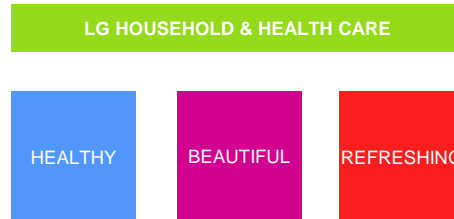


# LG Household & Health Care

Results for 2Q 2011



July 25, 2011

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➤ Starting from 2010, LG H&H earnings releases are under **K-IFRS**.

➤ Audit of these results is still in progress. Figures in this disclosure are subject to change during the auditing process.

# 2Q & 1H 2011 Sales and Operating Profit

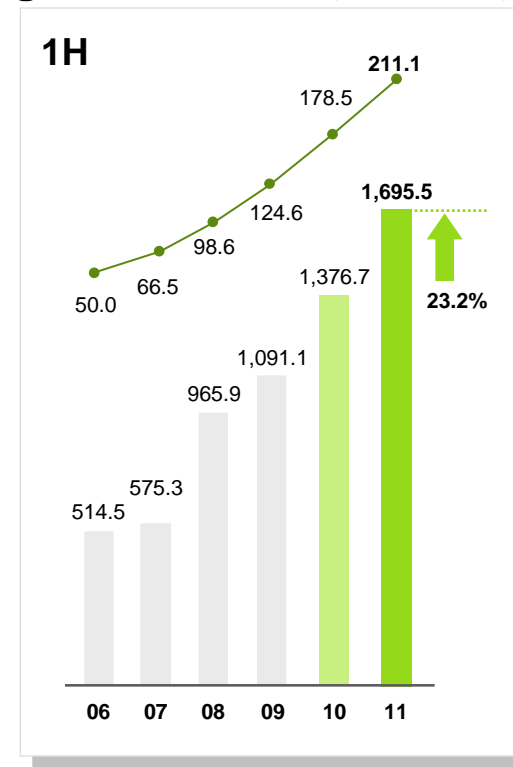
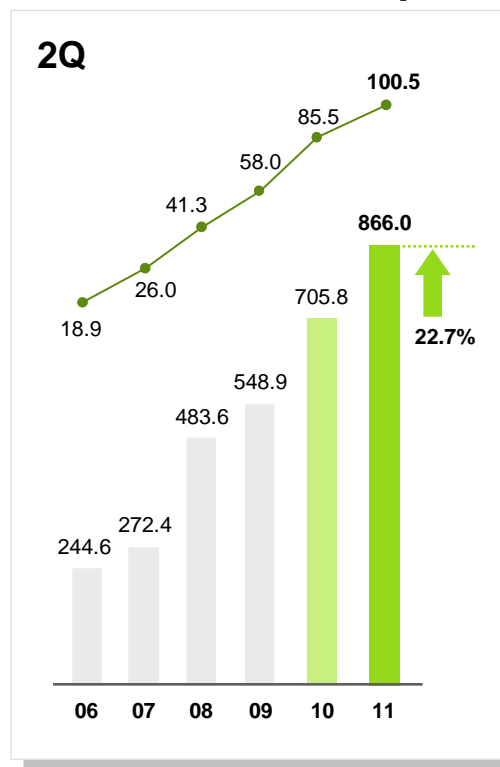
Total company in 2Q 2011 delivered 866.0 bn won in sales (22.7% growth yoy), and 100.5 bn won in operating profit (17.6% growth yoy). Both sales and operating profit reached all-time highs for 2Q results.

Sales has increased for twenty-four consecutive quarters since 3Q 2005, and operating profit has increased for twenty-six consecutive quarters since 1Q 2005.

## 2Q & 1H 2011 Results (K-IFRS)

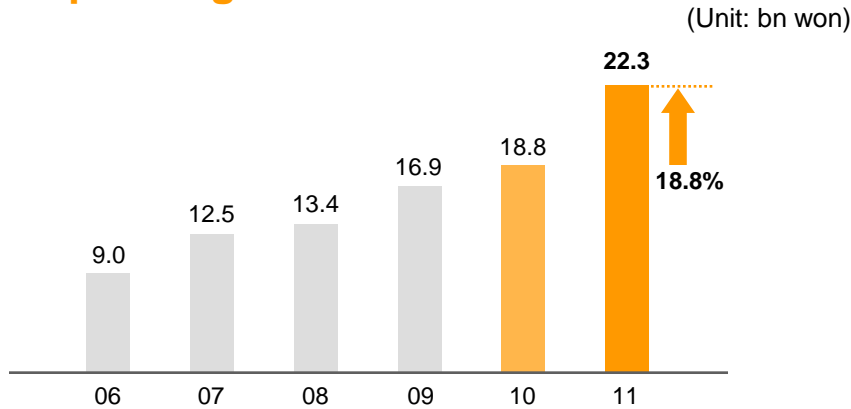
(Unit: bn won)	2Q			1H		
	2010	2011	Increase	2010	2011	Increase
Sales	705.8	866.0	22.7%	1,376.7	1,695.5	23.2%
Operating Profit	85.5	100.5	17.6%	178.5	211.1	18.3%
Recurring Profit	77.9	92.9	19.2%	164.3	196.9	19.8%
Net Profit	58.6	68.4	16.7%	122.6	146.6	19.6%

