

Business Results & Outlook

May 2015



Disclaimer

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	232	362	-0.1%	56.2%
(%)	(6.4)	(4.3)	(7.4)		
Pre-tax Income	354	222	324	-8.4%	45.9%
(%)	(6.2)	(4.1)	(6.6)		
Net Income	286	109	246	-14.0%	125.0%

Financial Position

(Unit: KRW bn)

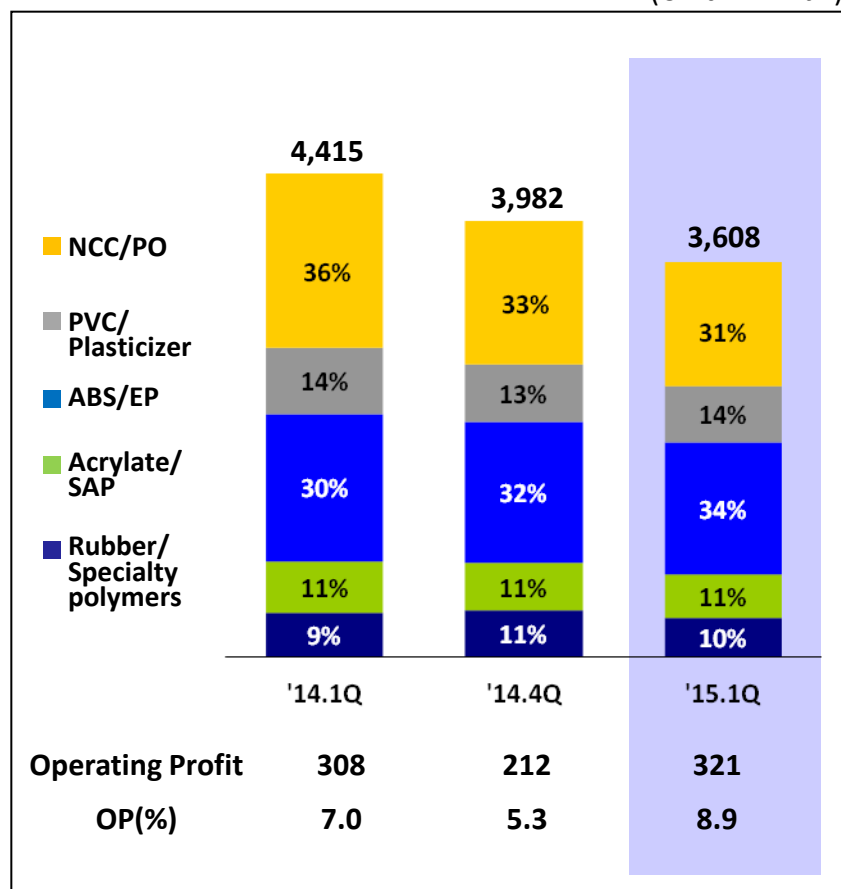
Classification	'14	'15.1Q	Change
Asset	18,128	18,148	0.1%
Cash and equivalents	1,748	2,270	29.9%
Liabilities	5,862	5,922	1.0%
Borrowings	2,934	2,848	-2.9%
Shareholder's Equity	12,266	12,226	-0.3%
EBITDA	2,444	669	

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

(Unit: KRW bn)



