

Welcome to LG Electronics

October 2003

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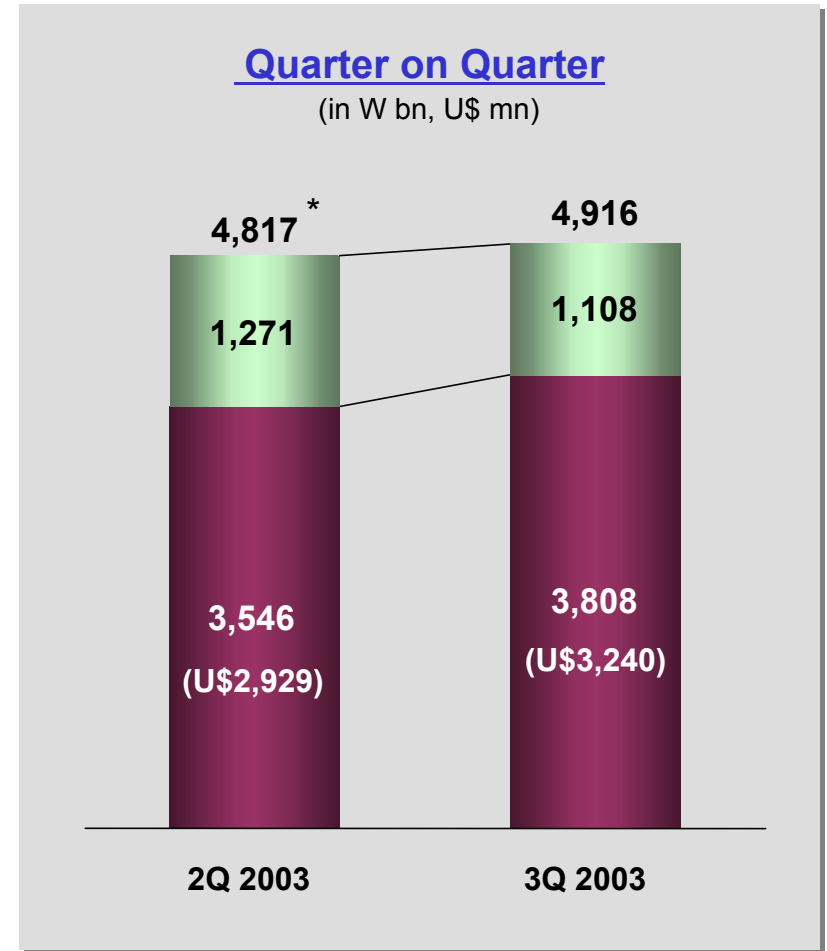
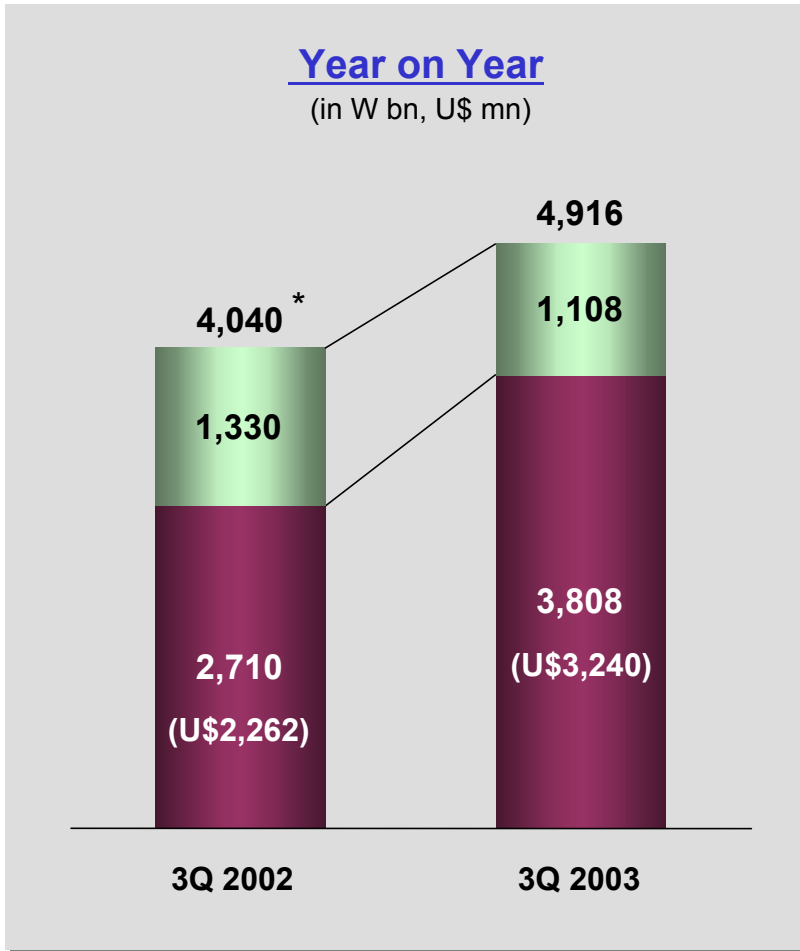
- I. 3Q 2003 Performance Review**
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3Q 2003 Performance Review

