

April 24, 2019

SolutionPartner

1Q 2019 Business Results & Outlook



 LG Chem



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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 recalibration of strategy.

1Q 2019 Business Results

Income Statements

(Unit:KRW bn)

	2018				2019	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q		
Sales	6,554	7,052	7,235	7,343	6,639	+1.3%	-9.6%
OP (%)	651 9.9%	703 10.0%	602 8.3%	290 3.9%	275 4.1%	-57.7%	-4.9%
EBITDA (%)	1,006 15.3%	1,065 15.1%	975 13.5%	684 9.3%	682 10.3%	-32.2%	-0.3%
Pre-tax Income (%)	653 10.0%	644 9.1%	485 6.7%	158 2.1%	280 4.2%	-57.2%	+77.5%
Net Income (%)	553 8.4%	493 7.0%	347 4.8%	127 1.7%	212 3.2%	-61.7%	+67.4%

1Q 2019 Business Results

Financial Position

Balance Sheet

(Unit:KRW tn)

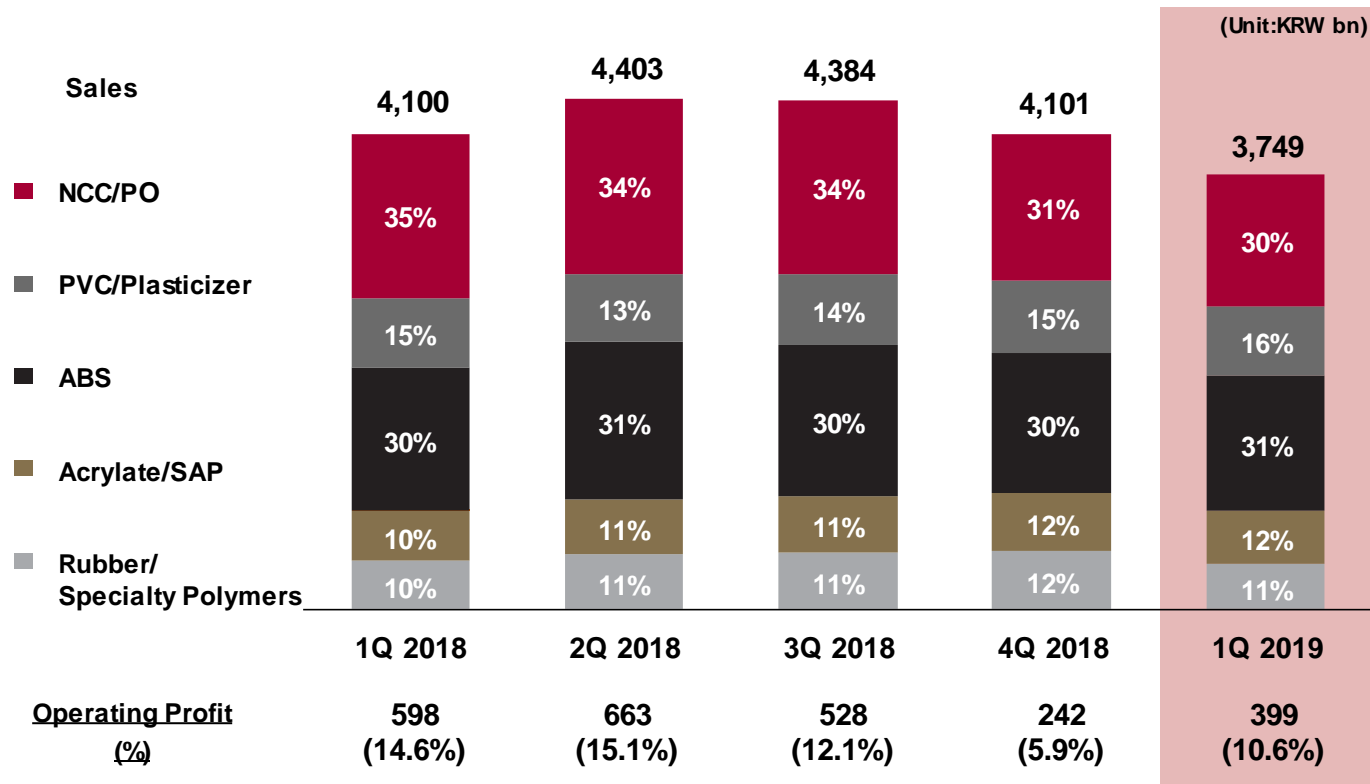
	2017	2018	1Q 2019	QoQ
Asset	25.04	28.94	31.21	+7.8%
Cash and Equivalents	2.78	2.56	3.12	+22.1%
Liabilities	8.70	11.62	14.01	+20.6%
Debt	3.04	5.32	6.90	+29.8%
Shareholder's Equity	16.34	17.32	17.20	-0.7%

Financial Ratios

	2017	2018	1Q 2019	QoQ
Liabilities / Equity	53.3%	67.1%	81.5%	+14.4%p
Debt / Equity	18.6%	30.7%	40.1%	+9.4%p
Net Debt / Equity	1.6%	16.0%	22.0%	+6.0%p
ROE	13.3%	9.0%	4.9%	-4.1%p
ROA	8.9%	5.6%	2.8%	-2.8%p

※ ROE: Annualized net profit / Avg of beginning & ending shareholders' equity
 ROA: Annualized net profit / Avg of beginning & ending assets

Results & Outlook by Business (After reorganization) Petrochemicals



[Analysis]

