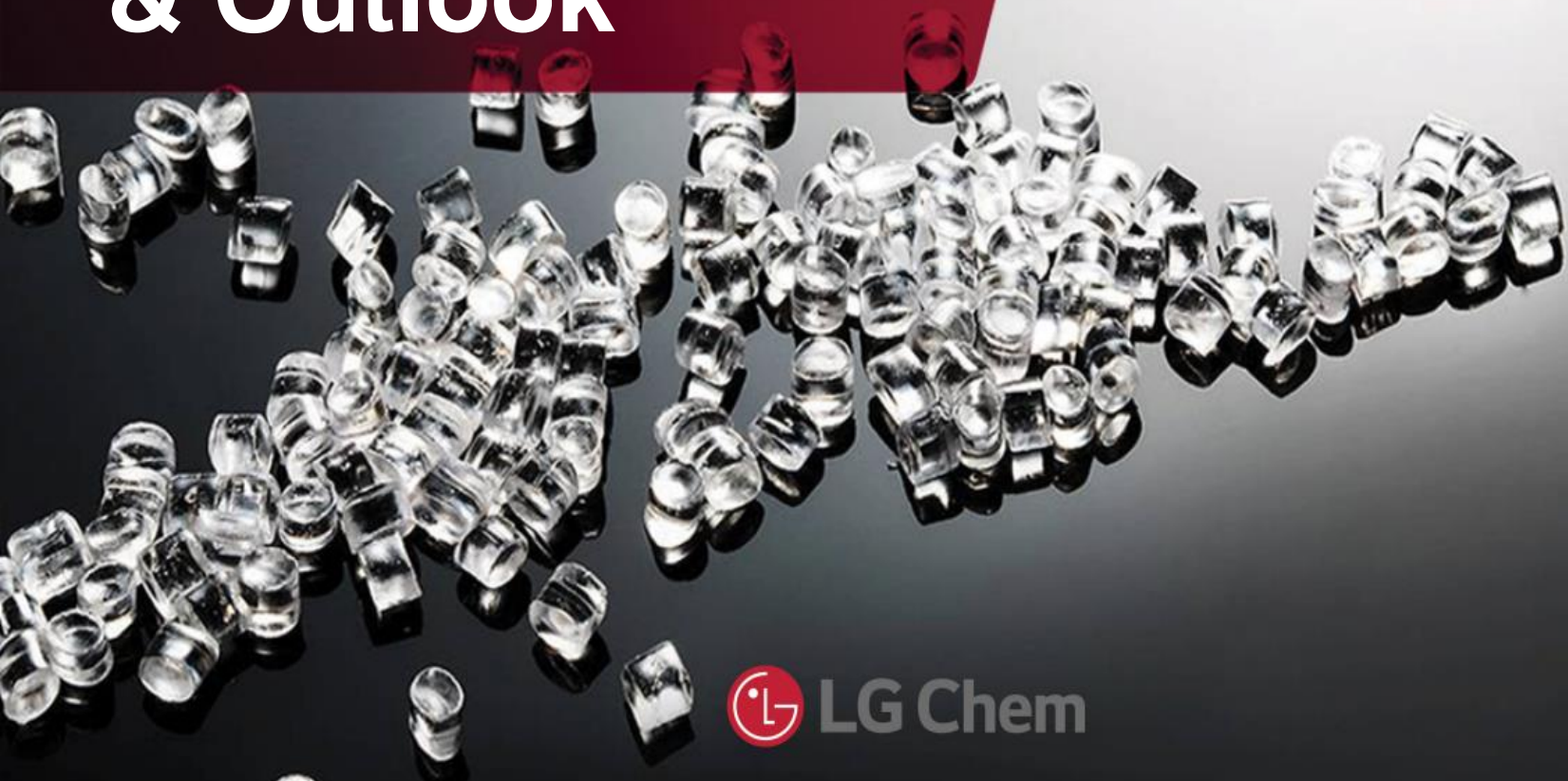


July 31, 2020

# 2Q 2020 Business Results & Outlook





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  - Income Statements / Financial Position / Cash Flows
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  - Ethylene / PE Demand & Supply
  - Quarterly / Monthly Price Trends

**The business results currently under audit review are presented here for investors' convenience. Hence, please be advised that some of their contents may be altered in the course of audit.**

**The business results are subject to the K-IFRS(Korea International Financial Reporting Standards).**

**Forecasts and projections contained in this material are based on current business environments and management's strategies. Please note it may differ from actual results, due to uncertainties including changes in the future business environment and recalibration of strategy.**

# 2Q 2020 Business Results

## Income Statements

(Unit:KRW bn)

구 분	2019		2020		YoY	QoQ
	1Q	2Q	1Q	2Q		
Sales	6,265	6,778	6,729	<b>6,935</b>	+2.3%	+3.1%
OP(%)	263	247	206	<b>572</b>	+131.5%	+177.7%
	4.2%	3.6%	3.1%	<b>8.2%</b>		
EBITDA(%)	670	702	737	<b>1,130</b>	+61.1%	+53.5%
	10.7%	10.4%	10.9%	<b>16.3%</b>		
Pre-tax Income(%)	261	187	158	<b>470</b>	+151.2%	+198.3%
	4.2%	2.8%	2.3%	<b>6.8%</b>		
Net Income(%)	212	84	36	<b>419</b>	+399.9%	+1,053.0%
	3.4%	1.2%	0.5%	<b>6.0%</b>		

※ The historical business results retroactively excluded the results of the discounted and held for sale business.

