

2Q'11 Earnings Release

July 27th 2011

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 2nd quarter of 2011 as contained herein has been prepared on a consolidated basis in accordance with International Financial Reporting Standards (“IFRS”).

In addition, the information regarding results of 2nd quarter of 2011 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 3rd quarter of 2011. 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

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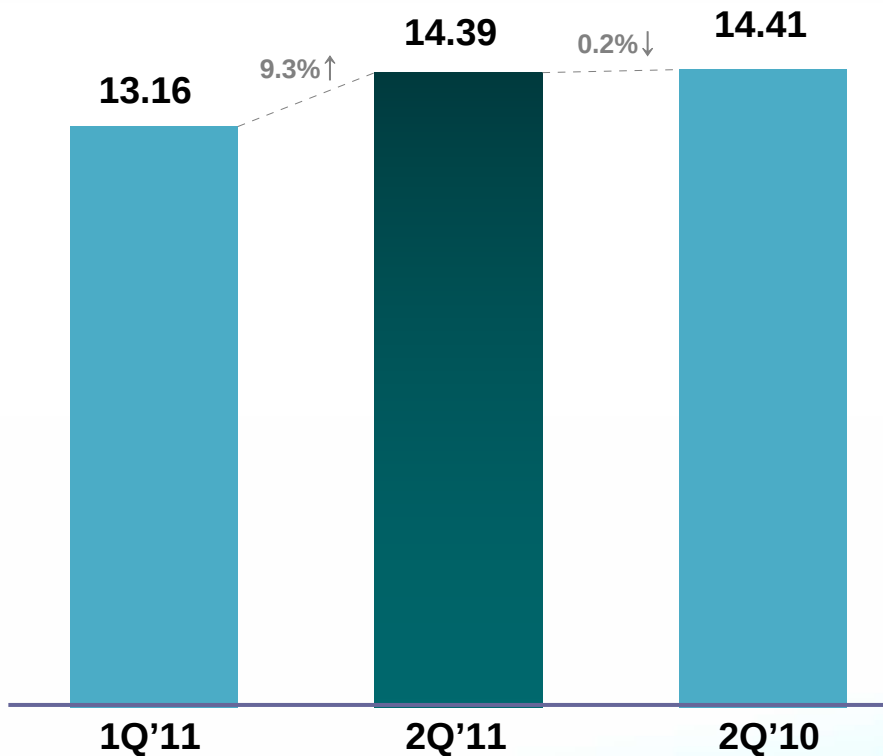
2Q'11 Results

II. 2Q'11 Results (LGE Consolidated)

Sales/Profit

Sales

(Unit : KRW tn)



Profit

(Unit : KRW bn)

Operating Profit

EBITDA

Net Profit

1Q'11

QoQ

2Q'11

YoY

2Q'10

131

↑ 21%

158

↑ 25%

126

429

↑ 8%

462

↑ 12%

413

-16

n/a

108

↓ 87%

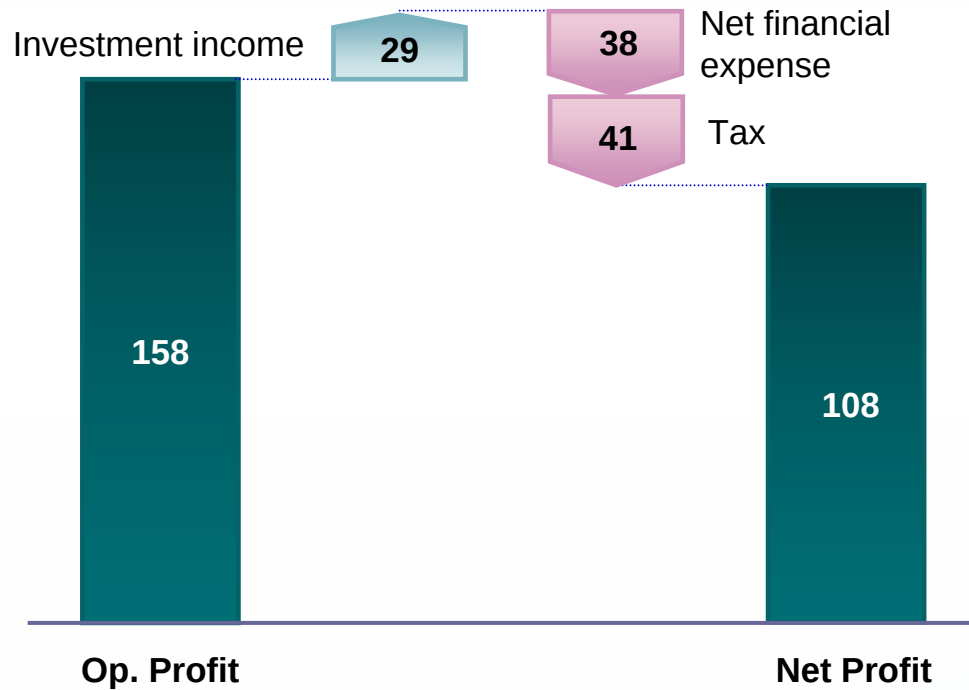
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II. 2Q'11 Results (LGE Consolidated)

