

2Q`21 Earnings Release

(Revised)

August, 2021

LG Electronics

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 2nd 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 2nd 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 3rd 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

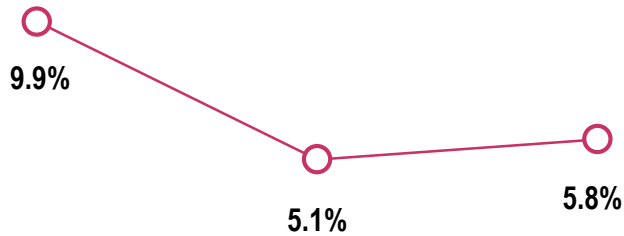
Consolidated Earnings and Outlook

Sales / Profits (Revised)

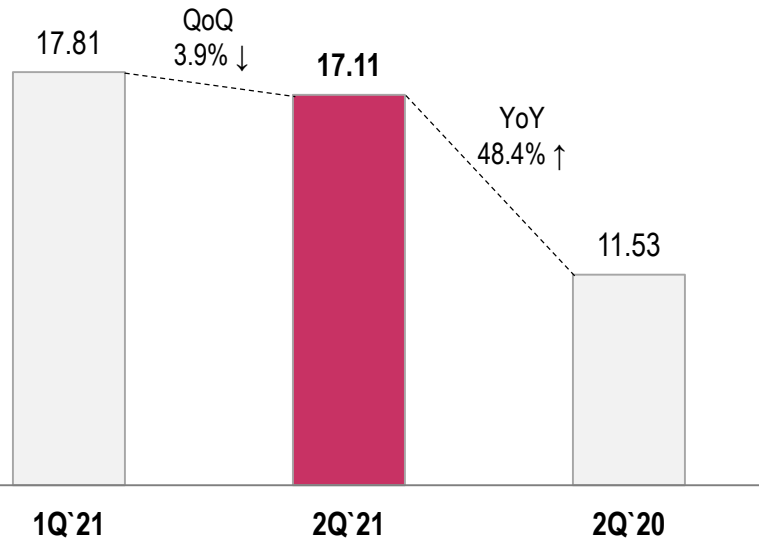
Sales / Profits

(Unit : KRW trillion)

OPM (%)



Sales



Performance by Division¹⁾

(Unit : KRW billion)

		1Q'21	QoQ	2Q'21	YoY	2Q'20
Consolidated ²⁾	Sales	17,812.4	-3.9%	17,113.9	+48.4%	11,528.8
	OP	1,767.3	-889.2	878.1	+205.9	672.2
	(%)	9.9%	-4.8%p	5.1%	-0.7%p	5.8%
H&A Home Appliance & Air Solution	Sales	6,708.9	+1.6%	6,814.9	+32.1%	5,157.0
	OP	906.2	-252.6	653.6	+41.5	612.1
	(%)	13.5%	-3.9%p	9.6%	-2.3%p	11.9%
HE Home Entertainment	Sales	4,008.7	+0.8%	4,042.6	+79.1%	2,257.6
	OP	395.3	-61.8	333.5	+228.1	105.4
	(%)	9.9%	-1.7%p	8.2%	+3.5%p	4.7%
VS Vehicle component Solutions	Sales	1,893.7	-0.5%	1,884.7	+106.5%	912.5
	OP	-3.9	-333.9	-337.8	-133.1	-204.7
	(%)	-0.2%	-17.7%p	-17.9%	+4.5%p	-22.4%
BS ³⁾ Business Solutions	Sales	1,864.6	-9.6%	1,685.4	+28.9%	1,307.9
	OP	130.0	-68.3	61.7	-11.1	72.8
	(%)	7.0%	-3.3%p	3.7%	-1.9%p	5.6%

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 (Revised)

Income Trend

(Unit : KRW billion)

	1Q`21	QoQ	2Q`21	YoY	2Q`20
Operating Profit ¹⁾	1,767.3	-889.2	878.1	+205.9	672.2
Net financial income/expense	8.4	-50.8	-42.4	+23.1	-65.5
Gain/Loss on equity method	83.6	+58.7	142.3	+318.0	-175.7
Other non-operating income/expense	-64.1	+156.5	92.4	+166.3	-73.9
Income Before Tax	1,795.2	-724.8	1,070.4	+713.3	357.1
Corporate income tax	406.6	-129.8	276.8	+139.3	137.5
Income (Loss) from continuing operations	1,388.6	-595.0	793.6	+574.0	219.6
Income (Loss) from discontinued operations	-219.5	-866.0	-1,085.5	-931.5	-154.0
Net Income	1,169.1	-1,461.0	-291.9	-357.5	65.6
EBITDA	2,501.0		1,620.8		1,326.5

Cash Flow

(Unit : KRW billion)

