

# 3Q`23 Earnings Release

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

**LG Electronics**

**All information regarding management performance and financial results of LG Electronics (the “Company”) during the 3<sup>rd</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 3<sup>rd</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 4<sup>th</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

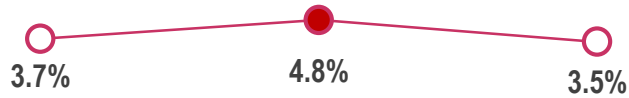
# Consolidated Earnings and Outlook

Sales / Profits

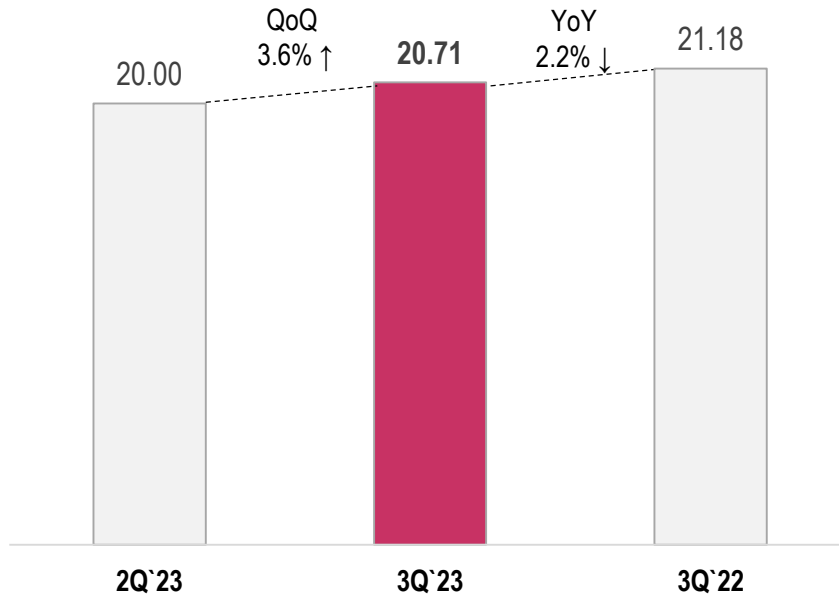
## Sales / Profits

(Unit : KRW trillion)

OPM (%)



Sales



## Performance by Division

(Unit : KRW billion)

		2Q'23	QoQ	3Q'23	YoY	3Q'22
<b>Consolidated</b> <sup>1)</sup>	Sales	19,998.4	+3.6%	20,709.4	-2.2%	21,176.8
	OP	741.9	+254.8	996.7	+250.1	746.6
	(%)	3.7%	+1.1%p	4.8%	+1.3%p	3.5%
<b>H&amp;A</b> <sup>2)</sup> Home Appliance & Air Solution	Sales	7,985.5	-6.6%	7,457.4	-0.2%	7,472.9
	OP	600.1	-95.6	504.5	+274.7	229.8
	(%)	7.5%	-0.7%p	6.8%	+3.7%p	3.1%
<b>HE</b> Home Entertainment	Sales	3,146.7	+13.4%	3,568.6	-3.9%	3,712.1
	OP	123.6	-12.9	110.7	+166.1	-55.4
	(%)	3.9%	-0.8%p	3.1%	+4.6%p	-1.5%
<b>VS</b> Vehicle component Solutions	Sales	2,664.5	-6.0%	2,503.5	+6.7%	2,345.4
	OP	-61.2	+196.1	134.9	+38.8	96.1
	(%)	-2.3%	+7.7%p	5.4%	+1.3%p	4.1%
<b>BS</b> Business Solutions	Sales	1,332.7	-0.1%	1,330.9	-6.9%	1,429.2
	OP	2.6	-23.1	-20.5	-6.1	-14.4
	(%)	0.2%	-1.7%p	-1.5%	-0.5%p	-1.0%

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)

