

Solution*Partner*

1Q 2008 Business Results & Outlook

2008. 4. 17



The business results for the 1st quarter of 2008 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.

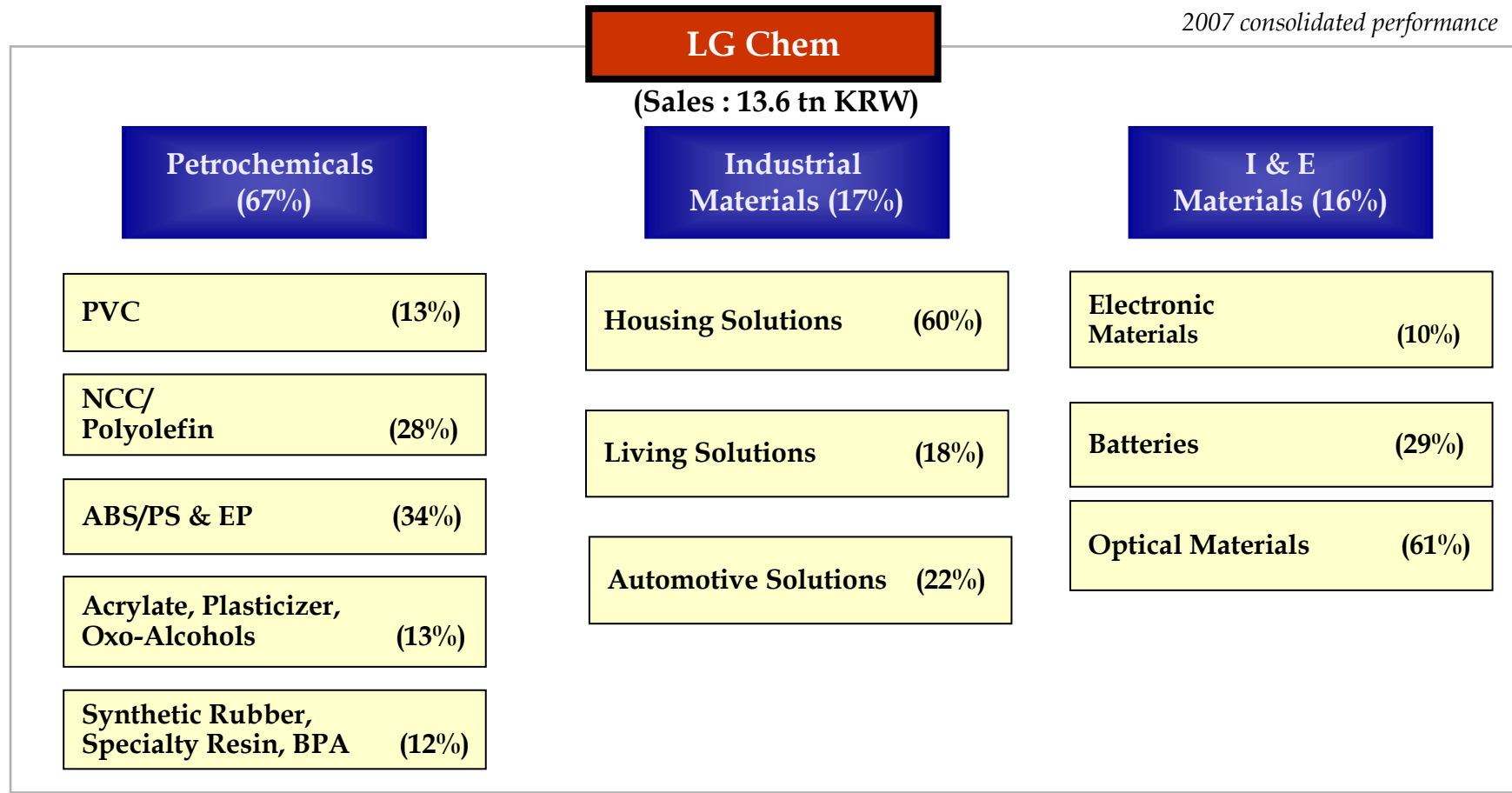
Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables.

