

LG Electronics India

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to the LG Electronics India Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone phone. I would like to inform you that the call is being recorded and that the audio call and transcript will be available on the company's website. I would now like to hand the conference over to Mr. Rahul Arora, CEO of Ashika Institutional Equities. Thank you, and over to you, Mr. Arora.

Rahul Arora – Ashika Institutional Equities: Thank you, Michelle. On behalf of Ashika Institutional Equities, I would like to welcome all the participants to the Q1 FY27 earnings conference call of LG Electronics India Ltd. At the outset, I would like to thank the LG Electronics management for giving us the opportunity to host the call, and I would now like to hand over the call to Mr. Aditya Bhasin, Head of Investor Relations, LG Electronics India Ltd. Thank you, and over to you, Aditya.

Aditya Bhasin – Head of Investor Relations: Thank you, Rahul. Greetings. A very good evening to everyone. I would like to welcome you to the Q1 FY27 earnings conference call of LG Electronics India Ltd. I hope you have gone through our earnings presentation uploaded on our website and the stock exchange. I also want to remind you of the safe harbor. We may be making some forward-looking statements that have to be understood in conjunction with the uncertainties and risks that the company faces.

Today, we have our senior management with us, represented by Mr. Dongmyoung Seo, our Chief Financial Officer; Mr. Sanjay Chitkara, Co-CSMO; Mr. Atul Khanna, Chief Accounting Officer; Mr. Gaganjit Singh, Chief Manufacturing Officer; Mr. Gurbinderjit Singh, Head of Financial Planning; and Mr. Sunju Seo, Investor Relations Officer. Without further delay, I would like to invite our IRO, Mr. Sunju Seo, to share his opening remarks and take us through LG Electronics India's performance and strategic highlights for the quarter and the full year. Thank you, and over to you, sir.

Sunju Seo – Investor Relations Officer: Greetings. Good evening, everyone, and thank you for joining us for our Q1 FY27 earnings conference call. Growth, profitability, and market leadership: this quarter, LG delivered on all three. We grew revenue 15.5% year-on-year, with EBITDA margin at 12.5%, up 1.1 percentage points year-on-year and 0.8 percentage points sequentially. Both revenue and profitability came in ahead of market expectations.

For us, this is more than a good quarter. It is evidence that our fundamentals are sound and that we deliver what we commit to this market. On growth, the quality matters more than the headline. Every key category we operate in grew double digits. This is not a story of only one category carrying the quarter. This is our entire portfolio performing together as we continue to maintain market leadership across all our key categories. This explains the strength of a diversified portfolio.

On margin, the context is what makes this significant. We expanded margins in a quarter when the entire industry was absorbing raw material cost pressure. We did it through a better product mix and calibrated price increases, not by stepping back from the market. Against 11.4% in the same quarter last year, 12.5% reflects operating discipline and pricing strength built into this business

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LG Electronics India

14 August 2026

over time.

Let me now turn to our future vision, which is built on three pillars: Make for India, Make in India, and Make India Global.

Make for India: our premium Prestige range is not just working; it is also reshaping our business. Large-screen televisions, French-door refrigerators, large-capacity front-door washing machines, and five-star-rated air conditioners have all delivered exceptional growth this quarter. Alongside premium, our Essential series continues its rapid growth. Between January and June, LG has sold over 500,000 units of the Essential series. Essential is not just a product line; it is our bridge to the next generation of LG customers. At the top of the market and at the entry point, we are present in both.

Make in India: our third manufacturing plant at Sri City, Andhra Pradesh, remains firmly on track. Compressor production commenced in Q3 FY27, followed by room air conditioner production in Q4 FY27. Sri City will expand capacity, deepen our supply chain, and serve as a dedicated hub for both domestic supply and exports.

Make India Global: our export business has gained real momentum and has grown significantly this quarter. We now supply to 61 countries, including both neighboring and key global markets. We have widened our export model range and entered developed markets with premium products. The increasing contribution from B2B and non-hardware AMT businesses is building a stronger recurring revenue mix, improving earnings visibility and earnings stability. We are actively pursuing further opportunities in new business segments to build the next set of growth engines.

To close, Q1 FY27 verifies what we said we would do: consistent growth, expanding margins, sustained market leadership, and steady progress on our future vision. We are not just delivering results; we are building a business that creates lasting value for every stakeholder. I will now hand over to our Chief Accounting Officer, Mr. Atul Khanna, to take you through the details. Over to you, Atul.

