



INVESTOR RELATIONS

2009 3Q

- 3Q, 2009 Review
- Main Business Activities
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- Appendices

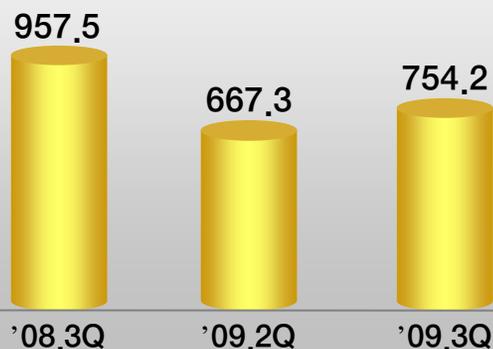
3Q, 2009 Overview

Sales & Operating Income

- Sales rose 13.0% to KRW 754.2 billion, operating income decreased 32.9% to KRW 36.9 billion.
- Sales volume boosted by increasing demand, profitability decreased by sharp price increases for BD.

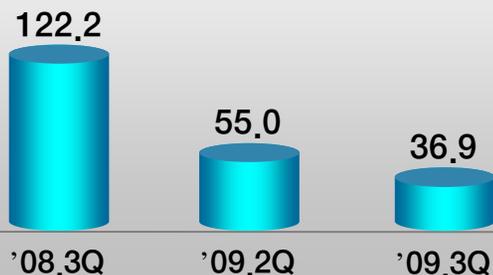
Sales

Unit:KRW billion



Operating Income

Unit:KRW billion



3Q, 2009 Performance

(Unit:KRW billion)

| | '09,3Q | '09,2Q | '08,3Q | Change Rate | |
|---|--------|--------|--------|-------------|--------|
| | | | | QoQ | YoY |
| S a l e s | 754.2 | 667.3 | 957.5 | 13.0% | -21.2% |
| [Syn. Rubbers] | 391.9 | 345.1 | 597.1 | 13.6% | -34.4% |
| [Syn. Resins] | 277.3 | 256.6 | 278.5 | 8.1% | -0.4% |
| [O t h e r s] | 85.0 | 65.6 | 81.9 | 29.6% | 3.8% |
| Operating Income | 36.9 | 55.0 | 122.2 | -32.9% | -69.8% |
| [%] | 4.9 | 8.2 | 12.8 | -3.3p | -7.9p |
| Income Before Income Taxes | -36.6 | -1.8 | 114.0 | - | - |
| Net Income | -39.8 | -12.8 | 89.0 | - | - |
| Gain/Loss on Valuation of Equity Method Investments | -49.0 | -27.6 | 2.1 | - | - |

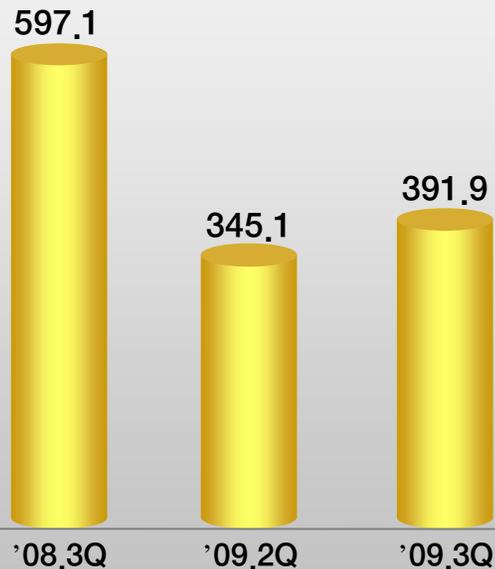
Performance Results for Synthetic Rubbers

Synthetic Rubbers

- Sales increased 13.6% to KRW 391.9 billion (52.0% in total Sales).
- Decrease of profitability as a result of the spread deduction between main material BD price and product price in 3Q.