Net Profit

Net Profit

(Unit: KRW bn)



Investment Income

(Unit: KRW bn)

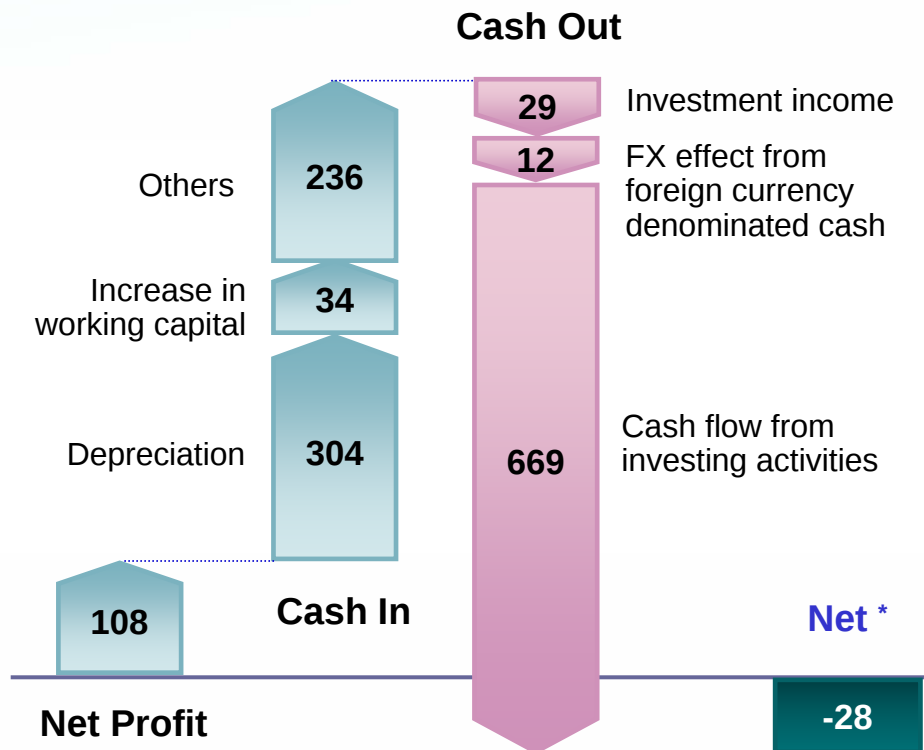
	<u>1Q'11</u>	<u>2Q'11</u>
LG Display	-48	6
LG Innotek	-15	-10
Others	7	33
Investment Income	-56	29

II. 2Q'11 Results (LGE Consolidated)

Cash Flow Statement

2Q Net* Cash Flow

(Unit : KRW bn)



Cash Flow Statement

(Unit : KRW bn)

	1Q'11	2Q'11
Cash at beginning of period	1,944	2,212
Cash flow from operating activities	171	653
Net income	-16	108
Depreciation	298	304
Investment income	56	-29
Increase in working capital	-368	34
Others	201	236
Cash flow from investing activities	-466	-669
Increase in tangible assets	-387	-388
Changes in the scope of consolidation	0	-148
Cash flow from financing activities	557	59
Increase in debt	557	93
FX effect from foreign currency denominated cash	6	-12
Net changes in cash	268	31
Cash at end of period	2,212	2,243

