

INVESTOR RELATIONS 2010 3Q

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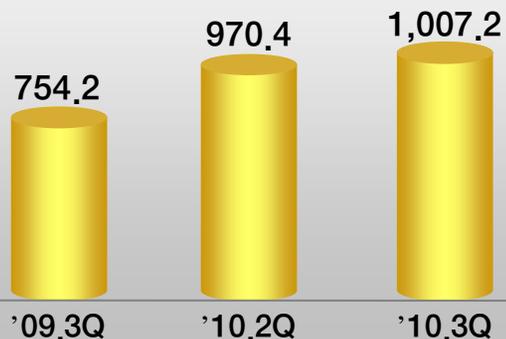
3Q, 2010 Overview

Sales & Operating Income

- Sales rose 3.8% to KRW 1,007.2 billion, operating income decreased 7.8% to KRW 90.8 billion.
- Gain on valuation of equity method investments increased due to strong earnings of affiliates.

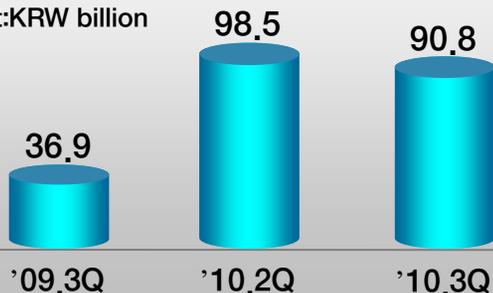
Sales

Unit:KRW billion



Operating Income

Unit:KRW billion



3Q, 2010 Performance

(Unit:KRW billion)

	'10.3Q	'10.2Q	'09.3Q	Change Rate	
				QoQ	YoY
S a l e s	1,007.2	970.4	754.2	3.8%	33.5%
[Syn. Rubbers]	584.2	560.9	391.9	4.2%	49.1%
[Syn. Resins]	310.7	305.2	277.3	1.8%	12.0%
[O t h e r s]	112.3	104.3	85.0	7.7%	32.1%
Operating Income	90.8	98.5	36.9	-7.8%	146.1%
[%]	9.0	10.2	4.9	-	-
Income before Income Taxes	124.7	73.9	-36.6	68.7%	-
Net Income	95.6	55.4	-39.8	72.6%	-
Gain/Loss on Valuation of Equity Method Investments	49.9	25.9	-49.0	92.7%	-

Performance Results for Synthetic Rubbers

Synthetic Rubbers

- Sales increased 4.2% to KRW 584.2 billion(58.0% in total Sales).
- Reduced Profitability is based on selling price declines by a combination of reducing demand of China's tire makers and decreasing BD price.

Sales

Unit:KRW billion



Performance Analysis

- BD price drop due to :
 - Increasing supply of New Plants(Shell/Zhenhai)
 - Reducing demand of Downstream(Syn. Rubber/ABS)
- BD price changes by region

(Unit:USD/Ton)

	'10.04	'10.05	'10.06	'10.07	'10.08	'10.09
Asia	2,094	2,166	1,982	1,764	1,694	1,698
N. America	2,322	2,348	2,252	2,125	2,072	1,957
Europe	1,975	2,025	2,075	2,060	1,924	1,722

- Synthetic Rubber price drop due to :
 - Selling price declines by a combination of reducing demand of China's tire makers and decreasing BD price

(Unit:USD/Ton)

	'10.04	'10.05	'10.06	'10.07	'10.08	'10.09
SBR	2,178	2,141	2,019	1,890	1,942	2,101
BR	2,760	2,813	2,663	2,538	2,588	2,719

* Source: ICIS/PLATTS 2010

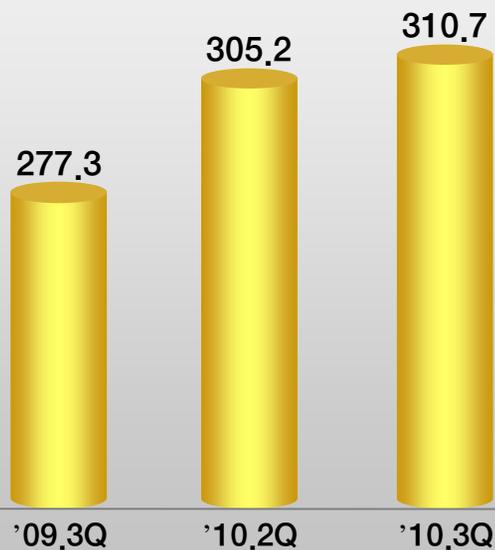
Performance Results for Synthetic Resins