Analysis

• 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

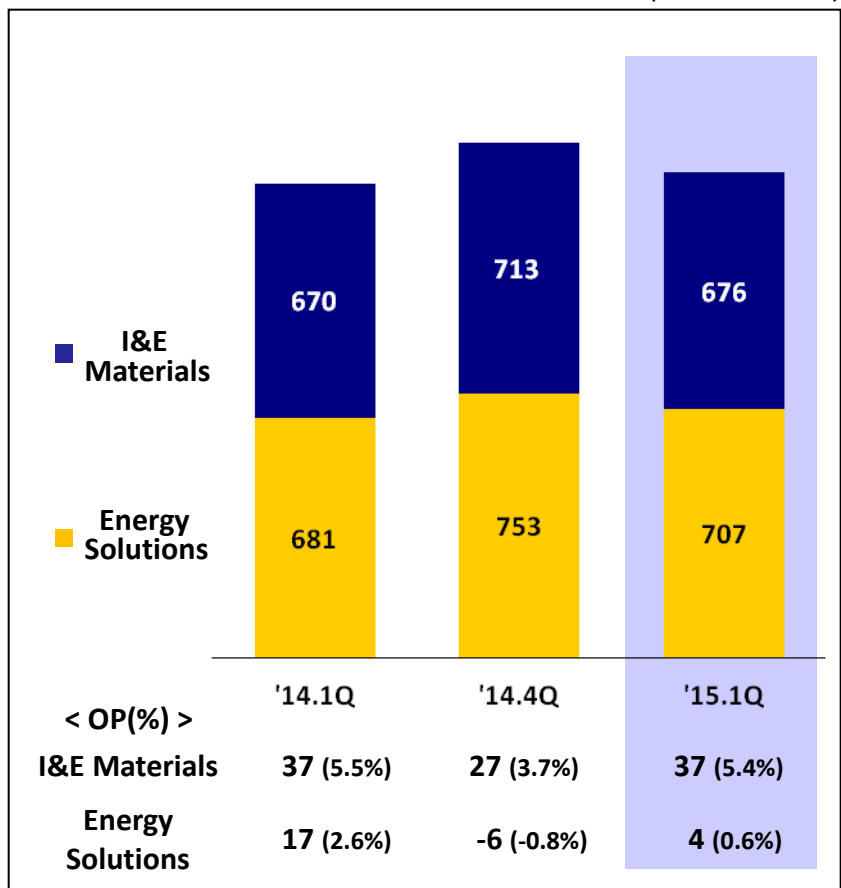
• Outlook

- **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)

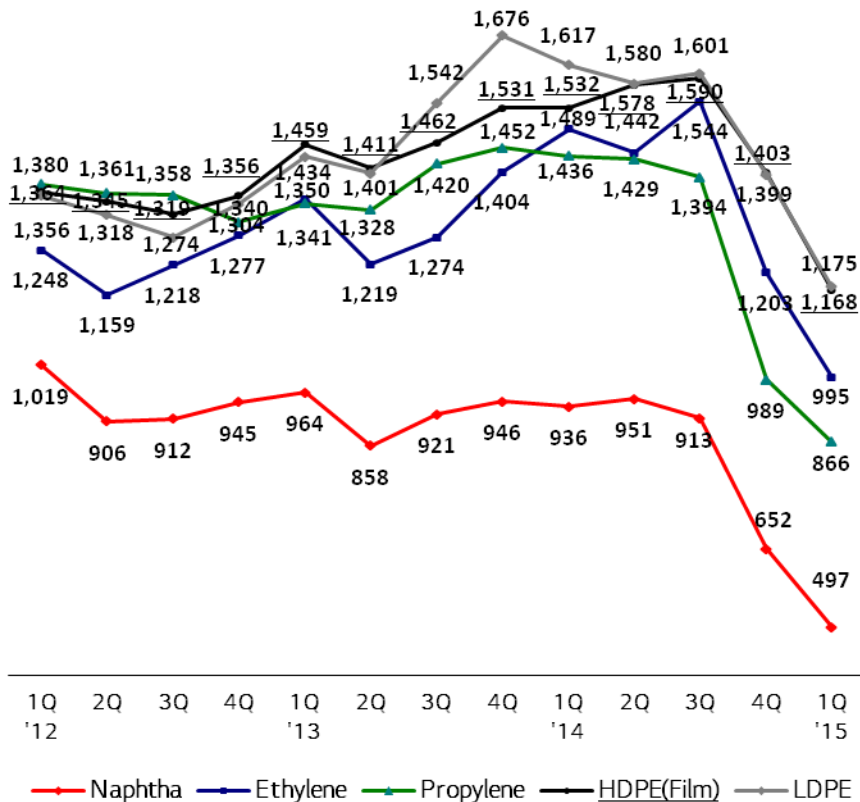
Classification	'14	'15.1Q
Beginning Cash	1,909	1,748
Operating/Investing	215	608
Net Income	854	246
Depreciation	1,133	307
Working Capital	-96	328
CAPEX	-1,582	-507
Others	-94	234
Financing	-377	-85
Borrowings	-77	-85
Dividends	-300	-
Ending	1,748	2,270

