

October 25, 2019

Solution**Partner**

3Q 2019 Business Results & Outlook





Contents

- **3Q 2019 Earnings Summary** | **4~5**
- **Results & Outlook by Business** | **6~9**
- **Appendix** | **10~17**
 - Sales & Operating Profit by Business
 - CAPEX / R&D Expenses
 - Income Statements / Financial Position / Cash Flows
 - Ethylene / PE Demand & Supply
 - Quarterly / Monthly Price Trends

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 recalibration of strategy.

3Q 2019 Business Results

Income Statements

(Unit:KRW bn)

| | 2018 | | 2019 | | | YoY | QoQ |
|---------------------------|--------------|-------------|--------------|--------------|----------------------------|---------------|---------------|
| | 3Q | 4Q | 1Q | 2Q | 3Q | | |
| Sales | 7,235 | 7,343 | 6,639 | 7,177 | 7,347 | +1.6% | +2.4% |
| OP (%) | 602 8.3% | 290 3.9% | 275 4.1% | 268 3.7% | 380 5.2% | -36.9% | +42.2% |
| EBITDA (%) | 975 13.5% | 684 9.3% | 682 10.3% | 725 10.1% | 862 11.7% | -11.7% | +18.8% |
| Pre-tax Income (%) | 485 6.7% | 158 2.1% | 280 4.2% | 193 2.7% | 244 3.3% | -49.7% | +26.4% |
| Net Income (%) | 347 4.8% | 127 1.7% | 212 3.2% | 84 1.2% | 137 1.9% | -60.4% | +63.5% |

3Q 2019 Business Results

Financial Position

Balance Sheet

(Unit:KRW tn)

| | 2018 | 2Q 2019 | 3Q 2019 | QoQ |
|-----------------------------|-------|---------|---------|--------|
| Assets | 28.94 | 32.44 | 33.53 | +3.4% |
| Cash and Equivalents | 2.56 | 2.67 | 2.09 | -21.8% |
| Liabilities | 11.62 | 15.16 | 16.04 | +5.8% |
| Debts | 5.32 | 8.48 | 8.95 | +5.6% |
| Shareholder's Equity | 17.32 | 17.28 | 17.49 | +1.2% |

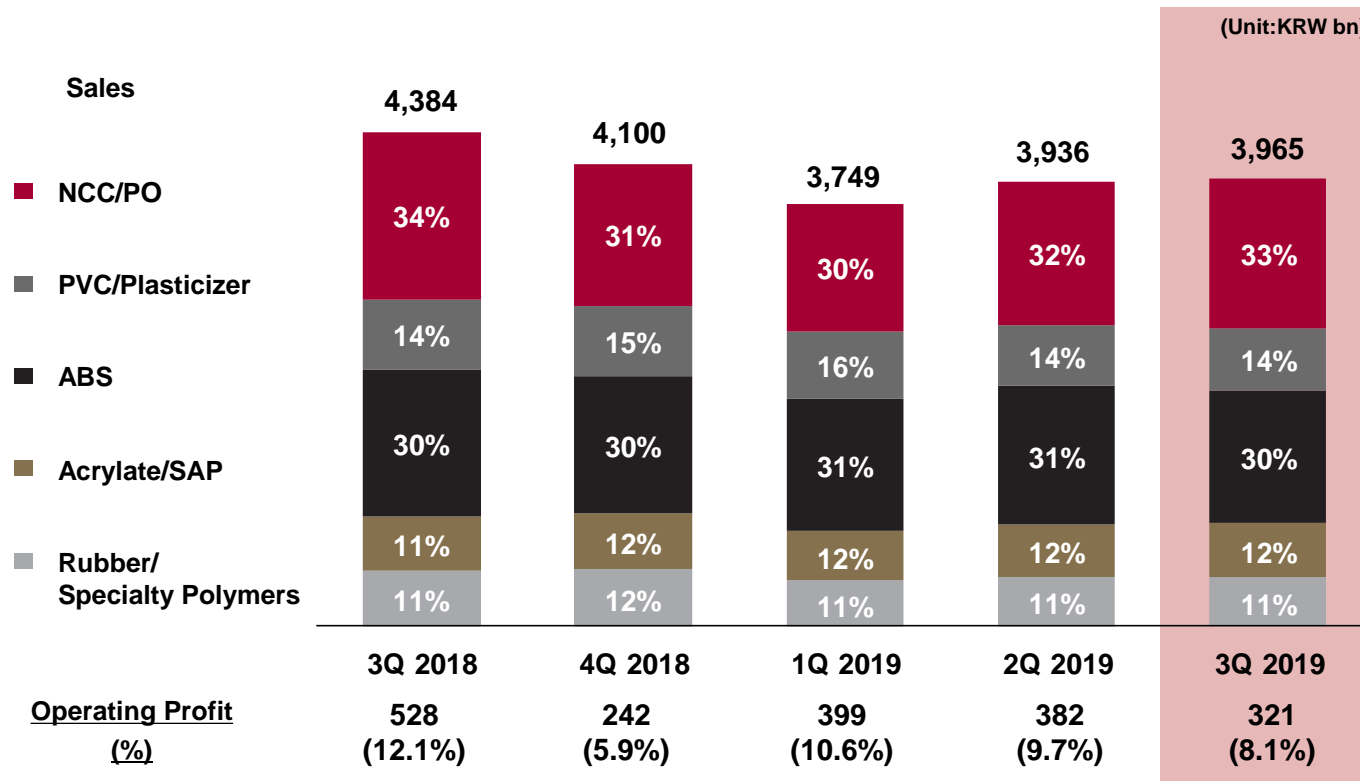
Financial Ratios

| | 2018 | 2Q 2019 | 3Q 2019 | QoQ |
|-----------------------------|-------|---------|---------|--------|
| Liabilities / Equity | 67.1% | 87.7% | 91.7% | +4.0%p |
| Debts / Equity | 30.7% | 49.1% | 51.2% | +2.1%p |
| Net Debts / Equity | 16.0% | 33.6% | 39.3% | +5.7%p |
| ROE | 9.0% | 1.9% | 3.2% | +1.3%p |
| ROA | 5.6% | 1.1% | 1.7% | +0.6%p |

