

3Q`20 Earnings Release

30th October, 2020

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 3rd quarter of 2020 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 2020 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 2020.

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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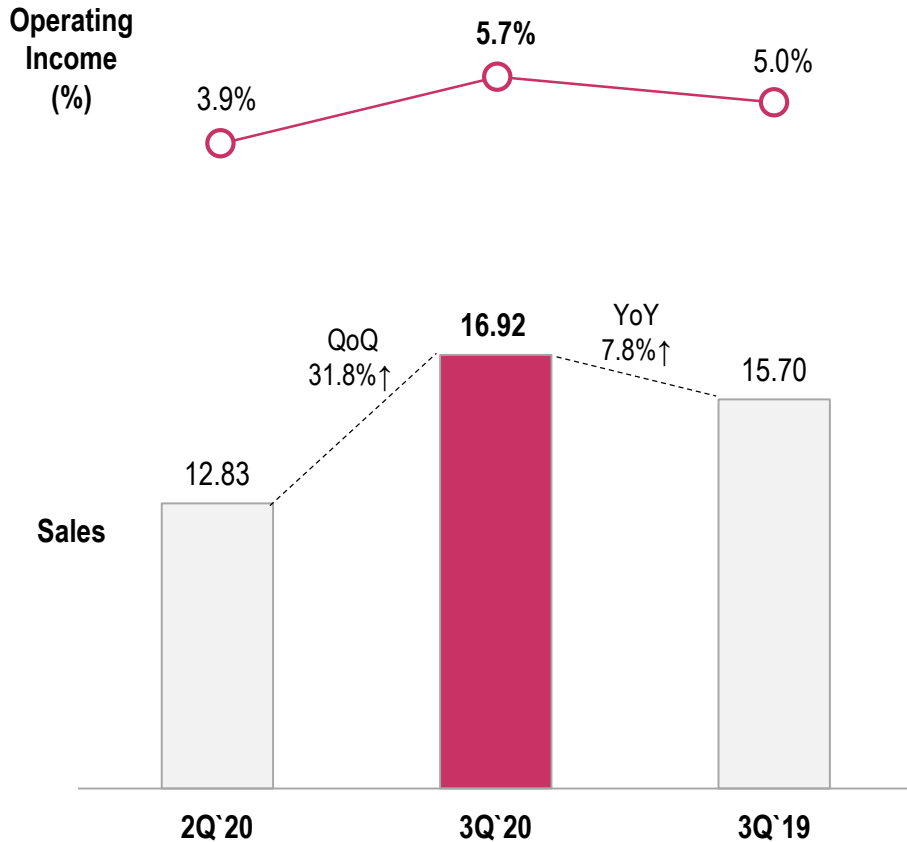
Consolidated Earnings and Outlook

Consolidated Earnings and Outlook

Sales / Profits

Sales / Profits

(Unit : KRW trillion)



Performance by Division

(Unit : KRW billion)

		2Q'20	QoQ	3Q'20	YoY	3Q'19	
Consolidated ¹⁾	Sales	12,833.8	+31.8%	16,919.6	+7.8%	15,700.7	
	O.I	495.4	+463.6	959.0	+177.6	781.4	
	(%)	3.9%	+1.8%p	5.7%	+0.7%p	5.0%	
H&A	Sales	5,155.1	+19.4%	6,155.8	+15.5%	5,330.7	
	Home Appliance & Air Solution	O.I	628.0	+43.5	671.5	+242.7	428.8
	(%)	12.2%	-1.3%p	10.9%	+2.9%p	8.0%	
HE ²⁾	Sales	2,256.7	+62.6%	3,669.4	+14.3%	3,209.8	
	Home Entertainment	O.I	112.8	+213.8	326.6	+38.2	288.4
	(%)	5.0%	+3.9%p	8.9%	-0.1%p	9.0%	
MC	Sales	1,308.7	+16.5%	1,524.8	+0.2%	1,522.2	
	Mobile Communications	O.I	-206.5	+58.1	-148.4	+12.7	-161.1
	(%)	-15.8%	+6.1%p	-9.7%	+0.9%p	-10.6%	
VS	Sales	912.2	+81.5%	1,655.4	+23.5%	1,340.1	
	Vehicle component Solutions	O.I	-202.5	+136.3	-66.2	-6.0	-60.2
	(%)	-22.2%	+18.2%p	-4.0%	+0.5%p	-4.5%	
BS ³⁾	Sales	1,307.1	+13.4%	1,482.8	-1.9%	1,511.2	
	Business Solutions	O.I	98.3	-21.3	77.0	-34.7	111.7
	(%)	7.5%	-2.3%p	5.2%	-2.2%p	7.4%	