(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

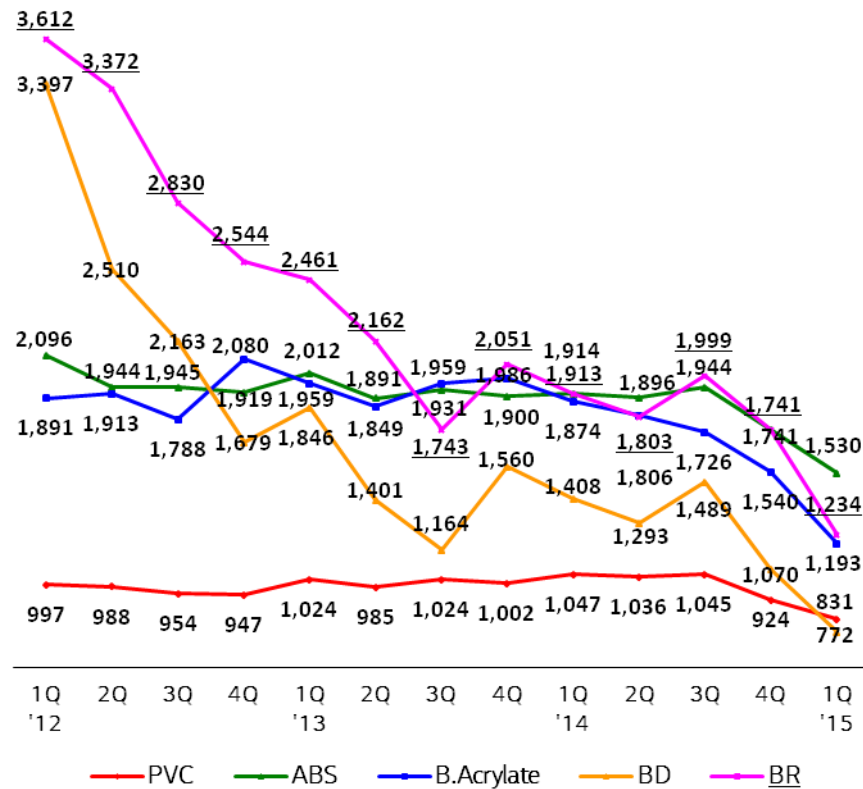
※ "New/Expansion" includes R&D investments.

(Unit:USD/MT)



NCC/PO

(Unit:USD/MT)



