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4Q 2023 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.

4Q 2023 Business Results

Sales & Profits Trends (consolidated)

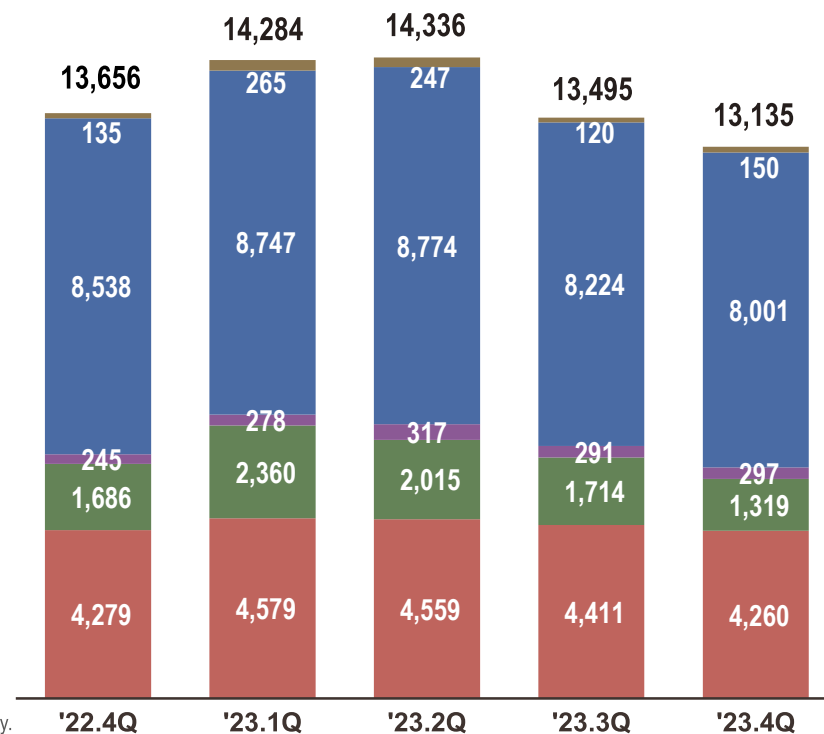
(Unit: KRW bn)

LG Chem	2022	2023			
	4Q	1Q	2Q	3Q	4Q
Sales	13,656	14,284	14,336	13,495	13,135
Operating Profit (%)	209 1.5%	804 5.6%	618 4.3%	860 6.4%	247 1.9%
EBITDA (%)	1,138 8.3%	1,726 12.1%	1,595 11.1%	1,859 13.8%	1,306 9.9%
Pre-tax Income (%)	-20 -0.1%	924 6.5%	780 5.4%	576 4.3%	218 1.7%
Net Income (%)	-6 -0.0%	669 4.7%	671 4.7%	585 4.3%	129 1.0%

Sales trend by business

- Life Sciences
- Farm Hanning
- Advanced Materials
- Energy Solution
- Petrochemicals

(Unit: KRW bn)

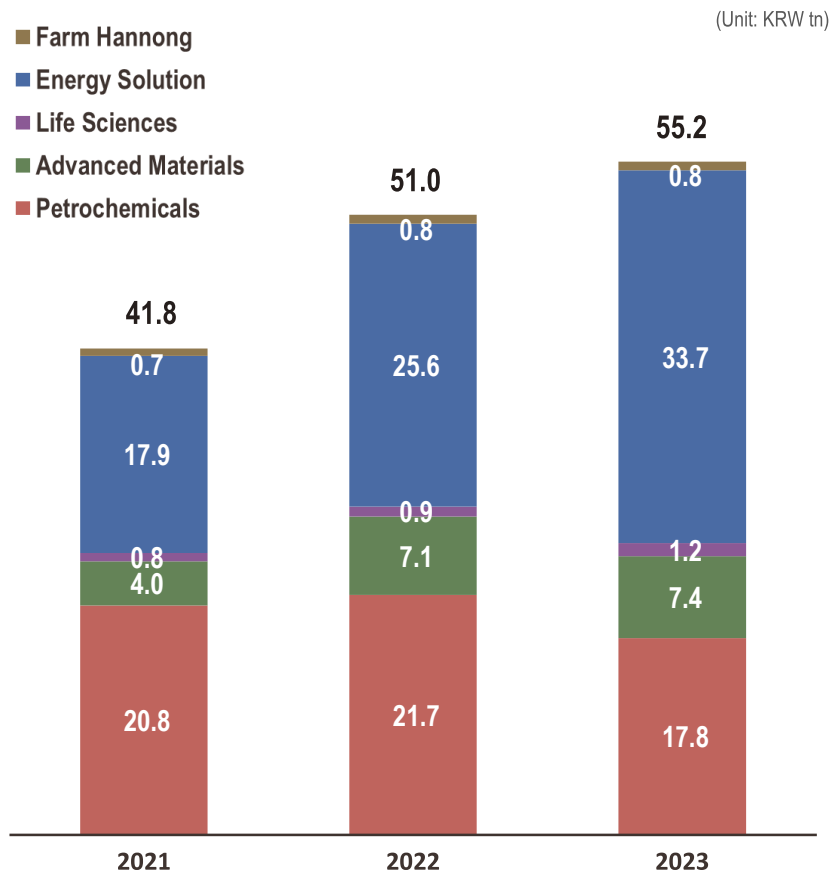


※ Following our decisions to discontinue and sell some of our businesses, the relevant business results have been compiled retroactively.

Full-Year 2023 Business Results

Sales & Profits Trends (consolidated)

Annual Sales Trend



(Unit: KRW bn)

LG Chem	2021	2022	2023
Operating Profit (%)	4,984 11.9%	2,979 5.8%	2,529 4.6%
Petrochemicals	4,082 19.7%	1,075 4.9%	-143 -0.8%
Advanced Materials	192 4.9%	908 12.8%	585 7.9%
Life Sciences	67 8.8%	74 8.1%	29 2.4%
Energy Solution	768 4.3%	1,214 4.7%	2,163 6.4%
Farm Hannong	30 4.4%	41 5.1%	46 5.9%
EBITDA (%)	7,827 18.7%	6,391 12.5%	6,486 11.7%

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

Full-Year 2023 Business Results

Financial Position (consolidated)

