

4Q`23 Earnings Release

25th Jan, 2024

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 4th quarter of 2023 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”).

The information regarding results of 4th quarter of 2023 has been prepared in advance, prior to being audited by external auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final audit 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 year of 2024.

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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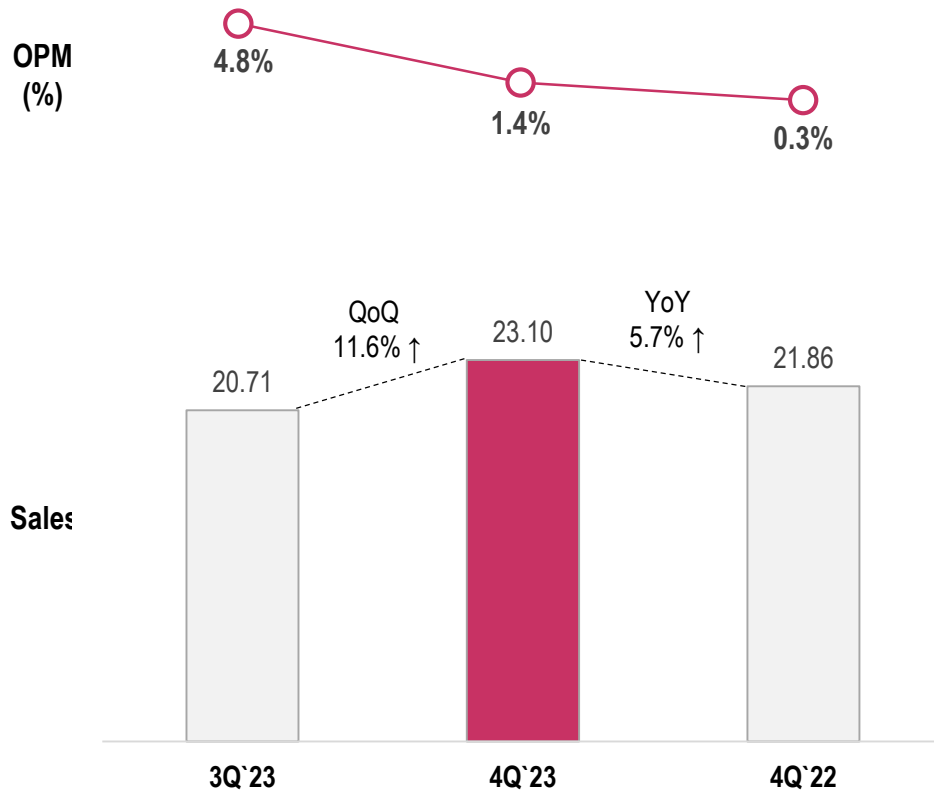
Consolidated Earnings and Outlook

Consolidated Earnings and Outlook

Sales / Profits

Sales / Profits

(Unit : KRW trillion)



Performance by Division

(Unit : KRW billion)

		3Q'23	QoQ	4Q'23	YoY	4Q'22
Consolidated ¹⁾	Sales	20,709.4	+11.6%	23,104.1	+5.7%	21,857.5
	OP	996.7	-683.6	313.1	+243.8	69.3
	(%)	4.8%	-3.4%p	1.4%	+1.1%p	0.3%
H&A ²⁾ Home Appliance & Air Solution	Sales	7,457.4	-10.5%	6,674.9	+4.5%	6,384.5
	OP	504.5	-620.1	-115.6	-141.1	25.5
	(%)	6.8%	-8.5%p	-1.7%	-2.1%p	0.4%
HE Home Entertainment	Sales	3,568.6	+16.5%	4,157.9	-7.4%	4,491.7
	OP	110.7	-182.9	-72.2	+35.3	-107.5
	(%)	3.1%	-4.8%p	-1.7%	+0.7%p	-2.4%
VS Vehicle component Solutions	Sales	2,503.5	+3.6%	2,593.1	+8.2%	2,396.0
	OP	134.9	-129.2	5.7	-24.5	30.2
	(%)	5.4%	-5.2%p	0.2%	-1.1%p	1.3%
BS Business Solutions	Sales	1,330.9	-4.7%	1,268.8	+1.6%	1,249.2
	OP	-20.5	-69.0	-89.5	-11.7	-77.8
	(%)	-1.5%	-5.6%p	-7.1%	-0.9%p	-6.2%