- Recovery of major product's spread due to stabilization of feedstock and demand of restocking despite T/A effect
- Solid profitability in PVC and Acrylate/SAP

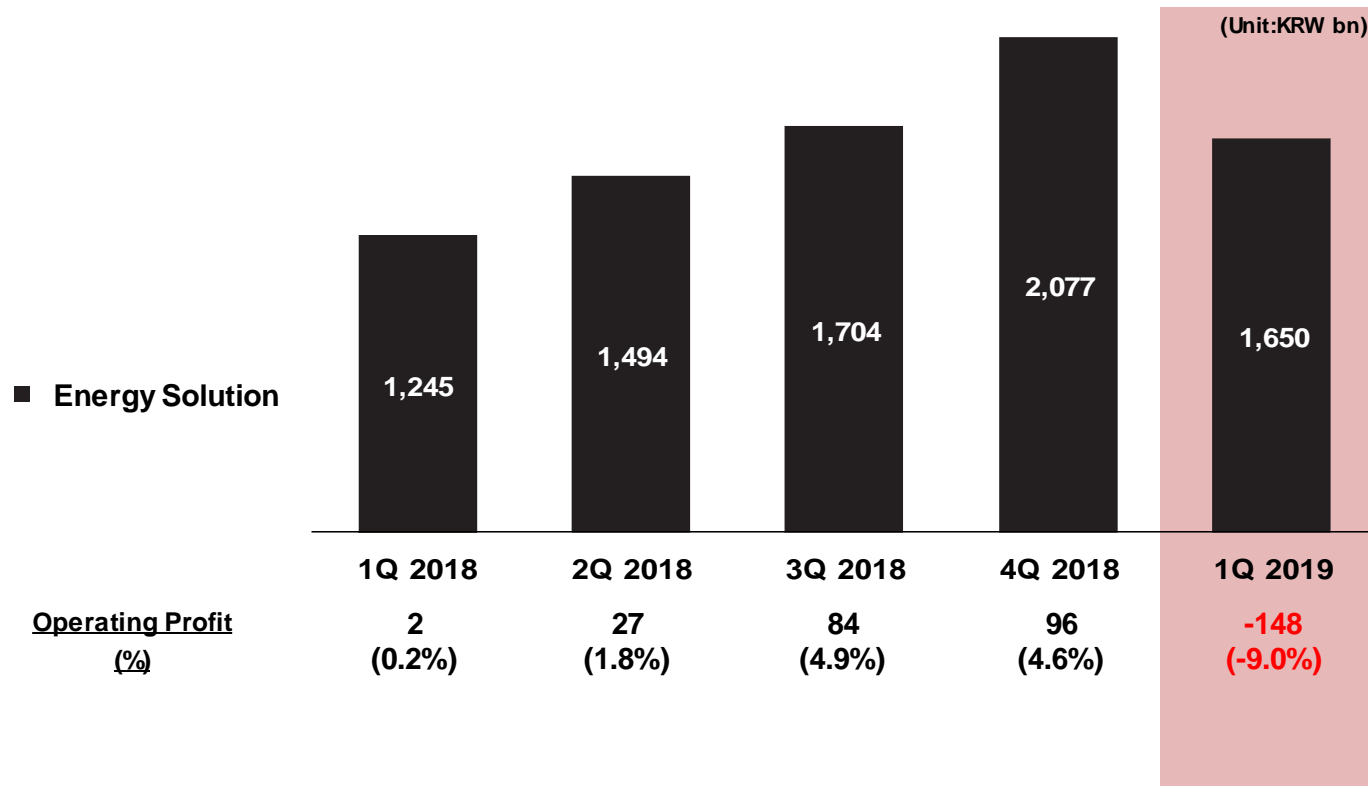
[Outlook]

- Despite uncertainties of rising oil prices and sluggish demand, profitability is expected to be improved because of capacity expansion, demand recovery, and completed T/A

※ Contents may be altered since it is a retroactive effects based on the reorganization. Refer to the appendix to see sales and profits before the reorganization.

