

3Q 2015 Business Results & Outlook

November, 2015



Disclaimer

The business results for the third quarter of 2015 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.

The business results are subject to the IFRS(International Financial Reporting Standards) from 2010. In addition, operating profits are amended to reflect "Guidance for public announcements of business results" reported by KAI(Korea Accounting Institute) on Feb 18th 2013.

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

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(Unit: KRW bn)

Classification	'14.3Q	'15.2Q	'15.3Q	YoY	QoQ
Sales	5,664	5,073	5,178	-8.6%	2.1%
Operating Profit	358	563	546	52.8%	-3.0%
(%)	(6.3)	(11.1)	(10.6)		
Pre-tax Income	294	493	440	49.7%	-10.8%
(%)	(5.2)	(9.7)	(8.5)		
Net Income	232	353	342	47.6%	-3.0%

Financial Position

(Unit: KRW bn)

Classification	'14	'15.3Q	Change
Asset	18,128	18,447	1.8%
Cash and equivalents	1,748	2,158	23.5%
Liabilities	5,862	5,468	-6.7%
Borrowings	2,934	2,738	-6.7%
Shareholder's Equity	12,266	12,980	5.8%
EBITDA	2,444	2,401	

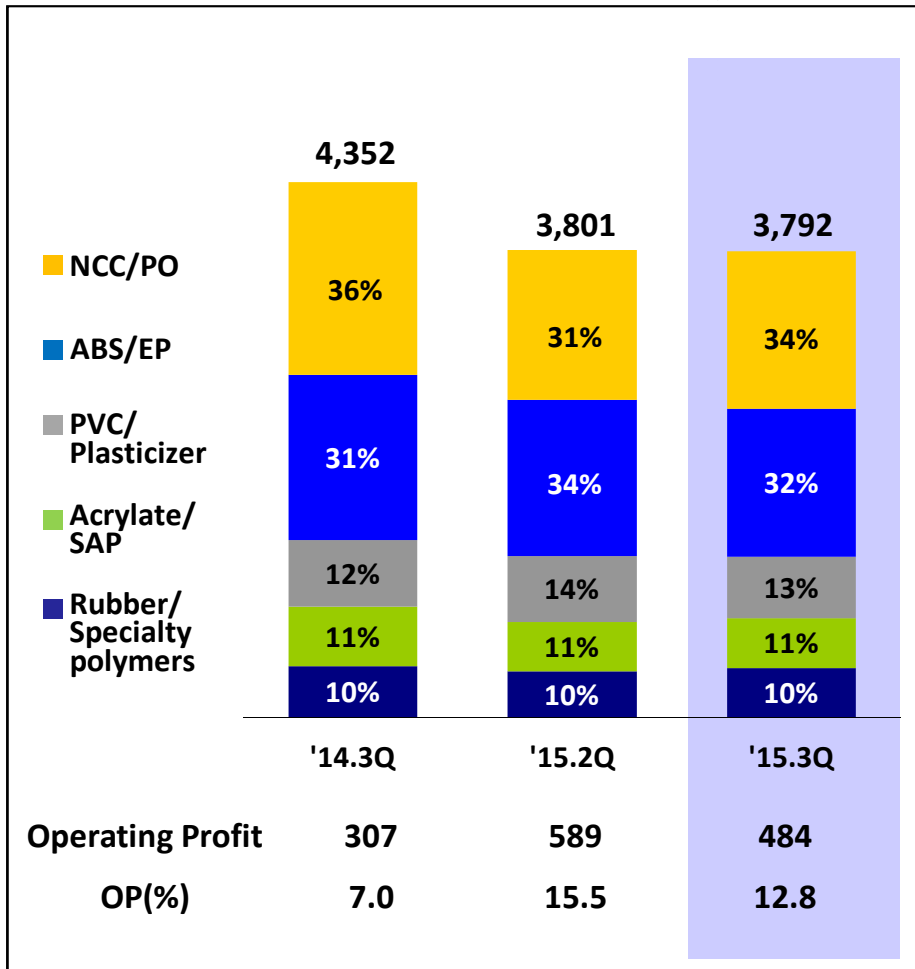
