

# INVESTOR RELATIONS

## 2011 3Q

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- 3Q, 2011 Review
- Main Business Activities
- 4Q, 2011 Outlook
- Appendices



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# 3Q, 2011 Overview

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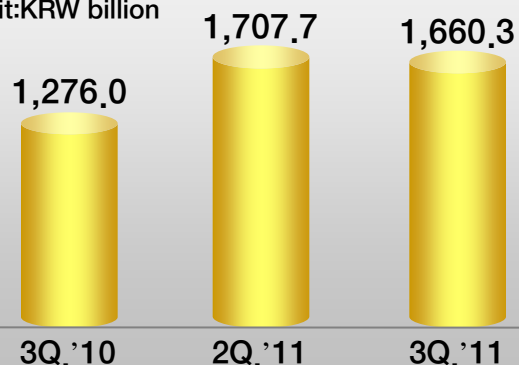
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## Sales & Operating Income

- Sales declined 2.8% to KRW 1,660.3 billion, operating income decreased 20.6% to KRW 219.2 billion.

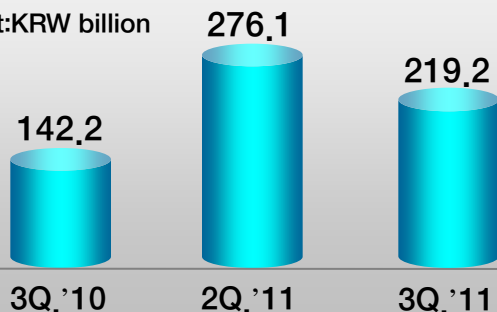
### Sales

Unit:KRW billion



### Operating Income

Unit:KRW billion



### 3Q, 2011 Performance

(Unit:KRW billion)

	3Q.'11	2Q.'11	3Q.'10	Change Ratio	
				QoQ	YoY
S a l e s	1,660.3	1,707.7	1,276.0	-2.8%	30.1%
[Syn. Rubbers]	945.6	981.8	584.2	-3.7%	61.9%
[Syn. Resins]	274.1	323.6	310.6	-15.3%	-11.8%
[O t h e r s]	440.6	402.3	381.2	9.5%	15.6%
Phenol Derivatives	324.8	297.8	275.3	9.1%	18.0%
Specialty Chemicals	47.0	47.6	41.2	-1.3%	14.1%
E n e r g y	37.7	33.7	35.3	11.9%	6.8%
O t h e r s	31.1	23.2	29.4	34.1%	5.8%
Operating Income	219.2	276.1	142.2	-20.6%	54.2%
[ % ]	13.2	16.2	11.1	-	-
Income before Income Taxes	140.9	273.7	144.6	-48.5%	-2.6%
Net Income	90.0	179.0	100.1	-49.7%	-10.1%
Gain/Loss on Valuation of Equity Method Investments	19.2	19.4	11.5	-1.0%	67.0%

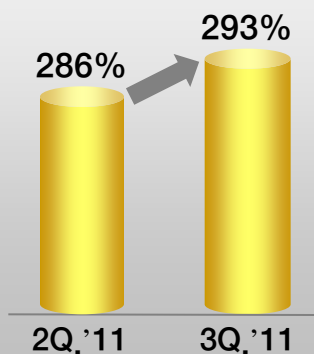
\* Net Income is based on controlling interests.

# Financial Highlights

- Debt to equity ratio rose due to loss on valuation of investment securities and exchange loss of borrowings.

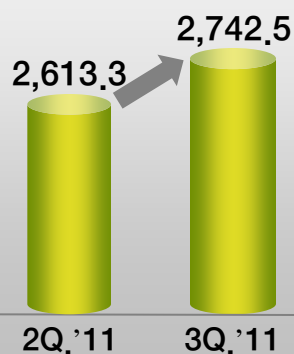
Debt to Equity Ratio

(Unit:%)



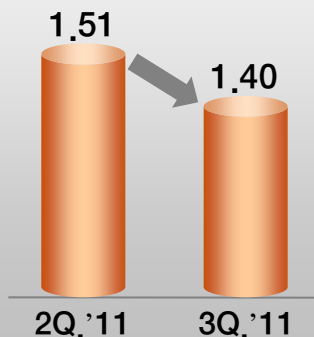
Borrowings

(Unit:KRW billion)



