

INVESTOR RELATIONS 2012 1Q

- 1Q, 2012 Review
- Main Business Activities
- 2Q, 2012 Outlook
- Appendices



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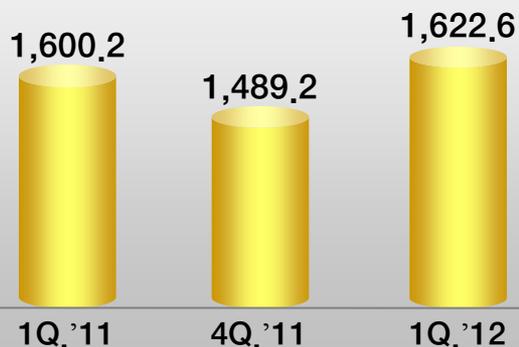
1Q, 2012 Overview

Sales & Operating Income

- Sales rose 9.0% to KRW 1,622.6 billion, operating income increased 114.1% to KRW 129.3 billion.

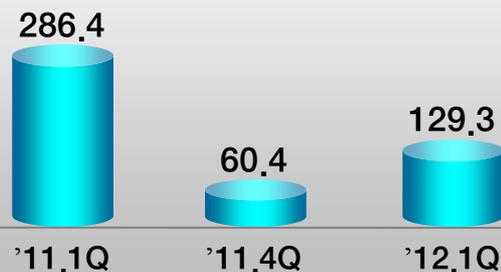
Sales

Unit:KRW billion



Operating Income

Unit:KRW billion



1Q, 2012 Performance

(Unit:KRW billion)

	1Q.'12	4Q.'11	1Q.'11	Change Ratio	
				QoQ	YoY
S a l e s	1,622.6	1,489.2	1,600.2	9.0%	1.4%
[Syn. Rubbers]	870.8	820.9	787.6	6.1%	10.6%
[Syn. Resins]	342.0	302.9	345.8	12.9%	-1.1%
[O t h e r s]	409.8	365.4	466.8	12.2%	-12.2%
Phenol Derivatives	289.9	256.9	342.6	12.8%	-15.4%
Specialty Chemicals	42.8	41.9	49.4	2.1%	-13.4%
E n e r g y	44.5	41.7	41.9	6.7%	6.2%
O t h e r s	32.6	24.9	32.9	30.9%	-0.9%
Operating Income	129.3	60.4	286.4	114.1%	-54.9%
[%]	8.0%	4.1%	17.9%	-	-
Income before Income Taxes	132.3	66.0	277.8	100.5%	-52.4%
Net Income	101.6	40.4	196.2	151.5%	-48.2%
Gain/Loss on Valuation of Equity Method Investments	22.1	18.8	15.5	17.6%	42.6%

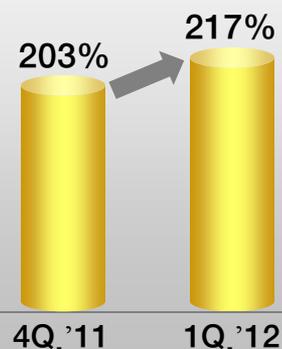
* Net Income is based on Controlling Interests.

Financial Highlights

- Debt to equity ratio rose due to increases in usance borrowing and decreases in earned surplus.
- Interest coverage ratio improved due to decreases in interest expense through conversion of CB (Convertible Bond) and increases in operating income.

Debt to Equity Ratio

(Unit:%)



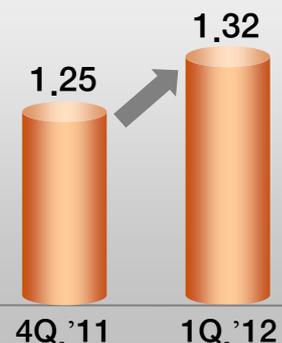
Borrowings

(Unit:KRW billion)



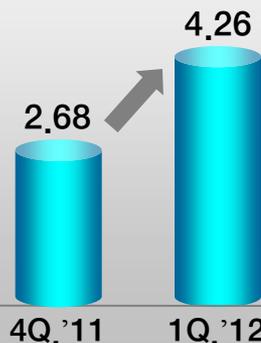
Asset Turnover Ratio

(Unit:Times)



Interest Coverage Ratio

(Unit:Fold)



