

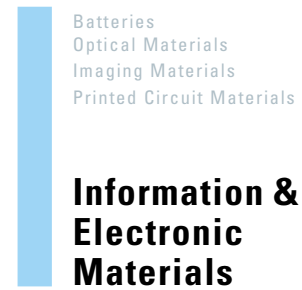
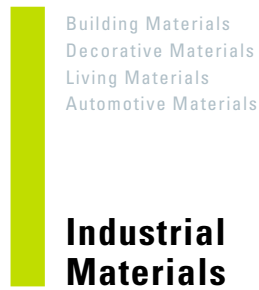
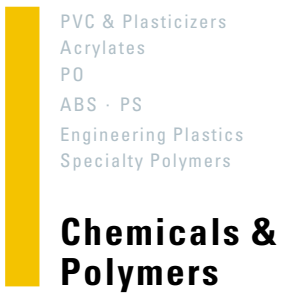
**LG Chem has led the Korean chemical industry with**

cutting-edge technology from constant R&D since founding LG Chemical Ltd. in 1947. The establishment of a holding company structure was completed in March 2003, enabling LG Chem to focus its respective competencies on core strategic business lines. The groundwork has thus been laid for increasing both corporate and shareholder value over the long term.

**LG Chem's competitiveness is being strengthened by**

offering leading solutions in three mainstay areas: chemicals & polymers, industrial materials and information & electronic materials—a strategic area being cultivated for the future. In 2003, the company continued to innovate and improve the financial structure to achieve a new growth surge. A progressive globalization program is in place to solidify LG Chem's leadership in the global arena. To this end, competitiveness is being improved and aggressive investment is being made to secure an early lead in the Chinese market, which represents huge growth potential.

