

# 1Q`21 Earnings Release

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29<sup>th</sup> April, 2021

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 1<sup>st</sup> 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 1<sup>st</sup> quarter of 2021 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 2<sup>nd</sup> quarter of 2021.

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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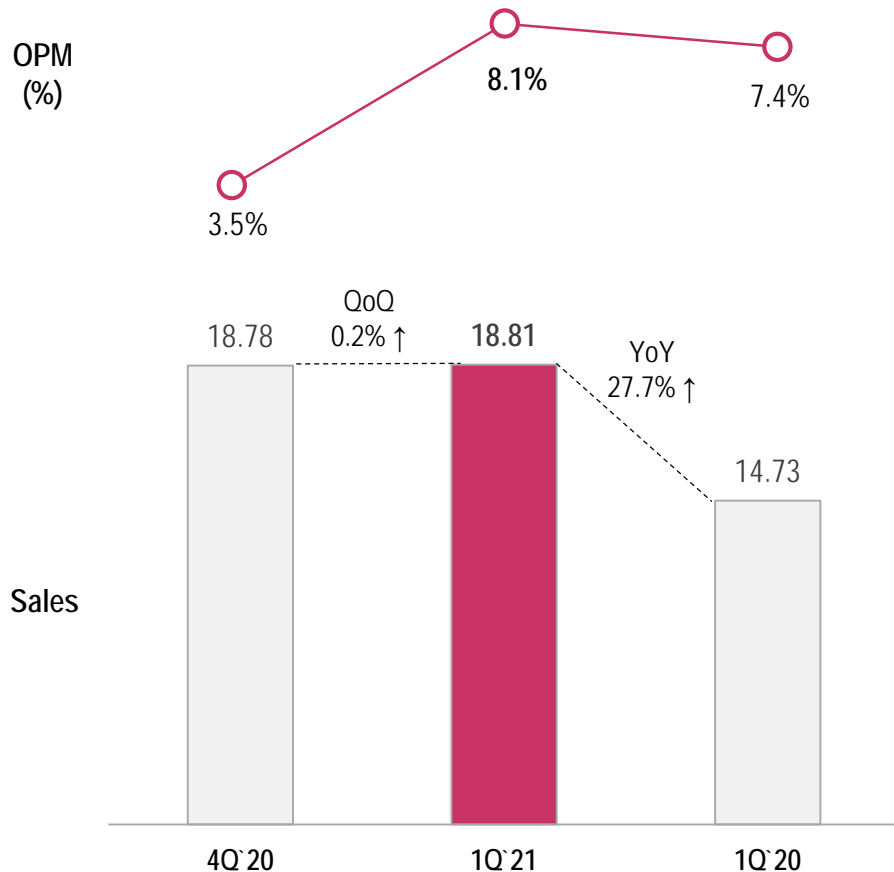
# Consolidated Earnings and Outlook

# Consolidated Earnings and Outlook

Sales / Profits

## Sales / Profits

(Unit : KRW trillion)



## Performance by Division

(Unit : KRW billion)

		4Q 20	QoQ	1Q 21	YoY	1Q 20
<b>Consolidated</b> <sup>1)</sup>	Sales	18,780.8	+0.2%	18,809.5	+27.7%	14,727.8
	OP	650.2	+866.4	1,516.6	+426.3	1,090.4
	(%)	3.5%	+4.6%p	8.1%	+0.7%p	7.4%
<b>H&amp;A</b> Home Appliance & Air Solution	Sales	5,540.2	+21.1%	6,708.1	+23.8%	5,418.0
	OP	299.6	+620.3	919.9	+166.4	753.5
	(%)	5.4%	+8.3%p	13.7%	-0.2%p	13.9%
<b>HE</b> Home Entertainment	Sales	4,283.0	-6.4%	4,008.2	+34.9%	2,970.7
	OP	204.5	+199.3	403.8	+78.0	325.8
	(%)	4.8%	+5.3%p	10.1%	-0.9%p	11.0%
<b>MC</b> Mobile Communications	Sales	1,385.0	-27.9%	998.7	+0.0%	998.6
	OP	-248.5	-31.6	-280.1	-42.3	-237.8
	(%)	-17.9%	-10.1%p	-28.0%	-4.2%p	-23.8%
<b>VS</b> Vehicle component Solutions	Sales	1,914.6	-1.1%	1,893.5	+43.5%	1,319.3
	OP	-2.0	+1.3	-0.7	+96.1	-96.8
	(%)	-0.1%	+0.1%p	-0.0%	+7.3%p	-7.3%
<b>BS</b> <sup>2)</sup> Business Solutions	Sales	1,511.3	+23.4%	1,864.3	+9.1%	1,709.1
	OP	50.4	+83.6	134.0	-59.8	193.8
	(%)	3.3%	+3.9%p	7.2%	-4.1%p	11.3%

