

2Q 2010 Business Results & Outlook

July 20, 2010



The business results for the second quarter of 2010 currently under audit review are presented here for investors' convenience. Hence, please be advised that some of their contents may be altered in the course of audit.

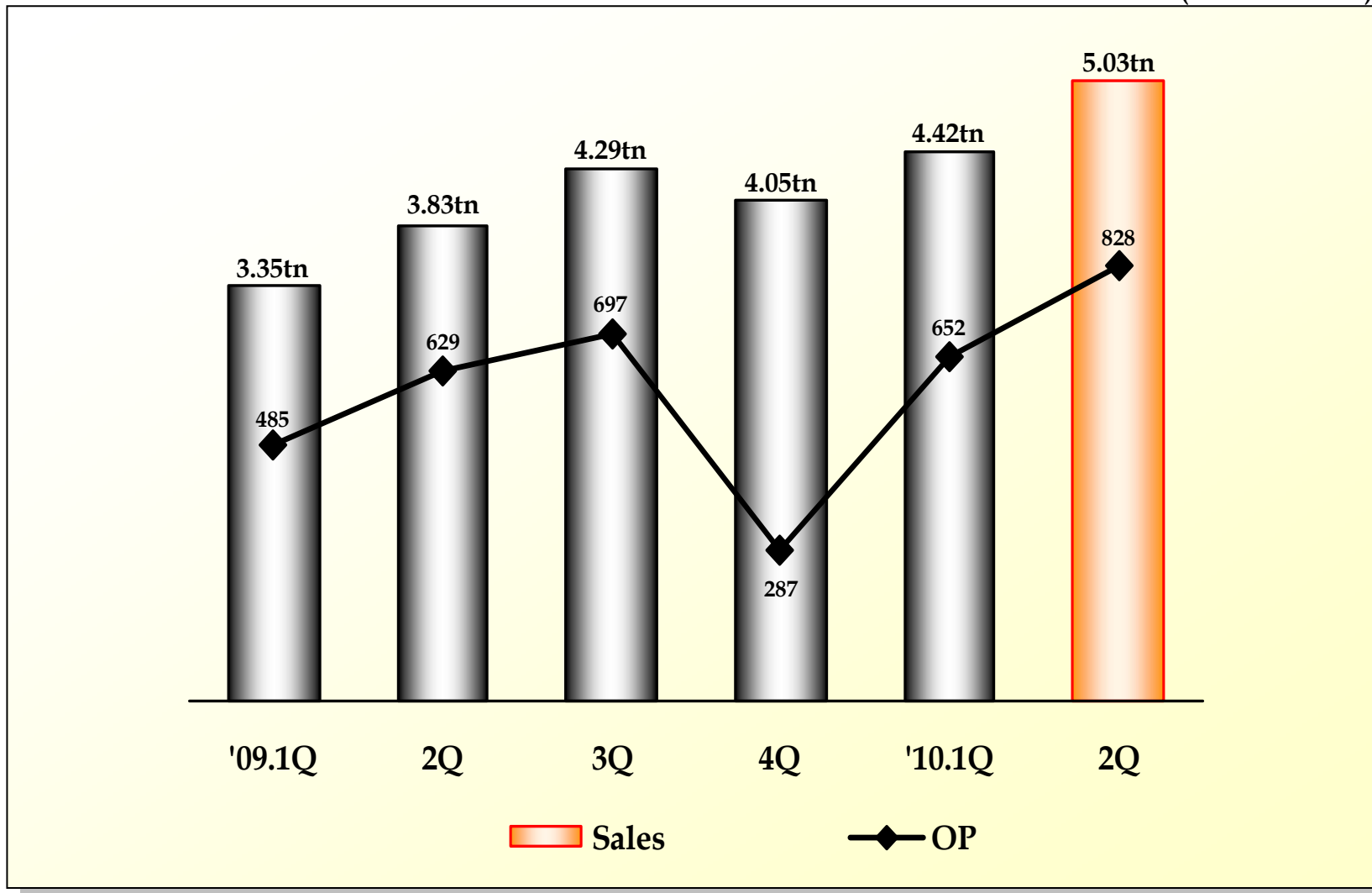
Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables.

From 2010, the business results including all historical data are subject to the IFRS(International Financial Reporting Standards).

