

A woman with dark hair, wearing a light blue button-down shirt and dark pants, is sitting on a white plastic chair outdoors. She is smiling and reading a book to a young girl with blonde hair, who is also sitting on the chair. The girl is wearing a light green dress with yellow polka dots and is smiling. The book they are reading is titled "The Little Prince". The background shows a beige building with a window and a green lawn under a blue sky with light clouds.

Welcome to
LG Electronics

October 19, 2004

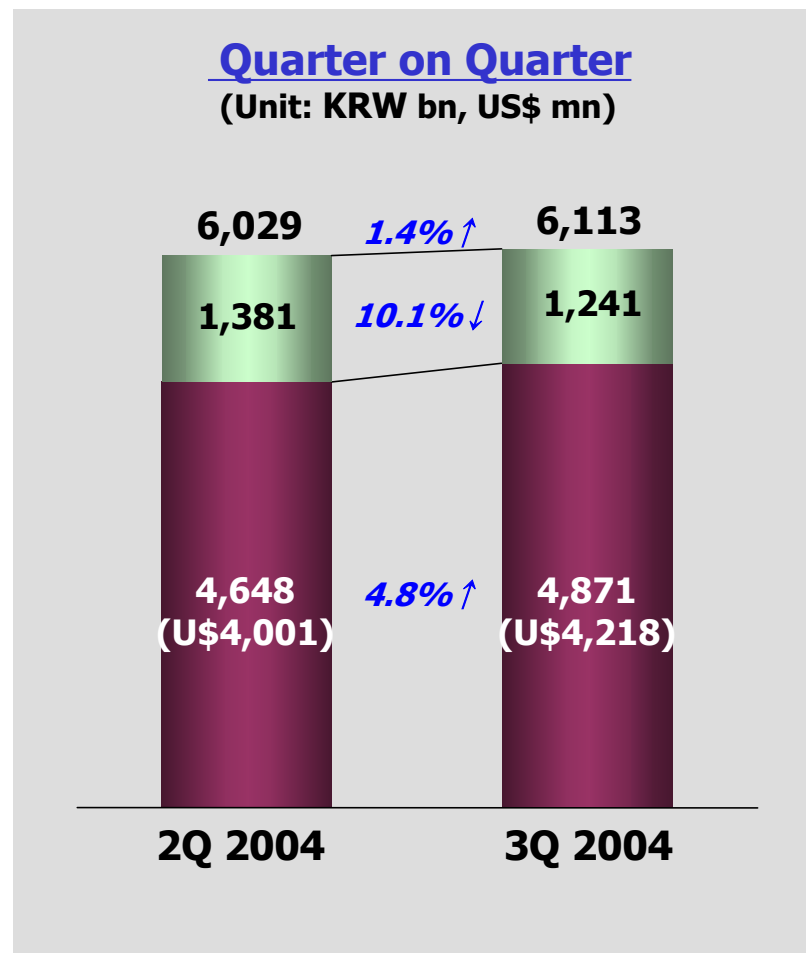
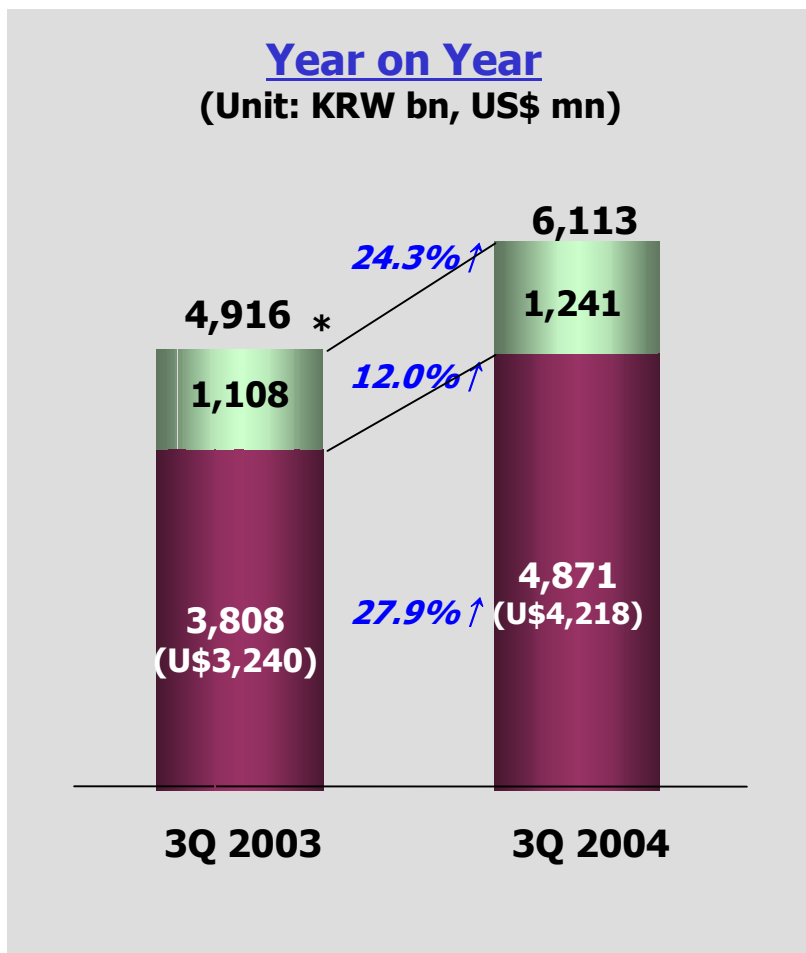
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◆ 3Q 2004 sales reached a quarterly record high of 6.1tn, up 24.3% YoY, 1.4% QoQ.