	Unit	1Q.'12	4Q.'11	1Q.'11	Change Ratio	
					QoQ	YoY
Assets	KRW bil.	5,098.5	4,714.2	4,421.6	8.2%	15.3%
Liabilities	KRW bil.	3,491.1	3,157.2	3,388.5	10.6%	3.0%
Shareholders' Equity		1,607.4	1,557.1	1,033.1	3.2%	55.6%
Controlling Interests	KRW bil.	1,496.4	1,447.7	951.7	3.4%	57.2%
Non-Controlling Interests		111.0	109.4	81.4	1.5%	36.4%
Debt to Equity Ratio	%	217	203	328	-	-
Borrowings		2,457.8	2,299.5	2,570.4	6.9%	-4.4%
Won-Denominated	KRW bil.	1,579.0	1,688.4	2,019.5	-6.5%	-21.8%
Foreign Currency-Denominated		878.8	611.1	550.9	43.8%	59.5%
Asset Turnover Ratio	Times	1.32	1.25	1.50	5.6%	-12.0%
Interest Coverage Ratio	Fold	4.26	2.68	8.31	59.0%	-48.7%

Performance Results for Synthetic Rubbers

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Synthetic Rubbers

- Sales increased 6.1% to KRW 870.8 billion(53.7% of total sales).
- Maintain high level of sales and operating income by increasing sales price to cope with strong feedstock price.

Sales

Unit:KRW billion



1Q, 2012 Performance

- Strong BD price maintenance due to :
 - Decrease in supply from some NCC experiencing trouble and conducting Annual S/D
 - Demand decrease by decreasing operating ratio in downstream
- BD price changes by region

(Unit:USD/Ton)

	10.'11	11.'11	12.'11	01.'12	02.'12	03.'12
Asia	2,184	1,694	2,563	2,963	3,863	3,452
N.America	2,508	2,083	2,150	2,797	3,472	3,516
Europe	1,875	1,600	1,956	2,756	3,344	3,155

- Strong position in synthetic rubber prices
 - Profitability improved by reflecting feedstock price increase in sales price.

(Unit:USD/Ton)

	10.'11	11.'11	12.'11	01.'12	02.'12	03.'12
SBR	3,235	2,625	2,740	2,955	3,258	3,344
BR	3,697	2,976	3,153	3,338	3,707	3,855

* Source: ICIS/PLATTS 2011, 2012

Performance Results for Synthetic Resins

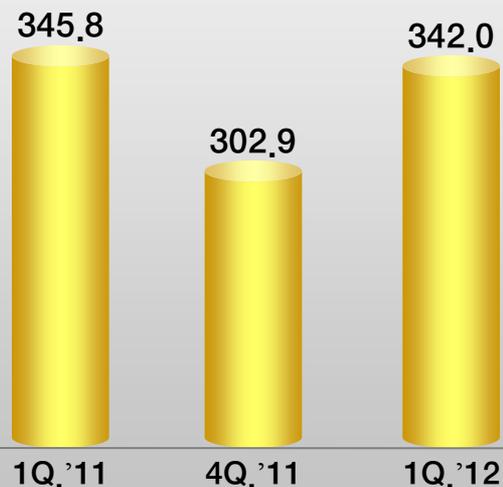
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Synthetic Resins

- Sales increased 12.9% to KRW 342.0 billion(21.1% of total sales)
- Improvement profitability is based on selling price hikes by a combination of increasing demand of China's downstream and feedstock prices rising.

Sales

Unit:KRW billion



1Q, 2012 Performance

- SM price advance due to :
 - Annual S/D of Asia SM maker
 - Price rising of feedstock(Bezene/Ethylene)
- SM price changes

(Unit:USD/Ton, CFR China)

	10, '11	11, '11	12, '11	01, '12	02, '12	03, '12
SM	1,323	1,320	1,335	1,410	1,444	1,480

- Strong position in synthetic resin prices
 - Reducing inventory level of China's downstream and strong demand
 - Improve profitability by increase sales price due to feedstock (SM/BD) prices upwards

(Unit:USD/Ton)

	10, '11	11, '11	12, '11	01, '12	02, '12	03, '12
PS	1,478	1,433	1,447	1,501	1,555	1,591
ABS	1,936	1,828	1,851	2,006	2,128	2,164

