

Earnings Release 1Q 2007

April 19, 2007



LG Electronics Inc.

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 1st quarter of 2007 as contained herein has been prepared on a parent and consolidated basis in accordance with Korean Generally Accepted Accounting Principles (Korean GAPP).

In addition, the information contained herein has been prepared in advance, prior to review by outside auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final review by outside auditors. In detail, the financial results based on a parent basis contained herein are in the process of being reviewed by outside auditors and the financial results based on a consolidated basis has not been under review as of yet.

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 2007. These forward-looking statements also refer to the Company’s performance on both parent and consolidated bases.

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, and 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.

Includes

Pros & Cons

Earnings release format

Parent

- **LG Electronics Korea**

- Equity Method

- Overseas subsidiaries (includes unrealized gain/loss)
- Other companies¹⁾

- Provides accurate and diverse financial data

- Difficult to comprehend LGE's global business situation

- Earnings released in parent format, but to accommodate investors' comprehension of LGE's global business, additionally include consolidated divisional performance (sales / OP) in the report

Consolidated

- **LG Electronics Korea**

- **LGE overseas subsidiaries**

- **LPL, LG Innotek, etc**

- Equity Method

- Other companies²⁾

- Global Standard

- Relative to IFRS³⁾ implementation, possibility of consolidating method readjustment

- Difficult to comprehend LGE's business condition due to LPL inclusion

- Reconsider earnings release in fully consolidated format once IFRS³⁾ implementation is confirmed

1) Companies that LGE has over 20% of voting rights

2) Companies that LGE owns between 20% to 50%, LGE not being the largest shareholder

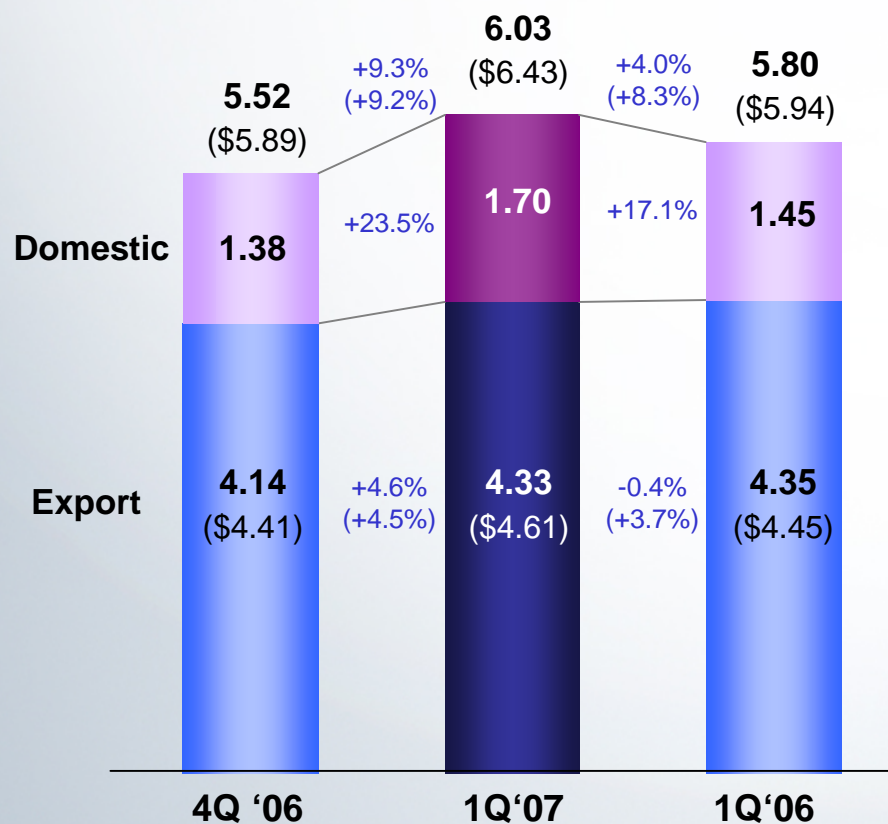
3) IFRS: International Financial Reporting Standards

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Sales

(Unit : KRW tn, USD bn)



