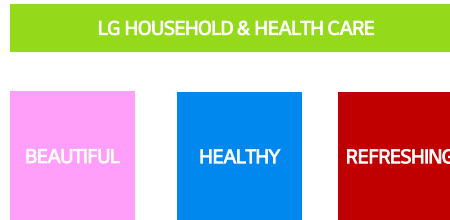


Results for 1Q 2019



April 25, 2019

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- 1Q 2019 Results by Business
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 - Refreshing (Beverage)
- Summary Consolidated Financial Statements
- Attachment: Acquisition of New Avon

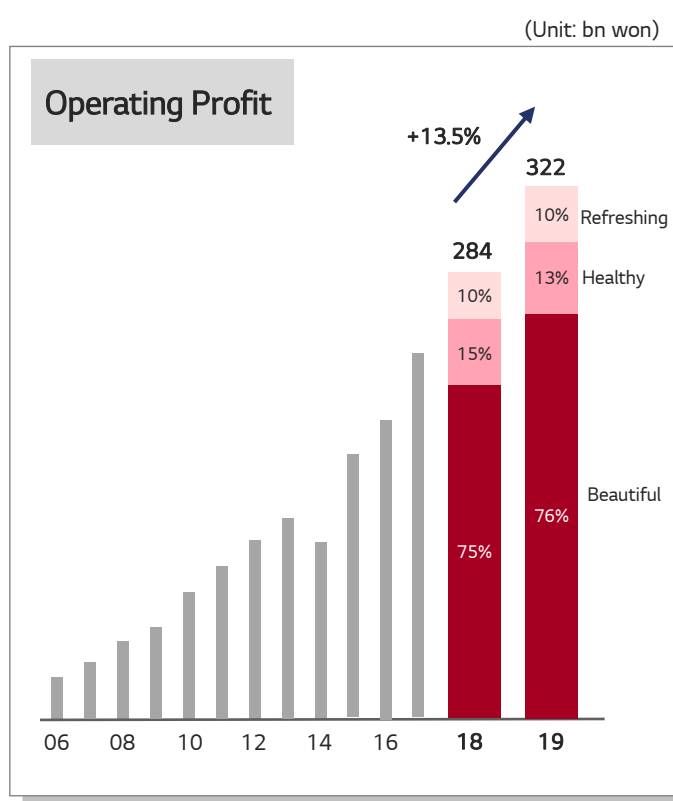
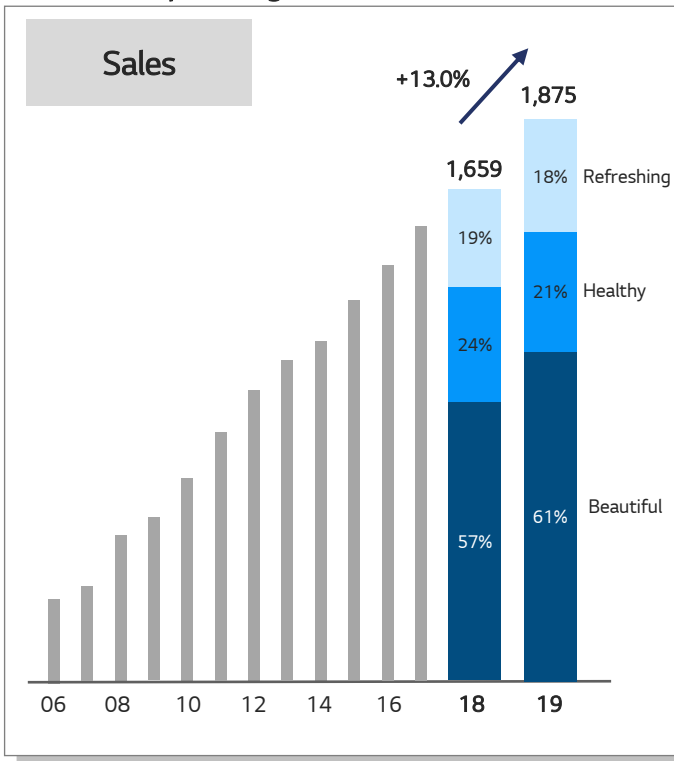
Audit of these results is still in progress. Figures in this disclosure are subject to change during the auditing process.