1) LG Innotek is included

2) 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)

	4Q`20	QoQ	1Q`21	YoY	1Q`20
<b>Operating Profit</b>	650.2	+866.4	1,516.6	+426.2	1,090.4
Net financial income/expense	-140.7	+125.4	-15.3	+99.9	-115.2
Gain/Loss on equity method	214.0	-130.4	83.6	+160.7	-77.1
Other non-operating income/expense	-576.8	+485.5	-91.3	-582.6	491.3
<b>Income Before Tax</b>	146.7	+1,346.9	1,493.6	+104.2	1,389.4
Corporate income tax	-115.6	+440.1	324.5	+21.8	302.7
<b>Net Income</b>	262.3	+906.8	1,169.1	+82.4	1,086.7
EBITDA	1,326.4		2,250.3		1,737.8

### Cash Flow

(Unit : KRW billion)

	4Q`20	1Q`21
<input type="checkbox"/> Cash at the beginning of period	6,576.6	5,896.3
<b>• Cash flow from operating activities</b>	1,529.5	1,300.9
Net income/loss	262.3	1,169.1
Depreciation	676.2	733.7
Gain/Loss on equity method investment	-214.0	-83.6
<b>• Cash flow from investing activities</b>	-1,175.1	-682.8
Increase/Decrease in tangible assets	-695.6	-542.8
Increase/Decrease in intangible assets	-397.3	-110.3
<b>• Cash flow from financing activities</b>	-814.6	-293.8
Repayment of lease obligation and others	-71.8	-74.4
Increase/Decrease in debt	-673.2	-219.4
<b>• Effects of exchange rate changes on cash and cash equivalents</b>	-166.5	85.4
<input type="checkbox"/> Net changes in cash	-626.7	409.7
<input type="checkbox"/> Cash at the end of period <sup>1)</sup>	5,896.3	6,303.3
Net C/F	187.9	703.4

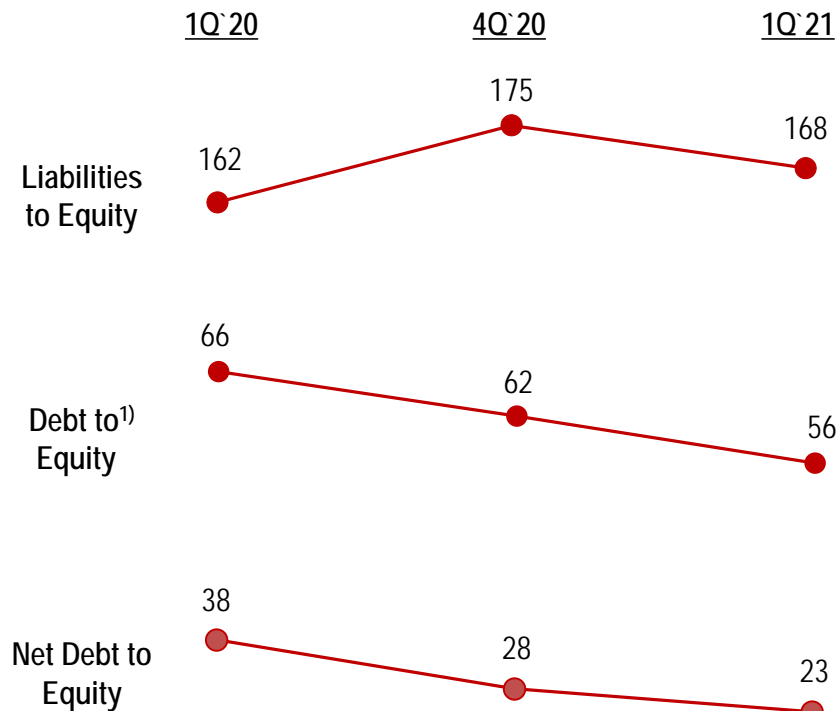
1) Excluding cash and cash equivalent planned to be sold off by LG Innotek (4Q`20: KRW 53.6 billion, 1Q`21: KRW 2.7billion)