Atul Khanna – Chief Accounting Officer: Thank you, Mr. Seo, and good evening, everyone. Let me take you through our financial performance for the first quarter of fiscal year 27 in more detail. Let me first touch upon revenue performance. Revenue from operations for Q1 FY27 stood at INR 72.33 billion, representing growth of 15.5% year-on-year over INR 62.63 billion in Q1 FY26. This growth was portfolio-wide, with every major category growing in double digits on the back of both volume and value, which speaks to the balance of our portfolio rather than dependence on any single line of business.

Domestic performance was strong, supported by a growing consumer shift toward feature-rich, higher-value, and energy-efficient products, and exports added further momentum on top of this, with export revenue growing significantly during the quarter.

Now I will touch upon margin performance. EBITDA for the quarter stood at INR 9.04 billion as compared to INR 7.16 billion, a growth of 26.2%, with an EBITDA margin of 12.5% as compared to 11.4% in Q1 FY26, an improvement of 110 basis points year-on-year. Let me explain the margin bridge. The improvement came from three sources. First, a rich product mix, with premium,

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LG Electronics India

14 August 2026

feature-rich categories growing faster than the portfolio average. Second, calibrated price increases taken across selected categories, which allowed us to recover input cost inflation without impacting demand. Third, operating leverage from higher volumes across our fixed-cost base, with robust home entertainment demand contributing strongly.

Net profit for the quarter stood at INR 6.53 billion as compared to INR 5.13 billion, a growth of 27.2%, with a PAT margin of 8.9%.

Now I will share details on exports. We have delivered our highest-ever quarterly export performance. We are expanding into additional geographies and now supplying to over 60 countries despite the ongoing West Asia conflict. I would particularly highlight exports of our premium products, such as side-by-side refrigerators and large-capacity top freezers, to global markets, along with our Essential series to neighboring countries. Importantly, this growth is margin accretive; exports continue to earn ahead of the domestic business, which makes this one of the more attractive levers we have.

Now on working capital management. Working capital as of June 30, 2026, stood at INR 12.56 billion. This reflects a strong sell-through season, with optimized channel inventory and faster realization of receivables, giving our trade partners confidence as we head into the festival season. Our cash and bank balance stood at INR 57.07 billion, giving us the flexibility to fund the Sri City investment through internal accruals without external borrowings.

On capital expenditure for the quarter, we ended at INR 7.36 billion, out of which INR 5.88 billion was deployed at Sri City. We expect capitalization to begin from the second half of this fiscal year as the air conditioner compressor and room air conditioner lines come on stream. While these initiatives will result in some incremental cost in the near term, we expect the ramp-up of these production lines to drive greater efficiencies, with the benefits of in-house manufacturing more than offsetting the initial investment.

Alongside Sri City, we continue to invest in our two existing production facilities at Pune and Greater Noida to scale up capacity, add new family sizes to the Essential series, and ramp up premium product manufacturing to meet demand for the coming years.

To summarize, this has been a quarter of quality growth. Revenue grew, margin expanded, market leadership held, and the balance sheet remained strong. With that, I would like to hand over to Mr. Aditya Bhasin, Head of Investor Relations, who will take you through the segmental details and outlook. Over to you, Mr. Bhasin.

Aditya Bhasin – Head of Investor Relations: Thank you, Atul. Greetings, and good evening once again. Let me now take you through our segmental performance for the quarter, starting with the Home Appliance and Air Solution segment. I want to draw your attention to something specific about this quarter. What makes it special is not just how much we grew, but where the growth came from. Every key category delivered. This was not a quarter carried by the season alone. It was carried by the depth of our portfolio. Cooling products set the pace, and washing machines kept right up with them. Segment revenue for Q1 FY27 stood at INR 55.77 billion, a growth of 13.6%.

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LG Electronics India

14 August 2026

Our premium range led from the front. French-door refrigerators, 8 kg-plus washing machines, and dishwashers all grew exceptionally well, far ahead of the rest of the portfolio. At the other end, LG Essential crossed 500,000...

Management: ...sales units between January and June, bringing LG into homes we had not reached before. Premium at the top, Essential at the entry point, and market leadership in every key appliance category. Our two-track strategy is working exactly as we planned.

