

The Viability of Petrochemical Project in Peru

- Construction of a Ethane-based Petrochemical Plant in Peru

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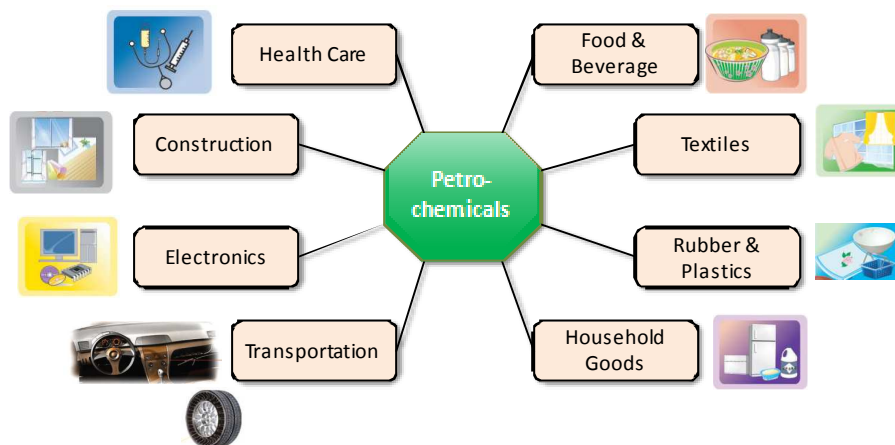
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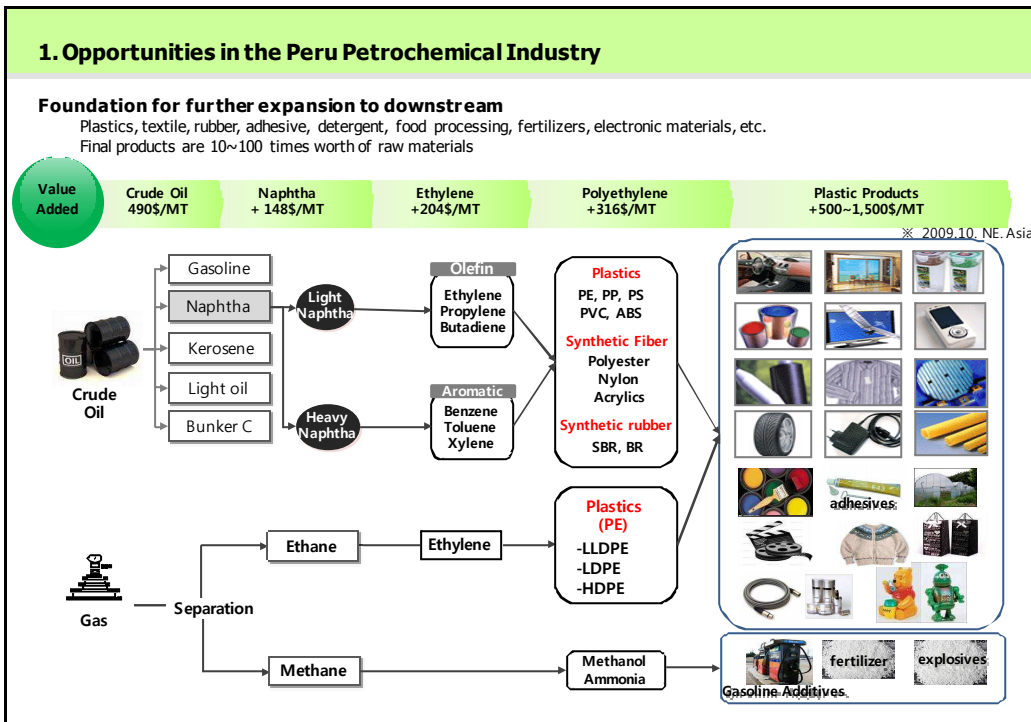
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2. The Earlier, The Better
3. SK's Capability & Plan
4. Viability of Ethane-based Petrochemical Plant

