

3Q 2013 Business Results & Outlook

October 18, 2013



Disclaimer

The business results for the third quarter of 2013 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.

The business results are subject to the IFRS(International Financial Reporting Standards) from 2010. In addition, operating profits for 2011 and 2012 are amended to reflect revisions of "K-IFRS, No. 1001" decided on 19th regular Financial Services Commission's meeting on October 17th, 2012.

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

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(Unit: KRW bn)

Classification	'12.3Q	'13.2Q	'13.3Q	YoY	QoQ
Sales	5,834	5,917	5,865	0.5%	-0.9%
Operating Profit	601	502	516	-14.0%	3.0%
(%)	(10.3)	(8.5)	(8.8)		
Pre-tax Income	585	510	441	-24.6%	-13.5%
(%)	(10.0)	(8.6)	(7.5)		
Net Income	459	401	352	-23.3%	-12.1%

Financial Position

(Unit: KRW bn)

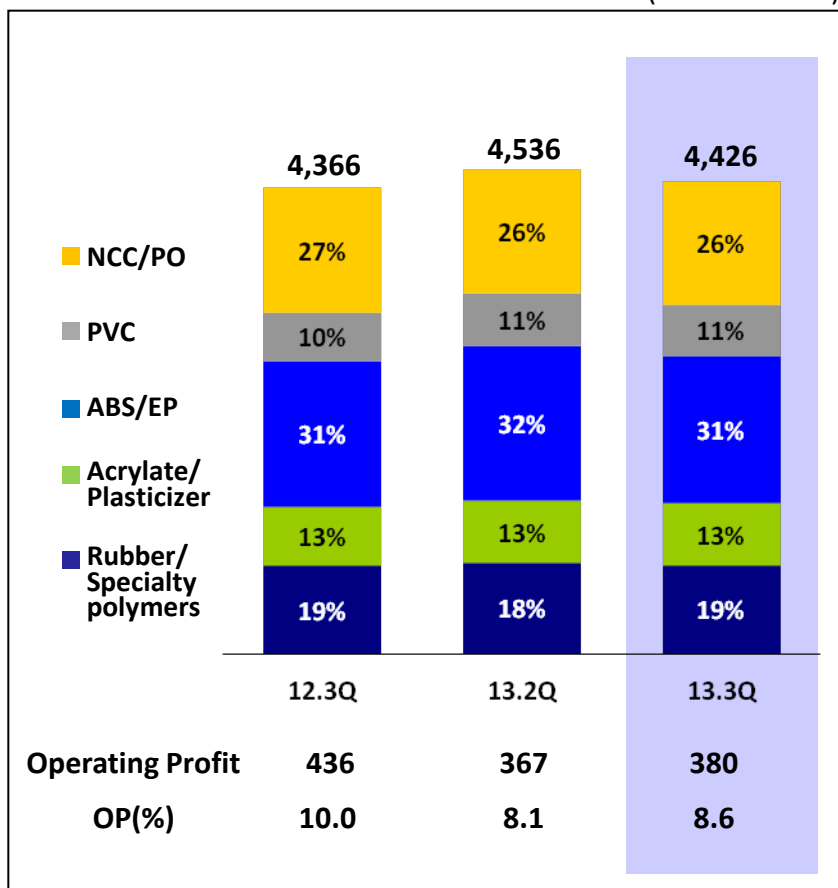
Classification	'12	'13.3Q	Change
Asset	16,581	17,598	6.1%
Cash and equivalents	1,341	1,974	47.2%
Liabilities	5,816	6,031	3.7%
Borrowings	2,947	3,129	6.2%
Shareholder's Equity	10,765	11,568	7.5%
EBITDA	2,784	2,179	

Financial Ratios

Classification	'12	'13.3Q	Change
Total Liabilities / Equity (%)	54.0	52.1	-1.9%p
Borrowings / Equity (%)	27.4	27.0	-0.4%p
Interest Coverage Ratio (x)	26.2	29.8	3.6
ROE (%)	14.7	13.1	-1.6%p
ROA (%)	9.5	8.5	-1.0%p

