1Q 2019 Business Result

May 2019

LOTTE CHEMICAL

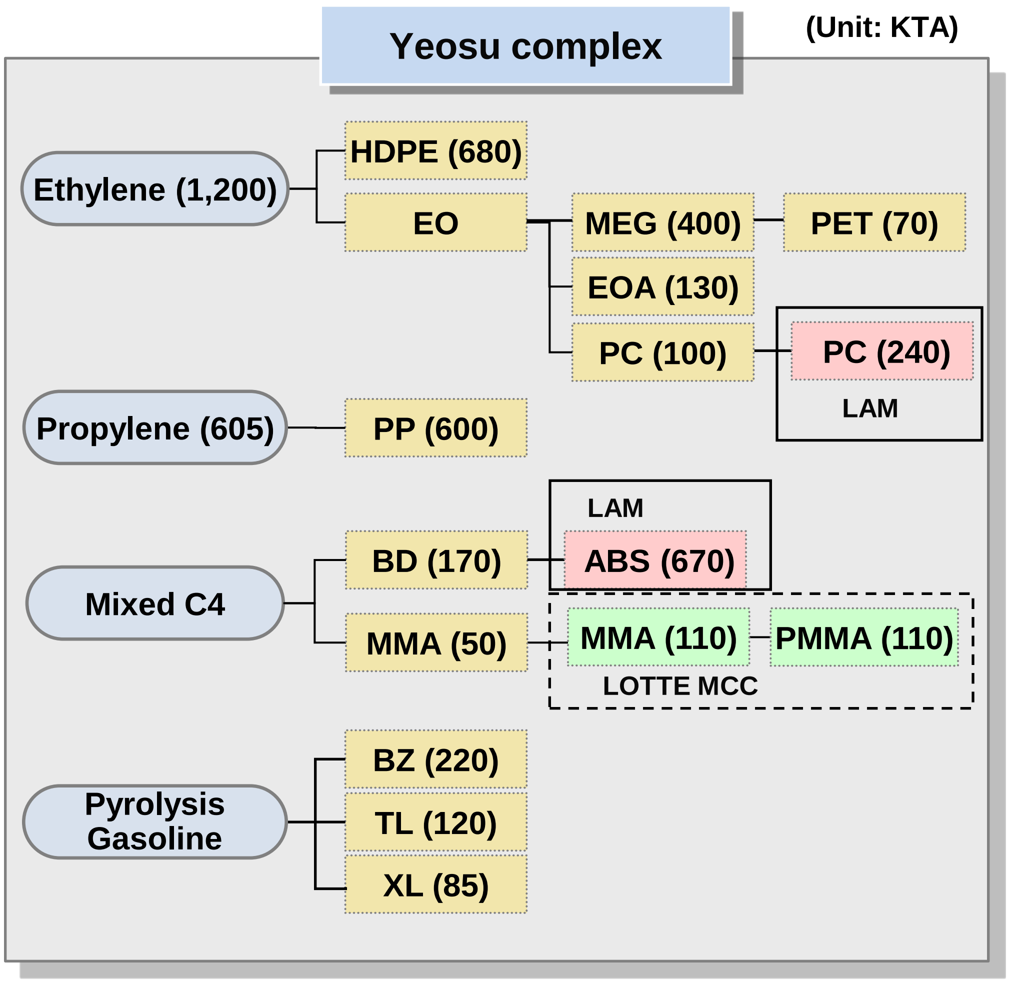
Disclaimer

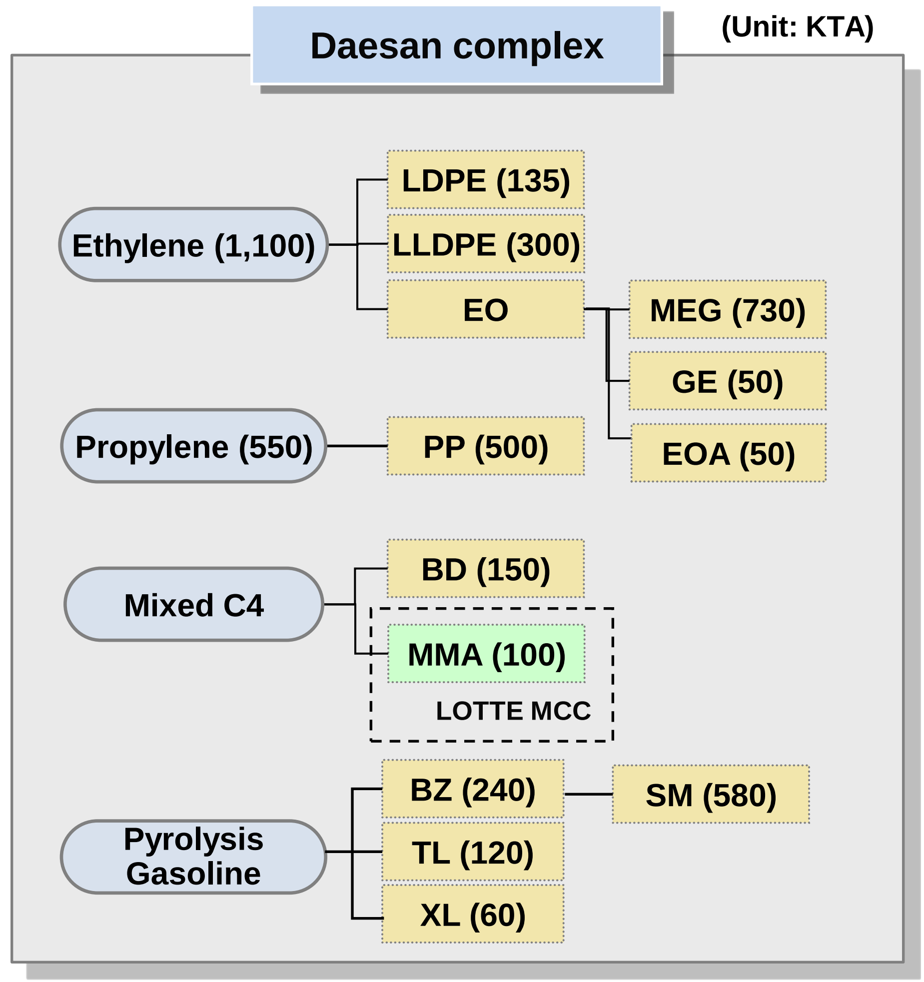
The financial information in this document are consolidated earnings results based on K-IFRS. The previous earnings results have also been stated in compliance with K-IFRS.

