

NOV 2024

ENG

The Corporate Value-up Plan

LG Corp.



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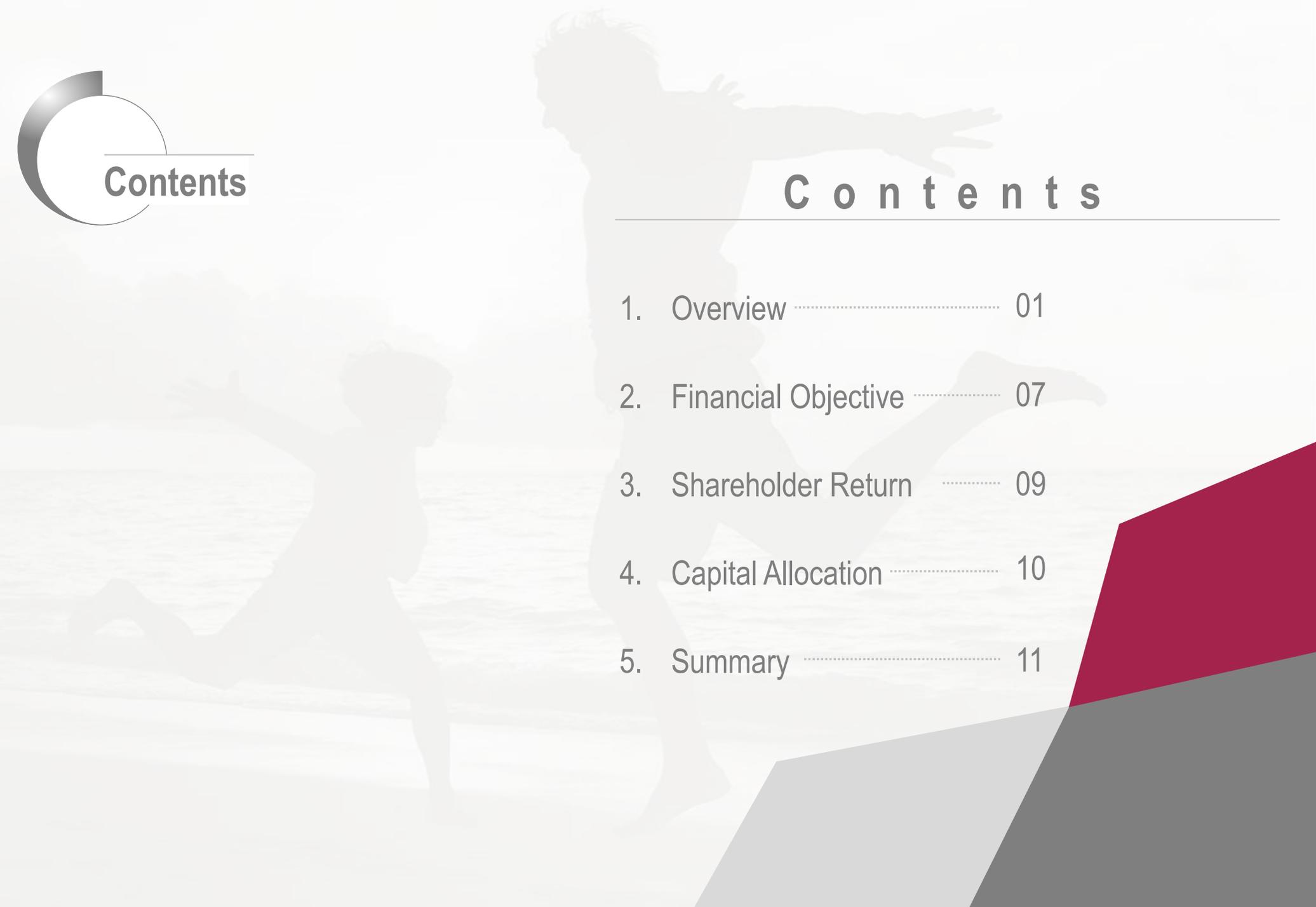
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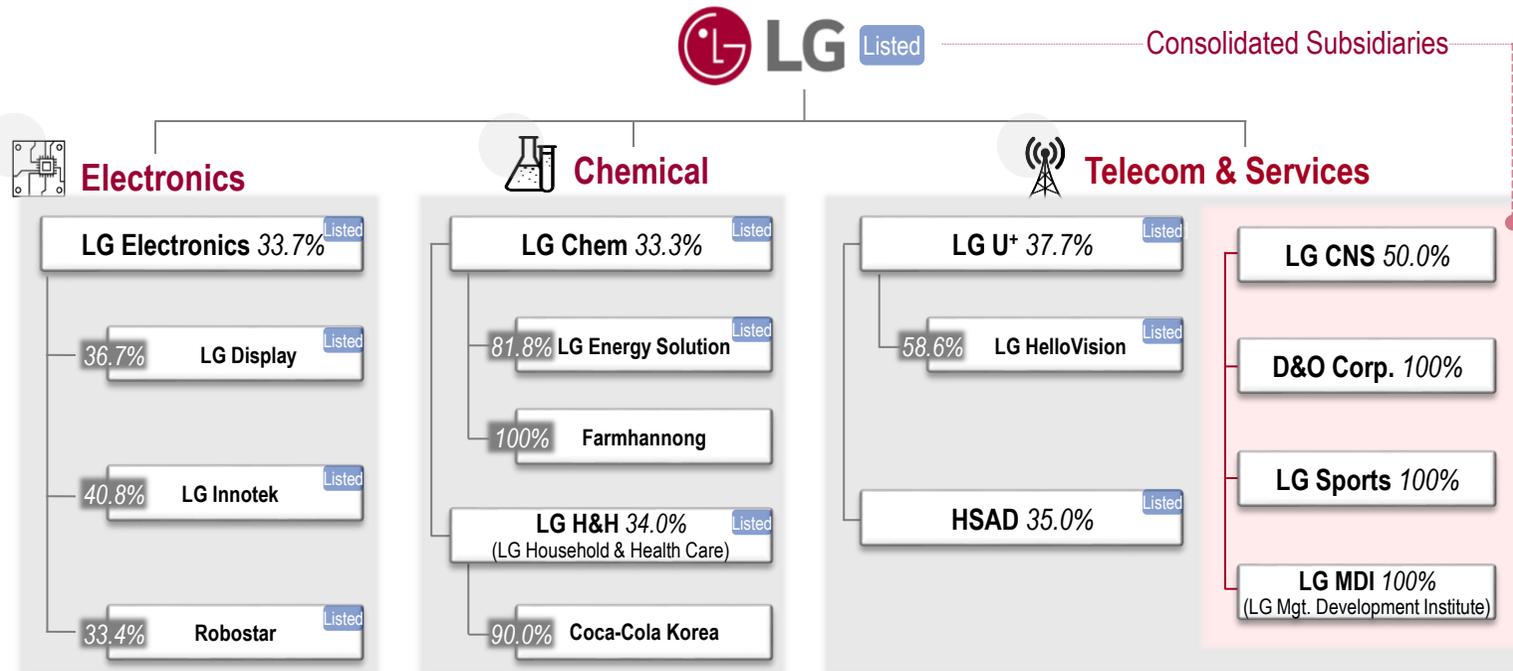


