

October 25, 2019

SolutionPartner

3Q 2019 Business Results & Outlook





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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 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%

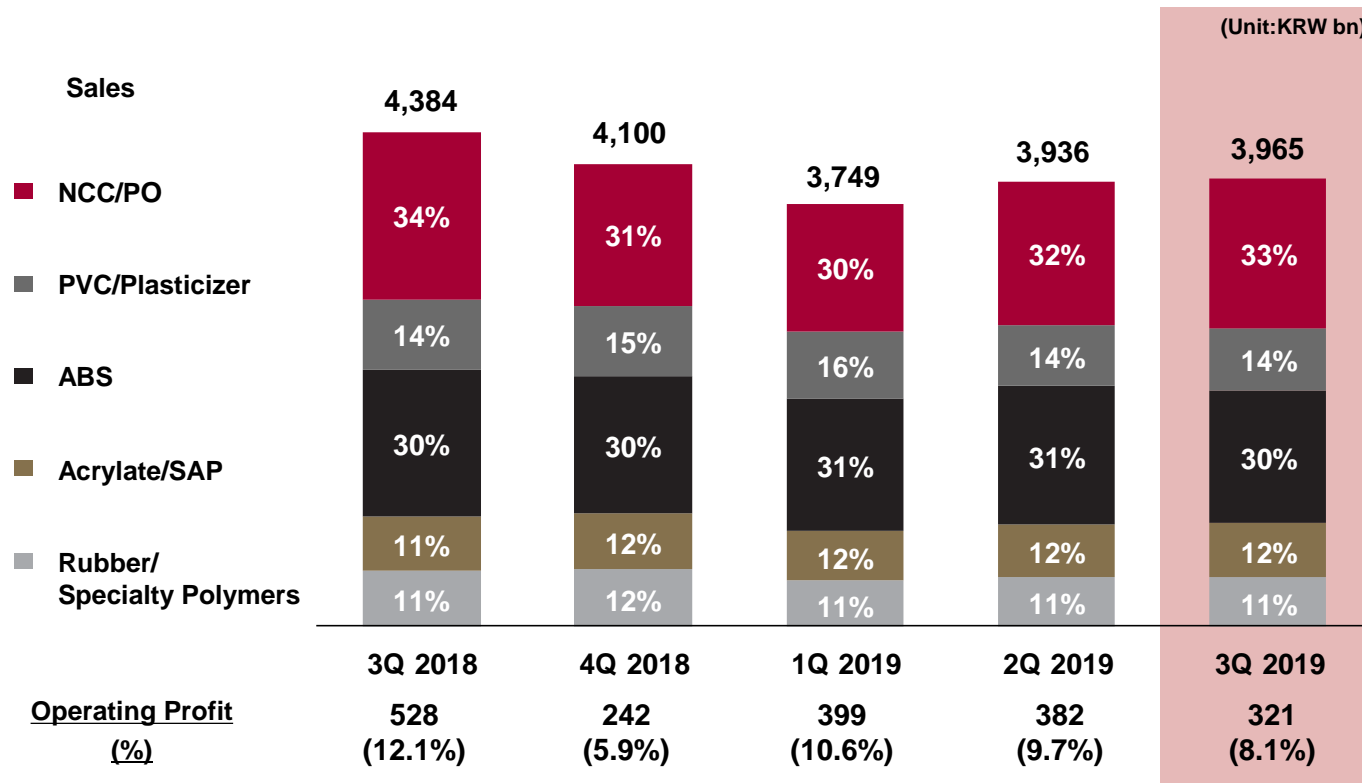
Financial Ratios

	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]

