

# 2008 1Q Earnings Release

April 16, 2008

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 1st quarter of 2008 as contained herein has been prepared on a parent and consolidated basis in accordance with Korean Generally Accepted Accounting Principles (Korean GAAP).

In addition, the information contained herein has been prepared in advance, prior to being audited by outside auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final auditing by outside auditors.

The information contained herein includes forward-looking statements in respect to future plans, prospects, and performances of the Company as well as the Company’s projected sales plan for the 2<sup>nd</sup> quarter of 2008. These forward-looking statements also refer to the Company’s performance on both parent and consolidated base, as indicated.

The aforementioned forward-looking statements are influenced by changes in the management environment and relative events, and by their nature, these statements refer to uncertain circumstances. Consequently, due to these uncertainties, the Company’s actual future results may differ materially from those expressed or implied by such statements.

Please note that as the forward-looking statements contained herein are based on the current market situation and the Company’s management direction, they are subject to change according to the changes in future market environment and business strategy.

The information contained herein should not be utilized for any legal purposes in regards to investors’ investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors’ reliance on the information contained herein.

## **Table of Contents**

- I . 2008 1Q Results (Consolidated)**
- II . Performance and Outlook by Sector**
- III . 2008 1Q Results (Parent)**
- IV . 2Q Business Direction and Prospects**

### Consolidated Sales & Profits

(Unit : KRW tn)

	Sales	QoQ	YoY	OP (%)	QoQ	YoY
<b>Total (Consolidated)</b>	<b>14.36</b>	<b>-3.9%</b>	<b>+19.9%</b>	<b>1.51 (10.5%)</b>	<b>+0.23 ↑ 1.9%p</b>	<b>+1.68 ↑ 11.9%p</b>
<b>LG Electronics Global *</b>	<b>11.22</b>	<b>+2.8%</b>	<b>+16.9%</b>	<b>0.61 (5.4%)</b>	<b>+0.22 ↑ 1.9%p</b>	<b>+0.58 ↑ 5.1%p</b>
<b>LG Display</b>	<b>4.04</b>	<b>-6.6%</b>	<b>+48.2%</b>	<b>0.88 (21.8%)</b>	<b>+0.01 ↑ 1.7%p</b>	<b>+1.09 ↑ 29.5%p</b>
<b>Other Affiliates</b>	<b>0.91</b>	<b>+9.6%</b>	<b>+10.8%</b>	<b>0.04 (4.5%)</b>	<b>+0.02 ↑ 1.5%p</b>	<b>+0.03 ↑ 3.6%p</b>
<b>Intercompany Transactions</b>	<b>-1.80</b>			<b>-0.01</b>		

### Sales & Profit\*

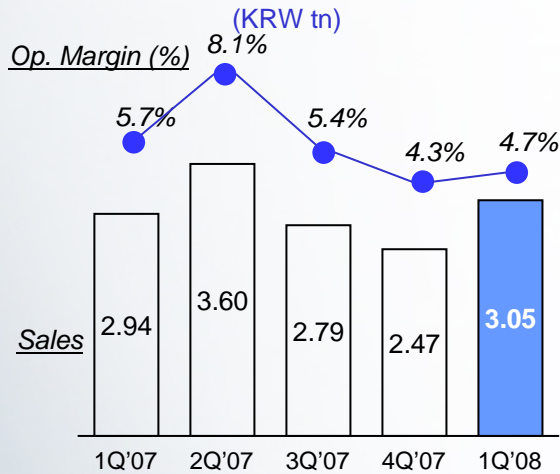
(Unit : KRW bn)