*Net= Excluding Cash flow from financing activities

II. 2Q'11 Results (LGE Consolidated)

Financial Structure

Balance Sheet

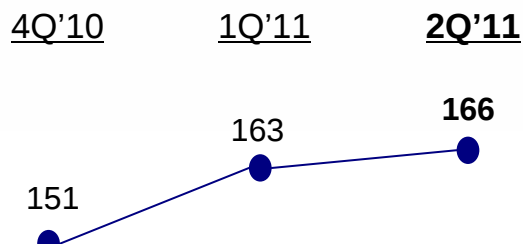
(Unit: KRW tn)

	4Q'10	1Q'11	2Q'11
Assets	32.32	33.53	33.84
Current Assets	16.51	17.66	17.53
Cash	1.94	2.21	2.24
Inventory	5.87	6.38	6.09
Non-Current Assets	15.80	15.87	16.31
Liabilities	19.46	20.80	21.10
Current Liabilities	15.39	16.30	16.67
Non-Current Liabilities	4.07	4.51	4.43
Equity	12.86	12.73	12.74
Debt	7.19	7.72	7.76
Net Debt	5.25	5.51	5.52

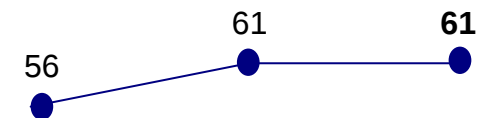
Financial Ratio

(Unit : %)

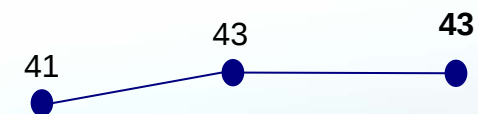
Total Liability
to Equity



Debt to Equity



Net Debt
to Equity



Performance and Outlook

III. Performance and Outlook by Sector^{*}

Sales/Profit

Consolidated Sales and Profit by Division

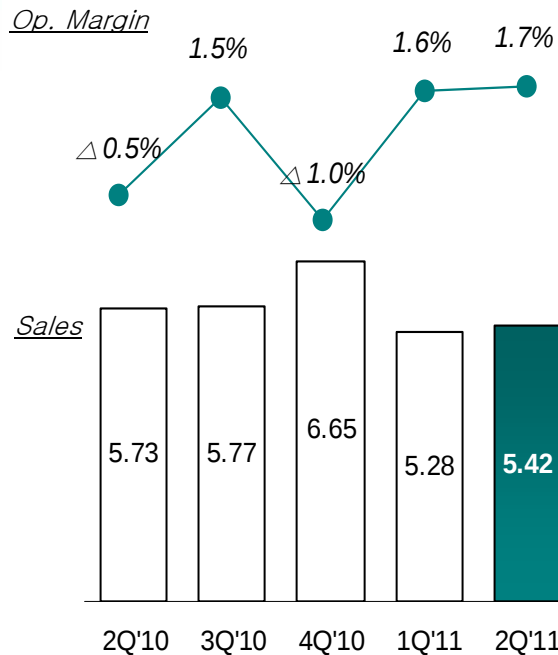
(Unit : KRW bn)

		1Q'11	QoQ	2Q'11	YoY	2Q'10
Home Entertainment	Sales	5,280	↑ 2.7%	5,420	↓ 5.4%	5,727
	Op. Income	82		90		-26
Mobile Communications	Sales	2,909	↑ 11.6%	3,246	↓ 4.6%	3,403
	Op. Income	-101		-54		-119
	Handset					
	Sales	2,852	↑ 12.2%	3,200	↓ 5.1%	3,373
	Op. Income	-101		-55		-120
Home Appliance	Sales	2,699	↑ 6.9%	2,885	↑ 6.0%	2,722
	Op. Income	103		51		185
Air Conditioning & Energy Solution	Sales	1,452	↑ 29.2%	1,876	↑ 15.3%	1,628
	Op. Income	39		44		59

* Divisional sales includes internal transactions between divisions

III. Performance and Outlook by Sector

Business Performance (KRW tn)



