

INVESTOR RELATIONS 2011

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KUMHO PETROCHEMICAL



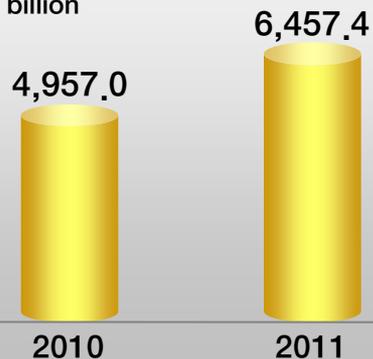
2011 Overview

Sales & Operating Income

- Achieved the record high sales of KRW 6,457.4 billion and operating income of KRW 842.2 billion.

Sales

Unit:KRW billion



2011 Performance

(Unit:KRW billion)

	2011	2010	Difference (YoY)	
			Amount	Ratio
S a l e s	6,457.4	4,957.0	1,500.4	30.3%
[Syn. Rubbers]	3,535.9	2,234.0	1,301.9	58.3%
[Syn. Resins]	1,246.4	1,219.9	26.5	2.2%
[O t h e r s]	1,675.1	1,503.1	172.0	11.4%
Phenol Derivatives	1,222.1	1,100.5	121.6	11.1%
Specialty Chemicals	186.0	141.1	44.9	31.8%
E n e r g y	155.0	130.9	24.1	18.4%
O t h e r s	112.0	130.6	-18.6	-14.2%
Operating Income	842.2	571.0	271.2	47.5%
[%]	13.0	11.5	1.5p	-
Income before Income Taxes	758.4	483.2	275.2	57.0%
Net Income	505.6	316.0	189.6	60.0%
Gain/Loss on Valuation of Equity M e t h o d I n v e s t m e n t s	72.8	39.0	33.8	86.7%

Operating Income

Unit:KRW billion



* Net income is based on controlling interest.

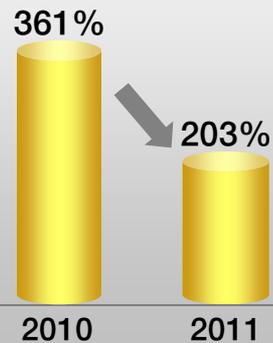
Financial Highlights

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- Continuing to improve a financial structure through cashed from assets disposal and conversion of CB(Convertible Bond).
- Increases in interest coverage ratio following improvement of sales and operating income.

Debt to Equity Ratio

(Unit:%)



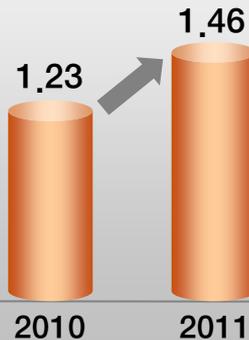
Borrowings

(Unit:KRW billion)



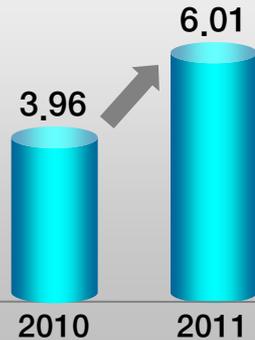
Asset Turnover Ratio

(Unit:Times)



Interest Coverage Ratio

(Unit:Fold)



	Unit	2011	2010	Difference (YoY)	
				Amount	Ratio
Assets	KRW bil.	4,714.2	4,120.9	593.3	14.4%
Liabilities	KRW bil.	3,157.2	3,227.8	-70.6	-2.2%
Shareholders' Equity		1,557.1	893.1	664.0	74.4%
Controlling Interests	KRW bil.	1,447.7	825.5	622.2	75.4%
Non-Controlling Interests		109.4	67.6	41.8	61.8%
Debt to Equity Ratio	%	203	361	-158p	-
Borrowings		2,299.5	2,489.0	-189.5	-7.6%
Won-Denominated	KRW bil.	1,688.4	1,917.9	-229.5	-12.0%
Foreign Currency-Denominated		611.1	571.1	40.0	7.0%
Asset Turnover Ratio	Times	1.46	1.23	0.23	18.7%
Interest Coverage Ratio	Fold	6.01	3.96	2.05	51.8%