Sales

- ◆ Sales grew 21.7% YoY to Won 4.9tn - Exports up 40.5% YoY, domestic down 16.7% YoY
- ◆ Overcoming seasonality sales decline with QoQ sales growth
 - Exports up 7.4% QoQ, domestic down 12.8% QoQ



* Adjusted for raw material buy&sell for PC OEM sales

Sales by Division

◆ YoY Growth : Telecom (+37.1%), Display&Media (+14.9%), Appliance (+11.8%).

- Appliance : Strong exports (+29% YoY) offset slow domestic sales.
- Display & Media : Sales growth driven by PDP, Optical storage, and DTV.
- Handset : Strong export growth in CDMA and GSM / domestic recovery seen in 3Q.

(Won bn)

	Sales	Contribution	Growth	
			YoY *	QoQ *
Appliance	1,201	24.4%	11.8%	- 24.8%
Display & Media	1,712	34.8%	14.9%	11.4%
Telecom E&H	1,940	39.5%	37.1%	18.1%
Handset	1,392	28.3%	46.8%	35.3%

* Adjusted for raw material buy&sell for PC OEM sales

Profit

- ◆ Operating profit down 2.6% YoY due to sluggish domestic economy and price competition
- ◆ Recurring profit up 90.4% YoY thanks to large equity method gains

(Won bn)

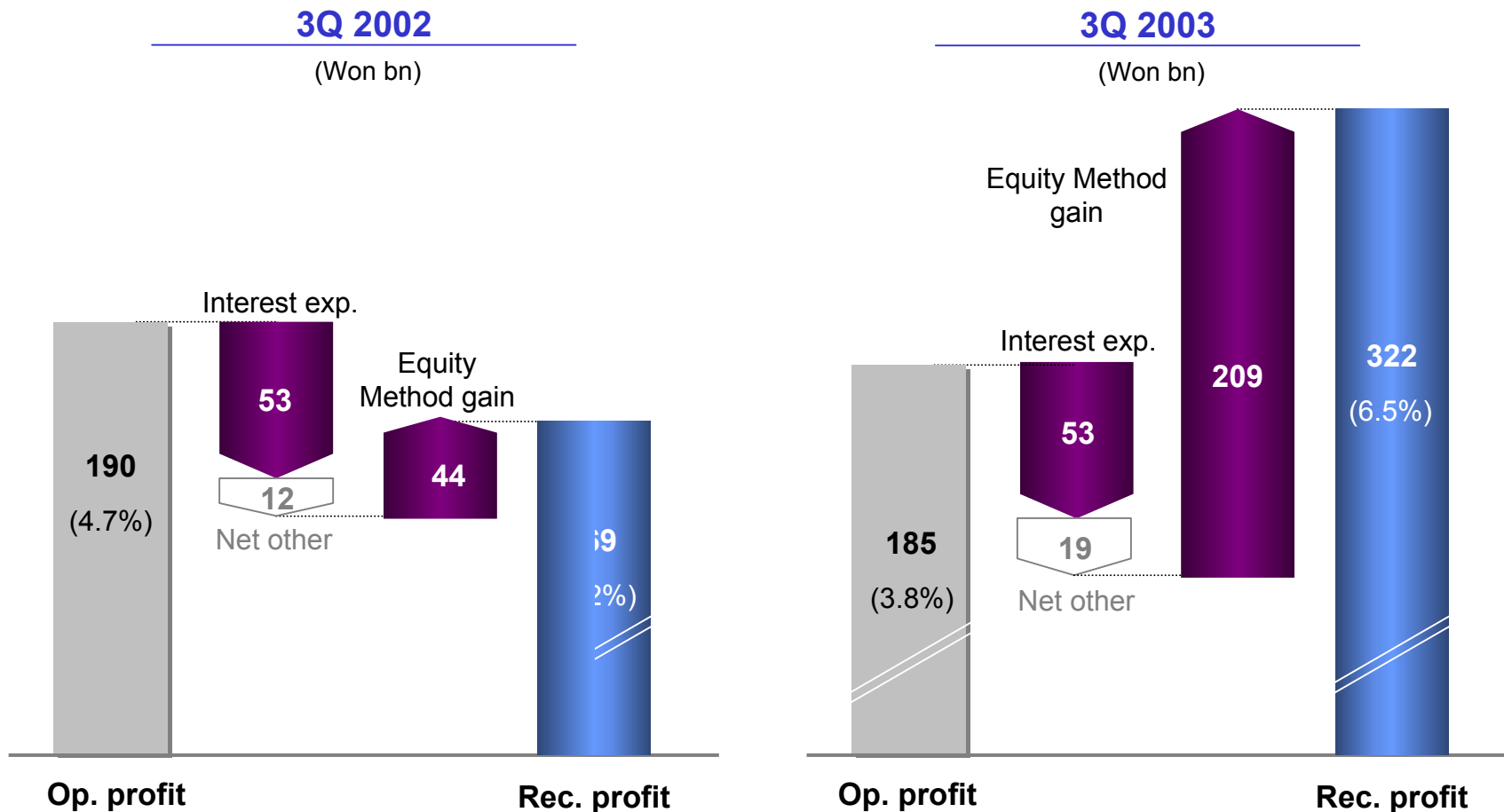
	2003				2002	
	3Q	margin	2Q*	margin**	3Q	margin**
Gross profit	1,121	22.8%	1,170	24.3%	1,006	24.9%
Operating profit	185	3.8%	262	5.4%	190	4.7%
Recurring profit	322	6.5%	375	7.8%	169	4.2%
Net profit	224	4.6%	267	5.5%	116	2.9%