		4Q'07	QoQ	1Q'08	YoY	1Q'07
<b>Digital Appliance</b>	Sales	2,473	+23.2%	3,047	+3.6%	2,941
	Op. Profit (%)	107 (4.3%)		144 (4.7%)		169 (5.7%)
<b>Digital Display</b>	Sales	3,968	-8.4%	3,637	+32.1%	2,754
	Op. Profit (%)	-11 (-0.3%)		1 (0.0%)		-262 (-9.5%)
<b>Digital Media</b>	Sales	1,430	-8.4%	1,310	-5.2%	1,382
	Op. Profit (%)	27 (1.9%)		17 (1.3%)		11 (0.8%)
<b>Mobile Communications</b>	Sales	3,050	+9.1%	3,327	+32.6%	2,509
	Op. Profit (%)	267 (8.7%)		454 (13.7%)		121 (4.8%)
<b>Handset</b>	Sales	2,917	+9.5%	3,195	+35.7%	2,354
	Op. Profit (%)	257 (8.8%)		444 (13.9%)		110 (4.7%)

\* Divisional sales includes internal transactions between divisions.

\* Consolidation based on LG Electronics Korea and overseas subsidiaries (excluding internal transactions)

### Global\* Performance



### 2008 1Q Performance

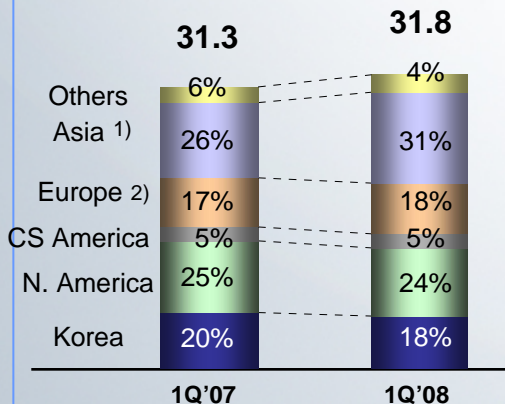
#### ❖ Sales grew 4% to 3.05 trillion KRW

- Middle East, BRICs market leading the growth
- U.S. market contraction from Subprime effect, but LGE sales decreased only slightly YoY

#### ❖ From higher raw material prices, profitability declined YoY

### Regional Sales Breakdown

(USD bn)



1) Includes MEA 2) Includes CIS

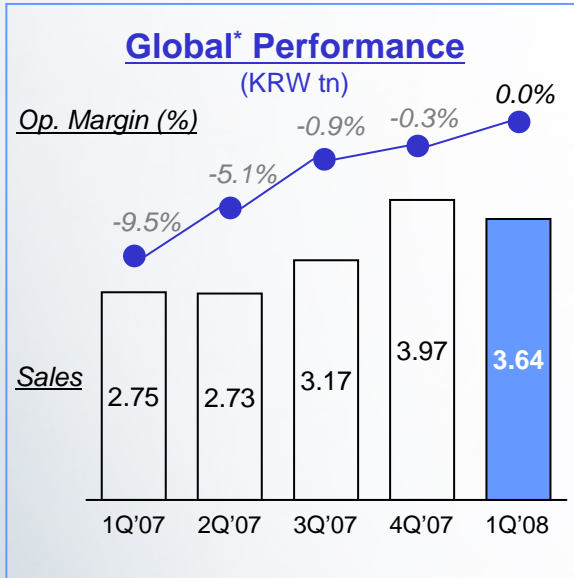
### 2Q Outlook

#### ❖ Market: Slow growth in U.S., but entering high season in Korea Continuous growth in Europe, Asia, Middle East regions

#### ❖ LGE : Differentiated marketing and new model launches to strengthen growth

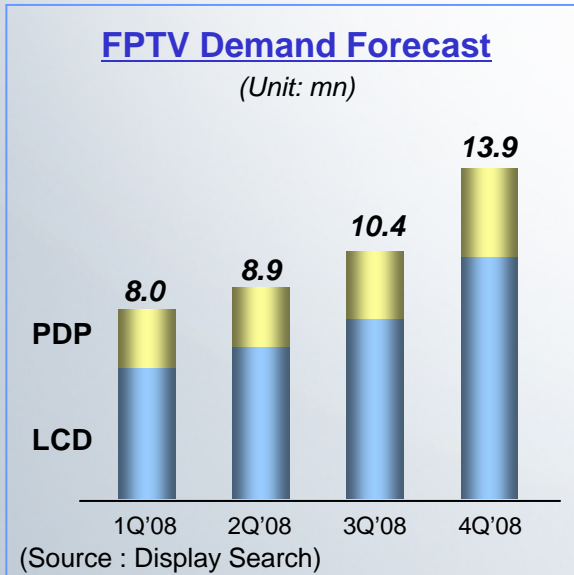
- Korea: For high season, strengthen marketing as we launch new products
- U.S.: Launch new products and expand brand business





