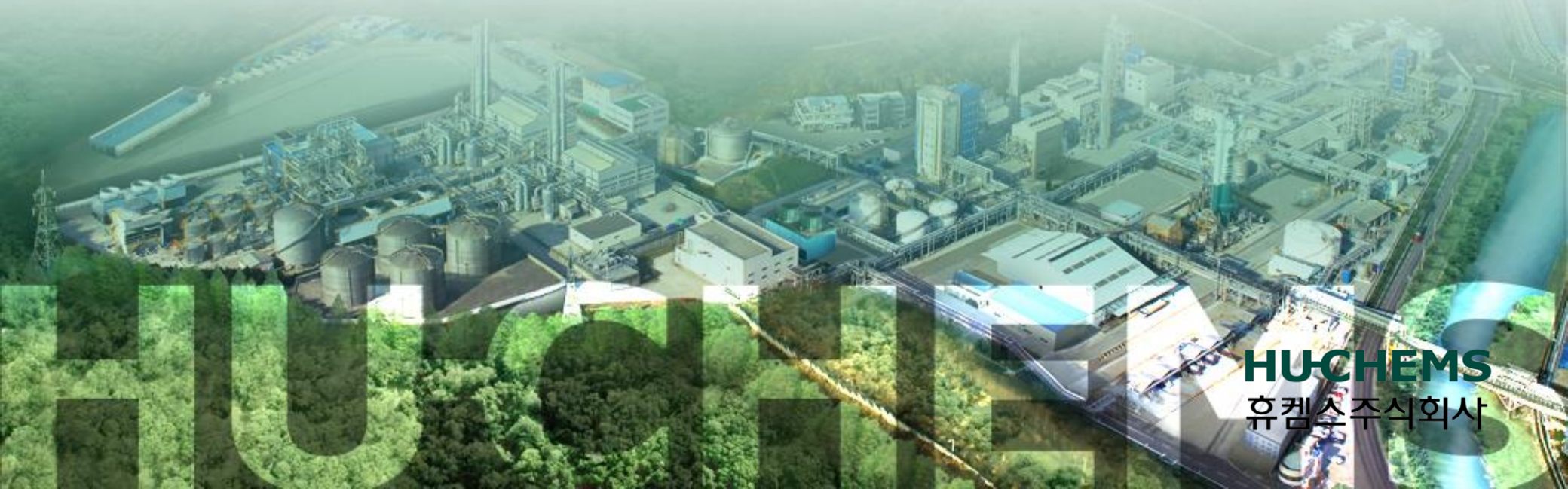


The Global Leader of Advanced Chemistries & Materials - Huchems

Investor Relations 2013



HUCHEMS
휴켄스주식회사

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Financial results for FY 2013 are provisional and accordingly subject to change according to the outside independent auditors' review.

This presentation contains forward-looking statements that are based on our current expectation, assumptions, estimates and projections about Huchems. We caution you not to place undue reliance on any forward-looking statement which may involve various risks and uncertainties.

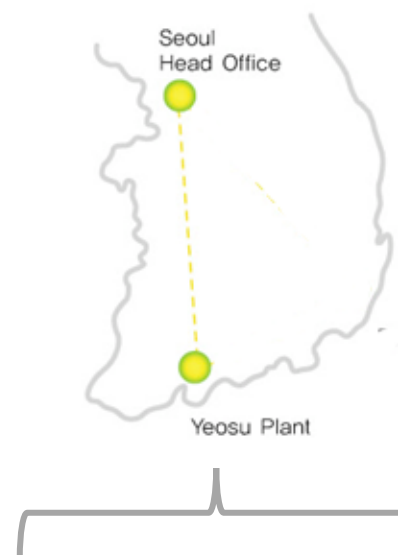
Please also note that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, those could be incorrect. Except as required by law, we do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

Company Overview

Key Takeaways

Company	❖ Huchems Fine Chemical Corp.
Established	❖ Sep. 15, 2002 ❖ Spun off from Namhae Chemical Corp.
Listed	❖ Oct. 7, 2002
CEO	❖ Mr. Choi, Gyu Sung
Paid-in capital	❖ W40.9bn
Number of employees	❖ 235
Key products	❖ Own products 94% ❖ Trade 5% ❖ CDM 1%

Locations



<Plant site 1>

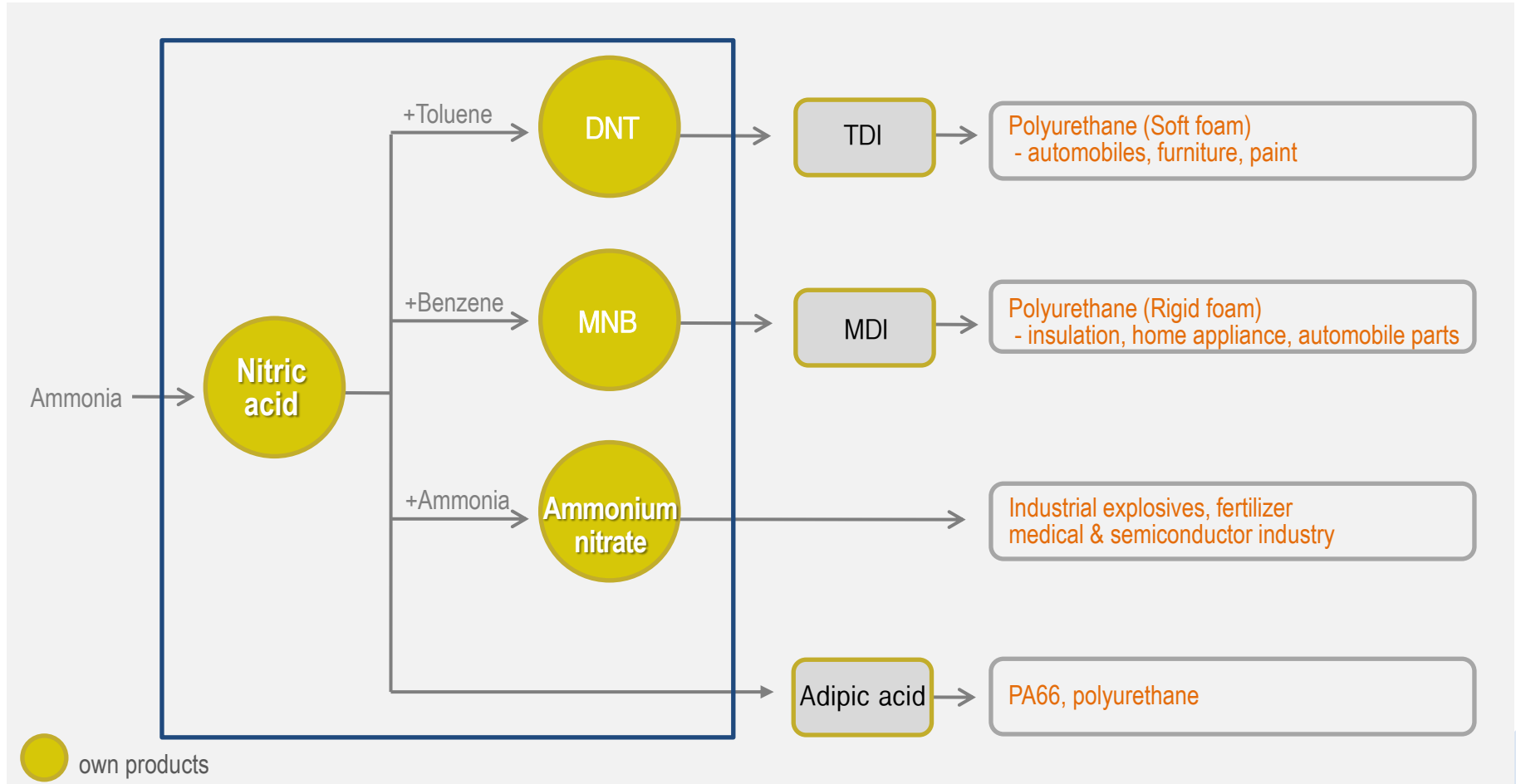
- ❖ Area: 364,000m²
- ❖ Capacity: 1,7000,000MT

