

A climber in orange and black gear is ascending a snowy mountain peak. The climber is wearing a white helmet and has a rope attached to their harness. The background is a clear blue sky. The overall image has a blue tint and a grid pattern overlay.

**Welcome to**

**LG Electronics**

**April 19, 2005**

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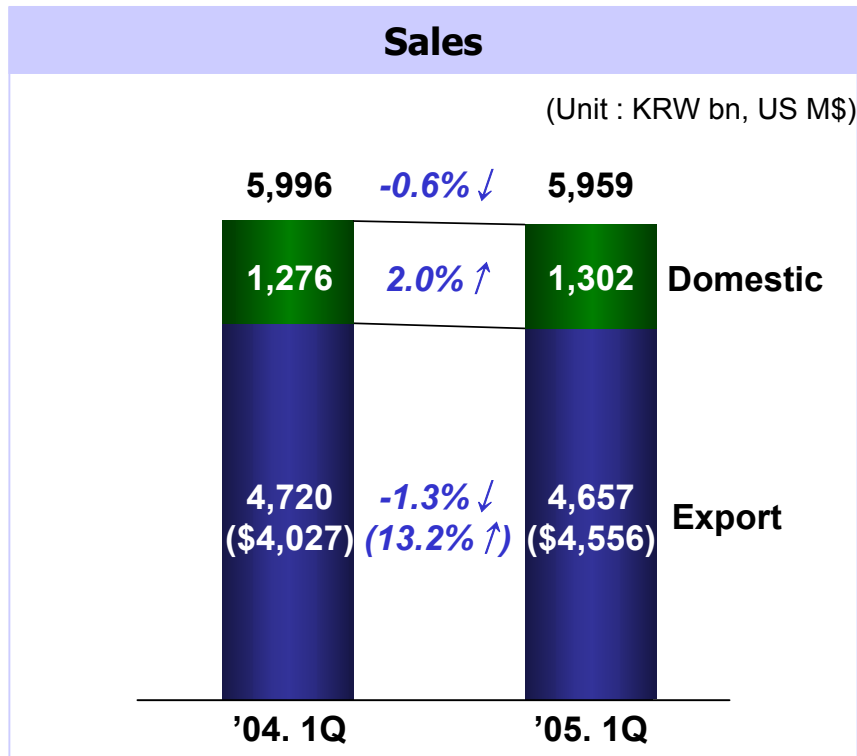
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- ◆ While sales in Korean Won terms decreased slightly due to the Won appreciation, US\$ denominated export growth of LG branded products remains strong. Domestic sales grew backed by strong sales of consumer electronics.
- ◆ Profits declined due to the increase in R&D investments as well as the Won appreciation and raw material cost hike.

(Unit : KRW bn)

