

2009 2Q Earnings Release



July 22nd 2009

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 2nd 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 3rd 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)	18.66	+ 17.4%	+13.3%	1.41 (7.6%)	+1.30 ↑ 6.8%p	- 0.37 ↓ 3.3%p
LGE Global *	14.50	+ 12.8%	+13.8%	1.13 (7.8%)	+0.68 ↑ 4.3%p	+0.28 ↑ 1.1%p
LG Display	4.89	+ 33.4%	+16.1%	0.22 (4.6%)	+0.63 ↑ 15.6%p	- 0.66 ↓ 16.4%p
Other Affiliates	1.30	+19.2%	+32.9%	0.09 (6.9%)	+0.05 ↑ 3.1%p	+0.04 ↑ 1.6%p
Intercompany Transactions	-2.03			-0.03		

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

Sales and Profit*

(Unit : KRW bn)

		1Q'09	QoQ	2Q'09	YoY	2Q'08
Home Entertainment	Sales	4,298	↑ 4.9%	4,509	↑ 19.3%	3,781
	Op. Profit	14		224		27
Mobile Communications	Sales	4,253	↑ 20.8%	5,140	↑ 25.8%	4,086
	Op. Profit	255		545		525
Handset	Sales	3,916	↑ 24.5%	4,877	↑ 29.9%	3,754
	Op. Profit	263		538		541
Home Appliance	Sales	2,211	↑ 5.8%	2,339	↑ 9.8%	2,131
	Op. Profit	102		181		103
Air Conditioning	Sales	1,274	↑ 35.0%	1,720	↑ 1.8%	1,690
	Op. Profit	61		175		170
Business Solution	Sales	1,096	↓ 7.3%	1,016	↓ 8.7%	1,113
	Op. Profit	27		14		35

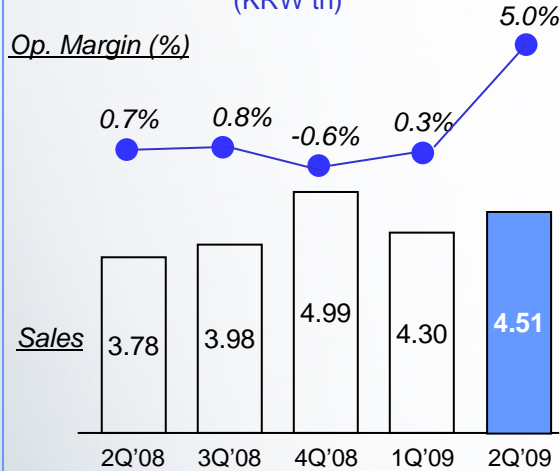
* Consolidation based on LG Electronics Korea and overseas subsidiaries (excluding internal transactions)

* Divisional sales includes internal transactions between divisions

Global* Performance

(KRW tn)

Op. Margin (%)



2009 2Q Performance

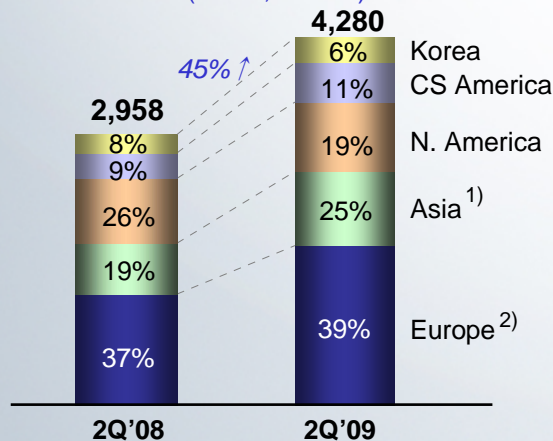
❖ **Sales** : FPTV sales grew 45% YoY due to new model launches and appropriate product line-ups in response to the recession.

