

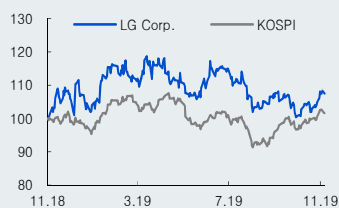
Conglomerates

Company Report
November 12, 2019

(Maintain)	Buy
Target Price (12M, W)	110,000
Share Price (11/11/19, W)	71,800
Expected Return	53%

OP (19F, Wbn)	1,414
Consensus OP (19F, Wbn)	1,571
EPS Growth (19F, %)	-18.4
Market EPS Growth (19F, %)	-31.7
P/E (19F, x)	8.3
Market P/E (19F, x)	14.3
KOSPI	2,124.09
Market Cap (Wbn)	12,390
Shares Outstanding (mn)	176
Free Float (%)	53.4
Foreign Ownership (%)	34.8
Beta (12M)	0.85
52-Week Low	67,100
52-Week High	79,300

(%)	1M	6M	12M
Absolute	4.7	-0.3	5.7
Relative	0.7	-1.0	3.9



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LG Corp.

(003550 KS)

Key changes to watch for within LG Group

Change 1. Selective focus: Decisive portfolio restructuring

LG Group has been reviewing its business portfolio and restructuring its equity stakes in subsidiaries since early 2019.

1) ServeOne (MRO business): S&I, wholly owned by LG Corp., sold its 60.1% stake in ServeOne to Affinity Equity Partners for W604.1bn (May 15, 2019).

2) LG Corp. has chosen Macquarie as the preferred bidder for a 35% stake (W1tr) in LG CNS (November 7, 2019).

3) LG Electronics (LGE; 066570 KS/Buy/TP: W89,900/CP: W68,800) disposed of its stakes in Hi Entech (W250bn) and LG-Hitachi Water Solutions (W45bn), and LG Uplus (032640 KS/Buy/TP: W19,000/CP: W14,200) is in the process of divesting its payment gateway business (W300bn).

Change 2. Use of cash holdings: Watch for dividend growth, share buybacks, investments in new businesses, etc.

As of end-3Q19, LG Corp. has net cash holdings of W430bn with a debt-to-equity ratio of 2.5% (non-consolidated basis). With the proceeds from the ServeOne and LG CNS stake disposals, LG Corp.'s cash holdings could increase to approximately W2tr. As a result, LG Corp. should be well-positioned to increase dividends, buy back shares, and make investments in new or existing businesses.

For 2019, we estimate LG Corp.'s recurring net cash inflows at W224.3bn, based on: 1) cash inflow of W872.8bn (dividend income: W476.2bn; brand royalties: W270bn; lease income: W126.6bn); and 2) cash outflows of W648.6bn (dividend payouts: W351.7bn; property management expenses: W193.2bn; corporate income taxes, tangible and intangible investments, etc.).

Pending issue within LG Group: Inheritance taxes on former chairman's stake

Former chairman Koo Bon-moo passed away in May 2018. Inheritance taxes on the former chairman's 11.3% stake in LG Corp. are estimated at W921.5bn.

Of the total, Chairman Koo Kwang-mo owes W716.2bn (for the 8.8% stake he inherited), for which payments will be made in long-term installments through 2023.

Currently, the controlling family has stable control of LG Corp., with their combined stake standing at 46.6%. As such, we expect Chairman Koo Kwang-mo to sell some LG Corp. shares to fund the remaining inheritance taxes.

From a controlling shareholder's perspective, it will be important to boost the enterprise value of LG Corp. This could be accomplished by increasing dividends.

Maintain Buy and TP of W110,000; Focus on use of cash holdings

We reiterate our Buy call and target price of W110,000 on LG Corp. In our view, LG Corp. is currently undervalued, trading at a 2019F P/E of 8.3x and a 55% discount to NAV.

With LG Group's year-long business portfolio restructuring drawing to a close, we expect LG Corp. to use its improved cash flow to enhance its shareholder return policy (higher dividend payouts and share buybacks) and invest in new business opportunities. This should pave the way for further improvements in cash flow and enterprise value. We believe the market is reflecting such expectations; notably, the correlation between LG Corp.'s and LGE's shares has declined to 0.6 in 2019 from more than 0.9 in the past.

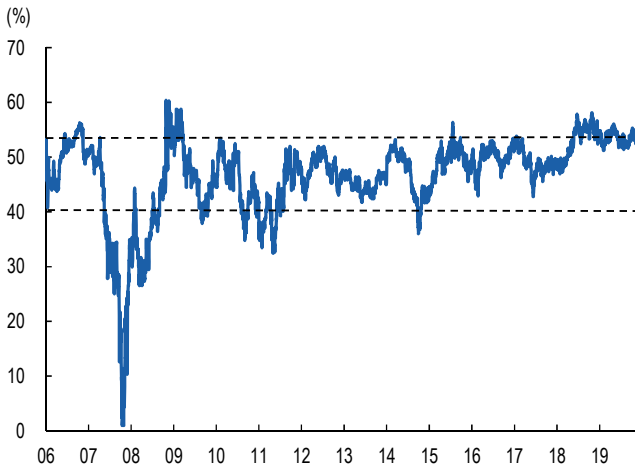
FY (Dec.)	12/16	12/17	12/18	12/19F	12/20F	12/21F
Revenue (Wbn)	9,674	11,841	11,945	6,900	7,586	7,834
OP (Wbn)	1,323	2,186	1,964	1,414	2,051	2,682
OP margin (%)	13.7	18.5	16.4	20.5	27.0	34.2
NP (Wbn)	1,075	2,396	1,864	1,521	1,777	2,287
EPS (W)	6,111	13,623	10,598	8,647	10,101	13,002
ROE (%)	8.0	16.0	11.0	8.1	8.9	10.6
P/E (x)	9.8	6.7	6.6	8.3	7.1	5.5
P/B (x)	0.8	1.0	0.7	0.7	0.6	0.6
Dividend yield (%)	2.2	1.4	2.9	3.5	4.2	4.2