# 2Q 2020 Business Results

## Financial Position

### Balance Sheet

(Unit:KRW tn)

	2019	1Q 2020	2Q 2020
<b>Assets</b>	34.02	37.12	<b>38.58</b>
<b>Cash and Equivalents</b>	1.92	2.80	<b>3.37</b>
<b>Liabilities</b>	16.64	19.71	<b>20.73</b>
<b>Debts</b>	8.41	11.55	<b>11.86</b>
<b>Shareholder's Equity</b>	17.38	17.42	<b>17.84</b>

### Financial Ratios

(Unit:%)

	2019	1Q 2020	2Q 2020
<b>Liabilities / Equity</b>	95.7%	113.1%	<b>116.2%</b>
<b>Debts / Equity</b>	48.4%	66.3%	<b>66.5%</b>
<b>Net Debts / Equity</b>	37.4%	50.3%	<b>47.6%</b>
<b>ROE</b>	2.2%	0.8%	<b>9.5%</b>
<b>ROA</b>	1.2%	0.4%	<b>4.4%</b>

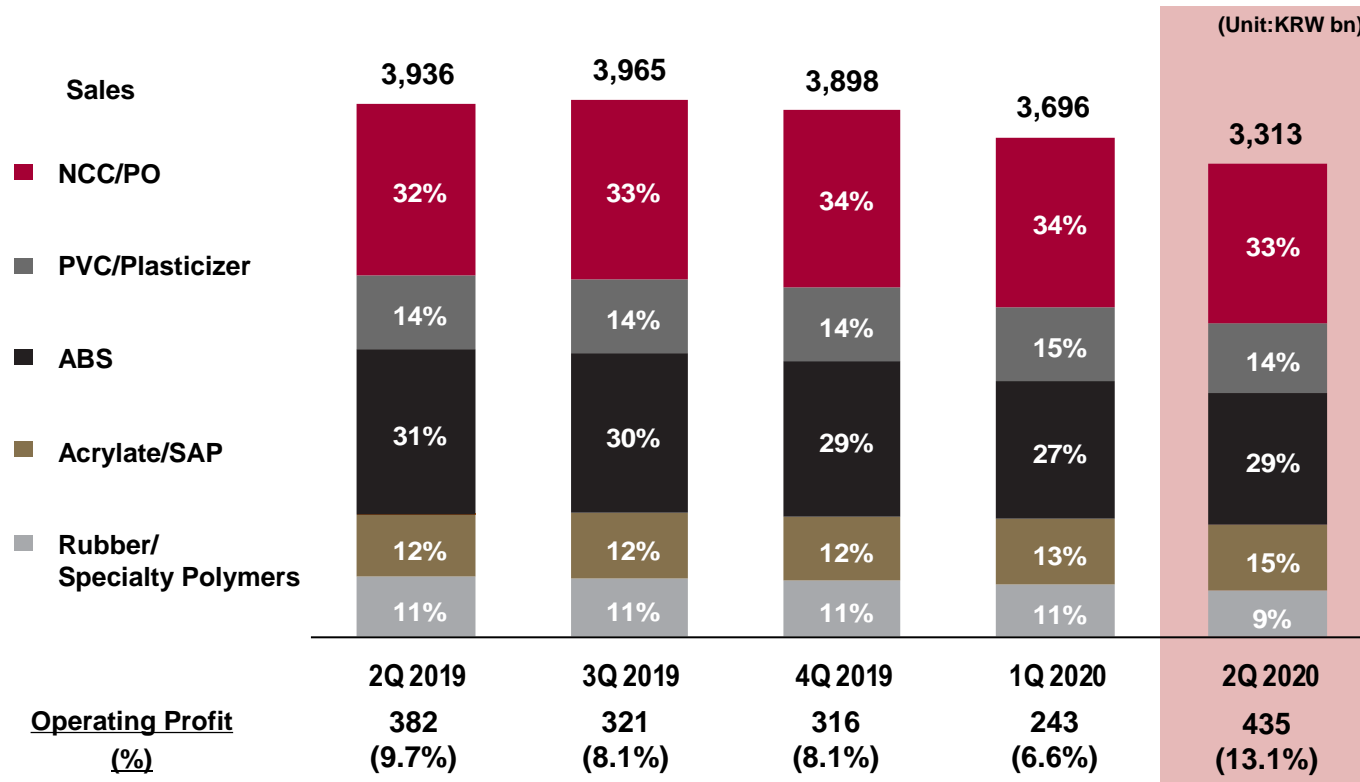
※ ROE: Net Income / Avg of beginning & ending shareholders' equity