Results & Outlook by Business

Energy Solutions



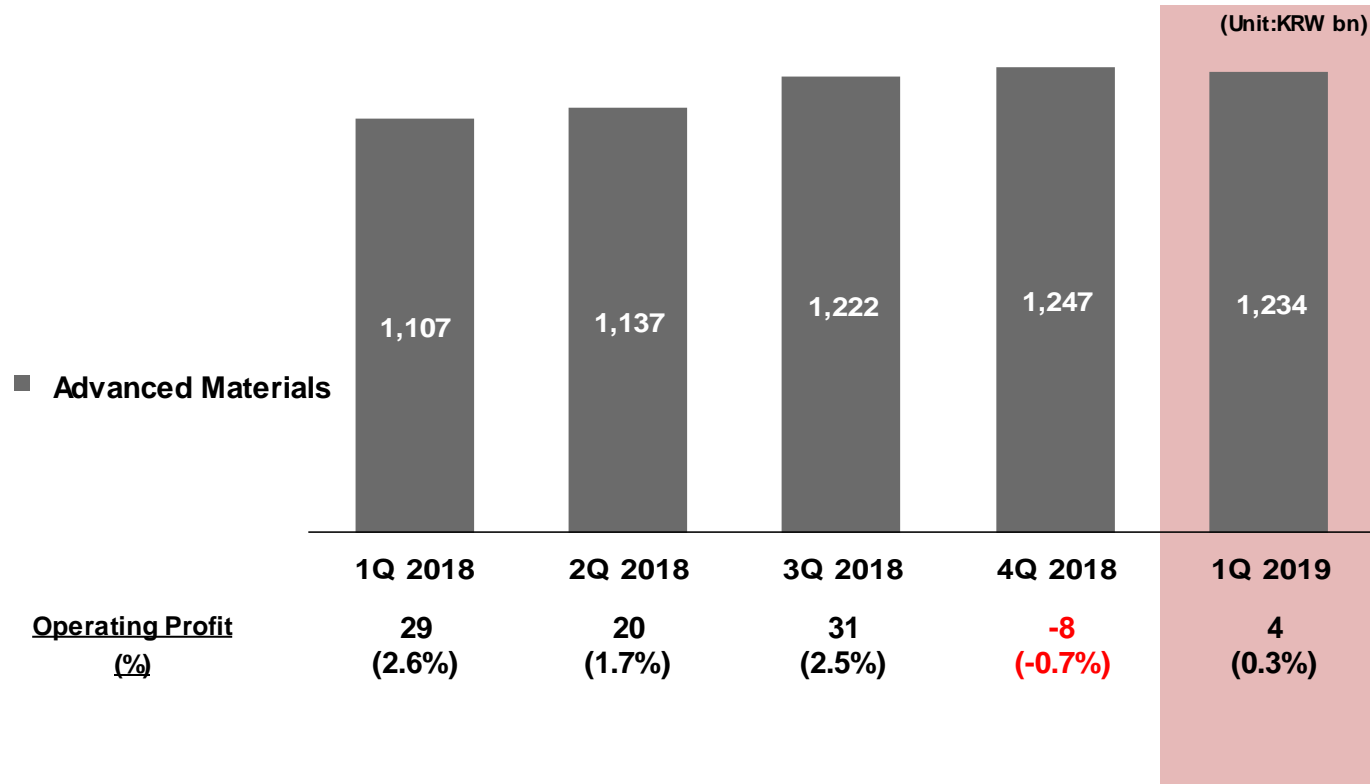
[Analysis]

- Loss recorded due to one-off loss of domestic ESS fire and decrease of shipment caused by the seasonality

[Outlook]

- Profitability is expected to be improved due to shipment growth of second-generation EV battery

Results & Outlook by Business (After reorganization) Advanced Materials



[Analysis]

- Slightly improved profitability due to polarizer's supply/demand tightness but decreased sales because of seasonality

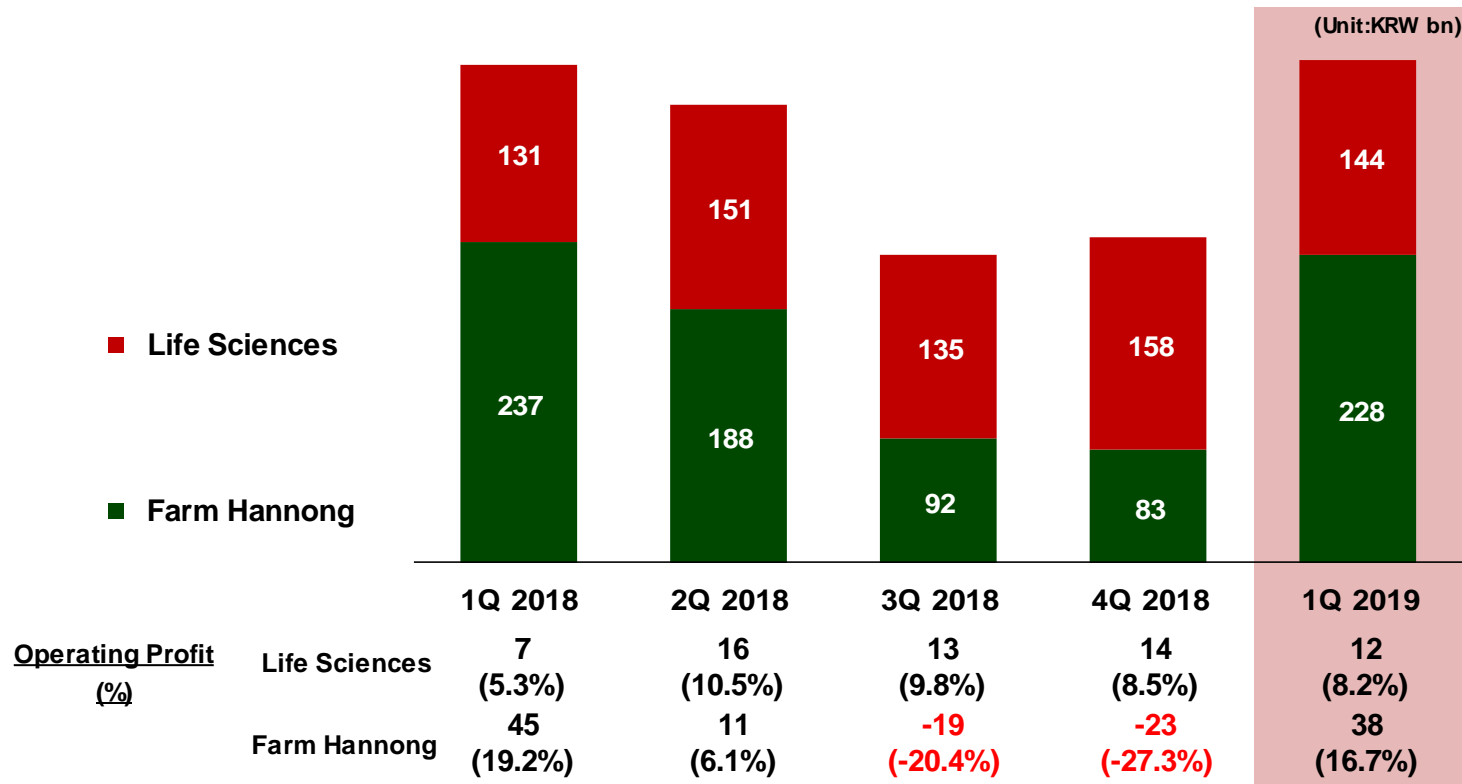
[Outlook]

