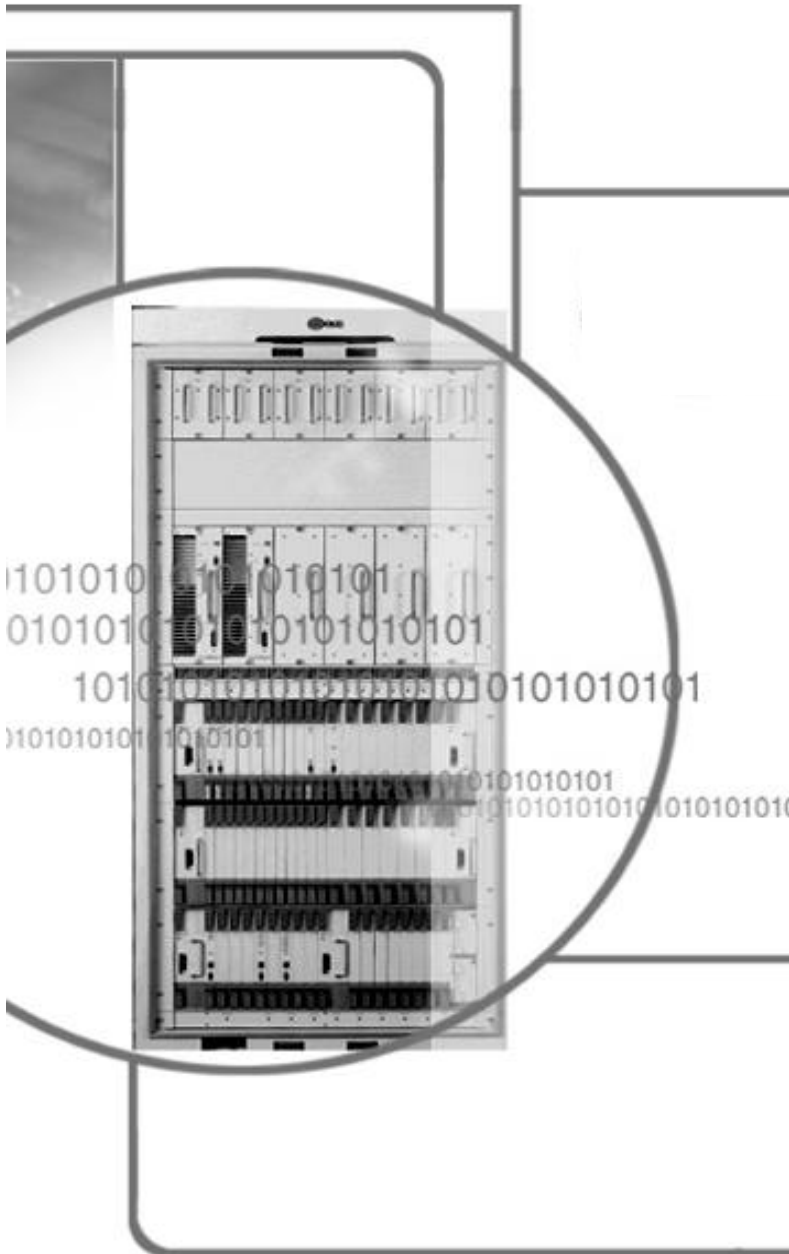


Welcome to LG Electronics

July 2001

As a note, this presentation was released as the dates shown and reflected management views as of these dates. While reviewing this information, the data and information contain certain forward-looking statements that are subject to known and unknown risks and uncertainties that may cause actual results to differ from those stated or implied by such statements. These risks and uncertainties include, but are not limited to the risk factors noted in the Company's Earnings Releases and the Company's filings with the Financial Supervisory Commission of Korea. The Company assumes no obligation or responsibility to update the information provided in the presentations in correspondence to their respective dates.



