

3Q`22 Earnings Release

28th Oct, 2022

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 3rd quarter of 2022 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”).

The information regarding results of 3rd quarter of 2022 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 4th quarter of 2022.

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.

Table of Contents

- I Consolidated Earnings and Outlook**
- II Performance and Outlook by Division**

I

Consolidated Earnings and Outlook

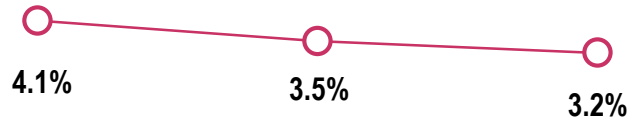
Consolidated Earnings and Outlook

Sales / Profits

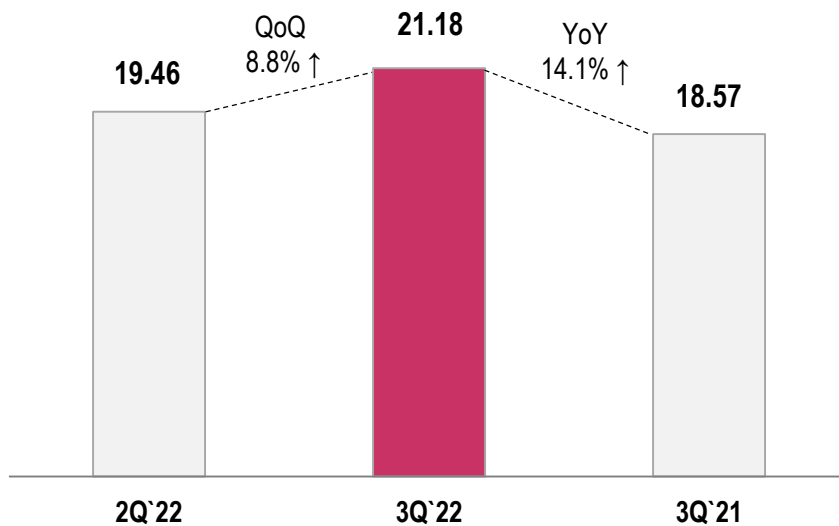
Sales / Profits

(Unit : KRW trillion)

OPM (%)



Sales



Performance by Division¹⁾

(Unit : KRW billion)

		2Q'22	QoQ	3Q'22	YoY	3Q'21
Consolidated²⁾	Sales	19,464.0	+8.8%	21,176.8	+14.1%	18,567.5
	OP	792.2	-45.6	746.6	+149.8	596.8
	(%)	4.1%	-0.6%p	3.5%	+0.3%p	3.2%
H&A Home Appliance & Air Solution	Sales	8,067.6	-7.4%	7,473.0	+5.8%	7,061.3
	OP	432.2	-203.9	228.3	-273.3	501.6
	(%)	5.4%	-2.3%p	3.1%	-4.0%p	7.1%
HE Home Entertainment	Sales	3,457.8	+7.4%	3,712.1	-11.2%	4,181.6
	OP	-18.9	-36.5	-55.4	-261.3	205.9
	(%)	-0.5%	-1.0%p	-1.5%	-6.4%p	4.9%
VS Vehicle component Solutions	Sales	2,030.5	+15.5%	2,345.4	+45.6%	1,611.0
	OP	50.0	+46.1	96.1	+634.1	-538.0
	(%)	2.5%	+1.6%p	4.1%	+37.5%p	-33.4%
BS Business Solutions	Sales	1,538.1	-7.1%	1,429.2	+9.7%	1,302.4
	OP	14.3	-28.7	-14.4	-55.4	41.0
	(%)	0.9%	-1.9%p	-1.0%	-4.1%p	3.1%

1) Due to the close of Solar Panel business, the company has restated the comparative information of income statements of previous periods from 2Q'22

2) LG Innotek is included

Consolidated Earnings and Outlook

Income Trend / Cash Flow

Income Trend

(Unit : KRW billion)

