

4Q 2021 Earnings Release



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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.

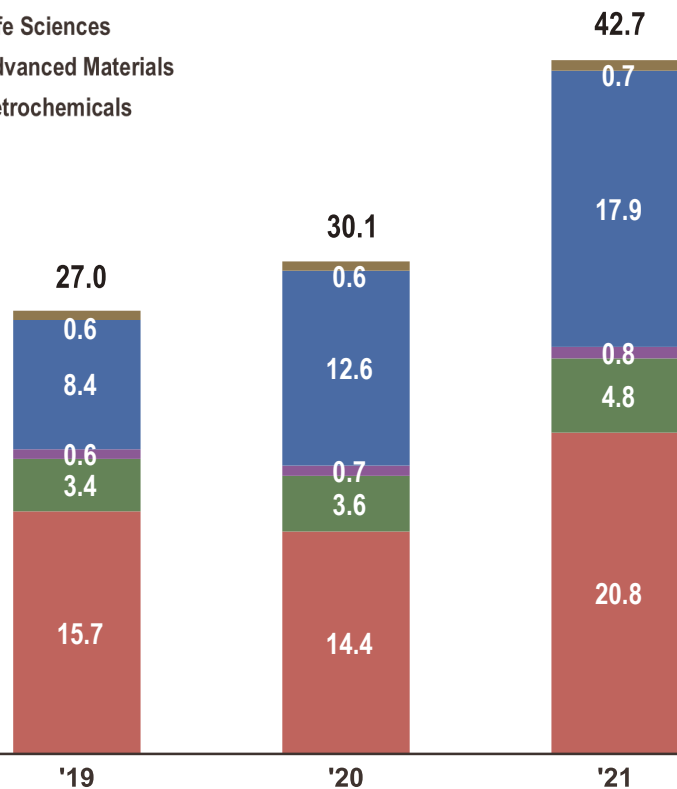
4Q 2021 Business Results

Sales & Profits Trends

Annual Sales Trend

(Unit: KRW tn)

- Farm Hannong
- Energy Solution
- Life Sciences
- Advanced Materials
- Petrochemicals



(Unit: KRW bn)

	2019	2020	2021	YoY
Operating profit (%)	830 3.1%	1,805 6.0%	5,025 11.8%	178.4%
Petrochemicals	1,417 9.0%	1,955 13.6%	4,082 19.7%	108.8%
Advanced Materials	54 1.6%	194 5.4%	236 4.9%	21.8%
Life Sciences	37 5.9%	54 8.1%	67 8.8%	24.5%
Energy Solution	-529 -6.3%	-289 -2.3%	768 4.3%	T/A
Farm Hannong	21 3.5%	25 4.2%	30 4.4%	16.1%
EBITDA (%)	2,684 9.8%	4,117 13.7%	7,869 18.4%	91.1%

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

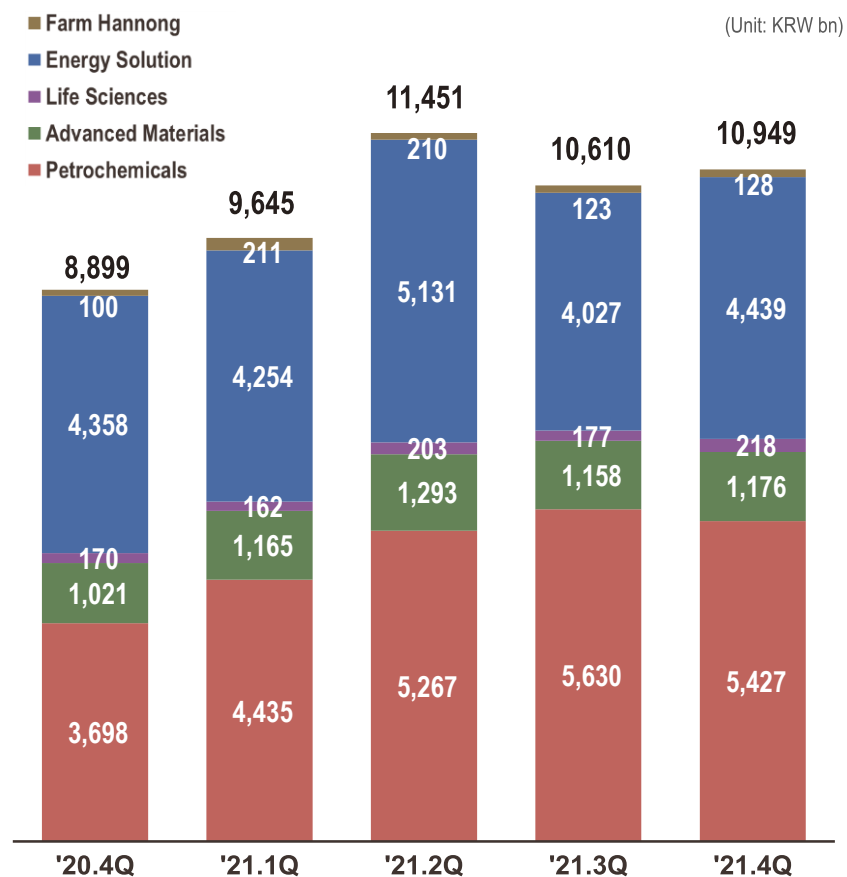
4Q 2021 Business Results

Sales & Profits Trends

(Unit: KRW bn)

	2020	2021			
	4Q	1Q	2Q	3Q	4Q
Sales	8,899	9,645	11,451	10,610	10,949
Operating Profit (%)	120 1.4%	1,409 14.6%	2,141 18.7%	727 6.8%	748 6.8%
EBITDA (%)	756 8.5%	2,040 21.2%	2,826 24.7%	1,467 13.8%	1,536 14.0%
Pre-tax Income (%)	-390 -4.4%	1,428 14.8%	2,213 19.3%	738 7.0%	512 4.7%
Net Income (%)	-343 -3.9%	1,371 14.2%	1,566 13.7%	680 6.4%	337 3.1%

