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3Q 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.

3Q 2023 Business Results

Sales & Profits Trends (consolidated)

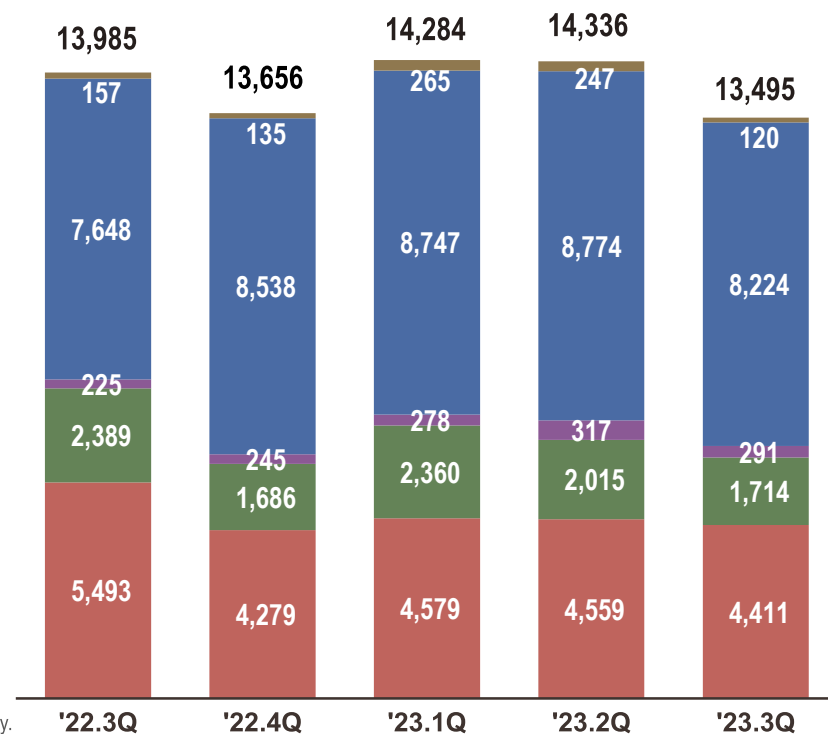
(Unit: KRW bn)

LG Chem	2022		2023		
	3Q	4Q	1Q	2Q	3Q
Sales	13,985	13,656	14,284	14,336	13,495
Operating Profit (%)	911 6.5%	209 1.5%	804 5.6%	618 4.3%	860 6.4%
EBITDA (%)	1,782 12.7%	1,138 8.3%	1,726 12.1%	1,595 11.1%	1,859 13.8%
Pre-tax Income (%)	925 6.6%	-20 -0.1%	924 6.5%	780 5.4%	576 4.3%
Net Income (%)	714 5.1%	-6 -0.0%	669 4.7%	671 4.7%	585 4.3%

Sales trend by business

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

(Unit: KRW bn)



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

3Q 2023 Business Results

Financial Position (consolidated)

