



INVESTOR RELATIONS 2009

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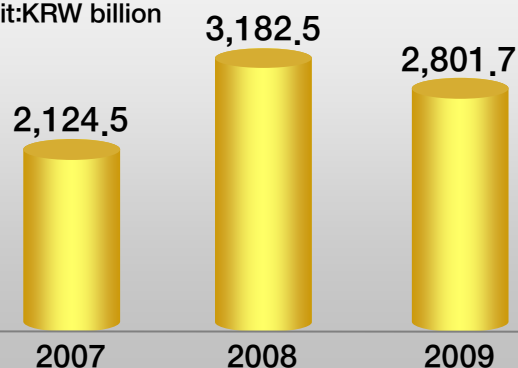
2009 Overview

Sales and Operating Income

- Sales decreased 12.0% to KRW 2,801.7 billion and operating income declined 58.7% to KRW 116.2 billion.
- The weak sales and operating income performance can be mainly attributed to worsened synthetic rubber business environment.

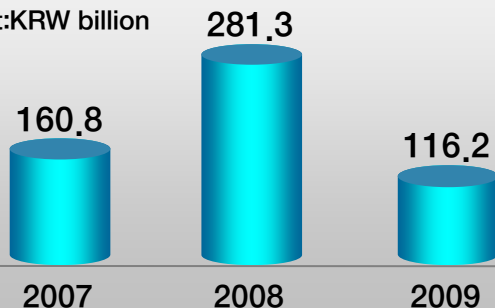
Sales

Unit:KRW billion



Operating Income

Unit:KRW billion



2009 Performance Highlights

(Unit:KRW billion)

	2008	2009	Change	
			Cost	Rate
S a l e s	3,182.5	2,801.7	-380.8	-12.0%
[Syn. Rubbers]	1,886.0	1,478.7	-407.3	-21.6%
[Syn. Resins]	1,027.7	1,010.2	-17.5	-1.7%
[O t h e r s]	268.8	312.8	44.0	16.4%
Operating Income	281.3	116.2	-165.1	-58.7%
[%]	8.8	4.1	-4.7p	-
Income Before Income Taxes	-26.7	-841.9	-815.2	-
N e t I n c o m e	-19.7	-614.8	-595.1	-
Gain/Loss on Valuation of Equity Method Investments	-169.1	-733.5	-564.4	-

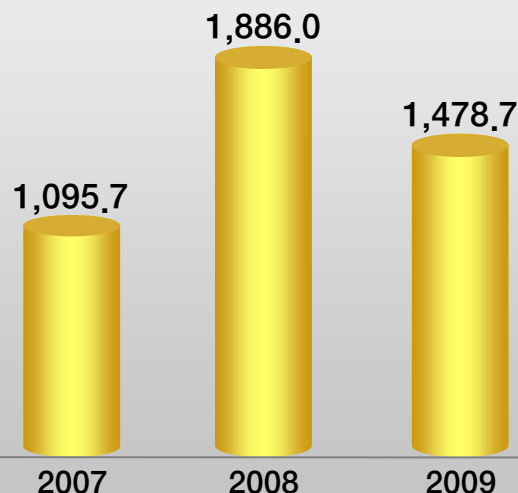
Performance Results for Synthetic Rubbers

Synthetic Rubbers

- Sales decreased 21.6% to KRW 1,478.7 billion (52.8% in total Sales).
- Decrease of profitability as a result of the spread deduction between main material BD price and product price.

Sales

Unit:KRW billion



Performance Analysis

- Sharp rise of BD price during in 2H due to :
 - Trouble Occurrence and Annual Shut Down, delayed operation of China's New BD Plant
 - BD price changes by region

(Unit:USD/Ton)

	'09.1Q	'09.2Q	'09.3Q	'09.4Q
Asia	513	743	1,441	1,463
N. America	529	546	1,452	1,461
Europe	361	484	1,276	1,413

- Reduced margin in Synthetic Rubbers in 2H
 - Profitability dropped by sharp price increases for BD

(Unit:USD/Ton)

	'09.1Q	'09.2Q	'09.3Q	'09.4Q
SBR	1,184	1,279	1,626	1,732
BR	1,311	1,375	1,813	1,984

* Source: ICIS 2009/PLATTS 2009

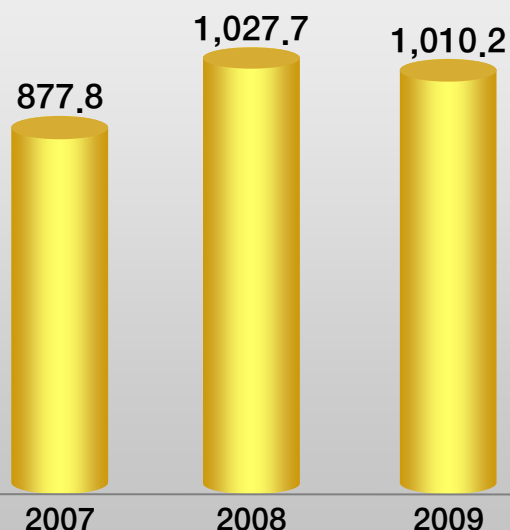
Performance Results for Synthetic Resins

Synthetic Resins

- Sales decreased 1.7% to KRW 1,010.2 billion (36.0% in total Sales).
- Selling price increases steadily boosted profitability, closely increasing demand and rising feedstock prices.

