

INVESTOR RELATIONS

2010 2Q

- 2Q, 2010 Review
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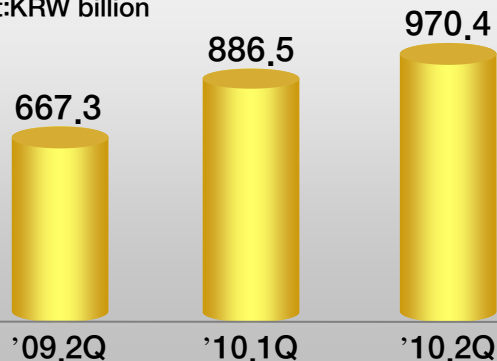
2Q, 2010 Overview

Sales & Operation Income

- Sales rose 9.5% to KRW 970.4 billion and operating income up 51.5% to KRW 98.5 billion.
- Income before income taxes decreased due to base effect of one-time gain in 1Q.

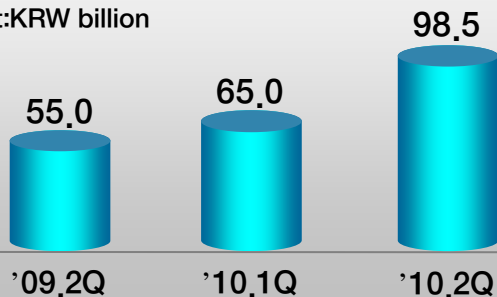
Sales

Unit:KRW billion



Operating Income

Unit:KRW billion



2Q, 2010 Performance

(Unit:KRW billion)

	'10.2Q	'10.1Q	'09.2Q	Change Rate	
				QoQ	YoY
S a l e s	970.4	886.5	667.3	9.5%	45.4%
[Syn. Rubbers]	560.9	497.9	345.1	12.7%	62.5%
[Syn. Resins]	305.2	288.4	256.6	5.8%	18.9%
[O t h e r s]	104.3	100.2	65.6	4.1%	59.0%
Operating Income	98.5	65.0	55.0	51.5%	79.1%
[%]	10.2	7.3	8.2	-	-
Income before Income Taxes	73.9	104.2	-1.8	-29.1%	-
Net Income	55.4	84.1	-12.8	-34.1%	-
Gain/Loss on Valuation of Equity Method Investments	25.9	13.4	-27.6	93.3%	-

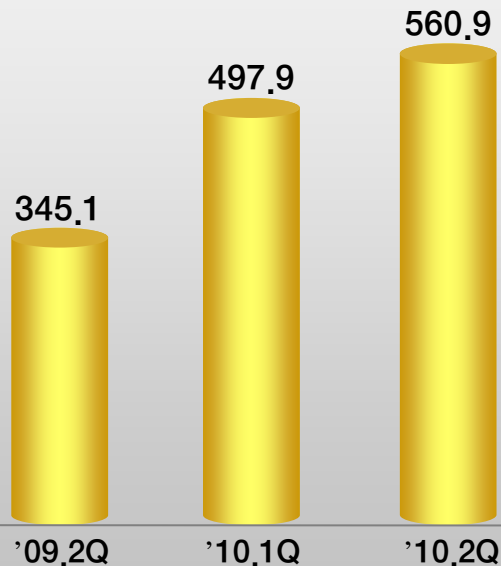
Performance Results for Synthetic Rubbers

Synthetic Rubbers

- Sales increased 12.7% to KRW 560.9 billion(57.8% in total Sales).
- Improvement profitability is based on selling price hikes by a combination of increasing operating ratio of tire makers and BD price rising.

Sales

Unit:KRW billion



Performance Analysis

- BD price advance due to :
 - BD production retardation of New Plants(Shell/Zhenhai)
 - Growing demand of Downstream(Syn. Rubber/ABS)

- BD price changes by region

(Unit:USD/Ton)

	'10.01	'10.02	'10.03	'10.04	'10.05	'10.06
Asia	1,875	1,813	1,932	2,094	2,166	1,982
N. America	1,510	1,871	2,188	2,322	2,348	2,252
Europe	1,398	1,638	1,894	1,975	2,025	2,075

- Synthetic Rubber price advance due to :
 - Increasing operating ratio of tire makers
 - Selling price hikes due to strong price of BD

(Unit:USD/Ton)

