

2009 4Q

Earnings Release



January 27th 2010

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 4th 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 year 2010. 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)

	4Q'09						FY09			
	Sales	QoQ	YoY	OP (%)	QoQ	YoY	Sales	YoY	OP (%)	YoY
Total (Consolidated)	19.54	+3.6%	+13.7%	0.86 (4.4%)	-0.95 ↓5.2%p	+1.00 ↑5.2%p	72.95	+15.3%	4.20 (5.8%)	+0.15 ↓0.6%p
LGE Global*	14.27	+2.7%	+6.8%	0.45 (3.1%)	-0.40 ↓3.0%p	+0.35 ↑2.4%p	55.52	+12.5%	2.89 (5.2%)	+0.75 ↑0.9%p
LG Display	6.08	+1.5%	+46.0%	0.38 (6.3%)	-0.53 ↓9.0%p	+0.67 ↑13.2%p	20.61	+26.7%	1.11 (5.4%)	-0.62 ↓5.2%p
Other Affiliates	1.16	+1.5%	+11.6%	0.01 (0.8%)	-0.05 ↓4.1%p	-0.01 ↓0.9%p	4.86	+20.6%	0.20 (4.2%)	+0.05 ↑0.4%p
Intercompany Transactions	-1.97			0.02			-8.04		0.00	

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

Sales & Profit*

(Unit : KRW bn)

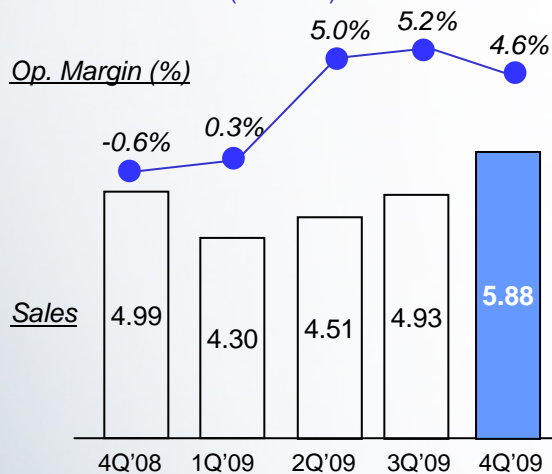
		4Q'08	3Q'09	4Q'09	QoQ	YoY	FY09	YoY	FY08
Home Entertainment	Sales	4,986	4,929	5,884	↑ 19.4%	↑ 18.0%	19,619	↑ 19.9%	16,368
	Op. Profit	- 31	255	272			764		16
Mobile Communications	Sales	4,487	4,652	4,155	↓ 10.7%	↓ 7.4%	18,199	↑ 13.5%	16,030
	Op. Profit	176	390	56			1,246		1,544
Handset	Sales	4,093	4,384	3,890	↓ 11.3%	↓ 5.0%	17,067	↑ 17.3%	14,556
	Op. Profit	215	384	67			1,251		1,606
Home Appliance	Sales	2,310	2,522	2,466	↓ 2.2%	↑ 6.8%	9,538	↑ 10.9%	8,600
	Op. Profit	- 50	170	76			529		248
Air Conditioning	Sales	684	851	620	↓ 27.1%	↓ 9.4%	4,465	↓ 1.4%	4,527
	Op. Profit	- 11	14	- 9			241		241
Business Solution	Sales	1,181	1,208	1,309	↑ 8.4%	↑ 10.8%	4,629	↓ 0.3%	4,645
	Op. Profit	20	25	58			124		103

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

** Divisional sales includes internal transactions between divisions

Global* Performance

(KRW tn)



2009 4Q Performance

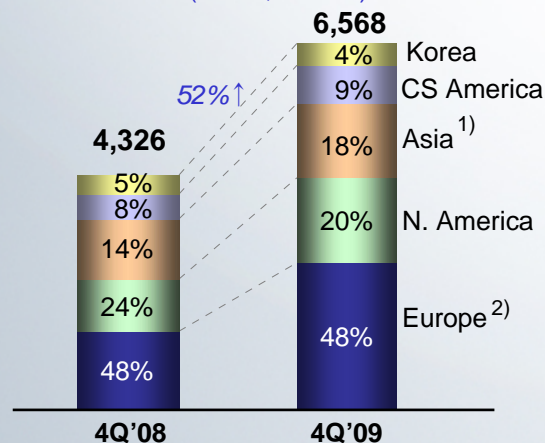
❖ **Sales** : Revenue grew 19% QoQ from high season for FPTV and enhanced competitiveness of overall HE division.