1) LG Innotek is included

2) From 1Q'23, H&A platform business has been restated to 'others' from 'H&A division'

Consolidated Earnings and Outlook

Income Trend / Cash Flow

Income Trend

(Unit : KRW billion)

	3Q`23	QoQ	4Q`23	YoY	4Q`22
Operating Profit	996.7	-683.6	313.1	+243.8	69.3
Net financial income/expense	28.7	-179.8	-151.1	+48.4	-199.5
Gain/Loss on equity method	-266.9	+282.3	15.4	+741.8	-726.4
Other non-operating income/expense	-109.5	-166.9	-276.4	-566.7	290.3
Income Before Tax	649.0	-748.0	-99.0	+467.3	-566.3
Corporate income tax	163.7	-186.7	-23.0	+335.1	-358.1
Income (Loss) from continuing operations	485.3	-561.3	-76.0	+132.2	-208.2
Income (Loss) from discontinued operations	-0.1	-0.3	-0.4	+3.8	-4.2
Net Income	485.2	-561.6	-76.4	+136.0	-212.4
EBITDA	1,791.7		1,178.9		861.2

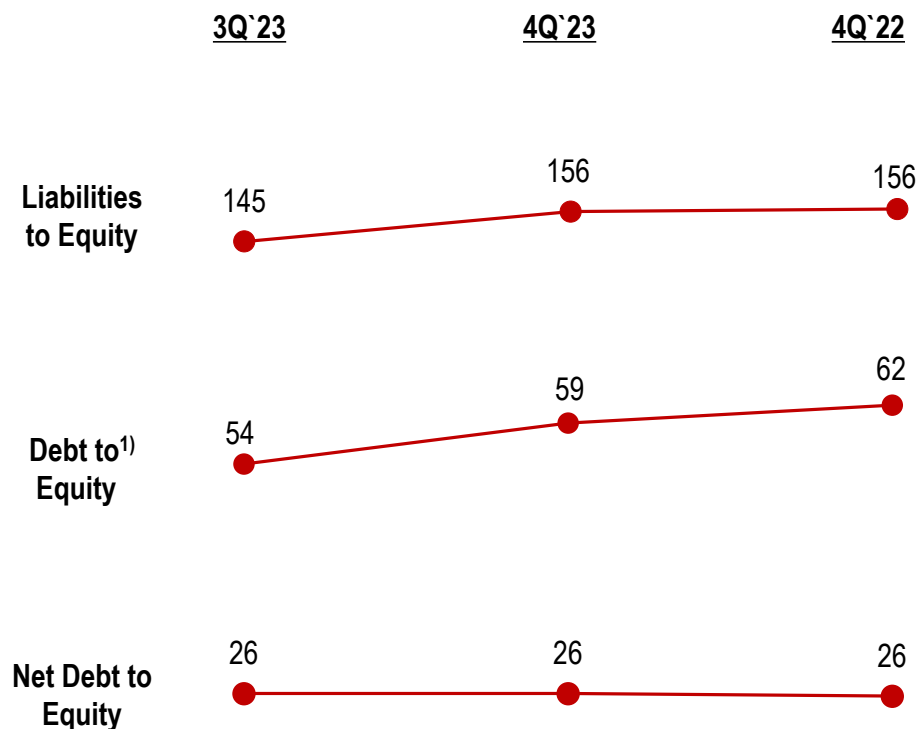
Cash Flow

(Unit : KRW billion)

	3Q`23	4Q`23
<input type="checkbox"/> Cash at the beginning of period	7,238.7	8,112.2
• Cash flow from operating activities	1,667.8	1,536.2
Net income/loss	485.3	-76.4
Depreciation	795.0	865.8
Gain/Loss on equity method investment	266.9	-15.4
• Cash flow from investing activities	-1,155.8	-1,080.7
Increase/Decrease in tangible assets	-866.5	-754.7
Increase/Decrease in intangible assets	-233.4	-240.4
• Cash flow from financing activities	347.5	-9.8
Repayment of lease obligation	-94.8	-85.6
Increase/Decrease in debt	378.6	88.7
• Effects of exchange rate changes on cash and cash equivalents	14.1	-70.3
<input type="checkbox"/> Net changes in cash	873.5	375.4
<input type="checkbox"/> Cash at the end of period	8,112.2	8,487.6
Net C/F	526.1	385.2