	'10.01	'10.02	'10.03	'10.04	'10.05	'10.06
SBR	2,016	2,006	2,089	2,178	2,141	2,019
BR	2,444	2,494	2,625	2,760	2,813	2,663

* Source: ICIS/PLATTS 2010

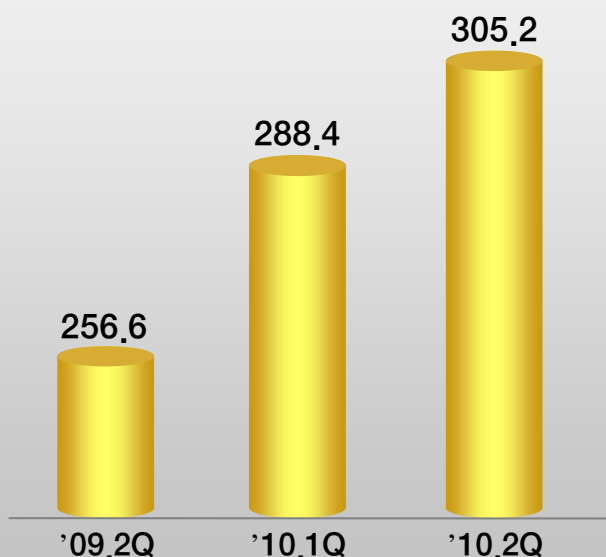
Performance Results for Synthetic Resins

Synthetic Resins

- Sales increased 5.8% to KRW 305.2 billion(31.5% in total Sales).
- Sales and operating income increased due to Seasonal peak and World Cup.

Sales

Unit:KRW billion



Performance Analysis

- SM price drop continuously due to :
 - Plunge in raw materials(Benzene/Ethylene) prices
 - Increasing supply by operation of New Plants(ZRCC/Pars/CSPC)

- SM price changes

(Unit:USD/Ton, CFR China)

	'10.01	'10.02	'10.03	'10.04	'10.05	'10.06
SM	1,297	1,295	1,250	1,278	1,184	1,058

- Synthetic Resin price advance due to :
 - Increasing demand due to Seasonal peak and World Cup
 - ABS-centered selling price hikes due to feedstock prices rising

(Unit:USD/Ton)

	'10.01	'10.02	'10.03	'10.04	'10.05	'10.06
PS	1,425	1,426	1,376	1,374	1,318	1,183
ABS	1,769	1,827	1,871	1,931	1,943	1,873

* Source: PLATTS 2010

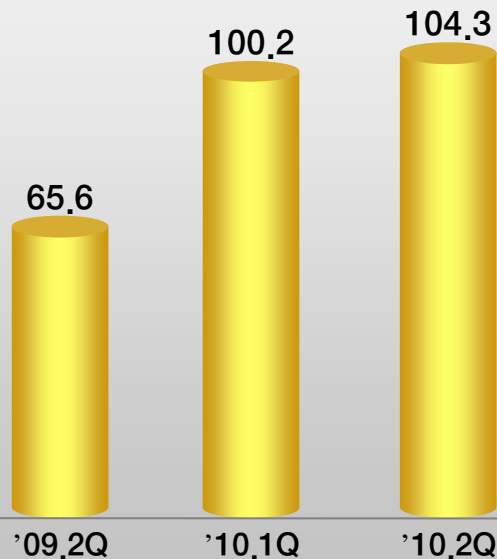
Performance Results for Others

Others

- Sales increased 4.1% to KRW 104.3 billion(10.7% in total Sales).
- Specialty Chemicals : Demand and selling prices grew due to increasing operating ratio of tire makers
- Combined Heat & Power Plants : Sales and operating income decreased due to reducing operating ratio by Annual S/D at users in May

Sales

Unit:KRW billion



Performance Analysis

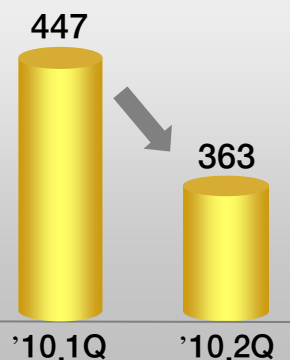
- Specialty Chemicals
 - Demand for 6PPD grew due to Increasing operating ratio of tire makers
 - Selling prices up on feedstock(4-ADPA) price rising
- Combined Heat & Power Plants
 - Sales and operating income decreased due to reducing operating ratio by Annual S/D at users in May

Financial Highlights

- Debt to equity ratio decreased due to shareholders' equity
 - Gains arising from the change in fair value of equity instruments
 - Increase in retained earnings through improving profitability
- Asset turnover ratio and interest coverage ratio both improved on increased sales and operating income.

