



INVESTOR RELATIONS 2011 2Q

- 2Q, 2011 Review
- Main Business Activities
- 3Q, 2011 Outlook
- Appendices



beyond
the best

KUMHO PETROCHEMICAL

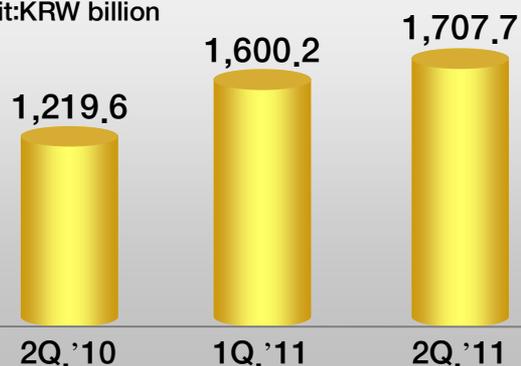
2Q, 2011 Overview

Sales & Operating Income

- Sales rose 6.7% to KRW 1,707.7 billion, operating income decreased 3.6% to KRW 276.1 billion.

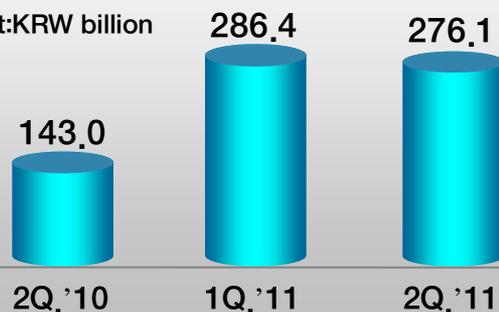
Sales

Unit:KRW billion



Operating Income

Unit:KRW billion



2Q, 2011 Performance

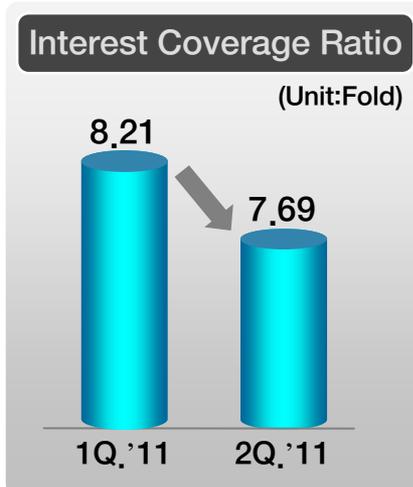
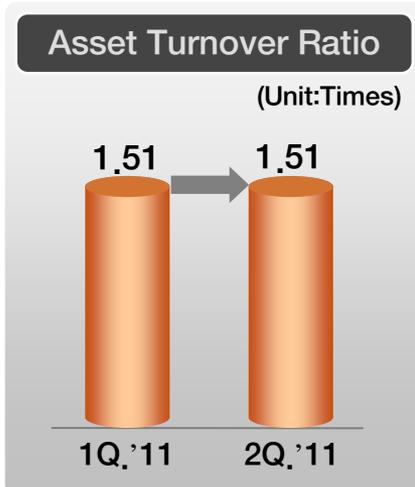
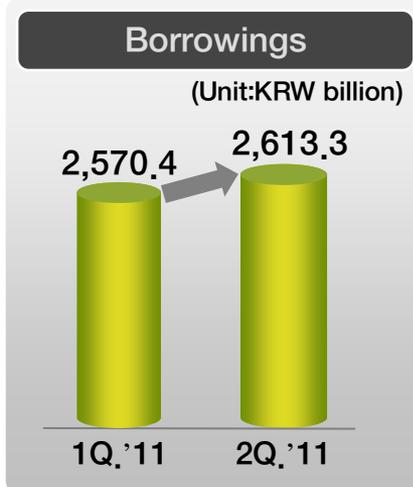
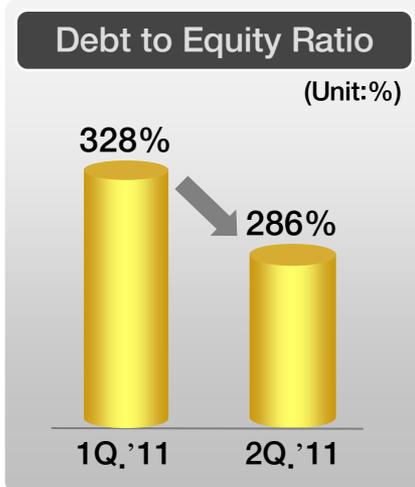
(Unit:KRW billion)

