

# 1Q 2010 Business Results & Outlook

April 20, 2010



**The business results for the first quarter of 2010 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.**

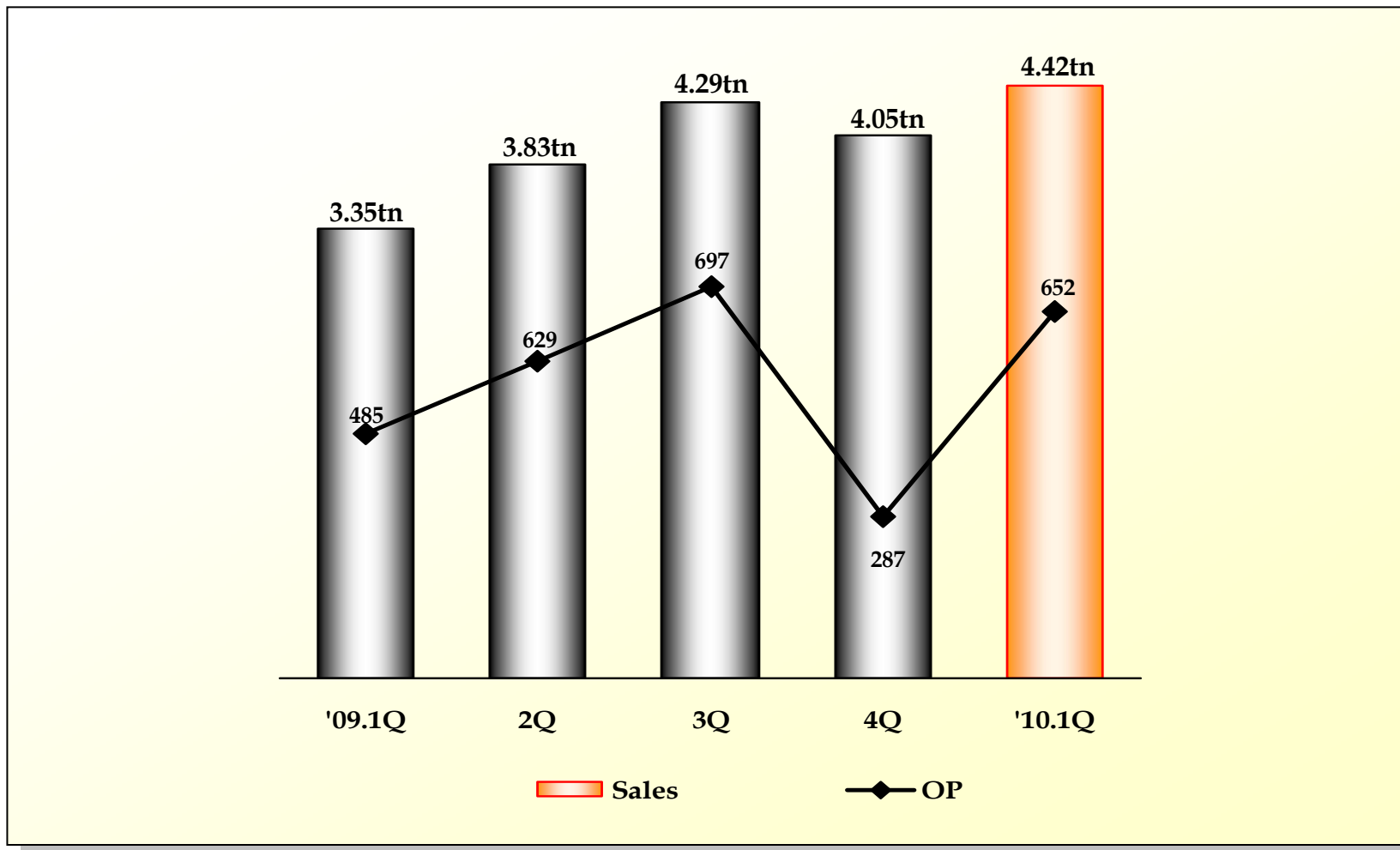
**Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables.**

**From 2010, the business results including all historical data are subject to the IFRS(International Financial Reporting Standards).**