Total Company Results – 1Q 2019

In 1Q 2019, Sales increased 13.0% yoy to 1.9tr won, operating profit increased 13.5% yoy to 322bn won and net income increased 14.9% yoy to 226bn won. **Both sales and profit achieved record high quarterly results of all times, exceeding 300 bn won in quarterly operating profit for the first time.**

In preparation of mid-to-long term sustainable growth, Beautiful has been engaged in active marketing investment across Korea, China, Hong Kong and Japan, especially focusing on nurturing our next generation luxury brands 'su:m', 'O HUI' and 'Belif'. Beautiful sales grew 20.3% yoy to 1.1tr won and operating profit increased 16.1% yoy to 246bn won. Despite the recession in the domestic market, Healthy, which completed restructuring last year, recorded sales of 404bn won and operating profit of 43bn won growing 1.7% yoy and 3.5% yoy respectively. Refreshing sales also maintained stable growth as sales grew 5.3% yoy to 334 bn won and operating profit increased 9.4% yoy to 33bn won. Sales has increased for fifty-four quarters since 3Q 2005, and operating profit has increased for fifty-six quarters since 1Q 2005, delivering growth for fifteen consecutive years.

1Q Sales, Operating Profit Trend

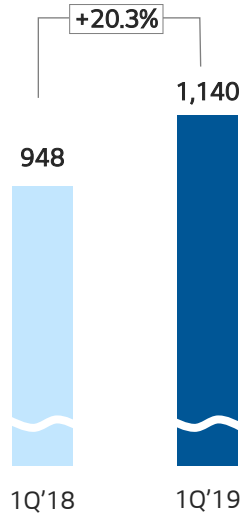


1Q 2019 Results Summary

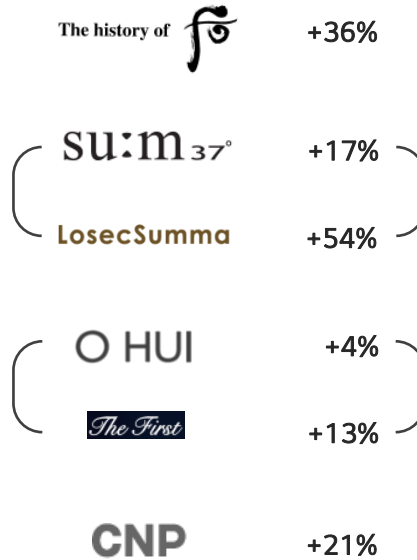
	Amount	YoY
❖ Sales	1,875	+13.0%
❖ Operating Profit	322	+13.5%
Beautiful	246	+16.1%
Healthy	43	+3.5%
Refreshing	33	+9.4%
❖ Recurring Profit	307	+14.8%
❖ Net Profit	226	+14.9%

1Q Results by business – Beautiful

Sales (Unit: bn won)



Key Brands



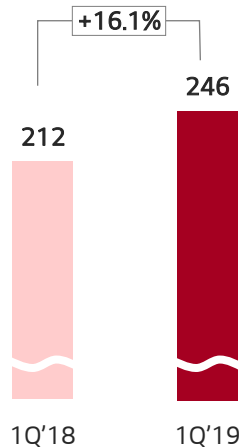
1Q sales increased 20.3% yoy to 1.1tr won, and operating profit increased 16.1% yoy to 246bn won.

Luxury brands (Whoo, su:m, O HUI, Belif, etc.), continued to grow rapidly. 'Whoo' secured its position as Asia's top luxury brand by delivering 36% yoy sales growth thanks to high demand from domestic and overseas customers.