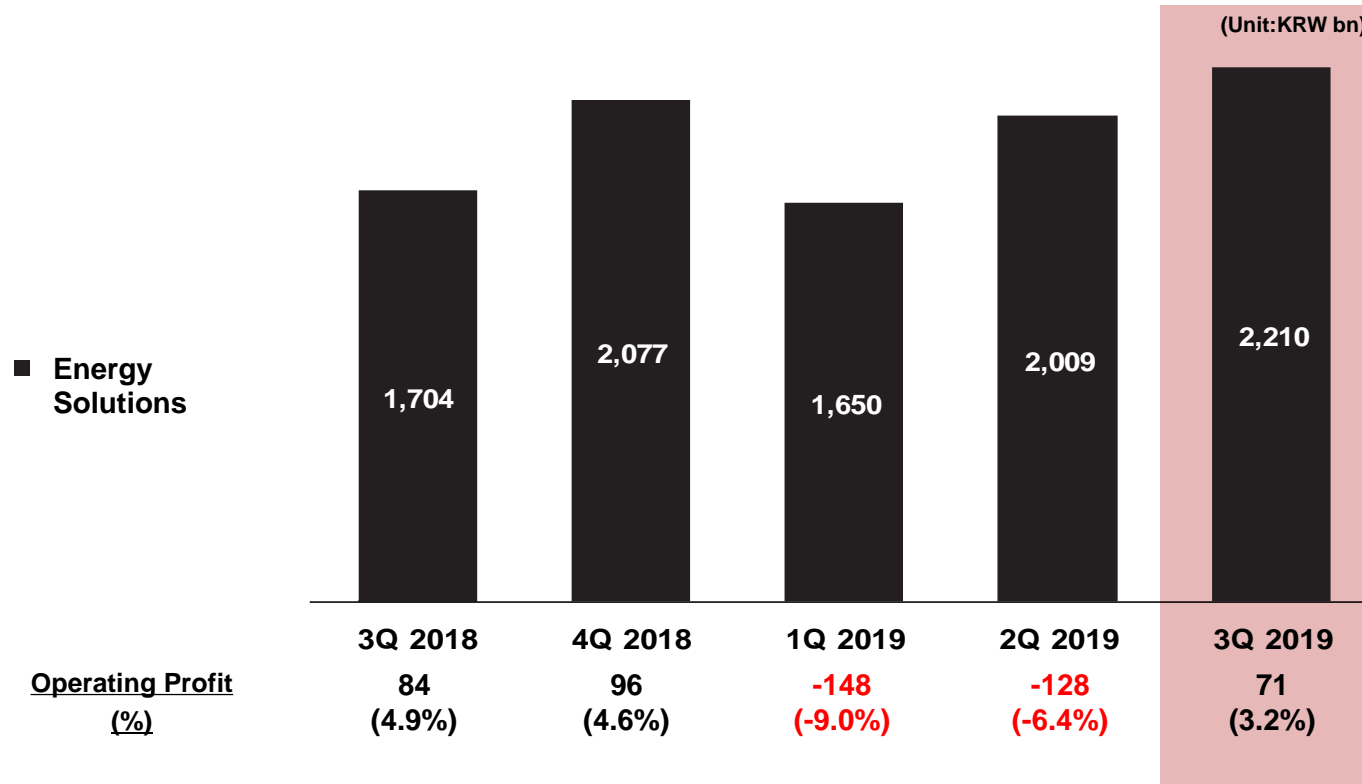
- Decreased profitability due to lower spreads of main products which caused by sluggish demand

[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]

