**Business Portfolio**

Sales Diversification by Business (1H2008)

- **Industrial Materials**: 49.1%
- **Petrochemicals**: 70.5%
- **I&E**: 15.0%
- **Others**: 14.5%

Sales Diversification by Geography (2007)

- **Korea**: 2.5%
- **China**: 4.5%
- **North America**: 3.7%
- **SE Asia**: 7.6%
- **West European**: 32.6%
- **Others**: 49.1%

Product Diversification by Business (1H2008)

- **Petrochemicals**: 76%
- **Industrial Materials**: 24%
- **Optical/Electronic Materials**: 56%
- **Battery**: 24%
- **Living/Automotive**: 44%
- **Building/Decorative**: 13%
Quarterly Business Results (consolidated)

(Unit: KRW bn)

\[
\begin{array}{c|c|c|c|c|c|c}
\text{OP Margin trend} \\
\hline
\text{OP (％)} & \text{'07.1Q} & 2Q & 3Q & 4Q & \text{'08.1Q} & 2Q \\
\hline
\text{Petro} & 11.4 & 9.5 & 12.1 & 7.9 & 10.1 & 12.5 \\
\text{I&I} & 1.5 & 5.8 & 10.7 & 10.2 & 13.0 & 15.6 \\
\text{Industrial} & 5.6 & 6.5 & 5.1 & 2.1 & 7.2 & 6.1 \\
\end{array}
\]
Divisional Results & Outlook

**Business results**

- **ABS/EP**: Rapid margin improvement leveraged to upcycle
- **PO**: Successful pass-through of mounting input cost (naphtha) to ASP given tight supply condition
- Synthetic rubber / Oxo-Alcohol: continued strong margin momentum
- Continued merger synergies and benefited from productivity improvement

**Operating Profit**

- 2007 1H: 449
- 2008 1H: 678

**Margin (%)**

- 2007 1H: 10.4%
- 2008 1H: 11.4%

**Analysis**

- **Analysis**:
  - PO: Successful pass-through of mounting input cost (naphtha) to ASP given tight supply condition
  - ABS/PVC: Rapid margin improvement leveraged to upcycle
  - Synthetic rubber / Oxo-Alcohol: continued strong margin momentum
  - Continued merger synergies and benefited from productivity improvement

- **Outlook**:
  - Resilient profitability is expected to continue on the back of tight supply and demand balance in overall products amid oil price hike
Divisional Results & Outlook

Business results

(Unit: KRW bn)

<table>
<thead>
<tr>
<th></th>
<th>07 1H</th>
<th>08 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battery</td>
<td>28%</td>
<td>24%</td>
</tr>
<tr>
<td>Electronic/Optical Materials</td>
<td>72%</td>
<td>76%</td>
</tr>
</tbody>
</table>

Operating Profit

- 2007: 38 KRW bn
- 2008: 187 KRW bn

Margin (%)

- 2007: 3.8%
- 2008: 14.7%

Analysis

- **Electronics & opticals**
  - Continued strong demand in LCD
  - Improved profitability on account of internal cost saving activity

- **Battery**
  - Cylindrical: continued supply shortage driven by high demand in notebook PC
  - Prismatic: penetrating into global top handset makers in line with rising demand

Outlook

- **Electronics & opticals**
  - Continued profit with volume increase in 2H
  - Substantial increase in sales of polarizer towards LCD TV in Taiwan market

- **Battery**
  - Cylindrical: Incremental earnings from capacity expansion
  - Prismatic: higher utilization rates in line with increasing shipments to top tier
### Business results

(Unit: KRW bn)

<table>
<thead>
<tr>
<th>Division</th>
<th>07 1H</th>
<th>08 1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Profit</td>
<td>70</td>
<td>81</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>6.1</td>
<td>6.6</td>
</tr>
<tr>
<td>Living Solutions/Automotive Solutions</td>
<td>1,156</td>
<td>1,231</td>
</tr>
<tr>
<td>Housing Solutions</td>
<td>56%</td>
<td>56%</td>
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</tbody>
</table>

### Analysis

- **Sales**
  - Domestic: Sales volume increase driven by seasonally strong demand
  - Overseas: Sales increase in Window frame and Hi-Macs (artificial marble)

- **Operating profit**
  - Raw material and overhead costs hike (PVC)
  - Insufficient ASP pass-through due to weak housing market

- **Outlook**
  - Current housing market environment is expected to continue
  - Aim to maintain 1H operating profit level by expanding high value added product portion and ASP increase