

2Q 2011 Business Results & Outlook

July 20, 2011



The business results for the second 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	'10.2Q	'11.1Q	'11.2Q	YoY	QoQ
Sales	5,028	5,491	5,700	13.4%	3.8%
Operating Profits	828	835	775	-6.3%	-7.2%
(%)	(16.5)	(15.2)	(13.6)		
Pre-tax Income	822	841	786	-4.3%	-6.5%
(%)	(16.3)	(15.3)	(13.8)		
Net Income	646	657	625	-3.3%	-4.9%

Financial Position

(Unit: KRW bn)

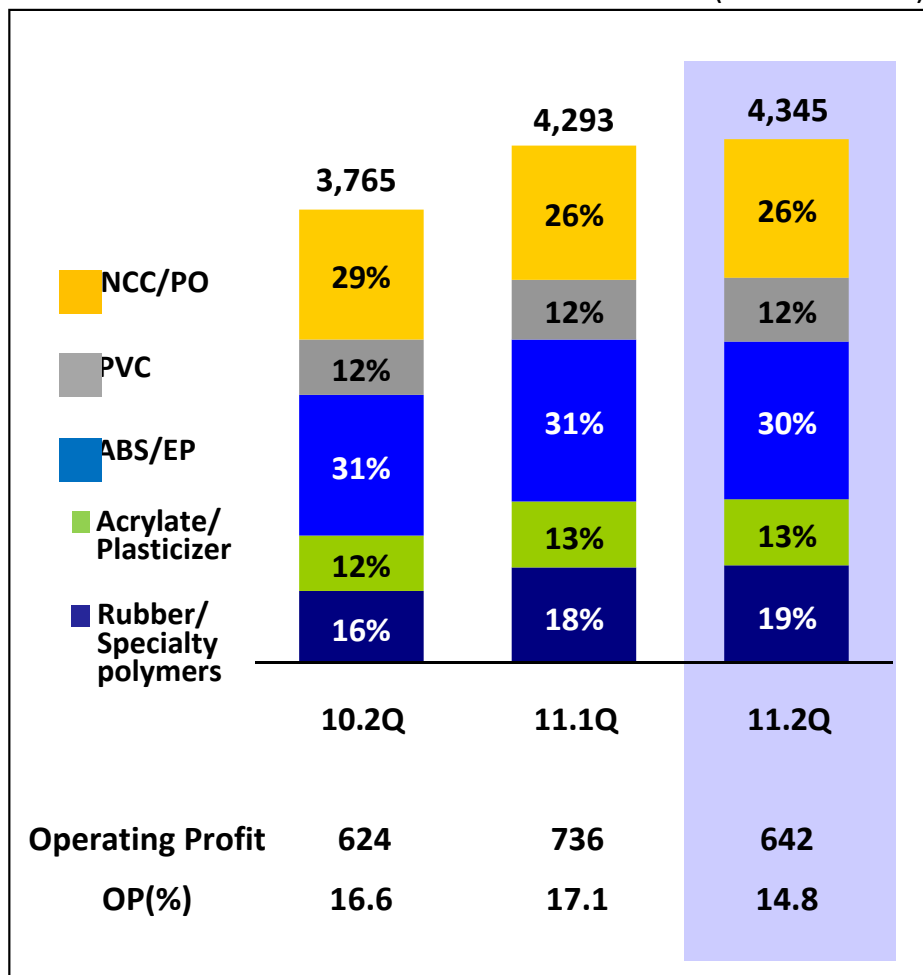
Classification	'10	'11.2Q	Change
Asset	12,674	14,207	12.1%
Cash and equivalents	1,368	990	-27.6%
Liabilities	4,830	5,442	12.7%
Borrowings	2,101	2,450	16.6%
Shareholder's Equity	7,844	8,765	11.7%
EBITDA	3,495	1,975	

Financial Ratios

Classification	'10	'11.2Q	Change
Total Liabilities/ Equity (%)	61.6	62.1	0.5%p
Borrowings / Equity (%)	26.8	28.0	1.2%p
Interest Coverage Ratio (x)	46.0	49.3	3.3
ROE (%)	31.9	30.9	-1.0%p
ROA (%)	19.0	19.1	0.1%p

Business results

(Unit: KRW bn)