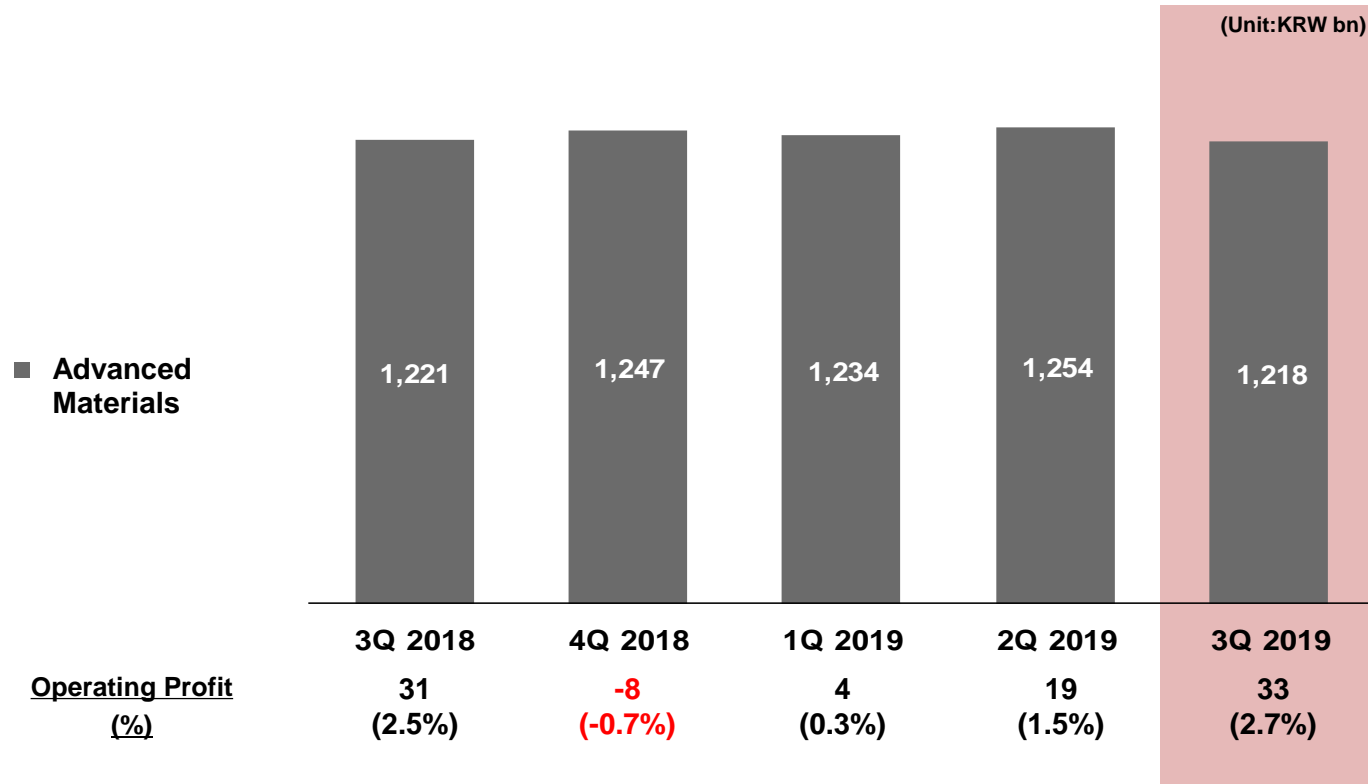
- Improved sales and profitability due to increased shipment of IT battery and EV battery

[Outlook]

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

Results & Outlook by Business

Advanced Materials



[Analysis]

