2Q 2014 Business Result

July 31st, 2014

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 second quarter of 2014 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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2Q 2014 Business Results : Income Statement

(Unit: Bil ₩)

Classification	2014.2Q (E)	2014.1Q	QoQ	2013.2Q	YoY
Revenue	3,782	3,873	-2.4%	4,161	-9.1%
Operating Profit (%)	84 (2.2%)	68 (1.8%)	23.4%	70 (1.7%)	21.1%
Pre-tax Income (%)	66 (1.7%)	70 (1.8%)	-5.9%	48 (1.1%)	38.4%
Net Income (%)	52 (1.4%)	48 (1.2%)	8.2%	25 (0.6%)	108.3%

2Q 2014 Business Results : Financial Position

Financial Position

(Unit: Bil ₩)

Classification	'2014.2Q (E)	'2013	Change
Asset	**10,347**	**10,688**	**-3.2%**
Cash and Equivalents	900	979	-8.1%
Liabilities	**4,080**	**4,393**	**-7.1%**
Borrowings	2,573	2,476	3.9%
Shareholder's Equity	**6,267**	**6,295**	**-0.4%**

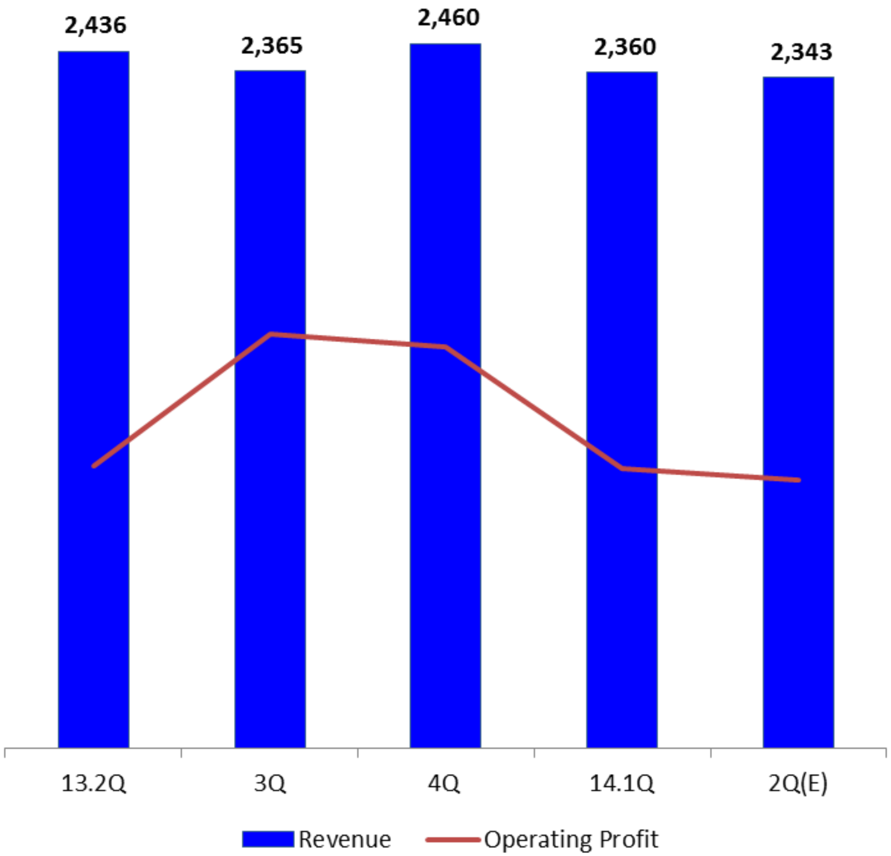
Financial Ratios

(Unit: Bil ₩)

Classification	'2014.2Q (E)	'2013	Change
Total Liabilities/ Equity (%)	**65.1**	**69.8**	**-4.7**
ROE (%)	**3.2**	**4.6**	**-1.4**
ROA (%)	**1.9**	**2.7**	**-0.8**

Divisional Results & Outlook : Olefin

Quarterly Earnings Trend (Unit: W bn)



