

4Q 2015 Business Results & Outlook

March, 2016



Disclaimer

The business results for the forth quarter of 2015 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.

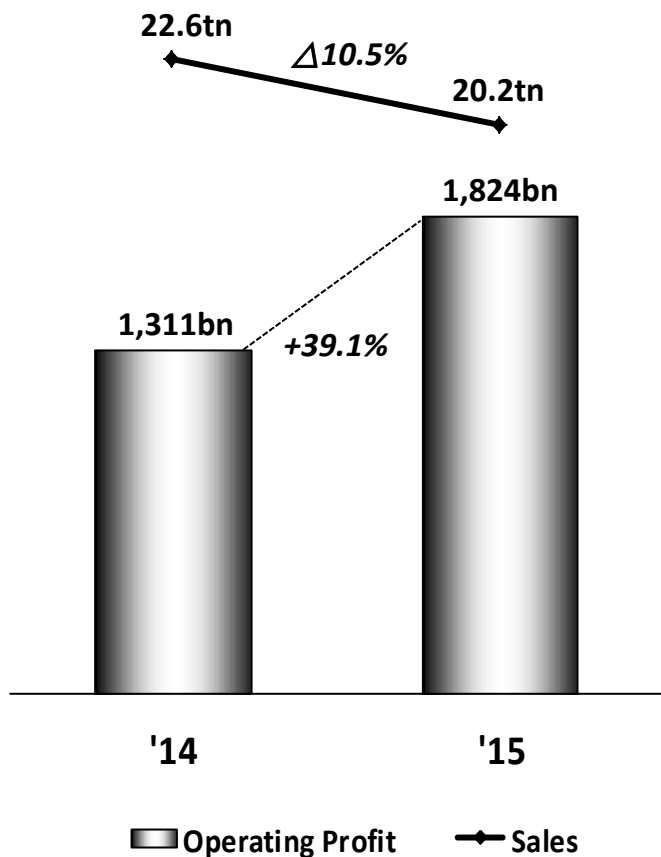
The business results are subject to the K-IFRS(Korea International Financial Reporting Standards).

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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Yearly Business Results



Classification	Sales (KRW tn)			Operating Profit (KRW bn)		
	'14	'15	change (%)	'14	'15	change (%)
Total	22.6	20.2	-11%	1,311 (5.8)	1,824 (9.0)	+39%
Basic Materials & Chemicals	17.3	14.6	-15%	1,117 (6.5)	1,677 (11.5)	+50%
I & E Materials	2.8	2.8	-2%	134 (4.8)	146 (5.3)	+9%
Energy Solutions	2.9	3.2	+10%	65 (2.3)	0.5 (0.0)	-99%

(Unit: KRW bn)

Classification	'14.4Q	'15.3Q	'15.4Q	YoY	QoQ
Sales	5,372	5,178	5,041	-6.2%	-2.6%
Operating Profit	232	546	352	52.0%	-35.6%
(%)	(4.3)	(10.6)	(7.0)		
Pre-tax Income	222	440	293	31.8%	-33.4%
(%)	(4.1)	(8.5)	(5.8)		
Net Income	109	342	207	89.2%	-39.5%

Financial Position

(Unit: KRW bn)

Classification	'14	'15	Change
Asset	18,128	18,579	2.5%
Cash and equivalents	1,748	2,694	54.1%
Liabilities	5,862	5,475	-6.6%
Borrowings	2,934	2,659	-9.4%
Shareholder's Equity	12,266	13,104	6.8%
EBITDA	2,444 (10.8%)	3,070 (15.2%)	25.6%