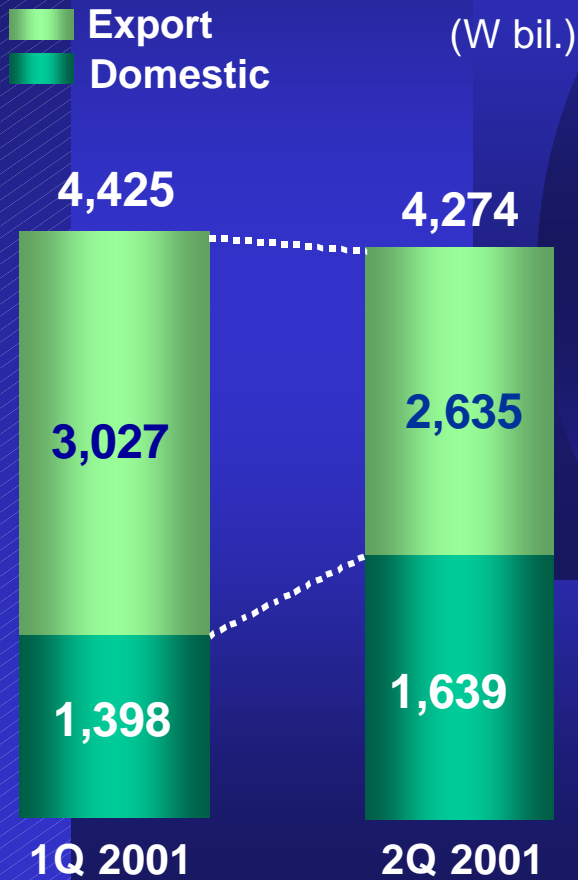
Contents

Business Overview 1H 2001

- 1H Performance
- 2H Expectation
- Going Forward

Business Overview

Sales



- 2Q sales decreased 3.4% to W4.3 tril.
- Domestic sales up 17% to W1.6 tril. and export down 13% to W2.6 tril. qoq
- Total sales in 1H is W8.7 tril. with domestic sales W3.0 tril. and W5.7tril.
- 1H sales increased 26.2% yoy or 8.9% yoy on a merger-adjusted basis

Divisional Sales

- Appliance division posted robust performances but Dis.&Media and Device divisions suffered from the struggling IT industry.
- Telecom division improved due to strong handset export.

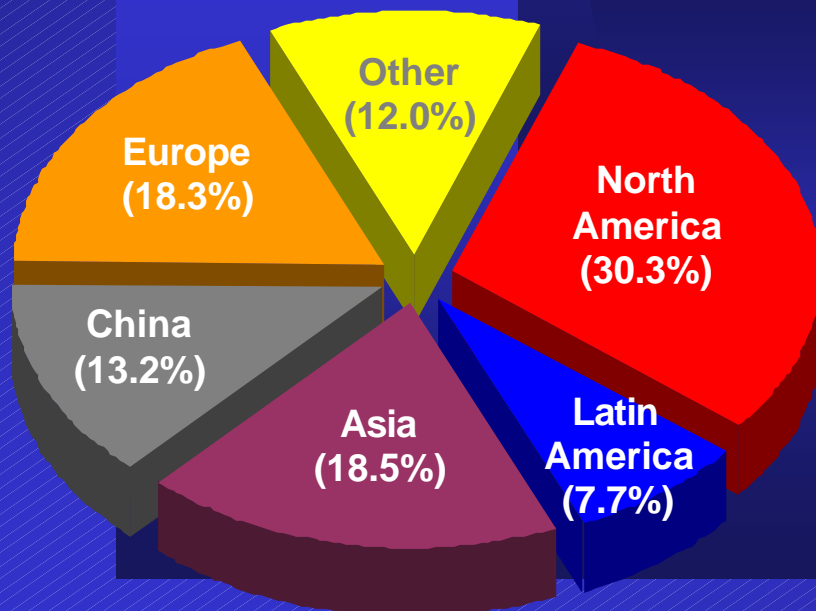
	Appliance		Dis. & Media		Telecom		Device	
(W bil.)	1Q	2Q	1Q	2Q	1Q	2Q	1Q	2Q
SALES	1,417	1,415	1,685	1,584	866	911	419	320
(Growth)		(-0.1%)		(-5.9%)		(5.2%)		(-23.6%)
Export	998	745	1,294	1,239	345	360	391	291
(Growth)		(-25.4%)		(-4.2%)		(4.4%)		(-25.6%)
Domestic	419	670	391	346	521	551	28	30
(Growth)		(60.0%)		(-11.6%)		(5.7%)		(3.9%)

* Service Sales : W44 bil (2Q), W39 bil (1Q)

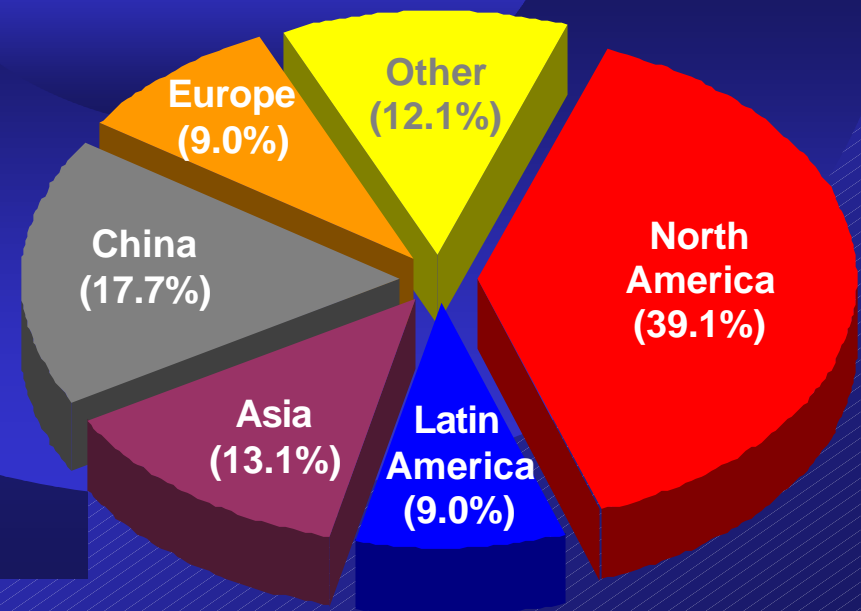
Overseas Markets

- Export decreased to U\$ 2 bil. due to the global economy slowdown.
- Export portion to North America and Chinese markets increased.
- Notable decrease in IT products to Europe and Asia

■ 1Q Export : U\$ 2.4 bil.