# Consolidated Earnings and Outlook

## Leverage Ratio / Financial Position

### Leverage Ratio

(Unit: %)



### Financial Position

(Unit : KRW trillion)

	1Q'20	4Q'20	1Q'21
<b>Assets</b>	<b>45.57</b>	<b>48.20</b>	<b>50.46</b>
Current Assets	20.50	23.24	25.31
Cash and Cash equivalents	4.86	5.90	6.30
Inventory	6.29	7.45	8.00
Non-Current Assets	25.07	24.96	25.15
<b>Liabilities</b>	<b>28.18</b>	<b>30.66</b>	<b>31.61</b>
Current Liabilities	17.15	20.27	21.65
Non-Current Liabilities	11.03	10.39	9.96
<b>Equity</b>	<b>17.39</b>	<b>17.54</b>	<b>18.85</b>
<b>Debt</b>	<b>10.72</b>	<b>9.92</b>	<b>9.76</b>
<b>Net Debt<sup>2)</sup></b>	<b>6.64</b>	<b>4.89</b>	<b>4.35</b>

1) Lease Liability is included

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

### Business Environment

- Due to the impact from COVID-19, the risk of slow recovery in the real economy with sluggish employment and increase of household and corporate debts exist
- Economic growth levels are expected to differ by country depending economic stimulus packages, progress in COVID-19 vaccination, and capabilities in dealing with the coronavirus pandemic

### Key Strategies

- Maintain our competitive edge in the market by expanding our market position in main businesses and increasing investment in strategic businesses
- Achieve a stable profit structure by preemptively saving cost in the face of upward cost trends and efficiently managing resources
- Build sound business foundation to pursue growth amid COVID-19 pandemic

### Sales & Profit Outlook (2Q`21)

- Sales expected to grow significantly in the second quarter year-on-year affected by strong sales in appliance and TV on the back of the recovering demand in the global market, and increased sales in the vehicle component business
- Operating profit is expected to improve year-on-year



## III

# Performance and Outlook by Division

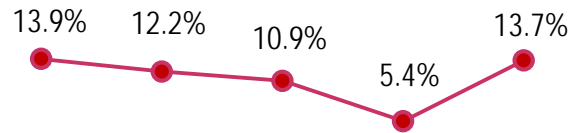
# Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

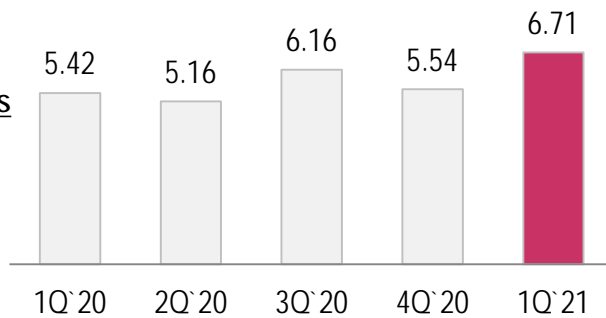
## Performance

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



LG Instaview DID  
Craft Ice



WASHTOWER



LG Whisen  
Tower Luxury

## 1Q'21 Performance

- Sales : Recorded 6.7 trillion won with a 24% growth year-on-year driven by growth in various markets such as South Korea, North America, and Europe
- Profit : Improved significantly year-on-year thanks to sales growth across all regions, increased sales in new appliance categories, and the continuous growth of rental business