Business results

(Unit: KRW bn)



Analysis

• Analysis

■ Despite sluggish synthetic rubber, earnings improved thanks to overall product price increases and solid PO market condition

-NCC/PO : Earnings improved with expanded PE spread

-PVC : Recovery of profits slowed by weak demand from emerging markets such as India, etc

-ABS/EP : Margin improved through strong market position and increased premium product sales

-Acrylate/Plasticizer : Maintained profitability based on seasonal demand of Acrylates and SAP despite weak alcohol market

-Rubber/Specialty Polymers : Earnings declined due to plunged BD & BR price

• Outlook

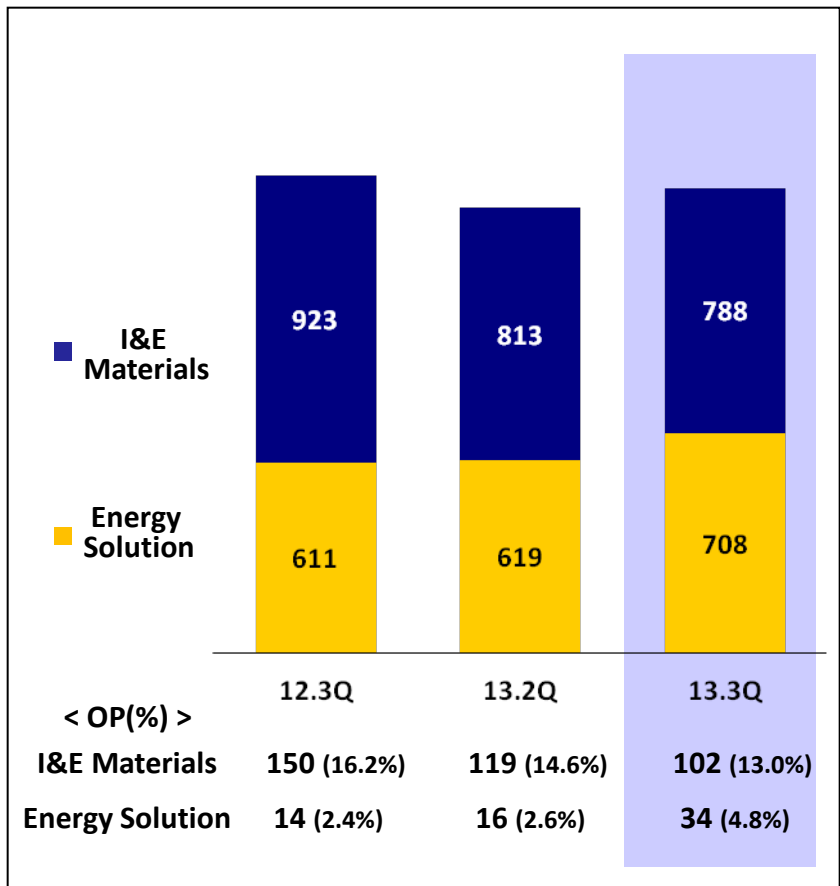
■ Expect stable product spread with stabilized naphtha costs despite weak seasonality

■ Rubber business will be gradually recovering with feedstock and product price increases

Business results

Analysis

(Unit: KRW bn)



• Analysis

■ Despite weak demand even in the peak season of display market, favorable results achieved thanks to high margin product sales and capacity additions of polymer battery

- **I&E Materials** : Recorded sound results thanks to profitable product sales in spite of weak TV demand and strong KRW
- **Energy Solution** : Earnings improvement through polymer capacity additions and diversification of the applications such as power tools

• Outlook

■ Strengthen global market position through increasing differentiated product sales & diversifying customers

