

4Q`21 Earnings Release

27th January, 2022

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 4th quarter of 2021 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 2021 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 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.

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I

Consolidated Earnings and Outlook

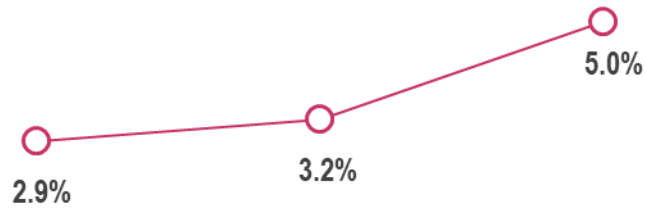
Consolidated Earnings and Outlook

Sales / Profits

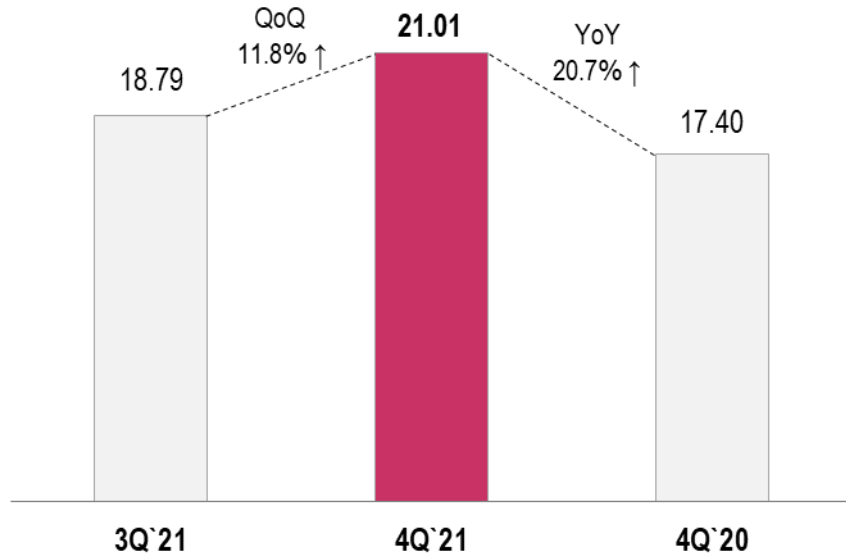
Sales / Profits

(Unit : KRW trillion)

OPM (%)



Sales



Performance by Division¹⁾

(Unit : KRW billion)

		3Q'21	QoQ	4Q'21	YoY	4Q'20
Consolidated ²⁾	Sales	18,786.7	+11.8%	21,008.6	+20.7%	17,399.1
	OP	540.7	+137.0	677.7	-185.0	862.7
	(%)	2.9%	+0.3%p	3.2%	-1.8%p	5.0%
H&A Home Appliance & Air Solution	Sales	7,061.1	-7.6%	6,524.8	+17.7%	5,541.6
	OP	505.4	-348.3	157.1	-127.6	284.7
	(%)	7.2%	-4.8%p	2.4%	-2.7%p	5.1%
HE Home Entertainment	Sales	4,181.5	+19.2%	4,985.8	+16.4%	4,284.2
	OP	208.3	-45.6	162.7	-29.4	192.1
	(%)	5.0%	-1.7%p	3.3%	-1.2%p	4.5%
VS Vehicle component Solutions	Sales	1,735.4	-3.2%	1,680.0	-12.3%	1,915.0
	OP	-537.6	+484.0	-53.6	-47.3	-6.3
	(%)	-31.0%	+27.8%p	-3.2%	-2.9%p	-0.3%
BS ³⁾ Business Solutions	Sales	1,689.9	+1.9%	1,722.6	+14.0%	1,511.7
	OP	-12.3	-22.8	-35.1	-81.1	46.0
	(%)	-0.7%	-1.3%p	-2.0%	-5.0%p	3.0%

1) Due to the close of MC business, the company has restated the comparative information of income statements from previous periods 2Q'21

2) LG Innotek is included

3) From 1Q'21, robot business has been restated to 'BS division' from 'others'