Sales

Unit:KRW billion



Performance Analysis

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

(Unit:USD/Ton)

| | '09.04 | '09.05 | '09.06 | '09.07 | '09.08 | '09.09 |
|------------|--------|--------|--------|--------|--------|--------|
| Asia | 703 | 704 | 823 | 1,139 | 1,516 | 1,669 |
| N. America | 436 | 489 | 714 | 1,151 | 1,430 | 1,775 |
| Europe | 387 | 478 | 586 | 1,019 | 1,294 | 1,516 |

- Reduced margin in Synthetic Rubbers

- Sales volume boosted by increasing demand in China, profitability dropped by sharp price increases for BD

(Unit:USD/Ton)

| | '09.04 | '09.05 | '09.06 | '09.07 | '09.08 | '09.09 |
|-----|--------|--------|--------|--------|--------|--------|
| SBR | 1,250 | 1,277 | 1,310 | 1,400 | 1,666 | 1,813 |
| BR | 1,350 | 1,344 | 1,432 | 1,550 | 1,838 | 2,050 |

* Source: ICIS 2009

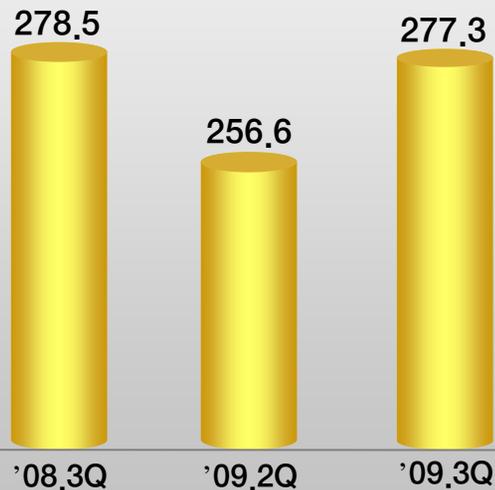
Performance Results for Synthetic Resins

Synthetic Resins

- Sales increased 8.1% to KRW 277.3 billion (36.7% in total Sales).
- Selling price increases steadily boosted profitability, closely tracking seasonal demand and rising SM price.

Sales

Unit:KRW billion



Performance Analysis

- SM price slightly increase due to :
 - Increased demand due to operating ratio rising of Downstreams
 - SM price changes

(Unit:USD/Ton, CFR China)

| | '09.04 | '09.05 | '09.06 | '09.07 | '09.08 | '09.09 |
|----|--------|--------|--------|--------|--------|--------|
| SM | 990 | 905 | 1,035 | 1,081 | 1,143 | 1,040 |

- Synthetic Resin price advance due to :
 - Seasonal peak entry, special procurements of Chuseok
 - Continuously reflects of feedstocks(BD/AN) price advance

(Unit:USD/Ton)

| | '09.04 | '09.05 | '09.06 | '09.07 | '09.08 | '09.09 |
|-----|--------|--------|--------|--------|--------|--------|
| PS | 1,094 | 957 | 1,085 | 1,171 | 1,229 | 1,203 |
| ABS | 1,460 | 1,326 | 1,373 | 1,408 | 1,501 | 1,500 |

* Source: PLATTS 2009

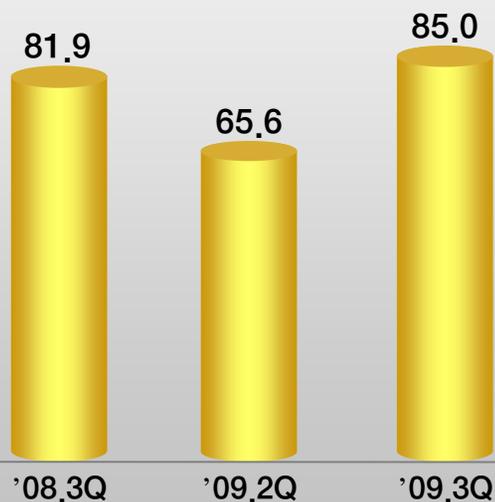
Performance Results for Others

Others

- Sales increased 29.6% to KRW 85.0 billion (11.3% in total Sales).
- Special chemicals business was dropped in profitability because of both major rises in feedstock's price and depression market.
- Combined heat and power business faced sales grow as steam prices rose.

