

# 2Q`23 Earnings Release

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**27<sup>th</sup> July, 2023**

**LG Electronics**

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 2<sup>nd</sup> 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 2<sup>nd</sup> quarter of 2023 has been prepared in advance, prior to being reviewed by external 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 3<sup>rd</sup> quarter of 2023.

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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I

# Consolidated Earnings and Outlook

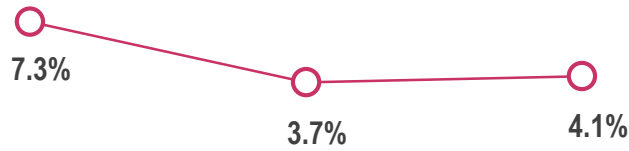
# Consolidated Earnings and Outlook

Sales / Profits

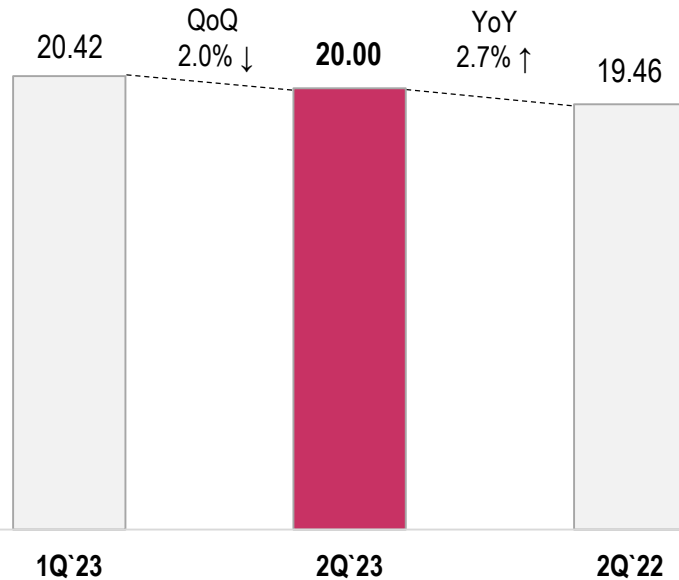
## Sales / Profits

(Unit : KRW trillion)

OPM (%)



Sales



## Performance by Division

(Unit : KRW billion)

		1Q'23	QoQ	2Q'23	YoY	2Q'22
<b>Consolidated</b> <sup>1)</sup>	Sales	20,415.9	-2.0%	19,998.4	+2.7%	19,464.0
	OP	1,497.4	-755.5	741.9	-50.3	792.2
	(%)	7.3%	-3.6%p	3.7%	-0.4%p	4.1%
<b>H&amp;A</b> <sup>2)</sup> Home Appliance & Air Solution	Sales	8,021.7	-0.5%	7,985.5	-1.0%	8,067.6
	OP	1,018.8	-418.7	600.1	+166.3	433.8
	(%)	12.7%	-5.2%p	7.5%	+2.1%p	5.4%
<b>HE</b> Home Entertainment	Sales	3,359.6	-6.3%	3,146.7	-9.0%	3,457.8
	OP	200.3	-76.7	123.6	+142.5	-18.9
	(%)	6.0%	-2.1%p	3.9%	+4.4%p	-0.5%
<b>VS</b> Vehicle component Solutions	Sales	2,386.5	+11.6%	2,664.5	+31.2%	2,030.5
	OP	54.0	-115.2	-61.2	-111.2	50.0
	(%)	2.3%	-4.6%p	-2.3%	-4.8%p	2.5%
<b>BS</b> Business Solutions	Sales	1,479.6	-9.9%	1,332.7	-13.4%	1,538.1
	OP	65.7	-63.1	2.6	-11.7	14.3
	(%)	4.4%	-4.2%p	0.2%	-0.7%p	0.9%

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)