■ 2Q Export : U\$ 2.0 bil.



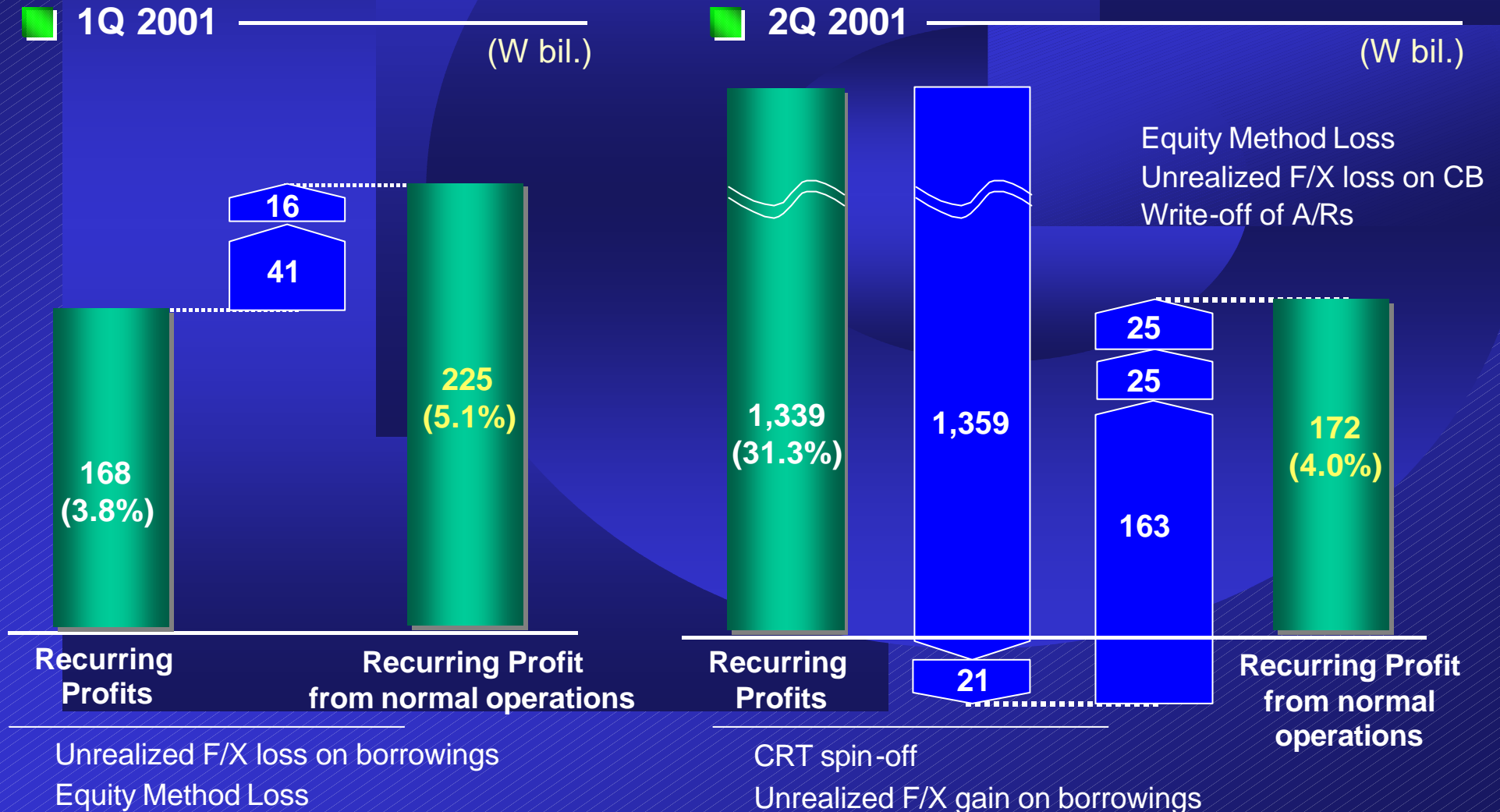
Profits

(W bil., %)	1Q 2001		2Q 2001		Margin Change
		Margin		Margin	
Gross Profit	1,029	(23.3)	974	(22.8)	- 0.5 %p
Operating Profit	343	(7.7)	196	(4.6)	- 3.1 %p
Recurring Profit	168	(3.8)	1,339	(31.3)	27.5 %p

- **Profits mainly affected by**
 - Less gross profit from slow export (W55 bil.)
 - Higher marketing expenses: Appliance(W38 bil), DTV/PDP(W13 bil.)
 - Higher R&D expense (W18 bil.)
 - CRT spin-off (W1,359 bil.)
 - Equity method loss of W 163 bil.