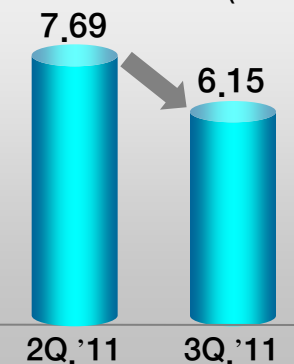
Asset Turnover Ratio

(Unit:Times)



Interest Coverage Ratio

(Unit:Fold)



	Unit	3Q.'11	2Q.'11	3Q.'10	Change Ratio	
					QoQ	YoY
Assets	KRW bil.	4,842.9	4,628.5	4,116.8	4.6%	17.6%
Liabilities	KRW bil.	3,610.8	3,430.1	3,284.4	5.3%	9.9%
Shareholders' Equity		1,232.1	1,198.4	832.4	2.8%	48.0%
Controlling Interests	KRW bil.	1,134.3	1,105.1	774.2	2.6%	46.5%
Non-Controlling Interests		97.8	93.3	58.2	4.8%	68.0%
Debt to Equity Ratio	%	293	286	395	-	-
Borrowings		2,742.5	2,613.3	2,626.7	4.9%	4.4%
Won-Denominated	KRW bil.	1,951.4	1,928.5	1,946.3	1.2%	0.3%
Foreign Currency-Denominated		791.1	684.8	680.4	15.5%	16.3%
Asset Turnover Ratio	Times	1.40	1.51	1.24	-7.3%	12.9%
Interest Coverage Ratio	Fold	6.15	7.69	4.05	-20.0%	51.9%

# Performance Results for Synthetic Rubbers

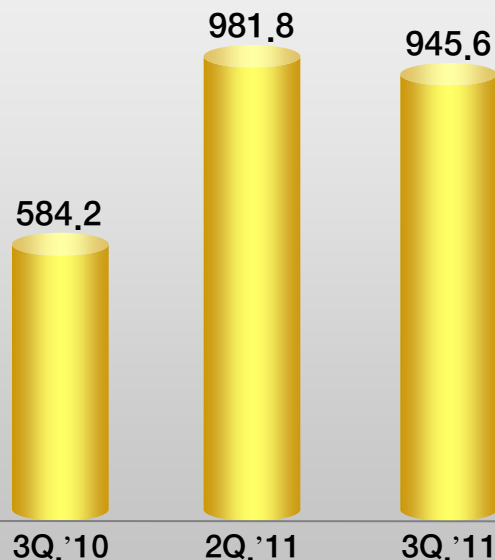
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## Synthetic Rubbers

- Sales decreased 3.7% to KRW 945.6 billion(57.0% of total sales).
- Profits decreased due to sales decrease by early Annual S/D and a falling operating income margin caused by strong feedstock price.

### Sales

Unit:KRW billion



### 3Q, 2011 Performance

- BD price is unstable due to :
  - Strong(Jul.~Aug.) : Trouble and Annual S/D of some NCC and price increase in offshore markets
  - Weak(Sept.) : Demand decrease by adjustment of operating ratio and Annual S/D in downstream

- BD price changes by region

(Unit:USD/Ton)

	04.'11	05.'11	06.'11	07.'11	08.'11	09.'11
Asia	2,982	3,120	3,700	4,172	3,906	3,204
N. America	3,616	4,216	4,189	4,531	4,023	3,164
Europe	3,140	3,963	4,438	4,210	3,650	2,825

- Weak position in synthetic rubber sales
  - Profitability dropped due to lagging effect of strong BD price

(Unit:USD/Ton)

