



4Q'11 Earnings Release

February 1st 2012

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 4th quarter of 2011 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 4th quarter of 2011 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 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.

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I . Overview

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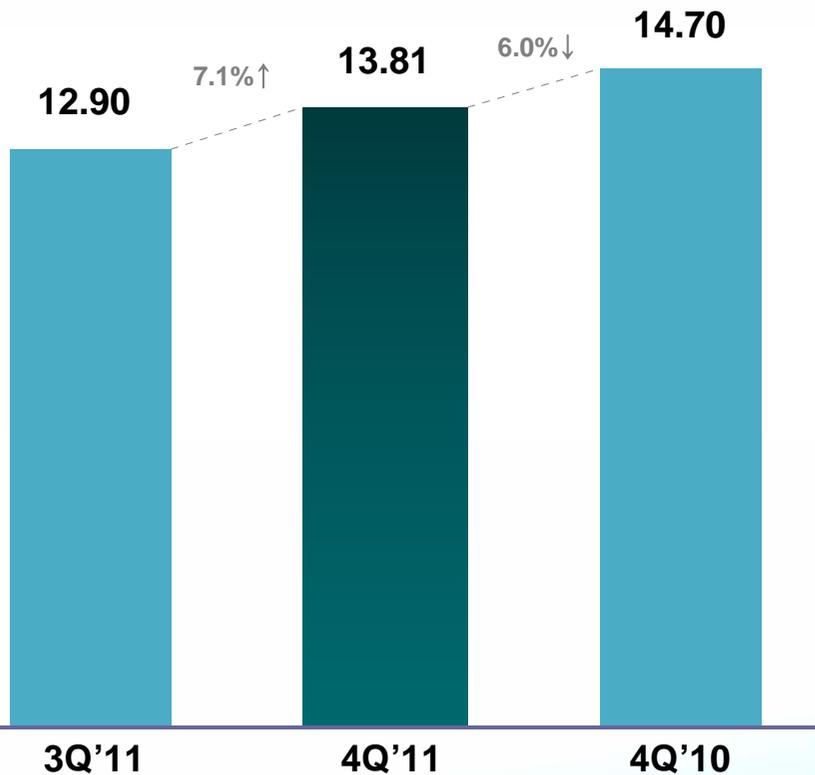
4Q'11 Results

II. 4Q'11 Results (LGE Consolidated)

Sales/Profit

Sales

(Unit : KRW tn)



Profit

(Unit : KRW bn)

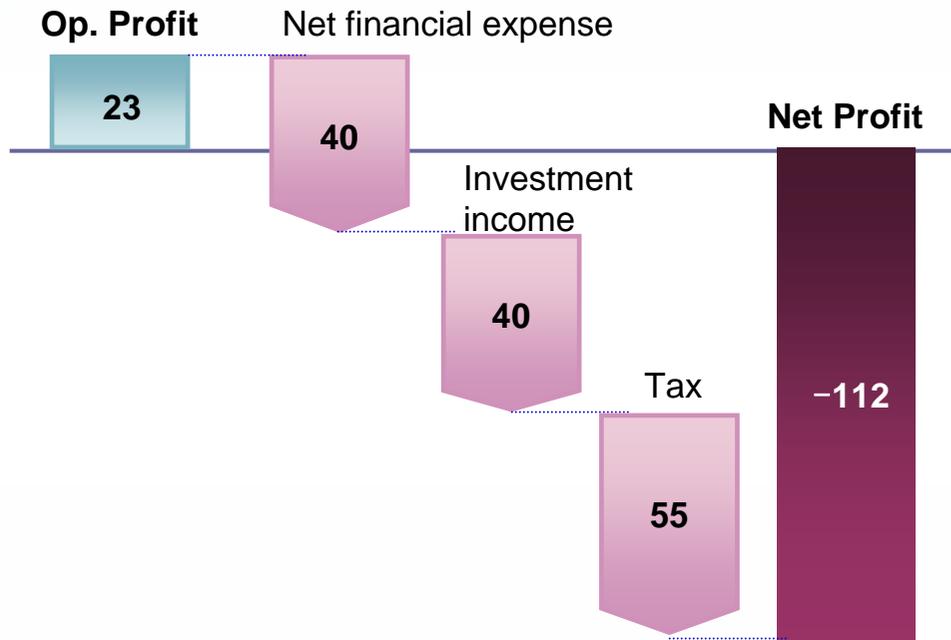
	3Q'11	4Q'11	4Q'10	FY11
Operating Profit	-32	23	-246	280
EBITDA	261	329	56	1,482
Net Profit	-414	-112	-256	-433