- Profitability is expected to similar to previous quarter caused by maintenance of glass substrate

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Results & Outlook by Business

Life Sciences / Farm Hannong



[Analysis]

- Life Sciences: Increased YoY sales due to expansion of sales in Eucept
- Farm Hannong: Expanded sales of Terrad'or but decreased sales due to focusing on profitability-oriented business

[Outlook]

- Life Sciences: Although sales in main products is expected to grow, R&D and marketing expenses increase as well
- Farm Hannong: Increased YoY profitability is expected due to expansion of sales in premium products and improved product mix

Appendix

Sales & Operating Profits by Business

Before reorganization

(Unit:KRW bn)

LG CHEM	2018				2019	
	1Q	2Q	3Q	4Q		1Q
Sales	6,554	7,052	7,235	7,343	28,183	6,639
Operating Profits	651	703	602	290	2,246	275
(%)	9.9%	10.0%	8.3%	3.9%	8.0%	4.1%
EBITDA	1,006	1,065	975	684	3,730	682
(%)	15.3%	15.1%	13.5%	9.3%	13.2%	10.3%
Basic Materials & Chemicals	4,359	4,671	4,649	4,357	18,036	3,994
NCC/PO	1,326	1,401	1,386	1,183	5,296	1,053
PVC/Plasticizer	605	596	611	622	2,434	596
ABS	1,233	1,357	1,304	1,209	5,102	1,170
EP	347	372	374	341	1,434	327
Acrylate/SAP	427	468	477	495	1,868	447
Rubber/ Specialty Polymer	420	478	497	508	1,903	400
Operating Profits	637	705	548	242	2,131	402
(%)	14.6%	15.1%	11.8%	5.6%	11.8%	10.1%
Energy Solutions	1,245	1,494	1,704	2,077	6,520	1,650
Operating Profits	2	27	84	96	209	-148
(%)	0.2%	1.8%	4.9%	4.6%	3.2%	-9.0%
I&E Materials	759	765	847	902	3,273	902
Operating Profits	-10	-22	12	-9	-28	0
(%)	-1.3%	-2.9%	1.4%	-0.9%	-0.9%	0.0%
Life Sciences	131	151	135	158	575	144
Operating Profits	7	16	13	14	50	12
(%)	5.3%	10.5%	9.8%	8.6%	8.6%	8.2%
Farm Hannong	237	188	92	83	600	228
Operating Profits	45	11	-19	-23	15	38
(%)	19.2%	6.1%	-20.4%	-27.3%	2.6%	16.7%

After reorganization

(Unit:KRW bn)

LG CHEM	2018				2019	
	1Q	2Q	3Q	4Q		1Q
Sales	6,554	7,052	7,235	7,343	28,183	6,639
Operating Profits	651	703	602	290	2,246	275
(%)	9.9%	10.0%	8.3%	3.9%	8.0%	4.1%
EBITDA	1,006	1,065	975	684	3,730	682
(%)	15.3%	15.1%	13.5%	9.3%	13.2%	10.3%
Petrochemicals	4,100	4,403	4,384	4,101	16,988	3,749
NCC/PO	1,415	1,504	1,495	1,267	5,681	1,136
PVC/Plasticizer	605	596	611	622	2,434	596
ABS	1,233	1,357	1,304	1,209	5,102	1,170
Acrylate/SAP	427	468	477	495	1,868	447
Rubber/ Specialty Polymer	420	478	497	508	1,903	400
Operating Profits	598	663	528	242	2,031	399
(%)	14.6%	15.1%	12.1%	5.9%	11.9%	10.6%
Energy Solutions	1,245	1,494	1,704	2,077	6,520	1,650
Operating Profits	2	27	84	96	209	-148
(%)	0.2%	1.8%	4.9%	4.6%	3.2%	-9.0%
Advanced Materials	1,107	1,137	1,222	1,247	4,713	1,234
Operating Profits	29	20	31	-8	71	4
(%)	2.6%	1.7%	2.5%	-0.7%	1.5%	0.3%
Life Sciences	131	151	135	158	575	144
Operating Profits	7	16	13	14	50	12
(%)	5.3%	10.5%	9.8%	8.6%	8.6%	8.2%
Farm Hannong	237	188	92	83	600	228
Operating Profits	45	11	-19	-23	15	38
(%)	19.2%	6.1%	-20.4%	-27.3%	2.6%	16.7%

Appendix

Sales & Operating Profits by Business

(Unit:KRW bn)

