

Earnings Release 3Q 2007

October 16, 2007



LG Electronics Inc.

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 3rd 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 4th 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, 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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Consolidated Sales & Profits

(Unit : KRW tn)

	Sales	QoQ	YoY	Op. Profit	QoQ	YoY
LG Electronics * Global	9.91	-5.0%	+11.8%	0.36 (3.6%)	-0.10 ↓0.8%p	+0.15 ↑1.3%p
LPL	3.95	+17.8%	+42.6%	0.70 (17.6%)	+0.55 ↑13.1%p	+1.08 ↑31.4%p
Other Affiliates	0.86	+7.3%	-1.5%	0.02 (2.7%)	+0.03 ↑3.1%p	-0.01 ↓0.8%p
Intercompany Transactions	-1.46			0.01		
Total (Consolidated)	13.26	+0.3%	16.6%	1.09 (8.2%)	+0.48 ↑3.6%p	+1.23 ↑9.5%p

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

Sales & Profit

(Unit : KRW bn)

		2Q'07	QoQ	3Q'07	YoY	3Q'06
Digital Appliance	Sales	3,604	-22.7%	2,785	+11.4%	2,500
	Op. Profit (%)	292 (8.1%)		150 (5.4%)		107 (4.3%)
Digital Display	Sales	2,727	+16.3%	3,170	+18.7%	2,672
	Op. Profit (%)	-138 (-5.1%)		-29 (-0.9%)		70 (2.6%)
Digital Media	Sales	1,246	+7.2%	1,336	+9.8%	1,217
	Op. Profit (%)	-4 (-0.3%)		29 (2.2%)		-4 (-0.4%)
Mobile Communications	Sales	2,865	-8.0%	2,635	+4.0%	2,533
	Op. Profit (%)	325 (11.3%)		220 (8.4%)		46 (1.8%)
Handset	Sales	2,709	-7.9%	2,496	+5.5%	2,367
	Op. Profit (%)	313 (11.6%)		209 (8.4%)		26 (1.1%)

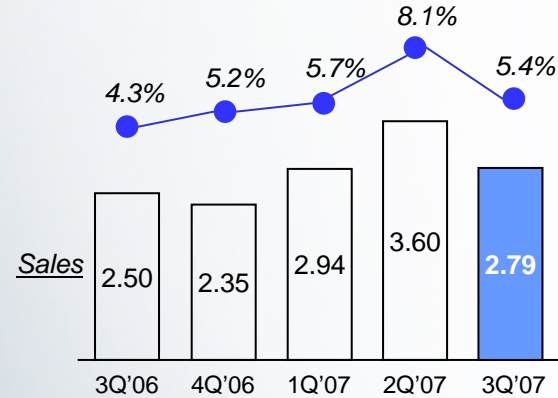
* Divisional sales includes internal transactions between divisions.

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

Global* Performance

(KRW tn)

Op. Margin



3Q 2007 Performance

❖ **Sales : Increased 11% (US\$ based:14%) YoY to 2.79 trillion KRW**

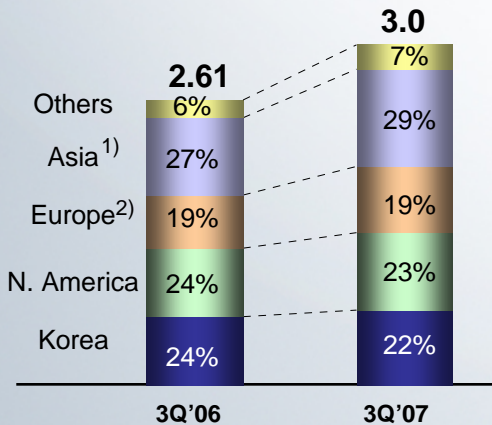
- Domestic : Growth centered on SxS refrigerators and CAC
- Overseas : U.S. market share expansion through new distribution channels, robust growth of washing machine sales
Overall, 14% (US\$ based: 17%) sales growth YoY

❖ **Op. Profit : Growth of 1.1%p YoY → 5.4% OP margin**

- Despite won appreciation and rise in material costs, growth came from cost innovation and sales growth in overseas markets

Regional Sales

(USD bn)