Performance Results for Synthetic Rubbers

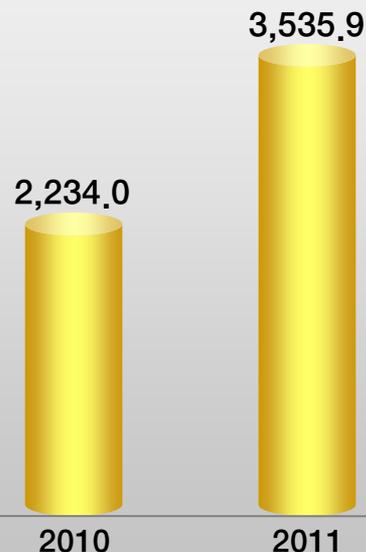
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Synthetic Rubbers

- Sales increased 58.3% YoY to KRW 3,535.9 billion(54.8% in total sales).
- Profits were increased due to synthetic rubber price rise by strong demand and high price of BD.

Sales

Unit:KRW billion



2011 Performance

- BD price is unstable
 - Strong BD Price continued due to increasing demand in Downstream and troubles in some NCC. After that BD price is down due to decreasing demand by adjustment of operation ratio in Downstream
 - BD price changes by region

(Unit:USD/Ton)

	1Q.'11	2Q.'11	3Q.'11	4Q.'11
Asia	2,414	3,267	3,761	2,147
N. America	2,381	4,007	3,906	2,247
Europe	2,113	3,847	3,562	1,810

- Strong position in Synthetic Rubber sales
 - Profitability increased due to synthetic rubber price rise by high price of BD

(Unit:USD/Ton)

	1Q.'11	2Q.'11	3Q.'11	4Q.'11
SBR	3,287	3,740	3,983	2,867
BR	4,079	4,242	4,443	3,275

* Source: ICIS/PLATTS 2011

Performance Results for Synthetic Resins

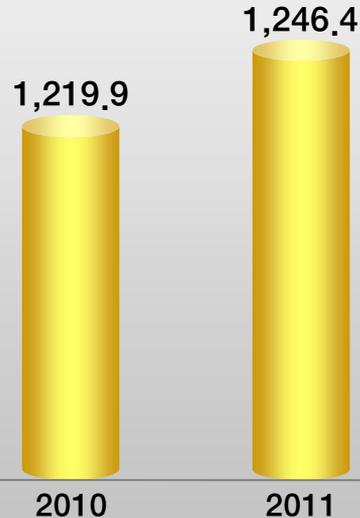
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Synthetic Resins

- Sales increased 2.2% YoY to KRW 1,246.4 billion(19.3% in total sales).
- Sales volume and profits were decreased due to reducing demand mainly in ABS by the policy of retrenchment in China.

Sales

Unit:KRW billion



2011 Performance

- SM price is stable
 - Despite the continuous short supply, SM price is stable due to decreasing of demand caused by the drop of operation ratio in Downstream

- SM price changes

(Unit:USD/Ton, CFR China)

	1Q.'11	2Q.'11	3Q.'11	4Q.'11
SM	1,404	1,416	1,480	1,324

- Synthetic resins' profitability is down

- Reducing demand mainly in ABS by the policy of retrenchment in China

- Profitability dropped due to feedstock(BD/SM) prices upwards

(Unit:USD/Ton)

	1Q.'11	2Q.'11	3Q.'11	4Q.'11
PS	1,462	1,552	1,586	1,453
ABS	2,269	2,233	2,179	1,871

* Source: PLATTS 2011

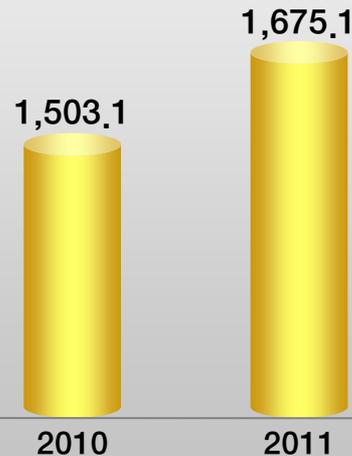
Performance Results for Others

Others

- Sales increased 11.4% to KRW 1,675.1 billion(25.9% of total sales).
- Phenol Derivatives : Decrease of profits due to selling price declines by easing BPA supply and demand.