The business results for the first quarter of 2019 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.

- **LOTTE Chemical has Naphtha Cracking Center, which has 2,300 KTA of Ethylene capacity and various types of downstream products in Korea.**





* As of 2019.5

Products & Capacity _ LC Titan / Aromatics Plants

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- 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.

LC Titan

(Unit: KTA)

- Ethylene (793)
  - LDPE (230)
  - HDPE (115)
  - HD/LLD (220)
- Propylene (506)
  - PP (640)

115KTA of Metathesis plant

- Mixed C4
  - BD (100)
    - BR (50) (LC USR)
- Pyrolysis Gasoline
  - BZ (190)
  - TL (100)

- HD/LLD (450)

Indonesia Capacity

Aromatics Plants

(Unit: KTA)

- P-Xyl (750) → PTA (600) → PET (450)
- Meta Xyl (160) → PIA (460)
- O-Xyl (210)
- Benzene (110)

Ulsan Complex Capacity (Korea)

- PET (350)

LCUK Capacity (UK)

- PTA (500)

LCPL Capacity (Pakistan)

* As of 2019.5

Products & Capacity _ LC USA

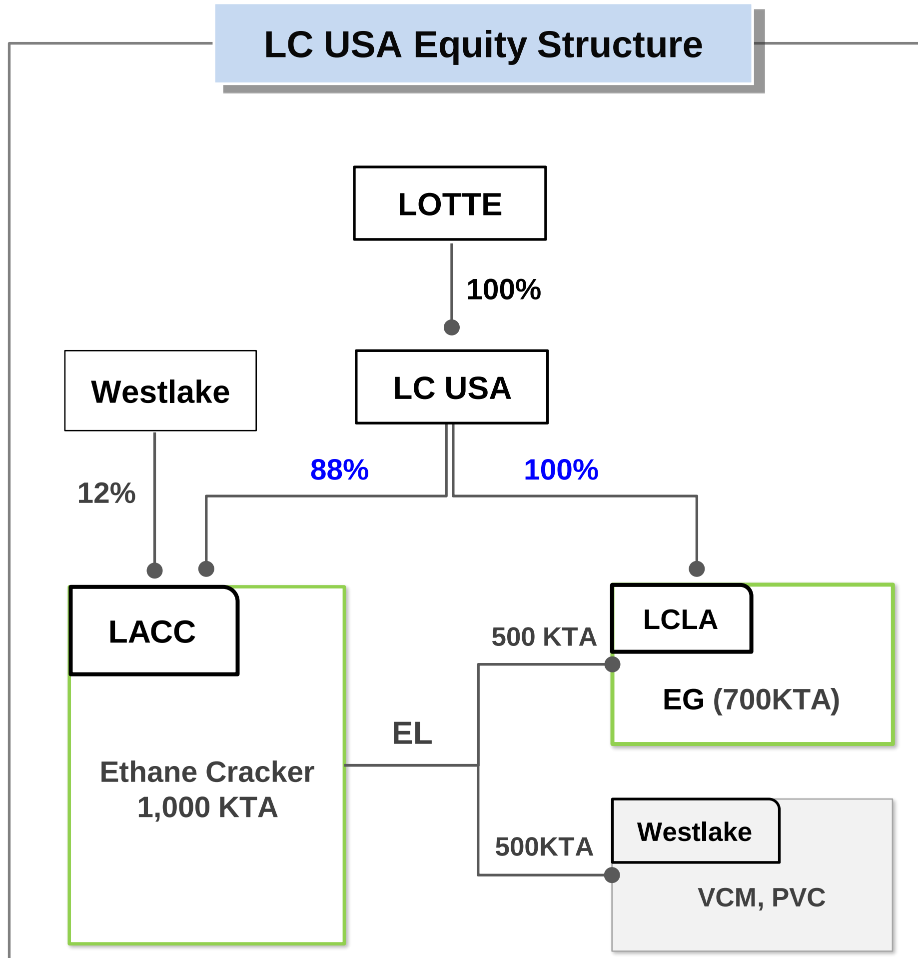
- **LC USA has a world scale Ethane Cracking Center, which has 1,000KTA of Ethylene capacity and 700KTA of EG in Louisiana State.**

LC USA Capacity

(Unit: KTA)

Ethylene (1,000) — EG (700)

LC USA Equity Structure



* As of 2019.5

1Q 2019 Business Results : Income Statements

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(Unit: KRW bn)