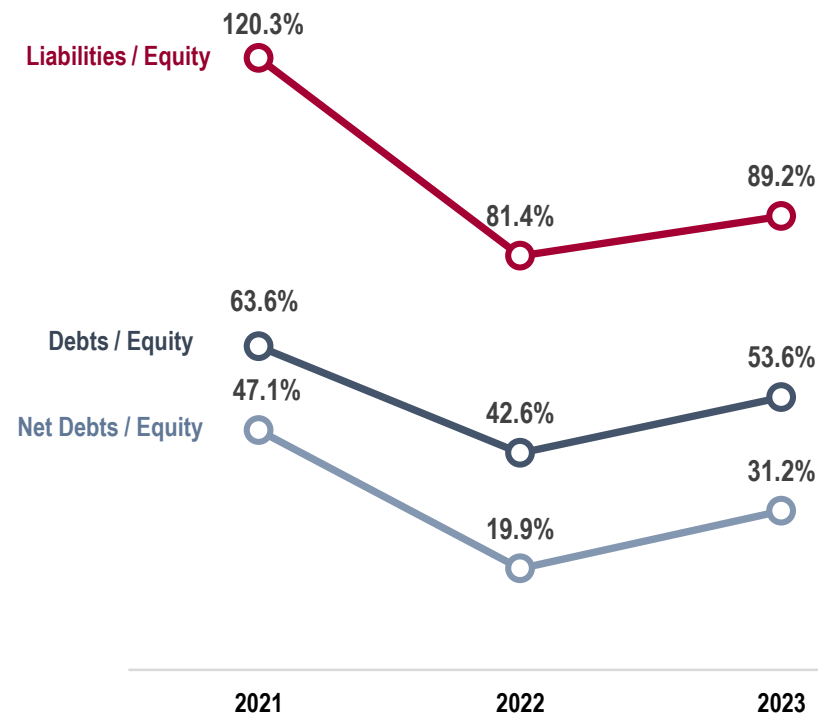
Balance Sheet

(Unit: KRW tn)

LG Chem	2021	2022	2023
Asset	51.1	68.0	77.5
Cash and Equivalents	3.8	8.5	9.1
Liabilities	27.9	30.5	36.5
Debts	14.8	16.0	21.9
Equity	23.2	37.5	40.9
BPS (Unit:KRW)	277,127	401,764	411,243

Financial Ratios

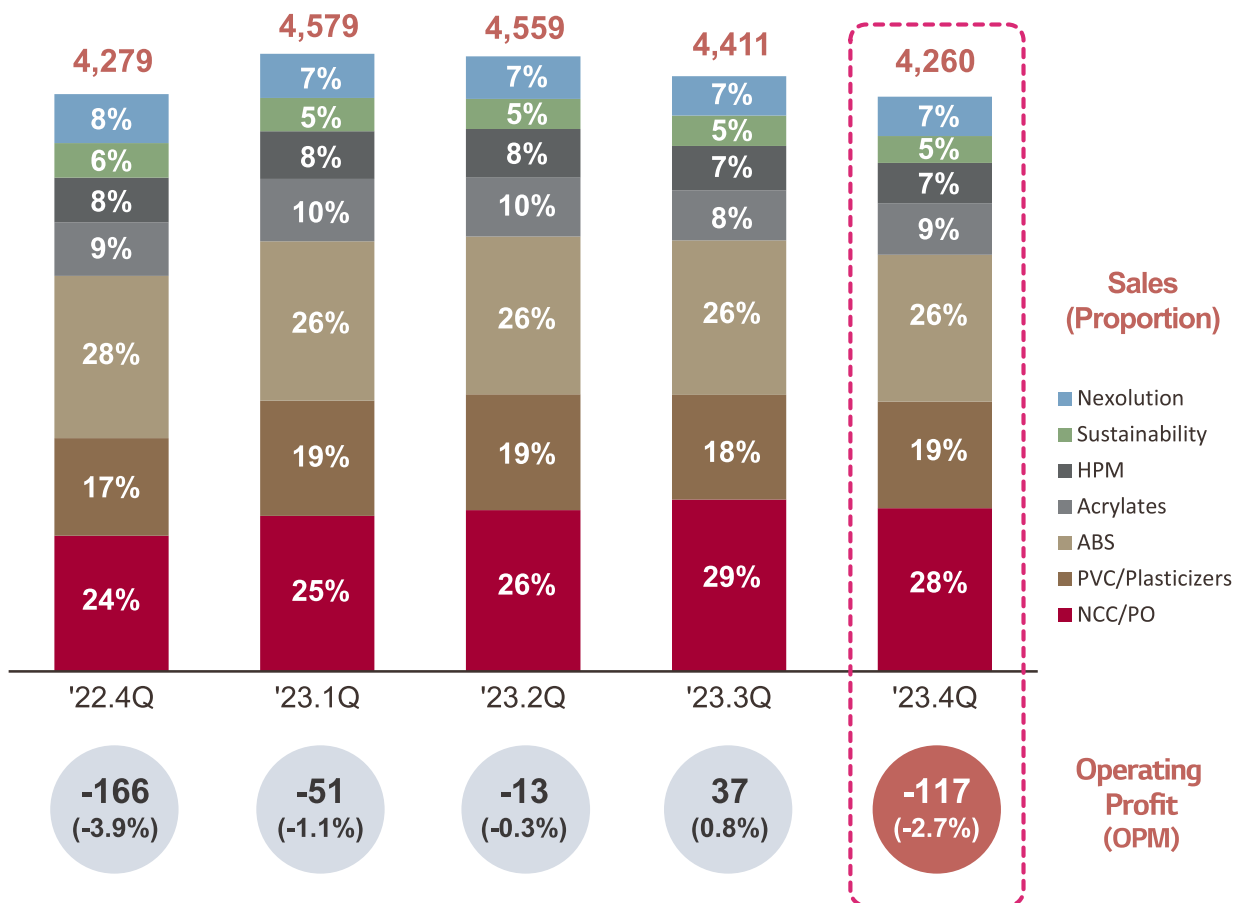
(Unit: %)



Results & Outlook by Business

Petrochemicals

(Unit: KRW bn)



Results

- Recorded a loss due to continued sluggish demand from the construction & home appliance industries and rising raw material prices