Note: All figures are based on consolidated K-IFRS; NP refers to net profit attributable to controlling interests
Source: Company data, Mirae Asset Daewoo Research estimates

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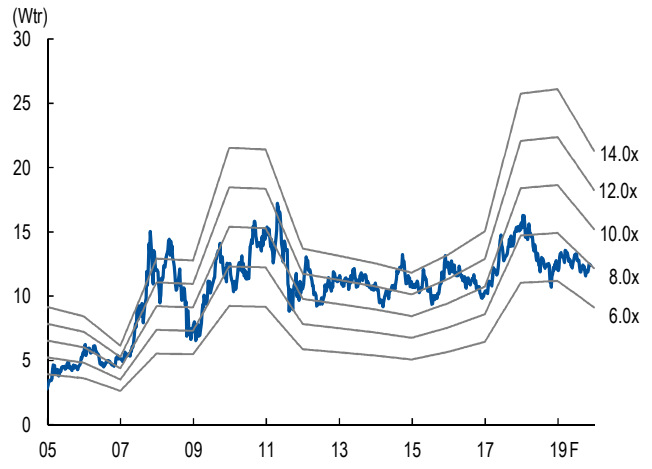
► Key charts

Figure 1. Discount to NAV at a record high



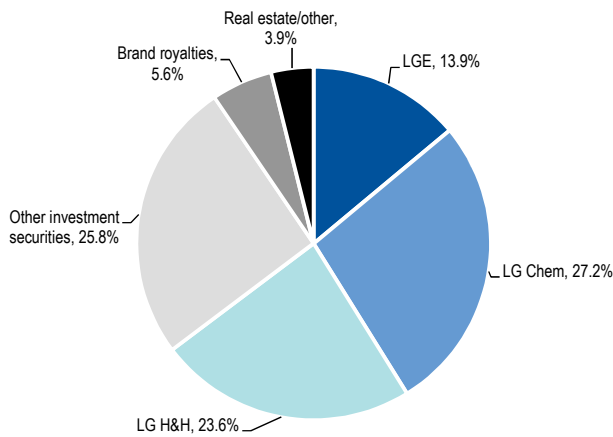
Source: WISEfn, Mirae Asset Daewoo Research

Figure 2. P/E band: 8x represents buying opportunity



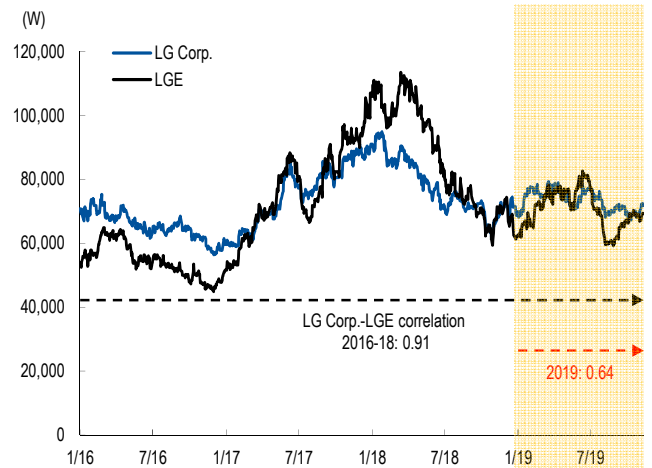
Source: WISEfn, Mirae Asset Daewoo Research

Figure 3. NAV breakdown



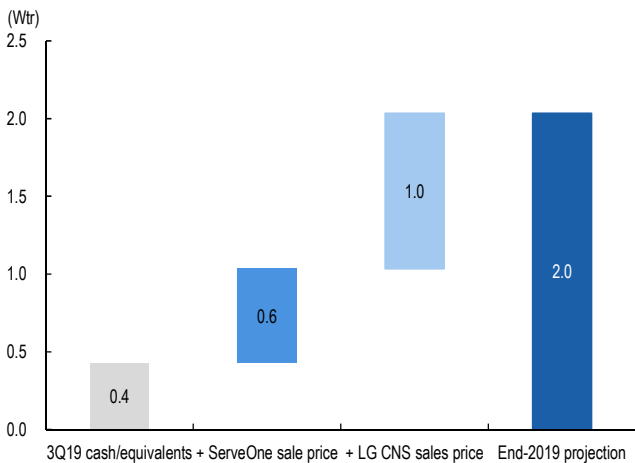
Source: Dart, Mirae Asset Daewoo Research