* Source: PLATTS 2011, 2012

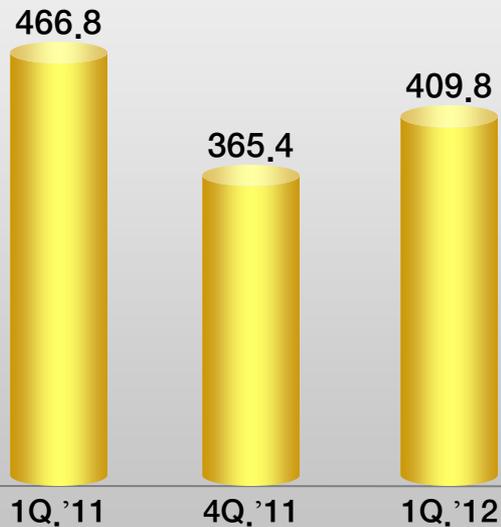
Performance Results for Others

Others

- Sales increased 12.2% to KRW 409.8 billion(25.2% of total sales)
- Phenol Derivatives : Increase of profits due to selling price rise by recovered demand

Sales

Unit:KRW billion



1Q, 2012 Performance

- Phenol Derivatives
 - Feedstock(Benzene) price maintaining strongly due to Oil/Naphtha prices rising
 - Increase of profits due to increase demand of downstream (PC/Epoxy) and increased sale prices
- Energy
 - Sales increased on higher steam demand for chemical affiliates
 - Improved profitability through increases in sales prices and decrease in production cost

Main Business Activities

Strengthened Synthetic Rubber Market Position

- Revamping Capacity(MT/Y) : SBR 110K(Ulsan), SSBR 60K(Yeosu)
 - Completion of Construction : SBR(Sept. '12), SSBR(Nov. '12)
 - Total Investment : KRW 121,5 billion
 - Total Capa. of SBR/BR : 845,000MT/Y

(Unit: '000MT/Y)

	2010	2011	2012	Note
SBR	481	481	591	-No.1:KKPC(845)
BR	222	364	364	-No.2:SINOPEC(694)
Total	703	845	955	-No.3:Lanxess(661)

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: '000MT/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)
Total	898	1,048	1,533	-No.4:Mitsui(505) -No.5:KPB(430)

● Synthetic Rubbers

- Demand would be stronger thanks to re-stocking and increasing operation in Chinese tire makers.
- Production volume would be decreased because of Annual S/D in April, but the margin would be recovered by widening BD/Synthetic rubbers spread.
- BD supply would be tightened caused by NCC's trouble and maintenance, but temporal slow downstream demand will keep the feed stock price at stable level.

● Synthetic Resins

- Sales volume to be increased by demand seasonality and pre-demand of Olympic.
- Increasing market shares by strong sales activity and high profit product sales will bring better margin level.
- SM price would stay strong position by demand increase in China followed by resin price up-trend.

● Others

- Phenol Derivatives
 - Downstream demand increase would make both BPA sales price increase and margin recovery.
- Energy
 - Annual S/D in No.2 power plant will limit its operation ratio in 2Q along with revenue and operating income.

Income Statement

(Unit:KRW billion)

	1Q,'12	4Q,'11	1Q,'11	Difference			
				QoQ		YoY	
				Amount	Ratio	Amount	Ratio
Sales	1,622.6	1,489.2	1,600.2	133.4	9.0%	22.4	1.4%
Operating Income	129.3	60.4	286.4	68.9	114.1%	-157.1	-54.9%
<i>(Operating Margin)</i>	<i>8.0%</i>	<i>4.1%</i>	<i>17.9%</i>	<i>3.9%p</i>	-	<i>-9.9%p</i>	-
<i>Net Interest Expense</i>	<i>19.1</i>	<i>13.2</i>	<i>24.1</i>	<i>5.9</i>	<i>44.7%</i>	<i>-5.0</i>	<i>-20.7%</i>
<i>Gain/Loss on Valuation of Equity Method Investments</i>	<i>22.1</i>	<i>18.8</i>	<i>15.5</i>	<i>3.3</i>	<i>17.6%</i>	<i>6.6</i>	<i>42.6%</i>
Income before Income Taxes	132.3	66.0	277.8	66.3	100.5%	-145.5	-52.4%
<i>(Ordinary Income Margin)</i>	<i>8.2%</i>	<i>4.4%</i>	<i>17.4%</i>	<i>3.8%p</i>	-	<i>-9.2%p</i>	-
Net Income	101.6	40.4	196.2	61.2	151.5%	-94.6	-48.2%
<i>(Net Income Margin)</i>	<i>6.3%</i>	<i>2.7%</i>	<i>12.3%</i>	<i>3.6%p</i>	-	<i>-6.0%p</i>	-

* Net Income is based on controlling interest.

