

2009 1Q Earnings Release



April 21st 2009

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 1st 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 2nd 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)	15.89	-7.5%	+10.7%	0.12 (0.7%)	+0.25 ↑ 1.5%p	-1.40 ↓ 9.8%p
LGE Global *	12.85	-3.9%	+14.6%	0.46 (3.5%)	+0.35 ↑ 2.8%p	-0.15 ↓ 1.9%p
LG Display	3.67	-11.8%	-9.1%	-0.41 (△11.1%)	-0.12 ↓ 4.1%p	-1.29 ↓ 32.9%p
Other Affiliates	1.09	+4.8%	+20.6%	0.04 (3.8%)	+0.02 ↑ 2.1%p	0.00 ↓ 0.7%p
Intercompany Transactions	1.72			0.02		

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

Sales and Profit*

(Unit : KRW bn)

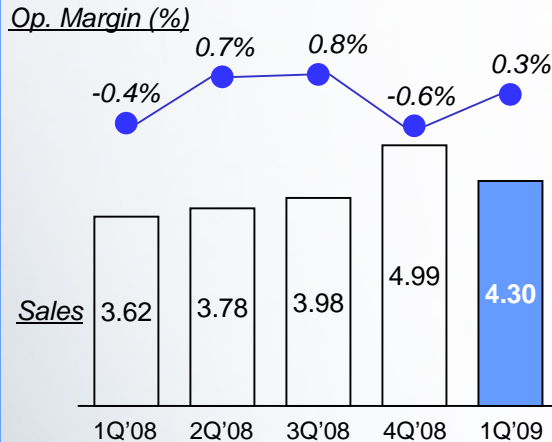
		4Q'08	QoQ	1Q'09	YoY	1Q'08
Home Entertainment	Sales	4,986	↓ 13.8%	4,298	↑ 18.6%	3,622
	Op. Profit	-31		14		-13
Mobile Communications	Sales	4,487	↓ 5.2%	4,253	↑ 16.8%	3,643
	Op. Profit	176		255		457
Handset	Sales	4,093	↓ 4.3%	3,916	↑ 22.6%	3,195
	Op. Profit	215		263		445
Home Appliance	Sales	2,310	↓ 4.3%	2,211	↑ 16.1%	1,904
	Op. Profit	-50		102		84
Air Conditioning	Sales	684	↑ 86.2%	1,274	↑ 8.9%	1,170
	Op. Profit	-11		61		61
Business Solution	Sales	1,181	↓ 7.3%	1,096	↓ 6.6%	1,173
	Op. Profit	20		27		27

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

* Divisional sales includes internal transactions between divisions

Global* Performance

(KRW tn)



2009 1Q Performance

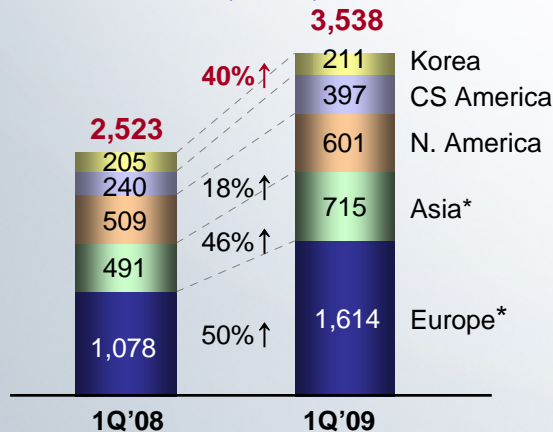
❖ **Sales : Robust LCD TV sales led to growth YoY to 4.3 trillion KRW even during recession and low season**

- LCD TV Appropriate product line ups for recession and progressive sales activities led to 36% sales growth YoY
- PDP TV Sales growth of 0.3% YoY
- PDP Module Sales declined 36% YoY from slow 32" external sales

❖ **Profitability : Despite low performance of PDP modules, Media and DS products, from great FPTV sales, profitability improved YoY**

FPTV Shipment by Region

(Unit: K)



