

1Q 2016 Business Results & Outlook

April 21, 2016



Disclaimer

The business results for the first quarter of 2016 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 K-IFRS(Korea International Financial Reporting Standards).

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	'15.1Q	'15.4Q	'16.1Q	YoY	QoQ
Sales	4,915	5,041	4,874	-0.8%	-3.3%
Operating Profit	362	352	458	26.5%	30.0%
(%)	(7.4)	(7.0)	(9.4)		
Pre-tax Income	324	293	423	30.5%	44.5%
(%)	(6.6)	(5.8)	(8.7)		
Net Income	246	207	338	37.3%	63.3%

Financial Position

(Unit: KRW bn)

Classification	'15	'16.1Q	Change
Asset	18,579	18,860	1.5%
Cash and equivalents	2,694	3,164	17.5%
Liabilities	5,475	5,754	5.1%
Borrowings	2,659	2,663	0.1%
Shareholder's Equity	13,104	13,106	0.0%
EBITDA	3,070 (15.2%)	778 (16.0%)	

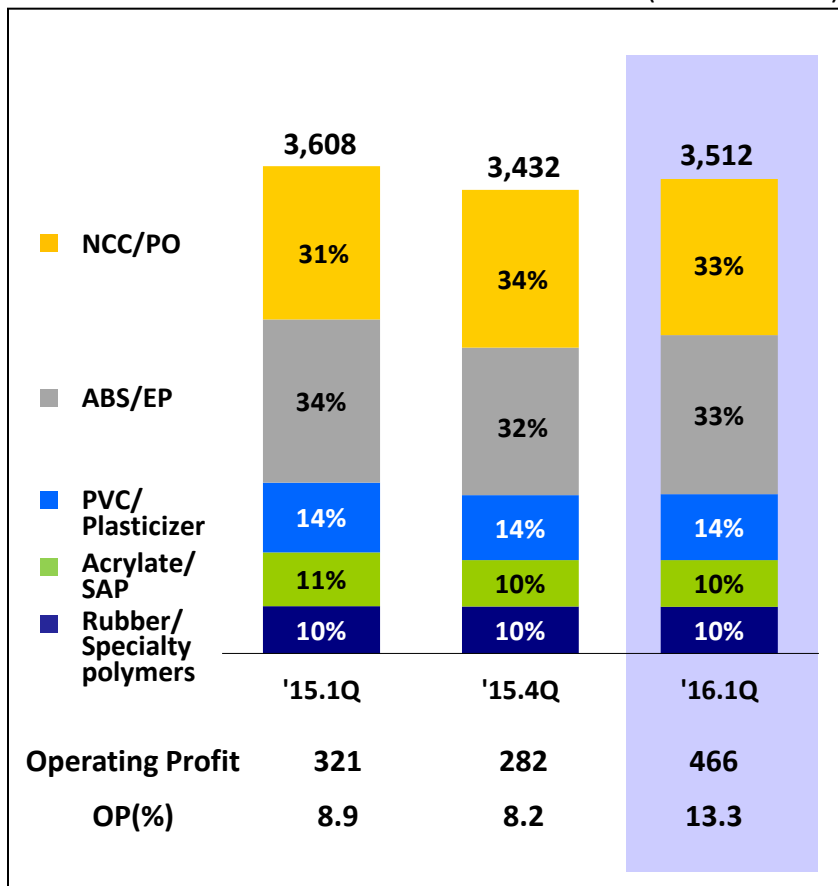
Financial Ratios

Classification	'15	'16.1Q	Change
Total Liabilities/ Equity (%)	41.8	43.9	2.1%p
Borrowings / Equity (%)	20.3	20.3	-
Interest Coverage Ratio (x)	31.4	32.7	1.3
ROE (%)	9.1	10.3	1.3%p
ROA (%)	6.3	7.2	1.0%p

Business results

Analysis

(Unit: KRW bn)



Analysis

- **Despite feedstock costs drop, high profitability achieved by robust spread and expansion of differentiated products sales**
 - NCC/PO : Maintained high profitability by wide spread and increased differentiated products sales
 - ABS/EP : Profits improved based on increased premium ABS sales despite spread squeeze due to rise of feedstock cost
 - PVC/Plasticizer : Increased price thanks to demand recovery led by India despite weak seasonality
 - Acrylate/SAP : Weak price by intense competition due to oversupply
 - Rubber/Specialty Polymers : Price rise restricted due to weak natural rubber price and tire demand