ROA: Net Income / Avg of beginning & ending assets

※ Net Income calculation for each Quarters : Quarterly Net Income X 4

# Results & Outlook by Business

## Petrochemicals



### [Analysis]

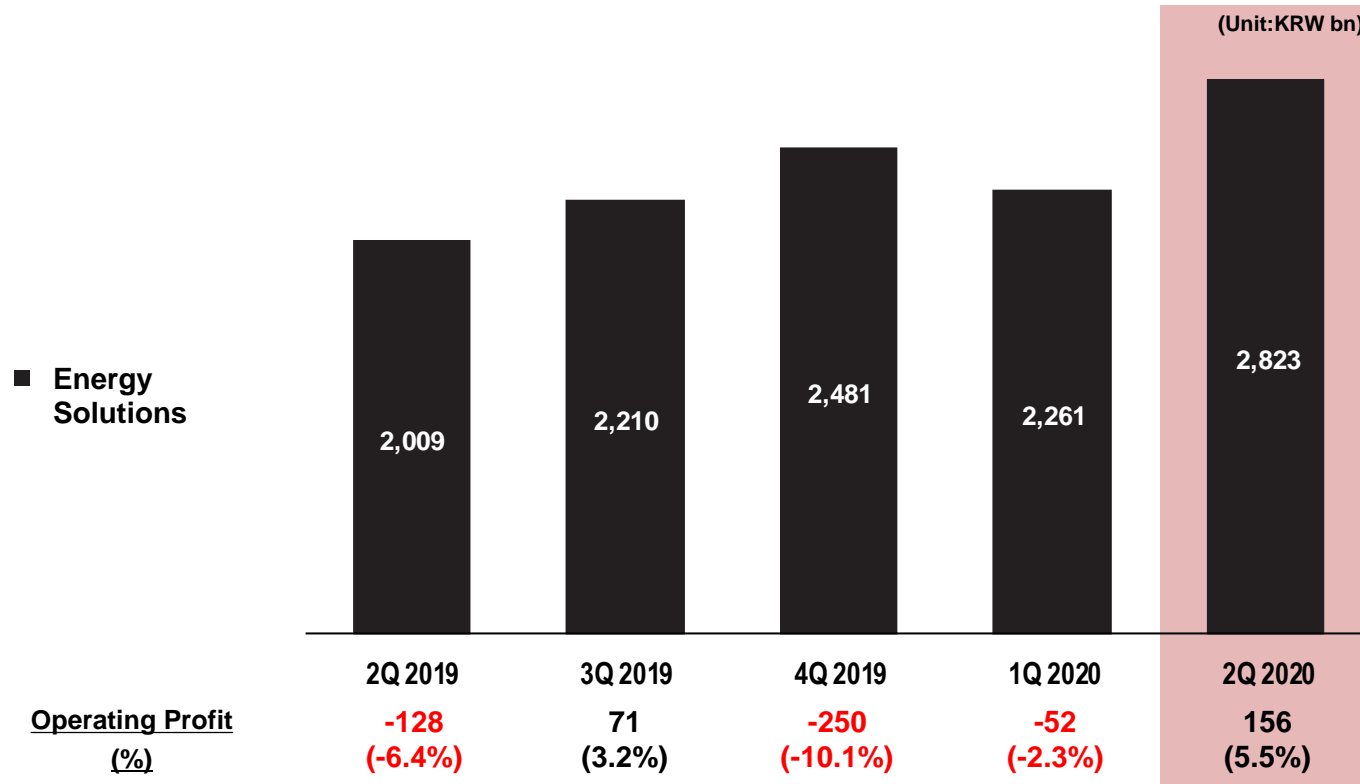
- Revenue down as product prices dropped due to lower oil prices and COVID-19
- Profitability up thanks to widened spread with improved demand for products such as ABS and lower feedstock prices

### [Outlook]

- Robust performance forecasted with expectation in demand recovery as global economy goes back to normal even though uncertainties in global economy still remain due to COVID-19