Synthetic Resins

- Sales increased 1.8% to KRW 310.7 billion(30.8% in total Sales).
- Improved profitability is based on selling price hikes by a combination of Seasonal Peak and rising SM price.

Sales

Unit:KRW billion



Performance Analysis

- Strong SM price maintenance due to :
 - Trouble Occurrence and Annual Shut Down of Asian SM Makers
 - Raw materials(Ethylene/Benzene) prices advance

- SM price changes

(Unit:USD/Ton, CFR China)

	'10.04	'10.05	'10.06	'10.07	'10.08	'10.09
SM	1,278	1,184	1,058	1,016	1,109	1,160

- Synthetic Resin price advance due to :
 - Increasing demand due to Seasonal Peak and Christmas
 - Selling price hikes due to strong price of SM

(Unit:USD/Ton)

	'10.04	'10.05	'10.06	'10.07	'10.08	'10.09
PS	1,374	1,318	1,183	1,118	1,219	1,240
ABS	1,931	1,943	1,873	1,804	1,939	1,947

* Source: PLATTS 2010

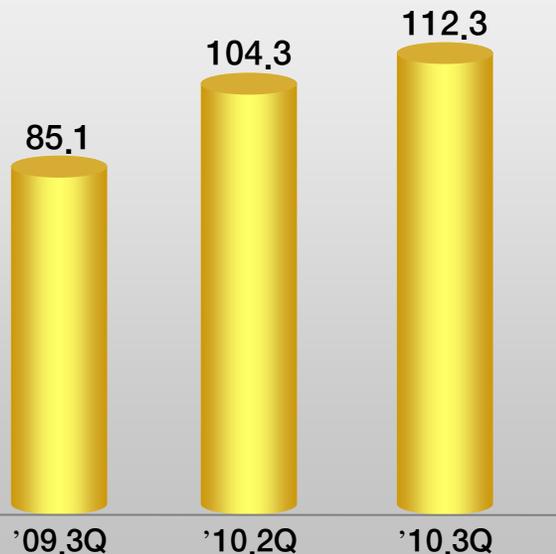
Performance Results for Others

Others

- Sales increased 7.7% to KRW 112.3 billion(11.2% in total Sales).
- Specialty Chemicals : Increase of profitability as a result of the spread improvement between feedstock price and selling price.
- Combined Heat & Power Plants : Sales and operating income grew on higher demand for steam and electricity.

Sales

Unit:KRW billion



Performance Analysis

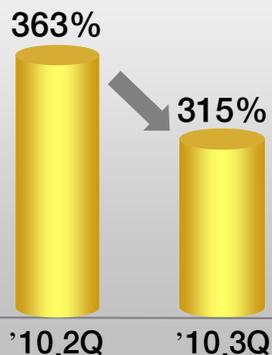
- Specialty Chemicals
 - Increase of profitability as a result of the spread improvement between feedstock(4-ADPA) price and selling price in 3Q
- Combined Heat & Power Plants
 - Sales and operating income grew on higher demand for steam and electricity

Financial Highlights

- Financial structure improved due to increasing in shareholders' equity by both continuous profit realization and repaying short-term debt.
- Foreign currency-dominated borrowings decreased by both falling of exchange rate and repaying borrowings.

