

# 2Q 2012 Business Results & Outlook

July 18, 2012



# Disclaimer

**The business results for the second 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 the first quarter of 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	'11.2Q	'12.1Q	'12.2Q	YoY	QoQ
<b>Sales</b>	<b>5,700</b>	<b>5,753</b>	<b>5,996</b>	5.2%	4.2%
<b>Operating Profit</b> (%)	<b>775</b> (13.6)	<b>460</b> (8.0)	<b>503</b> (8.4)	-35.1%	9.5%
<b>Pre-tax Income</b> (%)	<b>786</b> (13.8)	<b>440</b> (7.7)	<b>480</b> (8.0)	-38.9%	9.1%
<b>Net Income</b>	<b>625</b>	<b>381</b>	<b>374</b>	-40.1%	-1.8%

### Financial Position

(Unit: KRW bn)

Classification	'11	'12.2Q	Change
<b>Asset</b>	<b>15,286</b>	<b>15,972</b>	4.5%
Cash and equivalents	1,379	932	-32.5%
<b>Liabilities</b>	<b>5,578</b>	<b>5,832</b>	4.6%
Borrowings	2,527	2,739	8.4%
<b>Shareholder's Equity</b>	<b>9,708</b>	<b>10,140</b>	4.4%
<b>EBITDA</b>	<b>3,592</b>	<b>1,374</b>	

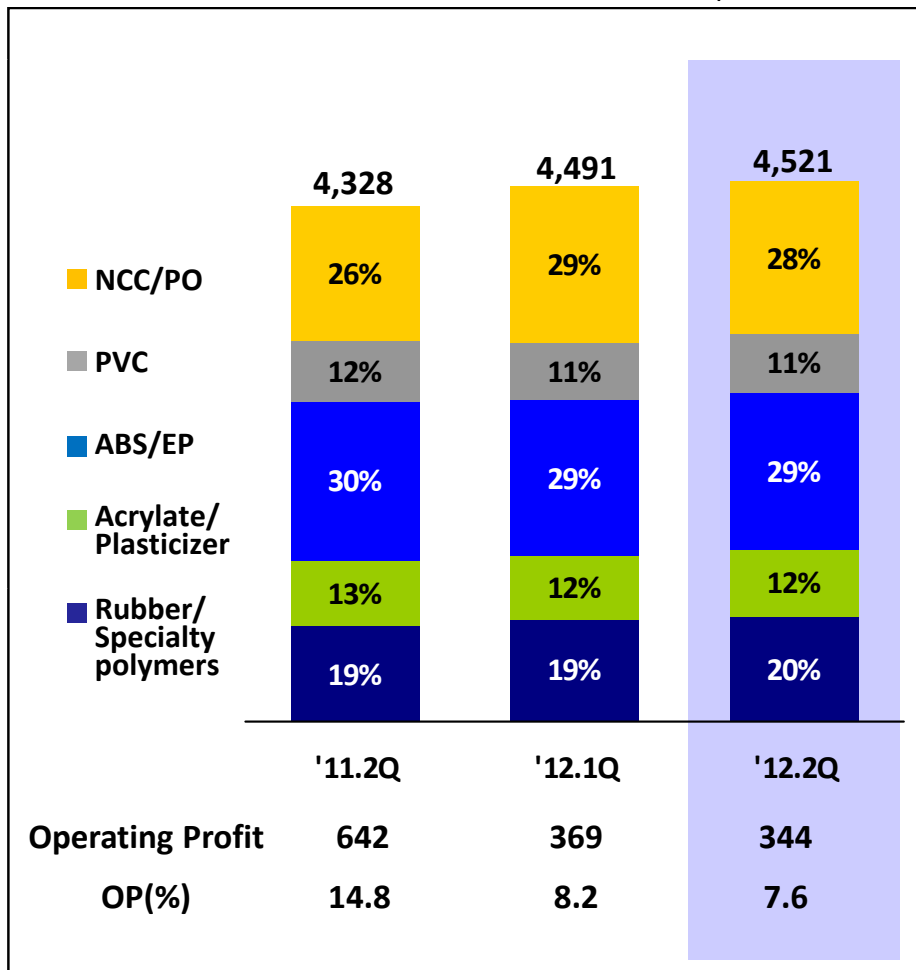
### Financial Ratios

Classification	'11	'12.2Q	Change
<b>Total Liabilities/ Equity (%)</b>	57.5	57.5	-
<b>Borrowings / Equity (%)</b>	26.0	27.0	1.0%p
<b>Interest Coverage Ratio (x)</b>	42.3	25.3	-17.0
<b>ROE (%)</b>	24.7	15.2	-9.5%p
<b>ROA (%)</b>	15.5	9.7	-5.8%p

