4Q 2014 Business Result

February 6th, 2015

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 fourth 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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4Q 2014 Business Results : Income Statement

(Unit: Bil ₩)

Classification	2014.4Q (E)	2014.3Q	QoQ	2013.4Q	YoY
Revenue	3,495	3,708	-5.7%	4,067	-14.1%
Operating Profit (%)	55 (1.6%)	142 (3.8%)	-61.1%	129 (3.2%)	-57.0%
Pre-tax Income (%)	18 (0.5%)	141 (3.8%)	-87.2%	20 (0.5%)	-9.4%
Net Income (%)	-18 (-0.5%)	101 (2.7%)	(+) → (-)	-6 (-0.1%)	(-) → (-)

4Q 2014 Business Results : Financial Position

Financial Position

(Unit: Bil ₩)

Classification	'2014.4Q (E)	'2013	Change
Asset	**10,337**	**10,688**	**-3.3%**
Cash and Equivalents	793	1,291	-38.6%
Liabilities	**3,833**	**4,393**	**-12.8%**
Borrowings	2,604	2,476	5.2%
Shareholder's Equity	**6,504**	**6,295**	**3.3%**
EBITDA	**850 (5.8%)**	**992 (6.0%)**	

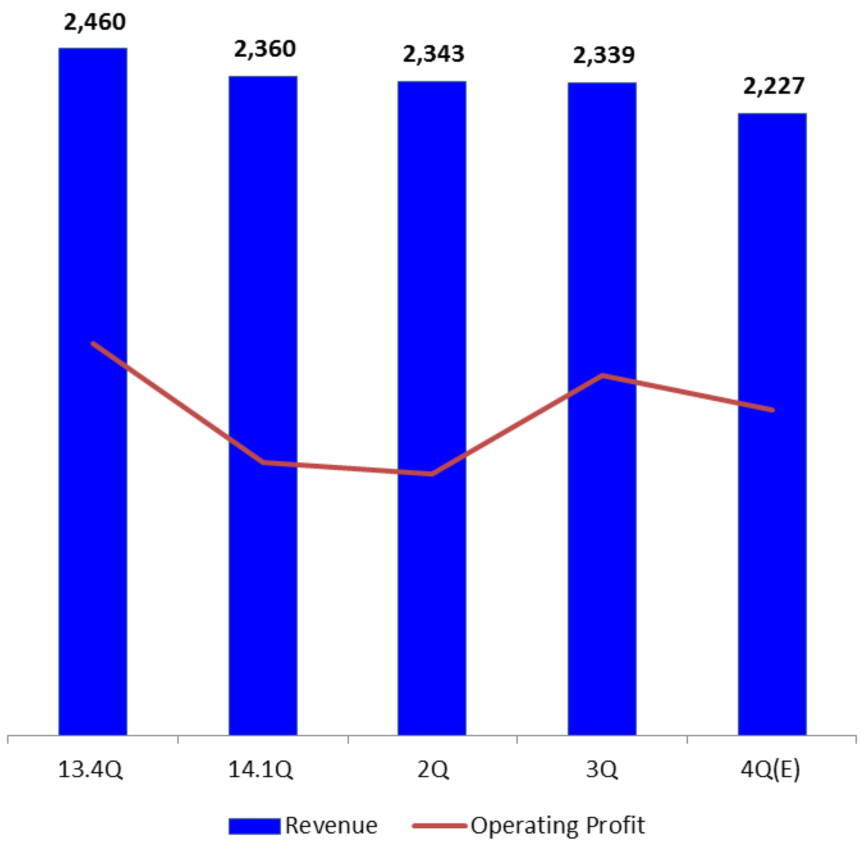
Financial Ratios

(Unit: Bil ₩)

Classification	'2014.4Q (E)	'2013	Change
Total Liabilities/ Equity (%)	**58.9**	**69.8**	**-10.9**
ROE (%)	**2.9**	**4.6**	**-1.8**
ROA (%)	**1.7**	**2.7**	**-1.0**

Divisional Results & Outlook : Olefin

Quarterly Earnings Trend (Unit: W bn)



	13.4Q	14.1Q	2Q	3Q	4Q(E)
Operating Profit	161	96	91	143	125
OP (%)	6.5	4.1	3.9	6.1	5.6

4Q Earnings Review

- Profitability decreased due to the oil price plunges

PE/PP
- Improved margins due to supply tightness of ethylene and strong demand in the developed countries

