

SolutionPartner

LG Chem, Ltd.

Nov 2007



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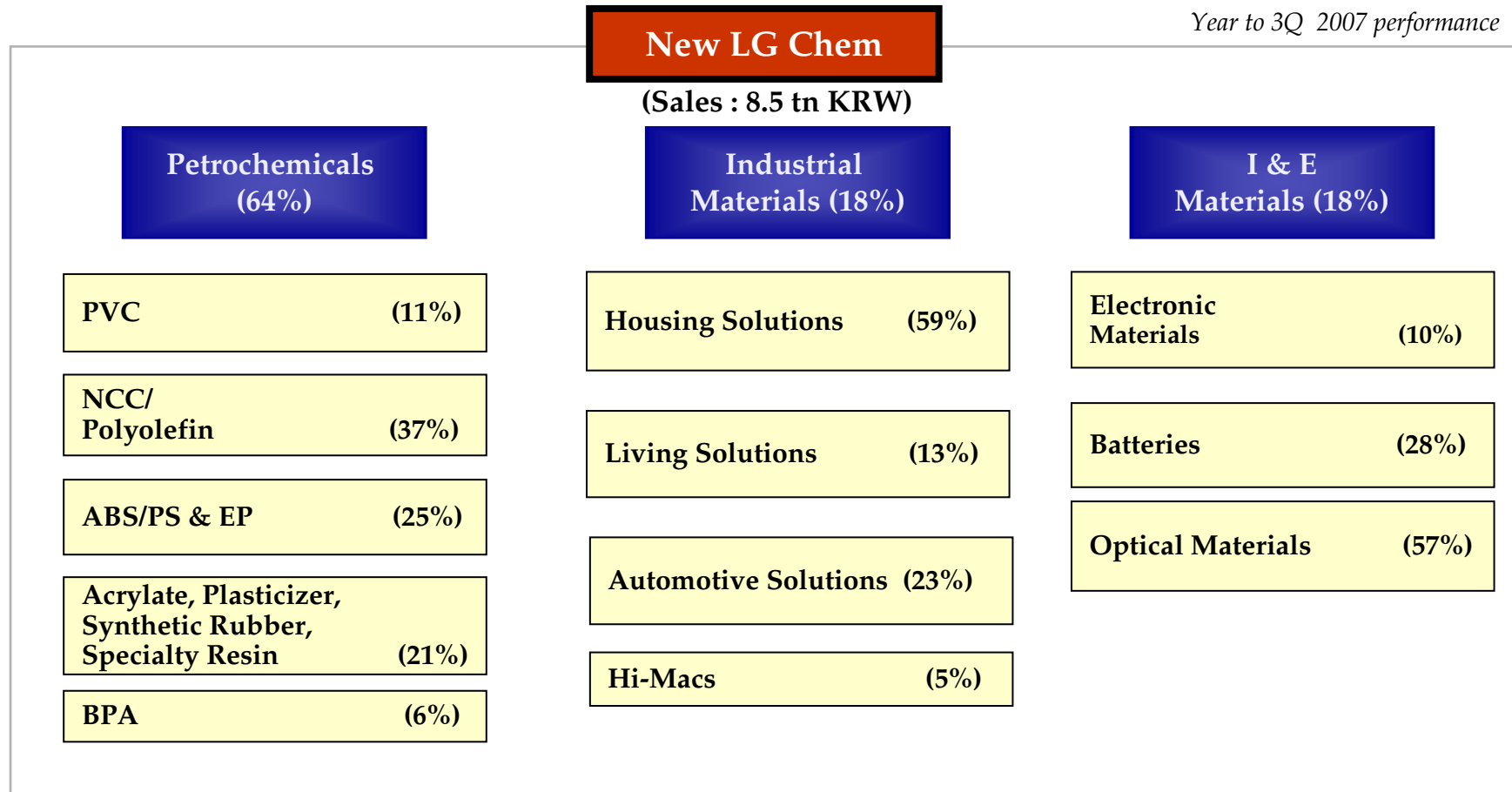
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I. Overview