1. Opportunities in the Peru Petrochemical Industry

Petrochemical industry as a backbone of all the other industries

Key materials for cars, electronics, construction industries
 Substitutes for natural materials (iron, aluminum, paper, cotton, wool)





1. Opportunities in the Peru Petrochemical Industry

Great potential and strategic importance of Peru
 The highest economic growth, abundant resources, and location in the northwest coast of Latin America provide great opportunities for the petrochemical business

Fast Growth

UNASUR : Size of the economy

Country	GDP* (bn\$)	Growth rate
Brazil	767	5.4%
Argentina	336	8.7%
Venezuela	147	8.4%
Colombia	106	7.5%
Chile	97	5.1%
Peru	71	9.0%

* Nominal GDP, '08

Strategic Location

- FTA with US (World's No.1 market)
- Switching to import position for petrochemical product from '12
- FTA with EU (under discussion)
- Entering Asian market including China
- FTA with S. Korea ('09.11.)
- Member of UNASUR
- Integrating the west coast into domestic market

Will be the sole PE plant of the competitive capacity in the west coast

Abundant Resources

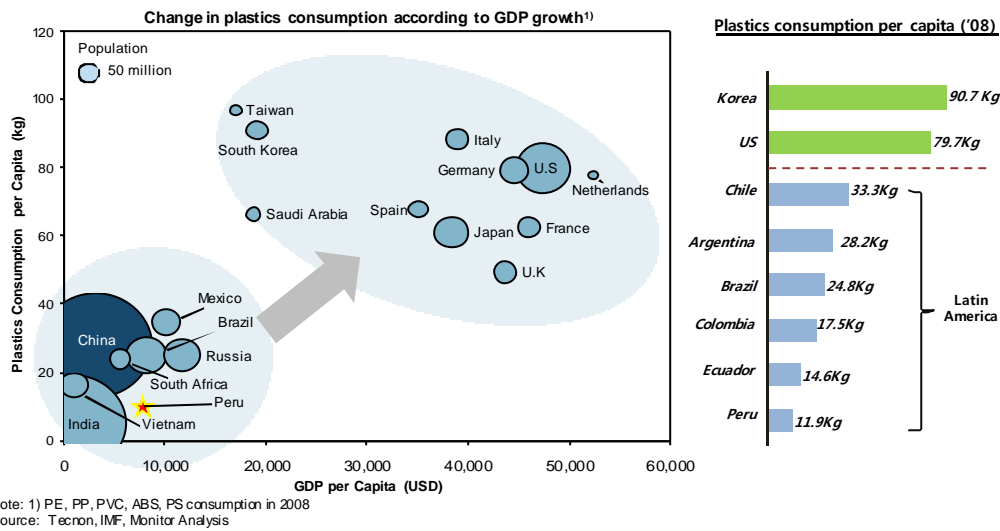
Resources	Reserves in Peru
Oil (bn bbl)	1.1
Gas (tcf)	12.6
Coal (bn ton)	0.3
Silver (ton)	18,000
Copper (Kton)	30,000
Gold (ton)	3,500
Zinc (Kton)	18,000
Tin (ton)	710,000

