

Earnings Release 2Q 2007

July 19, 2007



LG Electronics Inc.

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 2nd quarter of 2007 as contained herein has been prepared on a parent and consolidated basis in accordance with Korean Generally Accepted Accounting Principles (Korean GAPP).

In addition, the information contained herein has been prepared in advance, prior to review by outside auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final review by outside auditors. In detail, the financial results based on a parent basis contained herein are in the process of being reviewed by outside auditors and the financial results based on a consolidated basis has not been under review as of yet.

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 3rd quarter of 2007. These forward-looking statements also refer to the Company’s performance on both parent and consolidated bases.

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, and 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 . 2007 2Q Results (Consolidated)**
- II . Performance and Outlook by Sector**
- III . 2007 2Q Results (Parent)**
- IV . 2007 3Q Business Direction and Prospects**

Consolidated Sales & Profits

(Unit : KRW tn)

	Sales	QoQ	YoY	Op. Profit	QoQ	YoY
LG Electronics Global *	10.43	+8.7%	+12.6%	0.46 (4.4%)	+0.44 ↑ 4.1%p	+0.16 ↑ 1.1%p
LPL	3.35	23.2%	+76.5%	0.15 (4.5%)	+0.36 ↑ 12.1%p	+0.53 ↑ 24.3%p
Other Affiliates	0.80	-2.4%	+14.7%	-0.003 (-0.4%)	-0.01 ↓ 1.3%p	-0.01 ↓ 2.1%p
Intercompany Transactions	-1.37			-0.002		
Total (Consolidated)	13.21	+10.4%	+17.3%	0.61 (4.6%)	+0.77 ↑ 6.0%p	+0.68 ↑ 5.2%p

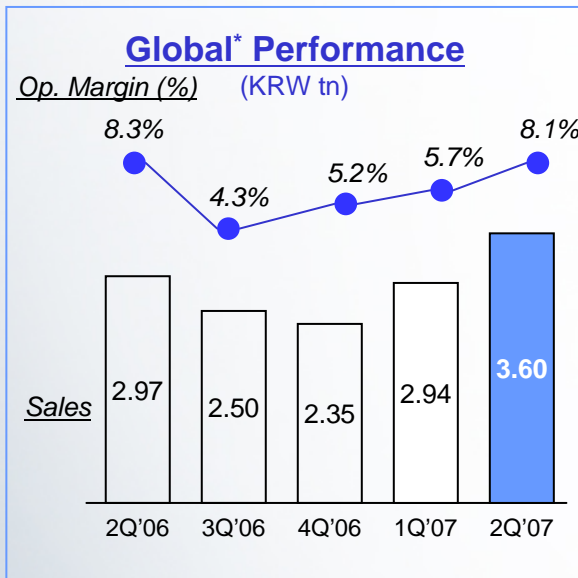
* Consolidation based on LG Electronics Korea and overseas subsidiaries (excluding internal transactions)

Sales & Profit

(Unit: KRW bn)

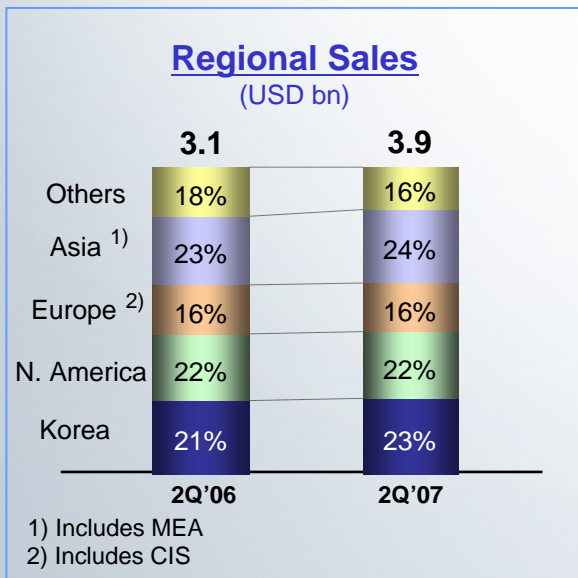
		1Q'07	QoQ	2Q'07	YoY	2Q'06
Digital Appliance	Sales	2,941	+22.5%	3,604	+21.4%	2,969
	Op. Profit (%)	169 (5.7%)		292 (8.1%)		248 (8.3%)
Digital Display	Sales	2,754	-1.0%	2,727	-2.1%	2,786
	Op. Profit (%)	-262 (-9.5%)		-138 (-5.1%)		53 (1.9%)
Digital Media	Sales	1,382	-9.8%	1,246	+0.3%	1,242
	Op. Profit (%)	11 (0.8%)		-4 (-0.3%)		11 (0.9%)
Mobile Communications	Sales	2,509	+14.2%	2,865	+24.4%	2,302
	Op. Profit (%)	121 (4.8%)		325 (11.3%)		9 (0.4%)
Handset	Sales	2,354	+15.1%	2,709	+26.9%	2,134
	Op. Profit (%)	110 (4.7%)		313 (11.6%)		-15 (-0.7%)