- LCD : Improved market position and rising demand in developed markets contributed to 35% unit growth QoQ
- PDP : Holiday season led to shipment growth by 30% QoQ
- Media : Stronger competitiveness in premium products resulted in 12% growth in revenue QoQ
- DS : Demand recovery and m/s expansion led to 20% growth in revenue

❖ **Profitability** : Achieved solid profitability through substantial sales expansion and cost innovation effort.

Shipment by Region

(FPTV, Unit: K)



1) includes MEA 2) includes CIS

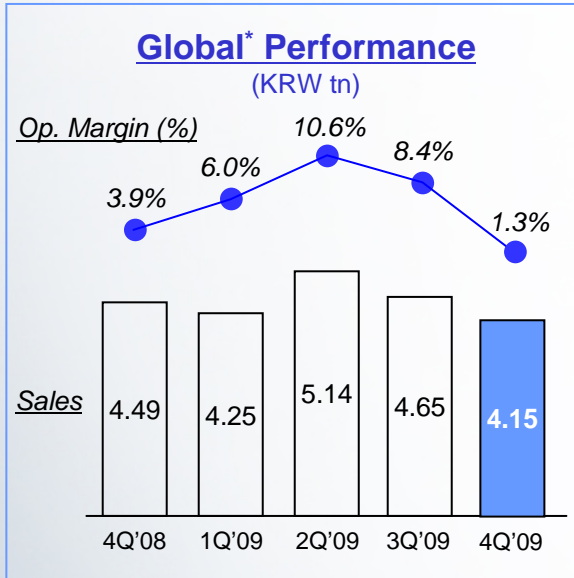
2010 Outlook

❖ **Market** : Industry is expected to grow as a result of digital TV conversion in developed markets, rising demand for FPTV in emerging markets, and 2010 World Cup boost amid intensified competition.

❖ **LGE** : Maximize performance in premium products such as INFINIA TV series and BD players, and invest for next growth engine extending to new business potential in Smart TV.

* Includes consumer and commercial TVs

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

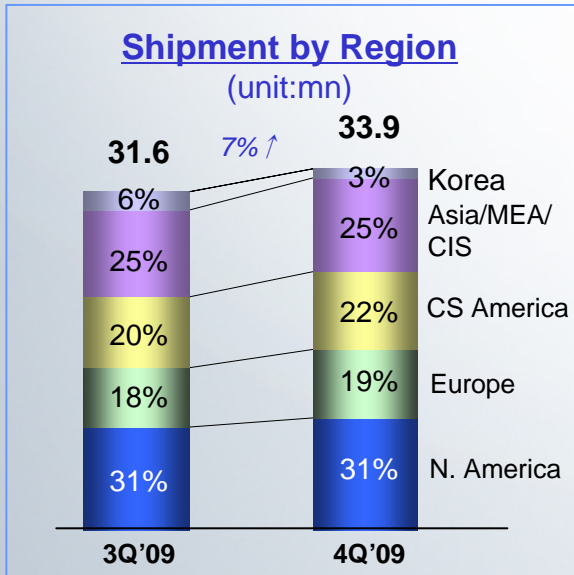


2009 4Q Performance

❖ Sales : Shipment grew 7% QoQ to 33.9M. (32%↑ YoY)

- Shipment grew in N. America, but declined in Korea
 - N. America: Led by high season and new carriers in prepaid markets
 - Korea : Overall demand dropped 18% QoQ shifting to smartphone
- Europe and emerging markets continued growing
 - Europe : Robust growth continued due to major products such as Cookie
 - CS America, China, MEA : Sales grew more than 15% QoQ

❖ Profitability : Margin diminished due to ASP decline and increase in marketing expense for inventory clearance and EM channel expansion.



