

The First Partner

LG Innotek

1Q12 Earnings

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I. 1Q12 Earnings

II. Business Results

LG Innotek adopted International Financial Reporting Standards(IFRS) on January 1, 2010. Therefore, all financial information contained in this document is based on consolidated IFRS.

In addition, this presentation contains forward-looking statements. These statements are based on our current plans, estimates and projections. Therefore, shareholders and potential investors are urged to consider these risks and uncertainties in evaluating forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

1Q12 EARNINGS



Statement of Income

[KRW billion]

	4Q11	QoQ	1Q12	YoY	1Q11
Sales	1,213.6	1.7%	1,234.0	12.3%	1,099.3
Operating Profit	-60.0	139.8%	23.9	423.8%	-7.4
(%)	-4.9%	+6.9%p	1.9%	+2.6%p	-0.7%
Income before Taxes	-89.3	100.0%	0.0	100.2%	-26.7
(%)	-7.4%	+7.4%p	0.0%	+2.4%p	-2.4%
Net Profit	-93.3	97.4%	-2.4	74.5%	-9.5
(%)	-7.7%	+7.5%p	-0.2%	+0.7%p	-0.9%
EBITDA	50.0	+85.1	135.1	+44.7	90.3
(%)	4.1%	+6.8%p	10.9%	+2.7%p	8.2%
CAPEX	69.5	-24.3	45.2	-116.6	161.7

※ based on consolidated IFRS

Statement of Financial Position

[KRW billion]

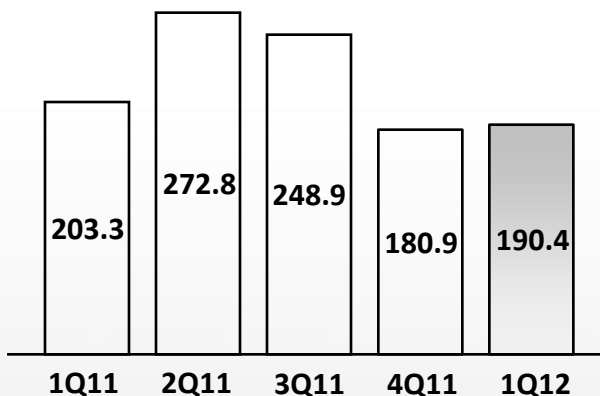
	4Q11	QoQ	1Q12	YoY	1Q11
Total Assets	4,410.0	-0.3%	4,397.2	1.5%	4,331.1
Current Assets	1,729.1	3.4%	1,788.4	10.2%	1,622.6
Cash & Cash Equivalents	435.6	9.2%	475.7	97.6%	240.7
Non-current Assets	2,680.9	-2.7%	2,608.8	-3.7%	2,708.5
Total Liabilities	3,085.1	-0.3%	3,076.8	6.8%	2,880.8
Current Liabilities	1,473.8	-1.9%	1,445.6	26.6%	1,141.7
Non-current Liabilities	1,611.3	1.2%	1,631.2	-6.2%	1,739.1
(Total Borrowings)	2,244.8	1.4%	2,276.9	12.0%	2,032.6
Total Shareholders' Equity	1,324.8	-0.3%	1,320.3	-9.0%	1,450.3
Capital Stock	100.8	0.0%	100.8	0.1%	100.7
Liability-to-Equity	232.9%	+0.2%p	233.0%	+34.4%p	198.6%
Net Debt-to-Equity	136.6%	-0.1%p	136.4%	+12.9%p	123.6%

※ based on consolidated IFRS

BUSINESS RESULTS

LED

Quarterly Sales
(KRW billion)



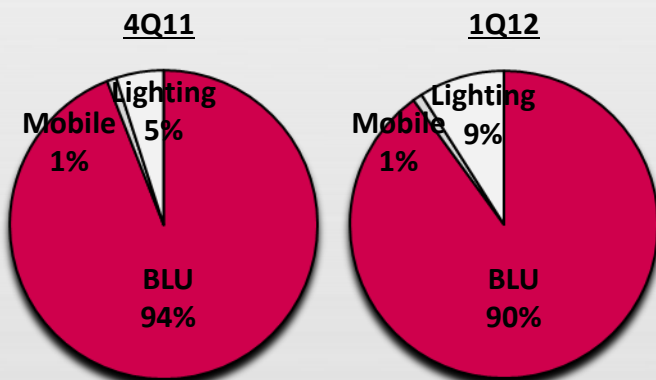
1Q12 Results

❖ **Sales : Up 5% QoQ; Pricing pressure continued and overall demand was weaker than expectation (YoY 6% ↓)**