Sales

Unit:KRW billion



Performance Analysis

- SM price advance due to :
 - Price rising of Naphtha and Crude Oil
 - Increased demand of ABS makers

- SM price change

(Unit:USD/Ton, CFR China)

	'09.1Q	'09.2Q	'09.3Q	'09.4Q
SM	746	977	1,088	1,100

- Synthetic Resin price advance due to :
 - Sales volume boosted by increasing demand in China
 - Continuously reflects of feedstock prices advance

(Unit:USD/Ton)

구 분	'09.1Q	'09.2Q	'09.3Q	'09.4Q
PS	824	1,045	1,201	1,170
ABS	1,109	1,386	1,470	1,475

* Source: PLATTS 2009

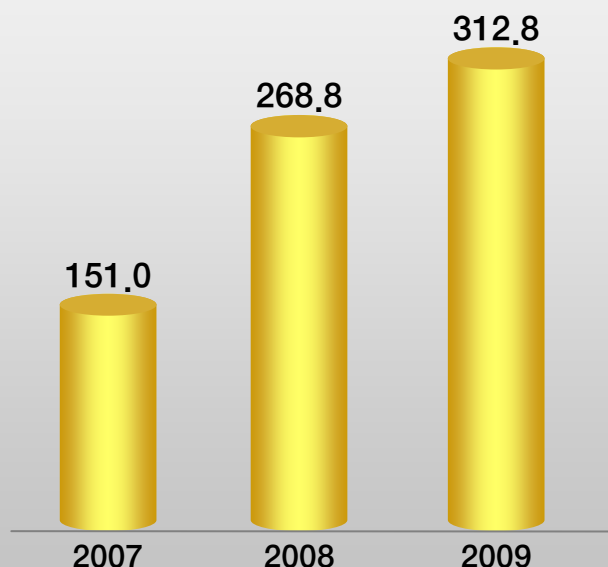
Performance Results for Others

Others

- Sales increased 16.4% to KRW 312.8 billion (11.2% in total Sales).
- Specialty Chemicals : Profitability declined due to decreasing selling prices of 6PPD and reducing operating ratio
- Combined Heat & Power Plants : Sales grew on steam & electricity prices hike and start-up of Energy II

Sales

Unit:KRW billion



Performance Analysis

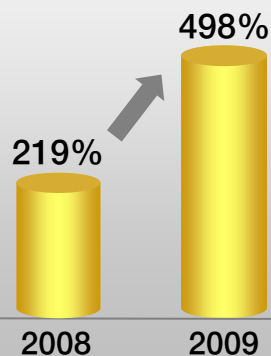
- Specialty Chemicals
 - Selling prices declined due to decreasing demand of 6PPD and deepening of sales competition
 - Operating ratio reduced by short supply of 4-ADPA and sales fall
- Combined Heat & Power Plants
 - Sales grew on steam price hikes amid rising the oil price and start-up of Energy II (May 2009)
 - Maximize profitability by major rises on sales price of electronic alliances for winter

Financial Highlights

- Borrowings increased by both completing investment and securing raw materials.
- Debt to equity ratio increased by reducing carrying value.
- Asset turnover ratio and interest coverage ratio reduced by decreased sales and operating income.

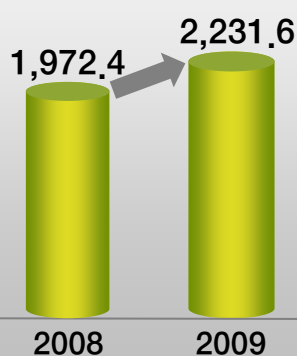
Debt to Equity Ratio

(Unit:%)



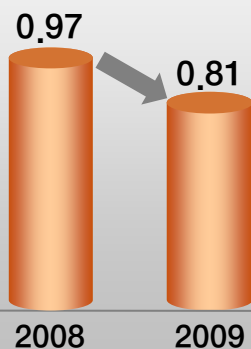
Borrowings

(Unit:KRW billion)



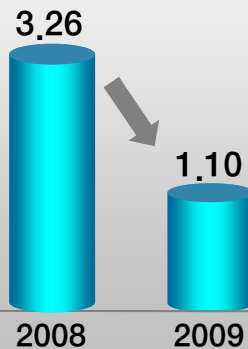
Asset Turnover Ratio

(Unit:Times)



Interest Coverage Ratio

(Unit:Fold)



	Unit	2008	2009	Change	
				Cost	Rate
Assets	KRW bil.	3,714.8	3,199.9	-514.9	-13.9%
Liabilities	KRW bil.	2,551.7	2,664.8	113.1	4.4%
Shareholders' Equity	KRW bil.	1,163.1	535.1	-628.0	-54.0%
Debt to Equity Ratio	%	219	498	279p	-
Borrowings	KRW bil.	1,972.4	2,231.6	259.2	13.1%
Won-denominated		1,672.8	1,897.9	225.1	13.5%
Foreign currency-denominated		299.6	333.7	34.1	11.4%
Asset Turnover Ratio	Times	0.97	0.81	-0.16	-16.5%
Interest Coverage Ratio	Fold	3.26	1.10	-2.16	-66.3%

2009 Main Business Activities

Reinforcing Position in the Synthetic Rubber Market

- Completion of Construction : SBR 110K MT/Y(April 2009, Ulsan)
- Total Investment : KRW 123 bn
- Total Capa. of SBR/BR : 703K MT/Y
- World's No.1 Maker of Synthetic Rubbers Capa.(SBR/BR based)