Figure 4. Correlation between LG Corp. and LGE shares has decreased in 2019



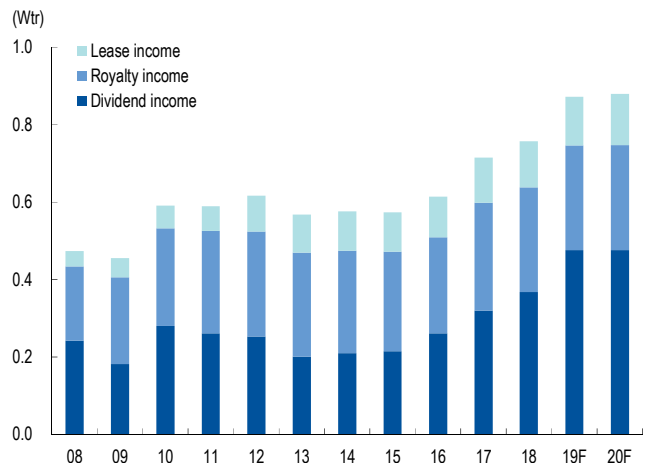
Source: WISEfn, Mirae Asset Daewoo Research

Figure 5. 2019F cash and equivalents



Note: Based on non-consolidated data
Source: Mirae Asset Daewoo Research estimates

Figure 6. LG Corp.'s cash flow trend: Annual inflows of around W800bn



Source: Dart, Mirae Asset Daewoo Research

Table 1. Shareholding changes before/after inheritance and inheritance tax status

(% , Wbn)

	Before inheritance		After inheritance				Present		
	No. of shares	Stake	No. of shares	Stake	Stake chg.	Inheritance tax (estimated)	No. of shares	Stake	Pledged shares (%)
Koo Bon-moo	19,458,169	11.3	0	0.0	-11.3	-	-	-	
Koo Kwang-mo	10,759,715	6.2	25,881,884	15.0	8.8	716.2	25,881,884	15.0	12,909,200 (49.9%)
Koo Yeon-kyung	1,566,279	0.9	5,030,279	2.9	2.0	164.0	5,030,279	2.9	3,632,934 (72.2%)
Koo Yeon-soo	265,064	0.2	1,137,064	0.7	0.5	41.3	1,137,064	0.7	916,000 (80.6%)
Total (1)	32,049,227	18.6	32,049,227	18.6	0.0	921.5	32,049,227	18.6	
Other related parties (2)	48,498,213	28.1	48,280,019	28.0	-0.1	-	48,280,019	28.0	
All related parties (1)+(2)	80,547,440	46.7	80,329,246	46.6	-0.1	-	80,329,246	46.6	

Note: Previous chairman Koo Bon-moo passed away on May 20, 2018.

Note: Inheritance tax estimates do not reflect deductions.

Source: Dart, Mirae Asset Daewoo Research

Table 2. Pantos stake disposal activity

(% , Wbn)

	No. of shares	Stake	Value	Notes
LG International	1,020,000	51.0	371.6	
Koo Bon-ho	298,000	14.9	108.6	
Other	284,000	14.2	103.5	
Koo Kwang-mo	150,000	7.5	54.6	Sold a total of 19.9% in Pantos for W145bn (Dec. 21, 2019)
Koo Yeon-kyung	80,000	4.0	29.1	
Koo Yeon-soo	70,000	3.5	25.5	
Koo Hyeong-mo	50,000	2.5	18.2	
Koo Yeon-je	48,000	2.4	17.5	
No. of issued shares	2,000,000	100.0	728.6	

Note: The buyer was Mirae Asset Daewoo Korea J. Private Equity Investment Co.

Source: Dart, Mirae Asset Daewoo Research

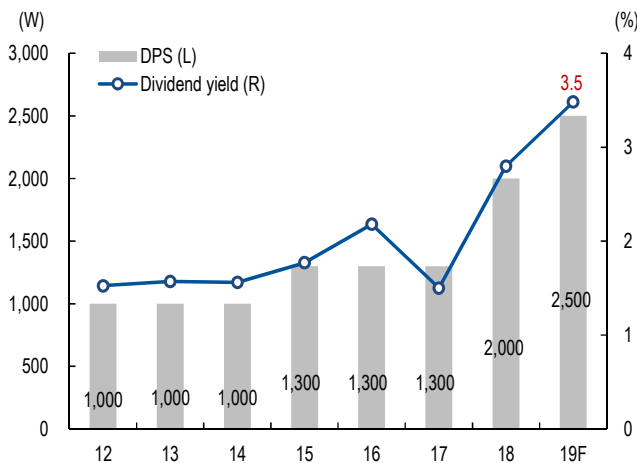
Table 3. Koo Kwang-mo's dividend receipts

(W, Wbn)

Year	Dividend	No. of shares	Dividend receipts	Year	Dividend	No. of shares	Dividend receipts
2002	200	121,300	0.0	2011	1,000	8,146,715	8.1
2003	250	713,593	0.2	2012	1,000	8,146,715	8.1
2004	250	4,827,795	1.2	2013	1,000	8,349,715	8.3
2005	500	4,827,795	2.4	2014	1,000	10,249,715	10.2
2006	500	4,915,795	2.5	2015	1,300	10,409,715	13.5
2007	750	7,674,715	5.8	2016	1,300	10,759,715	14.0
2008	750	7,905,715	5.9	2017	1,300	10,759,715	14.0
2009	1,000	8,053,715	8.1	2018	2,000	25,881,884	51.8
2010	1,000	8,146,715	8.1	Total			162.3