Sales

Unit:KRW billion



2011 Performance

- Phenol Derivatives
 - '11, 1H : Increase of profits due to increase demand of Downstream(PC/Epoxy) and increased sale prices supported by tightened supply in Asia
 - '11, 2H : Profitability decreased due to selling price declines by soft BPA supply and demand
- Energy
 - Sales and operating income grew on higher demand for steam and electricity

2011 Main Business Activities



Strengthened Synthetic Rubber Market Position

- Completion of Expansion : 120,000MT/Y(Yeosu), Jan. '11
 - Total Investment : KRW 171,7 billion
 - Total Capa. Of SBR/BR : 823,000MT/Y

(Unit:'000 MT/Y)

	2010	2011	Note
SBR	481	481	-No.1:KKPC(823)
BR	222	342	-No.2:SINOPEC(694)
Total	703	823	-No.3:Lanxess(661)

- Revamping Capacity(MT/Y) : SBR 80K(Ulsan), SSBR 60K(Yeosu)
 - Completion of Construction : SBR(Sept. '12), SSBR(Nov. '12)
 - Total Investment : KRW 121,5 billion

Increasing self-sufficiency for synthetic rubber field

- Conclusion of MOU for foundation of BD J/V
 - Conclusion of MOU with Philippines JGSPC (Mar. 16, '11)
 - Location : Near NCC Batangas, Philippines

2011 Main Business Activities

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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/Y)

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

Spurring Building Materials Business

- Completion of Construction(Yesan)
 - Capacity : ABS window system(included PVC) 16,000MT/Y
 - Total Investment : KRW 22.8 billion
 - Completion : Mar. 23, '11
 - Projection to increase sales : KRW 700 billion('16)

2011 Main Business Activities

● Disposal of Assets

- Disposal of Kumho Industrial shares

(Unit:Stock, KRW million)

Disposal	Shares	Disposal Price	Gain on Disposal
Common Shares	735,671	5,632	3,484
Preferred Shares	36,660	145	145
Total	772,331	5,777	3,629

- Disposal of Kumho Tires shares

(Unit:Stock, KRW million)

Disposal	Shares	Disposal Price	Gain on Disposal
Common Shares	1,388,794	21,788	4,760

2012 Outlook

● Synthetic Rubbers

- Demand and price of synthetic rubbers will increase.
 - Growing demand of OE/RE tires in the China
 - World tire sales will increase 5.2% year-on-year
- Syn. Rubber price will maintain strongly due to increasing BD and natural rubber price.
- BD price will maintained strongly due to Oil/Naphtha prices rising and increasing demand of Downstream.

● Synthetic Resins

- Market will improve gradually with strong demand in IT due to increasing demand for secure the sufficient quantity in China and global economic recovery.
- Focus on boosting profitability by consolidation of Chinese marketing, diversification in export regions and implementing region and product specific strategies.
- SM price will increase due to Oil/Naphtha prices advance and increasing demand of Downstream.

● Others

- Phenol Derivatives
 - Expected to a lot of tough competition in domestic market and shrink BPA demand market in accordance with new domestic BPA facility operations.
- Energy
 - Maximization of profits following optimization of management in Yeosu 1,2 Energy Plants.

Income Statement

(Unit:KRW billion)

	2011					2010	Difference (YoY)	
	1Q	2Q	3Q	4Q	Total		Amount	Ratio
Sales	1,600.2	1,707.7	1,660.3	1,489.2	6,457.4	4,957.0	1,500.4	30.3%
Operating Income	286.4	276.1	219.2	60.5	842.2	571.0	271.2	47.5%
<i>(Operating Margin)</i>	<i>17.9%</i>	<i>16.2%</i>	<i>13.2%</i>	<i>4.1%</i>	<i>13.0%</i>	<i>11.5%</i>	<i>1.5%p</i>	-
<i>Net Interest Expense</i>	<i>24.1</i>	<i>21.7</i>	<i>97.5</i>	<i>13.3</i>	<i>156.6</i>	<i>126.8</i>	<i>29.8</i>	<i>23.5%</i>
<i>Gain/Loss on Valuation of Equity Method Investments</i>	<i>15.4</i>	<i>19.4</i>	<i>19.2</i>	<i>18.8</i>	<i>72.8</i>	<i>39.0</i>	<i>33.8</i>	<i>86.7%</i>
Income before Income Taxes	277.8	273.7	140.9	66.0	758.4	483.2	275.2	57.0%
<i>(Ordinary Income Margin)</i>	<i>17.4%</i>	<i>16.0%</i>	<i>8.5%</i>	<i>4.4%</i>	<i>11.7%</i>	<i>9.8%</i>	<i>1.9%p</i>	-
Net Income	196.2	179.0	90.0	40.4	505.6	316.0	189.6	60.0%
<i>(Net Income Margin)</i>	<i>12.3%</i>	<i>10.5%</i>	<i>5.4%</i>	<i>2.7%</i>	<i>7.8%</i>	<i>6.4%</i>	<i>1.4%p</i>	-

* Net income is based on controlling interest.

