



LG Energy Solution

Q3 2024 Earnings Conference call

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Disclaimer

The information regarding business performance of LG Energy Solution is provided for the convenience of investors of the Company prior to the audit by external auditors. Please note that some of the information contained herein may change in the course of the final audit by external auditors.

The financial information contained in this document has been prepared on a consolidated basis in accordance with K-IFRS or Korean International Financial Reporting Standards.

Some of the statements as contained herein can be forward-looking considering the current business environment and the Company's business strategies. Therefore, in accordance with uncertainties inclusive of changes in future business environment and corporate strategies, actual results may differ materially from those expressed in the aforementioned statements.

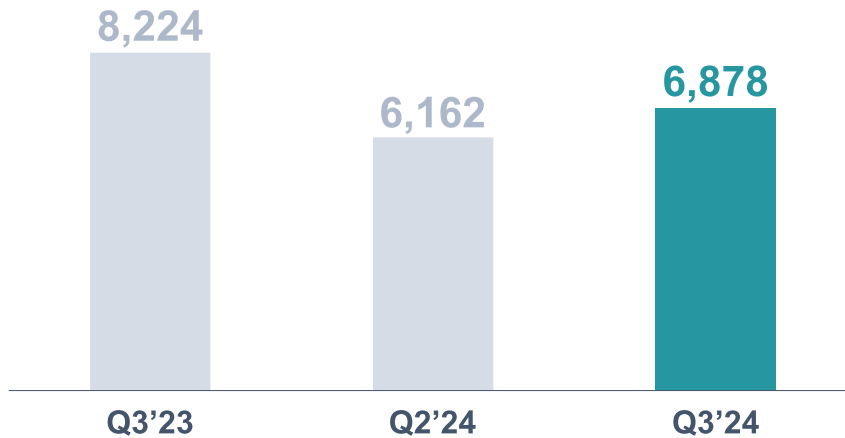
A futuristic robotic car with a white robotic arm is positioned on a blue track. The car has four black wheels and a white body. The background is a light blue gradient with some abstract shapes. In the foreground, there is a large white number 1.

1 Financial Performance

Q3'24 Business Performance

Revenue

(Billion KRW)



The Revenue grew by 12% QoQ as a result of expanded sales to major European OEMs and production increase in North America and Indonesia JVs.
In addition, ESS revenue substantially rose mainly from grid-scale projects.

Operating Profit

■ Operating Profit

▨ IRA Tax Credit*

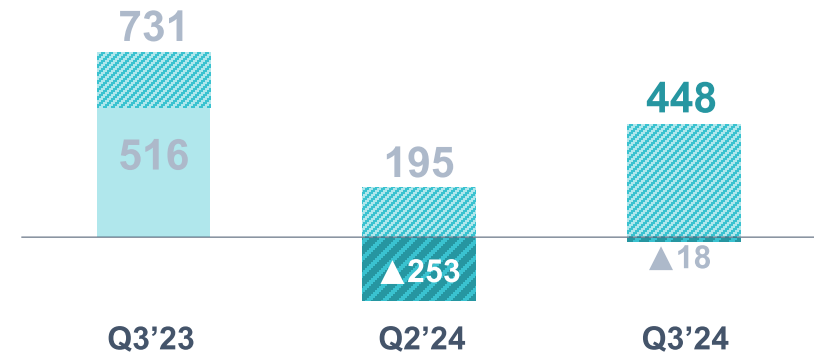
(Billion KRW)

OP Margin

8.9%

3.2%

6.5%



The Operating Profit excluding IRA Tax Credit effect improved QoQ on the back of utilization rate improvement due to the shipment increase in both EV and ESS, leading to reduction in unit cost together with metal price stabilization.