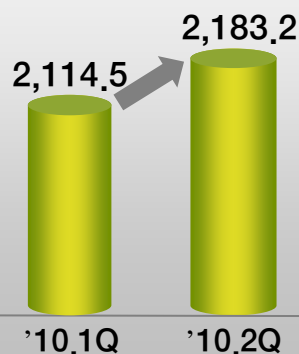
Debt to Equity Ratio

(Unit:%)



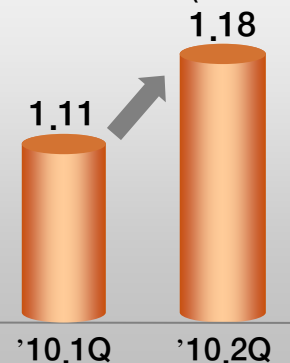
Borrowings

(Unit:KRW billion)



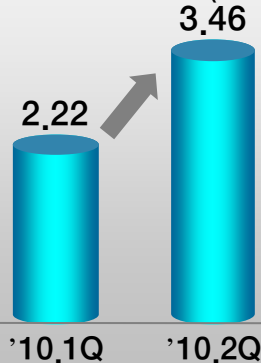
Asset Turnover Ratio

(Unit:Times)



Interest Coverage Ratio

(Unit:Fold)



	Unit	'10.2Q	'10.1Q	'09.2Q	Change Rate	
					QoQ	YoY
Assets	KRW bil.	3,419.2	3,165.6	3,588.6	8.0%	-4.7%
Liabilities	KRW bil.	2,681.1	2,586.8	2,575.1	3.6%	4.1%
Shareholders' Equity	KRW bil.	738.1	578.8	1,013.5	27.5%	-27.2%
Debt to Equity Ratio	%	363	447	254	-	-
Borrowings	KRW bil.	2,183.2	2,114.5	2,060.4	3.2%	6.0%
Won-denominated		1,820.1	1,785.3	1,732.4	1.9%	5.1%
Foreign currency-denominated		363.1	329.2	328.0	10.3%	10.7%
Asset Turnover Ratio	Times	1.18	1.11	0.74	6.3%	59.5%
Interest Coverage Ratio	Fold	3.46	2.22	2.24	55.9%	54.5%

Outlook

● Synthetic Rubbers

- Demand of synthetic rubbers will increase
 - Decreasing demand of synthetic rubbers in China
 - Operating ratio rising of tire makers in N. America and Europe
- BD price is forecast to drop slightly as expansion plants(Shell/Zhenhai) in Asia.
- Ensuring profitability through expansion of contract portions for 3Q to prepare for the decreasing BD price.

● Synthetic Resins

- Focus on maximizing cash flow among both domestic home appliances(IT/Display) and automobile markets.
- Expect that SM price will be dropped slightly as Chinese(ZRCC 620,000MT/Y) and Middle East makers will access to Asian market.
- Focus on boosting profitability by implementing region and product specific strategies and selling high profit products

● Others

- Specialty Chemicals
 - Forecast on increasing sales by Big Tire makers and export to North America through KKPC won Flexsys suit
- Combined Heat & Power Plants
 - Profitability is forecasted to improve due to increasing demand of steam and electricity price

Income Statement

(Unit:KRW billion)

	'10.2Q	'10.1Q	'09.2Q	Change			
				QoQ		YoY	
				Cost	Rate	Cost	Rate
Sales	970.4	886.5	667.3	83.9	9.5%	303.1	45.4%
Operating Income	98.5	65.0	55.0	33.5	51.5%	43.5	79.1%
<i>(Operating Margin)</i>	<i>10.2%</i>	<i>7.3%</i>	<i>8.2%</i>	<i>2.9%p</i>	-	<i>2.0%p</i>	-
<i>Net Interest Expense</i>	<i>28.5</i>	<i>29.2</i>	<i>24.6</i>	<i>-0.7</i>	<i>-2.4%</i>	<i>3.9</i>	<i>15.9%</i>
<i>Gain/Loss on Valuation of Equity Method Investments</i>	<i>25.9</i>	<i>13.4</i>	<i>-27.6</i>	<i>12.5</i>	<i>93.3%</i>	<i>53.5</i>	-
Income before Income Taxes	73.9	104.2	-1.8	-30.3	-29.1%	75.7	-
<i>(Ordinary Income Margin)</i>	<i>7.6%</i>	<i>11.8%</i>	<i>-0.3%</i>	<i>-4.2%p</i>	-	<i>7.9%p</i>	-
Net Income	55.4	84.1	-12.8	-28.7	-34.1%	68.2	-
<i>(Net Income Margin)</i>	<i>5.7%</i>	<i>9.5%</i>	<i>-1.9%</i>	<i>-3.8%p</i>	-	<i>7.6%p</i>	-