Leverage Ratio

(Unit: %)



1) Lease Liability is included

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

Financial Position

(Unit : KRW trillion)

	3Q'23	4Q'23	4Q'22
Assets	55.16	61.90	60.24
Current Assets	27.49	32.62	30.34
Cash and Cash equivalents	6.32	8.11	8.49
Inventory	9.39	9.95	9.13
Non-Current Assets	27.67	29.28	29.90
Liabilities	32.66	37.68	36.74
Current Liabilities	22.33	25.12	24.16
Non-Current Liabilities	10.33	12.56	12.58
Equity	22.50	24.22	23.50
Debt	11.05	13.27	13.32
Net Debt²⁾	5.82	6.27	6.03

Business Environment

- Expect recovery in consumer sentiment attributable to slowing inflation and possible interest cuts in US and Europe, but concerns regarding protracted geopolitical risks and bottlenecks in global maritime logistics also exist

Key Strategies

- Continue to grow top-line in main businesses and enhance the business portfolio by expanding B2B and software platform business
- Maintain stable cost structure through fundamental cost improvements and efficient spending
- Strengthen business competitiveness by expanding investments in line with our strategic priorities

Sales & Profit Outlook

- Increase sales in 2024 by responding nimbly to shifts in demand and driving stronger performance in B2B businesses such as vehicle components and HVAC
- Secure sound levels of profitability on an annual basis by maintaining stable cost structure through preemptive efforts

III

Performance and Outlook by Division

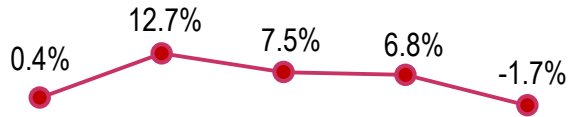
Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

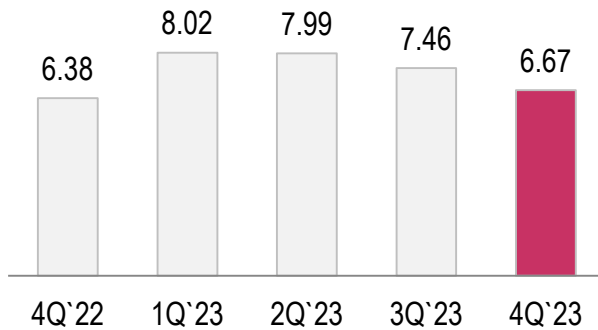
Performance ¹⁾

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG DIOS
MoodUP Refrigerator



LG Signature
Washer-Dryer



LG Whisen
Tower Luxury

4Q'23 Performance

- **Sales** : Though recovery of demand in the global appliance market is delayed, revenue increased year-on-year on by strengthening the two-track strategy to address the premium and volume zone segments, and expanding new business areas such as appliance subscription
- **Profit** : Despite stable operations regarding material and logistics costs, decreased year-on-year, due to increased marketing spending to address intensified competition in the market and the impact from year-end performance incentives

Y2024 Outlook

- **Market** : Market uncertainties and intense competition are expected to persist due to the sluggish global economy and instable international situations
- **LGE** : Seek to secure top-line growth momentum through stronger drive of the volume-zone in main B2C business, expanded proportion of B2B centered around HVAC business, and accelerated efforts in online and subscription businesses. Focus capabilities on creating stable profitability through efficient resource management and cost improvement activities

1) From 1Q'23, H&A platform business has been restated to 'others' from 'H&A division'

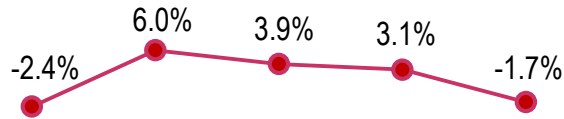
Performance and Outlook by Division

HE (Home Entertainment)

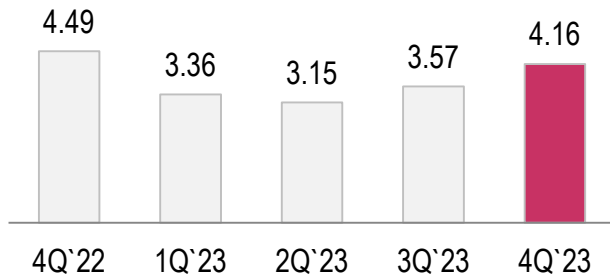
Performance

(Unit : %, KRW trillion)