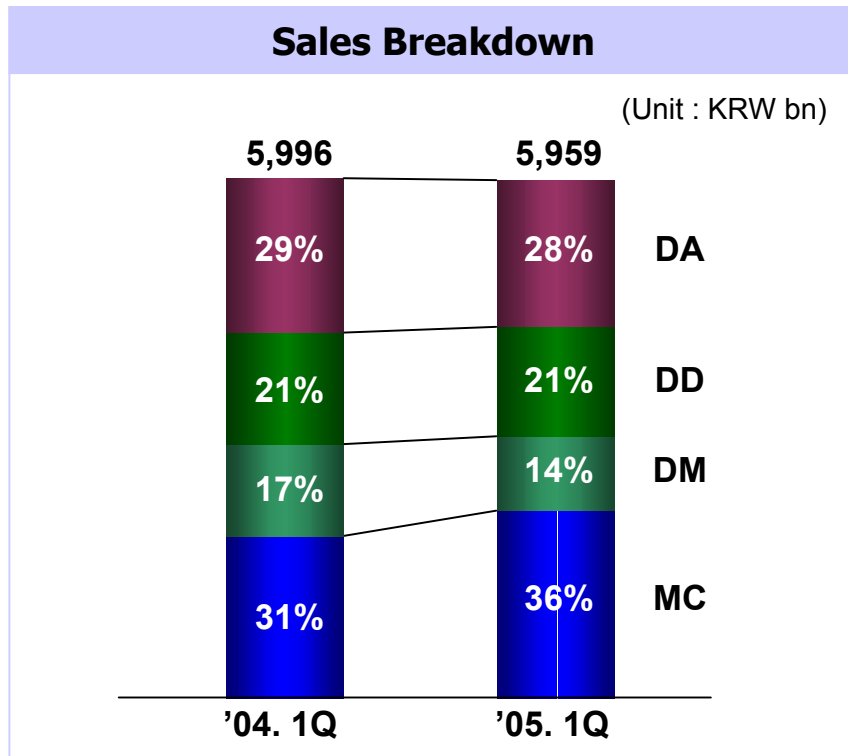


Results	'05.1Q	YoY	
		YoY	QoQ
Sales	5,959	-0.6%	-8.6%
Gross Profit (Margin)	1,496 25.1%	5.2%	2.8%
Operating Profit (Margin)	280 4.7%	-31.2%	194.8%
EBITDA * (Margin)	505 8.5%	-10.4%	84.9%
Recurring Profit (Margin)	77 1.3%	-89.5%	461.6%
Net Profit (Margin)	83 1.4%	-85.8%	-49.1%

\* EBITDA : Operating Profit + Depreciation & Amortization

- ◆ DA : Despite the Won appreciation and higher raw material costs, profitability remained high.
- ◆ DD : Strong sales growth of PDPs, however, profits declined due to rapid ASP decrease.
- ◆ DM : Sales and profitability decreased due to the severe competition in major products.
- ◆ MC : Unit shipment down QoQ due to seasonality, while cost increased due to a rise in R&D investment and added costs from production line consolidation.

(Unit : KRW bn)

