

# 1Q FY17 Business Results

# LOTTE FINE CHEMICAL

April 28<sup>th</sup>, 2017



Since this document has yet to be reviewed by external auditors, please note that the figures in the document may be revised following an independent review.

This document contains forward-looking statements or information that are based on estimates and assumptions.

Please be advised that such forward-looking statements involve known and unknown risks, uncertainties and assumptions, and are subject to change.

The financial information in this document has been prepared in accordance with K-IFRS.

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# I . 1Q FY17 Business Results

## 1. Income Statement

Unit: Bil KRW

	1Q FY16	4Q FY16	1Q FY17	QoQ	YoY
<b>Sales</b>	285.6	247.6	<b>286.6</b>	15.8%	0.4%
<b>Gross Profit</b>	36.0	39.7	<b>46.2</b>	16.4%	28.3%
<b>Operating Profit</b>	▲21.2	16.4	<b>22.1</b>	34.8%	n/a
<b>Pre-tax Income</b>	▲95.9	6.5	<b>24.8</b>	281.5%	n/a
<b>Net Income</b>	▲76.9	2.6	<b>19.5</b>	650.0%	n/a
<b>Oil Price(WTI, \$/bbl)</b>	33.45	49.33	<b>51.93</b>	5.3%	55.2%
<b>Exchange Rate (₩/\$)</b>	1,202.41	1,156.40	<b>1,154.93</b>	▲0.1%	▲3.9%

# I. 1Q FY17 Business Results

## 2. Financial Position

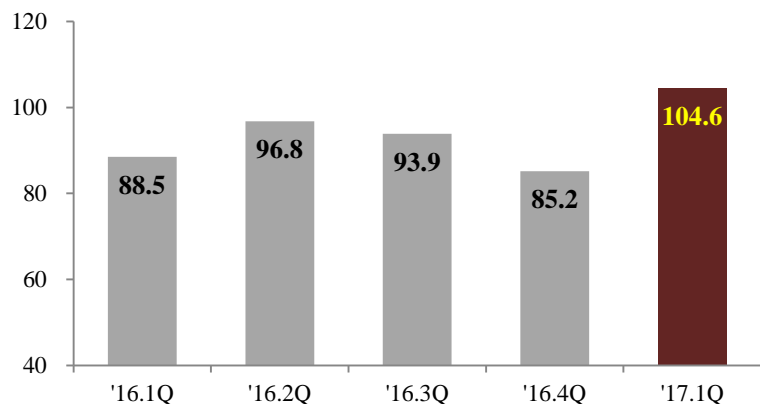
Unit: Bil KRW

	Mar. 2016	Dec. 2016	Mar. 2017
<b>Asset</b>	1,550.2	1,531.0	<b>1,560.1</b>
Cash and Equivalents	201.0	210.1	241.2
<b>Liabilities</b>	476.2	419.3	<b>436.7</b>
Borrowings	309.0	301.4	301.0
<b>Shareholder's Equity</b>	1,074.0	1,111.7	<b>1,123.4</b>
Capital	129.0	129.0	129.0
<b>Debt Ratio</b>	44.3%	37.7%	38.9%
<b>Capital Ratio</b>	69.3%	72.6%	72.0%

# II. Divisional Results : Chlorine

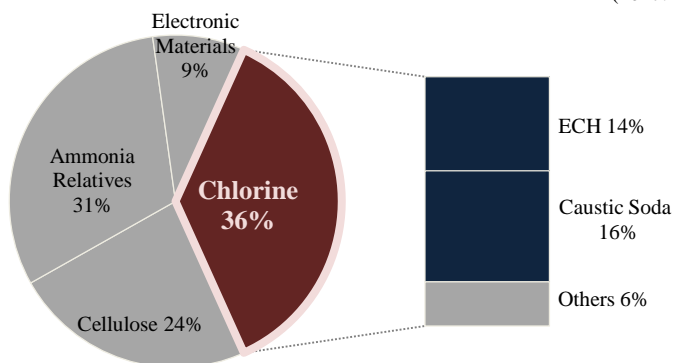
## Sales

(Bil KRW)



## Sales Portion

(2017.1Q)



## Review

Chlorine division has seen its revenues increase thanks to market price recovery of ECH and caustic soda.