The IRA Tax Credit effect posted KRW 466 billion, resulting in Operating Profit of KRW 448.3 billion and OP Margin of 6.5%

*IRA : Inflation Reduction Act

Q3'24 Financial Position

Financial Position

(Billion KRW)

	Q3'23	Q2'24	Q3'24
Asset	45,169	51,501	56,627
Liabilities	20,501	23,869	28,130
Equity	24,668	27,632	28,498

Leverage Ratios

Liabilities to Equity

83% 86% 99%

Debt to Equity

43% 48% 59%

Net Debt to Equity

23% 34% 40%

Q3'23

Q2'24

Q3'24

Q3'24 Cash Flow & EBITDA

Cash Flow

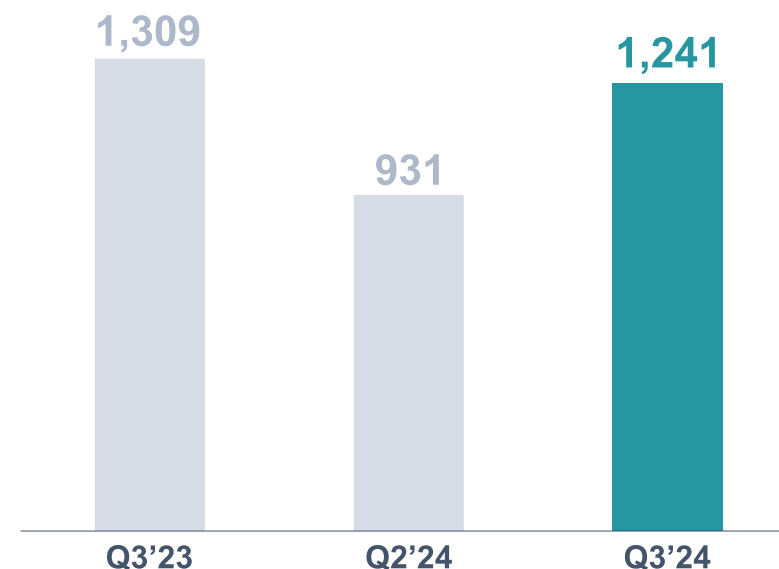
(Billion KRW)

	Q3'23	Q2'24	Q3'24
Beginning Cash Balance	4,860	5,288	3,871
Cash Flow from Operating Activities	476	836	562
EBITDA*	1,309	931	1,241
Working Capital	57	(505)	1
Cash Flow from Investing Activities	(2,559)	(2,776)	(3,062)
Capex	(3,471)	(2,885)	(3,118)
Cash Flow from Financing Activities	1,999	453	4,128
Net Changes in Cash	15	(1,417)	1,514
Ending Cash Balance	4,875	3,871	5,385

EBITDA*

(Billion KRW)

EBITDA %	15.9%	15.1%	18.0%
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Note: Deposits held by financial institutions included in Beginning/Ending Cash Balance * Including IRA Tax Credit



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Progress & Action Plan

Recent Progress

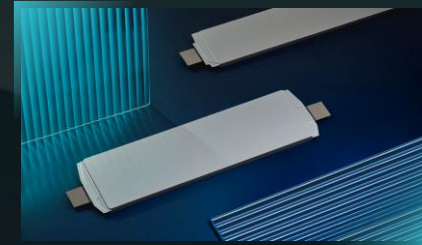


Winning Large-scale Orders based on New Form Factor & Chemistry



• Securing Order for New Cylindrical Form Factor

- ✓ Sign off a large-scale order with a global Top OEM (50GWh)
- ✓ Expand EV customer portfolio for cylindrical products
- ✓ Secure stronger market presence via local production capability



• Securing Order for New NCM Pouch Product

- ✓ Sign off supply agreements for commercial vehicles based on technological competitiveness characterized by high-power, long-life cycle, etc. (two contracts totaling 109GWh)
- ✓ Expect to contribute to production efficiency improvement in Poland

Successful Start of Module Production in Stellantis JV

- Secure a new JV site located in Ontario, Canada and start shipment of battery modules
- Plan to start cell manufacturing within 2025 and expand production capacity gradually in line with customer demand