Financial Ratios

Classification	'14	'15.3Q	Change
Total Liabilities/ Equity (%)	47.8	42.1	-5.7%p
Borrowings / Equity (%)	23.9	21.1	-2.8%p
Interest Coverage Ratio (x)	16.6	32.0	15.4
ROE (%)	7.1	9.9	2.8%p
ROA (%)	4.8	6.9	2.1%p

Business results

Analysis

(Unit: KRW bn)



Analysis

- **Despite oil prices drop, high profitability maintained based on wide spreads and differentiated product portfolio**
 - NCC/PO : High profitability maintained through solid spreads and increased differentiated products sales
 - ABS/EP : Recorded stable results based on premium ABS and EP despite weak downstream industry
 - PVC/Plasticizer : Product prices decreased by excessive supply and monsoon season effects
 - Acrylate/SAP : Continued solid earnings based on stable sales to top tier customers
 - Rubber/Specialty Polymers : Continued oversupply and weak tire demand

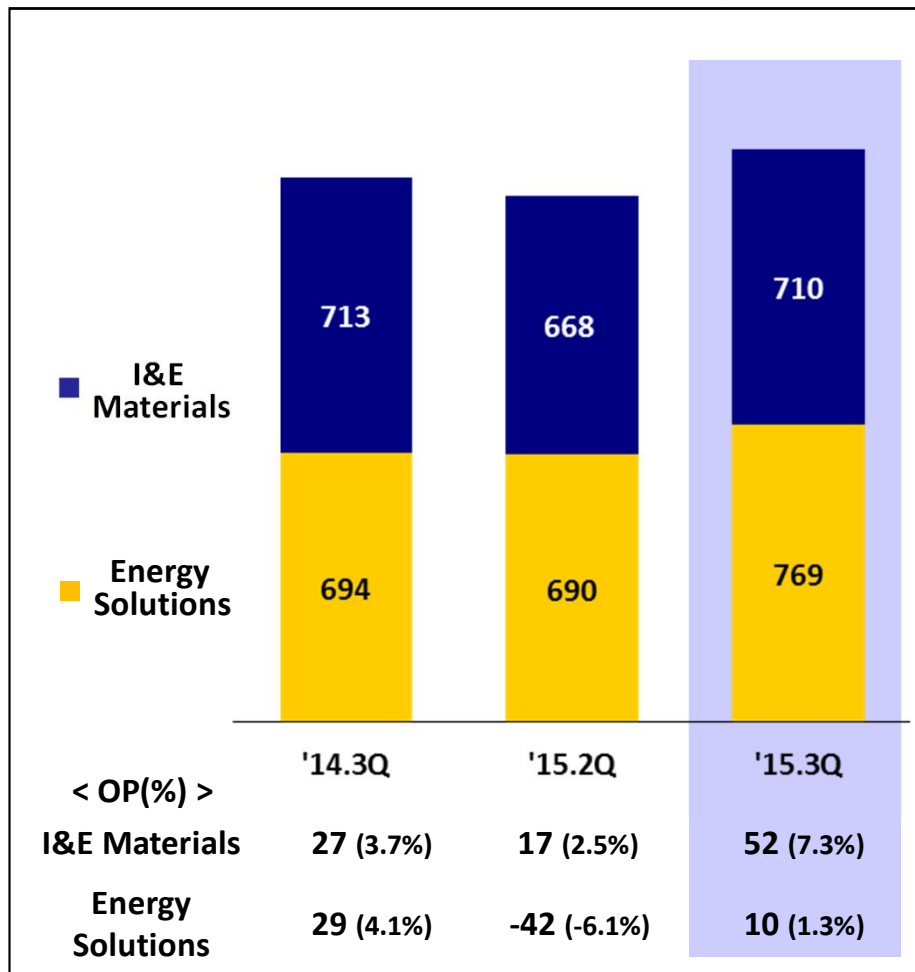
Outlook

- **Expect stable product spreads with low feedstock costs despite weak seasonality**
- **Enhance competitive edge through diversified product portfolio and sales increase of high margin product**