<Plant site 2>

- ❖ Area: 115,000m²
- ❖ Plant 2 starting from 2013

Product Portfolio

- Largest Nitric acid producer in Asia
- Specializes in precursors of Polyurethane
- Vertically integrated from Nitric acid to intermediates for Isocyanates



Long-term Contracts

Partnership with Strategic Key Customers

Product	Customer	Contract year	Contract period
Nitric acid	BASF Korea	15-year	2003~2018
	Rhodia Korea	8-year	2008~2016
DNT	KPX Fine Chemical	6-year	2008~2013
		10-year	2011~2021
	OCI	2-year (automatically extended bi-yearly)	2008~
MNB	Kumho Mitsui Chemical	15-year	2009~2024
		15-year	2012~2027
	Mitsui Chemical (Japan)	3-year	2012~2015
Ammonium nitrate	Koryo Nobel Explosives	5-year	2011~2015
	Hanwha Corp.	1-year (automatically extended yearly)	2006~

- Sales volume is defined together with minimum guarantee
- Pricing formula : All factors for risk exposure are considered
 - Raw materials price(Ammonia, Toluene, Benzene), Exchange rate, Inflation

CAPEX Plan

Expansion

Product	Initial Capacity(MT)	Added capacity(MT)	Current capacity(MT)	Startup	Capex(Wbn)
D N T	180,000	60,000	240,000	2Q 2011	100
Ammonium nitrate	53,000	37,000	90,000	2Q 2011	10
M N B	164,000	150,000	314,000	3Q 2012	30
Nitric acid	640,000	400,000	1,040,000	3Q 2012	150
T o t a l	1,037,000	647,000	1,684,000		290

Capex

(Wbn)	2010	2011	2012
Total	68	70	117

Depreciation

(Wbn)	2011	2012	2013(E)
Total	18	23	37

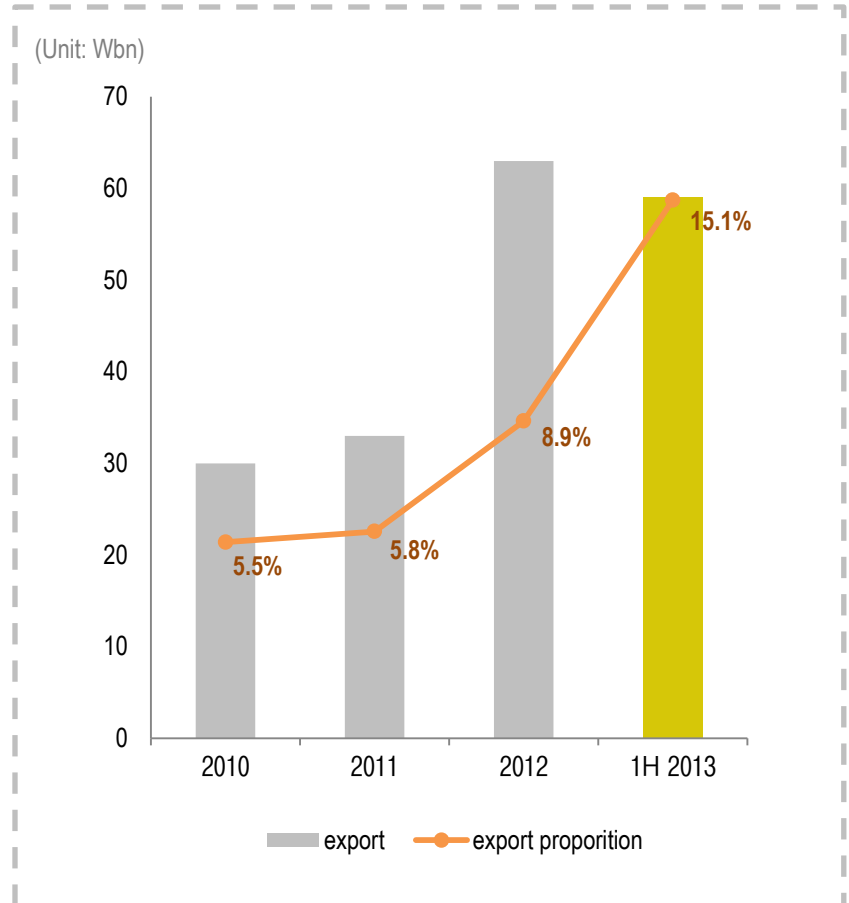
Sales Breakdown

Sales Breakdown

Product	1H 2013		2012 (YTD)	
	Total sales (Wbn)	Total (%)	Total sales (Wbn)	Total (%)
Nitric acid	77	20%	126	18%
DNT	88	23%	216	31%
MNB	174	45%	243	34%
Ammonium nitrate	23	6%	52	7%
Sub-total	344	94%	637	90%
Trade	23	5%	66	9%
CDM	1	1%	4	1%
Total	388	100%	707	100%

- ❖ The newly built Nitric acid plant (400,000MT) & MNB plant(150,000MT) started operation in 3Q 2012.

Export Trend

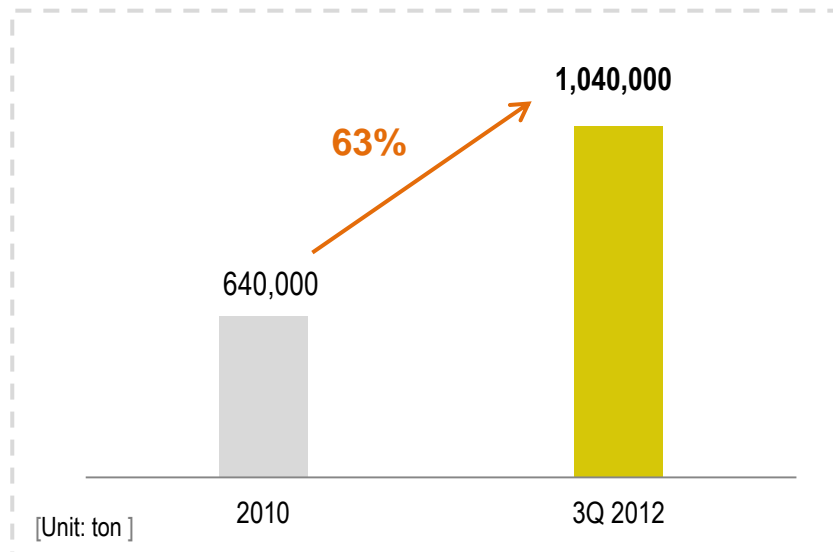


Core Business – Nitric acid

Key Takeaways

- ❖ A raw material for many of its products
- ❖ Capacity increased by 400ktons to 1,040ktons in 3Q 2012
- ❖ The largest nitric acid producer in Asia
- ❖ Enjoys economies of scale and global competitiveness