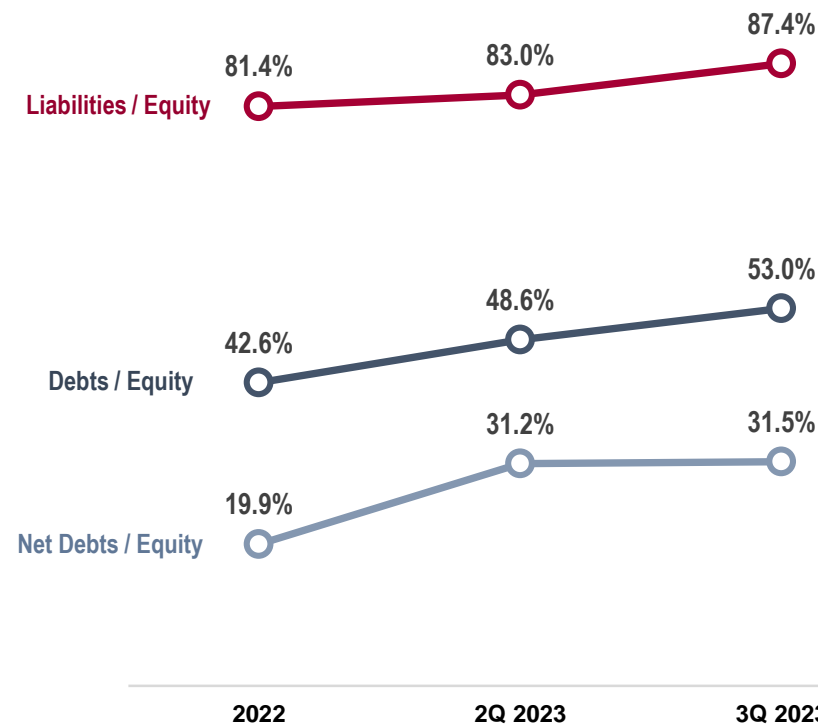
Balance Sheet

(Unit: KRW tn)

LG Chem	2022	2Q 2023	3Q 2023
Asset	68.0	72.5	77.5
Cash and Equivalents	8.5	6.9	8.9
Liabilities	30.5	32.9	36.1
Debts	16.0	19.2	21.9
Equity	37.5	39.6	41.4
BPS (Unit:KRW)	401,764	409,363	416,722

Financial Ratios

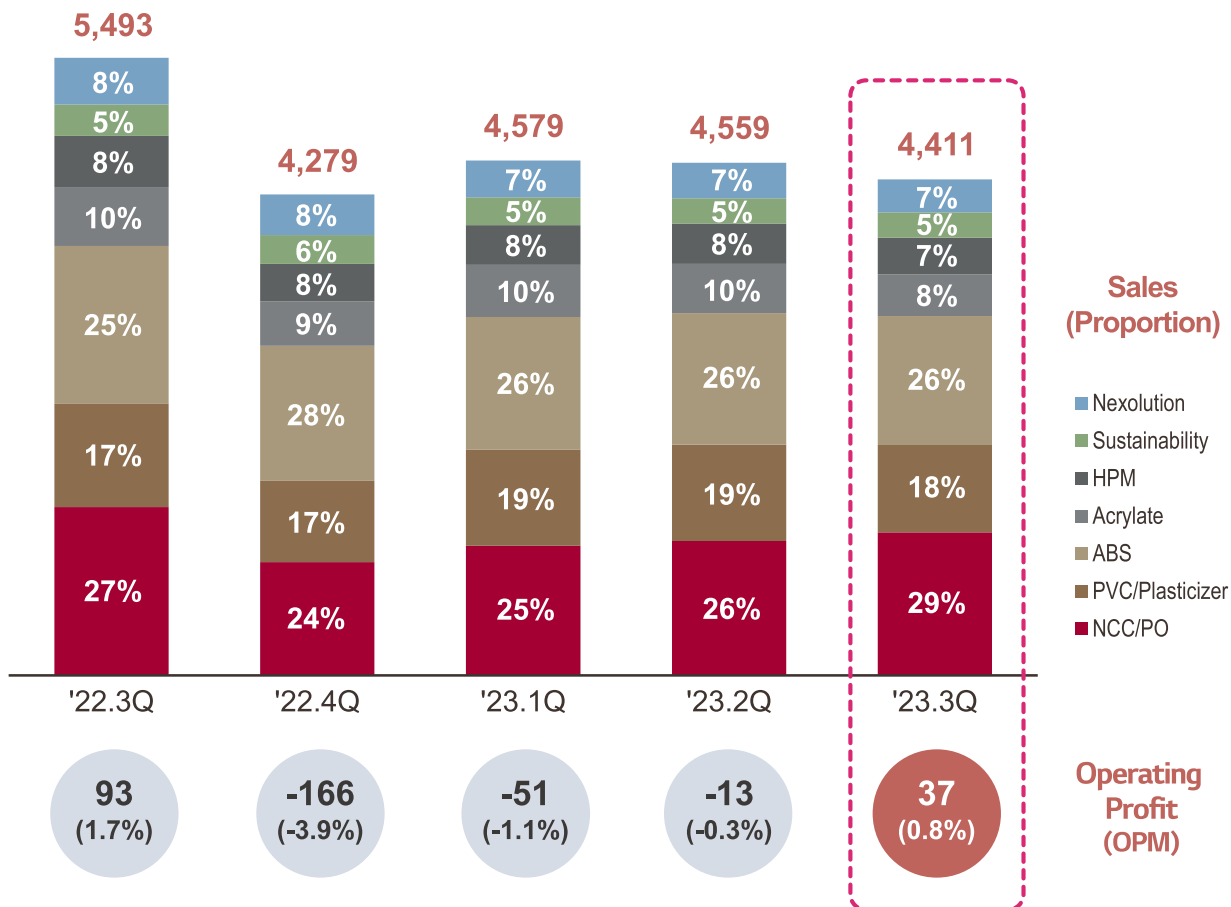
(Unit: %)



