

2023.04.27

# 1Q 2023 Earnings Release

WeConnectScience



# Contents

## **1Q 2023 Business Results** 3-4

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## **Results & Outlook by Business** 5-9

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## **Appendix** 10-14

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- Income Statements / Financial Position / Cash Flows
- CAPEX & R&D Expenses
- Petrochemical Divisions & Products



**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 strategy.**

# 1Q 2023 Business Results

## Sales & Profits Trends (consolidated)

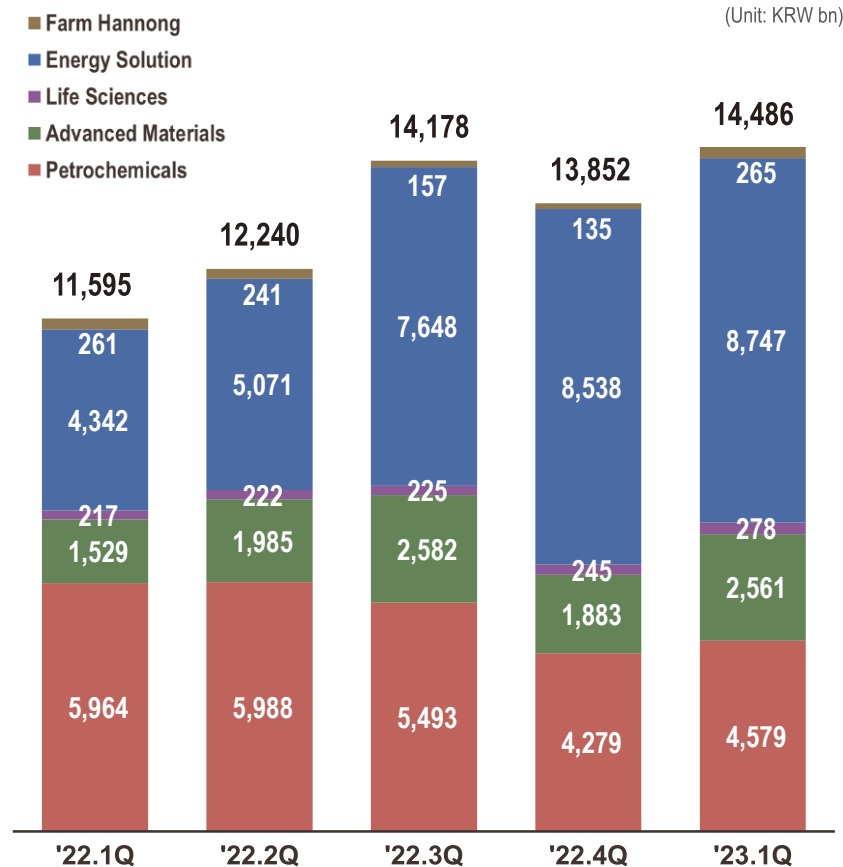
(Unit: KRW bn)

LG Chem	2022				2023
	1Q	2Q	3Q	4Q	1Q
<b>Sales</b>	11,595	12,240	14,178	13,852	<b>14,486</b>
<b>Operating Profit (%)</b>	1,025 8.8%	878 7.2%	901 6.4%	191 1.4%	<b>791 5.5%</b>
<b>EBITDA (%)</b>	1,818 15.7%	1,697 13.9%	1,772 12.5%	1,120 8.1%	<b>1,713 11.8%</b>
<b>Pre-tax Income (%)</b>	1,023 8.8%	943 7.7%	926 6.5%	-79 -0.6%	<b>916 6.3%</b>
<b>Net Income (%)</b>	769 6.6%	718 5.9%	714 5.0%	-6 -0.0%	<b>669 4.6%</b>

※ In accordance with some of suspended/sold business, business performance was written retrospectively.

