



INVESTOR RELATIONS 2009

- 2009 Review
- 2009 Main Business Activities
- 2010 Outlook
- Appendices

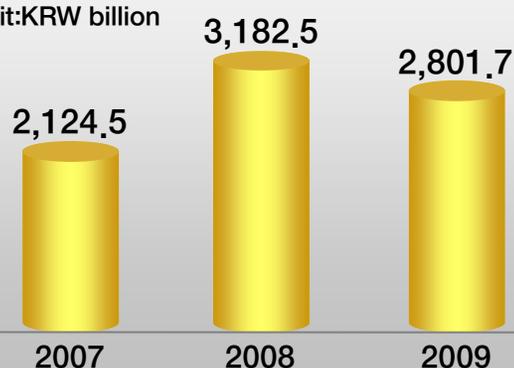
2009 Overview

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.

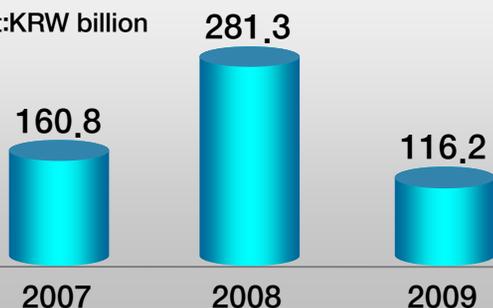
Sales

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% |
| [Others] | 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 | - |
| Net Income | -19.7 | -614.8 | -595.1 | - |
| Gain/Loss on Valuation of Equity Method Investments | -169.1 | -733.5 | -564.4 | - |

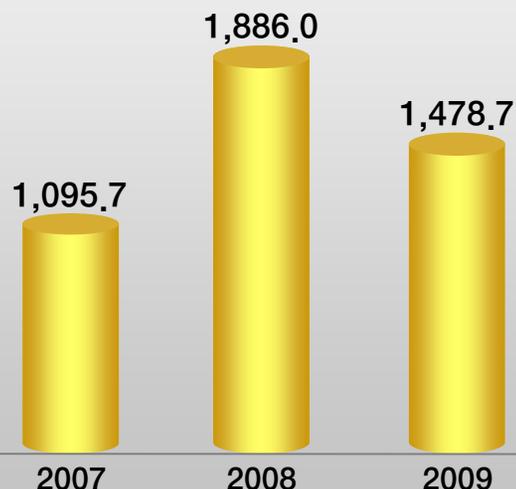
Performance Results for Synthetic Rubbers

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

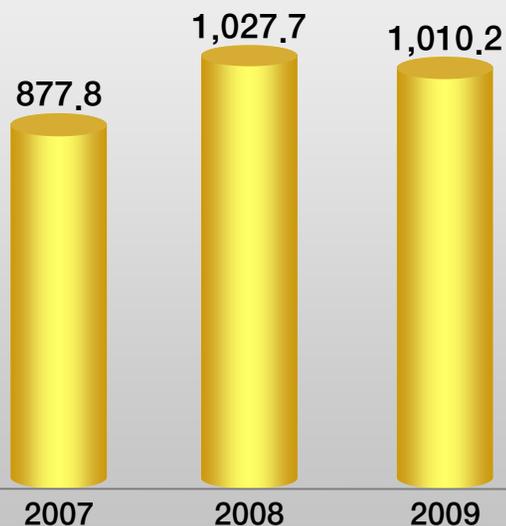
Performance Results for Synthetic Resins

