



INVESTOR RELATIONS

2010 1Q

- 1Q, 2010 Review
- 2Q, 2010 Outlook
- Appendices



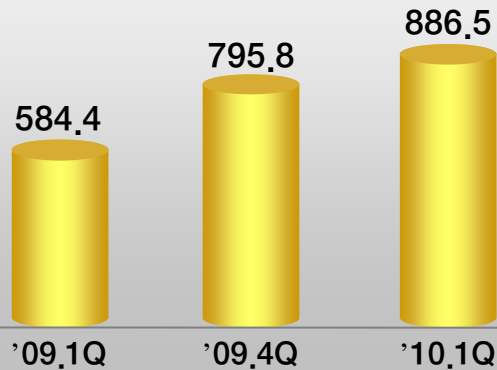
1Q, 2010 Overview

Sales & Operating Income

- Sales rose 11.4% to KRW 886.5 billion and operating income up 192.8% to KRW 65.0 billion.

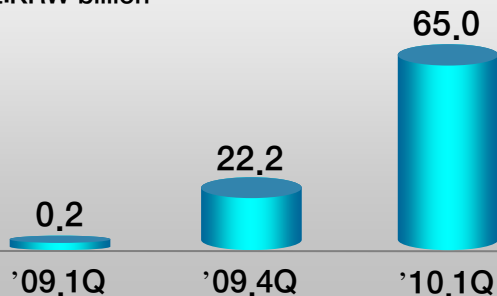
Sales

Unit:KRW billion



Operating Income

Unit:KRW billion



1Q, 2010 Performance

(Unit:KRW billion)

| | '10.1Q | '09.4Q | '09.1Q | Change Rate | |
|---|--------|--------|--------|-------------|---------|
| | | | | QoQ | YoY |
| S a l e s | 886.5 | 795.8 | 584.4 | 11.4% | 51.7% |
| [Syn. Rubbers] | 497.9 | 437.4 | 304.4 | 13.8% | 63.6% |
| [Syn. Resins] | 288.4 | 258.9 | 217.5 | 11.4% | 32.6% |
| [O t h e r s] | 100.2 | 99.5 | 62.5 | 0.7% | 60.3% |
| Operating Income | 65.0 | 22.2 | 0.2 | 192.8% | 3150.0% |
| [%] | 7.3 | 2.8 | 0.3 | - | - |
| Income before Income Taxes | 104.2 | -632.0 | -171.5 | - | - |
| Net Income | 84.1 | -424.2 | -138.0 | - | - |
| Gain/Loss on Valuation of Equity Method Investments | 13.4 | -515.1 | -141.8 | - | - |

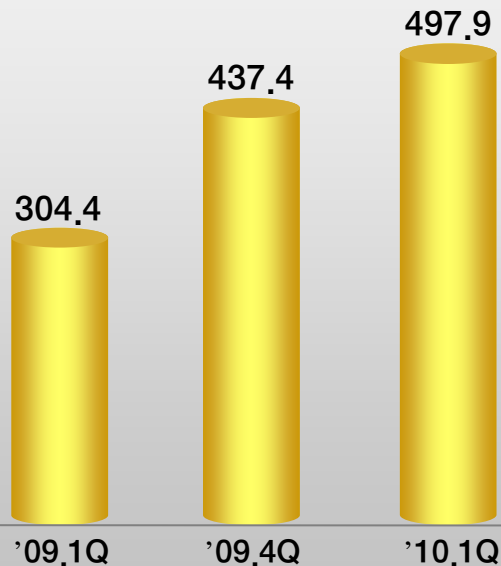
Performance Results for Synthetic Rubbers

Synthetic Rubbers

- Sales increased 13.8% to KRW 497.9 billion(56.2% in total Sales).
- Improvement profitability is based on selling price hikes by a combination of increasing demand of tire makers and Natural Rubber/BD price rising.

