3Q 2018 Business Result

November 2018

Disclaimer

The financial information in this document are consolidated earnings results based on K-IFRS. The previous earnings results have also been stated in compliance with K-IFRS.

The business results for the third quarter of 2018 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. The actual results may differ from those included in this release due to a variety of factors. LOTTE Chemical undertakes no obligation to update or revise the preliminary provided in this release. Also, this material is not legally binding for any of investors' investment result.

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

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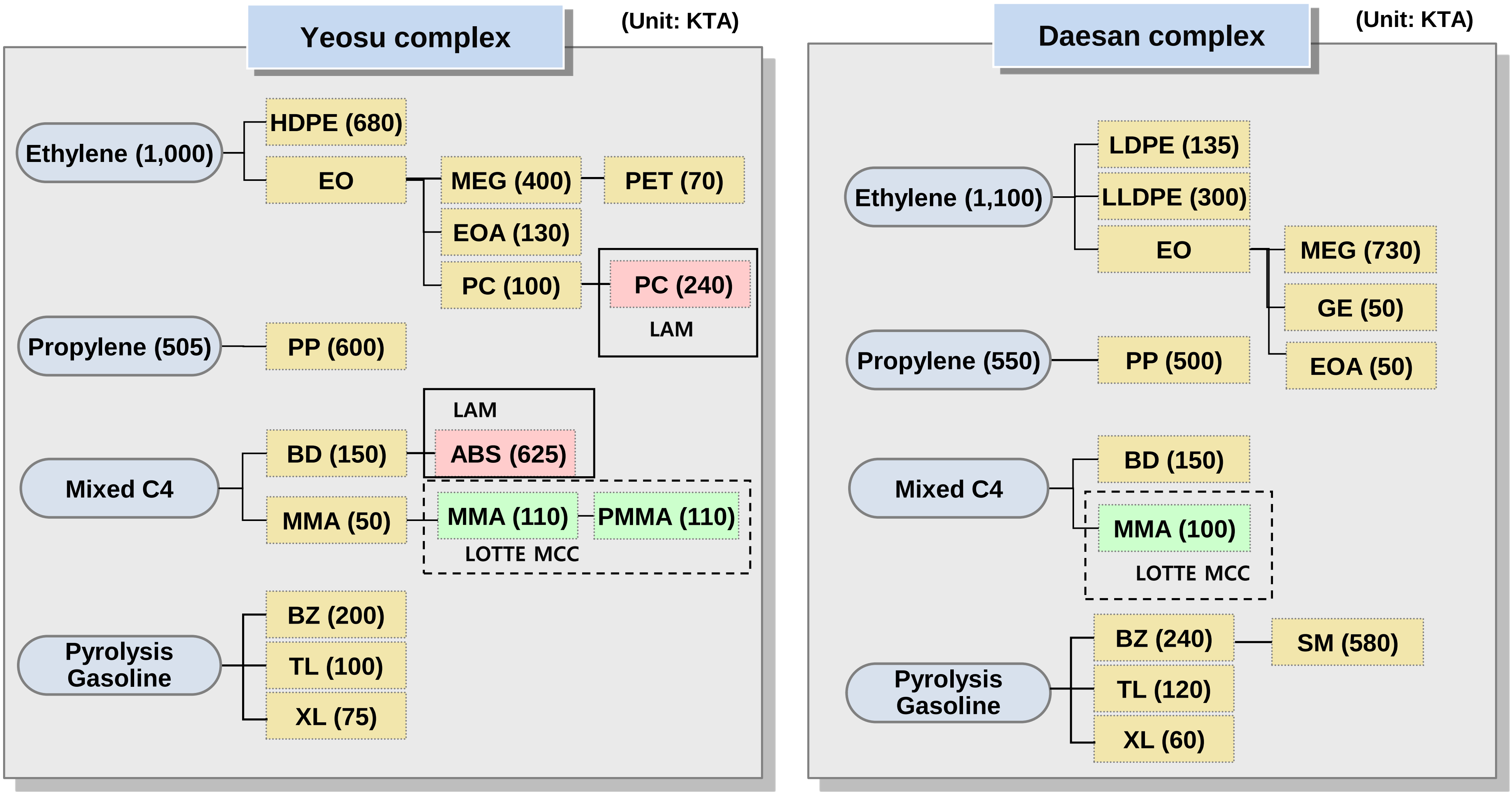
Products & Capacity _ LOTTE Chemical (Olefin) / LAM / LMCC