1) LG Innotek is included

2) From 1Q'20, IT business has been restated to 'BS division' from 'HE division'

3) From 1Q'20, IT business has been restated to 'BS division' from 'HE division' and CEM business has been restated to 'BS division' from 'Others'

Consolidated Earnings and Outlook

Income Trend / Cash Flow

Income Trend

(Unit : KRW billion)

	2Q`20	QoQ	3Q`20	YoY	3Q`19
Operating Income	495.4	+463.6	959.0	+177.6	781.4
Net financial income/expense	-98.0	-6.0	-104.0	-47.9	-56.1
Gain/Loss on equity method	-175.7	+190.3	14.6	+165.5	-150.9
Other non-operating income/expense	-73.8	-24.2	-98.0	+42.4	-140.4
Income Before Tax	147.9	+623.7	771.6	+337.6	434.0
Corporate income tax	82.3	+40.1	122.4	+34.1	88.3
Net Income	65.6	+583.6	649.2	+303.5	345.7
EBITDA	1,149.7		1,623.8		1,425.5

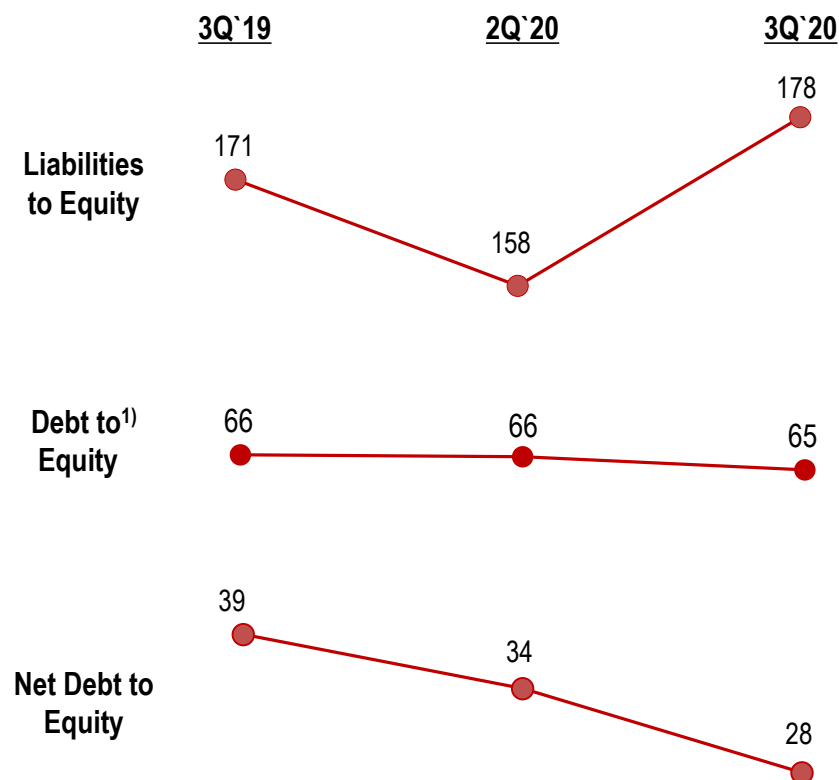
Cash Flow

(Unit : KRW billion)

