

3Q 2009 Business Results & Outlook

Oct 13, 2009



The business results for the 3rd quarter of 2009 currently under audit review are presented here for investors' convenience. Hence, please be advised that some of their contents may be altered in the course of audit.

Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables.

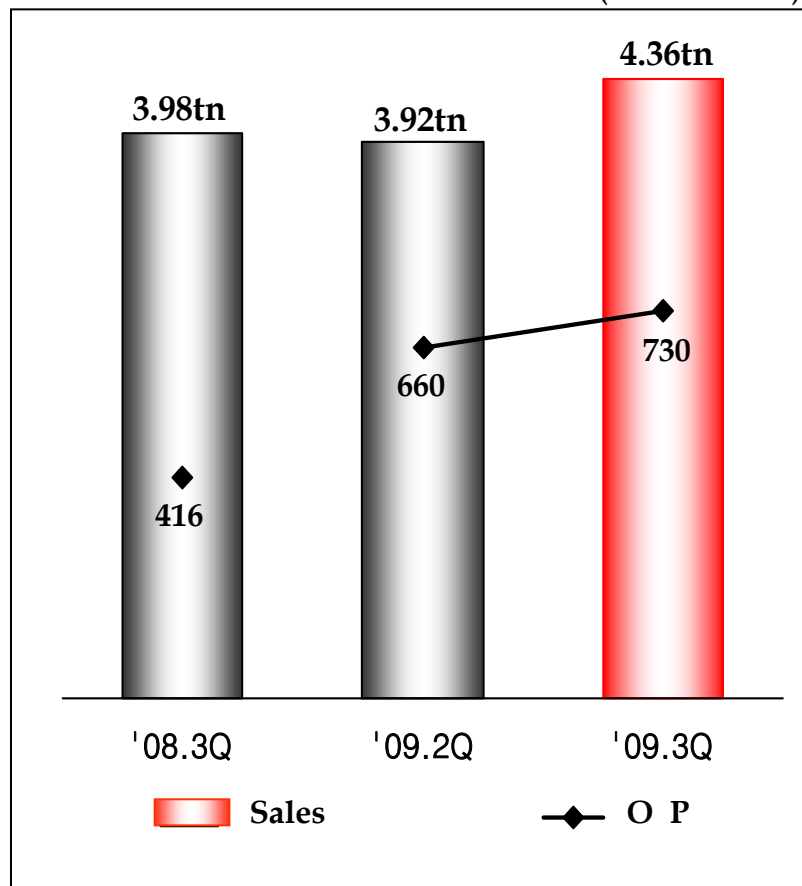
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Quarterly Business Results

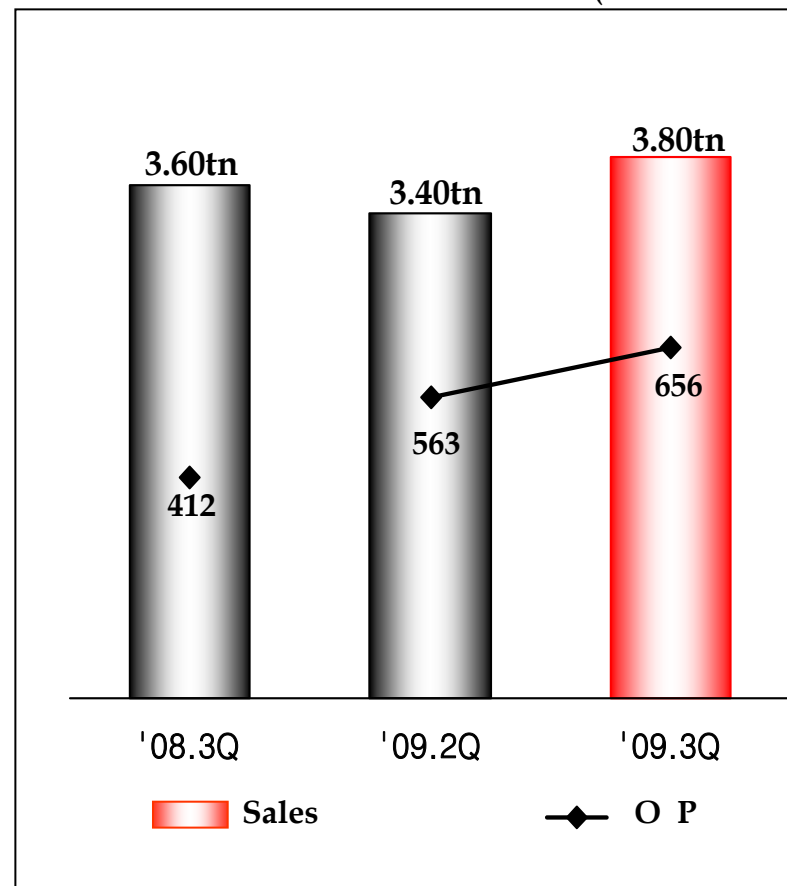
Consolidated

(Unit:KRW bn)

