

Welcome to LG Electronics

February 2004

As a note, this presentation was released as the dates shown and reflected management views as of these dates. All information in this presentation regarding the Company's financial results has been prepared on a non-consolidated basis in accordance with Korean GAAP. In particular, sales information includes sales by the Company to, and purchases by the Company from, its subsidiaries and affiliates, but excludes sales by the Company's subsidiaries and affiliates to third parties. The presentation includes forward-looking statements regarding the Company's outlook for 2004 and beyond, including projected sales. These forward-looking statements also refer to the Company's results on a non-consolidated basis. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially from those stated or implied by such statements. These risks and uncertainties, but are not limited to the 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 the presentations in correspondence to their respective dates.



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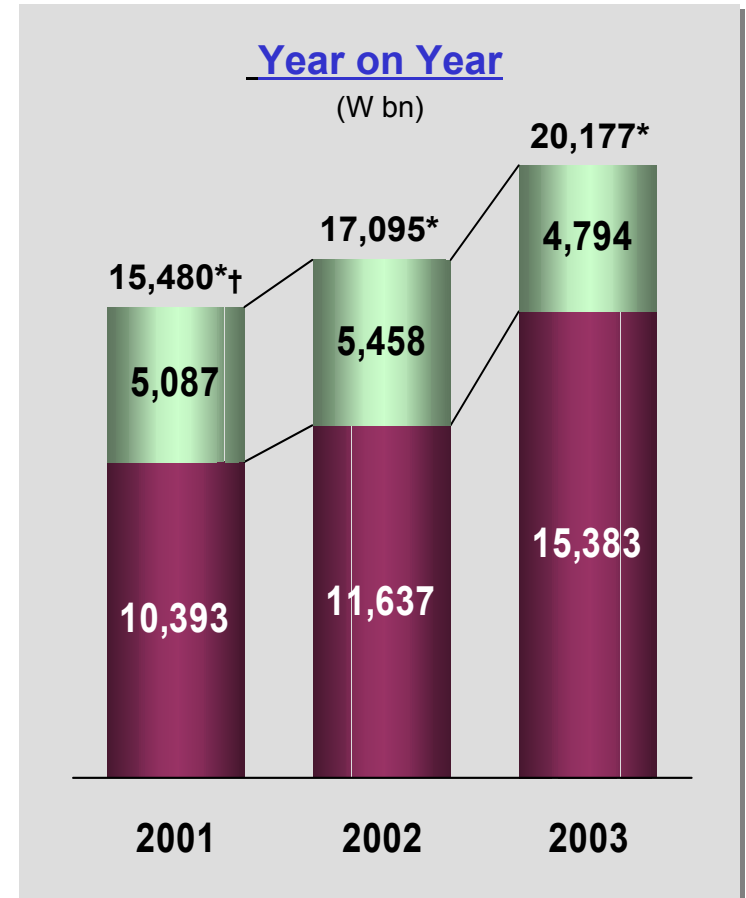
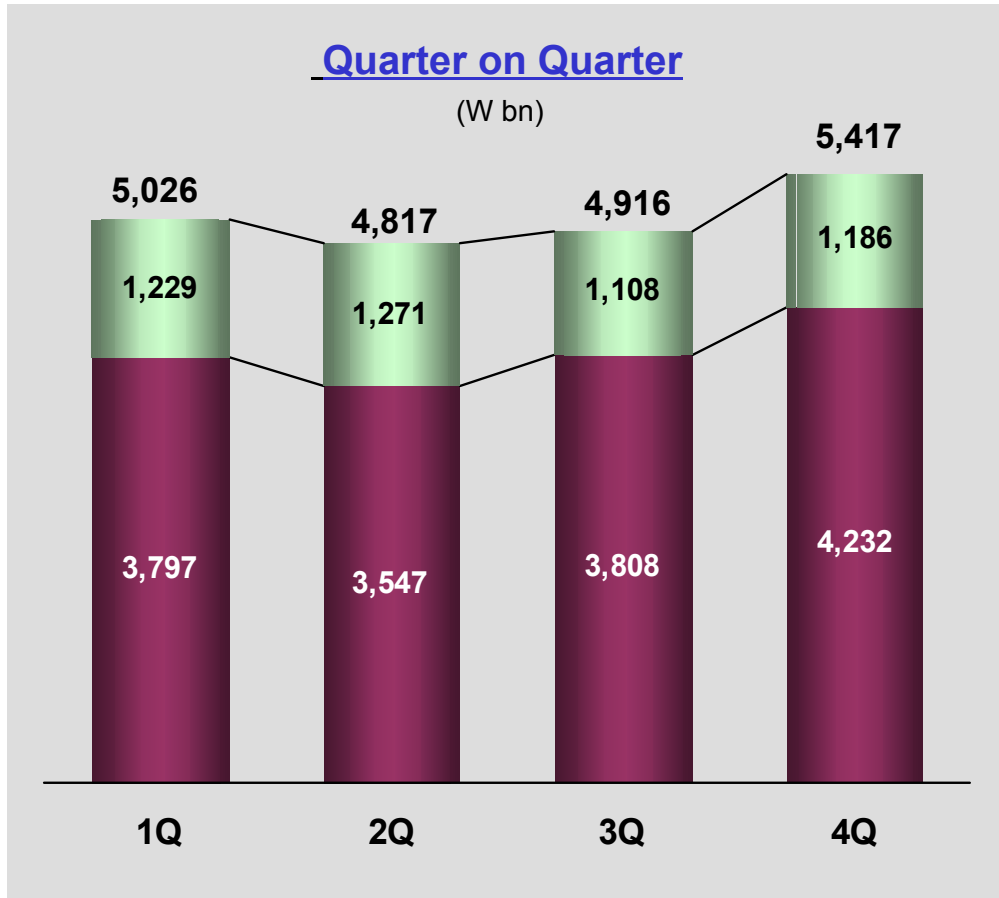
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2003 4Q & Annual Results