- BLU : Up 1% QoQ; pricing pressure continued
- Lighting : Up 94% QoQ by expanding PKG product lineup
- Mobile : Up 12% QoQ by boosting sales of new models

❖ **Profitability : Improved from the previous quarter by continuing cost reduction activities**

LED Sales
(%)



2Q12 Outlook

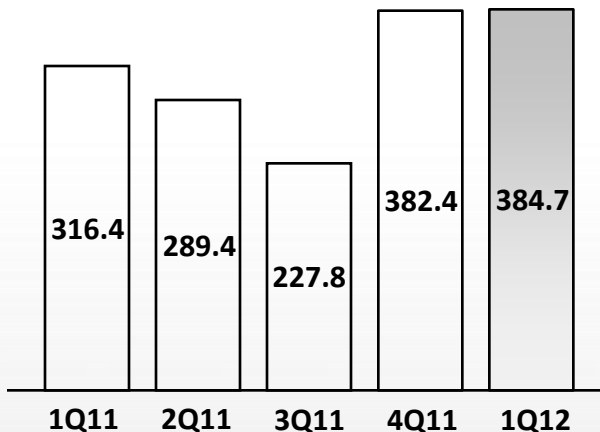
❖ **Outlook : Expect BLU application sales to grow backed by higher demand for new models from major customers; Lighting PKG sales also expected to continue to grow**

❖ **Strategy : Supply new models / Expand lighting sales**

- BLU : Supply new models and increase non-LG sales
- Lighting : Expand lighting sales by supplying high power PKGs

Optics Solution

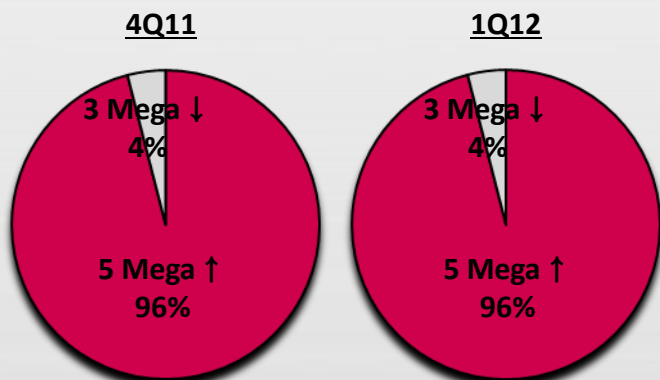
Quarterly Sales
(KRW billion)



1Q12 Results

- ❖ Sales : Up 1% QoQ; Continued to record growth, reflecting higher sales of new models (YoY 22% ↑)
- ❖ Profitability : Improved from the previous quarter by supplying new models and stabilizing production

OS Sales
(%)

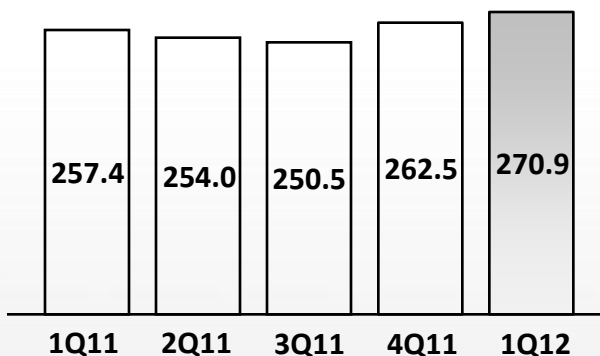


2Q12 Outlook

- ❖ Outlook : Expect overall sales to decline, mainly due to weaker demand for previously supplied models
- ❖ Strategy : Strengthen partnership with major customers / Enhance cost competitiveness through efficient management of raw materials

Display & Network

Quarterly Sales
(KRW billion)