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

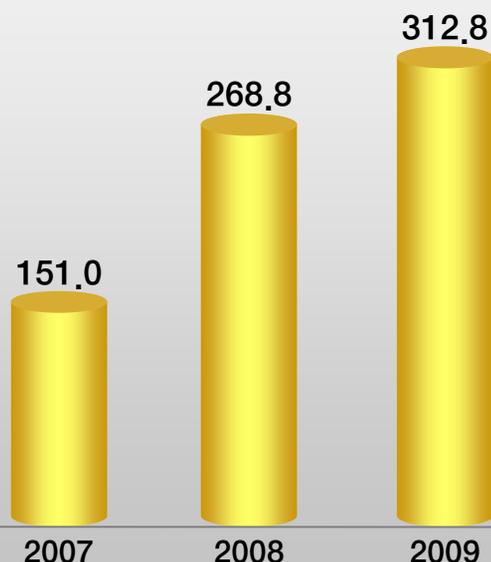
Performance Results for Others

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

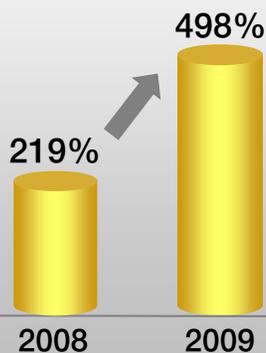
- Specialty Chemicals
 - Selling prices declined due to decreasing demand of 6PPD and deepening of sales competition
 - Operating ratio reduced by short supply of 4-ADPA and sales fall
- Combined Heat & Power Plants
 - Sales grew on steam price hikes amid rising the oil price and start-up of Energy II (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:%)



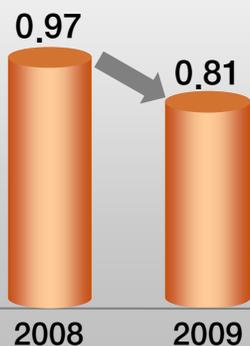
Borrowings

(Unit:KRW billion)



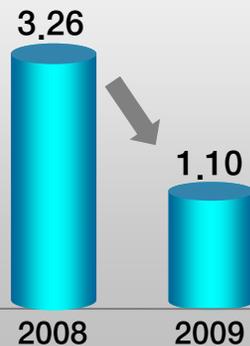
Asset Turnover Ratio

(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 | | 1,972.4 | 2,231.6 | 259.2 | 13.1% |
| Won-denominated | KRW bil. | 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