### Business results

### Analysis

(Unit: KRW bn)



#### • Analysis

■ Overall margin slightly declined due to continued weak demand and fallen product price amid global economic downturn

-NCC/PO : Recovery of product price slowed while high feedstock costs maintained

-PVC : Price declined by influx of offshore products volume into the emerging market

-ABS/EP : Worsen profitability by continued weak demand from major markets including China

-Acrylate/Plasticizer : Achieved favorable business results by tightening of supply amid regional maintenance shut-downs

-Rubber/Specialty Polymers : Profits increased thanks to improved spread by stabilizing BD price, and increased our share of major customers

#### • Outlook

■ Margin improvement by reflecting low feedstock costs while product price increases

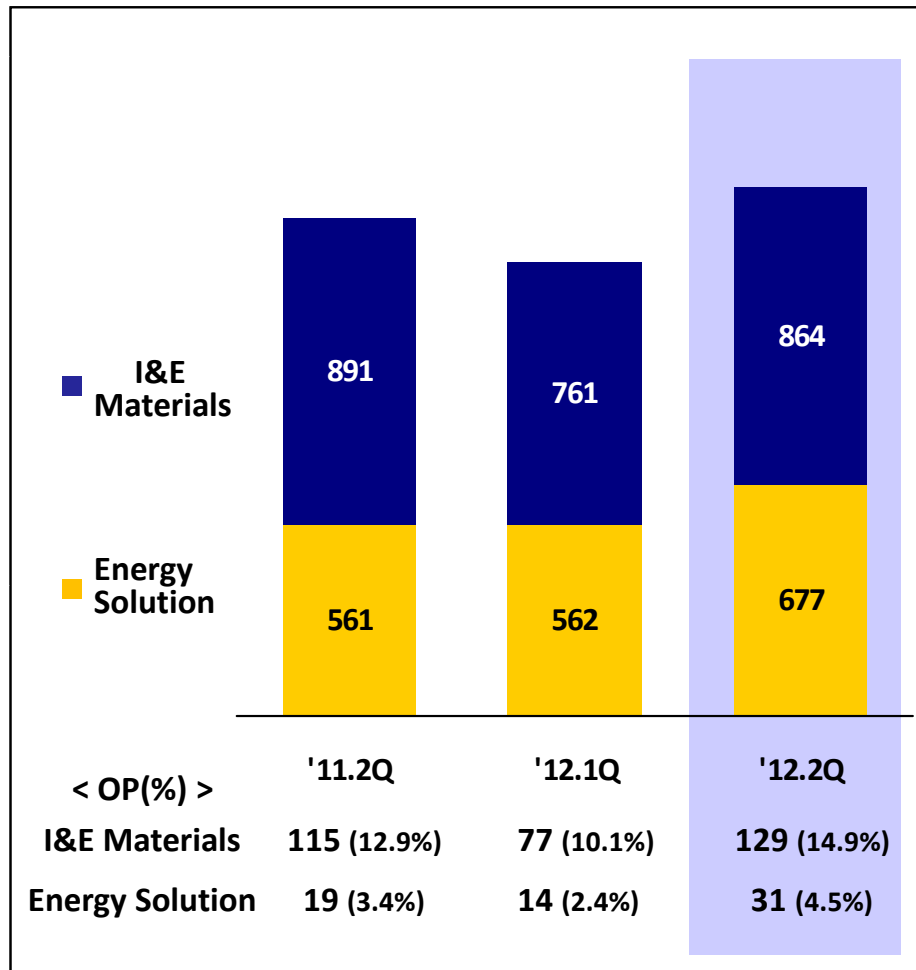
■ Expect gradual market recovery by re-stocking demand, and favorable business environment from Chinese stimulus package

■ Sustainable profitability through capacity expansion of AA, SAP and differentiated product portfolio

## Business results

## Analysis

(Unit: KRW bn)



### • Analysis

#### ▣ Revenue and profit rose thanks to seasonal demand increase

- **I&E Materials** : Improved revenue and profitability thanks to rises of polarizer's utilization rate and 3D FPR shipments
- **Energy Solution** : Sales increased backed by shipment rises of cylindrical batteries for Notebook PC and large-size polymer batteries, and automotive battery sales increase as well to GM and Renault

### • Outlook

#### ▣ Expect to maintain robust profitability based on rise in high margin product sales such as 3D FPR and large-size polymer battery & continuous cost reduction