2Q'11 Performance

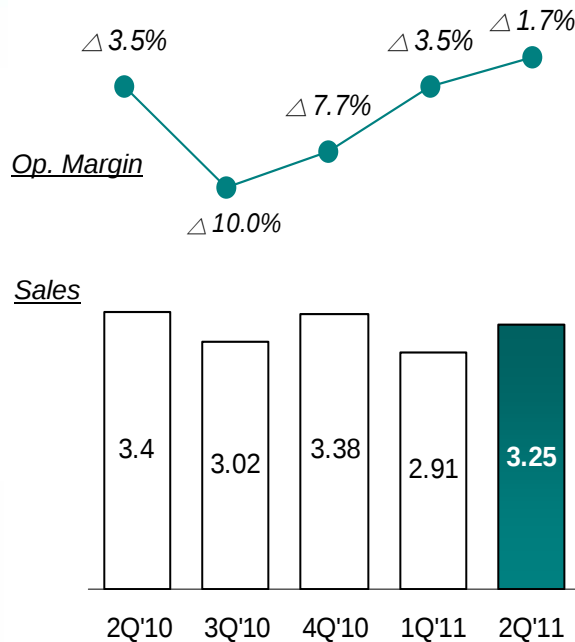
- ❖ **Sales : Revenue improved QoQ due to increase in premium product sales and growth in developing markets**
 - LCD TV : Sales increased QoQ due to strong Cinema 3D and LED TV sales
 - PDP TV : Sales grew QoQ especially in N. America and Asia
 - Monitor : Sales decreased QoQ as a result of market decline
- ❖ **Profitability : Improved QoQ due to better product mix and cost reduction**

3Q'11 Outlook

- ❖ **Market : Despite weak demand in the developed markets, expect growth due to rising penetration of flat panel TVs in the developing countries and stronger sales in new feature products such as 3D / Smart TVs**
- ❖ **LGE : Plan to increase sales and secure profitability by expanding sales of high-end models such as Cinema 3D / Smart TV**

III. Performance and Outlook by Sector

Business Performance (KRW tn)



2Q'11 Performance

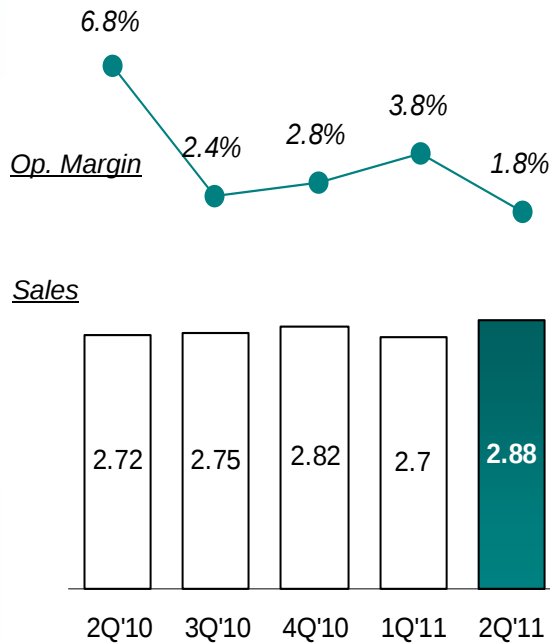
- ❖ **Sales :** Shipments slightly grew QoQ to 24.8M while revenue was up 11% QoQ to KRW 3.2 trillion due to increased smartphone portion
 - Smartphone sales increased while there was a relative decline for feature phones
 - N. America : Growth in Optimus One/ 2X sales
 - Europe : Increased sales for smartphones (Optimus 2X / Black) while featurephone sales were weak
 - Emerging markets : Operated a profitability focused business
- ❖ **Profitability :** Profitability improved due to rising smartphone sales and efforts to cut down fixed costs

3Q'11 Outlook

- ❖ **Market :** Competition is expected to intensify with handset makers launching new models with the opening of the 3D phone market and 4G LTE expanding in the developed countries
- ❖ **LGE :** Increase sales by timely introducing new models with hardware competency and gain profitability by improving product mix

III. Performance and Outlook by Sector

Business Performance (KRW tn)