- Exports up 27.9% YoY, up 4.8% QoQ.
- Domestic sales up 12.0% YoY, down 10.1% QoQ.



Domestic
 Export

◆ **Appliance up 17.5% YoY, Display&Media up 2.7% YoY, Telecom E&H up 61.3% YoY.**

- **Appliance** : Sales increased YoY due to strong exports of LG branded premium products.
- **Display & Media** : Maintaining growth, due to the strong exports of PDP and DTV.
- **Telecom E&H** : Sales up 61.3% YoY due to the strong sales growth in North America GSM market and Europe WCDMA market.

(Unit : KRW bn)

	Sales	Portion	Growth	
			YoY *	QoQ *
Appliance	1,411	23.1%	17.5%	-18.0%
Display & Media	2,179	35.6%	2.7%	1.8%
Telecom E&H	2,467	40.4%	61.3%	15.8%
Handset	2,285	37.4%	64.2%	18.9%

* Like for like comparison.

- ◆ Operating profit rose 92.0% YoY reaching KRW 355 bn with margin of 5.8%.
- ◆ Recurring profit rose 37.3% YoY to KRW 442 bn.

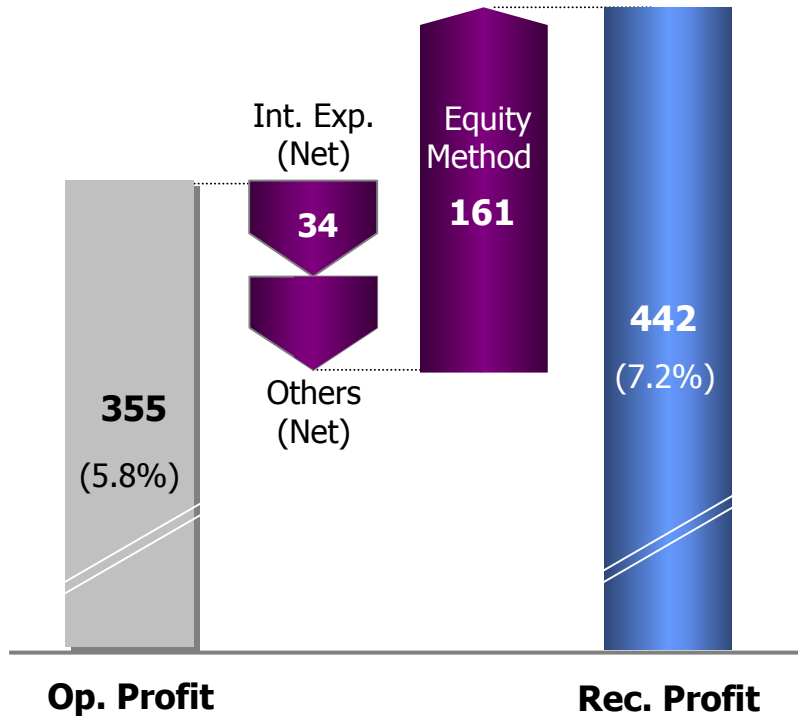
(Unit : KRW bn)

	2004				2003	
	3Q	margin	2Q	margin	3Q	margin
Gross Profit	1,537	25.1%	1,508	25.0%	1,121	22.8%
Op. Profit	355	5.8%	393	6.5%	185	3.8%
Rec. Profit	442	7.2%	672	11.2%	322	6.5%