- ※ ROE: Net Income / Avg of beginning & ending shareholders' equity
- ※ ROA: Net Income / Avg of beginning & ending assets
- ※ Net Income calculation for each Quarters : Quarterly Net Income X 4

Results & Outlook by Business

Petrochemicals



[Analysis]

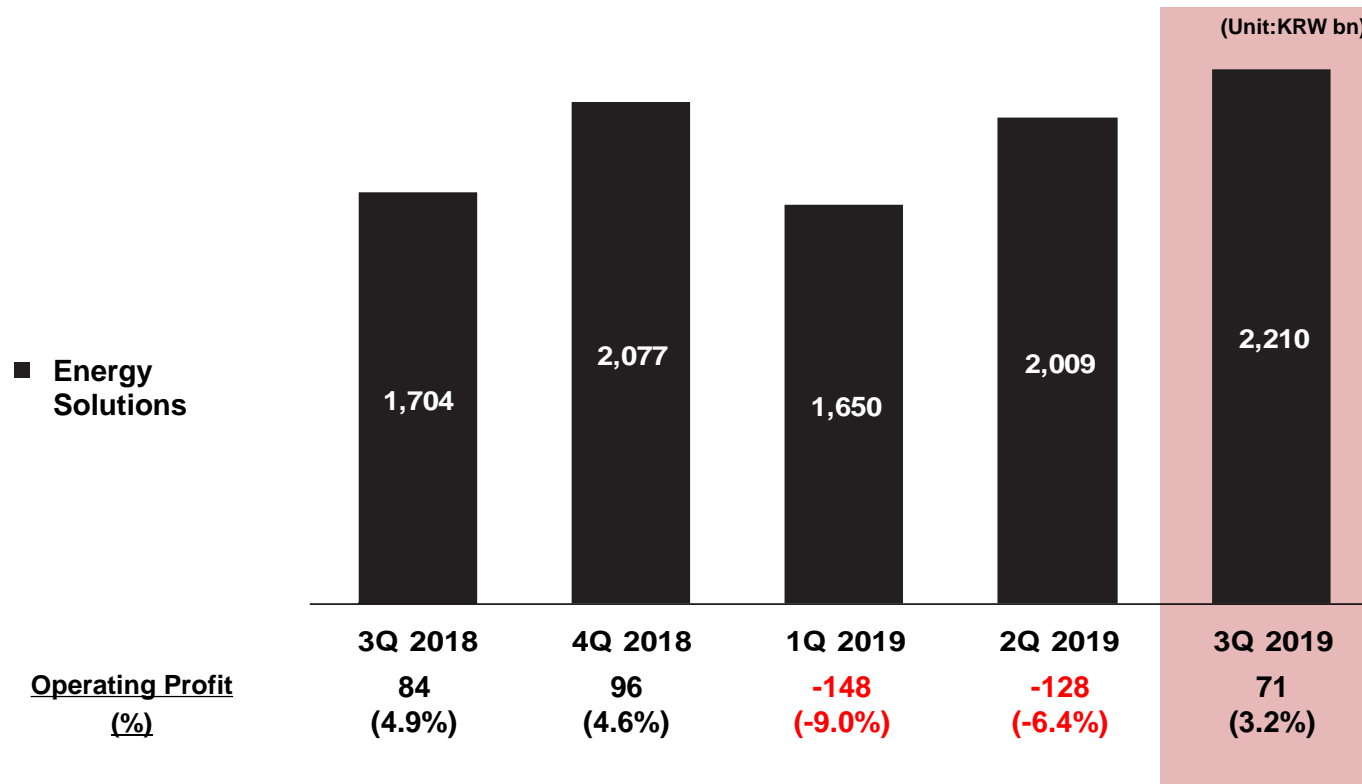
- Decreased profitability due to lower spreads of main products which caused by sluggish demand

[Outlook]

- Spreads for main products are expected to maintain but rigidity of further decline
- Increased profitability is expected due to expansion of sales in premium products

Results & Outlook by Business

Energy Solutions



[Analysis]

