07 November 2026
2QFY27 Results Update | Sector: Consumer Durables

LG Electronics India

Estimate change	⇄
TP change	⇄
Rating change	⇄

Bloomberg	LGEL IN
Equity Shares (m)	679
M.Cap.(INRb)/(USDb)	1190.6 / 12.7
52-Week Range (INR)	1836 / 1300
1, 6, 12 Rel. Per (%)	-10/9/10
12M Avg Val (INR M)	1387
Free float (%)	15.0

Financials & Valuations (INR b)

Y/E MARCH	FY27E	FY28E	FY29E
Sales	292.6	330.8	374.1
EBITDA	32.7	40.1	47.8
Adj. PAT	23.4	29.1	34.3
EBITDA Margin (%)	11.2	12.1	12.8
Cons. Adj. EPS (INR)	34.5	42.9	50.5
EPS Gr. (%)	36.7	24.5	17.8
BV/Sh. (INR)	135.3	163.2	196.1
Ratios			
Net D:E	(0.6)	(0.5)	(0.5)
RoE (%)	27.8	28.7	28.1
RoCE (%)	28.8	29.6	28.9
Payout (%)	35.0	35.0	35.0
Valuations			
P/E (x)	50.9	40.9	34.7
P/BV (x)	13.0	10.8	9.0
EV/EBITDA (x)	34.9	28.2	23.5
Div Yield (%)	0.7	0.9	1.0
FCF Yield (%)	0.9	1.1	1.3

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	85.0	85.0	85.0
DII	8.8	7.8	4.4
FII	2.6	3.1	2.9
Others	3.6	4.0	7.7

FII Includes depository receipts

CMP: INR1,754 **TP: INR2,100 (+20%)** **Buy**

In-line performance; expanding B2B and VS opportunities

Reiterates FY27 growth guidance; expects stronger 2H performance

- LGEIL's 2QFY27 performance was in line. Revenue grew ~20% YoY to INR73.8b, fueled by ~21%/17% growth in the Home Appliance (HA)/ Home Entertainment (HE) segments. EBITDA grew ~28% YoY to INR7.0b, with OPM up 60bp YoY to 9.5%. LGEIL's PAT was up ~26% YoY to INR4.9b.
- LGEIL reiterated its FY27 guidance of mid-teen revenue growth and an early double-digit EBITDA margin. It expects business performance in 2HFY27 to be better than 1HFY27. It indicated that the HA business will remain a core growth driver, while the vehicle solutions (VS) business will serve as an additional growth pillar, supporting the company's long-term strategy of business diversification and growth. The Sri City expansion is on track, with compressor production to begin in 3QFY27 and AC manufacturing in 4QFY27. Its B2B business currently contributes ~10-12% of total revenue, and the company targets increasing this share to 15%+ over the next three years. It is targeting ~20% growth in B2B over the long term.
- We largely retain our estimates for FY27/FY28. We value LGEIL at 45x Sep'28E EPS to arrive at our TP of INR2,100. **Reiterate BUY.**

Revenue up ~20% YoY; OPM up 60bp to 9.5% (in line)

- LGEIL's consol. revenue/EBITDA/adj. PAT stood at INR73.8b/INR7.0b/ INR4.9b (+20%/+28%/+26% YoY; +4%/+3%/in line) in 2QFY27. OPM surged 60bp YoY to 9.5%. Depreciation rose ~31% YoY, and interest remained flat YoY. Other income increased ~7% YoY.
- Segmental highlights: **a) Home Appliances (HA)** revenue increased ~21% YoY to INR47.7b (~8% beat), EBIT grew ~28% YoY to INR4.2b (in line), and margin increased 50bp YoY to 8.7% (vs. est. 9.0%). **b) Home Entertainment (HE)** revenue grew ~17% YoY to INR26.1b (-4% vs. est.). EBIT grew ~20% YoY to INR3.4b (-5% vs. est.). Margin expanded 30bp YoY to 12.9% (in line).
- In 1HFY27, revenue/EBITDA/PAT grew ~17%/27%/27% YoY to INR146.1b/ INR16.1b/INR11.4b. OPM expanded 80bp YoY to ~11%. OCF stood at INR16.3b vs. INR10.3b in 1HFY26. Capex stood at INR11.6b vs. INR5.9b in 1HFY26. FCF stood at INR4.7b vs. INR4.4b in 1HFY26.