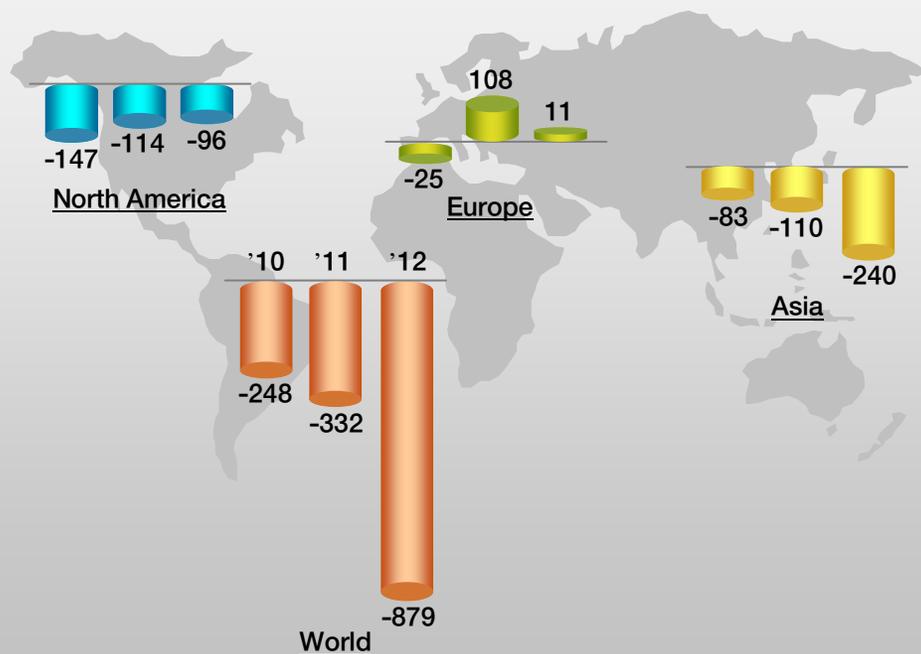
Outlook : BD

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

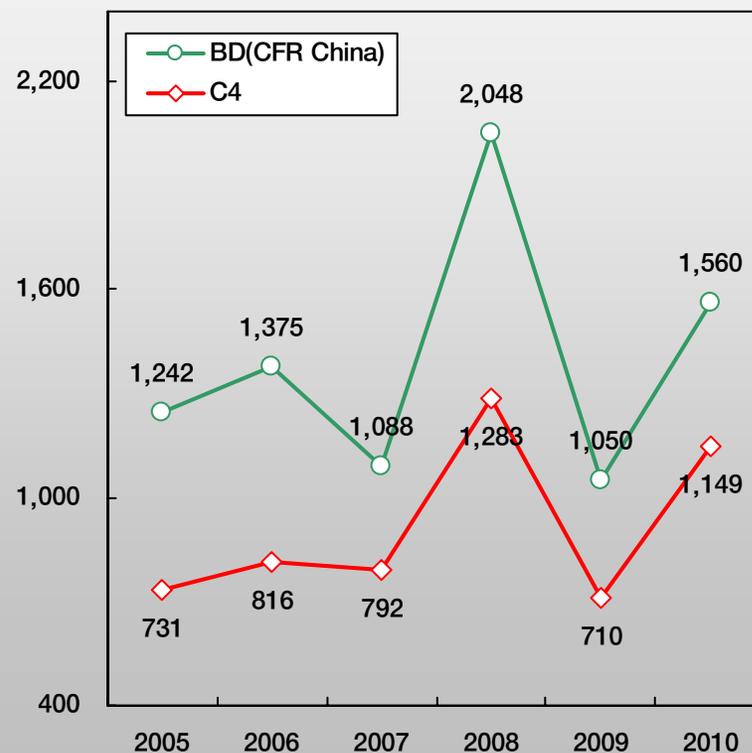
(Unit:1,000Tons/Y)



* Source: CMAI 2009

Price Trends of BD & C4

(Unit:USD/Ton)



