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LG Electronics Inc (066570 KS Equity)

Q3 2025 Earnings Call

Company Participants

- [Chang Tae Kim](#), Chief Financial Officer, Chief Risk Management Officer
- Choong Hyun Park, Vice President, Corporate Business Management
- [Dong Hoon Shin](#), Vice President, Eco Solution Company
- Foreign Language
- I-Kueon Kim, Senior Vice President, Home Appliance Solution Company
- [Ju Yong Kim](#), Vice President, Vehicle Solution Company
- [Sang-Ho Park](#), Vice President, Media Solutions
- [Sung Min Hong](#), Head, ESG Strategy
- [Won Jae Park](#), Managing Director and Head, Investor Relations

Other Participants

- Analyst
- [Jongwook Lee](#), Samsung Securities
- [Min Kyung Kim](#), Hana Securities
- [Peter Lee](#), Citigroup

Presentation

Operator

Good afternoon and welcome to LG Electronics Quarterly Earnings Conference Call. This conference call will begin with a presentation on the earnings results followed by a Q&A session. Simultaneous English interpretation will be provided for the presentation, followed by a consecutive for the Q&A.

Now, I would like to turn the call over to the first speaker.

Won Jae Park

Good afternoon. My name is Won Jae Park from Investor Relations. Thank you for joining our earnings call for the third quarter of 2025.

With me are CFO and EVP of LG Electronics, Chang Tae Kim; SVP of HS Company, I-Kueon Kim; SVP of MS Company, Sang-Ho Park; VP of VS Company, Ju Yong Kim; VP of ES Company, Dong Hoon Shin; VP of Corporate Business Management, Choong Hyun Park; VP of Accounting, Hong Su Lee; VP of Finance, Young Kyoon Kim; and Head of ESG Strategy, Sung Min Hong.

Today's presentation will proceed as follows. Our CFO will begin by presenting our third quarter results, the fourth quarter outlook and the progress and outcome of our recent IPO for LG Electronics India Limited. I will then present the key financial highlights of the third quarter. Following that, each business will present its individual results and outlook. Finally, we will conclude with an overview of our ESG activities and achievements.

Please note that all statements we make today regarding the financial results of the third quarter are subject to change in accordance with external review. Actual results may differ from today's outlooks and forward-looking statements due to market uncertainties and strategic changes. Now, let us begin with the performance of the third quarter of 2025 and the outlook for the fourth quarter.

Chang Tae Kim

Good afternoon. I am Chang Tae Kim, CFO of LG Electronics. Our consolidated Q3 financial results show sales of KRW21.87 trillion and operating profit of KRW688.9 billion. Q3 revenue remained at a similar level to last year despite a slowdown in the display business caused by global demand contraction and intensified competition.

We continued to achieve qualitative growth driven by our subscription business and online direct sales. Operating profit declined year-over-year due to intensified global competition and a one-off cost increase related to workforce management efficiency improvement. This can be seen as a preemptive move to enhance competitiveness and build a more dynamic organization.

U.S. tariff impacts, geopolitical risks, and the resulting contraction in consumer sentiment are likely to persist into Q4. Intensifying competition continues to put pressure on business operations. We are optimizing our production footprint by leveraging our global operations and applying scenario-based strategies to address challenges such as price increases aiming to minimize tariff impacts.

Following our successful IPO in India, we will drive sales growth in the high potential Global South and strengthen our position in advanced markets through region-specific strategies. We will accelerate the growth of new business models including subscription services, the webOS platform, and online direct sales while further expanding automotive electronics, HVAC, and other B2B businesses to drive qualitative sustainable growth.

Mid to long-term business fundamentals will be reinforced through proactive measures to build a dynamic organization and a strong commitment to improving our cost structure. I would like to share recent progress and future plans regarding the IPO of our Indian subsidiary. To accelerate our growth in India, a market with robust economic momentum, we listed LGE India Limited on the Indian stock market on October 14th, achieving 54x over-subscription, the highest fundraising in India's IPO market since 2008.

This exceptional local investor demand drove our market capitalization to over KRW18 trillion. During the IPO, LGE sold 15% of its headquarters-held shares in the Indian subsidiary to the market. The proceeds, about KRW1.8 trillion, were remitted to headquarters after deducting taxes in accordance with Indian tax regulations.