(Unit:'000 MT)

	Dec. '08	April. '09	Note
SBR	371	481	-No.1:KKPC(703)
BR	222	222	-No.2:SINOPEC(694)
Total	593	703	-No.3:Lanxess(651)

※ Source : IISRP 2009, except SSBR

Energy Business Extension : Yeosu Energy II

- Expanding energy business, ensuring stable utilities supply, laying foundation to become a key utilities provider
- Raising eco-friendly image and reducing the cost expected
- Capacity : 500T/H, 119MWH
- Total Investment : KRW 229 bn
- Commercial operations began in May 2009

2009 Main Business Activities

Completion Ceremony for SB-LATEX Rizhao Plant in China

- Increasing market share by building production bases across China
- Capa. : SB-LATEX(Styrene Butadiene Latex) 150K MT/Y
- Application : Paper coating, Carpet backing, Asphalt modifier, Cord dipping for tires
- Business Form : J/V(KKPC 50%, Rizhao Jinma Group 50%)
- Location : Rizhao, Shandong, China
- Total Investment Amount : USD 39 million(Owner's Equity USD 13 million, Liabilities USD 26 million)
- Completion Ceremony Date : June 24, 2009

Ground-Breaking Ceremony for XPS Shenyang Plant in China

- Early entry for market dominance in the Chinese premium building insulation materials market
- Capa. : XPS(Extruded Polystyrene Foam) 12.8K MT/Y
- Application : Building insulation materials, Refrigeration/Freezing insulation
- Business Form : J/V(KKPC 80%, Shenyang Chemical Industry 20%)
- Location : Shenyang Chemical Industry Park, China
- Total Investment Amount : USD 30 million(Owner's Equity USD 12 million, Liabilities USD 18 million)
- Ground-Breaking Ceremony Date : June 25, 2009

2009 Main Business Activities

● Conclude a contract for Vulcanization Accelerators technology

- Conclude a contract for vulcanization accelerators technology with Zhenbang Chemical('09. 9.23)
- Synergy Effects of improvement sales price and Chinese plants layout through systematic organization
- Total Investment Amount : USD 37 million
- Capa. : Vulcanization Accelerators(M, DM) 22K MT/Y
- Application : Tires, Industrial Parts, Shoes, etc.
- Location : Chongqing Chemical Industry Park, China
- Construction to be completed in 1Q, 2011

● Promote Carbon Nanotube business

- Contract to Carbon Nanotube commercialization MOU with Jeonju('09. 9.30)
- Penetration of the CNT market taking advantage of the prior quality competitiveness to secure new growth engine
- Total Investment Amount : KRW 15.0 billion
- Capa. : Carbon Nanotube 50MT/Y
- Application : Battery, Condenser, Bio, Medicine, Semiconductor, etc.
- Location : Jeonju, Jeonbuk
- Construction to be completed in 2H, 2010



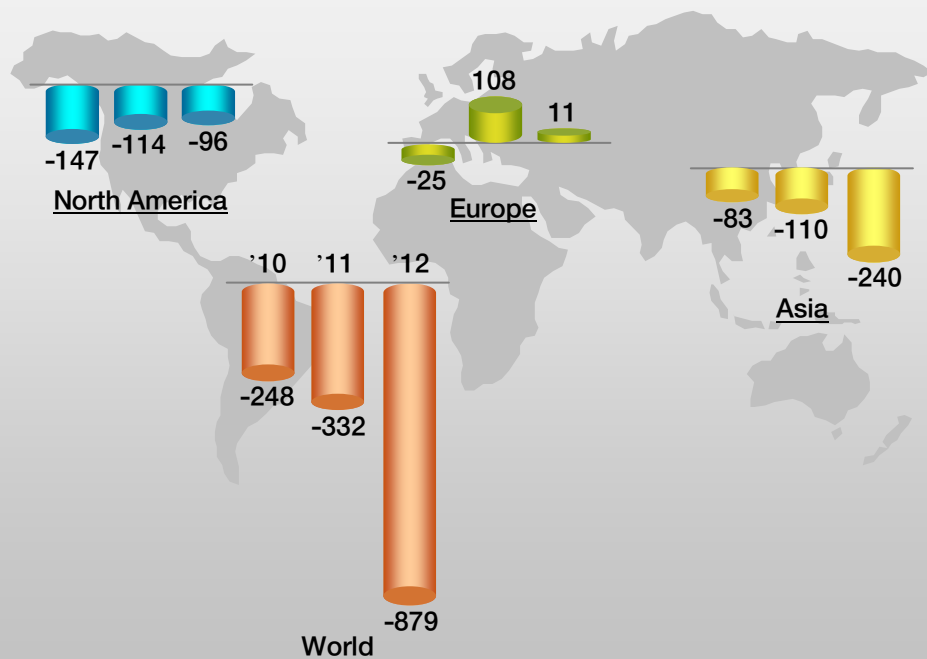
Outlook : BD

Supply & Demand Balance / Price

- BD supply & demand in the Asian region likely to be tight.
(increase in price fluctuation by troubles of BD makers)
- BD price in the Asian region likely to be USD 1,560/Ton in 2010.