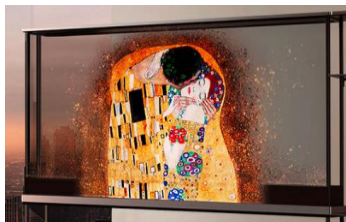
OPM



Sales



Key Products



LG SIGNATURE OLED T



LG Sound Bar & TONE Free

4Q'23 Performance

- **Sales** : Increased quarter-on-quarter as we entered the peak season, but declined year-on-year due to sluggish demand for premium TVs including our flagship product, OLED TV
- **Profit** : Despite the sales decrease and rising LCD panel prices, the level of operating loss was reduced year-on-year by enhancing efficiencies in resource management including marketing spending

Y2024 Outlook

- **Market** : Uncertainties regarding recovery of consumer sentiment exist, but gradual recovery in TV demand is expected
- **LGE** : Aim to turnaround to a growth trend in revenue and secure solid profitability by both focusing on operations centered on premium products and expanding the software platform business

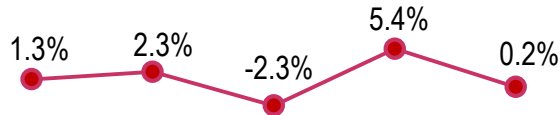
Performance and Outlook by Division

VS (Vehicle component Solutions)

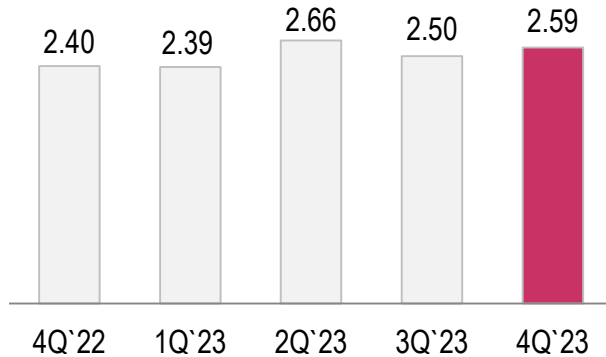
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



- Head unit
- Telematics
- Automotive Display

Infotainment



- Traction Motor
- Inverter

xEV Components



- Automotive Lighting
- Automotive Vision System

Safety & Convenience Devices

4Q'23 Performance

- Sales : Grew year-on year thanks to increased sales of electric vehicle components
- Profit : Though there were factors temporarily pushing up costs including year-end performance incentives, operating profit remained in the black thanks to revenue growth effects

Y2024 Outlook

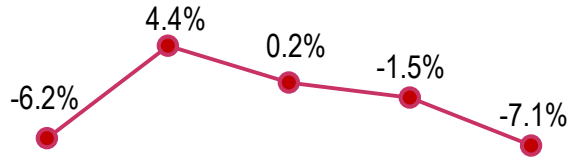
- Market : Despite concerns of stagnant demand for vehicles following the slowing growth in the global economy and impact from EV subsidy reduction in many countries, demand for electric vehicles is projected to grow especially in North America on the back of recovery in spending power in the second half
- LGE : Top-line growth momentum will continue driven by revenue realized from project launches of awarded business and plan to manage operations flexibly in accordance with possible short-term dips in demand and make efforts to improve profitability.

Performance and Outlook by Division

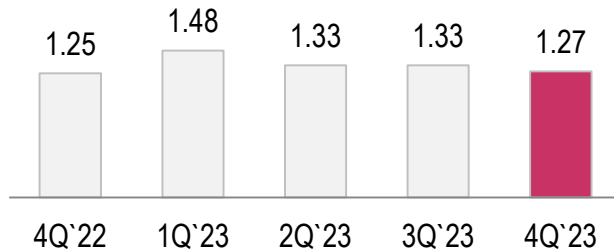
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



Gaming Monitor & 21:9 Monitor



Gram PC



Information Display

4Q'23 Performance

- **Sales** : Though demand was slow to recover in the global IT market grew by a small margin year-on-year thanks to demand recovery in Information Display
- **Profit** : Decreased year-on-year with increased investments to accelerate future growth including new business areas such as EV charging