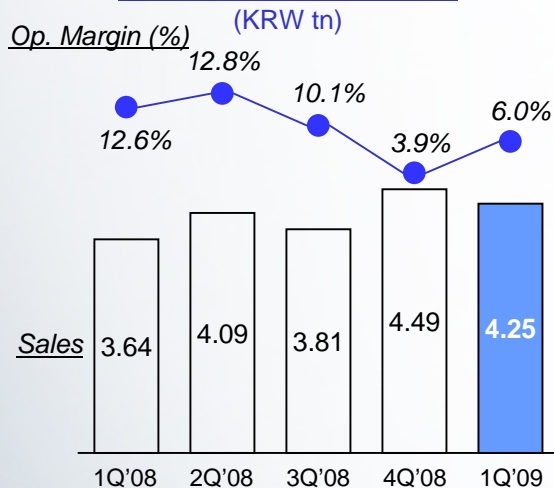
* Asia - Includes MEA. Europe - Includes CIS

2009 2Q Outlook

❖ **Market :** We expect the market growth rate to slow down QoQ, but growth will accelerate in emerging markets where LCD TV penetration is low, and in developed markets demand should pick up (centered on 2nd TVs), so overall market demand (unit) is expected to increase slightly

❖ **LGE :** In 2Q, EOL (End of Life) promotion for old models will unfold, and as many new models will be aggressively launched, we plan to continuously expand market share

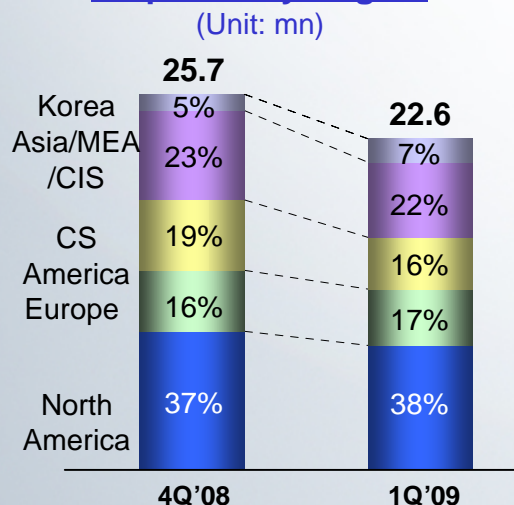
Global* Performance



2009 1Q Performance

- ❖ **Sales : Recession and low season led to 12% QoQ shipment decline to 22.6 million units (7% decline YoY)**
 - Sales growth from expansion of mid tier strategic models and flexible management of existing models (Cookie, LG-KS360, Viewty, Qwerty series etc.)
 - Sales growth in Korea : Successful launches of new models (Cookie, Lollipop)
 - Good sales performance in emerging markets such as China, MEA
- ❖ **Profitability : Improvements in model mix centered on mid to high tier and efficiency in costs led to improved profitability**

Shipment by Region

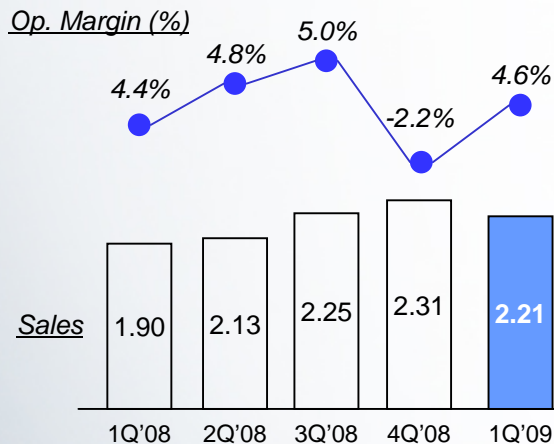


2009 2Q Outlook

- ❖ **Market : From continuous recession, 10% decline YoY to 260 mn units expected**
- ❖ **LGE : From new model launches and sales expansion of strategic models, M/S gain and improvements in profitability expected**
 - 2Q shipment : Targeting more than double digit growth QoQ
 - New models : Arena (S Class UI), Messaging phone (Xenon, Neon, etc.)
Viewty Smart (8M Camera), GD900 (Transparent Keypad)

Global* Performance

(KRW tn)