Balance Sheet

(Unit:KRW billion)

	'10.2Q	'10.1Q	'09.2Q	Change	
				QoQ	YoY
1. Current Assets	975.9	870.9	667.6	105.0	308.3
- Cash	79.8	4.8	80.5	75.0	-0.7
2. Non-Current Assets	2,443.3	2,294.7	2,921.0	148.6	-477.7
Total Assets	3,419.2	3,165.6	3,588.6	253.6	-169.4
1. Current Liabilities	1,536.2	2,105.6	1,449.0	-569.4	87.2
2. Non-Current Liabilities	1,144.9	481.2	1,126.1	663.7	18.8
■ Interest Bearing Liabilities	2,183.2	2,114.5	2,060.4	68.7	122.8
- Short-Term Debts	1,070.4	1,664.7	1,052.5	-594.3	17.9
- Long-Term Debts	1,112.8	449.8	1,007.9	663.0	104.9
■ Non-Interest Bearing Liabilities	497.9	472.3	514.7	25.6	-16.8
Total Liabilities	2,681.1	2,586.8	2,575.1	94.3	106.0
1. Common & Preferred Stock	142.2	142.2	142.2	-	-
Total Shareholder Equity	738.1	578.8	1,013.5	159.3	-275.4
Net Debt Ratio	61.5%	66.6%	55.2%	-5.1%p	6.3%p
Long-Term Debts to Total Debts Ratio	51.0%	21.3%	48.9%	29.7%p	2.1%p
Current Ratio	63.5%	41.4%	46.1%	22.1%p	17.4%p
Total Liabilities to Equity Ratio	363.3%	446.9%	254.1%	-83.6%p	109.2%p

Cash Flow

(Unit:KRW billion)

	'10.2Q	'10.1Q	'09.2Q	Change Cost	
				QoQ	YoY
Cash flow from operating activities	-15.6	26.7	118.9	-42.3	-134.5
- Net Income	55.4	84.1	-12.8	-28.7	68.2
- Depreciation/Retirement allowance	28.7	28.6	27.0	0.1	1.7
- Others	-99.7	-86.0	104.7	-13.7	-204.4
Cash flow from investing activities	29.5	9.9	-137.2	19.6	166.7
- Tangible assets	-64.7	-19.8	-75.6	-44.9	10.9
- Others	94.2	29.7	-61.6	64.5	155.8
Cash flow from financing activities	61.1	-109.0	38.2	170.1	22.9
- Borrowings	61.1	-109.0	55.5	170.1	5.6
- Treasury stock/Dividends	-	-	-17.3	-	17.3
- Others	-	-	-	-	-
Net Cash Flow	75.0	-72.4	19.9	147.4	55.1

Production Capacity

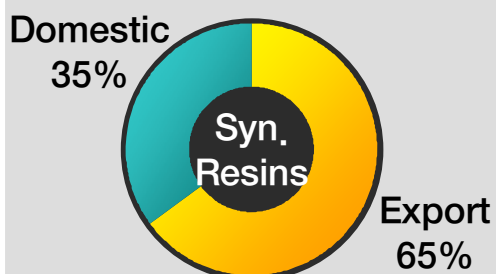
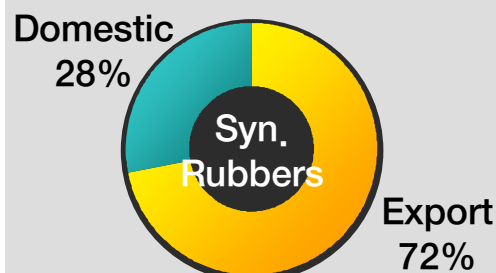
● Production Capacity

