



# INVESTOR RELATIONS

## 2009 3Q

- 3Q, 2009 Review
- Main Business Activities
- 4Q, 2009 Outlook
- Appendices

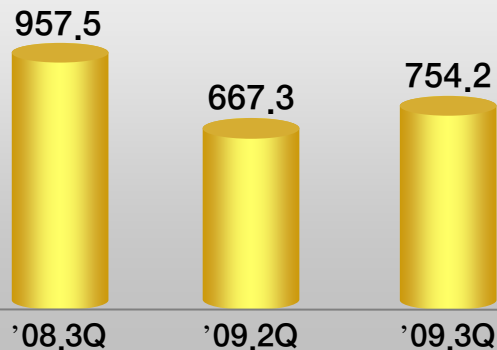
# 3Q, 2009 Overview

## Sales & Operating Income

- Sales rose 13.0% to KRW 754.2 billion, operating income decreased 32.9% to KRW 36.9 billion.
- Sales volume boosted by increasing demand, profitability decreased by sharp price increases for BD.

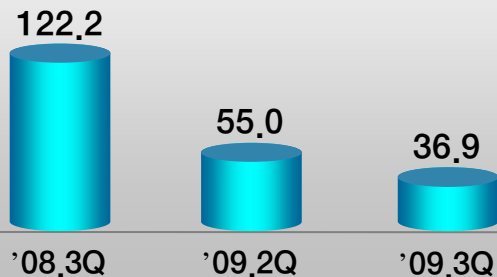
### Sales

Unit:KRW billion



### Operating Income

Unit:KRW billion



### 3Q, 2009 Performance

(Unit:KRW billion)

	'09,3Q	'09,2Q	'08,3Q	Change Rate	
				QoQ	YoY
S a l e s	754.2	667.3	957.5	13.0%	-21.2%
[Syn. Rubbers]	391.9	345.1	597.1	13.6%	-34.4%
[Syn. Resins]	277.3	256.6	278.5	8.1%	-0.4%
[ O t h e r s ]	85.0	65.6	81.9	29.6%	3.8%
Operating Income	36.9	55.0	122.2	-32.9%	-69.8%
[ % ]	4.9	8.2	12.8	-3.3p	-7.9p
Income Before Income Taxes	-36.6	-1.8	114.0	-	-
Net Income	-39.8	-12.8	89.0	-	-
Gain/Loss on Valuation of Equity Method Investments	-49.0	-27.6	2.1	-	-

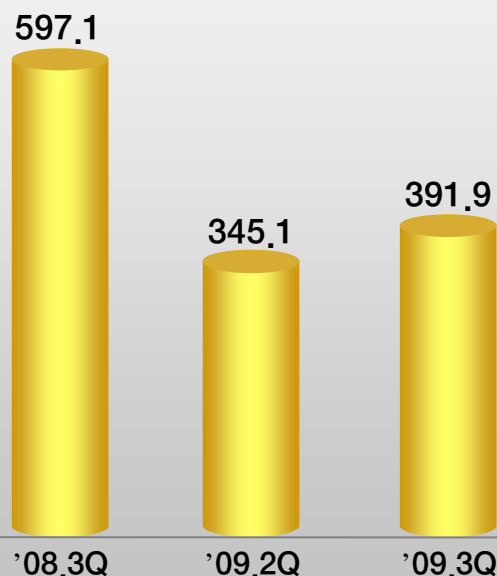
# Performance Results for Synthetic Rubbers

## Synthetic Rubbers

- Sales increased 13.6% to KRW 391.9 billion (52.0% in total Sales).
- Decrease of profitability as a result of the spread deduction between main material BD price and product price in 3Q.

