

2009 3Q Earnings Release



October 21st 2009

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 3rd quarter of 2009 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 reviewed by outside auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final reviewing 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 4th quarter of 2009. 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.

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Consolidated Sales & Profits

(Unit : KRW tn)

	Sales	QoQ	YoY	OP(%)	QoQ	YoY
Total (Consolidated)	18.86	+ 1.1%	+23.5%	1.81 (9.6%)	+0.40 ↑ 2.0%p	+0.92 ↑ 3.8%p
LGE Global *	13.90	- 4.1%	+15.7%	0.85 (6.1%)	- 0.28 ↓ 1.7%p	+0.28 ↑ 1.3%p
LG Display	5.97	+ 22.2%	+54.7%	0.91 (15.3%)	+0.69 ↑ 10.7%p	+0.66 ↑ 8.8%p
Other Affiliates	1.31	+0.4%	+18.2%	0.06 (4.8%)	- 0.03 ↓ 2.1%p	+0.02 ↑ 1.0%p
Intercompany Transactions	-2.32			-0.02		

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

Sales and Profit*

(Unit : KRW bn)

		2Q'09	QoQ	3Q'09	YoY	3Q'08
Home Entertainment	Sales	4,509	↑ 9.3%	4,929	↑ 23.9%	3,979
	Op. Profit	224		255		33
Mobile Communications	Sales	5,140	↓ 9.5%	4,652	↑ 21.9%	3,815
	Op. Profit	545		390		386
Handset	Sales	4,877	↓ 10.1%	4,384	↑ 24.8%	3,514
	Op. Profit	538		384		405
Home Appliance	Sales	2,339	↑ 7.8%	2,522	↑ 11.9%	2,255
	Op. Profit	181		170		112
Air Conditioning	Sales	1,720	↓ 50.5%	851	↓ 13.4%	983
	Op. Profit	175		14		22
Business Solution	Sales	1,016	↑ 18.9%	1,208	↑ 2.6%	1,177
	Op. Profit	14		25		22

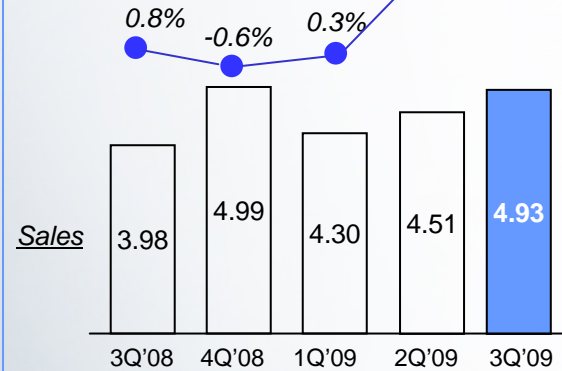
* Consolidation based on LG Electronics Korea and overseas subsidiaries (excluding internal transactions)

* Divisional sales includes internal transactions between divisions

Global* Performance

(KRW tn)

Op. Margin (%)



2009 3Q Performance

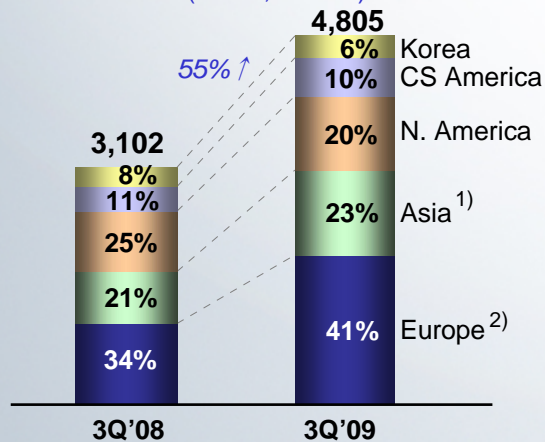
❖ **Sales** : Revenue grew 24% YoY with strong product leadership and rising demand for FPTV amid peak season.

- LCD TV : Continuous sales growth from marketing activities in the Americas, Europe, and CIS region contributed to 60% shipment increase YoY.
- PDP TV : Increased portion of large-size TV sales resulted in 30% YoY growth in shipment.
- Media : Revenue from Blu-ray disc players is picking up in developed markets.
- DS : Strengthened #1 position with higher M/S.

❖ **Profitability** : Increase in sales, structural improvement in PDP business, and an effort to gain cost competitiveness led to stable profitability in all six businesses in HE division.

Shipment by Region*

(FPTV, Unit: K)



1) includes MEA 2) includes CIS

2009 4Q Outlook

❖ **Market** : As economic slowdown is getting improved and holiday season is approaching, TV makers are expected to face stronger competition.

❖ **LGE** : Make full preparation for high season with improved product line-up including borderless TV and through aggressive marketing.