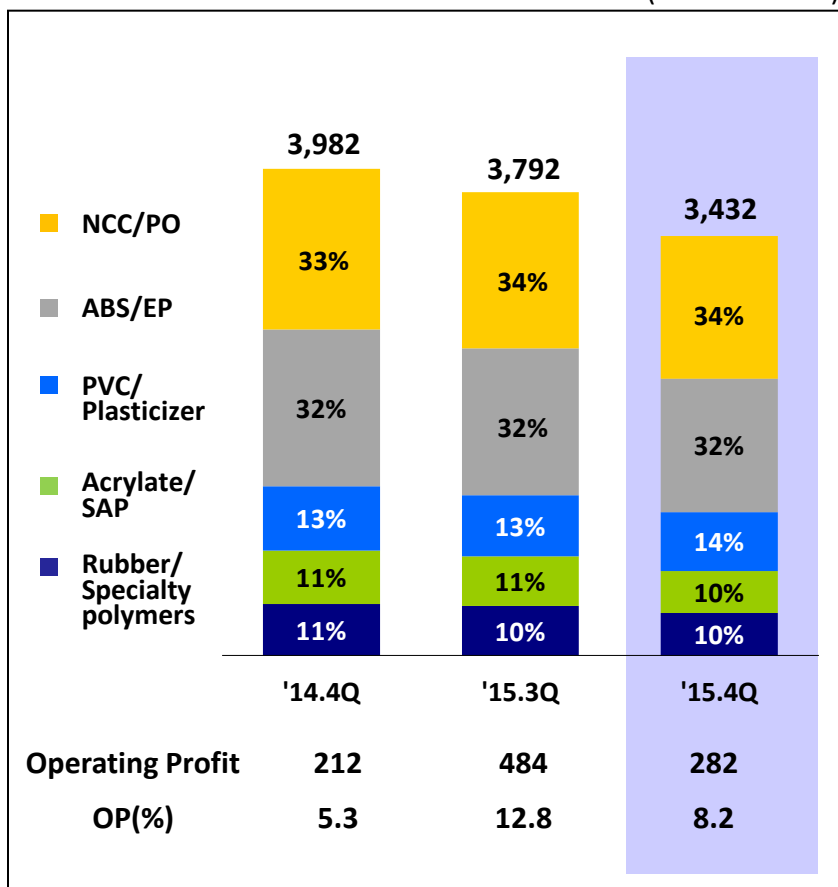
Financial Ratios

Classification	'14	'15	Change
Total Liabilities/ Equity (%)	47.8	41.8	-6.0%p
Borrowings / Equity (%)	23.9	20.3	-3.6%p
Interest Coverage Ratio (x)	16.6	31.4	14.8
ROE (%)	7.1	9.1	2.0%p
ROA (%)	4.8	6.3	1.5%p

Business results

Analysis

(Unit: KRW bn)



Analysis

- **Earnings declined by product price decreases due to oil prices drop and weak seasonality**
 - NCC/PO : Maintained stable profits by sales increase of differentiated product while product price dropped
 - ABS/EP : Recorded solid results based on premium ABS & EP sales despite weak IT & HA industry
 - PVC/Plasticizer : Profitability maintained by market mix improvement despite weak demand and influx of supply from the U.S.
 - Acrylate/SAP : Earnings decreased due to weak product price by low oil price and keen competition
 - Rubber/Specialty Polymers : Spreads improved with low feedstock costs

