

1Q 2012 Business Results & Outlook

Apr 19, 2012



Disclaimer

The business results for the first quarter of 2012 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.

From 2012, this material shows business results and related substances by 3 divisions(Petrochemicals, I&E Materials and Energy Solution) and thus past figures are revised to a same basis.

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 are subject to the IFRS(International Financial Reporting Standards).

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(Unit: KRW bn)

Classification	'11.1Q	'11.4Q	'12.1Q	YoY	QoQ
Sales	5,491	5,600	5,753	4.8%	2.8%
Operating Profit	835	500	460	-45.0%	-8.2%
(%)	(15.2)	(8.9)	(8.0)		
Pre-tax Income	841	502	440	-47.7%	-12.3%
(%)	(15.3)	(9.0)	(7.7)		
Net Income	657	377	381	-42.0%	1.0%

Financial Position

(Unit: KRW bn)

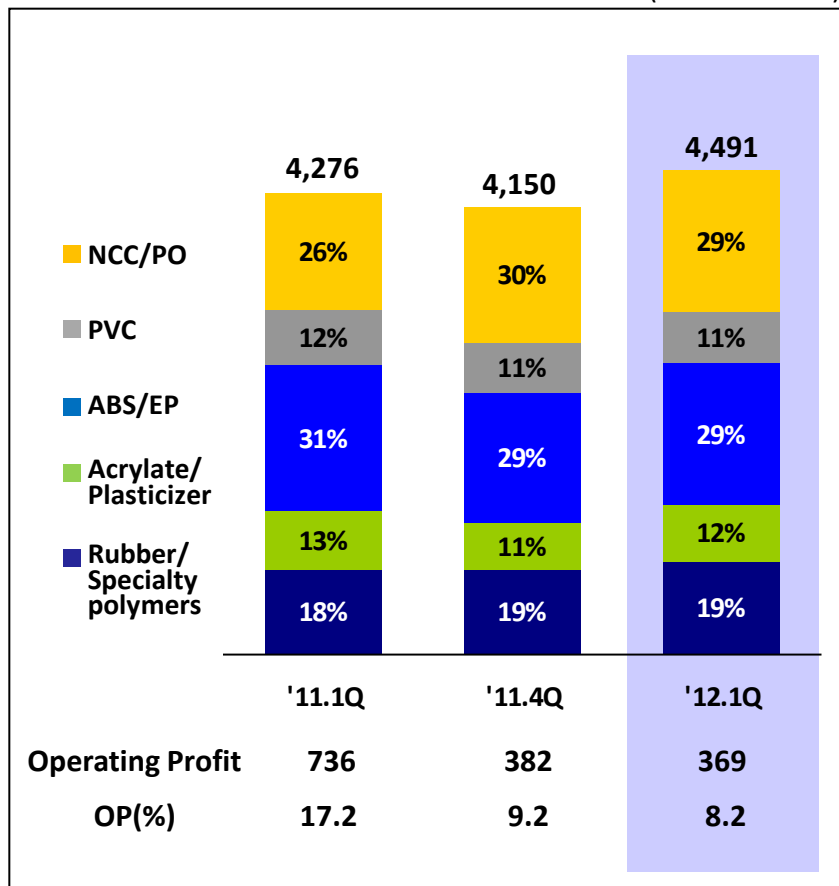
Classification	'11	'12.1Q	Change
Asset	15,286	16,391	7.2%
Cash and equivalents	1,379	1,814	31.5%
Liabilities	5,578	6,605	18.4%
Borrowings	2,527	2,873	13.7%
Shareholder's Equity	9,708	9,786	0.8%
EBITDA	3,592	660	

Financial Ratios

Classification	'11	'12.1Q	Change
Total Liabilities/ Equity (%)	57.5	67.5	10.0%p
Borrowings / Equity (%)	26.0	29.4	3.4%p
Interest Coverage Ratio (x)	42.3	23.9	-18.4
ROE (%)	24.7	15.6	-9.1%p
ROA (%)	15.5	9.6	-5.9%p