Supply & Demand Balance of BD

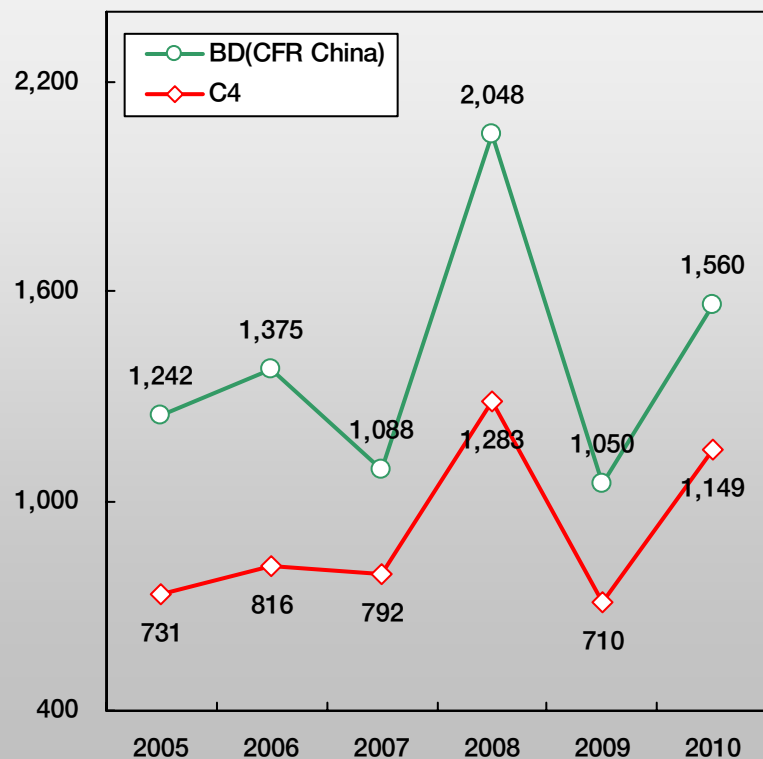
(Unit:1,000Tons/Y)



* Source: CMAI 2009

Price Trends of BD & C4

(Unit:USD/Ton)



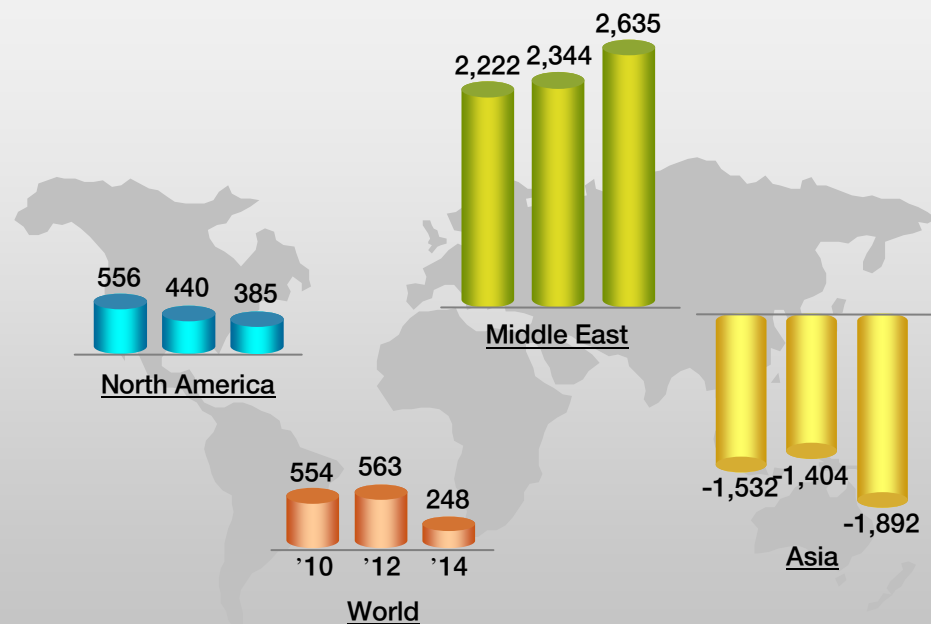
Outlook : SM

Supply & Demand Balance / Price

- SM supply and demand in the Asian region likely to be tight.
- SM price in the Asian region likely to increase by a small margin with the price of USD 1,140/Ton in 2010.

Supply & Demand Balance of SM

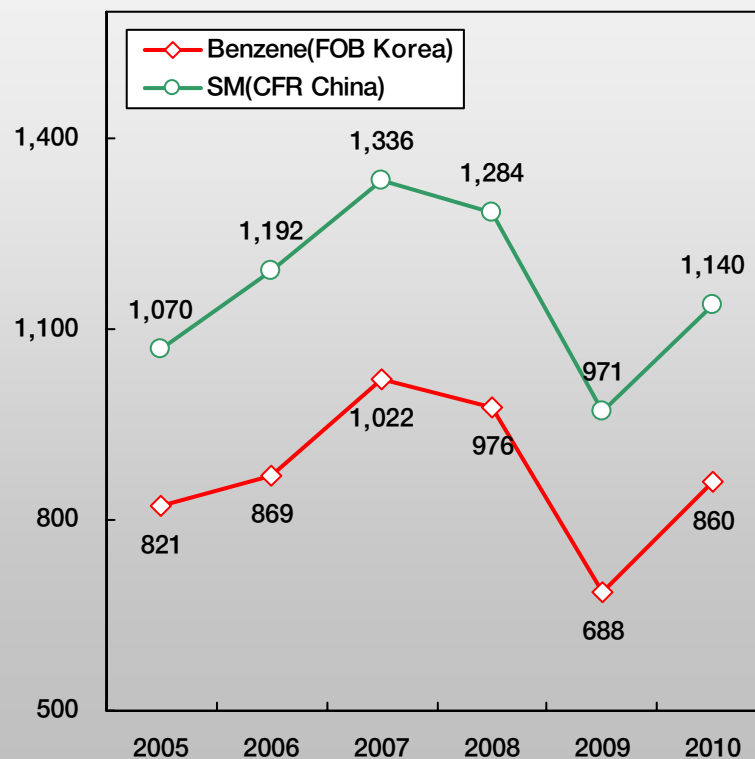
(Unit:1,000Tons/Y)