Net Profit	304	5.0%	494	8.2%	224	4.6%

- ◆ Equity method gains amount to KRW 161 bn, with LG.Philips LCD being the largest contributor.
- ◆ Accumulated recurring profit for the three quarters is KRW 1.85 tn, up 221% YoY.

3Q 2004

(Unit : KRW bn)



Equity Method Gain

(Unit : KRW bn)

Company	Equity Method Contribution
LG.Philips LCD	145
Affiliates and other	16
Total	161

- **Appliance** : YoY margin improved thanks to the increase in domestic air-conditioner sales and strong exports of washing machines and refrigerator.
- **Display & Media** : Profit down due to the falling PDP panel prices and severe competition in optical storage market.
- **Telecom E&H** : Profitability improving thanks to the better cost controls and strong exports of WCDMA and GSM handsets.

(Unit: KRW bn)

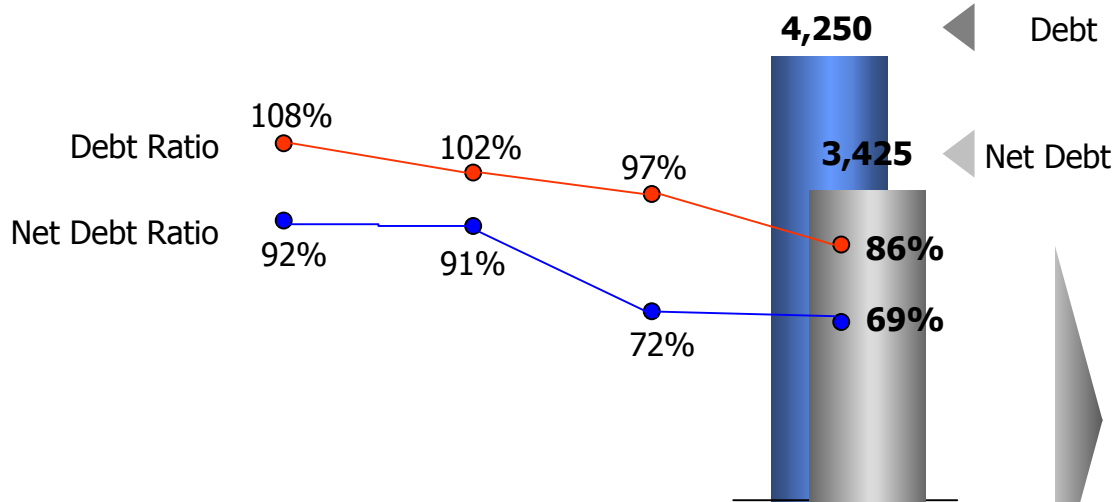
	2004				2003	
	3Q	margin	2Q	margin	3Q	margin [*]
Appliance	77	5.4%	172	10.0%	49	4.1%
Display & Media	66	3.0%	100	4.7%	77	3.6%
Telecom E&H	230	9.3%	138	6.5%	76	4.9%
Handset	215	9.4%	123	6.4%	81	5.8%

* Like for like comparison.