Sales trend by business



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

4Q 2021 Business Results

Financial Position

Balance Sheet

(Unit: KRW tn)

	2020	3Q 2021	2021
Asset	41.4	49.8	51.1
Cash and Equivalents	3.9	4.3	3.8
Liabilities	22.6	27.1	27.9
Debt	10.2	14.0	14.8
Equity	18.8	22.7	23.2

Financial Ratios

(Unit: %)

	2020	3Q 2021	2021
Liabilities / Equity	120.3%	119.7%	120.3%
Debts / Equity	54.2%	61.8%	63.6%
Net Debts / Equity	33.5%	42.7%	47.1%
ROE	3.8%	12.3%	18.8%
ROA	1.8%	5.6%	8.5%

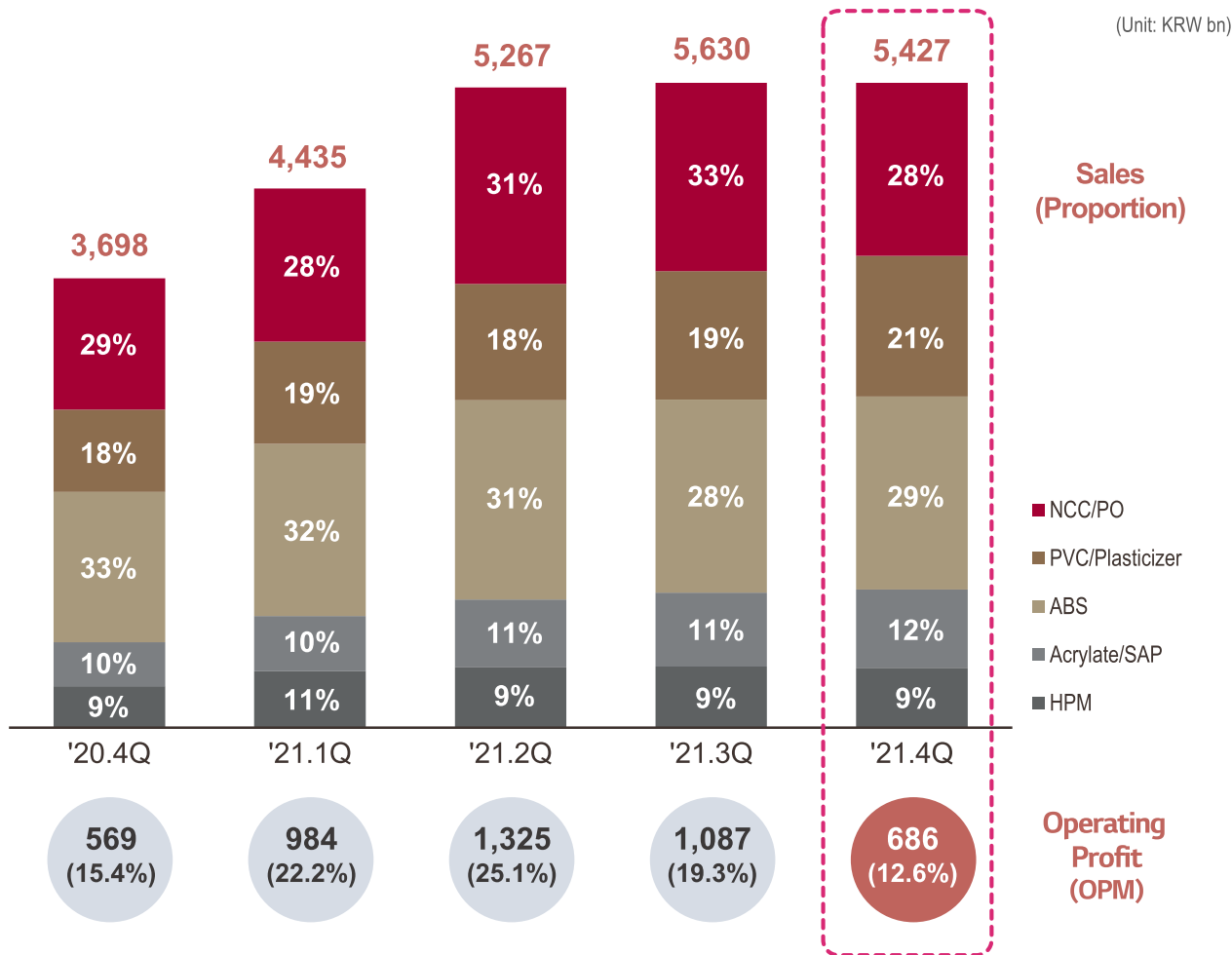
※ ROE: Net Income / Avg of beginning & ending equity