## 2Q'21 Outlook

- Market : Despite growing expectations of recovery in market demand, business risks are expected to remain high with intensified competition and unfavorable foreign exchange rates, raw material prices, and logistics costs
- LGE : Maintain an ongoing growth trend year-on-year and focus our capabilities on achieving increased profit year-on-year by optimizing operations

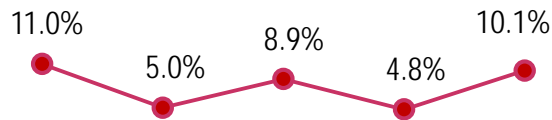
# Performance and Outlook by Division

HE (Home Entertainment)

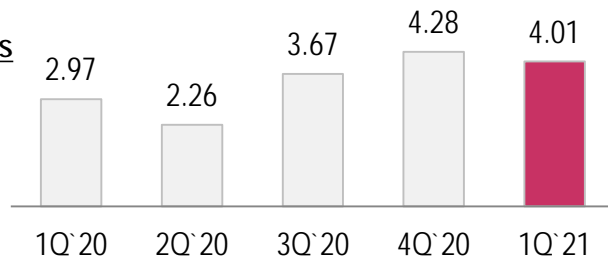
## Performance

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



LG OLED TV



LG Sound Bar &  
TONE Free

## 1Q'21 Performance

- Sales : Highly increased year-on-year thanks to recovering demand in North America and Europe, and expanded product sales of OLED and NanoCell TVs
- Profit : Despite the sharp increase of LCD panel prices, increased year-on-year driven by improved product mix focusing on premium products and efficient cost spending

## 2Q'21 Outlook

- Market : TV demand is expected to continue its upward trend centered around premium products with growing demand for entertainment at home and the increase of high-definition video contents
- LGE : Expect to secure significant growth in revenue and stable profitability driven by expanded sales of premium TVs such as OLED, NanoCell and large size TVs in line with the market trends

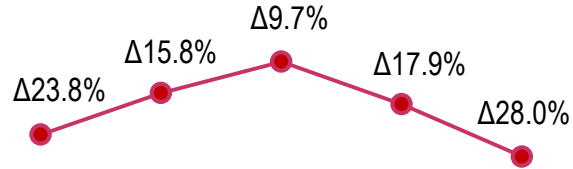
# Performance and Outlook by Division

MC (Mobile Communications)

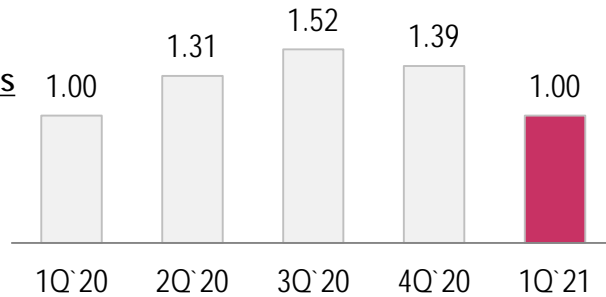
## Performance

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



WING



VELVET



Q51

## 1Q'21 Performance

- Sales : As new models were not launched and operations centered around existing models, sales recorded similar levels to the same period last year and decreased 28% quarter-on-quarter
- Profit : Resource input was minimized as possible close of business was reviewed, but operating loss increased year-on-year with the reduced sales of premium products and decreased selling price due to sales focusing on existing models

## 2Q'21 Outlook

- LGE : Expect to end all sales activities at the end of July, and plan the redeployment of personnel, liquidation of tangible and intangible assets, compensation for business partners and suppliers and service support for customers

Profit and loss related to discontinued operations will be disclosed at the second quarter results showing a breakdown between continuing and discontinued operations