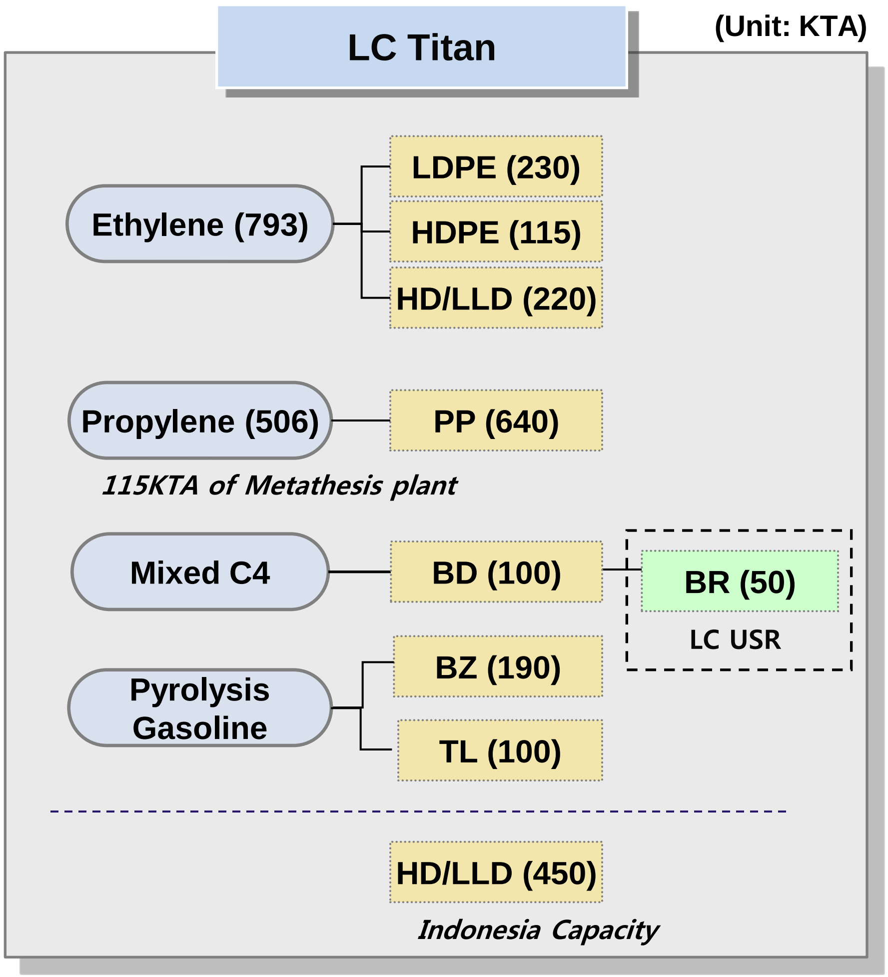
■ LOTTE Chemical has Naphtha Cracking Center, which has 2,100 KTA of Ethylene capacity and various types of downstream products in Korea

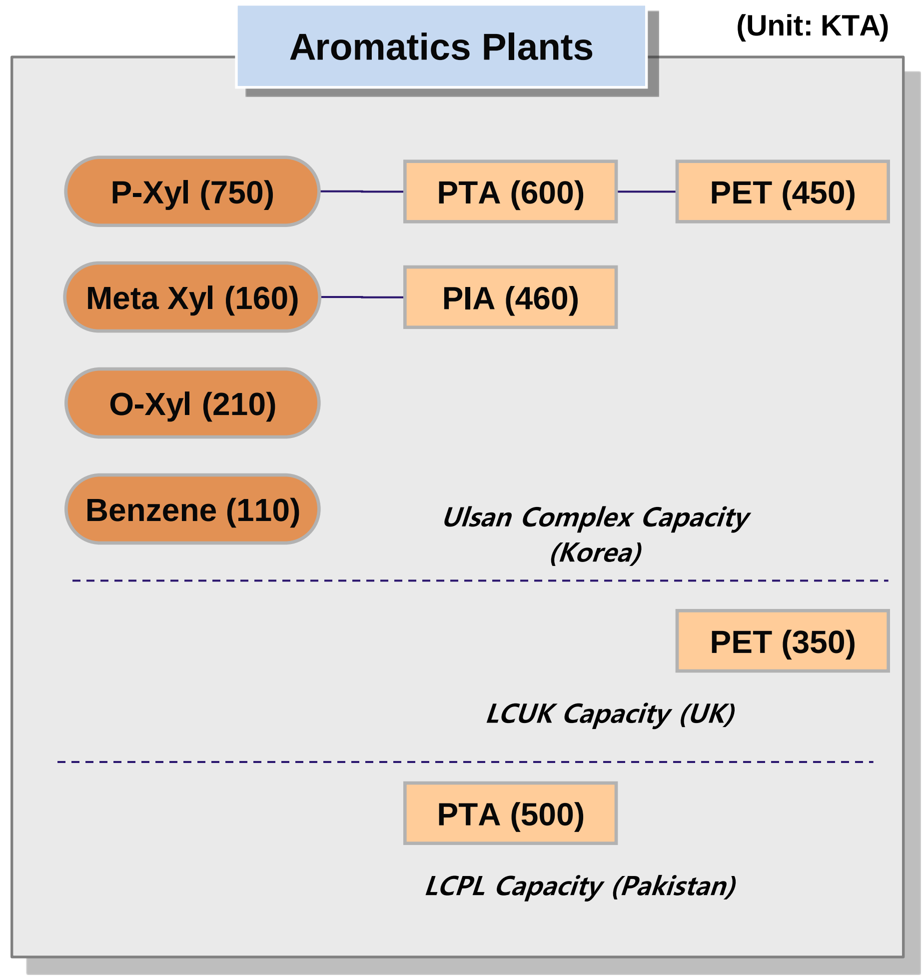


* As of August 2017

Products & Capacity _ LC Titan / Aromatics Plants

- LC Titan has its Naphtha Cracker in Malaysia and PE capacity in Indonesia
- LOTTE Chemical also has Aromatics Plants in Korea (Ulsan), United Kingdom and Pakistan





* As of September 2018

3Q 2018 Business Results : Income Statement

More than Chemistry

(Unit: Bil ₩)

Classification	2018.3Q	2018.2Q	QoQ	2017.3Q	YoY
Revenue	4,248	4,330	▲1.9%	3,990	6.5%
Operating Profit (%)	504 (11.9%)	701 (16.2%)	▲28.2%	766 (19.2%)	▲34.3%
EBITDA (%)	675 (15.9%)	875 (20.2%)	▲22.6%	945 (23.7%)	▲28.3%
Pre-tax Income (%)	597 (14.1%)	818 (18.9%)	▲27.0%	833 (20.9%)	▲28.3%
Net Income (%)	454 (10.7%)	579 (13.4%)	▲21.5%	631 (15.8%)	▲28.0%