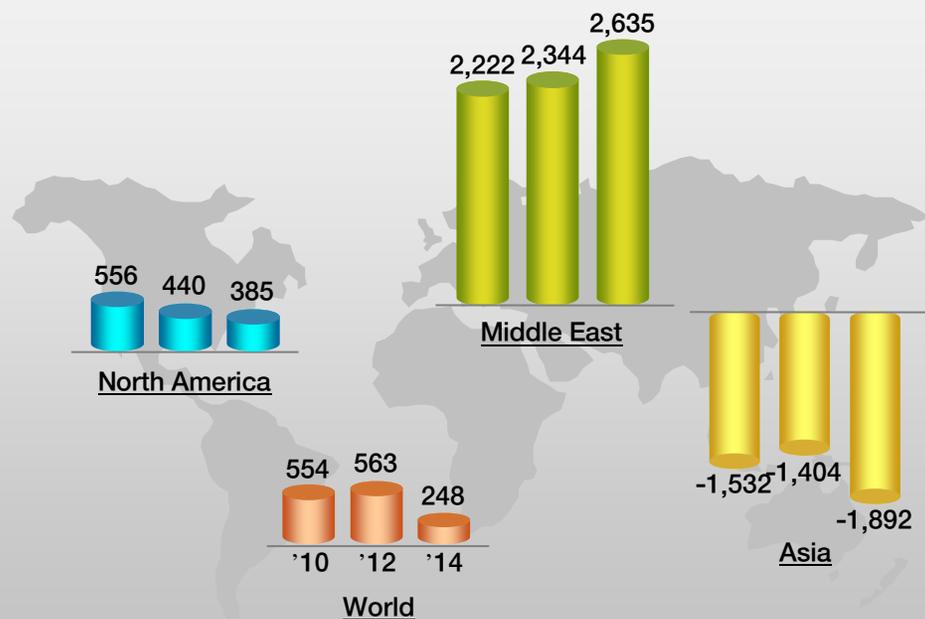
Outlook : SM

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

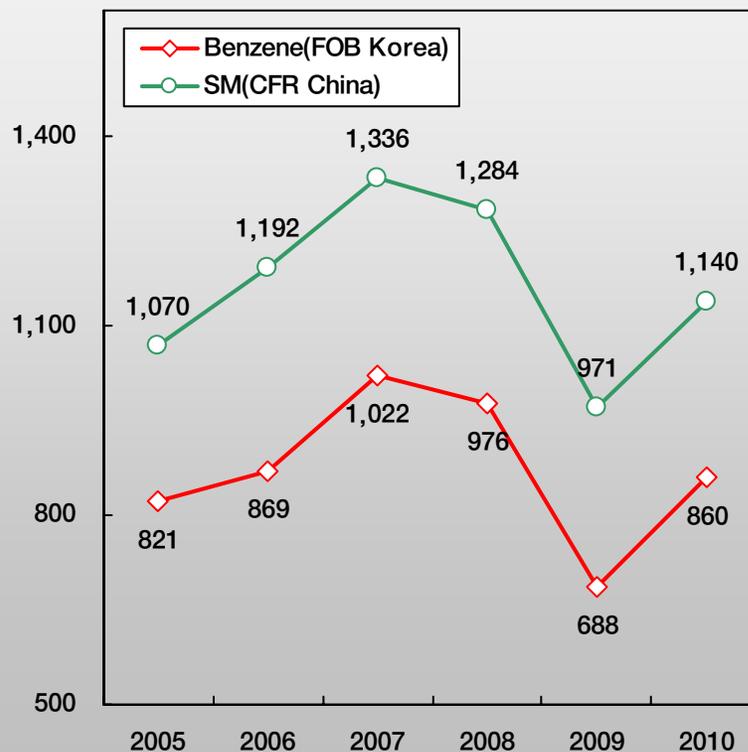
(Unit:1,000Tons/Y)



* 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

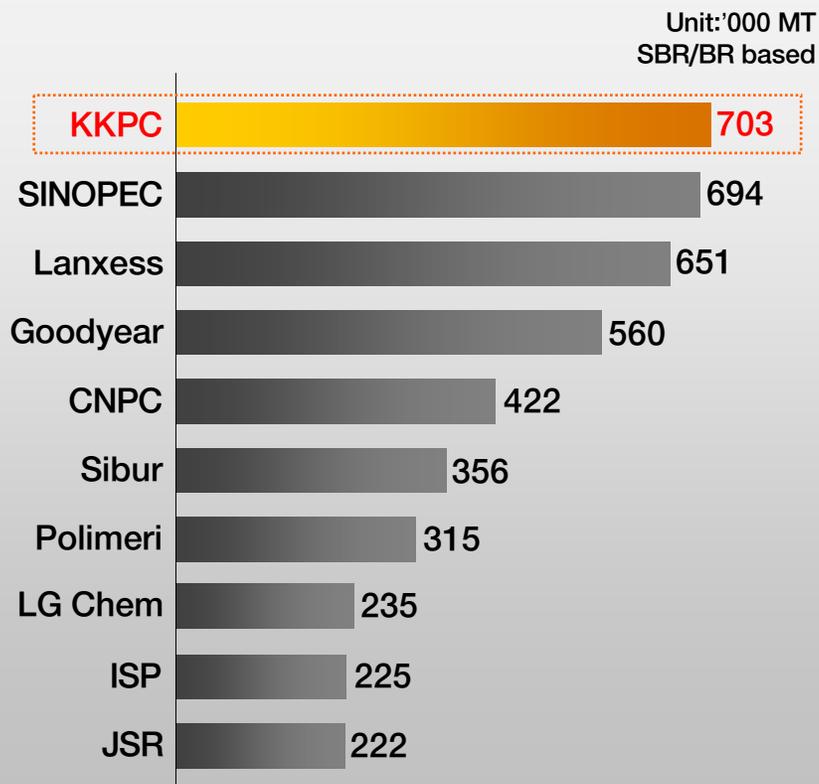
| | Product | Capa. | Unit | Note |
|------------------------------|--------------|----------------|------|--|
| Synthetic Rubbers | SBR | 481,000 | MT/Y | Completion of Expansion : 110,000MT/Y(Ulsan), April 2009 |
| | HBR | 167,000 | | Completion of Expansion : 120,000MT/Y(Yeosu), Oct. 2010 |
| | LBR | 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

