

SolutionPartner

Korea Investor Conference 2009 (Citi)

2009. 3. 5



The business results for the 4th quarter of 2008 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.

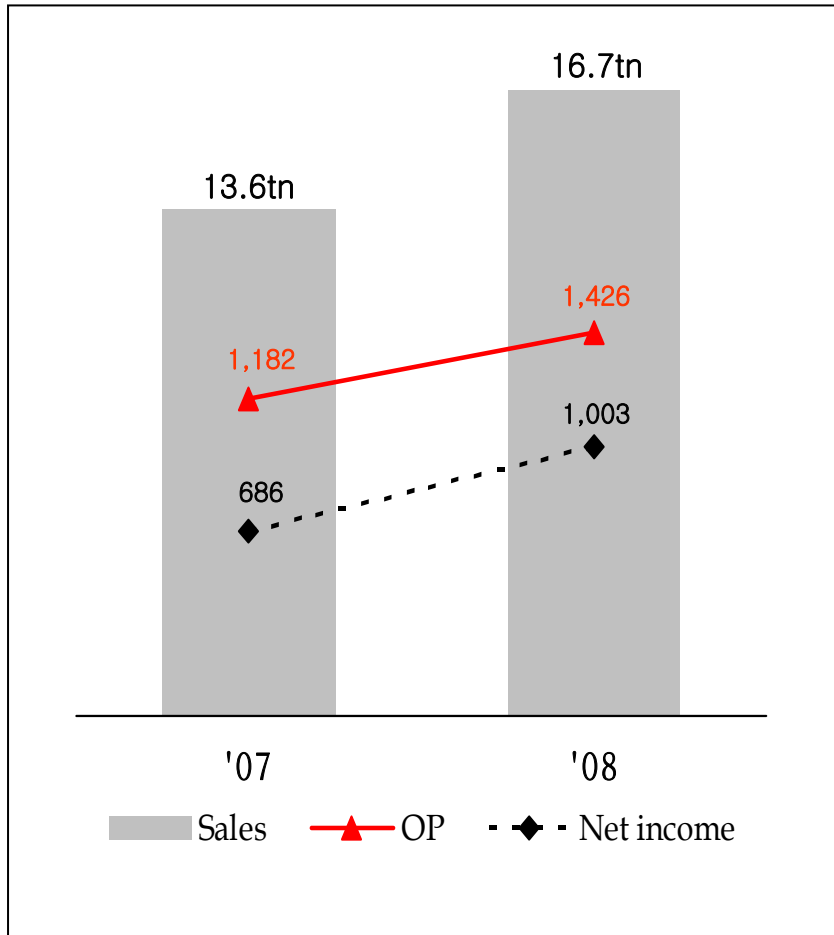
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Yearly Business Results

