubber
Main Business	Athylenpropylene Rubber, Synthetic Rubber, EPDM
Sub Business	
Established (mm/dd/yyyy)	06/05/1985

DETAILED PRODUCTS

Activity	Detailed Products (UNSPSC)
Sell	Rubber compound(13101607)

CEO'S

Name	Park Chan-Gu
Date of Birth	08/13/1948
Title	Co-President & CEO
Nationality	Korean

PROFILES

Capital (KRW)	21,500,000,000
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Employees 198
Formation Co., Ltd by shares
Foreign Direct Investment Corporation
A company of KUMHO ASIANA BUSINESS GROUP
Bank Details Woori Bank-Sales 1 Division
Korea Development Bank
Shinhan Bank
KEB Hana Bank
Corporate Registered No. 110111-0400533
Business Registered No. 104-81-34515
Permit & Licenses 11/20/1993 Obtained ISO 9002
05/24/1994 Obtained ISO 9001
09/30/1996 Obtained ISO 14001
12/06/2000 Obtained KOSHA 2000 certificate
10/17/2000 Obtained OHSAS 18001 certificate
01/27/2006 Obtained ISO 9001 by DNV
01/27/2006 Obtained ISO 14001 by DNV

Shareholder Position	Int'l Trade No.: 548029		
	Name	Shares	%
	KOREA KUMHO PETRO CHEMICAL CO., LTD.(110111-0205975)	2,150,000	50.00
	JSR CORPORATION(JAPAN)	2,150,000	50.00
	TOTAL	4,300,000	100.00

Company History 06/05/1985 Incorporated as KUMHO EP RUBBER CO., LTD. as a JV
between KOREA SYNTHETIC RUBBER INDUSTRIES CO., LTD. and
JAPAN SYNTHETIC RUBBER CO., LTD.
05/01/1997 Changed the company's name to Kumho Polychem Co., Ltd.
03/27/2001 Increased the authorized shares to 12,000,000 shares from
4,000,000 shares
11/06/2001 Increased capital to 30,000,000,000 KRW from
15,000,000,000 KRW
06/11/2002 Decreased capital to 24,000,000,000 KRW from
30,000,000,000 KRW
03/27/2003 Decreased capital to 21,500,000,000 KRW from
24,000,000,000 KRW
11/2007 Awarded USD 100 Million Export Tower in the 44th International
Trading Day
09/07/2008 Moved to 20th Fl., Kumho Asiana Main Bldg., 115, Sinmunno
1-ga, Jongno-gu, Seoul, Korea from 57, Sinmunno 1-ga, Jongno-gu,
Seoul, Korea
09/01/2012 Moved to the present HQ address from 20th Fl., Kumho
Asiana Main Bldg., 115, Sinmunno 1-ga, Jongno-gu, Seoul, Korea

MANAGEMENT

Job Description	Name	Nationality	Date of Birth	Inauguration Date
Co-President & CEO	Park Chan-Gu	Korean	08/13/1948	04/27/2012
Co-President & CEO	Wakabayashi Takashi	Japanese	01/01/1952	06/15/2012
Director	Kim Sung-Chae	Korean	05/20/1952	06/15/2012
Director	Yamawaki Kazumasa	Japanese	05/03/1960	06/17/2016
Director	Koshiha Mitsunobu	Japanese	11/09/1955	06/17/2011
Director	Ko Young-Do	Korean	05/15/1965	01/18/2017
Auditor	Iwabuchi Tomoaki	Japanese	03/01/1958	06/18/2014
Auditor	Kim Min-Ho	Korean	03/31/1967	01/01/2015

FINANCIALS

Year / Unit : KRW	Sales	Assets	Net Income
2017	423,060,221,336	501,903,477,461	-2,825,482,515
2016	388,963,699,960	510,085,613,833	-1,058,530,957
2015	419,389,170,716	528,831,765,816	26,389,837,680
2014	415,255,926,738	485,419,907,938	-8,262,054,670
2013	390,799,410,385	440,158,906,726	27,540,557,360
2012	430,827,352,166	402,274,646,624	105,648,252,677
2011	403,243,061,120	308,647,190,756	110,629,567,944
2010	309,805,563,351	215,220,666,911	54,384,460,467
2009	219,001,945,770	159,634,856,497	21,695,848,327
2008	204,491,335,877	153,916,504,724	9,667,634,155
2007	151,482,919,960	134,196,824,121	4,814,410,180
2006	143,249,207,329	108,829,517,839	11,048,313,789
2005	129,916,865,273	81,204,422,939	17,568,304,688
2004	110,680,354,635	61,447,096,136	4,718,277,521
2003	99,325,824,880	61,964,578,036	6,328,211,894

