Disclaimer

This presentation was composed utilizing the data released on the dates shown, consequently reflecting management views according to the dates. All information in this presentation regarding the company's financial results has been prepared on a parent (unconsolidated) and/or global (consolidated) basis as indicated, in accordance with the Korean GAAP. Sales information includes transactions of the company to and from its subsidiaries and affiliates, but excludes transactions of the Company’s subsidiaries and affiliates to third parties. This presentation includes forecasting statements in regards to the company’s outlook on the future, including projected sales. These forecasting statements are based on the company’s results on a parent (unconsolidated) and/or global (consolidated) basis as indicated. These forecasting statements are subject to known and unknown risks and uncertainties that may arise, and actual results may vary. Risks and uncertainties aforementioned are not limited to risk factors noted in the company’s earnings releases and company’s filings with the Financial Supervisory Commission of Korea. The company assumes no obligation or responsibility to update the information provided in this presentations in correspondence to their respective dates.
I. Business Overview
II. Home Appliances
III. Mobile Handset
IV. Digital Display
1. Business Overview
LG Electronics

LG.Philips LCD
LG.Philips Displays

29% Digital Appliance
- Refrigerator 25%
- Air conditioner 34%
- Others 13%
- Washing Machine 21%
- Living 11%

31% Digital Display
- TV 64%
- Monitor 31%
- PDP 11%
- Others 3%

13% Digital Media
- Media 43%
- OS 36%
- PC 21%

27% Mobile Communications
- Handset 93%
- Network 3%
- PCB 4%

*Based on LGE Global (LGE parent + overseas subsidiaries) sales in 2007
*Digital Display breakdown by product is adjusted for PDP internal sales
Goal is to improve ROIC to over 20% by year 2010

Various ways to improve ROIC:
Improve profitability, discard unnecessary assets, increase efficiency, etc.

Key Financial Indexes

Sales Growth 26%
ROIC 19.8%

Sales Growth based on LGE Global (LGE Parent and LGE overseas subsidiaries) in USD.
ROIC is Based on LGE parent
Great improvements in capital structure
- Cash flow used for debt reduction
- Goal is to reduce global net-debt to equity ratio to below 50%
Redefining “LG Electronics” brand to premium markets
Product-led marketing strategy: Handsets → Appliances → TV

Brand Synergy

Brand Awareness (USA)

Aided
Unaided

* AC Nielsen, Brand Survey ’06 3Q
Π. Home Appliances
Sales growth over 16% CAGR

“Innovative products with great design”

LGE is global #3 in terms of sales but #1 in terms of profitability

LGE: Leading Global Appliances

Global Sales

CAGR 16%

Export

Domestic

'03 '04 '05 '06 '07

Sales

Whirlpool

Eletrolux

Target Zone

LG

Profitability
LGE: Global Leader

- Targeting global #1 in appliances
- Steadily growing in developed markets (U.S., Europe)
- Strong leader in emerging markets

**U.S. Distribution Channels**
- Joined forces with U.S. nationwide retailers
  - 2004: Best Buy
  - 2005: Home Depot
  - 2007: Sears
  - 2008: Regional Channels

**Europe & others**
- EU channels: DSGi, KESA, etc.
- Market share in emerging countries
  - India: 27%
  - CIS: 11%
  - Brazil: 5%

Sales

Profitability

- 2006
- 2010
LGE is positioned in the mass premium market (ASP $1000~$1400)
Growth from Sears, Home Depot and Best Buy entry - major U.S. distributors
Innovative products: Allergy care steam washing machines in various colors, etc.

Source: Stevenson ’06 1Q
Expanding our CAC Business

- Commercial Air Conditioner - new market for LGE
- B2B business, infrastructure and after service is important
- CACs using new energy solutions: Eco-design, reducing environmental impact

**Global A/C Market**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (US$ Bn)</th>
<th>CAC (US$ Bn)</th>
<th>RAC (US$ Bn)</th>
<th>CAGR</th>
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<tbody>
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<td>43.0</td>
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<td>45.3</td>
<td>27.8</td>
<td>17.5</td>
<td>3%</td>
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<tr>
<td>2010E</td>
<td>54.0</td>
<td>35</td>
<td>19</td>
<td>6%</td>
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</table>

