

3Q 2011 Business Results & Outlook

Oct 20, 2011



The business results for the third quarter of 2011 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.

From 2010, the business results are subject to the IFRS(International Financial Reporting Standards).

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(Unit: KRW bn)

Classification	'10.3Q	'11.2Q	'11.3Q	YoY	QoQ
Sales	5,021	5,700	5,886	17.2%	3.3%
Operating Profits	779	775	724	-7.0%	-6.6%
(%)	(15.5)	(13.6)	(12.3)		
Pre-tax Income	791	786	668	-15.5%	-15.1%
(%)	(15.7)	(13.8)	(11.3)		
Net Income	599	625	512	-14.6%	-18.1%

Financial Position

(Unit: KRW bn)

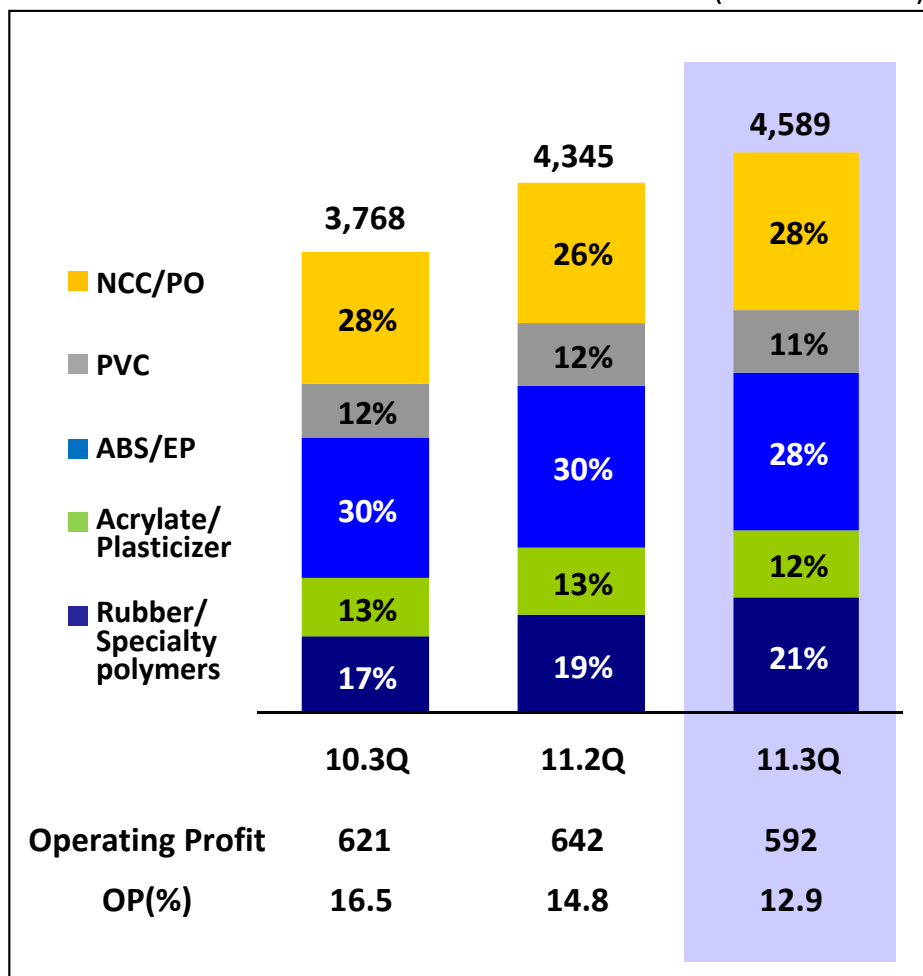
Classification	'10	'11.3Q	Change
Asset	12,674	14,941	17.9%
Cash and equivalents	1,368	1,162	-15.1%
Liabilities	4,830	5,552	15.0%
Borrowings	2,101	2,672	27.2%
Shareholder's Equity	7,844	9,389	19.7%
EBITDA	3,495	2,905	

Financial Ratios

Classification	'10	'11.3Q	Change
Total Liabilities/ Equity (%)	61.6	59.1	-2.5%p
Borrowings / Equity (%)	26.8	28.5	1.7%p
Interest Coverage Ratio (x)	46.0	47.2	1.2
ROE (%)	31.9	27.7	-4.2%p
ROA (%)	19.0	17.3	-1.7%p