Sales

Unit:KRW billion



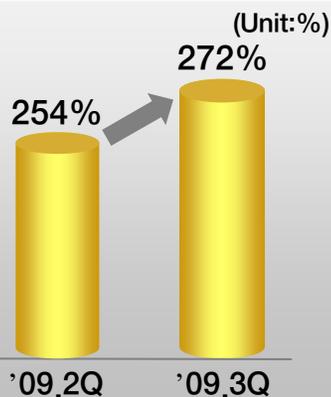
Performance Analysis

- Specialty Chemicals
 - In spite of rising prices for 4-ADPA, selling prices was decreased with falling demand for 6PPD market
 - Lower sales brought to raise cost competitiveness to improve products in China
- Combined Heat & Power Plants
 - Sales and operating income grew on higher demand for steam and steam price hikes amid rising the oil price

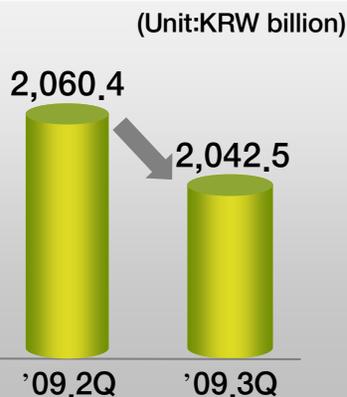
Financial Highlights

- Foreign currency-denominated decreased by both falling of exchange rate and continuous dropping short-term debt.
- Interest coverage ratio reduced by decreased operating income and increased net interest expense.

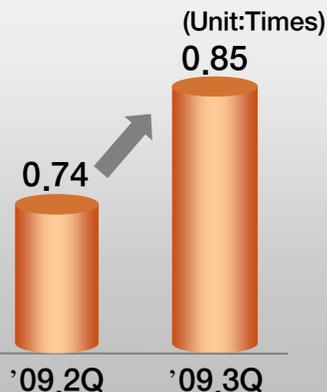
Debt to Equity Ratio



Borrowings



Asset Turnover Ratio



Interest Coverage Ratio



| | Unit | '09,3Q | '09,2Q | '08,4Q | Change Rate | |
|------------------------------|----------|---------|---------|---------|-------------|--------|
| | | | | | QoQ | YoY |
| Assets | KRW bil. | 3,542.0 | 3,588.6 | 3,714.8 | -1.3% | -4.7% |
| Liabilities | KRW bil. | 2,575.8 | 2,575.1 | 2,551.7 | -0.1% | 0.9% |
| Shareholders' Equity | KRW bil. | 948.2 | 1,013.5 | 1,163.1 | -6.4% | -18.5% |
| Debt to Equity Ratio | % | 272 | 254 | 219 | 18p | 53p |
| Borrowings | | 2,042.5 | 2,060.4 | 1,971.5 | -0.9% | 3.6% |
| Won-denominated | KRW bil. | 1,747.5 | 1,732.4 | 1,672.0 | 0.9% | 4.5% |
| Foreign currency-denominated | | 295.0 | 328.0 | 299.5 | -10.1% | -1.5% |
| Asset Turnover Ratio | Times | 0.85 | 0.74 | 0.97 | 14.9% | -12.4% |
| Interest Coverage Ratio | Fold | 1.28 | 2.24 | 3.26 | -42.9% | -60.7% |

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

● Synthetic Rubbers

- Production cuts by tire makers will increase for synthetic rubbers demand as operating ratio will also improve.
- Reasonably priced supply of BD feedstock is a key to profitability for 4Q.
- BD prices are forecast to fall as expansion plants in China downstream demand slows.

● Synthetic Resins

- Focus on maximizing cash flow among both internal electronic appliances and automobile markets.
- Expect that SM price will be dropped slightly as Middle east and Chinese makers will access to Asian market.
- Focusing on boosting profitability by developing value-added and high-margin products.

● Others

- Specialty Chemicals
 - Forecast on increasing sales through supply by Big Tire makers with quality approval and business expansion of original producers.
- Combined Heat & Power Plants
 - Anticipate to maximize profitability by major rises on sales price of electronic alliances for winter.