Sales

Unit:KRW billion



Performance Analysis

- BD price advance due to :
 - Trouble and Annual S/D of some NCC and BD makers
 - Growing demand of Downstream(Synthetic Rubber/ABS)
- BD price changes by region

(Unit:USD/Ton)

| | '09.10 | '09.11 | '09.12 | '10.01 | '10.02 | '10.03 |
|------------|--------|--------|--------|--------|--------|--------|
| Asia | 1,422 | 1,361 | 1,606 | 1,875 | 1,813 | 1,932 |
| N. America | 1,664 | 1,419 | 1,301 | 1,510 | 1,871 | 2,188 |
| Europe | 1,509 | 1,383 | 1,346 | 1,398 | 1,638 | 1,894 |

- Synthetic Rubber price advance due to :
 - Increasing operating ratio of tire makers and growing demand of China market
 - Selling price hikes due to N/R and BD price rising

(Unit:USD/Ton)

| | '09.10 | '09.11 | '09.12 | '10.01 | '10.02 | '10.03 |
|-----|--------|--------|--------|--------|--------|--------|
| SBR | 1,773 | 1,640 | 1,782 | 2,016 | 2,006 | 2,089 |
| BR | 2,028 | 1,900 | 2,025 | 2,444 | 2,494 | 2,625 |

* Source: ICIS/PLATTS 2009, 2010

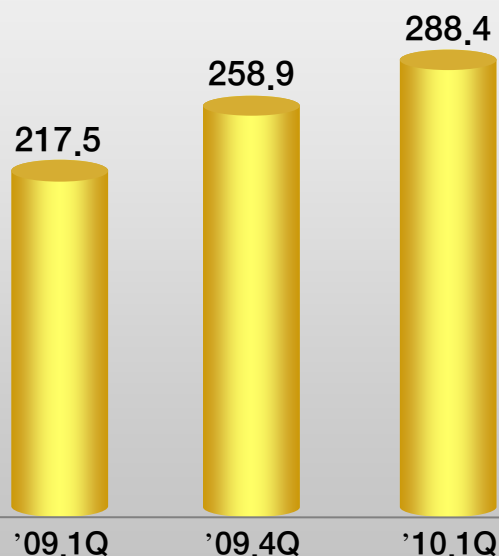
Performance Results for Synthetic Resins

Synthetic Resins

- Sales increased 11.4% to 288.4 billion(32.5% in total Sales).
- Improvement profitability is based on selling price hikes by a combination of increasing demand of downstream and feedstock prices rising.

Sales

Unit:KRW billion



Performance Analysis

- SM price drop and adjust due to :
 - Operation of new plant in China
- SM price changes

(Unit:USD/Ton, CFR China)

| | '09.10 | '09.11 | '09.12 | '10.01 | '10.02 | '10.03 |
|----|--------|--------|--------|--------|--------|--------|
| SM | 997 | 1,086 | 1,197 | 1,297 | 1,295 | 1,250 |

- Synthetic Resin price advance due to :
 - Increasing demand of Downstream(Home appliances/Cars)
 - ABS-centered selling price hikes due to feedstock prices rising

(Unit:USD/Ton)

| | '09.10 | '09.11 | '09.12 | '10.01 | '10.02 | '10.03 |
|-----|--------|--------|--------|--------|--------|--------|
| PS | 1,115 | 1,159 | 1,237 | 1,425 | 1,426 | 1,376 |
| ABS | 1,417 | 1,464 | 1,543 | 1,769 | 1,827 | 1,871 |