* Source: CMAI 2009

Price Trends of SM & Benzene

(Unit:USD/Ton)



Outlook : Business Domains

● Synthetic Rubbers

- Apparent growth in the Auto/Tires market in China, increase in demand due to economic recovery in the US and Europe.
- Likely increase in SBR demand and price due to strong natural rubber prices.
- Strengthened market dominance and expansion of long-term contract share with big users through full manufacturing and full sales.

● Synthetic Resins

- Increase in demand during the World Cup and Asian Games.
- Foreign competitors' PS business likely to be discontinued or downsized
- Expansion of R&D and sales of high-tech / environment-friendly products, expansion of emerging market basis and development of niche market.

● Others

- Specialty Chemicals
 - Expansion of new contracts through active sales to major tire makers and utilization of existing synthetic rubber operation network
- Combined Heat & Power Plants
 - Increase in sales due to normalized operation of Energy II and improvement in profitability from reduction in production costs

Income Statement

(Unit:KRW billion)

	2008	2009					Change	
		1Q	2Q	3Q	4Q	Total	Cost	Rate
Sales	3,182.5	584.4	667.3	754.2	795.8	2,801.7	-380.8	-12.0%
Operating Income	281.3	2.0	55.0	36.9	22.3	116.2	-165.1	-58.7%
<i>(Operating Margin)</i>	<i>8.8%</i>	<i>0.3%</i>	<i>8.2%</i>	<i>4.9%</i>	<i>2.8%</i>	<i>4.1%</i>	<i>-4.7%p</i>	-
<i>Net Interest Expense</i>	<i>86.3</i>	<i>23.6</i>	<i>24.6</i>	<i>28.9</i>	<i>28.5</i>	<i>105.6</i>	<i>19.3</i>	<i>22.4%</i>
<i>Equity in Income of Affiliates</i>	<i>-169.1</i>	<i>-141.8</i>	<i>-27.6</i>	<i>-49.0</i>	<i>-515.1</i>	<i>-733.5</i>	<i>-564.4</i>	-
Ordinary Income before Taxes	-26.7	-171.5	-1.8	-36.6	-632.0	-841.9	-815.2	-
<i>(Ordinary Income Margin)</i>	<i>-0.8%</i>	<i>-29.3%</i>	<i>-0.3%</i>	<i>-4.9%</i>	<i>-79.4%</i>	<i>-30.0%</i>	<i>-29.2%p</i>	-
Net Income	-19.7	-138.0	-12.8	-39.8	-424.2	-614.8	-595.1	-
<i>(Net Income Margin)</i>	<i>-0.6%</i>	<i>-23.6%</i>	<i>-1.9%</i>	<i>-5.3%</i>	<i>-53.3%</i>	<i>-21.9%</i>	<i>-21.3%p</i>	-

Balance Sheet

(Unit:KRW billion)

	2009 (A)	2008 (B)	2007 (C)	Change	
				YoY (2008) (A-B)	YoY (2007) (A-C)
1. Current Assets	775.8	783.3	489.1	-7.5	-286.7
- Cash	79.9	12.1	11.4	67.8	68.5
2. Non-Current Assets	2,424.1	2,931.5	2,361.9	-507.4	62.2
Total Assets	3,199.9	3,714.8	2,851.0	-514.9	348.9
1. Current Liabilities	2,058.8	1,117.0	712.9	941.8	1,345.9
2. Non-Current Liabilities	606.0	1,434.7	1,272.1	-828.7	-666.1
■ Interest Bearing Liabilities	2,230.7	1,971.5	1,483.3	259.2	747.4
- Short-Term Debts	1,645.6	660.9	344.3	984.7	1,301.3
- Long-Term Debts	585.1	1,310.6	1,139.0	-725.5	-553.9
■ Non-Interest Bearing Liabilities	434.1	580.2	501.8	-146.1	-67.7
Total Liabilities	2,664.8	2,551.7	1,985.0	113.1	679.8
1. Common & Preferred Stock	142.2	142.2	142.2	-	-
Total Shareholder Equity	535.1	1,163.1	866.0	-628.0	-330.9
Net Debt Ratio	69.7%	53.1%	52.0%	16.6%p	17.7%p
Long-Term Debts to Total Debts Ratio	26.2%	66.5%	76.8%	-40.3%p	-50.6%p
Current Ratio	37.7%	70.1%	68.6%	-32.4%p	-30.9%p
Total Liabilities to Equity Ratio	498.0%	219.4%	229.2%	278.6%p	268.8%p

Cash Flow

(Unit:KRW billion)

