

2023.07.27

2Q 2023 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.

2Q 2023 Business Results

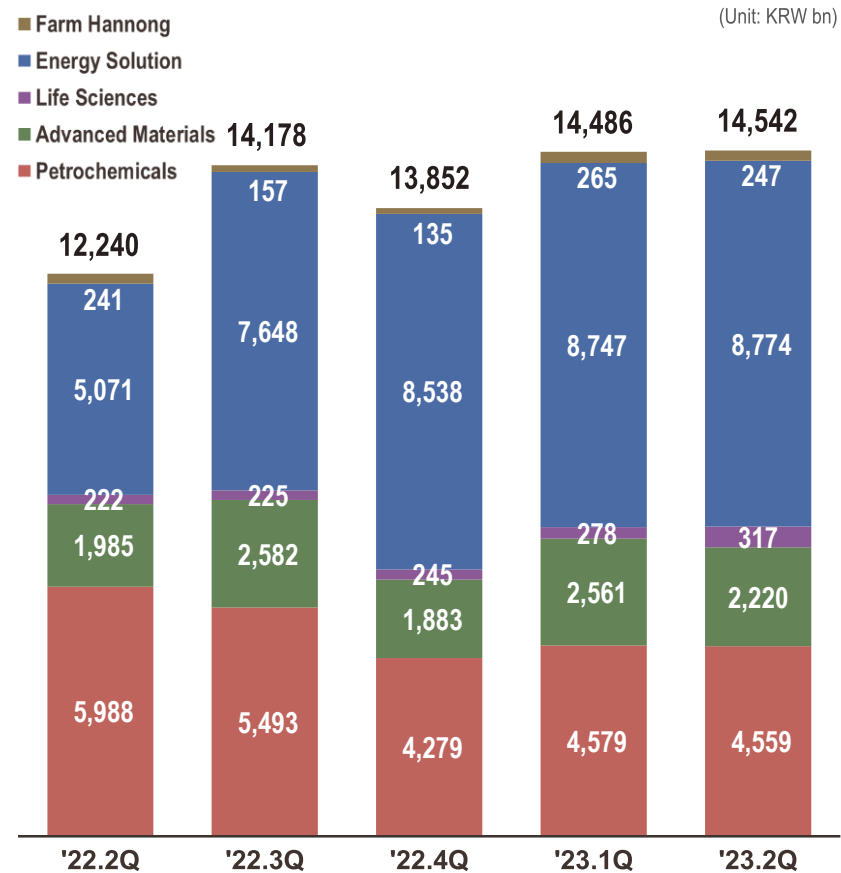
Sales & Profits Trends (consolidated)

(Unit: KRW bn)

LG Chem	2022			2023	
	2Q	3Q	4Q	1Q	2Q
Sales	12,240	14,178	13,852	14,486	14,542
Operating Profit (%)	878 7.2%	901 6.4%	191 1.4%	791 5.5%	616 4.2%
EBITDA (%)	1,697 13.9%	1,772 12.5%	1,120 8.1%	1,713 11.8%	1,593 11.0%
Pre-tax Income (%)	943 7.7%	926 6.5%	Δ79 Δ0.6%	916 6.3%	780 5.4%
Net Income (%)	718 5.9%	714 5.0%	Δ6 Δ0.0%	669 4.6%	671 4.6%

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

Sales trend by business



2Q 2023 Business Results

Financial Position (consolidated)