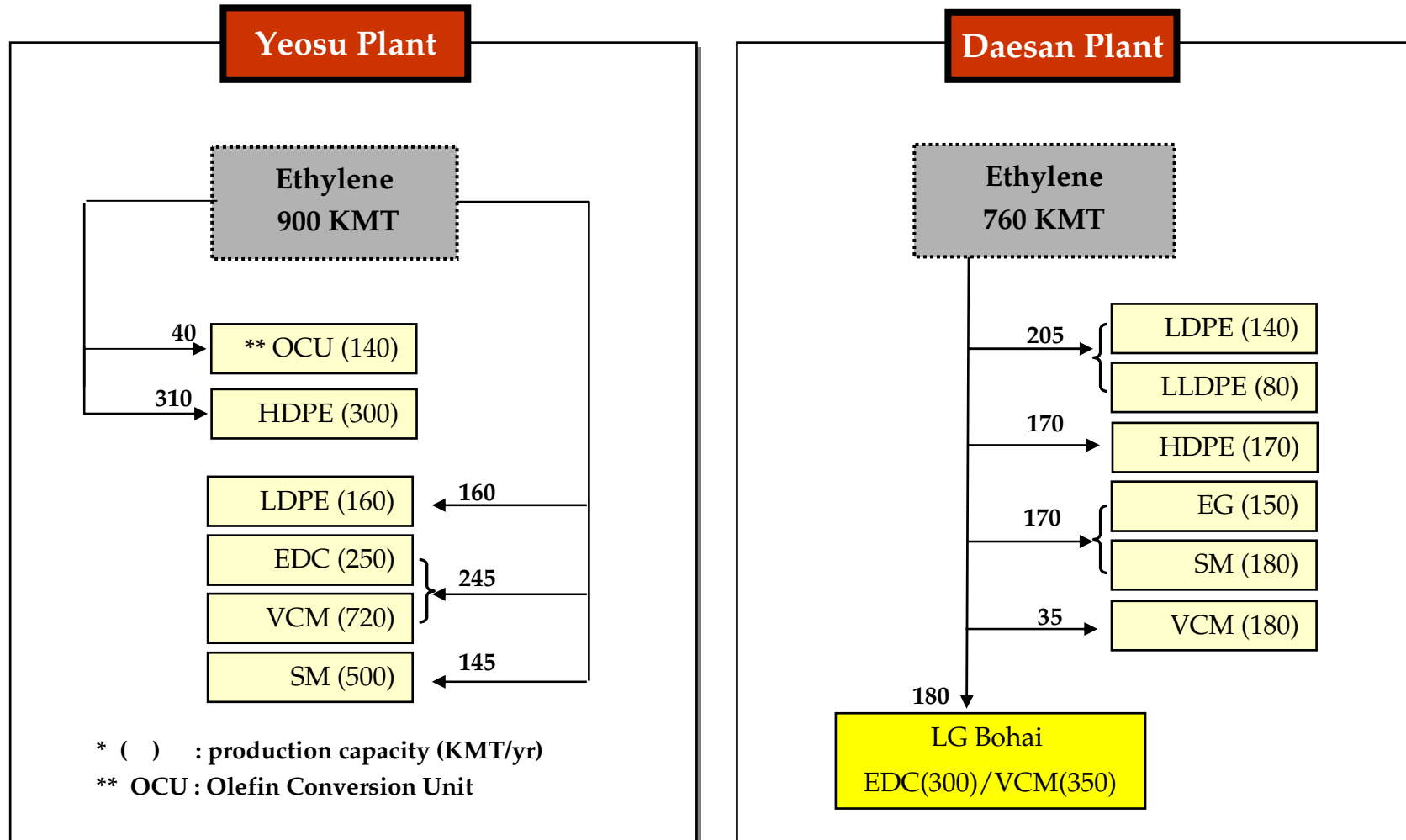
Post-merger Business portfolio

Year to 3Q 2007 performance



- ◆ Petrochemicals : PVC, Plasticizer, ABS/PS, Acrylate, PO, EP, Specialty resin, NCC, Synthetic rubbers, BPA
- ◆ Industrial materials : Housing solutions (PVC window frame, Floorings), Living solutions, Automotive solutions, HI-MACS
- ◆ I & E materials : Rechargeable batteries, Optical materials (Polarizer film for TFT-LCD, PDP filter), Electronic materials (Color filter photo resist)

Vertical integration (Ethylene)



Forecasted ethylene balance in 2008



Proforma Financial statements

Year to 3Q 2007 performance

Income statement

(Unit : KRW bn)	LGC	LGPC	Post-merger
Sales	7,791.6	1,901.7	8,503.3
Operating Profit	542.4	304.1	836.0
(%)	(7.0)	(16.0)	(9.8)
Recurring Profit	645.2	312.1	873.9
(%)	(8.3)	(16.4)	(9.9)
Equity-method Gains	157.8	0.4	85.4
Net Income	560.3	228.5	705.5

Balance sheet

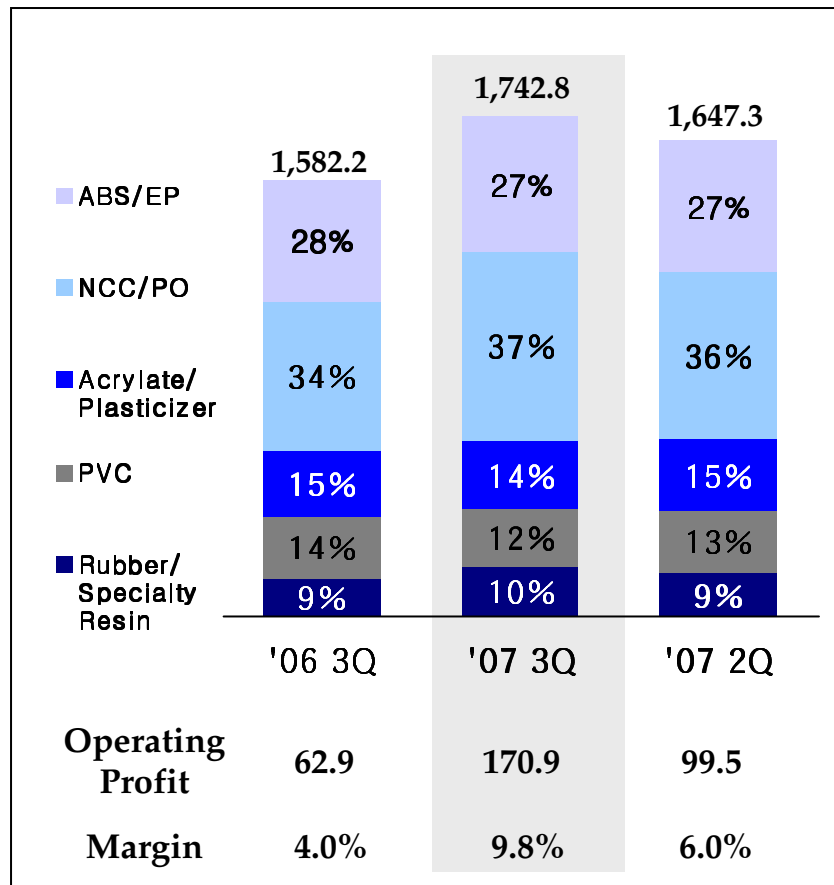
(Unit : KRW bn)	LGC	LGPC	Post-merger
Assets	6,241.3	1,416.6	6,640.2
(Cash and equivalents)	127.1	358.5	135.6
Liabilities	3,080.4	383.3	2,913.1
(Borrowings)	1,495.9	7.5	1,153.3
Shareholder's Equity	3,160.9	1,033.3	3,727.1
Total Liabilities / Equity (%)	97.5	37.1	78.2
Debt / Equity (%)	47.3	0.7	30.9
ROE (%)	26.0	24.2	27.5
EBITDA	901.1	345.1	1,140.6
CAPEX	346.7	51.4	398.1