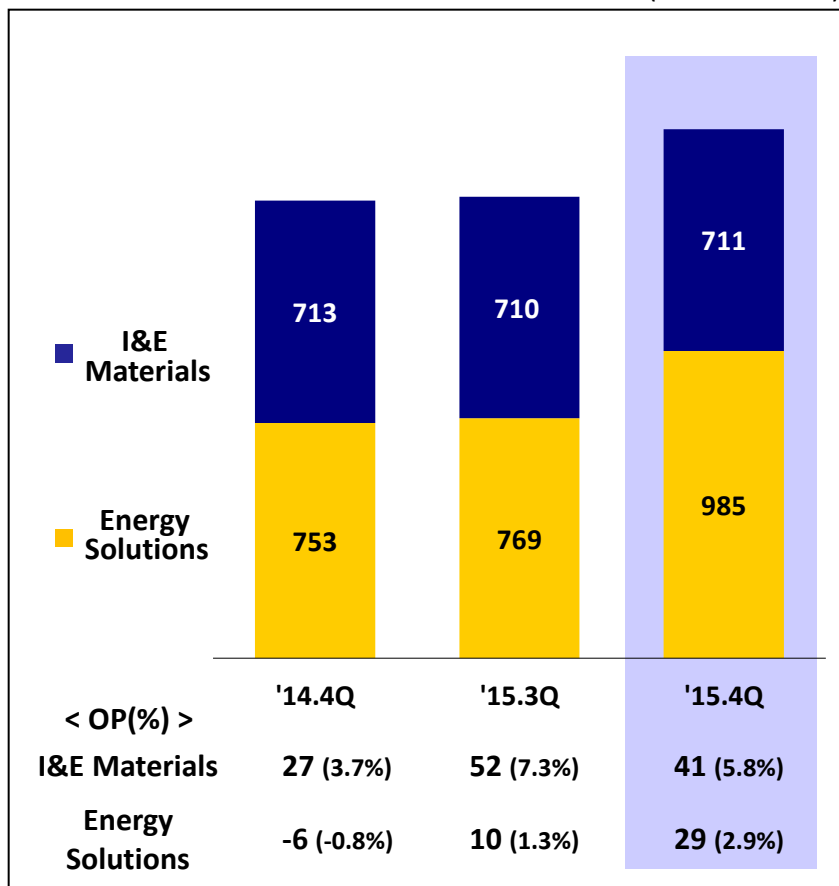
Outlook

- **Expect stable product spreads thanks to low feedstock costs**
- **Enhance competitive edge through cost competitiveness and sales increase of differentiated product**

Business results

Analysis

(Unit: KRW bn)



Analysis

- **I&E Materials** : Secured solid profits through sales increase with Chinese polarizer lines despite weak seasonality
- **Energy Solutions** : Profits of Mobile battery declined due to weak demand of polymer battery ; Earnings of Automotive battery improved significantly by new models' volume growth

Outlook

- **I&E Materials** : Continued to strengthen market position with Chinese polarizer lines despite weak panel industry
- **Energy Solutions** : Expect earnings improvement of Mobile battery with rise of new application product sales ; Strong sales growth of Automotive battery by customers' volume growth

2016 Business Plan

Business Plan

(Unit: KRW bn)

Classification	'15	'16 Plan	Change
Sales	20,207	21,700	+7.3%
Basic Materials & Chemicals	14,633	15,100	+3.1%
I&E Materials	2,764	2,970	+7.4%
Energy Solutions	3,150	4,000	+26.9%
Operating Profits	1,824	N/A	N/A
CAPEX	1,723	1,780	+3.3%

Business Strategy

Basic Materials & Chemicals

- Develop & Increase sales of differentiated products such as m-PE, EP
- Strengthen cost competitiveness & global leading position
 - Secure global #1 NCC energy efficiency & Strengthen global major customers

I&E Materials

- Optimize global polarizer line and diversify product portfolio
 - Enhancing Chinese polarizer production & small and mid-sized polarizer M/S
- Secure competitiveness of RO filter business
 - Expand production line & focus on the growth market such as Middle East, China

Energy Solutions

- Mobile : Expand product portfolio through new battery applications
- Automotive : Expand global production system & sales growth in earnest
- ESS : Secure leading position with expanding product portfolio for Smart Grid and Residential System

(Unit: KRW bn)

