



1Q'12 Earnings Release

April 25th 2012

All information regarding management performance and financial results of LG Electronics (the “Company”) during the 1st quarter of 2012 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 1st quarter of 2012 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 2nd quarter of 2012. 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

✓ **_ Comment on 1Q'12 Results**

✓ **_ Comment on 2Q'12 Outlook**

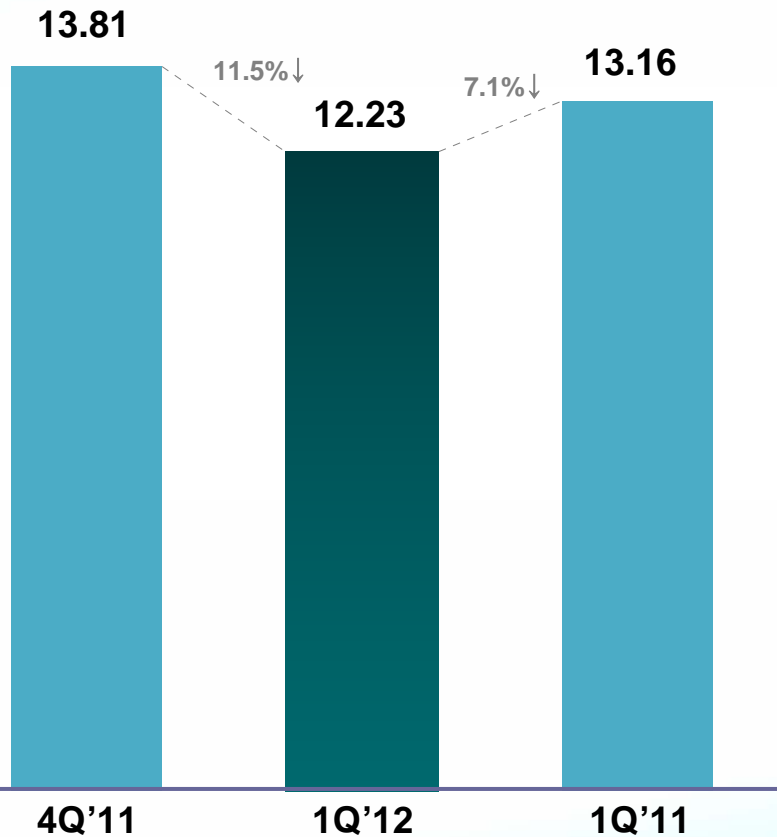
1Q'12 Results

II. 1Q'12 Results (LGE Consolidated)

Sales/Profit

Sales

(Unit : KRW tn)



Profit

(Unit : KRW bn)

	4Q'11	QoQ	1Q'12	YoY	1Q'11
Operating Profit	23	↑ 425bn	448	↑ 317bn	131
EBITDA	329	↑ 440bn	769	↑ 340bn	429
Net Profit	-112	↑ 355bn	243	↑ 259bn	-16