### Sales

Unit:KRW billion



### Performance Analysis

- Sharpe rise of BD price due to :
  - Trouble Occurrence and Annual Shut Down, delayed operation of China's New BD Plant
  - BD price changes by region

(Unit:USD/Ton)

	'09.04	'09.05	'09.06	'09.07	'09.08	'09.09
Asia	703	704	823	1,139	1,516	1,669
N. America	436	489	714	1,151	1,430	1,775
Europe	387	478	586	1,019	1,294	1,516

- Reduced margin in Synthetic Rubbers

- Sales volume boosted by increasing demand in China, profitability dropped by sharp price increases for BD

(Unit:USD/Ton)

	'09.04	'09.05	'09.06	'09.07	'09.08	'09.09
SBR	1,250	1,277	1,310	1,400	1,666	1,813
BR	1,350	1,344	1,432	1,550	1,838	2,050

\* Source: ICIS 2009

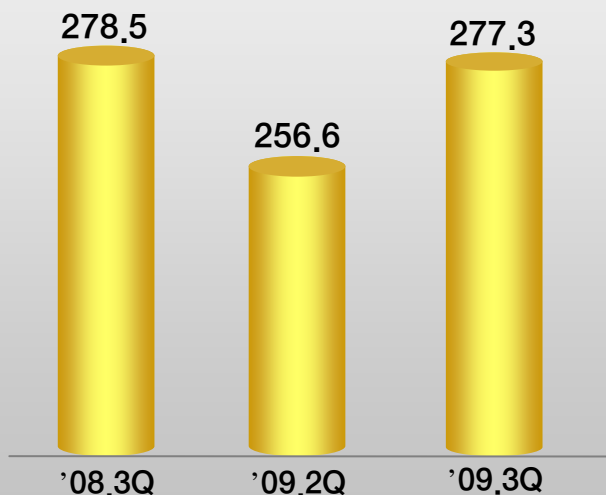
# Performance Results for Synthetic Resins

## Synthetic Resins

- Sales increased 8.1% to KRW 277.3 billion (36.7% in total Sales).
- Selling price increases steadily boosted profitability, closely tracking seasonal demand and rising SM price.

### Sales

Unit:KRW billion



### Performance Analysis

- SM price slightly increase due to :
  - Increased demand due to operating ratio rising of Downstreams
  - SM price changes

(Unit:USD/Ton, CFR China)

	'09.04	'09.05	'09.06	'09.07	'09.08	'09.09
SM	990	905	1,035	1,081	1,143	1,040

- Synthetic Resin price advance due to :
  - Seasonal peak entry, special procurements of Chuseok
  - Continuously reflects of feedstocks(BD/AN) price advance

(Unit:USD/Ton)

	'09.04	'09.05	'09.06	'09.07	'09.08	'09.09
PS	1,094	957	1,085	1,171	1,229	1,203
ABS	1,460	1,326	1,373	1,408	1,501	1,500

\* Source: PLATTS 2009

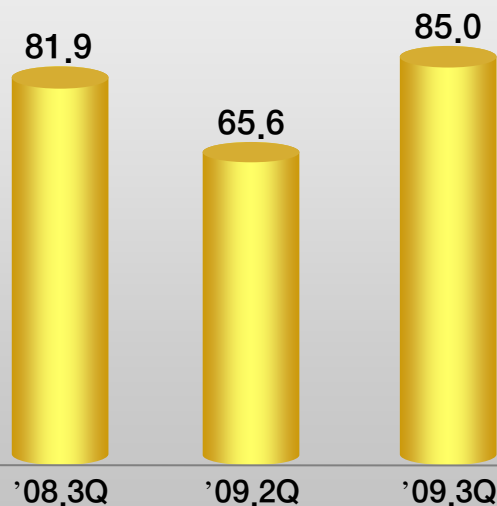
# Performance Results for Others

## Others

- Sales increased 29.6% to KRW 85.0 billion (11.3% in total Sales).
- Special chemicals business was dropped in profitability because of both major rises in feedstock's price and depression market.
- Combined heat and power business faced sales grow as steam prices rose.