	2019.1Q (E)	2018.4Q	QoQ	2018.1Q	YoY
Revenue	3,722	3,844	▲3.2%	4,123	▲9.7%
Operating Profit (%)	296 (7.9%)	100 (2.6%)	194.5%	662 (16.1%)	▲55.3%
EBITDA (%)	461 (12.4%)	266 (6.9%)	73.5%	836 (20.3%)	▲44.9%
Pre-tax Income (%)	363 (9.8%)	93 (2.4%)	290.9%	745 (18.1%)	▲51.2%
Net Income (%)	224 (6.0%)	65 (1.7%)	242.0%	543 (13.2%)	▲58.8%

1Q 2019 Business Results : Financial Position

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Financial Position

(Unit: KRW bn)

	2019.1Q (E)	2018	Change
Asset	**21,315**	**20,799**	**2.5%**
Cash and Equivalents	4,635	4,708	▲1.6%
Liabilities	**7,813**	**7,255**	**7.7%**
Borrowings	4,750	4,786	▲0.8%
Shareholder's Equity	**13,501**	**13,583**	**▲0.6**

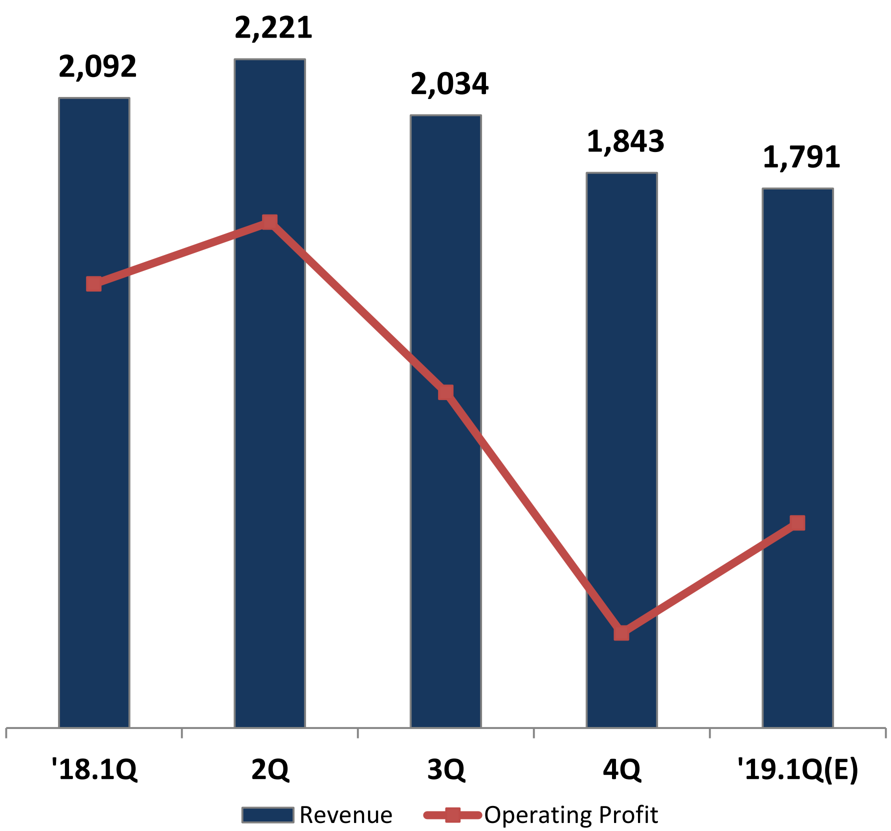
Financial Ratios

(Unit: %)

	2019.1Q (E)	2018	Change
Debt / Equity	**57.9**	**53.4**	**4.5%p**
ROE	**6.6**	**12.7**	**▲6.1%p**
ROA	**4.3**	**8.1**	**▲3.8%p**

Results & Outlook by Business : LOTTE Chemical (Olefin)

Quarterly Earnings Trend (Unit: KRW bn)



	'18.1Q	2Q	3Q	4Q	'19.1Q(E)
OP	413	470	312	88	191
OPM (%)	19.7	21.2	15.3	4.8	10.6

1Q Earnings Review

Revenue fell slightly due to falling oil prices, but overall product profitability improved due to stable feedstock price.

PE/PP	Despite continued oversupply, profitability improved due to gradual demand growth.
MEG	Profitability decreased because of slow recovery of polyester operating rate and rise in CTMEG operating rate in China.
BD	Maintained stable profitability early in the 1st quarter. But due to continued weak demand, spot supply amount increased, and 1st quarter profitability decreased.
SM	Maintained stable profitability as several major companies in Northeast Asia implemented T/A and downstream operating rate recovered.

2Q Outlook

- **There is room for improvement in demand due to China's economic stimulus measure effects, but the scope is expected to be limited because of continuing external uncertainty.**