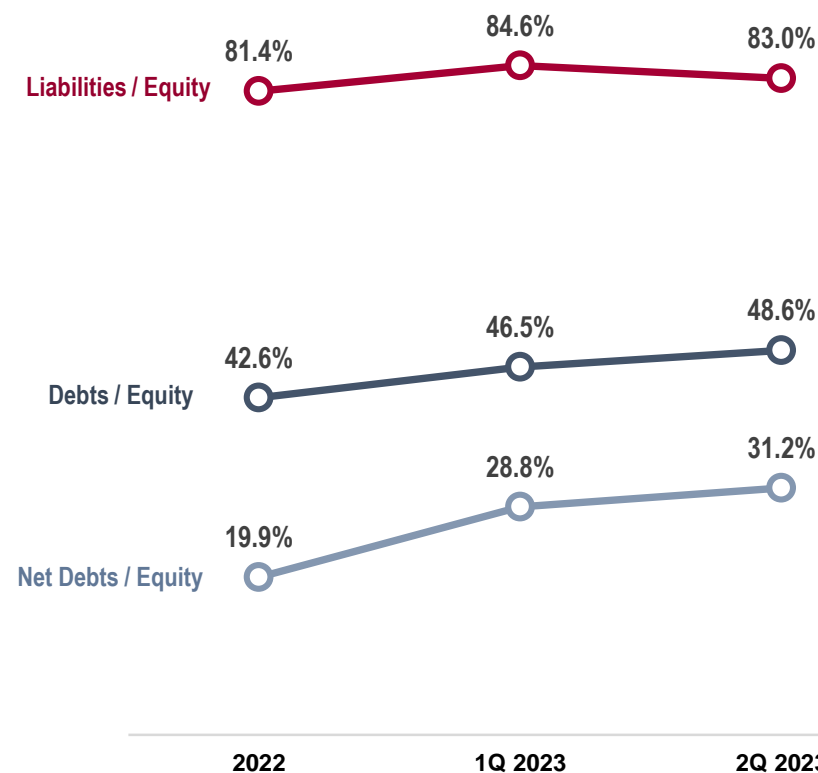
Balance Sheet

(Unit: KRW tn)

LG Chem	2022	1Q 2023	2Q 2023
Asset	68.0	70.9	72.5
Cash and Equivalents	8.5	6.8	6.9
Liabilities	30.5	32.5	32.9
Debts	16.0	17.9	19.2
Equity	37.5	38.4	39.6
BPS (Unit:KRW)	401,764	404,633	409,363

Financial Ratios

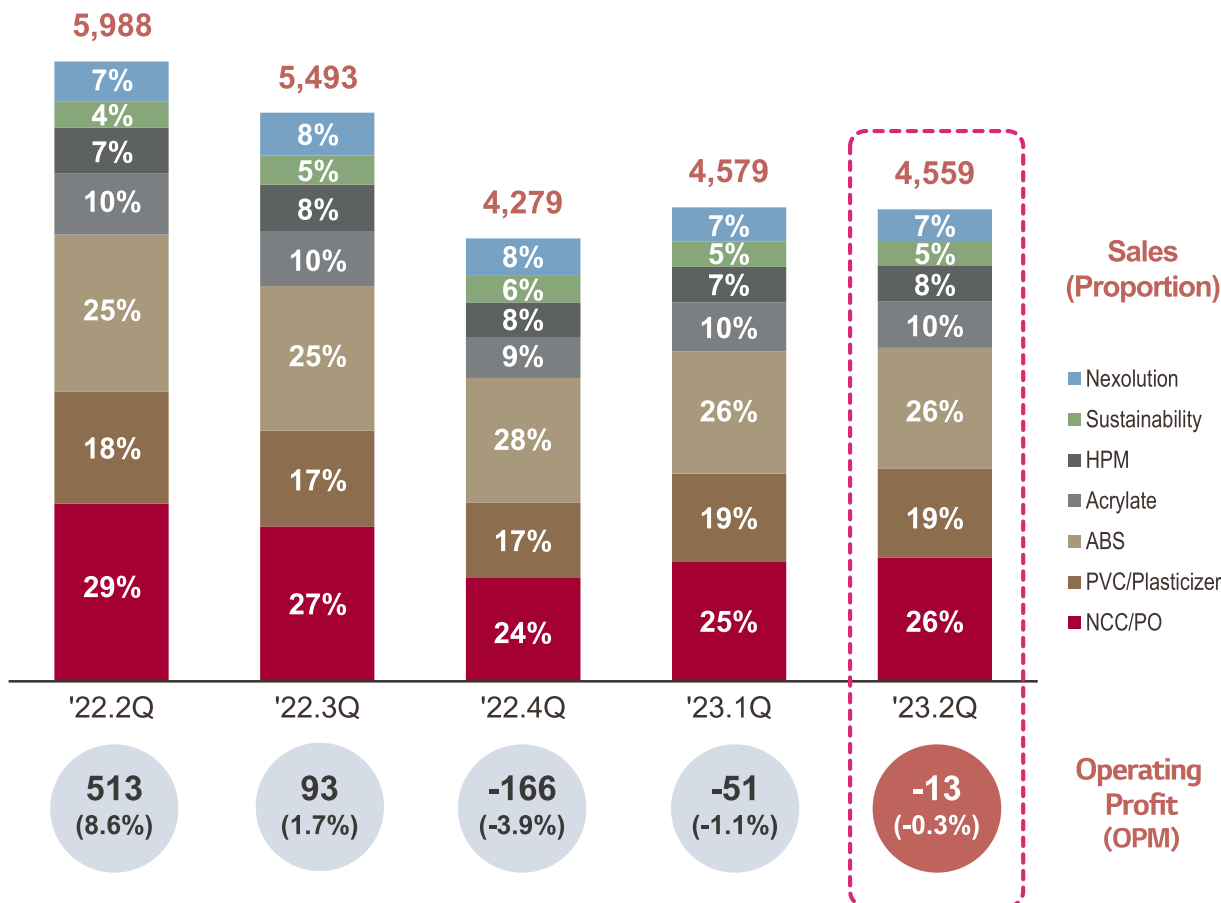
(Unit: %)