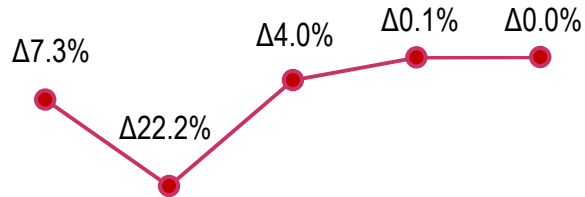
# Performance and Outlook by Division

VS (Vehicle component Solutions)

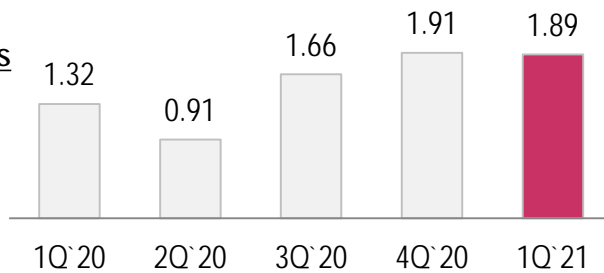
## Performance

(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

## 1Q'21 Performance

- Sales : Increased year-on-year driven by the rising demand in key automotive markets such as North America and Europe, and expanded volumes with new projects starting mass production
- Profit : Operating loss reduced year-on-year thanks to the sales increase on the back of the recovering demand for vehicle components, and efficient resource management

## 2Q'21 Outlook

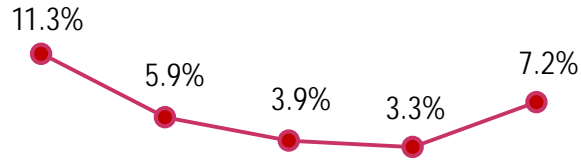
- Market : Market uncertainties are expected to grow due to the continued COVID-19 pandemic and the supply shortage of components such as automotive semiconductors
- LGE : Maximize sales by actively responding to the recovery in the automotive market, and continue to enhance profitability with ongoing cost saving activities and focus efforts in global supply chain management for the stable supply of components

# Performance and Outlook by Division

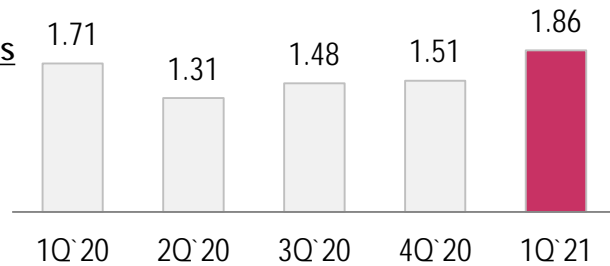
## Performance<sup>1)</sup>

(Unit : %, KRW trillion)

### OPM



### Sales



## Key Products



## 1Q'21 Performance

- Sales : Increased quarter-on-quarter and year-on-year driven by sales growth in IT products such as monitor and PC, related to the continued demand from the non-face-to-face lifestyle of remote working and online education
- Profit : Despite the increase in major component prices and global logistic costs, improved quarter-on-quarter on the back of expanded sales of strategic products

## 2Q'21 Outlook

- Market : The demand for IT products related to the contact-free trend is expected to continue, and in Information Display, we expect gradual recovery of demand, but risks exist related to the LCD panel price increase and component supply
- LGE : Exert efforts to enhance sales and improve profitability by strengthening sales in premium products in the IT business, focusing on developing differentiated products and solutions by vertical in Information Display, and continuously reinforcing power and efficiency features in Solar

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



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### Income Statement

(Unit : KRW billion, %)

