

2001 Overview

Battery business gains strategic U.S. R&D partner



On 14 March, LG Chem helped mark the opening of Compact Power Inc., a U.S.-based developer and producer of second-generation lithium-ion polymer battery technologies for the emerging electric vehicle market. In addition to making a US\$3 million investment in the business, LG Chem will work closely with CPI in both research and manufacturing as it continues to nurture the battery field as a strategic business.

ABS business targets 1 million mtpa in 2005



On 12 June, LG Chem announced that it would double its ABS production capacity through 2005. The first phase of the US\$104 million project will boost production to 800,000 mtpa by the end of 2003. Output will rise from 350,000 to 500,000 mtpa in Korea, while production at joint venture Ningbo LG-Yongxing Chemical in China will jump from 150,000 to 300,000 mtpa. A further 200,000 mtpa expansion is planned for 2005 as the company positions itself to become a major global player in the field.

Corporate demerger ushers in era of specialization

As part of an ongoing commitment to enhancing corporate governance and building shareholder value, LG Chem spun off its household goods and cosmetics businesses to create LG Household & Health Care and its life science business to create LG Chem Investment on 1 April. Shareholders received 0.88 shares of LG Chem, 0.18 shares of LG Chem Investment, and 0.16 shares of LG Household & Health Care for each original LG Chem share owned.

Dyestuffs business moves out and into global top-5



A strategic alliance with German dyestuff distributor M. Dohmen GmbH on 23 May created the world's No. 5 dyestuff supplier with annual sales surpassing US\$140 million. In exchange for a 49% stake in Dohmen valued at US\$33.7 million, LG Chem transferred ownership of its Korean dyestuffs business as well as its interest in Tianjin LG Specialty Chemical in China.

Powder coatings business aims to shine in joint venture

LG Chem's ongoing select-and-focus initiative resulted in the sale of its successful powder coatings business to U.S.-based Ferro Corporation, a major global supplier of performance coatings and chemicals. The company retains a 29.9% stake in LG Ferro Powder Coatings, a firm established on 31 May that is currently No. 3 in Korea with a 19% share of the market and a production capacity of 5,000 tpa.

Flat panel technologies win prestigious IR52 awards

During the year, LG Chem was honored with two IR52 Jang Young-Shil Awards, Korea's highest honor for excellence in technology innovation. The first award recognized the company's plasma phosphors, which have surpassed the performance and quality standards set by pioneering Japanese firms in the field. The second award acknowledged the company's TFT-LCD polarizer film, a product that delivers optical performance that far surpasses the competition.



PVC business heads for 1.5 million mtpa in 2005



On 30 October, LG Chem marked the completion of a 90,000 mtpa expansion project at Tianjin LG Dagu Chemical that pushed its global polyvinyl chloride capacity to 1 million mtpa. Through 2005, the company intends to add an additional 500,000 mtpa to that figure with planned 100,000 mtpa expansion projects in China and Korea as well as a new 300,000 mtpa plant in China to take advantage of a continuing under-supply situation in that market.

2001 Global Leader products named

Continuing a tradition started in 1999, LG Chem honored several high-tech, high-quality products with the "Global Leader" designation for achieving market leadership in major global markets. The 2001 winners included High Gloss Deco Sheet appliance surface material, Banner Flex outdoor sign media, latex glove PVC resin, and fiber optic cable sheath PBT resin. The company intends to have 35% of its product portfolio achieving "Global Leader" status by 2005.

Key Performance Indicators

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

	2001
Operating Margin	7.4%
Return on Equity	14%
Net Debt to Equity	124%
Number of Outstanding Common Shares	64,425,064
Earnings Per Share in Won	1,949
Year End Stock Price in Won	21,750

2001~2002 Stock Price Performance

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

