

SolutionPartner

3Q 2008 Business Results & Outlook

2008. 10. 16



The business results for the 3rd quarter of 2008 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.

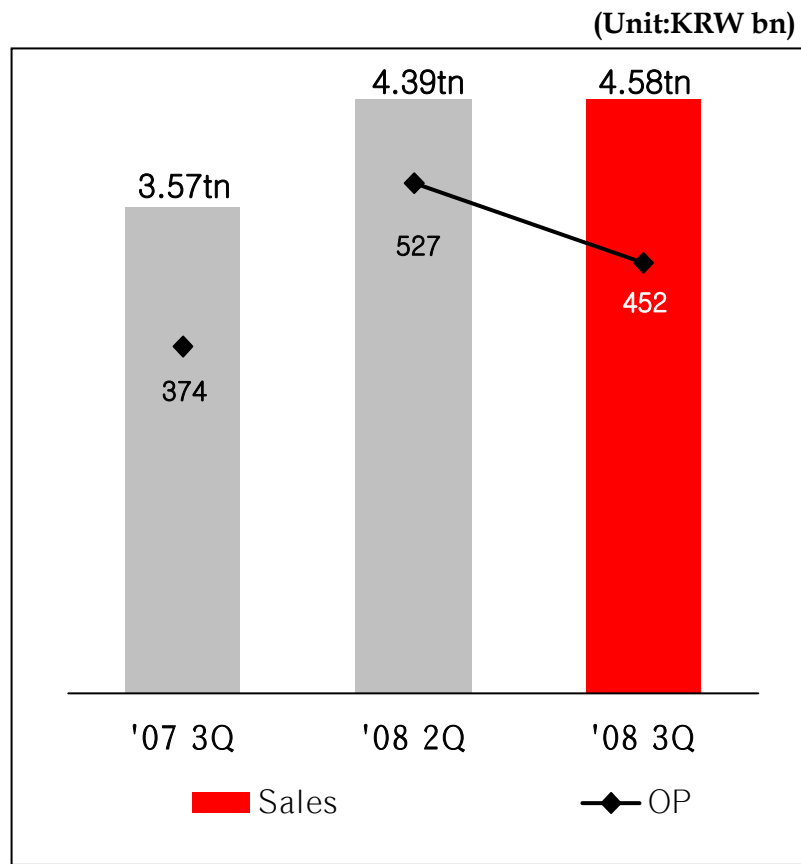
Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables.

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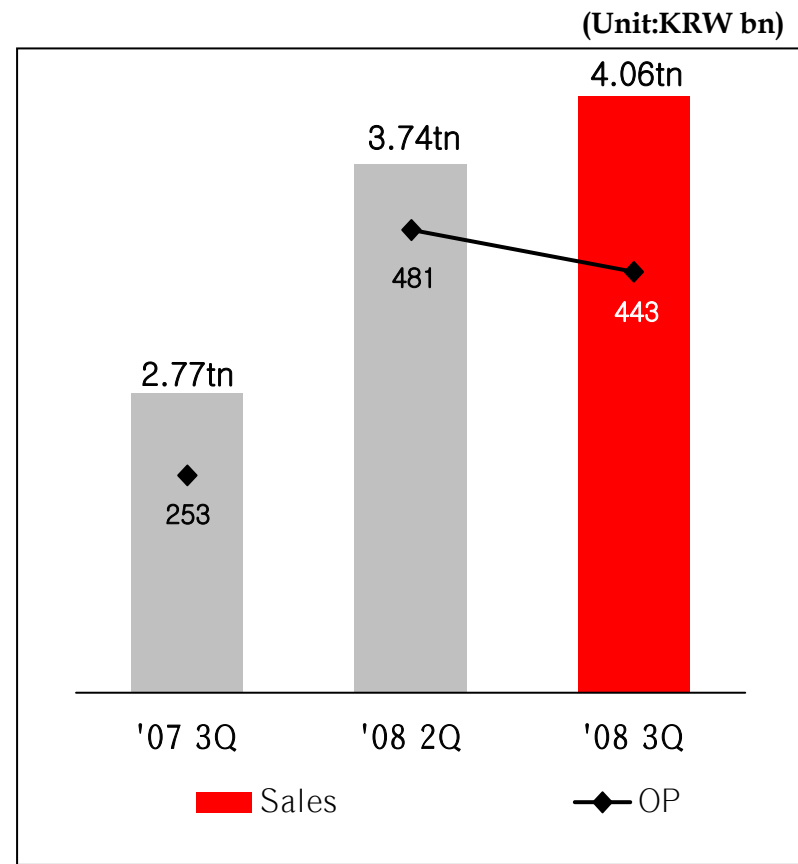
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Quarterly Business Results