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(Unit: KRW bn)



(Unit: KRW bn)

Classification	'09.1Q	'09.4Q	'10.1Q	YoY	QoQ
<b>Sales</b>	3,350	4,046	4,423	32.0%	9.3%
<b>Operating Profits</b>	485	287	652	34.6%	127.2%
(%)	(14.5)	(7.1)	(14.7)		
<b>Pre-tax Income</b>	433	258	649	50.0%	151.3%
(%)	(12.9)	(6.4)	(14.7)		
<b>Net Income</b>	299	223	518	73.0%	132.0%

## Financial Position

(Unit: KRW bn)

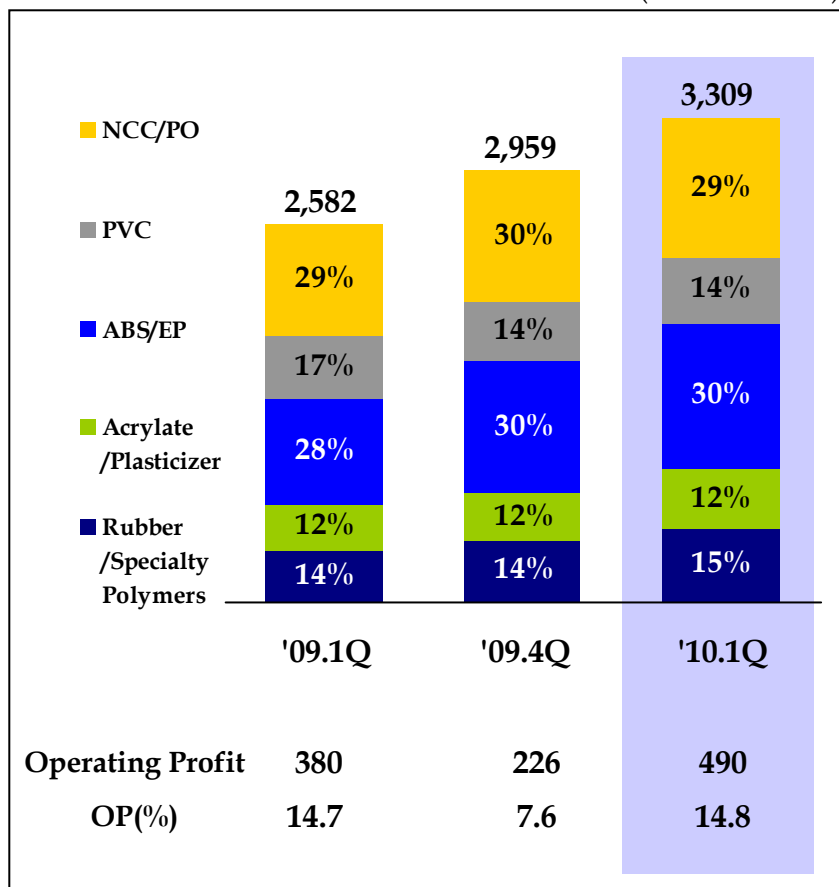
Classification	'09	'10.1Q	Change
<b>Assets</b>	<b>10,531</b>	<b>11,256</b>	6.9%
Cash and equivalents	1,107	1,120	1.2%
<b>Liabilities</b>	<b>4,604</b>	<b>5,093</b>	10.6%
Borrowings	2,411	2,435	1.0%
<b>Shareholder's Equity</b>	<b>5,927</b>	<b>6,163</b>	4.0%
<b>EBITDA</b>	<b>2,611</b>	<b>795</b>	

## Financial Ratios

Classification	'09	'10.1Q	Change
<b>Total Liabilities / Equity (%)</b>	<b>77.7</b>	<b>82.6</b>	4.9%p
<b>Debt / Equity (%)</b>	<b>40.7</b>	<b>39.5</b>	-1.2%p
<b>Interest Coverage Ratio</b>	<b>20.2</b>	<b>37.5</b>	17.3
<b>ROE (%)</b>	<b>27.3</b>	<b>34.3</b>	7.0%p
<b>ROA (%)</b>	<b>18.8</b>	<b>19.0</b>	0.2%p