- **I&E Materials** : Maintain sound profits based on high margin products such as 3D-Polarizer and ITO film
- **Energy Solution** : Continue to increase share in major customers and secure new customers of automotive battery and ESS

(Unit: KRW bn)

Classification	2012					2013				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,753	5,996	5,834	5,681	23,263	5,721	5,917	5,865		17,503
Operating Profit	447	499	601	364	1,910	409	502	516		1,427
Petrochemicals	4,491	4,521	4,366	4,201	17,579	4,353	4,536	4,426		13,315
NCC/PO	1,249	1,200	1,174	1,163	4,786	1,178	1,165	1,156		3,499
PVC	478	485	449	450	1,862	463	489	485		1,438
ABS	1,104	1,115	1,111	1,032	4,361	1,082	1,165	1,099		3,345
EP	267	281	262	257	1,067	265	282	284		831
Acrylate/Plasticizer	530	556	551	557	2,195	570	591	577		1,738
Synthetic Rubber/ Specialty Resin	864	883	819	743	3,310	795	845	825		2,465
Operating Profit	366	340	436	294	1,436	324	367	380		1,070
I&E Materials	761	864	923	903	3,452	827	813	788		2,428
Operating Profit	69	131	150	85	436	97	119	102		318
Energy Solution	562	677	611	628	2,479	592	619	708		1,918
Operating Profit	12	28	14	-15	39	-12	16	34		39

※ ABS/EP business are divided into two parts from 2013. So business results for ABS and EP are amended to reflect the partition of business.

Borrowings

(Unit : KRW bn)

Classification	'12	'13.3Q
Total (Overseas Subsidiaries)	2,947 (1,024) 100%	3,129 (1,236) 100%
KRW Currency	812 28%	804 26%
C P	598	599
Others	214	205
Foreign Currency	2,135 72%	2,325 74%
Loan	1,140	1,334
Negotiation Borrowings	994	991
Short-term (Overseas Subsidiaries)	1,752 (739) 59%	2,087 (1,104) 67%
Long-term (Overseas Subsidiaries)	1,195 (286) 41%	1,042 (132) 33%

* The % is calculated to total borrowings.

Cash Flow

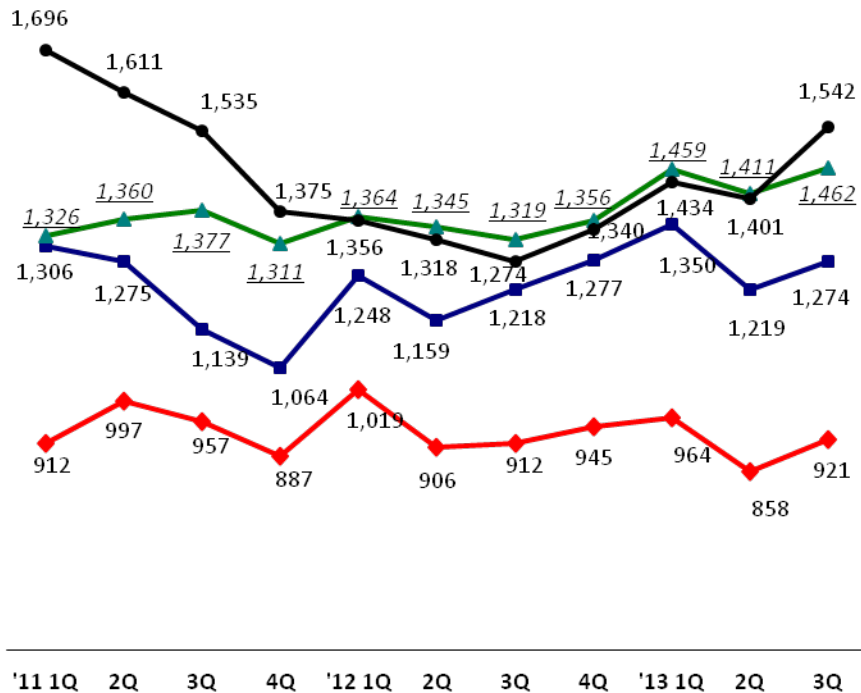
(Unit: KRW bn)