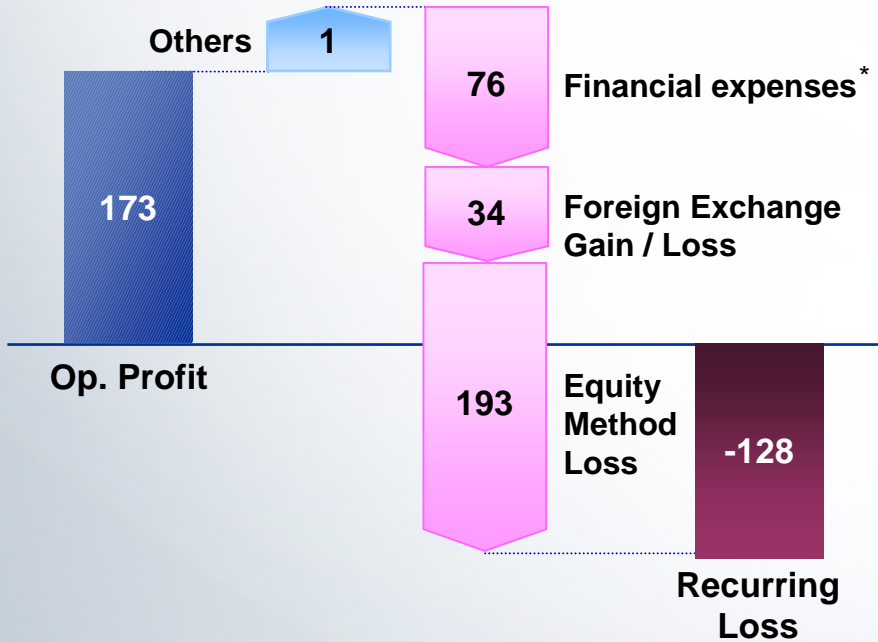
Profit

(Unit: KRW bn)

	4Q'06	QoQ	1Q'07	YoY	1Q'06
Operating Profit	-43	n/a	173	-9.3%	191
EBITDA	136	+160%	354	-3.7%	368
Recurring Profit	59	n/a	-128	n/a	182
Net Profit	49	n/a	-123	n/a	151

Non-operating Items

(Unit : KRW bn)



Equity Method

(Unit : KRW bn)

	<u>4Q'06</u>	<u>1Q'07</u>
LPL	-21	-57
Other Affiliates	55	-2
Overseas subsidiaries	100	-133
Equity Method Total	133	-193

* AR discount fee included in financial expenses

Sales & Profit

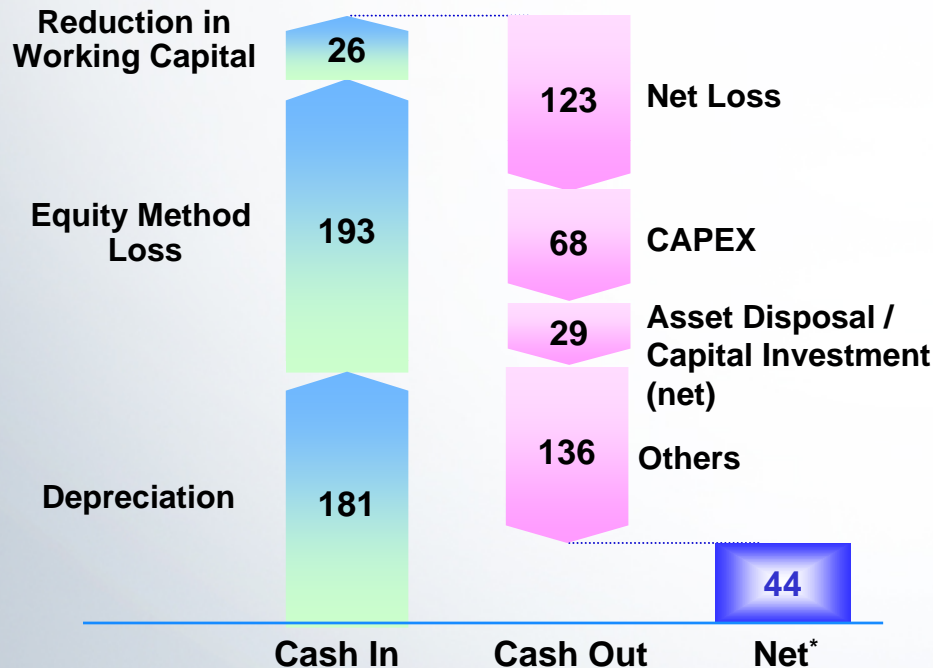
(Unit : KRW bn)

