

2024. 04. 30

# 1Q 2024 Earnings Release

WeConnectScience



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**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 2024 Business Results

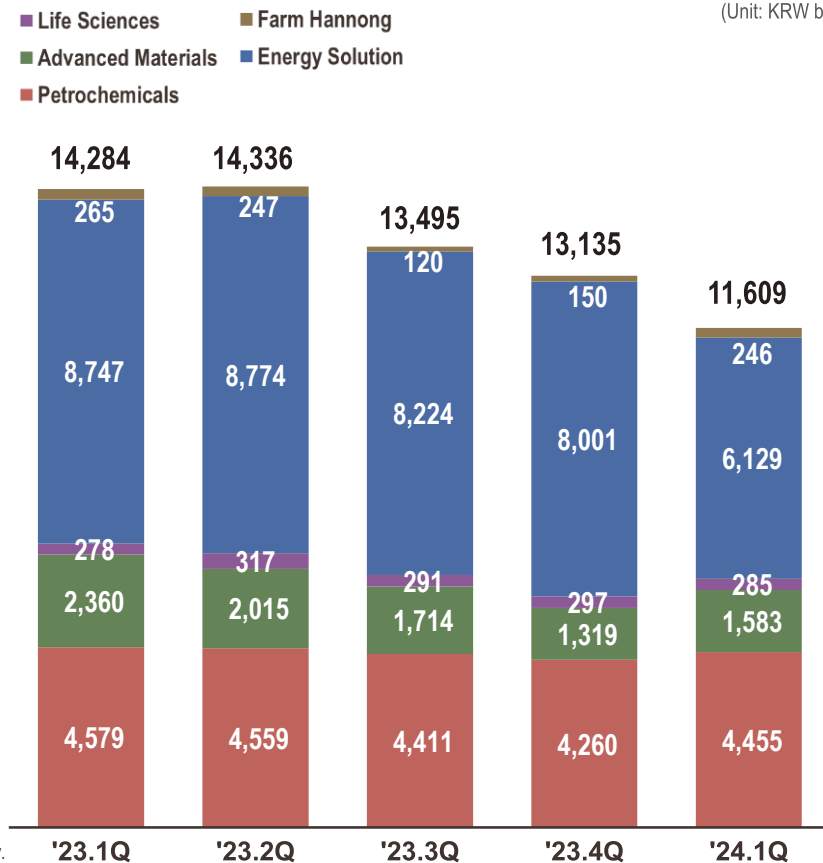
## Sales & Profits Trends (consolidated)

(Unit: KRW bn)

LG Chem	2023				2024
	1Q	2Q	3Q	4Q	1Q
<b>Sales</b>	14,284	14,336	13,495	13,135	<b>11,609</b>
<b>Operating Profit (%)</b>	804 5.6%	618 4.3%	860 6.4%	247 1.9%	<b>265</b> 2.3%
<b>EBITDA (%)</b>	1,726 12.1%	1,595 11.1%	1,859 13.8%	1,306 9.9%	<b>1,351</b> 11.6%
<b>Pre-tax Income (%)</b>	924 6.5%	780 5.4%	576 4.3%	218 1.7%	<b>323</b> 2.8%
<b>Net Income (%)</b>	669 4.7%	671 4.7%	585 4.3%	129 1.0%	<b>342</b> 2.9%

### Sales trend by business

(Unit: KRW bn)



※ Following our decisions to discontinue and sell some of our businesses, the relevant business results have been compiled retroactively.