	04.'11	05.'11	06.'11	07.'11	08.'11	09.'11
SBR	3,626	3,741	3,854	3,996	4,108	3,845
BR	4,180	4,163	4,385	4,495	4,519	4,315

\* Source: ICIS/PLATTS 2011

# Performance Results for Synthetic Resins

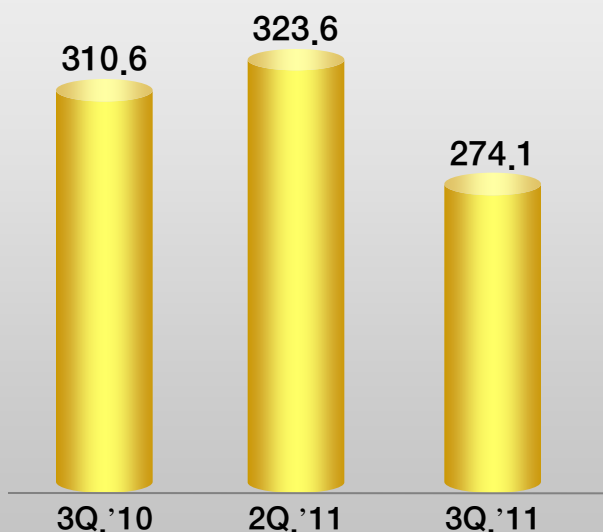
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## Synthetic Resins

- Sales decreased 15.3% to KRW 274.1 billion(16.5% of total sales).
- Profits decreased due to demand slowdown in ABS market by the policy of retrenchment in China and feedstock prices uptrend.

### Sales

Unit:KRW billion



### 3Q, 2011 Performance

- Strong SM price maintenance due to :
  - Annual S/D of Asian SM Makers
  - Strong raw materials(Benzene/Ethylene) prices
  - Increasing EPS demand in China
- SM price changes

(Unit:USD/Ton, CFR China)

	04.'11	05.'11	06.'11	07.'11	08.'11	09.'11
SM	1,427	1,431	1,401	1,465	1,512	1,459

- Weak position in synthetic resin sales
  - Continuous decrease of ABS demands due to the policy of retrenchment in China
  - Profitability decreased due to feedstock(BD/SM) prices upwards

(Unit:USD/Ton)

	04.'11	05.'11	06.'11	07.'11	08.'11	09.'11
PS	1,545	1,575	1,536	1,550	1,623	1,584
ABS	2,283	2,294	2,122	2,146	2,250	2,142

\* Source: PLATTS 2011

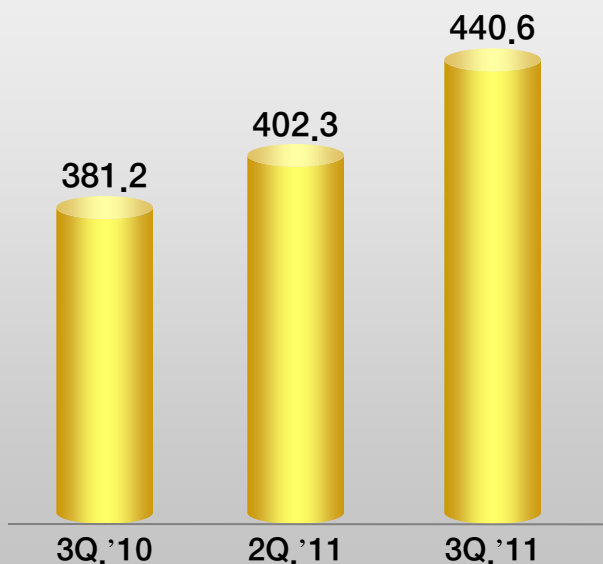
# Performance Results for Others

## Others

- Sales increased 9.5% to KRW 440.6 billion(26.5% of total sales).
- Phenol Derivatives : Decrease of profits due to selling price declines by easing BPA supply and demand.

### Sales

Unit:KRW billion



### 3Q, 2011 Performance

- Phenol Derivatives
  - Increasing sales by base effect of Annual S/D
  - Weakening demands by decreasing demand in China and global economic crisis
  - Profitability decreased due to selling price declines by soft BPA supply and demand
- Energy
  - Sales and operating income grew on higher demand for steam and electricity



# Main Business Activities

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## ○ Diversification of Synthetic Rubbers

- Revamping Capacity(MT/Y) : SBR 80K(Ulsan), SSBR 60K(Yeosu)
- Completion of Construction : SBR/SSBR(Sept. '12)
- Total Investment : KRW 121.5bn
- World's No.1 Maker of Synthetic Rubbers Capa.(SBR/BR based)

(Unit:'000 MT)

	Apr. '09	Jan. '11	Sept. '12	Note
SBR	481	481	561	-No.1:KKPC(903) -No.2:Lanxess(702) -No.3:SINOPEC(694)
BR	222	342	342	
SSBR	-	-	60	
Total	703	823	963	

## ○ New Leap of Phenol Derivatives

- Revamping Capacity(MT/Y) : BPA 150K, Phenol 300K, Acetone 185K
- Completion of Construction : BPA(End of '12), Phenol/Acetone(End of '13)
- Total Investment : BPA(KRW 140bn), Phenol/Acetone(KRW 190bn)
- World's No.5 Maker of BPA Capa.