	2Q`22	QoQ	3Q`22	YoY	3Q`21
Operating Profit¹⁾	792.2	-45.6	746.6	+149.8	596.8
Net financial income/expense	-72.3	+148.8	76.5	+92.5	-16.0
Gain/Loss on equity method	-148.9	-153.3	-302.2	-460.5	158.3
Other non-operating income/expense	33.1	-118.0	-84.9	-42.7	-42.2
Income Before Tax	604.1	-168.1	436.0	-260.9	696.9
Corporate income tax	195.0	-59.4	135.6	-38.0	173.6
Income (Loss) from continuing operations	409.1	-108.7	300.4	-222.9	523.3
Income (Loss) from discontinued operations	-71.1	+107.2	36.1	+42.9	-6.8
Net Income	338.0	-1.5	336.5	-180.0	516.5
EBITDA	1,533.3		1,492.3		1,323.9

Cash Flow

(Unit : KRW billion)

	2Q`22	3Q`22
☐ Cash at the beginning of period	5,619.4	6,482.9
• Cash flow from operating activities	1,773.4	998.9
Net income/loss	338.0	336.5
Depreciation	741.1	745.7
Gain/Loss on equity method investment	148.9	302.2
• Cash flow from investing activities	-922.7	-835.6
Increase/Decrease in tangible assets	-756.9	-753.6
Increase/Decrease in intangible assets	-106.0	-73.1
• Cash flow from financing activities	-121.3	647.1
Repayment of lease obligation	-87.6	-85.5
Increase/Decrease in debt	192.1	740.9
• Effects of exchange rate changes on cash and cash equivalents	134.1	274.4
☐ Net changes in cash	863.5	1,084.8
☐ Cash at the end of period	6,482.9	7,567.7
Net C/F	984.8	437.7

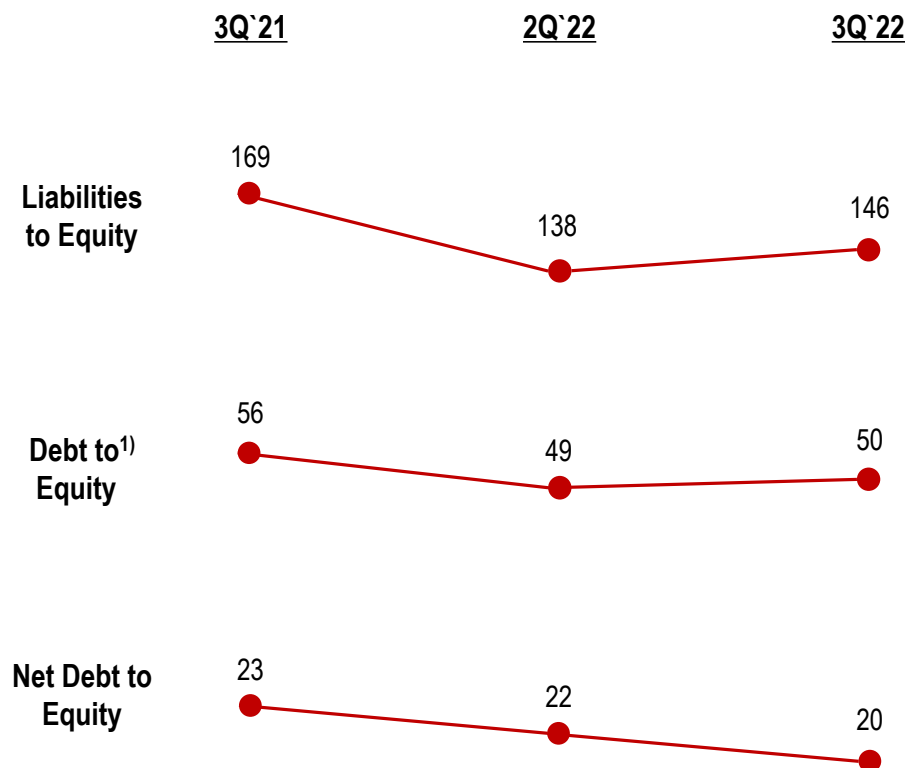
1) Due to the close of Solar Panel business, the company has restated the comparative information of income statements of previous periods from 2Q`22