LG CHEM	2016					2017					2018					2019
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q
Sales	4,874	5,219	5,054	5,512	20,659	6,487	6,382	6,397	6,432	25,698	6,554	7,052	7,235	7,343	28,183	6,639
Operating Profits	458	613	460	462	1,992	797	727	790	615	2,929	651	703	602	290	2,246	275
(%)	9.4%	11.7%	9.1%	8.4%	9.6%	12.3%	11.4%	12.3%	9.6%	11.4%	9.9%	10.0%	8.3%	3.9%	8.0%	4.1%
EBITDA	780	946	797	805	3,327	1,151	1,074	1,137	972	4,335	1,006	1,065	975	684	3,730	682
(%)	16.0%	18.1%	15.8%	14.6%	16.0%	17.8%	16.8%	17.8%	15.1%	16.9%	15.3%	15.1%	13.5%	9.3%	13.2%	10.3%
Basic Materials & Chemicals	3,512	3,653	3,525	3,758	14,447	4,495	4,319	4,316	4,297	17,427	4,359	4,671	4,649	4,357	18,036	3,994
NCC/PO	1,156	1,221	1,131	1,161	4,669	1,362	1,291	1,246	1,323	5,222	1,326	1,401	1,386	1,183	5,296	1,053
PVC/Plasticizer	489	508	496	542	2,035	588	572	560	568	2,288	605	596	611	622	2,434	596
ABS	877	920	867	948	3,611	1,216	1,185	1,261	1,214	4,876	1,233	1,357	1,304	1,209	5,102	1,170
EP	298	299	304	308	1,210	332	307	357	347	1,343	347	372	374	341	1,434	327
Acrylate/SAP	345	331	357	391	1,424	435	427	425	420	1,706	427	468	477	495	1,868	447
Rubber/ Specialty Polymer	347	374	370	408	1,499	563	537	467	424	1,991	420	478	497	508	1,903	400
Operating Profits	466	649	517	506	2,139	734	686	755	634	2,808	637	705	548	242	2,131	402
(%)	13.3%	17.8%	14.7%	13.5%	14.8%	16.3%	15.9%	17.5%	14.7%	16.1%	14.6%	15.1%	11.8%	5.6%	11.8%	10.1%
Energy Solutions	814	809	879	1,059	3,562	999	1,120	1,189	1,253	4,561	1,245	1,494	1,704	2,077	6,520	1,650
Operating Profits	-0	-31	-14	-4	-49	-10	8	18	14	29	2	27	84	96	209	-148
(%)	-0.0%	-3.9%	-1.6%	-0.3%	-1.4%	-1.0%	0.7%	1.5%	1.1%	0.6%	0.2%	1.8%	4.9%	4.6%	3.2%	-9.0%
I&E Materials	627	650	641	739	2,656	725	747	787	801	3,061	759	765	847	902	3,273	902
Operating Profits	-8	-15	-16	-16	-55	29	23	41	18	112	-10	-22	12	-9	-28	0
(%)	-1.3%	-2.2%	-2.5%	-2.2%	-2.1%	4.0%	3.1%	5.2%	2.2%	3.6%	-1.3%	-2.9%	1.4%	-0.9%	-0.9%	0.0%
Life Sciences	120	131	135	147	532	129	135	139	148	552	131	151	135	158	575	144
Operating Profits	17	11	10	9	47	21	19	13	1	54	7	16	13	14	50	12
(%)	14.3%	8.1%	7.5%	6.4%	8.9%	15.9%	14.0%	9.5%	0.6%	9.7%	5.3%	10.5%	9.8%	8.6%	8.6%	8.2%
Farm Hannong	242	189	87	50	568	254	186	97	68	604	237	188	92	83	600	228
Operating Profits	39	-2	-20	-31	-15	50	14	-10	-19	36	45	11	-19	-23	15	38
(%)	15.9%	-1.2%	-23.3%	-61.1%	-2.6%	19.8%	7.3%	-10.0%	-27.9%	5.9%	19.2%	6.1%	-20.4%	-27.3%	2.6%	16.7%

Appendix

CAPEX / R&D Expenses

CAPEX

(Unit:KRW tn)

	2017	2018	4Q 2018	1Q 2019
Basic Materials & Chemicals	0.7	1.5	0.8	0.4
Energy Solutions	1.0	1.9	0.8	0.6
I&E Materials	0.2	0.4	0.1	0.1
Life Sciences	0.1	0.1	0.02	0.01
Common (including Farm Hannong)	0.6	0.7	0.5	0.1
Total	2.5	4.6	2.2	1.3

※ Before reorganization

R&D Expenses

(Unit:KRW bn)

	2017	2018	4Q 2018	1Q 2019
Basic Materials & Chemicals	164	178	48	45
Energy Solutions	299	320	87	90
I&E Materials	181	202	52	49
Life Sciences	96	124	34	32
Common (including Farm Hannong)	152	238	76	51
Total	893	1,062	297	267

Appendix

Income Statements

(Unit:KRW bn)

	2016					2017					2018				2019	
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q
Sales	4,874	5,219	5,054	5,512	20,659	6,487	6,382	6,397	6,432	25,698	6,554	7,052	7,235	7,343	28,183	6,639
Cost of Sales	3,940	4,074	4,091	4,490	16,595	5,073	5,011	4,940	5,110	20,135	5,212	5,580	5,868	6,177	22,837	5,469
Gross Profit(%)	934	1,145	963	1,022	4,064	1,414	1,371	1,457	1,322	5,564	1,342	1,472	1,367	1,166	5,346	1,170
	19.2%	21.9%	19.0%	18.5%	19.7%	21.8%	21.5%	22.8%	20.6%	21.6%	20.5%	20.9%	18.9%	15.9%	19.0%	17.6%
SG&A Expenses	477	532	503	561	2,072	617	644	667	707	2,635	691	768	765	876	3,100	895
Operating Profit (%)	458	613	460	462	1,992	797	727	790	615	2,929	651	703	602	290	2,246	275
	9.4%	11.7%	9.1%	8.4%	9.6%	12.3%	11.4%	12.3%	9.6%	11.4%	9.9%	10.0%	8.3%	3.9%	8.0%	4.1%
Other non-operating income(expenses)	(35)	(112)	(81)	(104)	(332)	(99)	3	(87)	(181)	(365)	2	(59)	(117)	(132)	(306)	4
Income before tax	423	500	379	358	1,660	698	730	702	434	2,564	653	644	485	158	1,940	280
Net Income	338	376	297	270	1,281	548	590	546	338	2,022	553	493	347	127	1,519	212
EPS(Unit:KRW)	4,619	5,124	4,019	3,655	17,417	6,936	7,531	6,799	4,101	25,367	6,934	6,234	4,481	1,568	19,217	2,537