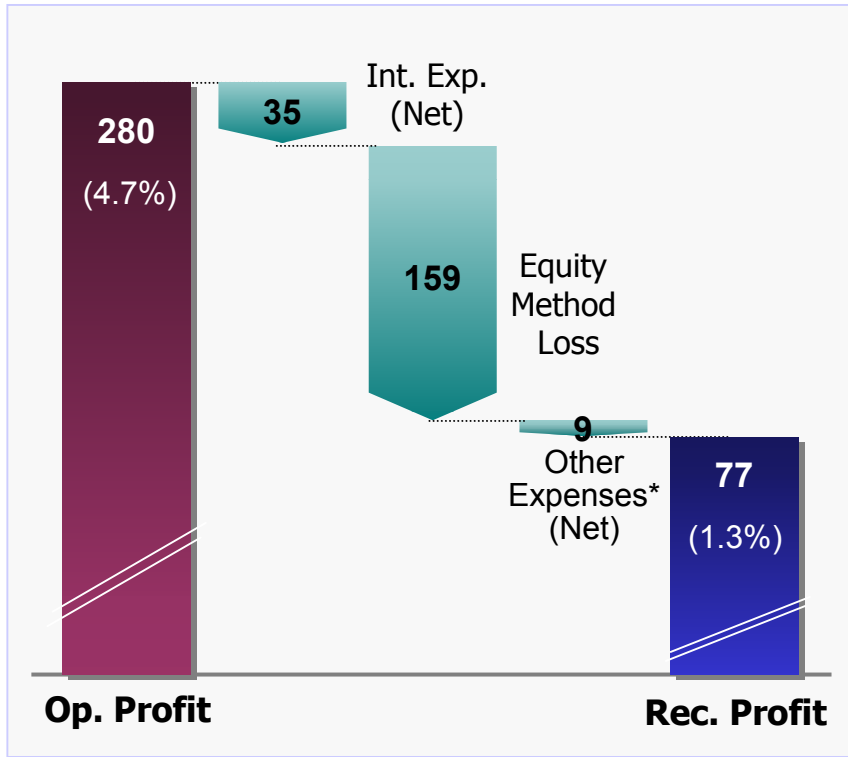


Results by Division		'05.1Q	YoY	QoQ
DA	Sales	1,669	-5.5%	26.8%
	Op. Profit (Margin)	170 10.2%	-19.1%	-
DD	Sales	1,253	-1.9%	-7.6%
	Op. Profit (Margin)	17 1.4%	-79.4%	-
DM	Sales	846	-18.8%	-7.3%
	Op. Profit (Margin)	23 2.7%	-58.2%	-23.2%
MC	Sales	2,155	15.6%	-25.7%
	Op. Profit (Margin)	102 4.7%	54.8%	-46.7%
Handset	Sales	1,873	18.8%	-27.1%
	Op. Profit (Margin)	67 3.6%	36.4%	-52.8%

- ◆ Due to weak performance of domestic and overseas affiliates, equity method losses has been generated.

## 2005 1Q

(Unit: KRW bn)



## 2005 1Q Equity Method

(Unit : KRW bn)

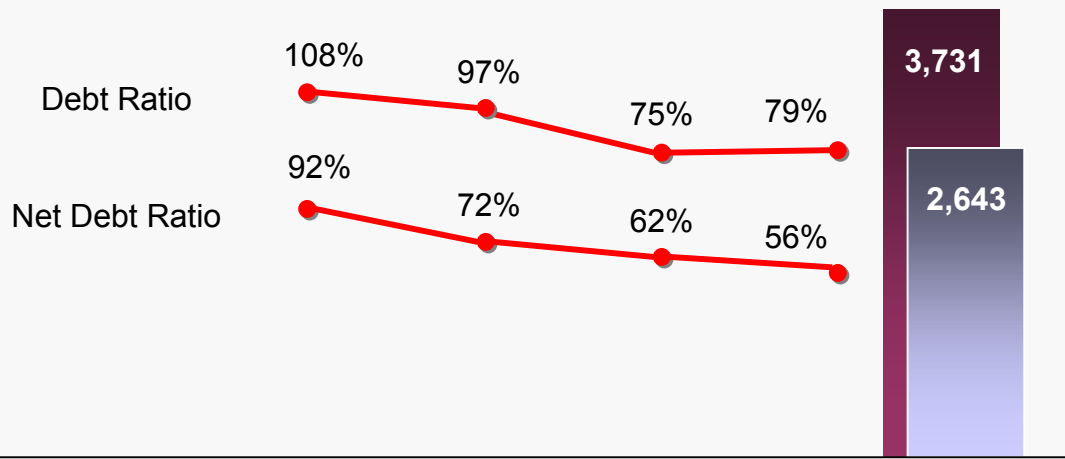
Company	Equity Method Contribution
LG.Philips LCD	-36
LG.Philips Displays	-26
Affiliates and Others	-96
<b>Total</b>	<b>-159</b>

\* Others Expenses(Net) = Other Expenses (KRW -44bn) + F/X Income (KRW 35bn)=KRW 9bn

◆ Continuing to improve financial structure, net debt to equity ratio decreasing.

## Debt

(Unit: KRW bn)



	Dec. '03	Jun. '04	Dec. '04	Mar. '05
Total Liab. To Equity	222%	195%	164%	187%
Debt to Equity	108%	97%	75%	79%
Net Debt to Equity	92%	72%	62%	56%
ROE	20%		36%	

## Balance Sheet

(Unit: KRW bn)