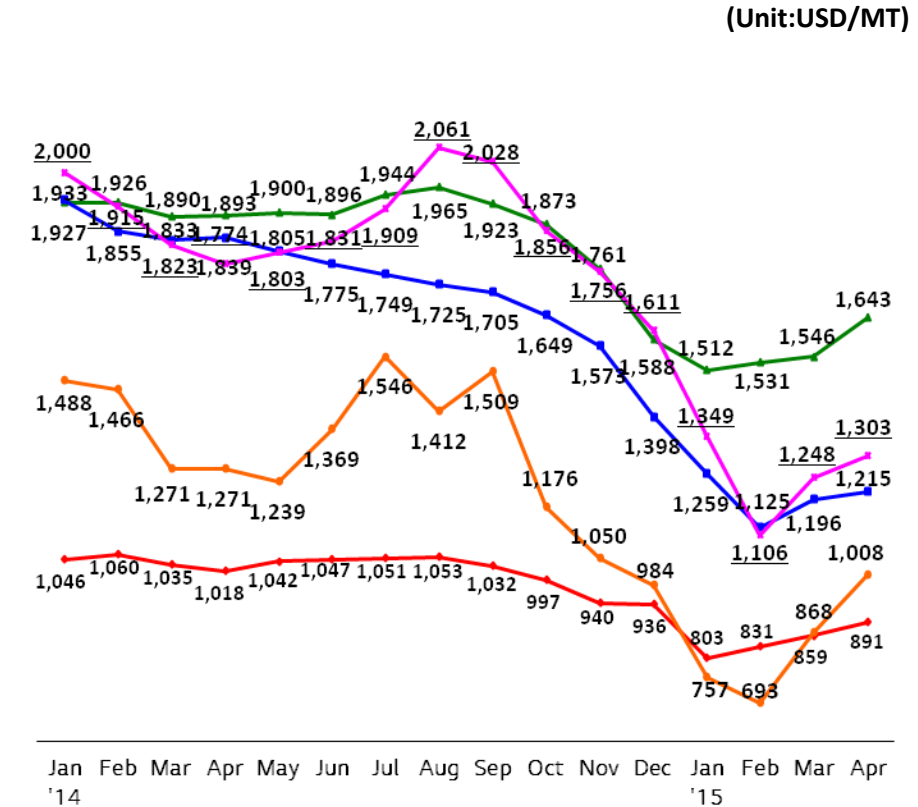
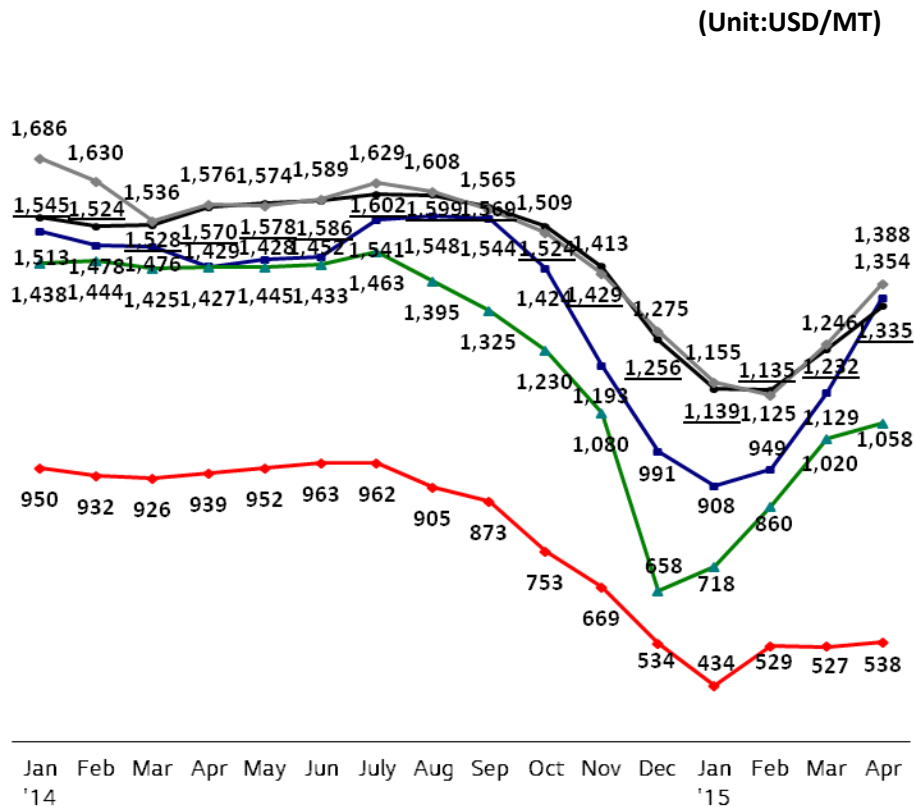
**PVC/
Plasticizer**

ABS/EP

**Acrylate/
SAP**

**Rubber/
Specialty Polymers**

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



—●— Naphtha —●— Ethylene —●— Propylene —●— HDPE —●— LDPE

—●— PVC —●— ABS —●— B.Acrylate —●— BD —●— BR

NCC/PO

**PVC/
Plasticizer**

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