	2Q.'11	1Q.'11	2Q.'10	Change Ratio	
				QoQ	YoY
S a l e s	1,707.7	1,600.2	1,219.6	6.7%	40.0%
[Syn. Rubbers]	981.8	787.6	560.9	24.7%	75.0%
[Syn. Resins]	323.6	345.8	305.0	-6.4%	6.1%
[O t h e r s]	402.3	466.8	353.7	-13.8%	13.7%
Phenol Derivatives	297.8	342.6	247.9	-13.1%	20.1%
Specialty Chemicals	47.6	49.4	39.9	-3.6%	19.3%
E n e r g y	33.7	41.9	32.8	-19.6%	2.7%
O t h e r s	23.2	32.9	33.1	-29.5%	-29.9%
Operating Income	276.1	286.4	143.0	-3.6%	93.1%
[%]	16.2	17.9	11.7	-	-
Income before Income Taxes	273.7	277.8	85.8	-1.5%	219.0%
Net Income	179.0	196.2	57.5	-8.8%	211.3%
Gain/Loss on Valuation of Equity M e t h o d I n v e s t m e n t s	19.4	15.5	6.7	25.2%	189.6%

* Net Income is based on controlling interests.

Financial Highlights

- Continue to improve a financial stability due to continual profit and cashed from assets disposal.
- Maintain high level of asset turnover and interest coverage ratio because of a continual out-performance of total sales and operating profits.



	Unit	2Q.'11	1Q.'11	2Q.'10	Change Ratio	
					QoQ	YoY
Assets	KRW bil.	4,628.5	4,421.6	4,123.8	4.7%	12.2%
Liabilities	KRW bil.	3,430.1	3,388.5	3,401.0	1.2%	0.9%
Shareholders' Equity		1,198.4	1,033.1	722.8	16.0%	65.8%
Controlling Interests	KRW bil.	1,105.1	951.7	675.8	16.1%	63.5%
Non-Controlling Interests		93.3	81.4	47.0	14.6%	98.5%
Debt to Equity Ratio	%	286	328	471	-	-
Borrowings		2,613.3	2,570.4	2,703.1	1.7%	-3.3%
Won-Denominated	KRW bil.	1,928.5	2,048.8	2,022.7	-5.9%	-4.7%
Foreign Currency-Denominated		684.8	521.6	680.4	31.3%	0.6%
Asset Turnover Ratio	Times	1.51	1.51	1.22	0.0%	23.8%
Interest Coverage Ratio	Fold	7.69	8.21	4.07	-6.3%	88.9%

Performance Results for Synthetic Rubbers

Synthetic Rubbers

- Sales increased 24.7% to KRW 981.8 billion(57.5% of total sales).
- Maintain high level of sales and operating profits by increasing sales price to cope with strong feed stock price.

Sales

Unit:KRW billion



2Q, 2011 Performance

- Strong position in BD price
 - Decrease of supply causing by regular maintenance, rapid increase of BD prices by exportation of domestic products to America

- BD price changes by region

(Unit:USD/Ton)

	01.'11	02.'11	03.'11	04.'11	05.'11	06.'11
Asia	2,156	2,418	2,668	2,982	3,120	3,700
N. America	2,260	2,370	2,513	3,616	4,216	4,189
Europe	1,949	2,121	2,269	3,140	3,963	4,438

- Weak position in synthetic rubber sales

- Sales prices were increased according to an increase of major raw materials but demand and profits were decreased caused by the policy of retrenchment in China

(Unit:USD/Ton)