Balance Sheet

(Unit:KRW billion)

	2011	2010	Difference (YoY)	
			Amount	Ratio
1. Current Assets	2,058.1	1,403.1	655.0	46.7%
- Cash	505.1	150.8	354.3	235.0%
2. Non-Current Assets	2,656.1	2,717.8	-61.7	-2.3%
Total Assets	4,714.2	4,120.9	593.3	14.4%
1. Current Liabilities	2,713.2	2,239.5	473.7	21.2%
2. Non-Current Liabilities	444.0	988.2	-544.2	-55.1%
■ Interest Bearing Liabilities	2,299.5	2,489.0	-189.5	-7.6%
- Short-Term Debts	1,934.7	1,536.7	398.0	25.9%
- Long-Term Debts	364.8	952.3	-587.5	-61.7%
■ Non-Interest Bearing Liabilities	857.7	738.8	141.9	19.2%
Total Liabilities	3,157.2	3,227.8	-70.6	-2.2%
1. Common & Preferred Stock	167.5	142.2	25.3	17.8%
Total Shareholder Equity	1,557.1	893.1	664.0	74.4%
Net Debt Ratio	38.1%	56.7%	-18.6%p	-
Long-Term Debts to Total Debts Ratio	15.9%	38.3%	-22.4%p	-
Current Ratio	75.9%	62.7%	13.2%p	-
Total Liabilities to Equity Ratio	202.8%	361.4%	-158.6%p	-

Production Capa.(KKPC)

	Product	Capa.	Unit	Note
Synthetic Rubbers	SBR	481,000	MT/Y	Completion of Expansion : 80,000MT/Y(Ulsan), Sept. 2012 Added 22,000MT/Y by improving productivity as of Jan. 2012
	HBR	309,000		
	LBR	55,000		
	NBR	50,000		
	HSR	10,000		
	SB Latex	70,000		
	SBS	70,000		
	Total	1,045,000		Completion of Expansion : SSBR 60,000MT/Y(Yeosu), Nov. 2012
Synthetic Resins	PS	227,500	MT/Y	
	ABS	250,000		
	EPS	72,600		
	PPG	77,700		
	Total	627,800		
Specialty Chemicals	Antioxidants	80,300	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		

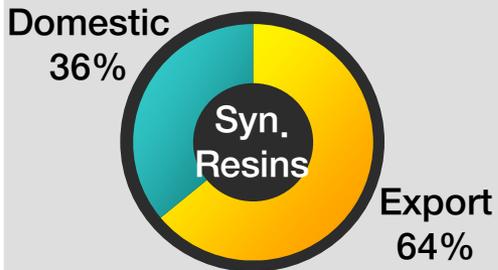
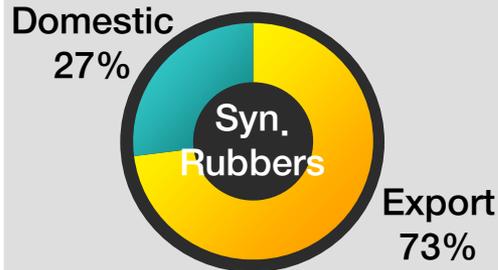
Production Capa.(Affiliates)

	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	100,000	MT/Y	Completion of Expansion : 60,000MT/Y, 2Q in 2013
	TPV	7,000		
	Totals	107,000		
Kumho Mitsui Chemicals	MDI	150,000	MT/Y	Completion of Expansion : 50,000MT/Y, 2Q in 2012
	Aniline	2,000		
	Totals	152,000		