	2009 (A)	2008 (B)	2007 (C)	Change	
				YoY (2008) (A-B)	YoY (2007) (A-C)
Cash flow from operating activities	281.7	-34.4	161.6	316.1	120.1
- Ordinary profit before taxes	-614.8	-19.7	134.4	-595.1	-749.2
- Depreciation/Retirement allowance	112.7	81.5	68.1	31.2	44.6
- Others	783.8	-96.2	-40.9	880.0	824.7
Cash flow from investing activities	-468.4	-384.0	-301.7	-84.4	-166.7
- Tangible assets	-263.7	-334.8	-198.4	71.1	-65.3
- Others	-204.7	-49.2	-103.3	-155.5	-101.4
Cash flow from financing activities	251.8	419.1	148.4	-167.3	103.4
- Borrowings	269.0	435.4	164.5	-166.4	104.5
- Treasury stock/Dividends	-17.3	-17.3	-16.1	-	-1.2
- Others	0.1	1.0	-	-0.9	0.1
Net Cash Flow	65.1	0.7	8.3	64.4	56.8

Production Capacity

● Production Capacity

	Product	Capa.	Unit	Note
Synthetic Rubbers	SBR	481,000	MT/Y	Completion of Expansion : 110,000MT/Y(Ulsan), April 2009
	HBR	167,000		Completion of Expansion : 120,000MT/Y(Yeosu), Oct. 2010
	LBR	55,000		
	NBR	50,000		
	HSR	10,000		
	SB Latex	70,000		
	SBS	70,000		
	Total	903,000		
Synthetic Resins	PS	227,500	MT/Y	
	ABS	250,000		
	EPS	73,800		
	PPG	52,000		
	Total	603,300		
Specialty Chemicals	Antioxidants	79,300	MT/Y	
Combined Heat & Power Plants	Steam	1,130	T/H	Completion of Construction : Steam 500T/H & Electricity 119MWH, April 2009
	Electricity	186	MWH	
BD	Ulsan Plant	90,000	MT/Y	
	Yeosu Plant	147,000		
	Total	237,000		

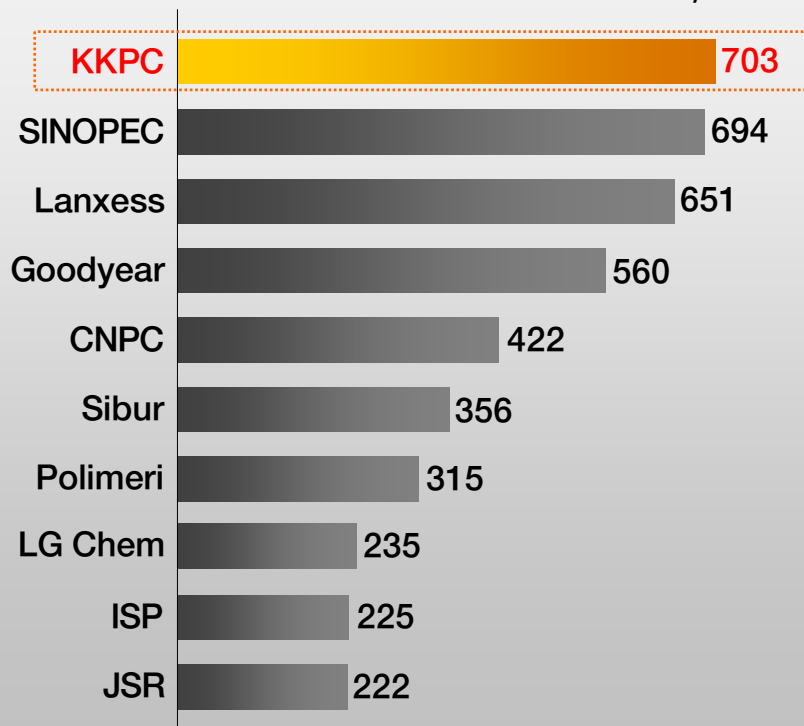
Market Position

Synthetic Rubbers & Specialty Chemicals

- Synthetic Rubbers : KKPC raising to an industry-leading (April 2009)
→ Moving share of global market into over 10%
- Specialty Chemicals : KKPC boosting capacity to an industry-high (Sept. 2008, 6PPD 70,000MT)

Capa. of Synthetic Rubbers (Dec. 2009)