- LCD TV : Product road map in response to the recession and aggressive new model launches led to 51% shipment growth YoY.
- PDP TV : New model launches and improvements in model mix led to 22% shipment growth YoY.
- PDP Module : Shipment declined 14% YoY due to sales highly concentrated on internal demand

❖ **Profitability** : Increase in sales and introduction of new models with cost advantage contributed to sharp improvement in profitability.

Shipment by Region*

(FPTV, Unit: K)



1) includes MEA 2) includes CIS

2009 3Q Outlook

❖ **Market** : Steady growth is expected with high season approaching and the global economy slowly recovering. However, increase in panel prices will assert a burden.

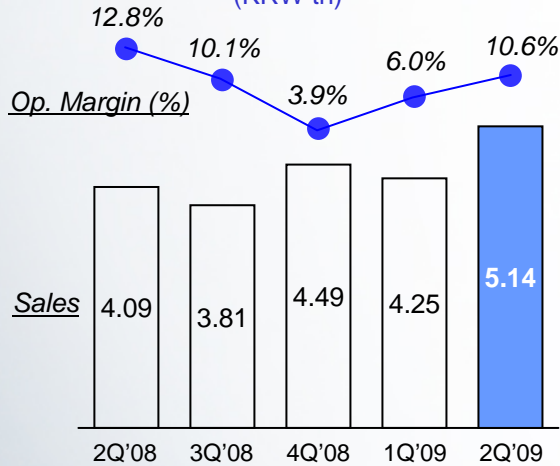
❖ **LGE** : Sales growth is expected from addition of LED LCD TV to product line-ups, strong marketing activities for premium models and expanded market share.

* includes consumer and commercial TVs

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

Global* Performance

(KRW tn)



2009 2Q Performance

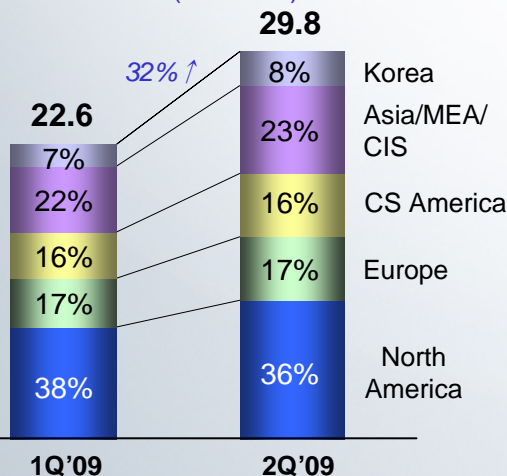
❖ Sales : Shipment hit 29.8M units, up 32% QoQ. (8% growth YoY)

- launched new models : Arena, enV Touch/ enV3 to N. America, etc.
- volume expansion of existing models such as Cookie, KS360, enV2
- exceeded 30% M/S in Korea from upsurge in sales of Cookie, Lollipop, etc
- continued growth in emerging markets (China, MEA, CIS, etc)

❖ Profitability : Improvement was led by product mix centered on new model launches and solid growth from existing mid to high-tier models. Also, cost cutting activities improved profitability.

Shipment by Region

(Unit: mn)



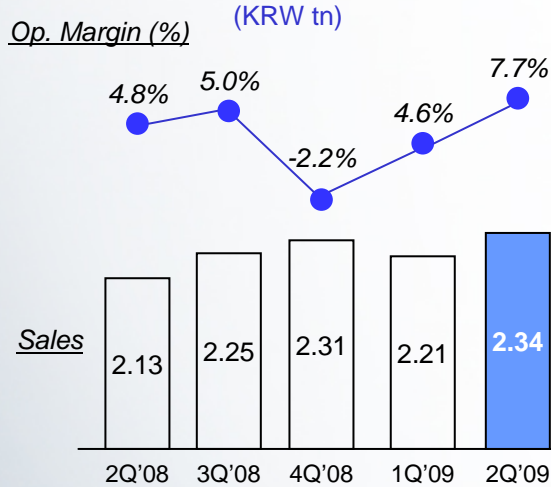
2009 3Q Outlook

❖ Market : 7% growth QoQ or 280M units is expected due to seasonality. (down 6% YoY)

❖ LGE : Steady growth and slight decline in profitability is anticipated QoQ due to marketing investment and expansion of low-tier models to emerging markets.