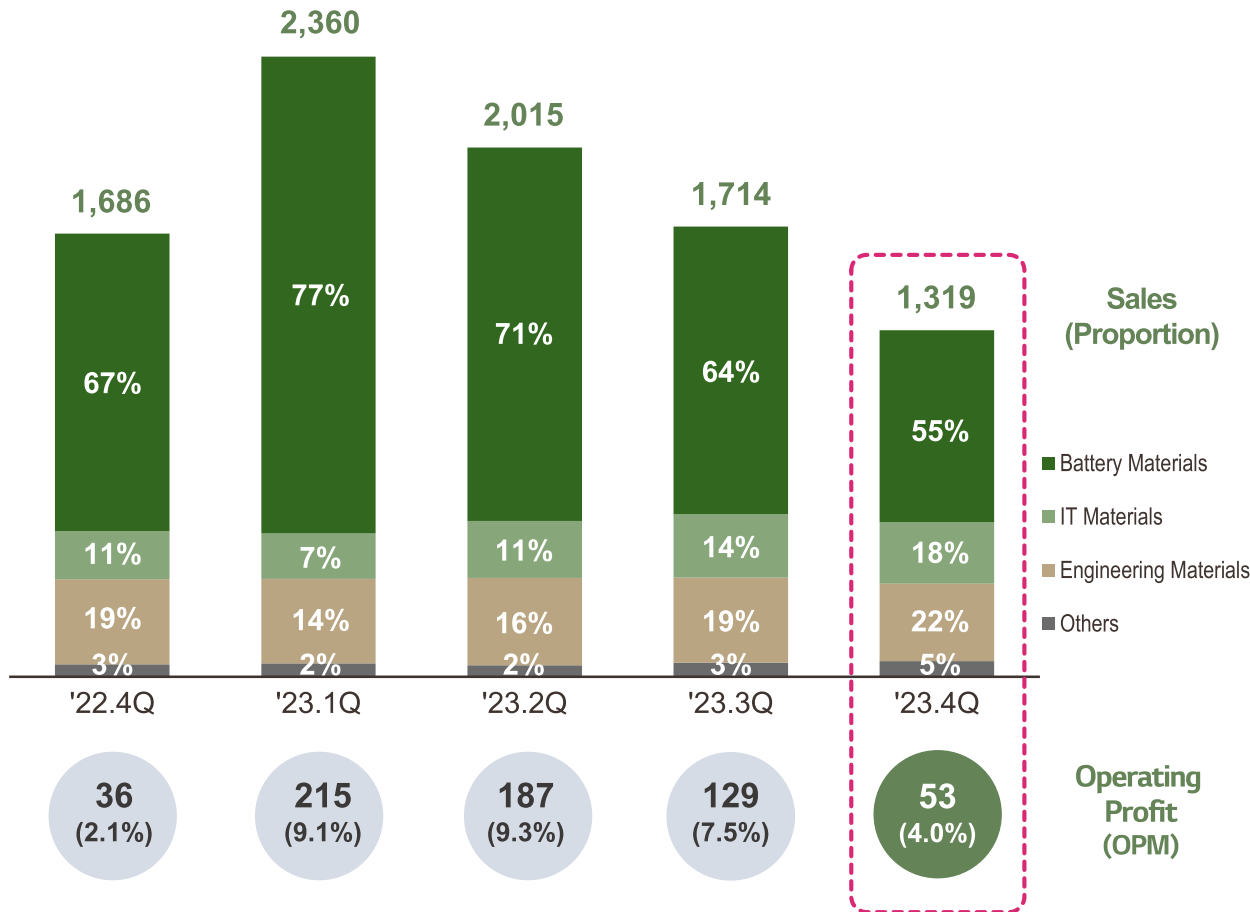
Outlook

- Macro uncertainty persists such as increased feedstock and logistics costs from geopolitical risks, etc.
- Improve profitability by operating a new capacity for high value-added products & continuing cost reduction activities

Results & Outlook by Business

Advanced Materials

(Unit: KRW bn)



Results

- Battery material sales & profitability declined due to sluggish demand for EVs in Europe & continued decline in metal prices
- Engineering/IT materials maintained solid profitability by increasing the share of high value-added products despite the off-season



Outlook

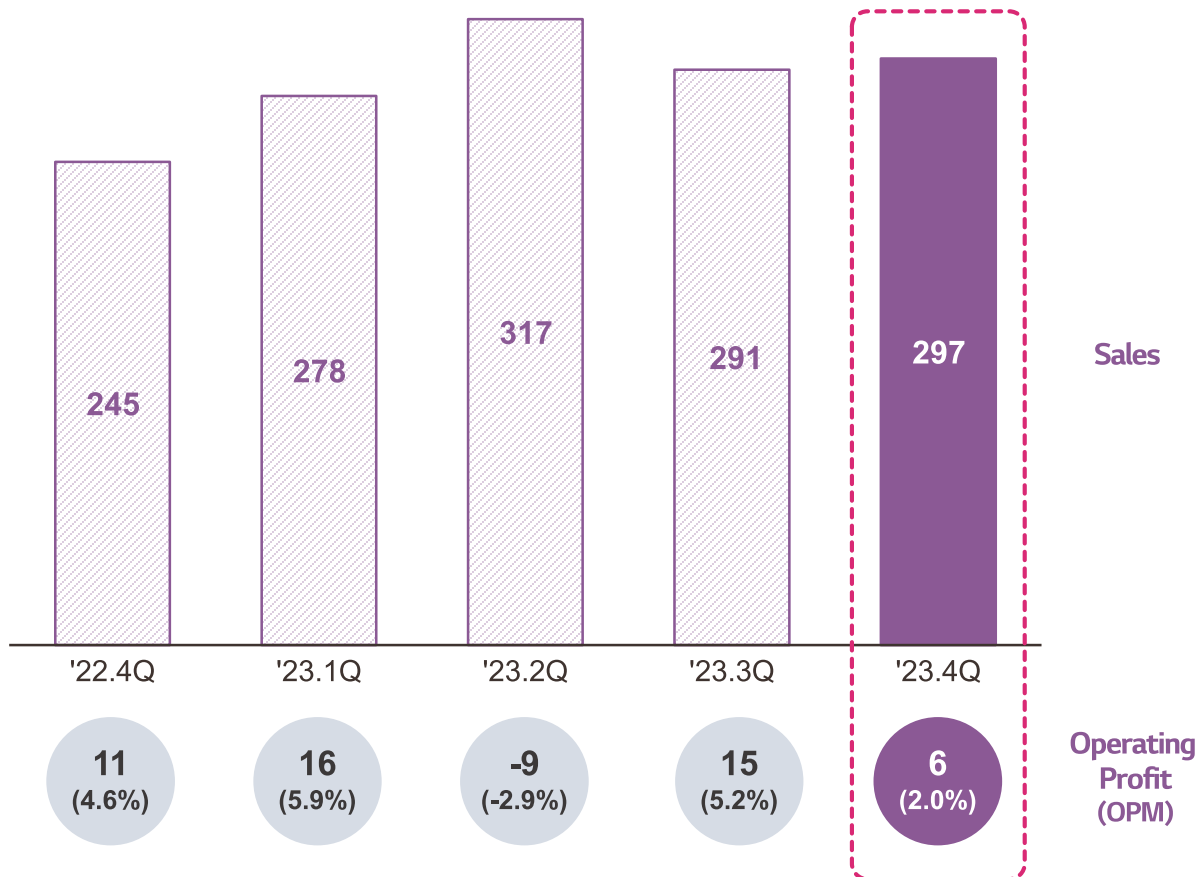
- While metal prices are expected to remain weak, sales & profitability to improve through increased shipments of battery materials, mainly to North America

※ Following our decisions to discontinue and sell some of our businesses, the relevant business results have been compiled retroactively.

