

# 2Q`22 Earnings Release

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29<sup>th</sup> July, 2022

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 2<sup>nd</sup> quarter of 2022 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”).

The information regarding results of 2<sup>nd</sup> quarter of 2022 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 3<sup>rd</sup> quarter 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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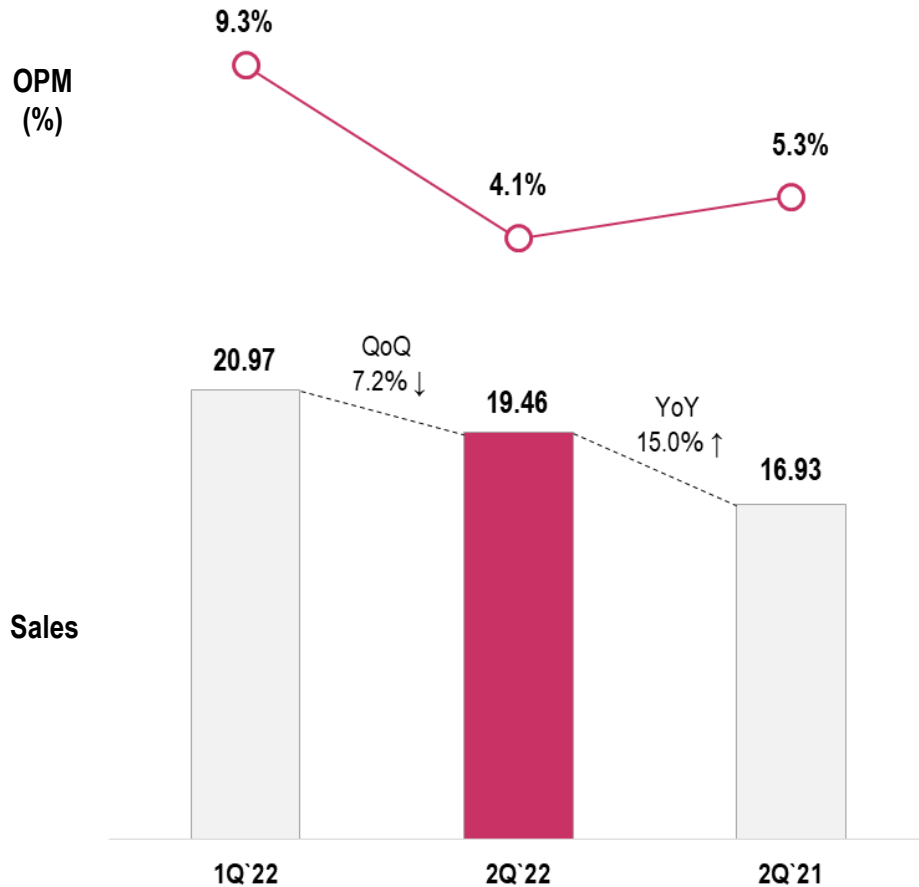
# Consolidated Earnings and Outlook

# Consolidated Earnings and Outlook

Sales / Profits

## Sales / Profits

(Unit : KRW trillion)



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

(Unit : KRW billion)

		1Q'22	QoQ	2Q'22	YoY	2Q'21
<b>Consolidated<sup>2)</sup></b>	Sales	20,969.0	-7.2%	19,464.0	+15.0%	16,932.3
	OP	1,942.9	-1,150.7	792.2	-107.9	900.1
	(%)	9.3%	-5.2%p	4.1%	-1.2%p	5.3%
<b>H&amp;A</b> Home Appliance & Air Solution	Sales	7,970.4	+1.2%	8,067.6	+18.4%	6,815.1
	OP	445.5	-13.3	432.2	-218.5	650.7
	(%)	5.6%	-0.2%p	5.4%	-4.1%p	9.5%
<b>HE</b> Home Entertainment	Sales	4,065.1	-14.9%	3,457.8	-14.5%	4,042.7
	OP	187.2	-206.1	-18.9	-350.6	331.7
	(%)	4.6%	-5.1%p	-0.5%	-8.7%p	8.2%
<b>VS</b> Vehicle component Solutions	Sales	1,877.7	+8.1%	2,030.5	+19.4%	1,701.3
	OP	-6.7	+56.7	50.0	+393.8	-343.8
	(%)	-0.4%	+2.9%p	2.5%	+22.7%p	-20.2%
<b>BS</b> Business Solutions	Sales	1,873.8	-17.9%	1,538.1	+18.8%	1,294.8
	OP	103.1	-88.8	14.3	-62.1	76.4
	(%)	5.5%	-4.6%p	0.9%	-5.0%p	5.9%