3Q 2018 Business Results : Financial Position

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Financial Position

(Unit: Bil ₩)

Classification	'2018.3Q	'2017	Change
Asset	**21,500**	**19,551**	**10.0%**
Cash and Equivalents	5,211	4,939	5.5%
Liabilities	**8,000**	**7,296**	**9.6%**
Borrowings	4,898	4,202	16.6%
Shareholder's Equity	**13,500**	**12,255**	**10.2%**

Financial Ratios

(Unit: Bil ₩)

Classification	'2018.3Q	'2017	Change
Total Liabilities/ Equity (%)	**59.2**	**59.5**	**▲0.3p**
ROE (%)	**16.3**	**21.1**	**▲4.8p**
ROA (%)	**10.2**	**12.9**	**▲2.7p**

Divisional Results & Outlook : LOTTE Chemical (Olefin)

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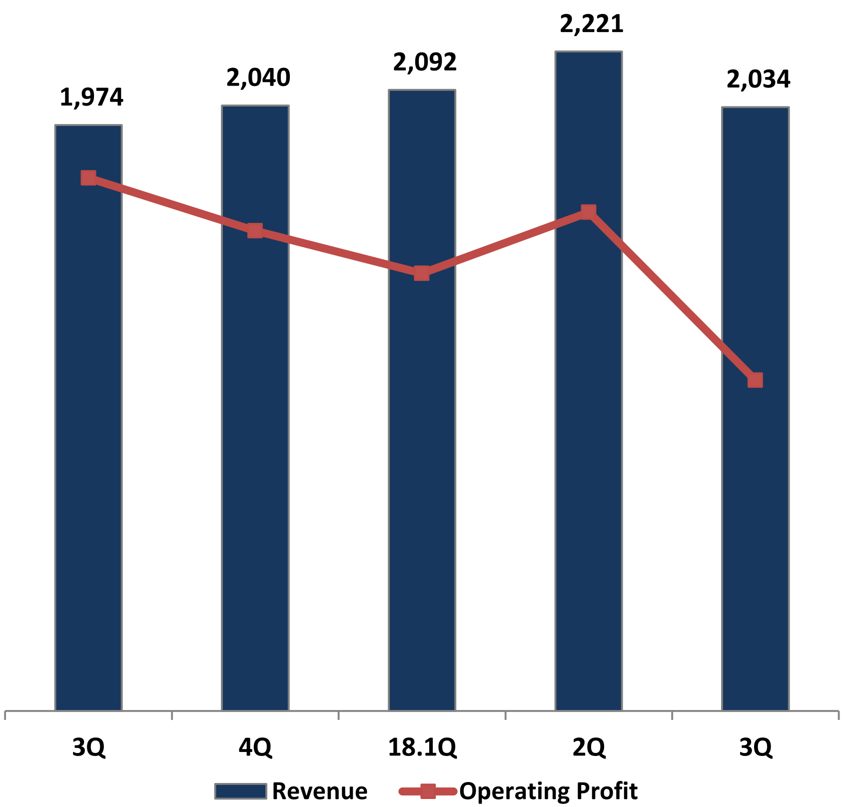
Quarterly Earnings Trend (Unit: W bn)



	3Q	4Q	18.1Q	2Q	3Q
OP	503	453	413	470	312
OPM (%)	25.5	22.2	19.7	21.2	15.3

3Q Earnings Review

- Profitability decreased due to high feedstock price and effect of Yeosu plant's maintenance.

PE/PP
- Profitability decreased due to capacity additions and buyers resistance because of geo-political issues

MEG
- Despite solid polyester's demand, weaker profitability was caused by buyers resistance.

BD
- Profitability maintained due to tight supply based on unexpected troubles in Asia

SM
- Despite of volatility for supply side, profitability maintained because of supply tightness based on regular maintenances in China

4Q Outlook

- Profitability is expected to down because of market volatility, and incurring opportunity costs of Yeosu plant's scheduled turnaround.
- The new volume of NC revamping will be added.

Divisional Results & Outlook : Aromatics

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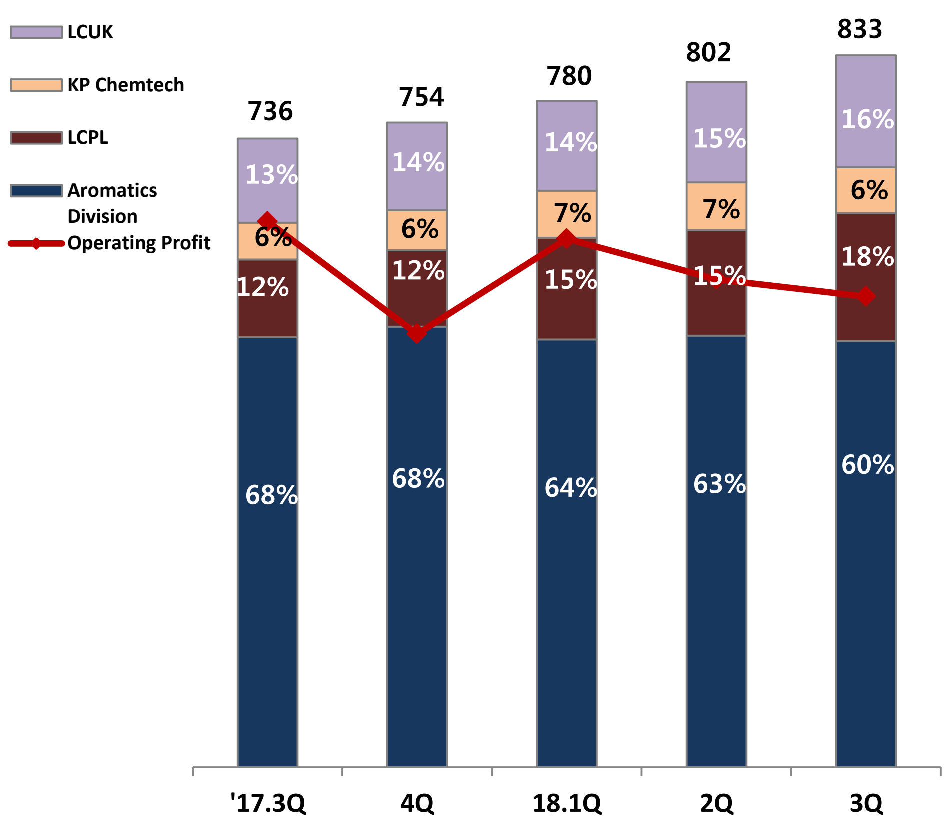
Quarterly Earnings Trend (Unit: W bn)