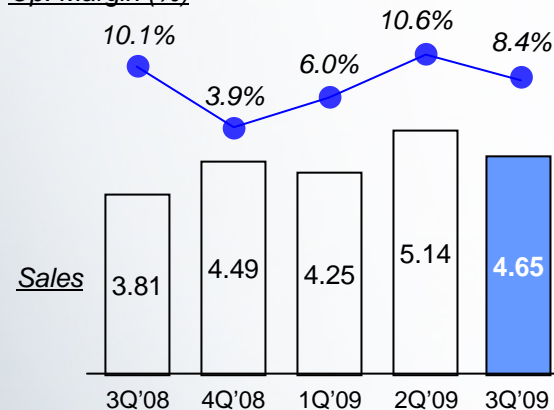
* includes consumer and commercial TVs

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

Global* Performance

(KRW tn)

Op. Margin (%)



2009 3Q Performance

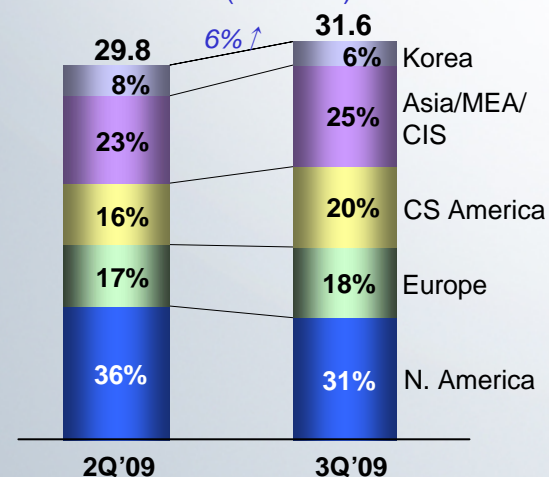
❖ **Sales** : Shipment hit 31.6M units, up 6% QoQ. (37% growth YoY)

- Unit sales declined in North America and Korea
 - Shipment to North America slowed down due to rising demand for smartphones and prepaid phones
 - Severe decline of demand in Korea (down 23% QoQ)
- Emerging and European markets saw robust growth QoQ.
 - Europe: Cookie and messaging phones drove sequential sales growth.
 - Emerging markets: CS America, Asia grew over 30% QoQ.

❖ **Profitability** : Price erosion and increased sales portion of low-end handsets resulted in lower profitability QoQ.

Shipment by Region

(Unit: mn)



2009 4Q Outlook

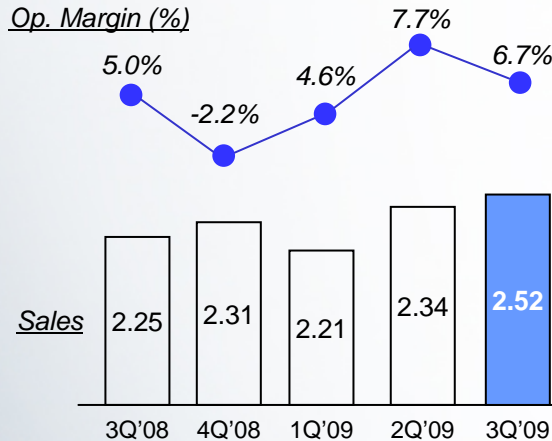
❖ **Market** : Steady growth is expected due to seasonality.

❖ **LGE** : Growth in shipment is expected QoQ. Expand investment in smartphone development and emerging markets.

- Smartphone Line-up: launch first Android and three W/M smartphones
- Differentiation by Design: launch new LG Chocolate (LG BL40) and the most compact 3-inch full touchscreen phone LG Pop (LG GD510)
- Emerging Markets: increase marketing investment, secure distribution channels and focus on risk management

Global* Performance

(KRW tn)

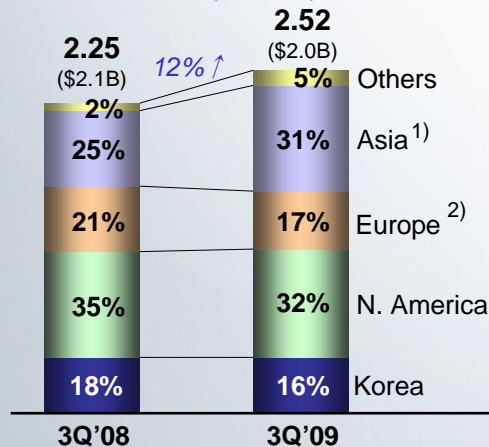


2009 3Q Performance

- ❖ **Sales** : Demand recovery in emerging markets contributed to 12% growth YoY on a KRW base. (4% decline YoY on a USD base)
 - Korea : Sales revenue remained at last year's level.
 - Overseas : Decline slowed down QoQ supported by demand increase in emerging markets such as Asia and Middle East. (2Q Δ 15% \rightarrow 3Q Δ 5%)
- ❖ **Profitability** : Despite increased marketing expense, higher sales in emerging markets and ongoing cost innovation generated higher margin YoY.

