



LG Electronics

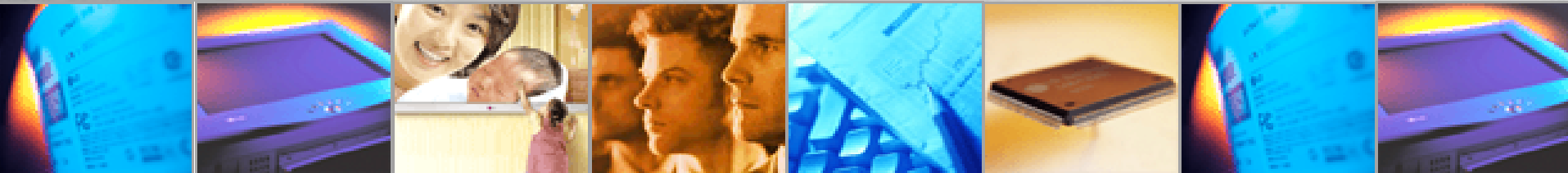
March 2007



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Contents

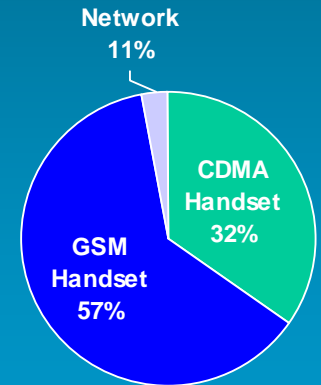
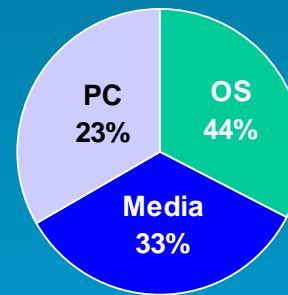
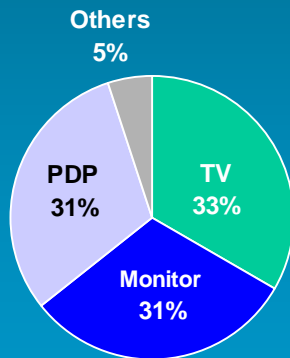
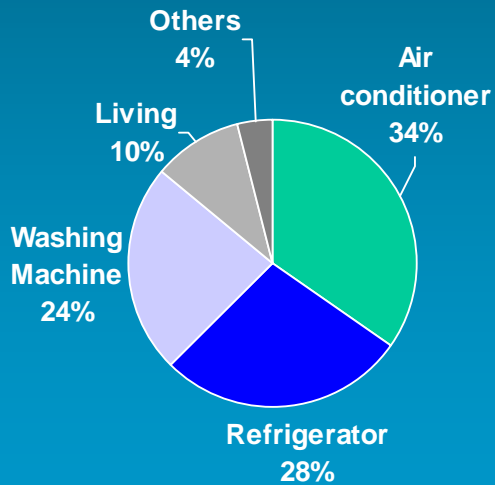
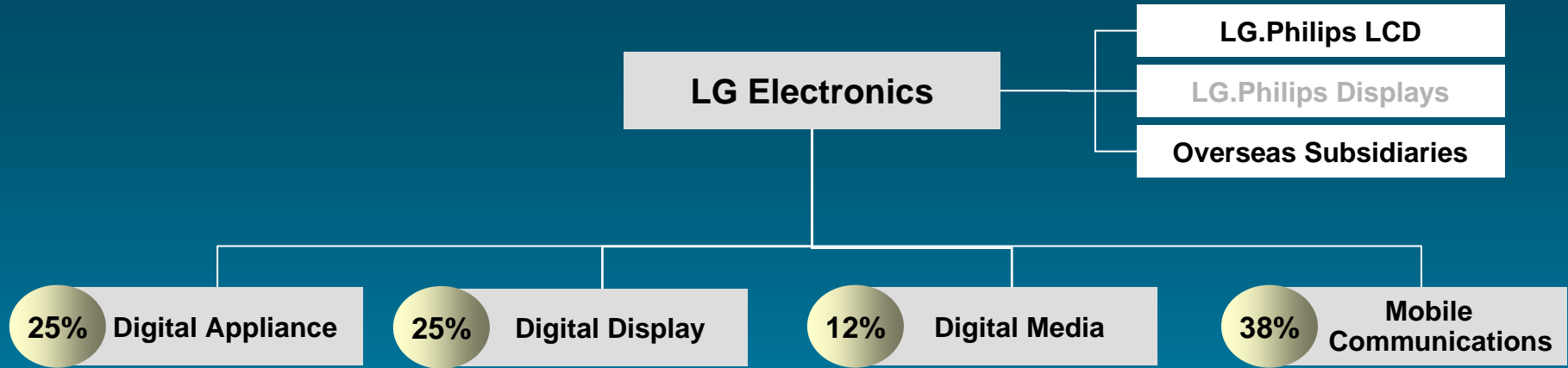
- I . Business Overview
- II . Home Appliances
- III . Mobile Handset
- IV . Digital Display