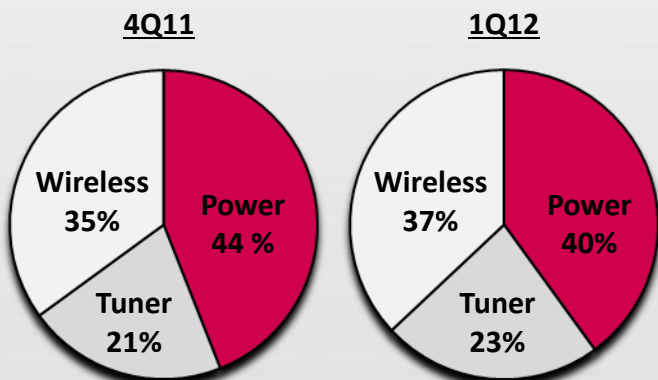


1Q12 Results

- ❖ **Sales : Up 3% QoQ, driven by higher demand and customer diversification (YoY 5% ↑)**
 - Tuner & Wireless : Up 11% QoQ; expanded sales to major customers
 - Power : Down 7% QoQ; decline in sales from non-captive customers

- ❖ **Profitability : Improved from the previous quarter by improving cost structure and by launching new products**

DN Sales
(%)

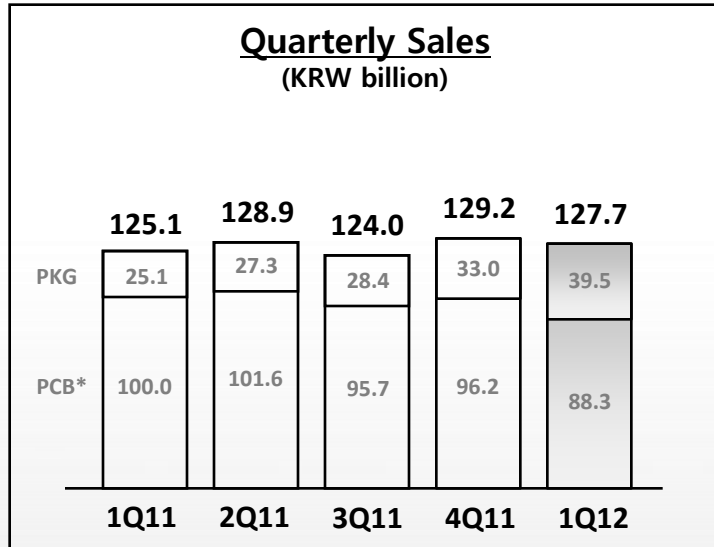


2Q12 Outlook

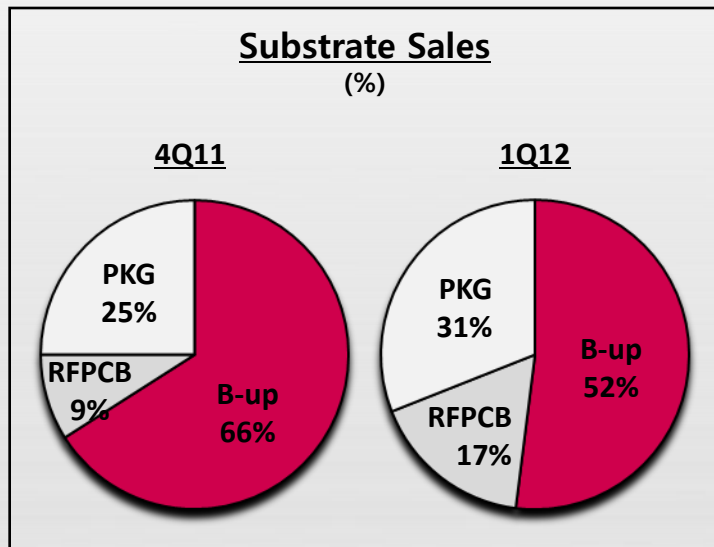
- ❖ **Outlook : Expect Power & Tuner sales to grow, driven by higher demand in the display market; Wireless sales expected to decline due to decreasing sales contribution of the major customer in the U.S.**

- ❖ **Strategy : Increase sales towards strategic customers / Continue cost innovation activities**

Substrate(PCB, PKG)