Consolidated

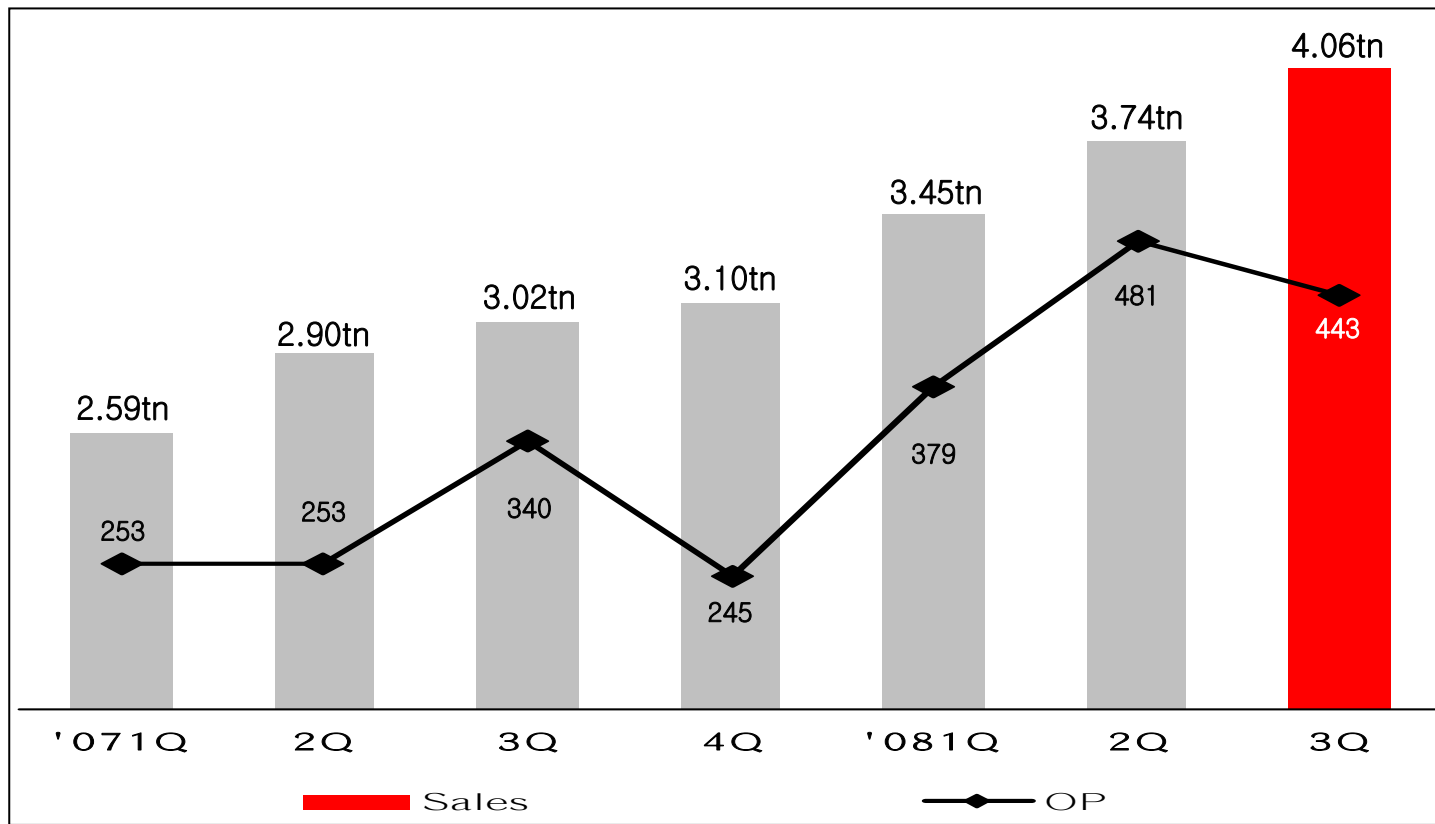


Non-Consolidated



Quarterly Business Results

LGC + LGPC



	Consolidated				Non-Consolidated			
(Unit : KRW bn)	'07 3Q	'08 3Q	'08 2Q	YoY	'07 3Q	'08 3Q	'08 2Q	YoY
Sales	3,566	4,581	4,386	28.5%	2,767	4,065	3,738	46.9%
Operating Profit	374	452	527	20.8%	253	443	481	75.4%
