

LG Display



# Corporate Value-Up Plan Report

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# Company Overview

## General Status

Name	LG Display Co., Ltd.
Industry	C2621 (Display device manufacturing industry)
Key Items	OLED, LCD panels
Founding Date	Feb 27, 1985
HQ Address	LG Twin Tower, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul
CEO	Cheoldong Jeong
Largest Shareholder	LG Electronics, 36.7%
Website	<a href="http://www.lgdisplay.com">http://www.lgdisplay.com</a>

## Key Financial Metrics

(Unit: in billions of KRW)

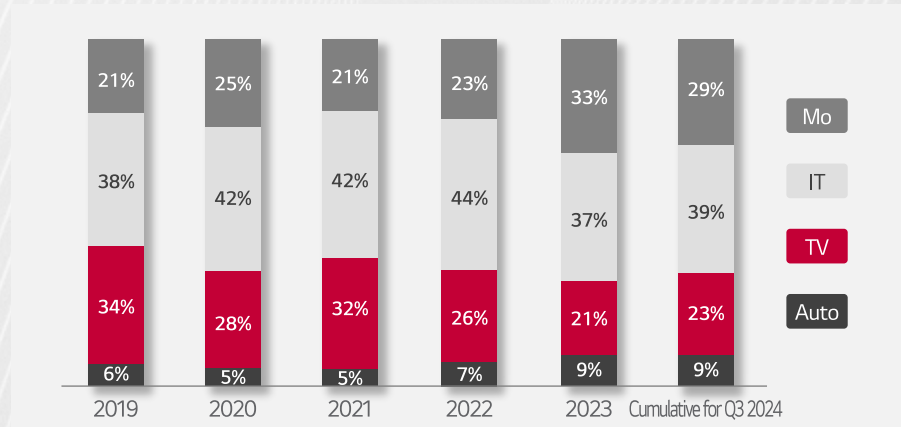
	2019	2020	2021	2022	2023	Cumulative for Q3 2024
Sales revenue	23,476	24,230	29,878	26,152	21,331	18,783
Operating profit	(1,359)	(29)	2,231	(2,085)	(2,510)	(644)
EBITDA	2,336	4,106	6,731	2,472	1,704	3,259
Total asset	35,575	35,072	38,155	35,686	35,759	33,150
Total liability	23,086	22,335	23,392	24,367	26,989	24,806
Total equity	12,488	12,737	14,763	11,319	8,771	8,343

## Key Businesses

A full lineup of displays that offers differentiated customer value across Mobile, IT, TV, and automotive products, centered on OLED and high-end LCD technology



## Revenue Share by Business Segment



# Objectives

The primary objective is to enhance profitability by improving operational efficiency and implementing cost reductions, while expanding our overall business performance. At the same time, we will aim to reduce our total debt level and strengthen our financial stability to better navigate uncertainties and volatilities in the business environment.

Additionally, we intend to enhance our corporate value in non-financial areas through strengthened corporate governance.



# Improve Profitability

## Current Status & Future Pathway

- » We are restructuring our portfolio to focus on OLED technology to secure both profitability and technological differentiation, avoiding the highly competitive commoditized display market.
- » Specifically, we have phased out our LCD TV business, which has been heavily affected by market conditions, and are upgrading our business structure to focus on OLED and high-end LCD businesses, where we maintain leadership in technology and stable customer relationships.

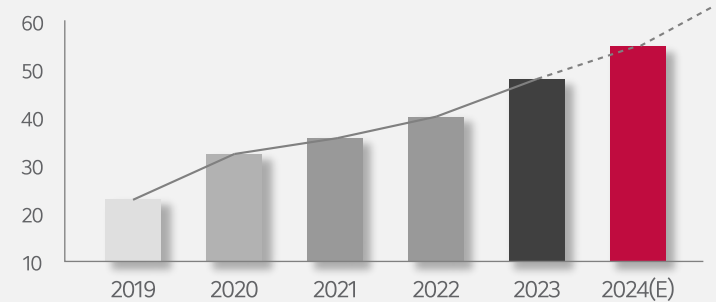
## Strategy

- » Profitability-centric business operations and portfolio reorganization
  - [Short-term] Achieve a rapid business turnaround and strengthen operational excellence
  - [Mid-to long-term] Continue upgrading the business structure centered on OLED, restoring competitiveness through a profitability-focused portfolio and reinforcement of core competencies