### Sales

Unit:KRW billion



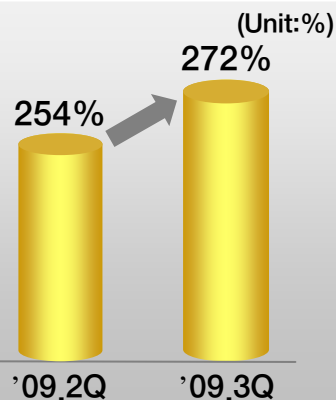
### Performance Analysis

- Specialty Chemicals
  - In spite of rising prices for 4-ADPA, selling prices was decreased with falling demand for 6PPD market
  - Lower sales brought to raise cost competitiveness to improve products in China
- Combined Heat & Power Plants
  - Sales and operating income grew on higher demand for steam and steam price hikes amid rising the oil price

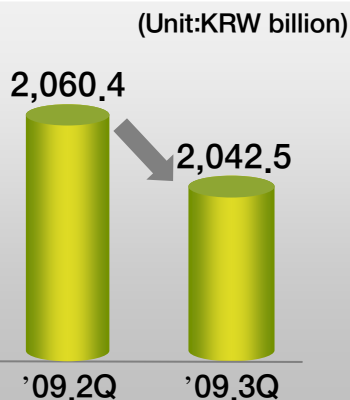
# Financial Highlights

- Foreign currency-denominated decreased by both falling of exchange rate and continuous dropping short-term debt.
- Interest coverage ratio reduced by decreased operating income and increased net interest expense.

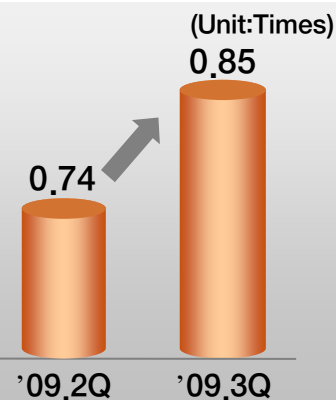
Debt to Equity Ratio



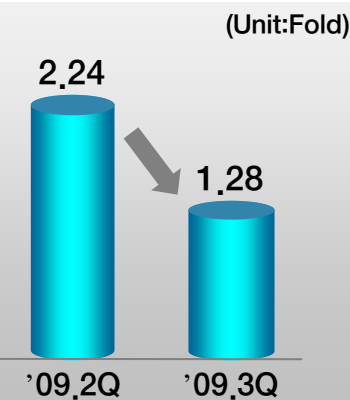
Borrowings



Asset Turnover Ratio



Interest Coverage Ratio



	Unit	'09.3Q	'09.2Q	'08.4Q	Change Rate	
					QoQ	YoY
Assets	KRW bil.	3,542.0	3,588.6	3,714.8	-1.3%	-4.7%
Liabilities	KRW bil.	2,575.8	2,575.1	2,551.7	-0.1%	0.9%
Shareholders' Equity	KRW bil.	948.2	1,013.5	1,163.1	-6.4%	-18.5%
Debt to Equity Ratio	%	272	254	219	18p	53p
Borrowings	KRW bil.	2,042.5	2,060.4	1,971.5	-0.9%	3.6%
Won-denominated		1,747.5	1,732.4	1,672.0	0.9%	4.5%
Foreign currency-denominated		295.0	328.0	299.5	-10.1%	-1.5%
Asset Turnover Ratio	Times	0.85	0.74	0.97	14.9%	-12.4%
Interest Coverage Ratio	Fold	1.28	2.24	3.26	-42.9%	-60.7%



# Main Business Activities

## ● Conclude a contract for Vulcanization Accelerators technology

- Conclude a contract for vulcanization accelerators technology with Zhenbang Chemical('09. 9.23)
- Synergy Effects of improvement sales price and Chinese plants layout through systematic organization
- Total Investment Amount : USD 37 million
- Capa. : Vulcanization Accelerators(M, DM) 22K MT/Y
- Application : Tires, Industrial Parts, Shoes, etc.
- Location : Chongqing Chemical Industry Park, China
- Construction to be completed in 1Q, 2011

## ● Promote Carbon Nanotube business

- Contract to Carbon Nanotube commercialization MOU with Jeonju('09. 9.30)
- Penetration of the CNT market taking advantage of the prior quality competitiveness to secure new growth engine
- Total Investment Amount : KRW 15.0 billion
- Capa. : Carbon Nanotube 50MT/Y
- Application : Battery, Condenser, Bio, Medicine, Semiconductor, etc.
- Location : Jeonju, Jeonbuk
- Construction to be completed in 2H, 2010



# Outlook

## ● Synthetic Rubbers

- Production cuts by tire makers will increase for synthetic rubbers demand as operating ratio will also improve.
- Reasonably priced supply of BD feedstock is a key to profitability for 4Q.
- BD prices are forecast to fall as expansion plants in China downstream demand slows.