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(Unit: KRW bn)



(Unit: KRW bn)

Classification	'09.2Q	'10.1Q	'10.2Q	YoY	QoQ
Sales	3,830	4,423	5,028	31.3%	13.7%
Operating Profits	629	652	828	31.6%	26.9%
(%)	(16.4)	(14.7)	(16.5)		
Pre-tax Income	621	649	822	32.3%	26.6%
(%)	(16.2)	(14.7)	(16.3)		
Net Income	475	518	646	36.0%	24.7%

Financial Position

(Unit: KRW bn)

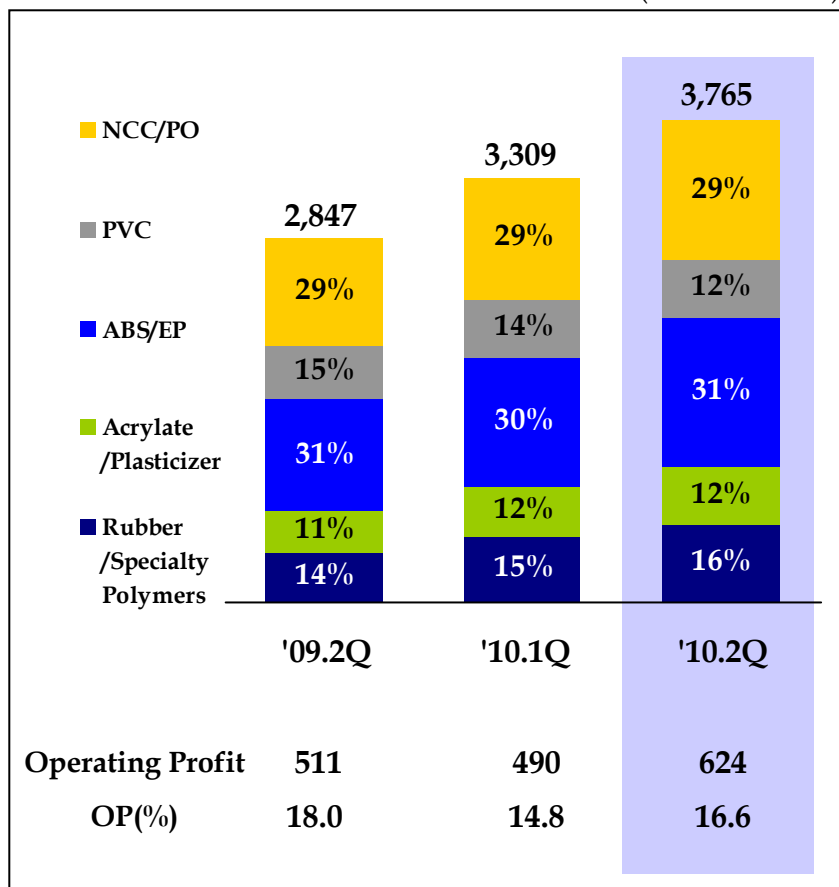
Classification	'09	'10.2Q	Change
Asset	10,531	11,991	13.9%
Cash and equivalent	1,107	1,043	-5.8%
Liabilities	4,604	5,145	11.8%
Borrowings	2,411	2,607	8.1%
Shareholder's Equity	5,927	6,846	15.5%
EBITDA	2,611	1,794	

Financial Ratios

Classification	'09	'10.2Q	Change
Total Liabilities / Equity (%)	77.7	75.2	-2.5%p
Debt / Equity (%)	40.7	38.1	-2.6%p
Interest Coverage Ratio	20.2	48.5	28.3
ROE (%)	27.3	36.4	9.1%p
ROA (%)	14.8	20.7	5.9%p

Business results

(Unit: KRW bn)



Analysis

• Analysis

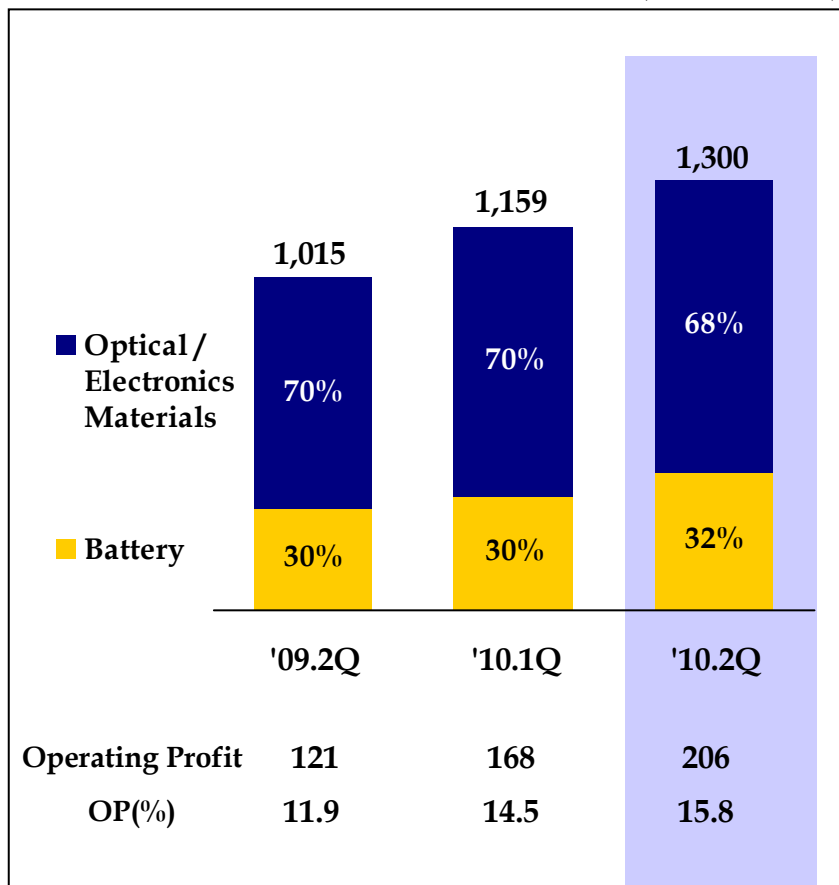
- ▣ Profitability increased with the tight supply & strong demand across the products
 - NCC/PO : Solid margin maintained thanks to NCC expansion and increased sale of premium PE products
 - PVC : Favorable demand of strategic market (India, Middle East) helped to maintain profit
 - ABS/EP : Robust demand of frontline industry (IT, Auto, etc.) led strong product prices
 - Acrylate / Plasticizer : Strong margin continued by intensified supply tightness
 - Rubber / Specialty Polymer : Recovery of Auto industry and hike of BPA price boosted margin

