



3Q'12 Earnings Release

October 24th 2012

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 3rd quarter of 2012 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”).

In addition, the information regarding results of 3rd quarter of 2012 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 4th quarter of 2012. These forward-looking statements also refer to the Company’s performance on 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 . Overview

II . 3Q'12 Results (Consolidated)

III . Performance and Outlook by Sector

I . Overview

✓ **Comment on 3Q'12 Results**

✓ **Comment on 4Q'12 Outlook**

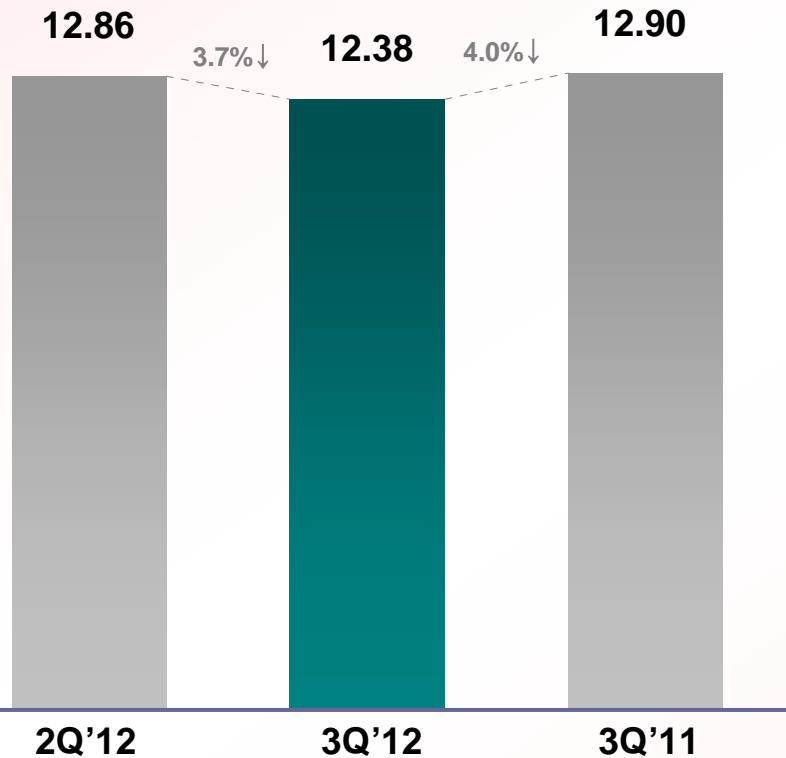
3Q'12 Results

II. 3Q'12 Results (LGE Consolidated)

Sales/Profit

Sales

(Unit : KRW tn)



Profit

(Unit : KRW bn)

Operating Profit

EBITDA

Net Profit

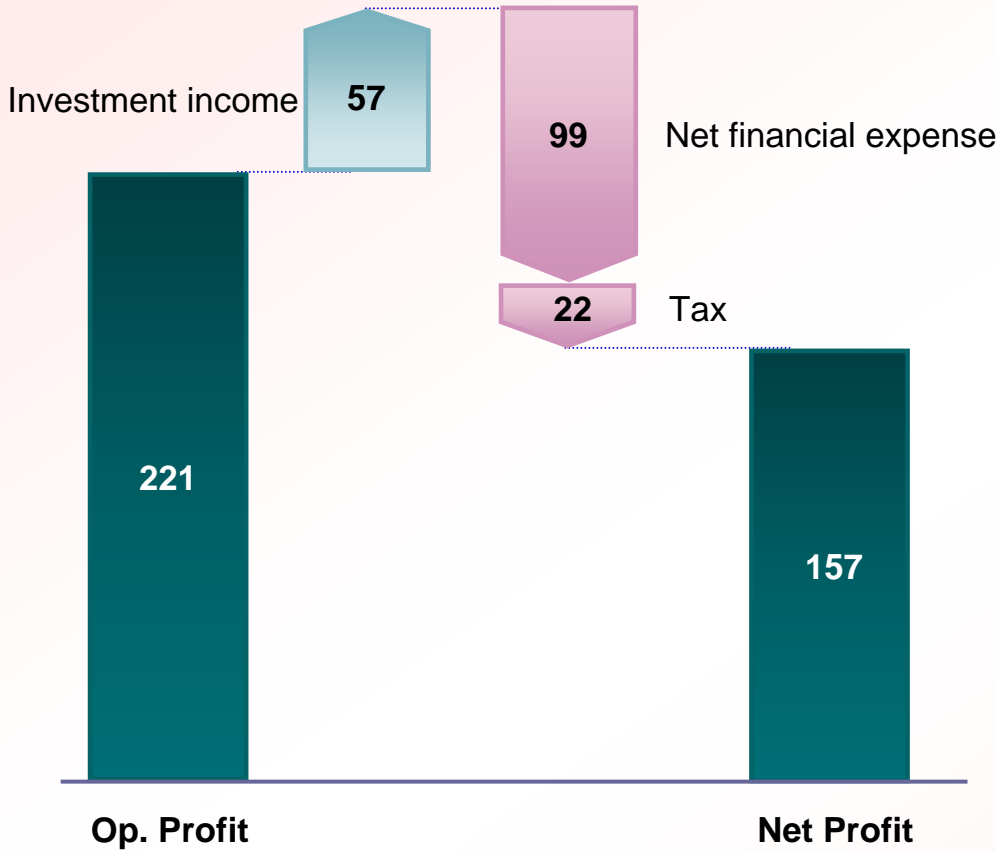
2Q'12	QoQ	3Q'12	YoY	3Q'11
349	↓ 128bn	221	↑ 253bn	-32
672	↓ 117bn	555	↑ 294bn	261
159	↓ 2bn	157	↑ 571bn	-414

