



Earnings Release 3Q 2005

October 18, 2005



LG Electronics Inc.

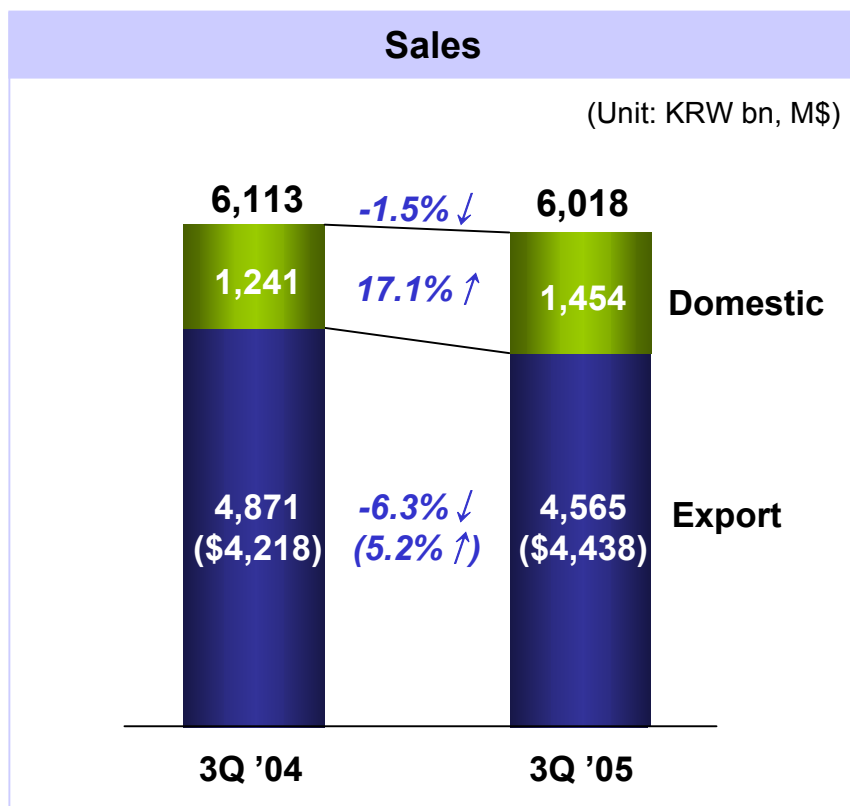
This presentation has been prepared based on internally audited figures and final figures may change due to the results of independent auditors' review. All information in this presentation regarding the Company's financial results has been prepared on a non-consolidated basis in accordance with Korean GAAP.

The presentation includes forward-looking statements regarding the Company's outlook for 4th Quarter Of 2005 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. 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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- ◆ Sales decreased 1.5% YoY due to Won appreciation, but QoQ sales increased 7.2% due to growth in handset and display products.
- ◆ Op. profit declined YoY but increased QoQ due to improved profitability in handset and display products.



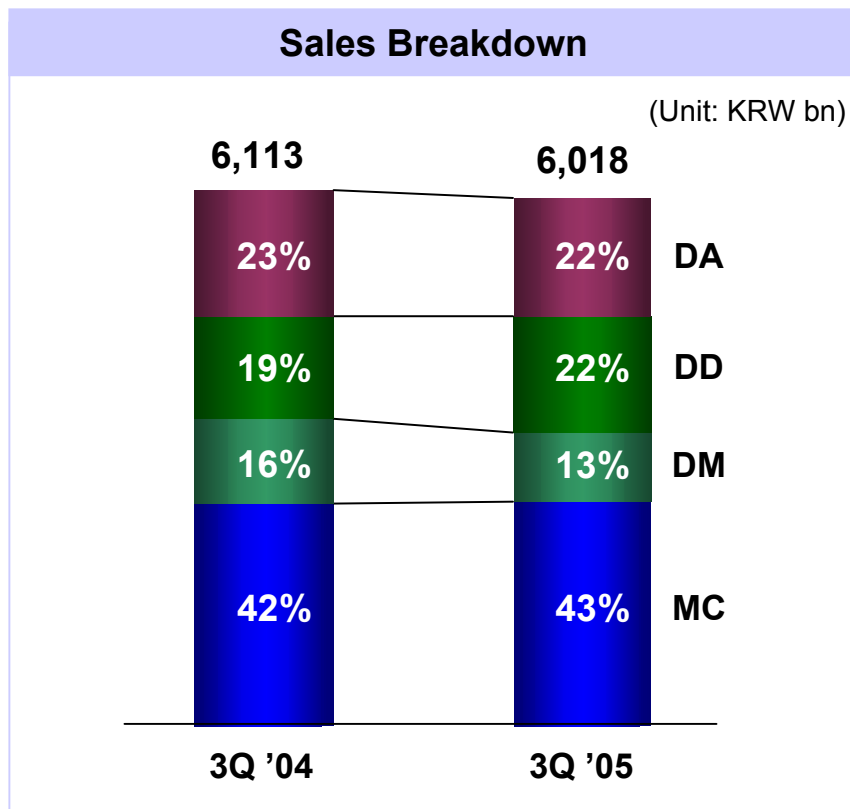
(Unit: KRW bn)