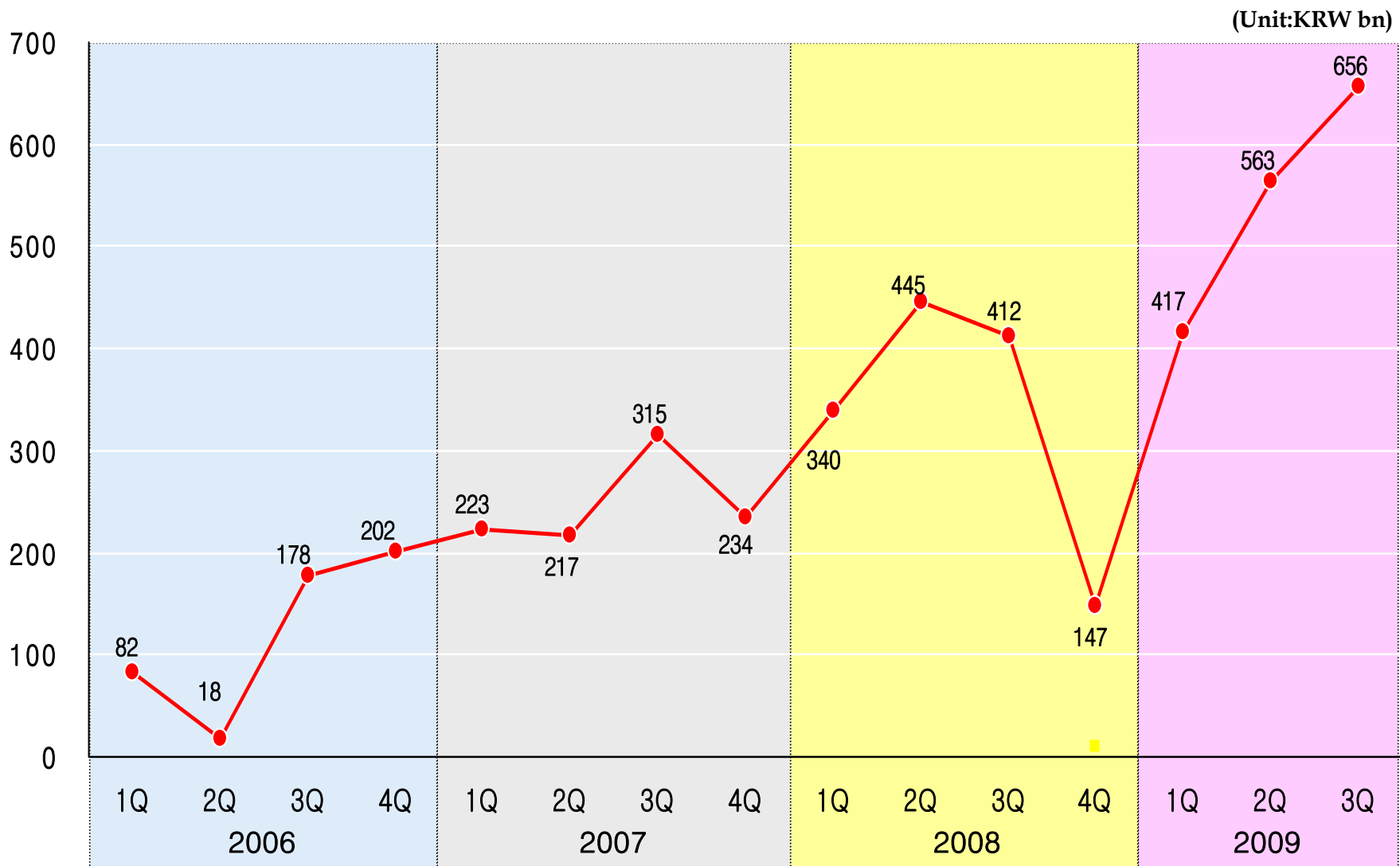


Non-consolidated

(Unit:KRW bn)