1) Includes MEA 2) Includes CIS

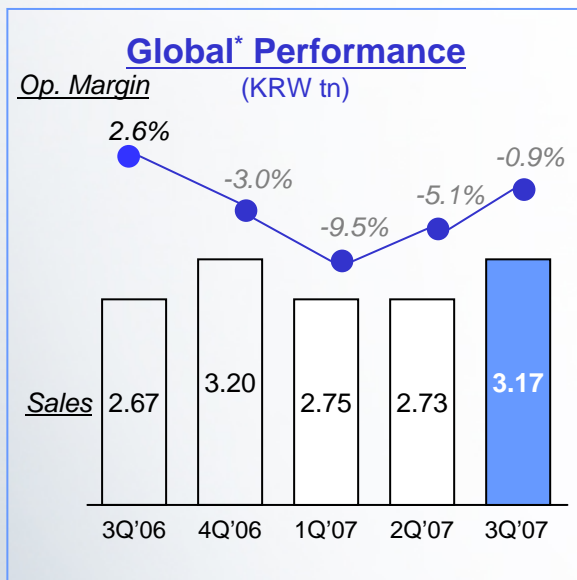
4Q 2007 Outlook

❖ **Outlook : Possible slowdown in the US due to sub-prime effect, but maintaining strong market position in Europe and other emerging markets**

❖ **LGE : Strong product line-up for high season with focus on premium products**

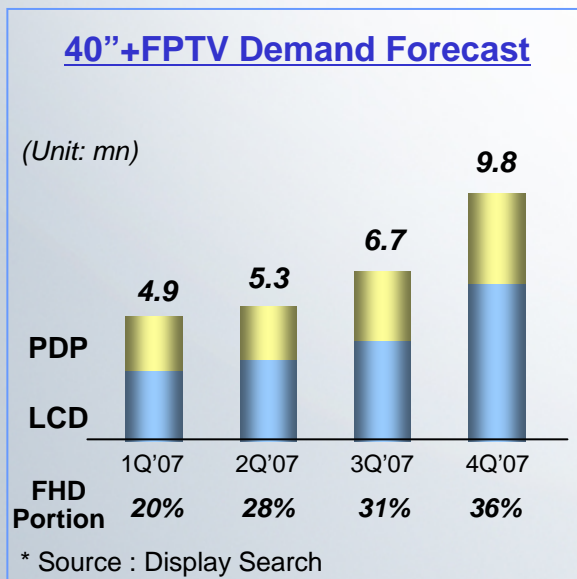
- Domestic : Sales growth derived from seasonal demand of kimchi refrigerators and washing machines
- Overseas : Expansion of premium product development based on "Customer Insight" with strong growth (YoY)
Strengthening CAC infrastructure

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



3Q 2007 Performance

- ❖ **Sales : Increased 16% (QoQ) to 3.17 trillion KRW due to overall sales growth**
 - Display: FPTV sales increase → 17% sales growth (QoQ)
 - LCD TV 28%, PDP TV 23% shipment growth (QoQ)
 - PDP Module: Seasonal demand & new 32" line-up → 21% sales growth (QoQ)
- ❖ **Op. Profit : Positive figures for display, improvement in PDP modules led to substantial increase in profits (QoQ)**



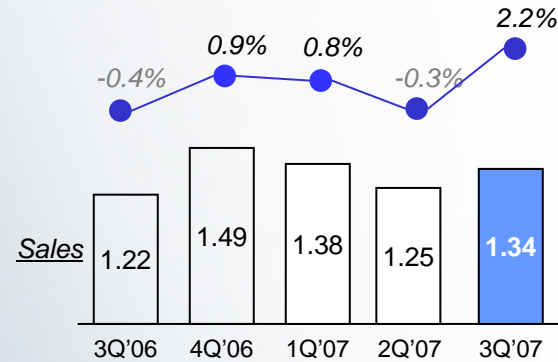
4Q 2007 Outlook

- ❖ **Outlook : Over 40% growth expected for 40"+ FPTV demand, Full HD to lead the market**
- ❖ **LGE : Full-scale global marketing for LGE brand (for TVs)**
 - Focusing on LCD Full HD TVs and expansion of PDP 50"+ TVs
 - Capturing the niche market through the launch of 32" PDP TVs

Global* Performance

(KRW tn)