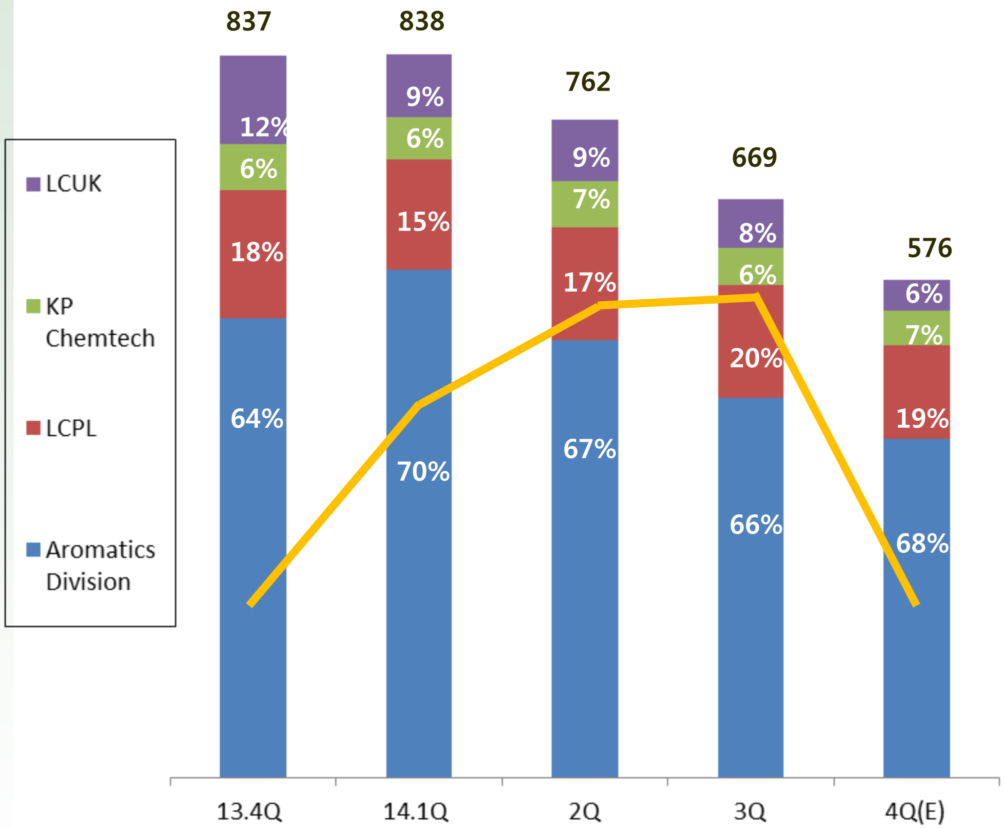
MEG
- Secured margins thanks to improved downstream utilization and supply decreases from the U.S. even in the slow season

SM
- Profit turned into losses due to the product price plunges and relatively expensive feedstock (ethylene, benzene)

BD
- Profitability decreases due to the supply increase from the offshore and oil price plunges while weak synthetic rubber demand continued

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

Quarterly Earnings Trend (Unit: W bn)



	13.4Q	14.1Q	2Q	3Q	4Q(E)
Operating Profit	-61	-33	-18	-16	-61
OP(%)	-7.3	-4.0	-2.3	-2.4	-10.6

4Q Earnings Review

- Earnings declined significantly due to the weak seasonality and oil price plunge

PX
- Margin declined due to the PX supply increase and oil price plunge

PTA/PET
- Margin declined due to the weak seasonality and oil price plunges

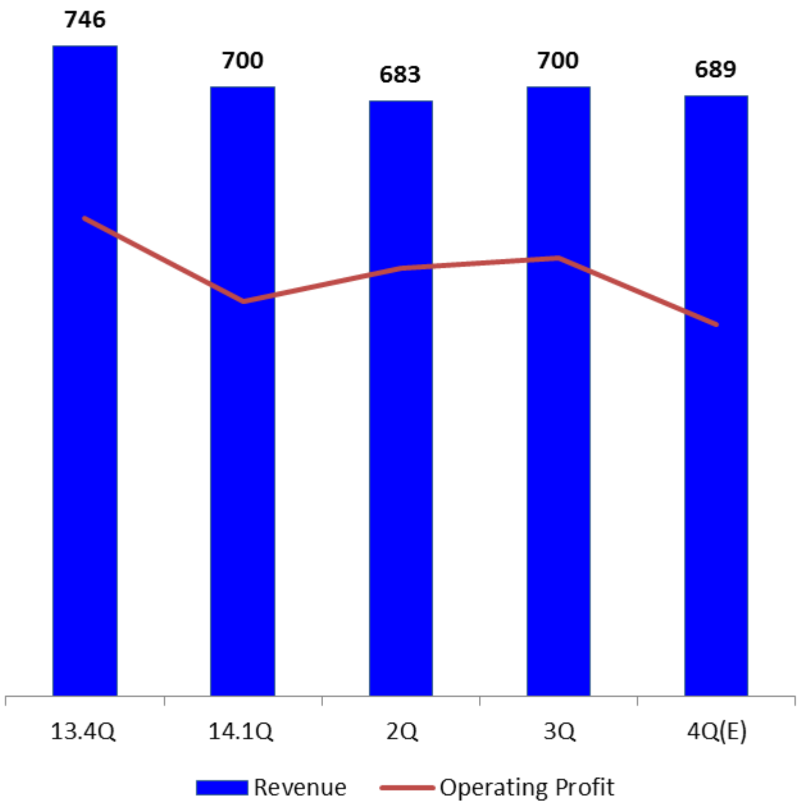
LCPL
- Margin declined due to the weak seasonality and oil price plunges