	01.'11	02.'11	03.'11	04.'11	05.'11	06.'11
SBR	2,981	3,297	3,582	3,626	3,741	3,854
BR	3,882	4,088	4,269	4,180	4,163	4,385

* Source: ICIS/PLATTS 2011

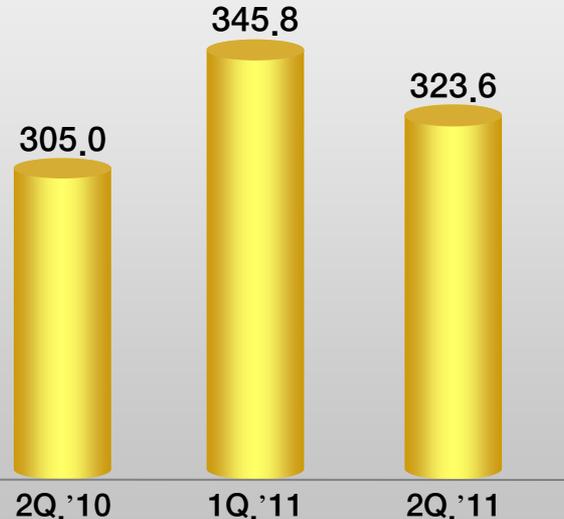
Performance Results for Synthetic Resins

Synthetic Resins

- Sales decreased 6.4% to KRW 323.6 billion(18.9% of total sales)
- Demand of ABS was weakened by the policy of retrenchment in China, profits were decreased because of the difficulty on the sales price increase.

Sales

Unit:KRW billion



2Q, 2011 Performance

- SM price faced weakened continuously due to :
 - Scrap from Asian SM makers and production decrease due to regular/non-regular maintenance and deterioration of Japanese makers have led to continue a tight supply so that the prices remain steady after increase of SM prices causing be a decrease of demands

- SM price changes

(Unit:USD/Ton, CFR China)

	01.'11	02.'11	03.'11	04.'11	05.'11	06.'11
SM	1,385	1,440	1,393	1,422	1,431	1,401

- Weak position in synthetic resin sales

- Decrease of ABS demands due to the policy of retrenchment in China
- Profits were decreased due to feedstocks(BD/AN) prices upwards

(Unit:USD/Ton)

	01.'11	02.'11	03.'11	04.'11	05.'11	06.'11
PS	1,420	1,450	1,514	1,545	1,575	1,536
ABS	2,223	2,267	2,317	2,283	2,294	2,122

* Source: PLATTS 2011

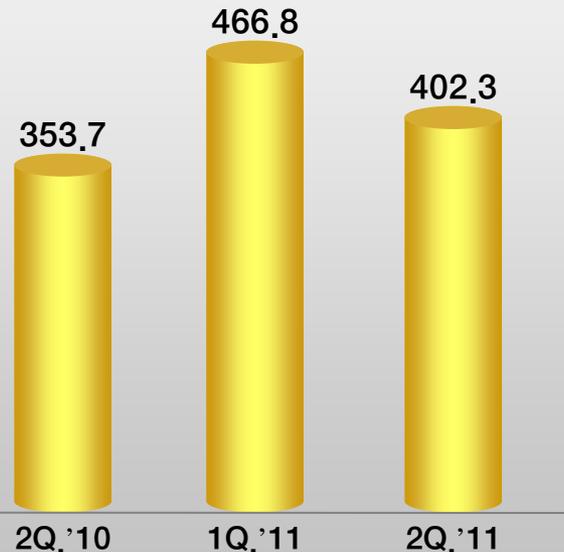
Performance Results for Others

Others

- Sales decreased 13.8% to KRW 402.3 billion(23.6% of total sales)
- Phenol Derivatives : Continue an increase of profits due to tightened BPA supply in Asia

Sales

Unit:KRW billion



2Q, 2011 Performance

- Phenol Derivatives
 - Total sales were decreased due to Annual S/D in May
 - Supply was tightened due to Japanese earthquake and maintenance of major plants in the region
 - Increased sale prices supported by tightened supply in Asia
- Energy
 - Sales and operating profits were decreased due to drop of operating ratio following Annual S/D in May

Main Business Activities

○ Diversification of Synthetic Rubbers

- Revamping Capacity(MT/Y) : SBR 80K(Ulsan), SSBR 60K(Yeosu)
- Completion of Construction : SBR/SSBR(Sept. '12)
- Total Investment : KRW 121.5bn
- World's No.1 Maker of Synthetic Rubbers Capa.(SBR/BR based)