* Divisional Sales includes internal transactions between divisions



2Q 2007 Performance

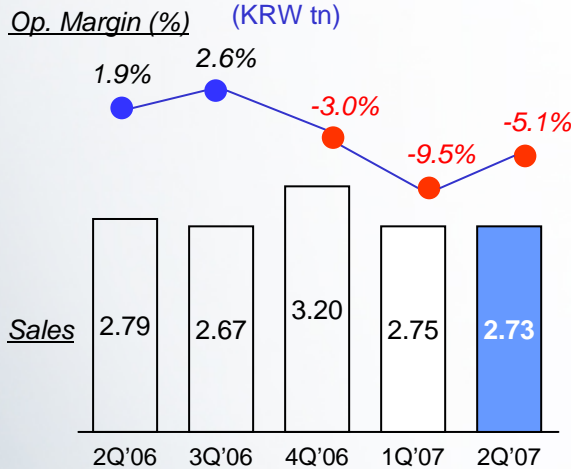
- ❖ **Sales :** **21% growth YoY (25% growth based on US\$)**
 → 3.60 trillion won achieved
 - Domestic : A/C demand increase, progression of SxS refrigerator sales → 30% growth YoY
 - Overseas : Continued growth of premium products in N. America and European market → 20% growth YoY
- ❖ **Op. Profit :** **Despite rise in material costs, continued growth of premium products resulted in better op. margin and sales (YoY) for the first half of '07**



3Q 2007 Outlook

- ❖ **In the domestic market, sales growth centered on premium products expected, and growth to continue in the developed market**
 - Domestic - With focus on new products such SxS refrigerators and kimchi ref. in preparation for seasonal demand, sales growth is expected
 - Overseas - Sustained growth in N. America / European market with focus on profitability based on premium products
 - Focus on strengthening CAC infrastructure for sales expansion

Global* Performance



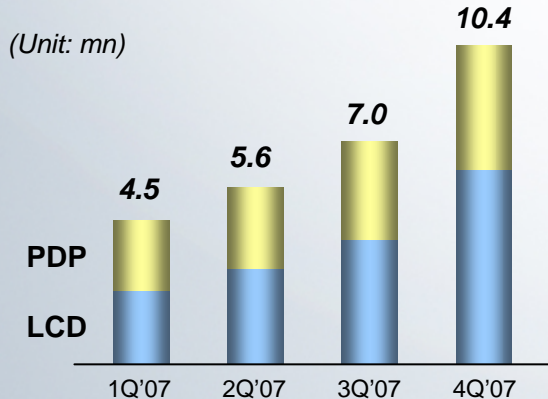
2Q 2007 Performance

❖ **Sales : 1% decrease QoQ → 2.73 trillion won recorded**

- Display Set sales similar to 1Q
 - Flat panel TV sales increased 10% YoY
- PDP module sales decreased 16% QoQ

❖ **Op. Profit: Profit improvement (QoQ) achieved through new models, fixed cost reduction efforts, and slower flat panel TV price decline**

40"+ FPTV Demand Forecast



* Source : Display Search

3Q 2007 Outlook

❖ **Outlook : 40"+ large sized FPTV demand to increase and Full HD market to expand more than 30% due to seasonality**

