1Q 2015 Business Result

May 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 first quarter of 2015 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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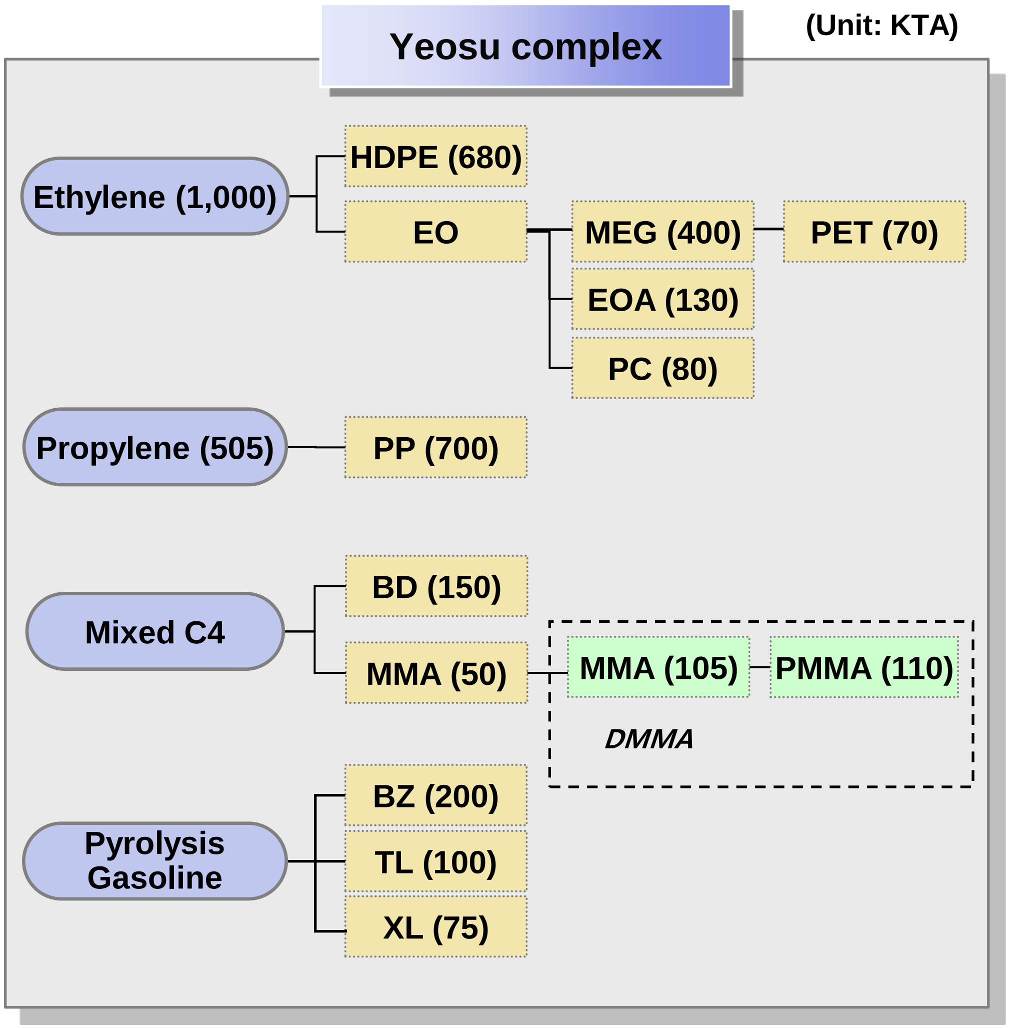
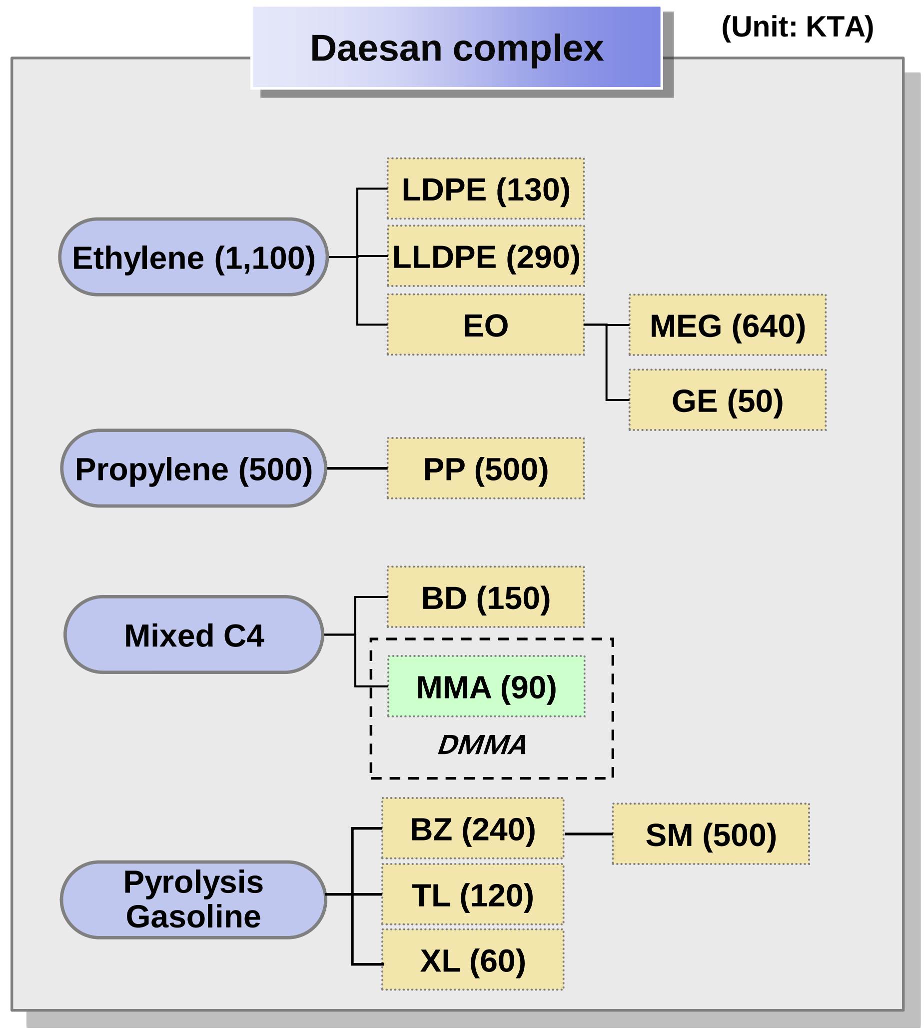
Products & Capacity _ Lotte Chemical (Olefin) / DMMA