Revenue by Region

(KRW tn)



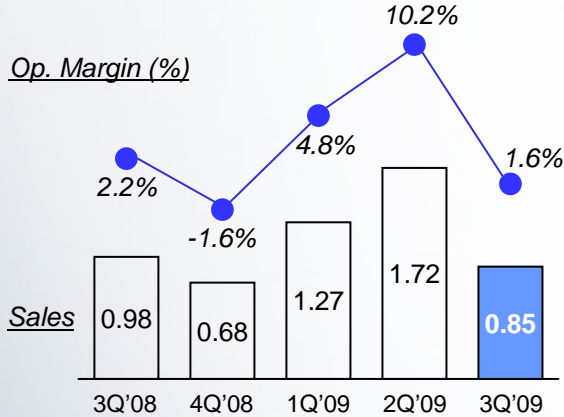
1) includes MEA 2) includes CIS

2009 4Q Outlook

- ❖ **Market** : Demand for durable goods is anticipated to pick up in emerging countries such as China and India.
- ❖ **LGE** : Focus on recovering back to pre-recession sales level and strengthen brand awareness through aggressive marketing.
 - Sales : Maintain competitiveness through products that capture consumer insights.
 - Profitability : Enhance profitability from continuous cost innovation activities.

Global* Performance

(KRW tn)

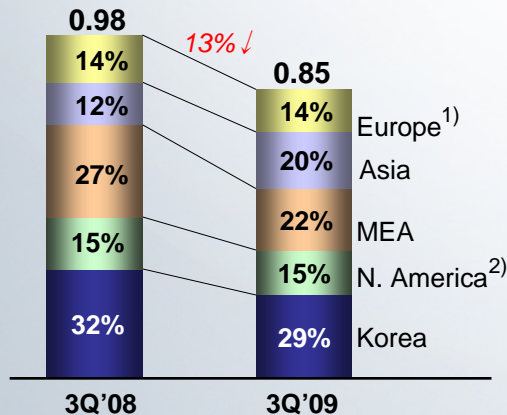


2009 3Q Performance

- ❖ **Sales** : Due to low seasonality coupled with recession, revenue declined by 13% YoY.
 - Korea : affected by low demand from long rainy season in the summer
 - Overseas : sluggish sales due to low demand from major markets entering low season
- ❖ **Profitability** : Achieved target profitability from continuous cost innovation despite sales decline.

Revenue by Region

(KRW tn)



1) includes CIS 2) includes CS America

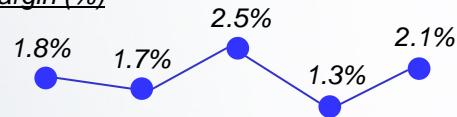
2009 4Q Outlook

- ❖ **Market** : Demand and sales are expected to pick up in Asia, Africa, and CS America, and highly efficient CAC products will lead growth.
- ❖ **LGE** : Expand M/S in Korea, and southern hemisphere through the world's most energy-efficient commercial A/C (Multi-V Super III), inverter-embedded RAC and commercial radiator.

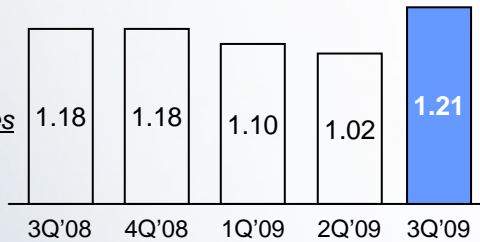
Global* Performance

(KRW tn)

Op. Margin (%)



Sales



2009 3Q Performance

❖ **Sales** : Sales revenue increased entering high season with increased demand.

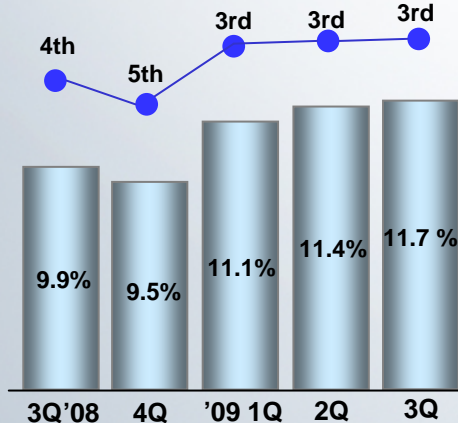
- Monitor : Sales grew due to seasonality.
- Commercial : Sales were strong in developing markets. (China, CS America)
- Car : Revenue increased with GM's operation stabilizing.

❖ **Profitability**: Increased sales and stable prices contributed to higher profit.