Since entering India in 1997, we have built a fully localized business covering production, sales, and service, maintaining the number-one share in the home appliance market and strong brand recognition. We believe this IPO will mark a significant milestone towards becoming a true national corporation of India. Through our Make for India efforts, we will continue delivering products tailored to local lifestyles. We will also strengthen our localized value chain, including our third manufacturing facility now under construction under our Make in India vision.

With Make India Global, we aim to drive sustainable growth and support India's rise on the global stage. Building on these efforts, we will further advance our Global South strategy, enhancing our business and reinforcing our position as a leading global company.

Won Jae Park

I will now briefly review the Q3 2025 performance of the enterprise-wide operations in each business. Our consolidated financial results for Q3 are KRW21.87 trillion in sales and KRW688.9 billion in operating profit. HS recorded KRW6.58 trillion in sales and KRW365.9 billion in operating profit. MS recorded KRW4.65 trillion in sales and KRW302.6 billion in operating loss.

BS recorded KRW2.64 trillion in sales and KRW149.6 billion in operating profit. Lastly, ES recorded KRW2.16 trillion in sales and KRW132.9 billion in operating profit.

Since Q1, we have dedicated a separate focus to B2B and subscription businesses, which are core drivers of qualitative growth in our portfolio transformation, as mentioned by our CFO. In Q3, B2B IT sales targeting corporate clients declined year-over-year due to weaker demand. However, solid growth in built-in appliances supported overall year-over-year sales growth.

The contribution of B2B to total sales also showed a slight improvement compared to last year. In the subscription business, we further strengthened

our competitive advantage in the Korean market through differentiated care services, maintaining strong growth momentum of over 30%.

Overseas, the subscription business continues to grow steadily, expanding into new markets, such as Singapore this year, following Malaysia, Thailand, and Taiwan. Although still in its early stages, rapid overseas expansion has increased the contribution of international sales to overall subscription revenue year-over-year. We remain committed to driving growth by further advancing our portfolio in areas such as B2B and subscription.

Moving on to the income statement and cash flow for Q3. Reflecting financial income and expenses, equity methods, gains and losses, other non-operating items, corporate tax, and discontinued operations, Q3 net income was KRW461 billion.

Now, let's look at cash flow. Cash flow from operating activities was KRW1.63 trillion, while cash flow from investing activities was negative KRW1.76 trillion, resulting in a net cash flow of KRW694 billion. When reflecting cash flow from financial activities of negative KRW311.6 billion, the cash balance at the end of Q3 stood at KRW7.95 trillion, a KRW382.4 billion increase from the previous quarter.

Key financial position and indicators for Q3 2025 are as follows. At the end of Q3, assets stand at KRW67.2 trillion, liabilities at KRW40.3 trillion, and equity at KRW26.9 trillion. Leverage ratios including liability to equity, debt to equity and net debt to equity remain at healthy levels.

Now, we will hear from each business company regarding its Q3 results and Q4 outlook beginning with HS.

I-Kueon Kim

Here are the Q3 results for the HS business. Global appliance market sentiment was slow to recover due to tariffs, a weaker outlook for rate cuts and geopolitical risks in Europe and the Middle East. Nevertheless, we achieved year-over-year growth through our two-track strategy targeting both premium and volume segments and expanding online and subscription businesses.

Operating income remained on par with last year despite the full impact of U.S. tariff changes supported by sales improvement initiatives such as increased sales volume and price adjustments along with cost-cutting measures through site optimization, manufacturing cost reductions and improved cost efficiency.

Looking ahead to the fourth quarter, recovery in global appliance market demand remains uncertain with ongoing challenges further intensifying competition. In response, we will work to sustain sales growth momentum by continuing our two-track strategy, accelerating the growth of incubating

products and enhancing our portfolio through qualitative growth in B2B, online and subscription businesses.

To mitigate the impact of U.S. tariff policies, we aim to improve year-over-year profitability by implementing scenario-based measures, optimizing our cost structure and reducing fixed costs.

Sang-Ho Park

Let's now turn to the Q3 results for our MS business. Sales rose quarter-over-quarter in preparation for the peak season, but fell year-over-year due to stagnant demand for TVs and other hardware as well as intensified competition. Operating income declined both quarterly and annually, impacted by higher competition-related costs and a one-off voluntary retirement expense aimed at fostering a virtuous workforce cycle.