Classification	2014					2015				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,673	5,869	5,664	5,372	22,578	4,915	5,073	5,178	5,041	20,207
Operating Profit	362	360	358	232	1,311	362	563	546	352	1,824
OP Margin	6.4%	6.1%	6.3%	4.3%	5.8%	7.4%	11.1%	10.6%	7.0%	9.0%
Basic Materials & Chemicals	4,415	4,516	4,352	3,982	17,265	3,608	3,801	3,792	3,432	14,633
NCC/PO	1,593	1,583	1,565	1,314	6,055	1,135	1,219	1,279	1,167	4,799
ABS	1,066	1,148	1,045	996	4,255	920	976	896	817	3,610
EP	283	298	297	287	1,165	289	290	305	275	1,159
PVC/Plasticizer	601	595	543	525	2,264	514	536	499	482	2,032
Acrylate/SAP	474	485	482	437	1,877	400	404	406	344	1,553
Rubber/Specialty Polymer	399	407	420	422	1,648	350	376	407	347	1,480
Operating Profit	308	291	307	212	1,117	321	589	484	282	1,677
OP Margin	7.0%	6.4%	7.0%	5.3%	6.5%	8.9%	15.5%	12.8%	8.2%	11.5%
I&E Materials	670	716	713	713	2,812	676	668	710	711	2,764
Operating Profit	37	44	27	27	134	37	17	52	41	146
OP Margin	5.5%	6.2%	3.7%	3.7%	4.8%	5.4%	2.5%	7.3%	5.8%	5.3%
Energy Solutions	681	724	694	753	2,853	707	690	769	985	3,150
Operating Profit	17	25	29	-6	65	4	-42	10	29	1
OP Margin	2.6%	3.4%	4.1%	-0.8%	2.3%	0.6%	-6.1%	1.3%	2.9%	0.0%

- Divisional name has been changed to 「Basic Materials & Chemicals」 from 「Petrochemicals」
- 2014 I&E Materials business results are amended due to reflect the inclusion of Water Solution business.

Borrowings

(Unit : KRW bn)

Classification	'14	'15
Total (Overseas Subsidiaries)	2,934 (1,244) 100%	2,659 (1,292) 100%
KRW Currency	601 20%	339 13%
C P	399	300
Others	202	39
Foreign Currency	2,333 80%	2,320 87%
Loan	1,348	1,287
Negotiation Borrowings	985	1,033
Short-term (Overseas Subsidiaries)	2,206 (817) 75%	2,151 (1,018) 81%
Long-term (Overseas Subsidiaries)	728 (427) 25%	508 (274) 19%

The % is calculated to total borrowings.

Cash Flow

(Unit: KRW bn)

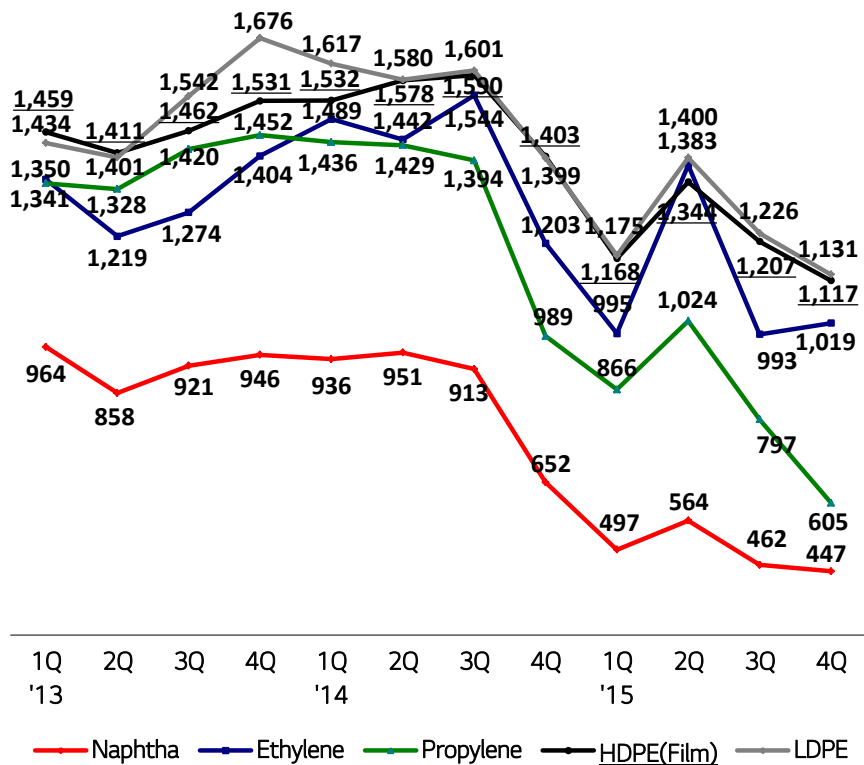
Classification	'14	'15
Beginning Cash	1,909	1,748
Operating/Investing	215	1,530
Net Income	854	1,149
Depreciation	1,133	1,246
Working Capital	-96	210
CAPEX	-1,582	-1,723
Others	-94	648
Financing	-377	-584
Borrowings	-77	-275
Dividends	-300	-309
Ending	1,748	2,694