* Change after auditing: equity method gain rose W16.3bn (overseas affiliates)

** Adjusted for raw material buy&sell for PC OEM sales

Non-operating items

◆ Equity method gains reached Won 209 bn in large part due to LG.Philips LCD.



Profit by Division

◆ Operating margin : Display&Media 5.0%, Appliance 4.1%, Telecom 3.4%.

- **Appliance** : Margin down YoY due to sluggish domestic economy and price competition.
- **Display&Media** : Thanks to launching of new products margins expand YoY and QoQ
- **Handset** : Margin recover on back of strong exports and newly introduced models

(Won bn)

	2003				2002	
	3Q	margin	2Q	margin*	3Q	margin*
Appliance	49	4.1%	157	9.8%	80	7.4%
Display & Media	86	5.0%	68	4.4%	56	3.8%
Telecom E&H	66	3.4%	64	3.9%	78	5.5%
Handset	81	5.8%	21	2.1%	100	10.5%

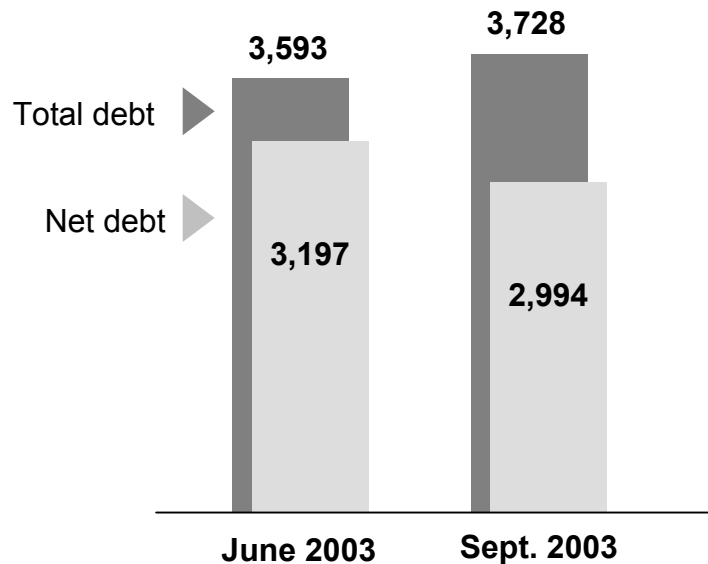
* Adjusted for raw material buy&sell for PC OEM sales

Financial Structure

- ◆ Financial structure improves from 2Q 2003.
- ◆ Net debt fell Won 203bn from 2Q 2003, with net debt-to-equity falling to 84%.