II. 3Q'12 Results (LGE Consolidated)

Net Profit

Net Profit

(Unit : KRW bn)



Investment Income

(Unit : KRW bn)

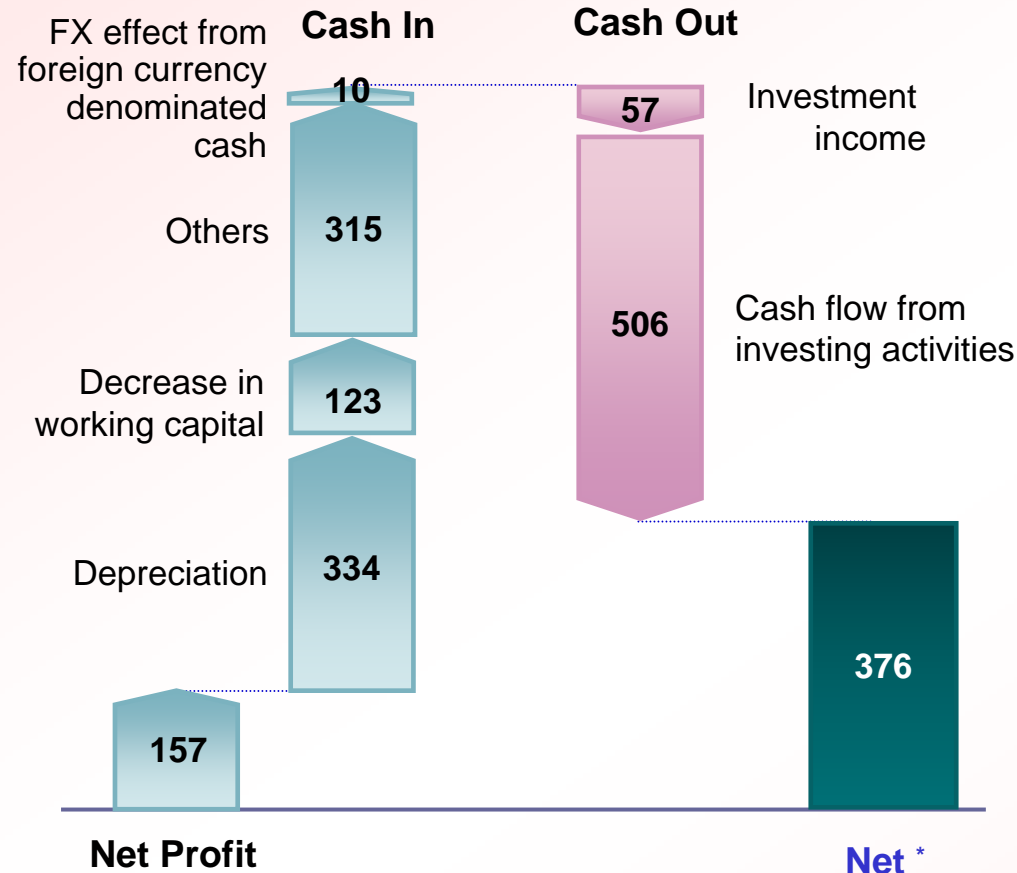
	<u>2Q'12</u>	<u>3Q'12</u>
LG Display	-42	57
LG Innotek	-4	-5
Others	10	5
Investment Income	-36	57