## Business results

(Unit: KRW bn)



## Analysis

### • Analysis

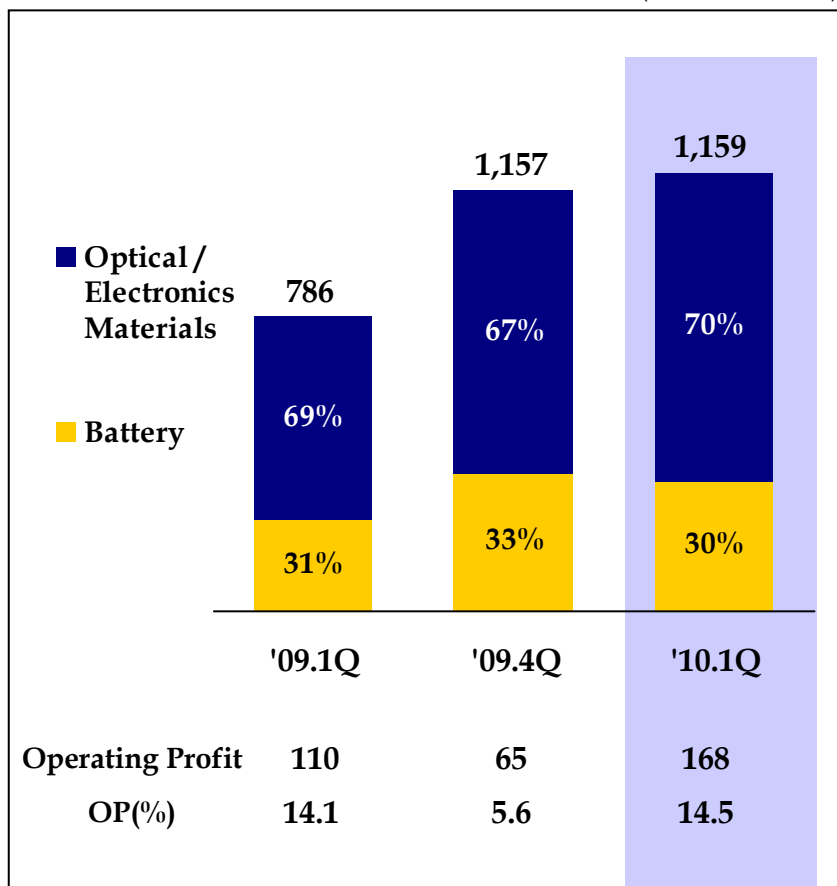
- ▣ Price increase for overall products & demands recovery helped robust business results
  - NCC/PO : Strong PO price and spread gain went up high due to ethylene price hike
  - PVC : Significant margin based on stable supply and demand balance
  - ABS/EP : Recovery of China's exports and revitalized front end industry led robust demands
  - Acrylate/Plasticizer : High price from tight supply maintained favorable margin
  - Rubber/Specialty Polymers : Price increase due to surge of raw material (BD) and upswing of auto demands

### • Outlook

- ▣ Robust demands from strong seasonality and recovery of global economy
- ▣ Solid margin growth due to strong upstream from rising oil price and competitive structure of products

## Business results

(Unit: KRW bn)



## Analysis

### • Analysis

- Recovery of global economy and strong IT demands especially Chinese market led solid business results
  - Optical Materials : Noteworthy performance based on brisk sales of LCD TV in China and Europe
  - Battery : Sharp increase of internal M/S in core customers, such as Nokia, HP and improved vendor appraisal status
  - Automotive : Follow up current customers' business & secured new customers

### • Outlook

- Continuous growth of sales & profit thanks to cost leadership and robust demands of LCD & IT products
  - Optical Materials : Strong demands due to World Cup 2010 and customers' capacity expansions
  - Battery : Cost reduction due to increase in sales with seasonal upturn
  - Automotive : Dominant market presence by securing new customers



(Unit: KRW bn)

