

3Q`21 Earnings Release

28th October, 2021

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 3rd 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 3rd 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 4th 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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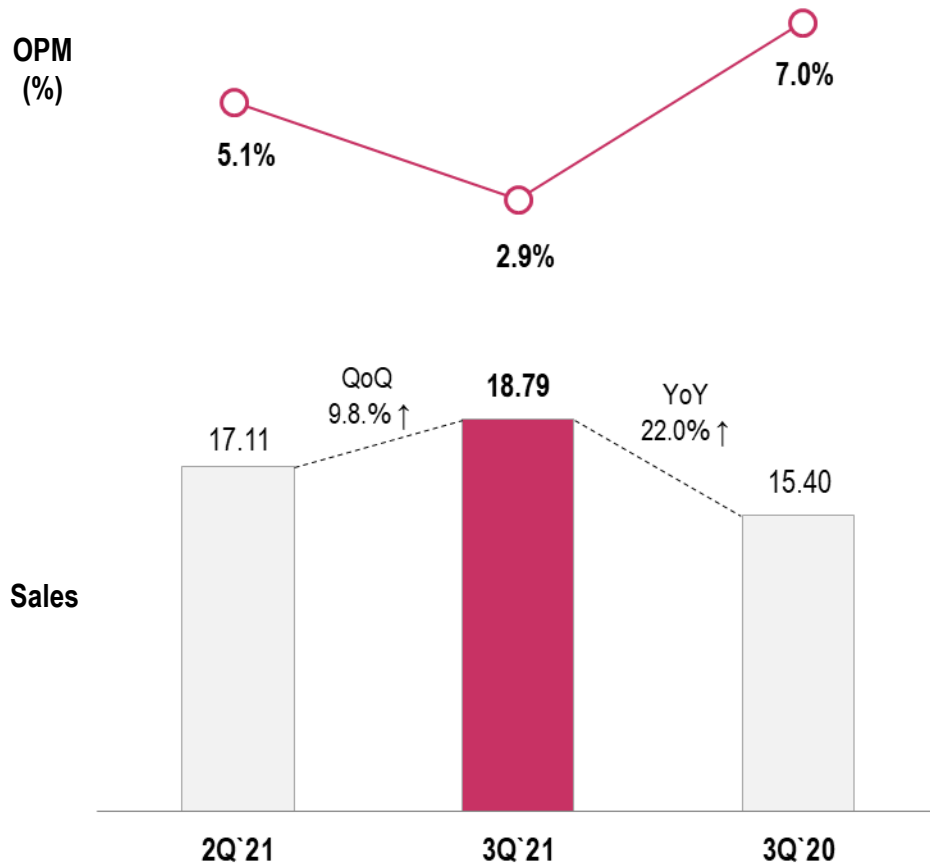
Consolidated Earnings and Outlook

Consolidated Earnings and Outlook

Sales / Profits

Sales / Profits

(Unit : KRW trillion)



Performance by Division¹⁾

(Unit : KRW billion)

		2Q'21	QoQ	3Q'21	YoY	3Q'20
Consolidated ²⁾	Sales	17,113.9	+9.8%	18,786.7	+22.0%	15,398.6
	OP	878.1	-337.4	540.7	-533.1	1,073.8
	(%)	5.1%	-2.2%p	2.9%	-4.1%p	7.0%
H&A Home Appliance & Air Solution	Sales	6,814.9	+3.6%	7,061.1	+14.7%	6,157.7
	OP	653.6	-148.2	505.4	-150.1	655.5
	(%)	9.6%	-2.4%p	7.2%	-3.4%p	10.6%
HE Home Entertainment	Sales	4,042.6	+3.4%	4,181.5	+13.9%	3,670.5
	OP	333.5	-125.2	208.3	-108.4	316.7
	(%)	8.2%	-3.2%p	5.0%	-3.6%p	8.6%
VS Vehicle component Solutions	Sales	1,884.7	-7.9%	1,735.4	+4.8%	1,655.9
	OP	-337.8	-199.8	-537.6	-467.9	-69.7
	(%)	-17.9%	-13.1%p	-31.0%	-26.8%p	-4.2%
BS ³⁾ Business Solutions	Sales	1,685.4	+0.3%	1,689.9	+13.9%	1,484.3
	OP	61.7	-74.0	-12.3	-65.6	53.3
	(%)	3.7%	-4.4%p	-0.7%	-4.3%p	3.6%