Capacity

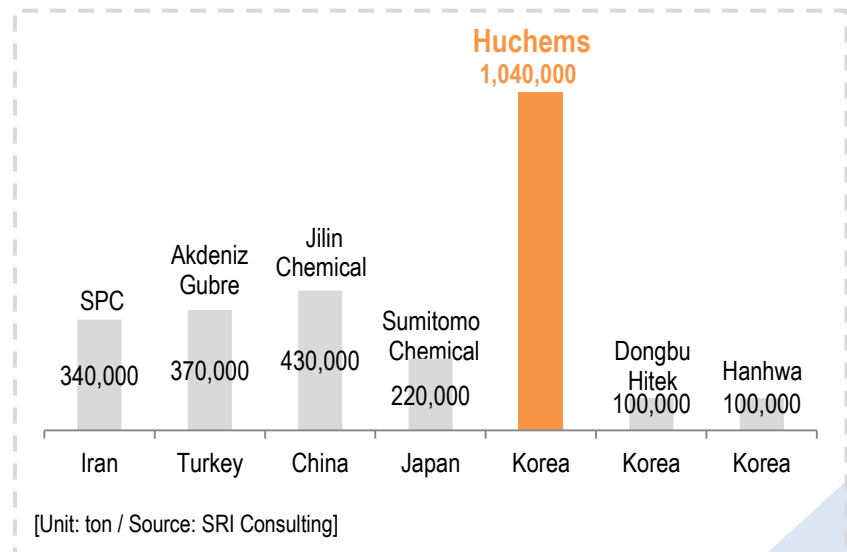


Long-term Contracts

Client	Contract period		Applications
BASF Korea	15-year	2003~2018	TDI, MDI
Rhodia Korea	8-year	2008~2016	Adipic acid

- ❖ Sales done mainly through long-term contracts
- ❖ Margins stable as sales price tied to the price of ammonia

Asian Competitors



Core Business – DNT(DiNitroToluene)

Key Takeaways

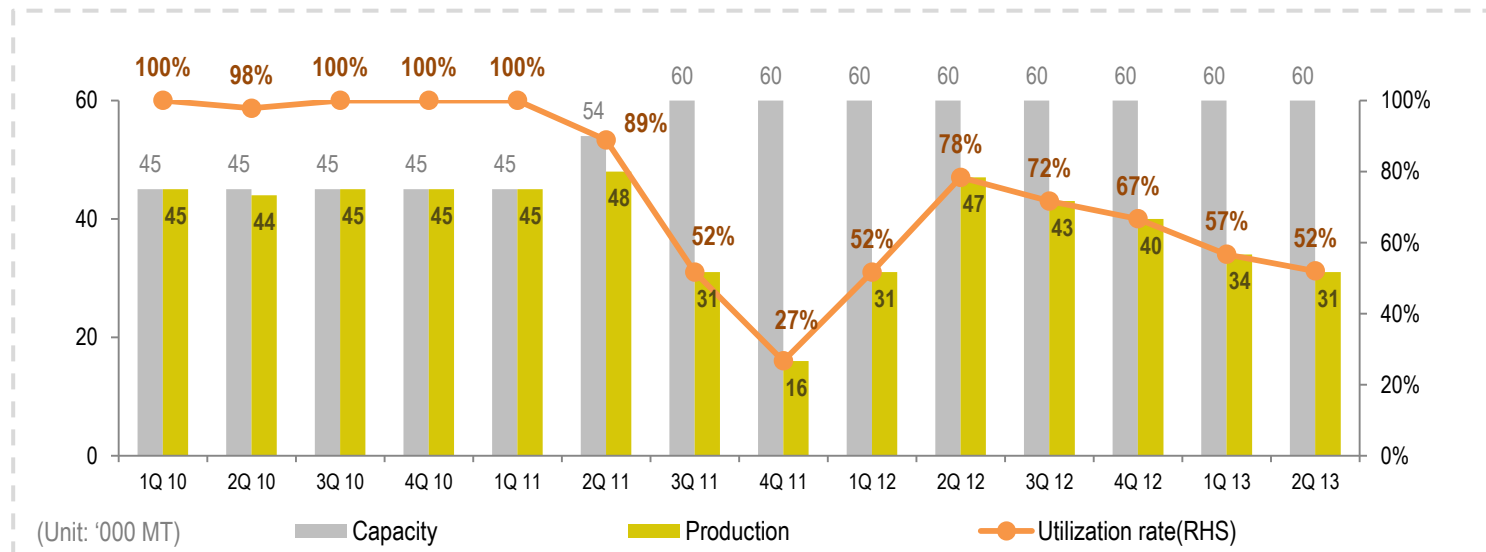
- ❖ Intermediate raw material for TDI
- ❖ Monopolistic position in domestic market
- ❖ Capacity increased by 60ktons to 240ktons in 2Q 2011

Long-term Contracts

Client	Contract period		Applications
KPX Fine Chem.	6-year	2008~2013	TDI
	10-year	2011~2021	TDI
OCI	2-year(automatically extended)	2008~	TDI

- ❖ Total sales are based on long-term supply contracts
- ❖ Sales price is fully tied to raw material prices (toluene, ammonia)

Capacity & Utilization



Core Business – MNB(MonoNitroBenzene)

