

2022. 10. 31

# 3Q 2022 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.**

# 3Q 2022 Business Results

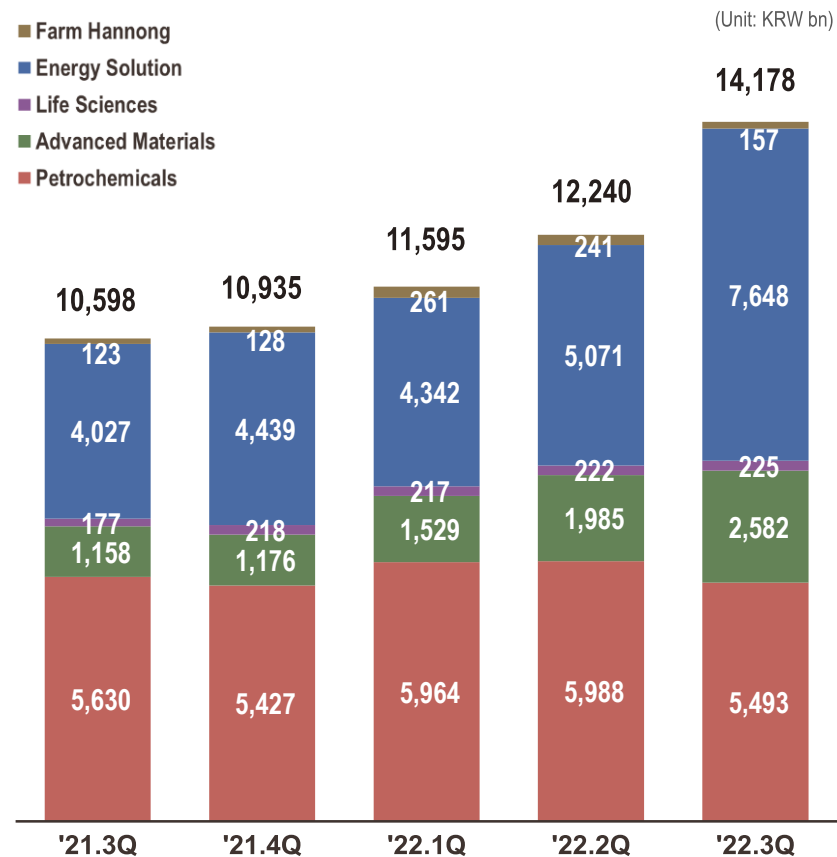
## Sales & Profits Trends (consolidated)

(Unit: KRW bn)

	2021		2022		
	3Q	4Q	1Q	2Q	3Q
<b>Sales</b>	10,598	10,935	11,595	12,240	<b>14,178</b>
<b>Operating Profit (%)</b>	727 6.9%	749 6.9%	1,025 8.8%	878 7.2%	<b>901 6.4%</b>
<b>EBITDA (%)</b>	1,468 13.9%	1,537 14.1%	1,818 15.7%	1,698 13.9%	<b>1,772 12.5%</b>
<b>Pre-tax Income (%)</b>	738 7.0%	513 4.7%	1,023 8.8%	943 7.7%	<b>926 6.5%</b>
<b>Net Income (%)</b>	680 6.4%	337 3.1%	769 6.6%	718 5.9%	<b>714 5.0%</b>