Business results

(Unit: KRW bn)



Analysis

• Analysis

■ Achieved favorable business results backed by differentiated product portfolio and internal contingency program despite margin declined in the global economic downturn

-NCC/PO : Improved profitability based on stable feedstock prices and increased premium PO sales

-PVC : Weaken product price due to influx of offshore supply

-ABS/EP : Continued weak demand due to slowdown of frontline industries such as IT and others

-Acrylate/Plasticizer : Maintained high profitability thanks to stable supply-demand balance

-Rubber/Specialty polymers : Volume growth effect by expansion despite narrowed spread due to feedstock price hikes

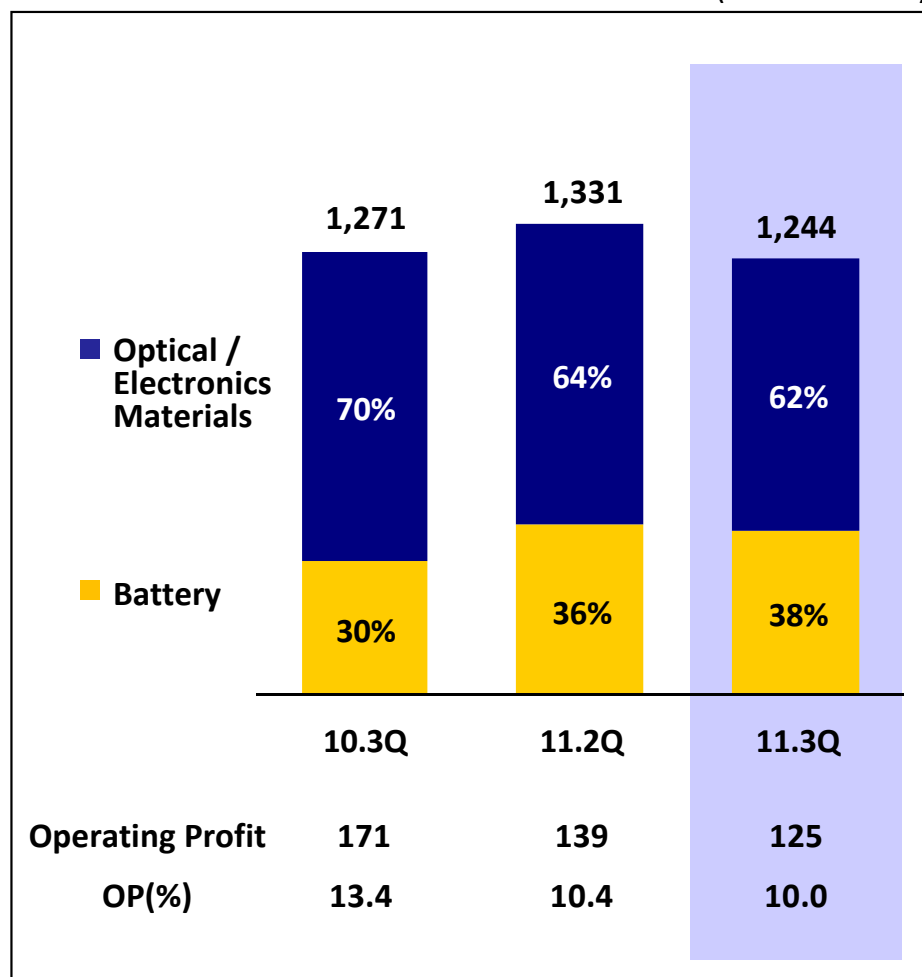
• Outlook

■ Gradual market recovery is expected thanks to stabilizing feedstock prices

■ Favorable business results are expected through cost leadership and competitive products such as acrylate, synthetic rubber, etc.

Business results

(Unit: KRW bn)



Analysis

• Analysis

▣ Secured profitability based on leading position in the global market despite sales decrease due to weak IT demand

- Optical Materials** : Maintained stable profitability based on continuous cost reduction and sales increase of 3D Retarder in spite of a downturn in sales
- Battery** : Improved profitability propelled by increased polymer battery sales to strategic customers and new devices such as tablet PCs, Ultrabooks and etc.