(Unit: KRW bn)

Classification		'13	'14	'15 Plan	'15
Basic Materials & Chemicals	New / Expansion	416	395	303	328
	Maintenance	213	351	360	385
	Total	629	746	662	713
I & E Materials	New / Expansion	269	285	219	219
	Maintenance	94	122	150	141
	Total	363	407	369	360
Energy Solutions	New / Expansion	104	152	239	265
	Maintenance	106	138	158	189
	Total	209	290	397	454
Common Expenses	New / Expansion	116	88	262	133
	Maintenance	64	51	95	63
	Total	180	139	357	196
Total	New / Expansion	904	920	1,022	945
	Maintenance	476	661	763	778
	Total	1,380	1,582	1,785	1,723

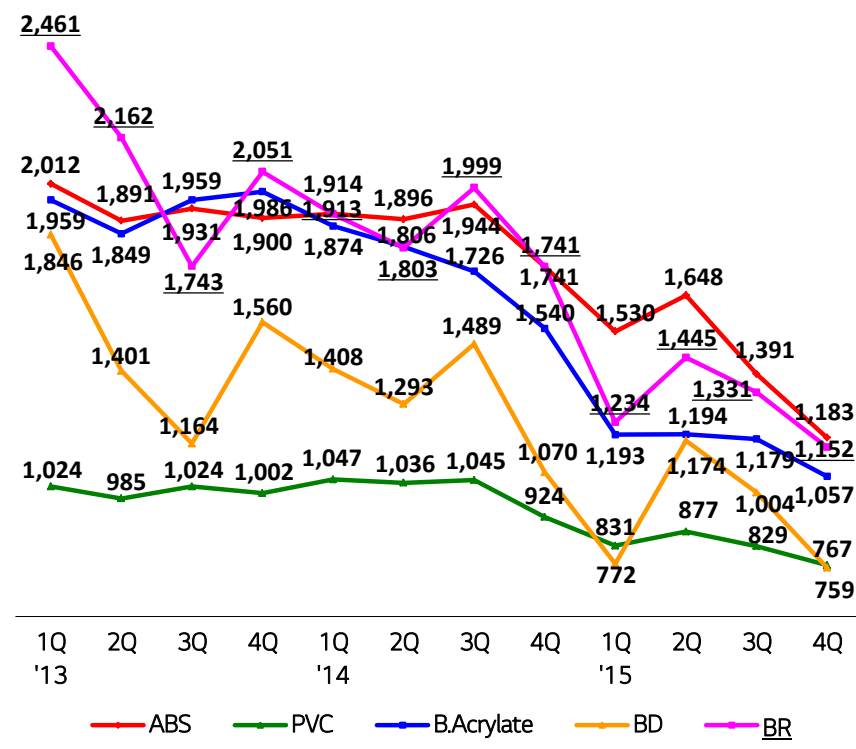
※ "New/Expansion" includes R&D investments.

(Unit : USD/MT)



NCC/PO

(Unit : USD/MT)