Operating Profit Trend (Non-consolidated)

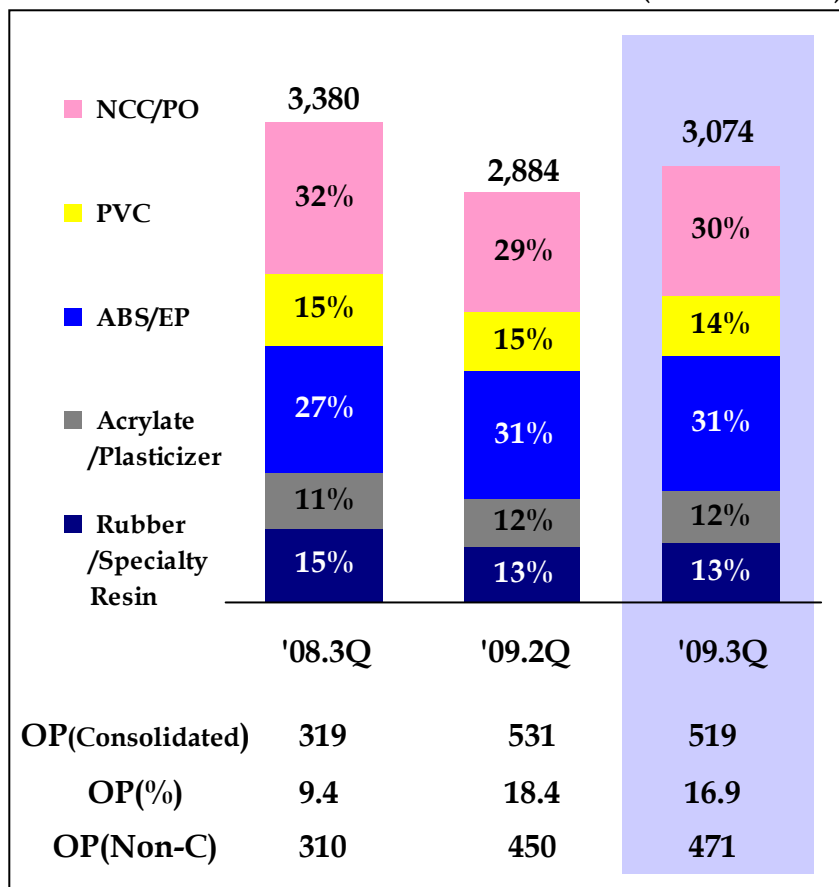


	Consolidated				Non-Consolidated			
(Unit : KRW bn)	'08.3Q	'09.2Q	'09.3Q	YoY	'08.3Q	'09.2Q	'09.3Q	YoY
Sales	3,980	3,921	4,364	9.7%	3,597	3,402	3,798	5.6%
Operating Profit	416	660	730	75.3%	412	563	656	59.1%
(%)	(10.5)	(16.8)	(16.7)		(11.5)	(16.6)	(17.3)	
Pre-tax Income From Continuing Operations	362	631	713	96.7%	373	607	700	87.9%
(%)	(9.1)	(16.1)	(16.3)		(10.4)	(17.8)	(18.4)	
Equity Method Gains	3	-12	-2	-	-3	54	45	-
Net Income	297	467	543	82.8%	297	467	543	82.8%

	Consolidated			Non-Consolidated		
(Unit : KRW bn)	'08	'09.4.1	'09.3Q	'08	'09.4.1	'09.3Q
Assets	9,736	9,110	10,041	8,036	7,502	8,279
(Cash and equivalents)	514	905	1,161	373	755	901
Liabilities	4,683	4,611	4,586	3,147	3,172	3,000
(Borrowings)	2,743	2,565	2,172	1,350	1,327	961
Shareholder's Equity	5,053	4,500	5,455	4,890	4,330	5,279
Total Liabilities / Equity (%)	92.7	102.5	84.1	64.4	73.2	56.8
Debt / Equity (%)	54.3	57.0	39.8	27.6	30.6	18.2
Interest Coverage Ratio	13.5	-	34.5	34.3	-	56.6
ROE (%)	21.7	-	35.7	24.5	-	36.0
ROA (%)	10.8	-	18.5	13.9	-	21.9
EBITDA	1,864	-	2,307	1,746	-	1,941

