

2Q 2009 Business Results & Outlook

2009. 7. 16



The business results for the 2nd quarter of 2009 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.

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.

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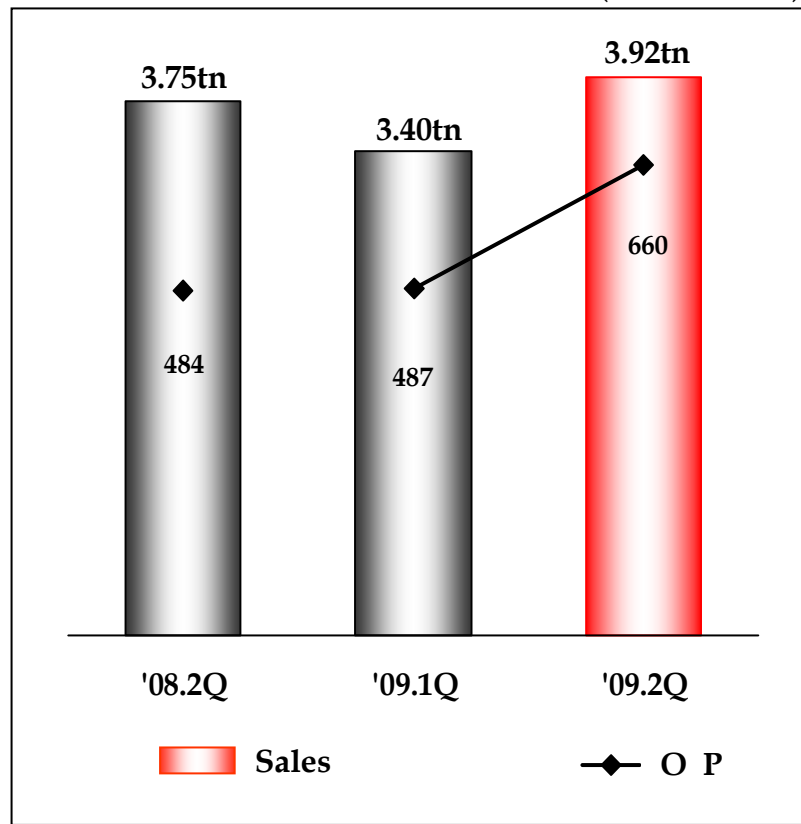
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Quarterly Business Results

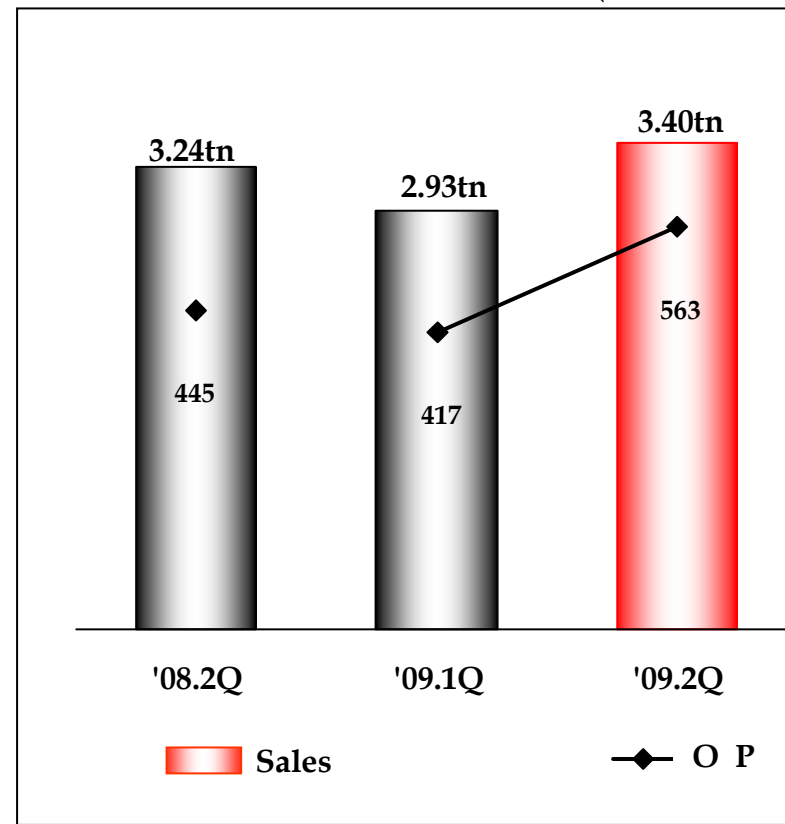
Consolidated

(Unit:KRW bn)