I . Business Overview



Business Domain



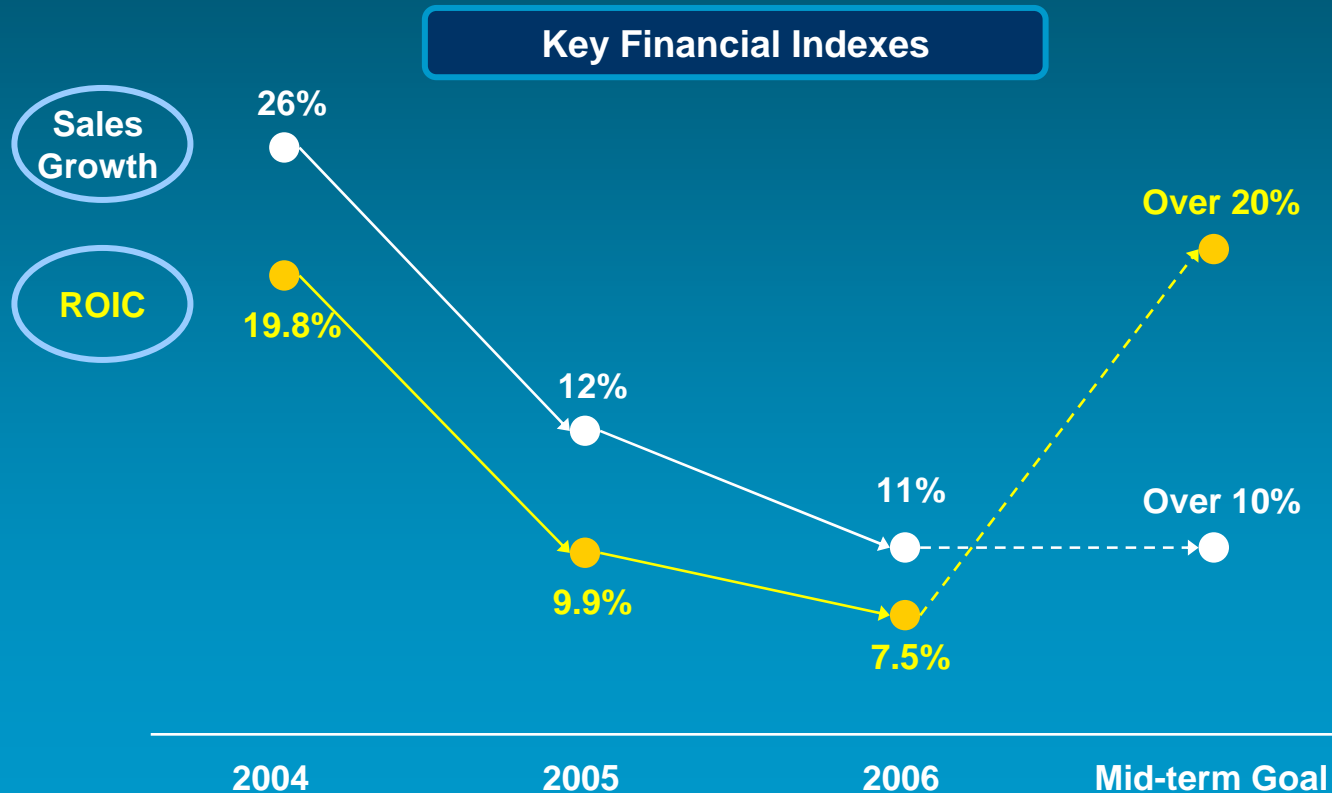
*Based on Parent sales in 2006

*Digital Display breakdown by product is adjusted for PDP internal sales

Mid-term Goal



- Key financial indexes have deteriorated over the past few years
- For improvement, stabilization of handset margin and restructuring of PDP module business is required



* Sales Growth based on LGE Global—LGE Parent and LGE overseas subsidiaries—in USD.

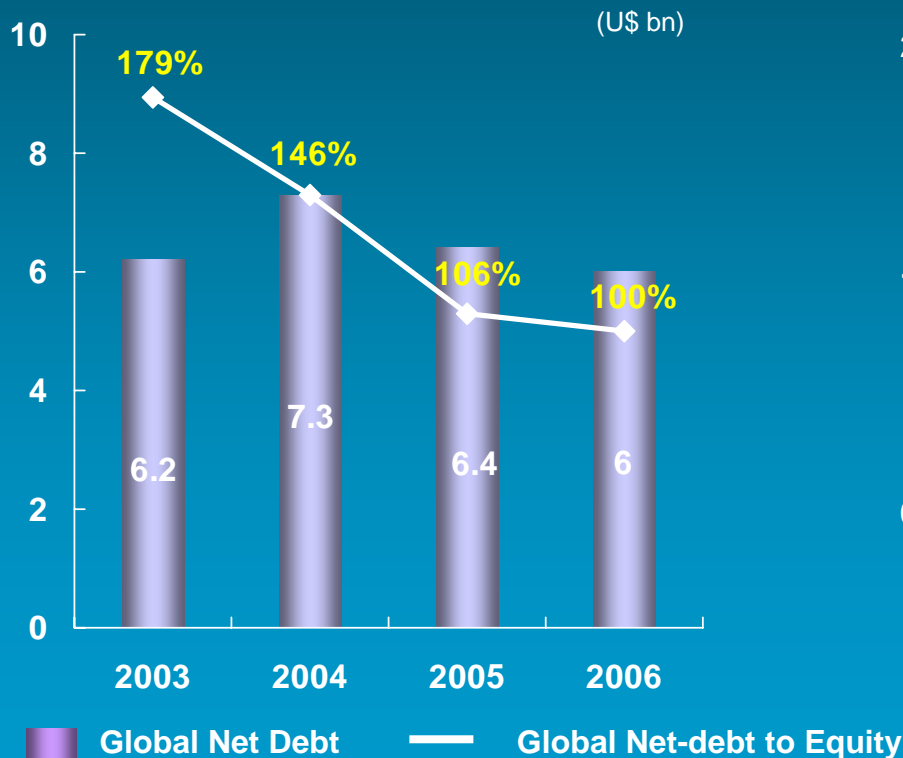
* ROIC is Based on LGE parent

Balance Sheet

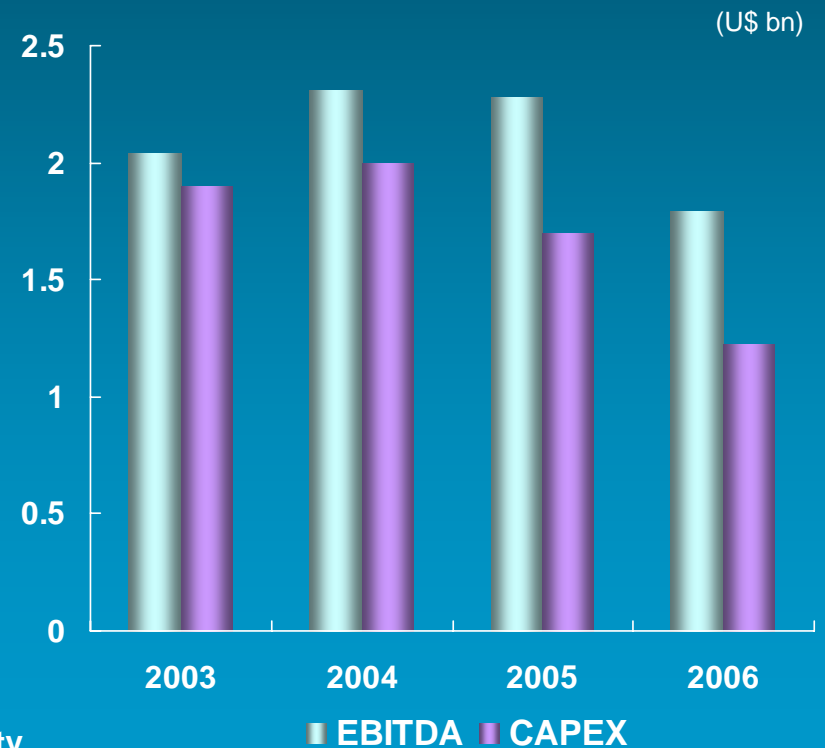


- Capital structure ratios improving
- Internally generated cash flow allows for debt reduction
- Goal is to reduce global debt-equity ratio to below 70%