On profitability, maintaining our margins despite elevated commodity costs and currency headwinds is a significant achievement. Segment EBIT grew around 13.8% year-on-year to about INR 6.4 billion, with margins steady at 11.5%. This came from better operating leverage on higher volumes, disciplined pricing, and the growing benefit of deeper localization.

Looking at the Q2 demand outlook, the picture remains healthy. The monsoon is lifting washing machine sales, festive stocking has already begun, and prices across the industry have held firm as higher input costs were passed on in a calibrated way. For LG, the next leg of growth is already underway. Washing machines and refrigerators continue to build momentum, helped by large-capacity Essential series models and a strong pipeline of new launches.

Our premium range keeps growing faster than the industry, led by French-door refrigerators and AI DD washing machines. Of course, exports will add another layer as we roll out premium products and take the Essential series into new markets. Sustainable growth with better margins is what these initiatives are built to deliver.

Moving to the Home Entertainment segment, televisions were the highlight of the quarter. Consumers are moving decisively toward larger screens and premium technologies such as OLED and QNED, which continued to strengthen the mix. The sports season added to this, bringing forward upgrade decisions that might otherwise have taken longer. What worked in our favor was timing. Our launches were in the market early, so we were ready when the demand came.

Alongside this, the information display business maintained its momentum on the back of government and institutional orders, giving Home Entertainment a strong second engine. Segment revenue for Q1 FY27 stood at INR 16.57 billion, with robust growth of 22.3%. Segment EBIT grew an exceptional 48.5% year-on-year, with margin expanding to 19%.

Two things drove this. From a demand standpoint, premiumization and a richer product mix improved realization. On the cost side, promotional spending normalized and our information display business operated on a leaner cost structure. Together with operating leverage from strong revenue growth and continued cost discipline, this delivered one of our strongest quarters for margin performance.

Looking ahead to the Q2 outlook for Home Entertainment, channel stocking is already underway ahead of Onam, Durga Puja, and Diwali. The shift toward premium large-screen viewing shows no signs of slowing, and consumer preference for bigger screens is only getting stronger. We are now entering the season well prepared. Our large-screen and premium portfolio has expanded, and new introductions across both QNED and OLED will sharpen our category leadership further.

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LG Electronics India

14 August 2026

On the information display side, the momentum we built this quarter continues, with the electronic blackboard and our second-generation Micro LED and Magnet moving from launch to scale, driving both sales growth and margin improvement.

While the industry absorbed cost pressures and we held our market leadership in every category, our Q1 performance is the result of decisions taken over several quarters: to invest in premium when it was easier to chase volume, to build Essential for the Indian home rather than wait for the market to come to us, to put manufacturing capacity in place before the demand arrived, and to build an export business with real reach today.

The festive season is ahead of us. Our launch pipeline is full. The long-term potential of the Indian consumer electronics market is far from fully realized, given the low penetration levels across the major categories we serve. We entered FY27 with conviction. One quarter in, that conviction has translated into results, and we remain firmly confident in our ability to create long-term value for all our stakeholders.

With that, on behalf of the entire management team, thank you for your continued trust and support. We now conclude our prepared remarks and request the operator to open the line for questions. Thank you.

Operator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may please press star and one on their touchtone phone. If you wish to withdraw yourself from the question queue, you may press star and two. Please note that management will use English-Korean translation for better communication; hence, there could be a slight delay in the responses. Please note that the management line will be in mute mode until then. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Latika Chopra from JP Morgan. Please go ahead.

Latika Chopra – JP Morgan: Thank you. Hi, team. It is good to see a strong performance. My first question was on the Home Entertainment segment. Could you share how sustainable the strength in the revenue growth that we have seen in Q1 is for the rest of the year? Could you also share how much of this growth is coming from volume and pricing?

Management: This question will first be translated into the Korean language. Please hold the lines.

This question will be addressed by our Co-CSMO, Mr. Sanjay Chitkara. Over to you, sir.

Sanjay Chitkara – Co-CSMO: Thank you, Latika, for this question. If you look at our TV business, it is very consistent and has been continuously growing from the last quarter. This quarter, we again delivered 25% growth back-to-back. Growth is coming from both volume and value together. On the volume side, consumers are upgrading their TVs to larger sizes, and they want to enhance their viewing experience. To give you an example, in our product portfolio, the 55-inch-and-above segment grew roughly 53% in Q1. Our 55-inch-plus segment is now contributing around 50% of our overall business.