Results & Outlook by Business

Petrochemicals

(Unit: KRW bn)



Results

- Similar Supply/Demand situation as the previous quarter, however, turnaround in profitability due to the lagging impact from rising oil prices and cost-saving activities
- Decent profitability of high-value-added products such as POE, CNT

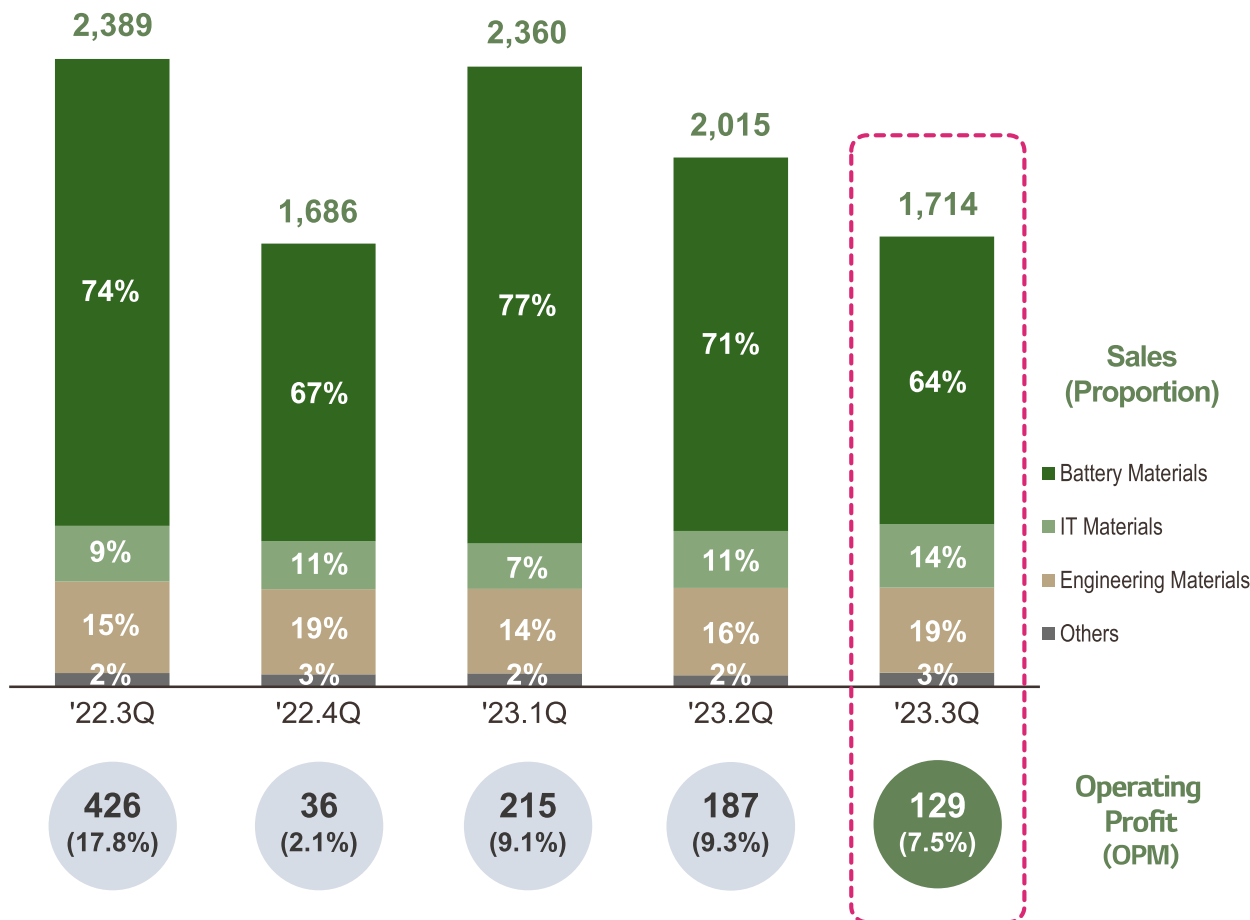
Outlook

- Macro uncertainty such as high oil price is expected due to geopolitical risks
- Try to improve profitability by increasing capacity of high-value-added products such as POE & continued cost-saving activities