Business results

(Unit:KRW bn)



Analysis

• Analysis

- Compared to last quarter, 3Q margin went down a little but results showed increase in sales and decent operating profits
 - NCC/PO : Due to rising oil price and strong upstream products, spread gains went up high
 - PVC : Due to strong price based on domestic and emerging market demands, margin improved
 - ABS/EP : Stable demand from China market continued
 - Acrylate/Plasticizer : Stable margin based on consistent demands
 - Rubber/Specialty Resin : Recovery of Auto industry helped business

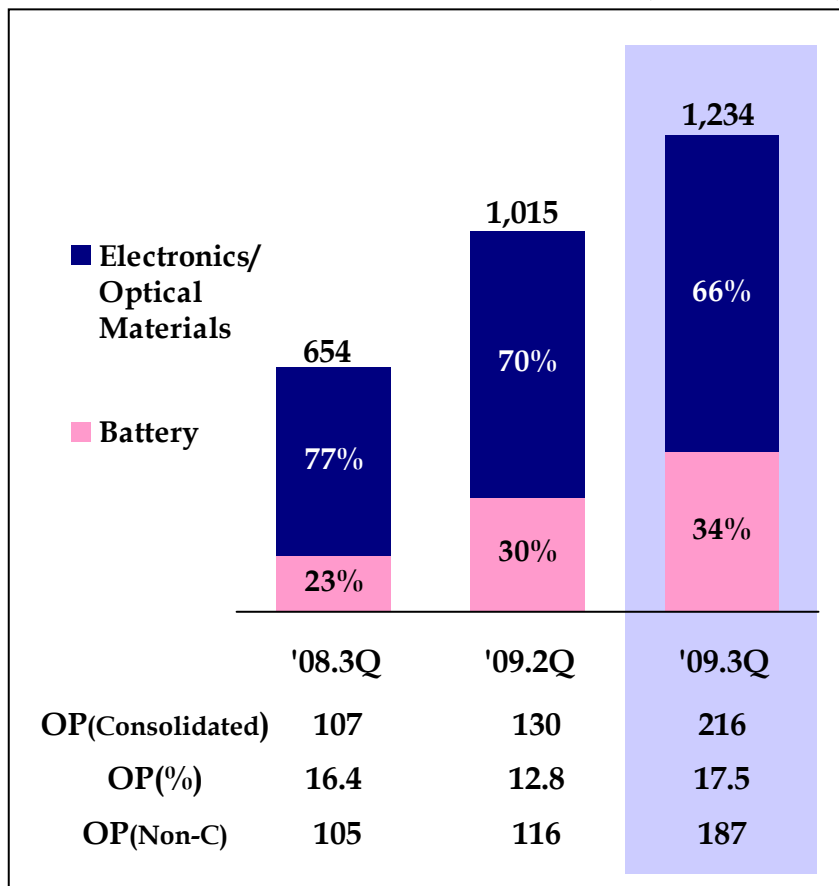
• Outlook

- Due to new capacity expansion from Middle East and China, PO product price drop is expected
- Steady business results are expected in various competitive Non-PO downstream products with resilient fundamentals

Business results

Analysis

(Unit:KRW bn)



• Analysis

■ Electronics & opticals

- Sharp increase of LCD demand made big improvement in gains
- Consistent improvement of Electronics/Optical Materials also supported outstanding results

■ Battery

- Sales increased in major customers (Nokia, HP, LGE)
- HEV battery sales began (HMC/KIA Motors)

• Outlook

■ Electronics & Opticals

- Upgrading production efficiency on Ultra wide-line for polarizer and differentiated production capability continue

■ Battery

- Maintain constant sales volume to major customers
- Extend more to new HEV/EV Battery customers

(Unit: KRW bn)