Results	3Q '05	YoY	
		YoY	QoQ
Sales	6,018	-1.5%	7.2%
Gross Profit (Margin)	1,608 26.7%	4.6%	15.3%
Operating Profit (Margin)	280 4.7%	-21.2%	94.5%
EBITDA (Margin)	465 7.7%	-11.5%	31.8%
Recurring Profit (Margin)	128 2.1%	-71.0%	-40.6%
Net Profit (Margin)	157 2.6%	-48.5%	4.2%

* EBITDA : Operating Profit + Depreciation & Amortization

- ◆ DA : Profits improved due to strong domestic and North America brand sales.
- ◆ DD : PDP/LCD TV and PDP module shipment increased due to strong demand.
- ◆ DM : Revenue decreased due to ASP decline, but new model launch improved margin.
- ◆ MC : Strong sales in strategic markets led to 31% increase in YoY shipment and profits recovery.

(Unit: KRW bn)

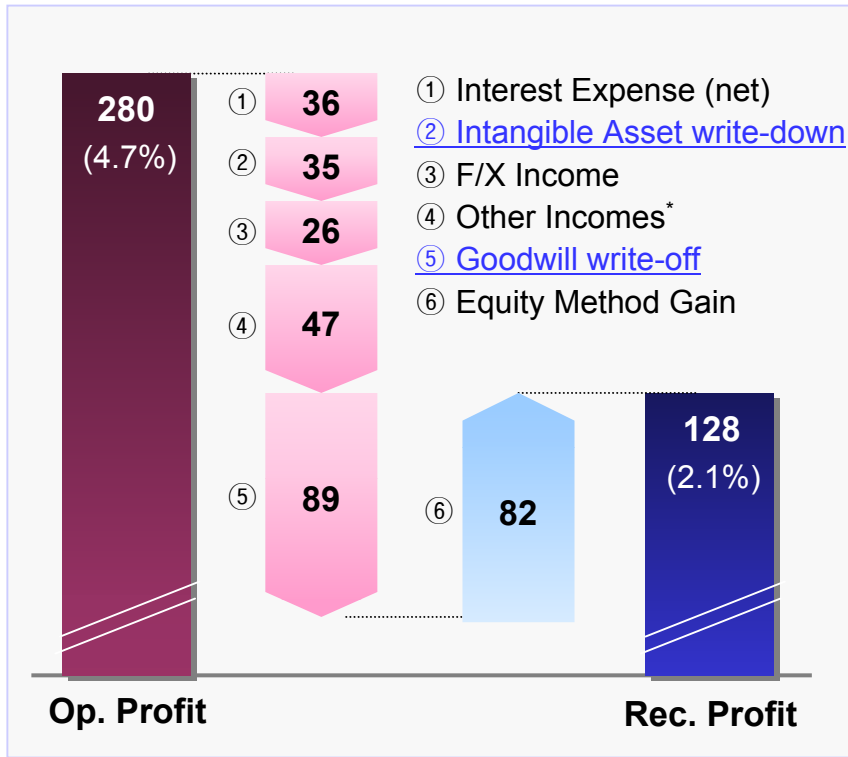