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

### Sales trend by business



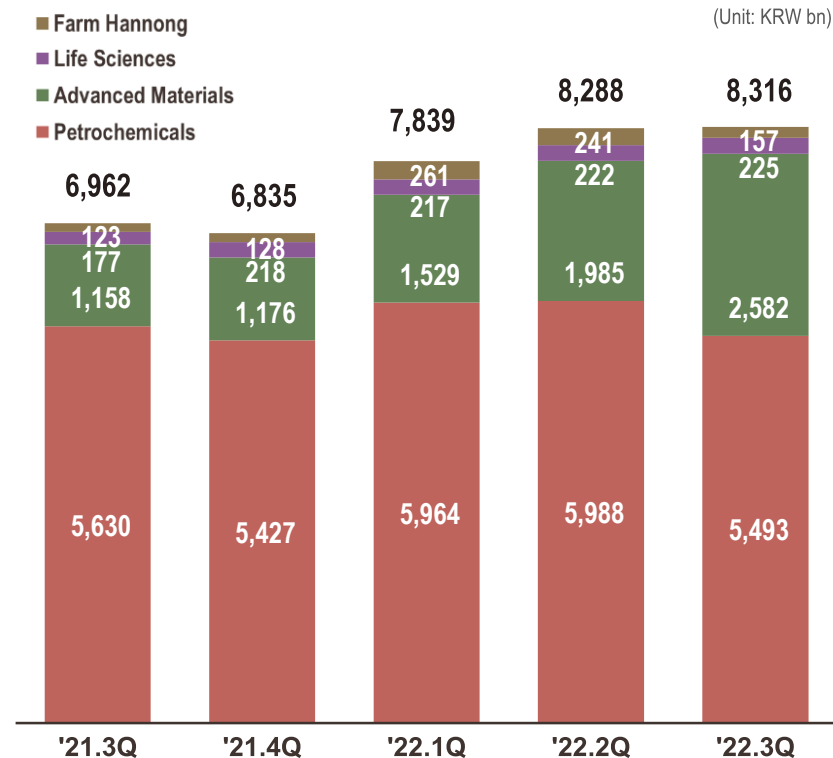
# 3Q 2022 Business Results

## Sales & Profits Trends (ex – LG ES)

(Unit: KRW bn)

	2021		2022		
	3Q	4Q	1Q	2Q	3Q
<b>Sales</b>	6,962	6,835	7,839	8,288	<b>8,316</b>
<b>Operating Profit (%)</b>	1,100 15.8%	665 9.7%	818 10.4%	820 9.9%	<b>450 5.4%</b>
<b>EBITDA (%)</b>	1,450 20.8%	1,027 15.0%	1,185 15.1%	1,198 14.5%	<b>832 10.0%</b>

### Sales trend by business



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

# 3Q 2022 Business Results

## Financial Position (consolidated)

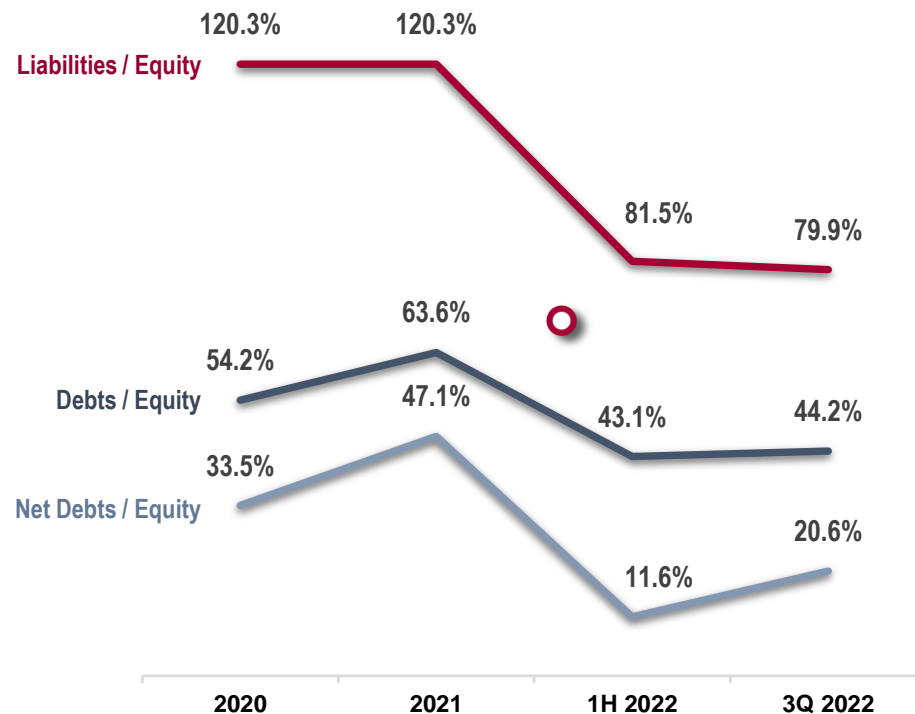
### Balance Sheet

(Unit: KRW tn)