LGC	2009					2010				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	3,350	3,830	4,295	4,046	15,521	4,423				4,423
Operating Profit	485	629	697	287	2,098	652				652
Petrochemicals	2,582	2,847	3,062	2,959	11,450	3,309				3,309
NCC/PO	751	836	911	897	3,395	948				948
PVC	439	416	429	408	1,693	453				453
ABS/EP	724	886	948	900	3,458	998				998
Acrylate/Plasticizer	310	324	351	330	1,315	401				401
Rubber/ Specialty Polymers	358	385	423	423	1,588	509				509
Operating Profit	380	511	491	226	1,608	490				490
I & E Materials	786	1,015	1,234	1,157	4,191	1,159				1,159
Optical/Electronic	556	724	862	774	2,916	843				843
Battery	248	317	445	375	1,385	353				353
Operating Profit	110	121	212	65	507	168				168

## Borrowings

(Unit: KRW bn)

Classification	'09	'10.1Q
<b>Total</b> (Overseas Subsidiaries)	2,411 (602) 100%	2,435 (732) 100%
<b>KRW Currency</b>	266 11%	165 7%
C P	249	150
Others	17	16
<b>Foreign Currency</b> (Overseas Subsidiaries)	2,145 (602) 89%	2,270 (732) 93%
<b>Loan</b> (Overseas Subsidiaries)	1,011 (602)	1,128 (732)
Negotiation Borrowing	949	964
FRN	184	178
<b>Short-term</b> (Overseas Subsidiaries)	1,833 (429) 76%	1,859 (552) 76%
<b>Long-term</b> (Overseas Subsidiaries)	578 (174) 24%	577 (180) 24%

☞ The % is calculated to total borrowings.