# 1Q 2024 Business Results

## Financial Position (consolidated)

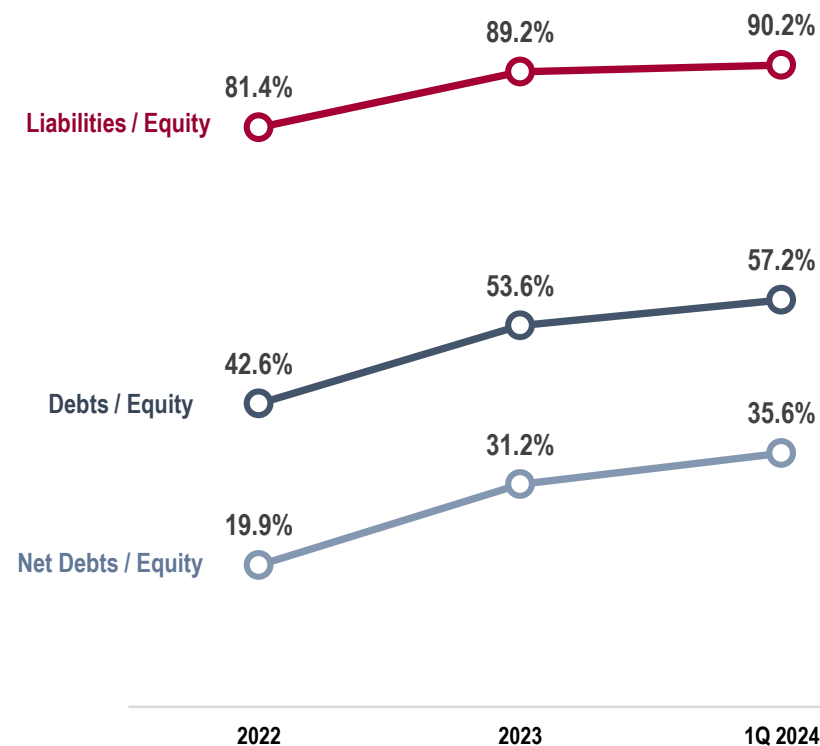
### Balance Sheet

(Unit: KRW tn)

LG Chem	2022	2023	1Q 2024
Asset	68.0	77.5	82.1
Cash and Equivalents	8.5	9.1	9.3
Liabilities	30.5	36.5	38.9
Debts	16.0	21.9	24.7
Equity	37.5	40.9	43.2
BPS (Unit:KRW)	401,764	411,243	416,082

### Financial Ratios

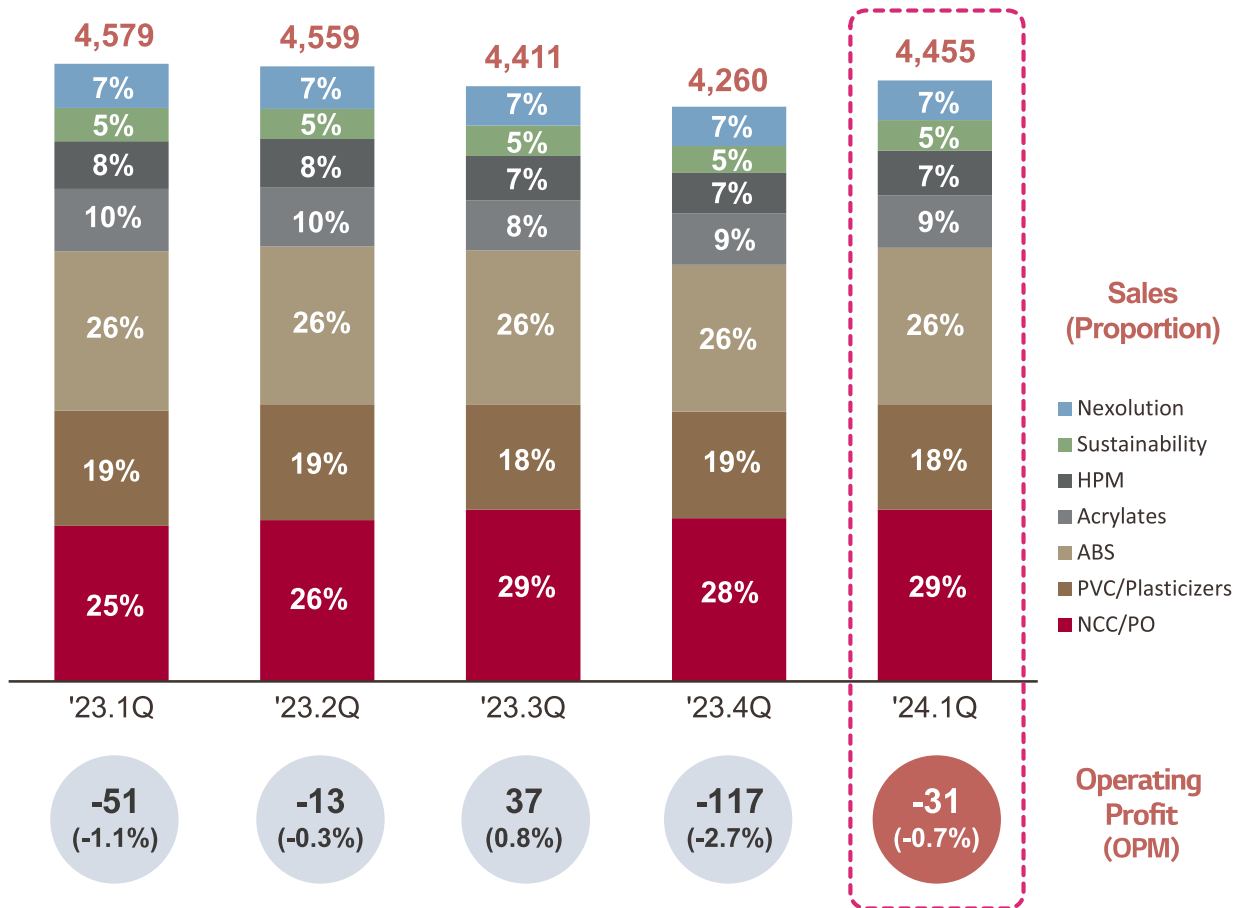
(Unit: %)