	2021	2Q 2022	3Q 2022
<b>Asset</b>	51.1	66.3	<b>69.6</b>
Cash and Equivalents	3.8	11.5	<b>9.1</b>
<b>Liabilities</b>	27.9	29.8	<b>30.9</b>
Debt	14.8	15.7	<b>17.1</b>
<b>Equity</b>	23.2	36.5	<b>38.7</b>
<b>BPS (Unit:KRW)</b>	277,127	397,216	<b>415,621</b>

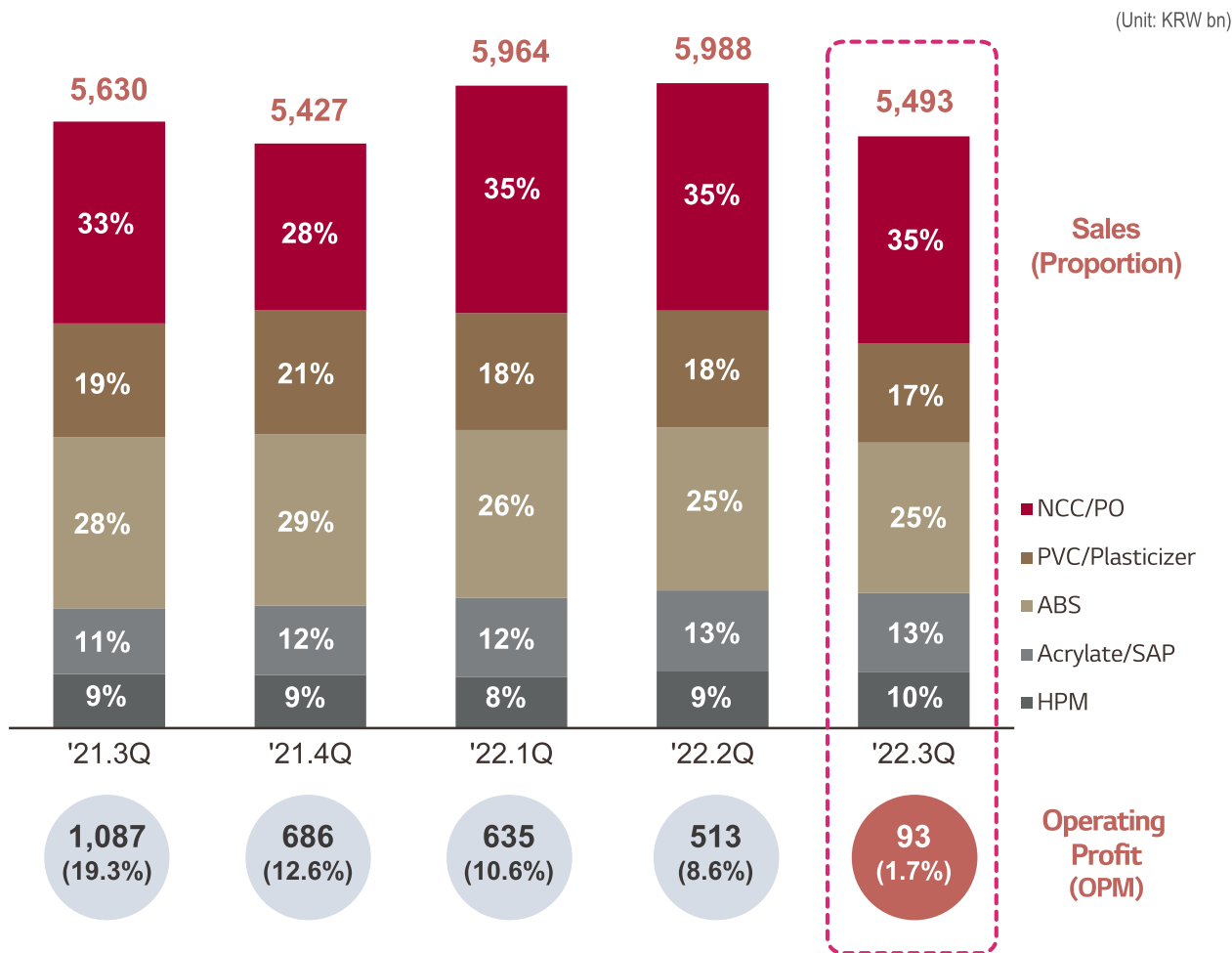
### Financial Ratios

(Unit: %)