II. 1Q'12 Results (LGE Consolidated)

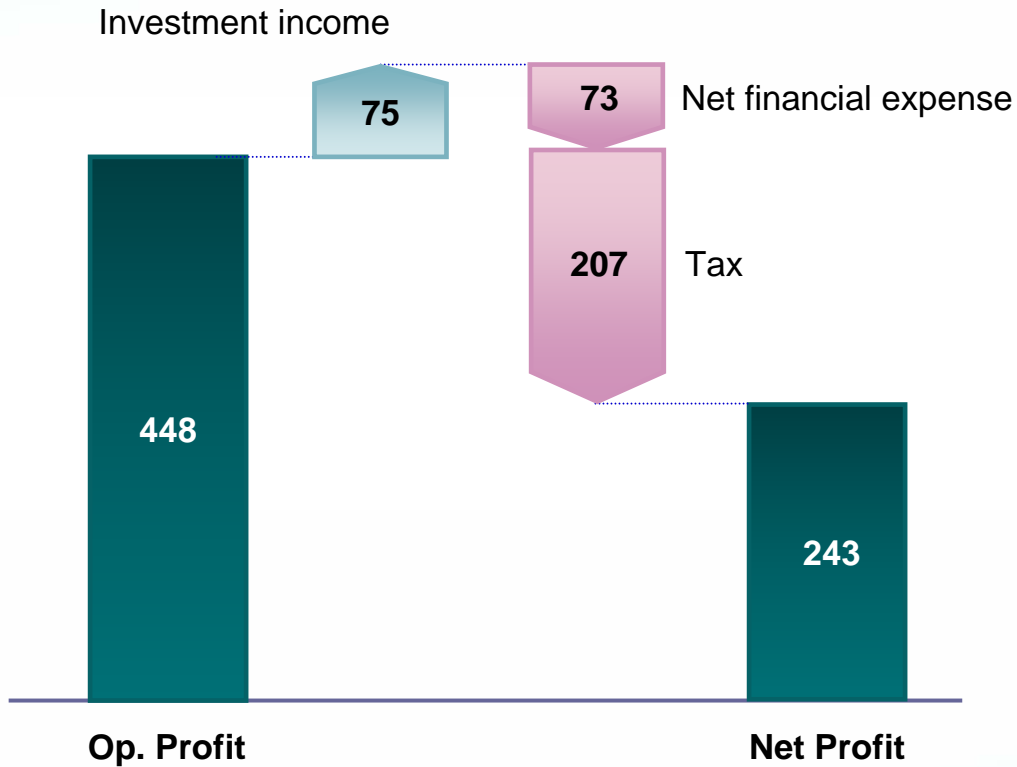
Net Profit

Net Profit

(Unit: KRW bn)

Investment Income

(Unit: KRW bn)



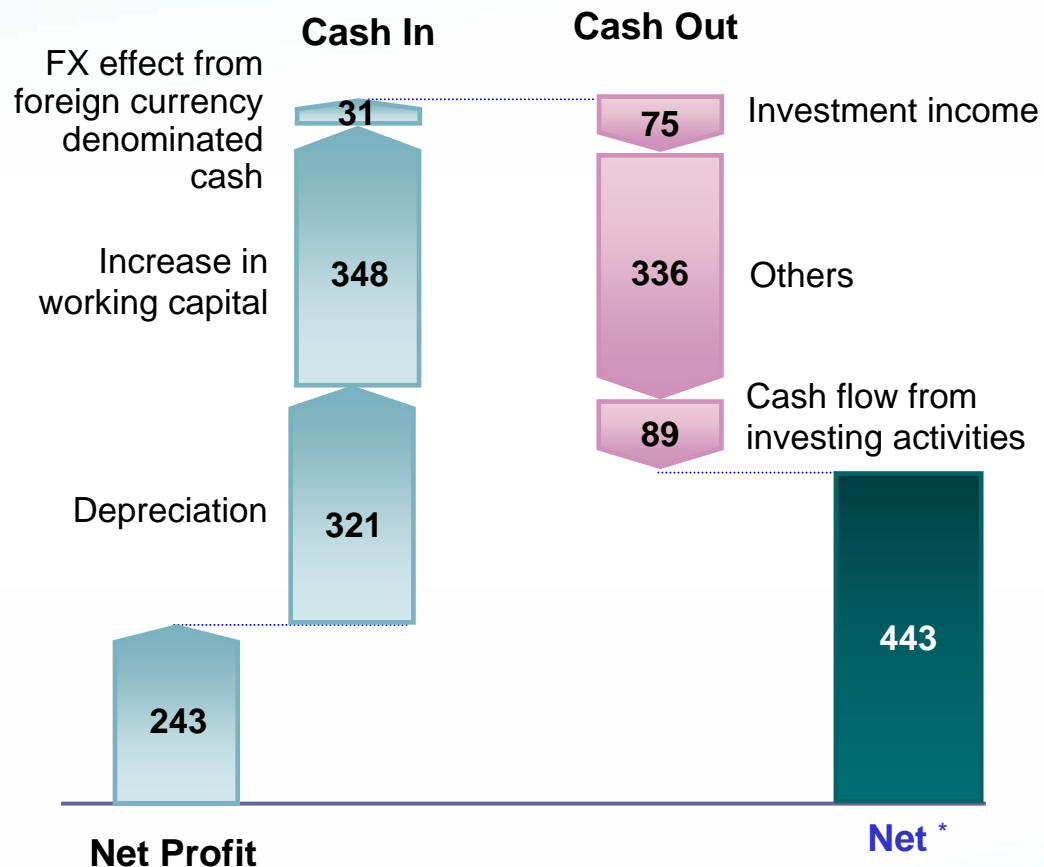
	4Q'11	1Q'12
LG Display	-2	-56
LG Innotek	-57	-9
Others	19	140
Investment Income	-40	75