	2Q`20	3Q`20
<input type="checkbox"/> Cash at the beginning of period	4,862.8	5,464.8
• Cash flow from operating activities	1,412.5	1,582.6
Net income/loss	65.6	649.2
Depreciation	654.3	664.8
Gain/Loss on equity method investment	175.7	-14.6
• Cash flow from investing activities	-507.6	-511.2
Increase/Decrease in tangible assets	-386.4	-578.3
Increase/Decrease in intangible assets	-128.5	4.1
• Cash flow from financing activities	-290.2	57.2
Repayment of lease liability	-75.2	-74.7
Increase/Decrease in debt	-62.8	145.3
• Effects of exchange rate changes on cash and cash equivalents	-12.7	-16.8
<input type="checkbox"/> Net changes in cash	602.0	1,111.8
<input type="checkbox"/> Cash at the end of period	5,464.8	6,576.6
Net C/F	892.2	1,054.6

Leverage Ratio

(Unit : %)



1) Lease Liability is included

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

Financial Position

(Unit : KRW trillion)

	3Q'19	2Q'20	3Q'20
Assets	47.20	44.77	49.40
Current Assets	21.84	19.91	24.49
Cash and Cash equivalents	4.80	5.46	6.58
Inventory	6.89	6.03	7.35
Non-Current Assets	25.36	24.86	24.91
Liabilities	29.75	27.41	31.62
Current Liabilities	18.30	16.36	20.32
Non-Current Liabilities	11.45	11.05	11.30
Equity	17.45	17.36	17.78
Debt	10.80	10.63	10.73
Net Debt	6.73	5.97	4.96

Business Environment

- Industrial activity uncertainty risk exists due to COVID-19 global re-spread along with re-strengthening of movement restrictions
- Low interest rate trend and additional fiscal policies will be maintained to boost the economy
- New business opportunities exist as non-face-to-face trend expands and consumer spending pattern changes

Key Strategies

- Turn COVID-19 crisis into an opportunity to raise brand awareness
- Strengthen online business and expand new growth products, OLED TV sales to continuously maintain growth momentum

Sales & Profit Outlook (4Q`20)

- Through efficient resource management, sales and profitability is expected to stand higher than the same period of the last year

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Performance and Outlook by Division

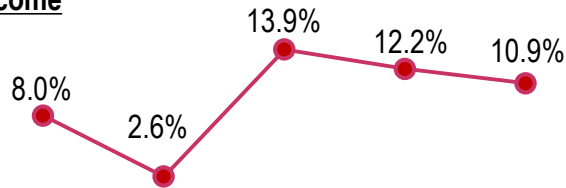
Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

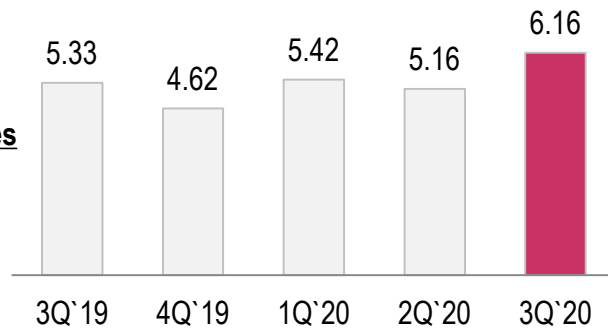
Performance

(Unit : %, KRW trillion)

Op. Income



Sales



Key Products



LG Instaview DID
Craft Ice



WASHTOWER



WhisenThinQ A/C

3Q'20 Performance

- **Sales** : Shifted back to growth trend in both Korea and overseas, sales recorded 6.2 trillion won with 15% increase YoY
- **Profit** : Increased YoY and recorded double-digit rate in profitability attributed to sales growth in all regions and cost structure improvement