Sales

- ◆ 4Q Sales grew 29.6% YoY to record high Won 5.4tn.
- ◆ '03 Sales up 18% YoY to Won 20.2tn thanks to strong exports.
 - Exports up 32%, domestic down 12%



Domestic
 Export

*Like for like Comparison

†CRT sales excluded

Sales by Division

◆ **4Q QoQ Growth: Handset(+19.3%), Dis.&Media(+12.6), Appliance(+0.1%)**

- Growth led by handset, PDP, Optical Storage, and DTV.

◆ **'03 YoY Growth: Handset(+47.4%), Display&Media(+10.0%), Appliance(+8.8%)**

- Handset: grew over 45% YoY (Major Growth: N. America, Europe, and India).

- Display&Media: High-tech products such as PDP, DTV drove 10.0% YoY growth.

- Appliance: Premium products led by washing machine helped overcome slow domestic economy.

(Won bn)

	1Q	2Q	3Q	4Q	Growth		2003	Growth	
					YoY*	QoQ		YoY*	Portion
Appliance	1,648	1,597	1,201	1,203	5.2%	0.1%	5,649	8.8%	28.0%
Display&Media	1,710	1,536	1,712	1,927	21.8%	12.6%	6,885	10.0%	34.1%
Telecom E&H	1,622	1,642	1,940	2,260	57.7%	16.5%	7,464	36.8%	37.0%
Handset	1,103	1,029	1,392	1,660	68.9%	19.3%	5,184	47.4%	25.7%

•Like for like Comparison

Profit

- ◆ 4Q Operating profit increased 6.8% QoQ to Won 198bn.
- ◆ '03 Operating profit up 3.3% YoY to Won 1.06tn.
- ◆ 4Q Recurring profit down due to LPD restructuring, but 2003 recurring profit up 23.9% YoY.
- Net profit up 33.2% YoY to Won 663bn.

(Won bn)

	2003					2002*	
	1Q	2Q	3Q	4Q	Annual	4Q	Annual
Gross Profit (margin)	1,263 (25.1%)	1,170 (24.3%)	1,121 (22.8%)	1,273 (23.5%)	4,826 (23.9%)	925 (22.1%)	4,349 (25.4%)
Oper. Profit (margin)	417 (8.3%)	262 (5.4%)	185 (3.8%)	198 (3.6%)	1,062 (5.3%)	42 (1.0%)	1,029 (6.0%)
Recur. Profit (margin)	198 (3.9%)	375 (7.8%)	322 (6.5%)	-58 (-1.1%)	837 (4.1%)	-260 (-6.2%)	675 (3.9%)
Net Profit (margin)	189 (3.8%)	267 (5.5%)	224 (4.6%)	-17 (-0.3%)	663 (3.3%)	-179 (-4.3%)	497 (2.9%)

