1Q 2023 Business Results & Outlook

2023. 5. 11



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 2023 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 2023 Business Results – Income Statement



(Unit: KRW bn, %)

	4000 (5)	Qo(Q	Yo	(Unit: KRVV bn, s
	1Q23 (E)	4Q22	QoQ	1Q22	QoQ
Sales	4,932	5,372	△8.2%	5,448	△9.5%
OP (%)	△26 (△0.5%)	△416 (△7.8%)	390 (7.3%p)	57 (1.0%)	△83 (△1.5%p)
EBITDA (%)	232 (4.7%)	△131 (△2.4%)	363 (7.1%p)	263 (4.8%)	△31 (△0.1%p)
Pre-tax Income (%)	278 (5.6%)	△572 (△10.6%)	850 (16.3%p)	142 (2.6%)	136 (3.0%p)
Net Income (%)	227 (4.6%)	△94 (△1.7%)	321 (6.3%p)	117 (2.1%)	110 (2.5%p)

^{*} Note : Equity Method Income \blacktriangle 6 KRW bn (4Q22 \blacktriangle 36 KRW bn, 1Q22 43 KRW bn)

1Q 2023 Business Results – Financial Position

Balance Sheet

Financial Ratio

(Unit: %, %p)

	(Unit: KRW bn, %)			
	FY`21	FY`22	`23.1Q(E)	QoQ (Change)
Asset	22,855	26,785	31,828	5,043 (18.8%)
Cash and Equivalents ¹	4,483	3,725	5,002	1,278 (34.3%)
Liabilities	7,416	9,520	11,976	2,455 (25.8%)
Borrowings	3,548	6,168	8,153	1,985 (32.2%)
Shareholder's Equity	15,439	17,264	19,852	2,588 (15.0%)

	FY`21	FY`22	`23.1Q(E)	QoQ (Change)
Debt/ Equity	48.0%	55.1%	60.3%	5.2%p
Net Debt/ Equity	△6.1 %	14.2%	15.9%	1.7%p
ROE ²	9.3%	0.4%	0.9%	0.5%p
ROA ³	5.9%	0.2%	0.5%	0.2%p

^{*} Note: 1. Cash and Equivalents = Cash and cash equivalents + Short-term financial instruments + Financial assets at fair value through other comprehensive income;

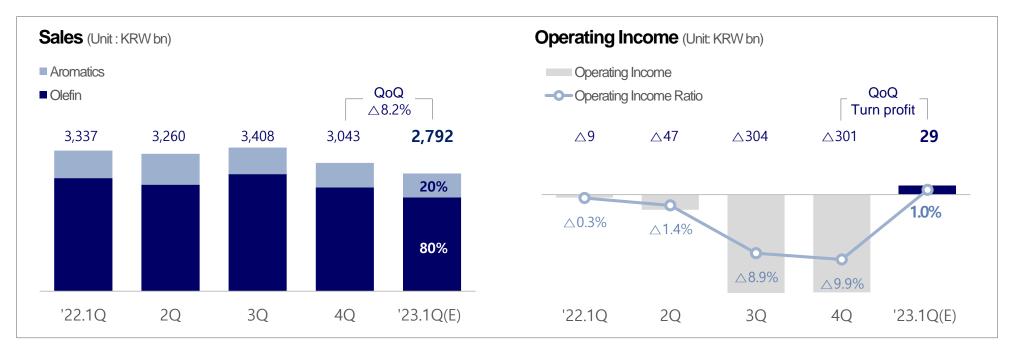
^{2.} ROE = Annualized net income (if quarter result, current quarter*4) / average of beginning & ending shareholder's equity, Net income and shareholder's equity are based on controlling interest base;

^{3.} ROA = Net income (if quarter result, current quarter*4) / average of beginning & ending of assets

1Q 2023 Business Results – Results & Outlook by Business Division



Basic Chemical (Olefin, Aromatics)



1Q Earnings Review

 Turned into profit as market conditions improved due to stabilization of raw material price and expectations of economic recovery in China

2Q Outlook

 Expecting profitability to be similar to last quarter resulting from the global economic recession and continued supply burden, despite anticipating demand improvement due to high seasonality