Results by Division		3Q '05		
		3Q '05	YoY	QoQ
DA	Sales	1,324	-6.2%	-18.3%
	Op. Profit (Margin)	90 6.8%	17.7%	-44.2%
DD	Sales	1,319	13.0%	14.2%
	Op. Profit (Margin)	28 2.1%	19.5%	N/A
DM	Sales	780	-18.2%	6.5%
	Op. Profit (Margin)	52 6.7%	33.5%	93.3%
MC	Sales	2,545	0.8%	22.3%
	Op. Profit (Margin)	128 5.0%	-45.5%	1420.2%
Handset	Sales	2,293	0.3%	25.9%
	Op. Profit (Margin)	123 5.4%	-42.8%	N/A

◆ Non operating expense increased due to intangible asset write-down and goodwill write-off.

3Q 2005

(Unit: KRW bn)



3Q 2005 Equity Method

(Unit: KRW bn)

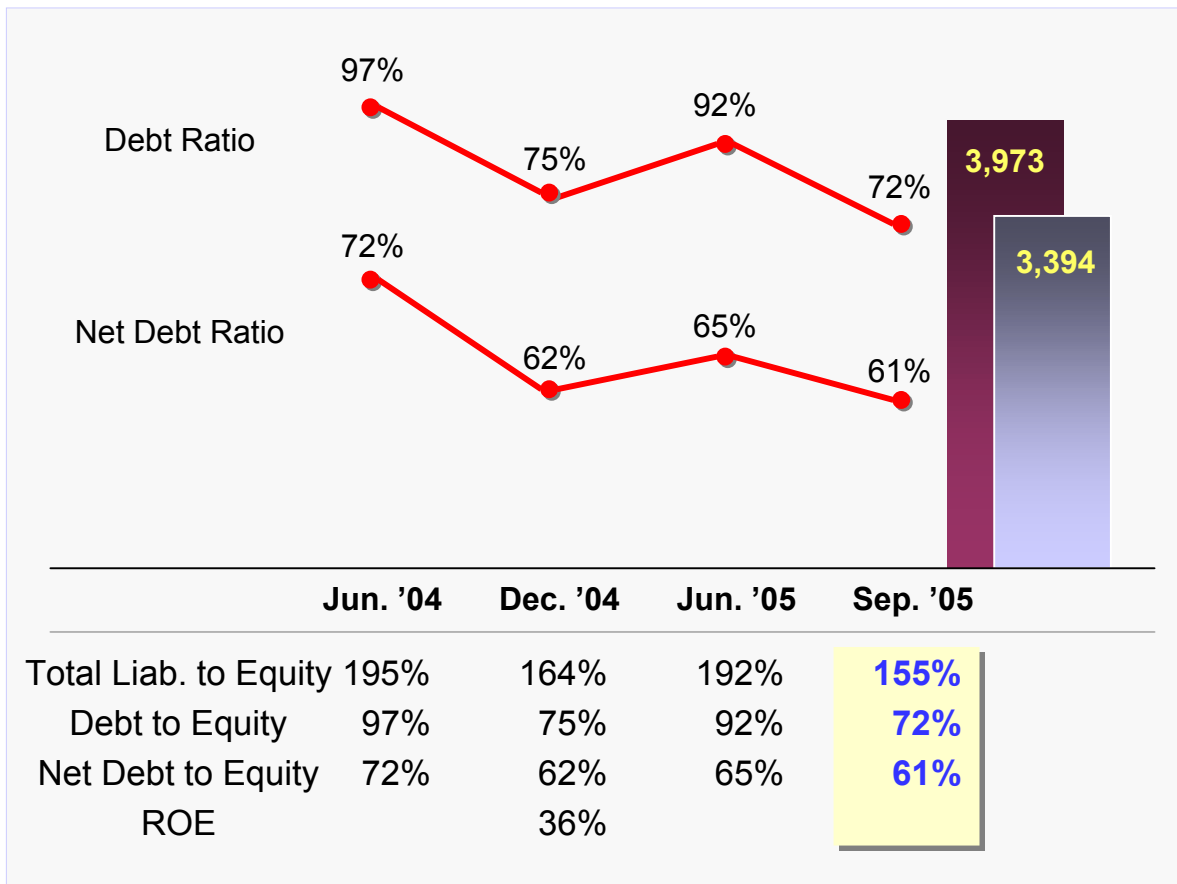
Company	Equity Method Contribution
LG.Philips LCD	86
LG.Philips Displays	-3
Overseas Subsidiaries and Others	-1
Total	82