		4Q'06	QoQ	1Q'07	YoY	1Q'06
Digital Appliance	Sales	1,283	+41.7%	1,819	+16.4%	1,563
	Op. profit (%)	62 (4.8%)		218 (12.0%)		159 (10.2%)
Digital Display	Sales	1,212	+0.2%	1,214	-16.0%	1,446
	Op. profit (%)	-147 (-12.1%)		-194 (-16.0%)		30 (2.0%)
Digital Media	Sales	663	+7.7%	713	-7.4%	770
	Op. profit (%)	-20 (-3.1%)		6 (0.8%)		23 (3.0%)
Mobile Communications	Sales	2,370	-2.9%	2,300	+12.2%	2,050
	Op. profit (%)	72 (3.0%)		155 (6.7%)		-9 (-0.4%)
Handsets	Sales	2,204	-3.1%	2,136	+15.2%	1,855
	Op. profit (%)	58 (2.6%)		141 (6.6%)		-31 (-1.7%)

* Divisional Sales includes internal transactions between divisions

Net Cash Flow*

(Unit : KRW bn)



Cash Flow

(Unit: KRW bn)

Cash at the beginning of Quarter 510

Cash Flow from Operating Activities 141

Net Loss	- 123
Depreciation	181
Equity Method Loss	193
Reduction in Working Capital	26
Others	- 136

Cash Flow from Investment Activities - 97

CAPEX	- 68
Asset Disposal / Capital Investment	- 29

Net Cash Flow 44

Decrease in Debt	- 146
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Cash Decrease -102

Cash at the end of Quarter 408

*Excludes cash flow from financing activities

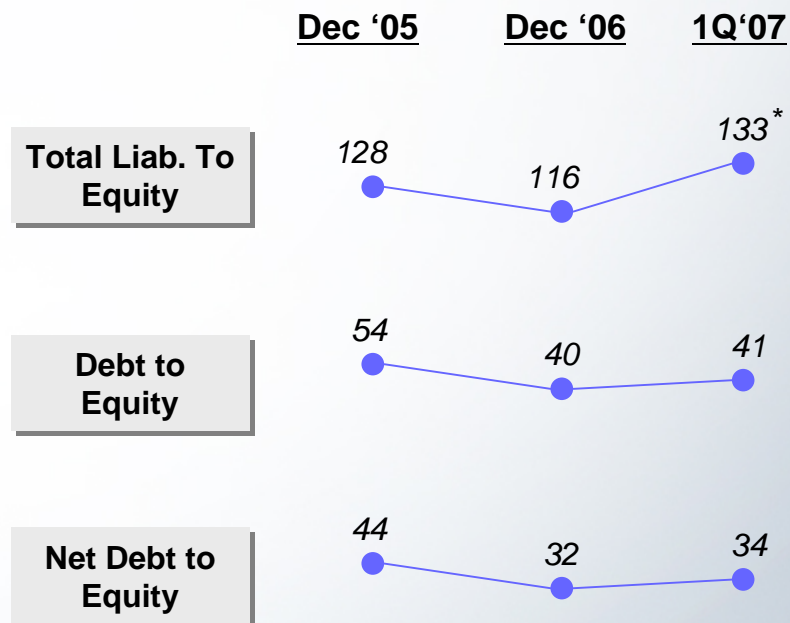
Balance Sheet

(Unit : KRW tn)

	Dec '05	Dec '06	1Q'07
□ Assets	14.04	13.23	13.34
Fixed Assets	10.05	10.07	9.82
Current Assets	3.99	3.16	3.52
Cash	0.58	0.51	0.41
Inventories	1.41	1.10	1.20
□ Liabilities	7.87	7.09	7.62
Long-Term Liabilities	2.67	2.19	2.38
Current Liabilities	5.21	4.90	5.25
□ Equity	6.16	6.14	5.72
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□ Debt	3.30	2.47	2.35

Financial Ratios

(Unit : %)