(Unit:'000 MT)

	June '08	Dec. '12	Dec. '13	비 고
BPA	280	430	430	-No.1:SABIC(1,230) -No.2:Bayer(1,180) -No.3:Nanya(550) -No.4:Mitsui(505) -No.5:KPB(430)
Phenol	380	380	680	
Acetone	238	238	423	
Total	898	1,048	1,533	



# Outlook

## ● Synthetic Rubbers

- Demand of synthetic rubbers will increase
  - Increasing demand of tire makers in China and operating at full capacity of local tire makers.
- BD price will maintain weak stance due to decreasing demand of downstream.
- Syn. rubbers production is expected to decline by Annual S/D in Oct., but profitability will improve through decreasing BD price.

## ● Synthetic Resins

- Demand will increase with domestic seasonal appliances and automobile markets.
- Weak SM price to be maintained due to weak raw materials(Ethylene/Benzene) prices and decreasing demand in downstream.
- Focusing on boosting profitability by developing value-added and high-margin products.

## ● Others

- Phenol Derivatives
  - Demand will decrease due to decreasing operating ratio of Polycarbonate makers.
- Energy
  - Sales and operating income is forecasted to improve due to increasing steam and electricity sales in winter.



# Income Statement

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(Unit:KRW billion)

	3Q,'11	2Q,'11	3Q,'10	Difference			
				QoQ		YoY	
				Cost	Ratio	Cost	Ratio
Sales	1,660.3	1,707.7	1,276.0	-47.4	-2.8%	384.3	30.1%
Operating Income	219.2	276.1	142.2	-56.9	-20.6%	77.0	54.2%
<i>(Operating Margin)</i>	<i>13.2%</i>	<i>16.2%</i>	<i>11.1%</i>	<i>-3.0%p</i>	-	<i>2.1%p</i>	-
<i>Net Interest Expense</i>	<i>97.5</i>	<i>21.7</i>	<i>9.2</i>	<i>75.8</i>	<i>349.3%</i>	<i>88.3</i>	<i>959.8%</i>
<i>Gain/Loss on Valuation of Equity Method Investments</i>	<i>19.2</i>	<i>19.4</i>	<i>11.5</i>	<i>-0.2</i>	<i>-1.0%</i>	<i>7.7</i>	<i>67.0%</i>
Income before Income Taxes	140.9	273.7	144.6	-132.8	-48.5%	-3.7	-2.6%
<i>(Ordinary Income Margin)</i>	<i>8.5%</i>	<i>16.0%</i>	<i>11.3%</i>	<i>-7.5%p</i>	-	<i>-2.8%p</i>	-
Net Income	90.0	179.0	100.1	-89.0	-49.7%	-10.1	-10.1%
<i>(Net Income Margin)</i>	<i>5.4%</i>	<i>10.5%</i>	<i>7.8%</i>	<i>-5.1%p</i>	-	<i>-2.4%p</i>	-

\* Net Income is based on controlling interest.

# Balance Sheet

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(Unit:KRW billion)