Results & Outlook by Business : Aromatics

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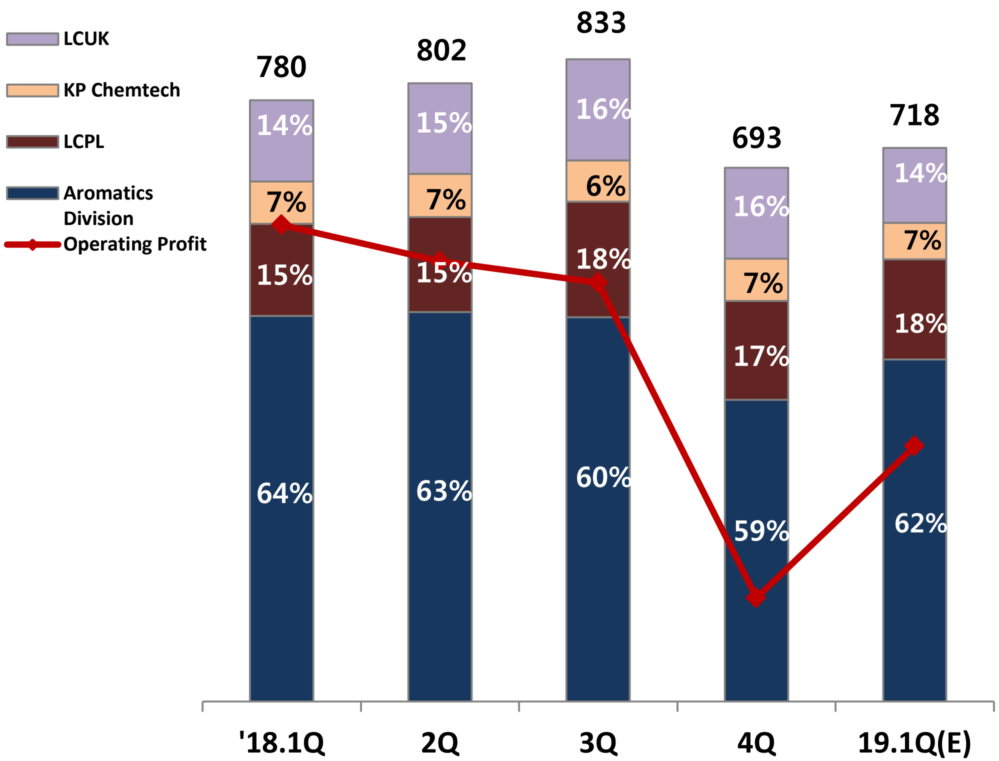
Quarterly Earnings Trend (Unit: KRW bn)



	'18.1Q	2Q	3Q	4Q	19.1Q(E)
OP	109	100	97	23	58
OPM (%)	14.0	12.5	11.6	3.3	8.0

1Q Earnings Review

- **Profitability increased due to widened spread and downstream polyester's operating rate recovery.**

PX	As many large-scale regular maintenance expected to be scheduled in the 2nd quarter, demand for inventory increased and profitability improved.
PIA	Sluggish profitability due to continued capacity expansion and intensifying competition
LCUK / LCPL	Although seasonal factors dampened demand early in the 1st quarter, profitability started to improve as we entered peak season.

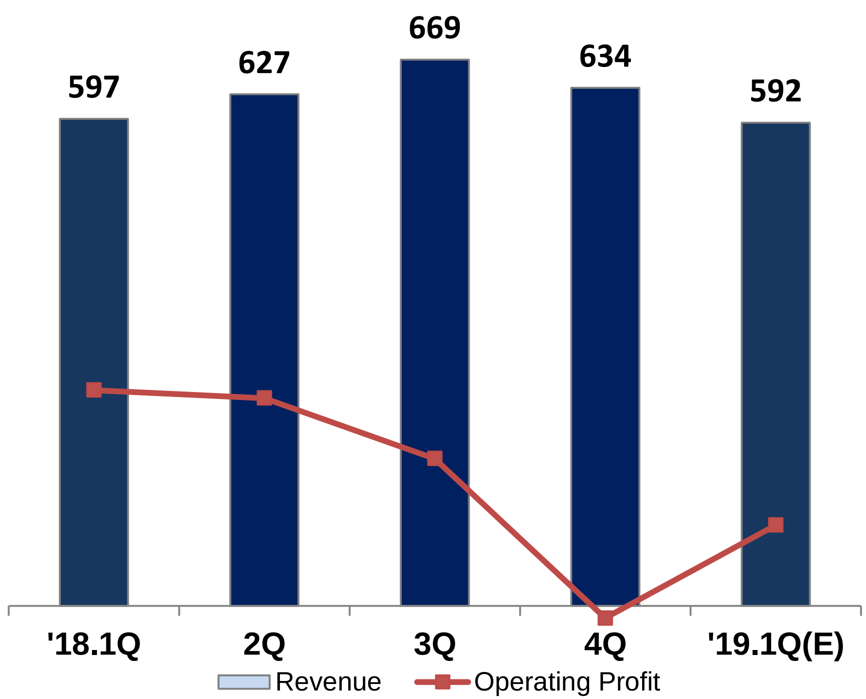
2Q Outlook

- **Demand expected to improve as we enter peak season, but competition also expected to intensify due to China's large-scale project operation.**

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

Results & Outlook by Business : LC Titan

Quarterly Earnings Trend (Unit: KRW bn)



	'18.1Q	2Q	3Q	4Q	'19.1Q(E)
OP	72	69	49	▲5	26
OPM (%)	12.1	11.0	7.3	▲0.8	4.4

1Q Earnings Review

- **Overall product profitability improved due to stable feedstock price and increased sales volume based on plant stabilization.**

PE/PP

- Increased profitability through a gradual recovery of demand despite continued oversupply

BZ

- Decreased profitability due to continued supply growth

BD

- Maintained stable profitability early in the 1st quarter. But due to continued weak demand, spot supply amount increased, and 1st quarter profitability decreased.