ROA: Net Income / Avg of beginning & ending asset

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

Results & Outlook by Business

Petrochemicals



Results

- Profitability fell due to the T/A of Daesan NCC and rising global freight rate



Outlook

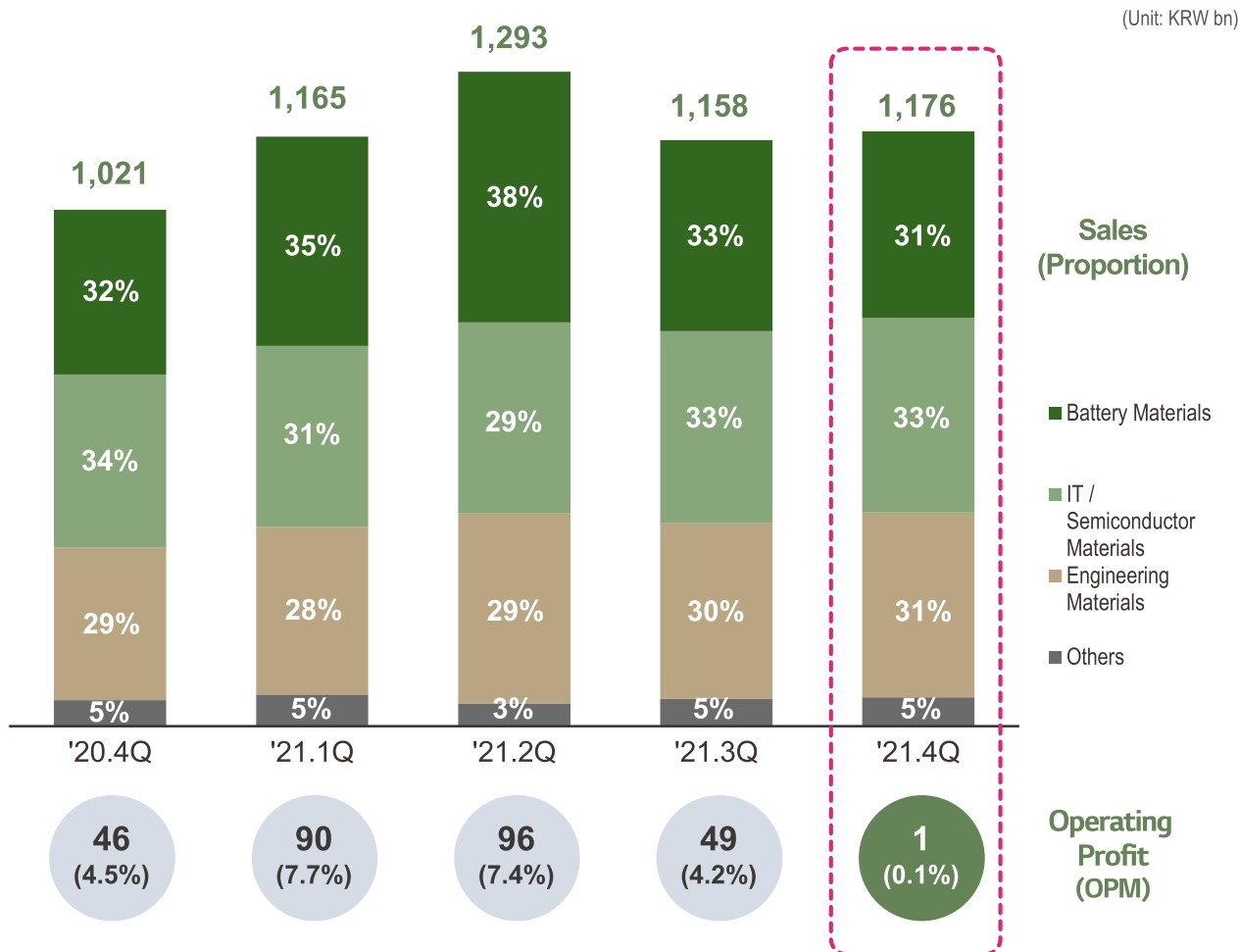
- Despite the concerns about oversupply from NEA Upstream, global economic recovery & demand for mega-trend products expected to remain solid

※ HPM : High Performance Materials



Results & Outlook by Business

Advanced Materials



Results

- Profitability fell due to the decrease in cathode volume from the continued supply shortage of automotive semiconductors