Results & Outlook by Business

Advanced Materials

(Unit: KRW bn)



Results

- Battery material shipments to Europe decreased while shipments to the U.S. increased to maintain QoQ volume
- Sales prices decreased and profitability worsened due to falling metal prices



Outlook

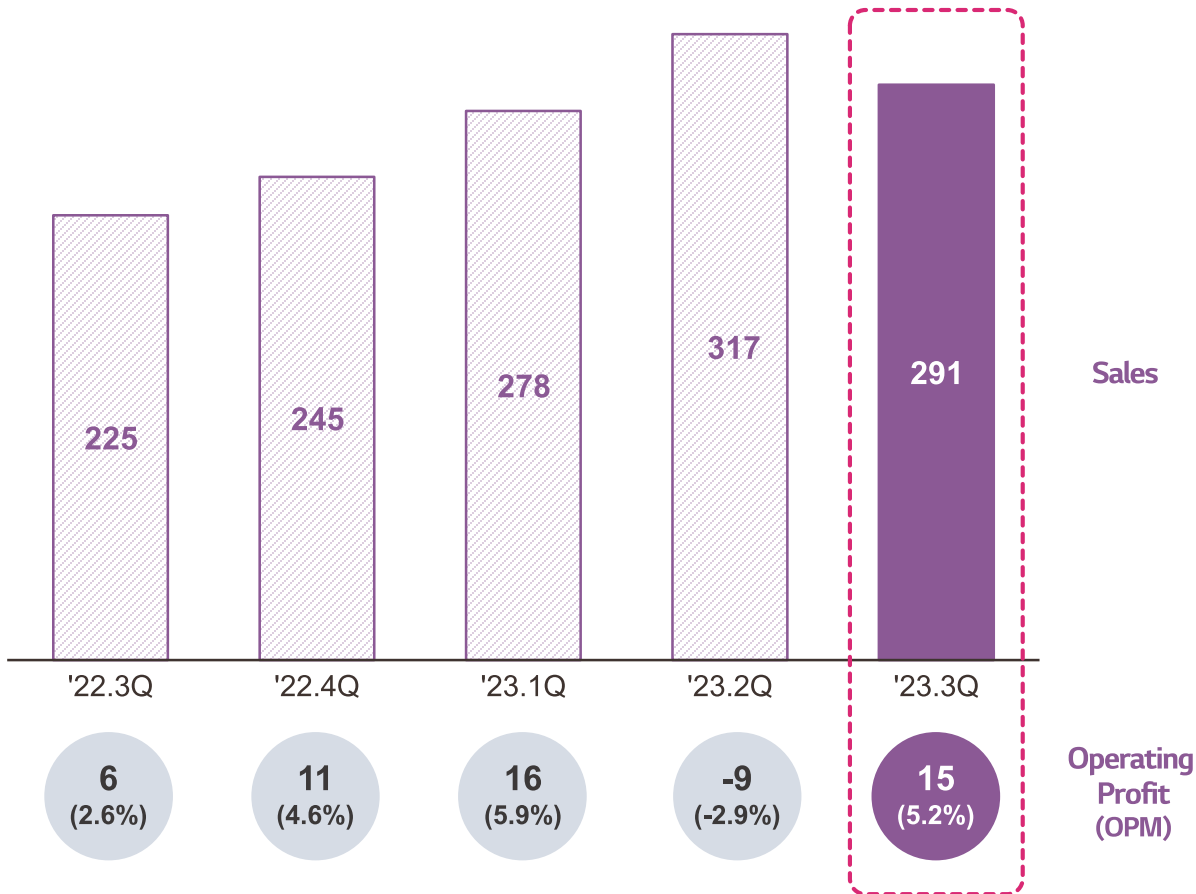
- Battery material sales and profitability to decrease due to the continued negative lagging impact from the decline in metal prices