	1Q`21	2Q`21
<input type="checkbox"/> Cash at the beginning of period	5,896.3	6,303.3
• Cash flow from operating activities	1,300.9	366.6
Net income/loss	1,169.1	-291.9
Depreciation	733.7	742.7
Gain/Loss on equity method investment	-83.6	-142.3
• Cash flow from investing activities	-682.9	-483.5
Increase/Decrease in tangible assets	-542.8	-420.3
Increase/Decrease in intangible assets	-110.3	-86.8
• Cash flow from financing activities	-293.8	-22.8
Repayment of lease obligation and others	-74.4	-74.2
Increase/Decrease in debt	-219.4	325.5
• Effects of exchange rate changes on cash and cash equivalents	85.4	22.5
<input type="checkbox"/> Net changes in cash	409.7	-117.2
<input type="checkbox"/> Cash at the end of period ²⁾	6,303.3	6,186.3
Net C/F	703.4	-94.4

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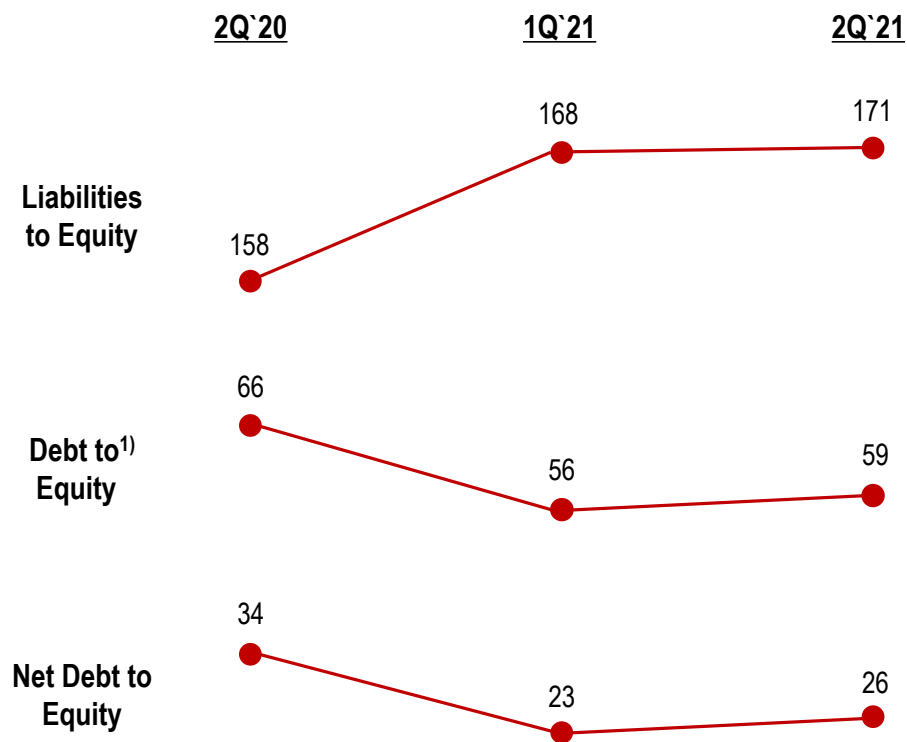
2) Excluding cash and cash equivalent planned to be sold off by LG Innotek (1Q`21: KRW 2.7billion, 2Q`21: KRW 0.2billion)

Consolidated Earnings and Outlook

Leverage Ratio / Financial Position (Revised)

Leverage Ratio

(Unit: %)



Financial Position

(Unit : KRW trillion)

	2Q'20	1Q'21	2Q'21
Assets	44.77	50.46	50.67
Current Assets	19.91	25.31	24.81
Cash and Cash equivalents	5.46	6.30	6.19
Inventory	6.03	8.00	8.33
Non-Current Assets	24.86	25.15	25.86
Liabilities	27.41	31.61	31.97
Current Liabilities	16.36	21.65	21.40
Non-Current Liabilities	11.05	9.96	10.57
Equity	17.36	18.85	18.70
Debt	10.63	9.76	10.10
Net Debt²⁾	5.97	4.35	4.79

1) Lease Liability is included

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

Business Environment

- Expect recovery in the global economy on the back of increase in COVID-19 vaccination rate
- Uncertainties stem from the spread of the virus variant and possible shift in the monetary policy

Key Strategies

- Increase sales driven by expansion of market coverage in main businesses and acceleration in new growth businesses
- Continuously improve cost structure and respond preemptively in operations

Sales & Profit Outlook (3Q`21)

- Expect sales to maintain sound upward trend driven by continued demand for premium appliances, TVs and incremental growth in vehicle component business
- Profitability is expected to maintain at stable levels through efficient resource and supply chain management