2010 Outlook

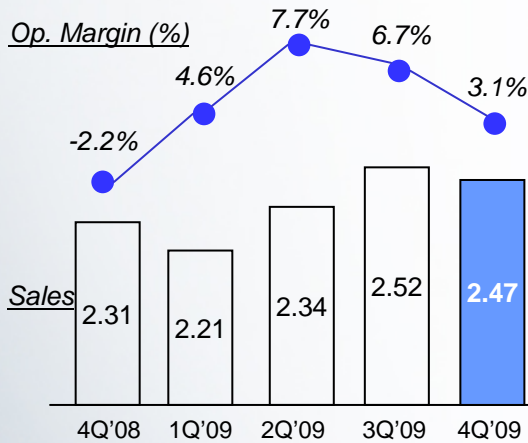
❖ Market : Demand recovery will lead to a market growth YoY

❖ LGE : Strengthen smartphone business through capabilities gained from existing handset operations and enhance product competitiveness through product innovation.

- Shipment : Aim to achieve 19% growth YoY to 140 million units
- Product : Expand smartphone line-up, differentiate content & services, and strengthen products by segment based on improved platform strategy
- Region : Secure profitability from developed markets and expand m/s throughout emerging countries by penetrating new channels

Global* Performance

(KRW tn)



2009 4Q Performance

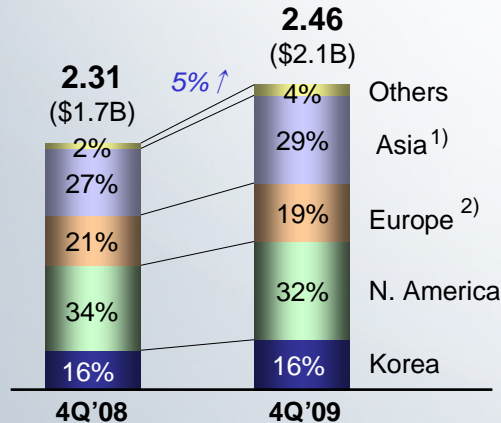
❖ **Sales** : Sales recovery since 3Q led to 7% growth YoY on a KRW base.

- **Korea** : Rose by 3% YoY posting KRW 389 billion in revenue
- **Overseas** : YoY sales increase from ME such as Asia including China led 23% growth YoY

❖ **Profitability** : Despite slow season in appliance industry in 4Q, cost reduction and revenue increase contributed to significant improvement in profitability.

Revenue by Region

(Unit: K)



1) Includes MEA 2) Includes CIS

2010 Outlook

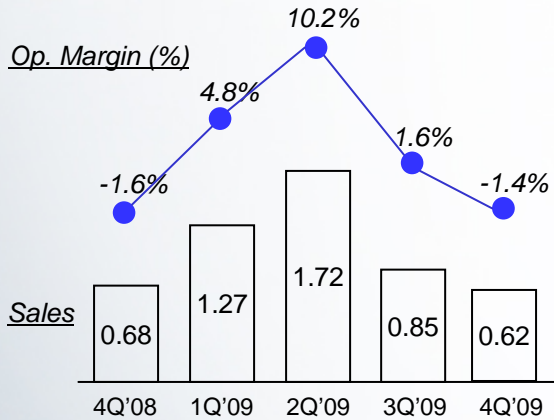
❖ **Market** : Moderate demand recovery at a similar growth level of typical years is expected.

❖ **LGE** : Develop products through core technology and build up brand awareness as a premium products player.