### Sales trend by business

(Unit: KRW bn)



# 1Q 2023 Business Results

## Financial Position (consolidated)

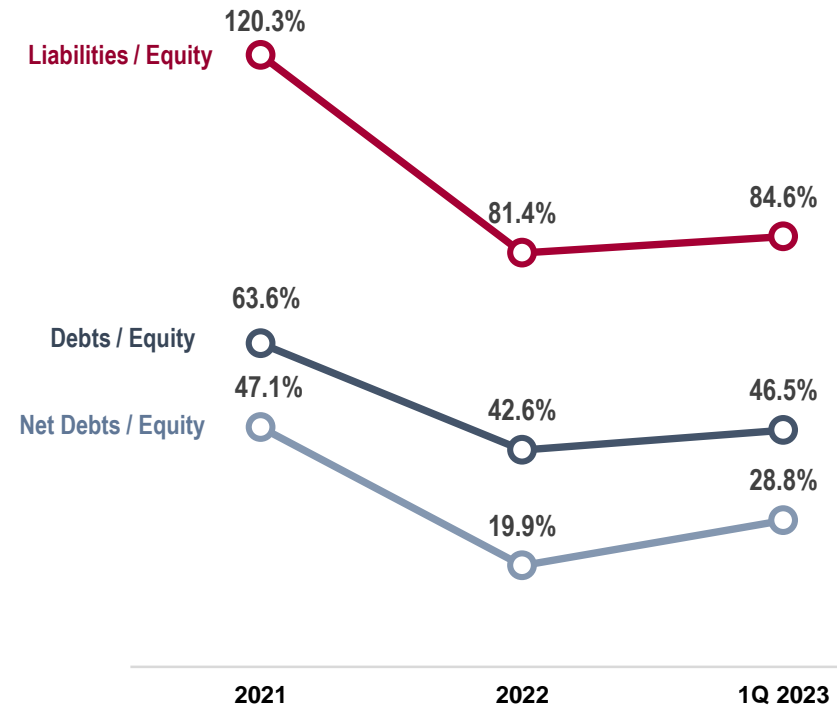
### Balance Sheet

(Unit: KRW tn)

LG Chem	2021	2022	1Q 2023
Asset	51.1	68.0	70.9
Cash and Equivalents	3.8	8.5	6.8
Liabilities	27.9	30.5	32.5
Debts	14.8	16.0	17.9
Equity	23.2	37.5	38.4
BPS (Unit:KRW)	277,127	401,764	404,633

### Financial Ratios

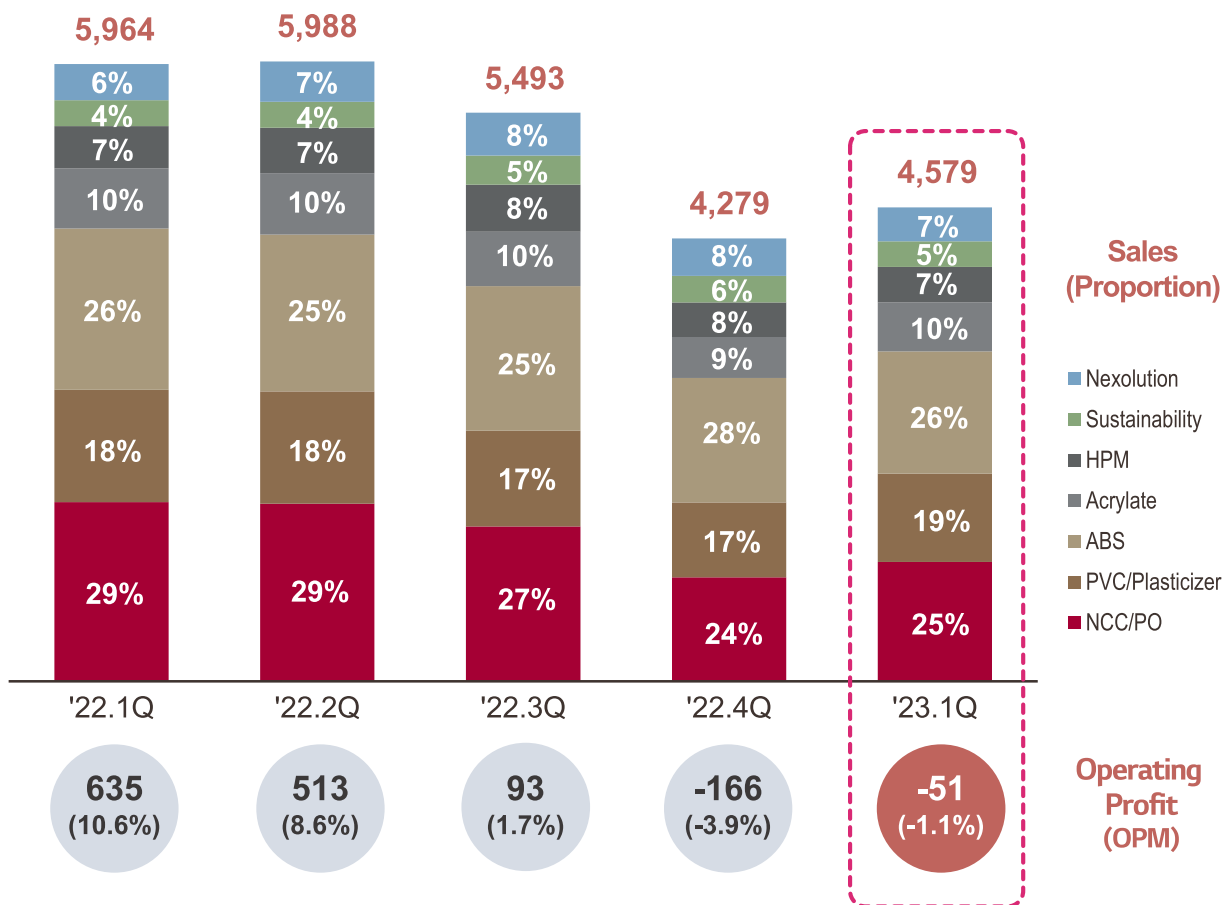
(Unit: %)