* Source: PLATTS 2009, 2010

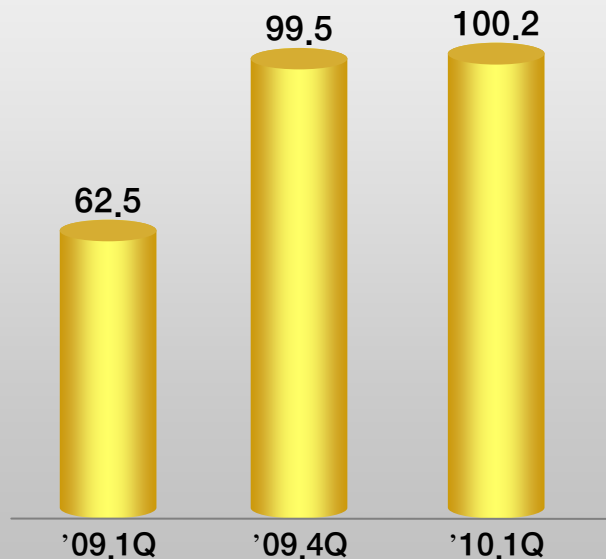
Performance Results for Others

Others

- Sales increased 0.7% to KRW 100.2 billion(11.3% in total Sales).
- Specialty Chemicals : Demand grew due to increasing operating ratio of tire makers, selling prices increased restrictively
- Combined Heat & Power Plants : Sales and operating income grew on higher demand for steam and electricity price hikes amid in winter.

Sales

Unit:KRW billion



Performance Analysis

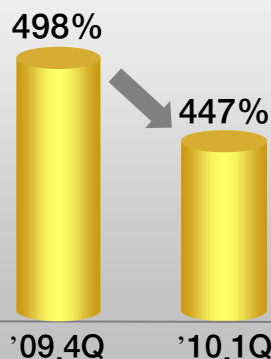
- Specialty Chemicals
 - Demand for 6PPD grew due to increasing operating ratio of tire makers.
 - Selling prices increased restrictively by cost competition.
- Combined Heat & Power Plants
 - Sales grew on higher demand for steam by increasing users' operating ratio.
 - Sales and operating income were improved due to electricity price hikes amid in winter and reducing manufacturing costs.

Financial Highlights

- Borrowings decreased by both repaying long-term debt and falling of exchange rate.
- Asset turnover ratio and interest coverage ratio both improved on increased sales and operating income.

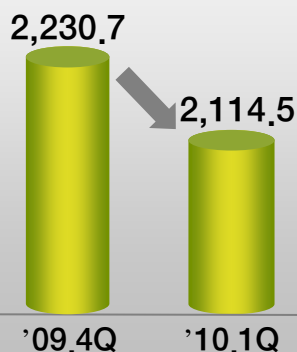
Debt to Equity Ratio

(Unit:%)



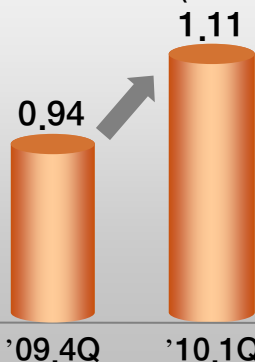
Borrowings

(Unit:KRW billion)



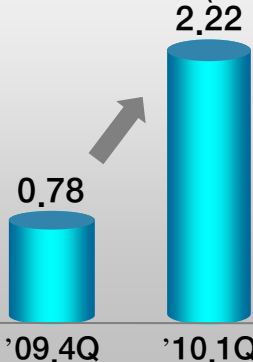
Asset Turnover Ratio

(Unit:Times)



Interest Coverage Ratio

(Unit:Fold)



| | Unit | '10.1Q | '09.4Q | '09.1Q | Change Rate | |
|------------------------------|----------|---------|---------|---------|-------------|---------|
| | | | | | QoQ | YoY |
| Assets | KRW bil. | 3,165.6 | 3,199.9 | 3,607.2 | -1.1% | -12.2% |
| Liabilities | KRW bil. | 2,586.8 | 2,664.8 | 2,556.1 | -2.9% | 1.2% |
| Shareholders' Equity | KRW bil. | 578.8 | 535.1 | 1,051.1 | 8.2% | -44.9% |
| Debt to Equity Ratio | % | 447 | 498 | 243 | - | - |
| Borrowings | | 2,114.5 | 2,230.7 | 2,018.1 | -5.2% | 4.8% |
| Won-denominated | KRW bil. | 1,785.3 | 1,897.0 | 1,726.4 | -5.9% | 3.4% |
| Foreign currency-denominated | | 329.2 | 333.7 | 291.7 | -1.3% | 12.9% |
| Asset Turnover Ratio | Times | 1.11 | 0.94 | 0.64 | 18.1% | 73.4% |
| Interest Coverage Ratio | Fold | 2.22 | 0.78 | 0.08 | 184.6% | 2675.0% |

Outlook

● Synthetic Rubbers

- Demand of synthetic rubbers will increase
 - Operating ratio rising of tire makers in China and India
 - Economic recovery in N. America and Europe
- Reasonably priced supply of BD feedstock is a key to profitability for 2Q.
- BD price will maintained strongly due to increasing demand of Downstream

● Synthetic Resins

- Expecting improvement on sales through closely tracking seasonal demand and special influenced by Shanghai EXPO / 2010 World Cup.
- SM price is forecast to steady as new supply of China(CSPC/ZRCC).
- Profitability will improve through selling price rising continuously due to raw materials price rising and focusing sales of high value-added products.