- ECH

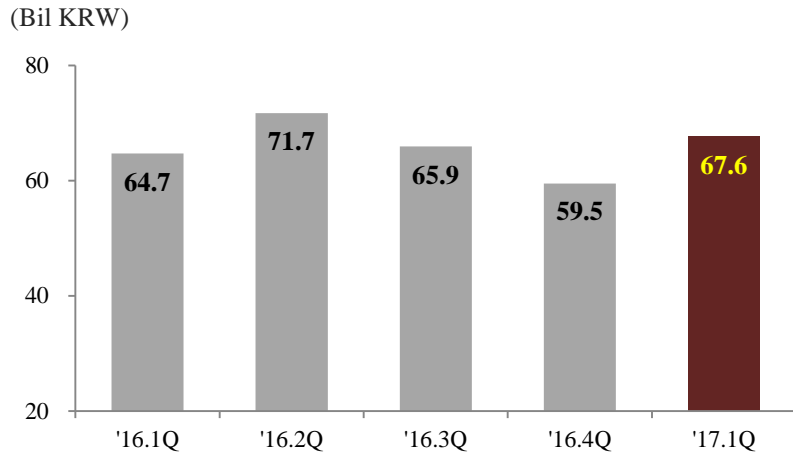
The ECH operation ratio, which was down during Q4, 2016, has been normalized, pushing up the sales volume. The price increase in the international market contributed to sales price recovery and sales improvement QoQ. Although the sales price dropped slightly YoY, the increased sales made up for the drop, pushing up the sales to the similar level.

- Caustic Soda

The price hike, which had started since H2 of 2016, continued into Q1 this year, maintaining the domestic price strong. With normalization of ECH operation ratio, the sales volume of caustic soda has risen, bringing up the sales both QoQ and YoY.

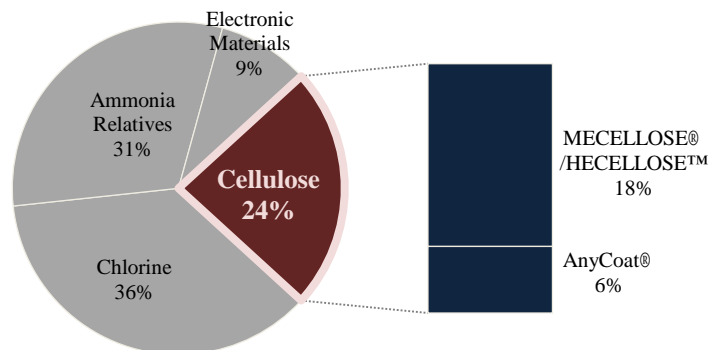
# II. Divisional Results : Cellulose

## Sales



## Sales Portion

(2017.1Q)



## Review

Cellulose division has seen its sales up due to price hike of pulp, the main raw material, and sales volume rise due to seasonality.

- MECELLOSE®, HECELLOSE™

Affected by weak Euro, the sales price fell slightly of the export volume bound for Europe. The sales QoQ, however, rose thanks to volume increase with new customers, and overall volume increased due to the seasonal factor. Despite sales price fell YoY, the volume increase made up for the fall, pushing up the sales to the similar level YoY.

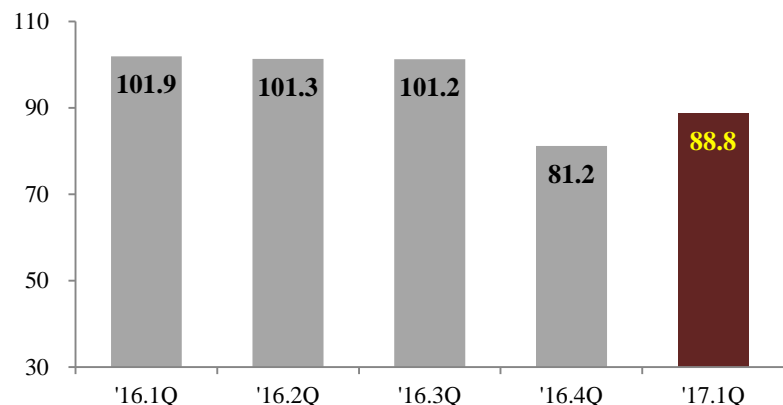
- AnyCoat®

The average sales price fell slightly QoQ due to differences in time of sale among customers, but the increased sales volume pushed up the gross sales. The gross Sales YoY rose thanks to the increases of the contracted volume and the average sale price YoY.