(%)	(10.5)	(9.9)	(12.0)		(9.1)	(10.9)	(12.9)	
Recurring Profit	340	392	516	15.4%	272	399	502	46.9%
(%)	(9.5)	(8.6)	(11.8)		(9.8)	(9.8)	(13.4)	
Equity Method Gains	3	2	6	-35.3%	52	-2	44	-
Net Income	211	301	386	78.1%	211	301	386	78.1%

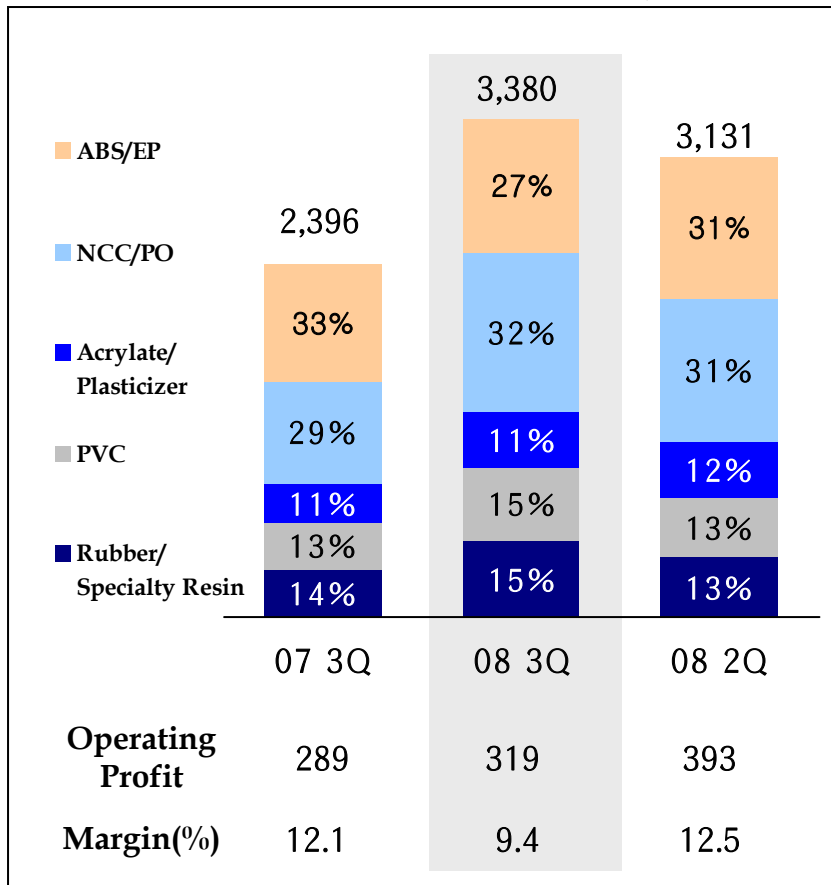
* Recurring Profit stands for "Profit from continuing operations before income tax"

