1Q 2018 Business Result

2 May 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 first 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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1Q 2018 Business Results : Income Statement

(Unit: Bil ₩)

Classification	2018.1Q (E)	2018.4Q	QoQ	2017.1Q	YoY
Revenue	4,123	4,035	2.2%	3,996	3.1%
Operating Profit (%)	662 (16.1%)	716 (17.8%)	▲7.5%	815 (20.4%)	▲18.8%
Pre-tax Income (%)	745 (18.1%)	702 (17.4%)	6.1%	864 (21.6%)	▲13.8%
Net Income (%)	543 (13.2%)	497 (12.3%)	9.4%	641 (16.1%)	▲15.3%

1Q 2018 Business Results : Financial Position

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Financial Position

(Unit: Bil ₩)

Classification	'2018.1Q (E)	'2017	Change
Asset	**20,433**	**19,551**	**4.5%**
Cash and Equivalents	5,335	4,939	8.0%
Liabilities	**8,023**	**7,296**	**10.0%**
Borrowings	4,541	4,202	8.1%
Shareholder's Equity	**12,411**	**12,255**	**1.3%**

EBITDA	**827** **(20.1%)**	**3,621** **(22.8%)**	

Financial Ratios

(Unit: Bil ₩)

Classification	'2018.1Q (E)	'2017	Change
Total Liabilities/ Equity (%)	**64.6**	**59.5**	**5.1**
ROE (%)	**17.6**	**21.1**	**▲3.5**
ROA (%)	**10.9**	**12.9**	**▲2.0**

Divisional Results & Outlook : LOTTE Chemical (Olefin)

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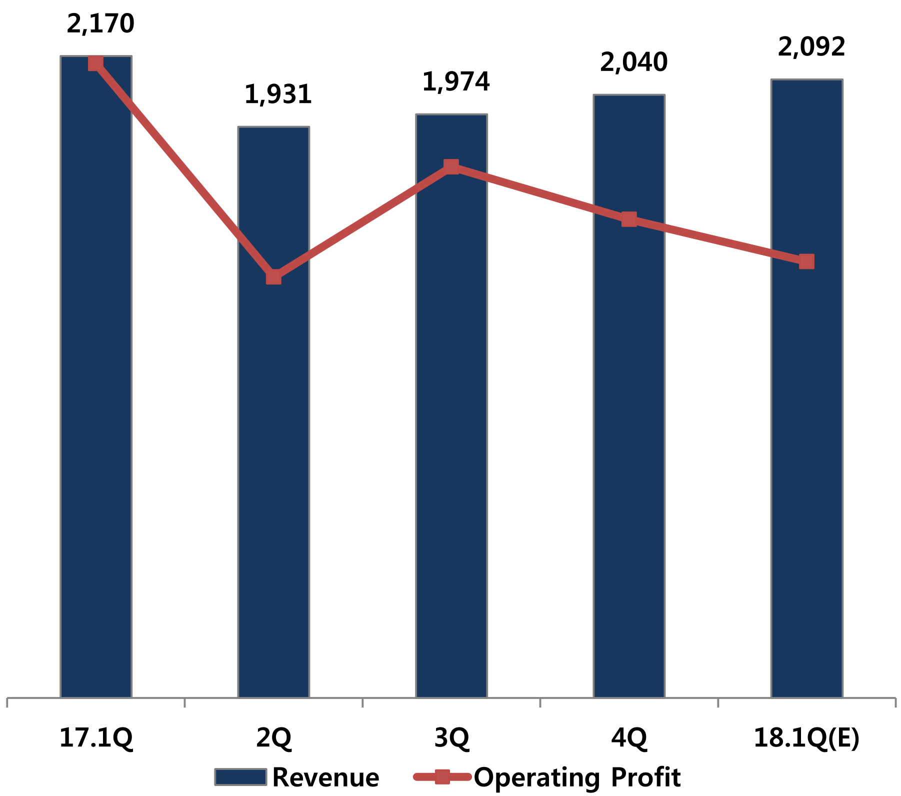
Quarterly Earnings Trend (Unit: W bn)



	17.1Q	2Q	3Q	4Q	18.1Q(E)
OP	601	398	503	453	413
OPM (%)	27.7	20.6	25.5	22.2	19.7

1Q Earnings Review

- Profitability have been declined due to the strong KRW

PE/PP
- Profitability contracted by buyers' wait-and-see stance on increased Chinese inventory level