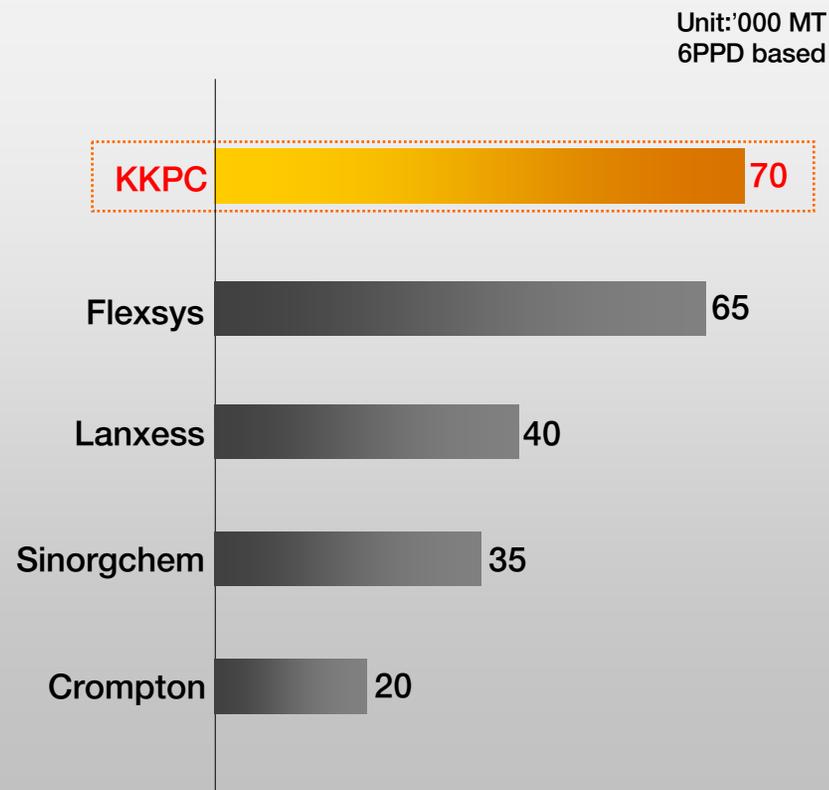
- Synthetic Rubbers : KKPC raising to an industry-leading (April 2009)
→ Moving share of global market into over 10%
- Specialty Chemicals : KKPC boosting capacity to an industry-high (Sept. 2008, 6PPD 70,000MT)

Capa. of Synthetic Rubbers (Dec. 2009)