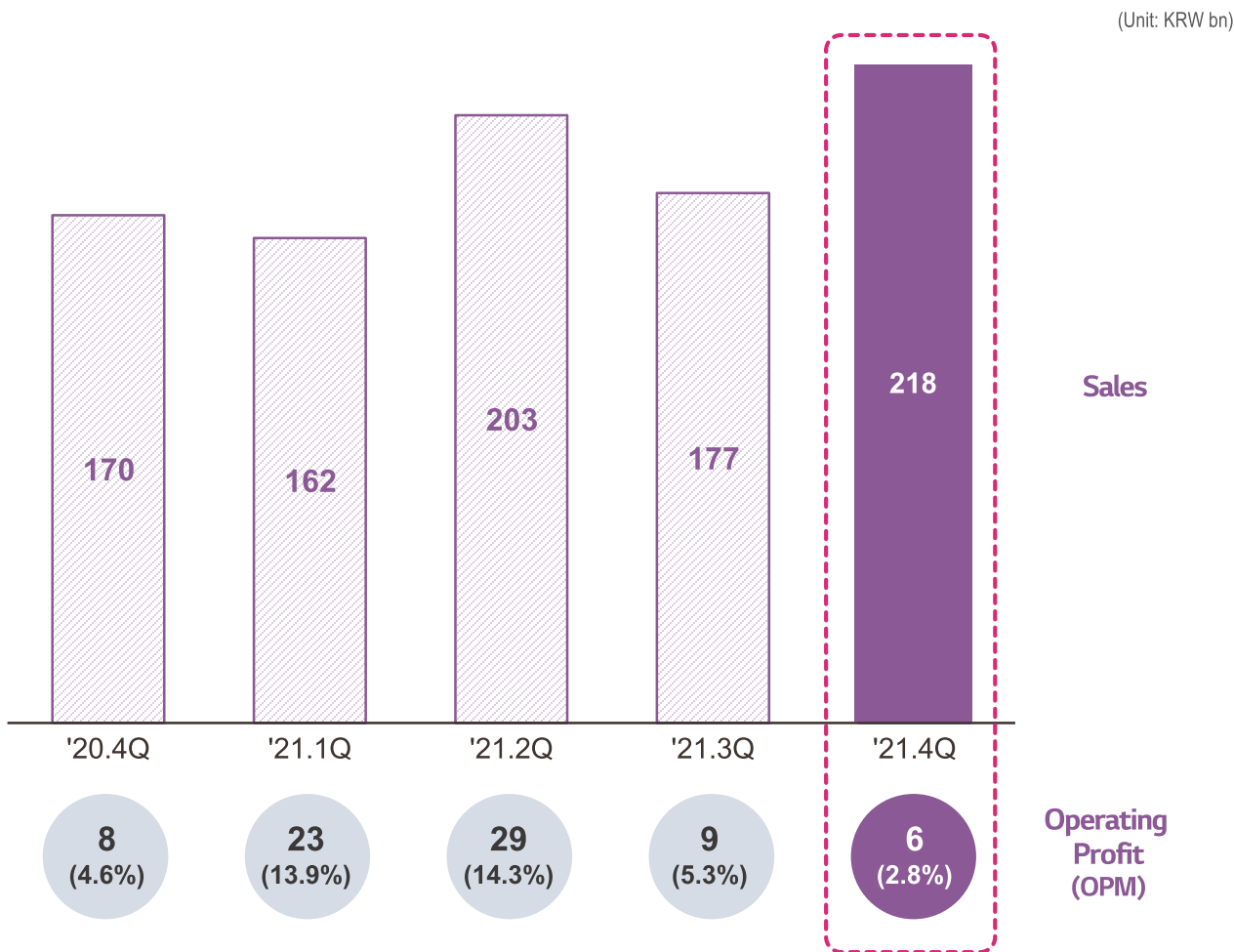


Outlook

- Sales and profitability to improve with the alleviation of downstream's supply issue & full-fledged sales of the separator business

Results & Outlook by Business

Life Sciences



Results

- Sales and profitability improved YoY with greater shipments of crop protection products, seeds, etc.



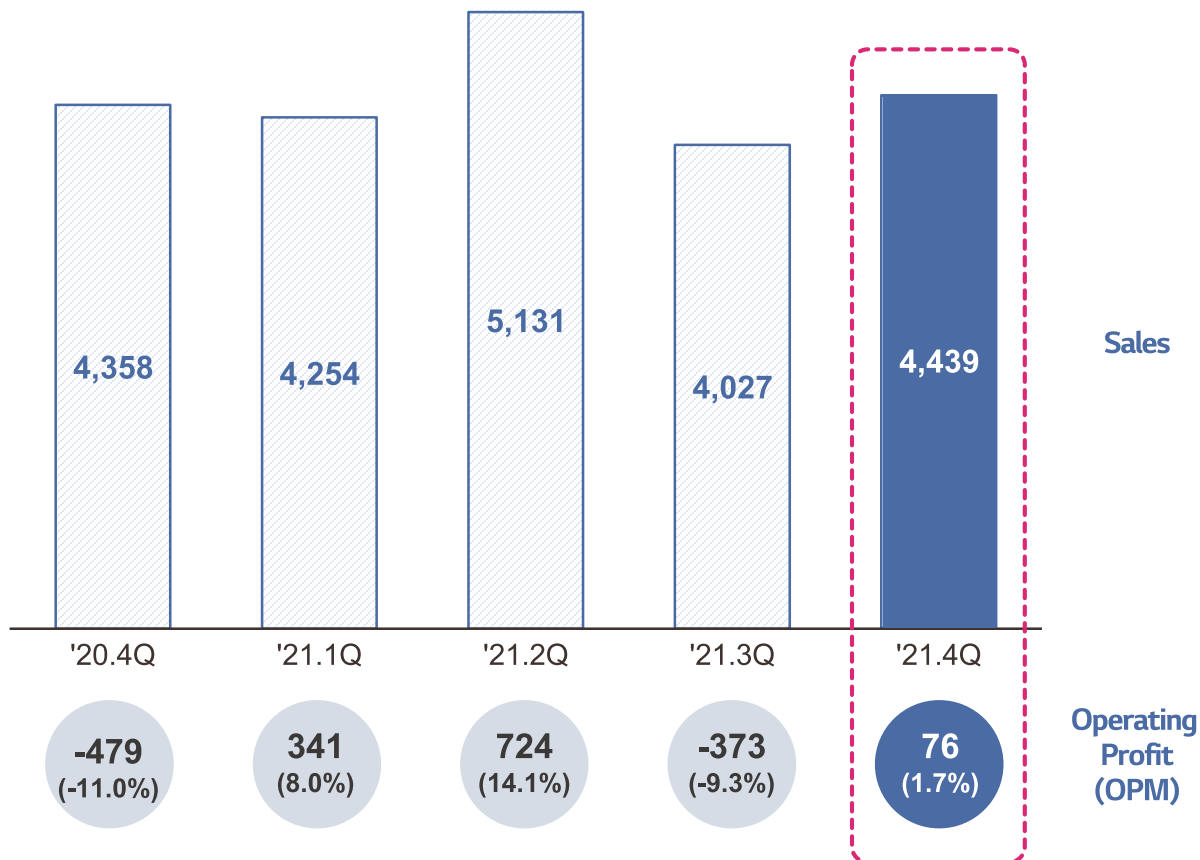
Outlook

- Annual sales and profitability to improve through new market entry and expansion of the sales distribution channel

Results & Outlook by Business

Energy Solution

(Unit: KRW bn)



Results

- Despite the negative impact on sales due to the automotive chip shortage issue, sales were up by 10% QoQ on the back of shipment increase for EV batteries and sales growth for pouch batteries for new IT devices
- Operating margin was somewhat depressed driven by an increase in raw material prices, increase of logistics costs and recall impact in sales