Results & Outlook by Business

Petrochemicals

(Unit: KRW bn)



Results

- Sustained loss due to TA at Yeosu No.2 NCC & continued market slowdown
- Decent profitability of Value-added products such as POE, CNT



Outlook

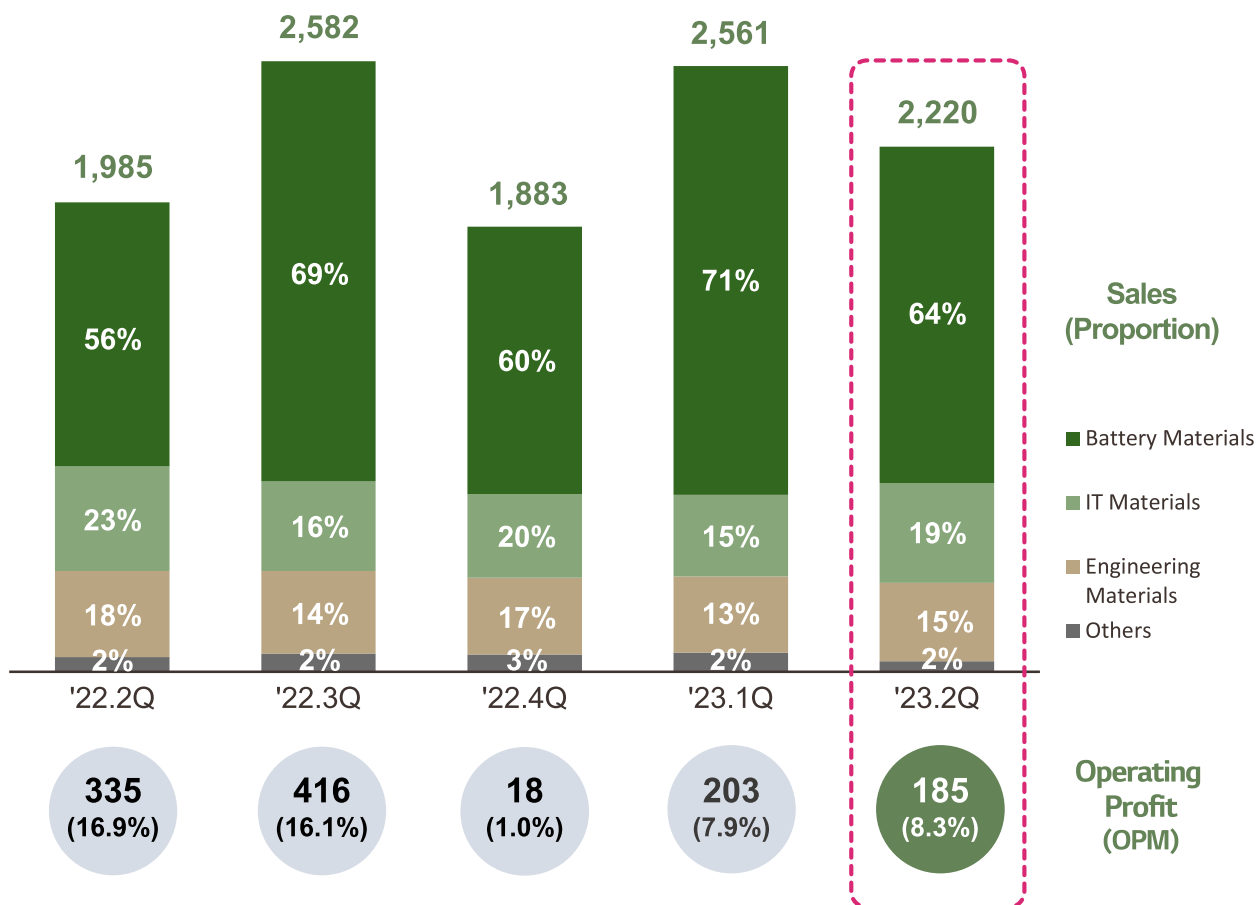
- Continued sluggish industry cycle driven by slump of global economy
- Improve profitability by optimizing production/operation & shifting to high-value-added business



