

2022.07.27

# 2Q 2022 Earnings Release

WeConnectScience



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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 strategy.**

# 2Q 2022 Business Results

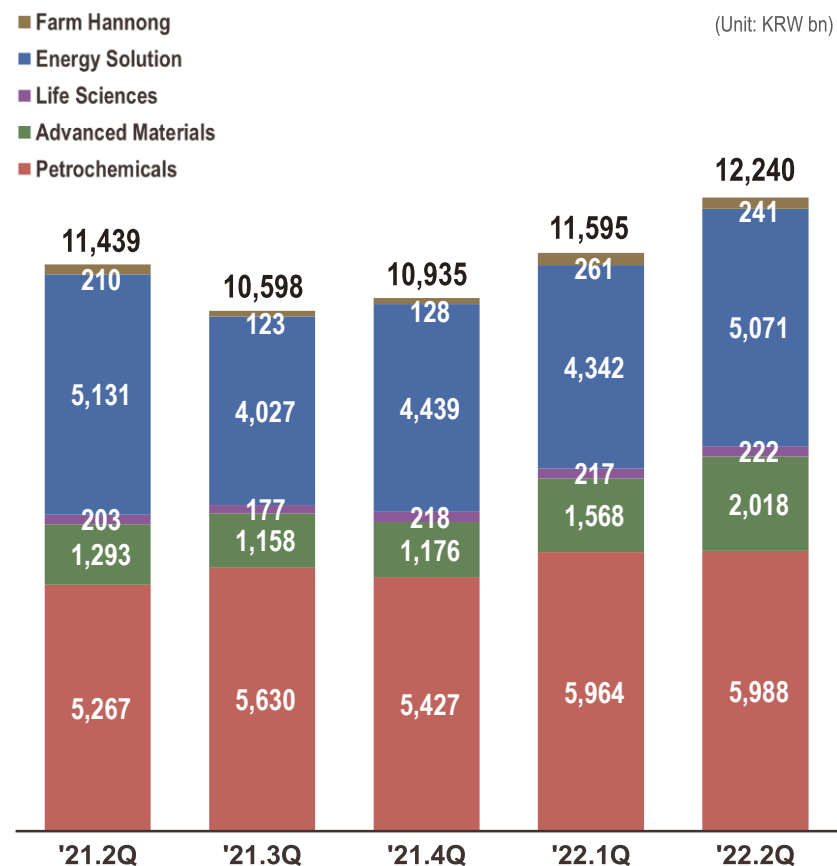
## Sales & Profits Trends (consolidated)

(Unit: KRW bn)

	2021			2022	
	2Q	3Q	4Q	1Q	2Q
<b>Sales</b>	11,439	10,598	10,935	11,595	<b>12,240</b>
<b>Operating Profit (%)</b>	2,141 18.7%	727 6.9%	749 6.9%	1,025 8.8%	<b>878 7.2%</b>
<b>EBITDA (%)</b>	2,826 24.7%	1,468 13.9%	1,537 14.1%	1,818 15.7%	<b>1,698 13.9%</b>
<b>Pre-tax Income (%)</b>	2,214 19.4%	738 7.0%	513 4.7%	1,023 8.8%	<b>943 7.7%</b>
<b>Net Income (%)</b>	1,566 13.7%	680 6.4%	337 3.1%	769 6.6%	<b>718 5.9%</b>

※ In accordance with some of suspended/sold business, business performance was written retrospectively.