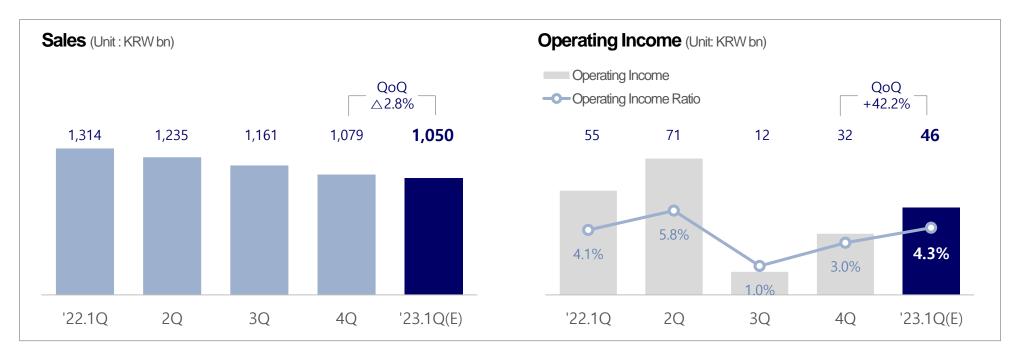
^{*} Note: Simple additions of earnings performance by: Basic Chemical business division (Olefin + Aromatics) and its subsidiaries (KP Chemtech / LOTTE GS Chemical), based on separate earnings of LOTTE Chemical, inter-company transactions included.

^{*} LOTTE Chemical Pakistan's performance excluded from "Profit from Continuing Operations" followed by signing of LCPL Share Purchase Agreement (SPA) in January 2023.

1Q 2023 Business Results - Results & Outlook by Business Division



Advanced Materials



1Q Earnings Review

- Sales decreased due to falling product price driven by weakened global economy
- Profitability improved with stabilization of raw material price and freight cost

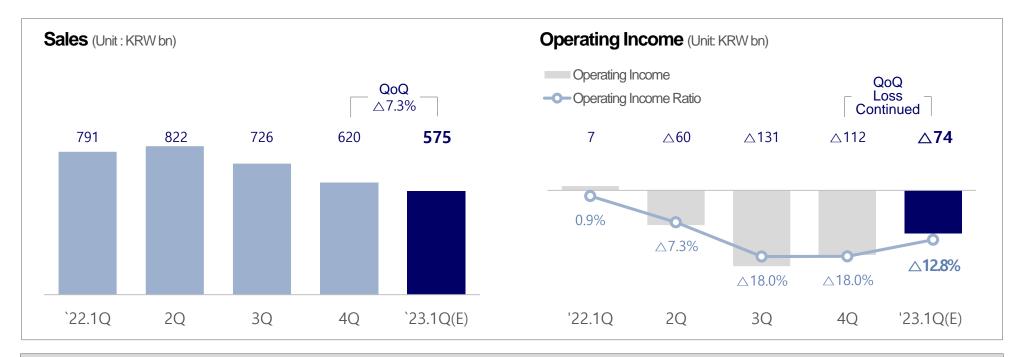
2Q Outlook

 Expecting demand to recover by entering high seasonality, despite global economic recession and continued ABS supply burden within the region

1Q 2023 Business Results – Results & Outlook by Business Division



LC Titan



1Q Earnings Review

- Loss continued due to global recession fears and increased capacity additions within the region
- Profitability slightly improved QoQ due to lower feedstock costs

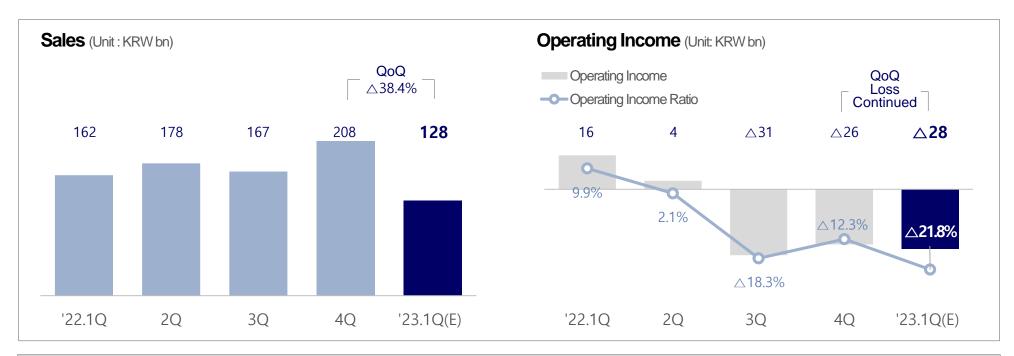
2Q Outlook

 Expecting limited profitability improvement due to supply burden issue from increased capacity additions within SEA region