1) Due to the close of Solar Panel business, the company has restated the comparative information of income statements of previous periods

2) LG Innotek is included

# Consolidated Earnings and Outlook

## Income Trend / Cash Flow

### Income Trend

(Unit : KRW billion)

	1Q`22	QoQ	2Q`22	YoY	2Q`21
<b>Operating Profit</b>	<b>1,942.9</b>	<b>-1,150.7</b>	<b>792.2</b>	<b>-107.9</b>	<b>900.1</b>
Net financial income/expense	1.6	-73.9	-72.3	-36.2	-36.1
Gain/Loss on equity method	9.5	-158.4	-148.9	-291.2	142.3
Other non-operating income/expense	112.0	-78.9	33.1	-60.5	93.6
<b>Income Before Tax</b>	<b>2,066.0</b>	<b>-1,461.9</b>	<b>604.1</b>	<b>-495.8</b>	<b>1,099.9</b>
Corporate income tax	559.8	-364.8	195.0	-89.9	284.9
Income (Loss) from continuing operations	1,506.2	-1,097.1	409.1	-405.9	815.0
Income (Loss) from discontinued operations	-105.2	+34.1	-71.1	+1,035.8	-1,106.9
<b>Net Income</b>	<b>1,401.0</b>	<b>-1,063.0</b>	<b>338.0</b>	<b>+629.9</b>	<b>-291.9</b>
EBITDA	2,672.6		1,533.3		1,642.8

### Cash Flow

(Unit : KRW billion)

	1Q`22	2Q`22
<input type="checkbox"/> Cash at the beginning of period	6,051.5	5,619.4
<b>• Cash flow from operating activities</b>	<b>-137.7</b>	<b>1,773.4</b>
Net income/loss	1,401.0	338.0
Depreciation	729.7	741.1
Gain/Loss on equity method investment	-9.5	148.9
<b>• Cash flow from investing activities</b>	<b>-446.1</b>	<b>-922.7</b>
Increase/Decrease in tangible assets	-602.0	-756.9
Increase/Decrease in intangible assets	-133.8	-106.0
<b>• Cash flow from financing activities</b>	<b>45.9</b>	<b>-121.3</b>
Repayment of lease obligation	-77.4	-87.6
Increase/Decrease in debt	123.3	192.1
<b>• Effects of exchange rate changes on cash and cash equivalents</b>	<b>47.4</b>	<b>134.1</b>
<input type="checkbox"/> Net changes in cash	<b>-490.5</b>	<b>863.5</b>
<input type="checkbox"/> Changes in cash held for sale <sup>1)</sup>	58.4	-
<input type="checkbox"/> Cash at the end of period	5,619.4	6,482.9
Net C/F	-536.4	984.8

