

INVESTOR RELATIONS

2012 2Q

- 2Q, 2012 Review
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- Appendices



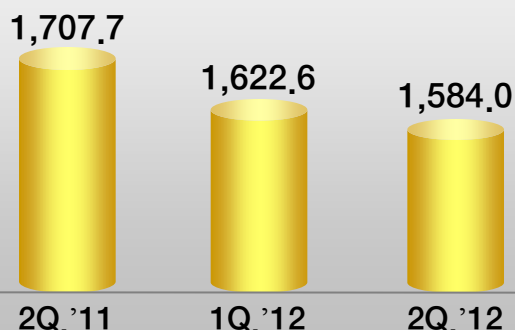
2Q, 2012 Overview

Sales & Operating Income

- Sales declined 2.4% to KRW 1,584.0 bn, operating income decreased 77.7% to KRW 28.8 bn.
- Profitability declined due to the remaining expensive BD stocks and the affect of operating ratio adjustments.

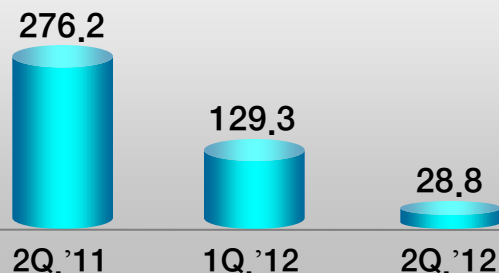
Sales

Unit:KRW billion



Operating Income

Unit:KRW billion



2Q, 2012 Performance

(Unit:KRW billion)

	2Q.'12	1Q.'12	2Q.'11	Change Ratio	
				QoQ	YoY
S a l e s	1,584.0	1,622.6	1,707.7	-2.4%	-7.2%
[Syn. Rubbers]	856.7	870.8	981.8	-1.6%	-12.7%
[Syn. Resins]	322.7	342.0	323.6	-5.6%	-0.3%
[O t h e r s]	404.6	409.8	402.3	-1.3%	0.6%
Phenol Derivatives	271.2	289.9	297.8	-6.5%	-8.9%
Specialty Chemicals	45.1	42.8	47.6	5.4%	-5.3%
E n e r g y	39.2	44.5	33.7	-11.9%	16.3%
O t h e r s	49.1	32.6	23.2	50.6%	111.6%
Operating Income	28.8	129.3	276.2	-77.7%	-89.6%
[%]	1.8	8.0	16.2	-	-
Income before Income Taxes	9.7	132.3	274.2	-92.7%	-96.5%
Net Income	8.9	101.6	179.0	-91.2%	-95.0%
Gain/Loss on Valuation of Equity Method Investments	14.7	22.1	19.7	-33.5%	-25.4%

* Net Income is based on Controlling Interests.

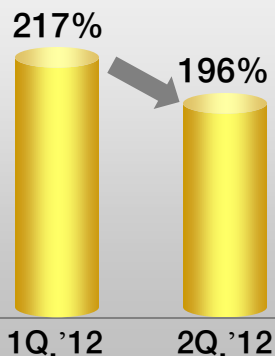
Financial Highlights

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- Profits declined due to decrease in operating income from the burden of remaining expensive synthetic rubber stocks.
- Debt ratio decreased due to repayments of feedstock purchases.

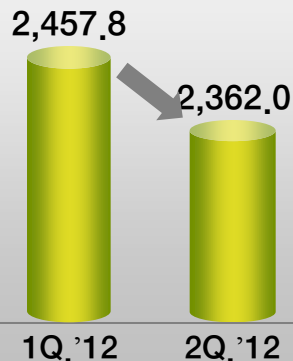
Debt to Equity Ratio

(Unit:%)



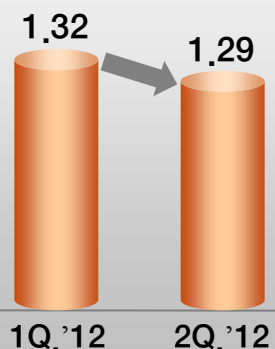
Borrowings

(Unit:KRW billion)