Key Takeaways

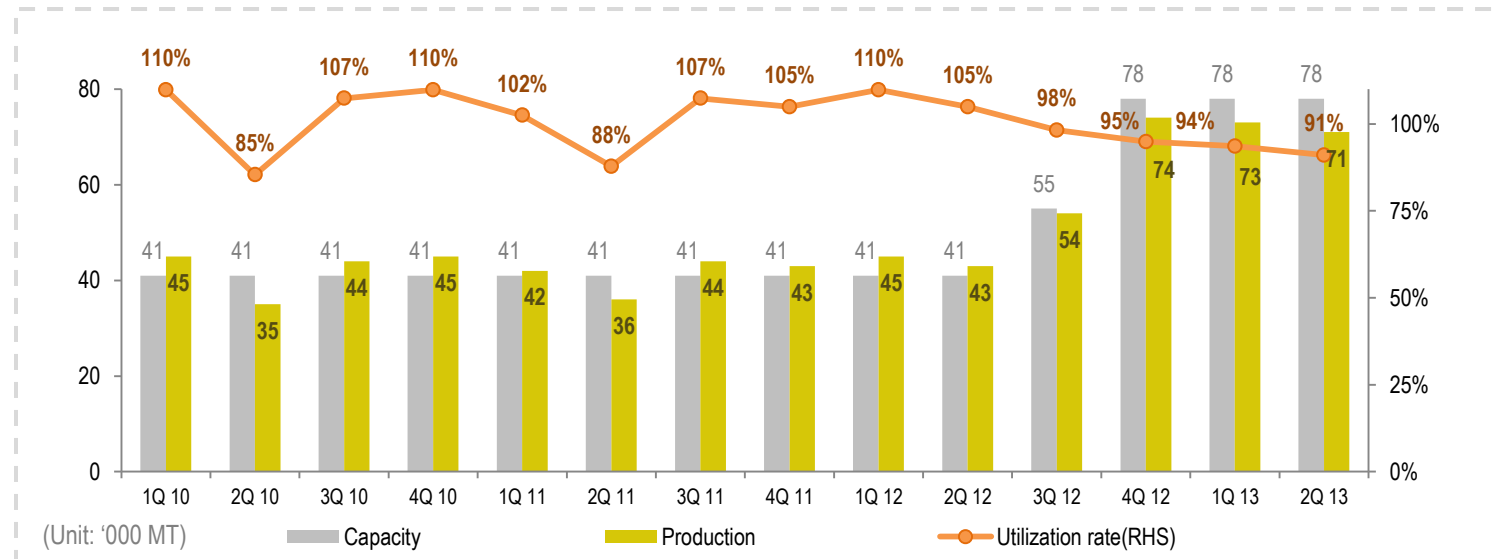
- ❖ Intermediate raw material for MDI
- ❖ Monopolistic position in domestic market
- ❖ Capacity increased by 150ktons to 314ktons in 3Q 2012

Long-term Contracts

Client	Contract period		Applications
Kumho Mitsui Chemical	15-year	2009~2024	MDI
	15-year	2012~2027	
Mitsui Chemical (Japan)	3-year	2012~2015	MDI

- ❖ Total sales are based on long-term supply contracts
- ❖ Sales price is fully tied to raw material prices (benzene, ammonia)

Capacity & Utilization



Core Business – Ammonium nitrate

Key Takeaways

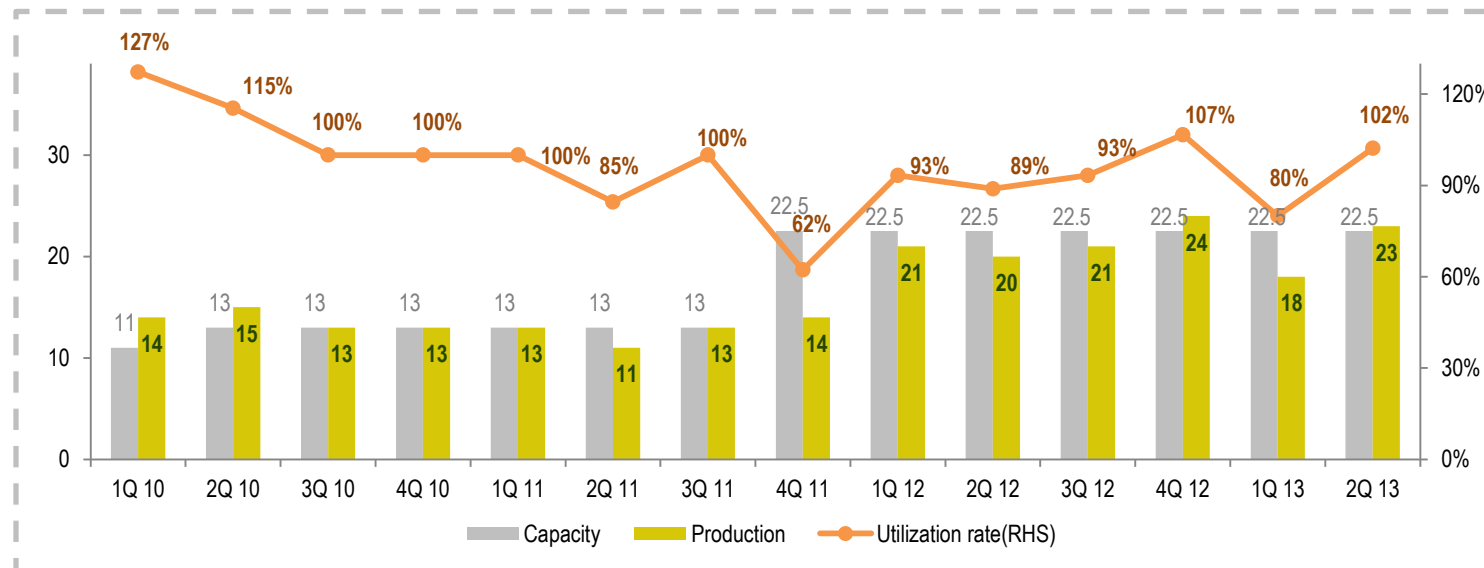
- ❖ Exclusive supplier of ammonium nitrate in domestic market
- ❖ Capacity increased by 37ktons to 90ktons in 4Q 2011
- ❖ Used in industrial explosives, medical gas, fertilizers
- ❖ Rising market potential in Japan and SE Asia

Long-term Contracts

Client	Contract period		Applications
Koryo Nobel Explosives	5-year	2011~2015	Industrial explosives
Hanwha Corp.	automatically renewed	2006~	Industrial explosives

