

# 2010 1Q Earnings Release

April 28<sup>th</sup> 2010

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 1<sup>st</sup> quarter of 2010 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”). Quarterly results of 2009 are also prepared on a consolidated basis in accordance with IFRS for comparison purposes.

In addition, the information regarding results of 2009 and the 1<sup>st</sup> quarter of 2010 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 2<sup>nd</sup> quarter of 2010. 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

✓ **Comment on 1Q Results**

✓ **Comment on 2Q Outlook**

✓ **Comment on 2010 Corporate Plan**

## II. Guidance on Reporting Standards

LGE adopts early International Financial Reporting Standards (IFRS) in 2010 to pursue unification of global accounting and financial reporting standards.

### Key Differences Between Korean GAAP and IFRS

	Korean GAAP	IFRS
<b>Primary Financial Statement</b>	Individual Financial Statement	Consolidated Financial Statement
<b>Consolidation Criteria</b>	1) Ownership of more than 30% of voting shares, and 2) Largest shareholder  * Entity with asset size under KRW 10B is not required to be consolidated	1) Ownership of more than 50% of voting shares 2) Ownership of de facto control (practical ability to govern the financial and operating policies to obtain benefits) even with less than 50% of voting shares
<b>Quarterly Disclosure</b>	Reporting of consolidated financial statements is not required	Reporting of consolidated financial statements is mandatory
<b>PP&amp;E Valuation</b>	Choose cost method or fair value method  *LGE: Cost Method	LGE has one time option to revalue assets to fair value on initial adoption of IFRS. Thereafter, choose cost method or fair value method  *LGE: Cost Method
<b>A/R Financing</b>	Off-balance sheet financing	Unless the entity that provides the financing controls the benefits and risk regarding A/R, liability is recorded

# II . Guidance on Reporting Standards

## Consolidated Subsidiaries

('09.12 under KGAAP : 105 Subsidiaries → '10.03 under IFRS : 104 Subsidiaries)

20 Subsidiaries OUT	85 Subsidiaries STAY	19 Subsidiaries IN
<ul style="list-style-type: none"><li>▪ LG Display and LG Display's subsidiaries</li><li>▪ Others</li></ul>	<ul style="list-style-type: none"><li>▪ LGE Overseas Subsidiaries</li><li>▪ LG Innotek</li><li>▪ Others</li></ul>	<ul style="list-style-type: none"><li>▪ Subsidiaries that have asset size less than KRW 10B &amp; that are controlled by parent</li></ul>

☞ The most significant change of LGE adopting IFRS comes from determination of whether or not subsidiaries are consolidated and most of it comes from LG Display out of consolidation.

## LGE's Reporting Standards for Earning Release

Consolidated quarterly results will be reported under IFRS to help investors have better idea to understand financial results in each sector.

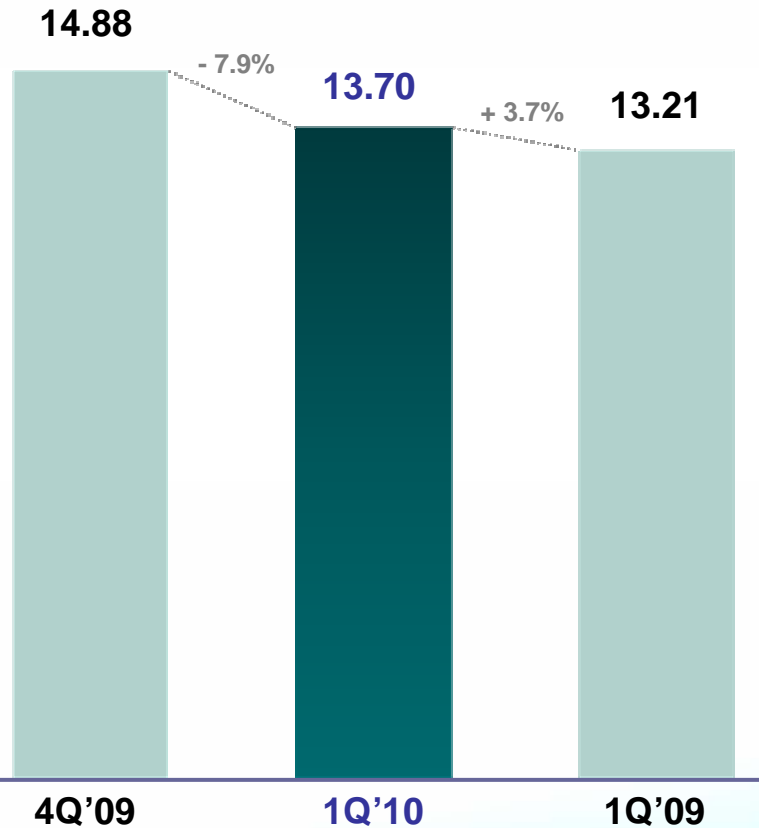
# ***2010 1Q Results***

# III. 2010 1Q Results (LGE Parent and Subsidiaries, IFRS)

## Sales & Profit

### Sales

(Unit : KRW tn)