**LGE A/C Sales**

<table>
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<th>Year</th>
<th>Total (US$ Bn)</th>
<th>CAC (US$ Bn)</th>
<th>RAC (US$ Bn)</th>
<th>CAGR</th>
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<td>2005</td>
<td>3.2</td>
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<tr>
<td>2007</td>
<td>4.1</td>
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<td>12%</td>
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<tr>
<td>2010E</td>
<td>5.1</td>
<td>2.3</td>
<td>2.8</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Company data
Success Factors

- Emphasis on R&D → Innovative new products
- Highly efficient low cost production bases (China, India)
- Focusing on three major premium products: A/C, washing machines and refrigerators

**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

![Chart showing global production distribution]

**Focus on High-end**
- Focusing on 3 Major profitable products
- Increasing premium product proportion

* Based on quantity, 2007

**Emphasis on R&D**

- A/C
- Ref.
- W/M

**Global Production**

- Compressor
  - In-house production
- Motor

**Focus on High-end**

- A/C
- Washing machine
- Refrigerator
Ⅲ. Mobile Handset
Emerging market is leading the handset demand
Limited growth from CDMA
Increase of 3G and GSM portion

**Global Demand**

- E.Europe
- Asia
- W.Europe
- Others
- N.America
- CS.America

**Demand by Technology**

- GSM
- CDMA
- WCDMA/ HSDPA
- Others

* CAGR : based on 2004 ~ 2007

* Source : Strategy Analytics
* CAGR : based on 2004 ~ 2007
In 2007, LGE showed handset stability and margin recovery (8.6%).
Shipments reached a historic high of 80.5 million units in 2007.
Continuing the success of “Black Label” & “Blue Label” series.

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**Stable Handset Business**

**Shipment**

- **2003**: 27 million units (14% CAGR)
- **2004**: 44 million units (55% CAGR)
- **2005**: 55 million units
- **2006**: 64 million units
- **2007**: 80 million units (31% CAGR)

**Sales & Margin**

- **2003**: 5.2 trillion KRW
- **2004**: 8.4 trillion KRW
- **2005**: 8.4 trillion KRW
- **2006**: 9.0 trillion KRW
- **2007**: 9.6 trillion KRW (8.6% CAGR)

**CAGR**: based on 2003 ~ 2007 except for WCDMA.

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* Source: Company data
** CAGR: based on LGE Parent sales and operating margin.
Handset Growth

- Successful entry into GSM open market with “Chocolate”
  - “Chocolate” shipment reached 7.5M units in 2006, over 4M units in GSM
- Expansion of 3G customer base: Vodafone, AT&T, etc.

Stabilization through Diversified Profit Portfolio

2005

- Verizon (CDMA) & Hutchison (3G) 80%
- Others

2007

- U.S. CDMA 35%
- GSM Open 30%
- 3G Total 20%
- Others

- Successful entry into GSM market
  - Chocolate 7.7m in 2007
  - Shine and Viewty in 2007

- Wider 3G customer base
  - Vodafone, AT&T, 3, etc
  - Winner of GSMA’s “3G for All” project
Future Direction

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

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
Soaring FPD Demand

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

**TV Demand**

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<th>'09E</th>
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<td>190</td>
<td>195</td>
<td>205</td>
<td>210</td>
<td>220</td>
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<td>FPD (%)</td>
<td>29%</td>
<td>44%</td>
<td>55%</td>
<td>66%</td>
<td>68%</td>
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**Demand by Size**

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<th>'10E</th>
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<td>190</td>
<td>195</td>
<td>205</td>
<td>210</td>
<td>220</td>
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<tr>
<td>40”~49”</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>30”~39”</td>
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<td></td>
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<tr>
<td>30”↓</td>
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</tbody>
</table>

Source: TSR, DisplaySearch, Company data
Display Strategy

- Strengthen brand and competitiveness to improve profitability
  - Invest in Brand: Increase marketing expenditure in selective markets: US, EU
  - Strengthen Competitiveness: Cooperative product design and development with affiliates, providing consumers with the best product portfolio

- Product design and development
  - LCD cooperation with LPL
  - PDP cooperation with LG-Micron

- Deliver optimized product lines
  - Possession of both PDP and LCD → competitive advantage

- “Improve Profitability”

- Build LG as premium TV brand
  Increase marketing expenditure on selective markets: US, EU

- Premium pricing
  Improve profitability of both TV sets and Panels
# Appendix

## Divisional Sales & Profit (Parent)

(Unit : KRW bn)