	2Q`23	QoQ	3Q`23	YoY	3Q`22
<b>Operating Profit</b>	<b>741.9</b>	<b>+254.8</b>	<b>996.7</b>	<b>+250.1</b>	<b>746.6</b>
Net financial income/expense	9.2	+19.5	28.7	-47.8	76.5
Gain/Loss on equity method	-321.5	+54.6	-266.9	+35.3	-302.2
Other non-operating income/expense	-43.4	-66.1	-109.5	-24.6	-84.9
<b>Income Before Tax</b>	<b>386.2</b>	<b>+262.8</b>	<b>649.0</b>	<b>+213.0</b>	<b>436.0</b>
Corporate income tax	191.7	-28.0	163.7	+28.1	135.6
Income (Loss) from continuing operations	194.5	+290.8	485.3	+184.9	300.4
Income (Loss) from discontinued operations	0.8	-0.9	-0.1	-36.2	36.1
<b>Net Income</b>	<b>195.3</b>	<b>+289.9</b>	<b>485.2</b>	<b>+148.7</b>	<b>336.5</b>
EBITDA	1,526.6		1,791.7		1,492.3

### Cash Flow

(Unit : KRW billion)

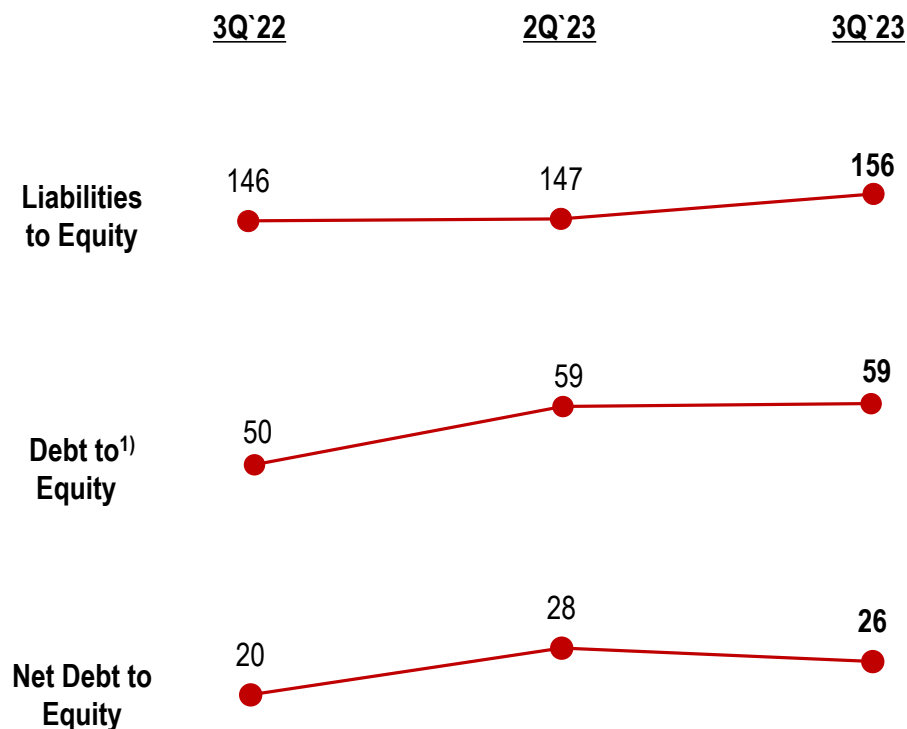
	2Q`23	3Q`23
<input type="checkbox"/> Cash at the beginning of period	6,811.0	7,238.7
<b>• Cash flow from operating activities</b>	<b>1,630.2</b>	<b>1,667.8</b>
Net income/loss	195.3	485.2
Depreciation	784.7	795.0
Gain/Loss on equity method investment	321.5	266.9
<b>• Cash flow from investing activities</b>	<b>-1,424.0</b>	<b>-1,155.9</b>
Increase/Decrease in tangible assets	-842.2	-866.5
Increase/Decrease in intangible assets	-204.7	-233.4
<b>• Cash flow from financing activities</b>	<b>267.6</b>	<b>347.5</b>
Repayment of lease obligation	-87.7	-94.8
Increase/Decrease in debt	583.4	378.6
<b>• Effects of exchange rate changes on cash and cash equivalents</b>	<b>-46.1</b>	<b>14.1</b>
<input type="checkbox"/> Net changes in cash	427.7	873.5
<input type="checkbox"/> Cash at the end of period	7,238.7	8,112.2
Net C/F	160.1	526.0