* Deferred corporate tax accounting effects: 7%p ↑

Consolidated Sales and Profits

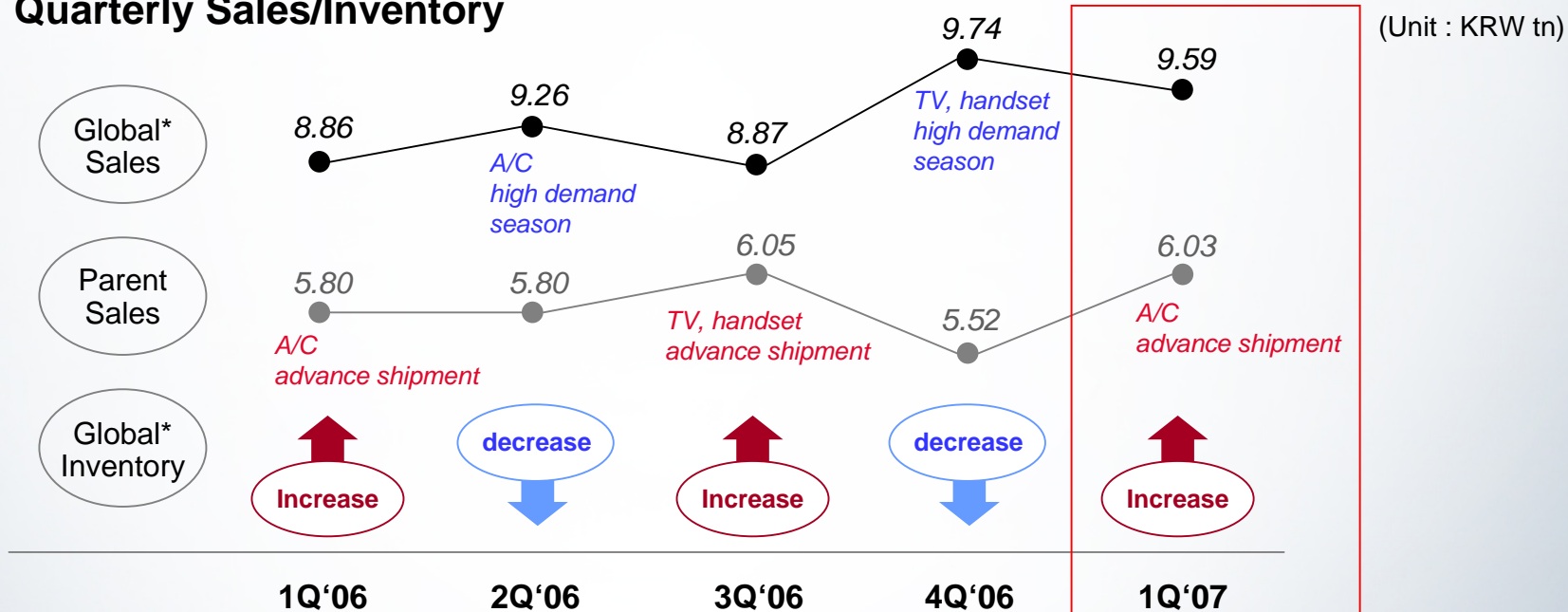
(Units : KRW bn)

	<u>Sales</u>	YoY (%)	<u>Operating Profits(%)</u>	YoY (KRW bn)		<u>Sales</u>	YoY (%)	<u>Operating Profits(%)</u>	YoY (KRW bn)
LG Electronics Global	9,593	+8.3%	28 (0.3%)	↓ 143	DA	2,941	+15.1%	169 (5.7%)	↑ 51
LPL	2,723	+10.2%	-208 (-7.6%)	↓ 262	DD	2,754	+1.5%	-262 (-9.5%)	↓ 306
Other Affiliates	817	+26.7%	7 (1.0%)	↓ 10	DM	1,382	-4.7%	11 (0.8%)	↓ 41
Intercompany Transactions	-1,161	n/a	8	↑ 8	MC	2,509	+14.7%	121 (4.8%)	↑ 151
Total (Consolidated)	11,971	+8.6%	-165 (-1.4%)	↓ 408	Handsets	2,354	+17.8%	110 (4.7%)	↑ 162

