

1Q 2015 Business Results & Outlook

June, 2015



Disclaimer

The business results for the first quarter of 2015 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.

The business results are subject to the IFRS(International Financial Reporting Standards) from 2010. In addition, operating profits are amended to reflect "Guidance for public announcements of business results" reported by KAI(Korea Accounting Institute) on Feb 18th 2013.

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

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(Unit: KRW bn)

| Classification | '14.1Q | '14.4Q | '15.1Q | YoY | QoQ |
|-------------------------|--------------|--------------|--------------|--------|--------|
| Sales | 5,673 | 5,372 | 4,915 | -13.4% | -8.5% |
| Operating Profit (%) | 362 (6.4) | 232 (4.3) | 362 (7.4) | -0.1% | 56.2% |
| Pre-tax Income (%) | 354 (6.2) | 222 (4.1) | 324 (6.6) | -8.4% | 45.9% |
| Net Income | 286 | 109 | 246 | -14.0% | 125.0% |

Financial Position

(Unit: KRW bn)

| Classification | '14 | '15.1Q | Change |
|-----------------------------|---------------|---------------|--------|
| Asset | 18,128 | 18,148 | 0.1% |
| Cash and equivalents | 1,748 | 2,270 | 29.9% |
| Liabilities | 5,862 | 5,922 | 1.0% |
| Borrowings | 2,934 | 2,848 | -2.9% |
| Shareholder's Equity | 12,266 | 12,226 | -0.3% |
| EBITDA | 2,444 | 669 | |

