

# 2Q FY17 Business Results

# LOTTE FINE CHEMICAL

July 27<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 . 2Q FY17 Business Results

## 1. Income Statement

Unit: Bil KRW

	2Q FY16	1Q FY17	2Q FY17	QoQ	YoY
<b>Sales</b>	292.6	286.6	<b>323.0</b>	12.7%	10.4%
<b>Gross Profit</b>	50.1	46.2	<b>57.8</b>	25.1%	15.4%
<b>Operating Profit</b>	24.5	22.1	<b>33.6</b>	52.0%	37.1%
<b>Pre-tax Income</b>	27.2	24.8	<b>39.5</b>	59.3%	45.2%
<b>Net Income</b>	22.0	19.5	<b>30.5</b>	56.4%	38.6%
<b>Oil Price(WTI, \$/bbl)</b>	45.59	51.93	<b>48.29</b>	▲7.0%	5.9%
<b>Exchange Rate (₩/\$)</b>	1,163.17	1,154.93	<b>1,129.35</b>	▲2.2%	▲2.9%

# I . 2Q FY17 Business Results

## 2. Financial Position

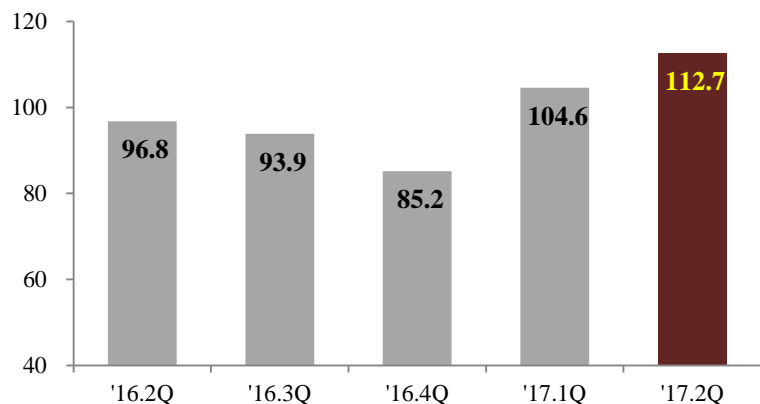
Unit: Bil KRW

	Jun. 2016	Mar. 2017	Jun. 2017
<b>Asset</b>	<b>1,569.4</b>	<b>1,560.1</b>	<b>1,706.6</b>
Cash and Equivalents	227.6	241.2	335.8
<b>Liabilities</b>	<b>473.5</b>	<b>436.7</b>	<b>552.6</b>
Borrowings	305.5	301.0	380.9
<b>Shareholder's Equity</b>	<b>1,095.9</b>	<b>1,123.4</b>	<b>1,154.0</b>
Capital	129.0	129.0	129.0
<b>Debt Ratio</b>	43.2%	38.9%	47.9%
<b>Capital Ratio</b>	69.8%	72.0%	67.6%

# II. Divisional Results : Chlorine

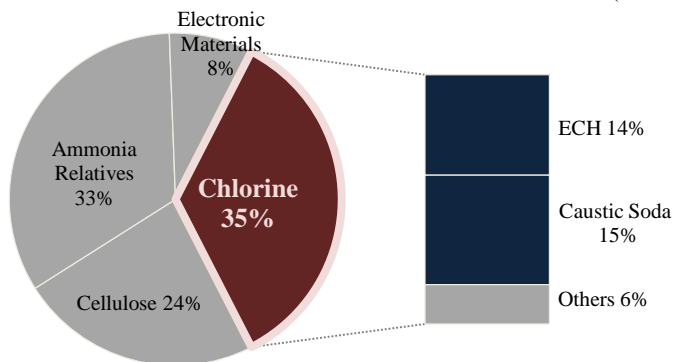
## Sales

(Bil KRW)



## Sales Portion

(2017.2Q)