Table of Contents

Business Portfolio	1
Vertical Integration	2
Quarterly Business Results	3
1Q 2008 Business Results	4
Divisional Results & Outlook	6
Appendix	9

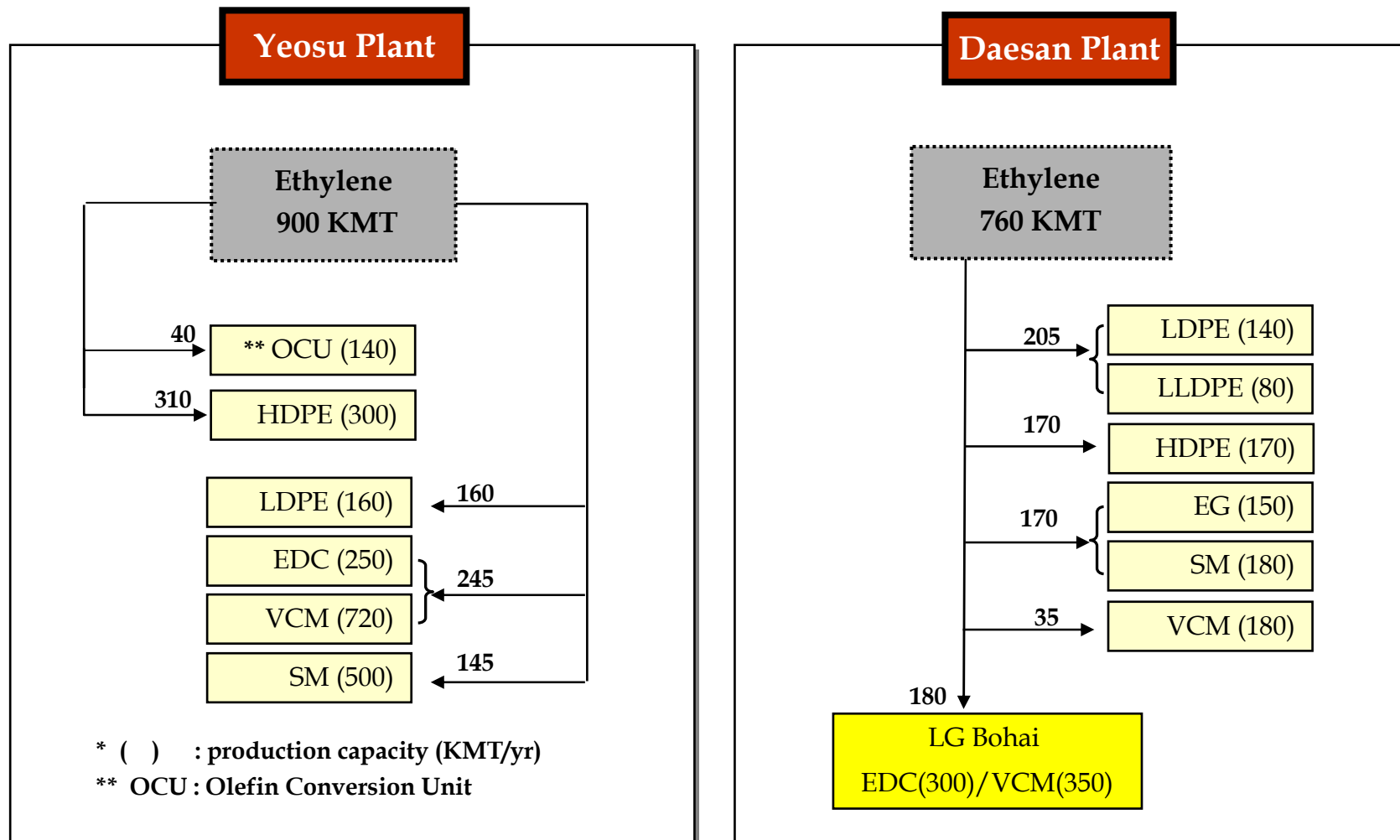
Business Portfolio

2007 consolidated performance



- ◆ Petrochemicals : PVC, Plasticizer, ABS/PS, Acrylate, PO, EP, Specialty resin, NCC, Synthetic rubbers, BPA
- ◆ Industrial materials : Housing solutions (PVC window frame, Floorings), Living solutions, Automotive solutions, HI-MACS
- ◆ I & E materials : Rechargeable batteries, Optical materials (Polarizer film for TFT-LCD, PDP filter), Electronic materials (Color filter photo resist)

