

LG Electronics-Company Profile

Contents

- 1 Key Information
- 2 Overview
 - ◆ 2.1 Vision
 - ◆ 2.2 Years in Business
 - ◆ 2.3 Industry Type
 - ◆ 2.4 Stock Exchanges listed in with their codes
 - ◆ 2.5 Contact
 - ◆ 2.6 Major Subsidiaries
- 3 Company Financials
 - ◆ 3.1 Revenue Trends - 2006 to 2010
 - ◆ 3.2 Profit Trends - 2006 to 2010
 - ◆ 3.3 Geographical Analysis
 - ◆ 3.4 Shareholding Pattern
- 4 Major Segments of LG Electronics
- 5 Stock Performance of LG Electronics in 2010
 - ◆ 5.1 Stock Price:
 - ◆ 5.2 Dividend Information:
- 6 SWOT Analysis of LG Electronics
- 7 Porter's 5 Forces analysis- Display Industry
- 8 Analysis of display business
 - ◆ 8.1 LCD display market in 2010
 - ◆ 8.2 Large Area TFT market

Key Information

LG Electronics Ltd.(LGE)	
Revenues	2010: \$48.27B
	2009: \$43.52B
	2008: \$44.84B
Revenue CAGR (2008 - 2010)	3.8%
Net profit (2010)	\$1.14B
Net profit CAGR (2008 - 2010)	67.2%
R&D expenses (Percentage of Revenue)	2010:\$1397.35M (2.37%)
	2009:\$1182.33M (2.29%)
	2008: \$424.07M (0.82%)
Number of employees	82,772
Year Established	1958
Headquarters	Seoul, South Korea
Key People	Koo Bon-joon (CEO)
Principal areas of business	Consumer Products Manufacturers: Consumer Electronics, Audio Equipment, Video Equipment, Appliances, Telecommunications Equipment
Segmental breakdown based on turnover (2010)	Home Entertainment 20.48% Mobile Communications 12.84% Home App 9.90% Air Conditioning 4.47% Business Solution 4.48%
Geographical breakdown based on turnover(2010)	Europe (17%) North America (22%) South America (13%) Korea (15%) P R China (8%) Asia (20%) ROW (5%)
Main Subsidiaries (2010)	LG Display (37.9%) LG Innotek (50.60%)
Recent Acquisition Summary	- Acquired Air-conditioning Division of LS Mtron for KRW 150 billion on 10th March 2011 - Acquired Rental Business of Healthcare Rental Co. Ltd.
Recent License Deals Summary	- Rovi and LG Electronics signed a licensing deal on 22nd June 2011 to further integrate DivX Technology in LGs consumer electronics products

Overview

Vision

LG Electronics continues to pursue its 21st century vision of becoming a worldwide leader in digital?ensuring customer satisfaction through innovative products and superior service while aiming to rank among the world?s top three electronics, information, and telecommunications firms by 2010.

Years in Business

53 Years

Industry Type

Consumer Products Manufacturers

? Consumer Electronics

? Audio Equipment

? Video Equipment

? Appliances

? Telecommunications Equipment

Stock Exchanges listed in with their codes

Primary Symbol & Exchange:066570 - Ordinary Shares ? Korea

Other Symbol & Exchange: LGLD - GDR - London

Contact

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URL: <http://www.lg.co.kr>; <http://www.lge.co.kr>

Major Subsidiaries

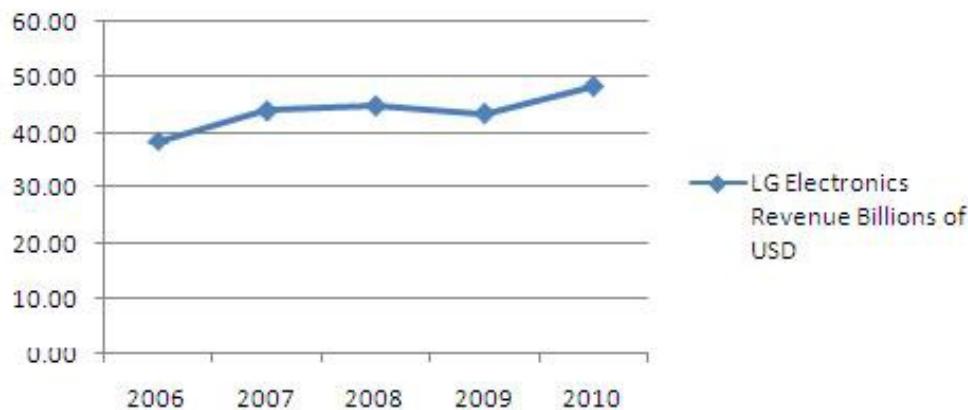
Sr. No	SUBSIDIARIES AND AFFILIATED COMPANIES	Stake
1	LG Display	38%
2	LG INNOTEK	48%
3	Hi Plaza	100%
4	Hi Business Logistics	100%
5	LG Ericsson	50%
6	Hi M Solutek	100%
7	Hi Tele Service	100%
8	LG Public Small Business Cooperation Fund	50%
9	Innovation Investment Fund	83%
10	K-TV Tech Investment Fund	100%