1Q 2023 Business Results - Results & Outlook by Business Division



LC USA



1Q Earnings Review

 Margin spread improved with ethane price stabilization, but revenue decreased and loss continued due to S/D from cold wave

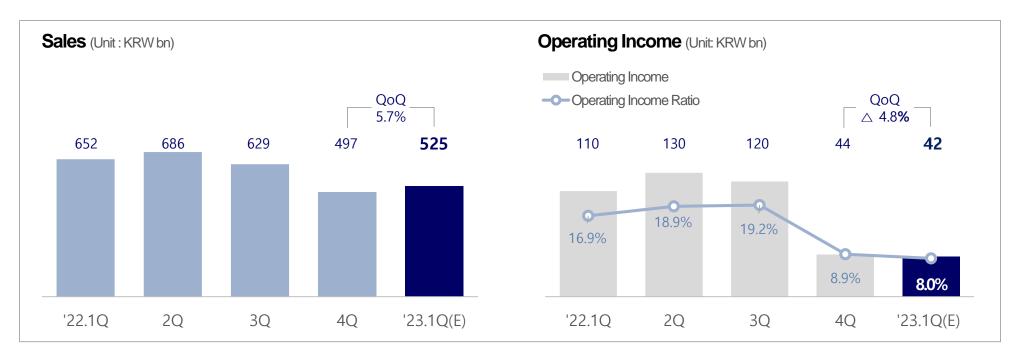
2Q Outlook

- Production capacity and revenue to recover followed by normalization of operation
- Expecting to turn profit with continuous downward stabilization of ethane price

1Q 2023 Business Results - Results & Outlook by Business Division



LOTTE Fine Chemical



1Q Earnings Review

- Sales increased due to normalization of operation after completion of maintenance
- Profitability slightly declined caused by chemical division's weakening product price, despite increasing product price of green materials division

2Q Outlook

- Forecasting chemical division product price to remain weak affected by the economic recession
- Expecting profitability to improve based on solid market demand of green materials division

Major Investment Plan

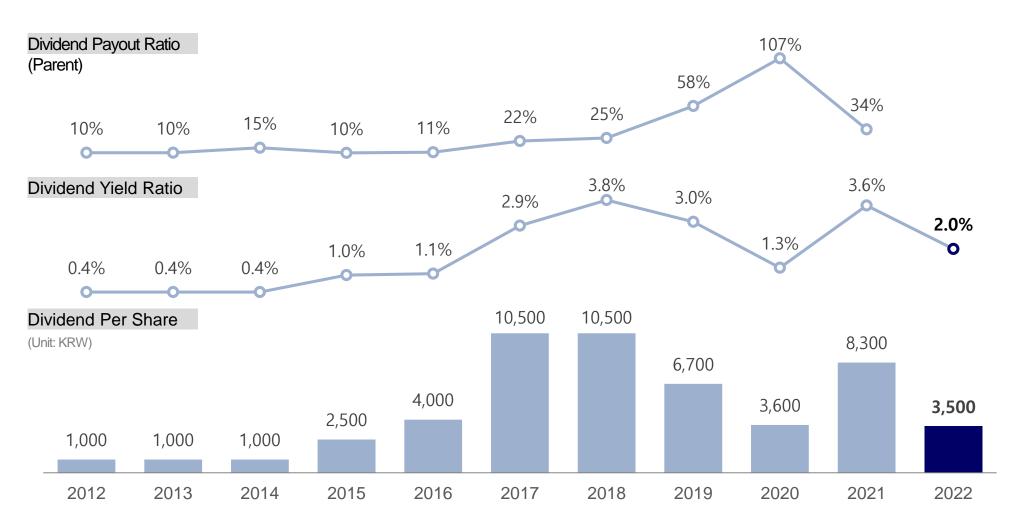
Project	Investment (KRW bn)	Capacity (KTA)	Location	Mechanical Completion (Plan)
LOTTE GS Energy JV	194	BD 90, TBA 70, BN-1 40, MTBE 15	Yeosu, Korea	Commercial Production Start
(51%)	(Total 950) Phenol 350, Acetone 215		Yeosu, Korea	`24. 2H
EV Battery Electrolyte Solvent	350	Total 118 (HP-EC ¹ /DMC ² , HP-EMC ³ /DEC ⁴)	Daesan, Korea	`23. 2H `24. 1H
D-EOA Expansion	250	HPEO 250, EOA 150	Daesan, Korea	`23. 2H
Chemical Recycled PET	77	BHET 45, C-rPET 110	Ulsan, Korea	`24. 2H
LINE ⁵	3.9bn USD	Ethylene 1,000, Propylene 520, PP 250, BD 140	Indonesia	`25. 1H