	3Q.'11	2Q.'11	3Q.'10	Difference	
				QoQ	YoY
1. Current Assets	2,237.5	2,009.4	1,397.2	228.1	840.3
- Cash	421.2	295.6	145.4	125.6	275.8
2. Non-Current Assets	2,605.4	2,619.1	2,719.6	-13.7	-114.2
Total Assets	4,842.9	4,628.5	4,116.8	214.4	726.1
1. Current Liabilities	2,901.7	2,674.2	1,797.6	227.5	1,104.1
2. Non-Current Liabilities	709.1	755.9	1,486.8	-46.8	-777.7
■ Interest Bearing Liabilities	2,742.5	2,613.3	2,626.7	129.2	115.8
- Short-Term Debts	2,155.3	1,963.6	1,264.4	191.7	890.9
- Long-Term Debts	587.2	649.7	1,362.3	-62.5	-775.1
■ Non-Interest Bearing Liabilities	868.3	816.8	657.7	51.5	210.6
Total Liabilities	3,610.8	3,430.1	3,284.4	180.7	326.4
1. Common & Preferred Stock	142.2	142.2	142.2	-	-
Total Shareholder Equity	1,232.1	1,198.4	832.4	33.7	399.7
Net Debt Ratio	47.9%	50.1%	60.3%	-2.2%p	-12.4%p
Long-Term Debts to Total Debts Ratio	21.4%	24.9%	51.9%	-3.5%p	-30.5%p
Current Ratio	77.1%	75.1%	77.7%	2.0%p	-0.6%p
Total Liabilities to Equity Ratio	293.1%	286.2%	394.6%	6.9%p	-101.5%p

# Production Capa.(KKPC)

	Product	Capa.	Unit	Note
Synthetic Rubbers	SBR	481,000	MT/Y	Completion of Expansion : 80,000MT/Y(Ulsan), Sept. 2012
	HBR	287,000		Completion of Expansion : 120,000MT/Y(Yeosu), Jan. 2011
	LBR	55,000		
	NBR	50,000		
	HSR	10,000		
	SB Latex	70,000		
	SBS	70,000		
	Total	1,023,000		Completion of Expansion : SSBR 60,000MT/Y(Yeosu), Sept. 2012
Synthetic Resins	PS	227,500	MT/Y	
	ABS	250,000		
	EPS	73,800		
	PPG	52,000		
	Total	603,300		
Specialty Chemicals	Antioxidants	79,300	MT/Y	
Combined Heat & Power Plants	Steam	1,130	T/H	
	Electricity	186	MWH	
BD	Ulsan Plant	90,000	MT/Y	
	Yeosu Plant	147,000		
	Total	237,000		

# Production Capa.(Affiliates)

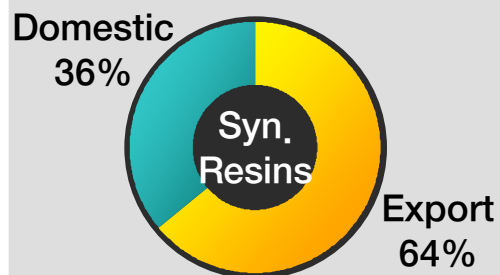
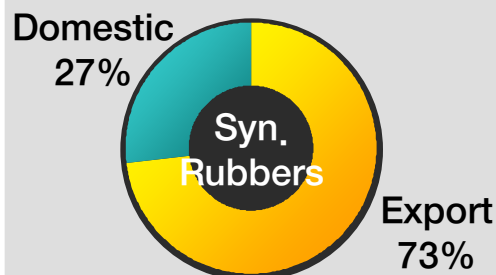
	Product	Capa.	Unit	Note
Kumho P&B Chemicals	Phenol	380,000	MT/Y	Completion of Expansion : 300,000MT/Y, in 2013
	Acetone	238,000		Completion of Expansion : 185,000MT/Y, in 2013
	MIBK	30,000		
	Cumene	440,000		
	BPA	280,000		Completion of Expansion : 150,000MT/Y, in 2012
	Epoxy Resin	74,000		
	Totals	1,442,000		
Kumho Polychem	EP(D)M	95,000	MT/Y	Completion of Expansion : 60,000MT/Y, 2Q in 2013
	TPV	5,000		
	Totals	100,000		
Kumho Mitsui Chemicals	MDI	150,000	MT/Y	Completion of Expansion : 50,000MT/Y, 2H in 2012
	Aniline	2,000		
	Totals	152,000		