* PCB Sales : Include both B-up and RFPCB Sales



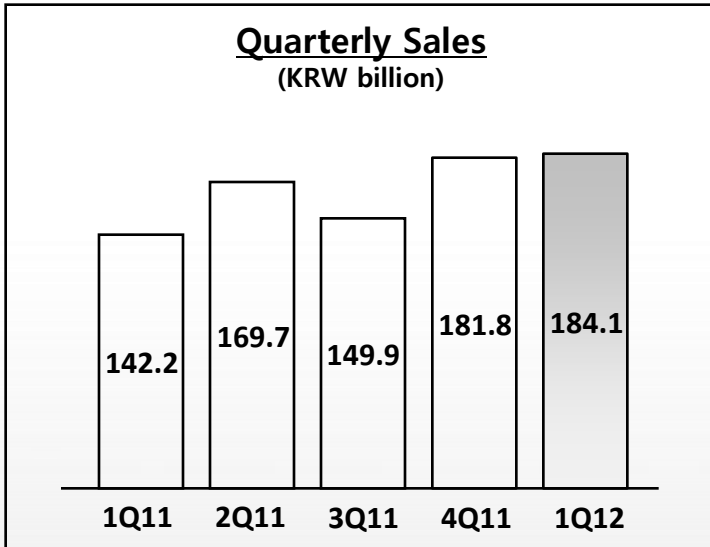
1Q12 Results

- ❖ **Sales : Down 1% QoQ; B-up sales declined, but RFPCB and PKG sales maintained growth momentum (YoY 2% ↑)**
 - B-up : Down 22% QoQ due to weaker demand from major customers
 - RFPCB : Up 94% QoQ, driven by high demand for new products
 - PKG : Up 20% QoQ by increasing sales of high-end products
- ❖ **Profitability : Improved by expanding contribution of high value-added products, despite ongoing pricing pressure**

2Q12 Outlook

- ❖ **Outlook : Expect overall sales to grow, mainly driven by higher demand for new products from major customers**
- ❖ **Strategy : Increase & stabilize the production of high value-added products**
 - B-up : Focus on ongoing cost reduction activities
 - RFPCB : Stabilize the production of new products
 - PKG : Increase the production of high value-added products

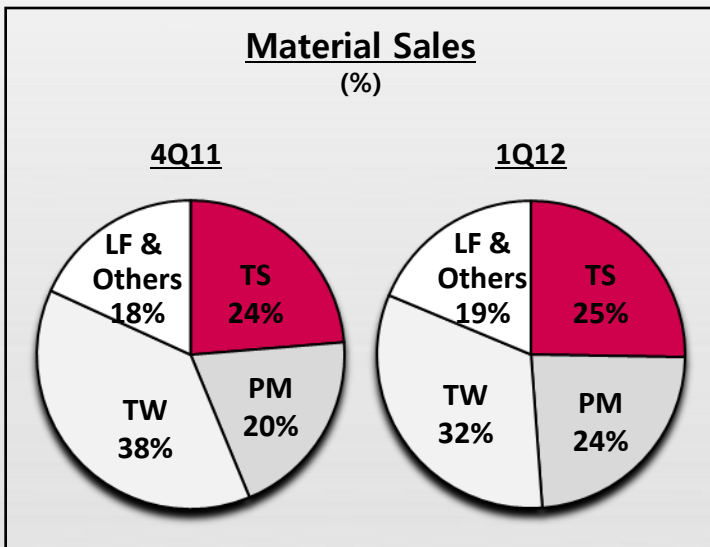
Material(TS, PM, TW, LF)



1Q12 Results

- ❖ **Sales : Up 1% QoQ; Touch Window sales declined, but other products reported strong sales (YoY 29% ↑)**
 - Touch Window : Down 14% QoQ due to weaker demand for existing models
 - Tape Substrate/Photomask : Up 8% and 19% QoQ, driven by recovering demand in the display industry
 - Lead Frame : Up 6% QoQ; demand for semi. PKGs improved

- ❖ **Profitability : Improved from the previous quarter by continuing cost reduction activities**



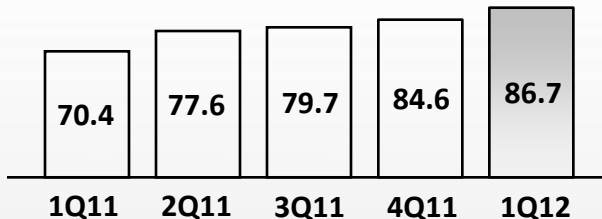
2Q12 Outlook

- ❖ **Outlook : Expect overall sales to remain flat; Tape Substrate, Photomask, and Lead Frame sales are expected to grow; Touch Window sales expected to decline due to high pricing pressure**