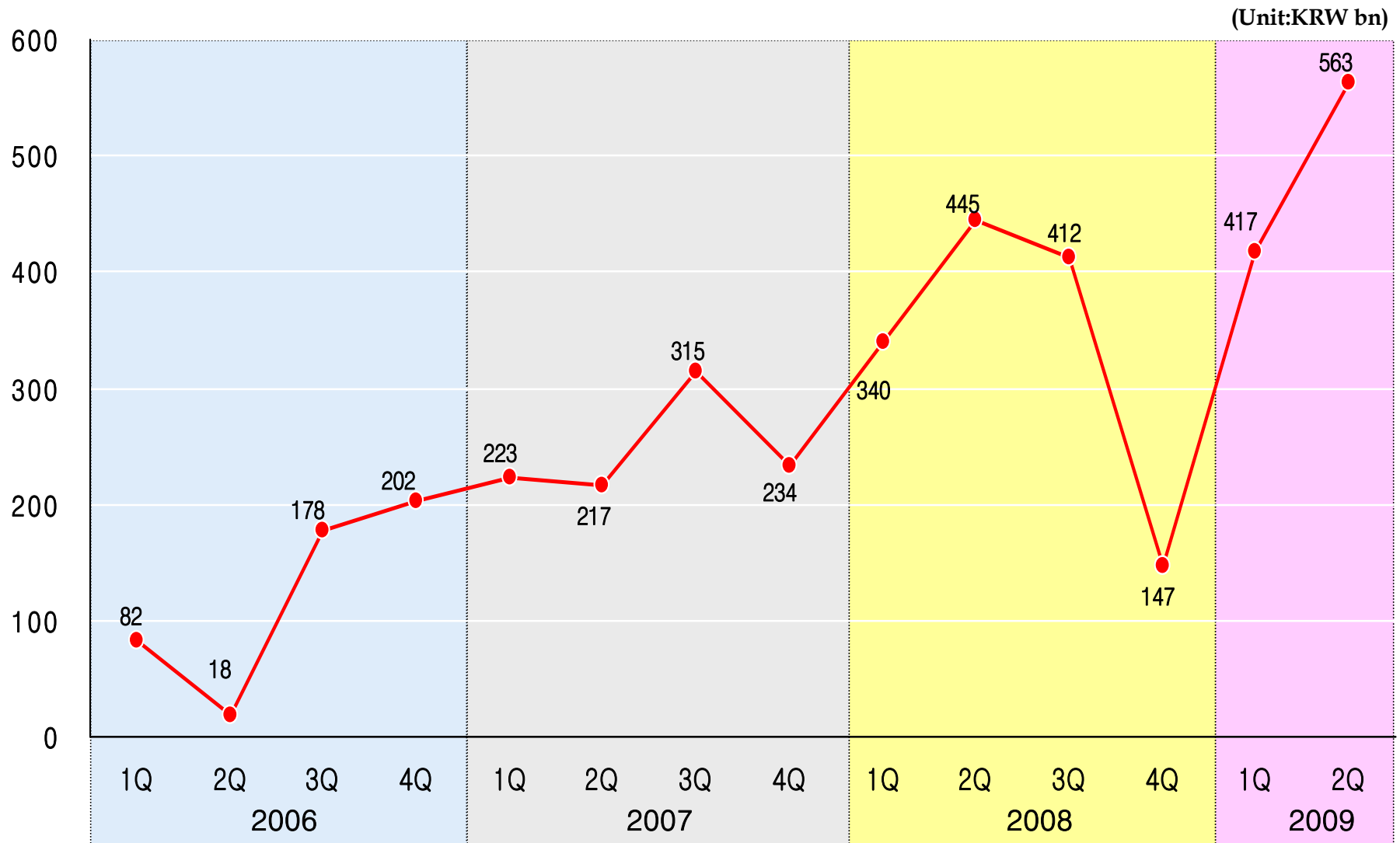


Non-consolidated

(Unit:KRW bn)



