

1Q`20 Earnings Release

April 29th, 2020

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 1st quarter of 2020 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”).

The information regarding results of 1st quarter of 2020 has been prepared in advance, prior to being reviewed by outside auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final review by external auditors.

The information contained herein includes forward-looking statements in respect to future plans, prospects, and performances of the Company as well as the Company’s projected sales plan for the 2nd quarter of 2020.

These forward-looking statements also refer to the Company’s performance on consolidated base, as indicated.

The aforementioned forward-looking statements are influenced by changes in the management environment and relative events, and by their nature, these statements refer to uncertain circumstances. Consequently, due to these uncertainties, the Company’s actual future results may differ materially from those expressed or implied by such statements.

Please note that as the forward-looking statements contained herein are based on the current market situation and the Company’s management direction, they are subject to change according to the changes in future market environment and business strategy.

The information contained herein should not be utilized for any legal purposes in regards to investors’ investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors’ reliance on the information contained herein.

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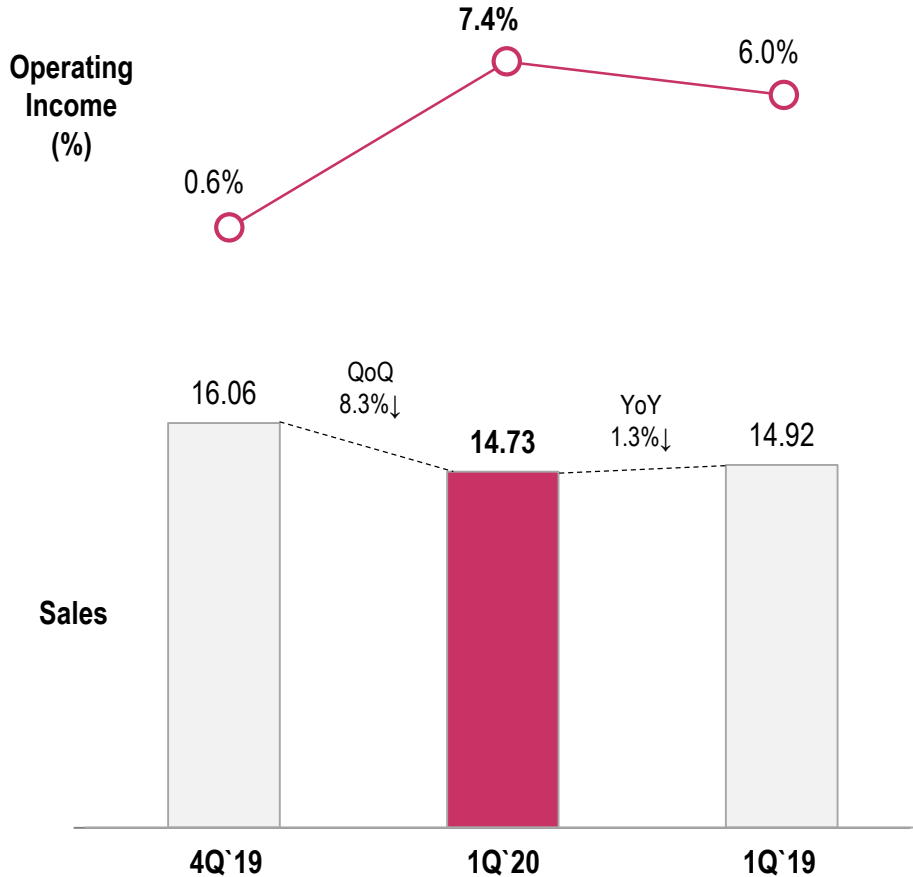
Consolidated Earnings and Outlook

Consolidated Earnings and Outlook

Sales / Profits

Sales / Profits

(Unit : KRW trillion)



Performance by Division

(Unit : KRW billion)