Op. Margin (%)



3Q 2007 Performance

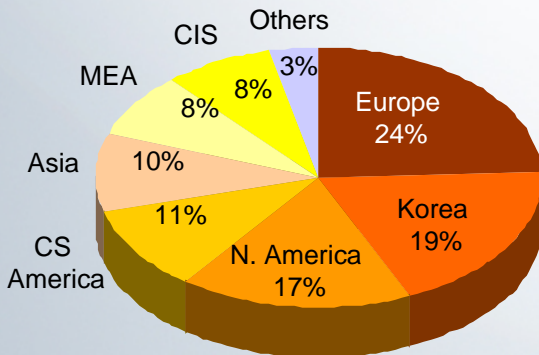
❖ Sales : Increased 7% QoQ due to IT product sales growth

- Media - Home Theatre System, DVD-Player sales increase in CIS, slow set-up box sales in U.S.
- 5% decrease in sales QoQ for Media products
- DS - DVD-W sales grew 15% QoQ
- PC - 20% growth QoQ from domestic Desktop PC sales and notebook PC exports

❖ Op. Profit : Improvement in US, CIS region and higher PC shipments → better profitability

3Q Regional Sales Breakdown

(%)



* Based on brand sales

4Q 2007 Outlook

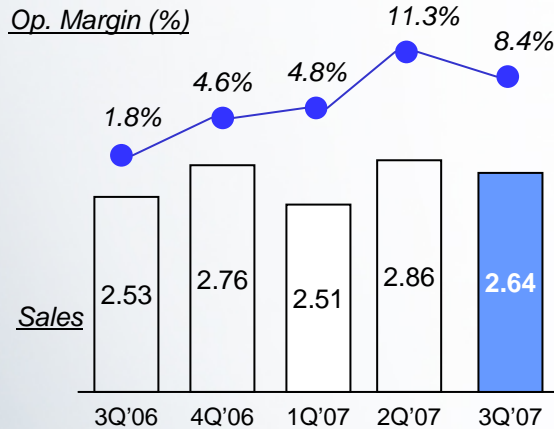
❖ Outlook : Shipment to increase due to high season, but possible price erosion of main products

❖ LGE : Obtaining higher profitability from premium product expansion

- Media : Expanding audio products in Europe and DVD products in CS America. Launching 2nd generation Super Blu player in U.S.
- DS : DVD-W Slim 9.5mm, 20x, and Super Multi Blu player shipment ↑
- PC : Sales growth from new models and expansion of Notebook Carrier Biz leading to better profitability

Global* Performance

(KRW tn)



3Q 2007 Performance

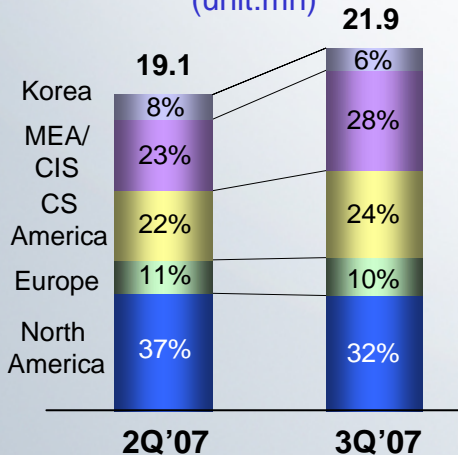
❖ Sales: Increased 15% QoQ due to shipment ↑ to emerging markets

- CDMA - Over 35% increase in shipments (export) but mostly low-end portion to India, so ASP decreased
- GSM - 8% shipment increase QoQ, but due to expansion of low-end models to Europe and CS America, ASP decreased
- WCDMA - 32% shipment decrease due to low sales to U.S., Hutchison and stagnant domestic growth

❖ Op. Profit : Despite decrease in ASP from increased portion of low-end models, improvements in cost structure sustained decent profit margins

Shipment by Region

(unit:mn)