Recent Progress



New Biz

Initiation of Integrated Energy Management Business

- Complete construction of ESS power plant connected to the power distribution network for the first time in Korea
- Set the groundwork for entering the IPP¹ biz. with ESS power plant
- Secure the integrated energy management capability in scope from energy storage to power generation



R&D

Development of CTP² with HV Mid-Ni

- World 1st development of CTP technology on pouch form factor with High Voltage Mid-Ni chemistry
- Secure driving range performance up to 600km and long life cycle of 5,000
- Maximize energy efficiency and price competitiveness

Launch of BMTS³ Business

- Introduce a new brand, 『B.around』, for BMTS service
- Offer an advanced safety & degradation diagnostic solution
- Plan to collaborate with global OEMs and seek sales opportunity

Business Environment & Action Plan_① EV

Trends

Growing intention to apply more diversified chemistry & form factor by EV segment

Increasing needs of cost innovation for key EV components

Rising importance of EV safety

Action Plan



Diversify Product Portfolio in Response to Changes in Market

- Provide various chemistry choices to customer such as LFP and High Voltage Mid-Ni to support all EV segments
- Mass produce 46-series and consider form factor diversification based on customer needs

Advance Materials & Process Technology to Secure Competitive Edge

- Expand adoption of industry leading material technologies such as single crystal cathode & silicon contents in anode
- Develop dry electrode to achieve higher energy density and cost innovation

Reinforce Product Safety

- Develop advanced thermal propagation prevention technology in pouch batteries
- Develop optimized cooling module structure in cylindrical batteries

Business Environment & Action Plan_② ESS

Trends

Strong ESS demand momentum mainly in power grid

Growing needs for cost advantage and integrated turnkey solutions

Increasing interests for establishing local supply chain in line with policies & regulations

Action Plan



Respond Actively to Long-term Supply Needs of Grid Projects

- Secure large scale projects in North America with stable production know-how and local support capability
- Create opportunity to generate stable revenue with long-term supply contracts and customer diversification

Differentiate Product & Service to Enhance Competitiveness

- Plan to launch high capacity LFP products with energy density improved by 20%
- Develop an integrated system that combines with other ESS components applied with advanced power management software

Maximize Benefits from Policy with Local Supply Capability

- Respond to demand in N. America through local production within 2025
- Consider converting EV production lines to ESS in response to Europe demand

Key Initiatives

Operation



Proactive Adjustment

- Scale down capacity expansion and adjust ramp-up speed to maximize utilization rates of existing sites
- Prepare stable production start for new plants
- Enhance competitiveness in supply chain such as raw material sourcing, etc.

Technology



R&D Investment Reinforcement

- Differentiate material & process technologies
- Accelerate R&D for optimized chemistry and form factor solutions
- Develop next-gen batteries such as bipolar semi-solid state & solid state batteries