* Other Incomes (Net) = AR Discount Fee 34+ Others 13

- ◆ Proceeds from LPL share disposal used to reduce debt.
- ◆ Rollover of short-term debt with long-term overseas bonds.

Debt

(Unit: KRW bn, Company)



Balance Sheet

(Unit: KRW bn, Company)

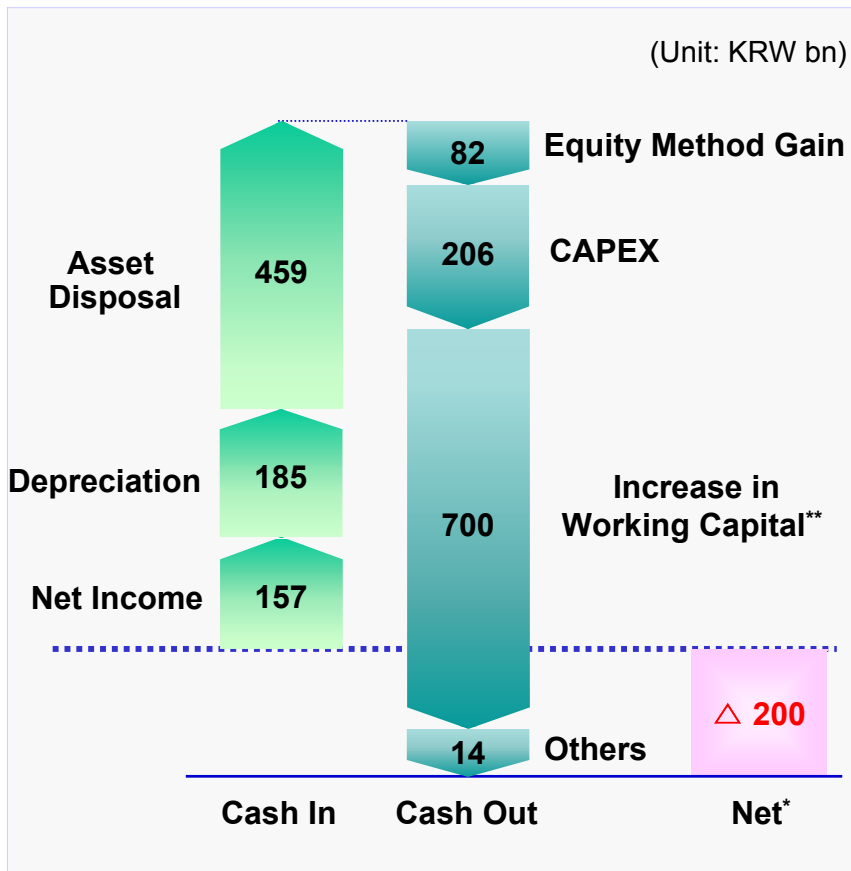
Sep. 2005

Assets	14,143
- Current Assets	4,557
- Fixed Assets	9,587
Liabilities	8,594
- Current Liabilities	5,642
- Fixed Liabilities	2,952
Equity	5,549
- Capital Stock	785
- Capital Surplus	1,908
- Retained Earnings	2,199
- Capital Adjustment	658

- ◆ Working capital increased due to reduction in trade financing; this helped to reduce overall consolidated debt.

