

# 3Q 2012 Business Results & Outlook

Oct 19, 2012



# Disclaimer

**The business results for the third quarter of 2012 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.**

**From the first quarter of 2012, this material shows business results and related substances by 3 divisions(Petrochemicals, I&E Materials and Energy Solution) and thus past figures are revised to a same basis.**

**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 are subject to the IFRS(International Financial Reporting Standards).**

# Table of Contents

<b>3Q 2012 Business Results</b>	<b>1</b>
<b>Divisional Results &amp; Outlook</b>	<b>3</b>
<b>Appendix</b>	<b>5</b>
- Divisional Sales & Operating Profit	
- Borrowings & Cash Flow	
- CAPEX Plan & Results	
- Quarterly Price Trends	
- Monthly Price Trends	

(Unit: KRW bn)

Classification	'11.3Q	'12.2Q	'12.3Q	YoY	QoQ
<b>Sales</b>	5,886	5,996	5,834	-0.9%	-2.7%
<b>Operating Profit</b>	724	503	601	-17.0%	19.5%
<b>(%)</b>	(12.3)	(8.4)	(10.3)		
<b>Pre-tax Income</b>	668	480	585	-12.4%	21.9%
<b>(%)</b>	(11.3)	(8.0)	(10.0)		
<b>Net Income</b>	512	374	459	-10.2%	22.8%

## Financial Position

(Unit: KRW bn)

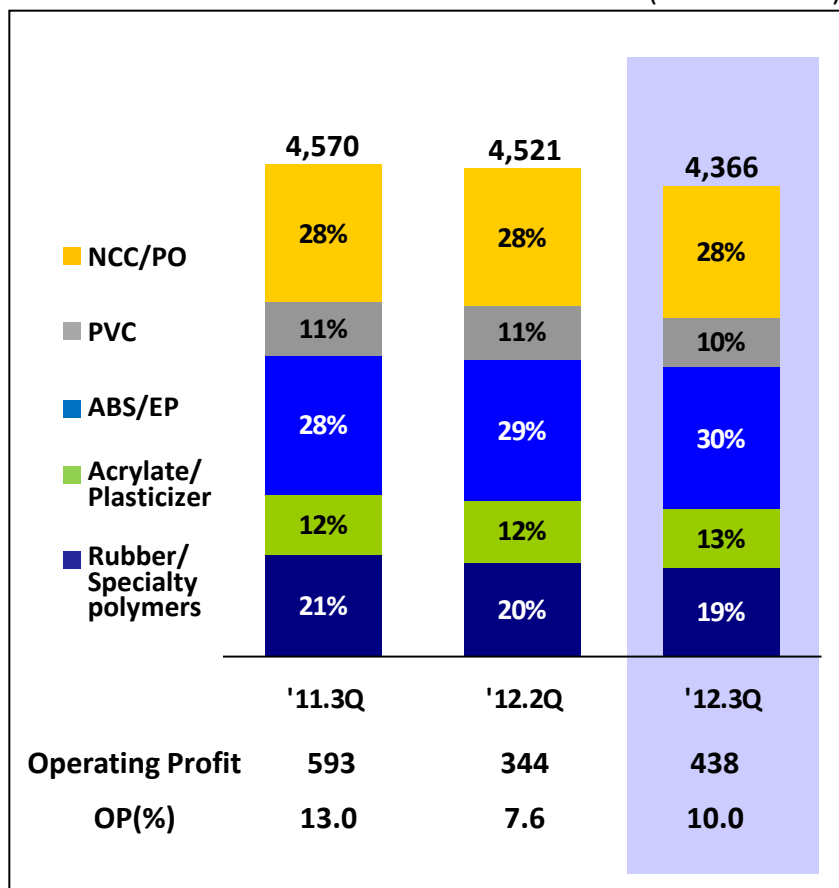
Classification	'11	'12.3Q	Change
<b>Asset</b>	<b>15,286</b>	<b>16,920</b>	10.7%
Cash and equivalents	1,379	1,302	-5.6%
<b>Liabilities</b>	<b>5,578</b>	<b>6,378</b>	14.3%
Borrowings	2,527	3,025	19.7%
<b>Shareholder's Equity</b>	<b>9,708</b>	<b>10,543</b>	8.6%
<b>EBITDA</b>	<b>3,592</b>	<b>2,194</b>	