### 2008 1Q Performance

- ❖ Sales decreased 8% QoQ from low season, but robust DTV sales led to 32% YoY growth to 3.6 trillion KRW
  - Display Set business sales grew 34% YoY
    - LCD TV 82% ↑, PDP TV 18% ↑, MNT 33% ↑ (sales)
  - PDP module sales increased 17% YoY from overall brand and 32" line-up sales growth
- ❖ Profitability improved from decline of operating loss in PDP module business and sales growth of TVs



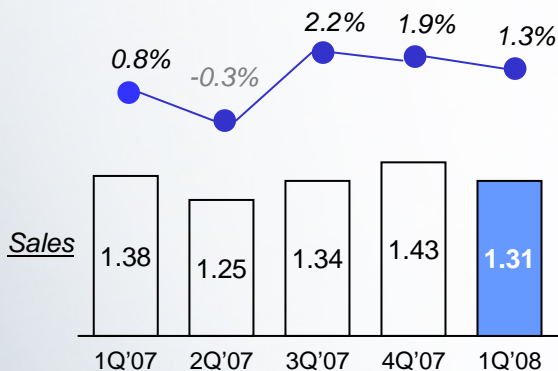
### 2Q Outlook

- ❖ Market : Continuous growth in flat panel TV demand centered on 40+ inch (larger-sized) TVs and Full HD products
- ❖ LGE : Focus on marketing activities for global launching of new models, expand sales of "Premium" larger-sized flat panel TVs & Full HD products

### Global\* Performance

(KRW tn)

Op. Margin (%)



### 2008 1Q Performance

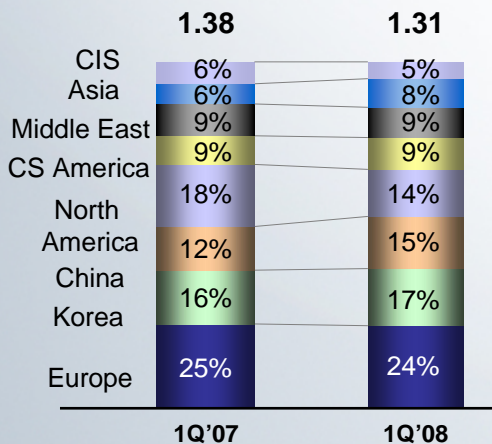
❖ Sales increased in Korea, but Europe and U.S. slowness led to 5% YoY sales decline

- Media : Low season, DVD-player and set-top box sales declined
- DS : ASP declined, but DVD-R shipment increased  
→ Sustained similar level of sales YoY
- PC : Portfolio management by countries led to robust sales growth

❖ Profitability improved YoY from cost innovations in PC business and stable profits from DS business

### Regional Sales Breakdown

(KRW tn)



### 2Q Outlook

❖ Market: Entering low season and raw material costs to increase, but BD demand expected to grow

❖ LGE: Optimize portfolio, focus on increasing internal proficiency and expand sales to sustain profitability

- Media : '08 full-scale marketing on new model launches in preparation for 2H seasonality
- DS : Focus on increasing B2B shipment of notebook DVD-R and BD products
- PC : Increase outsourcing for improved cost competitiveness