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

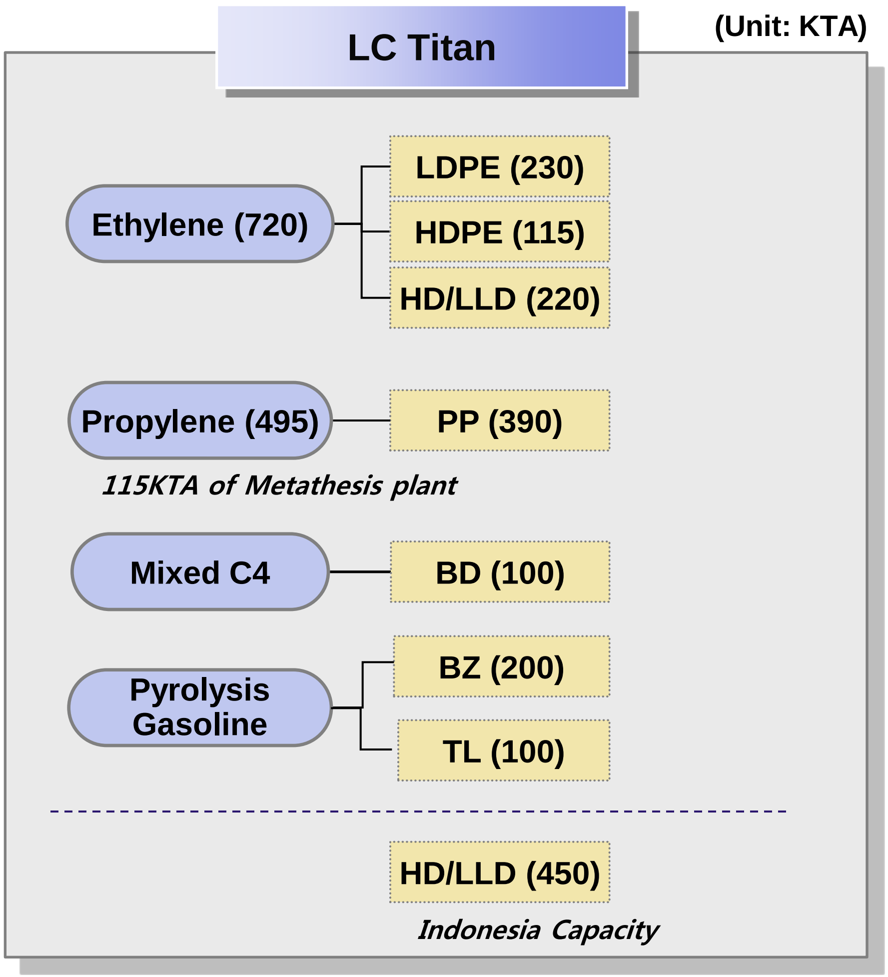


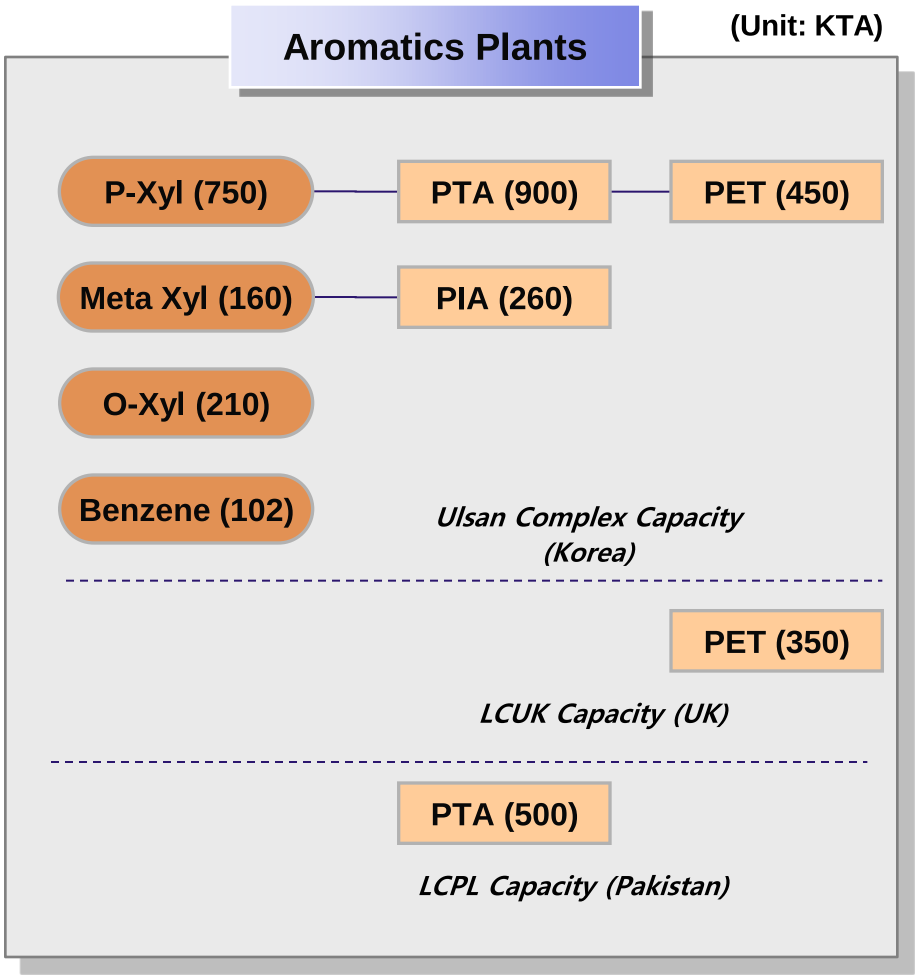


* As of July 2014

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 July 2014

1Q 2015 Business Results : Income Statement

(Unit: Bil ₩)

Classification	2015.1Q (E)	2014.4Q	QoQ	2014.1Q	YoY
Revenue	2,800	3,495	-19.9%	3,873	-27.7%
Operating Profit (%)	178 (6.4%)	56 (1.6%)	217.6%	68 (1.8%)	160.5%
Pre-tax Income (%)	167 (6.0%)	-0 (-0.01%)	(-) → (+)	70 (1.8%)	137.6%
Net Income (%)	120 (4.3%)	-57 (-1.6%)	(-) → (+)	48 (1.2%)	150.9%

1Q 2015 Business Results : Financial Position

Financial Position

(Unit: Bil ₩)

Classification	'2015.1Q (E)	'2014	Change
Asset	**10,307**	**10,323**	**-0.2%**
Cash and Equivalents	1,134	949	19.5%
Liabilities	**3,743**	**3,854**	**-2.9%**
Borrowings	2,500	2,604	-4.0%
Shareholder's Equity	**6,564**	**6,469**	**1.5%**