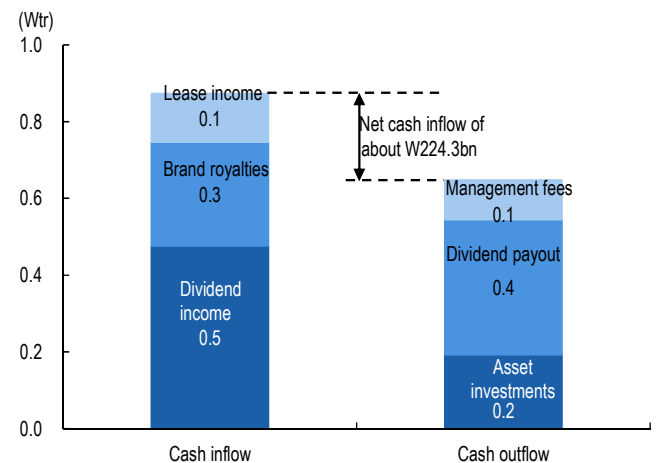
Source: Dart, Mirae Asset Daewoo Research

Figure 7. DPS and dividend yield



Source: Dart, Mirae Asset Daewoo Research

Figure 8. Cash inflow vs. dividend payout



Source: Dart, Mirae Asset Daewoo Research

Table 4. Cash flow trend and outlook

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F
Net cash (a)-(b)	-112.2	75.7	-3.0	221.0	326.0	232.0	294.1	229.3	658.3	383.4	607.7
Cash and equivalents (a)	187.3	175.6	52.0	221.0	326.0	232.0	294.1	229.3	658.3	383.4	607.7
Total debt (b)	299.5	99.8	55.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ordinary net cash inflows (1)-(2)	34.5	170.0	-94.9	230.0	104.7	-84.2	83.2	-73.5	412.5	-286.9	224.3
Ordinary cash inflows (1)	455.3	590.7	589.5	616.6	568.0	575.7	574.1	614.0	714.8	757.2	872.8
Dividend income	182.0	279.6	260.9	252.6	200.3	209.4	214.4	261.3	319.7	368.2	476.2
Royalty income	223.8	252.8	264.9	271.1	269.1	264.9	256.8	247.8	278.5	270.1	270.0
Rental income	49.5	58.3	63.7	92.9	98.7	101.5	102.8	104.9	116.7	118.9	126.6
Ordinary cash outflows (2)	420.8	420.7	684.4	386.5	463.4	659.9	490.9	687.5	302.3	1,044.1	648.6
Administrative expenses (ex-depreciation)	115.7	106.2	107.5	131.3	141.3	141.5	161.5	170.4	197.0	189.3	193.2
Taxes	62.2	48.7	64.2	68.8	67.7	60.6	57.3	56.0	52.2	217.7	94.0
Dividend payout	131.6	175.5	175.9	175.9	175.9	175.9	175.9	228.7	228.7	228.7	351.7
Asset investments	93.8	80.4	88.0	3.1	20.6	5.6	3.2	227.1	16.0	3.4	9.7
Equity investments (sub.)	0.0	0.0	250.3	10.5	64.3	283.4	98.3	11.7	-183.8	415.9	11.1
Net financial costs	17.5	9.9	-1.5	-3.1	-6.5	-7.2	-5.4	-6.3	-7.8	-10.8	-11.0
Dividend payout ratio (%)	66.3	41.8	44.5	43.1	49.4	48.8	66.1	67.2	24.0	63.6	77.1
Net profit (non-consolidated)	265	421	395	408	356	361	346	340	953	553	570
DPS (W)	1,000	1,000	1,000	1,000	1,000	1,000	1,300	1,300	1,300	2,000	2,500
Dividend yield (%)	1.4	1.2	1.6	1.5	1.6	1.6	1.8	2.2	1.5	2.8	3.5