		4Q'19	QoQ	1Q'20	YoY	1Q'19	
Consolidated ¹⁾	Sales	16,061.2	-8.3%	14,727.8	-1.3%	14,915.1	
	O.I	101.8	+988.6	1,090.4	+189.8	900.6	
	(%)	0.6%	+6.8%p	7.4%	+1.4%p	6.0%	
H&A	Sales	4,616.1	+17.4%	5,418.0	-0.9%	5,465.9	
	Home Appliance & Air Solution	O.I	122.2	+631.3	753.5	+25.9	727.6
	(%)	2.6%	+11.3%p	13.9%	+0.6%p	13.3%	
HE ²⁾	Sales	3,968.4	-25.1%	2,970.7	-4.8%	3,121.5	
	Home Entertainment	O.I	101.0	+224.8	325.8	+78.5	247.3
	(%)	2.5%	+8.5%p	11.0%	+3.1%p	7.9%	
MC	Sales	1,320.8	-24.4%	998.6	-33.9%	1,510.4	
	Mobile Communications	O.I	-332.2	+94.4	-237.8	-34.3	-203.5
	(%)	-25.2%	+1.4%p	-23.8%	-10.3%p	-13.5%	
VS	Sales	1,355.2	-2.6%	1,319.3	-2.1%	1,347.0	
	Vehicle component Solutions	O.I	-63.6	-33.2	-96.8	-81.4	-15.4
	(%)	-4.7%	-2.6%p	-7.3%	-6.2%p	-1.1%	
BS ³⁾	Sales	1,439.2	+18.8%	1,709.1	+3.5%	1,651.3	
	Business Solutions	O.I	82.0	+130.2	212.2	+44.2	168.0
	(%)	5.7%	+6.7%p	12.4%	+2.2%p	10.2%	

1) LG Innotek is included

2) From 1Q'20, IT business has been restated to 'BS division' from 'HE division'

3) From 1Q'20, IT business has been restated to 'BS division' from 'HE division' and CEM business has been restated to 'BS division' from 'others'

Consolidated Earnings and Outlook

Income Trend / Cash Flow

Income Trend

(Unit : KRW billion)

	4Q`19	QoQ	1Q`20	YoY	1Q`19
Operating Income	101.8	+988.6	1,090.4	+189.8	900.6
Net financial income/expense	-74.1	-41.1	-115.2	-37.1	-78.1
Gain/Loss on equity method	-671.3	+594.2	-77.1	-53.9	-23.2
Other non-operating income/expense	-243.3	+734.6	491.3	+536.2	-44.9
Income Before Tax	-886.9	+2,276.3	1,389.4	+635.0	754.4
Corporate income tax	-37.1	+339.8	302.7	+126.3	176.4
Net Income	-849.8	+1,936.5	1,086.7	+508.7	578.0
EBITDA	735.9		1,737.8		1,509.2

Cash Flow

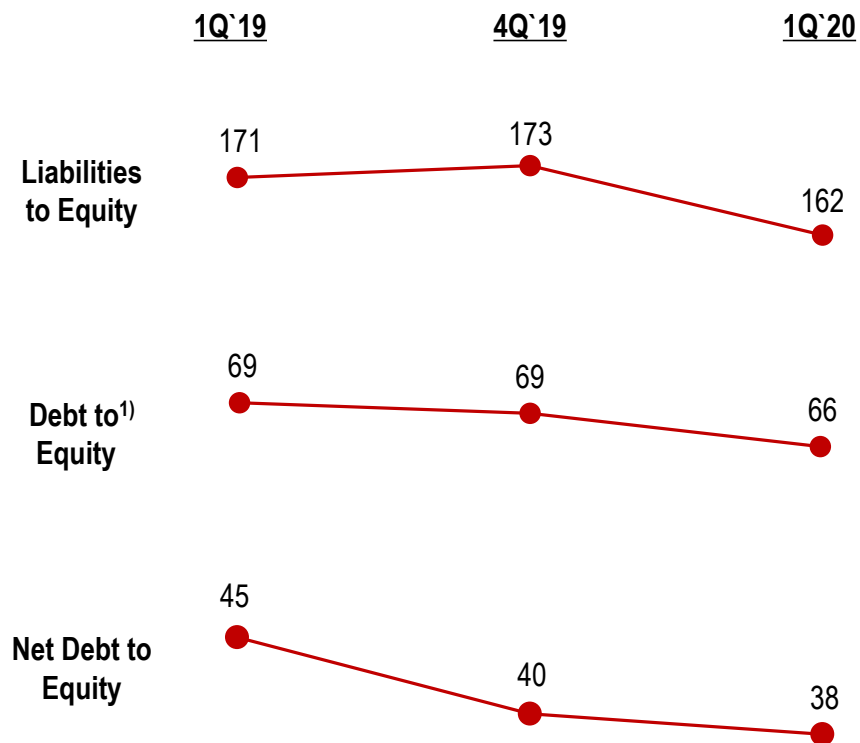
(Unit : KRW billion)