Net Debt Trend



EBITDA / CAPEX



* Based on LGE Global

Building Brand Awareness



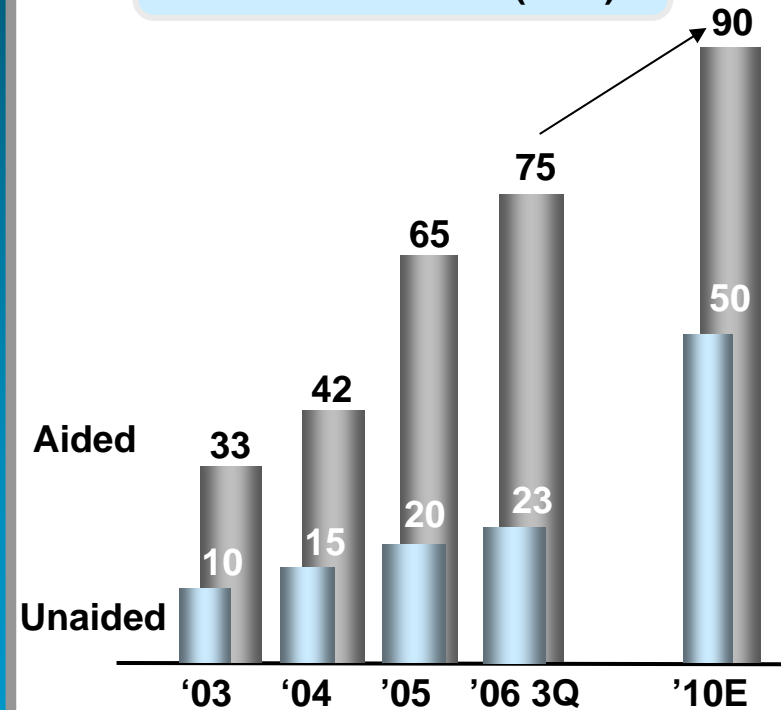
- Redefining “LG Electronics” brand to high-end markets
- Product-led marketing strategy
- Handsets, Appliances and Digital TVs leading the charge

Branding Synergy



LG Electronics

Brand Awareness (USA)



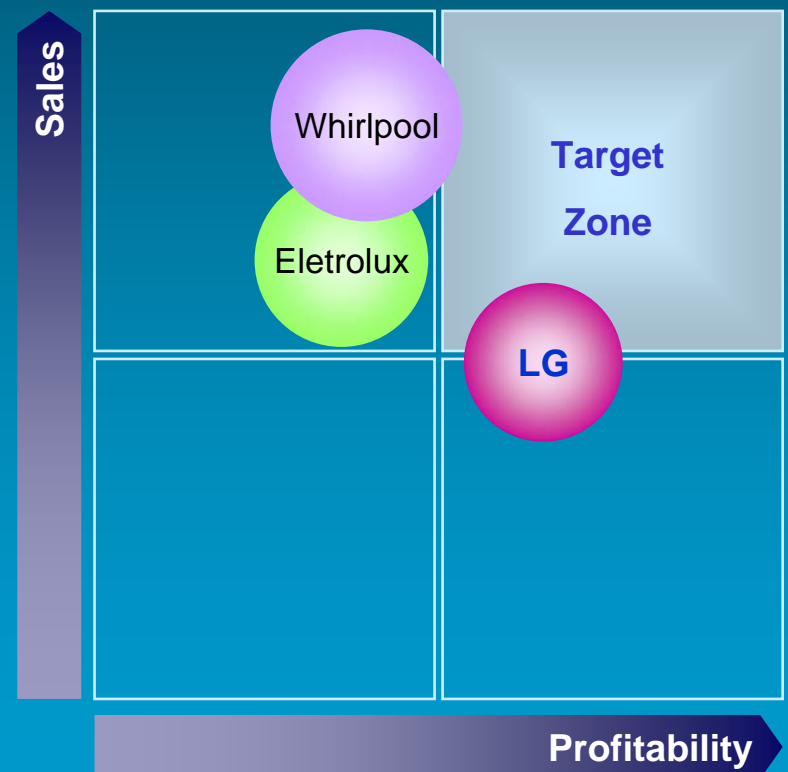
* AC Nielsen, Brand Survey '06 3Q

II. Home Appliances



Global Top 3

- Sales growth more than 16% CAGR
- New product innovation has led to rising export growth
- Becoming a major player in the global market



Targeting No.1

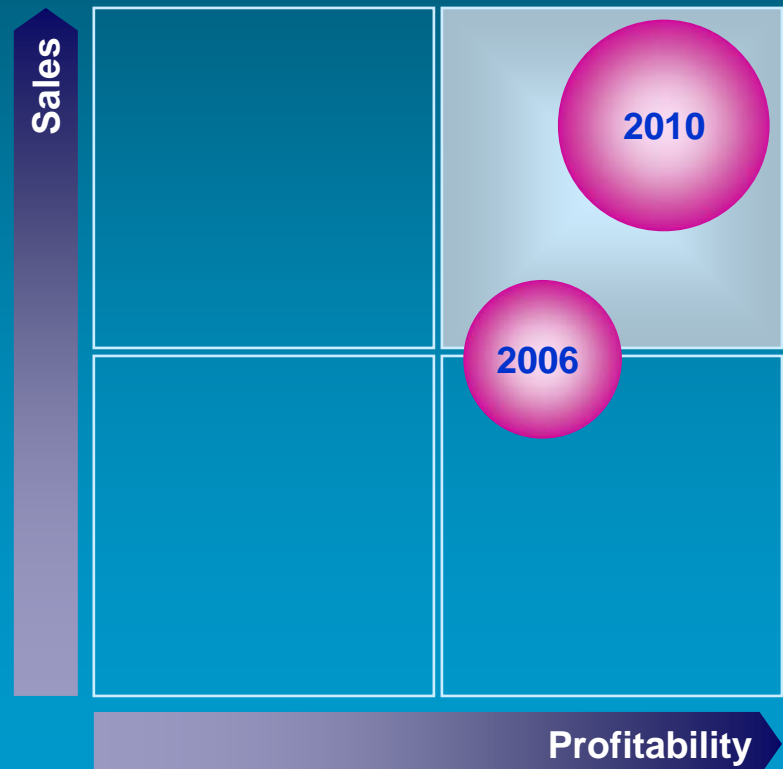
- Targeting no.1 global appliance maker
- Brand sales continue to grow in developed markets (N. America, Europe)
- Rapid sales growth of A/C through entry into commercial A/C market