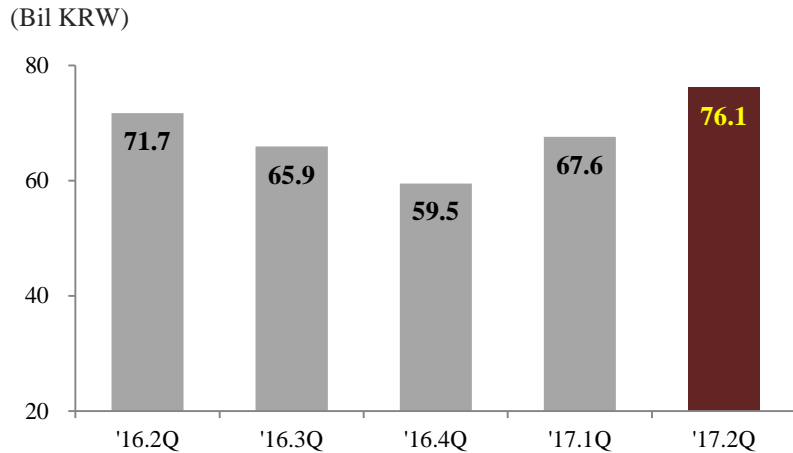
## Review

Revenues increased due to sales volume increase enabled by ECH seasonality and market price recovery of caustic soda

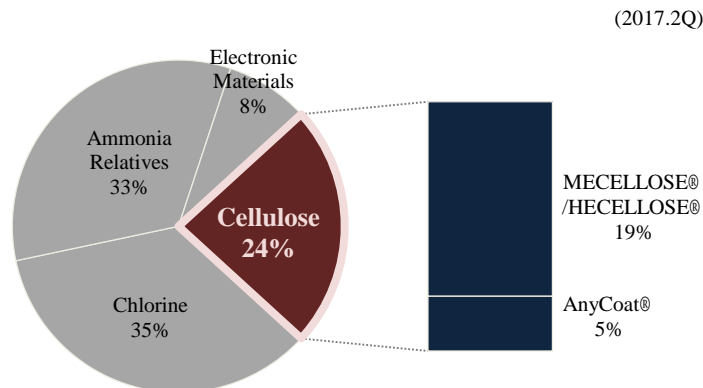
- ECH  
Revenues improved QoQ and YoY thanks to the downstream business enjoying its high season. The international market price remained almost same, while the price of propylene was downwardly stabilized due to the weak oil price, pushing profit improvement QoQ and YoY.
- Caustic Soda  
Caustic soda supply is still under constraint due to environment regulations, while its price remained strong thanks to demand increase for such as Aluminum, pushing revenue figures up QoQ and YoY.

# II. Divisional Results : Cellulose

## Sales



## Sales Portion



## Review

Revenues increased due to sales volume increase of MECELLOSE and HECELLOSE enabled by their seasonal factor in Q2

- MECELLOSE®, HECELLOSE®

Revenues rose YoY driven by volume increase enabled by seasonality and sales created and expanded by new customers.

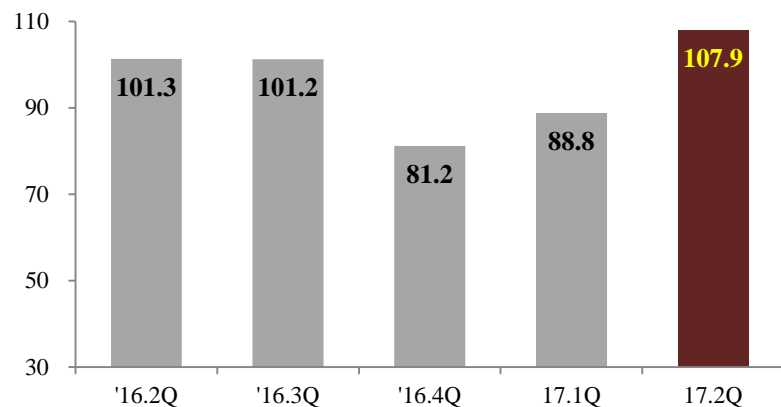
- AnyCoat®

The market price rose, making up for the sales volume fall QoQ, which was due to a quarterly volume gap, maintaining the revenues to the previous quarter level.