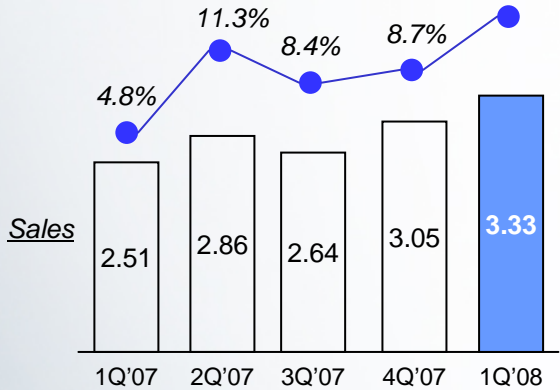
\* Pertains solely LG Electronics and its overseas subsidiaries (excluding internal transactions)



### Global\* Performance

(KRW tn)

Op. Margin (%)



### 2008 1Q Performance

❖ Sales growth in U.S., Korea WCDMA and shipment increase in emerging markets led to higher sales, improved ASP

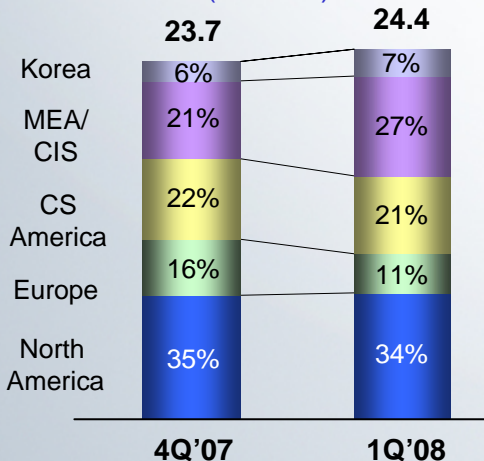
- Good performance of Viewty, Voyager, Venus and other high tier flagship models
- Despite low season, emerging market \*1 shipment increased 36% QoQ
- WCDMA shipment increased 18% QoQ

\*1: Asia, China, Middle East region (Excluding Japan)

❖ Sales growth of premium models and increased productivity led to better profitability QoQ

### Shipment by Region

(unit:mn)



### 2Q Outlook

❖ Market : Expect growth centered in emerging markets, overall market to grow 4% to 290 million units

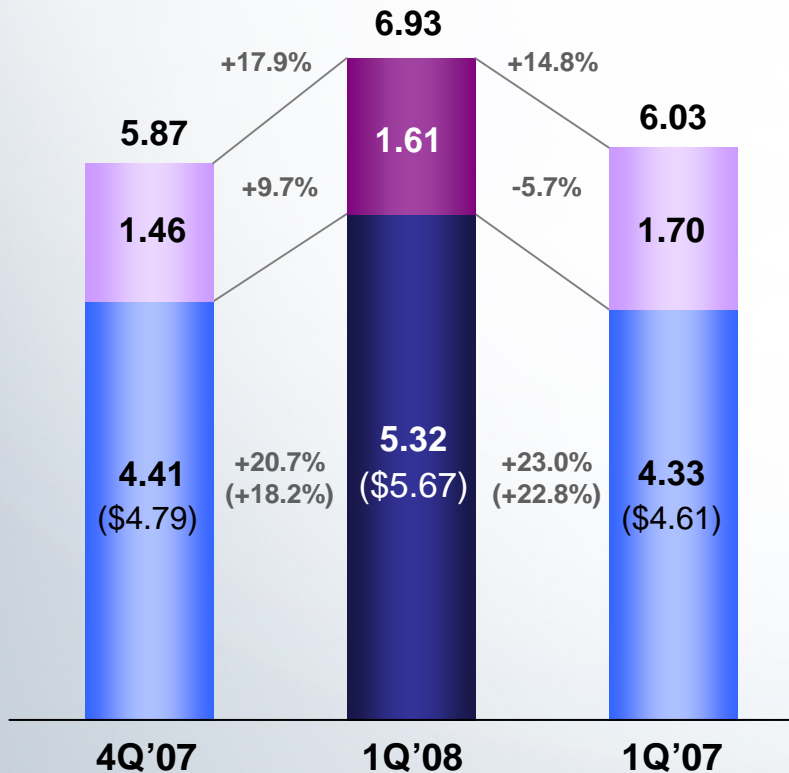
❖ LGE : Continue launching new hit models and increase India, China, and other emerging market shipments based on stronger cost competitiveness

- 2Q Shipment unit: Expect more than 20% increase QoQ
- Products : Launch 3<sup>RD</sup> Black Label series which has competitive design

Expand product pipeline with stronger features (Touch, Music, Camera, UI, Internet, etc.)