Results & Outlook by Business

Life Sciences

(Unit: KRW bn)



Results

- Continued increase in sales of key products such as growth hormones, diabetes treatments, vaccines, etc.
- Profitability slightly decreased due to increased R&D costs from progress in phase 3 clinical trials of key projects



Outlook

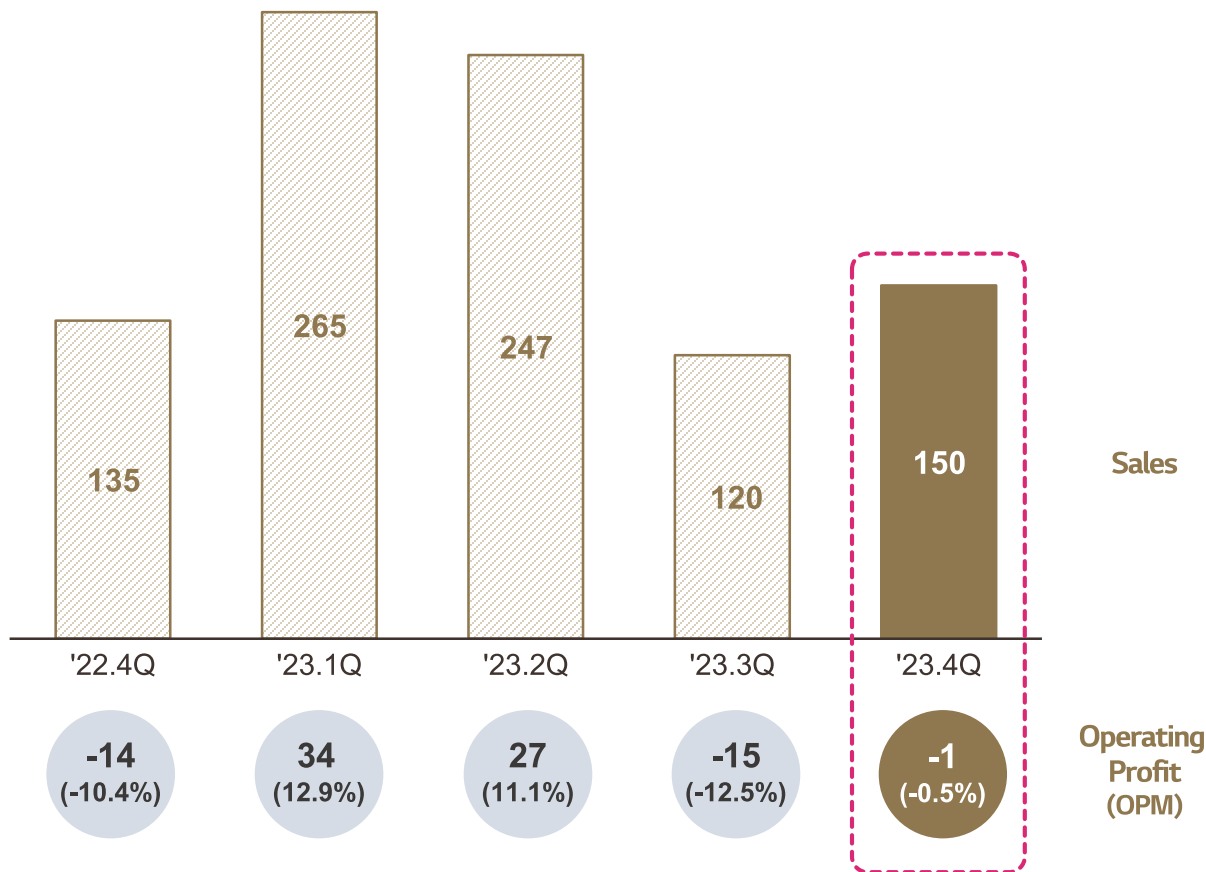
- Despite intensifying competition, sales of major products such as diabetes treatments, growth hormones, & renal cancer treatments to increase

※ AVEO's performance is included from February 2023.

Results & Outlook by Business

Farm Hannong

(Unit: KRW bn)



Results

- Sales & profitability increased YoY through efforts to improve profitability, e.g., expanding overseas sales of crop protection products & raising ASP



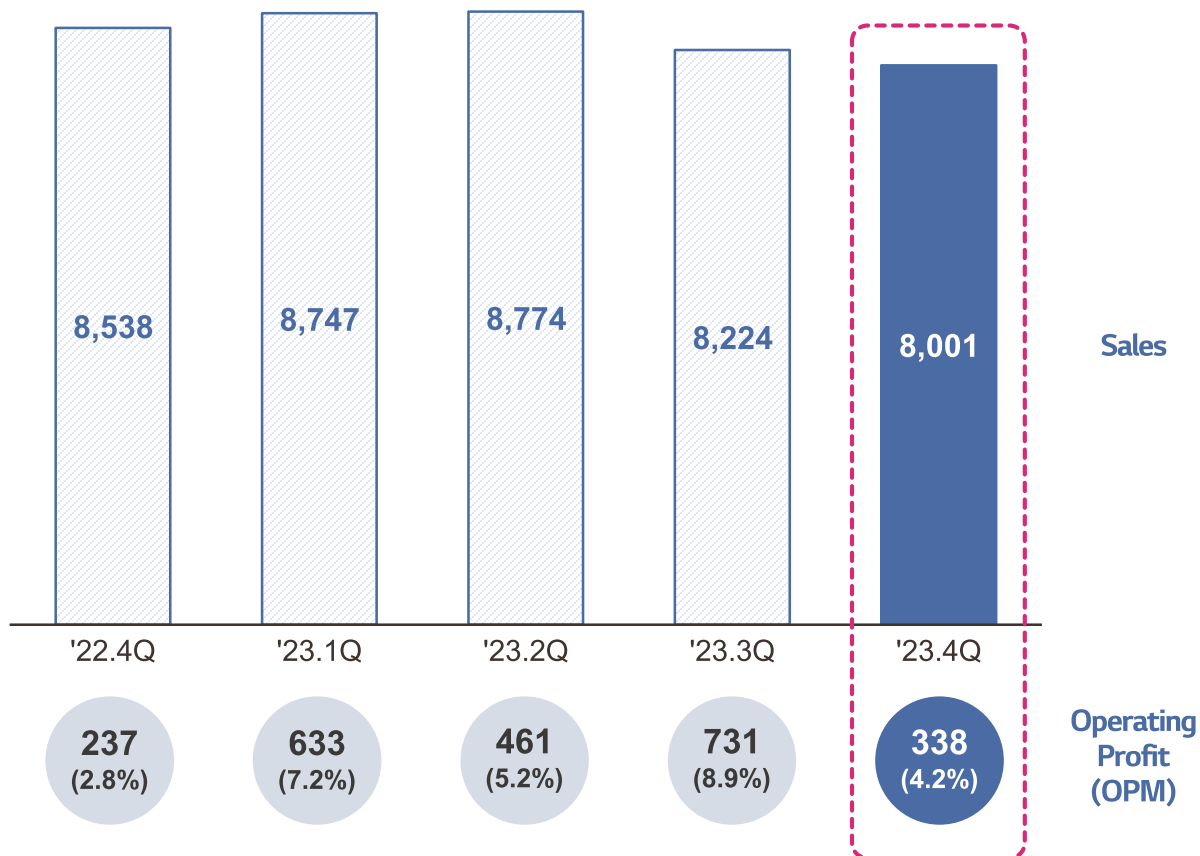
Outlook

- Profitability to improve through transition to high-margin business, incl. expansion of domestic & overseas sales of high-margin crop protection products