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Appendix

Financial Position

(Unit:KRW bn)

	2016				2017				2018				2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Assets	18,860	19,826	20,040	20,487	22,171	22,671	23,708	25,041	26,416	27,399	28,419	28,944	31,212
Cash and Equivalents	3,164	2,649	2,878	2,207	1,909	2,107	2,400	2,779	3,132	2,830	3,333	2,557	3,122
A/R	3,077	3,199	3,178	3,534	3,961	4,184	4,523	4,449	4,709	5,146	4,949	4,381	4,616
Inventory	2,285	2,657	2,717	2,965	3,250	3,086	3,187	3,353	3,784	3,950	4,404	4,290	4,503
Tangible / Intangible Assets	9,327	10,133	10,042	10,512	11,773	11,954	12,130	13,035	13,366	13,936	14,074	15,845	16,902
Liabilities	5,754	6,362	6,367	6,436	7,265	7,137	7,586	8,703	9,905	10,391	11,162	11,622	14,013
A/P	1,163	1,328	1,407	1,723	1,808	1,609	1,756	2,015	1,999	2,156	2,541	2,166	2,434
Short-term debts	2,350	2,953	2,890	2,213	2,175	1,454	1,361	1,451	1,593	1,903	2,037	1,613	1,630
Long-term debts	313	336	397	678	972	1,869	1,915	1,594	2,643	3,211	3,262	3,708	5,275
Shareholders' Equity	13,106	13,464	13,672	14,051	14,906	15,535	16,122	16,339	16,510	17,009	17,257	17,322	17,199
Liabilities/Equity (%)	43.9%	47.3%	46.6%	45.8%	48.7%	45.9%	47.1%	53.3%	60.0%	61.1%	64.7%	67.1%	81.5%
Net debt to equity ratio(%)	-3.8%	4.8%	3.0%	4.9%	8.3%	7.8%	5.4%	1.6%	6.7%	13.4%	11.4%	16.0%	22.0%
BPS (Unit:KRW)	175,790	181,095	183,868	188,597	188,859	196,894	203,952	206,544	208,363	214,535	217,500	218,227	216,308

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Appendix

Cash Flows

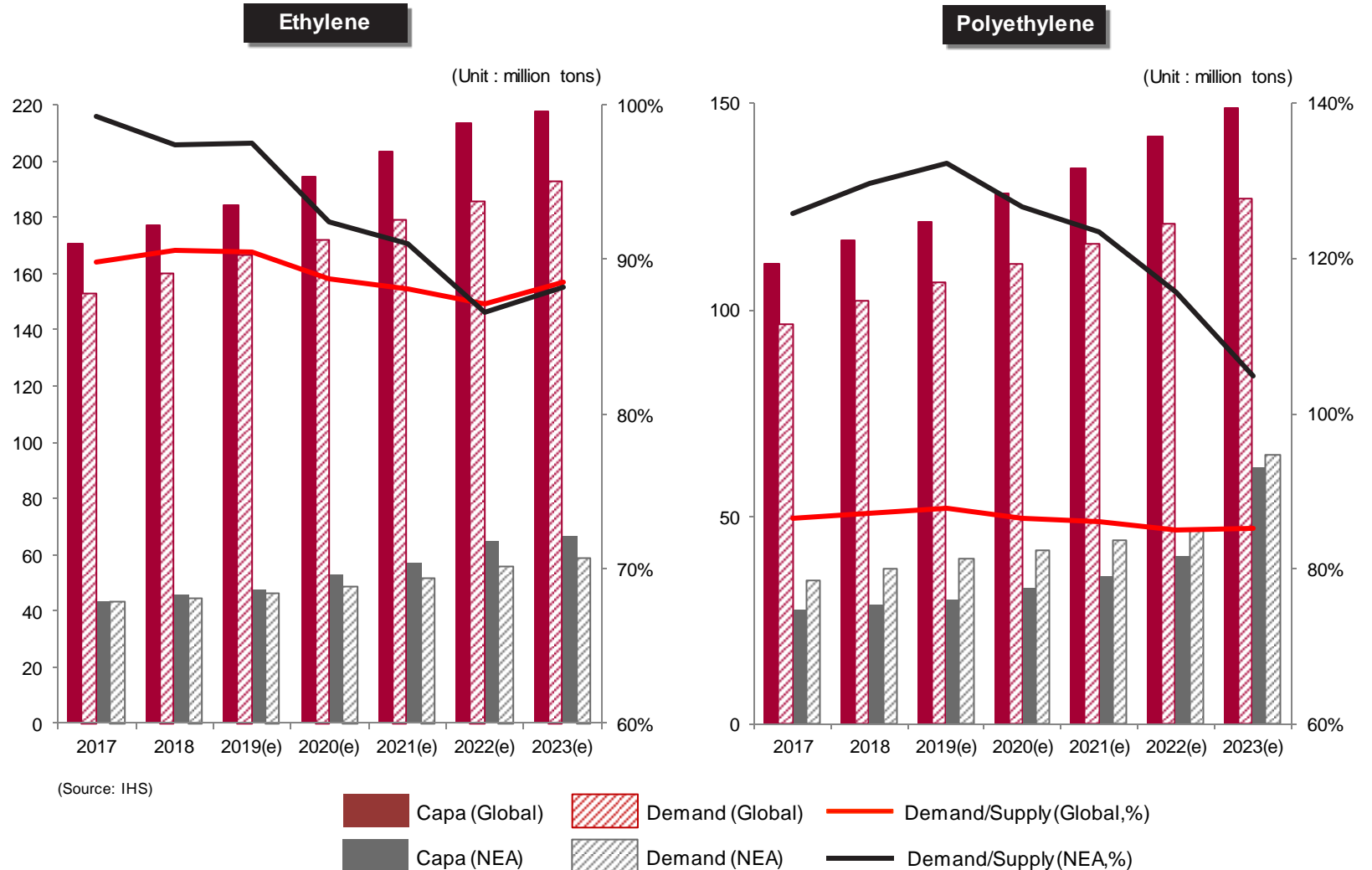
(Unit:KRW bn)