• Divisional sales includes internal transactions

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

❖ Quarterly Sales/Inventory

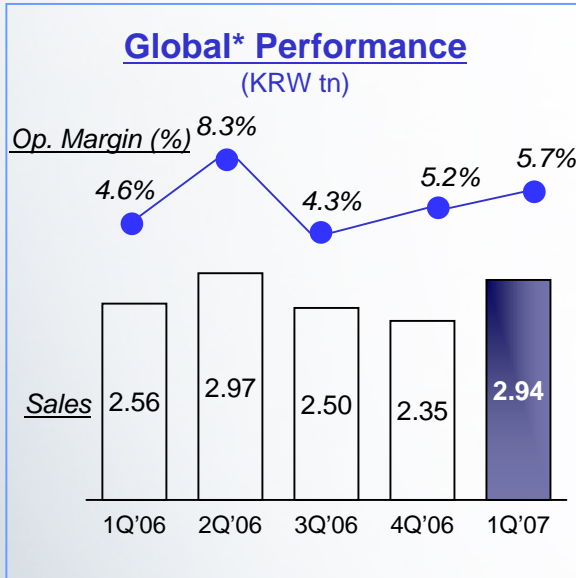


❖ Operating Profit

(Unit : KRW bn)

Parent	191	191	197	- 43	173
Overseas Subsidiaries	75	98	-9	100	-12
Consolidated Adjustment	-94	19	20	100	- 133
Global* Op. Profit	171	308	208	157	28

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



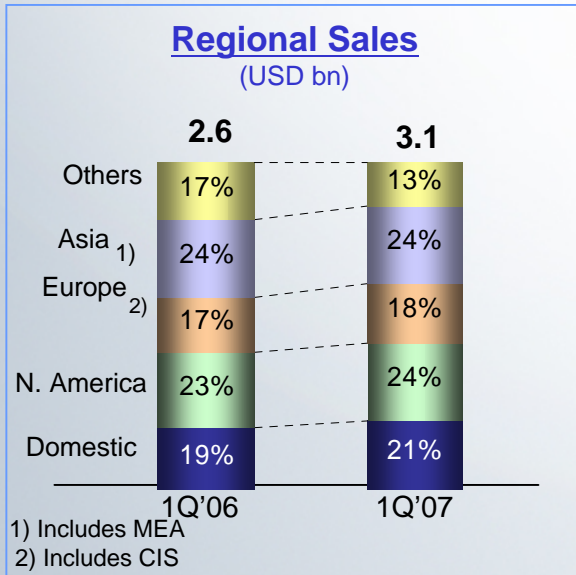
1Q 2007 Performance

❖ Sales : Growth 15% YoY, 2.94 trillion won realized

- Domestic Market : Increased 29% YoY due to A/C, SxS Ref. sales growth
- Overseas Market : Growth continuum in N. America and Europe centered on premium products

❖ Op. Profit : 1.1%p increase YoY reaching 5.7% in op. margin

- Despite won depreciation and rise in material costs, sales growth in U.S. and Europe, progressive A/C pre-sales resulted in op. margin improvement

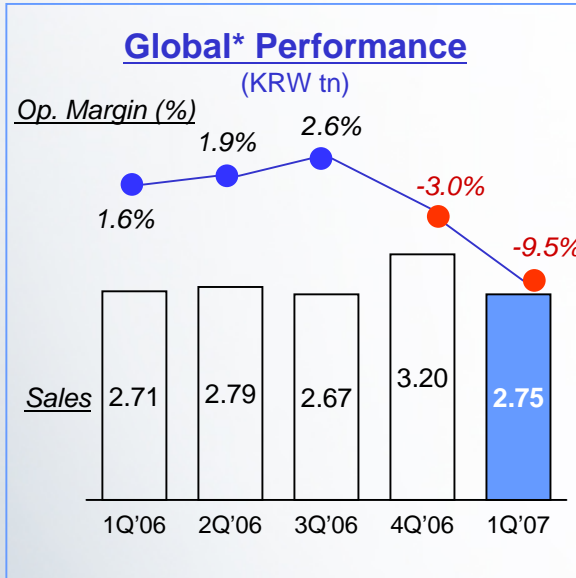


2Q 2007 Outlook

❖ **Outlook :** Demand to increase due to seasonality (A/C etc.) but possible U.S. market contraction due to economic depression.