## Financial Ratios

Classification	'11	'12.3Q	Change
<b>Total Liabilities/ Equity (%)</b>	57.5	60.5	3.0%p
<b>Borrowings / Equity (%)</b>	26.0	28.7	2.7%p
<b>Interest Coverage Ratio (x)</b>	42.3	28.4	-13.9
<b>ROE (%)</b>	24.7	16.0	-8.7%p
<b>ROA (%)</b>	15.5	10.1	-5.4%p

## Business results

(Unit: KRW bn)



## Analysis

### • Analysis

■ Overall margin improved thanks to stabilizing feedstock costs and better cost position despite continued weak demand amid global economic downturn

-NCC/PO : Improved spread by stabilized naphtha price and increased premium PO sales

-PVC : Improved margin thanks to price increases by supply tightness and sales increase in the emerging markets such as India, etc.

-ABS/EP : Increased profits based on seasonal demand and stable feedstock costs

-Acrylate/Plasticizer : Maintained favorable business results with capacity expansion of Acrylate and SAP, etc

-Rubber/Specialty Polymers : Secured solid profits through increased internal share in major customers despite weak tire demand

### • Outlook

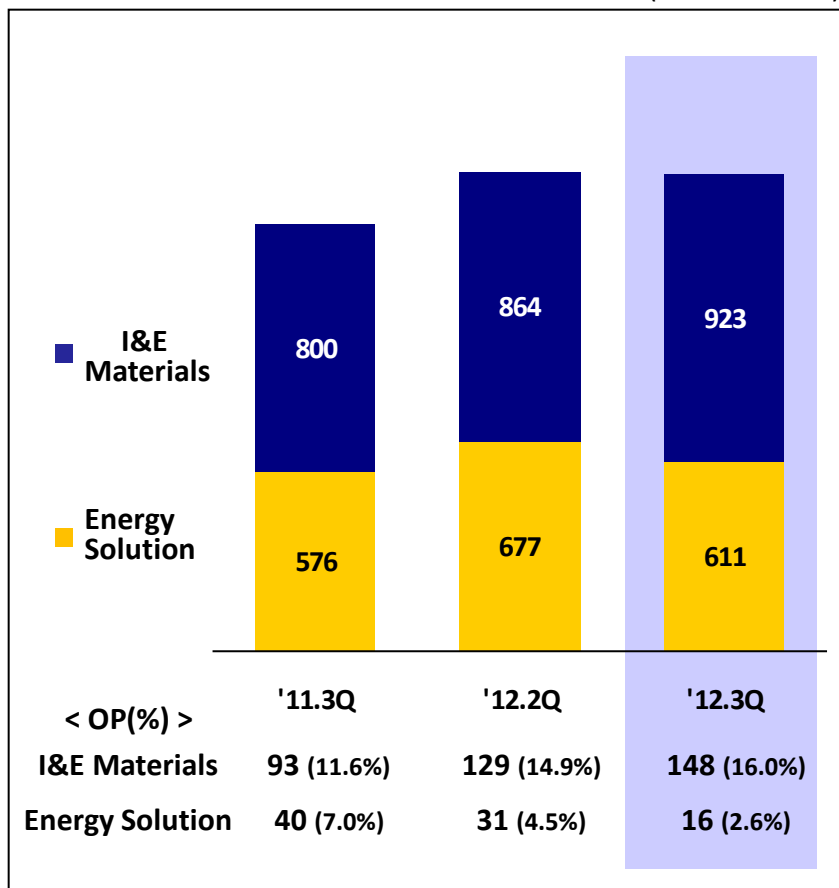
■ Expect better business results than peers through differentiated product portfolio

■ Secure solid profits despite slow seasonality

## Business results

## Analysis

(Unit: KRW bn)



### • Analysis

■ Despite sluggish Energy Solution, I&E Materials recorded sound results thanks to seasonal demand and high margin product sales increases