Results & Outlook by Business

Energy Solution

(Unit: KRW bn)



Results

- Despite increased sales of key products, sales decreased QoQ due to ASP impact from metal price decline & customers' conservative year-end inventory management
- Profitability declined due to lagging in raw material prices & reduced utilization in European plant



Outlook

- Despite a temporary slowdown in EV market growth & a decline in battery sales prices, sales growth to continue through sales expansion in North America
- Strengthen fundamental competitiveness by building tech leadership, securing cost competitiveness, & preparing for future business

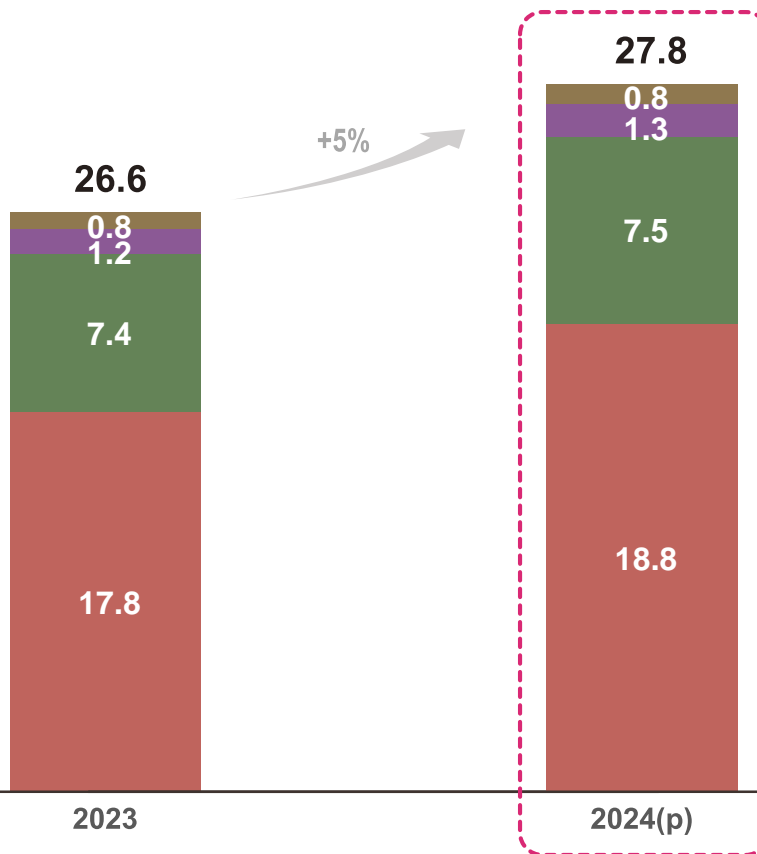
2024 Business Plan

Business Target (excl. Energy Solution)

(Unit: tn KRW)

- Farm Hannong
- Life Sciences
- Advanced Materials
- Petrochemicals

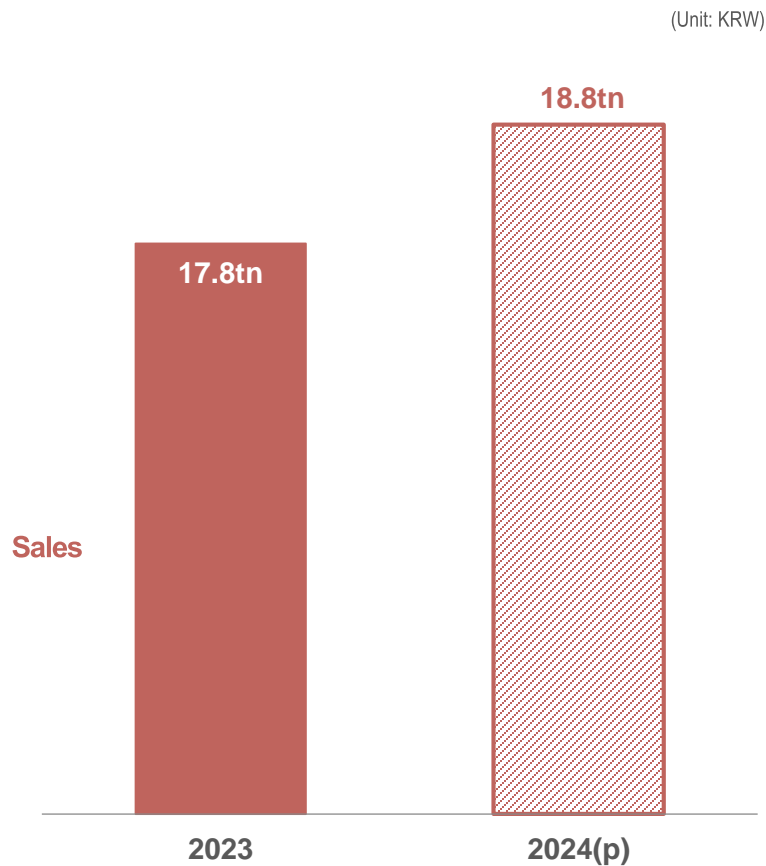
Sales



※ The projected amount of the business target is based on our business plan, and may differ from the actual amount due to changes in the business environment and strategy revision.
The difference between the company's sales target and the sum of sales target by business division is due to intra-company transactions and common sales.

Business Review/Outlook

Petrochemicals



※ The projected amount of the business target is based on our business plan, and may differ from the actual amount due to changes in the business environment and strategy revision.