# 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'22	2Q'23	3Q'23
<b>Assets</b>	<b>61.30</b>	<b>58.16</b>	<b>61.90</b>
Current Assets	33.42	29.27	32.62
Cash and Cash equivalents	7.57	7.24	8.11
Inventory	11.21	8.60	9.95
Non-Current Assets	27.88	28.89	29.28
<b>Liabilities</b>	<b>36.40</b>	<b>34.61</b>	<b>37.68</b>
Current Liabilities	25.98	23.02	25.12
Non-Current Liabilities	10.42	11.59	12.56
<b>Equity</b>	<b>24.90</b>	<b>23.55</b>	<b>24.22</b>
<b>Debt</b>	<b>11.44</b>	<b>12.81</b>	<b>13.27</b>
<b>Net Debt<sup>2)</sup></b>	<b>4.98</b>	<b>6.66</b>	<b>6.27</b>

### Business Environment

- Continued monetary tightening in major countries, elevated international conflicts, and instable oil prices are expected to lead to heightened uncertainty in the global economy and intensified competition

### Key Strategies

- Secure growth momentum by accelerating changes to our business portfolio including the shift to expand B2B business
- Continue efforts for profitability through preemptive risk management activities and enhanced operation efficiency

### Sales & Profit Outlook

- Revenue is expected to grow year-on-year on the back of increased sales of major appliance products and growth in vehicle component business
- Expect profitability to improve YoY at a time of year-end peak season promotions through efficient spending and inventory management.



## III

# Performance and Outlook by Division

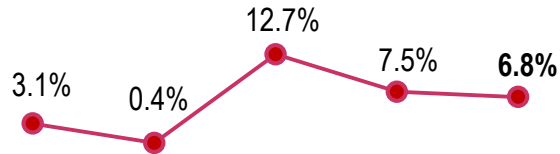
# Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

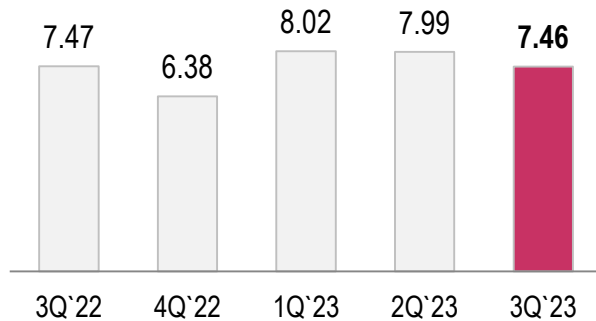
## Performance <sup>1)</sup>

(Unit : %, KRW trillion)

OPM



Sales



## Key Products



LG DIOS  
MoodUP Refrigerator



WashTower



LG Whisen  
Tower Luxury

## 3Q'23 Performance

- **Sales** : Though stagnant market demand and intense competition persist, revenue was maintained at similar levels to the previous year by strengthening focus on the volume zone, and expanding new business areas such as appliance subscription
- **Profit** : Improved significantly year-on-year, despite increased marketing spending to preemptively address competition, by maintaining stable operations in terms of material and logistics costs

## 4Q'23 Outlook

- **Market** : Market uncertainties are expected to worsen with the sluggish global economy, prolonged slowdown in consumer sentiment as well as the recent heightened geopolitical risk in Europe and the Middle East
- **LGE** : Amid this environment, we will seek to enhance both revenue and profitability year-on-year by responding nimbly to shifts in demand in major regions and running stable operations regarding production and inventory management