Business results

Analysis

(Unit: KRW bn)



Analysis

- **I&E Materials** : Earnings improved by increased utilization rate of Chinese polarizer lines with demand growth of large size panel
- **Energy Solutions** : Earnings of Mobile battery improved with rise of new application product sales;
Sales of Automotive battery increased by new customers' volume growth

Outlook

- **I&E Materials** : Secured stable profitability through increased market share in China and cost competitiveness
- **Energy Solutions** : Expect volume growth of Mobile Battery with expanding market share in major customers;
Sales expansion of Automotive battery by customers' volume growth

(Unit: KRW bn)

Classification	2014					2015				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,673	5,869	5,664	5,372	22,578	4,915	5,073	5,178		15,166
Operating Profit	362	360	358	232	1,311	362	563	546		1,472
OP Margin	6.4%	6.1%	6.3%	4.3%	5.8%	7.4%	11.1%	10.6%		9.7%
Basic Materials & Chemicals	4,415	4,516	4,352	3,982	17,265	3,608	3,801	3,792		11,201
NCC/PO	1,593	1,583	1,565	1,314	6,055	1,135	1,219	1,279		3,632
ABS	1,066	1,148	1,045	996	4,255	920	976	896		2,793
EP	283	298	297	287	1,165	289	290	305		884
PVC/Plasticizer	601	595	543	525	2,264	514	536	499		1,550
Acrylate/SAP	474	485	482	437	1,877	400	404	406		1,209
Rubber/Specialty Polymer	399	407	420	422	1,648	350	376	407		1,133
Operating Profit	308	291	307	212	1,117	321	589	484		1,395
OP Margin	7.0%	6.4%	7.0%	5.3%	6.5%	8.9%	15.5%	12.8%		12.5%
I&E Materials	670	716	713	713	2,812	676	668	710		2,054
Operating Profit	37	44	27	27	134	37	17	52		105
OP Margin	5.5%	6.2%	3.7%	3.7%	4.8%	5.4%	2.5%	7.3%		5.1%
Energy Solutions	681	724	694	753	2,853	707	690	769		2,166
Operating Profit	17	25	29	-6	65	4	-42	10		-28
OP Margin	2.6%	3.4%	4.1%	-0.8%	2.3%	0.6%	-6.1%	1.3%		-1.3%

- Divisional name has been changed to 「Basic Materials & Chemicals」 from 「Petrochemicals」
- 2014 I&E Materials business results are amended due to reflect the inclusion of Water Solution business.

Borrowings

(Unit : KRW bn)

Classification	'14	'15.3Q
Total (Overseas Subsidiaries)	2,934 (1,244) 100%	2,738 (1,374) 100%
KRW Currency	601 20%	341 12%
C P	399	300
Others	202	41
Foreign Currency	2,333 80%	2,397 88%
Loan	1,348	1,369
Negotiation Borrowings	985	1,028
Short-term (Overseas Subsidiaries)	2,206 (817) 75%	2,121 (1,093) 77%
Long-term (Overseas Subsidiaries)	728 (427) 25%	617 (281) 23%

The % is calculated to total borrowings.

