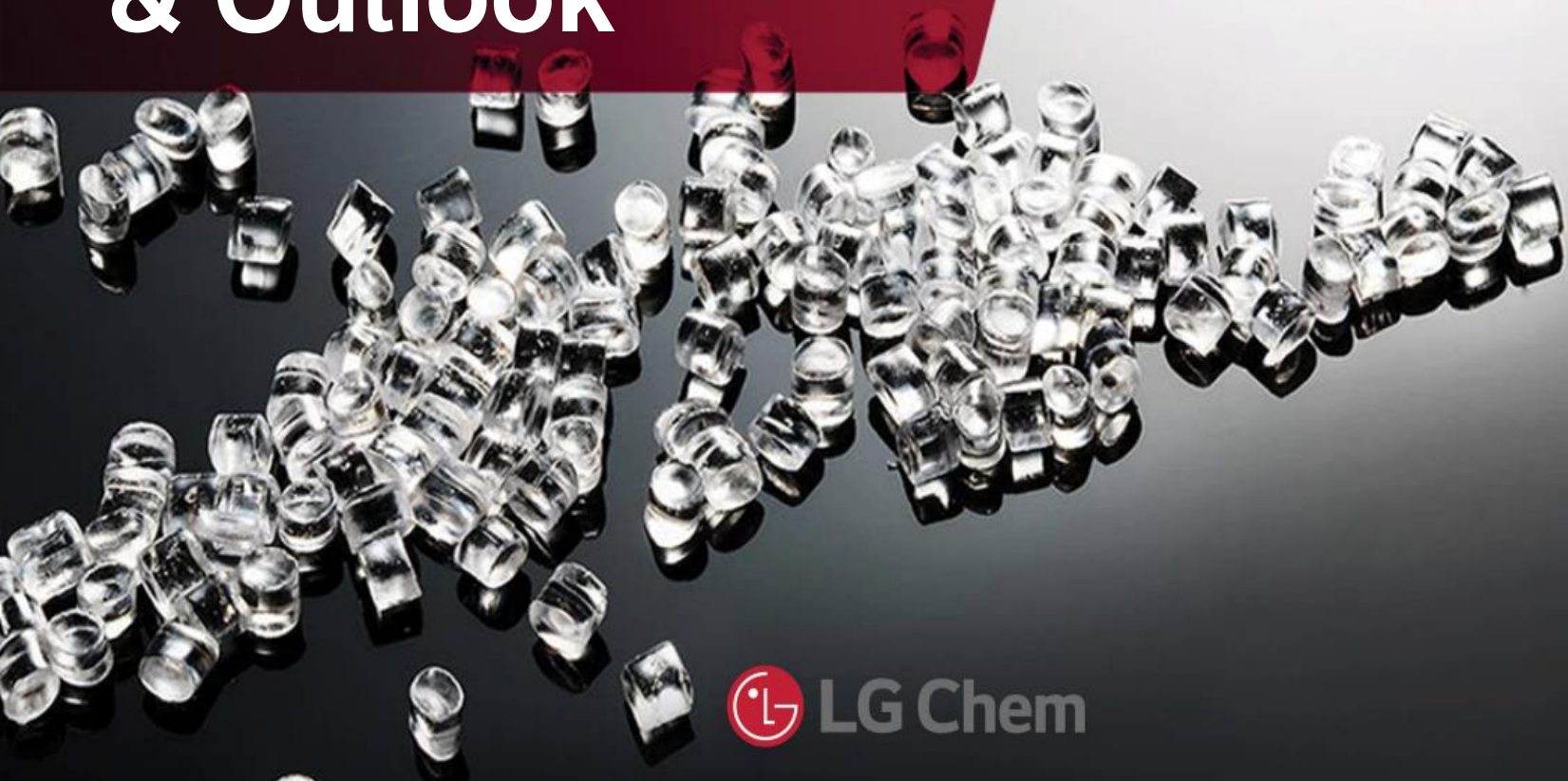


October 21, 2020

# 3Q 2020 Business Results & Outlook





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**The business results currently under audit review are presented here for investors' convenience. Hence, please be advised that some of their contents may be altered in the course of audit.**

**The business results are subject to the K-IFRS(Korea International Financial Reporting Standards).**

**Forecasts and projections contained in this material are based on current business environments and management's strategies. Please note it may differ from actual results, due to uncertainties including changes in the future business environment and recalibration of strategy.**

# 3Q 2020 Business Results

## Income Statements

(Unit:KRW bn)

	2019			2020			YoY	QoQ
	1Q	2Q	3Q	1Q	2Q	3Q		
<b>Sales</b>	6,265	6,778	6,899	6,729	6,935	<b>7,507</b>	<b>+8.8%</b>	<b>+8.2%</b>
<b>OP(%)</b>	263	247	349	206	572	<b>902</b>	<b>+158.7%</b>	<b>+57.8%</b>
	4.2%	3.6%	5.1%	3.1%	8.2%	<b>12.0%</b>		
<b>EBITDA(%)</b>	670	702	830	736	1,130	<b>1,490</b>	<b>+79.5%</b>	<b>+31.9%</b>
	10.7%	10.4%	12.0%	10.9%	16.3%	<b>19.9%</b>		
<b>Pre-tax Income(%)</b>	261	187	223	158	470	<b>708</b>	<b>+216.7%</b>	<b>+50.5%</b>
	4.2%	2.8%	3.2%	2.3%	6.8%	<b>9.4%</b>		
<b>Net Income(%)</b>	212	84	137	36	419	<b>570</b>	<b>+315.8%</b>	<b>+36.1%</b>
	3.4%	1.2%	2.0%	0.5%	6.0%	<b>7.6%</b>		

※ The historical business results retroactively excluded the results of the discounted and held for sale business.