# Results & Outlook by Business

## Petrochemicals

(Unit: KRW bn)



### Results

- Profitability improved from higher utilization post TA in Q4
- Weak performance of core products continued due to the slowdown in the global demand for home electronics and construction & depreciation of Korean Won



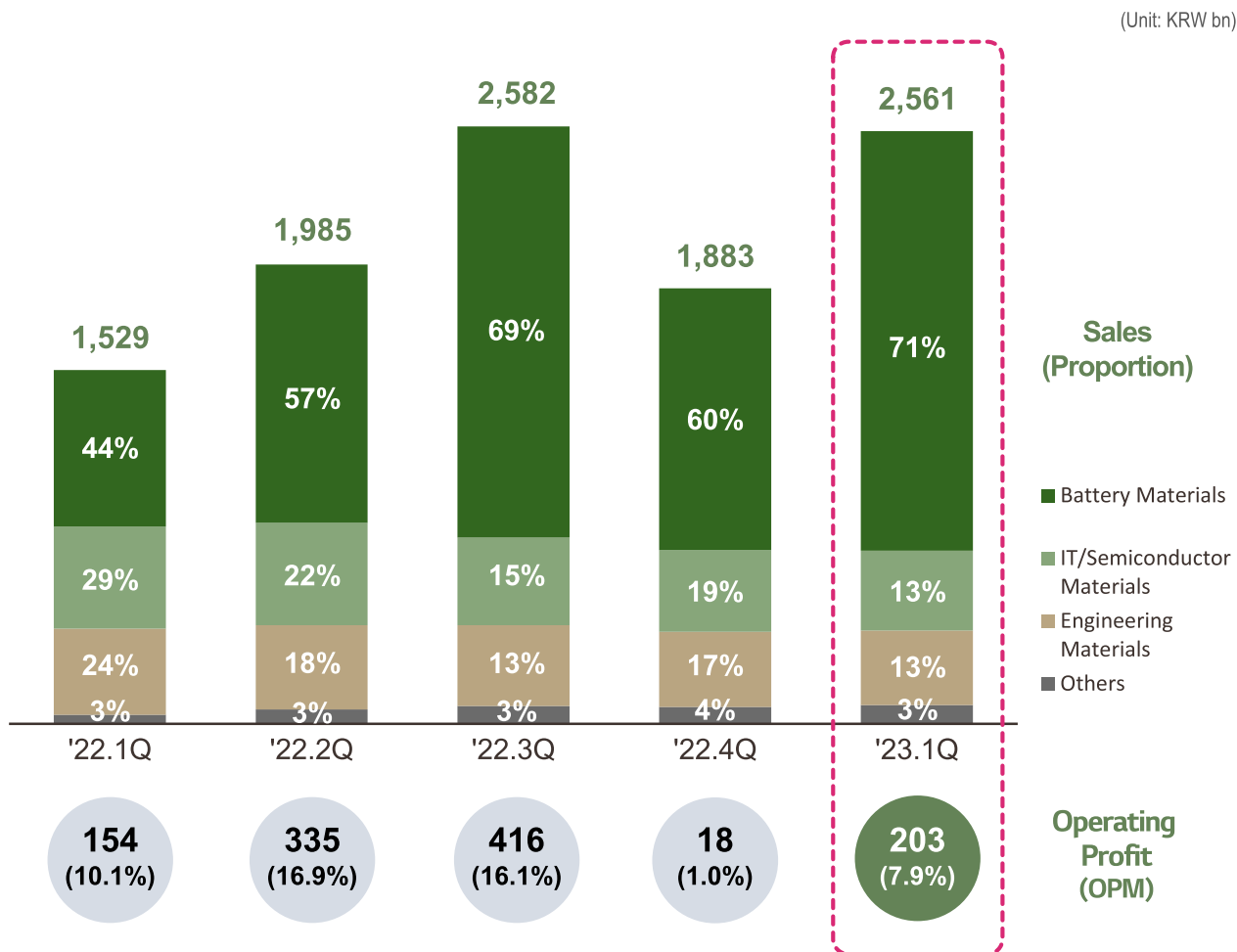
### Outlook

- Utilization to fall due to NCC TA
- Despite the continued oversupply in upstream, market to gradually recover with the start of the peak season and improved demand in China

※ In accordance with a reorganization(01/01/2023), each BU's performance was written retrospectively.  
 [ New BU's main product ] - Nexolution : SAP, NBL / - Sustainability : POE, CNT

# Results & Outlook by Business

## Advanced Materials



### Results

- Sales grew significantly led by battery materials as demand recovered QoQ and profitability of core products improved