※ 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

- Sales decreased due to decline in overseas shipments of vaccines and aesthetics
- AVEO's sales & profitability improvement led to a turnaround in profitability



Outlook

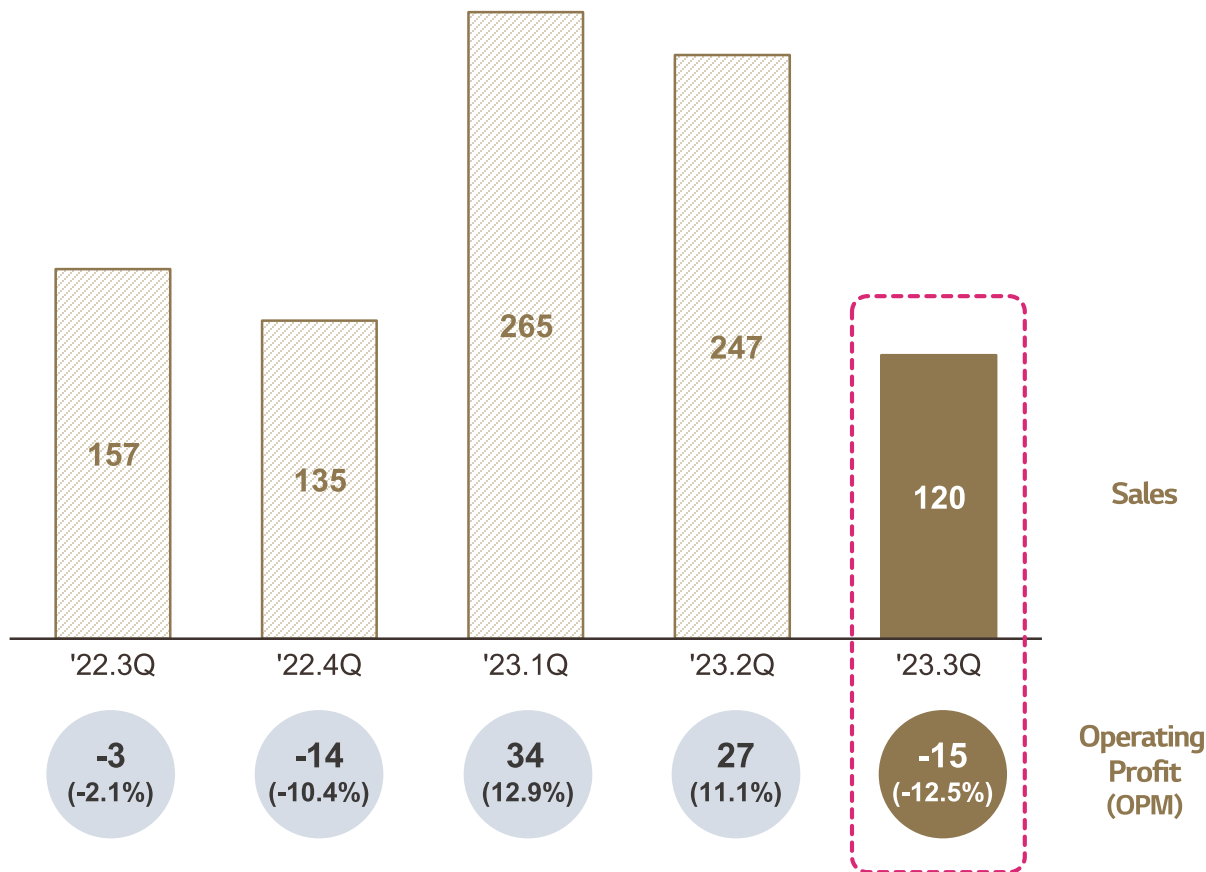
- Sales to increase thanks to increased shipments of major products such as diabetes and autoimmunity medication
- R&D costs to increase due to clinical progress for global new drug projects

※ AVEO's performance is included from February 2023.