Classification	'12	'13.3Q
Beginning Cash	1,379	1,341
Operating/Investing	-143	760
Net Income	1,506	1,094
Depreciation	874	752
Working Capital	-147	-290
CAPEX	-2,075	-1,006
Others	-300	209
Financing	104	-127
Borrowings	420	182
Dividends	-316	-308
Ending	1,341	1,974

(Unit: KRW bn)

Classification		'11	'12	'13 Plan	'13.3Q(YTD)
Petrochemicals	New / Expansion	664	784	549	332
	Maintenance	296	226	245	169
	Total	960	1,009	795	501
I & E Materials	New / Expansion	332	242	744	185
	Maintenance	103	90	135	75
	Total	434	332	878	261
Energy Solution	New / Expansion	660	395	70	72
	Maintenance	176	138	202	91
	Total	836	533	272	163
Common Expenses	New / Expansion	-	16	-	-
	Maintenance	91	185	179	81
	Total	91	201	179	81
Total	New / Expansion	1,655	1,436	1,363	589
	Maintenance	665	639	761	416
	Total	2,321	2,075	2,124	1,006

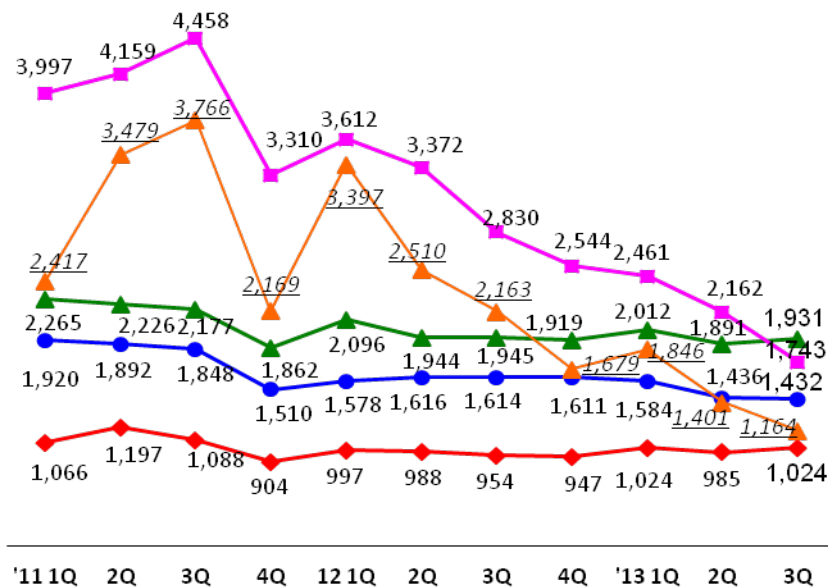
(Unit: US\$/MT)



◆ Naphtha ■ Ethylene ▲ HDPE(Film) ● LDPE

NCC/PO

(Unit: US\$/MT)