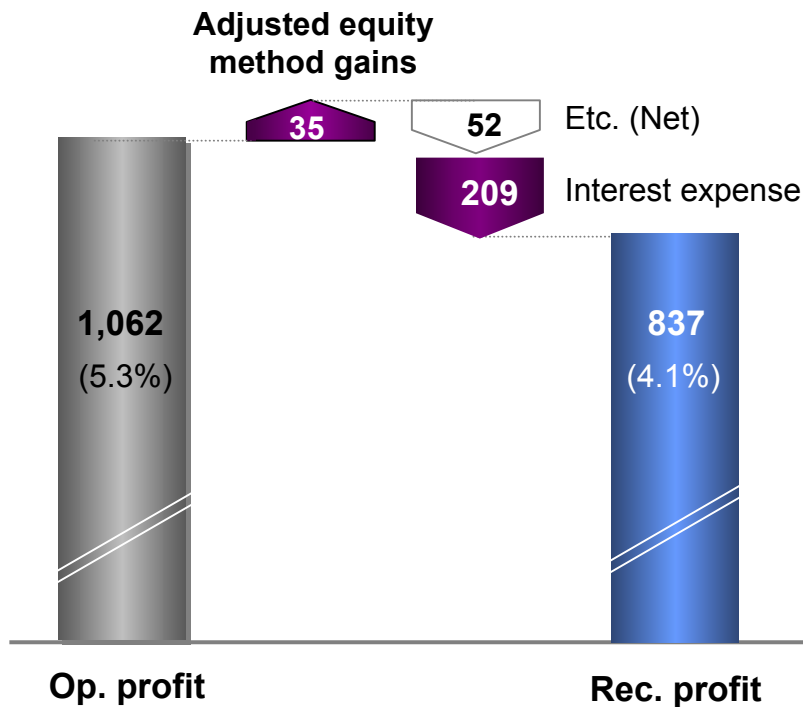
•Like for like Comparison

Non-operating items

- ◆ Actual equity method gains amounted to Won 35bn, after adjustments
- ◆ Recurring profit reached W 837bn

2003 Result

(Won bn)



Adjusted Equity Method

(Won bn)

Entity	Reported Equity M.	Adjustment	Adjusted Equity M.
LPL	+540	-	540
LPD	-1,032	+501 Gains on transfer of LPD stake	-531
Oversea Sub./etc.	-93	+119 Recovery of provisions	26
	-585	+620	35

Profit by Division

◆ 4Q Operating margin: **Appliance 5.6%, Display&Media 4.7%, and Telecom 5.1%.**

- **Appliance:** margin down due to sluggish economy and intense competition in Korea.
- **Display&Media:** profitability improved led by PDP, optical storage, and monitor.
- **Handset:** profitability declined due to the delay for new models in Korea.
- **System:** turned around thanks to restructuring in 2H2003.

(Won bn.)

	2003					2002*	
	1Q	2Q	3Q	4Q	Annual	4Q	Annual
Appliance (margin)	223 (13.5%)	157 (9.8%)	49 (4.1%)	67 (5.6%)	497 (8.8%)	77 (6.7%)	604 (11.6%)
Dis. & Media (margin)	153 (9.0%)	68 (4.4%)	86 (5.0%)	91 (4.7%)	398 (5.8%)	-32 (-2.0%)	275 (4.4%)
Telecom E&H (margin)	62 (3.8%)	64 (3.9%)	66 (3.4%)	93 (4.1%)	286 (3.8%)	37 (2.6%)	251 (4.6%)
Handset (margin)	63 (5.7%)	21 (2.1%)	81 (5.8%)	84 (5.1%)	249 (4.8%)	62 (6.3%)	343 (9.7%)