	'17.3Q	4Q	18.1Q	2Q	3Q
OP	112	89	109	100	97
OPM (%)	15.3	11.8	14.0	12.5	11.6

* The above numbers have been calculated by simply adding up Aromatic division of LOTTE Chemical (parent company), KP Chemtech, LCPL, LCUK.

3Q Earnings Review

- Despite of market volatility, profitability maintained due to polyester demand from China.

PX
- Profitability improved on higher PTA utilization rates in China and supply tightness overall.

PIA
- Profitability decreased due to intensified competition of new supply

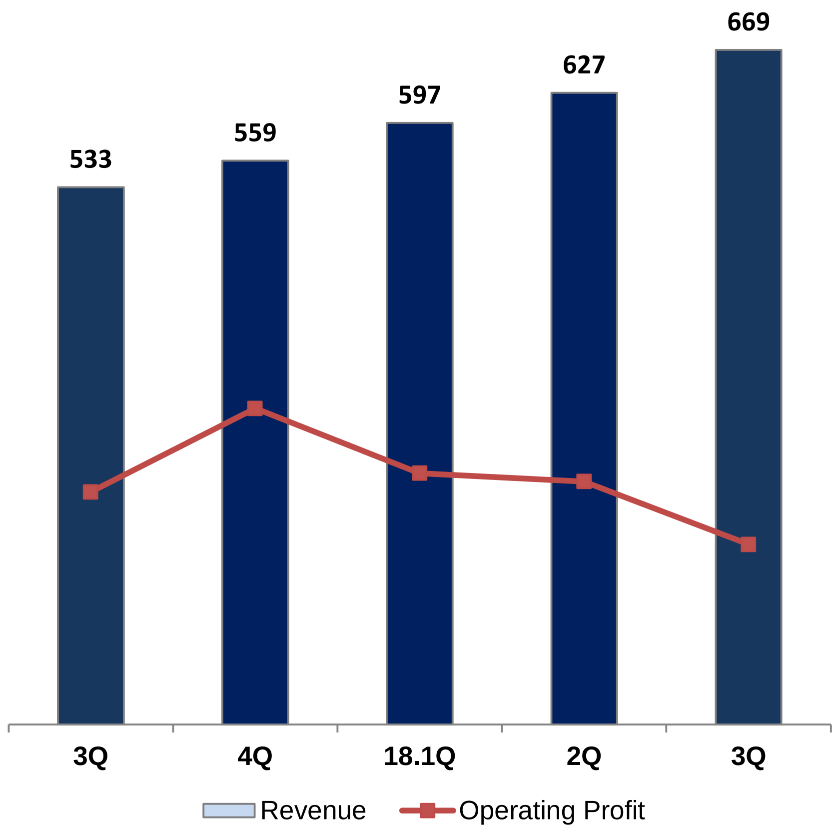
LCUK / LCPL
- Profitability improved thanks to solid polyester demand

4Q Outlook

- Profitability could be down because of slow demand based on seasonality.
- Incur opportunity cost due to Ulsan plant's scheduled turnaround.

Divisional Results & Outlook : LC Titan

Quarterly Earnings Trend (Unit: W bn)



OP	66	93	72	69	49
OPM (%)	12.3	16.6	12.1	11.0	7.3

3Q Earnings Review

- Despite part of new PP capacities addition, profitability decreased due to spread squeeze

PE/PP	Profitability decreased due to capacity additions and buyers resistance because of geo-political issues
BZ	Profitability reduced by new supply additions from China
BD	Profitability maintained due to supply tightness based on unexpected troubles in Asia

4Q Outlook

- Spread could be squeezed due to uncertainty in market.