- New models: 4th Black Label Series, GD900 Crystal (transparent keypad), GM730 (smartphone)
- double digit sales growth expected in India, China, CS America and CIS
- strengthen competitiveness through efficient resource allocation and cost cutting activities

Global* Performance



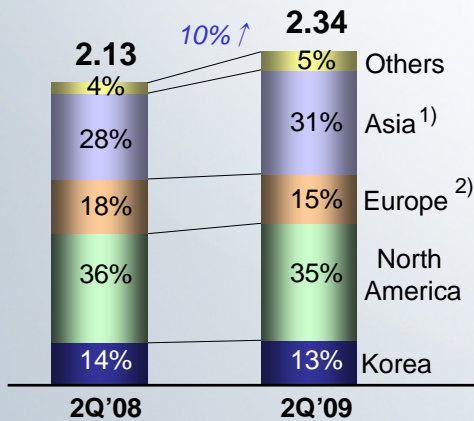
2009 2Q Performance

- ❖ **Sales** : From the global recession, sales dropped by 14% YoY on a USD base but grew 10% on a KRW base.
 - Korea : sales increased slightly YoY in Korea from new model launches
 - Overseas : sales still decreasing but at a slower rate than 1Q

- ❖ **Profitability** : Despite sales decline, profitability sharply improved YoY due to cost cutting activities and changes in foreign exchange rate.

Revenue by Region

(KRW tn)



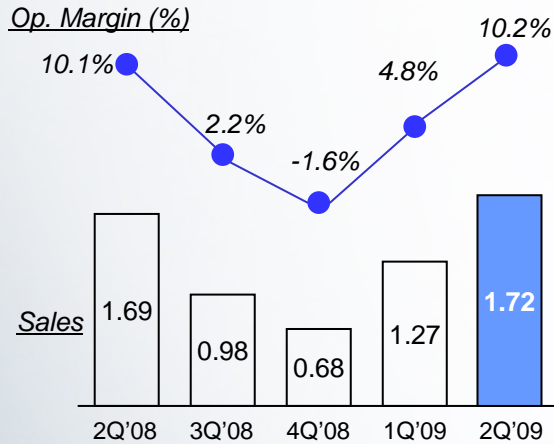
1) includes MEA 2) includes CIS

2009 3Q Outlook

- ❖ **Market** : Demand is expected to decline from the recession, but the decline will slow down in 3Q.
- ❖ **LGE** : Expand sales of new strategic models and initiate regionally-targeted marketing activities.
 - Korea : stronger marketing for high season of kimchi refrigerators and washing machines
 - Overseas : focus on sales expansion through new model launches, aggressive marketing activities and investments

Global* Performance

(KRW tn)



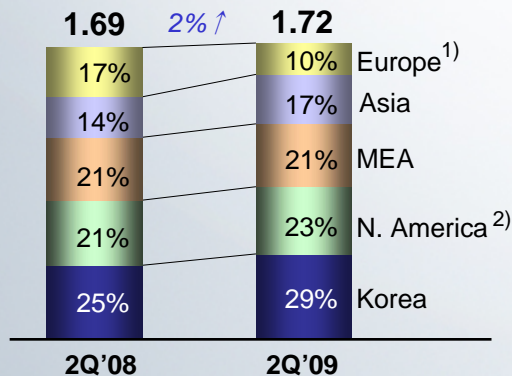
2009 2Q Performance

- ❖ **Sales** : Revenue shrunk on a USD base but remained at last year's level on a KRW base.
 - Korea : achieved double digit growth by launching new models with innovative design and functions
 - Overseas : grew in Africa and CS America, but declined in Europe and CIS

- ❖ **Profitability** : Despite overseas sales decrease, profitability improved slightly from cost cutting activities and new models including inverter-installed premium A/C and localized products.