Income Statement

(Unit:KRW billion)

| | 2009 | | | 2008 | | | Change | |
|---------------------------------------|---------------|--------------|---------------------------|--------------|--------------|---------------------------|---------------|----------------|
| | 1H (A) | 3Q (B) | 1Q~3Q Total (C=A+B) | 1H (D) | 3Q (E) | 1Q~3Q Total (F=D+E) | YoY (C-F) | |
| | | | | | | | Cost | Rate |
| Sales | 1,251.7 | 754.2 | 2,005.9 | 1,477.0 | 957.5 | 2,434.5 | -428.6 | -17.6% |
| Operating Income | 57.0 | 36.9 | 93.9 | 155.0 | 122.2 | 277.2 | -183.3 | -66.1% |
| <i>(Operating Margin)</i> | <i>4.6%</i> | <i>4.9%</i> | <i>4.7%</i> | <i>10.5%</i> | <i>12.8%</i> | <i>11.4%</i> | | <i>-6.7%p</i> |
| <i>Net Interest Expense</i> | <i>48.2</i> | <i>28.9</i> | <i>77.1</i> | <i>42.5</i> | <i>20.4</i> | <i>62.9</i> | <i>14.2</i> | <i>22.6%</i> |
| <i>Equity in Income of Affiliates</i> | <i>-169.4</i> | <i>-49.0</i> | <i>-218.4</i> | <i>-10.0</i> | <i>2.1</i> | <i>-7.9</i> | <i>-210.5</i> | <i>-</i> |
| Ordinary Income before Taxes | -173.3 | -36.6 | -209.9 | 108.2 | 114.0 | 222.2 | -432.1 | - |
| <i>(Ordinary Income Margin)</i> | <i>-13.8%</i> | <i>-4.8%</i> | <i>-10.5%</i> | <i>7.3%</i> | <i>11.9%</i> | <i>9.1%</i> | | <i>-19.6%p</i> |
| Net Income | -150.8 | -39.8 | -190.6 | 82.3 | 89.0 | 171.3 | -361.9 | - |
| <i>(Net Income Margin)</i> | <i>-12.0%</i> | <i>-5.3%</i> | <i>-9.5%</i> | <i>5.6%</i> | <i>9.3%</i> | <i>7.0%</i> | | <i>-16.5%p</i> |

Balance Sheet

(Unit:KRW billion)

| | '09.3Q | '09.2Q | '08.4Q | Change Cost | |
|--------------------------------------|----------------|----------------|----------------|--------------|---------------|
| | | | | QoQ | YoY |
| 1. Current Assets | 680.5 | 667.6 | 783.3 | 12.9 | -102.8 |
| - Cash | 69.5 | 80.5 | 12.1 | -11.0 | 57.4 |
| 2. Non-Current Assets | 2,843.5 | 2,921.0 | 2,931.5 | -77.5 | -88.0 |
| Total Assets | 3,524.0 | 3,588.6 | 3,714.8 | -64.6 | -190.8 |
| 1. Current Liabilities | 1,621.0 | 1,449.0 | 1,117.0 | 172.0 | 504.0 |
| 2. Non-Current Liabilities | 954.8 | 1,126.1 | 1,434.7 | -171.3 | -479.9 |
| ■ Interest Bearing Liabilities | 2,042.5 | 2,060.4 | 1,971.5 | -17.9 | 71.0 |
| - Short-Term Debts | 1,214.8 | 1,052.5 | 661.1 | 162.3 | 553.7 |
| - Long-Term Debts | 827.7 | 1,007.9 | 1,310.4 | -180.2 | -482.7 |
| ■ Non-Interest Bearing Liabilities | 533.3 | 514.7 | 580.2 | 18.6 | -46.9 |
| Total Liabilities | 2,575.8 | 2,575.1 | 2,551.7 | -0.7 | 24.1 |
| 1. Common & Preferred Stock | 142.2 | 142.2 | 142.2 | - | - |
| Total Shareholder Equity | 948.2 | 1,013.5 | 1,163.1 | -65.3 | -214.9 |
| Net Debt Ratio | 56.0% | 55.2% | 52.7% | 0.8%p | 3.3%p |
| Long-Term Debts to Total Debts Ratio | 40.5% | 48.9% | 66.5% | -8.4%p | -26.0%p |
| Current Ratio | 42.0% | 46.1% | 70.1% | -4.1%p | -28.1%p |
| Total Liabilities to Equity Ratio | 271.7% | 254.1% | 219.4% | 20.6%p | 52.3%p |