# Sales Status

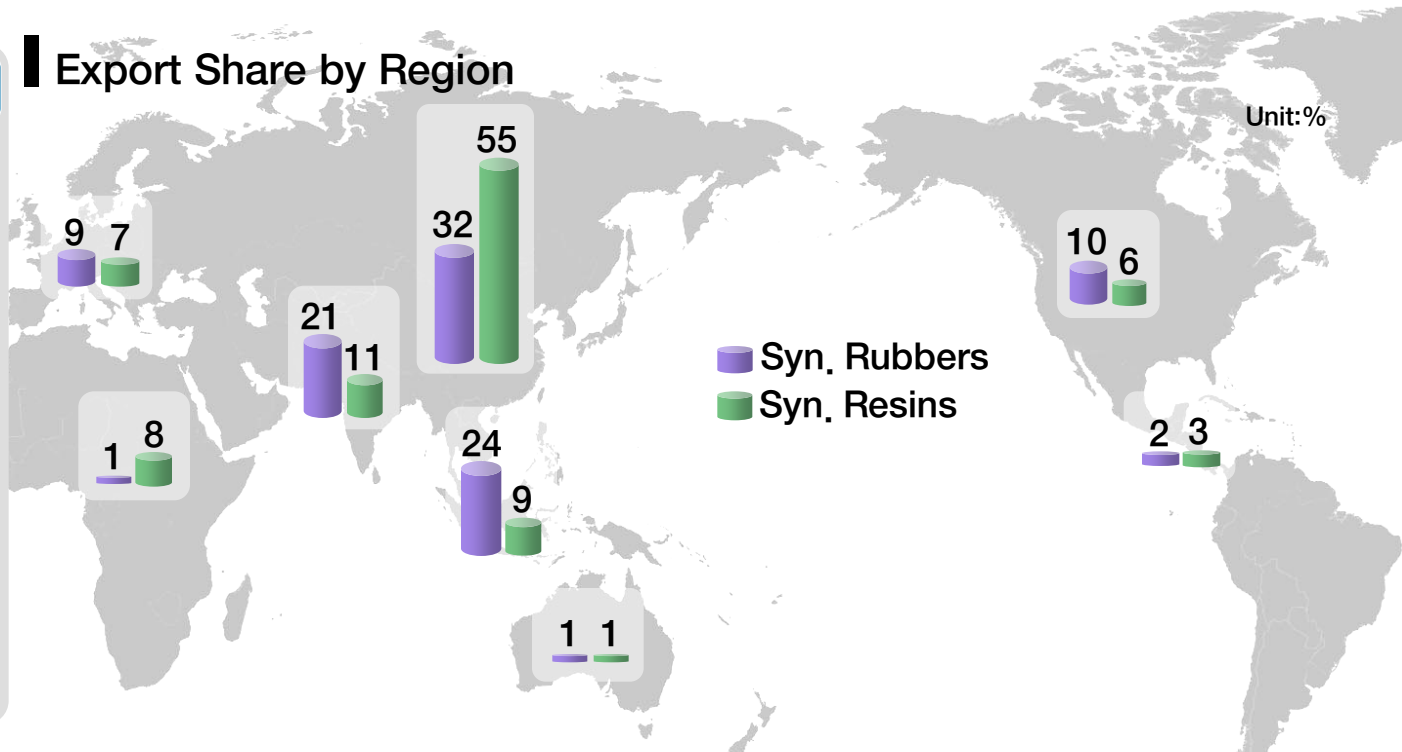
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## Sales by Region & Application

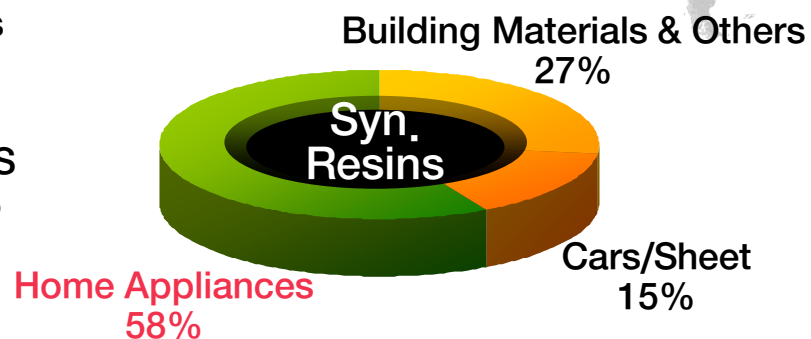
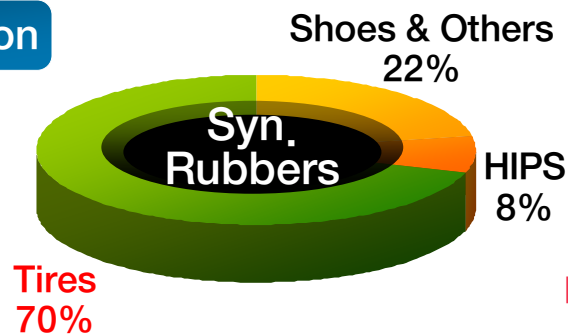
### 3Q.'11 Sales Breakdown