2009 1Q Performance

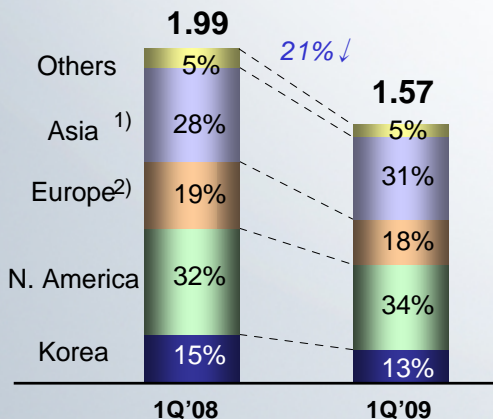
❖ **Sales** : As the impact from the recession continues in the global market, sales decline 21% on USD base, but grew 16% on KRW base from currency impact

- Korea : Sustained similar level of sale YoY
- Overseas : Slow sales in developed countries such as U.S., Europe from the recession

❖ **Profitability** : Despite slow sales in the Global market, from cost innovation activities and currency impact, profitability improved YoY

Regional Sales Breakdown

(USD bn)



1) Includes MEA 2) Includes CIS

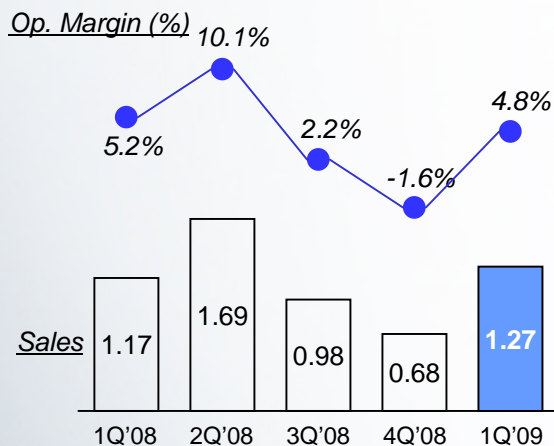
2009 2Q Outlook

❖ **Market** : The market demand is expected to decline YoY from the recession, but the decline will be slowing down in 2Q

❖ **LGE** : Strengthen regional Mid-Zone models and from efficient marketing investments, focus on gaining market share

Global* Performance

(KRW tn)



2009 1Q Performance

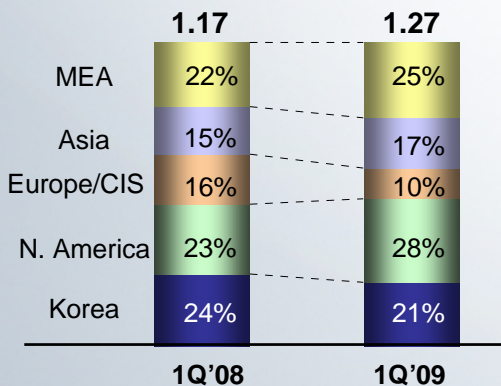
❖ **Sales** : From the global recession, sales declined based on USD, but based on KRW, sales improved slightly

- Korea : Limited decline from new model launches and reservation sales
- Overseas : From recession and '08 cool summer, overall industry's inventory situation is not good, leading to delayed sell-in

❖ **Profitability** : Despite sale decline, profitability improved from new model launches, expansion of premium portion and cost innovation

Regional Sales Breakdown

(KRW tn)



2009 2Q Outlook

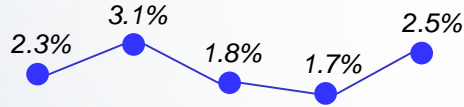
❖ **Market** : With the high seasonality, the demand is expected to pick centered on the major markets

❖ **LGE** : From continuous cost innovation activities and stronger marketing activities in strategic markets, market share expansion will be targeted

Global* Performance

(KRW tn)

Op. Margin (%)



Sales



2009 1Q Performance

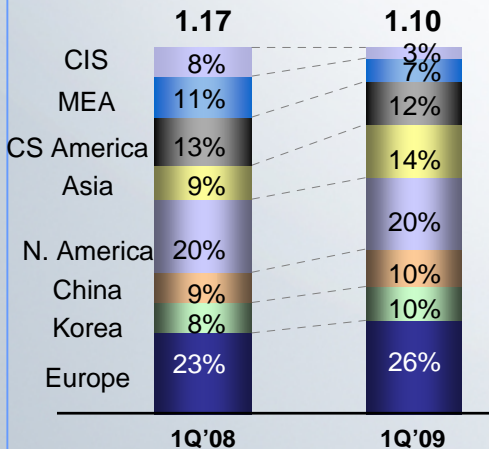
❖ Sales : Demand withdrawal impact from global recession led to sales decline