# Results & Outlook by Business

Energy Solutions



## [Analysis]

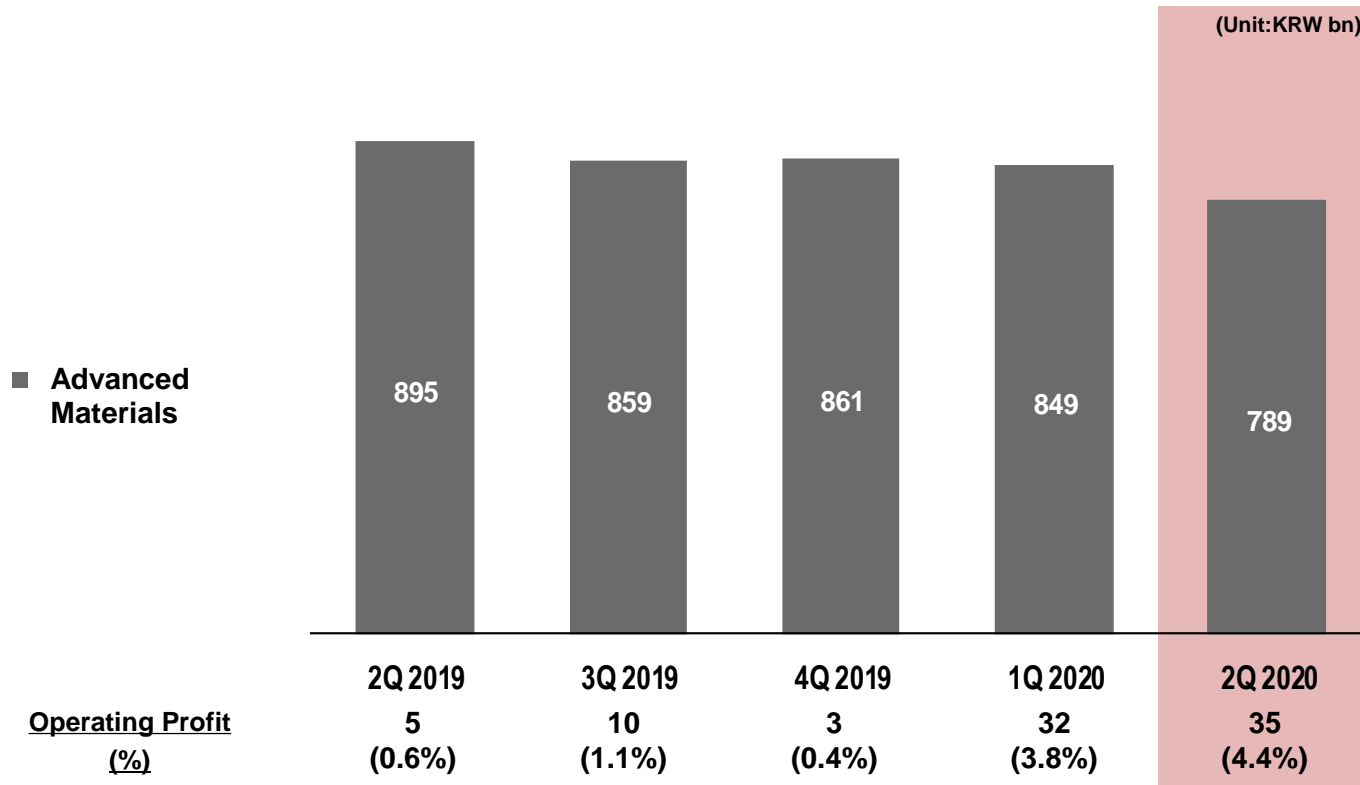
- Sales up with increased EV sales mainly driven by the expansion of global eco-friendly policies and large-scale supply for the ESS project in the U.S.
- Profitability turned to black thanks to cost-saving and productivity improvement such as the yield rate.

## [Outlook]

- Sales expected to grow and profitability expected to remain robust thanks to greater EV shipments for European OEMs and increased sales for cylindrical EV battery.

# Results & Outlook by Business

Advanced Materials



## [Analysis]

- Sales down as front industry demand dropped due to COVID-19, however, profitability improved with lower feedstock prices and cost innovation

## [Outlook]

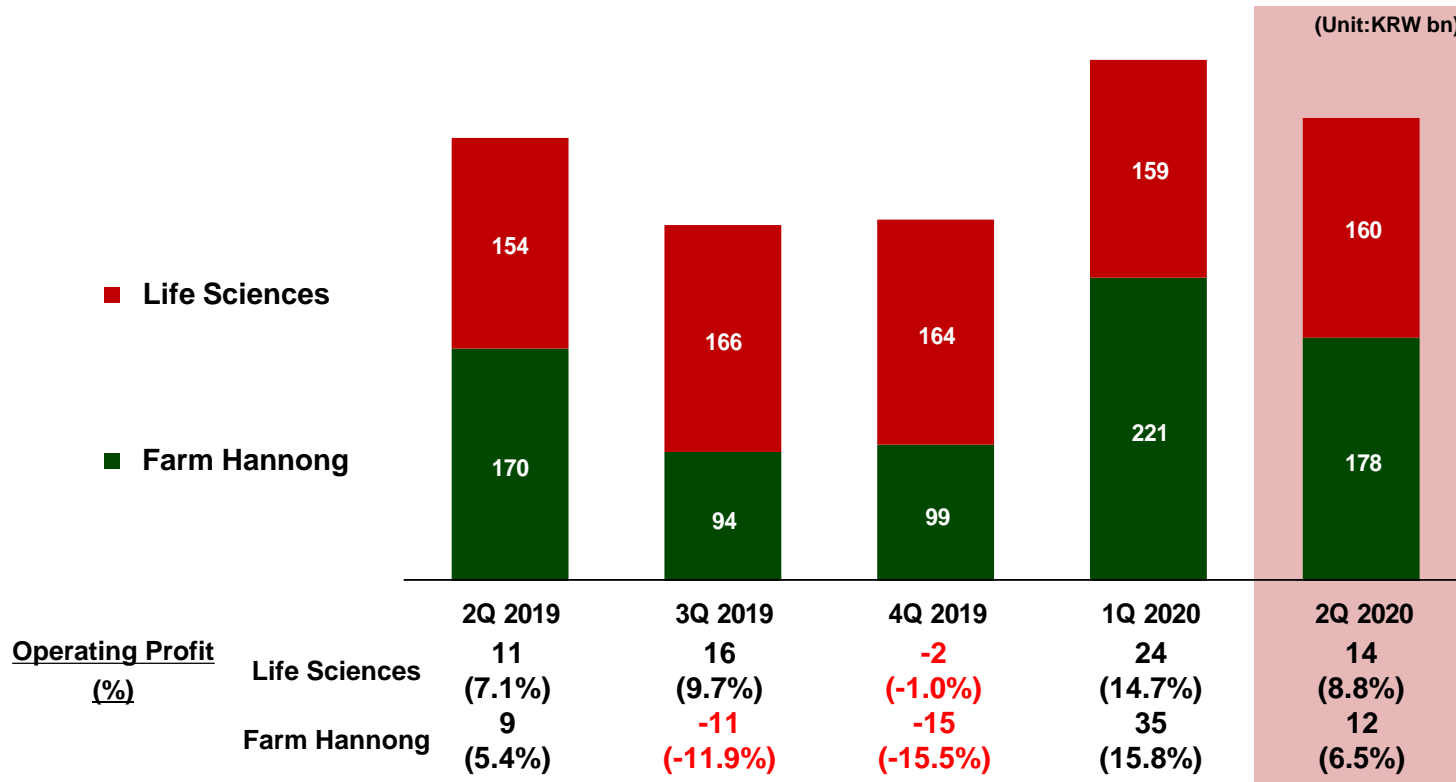
- Sales expected to grow as front industry utilization rate recovers