### Export Share by Region



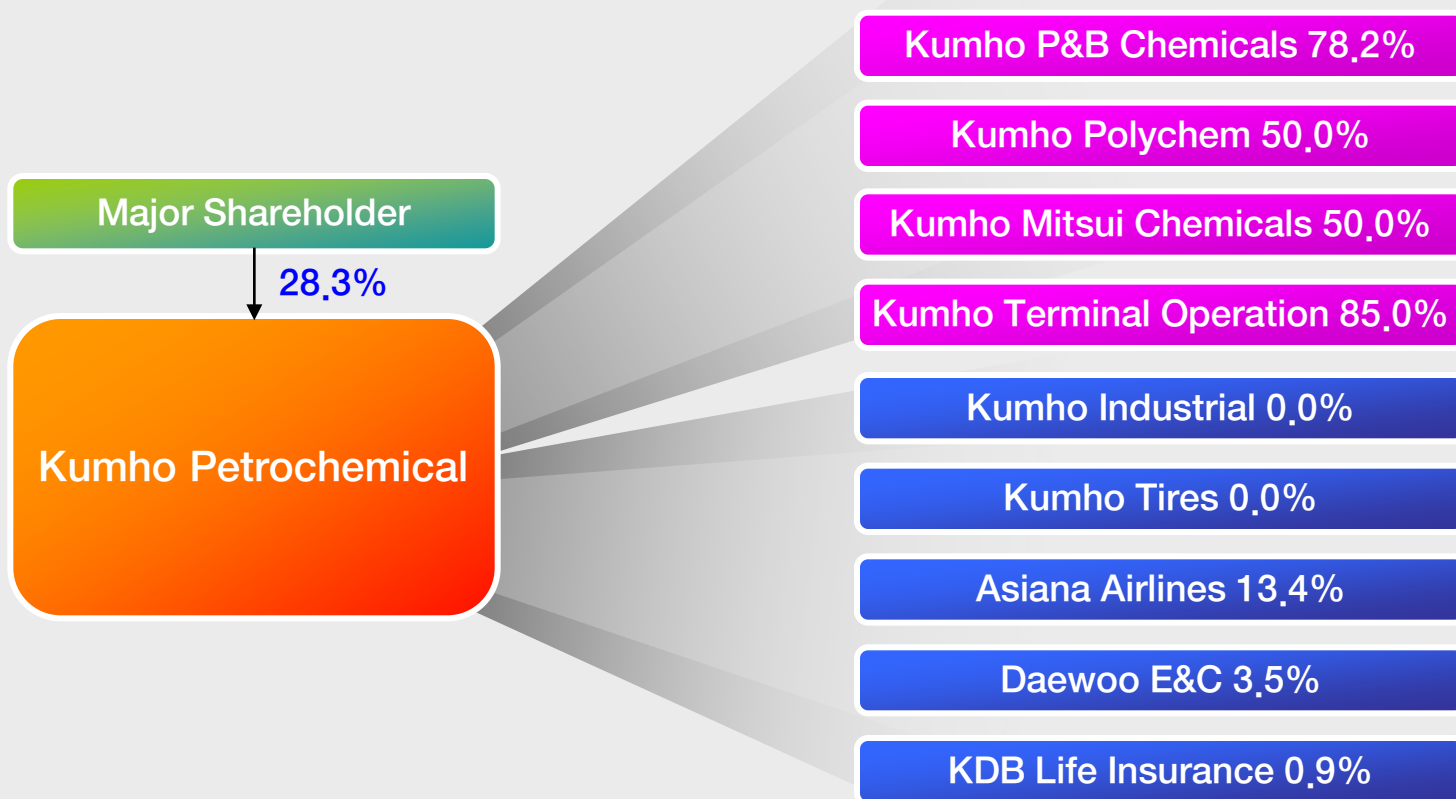
### Sales Share by Application





# Investments in affiliates

※ As of 30 Nov, 2011,  
Based on common shares



Q & A