- Monitor : Market demand decline and ASP drop led to YoY sales decline
- Commercial : Withdrawal of U.S./EU Hotel investments led to sales decline
- Car : Difficulties of GM business led to lower sales

❖ Profitability : Improved YoY results from price competitiveness and enhanced operation efficiency

Regional Sales Breakdown

(KRW tn)



2009 2Q Outlook

❖ Market : Recession continuing in developed countries such as U.S. and Europe, but stable growth in emerging countries expected

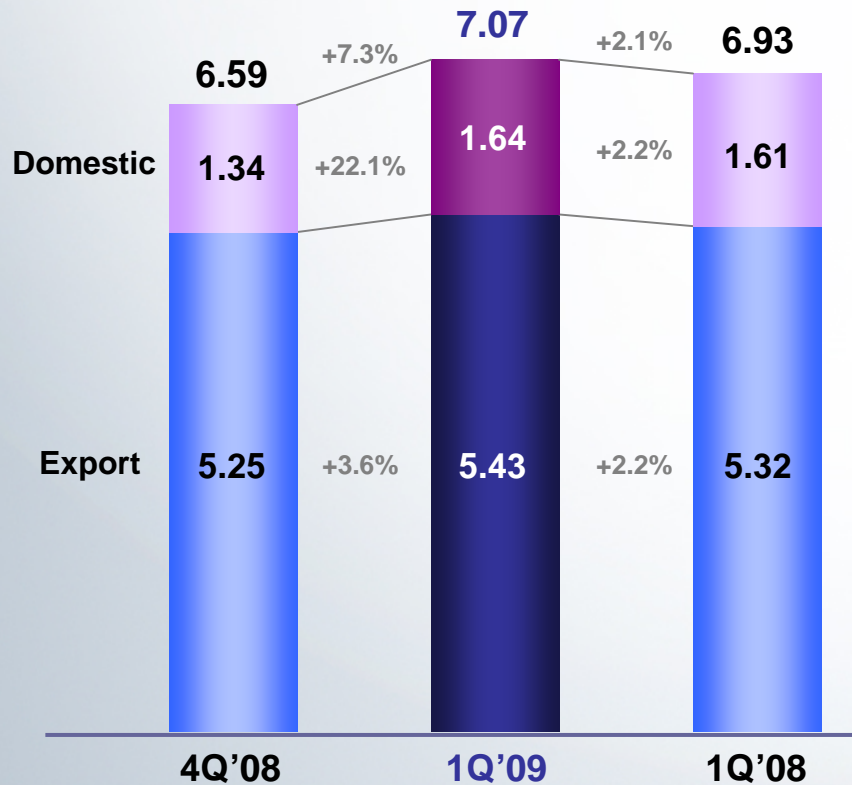
❖ LGE : Focus on sales improvement from new channels and models

- Monitor : Sales growth from successful 'Network Monitor' launching
- Commercial : Sales growth from Pro:Centric™ Solution Hotel TV launch, discover new B2B channels
- CAR : GM's difficulties expected to continue, targeting new built-in businesses

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

Sales

(Unit: KRW tn)