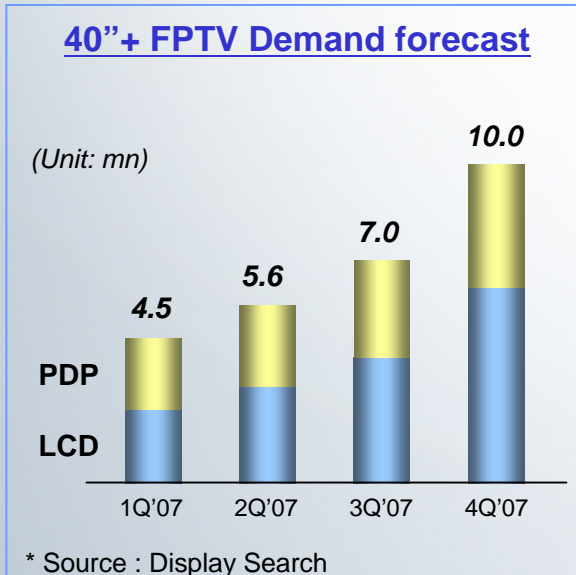
❖ LGE : Introduction of “Hit models” → substantial global marketing

- Domestic - Replacement demand of SxS Ref. and A/C → profit
- N. America - Additional product entry through Sears (largest distribution channel in U.S.) → brand sales expansion
- Brand business expansion continuum through strengthening premium product line-up (e.g. Refrigerators, W/M)
- Europe/CIS - Increase market competitiveness through improved logistic management in local production sites



1Q 2007 Performance

- ❖ **Sales : Decreased 14% QoQ, 2.75 trillion realized**
 - TV and monitor sales decreased due to slow season
 - Growth 32% YoY despite sales decrease of 20% in flat panel TVs (QoQ)
 - Price erosion intensification
 - Large-sized flat panel TV ASP declined mid-teen% QoQ
- ❖ **Op. Profit : 6.5%p decrease in op. margin QoQ**
 - Intense price erosion (QoQ) and low PDP capacity brought forth loss



2Q 2007 Outlook

- ❖ **Outlook :**
 - FPTV price erosion to slow down
 - 40" FPTV's market's continuous growth
 - 46"+ large-sized FPTV rapid demand increase
- ❖ **LGE : New models to be launched → substantial global marketing**
 - Design and develop new cost innovative models
 - Improve logistics – focus on profitability improvement
 - Strengthen marketing activities targeting FPTV market share increase

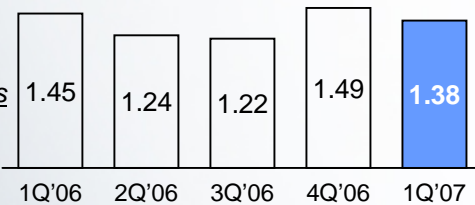
Global* Performance

(KRW tn)

Op. Margin (%)



Sales



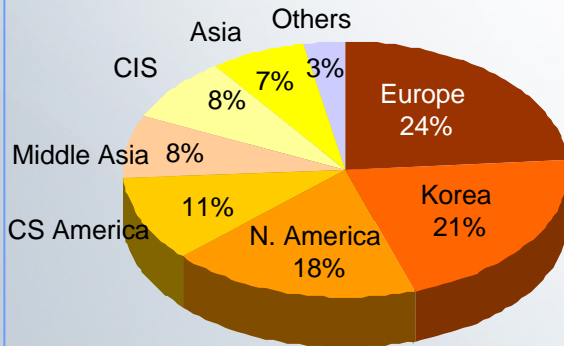
1Q 2007 Performance

❖ Sales : Decrease 7.4% QoQ due to seasonality

- Media: Sales decreased 19% QoQ
 - Europe and U.S. slow season
 - Over-supply, price erosion of media products in CIS region
 - Audio / Video product sales declined QoQ
- Introduction of world's first Super Blu Player ('07 January, U.S.)
- PC business grew 9% QoQ → notebook PC sales increase in Korea

❖ Op. Profit : Maintained stable op. margin similar to 4Q'06 despite sales decline

Regional Sales Breakdown



* Based on brand sales (OEM 25%)