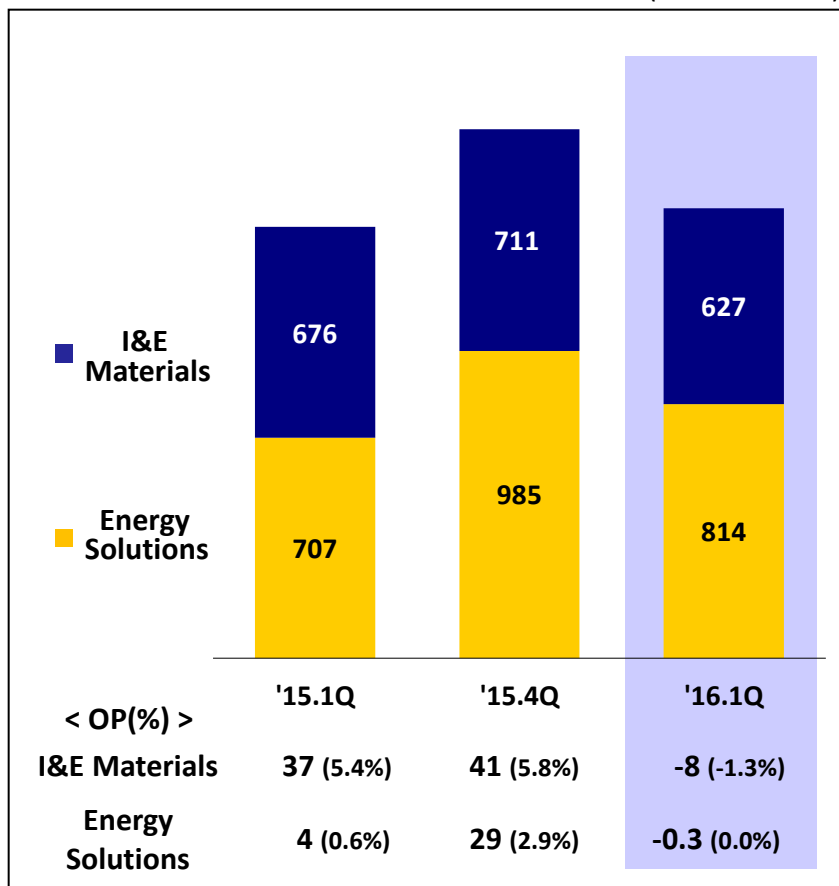
Outlook

- **Expect robust spread to continue with seasonal demand and tight supply**
- **Enhance competitive edge with sales increase of differentiated product and cost competitiveness**

Business results

Analysis

(Unit: KRW bn)



Analysis

- **I&E Materials** : Deteriorated profitability by sales price drop due to slow panel demand and decrease of sales volume with weak seasonality
- **Energy Solutions** : Sales of Mobile battery declined due to weak IT demand; Volume of Automotive battery & ESS decreased by weak seasonal demand

Outlook

- **I&E Materials** : Enhance market position with expansion of Chinese polarizer lines and improve profitability through expansion of profitable products for large TV and mobile application
- **Energy Solutions** : Expansion of new application products sales by customers' new product launch & capacity addition; Sales growth of Automotive battery by customer's volume growth

(Unit: KRW bn)

Classification	2015					2016				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	4,915	5,073	5,178	5,041	20,207	4,874				4,874
Operating Profit	362	563	546	352	1,824	458				458
OP Margin	7.4%	11.1%	10.6%	7.0%	9.0%	9.4%				9.4%
Basic Materials & Chemicals	3,608	3,801	3,792	3,432	14,633	3,512				3,512
NCC/PO	1,135	1,219	1,279	1,167	4,799	1,156				1,156
ABS	920	976	896	817	3,610	877				877
EP	289	290	305	275	1,159	298				298
PVC/Plasticizer	514	536	499	482	2,032	489				489
Acrylate/SAP	400	404	406	344	1,553	345				345
Rubber/Specialty Polymer	350	376	407	347	1,480	347				347
Operating Profit	321	589	484	282	1,677	466				466
OP Margin	8.9%	15.5%	12.8%	8.2%	11.5%	13.3%				13.3%
I&E Materials	676	668	710	711	2,764	627				627
Operating Profit	37	17	52	41	146	-8				-8
OP Margin	5.4%	2.5%	7.3%	5.8%	5.3%	-1.3%				-1.3%
Energy Solutions	707	690	769	985	3,150	814				814
Operating Profit	4	-42	10	29	1	0				0
OP Margin	0.6%	-6.1%	1.3%	2.9%	0.0%	0.0%				0.0%

Borrowings

(Unit : KRW bn)

Classification	'15	'16.1Q
Total (Overseas Subsidiaries)	2,659 (1,292) 100%	2,663 (1,295) 100%
KRW Currency	339 13%	339 13%
C P	300	300
Others	39	39
Foreign Currency	2,320 87%	2,323 87%
Loan	1,287	1,291
Negotiation Borrowings	1,033	1,032
Short-term (Overseas Subsidiaries)	2,151 (1,018) 81%	2,350 (1,016) 88%
Long-term (Overseas Subsidiaries)	508 (274) 19%	313 (278) 12%

☞ The % is calculated to total borrowings.