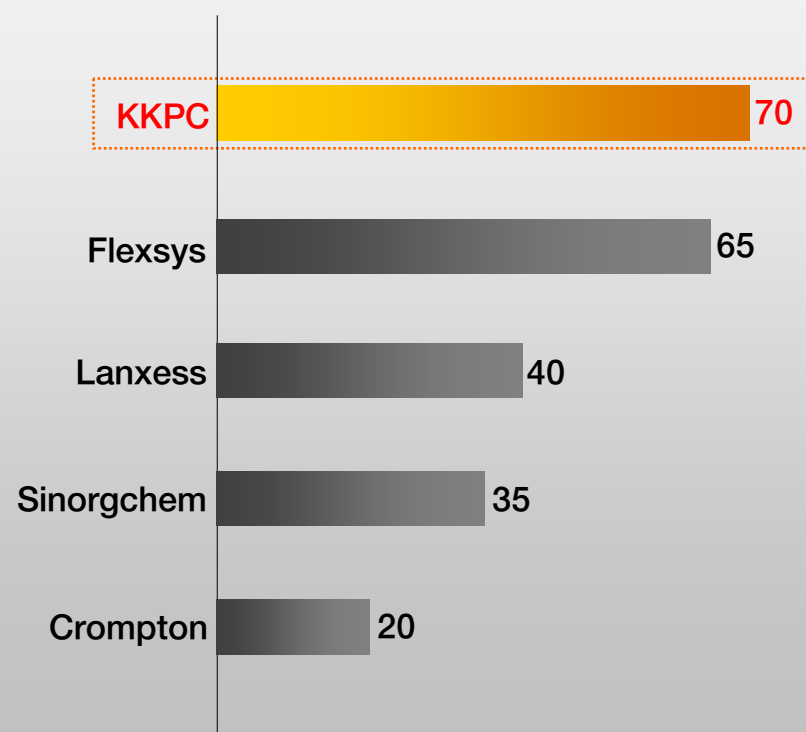
Unit:'000 MT
SBR/BR based



※ Source : IISRP 2009, except SSBR

Capa. of Specialty Chemicals (Dec. 2009)