Balance Sheet

(Unit:KRW billion)

	1Q,'12	4Q,'11	1Q,'11	Change Amount	
				QoQ	YoY
1. Current Assets	2,384.9	2,058.1	1,731.4	326.8	653.5
- Cash	471.4	505.1	173.7	-33.7	297.7
2. Non-Current Assets	2,713.6	2,656.1	2,690.2	57.5	23.4
Total Assets	5,098.5	4,714.2	4,421.6	384.3	676.9
1. Current Liabilities	3,022.0	2,713.2	2,670.2	308.8	351.8
2. Non-Current Liabilities	469.1	444.0	718.3	25.1	-249.2
■ Interest Bearing Liabilities	2,457.8	2,299.5	2,570.4	158.3	-112.6
- Short-Term Debts	2,093.7	1,934.7	1,892.1	159.0	201.6
- Long-Term Debts	364.1	364.8	678.3	-0.7	-314.2
■ Non-Interest Bearing Liabilities	1,033.3	857.7	818.1	175.6	215.2
Total Liabilities	3,491.1	3,157.2	3,388.5	333.9	102.6
1. Common & Preferred Stock	167.5	167.5	142.2	-	25.3
Total Shareholder Equity	1,607.4	1,557.1	1,033.1	50.3	574.3
Net Debt Ratio	39.0%	38.1%	54.2%	0.9%p	-15.2%p
Long-Term Debts to Total Debts Ratio	14.8%	15.9%	26.4%	-1.1%p	-11.6%p
Current Ratio	78.9%	75.9%	64.8%	3.0%p	14.1%p
Total Liabilities to Equity Ratio	217.2%	202.8%	328.0%	14.4%p	-110.8%p

Production Capa.(KKPC)

	Product	Capa.	Unit	Note
Synthetic Rubbers	SBR	481,000	MT/Y	Completion of Expansion : 110,000MT/Y(Ulsan), Sept. 2012 Added 22,000MT/Y by improving productivity as of late 2011
	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	910	T/H	Completion of Expansion : Steam 800T/H & Electricity 145MWH, in 2015
	Electricity	155	MWH	
BD	Ulsan Plant	90,000	MT/Y	
	Yeosu Plant	147,000		
	Total	237,000		

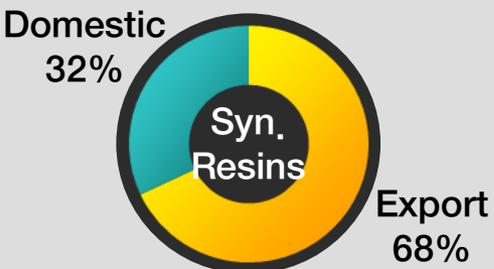
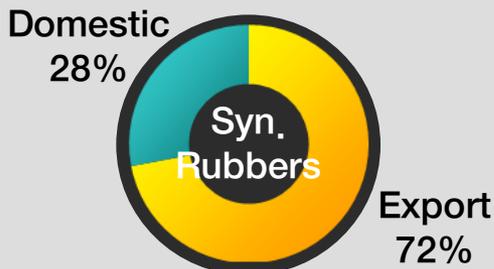
Production Capa.(Affiliates)