Our outlook for the fourth quarter is as follows. Demand stagnation is expected to persist as consumer sentiment weakens amid macroeconomic uncertainties, including rising protectionism and unclear timing and scope of interest rate cuts. To address these challenges, we will focus on improving profitability through enhanced operational efficiency while sustaining growth momentum via expansion of the webOS platform and implementation of our Global South strategy.

Ju Yong Kim

I will now review the Q3 results of VS Company. Despite sluggish sales in Europe, sales conversion from our stable order backlog allowed us to sustain year-over-year growth momentum. Operating profit improved both quarter-over-quarter and year-over-year, driven by operational cost optimization and proactive cost improvement initiatives.

Here is our outlook for the fourth quarter. Global market demand is expected to contract or remain stagnant, except in China, due to changes in EV subsidy policies in the U.S. In response, despite significant shifts in the external environment and rising macroeconomic uncertainties, we will work to secure stable profitability by continuously improving our product mix and cost structure while further enhancing operational efficiencies.

Dong Hoon Shin

Let me outline the Q3 results of ES Company. Despite lower overseas sales from uncertainties, like tariff impacts and rising geopolitical tensions, and weak consumer sentiment, overall sales rose slightly year-over-year, driven by our successful capture of peak season demand for residential ACs and dehumidifiers in Korea, along with increased subscription and online direct sales.

Profitability decreased year-over-year as higher sales deductions and increased labor costs from hiring for key businesses offset the positive impact of solid domestic sales and improved material costs.

Next is our outlook for the fourth quarter. The Korean market is forecast to shrink, facing headwinds from seasonal demand slowdown, reduced government support, and a downtrend in the construction market. In overseas markets, uncertainties are likely to persist, primarily due to U.S. tariff policies.

In response, we will aim to sustain growth momentum by accelerating portfolio transformation towards subscription business and online direct sales while expanding our overseas presence with new domestic models and locally tailored products. For profitability, we will closely monitor developments in U.S. tariff policies and continue to strengthen our cost competitiveness.

Sung Min Hong

Finally, let's turn to our ESG activities and achievements. Our HVAC solutions are gaining recognition for their sustainability. TUV Rheinland verified that our system AC units reduce CO2 emissions by 14.85 kilogram per unit through a physical foaming process that decreases plastic consumption.

Furthermore, our BEMS at the Pulmuone Institute of Technology was recognized by the Korea Energy Agency for achieving an average annual energy saving of 8.4% over three years, becoming the first system to receive a validity period extension under the BEMS installation certification.

We are also enhancing the competitiveness of our high-efficiency AI-powered appliances. We have signed an exclusive contract with Century Communities, a major U.S. homebuilder, constructing over 10,000 homes annually to supply newly built homes with our high-efficiency AI-powered appliances through 2029.

LGE won awards for 13 of the 45 green products of the year, the most for any company from the Korea Green Purchasing Network and its partners, marking our record-breaking 16th consecutive year of being honored. Lastly, we are broadening our range of products and services to ensure accessibility for all. We launched the LG Easy TV for seniors, featuring an easy-to-use home screen, video calls and medication reminders.

Additionally, our Easy Home Appliance Project, an employee volunteer program, will partner with 20 welfare centers nationwide to help customers with disabilities confidently use our products.

LGE remains committed to achieving sustainable technological competitiveness and building trust through products and services that serve everyone.

Won Jae Park

This brings us to the end of LG Electronics third quarter earnings release and the fourth quarter outlook for 2025. We will now take questions. Operator, please commence with the Q&A session.

Questions And Answers

Operator

(Question And Answer)

(Foreign Language) Now Q&A session will begin. (Operator Instructions)

(Foreign Language) The first question will be provided by Peter Lee from Citigroup. Please go ahead with your question. (Foreign Language) If you can hear me, we welcome your questions.

Q - Peter Lee

(Foreign Language)

Thank you for giving me this opportunity. I have two questions, one for the company as a whole and one for MS. First of all, I would like to congratulate you on the successful listing of your Indian subsidiary. I would like to ask how do you plan on using the funds from the secondary sale of your stakes in the Indian subsidiary?