1. Opportunities in the Peru Petrochemical Industry

Peru has a huge potential for the growth in petrochemical industry

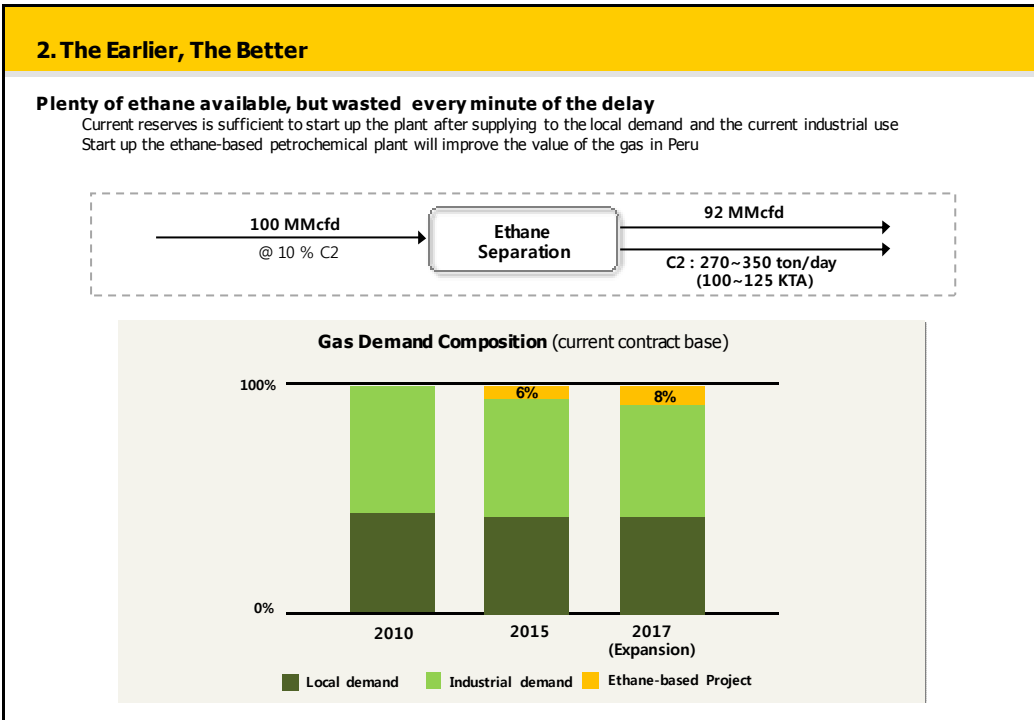
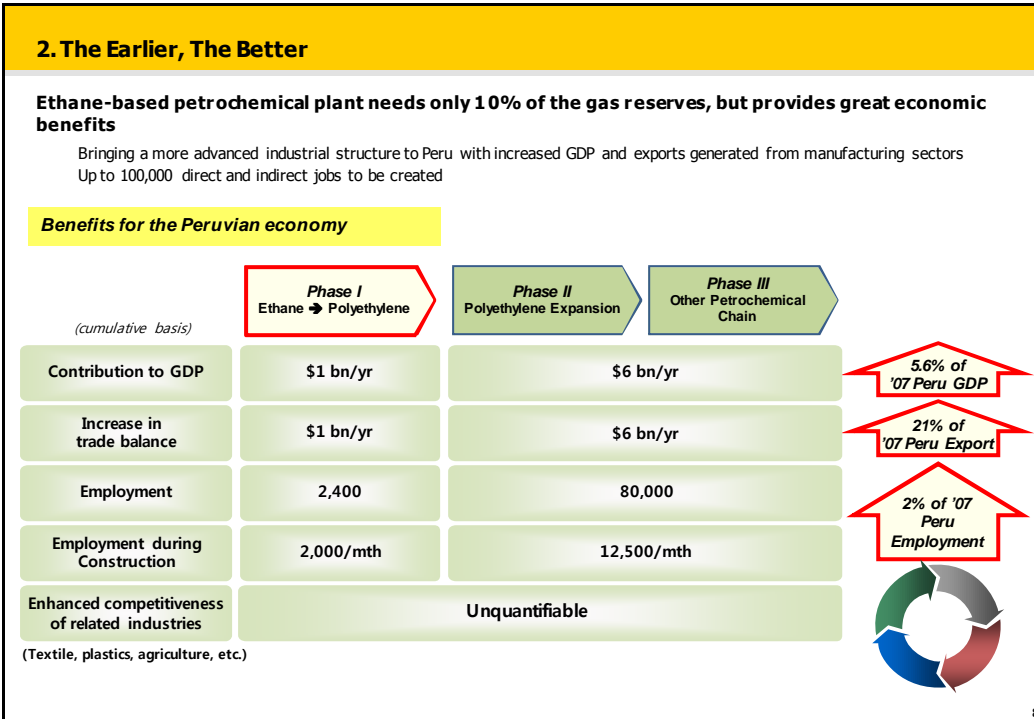
Plastic consumption including PE rises in line with economic growth