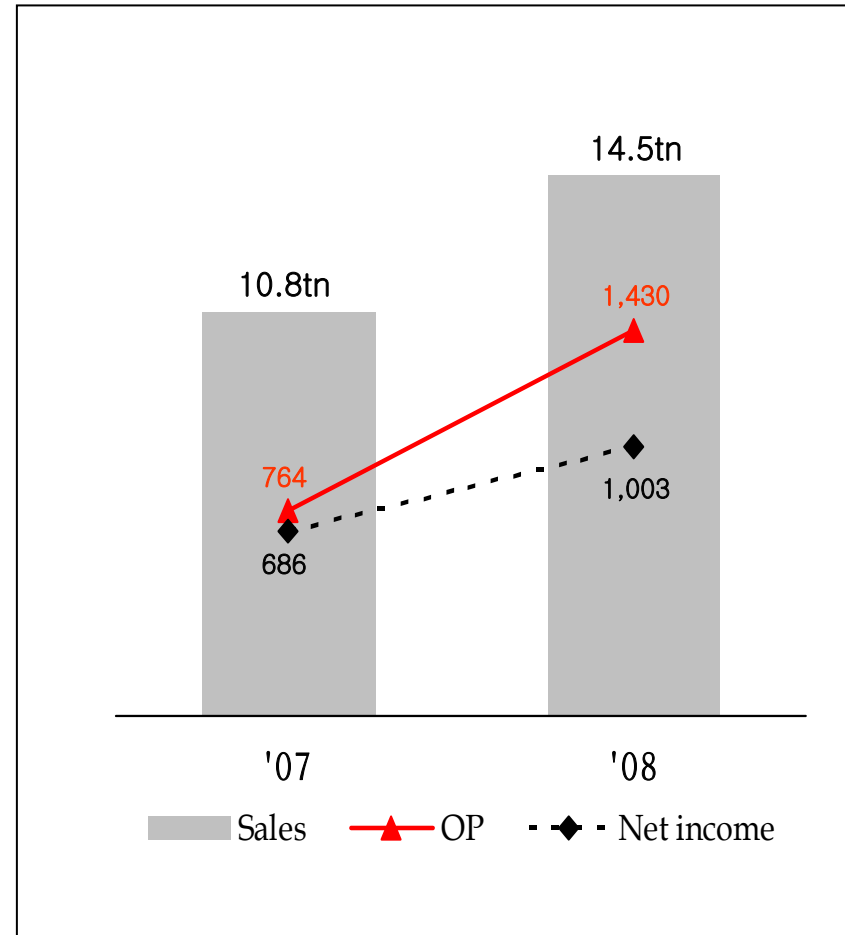
Consolidated

(Unit:KRW bn)



Non-Consolidated

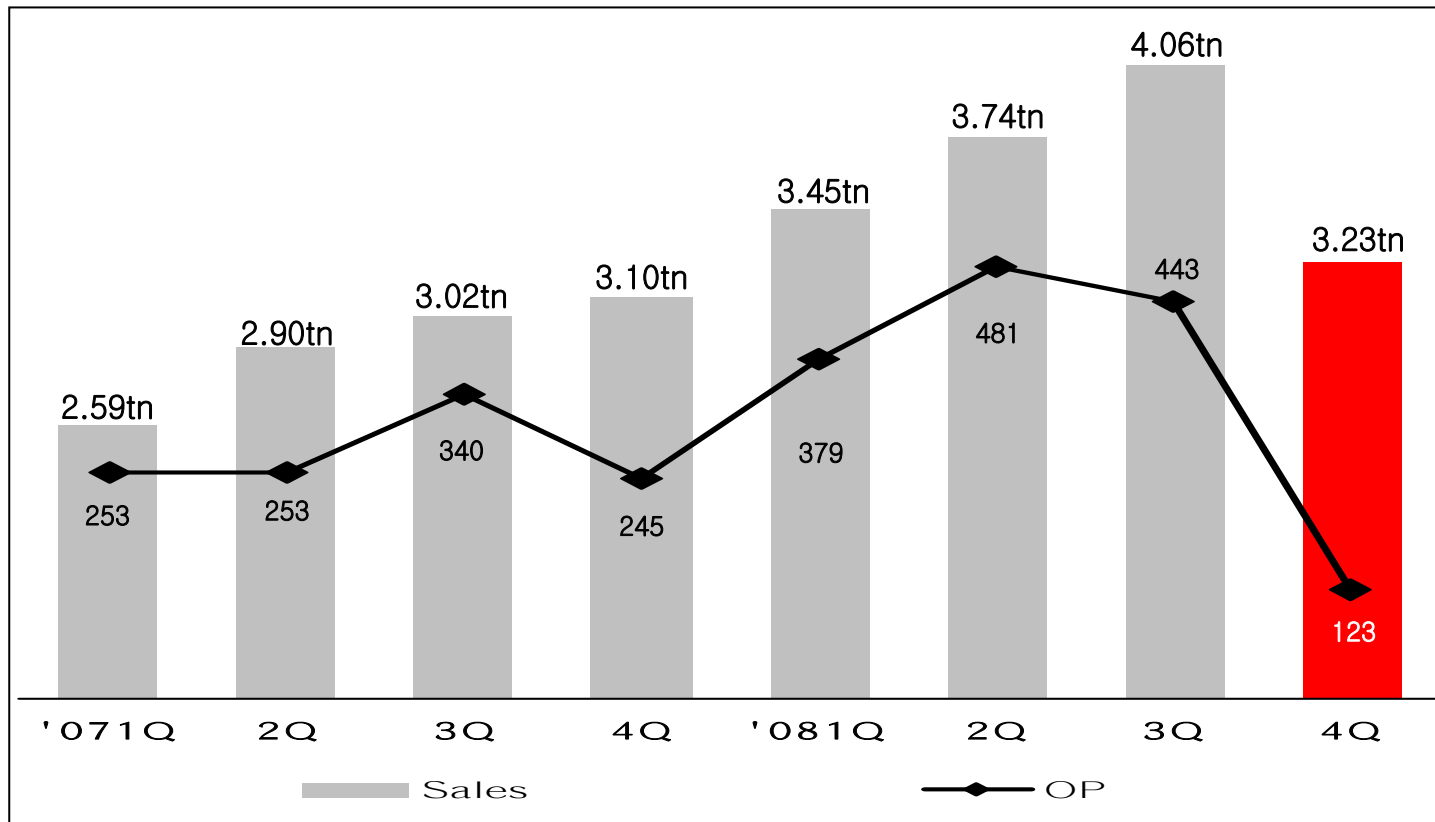
(Unit:KRW bn)