## ● Synthetic Resins

- Focus on maximizing cash flow among both internal electronic appliances and automobile markets.
- Expect that SM price will be dropped slightly as Middle east and Chinese makers will access to Asian market.
- Focusing on boosting profitability by developing value-added and high-margin products.

## ● Others

- Specialty Chemicals
  - Forecast on increasing sales through supply by Big Tire makers with quality approval and business expansion of original producers.
- Combined Heat & Power Plants
  - Anticipate to maximize profitability by major rises on sales price of electronic alliances for winter.



# Income Statement

(Unit:KRW billion)

	2009			2008			Change	
	1H (A)	3Q (B)	1Q~3Q Total (C=A+B)	1H (D)	3Q (E)	1Q~3Q Total (F=D+E)	YoY (C-F)	
							Cost	Rate
Sales	1,251.7	754.2	2,005.9	1,477.0	957.5	2,434.5	-428.6	-17.6%
Operating Income	57.0	36.9	93.9	155.0	122.2	277.2	-183.3	-66.1%
<i>(Operating Margin)</i>	<i>4.6%</i>	<i>4.9%</i>	<i>4.7%</i>	<i>10.5%</i>	<i>12.8%</i>	<i>11.4%</i>		<i>-6.7%p</i>
<i>Net Interest Expense</i>	<i>48.2</i>	<i>28.9</i>	<i>77.1</i>	<i>42.5</i>	<i>20.4</i>	<i>62.9</i>	<i>14.2</i>	<i>22.6%</i>
<i>Equity in Income of Affiliates</i>	<i>-169.4</i>	<i>-49.0</i>	<i>-218.4</i>	<i>-10.0</i>	<i>2.1</i>	<i>-7.9</i>	<i>-210.5</i>	<i>-</i>
Ordinary Income before Taxes	-173.3	-36.6	-209.9	108.2	114.0	222.2	-432.1	-
<i>(Ordinary Income Margin)</i>	<i>-13.8%</i>	<i>-4.8%</i>	<i>-10.5%</i>	<i>7.3%</i>	<i>11.9%</i>	<i>9.1%</i>		<i>-19.6%p</i>
Net Income	-150.8	-39.8	-190.6	82.3	89.0	171.3	-361.9	-
<i>(Net Income Margin)</i>	<i>-12.0%</i>	<i>-5.3%</i>	<i>-9.5%</i>	<i>5.6%</i>	<i>9.3%</i>	<i>7.0%</i>		<i>-16.5%p</i>

# Balance Sheet

(Unit:KRW billion)

	'09.3Q	'09.2Q	'08.4Q	Change Cost	
				QoQ	YoY
1. Current Assets	680.5	667.6	783.3	12.9	-102.8
- Cash	69.5	80.5	12.1	-11.0	57.4
2. Non-Current Assets	2,843.5	2,921.0	2,931.5	-77.5	-88.0
Total Assets	3,524.0	3,588.6	3,714.8	-64.6	-190.8
1. Current Liabilities	1,621.0	1,449.0	1,117.0	172.0	504.0
2. Non-Current Liabilities	954.8	1,126.1	1,434.7	-171.3	-479.9
■ Interest Bearing Liabilities	2,042.5	2,060.4	1,971.5	-17.9	71.0
- Short-Term Debts	1,214.8	1,052.5	661.1	162.3	553.7
- Long-Term Debts	827.7	1,007.9	1,310.4	-180.2	-482.7
■ Non-Interest Bearing Liabilities	533.3	514.7	580.2	18.6	-46.9
Total Liabilities	2,575.8	2,575.1	2,551.7	-0.7	24.1
1. Common & Preferred Stock	142.2	142.2	142.2	-	-
Total Shareholder Equity	948.2	1,013.5	1,163.1	-65.3	-214.9
Net Debt Ratio	56.0%	55.2%	52.7%	0.8%p	3.3%p
Long-Term Debts to Total Debts Ratio	40.5%	48.9%	66.5%	-8.4%p	-26.0%p
Current Ratio	42.0%	46.1%	70.1%	-4.1%p	-28.1%p
Total Liabilities to Equity Ratio	271.7%	254.1%	219.4%	20.6%p	52.3%p