Vertical Integration (Ethylene)

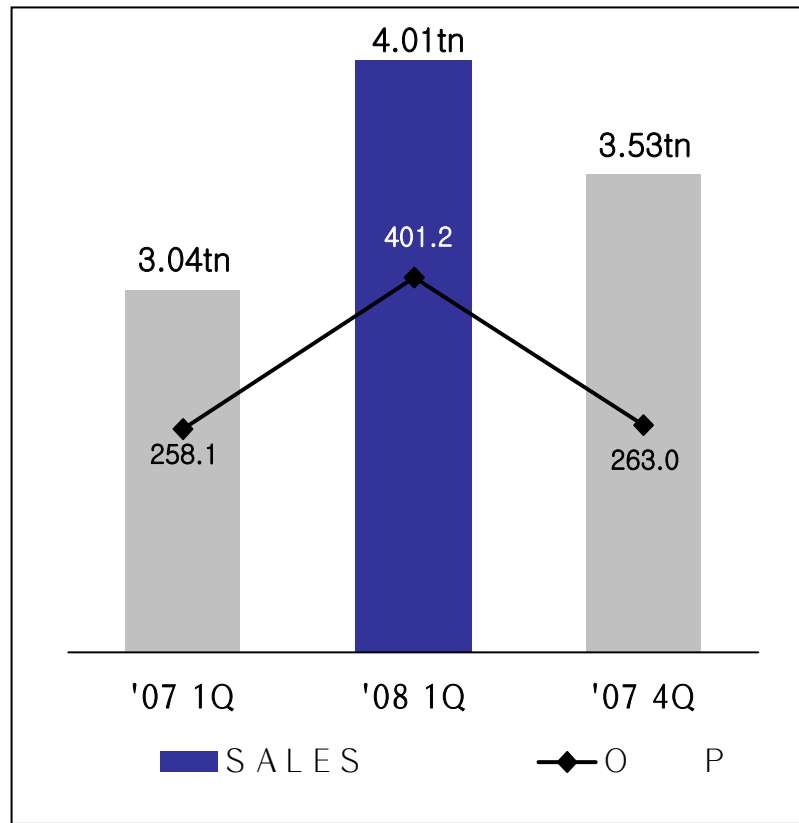


Forecasted ethylene balance in 2008

Quarterly Business Results

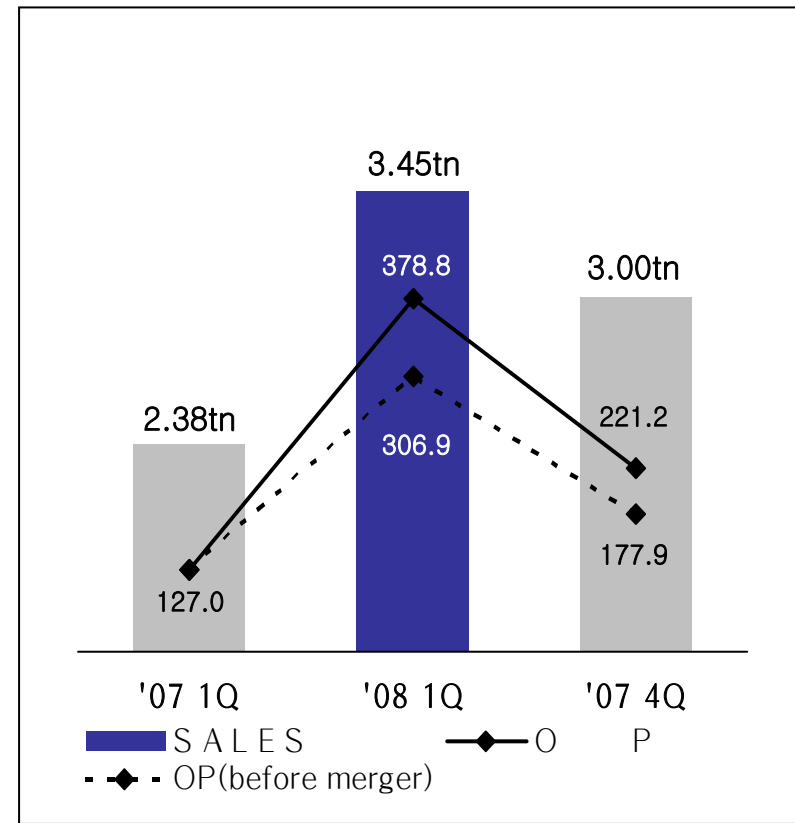
Consolidated

(Unit:KRW bn)