# Results & Outlook by Business

## Petrochemicals



### Results

- Profitability decreased as spreads worsened due to rising oil prices and declining global demand



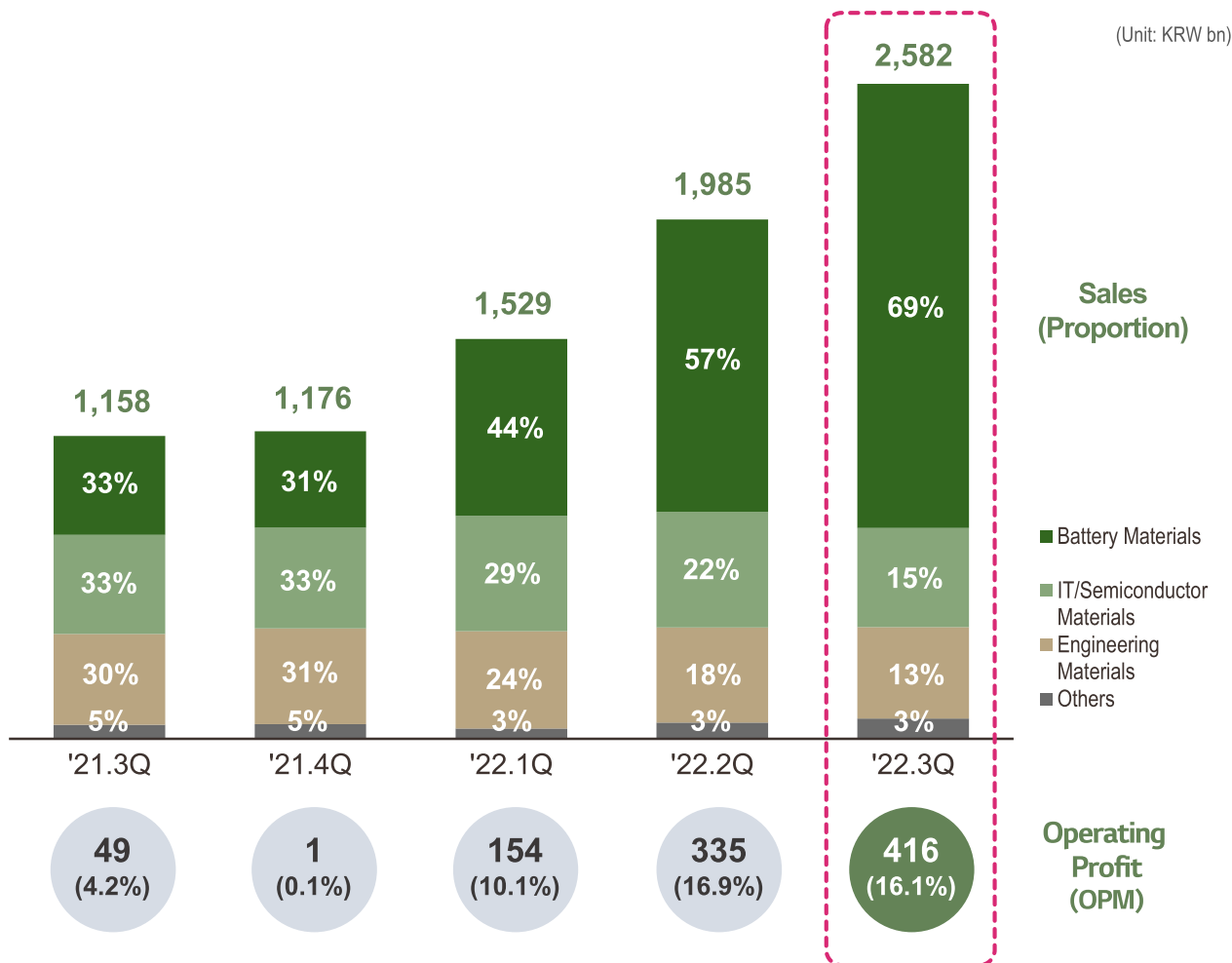
### Outlook

- Difficult situation to be continued due to sluggish global demand and increased supply
- Petrochemical market expected to be gradually improved from next year