	1Q`23	QoQ	2Q`23	YoY	2Q`22
<b>Operating Profit</b>	<b>1,497.4</b>	<b>-755.5</b>	<b>741.9</b>	<b>-50.3</b>	<b>792.2</b>
Net financial income/expense	-27.0	+36.2	9.2	+81.5	-72.3
Gain/Loss on equity method	-471.7	+150.2	-321.5	-172.6	-148.9
Other non-operating income/expense	-65.0	+21.6	-43.4	-76.5	33.1
<b>Income Before Tax</b>	<b>933.7</b>	<b>-547.5</b>	<b>386.2</b>	<b>-217.9</b>	<b>604.1</b>
Corporate income tax	387.8	-196.1	191.7	-3.3	195.0
Income (Loss) from continuing operations	545.9	-351.4	194.5	-214.6	409.1
Income (Loss) from discontinued operations	0.6	+0.2	0.8	+71.9	-71.1
<b>Net Income</b>	<b>546.5</b>	<b>-351.2</b>	<b>195.3</b>	<b>-142.7</b>	<b>338.0</b>
EBITDA	2,268.6		1,526.6		1,533.3

### Cash Flow

(Unit : KRW billion)

	1Q`23	2Q`23
<input type="checkbox"/> Cash at the beginning of period	6,322.4	6,811.0
<b>• Cash flow from operating activities</b>	<b>1,079.3</b>	<b>1,630.2</b>
Net income/loss	546.5	195.3
Depreciation	771.2	784.7
Gain/Loss on equity method investment	471.7	321.5
<b>• Cash flow from investing activities</b>	<b>-1,629.4</b>	<b>-1,424.0</b>
Increase/Decrease in tangible assets	-759.3	-842.2
Increase/Decrease in intangible assets	-175.0	-204.7
<b>• Cash flow from financing activities</b>	<b>898.0</b>	<b>267.6</b>
Repayment of lease obligation	-92.4	-87.7
Increase/Decrease in debt	990.4	583.4
<b>• Effects of exchange rate changes on cash and cash equivalents</b>	<b>140.7</b>	<b>-46.1</b>
<input type="checkbox"/> Net changes in cash	488.6	427.7
<input type="checkbox"/> Cash at the end of period	6,811.0	7,238.7
Net C/F	-409.4	160.1

# Consolidated Earnings and Outlook

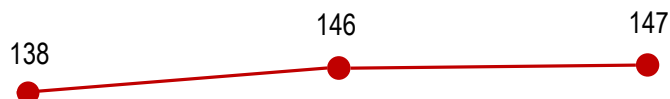
## Leverage Ratio / Financial Position

### Leverage Ratio

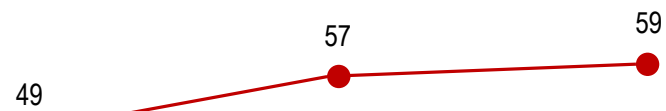
(Unit: %)

2Q`22                      1Q`23                      2Q`23

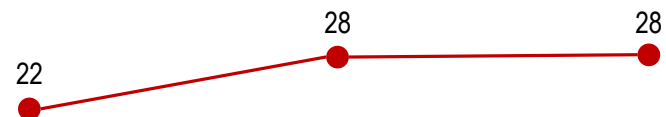
Liabilities  
to Equity



Debt to<sup>1)</sup>  
Equity



Net Debt to  
Equity



1) Lease Liability is included

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

### Financial Position

(Unit : KRW trillion)

	2Q`22	1Q`23	2Q`23
<b>Assets</b>	<b>55.37</b>	<b>57.49</b>	<b>58.16</b>
Current Assets	28.46	29.25	29.27
Cash and Cash equivalents	6.48	6.81	7.24
Inventory	9.68	9.83	8.60
Non-Current Assets	26.91	28.24	28.89
<b>Liabilities</b>	<b>32.12</b>	<b>34.13</b>	<b>34.61</b>
Current Liabilities	22.11	22.81	23.02
Non-Current Liabilities	10.01	11.32	11.60
<b>Equity</b>	<b>23.25</b>	<b>23.36</b>	<b>23.55</b>
<b>Debt</b>	<b>10.42</b>	<b>12.22</b>	<b>12.81</b>
<b>Net Debt<sup>2)</sup></b>	<b>5.00</b>	<b>6.51</b>	<b>6.66</b>

### Business Environment

- Though consumer sentiment is improving with easing inflation and there are expectations of a soft landing for the global economy  
Uncertainties continue to exist due to continued monetary tightening measures of major countries and protracted geopolitical risks