[List of all subsidiaries \(77\)](#)

Company Financials

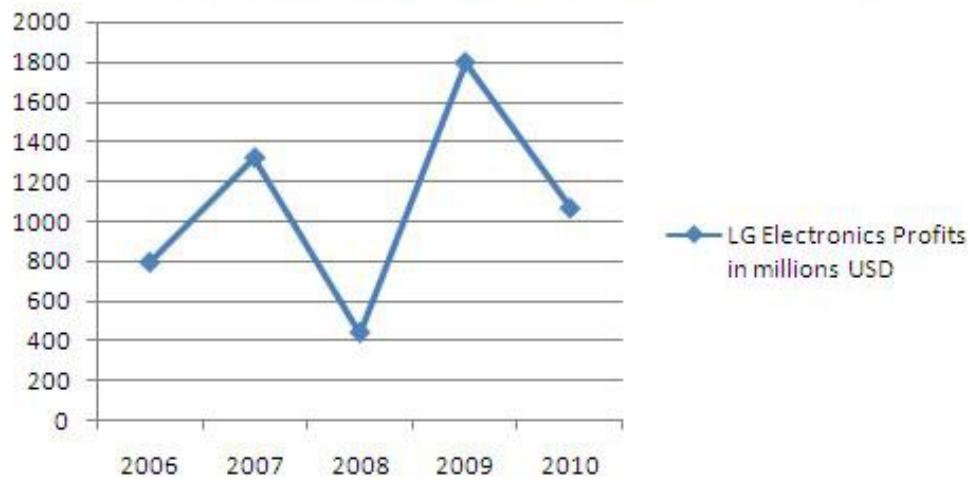
Revenue Trends - 2006 to 2010

LG Electronics Revenue in Billions of USD



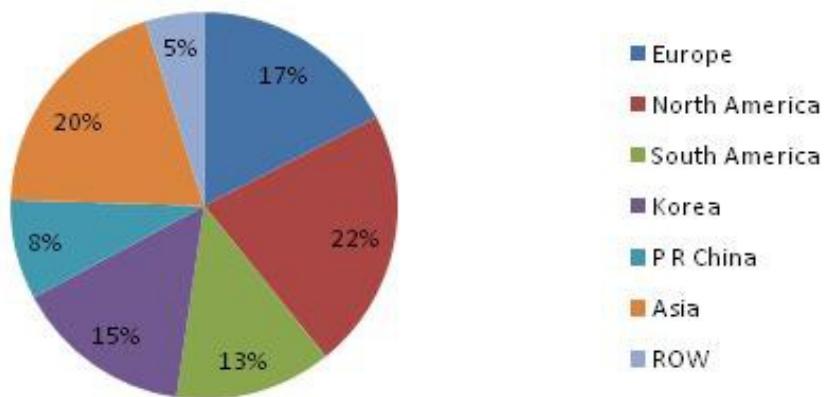
Profit Trends - 2006 to 2010

LG Electronics Profits in millions USD



Geographical Analysis

Geographical Share of Revenue of LG Electronics (Based on 2010 Sales)