1. Overview

Holding Structure

Holding Structure
 Board of Directors
 Business Portfolio
 Financial Highlights
 Shareholder Return
 ESG Management

First Korean Conglomerate to Establish a Holding Company in 2003



* As of end of 3Q24

By simplifying the shareholding structure, LG Corp. manages¹⁾ the business structure, allowing its subsidiaries to focus on the business operations.

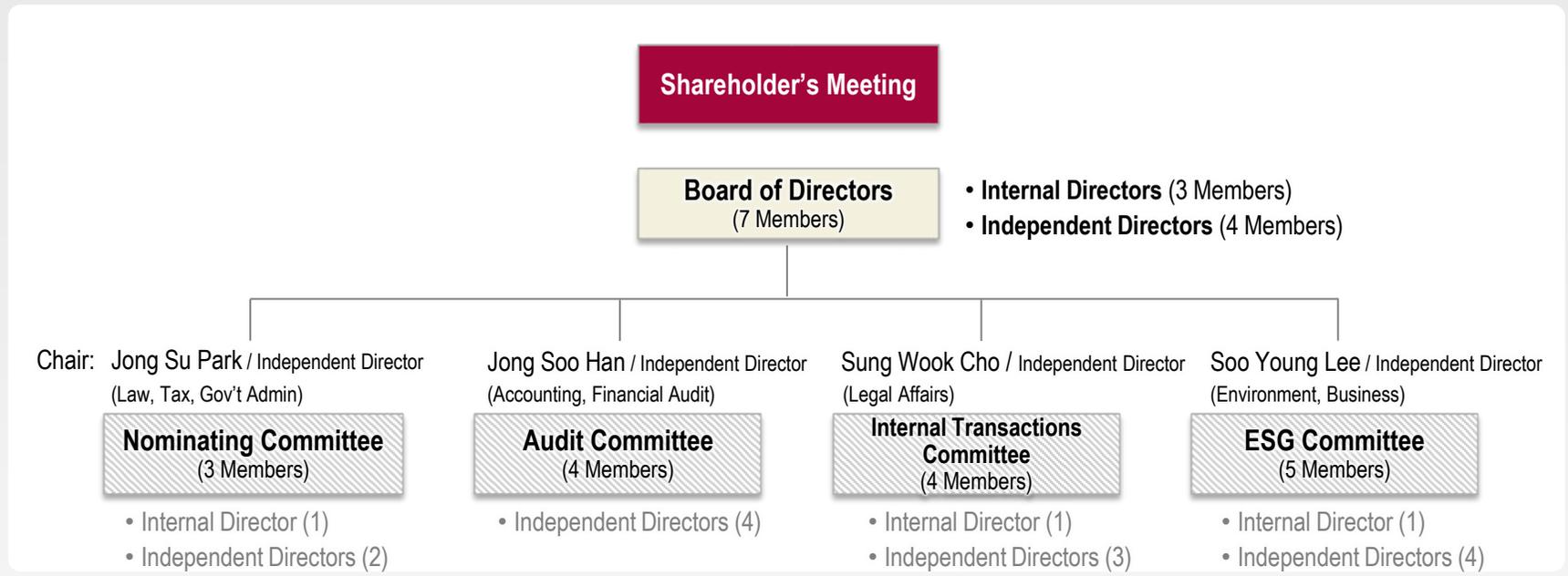
1) One BOD member of each major affiliate is appointed as a non-executive director from LG Corp, conducting responsible management on important matters on behalf of the largest shareholder as well as the holding company.