# 3Q 2020 Business Results

## Financial Position

### Balance Sheet

(Unit:KRW tn)

	2019	2Q 2020	3Q 2020
<b>Assets</b>	34.02	38.58	<b>40.02</b>
<b>Cash and Equivalents</b>	1.92	3.37	<b>3.55</b>
<b>Liabilities</b>	16.64	20.73	<b>21.20</b>
<b>Debts</b>	8.41	11.86	<b>11.37</b>
<b>Shareholder's Equity</b>	17.38	17.84	<b>18.82</b>

### Financial Ratios

(Unit:%)

	2019	2Q 2020	3Q 2020
<b>Liabilities / Equity</b>	95.7%	116.2%	<b>112.6%</b>
<b>Debts / Equity</b>	48.4%	66.5%	<b>60.4%</b>
<b>Net Debts / Equity</b>	37.4%	47.6%	<b>41.5%</b>
<b>ROE</b>	2.2%	9.5%	<b>12.4%</b>
<b>ROA</b>	1.2%	4.4%	<b>5.8%</b>

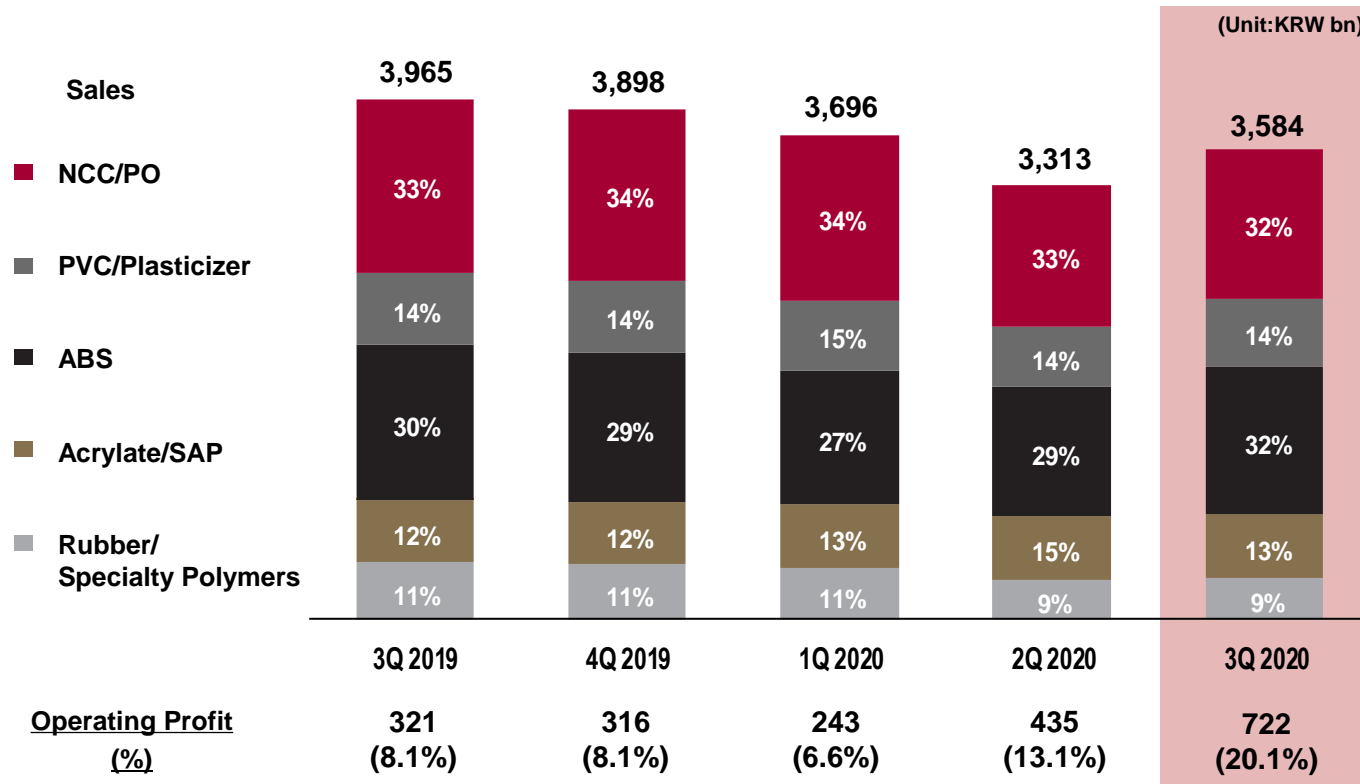
※ ROE: Net Income / Avg of beginning & ending shareholders' equity