Operating Profit Trend (Non-consolidated)



(Unit : KRW bn)	Consolidated				Non-Consolidated			
	'08.2Q	'09.1Q	'09.2Q	YoY	'08.2Q	'09.1Q	'09.2Q	YoY
Sales	3,749	3,400	3,921	4.6%	3,239	2,932	3,402	5.0%
Operating Profit	484	487	660	36.4%	445	417	563	26.6%
(%)	(12.9)	(14.3)	(16.8)		(13.7)	(14.2)	(16.6)	
Pre-tax Income From Continuing Operations	478	444	631	31.9%	464	426	607	30.8%
(%)	(12.8)	(13.0)	(16.1)		(14.3)	(14.5)	(17.8)	
Equity Method Gains	7	0	-12		37	35	54	47.7%
Net Income	356	289	467	31.2%	356	289	467	31.2%

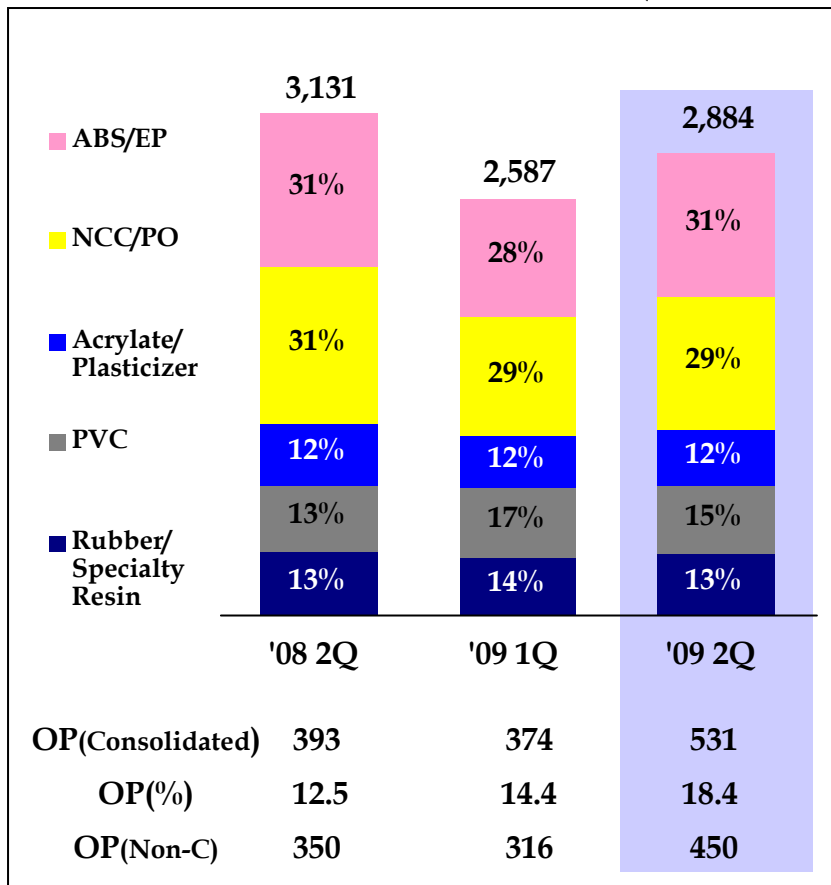


	Consolidated			Non-Consolidated		
(Unit : KRW bn)	'08	'09.4.1	'09.2Q	'08	'09.4.1	'09.2Q
Assets	9,736	9,110	9,326	8,036	7,502	7,678
(Cash and equivalents)	514	905	839	373	755	640
Liabilities	4,683	4,611	4,373	3,147	3,172	2,899
(Borrowings)	2,743	2,565	2,237	1,350	1,327	1,095
Shareholder's Equity	5,053	4,500	4,953	4,890	4,330	4,779
Total Liabilities / Equity (%)	92.7	102.5	88.3	64.4	73.2	60.7
Debt / Equity (%)	54.3	57.0	45.2	27.6	30.6	22.9
Interest Coverage Ratio	13.5	-	25.5	34.3	-	47.5
ROE (%)	21.7	-	33.2	24.5	-	33.7
ROA (%)	10.8	-	17.0	13.9	-	20.2
EBITDA	1,864		1,431	1,746		1,179