### Sales

(Unit : KRW tn, USD bn)



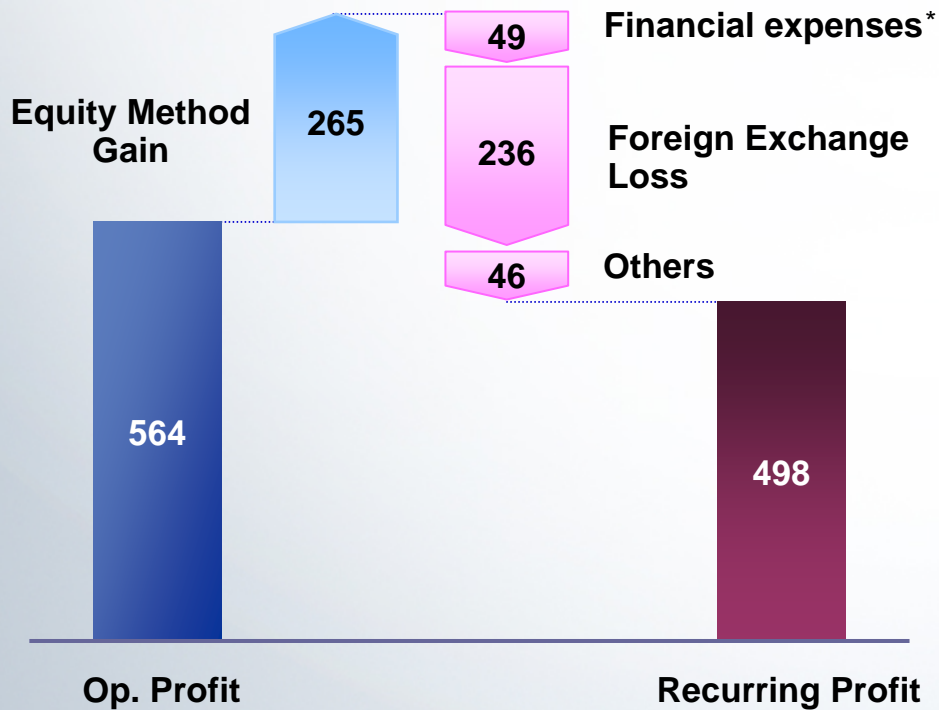
### Profit

(Unit : KRW bn)

	4Q'07	QoQ	1Q'08	YoY	1Q'07
Operating Profit	154	+267%	564	+226%	173
EBITDA	319	+130%	732	+107%	354
Recurring Profit	767	-35%	498	n/a	-128
Net Profit	621	-32%	422	n/a	-123

### Non-operating Items

(Unit : KRW bn)