(Unit:'000 MT)

	Apr. '09	Jan. '11	Sept. '12	Note
SBR	481	481	561	-No.1:KKPC(903) -No.2:Lanxess(702) -No.3:SINOPEC(694)
BR	222	342	342	
SSBR	-	-	60	
Total	703	823	963	

○ 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 140bn), Phenol/Acetone(KRW 190bn)
- World's No.5 Maker of BPA Capa,

(Unit:'000 MT)

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



Main Business Activities

● Disposal of Assets

※ As of 30 June 2011,
Based on contract date

• Disposal of Kumho Industrial shares

(Unit:Stock,KRW million)

Disposal	Shares	Disposal Price	Gain on Disposal
Common Shares	702,671	5,370	3,319
Preferred Shares	36,660	145	145
Total	739,331	5,515	3,464

• Disposal of Kumho Tires shares

(Unit:Stock,KRW million)

Disposal	Shares	Disposal Price	Gain on Disposal
Common Shares	926,194	14,267	2,911

● Synthetic Rubbers

- High-demand season of traditional tires and shoes, expect strong position in synthetic rubber prices as unbalance of supply and demand following Annual S/D of synthetic rubber makers
- Expecting increase price and tightened supply of BD following regular maintenance of NCC and increase of prices in offshore markets
- To secure profitability by transferring BD price trend to synthetic rubber price

● Synthetic Resins

- It is prospected that supply will be decreased according to adjustment of operating ratio in ABS/PS makers and demand from downstream will be recovered by preparing a Christmas
- SM price will increase then the price of feedstocks(Benzene/Ethylene) will be increased, the policy retrenchment in China will be reduced, and a practical demand will be increased.
- Increase sales prices pursuant to a strength of feedstocks(BD/AN) and improve a profit through special strategy per territory and product

● Others

- Phenol Derivatives
 - The tightness of BPA supply and demand will be lessened due to continuous decreasing demand in China and completion of annual maintenance
- Energy
 - Improved profitability through continued high rate of operation for expanded sales in new demanders and through increases in sales prices

Income Statement

(Unit:KRW billion)

	2Q.'11	1Q.'11	2Q.'10	Difference			
				QoQ		YoY	
				Cost	Ratio	Cost	Ratio
Sales	1,707.7	1,600.2	1,219.6	107.5	6.7%	488.1	40.0%
Operating Income	276.1	286.4	143.0	-10.3	-3.6%	133.1	93.1%
<i>(Operating Margin)</i>	<i>16.2%</i>	<i>17.9%</i>	<i>11.7%</i>	<i>-1.7%p</i>	-	<i>4.5%p</i>	-
<i>Net Interest Expense</i>	<i>21.7</i>	<i>24.1</i>	<i>63.9</i>	<i>-2.4</i>	<i>-10.0%</i>	<i>-42.2</i>	<i>-66.0%</i>
<i>Gain/Loss on Valuation of Equity Method Investments</i>	<i>19.4</i>	<i>15.5</i>	<i>6.7</i>	<i>3.9</i>	<i>25.2%</i>	<i>12.7</i>	<i>189.6%</i>
Income before Income Taxes	273.7	277.8	85.8	-4.1	-1.5%	187.9	219.0%
<i>(Ordinary Income Margin)</i>	<i>16.0%</i>	<i>17.4%</i>	<i>7.0%</i>	<i>-1.4%p</i>	-	<i>9.0%p</i>	-
Net Income	179.0	196.2	57.5	-17.2	-8.8%	121.5	211.3%
<i>(Net Income Margin)</i>	<i>10.5%</i>	<i>12.3%</i>	<i>4.7%</i>	<i>-1.8%p</i>	-	<i>5.8%p</i>	-

* Net Income is based on controlling interest.