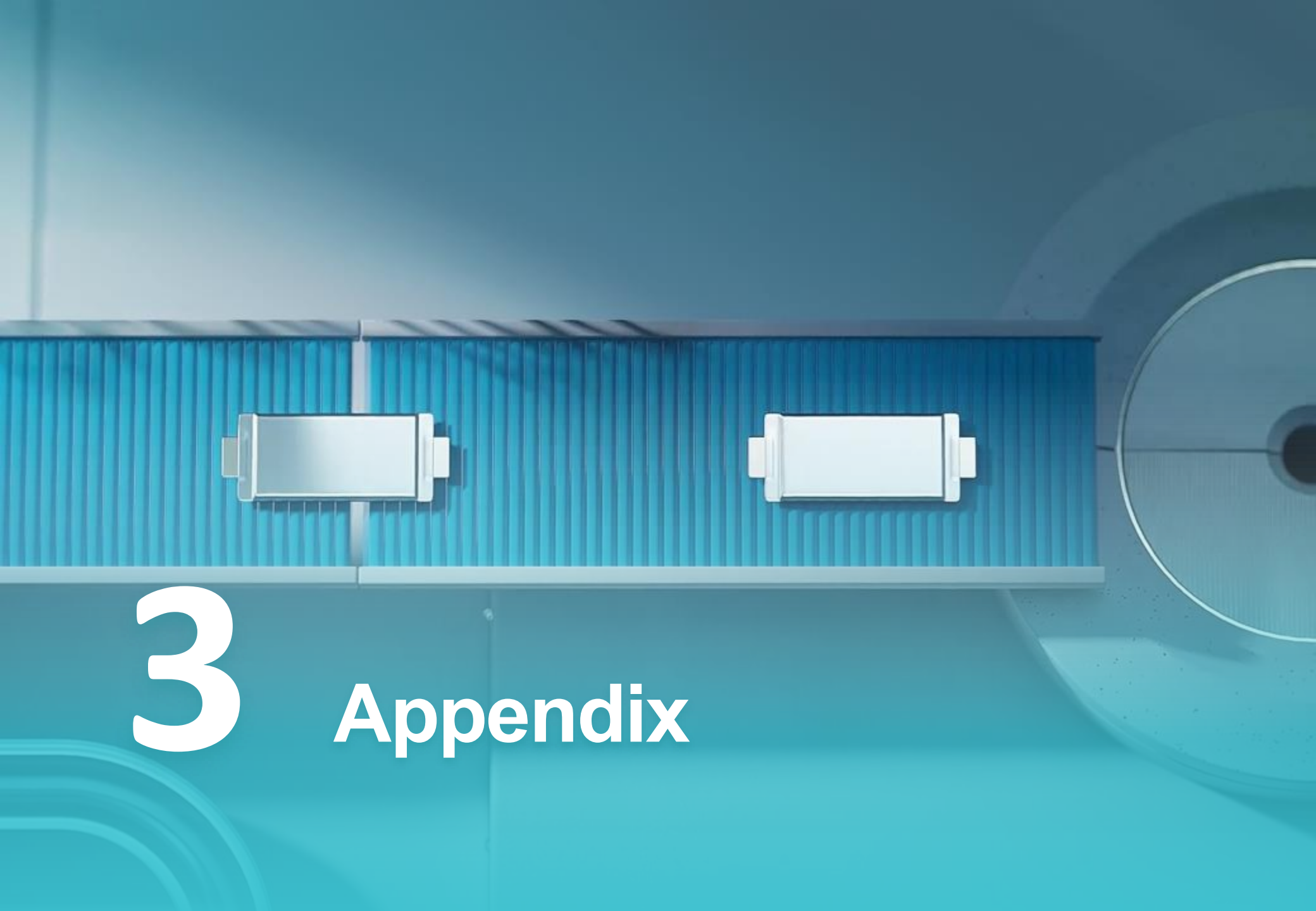
New Business



Portfolio Expansion

- Build closed-loop recycling system by region basis
- Expand BaaS¹ and EaaS² businesses
- Explore new market opportunities for other applications beyond EV

1.Battery as a Service; 2.Energy as a Service



3 Appendix

Appendix : Income Statement

(Billion KRW)