### Sales trend by business



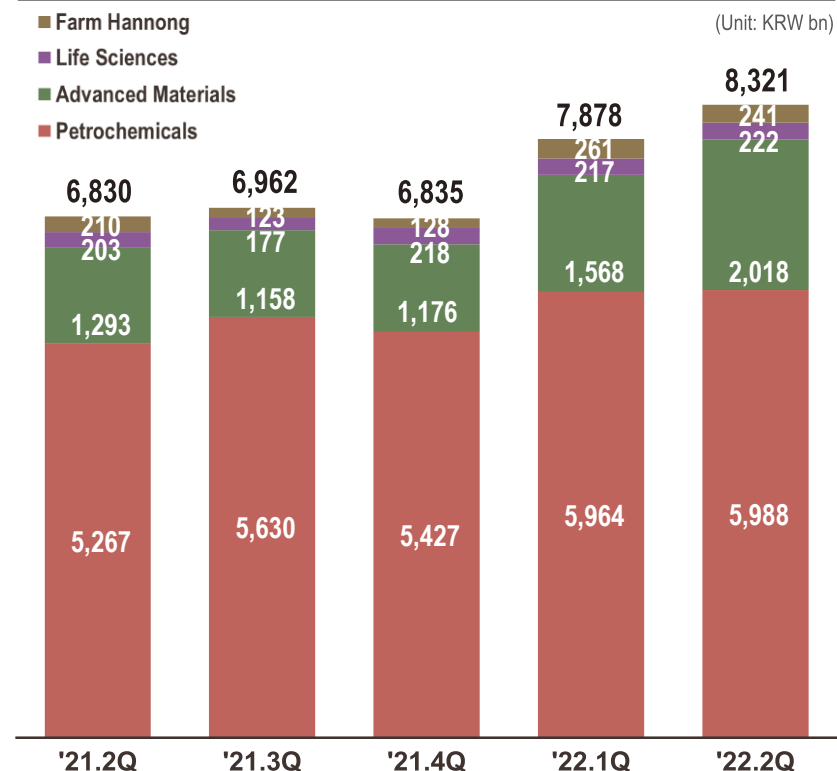
# 2Q 2022 Business Results

## Sales & Profits Trends (ex – LG ES)

(Unit: KRW bn)

	2021			2022	
	2Q	3Q	4Q	1Q	2Q
<b>Sales</b>	6,830	6,962	6,835	7,878	<b>8,321</b>
<b>Operating Profit (%)</b>	1,436 21.0%	1,100 15.8%	665 9.7%	818 10.4%	<b>820 9.9%</b>
<b>EBITDA (%)</b>	1,762 25.8%	1,449 20.8%	1,024 15.0%	1,184 15.0%	<b>1,198 14.4%</b>

## Sales trend by business



※ In accordance with some of suspended/sold business, business performance was written retrospectively.

# 2Q 2022 Business Results

## Financial Position (consolidated)

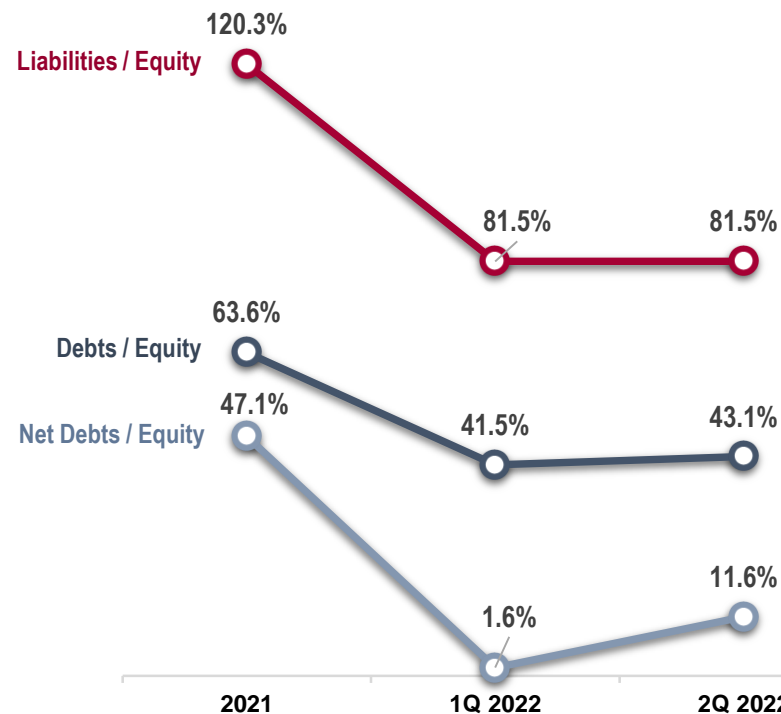
### Balance Sheet

(Unit: KRW tn)