Business results

Analysis

(Unit : KRW bn)



• Analysis (3Q)

■ Strong polyolefin prices and decreased depreciation expenses resulted remarkable improvement in profitability for NCC/PO

- Ethylene : US\$ 1,050 ('07 2Q)→ 1,206 ('07 3Q)
- LDPE : US\$ 1,364 ('07 2Q)→ 1,496 ('07 3Q)
- PP : US\$ 1,282 ('07 2Q)→ 1,361 ('07 3Q)

■ Firm global demand led continuous increase of PVC price

- PVC : US\$ 928('07 2Q)→ 1,011('07 3Q)

■ Seasonal demand pick-up and stabilization of raw material price helped improve profitability for ABS/EP

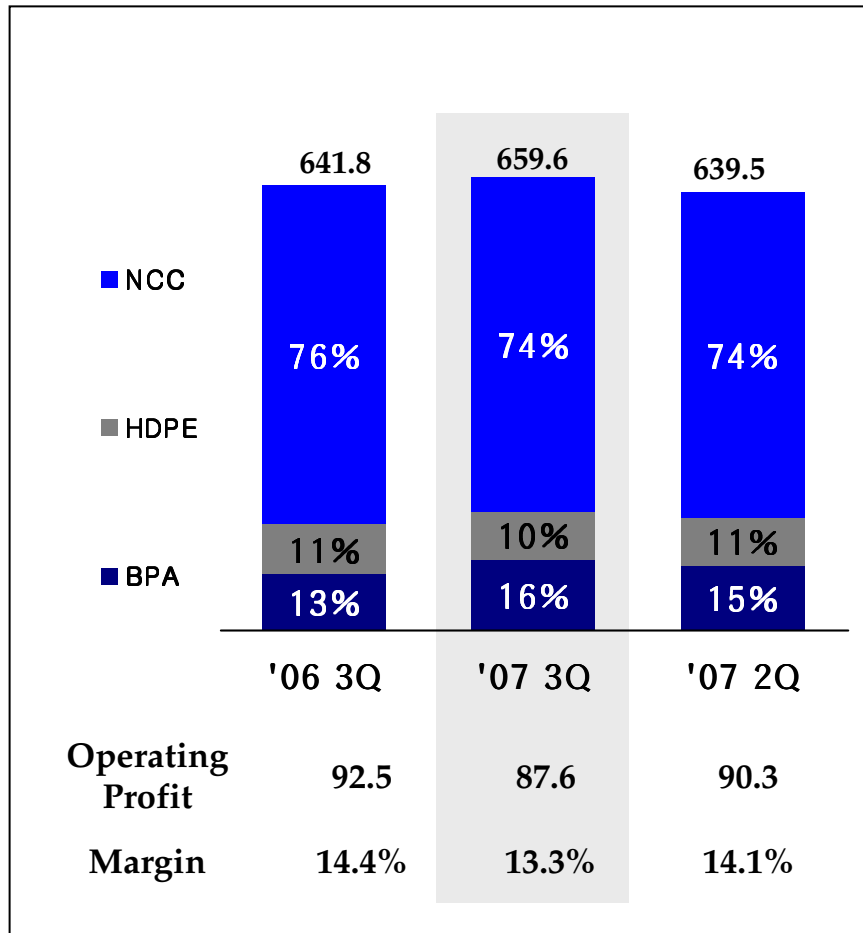
• Outlook

■ Solid spreads for PVC/ABS are expected



Business results

(Unit : KRW bn)



Analysis

• Analysis (3Q)

▣ Despite high naphtha price, NCC resulted solid performance thanks to strong ethylene market