ROA: Net Income / Avg of beginning & ending assets

※ Net Income calculation for each Quarters : Quarterly Net Income X 4

# Results & Outlook by Business

## Petrochemicals



### [Analysis]

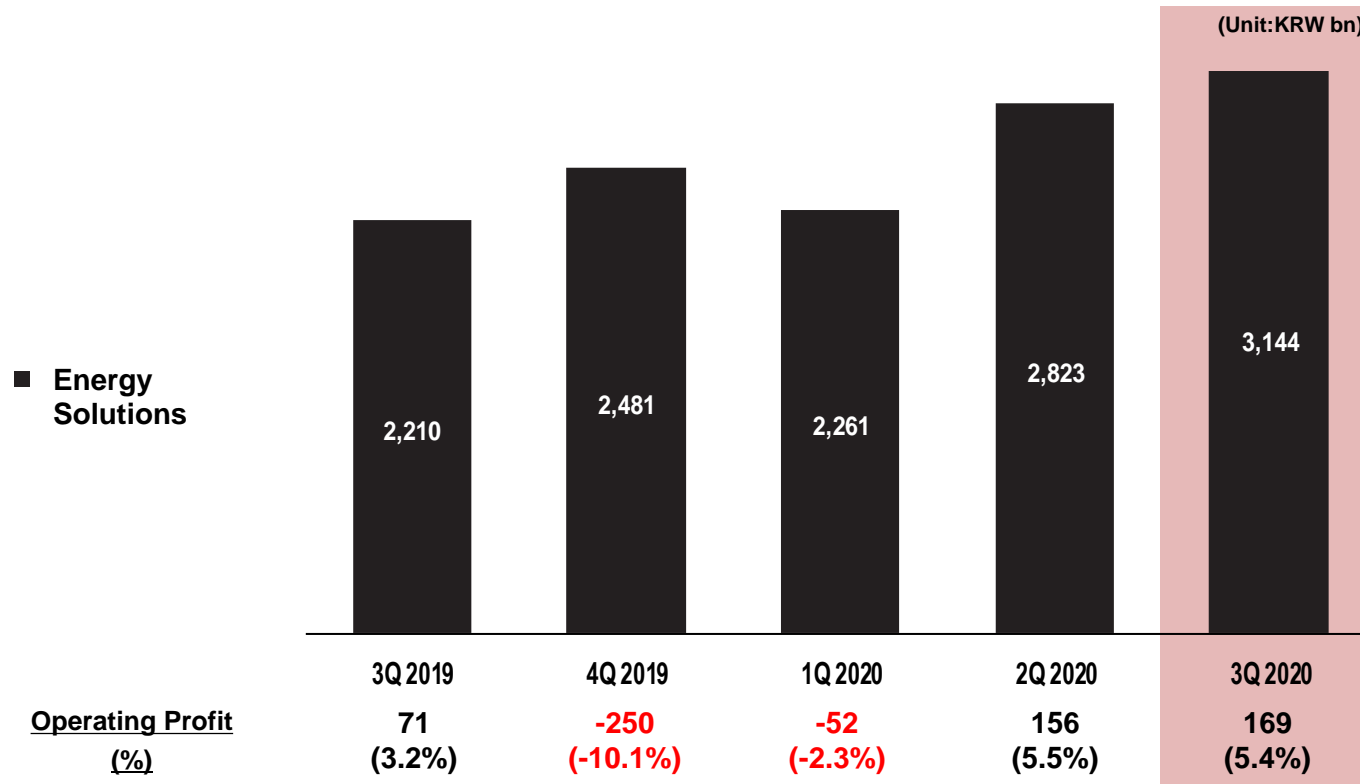
- Higher sales on the back of greater demand for key products including hygiene related products
- Improved profitability with bigger spread driven by weak feedstock prices and demand recovery for ABS, etc.

### [Outlook]

- Despite the low season in Q4, solid earnings are expected thanks to continuing demand growth for key products such as ABC and PVC.