Low plastics consumption per capita in Latin America implies petrochemical industry should be actively encouraged



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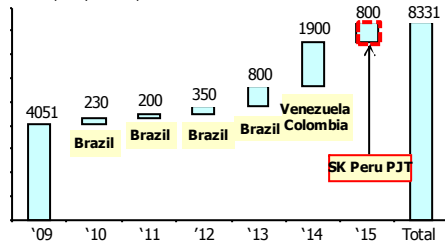
2. The Earlier, The Better

Expedition of the Peru Ethane project is strongly required

By speedy progress to be a first mover and to occupy the market prior to competitors
To take advantage of the expected demand peak in the petrochemical cycle

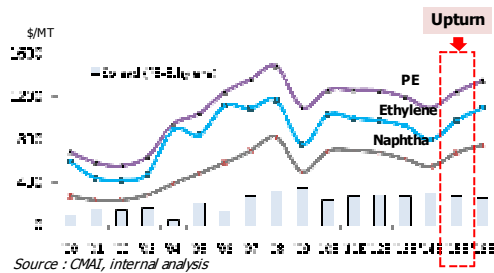
Competition for limited market

< PE Capacity Add-up in Latin America >



→ Rapid progress of Peru ethane-based petrochemical project is strongly required to acquire prior occupation of the market

Forecasted upturn in 2015



→ Strongly needed to start up the plants quickly so can take advantage of the expected peak in global demand


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3. SK's Capability & Plan

Korea's No. 1 and Asia's major energy and petrochemical provider



E&P **Refining** **Petrochemicals** **Lubricants**

Engaged in 30 blocks in 16 countries

Largest Petroleum product supplier in Korea

Balanced Product mix with Olefins & Aromatics

World leader in Group III base oil market

40 years of experience with proven records

- Korea's first Naphtha Cracking Center (1972)
- **No. 1 Globally in Reliability**
Plant availability that express reliability of plant is in world 1st quartile level

Hydrocracker	RFCC	Naph. Cracker	Reformer
1 st	1 st	1 st	1 st

Solomon's analysis result, 2006

- **No. 1 Globally in Productivity**
Net margin that express process productivity is in World 1st quartile level

Hydrocracker	RFCC	Naph. Cracker	Reformer
1 st	1 st	1 st	2 nd

Asia's Leading Energy Company

- No.4 Asian Refining Company
- World's Largest Base Oil Producer (Group III)
- Ranked 29 on Forbes Global Oil & Gas Companies

Korea's No. 1 Energy Provider

- First and Largest Petroleum Company
- First Petrochemical Player
- Largest and Most Active Private E&P Player
- First Developer of Lithium Ion Battery Separator (Third in the World)

Technology Leadership

- **Advanced materials** (Information/Electronics)
- **High-value processing**
 - Eco-friendly
 - Cost-saving
 - Premium products

LIBS

ACO

Nexlene

Green-Pol

HEVB

LAO

ALCO

ATA

3. SK's Capability & Plan

Since 1996, SK has been investing in Peru with the long-term commitment, participating in the entire value chain of Camisea