Cash Flow

(Unit: KRW bn)

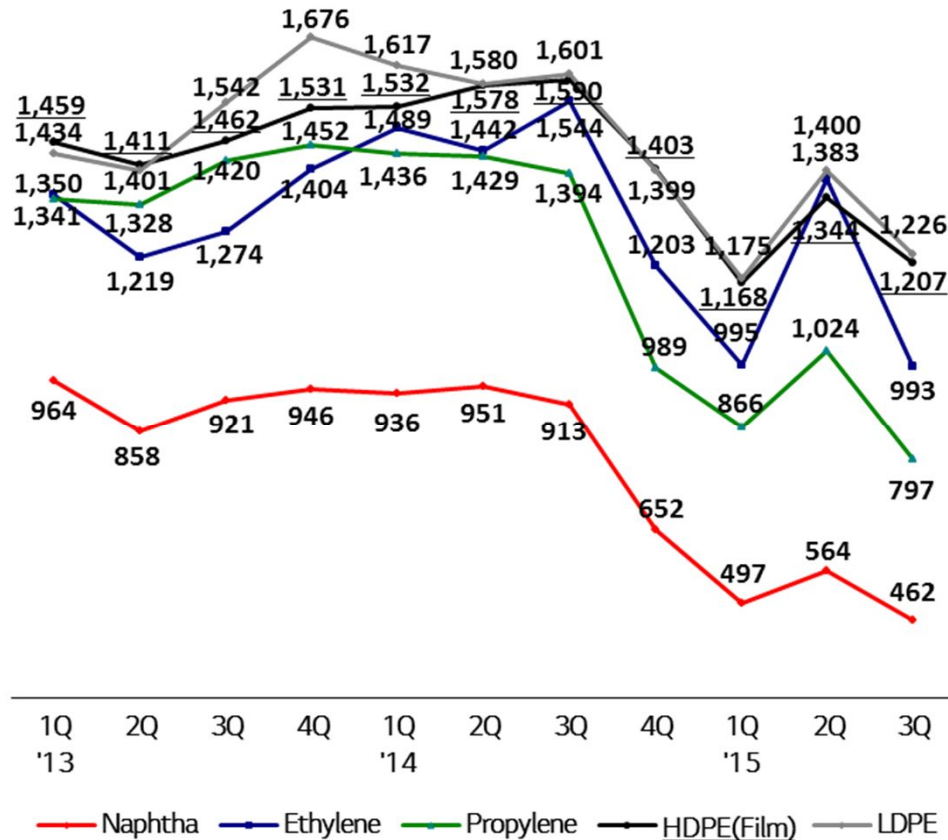
Classification	'14	'15.3Q
Beginning Cash	1,909	1,748
Operating/Investing	215	915
Net Income	854	942
Depreciation	1,133	930
Working Capital	-96	25
CAPEX	-1,582	-1,284
Others	-94	302
Financing	-377	-505
Borrowings	-77	-196
Dividends	-300	-309
Ending	1,748	2,158

(Unit: KRW bn)

Classification		'13	'14	'15 Plan	'15.3Q (YTD)
Basic Materials & Chemicals	New / Expansion	416	395	303	286
	Maintenance	213	351	360	313
	Total	629	746	662	598
I & E Materials	New / Expansion	269	285	219	154
	Maintenance	94	122	150	117
	Total	363	407	369	271
Energy Solutions	New / Expansion	104	152	239	159
	Maintenance	106	138	158	138
	Total	209	290	397	297
Common Expenses	New / Expansion	116	88	262	70
	Maintenance	64	51	95	48
	Total	180	139	357	118
Total	New / Expansion	904	920	1,022	669
	Maintenance	476	661	763	615
	Total	1,380	1,582	1,785	1,284