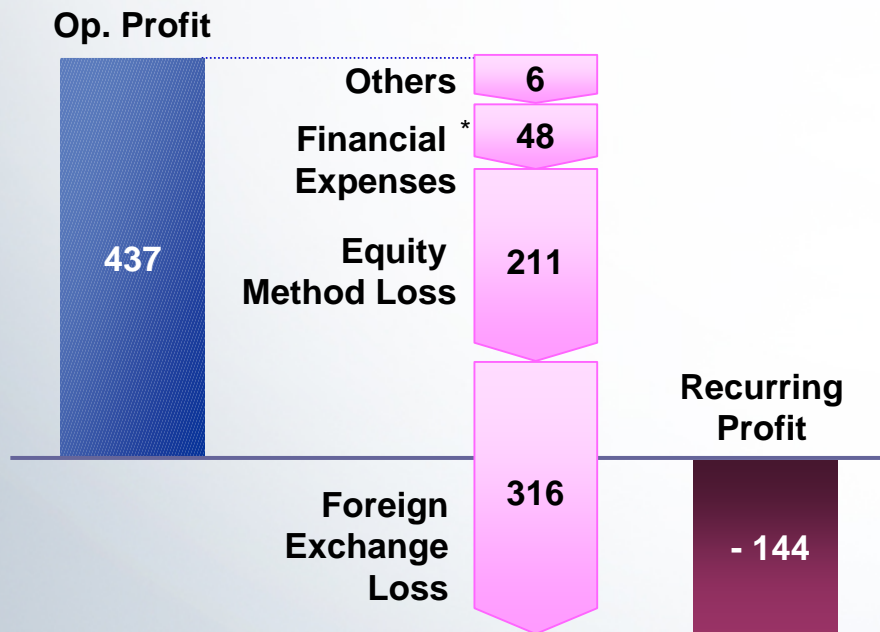
Profit

(Unit: KRW bn)

	4Q'08	QoQ	1Q'09	YoY	1Q'08
Operating Profit	- 310	n/a	437	↓ 23%	564
EBITDA	- 144	n/a	591	↓ 19%	732
Recurring Profit	- 942	n/a	- 144	n/a	498
Net Profit	- 671	n/a	- 198	n/a	422

Non-operating Items

(Unit : KRW bn)



Equity Method

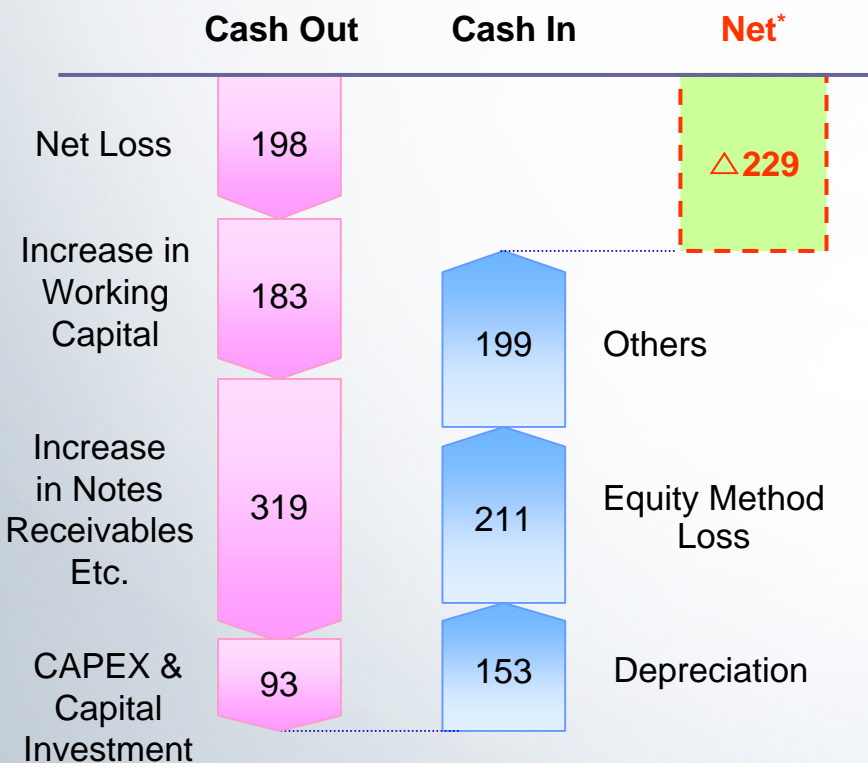
(Unit : KRW bn)

	4Q'08	1Q'09
LG Display	-214	-90
LGE Overseas Subsidiaries	-47	-132
Others	-33	11
Equity Method Total	-294	-211

* AR discount fee is included in financial expenses

1Q Net Cash Flow*

(Unit : KRW bn)



Cash Flow

(Unit : KRW bn)

Cash at the beginning of Quarter	1,207
Cash Flow from Operating Activities	△ 136
Net Loss	△ 198
Depreciation	153
Equity Method Loss	211
Increase in Working Capital	△ 183
Increase in Notes Receivables, Etc.	△ 319
Others	199
Cash Flow from Investing Activities	△ 93
CAPEX & Capital Investment	△ 93
Cash Flow from Financing Activities	376
Debt increase	376
Cash Increase	147
Cash at the end of Quarter	1,354