Mar. 2005

**Assets** 13,563

- Current Assets: 4,666
- Fixed Assets: 8,896

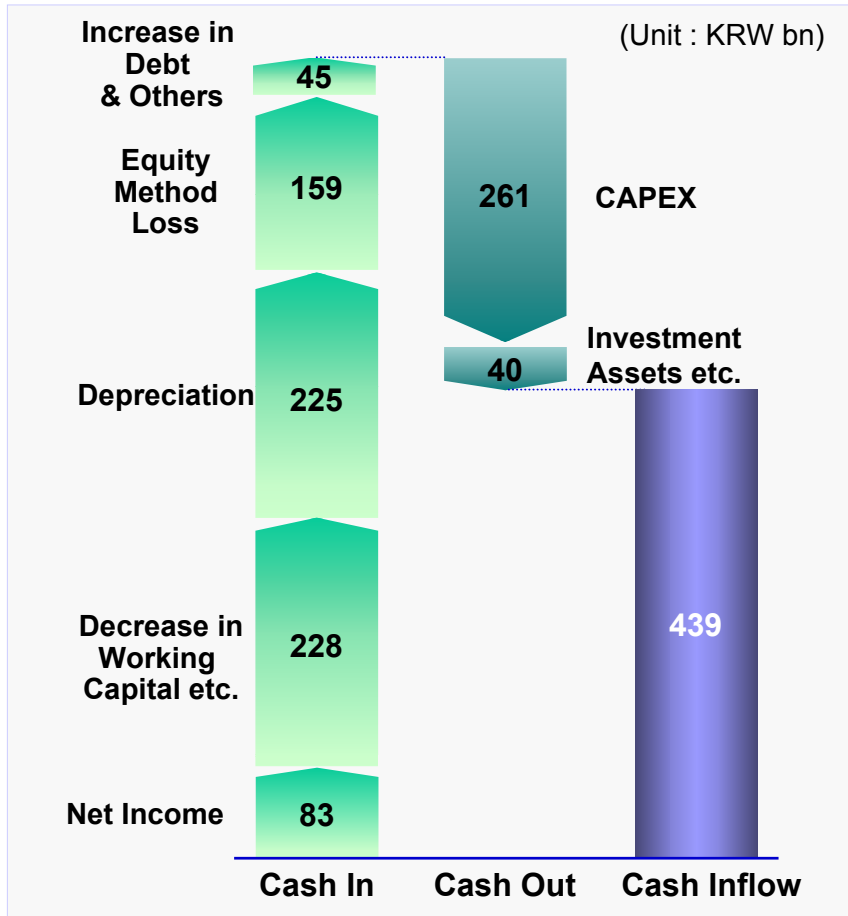
**Liabilities** 8,841

- Current Liabilities 5,558
- Fixed Liabilities 3,283

**Equity** 4,721

- Capital Stock 785
- Capital Surplus 1,907
- Retained Earnings 1,915
- Capital Adjustment 114

◆ Cash inflow of KRW 439bn due mainly to improved working capital.



(Unit : KRW bn)

<b>Cash at the Beginning of the Year</b>	<b>648</b>
<b>Cash Flows from Operating Activities</b>	<b>695</b>
Net Income	83
Depreciation	225
Equity Method Loss	159
Changes in Working Capital Etc.	228
<b>Cash Flows from Investing Activities</b>	<b>△301</b>
Increase in Tangible Asset	△261
Increase in Investment Assets	△40
<b>Cash Flows from Financing Activities</b>	<b>11</b>
Proceeds from Debt	11
<b>Others</b>	<b>35</b>
Cash Inflow by Merger	35
<b>Net Increase in Cash &amp; Cash Equivalent</b>	<b>439</b>
<b>Cash at the End of the Year</b>	<b>1,088</b>

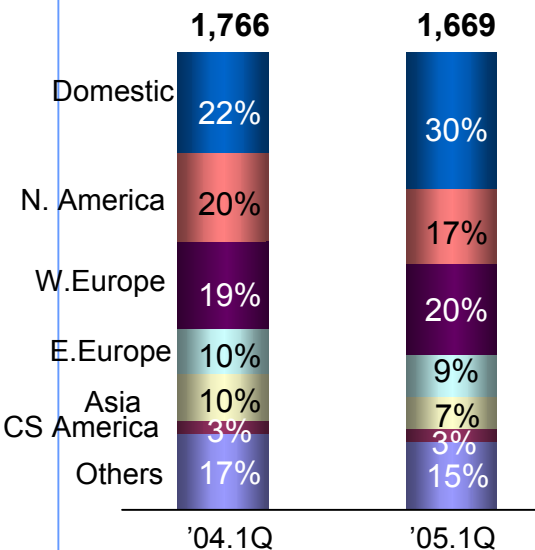


## II . Performance and Outlook by Sector

### Digital Appliance

#### Sales Breakdown by Region

(Unit: KRW bn, %)



### 2005 1Q Performance

#### ❖ Sales : Declined 6% YoY to KRW 1.7tn.

Domestic sales grew backed by strong sales of air conditioner and other premium products. However, exports declined due to Won appreciation.