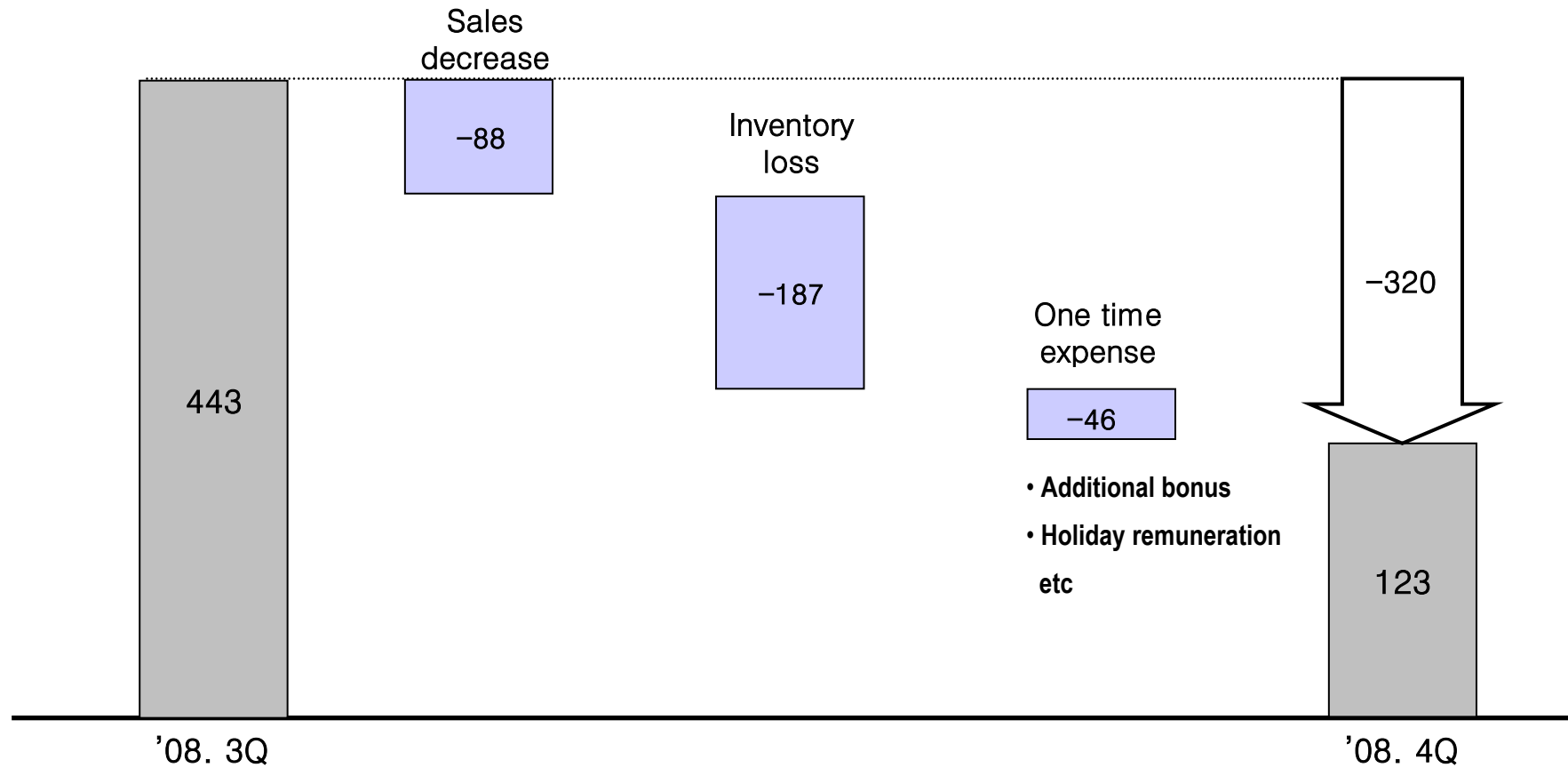
Quarterly Business Results

LGC + LGPC

(Unit:KRW bn)



Profit Change Analysis



	Consolidated				Non-Consolidated			
(Unit : KRW bn)	'07 4Q	'08 4Q	'08 3Q	YoY	'07 4Q	'08 4Q	'08 3Q	YoY
Sales	3,535	3,727	4,581	5.4%	3,004	3,237	4,065	7.8%
Operating Profit	263	45	452	-82.8%	221	123	443	-44.6%
(%)	(7.4)	(1.2)	(9.9)		(7.4)	(3.8)	(10.9)	
Recurring Profit	202	15	392	-92.8%	177	68	399	-61.8%