II. 1Q'12 Results (LGE Consolidated)

Cash Flow Statement

1Q Net* Cash Flow

(Unit : KRW bn)



Cash Flow Statement

(Unit : KRW bn)

	4Q'11	1Q'12
Cash at beginning of period	2,750	2,346
Cash flow from operating activities	398	501
Net income	-112	243
Depreciation	306	321
Investment income	40	-75
Increase in working capital	658	348
Others	-494	-336
Cash flow from investing activities	-741	-89
Increase in tangible assets	-496	-260
Increase in intangible assets	-88	-61
Changes in the scope of consolidation	-57	0
Cash flow from financing activities	7	-181
Rights offering	976	9
Increase in debt	-969	-190
FX effect from foreign currency denominated cash	-68	31
Net changes in cash	-404	262
Cash at end of period	2,346	2,608

*Net= Excluding Cash flow from financing activities

II. 1Q'12 Results (LGE Consolidated)

Financial Structure

Balance Sheet

(Unit: KRW tn)

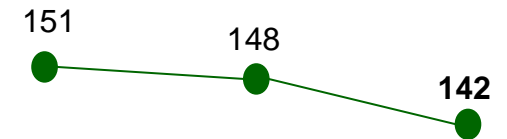
	4Q'10	4Q'11	1Q'12
Assets	32.32	32.66	32.40
Current Assets	16.51	15.78	15.77
Cash	1.94	2.35	2.61
Inventory	5.87	4.95	4.90
Non-Current Assets	15.80	16.88	16.63
Liabilities	19.46	19.51	19.01
Current Liabilities	15.32	14.21	13.38
Non-Current Liabilities	4.14	5.30	5.63
Equity	12.86	13.15	13.39
Debt	7.19	7.44	7.25
Net Debt	5.25	5.09	4.64

Financial Ratio

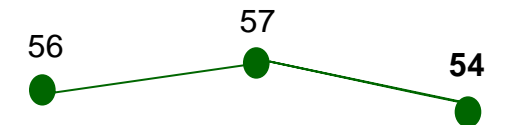
(Unit : %)

4Q'10 4Q'11 1Q'12

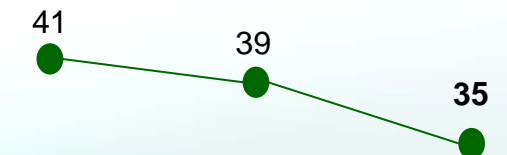
**Total Liability
to Equity**



Debt to Equity



**Net Debt
to Equity**



Performance and Outlook

III. Performance and Outlook by Sector *

Sales/Profit

Consolidated Sales and Profit by Division

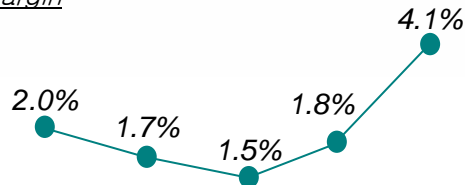
(Unit : KRW bn)