### Equity Method

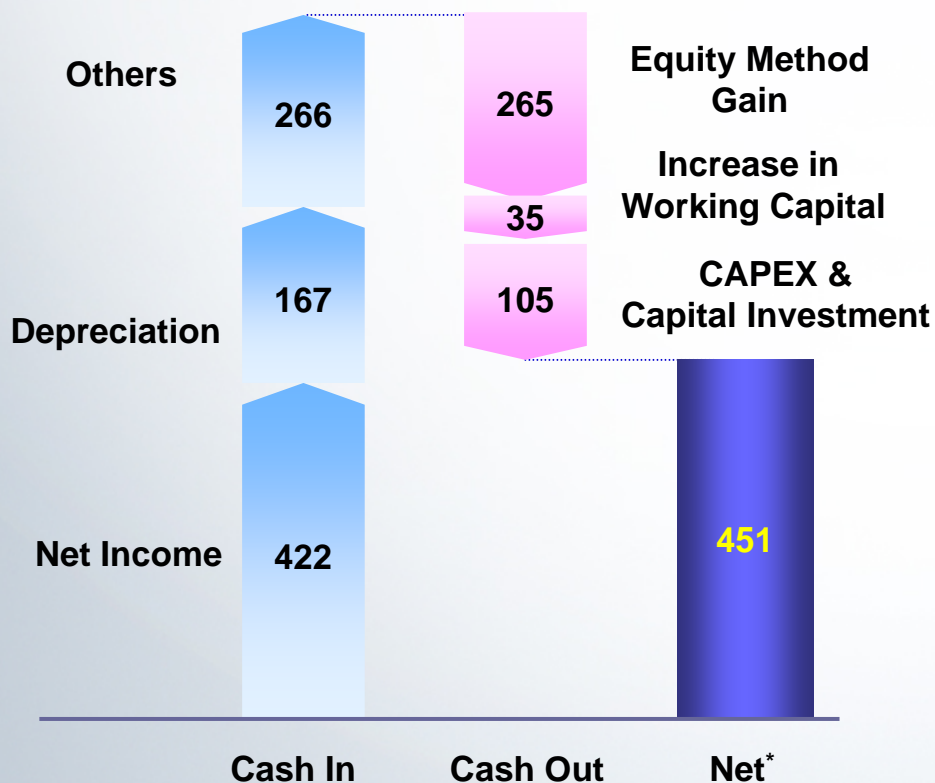
(Unit : KRW bn)

	4Q'07	1Q'08
LG Display	298	273
LGE Overseas Subsidiaries	439	-52
Others	42	44
<b>Equity Method Total</b>	<b>779</b>	<b>265</b>

\* AR discount fee included in financial expenses

### Net Cash Flow\*

(Unit : KRW bn)



### Cash flow

(Unit : KRW bn)

<b>Cash at the beginning of Quarter</b>	<b>532</b>
<b>Cash Flow from Operating Activities</b>	<b>556</b>
Net Income	422
Depreciation	167
Equity Method Gain	△ 265
Increase in Working Capital	△ 35
Others	266
<b>Cash Flow from Investing Activities</b>	<b>△ 105</b>
CAPEX & Capital Investment	△ 105
<b>Cash Flow from Financing Activities</b>	<b>9</b>
Debt	9
<b>Cash Increase</b>	<b>460</b>
<b>Cash at the end of Quarter</b>	<b>993</b>