EBITDA	**301 (10.7%))**	**860 (5.8%)**	

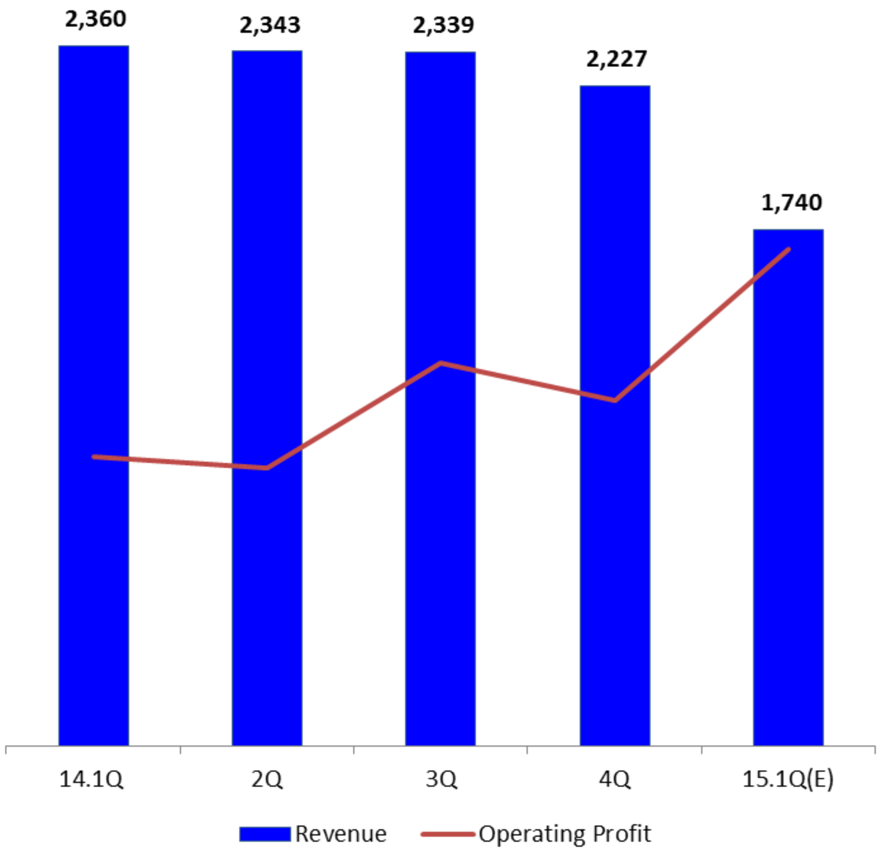
Financial Ratios

(Unit: Bil ₩)

Classification	'2015.1Q (E)	'2014	Change
Total Liabilities/ Equity (%)	**57.3**	**59.6**	**-2.3**
ROE (%)	**7.4**	**2.9**	**4.5**
ROA (%)	**4.7**	**1.7**	**3.0**

Divisional Results & Outlook : Olefin

Quarterly Earnings Trend (Unit: W bn)



	14.1Q	2Q	3Q	4Q	15.1Q(E)
Operating Profit	96	91	143	125	201
OP (%)	4.1	3.9	6.1	5.6	11.6

1Q Earnings Review

- Despite sales decrease due to the oil price plunge and Chinese New year holidays, earnings improved backed by low feedstock costs and improved margins of main products

PE/PP

- Improved margins due to the supply tightness of ethylene, improved utilization rate of downstream, and low inventory level

MEG

- Profit improved thanks to improved utilization rate of polyester makers, stable production to sales ratio, and low inventory level