1. Overview

Board of Directors

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Board of Directors to make **Timely and Proper Decisions**



Establishment of Internal Transactions and ESG Committee under the Board of Directors

- The new committees were both established in 2021 and such governance enhancements at the group level will follow.

Fair and Independent Board of Directors and its Committees

- The BOD and its committees consist of a majority of independent directors and each committee is led by an independent director with relevant expertise.

1. Overview

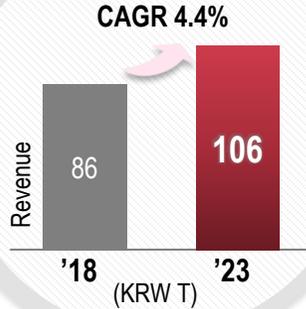
Business Portfolio

Holding Structure
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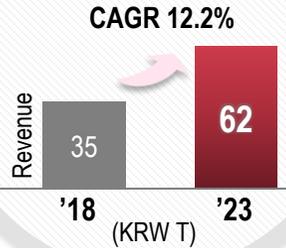
Well-balanced Business Portfolio



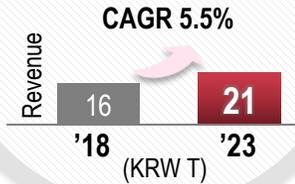
Electronics



Chemical



Telecom & Services



Based on global simple sum

LG Electronics

- **HS**
- Home Appliance Solution
- **MS**
- Media Entertainment Solution
- **VS**
- Vehicle Solution
- **ES**
- Eco Solution

LG Display

- **TV Display**
- **IT Display**
- **Mobile Display**
- **Automotive Display**

LG Innotek

- **Optics Solution**
- Camera Module, etc.
- **Substrate & Material**
- **Automotive Components**

LG Chem

- **Petrochemicals**
- **Advanced Materials**
- Cathode, etc.
- **Life Sciences**
- New drugs, etc.

LG H&H

- **Beauty**
- Cosmetics, etc.
- **HDB**
- Daily Beauty, etc.
- **Refreshment**
- Coca-Cola, etc.

LG Energy Solution

- **Advanced Automotive Battery**
- **Mobility & IT Battery**
- **ESS Battery**

LG U+

- **Mobile**
- Wireless, etc.
- **Smart Home**
- IPTV service, etc.
- **Enterprise Infra.**
- IDC, Solution, etc.

LG HelloVision

- **TV & Internet**
- Cable TV, etc.
- **Mobile**
- MVNO, etc.
- **Rental**
- TV/PC rental, etc.

LG CNS

- **Digital Business Service**
- SI/SM
- **Cloud & AI**
- Cloud MSP, AI, etc.
- **Smart Engineering**
- Smart Factory, etc.