	2021	1Q 2022	2Q 2022
<b>Asset</b>	51.1	64.4	<b>66.3</b>
<b>Cash and Equivalents</b>	3.8	14.1	<b>11.5</b>
<b>Liabilities</b>	27.9	28.9	<b>29.8</b>
<b>Debt</b>	14.8	14.7	<b>15.7</b>
<b>Equity</b>	23.2	35.5	<b>36.5</b>
<b>BPS (Unit:KRW)</b>	277,127	387,345	<b>397,216</b>

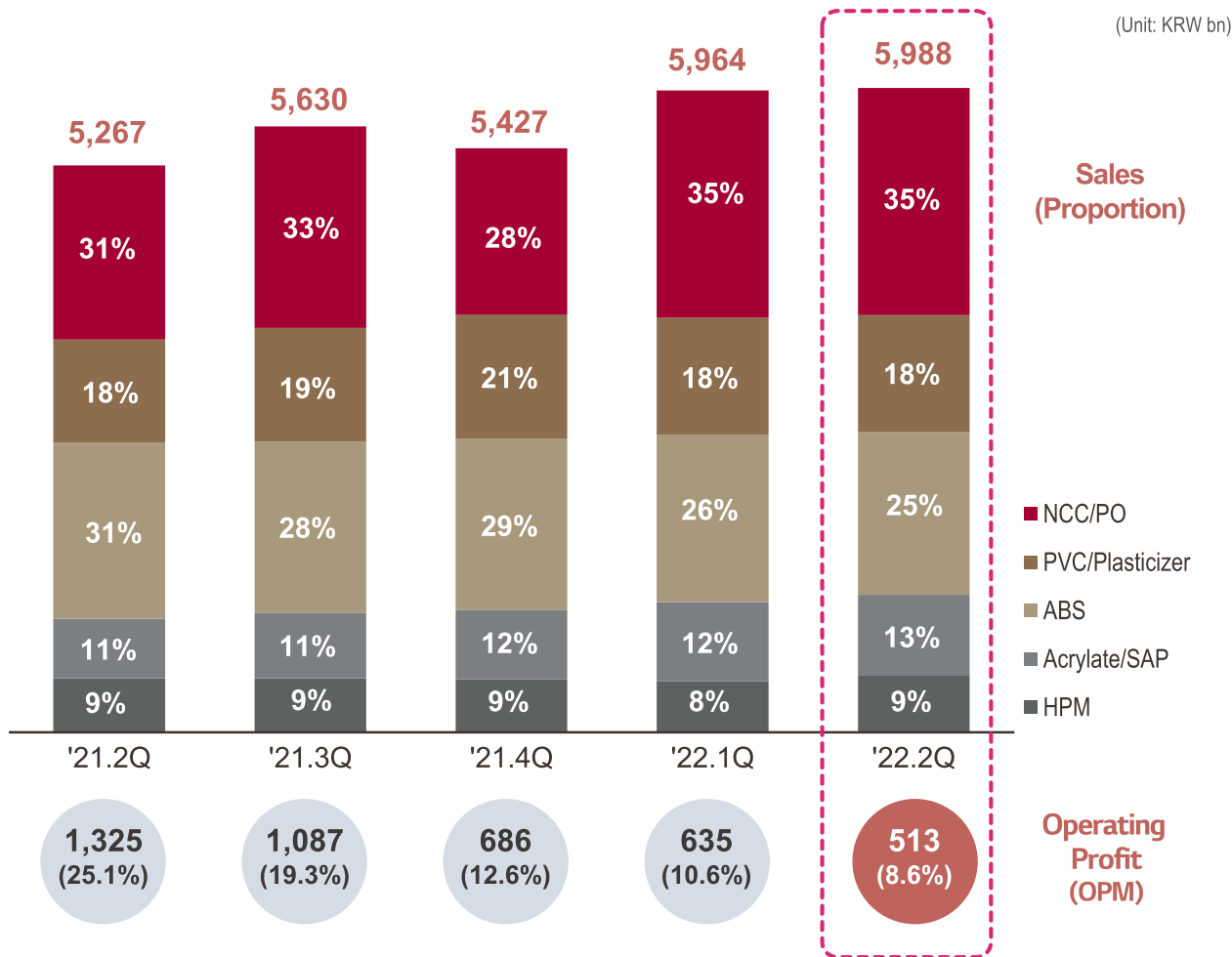
### Financial Ratios

(Unit: %)