Net Cash Flows*

(3Q '05)



Cash Flows

(3Q '05)

(Unit: KRW bn)

Cash at the Beginning of the Quarter	1,320
Cash Flows from Operating Activities	(454)
Net Income	157
Depreciation	185
Equity Method Gain	(82)
Increase in Working Capital	(700)
Others	(14)
Cash Flows from Investing Activities	254
Increase in Tangible Asset	(206)
Asset Disposal	459
Cash Flows from Financing Activities	(541)
Decrease in Debt	(541)
Net Increase in Cash & Cash Equiv.	(741)
Cash at the End of the Quarter	579

* Excluding Cash Flows from Financing Activities

** Including the increase from trade financing of U\$500M

- ◆ Consolidated revenue increased 12.4% YoY to KRW 11,362 bn, but op. profits decreased 16% YoY.
- ◆ Consolidated financial structure improved as trade finance related short-term debt fell.

Consolidated & Global F/S

(Unit: KRW bn)

		3Q '05	3Q '04	YoY
Consolidated F/S	Revenue	11,362	10,105	12.4%
	Op. Profit	543	648	-16.1%
	Rec. Profit	254	636	-60.1%
Global F/S*	Revenue	8,775	8,425	4.2%
	Op. Profit	281	341	-17.5%
	Rec. Profit	28	310	-91.1%

* Global F/S : Based on LGE parent and LGE overseas subsidiaries only

Consolidated Balance Sheet

(Unit: KRW bn / Sep. '05)

	2Q '05	3Q '05
Assets	32,183	33,825
- Current Assets	15,592	16,321
- Fixed Assets	16,591	17,504
Liabilities	23,704	23,316
- Current Liab.	16,128	16,525
- Fixed Liab.	7,576	6,791
Equity	8,480	10,508

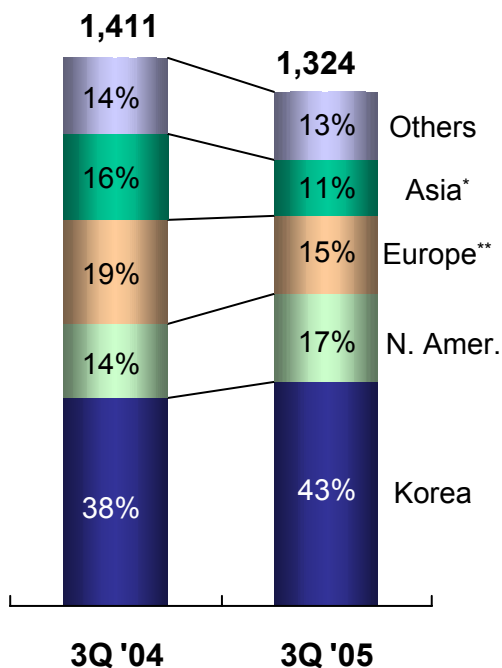
	2Q '05	3Q '05
Total Liab. To Equity	280%	222%
Debt to Equity	163%	125%
Net Debt to Equity	122%	92%

II . Performance and Outlook by Sector

Digital Appliance

Sales Breakdown by Region

(Unit: KRW bn, %)



* Including Middle East

** Including CIS

3Q 2005 Performance

❖ Sales : Declined 6% YoY to KRW 1.32tn

- Domestic : Sales up 8% YoY
 - Strong sales of air conditioner (CAC) and refrigerator (DIOS) pushed up YoY growth.
- Overseas : Exports down 15% YoY
 - Won appreciation and transfer of low-end product manufacturing overseas were the prime cause of the sales decline.
 - Sales of premium products such as TROMM, commercial A/C, and DIOS refrigerator grew in developed market.

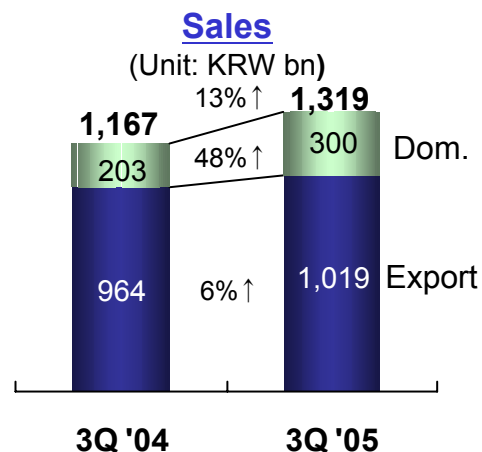
4Q 2005 Outlook

❖ Concentrate on domestic and major developed markets with premium products.