1) Due to the close of MC business, the company has restated the comparative information of income statements from previous periods from 2Q'21

2) LG Innotek is included

3) 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)

	2Q`21	QoQ	3Q`21	YoY	3Q`20
Operating Profit ¹⁾	878.1	-337.4	540.7	-533.1	1,073.8
Net financial income/expense	-42.4	+19.4	-23.0	+34.8	-57.8
Gain/Loss on equity method	142.3	+16.0	158.3	+143.7	14.6
Other non-operating income/expense	92.4	-137.5	-45.1	+57.0	-102.1
Income Before Tax	1,070.4	-439.5	630.9	-297.6	928.5
Corporate income tax	276.8	-121.0	155.8	+20.2	135.6
Income (Loss) from continuing operations	793.6	-318.5	475.1	-317.8	792.9
Income (Loss) from discontinued operations	-1,085.5	+1,126.9	41.4	+185.1	-143.7
Net Income	-291.9	+808.4	516.5	-132.7	649.2
EBITDA	1,620.8		1,267.8		1,738.5

Cash Flow

(Unit : KRW billion)

	2Q`21	3Q`21
<input type="checkbox"/> Cash at the beginning of period	6,303.3	6,186.3
• Cash flow from operating activities	366.6	568.1
Net income/loss	-291.9	516.5
Depreciation	742.7	727.1
Gain/Loss on equity method investment	-142.3	-158.3
• Cash flow from investing activities	-483.5	-907.3
Increase/Decrease in tangible assets	-420.3	-767.5
Increase/Decrease in intangible assets	-86.8	-154.7
• Cash flow from financing activities	-22.8	630.3
Repayment of lease obligation	-74.2	-73.8
Increase/Decrease in debt	325.5	256.0
• Effects of exchange rate changes on cash and cash equivalents	22.5	153.7
<input type="checkbox"/> Net changes in cash	-117.2	444.8
<input type="checkbox"/> Changes in cash held for sale ²⁾	0.2	-11.3
<input type="checkbox"/> Cash at the end of period	6,186.3	6,619.8
Net C/F	-94.4	-185.5

1) Due to the close of MC business, the company has restated the comparative information of income statements from previous periods from 2Q`21

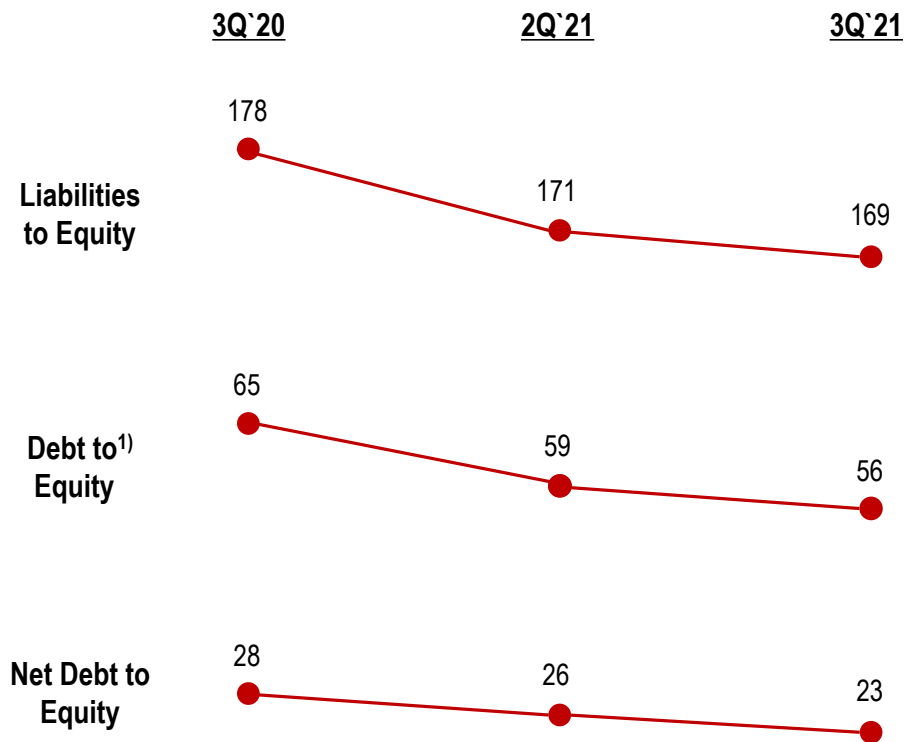
2) Different amount from conversion of cash held for sale (2Q`21: KRW 0.2billion, 3Q`21: KRW -11.3billion)
 - To be sold off by LG Innotek China Huizhou subsidiary (2Q`21: KRW 0.2billion, 3Q`21: KRW -2.7billion)
 - To be sold off by LG Electronics China Yantai/Qingdao subsidiary (3Q`21: KRW -8.6billion)