▣ BPA continues to show strong margin

• Outlook

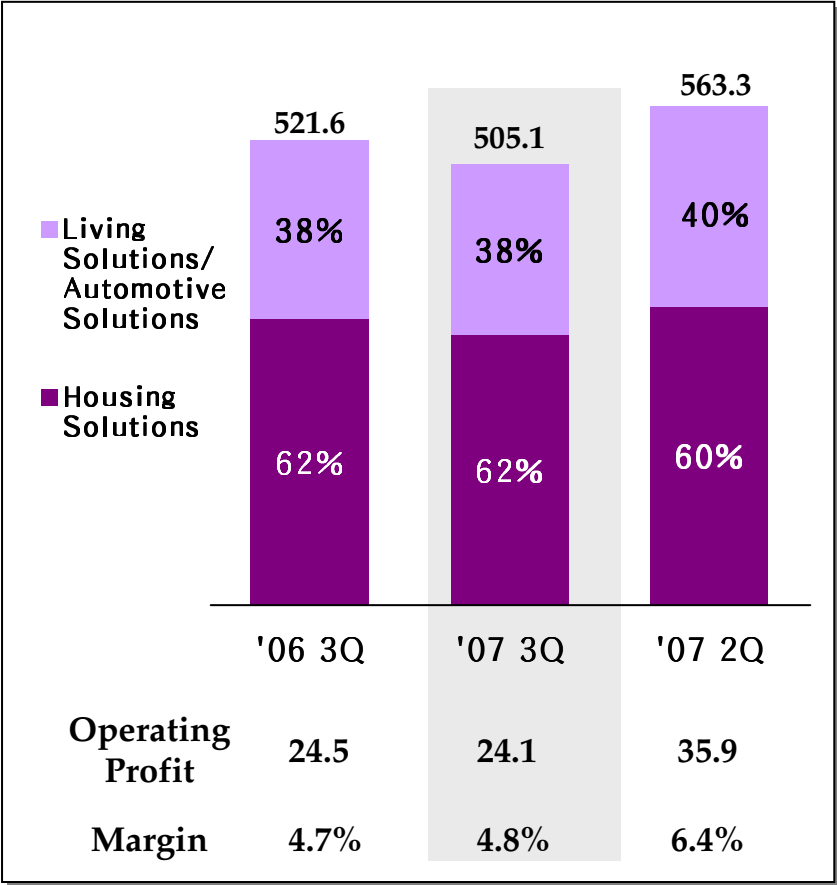
▣ Expects sustainable earnings driven by tight supply-demand balance for 1H

▣ Middle East expansions are scheduled to be on stream from 2H



Business results

(Unit : KRW bn)



Analysis

• **Analysis (3Q)**

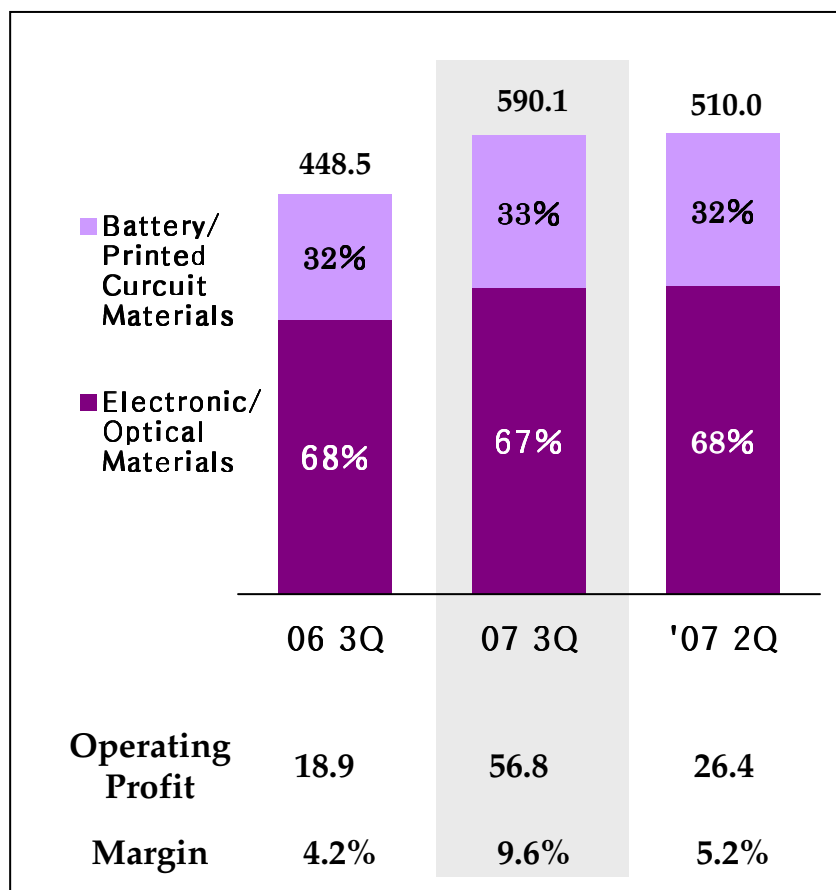
- Worsen margin in Housing Solutions (HS) due to sluggish construction markets
- Weak margin in Living Solutions (LS) by high raw material cost and KRW appreciation
- Automotive Material Solutions (AMS) sales and margin declined due to weak seasonal demand

• **Outlook**

- Continuing cost reduction activities in HS
- Sales improve in AMS due to normalizing auto industry

Business results

(Unit : KRW bn)



Analysis

• **Analysis (3Q)**

■ **Battery : Turned to profit in 3Q**

- Cylindrical : Tight supply/demand balance led price increase & full utilization
- Prismatic : Increased sales to LGE moved up utilization
- Polymer : Maintained full utilization

■ **Electronic & optical : Strong improvement**

- Solid LCD market resulted in sales increase & stopping price competition
- Additional profit gain by Japanese yen appreciation