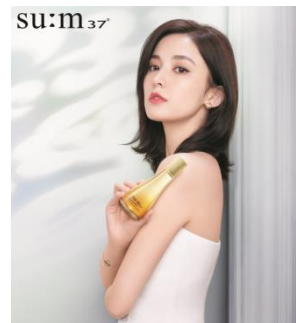
In China market, luxury brands' growth are being driven by the brands' most high-end product line. 'su:m and 'O HUI' have proactively prepared for this trend in China market and are strengthening marketing investment in 'Summa', the high-end line of 'su:m' and 'The First', the high-end line of 'O HUI'.

In order to strengthen the recognition of 's:um' in China, China's top actress Guli Nazha has been appointed as the brand ambassador of 'Summa' line, developing brand communication actively.

Operating Profit (Unit: bn won)



'su:m' Guli Nazha Ad

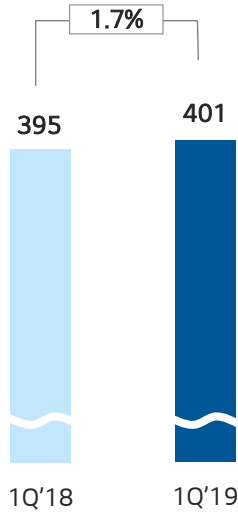


'O HUI The First fine jewel edition'



1Q Results by business – Healthy

Sales (Unit: bn won)



Key Brands



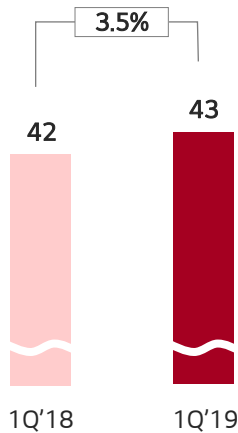
1Q sales increased 1.7% yoy to 401bn won, and operating profit increased 3.5% yoy to 43bn won.

As a result of the structural reform last year, Healthy achieved positive sales and operating profit growth in a shrinking domestic market driven by severe price competition between on and offline channels continuing on from 4Q18. The market share of the eight major categories expanded 2.4%p from the previous year-end, reaching 37.1% share.

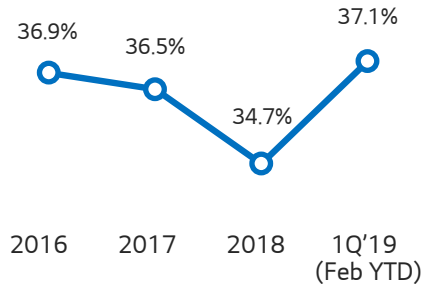
In personal care, premium brands in each category, such as hair and body, are maintaining steady growth in both the domestic and Chinese market. Especially premium personal care brands are expected to expand in China by growing continuously at Watsons (29% yoy) establishing a springboard in the market.

Home Care is responding to market price competition with products at various price points and is leading the premium market through continuous premium product development at the same time.

Operating profit (Unit: bn won)



Domestic M/S Trend (8 Major Categories)



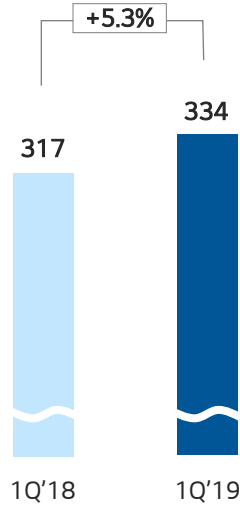
China Watsons listed brands



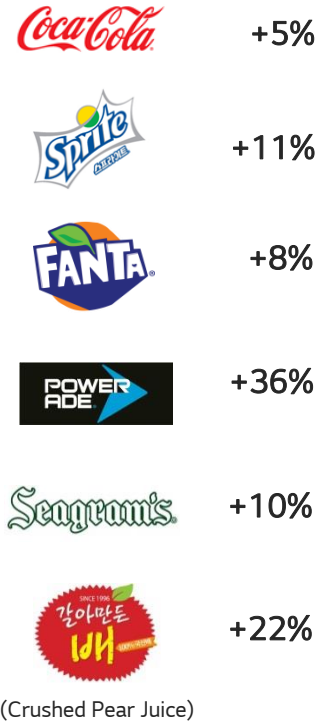
1Q Results by business – Refreshing



Sales (Unit: bn won)