Consolidated Earnings and Outlook

Income Trend / Cash Flow

Income Trend

(Unit : KRW billion)

	3Q`21	QoQ	4Q`21	YoY	4Q`20
Operating Profit ¹⁾	540.7	+137.0	677.7	-185.0	862.7
Net financial income/expense	-23.0	-14.2	-37.2	+64.1	-101.3
Gain/Loss on equity method	158.3	-93.6	64.7	-149.3	214.0
Other non-operating income/expense	-45.1	-613.2	-658.3	-74.5	-583.8
Income Before Tax	630.9	-584.0	46.9	-344.7	391.6
Corporate income tax	155.8	-16.4	139.4	+190.2	-50.8
Income (Loss) from continuing operations	475.1	-567.6	-92.5	-534.9	442.4
Income (Loss) from discontinued operations	41.4	+72.4	113.8	+293.9	-180.1
Net Income	516.5	-495.2	21.3	-241.0	262.3
EBITDA	1,267.8		1,437.8		1,538.9

Cash Flow

(Unit : KRW billion)

	3Q`21	4Q`21
<input type="checkbox"/> Cash at the beginning of period	6,186.3	6,619.8
• Cash flow from operating activities	568.1	441.7
Net income/loss	516.5	21.3
Depreciation	727.1	760.1
Gain/Loss on equity method investment	-158.3	-64.7
• Cash flow from investing activities	-907.3	-391.8
Increase/Decrease in tangible assets	-767.5	-606.1
Increase/Decrease in intangible assets	-154.7	-246.5
• Cash flow from financing activities	630.3	-596.0
Repayment of lease obligation	-73.8	-85.7
Increase/Decrease in debt	256.0	-518.0
• Effects of exchange rate changes on cash and cash equivalents	153.7	-31.1
<input type="checkbox"/> Net changes in cash	444.8	-577.2
<input type="checkbox"/> Changes in cash held for sale ²⁾	-11.3	8.9
<input type="checkbox"/> Cash at the end of period	6,619.8	6,051.5
Net C/F	-185.5	18.8

1) Due to the close of MC business, the company has restated the comparative information of income statements from previous periods 2Q`21

2) Different amount from conversion of cash held for sale (3Q`21: KRW -11.3billion, 4Q`21: KRW 8.9billion)

- To be sold off by LG Innotek China Huizhou subsidiary (3Q`21: KRW -2.7billion, 4Q`21: KRW 0.3billion)

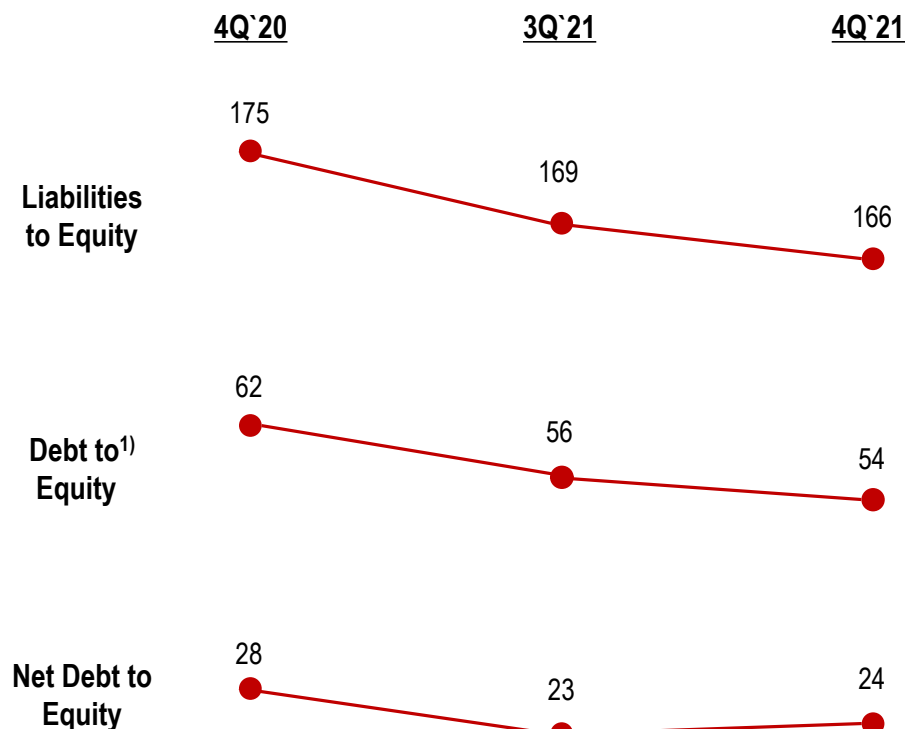
- To be sold off by LG Electronics China Yantai/Qingdao subsidiary (3Q`21: KRW -8.6billion, 4Q`21: KRW 8.6billion)