# Results & Outlook by Business

## Petrochemicals



### Results

- Continued efforts to defend profitability based on differentiated product portfolio, despite worsened spreads from rising raw material prices and the global economic slowdown



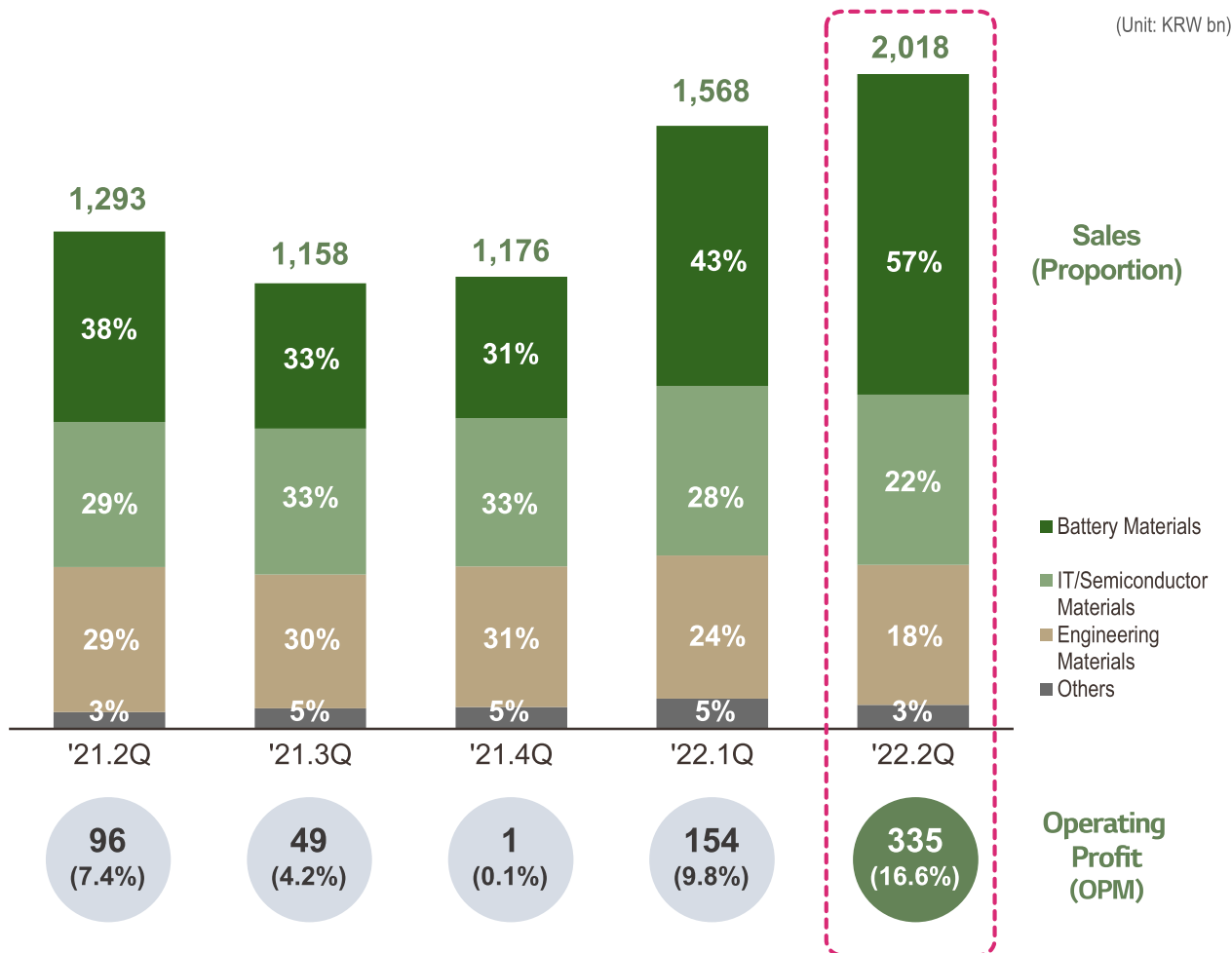
### Outlook

- Difficult situation to continue due to sluggish global demand from high oil prices and inflation, increased supply and the off-cycle seasonality
- Efforts to defend profitability by focusing on high value-added products