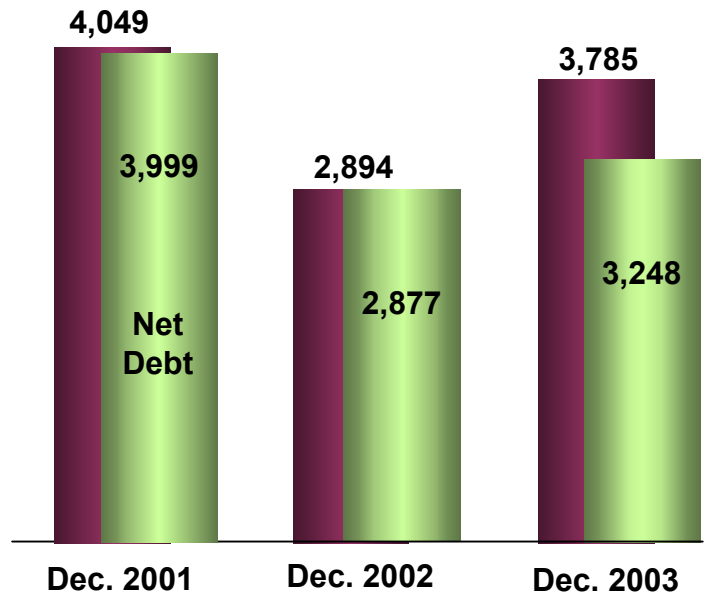
•Like for like Comparison

Financial Structure

- ◆ '03 liabilities-to-equity improved, dropping to 222%.
- ◆ '03 Net debt-to-equity also fell from 96% in 2002 to 93%.

Debt

(Won bn)



Balance Sheet

(Won bn)

Dec. 2003	
Asset	Liabilities
11,278	7,773
	Equity
	3,505
Dec. 2002	
Asset	Liabilities
10,133	7,128
	Equity
	3,005

Liabilities-to-equity	172%	237%	222%
Debt-to-equity	95%	96%	108%
Net debt-to-equity	94%	96%	93%

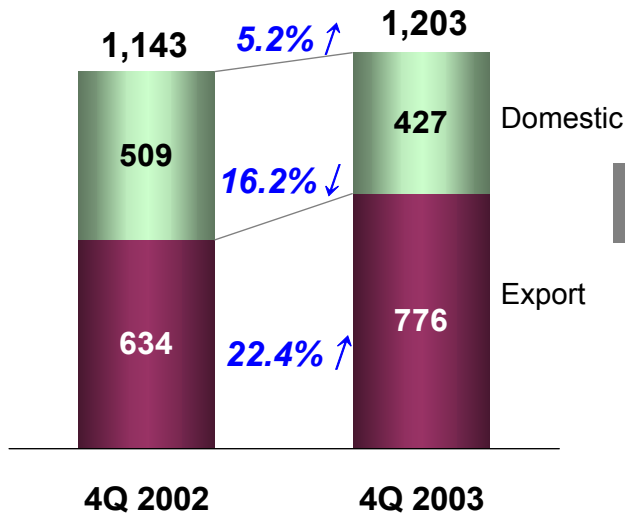


Performance and outlook by sector

Appliance

Sales

(Won bn)



2003 Performance

❖ 4Q Sales : grew 5.2% to Won 1,203 bn.

- Premium brand led export growth
- Domestic competitiveness maintained

❖ 2003 Sales : 8.8% growth YoY to Won 5.65 tn

- Premium product exports drove growth while domestic sales was sluggish due to slow economy
 - Domestic Market : Down 6.6% YoY
 - Export Market : Up 19.1% YoY
 - Growth driver : washing machine, refrigerator, and Commercial A/C

2004 Outlook

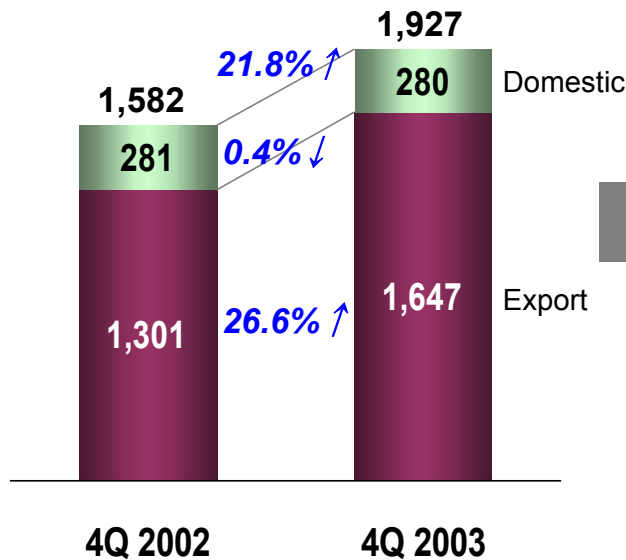
❖ Exports continue to drive overall growth

- Korea: sales expected to be similar to 2003
- Exports: expected to grow in North America and Europe with premium products

Display & Media

Sales

(Won bn.)



2003 Performance

❖ 4Q Sales : grew 21.8% YoY to Won 1, 927bn.

-Premium products and successful line ramp-up of 2nd PDP line helped drive sales growth

- PDP : sales up 168% YoY
- TV : Expanding Digital TV exports(export up 44% YoY)
- Optical Storage : sales up 19% YoY (Growth Driver : DVD-RW)

❖ 2003 Sales: 10.0% Growth YoY to Won 6.89tn.