(Unit : KRW bn)	Consolidated		Non-Consolidated	
	'07	'08.3Q	'07	'08.3Q
Assets	8,551	10,588	7,050	8,510
(Cash and equivalents)	591	567	466	408
Liabilities	4,507	5,634	3,172	3,726
(Borrowings)	2,368	3,031	1,362	1,444
Shareholder's Equity	4,044	4,955	3,878	4,785
Total Liabilities / Equity (%)	111.4	113.7	81.8	77.9
Debt / Equity (%)	58.6	61.2	35.1	30.2
Interest Coverage Ratio	10.1	16.2	10.0	29.7
ROE (%)	22.8	27.9	23.3	31.2
ROA (%)	10.3	13.1	11.3	16.9
EBITDA			1,227	1,613

Business results

Analysis

(Unit:KRW bn)



• Analysis

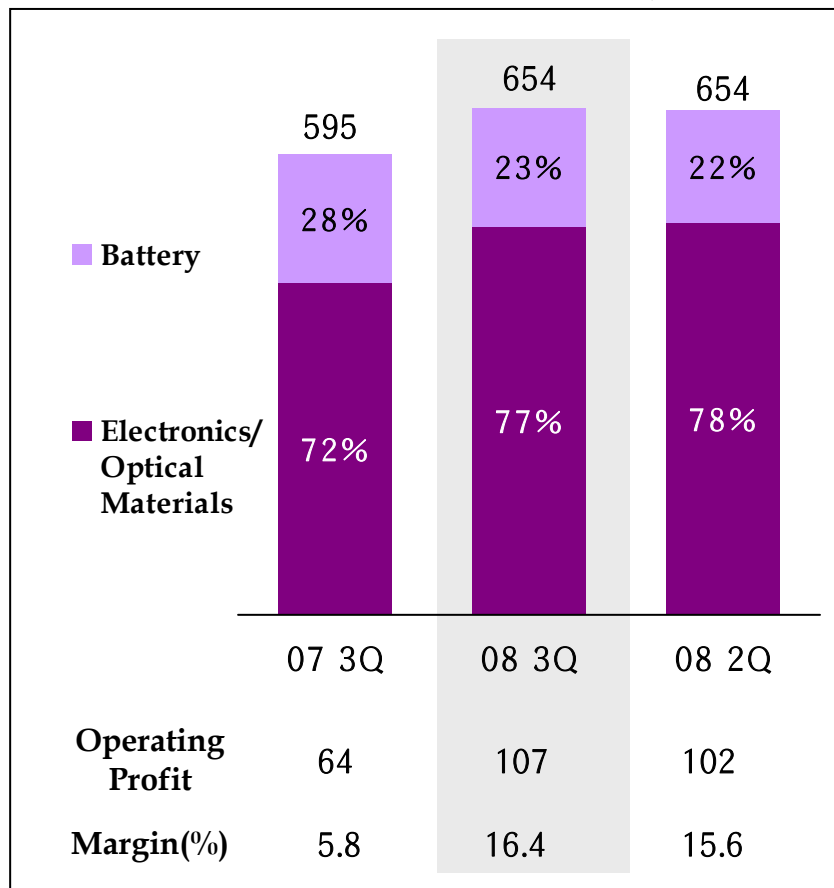
- Oil price started to fall from August and reflected into product prices immediately. But high Naphtha cost (input lagging effects) worsened profitability.
- Temporary delay in buying products amid expectation of further price decline due to weak oil price.
- Benefit from continuous merger synergy.

• Outlook

- Although we forecast global economic slowdown and weak seasonal demand (December), stable result is expected thanks to rapid naphtha price drop.

Business results

(Unit:KRW bn)