- » Cost structure innovation to reinforce profitability, cash flow improvement through the sale of non-strategic assets
  - [Cost innovation] Improve cost structure through yield and quality innovations, material cost reduction, and enhancing organizational efficiency and operational optimization
  - [Sales of non-strategic asset] Exit from the LCD TV business and improve cash flow

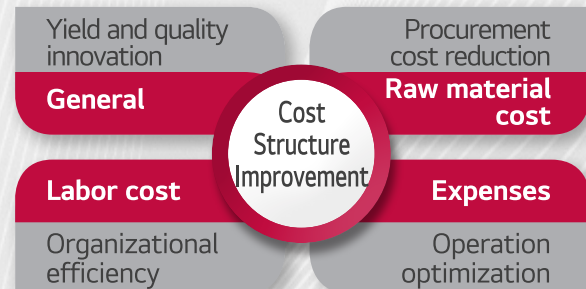
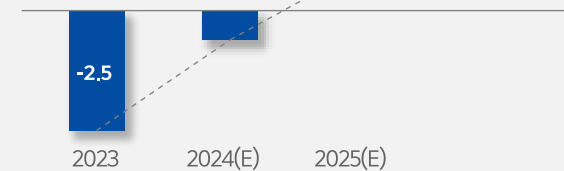
OLED Sales Revenue Shares

(Unit: %)



Business Performance Turnaround

Operating profit (in trillions of KRW)



# Improve Profitability

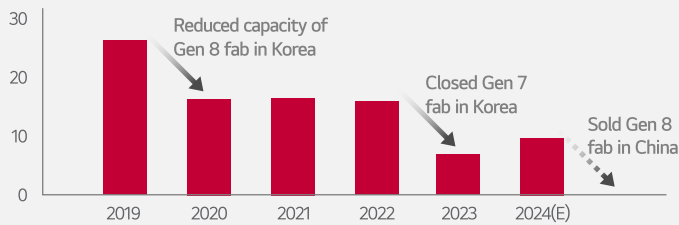
## Large Display Business

With the exit from LCD TVs and the innovation of cost structure for OLED TVs, establishing a profitability-centric structure focused on qualitative growth

### Operational Strategy

» Phasing out the uncompetitive LCD TV business since 2019, shifting our focus to an OLED-centric business structure

LCD TV Panel Shipment (Area) (Unit: Mm<sup>2</sup>)

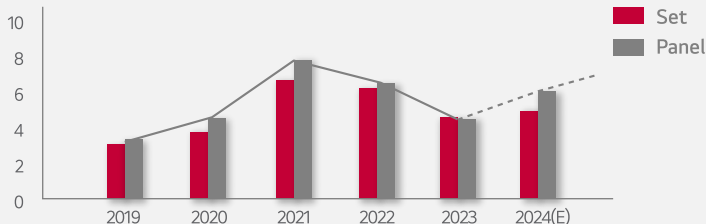


Source : Research Institute

» Gradually increasing the share of WOLED panels in the high-end TV market. Securing stable volumes for key global customers, aligning capacity with actual demand, and implementing ongoing cost reductions to achieve structural profitability in the second half of 2025

\* For OLED monitors, expanding the customer lineup with a focus on gaming

WOLED Set/Panel Shipment (Unit: in million units)



Source : Research Institute

## Medium Display Business

Focusing on differentiated technologies, a high-end and B2B-focused product portfolio, and strategic partnerships with global customers for stable operations

### Technology Differentiation

» Delivering innovative value to users with differentiated technology, including IPS Black, next-generation oxide, and tandem OLED with superior durability and performance including higher luminance, lower power consumption, and longer lifespan

### Product/Customer Strategy

» Strengthening strategic relationships with global customers and enhancing a high-end-focused portfolio across MNT, NBPC, and tablet product lines