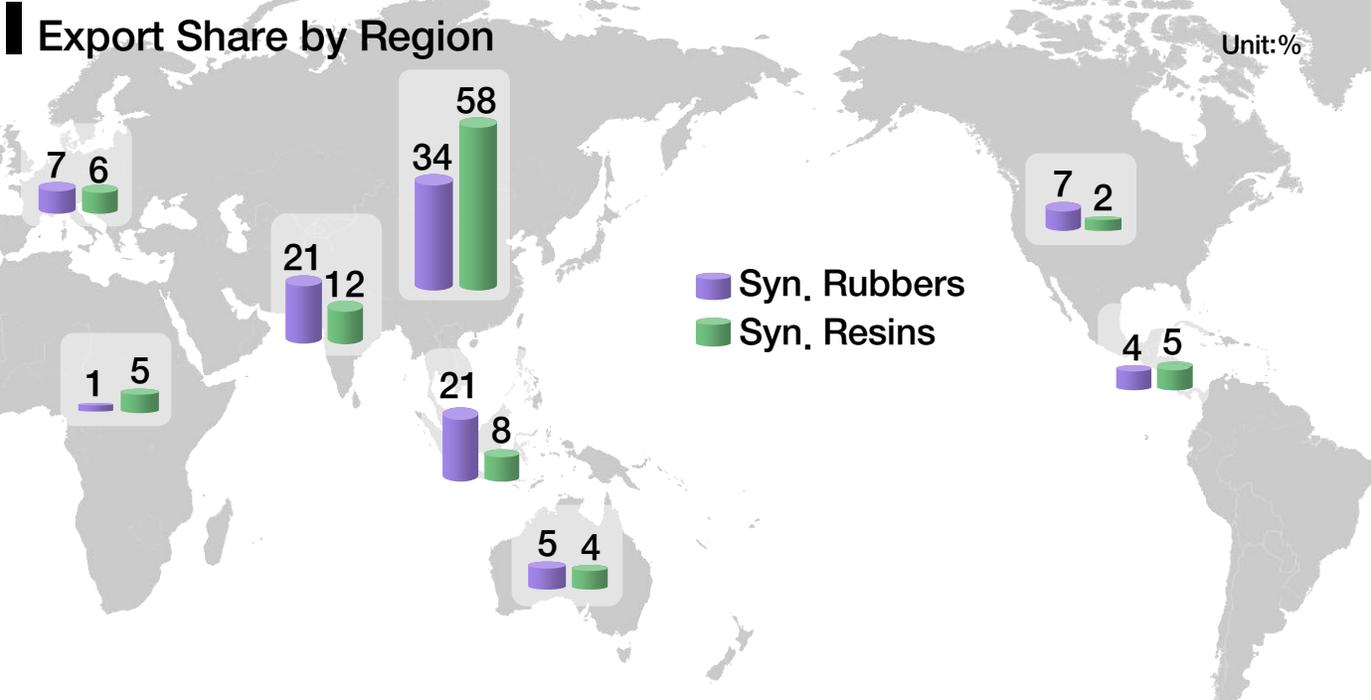
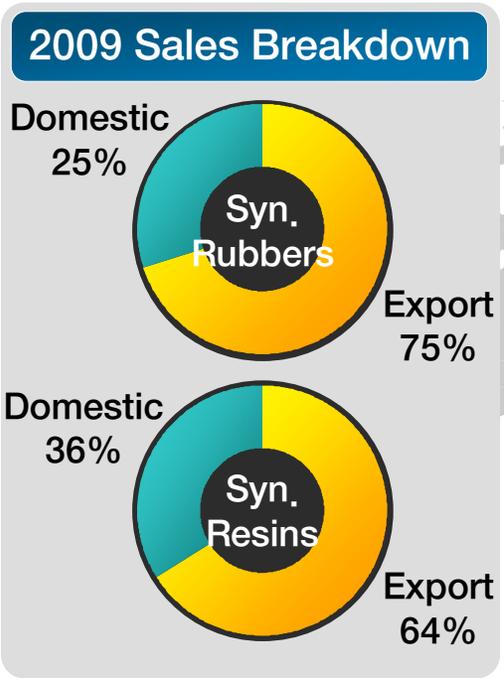
※ Source : IISRP 2009, except SSBR

Capa. of Specialty Chemicals (Dec. 2009)

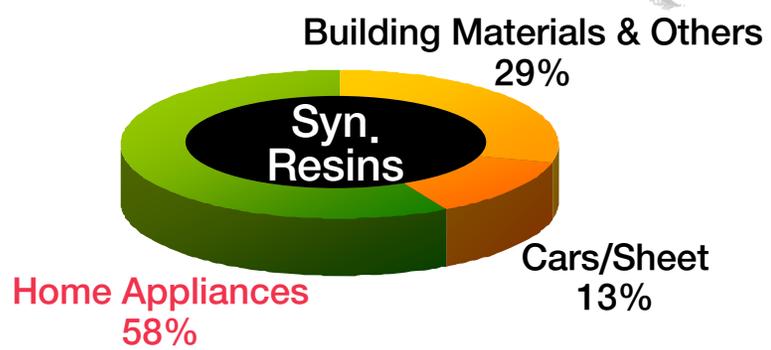
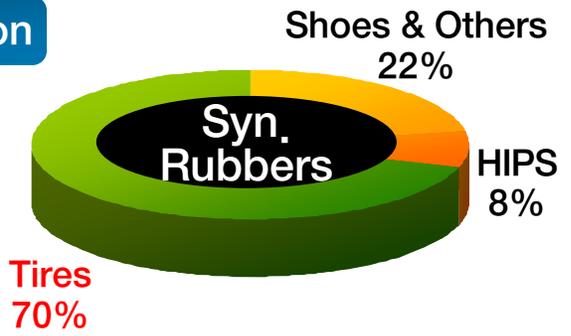