Results & Outlook by Business

Advanced Materials

(Unit: KRW bn)



Results

- Decrease of sales & profitability in Battery materials due to slowdown of EV sales in Europe & falling metal prices
- Increase of sales & profitability in IT materials due to recovery in downstream industry



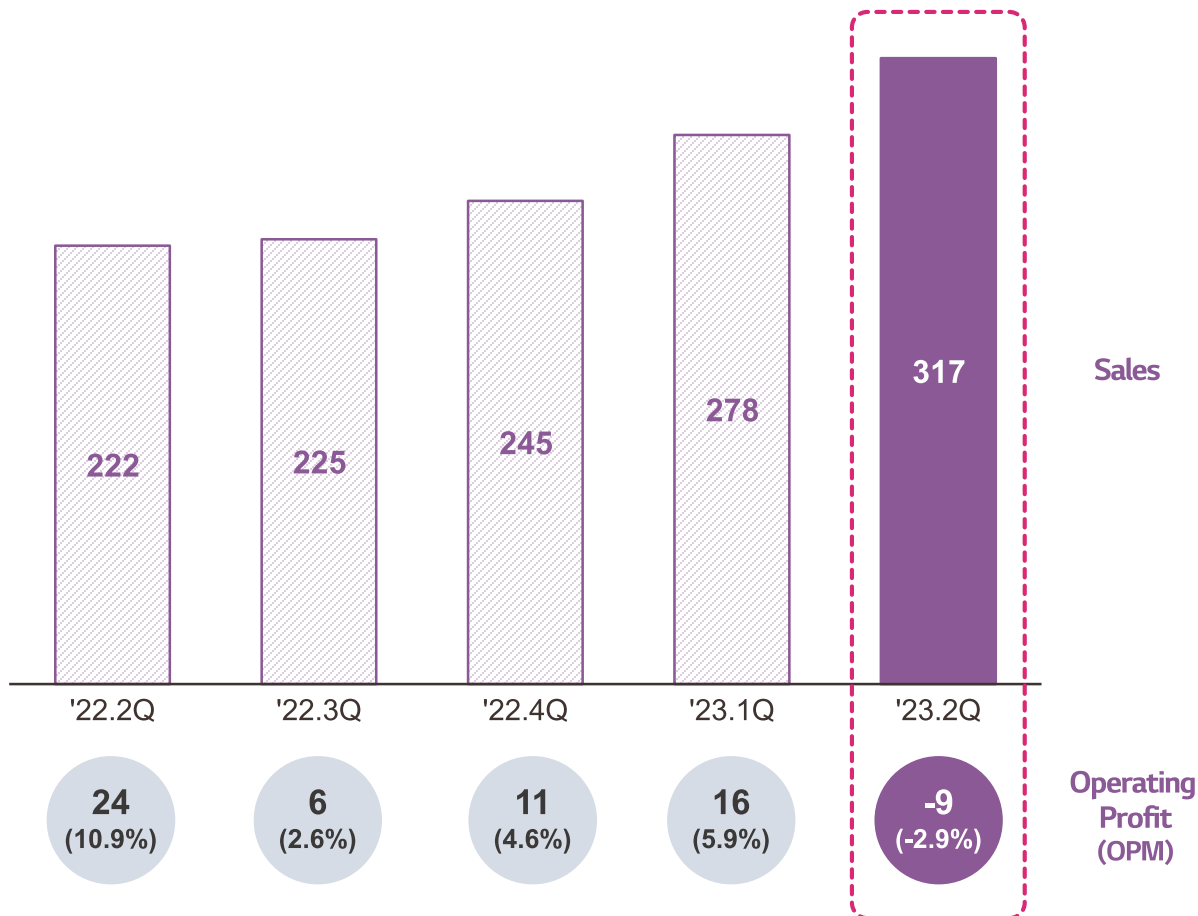
Outlook

- Negative impact on Battery Materials by steep price decline driven by metal price drop

