

Revamping Business Structure

# LG Chem to Invest 2.8 Tril. Won to Upgrade Basic Material Business

By Jung Min-hee | © 2018.07.24 12:31



LG Chem's Yeosu NCC Plant

LG Chem will invest a total of 2.8 trillion won (US\$2.5 billion) to revamp its basic material business.

The company announced on July 23 that it would increase the annual production capacity of the naphtha cracking center (NCC) and polyolefin (PO) facilities in Yeosu by 800,000 tons each. This project will cost 2.6 trillion won.

In addition, the company decided to build a complex in Dangjin, South Chungcheong Province, for mass production of promising materials. It will invest 200 billion won (US\$180 million) in this new plant.

The expanded facilities in the Yeosu plant will produce 800,000 tons of naphtha and 800,000 tons of high-value-added PO from the second half of 2021.

In particular, LG Chem plans to secure Korea's No. 1 position by expanding its production capacity (in terms of ethylene production) to 3.3 million tons through NCC expansion at the Yeosu plant. In the case of high value-added PO, the company plans to expand its production capacity to 1.8 million tons by 2022 by going ahead with a switch to a general-purpose product line simultaneously with the expansion of facilities for 800,000 tons.

By doing so, the company plans to become the No.1 in Asia and become one of the top three companies in the world in the high value-added PO sector. To this end, LG Chem is vowing to take an overwhelming advantage over its competitors in terms of production volume and market shares by expanding high value-added PO which accounts for about 50% of its total PO business to 75% by 2022.

LG Chem will continue to expand its vertical integration from basic raw materials such as ethylene to catalysts and final products and expand into the core business in the basic material sector that can generate stable profitability in the future through the expansion of NCCs and production facilities for high value-added PO.

In addition, LG Chem will actively commercialize promising materials to prepare itself for the future. To this end, the company will create a mass production complex for promising materials on a 240,000-square-meter site in the Seokmun National Industrial Complex in Dangjin of South Chungcheong Province.

Promising materials are usually classified into industrial super insulation, light weight, and high-strength materials. LG Chem plans to put a spur to preparing for the development of future materials by investing more than 200 billion won in the mid- to long-term.

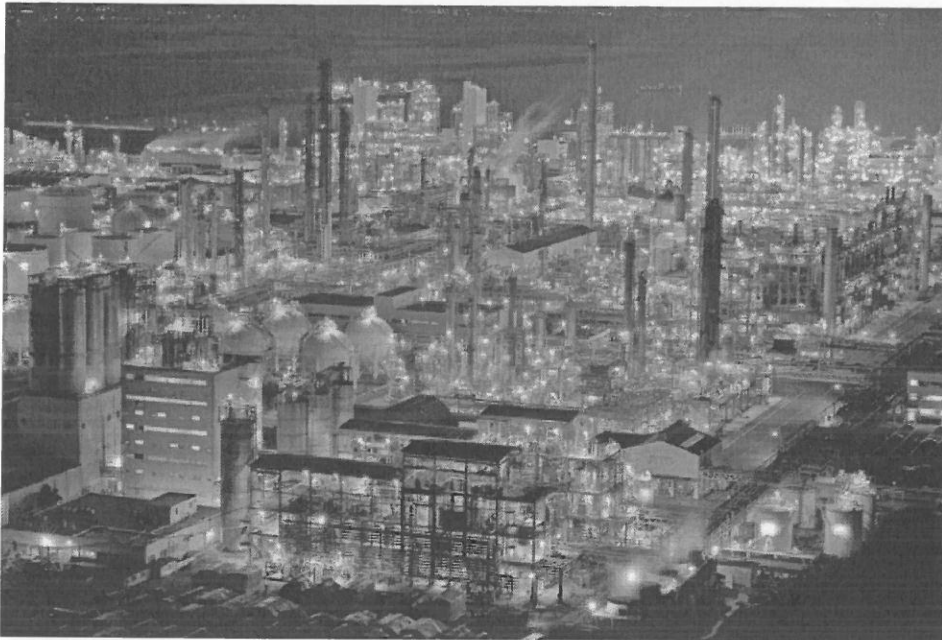
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### LG Chem to invest W2.8tr to expand high value production

2018-07-23 19:06

South Korea's LG Chem announced Monday it will invest some 2.61 trillion won to expand manufacturing facilities to raise the capacities of the Naphtha Cracking Center and high value metallocene polyolefin by 800,000 tons each at its Yeosu plant in South Jeolla Province. The production will begin by the second half of 2021.

It will also invest some 200 billion won to create an industrial complex to manufacture future materials in Dangjin, South Chungcheong Province.



LG Chem's Yeosu plant (LG Chem)

Through the latest investment plans, LG said in a regulatory filing that it expects to create an increase of some 3 trillion won in annual revenue, along with jobs for some 2.5 million during the construction as well as over 300 jobs once the operation begins.

The latest plans are aimed at taking the lead in the high value PO market that is worth some 18 trillion won to become Asia's first and among the world's top three petrochemicals firm.

With the expansion, LG Chem's NCC capacity will be increased to 3.3 million tons.

The production capacity for high value PO will increase to 1.8 million tons by 2022.  
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## LG Chem drops \$2.4 billion on upgrades to Yeosu plant

July 24, 2018

LG Chem, Korea's biggest chemical company by sales, said Monday it will invest 2.8 trillion won (\$2.4 billion) to expand its local naphtha cracking center (NCC) and polyolefin (PO) plant by 2021.

The company will spend 2.6 trillion won to increase output capacity of the NCC and the PO plant in Yeosu, South Jeolla, by 800,000 tons each. It will inject the remaining 200 billion won into a "future materials" production facility in Dangjin, South Chungcheong, LG Chem said in a statement

The expanded NCC will boost production capacity of ethylene to 3.3 million tons, making it the largest local producer of the key material. Ethylene is the building block for a vast range of chemicals from plastics to antifreeze solutions and solvents.

In 2018, LG Chem aims to achieve sales of 26.9 trillion won, while planning 3.8 trillion won in expenditure.

Yonhap