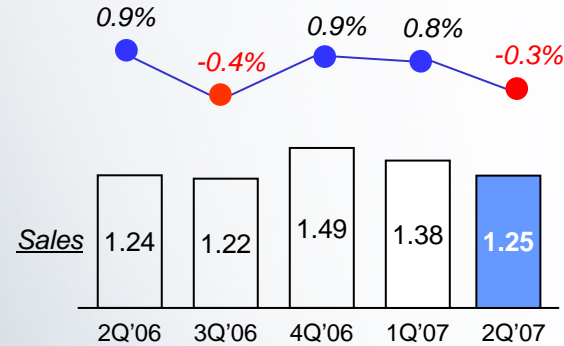
❖ **LGE : Full-scale global marketing**

- Focus on LCD Full HD and PDP 50"+ sales
- Add 32" PDP additional line-up to rationalize utilization rate

Global* Performance

(KRW tn)

Op. Margin (%)



2Q 2007 Performance

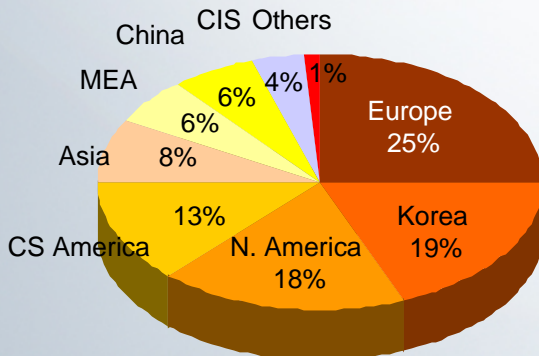
❖ **Sales : Slow season for IT products → 9.8% decline QoQ**

- Media - Car/Audio product sales increased
→ North/CS America sales improvement QoQ
- Sales still stagnant in CIS region
- IT - Slow season for IT products, ODD price erosion to continue

❖ **Op. Profit : Price erosion and slow season resulted in profit decrease**

2Q Regional Sales Breakdown

(%)



*Based on brand sales

3Q 2007 Outlook

❖ **Outlook : Shipment to increase due to seasonality but price erosion to continue**

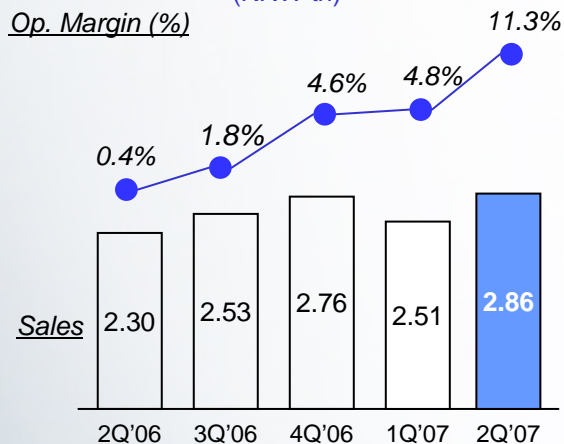
❖ **LGE : Expansion of new / premium products and shipment operation with focus on profitability**

- Expansion of premium product portion
- Continue introducing cost innovative PC models and expand Carrier Biz

Global* Performance

(KRW tn)

Op. Margin (%)



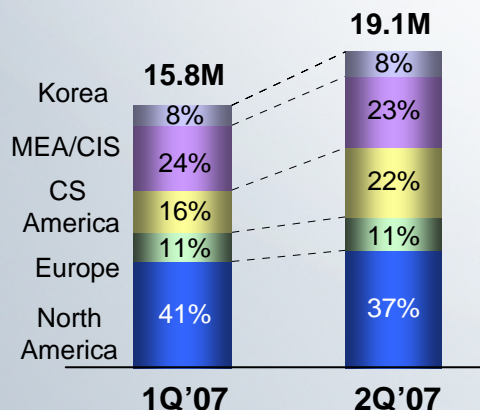
2Q 2007 Performance

❖ Sales : 14% increase QoQ due to GSM, WCDMA shipment increase

- CDMA - Slight decrease in shipment size QoQ, but improvement in ASP based on sales growth of premium phones in N. America
- GSM - 52% shipment increase QoQ due to Europe, CS America's substantial shipment growth
- WCDMA - 47% shipment increase due to N. America and domestic sales increase

❖ Op. Profit : Improvement driven by shipment growth (21% QoQ) and better product mix