	4Q`19	1Q`20
<input type="checkbox"/> Cash at the beginning of period	4,798.9	4,777.4
• Cash flow from operating activities¹⁾	1,143.0	104.0
Net income/loss	-849.8	1,086.7
Depreciation	634.1	647.4
Gain/Loss on equity method investment	671.3	77.1
• Cash flow from investing activities¹⁾	-654.9	-120.7
Increase/Decrease in tangible assets	-421.9	-486.1
Increase/Decrease in intangible assets	-107.2	-247.8
• Cash flow from financing activities	-423.7	53.8
Repayment of lease obligation and others	-66.5	-71.4
Increase/Decrease in debt	-357.2	125.2
• Effects of exchange rate changes on cash and cash equivalents	-85.9	48.3
<input type="checkbox"/> Net changes in cash	-21.5	85.4
<input type="checkbox"/> Cash at the end of period	4,777.4	4,862.8
Net C/F	402.2	31.6

1) In cash flow from operating activities, profit(640.1 billion KRW) from selling shares of LG HOLDINGS (HK) LIMITED is included in net income, thus calculated with excluding the amount, and the amount is included in cash flow from investing activities

Leverage Ratio

(Unit: %)



Financial Position

(Unit : KRW trillion)

	1Q'19	4Q'19	1Q'20
Assets	45.94	44.86	45.57
Current Assets	20.18	19.75	20.50
Cash and Cash equivalents	4.09	4.78	4.86
Inventory	6.14	5.86	6.29
Non-Current Assets	25.76	25.11	25.07
Liabilities	29.00	28.43	28.18
Current Liabilities	17.51	17.66	17.15
Non-Current Liabilities	11.49	10.77	11.03
Equity	16.94	16.43	17.39
Debt	11.06	10.49	10.72
Net Debt²⁾	7.65	6.48	6.64

1) Lease Liability is included

2) Net Debt = Debt + Lease Liability – Cash and Cash equivalents

Business Environment

- Reduced market demand due to COVID-19 Pandemic and continued low crude oil price trend
- Deteriorated economic indicators and increased uncertainty in upcoming outlook

Key Strategies

- Manage resource efficiently and capture competitive advantage in products to strengthen business fundamentals in the mid-to-long term perspective
- Establish the basis of growth after COVID-19 by developing new business opportunities

Sales & Profit Outlook (2Q`20)

- Sales and profit are expected to decrease QoQ / YoY due to the impact of COVID-19

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Performance and Outlook by Division

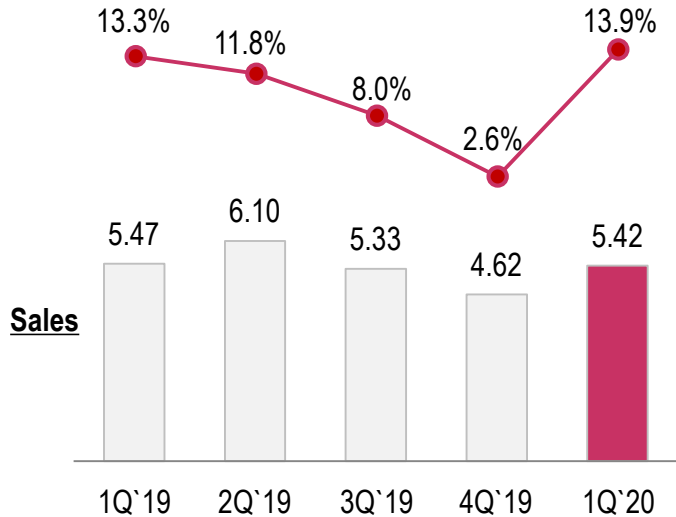
Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

Performance

(Unit : %, KRW trillion)

Op. Income



Key Products



InstaView DID



TWINWash



LG Styler

1Q'20 Performance

- **Sales :** Growth trend continued until February, but sales in March decreased due to the impact of COVID-19, and recorded 5.4 trillion won
- **Profit :** Despite unfavorable factors such as increased marketing expenses, operating income increased YoY driven by the strong sales in system A/C and steam home appliances as well as cost saving activities