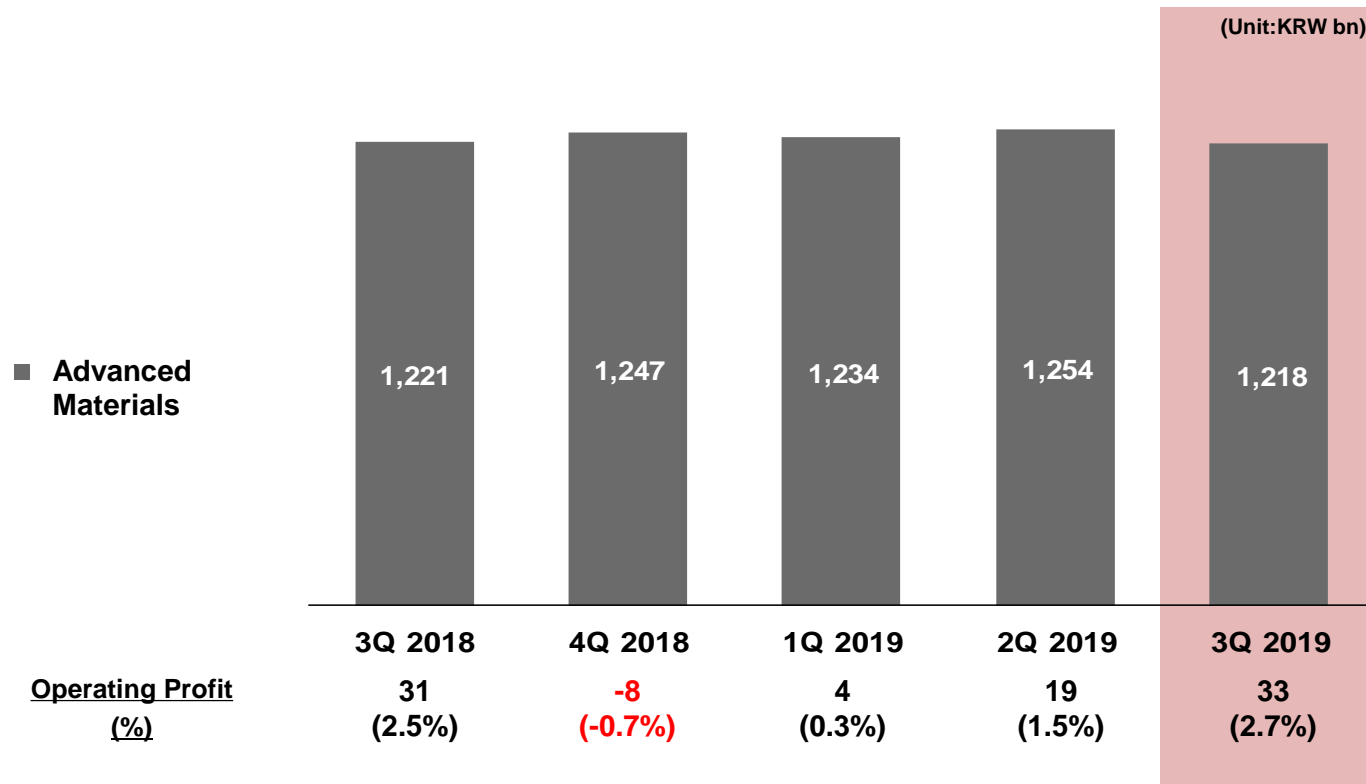
- Improved sales and profitability due to increased shipment of IT battery and EV battery

[Outlook]

- Sales in EV battery are expected to enhance but shipment of IT battery may decrease

Results & Outlook by Business

Advanced Materials



[Analysis]

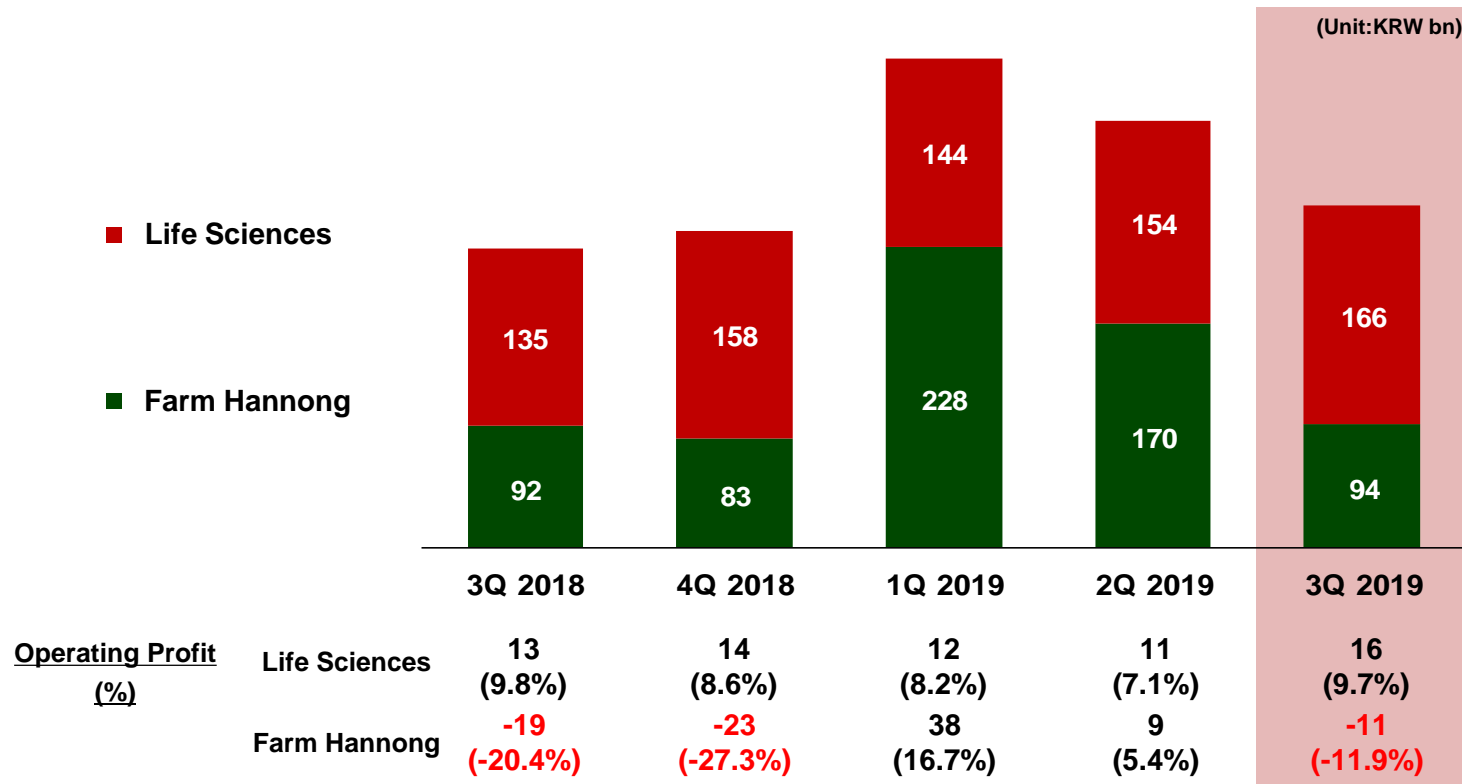
- Increased profitability due to seasonality of front industry and increased sales in OLED