* Excludes cash flow from financing activities

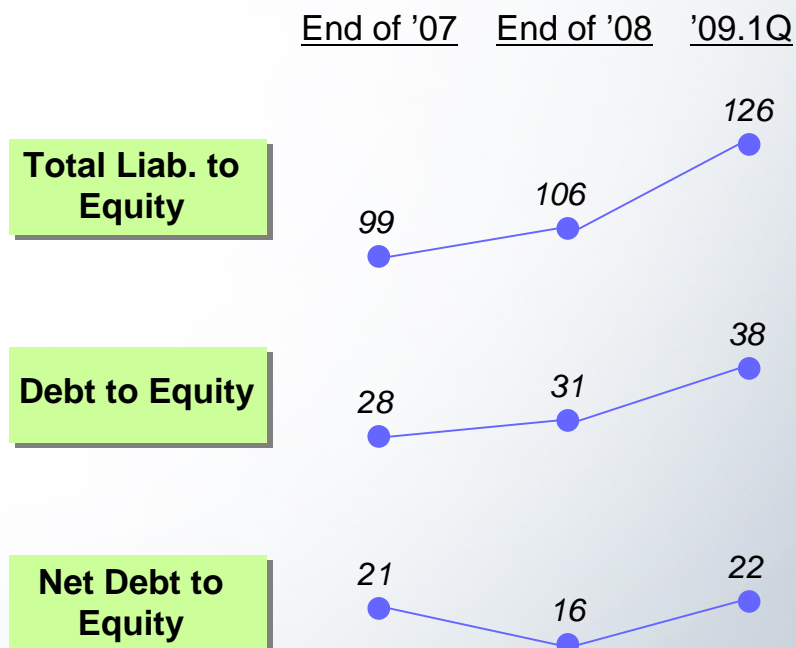
Balance Sheet

(Unit : KRW tn)

	End of '07	End of '08	'09.1Q
Assets	14.34	17.34	18.67
Current Assets	2.83	4.52	6.09
Cash	0.53	1.21	1.35
Inventories	0.95	0.90	0.96
Fixed Assets	11.51	12.82	12.58
Liabilities	7.13	8.93	10.40
Current Liabilities	4.42	5.94	6.88
Long-Term Liabilities	2.71	2.99	3.52
Equity	7.21	8.41	8.27
<hr style="border-top: 1px dashed green;"/>			
Debt	2.05	2.59	3.15

Financial Ratio

(Unit : %)



IV. 2009 2Q Business Direction & Prospects

Growth

Sales

From entering high season for AC and expansion of new product launches in major product categories, we expect market share improvement to result in over 10% sales growth

Profitability

H E

TV profitability to be similar QoQ, but improved profitability in PDP module / Media / DS expected

M C

Improved profitability expected from stronger strategic model line-ups and shipment increase

H A

Similar level of profitability QoQ

A C

Improved profitability from initial high season entrance

B S

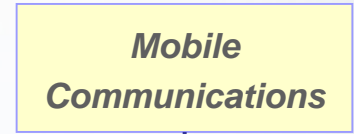
Similar level of profitability QoQ



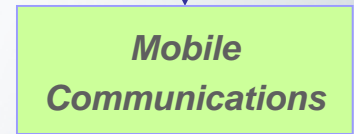
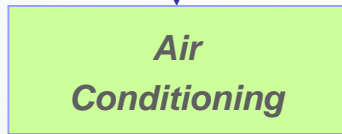
<http://www.lge.com>

Appendix. 2009 Business Structure Change

Before



2009



- 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		3Q		4Q		Total
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%						
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%						
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%						
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%						
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%						
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%						
Op. Profit	564	8.1%	635	8.8%	338	4.9%	-310	-4.7%	1,227	4.4%	437	6.2%						
Non OP Income	582	8.4%	688	9.5%	386	5.6%	804	12.2%	2,459	8.9%	607	8.6%						
Non OP Expense	648	9.4%	398	5.5%	689	10.0%	1,435	21.8%	3,170	11.5%	1,187	16.8%						
Rec. Profit	498	7.2%	925	12.8%	34	0.5%	-942	-14.3%	515	1.9%	-144	-2.0%						
Tax	76	1.1%	218	3.0%	9	0.1%	-270	-4.1%	32	0.1%	54	0.8%						
Net Profit	422	6.1%	707	9.8%	25	0.4%	-671	-10.2%	483	1.7%	-198	-2.8%						