- **I&E Materials** : Recorded sound results thanks to rises of polarizer's utilization rate and 3D FPR sales
- **Energy Solution** : Both revenue and operating profit decreased due to weak demand for Notebook PCs and GM's plant suspension

### • Outlook

■ Consolidate global leading position through high margin product portion increase & cost reduction

- **I&E Materials** : Maintain robust profitability based on differentiated products such as 3D FPR & cost competitiveness
- **Energy Solution** : Expect gradual recovery of automotive battery demand

(Unit: KRW bn)

Classification	2011					2012				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,491	5,700	5,886	5,599	22,676	5,753	5,996	5,834		17,582
Operating Profit	835	775	724	500	2,835	460	503	601		1,564
Petrochemicals	4,276	4,328	4,570	4,150	17,325	4,491	4,521	4,366		13,379
NCC/PO	1,091	1,136	1,279	1,264	4,770	1,308	1,272	1,226		3,805
PVC	500	517	502	455	1,974	478	485	449		1,412
ABS/EP	1,347	1,318	1,293	1,208	5,166	1,312	1,325	1,320		3,957
Acrylate/Plasticizer	549	550	546	441	2,085	530	556	551		1,638
Synthetic Rubber/ Specialty Resin	789	807	950	783	3,330	864	883	819		2,567
Operating Profit	735	642	593	383	2,353	369	344	438		1,151
I&E Materials	807	891	800	845	3,343	761	864	923		2,549
Operating Profit	93	115	93	77	377	77	129	148		354
Energy Solution	468	561	576	664	2,269	562	677	611		1,851
Operating Profit	8	19	40	42	109	14	31	16		60



## Borrowings

(Unit : KRW bn)

Classification	'11	'12.3Q
<b>Total</b> (Overseas Subsidiaries)	<b>2,527</b> (1,044) 100%	<b>3,025</b> (1,021) 100%
<b>KRW Currency</b>	<b>475</b> 19%	<b>815</b> 27%
<b>C P</b>	449	598
<b>Others</b>	27	218
<b>Foreign Currency</b>	<b>2,052</b> 81%	<b>2,210</b> 73%
<b>Loan</b>	1,124	1,143
<b>Negotiation Borrowings</b>	928	1,067
<b>Short-term</b> (Overseas Subsidiaries)	<b>1,838</b> (679) 73%	<b>1,789</b> (700) 59%
<b>Long-term</b> (Overseas Subsidiaries)	<b>689</b> (365) 27%	<b>1,236</b> (321) 41%

The % is calculated to total borrowings.

## Cash Flow

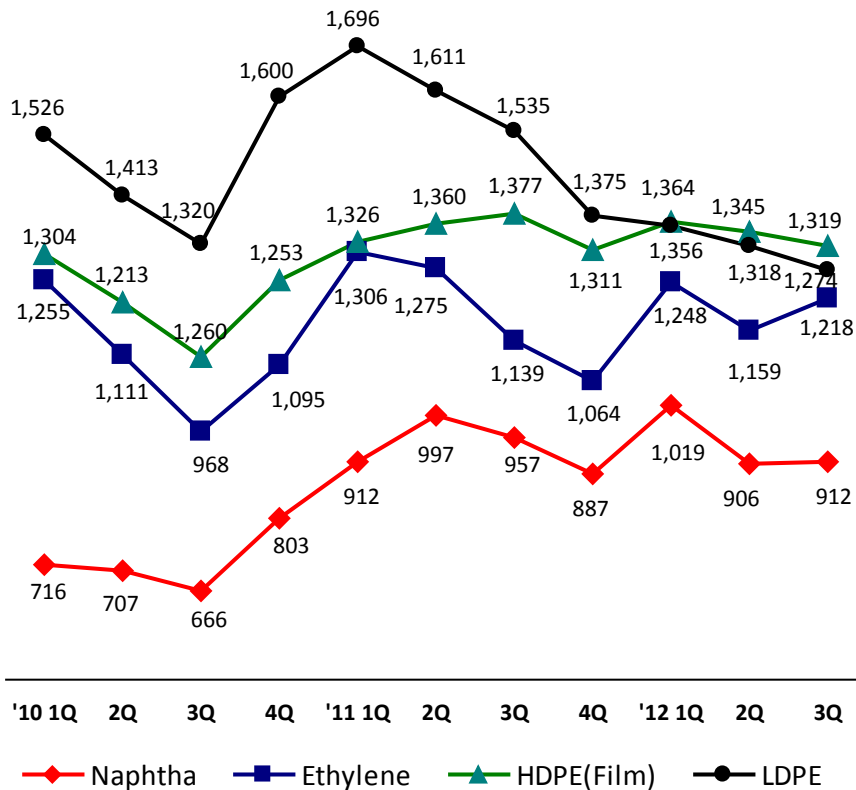
(Unit: KRW bn)