### Key Strategies

- Secure business opportunities by preemptively responding to changes in the market and the competitive landscape
- Continue to improve cost structure by making efforts to strengthen business fundamentals

### Sales & Profit Outlook

- Continue to drive growth YoY in sales based on stable growth of vehicle component business and timely response to TV peak season
- Operating profit is expected to increase YoY on the back of profitability based business operations including cost structure improvement and efficient spending



## III

# Performance and Outlook by Division

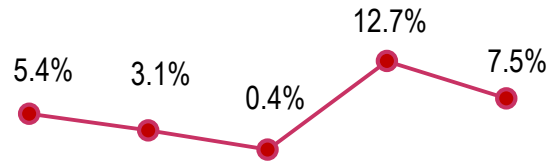
# Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

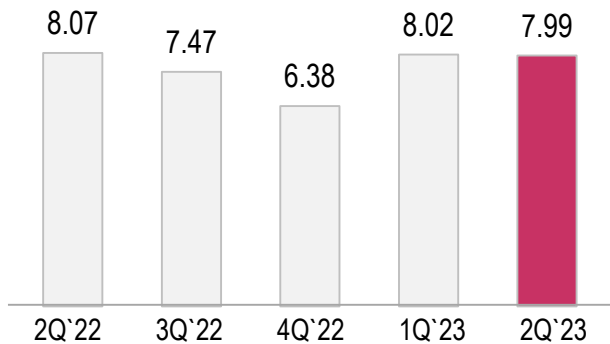
## Performance <sup>1)</sup>

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



LG DIOS  
MoodUP Refrigerator



WashTower



LG Whisen  
Tower Luxury

## 2Q'23 Performance

- **Sales** : Recorded a slight decrease YoY as weakened global demand for appliances and fierce competition persisted in the market and the steep growth in B2B sales was somewhat subdued
- **Profit** : Despite increased marketing spending to address new product launches and competition in the market, operating profit grew YoY thanks to continuous cost structure improvements including stable material and logistics costs

## 3Q'23 Outlook

- **Market** : Expect to remain challenging for the time being as demand is expected to decline, subsequently leading to further intensified competition in the market, and retailers aim to reduce inventory
- **LGE** : Seek to minimize the impact on revenue by reinforcing new product line-up, expanding coverage of mass-tier products, and conducting preemptive marketing activities  
Secure continued improvement to profitability through stable raw material prices and additional savings in ocean freight charges

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

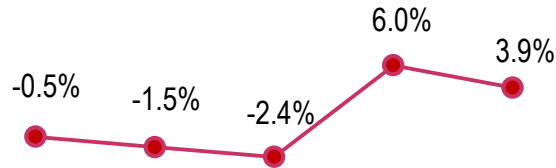
# Performance and Outlook by Division

HE (Home Entertainment)

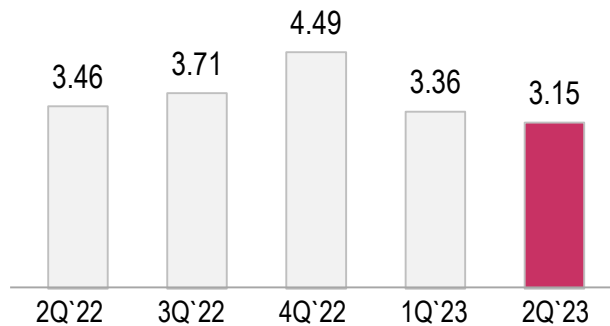
## Performance

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



LG SIGNATURE OLED M



LG Sound Bar & TONE Free

## 2Q'23 Performance

- **Sales** : Declined YoY impacted by intensified competition not only in advanced markets but also in growth markets, amidst delayed recovery of global TV demand
- **Profit** : Despite the impact from sluggish revenue, operating profit grew YoY on the back of lower panel prices compared to the previous year and enhanced efficiency in spending including marketing costs

## 3Q'23 Outlook

- **Market** : Though there are some expectations of a pick-up in demand, economic uncertainties persists, and along with fiercer competition in the premium product segment, there are concerns of elevated cost burdens due to LCD TV panel price hikes
- **LGE** : Enhance sales competitiveness for the peak season by strengthening premium product lineup and launching mass-tier webOS smart TV  
Preemptively manage risk with sound inventory operations through close cooperation with retailers  
Continue to improve profit structure by expanding revenue from webOS platform-based contents and advertisements