2Q Outlook

- **There is room for improvement in demand, but the scope is expected to be limited because of continuing external uncertainty.**

Results & Outlook by Business : LOTTE Advanced Materials

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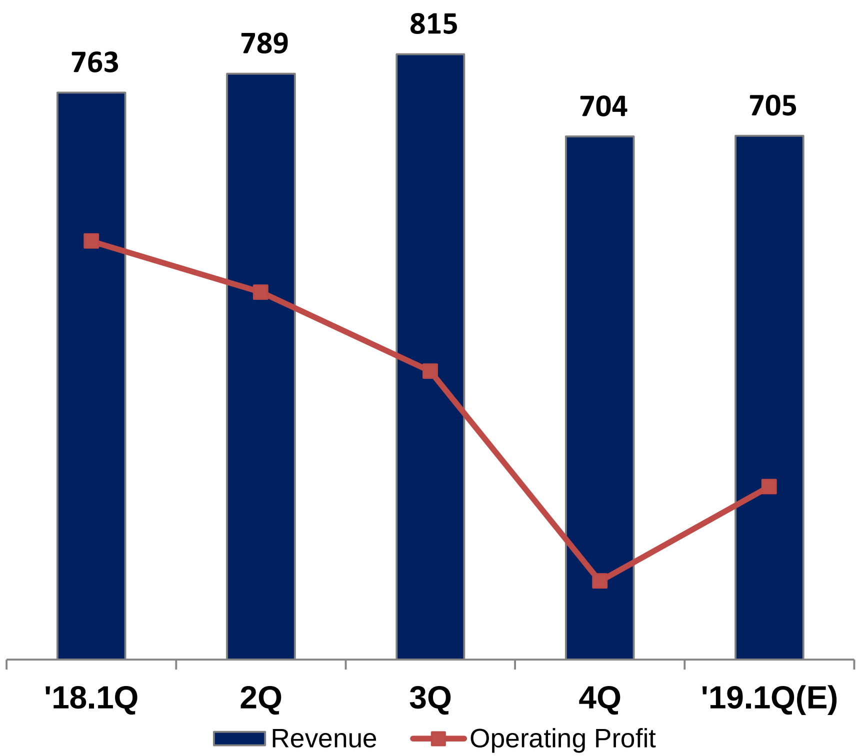
Quarterly Earnings Trend (Unit: KRW bn)



	'18.1Q	2Q	3Q	4Q	'19.1Q(E)
OP	90	78	59	9	31
OPM (%)	11.8	9.9	7.2	1.3	4.5

1Q Earnings Review

- **Overall product profitability increased as demand gradually improved compared to the previous quarter.**

ABS	Profitability increased due to demand recovery and feedstock price drop.
PC	Maintained strong profitability with focus on high-value products although pressure continues due to release of new and expanded supplies in China.
Construc-tion Material	Widened spread due to low feedstock price, and increased sales volume of high-value E-stone products (Engineered stone)

2Q Outlook

- **Gradual profitability increase expected during peak season.**

Investment Plan

On-Going Investment

Project	Investment Cost (KRW bn)	Capacity (KTA)	Location	Mechanical Completion
US ECC & MEG Project (JV)	1,277mil USD (Total 3,096mil USD)	Ethylene 1,000 (88%) EG 700 (100%)	USA	Completed
E-stone M&A (LAM)	125	E-stone 220K EA(72.5%)	Turkey	2019.1H
MeX Project PC Project	368	MeX 200 PC 110	Ulsan, Korea Yeosu, Korea	2019.2H
EOA Project	96	HPEO 100 EOA 100	Yeosu, Korea	2020.2H
*HPC Project (JV with Hyundai Oil bank)	296 (Total 2,700)	Ethylene 750 Propylene 400 PE 850 PP 500 BD 150	Daesan, Korea	2021.2H

*HPC : Heavy Feed Petrochemical Complex

APPENDIX.

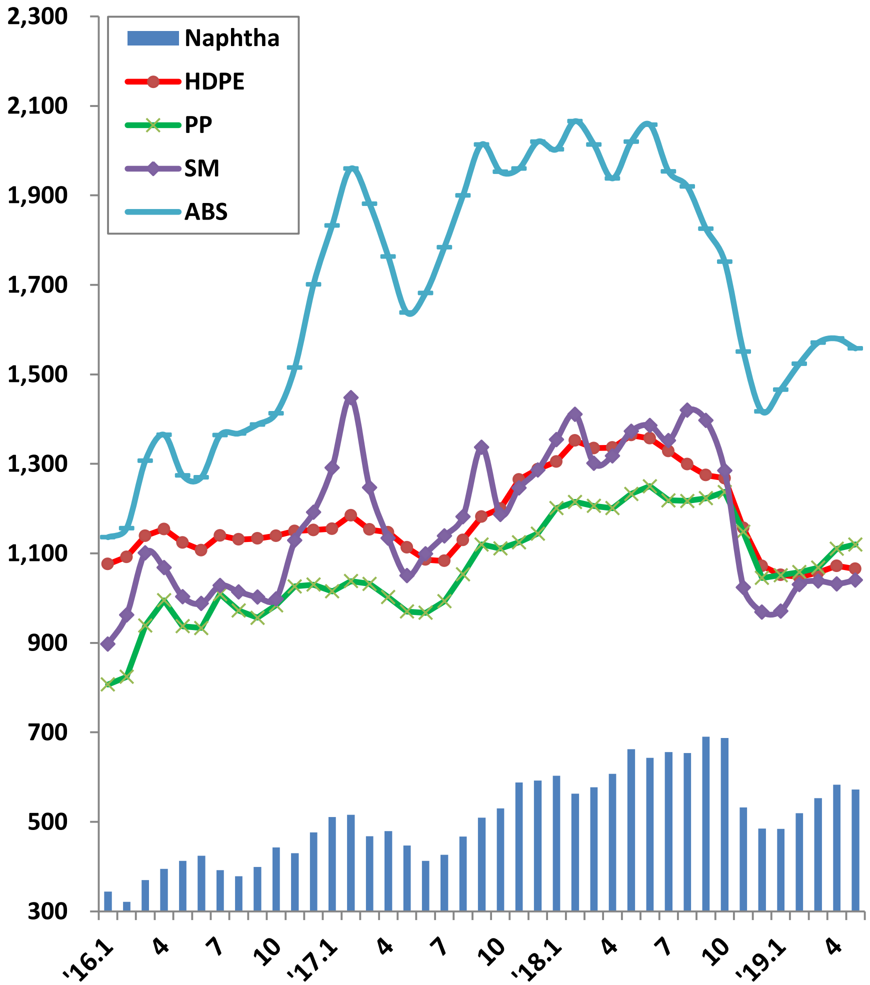
Appendix : Quarterly Performance

(Unit: KRW bn)