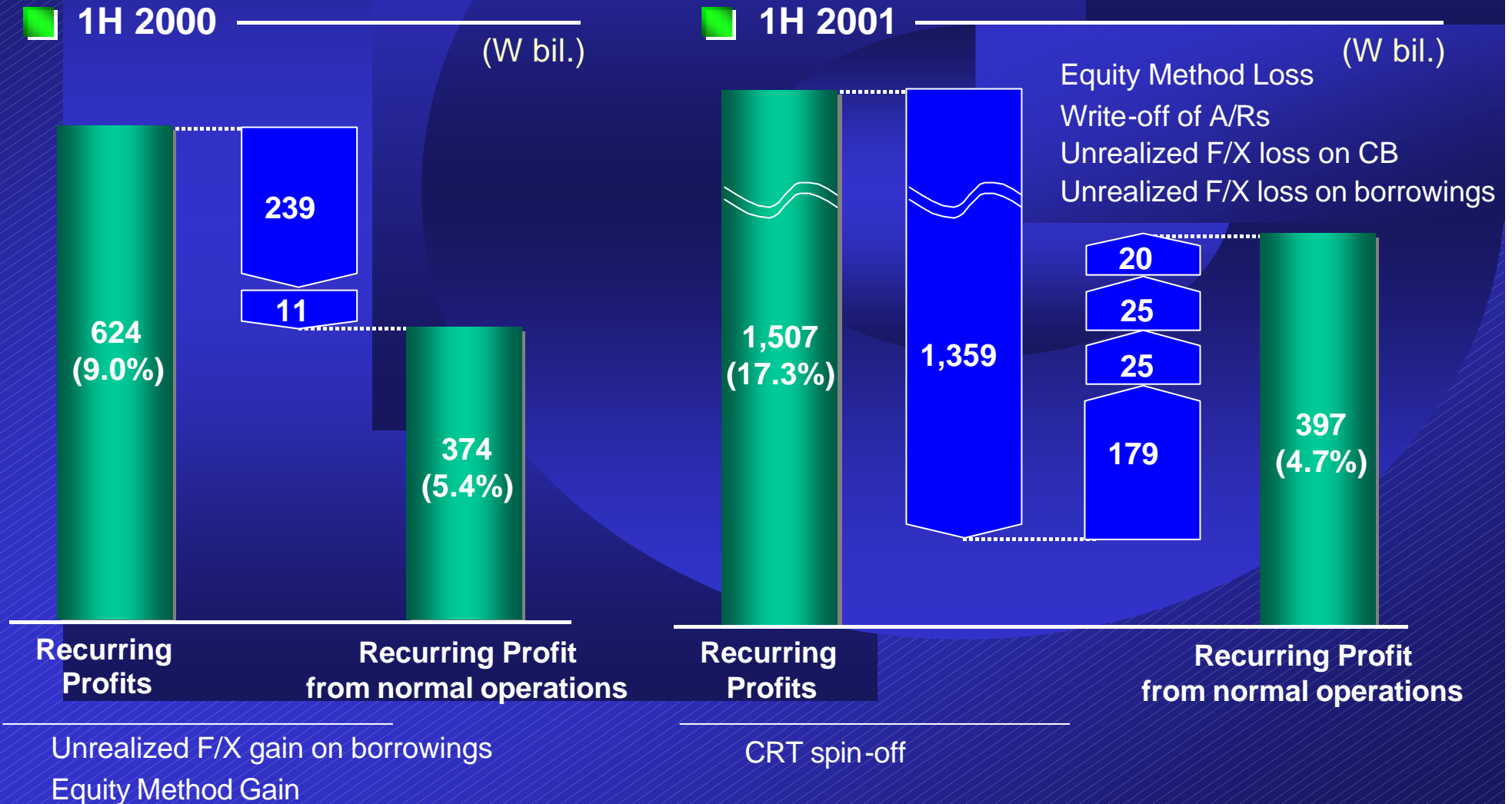
Profits Analysis (QoQ)

- Actual recurring profit from normal operations in 2Q was W172bil.



Profits Analysis (YoY)

- Actual recurring profit from normal operations in 1H was W397bil.



Divisional Profits

- Appliances maintained its sturdy performances in profitability
- IT related divisions still at difficulties (particularly Device division)

	Appliance		Dis. & Media		Telecom		Device*	
	1Q	2Q	1Q	2Q	1Q	2Q	1Q	2Q
(%)								
Sales (W bil.)	1,417	1,415	1,685	1,584	866	911	535	420
Gross Margin	31.4%	33.7%	12.7%	13.8%	29.1%	27.0%	17.9%	2.9%
Operating margin	15.5%	15.4%	3.5%	2.1%	6.5%	4.1%	7.0%	- 12.5%
Recurring Margin	12.5%	13.3%	0.3%	1.7%	2.1%	1.7%	5.9%	- 11.4%

* Internal sales transaction included (W116 bil. 1Q and W100 bil.)