Debt

(W bn)



Liabilities-to-equity	211%	211%
Debt-to-equity	107%	105%
Net debt-to-equity	95%	84%

Balance Sheet

(W bn)

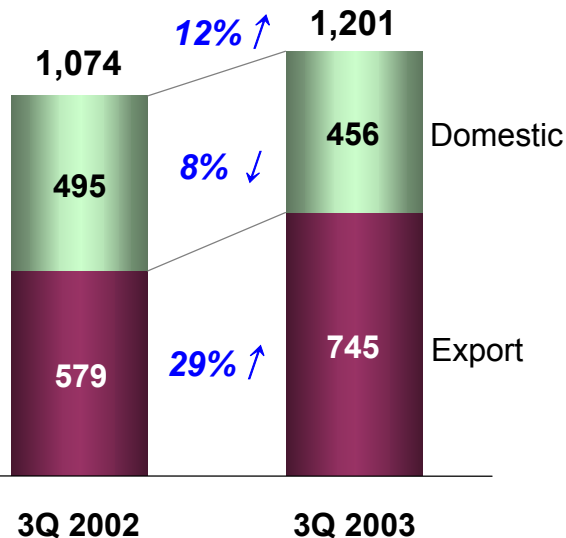
Sept. 2003	
Asset	Liabilities
11,036	7,485
	Equity
	3,551
June 2003	
Asset	Liabilities
10,459	7,098
	Equity
	3,361



Performance and Outlook by sector

Appliance

Sales (Won bn)



3Q Performance

❖ Sales : grew 12% YoY to Won 1.201bn

- While sales declined slightly QoQ due to seasonal factors, sales grew YoY thanks mainly to strong exports of LG branded premium products

- Domestic : declined 8% YoY
 - But premium brand products continue to rise
 - : Washing machine, Commercial A/C, Vacuum cleaner
- Exports : grew 29% YoY
 - LG branded premium products driving export growth
 - : Washing machine, Refrigerator, Vacuum cleaner

4Q Outlook

❖ Concentrate on premium and seasonal appliance products

- Introduce new seasonal and premium products for the domestic market
 - Kimchi refrigerator, Newlywed appliance set

Display & Media

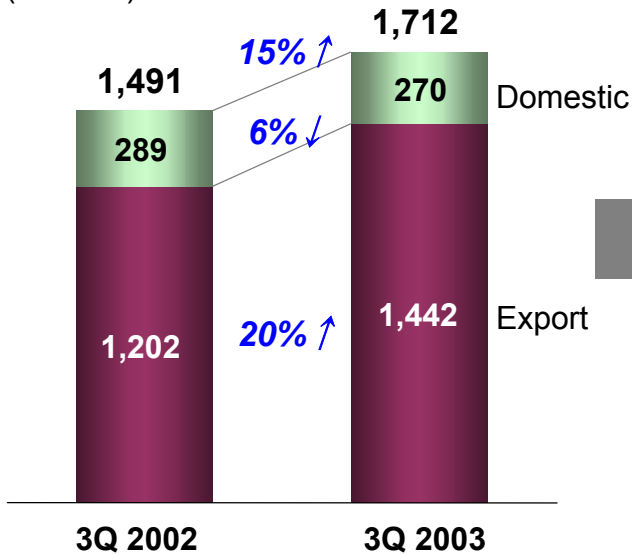
3Q Performance

❖ Sales : grew 15% YoY to Won 1,712bn

- Premium products helped drive sales growth

- PDP : Sales up 151% YoY (Line No.2 currently ramping)
- TV : Expanding Digital TV sales (export 47% YoY, domestic 38% YoY)
- Optical storage : Introduction of DVD-RW pushed up sales 33% YoY
- Monitor : LCD Monitor portion growing

Sales (Won bn)



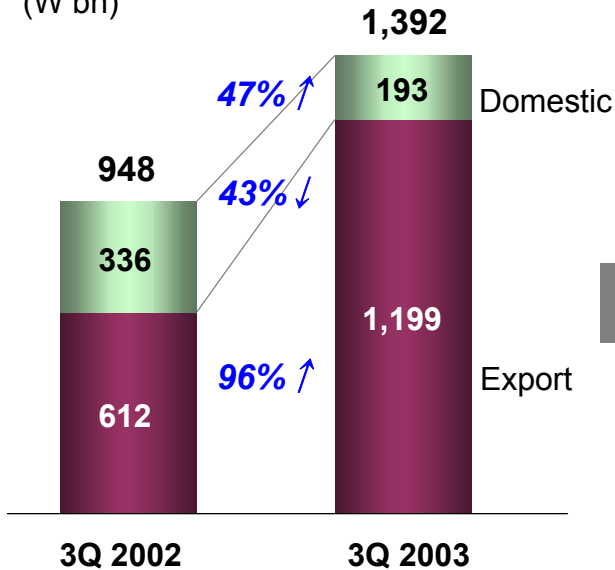
4Q Outlook

❖ Sales expected to grow driven by strong exports of premium products

- PDP : Full ramp of line No.2 by year-end
- Digital TV : Entering seasonally strong period
- Optical storage : DVD-RW market expanding