# Results & Outlook by Business

Energy Solutions



## [Analysis]

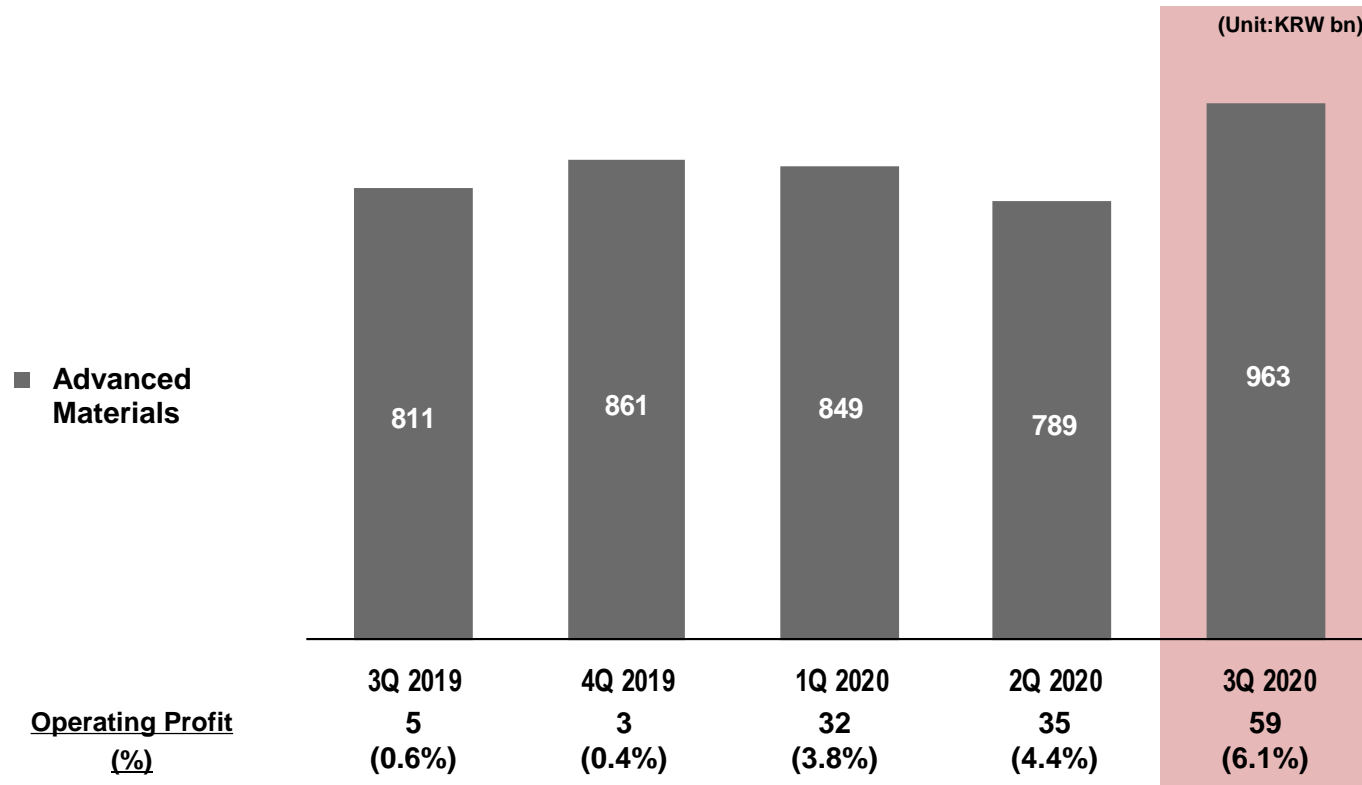
- Higher sales supported by new EV model launch in the European market, increased sale of cylindrical batteries, and growth of supply for IT devices

## [Outlook]

- Sales are continuously expected to grow thanks to greater shipments of automotive batteries and cylindrical batteries for EVs.

# Results & Outlook by Business

Advanced Materials



## [Analysis]

- Improvement of sales and profitability thanks to demand recovery in the downstream industry such as automobiles and display.

## [Outlook]

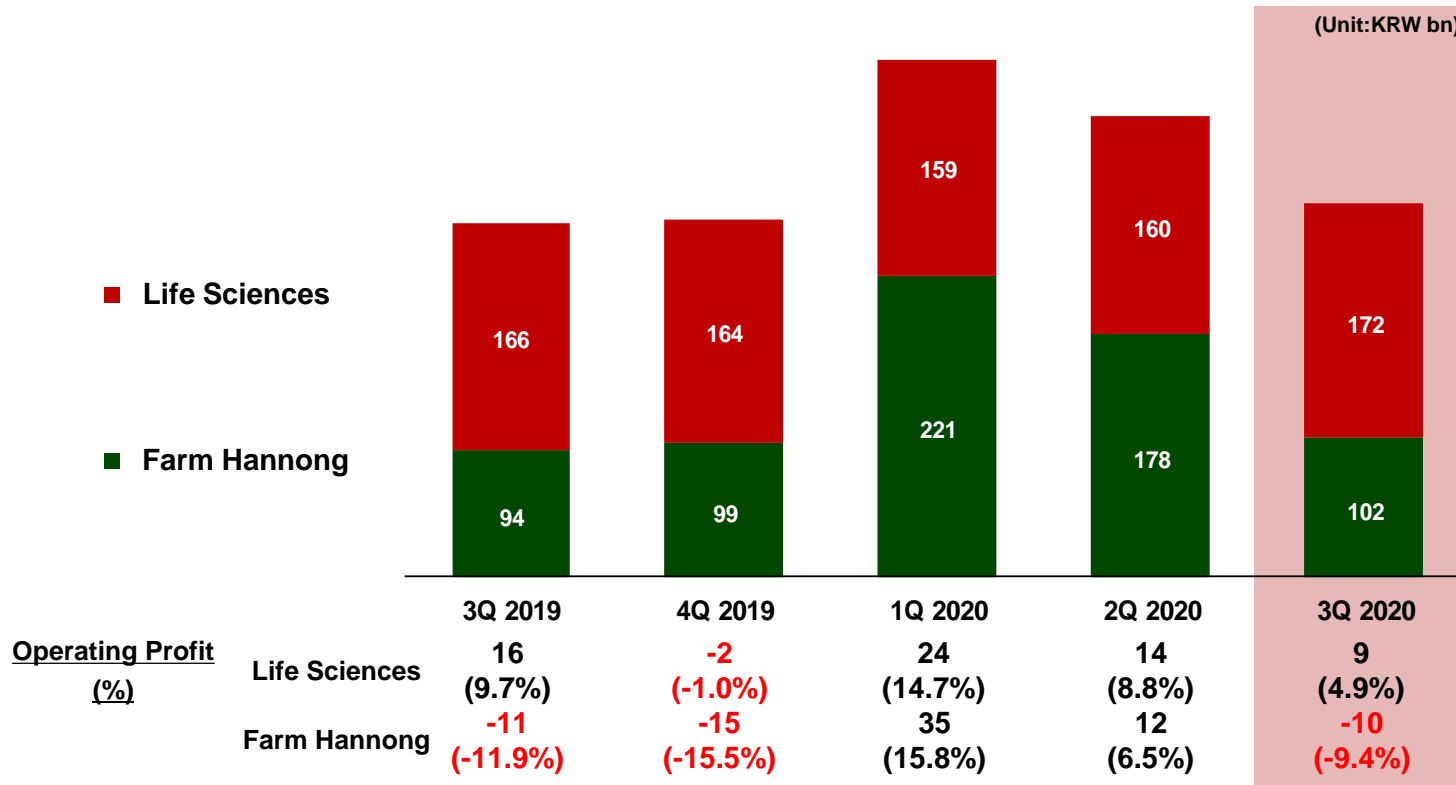
- Despite seasonality of display industry in Q4, sales are expected to increase on the back of greater volume of industrial materials.