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)

	3Q'20	2Q'21	3Q'21
Assets	49.40	50.67	54.56
Current Assets	24.49	24.81	28.10
Cash and Cash equivalents	6.58	6.19	6.62
Inventory	7.35	8.33	9.96
Non-Current Assets	24.91	25.86	26.46
Liabilities	31.62	31.97	34.25
Current Liabilities	20.32	21.40	23.67
Non-Current Liabilities	11.30	10.57	10.58
Equity	17.78	18.70	20.31
Debt	10.73	10.10	10.46
Net Debt²⁾	4.96	4.79	4.72

Business Environment

- Recovery in the real economy is expected on the back of progressing COVID-19 vaccinations
- Uncertainties stem from raw material and component price hikes, monetary policy normalization and the threat of global inflation

Key Strategies

- Expand sales of premium products through differentiated marketing activities
- Respond preemptively to market volatilities by continuously improving cost structures and managing risk proactively

Sales & Profit Outlook (4Q`21)

- Expect sales to grow QoQ and YoY with increased sales of premium appliances and TVs, and recovery in B2B business
- Despite risk of raw material and logistics expense increase, expect to secure stable profitability driven by product mix improvement and efficient operation of expense

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Performance and Outlook by Division

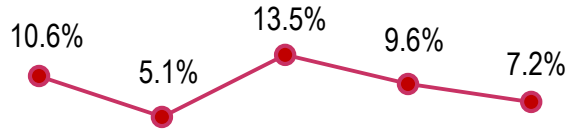
Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

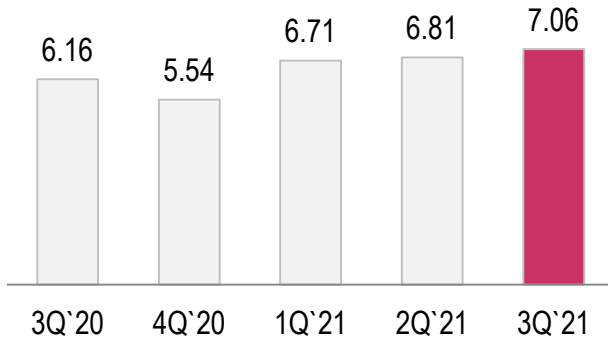
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG Instaview DID
Craft Ice



WashTower



LG Whisen
Tower Luxury

3Q'21 Performance

- **Sales** : Recorded 7.1 trillion won with 15% increase YoY thanks to growth in overseas markets such as North America, Europe and Latin America
- **Profit** : Despite sales growth and marketing expense savings, operating profit decreased YoY due to the increased raw material prices, logistics expense and labor cost

4Q'21 Outlook

- **Market** : Expect slowdown in global demand, but differentiate by region and segment
Burden from raw material prices hike and logistics expense increase are expected to persist
- **LGE** : Expect to maintain double-digit growth YoY by enhancing sales efforts armed with strong product competitiveness
Maintain stable level of profitability driven by selling price increase and cost optimization

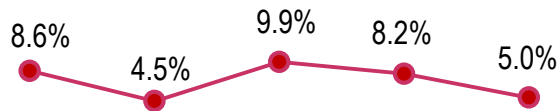
Performance and Outlook by Division

HE (Home Entertainment)

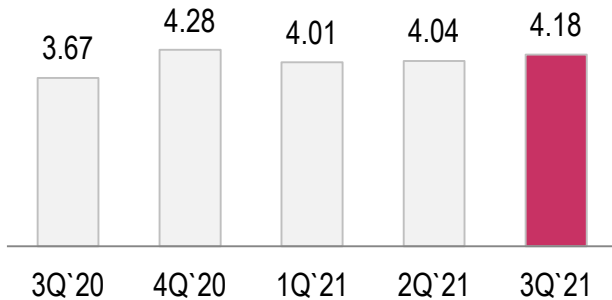
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG OLED TV