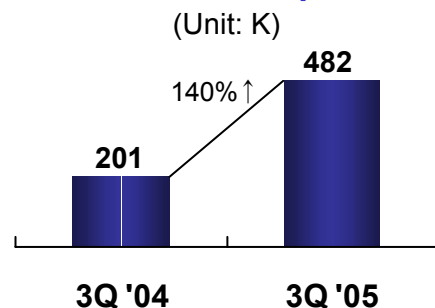
- Focus on premium brand products, such as commercial A/C, DIOS refrigerator, and TROMM to reinforce sales and profitability.
- North American brand business to expand with strong sales at Home Depot

II . Performance and Outlook by Sector

Digital Display



PDP Module Shipments



3Q 2005 Result

- ❖ **Sales : Increased 13% YoY to KRW 1.32tn**
 - Domestic sales up 48% due to strong demand in PDP/LCD TV
 - Exports up 19% in USD terms (up 6% in KRW terms)
- DTV : 40% YoY growth mainly on PDP and LCD TV
 - PDP TV : Sales up 54% YoY.
 - LCD TV : Sales up 267% YoY.
- PDP Module : Shipment up 140% YoY.

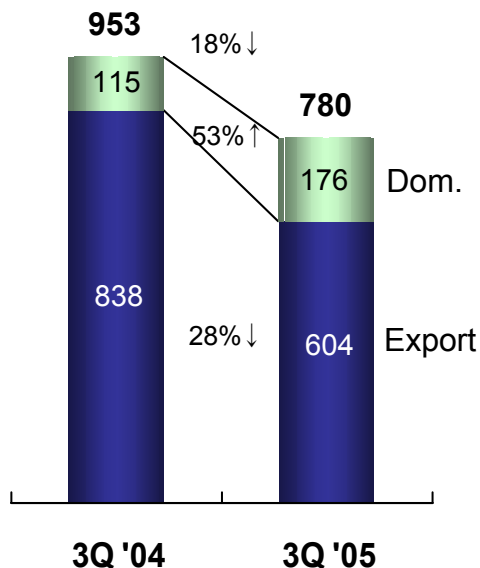
4Q 2005 Outlook

- ❖ **Sales growth to slow due to price decline of display sets and transfer of production site overseas.**
 - TV : Sales growth expected to slow growth due to exports decrease
 - Monitor : Strengthen competitive edge in mid/large-sized LCD monitor to improve profitability
 - PDP Module : Continuous sales expansion, Line 4 (A3) ramp-up

II . Performance and Outlook by Sector

Digital Media

Sales
(Unit: KRW bn)



3Q 2005 Result

❖ **Sales : Declined 18% YoY to KRW 780 bn.**

- Domestic : Sales up 53% YoY due to strong notebook PC sales.
- Overseas : Exports down 28% YoY due to Won appreciation, ASP decline, and transfer of production site overseas.

- Optical Storage : Sales down 32% YoY, but QoQ sales sustained.
- AV : Sales down 17% YoY, but QoQ sales up 19%.
- PC : Sales up 8% YoY, 4% QoQ. Overseas sales decreased due to dropping NTPC OEM Business. (down 33% YoY)

4Q 2005 Outlook

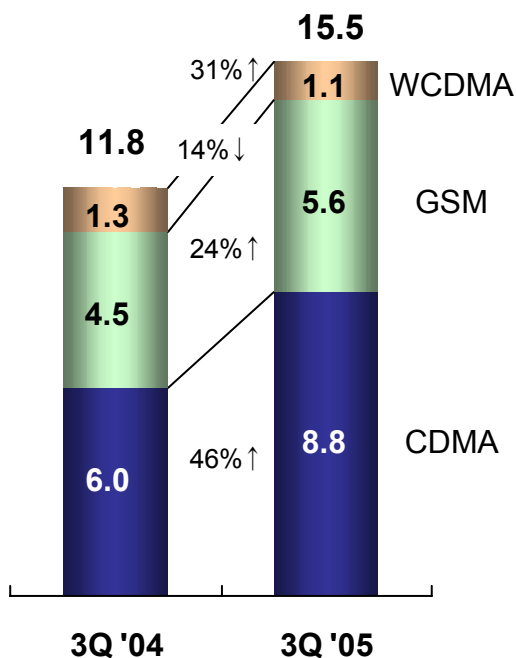
❖ **QoQ sales expected to grow with premium product sales expansion.**