2Q'20 Outlook

- **Market :** Uncertainty in the business environment is expected to be higher than ever due to the global market demand decrease caused by the impact of COVID-19 and intensified competition among consumer electronics companies
- **LGE :** Sales decline is expected but make an effort to acquire additional sales through real-time monitoring of market, And secure profitability by optimizing resource balancing and cost saving activities

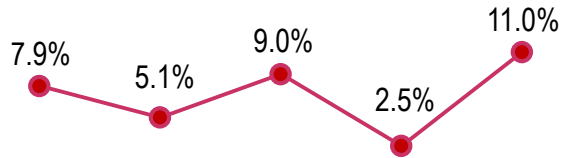
Performance and Outlook by Division

HE (Home Entertainment)

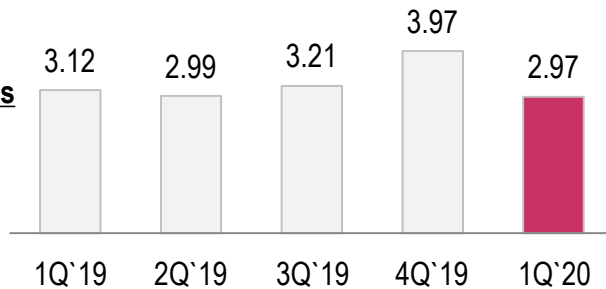
Performance¹⁾

(Unit : %, KRW trillion)

Op. Income



Sales



Key Products



LG SIGNATURE OLED 8K



LG NanoCell

1Q'20 Performance

- **Sales :** Due to the impact of COVID-19, global supply constraints and mobility restrictions by cross border control have reduced market demand and caused sales decrease YoY and QoQ
- **Profit :** Despite the macro economic deterioration such as reduced demand and vulnerable exchange rate, improved profitability driven by expanded sales volume of premium products such as OLED / nanocell / large size TV and operation efficiency.

2Q'20 Outlook

- **Market :** Market demand is expected to sharply drop as many countries continue mobility restrictions due to COVID-19
- **LGE :** Under the premise of the rapid drop in market demand, effort will be made to promote profit-oriented business operations by increasing the weight of premium product, online sales and optimal resource management

1) From 1Q'20, IT business has been restated to 'BS division' from 'HE division'

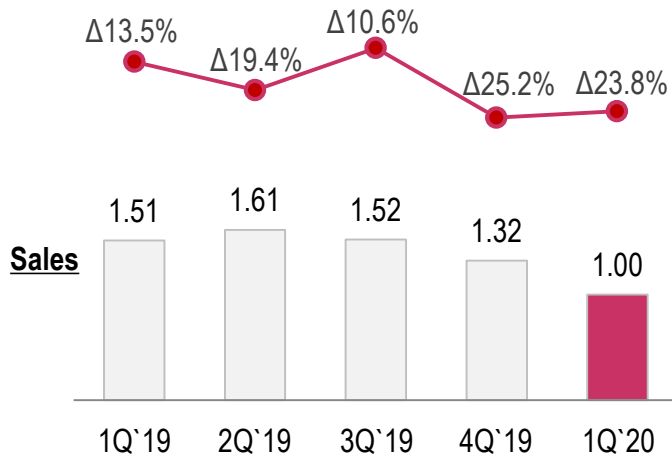
Performance and Outlook by Division

MC (Mobile Communications)

Performance

(Unit : %, KRW trillion)

Op. Income



Key Products



V60ThinQ



VELVET



Q51

1Q'20 Performance

- **Sales** : Down QoQ / YoY due to the supply issue of ODM / Chinese suppliers and decreased demand caused by store shutdown in EU / LATAM from COVID-19 outbreak
- **Profit** : Expenses have been saved through efficient marketing resources management and labor cost reduction from relocation of production site, but profit decreased YoY due to sales decline

2Q'20 Outlook

- **Market** : Market demand is expected to decline significantly YoY due to COVID-19 pandemic, and competition among global manufactures to secure M/S will be intensified
- **LGE** : Launch 5G mass-premium product with outstanding design and features, strengthen mid-range product line-up, expand online sales and enhance operation efficiency to proactively manage the current difficult conditions

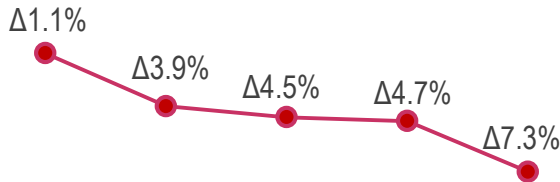
Performance and Outlook by Division

VS (Vehicle component Solutions)