II. 4Q'11 Results (LGE Consolidated)

Net Profit

Net Profit

(Unit: KRW bn)



Investment Income

(Unit: KRW bn)

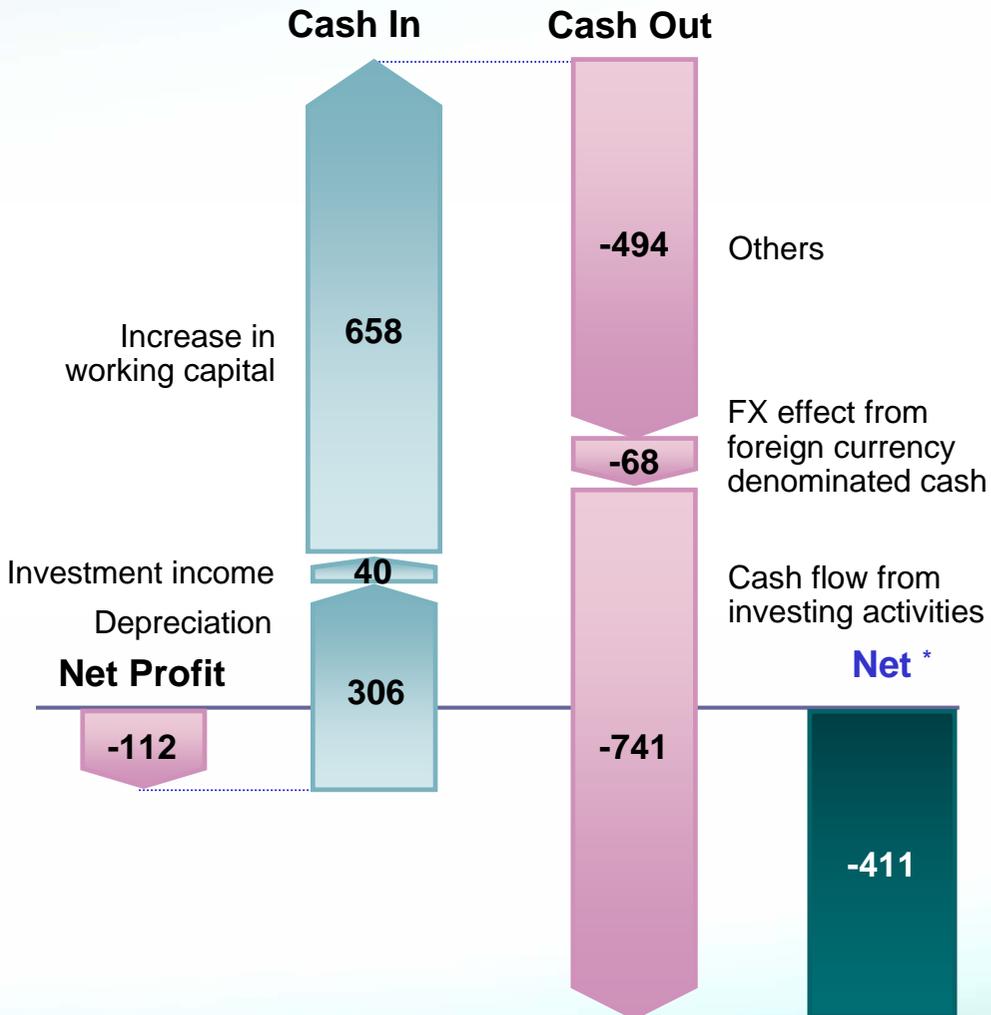
	3Q'11	4Q'11	FY11
LG Display	-258	-2	-302
LG Innotek	-24	-57	-105
Others	17	19	76
Investment Income	-265	-40	-331