Divisional Results & Outlook : LOTTE Advanced Materials

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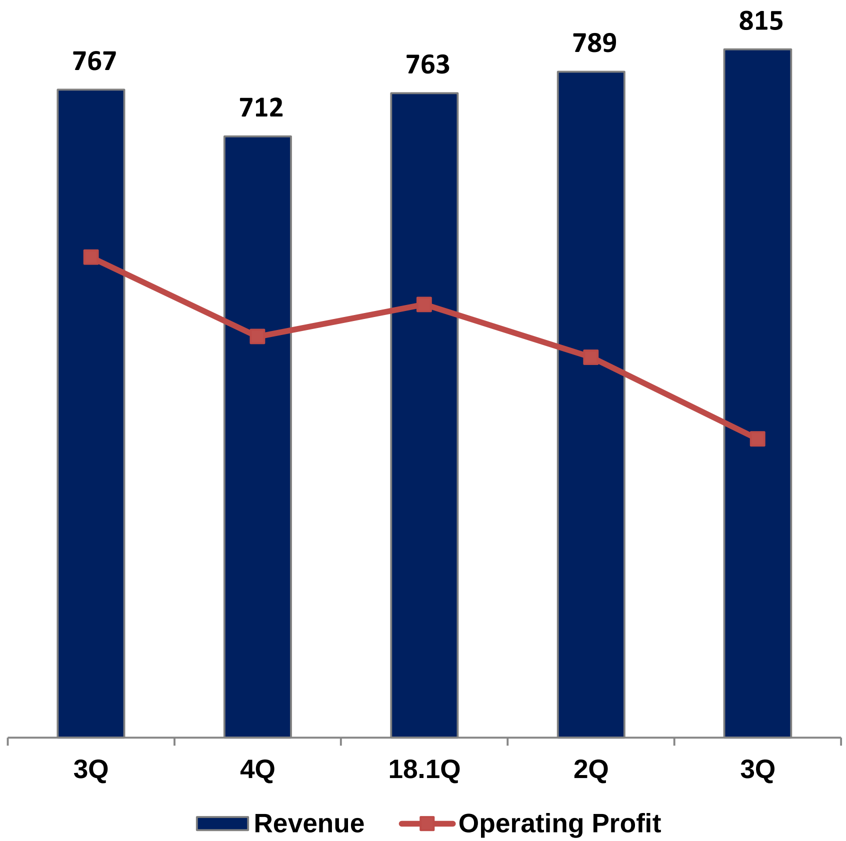
Quarterly Earnings Trend (Unit: W bn)



	3Q	4Q	18.1Q	2Q	3Q
OP	101	83	90	78	59
OPM (%)	13.2	11.6	11.8	9.9	7.2

3Q Earnings Review

- Profitability decreased by impact of geo-political issues in China and higher feedstock price

ABS
- Profitability decreased due to impact of tariff conflict in China and higher feedstock cost

PC
- Profitability squeezed due to capacities addition from China and feedstock's supply tightness.

Construction Material
- Profitability increased due to expanding overseas sales volume.

4Q Outlook

- Profitability is expected to decrease due to market uncertainty in China

Investment Plan

On-Going Investment

Project	Investment Cost (Billion Won)	Capacity (KTA)	Location	Mechanical Completion
Yeosu NC Revamping	253	Ethylene 200 Propylene 100 BTX 40 BD 20	Yeosu, Korea	Completed
US ECC & MEG Project (JV)	1,277mil USD (Total 3,096mil USD)	Ethylene 1,000 (90%) EG 700 (100%)	USA	End of 2018
MeX Project PC Project	367	MeX 200 PC 110	Ulsan Yeosu	2019.2H
*HPC Project (JV with Hyundai Oilbank)	192 (Total 2,700)	Ethylene 750 Propylene 390 PE 750 PP 400 BD 120	Daesan, Korea	2021.2H

*HPC : Heavy Feed Petrochemical Complex

APPENDIX.

Appendix : Quarterly Performance

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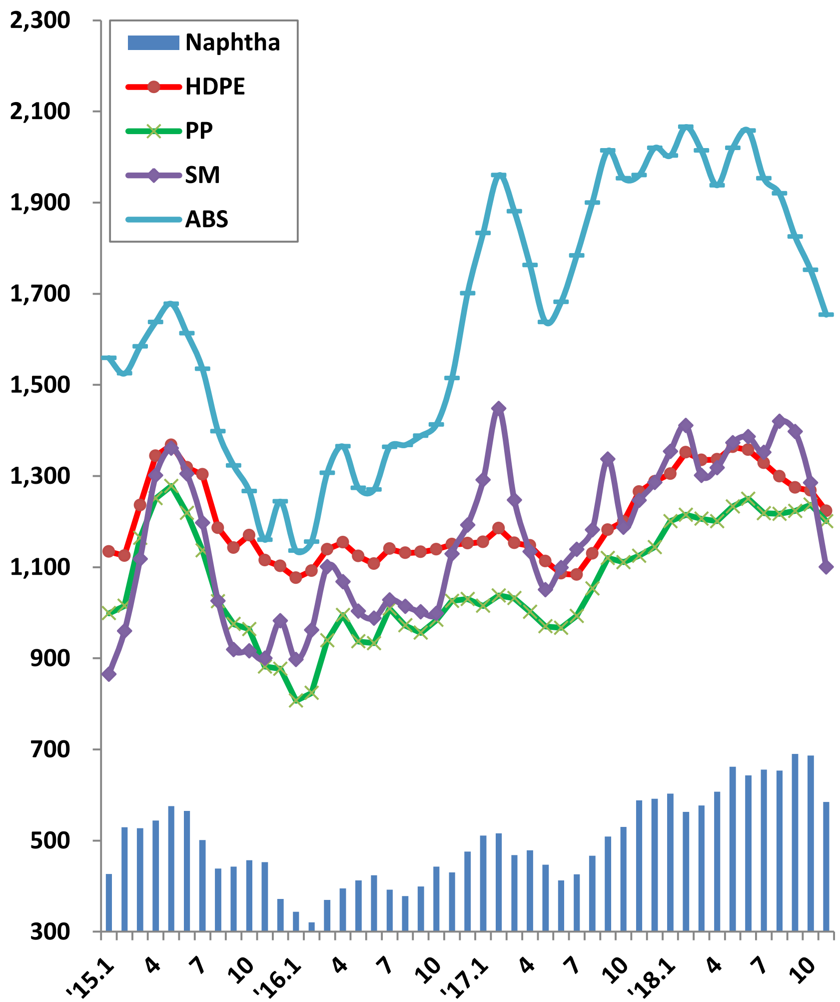
(Unit : W Billion)