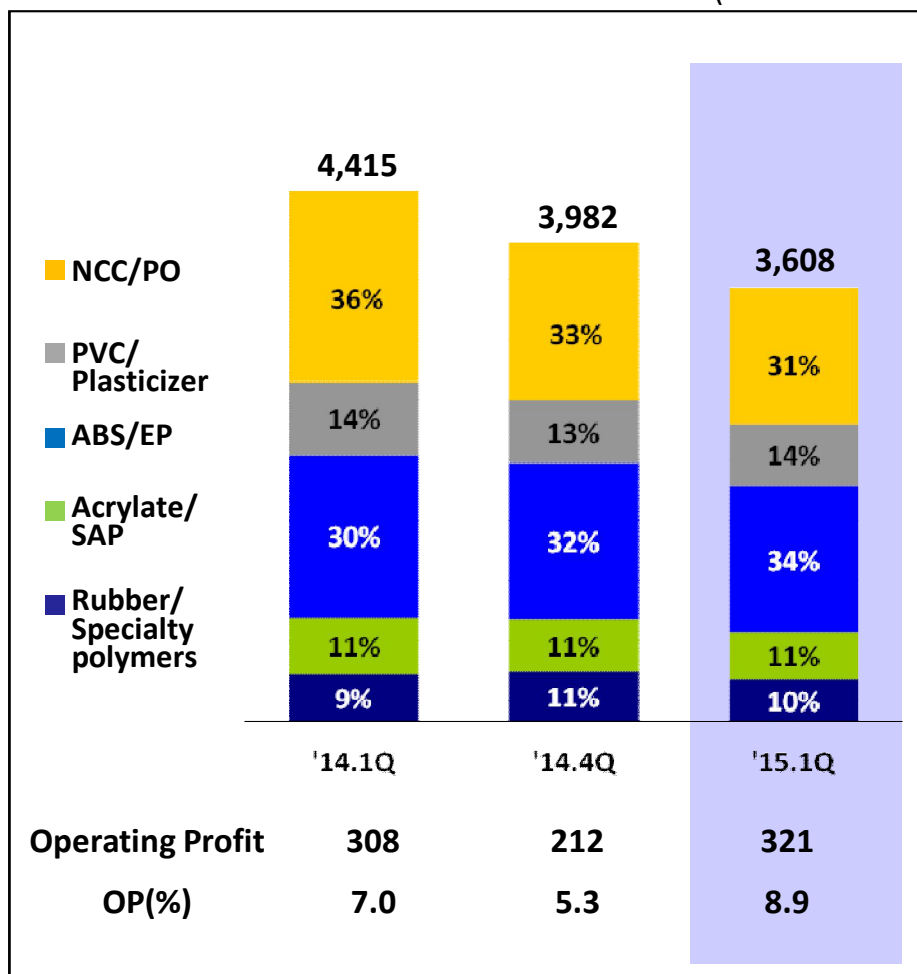
Financial Ratios

| Classification | '14 | '15.1Q | Change |
|--------------------------------------|------|--------|--------|
| Total Liabilities/ Equity (%) | 47.8 | 48.4 | 0.6%p |
| Borrowings / Equity (%) | 23.9 | 23.3 | -0.6%p |
| Interest Coverage Ratio (x) | 16.6 | 21.8 | 5.2 |
| ROE (%) | 7.1 | 8.0 | 0.9%p |
| ROA (%) | 4.8 | 5.4 | 0.6%p |

Business results

Analysis

(Unit: KRW bn)



Analysis

- Despite sales decrease due to maintenance shutdown and Chinese New Year holidays, earnings improved backed by low feedstock costs and premium products

-NCC/PO : In spite of maintenance shutdown at Daesan NCC, earnings improved based on product price rises stemming from tight supply and premium PO sales

-PVC/Plasticizer : Spread widened due to feedstock cost drop

-ABS/EP : Profits increased thanks to widened spreads and increased premium ABS sales

-Acrylate/SAP : Solid earnings with stable sales to top tier customers

-Rubber/Specialty Polymers : Profitability recovering based on stable sales amid weak demand

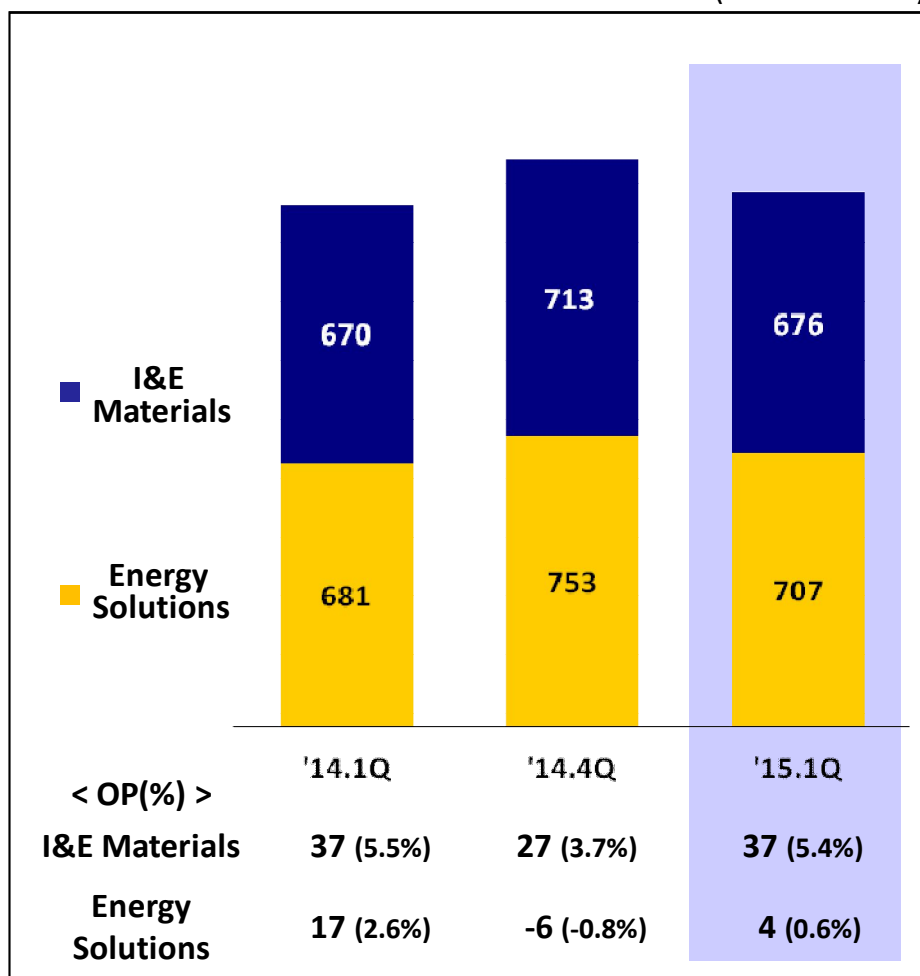
Outlook

- Expect widened spreads to continue due to robust demand and product prices with strong seasonality
- Enhance competitive edge through cost competitiveness and differentiated product portfolio