# Cash Flow

(Unit:KRW billion)

	'09.3Q	'09.2Q	'08.3Q	Change Cost	
				QoQ	YoY
Cash flow from operating activities	111.5	119.4	-12.4	-7.9	123.9
- Ordinary profit before taxes	-39.8	-12.8	89.0	-27.0	-128.8
- Depreciation/Retirement allowance	30.7	27.0	20.5	3.7	10.2
- Others	120.6	105.2	-121.9	15.4	242.5
Cash flow from investing activities	-126.8	-138.6	-100.6	11.8	-26.2
- Tangible assets	-119.8	-75.6	-130.7	-44.2	10.9
- Others	-7.0	-62.9	30.1	55.9	-37.1
Cash flow from financing activities	4.3	39.1	142.4	-34.8	-138.1
- Borrowings	4.3	55.2	142.3	-50.9	-138.0
- Treasury stock/Dividends	-	-17.3	-	17.3	-
- Others	-	1.2	0.1	-1.2	-0.1
Net Cash Flow	-11.0	19.9	29.4	-30.9	-40.4

# Production Capacity

## ● Production Capacity

	Product	Capa.	Unit	Note
Synthetic Rubbers	SBR	481,000	MT/Y	Completion of Expansion : 110,000MT/Y(Ulsan), April 2009
	HBR	167,000		Completion of Expansion : 120,000MT/Y(Yeosu), Sept. 2010
	LBR	55,000		
	NBR	50,000		
	HSR	10,000		
	SB Latex	70,000		
	SBS	70,000		
	<b>Total</b>	<b>903,000</b>		
Synthetic Resins	PS	227,500	MT/Y	
	ABS	250,000		
	EPS	73,800		
	PPG	52,000		
	<b>Total</b>	<b>603,300</b>		
Specialty Chemicals	Antioxidants	79,300	MT/Y	
Combined Heat & Power Generation	Steam	1,130	T/H	Completion of Construction : Steam 500T/H & Electricity 119MWH, April 2009
	Electricity	186	MWH	
BD	Ulsan Plant	90,000	MT/Y	
	Yeosu Plant	147,000		
	<b>Total</b>	<b>237,000</b>		

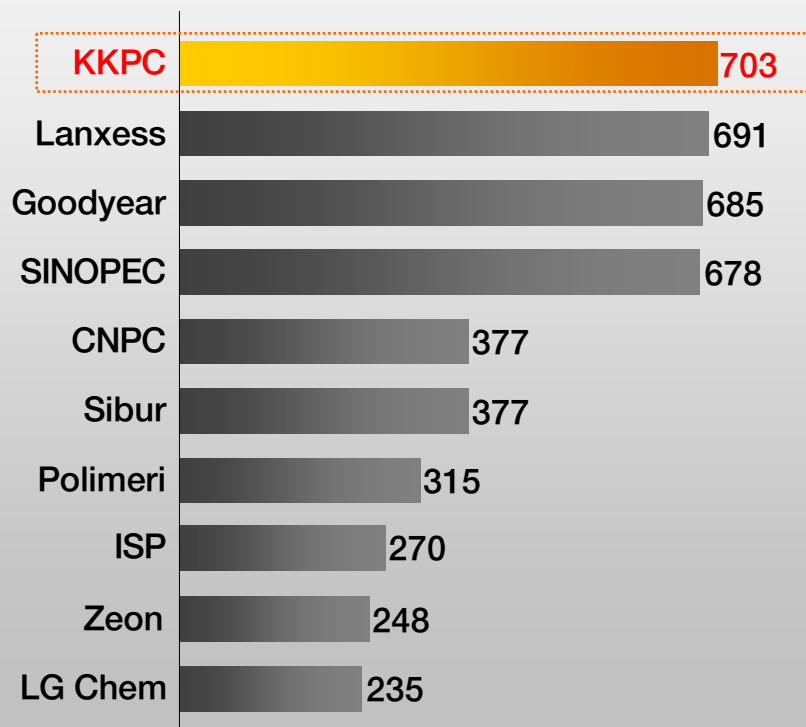
# Market Position

## Synthetic Rubbers & Specialty Chemicals

- **Synthetic Rubbers** : In April 2009, KKPC completed a 110K-ton expansion of SBR raising to an industry-leading and moving share of global market into over 10%.
- **Specialty Chemicals** : In September 2008, KKPC wrapped up a 26K-ton expansion of 6PPD boosting capacity to an industry-high.