• Outlook

▣ Expect sales volume increase boosted by gradual IT demand recovery and customers' new product releases

- Optical Materials** : Panel makers' utilization rate increase and 3D Retarder sales help maintain stable profitability
- Battery** : Sales increase of large capacity batteries thanks to customers' launch of new products such as LTE mobile phones and Ultrabooks

(Unit: KRW bn)

Classification	2010					2011				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	4,423	5,028	5,021	4,999	19,471	5,491	5,700	5,886		17,077
Operating Profit	652	828	779	562	2,821	835	775	724		2,335
Petrochemicals	3,309	3,765	3,768	3,809	14,651	4,293	4,345	4,589		13,226
NCC/PO	948	1,082	1,068	1,018	4,116	1,108	1,152	1,298		3,558
PVC	453	455	455	489	1,852	500	517	502		1,519
ABS/EP	998	1,173	1,142	1,228	4,540	1,347	1,318	1,293		3,958
Acrylate/Plasticizer	401	451	478	429	1,760	549	550	546		1,645
Synthetic Rubber/ Specialty Resin	509	605	626	644	2,383	789	808	950		2,547
Operating Profit	490	624	621	544	2,279	736	642	592		1,970
I & E Materials	1,153	1,285	1,271	1,200	4,909	1,193	1,331	1,244		3,768
Optical/Electronic	843	917	913	832	3,504	807	891	800		2,498
Battery	347	414	394	399	1,552	432	500	485		1,417
Operating Profit	175	211	171	44	600	113	139	125		377

Borrowings

(Unit : KRW bn)

Classification	'10	'11.3Q
Total (Overseas Subsidiaries)	2,101 (824) 100%	2,672 (994) 100%
KRW Currency	162 8%	180 7%
C P	150	150
Others	12	30
Foreign Currency	1,940 92%	2,492 93%
Loan	936	1,078
Negotiation Borrowings	865	1,261
FRN	139	153
Short-term (Overseas Subsidiaries)	1,621 (559) 77%	2,298 (653) 86%
Long-term (Overseas Subsidiaries)	481 (265) 23%	374 (341) 14%

The % is calculated to total borrowings.

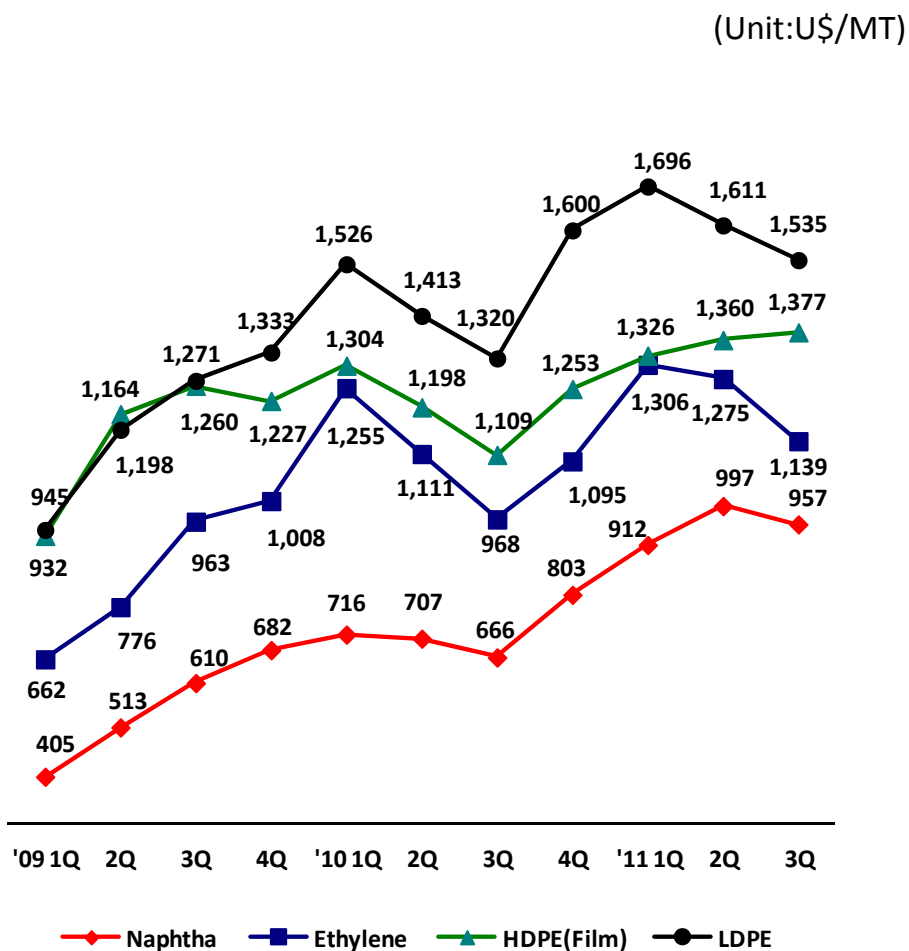
Cash Flow

(Unit: KRW bn)