Shipment by Region



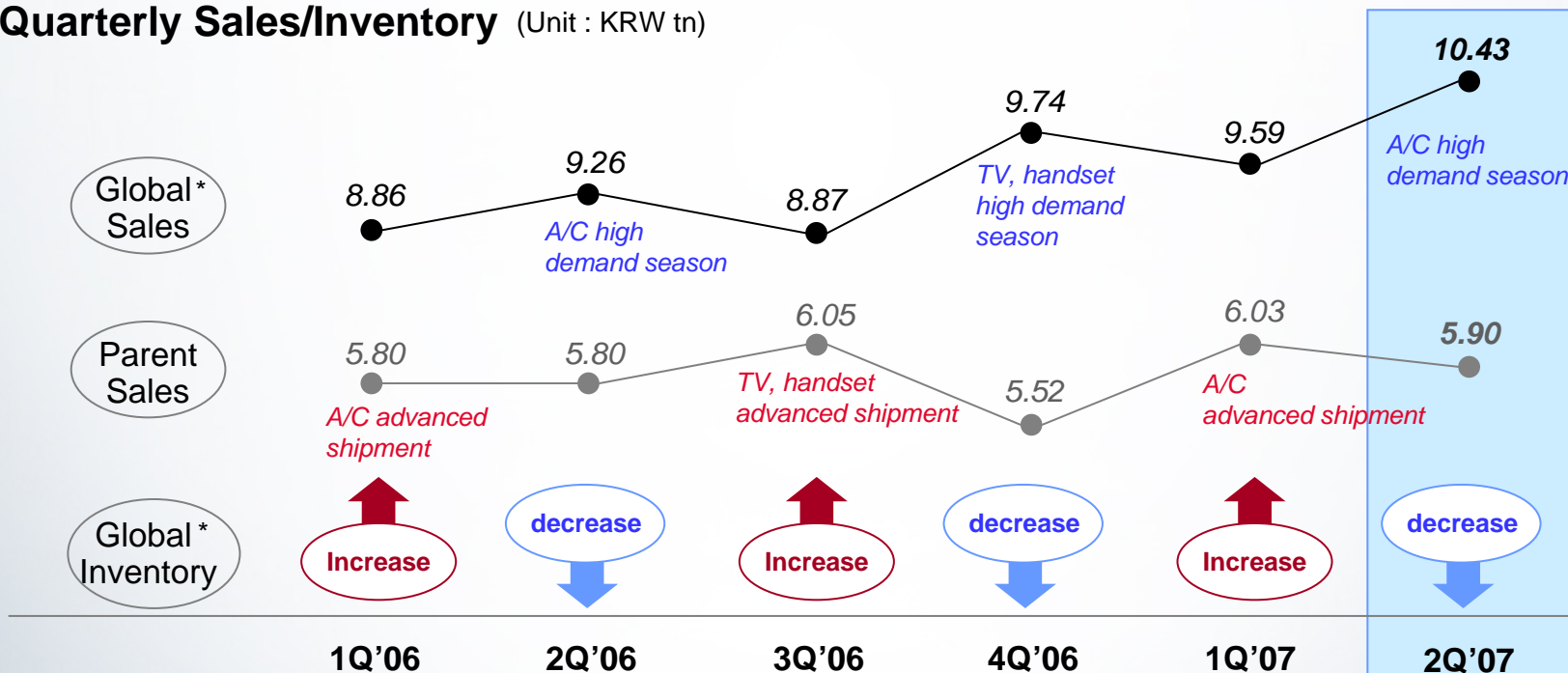
3Q 2007 Outlook

❖ Outlook : 3G demand in emerging and developed market to lead the market

❖ LGE : Mid to low end model sales to emerging markets to increase Profitability to decline, but strong shipment growth

- CDMA - Premium models and DMB phone shipment expansion to improve ASP in the domestic market, steady shipment to N. America and low-end shipments to increase in emerging markets
- GSM - Emerging market (CS America, Asia) shipment growth to continue
- WCDMA - Domestic market competition to intensify, developed market shipments to slightly decrease

❖ Quarterly Sales/Inventory (Unit : KRW tn)