[Outlook]

- Sales are expected to grow because of increased shipment of Automotive materials and Cathode

Results & Outlook by Business

Life Sciences / Farm Hannong



[Analysis]

- Life Sciences: Increased sales and profitability due to expansion of sales in main products
- Farm Hannong: Increased YoY sales due to enhancement of exports and cost cutting

[Outlook]

- Life Sciences: R&D expenses are going to increase because of developing of new drugs
- Farm Hannong: Increased YoY profitability is expected due to expansion of sales in premium products

Appendix

Sales & Operating Profits by Business

(Unit:KRW bn)

| LG CHEM | 2017 | | | | | 2018 | | | | | 2019 | | | |
|------------------------------|-------|-------|--------|--------|--------|-------|-------|--------|--------|--------|-------|-------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | | 1Q | 2Q | 3Q | 4Q | | 1Q | 2Q | 3Q | |
| Sales | 6,487 | 6,382 | 6,397 | 6,432 | 25,698 | 6,554 | 7,052 | 7,235 | 7,343 | 28,183 | 6,639 | 7,177 | 7,347 | 21,164 |
| Operating Profits | 797 | 727 | 790 | 615 | 2,929 | 651 | 703 | 602 | 290 | 2,246 | 275 | 268 | 380 | 923 |
| (%) | 12.3% | 11.4% | 12.3% | 9.6% | 11.4% | 9.9% | 10.0% | 8.3% | 3.9% | 8.0% | 4.1% | 3.7% | 5.2% | 4.4% |
| EBITDA | 1,151 | 1,074 | 1,137 | 972 | 4,335 | 1,006 | 1,065 | 975 | 684 | 3,730 | 682 | 725 | 862 | 2,269 |
| (%) | 17.7% | 16.8% | 17.8% | 15.1% | 16.9% | 15.3% | 15.1% | 13.5% | 9.3% | 13.2% | 10.3% | 10.1% | 11.7% | 10.7% |
| Petrochemicals | 4,240 | 4,072 | 4,031 | 4,036 | 16,378 | 4,100 | 4,402 | 4,384 | 4,100 | 16,987 | 3,749 | 3,936 | 3,965 | 11,650 |
| NCC/PO | 1,438 | 1,351 | 1,318 | 1,409 | 5,516 | 1,415 | 1,504 | 1,495 | 1,267 | 5,681 | 1,136 | 1,270 | 1,327 | 3,732 |
| PVC/Plasticizer | 588 | 572 | 560 | 568 | 2,288 | 605 | 596 | 611 | 622 | 2,434 | 596 | 538 | 546 | 1,680 |
| ABS | 1,216 | 1,185 | 1,261 | 1,214 | 4,876 | 1,233 | 1,357 | 1,304 | 1,209 | 5,102 | 1,170 | 1,228 | 1,182 | 3,580 |
| Acrylate/SAP | 435 | 427 | 425 | 420 | 1,706 | 427 | 468 | 477 | 495 | 1,868 | 447 | 461 | 479 | 1,388 |
| Rubber/ Specialty Polymer | 563 | 537 | 467 | 424 | 1,991 | 420 | 478 | 497 | 508 | 1,903 | 400 | 440 | 431 | 1,271 |
| Operating Profits | 700 | 666 | 721 | 596 | 2,683 | 598 | 663 | 528 | 242 | 2,031 | 399 | 382 | 321 | 1,102 |
| (%) | 16.5% | 16.4% | 17.9% | 14.8% | 16.4% | 14.6% | 15.1% | 12.1% | 5.9% | 12.0% | 10.6% | 9.7% | 8.1% | 9.5% |
| Energy Solutions | 999 | 1,120 | 1,189 | 1,253 | 4,561 | 1,245 | 1,494 | 1,704 | 2,077 | 6,520 | 1,650 | 2,009 | 2,210 | 5,870 |
| Operating Profits | -10 | 8 | 18 | 14 | 29 | 2 | 27 | 84 | 96 | 209 | -148 | -128 | 71 | -205 |
| (%) | -1.0% | 0.7% | 1.5% | 1.1% | 0.6% | 0.2% | 1.8% | 4.9% | 4.6% | 3.2% | -9.0% | -6.4% | 3.2% | -3.5% |
| Advanced Materials | 1,057 | 1,053 | 1,144 | 1,148 | 4,402 | 1,107 | 1,137 | 1,221 | 1,247 | 4,710 | 1,234 | 1,254 | 1,218 | 3,705 |
| Operating Profits | 63 | 43 | 75 | 56 | 237 | 29 | 20 | 31 | -8 | 71 | 4 | 19 | 33 | 55 |
| (%) | 6.0% | 4.1% | 6.6% | 4.8% | 5.4% | 2.6% | 1.7% | 2.5% | -0.7% | 1.5% | 0.3% | 1.5% | 2.7% | 1.5% |
| Life Sciences | 129 | 135 | 139 | 148 | 552 | 131 | 151 | 135 | 158 | 575 | 144 | 154 | 166 | 463 |
| Operating Profits | 21 | 19 | 13 | 1 | 54 | 7 | 16 | 13 | 14 | 50 | 12 | 11 | 16 | 39 |
| (%) | 15.9% | 14.0% | 9.5% | 0.6% | 9.7% | 5.3% | 10.5% | 9.8% | 8.6% | 8.6% | 8.2% | 7.1% | 9.7% | 8.4% |
| Farm Hannong | 254 | 186 | 97 | 68 | 604 | 237 | 188 | 92 | 83 | 600 | 228 | 170 | 94 | 491 |
| Operating Profits | 50 | 14 | -10 | -19 | 36 | 45 | 12 | -19 | -23 | 15 | 38 | 9 | -11 | 36 |
| (%) | 19.8% | 7.3% | -10.0% | -28.0% | 5.9% | 19.2% | 6.1% | -20.4% | -27.3% | 2.6% | 16.7% | 5.4% | -11.9% | 7.3% |