SK's Business in Peru Overview

① **Camisea Upstream**

② **Camisea Downstream (TgP)**

③ **Peru LNG**

④ **Block 8 (SK 1/3%)**

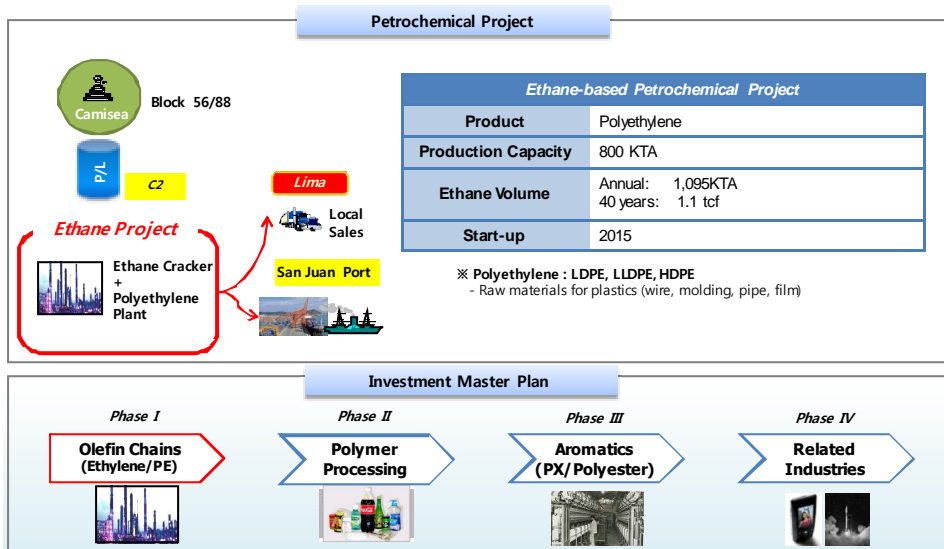
⑤ **Block Z 46 (SK 100%)**

Social Contribution

- Post earthquake reconstruction
- 52 schools and 5 hospitals in the underprivileged towns in Pisco, Ica
- Teacher training, medical equipment supplies