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LG Electronics India

14 August 2026

We are very confident of improving this trend further during the festival season. This year, Latika, we have again widened our TV portfolio. We launched a new range in the market considerably earlier this year. The new TV range includes 16 new QNED TV models. We also introduced Micro RGB TV, which is a very high-end display technology. We have also enabled our TVs with Microsoft Copilot and Google Gemini to provide a personalized AI experience to our viewers.

For our OLED and other high-end TVs, we have upgraded the advanced processor. The result of this new range is very encouraging, and that is also reflected in our market share. TV market share is now touching 26%, and OLED market share is touching 59%. We are continuously increasing our gap with the number two player. Our TV growth is very sustainable and is not at all seasonal. It is a structural shift toward larger premium formats, and the premium mix is also supporting margins. It is very high-quality growth. Thank you very much.

Latika Chopra – JP Morgan: Thank you, sir. My second question was on the export business. Could you share what the growth in exports was and the share of the business? You talked about new geographies, but I also wanted to check what the contribution of the US and Europe geographies is here. Is there any update on your latest target for the full year FY27 in terms of export growth? I also wanted to reconfirm that you said exports are margin accretive, so could you share more detail on how the margins compare with the domestic business? Thank you.

Management: This question will also be translated into Korean first. Kindly hold the lines.

This question will also be addressed by Mr. Sanjay Chitkara, who is our Co-CSMO.

Sanjay Chitkara – Co-CSMO: Thank you for this question. Despite the tough global scenario, our export business delivered 30% growth in Q1, and we are very happy with this performance. It is in line with our targets. Our export strategy is very clear. There are two pillars, and we are working on both simultaneously.

First, we are exporting premium products, including large-capacity side-by-side refrigerators, to key global markets. Second, our Essential series, which we introduced last year in October at the time of our IPO and which includes refrigerators and washing machines, is being exported to multiple regions, including Asia, the Middle East, and Africa, and the response has been very good.

We are actively planning to expand both the number of countries and the volume going forward. Let me tell you one more thing. At the time of the IPO, we were exporting to 45 or 47 countries. Today, our global footprint has expanded to 65 countries, which reflects the growing acceptance of our products and the strength of our export capabilities.

Our margins are relatively better in exports compared with domestic sales. We can say that exports are not just a volume play for us; they are also adding significantly to our margins and strengthening our overall profitability. As far as the full-year target is concerned, our ambition is to significantly increase exports. I cannot give you the exact numbers because it is just the beginning and three quarters are ahead of us. There could be marginal quarter-to-quarter fluctuations, but we will definitely hit our yearly target this year, and we are well on track to achieve it.

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LG Electronics India

14 August 2026

Lastly, our Series-T brand, which is central to this export ambition, is starting compressor production at the beginning of the current calendar year, followed by RAC production. After the commencement of this plant, we will meaningfully expand our export capacity, enter newer geographies, and turn exports from an opportunity into a scaled business. Thank you very much.

Latika Chopra – JP Morgan: Thank you so much, and all the best.

Operator: Thank you. We will take the next question from the line of Bhavani K from Axis. Please go ahead.

Bhavani K – Axis: Good evening, everyone, and congratulations on a great set of numbers. I have two questions. First, could you help me understand the key growth drivers for the company that will help it achieve the FY27 targets? Which areas do you anticipate will provide long-term growth potential for sustainable growth? That is my first question.

Management: This question will be translated into the Korean language. Kindly hold the lines.

Management: This question will be addressed by our IRO, Mr. Sunju So. Over to you, sir.

Sunju So – IRO: Our confidence does not depend on one or two specific factors. It comes from clear differentiating factors and multiple growth drivers working simultaneously, and the Q1 performance showed that all these growth drivers are contributing. The first is the expansion of our export business. We are expanding into key global markets and neighboring countries, centered on our premium and Essential product lines. India is a key pillar of LG's Global South strategy and serves as an important growth engine for realizing the company's long-term growth vision.

The second is premiumization. Across all product categories, consumers are upgrading to higher-end models. In televisions, demand is moving toward larger-screen products; in refrigerators, toward French-door and side-by-side models; in washing machines, toward products of 8 kg and above; and in air conditioners, toward five-star inverter models. LG has secured a leading position across these premium segments, and as the market grows around premium products, we expect that demand to naturally concentrate toward LG.