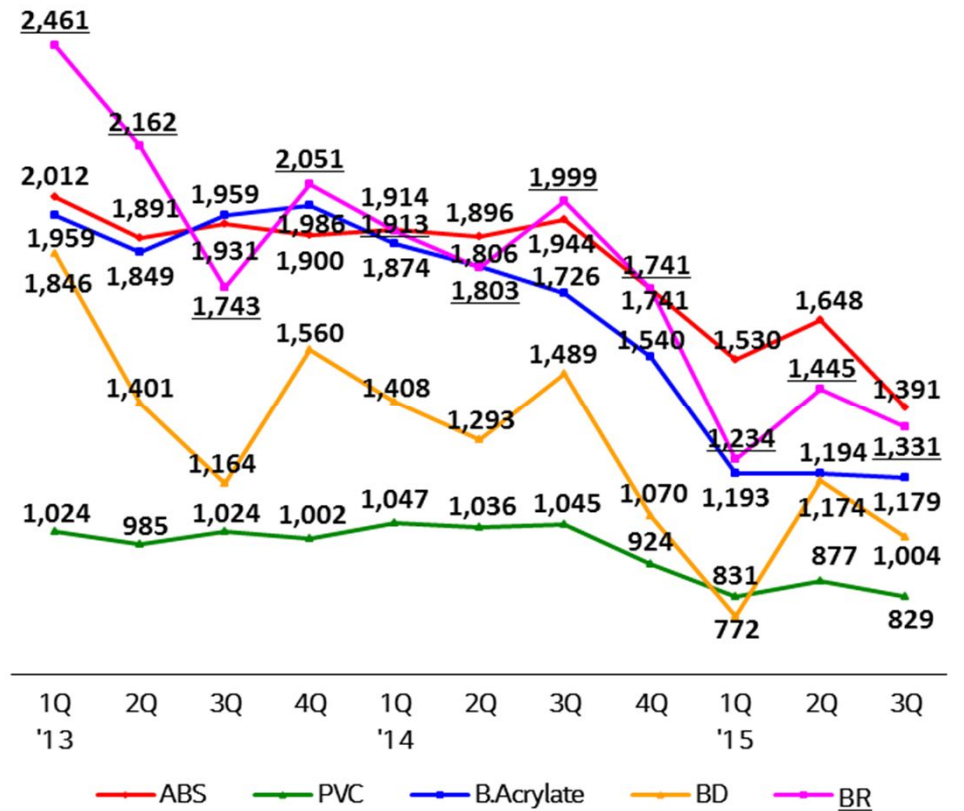
※ "New/Expansion" includes R&D investments.

(Unit : USD/MT)



NCC/PO

(Unit : USD/MT)