		4Q'11	QoQ	1Q'12	YoY	1Q'11
Home Entertainment	Sales	6,626	↓ 19.6%	5,330	↓ 6.8%	5,719
	Op. Profit	122		217		113
Mobile Communications	Sales	2,775	↓ 10.0%	2,497	↓ 14.2%	2,909
	Op. Profit	12		39		-101
Handset	Sales	2,695	↓ 9.0%	2,452	↓ 14.0%	2,852
	Op. Profit	10		35		-101
Home Appliance	Sales	2,978	↓ 14.9%	2,536	↓ 2.7%	2,607
	Op. Profit	71		152		102
Air Conditioning & Energy Solution	Sales	687	↑ 77.4%	1,218	↓ 1.2%	1,233
	Op. Profit	-38		81		34

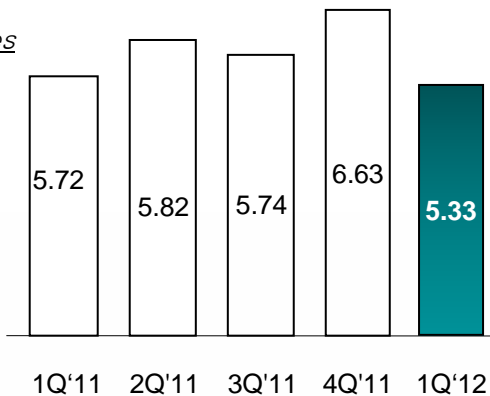
* Divisional sales includes internal transactions between divisions

Business Performance (KRW tn)

Op. Margin



Sales



1Q'12 Performance

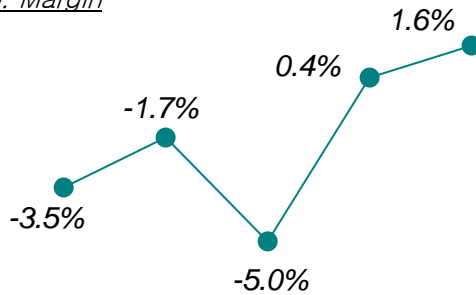
- ❖ **Sales : Declined QoQ and YoY due to slower season and sluggish European economy**
 - TV : LCD TV sales increased YoY and gained market share due to strong 3D TV sales despite slow demand
 - IT : Revenue was down due to weak IT and AV demand
- ❖ **Profitability : Improved due to successful new product launches, mainly for 3D TVs, and improvement in supply chain management**

2Q'11 Outlook

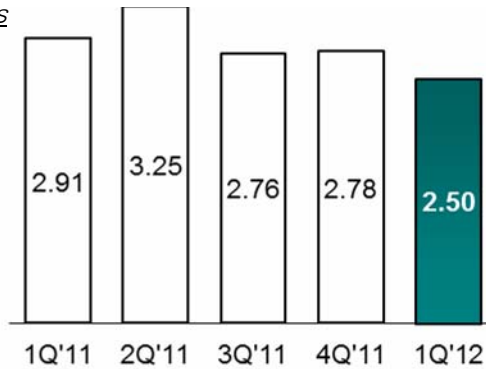
- ❖ **Market : Expect demand to pick up for LCD TV, especially for 3D and Smart TVs, while the London Olympics is expected to stimulate overall demand growth both QoQ and YoY**
- ❖ **LGE : With the global launch of the narrow bezel Cinema Screen design 3D TV, LGE aims to become number one for 3D TVs and plans to continue focusing on profitability through innovative changes in operation**

Business Performance (KRW tn)