LGC	2008					2009				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	3,494	3,749	3,980	3,332	14,555	3,400	3,921	4,364		11,685
Operating Profit	362	484	416	59	1,321	487	660	730		1,878
Petrochemicals	2,835	3,131	3,380	2,470	11,816	2,587	2,884	3,074		8,545
NCC/PO	884	977	1,074	703	3,638	751	838	911		2,500
Synthetic Rubber/ Specialty Resin	353	400	516	434	1,703	358	390	423		1,170
PVC	370	412	493	335	1,609	439	420	429		1,289
ABS/EP	891	965	908	692	3,456	724	899	948		2,570
Acrylate/Plasticizer	337	379	388	306	1,410	315	338	363		1,016
Operating Profit	285	393	319	-85	912	374	531	519		1,423
I & E Materials	620	654	654	750	2,678	786	1,015	1,234		3,035
Optical/Electronic	462	516	511	492	1,981	556	728	862		2,145
Battery	165	148	154	272	739	242	309	437		987
Operating Profit	84	102	107	172	466	114	130	216		460

(Unit: KRW bn)

LGC	2008					2009				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,994	3,239	3,597	2,816	12,645	2,932	3,402	3,798		10,132
Operating Profit	340	445	412	147	1,344	417	563	656		1,635
Petrochemicals	2,397	2,607	2,961	2,075	10,039	2,152	2,388	2,580		7,120
NCC/PO	884	985	1,085	720	3,674	777	885	980		2,642
Synthetic Rubber/ Specialty Resin	347	381	503	395	1,626	338	368	399		1,104
PVC	259	286	341	237	1,124	295	293	313		901
ABS/EP	583	604	653	430	2,271	432	522	538		1,492
Acrylate/Plasticizer	323	350	378	294	1,344	310	322	350		982
Operating Profit	262	350	310	-14	907	316	450	471		1,237
I & E Materials	611	656	669	769	2,705	804	1,047	1,258		3,110
Optical/Electronic	445	505	505	478	1,933	546	711	845		2,102
Battery	173	160	174	304	811	269	356	435		1,060
Operating Profit	80	98	105	170	453	104	116	187		406

Borrowings

(Unit : KRW bn)

	Balance			'09 Plan
	'08	'09.4.1	'09.3Q	
Total	1,350 (100%)	1,327 (100%)	961 (100%)	914 (100%)
KRW	929	865	664	593
Currency	(69%)	(65%)	(69%)	(65%)
C P	-	-	-	-
C B	560	500	350	250
Others	369	365	314	343
Foreign	421	461	297	321
Currency	(31%)	(35%)	(31%)	(35%)
FRN	170	186	59	64
Others	252	275	238	257
Short-term	560 (42%)	671 (51%)	548 (57%)	598 (65%)
Long-term	790 (58%)	656 (49%)	413 (43%)	316 (35%)

☞ The % is calculated to total borrowings. Discounts of bond is not included.
Currency swap included