◆ Improving financial structure with net debt to equity ratio falling to 69%.

Debt

(Unit : KRW bn)



Balance Sheet

(Unit : KRW bn)

End of Sep. '04	
Asset	Liabilities
13,581	8,651
	Equity
	4,930

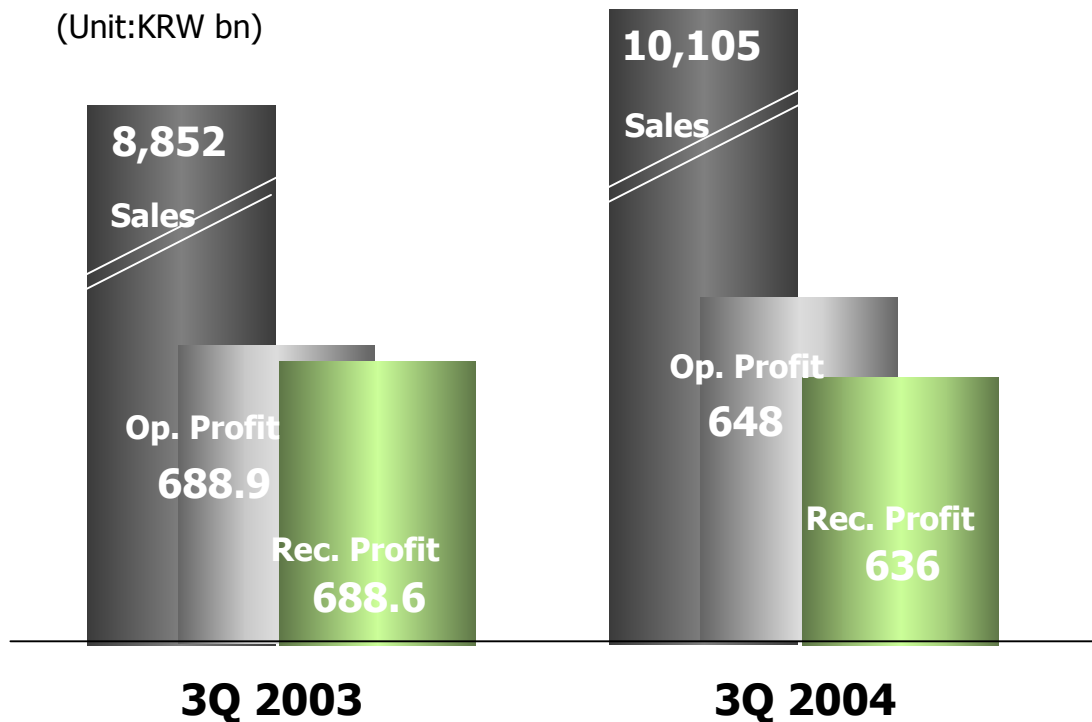
End of Jun. '04	
Asset	Liabilities
13,061	8,635
	Equity
	4,426

	Dec. '03	Mar. '04	Jun. '04	Sep. '04
Total Liab. to Equity	222%	212%	195%	176%
Debt to Equity	108%	102%	97%	86%
Net Debt to Equity	92%	91%	72%	69%
ROE	20%			44% ^{a*}

* annualized

- ◆ Sales grew 14.1% YoY to 10.11 tn on a consolidated basis.
- ◆ Operating profit decreased 6.0% YoY to 647.6 bn, recurring profit down 7.6% YoY to 636.1bn.