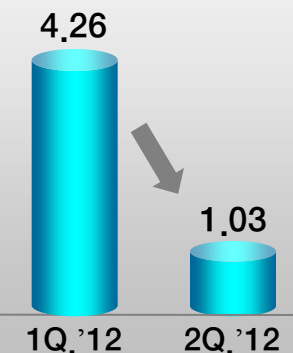
Asset Turnover Ratio

(Unit:Times)



Interest Coverage Ratio

(Unit:Fold)



	Unit	2Q.'12	1Q.'12	2Q.'11	Change Ratio	
					QoQ	YoY
Assets	KRW bil.	4,753.1	5,098.5	4,628.5	-6.8%	2.7%
Liabilities	KRW bil.	3,148.7	3,491.1	3,430.1	-9.8%	-8.2%
Shareholders' Equity		1,604.4	1,607.4	1,198.4	-0.2%	33.9%
Controlling Interests	KRW bil.	1,492.4	1,496.4	1,105.1	-0.3%	35.0%
Non-Controlling Interests		112.0	111.0	93.3	0.9%	20.0%
Debt to Equity Ratio	%	196	217	286	-	-
Borrowings		2,362.0	2,457.8	2,613.3	-3.9%	-9.6%
Won-Denominated	KRW bil.	1,627.2	1,579.0	1,928.5	3.1%	-15.6%
Foreign Currency-Denominated		734.8	878.8	684.8	-16.4%	7.3%
Asset Turnover Ratio	Times	1.29	1.32	1.50	-2.3%	-14.0%
Interest Coverage Ratio	Fold	1.03	4.26	7.48	-75.8%	-86.2%

Performance Results for Synthetic Rubbers

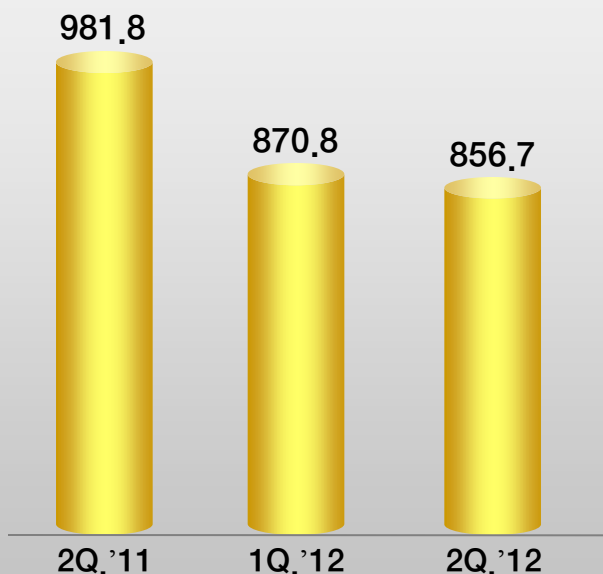
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Synthetic Rubbers

- Sales decreased 1.6% to KRW 856.7 bn(54.1% of total sales).
- Profitability fell due to the burden of remaining expensive BD stocks and weak demand in Chinese tire market.

Sales

Unit:KRW billion



2Q, 2012 Performance

- Sharp drop in BD price
 - Continuous weak after s sharp drop due to decrease in downstream demand despite fall in supplies from production adjustments of NCC

(Unit:USD/Ton)

	01.'12	02.'12	03.'12	04.'12	05.'12	06.'12
Asia	2,963	3,863	3,452	3,120	2,265	2,052
N.America	2,797	3,472	3,516	3,390	2,632	1,907
Europe	2,756	3,344	3,155	2,913	2,169	1,546

- Fall in the profitability in Synthetic Rubbers
 - Drop in selling price due to weak demand from decrease in operating ratio in China and fall in profits from expensive BD stocks

(Unit:USD/Ton)