II. 3Q'12 Results (LGE Consolidated)

Cash Flow Statement

3Q Net* Cash Flow

(Unit : KRW bn)



Cash Flow Statement

(Unit : KRW bn)

	2Q'12	3Q'12
Cash at beginning of period	2,607	2,121
Cash flow from operating activities	205	872
Net income	159	157
Depreciation	323	334
Investment income	36	-57
Increase in working capital	-641	123
Others	328	315
Cash flow from investing activities	-214	-506
Increase in tangible assets	-223	-356
Increase in intangible assets	-70	-71
Cash flow from financing activities	-417	165
Dividend payment	-56	-3
Decrease in debt	-361	168
FX effect from foreign currency denominated cash	-60	10
Net changes in cash	-486	541
Cash at end of period	2,121	2,662

*Net= Excluding Cash flow from financing activities

II. 3Q'12 Results (LGE Consolidated)

Financial Structure

Balance Sheet

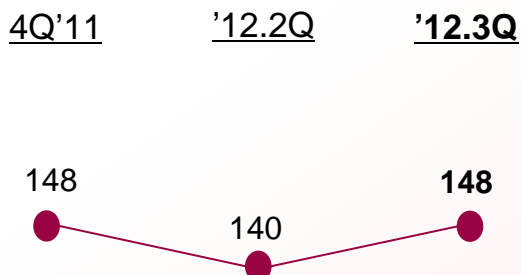
(Unit: KRW tn)

	4Q'11	'12.2Q	'12.3Q
Assets	32.66	32.10	33.28
Current Assets	15.78	15.54	16.55
Cash	2.35	2.12	2.66
Inventory	4.95	4.76	5.55
Non-Current Assets	16.88	16.56	16.73
Liabilities	19.51	18.72	19.86
Current Liabilities	14.21	13.62	14.14
Non-Current Liabilities	5.30	5.10	5.72
Equity	13.15	13.38	13.42
Debt	7.44	6.86	7.00
Net Debt	5.09	4.74	4.34

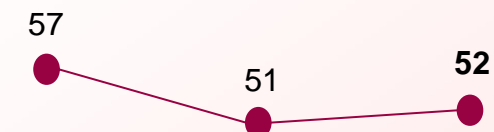
Financial Ratio

(Unit : %)

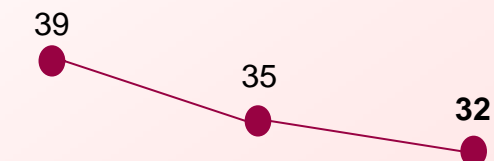
Total Liability to Equity



Debt to Equity



Net Debt to Equity



Performance and Outlook

III. Performance and Outlook by Sector

Sales/Profit*

Consolidated Sales and Profit by Division

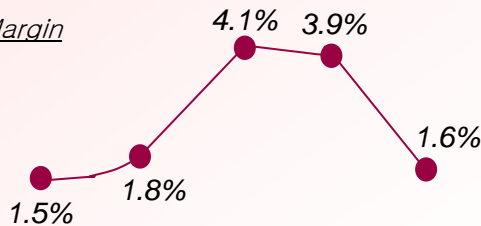
(Unit : KRW bn)

		2Q'12	QoQ	3Q'12	YoY	3Q'11
Home Entertainment	Sales	5,478	↑ 0.1%	5,486	↓ 4.4%	5,740
	Op. Profit	216		89		89
Mobile Communications	Sales	2,321	↑ 5.4%	2,448	↓ 11.4%	2,762
	Op. Profit	-57		22		-139
Handset	Sales	2,286	↑ 6.0%	2,423	↓ 9.9%	2,689
	Op. Profit	-59		21		-140
Home Appliance	Sales	2,875	↓ 0.3%	2,868	↑ 6.4%	2,695
	Op. Profit	165		129		74
Air Conditioning & Energy Solution	Sales	1,475	↓ 33.9%	974	↓ 3.1%	1,006
	Op. Profit	70		12		2