- **I&E Materials** : Continue to reduce cost through raising the productivity and internalizing raw materials & expect demand increase thanks to the peak season
- **Energy Solution** : Sales increase through rises in high-capacity battery sales and automotive battery shipments to key customers

(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	5,996			11,749
Operating Profit	835	775	724	500	2,835	460	503			963
Petrochemicals	4,276	4,328	4,570	4,150	17,325	4,491	4,521			9,013
NCC/PO	1,091	1,136	1,279	1,264	4,770	1,308	1,272			2,579
PVC	500	517	502	455	1,974	478	485			963
ABS/EP	1,347	1,318	1,293	1,208	5,166	1,312	1,325			2,637
Acrylate/Plasticizer	549	550	546	441	2,085	530	556			1,087
Synthetic Rubber/ Specialty Resin	789	807	950	783	3,330	864	883			1,747
Operating Profit	735	642	593	383	2,353	369	344			713
I&E Materials	807	891	800	845	3,343	761	864			1,626
Operating Profit	93	115	93	77	377	77	129			206
Energy Solution	468	561	576	664	2,269	562	677			1,240
Operating Profit	8	19	40	42	109	14	31			44



## Borrowings

(Unit : KRW bn)

Classification	'11	'12.2Q
<b>Total</b> (Overseas Subsidiaries)	<b>2,527</b> (1,044) 100%	<b>2,739</b> (1,034) 100%
<b>KRW Currency</b>	<b>475</b> 19%	<b>618</b> 23%
<b>C P</b>	449	598
<b>Others</b>	27	21
<b>Foreign Currency</b>	<b>2,052</b> 81%	<b>2,121</b> 77%
<b>Loan</b>	1,124	1,044
<b>Negotiation Borrowings</b>	928	1,077
<b>Short-term</b> (Overseas Subsidiaries)	<b>1,838</b> (679) 73%	<b>1,791</b> (695) 65%
<b>Long-term</b> (Overseas Subsidiaries)	<b>689</b> (365) 27%	<b>948</b> (338) 35%

The % is calculated to total borrowings.

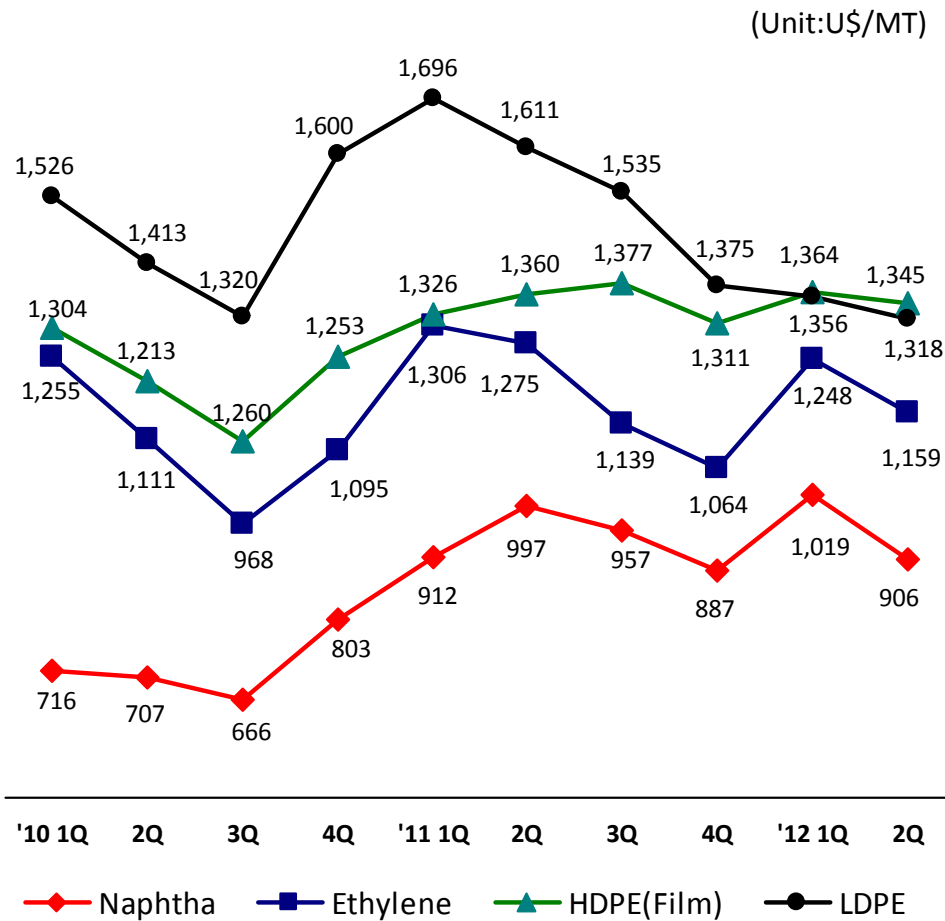
## Cash Flow

(Unit: KRW bn)