And my second question is on MS. I understand that you have seen a growth in webOS-based platform business. However, at the circumstances when hardware competitiveness is becoming weaker, do you believe that your software competitiveness will also follow this trend? I would like to ask the countermeasures of your company.

A - Won Jae Park

(Foreign Language)

Thank you for your question. With regards to your IPO question, it will be answered by our CFO. For the MS, it will be answered by the MS company. Thank you.

A - Chang Tae Kim

(Foreign Language)

On how you intend on using the proceeds from the listing, various options including funding our mid to long-term growth engines and building on our existing business are being reviewed, and we are bearing in mind our commitment to raising our corporate and shareholders' value.

(Foreign Language)

We have been proactive in identifying inorganic growth opportunities across our key business portfolios, including HVACs, and this year we have

harvested actual results as exemplified by acquisition of the new vision company, OSO.

(Foreign Language)

We recognize the importance of being equipped with the relevant capabilities across our growth trajectory and making fast headway, which is why we will take more proactive and bolder steps with our investments drawing on the added capital. In addition, we also deem it necessary to invest in streamlining the operations of our key business, as well as our overall cost structure.

And finally, enhancing our shareholders' values also stands as an important consideration.

(Foreign Language)

Decisions on how much capital we will allocate will be made upon keen review in light of our current cash flow, and we will ensure to communicate with the market as soon as details have been decided. Thank you.

A - Sang-Ho Park

(Foreign Language)

Your question in regards to webOS platform will be covered by MS. While overall TV demand has remained stagnant, intensified competition among manufacturers has led to a year-on-year decline in our TV sales this year. However, in the webOS platform market, despite the increasingly competitive environment, LG Electronics have added 70 million units to our installed base over the past three years, reaching 260 million units as of 2025, expanding our ecosystem.

On the back of this growth, our revenue has increased by more than 60% year-on-year, surpassing KRW1 trillion by the end of 2024, while maintaining a solid double-digit operating profit margin.

(Foreign Language)

To strengthen the inherent competitiveness of our platform business, webOS, we firstly aim to boost hardware sales to expand the installed base of our webOS platform. At the same time, we are also pursuing to convert the existing LG Smart TV owners, but who are not users of webOS services, into active users.

(Foreign Language)

In addition, through the webOS Hub business that expands the application of webOS to TVs from other brands, we are also working to broaden the base of webOS platform users and secure a larger business scale. We plan to more than double the current volume by year 2030, and the expanded base will serve as a foundation to accelerate growth in advertisements and content revenue.

(Foreign Language)

Beyond the TV segment, we plan to extend the webOS ecosystem into smart monitors, digital signage, mobility and others, thereby enlarging our business base and from a development standpoint, we are working hard to build an ecosystem where various devices are seamlessly connected and work together.

(Foreign Language)

Last but not least, in the advertising market where the competition is becoming fiercer, we plan to leverage our usability data and develop new products to protect our CPM rates while strengthening our sales capabilities and fill rates in key markets. In addition, through efficient content investment, we aim to grow monthly active users and viewing time, driving the continued growth of our platform business.

(Foreign Language)

So this was about platform business. Thank you.

A - Won Jae Park

Next question, please.

Operator

(Foreign Language) The following question will be presented by Min Kyung Kim from Hana Securities. Please go ahead with your question.

Q - Min Kyung Kim

(Foreign Language)

Thank you for giving me this opportunity. I also have two questions, one for the company as a whole and one for VS. For the company, there were press reports on the corporate-wide voluntary buyouts offered in quarters three and four. What were the costs incurred from these voluntary buyouts?

And my second question is on VS. Despite the uncertainties in macroeconomy, I believe that your performance remained very well. I would like to listen to your projections on the second half and next year.

A - Won Jae Park

(Foreign Language)

I think the question on the voluntary buyouts will be answered by the IR division and the one on VS by VS Company.

So starting with the voluntary buyout question. As part of our efforts in fueling our mid to long-term competitive edge and reshaping our workforce, we have

started to offer voluntary buyouts as of quarter three for MS and certain other divisions and as of quarter four across the entire company.