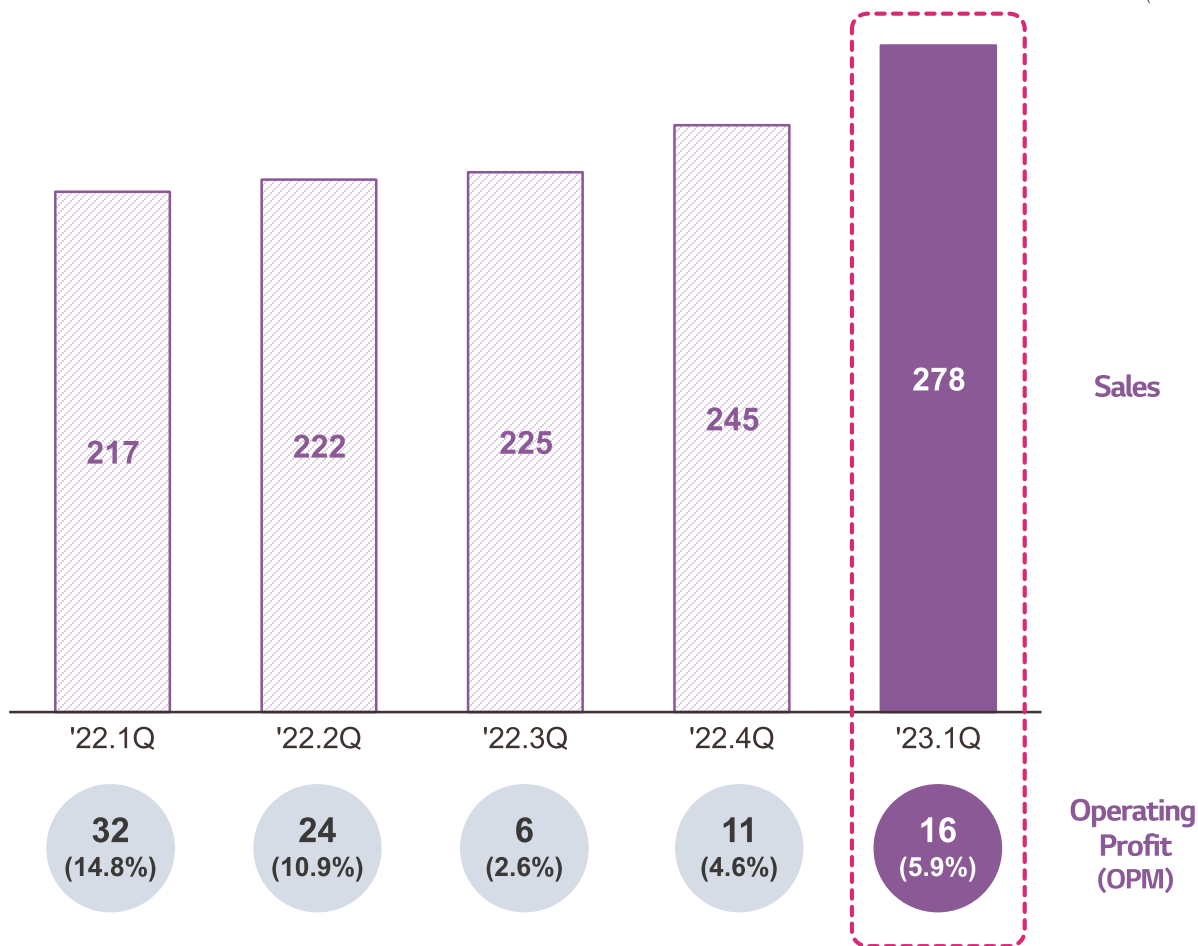
### Outlook

- Despite factors to reduce sales and profitability of battery materials from falling metal prices, robust profitability to be maintained through inventory management and sales led by IT/semiconductor high-value-added products

# Results & Outlook by Business

## Life Sciences

(Unit: KRW bn)



### Results

- Sales grew from greater sales of key products such as