Non-Consolidated

(Unit:KRW bn)



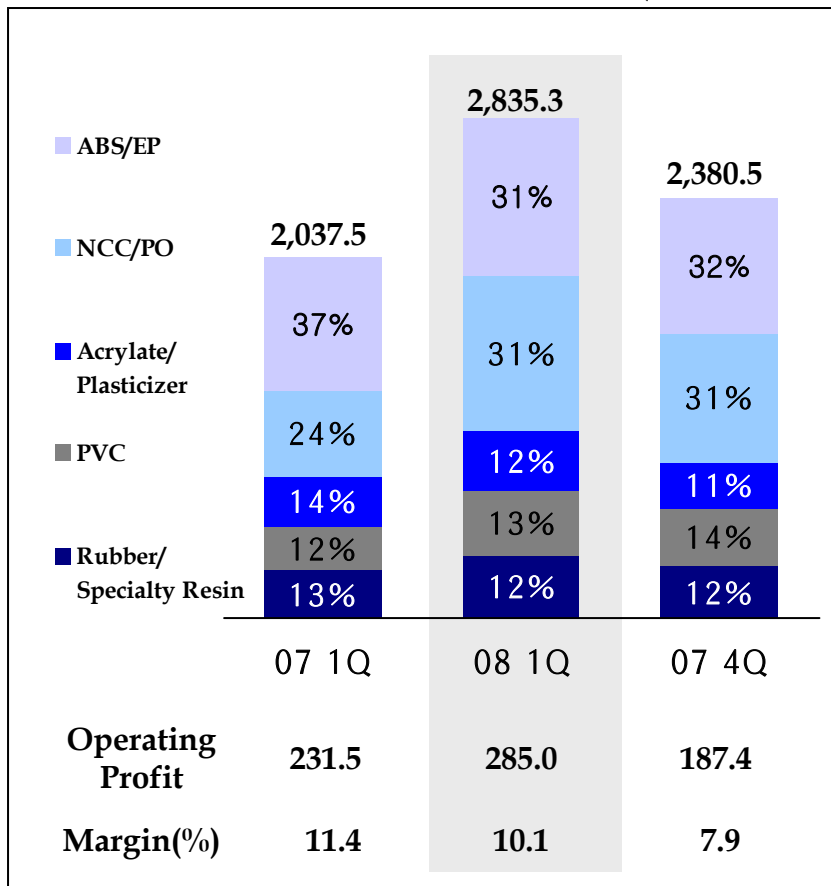
(Unit : KRW bn)	Consolidated				Non-Consolidated			
	'07 1Q	'08 1Q	'07 4Q	YoY	'07 1Q	'08 1Q	'07 4Q	YoY
Sales	3,040.6	4,014.0	3,534.7	32.0%	2,380.0	3,448.1	3,003.8	44.9%
Operating Profit	258.1	401.2	263.0	55.4%	127.0	378.8	221.2	198.3%
(%)	(8.5)	(10.0)	(7.4)		(5.3)	(11.0)	(7.4)	
Recurring Profit	238.7	356.6	202.3	49.4%	155.8	351.8	177.3	125.8%
(%)	(7.9)	(8.9)	(5.7)		(6.5)	(10.2)	(5.9)	
Equity Method Gains	3.1	2.3	-1.6	-25.8%	47.3	11.5	10.0	-75.7%
Net Income	113.0	256.1	125.9	126.6%	113.0	256.1	125.9	126.6%

* Recurring Profit stands for "Profit from continuing operations before income tax"