# Results & Outlook by Business

## Petrochemicals

(Unit: KRW bn)



### Results

- Despite geopolitical risks imposing upward pressures on raw material costs, losses narrowed on positive lagging effect from naphtha and sustained cost saving efforts



### Outlook

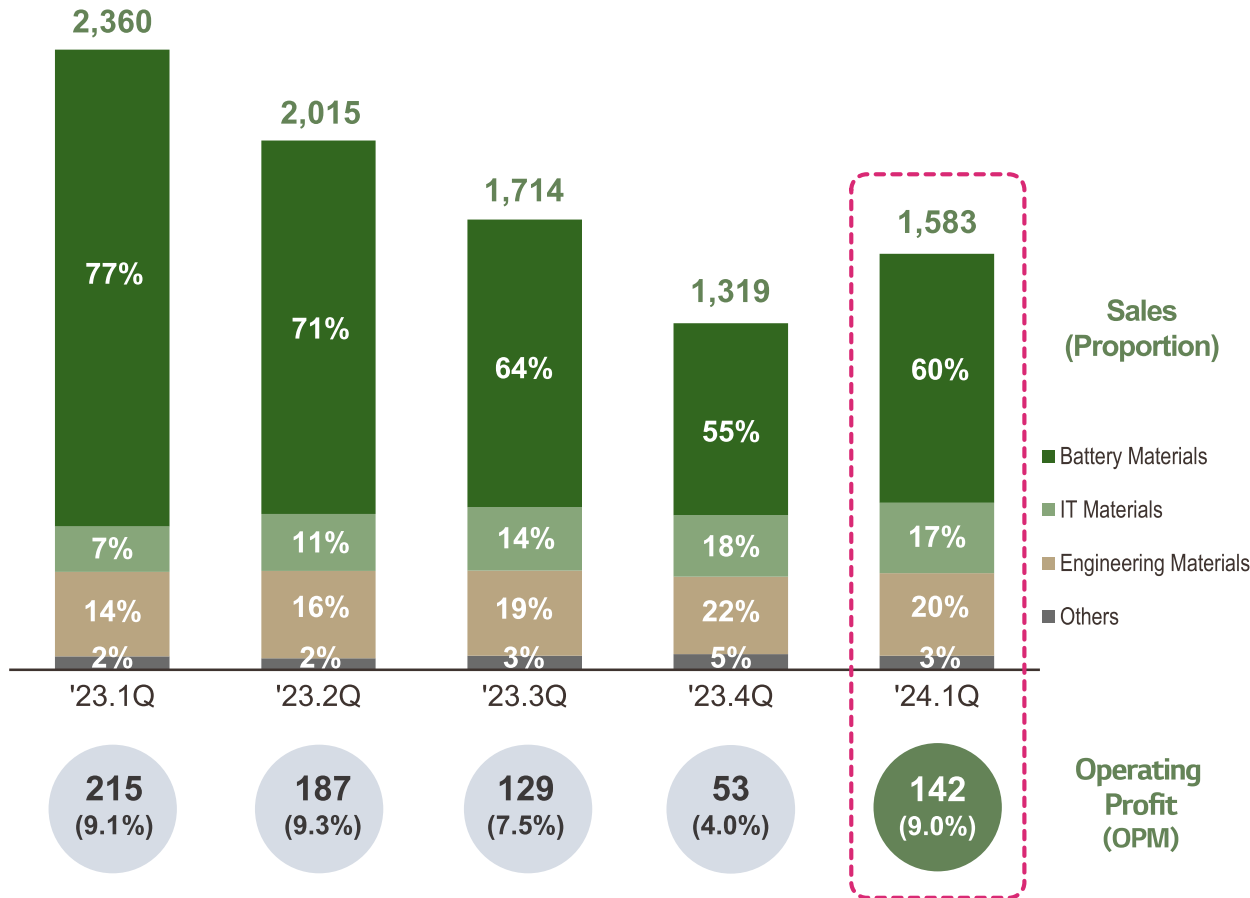
- While higher for longer oil price, interest rate and other macro-uncertainties persist, profitability is expected to improve with home appliances and main products entering high season, and operation of new production line for value-added products