Op. Margin



Sales



1Q'12 Performance

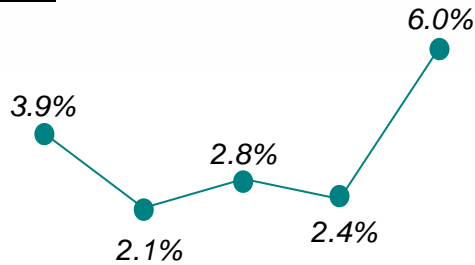
- ❖ **Sales** : Shipments decreased 22% QoQ to 13.7M and revenue declined 10% QoQ to KRW 2.5 trillion
 - Although revenue was down due to shipment decline of feature phones, with strong sales of Optimus LTE and Optimus Vu: in Korea, smartphone revenue increased
- ❖ **Profitability** : Maintained a slight profitability due to better product mix with increased smartphone sales portion, mainly from LTE phones, and better cost structure from improved efficiency in operations

2Q'11 Outlook

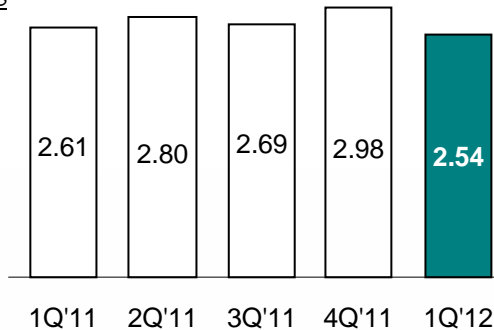
- ❖ **Market** : Although total demand for handsets is not expected to grow fast, continuous growth for the smartphone market is expected, especially for LTE phones in the developed countries with the European market planning to commercialize LTE
- ❖ **LGE** : Plan to expand LTE model line up for the developed markets while launching our design-centric “L-Style series” 3G smartphones and a quad-core smartphone to strengthen LGE’s position in the handset business

Business Performance (KRW tn)

Op. Margin



Sales



1Q'12 Performance

❖ Sales : Declined 3% YoY to KRW 2.5 trillion

- Korea : Revenue increased 5% YoY by focusing on large size and premium products
- Overseas : Despite continued growth in the overall developing countries, sales declined 4% YoY due to slowdown in the developed countries and China

❖ Profitability : Increased profitability due to higher ASP, better product mix, and cost efficiency

2Q'11 Outlook

❖ Market : Expect continuous slowdown in the developed countries and rising oil prices to negatively affect raw material prices

❖ LGE : Plan to lead the market with differentiated products and efficiently allocate resources in order to strengthen business fundamentals

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

1Q'12 Performance

❖ **Sales : Revenue increased 77% QoQ but declined 1% YoY to KRW 1.2 trillion**

- Korea : Grew 1% YoY
- Overseas : Declined 3% YoY due to a stagnant economy for the developed markets and slowdown in growth for several developing countries

❖ **Profitability : Margins improved sharply due to increased portion of new models and high-end products, along with improvement in cost structure**

2Q'11 Outlook

❖ **Market : Despite strong seasonality, expect economic recession to remain as a negative aspect. However, government policies to promote the usage of energy-efficient products to create new growth opportunity**

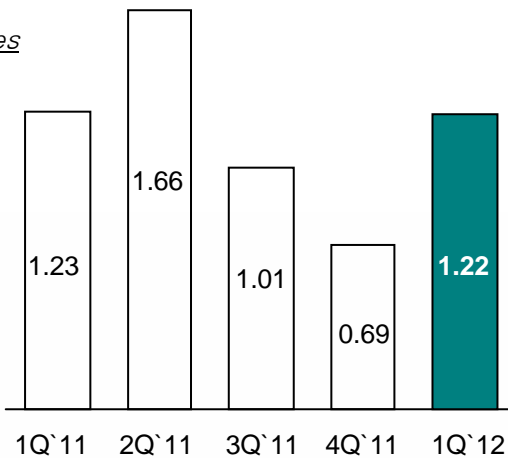
❖ **LGE : Plan to focus on profitability by securing competitiveness in energy efficient products**