LG Sound Bar & TONE Free

3Q'21 Performance

- **Sales** : Improved YoY thanks to robust product sales of OLED TVs on the back of rising demand for premium products
- **Profit** : Maintained sound profitability by offsetting high LCD TV panel price burden with effect from increased OLED TV sales and efficient resource management

4Q'21 Outlook

- **Market** : Global TV demand is expected to decrease slightly, as people spend less time at home with the progress in COVID-19 vaccination
- **LGE** : Despite marketing expense increase due to the intensifying competition in the TV market, expect to maintain sales growth and secure solid profitability by product mix improvement focusing on premium products

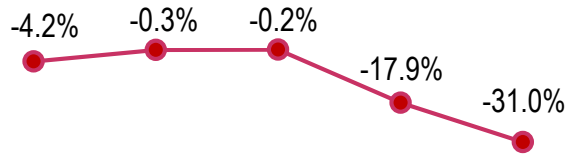
Performance and Outlook by Division

VS (Vehicle component Solutions)

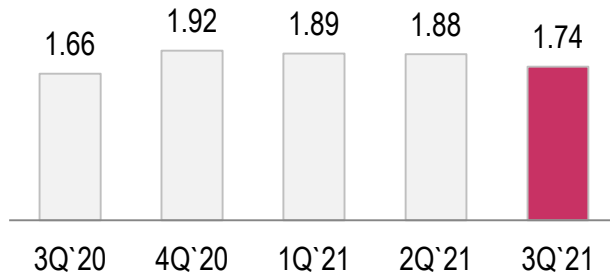
Performance

(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

3Q'21 Performance

- **Sales** : Despite the decrease of vehicle production due to the supply shortage of automotive semiconductors, grew YoY driven by increased volume of new projects and expanded sales of electric vehicle components
- **Profit** : Profitability decreased temporarily due to the provision of GM Bolt recall

4Q'21 Outlook

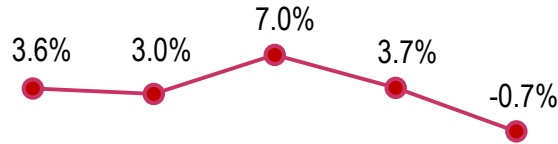
- **Market** : With the spread of COVID-19 delta variant, demand for vehicle components expect to decrease due to the continued supply shortage of automotive semiconductors and consequent shutdowns of major auto OEM plants
- **LGE** : Expect difficulties in securing profitability due to the continued supply shortage of automotive semiconductors and subsequent risk of auto OEM production disruptions

Performance and Outlook by Division

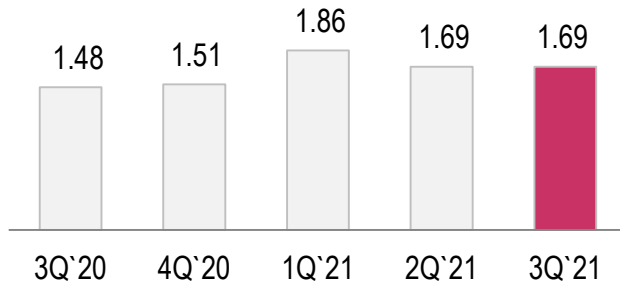
Performance¹⁾

(Unit : %, KRW trillion)

OPM



Sales



Key Products



21:9 Monitor & Gram PC



Information Display



Solar Module

3Q'21 Performance

- **Sales** : Grew 14% YoY driven by expanded sales of information display products with the recovery in the B2B market and sound sales growth in IT business
- **Profit** : Decreased YoY due to price rise of major components such as LCD panels, wafers and impact of global logistics expense increase

4Q'21 Outlook

- **Market** : Demand for IT products including gaming monitor is expected to remain strong in line with non-face-to-face trend, and gradual recovery of demand is expected in the B2B market.
However, there may be risk from semiconductor shortage and increased prices of major components such as LCD panels
- **LGE** : Expect sales to grow QoQ and YoY, however, limited improvement is expected for profitability due to cost increase and intensifying competition, but seek to secure momentum in enhancing profitability by improving product mix and strengthening cost competitiveness