Classification	'11	'12.3Q
<b>Beginning Cash</b>	<b>1,368</b>	<b>1,379</b>
<b>Operating/Investing</b>	<b>-96</b>	<b>-259</b>
<b>Net Income</b>	2,170	1,214
<b>Depreciation</b>	757	630
<b>Working Capital</b>	-680	45
<b>CAPEX</b>	-2,321	-1,554
<b>Others</b>	-22	-594
<b>Financing</b>	<b>107</b>	<b>182</b>
<b>Borrowings</b>	426	498
<b>Dividends</b>	-319	-312
<b>Ending</b>	<b>1,379</b>	<b>1,302</b>

(Unit: KRW bn)

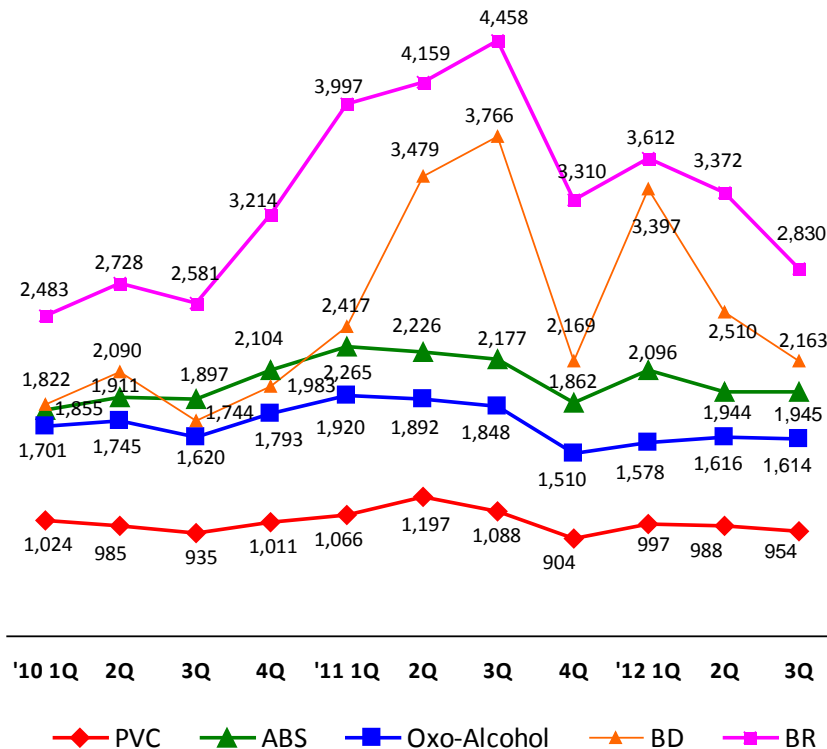
Classification		'10	'11	'12 Plan	'12.3Q (YTD)
Petrochemicals	New / Expansion	320	664	743	630
	Maintenance	266	296	269	159
	<b>Total</b>	<b>586</b>	<b>960</b>	<b>1,012</b>	<b>789</b>
I & E Materials	New / Expansion	425	330	539	173
	Maintenance	78	100	89	60
	<b>Total</b>	<b>503</b>	<b>430</b>	<b>628</b>	<b>232</b>
Energy Solution	New / Expansion	389	660	473	313
	Maintenance	85	105	139	68
	<b>Total</b>	<b>474</b>	<b>765</b>	<b>612</b>	<b>380</b>
Common Expenses	New / Expansion	-	-	-	16
	Maintenance	139	166	296	137
	<b>Total</b>	<b>139</b>	<b>166</b>	<b>296</b>	<b>152</b>
Total	New / Expansion	1,134	1,654	1,755	1,131
	Maintenance	568	666	794	423
	<b>Total</b>	<b>1,702</b>	<b>2,321</b>	<b>2,548</b>	<b>1,554</b>