※ The historical business results retroactively excluded the results of the discounted and held for sale business.



# Results & Outlook by Business

Life Sciences / Farm Hannong



## [Analysis]

- Life Sciences: Increased sales of vaccines and diagnostic agents
- Farm Hannong : YoY sales growth thanks to the increase in crop protection shipments

## [Outlook]

- Life Sciences: Demand is expected to recover in esthetics, etc. but marketing costs are likely to increase.
- Farm Hannong: Annual earnings are expected to improve on the back of increased sales of key products such as Terrad'o.

# Appendix

## Sales & Operating Profits by Business

(Unit: KRW bn)

LG CHEM	2019			2020		
	1Q	2Q	3Q	1Q	2Q	3Q
<b>Sales</b>	6,265	6,778	6,899	6,729	6,935	7,507
<b>Operating Profits</b>	263	247	349	206	572	902
(%)	4.2%	3.6%	5.1%	3.1%	8.2%	12.0%
<b>EBITDA</b>	670	702	830	736	1,130	1,490
(%)	10.7%	10.4%	12.0%	10.9%	16.3%	19.9%
<b>Petrochemicals</b>	3,749	3,936	3,965	3,696	3,313	3,584
NCC/PO	1,136	1,270	1,327	1,261	1,077	1,140
PVC/Plasticizer	596	538	546	543	467	511
ABS	1,170	1,228	1,182	1,016	977	1,134
Acrylate/SAP	447	461	479	484	488	475
Rubber/ Specialty Polymer	400	440	431	391	304	323
<b>Operating Profits</b>	397	382	321	243	435	722
(%)	10.6%	9.7%	8.1%	6.6%	13.1%	20.1%
<b>Energy Solutions</b>	1,650	2,009	2,210	2,261	2,823	3,144
<b>Operating Profits</b>	-148	-128	71	-52	156	169
(%)	-9.0%	-6.4%	3.2%	-2.3%	5.5%	5.4%
<b>Advanced Materials</b>	888	895	811	849	789	963
<b>Operating Profits</b>	-6	5	5	32	35	59
(%)	-0.7%	0.6%	0.6%	3.8%	4.4%	6.1%
<b>Life Sciences</b>	144	154	166	159	160	172
<b>Operating Profits</b>	12	11	16	24	14	9
(%)	8.2%	7.1%	9.7%	14.7%	8.8%	4.9%
<b>Farm Hannong</b>	228	170	94	221	178	102
<b>Operating Profits</b>	38	9	-11	35	12	-10
(%)	16.8%	5.4%	-11.9%	15.8%	6.5%	-9.4%

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※ The historical business results retroactively excluded the results of the discounted and held for sale business. 4Q 2019 results will be retroactively excluded later.

# Appendix

## Income Statements

(Unit: KRW bn)

	2019			2020		
	1Q	2Q	3Q	1Q	2Q	3Q
<b>Sales</b>	6,265	6,778	6,899	6,729	6,935	<b>7,507</b>
Cost of Sales	5,130	5,674	5,701	5,620	5,422	<b>5,711</b>
Gross Profit(%)	1,135	1,105	1,198	1,109	1,513	<b>1,796</b>
	18.1%	16.3%	17.4%	16.5%	21.8%	<b>23.9%</b>
SG&A Expenses	872	858	849	904	942	<b>894</b>
<b>Operating Profit(%)</b>	263	247	349	206	572	<b>902</b>
	4.2%	3.6%	5.1%	3.1%	8.2%	<b>12.0%</b>
Other non-operating income(expenses)	-2	-60	-125	-48	-102	<b>-194</b>
Income before tax	261	187	223	158	470	<b>708</b>
<b>Net Income</b>	212	84	137	36	419	<b>570</b>
EPS(Unit:KRW)	2,537	887	1,677	274	4,988	<b>6,681</b>

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# Appendix

## Financial Position

(Unit:KRW bn)