Debt to Equity Ratio

(Unit:%)



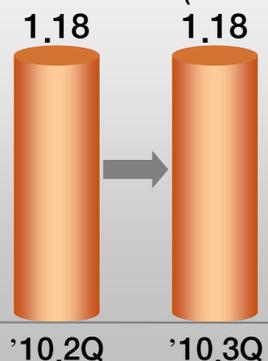
Borrowings

(Unit:KRW billion)



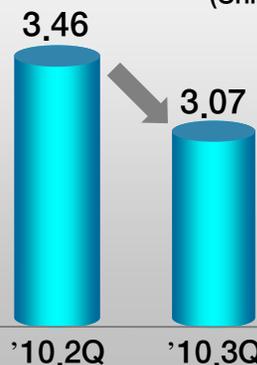
Asset Turnover Ratio

(Unit:Times)



Interest Coverage Ratio

(Unit:Fold)



	Unit	'10.3Q	'10.2Q	'09.3Q	Change Rate	
					QoQ	YoY
Assets	KRW bil.	3,415.2	3,419.2	3,524.0	-0.1%	-3.1%
Liabilities	KRW bil.	2,593.1	2,681.1	2,575.8	-3.3%	0.7%
Shareholders' Equity	KRW bil.	822.1	738.1	948.2	11.4%	-13.3%
Debt to Equity Ratio	%	315	363	272	-	-
Borrowings	KRW bil.	2,143.2	2,183.2	2,042.5	-1.8%	4.9%
Won-denominated		1,842.6	1,820.1	1,747.5	1.2%	5.4%
Foreign currency-denominated		300.6	363.1	295.0	-17.2%	1.9%
Asset Turnover Ratio	Times	1.18	1.18	0.85	0.0%	38.8%
Interest Coverage Ratio	Fold	3.07	3.46	1.28	-11.3%	139.8%

Outlook

● Synthetic Rubbers

- Synthetic rubber price will maintain strongly due to increasing demand of China's tire makers and Annual S/D of SR makers in 2nd Half of 2010.
- BD price will maintain strongly due to increasing demand of Downstream and occurrence of Asia's BD makers.
- Production is expected to decline by Annual S/D in Oct., but profitability will through product price rising to adapt increasing BD price.

● Synthetic Resins

- Demand will increase with domestic seasonal appliances and automobile markets.
- Strong SM price maintenance due to raw materials(Ethylene/Benzene) prices advance and increasing demand of Downstream.
- Profitability will improve through selling price rising continuously due to feedstock price rising and focusing sales of high value-added products.

● Others

- Specialty Chemicals
 - Sales will increase to major tire makers of N. America and Europe through KKPC won Flexsys suit.
- Combined Heat & Power Plants
 - Sales and operating income is forecasted to improve due to increasing of steam and strong pricing of electricity in winter.

Income Statement

(Unit:KRW billion)

	'10.3Q	'10.2Q	'09.3Q	Change			
				QoQ		YoY	
				Cost	Rate	Cost	Rate
Sales	1,007.2	970.4	754.2	36.8	3.8%	253.0	33.5%
Operating Income	90.8	98.5	36.9	-7.7	-7.8%	53.9	146.1%
<i>(Operating Margin)</i>	<i>9.0%</i>	<i>10.2%</i>	<i>4.9%</i>	<i>-1.2%p</i>	<i>-</i>	<i>4.1%p</i>	<i>-</i>
<i>Net Interest Expense</i>	<i>29.6</i>	<i>28.5</i>	<i>28.9</i>	<i>1.1</i>	<i>3.9%</i>	<i>0.7</i>	<i>2.4%</i>
<i>Gain/Loss on Valuation of Equity Method Investments</i>	<i>49.9</i>	<i>25.9</i>	<i>-49.0</i>	<i>24.0</i>	<i>92.7%</i>	<i>98.9</i>	<i>-</i>
Income before Income Taxes	124.7	73.9	-36.6	50.8	68.7%	161.3	-
<i>(Ordinary Income Margin)</i>	<i>12.4%</i>	<i>7.6%</i>	<i>-4.9%</i>	<i>4.8%p</i>	<i>-</i>	<i>17.3%p</i>	<i>-</i>
Net Income	95.6	55.4	-39.8	40.2	72.6%	135.4	-
<i>(Net Income Margin)</i>	<i>9.5%</i>	<i>5.7%</i>	<i>-5.3%</i>	<i>3.8%p</i>	<i>-</i>	<i>14.8%p</i>	<i>-</i>

Balance Sheet

(Unit:KRW billion)