• **Outlook**

■ **Battery : Continue robust profit**

- Cylindrical : Shortage expected due to plant trouble of Matsushita
- Prismatic : Close to getting order from top-tier customer

■ **Electronic & optical : Continuous improvement**

- Expect stable growth in LCD market
- Aggressive promotion to Taiwan market & new customers



Business performance (Divisional)

Appendix

(Unit : KRW bn)

	2006					2007				
	1Q	2Q	3Q	4Q	Sum	1Q	2Q	3Q	4Q	Sum
Sales	2,129.1	2,272.5	2,482.5	2,418.2	9,302.3	2,380.0	2,644.9	2,766.6		7,791.6
Operating Profit	65.6	48.1	107.1	112.3	333.9	127.0	162.6	252.5		542.4
Petrochemicals	1,364.8	1,429.6	1,582.2	1,508.2	5,884.8	1,498.3	1,647.3	1,742.8		4,888.4
NCC/PO	498.4	495.8	567.7	561.0	2,122.9	483.5	637.4	715.6		1,836.5
Synthetic Rubber/ Specialty Resin	132.6	149.1	142.2	146.1	570.0	153.2	168.2	184.7		506.1
PVC	187.5	197.7	231.2	210.4	826.8	206.3	229.3	220.0		655.6
ABS/EP	440.0	436.9	453.6	454.5	1,785.0	495.1	489.3	511.5		1,495.9
Acrylate/Plasticizer	206.9	216.0	248.6	238.5	910.0	267.4	269.3	256.7		793.5
Operating Profit	27.5	-5.5	62.9	85.1	170.0	89.0	99.5	170.9		359.5
Industrial Materials	476.0	543.3	521.6	546.9	2,087.8	499.8	563.3	505.1		1,568.3
Building/Decorative	253.7	314.1	323.3	321.4	1,212.5	291.5	339.7	316.2		947.4
Living/Automotive	224.1	231.7	200.4	227.2	883.4	209.8	225.5	190.7		626.0
Operating Profit	27.4	41.9	24.5	24.0	117.9	30.1	35.9	24.1		90.1
I & E Materials	361.2	370.4	448.5	430.6	1,610.7	438.1	510.0	590.1		1,538.2
Battery/PCM	108.6	120.8	142.6	135.7	506.3	143.8	171.6	190.3		505.7
Optical/Electronic	254.8	253.3	309.5	298.2	1,197.1	298.8	346.8	410.6		1,056.2
Operating Profit	10.5	13.1	18.9	6.1	48.7	7.3	26.4	56.8		90.5

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.



(Unit : KRW bn)

		'05 Results	'06 Results	'07 Plan	'07 3Q
Petrochemicals	New/Expansion	23.7	118.2	180.6	97.2
	Maintenance	69.1	83.6	59.8	46.2
	Equity Investment	41.2	39.0	7.5	16.4
	Total	134.0	240.8	247.9	159.8
Industrial Materials	New/Expansion	17.1	14.5	44.9	9.8
	Maintenance	49.1	56.4	53.1	40.0
	Equity Investment	3.5	9.9	9.7	-
	Total	69.6	80.8	107.7	49.8
I & E Materials	New/Expansion	147.4	121.9	150.2	33.2
	Maintenance	39.0	37.6	33.2	26.0
	Equity Investment	20.5	8.2	8.5	4.6
	Total	206.9	167.8	191.9	63.8
Common Expenses	New/Expansion	-	-	7.5	0.7
	Maintenance	88.0	87.1	116.5	72.6
	Equity Investment	3.2	14.0	-	-
	Total	91.3	101.1	124.0	73.3
Total	New/Expansion	188.2	254.6	383.2	141.0
	Maintenance	245.2	264.7	262.6	184.8
	Equity Investment	68.5	71.2	25.7	21.0
	Total	501.8	590.5	671.5	346.7



Borrowings

(Unit : KRW bn)

	Balance			'07 (P)
	'06	'07 3Q	Changes	
Total	1,585.3 (100%)	1,504.8 (100%)	-80.5	1,578.5 (100%)
KRW Currency	1,269.2 (80%)	1,136.5 (76%)	-132.7	1,206.5 (78%)
C P	25.0	110.0	85.0	-
C B	1,080.0	780.0	-300.0	1,080.0
Others	164.2	246.5	82.3	126.5
Foreign Currency	316.1 (20%)	368.3 (24%)	52.2	372.0 (23%)
FRN	213.9	276.2	62.3	269.7
Others	102.2	92.1	-10.1	102.3
Short-term	465.9 (29%)	454.1 (30%)	-11.8	386.2 (24%)
Long-term	1,119.4 (71%)	1,050.7 (70%)	-68.7	1,212.3 (76%)

☞ The % is calculated to total borrowings
Discounts of bond is not included

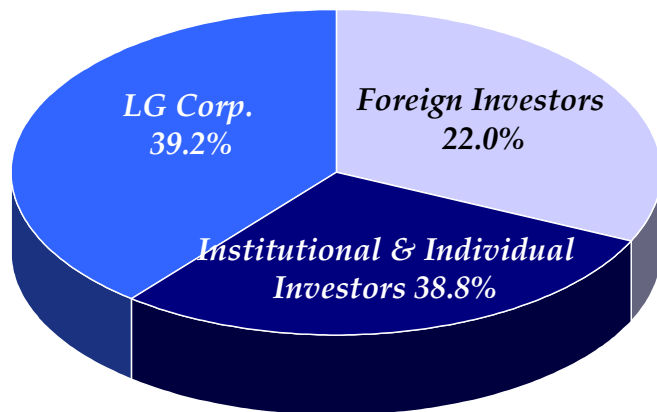
Cash Flow

(Unit : KRW bn)