※ The historical business results retroactively excluded the results of the discounted and held for sale business.



# Results & Outlook by Business

Life Sciences / Farm Hannong



## [Analysis]

- Life Science: Aesthetic sales down due to COVID-19, but diagnostic extraction reagent sales up
- Farm Hannong: Profitability improved YoY thanks to increased shipments of crop protection products and lower feedstock prices

## [Outlook]

- Life Science: Sales for major products expected to recover but marketing/R&D expenditure expected to increase
- Farm Hannong: Annual earnings expected to improve as sales of special fertilizers increase

# Appendix

## Sales & Operating Profits by Business

(Unit: KRW bn)

LG CHEM	2019		2020	
	1Q	2Q	1Q	2Q
<b>Sales</b>	6,265	6,778	6,729	6,935
<b>Operating Profits</b>	263	247	206	572
(%)	4.2%	3.6%	3.1%	8.2%
<b>EBITDA</b>	670	702	737	1,130
(%)	10.7%	10.4%	10.9%	16.3%
<b>Petrochemicals</b>	3,749	3,936	3,696	3,313
NCC/PO	1,136	1,270	1,261	1,077
PVC/Plasticizer	596	538	543	467
ABS	1,170	1,228	1,016	977
Acrylate/SAP	447	461	484	488
Rubber/ Specialty Polymer	400	440	391	304
<b>Operating Profits</b>	397	382	243	435
(%)	10.6%	9.7%	6.6%	13.1%
<b>Energy Solutions</b>	1,650	2,009	2,261	2,823
<b>Operating Profits</b>	-148	-128	-52	156
(%)	-9.0%	-6.4%	-2.3%	5.5%
<b>Advanced Materials</b>	888	895	849	789
<b>Operating Profits</b>	-6	5	32	35
(%)	-0.7%	0.6%	3.8%	4.4%
<b>Life Sciences</b>	144	154	159	160
<b>Operating Profits</b>	12	11	24	14
(%)	8.2%	7.1%	14.7%	8.8%
<b>Farm Hannong</b>	228	170	221	178
<b>Operating Profits</b>	38	9	35	12
(%)	16.8%	5.4%	15.8%	6.5%

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3Q and 4Q 2019 results will be retroactively excluded later.

# Appendix

## Income Statements

(Unit: KRW bn)

	2019		2020	
	1Q	2Q	1Q	2Q
<b>Sales</b>	6,265	6,778	6,729	<b>6,935</b>
Cost of Sales	5,130	5,674	5,620	<b>5,422</b>
Gross Profit(%)	1,135	1,105	1,109	<b>1,513</b>
	18.1%	16.3%	16.5%	<b>21.8%</b>
SG&A Expenses	872	858	904	<b>942</b>
<b>Operating Profit(%)</b>	263	247	206	<b>572</b>
	4.2%	3.6%	3.1%	<b>8.2%</b>
Other non-operating income(expenses)	-2	-60	-48	<b>-102</b>
Income before tax	261	187	158	<b>470</b>
<b>Net Income</b>	212	84	36	419
EPS(Unit:KRW)	2,537	887	274	<b>4,988</b>

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# Appendix

## Financial Position

(Unit:KRW bn)