Revenue by Region

(KRW tn)



1) includes CIS 2) includes CS America

2009 3Q Outlook

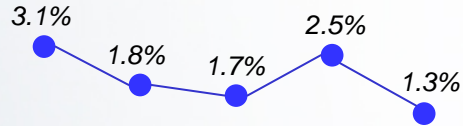
- ❖ **Market** : Demand is expected to pick up in emerging markets, particularly in Asia and Africa. Commercial A/C business is expected to grow constantly from rising demand of highly efficient air conditioning systems.

- ❖ **LGE** : Expand M/S in Korea, southern hemisphere and Europe through energy efficient commercial A/C (Multi-V Super III) and inverter-embedded RAC.

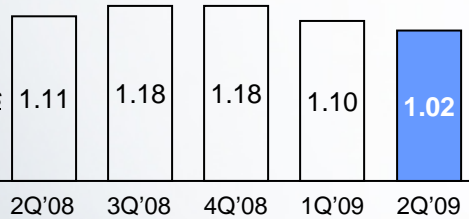
Global* Performance

(KRW tn)

Op. Margin (%)



Sales



2009 2Q Performance

❖ **Sales** : Sales declined due to reduced market demand and price erosion.

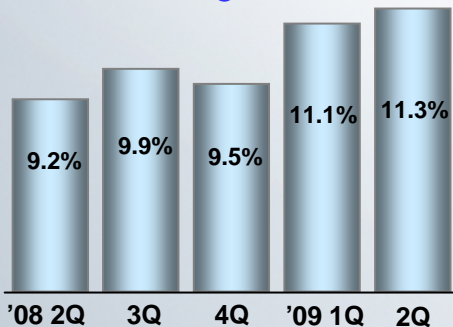
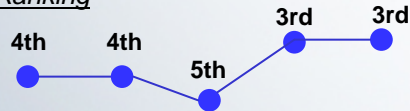
- Monitor : ASP and market demand declined
- CAR : GM filing for Chapter 11 and automobile demand diminishing caused drop in sales
- Security : Sales declined in North America due to economic slowdown

❖ **Profitability**: Profitability declined due to investment for B2B solution infrastructure.

Monitor M/S

(Global, Revenue-based)

M/S Ranking



2009 3Q Outlook

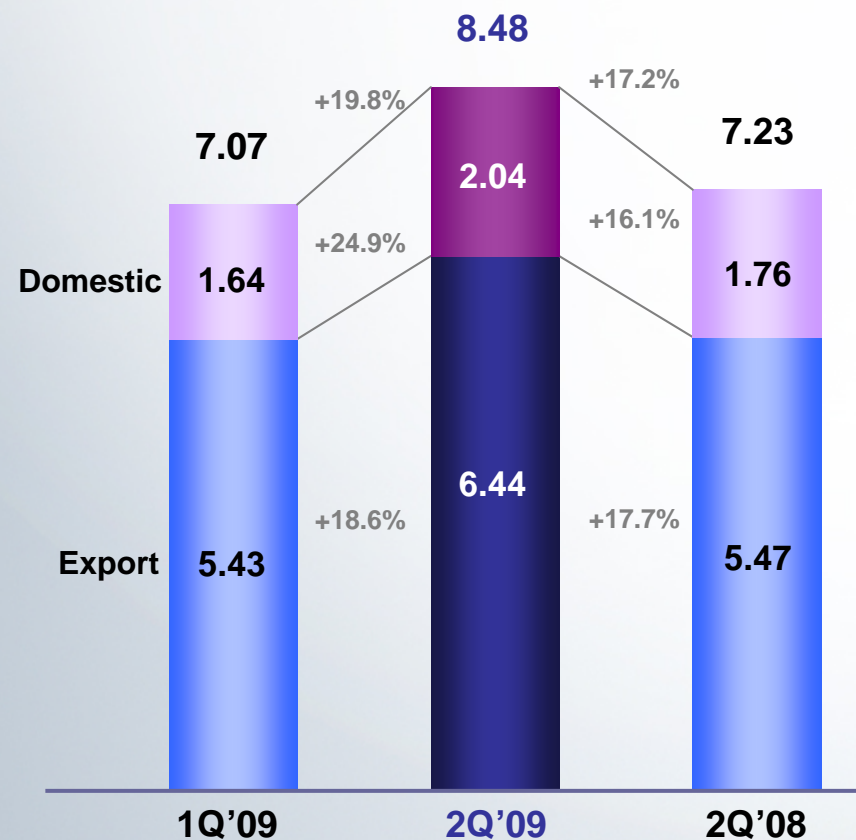
❖ **Market** : Going into high season for IT products, slow recovery is anticipated.