## 6-Year Sales and Operating Profit Trend (Unit: bn won)



## 2Q 2011 Results by Business - Healthy

### Operating Profit



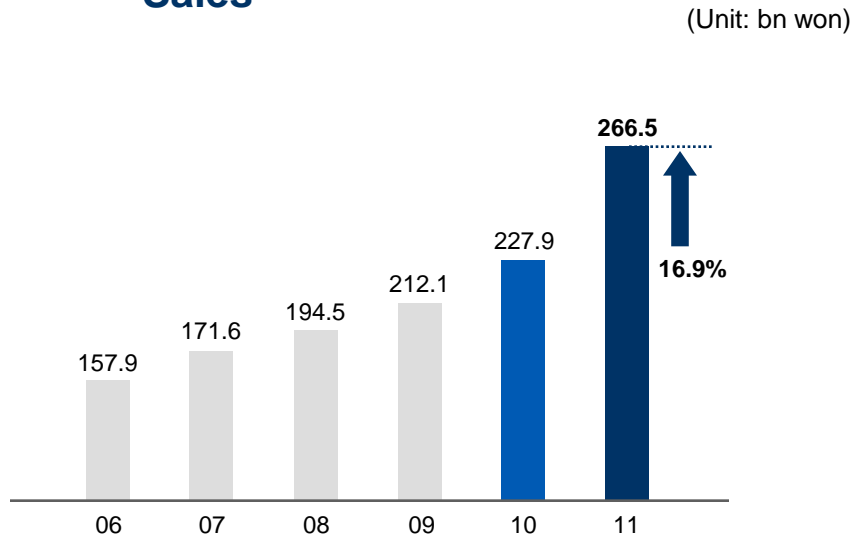
**Operating profit** increased 18.8% yoy to 22.3 bn won despite of increase in raw material cost inputs.

**Sales** increased 16.9% yoy to 266.5 bn won as a result of balanced growth across all categories.

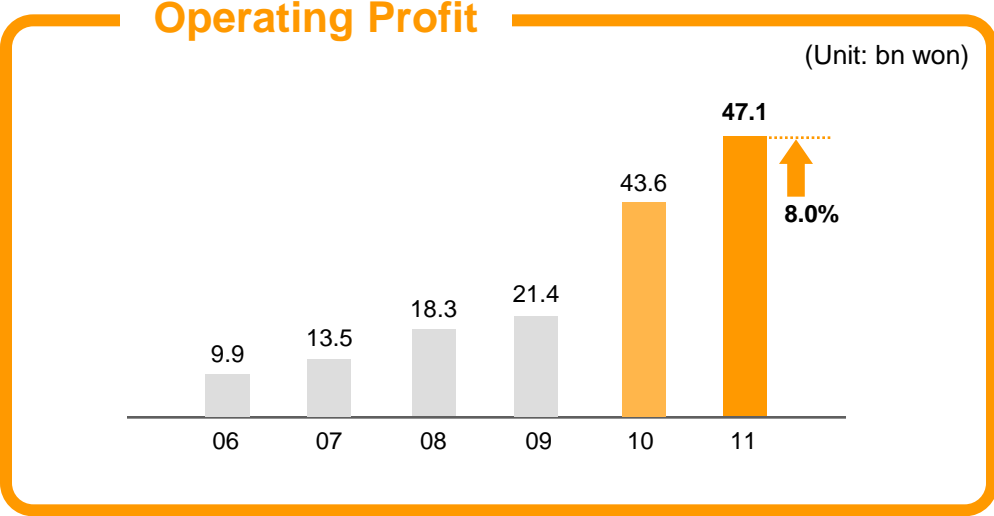
Body care category grew 70% yoy with strong performance of new brand, 'ON: THE BODY'. Fabric softener grew 44% yoy, and expanded market share to 44%; strengthening its number one position attained last quarter (became number one in fabric softener category for the first time in 1Q 2011 since its launch thirty-two years ago). Unicharm sanitary napkin business sustained its momentum, delivering 23% growth yoy in 2Q.