	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		

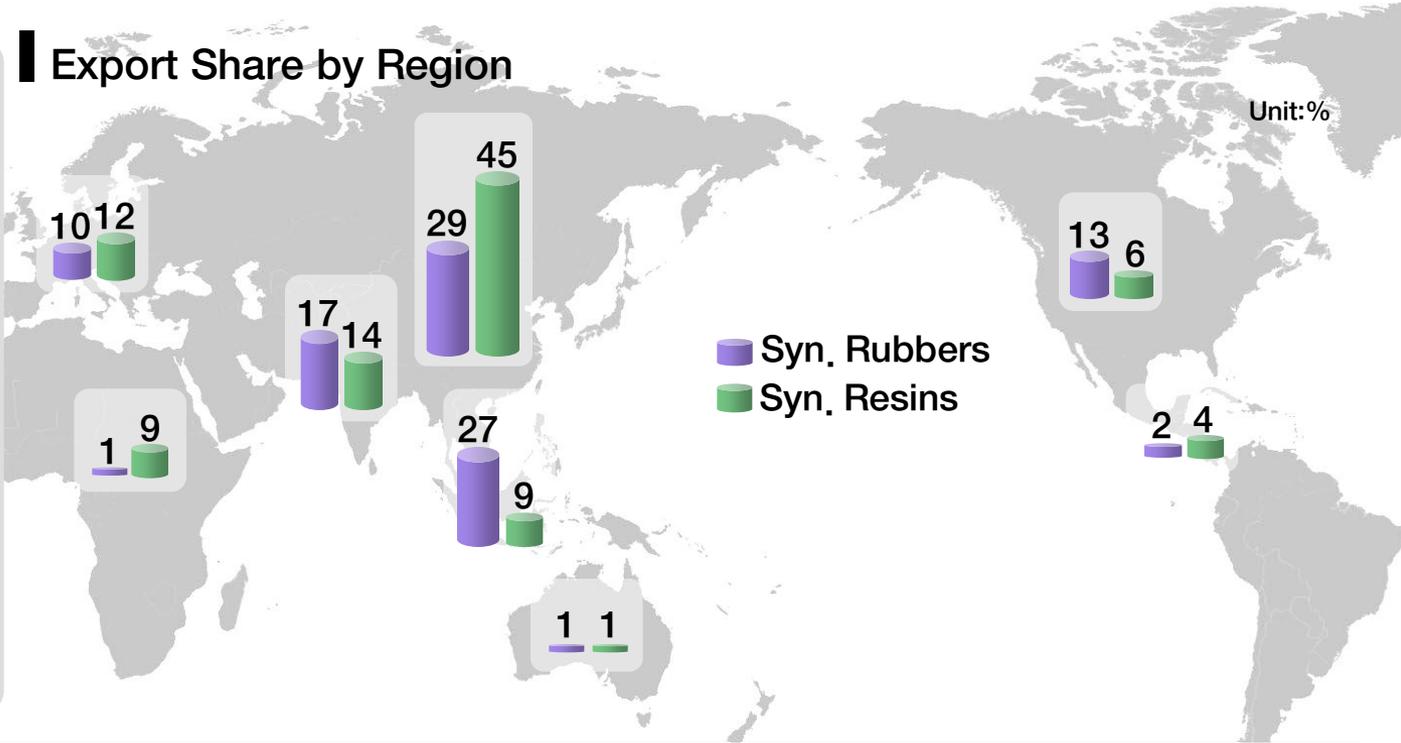
Sales Status

Sales by Region & Application

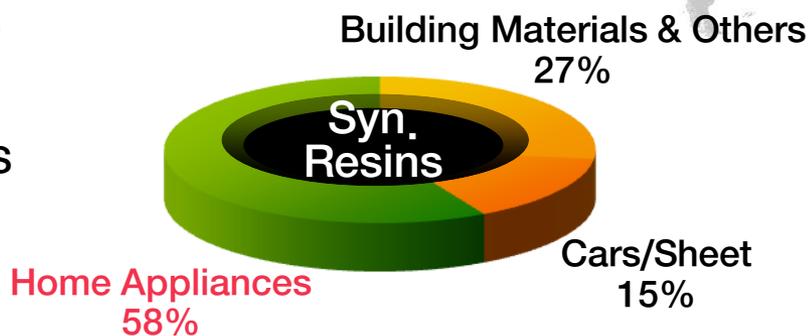
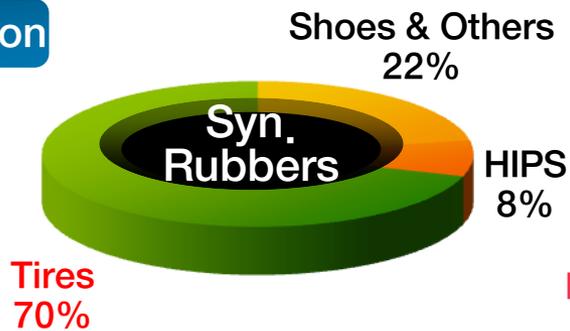
1Q.'12 Sales Breakdown