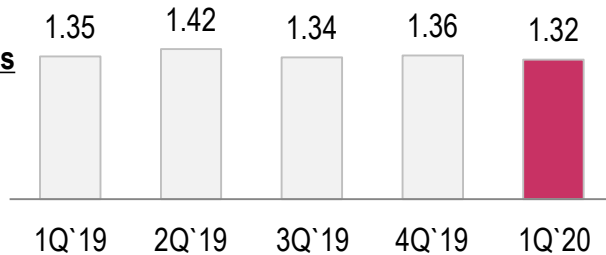
Performance

(Unit : %, KRW trillion)

Op. Income



Sales



Key Products



- AV/AVN
- Telematics
- CID

Infotainment



- Traction Motor
- Inverter
- Battery Pack

xEV components



- AVS Camera
- LCD Cluster
- Automotive Lighting

Safety & Convenience Devices

1Q'20 Performance

- Sales : Despite infotainment business growth driven by the sales increase of new projects, sales decreased YoY / QoQ due to the sales decline of xEV components and ZKW automotive lightings
- Profit : Operating loss still continued due to the sales decrease related to factory shutdown of US / EU auto OEMs caused by COVID-19 pandemic

2Q'20 Outlook

- Market : Under the impact of COVID-19, global demand of vehicle components in 2Q is expected to decline due to the sales decrease of US / EU auto OEMs
- LGE : Considering demand fluctuation of global auto OEMs, minimize the risk by continuous business structure improvement activities

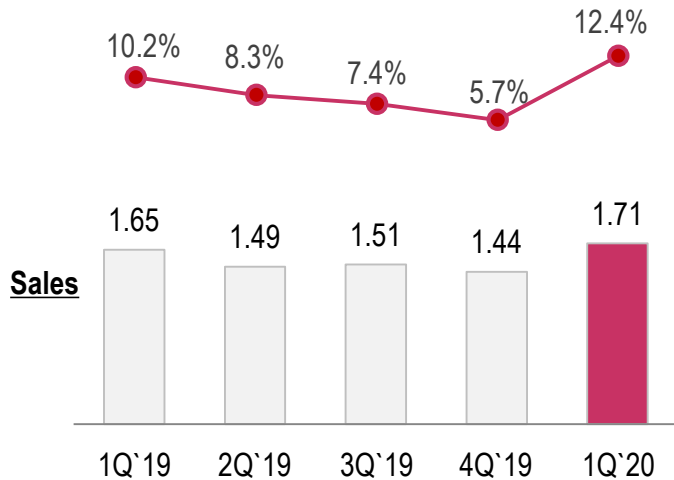
Performance and Outlook by Division

BS (Business Solutions)

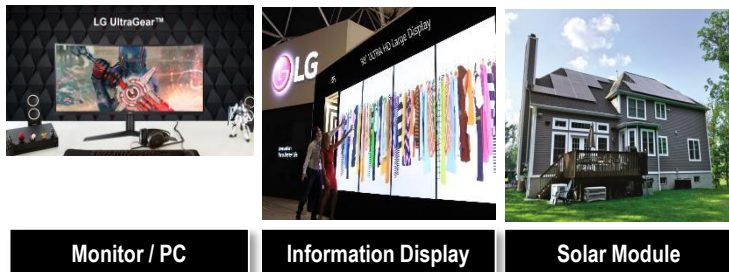
Performance¹⁾

(Unit : %, KRW trillion)

Op. Income



Key Products



1Q'20 Performance

- **Sales :** Despite the setback in sales and supply due to the impact of COVID-19, sales increased YoY / QoQ from IT / solar module growth
- **Profit :** Achieved double-digit profitability driven by the growth of solar modules and stable profit in information display business

2Q'20 Outlook

- **Market :** Despite the decline of market demand / difficulty in production from mobility restriction in many countries and reinforcement of regulations to prevent expansion of COVID-19, new business opportunities related to untact trend and remote learning are expected to be enlarged
- **LGE :** Minimize the risk of sales decline by expanding online sales of IT products and promoting information display products related to the work-from-home and remote learning environment

1) From 1Q'20, IT business has been restated to 'BS division' from 'HE division' and CEM business has been restated to 'BS division' from 'others'