Business Performance (KRW tn)

Op. Margin



Sales





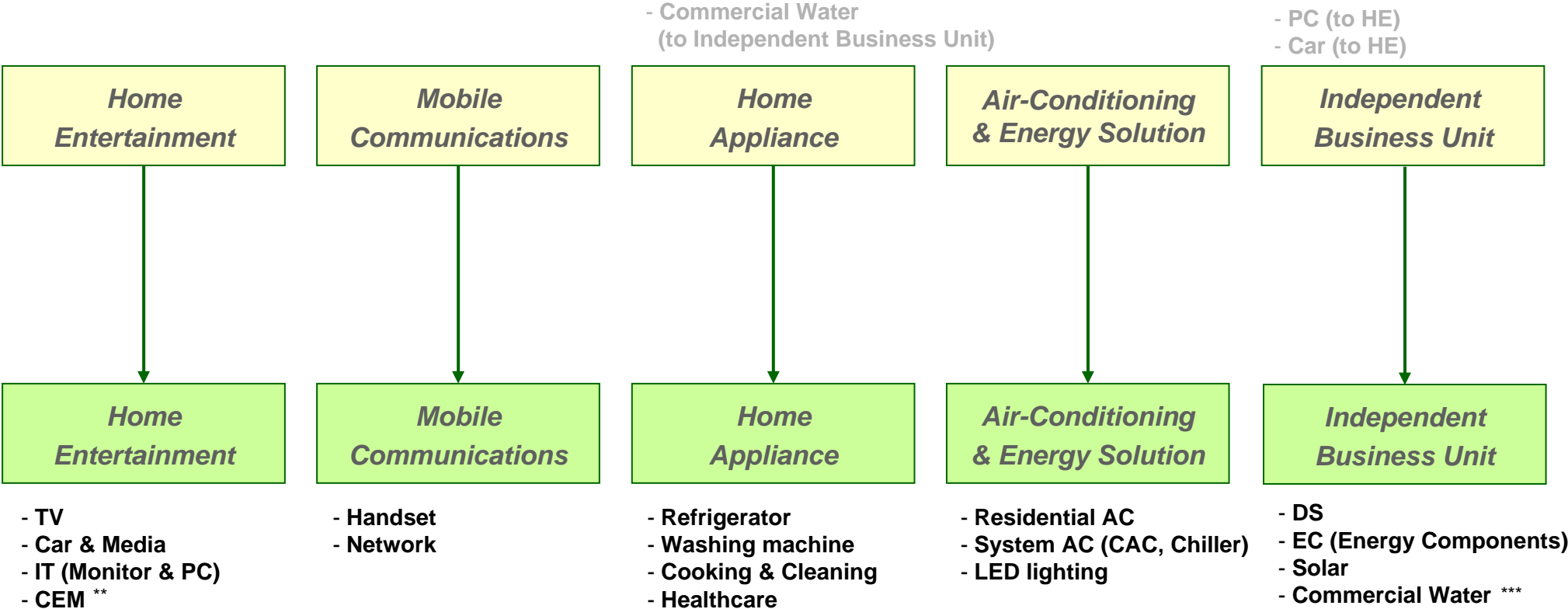
LG

Life's Good

<http://www.lg.com>

Appendix. 2012 Business Reorganization

- The Commercial Water Treatment business unit from the HA Company was transferred as an independent business unit
- The PC and Car business unit, which was originally an independent business unit, was transferred to HE Company
- The new business structure is effective as of December 1, 2011



* Independent business units report directly to the CEO
 ** CEM= Chemical & Electronic Material
 *** Commercial Water= Water Treatment for industrial and municipal usage

Income Statement

(Unit : KRW bn)