1. Overview

Financial Highlights

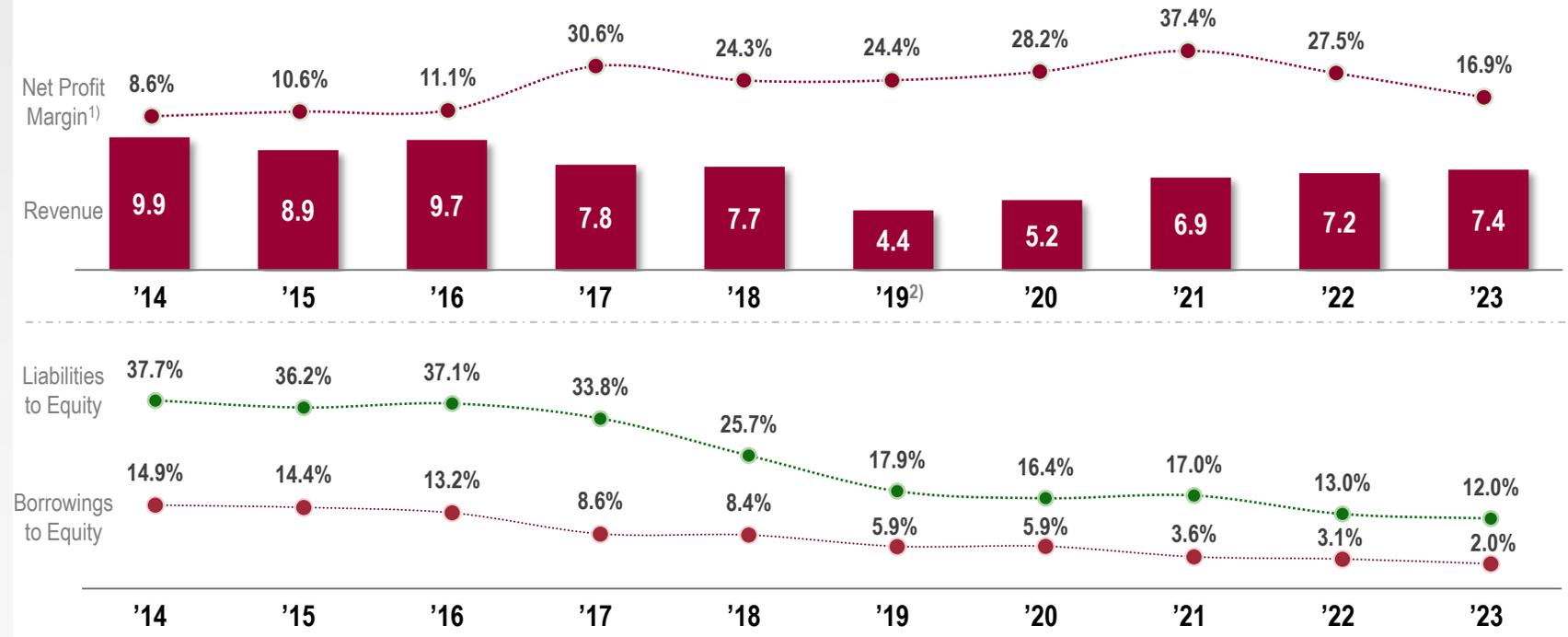
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Stable Profitability & Financial Structure amid Macro Changes

Financial Statement
(Consolidated)

Major Macro Environmental Changes

- US-China Trade Dispute**
 - Tariff Increase (U.S. Safeguard)
- Global Pandemic**
 - Lockdown
 - Inflation
 - Interest Rate Hike
- Russia-Ukraine War**
 - Increase in Oil Price
 - Logistics Cost



1) Net Income(Controlling Interests) ÷ Revenue

2) Based on the financials reflecting discontinued operations P&L of LX spin-off and sales of shares in Serveone Corp.

1. Overview

Shareholder Return

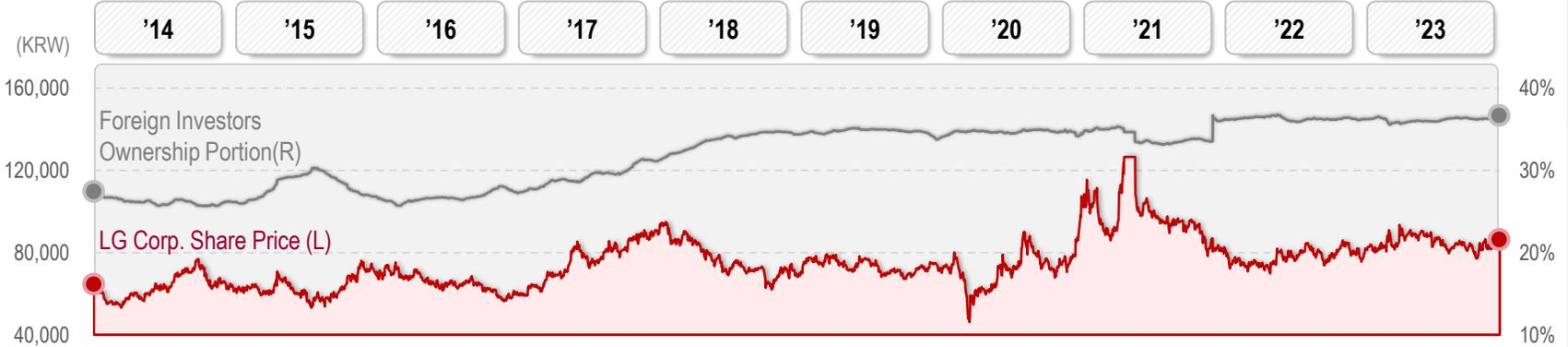
- Holding Structure
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- ESG Management