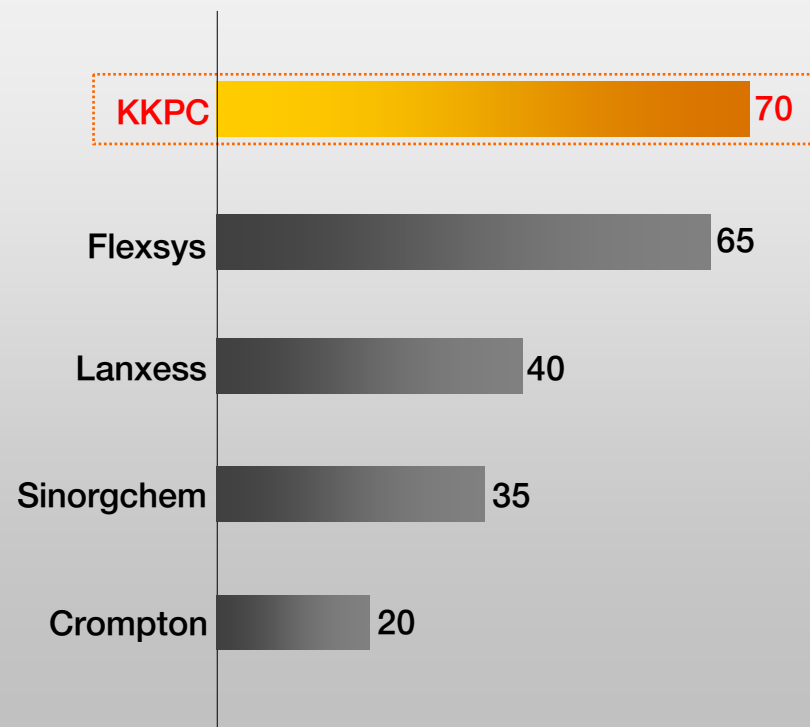
Capa. of Synthetic Rubbers (May 2009)

Unit:'000 MT  
SBR/BR based



Capa. Of Specialty Chemicals (Sept. 2008)