Monitor M/S

(Global, Revenue-based)

M/S Ranking



2009 4Q Outlook

❖ **Market** : Developed markets are expected to see steady demand rise and emerging markets are expected to post continuous growth.

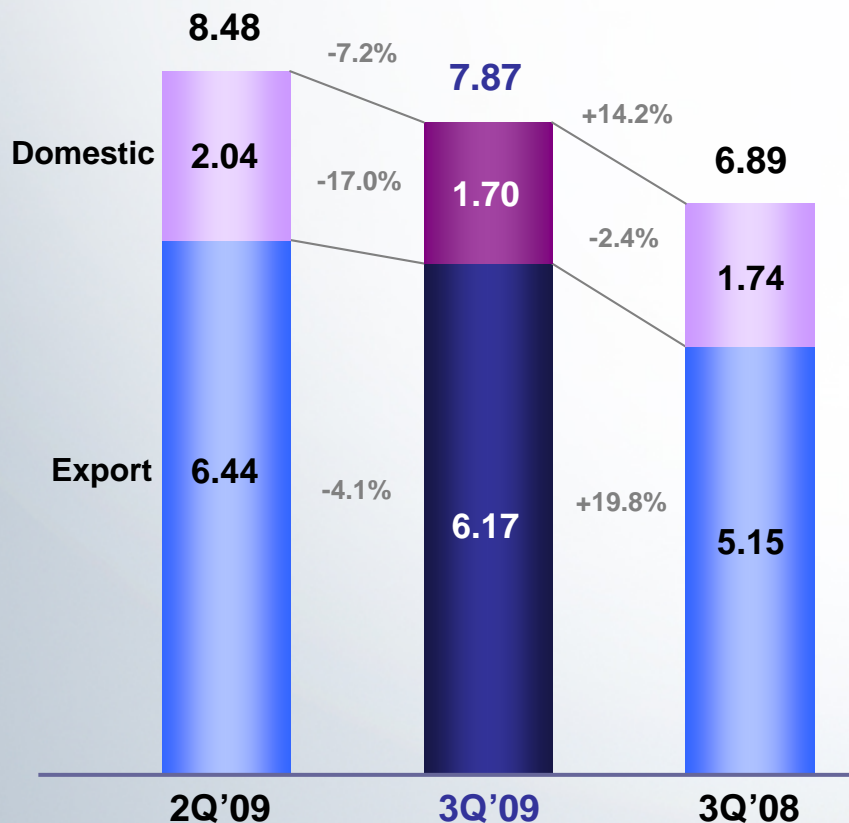
❖ **LGE** : Maximize sales through launching new products and strengthen partnerships to enhance sales.

- Monitor : Focus on monitor-TV in Europe and Brazil.
- Commercial : Increase sales from launching new models.
- Car : Highest sales revenue in '09 is expected. Focus on increasing M/S within GM.

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

Sales

(Unit: KRW tn)



Profit

(Unit: KRW bn)