# Results & Outlook by Business

## Advanced Materials

(Unit: KRW bn)



### Results

- Improvement on sales and profitability of battery material business driven by sizable shipment increases
- Share of value-added products expanded for overall business



### Outlook

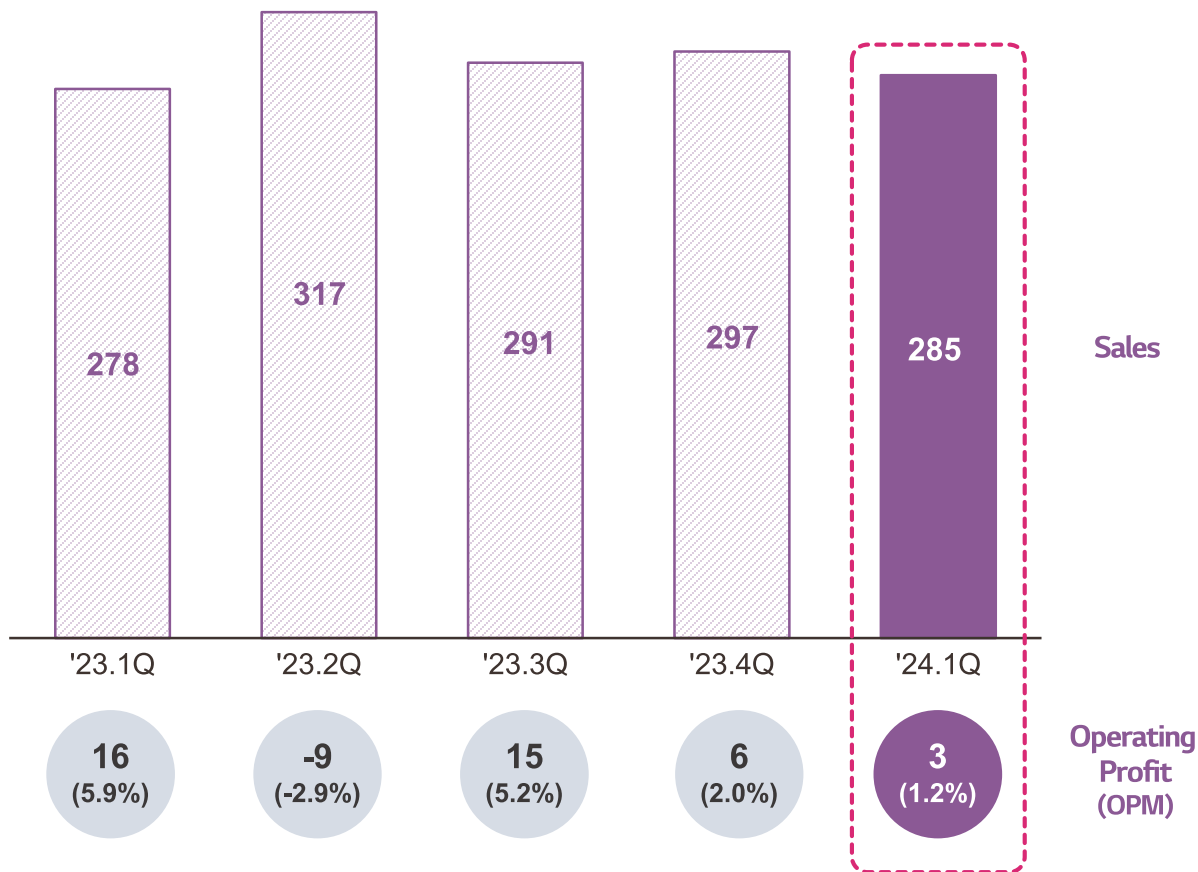
- Driven by cathode shipment growth, and stable metal prices, profitability is expected to improve as reverse-lagging effect is mitigated

※ Following our decisions to discontinue and sell some of our businesses, the relevant business results have been compiled retroactively.