TE&H (Mobile Handset)

Sales (W bn)



3Q Performance

❖ **Sales : grew 47% YoY to Won 1,392bn**

- Unit shipment reached 7.6mn (+45% QoQ)

❖ **CDMA :**

- Domestic : Recovery with introduction of VOD phone in September

- Exports : Thanks to increased shipments to North America and recovery in India and China markets, exports rose 98% YoY

❖ **GSM :**

Thanks to the introduction of several new models and delivery to new GSM customers in US and Europe, unit exports rose 116% YoY

4Q Outlook

❖ **Domestic :** Despite sluggish economy and lack of subsidies, new VOD handset take up encouraging,

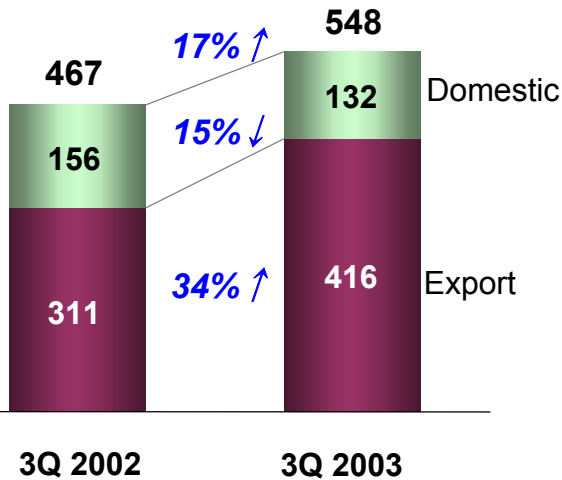
❖ **CDMA :** Expect similar volumes to 3Q thanks to continued shipments to North America

❖ **GSM :** Armed with new models, expanding presence in Europe

❖ **Expect slight sequential volume increase**

TE&H (System, PC)

Sales (W bn)



3Q Performance

❖ System : Sales fell 31% YoY to Won 138bn

- Wireless : Sales and profitability decline as orders are postponed
- Fixed-line: Sales declined YoY due to sluggish investments, however made advances in high-speed infrastructure area

❖ PC : Sales rose 53%* YoY to Won 410bn

- NoteBook led rise (+65% YoY)

* Like for like basis: adjusted for raw material buy&sell for PC OEM sales

4Q Outlook

❖ **System :**

- Wireless : KTF successful launch of W-CDMA Service could translate to equipment orders
- Fixed-line : Focus on high-speed infrastructure and NGN

❖ **PC :**

- Launch LG Branded PC for domestic market
- Introduce new PDA wireless product

LG.Philips LCD



3Q Performance

❖ **Sales : Won 1,669bn Op. profit: Won 376bn**

- Sales up 28% QoQ, operating profit up 233% QoQ
- Solid earnings growth thanks to increased shipments and favorable prices
 - : Strong monitor and notebook demand led to a 17% QoQ* growth in volume shipments (Monthly shipments exceed 2 million).
- Continue to maintain No.1 market share in four consecutive quarters**

❖ **Fortify position in Large-sized LCD market**

- Expand production of larger than 15" notebook and 17" monitor panels
 - : 3Q03 production exceeded 1.2mn panels of each
- No.1 market share in TV panels with 28.1%**

4Q Outlook

❖ **Expect some of large monitor panel prices to remain stable or even rise and demand for large TV/monitor panels to increase**

❖ **Continue Market Leadership**

- Remain the leader in the high-end segment (18.1" monitor, 15" notebook)
- Expand market leadership in TV panel market

* Based on over 10.4 inch

** Source: DisplaySearch 3Q 03(E)

LG.Philips Displays



3Q Performance

❖ Sales : US\$976mn Op. profit : US\$40mn*

- Sales up 9% QoQ, operating profit turn to black
- CPT sales grew in China and North America, CDT sales helped by seasonal demand and rebound from SARS in 2Q.