	2011						2012					
	1Q		2Q		3Q		4Q		Total		1Q	
Sales	6,933	100.0%	7,574	100.0%	6,924	100.0%	6,667	100.0%	28,097	100.0%	6,237	100.0%
Domestic	1,953	28.2%	2,151	28.4%	2,166	31.3%	1,905	28.6%	8,175	29.1%	2,090	33.5%
Export	4,980	71.8%	5,423	71.6%	4,758	68.7%	4,762	71.4%	19,922	70.9%	4,147	66.5%
Cost of goods sold	5,716	82.4%	6,266	82.7%	5,559	80.3%	5,512	82.7%	23,053	82.0%	4,955	79.4%
Gross profit	1,217	17.6%	1,308	17.3%	1,365	19.7%	1,155	17.3%	5,044	18.0%	1,282	20.6%
Selling & admin expense	1,300	18.8%	1,410	18.6%	1,330	19.2%	1,301	19.5%	5,340	19.0%	1,214	19.5%
Other operating gain (Loss)	34	0.5%	16	0.2%	(6)	-0.1%	(47)	-0.7%	(3)	0.0%	44	0.7%
Operating income (Loss)	(49)	-0.7%	(87)	-1.1%	29	0.4%	(193)	-2.9%	(299)	-1.1%	112	1.8%
Financial income (Expense)	65	0.9%	14	0.2%	(204)	-2.9%	22	0.3%	(103)	-0.4%	281	4.5%
Net profit (Loss) before tax	16	0.2%	(73)	-1.0%	(175)	-2.5%	(171)	-2.6%	(402)	-1.4%	393	6.3%
Tax	1	0.0%	(37)	-0.5%	(52)	-0.8%	(37)	-0.5%	(125)	-0.4%	77	1.2%
Net profit (Loss)	15	0.2%	(36)	-0.5%	(122)	-1.8%	(134)	-2.0%	(278)	-1.0%	316	5.1%

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

Balance Sheet

(Unit : KRW bn)

	2011				2012
	1Q	2Q	3Q	4Q	1Q
Assets	23,970	24,143	24,931	24,199	24,335
Current Assets	8,990	8,824	9,302	8,154	8,458
Cash and cash equivalents	903	860	1,456	1,364	1,409
Accounts receivable	6,074	6,017	5,953	5,077	5,135
Inventory	1,259	1,151	1,144	886	1,018
Other	754	796	749	827	896
Non-current Assets	14,980	15,319	15,629	16,046	15,878
Investment	7,845	7,870	7,892	7,965	7,892
PP&E	4,732	4,839	5,019	5,191	5,186
Intangible assets	728	830	872	916	906
Other	1,676	1,780	1,845	1,974	1,894
Liabilities	14,064	14,278	15,196	13,704	13,573
Accounts payable	4,564	4,271	4,538	3,854	3,936
Debt	5,665	5,919	6,550	5,826	5,722
Other	3,834	4,088	4,108	4,025	3,915
Equity	9,906	9,864	9,735	10,495	10,762

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Income Statement

(Unit : KRW bn)

	2011										2012	
	1Q		2Q		3Q		4Q		Total		1Q	
Sales	13,160	100.0%	14,385	100.0%	12,897	100.0%	13,814	100.0%	54,257	100.0%	12,228	100.0%
Cost of goods sold	10,195	77.5%	11,078	77.0%	9,851	76.4%	10,934	79.1%	42,058	77.5%	9,314	76.2%
Gross profit	2,965	22.5%	3,307	23.0%	3,047	23.6%	2,880	20.9%	12,199	22.5%	2,914	23.8%
Selling & admin expense	2,896	22.0%	3,193	22.2%	2,964	23.0%	2,804	20.3%	11,856	21.9%	2,551	20.9%
Other operating gain (Loss)	61	0.5%	44	0.3%	(114)	-0.9%	(54)	-0.4%	(63)	-0.1%	85	0.7%
Operating income (Loss)	131	1.0%	158	1.1%	(32)	-0.2%	23	0.2%	280	0.5%	448	3.7%
Financial income (Expense)	(37)	-0.3%	(38)	-0.3%	(234)	-1.8%	(40)	-0.3%	(349)	-0.6%	(73)	-0.6%
Investment income (Loss)	(56)	-0.4%	29	0.2%	(265)	-2.1%	(40)	-0.3%	(331)	-0.6%	75	0.6%
Net income before tax	39	0.3%	150	1.0%	(531)	-4.1%	(57)	-0.4%	(399)	-0.7%	450	3.7%
Tax	54	0.4%	41	0.3%	(117)	-0.9%	55	0.4%	34	0.1%	207	1.7%
Net income	(16)	-0.1%	109	0.8%	(414)	-3.2%	(112)	-0.8%	(433)	-0.8%	243	2.0%
Controlled shares	(30)		98		(424)		(113)		(470)		236	
Noncontrolled shares	14		11		10		2		37		7	