※ HPM : High Performance Materials

# Results & Outlook by Business

## Advanced Materials



### Results

- Sales growth driven by increase in battery material shipments and continued ASP hikes due to rising raw material costs
- Improved profitability due to increased shipments of premium products (high-nickel cathode materials & OLED/semiconductor materials) and favorable exchange rate



### Outlook

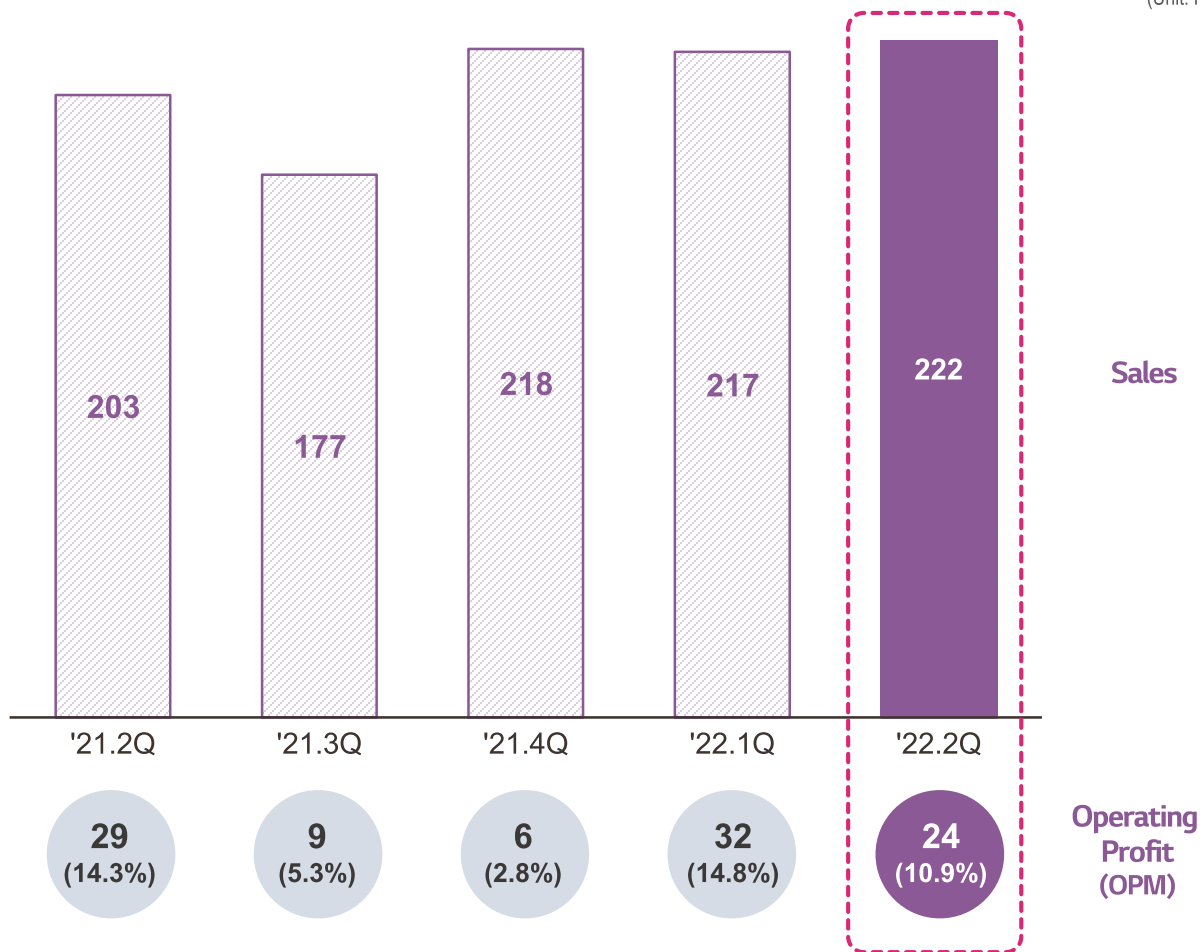
- Despite falling metal prices, sales growth expected due to increased volume in battery materials
- IT materials' sales and profitability to decline due to worsening front industry