4Q Outlook

- ❖ **Expect seasonally strong 4Q sales**
 - Driven by Europe and North America CPT demand
- ❖ **Rapid diffusion of LCD monitors is expected to continue**
- ❖ **May need to expedite restructuring in order to obtain cost leadership in the industry**

* Excluding restructuring charges



Full Year Outlook

Full Year expectations

- ◆ 2003 sales expected to reach Won 19.6tn~ Won 19.8tn on back of strong handset sales.

4Q 2003 expectations

- Sales growth YoY
 - Slow domestic sales offset by strong exports
- Expand sales of key products
 - Handset, Optical storage, PDP etc.
- Sales : Won 4.9tn ~ Won 5.1tn
 - 17% ~ 22% YoY growth*



Full year sales expectation

- Sales : Won 19.6tn ~ Won 19.8tn
 - 15% ~ 16% YoY growth*

* Like for like comparison



APPENDIX

➤ Sales & Profits

(in W billion)

			2002				
			1Q	2Q	3Q	4Q	Total
Appliance	Sales	Domestic	660.8	845.9	683.1	743.5	2,933.3
		Export	1,024.9	871.8	578.6	634.0	3,109.3
		Total	1,685.7	1,717.7	1,261.7	1,377.5	6,042.6
	Operating Profit		218.4	228.2	79.8	77.1	603.5
Display & Media	Sales	Domestic	352.1	365.4	293.7	286.5	1,297.7
		Export	1,246.9	1,232.8	1,201.6	1,300.8	4,982.1
		Total	1,599.0	1,598.2	1,495.3	1,587.3	6,279.8
	Operating Profit		113.5	137.5	55.9	-31.6	275.3
Telecom E & H	Sales	Domestic	540.2	529.9	593.7	606.1	2,269.9
		Export	818.8	994.1	990.1	1,018.0	3,821.0
		Total	1,359.0	1,524.0	1,583.8	1,624.1	6,090.9
	Operating Profit		63.4	72.8	77.9	37.1	251.2
Handset	Sales	Domestic	302.2	208.3	337.8	321.6	1,169.9
		Export	480.9	598.4	611.6	663.2	2,354.1
		Total	783.1	806.7	949.4	984.8	3,524.0
	Operating Profit		99.2	81.2	99.9	62.4	342.7

(in W billion)

2003			
1Q	2Q	3Q	Total
479.3	584.0	456.0	1,519.3
1,168.5	1,013.2	745.3	2,927.0
1,647.8	1,597.2	1,201.3	4,446.3
223.1	157.3	49.3	429.7
314.3	268.4	270.3	853.0
1,395.4	1,267.9	1,441.6	4,104.9
1,709.7	1,536.3	1,711.9	4,957.9
153.4	67.6	85.6	306.6
396.9	376.7	325.7	1,099.3
1,369.5	1,120.9	1,613.9	4,104.3
1,766.4	1,497.6	1,939.6	5,203.6
62.0	64.3	66.4	192.7
216.9	181.4	193.3	591.6
886.3	847.5	1,198.5	2,932.3
1,103.2	1,028.9	1,391.8	3,523.9
63.4	21.1	80.8	165.3

Company	Sales	Domestic	1,600.4	1,787.9	1,624.1	1,642.5	6,654.9
		Export	3,097.4	3,106.3	2,777.8	2,966.5	11,948.0
Total		4,697.8	4,894.2	4,401.9	4,609.0	18,602.9	
Gross Profit		1,175.3	1,243.0	1,006.2	924.8	4,349.3	
Operating Profit		366.9	429.4	190.1	42.2	1,028.6	
Recurring Profit		276.1	489.7	169.0	-259.6	675.2	
Net Profit		219.8	340.7	116.1	-179.1	497.5	

1,229.0	1,270.5	1,108.3	3,607.8
3,941.5	3,402.4	3,807.8	11,151.7
5,170.5	4,672.9	4,916.1	14,759.5
1,262.9	1,169.8	1,120.6	3,553.3
417.2	262.2	185.1	864.5
197.9	374.7	321.7	894.3
188.9	267.3	223.8	680.0

➤ Profit Margin

		2002				
		1Q	2Q	3Q	4Q	Total
Operating Profit by Division	Appliance	13.0%	13.3%	6.3%	5.6%	10.0%
	Dis. & Media	7.1%	8.6%	3.7%	-2.0%	4.4%
	Telecom	4.7%	4.8%	4.9%	2.3%	4.1%
	Handset	12.7%	10.1%	10.5%	6.3%	9.7%
Company	GP Margin	25.0%	25.4%	22.9%	20.1%	23.4%
	OP Margin	7.8%	8.8%	4.3%	0.9%	5.5%
	RP Margin	5.9%	10.0%	3.8%	-5.6%	3.6%
	NP Margin	4.7%	7.0%	2.6%	-3.9%	2.7%