III

Performance and Outlook by Division

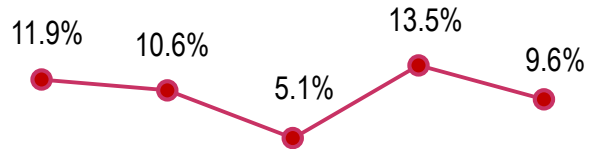
Performance and Outlook by Division

H&A (Home Appliance & Air Solution)

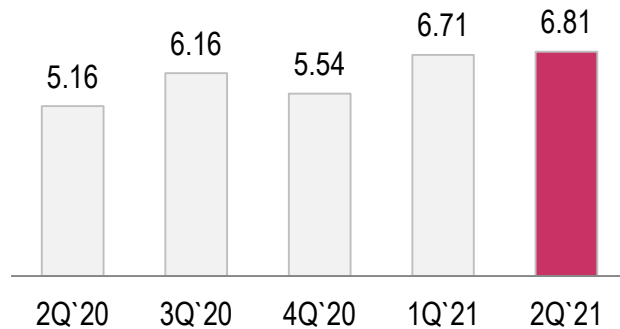
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG Instaview DID
Craft Ice



WashTower



LG Whisen
Tower Luxury

2Q'21 Performance

- **Sales** : Recorded 6.8 trillion won with 32% increase YoY driven by growth in overseas markets
- **Profit** : Improved YoY driven by sales growth in overseas markets and efficient resource management

3Q'21 Outlook

- **Market** : Intensified competition, cost pressures from raw material cost and increased logistics costs are expected to remain
- **LGE** : Expect to maintain sales growth momentum YoY driven by strengthening product competitiveness and proactively enhancing sales by region/product
For profitability focus on achieving similar level YoY by saving costs and optimizing operations

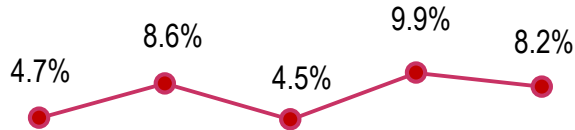
Performance and Outlook by Division

HE (Home Entertainment)

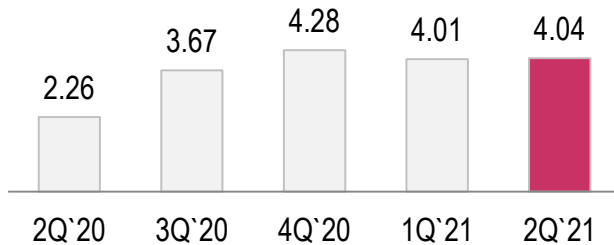
Performance

(Unit : %, KRW trillion)

OPM



Sales



Key Products



LG OLED TV



LG Sound Bar & TONE Free

2Q'21 Performance

- **Sales** : Greatly Improved YoY driven by recovering demand in the global TV market and expanding product sales of OLED TVs
- **Profit** : Despite continuous increase in LCD TV panel prices, significantly improved YoY driven by operating leverage effect and product mix improvement focusing on premium products

3Q'21 Outlook

- **Market** : Demand for products related to entertainment at home is expected to be stagnant, but premium product demand is to continue its upward trend
- **LGE** : Despite the continuous panel price increase, expect to maintain sound profitability by product mix improvement and expansion of sales

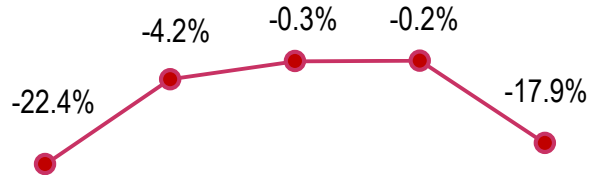
Performance and Outlook by Division

VS (Vehicle component Solutions : Revised)

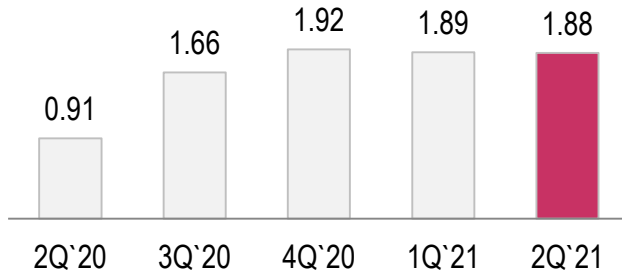
Performance

(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'21 Performance

- **Sales** : Grew YoY driven by increased volumes from major projects on the back of the demand recovery in the global automotive market and increased sales of electric vehicle components
- **Profit** : Improved YoY with sales growth from increased demand for vehicle components, but decreased QoQ with the temporary spike in costs due to the automotive semiconductor supply shortage and GM Bolt provision