II. 4Q'11 Results (LGE Consolidated)

Cash Flow Statement

4Q Net* Cash Flow

(Unit : KRW bn)



Cash Flow Statement

(Unit : KRW bn)

	3Q'11	4Q'11	FY11
Cash at beginning of period	2,243	2,750	1,944
Cash flow from operating activities	511	398	1,730
Net income	-414	-112	-433
Depreciation	293	306	1,202
Investment income	265	40	331
Increase in working capital	294	658	654
Others	73	-494	-24
Cash flow from investing activities	-581	-741	-2,452
Increase in tangible assets	-485	-496	-1,752
Increase in intangible assets	-81	-88	-304
Changes in the scope of consolidation	0	-57	-205
Cash flow from financing activities	538	7	1,161
Rights offering	0	976	976
Increase in debt	548	-969	228
FX effect from foreign currency denominated cash	38	-68	-37
Net changes in cash	507	-404	402
Cash at end of period	2,750	2,346	2,346

*Net= Excluding Cash flow from financing activities

II. 4Q'11 Results (LGE Consolidated)

Financial Structure

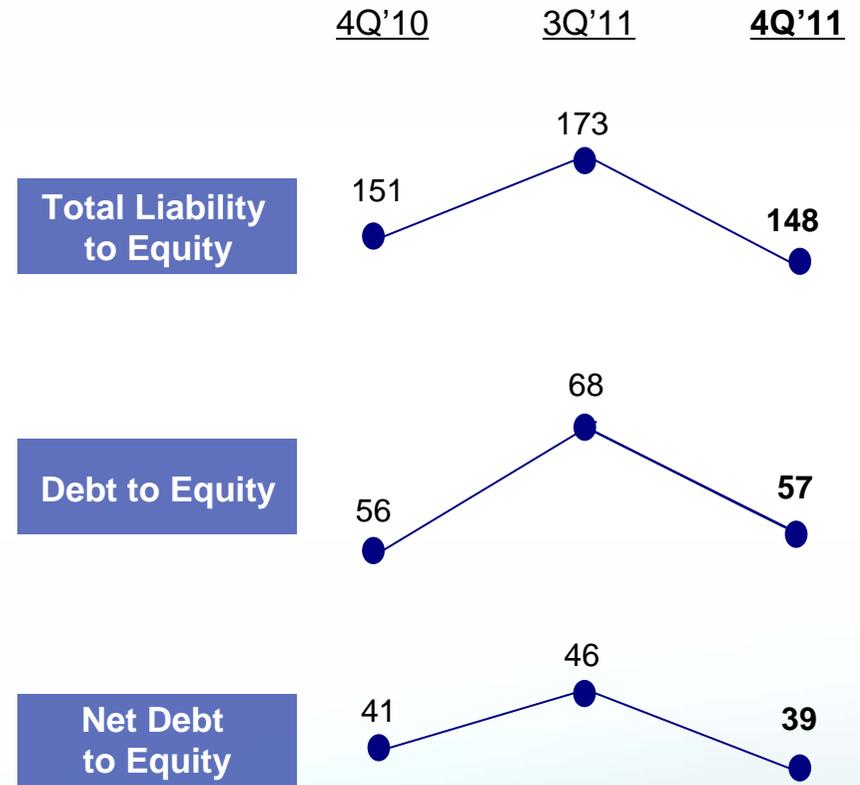
Balance Sheet

(Unit: KRW tn)

	4Q'10	3Q'11	4Q'11
Assets	32.32	34.37	32.66
Current Assets	16.51	17.73	15.78
Cash	1.94	2.75	2.35
Inventory	5.87	6.22	4.95
Non-Current Assets	15.80	16.64	16.88
Liabilities	19.46	21.80	19.51
Current Liabilities	15.39	16.88	14.21
Non-Current Liabilities	4.07	4.92	5.30
Equity	12.86	12.57	13.15
Debt	7.19	8.53	7.44
Net Debt	5.25	5.78	5.09