### Profit

(Unit : KRW bn)

	4Q'09	QoQ	1Q'10	YoY	1Q'09
Operating Income	110	↑ 379%	529	↑ 3%	516
EBITDA	407	↑ 117%	882	↓ 1%	891
Net Income	362	↑ 86%	675	n/a	-200

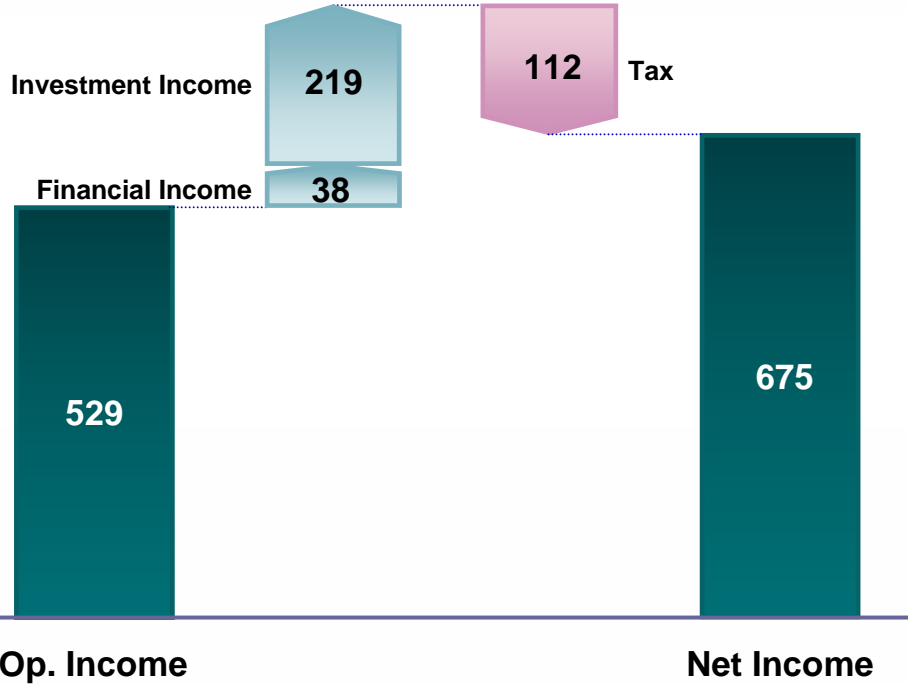


# III. 2010 1Q Results (LGE Parent and Subsidiaries, IFRS)

Net Profit

## Net Income

(Unit : KRW bn)



## Investment Income

(Unit : KRW bn)

	<u>4Q'09</u>	<u>1Q'10</u>
LG Display	194	<b>230</b>
Others	27	<b>-11</b>
Investment Income (Loss)	221	<b>219</b>