Consolidated Earnings and Outlook

Leverage Ratio / Financial Position

Leverage Ratio

(Unit: %)



1) Lease Liability is included

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

Financial Position

(Unit : KRW trillion)

	3Q'21	2Q'22	3Q'22
Assets	54.56	55.37	61.30
Current Assets	28.10	28.46	33.42
Cash and Cash equivalents	6.62	6.48	7.57
Inventory	9.96	9.68	11.21
Non-Current Assets	26.46	26.91	27.88
Liabilities	34.25	32.12	36.40
Current Liabilities	23.67	22.11	25.98
Non-Current Liabilities	10.58	10.01	10.42
Equity	20.31	23.25	24.90
Debt	10.46	10.42	11.44
Net Debt²⁾	4.72	5.00	4.98

Business Environment

- Expect consumer sentiment to be declined due to inflation headwind and interest rate hikes, concerns of a possible global economic recession caused by Russia-Ukraine conflict, energy crisis in Europe and economic slowdown

Key Strategies

- Secure growth momentum by adopting new business models including software platforms
- Prepare for potential risk in business by adjusting channel inventory and boosting operation efficiency

Sales & Profit Outlook

- Expect sales to maintain growth momentum YoY on the back of top-line growth in appliances and vehicle components
- Secure profitability through preemptive risk management

III

Performance and Outlook by Division

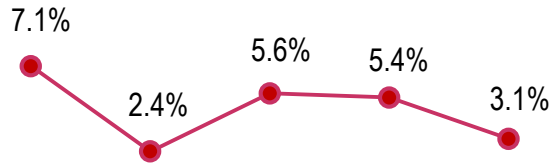
Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

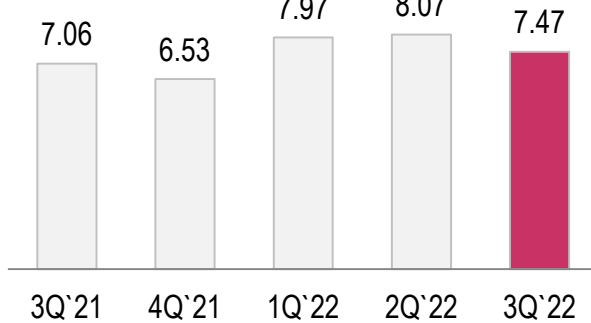
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG Instaview DID
Craft Ice



WashTower



LG Whisen
Tower Luxury

3Q'22 Performance

- **Sales** : Recorded 7.5 trillion won, up 6% YoY led by turnaround from growth in Korea and continued growth in overseas markets
- **Profit** : Decreased YoY due to logistics cost burden and increased marketing expense despite operating leverage effect

4Q'22 Outlook

- **Market** : Expect appliance market demand to weaken further and predict more intensified competition to secure the upper hand in the market
- **LGE** : Efforts to accelerate top-line growth by expanding presence in the volume-zone, secure profitability by increasing selling price especially for premium products and improve cost structure through cost saving initiatives

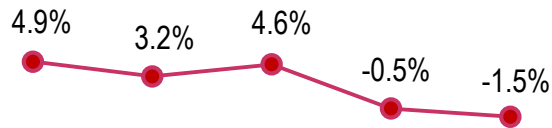
Performance and Outlook by Division

HE (Home Entertainment)

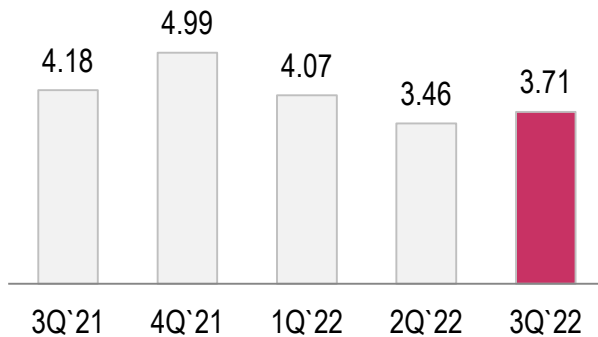
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG OLED TV