Results & Outlook by Business

Life Sciences

(Unit: KRW bn)



Results

- Highest quarterly sales driven by shipment growth of core products such as growth hormones, diabetes treatment, and Renal Cell Carcinoma(RCC) treatment
- Loss due to one-off costs & depreciation cost for intangible assets post-Aveo acquisition



Outlook

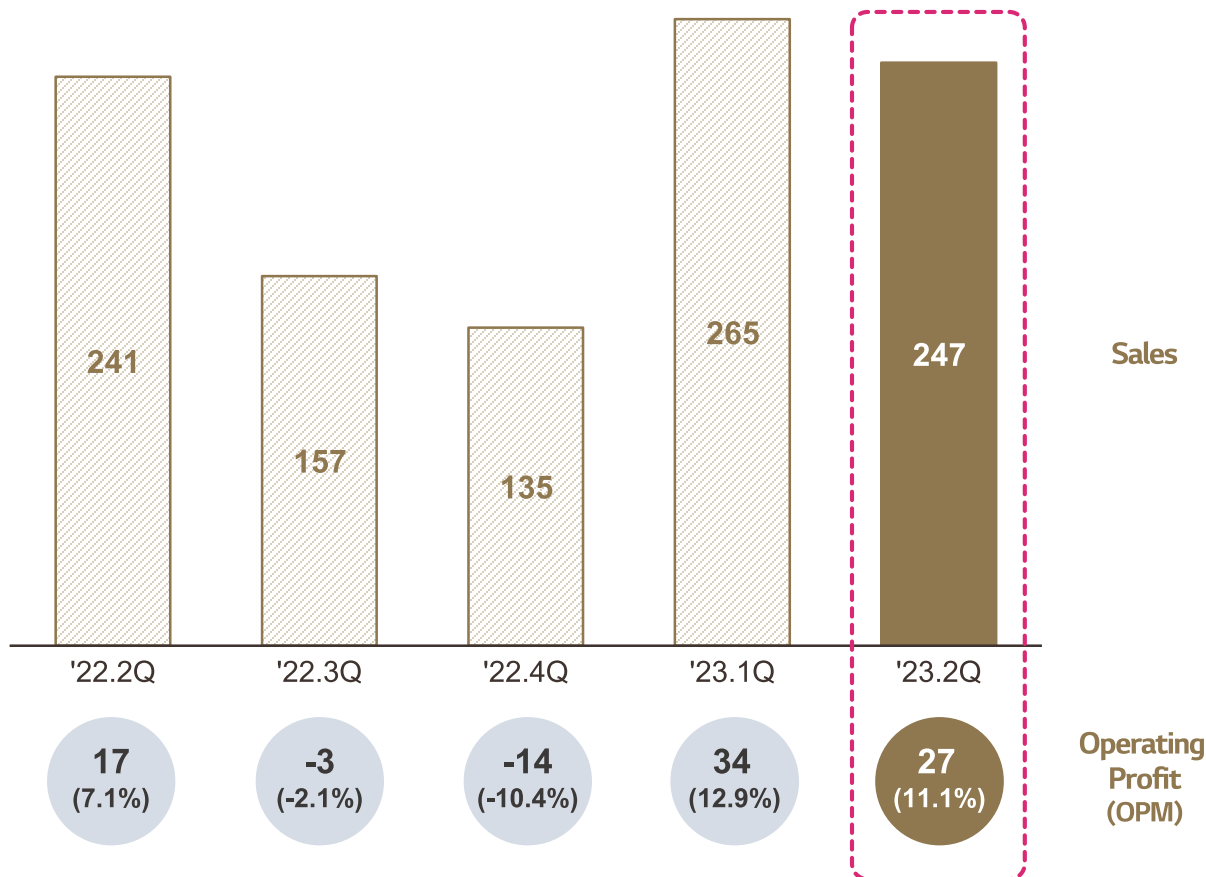
- Robust sales of core products to continue
- Expand new drug R&D in line with the progress in global clinical trials