2023 Review

- Market conditions worsened due to supply increase from Northeast Asia & global economic slowdown
- Profitability of major products declined due to difficulties in raising ASP amidst rising costs such as increases in oil & raw material prices
- Solid profitability of high value-added products continued, e.g., POE, CNT, IPA

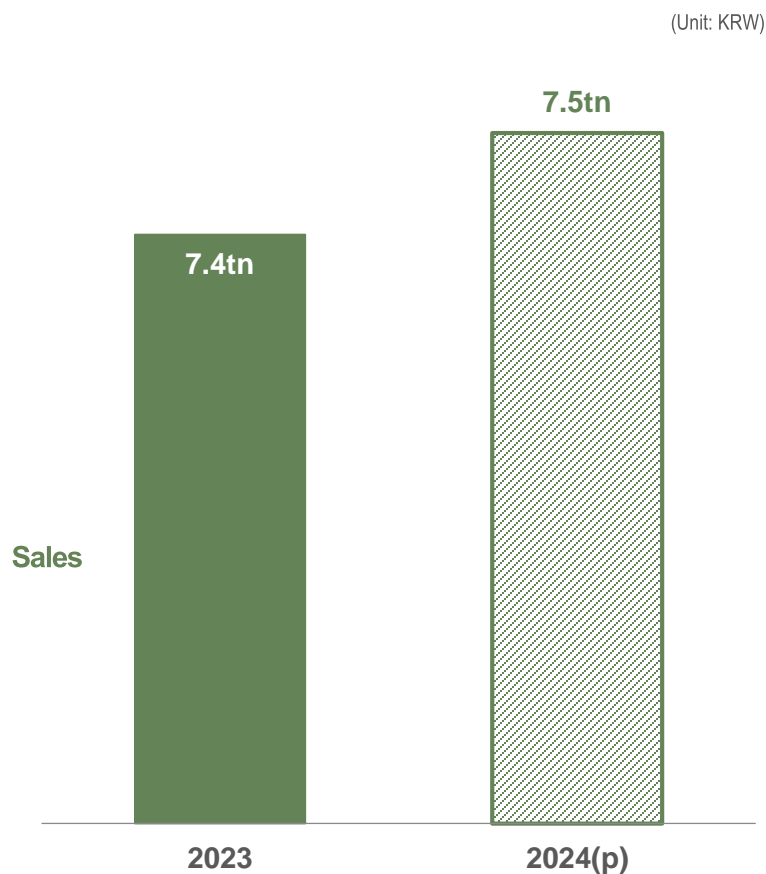


2024 Business Outlook / Strategic Direction

- Despite expectations of alleviation oversupply-burden as new/expanded facilities are reduced in Northeast Asia, the impact of past cumulative capacity expansion to persist
- While demand will continue to remain weak due to global economic downturn, profitability to improve backed by gradual recovery of supply-demand balance & additional demand rebound when geopolitical risks are resolved
- Execute the core strategy of securing & rationalizing the competitiveness of general-purpose products, strengthening high-value-added businesses, and fostering sustainability business

Business Review/Outlook

Advanced Materials



※ The projected amount of the business target is based on our business plan, and may differ from the actual amount due to changes in the business environment and strategy revision.



2023 Review

- While shipments of cathode and other battery materials increased, profitability decreased due to negative lagging effect from falling metal prices
- Established a customer diversification foundation through the signing of new supply contracts with customers other than LG ES
- Improve overall profitability by rationalizing low-growth businesses

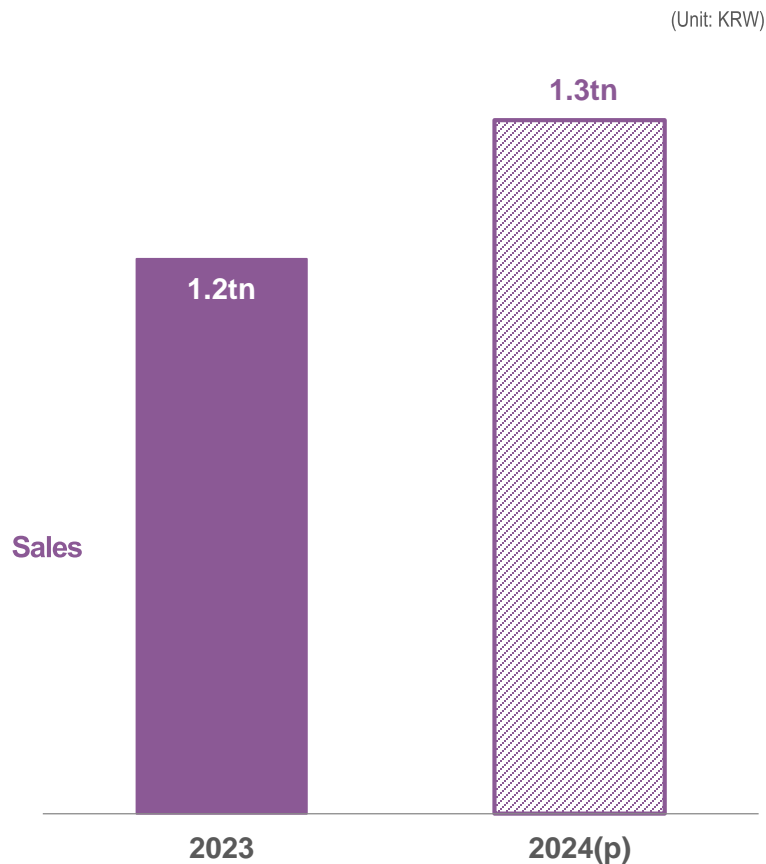


2024 Business Outlook / Strategic Direction

- Despite concerns of a temporary slowdown in EV market growth, shipments to North America customers to increase & cathode material shipments to increase from greater sales to external customers. However, sales growth to be limited due to falling metal prices
- Secure a stable SCM system by investing in the battery material value chain & expand partnerships with leading customers
- Engineering/IT materials to maintain solid profitability by continuing to expand of high value-added products & improve costs

Business Review/Outlook

Life Sciences



※ The projected amount of the business target is based on our business plan, and may differ from the actual amount due to changes in the business environment and strategy revision.



2023 Review

- Achieved sales of over KRW 1 trillion, sales from AVEO included
- Continued to generate stable sales by strengthening market leadership of major products such as Zemiglo, Eutropin and Eucept
- AVEO's PMI was successfully implemented to achieve 53% growth YoY
- Timely development of global innovative new drug projects, incl. phase 3 clinical trial for gout treatment and phase 2 clinical trial for rare obesity treatment



2024 Business Outlook / Strategic Direction

- Growth to continue by reinforcing the status of market leading products & increasing the share of overseas sales
- Sales & profitability to improve by licensing-out of rare obesity treatment
- Progress on global clinical projects:
 - Results of phase 3 of renal cancer treatment's combination therapy
 - Gout treatment phase 3 in progress
 - Head & neck cancer treatment to enter phase 3
 - Preparation for phase 1 of self-developed anti-cancer project

Appendix

Income Statements

(Unit: KRW bn)

LG Chem	2022					2023				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Sales	11,355	11,987	13,985	13,656	50,983	14,284	14,336	13,495	13,135	55,250
Cost of Sales	8,904	9,511	11,235	11,472	41,122	11,972	11,930	11,177	11,384	46,464
Gross Profit (%)	2,451 21.6%	2,477 20.7%	2,749 19.7%	2,184 16.0%	9,861 19.3%	2,312 16.2%	2,405 16.8%	2,318 17.2%	1,750 13.3%	8,786 15.9%
SG&A Expenses	1,447	1,622	1,838	1,975	6,882	1,609	1,899	1,673	1,753	6,934
Other operating income(*)						100	111	216	250	677
Operating Profit (%)	1,004 8.8%	855 7.1%	911 6.5%	209 1.5%	2,979 5.8%	804 5.6%	618 4.3%	860 6.4%	247 1.9%	2,529 4.6%
Other non-operating income(expenses)	-9	24	13	-229	-201	120	162	-284	-30	-31
Income before tax	995	878	925	-20	2,778	924	780	576	218	2,498
Net Income	769	718	714	-6	2,196	669	671	585	129	2,053
EPS (Unit:KRW)					23,670					17,086

※ The business results currently under audit review are presented here for investors' convenience. Hence, please be advised that some of contents may be altered in the course of audit.