◆ PVC ▲ ABS ● Oxo-Alcohol ▲ BD ■ BR

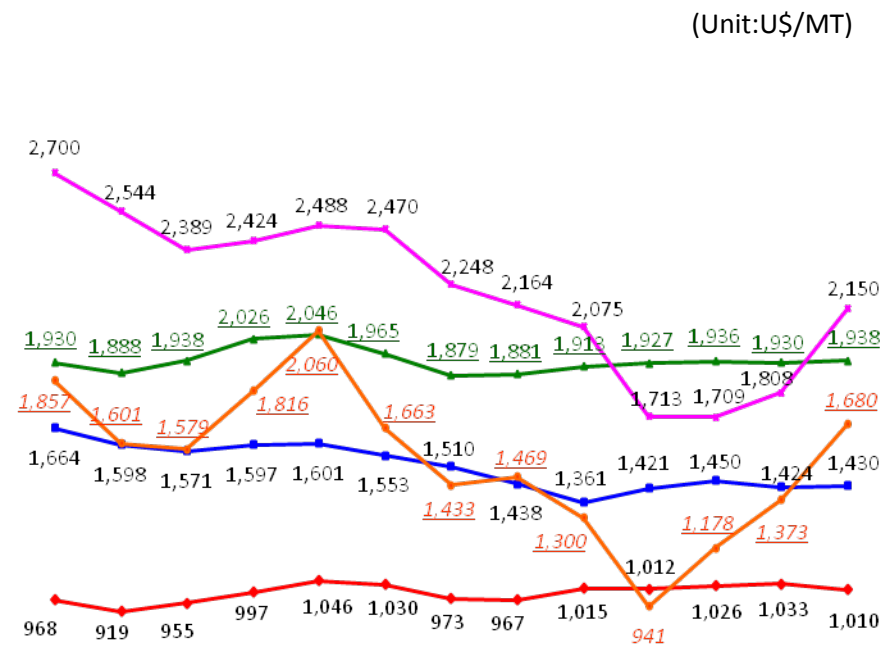
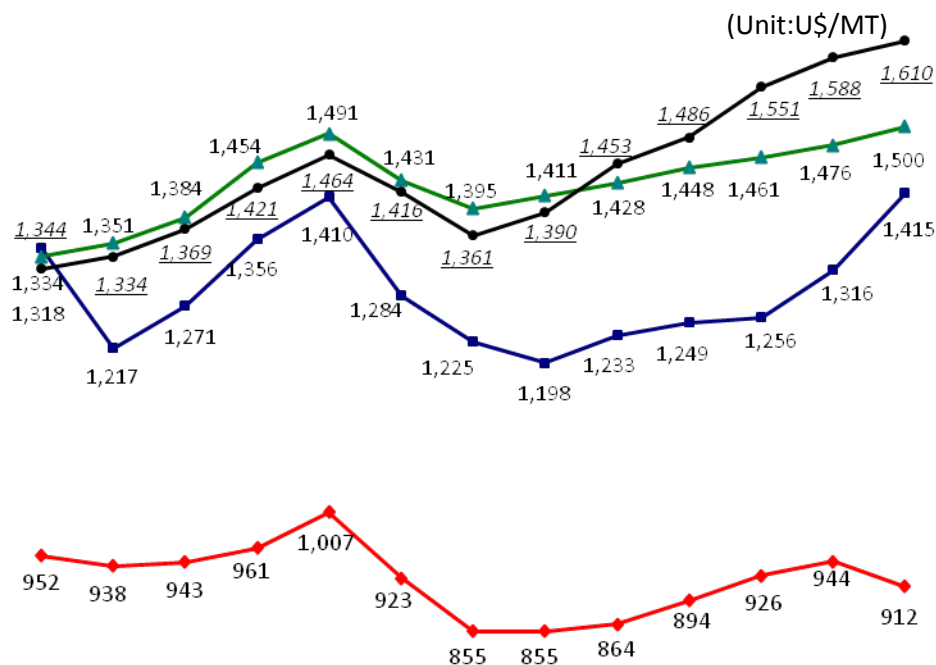
PVC

ABS/EP

Acrylate/
Plasticizer

Rubber/
Specialty Polymers

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



Oct '12 Nov Dec Jan '13 Feb Mar Apr May Jun Jul Aug Sep Oct*

Oct '12 Nov Dec Jan '13 Feb Mar Apr May Jun Jul Aug Sep Oct*

—●— Naphtha —■— Ethylene —▲— HDPE(Film) —●— LDPE

—●— PVC —■— ABS —▲— Oxo-Alcohol —●— BD —●— BR

NCC/PO

PVC

ABS/EP

Acrylate/
Plasticizer

Rubber/
Specialty Polymers

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

* Shows the prices on Oct 11, 2013