Financial Ratio

(Unit : %)



Performance and Outlook

III. Performance and Outlook by Sector *

Sales/Profit

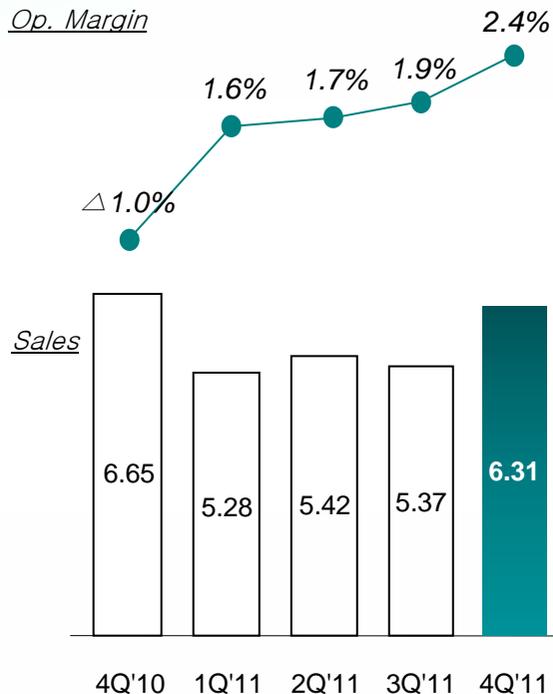
Consolidated Sales and Profit by Division

(Unit : KRW bn)

		3Q'11	QoQ	4Q'11	YoY	4Q'10	FY11	YoY
Home Entertainment	Sales	5,369	↑ 17.6%	6,314	↓ 5.0%	6,648	22,382	↓ 5.5%
	Op. Profit	101		150		-65	423	
Mobile Communications	Sales	2,762	↑ 0.5%	2,775	↓ 17.9%	3,381	11,693	↓ 9.9%
	Op. Profit	-139		12		-261	-281	
Handset	Sales	2,689	↑ 0.2%	2,695	↓ 19.0%	3,328	11,436	↓ 10.7%
	Op. Profit	-140		10		-262	-286	
Home Appliance	Sales	2,703	↑ 10.5%	2,985	↑ 8.1%	2,762	11,111	↑ 6.9%
	Op. Profit	70		65		78	295	
Air Conditioning & Energy Solution	Sales	998	↓ 31.9%	680	↓ 0.7%	684	4,557	↑ 12.7%
	Op. Profit	1		-38		10	58	

* Divisional sales includes internal transactions between divisions

Business Performance (KRW tn)



4Q'11 Performance

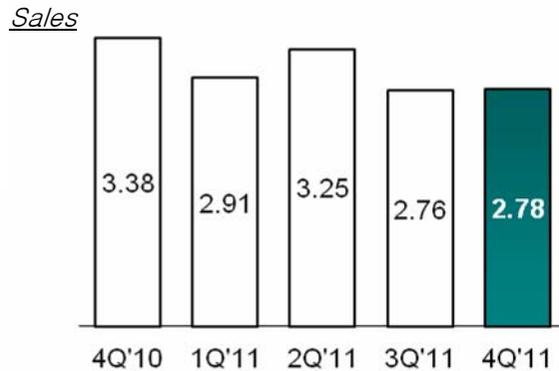
- ❖ **Sales : Increased QoQ due to strong seasonality and marketing efforts**
 - Flat panel TV : Demand growth in N. America / Europe / Latin America and strong premium product sales resulted in QoQ sales growth
 - Monitor : Revenue declined QoQ due to weak IT demand
- ❖ **Profitability : Improved due to revenue growth from strong seasonality, better product mix, and cost management efforts**

2012 Outlook

- ❖ **Market : Overall demand is expected to be better with the London Olympics and the closing of Analog broadcasting service. Also, increased 3D contents is likely to trigger 3D/ Smart TV demand with stronger competition among TV makers**
- ❖ **LGE : Plan to launch products with differentiated design such as the Cinema Screen^{*}, and strengthen competitiveness in the contents segment to increase market share for 3D and Smart TVs. Additionally, plan to focus on profitability through innovative changes in the value chain**

* Cinema Screen : LG TV's new elegant screen design with a narrow bezel that allows for a complete and cinematic viewing experience with an absorbing screen that has no obstruction.