<table>
<thead>
<tr>
<th></th>
<th>1Q'06</th>
<th>2Q'06</th>
<th>3Q'06</th>
<th>4Q'06</th>
<th>FY06</th>
<th>1Q'07</th>
<th>2Q'07</th>
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<th>4Q'07</th>
<th>FY07</th>
<th>YoY</th>
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<tbody>
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<td>1,563</td>
<td>1,529</td>
<td>1,363</td>
<td>1,283</td>
<td>5,738</td>
<td>1,819</td>
<td>1,789</td>
<td>1,339</td>
<td>1,189</td>
<td>-7.4%</td>
<td>6,135</td>
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<td>Op. Profit (%)</td>
<td>160 (10.2%)</td>
<td>150 (9.8%)</td>
<td>58 (4.3%)</td>
<td>62 (4.9%)</td>
<td>430 (7.5%)</td>
<td>218 (12.0%)</td>
<td>173 (9.7%)</td>
<td>65 (4.8%)</td>
<td>55 (4.7%)</td>
<td>511 (8.3%)</td>
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<td>Sales</td>
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<td>1,443</td>
<td>1,725</td>
<td>1,212</td>
<td>5,825</td>
<td>1,214</td>
<td>1,093</td>
<td>1,389</td>
<td>1,441</td>
<td>19.0%</td>
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<td>Op. Profit (%)</td>
<td>30 (2.0%)</td>
<td>21 (1.4%)</td>
<td>43 (-12.1%)</td>
<td>-147 (-0.9%)</td>
<td>-54 (-16.0%)</td>
<td>-194 (-24.2%)</td>
<td>-265 (-11.5%)</td>
<td>-160 (-6.6%)</td>
<td>-96 (-8.3%)</td>
<td>-714 (-13.9%)</td>
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<tr>
<td>Sales</td>
<td>770</td>
<td>641</td>
<td>665</td>
<td>663</td>
<td>2,738</td>
<td>713</td>
<td>613</td>
<td>698</td>
<td>688</td>
<td>3.8%</td>
<td>2,712</td>
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<tr>
<td>Op. Profit (%)</td>
<td>23 (3.0%)</td>
<td>11 (1.8%)</td>
<td>8 (-3.1%)</td>
<td>-20 (-0.8%)</td>
<td>22 (0.8%)</td>
<td>6 (0.8%)</td>
<td>-17 (2.1%)</td>
<td>15 (0.9%)</td>
<td>-6 (0.1%)</td>
<td>-2 (0.1%)</td>
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<tr>
<td>Sales</td>
<td>2,050</td>
<td>2,211</td>
<td>2,326</td>
<td>2,370</td>
<td>8,958</td>
<td>2,300</td>
<td>2,423</td>
<td>2,283</td>
<td>2,567</td>
<td>8.3%</td>
<td>9,573</td>
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<tr>
<td>Op. Profit (%)</td>
<td>9 (-0.4%)</td>
<td>21 (0.9%)</td>
<td>98 (4.2%)</td>
<td>72 (3.0%)</td>
<td>182 (2.0%)</td>
<td>155 (6.7%)</td>
<td>265 (10.9%)</td>
<td>181 (7.9%)</td>
<td>209 (8.1%)</td>
<td>809 (8.4%)</td>
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<tr>
<td>Sales</td>
<td>1,855</td>
<td>2,032</td>
<td>2,149</td>
<td>2,204</td>
<td>8,240</td>
<td>2,136</td>
<td>2,253</td>
<td>2,131</td>
<td>2,422</td>
<td>9.9%</td>
<td>8,942</td>
</tr>
<tr>
<td>Op. Profit (%)</td>
<td>-31 (-1.7%)</td>
<td>-3 (-0.1%)</td>
<td>79 (3.7%)</td>
<td>58 (2.6%)</td>
<td>103 (1.3%)</td>
<td>141 (6.6%)</td>
<td>254 (11.3%)</td>
<td>170 (8.0%)</td>
<td>200 (8.3%)</td>
<td>765 (8.6%)</td>
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<tr>
<td>Sales</td>
<td>5,800</td>
<td>5,796</td>
<td>6,054</td>
<td>5,520</td>
<td>23,171</td>
<td>6,034</td>
<td>5,903</td>
<td>5,690</td>
<td>5,875</td>
<td>6.4%</td>
<td>23,502</td>
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<tr>
<td>Op. Profit (%)</td>
<td>191 (3.3%)</td>
<td>190 (3.3%)</td>
<td>197 (3.3%)</td>
<td>-43 (-0.8%)</td>
<td>535 (2.3%)</td>
<td>173 (2.9%)</td>
<td>146 (2.5%)</td>
<td>92 (1.6%)</td>
<td>154 (2.6%)</td>
<td>565 (2.4%)</td>
<td></td>
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</tbody>
</table>