2Q'11 Performance

- ❖ **Sales : Increased 6% YoY to KRW 2.9 trillion due to rising sales in the developing markets (14% YoY growth based on USD)**
 - **Korea** : Maintained sales growth by increasing sales of premium products (850 liter large size refrigerator, 6 motion washing machine, TROMM Styler)
 - **Overseas** : Grew 15% YoY based on USD due to strong emerging market sales (India 19%, CIS 59%, MEA 19%, CS America 23%)
- ❖ **Profitability : Declined due to raw material cost increase, appreciating KRW, and increased competition**

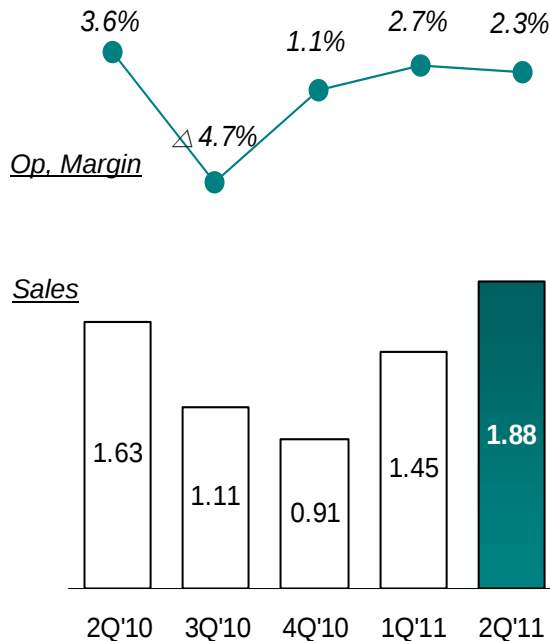
3Q'11 Outlook

- ❖ **Market** : Despite the slow economy in the US and Europe, the appliance market is expected to increase 7% YoY due to strong growth in the developing markets
- ❖ **LGE**
 - **Sales** : Dominate premium image by continuously launching new products and increasing sales of larger, more energy efficient, and smart products
 - **Profitability** : Plan to secure profitability by increasing revenue and cutting costs despite challenges such as raw material price increase and FX rate

III. Performance and Outlook by Sector Air-Conditioning & Energy Solution

Business Performance

(KRW tn)



2Q'11 Performance

- ❖ **Sales** : Increased 15% YoY due to strong growth in Korea and the emerging markets such as CIS
 - Korea : Posted 55% growth YoY driven by launching products with superior functions and quality
 - Overseas : Up 12% YoY with strong Multi V and Inverter product sales
- ❖ **Profitability** : Despite revenue growth from the improvement of product mix with new model launches, profitability declined QoQ and YoY due to rising raw material costs and unfavorable FX movements