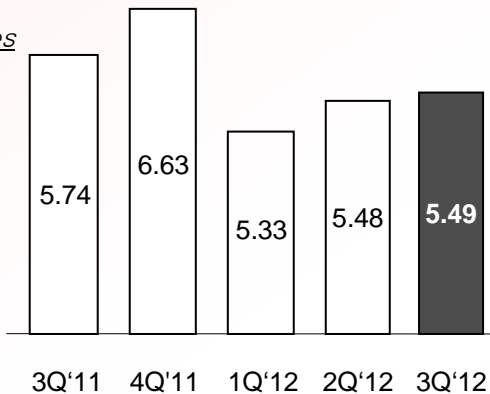
* Divisional sales includes internal transactions between divisions

Business Performance
(KRW tn)

Op. Margin



Sales



3Q'12 Performance

- ❖ **Sales** : Similar QoQ due to increased revenue from LCD TVs off setting sluggish global consumption and PDP TV demand decline
 - LCD TV : Sales portion of 3D and LED TVs increased QoQ while unit sales grew in all regions except Europe and CS America
 - IT : Increased QoQ with stronger sales from IPS Monitors and Monitor TVs
- ❖ **Profitability** : Decreased due to declined ASP and increased marketing spending to prepare for the 4Q peak season

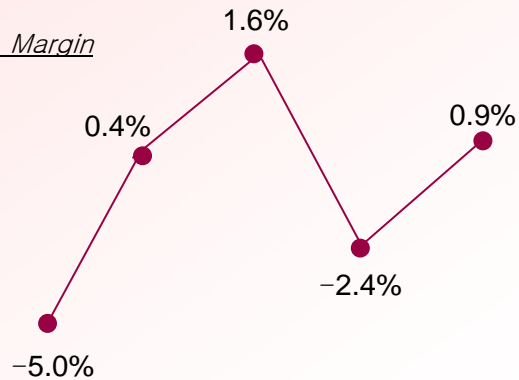
4Q'12 Outlook

- ❖ **Market** : LCD TV unit sales is expected to increase YoY although intensified competition is anticipated among TV set makers
- ❖ **LGE** : Plan to increase revenue and secure profitability by enhancing a premium brand image with the global launch of the Ultra HD TV and continuing marketing efforts for 3D and Smart TVs

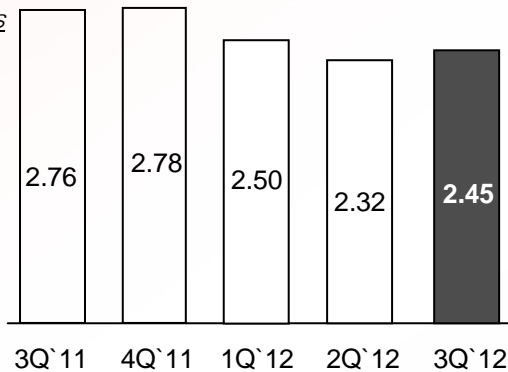
Business Performance

(KRW tn)

Op. Margin



Sales



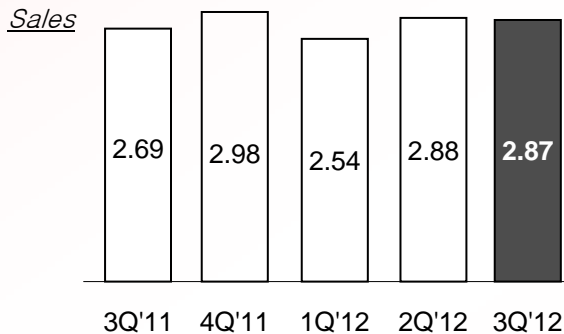
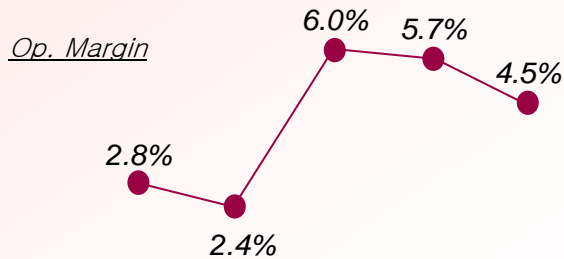
3Q'12 Performance

- ❖ **Sales** : Shipments increased 10% QoQ to 14.4M units and revenue grew by 5% QoQ to KRW 2.5 trillion
 - LTE smartphone sales improved due to stronger sales of Optimus LTE2 in Korea, Optimus It in Japan, and Optimus Tag in the US
 - 3G smartphone sales also expanded with strong sales from the L series
 - Established the groundwork to improve sales in 4Q with the launch of Optimus G and Optimus Vu:2 in Korea during late September
- ❖ **Profitability** : In spite of increased expenses for marketing and R&D turned profitable as a result of improved product mix and cost structure