(Unit:KRW bn)



Consolidated FS (Unit:KRW tn)

Assets 29.50

- Curr. Assets 15.28
- Fixed Assets 14.22

Liabilities 21.18

- Curr. Liab. 15.09
- L-T Liab. 6.09

Equity 8.31

- Paid in Cap. .78

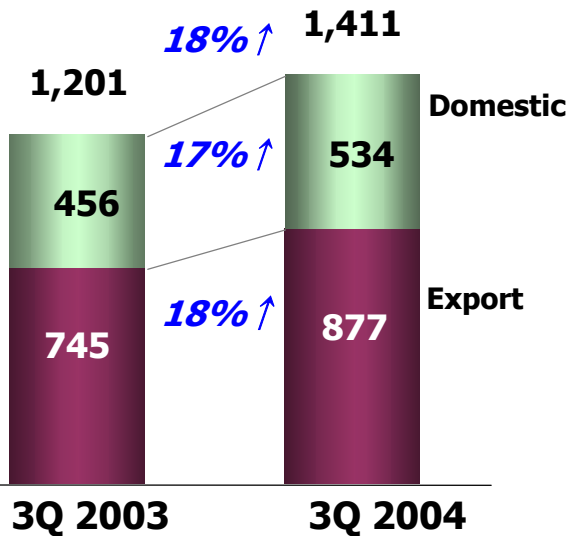
	3Q 2003	2Q 2004	3Q 2004
Total Liab. To Equity	384%	333%	255%
Debt to Equity	208%	178%	138%
Net Debt to Equity	173%	138%	100%

II . Performance and Outlook by Sector

Appliance

Sales

(Unit: KRW bn)



3Q Performance

❖ 3Q Sales : Grew 18% YoY to KRW 1,411.4 bn.

- A surge in domestic air conditioner sales thanks to summer heat wave and strong exports of LG branded premium products led overall growth.

- Domestic sales : Up 17% YoY.
 - Growth Driver: Air Conditioner, Vacuum Cleaner
- Exports : Up 18% YoY.
 - Growth Driver : Washing Machine, Refrigerator, Air Conditioner

4Q Outlook

❖ Overall sales expected to show growth led by premium products export.

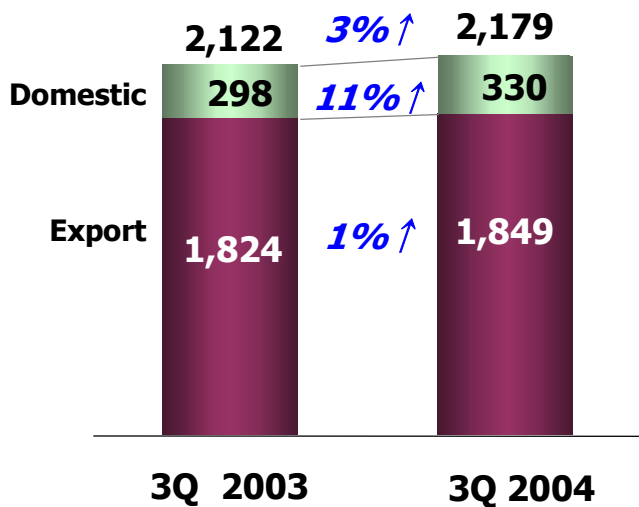
- Exports to grow in developed markets such as North America and Europe.
- Domestic sales to focus on seasonal products such as Kimchi refrigerator.

II . Performance and Outlook by Sector

Display & Media

Sales

(Unit: KRW bn)



3Q Performance

❖ 3Q Sales : Grew 3% YoY to KRW 2,178.5 bn

- Strong sales of Digital TV / PDP Module led YoY sales growth.
- QoQ sales down due to the slow domestic economy and slower export growth.