2Q 2007 Outlook

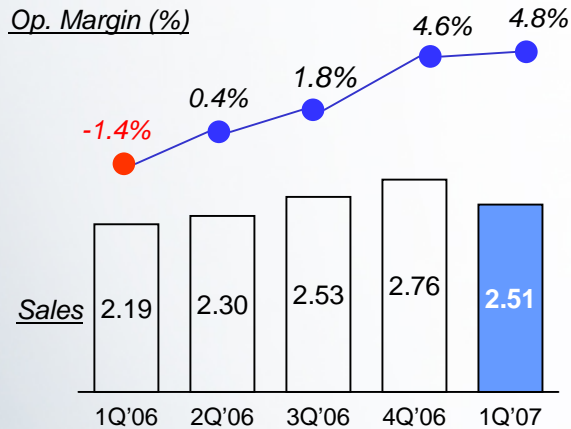
❖ Outlook : Slow season for IT products & price erosion to continue

❖ LGE : Profitability oriented business strategy, variety of new models to be launched

- Super Multi Blue Device to be launched in Europe, U.S.
- Expansion of Super Blu Player launch in Europe, Australia, Korea
- Introduce notebook PCs with new platform
- Introduce cost innovative models, export PCs centered on profitability
- Export PCs centered on profitability

Global* Performance

(KRW tn)



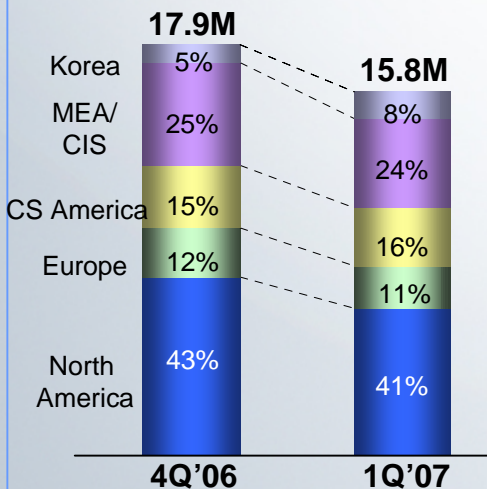
1Q 2007 Performance

❖ Sales : Overall improvement YoY despite seasonal sales decrease QoQ

- CDMA - Domestic : Sales growth of 46% QoQ
→ Premium handset (DMB, Shine) shipment expansion
- Export : Shipment decreased QoQ due to seasonality
Premium handset sales increase → ASP improvement
- GSM - Sales increased 28% despite U.S., Europe shipment decline due to substantial shipment increase in emerging markets
- WCDMA - Strong growth in sales YoY due to domestic market expansion and increased U.S. sales

❖ Op. Profit : Increase in ASP (owing to product mix) led to slight improvement in op. margin despite shipment decrease

Shipment by Region



2Q 2007 Outlook

- ❖ Outlook : With seasonal demand increase, 3G expansion acceleration expected
- ❖ LGE :
 - Increase in GSM shipment
 - Assertively responding to developed market demand
- CDMA - Domestic : Premium model line-up expansion (Shine, DMB, etc.)
- Exports : Increased U.S. supply, slight decrease in other markets
- GSM - Emerging market shipments to increase extensively (CS America, Asia)
- WCDMA - Maintain competitiveness in the domestic market. Stable supply in U.S., Europe as well as gradual shipment increase in emerging market

IV. 2007 2Q Business Direction and Prospects

Growth

Sales

Parent performance similar to 1Q'07,
Global performance - expect growth centered on DA, MC

DA

Profitability improvement entering high A/C season

DD

Slight improvement of returns in Display (QoQ)
but expect continued loss in PDP

DM

Profitability to slightly decrease due to intense price competition

MC

Profitability improvement due to shipment increase and
improvement in ASP

Profitability*

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



<http://www.lge.com>

Income Statement

(Unit : KRW bn)

	2006					2007				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	5,800	5,796	6,054	5,521	23,171	6,034				6,034
COGS	4,418	4,402	4,594	4,313	17,727	4,693				4,693
Gross Profit	1,382	1,394	1,461	1,207	5,443	1,341				1,341
SG&A	1,191	1,204	1,263	1,251	4,908	1,168				1,168
Op. Profit	191	191	197	-43	535	173				173
Non OP Item	-9	-200	-167	102	-273	-301				-301
Rec. Profit*	182	-10	31	59	262	-128				-128
Tax	31	0	8	10	49	-6				-6
Net Profit	151	-10	23	49	213	-123				-123

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

Balance Sheet

(Unit: KRW bn)