Key highlights from the management commentary

- In HA, growth was broad-based across both volume and value in2QFY27. Washing machines recorded their highest growth in eight quarters, led by fully automatic models, which now contribute 60%+ of sales.
- In HE, the B2B information display business has emerged as a second profit engine alongside television, providing a more stable margin profile and supporting overall segment profitability.
- The Vehicle Solutions (VS) business will be developed in phases, starting with telematics and gradually expanding into other automotive solutions for the Indian market.

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Valuation and view

- LGEIL performance was in line. It reported strong revenue growth across HA and HE segment, and healthy margins. It has a diversified product portfolio, strong brand franchise, multiple avenues for sustainable revenue growth and a better margin profile than peers. The company is well-positioned to benefit from structural premiumization across TVs, refrigerators, washing machines and ACs, while the expanding LG Essential portfolio provides an additional growth driver by broadening its addressable market.
- We estimate a CAGR of ~13%/21%/21% in revenue/EBITDA/PAT over FY27-29. We estimate OPM to expand to 12.1%/12.8% by FY28/FY29 vs. 11.2% in FY27E. It has consistently generated healthy operating cash flows over the years. We estimate cumulative OCF of INR82.5b during FY27-29. Estimate cumulative capex of INR43.0b over FY27-29, mainly for the Sri City expansion. Cumulative FCF during FY27-29 is estimated at INR39.5b. Net cash balance is estimated to increase to INR66.4b by FY29E vs. INR50.5b as of Sep'26.
- The stock currently trades at 41x/35x FY28E/FY29E EPS. We value LGEIL at 45x Sep'28E EPS to arrive at our TP of INR2,100. **Reiterate BUY.**

Quarterly Performance (Consolidated)

Y/E March	FY26				FY27E				FY26	FY27	2QE	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales	**62,629**	**61,740**	**41,144**	**80,536**	**72,334**	**73,800**	**50,202**	**96,227**	**2,46,049**	**2,92,563**	**71,181**	4%
Change (%)	-2.3	1.0	-6.4	8.1	15.5	19.5	22.0	19.5	1.0	18.9	**15**	
Adj EBITDA	**7,163**	**5,476**	**2,085**	**9,454**	**9,043**	**7,009**	**4,092**	**12,527**	**24,177**	**32,671**	**6,795**	3%
Change (%)	-25.2	-27.7	-38.7	-10.4	26.2	28.0	96.2	32.5	-22.3	35.1	**24**	
Adj EBITDA margin (%)	11.4	8.9	5.1	11.7	12.5	9.5	8.2	13.0	9.8	11.2	**9.5**	(5)
Depreciation	902	935	1,107	1,016	1,118	1,227	1,160	1,179	3,961	4,684	**1,060**	16%
Interest	85	90	93	138	91	90	92	112	406	386	**110**	-18%
Other Income	744	798	757	1,011	947	856	881	1,150	3,309	3,834	**962**	-11%
PBT	**6,920**	**5,249**	**1,641**	**9,310**	**8,781**	**6,547**	**3,721**	**12,386**	**23,120**	**31,435**	**6,587**	-1%
Tax	1,787	1,354	620	2,383	2,252	1,653	953	3,189	6,144	8,047	**1,686**	
Effective Tax Rate (%)	25.8	25.8	37.8	25.6	25.6	25.3	25.6	25.7	26.6	25.6	**26**	
Extraordinary items	-	-	(125)	-	-	-	-	-	(125)	0	**0**	
Reported PAT	**5,133**	**3,894**	**897**	**6,927**	**6,529**	**4,893**	**2,769**	**9,197**	**16,851**	**23,387**	**4,900**	0%
Change (%)	(24.5)	(27.3)	(61.6)	(8.2)	27.2	25.7	208.7	32.8	-23.5	38.8	**26**	
Adj PAT	**5,133**	**3,894**	**1,161**	**6,927**	**6,529**	**4,893**	**2,769**	**9,197**	**17,115**	**23,387**	**4,900**	0%
Change (%)	(24.5)	(27.3)	(50.3)	(8.2)	27.2	25.7	138.5	32.8	-22.3	36.7	**26**	