Note: Based on non-consolidated data

Source: Company data, Mirae Asset Daewoo Research

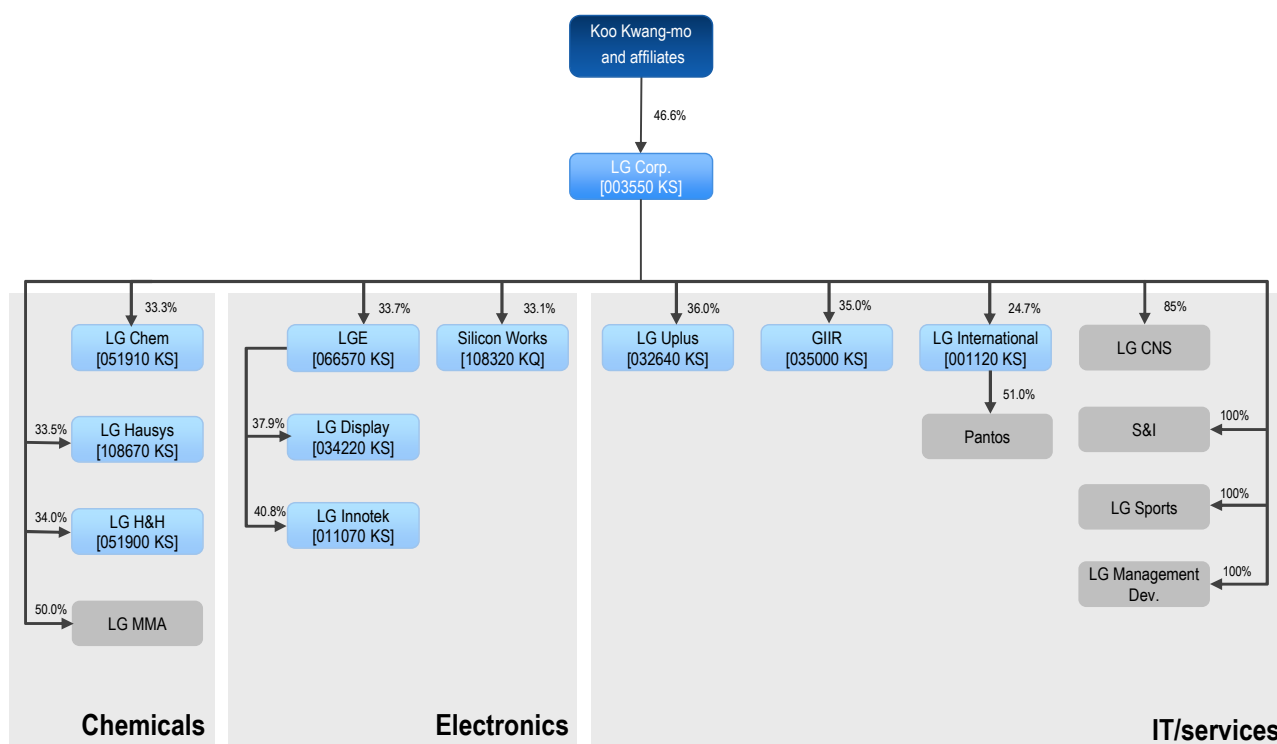
Table 5. Major shareholders' stake in LG Corp. stands at 46.7%

(Wbn)

First generation	Second generation			Third generation			Fourth generation					
		No. of shares	Stake	Value	No. of shares	Stake	Value	No. of shares	Stake	Value		
Koo In-hoe (8/07-12/69)	Koo Ja-kyung (4/25-) LG chairman emeritus	1,648,887	1.0%	129	Koo Bon-moo (2/45-5/18) Previous LG chairman			Koo Kwang-mo (1/79) LG chairman	25,881,884	15.0%	2,032	
					Kim Young-sik (1/52)	7,253,100	4.2%	569	Koo Yeon-kyung (2/78)	5,030,279	2.9%	395
					Koo Hwoun-mee (6/47) Osung Logis chairman	477,533	0.3%	37	Koo Yeon-su (2/96)	1,137,064	0.7%	89
									Kim Seon-hye (8/71)	1,299,851	0.8%	102
									Kim Seon-jeong (10/74)	175,587	0.1%	14
					Koo Bon-neung (3/49) Heesung chairman	5,955,032	3.5%	467	Koo Yeon-seo (1999)			
					Koo Bon-joon (12/51) LG vice- chairman	13,317,448	7.7%	1,045	Koo Hyeong-mo (12/87) LGE manager	1,041,857	0.6%	82
									Koo Yeon-je (2/90)	450,386	0.3%	35
					Koo Mi-jeong (5/55)	1,359,600	0.8%	107	Choi Hyun-soo Choi Yeon-soo Choi Jeong-gyu	3,932	0.0%	0
			Koo Bon-sik (6/58) LT chairman	7,728,603	4.5%	607	Koo Yeon- seoung Koo Yeon-jin Koo Ung-mo					

Source: Dart, Mirae Asset Daewoo Research

Figure 9. LG Group structure (simplified)



Note: As of end-3Q19

Source: Dart, Mirae Asset Daewoo Research

Table 6. 3Q19 review

(Wbn, %)

	3Q18	2Q19	3Q19P		3Q19 growth	
			Preliminary	Consensus	QoQ	YoY
Revenue	2,967.3	1,619.6	1,675.3	1,846.4	3.4	-43.5
OP	527.3	271.1	355.4	400.6	31.1	-32.6
NP (controlling)	458.5	505.0	333.0	344.1	-34.1	-27.4
OP margin (%)	17.8	16.7	21.2	21.7	4.5	3.4
Net margin (%)	15.5	31.2	19.9	18.6	-11.3	4.4

Source: FnGuide, company data, Mirae Asset Daewoo Research

Table 7. Quarterly and annual earnings

(Wbn, %)