\* Excludes cash flow from financing activities

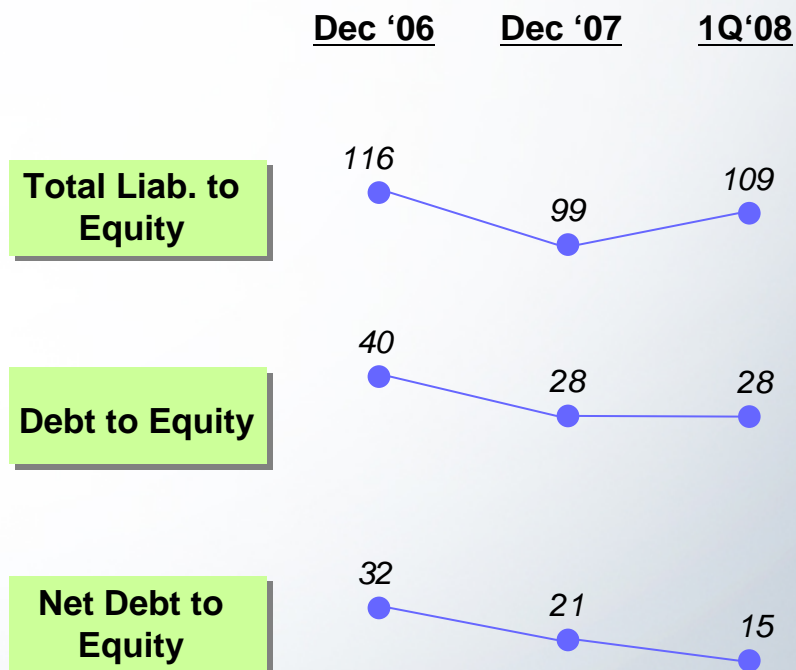
### Balance Sheet

(Unit : KRW tn)

	Dec '06	Dec '07	1Q'08
<b>Assets</b>	<b>13.23</b>	<b>14.34</b>	<b>16.31</b>
Current Assets	3.16	2.83	4.39
Cash	0.51	0.53	0.99
Inventories	1.10	0.95	1.26
Fixed Assets	10.07	11.51	11.91
<b>Liabilities</b>	<b>7.09</b>	<b>7.13</b>	<b>8.51</b>
Current Liabilities	4.90	4.42	5.73
Long-Term Liabilities	2.19	2.70	2.78
<b>Equity</b>	<b>6.14</b>	<b>7.21</b>	<b>7.79</b>
<hr style="border-top: 1px dashed green;"/>			
<b>Debt</b>	<b>2.47</b>	<b>2.05</b>	<b>2.15</b>

### Financial Ratio

(Unit : %)



\* KAI opinion 06-2 not applied to 2006 results.



## IV. 2008 2Q Business Direction and Prospects

**Growth\***

**Sales**

Expecting high teen sales growth (QoQ) from appliances entering high season and continuous growth of flat panel TV & handset sales

**D A**

We expect improved profitability from A/C seasonality

**D D**

From strong, continuous FPTV demand we expect to maintain positive profitability

**D M**

Profitability should be similar to 1Q

**M C**

From new product launches and increased shipment, we expect to sustain double digit operating profit margin

**Profitability\***



<http://www.lge.com>

## Income Statement

(Unit : KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	6,034	5,903	5,690	5,875	23,502	6,927				
COGS	4,693	4,580	4,490	4,577	18,340	5,142				
Gross Profit	1,341	1,323	1,200	1,298	5,162	1,786				
SG&A	1,168	1,178	1,107	1,144	4,598	1,221				
Op.Profit	173	145	92	154	565	564				
Non OP Item	-301	315	295	613	922	-66				
Rec. Profit*	-128	461	387	767	1,487	498				
Tax	-6	76	48	146	265	76				
Net Profit	-123	385	339	621	1,222	422				

\*Recurring profit is equal to pre-tax profit from continuous operation.

## Balance Sheet

(Unit : KRW bn)

	2007				2008			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	13,342	13,343	13,796	14,338	16,306			
Current Asset	3,520	3,265	3,306	2,827	4,394			
Quick Asset	2,323	2,279	2,292	1,882	3,138			
Inventories	1,196	986	1,014	946	1,256			
Fixed Asset	9,823	10,078	10,490	11,510	11,912			
Investment	5,225	5,555	5,974	7,075	7,553			
Tangible	4,152	4,126	4,118	4,037	3,962			
Intangible	446	398	398	398	397			
Liabilities	7,624	7,214	7,315	7,127	8,514			
Current Liabilities	5,248	4,697	4,731	4,423	5,733			
LT Liabilities	2,376	2,517	2,584	2,704	2,781			
Capital	5,718	6,129	6,482	7,211	7,791			

\*KAI opinion 06-2 is not applied to 2006 results.