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)

	4Q'20	3Q'21	4Q'21
Assets	48.20	54.56	53.48
Current Assets	23.24	28.10	27.49
Cash and Cash equivalents	5.90	6.62	6.05
Inventory	7.45	9.96	9.75
Non-Current Assets	24.96	26.46	25.99
Liabilities	30.66	34.25	33.38
Current Liabilities	20.27	23.67	23.62
Non-Current Liabilities	10.39	10.58	9.76
Equity	17.54	20.31	20.10
Debt	9.92	10.46	9.93
Net Debt²⁾	4.89	4.72	4.83

Business Environment

- Difficulties may persist as uncertainties remain with the spread of the COVID-19 variant, continued supply chain issues and increase of raw material price and logistics expense

Key Strategies

- Enhance business competitiveness through strengthening market position of premium products
- Focus capabilities on responding to the external environment and cost structure risks

Sales & Profit Outlook

- Continue to generate stable profit along with revenue growth
- Expect sales of the first quarter to increase YoY and maintain stable profitability

III

Performance and Outlook by Division

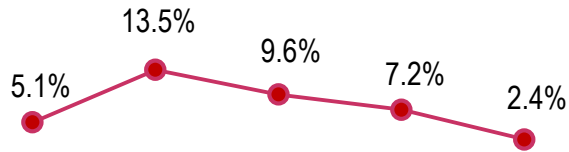
Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

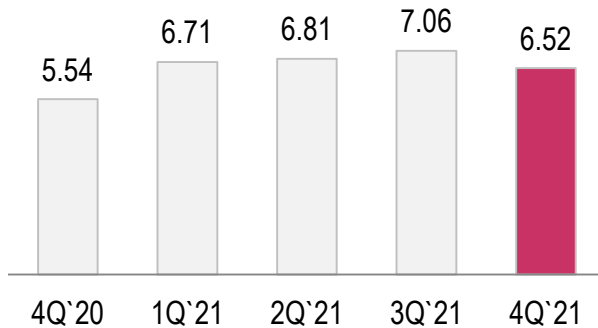
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG Instaview DID
Craft Ice



WashTower



LG Whisen
Tower Luxury

4Q'21 Performance

- **Sales** : Recorded 6.5 trillion won with 18% increase YoY thanks to growth in overseas markets mainly in North America
- **Profit** : Despite sales growth and marketing expense savings, operating profit decreased YoY due to increased raw material prices and logistics cost hikes

Y2022 Outlook

- **Market** : Expect slowdown in global demand, and business operating uncertainty and risk are projected to persist as increased logistic expenses and cost burdens remain due to the imbalance in supply and demand
- **LGE** : Enhance sales armed with product competitiveness and focus capabilities to secure stable profitability driven by selling price increase and cost optimization

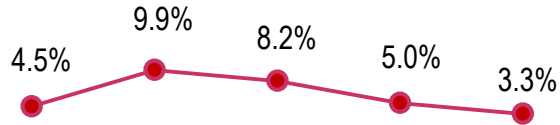
Performance and Outlook by Division

HE (Home Entertainment)