(%)	(5.7)	(0.4)	(8.6)		(5.9)	(2.1)	(9.8)	
Equity Method Gains	-2	-10	2		10	-71	-2	
Net Income	126	62	297	-51.1%	126	62	297	-51.1%

* Recurring Profit stands for "Profit from continuing operations before income tax"

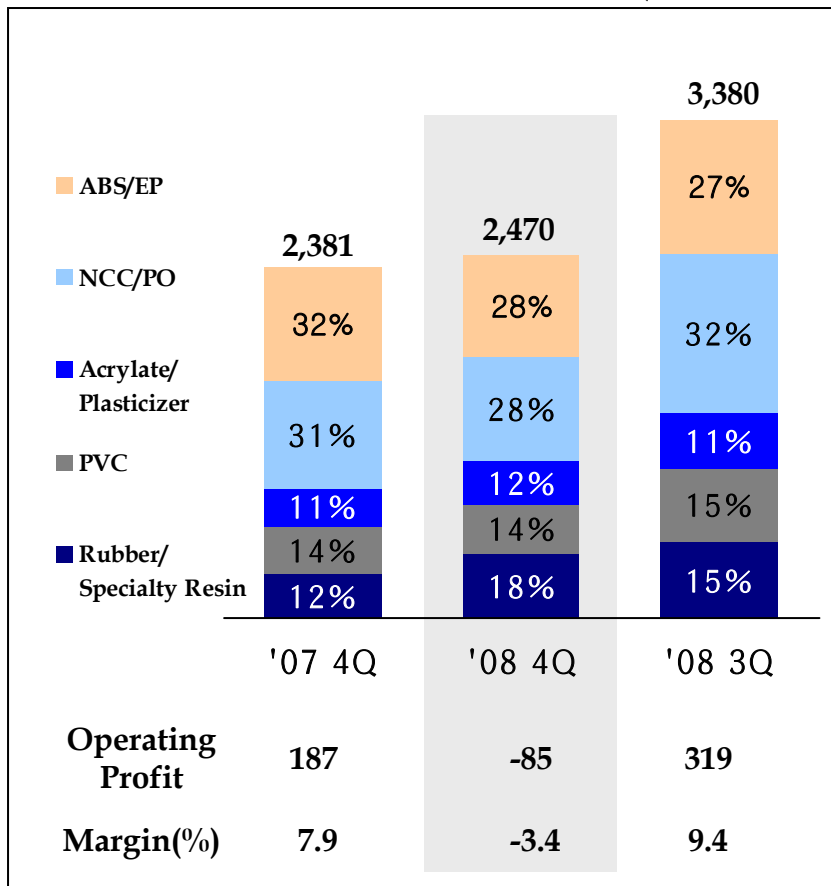
* 'Discontinued operation' accounting method is not applied in this presentation material for avoiding investor's confusion.