Increased Shareholder Return for Shareholder Value Enhancement

Share Price / Shareholder Return Trend



Despite the increased volatility of the share price due to the macro environment, long-term investor's ownership (including foreign investors etc.) remains stable driven by the steady returns to the shareholder



Gradual increase in DPS since the establishment of LG Corp. in 2003

Top level of total dividend payout among domestic HoldCo peers¹⁾

¹⁾ Domestic HoldCo Peers : LG Corp., GS, Hanwha, LS, POSCO Holdings
Samsung C&T, CJ, SK, Lotte, Doosan

Announced Dividend Policy (Feb. 2020) Revised Dividend Policy & Announcement of Share Buyback (May. 2022)

Average dividend payout ratio from 2018 to 2023: 66%
(Based on adjusted separate net income)

Year	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Dividend Per Share (KRW)	1,000	1,300	1,300	1,300	2,000	2,200	2,500	2,800	3,000	3,100
Total Dividend Payout (KRW 100M)	1,759	2,287	2,287	2,287	3,517	3,869	4,396	4,489	4,745	4,837

1. Overview

ESG Management

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ESG Management to Support Sustainable Growth

Fundamental Enhancing

For Balanced Performance



Non-Financial Data Management

- Established internal control processes for ESG-related data
- Standardization of ESG indicators

Establishment of ESG IT Platform

- Launched group ESG IT system
- Consolidated ESG information/data system

Ecosystem Building

For Collective Impact



Stakeholder Communication

- Published ESG report aligned with KSSB¹⁾ standards 
- Published LG 2050 Net-Zero Report 

Safety & Environmental Culture

- Established CSEO²⁾ and group council
- Hosted group safety & environmental conferences

1) Korea Sustainability Standards Board

2) Chief Safety & Environment Officer

Business Reshaping

For Future Value



LG 2050 Net-Zero Roadmap

- Developed group-wide 2050 Net-Zero roadmap
- Reduced carbon emissions by 19.8% over three years in Scope 1 & 2 (FY21, 21.77 Mil tCO_{2e} → FY23 17.45 Mil tCO_{2e})

Integration of ESG Investment

- Developed ESG risk checklist
- Included ESG matters into investment review process

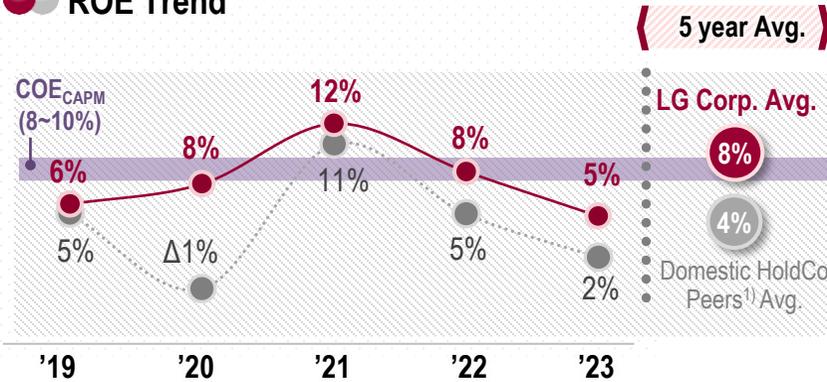
2. Financial Objective

ROE Analysis

ROE Analysis
ROE Objective

Shareholder Value Enhancement based on ROE Improvement

ROE Trend



1) Domestic HoldCo Peers : LG Corp, GS, Hanwha, LS, POSCO Holdings, Samsung C&T, CJ, SK, Lotte, Doosan

Analysis

- LG Corp.'s ROE has exceeded the average of major domestic HoldCo peers over the past five years, driven by efficient business restructuring activities, etc.
- In 2023, the ROE was decreased due to the deterioration of equity method gains from major subsidiaries, falling below the COE².
- Due to the increased ROE volatility caused by macro variables, the company is required to continuously enhance profitability & optimize the business portfolio

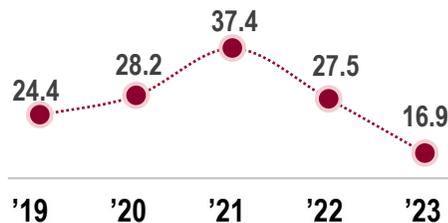
2) COE_{CAPM} = 5yr. Gov. bond + β (5yr monthly) x Market Risk Premium 8%
Market Risk Premium: The median value of the market risk premium guidance from the Korean Institute of Certified Public Accountants.