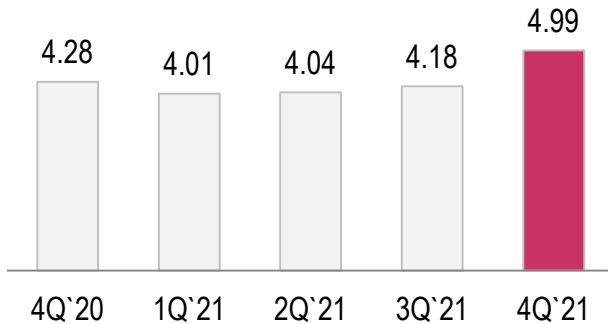
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG OLED TV



LG Sound Bar &
TONE Free

4Q'21 Performance

- **Sales** : Despite slowdown in global TV demand, increased YoY thanks to expanded product sales of OLED TVs
- **Profit** : Though marketing cost increased due to intensified competition, maintained sound profitability thanks to improved product mix focusing on premium products

Y2022 Outlook

- **Market** : Global TV demand is projected to decrease slightly year-on-year as people spend less time at home, but expect demand for premium products such as OLED TV to be maintained
- **LGE** : Pursue continuous revenue growth and sound profitability by strengthening our market position in premium product segment with increased sales of OLED TVs

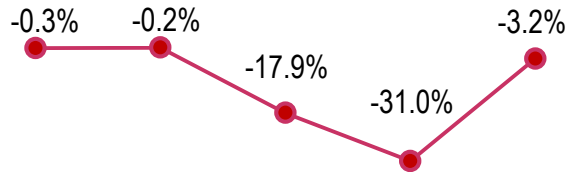
Performance and Outlook by Division

VS (Vehicle component Solutions)

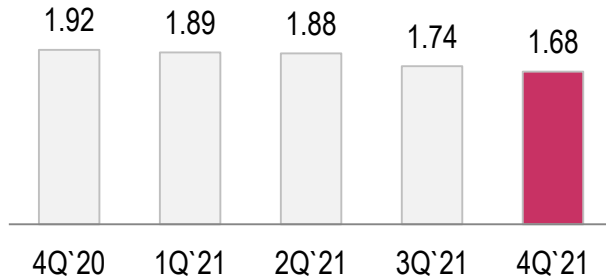
Performance

(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

4Q'21 Performance

- **Sales** : Decreased YoY / QoQ as auto OEM production disruptions continued due to the supply shortage of automotive semiconductors.
- **Profit** : Despite cost reduction through efforts to improve profitability, operating loss continued due to the drop in revenue and increased cost burden from semiconductor risk

Y2022 Outlook

- **Market** : Automotive semiconductor risk may gradually ease from the second half based on collaboration among global auto OEMs, Tier-1 companies and semiconductor suppliers
- **LGE** : Revenue growth and profitability improvement is expected to be limited due to continued semiconductors supply issue and subsequent disruption in auto OEM production
Although situation is expected to improve after the first half, in the short term, difficulties are expected for profit making in the first quarter

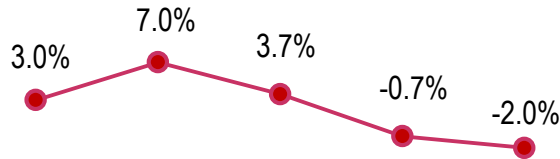
Performance and Outlook by Division

BS (Business Solutions)

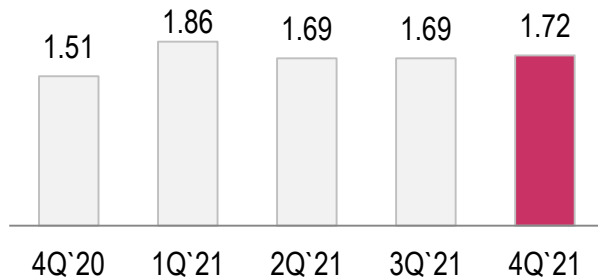
Performance¹⁾

(Unit : %, KRW trillion)