Cash Flow

(Unit:KRW billion)

| | '09.3Q | '09.2Q | '08.3Q | Change Cost | |
|-------------------------------------|--------|--------|--------|-------------|--------|
| | | | | QoQ | YoY |
| Cash flow from operating activities | 111.5 | 119.4 | -12.4 | -7.9 | 123.9 |
| - Ordinary profit before taxes | -39.8 | -12.8 | 89.0 | -27.0 | -128.8 |
| - Depreciation/Retirement allowance | 30.7 | 27.0 | 20.5 | 3.7 | 10.2 |
| - Others | 120.6 | 105.2 | -121.9 | 15.4 | 242.5 |
| Cash flow from investing activities | -126.8 | -138.6 | -100.6 | 11.8 | -26.2 |
| - Tangible assets | -119.8 | -75.6 | -130.7 | -44.2 | 10.9 |
| - Others | -7.0 | -62.9 | 30.1 | 55.9 | -37.1 |
| Cash flow from financing activities | 4.3 | 39.1 | 142.4 | -34.8 | -138.1 |
| - Borrowings | 4.3 | 55.2 | 142.3 | -50.9 | -138.0 |
| - Treasury stock/Dividends | - | -17.3 | - | 17.3 | - |
| - Others | - | 1.2 | 0.1 | -1.2 | -0.1 |
| Net Cash Flow | -11.0 | 19.9 | 29.4 | -30.9 | -40.4 |

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), Sept, 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 Generation | 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 | | |

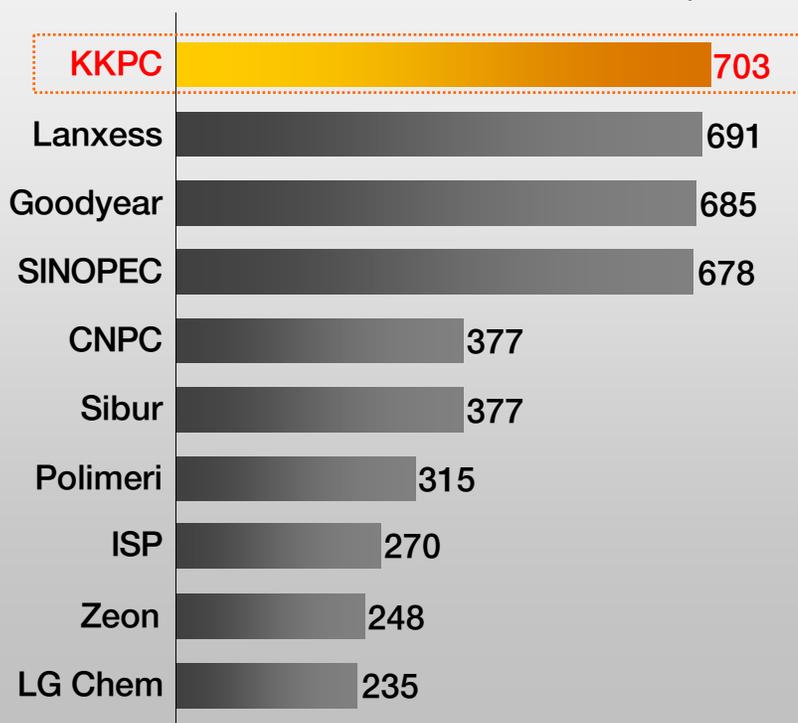
Market Position

Synthetic Rubbers & Specialty Chemicals

- **Synthetic Rubbers** : In April 2009, KKPC completed a 110K-ton expansion of SBR raising to an industry-leading and moving share of global market into over 10%.
- **Specialty Chemicals** : In September 2008, KKPC wrapped up a 26K-ton expansion of 6PPD boosting capacity to an industry-high.