- ❖ Domestic sales done mainly through long-term contracts

Capacity & Utilization

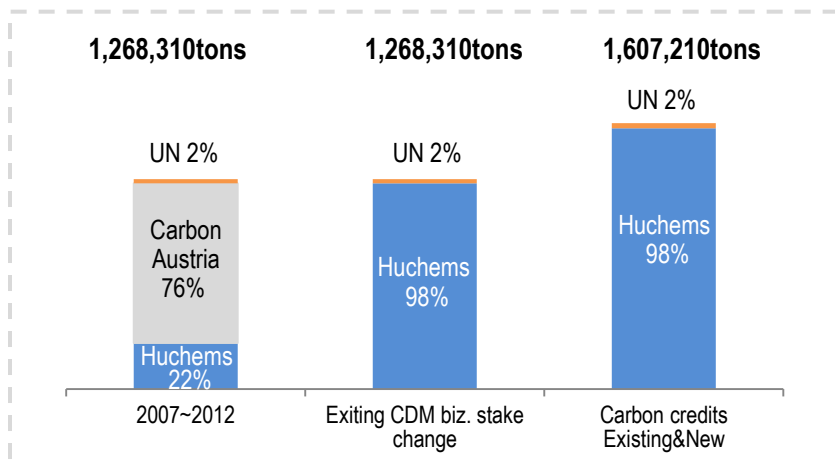


Going Green

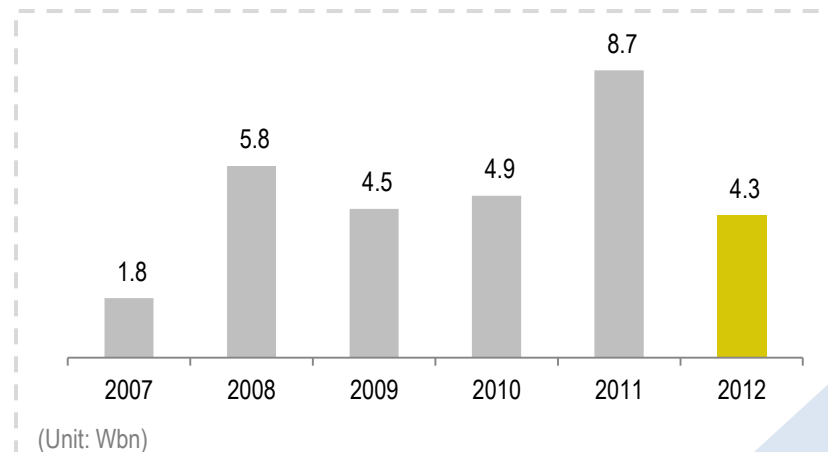
Key Takeaways

	Existing CDM Business	New CDM Business
Project title	❖ Catalytic N2O destruction project in the tail gas of three Nitric Acid Plants at Huchems Fine Chemical Corp	❖ Reduction of N2O emissions from the new nitric acid plant #5 of Huchems Fine Chemical Corp
Amount of reduction	❖ Registration: 1,268,310tons CO2-equiv per annum	❖ Registration: 338,900tons CO2-equiv per annum
Crediting period	❖ Jan. 07 - Jan. 14 (7-year, renewable)	❖ Sep. 12 - Aug. 22 (10-year, fixed)
Note	❖ Huchems splits revenues 22:76 with Carbon of Austria ❖ To inherit facilities from Carbon for free at the end of 2012 ❖ Total income will belong to Huchems in 2013	❖ To acquire UN's approval for new carbon credits on its own

Carbon Credit



Revenue Trend

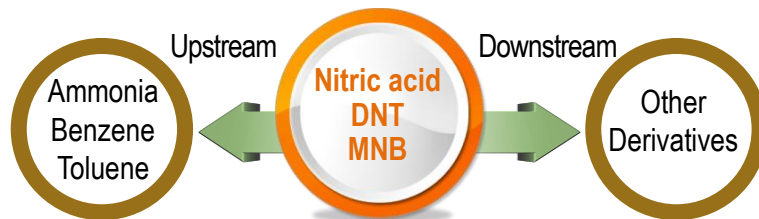


Future Growth Strategies

The Global Leader of Advanced Chemistries & Materials

New Business

- ❖ Establish integration of upstream & downstream
- ❖ Develop own technologies to increase competitive edge
- ❖ Keep searching for new business opportunities
- ❖ Reach global scale in current business



New Market

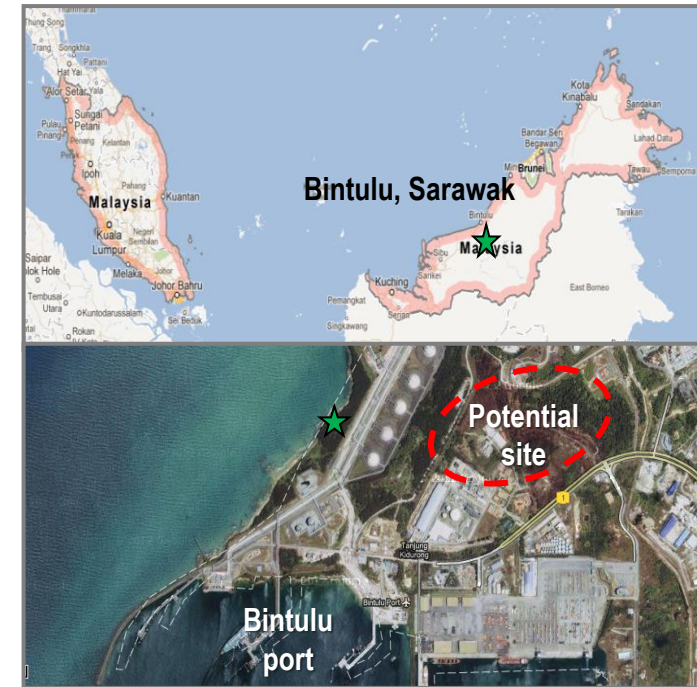
- ❖ Increase market share in Japan, China and SE Asia
- ❖ Diversity export markets
- ❖ Expand to overseas production base



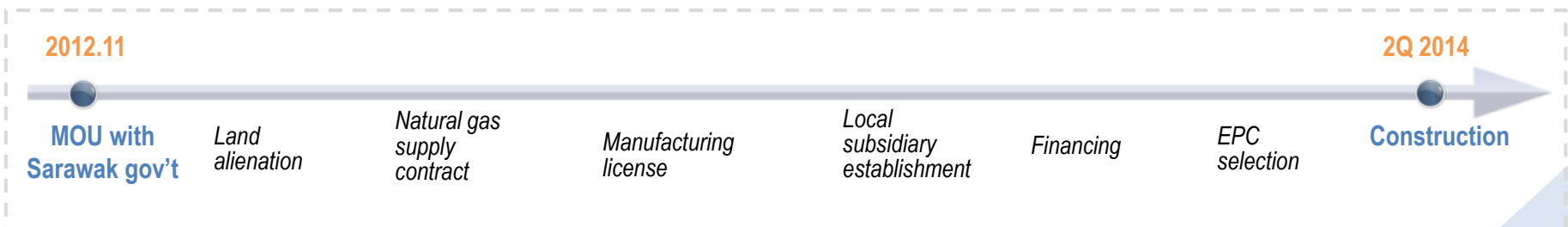
Future Growth Strategies – Malaysia Project

Key Takeaways

Location	❖ Bintulu industrial complex, Sarawak state, Malaysia
Products & Capacity	❖ Ammonia - 600kta pa ❖ Nitric acid - 400kta pa ❖ Ammonium nitrate - 200kta pa
Completion	❖ 2015 for Ammonium nitrate ❖ 2016 for Ammonia, Nitric acid
Capex	❖ 800 Wbn
Annual Revenue	❖ 700 Wbn
Business Form	❖ JV or sole investment
Support from Sarawak	❖ To obtain natural gas supply, land, utilities, other basic infrastructure ❖ To seek approval for permits from the relevant authorities in Malaysia



Project Schedule



2013 Business Results

Non-consolidated

(Unit:Wbn)	2013			2012		2013 1H (YTD)	2012 1H (YTD)	YoY
	2Q	1Q	QoQ	2Q	YoY			
Sales	182.3	205.9	-11.5%	158.5	15.0%	388.3	306.3	26.8%
Operating profit	16.5	13.0	26.6%	22.0	-25.2%	29.5	36.7	-19.6%
Pre-tax profit	17.8	19.7	-9.8%	23.3	-24.0%	37.5	38.0	-1.2%
Net profit	11.4	15.1	-24.6%	17.8	-36.1%	26.5	29.0	-8.6%