Analysis

• Analysis

■ Achieved favorable business results despite weakened frontline industries

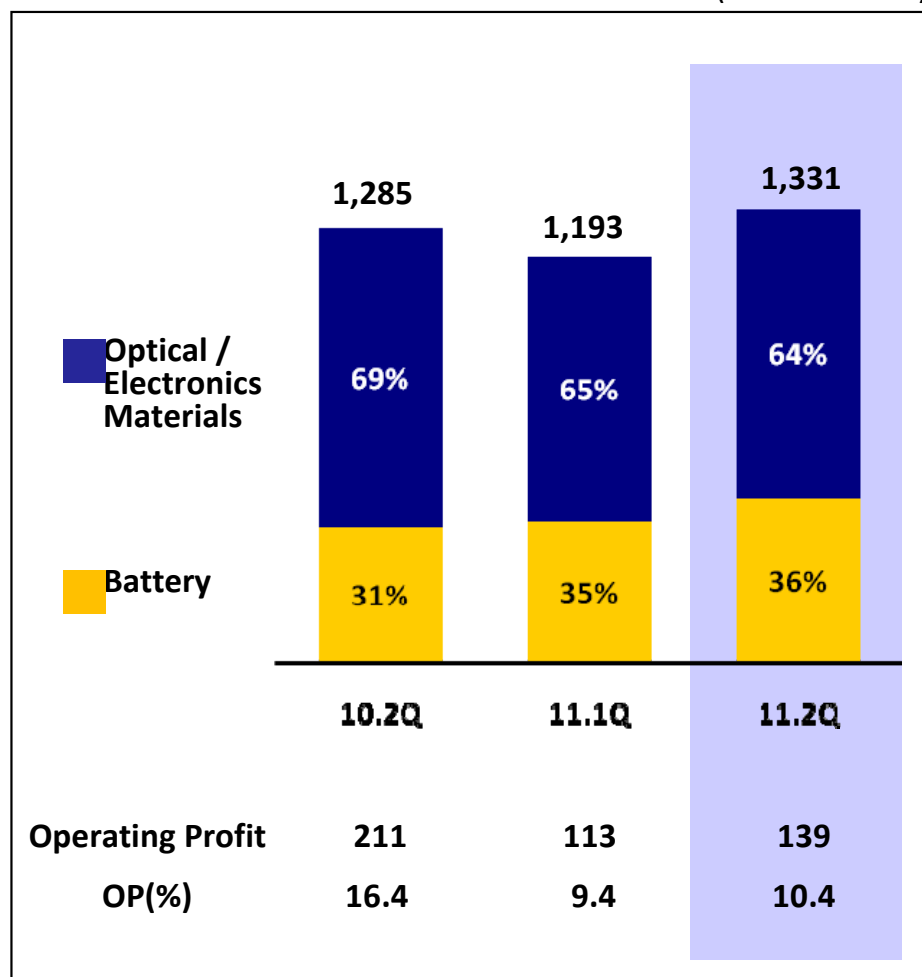
- NCC/PO : Maintained stable margin with PO premium products despite weak product prices
- PVC : Achieved high profit thanks to strong demand by peak seasonality and favorable market conditions such as India, etc.
- ABS/EP : Narrowed spread due to strong feedstock(BD, AN) prices and weak demand of frontline industries such as IT and others
- Acrylate / Plasticizer : Maintained high profitability thanks to tight supply market condition
- Rubber / Specialty polymers : Continued solid results caused by upswing of synthetic rubber demands

• Outlook

- Demand increase is expected due to seasonality
- Benefit from capacity expansions of competitive downstream products such as synthetic rubber, SAP and etc.

Business results

(Unit: KRW bn)



Analysis

• Analysis

▣ Improved profitability thanks to operating rate increase, new product sales growth and cost reduction despite weak IT demand

-Optical : Better profits thanks to gradual utilization rate increase

Materials : mainly of super-wide polarizer lines and sales increase of 3D Retarder

-Battery : Improved earnings through expansion of polymer battery, internal share increase in strategic customers such as Apple and better product mix

• Outlook

▣ Expect better profits based on growing IT demand & expansion of production capabilities of 3D Retarder and polymer battery

-Optical : Sales increase backed by seasonal IT demand and

Materials : completion of 3D Retarder production line

-Battery : Continuous demand growth for smart phones and tablet PCs & gradual improvement in business environments