Business results

Analysis

(Unit: KRW bn)



• Analysis

- **I&E Materials** : Secured solid profits through increased utilization rate of Chinese polarizer lines despite weak seasonality
- **Energy Solutions** : Earnings of Mobile battery improved with rise of new application product sales ; expenses of Automotive battery & ESS increased due to expansion of new customers

• Outlook

- **I&E Materials** : Expect shipments increase with seasonal demand and rise of utilization rate
- **Energy Solutions** : Mobile Battery volume growth by ramping up new polymer line and expanding sales of differentiated products such as Freeform Battery ; continue to develop new market of Automotive battery

(Unit: KRW bn)

| Classification | 2014 | | | | | 2015 | | | | |
|-----------------------------|-------|-------|-------|-------|--------|-------|----|----|----|-------|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q | 2Q | 3Q | 4Q | Total |
| Sales | 5,673 | 5,869 | 5,664 | 5,372 | 22,578 | 4,915 | | | | 4,915 |
| Operating Profit | 362 | 360 | 358 | 232 | 1,311 | 362 | | | | 362 |
| OP Margin | 6.4% | 6.1% | 6.3% | 4.3% | 5.8% | 7.4% | | | | 7.4% |
| Basic Materials & Chemicals | 4,415 | 4,516 | 4,352 | 3,982 | 17,265 | 3,608 | | | | 3,608 |
| NCC/PO | 1,593 | 1,583 | 1,565 | 1,314 | 6,055 | 1,135 | | | | 1,135 |
| PVC/Plasticizer | 601 | 595 | 543 | 525 | 2,264 | 514 | | | | 514 |
| ABS | 1,066 | 1,148 | 1,045 | 996 | 4,255 | 920 | | | | 920 |
| EP | 283 | 298 | 297 | 287 | 1,165 | 289 | | | | 289 |
| Acrylate/SAP | 474 | 485 | 482 | 437 | 1,877 | 400 | | | | 400 |
| Rubber/Specialty Polymer | 399 | 407 | 420 | 422 | 1,648 | 350 | | | | 350 |
| Operating Profit | 308 | 291 | 307 | 212 | 1,117 | 321 | | | | 321 |
| OP Margin | 7.0% | 6.4% | 7.0% | 5.3% | 6.5% | 8.9% | | | | 8.9% |
| I&E Materials | 670 | 716 | 713 | 713 | 2,812 | 676 | | | | 676 |
| Operating Profit | 37 | 44 | 27 | 27 | 134 | 37 | | | | 37 |
| OP Margin | 5.5% | 6.2% | 3.7% | 3.7% | 4.8% | 5.4% | | | | 5.4% |
| Energy Solutions | 681 | 724 | 694 | 753 | 2,853 | 707 | | | | 707 |
| Operating Profit | 17 | 25 | 29 | -6 | 65 | 4 | | | | 4 |
| OP Margin | 2.6% | 3.4% | 4.1% | -0.8% | 2.3% | 0.6% | | | | 0.6% |

- Divisional name has been changed to 「Basic Materials & Chemicals」 from 「Petrochemicals」
- 2014 I&E Materials business results are amended due to reflect the inclusion of Water Solution business.

Borrowings

(Unit : KRW bn)

| Classification | '14 | '15.1Q |
|--|---------------------------------|---------------------------------|
| Total (Overseas Subsidiaries) | 2,934 (1,244) 100% | 2,848 (1,223) 100% |
| KRW Currency | 601 20% | 500 18% |
| C P | 399 | 300 |
| Others | 202 | 200 |
| Foreign Currency | 2,333 80% | 2,349 82% |
| Loan | 1,348 | 1,329 |
| Negotiation Borrowings | 985 | 1,020 |
| Short-term (Overseas Subsidiaries) | 2,206 (817) 75% | 2,225 (899) 78% |
| Long-term (Overseas Subsidiaries) | 728 (427) 25% | 623 (324) 22% |

The % is calculated to total borrowings.