Operating Profit

EBITDA

Recurring Profit

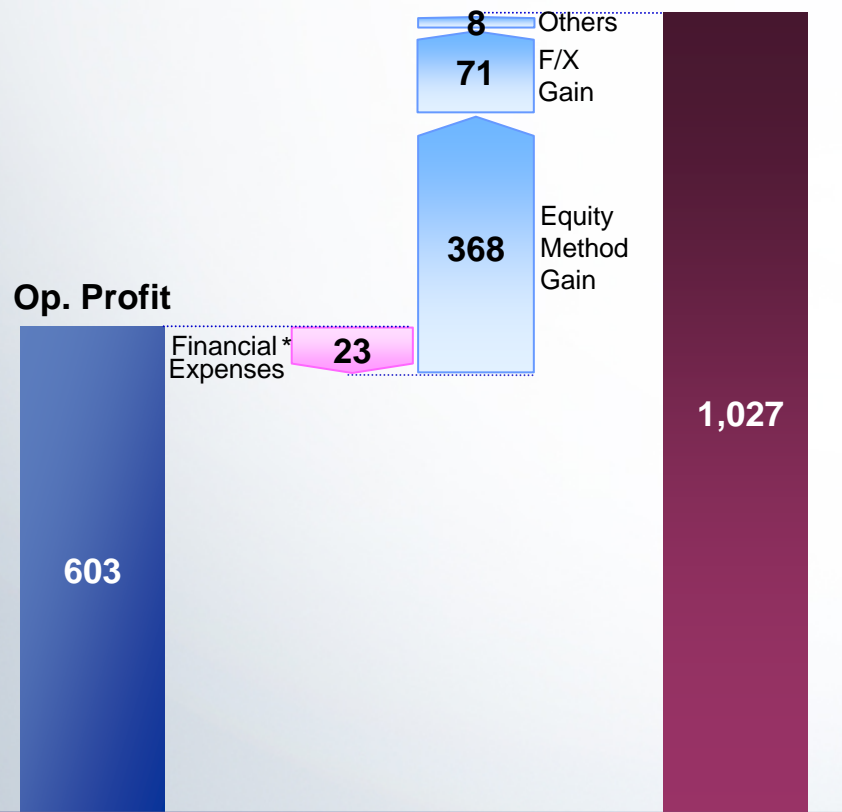
Net Profit

	2Q'09	QoQ	3Q'09	YoY	3Q'08
Operating Profit	714	↓ 16%	603	↑ 79%	338
EBITDA	862	↓ 13%	752	↑ 47%	511
Recurring Profit	1,408	↓ 27%	1,027	↑ 2,922%	34
Net Profit	1,146	↓ 30%	807	↑ 3,144%	25

Non-operating Items

(Unit : KRW bn)

Recurring Profit



Equity Method

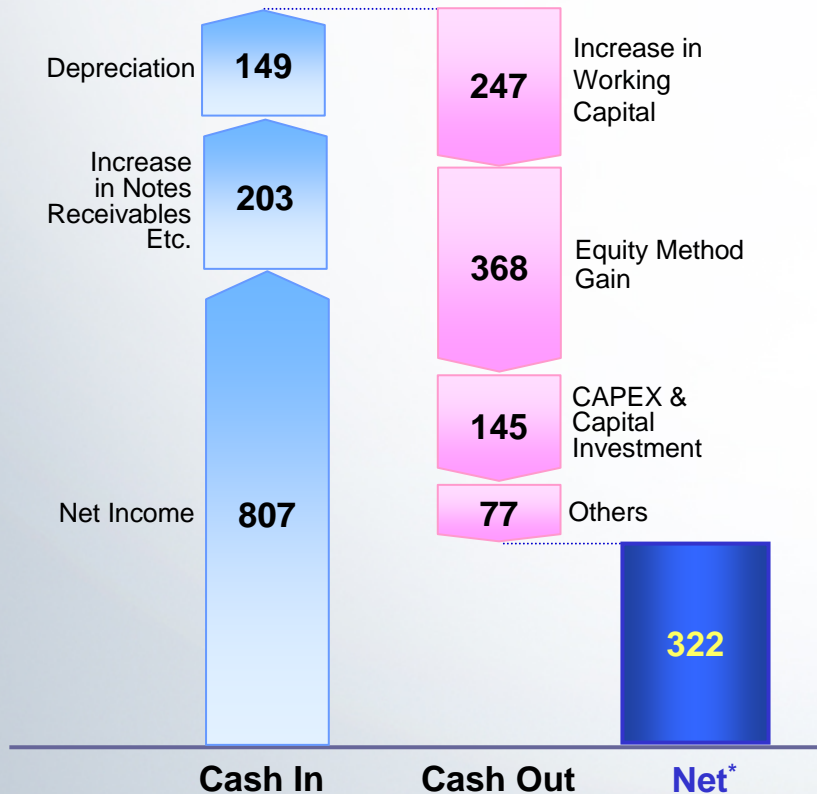
(Unit : KRW bn)

	<u>2Q,09</u>	<u>3Q,09</u>
LG Display	112	210
LGE Overseas Subsidiaries	351	129
Others	- 2	29
Equity Method Total	461	368

* AR discount fee is included in financial expenses

3Q Net Cash Flow*

(Unit : KRW bn)



Cash Flow

(Unit : KRW bn)

Cash at the beginning of Quarter 1,200

Cash Flow from Operating Activities 467

Net Income	807
Depreciation	149
Equity Method Gain	△ 368
Increase in Working Capital	△ 247
Increase in Notes Receivables, Etc.	203
Others	△ 77