# Results & Outlook by Business

## Life Sciences

(Unit: KRW bn)



### Results

- Sales and profitability improved YoY with continuous growth of major products such as diabetes treatments and growth hormone product



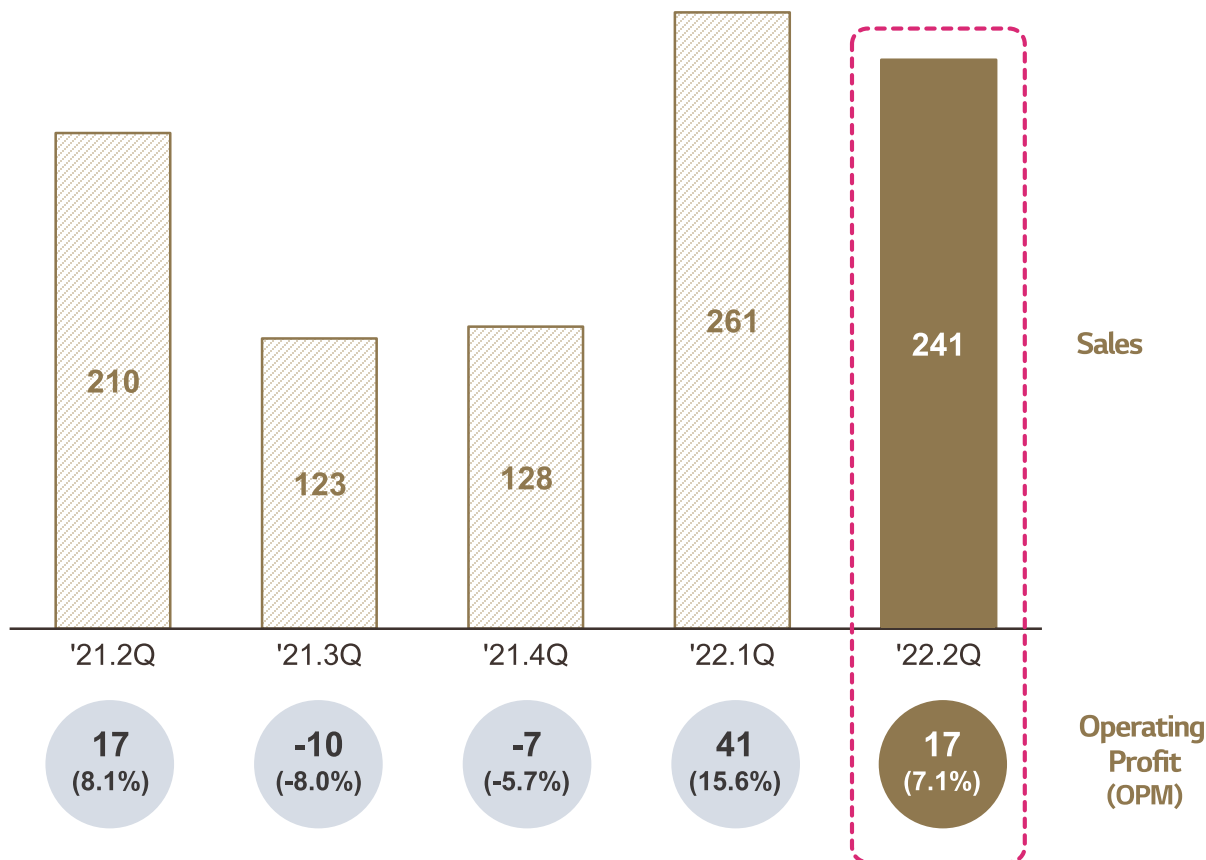
### Outlook

- Sales to increase from both M/S expansion of major products (diabetes treatment, vaccines, etc.) and recovery in aesthetics business
- R&D cost to increase from global clinical trials for new drug projects

# Results & Outlook by Business

## Farm Hannong

(Unit: KRW bn)



### Results

- Improved sales and profitability YoY from increased sales of crop protection products including increased export of Terrad'or