New Market : Branding

- Building LG brand in North America
Joined forces with nationwide retailers
 - 2004 : Best Buy
 - 2005 : Home Depot

New Business : CAC

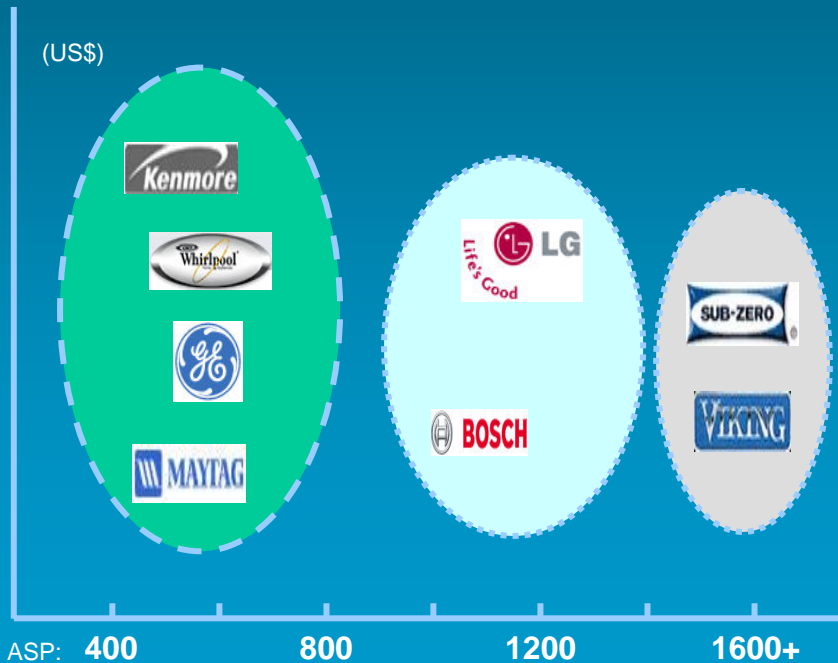
- Increasing sales of Commercial A/C
Employ competitive advantage from RAC
 - 2002 : setup new R&D center for CAC



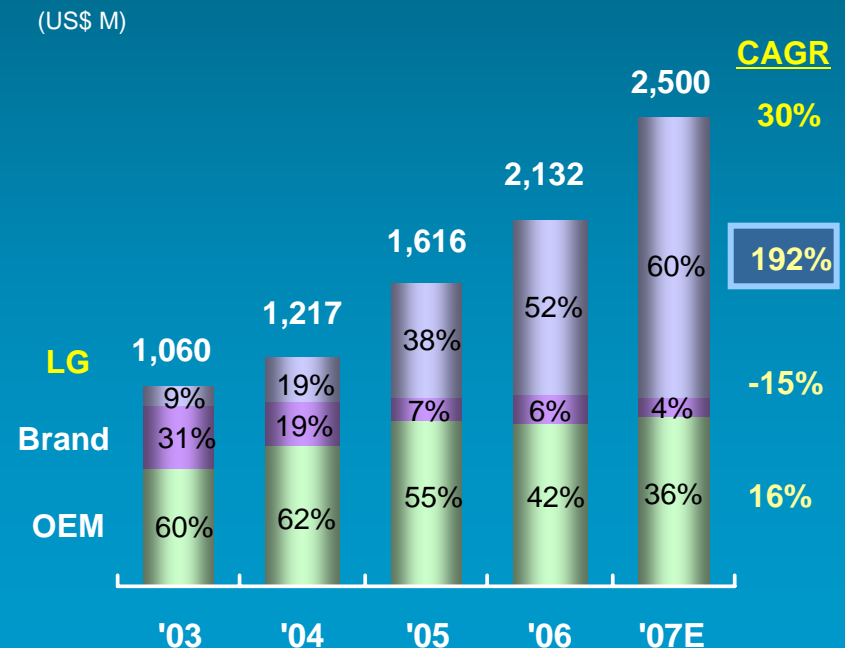
New Market : Branding

- Targeting high-end market with LG brand
- “Best Buy” and “Home Depot” are major US distributors
- Aggressively introducing new models