Cash Flow

(Unit: KRW bn)

Classification	'15	'16.1Q
Beginning Cash	1,769	2,694
Operating/Investing	1,509	466
Net Income	1,149	338
Depreciation	1,256	321
Working Capital	210	205
CAPEX	-1,723	-324
Others	617	-73
Financing	-584	4
Borrowings	-275	4
Dividends	-309	-
Ending Cash	2,694	3,164

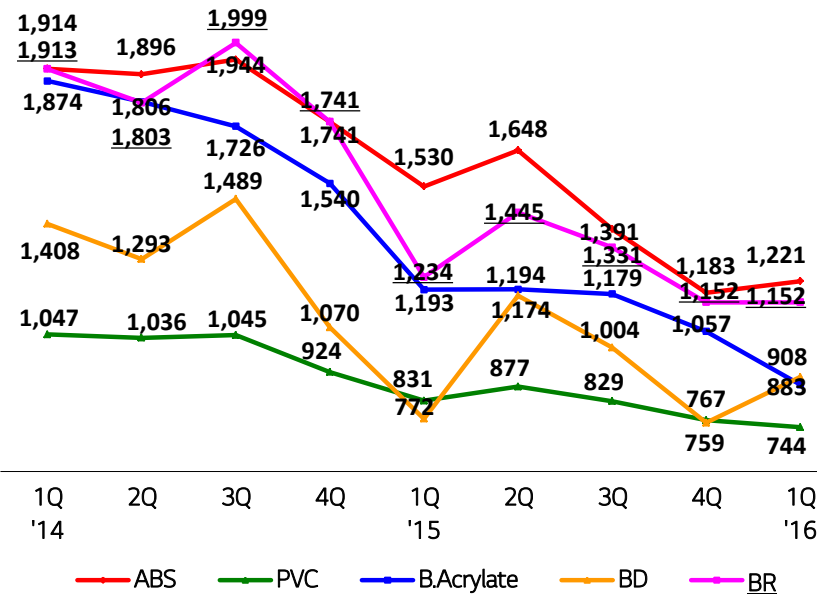
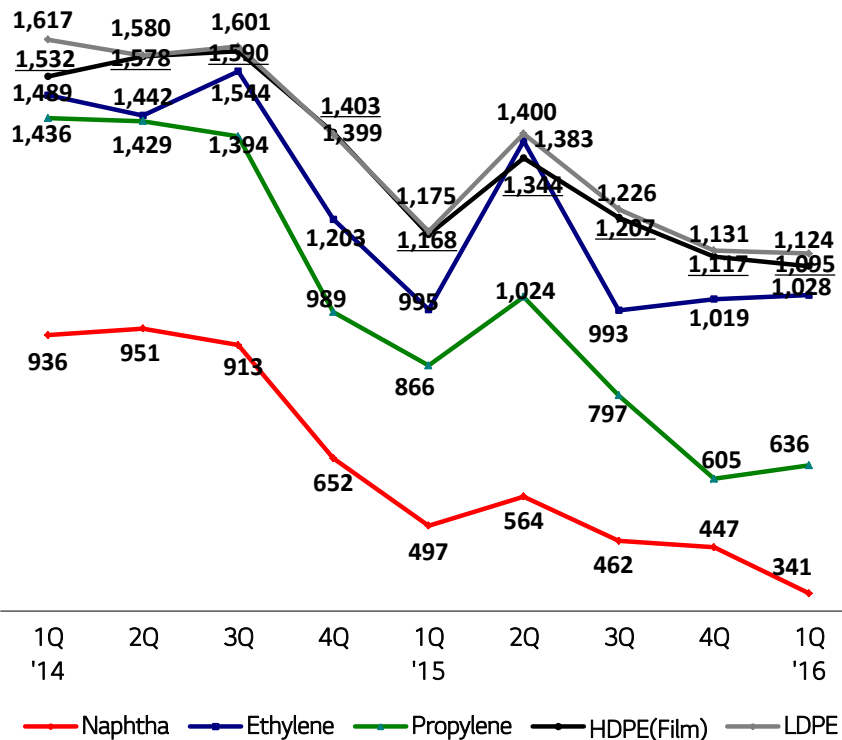
(Unit: KRW bn)