# III. 2010 1Q Results (LGE Parent and Subsidiaries, IFRS)

## Financial Structure

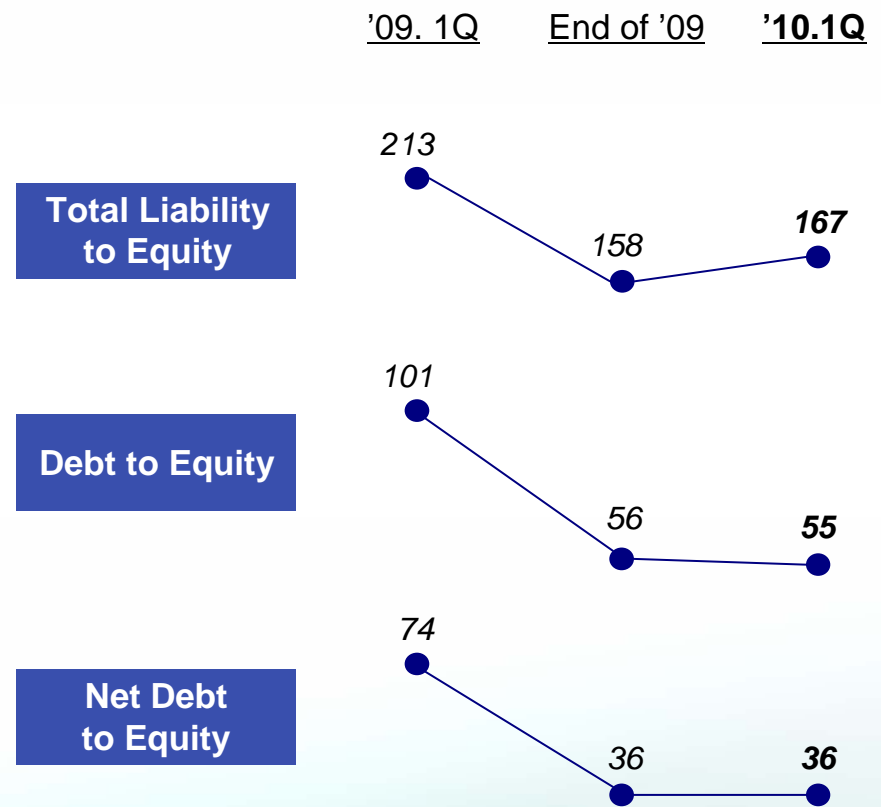
### Balance Sheet

(Unit : KRW tn)

	'09. 1Q	End of '09	'10.1Q
<b>□ Asset</b>	<b>32.31</b>	<b>32.11</b>	<b>33.79</b>
Current Asset	17.97	16.91	<b>18.23</b>
Cash	2.79	2.42	<b>2.29</b>
Inventory	5.14	4.90	<b>6.01</b>
Non-current Asset	14.33	15.20	<b>15.39</b>
Other, Scheduled Disposal	0.00	0.00	<b>0.18</b>
<b>□ Liability</b>	<b>21.99</b>	<b>19.69</b>	<b>21.14</b>
Current Liability	18.21	16.17	<b>17.43</b>
Non-current Liability	3.78	3.52	<b>3.70</b>
Other, Scheduled Disposal	0.00	0.00	<b>0.00</b>
<b>□ Equity</b>	<b>10.32</b>	<b>12.43</b>	<b>12.65</b>
<b>□ Debt</b>	<b>10.45</b>	<b>6.91</b>	<b>6.91</b>
<b>□ Net Debt</b>	<b>7.66</b>	<b>4.48</b>	<b>4.62</b>

### Financial Ratio

(Unit : %)



# ***Performance and Outlook<sup>\*</sup>***

# IV. Performance and Outlook by Sector<sup>\*</sup>

Sales and Profit

## Consolidated Sales and Profits

(Unit : KRW tn)

	<u>Sales</u>	<u>QoQ</u>	<u>YoY</u>	<u>OP. Income</u>	<u>QoQ</u>	<u>YoY</u>
<b>Total (Consolidated)</b>	<b>13.70</b>	<b>-7.9%</b>	<b>+3.7%</b>	<b>0.53 (3.9%)</b>	<b>+0.42 ↑ 3.1%p</b>	<b>+0.01 0.0%p</b>
<b>LGE Global<sup>*</sup></b>	<b>13.16</b>	<b>-7.7%</b>	<b>+2.6%</b>	<b>0.49 (3.7%)</b>	<b>+0.37 ↑ 2.9%p</b>	<b>+0.02 ↑ 0.1%p</b>
<b>LG Innotek</b>	<b>0.91</b>	<b>+9.1%</b>	<b>+65.8%</b>	<b>0.05 (5.5%)</b>	<b>+0.04 ↑ 4.0%p</b>	<b>+0.02 ↑ 0.6%p</b>
<b>Other Affiliates</b>	<b>0.34</b>	<b>+2.3%</b>	<b>-37.1%</b>	<b>-0.01 (-1.8%)</b>	<b>-0.01 ↓ 4.1%p</b>	<b>-0.02 ↓ 4.9%p</b>
<b>Intercompany Transactions</b>	<b>-0.71</b>			<b>0.00</b>		

<sup>\*</sup> Pertains solely to LG Electronics Parent and its overseas subsidiaries (excluding internal transactions)

# IV. Performance and Outlook by Sector\*

Sales and Profit

## Consolidate Sales and Profits by Division

(Unit : KRW bn)

		4Q'09	QoQ	1Q'10	YoY	1Q'09
Home Entertainment	Sales	5,928	↓ 13.0%	5,156	↑ 20.5%	4,281
	Op. Income	99		182		-1
Mobile Communications	Sales	4,191	↓ 18.4%	3,422	↓ 19.4%	4,245
	Op. Income	-6		24		239
Handset	Sales	3,924	↓ 20.0%	3,140	↓ 19.7%	3,908
	Op. Income	9		28		249
Home Appliance	Sales	2,479	↓ 4.0%	2,381	↑ 8.0%	2,205
	Op. Income	12		207		133
Air Conditioning	Sales	606	↑ 93.4%	1,172	↓ 6.1%	1,249
	Op. Income	-28		43		63
Business Solutions	Sales	1,317	↓ 4.3%	1,261	↑ 15.4%	1,093
	Op. Income	42		34		31