	Consolidated		Non-Consolidated	
(Unit : KRW bn)	'07	'08	'07	'08
Assets	8,551	9,730	7,050	8,036
(Cash and equivalents)	591	659	466	522
Liabilities	4,507	4,676	3,172	3,147
(Borrowings)	2,368	2,773	1,362	1,350
Shareholder's Equity	4,044	5,055	3,878	4,890
Total Liabilities / Equity (%)	111.4	92.5	81.8	64.4
Debt / Equity (%)	58.6	49.2	35.1	27.6
Interest Coverage Ratio	10.1	12.1	10.0	24.3
ROE (%)	22.8	21.7	23.3	24.5
ROA (%)	10.3	10.8	11.3	13.9
EBITDA			1,227	1,853

Business results

Analysis

(Unit:KRW bn)



• Analysis

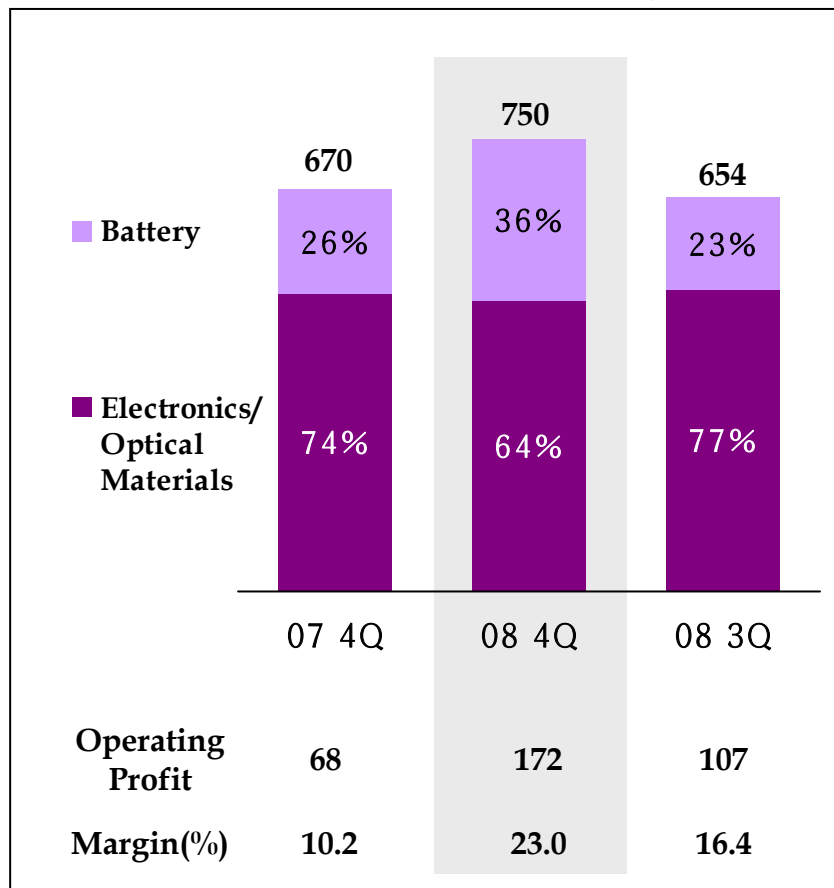
- Rapid oil price decline reflected into product prices immediately
- High-cost raw material inventory worsened profitability due to lagging effect.
- Inventory loss caused by significant product prices drop within a short period
- Weak demand and delay in customers' buying activities

• Outlook

- Product prices are expected to rebound thanks to inventory build-up activities after Chinese new year holidays
- Low-cost raw materials will improve product spread and profitability

Business results

(Unit:KRW bn)



Analysis

• Analysis

- Electronics & opticals
Achieved solid sales/profit on the back of cost competitiveness, despite of weak demand in the front line industry
- Battery
Big jump in sales/profits thanks to starting new expansion & sales increase to major customers