	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		

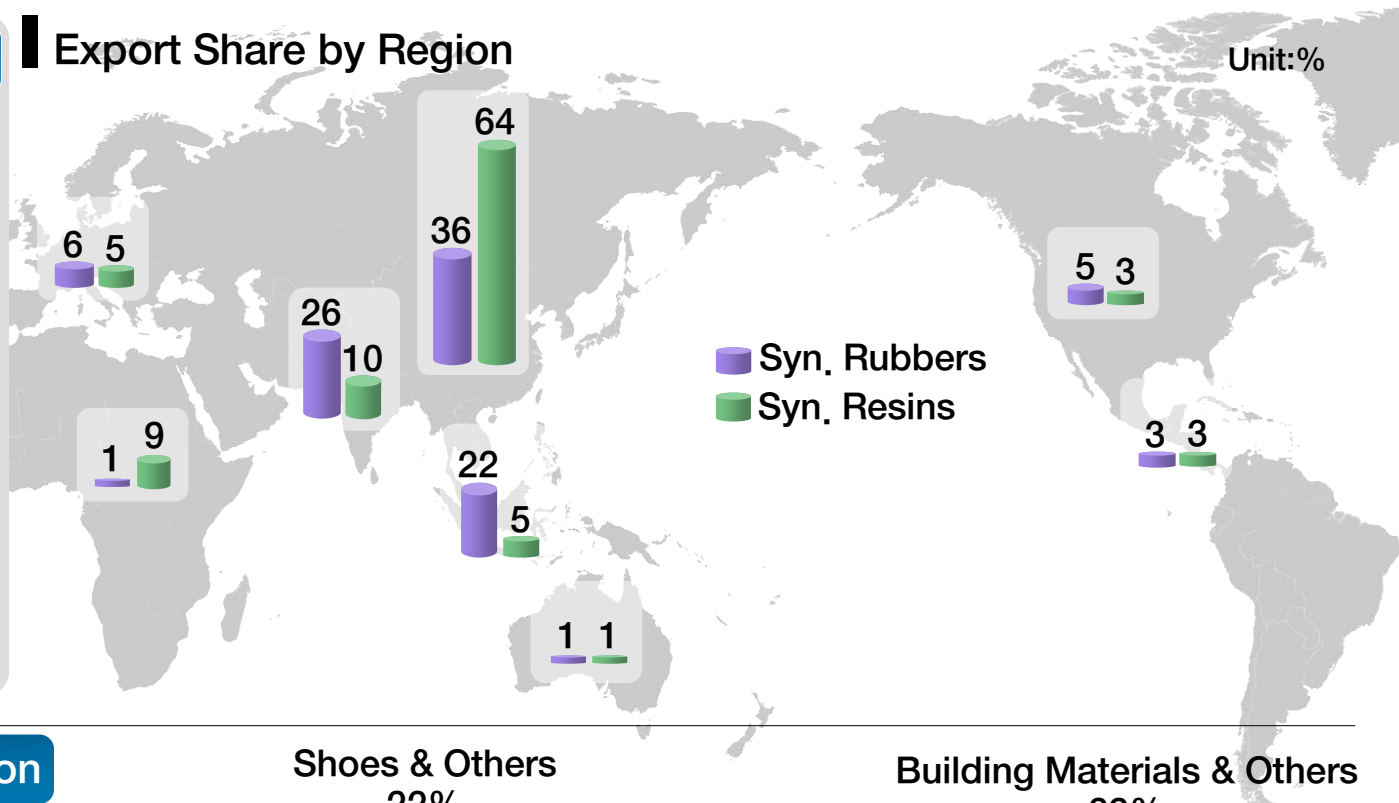
Sales Status

Sales by Region & Application

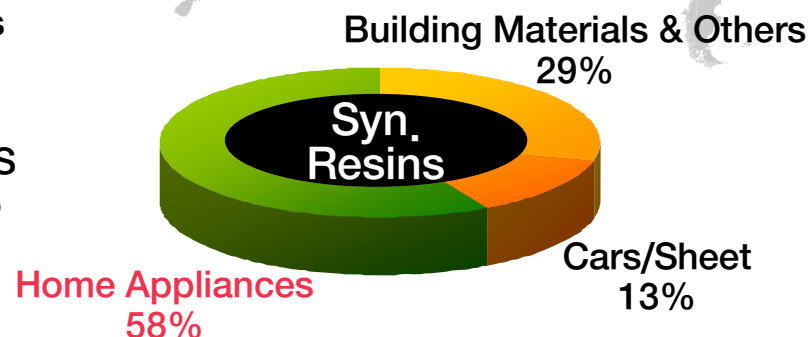
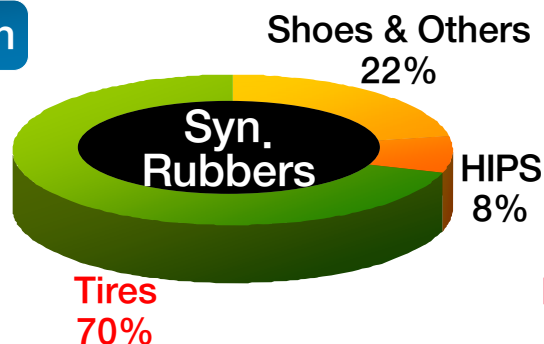
'10.1H Sales Breakdown