Export Share by Region

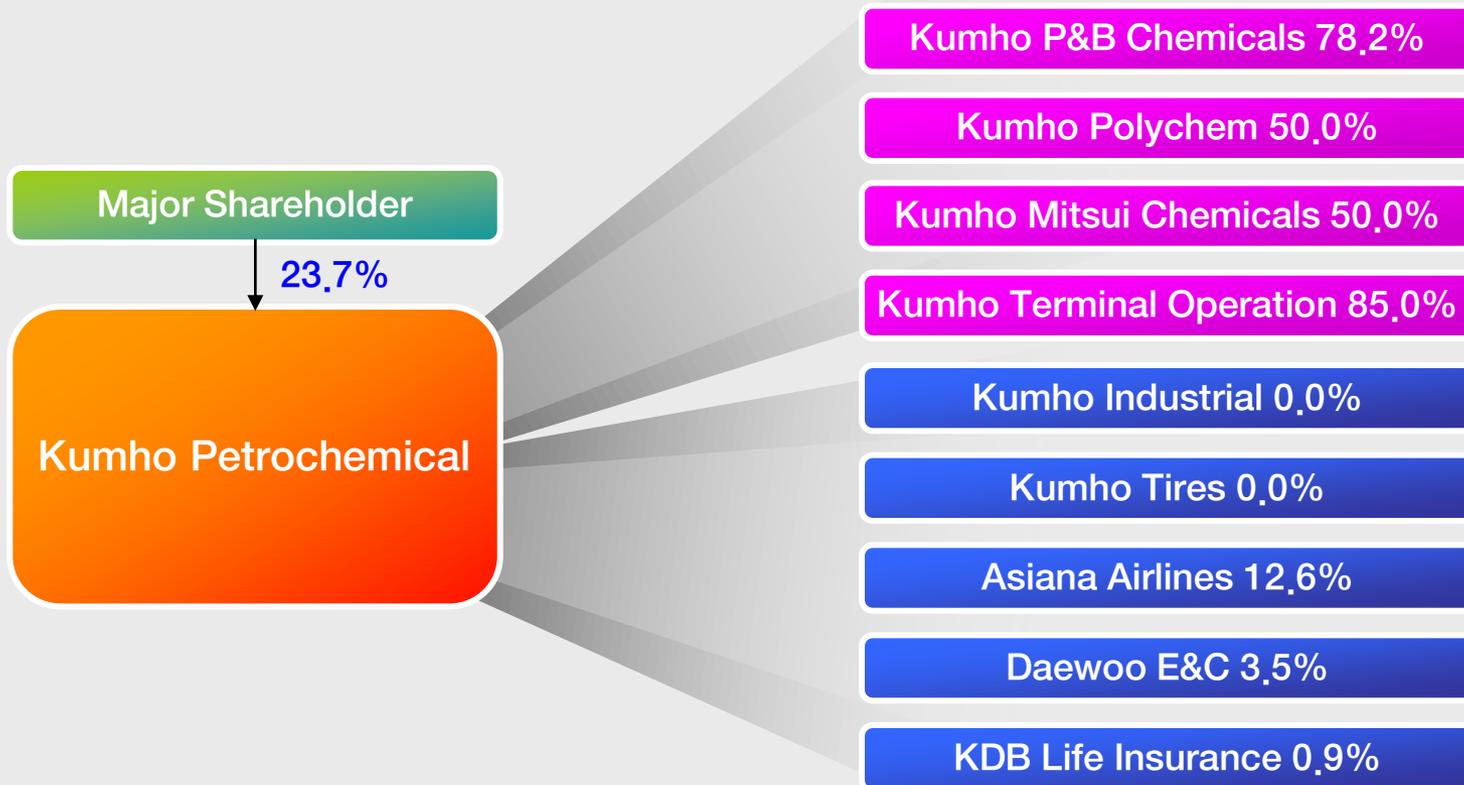


Sales Share by Application



Investments in affiliates

※ As of 31 Mar. 2012,
Based on common shares



Q & A