※ HPM : High Performance Materials

# Results & Outlook by Business

## Advanced Materials



### Results

- Sales growth to continue from an increase in battery material shipments and ASP hikes
- Increased profit due to growth of cathode business despite weakened front industry in the IT/Semiconductor materials



### Outlook

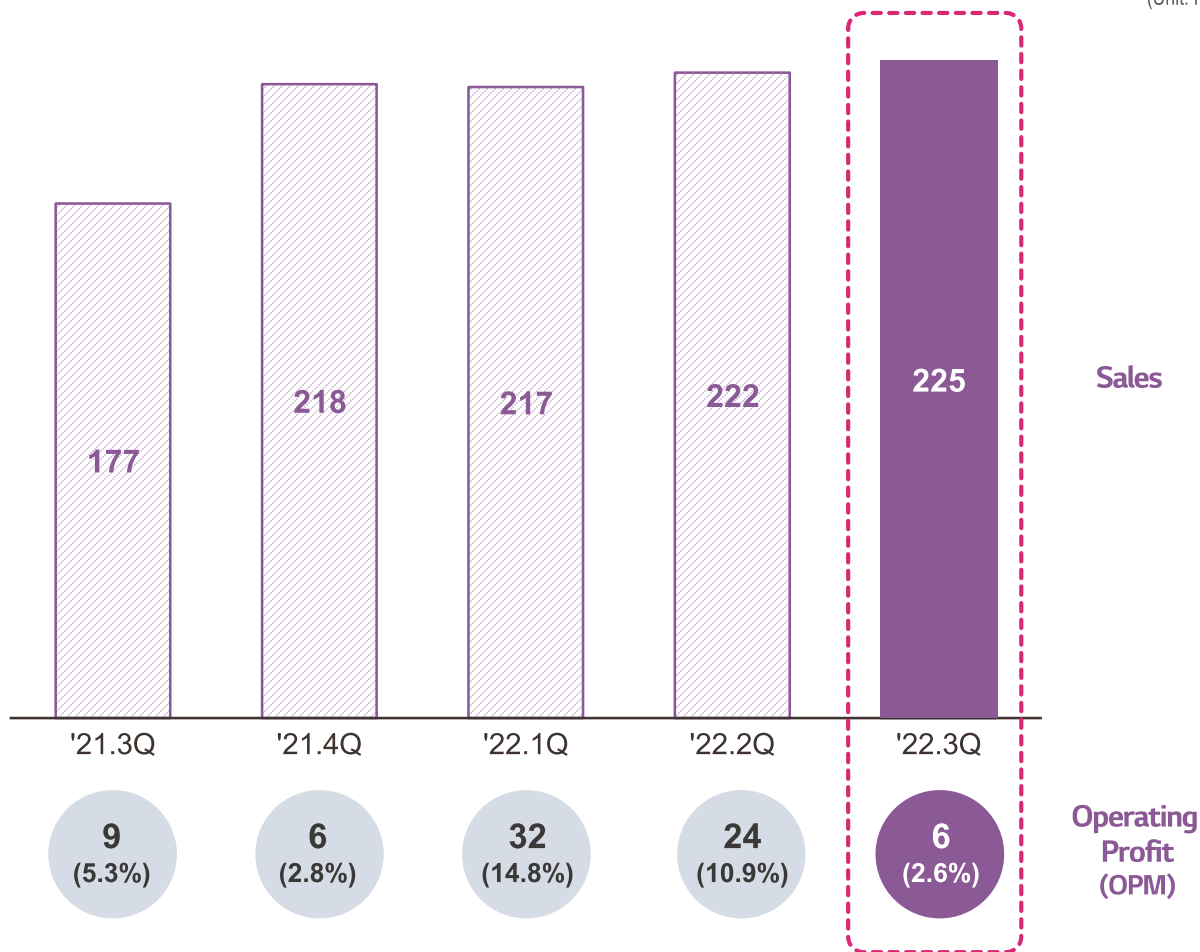
- Despite decreased sales in the cathodes due to falling metal price, stable growth expected from sustainable increase in shipments