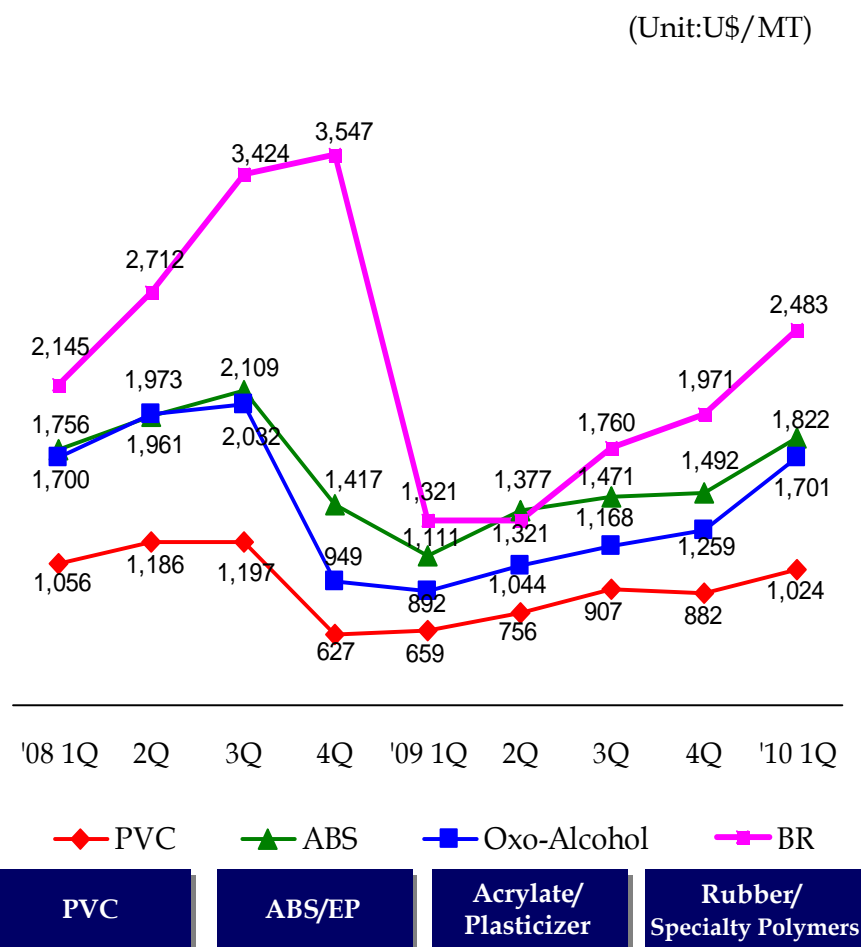
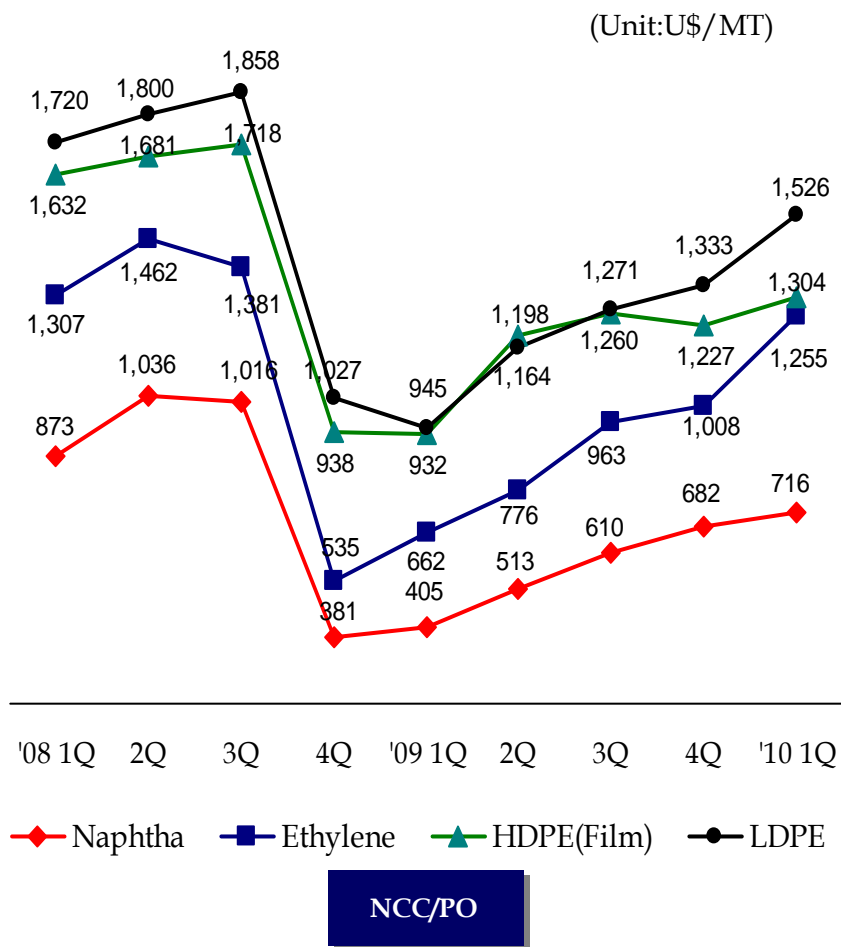
## Cash Flow

(Unit: KRW bn)

Classification	'09	'10.1Q
<b>Beginning</b>	514	1,107
<b>Operating/Investing</b>	1,515	-11
Net Income	1,539	518
Depreciation	533	139
Working Capital	445	-414
CAPEX	-1,063	-371
Others	61	117
<b>Financing</b>	-922	24
Borrowings	-713	24
Dividends	-209	0
<b>Net Cash Flow</b>	1,107	1,120

(Unit: KRW bn)

Classification		'08	'09	'10 Plan	'10.1Q
Petrochemicals	New / Expansion	223	158	289	68
	Maintenance	103	131	174	62
	<b>Total</b>	<b>326</b>	<b>290</b>	<b>463</b>	<b>129</b>
I & E Materials	New / Expansion	270	472	670	197
	Maintenance	58	81	125	26
	<b>Total</b>	<b>328</b>	<b>553</b>	<b>795</b>	<b>224</b>
Common Expenses	New / Expansion	1	22	-	-
	Maintenance	71	198	175	19
	<b>Total</b>	<b>72</b>	<b>221</b>	<b>175</b>	<b>19</b>
Total	New / Expansion	494	652	959	265
	Maintenance	233	411	474	106
	<b>Total</b>	<b>727</b>	<b>1,063</b>	<b>1,434</b>	<b>371</b>



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