Cash Flow

- Free cash flow of W1,158 bil. generated in 1H

W207 from operating activities and W951 bil. from investing activities

Free Cash Flow	(W bil.)		
	1Q	2Q	1H
Net Profit	123	1,046	1,168
Depreciation	146	157	303
Change in working capital	(169)	81	(88)
Other	8	(1,185)	(1,177)
CF from Operating Activities	108	98	207
CF from Investing Activities	(6)	957*	951
Free Cash Flow	102	1,056	1,158

* Cash inflow : CRT proceeds W1,430 bil, Dividend W14.8 bil, other W52.5 bil.

Cash outflow : CAPEX W263 bil, Capital Investment :LGT W82bil, Overseas W145bil, other W50bil

Debt Repayment Plan

- Cash-in from CRT spin-off was first used to pay off RPS of W544 bil.
- Remaining cash will be used to pay down debt for financial restructuring

(W bil.)

Type	2000	1H 2001	Repayment Plan (in 2H)	2001 (E)
Won	3,760	3,890	- 720	3,170
\$	950	890	- 60	830
Debentures in Won	2,926	3,640	- 700	2,940
TOTAL	4,710	4,780	- 780	4,000
Net Debt	4,540	3,940		4,000
L/E ratio*	196%	161%		160% level

* Liability to Equity Ratio

Financial Ratio

	1999	2000	1H 2001
Liability to Equity	185%	196%	161%
Net debt to Equity	101%	113%	81%
Equity to Asset	35%	34%	38%
ROE	79.9%	13.7%	35.3% *
ROA	22.5%	4.8%	12.7% *
EPS (won)	18,494	4,431	11,066 *
Interest Coverage	1.3	2.1	2.7
PER	2.5	3.8	1.5
EV/EBITDA	8.3	4.9	4.0

* Net Income = ((Net income - CRT proceeds) x2) + CRT proceeds

2H Expectation and strategy

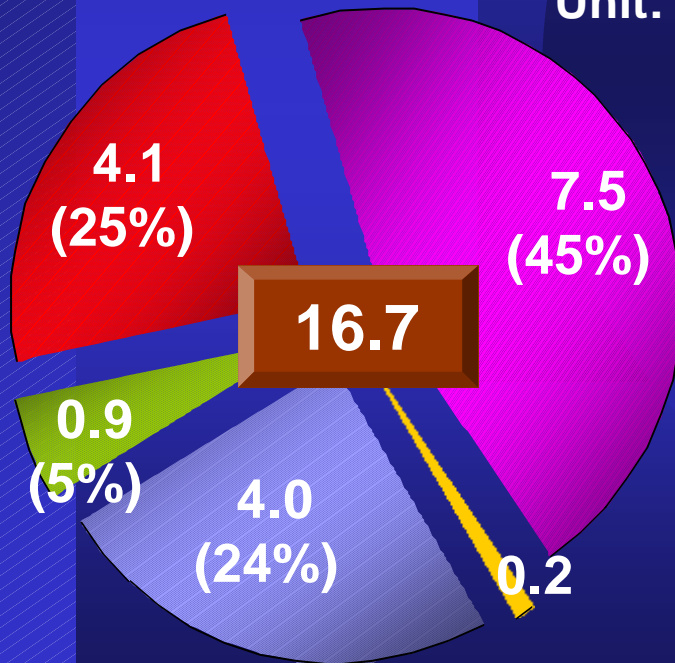
- Overall economic condition likely to remain unclear particularly in IT industry
- Our 2001 sales target remains W16.7 tril. (13% growth yoy) with continuing pressure on profit
- Minimize cost and reduce facility investment
- Increase working capital efficiency through minimize account receivables and inventory level
- Increase export to areas less exposed to IT industry