Business results

(Unit:KRW bn)



Analysis

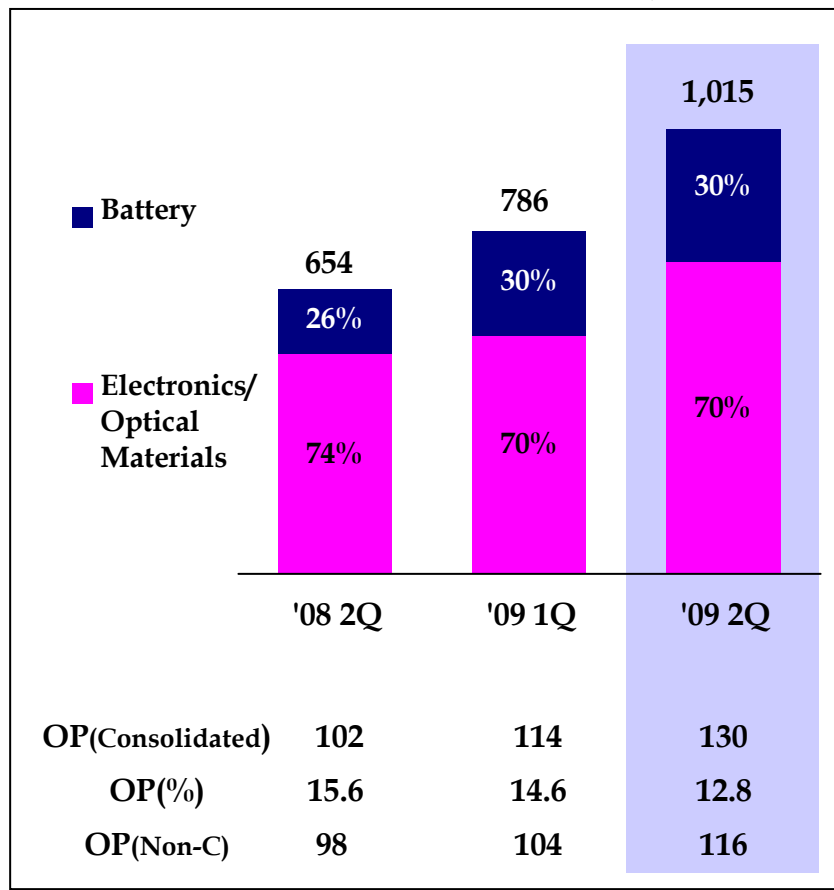
• Analysis

- Strong demand across the products thanks to China's aggressive economic stimulus packages
 - 'China's home appliances subsidy program' boosted ABS demand and profitability
 - Delay in new supplies from Middle East tightened PO supply/demand balance
 - Poor cost competitiveness for carbide based PVC and low utilization of North America plants led strong PVC price
 - Margin improvement in Synthetic Rubber backed by rebound of Automobile industry
 - Solid margin for Acrylate/Plasticizer was maintained due to favorable supply/demand balance
- #### • Outlook
- Increase of oil and raw material prices will keep product price strong
 - New PO supplies from Middle East and China are expected but the impact will be limited



Business results

(Unit:KRW bn)



Analysis

• Analysis

■ Electronics & opticals

- LCD polarizer sales went up due to 'home appliances subsidy program' in China and HD broadcasting in US
- Continuous performance improvement in photo-resist and battery materials

■ Battery

- Despite strong KRW & price drop, operating profits rose due to demand recovery in the market and order increase from major customers (Nokia)

• Outlook

■ Electronics & Opticals

- Entering into strong season & recovery in demand will make continuous volume increase

■ Battery

- Expect recovery in demands of notebook PC & cell phone. Order from major customers (Nokia, LGE & Apple) will increase continuously
- HEV Battery sales for new hybrid cars in Korea (HMC 'Avante' & Kia 'Forte')



(Unit: KRW bn)