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

Results & Outlook by Business

Farm Hannong

(Unit: KRW bn)



Results

- Sales grew & profitability improved YoY thanks to greater overseas sales of crop protection products



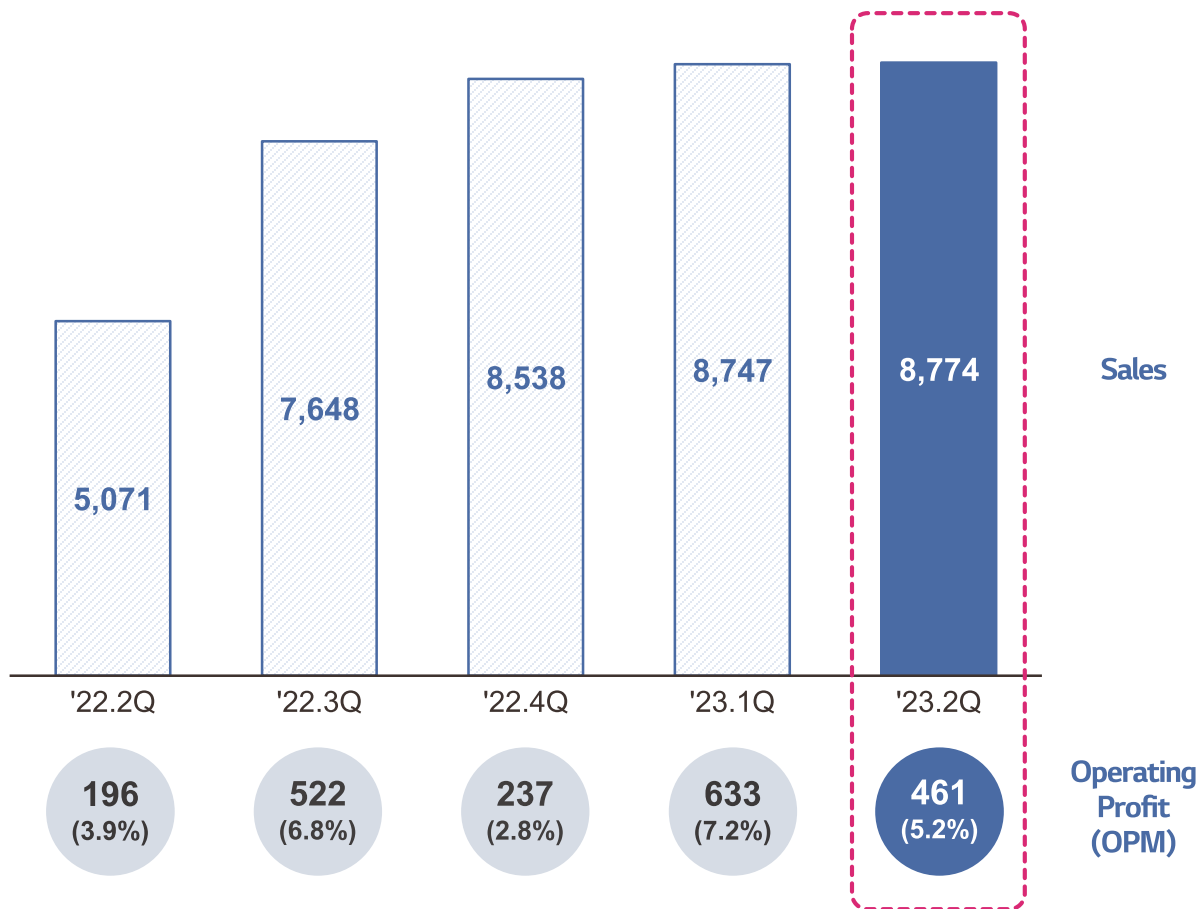
Outlook

- Despite the market slowdown & weaker profits for fertilizers, annual sales to grow and profitability to improve through the growth of crop protection products in both domestic & overseas markets

Results & Outlook by Business

Energy Solution

(Unit: KRW bn)