2001 Sales Expectation

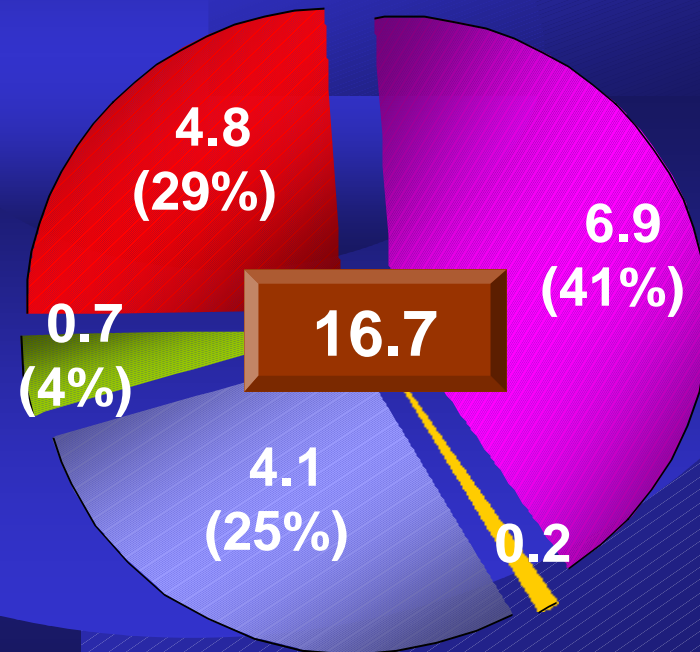
- **No change in annual sales target : W 16.7 trillion**
 - Sales from high-margin Appliance division revised up to W 4.8 trill.
 - Display & Media division revised down to W 6.9 trill.

Initial Expectation

Unit: W tril.