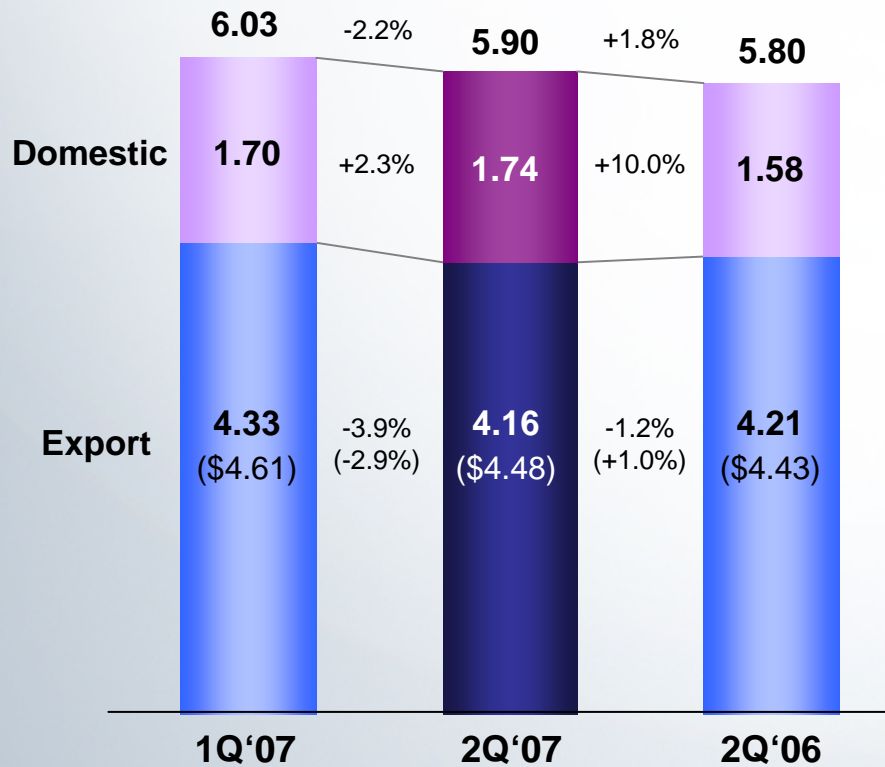
❖ Operating Profit (Unit : KRW bn)

Parent	191	191	197	- 43	173	146
Overseas Subsidiaries	75	98	- 9	100	- 12	+ 241
Consolidated Adjustment	- 94	19	20	100	- 133	+ 77
Global Op. Profit*	171	308	208	157	28	464

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

Sales

(Unit : KRW tn, USD bn)



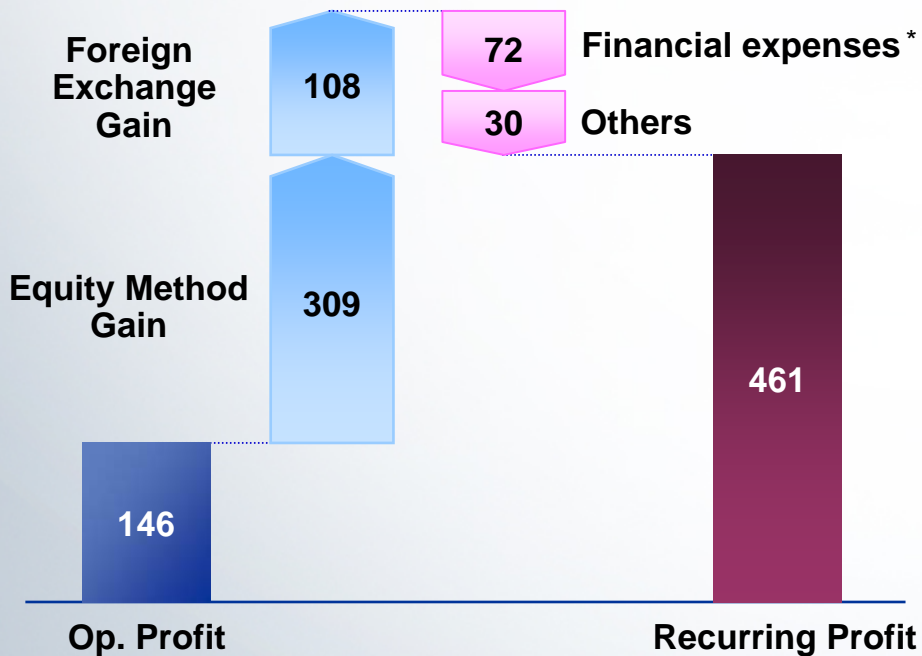
Profit

(Unit : KRW bn)