Management: Our confidence does not rely on any single factor. It comes from clear differentiation and multiple drivers working at the same time, and Q1 showed all of them contributing. First, our export business is scaling significantly. We are entering both key global markets and neighboring countries through our premium and Essential lines. India is integral to LG's Global South strategy and serves as a key growth engine for the company's long-term vision.

Second, premiumization. Across every category, consumers are upgrading: toward bigger screens in televisions, French-door and side-by-side models in refrigerators, 8 kg and above in washing machines, and five-star inverter models in air conditioners. We lead in each of these premium segments, so as the market moves upward, it will move toward LG.

Operator: Thank you for that. Our next question is from the line of Mr. Bhavani from ICICI Securities. Please go ahead.

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LG Electronics India

14 August 2026

Bhavani – ICICI Securities: Thank you so much. My second question is regarding the government's recently announced compressor import policy. Could you help us understand exactly what this change is and what the impact on LG will be, given that we are coming up with a compressor facility in Q3 of this financial year?

Management: This question will also be addressed in the Korean language. Kindly hold the line.

Sunju So – IRO: This compressor import restriction policy is in line with the Indian government's policy to strengthen domestic manufacturing capabilities. Since LG has already established large-scale compressor production lines in Noida and Sri City, this policy will instead work in our favor. Unlike competitors that are highly dependent on imports, LG can secure cost stability and supply chain continuity, and we plan to further expand our market share through this.

Management: This question will be addressed by our CMO, Mr. Gaganjeet Singh. Over to you, sir.

Gaganjeet Singh – CMO: Thank you for this question. On May 8 of this year, the Government of India introduced quantitative restrictions on the import of compressors. Imports of compressors are restricted, relative to FY25, by up to 60% for reciprocating compressors, which we use for refrigerators, and around 70% for rotary compressors, which we use for air conditioners.

For LG, the entire situation is very positive and will help increase our business revenue and margins by leveraging our local compressor production capabilities. For air conditioners, we already operate a 1 million-unit capacity at our Greater Noida factory, and we are further adding 2 million units of capacity at our Sri City plant. As far as refrigerators are concerned, we already have 7 million units of capacity at our Greater Noida factory, which is comfortably above our internal requirements and gives us strong supply security.

Our backward integration and high localization mean that we can maintain cost and supply continuity without disruption and without the sourcing cost pressure that many import-dependent manufacturers may face. Our cost position should be relatively advantaged under this policy, which strengthens our price competitiveness and creates an opportunity to build our market share, particularly in refrigerators and air conditioners. Overall, LG is well positioned to maintain supply continuity and profit margins and strengthen its competitive position under the revised compressor import policy. Thank you very much.

Operator: Mr. Bhavani, does this answer your question?

Bhavani – ICICI Securities: Yes, thank you so much. I will call back in the queue. Thank you.

Operator: Thank you. We will move on to the next question from the line of Mr. Achal Lohare from Nuvama Institutional Equities. Please go ahead.

Achal Lohare – Nuvama Institutional Equities: Good afternoon, team. Thank you for the opportunity. Congratulations on an excellent performance given the environment. I have two questions. First, could you help us with an update on the performance of the B2B segment in Q1 FY27, particularly in terms of revenue growth, demand trends, and key end-user industries? Also, how are you seeing the demand environment evolve going forward, and what is your outlook for the B2B segment for the full year FY27? That is my first question.

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LG Electronics India

14 August 2026

Management: This question will be addressed in the Korean language. Kindly hold the line.

Sunju So – IRO: The B2B business delivered a very encouraging performance in Q1. In particular, in the information display business, government smart classroom projects and corporate demand for large panels came together to deliver the highest-ever performance. The air conditioning business is also accelerating growth in the enterprise market by diversifying its channels through the distribution network. Based on this growth momentum, we expect to continue delivering robust growth on an annual basis.

Management: This question will be addressed by Mr. Sanjay Chitkara, our Co-CSMO. Over to you, sir.

Sanjay Chitkara – Co-CSMO: Thank you for this question regarding our B2B business. We are happy to inform you that it delivered very strong growth in Q1 FY27, and we are very pleased with the momentum we are seeing. Our B2B business consists mainly of two product lines. The first is HVAC, and the second is information display panels.