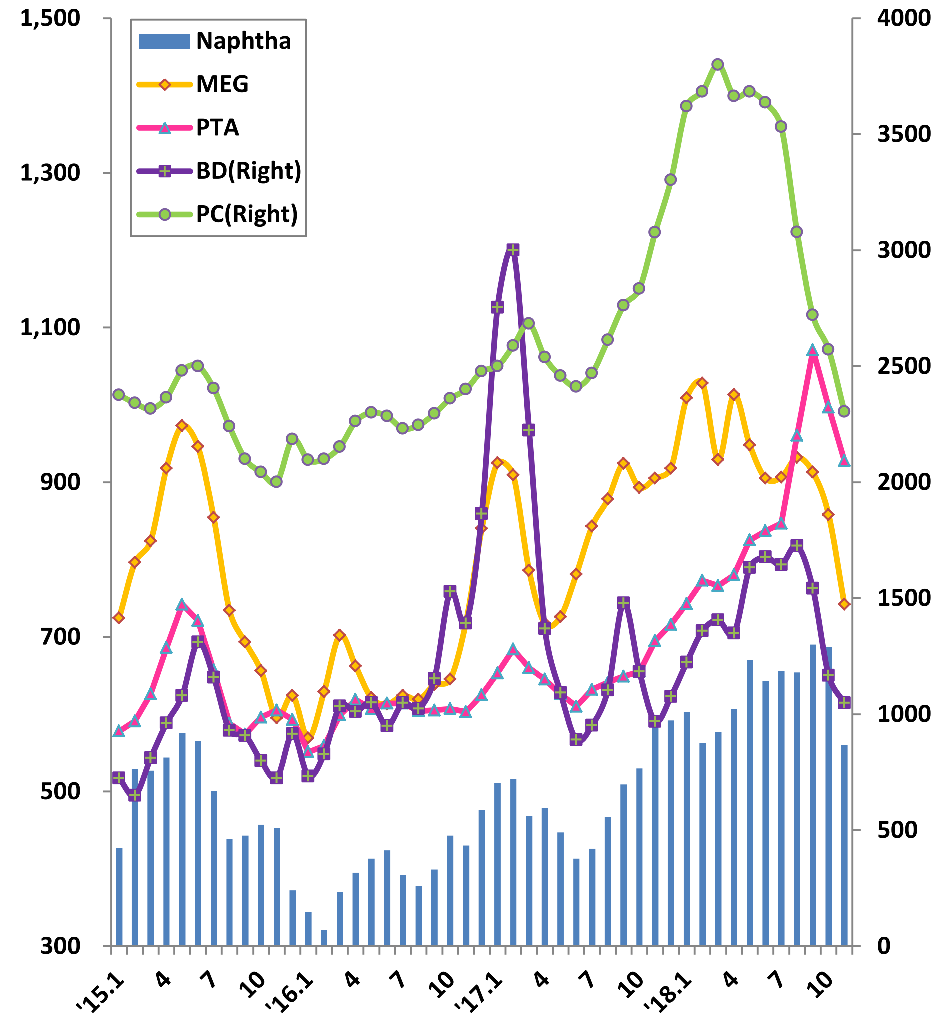
Classification	2017					2018				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Revenue	3,996	3,853	3,990	4,035	15,874	4,123	4,330	4,248		12,701
Operating Profit	815	632	766	716	2,930	662	701	504		1,867
Pre-tax Income	864	686	833	702	3,085	744	818	597		2,160
Net Income	641	516	631	497	2,285	543	579	454		1,577

Appendix : Market Situation

HDPE/PP/SM/ABS Price Trend (Unit: U$/MT)



MEG/PTA/BD/PC Price Trend (Unit: U$/MT)

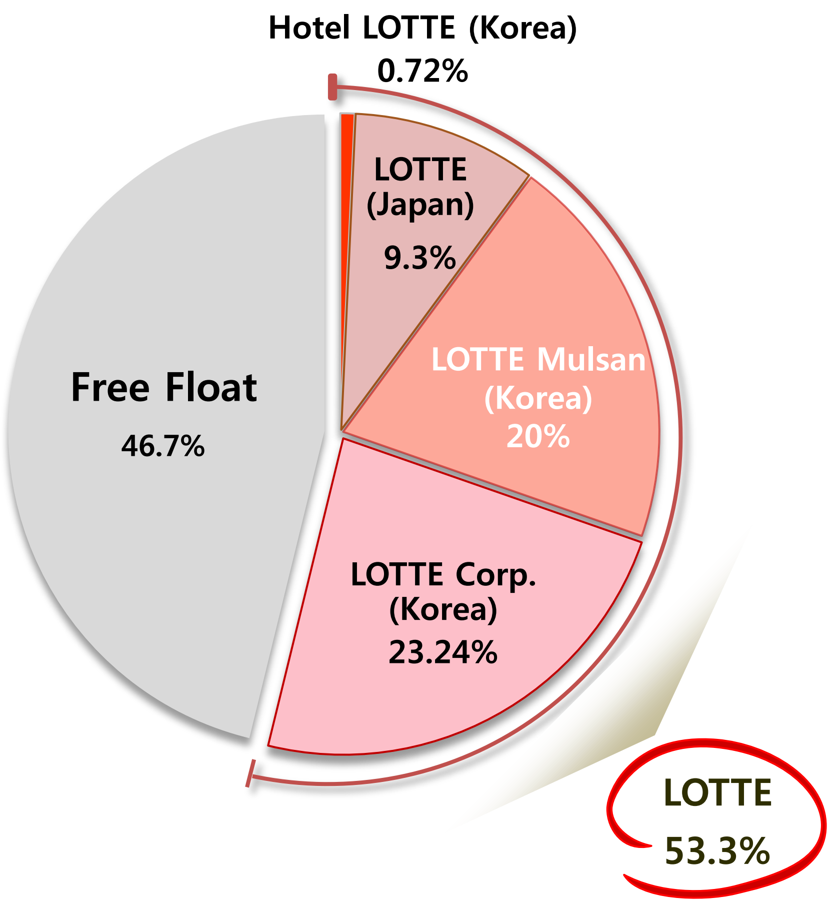


*Up to November 16th

Appendix : Shareholders, Affiliates

- LOTTE Chemical Corp. is the core company of the LOTTE Group's Chemical Division
  → LOTTE Group has around 53% of LOTTE Chemical's share