- Domestic : Sales Up 27% YoY.
  - Growth driven from strong sales of premium products including air conditioner and improvement in product mix.
- Overseas : Exports Down 15% YoY.
  - While Korean Won based sales declined due to Won appreciation and relocation of production to China, export growth of LG branded products was still strong to US and European markets.

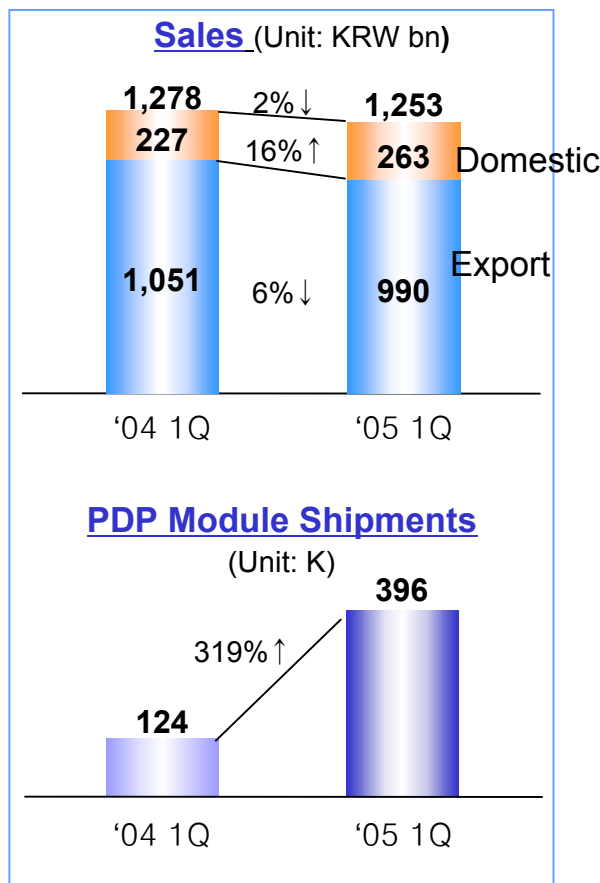
### 2005 2Q Outlook

#### ❖ Concentrate on domestic and major overseas markets.

- Domestic : Reinforce sales and profitability efforts around air conditioners.
- Overseas : Continue efforts to build on strong sales of LG branded premium products in US and Europe.

## II . Performance and Outlook by Sector

### Digital Display



### 2005 1Q Performance

❖ **Sales : Declined 2% to KRW 1.3tn.**

- Strong sales growth of DTV products and PDP modules.
- Export decreased due to the Won appreciation.

- DTV : Sales up 25% YoY helped by strong sales of PDP/LCD TV.
  - PDP TV : Sales up 82% YoY.
  - LCD TV : Sales up 70% YoY.
- PDP Module: Sales up 70% YoY, due to the increase of external sales.
- Export : Decreased 6% YoY due to the Won appreciation, while sales in US \$ terms increased 8% YoY.

### 2005 2Q Outlook

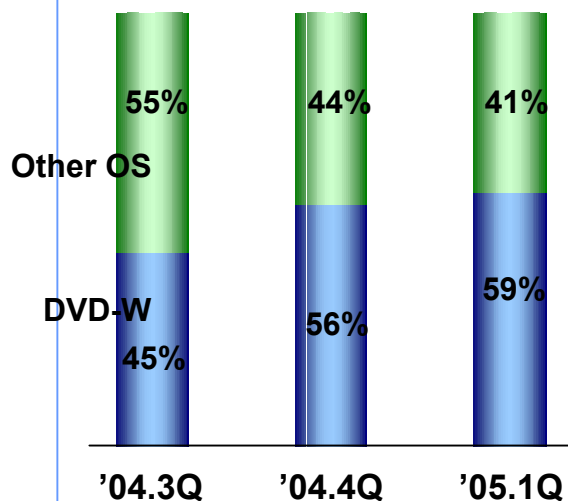
❖ **Strengthen efforts to meet potential demand growth.**

- DTV : Expand capacity to meet growing PDP demand.
- PDP Module : Increase efforts to expand new set makers.
- Monitor : Strengthen competitive advantage of mid-size LCD monitor.