	'10.3Q	'10.2Q	'09.3Q	Change Cost	
				QoQ	YoY
1. Current Assets	921.9	975.9	680.5	-54.0	241.4
- Cash	100.0	79.8	69.5	20.2	30.5
2. Non-Current Assets	2,493.3	2,443.3	2,843.5	50.0	-350.2
Total Assets	3,415.2	3,419.2	3,524.0	-4.0	-108.8
1. Current Liabilities	1,305.7	1,536.2	1,621.0	-230.5	-315.3
2. Non-Current Liabilities	1,287.4	1,144.9	954.8	142.5	332.6
■ Interest Bearing Liabilities	2,143.2	2,183.2	2,042.5	-40.0	100.7
- Short-Term Debts	888.8	1,070.4	1,214.8	-181.6	-326.0
- Long-Term Debts	1,254.4	1,112.8	827.7	141.6	426.7
■ Non-Interest Bearing Liabilities	449.9	497.9	533.3	-48.0	-83.4
Total Liabilities	2,593.1	2,681.1	2,575.8	-88.0	17.3
1. Common & Preferred Stock	142.2	142.2	142.2	-	-
Total Shareholder Equity	822.1	738.1	948.2	84.0	-126.1
Net Debt Ratio	59.8%	61.5%	56.0%	-1.7%p	3.8%p
Long-Term Debts to Total Debts Ratio	58.5%	51.0%	40.5%	7.5%p	18.0%p
Current Ratio	70.6%	63.5%	42.0%	7.1%p	28.6%p
Total Liabilities to Equity Ratio	315.4%	363.3%	271.7%	-47.9%p	43.7%p

Cash Flow

(Unit:KRW billion)

	'10.3Q	'10.2Q	'09.3Q	Change Cost	
				QoQ	YoY
Cash flow from operating activities	85.7	-15.6	110.9	101.3	-25.2
- Net Income	95.6	55.4	-39.8	40.2	135.4
- Depreciation/Retirement allowance	29.1	28.7	30.7	-0.4	-1.6
- Others	-39.0	-99.7	120.0	60.7	-159.0
Cash flow from investing activities	-44.9	29.5	-126.5	-74.4	81.6
- Tangible assets	-40.0	-64.7	-119.8	24.7	79.8
- Others	-4.9	94.2	-6.7	-99.1	1.8
Cash flow from financing activities	-20.7	61.1	4.6	-81.8	-25.3
- Borrowings	-20.7	61.1	4.6	-81.8	-25.3
- Treasury stock/Dividends	-	-	-	-	-
- Others	-	-	-	-	-
Net Cash Flow	20.1	75.0	-11.0	-54.9	31.1

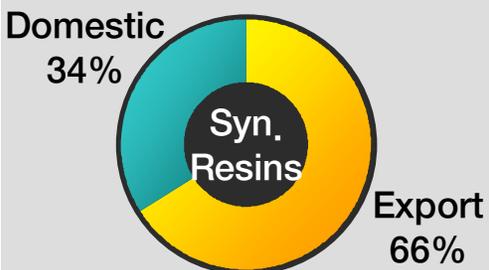
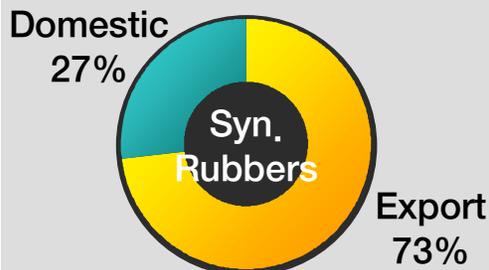
Production Capacity