OPM



Sales



Key Products



21:9 Monitor & Gram PC



Information Display



Solar Module

4Q'21 Performance

- **Sales :** Grew YoY driven by the seasonality effect in IT business and recovering demand in B2B market
- **Profit :** Despite sound growth in revenue, profit decreased YoY as major component prices and logistics expenses increased along with solar module business showing sluggish performance

Y2022 Outlook

- **Market :** Both opportunities and risks exist in the market as non-face to face and new normal trends continue while global supply chain remains unstable. For monitors, the premium market such as gaming monitors are expected to expand and for PCs, the demand for high performance laptops are likely to maintain. In terms of Information Display, demand in major verticals such as Retail, Corporate and Education is expected to increase thanks to recovering demand in B2B market
- **LGE :** Expect to strengthen market position in premium segments such as gaming / high-resolution monitors and Gram PCs in IT business
For Information Display, respond to sales opportunities in each vertical in line with the recovering market demand

1) From 1Q'21, robot business has been restated to 'BS division' from 'others'



LG

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In Collaboration with RobecoSAM 

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

(Unit : KRW billion, %)

Income Statement

	2020										2021									
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q		4Q		Total	
Sales	13,731.4	100.0%	11,528.8	100.0%	15,398.6	100.0%	17,399.1	100.0%	58,057.9	100.0%	17,812.4	100.0%	17,113.9	100.0%	18,786.7	100.0%	21,008.6	100.0%	74,721.6	100.0%
Cost of goods sold	9,957.2	72.5%	8,359.6	72.5%	11,128.1	72.3%	13,104.3	75.3%	42,549.2	73.3%	12,995.3	73.0%	12,579.5	73.5%	13,999.9	74.5%	16,274.0	77.5%	55,848.7	74.7%
Gross profit	3,774.2	27.5%	3,169.2	27.5%	4,270.5	27.7%	4,294.8	24.7%	15,508.7	26.7%	4,817.1	27.0%	4,534.4	26.5%	4,786.8	25.5%	4,734.6	22.5%	18,872.9	25.3%
Selling & admin expense	2,477.8	18.0%	2,497.0	21.7%	3,196.7	20.8%	3,432.1	19.7%	11,603.6	20.0%	3,049.8	17.1%	3,656.3	21.4%	4,246.1	22.6%	4,056.9	19.3%	15,009.1	20.1%
Operating profit (Loss)	1,296.4	9.4%	672.2	5.8%	1,073.8	7.0%	862.7	5.0%	3,905.1	6.7%	1,767.3	9.9%	878.1	5.1%	540.7	2.9%	677.7	3.2%	3,863.8	5.2%
Financial income (Expense)	-74.3	-0.5%	-65.5	-0.6%	-57.8	-0.4%	-101.3	-0.6%	-298.9	-0.5%	8.4	0.0%	-42.4	-0.2%	-23.0	-0.1%	-37.2	-0.2%	-94.2	-0.1%
Gains (loss) on equity method investment	-77.1	-0.6%	-175.7	-1.5%	14.6	0.1%	214.0	1.2%	-24.2	0.0%	83.6	0.5%	142.3	0.8%	158.3	0.8%	64.7	0.3%	448.9	0.6%
Other non operating profit (Loss)	521.1	3.8%	-73.9	-0.6%	-102.1	-0.7%	-583.8	-3.4%	-238.7	-0.4%	-64.1	-0.4%	92.4	0.5%	-45.1	-0.2%	-658.3	-3.1%	-675.1	-0.9%
Net income before tax	1,666.1	12.1%	357.1	3.1%	928.5	6.0%	391.6	2.3%	3,343.3	5.8%	1,795.2	10.1%	1,070.4	6.3%	630.9	3.4%	46.9	0.2%	3,543.4	4.7%
Corporate Income Tax	374.1	2.7%	137.5	1.2%	135.6	0.9%	-50.8	-0.3%	596.4	1.0%	406.6	2.3%	276.8	1.6%	155.8	0.8%	139.4	0.7%	978.6	1.3%
Income (Loss) from continuing operations	1,292.0	9.4%	219.6	1.9%	792.9	5.1%	442.4	2.5%	2,746.9	4.7%	1,388.6	7.8%	793.6	4.6%	475.1	2.5%	-92.5	-0.4%	2,564.8	3.4%
Income (Loss) from discontinued operations	-205.3	-1.5%	-154.0	-1.3%	-143.7	-0.9%	-180.1	-1.0%	-683.1	-1.2%	-219.5	-1.2%	-1,085.5	-6.3%	41.4	0.2%	113.8	0.5%	-1,149.8	-1.5%
Net Income (Loss)	1,086.7	7.9%	65.6	0.6%	649.2	4.2%	262.3	1.5%	2,063.8	3.6%	1,169.1	6.6%	-291.9	-1.7%	516.5	2.7%	21.3	0.1%	1,415.0	1.9%
Controlled shares	1,025.4		56.5		626.1		260.3		1,968.3		998.3		-390.1		384.9		38.6		1,031.7	
Non-controlled shares	61.3		9.1		23.1		2.0		95.5		170.8		98.2		131.6		-17.3		383.3	