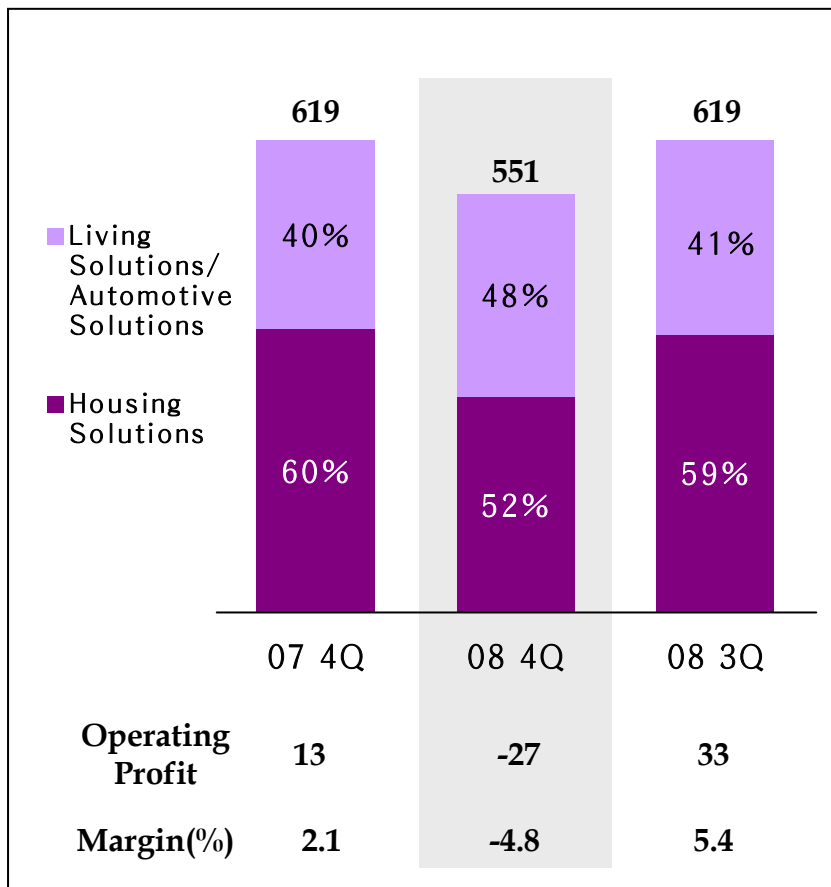
• Outlook

- Electronics & opticals
Maintain solid profit by cost cutting after ultra wide polarizer line operating
- Battery
Strengthen cost competitiveness & increase M/S in strategic customers

Business results

Analysis

(Unit:KRW bn)



• Analysis

▣ Decrease in sales

- H S : Decrease in demand due to continuous depression and accelerated liquidity crisis of the construction industry
- L S : Volume decrease caused by global economy slowdown

▣ Increase in expenses for marketing investment of new products and oversea business expansions.

• Outlook

▣ Recovery is expected after completion of the construction industry restructuring & effective real-estate policy enhancement by government

▣ Strengthen business competitiveness by innovation of product and cost structures

(Unit: KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	3,041	3,384	3,566	3,535	13,525	4,014	4,386	4,581	3,727	16,708
Operating Profit	258	292	374	263	1,187	401	527	452	45	1,426
Petrochemicals	2,038	2,300	2,396	2,381	9,114	2,835	3,131	3,380	2,470	11,816
NCC/PO	483	630	696	727	2,536	884	977	1,074	703	3,638
Synthetic Rubber/ Specialty Resin	272	297	324	296	1,188	353	400	516	434	1,703
PVC	248	301	315	326	1,190	370	412	493	335	1,609
ABS/EP	756	790	793	770	3,109	891	965	908	692	3,456
Acrylate/Plasticizer	278	282	268	262	1,091	337	379	388	306	1,410
Operating Profit	232	217	289	187	925	285	393	319	-85	912
I & E Materials	460	530	595	670	2,255	620	654	654	750	2,678
Optical/Electronic	337	385	437	504	1,664	462	516	511	492	1,981
Battery	127	154	169	175	625	165	148	154	272	739
Operating Profit	7	31	64	68	170	84	102	107	172	466
Industrial Materials	540	616	560	619	2,335	569	662	619	551	2,401
Building/Decorative	296	350	327	373	1,347	320	365	367	284	1,336
Living/Automotive	245	268	234	248	996	250	298	256	267	1,072
Operating Profit	30	40	29	13	112	41	40	33	-27	88