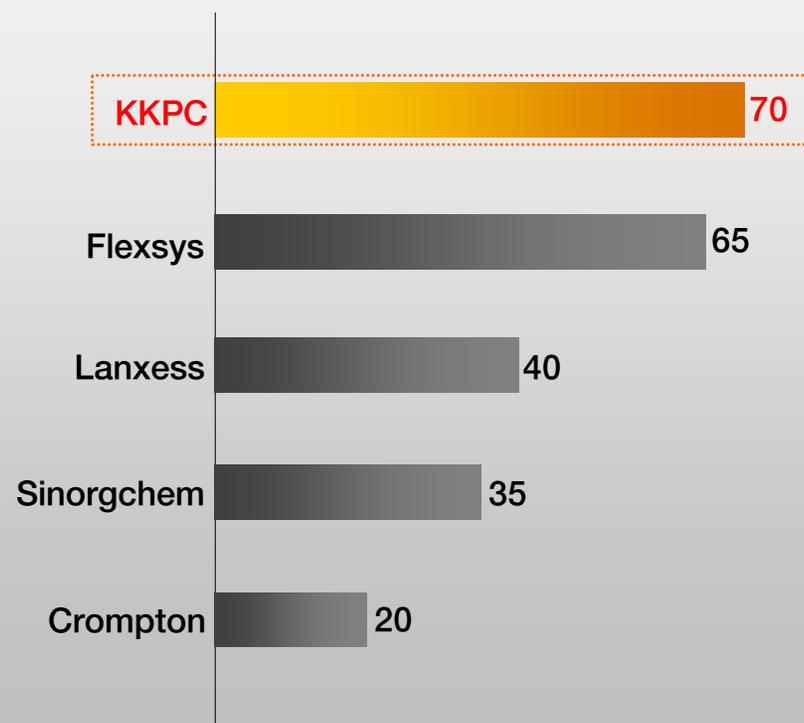
Capa. of Synthetic Rubbers (May 2009)

Unit:'000 MT
SBR/BR based



Capa. Of Specialty Chemicals (Sept. 2008)

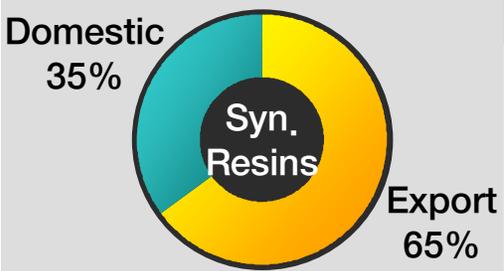
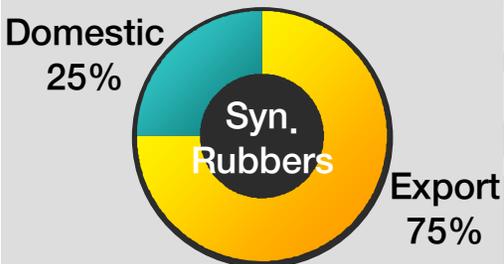
Unit:'000 MT
6PPD based