(Unit : KRW bn)	Consolidated		Non-Consolidated	
	'07	'08.1Q	'07	'08.1Q
Assets	8,550.8	8,785.2	7,050.0	7,228.0
(Cash and equivalents)	590.5	411.4	466.4	323.5
Liabilities	4,506.8	4,445.3	3,171.8	3,065.5
(Borrowings)	2,367.9	2,312.6	1,361.6	1,252.1
Shareholder's Equity	4,043.9	4,339.9	3,878.2	4,162.5
Total Liabilities / Equity (%)	111.4	102.4	81.8	73.6
Debt / Equity (%)	58.6	53.3	35.1	30.1
Interest Coverage Ratio	10.1	13.0	10.0	21.9
ROE (%)	22.8	24.5	23.3	27.5
ROA (%)	10.3	11.9	11.3	15.1
EBITDA			1,227.2	481.6

Business results

(Unit:KRW bn)



Analysis

• Analysis

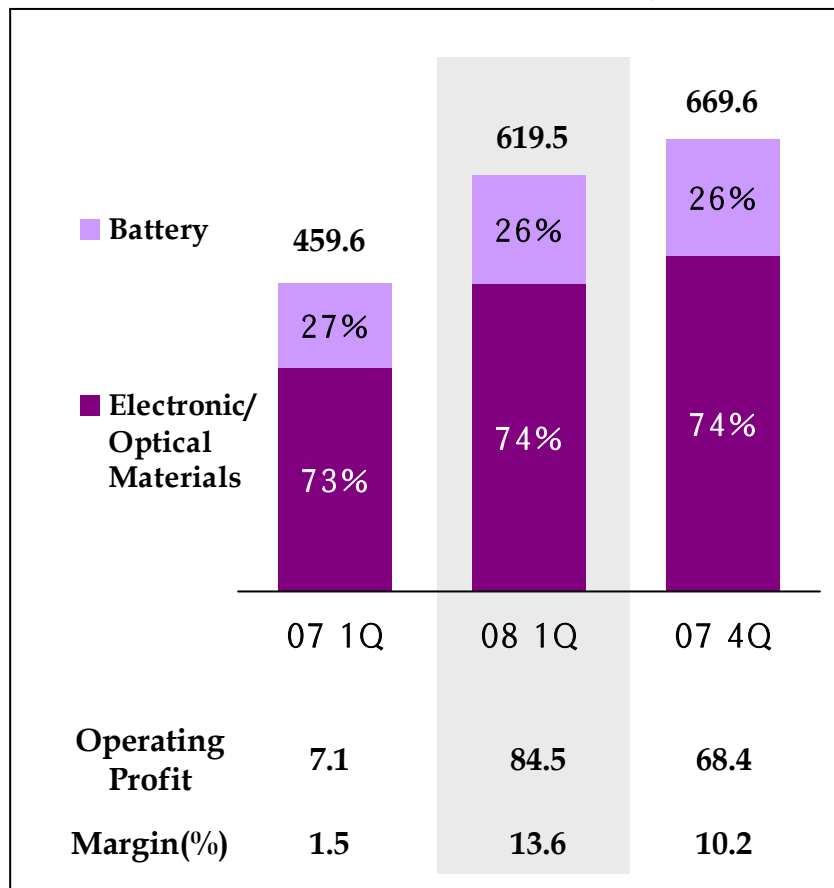
- ▣ PO : Merger synergy offset naphtha cost hike
- ▣ ABS/PVC : Margin improvement as a result of entering up cycle
- ▣ Synthetic Rubber / BPA / Oxo-Alcohol : Continuous strong margin
- ▣ Beneficiary of USD appreciation due to high export exposure

• Outlook

- ▣ High oil price is expected to continue
- ▣ Strong Seasonal demand should result in solid performance going forward.

Business results

(Unit:KRW bn)



Analysis

• Analysis

■ Electronic & optical

- Increased sales & earnings in polarizer due to strong LCD demand
- Strong Japanese yen resulted in additional profit improvement

■ Battery

- Cylindrical : Tight supply/demand balance from strong demand in notebook PC market
- Prismatic : Increased utilization