Various products with unique value propositions were launched, such as: (1) 'Perioe 46 cm' – ensuring fresh breath up to a distance of 46 cm, which is the typical distance breath reaches; (2) functional hair-loss prevention shampoo, 'ReEn Mogangbichak'; and (3) 'Todiang White Cloud' baby diaper product with improved aeration.

### Sales



# 2Q 2011 Results by Business - Beautiful

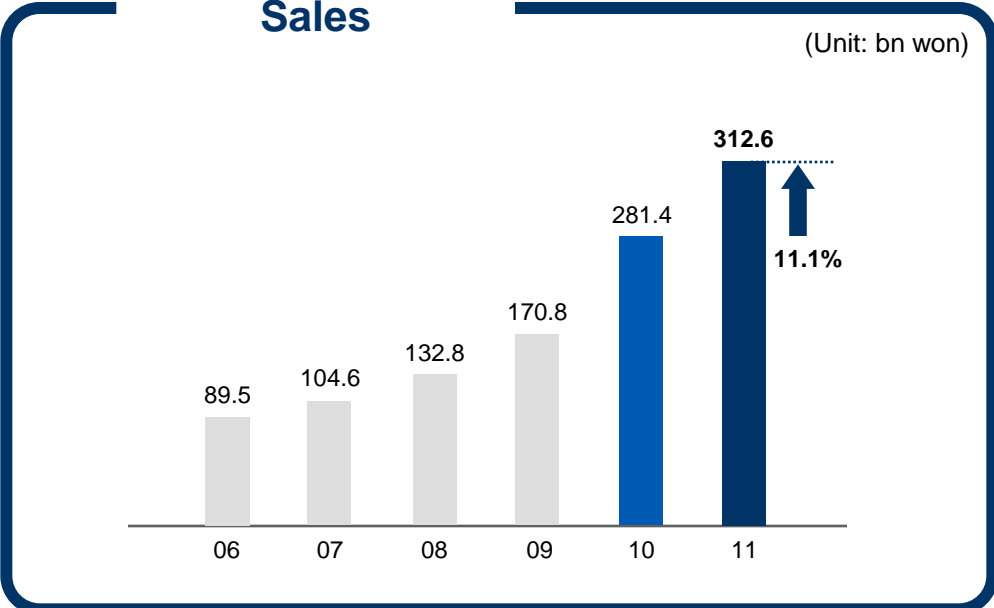


**Operating profit** increased 8.0% yoy to 47.1 bn won.

**Sales** increased 11.1% yoy to 312.6 bn won.

In the **prestige segment**, 'Whoo' and 'Su:m' brands led high growth; 12% and 39% yoy growth each. New prestige brand, 'Belif', is rapidly gaining traction in department stores; opened 2 counters to reach 9 counters in total. Natural herbal brand, 'Belif', is attracting not only domestic consumers but international consumers as well – expanding into other markets including Great Britain, Singapore, and Vietnam.

Product accessibility and availability are improving through coverage expansion across all channels: (1) the network of beauty consultants in home visit channel has expanded (493 in the quarter), (2) masstige BEAUTÉ stores added 36 stores, and (3) TheFaceShop opened 23 more stores.



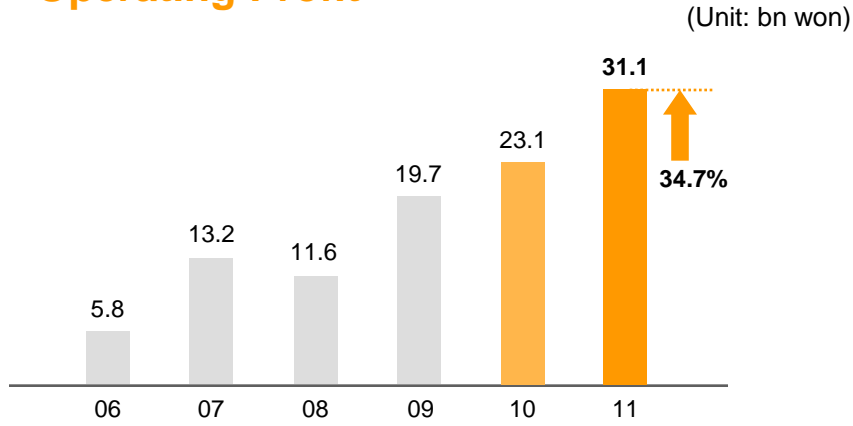
**TheFaceShop** kicked off to a smooth start in overseas expansion, especially in China and Japan, with new master franchisees. Foundations for second half growth drivers are being established rapidly. HengCheng, one of the master franchisees in China, opened 35 stores in last two months, and TheFaceShop products are available in 45 Colourmix stores. Japan's sole master franchisee, AEON Group, opened roughly thirty stores in just one month since its start in June.