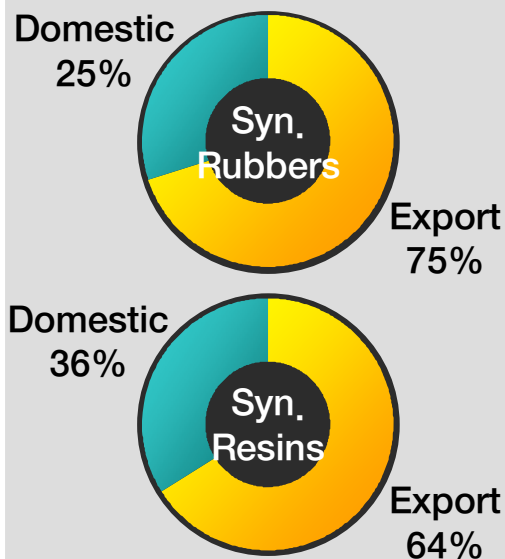
Unit:'000 MT
6PPD based



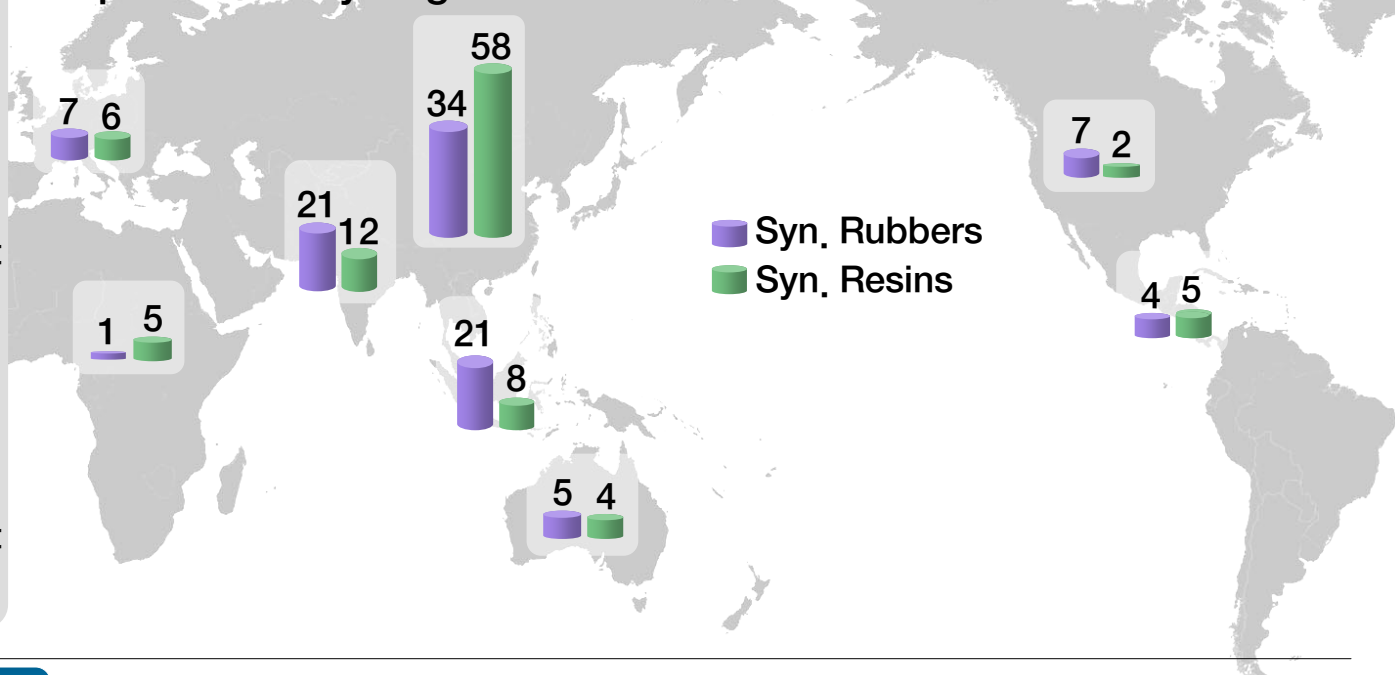
Sales Status

Sales by Region & Application

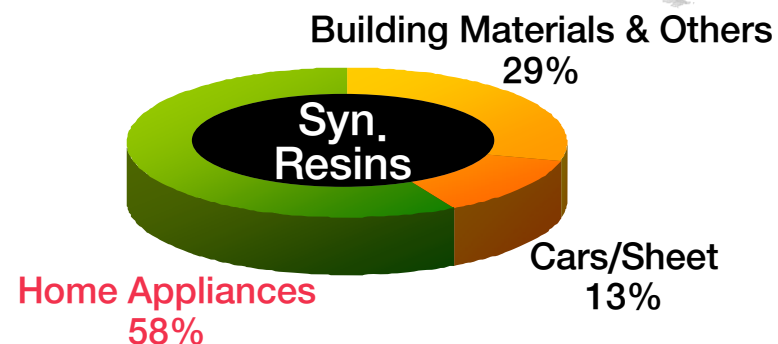
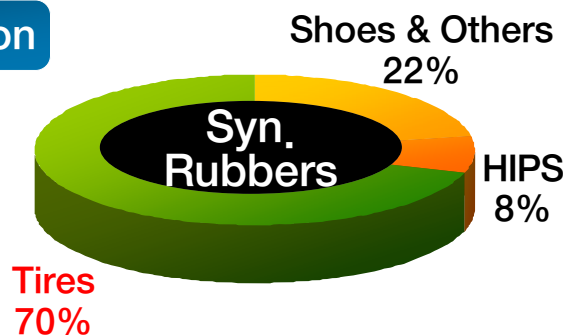
2009 Sales Breakdown



Export Share by Region

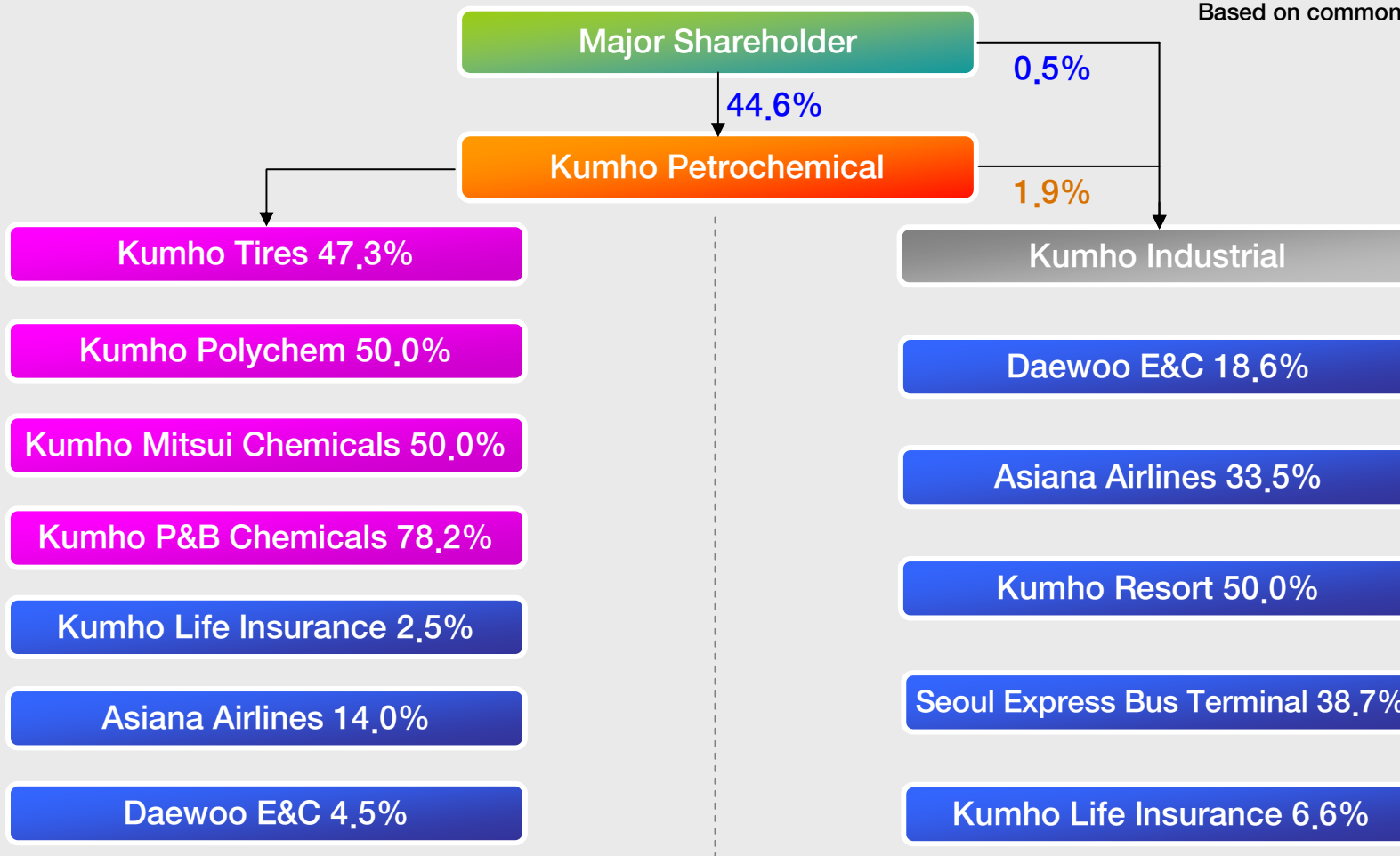


Sales Share by Application



Ownership Structure

※ As of 31 March, 2010,
Based on common shares



Q & A