U.S. Appliance Market



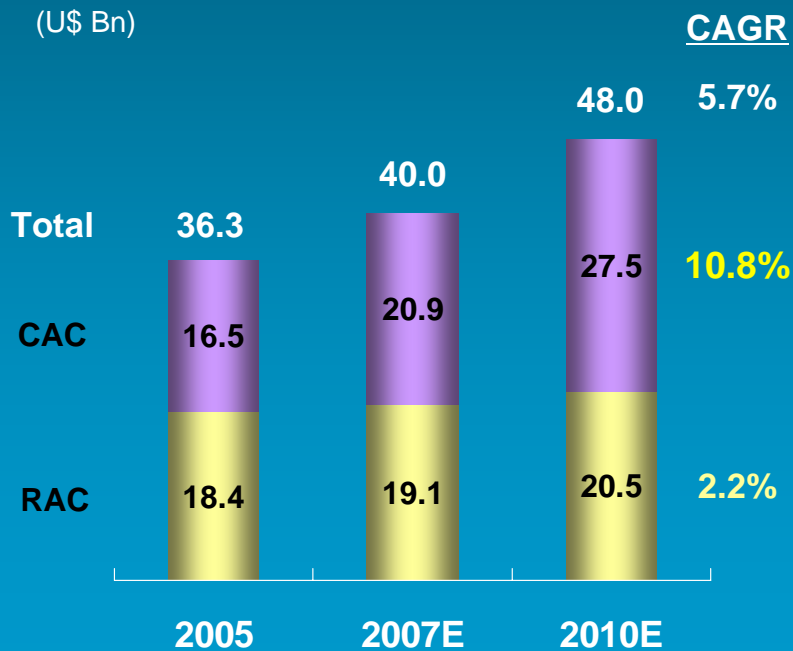
LGE US Appliance Sales



New Business : CAC

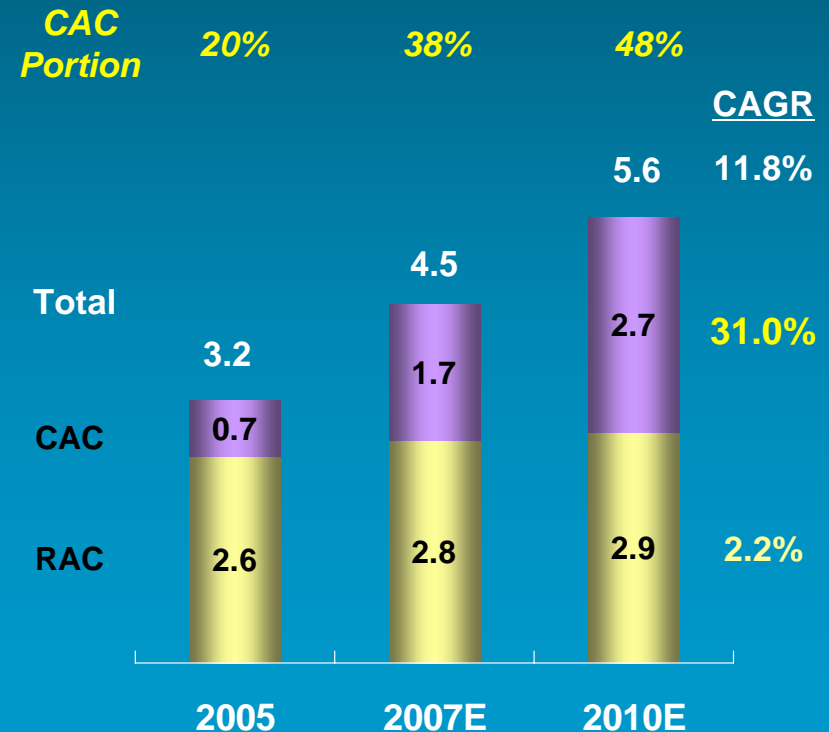
- Commercial A/C - new market for LGE
- Commercial A/C – as large as the residential market
- Employ competitive advantage from residential A/C

Global A/C Market



Source: Company data

LGE A/C Sales



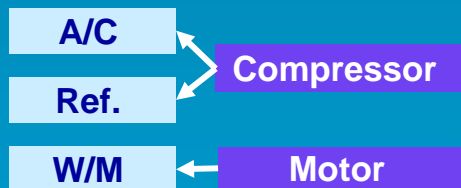
Source: Company data

Success Factors

- LGE's competitive edge – emphasis on R&D for innovative new products
- Highly efficient production base in low cost centers
- High-end focused, with key competitive products

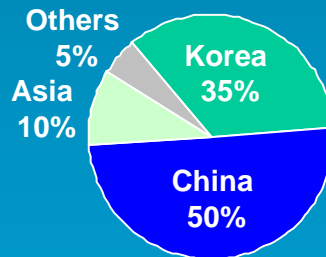
Emphasis on R&D

- Emphasis on R&D
→ product leadership
- Technological leadership -
generated by vertical
integration of key
components



Global Production

- Producing high-end
products in Korea
- Utilizing China as low-cost
production base



* Based on q'ty

Focus on High-end

- Focusing on 3 Major
profitable products
- Increasing premium product
proportion



III. Mobile Handset



MOBILE

Mobile Products are opening up a more exciting and enjoyable world, a world that begins with "Dream-come-true" technology of LG Electronics.

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Global Presence



MOBILE

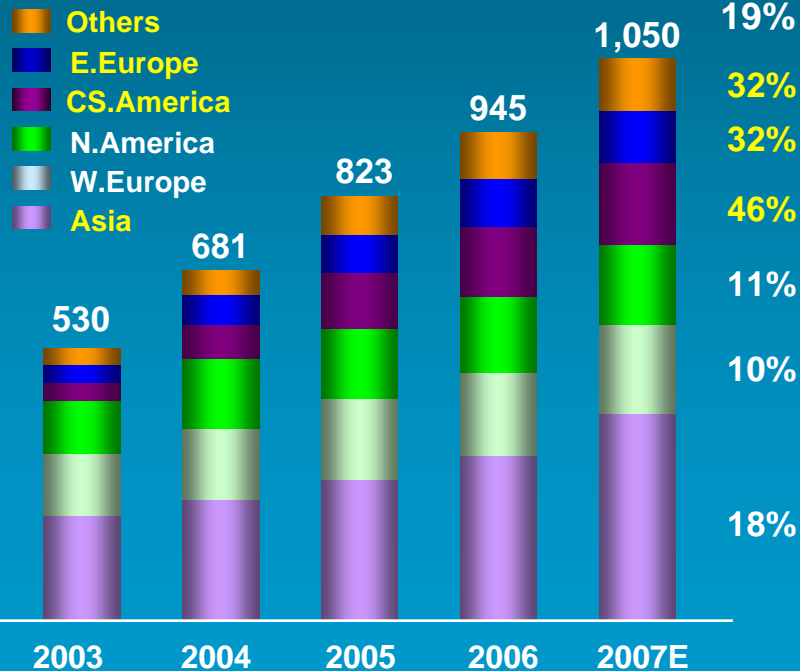
Mobile Products are opening up a more exciting and enjoyable world, a world that begins with "Dream-come-true" technology of LG Electronics.

- Emerging market has led handset demand growth
- Low-end product demand increased
- Limited benefit from market growth due to focus on mid to high-end

Global Demand by Region

(mn units)

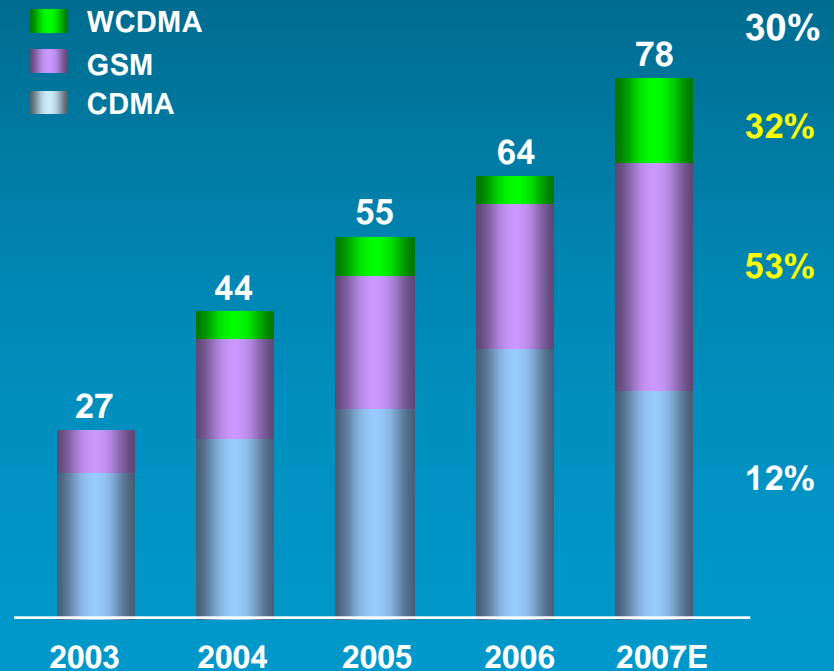
CAGR*



LGE

(mn units)