LG Sound Bar & TONE Free

3Q'22 Performance

- **Sales** : Declined YoY due to the decrease in global TV demand and weakened consumer sentiment in Europe caused by Russia-Ukraine conflict
- **Profit** : Decreased YoY due to sales decline and increased marketing spending to address intensified competition despite improvement in the material cost thanks to panel price drops

4Q'22 Outlook

- **Market** : Under the persistent risk of a global recession due to global inflation and energy supply disruption, competition in the market is expected to further intensify because of weak demand
- **LGE** : Secure a competitive position in the market by expanding sales of premium products focusing on OLED TV, and make efforts to secure profitability through sound level of channel inventory management and efficient marketing spending

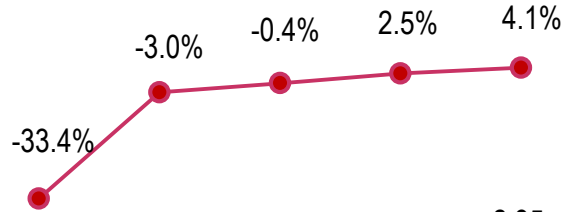
Performance and Outlook by Division

VS (Vehicle component Solutions)

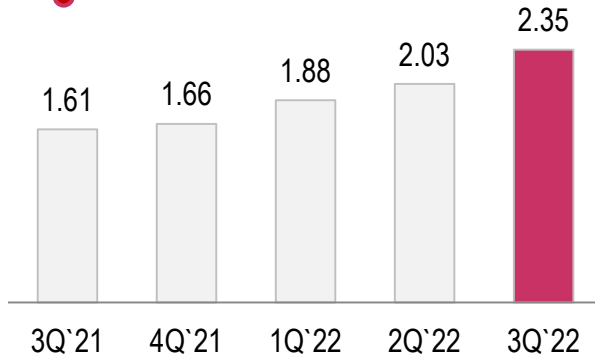
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



- AV/AVN
- Telematics
- CID

Infotainment



- Traction Motor
- Inverter

xEV Components



- AVS Camera
- Cluster
- Automotive Lighting

Safety & Convenience Devices

3Q'22 Performance

- **Sales :** Grew YoY to 2.3 trillion won thanks to auto OEMs production increase following easing of the semiconductor shortage and effective supply chain management
- **Profit :** Maintained profitability thanks to sales increase and cost structure improvement

4Q'22 Outlook

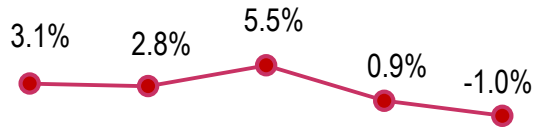
- **Market :** Despite continued easing of the semiconductor shortage and normalization of auto OEMs productions, macro economic risks continue to exist such as weak consumer sentiment due to global inflation
- **LGE :** Strengthen cooperation with auto OEMs and component suppliers to actively respond to rising demand
Reinforce global supply chain management and continuously improve cost structure to maintain top-line growth and profitability

Performance and Outlook by Division

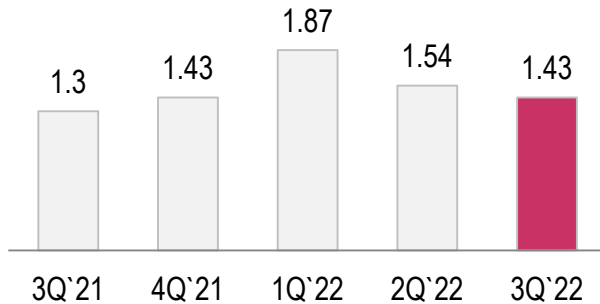
Performance¹⁾

(Unit : %, KRW trillion)