● 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
 - Profitability is forecasted to continue for 2Q due to increasing demand of steam and electricity price

Income Statement

(Unit:KRW billion)

| | '10.1Q | '09.4Q | '09.1Q | Change | | | |
|--|--------------|---------------|---------------|---------------|-------------|---------------|--------------|
| | | | | QoQ | | YoY | |
| | | | | Cost | Rate | Cost | Rate |
| Sales | 886.5 | 795.8 | 584.4 | 90.7 | 11.4% | 302.1 | 51.7% |
| Operating Income | 65.0 | 22.2 | 0.2 | 42.8 | 192.8% | 63.0 | 3150.0% |
| <i>(Operating Margin)</i> | <i>7.3%</i> | <i>2.8%</i> | <i>0.3%</i> | <i>4.5%p</i> | - | <i>7.0%p</i> | - |
| <i>Net Interest Expense</i> | <i>29.2</i> | <i>28.5</i> | <i>23.6</i> | <i>0.7</i> | <i>2.5%</i> | <i>5.6</i> | <i>23.7%</i> |
| <i>Gain/Loss on Valuation of Equity Method Investments</i> | <i>13.4</i> | <i>-515.1</i> | <i>-141.8</i> | <i>528.5</i> | - | <i>155.2</i> | - |
| Income before Income Taxes | 104.2 | -632.0 | -171.5 | 736.2 | - | 275.7 | - |
| <i>(Ordinary Income Margin)</i> | <i>11.8%</i> | <i>-79.4%</i> | <i>-29.3%</i> | <i>91.2%p</i> | - | <i>41.1%p</i> | - |
| Net Income | 84.1 | -424.2 | -138.0 | 508.3 | - | 222.1 | - |
| <i>(Net Income Margin)</i> | <i>9.5%</i> | <i>-53.3%</i> | <i>-23.6%</i> | <i>62.8%p</i> | - | <i>33.1%p</i> | - |

Balance Sheet

(Unit:KRW billion)

| | '10.1Q | '09.4Q | '09.1Q | Change | |
|--------------------------------------|---------|---------|---------|---------|--------|
| | | | | QoQ | YoY |
| 1. Current Assets | 870.9 | 775.8 | 702.0 | 95.1 | 168.9 |
| - Cash | 4.8 | 77.2 | 60.6 | -72.4 | -55.8 |
| 2. Non-Current Assets | 2,294.7 | 2,424.1 | 2,905.3 | -129.4 | -610.6 |
| Total Assets | 3,165.6 | 3,199.9 | 3,607.3 | -34.3 | -441.7 |
| 1. Current Liabilities | 2,105.6 | 2,058.8 | 1,393.8 | 46.8 | 711.8 |
| 2. Non-Current Liabilities | 481.2 | 606.0 | 1,162.3 | -124.8 | -681.1 |
| ■ Interest Bearing Liabilities | 2,114.5 | 2,230.7 | 2,018.1 | -116.2 | 96.4 |
| - Short-Term Debts | 1,664.7 | 1,645.6 | 970.5 | 19.1 | 694.2 |
| - Long-Term Debts | 449.8 | 585.1 | 1,047.6 | -135.3 | -597.8 |
| ■ Non-Interest Bearing Liabilities | 472.3 | 434.1 | 538.0 | 38.2 | -65.7 |
| Total Liabilities | 2,586.8 | 2,664.8 | 2,556.1 | -78.0 | 30.7 |
| 1. Common & Preferred Stock | 142.2 | 142.2 | 142.2 | - | - |
| Total Shareholder Equity | 578.8 | 535.1 | 1,051.2 | 43.7 | -472.4 |
| Net Debt Ratio | 66.6% | 67.3% | 54.3% | -0.7%p | 12.4% |
| Long-Term Debts to Total Debts Ratio | 21.3% | 26.2% | 51.9% | -5.0%p | -30.6% |
| Current Ratio | 41.4% | 37.7% | 50.4% | 3.7%p | -9.0% |
| Total Liabilities to Equity Ratio | 446.9% | 498.0% | 243.2% | -51.1%p | 203.8% |