(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			11,191
Operating Profit	652	828	779	562	2,821	835	775			1,611
Petrochemicals	3,309	3,765	3,768	3,809	14,651	4,293	4,345			8,638
NCC/PO	948	1,082	1,068	1,018	4,116	1,108	1,152			2,260
PVC	453	455	455	489	1,852	500	517			1,017
ABS/EP	998	1,173	1,142	1,228	4,540	1,347	1,318			2,665
Acrylate/Plasticizer	401	451	478	429	1,760	549	550			1,099
Synthetic Rubber/ Specialty Resin	509	605	626	644	2,383	789	808			1,597
Operating Profit	490	624	621	544	2,279	736	642			1,378
I & E Materials	1,153	1,285	1,271	1,200	4,909	1,193	1,331			2,524
Optical/Electronic	843	917	913	832	3,504	807	891			1,698
Battery	347	414	394	399	1,552	432	500			932
Operating Profit	175	211	171	44	600	113	139			252

Borrowings

(Unit : KRW bn)

Classification	'10	'11.2Q
Total (Overseas Subsidiaries)	2,101 (824) 100%	2,450 (909) 100%
KRW Currency	162 8%	183 7%
C P	150	150
Others	12	33
Foreign Currency	1,940 92%	2,267 93%
Loan	936	1,042
Negotiation Borrowings	865	1,092
FRN	140	134
Short-term (Overseas Subsidiaries)	1,621 (559) 77%	2,247 (744) 92%
Long-term (Overseas Subsidiaries)	481 (265) 23%	203 (165) 8%

The % is calculated to total borrowings.

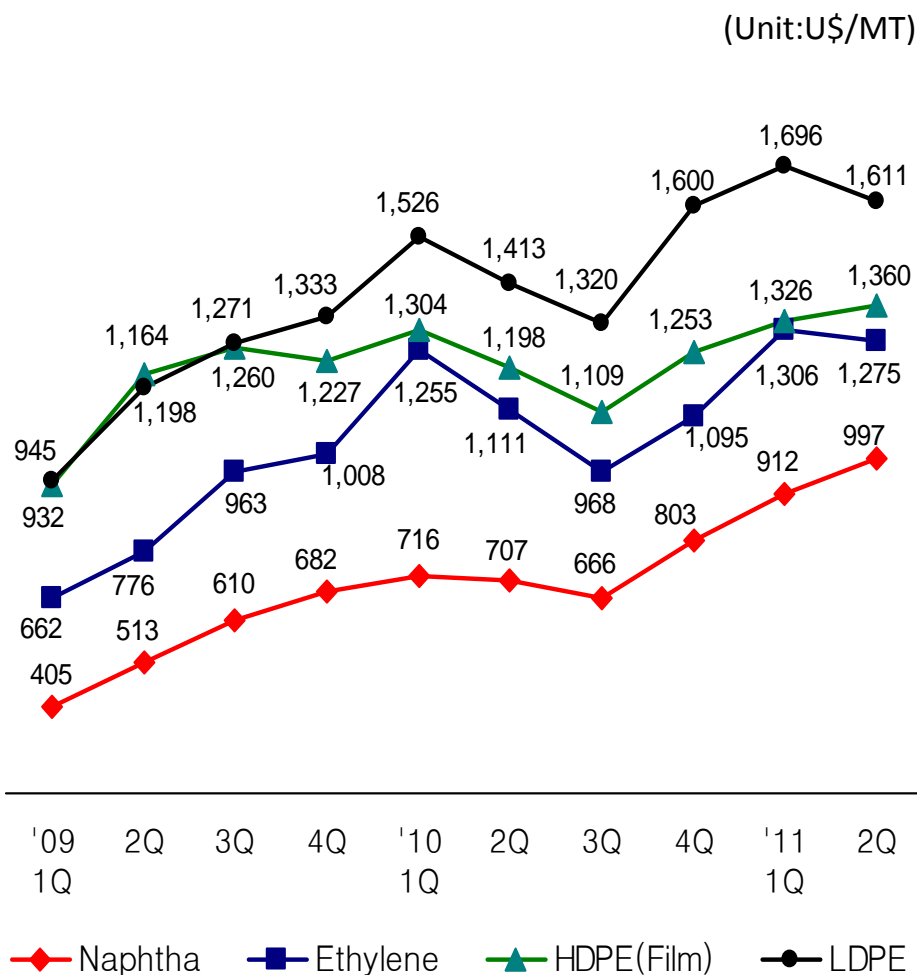
Cash Flow

(Unit: KRW bn)