• Outlook

- ▣ Differentiated profitability will maintain through diversified premium products
- ▣ Against market concern, negative impact of PO products will be limited due to strong seasonal demand in 3Q

Business results

(Unit: KRW bn)



Analysis

• Analysis

■ Continuous profit increase driven by new demands from LED TV, Smartphone and strong China market

- Optical : Solid profit due to demand increase in Materials premium TV and strong China market
- Battery : Demand growth and sales volume increase resulted in continuous gain of global M/S
- Automotive : Strengthen global customer base with new Battery Automakers. Groundbreaking of US plant

• Outlook

■ Stable profit is expected by strong seasonality and capacity expansion

- Optical : Robust demand of LCD thanks to enhanced Materials economy stimulus plan in China Sales increase from capacity expansion
- Battery : Sales increase among core customers backed by smart phone market growth and strong seasonality in 2H
- Automotive : Dominant market presence by securing Battery new customers. Start to supply for GM 'Volt'

(Unit: KRW bn)

LGC	2009					2010				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	3,350	3,830	4,295	4,046	15,521	4,423	5,028			9,451
Operating Profit	485	629	697	287	2,098	652	828			1,480
Petrochemicals	2,582	2,847	3,062	2,959	11,450	3,309	3,765			7,074
NCC/PO	751	836	911	897	3,395	948	1,082			2,030
PVC	439	416	429	408	1,693	453	455			908
ABS/EP	724	886	948	900	3,458	998	1,173			2,171
Acrylate/Plasticizer	310	324	351	330	1,315	401	451			852
Synthetic Rubber/ Specialty Resin	358	385	423	423	1,588	509	605			1,113
Operating Profit	380	511	491	226	1,608	490	624			1,114
I & E Materials	786	1,015	1,234	1,157	4,191	1,159	1,300			2,460
Optical/Electronic	556	724	862	774	2,916	843	917			1,760
Battery	248	317	445	375	1,385	353	429			782
Operating Profit	110	121	212	65	507	168	206			374

Borrowings

(Unit: KRW bn)

Classification	'09	'10.2Q
Total (Overseas Subsidiaries)	2,411 (602) 100%	2,607 (873) 100%
KRW Currency	266 11%	163 6%
C P	249	150
Others	17	13
Foreign Currency (Overseas Subsidiaries)	2,145 (602) 89%	2,444 (873) 94%
Loan (Overseas Subsidiaries)	1,011 (602)	1,055 (873)
Negotiation Borrowing	949	1,192
FRN	184	197
Short-term (Overseas Subsidiaries)	1,833 (429) 76%	1,902 (585) 73%
Long-term (Overseas Subsidiaries)	578 (174) 24%	705 (288) 27%

☞ The % is calculated to total borrowings.