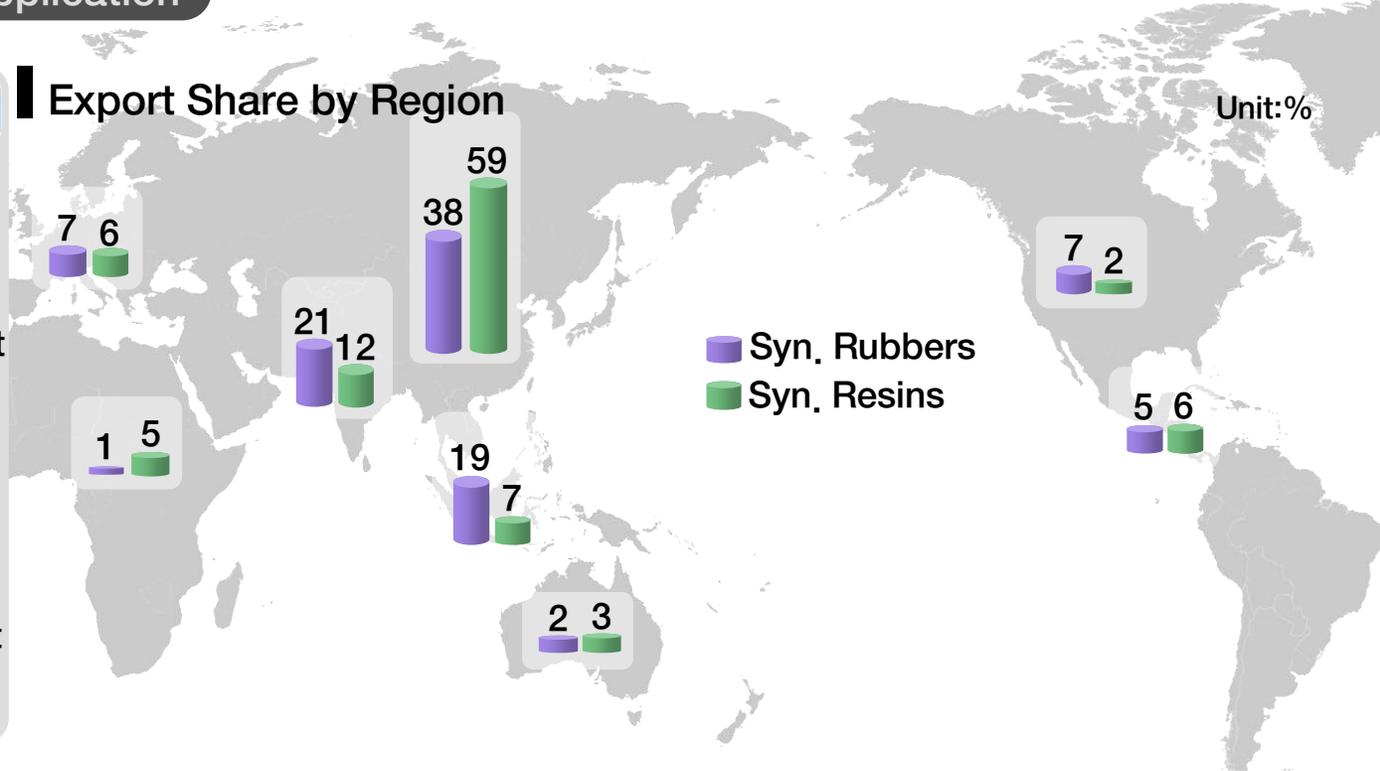
Sales Status

Sales by Region & Application

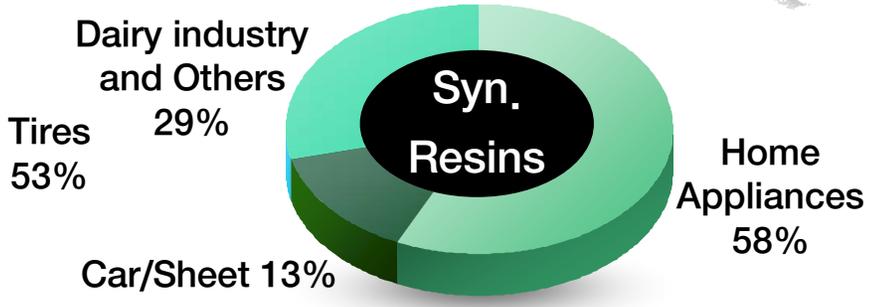
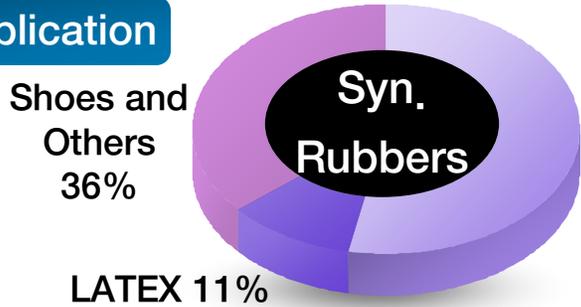
'09.3Q Sales Breakdown