ROE

=

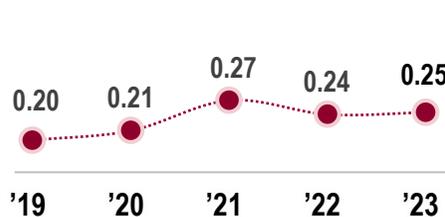
1 Return on Sales

Net Income(Controlling Interests) ÷ Revenue (%)



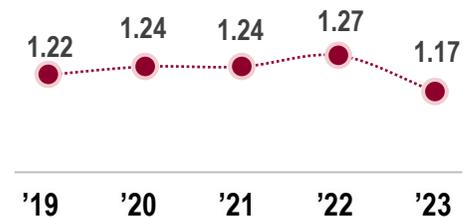
2 Asset Turnover Ratio

Revenue ÷ Total Assets



3 Leverage Ratio

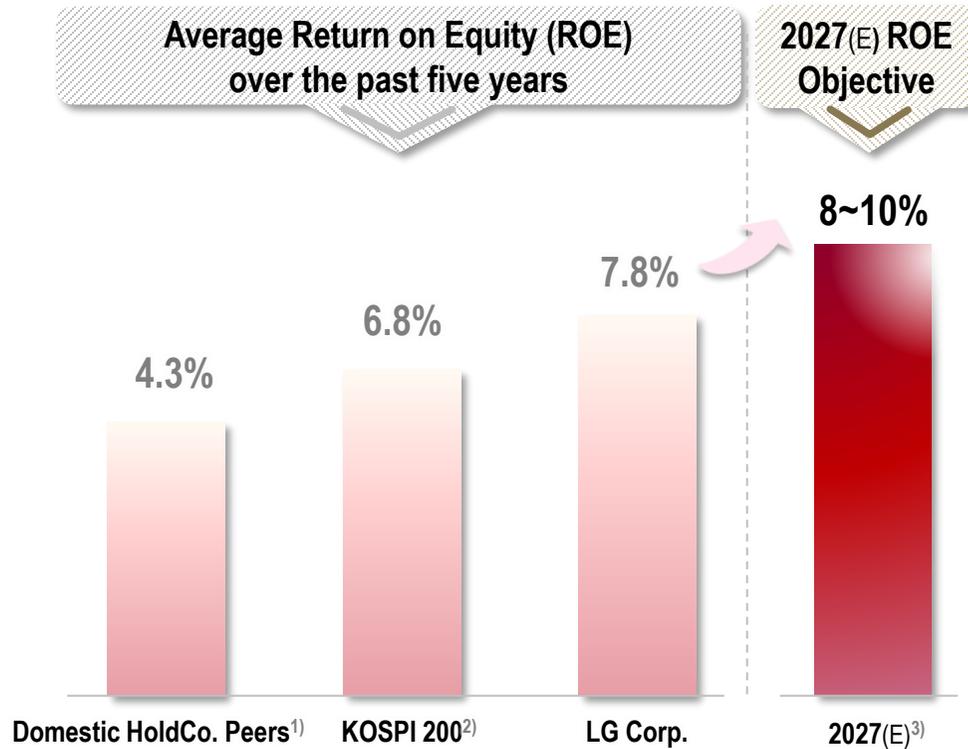
Total Assets ÷ Controlling Equity



2. Financial Objective

ROE Objective

ROE of 8~10% by 2027



1 Net Profit Margin Improvement (Return)

- Acquisition of additional shares in flagship subsidiaries (LG Electronics, LG Chem)
- Enhanced mid-to-long-term competitiveness of LG affiliates
- Solid profitability through investment performance in A, B, C⁴⁾ areas

2 Capital Efficiency (Equity)

- Continuous improvement of shareholder returns
- Consideration of additional buybacks and cancellations

3 Leverage Utilization

- Consideration of utilizing financial leverage for investments above certain amount

1) Domestic HoldCo. Peers : LG Corp., GS, Hanwha, LS, POSCO Holdings, Samsung C&T, CJ, SK, Lotte, Doosan