※ Applied retroactive effects of past performance based on the reorganization

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Appendix

CAPEX / R&D Expenses

CAPEX

(Unit:KRW tn)

| | 2017 | 2018 | 2019 | | | |
|---------------------------------|------|------|------|------|------|------|
| | | | 1Q | 2Q | 3Q | |
| Petrochemicals | 0.6 | 1.4 | 0.4 | 0.4 | 0.4 | 1.2 |
| Energy Solutions | 1.0 | 1.9 | 0.6 | 0.7 | 1.2 | 2.5 |
| Advanced Materials | 0.2 | 0.5 | 0.1 | 0.2 | 0.2 | 0.5 |
| Life Sciences | 0.1 | 0.1 | 0.01 | 0.02 | 0.02 | 0.05 |
| Common (including Farm Hannong) | 0.6 | 0.7 | 0.1 | 0.1 | 0.2 | 0.4 |
| Total | 2.5 | 4.6 | 1.3 | 1.4 | 2.0 | 4.7 |

R&D Expenses

(Unit:KRW bn)

| | 2017 | 2018 | 2019 | | | |
|---------------------------------|------|-------|------|-----|-----|-----|
| | | | 1Q | 2Q | 3Q | |
| Petrochemicals | 132 | 144 | 38 | 39 | 36 | 113 |
| Energy Solutions | 299 | 320 | 98 | 98 | 91 | 287 |
| Advanced Materials | 213 | 235 | 44 | 53 | 45 | 143 |
| Life Sciences | 96 | 124 | 32 | 36 | 38 | 106 |
| Common (including Farm Hannong) | 152 | 238 | 51 | 65 | 58 | 174 |
| Total | 893 | 1,062 | 262 | 292 | 268 | 823 |

Appendix

Income Statements

(Unit:KRW bn)

| | 2017 | | | | | 2018 | | | | | 2019 | | | |
|--------------------------------------|-------|-------|-------|-------|---------------|-------|-------|-------|-------|---------------|-------|-------|-------|---------------|
| | 1Q | 2Q | 3Q | 4Q | | 1Q | 2Q | 3Q | 4Q | | 1Q | 2Q | 3Q | |
| Sales | 6,487 | 6,382 | 6,397 | 6,432 | 25,698 | 6,554 | 7,052 | 7,235 | 7,343 | 28,183 | 6,639 | 7,177 | 7,347 | 21,164 |
| Cost of Sales | 5,073 | 5,011 | 4,940 | 5,110 | 20,135 | 5,212 | 5,580 | 5,868 | 6,177 | 22,837 | 5,469 | 6,029 | 6,095 | 17,593 |
| Gross Profit(%) | 1,414 | 1,371 | 1,457 | 1,322 | 5,564 | 1,342 | 1,472 | 1,367 | 1,166 | 5,346 | 1,170 | 1,148 | 1,253 | 3,571 |
| | 21.8% | 21.5% | 22.8% | 20.6% | 21.6% | 20.5% | 20.9% | 18.9% | 15.9% | 19.0% | 17.6% | 16.0% | 17.1% | 16.9% |
| SG&A Expenses | 617 | 644 | 667 | 707 | 2,635 | 691 | 768 | 765 | 876 | 3,100 | 895 | 881 | 873 | 2,648 |
| Operating Profit(%) | 797 | 727 | 790 | 615 | 2,929 | 651 | 703 | 602 | 290 | 2,246 | 275 | 268 | 380 | 923 |
| | 12.3% | 11.4% | 12.3% | 9.6% | 11.4% | 9.9% | 10.0% | 8.3% | 3.9% | 8.0% | 4.1% | 3.7% | 5.2% | 4.4% |
| Other non-operating income(expenses) | -99 | 3 | -87 | -181 | -365 | 2 | -59 | -117 | -132 | -306 | 4 | -75 | -137 | -207 |
| Income before tax | 698 | 730 | 702 | 434 | 2,564 | 653 | 644 | 485 | 158 | 1,940 | 280 | 193 | 244 | 717 |
| Net Income | 548 | 590 | 546 | 338 | 2,022 | 553 | 493 | 347 | 127 | 1,519 | 212 | 84 | 137 | 433 |
| EPS(Unit:KRW) | 6,936 | 7,531 | 6,799 | 4,101 | 25,367 | 6,934 | 6,234 | 4,481 | 1,568 | 19,217 | 2,537 | 887 | 1,677 | 5,102 |