Cash Flow

(Unit:KRW billion)

| | '10.1Q | '09.4Q | '09.1Q | Change Cost | |
|-------------------------------------|--------|--------|--------|-------------|--------|
| | | | | QoQ | YoY |
| Cash flow from operating activities | 26.7 | -67.3 | 116.7 | 94.0 | -90.0 |
| - Net Income | 84.1 | -424.2 | -138.0 | 508.3 | 222.1 |
| - Depreciation/Retirement allowance | 28.6 | 32.7 | 22.3 | -4.1 | 6.3 |
| - Others | -86.0 | 324.2 | 232.4 | -410.2 | -318.4 |
| Cash flow from investing activities | 9.9 | -107.1 | -95.9 | 117.0 | 105.8 |
| - Tangible assets | -19.8 | 22.4 | -90.7 | -42.2 | 70.9 |
| - Others | 29.7 | -129.5 | -5.2 | 159.2 | 34.9 |
| Cash flow from financing activities | -109.0 | 182.1 | 27.7 | -291.1 | -136.7 |
| - Borrowings | -109.0 | 182.1 | 27.7 | -291.1 | -136.7 |
| - Treasury stock/Dividends | - | - | - | - | - |
| - Others | - | - | - | - | - |
| Net Cash Flow | -72.4 | 7.7 | 48.5 | -80.1 | -120.9 |

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), End of 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 | | |

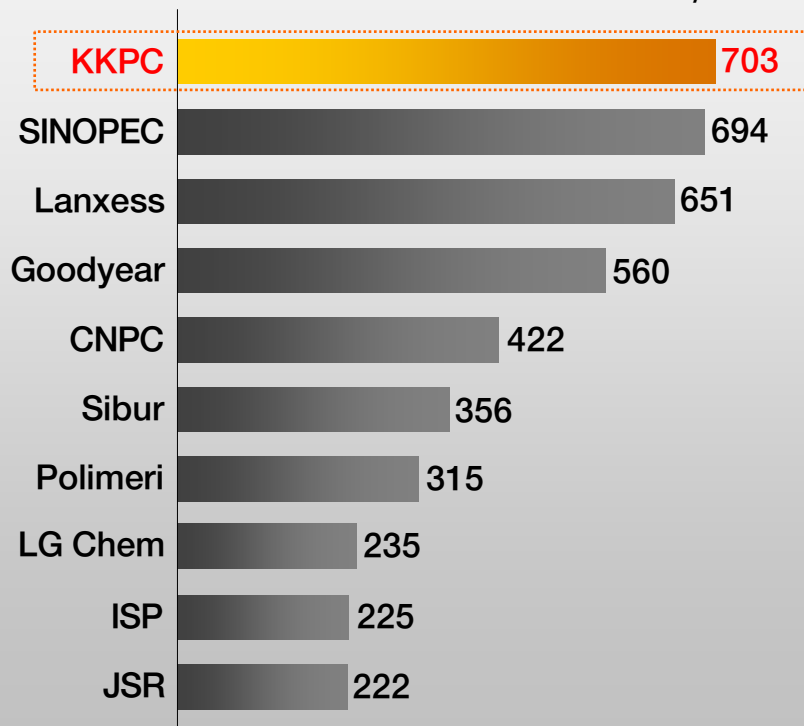
Market Position

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)