- **Sales** : Maintain competitiveness through developing products which can deliver satisfaction based on consumers' insight
- **Profitability** : Expected to improve as a result of accumulated cost reduction efforts

Global* Performance

(KRW tn)



2009 4Q Performance

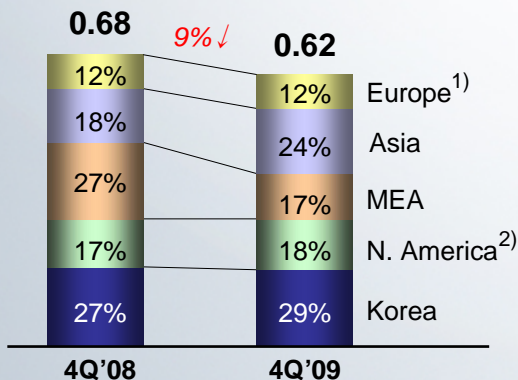
❖ **Sales** : Revenue decreased sequentially due to slow season.
(3%↑ YoY on a USD base)

- Korea : Commercial AC achieved double-digit growth compared to last year
- Overseas : Demand is starting to recover from emerging markets in Asia

❖ **Profitability** : Continuous effort to improve cost enhanced profitability increase YoY.

Revenue by Region

(KRW tn)



1) includes CIS 2) includes CS America

2010 Outlook

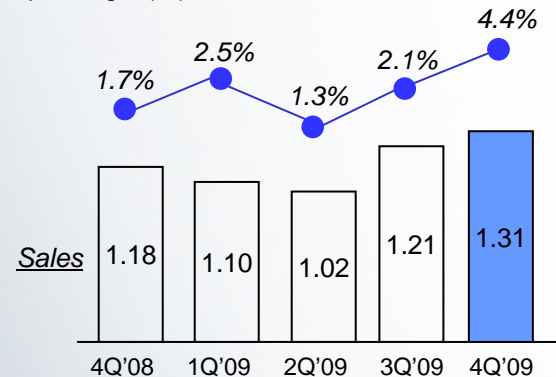
❖ **Market** : While demand is expected to rise with economic recovery, sales will expand throughout emerging markets and from highly efficient products.

❖ **LGE** : Strengthen advance order sales and marketing activities in Korea and launch products customized for specific regions. Also, actively expand new business in solar-cell and LED lighting industry.

Global* Performance

(KRW tn)

Op. Margin (%)



2009 4Q Performance

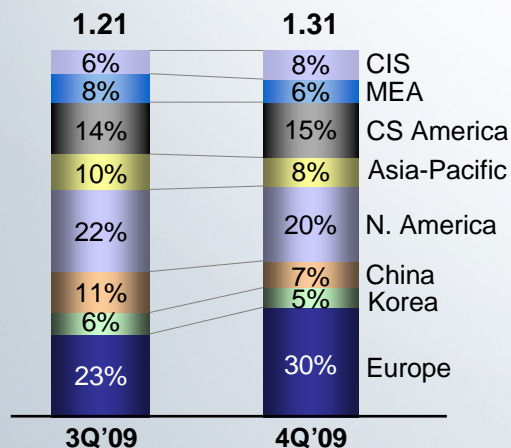
❖ **Sales : Rising demand in Europe and stronger partnership with major buyers improved sales and profitability QoQ.**

- Monitor : Sales rose in developed markets due to seasonality, and demand picked up in CIS and Brazil as economy emerged from recession
- Commercial : Stronger partnership formed with hotels and major customers
- Car : Revenue increased with GM's operation stabilizing

❖ **Profitability: Increase in sales and better product mix due to monitor TVs contributed to profitability improvement.**

Revenue by Region

(KRW tn)