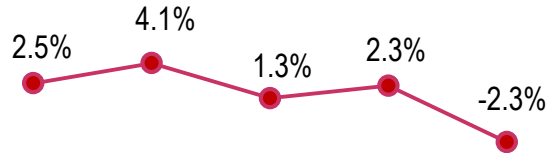
# Performance and Outlook by Division

VS (Vehicle component Solutions)

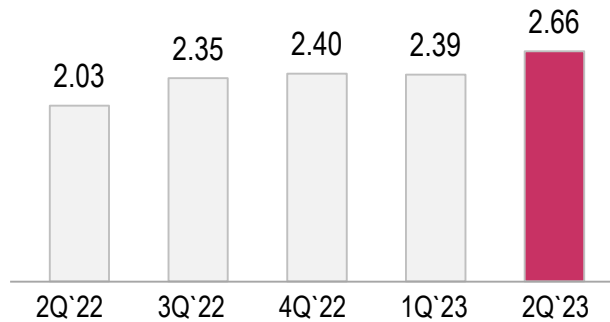
## Performance

(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

## 2Q'23 Performance

- **Sales** : Grew by a large margin YoY thanks to increased production by OEMs with the easing of the automotive semiconductor shortage and stable supply chain management for key components including semiconductors
- **Profit** : Though operating loss was recorded due to the one-off provision for GM Bolt EV recalls, apart from the impact from the provision, operating profit continued to be positive, improving both YoY / QoQ on the back of revenue growth and continuous cost structure improvement

## 3Q'23 Outlook

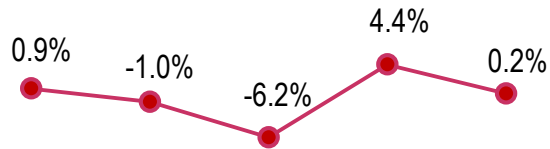
- **Market** : Uncertainties regarding demand for vehicle components continue to exist in the market though automotive semiconductor supply shortage is easing. However the transition to electric vehicles is expected to increase steadily.
- **LGE** : Maintain top-line growth momentum through more new orders based on product competitiveness and stable supply chain management. Secure sound profitability based on continuous efforts to improve cost structure.

# Performance and Outlook by Division

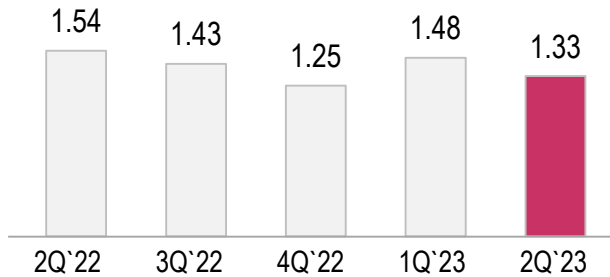
## Performance

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



Gaming Monitor & 21:9 Monitor



Gram PC



Information Display

## 2Q'23 Performance

- **Sales** : Decreased YoY impacted by delayed recovery in global IT demand and slowing demand growth for Information Display business
- **Profit** : Decreased YoY / QoQ due to the drop in revenue and increase in marketing cost to address competition in the market

## 3Q'23 Outlook

- **Market** : IT demand continued to decline in the first half amid concerns over a global economic slowdown, but it is expected to shift to growth in the second half. Information Display market is projected to maintain a growing trend though the pace of growth may be slow for the time being.
- **LGE** : Secure opportunities for top-line growth by expanding sales of strategic products in PC and Monitor businesses and enhancing capabilities to offer differentiated solutions by vertical in Information Display. Seek to secure profitability by enhancing model mix and improving cost structure including material and marketing cost reductions.