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

Balance Sheet

(Unit : KRW bn)

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

Appendix

Divisional Sales (Parent)

(Unit :KRW bn)

		1Q'08	2Q'08	3Q'08	4Q'08	FY08	1Q'09			2Q'09	3Q'09	4Q'09	FY09
								QoQ	YoY				
H E	Sales	1,538	1,485	1,688	1,324	6,035	1,512	14.2%	-1.6%				
	Op. Profit (%)	-89 -5.8%	-92 -6.2%	-72 -4.3%	-198 -14.9%	-451 -7.5%	-74 -4.9%						
M C	Sales	3,423	3,710	3,393	3,668	14,193	3,682	0.4%	7.6%				
	Op. Profit (%)	479 14.0%	531 14.3%	368 10.8%	46 1.3%	1,424 10.0%	311 8.4%						
Handset	Sales	2,955	3,360	3,089	3,209	12,612	3,350	4.4%	13.4%				
	Op. Profit (%)	468 15.9%	547 16.3%	384 12.4%	75 2.3%	1,475 11.7%	311 9.3%						
H A	Sales	924	989	1,030	962	3,905	995	3.4%	7.6%				
	Op. Profit (%)	79 8.5%	90 9.1%	69 6.7%	-67 -6.9%	171 4.4%	143 14.3%						
A C	Sales	721	756	456	357	2,288	633	77.5%	-12.2%				
	Op. Profit (%)	107 14.9%	117 15.5%	2 0.4%	-56 -15.8%	170 7.4%	96 15.2%						
B S	Sales	252	210	225	209	895	215	3.0%	-14.5%				
	Op. Profit (%)	-5 -2.1%	-13 -6.0%	-19 -8.6%	-36 -17.4%	-74 -8.2%	-34 -16.0%						
Others	Sales	71	84	95	72	321	37						
	Op. Profit	-7	2	-10	1	-14	-4						
Total	Sales	6,927	7,234	6,887	6,591	27,639	7,074	7.3%	2.1%				
	Op. Profit (%)	564 8.1%	635 8.8%	338 4.9%	-310 -4.7%	1,227 4.4%	437 6.2%						

* 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	3Q'09	4Q'09	FY09
								QoQ	YoY				
H E	Sales	3,622	3,780	3,979	4,986	16,368	4,298	-13.8%	18.6%				
	Op. Profit (%)	-13 -0.4%	27 0.7%	33 0.8%	-31 -0.6%	16 0.1%	14 0.3%						
M C	Sales	3,643	4,086	3,815	4,487	16,030	4,253	-5.2%	16.8%				
	Op. Profit (%)	457 12.6%	525 12.8%	386 10.1%	176 3.9%	1,544 9.6%	255 6.0%						
Handset	Sales	3,195	3,754	3,514	4,093	14,556	3,916	-4.3%	22.6%				
	Op. Profit (%)	445 13.9%	541 14.4%	405 11.5%	215 5.2%	1,606 11.0%	263 6.7%						
H A	Sales	1,904	2,131	2,255	2,310	8,600	2,211	-4.3%	16.1%				
	Op. Profit (%)	84 4.4%	103 4.8%	112 5.0%	-50 -2.2%	248 2.9%	102 4.6%						
A C	Sales	1,170	1,690	983	684	4,527	1,274	86.2%	8.9%				
	Op. Profit (%)	61 5.2%	170 10.1%	22 2.2%	-11 -1.6%	241 5.3%	61 4.8%						
B S	Sales	1,173	1,113	1,177	1,181	4,645	1,096	-7.3%	-6.6%				
	Op. Profit (%)	27 2.3%	35 3.1%	22 1.8%	20 1.7%	103 2.2%	27 2.5%						
Others	Sales	-295	-65	-199	-277	-837	-279						
	Op. Profit	-10	-2	-4	-3	-20	-4						
Total	Sales	11,218	12,735	12,009	13,371	49,333	12,853	-3.9%	14.6%				
	Op. Profit (%)	605 5.4%	856 6.7%	570 4.8%	101 0.8%	2,133 4.3%	456 3.5%						

* 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.