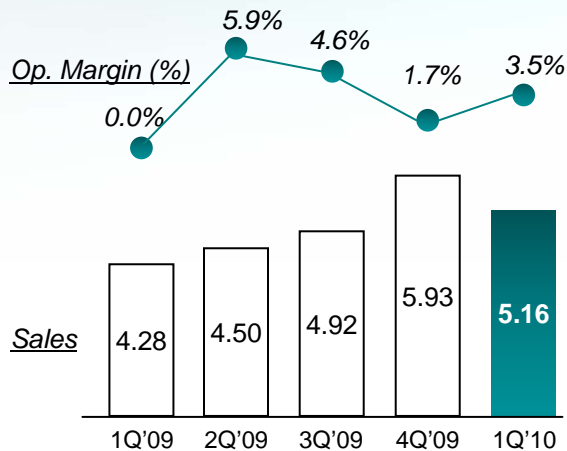
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\* Divisional sales includes internal transactions between divisions

# IV. Performance and Outlook by Sector\*

### Global\* Performance

(KRW tn)

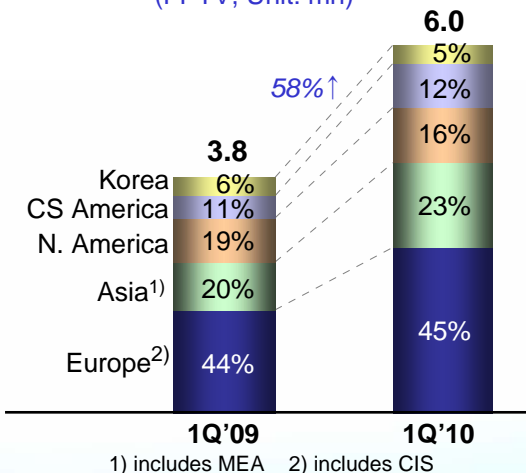


### 2010 1Q Performance

- **Sales : Revenue grew 20% YoY as FPTV sales surge despite slow season**
  - LCD TV : Sales grew evenly throughout global market resulting in further M/S gains and shipment jumped 62% YoY
  - PDP TV : Shipment grew 36% YoY as sales in large screen PDP TV rose
  - Media : Increased sales in BD products drove huge M/S gain YoY
  - DS : Revenue grew 12% YoY from solid sales from DVD-W, and maintained global #1 position
- **Profitability : Overcame decline in ASP through efforts to enhance capabilities and competitiveness of overall HE division and maintained profitability**

### Shipment by Region

(FPTV, Unit: mn)



### 2010 2Q Outlook

- **Market : Japanese manufacturers are expected to be aggressive as the market for LED LCD TV is expected to see rapid growth, and intense competition to take lead in 3D TV market is anticipated. Also, World Cup is expected to generate sharp demand growth for TVs**
- **LGE : Secure profitability through differentiated product line-up such as Full LED LCD TV and higher portion of premium products, and expand market presence by strong 'LG INFINIA' marketing**

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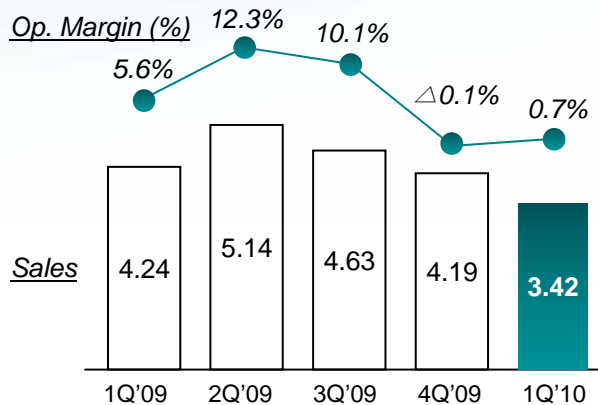
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# IV. Performance and Outlook by Sector \*

## Mobile Communications

### Global\* Performance

(KRW tn)

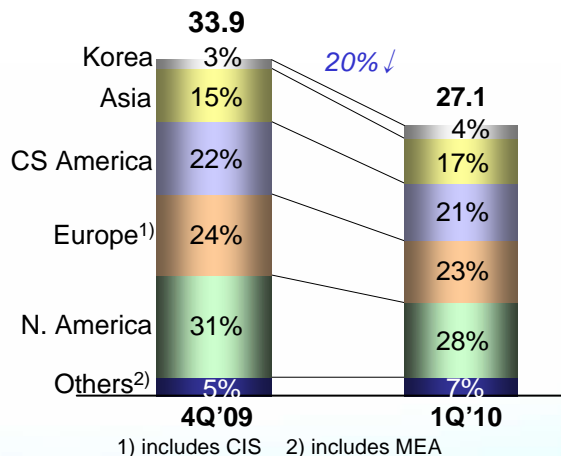


### 2010 1Q Performance

- **Sales : Shipment came down 20% QoQ due to low season, but rose 20% YoY to 27.1M**
  - N. America : Sales declined due to demand shift to smart phones
  - Korea : Sales grew QoQ from decent demand for new products (Lollipop2, Maxx)
  - China / CIS / : Shipment continued to grow in emerging markets  
CS America China 126% YoY, CIS 177% YoY, CS America 60% YoY
- **Profitability : Change in product mix and continuous investment for future such as expansion of channel coverage in emerging markets led to lower profitability YoY**