MEG
- Profitability improved thanks to high Chinese polyester utilization rate

BD
- Profitability increased by regular maintenances on March to April

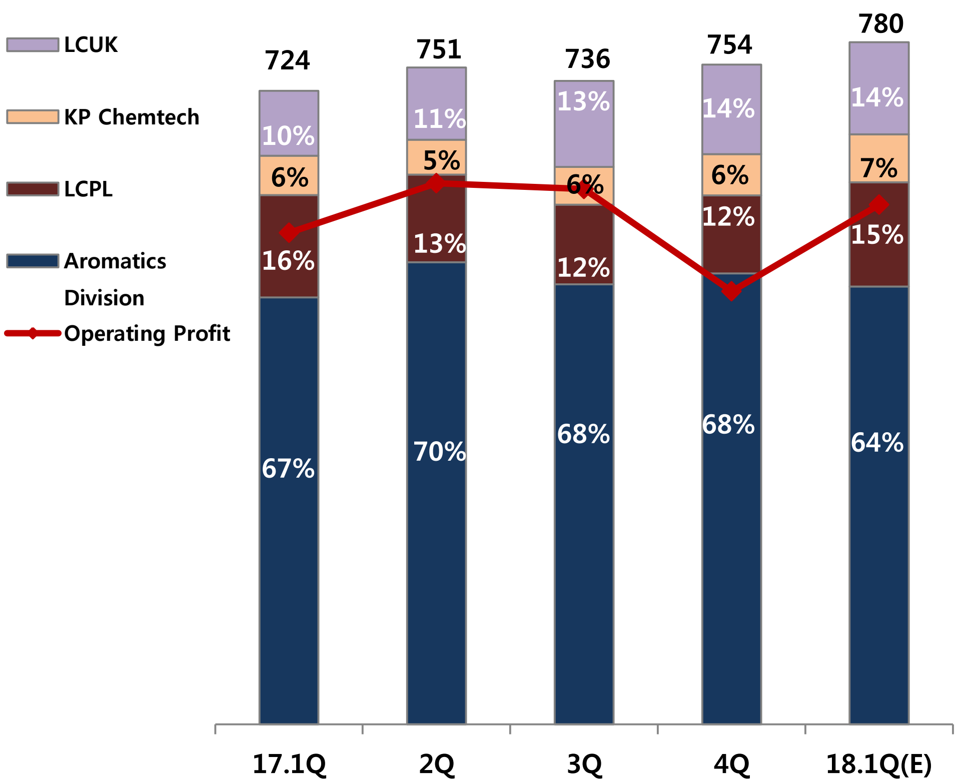
SM
- Profitability contracted by high inventory level and lower downstream (PS/EPS) utilization rates

2Q Outlook

- Healthy profitability is expected due to the supply tightness

Divisional Results & Outlook : Aromatics

Quarterly Earnings Trend (Unit: W bn)



OP	102	114	112	89	109
OPM (%)	14.1	15.1	15.3	11.8	14.0%

1Q Earnings Review

- Despite strong KRW, profitability improved on healthy downstream demand

PX
- Profitability improved on higher Chinese PTA utilization rates and regular maintenances on March to April

PIA
- Even though spread contracted by buyers' resistance of sudden price spike recently, profit increased due to the increased sales volume