- Optical Storage : Expand Slim drive and DVD-W sales
- AV : Concentrate on high powered HTS, DVD multi device, and STB during high demand season.
- PC : Increase premium product sales, and launch new products with new functions

II . Performance and Outlook by Sector

Mobile Communications

Sales Breakdown by Tech.
(M units)



3Q 2005 Result

❖ **Handset : Shipment increased 31% YoY, 28% QoQ**

- CDMA - Domestic : Declined 19% YoY but increased QoQ due to new product launch.
- Overseas : Up 55% YoY by due to sales expansion in North America and Indian markets
- GSM - Sales to European operator market and emerging markets increased.
- WCDMA - Sales slowed due to strong competition in 3G market..

4Q 2005 Outlook

❖ **Strong domestic and overseas sales by continuously launching new products**

- CDMA - Domestic : Raise brand image by launching new products
- Overseas : Sales increase expected with rising brand awareness in North America
- GSM - Expand Europe and CIS sales with new product launch.
- WCDMA - Boost 3G sales by reinforcing new product line-up.

II . Performance and Outlook by Sector

LG.Philips LCD

* Based on consolidated Korean GAAP,
Un-audited and un-reviewed.

2005 3Q Result & 4Q Outlook

- ❖ **Sales: 2,741 bn won* / Operating Profit : 240 bn won***
 - Sales grew 19% QoQ driven by increased production, seasonal demand and stable module prices.
 - OP margin improved from higher volume, higher ASP per square meter and ongoing cost reduction
 - P6 3Q average input glass: 90k input sheets/ months
- ❖ **Strong demand for notebook/ TV panels and successful ramp-up of P6 should help net area shipment increase in 4Q.**

LG.Philips Displays

* Excluding restructuring costs

2005 3Q Result & 4Q Outlook

- ❖ **Sales : US\$ 690mn* / Operating Profit : US\$ 15mn***
 - Sales declined 8% QoQ.
 - CDT shipments decreased due to declining markets and channel inventory adjustment.
- ❖ **Due to further decline in CRT demand, continued restructuring expected in 4Q.**

III. 2005 Business Direction and Prospects

- ◆ Brand Strengthening, Accelerated Cost Innovation, Core Competency Reinforcement in R&D and Design → “Solidified company constitution”





<http://www.lge.com>

Sales and Profits by Division - Like for Like Comparison

Appendix

(Unit: KRW bn, US\$ million)