	13.2Q	3Q	4Q	14.1Q	2Q(E)
Operating Profit	98	167	161	96	91
OP (%)	4.0	7.1	6.5	4.1	3.9

2Q Earnings Review

- Earnings declined slightly due to weak market condition and strong Korean won

PE/PP
- Secured strong margins due to supply tightness of ethylene and seasonal demand increase

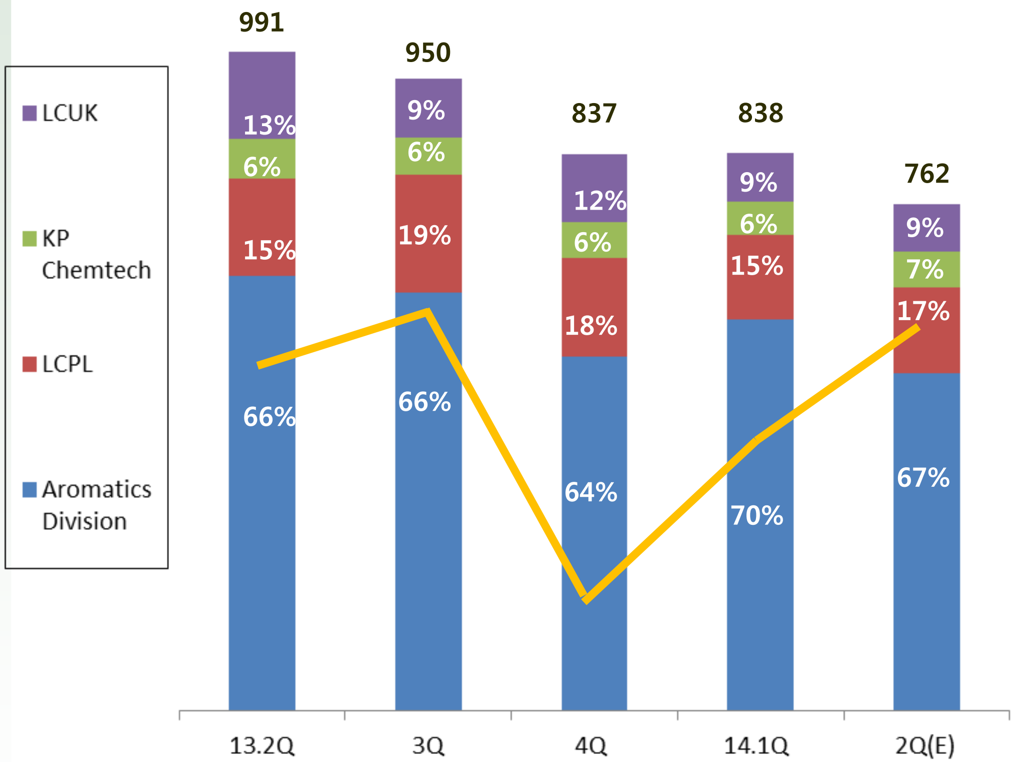
MEG
- Despite increase of downstream utilization, earnings declined slightly due to the high inventory level in China

SM
- Margins declined due to the high inventory level in China and relatively expensive feedstock (ethylene, benzene)

BD
- Margins declined slightly due to BD capacity addition and weak synthetic rubber demand

Divisional Results & Outlook : Aromatics (including LCPL/LCUK)

Quarterly Earnings Trend (Unit: W bn)



	13.2Q	3Q	4Q	14.1Q	2Q(E)
Operating Profit	-22	-14	-61	-33	-18
OP(%)	-2.2	-1.4	-7.3	-4.0	-2.3