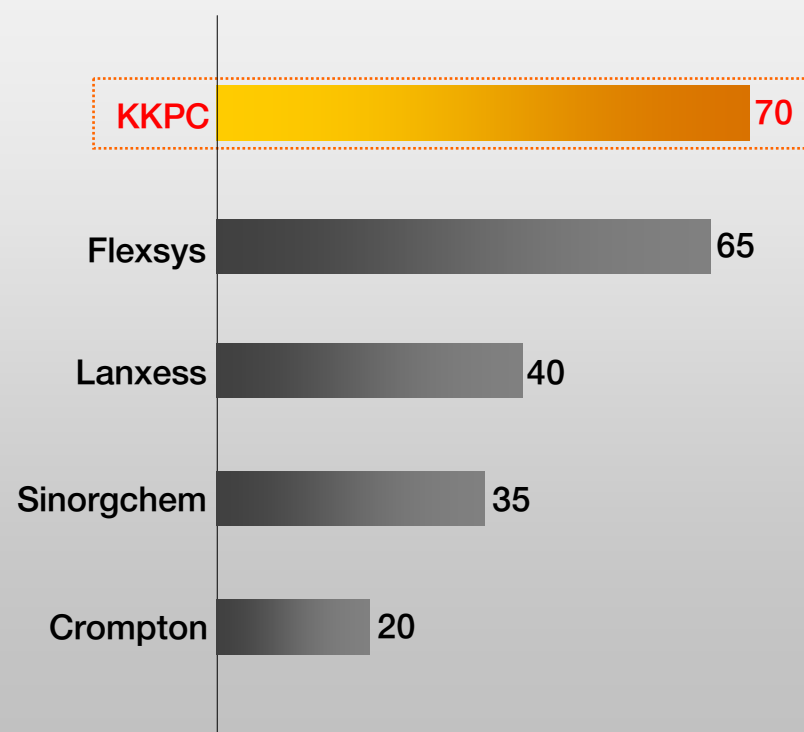
Unit:'000 MT
SBR/BR based



※ Source : IISRP 2009, except SSBR

Capa. of Specialty Chemicals (Dec. 2009)