	2018					2019F					2020F	3Q19P growth	
	1Q	2Q	3Q	4Q	Annual	1Q	2Q	3QP	4QF	Annual		QoQ	YoY
Revenue	2,850	2,960	2,967	3,066	11,844	1,627	1,620	1,675	1,978	6,900	7,586	3.4	-43.5
General revenue	2,274	2,470	2,455	3,009	10,208	1,142	1,325	1,318	1,772	5,556	5,757	-0.6	-46.3
Equity-method gains	473	367	387	43	1,270	377	164	227	138	906	1,476	38.5	-41.3
LG Chem	155	148	114	40	458	52	23	43	53	171	392	88.8	-62.6
LGE	218	75	138	-15	417	167	31	82	-35	245	462	166.6	-40.5
LG H&H	62	58	69	34	224	71	71	73	51	265	294	2.4	4.7
LG Uplus	40	45	55	27	168	45	36	38	34	153	181	6.1	-32.1
LG Hausys	2	2	-1	-20	-17	2	4	2	7	14	19	-36.4	TTB
Other	103	123	125	115	467	109	130	130	68	438	353	0.0	4.5
Cost of sales	2,143	2,340	2,337	2,738	9,558	1,092	1,268	1,232	1,591	5,183	5,293	-2.8	-47.3
Gross profit	707	620	630	430	2,387	535	352	443	387	1,717	2,292	25.8	-29.7
SG&A expenses	93	96	103	132	423	72	81	88	66	307	241	8.2	-14.9
Operating profit	615	524	527	298	1,964	463	271	355	321	1,410	2,051	31.1	-32.6
Financial income	-1	-1	-8	-2	-13	-3	-1	-1	-6	-11	-17	TTR	TTR
Non-operating profit	13	-2	-6	-26	-20	0	0	-4	-17	-20	-20	TTR	TTR
Pretax profit	626	521	513	270	1,930	461	270	350	298	1,380	2,013	29.6	-31.7
Net profit	556	475	461	392	1,883	453	510	341	236	1,539	1,800	-33.2	-26.0
Controlling interests	554	469	459	383	1,864	450	505	333	230	1,518	1,777	-34.1	-27.4

Note: Reflects impact of discontinued operations/Source: Dart, Mirae Asset Daewoo Research

Table 8. Major listed subsidiaries

(Wbn, %)

		2018					2019F					2020F	3Q19P growth	
		1Q	2Q	3Q	4Q	Annual	1Q	2Q	3QP	4QF	Annual		QoQ	YoY
LGE	Revenue	15,123	15,019	15,427	15,771	61,340	14,915	15,629	15,701	16,441	62,686	65,819	0.5	1.8
	OP	1,108	771	749	75	2,703	901	652	781	286	2,620	2,905	19.8	4.4
	OP margin	7.3	5.1	4.9	0.5	4.4	6.0	4.2	5.0	1.7	4.2	4.4	0.8	0.1
	Net profit	717	283	410	-44	1,367	571	92	244	-103	804	1,372	166.6	-40.5
LG Chem	Revenue	6,554	7,052	7,235	7,343	28,183	6,639	7,177	7,347	7,798	28,962	35,423	2.4	1.6
	OP	651	703	602	290	2,246	275	268	380	291	1,214	1,929	42.2	-36.9
	OP margin	9.9	10.0	8.3	3.9	8.0	4.1	3.7	5.2	3.7	4.2	5.4	1.4	-3.2
	Net profit	531	478	343	120	1,473	194	68	129	160	551	1,176	88.8	-62.6

Source: Dart, Mirae Asset Daewoo Research

Table 9. Major consolidated subsidiaries

(Wbn, %)

		2018					2019F					2020F	3Q19P growth	
		1Q	2Q	3Q	4Q	Annual	1Q	2Q	3QP	4QF	Annual		QoQ	YoY
S&I	Revenue	1,683	1,834	1,719	1,972	7,208	546	581	540	658	2,325	2,633	-7.0	-68.6
	OP	65	70	55	124	314	24	15	26	23	89	104	72.4	-52.3
	OP margin	3.9	3.8	3.2	6.3	4.4	4.4	2.6	4.9	3.6	3.8	4.0	2.3	1.7
	Net profit	45	54	32	25	156	38	293	31	28	390	73	-89.3	-1.4
LG CNS	Revenue	612	656	761	1,089	3,118	614	763	798	1,111	3,267	3,366	4.5	4.9
	OP	35	35	29	88	187	23	46	45	102	208	226	-3.0	57.5
	OP margin	5.7	5.4	3.8	8.1	6.0	3.8	6.1	5.6	9.2	6.4	6.7	-0.4	1.9
	Net profit	19	28	15	49	111	15	36	40	58	128	134	11.2	168.8

Source: Dart, Mirae Asset Daewoo Research

Table 10. Valuation

(Wbn, W, %, '000 shares)

	Value	Notes
1. Operating value	2,597	
Royalty income	1,535	10x 2019F after-tax profit
Real estate	1,062	Fair value of real estate investments
2. Value of investment assets	24,813	
Listed subsidiaries	20,529	Based on market value
Unlisted subsidiaries	4,284	Based on book value and fair value
3. Total asset value (1+2)	27,410	
4. Net borrowings (-)	-431	Expected end-3Q19
5. NAV (3+4)	27,841	
Market cap	12,542	Common + preferred
Discount to NAV	55.0	
6. No. of shares outstanding	175,771	Total shares outstanding (incl. preferred shares, excl. treasury stock)
7. NAV per share	158,392	
8. Theoretical TP	110,874	30% discount to NAV
TP	110,000	
Current share price	71,800	Based on Nov. 11, 2019 close
Upside potential	53.2	