	2018				2019				2020		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Assets</b>	<b>26,416</b>	<b>27,399</b>	<b>28,419</b>	<b>28,944</b>	<b>31,212</b>	<b>32,436</b>	<b>33,531</b>	<b>34,024</b>	<b>37,121</b>	<b>38,576</b>	<b>40,019</b>
Cash and Equivalents	3,132	2,830	3,333	2,557	3,122	2,667	2,085	1,921	2,797	3,367	3,554
A/R	4,709	5,146	4,949	4,381	4,616	4,738	4,575	3,738	4,663	4,908	5,393
Inventory	3,784	3,950	4,404	4,290	4,503	4,771	4,977	5,034	5,335	4,753	4,928
Tangible / Intangible Assets	13,366	13,936	14,074	15,845	16,938	17,993	19,471	20,800	21,702	22,017	22,528
<b>Liabilities</b>	<b>9,905</b>	<b>10,391</b>	<b>11,162</b>	<b>11,622</b>	<b>14,013</b>	<b>15,157</b>	<b>16,040</b>	<b>16,641</b>	<b>19,705</b>	<b>20,734</b>	<b>21,198</b>
A/P	1,999	2,156	2,541	2,166	2,434	2,549	2,467	2,380	2,550	2,261	2,859
Short-term debts	1,593	1,903	2,037	1,613	1,630	1,432	1,744	1,356	2,431	2,860	2,509
Long-term debts	2,643	3,211	3,262	3,708	5,275	7,049	7,211	7,058	9,123	9,001	8,856
<b>Shareholders' Equity</b>	<b>16,510</b>	<b>17,009</b>	<b>17,257</b>	<b>17,322</b>	<b>17,199</b>	<b>17,279</b>	<b>17,491</b>	<b>17,384</b>	<b>17,416</b>	<b>17,842</b>	<b>18,821</b>
<b>Liabilities/Equity(%)</b>	60.0%	61.1%	64.7%	67.1%	81.5%	87.7%	91.7%	95.7%	113.1%	116.2%	112.6%
<b>Net debt/Equity(%)</b>	6.7%	13.4%	11.4%	16.0%	22.0%	33.6%	39.3%	37.4%	50.3%	47.6%	41.5%
<b>BPS (Unit:KRW)</b>	208,363	214,535	217,500	218,227	216,308	217,445	219,413	217,230	217,238	221,857	232,070

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# Appendix

## Cash Flows

(Unit:KRW bn)

	2019			2020		
	1Q	2Q	3Q	1Q	2Q	3Q
<b>Beginning Cash Balance</b>	2,514	3,098	2,631	1,889	2,767	3,363
<b>Operating Activities</b>	644	246	395	-97	1,716	1,991
Operating Profits	263	247	349	206	572	902
Depreciation	407	455	481	530	558	588
Working Capital	-181	-275	-124	-1,056	48	-62
<b>Investing Activities</b>	-1,527	-1,732	-1,360	-1,328	-1,144	-1,004
<b>Financing Activities</b>	1,450	986	386	2,283	44	-792
Debts	1,584	1,576	474	3,139	308	-496
Dividends	-	-484	-	-	-154	-24
<b>Ending Cash Balance</b>	3,098	2,631	2,055	2,767	3,363	3,539

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# Appendix

## CAPEX / R&D Expenses

### CAPEX

(Unit:KRW tn)

	2018	2019	1Q 2020	2Q 2020	3Q 2020
Petrochemicals	1.4	1.8	0.5	0.5	0.4
Energy Solutions	1.9	3.5	0.6	0.7	0.5
Advanced Materials	0.5	0.6	0.1	0.1	0.0
Life Sciences	0.1	0.1	0.0	0.0	0.0
Common (including Farm Hannong)	0.7	0.6	0.1	0.1	0.1
<b>Total</b>	<b>4.6</b>	<b>6.6</b>	<b>1.3</b>	<b>1.4</b>	<b>1.1</b>