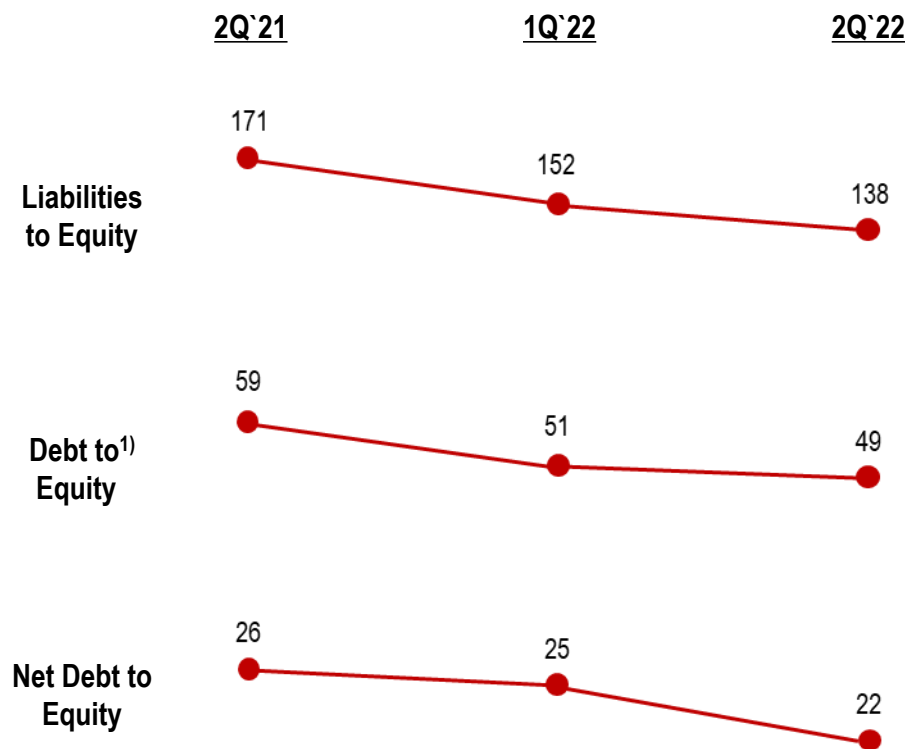
1) Different amount from conversion of cash held for sale (1Q`22: KRW 58.4billion)  
 - To be sold off by LG Innotek China Huizhou subsidiary (1Q`22: KRW 58.4billion)

# 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)

	2Q'21	1Q'22	2Q'22
<b>Assets</b>	<b>50.67</b>	<b>55.05</b>	<b>55.37</b>
Current Assets	24.81	29.12	28.46
Cash and Cash equivalents	6.19	5.62	6.48
Inventory	8.33	10.21	9.68
Non-Current Assets	25.86	25.93	26.91
<b>Liabilities</b>	<b>31.97</b>	<b>33.17</b>	<b>32.12</b>
Current Liabilities	21.40	23.36	22.11
Non-Current Liabilities	10.57	9.81	10.01
<b>Equity</b>	<b>18.70</b>	<b>21.88</b>	<b>23.25</b>
<b>Debt</b>	<b>10.10</b>	<b>10.10</b>	<b>10.42</b>
<b>Net Debt<sup>2)</sup></b>	<b>4.79</b>	<b>5.47</b>	<b>5.00</b>

## Business Environment

- Expect uncertainties to persist due to geopolitical risk stemming from the prolonged Russia-Ukraine conflict, worsening inflation and declining consumer sentiment

## Key Strategies

- Address the polarized demand through improved product mix with focus on premium products and expansion of cost-competitive mass-tier products
- Drive profitable growth by enhancing sales in vehicle component business and boosting the sales of contents and advertisement

## Sales & Profit Outlook

- Expect sales to increase YoY on the back of solid sales of appliances and growth in vehicle components
- Secure profitability through efficient resource management and product mix improvement