3Q'11 Outlook

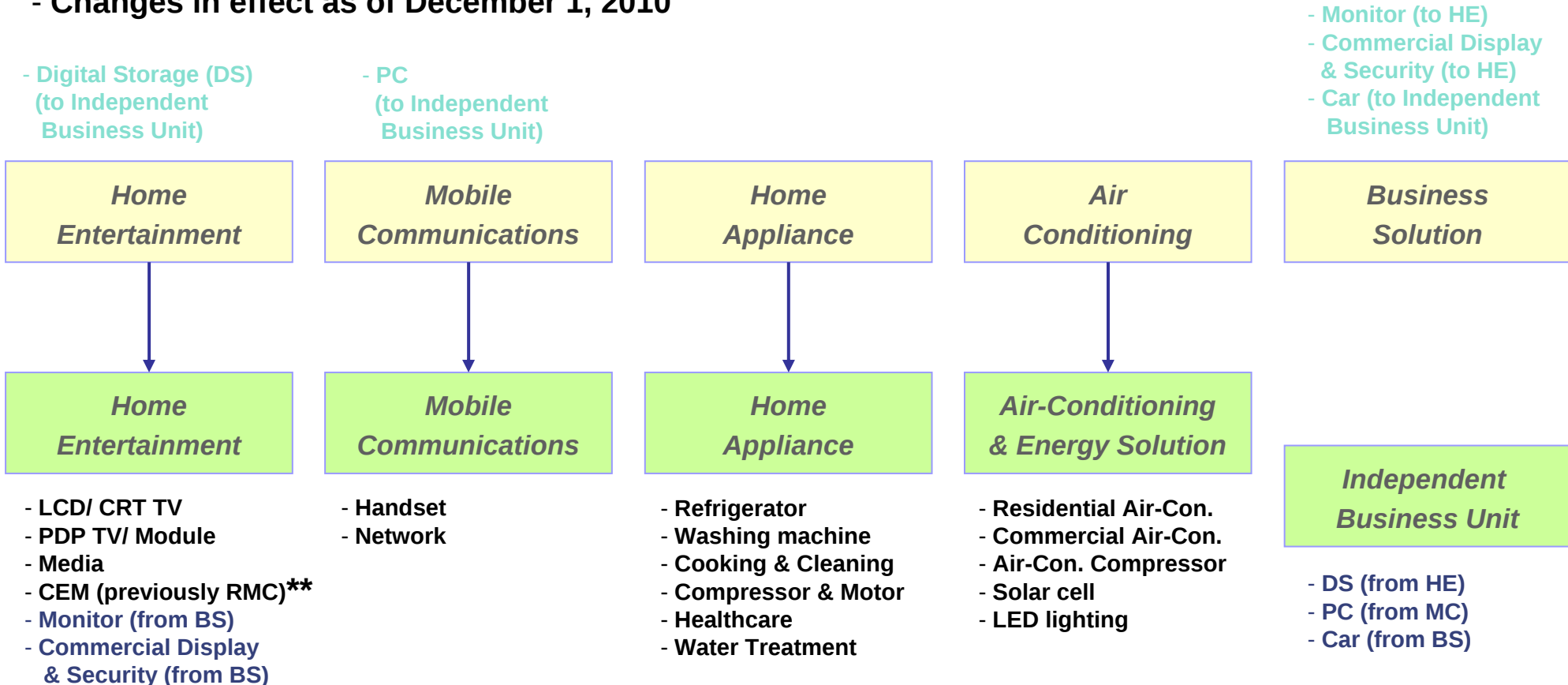
- ❖ **Market** : Although the market is entering into the slow season, demand is expected to increase YoY in Korea, CIS, and MEA
- ❖ **LGE** : Plan to increase global market share by maximizing sales in the Korean market and utilize our competitive advantage for strategic products such as Multi V and Inverter products



<http://www.lg.com>

Appendix. 2011 Business Reorganization

- Realigned to 4 business units (vs. previous 5 units) and renamed Regional Headquarters to Regional Representatives
- BS Company has been dissolved with the Monitor and Commercial Display & Security business units transferring to HE Company while the rest became independent business units
- AC Company took on a new name of Air-Conditioning and Energy Solution (AE) Company
- Changes in effect as of December 1, 2010



* Independent business units report directly to the CEO

** CEM= Chemical & Electronic Material / RMC= Recording Media & Chemitronics

Income Statement

(Unit : KRW bn)

	2010										2011			
	1Q		2Q		3Q		4Q		Total		1Q		2Q	
Sales	7,227	100.0%	7,653	100.0%	7,229	100.0%	7,129	98.6%	29,239	100.0%	6,933	100.0%	7,574	100.0%
Domestic	1,606	22.2%	1,802	23.5%	1,783	24.7%	1,701	23.5%	6,892	23.6%	1,953	28.2%	2,151	28.4%
Export	5,621	77.8%	5,851	76.5%	5,446	75.3%	5,428	75.1%	22,346	76.4%	4,980	71.8%	5,423	71.6%
Cost of goods sold	5,838	80.8%	6,441	84.2%	6,244	86.4%	6,370	88.1%	24,894	85.1%	5,716	82.4%	6,266	82.7%
Gross profit	1,389	19.2%	1,212	15.8%	985	13.6%	759	10.5%	4,345	14.9%	1,217	17.6%	1,308	17.3%
Selling & admin expense	1,244	17.2%	1,443	18.9%	1,443	20.0%	1,338	18.5%	5,468	18.7%	1,300	18.8%	1,410	18.6%
Other operating gain (Loss)	52	0.7%	(19)	-0.2%	(66)	-0.9%	14	0.2%	(19)	-0.1%	(34)	-0.5%	(16)	-0.2%
Operating income (Loss)	93	1.3%	(213)	-2.8%	(393)	-5.4%	(593)	-8.2%	(1,105)	-3.8%	(49)	-0.7%	(87)	-1.1%
Financial income (Expense)	143	2.0%	(182)	-2.4%	85	1.2%	(18)	-0.2%	28	0.1%	65	0.9%	14	0.2%
Net profit (Loss) before tax	236	3.3%	(395)	-5.2%	(308)	-4.3%	(611)	-8.4%	(1,077)	-3.7%	16	0.2%	(73)	-1.0%
Tax	7	0.1%	(144)	-1.9%	(121)	-1.7%	(184)	-2.5%	(441)	-1.5%	1	0.0%	(37)	-0.5%
Net profit (Loss)	229	3.2%	(251)	-3.3%	(187)	-2.6%	(427)	-5.9%	(636)	-2.2%	15	0.2%	(36)	-0.5%