2010 Outlook

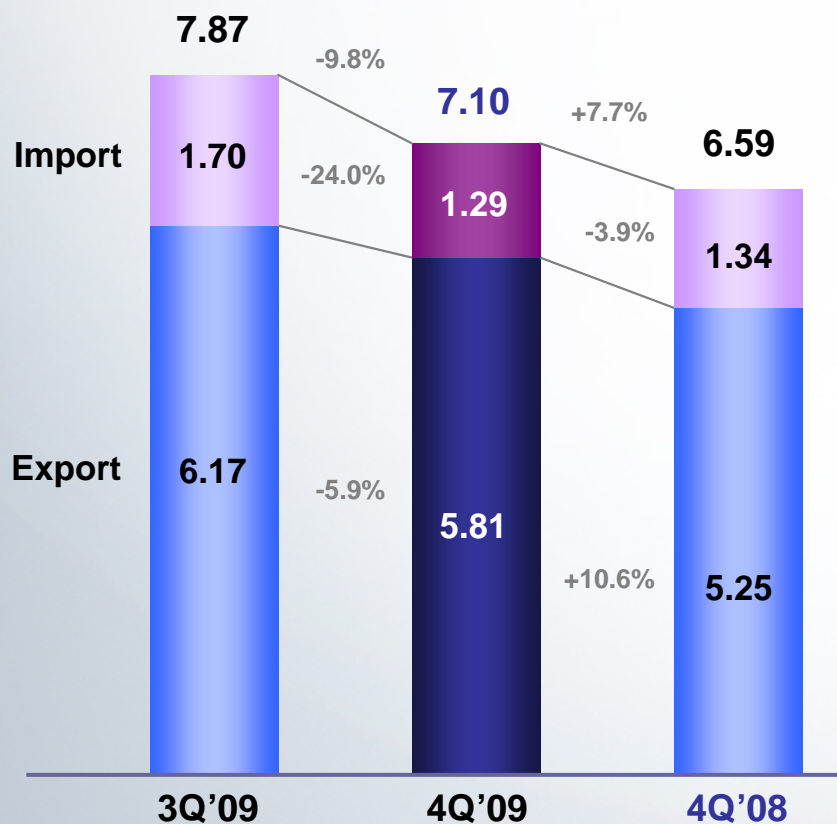
❖ **Market : Moderate recovery from recession is expected and Green Solution will attract attention.**

❖ **LGE : Focus on maximizing sales through total solution services and B2B sales.**

- Monitor : Increase LED monitor sales and strengthen environment-friendly business
- Commercial : Increase sales to major customers and develop new solutions
- Car : Strengthen developing Green Solution and maximize new orders/contracts

Sales

(Unit : KRW tn)



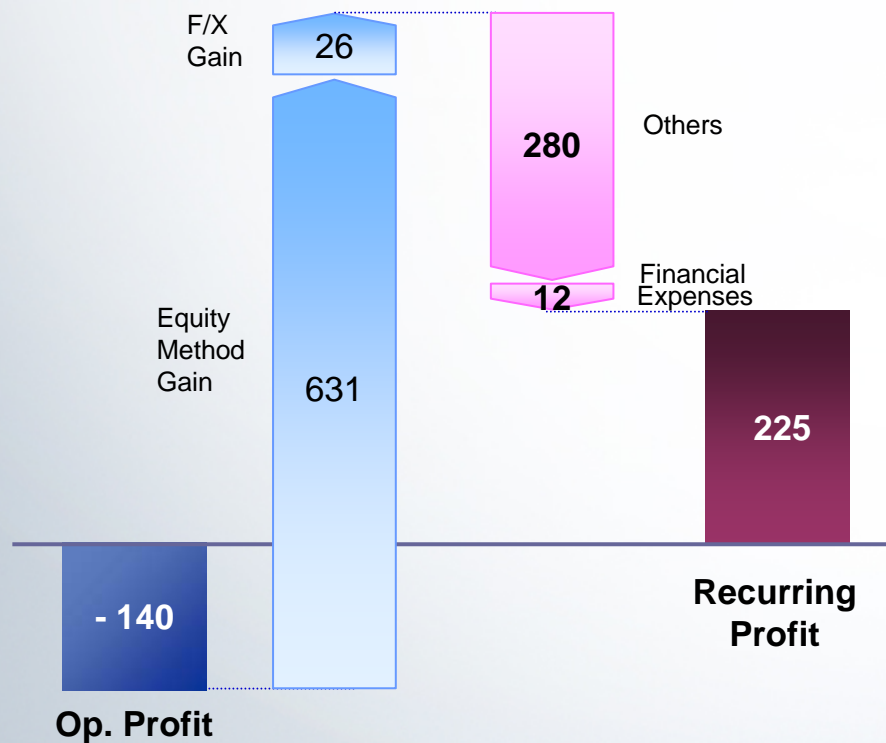
Profit

(Unit : KRW bn)