	2018				2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Assets</b>	<b>26,416</b>	<b>27,399</b>	<b>28,419</b>	<b>28,944</b>	<b>31,212</b>	<b>32,436</b>	<b>33,531</b>	<b>34,024</b>	<b>37,121</b>	<b>38,576</b>
Cash and Equivalents	3,132	2,830	3,333	2,557	3,122	2,667	2,085	1,921	2,797	3,367
A/R	4,709	5,146	4,949	4,381	4,616	4,738	4,575	3,738	4,663	4,908
Inventory	3,784	3,950	4,404	4,290	4,503	4,771	4,977	5,034	5,335	4,753
Tangible / Intangible Assets	13,366	13,936	14,074	15,845	16,938	17,993	19,471	20,800	21,702	22,017
<b>Liabilities</b>	<b>9,905</b>	<b>10,391</b>	<b>11,162</b>	<b>11,622</b>	<b>14,013</b>	<b>15,157</b>	<b>16,040</b>	<b>16,641</b>	<b>19,705</b>	<b>20,734</b>
A/P	1,999	2,156	2,541	2,166	2,434	2,549	2,467	2,380	2,550	2,261
Short-term debts	1,593	1,903	2,037	1,613	1,630	1,432	1,744	1,356	2,431	2,860
Long-term debts	2,643	3,211	3,262	3,708	5,275	7,049	7,211	7,058	9,123	9,001
<b>Shareholders' Equity</b>	<b>16,510</b>	<b>17,009</b>	<b>17,257</b>	<b>17,322</b>	<b>17,199</b>	<b>17,279</b>	<b>17,491</b>	<b>17,384</b>	<b>17,416</b>	<b>17,842</b>
<b>Liabilities/Equity(%)</b>	60.0%	61.1%	64.7%	67.1%	81.5%	87.7%	91.7%	95.7%	113.1%	116.2%
<b>Net debt/Equity(%)</b>	6.7%	13.4%	11.4%	16.0%	22.0%	33.6%	39.3%	37.4%	50.3%	47.6%
<b>BPS (Unit:KRW)</b>	208,363	214,535	217,500	218,227	216,308	217,445	219,413	217,230	217,238	221,857

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(Unit:KRW bn)

	2019		2020	
	1Q	2Q	1Q	2Q
<b>Beginning Cash Balance</b>	2,514	3,098	1,889	2,767
<b>Operating Activities</b>	644	246	-97	1,716
Operating Profits	263	247	206	572
Depreciation	407	455	531	559
Working Capital	-181	-275	-1,056	48
<b>Investing Activities</b>	-1,527	-1,732	-1,328	-1,144
<b>Financing Activities</b>	1,450	986	2,283	44
Debts	1,584	1,576	3,139	308
Dividends	-	-484	-	-154
<b>Ending Cash Balance</b>	3,098	2,631	2,767	3,363

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# Appendix

## CAPEX / R&D Expenses

### CAPEX

(Unit:KRW tn)

	2018	2019	1Q 2020	2Q 2020
Petrochemicals	1.4	1.8	0.5	0.5
Energy Solutions	1.9	3.5	0.6	0.7
Advanced Materials	0.5	0.6	0.1	0.1
Life Sciences	0.1	0.1	0.0	0.0
Common (including Farm Hannong)	0.7	0.6	0.1	0.1
Total	4.6	6.6	1.3	1.4