## II. Divisional Results : Ammonia Relatives

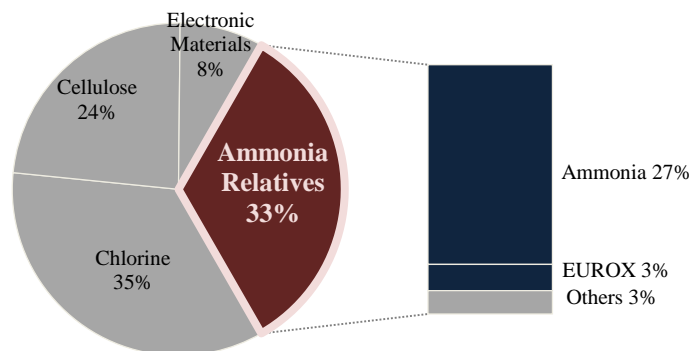
### Sales

(Bil KRW)



### Sales Portion

(2017.2Q)



### Review

The revenues increased thanks to the strong market price of Ammonia and the volume hike of EUROX

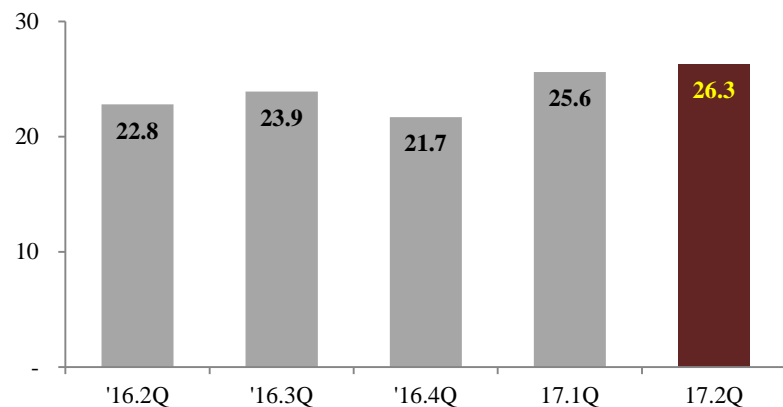
- Ammonia  
The revenue increased QoQ enabled by the purchase price hike following its international market price rise due to sharp upturn of spot trades in the Middle East. The revenues increased thanks to the volume increase following demand recovery (by Caprolactam) YoY.
- EUROX®  
The revenues increased QoQ following the seasonal volume increase. The revenues rose with the volume increase thanks to the demand hike YoY.



## II. Divisional Results : Electronic Materials

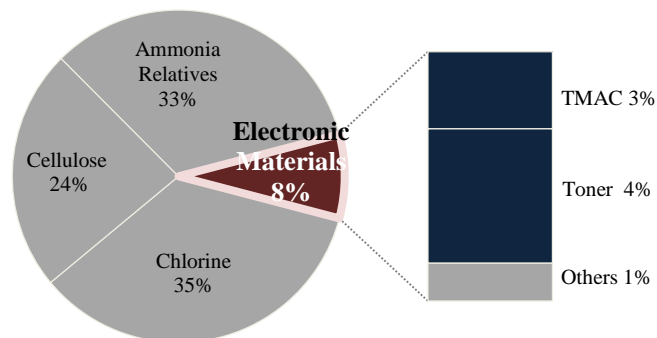
### Sales

(Bil KRW)



### Sales Portion

(2017.2Q)



### Review

The revenues remained similar to the previous quarter level based on TMAC and toner having their sales flow protected.

- TMAC

The revenues dropped QoQ as affected by the sales price down following the price fall of methanol, the source material.

- Toner

The revenues increased QoQ and YoY with increased sales volume for toner following the increased demand observed in the downstream business.

# Appendix. 1H FY17 Performance

Unit: Bil KRW

	1H FY16	1H FY17	YoY
<b>Sales</b>	578.1	<b>609.7</b>	5.5%
<b>Gross Profit</b>	86.1	<b>104.0</b>	20.8%
<b>Operating Profit</b>	3.3	<b>55.7</b>	1587.9%
<b>Income Before Tax</b>	▲68.7	<b>64.3</b>	Turned to profit
<b>Net Income</b>	▲54.9	<b>50.0</b>	Turned to profit
<b>Oil Price(WTI, \$/bbl)</b>	39.52	50.11	26.8%
<b>Exchange Rate (₩/\$)</b>	1,182.79	1,142.14	▲3.4%

**Thank you**

**LOTTE FINE CHEMICAL**