Revised Expectation

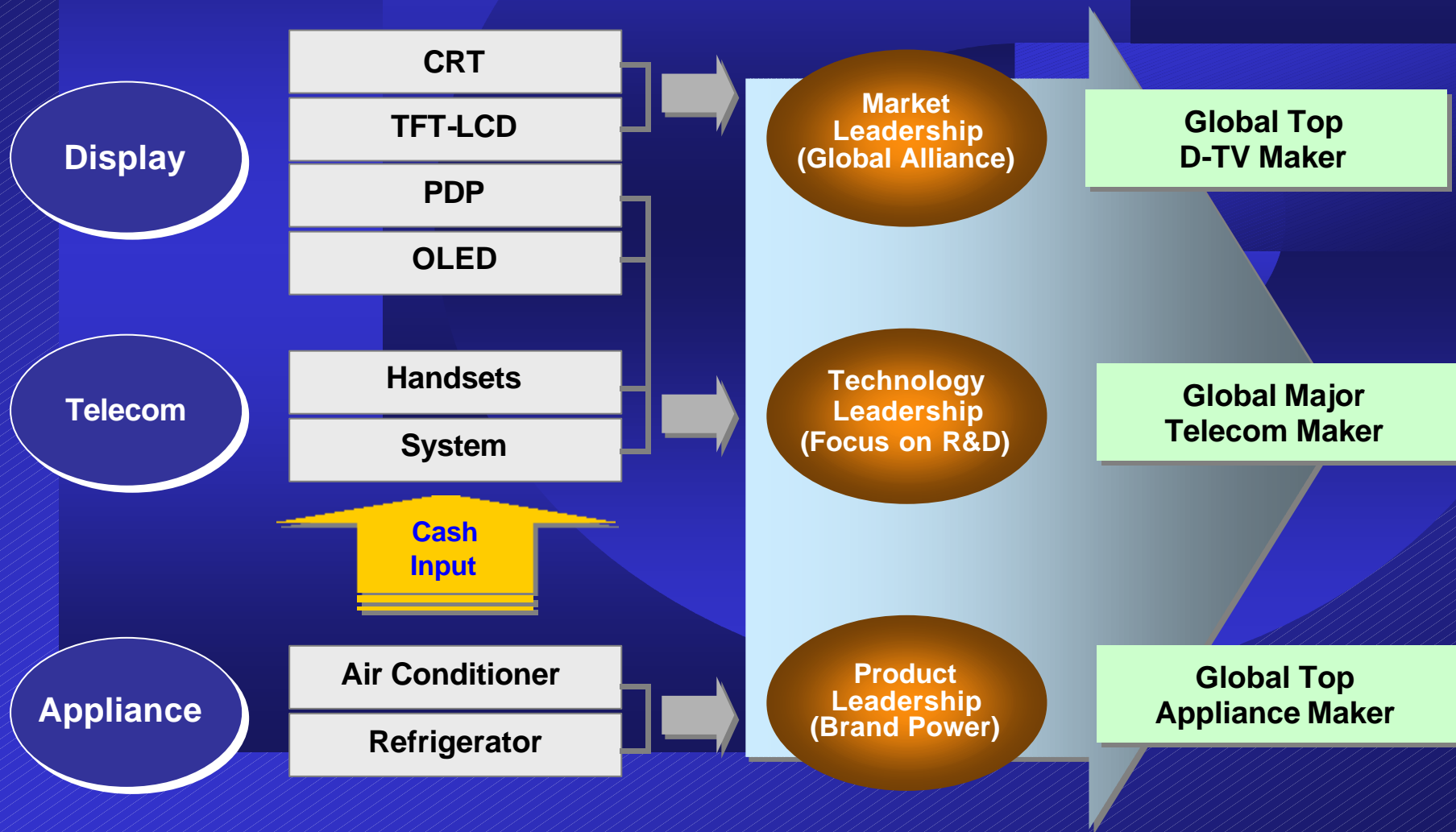


Revised



Going Forward

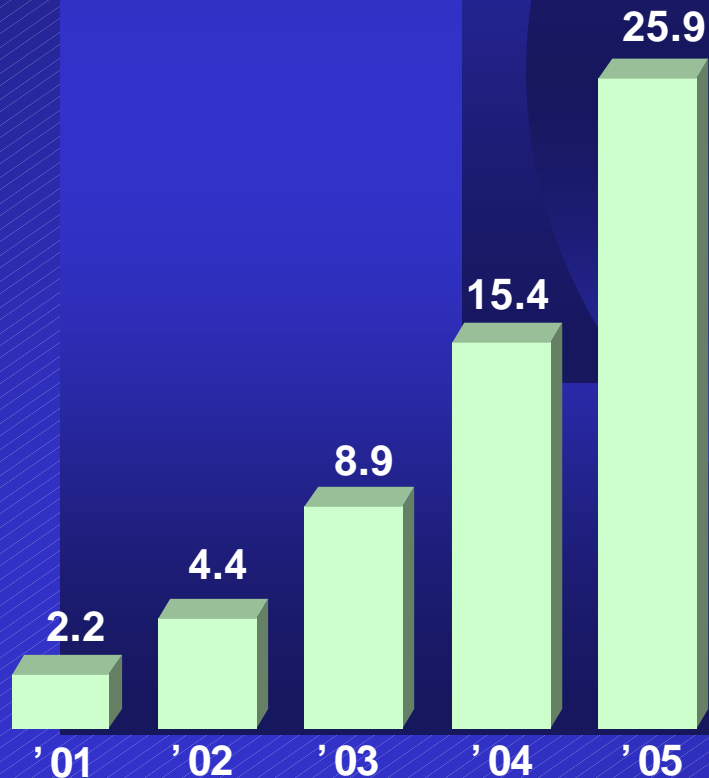
- Towards world's top tier D-TV and a major telecom equipment maker



Digital-TV

DTV Market Forecast

(in mil. unit)

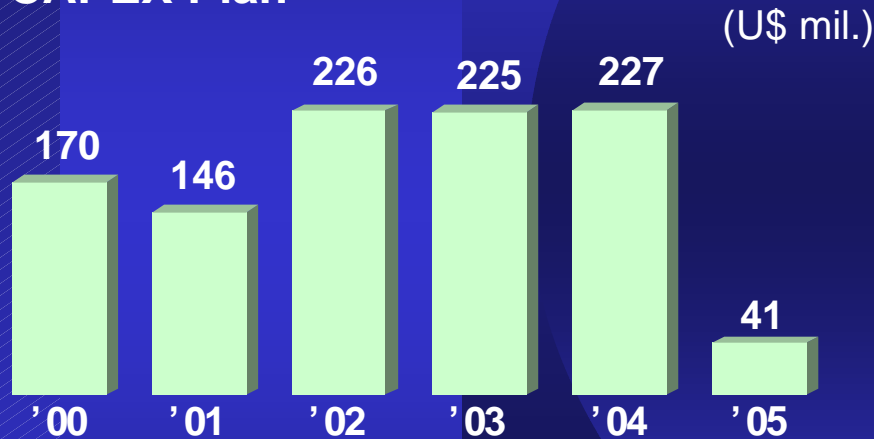


- **DTV market in full swing by 2005**
 - 26 mil. units market expected
- **Our targets : DTV Top Tier in 2005**
 - Sales : 3.9 million units
 - 15% market share
- **Investment : W 1.5 trill. (2000~2003)**
- **LGE Strengths**
 - Superior technology in VSB
 - Brand recognition : Zenith, LG
 - Full variety of product line-up

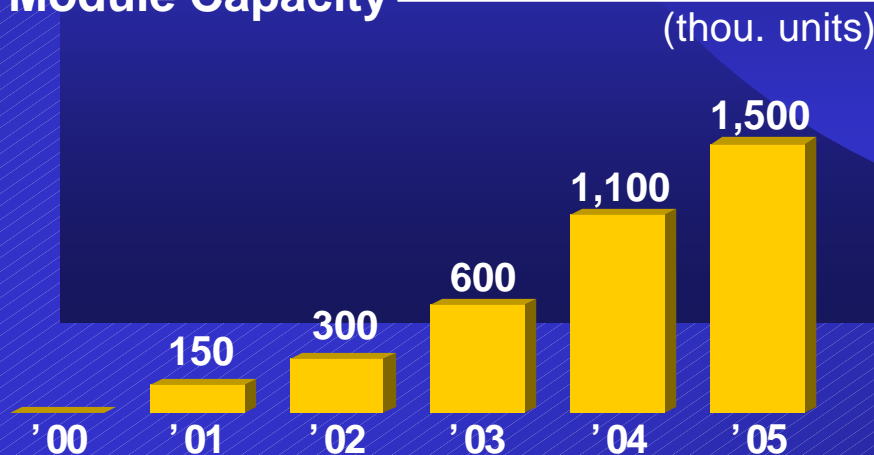
Plasma Display Panel [PDP]

- Technology and product leadership to achieve BEP in 2002
- Expect W1.5 tril. in sales (20% M/S) with 24% operating profit margin

CAPEX Plan



Module Capacity



(W in bil.)