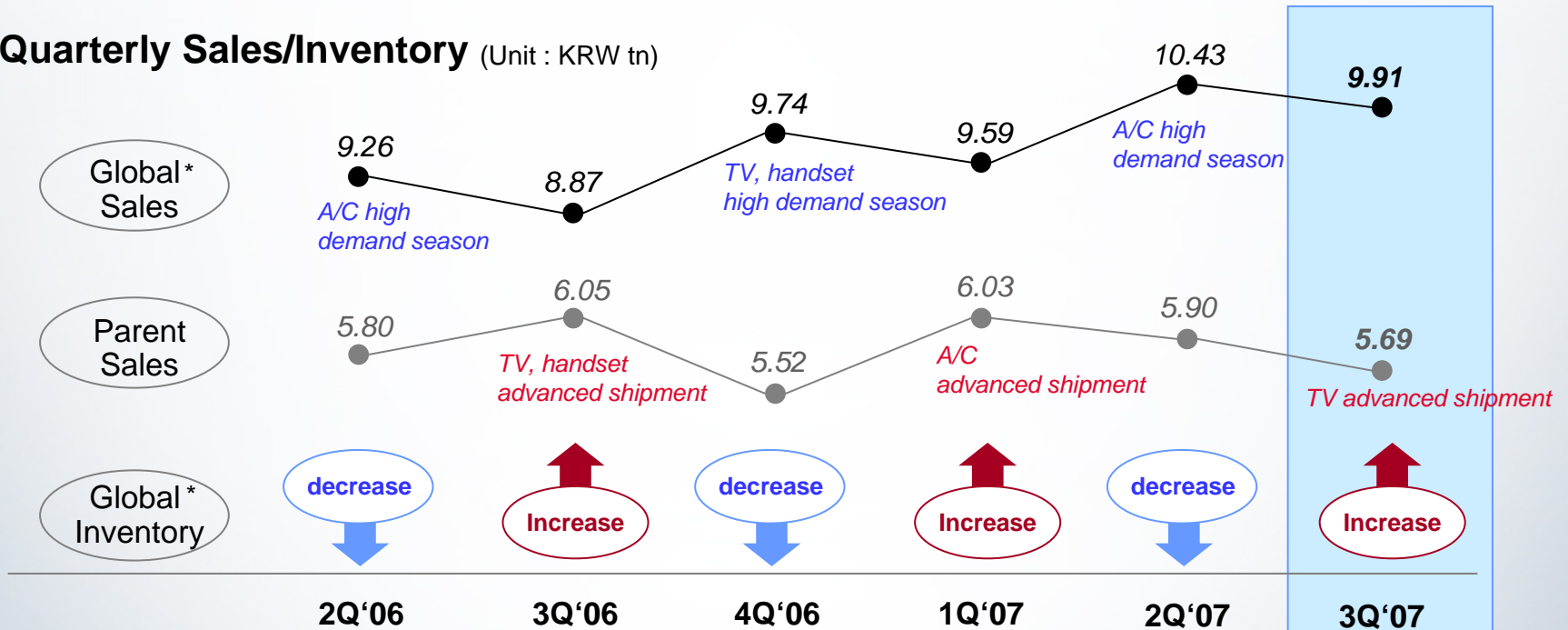
4Q 2007 Outlook

❖ Outlook : Growth to continue due to high season, accelerated growth expected in emerging markets and 3G

❖ LGE: Shipment growth to continue, generating stable profits

- CDMA
 - Domestic : Shipment to decrease slightly but higher premium product portion to improve ASP
 - Exports : Stable shipment to U.S., slight decline in shipments to emerging markets
- GSM - Continued growth in emerging markets, actively responding to the demand in developed markets
- WCDMA - Launching "Viewty", increased shipment to US and Japan, corresponding to 3G replacement demand

❖ Quarterly Sales/Inventory (Unit : KRW tn)