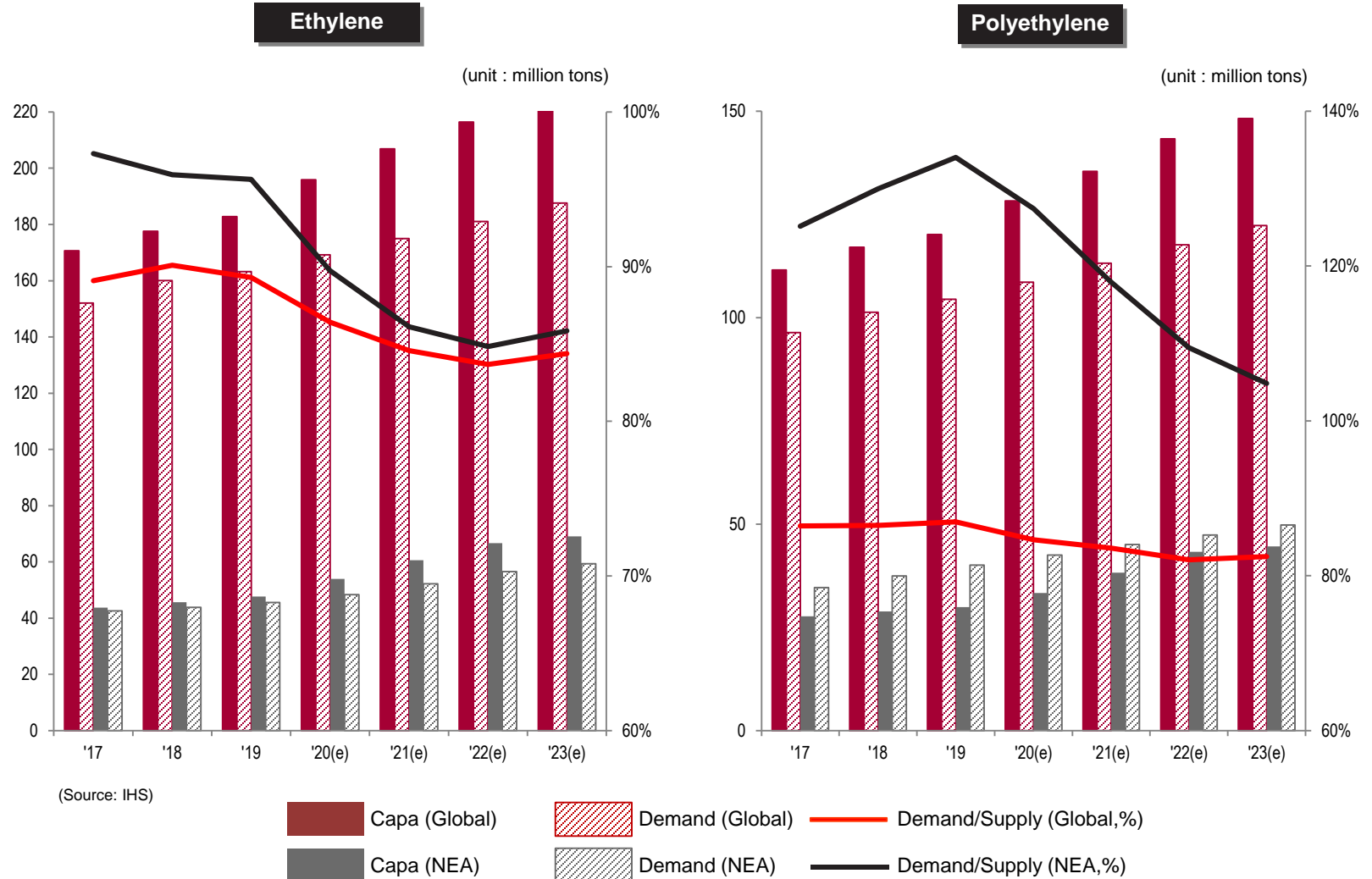
### R&D Expenses

(Unit:KRW bn)

	2018	2019	1Q 2020	2Q 2020
Petrochemicals	144	155	39	39
Energy Solutions	320	388	98	107
Advanced Materials	235	192	39	40
Life Sciences	124	164	36	47
Common (including Farm Hannong)	238	234	54	52
Total	1,062	1,132	266	285