4Q'12 Outlook

- ❖ **Market** : Expect demand to increase in 4Q with the peak season while competition is intensified with major handset players launching flagship premium products
- ❖ **LGE** : Plan to maximize revenue with aggressive marketing activities for competitive products such as the Optimus G and Optimus Vu:2

Business Performance (KRW tn)



3Q'12 Performance

- ❖ **Sales : Increased 6% YoY to KRW 2.9 trillion**
 - Korea : Declined 3% YoY due to sluggish consumer spending
 - Overseas : Increased 8% YoY due to stronger sales in the US and emerging markets despite a decline in demand in China, Europe, and India
- ❖ **Profitability : Decreased QoQ due to an increase in marketing expense but improved YoY with a continuous improvement in product mix**

4Q'12 Outlook

- ❖ **Market : Overall the global economic growth rate, including the US, Europe, and China, is stagnant and it is difficult to expect a sharp turnaround for the appliance industry as well**
- ❖ **LGE : Expect to continue to grow in the 4Q with promotions and new model launches to prepare for the high demand season**

III. Performance and Outlook by Sector Air-Conditioning & Energy Solution

3Q'12 Performance

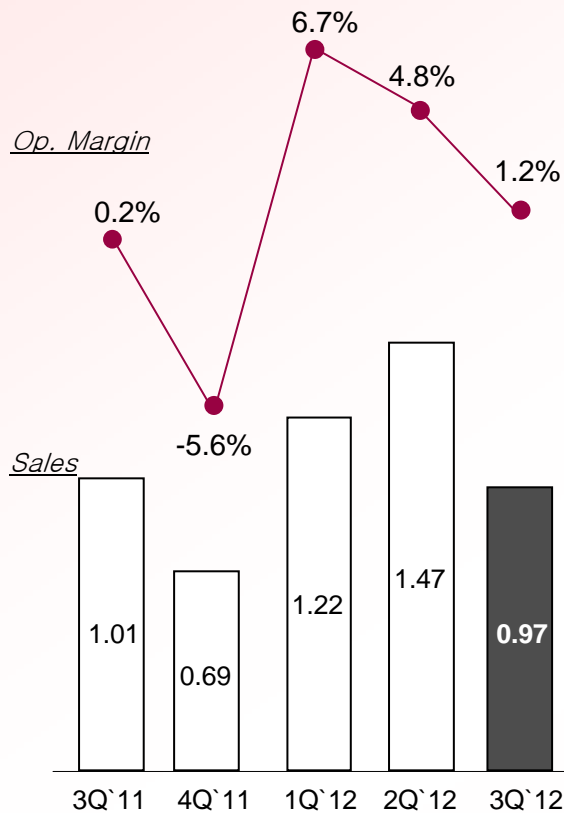
- ❖ **Sales : Declined 34% QoQ due to the slower seasonality and declined 3% YoY to KRW 970 billion**
 - Korea : Declined 16% YoY due to a weak construction demand along with the delay in summer heat
 - Overseas : Similar YoY due to improved sales from the developing markets such as the Middle East and CS America
- ❖ **Profitability : Margins improved by 1%p YoY due to increased high-end product sales and better productivity but declined QoQ as a result of revenue decline from slower seasonality**

4Q'12 Outlook

- ❖ **Market : Expect demand to be stagnant with the economic recession but increase of electricity fees and government-driven regulations on energy efficiency will stimulate demand for energy efficient products**
- ❖ **LGE : Focus on profitability by launching energy efficient products and products modified to fit regional characteristics**
 - Accelerate growth in the System Air Conditioner business by focusing on VRF (Variable Refrigerant Flow) products
 - Target markets in the Southern Hemisphere during its peak season

Business Performance

(KRW tn)