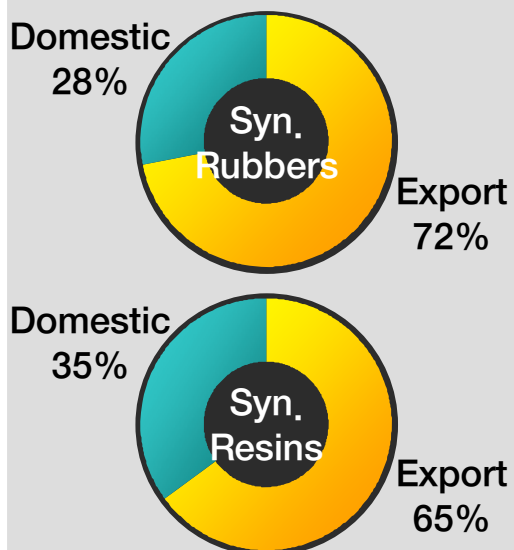
Unit:'000 MT
6PPD based



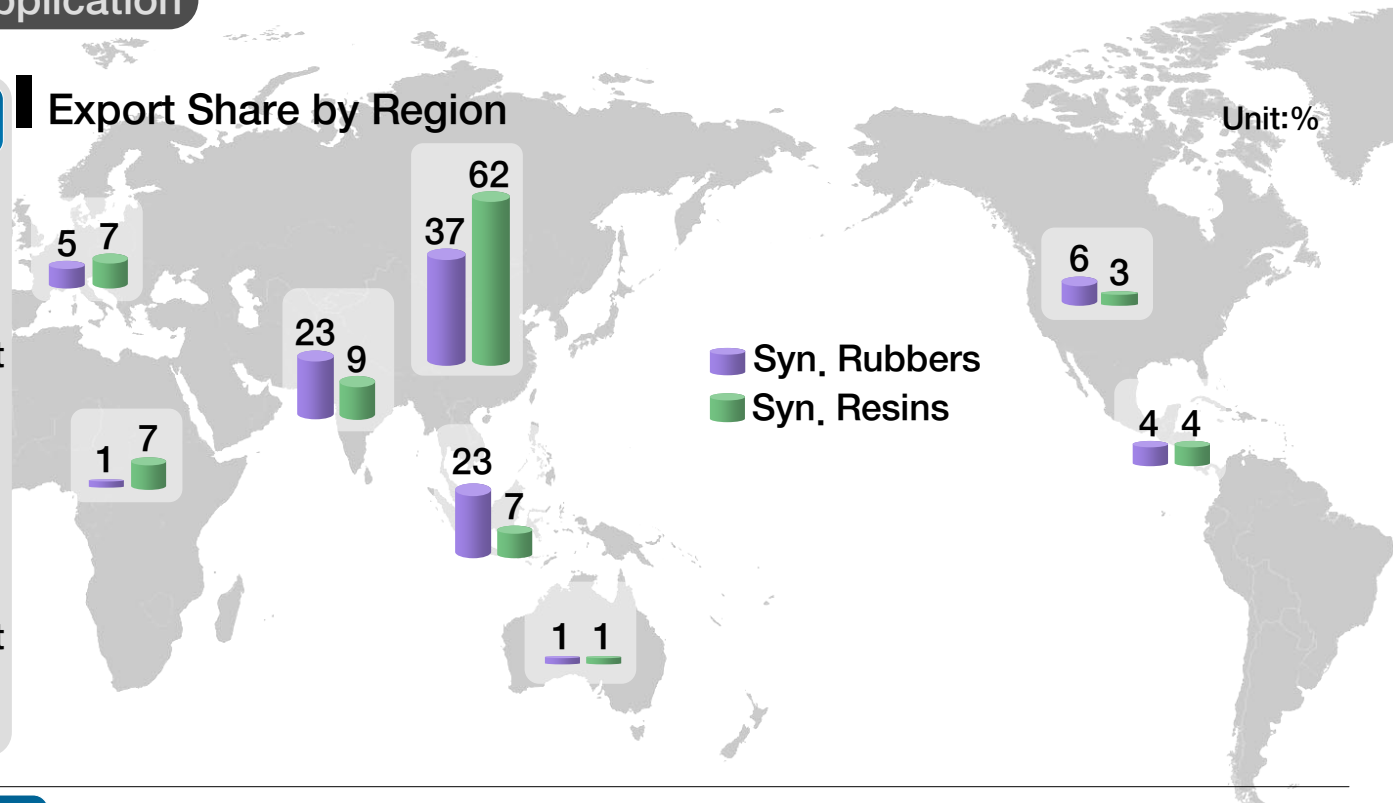
Sales Status

Sales by Region & Application

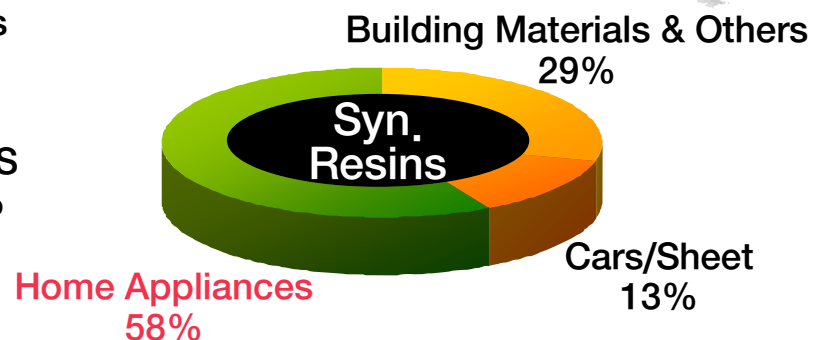
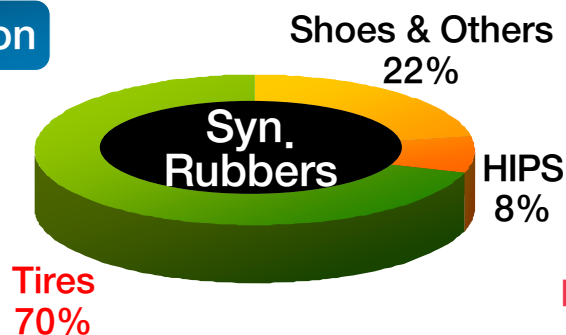
'10.1Q Sales Breakdown