2003			
1Q	2Q	3Q	Total
13.5%	9.8%	4.1%	9.7%
9.0%	4.4%	5.0%	6.2%
3.5%	4.3%	3.4%	3.7%
5.7%	2.1%	5.8%	4.7%
24.4%	25.0%	22.8%	24.1%
8.1%	5.6%	3.8%	5.9%
3.8%	8.0%	6.5%	6.1%
3.7%	5.7%	4.6%	4.6%

② After adjustment for accounting change

➤ Sales & Profits

			(in W billion)					(in W billion)			
			2002					2003			
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Appliance	Sales	Domestic	458.9	620.2	495.5	509.3	2,083.9	479.3	584.0	456.0	1,519.3
		Export	1,024.9	871.8	578.6	634.0	3,109.3	1,168.5	1,013.2	745.3	2,927.0
		Total	1,483.8	1,492.0	1,074.1	1,143.3	5,193.2	1,647.8	1,597.2	1,201.3	4,446.3
	Operating Profit		218.4	228.2	79.8	77.1	603.5	223.1	157.3	49.3	429.7
Display & Media	Sales	Domestic	346.1	359.7	288.6	281.3	1,275.7	314.3	268.4	270.3	853.0
		Export	1,246.9	1,232.8	1,201.6	1,300.8	4,982.1	1,395.4	1,267.9	1,441.6	4,104.9
		Total	1,593.0	1,592.5	1,490.2	1,582.1	6,257.8	1,709.7	1,536.3	1,711.9	4,957.9
	Operating Profit		113.5	137.5	55.9	-31.6	275.3	153.4	67.6	85.6	306.6
Telecom E&H	Sales	Domestic	462.1	428.4	492.5	561.8	1,944.8	396.9	376.7	325.7	1,099.3
		Export	767.5	948.5	922.2	871.3	3,509.5	1,225.4	1,265.0	1,613.9	4,104.3
		Total	1,229.6	1,376.9	1,414.7	1,433.1	5,454.3	1,622.3	1,641.7	1,939.6	5,203.6
	Operating Profit		63.4	72.8	77.9	37.1	251.2	62.0	64.3	66.4	192.7
Handset	Sales	Domestic	299.7	206.7	336.3	319.8	1,162.5	216.9	181.4	193.3	591.6
		Export	480.9	598.4	611.6	663.2	2,354.1	886.3	847.5	1,198.5	2,932.3
		Total	780.6	805.1	947.9	983.0	3,516.6	1,103.2	1,028.9	1,391.8	3,523.9
	Operating Profit		99.2	81.2	99.9	62.4	342.7	63.4	21.1	80.8	165.3
Company	Sales	Domestic	1,314.4	1,455.0	1,330.1	1,358.8	5,458.3	1,229.0	1,270.5	1,108.3	3,607.8
		Export	3,046.1	3,060.7	2,709.9	2,819.8	11,636.5	3,797.4	3,546.5	3,807.8	11,151.7
		Total	4,360.5	4,515.7	4,040.0	4,178.6	17,094.8	5,026.4	4,817.0	4,916.1	14,759.5
	Gross Profit		1,175.3	1,243.0	1,006.2	924.8	4,349.3	1,262.9	1,169.8	1,120.6	3,553.3
	Operating Profit		366.9	429.4	190.1	42.2	1,028.6	417.2	262.2	185.1	864.5
	Recurring Profit		276.1	489.7	169.0	-259.6	675.2	197.9	374.7	321.7	894.3
	Net Profit		219.8	340.7	116.1	-179.1	497.5	188.9	267.3	223.8	680.0

➤ Profit Margin

			2002					2003			
			1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Operating Profit by Division	Appliance		14.7%	15.3%	7.4%	6.7%	11.6%	13.5%	9.8%	4.1%	9.7%
	Dis.&Media		7.1%	8.6%	3.8%	-2.0%	4.4%	9.0%	4.4%	5.0%	6.2%
	Telecom		5.2%	5.3%	5.5%	2.6%	4.6%	3.8%	3.9%	3.4%	3.7%
	Handset		12.7%	10.1%	10.5%	6.3%	9.7%	5.7%	2.1%	5.8%	4.7%
Company	GP Margin		27.0%	27.5%	24.9%	22.1%	25.4%	25.1%	24.3%	22.8%	24.1%
	OP Margin		8.4%	9.5%	4.7%	1.0%	6.0%	8.3%	5.4%	3.8%	5.9%
	RP Margin		6.3%	10.8%	4.2%	-6.2%	3.9%	3.9%	7.8%	6.5%	6.1%
	NP Margin		5.0%	7.5%	2.9%	-4.3%	2.9%	3.8%	5.5%	4.6%	4.6%

- Year 2002: All sales of raw material (outsourcing related) and raw material buy & sell (PC OEM) are excluded.