Outlook

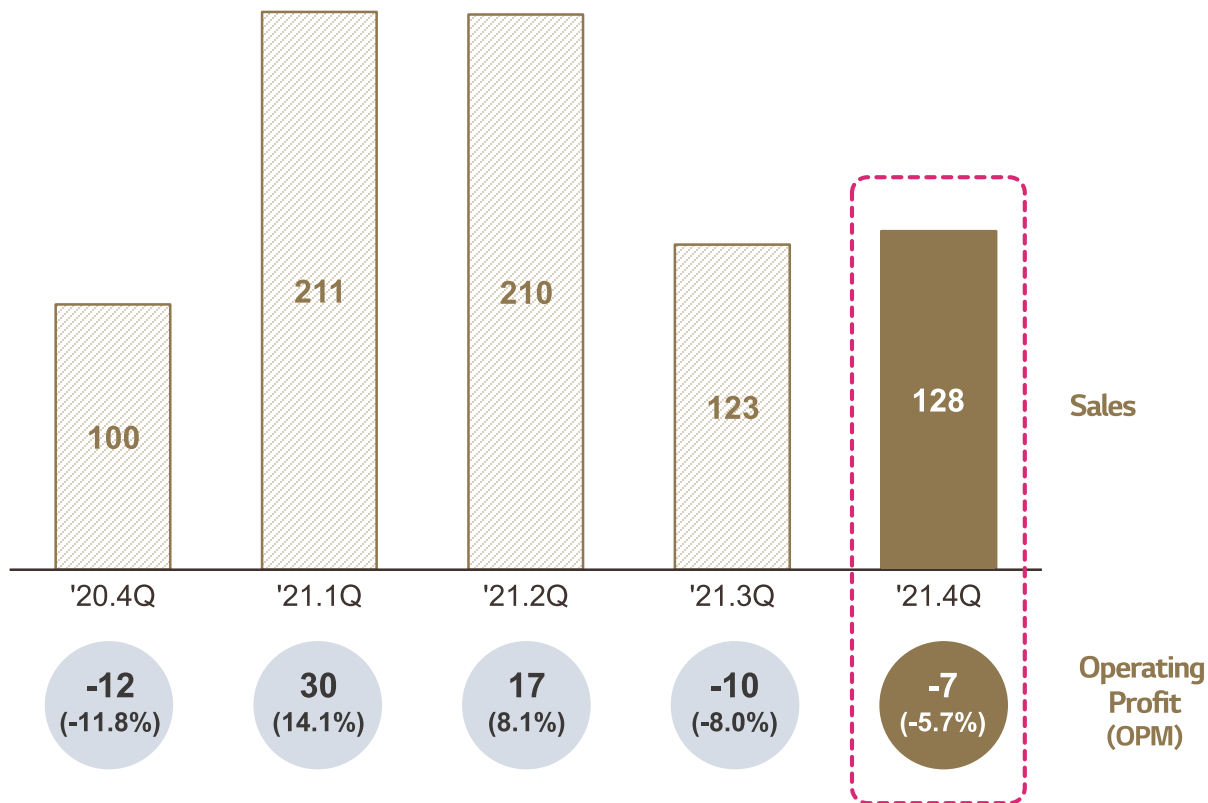
- Despite continuing car production disruptions caused by automotive chip shortage and recall impact in supply, sales are forecast to grow as major OEMs plan to launch more EV models



Results & Outlook by Business

Farm Hannong

(Unit: KRW bn)



Results

- Improved sales and profitability YoY, thanks to increased shipments of crop protection and fertilizers despite rising raw material prices