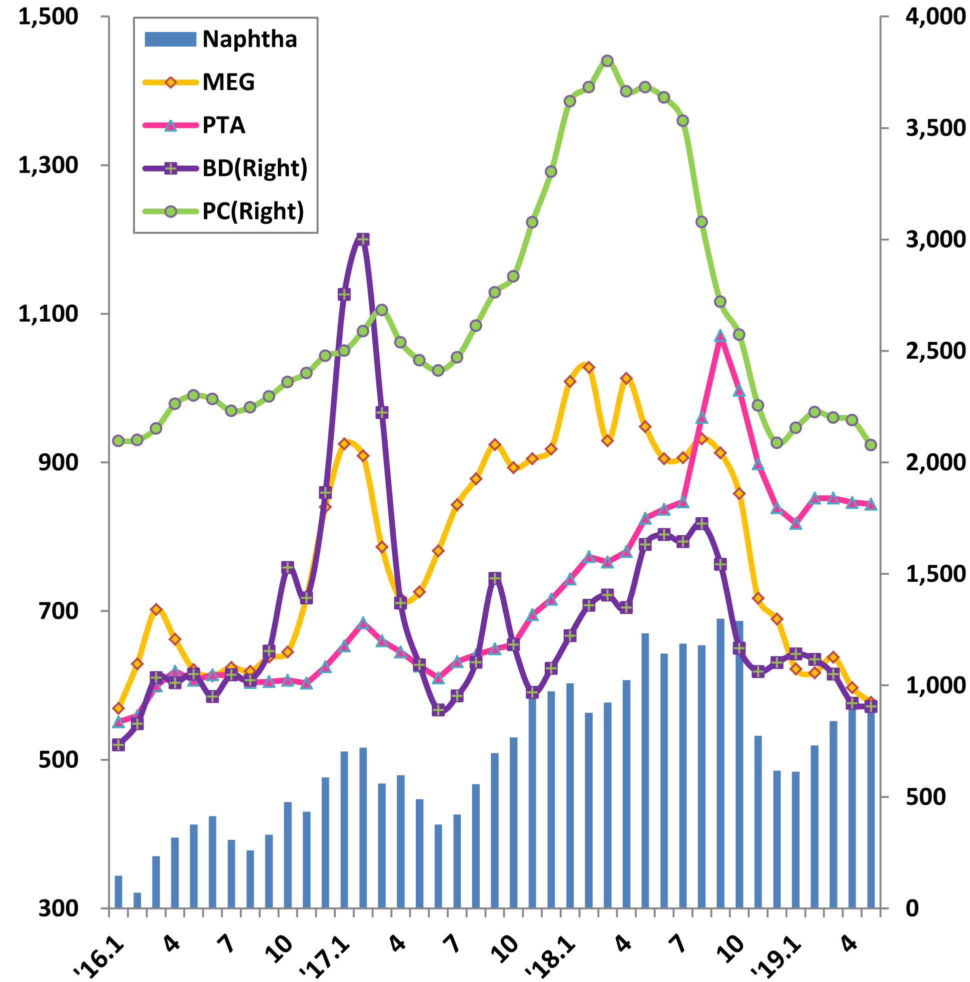
	2018					2019				
	1Q	2Q	3Q	4Q	Total	1Q(E)				Total
Revenue	4,123	4,330	4,248	3,844	16,545	3,722				3,722
Operating Profit	662	701	504	100	1,967	296				296
Pre-tax Income	745	818	597	93	2,253	363				363
Net Income	543	579	454	65	1,642	224				224