	01.'12	02.'12	03.'12	04.'12	05.'12	06.'12
SBR	2,955	3,258	3,344	3,164	2,884	2,550
BR	3,338	3,707	3,855	3,729	3,404	2,945

* Source: ICIS/PLATTS 2012

Performance Results for Synthetic Resins

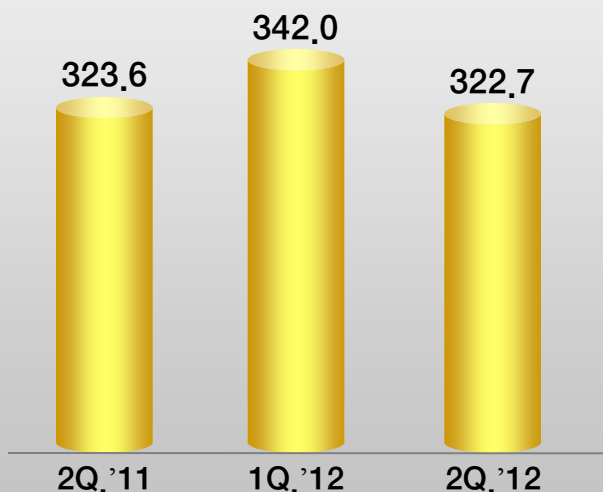
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Synthetic Resins

- Sales decreased by 5.6% to KRW 322.7 bn(20.4% of total sales).
- Profits decreased due to Economic downturn in Europe and also the recession in Chinese domestic market.

Sales

Unit:KRW billion



2Q, 2012 Performance

- Drop in SM price
 - Slight increase and continuous fall in SM price due to Poor demands by Chinese downstream and feedstock(Benzene /Ethylene) price drop

(Unit:USD/Ton, CFR China)

	01.'12	02.'12	03.'12	04.'12	05.'12	06.'12
SM	1,410	1,444	1,480	1,496	1,413	1,289

- Depreciation in profitability of Synthetic Resins
 - Slump in demand due to the economic downturn in Europe and the recession in Chinese domestic market
 - Drop in selling price due to a sharp decrease in BD price

(Unit:USD/Ton)

	01.'12	02.'12	03.'12	04.'12	05.'12	06.'12
PS	1,501	1,555	1,591	1,593	1,560	1,445
ABS	2,006	2,128	2,164	2,102	1,956	1,827

* Source: PLATTS 2012

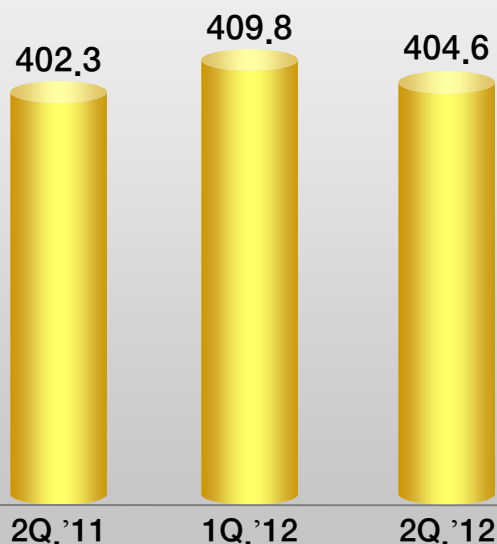
Performance Results for Others

Others

- Sales decreased by 1.3% to KRW 404.6 bn(25.5% of total sales).
- Phenol Derivatives : Decrease in profits due to drop in feedstock(Benzene) price and the fall in selling prices from the weak demand.

Sales

Unit:KRW billion



2Q, 2012 Performance

- Phenol Derivatives
 - Continuous drop in feedstock(Benzene) prices as a result of decrease in oil/Naphtha prices
 - Decrease in profits due to feedstock price drop and the fall in selling prices from the weak demand in China
- Energy
 - Decrease in sales and operating income by a small margin due to reduced operating ratio from annual S/D in Yeosu Energy II during April

Main Business Activities

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Strengthened Market Position for Synthetic Rubber

- Revamping Capacity(MT/Y) : SBR 110K(Ulsan), SSBR 60K(Yeosu)
 - Completion of Construction : SBR(Sept. '12), SSBR(Nov. '12)
 - Total Investment : KRW 121.5 bn
 - Total Capa. of SBR/BR : 845,000MT/Y

(Unit: '000MT/Y)

	2010	2011	2012	Note
SBR	481	481	591	-No.1:KKPC(845)
BR	222	364	364	-No.2:SINOPEC(694)
Total	703	845	955	-No.3:Lanxess(661)

New Leap of Phenol Derivatives

- Revamping Capacity(MT/Y) : BPA 150K, Phenol 300K/Acetone 185K
 - Completion of Construction : BPA(End of '12), Phenol/Acetone(End of '13)
 - Total Investment : BPA(KRW 140 bn), Phenol/Acetone(KRW 190 bn)
 - World's No.5 Maker of BPA Capa.