# Results & Outlook by Business

## Life Sciences

(Unit: KRW bn)



### Results

- Steady sales of flagship products including diabetes and growth hormone products drove marginal increase in YoY sales
- R&D spending displayed an uptick on the back of global clinical trials



### Outlook

- Sales from main products are robust, and booking of upfront license-out fees for orphan drug for obesity drove one-off increase in sales & profit

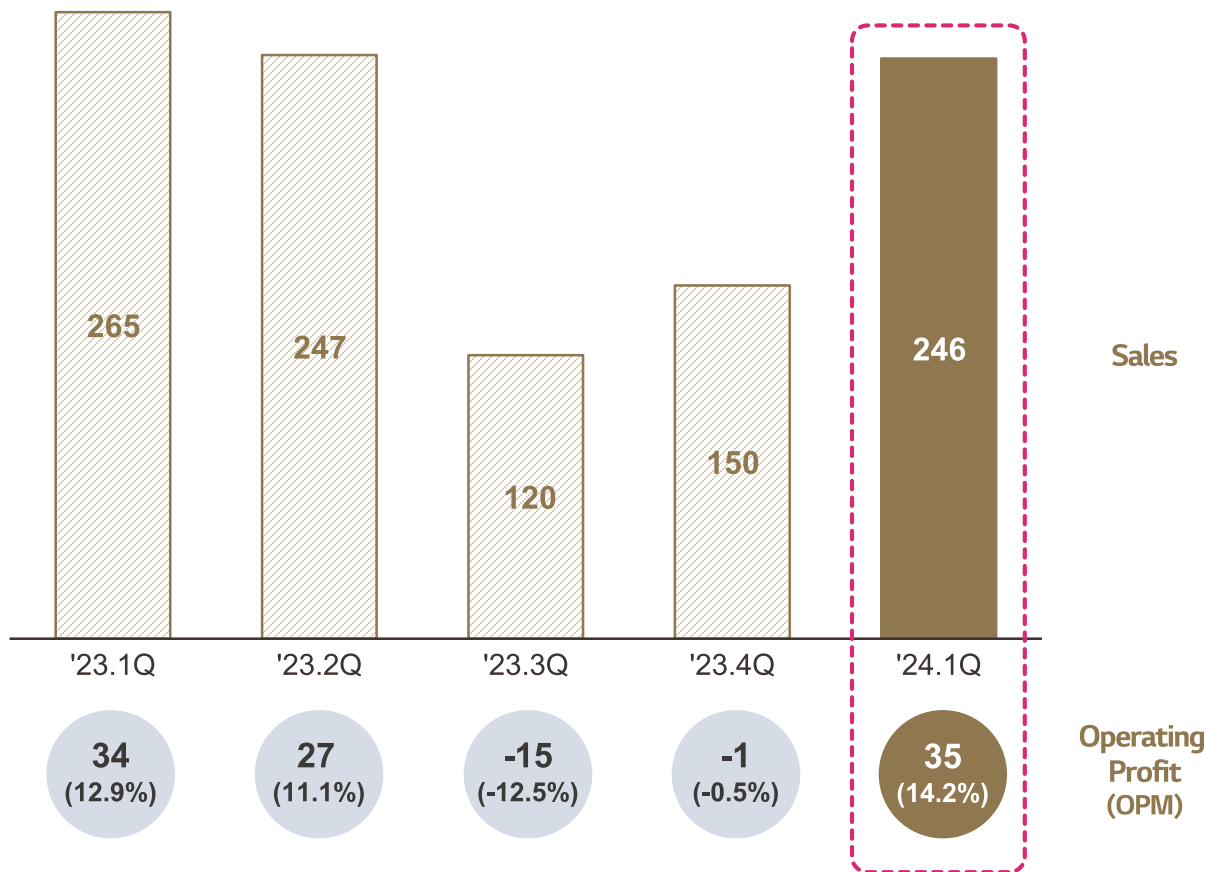
※ AVEO's performance is included from February 2023.



# Results & Outlook by Business

## Farm Hannong

(Unit: KRW bn)



### Results

- Sales dipped YoY due to a decline in fertilizer ASP, while profitability improved on overseas expansion of crop protection products and higher ASP