<b>TheFaceShop Stores</b>	Mar 2011	Jun 2011	Change
Domestic	897	920	+23
Overseas	315	376	+61
Total	1,212	1,296	+84

(Unit: Number of Stores)

# 2Q 2011 Results by Business - Refreshing

## Operating Profit



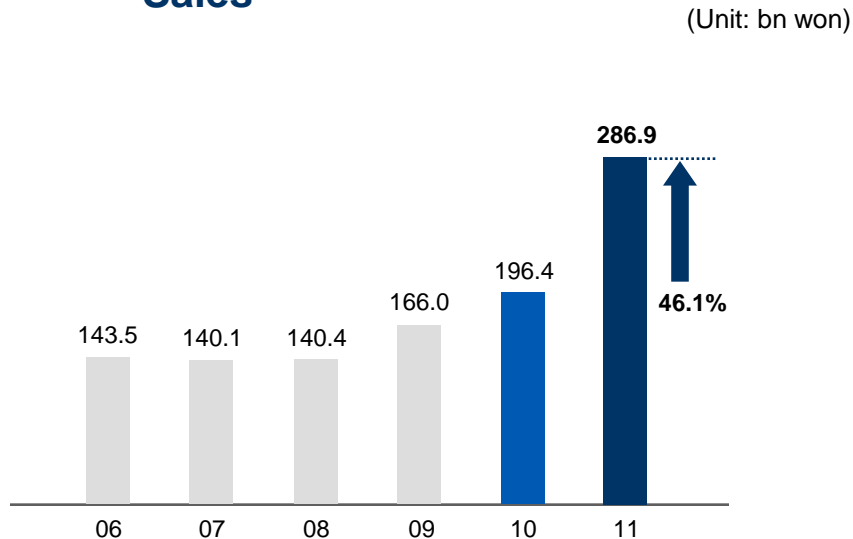
**Operating profit** increased 34.7% yoy to 31.1 bn won.

**Sales** increased 46.1% yoy to 286.9 bn won due to stable performance of existing brands and strong performance of new brands.

**Carbonated beverage** sales grew 7% yoy with strong growth of Coca-Cola and Cider (clear lemon-lime sparkling) brands. **Non-carbonated beverages** grew 31% yoy, led by Powerade (+27% yoy), Georgia Coffee (+35% yoy), and Glaceau Vitamin Water (+44% yoy).

Various new products were launched, such as: (1) world-wide isotonic sports drink brand, 'Aquarius', (2) refrigerated juice 'Minute Maid The Origin', and (3) new 'Focus' flavor under Glaceau Vitamin Water brand.

## Sales



**Coca-Cola Haitai Beverage** delivered 60.7 bn won in sales and 4.0 bn won in operating profit in 2Q 2011. Long term brand strategy and pipe-line were established. Accordingly, production lines and the sales organization are under going restructuring. Faster than expected turn-around in profitability was the result of improvement in major brands, Sunny10, Sunkist, and Pyeongchang Water.



# Summary Financial Statements (K-IFRS)

## Income Statement

(Unit: bn won)	2Q		1H	
	2010	2011	2010	2011
<b>Sales</b>	706	866	1,377	1,696
COGS	336	443	646	846
<b>Gross Profit</b>	370	423	730	849
SG&A and Others	284	322	552	638
<b>Operating Profit</b>	85	101	179	211
Non-Operating Loss	8	8	14	14
<b>Recurring Profit</b>	78	93	164	197
Income Tax	19	24	42	50
<b>Net Profit</b>	59	68	123	147

## Balance Sheet

(Unit: bn won)	2010 Year-end	June 2011
<b>Assets</b>	1,945	2,280
Cash & Cash Equivalent	44	58
Accounts Receivable	266	339
Inventories	233	294
PPE	1,366	1,556
Tangible Asset	629	817
Intangible Asset	664	664
<b>Liabilities</b>	1,100	1,335
Accounts Payable	186	220
Other Payables	132	153
Borrowings	505	615
Short Term Borrowings	156	186
Long Term Borrowings	349	429
<b>Total Shareholders' Equity</b>	845	945
Shareholders' Equity	89	89
Capital Surplus	97	97
Accumulated Other Comprehensive Income	-1	-2
Retained Earnings	675	774
Other Capital	-72	-72
Minority Interest	57	59