**IPS Black technology**

**Deep Black**  
Accurate deep gray expression

Black vs. Deeper Black (vs. Ref.)  
1.3x

Conventional vs. IPS Black

**Tandem OLED technology (2 Stacks)**

**Tandem OLED**  
(2 Stacks)  
Dual-light emitting structure

- Luminance is upgraded by **3.2 times**  
(Peak luminance is 20,000nt, improved from 600nt)
- Product life span is prolonged by **33%**
- Battery life is increased by **36%**

\* Tandem OLED technology: A technique for crafting a double-layer structure in the lightemitting layer of an OLED display

# Improve Profitability

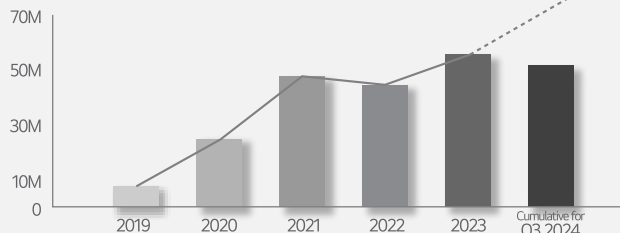
## Small Display Business

Strengthening competitive position in the high-end segment with expanded production capacity, differentiated technologies, and customer partnerships

### Smartphone

- » Stabilizing mass production by enhancing development completion and continually improving yield, while increasing both product lineup and sales volume

OLED Smartphone Panel Shipment Performance and Forecast (Unit: # of panels)

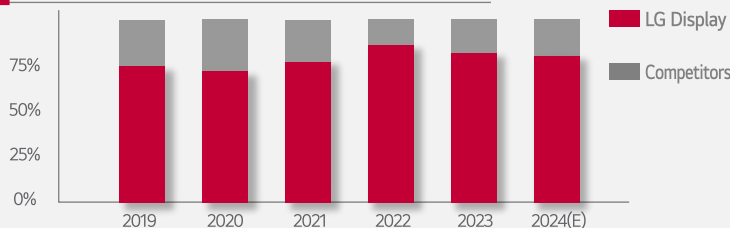


Source : Research Institute

### Smartwatch

- » Achieving structural cost reduction through operational efficiency while expanding sales through differentiated technologies, thereby reinforcing our 1st vendor status

Smartwatch Panel Shipment Share Status and Forecast



Source : Research Institute

## Auto Display Business

Ensuring stable operations by expanding backlog orders and sales revenue through a differentiated product and technology portfolio and strong customer relationships

### Differentiated Technologies and Business Status

- » Maintaining the top market share position (by sales revenue) and market leadership through a specialized 3-track product portfolio of P-OLED, ATO, and LTPS LCD
- Expanding sales revenue year-to-year and seamlessly securing backlog orders, amid uncertainties in the downstream markets

#### P-OLED



#### Seamless Design

The seamless design blends into the vehicle's dashboard to complete a luxurious interior

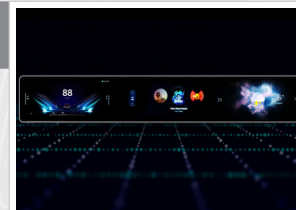
#### ATO (Advanced Thin OLED)



#### Advanced Thin OLED

The glass substrate can maintain the high resolution of OLED at a competitive price

#### LTPS LCD



#### in-Touch

The best touch solution provided in outstanding quality with narrower bezels

# Improve Financial Structure

## Financial Strategy

### ➤ Strengthen Financial Management with a Focus on Cash Flow

#### ■ Short-Term: Enhance Financial Liquidity Management

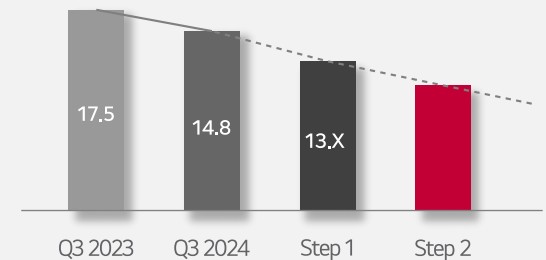
- Equity Raising: Enhance financial ratios through capital increases
- Sales of non-strategic LCD-based assets
  - Domestic: Sell idle assets at the closed LCD Fab and unused real estate in Paju
  - Overseas: Sell LCD TV plant in China
- Improvement of inventory efficiency and optimization of working capital