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

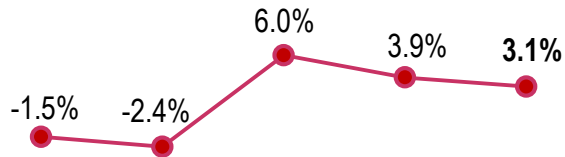
# Performance and Outlook by Division

HE (Home Entertainment)

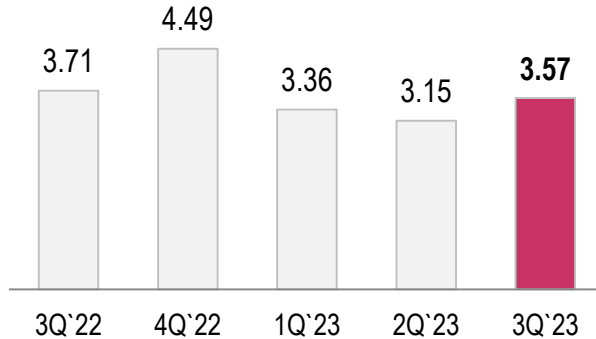
## Performance

(Unit : %, KRW trillion)

OPM



Sales



## Key Products



LG SIGNATURE OLED M



LG Sound Bar & TONE Free

## 3Q'23 Performance

- **Sales** : Declined YoY due to the geopolitical risk in Europe and intensified competition in the premium segment, but the level of decrease was reduced compared to the previous quarter as we increased sales volume in responding to the peak season
- **Profit** : Despite the cost pressure from rising LCD panel prices, operating profit improved by a large margin through profitability-based operations including enhanced efficiency in marketing spending by managing channel inventory at appropriate levels

## 4Q'23 Outlook

- **Market** : The market demand is expected to pick up compared to the previous quarter upon entering the busiest months of the peak season, but intense competition is expected to continue due to delayed recovery in global demand
- **LGE** : Seek to secure profitability by addressing peak season demand and spending marketing expenses efficiently based on optimized collaboration with retailers

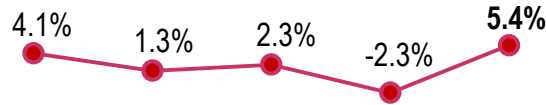
# Performance and Outlook by Division

VS (Vehicle component Solutions)

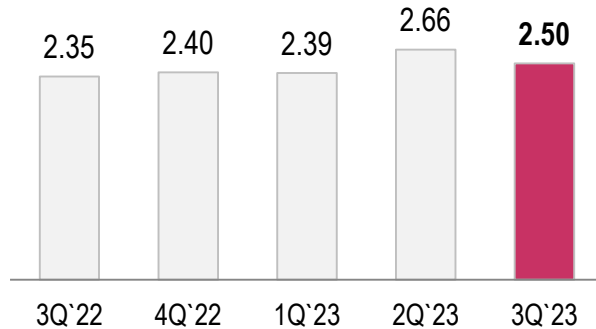
## Performance

(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

## 3Q'23 Performance

- **Sales** : Grew YoY thanks to increased sales of electric vehicle components following the continued growth in order backlogs
- **Profit** : Achieved record-high quarterly profit as the electric vehicle component business contributed more to profitability based on revenue growth and improvements were made to the cost structure

## 4Q'23 Outlook

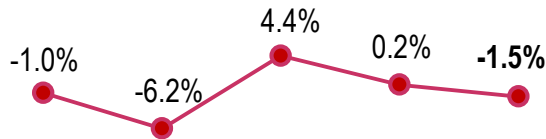
- **Market** : Though there are concerns of a slowdown in global demand for vehicle components along with slowing growth in electric vehicles, there are also expectations of rising demand for high-value-add vehicle components based on the transition to electric vehicles
- **LGE** : Plan to increase sales and improve profitability YoY by doing our utmost to respond to demand in high-value-add component projects and enhancing operation efficiency with LG-Magna e-Powertrain plant in Mexico