	2016					2017					2018					2019
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		1Q
Cash at Beginning of Period	2,694	3,164	2,649	2,878	2,694	2,207	1,909	2,107	2,400	2,207	2,779	3,132	2,830	3,333	2,779	2,557
Operating / Investing Activities	434	-94	89	95	524	0	442	350	546	1,337	-831	-662	289	-798	-2,001	-903
Operating Profits	458	613	460	462	1,992	797	727	790	615	2,929	651	703	602	290	2,246	275
Depreciation	322	333	337	343	1,335	355	347	347	357	1,406	355	362	373	394	1,484	407
Working Capital	205	17	54	-328	-52	-462	-258	-294	168	-845	-707	-446	128	326	-699	-181
Investing Activities	-326	-750	-416	-500	-1,993	-223	-514	-571	-315	-1,623	-867	-744	-905	-1,610	-4,126	-1,547
Others	-224	-306	-345	117	-758	-466	139	77	-279	-529	-262	-537	91	-198	-907	143
Financing Activities	40	-417	153	-784	-1,007	-271	-262	-72	-132	-737	1,170	369	238	17	1,794	1,450
Debts	4	-52	-2	-556	-606	-474	177	-47	-232	-575	1,191	878	186	-3	2,252	1,498
Dividends	-	-347	-	-	-347	-	-386	-	-	-386	-	-460	-32	-2	-494	-
Cash at End of Period	3,164	2,649	2,878	2,207	2,207	1,909	2,107	2,400	2,779	2,779	3,132	2,830	3,333	2,557	2,557	3,122