In information display panels, our LED signages recorded their highest-ever quarterly sales in Q1. With a continuous inflow of government and corporate orders, we have also achieved a 36% market share in this business and have now created roughly a 5% gap with the number two player. This demand momentum remains encouraging across both the government and corporate sectors, with interactive panels continuing to lead orders from smart classroom projects, while the corporate sector is driving healthy demand across large-size panels and commercial display solutions.

Regarding our commercial AC business, we traditionally focused more on the enterprise business, but now we have also started expanding the distribution network, specializing in single CAC cassette units, and have enhanced our product portfolio to include two-ton, four-star ACs as well. This is expected to provide further growth momentum. We have also recently completed the air conditioning of a very prestigious site, Prime Minister Sewa Basti.

Backed by these multiple growth catalysts, we are very confident of delivering a 20% CAGR growth trajectory, which we already delivered from FY22 to FY25. Thank you very much.

Achal Lohare – Nuvama Institutional Equities: Thank you for answering. My second question is that there has been a continuous increase in raw material or component costs during the quarter. Could you help us understand how you are protecting your margins, and could you provide any margin outlook for Q2? Thank you.

Management: This question will also be translated. Kindly hold the line.

Sunju So – IRO: To respond to the pressure from rising raw material prices, LG is undertaking multifaceted cost reduction activities. We are expanding the localization of key components and optimizing manufacturing costs through strategic sourcing and value engineering. We are also carefully considering price increases according to market conditions, focusing on protecting profitability and maintaining stable margins.

Management: This question will be addressed by our CMO, Mr. Gaganjeet Singh. Over to you, sir.

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LG Electronics India

14 August 2026

Gaganjeet Singh – CMO: Thank you for this question. This is a very important question. Let me assure you that LG is leaving no stone unturned to minimize the impact of raw material prices. We monitor the prices of our raw materials and components on a daily and weekly basis, and we review our strategy accordingly.

We have a multi-level approach to maintaining our costs. The first is localization. For instance, in Q1 FY27, we localized a major imported resin for our plastic molding components, which directly reduced our exposure to rising import prices. The second is strategic sourcing. We move flexibly between local and imported sources, whichever offers the better cost at a given point. The third is multiple sourcing. We have developed multiple suppliers for key raw materials and components, which strengthens our position in negotiations.

We are also carrying out value engineering activities, continuously optimizing product design and material usage. This reduces cost per unit without compromising quality. On price increases, we have already taken a calibrated increase, which has been absorbed well by the market. Further action would follow only if input costs require it; however, cost and sourcing efficiency will always be our first preference. Thank you.

Achal Lohare – Nuvama Institutional Equities: Thank you for answering those questions, sir. Thank you very much.

Operator: Thank you. The next question is from the line of Siddharth Pera from Nomura. Please go ahead.

Siddharth Pera – Nomura: Hi, sir. Thank you for the opportunity, and congratulations on a good set of numbers. My first question is on the demand outlook. Can you share, for each category, such as air conditioners, televisions, washing machines, and refrigerators, how you see the growth outlook for the year? Is Q1 a representative number, or do you think the year's growth can vary? Which segment are you most bullish on in terms of the outlook?

Management: This question will also be translated into the Korean language. Kindly hold the line.

Sunju So – IRO: In Q1, despite a difficult external environment, all product groups grew evenly and delivered solid performance. In particular, as Indian consumers' purchasing patterns shift toward value, demand for premium products remains robust. In the second half, growth is expected to be led by televisions and washing machines in conjunction with the festival season, while air conditioners and refrigerators are also expected to benefit from replacement demand and premiumization.

Management: This question will be addressed by Mr. Sanjay Chitkara, our Co-CSMO. Over to you, sir.

Sanjay Chitkara – Co-CSMO: Thank you for this question. If you look at Q1, there was a very tough external environment. We also took price increases, yet we delivered 15.5% growth. The best part of this growth was that it was diversified. All products delivered double-digit growth in Q1. We have products for all quarters, so this growth is very sustainable.

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LG Electronics India

14 August 2026

We see demand remaining very healthy across both home appliances and home entertainment in this financial year. What gives us confidence is that Q1 has already demonstrated that we can deliver very strong growth even in a challenging external environment, as I have just mentioned, while also improving our margin.

In this scenario, it is very important that Indian consumers are evolving. Consumers are increasingly looking beyond the historical price of a product and focusing more on value, technology, experience, and convenience. The improvement in affordability, including due to the GST cut last year, has further supported this demand.