* Since the information regarding results of 4Q'21 has been prepared in advance, it is subject to change in the process of final audit by external auditors

* The previous income statement has been restated by separating all profit and loss items of the MC business from continuing operations and reclassifying them into a single account of 'Income (loss) from discontinued operations'

Statements of Financial Position

(Unit : KRW billion)

	2020				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	45,570.2	44,770.2	49,396.0	48,204.2	50,458.6	50,666.9	54,559.8	53,481.5
Current Assets	20,498.2	19,905.0	24,492.1	23,239.4	25,306.6	24,807.4	28,099.2	27,487.8
Cash and cash equivalents	4,862.8	5,464.8	6,576.6	5,896.3	6,303.3	6,186.3	6,619.8	6,051.5
Accounts receivable	6,562.2	5,668.1	7,832.8	7,154.9	8,249.0	7,730.0	8,672.7	8,166.5
Inventory	6,285.5	6,034.7	7,347.0	7,447.2	7,995.9	8,327.5	9,958.1	9,754.0
Others	2,787.7	2,737.4	2,735.7	2,741.0	2,758.4	2,563.6	2,848.6	3,515.8
Non-current Assets	25,072.0	24,865.2	24,903.9	24,964.8	25,152.0	25,859.5	26,460.6	25,993.7
Investment	4,456.9	4,259.3	4,293.9	4,471.6	4,627.7	4,813.4	5,107.1	5,149.2
PP&E	14,465.0	14,453.0	14,400.4	13,974.0	14,064.8	14,578.6	14,802.1	14,700.8
Intangible assets	2,851.9	2,876.1	2,844.3	3,139.1	3,068.6	2,740.1	2,756.9	2,443.2
Others	3,298.2	3,276.8	3,365.3	3,380.1	3,390.9	3,727.4	3,794.5	3,700.5
Liabilities	28,179.5	27,411.4	31,624.0	30,662.1	31,607.8	31,965.3	34,254.7	33,383.5
Accounts payable	7,197.0	6,250.8	9,328.0	8,728.2	9,812.9	8,448.2	10,194.6	8,741.9
Debt	10,719.0	10,627.2	10,726.7	9,919.8	9,763.4	10,100.4	10,463.9	9,931.6
Lease liability	787.6	807.7	809.1	862.1	884.9	871.6	875.0	955.4
Other	9,475.9	9,725.7	10,760.2	11,152.0	11,146.6	12,545.1	12,721.2	13,754.6
Equity	17,390.7	17,358.8	17,772.0	17,542.1	18,850.8	18,701.6	20,305.1	20,098.0

* Since the information regarding results of 4Q'21 has been prepared in advance, it is subject to change in the process of final audit by external auditors

(Unit : KRW billion, %)