CAGR**



* CAGR : based on 2003 ~ 2007

* Source : Company data

** CAGR : based on 2003 ~ 2007

Steady Recovery



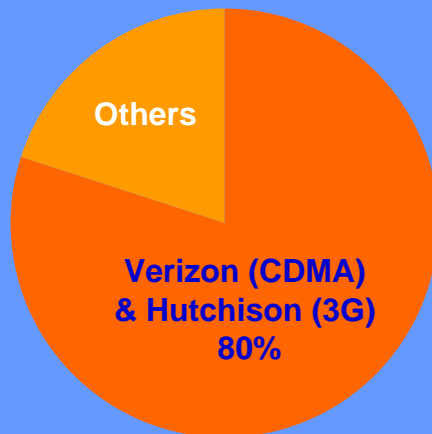
MOBILE

Mobile Products are opening up a more exciting and enjoyable world, a world that begins with "Dream-come-true" technology of LG Electronics.

- Verizon : stabilized operation in 2H '06
- WCDMA (3G) : shipment increase through customer diversification
- GSM open market : major profit contributor for '07 and beyond

Stabilizing & Diversifying Profit Portfolio

2005



2006

1H '06

- 3G & U.S. CDMA stumbled

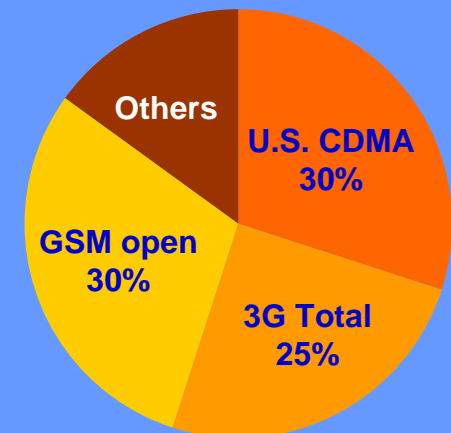
2H '06

- Recovery in the U.S.
- Gradual 3G shipment recovery

'07

- Increased 3G shipment with wider customer base
- GSM open market expansion to contribute to profits

2007



Success in GSM



MOBILE

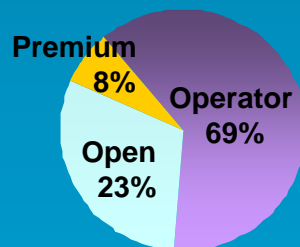
Mobile Products are opening up a more exciting and enjoyable world, a world that begins with "Dream-come-true" technology of LG Electronics.

- Successful entry into GSM open market with "Chocolate"
- "Chocolate" shipment reached 7.5M units, over 4M units in GSM
- To reinforce synergy between open and operator market

2006

- Entered major GSM open market with "Black Label"
- Built premium brand image in Europe

GSM shipment



Chocolate

- 2006 Result : 7.5M units
- GSM Open market : 4M units

"Chocolate" shipment by region

Europe	2.1M
Asia	0.7M
CS America	1.3M
US	2.1M (CDMA)
Korea	0.7M (CDMA)
Others	0.6M (MIX)

2007 ~

- Reinforce synergy between open / operator market
- Success in open market to improve product mix and ASP.

GSM high-end strategy



Improving Fundamentals

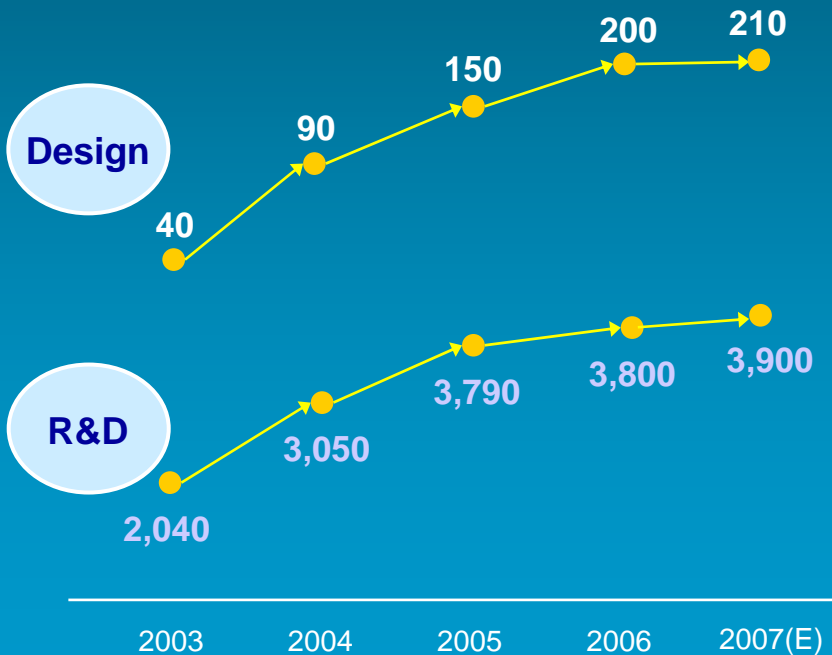


MOBILE

Mobile Products are opening up a more exciting and enjoyable world, a world that begins with "Dream-come-true" technology of LG Electronics.

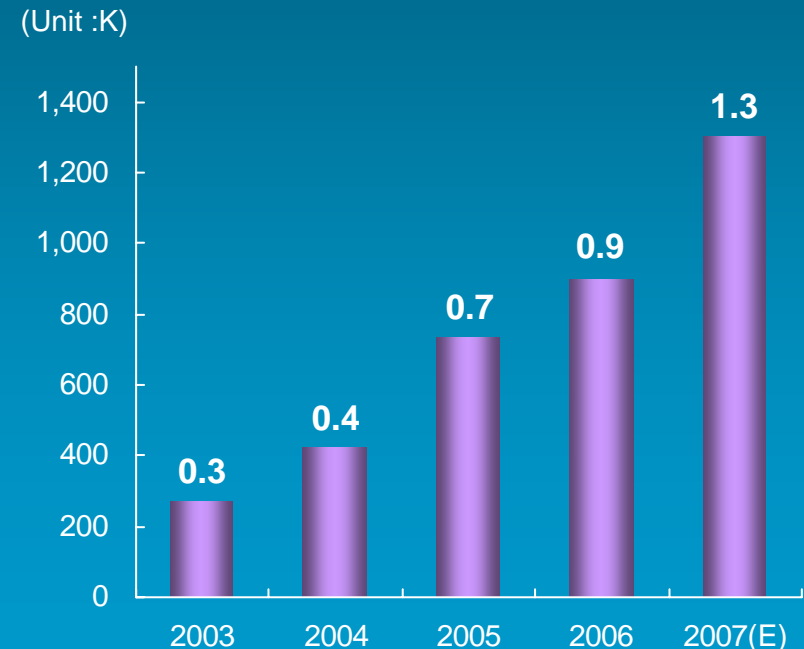
- Emphasis on R&D and design - produced "Chocolate" series
- R&D and design enhancement will lead to creation of mega hit products
- Rising shipment per platform ratio - margin improvement