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

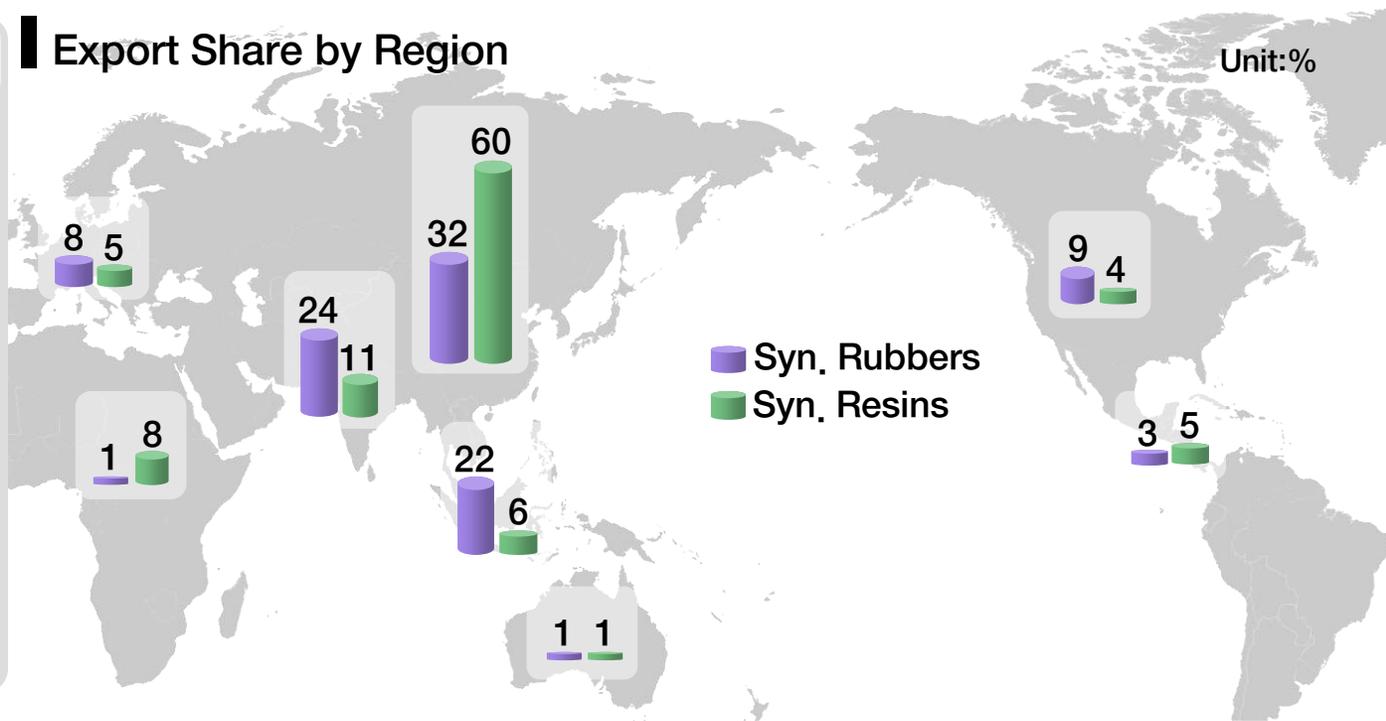
Sales Status

Sales by Region & Application

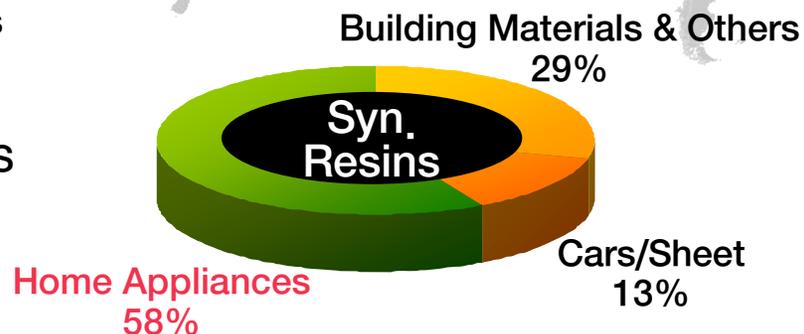
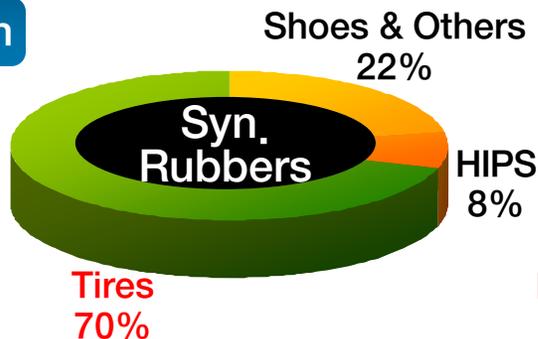
'10.3Q Sales Breakdown