• Outlook

■ Electronic & optical

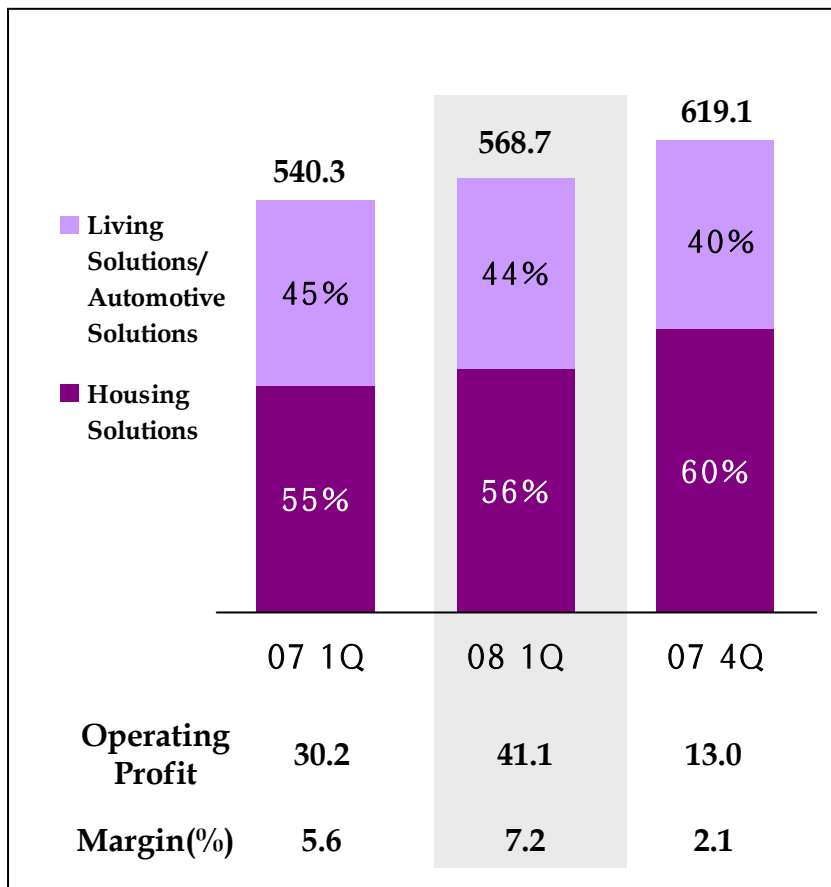
- More positive LCD market condition from 2Q
- Winning market share in LCD TV polarizer in Taiwan & China

■ Battery

- Cylindrical : Continuous growth
- Prismatic : Supply to new top-tier customers

Business results

(Unit:KRW bn)



Analysis

• Analysis

- Total cost reduction through restructuring
 - Integration/scrapping of low profit businesses
- Expanded sales of high value added products

• Outlook

- Solid performance expected in 2Q backed by peak seasonal demand
- Expectation of easing real-estate regulations from the new government

(Unit : KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	3,040.6	3,383.6	3,565.9	3,534.7	13,524.8	4,014.0				
Operating Profit	258.1	292.0	374.1	263.0	1,187.2	401.2				
Petrochemicals	2,037.5	2,299.5	2,396.2	2,380.5	9,113.7	2,835.3				
NCC/PO	482.7	630.0	696.4	726.8	2,535.9	884.4				
Synthetic Rubber/ Specialty Resin	271.8	296.6	323.5	295.7	1,187.6	352.9				
PVC	248.4	301.0	315.2	325.7	1,190.3	369.7				
ABS/EP	756.2	790.1	792.8	769.9	3,109.0	891.2				
Acrylate/Plasticizer	278.4	281.8	268.3	262.4	1,090.9	337.0				
Operating Profit	231.5	217.4	288.8	187.4	925.1	285.0				
I & E Materials	459.6	530.4	595.4	669.6	2,255.0	619.5				
Optical/Electronic	337.4	384.8	437.5	504.3	1,664.0	462.3				
Battery	126.7	153.9	168.7	175.2	624.5	164.4				
Operating Profit	7.1	31.0	63.7	68.4	170.2	84.5				
Industrial Materials	540.3	615.8	559.6	619.1	2,334.8	568.7				
Building/Decorative	296.4	349.8	327.4	373.0	1,346.6	320.4				
Living/ Automotive	245.3	268.0	234.0	248.4	995.7	250.3				
Operating Profit	30.2	40.0	28.6	13.0	111.8	41.1				