(Unit: '000MT/Y)

	June'08	Dec.'12	Dec.'13	Note
BPA	280	430	430	-No.1:SABIC(1,230)
Phenol	380	380	680	-No.2:Bayer(1,180)
Acetone	238	238	423	-No.3:Nanya(550)
Total	898	1,048	1,533	-No.4:Mitsui(505) -No.5:KPB(430)



Outlook

● Synthetic Rubbers

- Improvement in profitability due to the rise in selling prices through securing stocks in small businesses and BD rebound.
- Price increase range would be limited due to delayed recovery in demand from weak prices of natural rubber and sluggish sales of tires.
- BD price would be stabilized by a balance between supply and demand through restarting Formosa plant and the supply from Europe, and it would rise due to increase in downstream operating ratio.

● Synthetic Resins

- Demand is expected to recover due to inventory exhaustion in Chinese downstream suppliers and also through increase in the demand of winter appliances during the Christmas season.
- The price of SM is forecasted to rise and sustain the level through a price increase of feedstock (Benzene/Ethylene) and increase in the demand of downstream suppliers.
- Profitability would be improved through the rise in selling prices reflected by the price increase of the feedstock, and also sales would be stabilized from the increase in supplies.

● Others

- Phenol Derivatives
 - Improvement in the profitability through the rise in feedstock(Benzene) price and the increase in downstream demand.
- Energy
 - Sales and operating income is looking to be increased due to the growth of sales volume and strong unit cost of electricity.

Income Statement

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(Unit:KRW billion)

	2Q,'12	1Q,'12	2Q,'11	Difference			
				QoQ		YoY	
				Amount	Ratio	Amount	Ratio
Sales	1,584.0	1,622.6	1,707.7	-38.6	-2.4%	-123.7	-7.2%
Operating Income	28.8	129.3	276.2	-100.5	-77.7%	-247.4	-89.6%
<i>(Operating Margin)</i>	<i>1.8%</i>	<i>8.0%</i>	<i>16.2%</i>	<i>-6.2%p</i>	<i>-</i>	<i>-14.4%p</i>	<i>-</i>
<i>Net Interest Expense</i>	<i>33.8</i>	<i>19.1</i>	<i>21.7</i>	<i>14.7</i>	<i>77.0%</i>	<i>12.1</i>	<i>55.8%</i>
<i>Gain/Loss on Valuation of Equity Method Investments</i>	<i>14.7</i>	<i>22.1</i>	<i>19.7</i>	<i>-7.4</i>	<i>-33.5%</i>	<i>-5.0</i>	<i>-25.4%</i>
Income before Income Taxes	9.7	132.3	274.2	-122.6	-92.7%	-264.5	-96.5%
<i>(Ordinary Income Margin)</i>	<i>0.6%</i>	<i>8.2%</i>	<i>16.1%</i>	<i>-7.6%p</i>	<i>-</i>	<i>-15.5%p</i>	<i>-</i>
Net Income	8.9	101.6	179.0	-92.7	-91.2%	-170.1	-95.0%
<i>(Net Income Margin)</i>	<i>0.6%</i>	<i>6.3%</i>	<i>10.5%</i>	<i>-5.7%p</i>	<i>-</i>	<i>-9.9%p</i>	<i>-</i>

* Net Income is based on controlling interest.

Balance Sheet

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(Unit:KRW billion)