OPM



Sales



Key Products



Gaming Monitor & 21:9 Monitor



Gram PC



Information Display

3Q'22 Performance

- **Sales :** Increased YoY led by recovering B2B demand in Information Display
Decreased QoQ due to slowing global IT demand
- **Profit :** Decreased YoY impacted by increasing marketing costs due to slowing IT demand and intensified competition
Recent strong dollar also increased raw material cost burden

4Q'22 Outlook

- **Market :** IT demand is expected to decline with concerns of the global economic slowdown continue mainly in advanced markets such as North America and Europe
B2B market in Information Display is expected to continue to grow
- **LGE :** Actively award new B2B projects including hotel TV and digital signage
Improvement of operational efficiency such as inventory management and resource input in preparation for worsening market conditions

1) Due to the close of Solar Panel business, the company has restated the comparative information of income statements of previous periods from 2Q'22



LG

Life's Good

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

<http://www.lg.com/global>

(Unit : KRW billion, %)

Income Statement

	2021										2022					
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q	
Sales	17,633.1	100.0%	16,932.3	100.0%	18,567.5	100.0%	20,775.1	100.0%	73,908.0	100.0%	20,969.0	100.0%	19,464.0	100.0%	21,176.8	100.0%
Cost of goods sold	12,830.8	72.8%	12,403.4	73.3%	13,769.0	74.2%	16,007.6	77.1%	55,010.8	74.4%	15,018.5	71.6%	14,457.7	74.3%	16,131.4	76.2%
Gross profit	4,802.3	27.2%	4,528.9	26.7%	4,798.5	25.8%	4,767.5	22.9%	18,897.2	25.6%	5,950.5	28.4%	5,006.3	25.7%	5,045.4	23.8%
Selling & admin expense	2,986.5	16.9%	3,628.8	21.4%	4,201.7	22.6%	4,022.2	19.4%	14,839.2	20.1%	4,007.6	19.1%	4,214.1	21.7%	4,298.8	20.3%
Operating income (Loss)	1,815.8	10.3%	900.1	5.3%	596.8	3.2%	745.3	3.6%	4,058.0	5.5%	1,942.9	9.3%	792.2	4.1%	746.6	3.5%
Financial income (Expense)	13.2	0.1%	-36.1	-0.2%	-16.0	-0.1%	-32.8	-0.2%	-71.7	-0.1%	1.6	0.0%	-72.3	-0.4%	76.5	0.4%
Gains (loss) on equity method investment	83.6	0.5%	142.3	0.8%	158.3	0.9%	64.7	0.3%	448.9	0.6%	9.5	0.0%	-148.9	-0.8%	-302.2	-1.4%
Other non operating profit (Loss)	-62.5	-0.4%	93.6	0.6%	-42.2	-0.2%	-585.2	-2.8%	-596.3	-0.8%	112.0	0.5%	33.1	0.2%	-84.9	-0.4%
Net income before tax	1,850.1	10.5%	1,099.9	6.5%	696.9	3.8%	192.0	0.9%	3,838.9	5.2%	2,066.0	9.9%	604.1	3.1%	436.0	2.1%
Corporate Income Tax	421.4	2.4%	284.9	1.7%	173.6	0.9%	177.9	0.9%	1,057.8	1.4%	559.8	2.7%	195.0	1.0%	135.6	0.6%
Income (Loss) from continuing operations	1,428.7	8.1%	815.0	4.8%	523.3	2.8%	14.1	0.1%	2,781.1	3.8%	1,506.2	7.2%	409.1	2.1%	300.4	1.4%
Income (Loss) from discontinued operations	-259.6	-1.5%	-1,106.9	-6.5%	-6.8	0.0%	7.2	0.0%	-1,366.1	-1.8%	-105.2	-0.5%	-71.1	-0.4%	36.1	0.2%
Net income	1,169.1	6.6%	-291.9	-1.7%	516.5	2.8%	21.3	0.1%	1,415.0	1.9%	1,401.0	6.7%	338.0	1.7%	336.5	1.6%
Controlled shares	998.2		-390.1		385.0		38.6		1,031.7		1,226.6		193.1		122.7	
Non-controlled shares	170.9		98.2		131.5		-17.3		383.3		174.4		144.9		213.8	