Export Share by Region

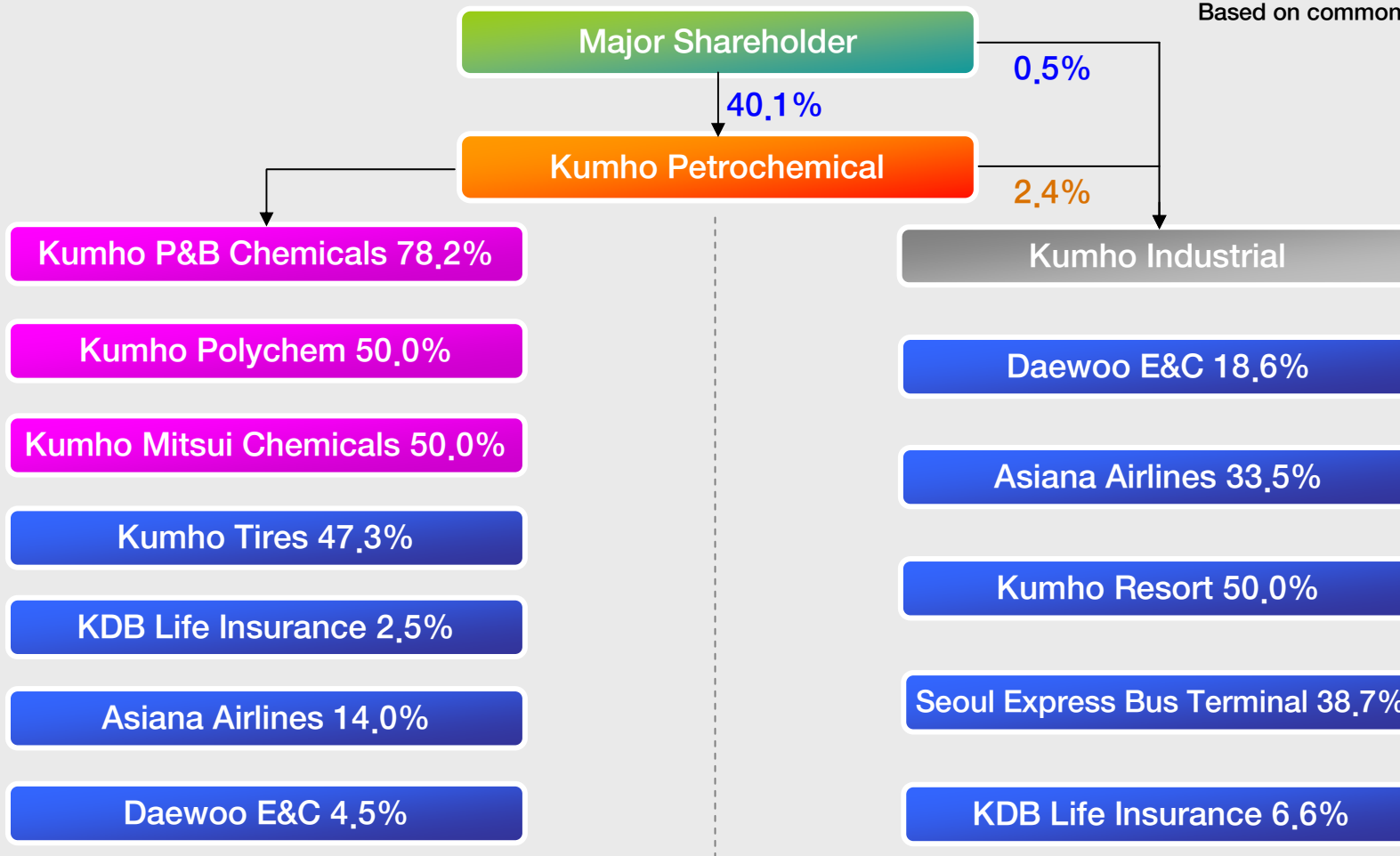


Sales Share by Application



Ownership Structure

※ As of 13 August 2010,
Based on common shares



Q & A