growth hormone and vaccine, demand recovery in the aesthetics business, and consolidation of AVEO's business performance



### Outlook

- Growth to continue from the launch of new diabetes treatment and greater sales of core products
- R&D for new drug development to increase from ongoing global clinical trials

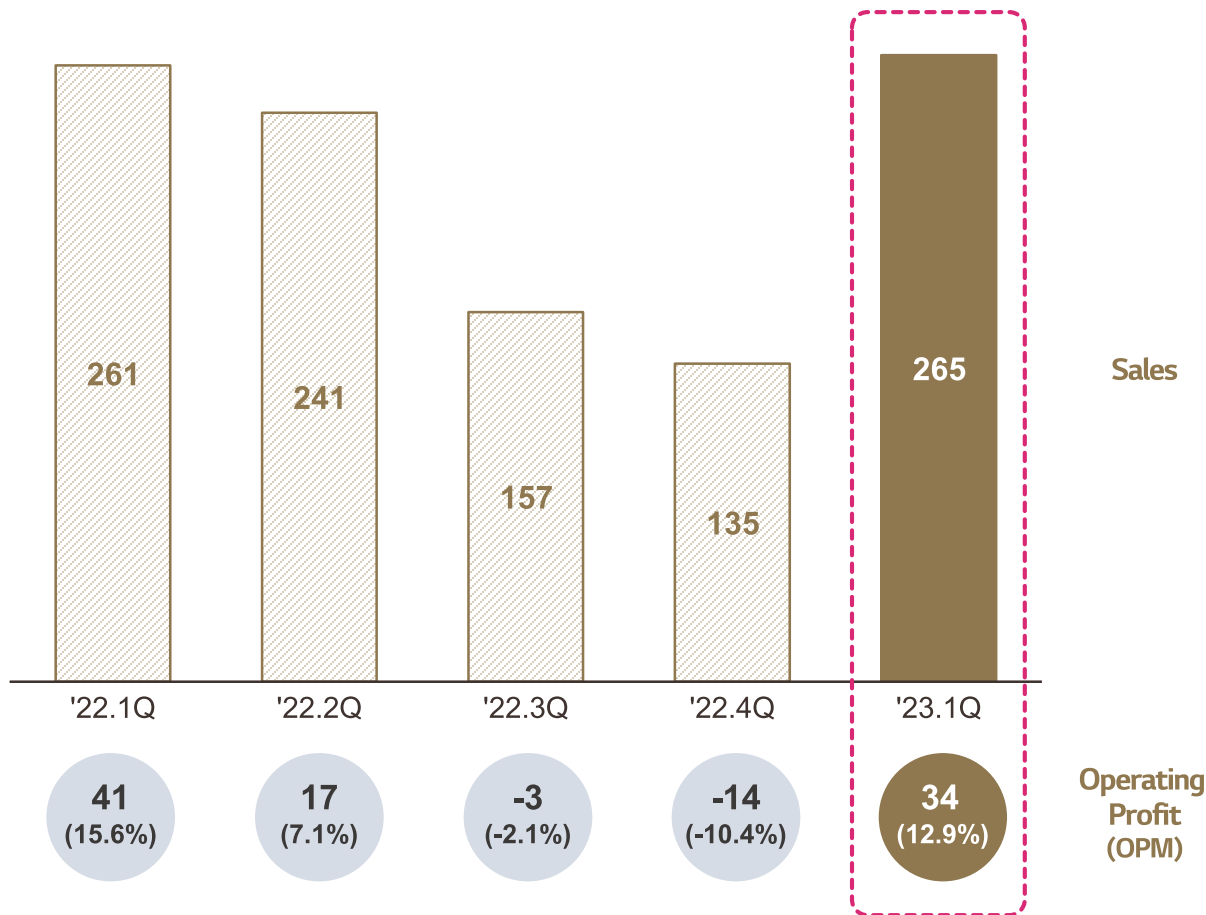
※ Since Feb 2023, AVEO's business performance has been included.