Business results

(Unit: KRW bn)



Analysis

• Analysis

■ Overall margin declined due to rising feedstock costs and weaker-than-expected China demand

-NCC/PO : PO spreads squeezed by naphtha price hikes

-PVC : Improved margin thanks to supply-demand balance by decreased offshore products volume

-ABS/EP : Demand pickup by gradual recovery of frontline industries such as IT and auto, etc

-Acrylate/Plasticizer : Margin slightly declined by continued weak demand

-Rubber/Specialty Polymers : BD price hikes and price increases delayed due to operation cuts of frontline industries

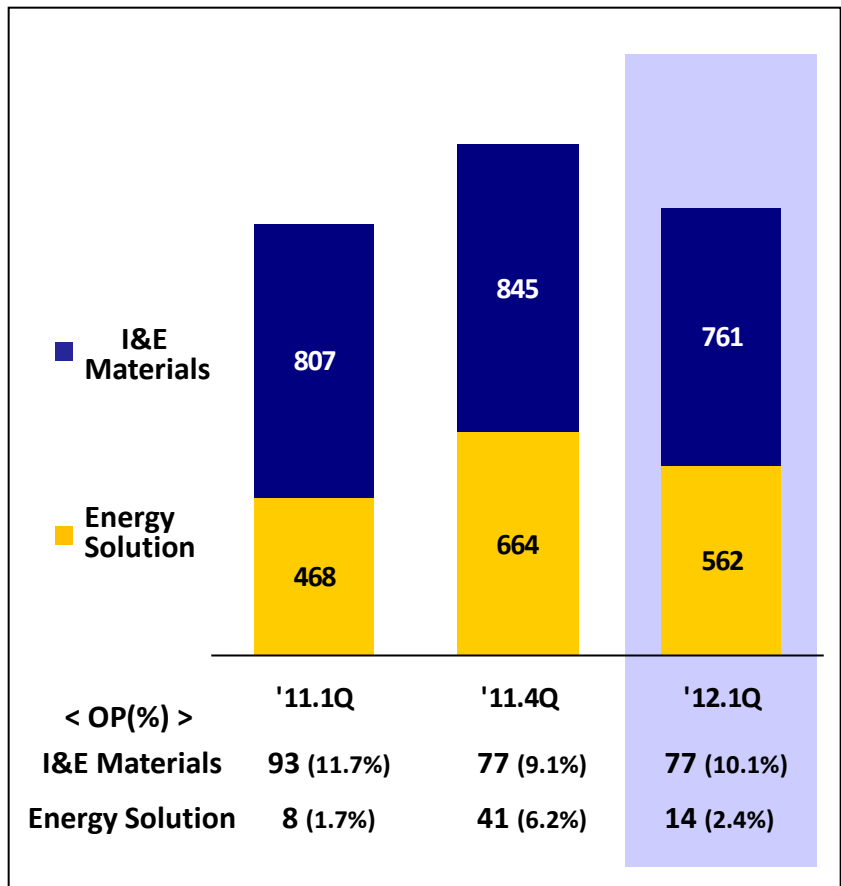
• Outlook

■ Product spreads are expected to rebound thanks to naphtha price stabilization

■ Demand recovery is expected based on seasonal upturn

Business results

(Unit: KRW bn)



Analysis

• Analysis

■ **Sales and profitability declined slightly due to weak seasonality and sluggish demand**

- **I&E Materials** : Maintained stable profitability thanks to continuous cost reduction and favorable electronics materials business in spite of a polarizer sales decrease
- **Energy Solution** : Sales and profitability dropped due to weak IT demand and sluggish GM Chevrolet Volt sales

• Outlook

■ **Expect better sales and profitability based on gradual IT demand recovery and capacity expansion of polymer battery**

- **I&E Materials** : Expect polarizer and 3D FPR's sales rise thanks to panel makers' operating rate increase entering the peak season
- **Energy Solution** : Sales increase through capacity additions of polymer battery and automotive battery shipment increase to key customers such as GM and Renault