(*) The amount is expected to be received under the US Inflation Reduction Act by LG Energy Solution.

※ Following our decisions to discontinue and sell some of our businesses, the relevant business results have been compiled retroactively.

Appendix

Financial Position

(Unit: KRW bn)

LG Chem	2022				2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	64,417	66,347	69,649	67,974	70,896	72,501	77,500	77,467
Cash and Equivalents	14,138	11,514	9,128	8,512	6,810	6,871	8,883	9,142
A/R	7,019	7,515	8,957	7,450	8,604	8,657	8,924	8,083
Inventory	9,312	11,240	12,493	11,881	11,970	11,145	10,608	9,375
Tangible / Intangible Assets	27,724	29,027	30,667	32,353	35,186	37,465	40,016	42,643
Liabilities	28,926	29,799	30,934	30,493	32,492	32,893	36,135	36,529
A/P	4,691	5,330	5,357	4,756	5,535	4,887	5,012	4,118
Short-term debts	4,370	4,427	4,741	3,804	5,025	5,267	4,590	7,078
Long-term debts	10,324	11,313	12,375	12,160	12,849	13,968	17,318	14,850
Equity	35,491	36,548	38,715	37,481	38,404	39,608	41,365	40,938
Liabilities / Equity (%)	81.5%	81.5%	79.9%	81.4%	84.6%	83.0%	87.4%	89.2%
Net debt / Equity (%)	1.6%	11.6%	20.6%	19.9%	28.8%	31.2%	31.5%	31.2%
BPS (Unit:KRW)	387,345	397,216	415,621	401,764	404,633	409,363	416,722	411,243

※ Cash and Equivalents includes cash, cash equivalents, and some deposits at financial institutions.

※ The business results currently under audit review are presented here for investors' convenience. Hence, please be advised that some of contents may be altered in the course of audit.

Appendix

Cash Flows

(Unit: KRW bn)

LG Chem	2022					2023				
	1Q	2Q	3Q	4Q	Year	1Q	2Q	3Q	4Q	Year
Beginning Cash Balance	3,825	14,138	11,514	9,128	3,825	8,512	6,810	6,871	8,883	8,512
Operating Activities	156	-587	-1,100	2,101	570	503	1,971	1,656	3,406	7,537
Operating Profit	1,004	855	911	209	2,979	804	618	860	247	2,529
Depreciation	793	819	871	929	3,412	922	977	999	1,059	3,957
Working Capital	-711	-1,785	-2,668	1,518	-3,646	-465	125	394	1,180	1,234
Investing Activities	-2,243	-2,188	-2,188	-2,660	-9,279	-4,068	-2,750	-3,046	-3,262	-13,127
Financing Activities	12,337	47	739	209	13,332	1,768	888	3,219	283	6,157
Borrow / Repay	-72	1,046	1,377	-1,152	1,199	1,909	1,362	2,672	20	5,964
Dividends	-	-945	-91	-55	-1,091	-56	-840	-11	-197	-1,104
Ending Cash Balance	14,138	11,514	9,128	8,512	8,512	6,810	6,871	8,883	9,142	9,142

※ The financial information contained in this material has different standards from the cash flow statement in the audit report.

※ Beginning cash and ending cash include cash, cash equivalents, and some deposits at financial institutions. Accordingly, it was retroactively revised to the same beginning/ending-period cash basis.

※ The business results currently under audit review are presented here for investors' convenience. Hence, please be advised that some of contents may be altered in the course of audit.

Appendix

CAPEX & R&D Expenses (excl. Energy Solution)

CAPEX

(Unit: KRW bn)

LG Chem	2021	2022	2023
Petrochemicals	1,610	1,645	1,464
Advanced Materials	840	1,089	690
Life Sciences	110	118	770*
Common (incl. Farm Hannong)	593	679	487
Total	3,153	3,531	3,411

* Included the amount of AVEO acquisition

R&D Expenses

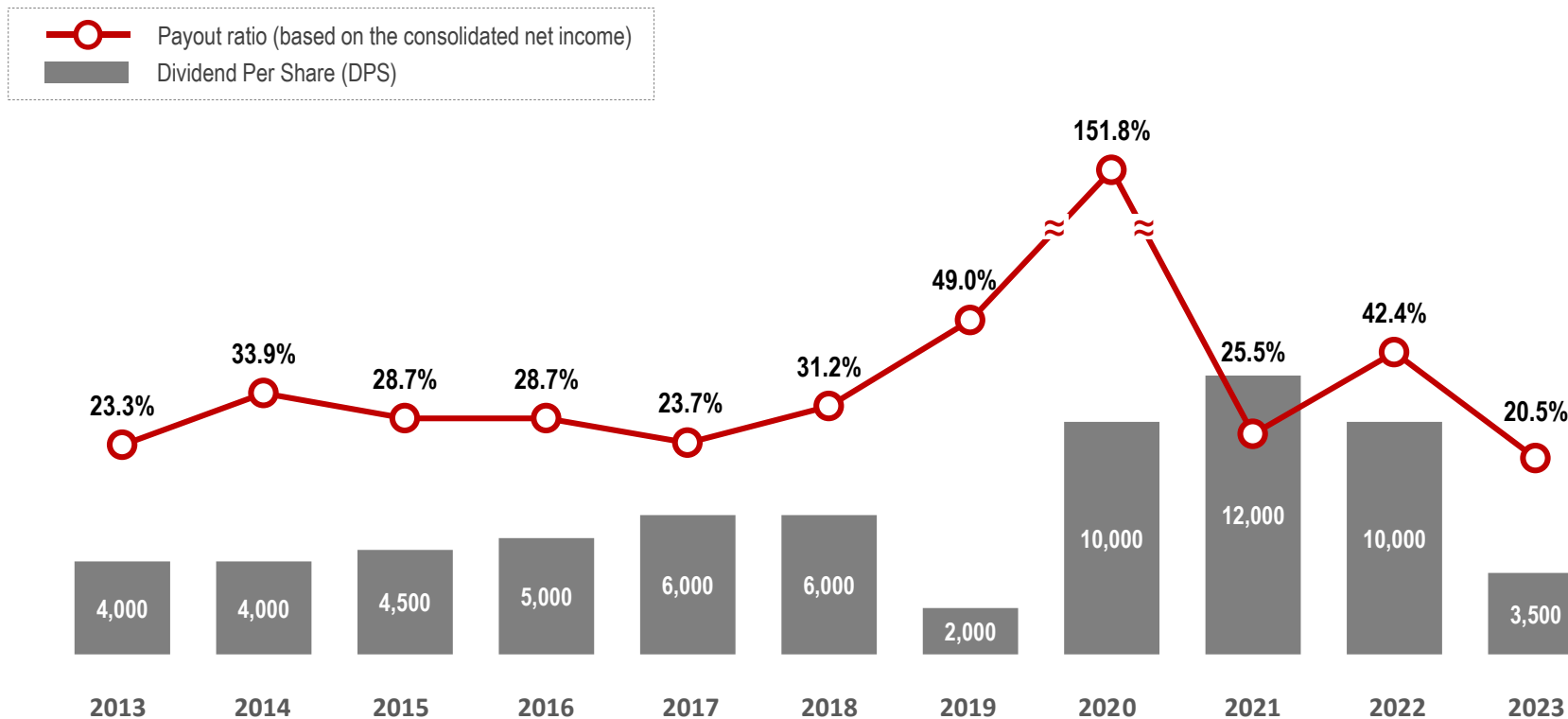
(Unit: KRW bn)