## III

# Performance and Outlook by Division

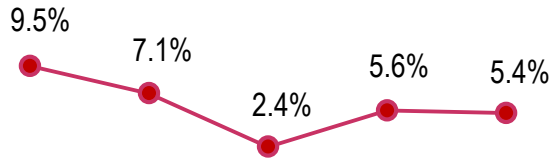
# Performance and Outlook by Division

**H&A** (Home Appliance & Air Solution)

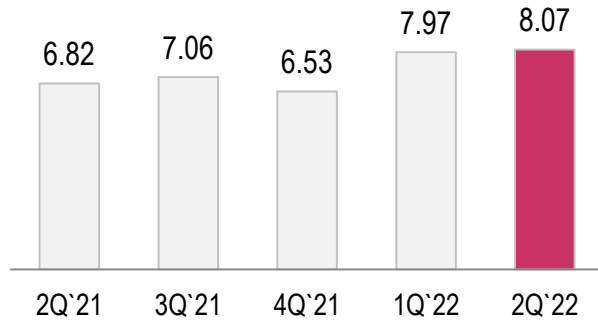
## Performance

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



LG Instaview DID  
Craft Ice



WashTower



LG Whisen  
Tower Luxury

## 2Q'22 Performance

- **Sales** : Recorded 8 trillion won with 18% increase YoY driven by growth in overseas markets mainly in North America
- **Profit** : Though the sales growth in overseas markets acted as an upside factor for profitability, operating profit decreased YoY due to rising raw material and logistics costs

## 3Q'22 Outlook

- **Market** : With worsening inflation and decreased consumption of consumer goods in the market, demand for home appliances is expected to slow causing the competition among market players to further intensify
- **LGE** : Continue efforts to expand sales of premium products and strengthen the competitiveness of volume-zone products to secure profitability through increasing selling price and reducing costs

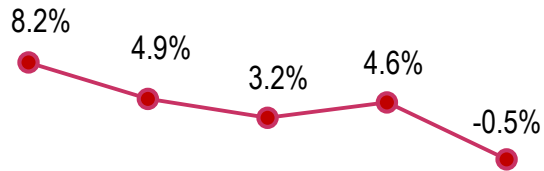
# Performance and Outlook by Division

HE (Home Entertainment)

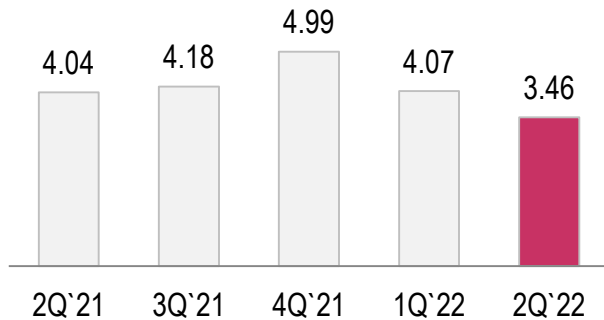
## Performance

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



LG OLED TV



LG Sound Bar & TONE Free

## 2Q'22 Performance

- **Sales** : Declined YoY due to the sluggish sales in major advanced markets following the decrease in global TV demand
- **Profit** : Despite improvement in the material cost with drop in panel prices, operating profit decreased YoY due to sales decline and increased marketing spending to address intensified competition

## 3Q'22 Outlook

- **Market** : Under the trend of declining consumption due to concerns of global recession, competition is expected to intensify
- **LGE** : Sales is expected to recover with expanding sales of premium products including OLED TV and proactively responding to the opportunities such as World Cup. Profitability is expected to be secured through efficient marketing spending

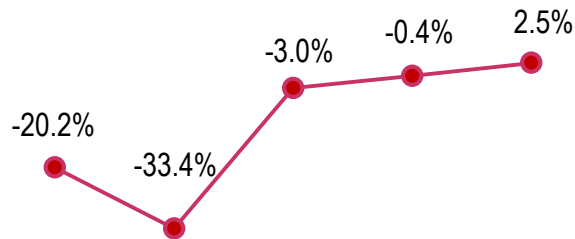
# Performance and Outlook by Division

VS (Vehicle component Solutions)