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Appendix

Financial Position

(Unit:KRW bn)

| | 2017 | | | | 2018 | | | | 2019 | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| Assets | 22,171 | 22,671 | 23,708 | 25,041 | 26,416 | 27,399 | 28,419 | 28,944 | 31,212 | 32,436 | 33,531 |
| Cash and Equivalents | 1,909 | 2,107 | 2,400 | 2,779 | 3,132 | 2,830 | 3,333 | 2,557 | 3,122 | 2,667 | 2,085 |
| A/R | 3,961 | 4,184 | 4,523 | 4,449 | 4,709 | 5,146 | 4,949 | 4,381 | 4,616 | 4,738 | 4,575 |
| Inventory | 3,250 | 3,086 | 3,187 | 3,353 | 3,784 | 3,950 | 4,404 | 4,290 | 4,503 | 4,771 | 4,977 |
| Tangible / Intangible Assets | 11,773 | 11,954 | 12,130 | 13,035 | 13,366 | 13,936 | 14,074 | 15,845 | 16,938 | 17,993 | 19,471 |
| Liabilities | 7,265 | 7,137 | 7,586 | 8,703 | 9,905 | 10,391 | 11,162 | 11,622 | 14,013 | 15,157 | 16,040 |
| A/P | 1,808 | 1,609 | 1,756 | 2,015 | 1,999 | 2,156 | 2,541 | 2,166 | 2,434 | 2,549 | 2,467 |
| Short-term debts | 2,175 | 1,454 | 1,361 | 1,451 | 1,593 | 1,903 | 2,037 | 1,613 | 1,630 | 1,432 | 1,744 |
| Long-term debts | 972 | 1,869 | 1,915 | 1,594 | 2,643 | 3,211 | 3,262 | 3,708 | 5,275 | 7,049 | 7,211 |
| Shareholders' Equity | 14,906 | 15,535 | 16,122 | 16,339 | 16,510 | 17,009 | 17,257 | 17,322 | 17,199 | 17,279 | 17,491 |
| Liabilities/Equity(%) | 48.7% | 45.9% | 47.1% | 53.3% | 60.0% | 61.1% | 64.7% | 67.1% | 81.5% | 87.7% | 91.7% |
| Net debt/Equity(%) | 8.3% | 7.8% | 5.4% | 1.6% | 6.7% | 13.4% | 11.4% | 16.0% | 22.0% | 33.6% | 39.3% |
| BPS (Unit:KRW) | 188,859 | 196,894 | 203,952 | 206,544 | 208,363 | 214,535 | 217,500 | 218,227 | 216,308 | 217,445 | 219,413 |

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Appendix

Cash Flows

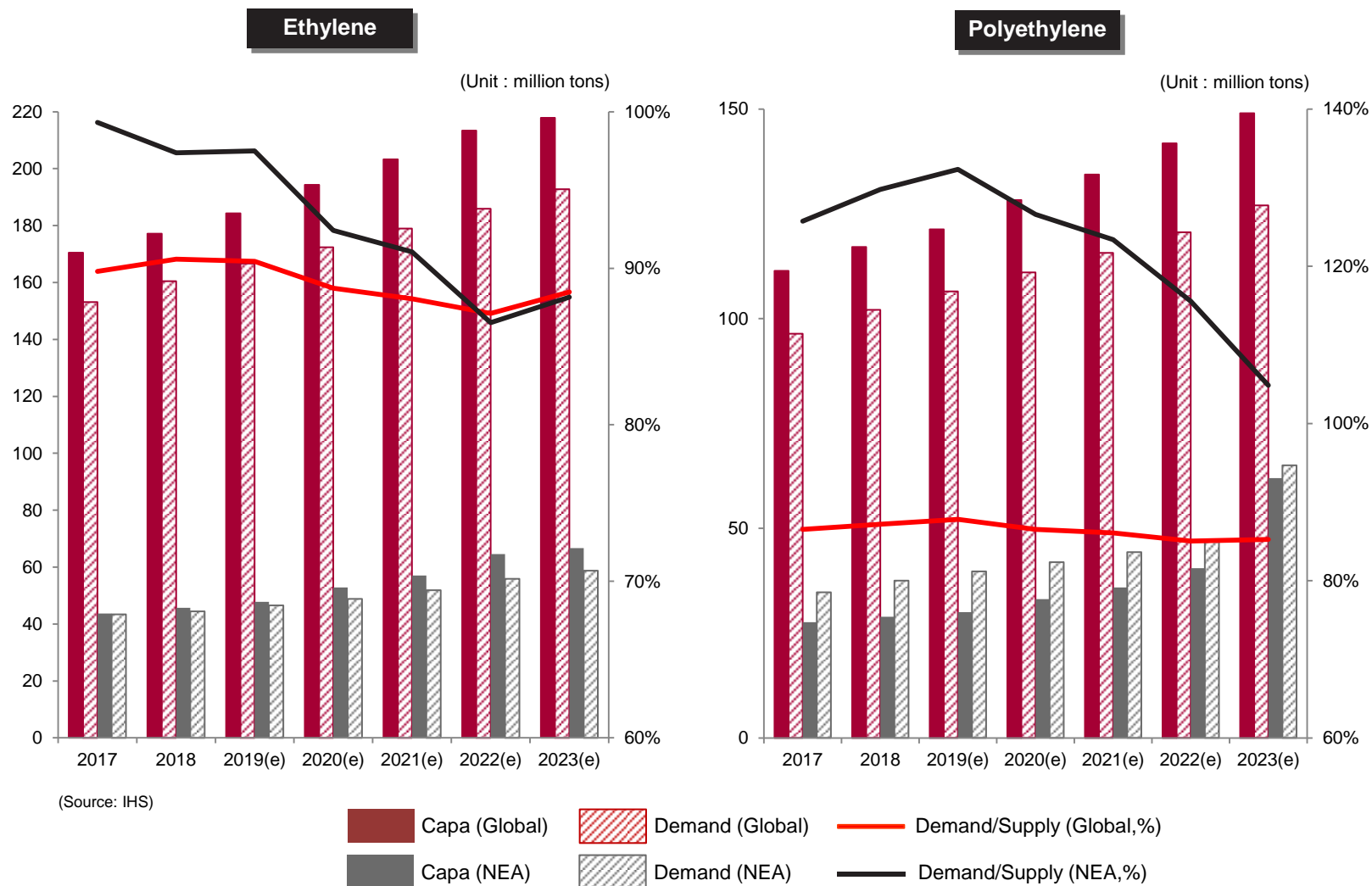
(Unit:KRW bn)