# Results & Outlook by Business

## Life Sciences

(Unit: KRW bn)



### Results

- Sales increased with continuous growth of major products such as growth hormone product and Eucept, but profitability declined due to delayed recovery of aesthetic business in China and increasing R&D expense



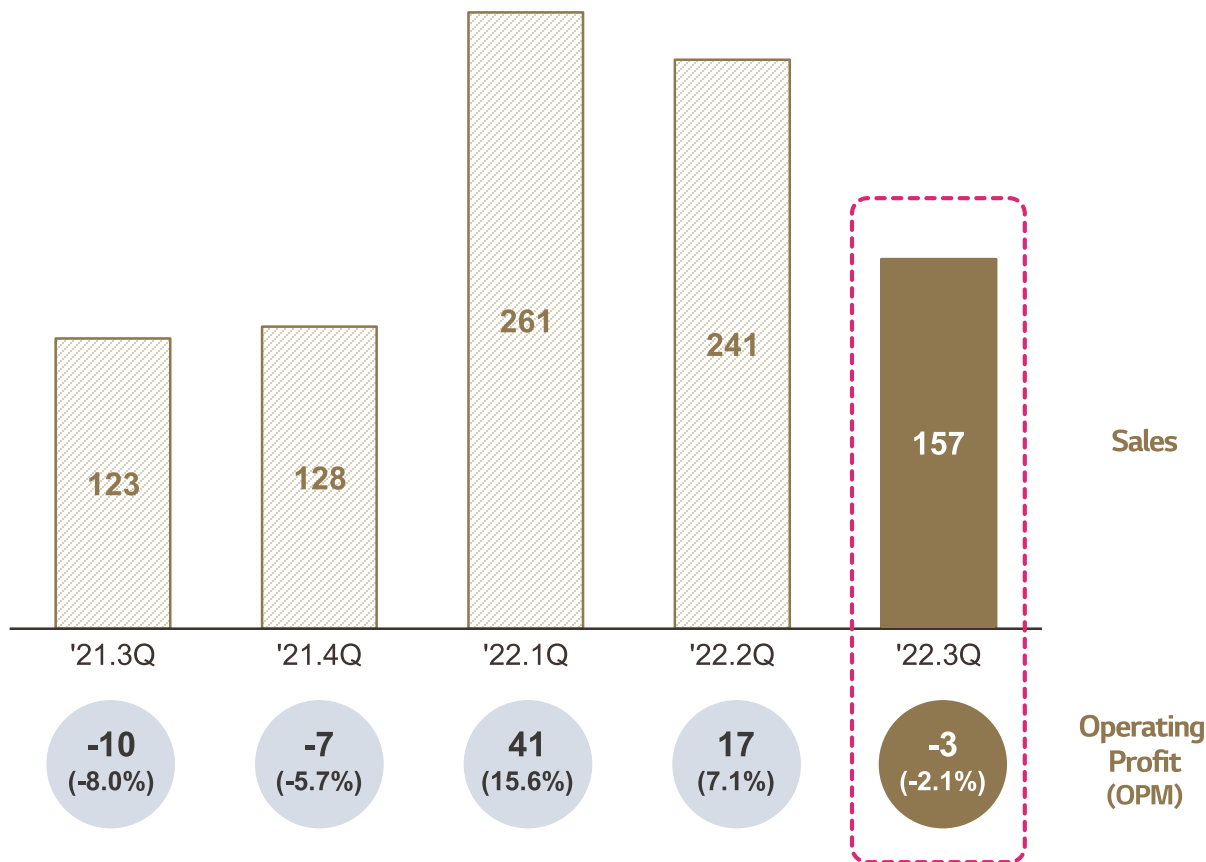
### Outlook

- Sales to increase from expansion of shipments in major products such as vaccine and growth hormones
- R&D cost to increase from global clinical trials for new drug projects