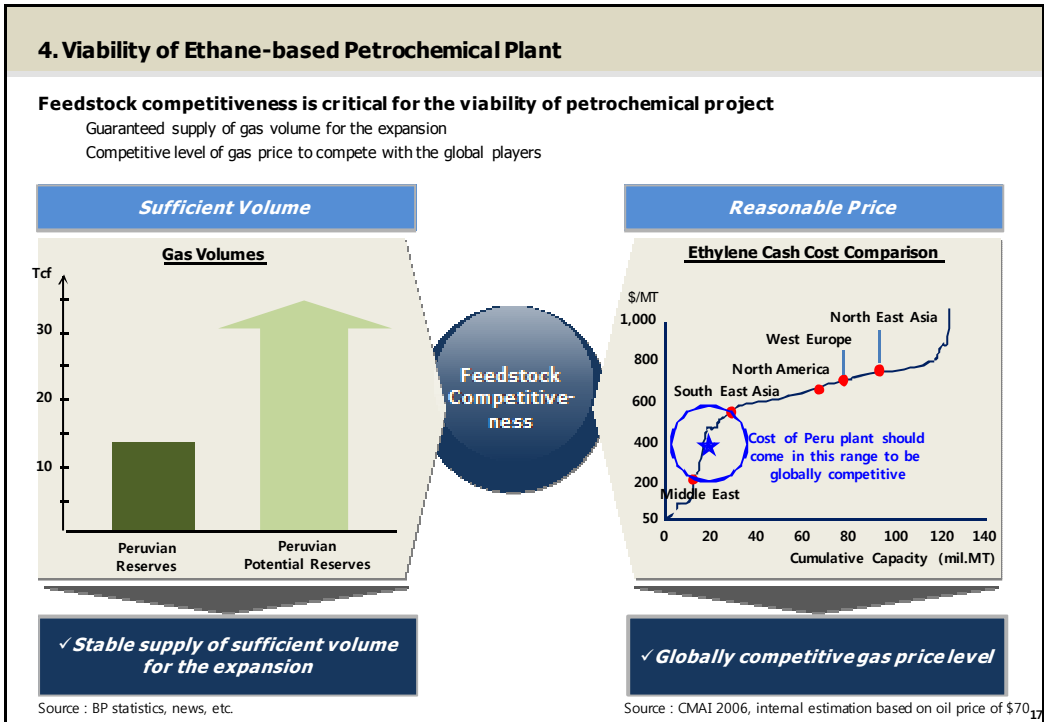
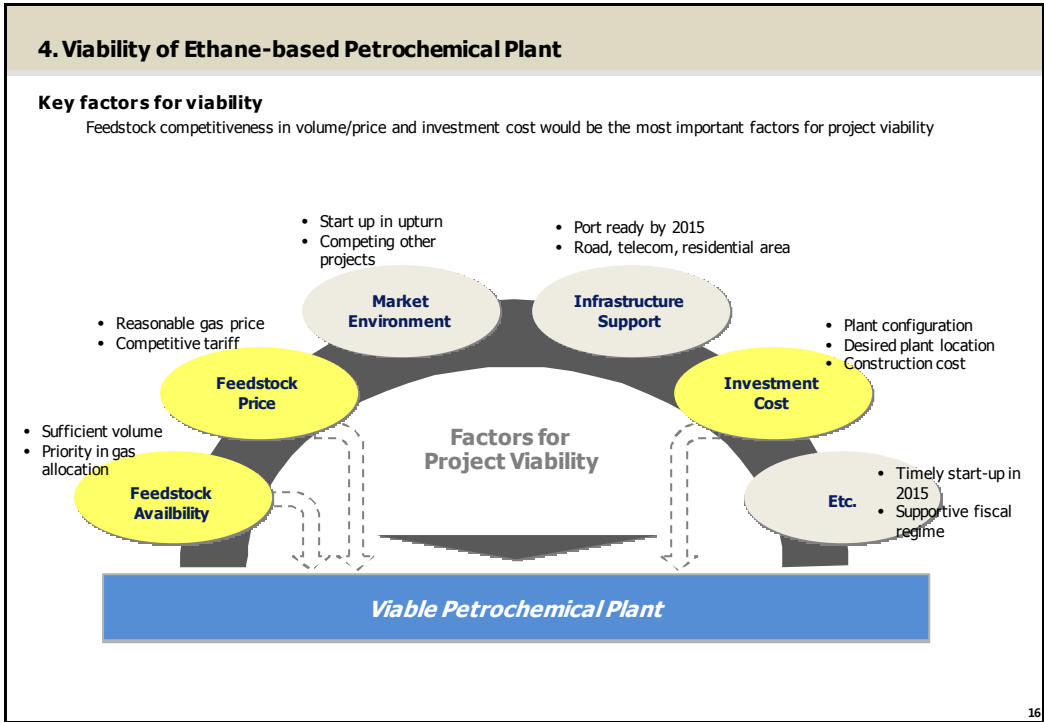
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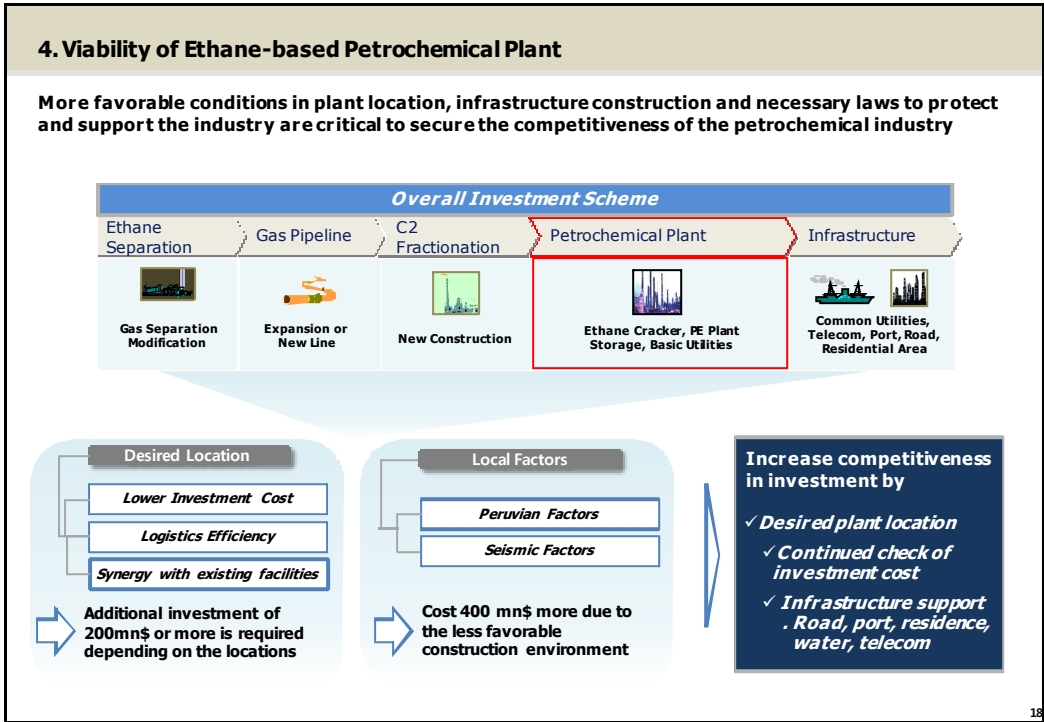
Building ethane cracker and PE plant which use gas from Camisea as raw materials
First step of Peru's petrochemical master plan, followed by full development of entire value chain