Balance Sheet

(Unit:KRW billion)

	2Q.'11	1Q.'11	2Q.'10	Difference	
				QoQ	YoY
1. Current Assets	2,009.4	1,731.4	1,420.0	278.0	589.4
- Cash	295.6	173.7	110.4	121.9	185.2
2. Non-Current Assets	2,619.1	2,690.2	2,703.8	-71.1	-84.7
Total Assets	4,628.5	4,421.6	4,123.8	206.9	504.7
1. Current Liabilities	2,674.2	2,670.2	2,050.4	4.0	623.8
2. Non-Current Liabilities	755.9	718.3	1,350.6	37.6	-594.7
■ Interest Bearing Liabilities	2,613.3	2,570.4	2,703.1	42.9	-89.8
- Short-Term Debts	1,963.6	1,892.1	1,472.1	71.5	491.5
- Long-Term Debts	649.7	678.3	1,231.0	-28.6	-581.3
■ Non-Interest Bearing Liabilities	816.8	818.1	697.9	-1.3	118.9
Total Liabilities	3,430.1	3,388.5	3,401.0	41.6	29.1
1. Common & Preferred Stock	142.2	142.2	142.2	-	-
Total Shareholder Equity	1,198.4	1,033.1	722.8	165.3	475.6
Net Debt Ratio	50.1%	54.2%	62.9%	-4.1%p	-12.8%p
Long-Term Debts to Total Debts Ratio	24.9%	26.4%	45.5%	-1.5%p	-20.6%p
Current Ratio	75.1%	64.8%	69.3%	10.3%p	5.8%p
Total Liabilities to Equity Ratio	286.2%	328.0%	470.5%	-41.8%p	-184.3%p

Production Capa.(KKPC)

	Product	Capa.	Unit	Note
Synthetic Rubbers	SBR	481,000	MT/Y	Completion of Expansion : 80,000MT/Y(Ulsan), Sept. 2012
	HBR	287,000		Completion of Expansion : 120,000MT/Y(Yeosu), Jan. 2011
	LBR	55,000		
	NBR	50,000		
	HSR	10,000		
	SB Latex	70,000		
	SBS	70,000		
	Total	1,023,000		Completion of Expansion : SSBR 60,000MT/Y(Yeosu), Sept. 2012
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	
	Electricity	186	MWH	
BD	Ulsan Plant	90,000	MT/Y	
	Yeosu Plant	147,000		
	Total	237,000		

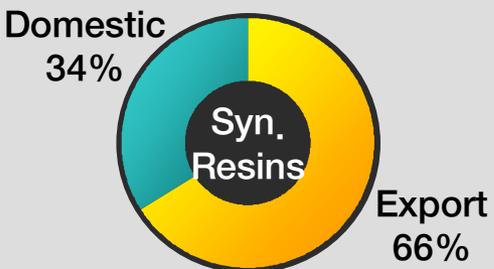
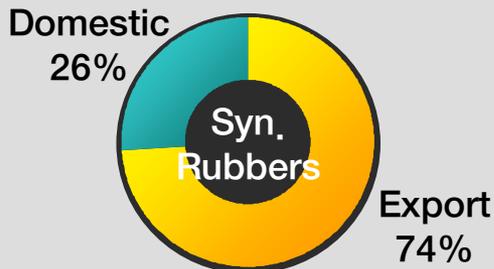
Production Capa.(Affiliates)

	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	95,000	MT/Y	Completion of Expansion : 60,000MT/Y, 2Q in 2013
	TPV	5,000		
	Totals	100,000		
Kumho Mitsui Chemicals	MDI	150,000	MT/Y	Completion of Expansion : 50,000MT/Y, 2H in 2012
	Aniline	2,000		
	Totals	152,000		