2Q Earnings Review

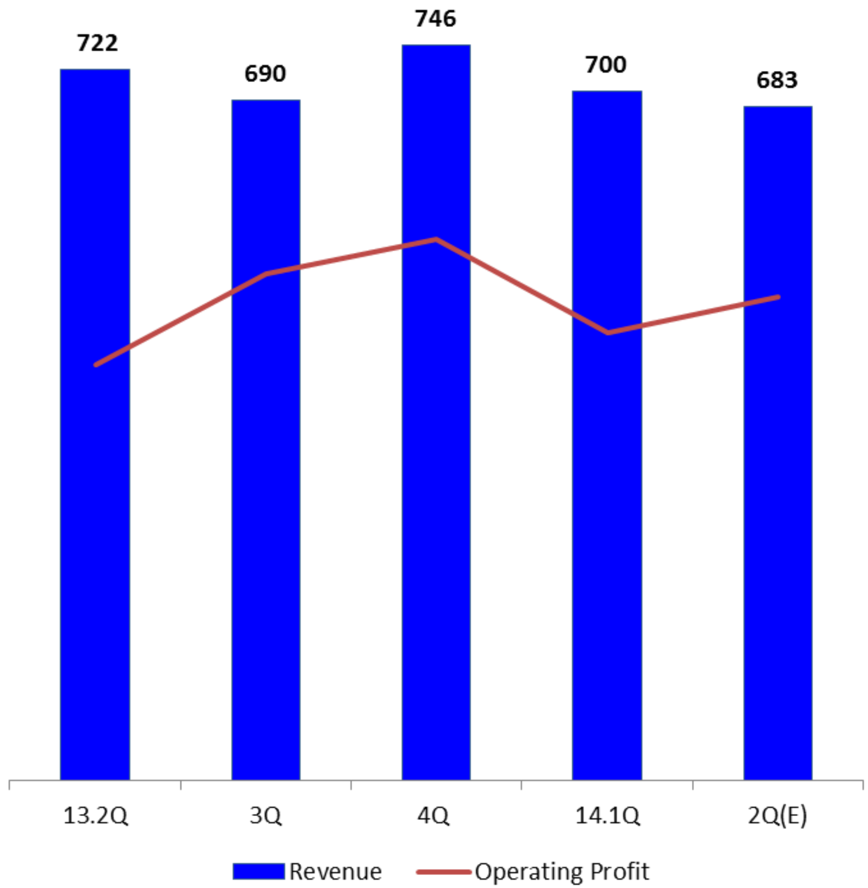
- Earnings improved due to rebound on product price and changes of product portfolio for strategic reasons

PX	Margin improved due to the increase of downstream utilization rate while many PX producers adjust supply volume by reducing its utilization rate
PTA/PET	Loss were reduced compare to last quarter due to the PET seasonal demand increase and utilization rate cut by major Chinese PTA makers
LCPL	Margin improved slightly because PTA price rebounded when major PTA makers lowered utilization rate
LCUK	Margin improved due to the PET seasonal demand increase

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

Divisional Results & Outlook : LC Titan

Quarterly Earnings Trend (Unit: W bn)



	13.2Q	3Q	4Q	14.1Q	2Q(E)
Operating Profit	-6	14	22	1	9
OP (%)	-0.9	2.1	2.9	0.1	1.3

2Q Earnings Review

- Earnings have been improved due to the stronger margins in PE/PP

PE/PP

- Secured strong margins by supply tightness of ethylene and seasonal demand increase

BZ/TL

- Earnings declined slightly due to the low utilization rates of its downstream caused by sluggish demand in China

BD

- Despite BD price weakened due to the BD capacity addition and weak synthetic rubber demand, earnings have been improved because sales volume have been increased (there was one month turnaround during 1st quarter)

Investment Plan

On-Going Investment

Project	Investment Cost (Billion Won)	Capacity (KTA)	Location	Mechanical Completion
BR (JV, 50% share)	35 (Total 138)	BR 50	Malaysia	2014.2H
Uzbek Project (JV, 24.5% share)	338mil USD (Total 4bil USD)	Methane Gas 2,600 Ethylene 400 HDPE 390 PP 80	Uzbekistan	2015
Specialized Rubber (JV, 50%+1 share)	104 (Total 520)	SSBR 100 EPDM 100	Yeosu, Korea	2016
Condensate Splitter (JV, 40% share)	192 (Total 1,200)	Mixed-Xylene 1,000 Light Naphtha 1,000 Benzene 250	Seosan, Korea	2016
Shale Gas Project* (JV, 50% share)	Undecided	Ethylene 1,000 EG 700	USA	2018

* Lotte Chemical and Axiall Corporation signed a Heads of Agreements to pursue a 50/50 joint venture arrangement for the construction and operation of a proposed 1 million metric ton/year ethane cracker on February 10th, 2014. Since it is only at HOA stage, the above information is subject to be changed when we actually sign the JV contract. Once we sign the JV contract, we will release more detailed information about this project.