❖ **LGE** : Focus on strengthening capability in B2B business and boost sales from new model launches.

- Monitor : sales expected to increase due to seasonality
- Commercial : growth expected from cooperation with hotels and partners
- CAR : sales recovery anticipated with the new GM established

Sales

(Unit: KRW tn)



Profit

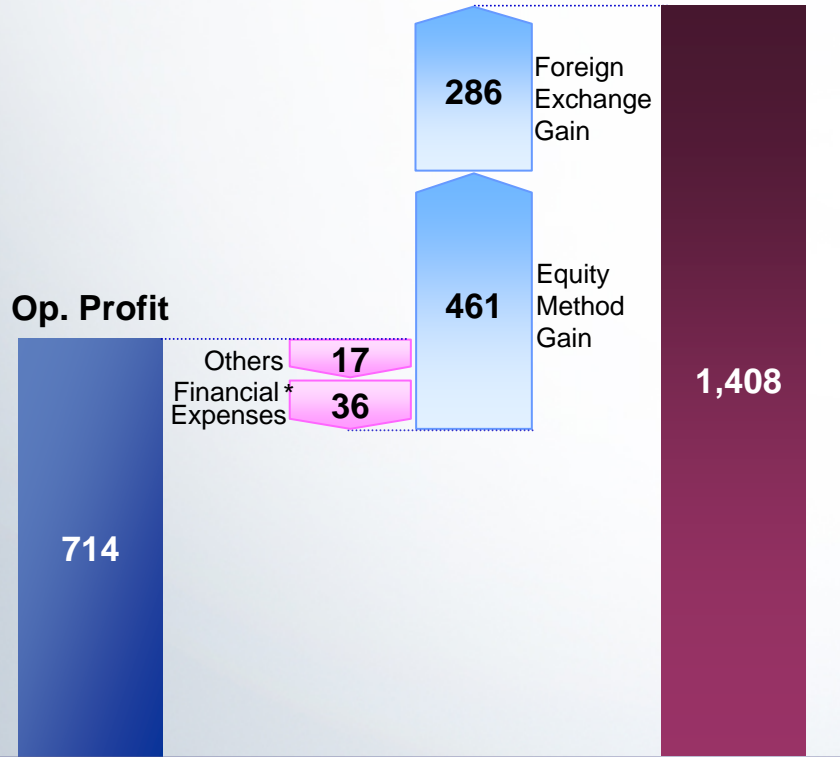
(Unit: KRW bn)

	1Q'09	QoQ	2Q'09	YoY	2Q'08
Operating Profit	437	↑ 63%	714	↑ 13%	635
EBITDA	591	↑ 46%	862	↑ 6%	811
Recurring Profit	- 144	n/a	1,408	↑ 52%	925
Net Profit	- 198	n/a	1,146	↑ 62%	707