LGC	2008					2009				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	3,494	3,749	3,980	3,332	14,555	3,400	3,921			7,321
Operating Profit	362	484	416	59	1,321	487	660			1,148
Petrochemicals	2,835	3,131	3,380	2,470	11,816	2,587	2,884			5,471
NCC/PO	884	977	1,074	703	3,638	751	838			1,589
Synthetic Rubber/ Specialty Resin	353	400	516	434	1,703	358	390			747
PVC	370	412	493	335	1,609	439	420			860
ABS/EP	891	965	908	692	3,456	724	899			1,623
Acrylate/Plasticizer	337	379	388	306	1,410	315	338			653
Operating Profit	285	393	319	-85	912	374	531			904
I & E Materials	620	654	654	750	2,678	786	1,015			1,801
Optical/Electronic	462	516	511	492	1,981	556	728			1,284
Battery	165	148	154	272	739	242	309			550
Operating Profit	84	102	107	172	466	114	130			244



(Unit: KRW bn)

LGC	2008					2009				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,994	3,239	3,597	2,816	12,645	2,932	3,402			6,334
Operating Profit	340	445	412	147	1,344	417	563			980
Petrochemicals	2,397	2,607	2,961	2,075	10,039	2,152	2,388			4,540
NCC/PO	884	985	1,085	720	3,674	777	885			1,661
Synthetic Rubber/ Specialty Resin	347	381	503	395	1,626	338	368			705
PVC	259	286	341	237	1,124	295	293			588
ABS/EP	583	604	653	430	2,271	432	522			954
Acrylate/Plasticizer	323	350	378	294	1,344	310	322			632
Operating Profit	262	350	310	-14	907	316	450			766
I & E Materials	611	656	669	769	2,705	804	1,047			1,852
Optical/Electronic	445	505	505	478	1,933	546	711			1,257
Battery	173	160	174	304	811	269	356			625
Operating Profit	80	98	105	170	453	104	116			219

Borrowings

(Unit : KRW bn)

	Balance			'09 Plan
	'08	'09.4.1	'09.2Q	
Total	1,350 (100%)	1,327 (100%)	1,095 (100%)	914 (100%)
KRW	929 (69%)	865 (65%)	665 (61%)	593 (65%)
Currency				
C P	-	-	-	-
C B	560	500	350	250
Others	369	365	315	343
Foreign	421 (31%)	461 (35%)	430 (39%)	321 (35%)
Currency				
FRN	170	186	173	64
Others	252	275	257	257
Short-term	560 (42%)	671 (51%)	570 (52%)	598 (65%)
Long-term	790 (58%)	656 (49%)	525 (48%)	316 (35%)

☞ The % is calculated to total borrowings. Discounts of bond is not included.
Currency swap included