## II . Performance and Outlook by Sector

### Digital Media

DVD-W Sales Portion \*



\* DVD-W Sales Portion of total optical storage sales

### 2005 1Q Performance

❖ **Sales : Declined 19% YoY to KRW 846 bn.**

- Domestic : Sales rose dramatically due to launch of LG branded PC notebooks.
- Export : Sales decreased YoY due to Won appreciation and price erosion of major products.
- Optical Storage: Sales declined YoY due to price erosion, while the portion of higher-end DVD-W sales increased.
- AV : Sales of multi-functional DVD (Combi) player declined.
- PC : Domestic sales increased helped by strong sales of LG branded Notebook PCs, while the portion of OEM business decreased.

### 2005 2Q Outlook

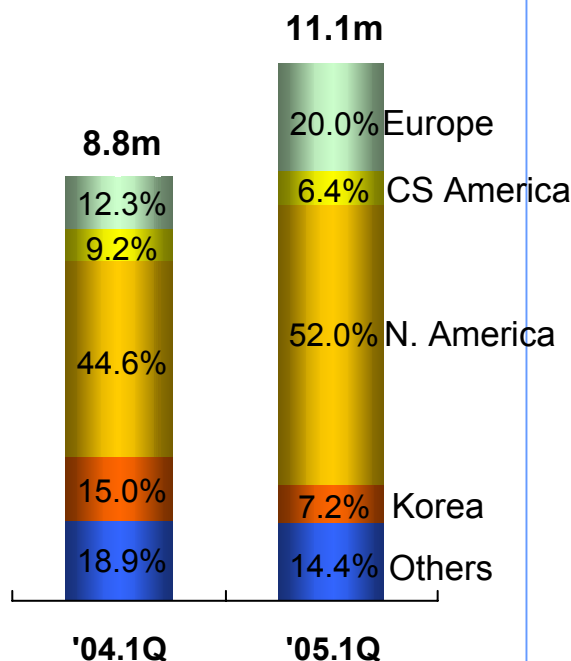
❖ **Concentrate premium products to offset potential further price erosion.**

- Optical Storage : Focus on sales of premium products such as DVD-W.
- AV : New models of multi-functional DVD Recorder to be launched.
- PC : New upgraded Notebook PC models.

## II . Performance and Outlook by Sector

### Mobile Communications

#### Sales Breakdown by Region



#### 2005 1Q Performance

##### ❖ Handset : Sales up 19% YoY to KRW 1.9tn.

- Unit shipment amounted to 11.1million. (up 27% YoY).
- CDMA
  - Domestic: Due to the demand slowdown, unit sales declined 39% YoY, while QoQ unit sales rose 29% mainly driven by MNP.
  - Export : Unit sales declined 14% QoQ due to the increase in inventory in major markets, while YoY unit sales increased 22%.
- GSM / WCDMA
  - Unit Sales rose 70% YoY due to strong sales of GSM and W-CDMA handsets, but QoQ unit sales fell down 32%.

#### 2005 2Q Outlook

##### ❖ Handset : Concentrate efforts on introducing new models for domestic and export markets.

- CDMA
  - Domestic: Launching new multi-functional phones such as DMB phones to counter potential demand slowdown.
  - Export : Concentrate efforts to maintain strong position in N. America.
- GSM / WCDMA
  - Focus efforts on new model launches to boost demand in major markets such as Europe.