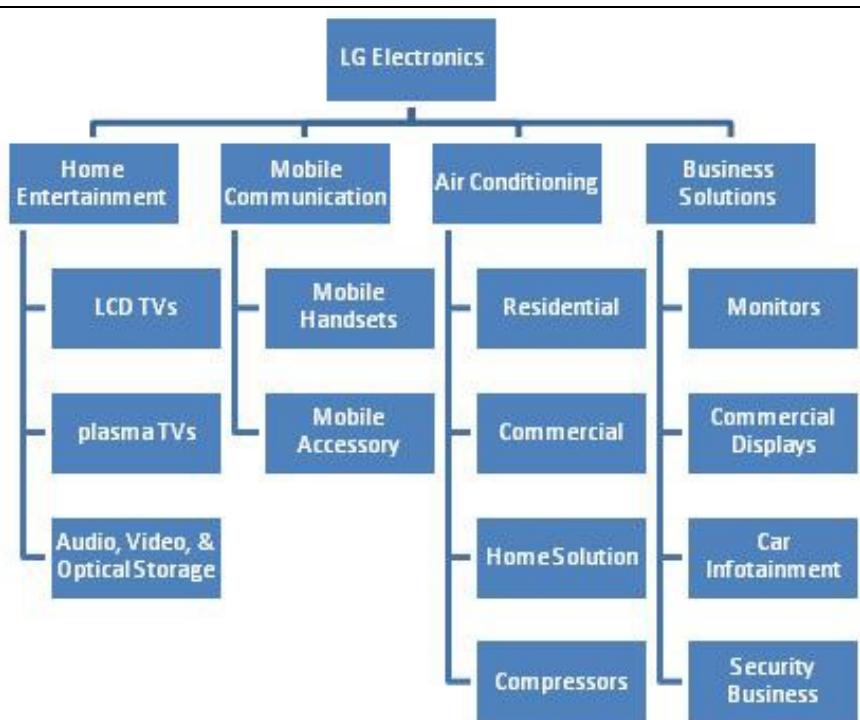


Shareholding Pattern

Major Shareholders	Stake
LG Corp.	34.80%
National Pension Service	5.04%

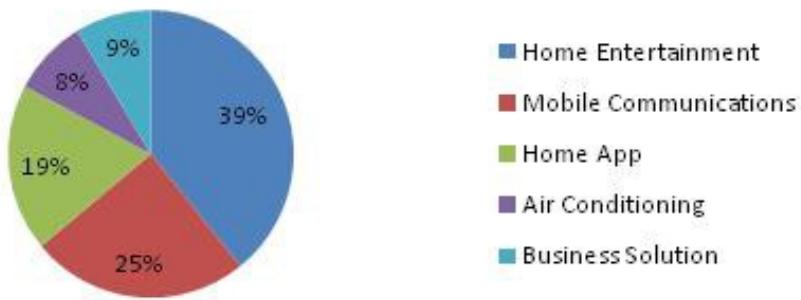
Major Segments of LG Electronics

Typical Products of LG Electronics can be classified in following categories



Revenue Breakdown among Various Categories based on 2010 Sales

Share of Various Segments in LG Electronics Revenue based on 2010 Sales



Stock Performance of LG Electronics in 2010

Stock Price:

? Share Price (20-May-10): 101,000

? 52-Week High (02-Sep-09): 148,500

? 52-Week Low (20-May-10): 101,000

? Currency: KRW

Dividend Information:

? Dividend: 1,750 KRW

? Pay Date: April 16, 2010

? Ex-Dividend Date: December 29, 2009

SWOT Analysis of LG Electronics

Strength

- Market leader in Home Appliances segment
- Manufacturing units in areas with tax-incentives
- Wide range of product categories to cater to low, middle and high income groups
- Widest distribution network in the industry (10,000 trade partners)

Opportunities

- Strategic Alliances
- Home Appliances market is growing very fast.
- Opportunities to launch new products

SWOT

Weaknesses

- Export oriented company. Exposure to exchange risk
- Heavy reliance on short term debts

Threats

- Price wars with its closest competitors
- Competition from Indian and Chinese companies along with new entrants
- Exposure to cyclicity and volatility of industry through LG Display Subsidiary

Porter's 5 Forces analysis- Display Industry

Threat of new entrants: Low

- Large Capital Requirements
- High economies of scale
- Existing Patents

Bargaining power of buyer: High

- Bulk Purchases
- Price sensitivity
- Likely backward integration

Threat of Competitors: High

- Continuous innovation
- Buyer switching cost is low
- High chances of vertical integration to optimize cost