# Results & Outlook by Business

## Farm Hannong

(Unit: KRW bn)



### Results

- Sales increased YoY from greater domestic/overseas sales of crop protection products



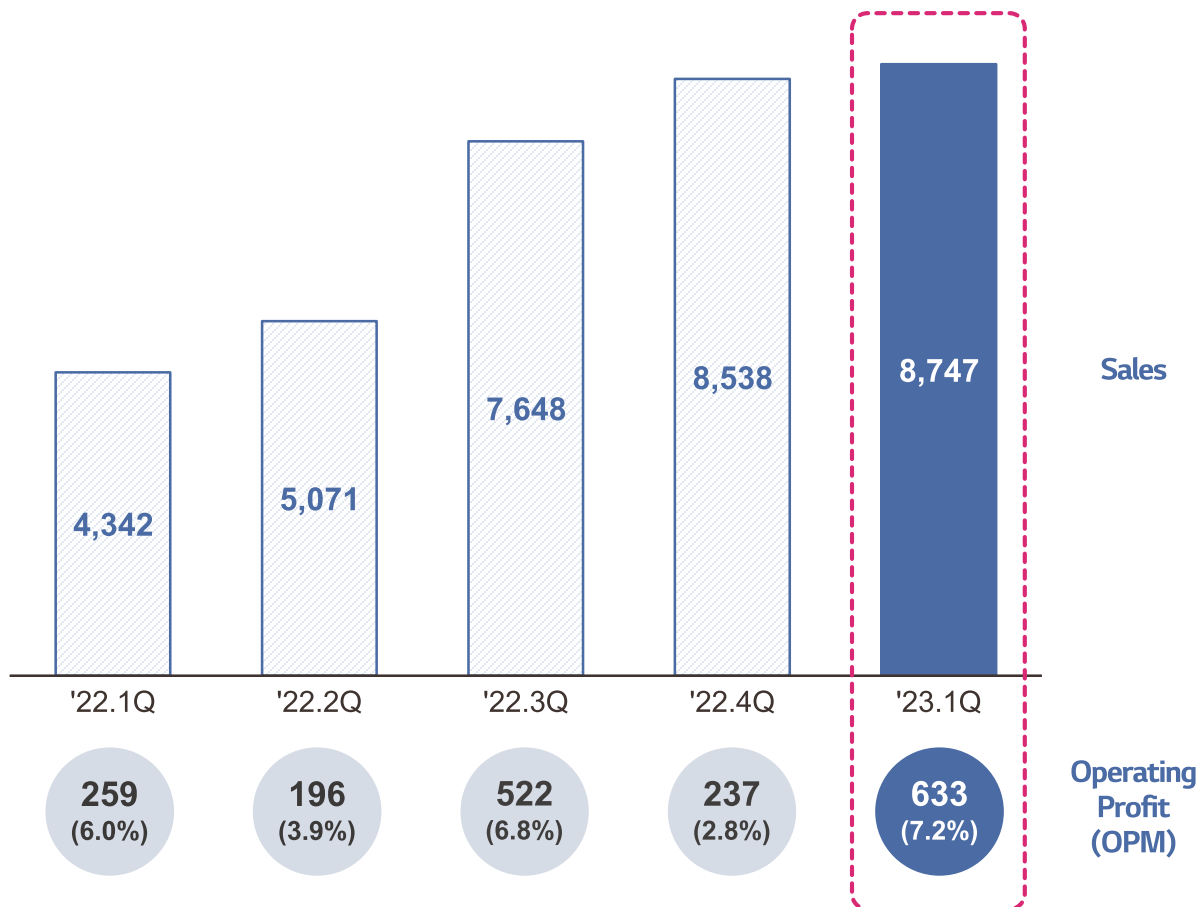
### Outlook

- Annual sales to grow and profitability to improve through greater overseas sales of crop protection products and improved business structure of fertilizers/seeds

# Results & Outlook by Business

## Energy Solution

(Unit: KRW bn)



### Results

- Sales growth continued due to increased EV battery shipments in North America and improved ASP
- Profitability was enhanced from cost efficiency & yield improvements, and reflection of the estimated amount of the IRA tax credit



### Outlook

- Strong EV demand is expected to continue in North America
- Additional financial profits from the IRA tax credit are expected from expansion of capacity and stable operation in the US



# Appendix

## Income Statements

(Unit: KRW bn)

LG Chem	2021					2022					2023
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year	1Q
Sales	9,628	11,439	10,598	10,935	42,600	11,595	12,240	14,178	13,852	51,865	14,486
Cost of Sales	7,172	7,594	7,948	8,670	31,385	9,098	9,713	11,410	11,657	41,878	12,161
Gross Profit (%)	2,456 25.5%	3,845 33.6%	2,649 25.0%	2,264 20.7%	11,215 26.3%	2,497 21.5%	2,526 20.6%	2,768 19.5%	2,195 15.8%	9,986 19.3%	2,325 16.1%
SG&A Expenses	1,048	1,704	1,922	1,515	6,188	1,472	1,648	1,867	2,004	6,991	1,634
Operating Profit (%)	1,409 14.6%	2,142 18.7%	727 6.9%	749 6.9%	5,026 11.8%	1,025 8.8%	878 7.2%	901 6.4%	191 1.4%	2,996 5.8%	791 5.5%
Other non-operating income(expenses)	18	73	11	-237	-134	-2	64	25	-271	-183	125