LG

Life's Good

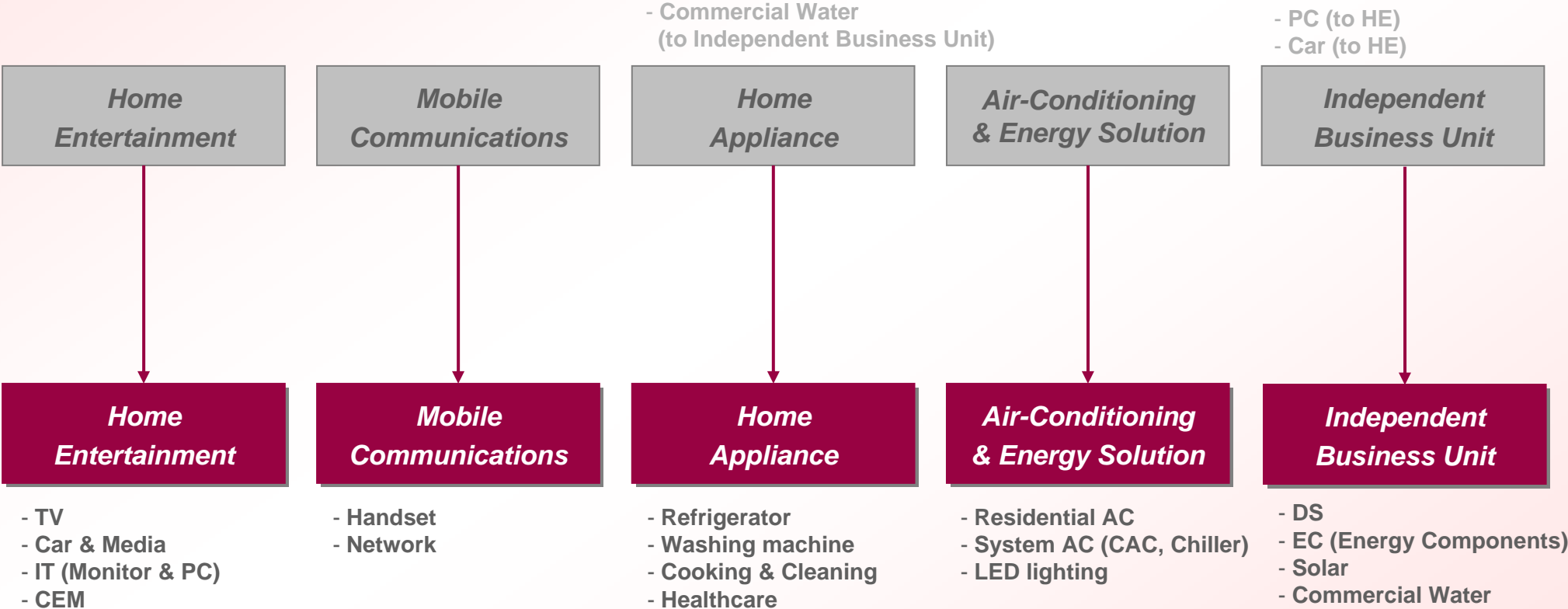


**Dow Jones
Sustainability Indexes**
Member 2012/13

<http://www.lg.com>

Appendix. 2012 Business Reorganization

- The Commercial Water Treatment business unit from the HA Company was transferred as an independent business unit
- The PC and Car business unit, which was originally an independent business unit, was transferred to HE Company
- The new business structure is effective as of December 1, 2011



* Independent business units report directly to the CEO
 ** CEM= Chemical & Electronic Material
 *** Commercial Water= Water Treatment for industrial and municipal usage

Income Statement

(Unit : KRW bn)

	2011									2012						
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q	
Sales	6,933	100.0%	7,574	100.0%	6,924	100.0%	6,667	100.0%	28,097	100.0%	6,237	100.0%	6,600	100.0%	6,487	100.0%
Domestic	1,953	28.2%	2,151	28.4%	2,166	31.3%	1,905	28.6%	8,175	29.1%	2,090	33.5%	2,009	30.4%	1,888	29.1%
Export	4,980	71.8%	5,423	71.6%	4,758	68.7%	4,762	71.4%	19,922	70.9%	4,147	66.5%	4,591	69.6%	4,599	70.9%
Cost of goods sold	5,716	82.4%	6,266	82.7%	5,559	80.3%	5,512	82.7%	23,053	82.0%	4,955	79.4%	5,001	75.8%	5,053	77.9%
Gross profit	1,217	17.6%	1,308	17.3%	1,365	19.7%	1,155	17.3%	5,044	18.0%	1,282	20.6%	1,599	24.2%	1,434	22.1%
Selling & admin expense	1,300	18.8%	1,410	18.6%	1,330	19.2%	1,301	19.5%	5,340	19.0%	1,214	19.5%	1,385	21.0%	1,474	22.7%
Other operating gain (Loss)	34	0.5%	15	0.2%	(6)	-0.1%	(47)	-0.7%	(3)	0.0%	44	0.7%	(96)	-1.4%	41	0.6%
Operating income (Loss)	(49)	-0.7%	(87)	-1.1%	29	0.4%	(193)	-2.9%	(299)	-1.1%	112	1.8%	118	1.8%	1	0.0%
Financial income (Expense)	65	0.9%	14	0.2%	(204)	-2.9%	22	0.3%	(103)	-0.4%	281	4.5%	16	0.2%	(77)	-1.2%
Net profit (Loss) before tax	16	0.2%	(73)	-1.0%	(175)	-2.5%	(171)	-2.6%	(402)	-1.4%	393	6.3%	134	2.0%	(76)	-1.2%
Tax	1	0.0%	(37)	-0.5%	(53)	-0.8%	(37)	-0.5%	(124)	-0.4%	77	1.2%	21	0.3%	(11)	-0.2%
Net profit (Loss)	15	0.2%	(36)	-0.5%	(122)	-1.8%	(134)	-2.0%	(278)	-1.0%	316	5.1%	113	1.7%	(65)	-1.0%