Section			2,004					2,005					
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Digital Appliance	Sales	Domestic	387	582	534	478	1,981	494	765	575		1,834	
		Export	1,379	1,141	877	837	4,234	1,175	856	749		2,780	
		M\$	\$1,177	\$982	\$760	\$763	\$3,681	\$1,150	\$849	\$728		\$2,727	
	Total	1,766	1,722	1,411	1,316	6,216	1,669	1,621	1,324		4,614		
Operating Profit			210	172	77	-10	448	170	162	90		422	
Digital Display	Sales	Domestic	227	219	203	215	864	263	254	300		817	
		Export	1,051	963	964	1,141	4,119	990	901	1,019		2,910	
		M\$	\$897	\$829	\$835	\$1,043	\$3,604	\$968	\$894	\$991		\$2,853	
	Total	1,278	1,183	1,167	1,356	4,983	1,253	1,155	1,319		3,728		
Operating Profit			82	41	23	-57	89	17	-22	28		22	
Digital Media	Sales	Domestic	125	115	115	116	472	179	157	176		513	
		Export	917	779	838	797	3,331	667	575	604		1,846	
		M\$	\$782	\$671	\$726	\$726	\$2,905	\$652	\$571	\$587		\$1,809	
	Total	1,042	895	953	913	3,803	846	732	780		2,359		
Operating Profit			55	50	39	30	174	23	27	52		102	
Mobile Communications	Sales	Domestic	493	429	345	357	1,624	333	265	363		960	
		Export	1,371	1,764	2,180	2,544	7,859	1,822	1,816	2,182		5,820	
		M\$	\$1,169	\$1,518	\$1,888	\$2,318	\$6,893	\$1,785	\$1,801	\$2,121		\$5,707	
	Total	1,864	2,193	2,525	2,901	9,484	2,155	2,081	2,545		6,780		
Operating Profit			66	146	234	191	636	102	8	128		238	
Handset	Sales	Domestic	373	322	258	223	1,177	258	174	237		669	
		Export	1,204	1,599	2,027	2,344	7,174	1,615	1,647	2,056		5,318	
		M\$	\$1,026	\$1,376	\$1,755	\$2,136	\$6,293	\$1,582	\$1,634	\$1,999		\$5,214	
	Total	1,577	1,921	2,285	2,568	8,351	1,873	1,822	2,293		5,987		
Operating Profit			49	123	215	143	530	67	-4	123		186	
0													
Company	Sales	Domestic	1,276	1,381	1,241	1,187	5,086	1,302	1,466	1,454		4,221	
		Export	4,720	4,648	4,871	5,334	19,573	4,657	4,150	4,565		13,371	
		M\$	\$4,027	\$4,001	\$4,218	\$4,864	\$17,109	\$4,556	\$4,117	\$4,438		\$13,110	
	Total	5,996	6,029	6,113	6,521	24,659	5,959	5,615	6,018		17,592		
	Gross Profit			1,423	1,508	1,537	1,456	5,923	1,496	1,395	1,608		4,499
	Operating Profit			407	393	355	95	1,250	280	144	280		704
Recurring Profit			732	672	442	14	1,860	77	216	128		420	
Net Profit			585	494	304	163	1,546	83	151	157		391	

◆ Income Statement

(Unit: KRW bn)

	2004					2005				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,996	6,029	6,113	6,521	24,659	5,959	5,615	6,018		17,592
COGS	4,574	4,521	4,576	5,065	18,736	4,463	4,220	4,410		13,093
Gross Profit	1,423	1,508	1,537	1,456	5,923	1,496	1,395	1,608		4,499
SG&A	1,016	1,115	1,182	1,361	4,674	1,216	1,251	1,328		3,796
Op. Profit	407	393	355	95	1,250	280	144	280		704
Non OP	326	280	86	-81	610	-203	72	-152		-283
Rec Profit	732	672	442	14	1,860	77	216	128		420
Tax	148	179	137	-150	314	-7	65	-29		30
Net Profit	585	493	304	163	1,546	83	151	157		391

◆ Balance Sheet

(Unit: KRW bn)

	2004				2005			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	12,053	13,061	13,581	13,234	13,563	14,299	14,143	
Current Asset	4,062	4,718	4,530	4,111	4,666	4,880	4,557	
Quick Asset	2,530	3,088	2,858	2,436	3,129	3,399	3,063	
Inventories	1,532	1,630	1,672	1,675	1,537	1,481	1,493	
Fixed Asset	7,991	8,343	9,051	9,124	8,896	9,419	9,587	
Investment	4,005	4,165	4,857	4,859	4,590	4,839	5,070	
Tangible	3,195	3,425	3,490	3,630	3,704	4,010	4,069	
Intangible	791	752	704	636	602	570	447	
Liabilities	8,192	8,635	8,651	8,218	8,841	9,397	8,594	
Current Liabilities	5,294	5,103	5,060	4,959	5,558	5,707	5,642	
Fixed Liabilities	2,898	3,531	3,592	3,259	3,283	3,690	2,952	
Capital	3,861	4,426	4,930	5,016	4,721	4,902	5,549	
Capital Stock	784	784	784	784	785	785	785	
Capital Surplus	1,892	1,908	1,908	1,908	1,907	1,908	1,908	
Retained Earnings	1,149	1,648	1,896	2,064	1,915	2,066	2,199	
Capital Adjustment	36	87	342	261	114	143	658	