Segmental Performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	2QE	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Sales												
Home appliance and air solution division	49,086	39,481	27,885	65,165	55,814	47,717	34,019	77,410	1,81,616	2,14,960	44,021	8%
Home entertainment division	13,547	22,262	13,264	15,374	16,575	26,084	16,182	18,817	64,447	77,658	27,159	-4%
EBIT												
Home appliance and air solution division	5,643	3,245	1,108	7,748	6,467	4,164	2,041	9,898	17,744	22,571	3,962	5%
Home entertainment division	2,125	2,810	1,273	2,066	3,163	3,370	2,185	3,009	8,273	11,726	3,531	-5%
EBIT Margin (%)												
Home appliance and air solution division	11.5	8.2	4.0	11.9	11.6	8.7	6.0	12.8	9.8	10.5	9.0	(27)
Home entertainment division	15.7	12.6	9.6	13.4	19.1	12.9	13.5	16.0	12.8	15.1	13.0	(8)



Key highlights from the management commentary

Home appliances and air solutions segment

- All key categories, including washing machines, refrigerators and room air conditioners (RAC), delivered double-digit growth, whereas dishwashers recorded strong growth. Growth was broad-based across both volume and value, supported by a healthy performance across premium and mass-market (essential) product ranges.
- It indicated a calibrated pricing strategy to mitigate input cost inflation, with selective price hikes across categories rather than broad-based increases. It prioritized protecting the mass segment while passing on a higher proportion of cost inflation through premium products.
- New product launches, including premium French-door refrigerators and chest freezers, have further strengthened its product portfolio and market leadership across key categories.
- It indicated that the segment is entering Q3FY27, the festive quarter, with lean and healthy channel inventory levels and strong confidence among channel partners.
- It expects premium categories, including French-door and side-by-side refrigerators, washing machines of 8kg and above, and dishwashers, to sustain their growth momentum.
- In refrigerators, premium multi-door formats, including side-by-side and French-door models, recorded growth of +50%, while single-door refrigerators also delivered double-digit growth.
- Room air conditioners witnessed an encouraging demand trend, with Q2FY27 sales exceeding Q1FY27 levels despite being an off-season quarter, supported by elevated temperatures across several parts of India.

Home entertainment division

- There is a structural shift in consumer preference towards larger-screen televisions, with the upgradation cycle expected to sustain over the medium term. It believes the transition is still at an early stage.
- Offline value market share reached an all-time high, indicating improved market share capture amid the shift towards larger-screen televisions.
- Margin improvement attributed to strong volume growth and operating leverage, supported by a richer product mix with higher contribution from larger-screen televisions, rather than relying solely on price increases.
- The B2B information display business has emerged as a second profit engine alongside television, providing a more stable margin profile and supporting overall segment profitability.
- Television market share reached a record high, while the launch of Mini LED models is aimed at addressing consumers seeking premium picture quality at a price point below OLED televisions, thereby expanding the premium customer base. The 32-inch mass-market television segment has also witnessed a pickup in demand, indicating broad-based festive consumption across income segments.

Entry into vehicle solutions

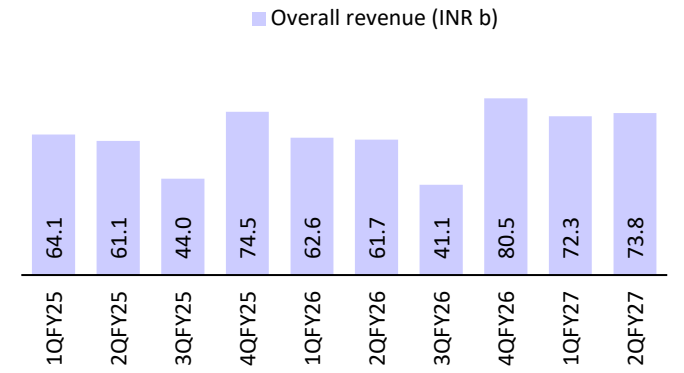
- It is a new growth avenue beyond traditional product categories, leveraging India's manufacturing ecosystem. It views this as the beginning of further diversification opportunities, with Sri City being developed as a multi-category manufacturing hub.
- India's large and fast-growing automotive market, coupled with increasing vehicle connectivity, digitalization and intelligence, presents significant opportunities in automotive electronics. It aims to leverage its global expertise and technological capabilities to tap opportunities in India's automotive electronics market.