- Digital TV : Sales up 53% YoY (Sales of PDP TV surged 153% YoY).
- PDP Module : Sales more than doubled YoY.
- PC: Reduce OEM portion (90% → 40%) to strengthen brand business.
- Domestic: TV/AV sales declined, while notebook PC and Monitor sales rose.

4Q Outlook

❖ **4Q sales expected to be similar to 3Q**

- Digital TV: DTV demand expected to rise in 4Q.
- Monitor : Seasonally strong period with LCD portion expected to increase further.

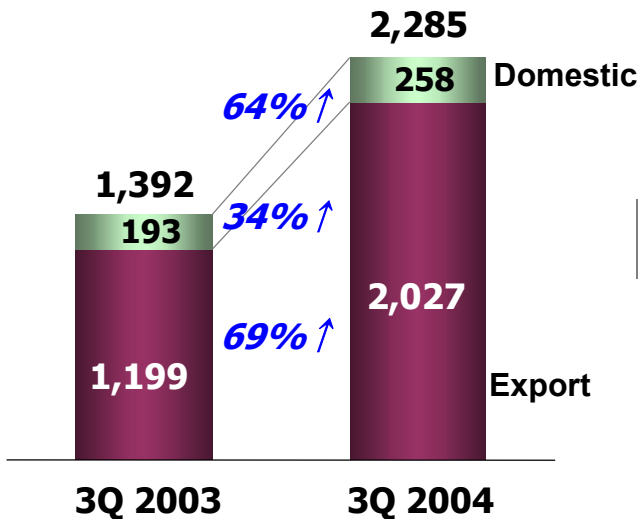
II . Performance and Outlook by Sector

Telecom E&H

Sales

(Unit: KRW bn)

▪ Handset



3Q Performance

❖ Handset : Grew 64% YoY to KRW 2,285 bn.

- Unit growth increased 55% reaching 11.8mn.

▪ CDMA

- Domestic : Unit sales down 25% QoQ owing to sluggish demand, but grew 8% YoY.

- Overseas : Grew 12% YoY due to the strong sales to North America.

▪ GSM

- Sales grew 353% YoY with mainly to North America and expansion of WCDMA market.

❖ Telecom Equipment : Decreased YoY due to the delay in operator CAPEX.

4Q Outlook

❖ Handset : Expect 13 mn unit in 4Q, up 45% YoY.

▪ CDMA

- Domestic : Due to weak economy, unit shipment expected to be similar to 3Q.

- Overseas : Strong growth in North America market expected.

▪ GSM

- Slight slowdown in North America expected.

- QoQ increase expected with sales growth in Europe and other regions.

LG.Philips LCD

❖ **Sales : KRW 1.88 tn* / Op. Profit: KRW 256 bn***

- Sales up 11.5% YoY, Operating Profit down 29.9% YoY.
- Profitability decreased due to panel price declines and increased depreciation from new P6 fab.
- Focus on premium products including TV, large-size monitors.

❖ **Successful launch of mass production in Gen6 (P6)**

- 3Q average glass input capacity : 10k/ month
- Product mix subject to change according to the market situation, but expect 30-inch range TV will be mainstream.

❖ **Panel prices erosion expected to slow in 4Q.**

❖ **Sales : US\$ 1,019 mn / Op. Profit: US\$97 mn ***

- Sales up 4.4% YoY, Operating Profit up 142.5% YoY
- Price increases of CDT and strong sales of CPT in America/Asia
- CRT shipments up 4% YoY

❖ **In 4Q, CPT shipments expected to improve YoY mainly in Europe/China/Asia, but CDT shipments expected to decrease due to LCD price declines.**

❖ **Restructuring and asset impairment charges are planned in 4Q.**

* Based on consolidated Korean GAAP and un-audited and un-reviewed result

LG.Philips Displays

* Excluding restructuring costs

- ◆ Despite prolonged sluggish domestic economy and concerns over other external factors such as rising oil prices and interest rate hikes in the US, total sales is expected to rise 15% YoY thanks to the steady growth in handset exports.