Results & Outlook by Business

Farm Hannong

(Unit: KRW bn)



Results

- Sales increased thanks to the expansion of overseas sales of crop protection products, but sales and profitability fell YoY due to a decline in sales prices from the deterioration of the fertilizer market and the reorganization of low-profit businesses



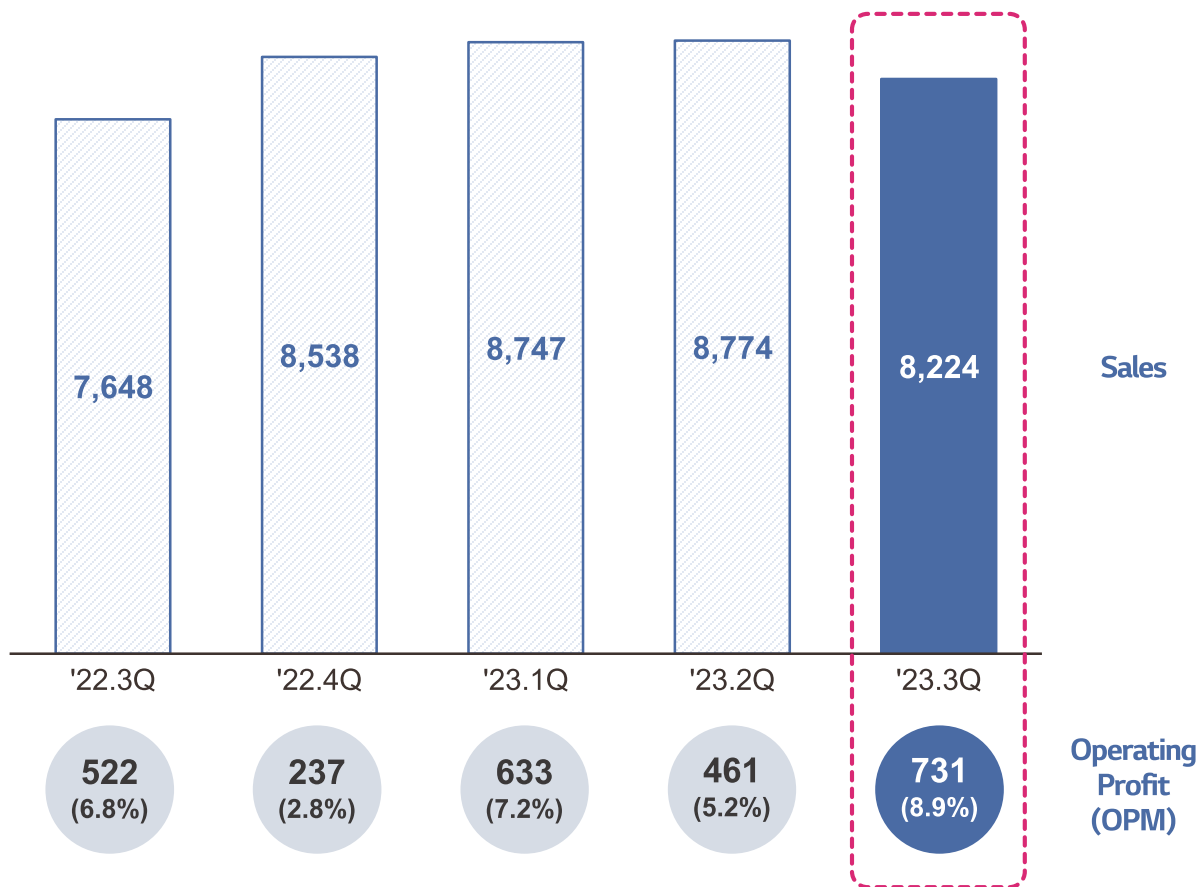
Outlook

- Sales and profitability to improve by reorganizing the low-profit commodity fertilizer business and expanding overseas sales of specialty fertilizer