# Appendix

## Ethylene / PE Demand Supply

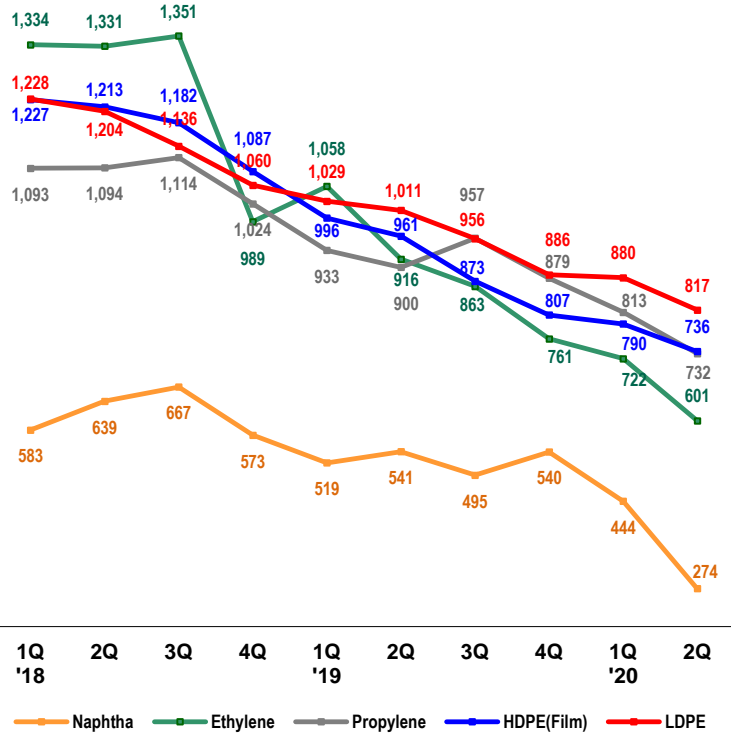


# Appendix

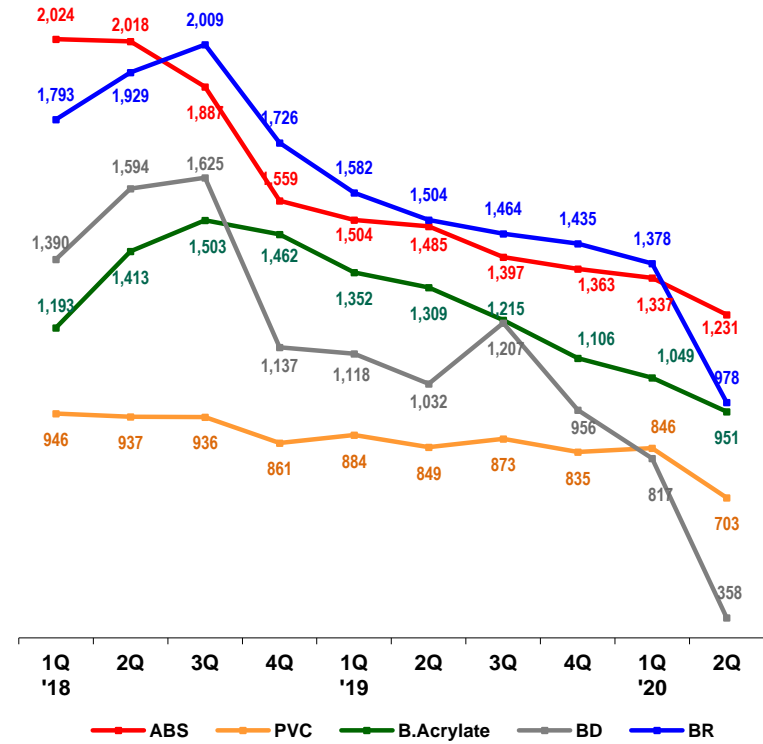
## Quarterly Price Trends

(Unit : USD/MT)

(Unit : USD/MT)



**NCC/PO**



**ABS**

**PVC/  
Plasticizer**

**Acrylate/SAP**

**Rubber/Specialty  
Polymers**

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

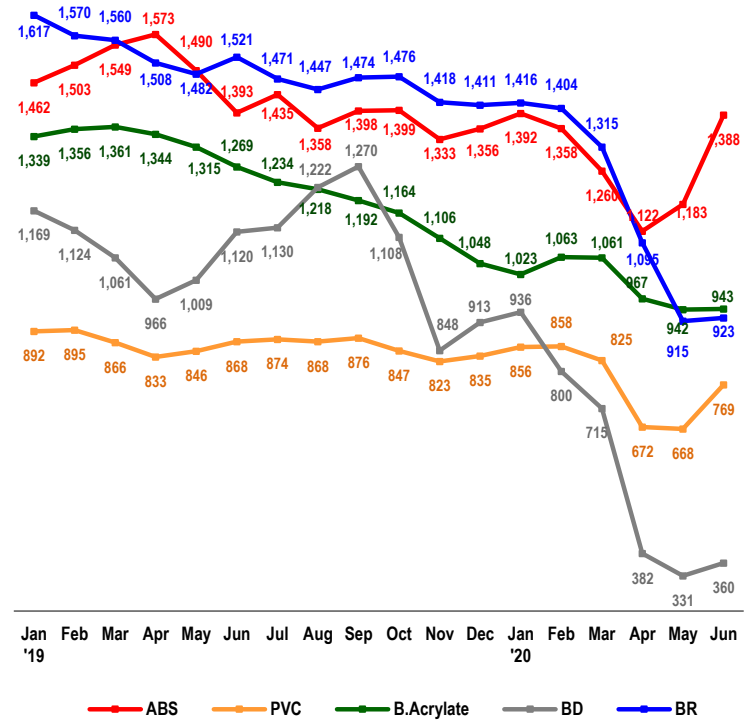
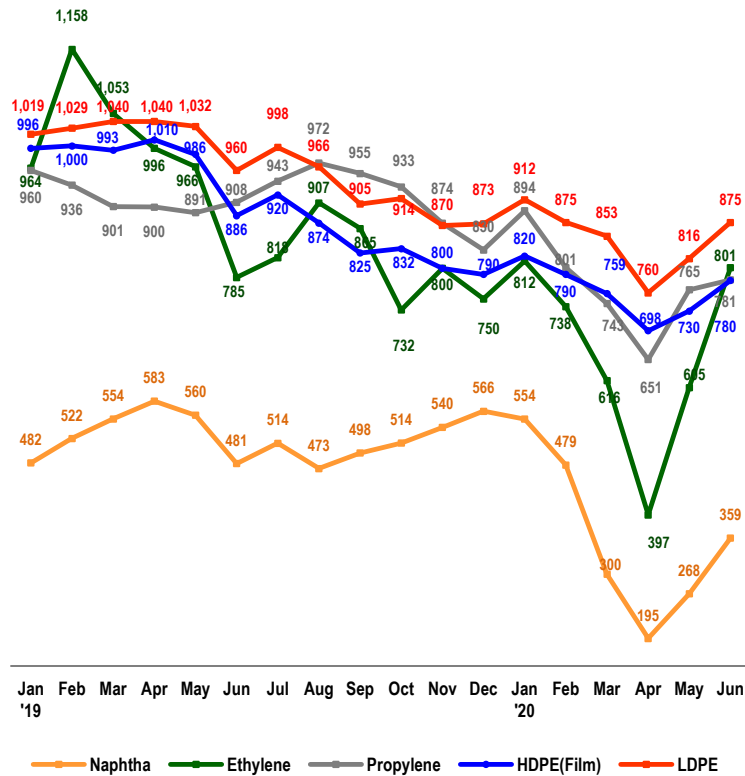


# Appendix

## Monthly Price Trends

(Unit : USD/MT)

(Unit : USD/MT)



**NCC/PO**

**ABS**

**PVC/  
Plasticizer**

**Acrylate/SAP**

**Rubber/Specialty  
Polymers**

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

# Thank you



**LG Chem**

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