Analysis

• Analysis

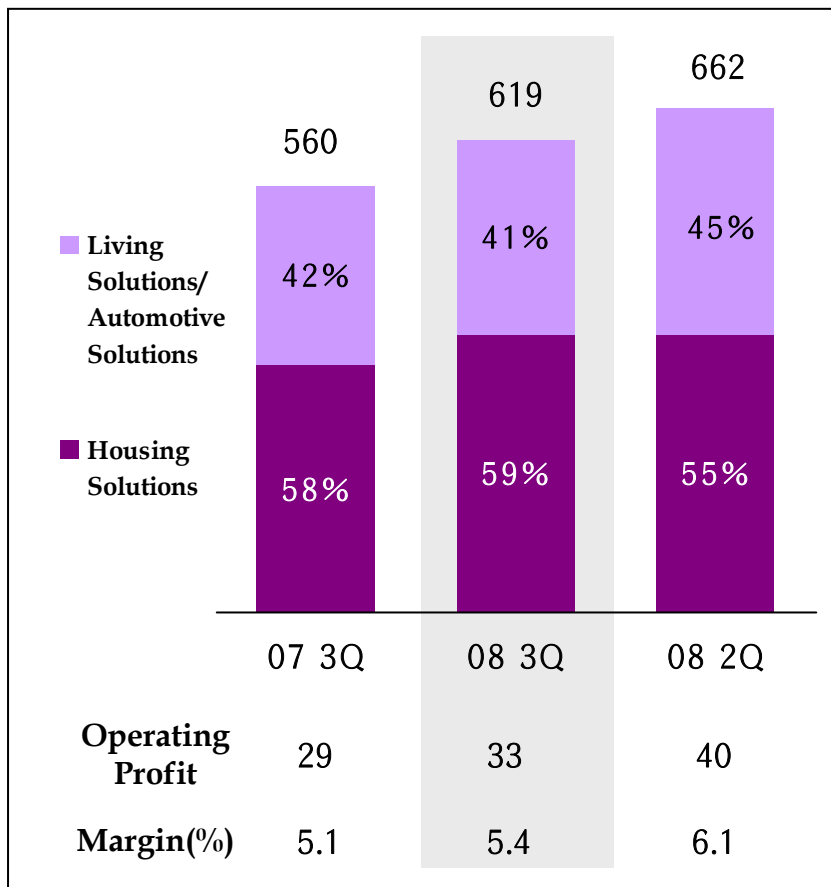
- **Electronics & opticals**
 - Maintained solid sales/profit despite reducing production of some panel makers
- **Battery**
 - Cylindrical : Continued supply shortage
 - Prismatic : Increased sales volume to global top handset makers

• Outlook

- **Electronics & opticals**
 - Focusing on manufacturing excellence to overcome ASP cut pressure
 - Substantial polarizer sales increase in Taiwan LCD TV market
- **Battery**
 - Increase in sales & earnings thanks to capacity expansion & additional order from top handset makers

Business results

(Unit:KRW bn)



Analysis

• Analysis

- ▣ Decrease in sales
 - AMS : impact of Hyundai motor's strike
 - L S : U.S construction industry slowdown
Decrease in demand relevant to Olympic

- ▣ Raw material (PVC, plasticizer etc.) price increase due to oil price hike

• Outlook

- ▣ Continuous depression in construction industry

- ▣ Turn around activities
 - Hi-Macs, PVC & surface material

(Unit: KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	3,041	3,384	3,566	3,535	13,525	4,014	4,386	4,581		12,981
Operating Profit	258	292	374	263	1,187	401	527	452		1,380
Petrochemicals	2,038	2,300	2,396	2,381	9,114	2,835	3,131	3,380		9,347
NCC/PO	483	630	696	727	2,536	884	977	1,074		2,935
Synthetic Rubber/ Specialty Resin	272	297	324	296	1,188	353	400	516		1,268
PVC	248	301	315	326	1,190	370	412	493		1,274
ABS/EP	756	790	793	770	3,109	891	965	908		2,764
Acrylate/Plasticizer	278	282	268	262	1,091	337	379	388		1,104
Operating Profit	232	217	289	187	925	285	393	319		996
I & E Materials	460	530	595	670	2,255	620	654	654		1,928
Optical/Electronic	337	385	437	504	1,664	462	516	511		1,489
Battery	127	154	169	175	625	165	148	154		467
Operating Profit	7	31	64	68	170	84	102	107		294
Industrial Materials	540	616	560	619	2,335	569	662	619		1,850
Building/Decorative	296	350	327	373	1,347	320	365	367		1,052
Living/Automotive	245	268	234	248	996	250	298	256		804
Operating Profit	30	40	29	13	112	41	40	33		115