(Foreign Language)

The cost involved for the voluntary buyouts offered during quarter three stood at KRW100 billion. But for quarter four, it is difficult to provide the numbers as we are still in the process of accepting the resignations and we ask for your understanding in this regard. The recent buyouts may weigh on our short-term costs, but we expect it to serve as a positive turnaround starting next year in streamlining our fixed costs over mid to long term and revitalizing our organization.

A - Ju Yong Kim

(Foreign Language)

I would like to answer your question about VS. Despite various uncertainties, we are seeing solid sales growth and steady profitability improvements continue, driven by IVI mix enhancements and profitability structure initiatives that help us overcome the effects of EV chiasm.

(Foreign Language)

Sales wise, we have continuous growth momentum supported by rising orders from European OEMs and a stable order backlog. However, in Q4, we expect potential headwinds from factors such as stagnant EV demand and discontinuation of U.S. EV subsidies, which may lead to temporary adjustments in OEM shipment volumes. To address these challenges, we are preparing strategies such as expanding XATX[ph] sales, establishing an operating system that enables us to respond flexibly to market conditions through continuous monitoring and forecasting of risks of prolonged EV demand slowdown.

The recent changes in U.S. tariff policies are creating uncertainties that affect not only us but also global OEMs and Tier 1 suppliers. In other words, the changes are not a risk unique to our company. However, we would like to work closely with our customers, aiming to reduce the overall risks and keeping our own risks to a minimum.

(Foreign Language)

As for operating profit, there may be some quarterly profitability fluctuation due to macroeconomic uncertainties affecting sales and increased future R&D costs related to SDV. However, we aim to maintain solid profitability well beyond 2026 through enhancing our operation structure from a breakthrough perspective, such as making continuous improvements in product mix, strengthening collaboration with OEMs, and optimizing operating costs. Thank you.

A - Won Jae Park

(Foreign Language) Next question, please.

Operator

(Foreign Language) The following question will be presented by Jongwook Lee from Samsung Securities. Please go ahead with your question.

Q - Jongwook Lee

(Foreign Language)

Good afternoon. Thank you for this opportunity. I have brought two questions, and my first one is on HS. Could you walk us through how U.S. tariffs, including mutual tariffs, and those on steel-related products have affected your costs in Q3?

It will be also appreciated if you can add more color on adjustments on your average selling prices and the following impact on demand. And also, please share any additional response measures you are currently pursuing, if any.

My second question goes to ES. What is the trajectory like for your growth strategy on chillers and cooling solutions for data centers?

A - Won Jae Park

(Foreign Language)

The first question on U.S. tariff will be covered by HS Business Management Division, and the second one about chiller business will be covered by ES.

A - I-Kueon Kim

(Foreign Language)

This is your answer -- this is the answer on your question about HS. As expected, the impact from tariff imposition began to materialize in earnest from Q3. The effects of our proactive countermeasures have also been expanding. Corporate-wide, the impact from tariffs reaches KRW600 billion. However, we have successfully managed to hedge a significant portion of the tariff impact through initiatives such as production site optimization, price increases, and improvements in our cost structure.

In the U.S. market, according to shipment data released by Association of Home Appliance Manufacturers, cumulative shipments in the U.S. home appliance market grew by 0.1% in Q3, maintaining last year's level. However, considering the advanced purchases made by distributors before the tariff took effect, it is difficult to view this as genuine market demand growth. On the other hand, thanks to new product launches and the efficient execution of our sales programs, our cumulative growth in Q3 rose by 2.2%, outperforming overall market demand.

(Foreign Language)

Selling price strategies are under review considering multiple perspectives, such as a slight upward trend in the industry detected in Q3, and the ongoing competitive promotional activities during key seasonal periods. By working closely with our distributors, we are maintaining our U.S. market share through prudent yet effective operations.

In the second half, we are witnessing greater tariff impact than the first one. Nevertheless, we will overcome the circumstances through additional countermeasures, particularly cost reduction activities centered on production site optimization. We are expanding supply from our U.S. and Mexico production sites, and for washing machines, we have added a new production facility in Mexicali, Mexico, starting in October, securing greater flexibility in responding to tariffs. Thank you.