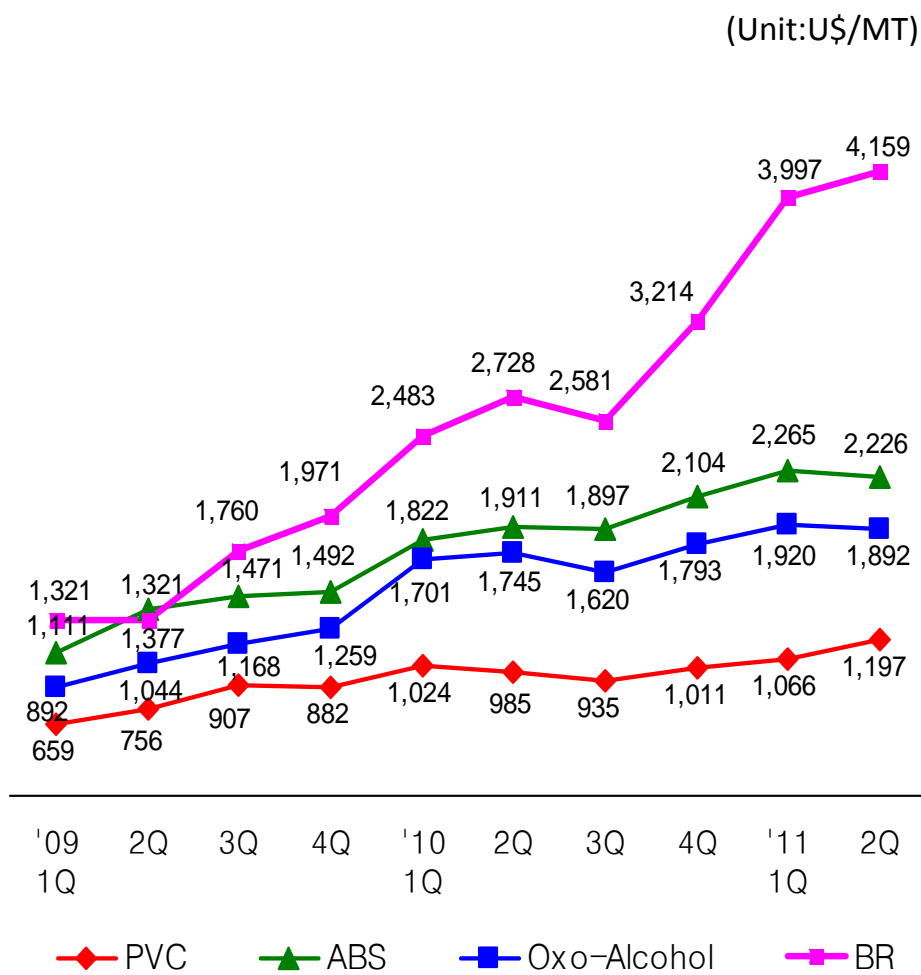
Classification	'10	'11.2Q
Beginning Cash	1,107	1,368
Operating/Investing	810	-405
Net Income	2,200	1,281
Depreciation	656	365
Working Capital	-617	-849
CAPEX	-1,702	-1,156
Others	274	-45
Financing	-549	27
Borrowings	-269	349
Dividends	-280	-322
Ending	1,368	990

(Unit: KRW bn)

Classification		'09	'10	'11 Plan	'11.2Q (YTD)
Petrochemicals	New / Expansion	158	324	762	315
	Maintenance	132	237	263	150
	Total	290	560	1,025	465
I & E Materials	New / Expansion	472	814	973	514
	Maintenance	81	135	223	81
	Total	553	948	1,196	595
Common Expenses	New / Expansion	22	-	-	-
	Maintenance	198	193	145	97
	Total	221	193	145	97
Total	New / Expansion	652	1,138	1,735	829
	Maintenance	411	564	631	328
	Total	1,063	1,702	2,366	1,156



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.