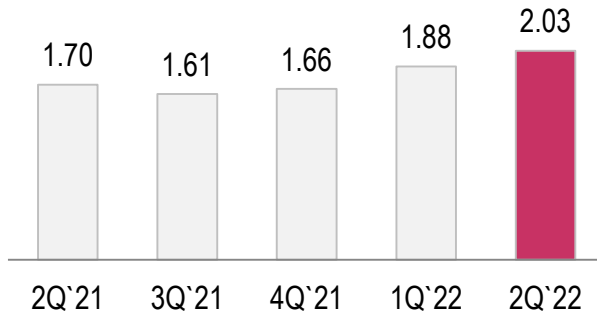
## Performance

(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

## 2Q'22 Performance

- **Sales :** Grew YoY to stand at 2 trillion won thanks to proactive efforts to address additional demand from OEMs by effectively managing the supply chain
- **Profit :** Turned to profit on a quarterly basis on the back of sales growth and ongoing efforts to improve cost structure

## 3Q'22 Outlook

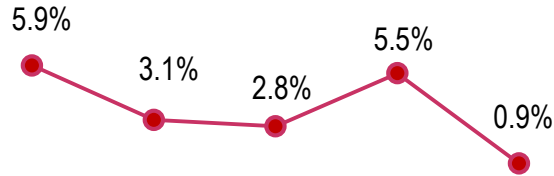
- **Market :** While the automotive chip shortage is expected to gradually ease, uncertainties in the external market stemming from inflationary pressures and geopolitical risks are expected to persist
- **LGE :** Strengthen cooperation with automotive OEMs and manage the supply chain to actively respond to rising demand  
Continuously improve cost structure and minimize the impact from uncertainties in the market to maintain sales growth and profitability

# Performance and Outlook by Division

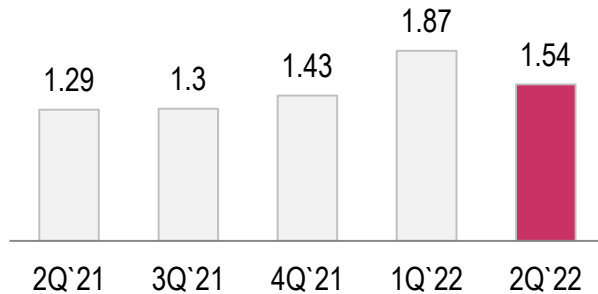
## Performance<sup>1)</sup>

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



Gaming Monitor & 21:9 Monitor



Gram PC



Information Display

## 2Q'22 Performance

- **Sales :** Increased YoY led by recovery in B2B demand and revenue growth in Information Display  
Decreased QoQ due to slowing sales after peak season for PC academy
- **Profit :** Decreased YoY impacted by the intensified competition due to reduced IT demand, and a hike in major components and logistics costs

## 3Q'22 Outlook

- **Market :** IT demand is expected to decline with concerns of a global recession and COVID-19 entering the endemic, but B2B market demand is expected to rise though growth may slow compared to past projections
- **LGE :** Maintain sales growth momentum and continue to secure profitability by continuously identifying potential B2B projects in diverse verticals and awarding more projects

1) ) Due to the close of Solar Panel business, the company has restated the comparative information of income statements of previous periods



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(Unit : KRW billion, %)