ABS/EP

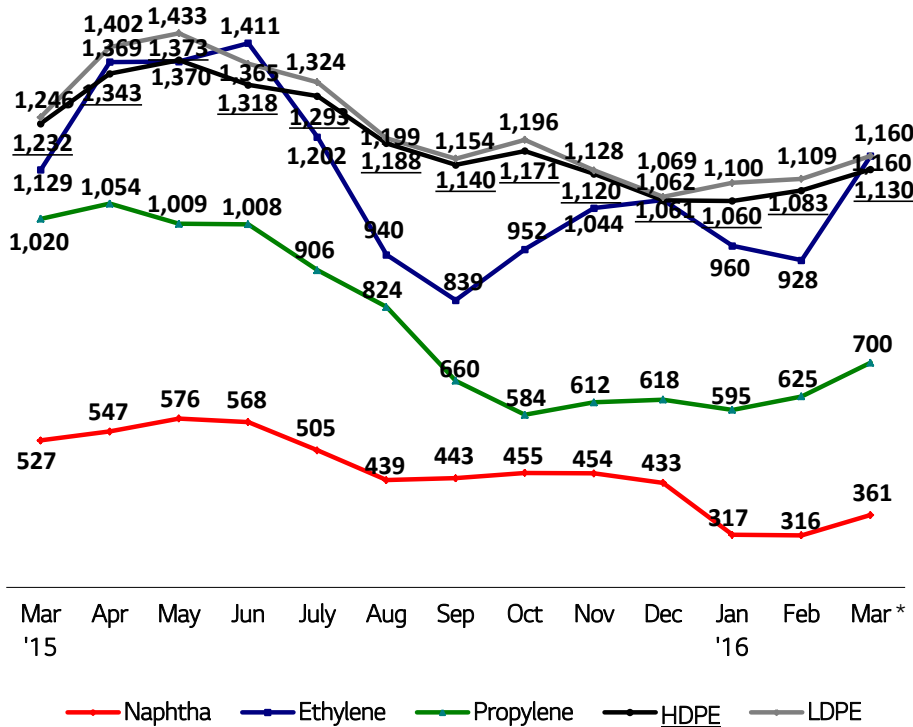
PVC/
Plasticizer

Acrylate/
SAP

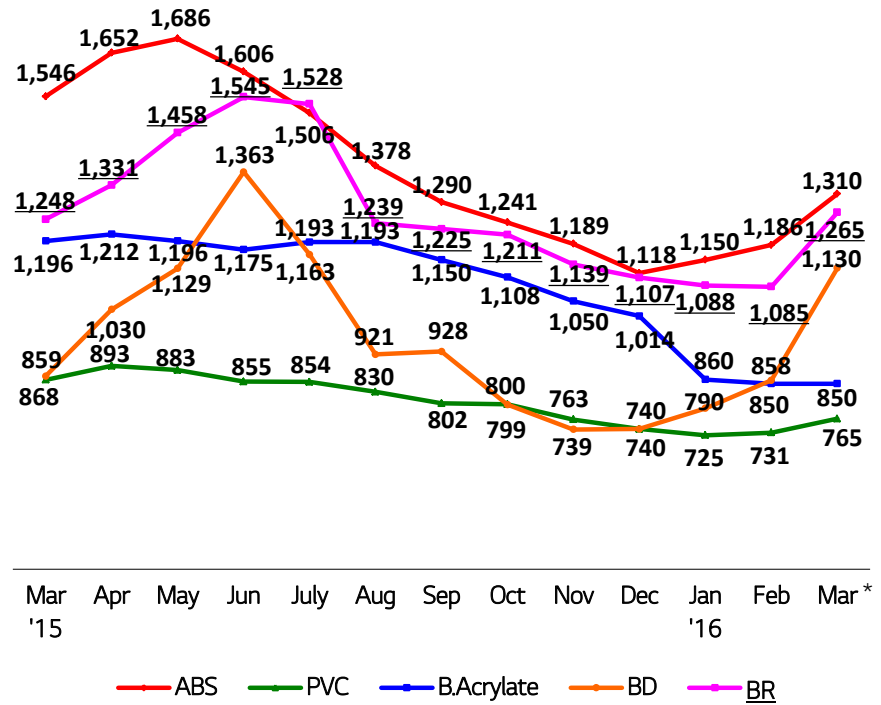
Rubber/
Specialty Polymers

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

(Unit : USD/MT)



(Unit : USD/MT)



NCC/PO

ABS/EP

PVC/
Plasticizer

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Rubber/
Specialty Polymers

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* Shows the prices on March 11, 2016