* Since this is not an audited nor reviewed report, content may be changed in the future if an auditor has a concern.

Balance Sheet

(Unit : KRW bn)

	2011				2012		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Assets	23,970	24,143	24,931	24,199	24,335	23,510	24,648
Current Assets	8,990	8,824	9,302	8,154	8,458	7,616	8,621
Cash and cash equivalents	903	860	1,456	1,364	1,409	876	1,508
Accounts receivable	6,074	6,017	5,953	5,077	5,135	4,919	5,223
Inventory	1,259	1,151	1,144	886	1,018	1,042	1,012
Other	754	796	749	827	896	780	878
Non-current Assets	14,980	15,319	15,629	16,046	15,878	15,894	16,027
Investment	7,845	7,870	7,892	7,965	7,892	7,918	7,950
PP&E	4,732	4,839	5,019	5,191	5,186	5,171	5,265
Intangible assets	728	830	872	916	906	906	906
Other	1,676	1,780	1,845	1,974	1,894	1,899	1,905
Liabilities	14,064	14,278	15,196	13,704	13,573	12,669	13,925
Accounts payable	4,564	4,271	4,538	3,854	3,936	3,810	4,223
Debt	5,665	5,919	6,550	5,826	5,722	4,898	5,465
Other	3,834	4,088	4,108	4,025	3,915	3,961	4,237
Equity	9,906	9,864	9,735	10,495	10,762	10,841	10,723

Income Statement

(Unit : KRW bn)

	2011						2012									
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q	
Sales	13,160	100.0%	14,385	100.0%	12,897	100.0%	13,814	100.0%	54,257	100.0%	12,228	100.0%	12,859	100.0%	12,376	100.0%
Cost of goods sold	10,195	77.5%	11,078	77.0%	9,851	76.4%	10,934	79.1%	42,058	77.5%	9,314	76.2%	9,574	74.5%	9,277	75.0%
Gross profit	2,965	22.5%	3,307	23.0%	3,047	23.6%	2,880	20.9%	12,199	22.5%	2,914	23.8%	3,285	25.5%	3,099	25.0%
Selling & admin expense	2,896	22.0%	3,193	22.2%	2,964	23.0%	2,804	20.3%	11,856	21.9%	2,551	20.9%	2,778	21.6%	2,960	23.9%
Other operating gain (Loss)	61	0.5%	44	0.3%	(114)	-0.9%	(54)	-0.4%	(63)	-0.1%	85	0.7%	(158)	-1.2%	82	0.7%
Operating income (Loss)	131	1.0%	158	1.1%	(32)	-0.2%	23	0.2%	280	0.5%	448	3.7%	349	2.7%	221	1.8%
Financial income (Expense)	(37)	-0.3%	(38)	-0.3%	(235)	-1.8%	(40)	-0.3%	(349)	-0.6%	(73)	-0.6%	(77)	-0.6%	(99)	-0.8%
Investment income (Loss)	(56)	-0.4%	29	0.2%	(264)	-2.0%	(40)	-0.3%	(331)	-0.6%	75	0.6%	(36)	-0.3%	57	0.5%
Net income before tax	39	0.3%	150	1.0%	(531)	-4.1%	(57)	-0.4%	(399)	-0.7%	450	3.7%	236	1.8%	179	1.4%
Tax	54	0.4%	41	0.3%	(117)	-0.9%	55	0.4%	34	0.1%	207	1.7%	77	0.6%	22	0.2%
Net income	(16)	-0.1%	109	0.8%	(414)	-3.2%	(112)	-0.8%	(433)	-0.8%	243	2.0%	159	1.2%	157	1.3%
Controlled shares	(30)		98		(424)		(113)		(470)		236		157		151	
Noncontrolled shares	14		11		10		2		37		7		3		6	

* Since this is not an audited nor reviewed report, content may be changed in the future if an auditor has a concern.