Results & Outlook by Business

Energy Solution

(Unit: KRW bn)



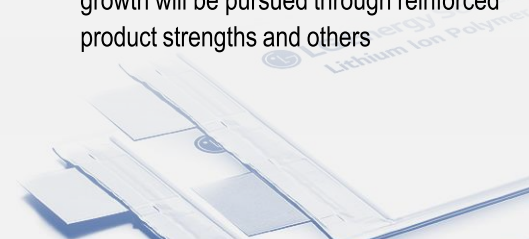
Results

- Despite solid EV demand in North America, revenues decreased due to demand slowdown in Europe and decline in metal prices
- OP increased backed by product mix improvement, efforts for productivity and cost enhancement and IRA Tax Credit effect



Outlook

- Even if the market landscape is subject to change with global macro uncertainty, growth momentum in North America will sustain
- Fundamental competitiveness-based growth will be pursued through reinforced product strengths and others



Appendix

Income Statement

(Unit: KRW bn)

LG Chem	2022					2023		
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q
Sales	11,355	11,987	13,985	13,656	50,983	14,284	14,336	13,495
Cost of Sales	8,904	9,511	11,235	11,472	41,122	11,972	11,930	11,177
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%
SG&A Expenses	1,447	1,622	1,838	1,975	6,882	1,609	1,899	1,673
Other non-operating income(*)						100	111	216
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%
Other non-operating income(expenses)	-9	24	13	-229	-201	120	162	-284
Income before tax	995	878	925	-20	2,778	924	780	576
Net Income	769	718	714	-6	2,196	669	671	585
EPS (Unit:KRW)					23,670	6,058	6,705	5,364

※ 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.

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

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

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Appendix

Cash Flows

(Unit: KRW bn)

LG Chem	2022					2023		
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q
Beginning Cash Balance	3,825	14,138	11,514	9,128	3,825	8,512	6,810	6,871
Operating Activities	156	-587	-1,100	2,101	570	503	1,971	1,656
Operating Profit	1,004	855	911	209	2,979	804	618	860
Depreciation	793	819	871	929	3,412	922	977	999
Working Capital	-711	-1,785	-2,668	1,518	-3,646	-465	125	394
Investing Activities	-2,243	-2,188	-2,188	-2,660	-9,279	-4,068	-2,750	-3,046
Financing Activities	12,337	47	739	209	13,332	1,768	888	3,219
Borrow / Repay	-72	1,046	1,377	-1,152	1,199	1,909	1,362	2,672
Dividends	-	-945	-91	-55	-1,091	-56	-840	-11
Ending Cash Balance	14,138	11,514	9,128	8,512	8,512	6,810	6,871	8,883

※ 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. LG ES)

CAPEX

(Unit: KRW bn)

LG Chem	2022	3Q 2023	YT3Q 2023
Petrochemicals	1,645	364	1,062
Advanced Materials	1,089	140	537
Life Sciences	118	11	739 [*]
Common (incl. Farm Hannong)	679	101	304
Total	3,531	617	2,642

* Included the amount of AVEO acquisition

R&D Expenses








(Unit: KRW bn)

LG Chem	2022	3Q 2023	YT3Q 2023
Petrochemicals	216	56	173
Advanced Materials	204	55	177
Life Sciences	276	92	269
Common (incl. Farm Hannong)	205	46	140
Total	901	249	760

Appendix

Petrochemical Divisions & Products (Capa) as of Sep.2023

(Unit : 1,000 tons)

	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 (1,280)	Plasticizers (280)	Alcohol (300)	PC (170)	Caustic Soda (1,020)
	ABS / SAN (2,290)		PS / EPS (40 / 90)		
	Acrylic Acid (715)	IPA (205)	NPG (175)		
	Synthetic Rubbers (BR/SSBR/NBR) (365)		Specialty Polymers (SBL/SBS/MBS) (313)		
	POE (280) → <small>Dec.23</small> (380)	CNT (2.9)			
	SAP (500)		NBL (390) → <small>Dec.23</small> (630)		

Thank you

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