(Unit: KRW bn)

Classification	2011					2012				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,491	5,700	5,886	5,599	22,676	5,753				5,753
Operating Profit	835	775	724	500	2,835	460				460
Petrochemicals	4,276	4,328	4,570	4,150	17,325	4,491				4,491
NCC/PO	1,091	1,136	1,279	1,263	4,770	1,308				1,308
PVC	500	517	502	455	1,974	478				478
ABS/EP	1,347	1,318	1,293	1,208	5,166	1,312				1,312
Acrylate/Plasticizer	549	550	546	441	2,086	530				530
Synthetic Rubber/ Specialty Resin	789	807	950	783	3,330	864				864
Operating Profit	736	642	592	382	2,353	369				369
I&E Materials	807	891	800	845	3,343	761				761
Operating Profit	93	115	92	77	377	77				77
Energy Solution	468	561	576	664	2,269	562				562
Operating Profit	8	19	40	41	108	14				14

Borrowings

(Unit : KRW bn)

Classification	'11	'12.1Q
Total (Overseas Subsidiaries)	2,527 (1,044) 100%	2,873 (1,075) 100%
KRW Currency	475 19%	771 27%
C P	449	748
Others	27	24
Foreign Currency	2,052 81%	2,102 73%
Loan	1,124	1,095
Negotiation Borrowings	928	1,007
FRN	-	-
Short-term (Overseas Subsidiaries)	1,838 (679) 73%	1,901 (719) 66%
Long-term (Overseas Subsidiaries)	689 (365) 27%	972 (356) 34%

The % is calculated to total borrowings.

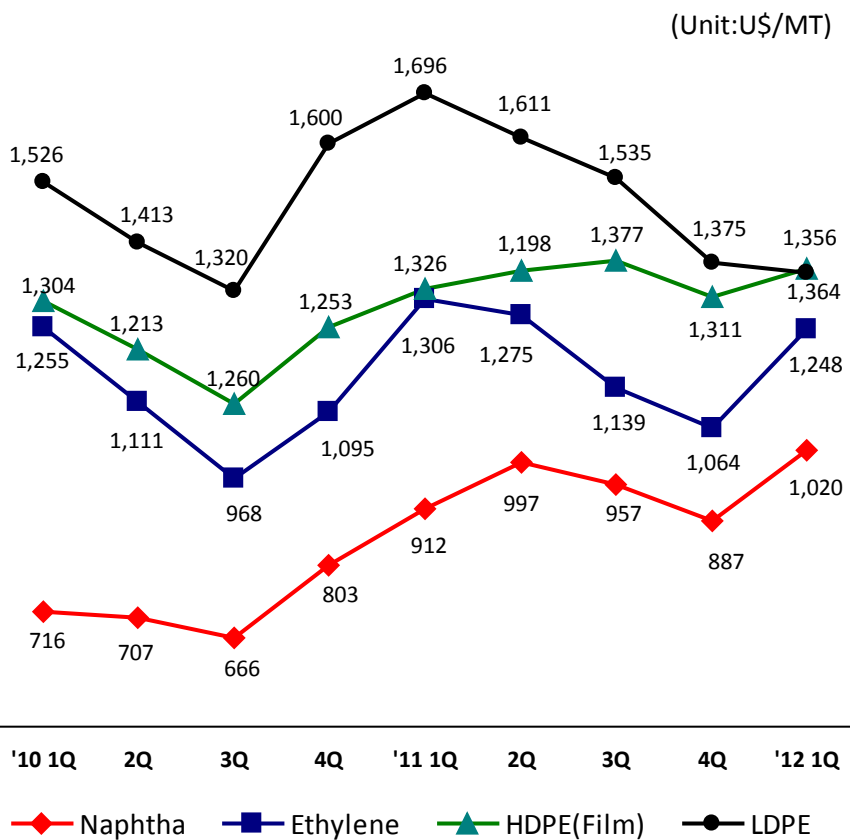
Cash Flow

(Unit: KRW bn)