SM

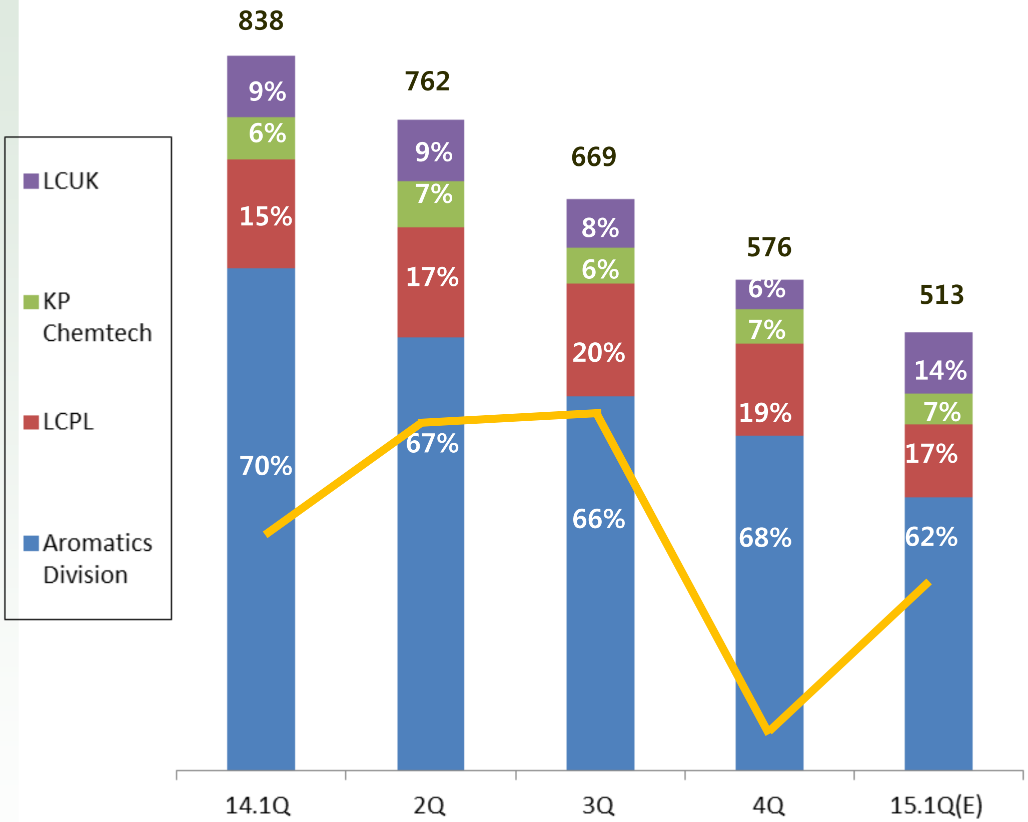
- In spite of relatively expensive feedstock(ethylene, benzene) cost, profitability recovered based on pick up of downstream utilization rate after the Chinese New Year and decrease of supply

BD

- Profitability recovered slightly based on decrease of supply due to the scheduled maintenance within the region

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

Quarterly Earnings Trend (Unit: W bn)



	14.1Q	2Q	3Q	4Q	15.1Q(E)
Operating Profit	-33	-18	-16	-61	-38
OP(%)	-4.0	-2.3	-2.4	-10.6	-7.5

1Q Earnings Review

- Despite sales decrease due to the oil price plunge and Chinese New year holidays, earnings improved slightly backed by low feedstock cost and product price rise

PX
- Profitability recovered slightly based stabilized feedstock cost amid weak demand

PTA/PET
- Profitability recovered slightly based stabilized feedstock cost amid weak demand

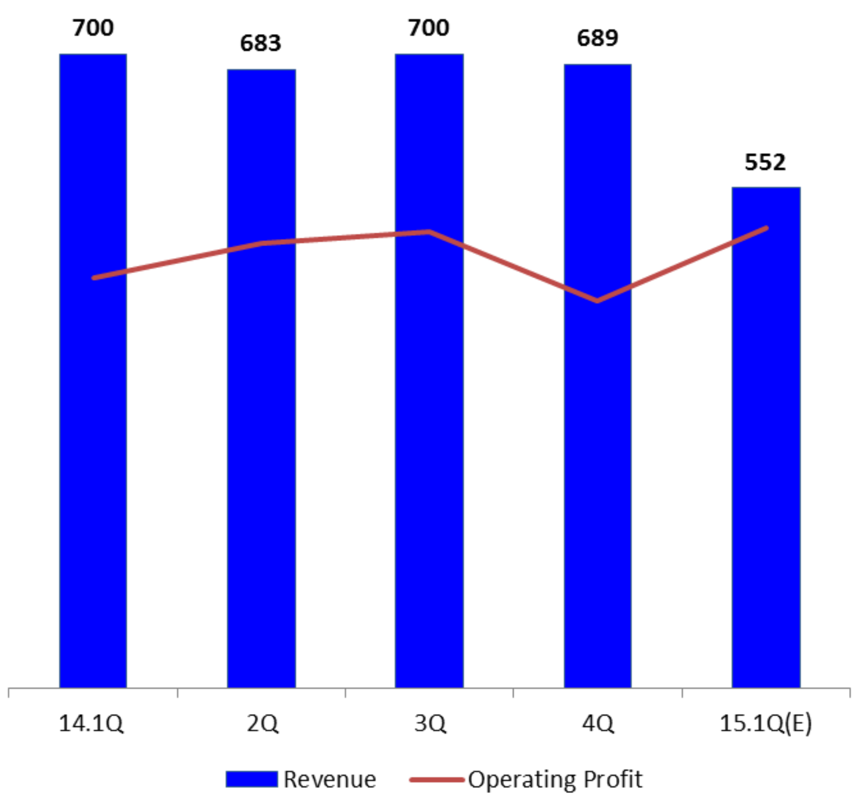
LCPL
- Profitability recovered slightly based stabilized feedstock cost amid weak demand