| | 2017 | | | | | 2018 | | | | | 2019 | | | |
|---|-------|-------|-------|-------|---------------|-------|-------|-------|--------|---------------|--------|--------|--------|---------------|
| | 1Q | 2Q | 3Q | 4Q | | 1Q | 2Q | 3Q | 4Q | | 1Q | 2Q | 3Q | |
| Beginning Cash Balance | 2,207 | 1,909 | 2,107 | 2,400 | 2,207 | 2,779 | 3,132 | 2,830 | 3,333 | 2,779 | 2,557 | 3,122 | 2,666 | 2,557 |
| Operating / Investing Activities | 0 | 442 | 350 | 546 | 1,337 | -831 | -662 | 289 | -798 | -2,001 | -903 | -1,490 | -960 | -3,352 |
| Operating Profits | 797 | 727 | 790 | 615 | 2,929 | 651 | 703 | 602 | 290 | 2,246 | 275 | 268 | 380 | 923 |
| Depreciation | 355 | 347 | 347 | 357 | 1,406 | 355 | 362 | 373 | 394 | 1,484 | 407 | 458 | 481 | 1,346 |
| Working Capital | -462 | -258 | -294 | 168 | -845 | -707 | -446 | 128 | 326 | -699 | -181 | -275 | -124 | -580 |
| Investing Activities | -223 | -514 | -571 | -315 | -1,623 | -867 | -744 | -905 | -1,610 | -4,126 | -1,547 | -1,729 | -1,362 | -4,638 |
| Others | -466 | 139 | 77 | -279 | -529 | -262 | -537 | 91 | -198 | -907 | 143 | -210 | -336 | -403 |
| Financing Activities | -271 | -262 | -72 | -132 | -737 | 1,170 | 369 | 238 | 17 | 1,794 | 1,450 | 1,003 | 375 | 2,828 |
| Debts | -474 | 177 | -47 | -232 | -575 | 1,191 | 878 | 186 | -3 | 2,252 | 1,498 | 1,661 | 474 | 3,633 |
| Dividends | - | -386 | - | - | -386 | - | -460 | -32 | -2 | -494 | - | -484 | -0 | -484 |
| Ending Cash Balance | 1,909 | 2,107 | 2,400 | 2,779 | 2,779 | 3,132 | 2,830 | 3,333 | 2,557 | 2,557 | 3,122 | 2,666 | 2,085 | 2,085 |