	2006				2007			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Assets	13,974	13,359	13,583	13,230	13,342			
Current Asset	3,950	3,458	3,753	3,160	3,520			
Quick Asset	2,609	2,128	2,402	2,057	2,323			
Inventories	1,341	1,330	1,351	1,104	1,196			
Fixed Asset	10,024	9,901	9,830	10,070	9,823			
Investment	5,470	5,295	5,165	5,351	5,225			
Tangible	4,116	4,170	4,215	4,256	4,152			
Intangible	438	437	450	462	446			
Liabilities	7,773	7,204	7,454	7,091	7,624			
Current Liabilities	5,281	5,340	5,346	4,901	5,248			
LT Liabilities	2,493	1,864	2,108	2,190	2,376			
Capital	6,201	6,155	6,129	6,139	5,718			

(Unit : KRW bn)

		1Q'06	2Q'06	3Q'06	4Q'06	1Q'07	QoQ	YoY
DA	Sales	1,563	1,529	1,363	1,283	1,819	41.7%	16.4%
	Op. Profit (%)	159 (10.2%)	150 (9.8%)	58 (4.3%)	62 (4.8%)	218 (12.0%)		
DD	Sales	1,446	1,443	1,725	1,212	1,214	0.2%	-16.0%
	Op. Profit (%)	30 (2.0%)	21 (1.4%)	43 (2.5%)	-147 (-12.1%)	-194 (-16.0%)		
DM	Sales	770	641	665	663	713	7.7%	-7.4%
	Op. Profit (%)	23 (3.0%)	11 (1.8%)	8 (1.3%)	-20 (-3.1%)	6 (0.8%)		
MC	Sales	2,050	2,211	2,326	2,370	2,300	-2.9%	12.2%
	Op. Profit (%)	-9 (-0.4%)	21 (0.9%)	98 (4.2%)	72 (3.0%)	155 (6.7%)		
Handset	Sales	1,855	2,032	2,149	2,204	2,136	-3.1%	15.2%
	Op. Profit (%)	-31 (-1.7%)	-3 (-0.1%)	79 (3.7%)	58 (2.6%)	141 (6.6%)		
Others	Sales	-29	-28	-24	-7	-12		
	Op. Profit	-13	-12	-10	-10	-11		
Total	Sales	5,800	5,796	6,054	5,521	6,034	9.3%	4.0%
	Op. Profit (%)	191 (3.3%)	191 (3.3%)	197 (3.3%)	-43 (-0.8%)	173 (2.9%)		

* Divisional sales includes internal transaction between divisions

(Unit : KRW bn)

		1Q'06	2Q'06	3Q'06	4Q'06	1Q'07	QoQ	YoY
DA	Sales	2,556	2,969	2,500	2,352	2,941	25.1%	15.1%
	Op. Profit (%)	117 (4.6%)	248 (8.3%)	107 (4.3%)	123 (5.2%)	169 (5.7%)		
DD	Sales	2,714	2,786	2,672	3,197	2,754	-13.9%	1.5%
	Op. Profit (%)	44 (1.6%)	53 (1.9%)	70 (2.6%)	-97 (-3.0%)	-262 (-9.5%)		
DM	Sales	1,449	1,242	1,217	1,492	1,382	-7.4%	-4.7%
	Op. Profit (%)	52 (3.6%)	11 (0.9%)	-4 (-0.4%)	13 (0.9%)	11 (0.8%)		
MC	Sales	2,186	2,302	2,533	2,764	2,509	-9.3%	14.7%
	Op. Profit (%)	-30 (-1.4%)	9 (0.4%)	46 (1.8%)	128 (4.6%)	121 (4.8%)		
Handset	Sales	1,998	2,134	2,367	2,599	2,354	-9.4%	17.8%
	Op. Profit (%)	-52 (-2.6%)	-15 (-0.7%)	26 (1.1%)	114 (4.4%)	110 (4.7%)		
Internal sales & Others	Sales	-45	-39	-53	-63	8		
	Op. Profit	-13	-12	-10	-10	-11		
Total	Sales	8,860	9,261	8,869	9,742	9,593	-1.5%	8.3%
	Op. Profit (%)	171 (1.9%)	308 (3.3%)	208 (2.3%)	157 (1.6%)	28 (0.3%)		

* Divisional sales pertains solely LG Electronics Korea and its overseas subsidiaries and includes internal transactions