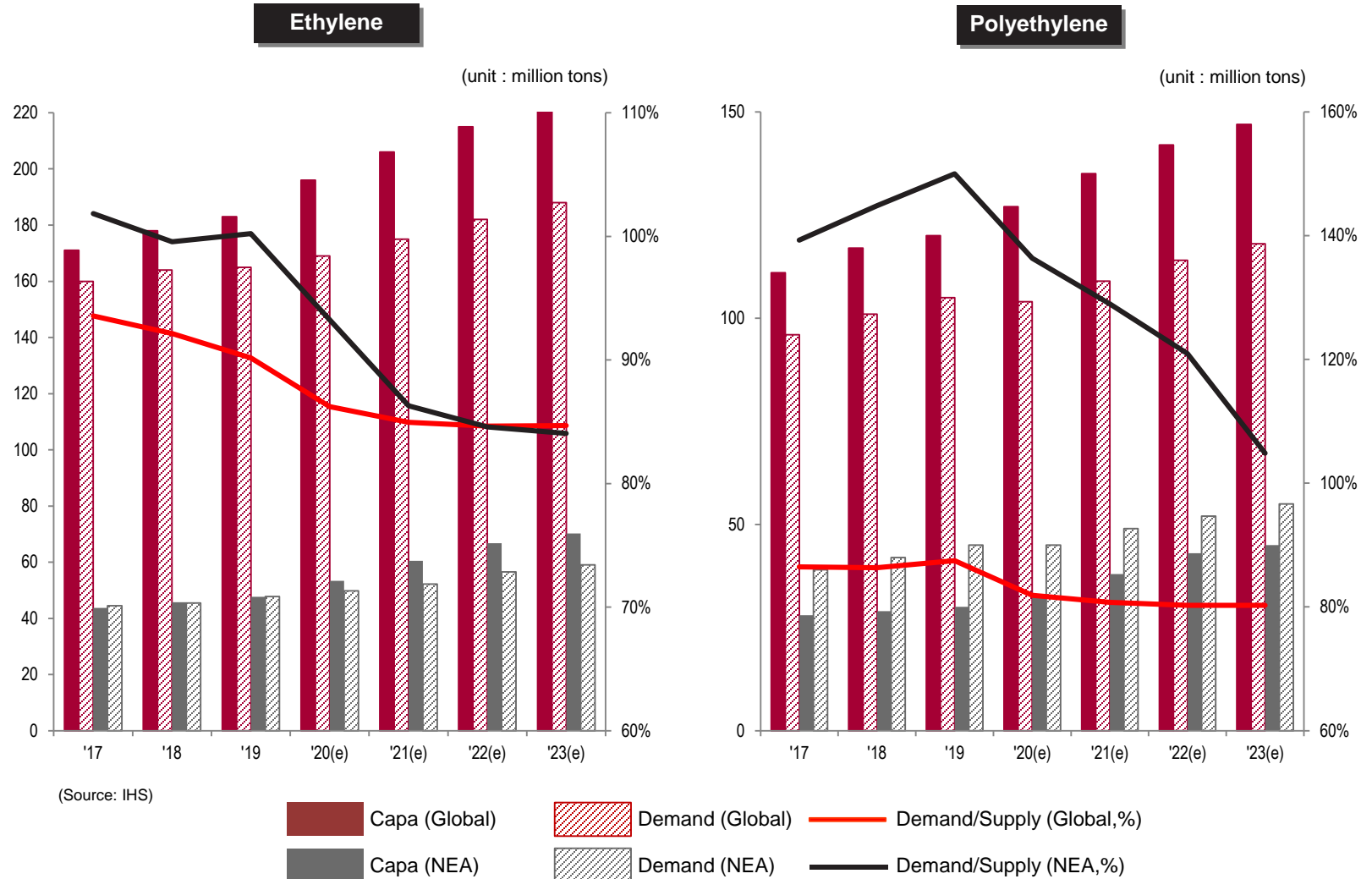
### R&D Expenses

(Unit:KRW bn)

	2018	2019	1Q 2020	2Q 2020	3Q 2020
Petrochemicals	144	155	39	39	42
Energy Solutions	320	388	98	107	103
Advanced Materials	235	192	39	40	40
Life Sciences	124	164	36	47	47
Common (including Farm Hannong)	238	234	54	52	59
<b>Total</b>	<b>1,062</b>	<b>1,132</b>	<b>267</b>	<b>285</b>	<b>290</b>

# Appendix

## Ethylene / PE Demand Supply

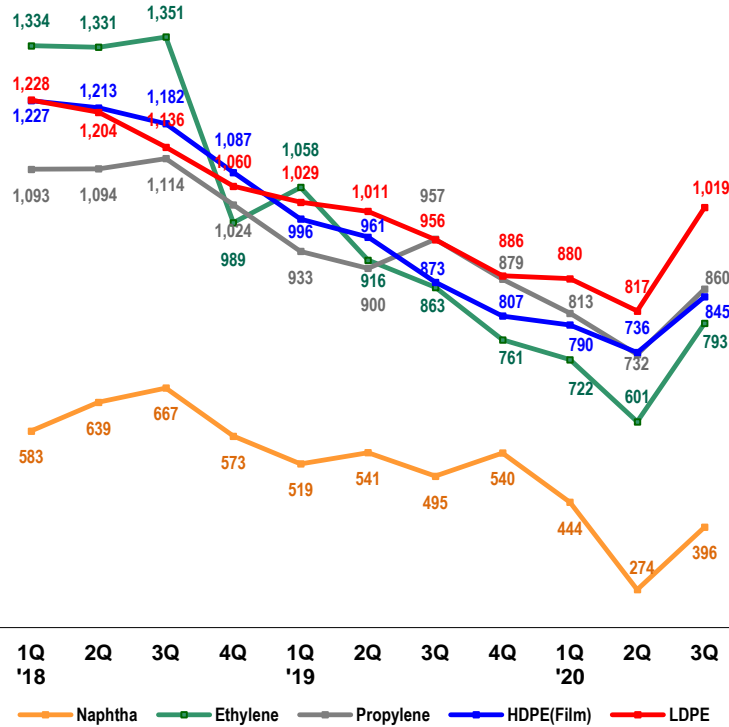


# Appendix

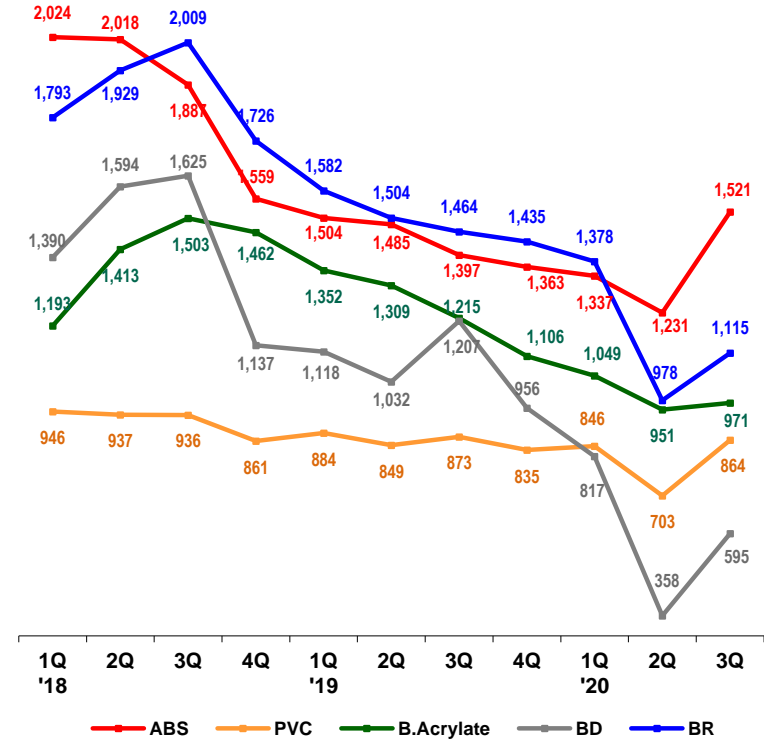
## Quarterly Price Trends

(Unit : USD/MT)