Business Performance (KRW tn)



4Q'11 Performance

- ❖ **Sales** : Although shipments declined QoQ to 17.7M, revenue increased to KRW 2.8 trillion due to better smartphone sales
 - Improved product mix with strong premium smartphone sales from the Optimus LTE and solid sales growth from existing smartphone models

- ❖ **Profitability** : Turned to profit due to increased premium smartphone sales and improved efficiency in operations

2012 Outlook

- ❖ **Market** : Within the continuously growing smartphone market, carriers are expected to drive LTE technology to gain market share, resulting in various product launches from LTE handset makers

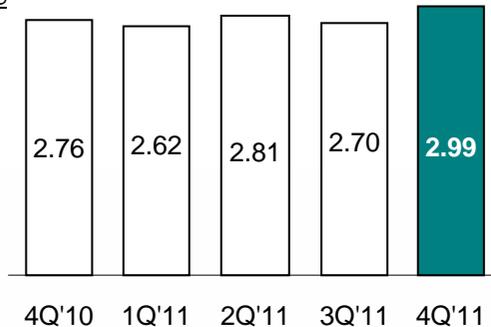
- ❖ **LGE** : Plan to strengthen position in the handset business and improve profitability by focusing on strategic markets. In addition, plan to expand smartphones, especially on LTE.

Business Performance (KRW tn)

Op. Margin



Sales



4Q'11 Performance

❖ Sales : Increased 8% YoY to KRW 3 trillion

- Korea : Up 7% YoY due to strengthened product competitiveness in large size and energy efficient products
- Overseas : Despite continued economic slowdown in Europe and contractions in the Chinese economy, maintained growth due to recovery in the US market and continued growth in the developing countries

❖ Profitability : Declined due to raw material price increase and unfavorable FX fluctuations

2012 Outlook

❖ Market : Expect uncertainty in the market with the economic crisis in Europe and delay in US market recovery generating risk for growth to slow down in the developing markets

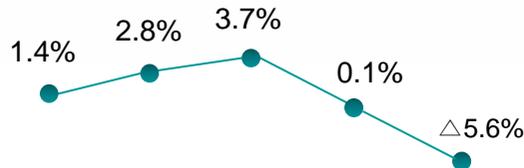
❖ LGE : In spite of uncertainties in the global economy and rising raw material prices, plan to maintain a steady revenue and profitability due to product competitiveness based on new technologies (large size, energy efficiency, smart appliance) and strategic focus by region

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

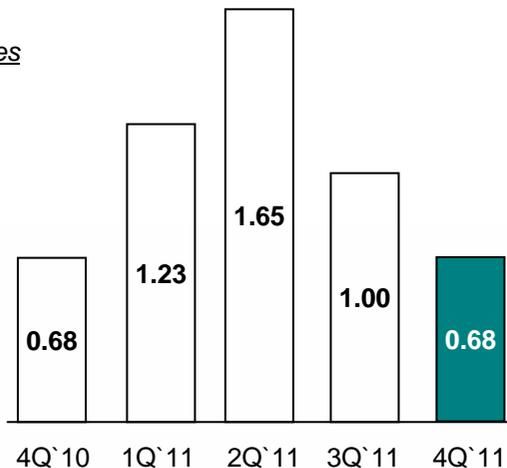
Business Performance

(KRW tn)

Op. Margin



Sales



4Q'11 Performance

- ❖ **Sales** : Revenue declined in the overseas markets due to slow seasonality and weaker economy in the developed countries
 - Korea : Grew 18% YoY with stronger sales for System ACs
 - Overseas : Declined 7% YoY due to weak sales in the developed markets
- ❖ **Profitability** : Declined due to unfavorable FX rates, raw material price increase, and product mix weakness in the developing countries