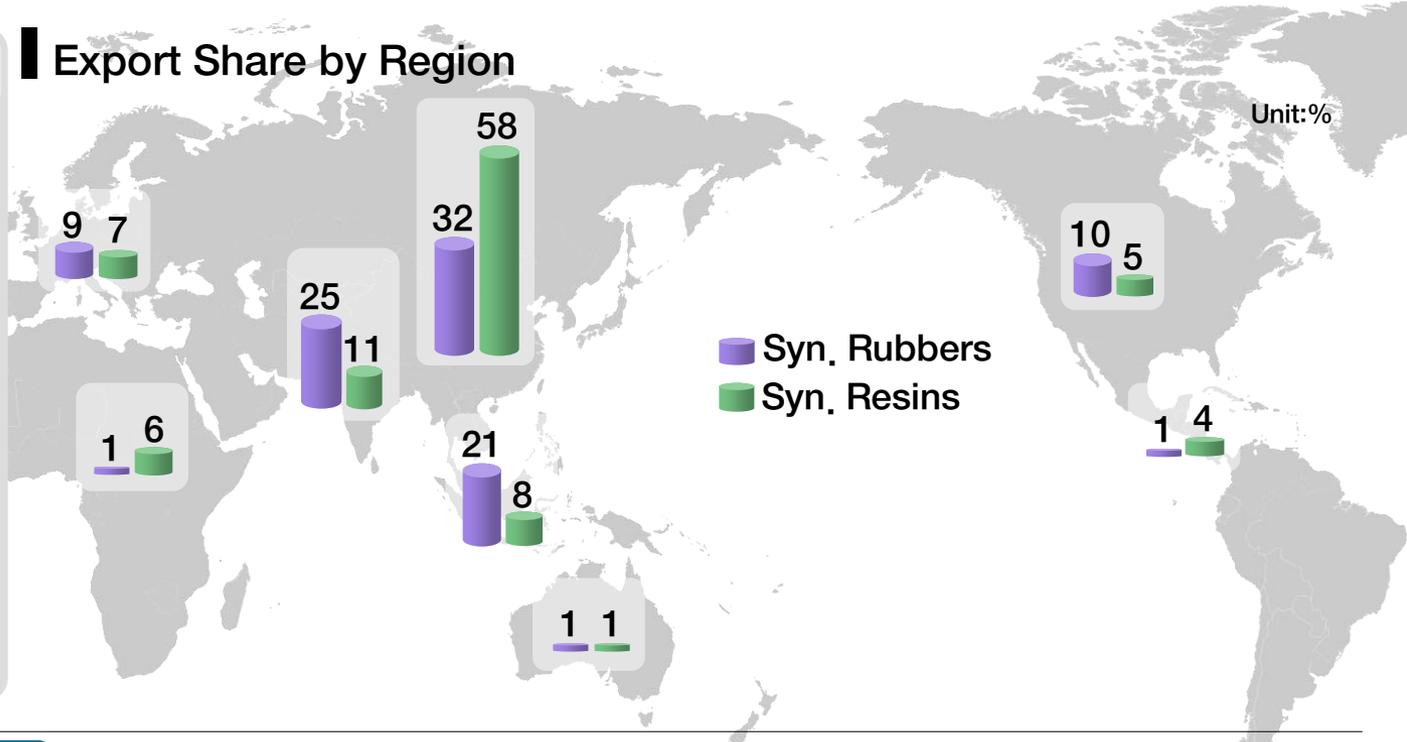
Sales Status

Sales by Region & Application

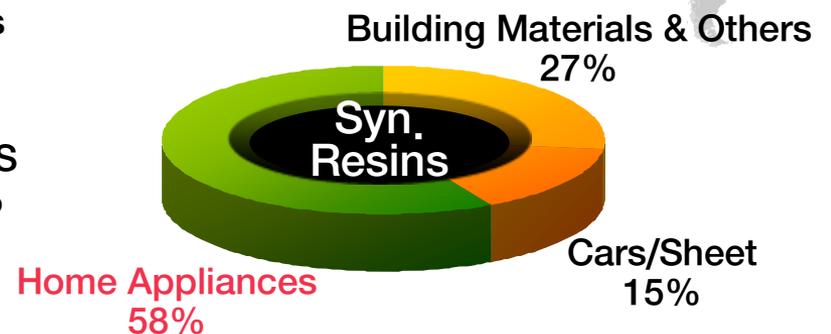
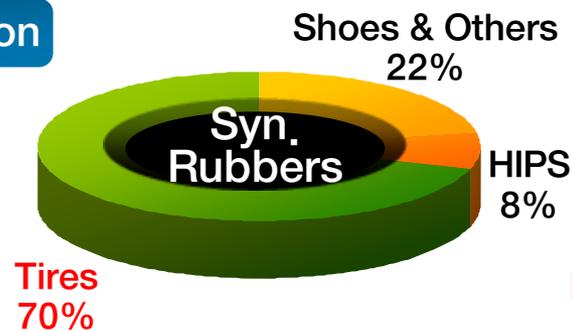
1H.'11 Sales Breakdown