LG

Life's Good

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(Unit : KRW billion, %)

Income Statement

	2019										2020	
	1Q		2Q		3Q		4Q		Total		1Q	
Sales	14,915.1	100.0%	15,629.2	100.0%	15,700.7	100.0%	16,061.2	100.0%	62,306.2	100.0%	14,727.8	100.0%
Cost of goods sold	11,170.1	74.9%	11,672.9	74.7%	11,592.5	73.8%	12,535.1	78.0%	46,970.6	75.4%	10,834.1	73.6%
Gross profit	3,745.0	25.1%	3,956.3	25.3%	4,108.2	26.2%	3,526.1	22.0%	15,335.6	24.6%	3,893.7	26.4%
Selling & admin expense	2,844.4	19.1%	3,304.0	21.1%	3,326.8	21.2%	3,424.3	21.3%	12,899.5	20.7%	2,803.3	19.0%
Operating income (Loss)	900.6	6.0%	652.3	4.2%	781.4	5.0%	101.8	0.6%	2,436.1	3.9%	1,090.4	7.4%
Financial income (Expense)	-78.1	-0.5%	-79.5	-0.5%	-56.1	-0.4%	-74.1	-0.5%	-287.8	-0.5%	-115.2	-0.8%
Gains (loss) on equity method investment	-23.2	-0.2%	-206.7	-1.3%	-150.9	-1.0%	-671.3	-4.2%	-1,052.1	-1.7%	-77.1	-0.5%
Other non operating income (Loss)	-44.9	-0.3%	-139.0	-0.9%	-140.4	-0.9%	-243.3	-1.5%	-567.6	-0.9%	491.3	3.3%
Net income before tax	754.4	5.1%	227.1	1.5%	434.0	2.8%	-886.9	-5.5%	528.6	0.8%	1,389.4	9.4%
Corporate Income Tax	176.4	1.2%	121.1	0.8%	88.3	0.6%	-37.1	-0.2%	348.7	0.6%	302.7	2.1%
Net Income	578.0	3.9%	106.0	0.7%	345.7	2.2%	-849.8	-5.3%	179.9	0.3%	1,086.7	7.4%
Controlled shares	570.9		91.6		244.2		-875.4		31.3		1,025.4	
Non-controlled shares	7.1		14.4		101.5		25.6		148.6		61.3	

* Since the information regarding results of 1Q'20 has been prepared in advance, it is subject to change in the process of final review by external auditors

Statements of Financial Position

	2019				(Unit : KRW billion)	
					2020	
	1Q	2Q	3Q	4Q	1Q	
Assets	45,936.7	45,867.3	47,204.6	44,859.9	45,570.2	
Current Assets	20,176.1	20,134.6	21,840.8	19,753.5	20,498.2	
Cash and cash equivalents	4,093.6	3,944.2	4,798.9	4,777.4	4,862.8	
Accounts receivable	7,244.2	7,386.8	7,032.1	6,360.3	6,562.2	
Inventory	6,141.7	6,179.5	6,894.7	5,863.4	6,285.5	
Others	2,696.6	2,624.1	3,115.1	2,752.4	2,787.7	
Non-current Assets	25,760.6	25,732.7	25,363.8	25,106.4	25,072.0	
Investment	5,575.6	5,377.2	5,216.8	4,544.5	4,456.9	
PP&E	14,094.5	14,241.6	14,191.5	14,505.4	14,465.0	
Intangible assets	3,002.0	2,964.8	2,787.5	2,692.0	2,851.9	
Others	3,088.5	3,149.1	3,168.0	3,364.5	3,298.2	
Liabilities	28,997.0	28,772.3	29,753.7	28,434.8	28,179.5	
Accounts payable	7,798.5	7,402.5	8,200.1	6,820.6	7,197.0	
Debt	11,055.2	10,858.1	10,795.7	10,487.4	10,719.0	
Lease liability	684.5	700.2	730.1	771.4	787.6	
Other liabilities	9,458.8	9,811.5	10,027.8	10,355.4	9,475.9	
Equity	16,939.7	17,095.0	17,450.9	16,425.1	17,390.7	

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(Unit : KRW billion, %)