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

(Unit : KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,380.0	2,644.9	2,766.6	3,003.8	10,795.3	3,448.1				
Operating Profit	127.0	162.9	252.5	221.2	763.6	378.8				
Petrochemicals	1,498.3	1,647.3	1,742.8	1,905.5	6,793.9	2,396.6				
NCC/PO	376.3	491.2	569.9	682.1	2,119.5	884.4				
Synthetic Rubber/ Specialty Resin	153.2	168.2	184.7	237.7	743.8	346.6				
PVC	206.3	229.3	220.0	238.8	894.4	259.4				
ABS/EP	495.1	489.3	511.5	496.2	1,992.1	583.3				
Acrylate/Plasticizer	267.4	269.3	256.7	250.7	1,044.1	322.9				
Operating Profit	89.0	99.5	170.9	151.8	511.2	261.6				
I & E Materials	438.1	510.0	590.1	601.6	2,139.8	611.0				
Optical/Electronic	311.1	359.3	425.6	428.7	1,524.7	445.3				
Battery	131.5	159.0	175.3	182.7	648.5	173.2				
Operating Profit	7.3	26.4	56.8	61.4	152.0	79.5				
Industrial Materials	499.8	563.3	505.1	571.5	2,139.7	517.6				
Building/Decorative	291.5	339.7	316.2	364.8	1,312.2	311.9				
Living/ Automotive	209.8	225.5	190.7	209.0	835.1	207.7				
Operating Profit	30.1	35.9	24.1	11.2	101.2	38.6				

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

Borrowings

(Unit : KRW bn)

	Balance			'08 (P)
	'07	'08.1Q	Changes	
Total	1,361.6 (100%)	1,252.1 (100%)	-109.5	1,315.2 (100%)
KRW	1,033.2 (76%)	974.4 (78%)	-58.8	1,000.2 (76%)
Currency				
C P	-	-		-
C B	780.0	630.0	-150.0	660.0
Others	253.2	344.4	91.2	340.2
Foreign	328.4 (24%)	277.7 (22%)	-50.7	315.0 (24%)
Currency				
FRN	234.6	218.2	-16.4	225.0
Others	93.8	59.5	-34.3	90.0
Short-term	366.9 (27%)	157.6 (13%)	-209.3	529.9 (40%)
Long-term	994.7 (73%)	1,094.5 (87%)	99.8	785.3 (60%)

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

Cash Flow

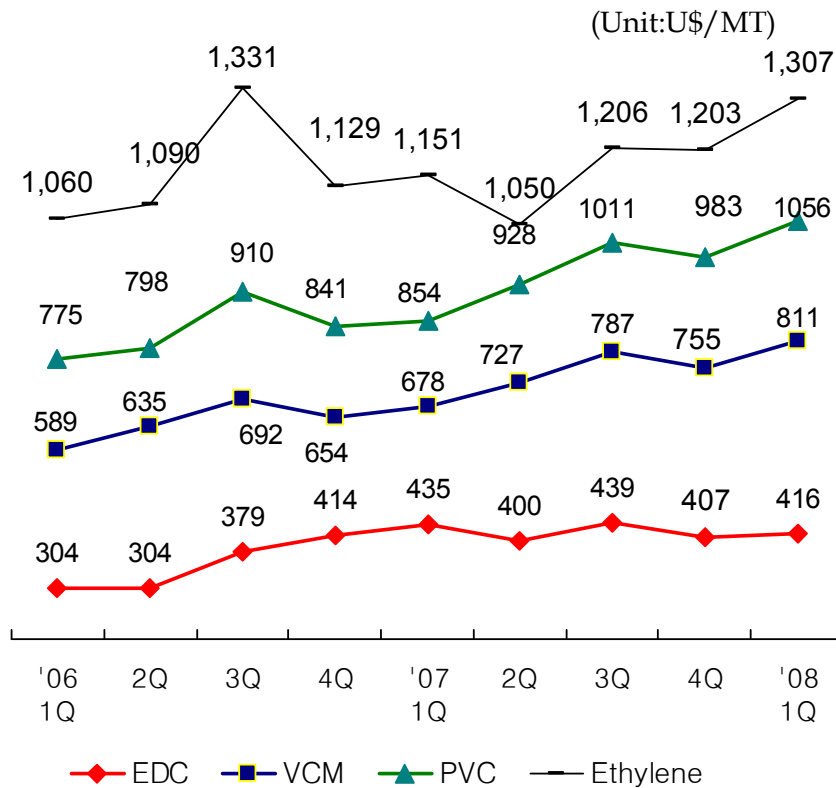
(Unit : KRW bn)