2005

Sales	160	600	1,500
Operating Profit		13%	24%
M / S	13%	15%	20% ↑

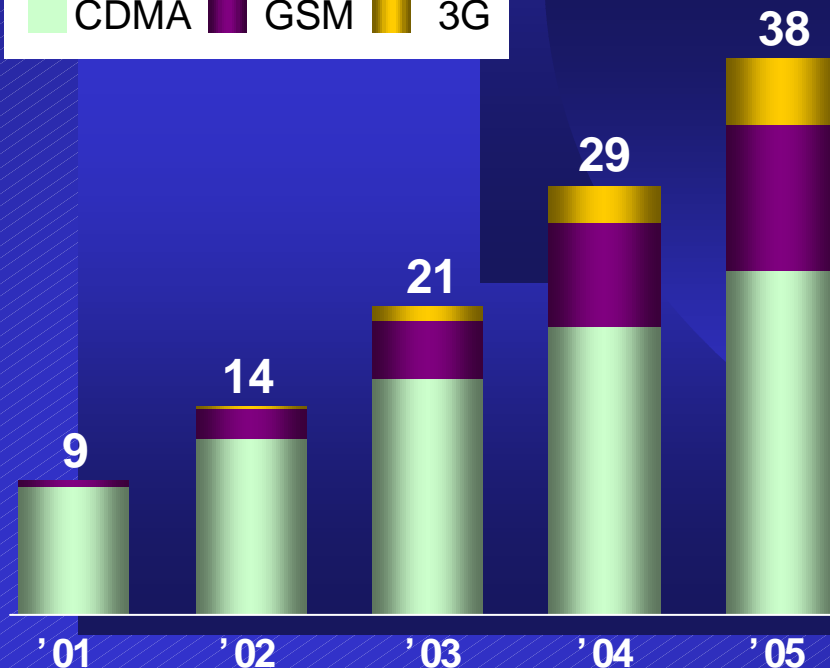
Mobile Handset

- **Toward global major handset maker**

- Higher demand from U.S and Emerging Market
- Major player in the 3G market through a successful launching GSM business

- **Handset sales projection**

(in mil. unit)



**M/S No.1
in CDMA market by 2005**

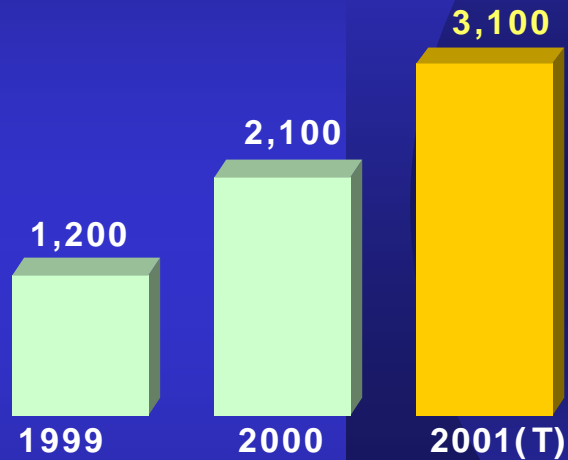
**Enhance
Brand recognition**

**Global
Top
Tier**

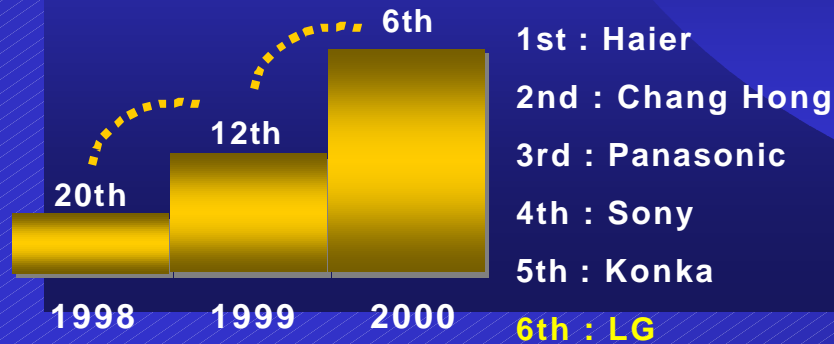
Success in China

Sales and Prospects

(U\$ in mil.)



Brand Recognition



* Source : Gallup

- 14 subsidiaries posted U\$ 2.1 bil. in sales in 2000
 U\$ 3.1 bil. In sales in 2001 (Target)
- Significantly enhanced brand power

Foster digital business

Shenyang	PDP TV	30,000 unit per annum Crank in in July 2001
Nanjing	LCD Monitor	250,000 units per year Crank in in July 2001
Shanghai	DVD	2H in 2001 Introduce Portable DVD

Thank you