2012 Outlook

- ❖ **Market** : Although growth is expected to slow down due to the economic turmoil in the developed markets such as the US and Europe, government policies to promote the usage of energy-efficient products will create growth opportunities
- ❖ **LGE** :
 - Accelerated growth in System AC
 - Improve product portfolio and focus on profitability
 - Build the foundation for growth with new businesses



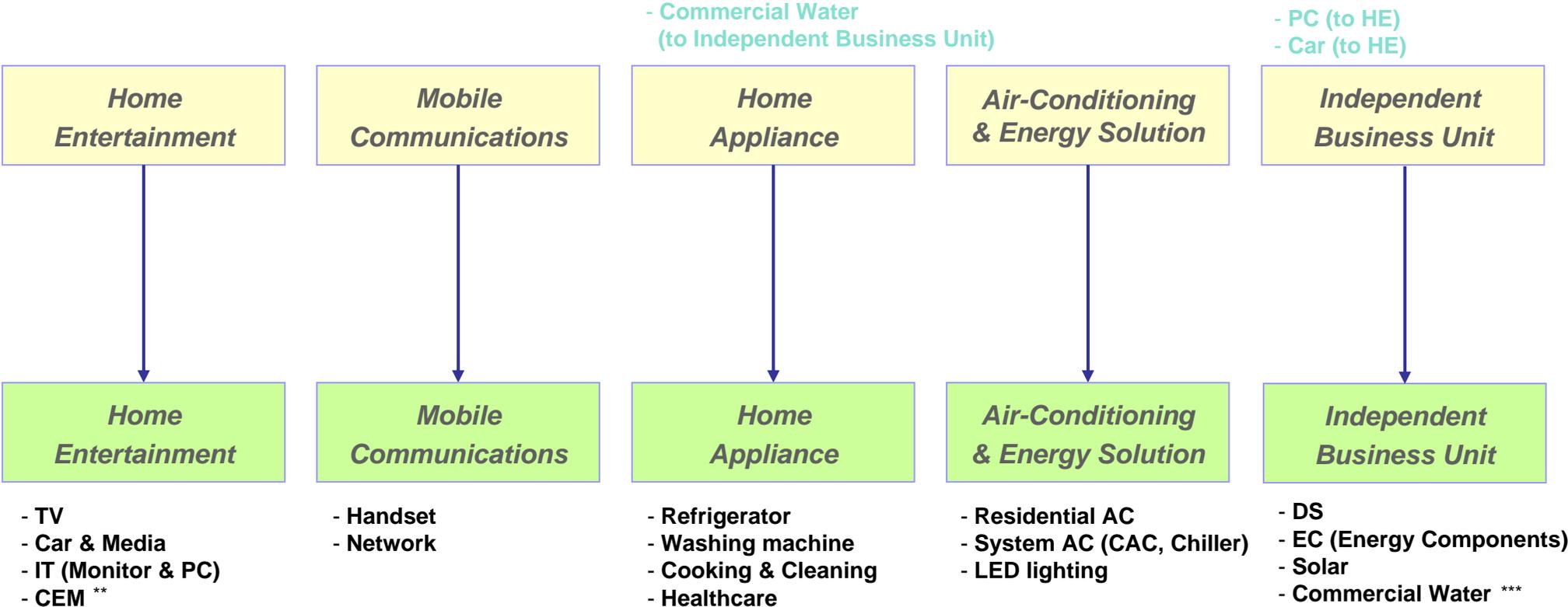
LG

Life's Good

<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)