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Appendix

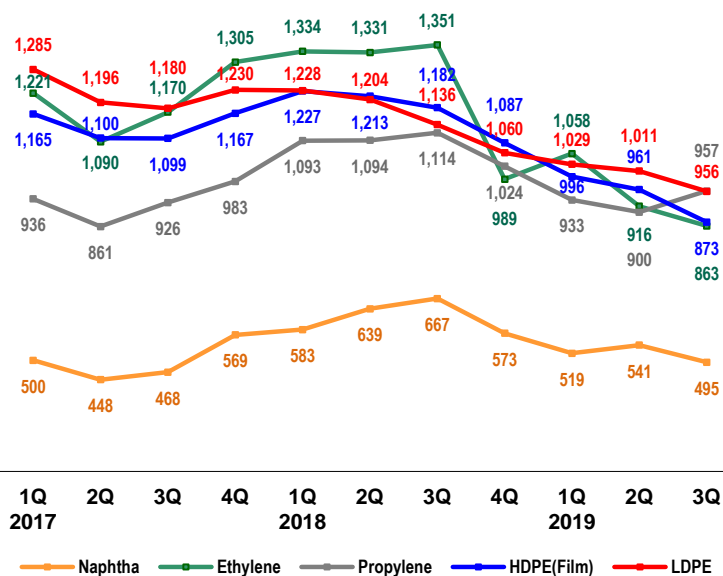
Ethylene / PE Demand Supply



Appendix

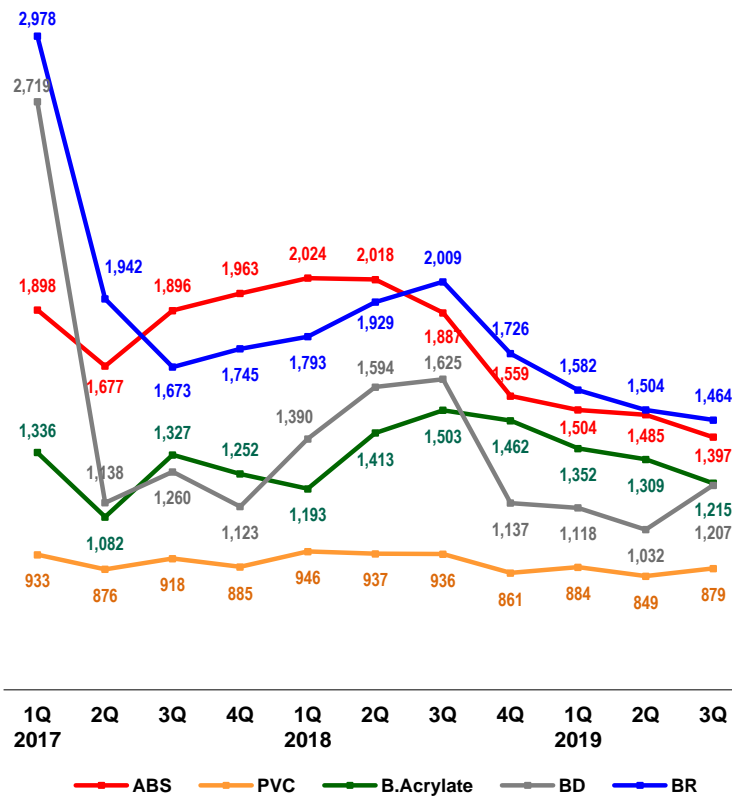
Quarterly Price Trends

(Unit : USD/MT)



NCC/PO

(Unit : USD/MT)



ABS

PVC/
Plasticizer

Acrylate/SAP

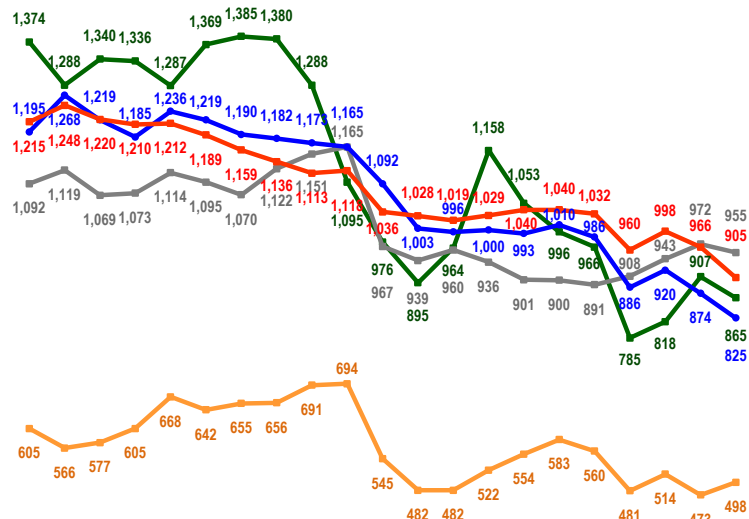
Rubber/Specialty
Polymers

• The prices are average price of CFR FE Asia for general grade in each product group.

Appendix

Monthly Price Trends

(Unit : USD/MT)

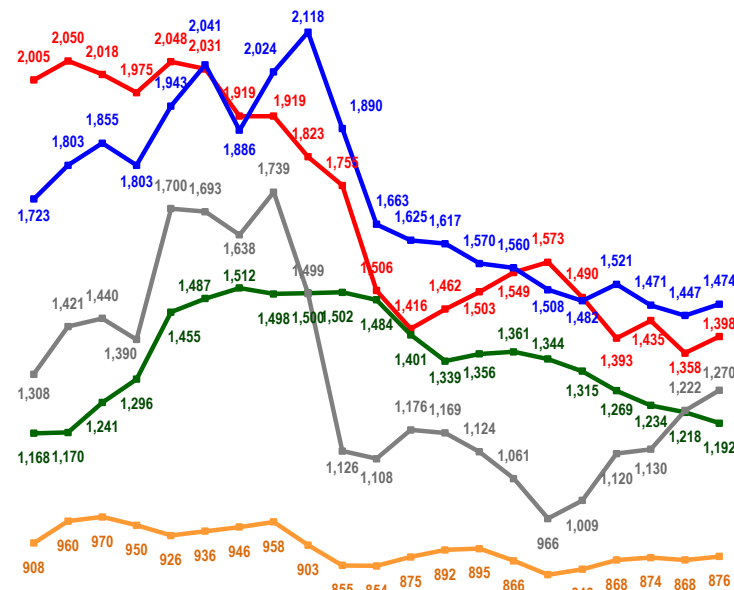


Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep
2018 2019

— Naphtha — Ethylene — Propylene — HDPE(Film) — LDPE

NCC/PO

(Unit : USD/MT)



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep
2018 2019

— ABS — PVC — B.Acrylate — BD — BR

ABS

PVC/
Plasticizer

Acrylate/SAP

Rubber/Specialty
Polymers

• The prices are average price of CFR FE Asia for general grade in each product group.

Thank you



LG Chem

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