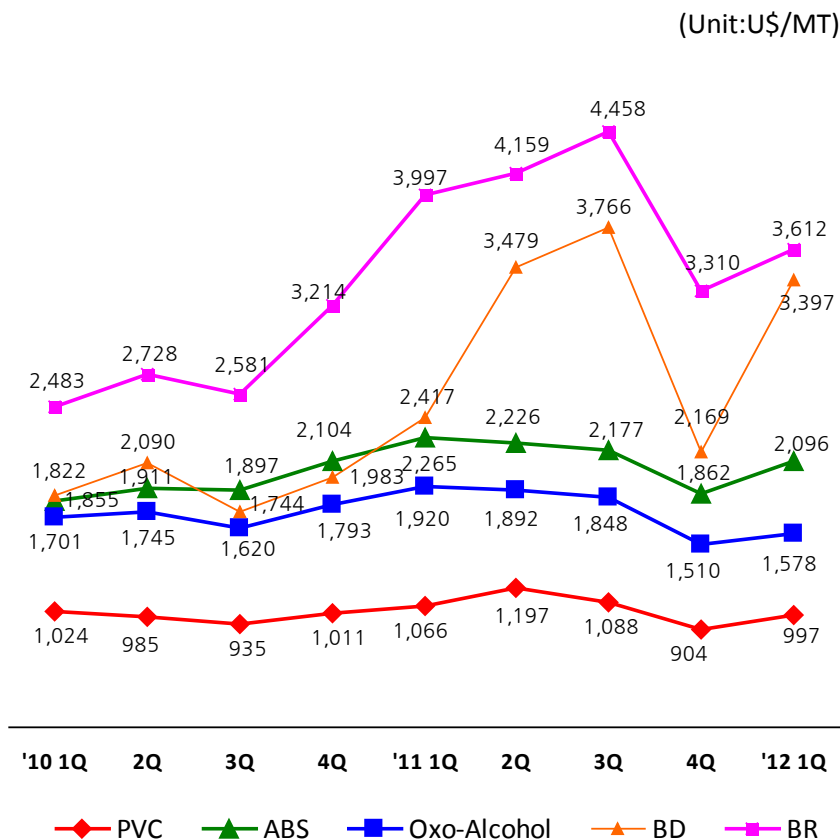
Classification	'11	'12.1Q
Beginning Cash	1,368	1,379
Operating/Investing	-96	88
Net Income	2,170	381
Depreciation	757	200
Working Capital	-680	44
CAPEX	-2,321	-518
Others	-22	-19
Financing	107	346
Borrowings	426	346
Dividends	-319	-
Ending	1,379	1,814

(Unit: KRW bn)

Classification		'10	'11	'12 Plan	'12.1Q
Petrochemicals	New / Expansion	320	664	743	174
	Maintenance	266	296	269	27
	Total	586	960	1,012	201
I & E Materials	New / Expansion	425	330	539	53
	Maintenance	78	100	89	20
	Total	503	430	628	73
Energy Solution	New / Expansion	389	660	473	193
	Maintenance	85	105	139	18
	Total	474	765	612	212
Common Expenses	New / Expansion	-	-	-	-
	Maintenance	139	166	296	33
	Total	139	166	296	33
Total	New / Expansion	1,134	1,654	1,755	420
	Maintenance	568	666	794	98
	Total	1,702	2,321	2,548	518