	2Q.'12	1Q.'12	2Q.'11	Change Amount	
				QoQ	YoY
1. Current Assets	1,964.3	2,384.9	2,009.4	-420.6	-45.1
- Cash	279.5	471.4	295.6	-191.9	-16.1
2. Non-Current Assets	2,788.8	2,713.6	2,619.1	75.2	169.7
Total Assets	4,753.1	5,098.5	4,628.5	-345.4	124.6
1. Current Liabilities	2,670.6	3,022.0	2,674.2	-351.4	-3.6
2. Non-Current Liabilities	478.1	469.1	755.9	9.0	-277.8
■ Interest Bearing Liabilities	2,362.0	2,457.8	2,613.3	-95.8	-251.3
- Short-Term Debts	1,994.6	2,093.7	1,963.6	-99.1	31.0
- Long-Term Debts	367.4	364.1	649.7	3.3	-282.3
■ Non-Interest Bearing Liabilities	786.7	1,033.3	816.8	-246.6	-30.1
Total Liabilities	3,148.7	3,491.1	3,430.1	-342.4	-281.4
1. Common & Preferred Stock	167.5	167.5	142.2	-	25.3
Total Shareholder Equity	1,604.4	1,607.4	1,198.4	-3.0	406.0
Net Debt Ratio	43.8%	39.0%	50.1%	4.8%p	-6.3%p
Long-Term Debts to Total Debts Ratio	15.6%	14.8%	24.9%	0.8%p	-9.3%
Current Ratio	73.6%	78.9%	75.1%	-5.3%p	-1.5%p
Total Liabilities to Equity Ratio	196.3%	217.2%	286.2%	-20.9%p	-89.9%p

Production Capa.(KKPC)

	Product	Capa.	Unit	Note
Synthetic Rubbers	SBR	481,000	MT/Y	Completion of Expansion : 110,000MT/Y(Ulsan), Sept. 2012
	HBR	309,000		Added 22,000MT/Y by improving productivity as of late 2011
	LBR	55,000		
	NBR	50,000		
	HSR	10,000		
	SB Latex	70,000		
	SBS	70,000		
	Total	1,045,000		Completion of Expansion : SSBR 60,000MT/Y(Yeosu), Nov. 2012
Synthetic Resins	PS	227,500	MT/Y	
	ABS	250,000		
	EPS	72,600		
	PPG	77,700		
	Total	627,800		
Specialty Chemicals	Antioxidants	80,300	MT/Y	
Combined Heat & Power Plants	Steam	1,130	T/H	
	Electricity	186	MWH	
BD	Ulsan Plant	90,000	MT/Y	
	Yeosu Plant	147,000		
	Total	237,000		

Production Capa.(Affiliates)

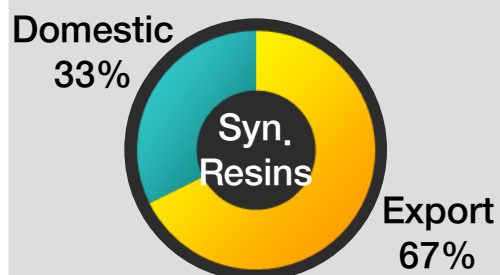
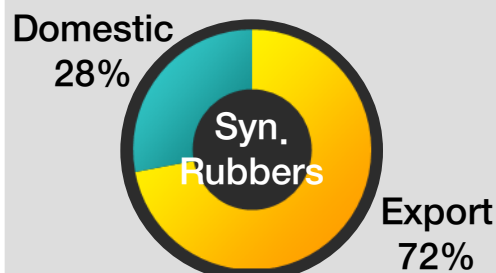
	Product	Capa.	Unit	Note
Kumho P&B Chemicals	Phenol	380,000	MT/Y	Completion of Expansion : 300,000MT/Y, in 2013
	Acetone	238,000		Completion of Expansion : 185,000MT/Y, in 2013
	MIBK	30,000		
	Cumene	440,000		
	BPA	280,000		Completion of Expansion : 150,000MT/Y, in 2012
	Epoxy Resin	74,000		
	Totals	1,442,000		
Kumho Polychem	EP(D)M	100,000	MT/Y	Completion of Expansion : 60,000MT/Y, 2Q in 2013
	TPV	7,000		
	Totals	107,000		
Kumho Mitsui Chemicals	MDI	200,000	MT/Y	Completion of Expansion : 50,000MT/Y, June 2012
	Aniline	2,000		
	Totals	152,000		