- Rising exports and premium products in spite of SARS, Iraq War, and sluggish domestic economy.

2004 Outlook

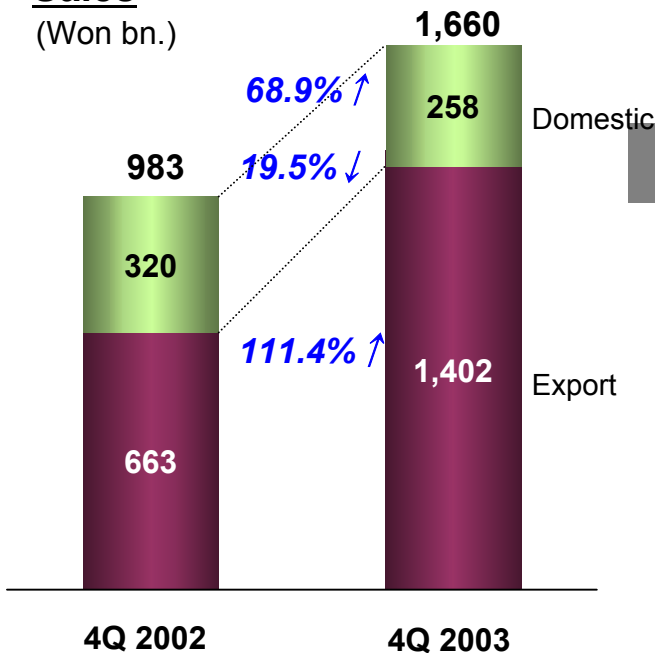
❖ Potential pick up in world economy; but price competition and sluggish domestic market are risks.

- PDP : Line 3 ramp up(cap: 75K/Mon.), Line 4(under consideration)
- Digital TV & LCD Monitor: spearheading brand Launching in North America
- Optical Storage : expanding DVD-RW sales and timely release of new products

Telecom E&H (Handset)

Sales

(Won bn.)



2003 Performance

- ❖ **2003 Sales : grew 47.4% YoY to Won 5,184 bn.**
 - 72% unit growth YoY to 27.4mn
 - Operating profit down YoY (`02: 9.7% → `03: 4.8%)
- ❖ **CDMA M/S sharply increased : No. 1 in North America, India**
- ❖ **Enter Major GSM Operators : Vodafone, T-Mobile, Cingular**

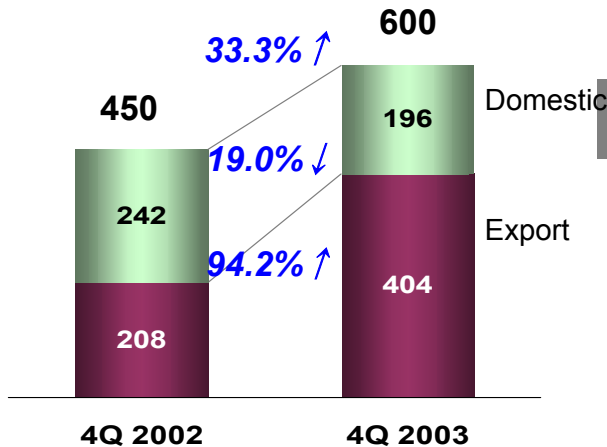
2004 Outlook

- ❖ **Handset market still growing.**
 - Market expected to reach 510 mn~520 mn(7~10% growth YoY)
 - Driven by replacement demand in North America, Western Europe and growth in from Asia and Eastern Europe
 - Increasing need for differentiated products such as color, multimedia function, camera etc.
- ❖ **`04 Handset unit sales target: over 36 mn(32% Growth YoY)**
 - CDMA : expect stable growth in Korea and exports.
 - GSM: rapid sales growing and introduce W-CDMA handset

Telecom E&H (System)

Sales

(Won bn.)