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

Appendix

Sales & Operating Profit(Non-Consolidated)

(Unit: KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,380	2,645	2,767	3,004	10,795	3,448	3,738	4,065	3,237	14,488
Operating Profit	127	163	253	221	764	379	481	443	123	1,430
Petrochemicals	1,498	1,647	1,743	1,906	6,794	2,397	2,607	2,961	2,075	10,039
NCC/PO	376	491	570	682	2,120	884	985	1,085	720	3,674
Synthetic Rubber/ Specialty Resin	153	168	185	238	744	347	381	503	395	1,626
PVC	206	229	220	239	894	259	286	341	237	1,124
ABS/EP	495	489	512	496	1,992	583	604	653	430	2,271
Acrylate/Plasticizer	267	269	257	251	1,044	323	350	378	294	1,344
Operating Profit	89	100	171	152	511	262	350	310	-14	907
I & E Materials	438	510	590	602	2,140	611	656	669	769	2,705
Optical/Electronic	311	359	426	429	1,525	445	505	505	478	1,933
Battery	132	159	175	183	649	173	160	174	304	811
Operating Profit	7	26	57	61	152	80	98	105	170	453
Industrial Materials	500	563	505	572	2,140	518	564	540	469	2,091
Building/Decorative	292	340	316	365	1,312	312	344	351	269	1,276
Living/Automotive	210	226	191	209	835	208	221	192	202	822
Operating Profit	30	36	24	11	101	39	37	31	-20	86

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

Borrowings

(Unit : KRW bn)

	Balance			'08 (P)
	'07	'08	Changes	
Total	1,362 (100%)	1,350 (100%)	-12	1,315 (100%)
KRW	1,033 (76%)	929 (80%)	-104	1,000 (76%)
Currency				
C P	-	-	-	-
C B	780	560	-220	660
Others	253	369	116	340
Foreign	328 (24%)	421 (20%)	93	315 (24%)
Currency				
FRN	235	170	-65	225
Others	94	252	158	90
Short-term	367 (27%)	560 (54%)	193	530 (40%)
Long-term	995 (73%)	790 (46%)	-205	785 (60%)