Non-operating Items

(Unit : KRW bn)

Recurring Profit



Equity Method

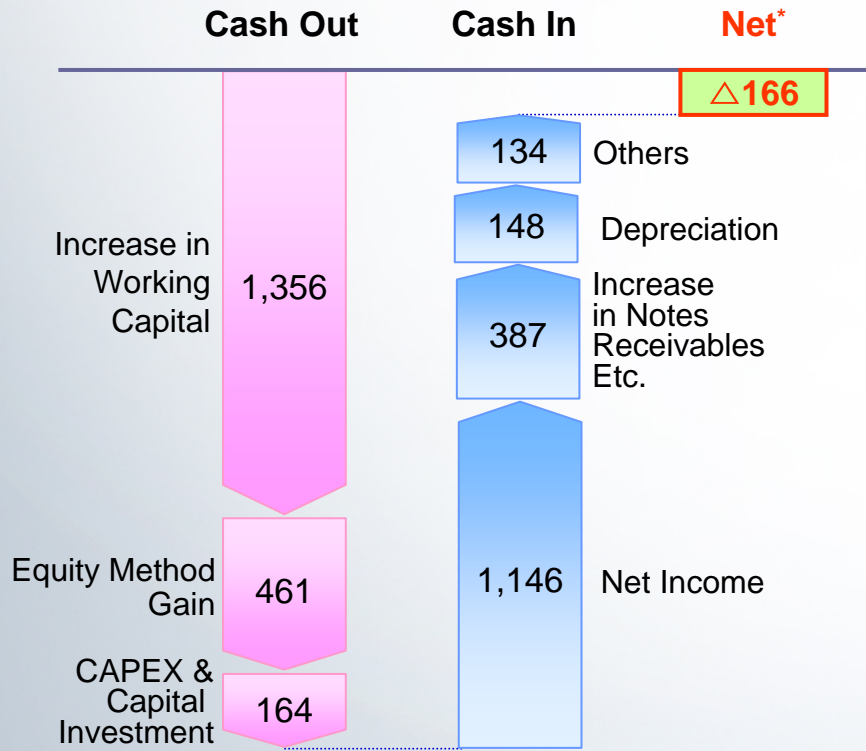
(Unit : KRW bn)

	<u>1Q,09</u>	<u>2Q,09</u>
LG Display	-90	112
LGE Overseas Subsidiaries	-132	351
Others	11	- 2
Equity Method Total	-211	461

* AR discount fee is included in financial expenses

2Q Net Cash Flow*

(Unit : KRW bn)



Cash Flow

(Unit : KRW bn)

Cash at the beginning of Quarter	1,354
Cash Flow from Operating Activities	△ 1
Net Income	1,146
Depreciation	148
Equity Method Gain	△ 461
Increase in Working Capital	△ 1,356
Increase in Notes Receivables, Etc.	387
Others	135
Cash Flow from Investing Activities	△ 164
CAPEX & Capital Investment	△ 164
Cash Flow from Financing Activities	11
Debt Increase	68
Dividend Payment	△ 57
Cash Increase	△ 154
Cash at the end of Quarter	1,200