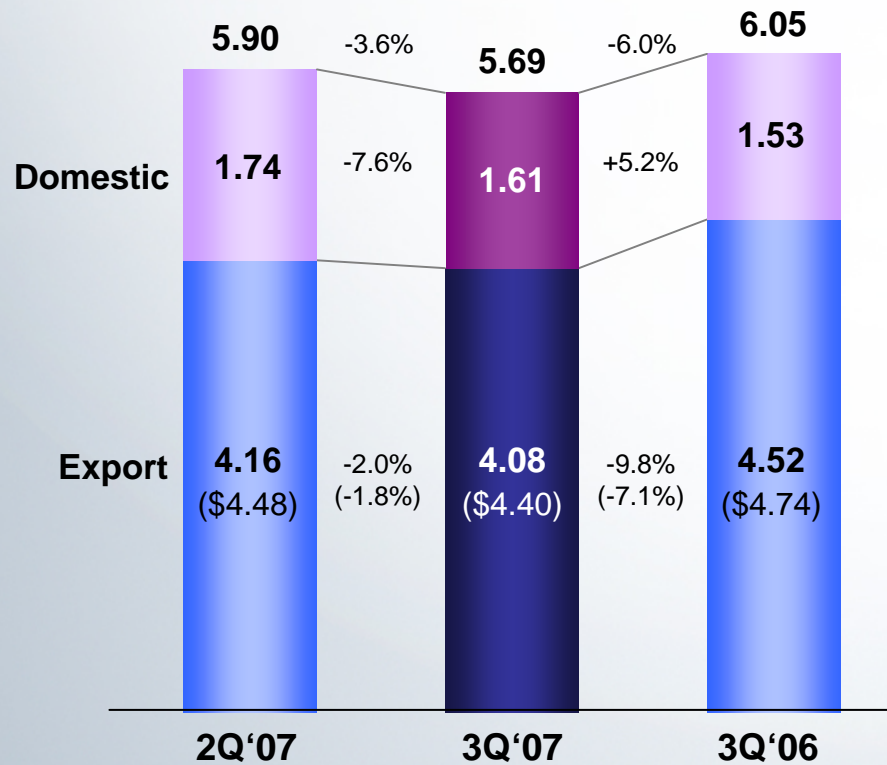
❖ Operating Profit (Unit : KRW bn)

Parent	191	197	- 43	173	146	92
Overseas Subsidiaries	98	- 9	100	- 12	+ 241	+ 268
Consolidated Adjustment	19	20	100	- 133	+ 77	+ 1
Global Op. Profit*	308	208	157	28	464	362

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

Sales

(Unit : KRW tn, USD bn)



Profit

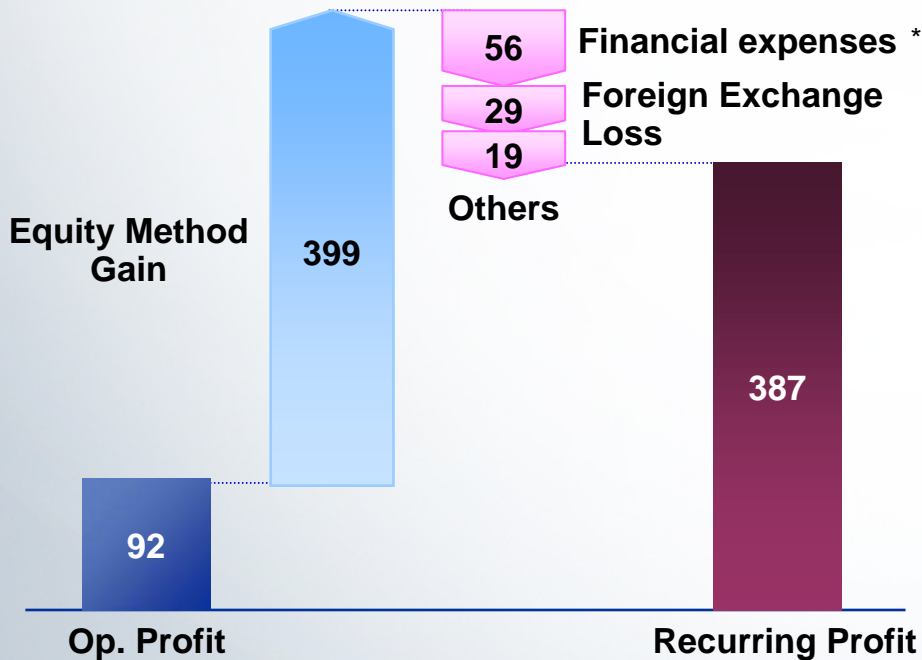
(Unit : KRW bn)

	2Q'07	QoQ	3Q'07	YoY	3Q'06
Operating Profit	146	-36.5%	92	-53.1%	197
EBITDA	323	-20.1%	258	-30.5%	371
Recurring Profit	461	-16.0%	387	+1,169%	31
Net Profit	385	-11.8%	339	+1,394%	23

*KAI opinion 06-2 not applied to 2006 results.