### Shipment by Region

(Unit: mn)



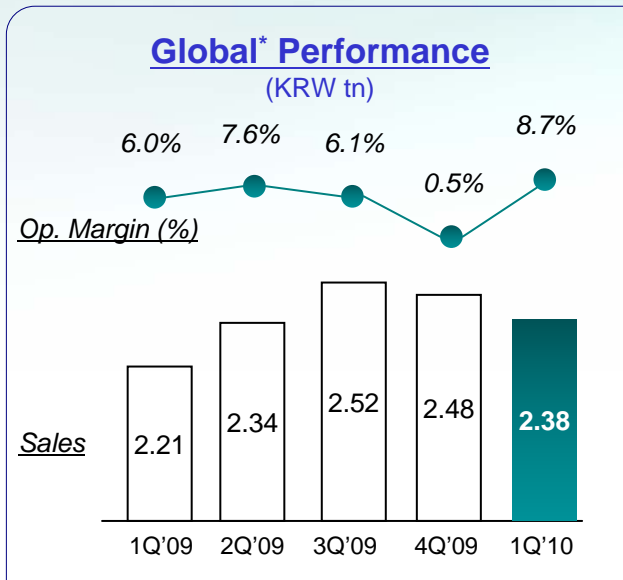
### 2010 2Q Outlook

- **Market : 5% growth YoY to 290M units is expected as demand from emerging markets such as Asia grows**
- **LGE : Increase sales and improve profitability through new product launches including smart phones and global platform expansion**
  - 2Q shipment : targeting double digit growth QoQ
  - New Products : GT540 / VS740 (O/S : Android), Cookie2 (SNS function)
  - Continue investment in R&D and marketing

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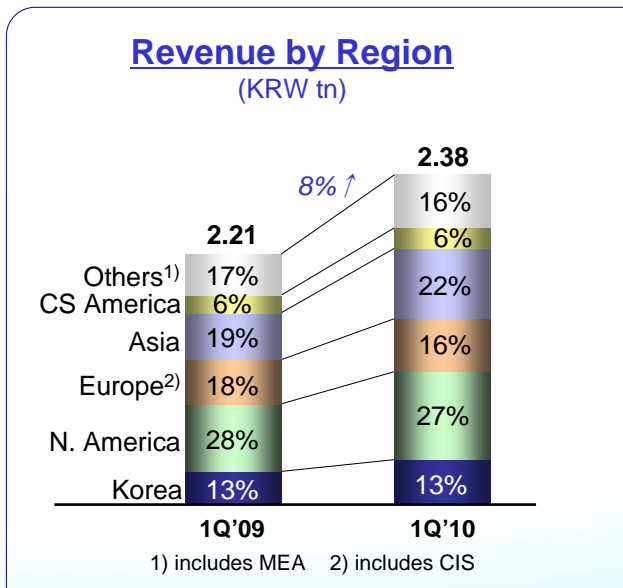
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# IV. Performance and Outlook by Sector \*



### 2010 1Q Performance

- Sales** : Sales growth in N. America and Asia including China led 8% YoY growth to KRW 2.4 trillion
  - Korea : New product launches and rising sales in healthcare business generated 11% growth YoY
  - Overseas : Sales grew 34% YoY led by growth in China, India and N. America
- Profitability** : Profitability improved YoY as a result of sales growth



### 2010 2Q Outlook

- Market** : Market demand is expected to slow down but YoY growth is anticipated
- LGE** : Expand sales of products customized for specific regions and strengthen market presence through marketing that emphasizes core technology
  - Sales : Sales growth is expected to exceed market growth
  - Profitability : Despite intense competition and rising material cost are expected, secure profitability through continuous cost reduction and sales growth