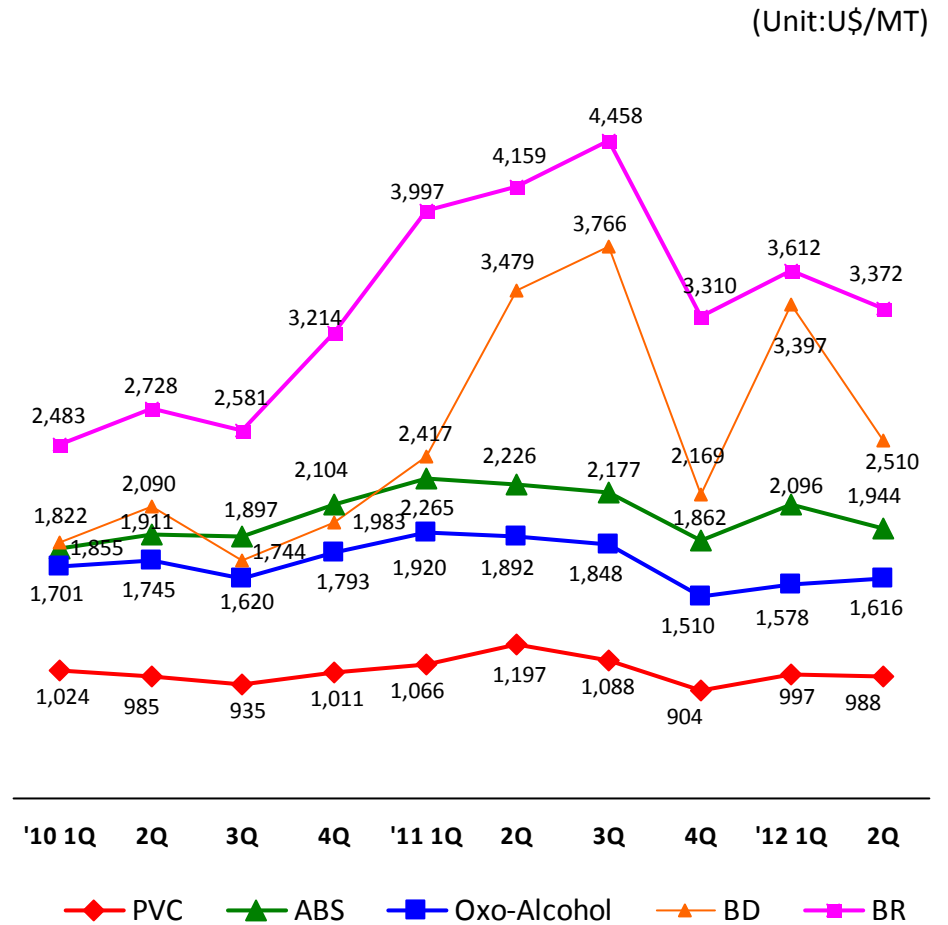
Classification	'11	'12.2Q
<b>Beginning Cash</b>	<b>1,368</b>	<b>1,379</b>
<b>Operating/Investing</b>	<b>-96</b>	<b>-348</b>
<b>Net Income</b>	2,170	755
<b>Depreciation</b>	757	411
<b>Working Capital</b>	-680	-118
<b>CAPEX</b>	-2,321	-1,089
<b>Others</b>	-22	-307
<b>Financing</b>	<b>107</b>	<b>-99</b>
<b>Borrowings</b>	426	213
<b>Dividends</b>	-319	-312
<b>Ending</b>	<b>1,379</b>	<b>932</b>

(Unit: KRW bn)

Classification		'10	'11	'12 Plan	'12.1H
Petrochemicals	New / Expansion	320	664	743	389
	Maintenance	266	296	269	98
	<b>Total</b>	<b>586</b>	<b>960</b>	<b>1,012</b>	<b>487</b>
I & E Materials	New / Expansion	425	330	539	103
	Maintenance	78	100	89	40
	<b>Total</b>	<b>503</b>	<b>430</b>	<b>628</b>	<b>144</b>
Energy Solution	New / Expansion	389	660	473	292
	Maintenance	85	105	139	44
	<b>Total</b>	<b>474</b>	<b>765</b>	<b>612</b>	<b>336</b>
Common Expenses	New / Expansion	-	-	-	16
	Maintenance	139	166	296	106
	<b>Total</b>	<b>139</b>	<b>166</b>	<b>296</b>	<b>122</b>
Total	New / Expansion	1,134	1,654	1,755	800
	Maintenance	568	666	794	289
	<b>Total</b>	<b>1,702</b>	<b>2,321</b>	<b>2,548</b>	<b>1,089</b>