* Excludes cash flow from financing activities

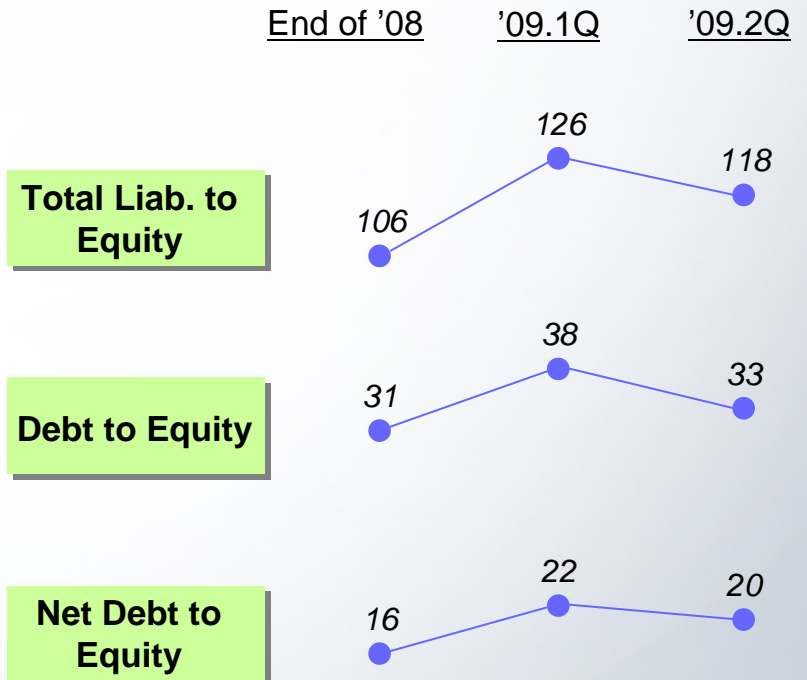
Balance Sheet

(Unit : KRW tn)

	End of '08	'09.1Q	'09.2Q
Assets	17.34	18.67	20.37
Current Assets	4.52	6.09	7.50
Cash	1.21	1.35	1.20
Inventories	0.90	0.96	0.89
Fixed Assets	12.82	12.58	12.87
Liabilities	8.93	10.40	11.02
Current Liabilities	5.94	6.88	8.12
Long-Term Liabilities	2.99	3.52	2.90
Equity	8.41	8.27	9.35
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Debt	2.59	3.15	3.06
Net Debt	1.38	1.79	1.87

Financial Ratio

(Unit : %)



IV. 2009 3Q Business Direction & Prospects

Sales

Revenue is expected to grow more than 10% YoY.

Constant growth is expected in Handset and TV.

Profitability

Actively cope with changes in the global economy and competition environment.

Aim to maintain the profitability at last year's level



<http://www.lge.com>

Digital Appliance

Digital Display

Digital Media

Mobile Communications

Home Appliance

Air Conditioning

Home Entertainment

Business Solution

Mobile Communications

- Refrigerator
- Washing Machine
- C&C
- Healthcare
- Others

- Residential Air Con.
- Commercial Air Con.
- BMS (Home Net)
- Others

- LCD/CRT TV
- PDP Module/TV
- Home A/V
- STB (Set Top Box)
- DS (Digital Storage)
- RMC
(Recording Media Chemetronics)

- Monitor
- Hotel TV
- Digital Signage
- Security
- Car Built-in

- No Changes**
- Handset
 - PC
 - Others

Income Statement

(Unit : KRW bn)

	2008										2009			
	1Q		2Q		3Q		4Q		Total		1Q		2Q	
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%
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%
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%
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%
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%
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%
Op Profit	564	8.1%	635	8.8%	338	4.9%	-310	-4.7%	1,227	4.4%	437	6.2%	714	8.4%
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%
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%
Rec. Profit	498	7.2%	925	12.8%	34	0.5%	-942	-14.3%	515	1.9%	-144	-2.0%	1,408	16.6%
Tax	76	1.1%	218	3.0%	9	0.1%	-270	-4.1%	32	0.1%	54	0.8%	262	3.1%
Net Profit	422	6.1%	707	9.8%	25	0.4%	-671	-10.2%	483	1.7%	-198	-2.8%	1,146	13.5%

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

Balance Sheet

(Unit : KRW bn)

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

(Unit :KRW bn)