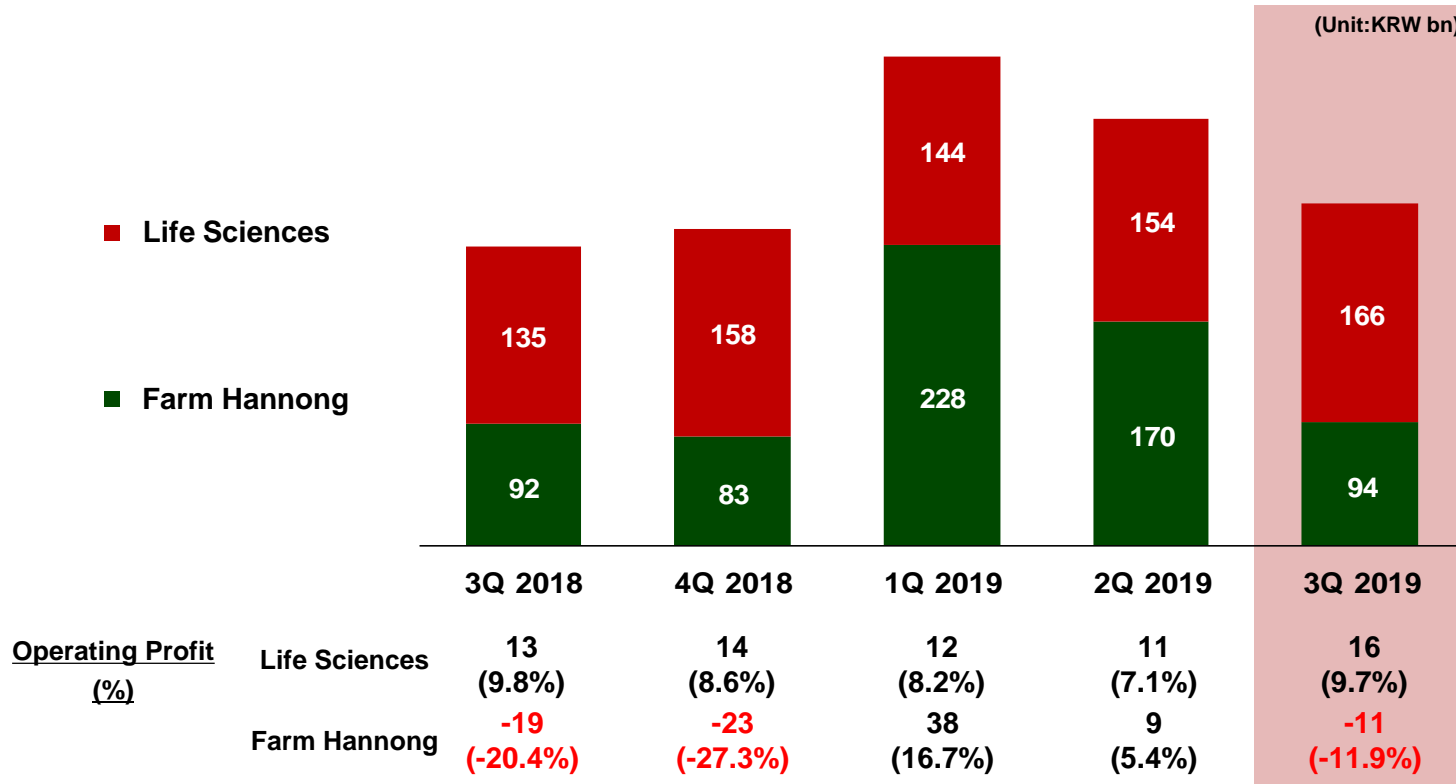
- Increased profitability due to seasonality of front industry and increased sales in OLED