Classification		'14	'15	'16.1Q
Basic Materials & Chemicals	New / Expansion	395	328	31
	Maintenance	351	385	42
	Total	746	713	73
I & E Materials	New / Expansion	285	219	44
	Maintenance	122	141	21
	Total	407	360	66
Energy Solutions	New / Expansion	152	265	87
	Maintenance	138	189	45
	Total	290	454	132
Common Expenses	New / Expansion	88	133	45
	Maintenance	51	63	9
	Total	139	196	54
Total	New / Expansion	920	945	207
	Maintenance	661	778	118
	Total	1,582	1,723	324

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

(Unit : USD/MT)

(Unit : USD/MT)



NCC/PO

ABS/EP

PVC/
Plasticizer

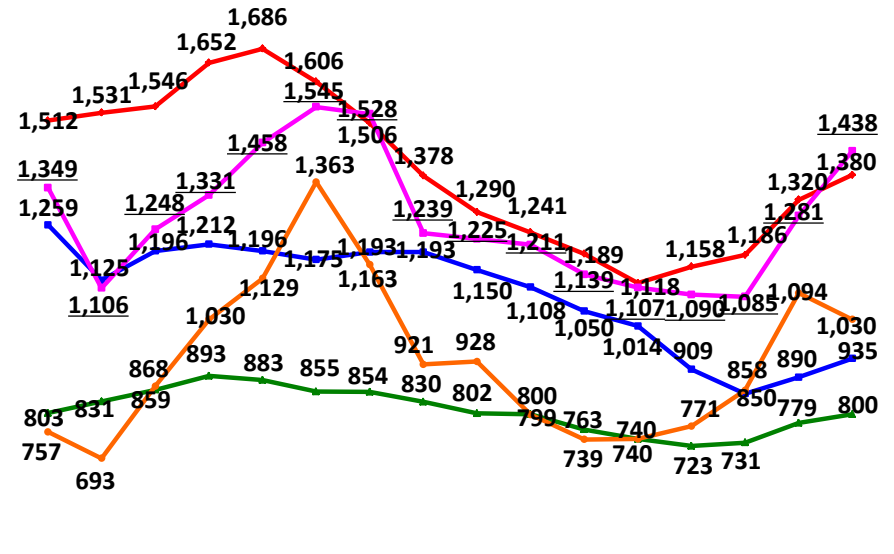
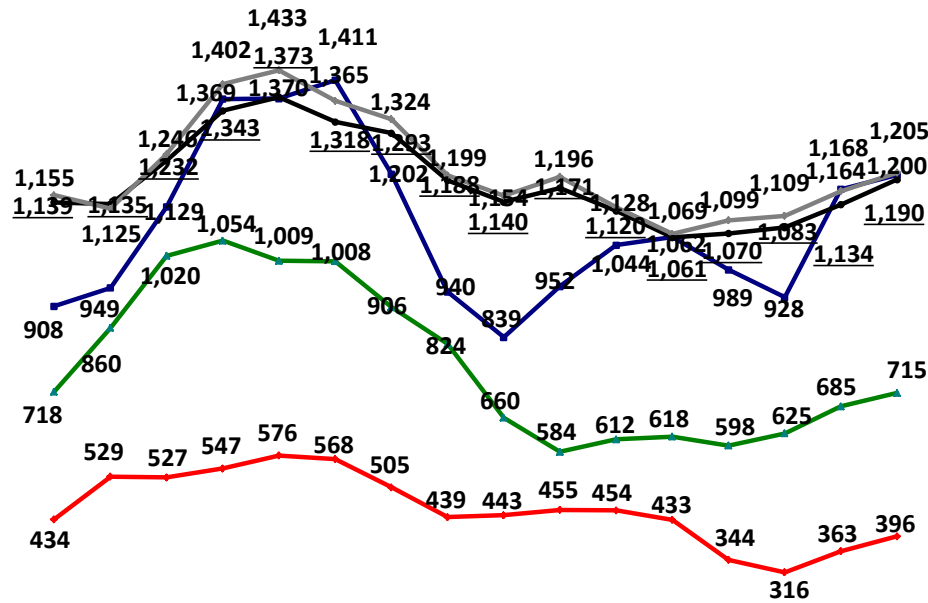
Acrylate/
SAP

Rubber/
Specialty Polymers

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

(Unit : USD/MT)

(Unit : USD/MT)



— Naphtha — Ethylene — Propylene — HDPE — LDPE

— ABS — PVC — B.Acrylate — BD — BR

NCC/PO

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 April 15, 2016