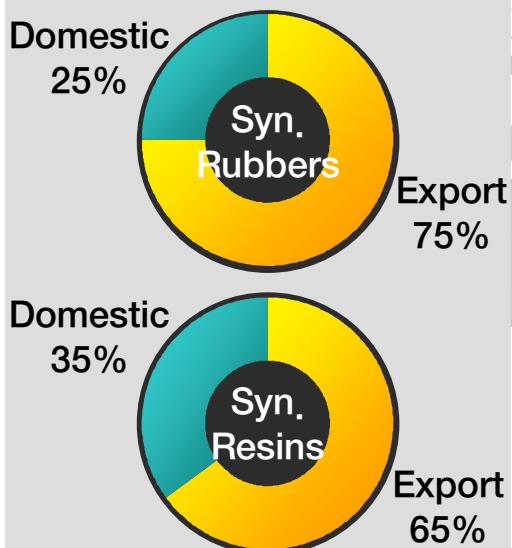
Unit:'000 MT  
6PPD based



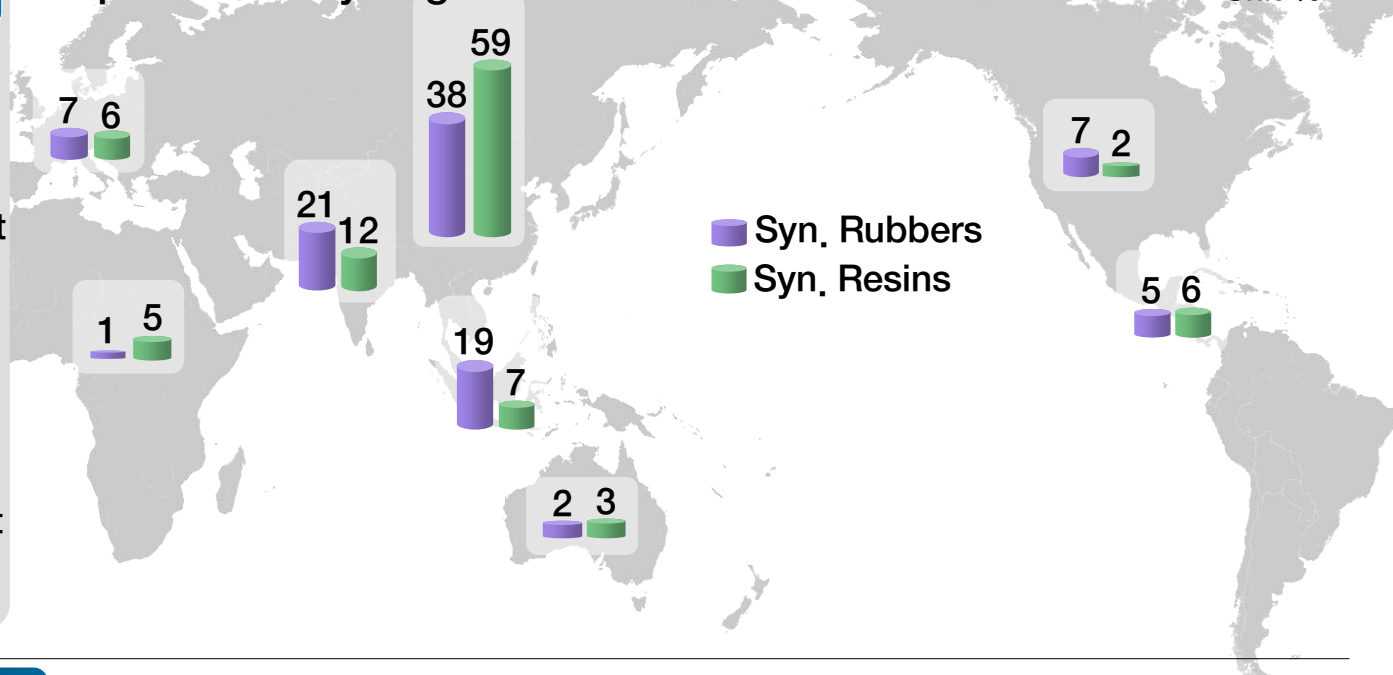
# Sales Status

## Sales by Region & Application

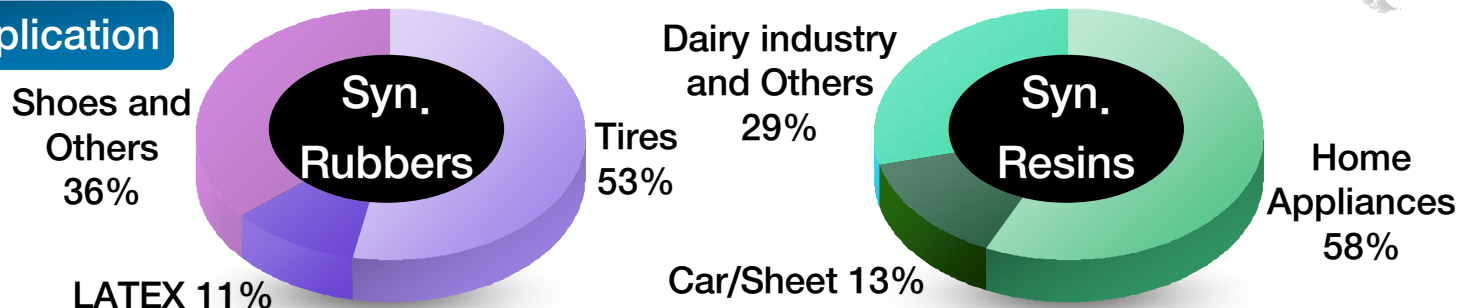