	1Q'07	QoQ	2Q'07	YoY	2Q'06
Operating Profit	173	-15.8%	146	-23.6%	191
EBITDA	354	-8.8%	323	-11.3%	364
Recurring Profit	-128	n/a	461	n/a	-10
Net Profit	-123	n/a	385	n/a	-10

Non-operating Items

(Unit : KRW bn)



Equity Method

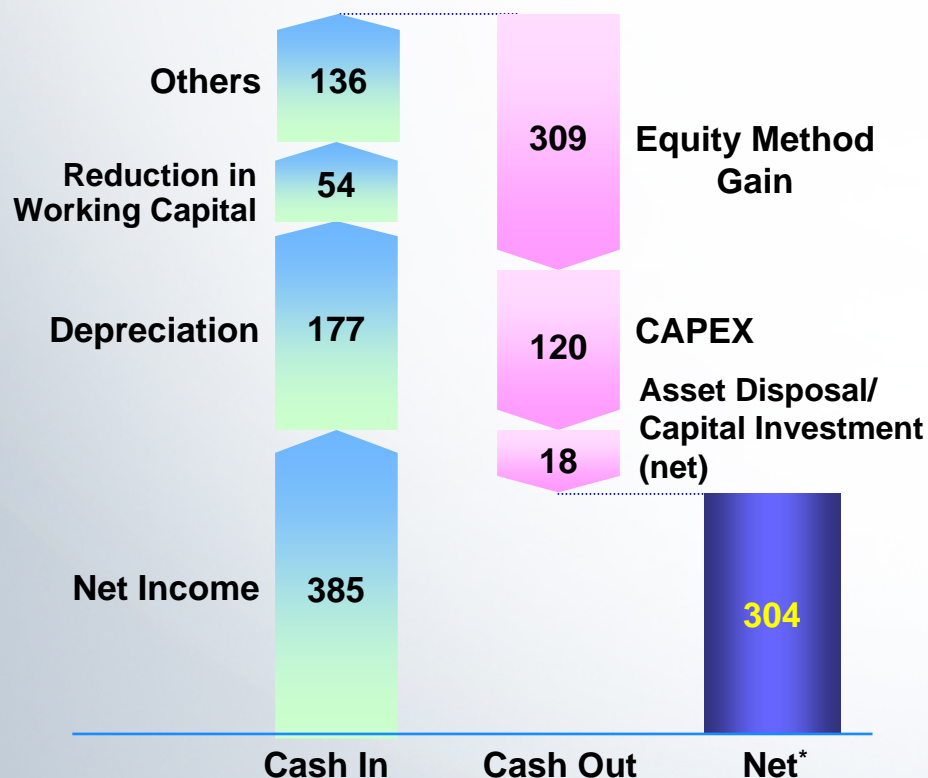
(Unit : KRW bn)

	<u>1Q'07</u>	<u>2Q'07</u>
LPL	-57	94
Other Affiliates	-2	15
Overseas Subsidiaries	-133	201
Equity Method Total	-193	309

* AR discount fee included in financial expenses

Net Cash Flow*

(Unit : KRW bn)



Cash flow

(Unit : KRW bn)

Cash at the beginning of Quarter	408
Cash Flow from Operating Activities	442
Net Income	385
Depreciation	177
Equity Method Gain	- 309
Reduction in Working Capital	54
Others	136
Cash Flow from Investing Activities	- 138
CAPEX	- 120
Asset Disposal / Capital Investment (net)	- 18
Cash Flow from Financing Activities	- 212
Decrease in Debt	- 90
Payment of Dividends	- 122
Cash Increase	92
Cash at the end of Quarter	501