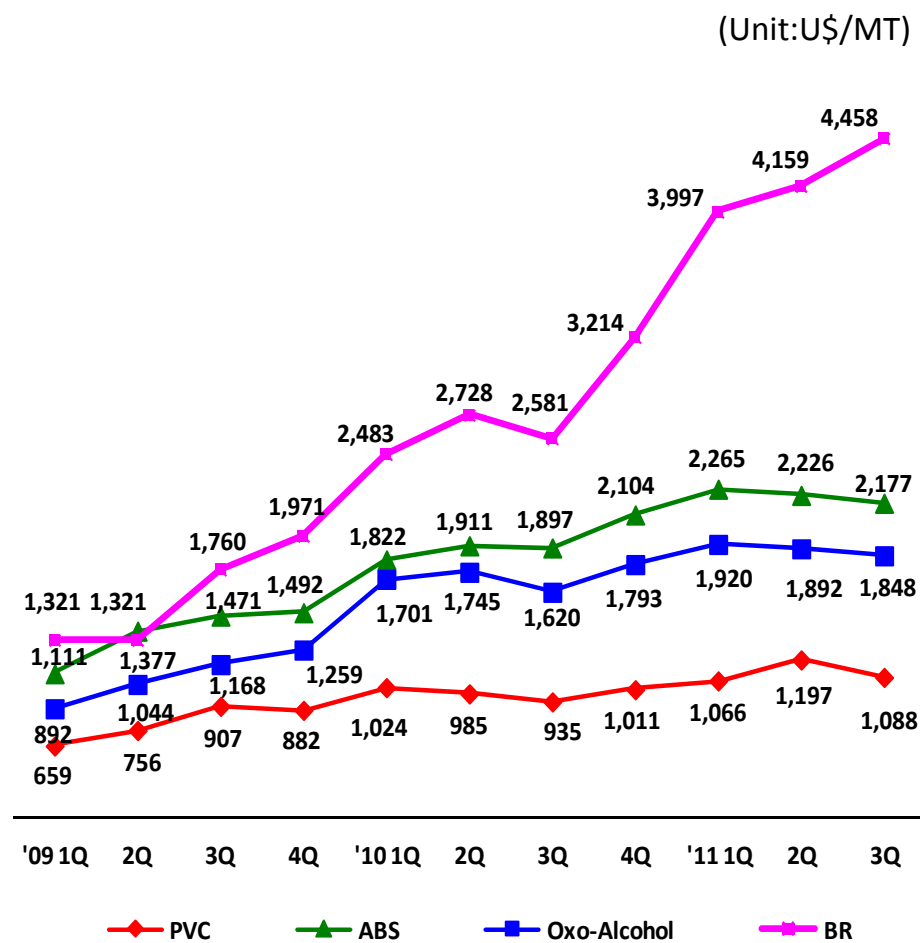
Classification	'10	'11.3Q
Beginning Cash	1,107	1,368
Operating/Investing	810	-455
Net Income	2,200	1,793
Depreciation	656	570
Working Capital	-617	-1,070
CAPEX	-1,702	-1,673
Others	273	-75
Financing	-549	249
Borrowings	-269	571
Dividends	-280	-322
Ending	1,368	1,162

(Unit: KRW bn)

Classification		'09	'10	'11 Plan	'11.3Q (YTD)
Petrochemicals	New / Expansion	158	324	762	456
	Maintenance	132	237	263	204
	Total	290	560	1,025	660
I & E Materials	New / Expansion	472	814	973	760
	Maintenance	81	135	223	129
	Total	553	948	1,196	889
Common Expenses	New / Expansion	22	-	-	-
	Maintenance	198	193	145	125
	Total	221	193	145	125
Total	New / Expansion	652	1,138	1,735	1,216
	Maintenance	411	564	631	457
	Total	1,063	1,702	2,366	1,673



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.