### Income Statement

	2021										2022			
	1Q		2Q		3Q		4Q		Total		1Q		2Q	
<b>Sales</b>	17,633.1	100.0%	16,932.3	100.0%	18,567.5	100.0%	20,775.1	100.0%	73,908.0	100.0%	20,969.0	100.0%	19,464.0	100.0%
<b>Cost of goods sold</b>	12,830.8	72.8%	12,403.4	73.3%	13,769.0	74.2%	16,007.6	77.1%	55,010.8	74.4%	15,018.5	71.6%	14,457.7	74.3%
<b>Gross profit</b>	4,802.3	27.2%	4,528.9	26.7%	4,798.5	25.8%	4,767.5	22.9%	18,897.2	25.6%	5,950.5	28.4%	5,006.3	25.7%
<b>Selling &amp; admin expense</b>	2,986.5	16.9%	3,628.8	21.4%	4,201.7	22.6%	4,022.2	19.4%	14,839.2	20.1%	4,007.6	19.1%	4,214.1	21.7%
<b>Operating profit (Loss)</b>	1,815.8	10.3%	900.1	5.3%	596.8	3.2%	745.3	3.6%	4,058.0	5.5%	1,942.9	9.3%	792.2	4.1%
<b>Financial income (Expense)</b>	13.2	0.1%	-36.1	-0.2%	-16.0	-0.1%	-32.8	-0.2%	-71.7	-0.1%	1.6	0.0%	-72.3	-0.4%
<b>Gains (loss) on equity method investment</b>	83.6	0.5%	142.3	0.8%	158.3	0.9%	64.7	0.3%	448.9	0.6%	9.5	0.0%	-148.9	-0.8%
<b>Other non operating profit (Loss)</b>	-62.5	-0.4%	93.6	0.6%	-42.2	-0.2%	-585.2	-2.8%	-596.3	-0.8%	112.0	0.5%	33.1	0.2%
<b>Net income before tax</b>	1,850.1	10.5%	1,099.9	6.5%	696.9	3.8%	192.0	0.9%	3,838.9	5.2%	2,066.0	9.9%	604.1	3.1%
<b>Corporate Income Tax</b>	421.4	2.4%	284.9	1.7%	173.6	0.9%	177.9	0.9%	1,057.8	1.4%	559.8	2.7%	195.0	1.0%
<b>Income (Loss) from continuing operations</b>	1,428.7	8.1%	815.0	4.8%	523.3	2.8%	14.1	0.1%	2,781.1	3.8%	1,506.2	7.2%	409.1	2.1%
<b>Income (Loss) from discontinued operations</b>	-259.6	-1.5%	-1,106.9	-6.5%	-6.8	0.0%	7.2	0.0%	-1,366.1	-1.8%	-105.2	-0.5%	-71.1	-0.4%
<b>Net Income (Loss)</b>	1,169.1	6.6%	-291.9	-1.7%	516.5	2.8%	21.3	0.1%	1,415.0	1.9%	1,401.0	6.7%	338.0	1.7%
Controlled shares	998.2		-390.1		385.0		38.6		1,031.7		1,226.6		193.1	
Non-controlled shares	170.9		98.2		131.5		-17.3		383.3		174.4		144.9	

\* Since the information regarding results of 2Q'22 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)

	2021				2022	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Assets</b>	50,458.6	50,666.9	54,559.8	53,481.5	55,050.9	55,368.8
Current Assets	25,306.6	24,807.4	28,099.2	27,487.8	29,125.9	28,454.4
Cash and cash equivalents	6,303.3	6,186.3	6,619.8	6,051.5	5,619.4	6,482.9
Accounts receivable	8,249.0	7,730.0	8,672.7	8,166.5	9,441.2	8,563.5
Inventory	7,995.9	8,327.5	9,958.1	9,754.0	10,214.3	9,684.4
Others	2,758.4	2,563.6	2,848.6	3,515.8	3,851.0	3,723.6
Non-current Assets	25,152.0	25,859.5	26,460.6	25,993.7	25,925.0	26,914.4
Investment	4,627.7	4,813.4	5,107.1	5,149.2	5,130.7	5,112.1
PP&E	14,064.8	14,578.6	14,802.1	14,700.8	14,721.3	15,428.5
Intangible assets	3,068.6	2,740.1	2,756.9	2,443.2	2,423.0	2,452.9
Others	3,390.9	3,727.4	3,794.5	3,700.5	3,650.0	3,920.9
<b>Liabilities</b>	31,607.8	31,965.3	34,254.7	33,383.5	33,170.6	32,115.8
Accounts payable	9,812.9	8,448.2	10,194.6	8,741.9	9,106.1	7,938.4
Debt	9,763.4	10,100.4	10,463.9	9,931.6	10,104.1	10,421.3
Lease liability	884.9	871.6	875.0	955.4	988.8	1,063.1
Other	11,146.6	12,545.1	12,721.2	13,754.6	12,971.6	12,693.0
<b>Equity</b>	18,850.8	18,701.6	20,305.1	20,098.0	21,880.3	23,253.0