## II . Performance and Outlook by Sector

### LG.Philips LCD

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

#### 2005 1Q Performance & 2Q Outlook

- ❖ **Sales : KRW 2,064 bn\* / Op. Profit : KRW - 135 bn\***
  - Sales decreased 6% YoY due to strong won and price declines
  - P6 1Q average input glass : 55K Sheets / Month
- ❖ **Product mix improved with large-size portion continuing to rise.**
  - TV revenue portion increased to 22%, led by ramp-up of P6
  - Achieved No.1 in 1Q in panels for MNT&TV (DisplaySearch Q105)
- ❖ **Supply-Demand expected to stabilize & strengthen in 2H05.**

### LG.Philips Displays

\* Excluding restructuring costs

#### 1Q 2005 Performance and Outlook

- ❖ **Sales : US\$858 mn\* / Op. Profit : US\$39 mn\***
  - Sales down 16% YoY, Op.profit decreased 34%
  - CPT sales were strong in America/Asia but weak in Europe/China
  - CRT shipments decreased 8% YoY mainly due to slowdown in CDT demand
- ❖ **Market demand expected to decline YoY due to adjustments following exceptionally strong 2004.**

## III. 2005 2Q Forecast

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- ◆ Focus on premium brand products and costs innovation to counter potential further raw material cost hike, ASP decrease, and Won appreciation

### Risks

- High Raw Material Cost
- Price Erosion of Display Products
- Won Appreciation

### Countermeasures

- Focusing on premium products market
- Improve R&D efficiency
- Securing price competitiveness thru active cost innovation

# Sales and Profits by Division - Like for Like Comparison

# Appendix

(Unit: KRW bn)

Section			2004					2005				
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Digital Appliance	Sales	Domestic	387	582	534	478	1,981	494				494
		Export	1,379	1,141	877	837	4,234	1,175				1,175
		M\$	\$1,177	\$982	\$760	\$763	\$3,681	\$1,150				\$1,150
		Total	1,766	1,722	1,411	1,316	6,216	1,669				1,669
Operating Profit			210	172	77	-10	448	170			170	
Digital Display	Sales	Domestic	227	219	203	215	864	263				263
		Export	1,051	963	964	1,141	4,119	990				990
		M\$	897	829	835	1,043	3,604	968				968
		Total	1,278	1,183	1,167	1,356	4,983	1,253				1,253
Operating Profit			82	41	23	-57	89	17			17	
Digital Media	Sales	Domestic	125	115	115	116	472	179				179
		Export	917	779	838	797	3,331	667				667
		M\$	\$782	\$671	\$726	\$726	\$2,905	\$652				\$652
		Total	1,042	895	953	913	3,803	846				846
Operating Profit			55	50	39	30	174	23			23	
Mobile Communications	Sales	Domestic	493	429	345	357	1,624	333				333
		Export	1,371	1,764	2,180	2,544	7,859	1,822				1,822
		M\$	\$1,169	\$1,518	\$1,888	\$2,318	\$6,893	\$1,785				\$1,785
		Total	1,864	2,193	2,525	2,901	9,484	2,155				2,155
Operating Profit			66	146	234	191	636	102			102	
Handset	Sales	Domestic	373	322	258	223	1,177	258				258
		Export	1,204	1,599	2,027	2,344	7,174	1,615				1,615
		M\$	\$1,026	\$1,376	\$1,755	\$2,136	\$6,293	\$1,582				\$1,582
		Total	1,577	1,921	2,285	2,568	8,351	1,873				1,873
Operating Profit			49	123	215	143	530	67			67	
Company	Sales	Domestic	1,276	1,381	1,241	1,187	5,086	1,302				1,302
		Export	4,720	4,648	4,871	5,334	19,573	4,657				4,657
		M\$	\$4,027	\$4,001	\$4,218	\$4,864	\$17,109	\$4,556				\$4,556
		Total	5,996	6,029	6,113	6,521	24,659	5,959				5,959
	Gross Profit			1,423	1,508	1,537	1,456	5,923	1,496			1,496
Operating Profit			407	393	355	95	1,250	280			280	
Recurring Profit			732	672	442	14	1,860	77			77	
Net Profit			585	493	304	163	1,546	83			83	
DA			11.9%	10.0%	5.4%	-0.8%	7.2%	10.2%			10.2%	
Operating Profit Margin	DD		6.4%	3.5%	2.0%	-4.2%	1.8%	1.4%			1.4%	
Profit Margin	DM		5.3%	5.6%	4.1%	3.3%	4.6%	2.7%			2.7%	
by Division	MC		3.5%	6.6%	9.3%	6.6%	6.7%	4.7%			4.7%	
	Handset		3.1%	6.4%	9.4%	5.6%	6.3%	3.6%			3.6%	
Company	GP Margin		23.7%	25.0%	25.1%	22.3%	24.0%	25.1%			25.1%	
	OP Margin		6.8%	6.5%	5.8%	1.5%	5.1%	4.7%			4.7%	
	RP Margin		12.2%	11.2%	7.2%	0.2%	7.5%	1.3%			1.3%	
	NP Margin		9.8%	8.2%	5.0%	2.5%	6.3%	1.4%			1.4%	