* Excludes cash flow from financing activities

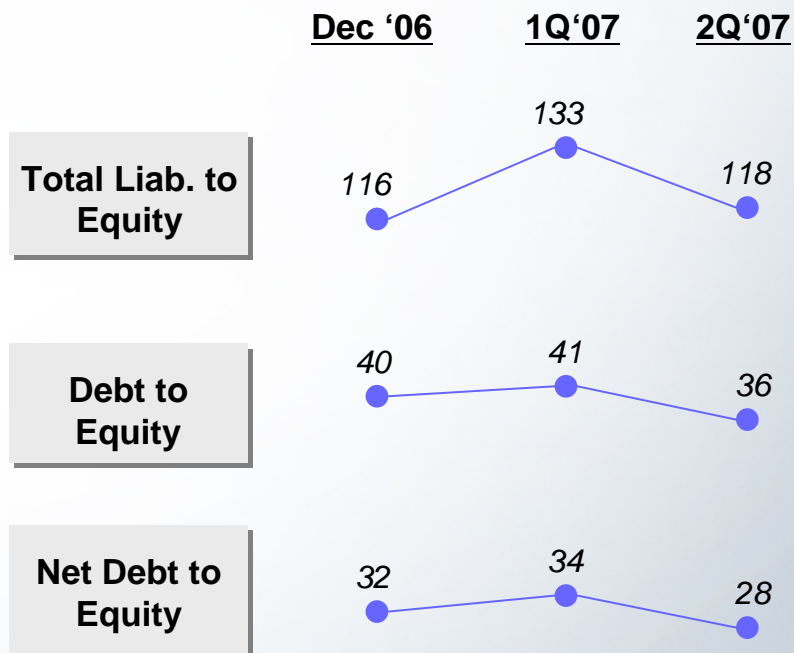
Balance Sheet

(Unit : KRW tn)

	Dec '06	1Q'07	2Q'07
□ Assets	13.23	13.34	13.34
Current Assets	3.16	3.52	3.26
Cash	0.51	0.41	0.50
Inventories	1.10	1.20	0.99
Fixed Assets	10.07	9.82	10.08
□ Liabilities	7.09	7.62	7.21
Current Liabilities	4.90	5.25	4.69
Long-Term Liabilities	2.19	2.38	2.52
□ Equity	6.14	5.72	6.13
<hr style="border-top: 1px dashed green;"/>			
□ Debt	2.47	2.35	2.20

Financial Ratio

(Unit : %)



IV. 2007 3Q Business Direction and Prospects

Growth

Sales

Slow season for appliances leading to slight decrease in sales QoQ

DA

Weak season for air conditioners will result in profitability decline

DD

Full scale demand pickup, capacity utilization enhancement will improve profitability

DM

IT sales pick up will increase profitability slightly

MC

Emerging market shipment increase to lead to profitability decline

Profitability*



<http://www.lge.com>

Income Statement

(Unit : KRW bn)

	2006					2007				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,800	5,796	6,054	5,520	23,171	6,034	5,903	0	0	11,937
COGS	4,418	4,402	4,594	4,313	17,727	4,693	4,580	0	0	9,273
Gross Profit	1,382	1,394	1,461	1,207	5,443	1,341	1,323	0	0	2,665
SG&A	1,191	1,203	1,263	1,251	4,908	1,168	1,178	0	0	2,346
Op. Profit	191	190	197	-43	535	173	145	0	0	318
Non OP Item	-9	-200	-167	102	-273	-301	315	0	0	14
Rec. Profit*	182	-10	31	59	262	-128	461	0	0	333
Tax	31	0	8	10	49	-6	76	0	0	71
Net Profit	151	-10	23	49	213	-123	385	0	0	262

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

Balance Sheet

(Unit : KRW bn)

	2006				2007			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	13,974	13,359	13,583	13,230	13,342	13,343	0	0
Current Asset	3,950	3,458	3,753	3,160	3,520	3,265	0	0
Quick Asset	2,609	2,128	2,401	2,057	2,323	2,279	0	0
Inventories	1,341	1,330	1,351	1,104	1,196	986	0	0
Fixed Asset	10,024	9,901	9,830	10,070	9,823	10,079	0	0
Investment	5,470	5,295	5,165	5,351	5,225	5,555	0	0
Tangible	4,116	4,170	4,215	4,256	4,152	4,126	0	0
Intangible	438	437	450	462	446	398	0	0
Liabilities	7,773	7,204	7,454	7,091	7,624	7,214	0	0
Current Liabilities	5,281	5,340	5,346	4,901	5,248	4,697	0	0
LT Liabilities	2,493	1,864	2,108	2,190	2,376	2,517	0	0
Capital	6,201	6,155	6,129	6,139	5,718	6,129	0	0