Income before tax	1,427	2,214	738	513	4,892	1,023	943	926	-79	2,813	916
Net Income	1,371	1,566	680	337	3,954	769	718	714	-6	2,196	669
EPS (Unit:KRW)					47,108					23,670	6,056

※ 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.

※ Applied retroactive effects of past performance based on the reorganization.

# Appendix

## Financial Position

(Unit: KRW bn)

LG Chem	2021				2022				2023
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Assets</b>	<b>44,713</b>	<b>46,735</b>	<b>49,822</b>	<b>51,135</b>	<b>64,417</b>	<b>66,347</b>	<b>69,649</b>	<b>67,974</b>	<b>70,896</b>
Cash and Equivalents	5,275	4,198	4,344	3,825	14,138	11,514	9,128	8,512	6,810
A/R	6,082	6,246	6,434	6,387	7,019	7,515	8,957	7,450	8,604
Inventory	5,890	6,876	7,986	8,284	9,312	11,240	12,493	11,881	11,970
Fixed Assets	23,470	24,217	25,217	26,823	27,724	29,027	30,667	32,353	35,186
<b>Liabilities</b>	<b>25,065</b>	<b>25,244</b>	<b>27,143</b>	<b>27,925</b>	<b>28,926</b>	<b>29,799</b>	<b>30,934</b>	<b>30,493</b>	<b>32,492</b>
A/P	3,792	3,727	3,649	3,742	4,691	5,330	5,357	4,756	5,535
Short-term debts	1,775	3,040	3,389	3,477	4,370	4,427	4,741	3,804	5,025
Long-term debts	9,651	8,988	10,630	11,289	10,324	11,313	12,375	12,160	12,849
<b>Equity</b>	<b>19,648</b>	<b>21,491</b>	<b>22,679</b>	<b>23,210</b>	<b>35,491</b>	<b>36,548</b>	<b>38,715</b>	<b>37,481</b>	<b>38,404</b>
Liabilities / Equity (%)	127.7%	117.5%	119.7%	120.3%	81.5%	81.5%	79.9%	81.4%	84.6%
Net debt / Equity (%)	31.3%	36.4%	42.7%	47.1%	1.6%	11.6%	20.6%	19.9%	28.8%
BPS (Unit:KRW)	240,083	260,560	272,417	277,127	387,345	397,216	415,621	401,764	404,633

※ 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.