Y2024 Outlook

- **Market** : Global IT demand is expected to recover, but fierce competition is expected to remain overall
- **LGE** : Pursue top-line growth based on our new line-up in gaming monitor and Gram Pro and effort to award projects especially in the Government and Education verticals. For profitability, aim to secure through efficient resource management

III

ESG Activities and Achievements

Eco-Friendly Products

- Top positions in all categories of the “Best large-capacity washing machines in 2023” named by the US Consumer Reports last year, and acquired the “Green Choice” mark for energy efficiency
- Received the ‘Energy Star’ (certification) from the US EPA (Environment Protection Agency) for the first time in the industry regarding seven induction cooktop and range models.

Active Collaboration

- A member of Glass Futures, a UK not-for-profit research and technology organization, and exploring ways to produce glass in a sustainable manner together

Acknowledgment (as of 2023)

- Listed in the DJSI (Dow Jones Sustainability Indices) World for 12 consecutive years last year.
- Received an “A” rating for four and three consecutive years respectively from MSCI (Morgan Stanley Capital International) and KCGS (Korea Institute of Corporate Governance and Sustainability)



LG

Life's Good

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

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

Income Statement

(Unit : KRW billion, %)

	2022										2023									
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q		4Q		Total	
Sales	20,969.0	100.0%	19,464.0	100.0%	21,176.8	100.0%	21,857.5	100.0%	83,467.3	100.0%	20,415.9	100.0%	19,998.4	100.0%	20,709.4	100.0%	23,104.1	100.0%	84,227.8	100.0%
Cost of goods sold	15,018.5	71.6%	14,457.7	74.3%	16,131.4	76.2%	17,623.5	80.6%	63,231.1	75.8%	15,246.0	74.7%	15,112.4	75.6%	15,697.9	75.8%	18,368.8	79.5%	64,425.1	76.5%
Gross profit	5,950.5	28.4%	5,006.3	25.7%	5,045.4	23.8%	4,234.0	19.4%	20,236.2	24.2%	5,169.9	25.3%	4,886.0	24.4%	5,011.5	24.2%	4,735.3	20.5%	19,802.7	23.5%
Selling & admin expense	4,007.6	19.1%	4,214.1	21.7%	4,298.8	20.3%	4,164.7	19.1%	16,685.2	20.0%	3,672.5	18.0%	4,144.1	20.7%	4,014.8	19.4%	4,422.2	19.1%	16,253.6	19.3%
Operating profit (Loss)	1,942.9	9.3%	792.2	4.1%	746.6	3.5%	69.3	0.3%	3,551.0	4.3%	1,497.4	7.3%	741.9	3.7%	996.7	4.8%	313.1	1.4%	3,549.1	4.2%
Financial income (Expense)	1.6	0.0%	-72.3	-0.4%	76.5	0.4%	-199.5	-0.9%	-193.7	-0.2%	-27.0	-0.1%	9.2	0.0%	28.7	0.1%	-151.1	-0.7%	-140.2	-0.2%
Gains (loss) on equity method investment	9.5	0.0%	-148.9	-0.8%	-302.2	-1.4%	-726.4	-3.3%	-1,168.0	-1.4%	-471.7	-2.3%	-321.5	-1.6%	-266.9	-1.3%	15.4	0.1%	-1,044.7	-1.2%
Other non operating profit (Loss)	112.0	0.5%	33.1	0.2%	-84.9	-0.4%	290.3	1.3%	350.5	0.4%	-65.0	-0.3%	-43.4	-0.2%	-109.5	-0.5%	-276.4	-1.2%	-494.3	-0.6%
Net income before tax	2,066.0	9.9%	604.1	3.1%	436.0	2.1%	-566.3	-2.6%	2,539.8	3.0%	933.7	4.6%	386.2	1.9%	649.0	3.1%	-99.0	-0.4%	1,869.9	2.2%
Corporate Income Tax	559.8	2.7%	195.0	1.0%	135.6	0.6%	-358.1	-1.6%	532.3	0.6%	387.8	1.9%	191.7	1.0%	163.7	0.8%	-23.0	-0.1%	720.2	0.9%
Income (Loss) from continuing operations	1,506.2	7.2%	409.1	2.1%	300.4	1.4%	-208.2	-1.0%	2,007.5	2.4%	545.9	2.7%	194.5	1.0%	485.3	2.3%	-76.0	-0.3%	1,149.7	1.4%
Income (Loss) from discontinued operations	-105.2	-0.5%	-71.1	-0.4%	36.1	0.2%	-4.2	0.0%	-144.4	-0.2%	0.6	0.0%	0.8	0.0%	-0.1	0.0%	-0.4	0.0%	0.9	0.0%
Net Income (Loss)	1,401.0	6.7%	338.0	1.7%	336.5	1.6%	-212.4	-1.0%	1,863.1	2.2%	546.5	2.7%	195.3	1.0%	485.2	2.3%	-76.4	-0.3%	1,150.6	1.4%
Controlled shares	1,226.6		193.1		122.7		-346.0		1,196.4		471.3		162.1		385.4		-305.9		712.9	
Non-controlled shares	174.4		144.9		213.8		133.6		666.7		75.2		33.2		99.8		229.5		437.7	