*Divisional sales includes internal transaction between divisions*
## Appendix

**Divisional Sales & Profit (Global*)**

(Unit : KRW bn)

<table>
<thead>
<tr>
<th></th>
<th>1Q'06</th>
<th>2Q'06</th>
<th>3Q'06</th>
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<tr>
<td>Sales</td>
<td>2,556</td>
<td>2,969</td>
<td>2,500</td>
<td>2,352</td>
<td>10,376</td>
<td>2,941</td>
<td>3,604</td>
<td>2,785</td>
<td>2,473</td>
<td>5.1%</td>
<td>11,803</td>
<td>13.8%</td>
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<tr>
<td>Op. Profit (%)</td>
<td>(4.6%)</td>
<td>(8.3%)</td>
<td>(4.3%)</td>
<td>(5.2%)</td>
<td>(5.7%)</td>
<td>(5.7%)</td>
<td>(8.1%)</td>
<td>(5.4%)</td>
<td>(4.3%)</td>
<td>(5.7%)</td>
<td>(5.7%)</td>
<td>(8.1%)</td>
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<tr>
<td>Sales</td>
<td>2,714</td>
<td>2,786</td>
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<td>11,368</td>
<td>2,754</td>
<td>2,727</td>
<td>3,170</td>
<td>3,968</td>
<td>24.1%</td>
<td>12,619</td>
<td>11.0%</td>
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<tr>
<td>Op. Profit (%)</td>
<td>(1.6%)</td>
<td>(1.9%)</td>
<td>(2.6%)</td>
<td>(-3.0%)</td>
<td>(0.6%)</td>
<td>(-9.5%)</td>
<td>(-5.1%)</td>
<td>(-0.9%)</td>
<td>(-0.3%)</td>
<td>(-3.5%)</td>
<td>(-440)</td>
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<td><strong>DM</strong></td>
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<tr>
<td>Sales</td>
<td>1,449</td>
<td>1,242</td>
<td>1,217</td>
<td>1,492</td>
<td>5,401</td>
<td>1,382</td>
<td>1,246</td>
<td>1,336</td>
<td>1,430</td>
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<td>5,394</td>
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<tr>
<td>Op. Profit (%)</td>
<td>(3.6%)</td>
<td>(0.9%)</td>
<td>(-0.4%)</td>
<td>(0.9%)</td>
<td>(1.3%)</td>
<td>(0.8%)</td>
<td>(-0.3%)</td>
<td>(2.2%)</td>
<td>(1.9%)</td>
<td>(1.2%)</td>
<td>62</td>
<td>(1.2%)</td>
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<td>2,865</td>
<td>2,635</td>
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<td>121</td>
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<td><strong>Handset</strong></td>
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<td>2,709</td>
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<td>15.1%</td>
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<td>-15</td>
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<td>114</td>
<td>74</td>
<td>110</td>
<td>313</td>
<td>209</td>
<td>257</td>
<td>889</td>
<td>(8.5%)</td>
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<td><strong>Others</strong></td>
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<tr>
<td>Sales</td>
<td>-45</td>
<td>-39</td>
<td>-53</td>
<td>-63</td>
<td>-201</td>
<td>8</td>
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<td>Op. Profit (%)</td>
<td>-13</td>
<td>-12</td>
<td>-10</td>
<td>-10</td>
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<td>-11</td>
<td>-11</td>
<td>-9</td>
<td>-8</td>
<td>-38</td>
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<td><strong>Total</strong></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Sales</td>
<td>8,860</td>
<td>9,260</td>
<td>8,869</td>
<td>9,742</td>
<td>36,730</td>
<td>9,593</td>
<td>10,430</td>
<td>9,911</td>
<td>10,914</td>
<td>12.0%</td>
<td>40,848</td>
<td>11.2%</td>
</tr>
<tr>
<td>Op. Profit (%)</td>
<td>(1.9%)</td>
<td>(3.3%)</td>
<td>(2.3%)</td>
<td>(1.6%)</td>
<td>(2.3%)</td>
<td>(0.3%)</td>
<td>(4.4%)</td>
<td>(3.6%)</td>
<td>(3.5%)</td>
<td>(3.0%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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