	'06	'07 3Q
Beginning	317.0	115.8
Operating/Investing	115.8	160.7
Net Income	318.8	559.3
Depreciation	502.2	338.0
Working Capital	-178.5	-311.4
CAPEX	-590.5	-346.7
Others	63.9	-78.5
Financing	-370.9	-153.4
Borrowings	-279.9	-80.5
Dividend	-91.0	-72.9
End	115.8	123.1



Shareholders & Market Cap



Common Stock as of Oct 31, 2007

(Unit : KRW)

	No. of Shares	Oct 31, '07	
		Price	Market Cap
Common	64,425,064	111,500	7.2 tn
Preferred	8,661,251	44,850	0.4 tn
Total	73,086,315		7.6 tn

Par value : KRW 5,000

GDR Info.

Listed in LSE
144A GDR
Reg.S GDR

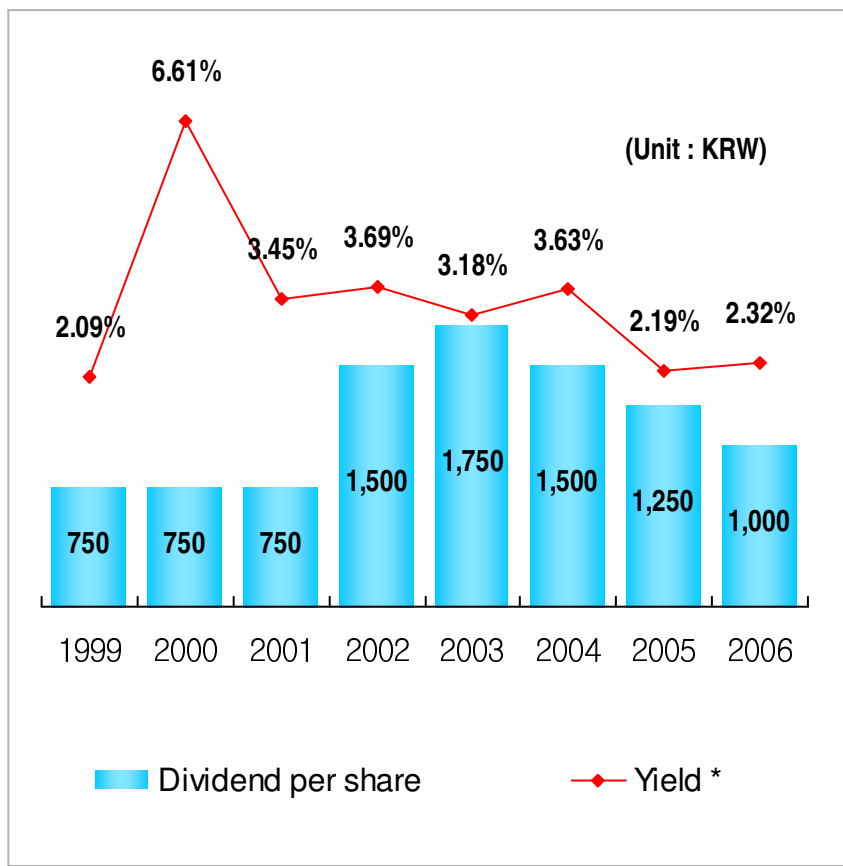
ORD:GDR Ratio: 1:2
Exchange: PORTAL
Ticker: LGCLY US
ISIN: US5019551085

Exchange: London Stock Exchange
Ticker: LGCD LI
ISIN: US5019551085

* The exchange, ticker and ISIN info will not change and remain the same as long as there are no change on the listing status.