Non-operating Items

(Unit : KRW bn)



Equity Method

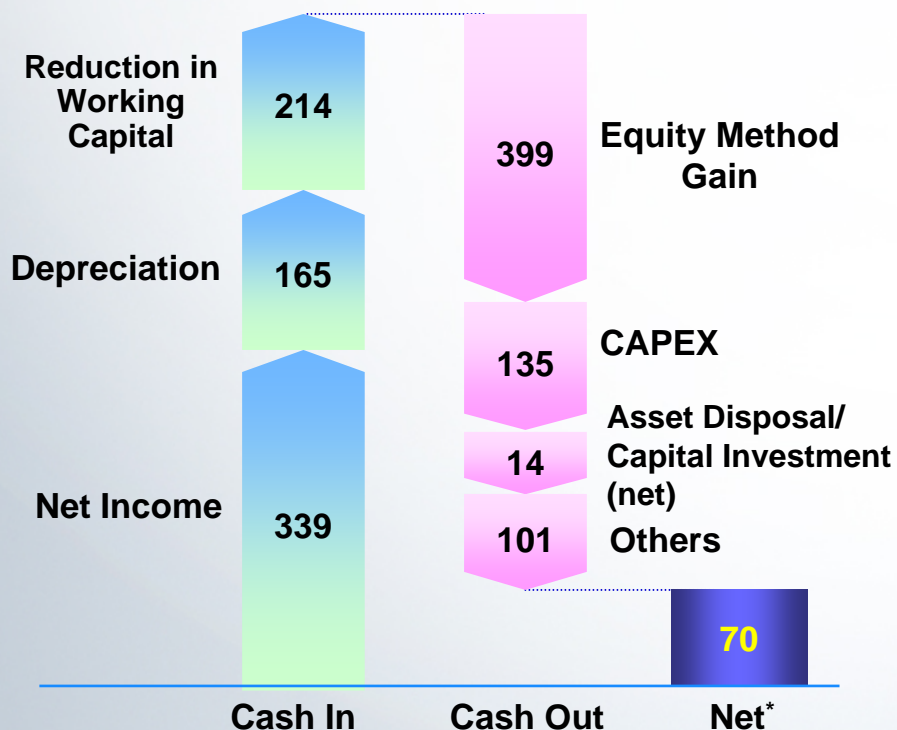
(Unit : KRW bn)

	<u>2Q'07</u>	<u>3Q'07</u>
LPL	94	206
Other Affiliates	15	21
Overseas Subsidiaries	201	172
Equity Method Total	309	399

* AR discount fee included in financial expenses

Net Cash Flow*

(Unit : KRW bn)



Cash flow

(Unit : KRW bn)

Cash at the beginning of Quarter	501
Cash Flow from Operating Activities	219
Net Income	339
Depreciation	165
Equity Method Gain	△399
Reduction in Working Capital	214
Others	△101
Cash Flow from Investing Activities	△149
CAPEX	△135
Asset Disposal / Capital Investment (net)	△14
Cash Flow from Financing Activities	△176
Debt	△176
Cash Increase	△107
Cash at the end of Quarter	394