* Since the information regarding results of 4Q'23 has been prepared in advance, it is subject to change in the process of final audit by external auditors

Statements of Financial Position

(Unit : KRW billion)

	2022				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	55,050.9	55,368.8	61,299.4	55,156.1	57,490.6	58,160.4	61,903.1	60,240.8
Current Assets	29,125.9	28,454.4	33,418.4	27,488.2	29,246.0	29,273.9	32,624.1	30,341.2
Cash and cash equivalents	5,619.4	6,482.9	7,567.7	6,322.4	6,811.0	7,238.7	8,112.2	8,487.6
Accounts receivable	9,441.2	8,563.5	10,897.3	8,216.5	8,921.1	9,491.2	10,827.9	9,265.0
Inventory	10,214.3	9,684.4	11,207.1	9,388.8	9,832.4	8,603.6	9,948.5	9,125.4
Others	3,851.0	3,723.6	3,746.3	3,560.5	3,681.5	3,940.4	3,735.5	3,463.2
Non-current Assets	25,925.0	26,914.4	27,881.0	27,667.9	28,244.6	28,886.5	29,279.0	29,899.6
Investment	5,130.7	5,112.1	4,968.0	3,963.6	3,613.3	3,210.6	3,003.6	3,004.5
PP&E	14,721.3	15,428.5	16,014.5	15,831.8	16,115.4	16,515.9	16,749.5	16,818.6
Intangible assets	2,423.0	2,452.9	2,335.4	2,454.8	2,518.9	2,561.6	2,685.9	2,867.7
Others	3,650.0	3,920.9	4,563.1	5,417.7	5,997.0	6,598.4	6,840.0	7,208.8
Liabilities	33,170.6	32,115.8	36,404.2	32,664.1	34,130.8	34,608.8	37,678.0	36,742.3
Accounts payable	9,106.1	7,938.4	11,021.5	8,212.4	9,110.0	8,271.9	10,848.2	9,427.3
Debt	10,104.1	10,421.3	11,438.2	11,045.2	12,221.4	12,809.2	13,266.0	13,320.8
Lease liability	988.8	1,063.1	1,110.7	1,096.2	1,100.1	1,084.7	1,115.1	1,193.0
Other	12,971.6	12,693.0	12,833.8	12,310.3	11,699.3	12,443.0	12,448.7	12,801.2
Equity	21,880.3	23,253.0	24,895.2	22,492.0	23,359.8	23,551.6	24,225.1	23,498.5

* Since the information regarding results of 4Q'23 has been prepared in advance, it is subject to change in the process of final audit by external auditors

(Unit : KRW billion, %)