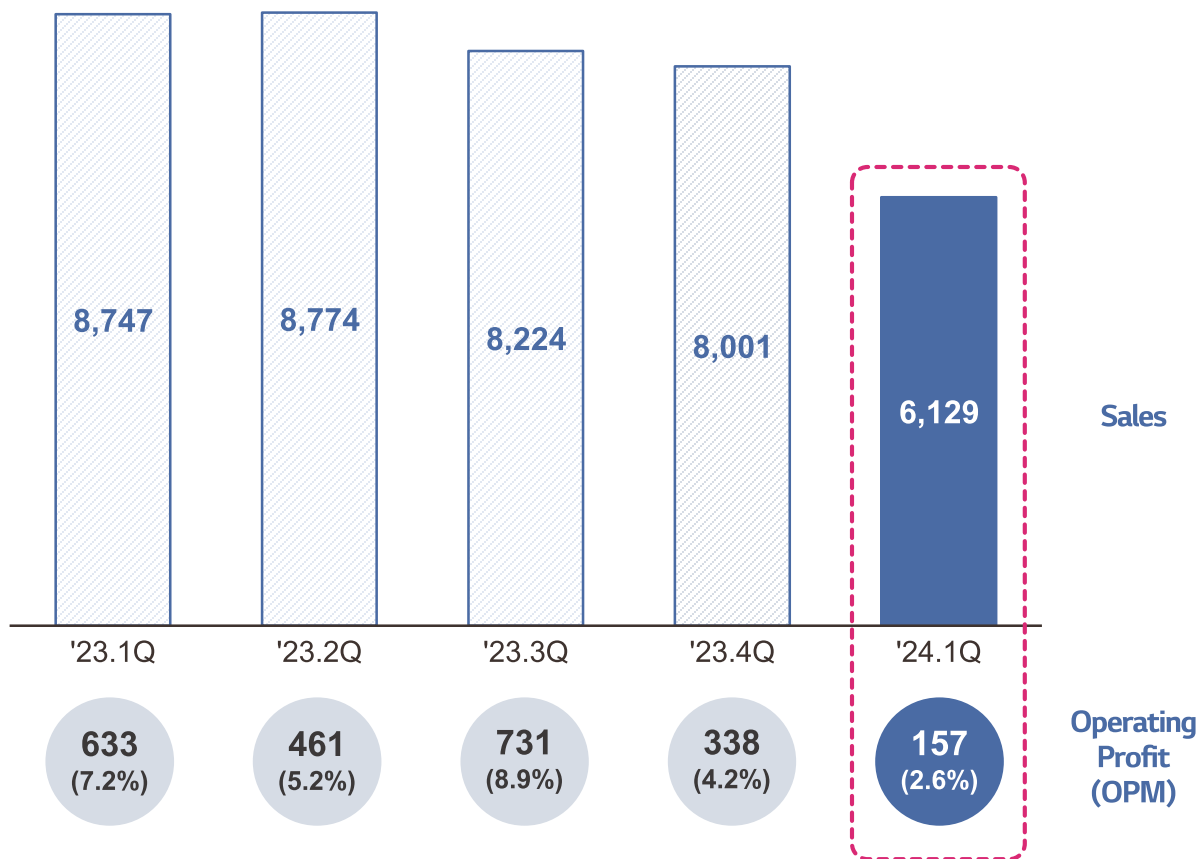
### Outlook

- Sales decline is expected from shutdown of low margin fertilizer business, but expansion of global sale of crop protection products is projected to bring annual profitability improvements

# Results & Outlook by Business

## Energy Solution

(Unit: KRW bn)



### Results

- Despite higher sales of cylindrical products driven by active engagement with strategic customers, subdued downstream demand and falling metal prices drove down sales and profitability QoQ



### Outlook

- Notwithstanding possibly a softer downstream demand in Europe etc., higher volume sales to major customers expected to drive top-line growth



# Appendix

## Income Statements

(Unit: KRW bn)

LG Chem	2022					2023					2024
	1Q	2Q	3Q	4Q	연간	1Q	2Q	3Q	4Q	연간	1Q
Sales	11,355	11,987	13,985	13,656	50,983	14,284	14,336	13,495	13,135	55,250	11,609
Cost of Sales	8,904	9,511	11,235	11,472	41,122	11,972	11,930	11,177	11,384	46,464	9,706
Gross Profit (%)	2,451 21.6%	2,477 20.7%	2,749 19.7%	2,184 16.0%	9,861 19.3%	2,312 16.2%	2,405 16.8%	2,318 17.2%	1,750 13.3%	8,786 15.9%	1,904 16.4%
SG&A Expenses	1,447	1,622	1,838	1,975	6,882	1,609	1,899	1,673	1,753	6,934	1,828
Other non-operating income(*)						100	111	216	250	677	189
Operating Profit (%)	1,004 8.8%	855 7.1%	911 6.5%	209 1.5%	2,979 5.8%	804 5.6%	618 4.3%	860 6.4%	247 1.9%	2,529 4.6%	265 2.3%
Other non-operating income(expenses)	-9	24	13	-229	-201	120	162	-284	-30	-31	58
Income before tax	995	878	925	-20	2,778	924	780	576	218	2,498	323
Net Income	769	718	714	-6	2,196	669	671	585	129	2,053	342
EPS (Unit:KRW)					23,670					17,086	1,742

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

(\*) The amount is expected to be received under the US Inflation Reduction Act by LG Energy Solution.

※ Following our decisions to discontinue and sell some of our businesses, the relevant business results have been compiled retroactively.