Cash Flow

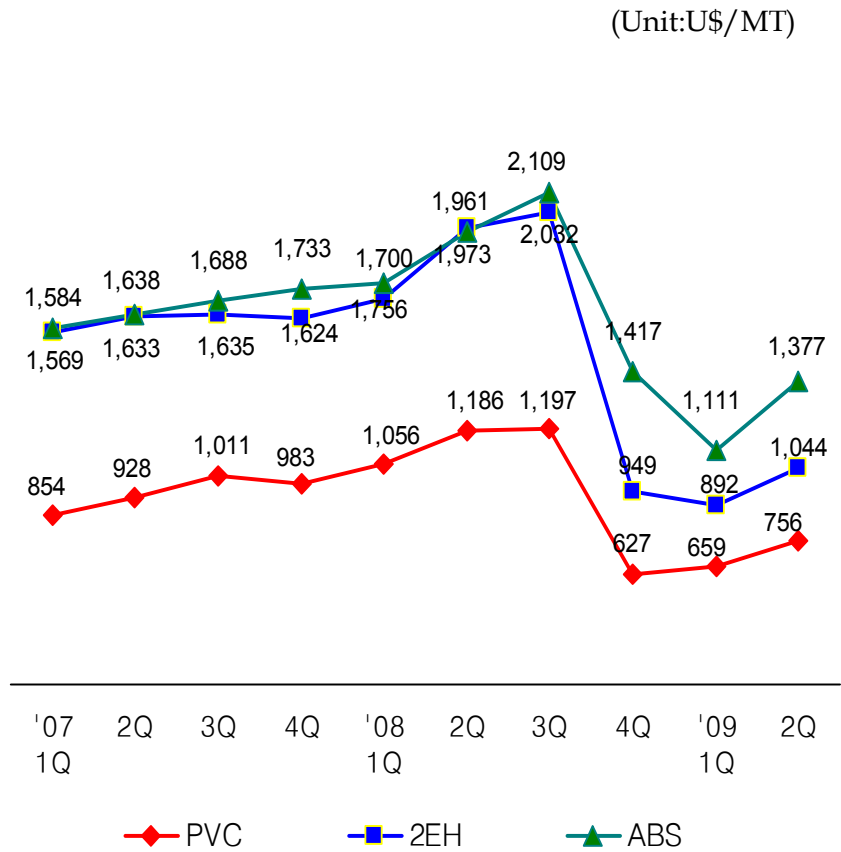
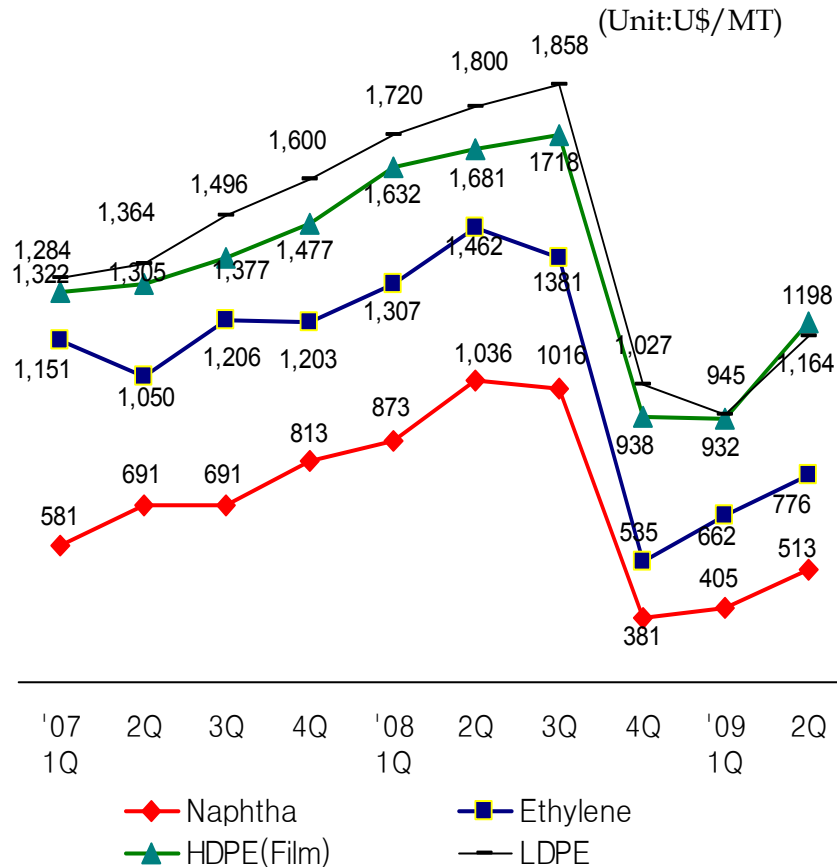
(Unit : KRW bn)

	'08	'09.2Q
Beginning	466	373
Operating/Investing	246	753
Net Income	1,003	756
Depreciation	402	190
Working Capital	-534	190
CAPEX	-713	-463
Others	88	81
Financing	-339	-464
Borrowings	-12	-254
ABS refund	-160	-
Dividend	-167	-209
LG Hausys Spin-off	-	-23
Cash split		-214
Borrowings split		212
Working Capital, etc. (LG Hausys)		-21
End	373	640

(Unit : KRW bn)

		'07	'08	'09 Plan	'09.2Q
Petrochemicals	New/Expansion	142	217	104	72
	Maintenance	68	85	136	48
	Equity Investment	16		23	3
	Total	227	302	263	123
I & E Materials	New/Expansion	42	194	347	183
	Maintenance	36	51	91	29
	Equity Investment	12	21	28	11
	Total	90	266	466	224
Common Expenses	New/Expansion	1			
	Maintenance	100	71	136	97
	Equity Investment		1		19
	Total	100	72	136	116
Total	New/Expansion	185	411	451	256
	Maintenance	204	207	363	175
	Equity Investment	28	22	50	33
	Total	417	640	864	463





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