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

(Unit: KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,380	2,645	2,767	3,004	10,795	3,448	3,738	4,065		11,251
Operating Profit	127	163	253	221	764	379	481	443		1,303
Petrochemicals	1,498	1,647	1,743	1,906	6,794	2,397	2,607	2,961		7,964
NCC/PO	376	491	570	682	2,120	884	985	1,085		2,955
Synthetic Rubber/ Specialty Resin	153	168	185	238	744	347	381	503		1,231
PVC	206	229	220	239	894	259	286	341		887
ABS/EP	495	489	512	496	1,992	583	604	653		1,841
Acrylate/Plasticizer	267	269	257	251	1,044	323	350	378		1,050
Operating Profit	89	100	171	152	511	262	350	310		921
I & E Materials	438	510	590	602	2,140	611	656	669		1,936
Optical/Electronic	311	359	426	429	1,525	445	505	505		1,455
Battery	132	159	175	183	649	173	160	174		507
Operating Profit	7	26	57	61	152	80	98	105		283
Industrial Materials	500	563	505	572	2,140	518	564	540		1,622
Building/Decorative	292	340	316	365	1,312	312	344	351		1,007
Living/Automotive	210	226	191	209	835	208	221	192		620
Operating Profit	30	36	24	11	101	39	37	31		106

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

Borrowings

(Unit : KRW bn)

	Balance			'08 (P)
	'07	'08.3Q	Changes	
Total	1,362 (100%)	1,444 (100%)	82	1,315 (100%)
KRW	1,033 (76%)	1,153 (80%)	120	1,000 (76%)
Currency				
C P	-	230	230	-
C B	780	580	-200	660
Others	253	343	90	340
Foreign	328 (24%)	291 (20%)	-38	315 (24%)
Currency				
FRN	235	220	-15	225
Others	94	71	-23	90
Short-term	367 (27%)	776 (54%)	409	530 (40%)
Long-term	995 (73%)	668 (46%)	-326	785 (60%)