# Performance and Outlook by Division

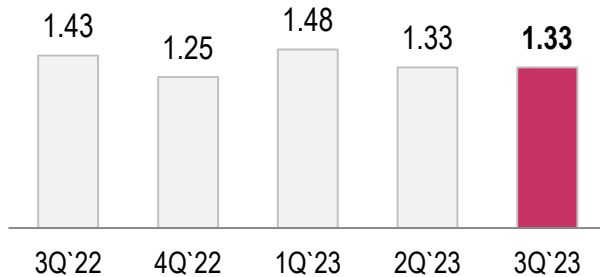
## Performance

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



Gaming Monitor & 21:9 Monitor



Gram PC



Information Display

## 3Q'23 Performance

- **Sales** : Decreased year-on-year impacted by delayed recovery in IT demand and slowing growth for Information Display business due to fiercer competition
- **Profit** : Decreased year-on-year due to the drop in revenue for major products and increase in spending for new businesses such as robot and EV charging

## 4Q'23 Outlook

- **Market** : IT demand is expected to turn around by a small margin, but risks stemming from uncertainties in the global economy are expected to remain. Information Display market is projected to maintain a growing trend but the pace of growth may be somewhat subdued
- **LGE** : Pursue top-line growth by expanding sales of new and strategic products, and exert efforts to secure profitability through proactive actions to address B2B demand and efficient spending of resources

III

# ESG Activities and Achievements

## Sustainable Life, Joy for All

- 'LG Smart Cottage' is a small modular housing incorporating our energy and HVAC(Heating, Ventilation, and Air-Conditioning) technologies as well as differentiated premium appliances
- 'Net Zero Vision House', a home energy platform that enables easy controlling and monitoring of energy storage and consumption levels
- 'Universal UP kit', which are attachable / detachable accessories that help all consumers use our products easily regardless of gender, age or physical limitations

## Eco-friendly, Energy efficiency

- Winning 9 main awards in the '26th Energy Winner of the Year' (7 consecutive years)
- Winning awards for 18 our products in the appliance sector at the '2023 Korea's Green Product of the Year' (the only awardee to be acknowledged for the longest period of 14 consecutive years)

## Supplier's ESG capability

- Formed an ESG Fund of 100 billion won to enable suppliers to secure financing needed for ESG management with low or no interest
- Held events to identify and share best practices for improving productivity in manufacturing processes among suppliers in Korea and overseas to enhance suppliers' manufacturing competitiveness



**LG**

Life's Good

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



### Income Statement

(Unit : KRW billion, %)

	2022										2023					
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q	
<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%	20,709.4	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%	15,697.9	75.8%
<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%	5,011.5	24.2%
<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%	4,014.8	19.4%
<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%	996.7	4.8%
<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%	28.7	0.1%
<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%	-266.9	-1.3%
<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%	-109.5	-0.5%
<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%	649.0	3.1%
<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%	163.7	0.8%
<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%	485.3	2.3%
<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%	-0.1	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%	485.2	2.3%
Controlled shares	1,226.6		193.1		122.7		-346.0		1,196.4		471.3		162.1		385.4	
Non-controlled shares	174.4		144.9		213.8		133.6		666.7		75.2		33.2		99.8	