Shareholders



Major Affiliates

LOTTE CHEMICAL

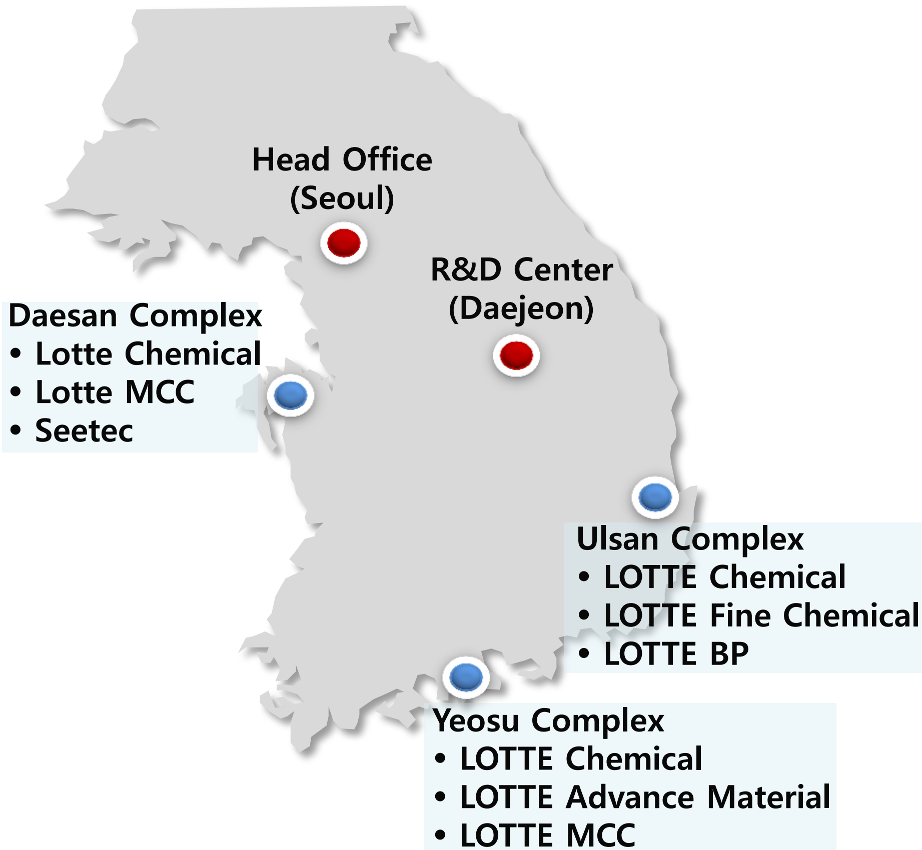
Parent

AFFILIATES	LOTTE CHEMICAL Titan [75%]
	LOTTE Advanced Material [90%]
	LOTTE Chemical UK [100%]
	LOTTE Chemical Pakistan [75%]
J V	LOTTE MCC [50%] with MCC
	Hyundai Chemical [40%] with Hyundai OilBank
	LOTTE Versalis [50%+1share] with Versalis
Related Company	LOTTE Fine Chemical [32%]
	UZ-Kor [24.5%]
	LOTTE E&C [43.8%]

Appendix : Locations

■ LOTTE Chemical is becoming a globalized chemical company

Domestic Production Site

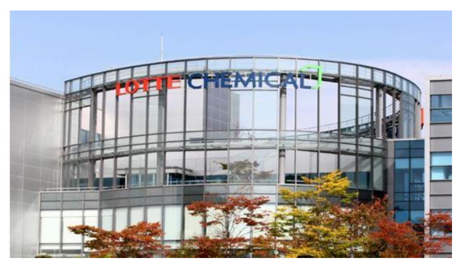


Head Office(Seoul)