Dividend History



Dividend Policy

Expected Dividend =
Approximately 30% × Adjusted Net-income *

+

α

* Adjusted Net-income =

+	Net-income
+	Dividend revenues
-	Equity-method gains
-	Legal reserves

* Yield was calculated based on the year-end price of common stock



Production capacity by product

Appendix

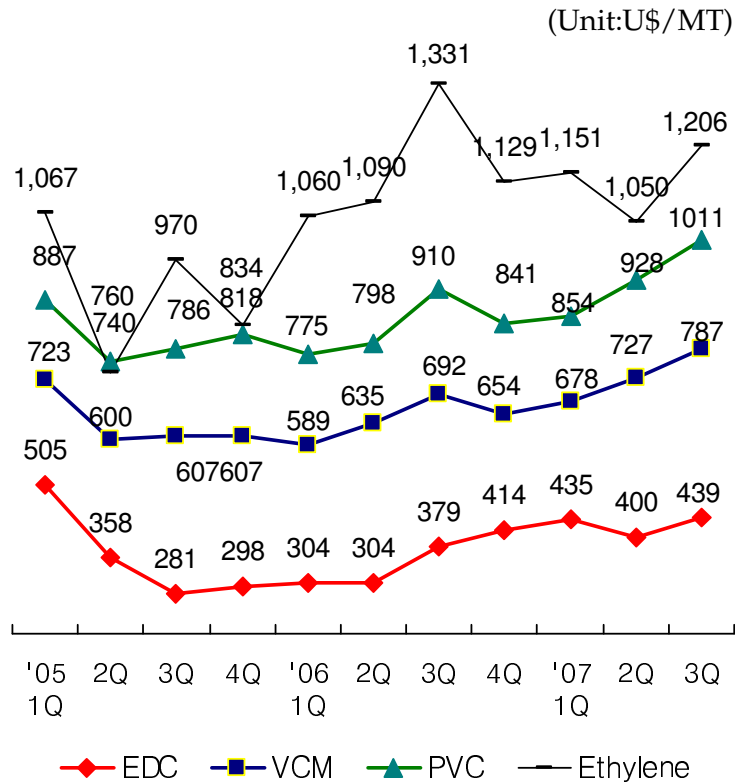
Item	Location	'04	'06	'07	'08
Ethylene	Yeosu	760	860	900	900
	Daesan	450	500	760	760
	Total	1,210	1,360	1,660	1,660
Propylene	Yeosu	370	550	580	580
	Daesan	225	250	380	380
	Total	595	800	960	960
LDPE	Yeosu	156	156	160	160
	Daesan	125	138	140	140
	Total	281	294	300	300
HDPE	Yeosu	300	310	310	330
	Daesan	140	162	170	170
	Total	440	472	480	500
LLDPE	Daesan	80	80	80	80
EG	Daesan	125	125	125	125
PP	Daesan	250	270	270	300
PVC	Yeosu	560	560	560	560
	Daesan	200	200	200	200
	China	350	350	350	360
	Total	1,110	1,110	1,110	1,120
VCM	Yeosu	720	720	720	720
	Daesan	180	180	180	180
	China	0	0	350	360
	Total	900	900	1,250	1,260
EDC	Yeosu	250	250	250	260
	China	0	0	300	320
	Total	250	250	550	580
NaOH	Yeosu	200	200	200	200
	China	0	0	250	260
	Total	200	200	450	460

(Unit : KMT/Yr)

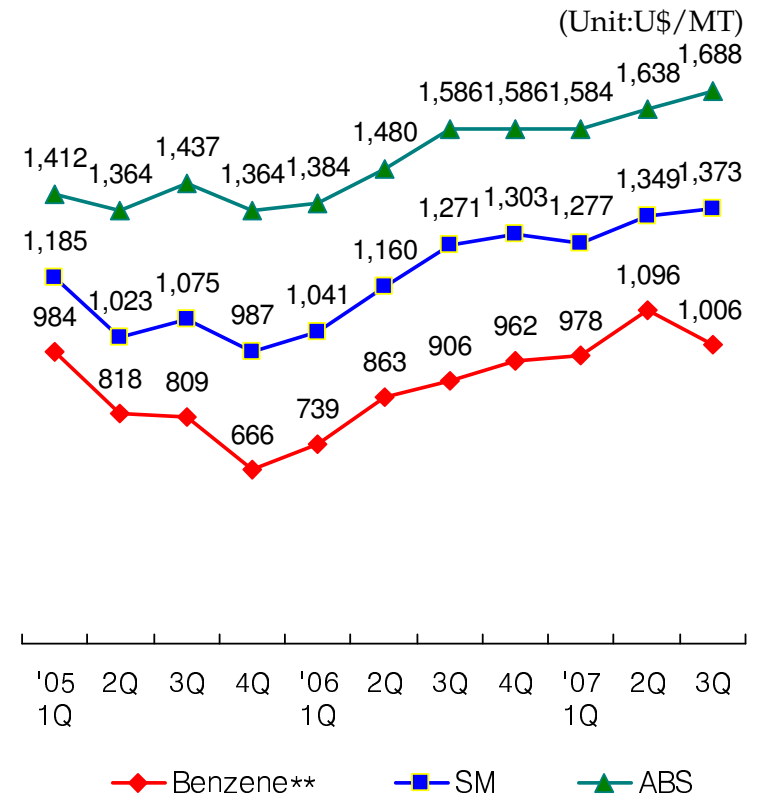
Item	Location	'04	'06	'07	'08
BZ	Yeosu	200	225	226	226
	Daesan	180	190	280	280
	Total	380	415	506	506
BD	Yeosu	135	135	145	145
	Daesan	70	70	120	120
	Total	205	205	265	265
ABS	Yeosu	550	550	560	560
	Ningbo	300	460	500	500
	Total	850	1,010	1,060	1,060
PS	Yeosu	210	150	150	150
	India	80	80	80	80
	Total	290	230	230	230
EPS	Yeosu	84	84	84	84
	India	16	16	16	16
	Total	100	100	100	100
SM	Yeosu	500	500	500	500
	Daesan	150	150	150	150
	Total	650	650	650	650
Oxo- Alcohol	Korea	295	295	295	295
Plasticizer	Korea	255	255	212	212
	Vietnam	40	40	40	40
	Total	295	295	252	252
Acrylic Acid	Korea	160	160	160	160
Rubber	Korea	116	185	230	230
Phenol	Yeosu	0	180	180	240
BPA	Yeosu	0	130	130	260