Export Share by Region

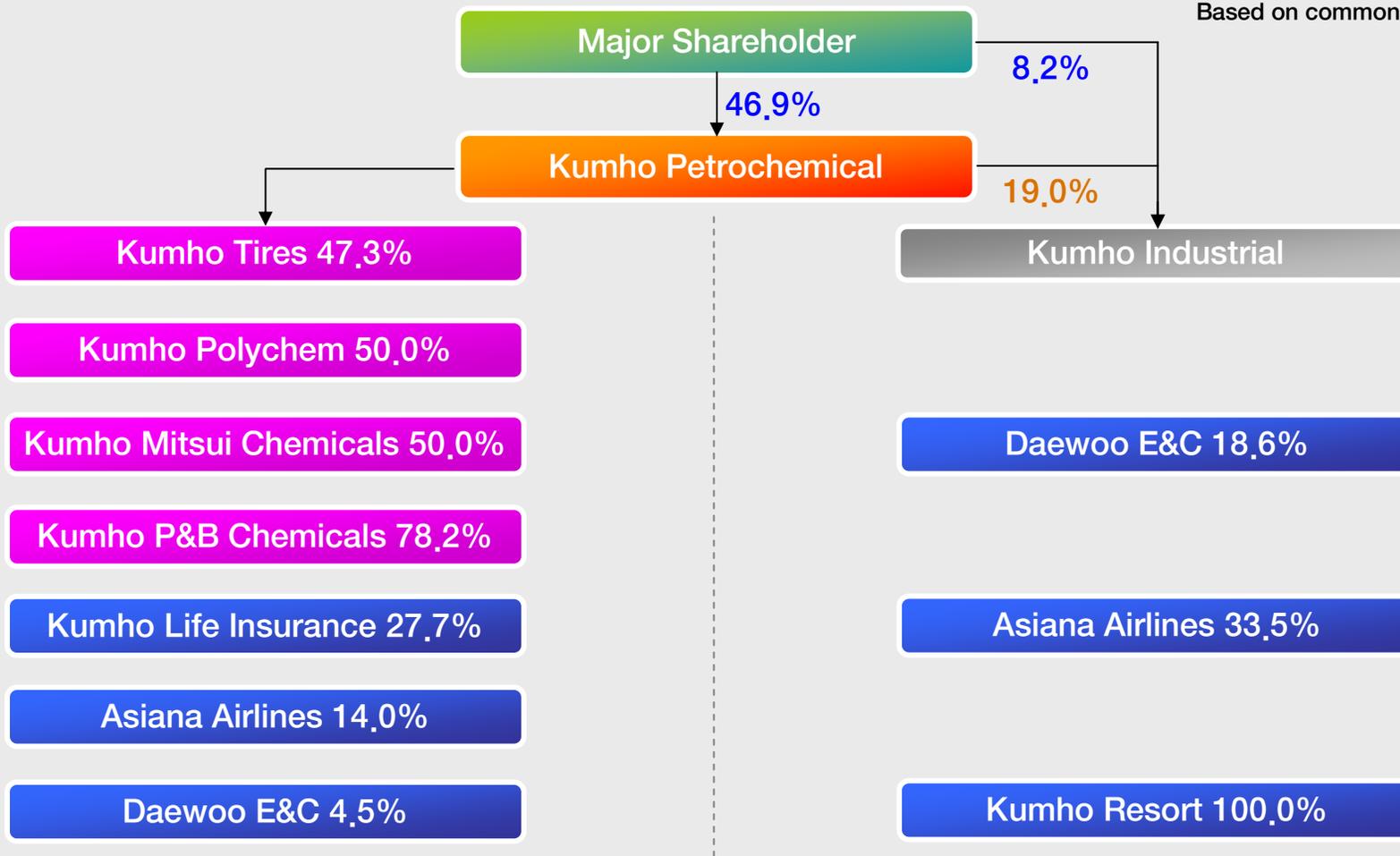


Sales Share by Application



Ownership Structure

※ As of 02 Nov. 2009,
Based on common shares



Q & A