Results

- Shipment growth especially in North America, despite the selling price impact from falling metal prices
- OP declined QoQ due to an increase in costs resulting from the inventory lagging effect and the inclusion of one-off provisions related to GM recall



Outlook

- Strong EV demand is expected to continue in North America
- Continuing efforts to improve costs and productivity resulted in enhanced profitability



Appendix

Income Statements

(Unit: KRW bn)

LG Chem	2022					2023	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
Sales	11,595	12,240	14,178	13,852	51,865	14,486	14,542
Cost of Sales	9,098	9,713	11,410	11,657	41,878	12,161	12,112
Gross Profit (%)	2,497 21.5%	2,526 20.6%	2,768 19.5%	2,195 15.8%	9,986 19.3%	2,325 16.1%	2,430 16.7%
SG&A Expenses	1,472	1,648	1,867	2,004	6,991	1,634	1,925
Other non-operating income(*)	-	-	-	-	-	100	111
Operating Profit (%)	1,025 8.8%	878 7.2%	901 6.4%	191 1.4%	2,996 5.8%	791 5.5%	616 4.2%
Other non-operating income(expenses)	-2	64	25	-271	-183	125	165
Income before tax	1,023	943	926	-79	2,813	916	780
Net Income	769	718	714	-6	2,196	669	671
EPS (Unit:KRW)					23,670	6,056	6,700

※ 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 amount is expected to be received under the US Inflation Reduction Act by LG Energy Solution.

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

Appendix

Financial Position

(Unit: KRW bn)

LG Chem	2022				2023	
	1Q	2Q	3Q	4Q	1Q	2Q
Assets	64,417	66,347	69,649	67,974	70,896	72,501
Cash and Equivalents	14,138	11,514	9,128	8,512	6,810	6,871
A/R	7,019	7,515	8,957	7,450	8,604	8,657
Inventory	9,312	11,240	12,493	11,881	11,970	11,145
Tangible / Intangible Assets	27,724	29,027	30,667	32,353	35,186	37,465
Liabilities	28,926	29,799	30,934	30,493	32,492	32,893
A/P	4,691	5,330	5,357	4,756	5,535	4,887
Short-term debts	4,370	4,427	4,741	3,804	5,025	5,267
Long-term debts	10,324	11,313	12,375	12,160	12,849	13,968
Equity	35,491	36,548	38,715	37,481	38,404	39,608
Liabilities / Equity (%)	81.5%	81.5%	79.9%	81.4%	84.6%	83.0%
Net debt / Equity (%)	1.6%	11.6%	20.6%	19.9%	28.8%	31.2%
BPS (Unit:KRW)	387,345	397,216	415,621	401,764	404,633	409,363

※ 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	2022					2023	
	1Q	2Q	3Q	4Q	Year	1Q	2Q
Beginning Cash Balance	3,825	14,138	11,514	9,128	3,825	8,512	6,810
Operating Activities	156	-587	-1,100	2,101	570	503	1,971
Operating Profit	1,025	878	901	191	2,996	791	616
Depreciation	793	819	871	929	3,412	922	977
Working Capital	-711	-1,785	-2,668	1,518	-3,646	-465	125
Investing Activities	-2,243	-2,188	-2,188	-2,660	-9,279	-4,068	-2,750
Financing Activities	12,337	47	739	209	13,332	1,768	888
Borrow / Repay	-72	1,046	1,377	-1,152	1,199	1,909	1,362
Dividends	-	-945	-91	-55	-1,091	-56	-840
Ending Cash Balance	14,138	11,514	9,128	8,512	8,512	6,810	6,871

※ 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	2022	1Q 2023	2Q 2023
Petrochemicals	1,645	264	434
Advanced Materials	1,089	254	143
Life Sciences	118	713*	15
Common (incl. Farm Hannong)	679	100	103
Total	3,531	1,329	694

* Included the amount of AVEO acquisition

R&D Expenses








(Unit: KRW bn)

LG Chem	2022	1Q 2023	2Q 2023
Petrochemicals	216	56	61
Advanced Materials	204	61	61
Life Sciences	276	79	98
Common (incl. Farm Hannong)	205	49	45
Total	901	245	265

Appendix

Petrochemical Divisions & Products (capa) as of Jun.2023

(Unit : 1,000 tons)

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

Thank you

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