LG Chem	2021	2022	2023
Petrochemicals	184	216	232
Advanced Materials	154	204	243
Life Sciences	200	276	375
Common (incl. Farm Hannong)	195	205	194
Total	733	901	1,044

Appendix

Dividend Per Share (DPS) Trend

(Unit: KRW / Common Share)










※ Dividend Policy: For the next three years (FY2023~FY2025), intensive investments are needed in the three future growth engines, thus, we aim to set the dividend payout ratio at 20% or higher based on consolidated net income (excluding one time non recurring income).

Appendix

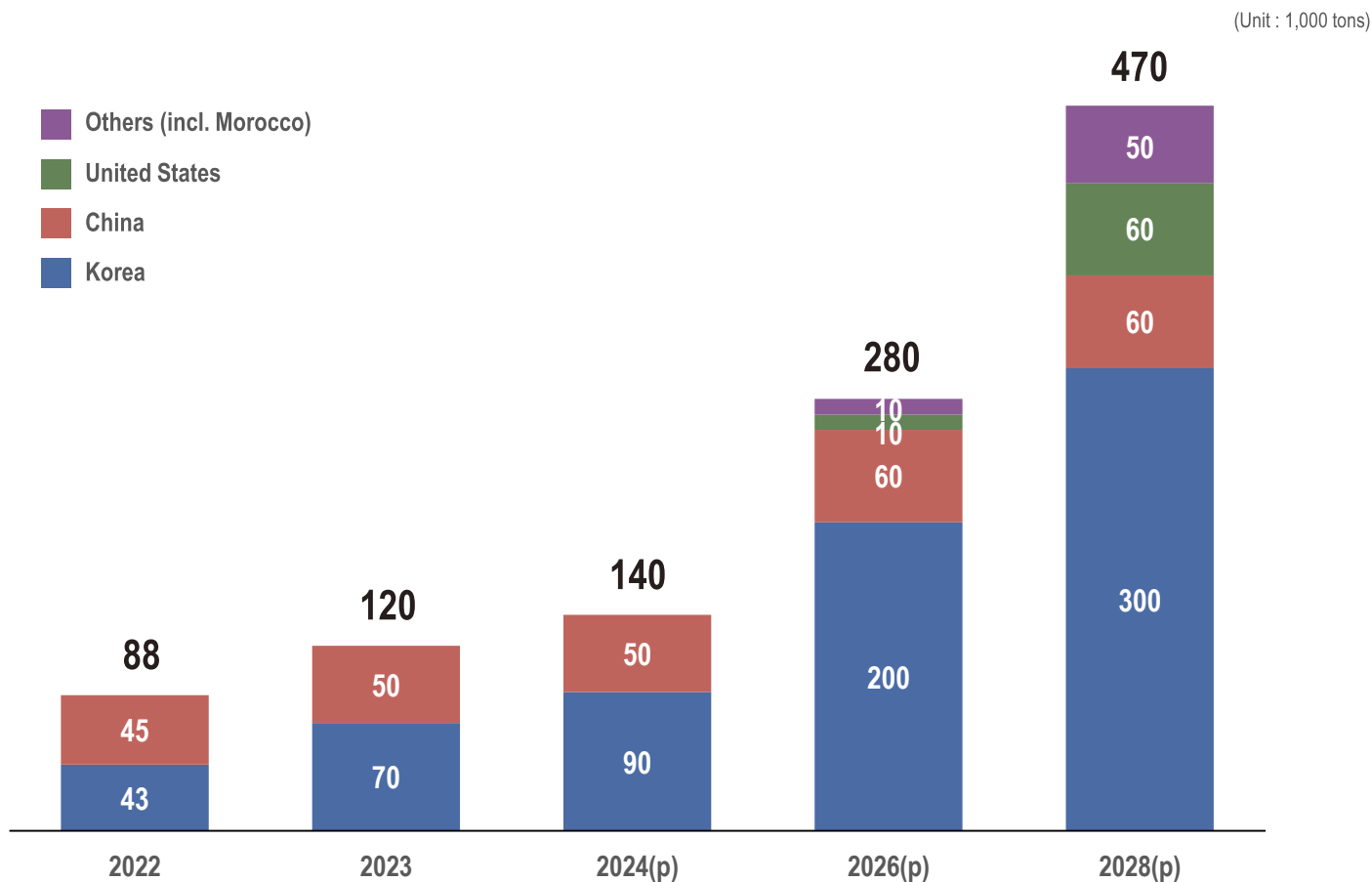
Petrochemical Divisions & Products (Capa) as of Dec.2023

(Unit : 1,000 tons)

	C2 / C3 / BD / BZ / SM (3,350 / 1,980 / 510 / 900 / 520)	BPA (505)	HDPE / LLDPE / PP (550 / 600 / 380)	LDPE / EVA (300 / 160)	
	PVC (1,280)	Plasticizers (280)	Alcohol (300)	PC (170)	Caustic Soda (1,020)
	ABS / SAN ^{'24.3Q} (2,290) (2,310 → 2,350)		PS / EPS (40 / 90)		
	Acrylic Acid (715)	IPA ^{'23.12} (265) (205 → 265)		NPG (175)	
	Synthetic Rubbers (BR/SSBR/NBR) (365)		Specialty Polymers (SBL/SBS/MBS) (313)		
	POE ^{'23.12} (380) (280 → 380)		CNT ^{'23.3} (2.9) (1.7 → 2.9)		PBAT ^{'24.2Q} (0 → 50)
	SAP (500)		NBL (630)		

Appendix

Cathode Capa Plan



※ It is based on our business plan, and may differ from the actual Capa due to changes in the business environment and strategy revision.

Thank you

*We*ConnectScience

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