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		2Q		3Q	
Sales	13,731.4	100.0%	11,528.8	100.0%	15,398.6	100.0%	17,399.1	100.0%	58,057.9	100.0%	17,812.4	100.0%	17,113.9	100.0%	18,786.7	100.0%
Cost of goods sold	9,957.2	72.5%	8,359.6	72.5%	11,128.1	72.3%	13,104.3	75.3%	42,549.2	73.3%	12,995.3	73.0%	12,579.5	73.5%	13,999.9	74.5%
Gross profit	3,774.2	27.5%	3,169.2	27.5%	4,270.5	27.7%	4,294.8	24.7%	15,508.7	26.7%	4,817.1	27.0%	4,534.4	26.5%	4,786.8	25.5%
Selling & admin expense	2,477.8	18.0%	2,497.0	21.7%	3,196.7	20.8%	3,432.1	19.7%	11,603.6	20.0%	3,049.8	17.1%	3,656.3	21.4%	4,246.1	22.6%
Operating profit (Loss)	1,296.4	9.4%	672.2	5.8%	1,073.8	7.0%	862.7	5.0%	3,905.1	6.7%	1,767.3	9.9%	878.1	5.1%	540.7	2.9%
Financial income (Expense)	-74.3	-0.5%	-65.5	-0.6%	-57.8	-0.4%	-101.3	-0.6%	-298.9	-0.5%	8.4	0.0%	-42.4	-0.2%	-23.0	-0.1%
Gains (loss) on equity method investment	-77.1	-0.6%	-175.7	-1.5%	14.6	0.1%	214.0	1.2%	-24.2	0.0%	83.6	0.5%	142.3	0.8%	158.3	0.8%
Other non operating profit (Loss)	521.1	3.8%	-73.9	-0.6%	-102.1	-0.7%	-583.8	-3.4%	-238.7	-0.4%	-64.1	-0.4%	92.4	0.5%	-45.1	-0.2%
Net income before tax	1,666.1	12.1%	357.1	3.1%	928.5	6.0%	391.6	2.3%	3,343.3	5.8%	1,795.2	10.1%	1,070.4	6.3%	630.9	3.4%
Corporate Income Tax	374.1	2.7%	137.5	1.2%	135.6	0.9%	-50.8	-0.3%	596.4	1.0%	406.6	2.3%	276.8	1.6%	155.8	0.8%
Income (Loss) from continuing operations	1,292.0	9.4%	219.6	1.9%	792.9	5.1%	442.4	2.5%	2,746.9	4.7%	1,388.6	7.8%	793.6	4.6%	475.1	2.5%
Income (Loss) from discontinued operations	-205.3	-1.5%	-154.0	-1.3%	-143.7	-0.9%	-180.1	-1.0%	-683.1	-1.2%	-219.5	-1.2%	-1,085.5	-6.3%	41.4	0.2%
Net Income (Loss)	1,086.7	7.9%	65.6	0.6%	649.2	4.2%	262.3	1.5%	2,063.8	3.6%	1,169.1	6.6%	-291.9	-1.7%	516.5	2.7%
Controlled shares	1,025.4		56.5		626.1		260.3		1,968.3		998.3		-390.1		384.9	
Non-controlled shares	61.3		9.1		23.1		2.0		95.5		170.8		98.2		131.6	

* Since the information regarding results of 3Q'21 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 MC business from continuing operations and reclassifying them into a single account of 'Income (loss) from discontinued operations'

Statements of Financial Position

(Unit : KRW billion)

	2020				2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Assets	45,570.2	44,770.2	49,396.0	48,204.2	50,458.6	50,666.9	54,559.8
Current Assets	20,498.2	19,905.0	24,492.1	23,239.4	25,306.6	24,807.4	28,099.2
Cash and cash equivalents	4,862.8	5,464.8	6,576.6	5,896.3	6,303.3	6,186.3	6,619.8
Accounts receivable	6,562.2	5,668.1	7,832.8	7,154.9	8,249.0	7,730.0	8,672.7
Inventory	6,285.5	6,034.7	7,347.0	7,447.2	7,995.9	8,327.5	9,958.1
Others	2,787.7	2,737.4	2,735.7	2,741.0	2,758.4	2,563.6	2,848.6
Non-current Assets	25,072.0	24,865.2	24,903.9	24,964.8	25,152.0	25,859.5	26,460.6
Investment	4,456.9	4,259.3	4,293.9	4,471.6	4,627.7	4,813.4	5,107.1
PP&E	14,465.0	14,453.0	14,400.4	13,974.0	14,064.8	14,578.6	14,802.1
Intangible assets	2,851.9	2,876.1	2,844.3	3,139.1	3,068.6	2,740.1	2,756.9
Others	3,298.2	3,276.8	3,365.3	3,380.1	3,390.9	3,727.4	3,794.5
Liabilities	28,179.5	27,411.4	31,624.0	30,662.1	31,607.8	31,965.3	34,254.7
Accounts payable	7,197.0	6,250.8	9,328.0	8,728.2	9,812.9	8,448.2	10,194.6
Debt	10,719.0	10,627.2	10,726.7	9,919.8	9,763.4	10,100.4	10,463.9
Lease liability	787.6	807.7	809.1	862.1	884.9	871.6	875.0
Other	9,475.9	9,725.7	10,760.2	11,152.0	11,146.6	12,545.1	12,721.2
Equity	17,390.7	17,358.8	17,772.0	17,542.1	18,850.8	18,701.6	20,305.1