III

# ESG Activities and Achievements

## Eco-friendly products

- The 2023 OLED Evo has been certified as an environmentally-sustainable product by the UK's Carbon Trust and Switzerland's SGS<sup>1)</sup> for the third consecutive year
  - Only 40% of plastic usage compared to LCD TVs, saving approximately 20,000 tons of plastic usage per year
  - Substantial application of recycled plastic on the product main body. Expect 3,200 tons of used plastic recycling effect per year

## Clean Technology

- Boosted functional materials business by utilizing in-house developed glass formation design technology
  - Developed 'antimicrobial glass powder' with antibacterial functions, applied to refrigerators, washing machines and A/C
  - Development of 'marine glass' that melts in water and can be applied to help restore marine ecosystems

## Convenient for everyone

- A new kiosk product with much accessibility for the digitally challenged, The first to acquire the "Certification of Public Procurement Pre-order for intelligent information products" in the kiosk sector from the Ministry of Science and ICT
  - Offers "visually-enhanced mode" to show bigger fonts and sharper images
  - Offers "low-position mode" which places main menu options at the lower part of the screen to enable customers using wheelchairs or of short height to use the product more easily

## Awards

- Named the most sustainable home appliance brand in the '2023 Green Builder Sustainable Brand Index'
- Listed in all five categories for 'sustainable washers and dryers' by major authority on consumer products in the US.

1) Societe Generale de Surveillance



**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	
<b>Sales</b>	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%
<b>Cost of goods sold</b>	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%
<b>Gross profit</b>	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%
<b>Selling &amp; admin expense</b>	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%
<b>Operating profit (Loss)</b>	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%
<b>Financial income (Expense)</b>	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%
<b>Gains (loss) on equity method investment</b>	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%
<b>Other non operating profit (Loss)</b>	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%
<b>Net income before tax</b>	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%
<b>Corporate Income Tax</b>	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%
<b>Income (Loss) from continuing operations</b>	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%
<b>Income (Loss) from discontinued operations</b>	-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%
<b>Net Income (Loss)</b>	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%
Controlled shares	1,226.6		193.1		122.7		-346.0		1,196.4		471.3		162.1	
Non-controlled shares	174.4		144.9		213.8		133.6		666.7		75.2		33.2	

\* Since the information regarding results of 2Q'23 has been prepared in advance, it is subject to change in the process of final review by external auditors

### Statements of Financial Position

(Unit : KRW billion)

	2022				2023	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Assets</b>	55,050.9	55,368.8	61,299.4	55,156.1	57,490.6	58,160.4
Current Assets	29,125.9	28,454.4	33,418.4	27,488.2	29,246.0	29,273.9
Cash and cash equivalents	5,619.4	6,482.9	7,567.7	6,322.4	6,811.0	7,238.7
Accounts receivable	9,441.2	8,563.5	10,897.3	8,216.5	8,921.1	9,491.2
Inventory	10,214.3	9,684.4	11,207.1	9,388.8	9,832.4	8,603.6
Others	3,851.0	3,723.6	3,746.3	3,560.5	3,681.5	3,940.4
Non-current Assets	25,925.0	26,914.4	27,881.0	27,667.9	28,244.6	28,886.5
Investment	5,130.7	5,112.1	4,968.0	3,963.6	3,613.3	3,210.6
PP&E	14,721.3	15,428.5	16,014.5	15,831.8	16,115.4	16,515.9
Intangible assets	2,423.0	2,452.9	2,335.4	2,454.8	2,518.9	2,561.6
Others	3,650.0	3,920.9	4,563.1	5,417.7	5,997.0	6,598.4
<b>Liabilities</b>	33,170.6	32,115.8	36,404.2	32,664.1	34,130.8	34,608.8
Accounts payable	9,106.1	7,938.4	11,021.5	8,212.4	9,110.0	8,271.9
Debt	10,104.1	10,421.3	11,438.2	11,045.2	12,221.4	12,809.2
Lease liability	988.8	1,063.1	1,110.7	1,096.2	1,100.1	1,084.7
Other	12,971.6	12,693.0	12,833.8	12,310.3	11,699.3	12,443.0
<b>Equity</b>	21,880.3	23,253.0	24,895.2	22,492.0	23,359.8	23,551.6

\* Since the information regarding results of 2Q'23 has been prepared in advance, it is subject to change in the process of final review by external auditors

(Unit : KRW billion, %)