Emphasis on R&D and Design



(HQ employees only)

Shipment per platform ratio



Future Direction

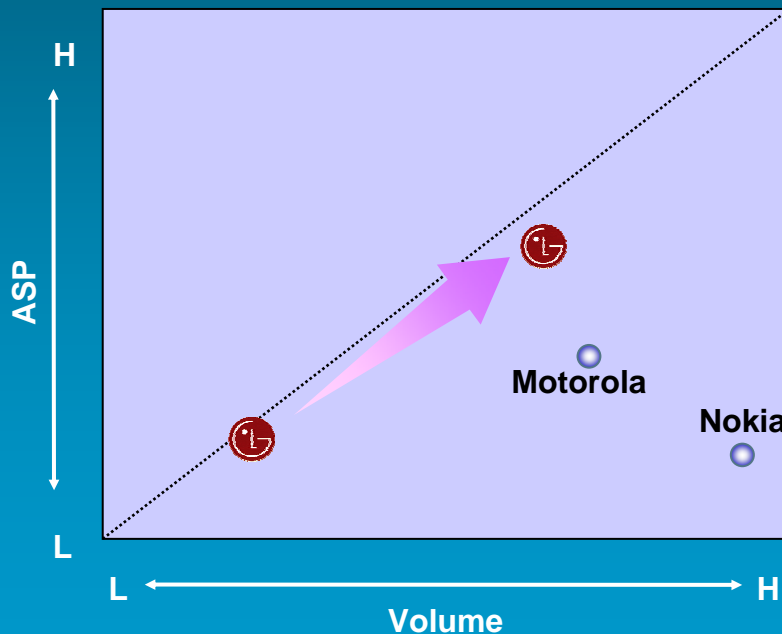


MOBILE

Mobile Products are opening up a more exciting and enjoyable world, a world that begins with "Dream-come-true" technology of LG Electronics.

- ASP improvement just as important as growth
- Increased concentration on high-end handsets
- "LG" Brand identification through design

Long-term Goal



Global "Hit Product"

- Enhance design
- "User-centric" product development
- Improve market research capability

Two tier marketing strategy

- Operator centric strategy for CDMA
- Open market strategy for GSM

Raise blended ASP

- Take advantage of "Korea test market"
- Expand 3G models and carriers
- Move up in GSM market

IV. Digital Display

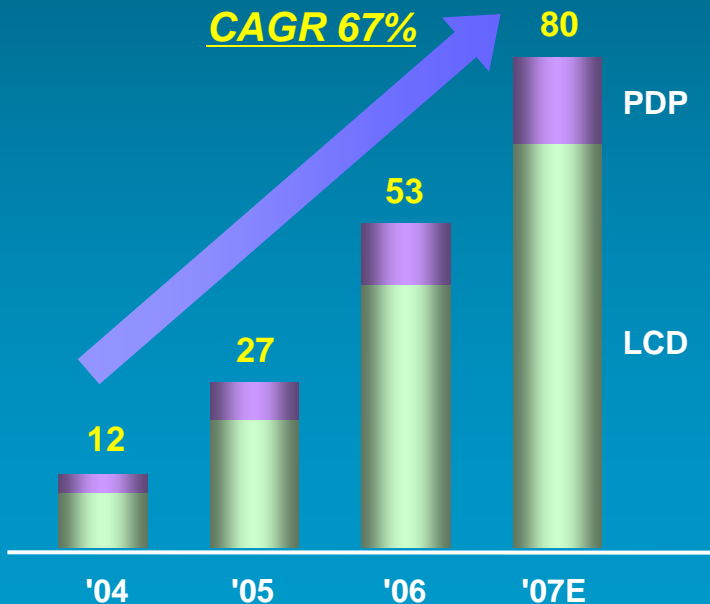


Flat Panel Display

- Flat Panel technology became mainstream in the TV market
- Larger-size demand increasing rapidly backed by steep price erosion, and prevailing HD contents

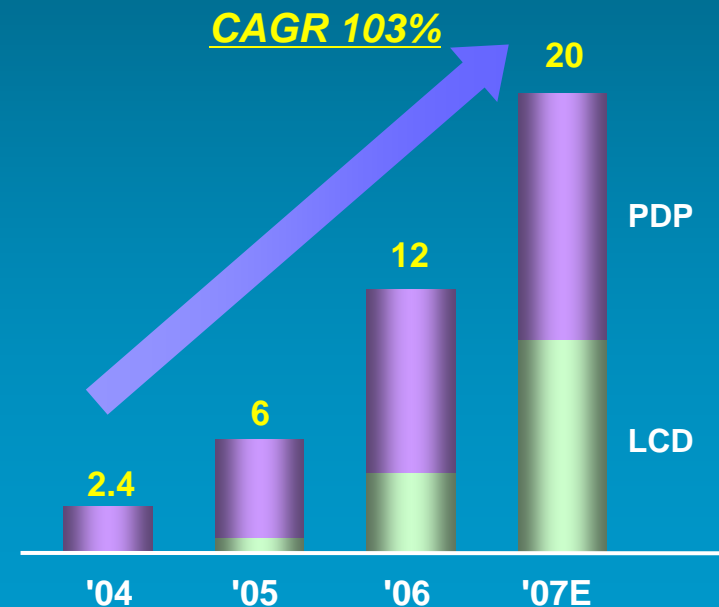
Flat TV Demand

(mn units)



Flat TV above 40"

(mn units)