2003 Performance

- ❖ **2003 Sales : grew 17.7% YoY to Won 2,280 bn.**
 - System: Sales down significantly due to intense competition and falling investment by operators.
 - PC: sales up due to OEM business
- ❖ **System: turn around thanks to successful restructuring**
 - Operating profit: 2002 -5.1% → 2003년 9.5% Turn Around
- ❖ **Establish future growth opportunity for system**
 - Successful start for KTF WCDMA Commercial Service
 - Provided equipments for KT High Speed Network

2004 Outlook

- ❖ **Slow sales expected due to passive investment from operators**
 - operators likely to reduce in 3G Investment: increasing operators' Marketing expense for wireless number portability.
 - 3G investment expected to incur the end of 2004 ~ 2005
- ❖ **Restructuring System to maintain profitability.**
 - Restructuring Fixed-Line Division



2003 Performance

❖ **Sales : 6,031bn Op. profit : 1,114bn.**

- Sales grew 71% YoY, operating profit rose 307% YoY
- Record high profit thanks to successful ramp up of 2nd 5G fab and strong demand and pricing
 - : Thanks to strong monitor and notebook demand unit sales grew 87% YoY*

❖ **No. 1 market share in large sized LCDs**

- Monitor-use 1st ('02 : 16.7% → '03 : 22.4%**)
- TV-use 2nd ('02: 21.1% → '03 : 26.4 %**)
- Better product mix flexibility thanks to 2nd 5G fab

❖ **4Q Sales : 2,091bn Op. profit: 561bn**

2004 Expectations

❖ **Market expected to grow 34% YoY*** thanks to expanding demand for LCD monitors and TVs***

❖ **Maintain Market Leadership**

- Ramp up 6G fab
- Maintain strong position in high-end segment
- Fortify position in 20" and above LCD TV market

❖ **Expand small and medium panel production**

* Based on over 10.4 inch

** Source : DisplaySearch Large area TFT-LCD Shipment report Q1 '03 & Q4 '03(E)

*** Source: DisplaySearch TFT-LCD Supply/Demand & Capital Spending Report 4Q03

LG.Philips Displays



2003 Performance

❖ Sales : US\$ 3,966mn / Op. profit : US\$122mn *

- Sales fell 10% YoY, operating profit fell 26% YoY
- While CPT sales remained relatively stable, sharp drop in CDT sales was the main reason for the poor performance

❖ Continued restructuring

- Closed, transferred, and/or sold less productive factories to improve cost structure and competitiveness

❖ 4Q sales : US\$ 1,093mn / Op. profit : US\$77mn *

2004 Outlook

❖ **Due to rapid LCD penetration, CRT market contracting**

- CRT market estimated to have dropped 6% in 2003

❖ **To improve product leadership, intense cost innovation activities will be implemented in 2004.**

* Excluding restructuring and asset impairment



2004 Target and Major Issues

2004 Management Target

◆ 2004 Sales expected to grow 7 ~ 9% YoY Won 21.6 ~ 22 tn.

Enhancing Major business Core competencies

- ❖ Handset
 - ❑ Enhance market leadership in N.America and aggressively expanded in European market.
 - ❑ Enhance Korea / China operations, improve profitability
- ❖ PDP / DTV
 - ❑ Maximize profitability by obtaining product / cost leadership

Fostering New Future Business

- ❖ Focus on strengthening R&D capability (Up 5.6% of the sales)
- ❖ Develop future long-term growth products
 - DMB handset, Home Network, Post PC, Telematics

2004 Plan

- **Sales**
21.6 ~ 22 tn
(7 ~ 9% Up YoY)
- **CAPEX 1.1 tn.**
(34% Up YoY)
- **R&D Investment**
1.2 tn
(22% Up YoY)

Major Issues

✓ **Maintain growth: focusing to invest on growth drivers and high margin businesses**

- Ramp up PDP Line No. 3, enhancing DTV competency based on superior DTV technology
- Use No.1 position in CDMA to expand GSM market share

✓ **Improve Handset Profitability**

- Enhance product leadership in N. America and aggressively expanding in Europe
- Expand M/S in Korean high-end market, and aiming to obtain leading position in W-CDMA market

✓ **Sustain Product Leadership and Market Leadership**

- Expand premium products such as drum-type washing machine, DVD recorder
- Improve Brand Equity in advanced markets
- Expand Premium products: CDMA handset, air conditioner, refrigerator, Optical Storage, etc.