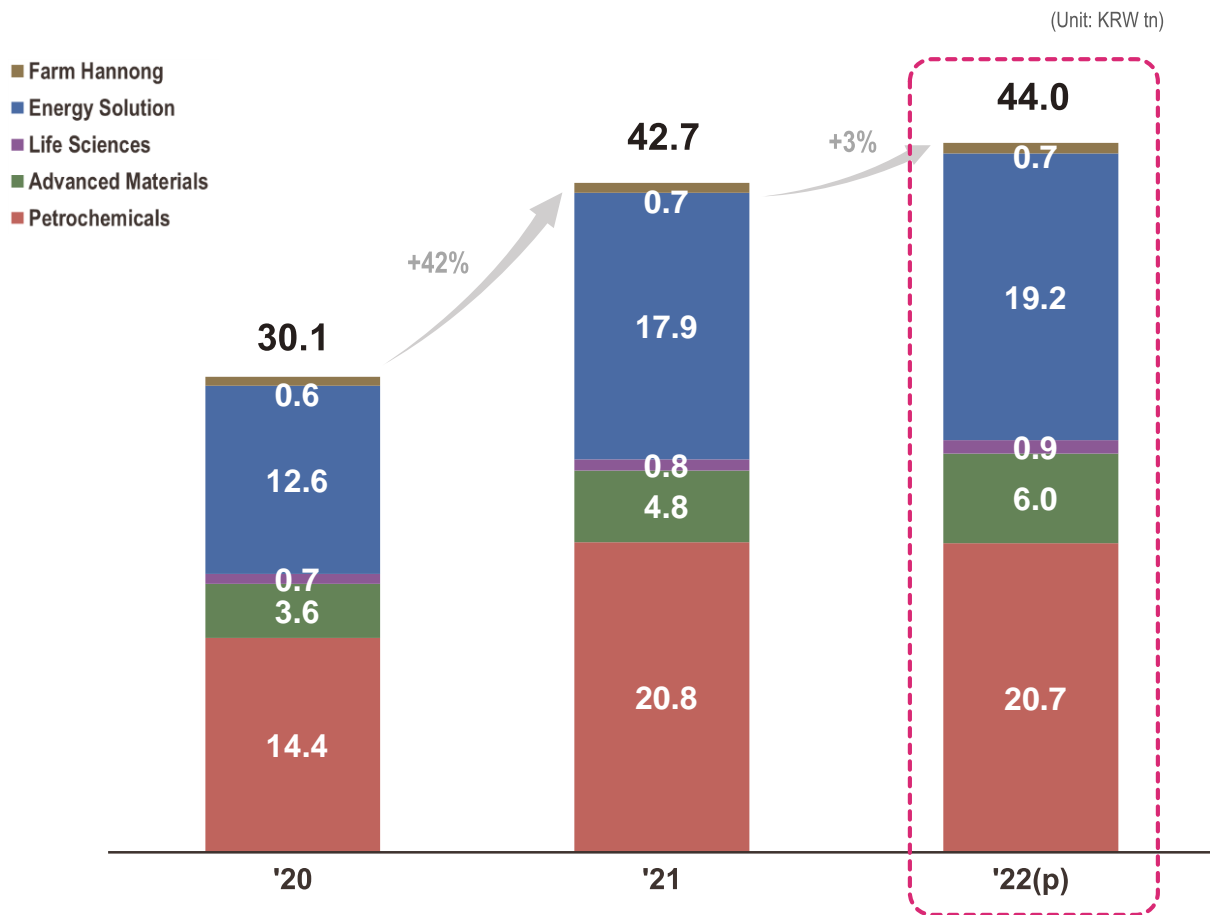
Outlook

- Annual sales to improve by strengthening product portfolio and penetrating into overseas market



2022 Business Outlook

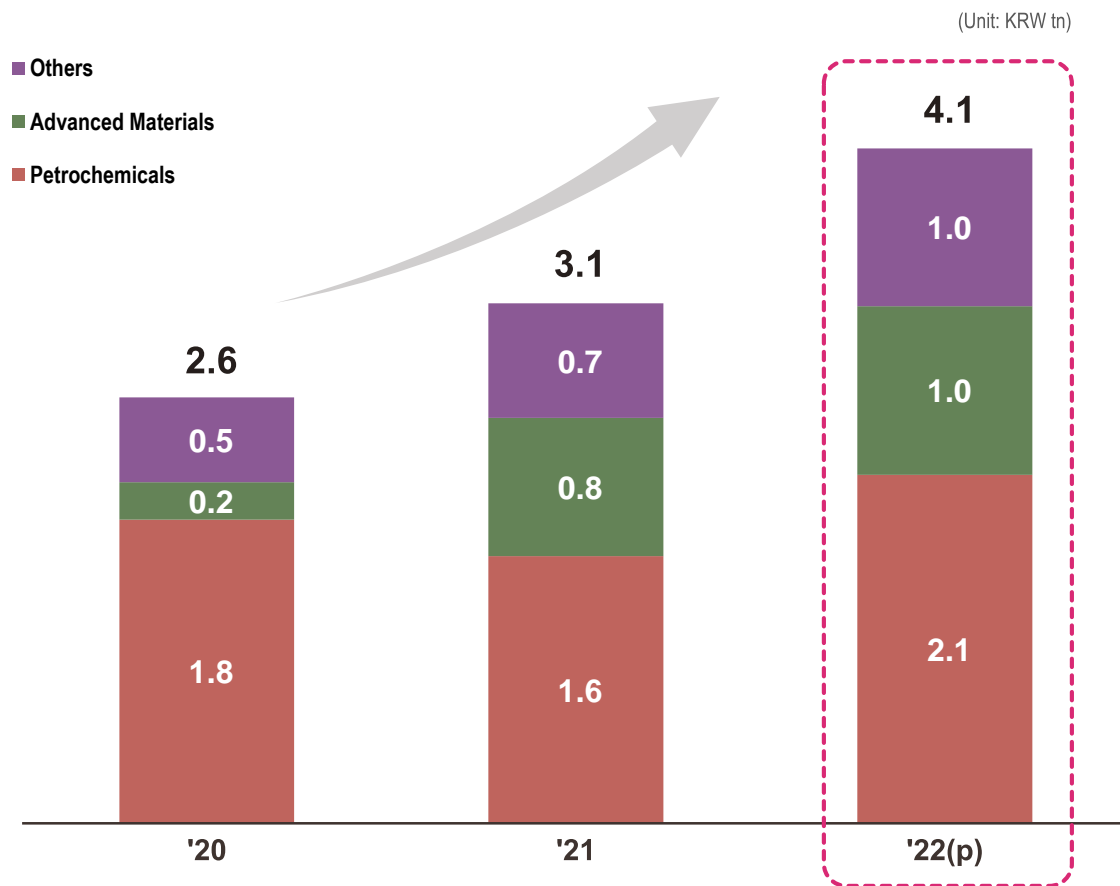
Business Outlook



※ Business outlook is based on our business plan, and may differ from actual results, due to changes in business environment and strategies.
The difference between total sales and total sales by business is intra-company transactions, sales in common business, etc.