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Balance Sheet

(Unit : KRW bn)

	2011				2012
	1Q	2Q	3Q	4Q	1Q
Assets	33,534	33,845	34,376	32,659	32,397
Current Assets	17,660	17,534	17,733	15,783	15,768
Cash and cash equivalents	2,212	2,243	2,750	2,346	2,608
Accounts receivable	7,376	7,512	7,115	6,753	6,518
Inventory	6,376	6,091	6,217	4,947	4,896
Other	1,697	1,688	1,652	1,738	1,746
Non-current Assets	15,874	16,310	16,644	16,875	16,629
Investment	5,868	5,889	5,671	5,603	5,427
PP&E	6,645	6,810	7,108	7,290	7,356
Intangible assets	766	881	928	1,036	1,024
Other	2,594	2,731	2,936	2,946	2,822
Liabilities	20,802	21,101	21,804	19,510	19,005
Accounts payable	6,367	6,320	6,227	5,487	5,457
Debt	7,721	7,764	8,528	7,436	7,251
Other	6,714	7,017	7,049	6,588	6,297
Equity	12,732	12,744	12,572	13,148	13,392

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(Unit : KRW bn)

		1Q'11	2Q'11	3Q'11	4Q'11	'11 Total	1Q'12	QoQ	YoY
Home Entertainment	Sales	5,719	5,819	5,740	6,626	23,903	5,330	-20%	-7%
	Op. Income	113	98	89	122	422	217		
	(%)	2.0%	1.7%	1.5%	1.8%	1.8%	4.1%		
Mobile Communications	Sales	2,909	3,246	2,762	2,775	11,693	2,497	-10%	-14%
	Op. Income	-101	-54	-139	12	-281	39		
	(%)	-3.5%	-1.7%	-5.0%	0.4%	-2.4%	1.6%		
Handset	Sales	2,852	3,200	2,689	2,695	11,436	2,452	-9%	-14%
	Op. Income	-101	-55	-140	10	-286	35		
	(%)	-3.5%	-1.7%	-5.2%	0.4%	-2.5%	1.4%		
Home Appliance	Sales	2,607	2,801	2,695	2,978	11,081	2,536	-15%	-3%
	Op. Income	102	59	74	71	306	152		
	(%)	3.9%	2.1%	2.8%	2.4%	2.8%	6.0%		
Air Conditioning & Energy Solution	Sales	1,233	1,660	1,006	687	4,585	1,218	77%	-1%
	Op. Income	34	60	2	-38	57	81		
	(%)	2.8%	3.6%	0.2%	-5.6%	1.2%	6.7%		
Others	Sales	692	860	694	749	2,995	647	-14%	-7%
	Op. Income	-18	-4	-58	-144	-223	-41		
Total	Sales	13,160	14,385	12,897	13,814	54,257	12,228	-11%	-7%
	Op. Income	131	158	-32	23	280	448		
	(%)	1.0%	1.1%	-0.2%	0.2%	0.5%	3.7%		

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

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