Appendix : Market Situation

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



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



*Up to May 10th

Appendix : Shareholders, Affiliates

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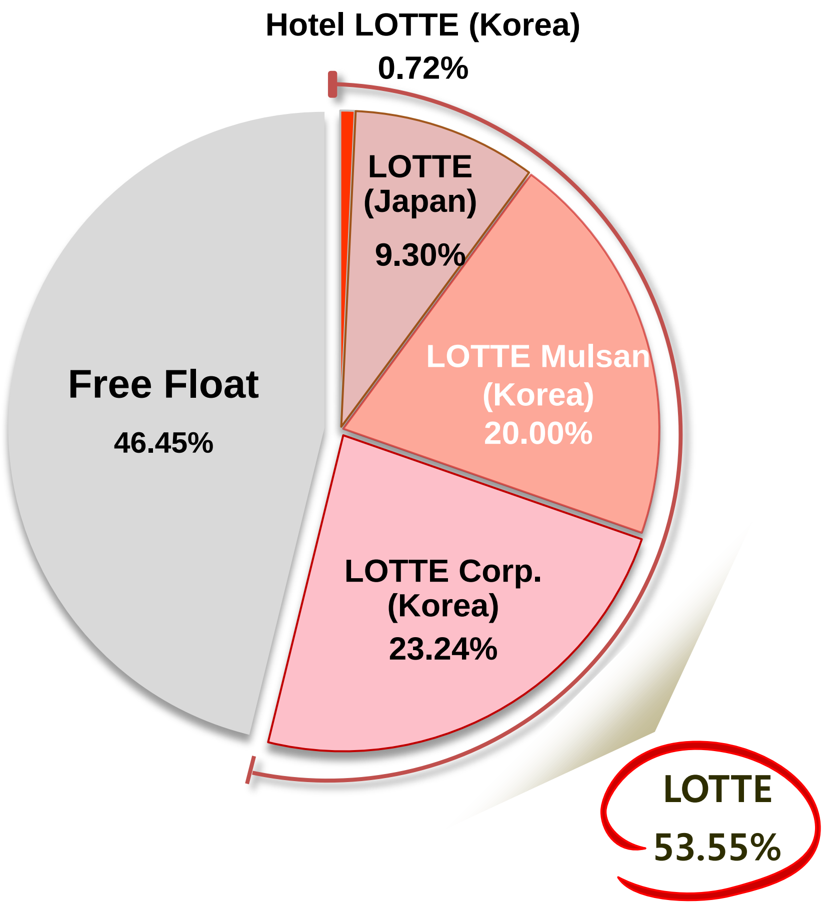
Shareholders



Major Affiliates

LOTTE CHEMICAL

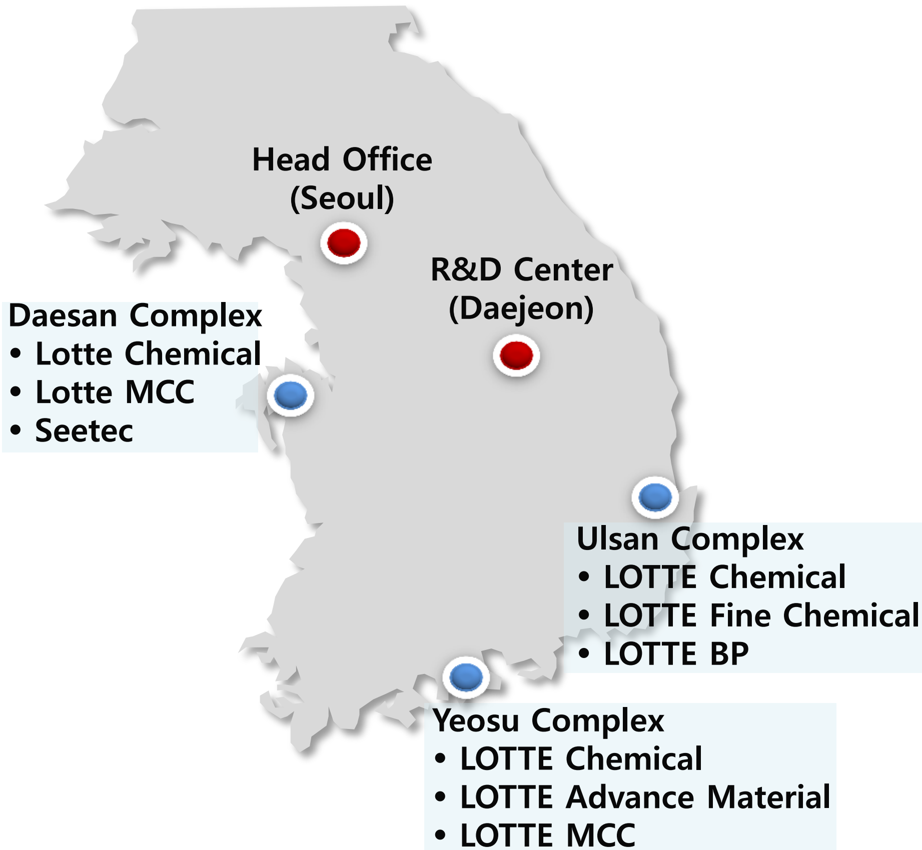
Parent

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 [31.13%]**
	UZ-Kor [24.5%]
	LOTTE E&C [43.8%]

Appendix : Locations

■ LOTTE Chemical is becoming a globalized chemical company

Domestic Production Site

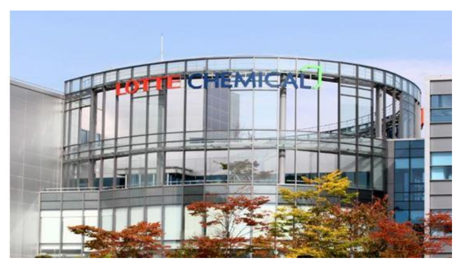


Head Office(Seoul)