LCUK / LCPL
- Profitability improved thanks to robust polyester demand

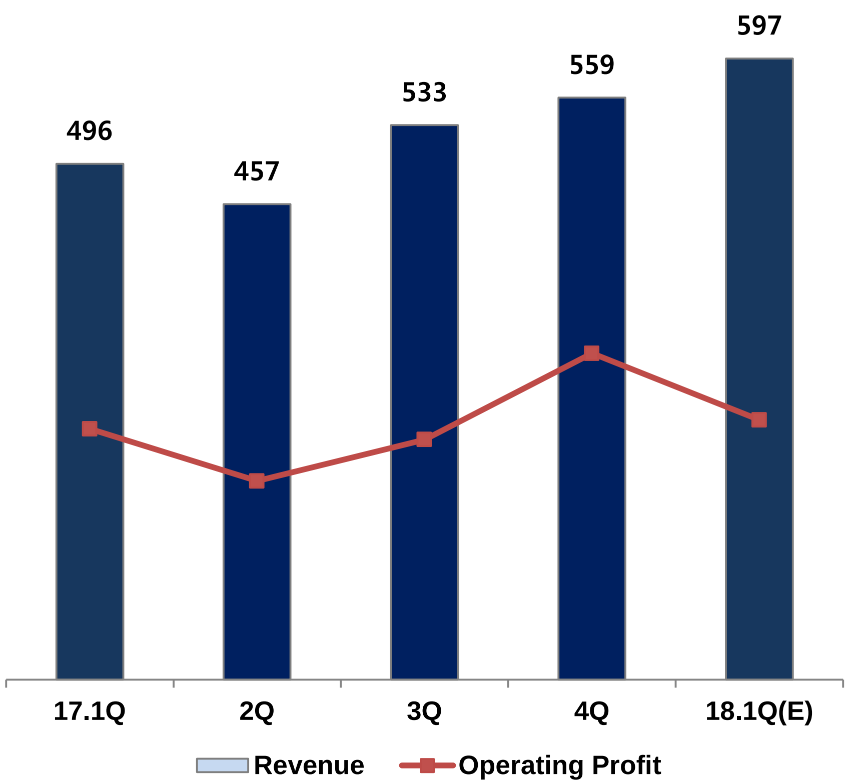
2Q Outlook

- Profitability is expected to stay solid due to strong Chinese polyester 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)



	17.1Q	2Q	3Q	4Q	18.1Q(E)
OP	69	53	66	93	72
OPM (%)	14.0	11.5	12.4	16.6	12.1

1Q Earnings Review

- Profitability have been declined due to the strong MYR and increased expenses on completed TE3 project

PE/PP
- Profitability contracted by buyers' wait-and-see stance on increased Chinese inventory level

BZ
- Profitability come down by regular maintenances of downstream (phenol) and buyers' wait-and-see stance on higher inventory level

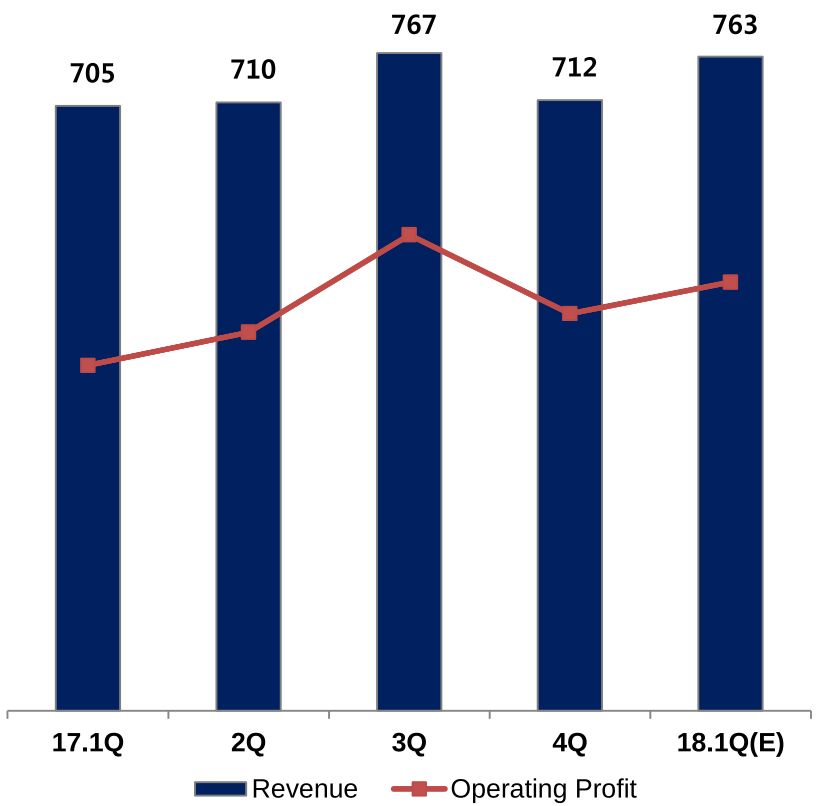
BD
- Profitability increased by regular maintenances on March to April

2Q Outlook

- Healthy profitability is expected due to the supply tightness
- Increase sales volume on commercial start-up of TE3 Project (EL 93kta)

Divisional Results & Outlook : LOTTE Advanced Materials

Quarterly Earnings Trend (Unit: W bn)



	17.1Q	2Q	3Q	4Q	18.1Q(E)
OP	71	78	101	83	90
OPM (%)	10.0	11.0	13.2	11.6	11.8

1Q Earnings Review

- Despite KRW strength, profitability improved by increased sales volume

ABS
- Profitability decreased on higher feedstock cost

PC
- Despite higher feedstock cost, profitability improved on tight supply and demand