* Excludes cash flow from financing activities

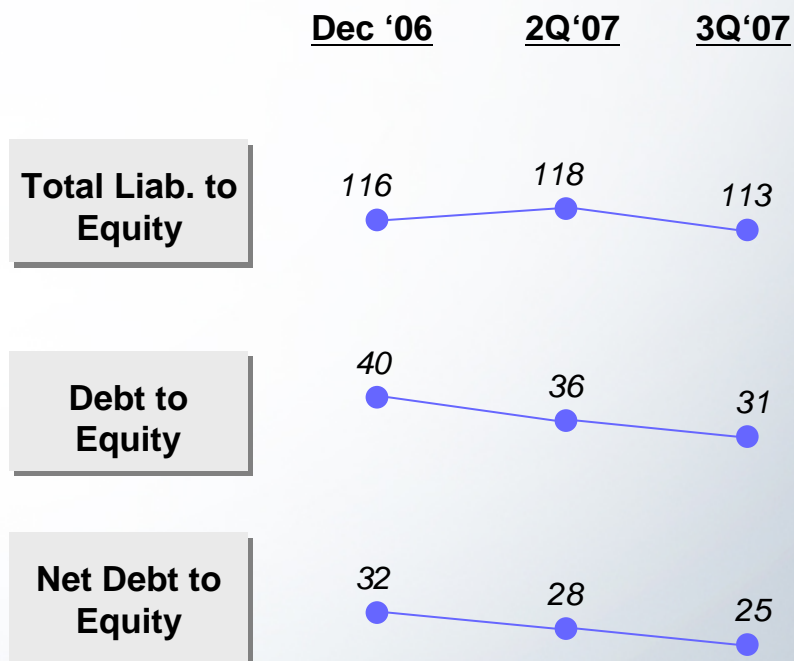
Balance Sheet

(Unit : KRW tn)

	Dec '06	2Q'07	3Q'07
☐ Assets	13.23	13.34	13.80
Current Assets	3.16	3.26	3.31
Cash	0.51	0.50	0.39
Inventories	1.10	0.99	1.01
Fixed Assets	10.07	10.08	10.49
☐ Liabilities	7.09	7.21	7.31
Current Liabilities	4.90	4.69	4.73
Long-Term Liabilities	2.19	2.52	2.58
☐ Equity	6.14	6.13	6.48
<hr style="border-top: 1px dashed green;"/>			
☐ Debt	2.47	2.20	2.02

Financial Ratio

(Unit : %)



IV. 2007 4Q Business Direction and Prospects

Growth*

Sales

Growth expected QoQ due to improvement in Display and handset sales

DA

U.S. growth may slow down, but profitability to be similar QoQ due to growth from Europe and emerging markets

DD

Increase in shipment due to high season but intensified competition will lead to 3Q level profitability

DM

Maintaining similar level of profitability QoQ

MC

Competition to intensify, but generating sustainable profitability from launching new strategic models

Profitability*



<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	5,903	5,690	0	17,627
COGS	4,418	4,402	4,594	4,313	17,727	4,693	4,580	4,490	0	13,763
Gross Profit	1,382	1,394	1,461	1,207	5,443	1,341	1,323	1,200	0	3,864
SG&A	1,191	1,204	1,263	1,251	4,908	1,168	1,178	1,107	0	3,454
Op. Profit	191	191	197	-43	535	173	146	92	0	411
Non OP Item	-9	-200	-167	102	-273	-301	315	295	0	309
Rec. Profit*	182	-10	31	59	262	-128	461	387	0	720
Tax	31	0	8	10	49	-6	76	48	0	119
Net Profit	151	-10	23	49	213	-123	385	339	0	601

*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	13,343	13,797	
Current Asset	3,950	3,458	3,753	3,160	3,520	3,265	3,306	
Quick Asset	2,609	2,128	2,401	2,057	2,323	2,279	2,292	
Inventories	1,341	1,330	1,351	1,104	1,196	986	1,015	
Fixed Asset	10,024	9,901	9,830	10,070	9,823	10,079	10,490	
Investment	5,470	5,295	5,165	5,351	5,225	5,555	5,974	
Tangible	4,116	4,170	4,215	4,256	4,152	4,126	4,119	
Intangible	438	437	450	462	446	398	398	
Liabilities	7,773	7,204	7,454	7,091	7,624	7,214	7,315	
Current Liabilities	5,281	5,340	5,346	4,901	5,248	4,697	4,731	
LT Liabilities	2,493	1,864	2,108	2,190	2,376	2,517	2,584	
Capital	6,201	6,155	6,129	6,139	5,718	6,129	6,482	

*KAI opinion 06-2 is not applied to 2006 results.