- Year 2003: Adjusted for raw material buy&sell for PC OEM sales (Won 144bn) in 1Q and 2Q.

BS/PL by Quarter

◆ Income Statement

(in W billion)

	2002										2003					
	1Q		2Q		3Q		4Q		Total		1Q		2Q		3Q	
Sales	4,697.8	100%	4,894.2	100%	4,401.9	100%	4,609.0	100%	18,602.9	100%	5,170.5	100%	4,672.9	100%	4,916.1	100%
COGS	3,522.6	75.0%	3,651.2	74.6%	3,395.7	77.1%	3,684.2	79.9%	14,253.6	76.6%	3,907.6	75.6%	3,503.0	75.0%	3,795.5	77.2%
Gross Profit	1,175.3	25.0%	1,243.0	25.4%	1,006.2	22.9%	924.8	20.1%	4,349.3	23.4%	1,262.9	24.4%	1,169.8	25.0%	1,120.6	22.8%
SG&A	808.4	17.2%	813.6	16.6%	816.1	18.5%	882.6	19.1%	3,320.7	17.9%	845.7	16.4%	907.6	19.4%	935.5	19.0%
Operating Profit	366.9	7.8%	429.4	8.8%	190.1	4.3%	42.2	0.9%	1,028.6	5.5%	417.2	8.1%	262.2	5.6%	185.1	3.8%
Non OP	-90.8	5.3%	60.3	6.5%	-21.1	3.4%	-301.8	0.1%	-353.4	3.9%	-219.3	-4.2%	112.5	2.4%	136.6	2.8%
Recurring Profit	276.1	5.9%	489.7	10.0%	169.0	3.8%	-259.6	-5.6%	675.2	3.6%	197.9	3.8%	374.7	8.0%	321.7	6.5%
Tax	56.3	1.2%	149.0	3.0%	52.9	1.2%	-80.5	-1.7%	177.7	1.0%	9.0	0.2%	107.4	2.3%	97.8	2.0%
Net Profit	219.8	4.7%	340.7	7.0%	116.1	2.6%	-179.1	-3.9%	497.6	2.7%	188.9	3.7%	267.3	5.7%	223.8	4.6%

◆ Balance Sheet

(in W billion)

	2002				2003		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Asset	11,982.5	9,733.7	9,959.5	10,132.6	11,091.0	10,458.9	11,035.8
Current Asset	3,341.9	2,648.0	2,757.1	2,962.6	3,885.3	3,038.9	3,487.6
Fixed Asset	8,640.6	7,085.7	7,202.4	7,170.0	7,205.7	7,420.0	7,548.2
Investment	4,767.2	3,311.7	3,395.2	3,304.1	3,386.4	3,544.4	3,654.4
PP&E	2,842.1	2,774.5	2,843.2	2,893.4	2,898.0	2,959.0	3,026.1
Intangible	1,031.3	999.5	964.0	972.5	921.3	916.6	867.7
Liabilities	7,514.8	6,710.0	6,743.6	7,127.5	8,025.6	7,098.2	7,485.3
Current Liabilities	4,932.1	4,392.7	4,320.3	4,736.6	5,675.3	4,652.4	4,696.8
Fixed Liabilities	2,582.7	2,317.3	2,423.3	2,390.9	2,350.3	2,445.8	2,788.5
Capital	4,467.7	3,023.7	3,215.9	3,005.1	3,065.4	3,360.7	3,550.5
Capital	1,031.1	784.0	784.0	784.0	784.0	784.0	784.0
Capital Surplus	2,357.4	1,876.1	1,876.1	1,876.1	1,876.1	1,876.1	1,892.0
Retained Earning	1,748.8	340.7	456.8	277.7	303.0	570.3	794.2
Capital Adjustment	(669.6)	22.9	99.0	67.3	102.3	130.3	80.3

Thank you



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