# Appendix

## Divisional Sales (Parent)

(Unit :KRW bn)

		1Q'07	2Q'07	3Q'07	4Q'07	FY07	1Q'08			2Q'08	3Q'08	4Q'08
								QoQ	YoY			
DA	Sales	1,819	1,789	1,339	1,189	6,135	1,645	38.4%	-9.6%			
	Op. Profit (%)	218 (12.0%)	173 (9.7%)	65 (4.8%)	55 (4.7%)	511 (8.3%)	186 (11.3%)					
DD	Sales	1,214	1,093	1,389	1,441	5,137	1,466	1.7%	20.8%			
	Op. Profit (%)	-194 (-16.0%)	-265 (-24.2%)	-160 (-11.5%)	-96 (-6.6%)	-714 (-13.9%)	-82 (-5.6%)					
DM	Sales	713	613	698	688	2,712	692	0.7%	-2.9%			
	Op. Profit (%)	6 (0.8%)	-17 (-2.7%)	15 (2.1%)	-6 (-0.9%)	-2 (-0.1%)	-7 (-1.0%)					
MC	Sales	2,300	2,423	2,283	2,567	9,573	3,097	20.6%	34.6%			
	Op. Profit (%)	155 (6.7%)	265 (10.9%)	181 (7.9%)	209 (8.1%)	809 (8.4%)	478 (15.4%)					
Handset	Sales	2,136	2,253	2,131	2,422	8,942	2,955	22.0%	38.3%			
	Op. Profit (%)	141 (6.6%)	254 (11.3%)	170 (8.0%)	200 (8.3%)	765 (8.6%)	468 (15.9%)					
Others	Sales	-12	-14	-19	-10	-55	27					
	Op. Profit	-11	-11	-9	-8	-38	-10					
Total	Sales	6,034	5,903	569	5,875	23,502	6,927	17.9%	14.8%			
	Op. Profit (%)	173 (2.9%)	146 (2.5%)	92 (1.6%)	154 (2.6%)	565 (2.4%)	564 (8.1%)					
	Recurring Profit	-128	461	387	767	1,487	498					
	Net Profit	-123	385	339	621	1,222	422					

\* Divisional sales includes internal transaction between divisions

(Unit :KRW bn)

		1Q'07	2Q'07	3Q'07	4Q'07	FY07	1Q'08	QoQ	YoY	2Q'08	3Q'08	4Q'08
DA	Sales	2,941	3,604	2,785	2,473	11,803	3,047	23.2%	3.6%			
	Op. Profit (%)	169 (5.7%)	292 (8.1%)	150 (5.4%)	107 (4.3%)	717 (6.1%)	144 (4.7%)					
DD	Sales	2,754	2,727	3,170	3,968	12,619	3,637	-8.4%	32.1%			
	Op. Profit (%)	-262 (-9.5%)	-138 (-5.1%)	-29 (-0.9%)	-11 (-0.3%)	-440 (-3.5%)	1 (0.0%)					
DM	Sales	1,382	1,246	1,336	1,430	5,394	1,310	-8.4%	-5.2%			
	Op. Profit (%)	11 (0.8%)	-4 (-0.3%)	29 (2.2%)	27 (1.9%)	62 (1.2%)	17 (1.3%)					
MC	Sales	2,509	2,865	2,635	3,050	11,059	3,327	9.1%	32.6%			
	Op. Profit (%)	121 (4.8%)	325 (11.3%)	220 (8.4%)	267 (8.7%)	933 (8.4%)	454 (13.7%)					
Handset	Sales	2,354	2,709	2,496	2,917	10,476	3,195	9.5%	35.7%			
	Op. Profit (%)	110 (4.7%)	313 (11.6%)	209 (8.4%)	257 (8.8%)	889 (8.5%)	444 (13.9%)					
Others	Sales	8	-11	-16	-7	-27	-102					
	Op. Profit	-11	-11	-9	-8	-38	-10					
Total	Sales	9,593	10,430	9,911	10,914	40,848	11,218	2.8%	16.9%			
	Op. Profit (%)	28 (0.3%)	464 (4.4%)	362 (3.6%)	381 (3.5%)	1,234 (3.0%)	605 (5.4%)					

\* Divisional sales pertains solely LG Electronics Korea and its overseas subsidiaries and includes internal transactions