Cash Flow from Investing Activities △ 145

CAPEX & Capital Investment △ 145

Cash Flow from Financing Activities △ 91

Debt Increase △ 91

Dividend Payment -

Cash Increase 231

Cash at the end of Quarter 1,431

* Excludes cash flow from financing activities

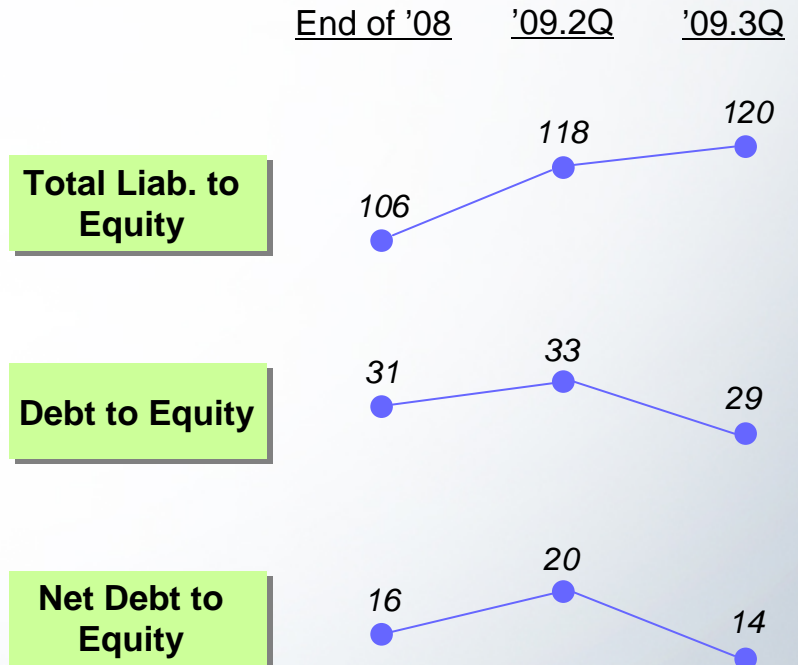
Balance Sheet

(Unit : KRW tn)

	End of '08	'09.2Q	'09.3Q
Assets	17.34	20.38	21.99
Current Assets	4.52	7.50	9.00
Cash	1.21	1.20	1.43
Inventories	0.90	0.89	1.04
Fixed Assets	12.82	12.88	12.99
Liabilities	8.93	11.02	12.01
Current Liabilities	5.94	8.12	8.86
Long-Term Liabilities	2.99	2.90	3.15
Equity	8.41	9.35	9.98
<hr style="border-top: 1px dashed green;"/>			
Debt	2.59	3.06	2.84
Net Debt	1.38	1.87	1.41

Financial Ratio

(Unit : %)



IV. 2009 4Q Business Direction & Prospects

Sales

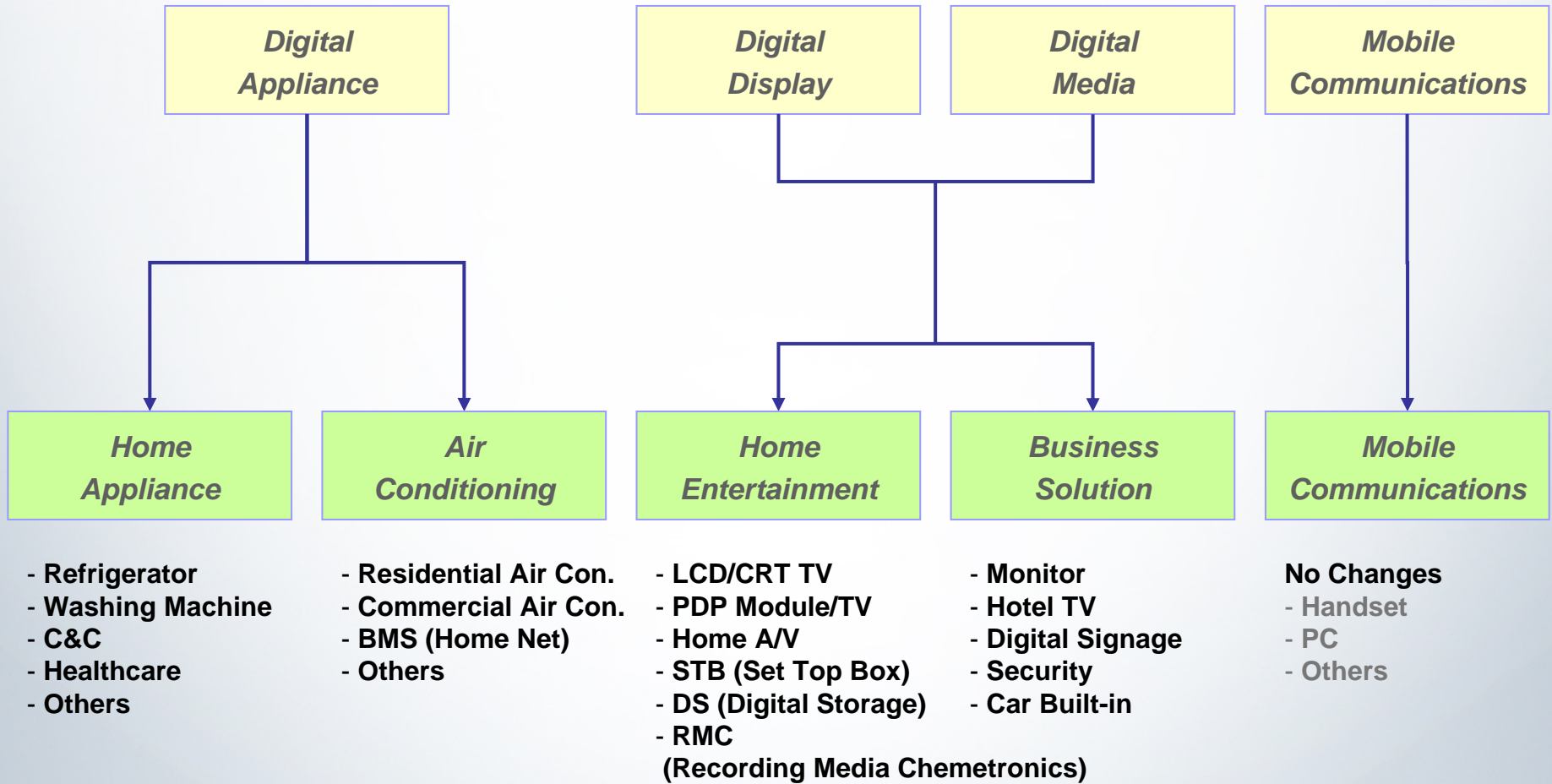
Going into peak season for TV, slight sales growth is expected both in QoQ and YoY.