LCUK
- Profitability recovered slightly based stabilized feedstock cost amid weak demand

* 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)



	14.1Q	2Q	3Q	4Q	15.1Q(E)
Operating Profit	1	9	12	-5	13
OP (%)	0.1	1.3	1.7	-0.7	2.4

1Q Earnings Review

- Despite sales decrease due to the oil price plunge and Chinese New year holidays, earnings improved backed by low feedstock costs and improved margins of main products

PE/PP

- Improved margins due to the supply tightness of ethylene, improved utilization rate of downstream, and low inventory level

BZ/TL

- Profitability recovered based on improved downstream utilization and strong trend in Europe/US after the Chinese New Year

BD

- Profitability recovered slightly based on decrease of supply due to the scheduled maintenance within the region

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

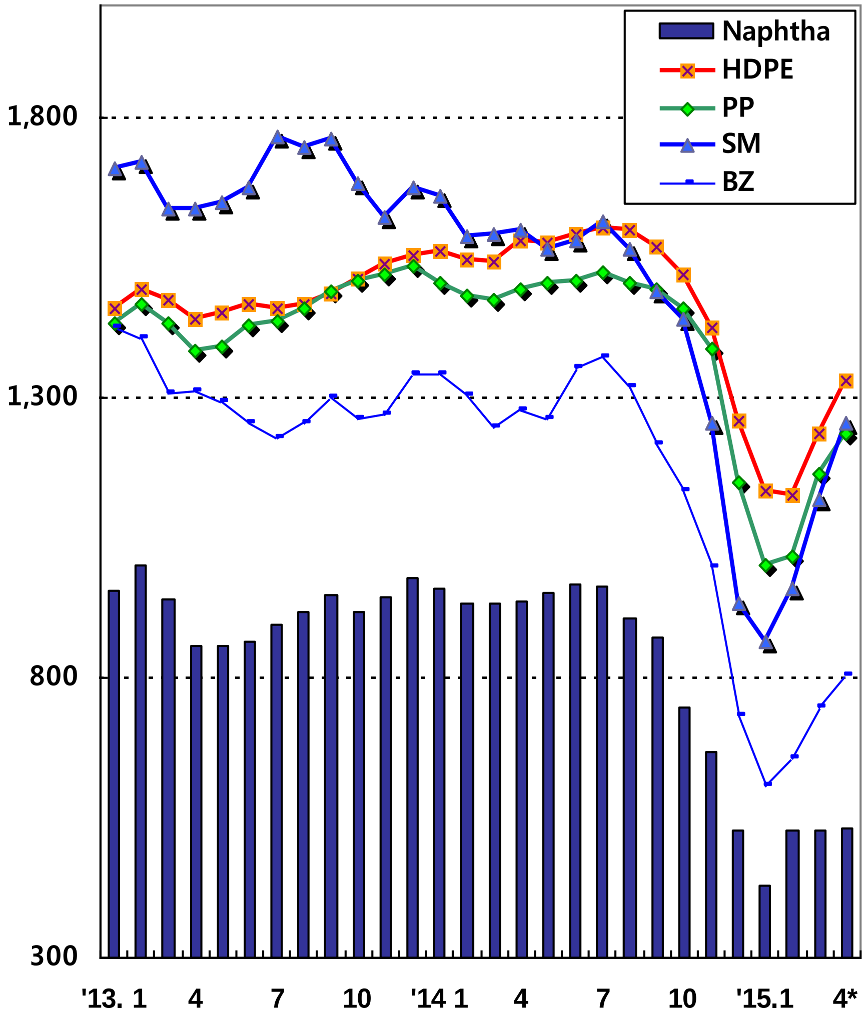
Appendix : Quarterly Performance

(Unit: Bil ₩)

Classification	2014					2015				
	1Q	2Q	3Q	4Q	Total	1Q (E)	2Q	3Q	4Q	Total
Revenue	3,873	3,782	3,708	3,495	14,859	2,800				2,800
Operating Profit	68	84	142	56	351	178				178
Pre-tax Income	70	66	141	-0	277	167				167
Net Income	48	52	101	-57	144	120				120