# Appendix

## Cash Flows

(Unit: KRW bn)

LG Chem	2021					2022					2023
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year	1Q
Beginning Cash Balance	3,882	5,258	4,198	4,344	3,882	3,825	14,138	11,514	9,128	3,825	8,512
Operating Activities	1,066	1,588	903	1,957	5,513	156	-587	-1,100	2,101	570	503
Operating Profit	1,409	2,142	727	749	5,026	1,025	878	901	191	2,996	791
Depreciation	631	685	741	788	2,844	793	819	871	929	3,412	922
Working Capital	-990	-1,215	-1,376	-158	-3,739	-711	-1,785	-2,668	1,518	-3,646	-465
Investing Activities	-430	-1,567	-1,686	-2,210	-5,893	-2,243	-2,188	-2,188	-2,660	-9,279	-4,068
Financing Activities	688	-1,111	819	-273	124	12,337	47	739	209	13,332	1,768
Borrow/Repay	1,240	602	1,991	747	4,580	-72	1,046	1,377	-1,152	1,199	1,909
Dividends	-	-869	-	-	-869	-	-945	-91	-55	-1,091	-56
Ending Cash Balance	5,258	4,198	4,344	3,825	3,825	14,138	11,514	9,128	8,512	8,512	6,810

※ The financial information stated herein has been prepared in the manner different from the standard applied to the cash flow statement of the auditor's report.

※ Beginning and ending cash balance include cash, cash equivalents, and deposits held by financial institutions.

# Appendix

## CAPEX & R&D Expenses (ex – LG ES)

### CAPEX

(Unit: KRW bn)

LG Chem	2021	2022	1Q 2023
Petrochemicals	1,610	1,645	264
Advanced Materials	840	1,089	254
Life Sciences	110	118	713*
Common (incl. Farm Hannong)	593	679	98
<b>Total</b>	<b>3,153</b>	<b>3,531</b>	<b>1,329</b>

\* Included the amount of AVEO acquisition

### R&D Expenses







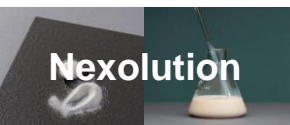
(Unit: KRW bn)

LG Chem	2021	2022	1Q 2023
Petrochemicals	184	216	56
Advanced Materials	154	204	61
Life Sciences	200	276	65
Common (incl. Farm Hannong)	195	205	48
<b>Total</b>	<b>733</b>	<b>901</b>	<b>230</b>

# Appendix

## Petrochemical Divisions & Products (capa) as of Mar.2023

(Unit : 1,000 tons)

	<b>C2 / C3 / BD / BZ / SM</b> (3,350 / 1,980 / 510 / 900 / 520)	<b>BPA</b> (505)	<b>HDPE / LLDPE / PP</b> (550 / 600 / 380)	<b>LDPE / EVA</b> (300 / 160)	
	<b>PVC</b> (1,280)	<b>Plasticizers</b> (280)	<b>Alcohol</b> (300)	<b>PC</b> (170)	<b>Caustic Soda</b> (1,020)
	<b>ABS / SAN</b> (2,290)		<b>PS / EPS</b> (40 / 90)		
	<b>Acrylic Acid</b> (715)	<b>IPA</b> (205)	<b>NPG</b> (175)		
	<b>Synthetic rubber(BR/SSBR/NBR)</b> (365)		<b>Specialty Polymers(SBL/SBS/MBS)</b> (335)		
	<b>POE</b> (280)		<b>CNT</b> (2.9)		
	<b>SAP</b> (500)		<b>NBL</b> (390)		

# Thank you

*We*ConnectScience

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