✓ **Aggressive cost innovation improves profitability**

- Continue to rationalize businesses to maintain cost leadership
- Sustain cost leadership via aggressive cost innovation



APPENDIX

➤ Sales & Profits

			(in W billion)					(in W billion)				
			2002					2003				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Appliance	Sales	Domestic	661	846	683	744	2,933	479	584	456	427	1,946
		Export	1,025	872	579	634	3,109	1,169	1,013	745	776	3,703
		Total	1,686	1,718	1,262	1,378	6,043	1,648	1,597	1,201	1,203	5,649
	Operating Porfit		218	228	80	77	604	223	157	49	67	497
Display & Media	Sales	Domestic	352	365	294	287	1,298	314	268	270	280	1,133
		Export	1,247	1,233	1,202	1,301	4,982	1,395	1,268	1,442	1,647	5,752
		Total	1,599	1,598	1,495	1,587	6,280	1,710	1,536	1,712	1,927	6,885
	Operating Porfit		114	138	56	-32	275	153	68	86	91	398
Telecom E&H	Sales	Domestic	540	530	594	606	2,270	397	377	326	454	1,553
		Export	819	994	990	1,018	3,821	1,370	1,121	1,614	1,806	5,911
		Total	1,359	1,524	1,584	1,624	6,091	1,766	1,498	1,940	2,260	7,464
	Operating Porfit		63	73	78	37	251	62	64	66	93	286
Handset	Sales	Domestic	302	208	338	322	1,170	217	181	193	258	849
		Export	481	598	612	663	2,354	886	848	1,199	1,402	4,335
		Total	783	807	949	985	3,524	1,103	1,029	1,392	1,660	5,184
	Operating Porfit		99	81	100	62	343	63	21	81	84	249
Company	Sales	Domestic	1,600	1,788	1,624	1,643	6,655	1,229	1,271	1,108	1,186	4,794
		Export	3,097	3,106	2,778	2,967	11,948	3,942	3,402	3,808	4,232	15,383
		Total	4,698	4,894	4,402	4,609	18,603	5,171	4,673	4,916	5,417	20,177
	Gross Profit		1,175	1,243	1,006	925	4,349	1,263	1,170	1,121	1,273	4,826
	Operating Profit		367	429	190	42	1,029	417	262	185	198	1,062
	Recurring Profit		276	490	169	-260	675	198	375	322	-58	837
Net Profit		220	341	116	-179	498	189	267	224	-17	663	

➤ Profit Margin

			2002					2003				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Operating Porfit by Division	Appliance		13.0%	13.3%	6.3%	5.6%	10.0%	13.5%	9.8%	4.1%	5.6%	8.8%
	Dis.&Media		7.1%	8.6%	3.7%	-2.0%	4.4%	9.0%	4.4%	5.0%	4.7%	5.8%
	Telecom		4.7%	4.8%	4.9%	2.3%	4.1%	3.5%	4.3%	3.4%	4.1%	3.8%
	Handsets		12.7%	10.1%	10.5%	6.3%	9.7%	5.7%	2.1%	5.8%	5.1%	4.8%
Company	GP Margin		25.0%	25.4%	22.9%	20.1%	23.4%	24.4%	25.0%	22.8%	23.5%	23.9%
	OP Margin		7.8%	8.8%	4.3%	0.9%	5.5%	8.1%	5.6%	3.8%	3.6%	5.3%
	RP Margin		5.9%	10.0%	3.8%	-5.6%	3.6%	3.8%	8.0%	6.5%	-1.1%	4.1%
	NP Margin		4.7%	7.0%	2.6%	-3.9%	2.7%	3.7%	5.7%	4.6%	-0.3%	3.3%

- Year 2002: all sales of raw material(outsourcing related) and raw material buy & sell(PC OEM) are excluded

② After adjustment for accounting change

➤ Sales & Profits

			(in W billion)					(in W billion)					
			2002					2003					
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Appliance	Sales	Domestic	460	620	495	509	2,084	479	584	456	427	1,946	
		Export	1,025	872	579	634	3,109	1,169	1,013	745	776	3,703	
		Total	1,484	1,492	1,074	1,143	5,193	1,648	1,597	1,201	1,203	5,649	
		Operating Porfit	218	228	80	77	604	223	157	49	67	497	
Display & Media	Sales	Domestic	346	360	289	281	1,276	314	268	270	280	1,133	
		Export	1,247	1,233	1,202	1,301	4,982	1,395	1,268	1,442	1,647	5,752	
		Total	1,593	1,593	1,490	1,582	6,258	1,710	1,536	1,712	1,927	6,885	
		Operating Porfit	114	138	56	-32	275	153	68	86	91	398	
Telecom E& H	Sales	Domestic	462	428	492	562	1,945	397	377	326	454	1,553	
		Export	768	949	922	871	3,510	1,225	1,265	1,614	1,806	5,911	
		Total	1,230	1,377	1,415	1,433	5,454	1,622	1,642	1,940	2,260	7,464	
		Operating Porfit	63	73	78	37	251	62	64	66	93	286	
Handset	Sales	Domestic	300	207	336	320	1,162	217	181	193	258	849	
		Export	481	598	612	663	2,354	886	848	1,199	1,402	4,335	
		Total	781	805	948	983	3,517	1,103	1,029	1,392	1,660	5,184	
		Operating Porfit	99	81	100	62	343	63	21	81	84	249	
Company	Sales	Domestic	1,314	1,455	1,330	1,359	5,458	1,229	1,271	1,108	1,186	4,794	
		Export	3,046	3,061	2,710	2,820	11,637	3,797	3,547	3,808	4,232	15,383	
		Total	4,361	4,516	4,040	4,179	17,095	5,026	4,817	4,916	5,417	20,177	
			Gross Profit	1,175	1,243	1,006	925	4,349	1,263	1,170	1,121	1,273	4,826
			Operating Profit	367	429	190	42	1,029	417	262	185	198	1,062
			Recurring Profit	276	490	169	-260	675	198	375	322	-58	837
		Net Profit	220	341	116	-179	498	189	267	224	-17	663	