LCUK
- Margin declined due to the planned turnaround, weak seasonality, and oil price plunges

* 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)



	13.4Q	14.1Q	2Q	3Q	4Q(E)
Operating Profit	22	1	9	12	-5
OP (%)	2.9	0.1	1.3	1.7	-0.7

4Q Earnings Review

- Profit turned into losses due to the oil price plunge

PE/PP

- Improved margins due to supply tightness of ethylene and strong demand in the developed countries

BZ/TL

- Profitability plunges due to the oil price plunge, BZ supply increase from PX capacity addition, and Chinese Buyers' Default on October 2014

BD

- Profitability decreases due to the supply increase from the offshore and oil price plunges while weak synthetic rubber demand continued

Investment Plan

On-Going Investment

Project	Investment Cost (Billion Won)	Capacity (KTA)	Location	Mechanical Completion
Uzbek Project (JV, 24.5% share)	338mil USD (Total 4bil USD)	HDPE 390 PP 80	Uzbekistan	2015
C5 Project	140	IPM 28 DCPD 25 PIP 42	Yeosu, Korea	2016
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
NCC expansion	Undecided	Ethylene 92 Propylene 170 BTX 134 TBA 44	Malaysia	2017
Shale Gas Project* (JV, 50% share)	Undecided	Ethylene 1,000 EG 700	USA	2018

APPENDIX

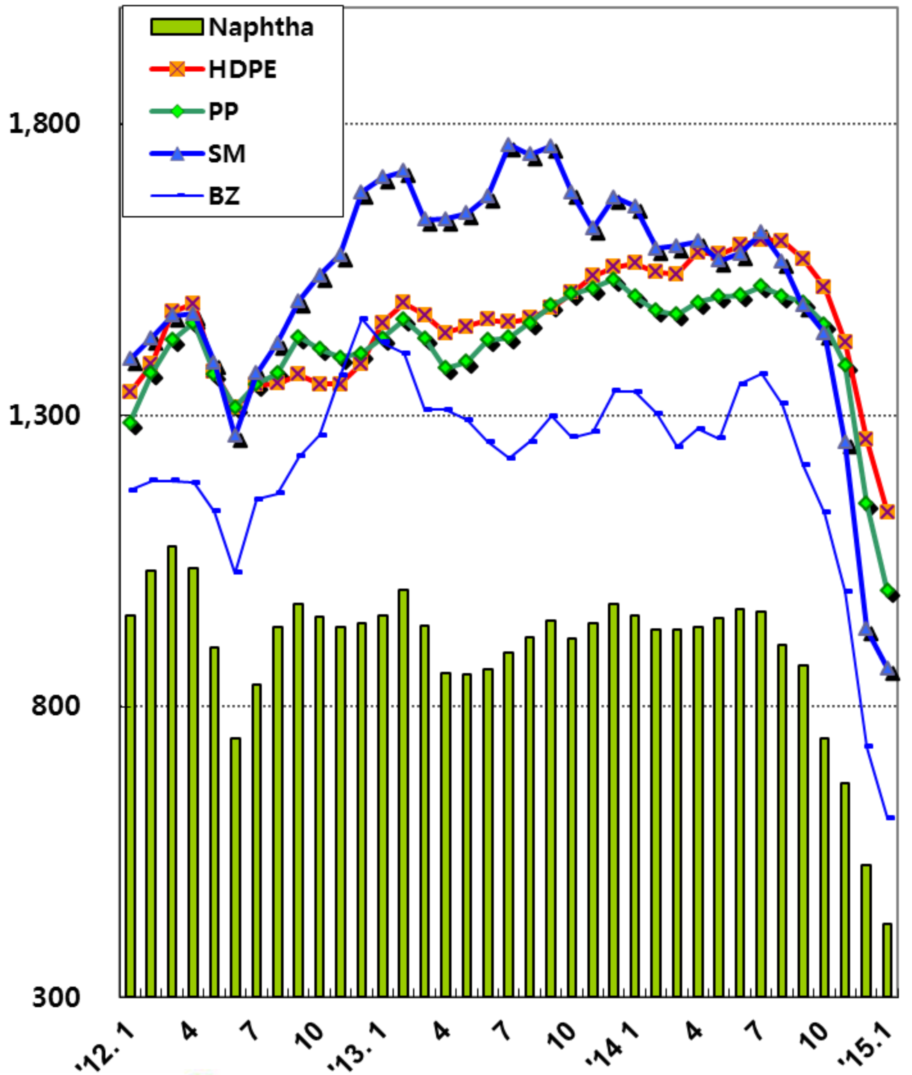
Appendix : Quarterly Performance

(Unit: Bil ₩)

Classification	2013					2014				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q (E)	Total
Revenue	4,171	4,161	4,039	4,067	16,439	3,873	3,782	3,708	3,495	14,859
Operating Profit	117	70	172	129	487	68	84	142	55	350
Pre-tax Income	117	48	190	20	375	70	66	141	18	296
Net Income	114	25	153	-6	286	48	52	101	-18	182

Appendix : Market Situation

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



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