* Since the information regarding results of 3Q'22 has been prepared in advance, it is subject to change in the process of final review by external auditors

* Since 2Q'22 disclosure, previous income statement has been restated by separating all profit and loss items of the Solar Panel business from continuing operations and reclassifying them into a single account of 'Income (loss) from discontinued operations'

Statements of Financial Position

(Unit : KRW billion)

	2021				2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Assets	50,458.6	50,666.9	54,559.8	53,481.5	55,050.9	55,368.8	61,299.4
Current Assets	25,306.6	24,807.4	28,099.2	27,487.8	29,125.9	28,454.4	33,418.4
Cash and cash equivalents	6,303.3	6,186.3	6,619.8	6,051.5	5,619.4	6,482.9	7,567.7
Accounts receivable	8,249.0	7,730.0	8,672.7	8,166.5	9,441.2	8,563.5	10,897.3
Inventory	7,995.9	8,327.5	9,958.1	9,754.0	10,214.3	9,684.4	11,207.1
Others	2,758.4	2,563.6	2,848.6	3,515.8	3,851.0	3,723.6	3,746.3
Non-current Assets	25,152.0	25,859.5	26,460.6	25,993.7	25,925.0	26,914.4	27,881.0
Investment	4,627.7	4,813.4	5,107.1	5,149.2	5,130.7	5,112.1	4,968.0
PP&E	14,064.8	14,578.6	14,802.1	14,700.8	14,721.3	15,428.5	16,014.5
Intangible assets	3,068.6	2,740.1	2,756.9	2,443.2	2,423.0	2,452.9	2,335.4
Others	3,390.9	3,727.4	3,794.5	3,700.5	3,650.0	3,920.9	4,563.1
Liabilities	31,607.8	31,965.3	34,254.7	33,383.5	33,170.6	32,115.8	36,404.2
Accounts payable	9,812.9	8,448.2	10,194.6	8,741.9	9,106.1	7,938.4	11,021.5
Debt	9,763.4	10,100.4	10,463.9	9,931.6	10,104.1	10,421.3	11,438.2
Lease liability	884.9	871.6	875.0	955.4	988.8	1,063.1	1,110.7
Other	11,146.6	12,545.1	12,721.2	13,754.6	12,971.6	12,693.0	12,833.8
Equity	18,850.8	18,701.6	20,305.1	20,098.0	21,880.3	23,253.0	24,895.2

* Since the information regarding results of 3Q'22 has been prepared in advance, it is subject to change in the process of final review by external auditors

(Unit : KRW billion, %)