Within the portfolio, we believe that television and washing machines will contribute significantly to growth because the season in the second half of the calendar year is more driven by televisions and washing machines. Air conditioners and refrigerators should also benefit from premiumization and replacement demand. Overall, I see that demand in this financial year is broad-based rather than dependent on any specific category. Thank you very much.

Siddharth Pera – Nomura: Thank you, sir. My second question is on the Essential series, which we have been ramping up. Can you give us more color on how this category has performed? How has the volume growth or contribution of this category to our revenues been currently and going forward? Do you think more similar SUVs or variations are being planned, and how will the margins for this category compare with the company average?

Aditya Bhasin – Head of Investor Relations: This question will also be addressed in the Korean language. Kindly hold the line.

Rahul Arora – Ashika Institutional Equities: The Essential series question will be addressed by Mr. Gurbinderjit Singh, who is our Head of Financial Planning. Over to you, sir.

Gurbinderjit Singh – Financial Planning Head: Thank you for this question, Siddharth. The Essential series has already exceeded our plans and has become one of the clearest proof points of our two-track strategy. We have sold more than 5 lakh units in the first 6 months of this calendar year, with a strong response from both consumers and channel partners. It confirms that we built the range for a large, underserved market of first-time buyers in Tier 2 and Tier 3 cities.

On margin, and this is an important point, Essential series margins are in line with the rest of our B2C portfolio, and the series is not margin dilutive. We achieved that through value engineering and smart design rather than by cutting costs out of the product, which means we deliver LG quality at a competitive price while protecting profitability.

Under the Essential series, we have expanded the refrigerator range across {? 225, 251 and 276 ?} liter capacities, and we are bringing more innovative designs to the range to further elevate its look and feel while keeping pricing accessible. In washing machines, we are also planning to launch higher-capacity top loaders.

On exports, as mentioned earlier, Essential is receiving a very good response internationally and is currently exported to 22 countries across Asia, the Middle East, and Africa. We are actively expanding both the country footprint and volumes, which makes Essential a key pillar of our Make

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LG Electronics India

14 August 2026

India Global strategy. Essential is delivering on all three dimensions, Siddharth: volume, margin, and export potential. Thank you.

Siddharth Pera – Nomura: Thank you, sir.

Operator: Thank you. The next question is from the line of Vishal Goyal from HSBC Securities and Capital Markets India Private Limited. Please go ahead.

Vishal Goyal – HSBC Securities and Capital Markets India Private Limited: Thank you for the opportunity, and congratulations on delivering a good set of results. My first question is regarding the target you set in the last call to increase local sourcing by 1-2% annually from the current 55%. Could you provide some color on this? Which specific components represent the primary bottlenecks to achieving 70% localization? That is my first question.

Aditya Bhasin – Head of Investor Relations: This question will also be translated into the Korean language. Kindly hold the line.

Rahul Arora – Ashika Institutional Equities: This question will be addressed by our CEO, Mr. Atul Khanna. Over to you, sir.

Atul Khanna – CEO: Thank you, Vishal, for this question. Our localization journey continues to progress well. Our localization rate for the last full year was 55.2%, and we are continuing to focus on improving this in the current year as well. Over the past years, we have consistently improved our localization rate by 2-3% every year, and we expect to maintain this trajectory going forward. Our target is to reach a localization rate of 65% over the next 3-4 years.

Our localization efforts are focused across multiple areas, including components, subassemblies, and raw materials. Key achievements include in-house compressor production for room air conditioners, which we have started and which was one of our biggest localization initiatives; local manufacturing of side-by-side refrigerators at our Pune plant; local sourcing of panel modules; and other subassemblies across categories. These are a few examples.

In terms of how this will support margins, localization is one of our most powerful and structural margin levers. Every percentage-point improvement in localization reduces import dependency and currency exposure, directly improving our cost structure. In an environment where the rupee has faced depreciation pressure, our localization rate acts as a natural hedge, protecting our margins from currency headwinds. As we know, when our Sri City plant comes online with air conditioner compressors and room air conditioners, it will provide a significant new platform to accelerate our localization journey further and strengthen our operational efficiencies. Thank you.

Vishal Goyal – HSBC Securities and Capital Markets India Private Limited: Thank you, sir. My second question is whether the company is currently prepared for the data center opportunity in cooling products. If I may also add another question, given that you have a very strong cash reserve, as reported this quarter, what is the long-term capital return strategy, and have you given any initial thought to dividend payouts? These are my last two questions. Thank you.