	3Q'09	4Q'09	4Q'08	FY09
Operating Profit	603	-140	-310	1,615
EBITDA	752	22	-143	2,227
Recurring Profit	1,027	225	-942	2,517
Net Profit	807	297	-671	2,053

Non-operating Items

(Unit : KRW bn)



Equity Method

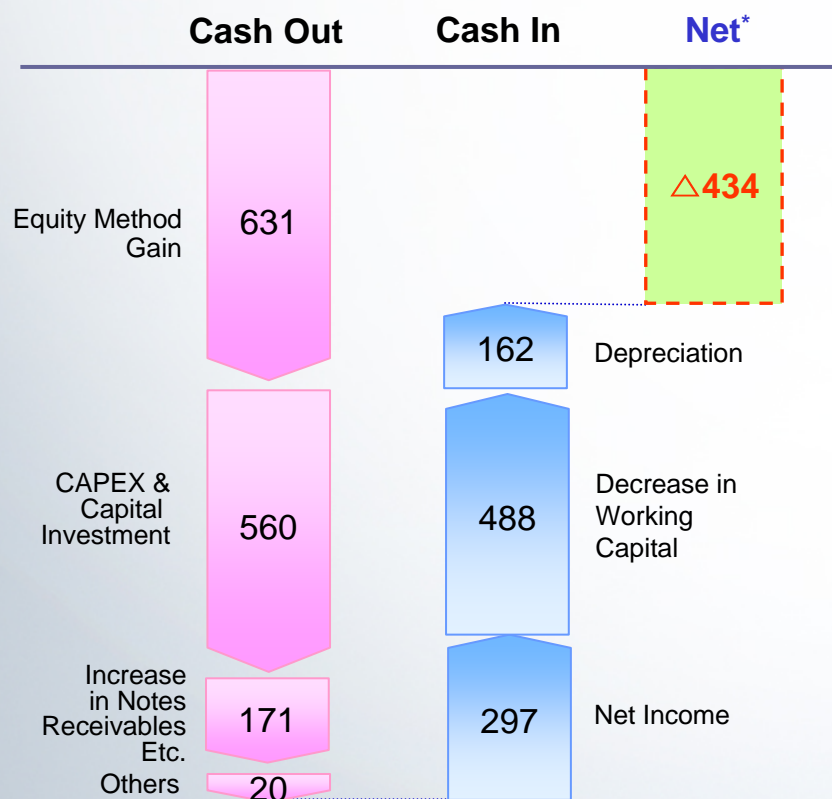
(Unit : KRW bn)

	3Q'09	4Q'09	FY09
LG Display	210	182	413
LGE Overseas Subsidiaries	129	422	770
Others	29	27	65
Equity Method Total	368	631	1,248

* AR discount fee is included in financial expenses

4Q Net Cash Flow *

(Unit : KRW bn)



Cash flow

(Unit : KRW bn)

	4Q'09	FY09
Cash at the beginning of Quarter	1,431	1,207
Cash Flow from Operating Activities	126	456
Net Income	297	20,53
Depreciation	1,62	612
Equity Method Gain	△ 631	△ 1,248
Decrease in Working Capital	4,88	△ 1298
Increase in Notes Receivables, Etc.	△ 171	101
Others	△ 20	236
Cash Flow from Investing Activities	△ 560	△ 963
CAPEX & Capital Investment	△ 560	△ 963
Cash Flow from Financing Activities	17	313
Debt Increase	17	371
Dividend Payment		△ 57
Cash Increase	△ 418	△ 194
Cash at the end of Quarter	1,013	1,013