#### ■ Mid-Term: Strengthen Financial Stability

- Reduce debt level by optimizing internally generated cash flow and external financing portfolio, while continuing to improve financial ratios
- Stabilize the debt maturity structure and reduce financing costs by optimizing both short-and long-term debt portfolio

#### Total Debt

(Unit: in trillions of KRW)



## Investment Strategy

### ➤ Improve Investment Efficiency

#### ➤ [Investment Discipline]

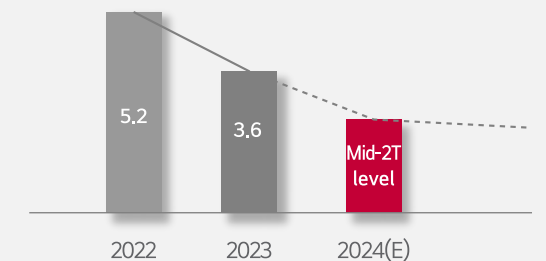
Strengthening the business fundamentals, enhancing financial soundness, and securing stable profitability are our top priorities. Our focus is on maximizing the use of existing infrastructure while proceeding prudently with new expansion investments.

#### ➤ [Investment Direction]

Investment efficiency will be enhanced by focusing on securing essential investment areas and technological capabilities necessary to upgrade the business structure, while carefully considering the external environment and demand growth. Investments will be executed based on the cash flow generated, pursuant to a profitability-centric approach.

#### Capex

(Unit: in trillions of KRW)





# Improve Governance

## Compliance Status of Key Indicators in the Corporate Governance Report

	Key Indicators	Compliance
		As of 2024
Shareholders	① Notice of shareholders' meeting to be issued at least 4 weeks in advance	X
	② Implementation of electronic voting	O
	③ Holding meetings outside the designated dates of concentration for shareholder meetings	X
	④ Provision of predictability regarding cash dividends	X
	⑤ Notification to shareholders of dividend policies and dividend payment plans at least once a year	O
Board of Directors	⑥ Establishment and operation of a CEO succession policy	O
	⑦ Establishment and operation of internal control policies, including risk management	O
	⑧ Appointment of an outside director as the chair of the board	X
	⑨ Adoption of a cumulative voting system	X
	⑩ Establishment of policies to prevent the appointment of executives responsible for damaging corporate value or infringing shareholder rights	O
	⑪ Diversity among the members of the board	O
Audit body	⑫ Establishment of an independent internal audit department (supporting body for internal audit work)	O
	⑬ Presence of accounting or financial experts in the internal audit body	O
	⑭ Holding of meetings by the internal audit body with external auditors at least once a quarter, without management participation	O
	⑮ Establishment of procedures for granting the internal audit body access to important management information	O

10 items

## Corporate Governance Improvement Activities and Plans

Shareholders

### Expansion of Shareholder Participation and Protection Policies

Improve

- » Issue notice of shareholders' meeting at least 4 weeks in advance, providing ample time to review the agenda items
- » Expand opportunities for shareholders' participation by holding meetings outside of the designated dates of concentration set by the KRX
- » Amend Articles of Incorporation to allow the board of directors to decide on the dividend record date (Mar. 2024)
- » Review the establishment of mid-to long-term dividend policies, after the conclusion of previous dividend policy period (2021–2023 fiscal years)

Board of Directors

### Efforts to Strengthen Board Independence and Diversity

Continue

- » A CEO succession policy is developed and implemented.
- » Internal control policies—risk management, compliance management, internal accounting control, and disclosure management—are developed and maintained.
- » Ongoing efforts are made to ensure board diversity.