\* Since the information regarding results of 2Q`22 has been prepared in advance, it is subject to change in the process of final review by external auditors



(Unit : KRW billion, %)

		1Q'21	2Q'21	3Q'21	4Q'21	'21 Total	1Q'22	2Q'22	QoQ	YoY
<b>H&amp;A</b>	Sales	6,709.0	6,815.1	7,061.3	6,525.1	27,110.5	7,970.4	8,067.6	1.2%	18.4%
	OP	903.6	650.7	501.6	153.4	2,209.3	445.5	432.2		
	(%)	13.5%	9.5%	7.1%	2.4%	8.1%	5.6%	5.4%		
<b>HE</b>	Sales	4,008.8	4,042.7	4,181.6	4,986.0	17,219.1	4,065.1	3,457.8	-14.9%	-14.5%
	OP	393.7	331.7	205.9	159.8	1,091.1	187.2	-18.9		
	(%)	9.8%	8.2%	4.9%	3.2%	6.3%	4.6%	-0.5%		
<b>VS</b>	Sales	1,730.8	1,701.3	1,611.0	1,657.4	6,700.5	1,877.7	2,030.5	8.1%	19.4%
	OP	-5.2	-343.8	-538.0	-49.4	-936.4	-6.7	50.0		
	(%)	-0.3%	-20.2%	-33.4%	-3.0%	-14.0%	-0.4%	2.5%		
<b>BS</b>	Sales	1,450.6	1,294.8	1,302.4	1,428.9	5,476.7	1,873.8	1,538.1	-17.9%	18.8%
	OP	164.1	76.4	41.0	40.3	321.8	103.1	14.3		
	(%)	11.3%	5.9%	3.1%	2.8%	5.9%	5.5%	0.9%		
<b>Others</b>	Sales	827.9	966.2	808.0	632.4	3,234.5	1,447.8	890.3	-38.5%	-7.9%
	OP	14.3	47.5	57.7	12.8	132.3	868.9	37.5		
<hr/>										
<b>LGE Consolidated Excluding LG Innotek (①)</b>	Sales	14,727.1	14,820.1	14,964.3	15,229.8	59,741.3	17,234.8	15,984.3	-7.3%	7.9%
	OP	1,470.5	762.5	268.2	316.9	2,818.1	1,598.0	515.1		
	(%)	10.0%	5.1%	1.8%	2.1%	4.7%	9.3%	3.2%		
<hr/>										
<b>LG Innotek (②)</b>	Sales	3,071.8	2,355.7	3,798.4	5,724.1	14,950.0	3,952.4	3,703.0	-6.3%	57.2%
	OP	345.3	151.0	335.2	427.9	1,259.4	366.8	289.9		
<hr/>										
<b>LGE-LG Innotek Inter-company Transaction (③)</b>	Sales	165.8	243.5	195.2	178.8	783.3	218.2	223.3		
	OP	0.0	13.4	6.6	-0.5	19.5	21.9	12.8		
<hr/>										
<b>LGE Consolidated (①+②-③)</b>	Sales	17,633.1	16,932.3	18,567.5	20,775.1	73,908.0	20,969.0	19,464.0	-7.2%	15.0%
	OP	1,815.8	900.1	596.8	745.3	4,058.0	1,942.9	792.2		
	(%)	10.3%	5.3%	3.2%	3.6%	5.5%	9.3%	4.1%		

\* Since the information regarding results of 2Q'22 has been prepared in advance, it is subject to change in the process of final review by external auditors

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

- 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 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
<b>(Consolidated) Net Income</b> (KRW billion)		399.4	124.4	76.9	1,725.8	1,240.1	31.3	1,968.3	1,031.7
<b>Total Cash Dividends</b> (KRW billion)		72.9	72.9	72.9	72.9	135.9	135.9	216.9	153.9
<b>(Consolidated) Cash dividends payout ratio (%)</b>		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