FINANCIAL DESCRIPTION

Authorized Capital(KRW)	60,000,000,000
Paid-Up Capital(KRW)	21,500,000,000
Total Issues Shares	4,300,000

Balance Sheet

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Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Total Assets	501,903,477,461	510,085,613,833	528,831,765,816
Current Assets	127,415,712,999	114,538,293,223	117,031,157,424
Inventories	79,124,687,522	68,243,342,124	79,278,670,176
Trade Receivables	38,651,473,400	33,643,167,976	31,879,468,636
Other Receivables	3,799,239,067	3,445,232,369	3,108,343,710
Cash & Cash Equivalents	5,155,786,802	7,568,649,583	2,452,216,611
Deferred Income Tax Assets	-	1,308,354,901	-
Other Current Assets	684,526,208	329,546,270	312,458,291
Non-Current Assets	374,487,764,462	395,547,320,610	411,800,608,392
Tangibles	368,010,853,459	390,640,693,381	406,732,189,835
Intangibles	1,124,892,975	1,482,149,637	1,702,872,685
Other Receivables	3,318,111,071	2,971,015,920	3,131,150,865
Deferred Income Tax Assets	2,033,906,957	453,461,672	234,395,007
Total Liabilities	178,153,028,169	182,676,617,144	197,053,360,994
Current Liabilities	116,860,736,765	106,274,594,592	129,634,644,666
Trade Payables	31,942,528,837	28,339,835,557	24,287,132,650
Other Payables	24,088,320,647	36,784,507,299	30,951,330,148
Short-Term Borrowings	59,929,065,693	40,680,728,699	71,048,334,526
Accrued Income Tax	106,252,034	-	2,249,144,853
Other Current Liabilities	794,569,554	469,523,037	1,098,702,489
Non-Current Liabilities	61,292,291,404	76,402,022,552	67,418,716,328
Long-Term Borrowings	56,275,450,010	73,211,150,002	61,973,350,000
Confirmed Salaries	4,639,044,482	2,823,537,389	5,116,739,983
Long-Term Accrued Expenses	377,796,912	367,335,161	328,626,345
Capital Stock	21,500,000,000	21,500,000,000	21,500,000,000
Capital Surplus	1,559,108,425	1,559,108,425	1,559,108,425
Profit Surplus	300,691,340,867	304,349,888,264	308,719,296,397
Total Equity	323,750,449,292	327,408,996,689	331,778,404,822
Liab. & Shareholder's Equity	501,903,477,461	510,085,613,833	528,831,765,816

Income Statement

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Sales	423,060,221,336	388,963,699,960	419,389,170,716
Cost of Sold Goods	402,194,620,579	358,813,102,476	358,091,945,083
Gross Profit	20,865,600,757	30,150,597,484	61,297,225,633
Selling & Admin. Expenses	31,576,411,095	27,646,827,963	27,746,406,202
Operating Income	-10,710,810,338	2,503,769,521	33,550,819,431
Other Income	14,431,563,424	4,295,288,175	4,516,301,124
Other Expenses	4,866,012,947	4,985,360,886	4,029,123,265
Finance Income	2,318,517,346	2,616,490,240	2,249,438,486
Finance Expenses	5,193,404,362	6,031,454,128	4,585,655,258
Income Before Taxes	-4,020,146,877	-1,601,267,078	31,701,780,518
Income Taxes Expenses	-1,194,664,362	-542,736,121	5,311,942,838
Net Income	-2,825,482,515	-1,058,530,957	26,389,837,680

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RELATED PARTIES (SUBSIDIARIES, JOINT-VENTURE & AFFILIATES)

Affiliates	KUMHO INDUSTRIAL CO., LTD.(110111-0134877) ASIANA AIRLINES INC.(110111-0562804) KUMHO TRADING CO., LTD.(110111-2079641) KUMHO MITSUI CHEMICALS, INS.(110111-0612980) KUMHO P&B CHEMICALS, INC.(206211-0018313) ASIANAIDT, INC.(110111-0801848) KUMHO ASIANA CULTURE FOUNDATION(200122-0000323) JSR TRADING CO.LTD
Major Shareholders	KOREA KUMHO PETRO CHEMICAL CO., LTD.(110111-0205975) JSR CORPORATION(JAPAN)
Cooperative Enterprise	- Insured Company DONGBU INSURANCE CO., LTD.(110111-0095285) -Technical Support Agreement with EXXON MOBIL CHEMICAL COMPANY

SALES BY REGION (ACTIVITY & MARKETS)

The subject deals with the companies in China, Taiwan and USA.

COURT ACTION

No.

NEWS CLIPPING

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.90
UK Pound	1	INR 97.33
Euro	1	INR 85.58
KRW	1	INR 0.065

Note: Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	NIT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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