ABS/EP

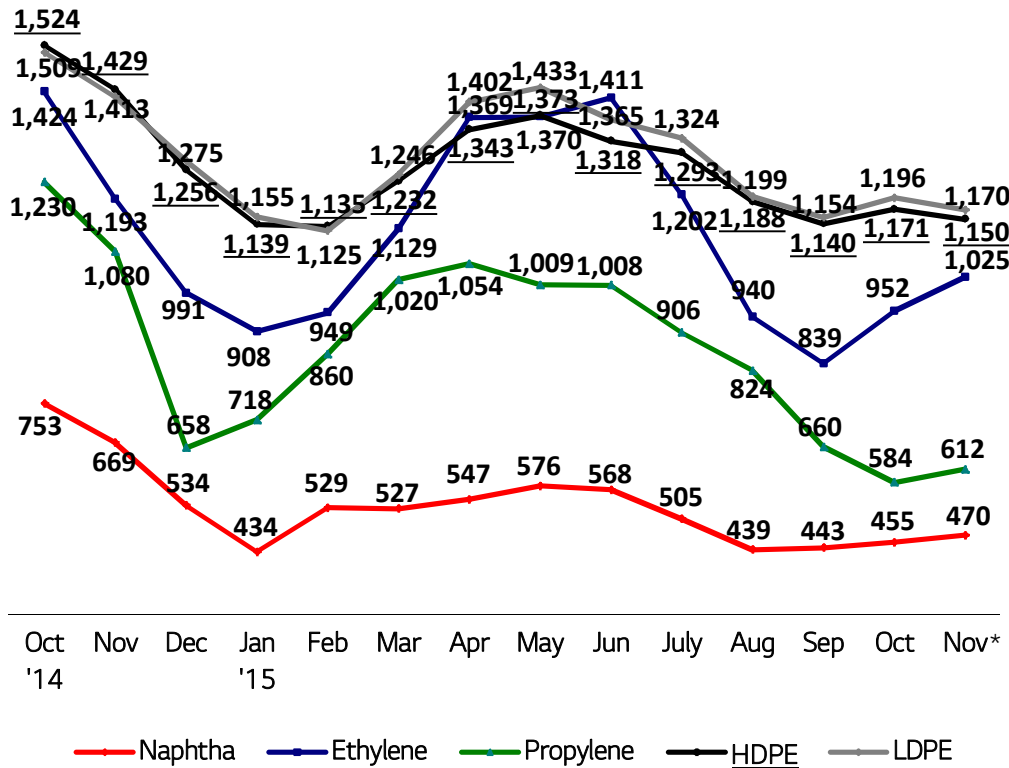
PVC/
Plasticizer

Acrylate/
SAP

Rubber/
Specialty Polymers

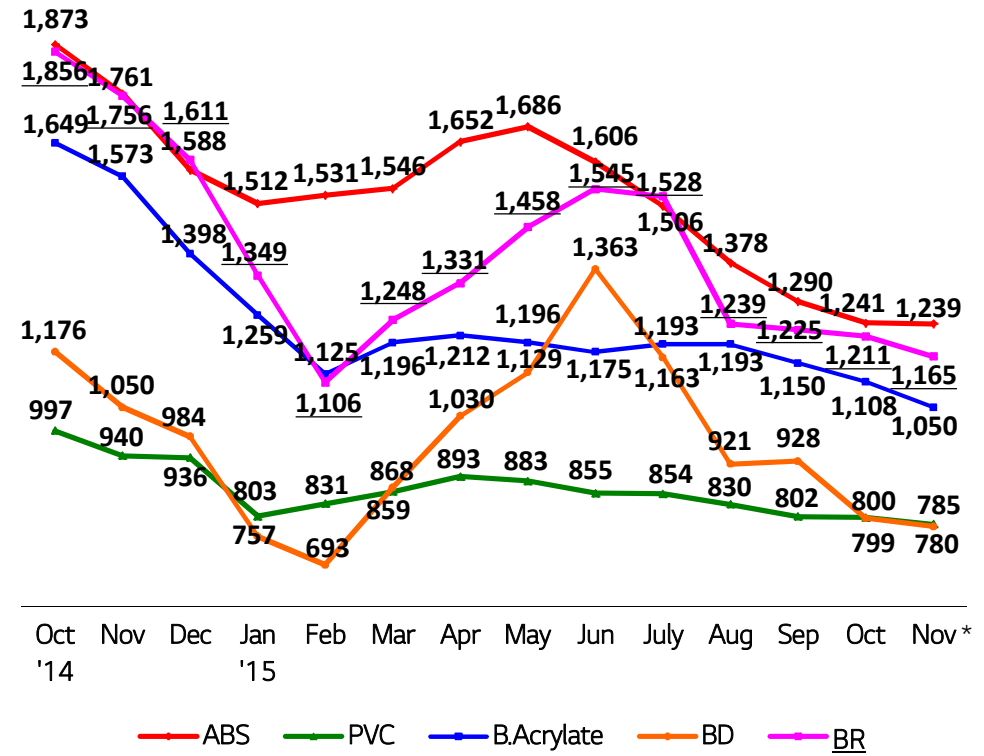
• The prices are average price of CFR FE Asia for general grade in each product group.

(Unit : USD/MT)



NCC/PO

(Unit : USD/MT)



ABS/EP

**PVC/
Plasticizer**

**Acrylate/
SAP**

**Rubber/
Specialty Polymers**

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

* shows the prices on November 6, 2015