	2010					2011				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	7,227	7,653	7,229	7,129	29,239	6,933	7,574	6,924	6,667	28,097
Domestic	1,606	1,802	1,783	1,701	6,892	1,953	2,151	2,166	1,905	8,175
Export	5,621	5,851	5,446	5,428	22,347	4,980	5,423	4,758	4,762	19,922
Cost of goods sold	5,838	6,441	6,244	6,370	24,894	5,716	6,266	5,559	5,512	23,053
Gross profit	1,389	1,212	985	759	4,345	1,217	1,308	1,365	1,155	5,044
Selling & admin expense	1,244	1,443	1,443	1,338	5,468	1,300	1,410	1,330	1,301	5,340
Other operating gain (Loss)	(52)	19	66	(14)	19	34	16	(6)	(47)	(3)
Operating income (Loss)	93	(213)	(393)	(593)	(1,105)	(49)	(87)	29	(193)	(299)
Financial income (Expense)	143	(182)	85	(18)	28	65	14	(204)	22	(103)
Net profit (Loss) before tax	236	(395)	(308)	(611)	(1,077)	16	(73)	(175)	(171)	(402)
Tax	7	(144)	(121)	(184)	(441)	1	(37)	(52)	(37)	(125)
Net profit (Loss)	229	(251)	(187)	(427)	(636)	15	(36)	(122)	(134)	(278)

* 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)

	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	23,428	24,230	24,021	22,975	23,970	24,143	24,931	24,199
Current Assets	9,021	9,742	9,294	8,094	8,990	8,824	9,302	8,154
Cash and cash equivalents	715	716	561	869	903	860	1,456	1,364
Accounts receivable	6,070	6,983	6,637	5,488	6,074	6,017	5,953	5,077
Inventory	1,049	1,184	1,172	1,065	1,259	1,151	1,144	886
Other	1,187	859	924	673	754	796	749	827
Non-current Assets	14,407	14,488	14,727	14,881	14,980	15,319	15,629	16,046
Investment	7,897	7,909	7,919	7,845	7,845	7,870	7,892	7,965
PP&E	4,594	4,559	4,654	4,661	4,732	4,839	5,019	5,191
Intangible assets	696	722	737	726	728	830	872	916
Other	1,220	1,298	1,417	1,649	1,676	1,780	1,845	1,974
Liabilities	12,595	13,647	13,684	13,049	14,064	14,278	15,196	13,704
Accounts payable	4,888	4,925	4,235	4,285	4,564	4,271	4,538	3,854
Debt	3,919	4,957	5,726	5,000	5,665	5,919	6,550	5,826
Other	3,787	3,765	3,723	3,764	3,834	4,088	4,108	4,025
Equity	10,833	10,583	10,337	9,926	9,906	9,864	9,735	10,495

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Income Statement

(Unit : KRW bn)

	2010					2011				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	13,217	14,410	13,429	14,698	55,754	13,160	14,385	12,897	13,814	54,257
Cost of goods sold	9,807	11,110	10,555	11,982	43,453	10,195	11,078	9,851	10,934	42,058
Gross profit	3,411	3,300	2,874	2,716	12,301	2,965	3,307	3,047	2,880	12,199
Selling & admin expense	2,895	3,185	3,188	2,946	12,213	2,896	3,193	2,964	2,804	11,856
Other operating gain (Loss)	(35)	11	128	(16)	88	61	44	(114)	(54)	(63)
Operating income (Loss)	481	126	(185)	(246)	176	131	158	(32)	23	280
Financial income (Expense)	59	(270)	45	(54)	(219)	(37)	(38)	(234)	(40)	(349)
Investment income (Loss)	219	210	123	(74)	477	(56)	29	(265)	(40)	(331)
Net income before tax	759	66	(17)	(374)	435	39	150	(531)	(57)	(399)
Tax	117	25	(24)	(117)	0	54	41	(117)	55	34
Profit (Loss) from discontinued operations	33	815	0	0	848	0	0	0	0	0
Net income	675	856	8	(256)	1,282	(16)	109	(414)	(112)	(433)
Controlled shares	651	842	(6)	(260)	1,227	(30)	98	(424)	(113)	(470)
Noncontrolled shares	24	14	14	3	55	14	11	10	2	37

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* Profit from LG Innotek being excluded from the consolidation of LGE has been indicated as "Profit (Loss) from discontinued operations"

Balance Sheet

(Unit : KRW bn)