## ◆ Income Statement

(Unit: KRW bn)

	2004									
	1Q		2Q		3Q		4Q		Total	
Sales	5,996	100%	6,029	100%	6,113	100%	6,521	100%	24,659	100%
COGS	4,574	76.3%	4,521	75.0%	4,576	74.9%	5,065	77.7%	18,736	76.0%
Gross Profit	1,423	23.7%	1,508	25.0%	1,537	25.1%	1,456	22.3%	5,923	24.0%
SG&A	1,016	16.9%	1,115	18.5%	1,182	19.3%	1,361	20.9%	4,674	19.0%
Operating Profit	407	6.8%	393	6.5%	355	5.8%	95	1.5%	1,250	5.1%
Non OP	326	5.4%	280	4.6%	86	1.4%	-81	-1.2%	610	2.5%
Recurring Profit	732	12.2%	672	11.2%	442	7.2%	14	0.2%	1,860	7.5%
Tax	148	2.5%	179	3.0%	137	2.2%	-150	-2.3%	314	1.3%
Net Profit	585	9.8%	493	8.2%	304	5.0%	163	2.5%	1,546	6.3%

	2005									
	1Q		2Q		3Q		4Q		Total	
Sales	5,959	100%							5,959	100%
COGS	4,463	74.9%							4,463	74.9%
Gross Profit	1,496	25.1%							1,496	25.1%
SG&A	1,216	20.4%							1,216	20.4%
Operating Profit	280	4.7%							280	4.7%
Non OP	-203	-3.4%							-203	-3.4%
Recurring Profit	77	1.3%							77	1.3%
Tax	-7	-0.1%							-7	-0.1%
Net Profit	83	1.4%							83	1.4%

## ◆ Balance Sheet

(Unit:KRW bn)

	2004			
	1Q	2Q	3Q	4Q
Asset	12,053	13,061	13,581	13,234
Current Asset	4,062	4,718	4,530	4,021
Fixed Asset	7,991	8,343	9,051	9,213
Investment	4,005	4,165	4,857	4,948
PP&E	3,195	3,425	3,490	3,630
Intangible	791	752	704	636
Liabilities	8,192	8,635	8,651	8,218
Current Liabilities	5,294	5,103	5,060	4,959
Fixed Liabilities	2,898	3,531	3,592	3,259
Capital	3,861	4,426	4,930	5,016
Capital	784	784	784	784
Capital Surplus	1,892	1,908	1,908	1,908
Retained Earning	1,149	1,648	1,896	2,064
Capital Adjustment	36	87	342	261

	2005			
	1Q	2Q	3Q	4Q
Asset	13,563			
Current Asset	4,666			
Fixed Asset	8,896			
Investment	4,590			
PP&E	3,704			
Intangible	602			
Liabilities	8,841			
Current Liabilities	5,558			
Fixed Liabilities	3,283			
Capital	4,721			
Capital	785			
Capital Surplus	1,907			
Retained Earning	1,915			
Capital Adjustment	114			





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