Aditya Bhasin – Head of Investor Relations: Both these questions will be translated into the Korean language. Kindly hold the line.

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LG Electronics India

14 August 2026

Rahul Arora – Ashika Institutional Equities: The first part of your question will be addressed by me, and the second part will be addressed by our CEO, Mr. Atul Khanna.

You are asking about data centers, and there is a lot of interest from all the shareholders regarding this topic. We all know that there is a very strong growth outlook for India's data center industry, and at LG Electronics India Ltd., we see data center cooling as a meaningful long-term opportunity for our B2B business.

We look at this opportunity in two parts, and we are at different stages in each. On the mid-scale side, this is already a live business for us. We have executed several renowned data center sites using our Multi V VRF systems and chiller range, and we continue to win in that segment. The technology is proven, the references exist, and we are generating revenue today.

When we talk about the hyperscale segment, which represents a significantly larger addressable market, we are at a preliminary stage. The scale and specification requirements are materially different, and we are following the right route to market rather than rushing into it. One approach we are evaluating is partnering with established data center distributors and integrators that already have reach and have installed multiple projects. This would allow us to participate at a far greater capacity with our Multi V and chiller portfolio than we could achieve alone.

Underpinning both is our parent's global technology base. As you know, LG Electronics is separately in discussions with several global corporations that may benefit our India business in the future. From a materiality standpoint, this is not a key driver for our FY27 outlook, but it aligns well with our long-term B2B growth strategy.

We believe our proven capabilities, strong customer references, and established market presence will all provide a competitive advantage as the opportunity evolves. With this, I want to say that we will continue to evaluate opportunities prudently and share updates as the business progresses. Thank you, and over to you, sir.

Atul Khanna – CEO: Vishal, we will share with you our thoughts on the dividend payout strategy, which is a very reasonable question on behalf of investors. We fully appreciate and acknowledge this question, as it reflects the trust and expectations of all our long-term shareholders.

Our cash balance remains healthy, and we are very conscious of our responsibility toward shareholder value creation. This year's dividend decision was made after careful consideration of our capital expenditure and long-term growth priorities. You all know that we are currently at a very crucial and exciting phase of our growth journey. We are undertaking an outlay investment of {? 5,000 crore ?} in the Sri City plant, which is underway and will be deployed in a phased manner over the next few years.

This is a transformational investment that will almost double our manufacturing capacity, significantly strengthen our export capabilities, and position LG India as a future global export hub. Preserving our internal accruals to fund this investment entirely without any external debt is a conscious and deliberate decision that we believe is in the best long-term interests of our shareholders.

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LG Electronics India

14 August 2026

Additionally, the current economic and macroeconomic environment, with currency depreciation, elevated raw material prices, and geopolitical uncertainties, requires a certain level of financial prudence. This approach helps us prepare for short-term challenges while continuing to support our growth plans.

We would like to assure our shareholders that this is not a permanent position. As our Sri City investment progresses in a phased manner and our cash generation strengthens further through revenue growth and margin improvement, we definitely plan to review our dividend plans. Our commitment to delivering sustainable shareholder value remains unchanged, and our capital allocation decisions will continue to reflect this commitment. Thank you.

Vishal Goyal – HSBC Securities and Capital Markets India Private Limited: Thank you, sir, for the detailed answer. Thank you.

Operator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I will now hand the conference over to Ms. Arshiya Khosla for closing remarks. Thank you, and over to you, ma'am.

Arshiya Khosla – Ashika Institutional Equities: Thank you. On behalf of Ashika Institutional Equities, I would like to thank all the participants for joining the Q1 FY27 earnings conference call of LG Electronics India Ltd. I would also like to thank the management team for giving us the opportunity to host the call. Over to you, Aditya.

Aditya Bhasin – Head of Investor Relations: Thank you, Arshiya. Thank you, Rahul, and thank you, everyone, for joining the LG Electronics Q1 FY27 earnings call. With this, we conclude today's discussion. Should you have any pending questions or require further clarification, please do not hesitate to call me directly. Thank you, and have a nice day.

Operator: Thank you to the members of management. On behalf of LG Electronics India Ltd. and Ashika Institutional Equities, that concludes this conference. We thank you for joining us, and you may now disconnect.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.