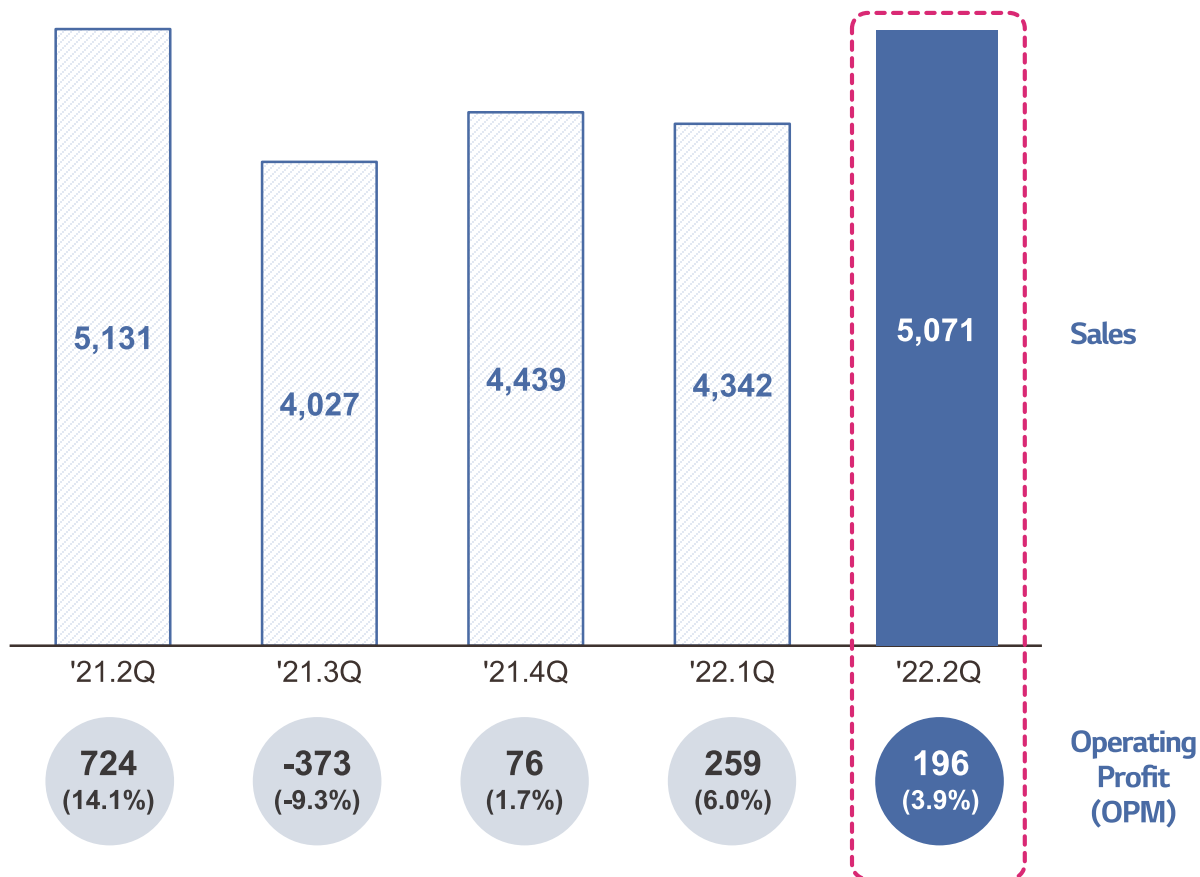
### Outlook

- Annual sales and profitability to improve by expanding overseas crop protection business and high value-added seed business

# Results & Outlook by Business

## Energy Solution

(Unit: KRW bn)



### Results

- The revenue grew due to strong sales of cylindrical cells for EVs and having passed through metal price hikes to the battery prices
- The operating profit decreased due to lock-down measures in China, global logistic disruptions and lagging impact of passing through incremental cost



### Outlook

- The revenue in 2H'22 are expected to grow significantly compared to 1H'22 in results of demand increase from OEMs' new model launch, GM JV Phase 1 production ramp-up & order intake from strategic customers combined with price impact from cost pass through schemes



# Appendix

## Sales & Operating Profits by Business

(Unit: KRW bn)