Balance Sheet

(Unit : KRW bn)

	2011				2012		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Assets	33,534	33,845	34,376	32,659	32,397	32,100	33,275
Current Assets	17,660	17,534	17,733	15,783	15,768	15,539	16,553
Cash and cash equivalents	2,212	2,243	2,750	2,345	2,607	2,121	2,662
Accounts receivable	7,376	7,512	7,115	6,753	6,518	7,085	6,689
Inventory	6,376	6,091	6,217	4,947	4,896	4,761	5,552
Other	1,697	1,688	1,652	1,738	1,747	1,572	1,651
Non-current Assets	15,874	16,310	16,644	16,875	16,629	16,561	16,722
Investment	5,868	5,889	5,671	5,603	5,427	5,421	5,437
PP&E	6,645	6,810	7,108	7,290	7,356	7,268	7,382
Intangible assets	766	881	928	1,036	1,024	1,022	1,019
Other	2,594	2,731	2,936	2,946	2,822	2,850	2,884
Liabilities	20,802	21,101	21,804	19,510	19,005	18,718	19,860
Accounts payable	6,367	6,320	6,227	5,487	5,457	5,482	6,070
Debt	7,721	7,764	8,528	7,436	7,251	6,856	7,001
Other	6,714	7,017	7,049	6,588	6,297	6,380	6,789
Equity	12,732	12,744	12,572	13,148	13,392	13,382	13,415

* Since this is not an audited nor reviewed report, content may be changed in the future if an auditor has a concern.

(Unit : KRW bn)

		1Q'11	2Q'11	3Q'11	4Q'11	'11 Total	1Q'12	2Q'12	3Q'12	QoQ	YoY
Home Entertainment	Sales	5,719	5,819	5,740	6,626	23,903	5,330	5,478	5,486	0%	-4%
	Op. Income	113	98	89	122	422	217	216	89		
	(%)	2.0%	1.7%	1.5%	1.8%	1.8%	4.1%	3.9%	1.6%		
Mobile Communications	Sales	2,909	3,246	2,762	2,775	11,693	2,497	2,321	2,448	5%	-11%
	Op. Income	-101	-54	-139	12	-281	39	-57	22		
	(%)	-3.5%	-1.7%	-5.0%	0.4%	-2.4%	1.6%	-2.4%	0.9%		
Handset	Sales	2,852	3,200	2,689	2,695	11,436	2,452	2,286	2,423	6%	-10%
	Op. Income	-101	-55	-140	10	-286	35	-59	21		
	(%)	-3.5%	-1.7%	-5.2%	0.4%	-2.5%	1.4%	-2.6%	0.8%		
Home Appliance	Sales	2,607	2,801	2,695	2,978	11,081	2,536	2,875	2,868	0%	6%
	Op. Income	102	59	74	71	306	152	165	129		
	(%)	3.9%	2.1%	2.8%	2.4%	2.8%	6.0%	5.7%	4.5%		
Air Conditioning & Energy Solution	Sales	1,233	1,660	1,006	687	4,585	1,218	1,475	974	-34%	-3%
	Op. Income	34	60	2	-38	57	81	70	12		
	(%)	2.8%	3.6%	0.2%	-5.6%	1.2%	6.7%	4.8%	1.2%		
Others	Sales	692	860	694	749	2,995	647	709	600	-15%	-14%
	Op. Income	-18	-4	-58	-144	-223	-41	-46	-30		
Total	Sales	13,160	14,385	12,897	13,814	54,257	12,228	12,859	12,376	-4%	-4%
	Op. Income	131	158	-32	23	280	448	349	221		
	(%)	1.0%	1.1%	-0.2%	0.2%	0.5%	3.7%	2.7%	1.8%		

* Others include independent business unit earnings, other subsidiaries' earnings, internal transactions, etc.

* Since this is not an audited nor reviewed report, content may be changed in the future if an auditor has a concern.