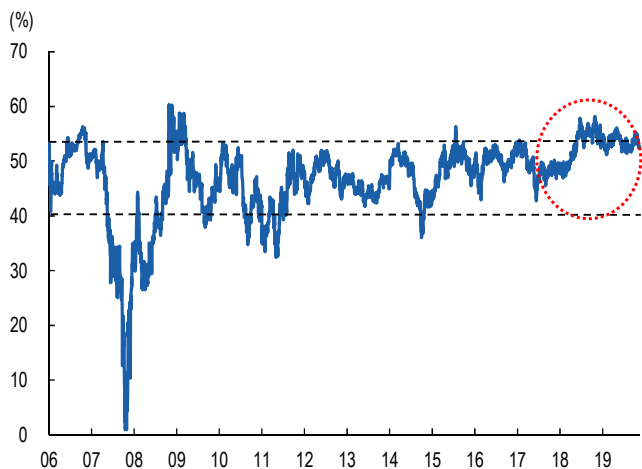
Table 11. Value of investment securities

(Wbn, W)

	No. of shares	Stake	Book value	Current price	Value	Notes
Listed subsidiaries					20,529	Based on Nov. 11, 2019 close
LGE	55,094,582	33.7%	2,805	69,300	3,818	
LG Chem	23,534,211	33.3%	1,621	317,000	7,460	
LG Uplus	157,376,777	36.0%	1,162	14,200	2,235	
LG International	9,571,336	24.7%	297	15,700	150	
LG Hausys	3,006,673	33.5%	184	59,500	179	
LG H&H	5,315,500	34.0%	142	1,216,000	6,464	
Silicon Works	5,380,524	33.1%	145	33,900	182	
GIIR	5,798,593	35.0%	39	7,020	41	
Unlisted subsidiaries					4,284	
LG CNS	74,076,292	85.0%	331		2,648	Based on K-OTC trading price
S&I	5,000,000	100.0%	250		608	Based on target P/E of 8.0x
LG MMA	1,200,000	50.0%	115		115	Book value
LG Management Dev.	1,200,000	100.0%	17		17	Book value
LG Hitachi	245,000	49.0%	14		14	Book value
LG Sports	600,000	100.0%	106		106	Book value
Other					775	ZKW 30%

Source: Dart, Mirae Asset Daewoo Research

Figure 10. LG Corp.'s (pure holding company) NAV discount trend



Source: WISEfn, Mirae Asset Daewoo Research

Figure 11. SK Holdings' (mixed holding company) NAV discount trend



Source: WISEfn, Mirae Asset Daewoo Research

LG Corp. (003550 KS/Buy/TP: W110,000)

Comprehensive Income Statement (Summarized)

(Wbn)	12/18	12/19F	12/20F	12/21F
Revenue	11,945	6,900	7,586	7,834
Cost of Sales	9,558	5,179	5,293	4,927
Gross Profit	2,387	1,721	2,293	2,907
SG&A Expenses	423	307	241	224
Operating Profit (Adj)	1,964	1,414	2,051	2,682
Operating Profit	1,964	1,414	2,051	2,682
Non-Operating Profit	-34	-31	-38	-37
Net Financial Income	-20	-6	0	0
Net Gain from Inv in Associates	0	0	0	0
Pretax Profit	1,930	1,383	2,013	2,645
Income Tax	47	156	213	324
Profit from Continuing Operations	1,883	1,228	1,800	2,320
Profit from Discontinued Operations	0	315	0	0
Net Profit	1,883	1,542	1,800	2,320
Controlling Interests	1,864	1,521	1,777	2,287
Non-Controlling Interests	19	22	23	34
Total Comprehensive Profit	1,796	1,724	1,800	2,320
Controlling Interests	1,777	1,710	1,784	2,300
Non-Controlling Interests	19	14	16	21
EBITDA	2,140	1,581	2,196	2,810
FCF (Free Cash Flow)	231	367	1,880	2,429
EBITDA Margin (%)	17.9	22.9	28.9	35.9
Operating Profit Margin (%)	16.4	20.5	27.0	34.2
Net Profit Margin (%)	15.6	22.0	23.4	29.2

Cash Flows (Summarized)

(Wbn)	12/18	12/19F	12/20F	12/21F
Cash Flows from Op Activities	495	398	1,880	2,429
Net Profit	1,883	1,542	1,800	2,320
Non-Cash Income and Expense	-948	-1,223	-1,148	-1,055
Depreciation	153	147	130	116
Amortization	23	19	15	12
Others	-1,124	-1,389	-1,293	-1,183
Chg in Working Capital	-456	-790	-65	-19
Chg in AR & Other Receivables	206	2	-191	-57
Chg in Inventories	-7	-15	-8	-2
Chg in AP & Other Payables	-585	161	113	34
Income Tax Paid	-313	-266	-213	-324
Cash Flows from Inv Activities	-659	2,049	-24	-7
Chg in PP&E	-236	-28	0	0
Chg in Intangible Assets	-31	-3	0	0
Chg in Financial Assets	212	131	-24	-7
Others	-604	1,949	0	0
Cash Flows from Fin Activities	-126	-343	-439	-2,026
Chg in Financial Liabilities	125	-113	0	-1,500
Chg in Equity	0	-2	0	0
Dividends Paid	-231	-358	-439	-526
Others	-20	130	0	0
Increase (Decrease) in Cash	-289	2,764	1,416	395
Beginning Balance	1,343	1,054	3,818	5,234
Ending Balance	1,054	3,818	5,234	5,630

Source: Company data, Mirae Asset Daewoo Research estimates

Statement of Financial Condition (Summarized)

