# LG Electronics-Company Profile

## Contents

- 1 Key Information
- 2 Overview

  - view
    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 paper Einancials
- 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 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	2010:\$1397.35M (2.37%)			
Revenue)	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	<ul> <li>Rovi and LG Electronics signed a licensing deal on 22nd June 2011 to further integrate DivX Technology in LGs consumer electronics products</li> </ul>			

## Overview

#### Vision

LG Electronics continues to pursue its 21<sup>st</sup> 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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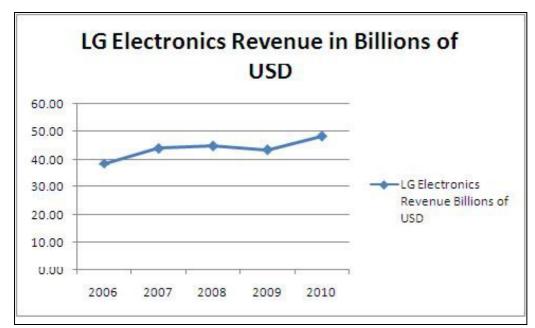
URL: http://www.lg.co.kr; http://www.lge.co.kr

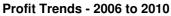
#### **Major Subsidiaries**

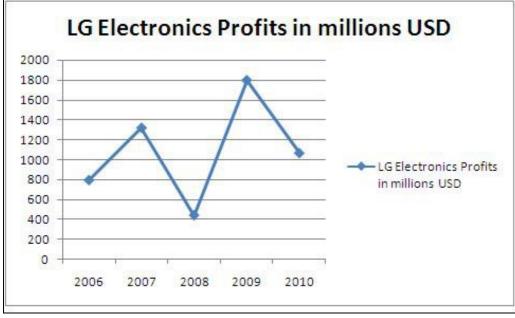
Sr. No	SUBSIDIARIES AND AFFILIATED COMPANIES	Stake
1	LG Display	38%
2	LG INNOTEK	48%
3	Hi Plaza	100%
4	Hi Business Logitics	100%
5	LG Ericsson	50%
6	Hi M Solutek	100%
7	Hi Tele Service	100%
8	LG Public Small Business Cooperation Fund	50%
9	Innovation Investment Fund	83%
10	K-TV Tech Investment Fund	100%

## List of all subsidiaries (77)

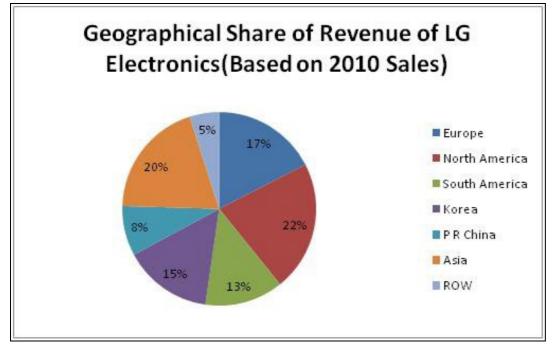
Company Financials Revenue Trends - 2006 to 2010







**Geographical Analysis** 

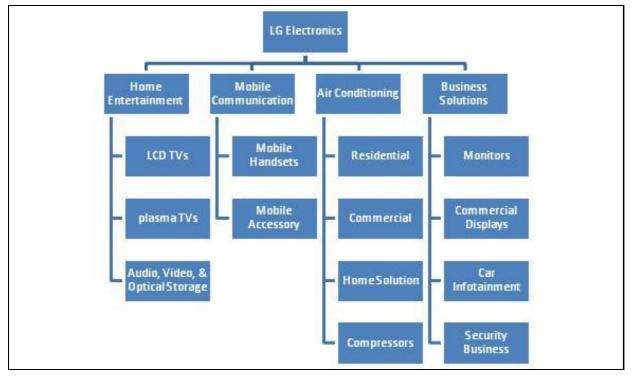


## **Shareholding Pattern**

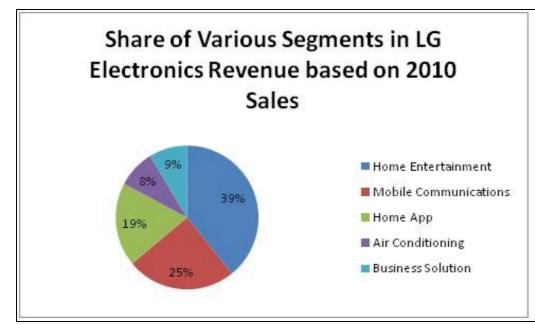
Major Shareholders	Stake
LG Corp.	34.80%
National Pension Service	5.04%