Other key highlights

- Revenue quality is improving through a better channel mix and increasing contribution from B2B, exports and service-related businesses such as annual maintenance contracts (AMCs), which generally generate margins above its average. It expects the growing contribution of these higher-margin businesses to support overall profitability and earnings stability.
- B2B currently contributes ~10–12% of total revenue, and targets increasing its share to 15%+ over the next three years, supported by a healthy opportunity pipeline across commercial, government and infrastructure segments.
- On data centers, it indicated that it has product capabilities, including chillers and cooling solutions, to participate in this opportunity. However, it is still at an early stage and it will provide further updates as the opportunity develops.
- Cash and bank balance stood at INR50.5b as of Sep'26 vs. INR57.1b as of Jun'26, reflecting a planned working capital investment of INR6.6b towards channel stocking ahead of the festive and wedding seasons.
- Sri City manufacturing facility remains on track to commence compressor manufacturing in 3QFY27, followed by air conditioner manufacturing in 4QFY27.
- The compressor facility will have an additional annual capacity of 2mn units, reducing dependence on external sourcing and mitigating supply-chain risks and forex-related cost pressures.
- **LG Essential range**, initially positioned as an affordability offering, has emerged as a meaningful contributor to segment profitability while attracting first-time LG consumers, providing an opportunity to drive premiumization over time.
- It launched the LG Essential Series targeting Indian consumers, with products featuring India-specific functionalities, including fully automatic washing machines designed for low water pressure and double-door refrigerators with automatic temperature adjustment based on ambient conditions.