(Unit: US\$/MT)



NCC/PO

(Unit: US\$/MT)



PVC

ABS/EP

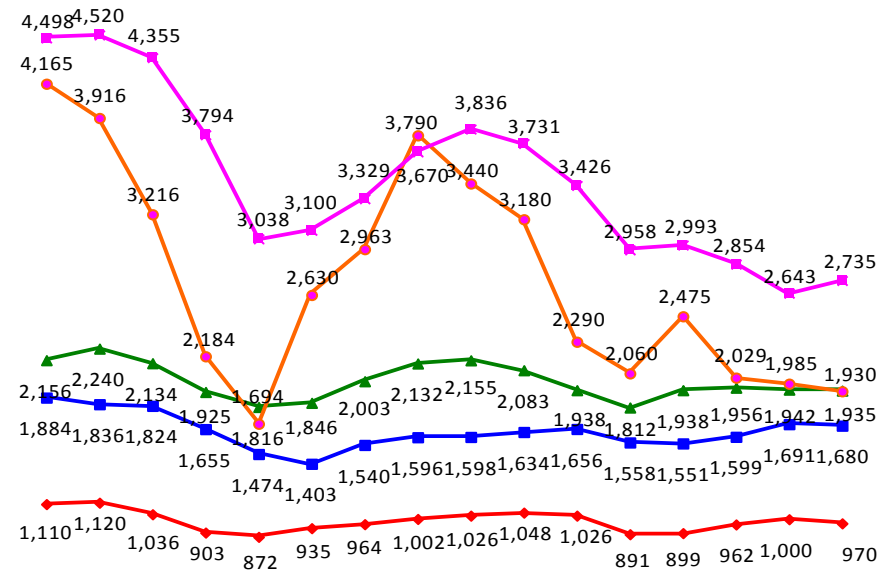
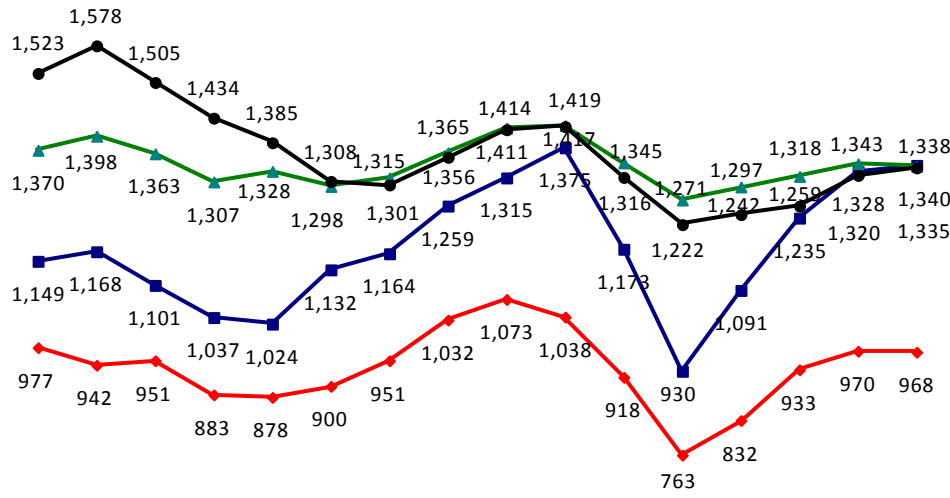
Acrylate/  
Plasticizer

Rubber/  
Specialty Polymers

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

(Unit:U\$/MT)

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◆ Naphtha   
 ■ Ethylene   
 ▲ HDPE(Film)   
 ● LDPE

◆ PVC   
 ▲ ABS   
 ■ Oxo-Alcohol   
 ● BD   
 ◆ BR

**NCC/PO**

**PVC**

**ABS/EP**

**Acrylate/  
Plasticizer**

**Rubber/  
Specialty Polymers**

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

\* Shows the prices on Oct 12, 2012