NCC/PO



PVC

ABS/EP

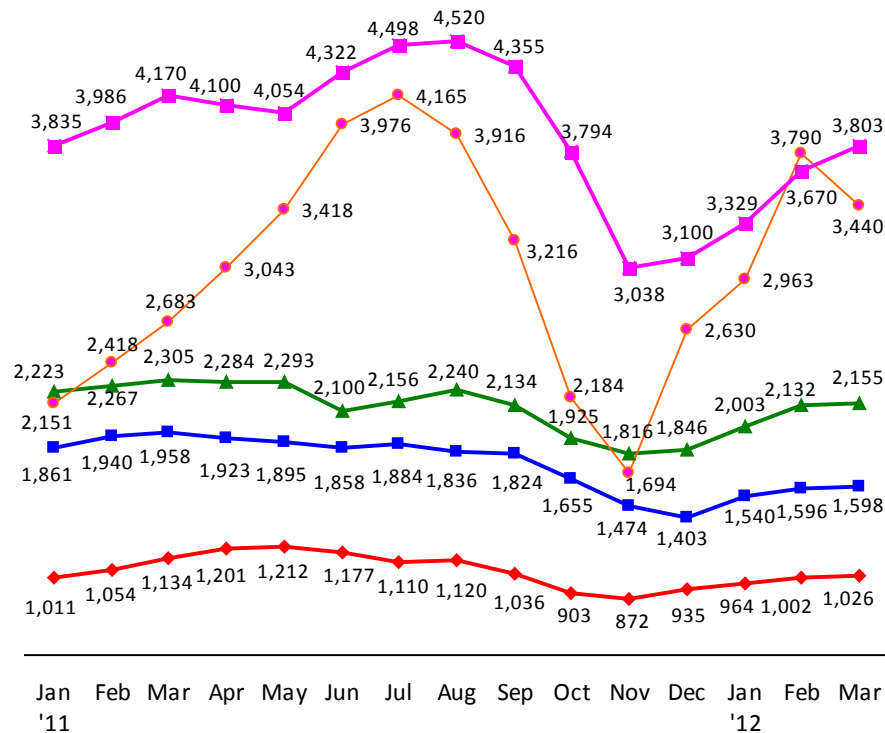
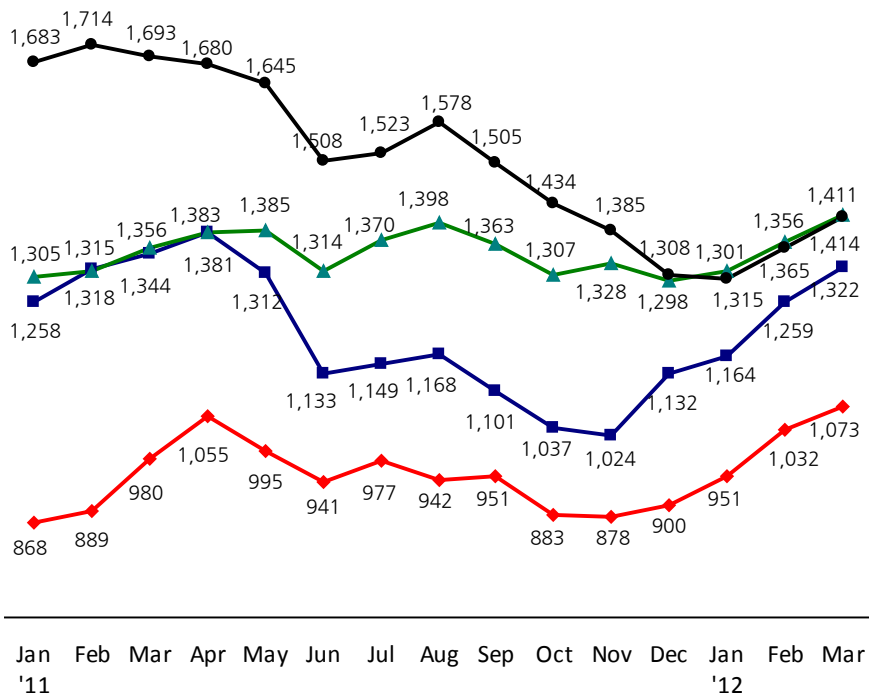
Acrylate/
Plasticizer

Rubber/
Specialty Polymers

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

(Unit:US\$/MT)

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◆ Naphtha ■ Ethylene ▲ HDPE(Film) ● LDPE

◆ PVC ▲ ABS ■ Oxo-Alcohol ● BD ■ BR

NCC/PO

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