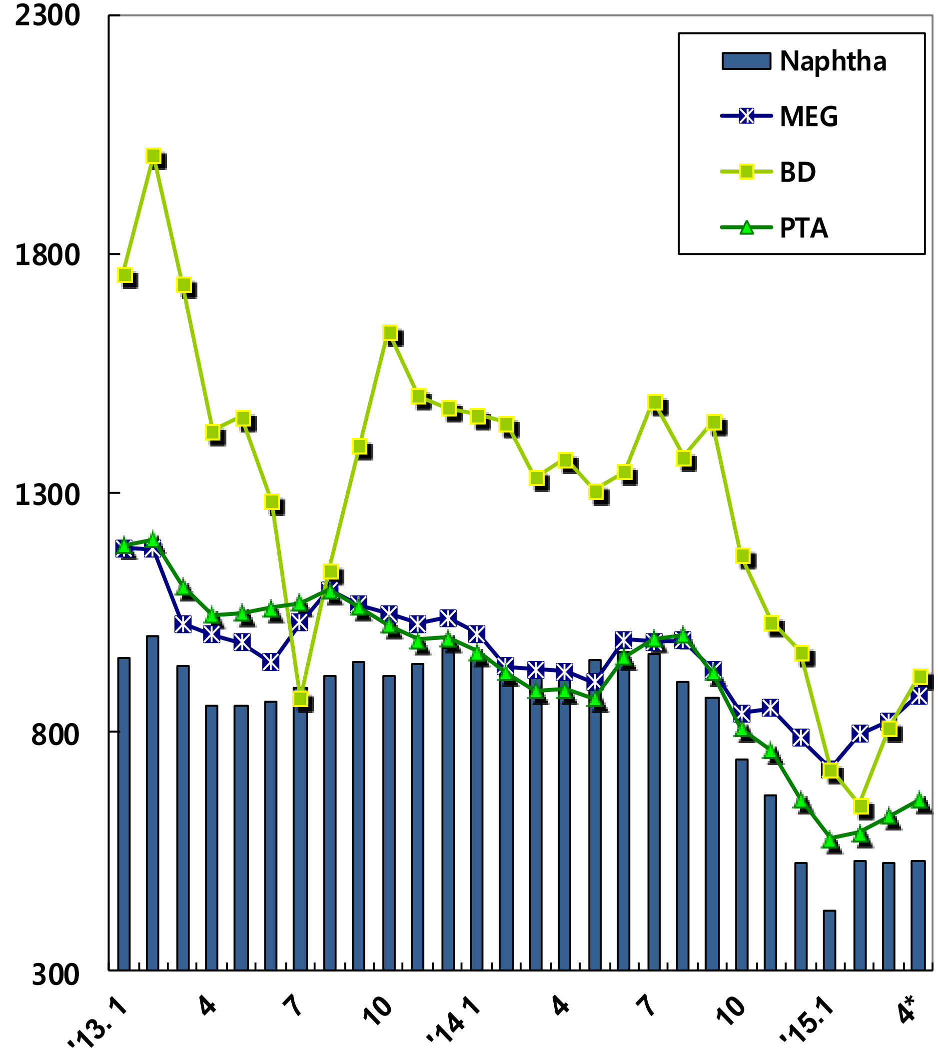
Appendix : Market Situation

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



*Shows average prices from April 1st, 2015 to April 17th, 2015

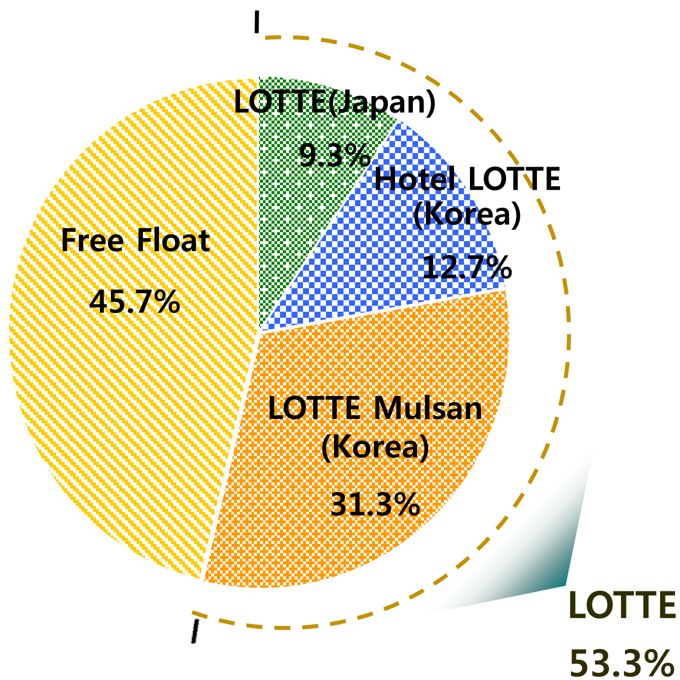
MEG/PTA/BD Price Trend (Unit: U$/MT)