➤ Profit Margin

			2002					2003				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Operating Porfit by Division	Appliance		14.7%	15.3%	7.4%	6.7%	11.6%	13.5%	9.8%	4.1%	5.6%	8.8%
	Dis.&Media		7.1%	8.6%	3.8%	-2.0%	4.4%	9.0%	4.4%	5.0%	4.7%	5.8%
	Telecom		5.2%	5.3%	5.5%	2.6%	4.6%	3.8%	3.9%	3.4%	4.1%	3.8%
	Handsets		12.7%	10.1%	10.5%	6.3%	9.7%	5.7%	2.1%	5.8%	5.1%	4.8%
Company	GP Margin		27.0%	27.5%	24.9%	22.1%	25.4%	25.1%	24.3%	22.8%	23.5%	23.9%
	OP Margin		8.4%	9.5%	4.7%	1.0%	6.0%	8.3%	5.4%	3.8%	3.6%	5.3%
	RP Margin		6.3%	10.8%	4.2%	-6.2%	3.9%	3.9%	7.8%	6.5%	-1.1%	4.1%
	NP Margin		5.0%	7.5%	2.9%	-4.3%	2.9%	3.8%	5.5%	4.6%	-0.3%	3.3%

BS/PL by Quarter

◆ Income Statement

(in W billion)

	2002					2003				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	4,698	4,894	4,402	4,609	18,603	5,171	4,673	4,916	5,417	20,177
COGS	3,523	3,651	3,396	3,684	14,254	3,908	3,503	3,796	4,145	15,351
Gross Profit	1,175	1,243	1,006	925	4,349	1,263	1,170	1,121	1,273	4,826
SG&A	808	814	816	883	3,321	846	908	935	1,075	3,764
Operating Profit	367	429	190	42	1,029	417	262	185	198	1,062
Non OP	-91	60	-21	-302	-353	-219	113	137	-255	-225
Recurring Profit	276	490	169	-260	675	198	375	322	-58	837
Tax	56	149	53	-80	178	9	107	98	-40	174
Net Profit	220	341	116	-179	498	189	267	224	-17	663

◆ Balance Sheet

(in W billion)

	2,002				2003년			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Asset	11,983	9,734	9,960	10,133	11,091	10,459	11,036	11,277
Current Asset	3,342	2,648	2,757	2,963	3,885	3,039	3,488	3,773
Fixed Asset	8,641	7,086	7,202	7,170	7,206	7,420	7,548	7,505
Investment	4,767	3,312	3,395	3,304	3,386	3,544	3,654	3,546
PP&E	2,842	2,775	2,843	2,893	2,898	2,959	3,026	3,123
Intangible	1,031	1,000	964	973	921	917	868	836
Liabilities	7,515	6,710	6,744	7,128	8,026	7,098	7,485	7,773
Current Liabilities	4,932	4,393	4,320	4,737	5,675	4,652	4,697	5,091
Fixed Liabilities	2,583	2,317	2,423	2,391	2,350	2,446	2,789	2,682
Capital	4,468	3,024	3,216	3,005	3,065	3,361	3,551	3,505
Capital	1,031	784	784	784	784	784	784	784
Capital Surplus	2,357	1,876	1,876	1,876	1,876	1,876	1,892	1,892
Retained Earning	1,749	341	457	278	303	570	794	766
Capital Adjustment	-670	23	99	67	102	130	80	63

Thank you



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