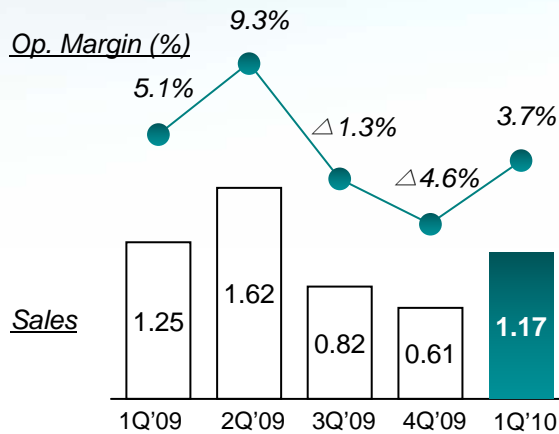
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# IV. Performance and Outlook by Sector \*

### Global\* Performance

(KRW tn)

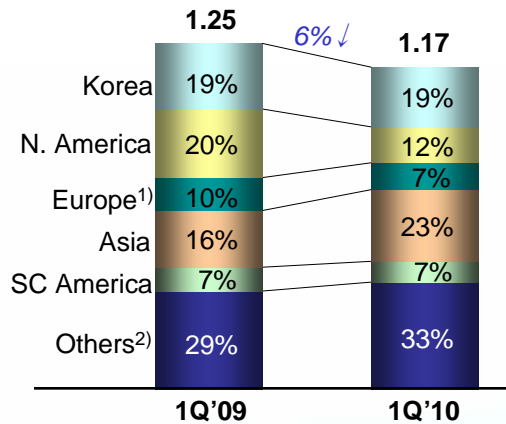


### 2010 1Q Performance

- **Sales** : Sales rose 15% YoY on a USD base from global economic recovery and new product launches
  - Korea : Due to delay in recovery of construction business and colder-than-usual weather, sales remained at last year's level
  - Overseas: Sales started to grow from emerging markets such as Asia and MEA
- **Profitability** : Even in the environment of strong KRW and rising material cost, profitability was maintained through stronger competitiveness from cost reduction and new product launches

### Revenue by Region

(KRW tn)



1) includes CIS 2) includes MEA

### 2010 2Q Outlook

- **Market** : High growth led by emerging markets is expected as peak season approaches and global economy begins to recover
- **LGE** : Keep launching new products such as PAC, separated-type inverter AC and Multi-V AC to strengthen competitive advantage. Also, expand infrastructure investment in B2B to secure future growth

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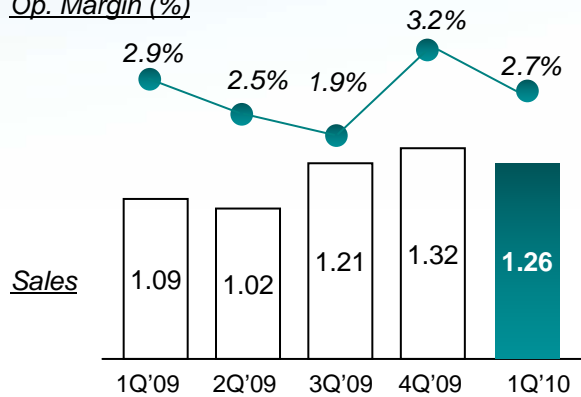
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# IV. Performance and Outlook by Sector\*

## Global\* Performance

(KRW tn)

Op. Margin (%)

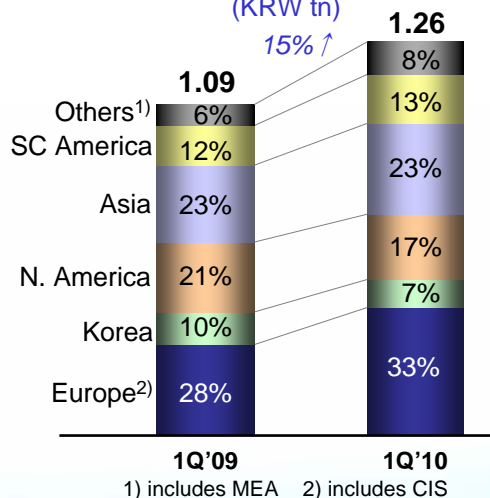


## 2010 1Q Performance

- **Sales** : Sales grew YoY due to stronger demand for IT products and solid sales in emerging markets
  - Monitor : Sales picked up globally especially in Europe and SC America as economy recovered from recession
  - Commercial : intense competition in N. America and delay in hotel investment
  - CAR : Sales grew as automobile market started to recover
- **Profitability** : Profit margin was maintained from sales growth and expanded sales portion of high-end products in spite of increase in investment for future

## Revenue by Region

(KRW tn)



## 2010 2Q Outlook

- **Market** : High-end product sales are anticipated to grow
- **LGE** : Secure product leadership and increase sales by strengthening capabilities of solution services
  - Monitor : Increase LED LCD monitor sales and expand B2B business
  - Commercial : Diversify market portfolio and secure new buyers to increase sales
  - CAR : Expand M/S within GM and add new buyers to the portfolio