## **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



## 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

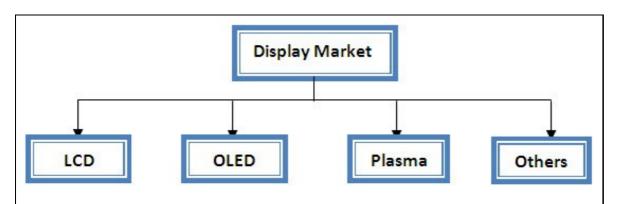
Exposure to cyclicality and volatility of industry through LG Display Subsidiary

## Porter's 5 Forces analysis- Display Industry

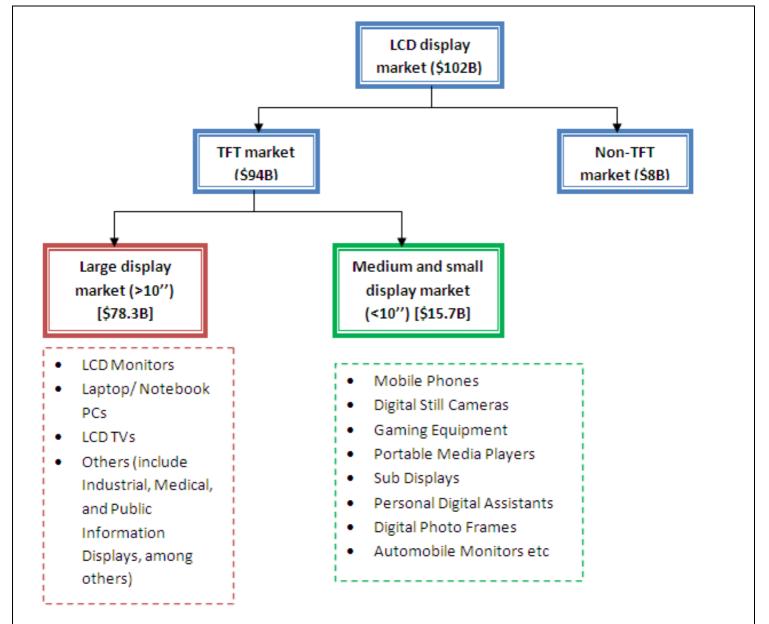
Threat of new entrants: L • Large Capital Requireme • High economies of scale • Existing Patents		•Bulk •Price	Bargaining power of buyer: High • Bulk Purchases • Price sensitivity • Likely backward integration			
•Co •Bu •Hig	Threat of Competitors: High <ul> <li>Continuous innovation</li> <li>Buyer switching cost is low</li> <li>High chances of vertical</li> <li>integration to optimize cost</li> </ul>					
Bargaining power of supp • Low product differentiation • Switching cost is low • Supplier concentration to concentration is high	n	•Poss Subst	t of Substitutes: High ibility of a Technology itute tive price performance is			

## Analysis of display business

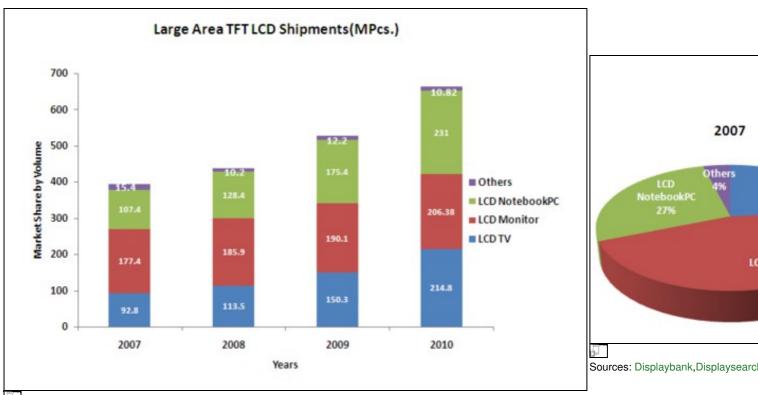
LG Display accounted for approximately 30% of LGE's revenues in 2010. Display business is capital-intensive, competitive and cyclical.



LCD display market in 2010



Large Area TFT market



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.