4Q'20 Outlook

- **Market** : Competition in the market is expected to intensify due to delayed recovery of market demand in emerging markets caused by the prolonged COVID-19 situation and the beginning of fourth quarter promotion season
- **LGE** : Expect to maintain double-digit sales growth rate following the previous quarter and profitability will be higher than the same period of the previous year by conducting cost optimization activities

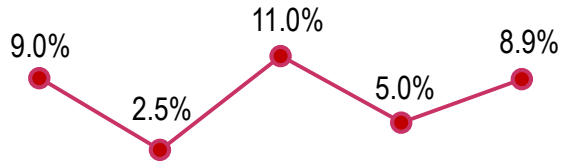
Performance and Outlook by Division

HE (Home Entertainment)

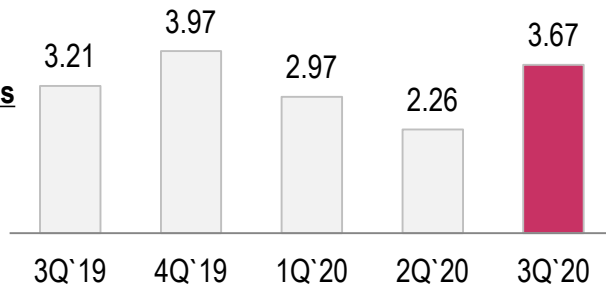
Performance¹⁾

(Unit : %, KRW trillion)

Op. Income



Sales



Key Products



LG OLED TV



LG Sound Bar, TONE Free

3Q'20 Performance

- **Sales** : Increased YoY driven by demand recovery in advanced markets such as North America and Europe, expansion of online business, and increased premium products sales such as OLED and NanoCell TVs
- **Profit** : Despite LCD panel price increase, improved YoY driven by sales growth and increase in premium products sales

4Q'20 Outlook

- **Market** : Expect to grow during the high-demand season, but risk factors such as intensified price competition and increase in LCD panel price co-exists
- **LGE** : Achieve profitability higher than that of the previous year by expanding the sales proportion of premium TVs such as OLED, NanoCell, and large-size TVs, strengthening online sales, and enhancing efficiency of resource management such as marketing expense and inventories

1) From 1Q'20, IT business has been restated to 'BS division' from 'HE division'

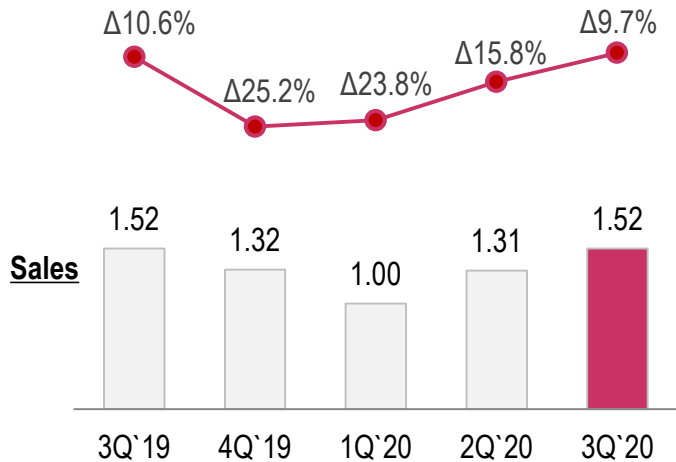
Performance and Outlook by Division

MC (Mobile Communications)

Performance

(Unit : %, KRW trillion)

Op. Income



Key Products



WING



VELVET



Q51

3Q'20 Performance

- **Sales :** Increased 17% QoQ driven by gradual recovery of global demand and increased sales in our major markets such as North America and Latin America, but remained at the similar level YoY
- **Profit :** Although marketing expense slightly increased due to new model launch, improved YoY/QoQ driven by increased efficiency of production sites and cost saving effect from ODM expansion, along with solid sales in mass-tier models