		1Q'08	2Q'08	3Q'08	4Q'08	FY08	1Q'09	2Q'09	QoQ	YoY
H E	Sales	1,538	1,485	1,688	1,324	6,035	1,512	1,723	13.9%	16.0%
	Op. Profit (%)	-89 -5.8%	-92 -6.2%	-72 -4.3%	-198 -14.9%	-451 -7.5%	-74 -4.9%	-18 -1.1%		
M C	Sales	3,423	3,710	3,393	3,668	14,193	3,682	4,579	24.4%	23.4%
	Op. Profit (%)	479 14.0%	531 14.3%	368 10.8%	46 1.3%	1,424 10.0%	311 8.4%	549 12.0%		
Handset	Sales	2,955	3,360	3,089	3,209	12,612	3,350	4,291	28.1%	27.7%
	Op. Profit (%)	468 15.9%	547 16.3%	384 12.4%	75 2.3%	1,475 11.7%	311 9.3%	546 12.7%		
H A	Sales	924	989	1,030	962	3,905	995	1,141	14.7%	15.4%
	Op. Profit (%)	79 8.5%	90 9.1%	69 6.7%	-67 -6.9%	171 4.4%	143 14.3%	154 13.5%		
A C	Sales	721	756	456	357	2,288	633	773	22.2%	2.3%
	Op. Profit (%)	107 14.9%	117 15.5%	2 0.4%	-56 -15.8%	170 7.4%	96 15.2%	80 10.3%		
B S	Sales	252	210	225	209	895	215	221	2.6%	5.1%
	Op. Profit (%)	-5 -2.1%	-13 -6.0%	-19 -8.6%	-36 -17.4%	-74 -8.2%	-34 -16.0%	-46 -20.8%		
Others	Sales	71	84	95	72	321	37	40	n/a	n/a
	Op. Profit	-7	2	-10	1	-14	-4	-43		
Total	Sales	6,927	7,234	6,887	6,591	27,639	7,074	8,477	19.8%	17.2%
	Op. Profit (%)	564 8.1%	635 8.8%	338 4.9%	-310 -4.7%	1,227 4.4%	437 6.2%	714 8.4%		

* 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	QoQ	YoY
H E	Sales	3,622	3,780	3,979	4,986	16,368	4,298	4,509	4.9%	19.3%
	Op. Profit (%)	-13 -0.4%	27 0.7%	33 0.8%	-31 -0.6%	16 0.1%	14 0.3%	224 5.0%		
M C	Sales	3,643	4,086	3,815	4,487	16,030	4,253	5,140	20.8%	25.8%
	Op. Profit (%)	457 12.6%	525 12.8%	386 10.1%	176 3.9%	1,544 9.6%	255 6.0%	545 10.6%		
Handset	Sales	3,195	3,754	3,514	4,093	14,556	3,916	4,877	24.5%	29.9%
	Op. Profit (%)	445 13.9%	541 14.4%	405 11.5%	215 5.2%	1,606 11.0%	263 6.7%	538 11.0%		
H A	Sales	1,904	2,131	2,255	2,310	8,600	2,211	2,339	5.8%	9.8%
	Op. Profit (%)	84 4.4%	103 4.8%	112 5.0%	-50 -2.2%	248 2.9%	102 4.6%	181 7.7%		
A C	Sales	1,170	1,690	983	684	4,527	1,274	1,720	35.0%	1.8%
	Op. Profit (%)	61 5.2%	170 10.1%	22 2.2%	-11 -1.6%	241 5.3%	61 4.8%	175 10.2%		
B S	Sales	1,173	1,113	1,177	1,181	4,645	1,096	1,016	-7.3%	-8.7%
	Op. Profit (%)	27 2.3%	35 3.1%	22 1.8%	20 1.7%	103 2.2%	27 2.5%	14 1.3%		
Others	Sales	-295	-65	-199	-277	-837	-279	-226	n/a	n/a
	Op. Profit (%)	-10 3.5%	-2 3.7%	-4 1.9%	-3 1.1%	-20 2.3%	-4 1.4%	-4 1.9%		
Total	Sales	11,218	12,735	12,009	13,371	49,333	12,853	14,497	12.8%	13.8%
	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%		

* 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.