(Unit :KRW bn)

		1Q'06	2Q'06	3Q'06	4Q'06	1Q'07	2Q'07	QoQ	YoY
DA	Sales	1,563	1,529	1,363	1,283	1,819	1,789	-1.6%	17.0%
	Op. Profit (%)	159 (10.2%)	150 (9.8%)	58 (4.3%)	62 (4.8%)	218 (12.0%)	173 (9.7%)		
DD	Sales	1,446	1,443	1,725	1,212	1,214	1,093	-10.0%	-24.3%
	Op. Profit (%)	30 (2.0%)	21 (1.4%)	43 (2.5%)	-147 (-12.1%)	-194 (-16.0%)	-265 (-24.2%)		
DM	Sales	770	641	665	663	713	613	-14.1%	-4.4%
	Op. Profit (%)	23 (3.0%)	11 (1.8%)	8 (1.3%)	-20 (-3.1%)	6 (0.8%)	-17 (-2.7%)		
MC	Sales	2,050	2,211	2,326	2,370	2,300	2,423	5.3%	9.6%
	Op. Profit (%)	-9 (-0.4%)	21 (0.9%)	98 (4.2%)	72 (3.0%)	155 (6.7%)	265 (10.9%)		
Handset	Sales	1,855	2,032	2,149	2,204	2,136	2,253	5.5%	10.9%
	Op. Profit (%)	-31 (-1.7%)	-3 (-0.1%)	79 (3.7%)	58 (2.6%)	141 (6.6%)	254 (11.3%)		
Others	Sales	-29	-28	-24	-7	-12	-14		
	Op. Profit	-13	-12	-10	-10	-11	-11		
Total	Sales	5,800	5,796	6,054	5,520	6,034	5,903	-2.2%	1.8%
	Op. Profit (%)	191 (3.3%)	190 (3.3%)	197 (3.3%)	-43 (-0.8%)	173 (2.9%)	146 (2.5%)		

* Divisional sales includes internal transaction between divisions

(Unit : KRW bn)

		1Q'06	2Q'06	3Q'06	4Q'06	1Q'07	2Q'07	QoQ	YoY
DA	Sales	2,556	2,969	2,500	2,352	2,941	3,604	22.5%	21.4%
	Op. Profit (%)	117 (4.6%)	248 (8.3%)	107 (4.3%)	123 (5.2%)	169 (5.7%)	292 (8.1%)		
DD	Sales	2,714	2,786	2,672	3,197	2,754	2,727	-1.0%	-2.1%
	Op. Profit (%)	44 (1.6%)	53 (1.9%)	70 (2.6%)	-97 (-3.0%)	-262 (-9.5%)	-138 (-5.1%)		
DM	Sales	1,449	1,242	1,217	1,492	1,382	1,246	-9.8%	0.3%
	Op. Profit (%)	52 (3.6%)	11 (0.9%)	-4 (-0.4%)	13 (0.9%)	11 (0.8%)	-4 (-0.3%)		
MC	Sales	2,186	2,302	2,533	2,764	2,509	2,865	14.2%	24.4%
	Op. Profit (%)	-30 (-1.4%)	9 (0.4%)	46 (1.8%)	128 (4.6%)	121 (4.8%)	325 (11.3%)		
Handset	Sales	1,998	2,134	2,367	2,599	2,354	2,709	15.1%	26.9%
	Op. Profit (%)	-52 (-2.6%)	-15 (-0.7%)	26 (1.1%)	114 (4.4%)	110 (4.7%)	313 (11.6%)		
Others	Sales	-45	-39	-53	-63	8	-11		
	Op. Profit	-13	-12	-10	-10	-11	-11		
Total	Sales	8,860	9,260	8,869	9,742	9,593	10,430	8.7%	12.6%
	Op. Profit (%)	171 (1.9%)	308 (3.3%)	208 (2.3%)	157 (1.6%)	28 (0.3%)	464 (4.4%)		

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