\* Since the information regarding results of 3Q'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	3Q
<b>Assets</b>	55,050.9	55,368.8	61,299.4	55,156.1	57,490.6	58,160.4	61,903.1
Current Assets	29,125.9	28,454.4	33,418.4	27,488.2	29,246.0	29,273.9	32,624.1
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
Accounts receivable	9,441.2	8,563.5	10,897.3	8,216.5	8,921.1	9,491.2	10,827.9
Inventory	10,214.3	9,684.4	11,207.1	9,388.8	9,832.4	8,603.6	9,948.5
Others	3,851.0	3,723.6	3,746.3	3,560.5	3,681.5	3,940.4	3,735.5
Non-current Assets	25,925.0	26,914.4	27,881.0	27,667.9	28,244.6	28,886.5	29,279.0
Investment	5,130.7	5,112.1	4,968.0	3,963.6	3,613.3	3,210.6	3,003.6
PP&E	14,721.3	15,428.5	16,014.5	15,831.8	16,115.4	16,515.9	16,749.5
Intangible assets	2,423.0	2,452.9	2,335.4	2,454.8	2,518.9	2,561.6	2,685.9
Others	3,650.0	3,920.9	4,563.1	5,417.7	5,997.0	6,598.4	6,840.0
<b>Liabilities</b>	33,170.6	32,115.8	36,404.2	32,664.1	34,130.8	34,608.8	37,678.0
Accounts payable	9,106.1	7,938.4	11,021.5	8,212.4	9,110.0	8,271.9	10,848.2
Debt	10,104.1	10,421.3	11,438.2	11,045.2	12,221.4	12,809.2	13,266.0
Lease liability	988.8	1,063.1	1,110.7	1,096.2	1,100.1	1,084.7	1,115.1
Other	12,971.6	12,693.0	12,833.8	12,310.3	11,699.3	12,443.0	12,448.7
<b>Equity</b>	21,880.3	23,253.0	24,895.2	22,492.0	23,359.8	23,551.6	24,225.1

\* Since the information regarding results of 3Q'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	'22 Total	1Q'23	2Q'23	3Q'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	7,457.4	-6.6%	-0.2%
	OP	446.8	433.8	229.8	25.5	1,135.9	1,018.8	600.1	504.5		
	(%)	5.6%	5.4%	3.1%	0.4%	3.8%	12.7%	7.5%	6.8%		
<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	3,568.6	13.4%	-3.9%
	OP	187.2	-18.9	-55.4	-107.5	5.4	200.3	123.6	110.7		
	(%)	4.6%	-0.5%	-1.5%	-2.4%	0.0%	6.0%	3.9%	3.1%		
<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	2,503.5	-6.0%	6.7%
	OP	-6.7	50.0	96.1	30.2	169.6	54.0	-61.2	134.9		
	(%)	-0.4%	2.5%	4.1%	1.3%	2.0%	2.3%	-2.3%	5.4%		
<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	1,330.9	-0.1%	-6.9%
	OP	103.1	14.3	-14.4	-77.8	25.2	65.7	2.6	-20.5		
	(%)	5.5%	0.9%	-1.0%	-6.2%	0.4%	4.4%	0.2%	-1.5%		
<b>Others</b>	Sales	1,447.8	890.3	1,058.6	951.1	4,347.8	1,014.0	1,222.8	1,346.2	10.1%	27.2%
	OP	867.6	35.9	55.5	25.4	984.4	19.4	73.8	93.9		
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<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	16,206.6	-0.9%	1.2%
	OP	1,598.0	515.1	311.6	-104.2	2,320.5	1,358.2	738.9	823.5		
	(%)	9.3%	3.2%	1.9%	-0.7%	3.6%	8.4%	4.5%	5.1%		
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<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	4,763.6	21.9%	-11.6%
	OP	366.8	289.9	444.9	169.0	1,270.6	145.3	18.4	183.4		
<hr/>											
<b>LGE-LG Innotek Inter-company Transaction (③)</b>	Sales	218.2	223.3	229.9	163.3	834.7	221.4	261.0	260.8		
	OP	21.9	12.8	9.9	-4.5	40.1	6.1	15.4	10.2		
<hr/>											
<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	20,709.4	3.6%	-2.2%
	OP	1,942.9	792.2	746.6	69.3	3,551.0	1,497.4	741.9	996.7		
	(%)	9.3%	4.1%	3.5%	0.3%	4.3%	7.3%	3.7%	4.8%		

\* Since the information regarding results of 3Q'23 has been prepared in advance, it is subject to change in the process of final review 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 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