Key Brands



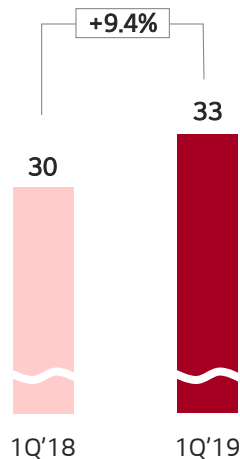
1Q sales increased 5.3% yoy to 334bn won, and operating profit increased 9.4% yoy to 33bn won.

Thanks to the solid growth of both carbonated and non-carbonated drinks market share increased 0.5%p from the previous year-end to 31.8%.

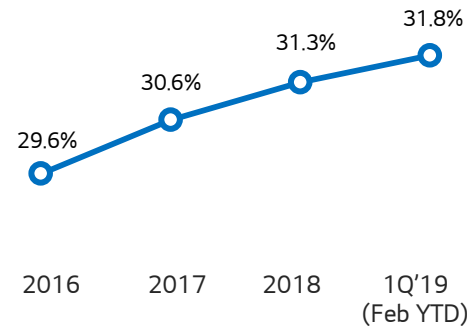
Carbonated drinks grew 7.4% yoy from steady growth of 'Coca-Cola', 'Sprite', and 'Fanta'. In particular, 'Sprite' sales grew at a high growth rate of 11.0% and the brand diversified its flavor offering with the launch of 'Sprite Pear Flavor'. 'Coca-Cola' also introduced 'Coca-Cola Coffee', offering consumers a new and unusual experience with the brand.

Non-Carbonated drinks sales increased 1.7% yoy from growth in major brands including 'Powerade', 'Seagram', and 'Crushed Pear Juice'. 'Crush Pear Juice' sales growth of 22% yoy was led by the popularity of 'Crushed Pear Cider' which launched last year. 'Minute Maid Flower' from 'Minute Maid' was well received in the market by offering a differentiated flavor and concept.

Operating profit (Unit: bn won)



Domestic M/S Trend



Newly launched beverages



Summary Consolidated Financial Statements

Income Statement

(Unit: bn won, %)	1Q		
	2018	2019	YoY
Sales	1,659	1,875	13%
COGS	670	714	6%
(COGS/Sales)	40.4%	38.1%	-2%
Gross Sales	989	1,161	17%
SG&A	706	839	19%
Operating Profit	284	322	14%
(OP Margin)	17.1%	17.2%	0%
Recurring Profit	267	307	15%
Income Tax	71	81	14%
Net Profit	196	226	15%