LG Chem	2021					2022	
	1Q	2Q	3Q	4Q	Total	1Q	2Q
Sales	9,628	11,439	10,598	10,935	42,600	11,595	12,240
Cost of Sales	7,172	7,594	7,948	8,670	31,385	9,098	9,713
Gross Profit (%)	2,456 25.5%	3,845 33.6%	2,649 25.0%	2,264 20.7%	11,215 26.3%	2,497 21.5%	2,526 20.6%
SG&A Expenses	1,048	1,704	1,922	1,515	6,188	1,472	1,648
Operating Profit (%)	1,409 14.6%	2,141 18.7%	727 6.9%	749 6.9%	5,026 11.8%	1,025 8.8%	878 7.2%
Other non-operating income(expenses)	18	73	11	-237	-134	-2	64
Income before tax	1,427	2,214	738	513	4,892	1,023	943
Net Income	1,371	1,566	680	337	3,954	769	718
EPS (Unit:KRW)					47,108	8,832	8,462

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※ Applied retroactive effects of past performance based on the reorganization.

# Appendix

## Financial Position

(Unit: KRW bn)

LG Chem	2021				2022	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Assets</b>	<b>44,713</b>	<b>46,735</b>	<b>49,822</b>	<b>51,135</b>	<b>64,417</b>	<b>66,347</b>
Cash and Equivalents	5,275	4,198	4,344	3,825	14,138	11,514
A/R	6,082	6,246	6,434	6,387	7,019	7,515
Inventory	5,890	6,876	7,986	8,284	9,312	11,240
Fixed Assets	23,470	24,217	25,217	26,823	27,724	29,027
<b>Liabilities</b>	<b>25,065</b>	<b>25,244</b>	<b>27,143</b>	<b>27,925</b>	<b>28,926</b>	<b>29,799</b>
A/P	3,792	3,727	3,649	3,742	4,691	5,330
Short-term debts	1,775	3,040	3,389	3,477	4,370	4,427
Long-term debts	9,651	8,988	10,630	11,289	10,324	11,313
<b>Equity</b>	<b>19,648</b>	<b>21,491</b>	<b>22,679</b>	<b>23,210</b>	<b>35,491</b>	<b>36,548</b>
Liabilities / Equity (%)	127.7%	117.5%	119.7%	120.3%	81.5%	81.5%
Net debt / Equity (%)	31.3%	36.4%	42.7%	47.1%	1.6%	11.6%
BPS (Unit:KRW)	240,083	260,560	272,417	277,127	387,345	397,216

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# Appendix

## Cash Flows

(Unit: KRW bn)

LG Chem	2021					2022	
	1Q	2Q	3Q	4Q	연간	1Q	2Q
Beginning Cash Balance	3,274	5,058	4,189	4,279	3,274	3,761	9,052
Operating Activities	1,066	1,588	903	1,957	5,513	156	-587
Operating Profit	1,409	2,141	727	749	5,026	1,025	878
Depreciation	631	685	741	788	2,844	793	819
Working Capital	-887	-1,319	-1,376	-150	-3,739	-711	-1,785
Investing Activities	-38	-1,360	-1,737	-2,215	-5,349	-7,264	-3,338
Financing Activities	688	-1,111	819	-273	124	12,337	47
Borrow/Repay	1,240	602	1,991	747	4,580	-72	981
Dividends	-	-869	-	-	-869	-	-945
Ending Cash Balance	5,058	4,189	4,279	3,761	3,761	9,052	5,279

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※ Applied retroactive effects of past performance based on the reorganization.

# Appendix

## CAPEX & R&D Expenses (ex – LG ES)

### CAPEX

(Unit: KRW bn)

LG Chem	2021	1Q 2022	2Q 2022
Petrochemicals	1,610	147	214
Advanced Materials	840	58	612
Life Sciences	110	12	24
Common (incl. Farm Hannong)	593	100	116
<b>Total</b>	<b>3,153</b>	<b>317</b>	<b>965</b>

### R&D Expenses

(Unit: KRW bn)

LG Chem	2021	1Q 2022	2Q 2022
Petrochemicals	184	48	52
Advanced Materials	154	41	45
Life Sciences	200	44	82
Common (incl. Farm Hannong)	195	42	53
<b>Total</b>	<b>733</b>	<b>175</b>	<b>233</b>

# Thank you

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