* Excludes cash flow from financing activities

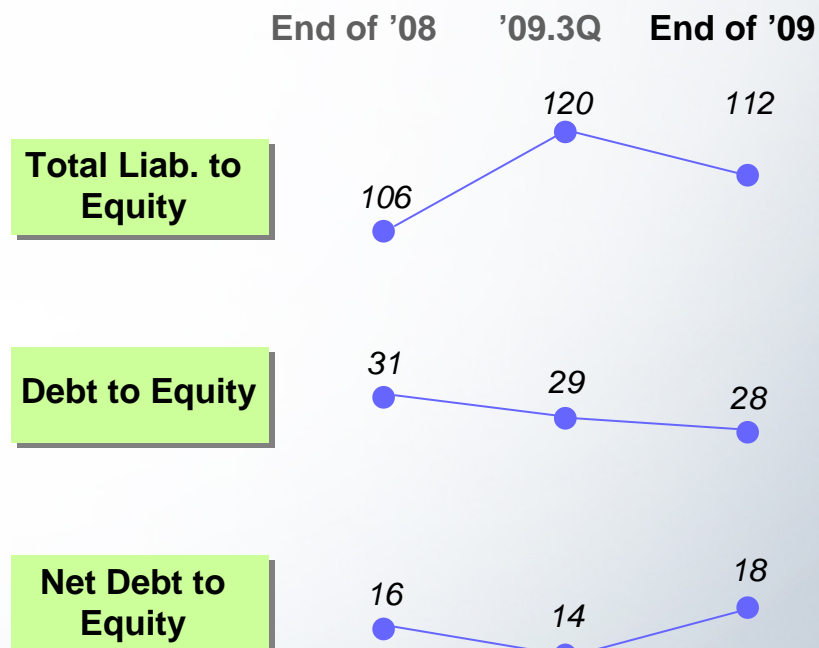
Balance Sheet

(Unit : KRW tn)

	End of '08	'09.3Q	End of '09
Assets	17.34	21.99	21.58
Current Assets	4.52	9.00	7.45
Cash	1.21	1.43	1.01
Inventories	0.90	1.04	0.77
Fixed Assets	12.82	12.99	14.13
Liabilities	8.93	12.01	11.42
Current Liabilities	5.94	8.86	8.01
Long-Term Liabilities	2.99	3.15	3.41
Equity	8.41	9.98	10.16
<hr style="border-top: 1px dashed green;"/>			
Debt	2.59	2.84	2.84
Net Debt	1.38	1.41	1.83

Financial Ratio

(Unit : %)



IV. 2010 Business Direction and Prospects

Sales

Demand is expected to rise as global economy emerges from recession and LCD TV sales will continue to grow resulting in significant sales growth on a USD base.

Profitability

Improve profitability YoY through increasing sales focused on premium products in home appliances and TVs.



<http://www.lge.com>

Income Statement

	2008										2009									
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q		4Q		Total	
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%	7,096	100.0%	30,513	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%	1,288	18.2%	6,665	21.8%
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%	5,808	81.8%	23,848	78.2%
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%	5,813	81.9%	23,418	76.7%
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%	1,284	18.1%	7,095	23.3%
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	17.2%	1,423	20.1%	5,480	18.0%
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%	-140	-2.0%	1,615	5.3%
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%	851	12.0%	3,482	11.4%
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%	486	6.8%	2,580	8.5%
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%	225	3.2%	2,517	8.2%
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%	-72	-1.0%	464	1.5%
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%	297	4.2%	2,053	6.7%

Balance Sheet

	2008				2009			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	16,306	17,314	18,444	17,338	18,670	20,375	21,991	21,577
Current Aseets	4,394	4,533	5,415	4,518	6,088	7,497	9,002	7,446
Quick Assets	3,138	3,354	4,257	3,617	5,129	6,606	7,965	6,679
Inventories	1,256	1,179	1,157	901	959	891	1,037	767
Fix Assets	11,912	12,781	13,030	12,820	12,582	12,878	12,989	14,131
Investments	7,553	8,464	8,820	8,639	8,487	8,826	8,969	10,039
Tangible	3,962	3,852	3,737	3,711	3,633	3,594	3,568	3,644
Intangible	397	465	473	471	463	458	452	448
Liabilities	8,514	8,553	9,497	8,931	10,402	11,024	12,009	11,417
Current Liabilities	5,733	5,544	6,446	5,942	6,875	8,119	8,862	8,013
LT Liabilities	2,781	3,009	3,051	2,989	3,527	2,905	3,147	3,404
Capital	7,791	8,761	8,948	8,407	8,268	9,352	9,982	10,160

Appendix

Divisional Sales (Parent)