[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

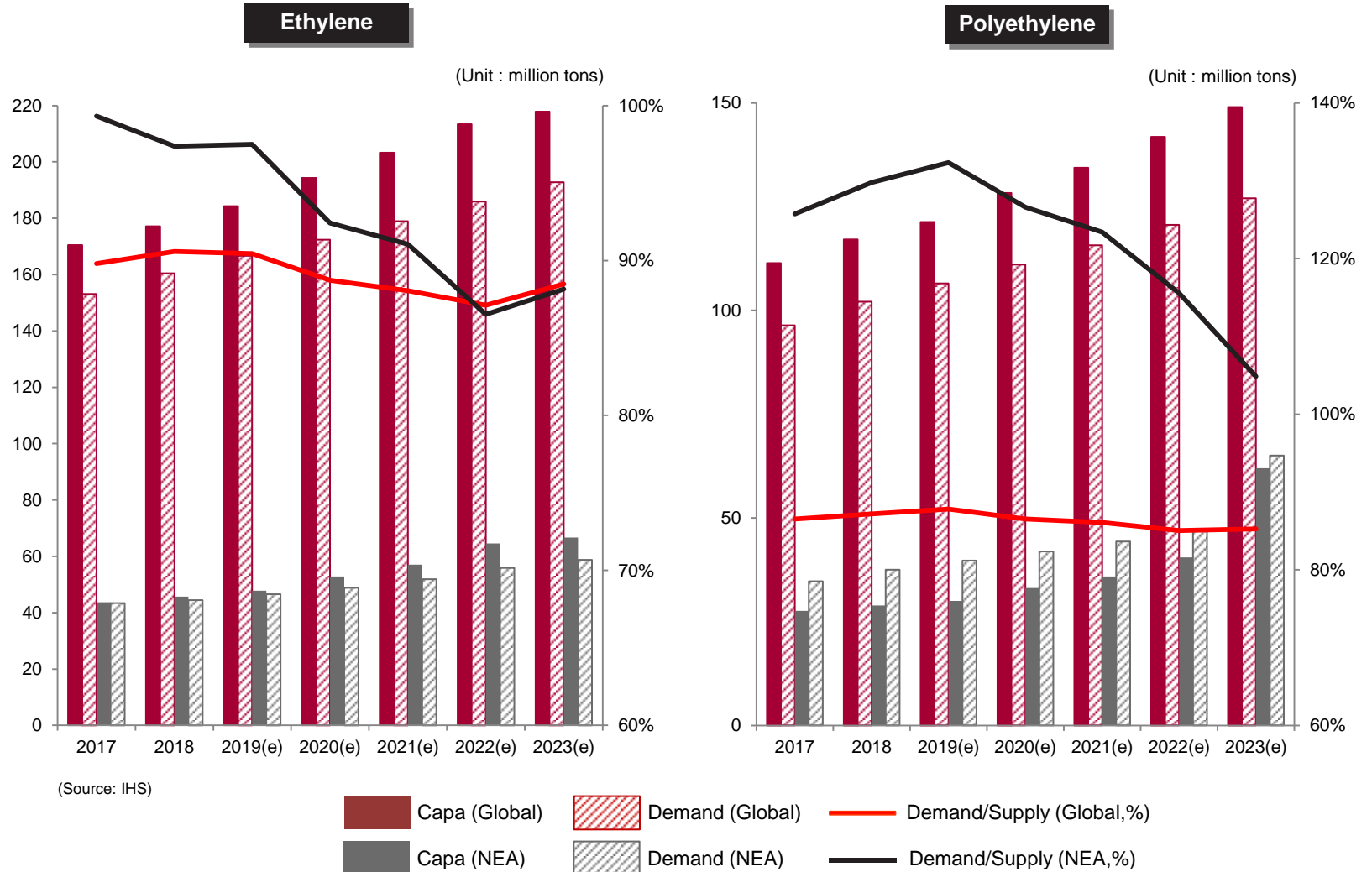
(Unit:KRW bn)