2) KOSPI 200 : Bloomberg

3) Based on mid-to-long-term business projections of LG Corp. and its affiliates

4) AI/Enterprise Software, Bio/Healthcare, Clean Tech/Sustainability

3. Shareholder Return

Shareholder Return Plan

Enhancement of Shareholder Returns

Cancellation of All Treasury Shares

● Cancellation of All Treasury Shares Held

- **KRW 500B treasury shares**(6,059,161 common shares, 3.9%) **to be cancelled by 2026**
- **Fractional shares acquired as treasury shares during spin-off** (49,828 common shares, 10,421 preferred shares) **to be cancelled in 2025 through approval at the AGM**
- **Return to shareholders in full through dividends, etc. when tax benefits occur**

Improved Dividend Policy

● Increased Dividend Payout Ratio

- **Increase minimum dividend payout ratio by 10%p from 50% to 60%** (of adjusted separate NI)

[Dividend Policies in the Past]

- Feb. 2020 : Pay out more than 50% of adjusted separate net income within the range of the dividend income
- May 2022 : Pay out more than 50% of adjusted separate net income
(Removed 'within the range of the dividend income')

Interim (Half-year) Dividend

● Shortening the Dividend Cycle

- **The dividend to be paid twice a year through the introduction of an interim (half-year) dividend policy**
- **Following the flexibility of annual dividend record date, the interim dividend record date also to be flexible through approval at the 2025 AGM**
(Announcement of dividend record date after disclosure of DPS)

4. Capital Allocation

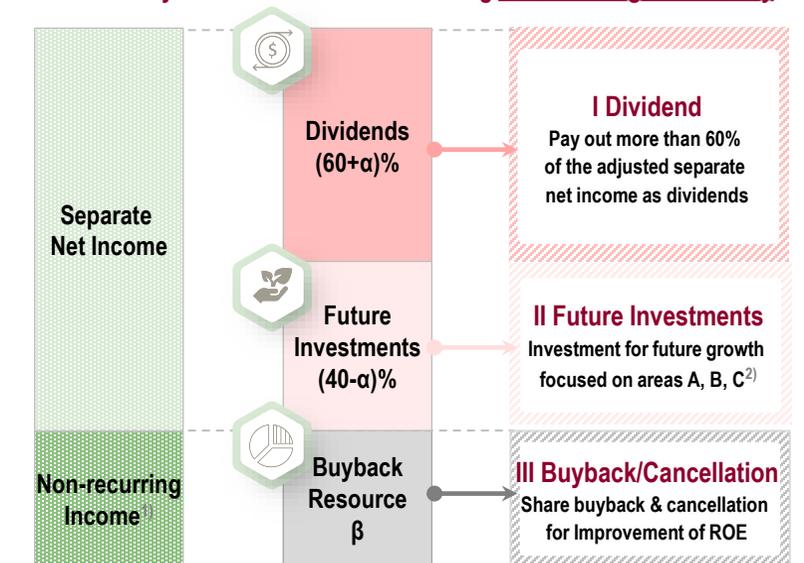
Capital Allocation Plan

Improvement of ROE through Efficient Capital Allocation

Use of Future Cash Flows

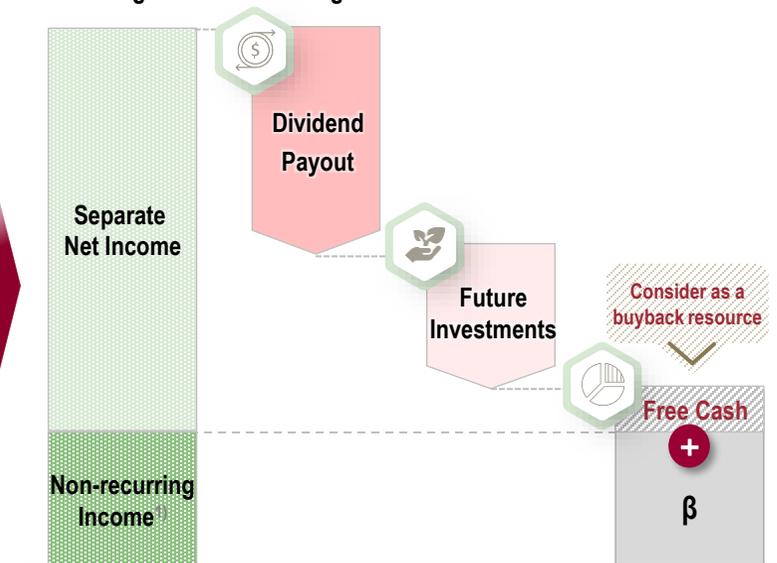
Capital Allocation Plan (As-is)

- ✓ Recurring income generated from dividends, brand royalty, and rental income will be used as dividend and investment sources. Share buybacks will be considered using non-recurring income only.