Yeosu Complex

Daesan Complex

R&D Center



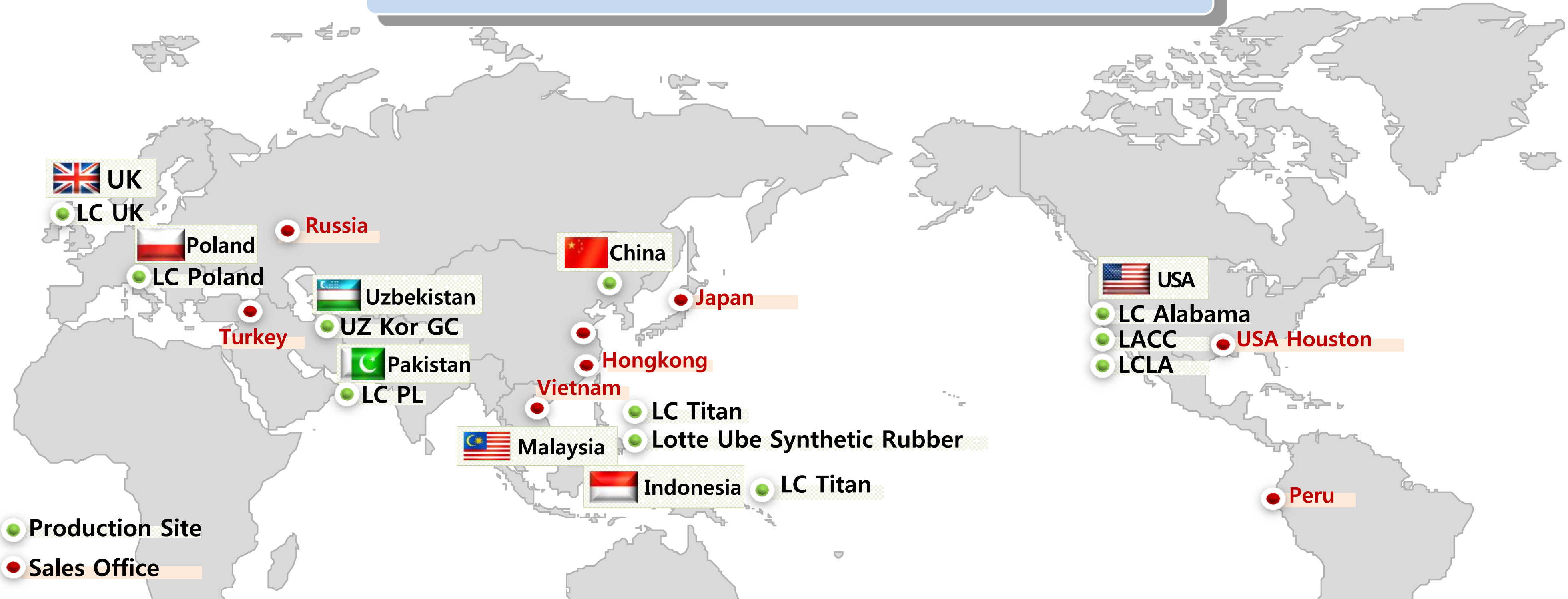
Ulsan Complex

Appendix : Locations

More than Chemistry

■ LOTTE Chemical is becoming a globalized chemical company

Production sites & Sales Offices



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

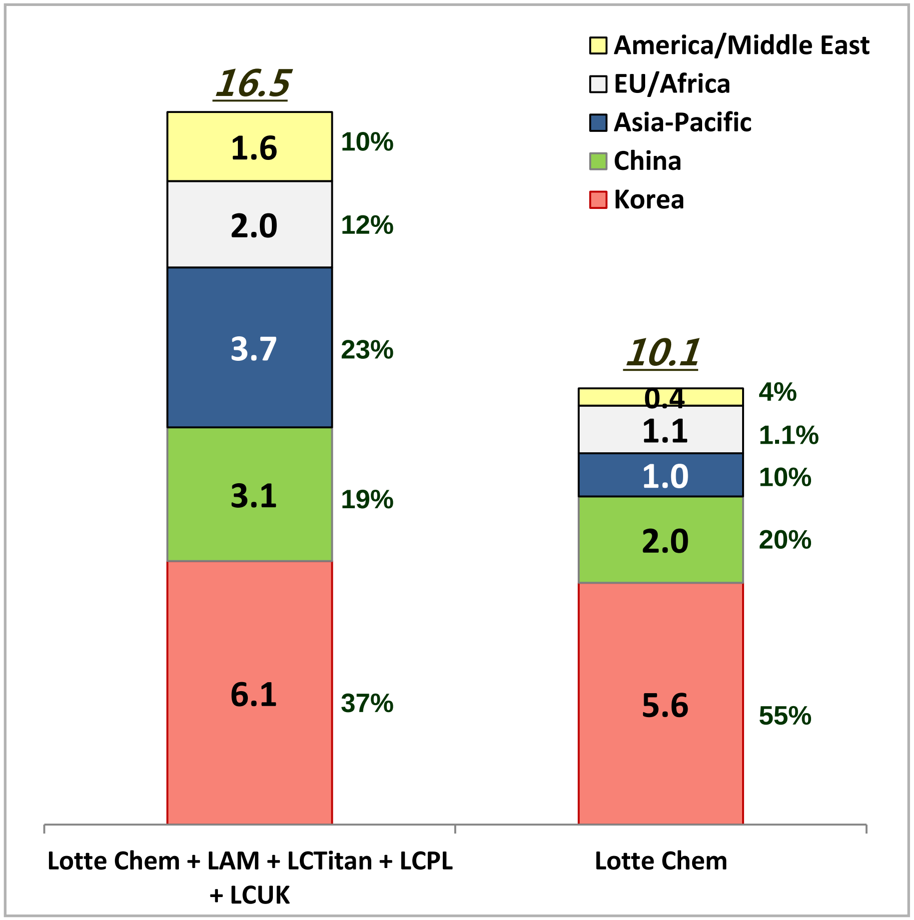
Branch	
China Office (Shanghai)	Turkey Office (Istanbul)
Hongkong Office	Russia Office (Moscow)
Vietnam Office (Hochimin)	USA Office (Houston)
Japan Office (Tokyo)	Peru Office (Lima)

Appendix : Sales Breakdown & Region

■ Asia is the most important market to LOTTE Chemical

Sales by Regions (2018)

(Unit: Tril ₩)



Sales by Products (2018)

(Unit: Tril ₩)