# Results & Outlook by Business

## Farm Hannong

(Unit: KRW bn)



### Results

- Improved sales and profitability YoY from increased sales of crop protection products including increased export of Terrad'or



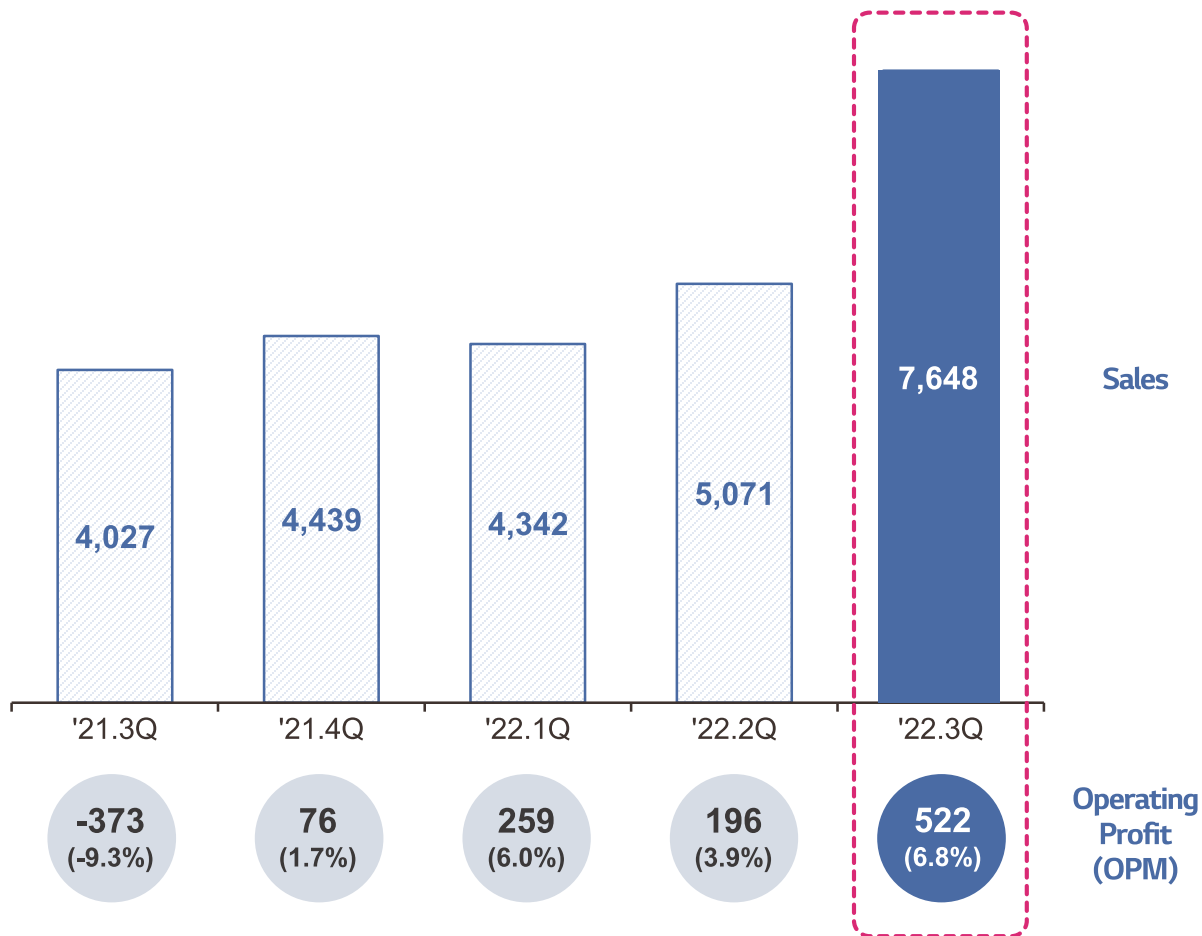
### Outlook

- Annual sales and profitability to improve by expanding overseas crop protection business and high value-added seed business