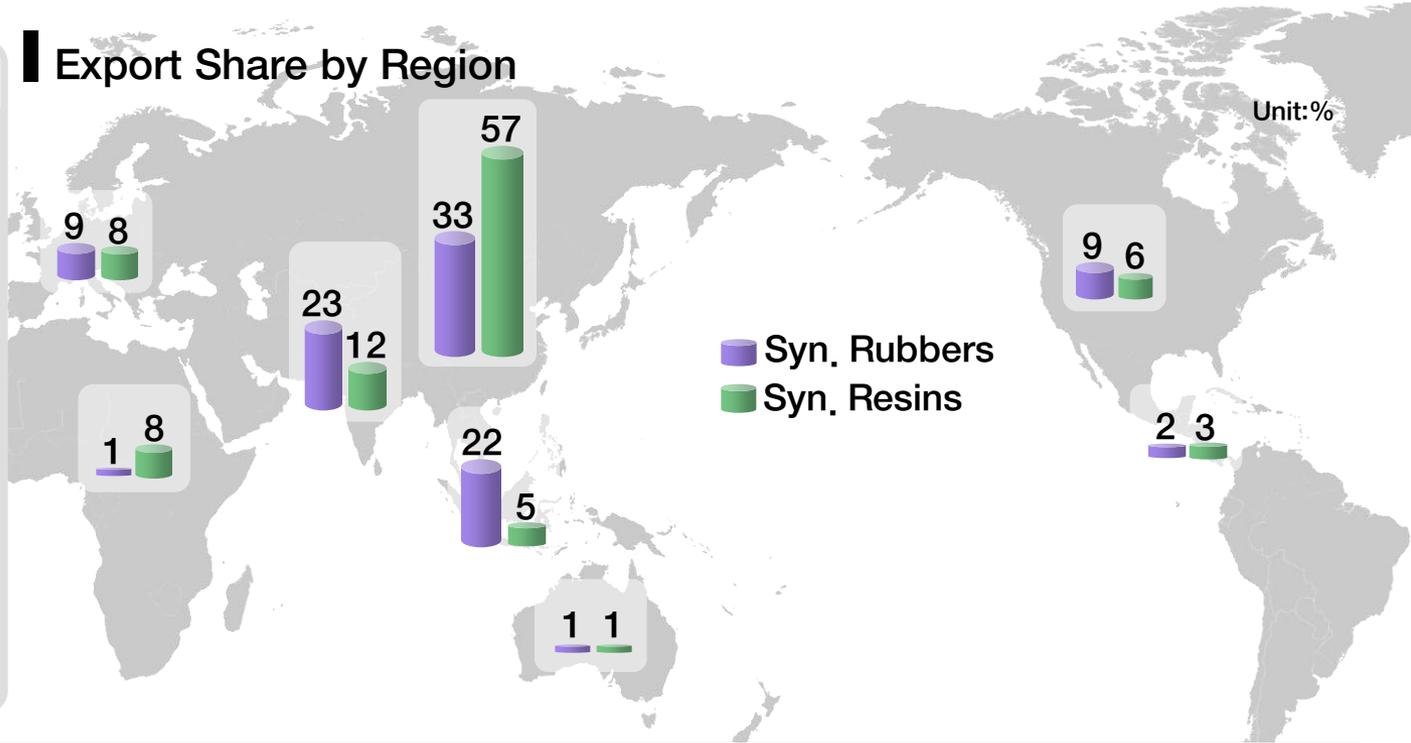
Sales Status

Sales by Region & Application

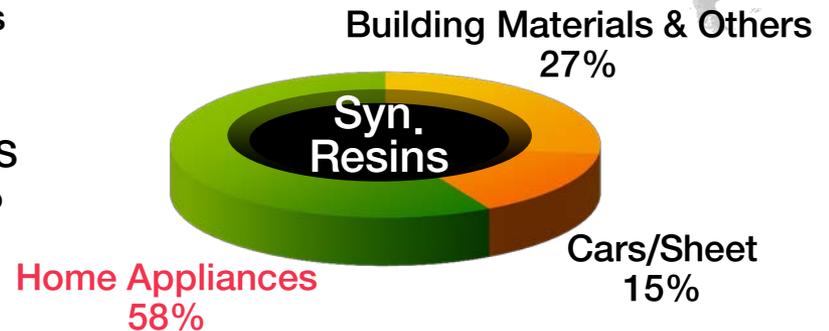
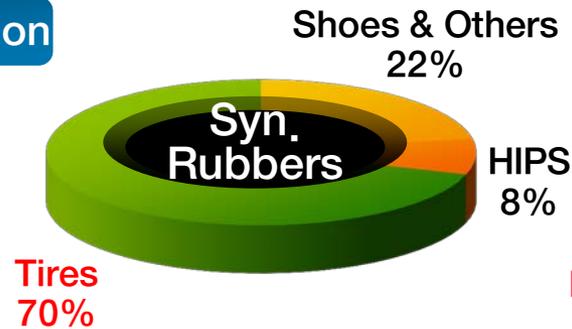
2011 Sales Breakdown