Slow Domestic Economy and External Factors

Oil price boom, Interest rates hike-up in US,
Raw material price boom

Maintain the Steady Growth in Handset Business and Expand the Portion of Premium Appliances

Secure the strong growth in handset business
and increase the export of premium appliances,
PDP, and DTV etc.

4Q Sales Forecast

Grow 15% in 4Q

Sales and Profits by Division - Like for Like Comparison

Appendix

(Unit: KRW bn)

Section			2003					2004				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Appliance	Sales	Domestic	479	584	456	427	1,946	387	582	534		1,503
		Export	1,169	1,013	745	776	3,703	1,379	1,141	877		3,397
		Total	\$970	\$836	\$634	\$658	\$3,098	\$1,177	\$982	\$760		\$2,919
	Operating Profit		1,648	1,597	1,201	1,203	5,649	1,766	1,722	1,411		4,900
			223	157	49	67	497	210	172	77		458
Display & Media	Sales	Domestic	368	309	298	320	1,294	368	342	330		1,040
		Export	1,681	1,639	1,824	2,016	7,160	2,028	1,798	1,849		5,674
		Total	\$1,399	\$1,354	\$1,552	\$1,708	\$6,013	\$1,730	\$1,548	\$1,601		\$4,879
	Operating Profit		2,049	1,947	2,122	2,335	8,454	2,396	2,140	2,179		6,714
			159	65	77	82	382	147	100	66		312
Telecom E&H	Sales	Domestic	343	336	298	414	1,392	477	422	333		1,232
		Export	939	895	1,232	1,438	4,504	1,311	1,709	2,134		5,154
		Total	\$782	\$739	\$1,048	\$1,218	\$3,787	\$1,118	\$1,470	\$1,848		\$4,436
	Operating Profit		1,283	1,231	1,530	1,852	5,895	1,789	2,130	2,467		6,386
			56	67	76	102	301	56	138	230		424
Handset	Sales	Domestic	217	181	193	258	849	373	322	258		954
		Export	886	848	1,199	1,402	4,335	1,204	1,599	2,027		4,830
		Total	\$738	\$700	\$1,020	\$1,188	\$3,646	\$1,026	\$1,376	\$1,755		\$4,157
	Operating Profit		1,103	1,029	1,392	1,660	5,184	1,577	1,922	2,285		5,783
			63	21	81	84	249	49	123	215		387
Company	Sales	Domestic	1,229	1,271	1,108	1,186	4,794	1,276	1,381	1,241		3,899
		Export	3,797	3,547	3,808	4,232	15,383	4,720	4,648	4,871		14,239
		Total	\$3,158	\$2,929	\$3,240	\$3,586	\$12,913	\$4,027	\$4,001	\$4,218		\$12,246
	Gross Profit		5,026	4,817	4,916	5,417	20,177	5,996	6,029	6,113		18,138
	Operating Profit		1,263	1,170	1,121	1,273	4,826	1,423	1,508	1,537		4,468
	Recurring Profit		417	262	185	198	1,062	407	393	355		1,155
	Net Profit		198	375	322	-58	837	732	672	442		1,846
		189	267	224	-17	663	585	494	304		1,383	
Operating Profit margin by Division	Appliance		13.5%	9.8%	4.1%	5.6%	8.8%	11.9%	10.0%	5.4%		9.4%
	Display & Media		7.8%	3.3%	3.6%	3.5%	4.5%	6.1%	4.7%	3.0%		4.7%
	Telecom		4.4%	5.5%	4.9%	5.5%	5.1%	3.2%	6.5%	9.3%		6.6%
	Handsets		5.7%	2.1%	5.8%	5.1%	4.8%	3.1%	6.4%	9.4%		6.7%
Company	GP Margin		25.1%	24.3%	22.8%	23.5%	23.9%	23.7%	25.0%	25.1%		24.6%
	OP Margin		8.3%	5.4%	3.8%	3.6%	5.3%	6.8%	6.5%	5.8%		6.4%
	RP Margin		3.9%	7.8%	6.5%	-1.1%	4.1%	12.2%	11.2%	7.2%		10.2%
	NP Profit		3.8%	5.5%	4.6%	-0.3%	3.3%	9.8%	8.2%	5.0%		7.6%