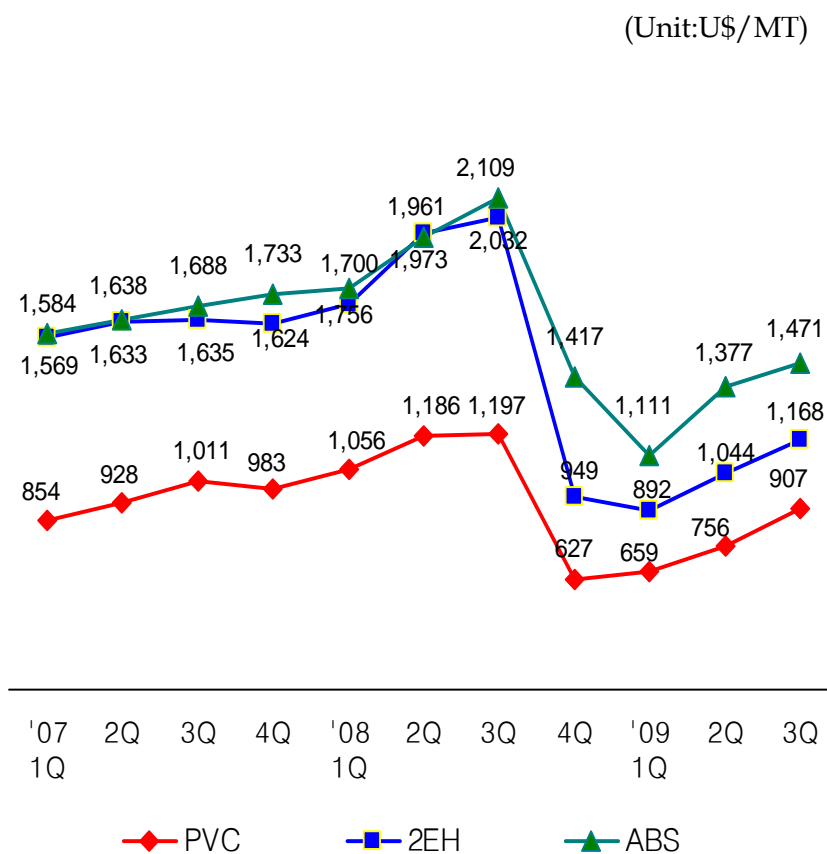
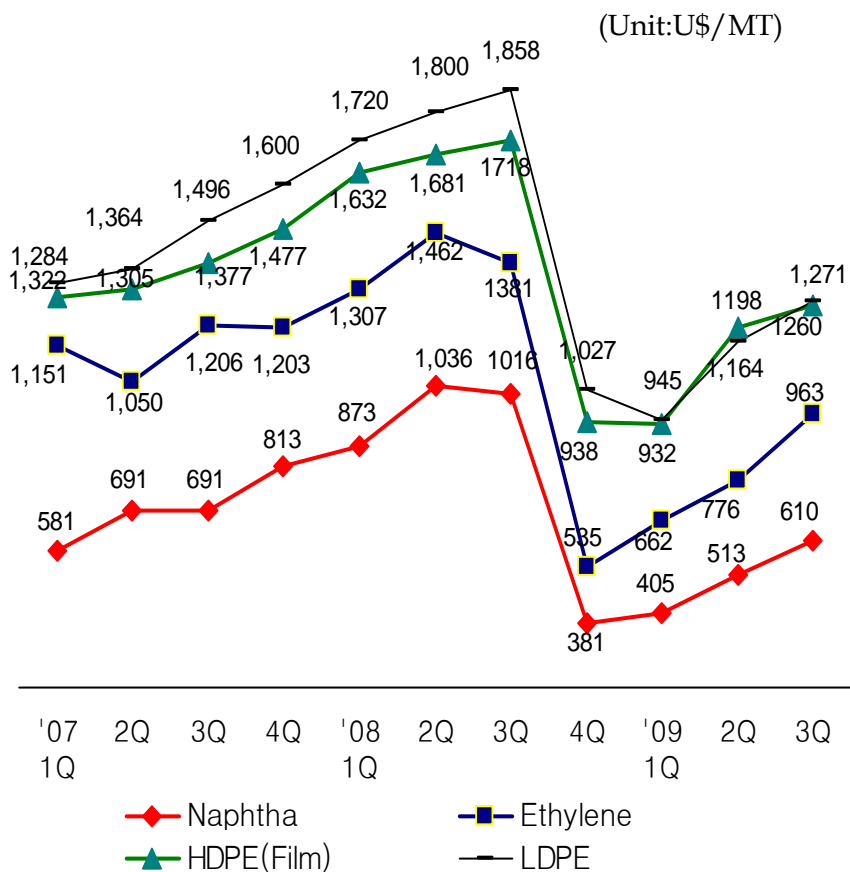
Cash Flow

(Unit : KRW bn)

	'08	'09.3Q
Beginning	466	373
Operating/Investing	246	1,148
Net Income	1,003	1,299
Depreciation	402	291
Working Capital	-534	21
CAPEX	-713	-635
Others	88	172
Financing	-339	-598
Borrowings	-12	-389
ABS refund	-160	-
Dividend	-167	-209
LG Hausys Spin-off	-	-23
Cash split	-	-214
Borrowings split	-	212
Working Capital, etc. (LG Hausys)	-	-21
End	373	901

(Unit : KRW bn)

		'07	'08	'09 Plan	'09.3Q
Petrochemicals	New/Expansion	142	217	104	95
	Maintenance	68	85	136	70
	Equity Investment	16	-	23	3
	Total	227	302	263	168
I & E Materials	New/Expansion	42	194	347	273
	Maintenance	36	51	91	45
	Equity Investment	12	21	28	14
	Total	90	266	466	332
Common Expenses	New/Expansion	1	-	-	0
	Maintenance	100	71	136	115
	Equity Investment		1	-	19
	Total	100	72	136	135
Total	New/Expansion	185	411	451	368
	Maintenance	204	207	363	230
	Equity Investment	28	22	50	37
	Total	417	640	864	635



• The prices are average price of CFR FE Asia for general grade in each product group.