NCC/PO



PVC

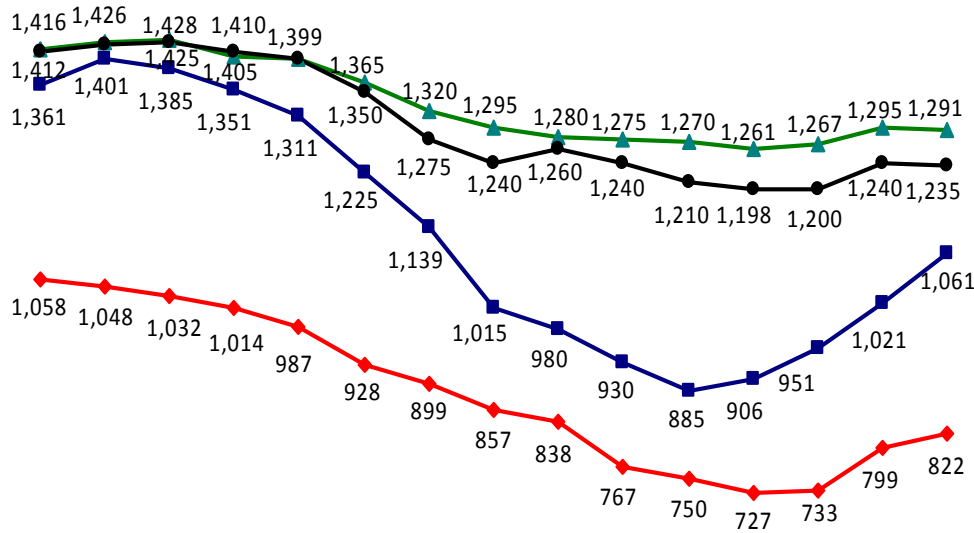
ABS/EP

Acrylate/  
Plasticizer

Rubber/  
Specialty Polymers

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

(Unit:U\$/MT)

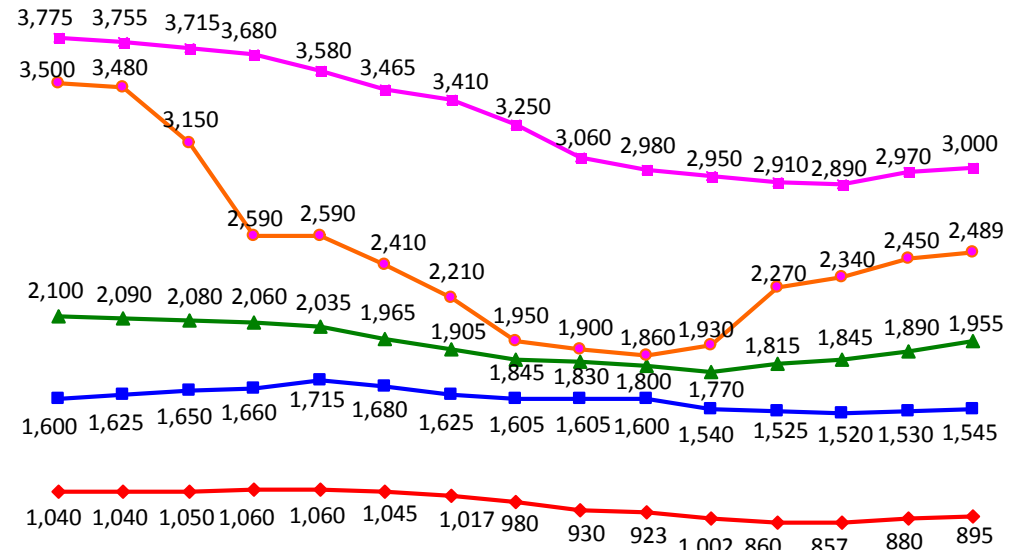


1W 2W 3W 4W 1W 2W 3W 4W 1W 2W 3W 4W 5W 1W 2W  
Apr May June July

◆ Naphtha    ■ Ethylene    ▲ HDPE(Film)    ● LDPE

NCC/PO

(Unit:U\$/MT)



1W 2W 3W 4W 1W 2W 3W 4W 1W 2W 3W 4W 5W 1W 2W  
Apr May June July

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

PVC

ABS/EP

Acrylate/  
Plasticizer

Rubber/  
Specialty Polymers

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