Cash Flow

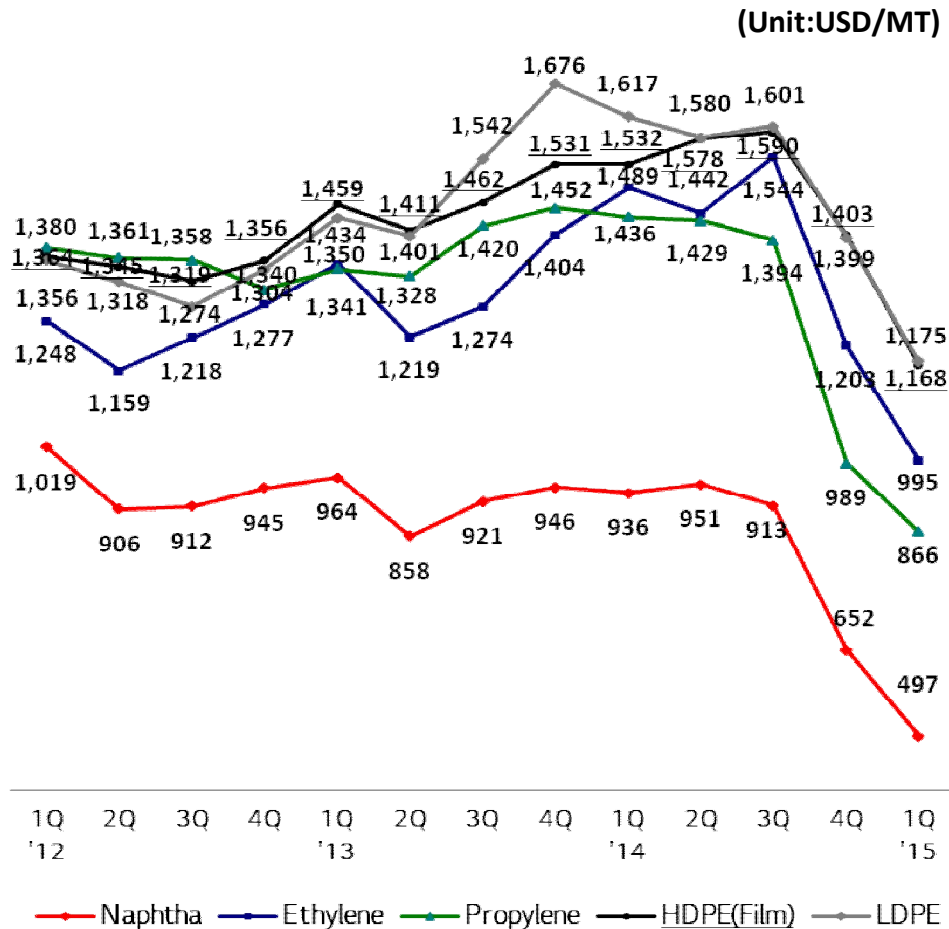
(Unit: KRW bn)

| Classification | '14 | '15.1Q |
|----------------------------|--------------|--------------|
| Beginning Cash | 1,909 | 1,748 |
| Operating/Investing | 215 | 608 |
| Net Income | 854 | 246 |
| Depreciation | 1,133 | 307 |
| Working Capital | -96 | 328 |
| CAPEX | -1,582 | -507 |
| Others | -94 | 234 |
| Financing | -377 | -85 |
| Borrowings | -77 | -85 |
| Dividends | -300 | - |
| Ending | 1,748 | 2,270 |