Profitability

Price erosion in TV and handset business and marketing/R&D investment expansion will lead to lower profitability QoQ.



<http://www.lge.com>



Income Statement

(Unit : KRW bn)

	2008										2009					
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q	
Sales	6,927	100.0%	7,234	100.0%	6,887	100.0%	6,591	100.0%	27,639	100.0%	7,074	100.0%	8,477	100.0%	7,866	100.0%
Domestic	1,606	23.2%	1,760	24.3%	1,739	25.2%	1,341	20.3%	6,445	23.3%	1,637	23.1%	2,044	24.1%	1,696	21.6%
Exports	5,321	76.8%	5,474	75.7%	5,148	74.8%	5,250	79.7%	21,193	76.7%	5,437	76.9%	6,433	75.9%	6,170	78.4%
COGS	5,142	74.2%	5,264	72.8%	5,166	75.0%	5,250	79.7%	20,822	75.3%	5,402	76.4%	6,297	74.3%	5,906	75.1%
Gross Profit	1,786	25.8%	1,970	27.2%	1,720	25.0%	1,341	20.3%	6,816	24.7%	1,672	23.6%	2,180	25.7%	1,959	24.9%
SG&A	1,221	17.6%	1,335	18.5%	1,383	20.1%	1,650	25.0%	5,589	20.2%	1,235	17.5%	1,466	17.3%	1,357	17.3%
Op Profit	564	8.1%	635	8.8%	338	4.9%	-310	-4.7%	1,227	4.4%	437	6.2%	714	8.4%	603	7.7%
Non Op. Income	583	8.4%	726	10.0%	409	5.9%	953	14.5%	2,671	9.7%	1,043	14.7%	857	10.1%	731	9.3%
Non Op. Expense	649	9.4%	436	6.0%	712	10.3%	1,585	24.0%	3,382	12.2%	1,624	23.0%	163	1.9%	307	3.9%
Rec. Profit	498	7.2%	925	12.8%	34	0.5%	-942	-14.3%	515	1.9%	-144	-2.0%	1,408	16.6%	1,027	13.1%
Tax	76	1.1%	218	3.0%	9	0.1%	-270	-4.1%	32	0.1%	54	0.8%	262	3.1%	220	2.8%
Net Profit	422	6.1%	707	9.8%	25	0.4%	-671	-10.2%	483	1.7%	-198	-2.8%	1,146	13.5%	807	10.3%

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

Balance Sheet

(Unit : KRW bn)

	2008				2009		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Assets	16,306	17,314	18,444	17,338	18,670	20,375	21,991
Current Aseets	4,394	4,533	5,415	4,518	6,088	7,497	9,002
Quick Assets	3,138	3,354	4,257	3,617	5,129	6,606	7,965
Inventories	1,256	1,179	1,157	901	959	891	1,037
Fix Assets	11,912	12,781	13,030	12,820	12,582	12,878	12,989
Investments	7,553	8,464	8,820	8,639	8,487	8,826	8,969
Tangible	3,962	3,852	3,737	3,711	3,633	3,594	3,568
Intangible	397	465	473	471	463	458	452
Liabilities	8,514	8,553	9,497	8,931	10,402	11,024	12,009
Current Liabilities	5,733	5,544	6,446	5,942	6,875	8,119	8,862
LT Liabilities	2,781	3,009	3,051	2,989	3,527	2,905	3,147
Capital	7,791	8,761	8,948	8,407	8,268	9,352	9,982

Appendix

Divisional Sales (Parent)

(Unit :KRW bn)