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Appendix

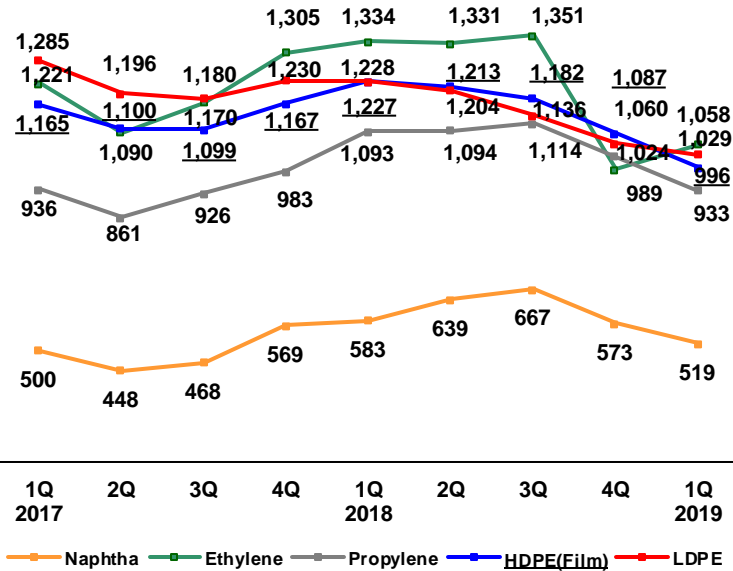
Ethylene / PE Demand Supply



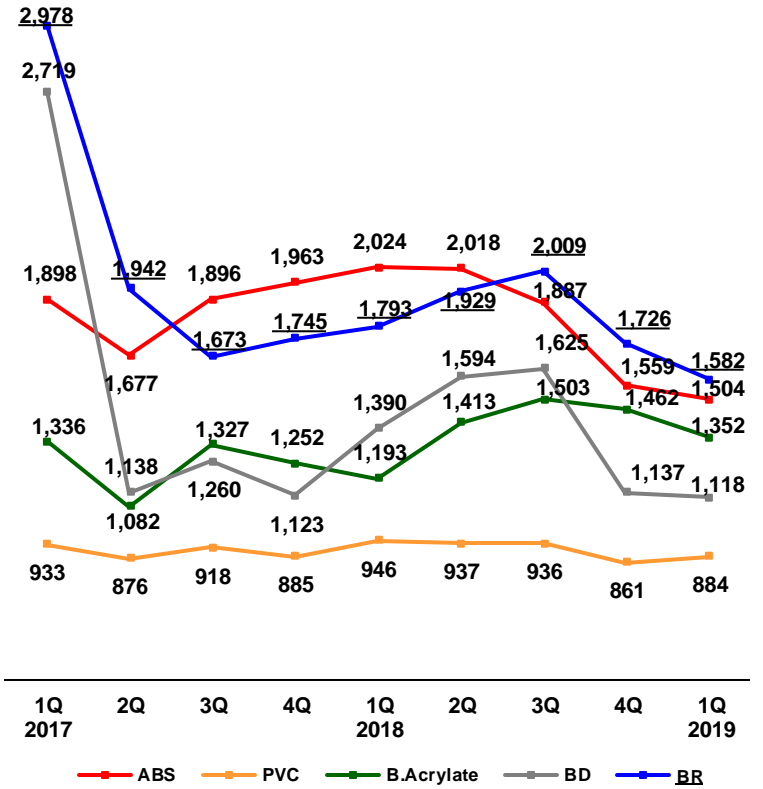
Appendix

Quarterly Price Trends

(Unit: USD/MT)



(Unit: USD/MT)



NCC/PO

ABS

PVC/
Plasticizer

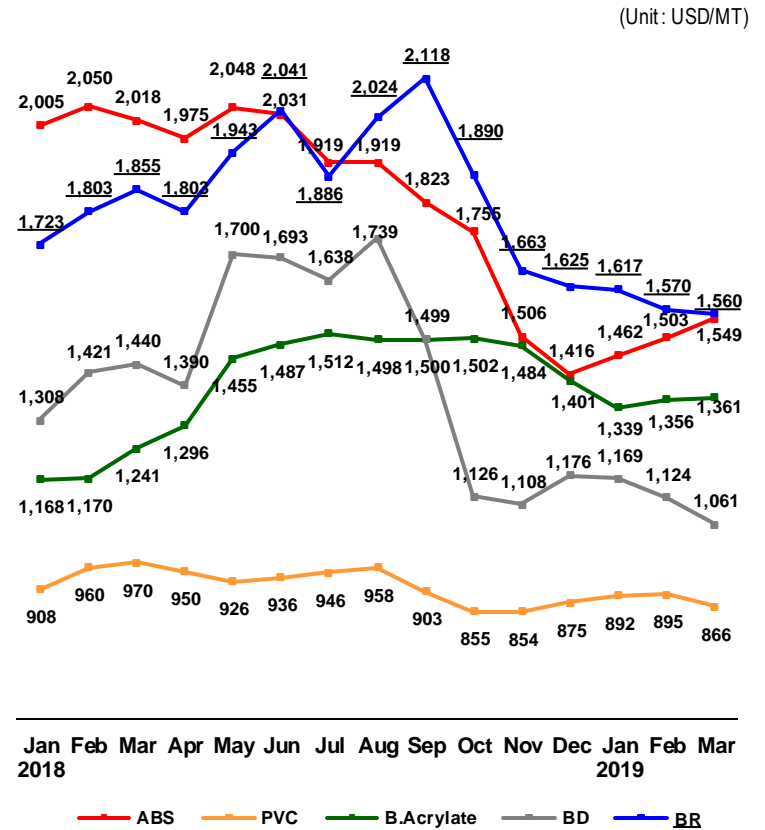
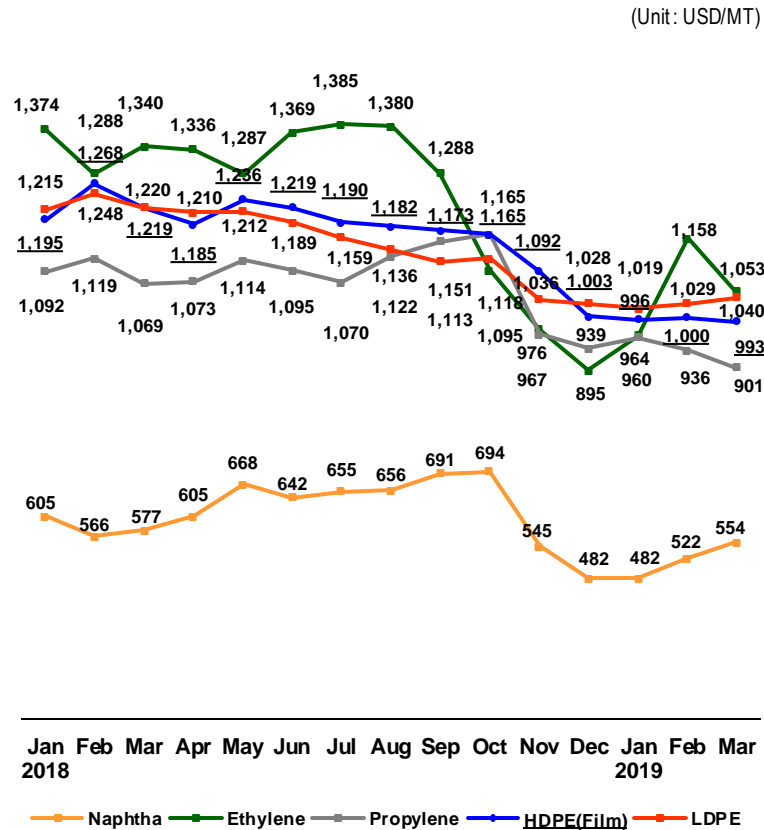
Acrylate/SAP

Rubber/Specialty
Polymers

• The prices are average price of CFR FE Asia for general grade in each product group.

Appendix

Monthly Price Trends



NCC/PO

ABS

PVC/
Plasticizer

Acrylate/SAP

Rubber/Specialty
Polymers

• The prices are average price of CFR FE Asia for general grade in each product group.

Thank you



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