Consolidated

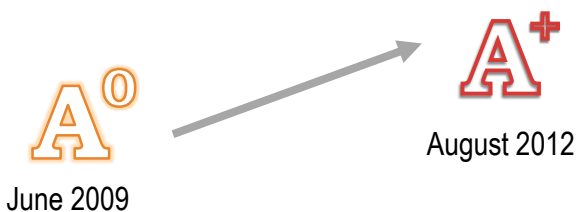
(Unit:Wbn)	2013			2012		2013 1H (YTD)	2012 1H (YTD)	YoY
	2Q	1Q	QoQ	2Q	YoY			
Sales	189.1	208.9	-9.5%	158.5	19.3%	398.0	306.3	29.9%
Operating profit	17.0	13.1	30.3%	22.0	-22.8%	30.1	36.7	-18.0%
Pre-tax profit	17.4	19.3	-9.6%	23.2	-25.1%	36.6	37.5	-2.4%
Net profit	10.9	14.6	-24.9%	17.5	-37.5%	25.5	28.4	-10.0%
Net profit , attributable to owners of parent	11.5	15.0	-26.2%	17.4	-33.9%	27.0	28.2	-4.0%

Cash Flow

Corporate Bond Issuance

Description	❖ Debenture / First / Public
Total Amount	❖ 50Wbn
Issuance date	❖ 2012.09.06
Maturity date	❖ 2015.09.06
Financing purpose	❖ Investment 10Wbn ❖ Operations 40Wbn
Interest rate	❖ 3.24%

Credit Rating



Equity & Debt Information

(Unit:Wbn)	2Q 2013	2012	2011
C a s h	198	188	298
Short-term financial instruments	137	152	167
Cash & cash equivalents	16	31	30
Short-term investment assets	44	3	0
Long-term financial instruments	1	2	101
D e b t	189	175	163
Short-term debt	8	7	102
Long-term debt	131	118	61
Corporate bond	50	50	0
N e t d e b t	-9	-13	-133

- ❖ Non-consolidated basis(K-IFRS basis)
- ❖ Excluding account payables ,account receivables and derivatives

Stability Index

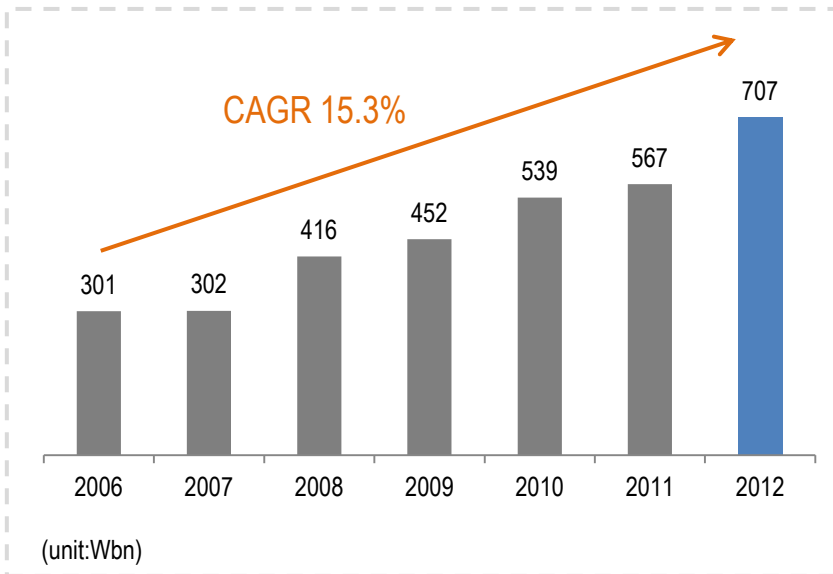
	2012	2011
Debt ratio (%)	60%	57%
Liquidity ratio (%)	275%	153%
Debt to asset ration(%)	24%	23%

Summary of Historical P&L

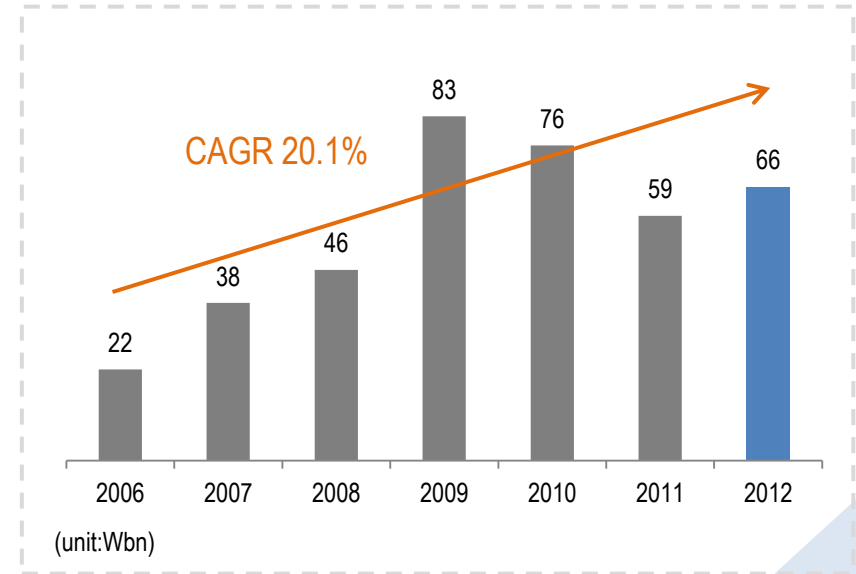
(Wbn)	2006	2007	2008	2009	2010	2011	2012
Sales	301	302	416	452	539	567	707
Operating profit	22	38	46	83	76	59	66
Pre-tax profit	21	40	59	87	87	67	64
Net profit	15	28	40	67	67	54	52

※ 2006~2010 data is based on K-GAAP standards while 2011~2012 data are based on K-IFRS standards.

Sales



Operating Profit



Stock Information

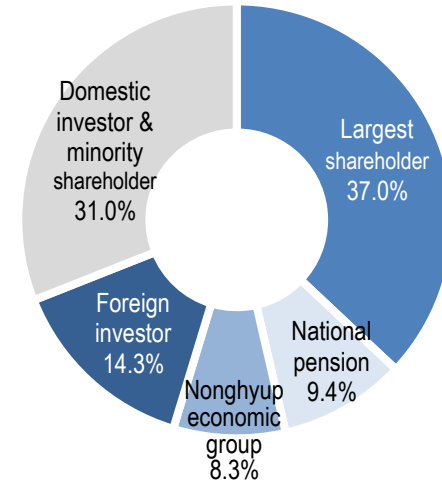
Stock Overview

- ❖ Outstanding shares : 40,878,588 shares
 - Rights issue : 4,258,186 shares in May 2010
 - Bonus issue : 15,329,470 shares in September 2010
- ❖ Code : 069260 KS
- ❖ Face value : 1,000W
- ❖ Market cap : 1,058Wbn
- ❖ Avg trading value (60D): 5.7Wbn

Subsidiaries

Jeongsan company	investment	29.5Wbn
	stake	62.6%
	industry	Property rental and trade for oversea
Ylem technology	investment	14.5Wbn
	stake	50.3%
	industry	Polybutene-1 manufacturer (raw material for environment- friendly pipe)
Taekwang power energy	investment	0.1Wbn
	stake	51.0%
	industry	SPC for cogeneration power plant

Shareholding Structure



[As of 2012]