Cash Flow

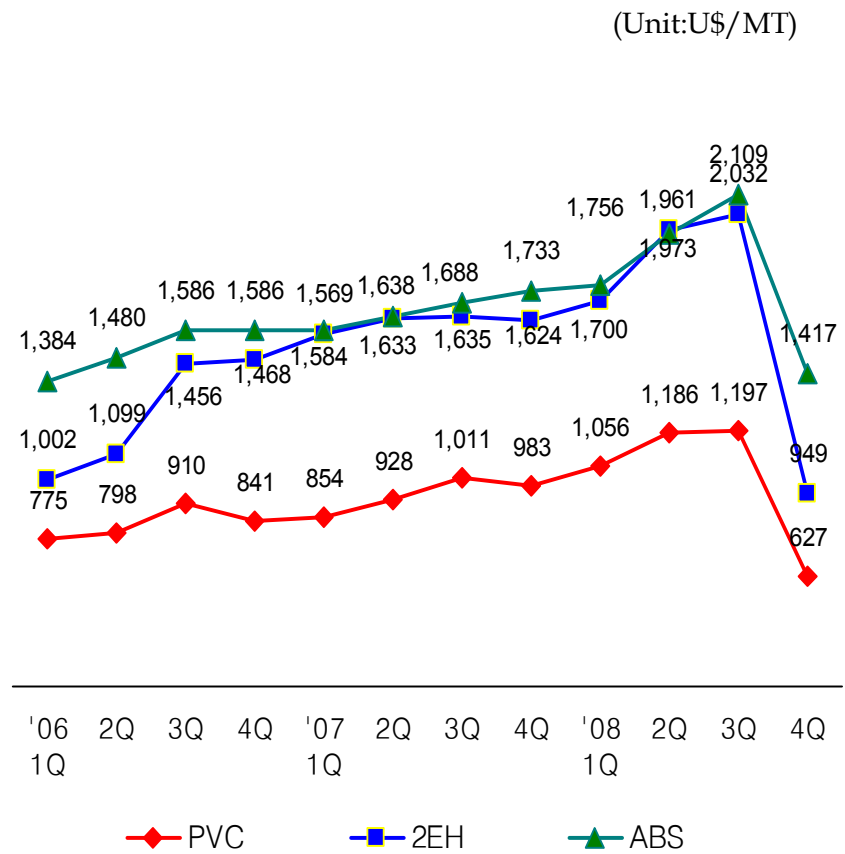
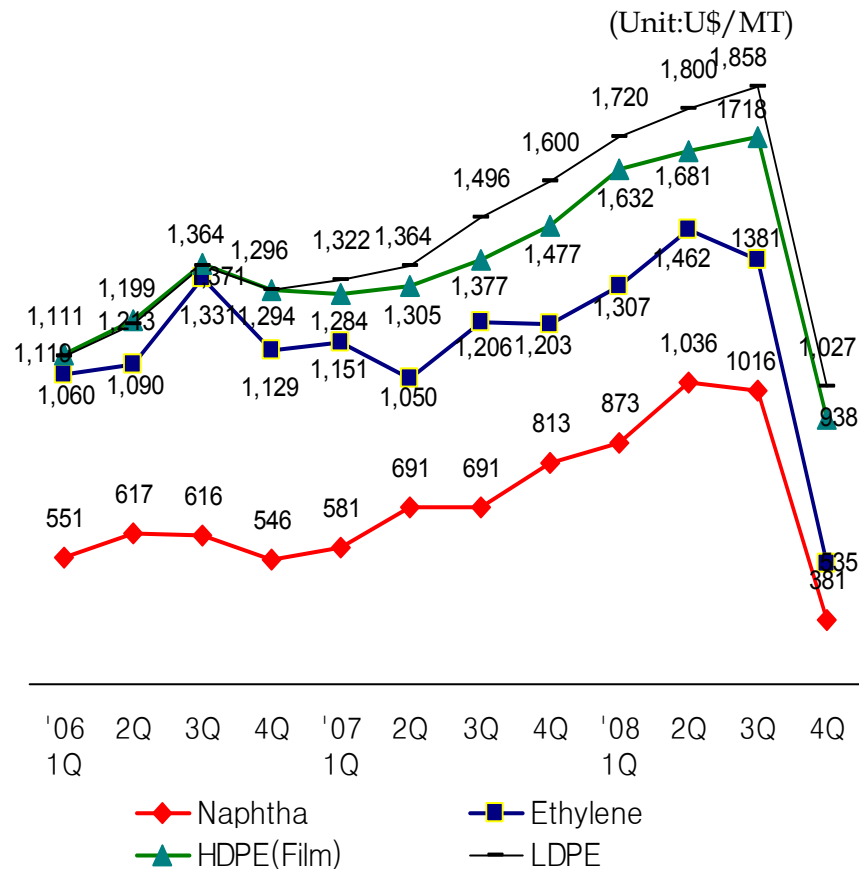
(Unit : KRW bn)

	'07	'08
Beginning	116	466
Operating/Investing	647	394
Net Income	686	1,003
Depreciation	437	402
Working Capital	-459	-534
CAPEX	-484	-713
Others	467	236
Financing	-297	-339
Borrowings	-224	-12
ABS refund		-160
Dividend	-73	-167
End	466	522

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

(Unit : KRW bn)

		'06 Results	'07 Results	'08 Plan	'08 Results
Petrochemicals	New/Expansion	118	142	156	217
	Maintenance	84	68	95	85
	Equity Investment	39	16	3	-
	Total	241	227	253	302
I & E Materials	New/Expansion	122	42	231	194
	Maintenance	38	36	45	51
	Equity Investment	8	12	34	21
	Total	168	90	310	266
Industrial Materials	New/Expansion	15	10	32	16
	Maintenance	56	57	60	57
	Equity Investment	10	-	12	1
	Total	81	67	104	73
Common Expenses	New/Expansion	-	1	4	-
	Maintenance	87	100	135	71
	Equity Investment	14	-	-	1
	Total	101	100	139	72
Total	New/Expansion	255	195	423	427
	Maintenance	265	260	334	263
	Equity Investment	71	28	48	22
	Total	591	484	805	713



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