^{*} Note: 1. High Purified Ethylene Carbonate; 2. High Purified Dimethyl Carbonate; 3. Highly Purified Ethyl Methyl Carbonate; 4. Highly Purified Di Ethyl Carbonate; 5. LOTTE Indonesia New Ethylene

LOTTE Chemical Dividend Policy

LOTTE Chemical basically aims for 30% of payout ratio based on parent company's net profit.

In addition, the company determines it considering dividend stability, investment for corporate value growth and financial stability.



^{*} Note: Dividend payout ratio for FY 2022 not specified, due to negative FY 2022 net income of parent financial statement.

Appendix | Sales by Regions & Products – As of the end of 2022



Sales b	y Proc	lucts
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	LOTTE Chem. +LCTitan +LCPL + LC USA	LOTTE Chem. (Parent)
Korea	33%	41%
China	18%	20%
Asia-Pacific	25%	15%
EU / Africa	12%	12%
America / Middle East	12%	12%
Total	100%	100%

	LOTTE Chem. +LCTitan +LCPL +LC USA	LOTTE Chem. (Parent)
PE	16%	11%
PP	12%	10%
ABS/PC	21%	26%
EO/EG	8%	6%
BD/SM	5%	5%
NC/BTX	15%	17%
PTA/PET	9%	8%
Others	14%	17%
Total	100%	100%

^{*} Note: LOTTE Chemical FY 2022 sales - consolidated 22.3 KRW tn, parent 16.3 KRW tn.

Appendix | Shareholders & Affiliates – As of the end of Mar. 2023

Shareholders

	Shareholders	Shareholding Ratio
	Affiliated	54.54%
	LOTTE Holdings	25.31%
	LOTTE Property & Development	20.00%
	LOTTE Holdings (Japan)	9.19%
	Lotte Foundation for Arts	0.03%
	Others	0.01%
	Free Float	44.24%
Foreign Investors		16.47%
	Treasury Stock	0.67%
	Total	100.00%

Major Affiliates

	Company Name	Shareholding Ratio
	LOTTE Battery Materials USA	100.00%
	LOTTE Chemical USA	90.34%
Subsi- diary	LOTTE Chemical Titan	75.86%
	LOTTE GS Chemical	51.00%
	LOTTE Fine Chemical	44.06%
	LOTTE Versalis Elastomers	50%+1 share
Joint Venture	LOTTE MCC	50.00%
	LOTTE SK Eneroot	45.00%
	Kor-Uz Gas Chemical Investment	49.00%
Related Company	LOTTE E&C	44.02%
	Hyundai Chemical	40.00%

^{*} Note: 1. Jan of 2023, decision to sell all 75.01% LOTTE Chemical Pakistan Limited's shares held by LOTTE Chemical. [Refer to `23.01.16 Disclosure]

2. As LOTTE Fine Chemical was incorporated as consolidated subsidiary, LOTTE Fine Chemical's affiliate, LOTTE INEOS Chemical, was also included in our joint venture affiliate (49.06%)



사랑과 신뢰를 받는 제품과 서비스를 제공하여 인류의 풍요로운 삶에 기여한다

We enrich people's lives by providing Superior products and services that Our customers love trust