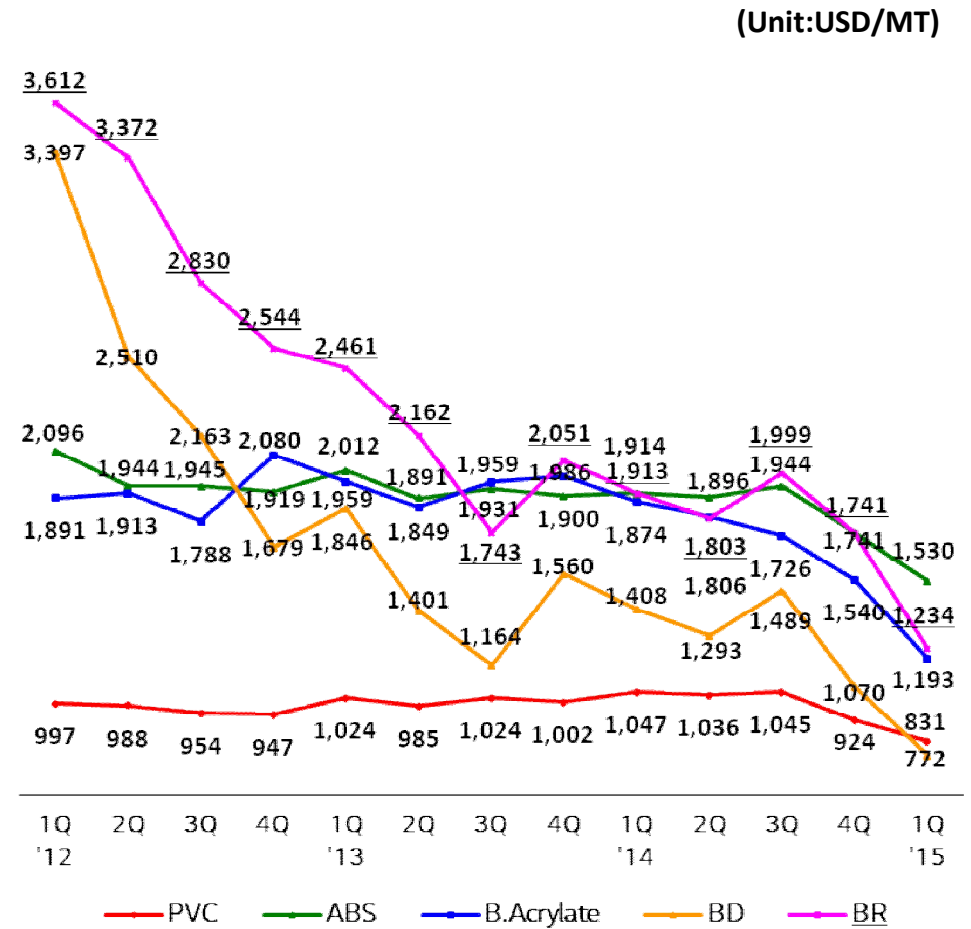
(Unit: KRW bn)

| Classification | | '13 | '14 | '15 Plan | '15.1Q |
|--------------------------------|-----------------|--------------|--------------|--------------|------------|
| Basic Materials & Chemicals | New / Expansion | 416 | 402 | 303 | 105 |
| | Maintenance | 213 | 329 | 360 | 117 |
| | Total | 628 | 731 | 662 | 222 |
| I & E Materials | New / Expansion | 269 | 285 | 219 | 145 |
| | Maintenance | 94 | 122 | 150 | 30 |
| | Total | 363 | 407 | 369 | 175 |
| Energy Solutions | New / Expansion | 104 | 150 | 239 | 31 |
| | Maintenance | 106 | 140 | 158 | 36 |
| | Total | 209 | 290 | 397 | 66 |
| Common Expenses | New / Expansion | 116 | 88 | 262 | 23 |
| | Maintenance | 64 | 66 | 95 | 21 |
| | Total | 180 | 154 | 357 | 44 |
| Total | New / Expansion | 904 | 925 | 1,022 | 304 |
| | Maintenance | 476 | 657 | 763 | 203 |
| | Total | 1,380 | 1,582 | 1,785 | 507 |

※ "New/Expansion" includes R&D investments.