3Q'21 Outlook

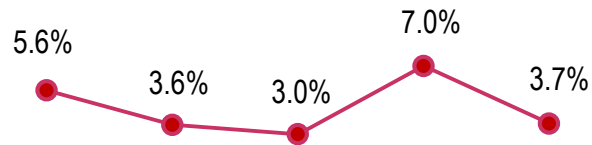
- **Market** : The automotive semiconductor supply shortage is expected to persist for a considerable period of time, but as major semiconductor manufacturers take action, the supply condition is projected to stabilize in the second half
- **LGE** : Focus our capabilities on securing major components by strengthening global supply chain management, continuously improve profitability by maximizing sales and continuing cost saving activities

Performance and Outlook by Division

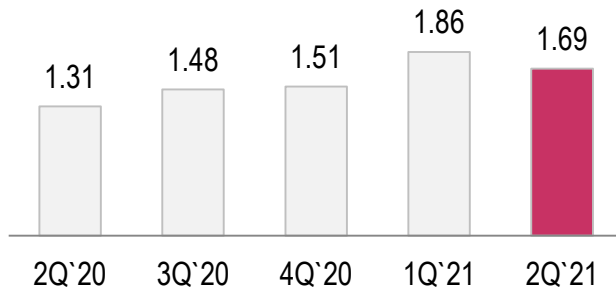
Performance¹⁾

(Unit : %, KRW trillion)

OPM



Sales



Key Products



21:9 Monitor & Gram PC



Information Display



Solar Module

2Q'21 Performance

- **Sales** : Sales grew YoY driven by the expanded sales of high-end monitors and Gram PCs. Also, Information Display products contributed the sales to grow on the back of gradual recovery in demand.
- **Profit** : Decreased QoQ and YoY due to rising prices of major components such as LCD panels and wafers for solar module.

3Q'21 Outlook

- **Market** : Although risks remain related to the price increase and supply chain management for major components, gradual recovery of the demand is expected in the B2B business with expanded infrastructure investments driven by the resumption of economic activities.
- **LGE** : Expect sales to grow QoQ and YoY with the demand recovery in the B2B market, but improvements in profitability may be limited due to the impact from continuing price increase of major components.

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



LG

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(Unit : KRW billion, %)

Income Statement

	2020										2021			
	1Q		2Q		3Q		4Q		Total		1Q		2Q	
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
Net Income	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%
Controlled shares	1,025.4		56.5		626.1		260.3		1,968.3		998.3		-390.1	
Non-controlled shares	61.3		9.1		23.1		2.0		95.5		170.8		98.2	

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

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(Unit : KRW billion, %)

		1Q`20	2Q`20	3Q`20	4Q`20	`20 Total	1Q`21	2Q`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	1.6%	32.1%
	OP	738.3	612.1	655.5	284.7	2,290.6	906.2	653.6		
	(%)	13.6%	11.9%	10.6%	5.1%	10.3%	13.5%	9.6%		
HE	Sales	2,971.3	2,257.6	3,670.5	4,284.2	13,183.6	4,008.7	4,042.6	0.8%	79.1%
	OP	317.1	105.4	316.7	192.1	931.3	395.3	333.5		
	(%)	10.7%	4.7%	8.6%	4.5%	7.1%	9.9%	8.2%		
VS	Sales	1,319.4	912.5	1,655.9	1,915.0	5,802.8	1,893.7	1,884.7	-0.5%	106.5%
	OP	-99.6	-204.7	-69.7	-6.3	-380.3	-3.9	-337.8		
	(%)	-7.5%	-22.4%	-4.2%	-0.3%	-6.6%	-0.2%	-17.9%		
BS	Sales	1,709.4	1,307.9	1,484.3	1,511.7	6,013.3	1,864.6	1,685.4	-9.6%	28.9%
	OP	188.7	72.8	53.3	46.0	360.8	130.0	61.7		
	(%)	11.0%	5.6%	3.6%	3.0%	6.0%	7.0%	3.7%		
Others	Sales	444.9	501.8	427.0	477.8	1,851.5	430.5	574.1	33.4%	14.4%
	OP	12.7	45.0	31.1	4.8	93.6	-5.6	29.5		
<hr/>										
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	0.6%	48.0%
	OP	1,157.2	630.6	986.9	521.3	3,296.0	1,422.0	740.5		
	(%)	9.8%	6.2%	7.4%	3.8%	6.7%	9.5%	4.9%		
<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	-23.3%	53.0%
	OP	138.0	42.9	89.4	336.4	606.7	345.3	151.0		
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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		
	OP	-1.2	1.3	2.5	-5.0	-2.4	0.0	13.4		
<hr/>										
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	-3.9%	48.4%
	OP	1,296.4	672.2	1,073.8	862.7	3,905.1	1,767.3	878.1		
	(%)	9.4%	5.8%	7.0%	5.0%	6.7%	9.9%	5.1%		

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* 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