## BUSINESS DOMAIN



## 2003 FINANCIAL HIGHLIGHTS

### KEY FIGURES

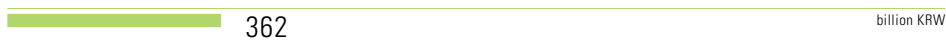
#### > > SALES



#### > > OPERATING INCOME



#### > > NET INCOME



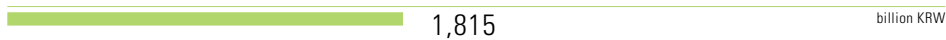
#### > > TOTAL ASSETS



#### > > TOTAL LIABILITIES



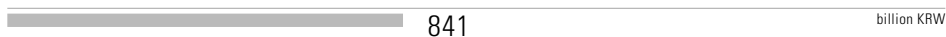
#### > > TOTAL SHAREHOLDER'S EQUITY



#### > > EBITDA



#### > > CAPITAL EXPENDITURES



#### > > CAPEX/EBITDA



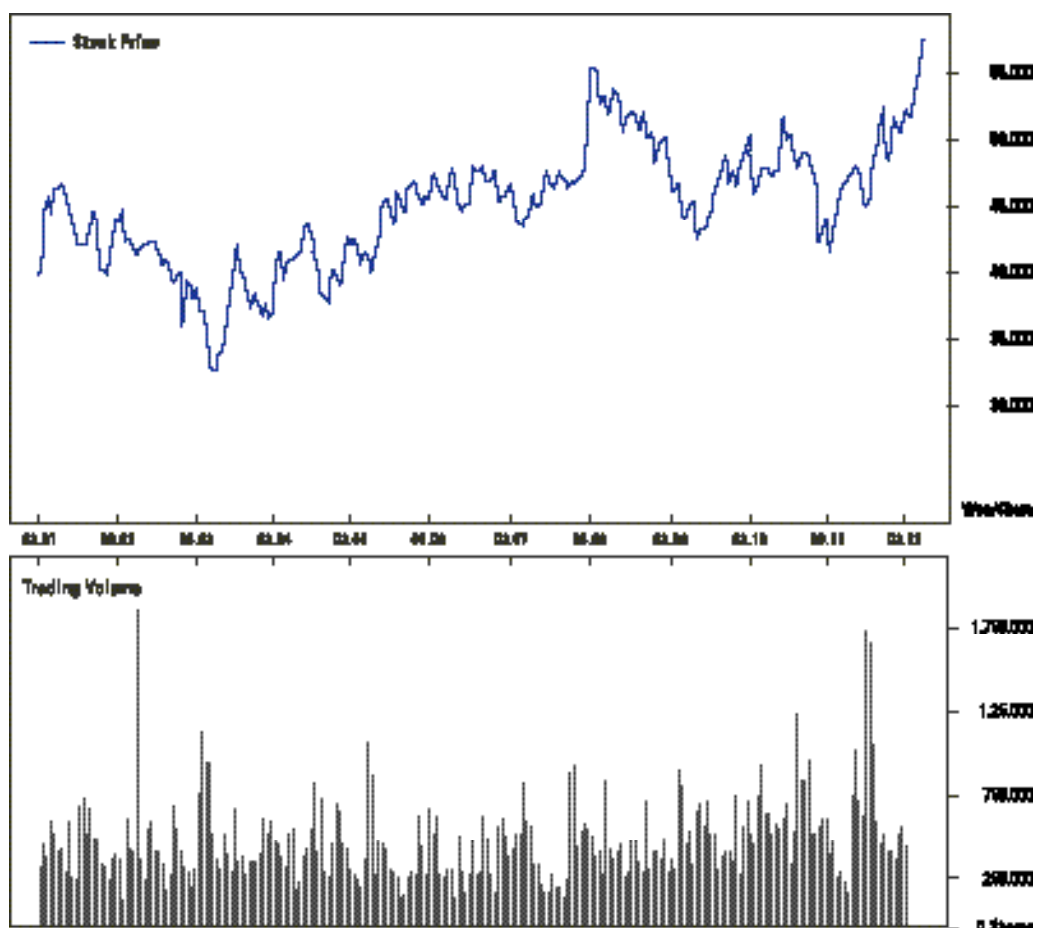
## KEY PERFORMANCE INDICATORS

	2003	2002	2001*
Operating Margin	8.5%	9.5%	7.4%
Return on Equity	22.3%	25.3%	14.2%
Net Debt to Equity	95.5%	88.6%	124.2%
Number of Outstanding Common Shares	64,425,064	64,425,064	64,425,064
Earnings Per Share in Won	5,382	5,152	1,913
Year End Stock Price in Won	55,000	40,600	21,750

\*Operating margin, return on equity, and earnings per share figures exclude Q1 results

## 2003 STOCK PRICE PERFORMANCE

Graph charts the closing price and volume at the beginning and middle of each month



# 2003 OVERVIEW



## 4.8 | MASS-PRODUCTION LINE FOR HIGHEST ENERGY-DENSITY LI-ION BATTERIES

LG Chem completed a new facility to mass-produce cylindrical 2,400mAh lithium-ion batteries—the highest energy-density now available. The development and mass production of this item has allowed the company to technologically outdo its Japanese rivals, the perennial leaders in the world market. At the same time, the company has been able to fend off the Chinese competition, which is working the low end of the market. As such, LG has secured its leadership position in the market for lithium-ion batteries used in notebook PCs.

## 6.27 | LG CHEM-HONAM PETROCHEMICAL CONSORTIUM ACQUIRES HYUNDAI PETROCHEMICAL

The consortium of LG Chem and Honam Petrochemical Corp. completed their takeover of Hyundai Petrochemical in the largest merger ever among Asian petrochemical companies. The move is expected to greatly boost the competitiveness of the Korean petrochemical industry as a whole.

## 7.2 | POLARIZER PRODUCTION IN NANJING

LG Chem established a local subsidiary in the Nanjing Economic Development Zone in China to produce polarizers for TFT-LCDs. This operation will bolster corporate competencies in information & electronic materials, a business segment with strong growth potential.

By 2004, a total of US\$15 million will have been invested to build a plant capable of turning out 4 million square meters (14 million finished units) of this polarizing film a year. Initial startup is scheduled for early 2004, and additional investment will be made to complete a full processing line by 2006, accelerating LG Chem's advance into the Chinese market.

## 7.28 | CHINESE PVC CAPACITY EXPANSION BOOSTS LG CHEM TO 6TH IN THE WORLD

Tianjin LG Dagu Chemical Co., an LG Chem subsidiary in China, held a ceremony to dedicate new facilities that have boosted annual PVC production capacity from 240,000 to 340,000 tons. The company also can produce 790,000 tons of PVC a year in Korea, which means total annual output tonnage is 1.13 million, the world's sixth largest PVC operation.

## 8.8 | MID-/LONG-TERM SALES TARGET SET AT W15 TRILLION

LG Chem announced a target of 13% operating profit margin on annual sales of W15 trillion by 2008. Achieving this goal would make LG one of the world's Top Three chemical companies in terms of profitability and among the Top Three Asian chemical makers for sales revenue and shareholder value.

To achieve this target, the company will increase investment in the information & electronic materials segment, increasing its portion in overall business portfolio from the current 8% to 28% by 2008. At the same time, LG Chem will seek out new opportunities in the US and China for petrochemicals and industrial materials.

## 9.3 | CONSTRUCTION MATERIALS SHOWCASE OPENED IN CHINA

LG Chem is taking aim at the Chinese construction materials market by becoming Korea's first to open a showroom for this product segment in China. The company is also aggressively moving into remodeling and interior decoration to get in on the ground floor of a fast-growing business opportunity.

## 9.18 | CORE MATERIALS FOR OLED DEVELOPED

LG Chem has completed development of the hole-injection layer and electron-transporting layer for the organic light emitting diode (OLED), a display technology for the next-generation digital device. Production lines are furnished for these next-generation core materials. The Company expects the mass-production of the hole-transporting layer and emitting layer by 2004. LG intends to capture at least 50% of the world OLED materials market thereafter.

## 11.5 | 8TH APRCC HELD IN SEOUL

Korea hosted the 2003 Asia-Pacific Responsible Care Conference, attended by over 500 persons from the chemical industry in 12 American, Asian and European countries. Responsible Care (RC) is the voluntary establishment of and adherence to policies within the chemical industry that address safety and environmental issues regarding the development, production, sale, distribution and disposal of chemical products. LG Chem President Ki-ho No, who also serves as Chairman of the Korea Responsible Care Council, is fully committed to the RC program.