		1Q'22	2Q'22	3Q'22	4Q'22	'22Total	1Q'23	2Q'23	QoQ	YoY
<b>H&amp;A</b>	Sales	7,970.4	8,067.6	7,472.9	6,384.5	29,895.4	8,021.7	7,985.5	-0.5%	-1.0%
	OP	446.8	433.8	229.8	25.5	1,135.9	1,018.8	600.1		
	(%)	5.6%	5.4%	3.1%	0.4%	3.8%	12.7%	7.5%		
<b>HE</b>	Sales	4,065.1	3,457.8	3,712.1	4,491.7	15,726.7	3,359.6	3,146.7	-6.3%	-9.0%
	OP	187.2	-18.9	-55.4	-107.5	5.4	200.3	123.6		
	(%)	4.6%	-0.5%	-1.5%	-2.4%	0.0%	6.0%	3.9%		
<b>VS</b>	Sales	1,877.7	2,030.5	2,345.4	2,396.0	8,649.6	2,386.5	2,664.5	11.6%	31.2%
	OP	-6.7	50.0	96.1	30.2	169.6	54.0	-61.2		
	(%)	-0.4%	2.5%	4.1%	1.3%	2.0%	2.3%	-2.3%		
<b>BS</b>	Sales	1,873.8	1,538.1	1,429.2	1,249.2	6,090.3	1,479.6	1,332.7	-9.9%	-13.4%
	OP	103.1	14.3	-14.4	-77.8	25.2	65.7	2.6		
	(%)	5.5%	0.9%	-1.0%	-6.2%	0.4%	4.4%	0.2%		
<b>Others</b>	Sales	1,447.8	890.3	1,058.6	951.1	4,347.8	1,014.0	1,222.8	20.6%	37.3%
	OP	867.6	35.9	55.5	25.4	984.4	19.4	73.8		
<b>LGE Consolidated Excluding LG Innotek (①)</b>										
	Sales	17,234.8	15,984.3	16,018.2	15,472.5	64,709.8	16,261.4	16,352.2	0.6%	2.3%
	OP	1,598.0	515.1	311.6	-104.2	2,320.5	1,358.2	738.9		
	(%)	9.3%	3.2%	1.9%	-0.7%	3.6%	8.4%	4.5%		
<b>LG Innotek (②)</b>										
	Sales	3,952.4	3,703.0	5,388.5	6,548.3	19,592.2	4,375.9	3,907.2	-10.7%	5.5%
	OP	366.8	289.9	444.9	169.0	1,270.6	145.3	18.4		
<b>LGE-LG Innotek Inter-company Transaction (③)</b>										
	Sales	218.2	223.3	229.9	163.3	834.7	221.4	261.0		
	OP	21.9	12.8	9.9	-4.5	40.1	6.1	15.4		
<b>LGE Consolidated (①+②-③)</b>										
	Sales	20,969.0	19,464.0	21,176.8	21,857.5	83,467.3	20,415.9	19,998.4	-2.0%	2.7%
	OP	1,942.9	792.2	746.6	69.3	3,551.0	1,497.4	741.9		
	(%)	9.3%	4.1%	3.5%	0.3%	4.3%	7.3%	3.7%		

\* Since the information regarding results of 2Q'23 has been prepared in advance, it is subject to change in the process of final review by external auditors

\* From Q'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 26<sup>th</sup>, 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 three years (FY2021 ~FY2023).
- Dividend amount for fiscal year 2022 was determined at company's annual general meeting.  
 ※ Dividend per share in 2022: Common stock 700 Korean Won, Preferred stock 750 Korean Won

		2015 (14th)	2016 (15th)	2017 (16th)	2018 (17th)	2019 (18th)	2020 (19th)	2021 (20th)	2022 (21th)
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	750	750	1,200	850	700
	Preferred	450	450	450	800	800	1,250	900	750
<b>(Consolidated) Net Income</b> (KRW billion)		124.4	76.9	1,725.8	1,240.1	31.3	1,968.3	1,031.7	1,196.4
<b>Total Cash Dividends</b> (KRW billion)		72.9	72.9	72.9	135.9	135.9	216.9	153.9	126.9
<b>(Consolidated) Cash dividends payout ratio (%)</b>		58.6	94.8	4.2	11.0	434.4	11.0	14.9	10.6
Cash dividend yield (%)	Common	0.8	0.8	0.4	1.2	1.0	1.1	0.6	0.8
	Preferred	1.6	1.9	1.0	3.1	2.8	2.5	1.4	1.7

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