		1Q`19	2Q`19	3Q`19	4Q`19	`19 Total	1Q`20	QoQ	YoY
H&A	Sales	5,465.9	6,102.8	5,330.7	4,616.1	21,515.5	5,418.0	17.4%	-0.9%
	Op. Income	727.6	717.5	428.8	122.2	1,996.1	753.5		
	(%)	13.3%	11.8%	8.0%	2.6%	9.3%	13.9%		
HE	Sales	3,121.5	2,986.3	3,209.8	3,968.4	13,286.0	2,970.7	-25.1%	-4.8%
	Op. Income	247.3	152.3	288.4	101.0	789.0	325.8		
	(%)	7.9%	5.1%	9.0%	2.5%	5.9%	11.0%		
MC	Sales	1,510.4	1,613.3	1,522.2	1,320.8	5,966.7	998.6	-24.4%	-33.9%
	Op. Income	-203.5	-313.0	-161.1	-332.2	-1,009.8	-237.8		
	(%)	-13.5%	-19.4%	-10.6%	-25.2%	-16.9%	-23.8%		
VS	Sales	1,347.0	1,423.1	1,340.1	1,355.2	5,465.4	1,319.3	-2.6%	-2.1%
	Op. Income	-15.4	-55.7	-60.2	-63.6	-194.9	-96.8		
	(%)	-1.1%	-3.9%	-4.5%	-4.7%	-3.6%	-7.3%		
BS	Sales	1,651.3	1,494.7	1,511.2	1,439.2	6,096.4	1,709.1	18.8%	3.5%
	Op. Income	168.0	124.2	111.7	82.0	485.9	212.2		
	(%)	10.2%	8.3%	7.4%	5.7%	8.0%	12.4%		
Others	Sales	632.1	708.3	510.8	541.7	2,392.9	444.7	-17.9%	-29.6%
	Op. Income	-13.4	15.9	-10.2	-19.2	-26.9	-5.7		
LGE Consolidated Excluding LG Innotek (①)	Sales	13,728.2	14,328.5	13,424.8	13,241.4	54,722.9	12,860.4	-2.9%	-6.3%
	Op. Income	910.6	641.2	597.4	-109.8	2,039.4	951.2		
	(%)	6.6%	4.5%	4.4%	-0.8%	3.7%	7.4%		
LG Innotek (②)	Sales	1,368.6	1,522.3	2,446.0	2,965.2	8,302.1	2,010.9	-32.2%	46.9%
	Op. Income	-11.4	18.8	186.5	209.2	403.1	138.0		
LGE-LG Innotek Inter-company Transaction (③)	Sales	181.7	221.6	170.1	145.4	718.8	143.5		
	Op. Income	-1.4	7.7	2.5	-2.4	6.4	-1.2		
LGE Consolidated (①+②-③)	Sales	14,915.1	15,629.2	15,700.7	16,061.2	62,306.2	14,727.8	-8.3%	-1.3%
	Op. Income	900.6	652.3	781.4	101.8	2,436.1	1,090.4		
	(%)	6.0%	4.2%	5.0%	0.6%	3.9%	7.4%		

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- The company determine the dividends considering the profit level, cash flow of the current year, strategic investments in the future and raising shareholder value in the market to increase shareholder value and shareholder return.
- Dividends for fiscal year 2019 was approved by the Board of Directors and confirmed at the 18th General Shareholders' Meeting.
 ※ Dividend per share in 2019: Common stock 750 Korean Won, Preferred stock 800 Korean Won

		2012 (11th)	2013 (12th)	2014 (13th)	2015 (14th)	2016 (15th)	2017 (16th)	2018 (17th)	2019 (18th)
Face value per share (KRW)	Common	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	Preferred	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Cash dividend per share (KRW)	Common	200	200	400	400	400	400	750	750
	Preferred	250	250	450	450	450	450	800	800
(Consolidated) Net Income (KRW billion)		66.8	176.8	399.4	124.4	76.9	1,725.8	1,240.1	31.3
Total Cash Dividends (KRW billion)		36.9	36.9	72.9	72.9	72.9	72.9	135.9	135.9
(Consolidated) Cash dividends payout ratio (%)		55.2	20.9	18.3	58.6	94.8	4.2	11.0	434.4
Cash dividend yield (%)	Common	0.3	0.3	0.7	0.8	0.8	0.4	1.2	1.0
	Preferred	1.2	1.0	1.6	1.6	1.9	1.0	3.1	2.8

*(Consolidated) net income is the profit attributable to owners of the parent