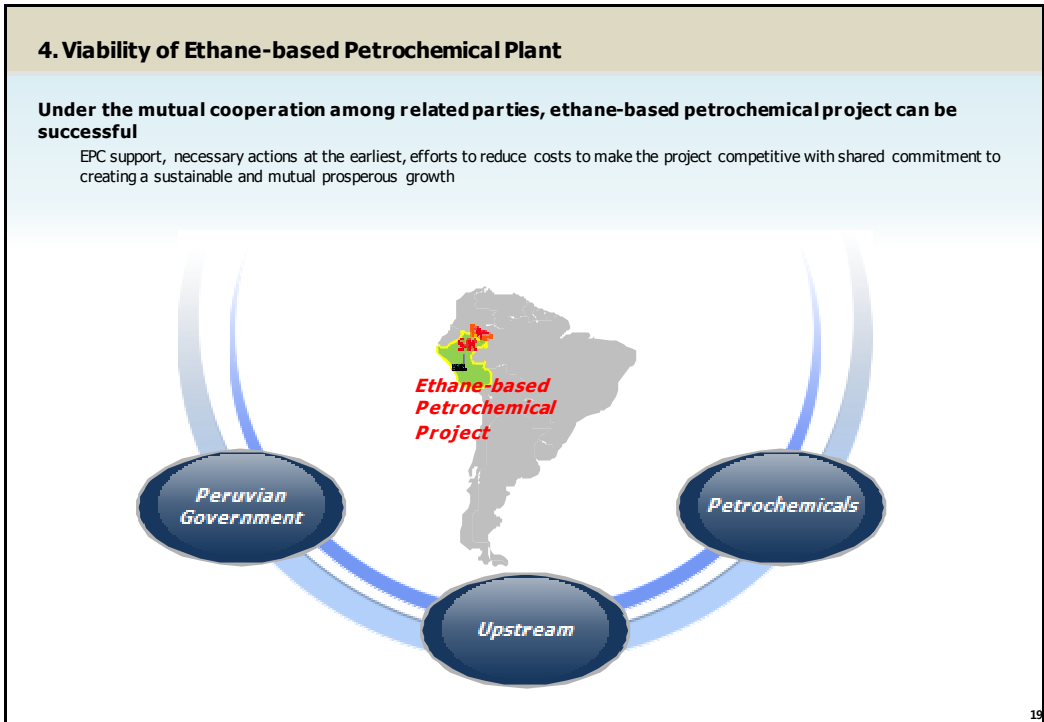
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