	'07	'08.1Q
Beginning	115.8	466.4
Operating/Investing	647.2	-33.4
Net Income	686.2	256.1
Depreciation	436.5	96.9
Working Capital	-459.0	-254.8
CAPEX	-483.7	-105.9
Others	467.2	-25.7
Financing	-296.6	-109.5
Borrowings	-223.7	-109.5
Dividend	-72.9	-
End	466.4	323.5

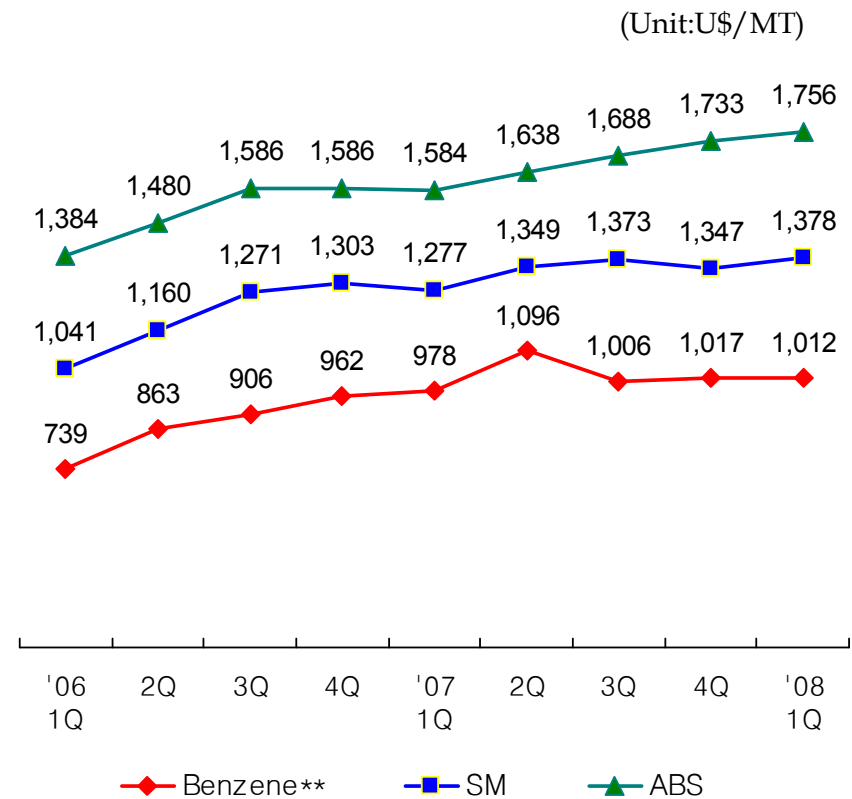
(Unit : KRW bn)

		'06 Results	'07 Results	'08 Plan	'08 1Q Results
Petrochemicals	New/Expansion	118.2	142.2	155.6	37.3
	Maintenance	83.6	68.2	94.8	13.4
	Equity Investment	39.0	16.4	3.0	
	Total	240.8	226.7	253.4	50.8
I & E Materials	New/Expansion	121.9	41.9	231.4	18.5
	Maintenance	37.6	35.9	44.7	12.4
	Equity Investment	8.2	12.0	33.6	
	Total	167.8	89.8	309.6	30.9
Industrial Materials	New/Expansion	14.5	10.3	32.2	2.7
	Maintenance	56.4	56.5	59.7	12.5
	Equity Investment	9.9		11.6	-
	Total	80.8	66.8	103.6	15.2
Common Expenses	New/Expansion	-	0.7	3.8	
	Maintenance	87.1	99.6	134.7	8.9
	Equity Investment	14.0		-	0.2
	Total	101.1	100.3	138.5	9.1
Total	New/Expansion	254.6	195.1	422.9	58.5
	Maintenance	264.7	260.2	334.0	47.2
	Equity Investment	71.2	28.4	48.2	0.2
	Total	590.5	483.7	805.1	105.9

Vinyls



Styrenics



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

** Average of FOB Korea price