4Q'20 Outlook

- **Market :** With the launch of 5G smartphone of competitors, 5G market is expected to show significant growth and market demand is expected to increase QoQ and recover to the similar level as that of the same period of the last year
- **LGE :** Expand sales by strengthening mass-tier model lineup with focusing on target markets such as North America and Latin America, and improve profit structure through continued operation efficiency

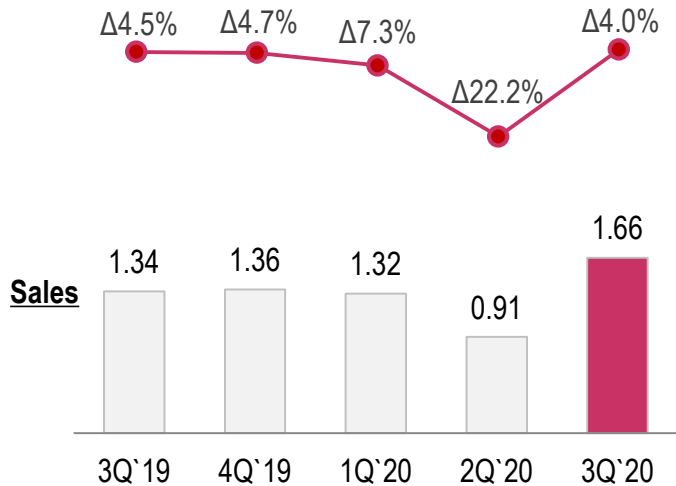
Performance and Outlook by Division

VS (Vehicle component Solutions)

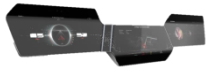
Performance

(Unit : %, KRW trillion)

Op. Income



Key Products



- AV/AVN
- Telematics
- CID

Infotainment



- Traction Motor
- Inverter
- Battery Pack

xEV Components



- AVS Camera
- Cluster
- Automotive Lighting

Safety & Convenience Devices

3Q'20 Performance

- **Sales** : Increased 24% YoY driven by recovery of demand for vehicle components as our main OEMs in North America and Europe resumed production
- **Profit** : Profitability slightly improved YoY driven by sales growth resulting from vehicle components demand recovery and cost management efforts such as material and fixed costs reduction

4Q'20 Outlook

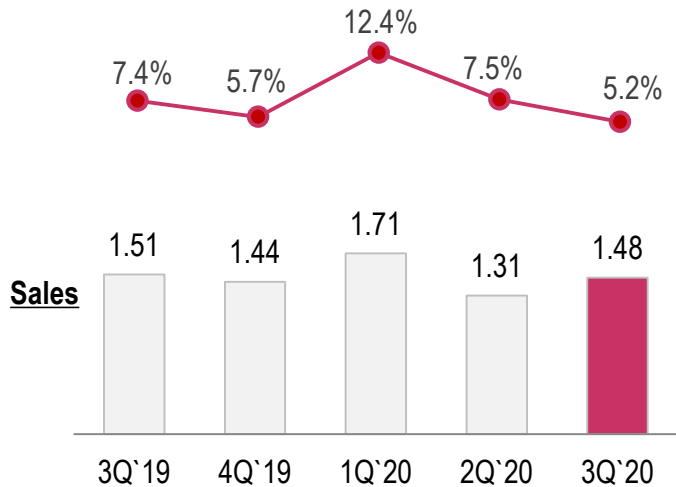
- **Market** : Recovering the automobile market to pre-COVID-19 level is predicted to be delayed, however Connected and xEV business sectors are expected to show high growth
- **LGE** : Maximize sales through intensive supply chain management to respond to the market recovery trend, and improve profit structure through ongoing cost management

Performance and Outlook by Division

Performance¹⁾

(Unit : %, KRW trillion)