Sales Status

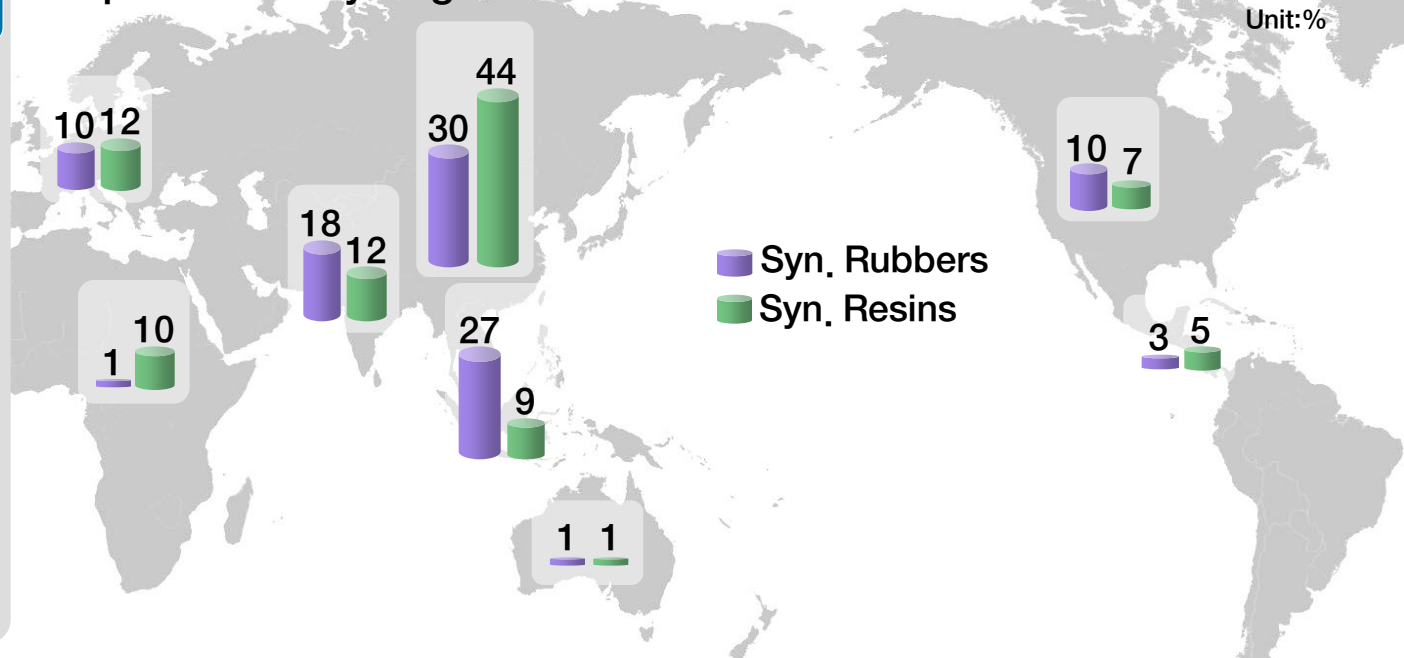
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Sales by Region & Application

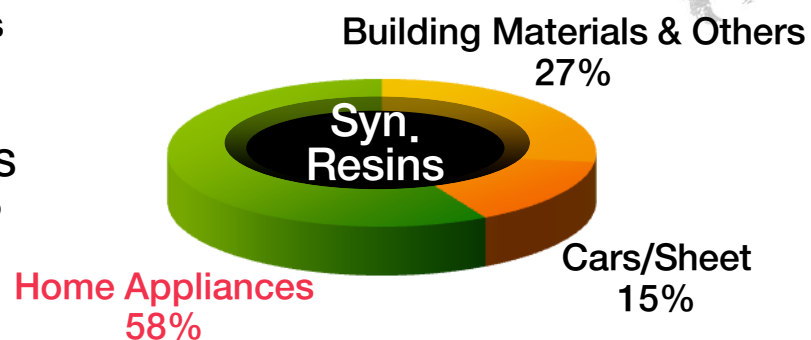
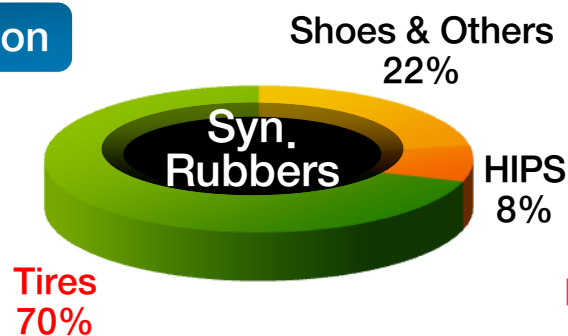
1H.'12 Sales Breakdown