Balance Sheet

(Unit : KRW bn)

	2010				2011	
	1Q	2Q	3Q	4Q	1Q	2Q
Assets	23,428	24,230	24,021	22,975	23,970	24,143
Current Assets	9,021	9,742	9,294	8,094	8,990	8,824
Cash and cash equivalents	715	716	561	869	903	860
Accounts receivable	6,070	6,983	6,637	5,488	6,074	6,017
Inventory	1,049	1,184	1,172	1,065	1,259	1,151
Other	1,187	859	924	673	754	796
Non-current Assets	14,407	14,488	14,727	14,881	14,980	15,319
Investment	7,897	7,909	7,919	7,845	7,845	7,870
PP&E	4,594	4,559	4,654	4,661	4,732	4,839
Intangible assets	696	722	737	726	728	830
Other	1,220	1,298	1,417	1,649	1,676	1,780
Liabilities	12,595	13,647	13,684	13,049	14,064	14,278
Accounts payable	4,888	4,925	4,235	4,285	4,564	4,271
Debt	3,919	4,957	5,726	5,000	5,665	5,919
Other	3,787	3,765	3,723	3,764	3,834	4,088
Equity	10,833	10,583	10,337	9,926	9,906	9,864

* Since this is not an audited nor reviewed report, content may be changed in the future if an auditor has a concern.

Income Statement

(Unit : KRW bn)

	2010										2011			
	1Q		2Q		3Q		4Q		Total		1Q		2Q	
Sales	13,217	100.0%	14,410	100.0%	13,429	100.0%	14,698	100.0%	55,754	100.0%	13,160	100.0%	14,385	100.0%
Cost of goods sold	9,807	74.2%	11,110	77.1%	10,555	78.6%	11,982	81.5%	43,453	77.9%	10,195	77.5%	11,078	77.0%
Gross profit	3,411	25.8%	3,300	22.9%	2,874	21.4%	2,716	18.5%	12,301	22.1%	2,965	22.5%	3,307	23.0%
Selling & admin expense	2,895	21.9%	3,185	22.1%	3,187	23.7%	2,946	20.0%	12,213	21.9%	2,896	22.0%	3,193	22.2%
Other operating gain (Loss)	35	0.3%	(11)	-0.1%	(128)	-1.0%	16	0.1%	(88)	-0.2%	(61)	-0.5%	(44)	-0.3%
Operating income (Loss)	481	3.6%	126	0.9%	(185)	-1.4%	(246)	-1.7%	176	0.3%	131	1.0%	158	1.1%
Financial income (Expense)	59	0.4%	(270)	-1.9%	45	0.3%	(54)	-0.4%	(219)	-0.4%	(37)	-0.3%	(38)	-0.3%
Investment income (Loss)	219	1.7%	210	1.5%	123	0.9%	(74)	-0.5%	477	0.9%	(55)	-0.4%	29	0.2%
Net income before tax	759	5.7%	66	0.5%	(17)	-0.1%	(374)	-2.5%	435	0.8%	38	0.3%	150	1.0%
Tax	117	0.9%	25	0.2%	(24)	-0.2%	(117)	-0.8%	0	0.0%	54	0.4%	41	0.3%
Profit (Loss) from discontinued operations	32	0.2%	815	5.7%	0	0.0%	0	0.0%	848	1.5%	0	0.0%	0	0.0%
Net income	675	5.1%	856	5.9%	8	0.1%	(256)	-1.7%	1,282	2.3%	(16)	-0.1%	108	0.8%
Controlled shares	650		842		(6)		(260)		1,227		(30)		98	
Noncontrolled shares	24		14		14		3		55		14		11	

* Since this is not an audited nor reviewed report, content may be changed in the future if an auditor has a concern.