# Appendix

## Financial Position

(Unit: KRW bn)

LG Chem	2022				2023				2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Assets</b>	<b>64,417</b>	<b>66,347</b>	<b>69,649</b>	<b>67,974</b>	<b>70,896</b>	<b>72,501</b>	<b>77,500</b>	<b>77,467</b>	<b>82,116</b>
Cash and Equivalents	14,138	11,514	9,128	8,512	6,810	6,871	8,883	9,142	9,263
A/R	7,019	7,515	8,957	7,450	8,604	8,657	8,924	8,083	8,152
Inventory	9,312	11,240	12,493	11,881	11,970	11,145	10,608	9,375	9,666
Tangible / Intangible Assets	27,724	29,027	30,667	32,353	35,186	37,465	40,016	42,643	45,643
<b>Liabilities</b>	<b>28,926</b>	<b>29,799</b>	<b>30,934</b>	<b>30,493</b>	<b>32,492</b>	<b>32,893</b>	<b>36,135</b>	<b>36,529</b>	<b>38,937</b>
A/P	4,691	5,330	5,357	4,756	5,535	4,887	5,012	4,118	4,195
Short-term debts	4,370	4,427	4,741	3,804	5,025	5,267	4,590	7,078	7,789
Long-term debts	10,324	11,313	12,375	12,160	12,849	13,968	17,318	14,850	16,894
<b>Equity</b>	<b>35,491</b>	<b>36,548</b>	<b>38,715</b>	<b>37,481</b>	<b>38,404</b>	<b>39,608</b>	<b>41,365</b>	<b>40,938</b>	<b>43,179</b>
Liabilities / Equity (%)	81.5%	81.5%	79.9%	81.4%	84.6%	83.0%	87.4%	89.2%	90.2%
Net debt / Equity (%)	1.6%	11.6%	20.6%	19.9%	28.8%	31.2%	31.5%	31.2%	35.6%
BPS (Unit:KRW)	387,345	397,216	415,621	401,764	404,633	409,363	416,722	411,243	416,082

※ Cash and Equivalents includes cash, cash equivalents, and some deposits at financial institutions.

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

# Appendix

## Cash Flows

(Unit: KRW bn)

LG Chem	2022					2023					2024
	1Q	2Q	3Q	4Q	연간	1Q	2Q	3Q	4Q	연간	1Q
Beginning Cash Balance	3,825	14,138	11,514	9,128	3,825	8,512	6,810	6,871	8,883	8,512	9,142
Operating Activities	156	-587	-1,100	2,101	570	503	1,971	1,656	3,406	7,537	454
Operating Profit	1,004	855	911	209	2,979	804	618	860	247	2,529	265
Depreciation	793	819	871	929	3,412	922	977	999	1,059	3,957	1,086
Working Capital	-711	-1,785	-2,668	1,518	-3,646	-465	125	394	1,180	1,234	-283
Investing Activities	-2,243	-2,188	-2,188	-2,660	-9,279	-4,068	-2,750	-3,046	-3,262	-13,127	-4,009
Financing Activities	12,337	47	739	209	13,332	1,768	888	3,219	283	6,157	3,507
Borrow / Repay	-72	1,046	1,377	-1,152	1,199	1,909	1,362	2,672	20	5,964	2,755
Dividends	-	-945	-91	-55	-1,091	-56	-840	-11	-197	-1,104	-81
Ending Cash Balance	14,138	11,514	9,128	8,512	8,512	6,810	6,871	8,883	9,142	9,142	9,294

※ The financial information contained in this material has different standards from the cash flow statement in the audit report.

※ Beginning cash and ending cash include cash, cash equivalents, and some deposits at financial institutions. Accordingly, it was retroactively revised to the same beginning/ending-period cash basis.

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# Appendix

## CAPEX & R&D Expenses (excl. Energy Solution)

### CAPEX

(Unit: KRW bn)

LG Chem	2022	2023	1Q 2024
Petrochemicals	1,645	1,464	261
Advanced Materials	1,089	690	113
Life Sciences	118	770*	5
Common (incl. Farm Hannong)	679	487	48
<b>Total</b>	<b>3,531</b>	<b>3,411</b>	<b>427</b>

\* Included the amount of AVEO acquisition

### R&D Expenses







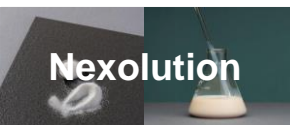
(Unit: KRW bn)

LG Chem	2022	2023	1Q 2024
Petrochemicals	216	232	60
Advanced Materials	204	243	58
Life Sciences	276	375	108
Common (incl. Farm Hannong)	205	194	45
<b>Total</b>	<b>901</b>	<b>1,044</b>	<b>271</b>