Op. Income



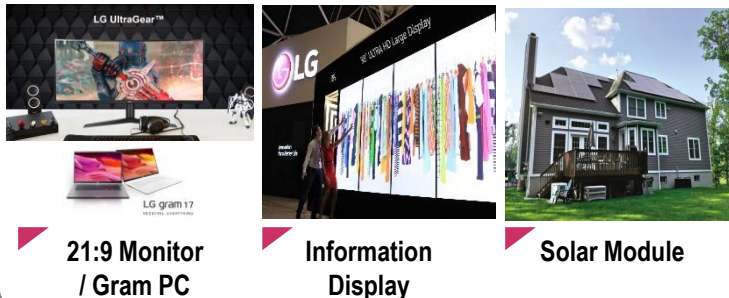
3Q'20 Performance

- **Sales :** Despite difficulties in B2B business due to the non-contact trend created from the prolonged COVID-19 situation, increased 13% QoQ, but decreased Δ 2% YoY
- **Profit :** Decreased YoY/QoQ due to sales decline and intensified price competition

4Q'20 Outlook

- **Market :** Amid the prolonged COVID-19 pandemic and contact-free environment, expect increase in market demand in certain product groups related to contact-free and New Normal trend, but threats such as reduced corporate investment and intensified price competition co-exist
- **LGE :** Expect sales to increase YoY by actively tapping into sales opportunities of products related to non-face-to-face services, expand strategic product sales, improve product competitiveness, and strengthen online marketing activities

Key Products



1) From 1Q'20, IT business has been restated to 'BS division' from 'HE division' and CEM business has been restated to 'BS division' from 'Others'



LG

Life's Good

MEMBER OF

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(Unit : KRW billion, %)

Income Statement

	2019										2020					
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q	
Sales	14,915.1	100.0%	15,629.2	100.0%	15,700.7	100.0%	16,061.2	100.0%	62,306.2	100.0%	14,727.8	100.0%	12,833.8	100.0%	16,919.6	100.0%
Cost of goods sold	11,170.1	74.9%	11,672.9	74.7%	11,592.5	73.8%	12,535.1	78.0%	46,970.6	75.4%	10,834.1	73.6%	9,463.0	73.7%	12,341.0	72.9%
Gross profit	3,745.0	25.1%	3,956.3	25.3%	4,108.2	26.2%	3,526.1	22.0%	15,335.6	24.6%	3,893.7	26.4%	3,370.8	26.3%	4,578.6	27.1%
Selling & admin expense	2,844.4	19.1%	3,304.0	21.1%	3,326.8	21.2%	3,424.3	21.3%	12,899.5	20.7%	2,803.3	19.0%	2,875.4	22.4%	3,619.6	21.4%
Operating income (Loss)	900.6	6.0%	652.3	4.2%	781.4	5.0%	101.8	0.6%	2,436.1	3.9%	1,090.4	7.4%	495.4	3.9%	959.0	5.7%
Financial income (Expense)	-78.1	-0.5%	-79.5	-0.5%	-56.1	-0.4%	-74.1	-0.5%	-287.8	-0.5%	-115.2	-0.8%	-98.0	-0.8%	-104.0	-0.6%
Gains (loss) on equity method investment	-23.2	-0.2%	-206.7	-1.3%	-150.9	-1.0%	-671.3	-4.2%	-1,052.1	-1.7%	-77.1	-0.5%	-175.7	-1.4%	14.6	0.1%
Other non operating income (Loss)	-44.9	-0.3%	-139.0	-0.9%	-140.4	-0.9%	-243.3	-1.5%	-567.6	-0.9%	491.3	3.3%	-73.8	-0.6%	-98.0	-0.6%
Net income before tax	754.4	5.1%	227.1	1.5%	434.0	2.8%	-886.9	-5.5%	528.6	0.8%	1,389.4	9.4%	147.9	1.2%	771.6	4.6%
Corporate Income Tax	176.4	1.2%	121.1	0.8%	88.3	0.6%	-37.1	-0.2%	348.7	0.6%	302.7	2.1%	82.3	0.6%	122.4	0.7%
Net Income	578.0	3.9%	106.0	0.7%	345.7	2.2%	-849.8	-5.3%	179.9	0.3%	1,086.7	7.4%	65.6	0.5%	649.2	3.8%
Controlled shares	570.9		91.6		244.2		-875.4		31.3		1,025.4		56.5		626.1	
Non-controlled shares	7.1		14.4		101.5		25.6		148.6		61.3		9.1		23.1	