Export Share by Region

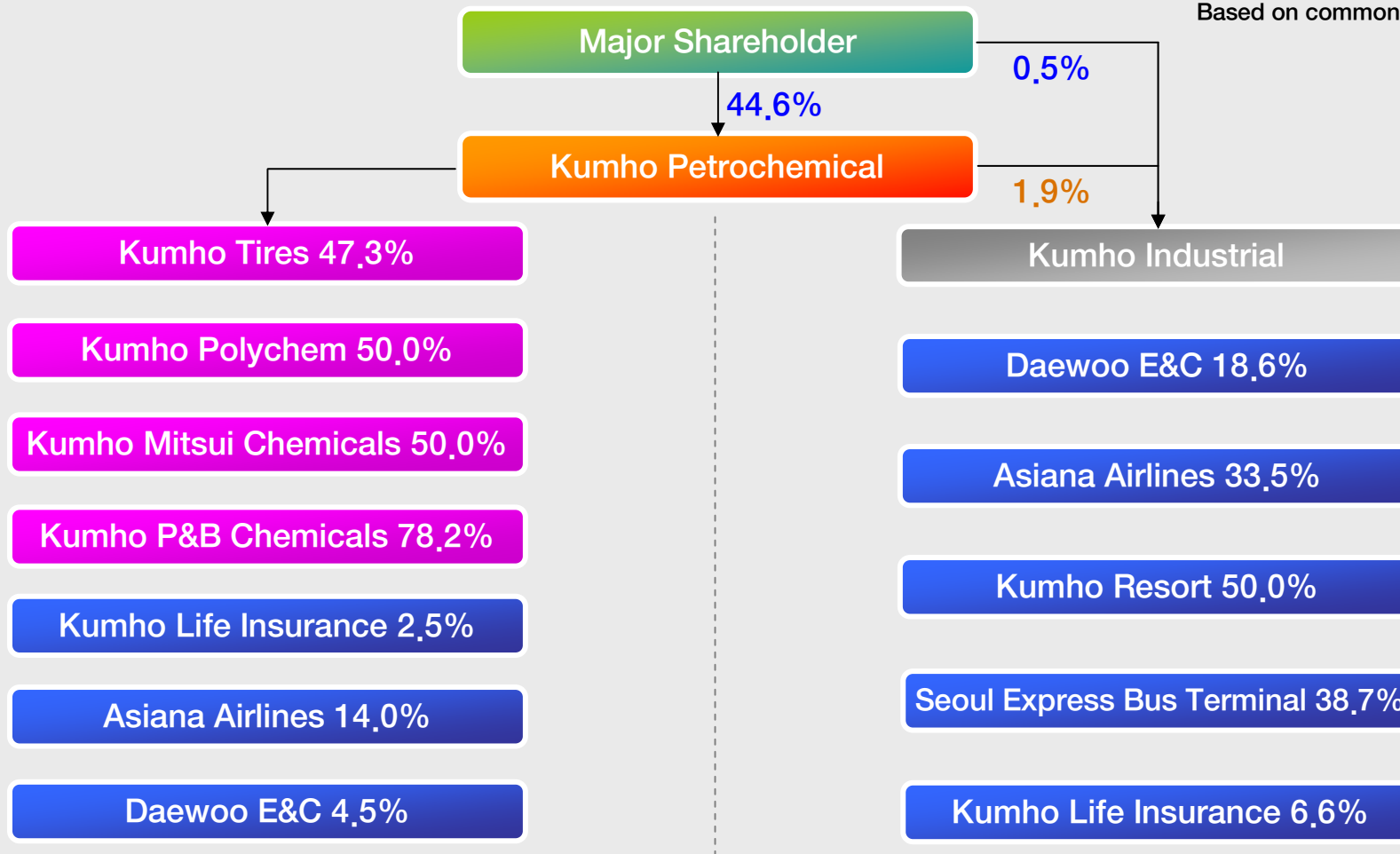


Sales Share by Application



Ownership Structure

※ As of 17 May, 2010,
Based on common shares



Q & A