	2021	2022	2023					2024		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Revenue	17,852	25,599	8,747	8,774	8,224	8,001	33,745	6,129	6,162	6,878
Cost of Goods Sold	13,953	21,308	7,453	7,439	6,882	7,028	28,802	5,205	5,469	5,621
Gross Profit	3,899	4,291	1,294	1,334	1,342	973	4,943	924	693	1,257
(%)	21.8%	16.8%	14.8%	15.2%	16.3%	12.2%	14.6%	15.1%	11.2%	18.3%
SG&A	3,130	3,077	761	984	826	885	3,457	956	945	1,275
Operating Profit(Loss)	768	1,214	633	461	731	338	2,163	157	195	448
(%)	4.3%	4.7%	7.2%	5.2%	8.9%	4.2%	6.4%	2.6%	3.2%	6.5%
Operating Profit(Loss) (Excluding IRA Tax Credit)	768	1,214	533	350	516	88	1,486	(32)	(253)	(18)
(%)	4.3%	4.7%	6.1%	4.0%	6.3%	1.1%	4.4%	(0.5%)	(4.1%)	(0.3%)
EBITDA	2,220	3,056	1,150	1,015	1,308	974	4,447	816	931	1,241
(%)	12.4%	11.9%	13.1%	11.6%	15.9%	12.2%	13.2%	13.3%	15.1%	18.0%
Net Income before Tax	777	995	711	646	399	288	2,043	223	91	339
(%)	4.4%	3.9%	8.1%	7.4%	4.9%	3.6%	6.1%	3.6%	1.5%	4.9%
Net Income(Loss)	930	780	562	465	421	190	1,638	212	(24)	561
(%)	5.2%	3.0%	6.4%	5.3%	5.1%	2.4%	4.9%	3.5%	(0.4%)	8.2%

Appendix : Financial Position

(Billion KRW)

	2021	2022	2023				2024		
	FY	FY	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Assets	23,764	38,299	40,713	42,395	45,169	45,437	49,275	51,501	56,627
Cash and Cash Equivalents, etc.*	1,284	5,938	4,781	4,860	4,875	5,069	5,288	3,871	5,385
Account Receivables	2,915	4,772	5,292	5,358	5,504	5,129	4,651	5,097	5,361
Inventory	3,896	6,996	7,475	7,221	6,944	5,396	5,658	5,552	5,366
PP&E	11,051	15,331	17,188	19,005	21,411	23,655	26,533	29,950	32,658
Liabilities	15,022	17,706	18,666	19,266	20,501	21,064	22,571	23,869	28,130
Account Payables	2,178	3,842	5,003	4,398	4,324	3,094	3,149	2,984	2,940
Debt	6,969	8,109	8,257	9,341	10,607	10,932	12,858	13,274	16,899
Equity	8,742	20,594	22,048	23,129	24,668	24,374	26,705	27,632	28,498
Share Capital	100	117	117	117	117	117	117	117	117
Leverage Ratios									
Liabilities to Equity (%)	172%	86%	85%	83%	83%	86%	85%	86%	99%
Debt to Equity (%)	80%	39%	37%	40%	43%	45%	48%	48%	59%
Net Debt to Equity (%)	65%	11%	16%	19%	23%	24%	28%	34%	40%

* Deposits held by financial institution included.

Appendix : Cash Flow

(Billion KRW)

	2021	2022	2023					2024		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Beginning Cash Balance	2,093	1,284	5,938	4,781	4,860	4,875	5,938	5,069	5,288	3,871
Cash Flows from Operating Activities	979	(580)	781	515	476	2,672	4,444	531	836	562
Operating Profit(Loss)	769	1,214	633	461	731	338	2,163	157	195	448
Depreciation	1,452	1,841	516	555	577	636	2,284	658	736	793
Working Capital	(1,251)	(3,293)	162	(418)	57	694	495	272	(505)	1
Cash Flows from Investing Activities	(2,777)	(6,261)	(2,186)	(2,120)	(2,559)	(2,855)	(9,719)	(3,465)	(2,776)	(3,062)
Capex	(4,032)	(6,291)	(1,810)	(2,364)	(3,471)	(3,245)	(10,891)	(2,903)	(2,885)	(3,118)
Cash Flows from Financing Activities	883	11,415	205	1,693	1,999	458	4,355	3,007	453	4,128
Borrowing/Repayment	810	1,140	148	1,083	1,266	326	2,823	1,925	416	2,757
Net Changes in Cash	(809)	4,654	(1,157)	79	15	194	(869)	219	(1,417)	1,514
Ending Cash Balance	1,284	5,938	4,781	4,860	4,875	5,069	5,069	5,288	3,871	5,385

1. The financial information states herein has been prepared in the manner different from the standard applied to the cash flow statement of the auditor's report.

2. Deposits held by financial institute included.



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Thank you