	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

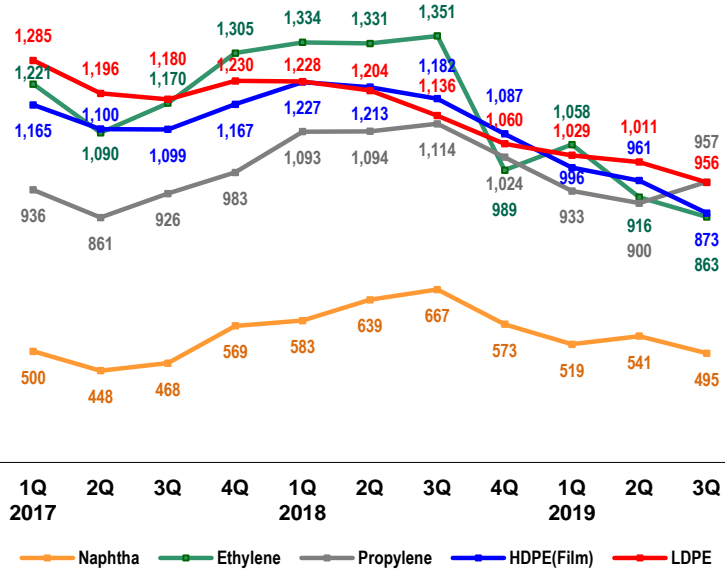
Ethylene / PE Demand Supply



Appendix

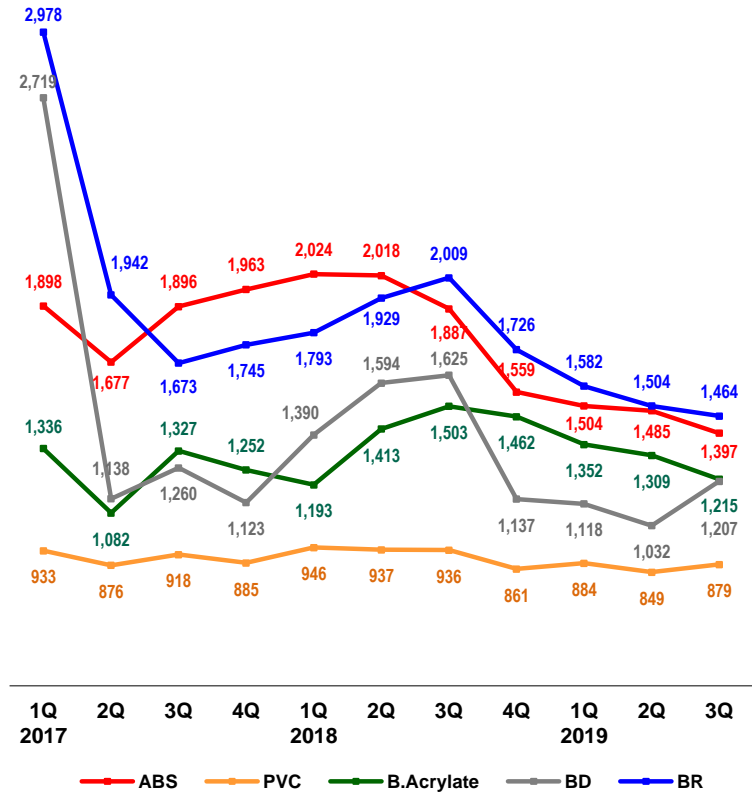
Quarterly Price Trends

(Unit : USD/MT)



NCC/PO

(Unit : USD/MT)



ABS

PVC/
Plasticizer

Acrylate/SAP

Rubber/Specialty
Polymers

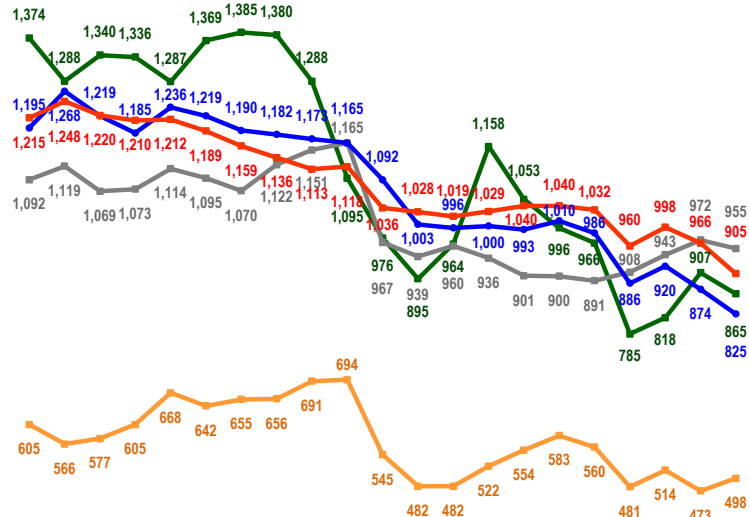
• The prices are average price of CFR FE Asia for general grade in each product group.

Appendix

Monthly Price Trends

(Unit : USD/MT)

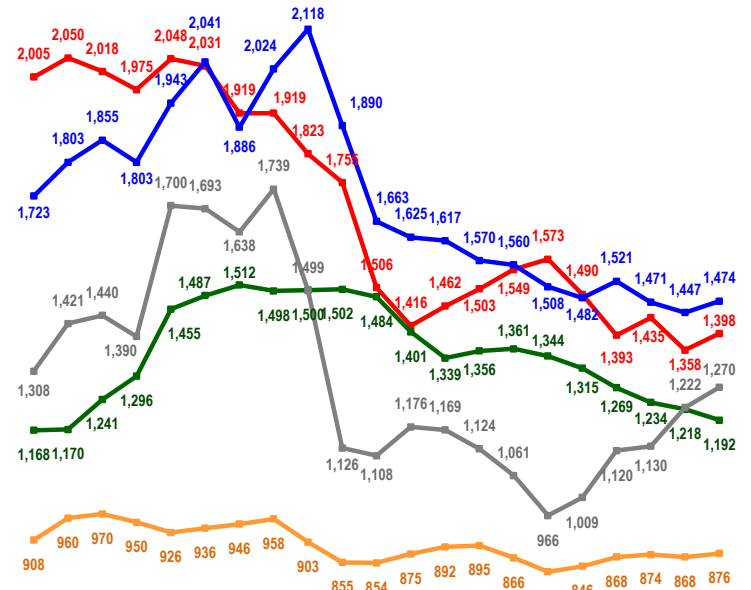
(Unit : USD/MT)



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



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



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