* Since the information regarding results of 3Q`20 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)

	2019				2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Assets	45,936.7	45,867.3	47,204.6	44,859.9	45,570.2	44,770.2	49,396.0
Current Assets	20,176.1	20,134.6	21,840.8	19,753.5	20,498.2	19,905.0	24,492.1
Cash and cash equivalents	4,093.6	3,944.2	4,798.9	4,777.4	4,862.8	5,464.8	6,576.6
Accounts receivable	7,244.2	7,386.8	7,032.1	6,360.3	6,562.2	5,668.1	7,832.8
Inventory	6,141.7	6,179.5	6,894.7	5,863.4	6,285.5	6,034.7	7,347.0
Others	2,696.6	2,624.1	3,115.1	2,752.4	2,787.7	2,737.4	2,735.7
Non-current Assets	25,760.6	25,732.7	25,363.8	25,106.4	25,072.0	24,865.2	24,903.9
Investment	5,575.6	5,377.2	5,216.8	4,544.5	4,456.9	4,259.3	4,293.9
PP&E	14,094.5	14,241.6	14,191.5	14,505.4	14,465.0	14,453.0	14,400.4
Intangible assets	3,002.0	2,964.8	2,787.5	2,692.0	2,851.9	2,876.1	2,844.3
Others	3,088.5	3,149.1	3,168.0	3,364.5	3,298.2	3,276.8	3,365.3
Liabilities	28,997.0	28,772.3	29,753.7	28,434.8	28,179.5	27,411.4	31,624.0
Accounts payable	7,798.5	7,402.5	8,200.1	6,820.6	7,197.0	6,250.8	9,328.0
Debt	11,055.2	10,858.1	10,795.7	10,487.4	10,719.0	10,627.2	10,726.7
Lease liability	684.5	700.2	730.1	771.4	787.6	807.7	809.1
Other liabilities	9,458.8	9,811.5	10,027.8	10,355.4	9,475.9	9,725.7	10,760.2
Equity	16,939.7	17,095.0	17,450.9	16,425.1	17,390.7	17,358.8	17,772.0

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(Unit : KRW billion, %)