Sales Status

Sales by Region & Application

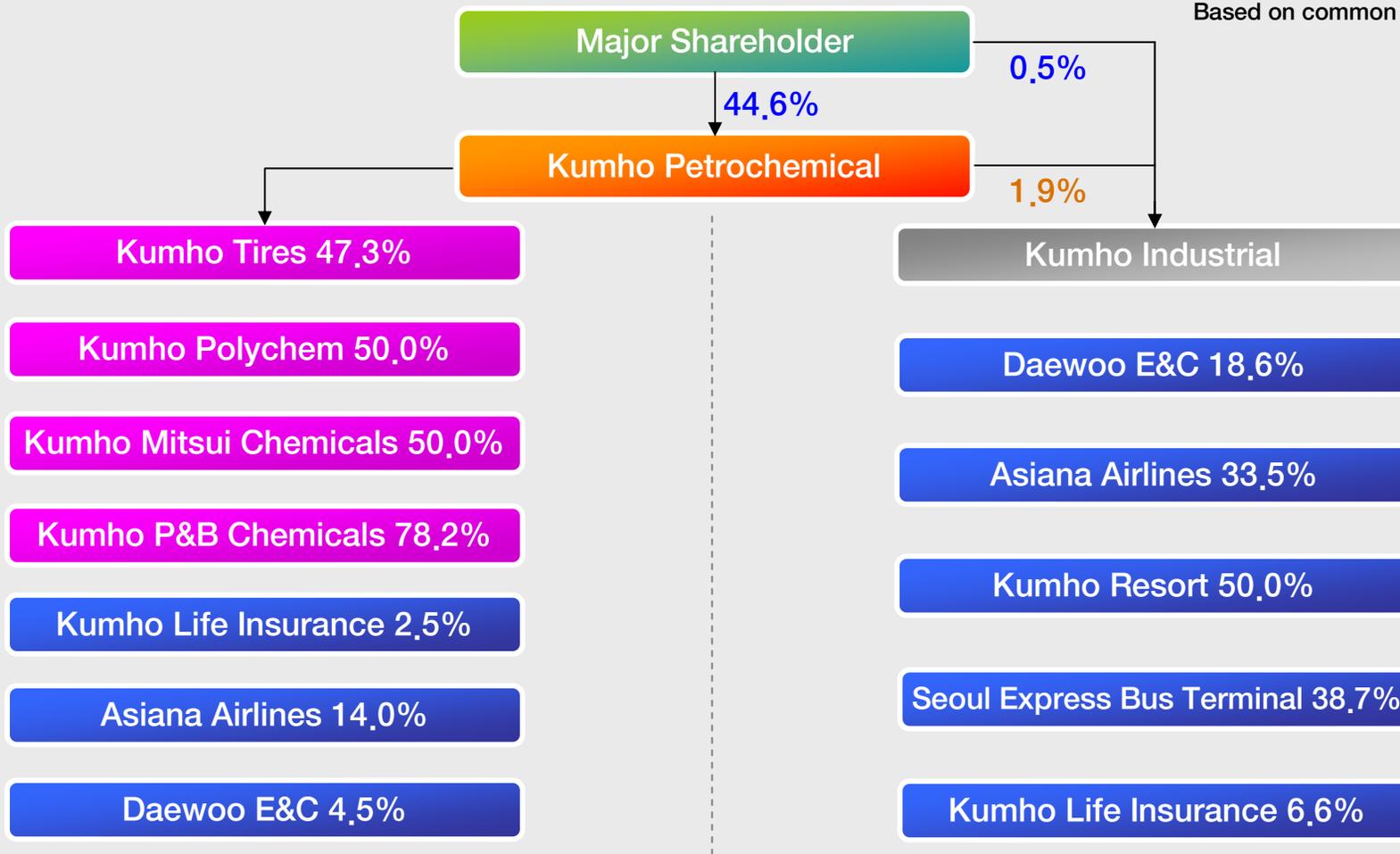


Sales Share by Application



Ownership Structure

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



Q & A