Vinyls



Styrenics

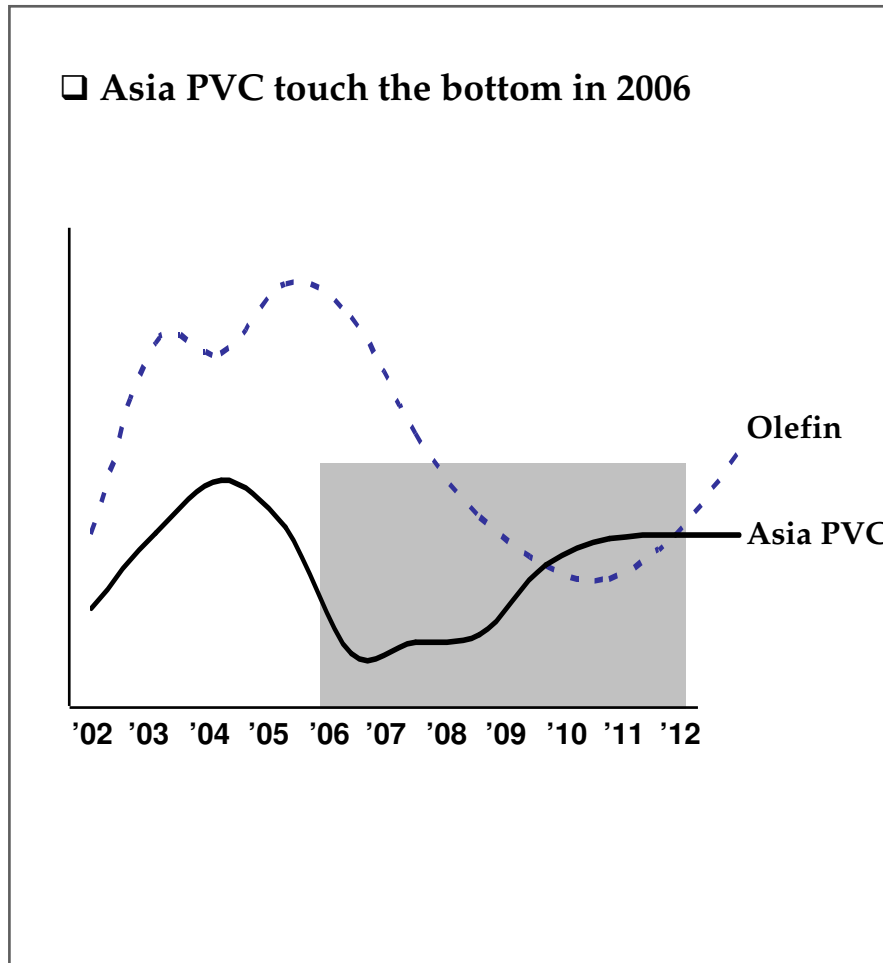


• The prices are average price of CFR FE Asia for general grade in each product group.

** Average of FOB Korea price

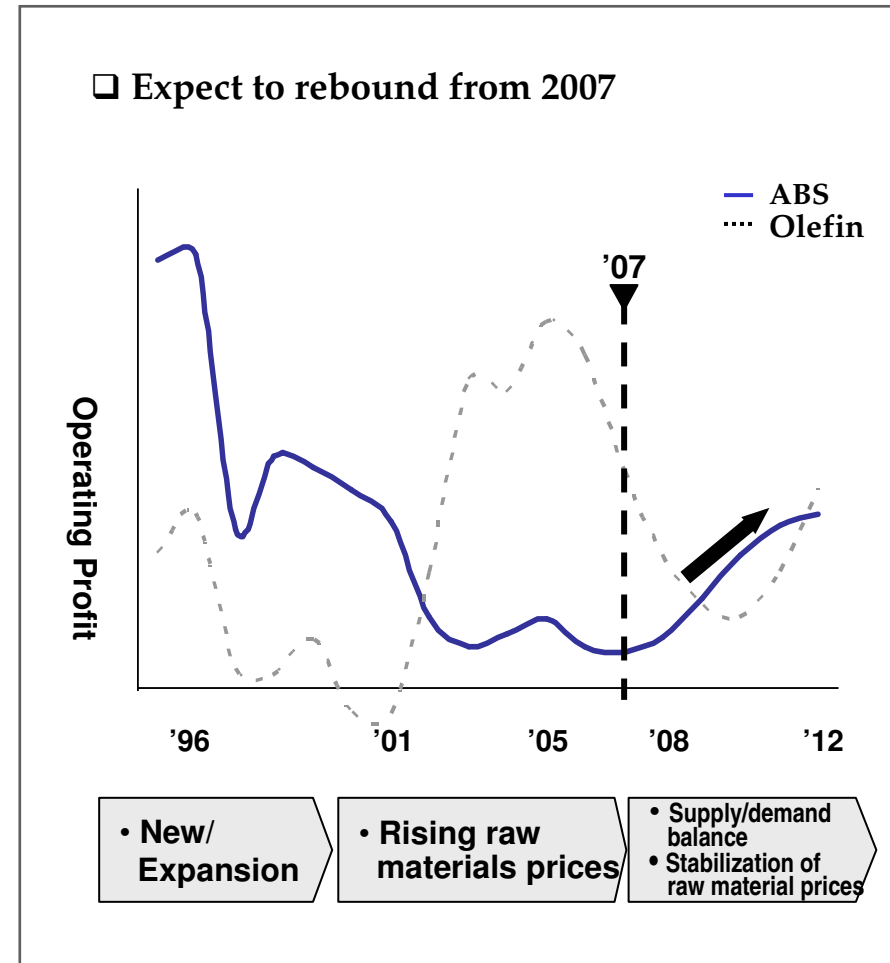


PVC



Source : CMAI2007

ABS



Source : CMAI2007