Construction Material
- Profitability decreased on higher feedstock cost

2Q Outlook

- Healthy profitability is expected by favorable supply and demand

Investment Plan

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On-Going Investment

Project	Investment Cost (Billion Won)	Capacity (KTA)	Location	Mechanical Completion
Specialized Rubber (JV, 50%+1 share)	141 (Total 702)	SSBR 100 EPDM 100	Yeosu, Korea	Completed
Malaysia LC Titan NC Revamping	300	Ethylene 93 Propylene 127 BTX 134	Malaysia	Completed
Malaysia LC Titan PP Project	160	PP 200	Malaysia	2018. 1H
Yeosu NC Revamping	253	Ethylene 200 Propylene 100 BTX 40 BD 20	Yeosu, Korea	2018.2H
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

APPENDIX.

Appendix : Quarterly Performance

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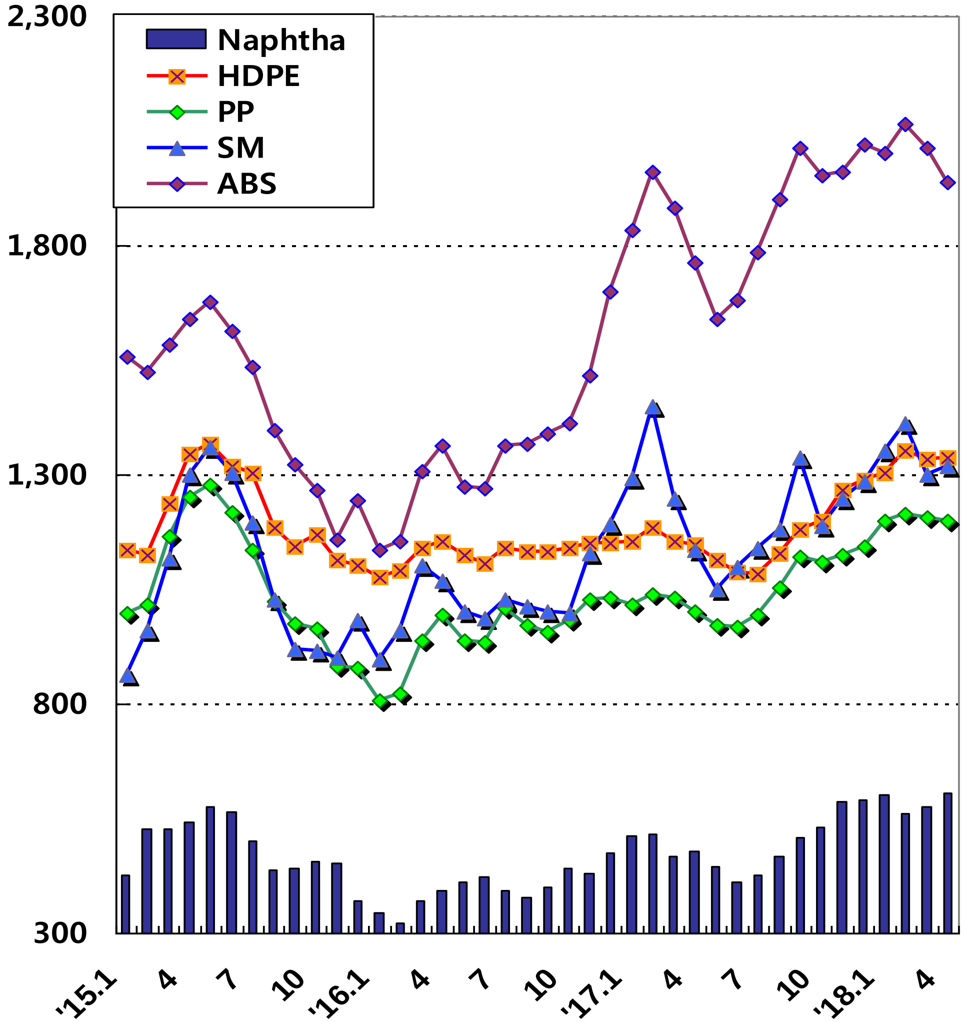
(Unit : W Billion)

Classification	2017					2018				
	1Q	2Q	3Q	4Q	Total	1Q(E)	2Q	3Q	4Q	Total
Revenue	3,996	3,853	3,990	4,035	15,874	4,123				4,123
Operating Profit	815	632	766	716	2,930	662				662
Pre-tax Income	864	686	833	702	3,085	745				745
Net Income	641	516	631	497	2,285	543				543

Appendix : Market Situation

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



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