Capital Allocation Plan (To-be)

- ✓ When holding free cash after dividend payout & future investments, a partial amount can be also considered as a buyback resource, along with non-recurring income.



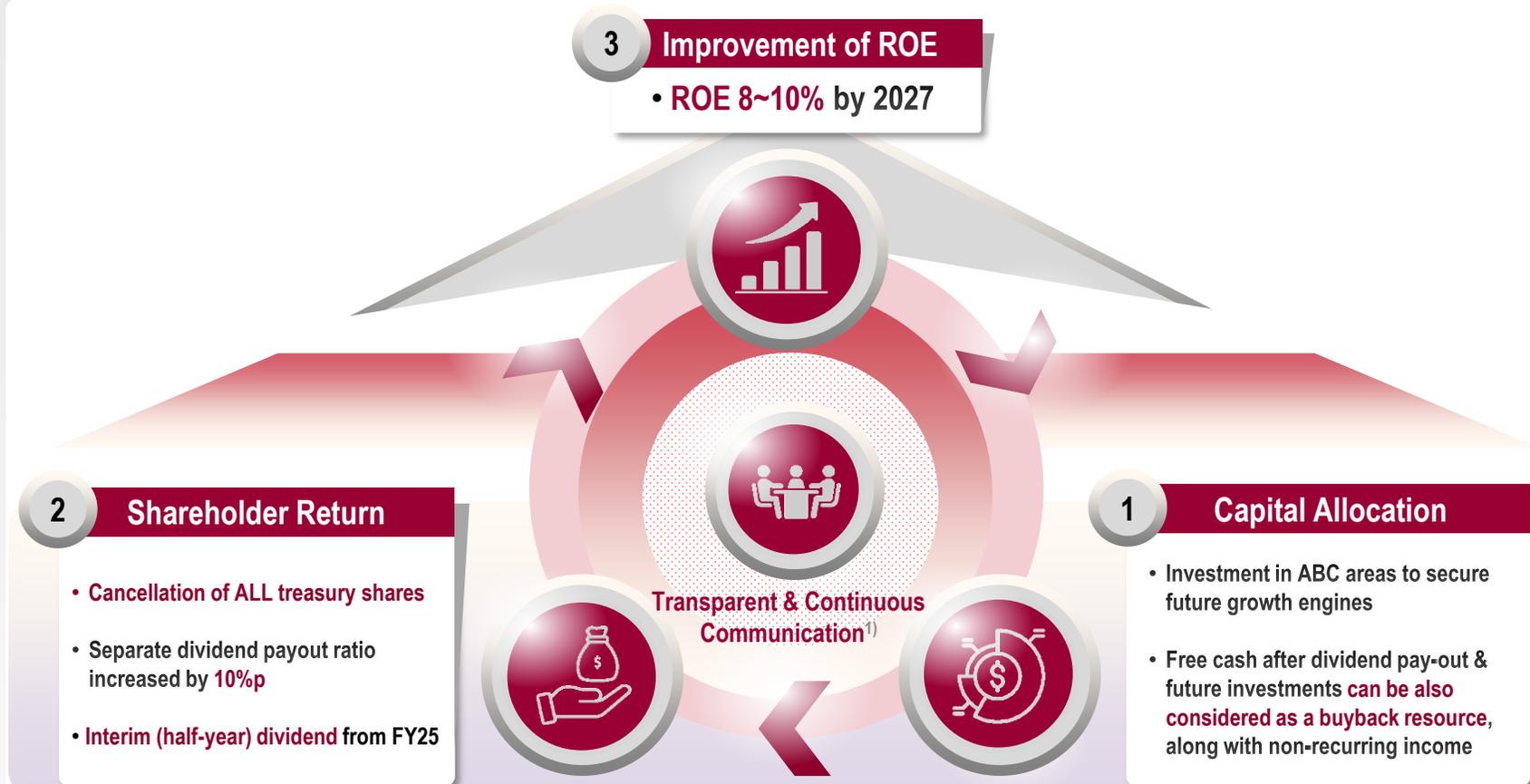
1) Disposal of assets, sales of shares, etc.

2) A|/Enterprise Software, B|Bio/Healthcare, C|Clean Tech/Sustainability

5. Summary

Value-up Plan of LG Corp.

The Virtuous Cycle of ROE Improvement



1) Annual updates on the corporate value-up progress and constructive IR activities for overseas investors in connection with the program