Bargaining power of supplier: Low

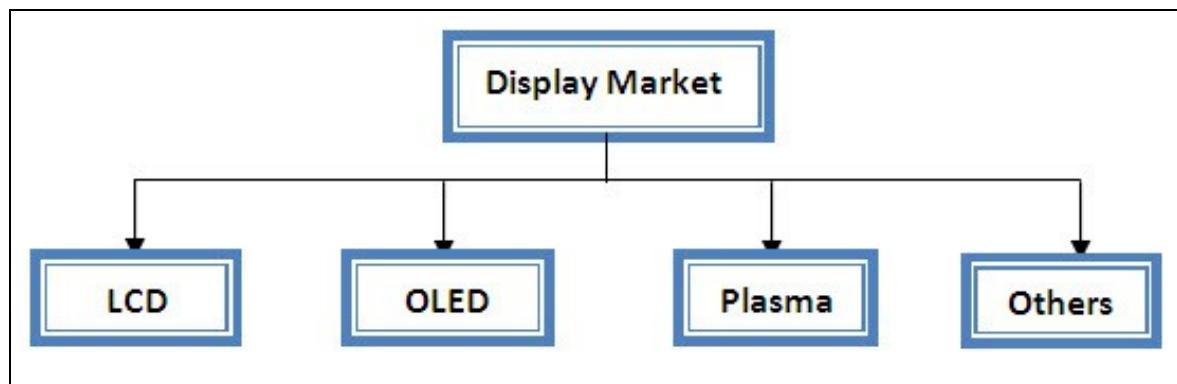
- Low product differentiation
- Switching cost is low
- Supplier concentration to firm concentration is high

Threat of Substitutes: High

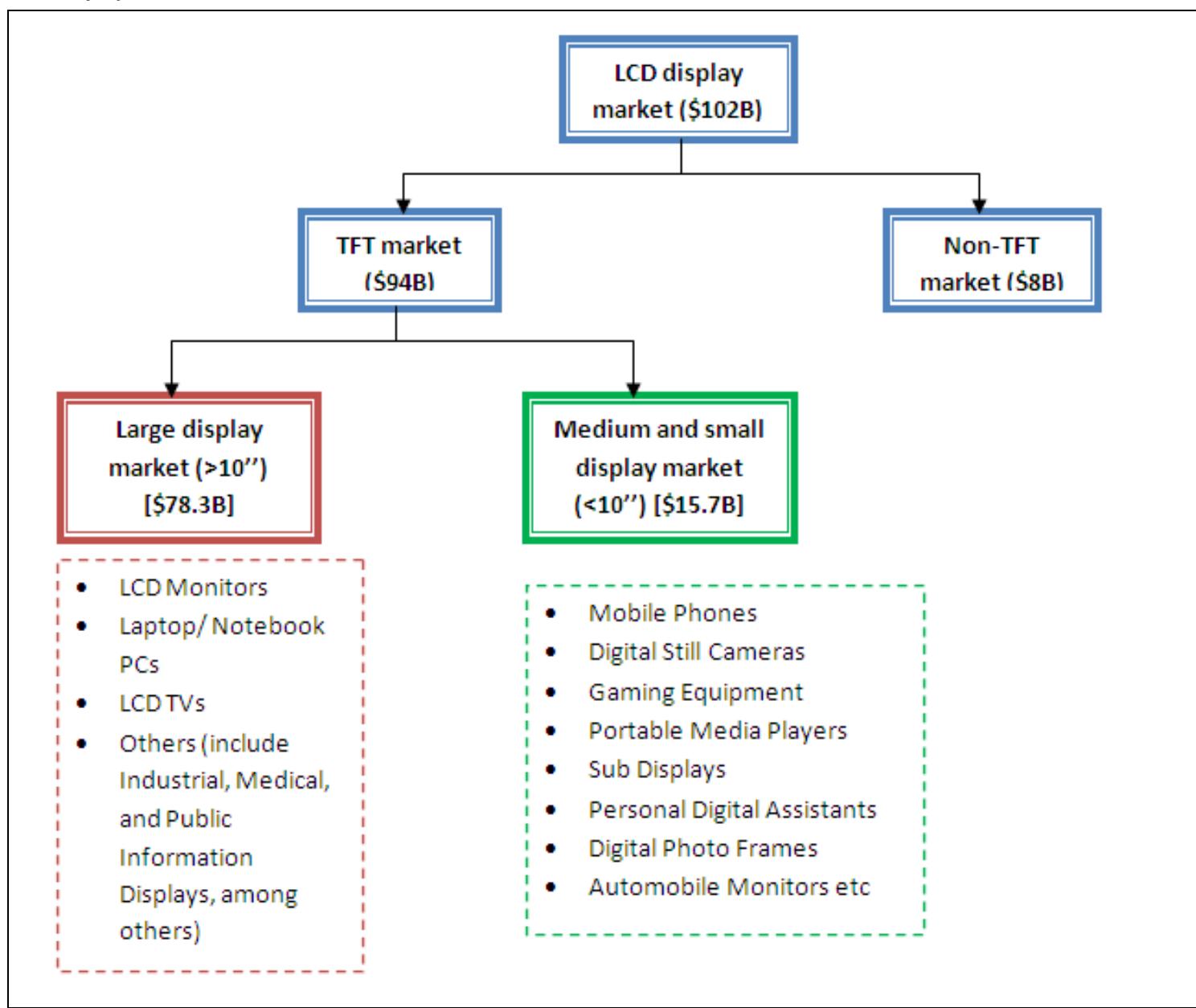
- Possibility of a Technology Substitute
- Relative price performance is high