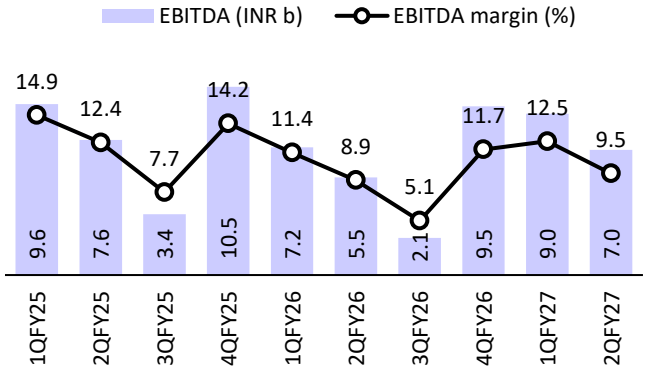
Story in charts

Exhibit 1: Overall revenue increased 20% YoY



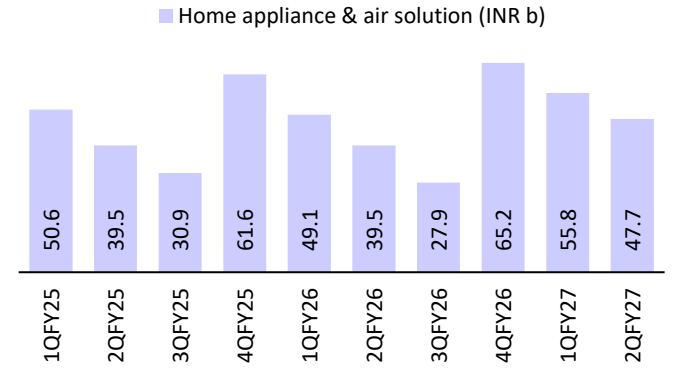
Source: MOFSL, Company

Exhibit 2: OPM expanded 65bp YoY



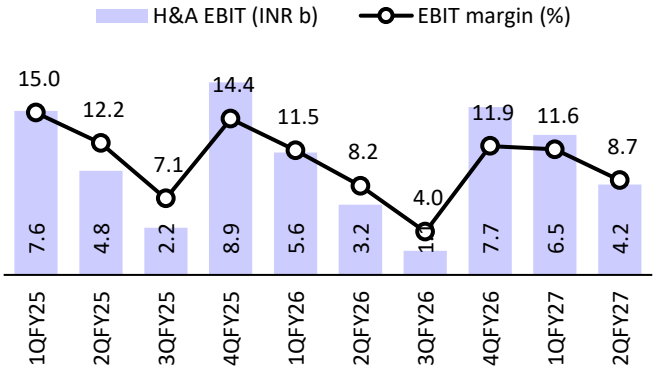
Source: MOFSL, Company

Exhibit 3: H&A segment's revenue grew 21% YoY



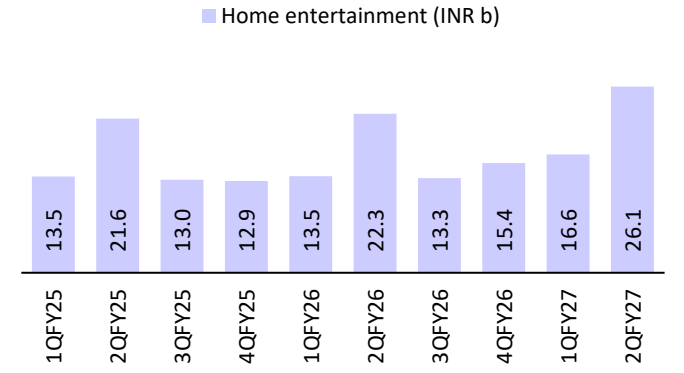
Source: MOFSL, Company

Exhibit 4: H&A segment's margin improved 50bp YoY



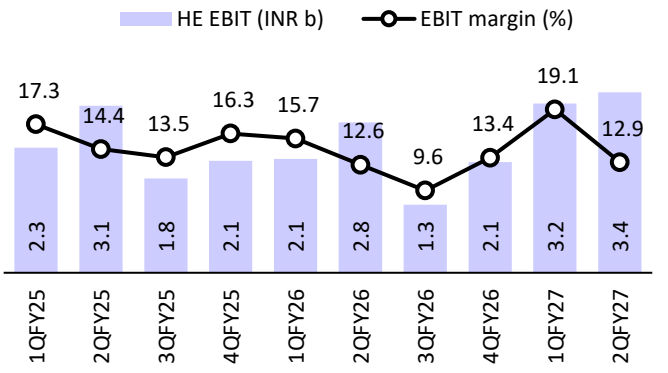
Source: MOFSL, Company

Exhibit 5: HE segment's revenue rose 17% YoY



Source: MOFSL, Company

Exhibit 6: HE segment's margin increased 30bp YoY



Source: MOFSL, Company

Financials and valuations (Consolidated)

Income Statement (INR M)

Y/E March	2022	2023	2024	2025	2026	2027E	2028E	3029E
Net Sales	**1,68,342**	**1,98,646**	**2,13,520**	**2,43,666**	**2,46,049**	**2,92,618**	**3,30,751**	**3,74,099**
Change (%)	11.6	18.0	7.5	14.1	1.0	18.9	13.0	13.1
Raw Materials	1,18,005	1,40,281	1,49,302	1,65,801	1,71,669	2,04,247	2,28,549	2,56,258
Gross margin (%)	29.9	29.4	30.1	32.0	30.2	30.2	30.9	31.5
Staff Cost	7,255	7,992	8,868	9,628	9,845	11,322	12,228	13,451
Other Expenses	25,995	31,380	33,101	37,136	40,327	44,378	49,830	56,548
EBITDA	**17,087**	**18,993**	**22,249**	**31,101**	**24,208**	**32,671**	**40,144**	**47,843**
% of Net Sales	10.2	9.6	10.4	12.8	9.8	11.2	12.1	12.8
Depreciation	2,584	3,004	3,644	3,804	3,961	4,684	5,092	6,410
Interest	225	226	285	306	406	386	405	425
Other Income	2,038	2,440	2,051	2,640	3,279	3,834	4,481	5,094
PBT	**16,316**	**18,203**	**20,371**	**29,631**	**23,120**	**31,435**	**39,128**	**46,101**
Tax	4,260	4,723	5,260	7,598	6,144	8,047	10,017	11,802
Rate (%)	26.1	25.9	25.8	25.6	26.6	25.6	25.6	25.6
Extra-ordinary Inc.(net)	0	0	0	0	-125	0	0	0
Reported PAT	**12,056**	**13,480**	**15,111**	**22,033**	**16,851**	**23,387**	**29,111**	**34,299**
Change (%)	-27.7	11.8	12.1	45.8	-23.5	38.8	24.5	17.8
Adjusted PAT	**12,056**	**13,480**	**15,111**	**22,033**	**17,115**	**23,387**	**29,111**	**34,299**
Change (%)	-27.7	11.8	12.1	45.8	-22.3	36.7	24.5	17.8