NCC/PO



PVC/
Plasticizer

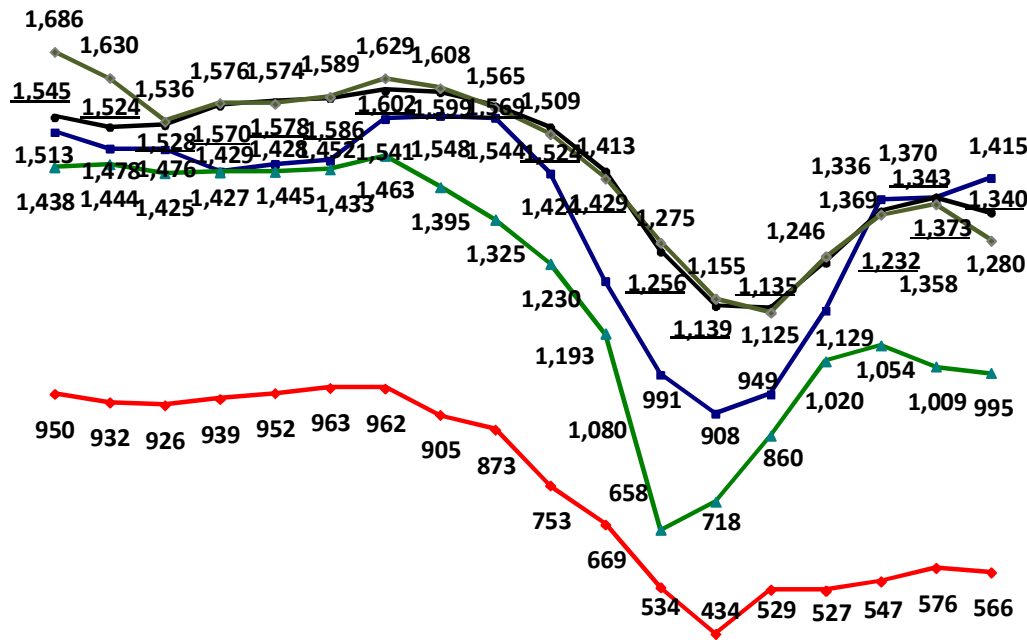
ABS/EP

Acrylate/
SAP

Rubber/
Specialty Polymers

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

(Unit:USD/MT)

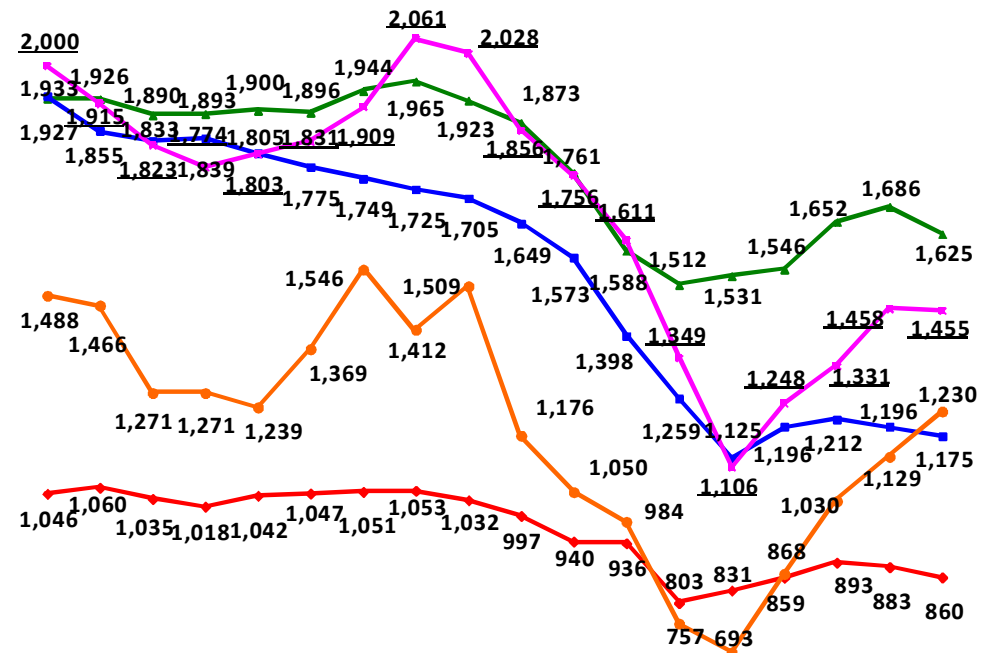


Jan Feb Mar Apr May Jun July Aug Sep Oct Nov Dec Jan Feb Mar Apr May June* '14 '15

◆ Naphtha ◆ Ethylene ◆ Propylene ◆ HDPE ◆ LDPE

NCC/PO

(Unit:USD/MT)



Jan Feb Mar Apr May Jun July Aug Sep Oct Nov Dec Jan Feb Mar Apr May June* '14 '15

◆ PVC ◆ ABS ◆ B.Acrylate ◆ BD ◆ BR

PVC/Plasticizer

ABS/EP

Acrylate/SAP

Rubber/Specialty Polymers

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

* Shows the prices on June 5, 2015