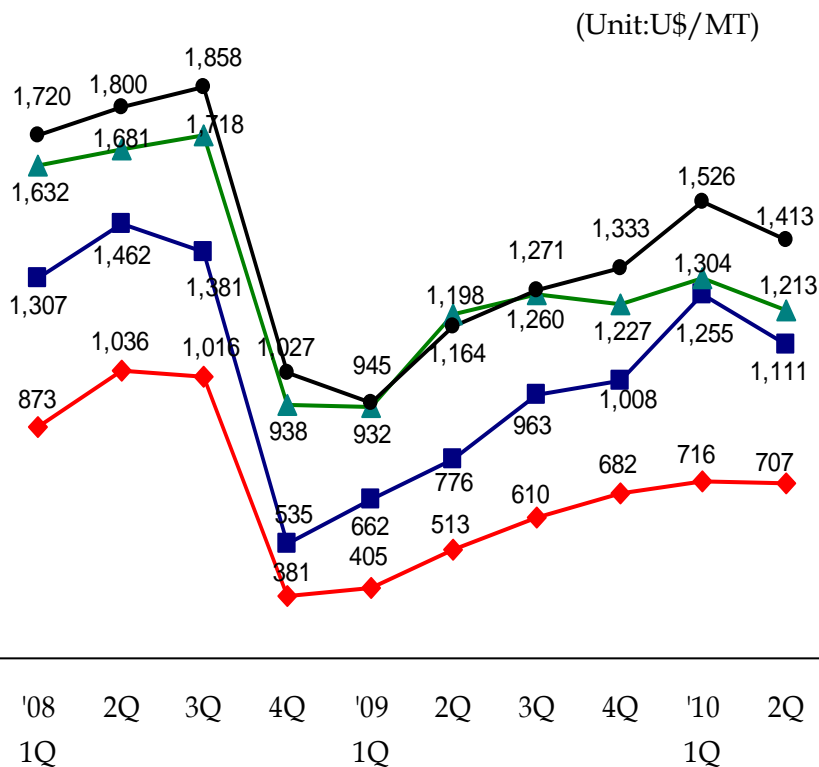
Cash Flow

(Unit: KRW bn)

Classification	'09	'10.2Q
Beginning	514	1,107
Operating/Investing	1,515	20
Net Income	1,539	1,164
Depreciation	533	307
Working Capital	445	-758
CAPEX	-1,063	-657
Others	61	-35
Financing	-922	-84
Borrowings	-713	196
Dividends	-209	-280
Net Cash Flow	1,107	1,043

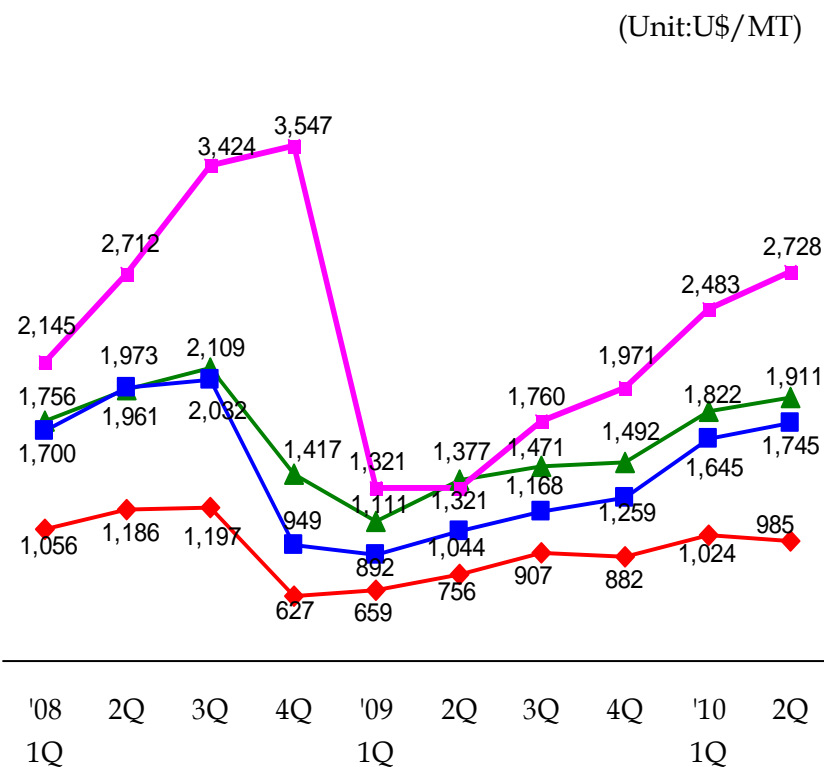
(Unit: KRW bn)

Classification		'08	'09	'10 Plan	'10.1H
Petrochemicals	New / Expansion	223	158	289	102
	Maintenance	103	132	174	98
	Total	326	290	463	200
I & E Materials	New / Expansion	270	472	670	340
	Maintenance	58	81	125	53
	Total	328	553	795	393
Common Expenses	New / Expansion	1	22	-	-
	Maintenance	71	198	175	64
	Total	72	221	175	64
Total	New / Expansion	494	652	959	442
	Maintenance	233	411	474	215
	Total	727	1,063	1,434	657



◆ Naphtha ■ Ethylene ▲ HDPE(Film) ● LDPE

NCC/PO



◆ PVC ▲ ABS ■ Oxo-Alcohol ◆ BR

PVC

ABS/EP

**Acrylate/
Plasticizer**

**Rubber/
Specialty Polymers**

• The prices are average price of CFR FE Asia for general grade in each product group.