Balance Sheet (Consolidated) (INR M)

Y/E March	2022	2023	2024	2025	2026	2027E	2028E	3029E
Share Capital	1,131	1,131	1,131	6,788	6,788	6,788	6,788	6,788
Reserves	53,876	42,431	36,591	52,914	69,868	85,070	1,03,992	1,26,287
Net Worth	**55,007**	**43,562**	**37,722**	**59,702**	**76,656**	**91,857**	**1,10,780**	**1,33,074**
Loans	0	0	0	0	0	0	0	0
Deferred Tax Liability	-1,278	-1,365	-1,720	-2,040	-2,059	-2,059	-2,059	-2,059
Capital Employed	**53,729**	**42,197**	**36,002**	**57,662**	**74,596**	**89,798**	**1,08,720**	**1,31,015**
Gross Fixed Assets	24,840	30,146	32,839	35,801	42,074	47,154	72,654	84,654
Less: Depreciation	14,365	16,719	19,651	22,510	26,471	31,155	36,247	42,657
Net Fixed Assets	**10,475**	**13,427**	**13,188**	**13,291**	**15,603**	**15,999**	**36,407**	**41,997**
Capital WIP	1,030	246	244	753	4,580	15,000	5,000	5,000
Investments	0	0	0	0	0	0	0	0
Curr. Assets	**81,409**	**74,883**	**69,832**	**99,087**	**1,14,120**	**1,29,241**	**1,46,546**	**1,71,174**
Inventory	24,094	26,410	23,974	30,315	29,616	36,076	40,777	51,246
Debtors	13,811	14,995	17,970	23,612	28,251	33,598	37,976	40,997
Cash & Bank Balance	37,094	27,626	22,226	37,415	44,763	51,084	58,204	66,036
Other Current Assets	6,331	5,783	5,589	7,659	11,098	8,017	9,062	12,299
Current Liab. & Prov.	**39,185**	**46,359**	**47,262**	**55,470**	**59,707**	**70,442**	**79,232**	**87,156**
Creditors	25,984	31,192	30,351	34,049	35,135	41,784	47,230	53,420
Other Liabilities	11,433	13,108	14,504	18,629	21,584	25,669	29,014	30,748
Provisions	1,768	2,059	2,407	2,791	2,988	2,988	2,988	2,988
Net Current Assets	**42,224**	**28,524**	**22,570**	**43,617**	**54,413**	**58,799**	**67,314**	**84,018**
Application of Funds	**53,729**	**42,197**	**36,002**	**57,662**	**74,596**	**89,798**	**1,08,720**	**1,31,015**

Financials and valuations (Consolidated)