### '09.3Q Sales Breakdown



### Export Share by Region

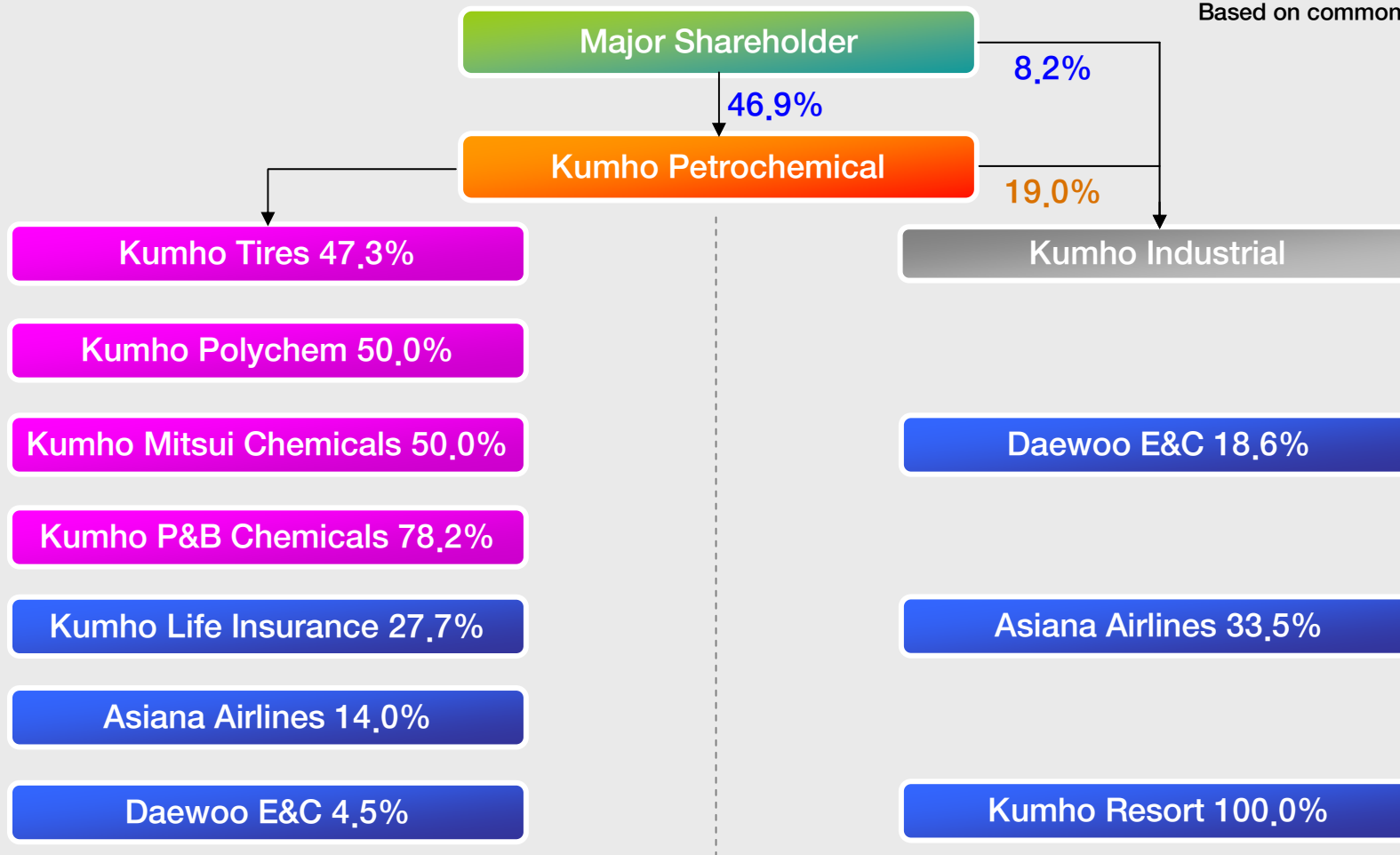


### Sales Share by Application



# Ownership Structure

※ As of 02 Nov. 2009,  
Based on common shares





**Q & A**