A - Dong Hoon Shin

(Foreign Language)

Let me answer your question on chillers. We provide a diverse lineup of best-in-class chillers ranging from our turbo chillers serving large capacities to scroll chillers suitable for mid to small loads. We are driving the momentum of our growth as we evolve from being a product-only provider to delivering services like maintenance. We are able to provide highly efficient and eco-friendly cooling solutions with the development of our proprietary magnetic bearing compressors and high-capacity inverters, both of which are core technologies.

Drawing on these solutions, compared to 2024 and 2025, we expect to achieve 17% growth in our orders, which includes major global projects, and we continue to ramp up the orders.

(Foreign Language)

This year, we expect bookings in data center to triple compared to 2024, which will continue to gain traction moving forward. Orders for large-scale projects have already been made in North America, which continue to be added. In Asia, together with LG CNS and LG Energy Solutions, under the One LG Solutions strategy, we have successfully been selected to provide cooling solution to Sinar Mas. In the Middle East, our chillers are currently being supplied to an 800-megawatt hyperscale data center, while an MOU has been signed with Saudi's DataVolt, which will pave way for greater opportunities in the Middle East.

A - Foreign Language

For liquid immersion cooling, we were able to position our capabilities in AI thermal management, a step further as we partnered with the U.S. GRC to enhance our tech prowess. Furthermore, we plan on hiring workforce across multiple functions from R&D, engineering, and sales as part of our commitment to build on our technology and well respond to the global market.

In assisting data centers to address high heat loads driven by AI servers, we have developed our direct-to-chip cooling solutions, the coolant distribution unit, which will be ready for commercialization by the end of the year. The partnership we have underway with the global tech player Microsoft has proven the technology of our CDU, which will pave the way for greater business opportunities in the data center cooling business. And proactive collaboration is also being sought after with leading players, including AWS and NVIDIA.

Integrating our high-efficiency chillers with data center cooling solutions as a new business model, we will advance ourselves to providing cooling solutions encompassing the entire value chain, from system integration and operation to services. This commitment will guide us in driving our chiller business to becoming a KRW1 trillion Unicorn business within the next two years. Thank you.

A - Won Jae Park

(Foreign Language)

Next question please.

Operator

(Foreign Language) The following question will be presented by Hyunjik Jo[ph] from DB Securities. Please go ahead with your question.

Q - Analyst

(Foreign Language)

Thank you for this opportunity. I also have two questions, one for the company as a whole and one for HS. For the company, you have emphasized the importance of your qualitative growth areas. Can you share on the progress and your future cadence?

And my second question is on HS. Interest in the robotics industry, including humanoid, has been steadily growing. I would like to know the current status of customer acquisition of your robotics business and also your future business strategy as well. Additionally, could you share your plans for further M&A or a roadmap for business expansion?

A - Won Jae Park

(Foreign Language)

Thank you for your questions. Your question on qualitative growth will be answered by our Corporate Business Management, while for the robotics business, it will be answered by HS.

A - Choong Hyun Park

(Foreign Language)

Let me answer your question on qualitative growth areas. Though uncertainties remain across the business landscape, we are committed to reshaping our business structure with the transformation of our portfolios and we have reached actual results in qualitative areas including B2B, non-hardware and D2C that pose huge growth potential as well as opportunities to improve our profitability.

Our qualitative growth areas contributes to 45% of our entire sales while profitability continues to gain upward momentum. Let me provide you with the details.

(Foreign Language)

As a start, our B2B sales have already surpassed 35% of the company's entire sales, positioning the business as a key area. Of our B2B, automotive electronics have sustained a stable order backlog, standing at KRW100 trillion realized with better product mix and growing customer pipeline against the stagnant demand.

(Foreign Language)

For Smart Factories, one of our future growth engines, we expect our sales from orders to surpass that of our 2025 target as we extended our customer base of group affiliates to encompass external clients. Going forward, we will scale the business to unlock KRW1 trillion in sales within the next couple of years drawn from business overseas as well as orders and verticals for semiconductors, biologics and heavy industries equipment.

(Foreign Language)

For HVACs, we have seen continued momentum in our orders for large-scale projects driven by our proactive entry into the global market. Currently, in the limelight, chiller bookings for data centers have surpassed this year's target, expected to jump three-fold from last year, supported by orders from large-scale data centers across key regions, including the Middle East, North America, and Asia.