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APPENDIX

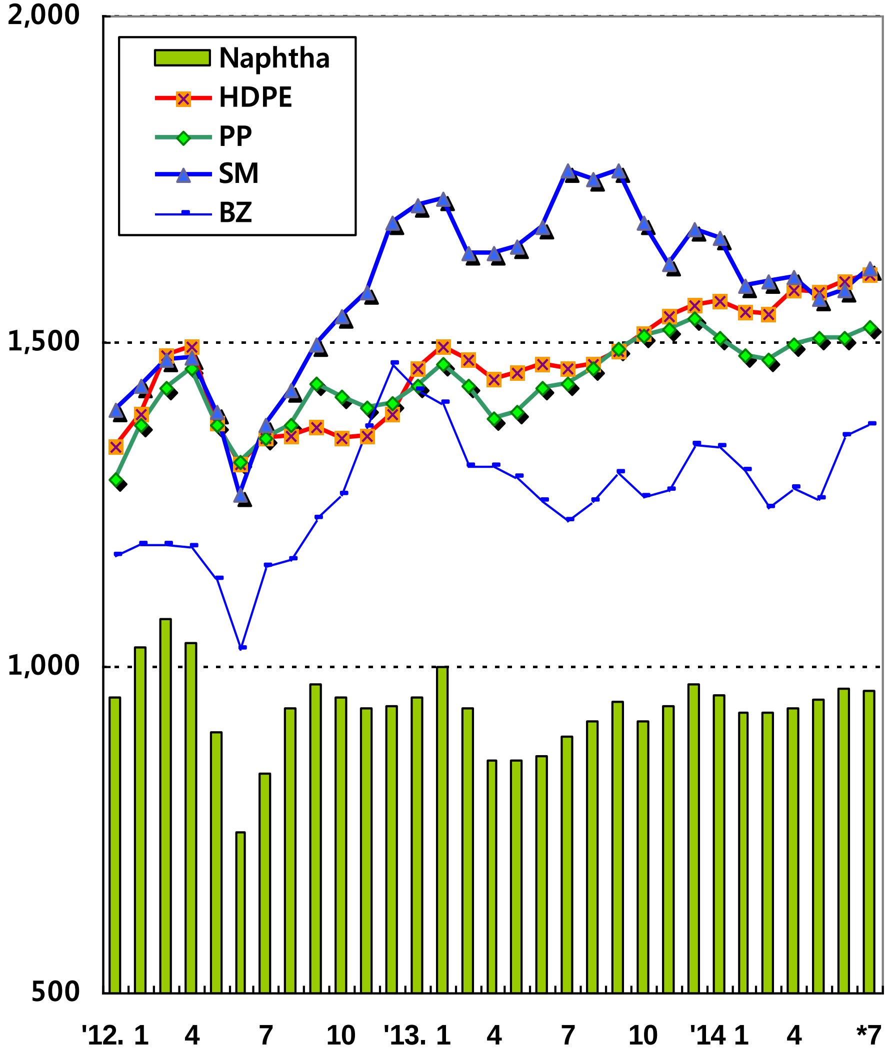
Appendix : Quarterly Performance

(Unit: Bil ₩)

Classification	2013					2014				
	1Q	2Q	3Q	4Q	Total	1Q	2Q (E)	3Q	4Q	Total
Revenue	4,171	4,161	4,039	4,067	16,439	3,873	3,782			7,655
Operating Profit	117	70	172	129	487	68	84			153
Pre-tax Income	117	48	190	20	375	70	66			136
Net Income	114	25	153	-6	286	48	52			99

Appendix : Market Situation

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



*Shows average prices from July 1st, 2014 to July 25th, 2014

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