		1Q'08	2Q'08	3Q'08	4Q'08	FY08	1Q'09	2Q'09	3Q'09	QoQ	YoY
H E	Sales	1,538	1,485	1,688	1,324	6,035	1,512	1,723	1,989	15.5%	17.8%
	Op. Profit (%)	-89 -5.8%	-92 -6.2%	-72 -4.3%	-198 -14.9%	-451 -7.5%	-74 -4.9%	-18 -1.1%	189 9.5%		
M C	Sales	3,423	3,710	3,393	3,668	14,193	3,682	4,579	4,096	-10.6%	20.7%
	Op. Profit (%)	479 14.0%	531 14.3%	368 10.8%	46 1.3%	1,424 10.0%	311 8.4%	549 12.0%	362 8.8%		
Handset	Sales	2,955	3,360	3,089	3,209	12,612	3,350	4,291	3,799	-11.5%	23.0%
	Op. Profit (%)	468 15.9%	547 16.3%	384 12.4%	75 2.3%	1,475 11.7%	311 9.3%	546 12.7%	356 9.4%		
H A	Sales	924	989	1,030	962	3,905	995	1,141	1,097	-3.9%	6.5%
	Op. Profit (%)	79 8.5%	90 9.1%	69 6.7%	-67 -6.9%	171 4.4%	143 14.3%	154 13.5%	83 7.5%		
A C	Sales	721	756	456	357	2,288	633	773	410	-47.0%	-10.1%
	Op. Profit (%)	107 14.9%	117 15.5%	2 0.4%	-56 -15.8%	170 7.4%	96 15.2%	80 10.3%	-5 -1.3%		
B S	Sales	252	210	225	209	895	215	221	237	7.5%	5.7%
	Op. Profit (%)	-5 -2.1%	-13 -6.0%	-19 -8.6%	-36 -17.4%	-74 -8.2%	-34 -16.0%	-46 -20.8%	-21 -8.7%		
Others	Sales	71	84	95	72	321	37	40	37	n/a	n/a
	Op. Profit	-7	2	-10	1	-14	-4	-43	-4		
Total	Sales	6,927	7,234	6,887	6,591	27,639	7,074	8,477	7,866	-7.2%	14.2%
	Op. Profit (%)	564 8.1%	635 8.8%	338 4.9%	-310 -4.7%	1,227 4.4%	437 6.2%	714 8.4%	603 7.7%		

* Divisional sales includes internal transaction between divisions

* Adjustments were made for apple to apple comparison based on 2009 business structure change.

Appendix

Divisional Sales (Global*)

(Unit :KRW bn)

		1Q'08	2Q'08	3Q'08	4Q'08	FY08	1Q'09	2Q'09	3Q'09	QoQ	YoY
H E	Sales	3,622	3,780	3,979	4,986	16,368	4,298	4,509	4,929	9.3%	23.9%
	Op. Profit (%)	-13 -0.4%	27 0.7%	33 0.8%	-31 -0.6%	16 0.1%	14 0.3%	224 5.0%	255 5.2%		
M C	Sales	3,643	4,086	3,815	4,487	16,030	4,253	5,140	4,652	-9.5%	21.9%
	Op. Profit (%)	457 12.6%	525 12.8%	386 10.1%	176 3.9%	1,544 9.6%	255 6.0%	545 10.6%	390 8.4%		
Handset	Sales	3,195	3,754	3,514	4,093	14,556	3,916	4,877	4,384	-10.1%	24.8%
	Op. Profit (%)	445 13.9%	541 14.4%	405 11.5%	215 5.2%	1,606 11.0%	263 6.7%	538 11.0%	384 8.8%		
H A	Sales	1,904	2,131	2,255	2,310	8,600	2,211	2,339	2,522	7.8%	11.9%
	Op. Profit (%)	84 4.4%	103 4.8%	112 5.0%	-50 -2.2%	248 2.9%	102 4.6%	181 7.7%	170 6.7%		
A C	Sales	1,170	1,690	983	684	4,527	1,274	1,720	851	-50.5%	-13.4%
	Op. Profit (%)	61 5.2%	170 10.1%	22 2.2%	-11 -1.6%	241 5.3%	61 4.8%	175 10.2%	14 1.6%		
B S	Sales	1,173	1,113	1,177	1,181	4,645	1,096	1,016	1,208	18.9%	2.6%
	Op. Profit (%)	27 2.3%	35 3.1%	22 1.8%	20 1.7%	103 2.2%	27 2.5%	14 1.3%	25 2.1%		
Others	Sales	-295	-65	-199	-277	-837	-279	-226	-261	n/a	n/a
	Op. Profit	-10	-2	-4	-3	-20	-4	-4	-4		
Total	Sales	11,218	12,735	12,009	13,371	49,333	12,853	14,497	13,900	-4.1%	15.7%
	Op. Profit (%)	605 5.4%	856 6.7%	570 4.8%	101 0.8%	2,133 4.3%	456 3.5%	1,133 7.8%	850 6.1%		

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

* Adjustments were made for apple to apple comparison based on 2009 business structure change.