◆ Income Statement

(Unit : KRW bn)

	2003									
	1Q		2Q		3Q		4Q		Total	
Sales	5,171	100%	4,673	100%	4,916	100%	5,417	100%	20,177	100%
COGS	3,908	75.6%	3,503	75.0%	3,796	77.2%	4,145	76.5%	15,351	76.1%
Gross Profit	1,263	24.4%	1,170	25.0%	1,121	22.8%	1,273	23.5%	4,826	23.9%
SG & A	846	16.4%	908	19.4%	935	19.0%	1,075	19.8%	3,764	18.7%
Operating Profit	417	8.1%	262	5.6%	185	3.8%	198	3.6%	1,062	5.3%
Non OP	-219	-4.2%	113	2.4%	137	2.8%	-255	-4.7%	-225	-1.1%
Recurring Profit	198	3.8%	375	8.0%	322	6.5%	-58	-1.1%	837	4.1%
Tax	9	0.2%	107	2.3%	98	2.0%	-40	-0.7%	174	0.9%
Net Profit	189	3.7%	267	5.7%	224	4.6%	-17	-0.3%	663	3.3%

	2004									
	1Q		2Q		3Q		Total			
Sales	5,996	100%	6,029	100%	6,113	100%	18,138	100%		
COGS	4,574	76.3%	4,521	75.0%	4,576	74.9%	13,670	75.4%		
Gross Profit	1,423	23.7%	1,508	25.0%	1,537	25.1%	4,468	24.6%		
SG & A	1,016	16.9%	1,113	18.5%	1,182	19.3%	3,310	18.2%		
Operating Profit	407	6.8%	395	6.6%	355	5.8%	1,158	6.4%		
Non OP	326	5.4%	278	4.6%	86	1.4%	690	3.8%		
Recurring Profit	732	12.2%	674	11.2%	442	7.2%	1,848	10.2%		
Tax	148	2.5%	179	3.0%	137	2.2%	464	2.6%		
Net Profit	585	9.8%	494	8.2%	304	5.0%	1,384	7.6%		

◆ Balance Sheet

(Unit : KRW bn)

	2003			
	1Q	2Q	3Q	4Q
Asset	11,091	10,459	11,036	11,277
Current Asset	3,885	3,039	3,488	3,773
Fixed Asset	7,206	7,420	7,548	7,505
Investment	3,386	3,544	3,654	3,546
PP&E	2,898	2,959	3,026	3,123
Intangible	921	917	868	836
Liabilities	8,026	7,098	7,485	7,773
Current Liabilities	5,675	4,652	4,697	5,091
Fixed Liabilities	2,350	2,446	2,789	2,682
Capital	3,065	3,361	3,551	3,505
Capital	784	784	784	784
Capital Surplus	1,876	1,876	1,892	1,892
Retained Earning	303	570	794	766
Capital Adjustment	102	130	80	63

	2004			
	1Q	2Q	3Q	4Q
Asset	12,053	13,061	13,581	
Current Asset	4,062	4,718	4,530	
Fixed Asset	7,991	8,343	9,051	
Investment	4,005	4,165	4,857	
PP&E	3,195	3,425	3,490	
Intangible	791	752	704	
Liabilities	8,192	8,635	8,651	
Current Liabilities	5,294	5,104	5,060	
Fixed Liabilities	2,898	3,531	3,592	
Capital	3,861	4,426	4,930	
Capital	784	784	784	
Capital Surplus	1,892	1,908	1,908	
Retained Earning	1,149	1,647	1,896	
Capital Adjustment	36	87	342	



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