Export Share by Region

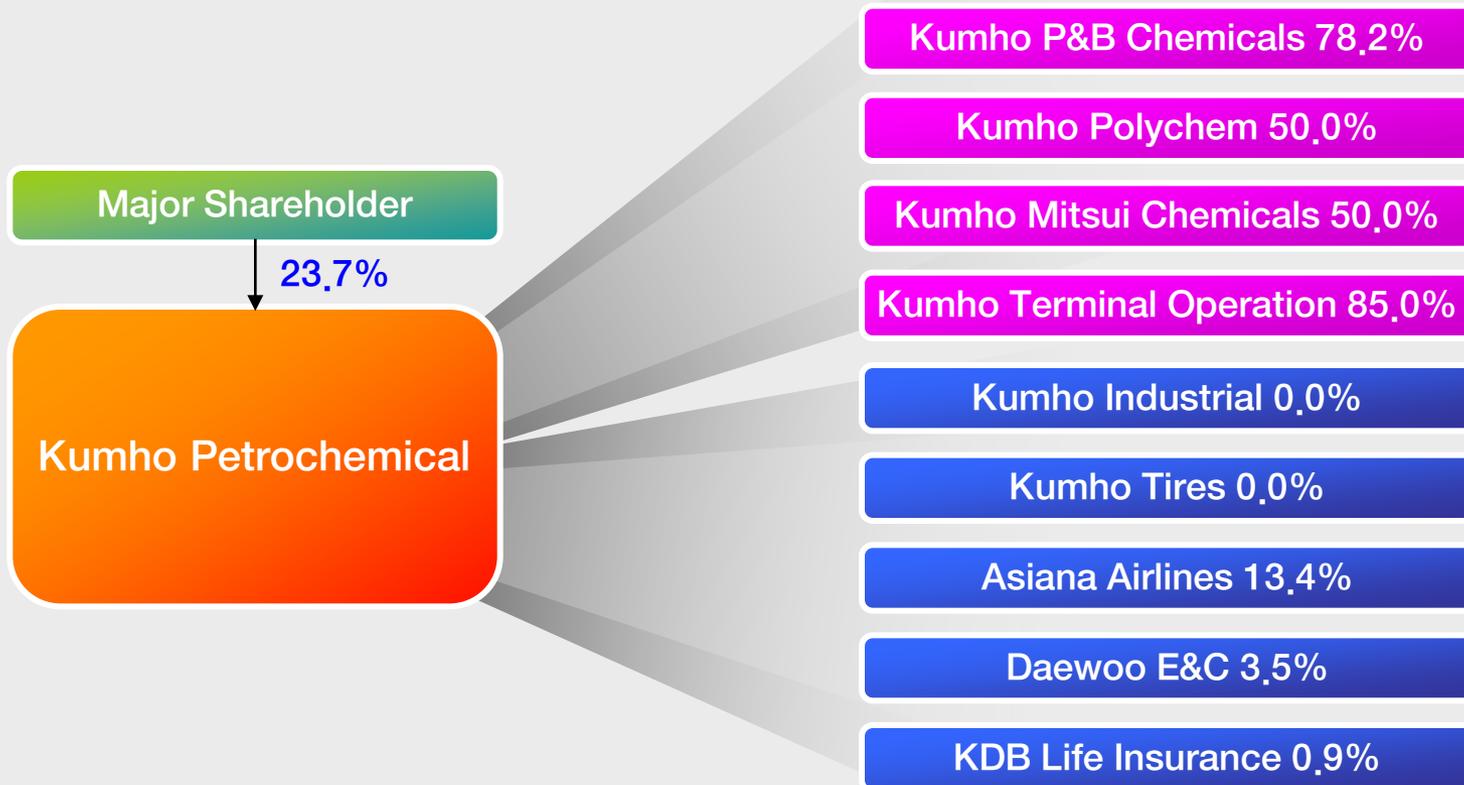


Sales Share by Application



Investments in affiliates

※ As of 31 Dec. 2011,
Based on common shares



Q & A