# Appendix

## Petrochemical Divisions & Products (Capa) as of 1Q 2024

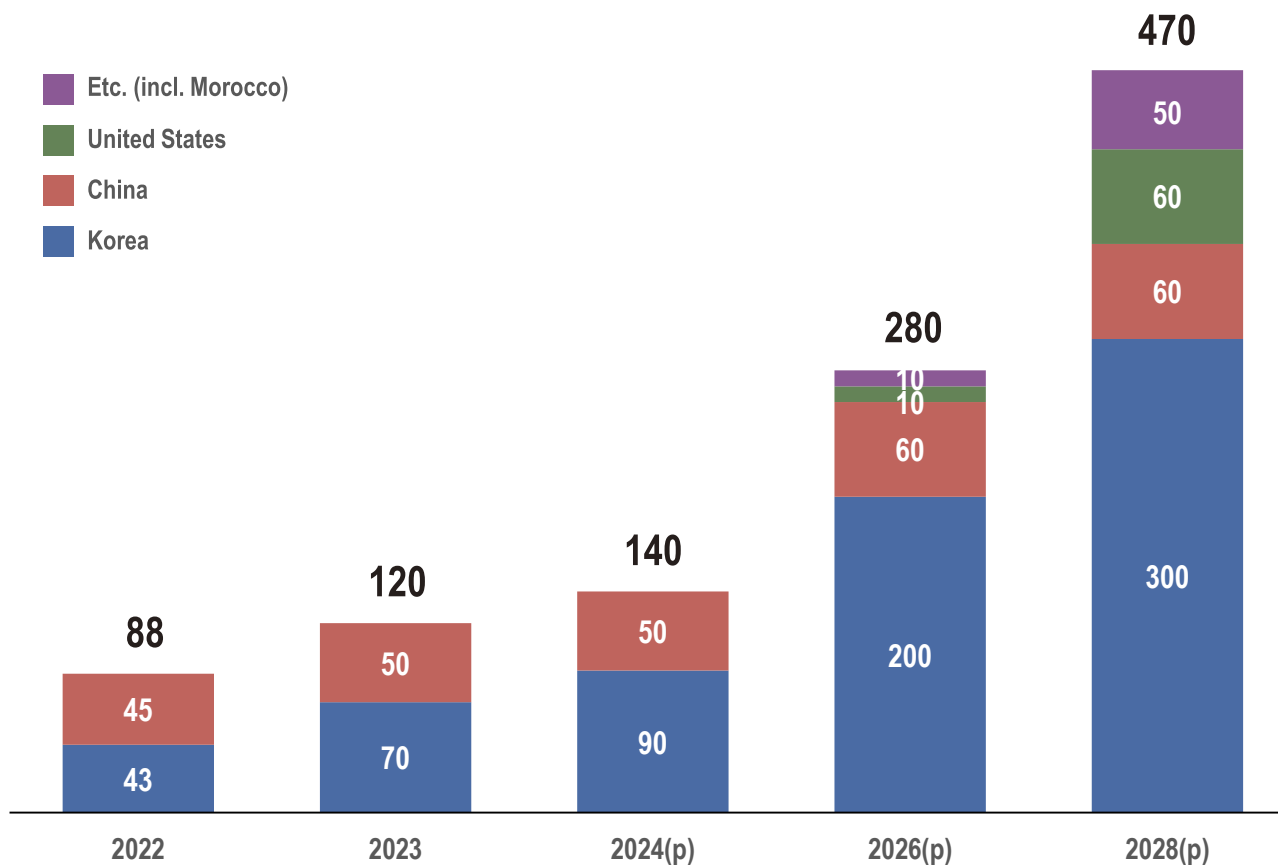
(Unit : 1,000 tons)

	<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) <sup>'24.3Q</sup> (2,290 → 2,330)		<b>PS / EPS</b> (40 / 90)		
	<b>Acrylic Acid</b> (715)	<b>IPA</b> (265)	<b>NPG</b> (175)		
	<b>Synthetic Rubbers (BR/SSBR/NBR)</b> (365)		<b>Specialty Polymers (SBL/SBS/MBS)</b> (313)		
	<b>POE</b> (380)	<b>CNT</b> (2.9)	<b>PBAT</b> <sup>'24.2Q</sup> (0 → 50)		
	<b>SAP</b> (500)		<b>NBL</b> (630)		

# Appendix

## Cathode Capa Plan

(Unit : 1,000 tons)



※ It is based on our business plan, and may differ from the actual Capa due to changes in the business environment and strategy revision.



# Thank you

*We*ConnectScience

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