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(Unit : KRW billion, %)

		1Q`20	2Q`20	3Q`20	4Q`20	`20 Total	1Q`21	2Q`21	3Q`21	QoQ	YoY
H&A	Sales	5,419.0	5,157.0	6,157.7	5,541.6	22,275.3	6,708.9	6,814.9	7,061.1	3.6%	14.7%
	OP	738.3	612.1	655.5	284.7	2,290.6	906.2	653.6	505.4		
	(%)	13.6%	11.9%	10.6%	5.1%	10.3%	13.5%	9.6%	7.2%		
HE	Sales	2,971.3	2,257.6	3,670.5	4,284.2	13,183.6	4,008.7	4,042.6	4,181.5	3.4%	13.9%
	OP	317.1	105.4	316.7	192.1	931.3	395.3	333.5	208.3		
	(%)	10.7%	4.7%	8.6%	4.5%	7.1%	9.9%	8.2%	5.0%		
VS	Sales	1,319.4	912.5	1,655.9	1,915.0	5,802.8	1,893.7	1,884.7	1,735.4	-7.9%	4.8%
	OP	-99.6	-204.7	-69.7	-6.3	-380.3	-3.9	-337.8	-537.6		
	(%)	-7.5%	-22.4%	-4.2%	-0.3%	-6.6%	-0.2%	-17.9%	-31.0%		
BS	Sales	1,709.4	1,307.9	1,484.3	1,511.7	6,013.3	1,864.6	1,685.4	1,689.9	0.3%	13.9%
	OP	188.7	72.8	53.3	46.0	360.8	130.0	61.7	-12.3		
	(%)	11.0%	5.6%	3.6%	3.0%	6.0%	7.0%	3.7%	-0.7%		
Others	Sales	444.9	501.8	427.0	477.8	1,851.5	430.5	574.1	515.6	-10.2%	20.7%
	OP	12.7	45.0	31.1	4.8	93.6	-5.6	29.5	48.3		
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LGE Consolidated Excluding LG Innotek (①)	Sales	11,864.0	10,136.8	13,395.4	13,730.3	49,126.5	14,906.4	15,001.7	15,183.5	1.2%	13.3%
	OP	1,157.2	630.6	986.9	521.3	3,296.0	1,422.0	740.5	212.1		
	(%)	9.8%	6.2%	7.4%	3.8%	6.7%	9.5%	4.9%	1.4%		
<hr/>											
LG Innotek (②)	Sales	2,010.9	1,539.9	2,229.8	3,852.6	9,633.2	3,071.8	2,355.7	3,798.4	61.2%	70.3%
	OP	138.0	42.9	89.4	336.4	606.7	345.3	151.0	335.2		
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LGE-LG Innotek Inter-company Transaction (③)	Sales	143.5	147.9	226.6	183.8	701.8	165.8	243.5	195.2		
	OP	-1.2	1.3	2.5	-5.0	-2.4	0.0	13.4	6.6		
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LGE Consolidated (①+②-③)	Sales	13,731.4	11,528.8	15,398.6	17,399.1	58,057.9	17,812.4	17,113.9	18,786.7	9.8%	22.0%
	OP	1,296.4	672.2	1,073.8	862.7	3,905.1	1,767.3	878.1	540.7		
	(%)	9.4%	5.8%	7.0%	5.0%	6.7%	9.9%	5.1%	2.9%		

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- 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