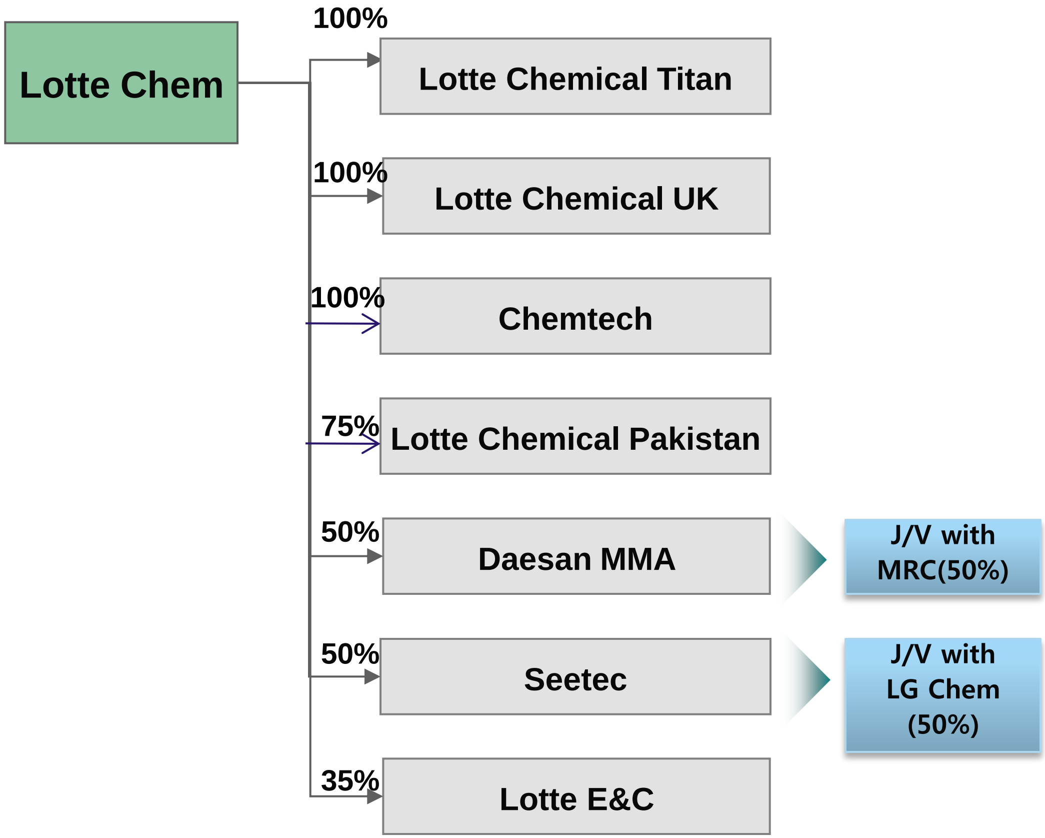
Appendix : Shareholders, Affiliates

- 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



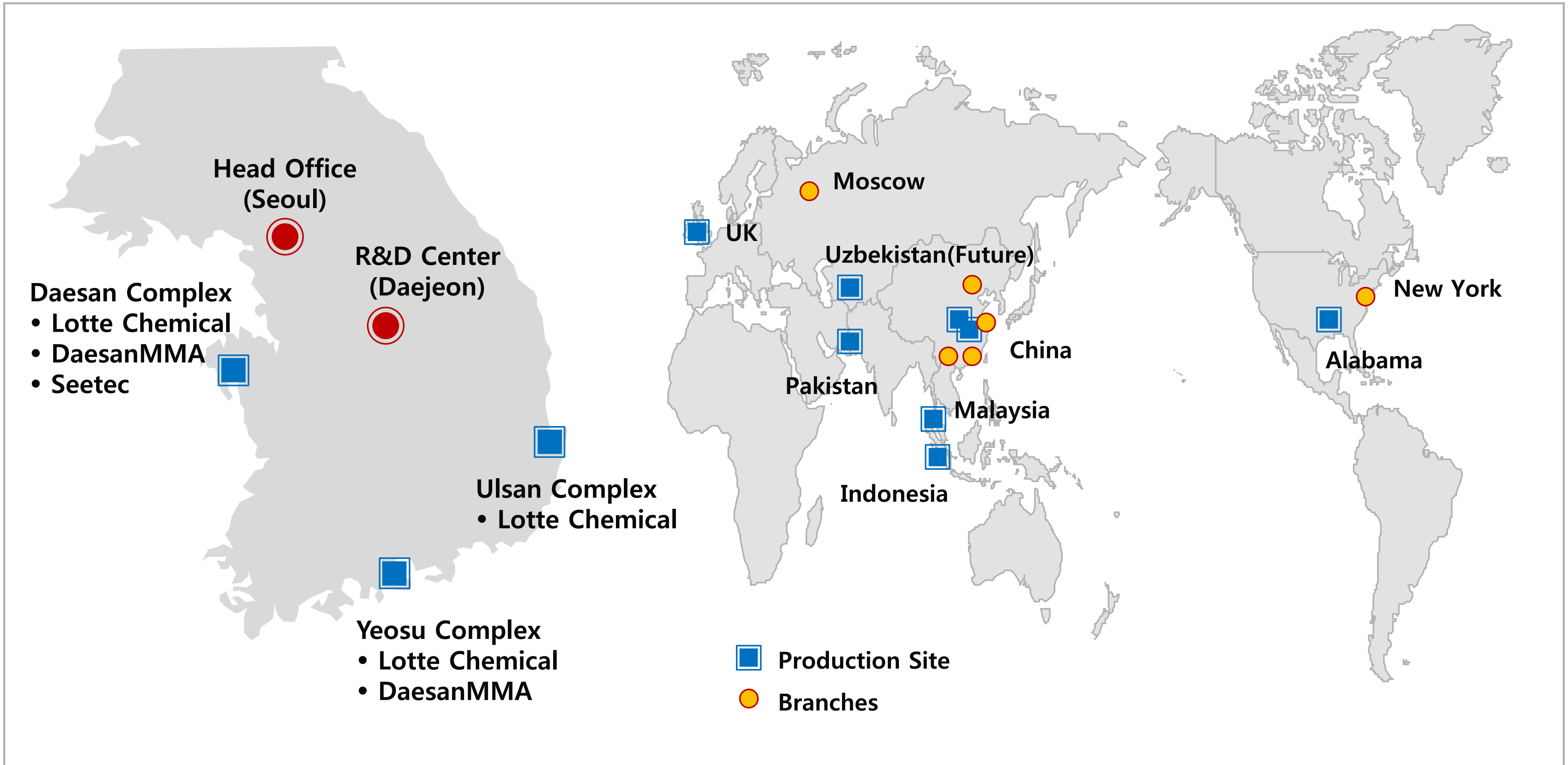
Major Affiliates



Appendix : Locations

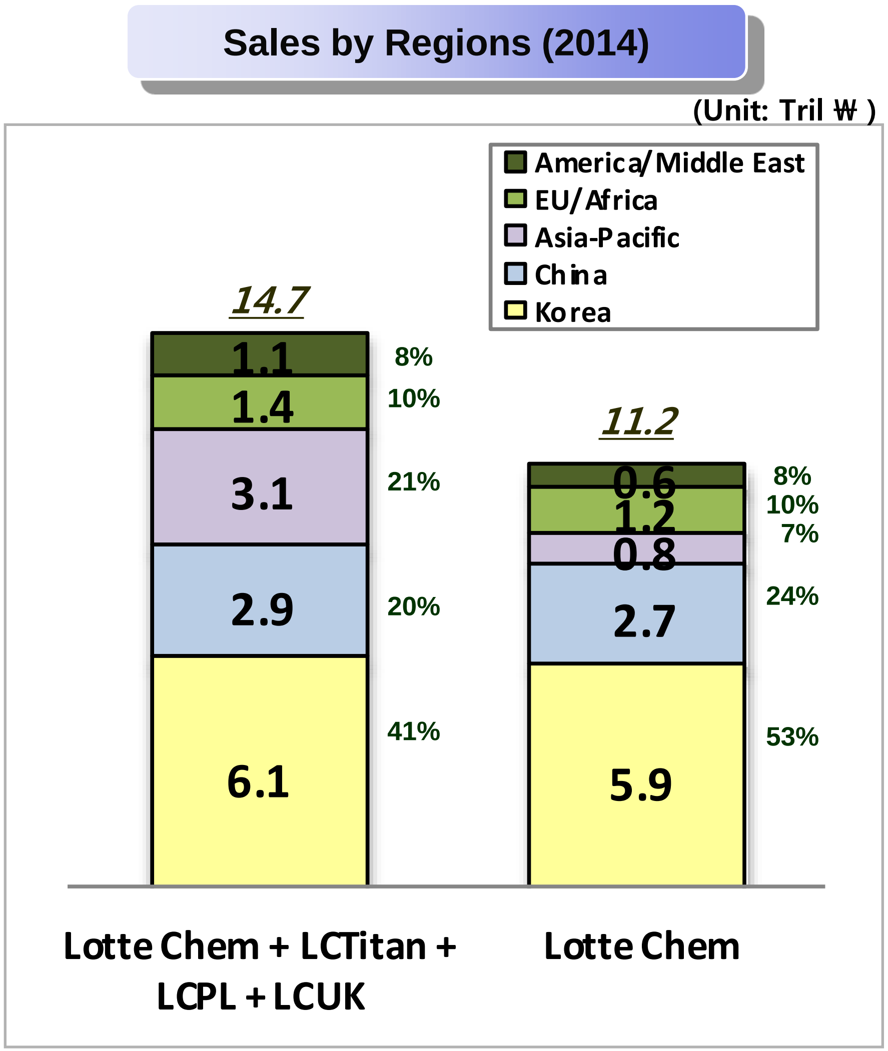