(Foreign Language)

We are also generating meaningful results in subscriptions and direct online sales, both qualitative business stemming from innovations in our original business models. The fast transition to subscriptions across our products and channels in Korea has delivered as of third quarter this year, sales growth at high 20% Y-o-Y and an account growth of mid 10% Y-o-Y. Starting with Malaysia, which recorded as of third quarter this year, more than 50% sales growth Y-o-Y, we are fast expanding our footprints further to Thailand, Taiwan, and Singapore.

(Foreign Language)

For non-hardware, our webOS runs not only in 260 million of our own smart TVs, but is available in more than 10 million of our partners' smart TVs, demonstrating the growth of our platform base and overall ecosystem. Fast-extending our footprint from North America to encompass other regions such as Europe and Asia, we will drive the momentum of our sales growth with a better selection of content and services while scaling the contribution of our profitability.

(Foreign Language)

Our commitment to seek sustainable, qualitative growth are not just empty words, but one bearing tangible outcomes, and we will continue to focus our resources where needed to well position these business areas in fueling our future growth. Thank you.

A - I-Kueon Kim

(Foreign Language)

Your question about robotics business will be covered by HS. Recently, humanoid-related technologies have been making rapid advances, particularly in China and the United States. In China, hardware companies offering humanoids with strong price competitiveness are being introduced, while in the U.S., major big tech players are focusing on securing RSM technologies that can enable diverse and precise motion control.

(Foreign Language)

In line with these developments, we're exploring solutions that can dramatically reduce household labor and are concentrating our efforts on related technology research. To accelerate our capabilities, we're actively collaborating with external partners and discussing the potential cooperation in the humanoid business with leading big tech companies.

We are even open to actively considering investment opportunities in case there are partners that can help us secure technology and commercialize our solutions.

(Foreign Language)

Ultimately, our goal is to expand our business in the home domain. However, given the many variables in this area, we're prioritizing the enhancement and stabilization of robot functions through trials in more structured environments and scenarios before entering the home market directly. We continue to seek and prepare for opportunities that align with this direction, and we expect to share related updates with you in the near future. Thank you.

A - Won Jae Park

(Foreign Language) Next question, please.

Operator

(Foreign Language) The following question will be presented by Alien Huang[ph] from Nomura Financial Investments. Please go ahead with your question.

Q - Analyst

(Foreign Language)

Thank you for the opportunity. According to press today, I've heard that there will be collaboration underway between NVIDIA and LG Electronics. Could you provide the details? Thank you.

A - Won Jae Park

(Foreign Language)

Yes, I understand that there are many companies that would seek collaboration with NVIDIA, and LG Electronics is one of them. So if I could elaborate in detail, leveraging the diverse AI platforms delivered by NVIDIA, we're pushing the momentum and raising our prowess in robotics. We are developing proprietary physical AI models, drawing on NVIDIA's humanoid reasoning model, Isaac GR00T.

(Foreign Language)

Both companies understand that physical AI is at the center of ensuring high-quality data, as well as a diverse training environment, and we intend on enhancing the cooperation on generating training data, as well as the training of reinforced learning robots. The data that we are accumulating across various areas from the home, automotive electronics, industry, and the commercial area will be leveraged to build on our data for physical AI.

(Foreign Language)

So you've also heard of our chiller as well. Our cooperation can also reap synergy in our data center solutions, our future growth engine. Our CDU, a core technology in liquid immersive cooling, is currently being verified by NVIDIA.

(Foreign Language)

We understand that currently NVIDIA is leader in AI business and we believe that with a strategic partnership underway, we, LG Electronics, will also be able to lead the innovation in future technology and future growth. Thank you.

Next question, please.

Operator

(Foreign Language) Currently, there are no participants with questions.

(Operator Instructions)

A - Won Jae Park

(Foreign Language)

I think we are out of time at the moment, so this brings to the end of the earnings call for our third quarter's performance. And I think there were a lot of questions asked today. If you look at our performance for this year, I believe that there were many difficulties considering the uncertainties in the environment, including the voluntary buyouts that we have currently offered.

But then, be rest assured that starting next year, we will be committed to delivering our goals and our targets, so we will appreciate it if you could support us throughout our journey. Thank you.