(Unit :KRW bn)

		1Q'06	2Q'06	3Q'06	4Q'06	2006	1Q'07	2Q'07	3Q'07	QoQ	YoY
DA	Sales	1,563	1,529	1,363	1,283	5,738	1,819	1,789	1,339	-25.2%	-1.8%
	Op. Profit (%)	160 (10.2%)	150 (9.8%)	58 (4.3%)	62 (4.9%)	430 (7.5%)	218 (12.0%)	173 (9.7%)	65 (4.8%)		
DD	Sales	1,446	1,443	1,725	1,212	5,825	1,214	1,093	1,389	27.1%	-19.5%
	Op. Profit (%)	30 (2.0%)	21 (1.4%)	43 (2.5%)	-147 (-12.1%)	-54 (-0.9%)	-194 (-16.0%)	-265 (-24.2%)	-160 (-11.5%)		
DM	Sales	770	641	665	663	2,738	713	613	698	14.0%	5.1%
	Op. Profit (%)	23 (3.0%)	11 (1.8%)	8 (1.3%)	-20 (-3.1%)	22 (0.8%)	6 (0.8%)	-17 (-2.7%)	15 (2.1%)		
MC	Sales	2,050	2,211	2,326	2,370	8,958	2,300	2,423	2,283	-5.8%	-1.9%
	Op. Profit (%)	-9 (-0.4%)	21 (0.9%)	98 (4.2%)	72 (3.0%)	182 (2.0%)	155 (6.7%)	265 (10.9%)	181 (7.9%)		
Handset	Sales	1,855	2,032	2,149	2,204	8,240	2,136	2,253	2,131	-5.4%	-0.8%
	Op. Profit (%)	-31 (-1.7%)	-3 (-0.1%)	79 (3.7%)	58 (2.6%)	104 (1.3%)	141 (6.6%)	254 (11.3%)	170 (8.0%)		
Others	Sales	-29	-28	-24	-7	-88	-12	-14	-19		
	Op. Profit	-13	-12	-10	-10	-45	-11	-11	-9		
Total	Sales	5,800	5,796	6,054	5,521	23,171	6,034	5,903	5,690	-3.6%	-6.0%
	Op. Profit (%)	191 (3.3%)	191 (3.3%)	197 (3.3%)	-43 (-0.8%)	535 (2.3%)	173 (2.9%)	146 (2.5%)	92 (1.6%)		

* Divisional sales includes internal transaction between divisions

(Unit :KRW bn)

		1Q'06	2Q'06	3Q'06	4Q'06	2006	1Q'07	2Q'07	3Q'07	QoQ	YoY
DA	Sales	2,556	2,969	2,500	2,352	10,376	2,941	3,604	2,785	-22.7%	11.4%
	Op. Profit (%)	117 (4.6%)	248 (8.3%)	107 (4.3%)	123 (5.2%)	594 (5.7%)	169 (5.7%)	292 (8.1%)	150 (5.4%)		
DD	Sales	2,714	2,786	2,672	3,197	11,368	2,754	2,727	3,170	16.3%	18.7%
	Op. Profit (%)	44 (1.6%)	53 (1.9%)	70 (2.6%)	-97 (-3.0%)	70 (0.6%)	-262 (-9.5%)	-138 (-5.1%)	-29 (-0.9%)		
DM	Sales	1,449	1,242	1,217	1,492	5,401	1,382	1,246	1,336	7.2%	9.8%
	Op. Profit (%)	52 (3.6%)	11 (0.9%)	-4 (-0.4%)	13 (0.9%)	72 (1.3%)	11 (0.8%)	-4 (-0.3%)	29 (2.2%)		
MC	Sales	2,186	2,302	2,533	2,764	9,786	2,509	2,865	2,635	-8.0%	4.0%
	Op. Profit (%)	-30 (-1.4%)	9 (0.4%)	46 (1.8%)	128 (4.6%)	153 (1.6%)	121 (4.8%)	325 (11.3%)	220 (8.4%)		
Handset	Sales	1,998	2,134	2,367	2,599	9,099	2,354	2,709	2,496	-7.9%	5.5%
	Op. Profit (%)	-52 (-2.6%)	-15 (-0.7%)	26 (1.1%)	114 (4.4%)	74 (0.8%)	110 (4.7%)	313 (11.6%)	209 (8.4%)		
Others	Sales	-45	-39	-53	-63	-201	8	-11	-16		
	Op. Profit	-13	-12	-10	-10	-45	-11	-11	-9		
Total	Sales	8,860	9,260	8,869	9,742	36,730	9,593	10,430	9,911	-5.0%	11.8%
	Op. Profit (%)	171 (1.9%)	308 (3.3%)	208 (2.3%)	157 (1.6%)	844 (2.3%)	28 (0.3%)	464 (4.4%)	362 (3.6%)		

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