2022 Business Outlook

CAPEX Plan

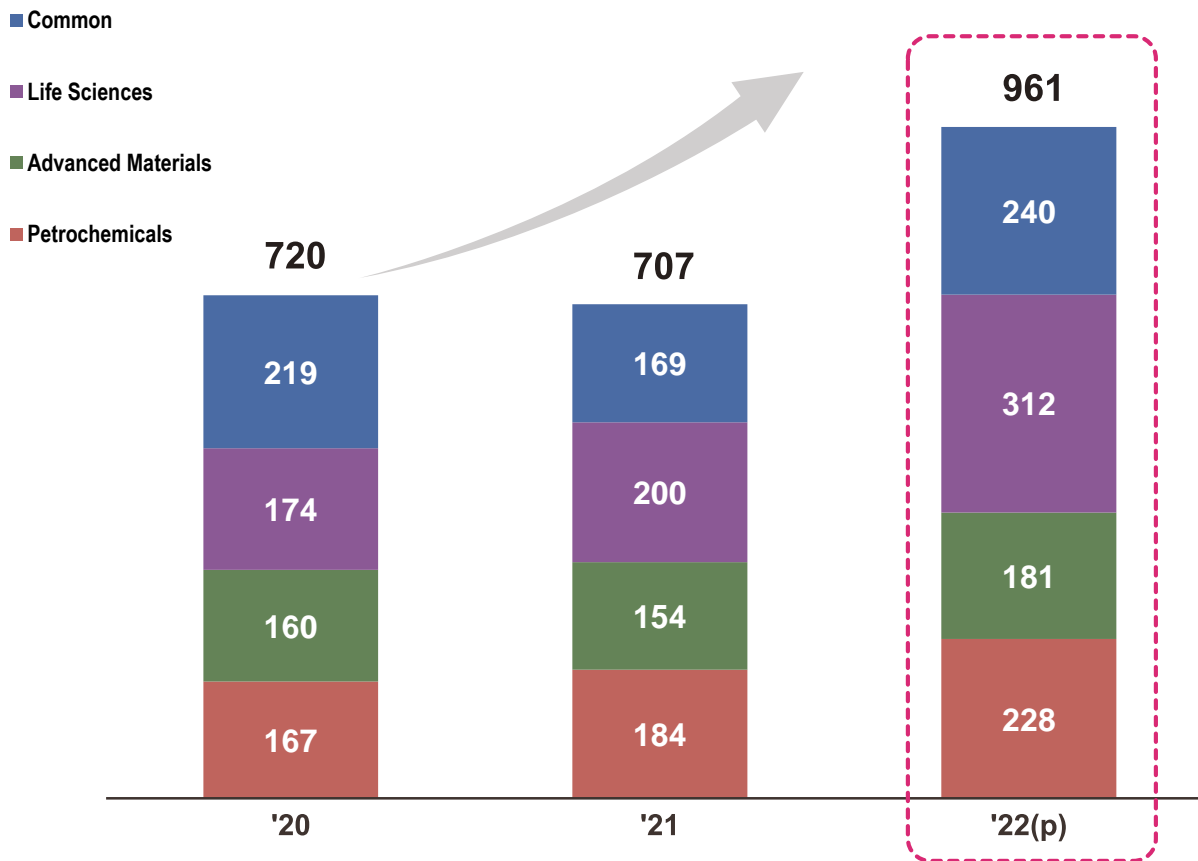


※ Business outlook is based on our business plan, and may differ from actual results, due to changes in business environment and strategies.
(Excluding LG Energy Solution and Farm Hannong)

2022 Business Outlook

R&D Expense Plan

(Unit: KRW bn)



※ R&D Expense Plan is based on our business plan, and may differ from actual results, due to changes in business environment and strategies.
(Excluding LG Energy Solution and Farm Hannong)

Appendix

Sales & Operating Profits by Business

(Unit: KRW bn)

LG Chem	2020					2021				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	6,724	6,932	7,503	8,899	30,059	9,645	11,451	10,610	10,949	42,655
Cost of Sales	5,613	5,418	5,705	7,005	23,741	7,187	7,606	7,961	8,684	31,436
Gross Profit (%)	1,111 16.5%	1,514 21.8%	1,798 24.0%	1,895 21.3%	6,317 21.0%	2,458 25.5%	3,846 33.6%	2,650 25.0%	2,265 20.7%	11,218 26.3%
SG&A Expenses	903	941	894	1,774	4,512	1,049	1,705	1,923	1,517	6,193
Operating Profit (%)	208 3.1%	573 8.3%	904 12.0%	120 1.4%	1,805 6.0%	1,409 14.6%	2,141 18.7%	727 6.8%	748 6.8%	5,025 11.8%
Other non-operating income(expenses)	-48	-101	-194	-510	-854	18	72	11	-237	-135
Income before tax	160	472	710	-390	952	1,428	2,213	738	512	4,891
Net Income	36	419	570	-343	682	1,371	1,566	680	337	3,954
EPS (Unit:KRW)					6,666					47,108

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

Appendix

Financial Position

(Unit: KRW bn)

LG Chem	2020				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	37,121	38,576	40,019	41,389	44,713	46,735	49,822	51,135
Cash and Equivalents	2,797	3,367	3,554	3,882	5,275	4,198	4,344	3,825
A/R	4,663	4,908	5,393	5,298	6,082	6,246	6,434	6,387
Inventory	5,335	4,753	4,928	5,350	5,890	6,876	7,986	8,284
Fixed Assets	21,702	22,017	22,528	22,847	23,470	24,217	25,217	26,823
Liabilities	19,705	20,734	21,198	22,599	25,065	25,244	27,143	27,925
A/P	2,550	2,261	2,859	3,459	3,792	3,727	3,649	3,742
Short-term debts	2,431	2,860	2,509	1,549	1,775	3,040	3,389	3,477
Long-term debts	9,123	9,001	8,856	8,637	9,651	8,988	10,630	11,289
Equity	17,416	17,842	18,821	18,790	19,648	21,491	22,679	23,210
Liabilities / Equity (%)	113.1%	116.2%	112.6%	120.3%	127.7%	117.5%	119.7%	120.3%
Net debt / Equity (%)	50.3%	47.6%	41.5%	33.5%	31.3%	36.4%	42.7%	47.1%
BPS (Unit:KRW)	217,238	221,857	232,070	230,440	240,083	260,560	272,417	277,127