Export Share by Region

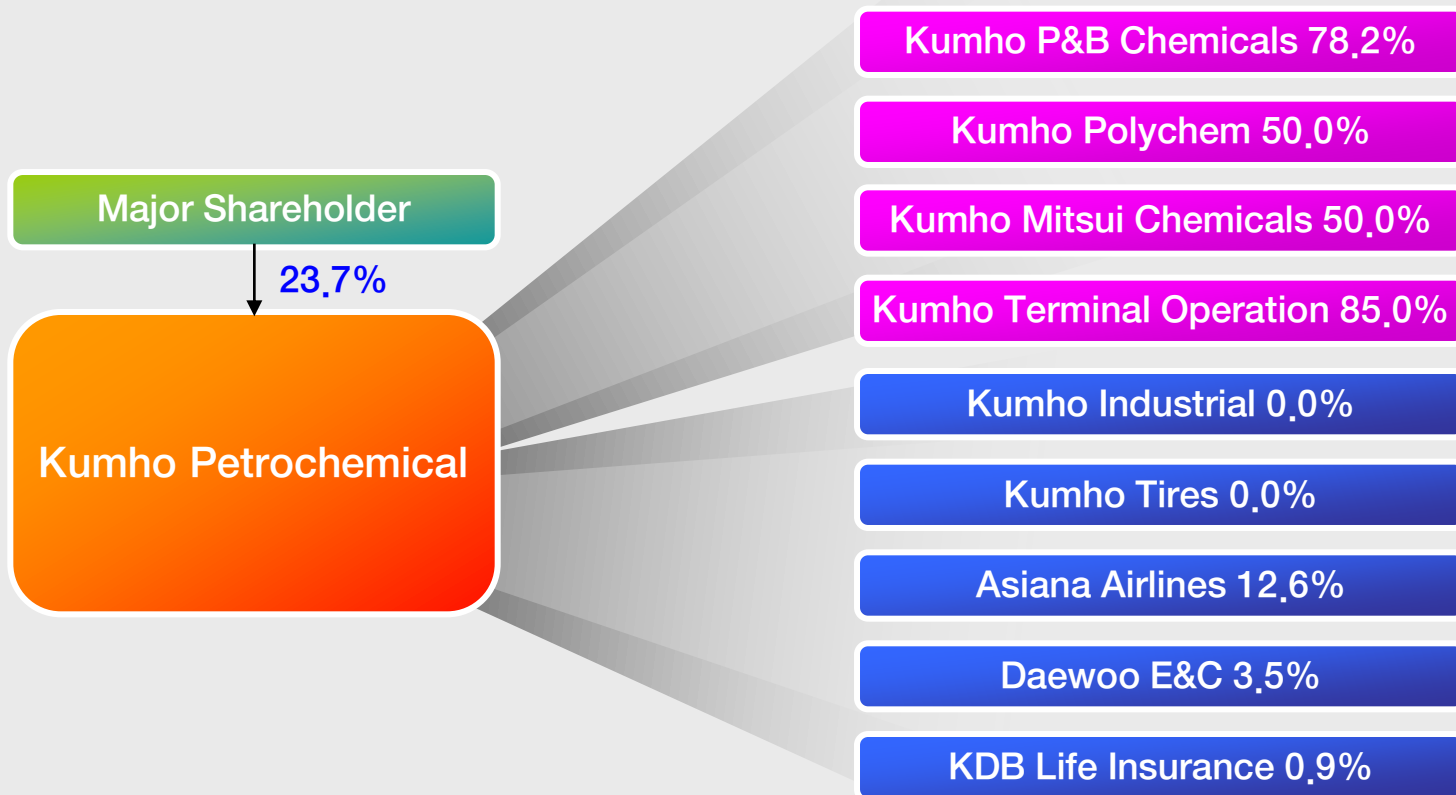


Sales Share by Application



Investments in affiliates

※ As of 30 June 2012,
Based on common shares



Q & A