		1Q`19	2Q`19	3Q`19	4Q`19	`19 Total	1Q`20	2Q`20	3Q`20	QoQ	YoY
H&A	Sales	5,465.9	6,102.8	5,330.7	4,616.1	21,515.5	5,418.0	5,155.1	6,155.8	19.4%	15.5%
	Op. Income	727.6	717.5	428.8	122.2	1,996.1	753.5	628.0	671.5		
	(%)	13.3%	11.8%	8.0%	2.6%	9.3%	13.9%	12.2%	10.9%		
HE	Sales	3,121.5	2,986.3	3,209.8	3,968.4	13,286.0	2,970.7	2,256.7	3,669.4	62.6%	14.3%
	Op. Income	247.3	152.3	288.4	101.0	789.0	325.8	112.8	326.6		
	(%)	7.9%	5.1%	9.0%	2.5%	5.9%	11.0%	5.0%	8.9%		
MC	Sales	1,510.4	1,613.3	1,522.2	1,320.8	5,966.7	998.6	1,308.7	1,524.8	16.5%	0.2%
	Op. Income	-203.5	-313.0	-161.1	-332.2	-1,009.8	-237.8	-206.5	-148.4		
	(%)	-13.5%	-19.4%	-10.6%	-25.2%	-16.9%	-23.8%	-15.8%	-9.7%		
VS	Sales	1,347.0	1,423.1	1,340.1	1,355.2	5,465.4	1,319.3	912.2	1,655.4	81.5%	23.5%
	Op. Income	-15.4	-55.7	-60.2	-63.6	-194.9	-96.8	-202.5	-66.2		
	(%)	-1.1%	-3.9%	-4.5%	-4.7%	-3.6%	-7.3%	-22.2%	-4.0%		
BS	Sales	1,651.3	1,494.7	1,511.2	1,439.2	6,096.4	1,709.1	1,307.1	1,482.8	13.4%	-1.9%
	Op. Income	168.0	124.2	111.7	82.0	485.9	212.2	98.3	77.0		
	(%)	10.2%	8.3%	7.4%	5.7%	8.0%	12.4%	7.5%	5.2%		
Others	Sales	632.1	708.3	510.8	541.7	2,392.9	444.7	502.0	428.1	-14.7%	-16.2%
	Op. Income	-13.4	15.9	-10.2	-19.2	-26.9	-5.7	23.7	11.6		
LGE Consolidated Excluding LG Innotek (①)	Sales	13,728.2	14,328.5	13,424.8	13,241.4	54,722.9	12,860.4	11,441.8	14,916.3	30.4%	11.1%
	Op. Income	910.6	641.2	597.4	-109.8	2,039.4	951.2	453.8	872.1		
	(%)	6.6%	4.5%	4.4%	-0.8%	3.7%	7.4%	4.0%	5.8%		
LG Innotek (②)	Sales	1,368.6	1,522.3	2,446.0	2,965.2	8,302.1	2,010.9	1,539.9	2,229.8	44.8%	-8.8%
	Op. Income	-11.4	18.8	186.5	209.2	403.1	138.0	42.9	89.4		
LGE-LG Innotek Inter-company Transaction (③)	Sales	181.7	221.6	170.1	145.4	718.8	143.5	147.9	226.5		
	Op. Income	-1.4	7.7	2.5	-2.4	6.4	-1.2	1.3	2.5		
LGE Consolidated (①+②-③)	Sales	14,915.1	15,629.2	15,700.7	16,061.2	62,306.2	14,727.8	12,833.8	16,919.6	31.8%	7.8%
	Op. Income	900.6	652.3	781.4	101.8	2,436.1	1,090.4	495.4	959.0		
	(%)	6.0%	4.2%	5.0%	0.6%	3.9%	7.4%	3.9%	5.7%		

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*From 1Q`20, IT business has been restated to 'BS division' from 'HE division' and CEM business has been restated to 'BS division' from 'Others'

- The company determine the dividends considering the profit level, cash flow of the current year, strategic investments in the future and raising shareholder value in the market to increase shareholder value and shareholder return
- Dividends for fiscal year 2019 was approved by the Board of Directors and confirmed at the 18th General Shareholders' Meeting.
 ※ Dividend per share in 2019: Common stock 750 Korean Won, Preferred stock 800 Korean Won

		2012 (11th)	2013 (12th)	2014 (13th)	2015 (14th)	2016 (15th)	2017 (16th)	2018 (17th)	2019 (18th)
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	200	200	400	400	400	400	750	750
	Preferred	250	250	450	450	450	450	800	800
(Consolidated) Net Income (KRW billion)		66.8	176.8	399.4	124.4	76.9	1,725.8	1,240.1	31.3
Total Cash Dividends (KRW billion)		36.9	36.9	72.9	72.9	72.9	72.9	135.9	135.9
(Consolidated) Cash dividends payout ratio (%)		55.2	20.9	18.3	58.6	94.8	4.2	11.0	434.4
Cash dividend yield (%)	Common	0.3	0.3	0.7	0.8	0.8	0.4	1.2	1.0
	Preferred	1.2	1.0	1.6	1.6	1.9	1.0	3.1	2.8

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