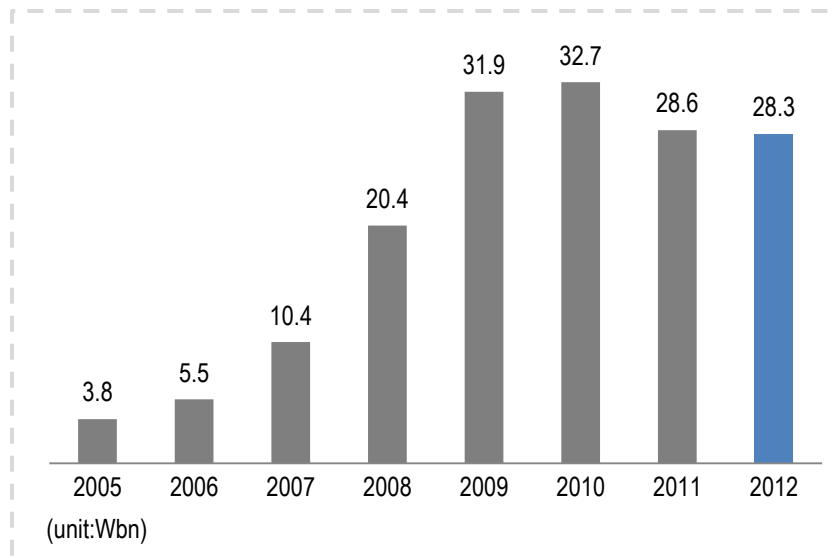
Largest shareholder	Stake
Taekwang Industrial	11.3%
Mr. Yeon-Cha Park	10.9%
Jeongsan	6.1%
Taekwang MTC	4.0%
Other related parties	4.8%
Total	37.1%

Dividends

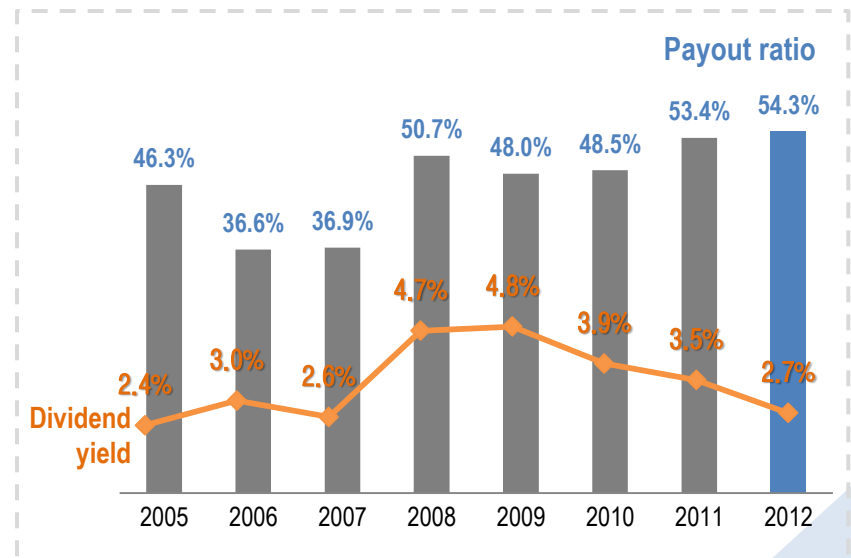
	2006	2007	2008	2009	2010	2011	2012
EPS(W)	711	1,328	1,953	1,936	1,738	1,310	1,287
DPS(W)	260	490	1,000	1,500	800	700	700
Dividends(Wbn)	5.5	10.4	20.4	31.9	32.7	28.6	28.3
Payout ratio	36.6%	36.9%	50.7%	48.0%	48.5%	53.4%	54.3%
Dividend yield	3.0%	2.6%	4.7%	4.8%	3.9%	3.4%	2.7%

※ 2005~2010 data is based on K-GAAP standards while 2011~2012 data is based on K-IFRS standards.

Dividends Trend



Payout Trend



Non-consolidated Financial Statements

Non-consolidated B/S

<Wmn>	2Q 2013	2012	2011
Total assets	755,466	732,613	699,454
Fixed assets	384,649	387,538	391,407
Current assets	370,817	345,075	308,047
Shareholders' equity	437,715	457,305	444,496
Paid-in capital	40,879	40,879	40,879
Capital surplus	181,839	181,839	181,842
Retained earnings	242,927	244,738	221,775
Capital adjustments	-27,930	-10,151	0
Total liabilities	317,751	275,308	254,958
Long-term debt	150,289	149,726	53,790
Current liabilities	167,462	125,582	201,168
Total liab, SE	755,466	732,613	699,454

Non-consolidated I/S

<Wmn>	2Q 2013	2012	2011
Sales	388,337	706,733	566,909
Cost of sales	342,084	602,786	477,087
Gross profit	46,253	103,947	89,822
SG&A	16,747	37,523	31,142
Operating profit	29,506	66,424	58,680
Other profit	11,890	7,819	10,266
Other expense	5,251	14,291	12,812
Net finance income	1,358	3,712	10,705
Pretax profit	37,503	63,664	66,839
Tax	11,000	11,509	13,287
Net profit	26,503	52,155	53,552

Consolidated Financial Statements

Consolidated B/S

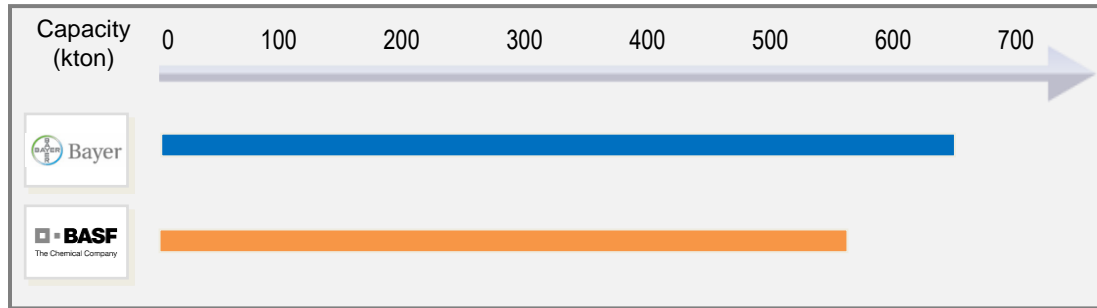
<Wmn>	2Q 2013	2012	2011
Total assets	798,295	771,018	711,538
Fixed assets	389,677	391,556	379,628
Current assets	408,618	379,463	331,911
Shareholders' equity	441,101	460,490	455,899
Paid-in capital	40,879	40,87	40,87
Capital surplus	181,839	181,839	181,842
Retained earnings	239,204	240,459	216,196
Capital adjustments	-27,938	- 2,686	16,983
Total liabilities	357,194	310,528	255,639
Long-term debt	171,568	169,833	54,471
Current liabilities	185,626	140,695	201,168
Total liab, SE	798,295	771,018	711,538