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<http://www.lge.com>

## Income Statement

(Unit : KRW bn)

	2009										2010	
	1Q		2Q		3Q		4Q		Total		1Q	
<b>Sales</b>	7,074	100.0%	8,477	100.0%	7,866	100.0%	7,096	100.0%	30,513	100.0%	7,227	100.0%
Domestic	1,637	23.1%	2,044	24.1%	1,696	21.6%	1,288	18.2%	6,665	21.8%	1,606	22.2%
Export	5,437	76.9%	6,433	75.9%	6,170	78.4%	5,808	81.8%	23,848	78.2%	5,621	77.8%
Cost of Goods Sold	5,402	76.4%	6,291	74.2%	5,900	75.0%	5,815	81.9%	23,407	76.7%	5,838	80.8%
<b>Gross Profit</b>	1,673	23.6%	2,187	25.8%	1,966	25.0%	1,282	18.1%	7,107	23.3%	1,389	19.2%
Selling & Admin Expense	1,229	17.4%	1,502	17.7%	1,404	17.9%	1,416	20.0%	5,551	18.2%	1,244	17.2%
Other Operating Gain (Loss)	49	0.7%	77	0.9%	14	0.2%	-283	-4.0%	-143	-0.5%	-52	-0.7%
<b>Operating Income (Loss)</b>	493	7.0%	762	9.0%	576	7.3%	-417	-5.9%	1,412	4.6%	93	1.3%
Financial Income (Expense)	-351	-5.0%	241	2.8%	122	1.6%	-7	-0.1%	6	0.0%	143	2.0%
<b>Net Income (Loss) before Tax</b>	142	2.0%	1,003	11.8%	698	8.9%	-424	-6.0%	1,419	4.7%	236	3.3%
Tax	36	0.5%	228	2.7%	106	1.3%	-98	-1.4%	272	0.9%	7	0.1%
<b>Net Income (Loss)</b>	106	1.5%	775	9.1%	592	7.5%	-326	-4.6%	1,147	3.8%	229	3.2%

\* 2009 quarterly report was prepared based on IFRS for investors' convenience. Since this is not an audited report, a content may be changed in the future if an auditor has a concern.

## Statement of Financial Position

(Unit : KRW bn)

	2009				2010
	1Q	2Q	3Q	4Q	1Q
Asset	22,466	22,666	23,643	22,143	23,428
Current Asset	8,649	8,863	9,821	7,692	9,021
Quick Asset	7,690	7,972	8,784	6,925	7,972
Inventory	959	891	1,037	767	1,049
Non-current Asset	13,818	13,803	13,822	14,452	14,407
Investment	7,754	7,754	7,754	7,897	7,897
PP&E	4,682	4,631	4,596	4,657	4,594
Other	1,382	1,418	1,472	1,897	1,915
Liability	12,620	12,043	12,426	11,255	12,595
Current Liability	9,700	9,855	10,014	8,668	10,022
Non-current Liability	2,921	2,189	2,412	2,587	2,572
Equity	9,846	10,623	11,217	10,888	10,833

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## Income Statement

(Unit : KRW bn)

	2009										2010	
	1Q		2Q		3Q		4Q		Total		1Q	
<b>Sales</b>	<b>13,209</b>	<b>100.0%</b>	<b>14,955</b>	<b>100.0%</b>	<b>14,178</b>	<b>100.0%</b>	<b>14,877</b>	<b>100.0%</b>	<b>57,220</b>	<b>100.0%</b>	<b>13,700</b>	<b>100.0%</b>
Cost of Goods Sold	10,003	75.7%	10,702	71.6%	10,336	72.9%	11,553	77.7%	42,595	74.4%	10,229	74.7%
<b>Gross Profit</b>	<b>3,206</b>	<b>24.3%</b>	<b>4,253</b>	<b>28.4%</b>	<b>3,842</b>	<b>27.1%</b>	<b>3,324</b>	<b>22.3%</b>	<b>14,624</b>	<b>25.6%</b>	<b>3,471</b>	<b>25.3%</b>
Selling & Admin Expense	2,704	20.5%	3,009	20.1%	2,914	20.5%	2,831	19.0%	11,458	20.0%	2,908	21.2%
Other Operating Gain (Loss)	14	0.1%	55	0.4%	-20	-0.1%	-382	-2.6%	-333	-0.6%	-33	-0.2%
<b>Operating Income (Loss)</b>	<b>516</b>	<b>3.9%</b>	<b>1,299</b>	<b>8.7%</b>	<b>908</b>	<b>6.4%</b>	<b>110</b>	<b>0.7%</b>	<b>2,834</b>	<b>5.0%</b>	<b>529</b>	<b>3.9%</b>
Financial Income (Expense)	-573	-4.3%	184	1.2%	47	0.3%	-4	0.0%	-347	-0.6%	38	0.3%
Investment Income (Loss)	-113	-0.9%	133	0.9%	230	1.6%	221	1.5%	471	0.8%	219	1.6%
<b>Net Income before Tax</b>	<b>-171</b>	<b>-1.3%</b>	<b>1,616</b>	<b>10.8%</b>	<b>1,185</b>	<b>8.4%</b>	<b>328</b>	<b>2.2%</b>	<b>2,958</b>	<b>5.2%</b>	<b>786</b>	<b>5.7%</b>
Tax	29	0.2%	340	2.3%	273	1.9%	-34	-0.2%	608	1.1%	112	0.8%
<b>Net Income (Quarterly)</b>	<b>-200</b>	<b>-1.5%</b>	<b>1,277</b>	<b>8.5%</b>	<b>911</b>	<b>6.4%</b>	<b>362</b>	<b>2.4%</b>	<b>2,350</b>	<b>4.1%</b>	<b>675</b>	<b>4.9%</b>
Controlled Shares	-224		1,251		888		372		2,287		650	
Noncontrolled Shares	24		25		23		-10		63		24	