	2020										2021	
	1Q		2Q		3Q		4Q		Total		1Q	
Sales	14,727.8	100.0%	12,833.8	100.0%	16,919.6	100.0%	18,780.8	100.0%	63,262.0	100.0%	18,809.5	100.0%
Cost of goods sold	10,834.1	73.6%	9,463.0	73.7%	12,341.0	72.9%	14,307.0	76.2%	46,945.1	74.2%	13,933.5	74.1%
Gross profit	3,893.7	26.4%	3,370.8	26.3%	4,578.6	27.1%	4,473.8	23.8%	16,316.9	25.8%	4,876.0	25.9%
Selling & admin expense	2,803.3	19.0%	2,875.4	22.4%	3,619.6	21.4%	3,823.6	20.4%	13,121.9	20.7%	3,359.4	17.9%
Operating profit (Loss)	1,090.4	7.4%	495.4	3.9%	959.0	5.7%	650.2	3.5%	3,195.0	5.1%	1,516.6	8.1%
Financial income (Expense)	-115.2	-0.8%	-98.0	-0.8%	-104.0	-0.6%	-140.7	-0.7%	-457.9	-0.7%	-15.3	-0.1%
Gains (loss) on equity method investment	-77.1	-0.5%	-175.7	-1.4%	14.6	0.1%	214.0	1.1%	-24.2	0.0%	83.6	0.4%
Other non operating profit (Loss)	491.3	3.3%	-73.8	-0.6%	-98.0	-0.6%	-576.8	-3.1%	-257.3	-0.4%	-91.3	-0.5%
Net income before tax	1,389.4	9.4%	147.9	1.2%	771.6	4.6%	146.7	0.8%	2,455.6	3.9%	1,493.6	7.9%
Corporate Income Tax	302.7	2.1%	82.3	0.6%	122.4	0.7%	-115.6	-0.6%	391.8	0.6%	324.5	1.7%
Net Income	1,086.7	7.4%	65.6	0.5%	649.2	3.8%	262.3	1.4%	2,063.8	3.3%	1,169.1	6.2%
Controlled shares	1,025.4		56.5		626.1		260.3		1,968.3		998.3	
Non-controlled shares	61.3		9.1		23.1		2.0		95.5		170.8	

\* Since the information regarding results of 1Q'21 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)
	2020				2021
	1Q	2Q	3Q	4Q	1Q
<b>Assets</b>	45,570.2	44,770.2	49,396.0	48,204.2	50,458.6
Current Assets	20,498.2	19,905.0	24,492.1	23,239.4	25,306.6
Cash and cash equivalents	4,862.8	5,464.8	6,576.6	5,896.3	6,303.3
Accounts receivable	6,562.2	5,668.1	7,832.8	7,154.9	8,249.0
Inventory	6,285.5	6,034.7	7,347.0	7,447.2	7,995.9
Others	2,787.7	2,737.4	2,735.7	2,741.0	2,758.4
Non-current Assets	25,072.0	24,865.2	24,903.9	24,964.8	25,152.0
Investment	4,456.9	4,259.3	4,293.9	4,471.6	4,627.7
PP&E	14,465.0	14,453.0	14,400.4	13,974.0	14,064.8
Intangible assets	2,851.9	2,876.1	2,844.3	3,139.1	3,068.6
Others	3,298.2	3,276.8	3,365.3	3,380.1	3,390.9
<b>Liabilities</b>	28,179.5	27,411.4	31,624.0	30,662.1	31,607.8
Accounts payable	7,197.0	6,250.8	9,328.0	8,728.2	9,812.9
Debt	10,719.0	10,627.2	10,726.7	9,919.8	9,763.4
Lease liability	787.6	807.7	809.1	862.1	884.9
Other liabilities	9,475.9	9,725.7	10,760.2	11,152.0	11,146.6
<b>Equity</b>	17,390.7	17,358.8	17,772.0	17,542.1	18,850.8

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(Unit : KRW billion, %)