Export Share by Region

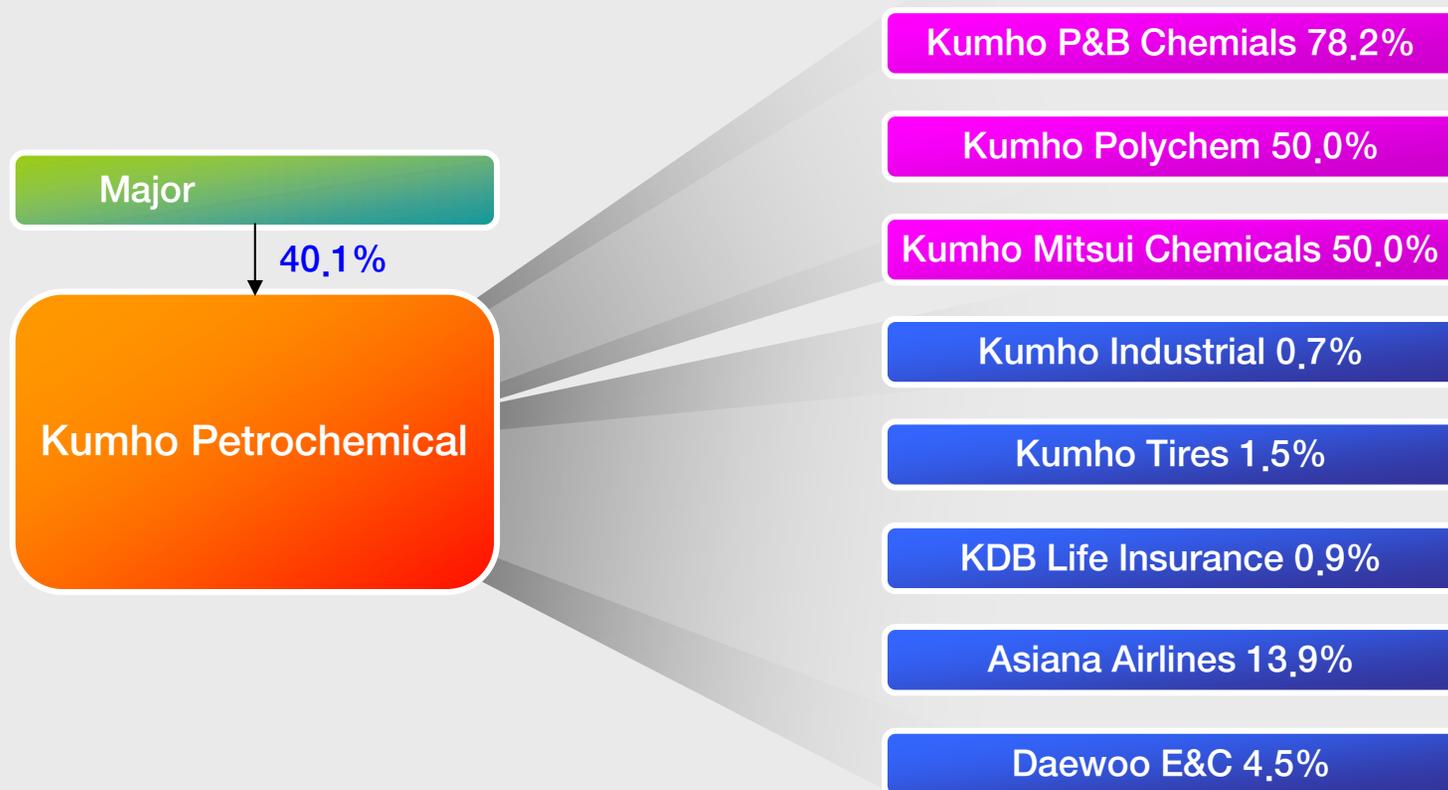


Sales Share by Application



Investments in affiliates

※ As of 30 Nov, 2010,
Based on common shares



※ Kumho Industrial : Decision of capital increase is reflected

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