(Unit :KRW bn)

		1Q'08	2Q'08	3Q'08	4Q'08	FY08	1Q'09	2Q'09	3Q'09	4Q'09	QoQ	YoY	FY09	YoY
H E	Sales	1,538	1,485	1,688	1,324	6,035	1,512	1,723	1,989	2,129	7.0%	60.8%	7,353	21.8%
	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%	-15 -0.7%			81 1.1%	
M C	Sales	3,423	3,710	3,393	3,668	14,193	3,682	4,579	4,096	3,191	-22.1%	-13.0%	15,548	9.5%
	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%	-94 -2.9%			1,128 7.3%	
Handset	Sales	2,955	3,360	3,089	3,209	12,612	3,350	4,291	3,799	2,874	-24.3%	-10.4%	14,315	13.5%
	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%	-83 -2.9%			1,131 7.9%	
H A	Sales	924	989	1,030	962	3,905	995	1,141	1,097	1,123	2.4%	16.7%	4,356	11.5%
	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%	-19 -1.7%			360 8.3%	
A C	Sales	721	756	456	357	2,288	633	773	410	325	-20.6%	-8.7%	2,141	-6.4%
	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%	-18 -5.6%			152 7.1%	
B S	Sales	252	210	225	209	895	215	221	237	289	21.9%	38.5%	963	7.6%
	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%	12 4.2%			-89 -9.2%	
Others	Sales	71	84	95	72	321	37	40	37	39			153	
	Op. Profit	-7	2	-10	1	-14	-4	-43	-4	-6			-18	
Total	Sales	6,927	7,234	6,887	6,591	27,639	7,074	8,477	7,866	7,097	-9.8%	7.7%	30,513	10.4%
	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%	-140 -2.0%			1,615 5.3%	

* Divisional sales includes internal transaction between divisions

** As PC business was transferred from DM to MC division in July of 2008, adjustments were made for apple-to-apple comparison

Divisional Sales (Global*)

(Unit :KRW bn)

		1Q'08	2Q'08	3Q'08	4Q'08	FY08	1Q'09	2Q'09	3Q'09	4Q'09	FY09				
												QoQ	YoY	FY09	YoY
H E	Sales	3,622	3,780	3,979	4,986	16,368	4,298	4,509	4,929	5,884	19.4%	18.0%	19,619	19.9%	
	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%	272 4.6%			764 3.9%		
M C	Sales	3,643	4,086	3,815	4,487	16,030	4,253	5,140	4,652	4,154	-10.7%	-7.4%	18,199	13.5%	
	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%	56 1.3%			1,246 6.8%		
Handset	Sales	3,195	3,754	3,514	4,093	14,556	3,916	4,877	4,384	3,890	-11.3%	-5.0%	17,067	17.3%	
	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%	66 1.7%			1,251 7.3%		
H A	Sales	1,904	2,131	2,255	2,310	8,600	2,211	2,339	2,520	2,466	-2.2%	6.8%	9,538	10.9%	
	Op. Profit (%)	84 4.4%	103 4.8%	112 5.0%	-50 -2.2%	248 2.9%	102 4.6%	181 7.7%	170 6.8%	76 3.1%			528 5.5%		
A C	Sales	1,170	1,690	983	684	4,527	1,274	1,720	853	620	-27.1%	-9.4%	4,465	-1.4%	
	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%	-9 -1.4%			241 5.4%		
B S	Sales	1,173	1,113	1,177	1,181	4,645	1,096	1,016	1,208	1,309	8.4%	10.8%	4,629	-0.3%	
	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%	58 4.4%			124 2.7%		
Others	Sales	-295	-65	-199	-277	-837	-279	-226	-261	-160			-925		
	Op. Profit	-10	-2	-4	-3	-20	-4	-4	-4	-5			-17		
Total	Sales	11,218	12,735	12,009	13,371	49,333	12,853	14,497	13,900	14,274	2.7%	6.8%	55,524	12.5%	
	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%	447 3.1%			2,885 5.2%		

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

** As PC business was transferred from DM to MC division in July of 2008, adjustments were made for apple-to-apple comparison