Yeosu Complex

Daesan Complex

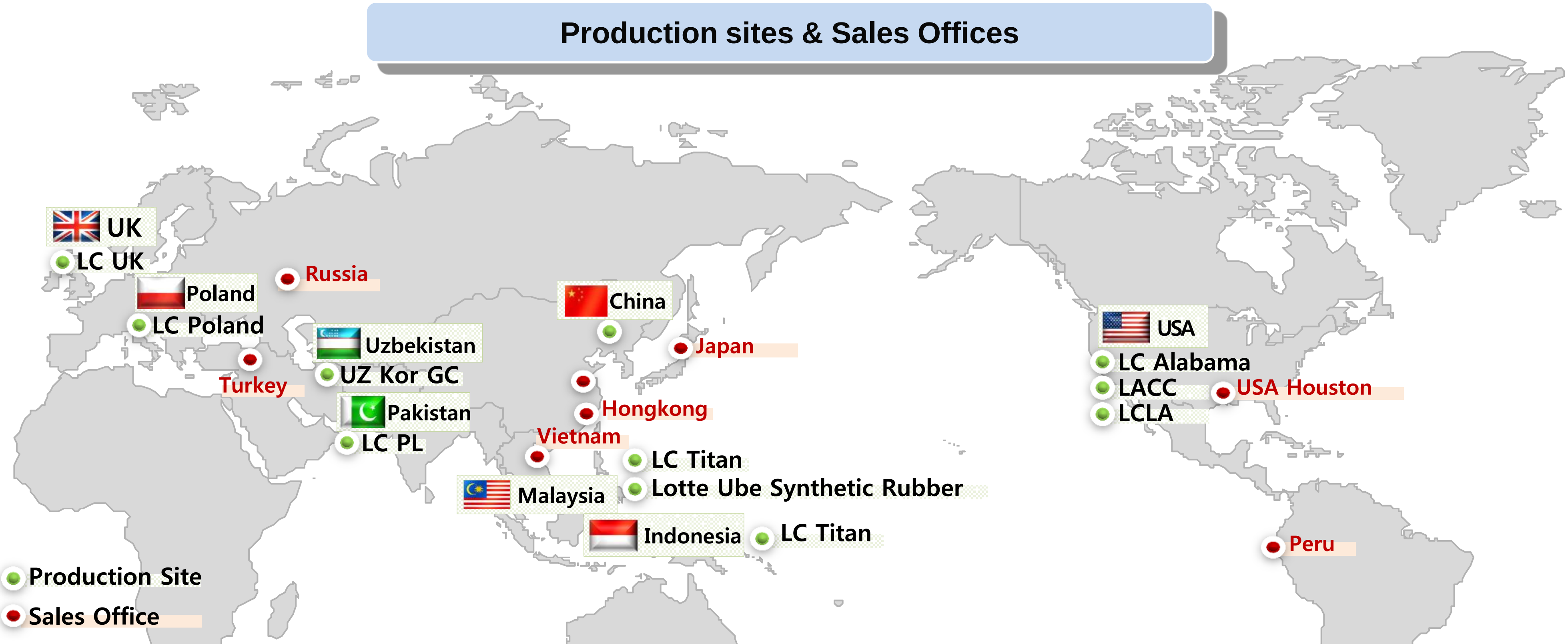
R&D Center



Ulsan Complex

Appendix : Locations

■ LOTTE Chemical is becoming a globalized chemical company



Production Site

Asia		
LC TITAN	UZ-Kor GC	LC Jiaxing
LC USR	LC Shenyang EP	LC Jiaxing EP
LC PL	LC Sanjian	

Europe
LC UK
LC Poland

America
LC Alabama
LACC (EL)
LCLA (MEG)

Sales Office

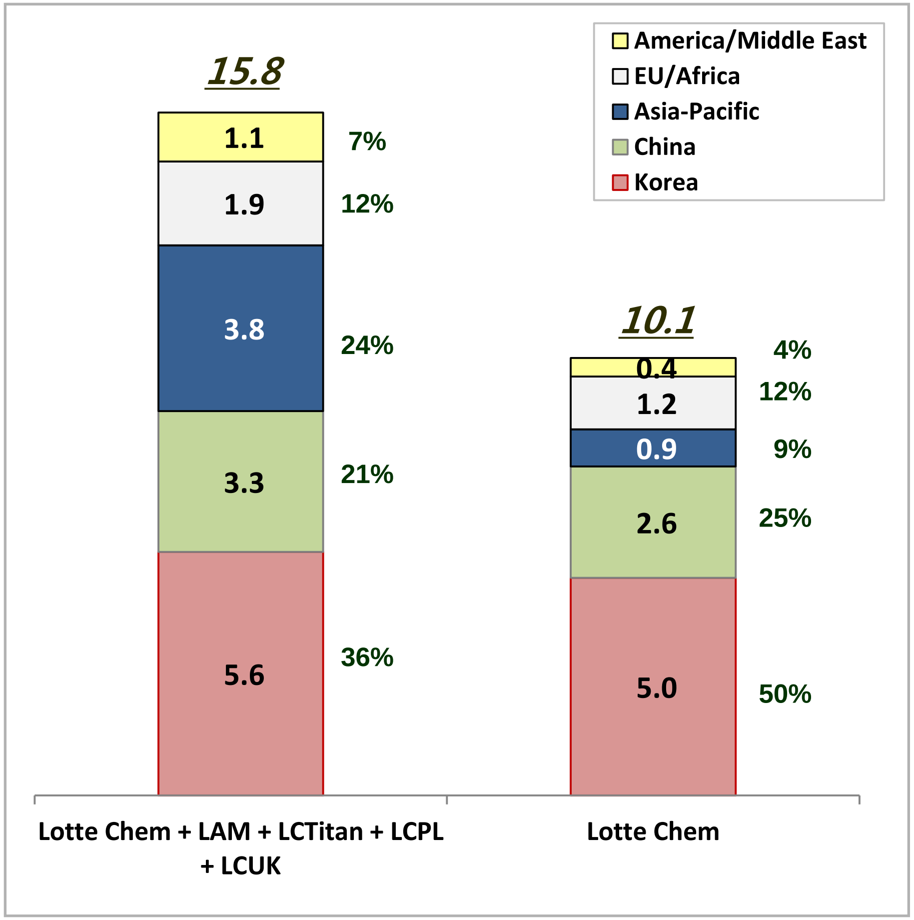
Branch	
China Office (Shanghai)	Turkey Office (Istanbul)
Hongkong Office	Russia Office (Moscow)
Vietnam Office (Hochimin)	USA Office (Houston)
Japan Office (Tokyo)	Peru Office (Lima)

Appendix : Sales Breakdown & Region

■ Asia is the most important market to LOTTE Chemical

Sales by Regions (2017)

(Unit: Tril ₩)



Sales by Products (2017)

(Unit: Tril ₩)