* Profit from LG Innotek being excluded from the consolidation of LGE has been indicated as "Profit (Loss) from discontinued operations"

Balance Sheet

(Unit : KRW bn)

	2010				2011	
	1Q	2Q	3Q	4Q	1Q	2Q
Assets	33,794	34,036	33,822	32,318	33,534	33,845
Current Assets	18,409	18,635	18,195	16,515	17,660	17,534
Cash and cash equivalents	1,977	1,684	1,785	1,944	2,212	2,243
Accounts receivable	8,042	8,629	7,477	7,002	7,376	7,512
Inventory	6,011	6,379	7,025	5,872	6,376	6,091
Other	2,379	1,943	1,908	1,696	1,697	1,688
Non-current Assets	15,386	15,401	15,627	15,804	15,874	16,310
Investment	4,512	6,063	6,158	6,008	5,868	5,889
PP&E	7,736	6,256	6,326	6,500	6,645	6,810
Intangible assets	820	758	773	763	766	881
Other	2,318	2,323	2,371	2,532	2,594	2,731
Liabilities	21,139	20,774	20,738	19,459	20,802	21,101
Accounts payable	6,728	6,707	6,174	5,824	6,367	6,320
Debt	6,907	7,083	7,723	7,193	7,721	7,764
Other	7,505	6,984	6,842	6,442	6,714	7,017
Equity	12,655	13,261	13,084	12,860	12,732	12,744

* Since this is not an audited nor reviewed report, content may be changed in the future if an auditor has a concern.

* 1Q10 numbers are based on a consolidated basis including LG Innotek

(Unit : KRW bn)

		1Q'10	2Q'10	3Q'10	4Q'10	'10 Total	1Q'11	2Q'11	QoQ	YoY
Home Entertainment	Sales	5,548	5,727	5,772	6,648	23,695	5,280	5,420	3%	-5%
	Op. Income	150	-26	86	-65	145	82	90		
	(%)	2.7%	-0.5%	1.5%	-1.0%	0.6%	1.6%	1.7%		
Mobile Communications	Sales	3,172	3,403	3,020	3,381	12,975	2,909	3,246	12%	-5%
	Op. Income	29	-119	-303	-261	-654	-101	-54		
	(%)	0.9%	-3.5%	-10.0%	-7.7%	-5.0%	-3.5%	-1.7%		
Handset	Sales	3,140	3,373	2,971	3,328	12,811	2,852	3,200	12%	-5%
	Op. Income	28	-120	-304	-262	-658	-101	-55		
	(%)	0.9%	-3.5%	-10.2%	-7.9%	-5.1%	-3.5%	-1.7%		
Home Appliance	Sales	2,381	2,722	2,750	2,819	10,673	2,699	2,885	7%	6%
	Op. Income	207	185	67	78	538	103	51		
	(%)	8.7%	6.8%	2.4%	2.8%	5.0%	3.8%	1.8%		
Air Conditioning & Energy Solution	Sales	1,172	1,628	1,107	913	4,820	1,452	1,876	29%	15%
	Op. Income	43	59	-52	10	60	39	44		
	(%)	3.7%	3.6%	-4.7%	1.1%	1.2%	2.7%	2.3%		
Others	Sales	944	929	780	937	3,591	821	958	17%	3%
	Op. Income	53	27	17	-8	88	7	27		
Total	Sales	13,217	14,410	13,429	14,698	55,754	13,160	14,385	9%	0%
	Op. Income	481	126	-185	-246	176	131	158		
	(%)	3.6%	0.9%	-1.4%	-1.7%	0.3%	1.0%	1.1%		

* Others include independent business unit earnings, other subsidiaries' earnings, internal transactions, etc.

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