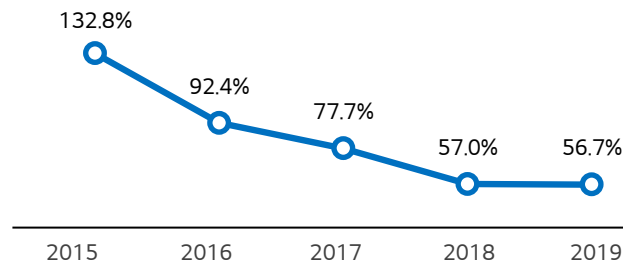
Balance Sheet

(Unit: bn won, %)	March 18		March 19	
Assets	4,904	100%	5,772	100%
Current Assets	1,562	32%	2,021	35%
Cash & Cash Equivalent	309	6%	585	10%
Accounts Receivable	616	13%	694	12%
Inventories	575	12%	625	11%
Other Current Assets	62	1%	116	2%
Non-Current Assets	3,341	68%	3,750	65%
Tangible Assets	1,707	35%	1,989	34%
Intangible Assets	1,451	30%	1,558	27%
Investments	150	3%	164	3%
Other Non-Current Assets	33	1%	39	1%
Liabilities	1,781	36%	2,089	36%
Current Liabilities	1,287	26%	1,706	30%
Short-term Borrowings	168	3%	473	8%
Trade Payables	283	6%	286	5%
Non-Trade Payables	227	5%	265	5%
Other Current Liabilities	609	12%	682	12%
Non-Current Liabilities	494	10%	383	7%
Long-term Borrowings	278	6%	37	1%
Other Non-Current Liabilities	216	4%	346	6%
Total Shareholders' Equity	3,123	64%	3,683	64%
Shareholder's Equity	89	2%	89	2%
Retained Earnings	3,085	63%	3,632	63%
Other Capital	-129	-3%	-124	-2%
Non-Controlling Interests	78	2%	86	1%

Cash Flow Statement

(Unit: bn won)	1Q18	1Q19
Cash from Operating Activities	212	275
Net Profit	196	226
Depreciation & Amortization	39	59
Working Capital Adjustment	-43	-60
Other Non-Operating Expenses	20	50
Net Cash from Investing Activities	-93	-97
Net Cash from Financing Activities	-197	8
Changes in Cash & Cash Equivalent	-78	186
Cash & Cash Equivalent at beginning	386	397
Effect of FX	1	2
Cash & Cash Equivalent at end	309	585

Debt-to-Equity Ratio (March-End)



Acquisition of New Avon

Despite its world-class R&D and design capabilities, LG H&H has had difficulties in expanding business in North America due to the lack of business infrastructure and professional manpower. In order to strengthen its business competitiveness in North America, LG H&H has entered into agreement to acquire 100% stake in New Avon, which owns local management and manpower with substantial business infrastructure and experience, at approximately 145 bn won (USD 125 million).

◆ Significance of the US market

The US cosmetics market is about 50tr won, the largest cosmetics market accounting for approximately 18% of the global cosmetics market. It is also the world's No. 1 health functional food market, accounting for 34% of the total market, valued at 49tr won, which is 2.5 times of China (No.2) and 4 times of Japan (No.3). There also lies strategic importance in this market as success in the US is likely to play an important role in developing business in key global markets such as North America, South America and Europe.

Top 3 Cosmetics, Health Functional Food Markets

Cosmetic (tr won)				Health Functional Food (tr won)			
	Country	Size	%		Country	Size	%
1	US	51	18%	1	US	49	34%
2	China	39	14%	2	China	21	14%
3	Japan	27	10%	3	Japan	12	8%
	Global	282	100%		Global	146	100%

'17 Exchange rate: 1,130.8won

◆ LG H&H US Business Status and Review history

- Though LG H&H has operated its US business for 30 years since 1990, performance has been stagnant at around 35bn won sales and 3bn won operating profit due to low brand awareness, weak infrastructure and lack of local manpower. (2018 sales data)
- LG H&H's cosmetics and personal care products have now become world-class from years of R&D investment. With local management and employees to carry out the necessary infrastructure and business in the US market, it is likely that its success in Asia can be repeated in the US market.
- Avon is the world's largest cosmetics and personal care company with a 130-year history. As a result of the company's earnings deteriorating after 2011, Avon separated its North American and overseas businesses from its headquarters in 2016 and sold the North American business to private equity funds. Since then, the company has been doing business in North America as New Avon, and all other regions as Avon Products Inc.
- New Avon, is a company with experience of operating 13tr won of global sales, and is currently operating in the US, Canada and Puerto Rico. In particular, the US headquarters, which was at the center of global business, has the necessary infrastructure in IT, purchasing, logistics, sales, and general management fields that will strengthen LG H&H's North American business competitiveness.