# II. Divisional Results : Ammonia Relatives

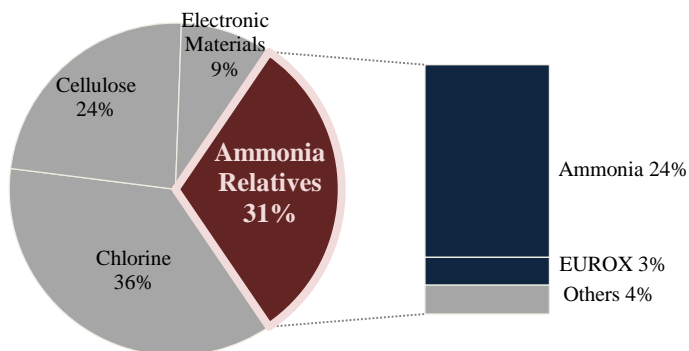
## Sales

(Bil KRW)



## Sales Portion

(2017.1Q)



## Review

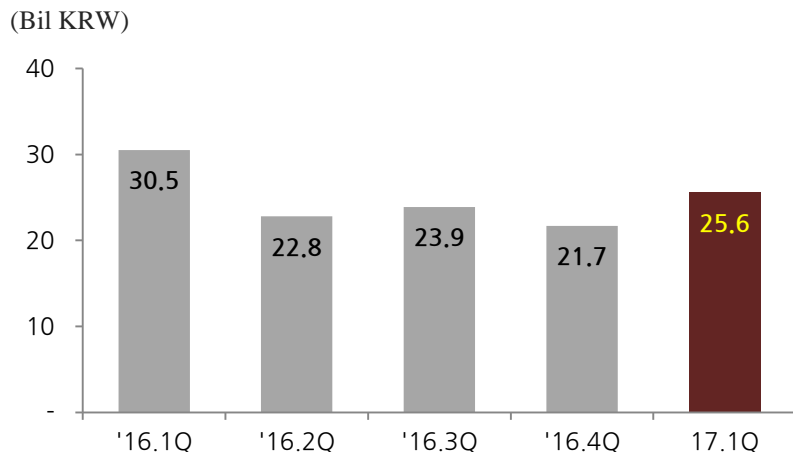
Ammonia division has seen its sales volume recovered thanks to economic turnaround of the downstream industries and its sales rise enabled by price hike.

- Ammonia  
Slight increase in the sales volume and recovery of the price QoQ pushed up the gross sales. Thanks to the downstream industry(Caprolactam) improvement, the sales volume rose YoY, but the international market price cut offset the volume increase, leading to overall sales drop.
- EUROX®  
The sales volume has turned down due to the seasonality in the beginning of the year, pushing down the sales QoQ. With EURO 6 in place, market demand has risen, resulting in sales increase YoY.



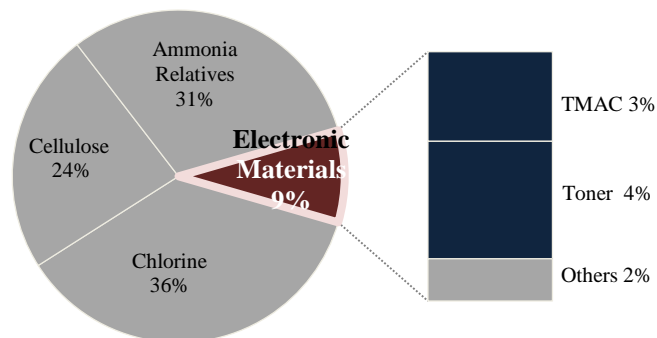
## II. Divisional Results : Electronic Materials

### Sales



### Sales Portion

(2017.1Q)



### Review

Electronic materials division has seen the downstream economies improve and the market price rise, which resulted in sales increase.

- **TMAC**

With continued improvement in downstream businesses, the sales volume was kept similar to the previous quarter. The methanol price hike pushed up the sales price and the gross sales QoQ.

- **Toner**

As the sales volume, which decrease in Q4, 2016, recovered, the sales rose QoQ. The gross sales remained similar QoQ.

- **Others**

Sales slightly dropped due to the utility sales fall since Q1, 2016.

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