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Appendix

Cash Flows

(Unit: KRW bn)

LG Chem	2020					2021				
	1Q	2Q	3Q	4Q	Annual	1Q	2Q	3Q	4Q	Annual
Beginning Cash Balance	1,889	2,767	3,363	3,539	1,889	3,274	5,058	4,189	4,279	3,274
Operating Activities	-97	1,716	1,987	2,235	5,841	1,066	1,588	903	1,957	5,513
Operating Profit	208	573	904	120	1,805	1,409	2,141	727	748	5,025
Depreciation	531	559	587	636	2,312	631	685	741	788	2,844
Working Capital	-1,056	48	-62	272	-797	-887	-1,319	-1,376	-157	-3,739
Investing Activities	-1,328	-1,144	-1,000	-1,824	-5,296	-38	-1,360	-1,737	-2,215	-5,349
Financing Activities	2,283	44	-792	-596	938	688	-1,111	819	-273	124
Borrow/Repay	3,139	308	-496	-1,179	1,772	1,240	602	1,991	747	4,580
Dividends	-	-154	-24	-	-178	-	-869	-1	-	-870
Ending Cash Balance	2,767	3,363	3,539	3,274	3,274	5,058	4,189	4,279	3,761	3,761

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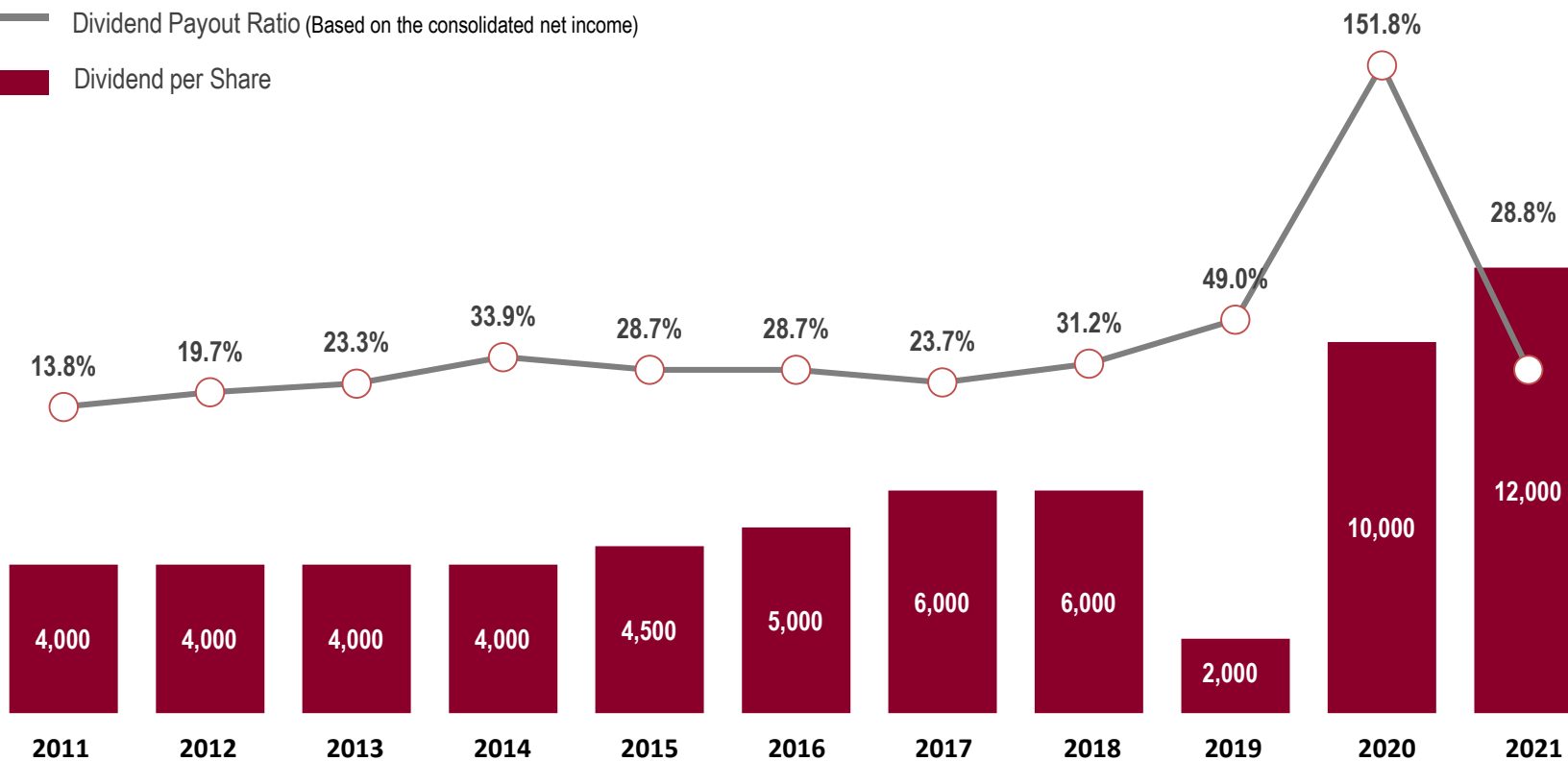
Appendix

Dividend Summary

(Unit: KRW / Common Share)

— Dividend Payout Ratio (Based on the consolidated net income)

■ Dividend per Share



※ Dividend Policy: To enhance LG Chem's shareholder value, the company pursues 30% payout ratio or more based on the consolidated net income. (excluding one-off non-recurring gain)

※ 2021: Based on the exclusion of one-off non-recurring gain, such as polarizer business, from KRW 3.7 trillion net income attributable to owners of the Parent Company.

Thank you