Export Share by Region

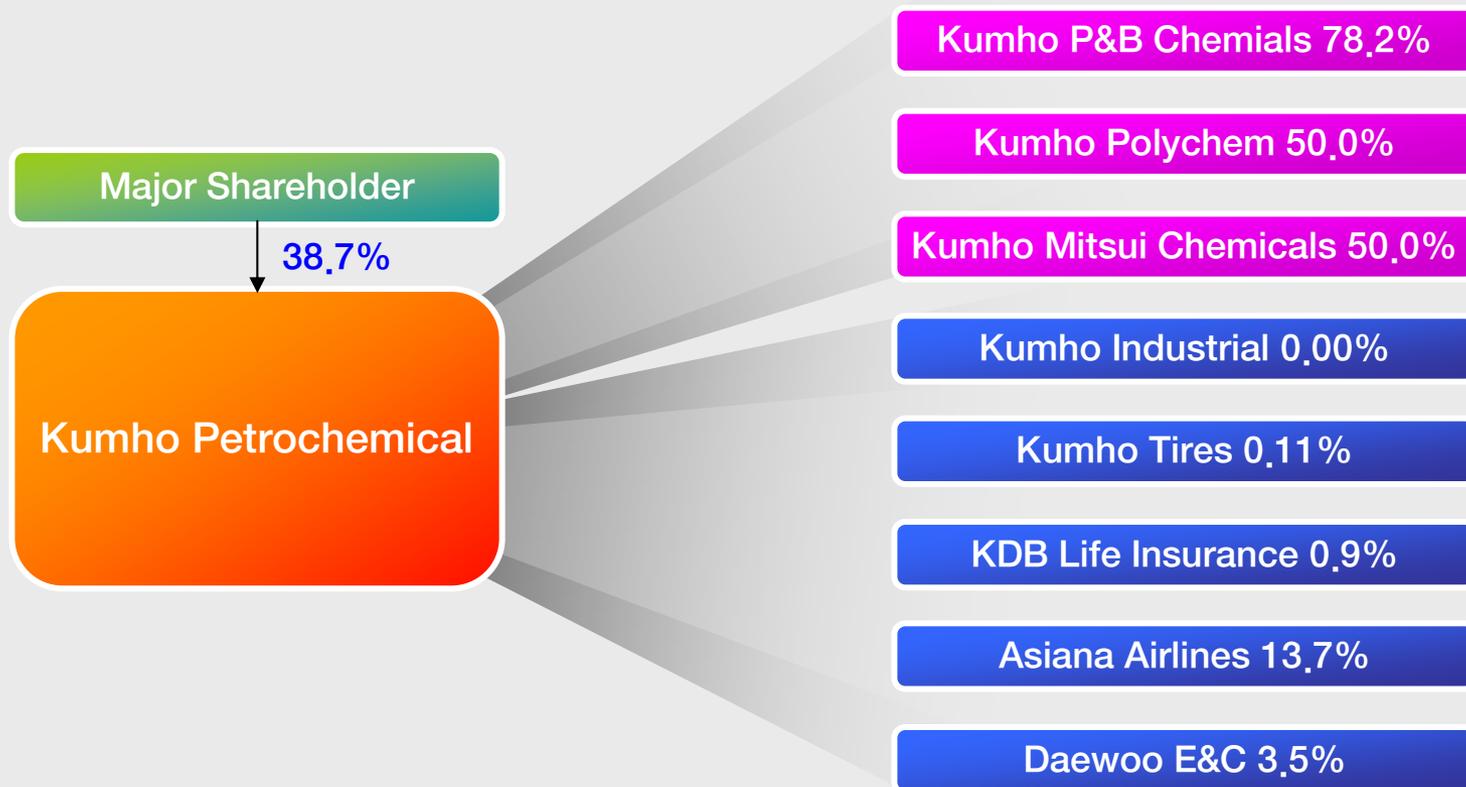


Sales Share by Application



Investments in affiliates

※ As of 9 Aug. 2011,
Based on common shares



Q & A