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## Statement of Financial Position

(Unit : KRW bn)

	2009				2010
	1Q	2Q	3Q	4Q	1Q
Asset	32,306	32,461	32,583	32,115	33,794
Current Asset	17,973	18,265	18,295	16,910	18,234
A/R	7,923	8,310	8,023	7,637	8,042
Inventory	5,136	5,246	5,747	4,899	6,011
Other	4,915	4,709	4,525	4,374	4,181
Non-current Asset	14,333	14,197	14,289	15,204	15,386
Investment	3,855	3,967	4,167	4,404	4,512
PP&E	7,725	7,545	7,473	7,709	7,736
Other	2,754	2,685	2,649	3,091	3,138
Other, scheduled disposal	-	-	-	-	175
Liability	21,983	20,944	20,401	19,689	21,139
Current Liability	18,207	18,050	17,293	16,169	17,433
A/P	5,330	5,740	6,268	5,316	6,728
Other	12,877	12,310	11,026	10,853	10,705
Non-current Liability	3,776	2,894	3,108	3,521	3,704
Other, scheduled disposal	-	-	-	-	3
Equity	10,323	11,518	12,182	12,425	12,655

\* 2009 quarterly report was prepared based on IFRS for investors' convenience. Since this is not an audited report, a content may be changed in the future if an auditor has a concern.

# Appendix

## Divisional Sales (Consolidated, IFRS)\*

(Unit : KRW bn)

		1Q'09	2Q'09	3Q'09	4Q'09	Total	1Q'10	QoQ	YoY
<b>HE</b>	Sales	4,281	4,504	4,923	5,928	19,635	5,156	-13%	20%
	Op. Income	-1	268	227	99	593	182		
	(%)	0.0%	5.9%	4.6%	1.7%	3.0%	3.5%		
<b>MC</b>	Sales	4,244	5,136	4,627	4,191	18,199	3,422	-18%	-19%
	Op. Income	239	633	469	-6	1,335	24		
	(%)	5.6%	12.3%	10.1%	-0.1%	7.3%	0.7%		
<b>Handset</b>	Sales	3,908	4,874	4,360	3,924	17,067	3,140	-20%	-20%
	Op. Income	249	620	460	9	1,338	28		
	(%)	6.4%	12.7%	10.6%	0.2%	7.8%	0.9%		
<b>HA</b>	Sales	2,205	2,337	2,520	2,479	9,541	2,381	-4%	8%
	Op. Income	133	178	155	12	478	207		
	(%)	6.0%	7.6%	6.1%	0.5%	5.0%	8.7%		
<b>AC</b>	Sales	1,249	1,623	818	606	4,296	1,172	93%	-6%
	Op. Income	63	152	-11	-28	177	43		
	(%)	5.1%	9.3%	-1.3%	-4.6%	4.1%	3.7%		
<b>BS</b>	Sales	1,093	1,015	1,207	1,317	4,632	1,261	-4%	15%
	Op. Income	31	26	23	42	121	34		
	(%)	2.9%	2.5%	1.9%	3.2%	2.6%	2.7%		
<b>Others</b>	Sales	-246	-210	-228	-263	-948	-233	-12%	-5%
	Op. Income	1	0	0	2	4	-1		
<b>Total</b>	Sales	12,826	14,404	13,868	14,258	55,356	13,159	-8%	3%
	Op. Income	467	1,257	863	122	2,708	489		
	(%)	3.6%	8.7%	6.2%	0.9%	4.9%	3.7%		

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

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