# Results & Outlook by Business

## Energy Solution

(Unit: KRW bn)



### Results

- A record-high quarterly revenue was posted in Q3'22. EV battery shipment increased thanks to improved demand in EU & North America
- The operating profit enhanced due to economies of scale led by top-line growth and reflection of cost increase including raw material price into ASP



### Outlook

- Accelerating business expansion centered on the North American market, where rapid growth is expected by expanding the CAPA in North America and building smart factory



# Appendix

## Sales & Operating Profits by Business

(Unit: KRW bn)

LG Chem	2021					2022		
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q
Sales	9,628	11,439	10,598	10,935	42,600	11,595	12,240	14,178
Cost of Sales	7,172	7,594	7,948	8,670	31,385	9,098	9,713	11,410
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%
SG&A Expenses	1,048	1,704	1,922	1,515	6,188	1,472	1,648	1,867
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%
Other non-operating income(expenses)	18	73	11	-237	-134	-2	64	25
Income before tax	1,427	2,214	738	513	4,892	1,023	943	926
Net Income	1,371	1,566	680	337	3,954	769	718	714
EPS (Unit:KRW)					47,108	8,832	8,462	7,885

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

# Appendix

## Financial Position

(Unit: KRW bn)

LG Chem	2021				2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<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>
Cash and Equivalents	5,275	4,198	4,344	3,825	14,138	11,514	9,128
A/R	6,082	6,246	6,434	6,387	7,019	7,515	8,957
Inventory	5,890	6,876	7,986	8,284	9,312	11,240	12,493
Fixed Assets	23,470	24,217	25,217	26,823	27,724	29,027	30,667
<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>
A/P	3,792	3,727	3,649	3,742	4,691	5,330	5,357
Short-term debts	1,775	3,040	3,389	3,477	4,370	4,427	4,741
Long-term debts	9,651	8,988	10,630	11,289	10,324	11,313	12,375
<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>
Liabilities / Equity (%)	127.7%	117.5%	119.7%	120.3%	81.5%	81.5%	79.9%
Net debt / Equity (%)	31.3%	36.4%	42.7%	47.1%	1.6%	11.6%	20.6%
BPS (Unit:KRW)	240,083	260,560	272,417	277,127	387,345	397,216	415,621

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# Appendix

## Cash Flows

(Unit: KRW bn)

LG Chem	2021					2022		
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q
<b>Beginning Cash Balance</b>	3,274	5,058	4,189	4,279	3,274	3,761	9,052	5,279
<b>Operating Activities</b>	1,066	1,588	903	1,957	5,513	156	-587	-1,100
Operating Profit	1,409	2,142	727	749	5,026	1,025	878	901
Depreciation	631	685	741	788	2,844	793	819	871
Working Capital	-990	-1,215	-1,376	-158	-3,739	-711	-1,785	-2,668
<b>Investing Activities</b>	-38	-1,360	-1,737	-2,215	-5,349	-7,264	-3,338	-169
<b>Financing Activities</b>	688	-1,111	819	-273	124	12,337	47	739
Borrow/Repay	1,240	602	1,991	747	4,580	-72	1,046	1,376
Dividends	-	-869	-	-	-869	-	-945	-92
<b>Ending Cash Balance</b>	5,058	4,189	4,279	3,761	3,761	9,052	5,279	4,912

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# Appendix

## CAPEX & R&D Expenses (ex – LG ES)

### CAPEX

(Unit: KRW bn)

LG Chem	2021	3Q 2022	YT3Q 2022
Petrochemicals	1,610	268	628
Advanced Materials	840	288	957
Life Sciences	110	31	66
Common (incl. Farm Hannong)	593	164	381
<b>Total</b>	<b>3,153</b>	<b>751</b>	<b>2,033</b>

### R&D Expenses

(Unit: KRW bn)

LG Chem	2021	3Q 2022	YT3Q 2022
Petrochemicals	184	54	154
Advanced Materials	154	57	143
Life Sciences	200	64	190
Common (incl. Farm Hannong)	195	56	151
<b>Total</b>	<b>733</b>	<b>231</b>	<b>637</b>

# Thank you

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