		1Q`21	2Q`21	3Q`21	4Q`21	`21 Total	1Q`22	2Q`22	3Q`22	QoQ	YoY
		H&A	Sales	6,709.0	6,815.1	7,061.3	6,525.1	27,110.5	7,970.4	8,067.6	7,473.0
	OP	903.6	650.7	501.6	153.4	2,209.3	445.5	432.2	228.3		
	(%)	13.5%	9.5%	7.1%	2.4%	8.1%	5.6%	5.4%	3.1%		
HE	Sales	4,008.8	4,042.7	4,181.6	4,986.0	17,219.1	4,065.1	3,457.8	3,712.1	7.4%	-11.2%
	OP	393.7	331.7	205.9	159.8	1,091.1	187.2	-18.9	-55.4		
	(%)	9.8%	8.2%	4.9%	3.2%	6.3%	4.6%	-0.5%	-1.5%		
VS	Sales	1,730.8	1,701.3	1,611.0	1,657.4	6,700.5	1,877.7	2,030.5	2,345.4	15.5%	45.6%
	OP	-5.2	-343.8	-538.0	-49.4	-936.4	-6.7	50.0	96.1		
	(%)	-0.3%	-20.2%	-33.4%	-3.0%	-14.0%	-0.4%	2.5%	4.1%		
BS	Sales	1,450.6	1,294.8	1,302.4	1,428.9	5,476.7	1,873.8	1,538.1	1,429.2	-7.1%	9.7%
	OP	164.1	76.4	41.0	40.3	321.8	103.1	14.3	-14.4		
	(%)	11.3%	5.9%	3.1%	2.8%	5.9%	5.5%	0.9%	-1.0%		
Others	Sales	827.9	966.2	808.0	632.4	3,234.5	1,447.8	890.3	1,058.5	18.9%	31.0%
	OP	14.3	47.5	57.7	12.8	132.3	868.9	37.5	57.0		
LGE Consolidated Excluding LG Innotek (①)	Sales	14,727.1	14,820.1	14,964.3	15,229.8	59,741.3	17,234.8	15,984.3	16,018.2	0.2%	7.0%
	OP	1,470.5	762.5	268.2	316.9	2,818.1	1,598.0	515.1	311.6		
	(%)	10.0%	5.1%	1.8%	2.1%	4.7%	9.3%	3.2%	1.9%		
LG Innotek (②)	Sales	3,071.8	2,355.7	3,798.4	5,724.1	14,950.0	3,952.4	3,703.0	5,388.5	45.5%	41.9%
	OP	345.3	151.0	335.2	427.9	1,259.4	366.8	289.9	444.9		
LGE-LG Innotek Inter-company Transaction (③)	Sales	165.8	243.5	195.2	178.8	783.3	218.2	223.3	229.9		
	OP	0.0	13.4	6.6	-0.5	19.5	21.9	12.8	9.9		
LGE Consolidated (①+②-③)	Sales	17,633.1	16,932.3	18,567.5	20,775.1	73,908.0	20,969.0	19,464.0	21,176.8	8.8%	14.1%
	OP	1,815.8	900.1	596.8	745.3	4,058.0	1,942.9	792.2	746.6		
	(%)	10.3%	5.3%	3.2%	3.6%	5.5%	9.3%	4.1%	3.5%		

* Since the information regarding results of 3Q`22 has been prepared in advance, it is subject to change in the process of final review by external auditors

* Due to the close of Solar Panel business, the company has restated the comparative information of income statements of previous periods from 2Q`22

- Our shareholder returns are made through annual dividends, which are determined by comprehensively considering future strategic investments within the scope of dividend income, financial structure(cash flow etc.) and business environment with a priority on increasing shareholder value and increasing shareholder returns.
- In accordance with the mid-to long-term dividend policy announced on January 26th, 2022, we plan to return "more than 20% of net profit (excluding one-off non-recurring profit, based on profit attributable to owners of the parent) of consolidated financial statements" to shareholders over the next three years (FY2021 ~FY2023).
- Dividend amount for fiscal year 2021 will be determined at company's annual general meeting.
 ※ Dividend per share in 2021: Common stock 850 Korean Won, Preferred stock 900 Korean Won

		2014 (13th)	2015 (14th)	2016 (15th)	2017 (16th)	2018 (17th)	2019 (18th)	2020 (19th)	2021 (20th)
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	400	400	400	400	750	750	1,200	850
	Preferred	450	450	450	450	800	800	1,250	900
(Consolidated) Net Income (KRW billion)		399.4	124.4	76.9	1,725.8	1,240.1	31.3	1,968.3	1,031.7
Total Cash Dividends (KRW billion)		72.9	72.9	72.9	72.9	135.9	135.9	216.9	153.9
(Consolidated) Cash dividends payout ratio (%)		18.3	58.6	94.8	4.2	11.0	434.4	11.0	14.9
Cash dividend yield (%)	Common	0.7	0.8	0.8	0.4	1.2	1.0	1.1	0.6
	Preferred	1.6	1.6	1.9	1.0	3.1	2.8	2.5	1.4

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