		1Q'22	2Q'22	3Q'22	4Q'22	'22 Total	1Q'23	2Q'23	3Q'23	4Q'23	QoQ	YoY	'23 Total
H&A	Sales	7,472.9	6,384.5	0.0	0.0	29,895.4	8,021.7	7,985.5	7,457.4	6,674.9	-10.5%	4.5%	30,139.5
	OP	229.8	25.5	0.0	0.0	1,135.9	1,018.8	600.1	504.5	-115.6			2,007.8
	(%)	3.1%	0.4%	0.0%	0.0%	3.8%	12.7%	7.5%	6.8%	-1.7%			6.7%
HE	Sales	3,712.1	4,491.7	0.0	0.0	15,726.7	3,359.6	3,146.7	3,568.6	4,157.9	16.5%	-7.4%	14,232.8
	OP	-55.4	-107.5	0.0	0.0	5.4	200.3	123.6	110.7	-72.2			362.4
	(%)	-1.5%	-2.4%	0.0%	0.0%	0.0%	6.0%	3.9%	3.1%	-1.7%			2.5%
VS	Sales	2,345.4	2,396.0	0.0	0.0	8,649.6	2,386.5	2,664.5	2,503.5	2,593.1	3.6%	8.2%	10,147.6
	OP	96.1	30.2	0.0	0.0	169.6	54.0	-61.2	134.9	5.7			133.4
	(%)	4.1%	1.3%	0.0%	0.0%	2.0%	2.3%	-2.3%	5.4%	0.2%			1.3%
BS	Sales	1,429.2	1,249.2	0.0	0.0	6,090.3	1,479.6	1,332.7	1,330.9	1,268.8	-4.7%	1.6%	5,412.0
	OP	-14.4	-77.8	0.0	0.0	25.2	65.7	2.6	-20.5	-89.5			-41.7
	(%)	-1.0%	-6.2%	0.0%	0.0%	0.4%	4.4%	0.2%	-1.5%	-7.1%			-0.8%
Others	Sales	1,058.6	951.1	0.0	0.1	4,347.8	1,014.0	1,222.8	1,346.2	1,010.7	-24.9%	6.3%	4,593.7
	OP	55.5	25.4	0.0	0.0	984.4	19.4	73.8	93.9	96.7			283.8
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LGE Consolidated Excluding LG Innotek (①)	Sales	16,018.2	15,472.5	0.0	0.0	64,709.8	16,261.4	16,352.2	16,206.6	15,705.4	-3.1%	1.5%	64,525.6
	OP	311.6	-104.2	0.0	0.0	2,320.5	1,358.2	738.9	823.5	-174.9			2,745.7
	(%)	1.9%	-0.7%	0.0%	0.0%	3.6%	8.4%	4.5%	5.1%	-1.1%			4.3%
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LG Innotek (②)	Sales	5,388.5	6,548.3	0.0	0.0	19,592.2	4,375.9	3,907.2	4,763.6	7,558.6	58.7%	15.4%	20,605.3
	OP	444.9	169.0	0.0	0.0	1,270.6	145.3	18.4	183.4	483.7			830.8
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LGE-LG Innotek Inter-company Transaction (③)	Sales	229.9	163.3	0.0	0.0	834.7	221.4	261.0	260.8	159.9			903.1
	OP	9.9	-4.5	0.0	0.0	40.1	6.1	15.4	10.2	-4.3			27.4
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LGE Consolidated (①+②-③)	Sales	21,176.8	21,857.5	0.0	0.0	83,467.3	20,415.9	19,998.4	20,709.4	23,104.1	11.6%	5.7%	84,227.8
	OP	746.6	69.3	0.0	0.0	3,551.0	1,497.4	741.9	996.7	313.1			3,549.1
	(%)	3.5%	0.3%	0.0%	0.0%	4.3%	7.3%	3.7%	4.8%	1.4%			4.2%

* Since the information regarding results of 4Q'23 has been prepared in advance, it is subject to change in the process of final audit by external auditors

* From 1Q'23, H&A platform business has been restated to 'others' from 'H&A division'

- 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 2023 will be determined at company's annual general meeting.
 ※ Dividend per share in 2023: Common stock 800 Korean Won, Preferred stock 850 Korean Won

		2016 (15th)	2017 (16th)	2018 (17th)	2019 (18th)	2020 (19th)	2021 (20th)	2022 (21st)	2023 (22nd)
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	750	750	1,200	850	700	800
	Preferred	450	450	800	800	1,250	900	750	850
(Consolidated) Net Income (KRW billion)		769	17,258	12,401	313	19,683	10,317	11,964	7,129
Total Cash Dividends (KRW billion)		729	729	1,359	1,359	2,169	1,539	1,269	1,449
(Consolidated) Cash dividends payout ratio (%)		94.8	4.2	11.0	434.4	11.0	14.9	10.6	20.3
Cash dividend yield (%)	Common	0.8	0.4	1.2	1.0	1.1	0.6	0.8	0.8
	Preferred	1.9	1.0	3.1	2.8	2.5	1.4	1.7	1.8

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