(Wbn)	12/18	12/19F	12/20F	12/21F
Current Assets	4,613	5,830	7,469	7,931
Cash and Cash Equivalents	1,054	3,818	5,234	5,630
AR & Other Receivables	2,755	1,721	1,911	1,968
Inventories	116	73	81	83
Other Current Assets	688	218	243	250
Non-Current Assets	18,223	16,342	16,197	16,069
Investments in Associates	14,478	14,478	14,478	14,478
Property, Plant and Equipment	1,878	1,611	1,481	1,365
Intangible Assets	100	81	66	54
Total Assets	22,836	22,172	23,666	24,000
Current Liabilities	3,040	1,507	1,624	159
AP & Other Payables	1,635	1,021	1,134	1,168
Short-Term Financial Liabilities	235	453	453	-1,047
Other Current Liabilities	1,170	33	37	38
Non-Current Liabilities	1,632	1,103	1,119	1,124
Long-Term Financial Liabilities	1,285	953	953	953
Other Non-Current Liabilities	347	150	166	171
Total Liabilities	4,671	2,610	2,743	1,283
Controlling Interests	17,998	19,379	20,716	22,476
Capital Stock	879	879	879	879
Capital Surplus	2,366	2,363	2,363	2,363
Retained Earnings	15,049	16,175	17,513	19,273
Non-Controlling Interests	166	183	207	241
Stockholders' Equity	18,164	19,562	20,923	22,717

Forecasts/Valuations (Summarized)

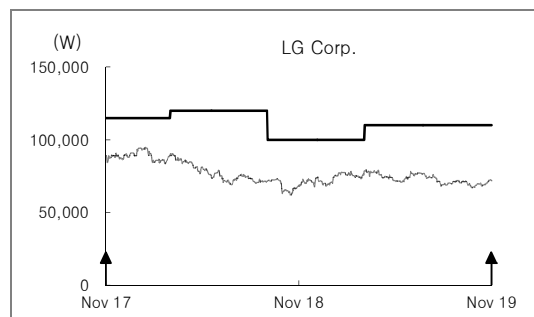
	12/18	12/19F	12/20F	12/21F
P/E (x)	6.6	8.3	7.1	5.5
P/CF (x)	13.2	39.6	19.4	10.0
P/B (x)	0.7	0.7	0.6	0.6
EV/EBITDA (x)	5.8	6.4	4.0	2.4
EPS (W)	10,598	8,647	10,101	13,002
CFPS (W)	5,314	1,815	3,704	7,198
BPS (W)	102,354	110,200	117,804	127,813
DPS (W)	2,000	2,500	3,000	3,000
Payout ratio (%)	18.3	28.0	28.8	22.3
Dividend Yield (%)	2.9	3.5	4.2	4.2
Revenue Growth (%)	0.9	-42.2	9.9	3.3
EBITDA Growth (%)	-12.4	-26.1	38.9	28.0
Operating Profit Growth (%)	-10.2	-28.0	45.0	30.8
EPS Growth (%)	-22.2	-18.4	16.8	28.7
Accounts Receivable Turnover (x)	4.1	3.1	4.2	4.0
Inventory Turnover (x)	105.6	73.1	99.1	95.8
Accounts Payable Turnover (x)	4.9	3.9	4.9	4.3
ROA (%)	8.5	6.9	7.9	9.7
ROE (%)	11.0	8.1	8.9	10.6
ROIC (%)	82.0	52.8	74.4	98.0
Liability to Equity Ratio (%)	25.7	13.3	13.1	5.6
Current Ratio (%)	151.8	386.8	460.0	5,000.4
Net Debt to Equity Ratio (%)	0.6	-13.4	-19.5	-26.3
Interest Coverage Ratio (x)	44.9	74.7	0.0	0.0

APPENDIX 1

Important Disclosures & Disclaimers

2-Year Rating and Target Price History

Company (Code)	Date	Rating	Target Price
LG Corp. (003550)	03/16/2019	Buy	110,000
	09/13/2018	Buy	100,000
	03/13/2018	Buy	120,000
	11/09/2017	Buy	115,000



Stock Ratings

Buy	: Relative performance of 20% or greater
Trading Buy	: Relative performance of 10% or greater, but with volatility
Hold	: Relative performance of -10% and 10%
Sell	: Relative performance of -10%

Industry Ratings

Overweight	: Fundamentals are favorable or improving
Neutral	: Fundamentals are steady without any material changes
Underweight	: Fundamentals are unfavorable or worsening

Ratings and Target Price History (Share price (—), Target price (—), Not covered (≡), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))

* Our investment rating is a guide to the relative return of the stock versus the market over the next 12 months.

* Although it is not part of the official ratings at Mirae Asset Daewoo Co., Ltd., we may call a trading opportunity in case there is a technical or short-term material development.

* The target price was determined by the research analyst through valuation methods discussed in this report, in part based on the analyst's estimate of future earnings.

* The achievement of the target price may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Equity Ratings Distribution & Investment Banking Services

	Buy	Trading Buy	Hold	Sell
Equity Ratings Distribution	84.57%	9.88%	5.55%	0.00%
Investment Banking Services	82.76%	6.90%	10.34%	0.00%

* Based on recommendations in the last 12-months (as of September 30, 2019)

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