Cash Flow

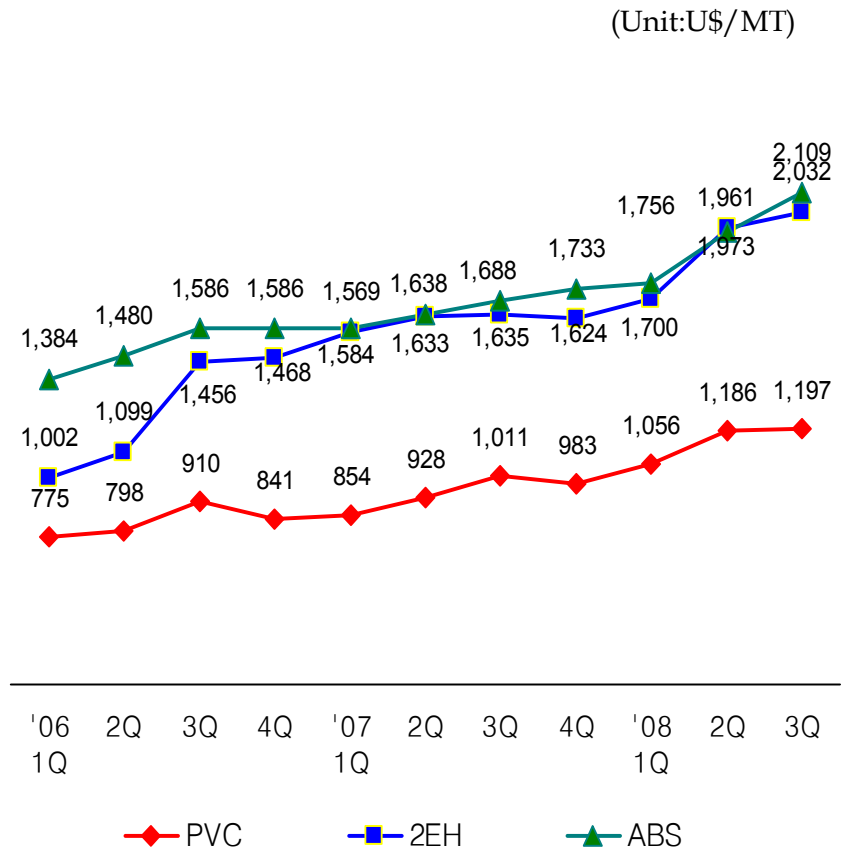
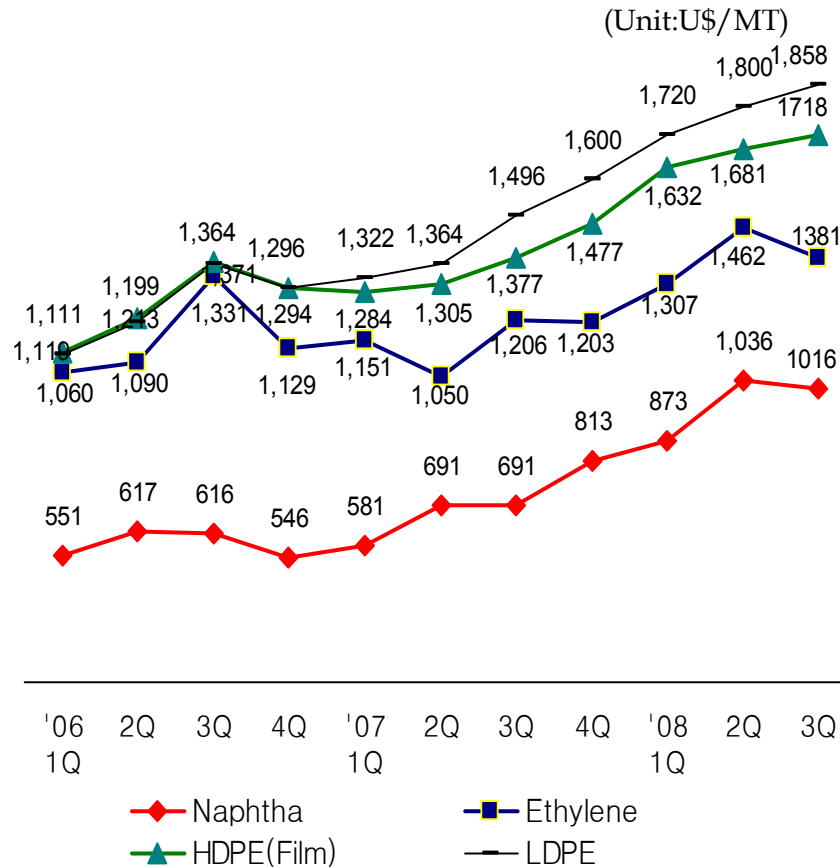
(Unit : KRW bn)

	'07	'08.3Q
Beginning	116	466
Operating/Investing	647	186
Net Income	686	945
Depreciation	437	294
Working Capital	-459	-686
CAPEX	-484	-536
Others	467	168
Financing	-297	-245
Borrowings	-224	82
ABS refund		-160
Dividend	-73	-167
End	466	408

☞ The % is calculated to total borrowings. Discounts of bond is not included

(Unit : KRW bn)

		'06 Results	'07 Results	'08 Plan	'08 3Q Results
Petrochemicals	New/Expansion	118	142	156	197
	Maintenance	84	68	95	63
	Equity Investment	39	16	3	
	Total	241	227	253	260
I & E Materials	New/Expansion	122	42	231	123
	Maintenance	38	36	45	34
	Equity Investment	8	12	34	17
	Total	168	90	310	174
Industrial Materials	New/Expansion	15	10	32	15
	Maintenance	56	57	60	42
	Equity Investment	10	-	12	-
	Total	81	67	104	57
Common Expenses	New/Expansion	-	1	4	
	Maintenance	87	100	135	44
	Equity Investment	14	-	-	1
	Total	101	100	139	45
Total	New/Expansion	255	195	423	335
	Maintenance	265	260	334	183
	Equity Investment	71	28	48	17
	Total	591	484	805	536



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