		1Q'20	2Q'20	3Q'20	4Q'20	'20 Total	1Q'21	QoQ	YoY
H&A	Sales	5,418.0	5,155.1	6,155.8	5,540.2	22,269.1	6,708.1	21.1%	23.8%
	OP	753.5	628.0	671.5	299.6	2,352.6	919.9		
	(%)	13.9%	12.2%	10.9%	5.4%	10.6%	13.7%		
HE	Sales	2,970.7	2,256.7	3,669.4	4,283.0	13,179.8	4,008.2	-6.4%	34.9%
	OP	325.8	112.8	326.6	204.5	969.7	403.8		
	(%)	11.0%	5.0%	8.9%	4.8%	7.4%	10.1%		
MC	Sales	998.6	1,308.7	1,524.8	1,385.0	5,217.1	998.7	-27.9%	0.0%
	OP	-237.8	-206.5	-148.4	-248.5	-841.2	-280.1		
	(%)	-23.8%	-15.8%	-9.7%	-17.9%	-16.1%	-28.0%		
VS	Sales	1,319.3	912.2	1,655.4	1,914.6	5,801.5	1,893.5	-1.1%	43.5%
	OP	-96.8	-202.5	-66.2	-2.0	-367.5	-0.7		
	(%)	-7.3%	-22.2%	-4.0%	-0.1%	-6.3%	-0.0%		
BS	Sales	1,709.1	1,307.4	1,483.8	1,511.3	6,011.6	1,864.3	23.4%	9.1%
	OP	193.8	77.0	57.5	50.4	378.7	134.0		
	(%)	11.3%	5.9%	3.9%	3.3%	6.3%	7.2%		
Others	Sales	444.7	501.7	427.1	478.0	1,851.5	430.6	-9.9%	-3.2%
	OP	12.7	45.0	31.1	4.8	93.6	-5.5		
LGE Consolidated Excluding LG Innotek (①)	Sales	12,860.4	11,441.8	14,916.3	15,112.1	54,330.6	15,903.4	5.2%	23.7%
	OP	951.2	453.8	872.1	308.8	2,585.9	1,171.4		
	(%)	7.4%	4.0%	5.8%	2.0%	4.8%	7.4%		
LG Innotek (②)	Sales	2,010.9	1,539.9	2,229.8	3,852.6	9,633.2	3,071.8	-20.3%	52.8%
	OP	138.0	42.9	89.4	336.4	606.7	345.3		
LGE-LG Innotek Inter-company Transaction (③)	Sales	143.5	147.9	226.5	183.9	701.8	165.7		
	OP	-1.2	1.3	2.5	-5.0	-2.4	0.1		
LGE Consolidated (①+②-③)	Sales	14,727.8	12,833.8	16,919.6	18,780.8	63,262.0	18,809.5	0.2%	27.7%
	OP	1,090.4	495.4	959.0	650.2	3,195.0	1,516.6		
	(%)	7.4%	3.9%	5.7%	3.5%	5.1%	8.1%		

\* Since the information regarding results of 1Q'21 has been prepared in advance, it is subject to change in the process of final review by external auditors

\* 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 profit levels, annual cash flow, and future strategic investments within the scope of dividend income with a priority on increasing shareholder value and increasing shareholder returns.

In the future, considering changes in internal and external business environment, we will maximize shareholder value by making dividends to the extent that they do not undermine the investment resources and financial soundness for the future.

- Dividends for fiscal year 2020 was approved by the Board of Directors and confirmed at the 19th General Shareholders' Meeting.

※ Dividend per share in 2020: Common stock 1,200 Korean Won, Preferred stock 1,250 Korean Won

		2013 (12th)	2014 (13th)	2015 (14th)	2016 (15th)	2017 (16th)	2018 (17th)	2019 (18th)	2020 (19th)
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	400	400	400	400	750	750	1,200
	Preferred	250	450	450	450	450	800	800	1,250
(Consolidated) Net Income (KRW billion)		176.8	399.4	124.4	76.9	1,725.8	1,240.1	31.3	1,968.3
Total Cash Dividends (KRW billion)		36.9	72.9	72.9	72.9	72.9	135.9	135.9	216.9
(Consolidated) Cash dividends payout ratio (%)		20.9	18.3	58.6	94.8	4.2	11.0	434.4	11.0
Cash dividend yield (%)	Common	0.3	0.7	0.8	0.8	0.4	1.2	1.0	1.1
	Preferred	1.0	1.6	1.6	1.9	1.0	3.1	2.8	2.5

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