■ Lotte Chemical is becoming a globalized chemical company

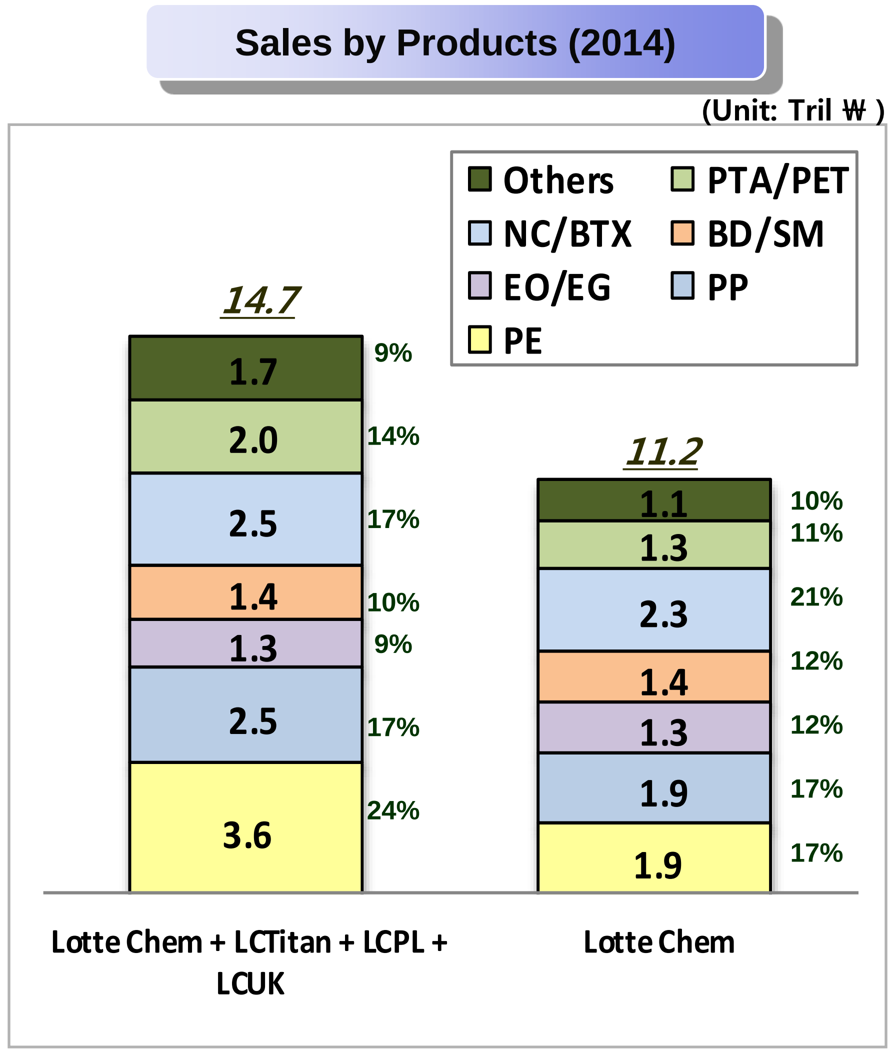
Production sites & Sales Offices



Appendix : Sales Breakdown & Region

■ Asia is the most important market to Lotte Chemical





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