Analysis of display business

LG Display accounted for approximately 30% of LGE's revenues in 2010. Display business is capital-intensive, competitive and cyclical.

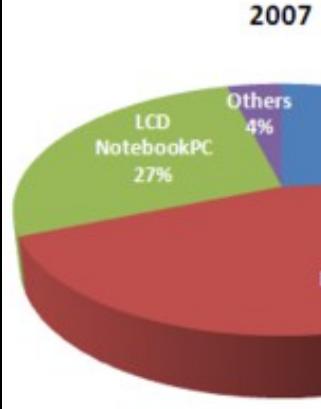
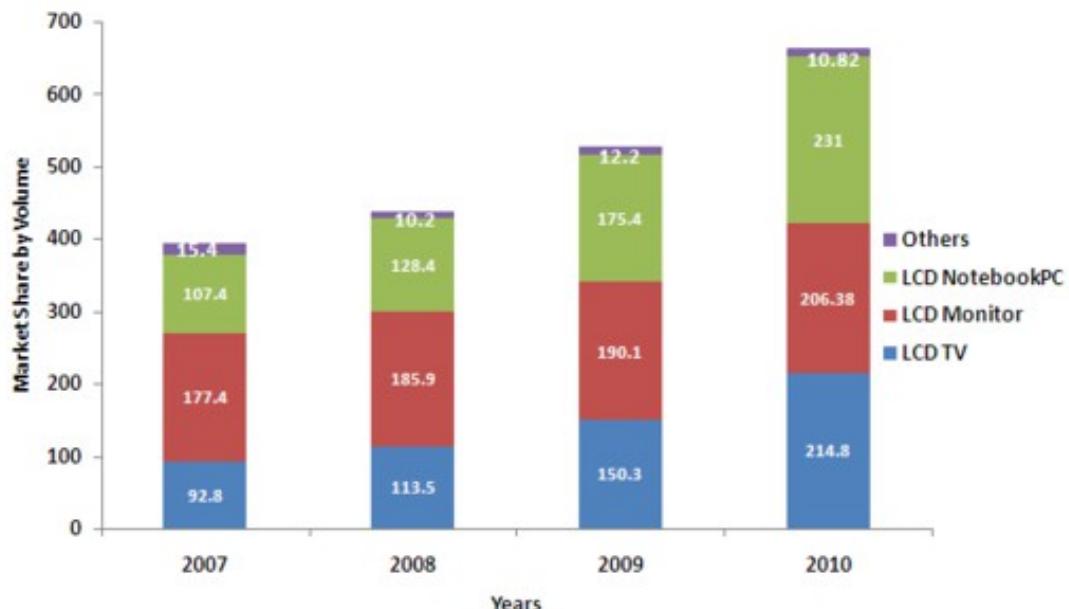


LCD display market in 2010



Large Area TFT market

Large Area TFT LCD Shipments(MPcs.)



Sources: Displaybank, Displaysearch

Sources: [Displaybank](#), [Displaysearch](#)
Year on year there was an increase in shipments for all the products of large area TFT LCD. In total the revenue grew by 25% in 2010 up from 20% in 2009. After recession and a laggard growth of 11.5% in 2008, the market has picked up and the revenue is growing.

- Market revenue overall is growing, but the most promising product and market that uses this technology is Television. With a growth of 42.9% in 2010 up from 32.4% in 2009, the market looks profitable.
- Notebook PC market also looks profitable, with a growth rate of 31.7%, but a decline from the previous year from 36.6%. The OLED technology is eating up the market share of the TFT LCD market share in this market.