Consolidated I/S

<Wmn>	2Q 2013	2012	2011
Sales	397,986	713,348	566,909
Cost of sales	350,210	609,212	477,087
Gross profit	47,776	104,136	89,822
SG&A	17,673	38,203	31,157
Operating profit	30,103	65,933	58,666
Other profit	12,909	7,886	10,322
Other expense	6,392	13,999	16,236
Net finance income	-8	4,091	12,397
Pretax profit	36,612	63,912	65,148
Tax	11,107	11,7171	13,611
Net profit	25,505	52,194	51,538
Net profit , attributable to owners of parent	27,046	53,467	51,095

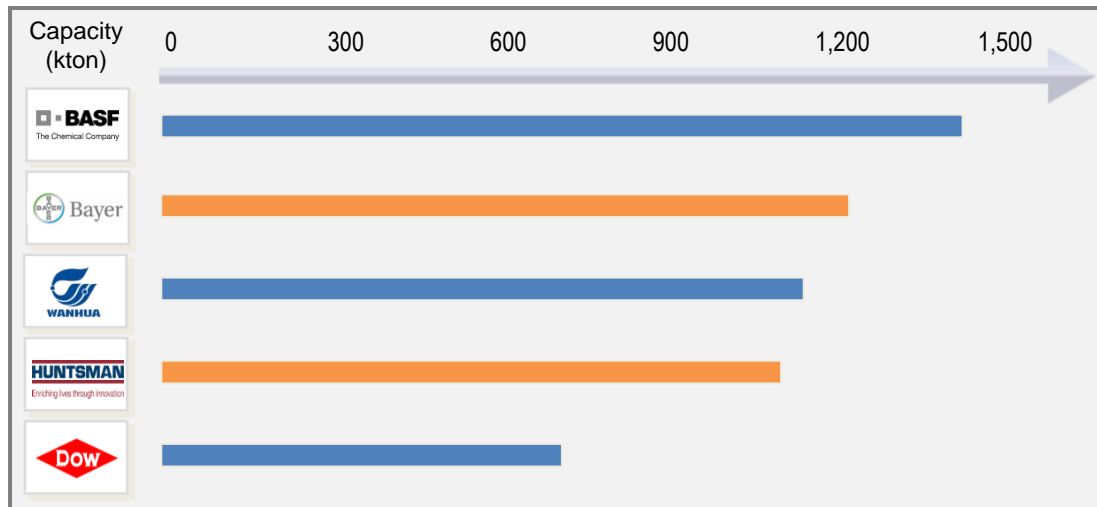
Outlook of Polyurethane(1) – TDI & MDI

TDI Market



- ❖ Global TDI capacity : 2,500kton
- ❖ The global TDI market is an monopolized market and two global players Bayer and BASF dominating a combined share of more than 50% of the market.
- ❖ Additional expansion is concentrated in China.

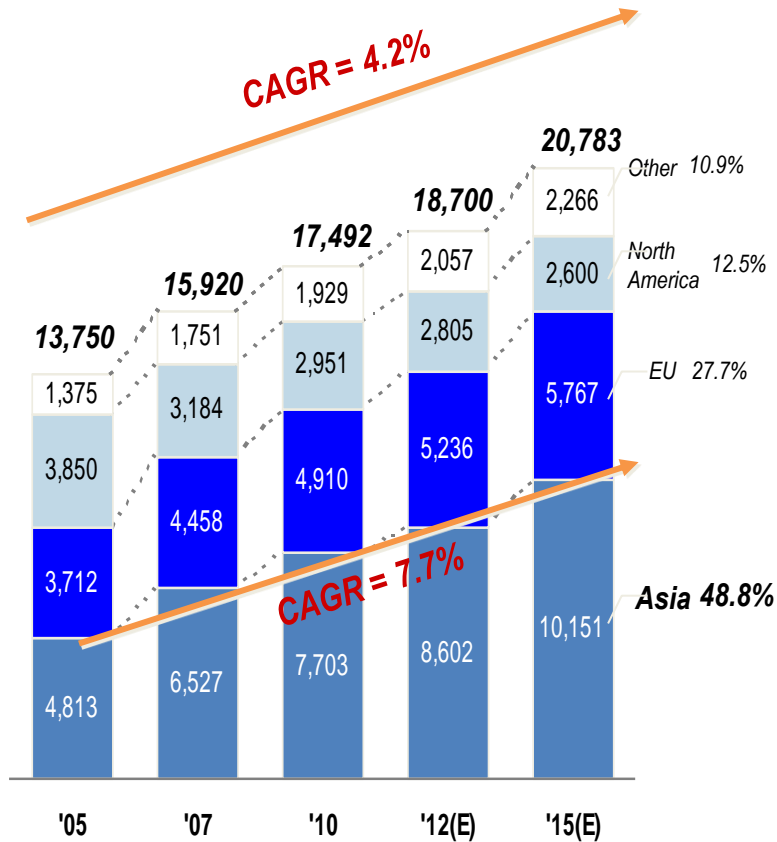
MDI Market



- ❖ Global MDI capacity : 6,000kton
- ❖ The top 5 players including BASF and Bayer have occupied about 90% of global production capacity.
- ❖ The increased capacity stemming from the new MDI project is based in China.

Outlook of Polyurethane(2)

PU Market

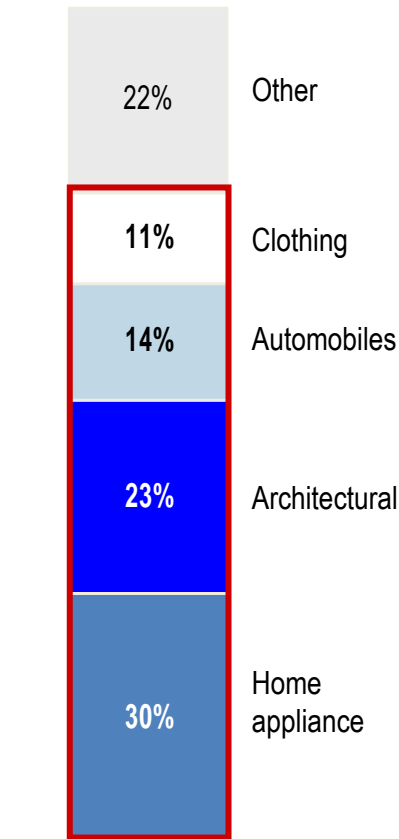


[Source: Fuji Research , ADL Analysis]

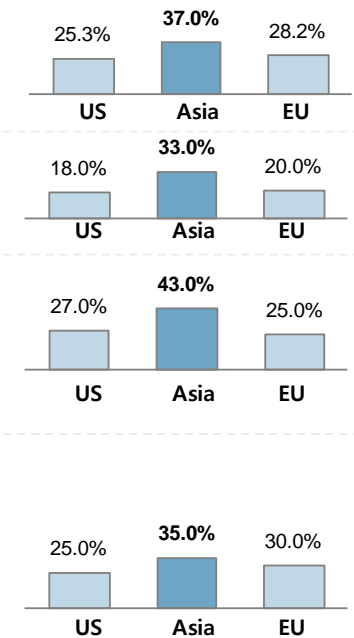
(Unit : kton)

PU Consumption

Demand breakdown



Consumption by region



[Source: Fuji Research , ADL Analysis]

[As of 2010]

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