(Unit : USD/MT)



**NCC/PO**



**ABS**

**PVC/  
Plasticizer**

**Acrylate/SAP**

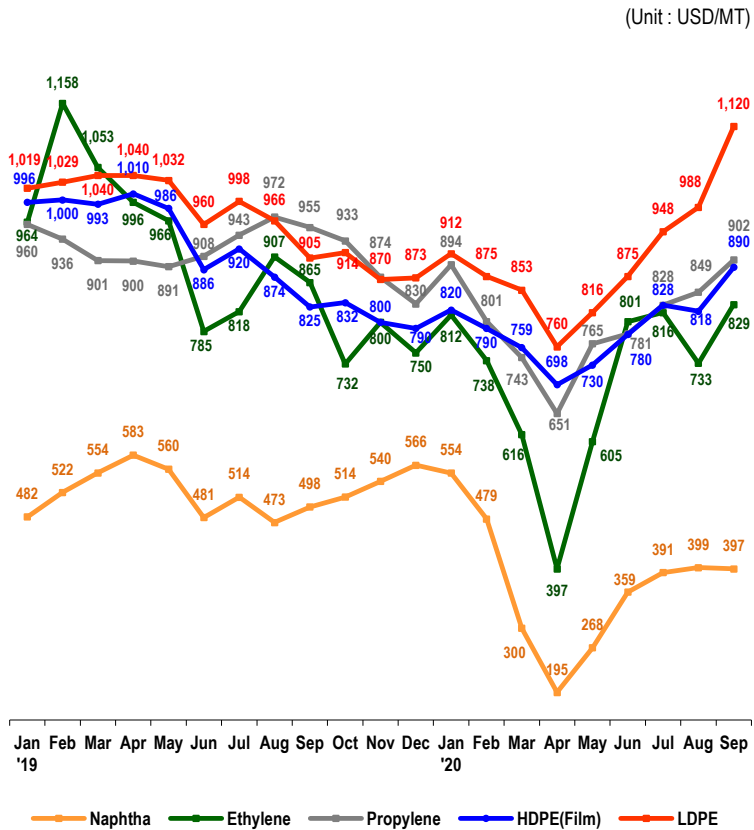
**Rubber/Specialty  
Polymers**

• The prices are average price of CFR FE Asia for general grade in each product group.

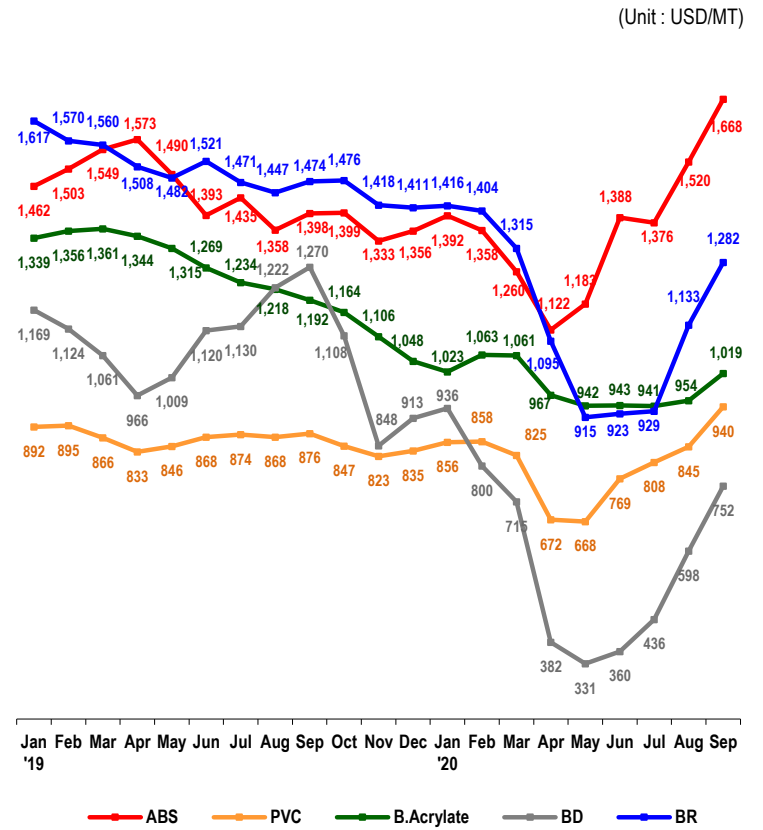


# Appendix

## Monthly Price Trends



**NCC/PO**



**ABS**

**PVC/  
Plasticizer**

**Acrylate/SAP**

**Rubber/Specialty  
Polymers**

• The prices are average price of CFR FE Asia for general grade in each product group.

# Thank you



**LG Chem**

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