\* Female members : Outside Directors Chung Hae Kang & Sang-Hee Park (50% ratio)

Audit body

### Reinforcement of the Audit Committee Independence

Continue

- » An independent Audit Support Team is established and operated to assist internal audit functions.
- » The Audit Committee is chaired by an expert in accounting and finance. (Outside Director Doocheol Moon)
- » Independent Audit Committee meetings are held at least once per quarter. (6 meetings in each 2022 and 2023)
- » Internal access to critical information by the audit body is enhanced, pursuant to Article 11 of the Audit Committee Regulations.

# Attachment. ESG Management Framework

LG Display is committed to authentic ESG management based on trust with stakeholders, focusing on sustainable growth through eco-friendly technological innovation, creation of social value, and transparent information disclosure.

## ESG Strategy

### True Display for a Sustainable Future

#### Sustainable Technology Innovation



**Climate Response**  
Reinforcing the Transition to Renewable Energy



**Resource Circulation**  
Leading Resource Circulation through Recycling & Reuse



**Hazardous Materials Management**  
Preemptive Management of Hazardous Materials



**Product Responsibility**  
Leading the Market for Eco-friendly Products based on Technological Innovation

#### Respect for Human Dignity As a Top Priority



**Workplace Safety**  
Creating a Safe Workplace



**Supplier Management**  
ESG Management for Suppliers



**Human Rights Management**  
Internalizing Human Rights Management



**Human Resources**  
Encouraging Employee Happiness and Success

#### Ensuring Transparency & Soundness



**Communication with Stakeholders and Transparent Disclosure of Information**  
Customer Satisfaction Management / Governance Risk & Compliance

## ESG Governance Structure

### Decision-making Organization

#### ESG Committee

- Review and approve ESG policy and strategy
- Examine ESG performance

#### ESG Secretariat

- Establish ESG strategy and direction
- Communicate with stakeholders and manage ESG assessments

#### ESG Management Council

- Review and make decisions on ESG initiatives

### Executing Organization

#### Champion(C-level)

- Identify ESG initiatives
- Establish mid-to long-term roadmaps for each area

#### Executing Team

- Implement and manage improvement tasks

# Attachment. ESG Highlights

Key Areas	Accomplishments
Carbon neutrality	<ul style="list-style-type: none"> <li>▶ Declared a goal of carbon neutrality by 2050 (on April 2023)</li> <li>▶ Invested in emissions-reducing facilities for industrial gas and implemented company-wide energy-saving measures to reduce greenhouse gases</li> </ul>
Transition to renewable energy	<ul style="list-style-type: none"> <li>▶ Gradually expanded renewable energy usage by exploring various means of renewable energy, including PPA* *Power Purchase Agreement</li> </ul>
Water reuse	<ul style="list-style-type: none"> <li>▶ Developing a wastewater reuse system to improve reuse rates</li> <li>▶ Achieved a 74% water reuse rate in 2023, based on domestic usage</li> </ul>
Product responsibility	<ul style="list-style-type: none"> <li>▶ Developing energy-saving products and solutions to raise product energy efficiency</li> <li>▶ Obtained national Green Technology certification for AIT* technology, reducing annual carbon emissions by 7K tons and indium usage, a rare metal, by up to 68% *Advanced In Touch</li> <li>▶ Received SGS Eco Label* certification in 2023 for monitors and laptop modules *ISO 14024-based eco-friendly product certification program</li> </ul>
Global supply chain & ESG risk management/ improvement	<ul style="list-style-type: none"> <li>▶ Complied with customers' ESG requirements by conducting ESG audits across production sites at home and overseas</li> <li>▶ Achieved RBA VAP* Platinum certification for all our domestic sites in 2023, the first to do so among the LG Group's member companies *Responsible Business Alliance Validated Assessment Program</li> </ul>
Human rights management	<ul style="list-style-type: none"> <li>▶ Established a human rights management policy based on global guidelines, expanding human rights management across all Korean and overseas sites, joint ventures, and suppliers</li> </ul>
Continuous improvement in external ESG ratings	<ul style="list-style-type: none"> <li>▶ Raised DJSI score to 79 points in 2024, up 20 points over four years</li> <li>▶ Received an AA rating from MSCI in 2024, the fourth consecutive year at this level</li> <li>▶ Chosen for the UNGC LEAD group in 2024</li> </ul>