	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	33,794	34,036	33,822	32,319	33,534	33,845	34,376	32,659
Current Assets	18,409	18,635	18,195	16,515	17,660	17,534	17,733	15,783
Cash and cash equivalents	1,977	1,684	1,785	1,944	2,212	2,243	2,750	2,346
Accounts receivable	8,042	8,629	7,477	7,002	7,376	7,512	7,115	6,753
Inventory	6,011	6,379	7,025	5,872	6,376	6,091	6,217	4,947
Other	2,379	1,943	1,908	1,696	1,697	1,688	1,652	1,738
Non-current Assets	15,386	15,401	15,627	15,804	15,874	16,310	16,644	16,875
Investment	4,512	6,063	6,158	6,008	5,868	5,889	5,671	5,603
PP&E	7,736	6,256	6,326	6,500	6,645	6,810	7,108	7,290
Intangible assets	820	758	773	763	766	881	928	1,036
Other	2,318	2,323	2,371	2,532	2,594	2,731	2,936	2,946
Liabilities	21,139	20,774	20,738	19,459	20,802	21,101	21,804	19,510
Accounts payable	6,728	6,708	6,174	5,824	6,367	6,320	6,227	5,487
Debt	6,907	7,083	7,723	7,193	7,721	7,764	8,528	7,436
Other	7,505	6,984	6,842	6,442	6,714	7,017	7,049	6,588
Equity	12,655	13,261	13,084	12,860	12,732	12,744	12,572	13,148

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* 1Q10 numbers are based on a consolidated basis including LG Innotek

Appendix

Divisional Sales (LGE Consolidated)

(Unit : KRW bn)

		1Q'10	2Q'10	3Q'10	4Q'10	'10 Total	1Q'11	2Q'11	3Q'11	4Q'11	QoQ	YoY	'11 Total	YoY
Home Entertainment	Sales	5,548	5,727	5,772	6,648	23,695	5,280	5,420	5,369	6,314	18%	-5%	22,382	-6%
	Op. Income	150	-26	86	-65	145	82	90	101	150			423	
	(%)	2.7%	-0.5%	1.5%	-1.0%	0.6%	1.6%	1.7%	1.9%	2.4%			1.9%	
Mobile Communications	Sales	3,172	3,403	3,020	3,381	12,975	2,909	3,246	2,762	2,775	0%	-18%	11,693	-10%
	Op. Income	29	-119	-303	-261	-654	-101	-54	-139	12			-281	
	(%)	0.9%	-3.5%	-10.0%	-7.7%	-5.0%	-3.5%	-1.7%	-5.0%	0.4%			-2.4%	
Handset	Sales	3,140	3,373	2,971	3,328	12,811	2,852	3,200	2,689	2,695	0%	-19%	11,436	-11%
	Op. Income	28	-120	-304	-262	-658	-101	-55	-140	10			-286	
	(%)	0.9%	-3.5%	-10.2%	-7.9%	-5.1%	-3.5%	-1.7%	-5.2%	0.4%			-2.5%	
Home Appliance	Sales	2,307	2,644	2,677	2,762	10,391	2,618	2,806	2,703	2,985	10%	8%	11,111	7%
	Op. Income	199	176	63	78	516	102	58	70	65			295	
	(%)	8.6%	6.7%	2.4%	2.8%	5.0%	3.9%	2.1%	2.6%	2.2%			2.7%	
Air Conditioning & Energy Solution	Sales	1,040	1,423	895	684	4,043	1,230	1,650	998	680	-32%	-1%	4,557	13%
	Op. Income	35	49	-47	10	47	34	61	1	-38			58	
	(%)	3.4%	3.5%	-5.2%	1.4%	1.2%	2.8%	3.7%	0.1%	-5.6%			1.3%	
Others	Sales	1,151	1,212	1,065	1,222	4,650	1,124	1,263	1,066	1,061	0%	-13%	4,514	-3%
	Op. Income	69	46	15	-8	122	13	3	-66	-165			-215	
Total	Sales	13,217	14,410	13,429	14,698	55,754	13,160	14,385	12,897	13,814	7%	-6%	54,257	-3%
	Op. Income	481	126	-185	-246	176	131	158	-32	23			280	
	(%)	3.6%	0.9%	-1.4%	-1.7%	0.3%	1.0%	1.1%	-0.2%	0.2%			0.5%	

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

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