Ratios

Y/E March	2022	2023	2024	2025	2026	2027E	2028E	3029E
Basic (INR)								
Adjusted EPS	**17.8**	**19.9**	**22.3**	**32.5**	**25.2**	**34.5**	**42.9**	**50.5**
Growth (%)	-27.7	11.8	12.1	45.8	-22.3	36.7	24.5	17.8
Cash EPS	21.6	24.3	27.6	38.1	31.1	41.4	50.4	60.0
Book Value	81.0	64.2	55.6	88.0	112.9	135.3	163.2	196.1
DPS	20.0	22.0	18.5	0.0	0.0	12.1	15.0	17.7
Payout (incl. Div. Tax.)	187.7	184.6	138.5	0.0	0.0	35.0	35.0	35.0
Valuation (x)								
P/Sales	11.8	10.0	9.3	4.9	4.8	4.1	3.6	3.2
P/E (standalone)	98.8	88.4	78.8	54.1	69.6	50.9	40.9	34.7
Cash P/E	81.4	72.3	63.5	46.1	56.5	42.4	34.8	29.3
EV/EBITDA	67.5	61.3	52.5	37.1	47.4	34.9	28.2	23.5
EV/Sales	6.9	5.9	5.5	4.7	4.7	3.9	3.4	3.0
Price/Book Value	21.7	27.3	31.6	20.0	15.5	13.0	10.8	9.0
Dividend Yield (%)	1.1	1.3	1.1	0.0	0.0	0.7	0.9	1.0
Profitability Ratios (%)								
RoE	19.9	27.4	37.2	45.2	25.1	27.8	28.7	28.1
RoCE	20.7	28.5	39.2	47.5	26.1	28.8	29.6	28.9
RoIC	82.6	75.9	97.4	119.3	59.4	60.8	58.5	53.4
Turnover Ratios								
Debtors (Days)	30	28	31	35	42	42	42	40
Inventory (Days)	52	49	41	45	44	45	45	50
Creditors. (Days)	56	57	52	51	52	52	52	52
Asset Turnover (x)	3.1	4.7	5.9	4.2	3.3	3.3	3.0	2.9
Leverage Ratio								
Net Debt/Equity (x)	-0.7	-0.6	-0.6	-0.6	-0.6	-0.6	-0.5	-0.5

Cash Flow Statement

(INR M)

Y/E March	2022	2023	2024	2025	2026	2027E	2028E	3029E
PBT before EO Items	**15,575**	**18,292**	**20,562**	**29,472**	**23,532**	**31,435**	**39,128**	**46,101**
Add : Depreciation	2,612	3,004	3,644	3,804	3,961	4,684	5,092	6,410
Interest	(1,399)	(1,977)	(1,720)	(2,183)	(2,345)	(3,448)	(4,076)	(4,669)
Less : Direct Taxes Paid	4,016	4,425	5,698	7,539	6,206	8,047	10,017	11,802
(Inc)/Dec in WC	6,793	(3,988)	125	7,025	1,755	(1,935)	1,395	8,873
CF from Operations	**5,979**	**18,882**	**16,663**	**16,529**	**17,187**	**26,559**	**28,732**	**27,168**
(Inc)/Dec in FA	(2,695)	(5,138)	(2,411)	(3,346)	(11,721)	(15,500)	(15,500)	(12,000)
Free Cash Flow	**3,284**	**13,744**	**14,252**	**13,183**	**5,466**	**11,059**	**13,232**	**15,168**
(Pur)/Sale of Investments	1,963	2,399	2,197	3,070	3,156	3,834	4,481	5,094
CF from Investments	**(732)**	**(2,739)**	**(214)**	**(275)**	**(8,565)**	**(11,666)**	**(11,019)**	**(6,906)**
(Inc)/Dec in Net Worth / Others	(414)	(494)	(654)	(760)	(915)	-	-	-
(Inc)/Dec in Debt	-	-	-	-	-	-	-	-
Less: Interest Paid	225	225	269	305	359	386	405	425
Dividend Paid	22,626	24,888	20,929	-	-	8,186	10,189	12,005
CF from Fin. Activity	**(23,265)**	**(25,607)**	**(21,852)**	**(1,065)**	**(1,274)**	**(8,571)**	**(10,594)**	**(12,430)**
Inc/Dec of Cash	**(18,018)**	**(9,464)**	**(5,403)**	**15,189**	**7,348**	**6,322**	**7,119**	**7,832**
Add: Beginning Balance (incl. bank deposits)	55,112	37,090	27,629	22,226	37,415	44,763	51,084	58,204
Closing Balance	**37,094**	**27,626**	**22,226**	**37,415**	**44,763**	**51,084**	**58,204**	**66,036**

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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