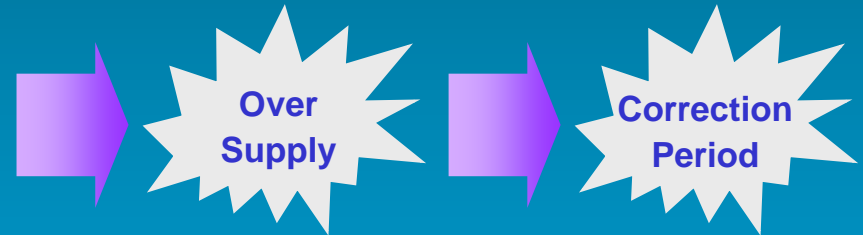
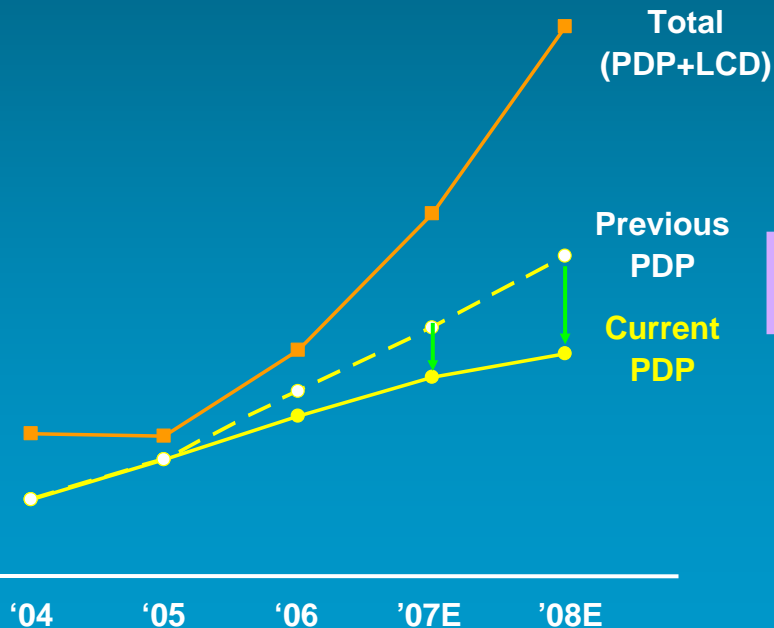


The DTV battlefield

- Price erosion of LCD TV came much sooner than expected, causing severe over supply situation of PDP in 4Q '06.
- 1H'07 - correction period of PDP over-capacity.

42" Demand by Technology

PDP Outlook



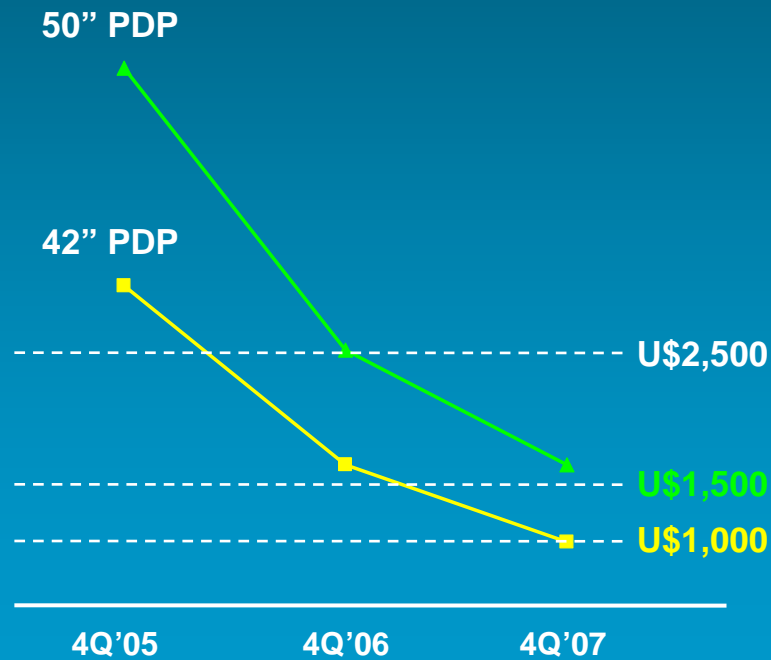
4Q'06

1H'07

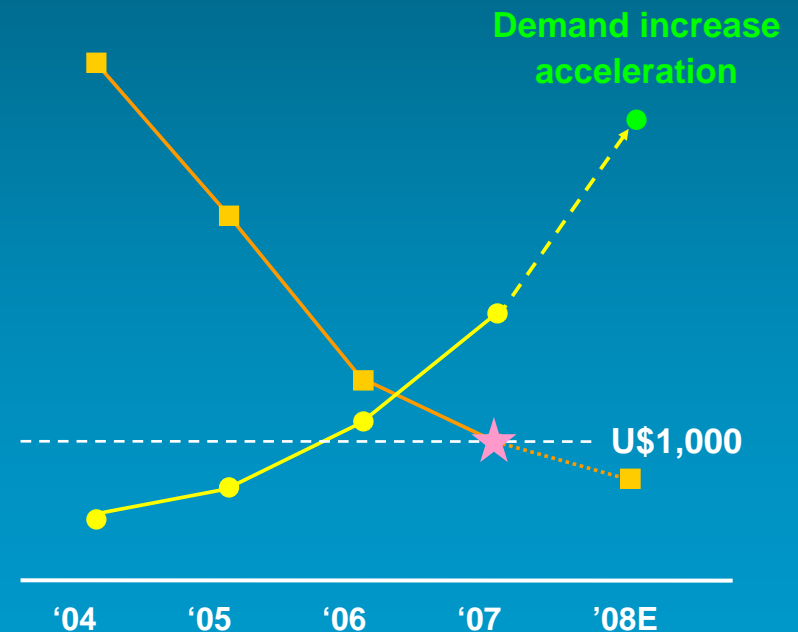
Reaching Magic price

- 42" Flat TV price is expected to decline - below U\$1,000 at the end of 2007
- When Flat TV price reaches magic price, demand growth will accelerate and price erosion will slow down

Price Forecast



★ Sweet Spot



Flat Panel Strategy

- Create synergy through cooperation with LPL
- Making the most use of our position - producing both LCD & PDP
- Utilizing flexible strategies, maximizing Flat TV Total Synergy

Creating Synergy



- Cooperating to increase Synergy
 - Product Development & Design

- Reinforcing
 - Cost Competitiveness
 - Product Line-up
 - Accuracy of demand forecast

LGE Strategy

42"

- Focus on both LCD and PDP
- Increase Full HD portion

50" ↑

- Focusing on PDP
- Create jumbo size demand by lowering price

Brand

- Premium : LG Brand
- Mid to Low-tier : Zenith



<http://www.lge.com>