		1Q`20	2Q`20	3Q`20	4Q`20	`20 Total	1Q`21	2Q`21	3Q`21	4Q`21	QoQ	YoY	`21 Total
H&A	Sales	5,419.0	5,157.0	6,157.7	5,541.6	22,275.3	6,708.9	6,814.9	7,061.1	6,524.8	-7.6%	17.7%	27,109.7
	OP	738.3	612.1	655.5	284.7	2,290.6	906.2	653.6	505.4	157.1			2,222.3
	(%)	13.6%	11.9%	10.6%	5.1%	10.3%	13.5%	9.6%	7.2%	2.4%			8.2%
HE	Sales	2,971.3	2,257.6	3,670.5	4,284.2	13,183.6	4,008.7	4,042.6	4,181.5	4,985.8	19.2%	16.4%	17,218.6
	OP	317.1	105.4	316.7	192.1	931.3	395.3	333.5	208.3	162.7			1,099.8
	(%)	10.7%	4.7%	8.6%	4.5%	7.1%	9.9%	8.2%	5.0%	3.3%			6.4%
VS	Sales	1,319.4	912.5	1,655.9	1,915.0	5,802.8	1,893.7	1,884.7	1,735.4	1,680.0	-3.2%	-12.3%	7,193.8
	OP	-99.6	-204.7	-69.7	-6.3	-380.3	-3.9	-337.8	-537.6	-53.6			-932.9
	(%)	-7.5%	-22.4%	-4.2%	-0.3%	-6.6%	-0.2%	-17.9%	-31.0%	-3.2%			-13.0%
BS	Sales	1,709.4	1,307.9	1,484.3	1,511.7	6,013.3	1,864.6	1,685.4	1,689.9	1,722.6	1.9%	14.0%	6,962.5
	OP	188.7	72.8	53.3	46.0	360.8	130.0	61.7	-12.3	-35.1			144.3
	(%)	11.0%	5.6%	3.6%	3.0%	6.0%	7.0%	3.7%	-0.7%	-2.0%			2.1%
Others	Sales	444.9	501.8	427.0	477.8	1,851.5	430.5	574.1	515.6	550.1	6.7%	15.1%	2,070.3
	OP	12.7	45.0	31.1	4.8	93.6	-5.6	29.5	48.3	18.2			90.4
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LGE Consolidated Excluding LG Innotek (①)	Sales	11,864.0	10,136.8	13,395.4	13,730.3	49,126.5	14,906.4	15,001.7	15,183.5	15,463.3	1.8%	12.6%	60,554.9
	OP	1,157.2	630.6	986.9	521.3	3,296.0	1,422.0	740.5	212.1	249.3			2,623.9
	(%)	9.8%	6.2%	7.4%	3.8%	6.7%	9.5%	4.9%	1.4%	1.6%			4.3%
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LG Innotek (②)	Sales	2,010.9	1,539.9	2,229.8	3,852.6	9,633.2	3,071.8	2,355.7	3,798.4	5,724.1	50.7%	48.6%	14,950.0
	OP	138.0	42.9	89.4	336.4	606.7	345.3	151.0	335.2	427.9			1,259.4
<hr/>													
LGE-LG Innotek Inter-company Transaction (③)	Sales	143.5	147.9	226.6	183.8	701.8	165.8	243.5	195.2	178.8			783.3
	OP	-1.2	1.3	2.5	-5.0	-2.4	0.0	13.4	6.6	-0.5			19.5
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LGE Consolidated (①+②-③)	Sales	13,731.4	11,528.8	15,398.6	17,399.1	58,057.9	17,812.4	17,113.9	18,786.7	21,008.6	11.8%	20.7%	74,721.6
	OP	1,296.4	672.2	1,073.8	862.7	3,905.1	1,767.3	878.1	540.7	677.7			3,863.8
	(%)	9.4%	5.8%	7.0%	5.0%	6.7%	9.9%	5.1%	2.9%	3.2%			5.2%

* Since the information regarding results of 4Q`21 has been prepared in advance, it is subject to change in the process of final audit by external auditors

* The previous income statement has been restated by separating all profit and loss items of the MC business from continuing operations and reclassifying them into a single account of 'Income (loss) from discontinued operations'

* From 1Q`21, robot business has been restated to 'BS division' from 'others'

- 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