- ❖ **Strategy : Customer diversification / Gain market share**
 - Touch Window : Focus on customer diversification
 - Tape Substrate/Photomask : Continue to increase non-LG sales
 - Lead Frame : Gain market share in major customers

AM(Auto., Motor)

Quarterly Sales
(KRW billion)

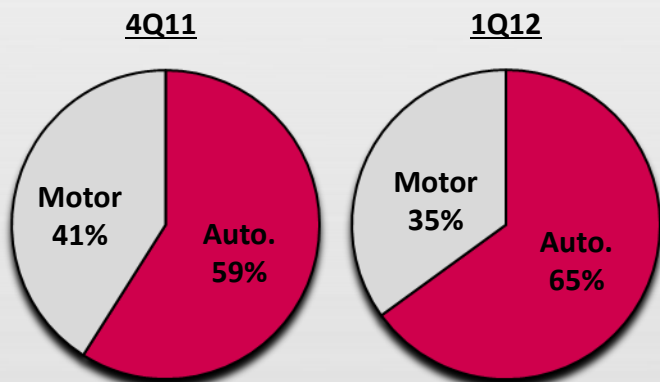


1Q12 Results

- ❖ **Sales : Up 3% QoQ backed by steady growth of the Auto. Business, despite decline in Motor sales (YoY 23% ↑)**
 - Motor : Down 13% QoQ, reflecting continuous decline in demand
 - Auto. : Up 13% QoQ by winning orders for new models

- ❖ **Profitability : Auto. business remained flat; Motor profitability improved by improving cost structure**

AM Sales
(%)



2Q12 Outlook

- ❖ **Outlook : Expect Motor sales to grow, as the industry is recovering from Thailand's flood crisis; Auto sales expected to remain flat, mainly due to pricing pressure**

- ❖ **Strategy : Improve cost competitiveness / Stabilize Production**
 - Motor : Continue to strengthen cost competitiveness
 - Auto. : Stabilize the production of export models for major customers

Appendix

Statement of Income (KRW billion)	2009				2010				2011				2012
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Sales	547.0	634.5	960.1	829.6	774.9	1,028.7	1,164.0	1,135.9	1,099.3	1,173.0	1,067.1	1,213.6	1,234.0
Operating Profit	20.9	35.5	60.3	-3.1	42.4	86.9	63.2	-36.0	-7.4	5.9	-5.4	-60.0	23.9
(%)	3.8%	5.6%	6.3%	-0.4%	5.5%	8.4%	5.4%	-3.2%	-0.7%	0.5%	-0.5%	-4.9%	1.9%
Income before Taxes	15.7	35.0	41.2	-25.8	41.1	62.8	59.9	-55.1	-26.7	-15.2	-43.3	-89.3	0.0
(%)	2.9%	5.5%	4.3%	-3.1%	5.3%	6.1%	5.1%	-4.9%	-2.4%	-1.3%	-4.1%	-7.4%	0.0%
Net Profit	8.6	28.9	35.7	-16.4	47.4	101.4	66.6	-19.7	-9.5	-7.0	-35.6	-93.3	-2.4
(%)	1.6%	4.6%	3.7%	-2.0%	6.1%	9.9%	5.7%	-1.7%	-0.9%	-0.6%	-3.3%	-7.7%	-0.2%

Statement of Financial Position (KRW billion)	2009				2010				2011				2012
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total Assets	1,266.7	1,385.0	2,685.8	2,803.8	3,182.9	4,084.7	4,006.9	4,125.5	4,331.1	4,345.3	4,407.4	4,410.0	4,397.2
Current Assets	791.1	898.1	1,378.6	1,262.6	1,295.6	2,011.7	1,602.5	1,494.6	1,622.6	1,583.2	1,629.5	1,729.1	1,788.4
Cash & Cash Equivalents	157.0	126.6	249.1	303.9	239.6	637.5	245.3	239.2	240.7	220.2	230.9	435.6	475.7
Non-current Assets	475.6	486.9	1,307.1	1,541.3	1,887.2	2,073.0	2,404.3	2,631.0	2,708.5	2,762.1	2,777.9	2,680.9	2,608.8
Total Liabilities	772.6	870.9	1,789.6	1,928.9	2,230.9	2,658.5	2,528.6	2,655.6	2,880.8	2,903.6	2,979.0	3,085.1	3,076.8
Current Liabilities	606.2	690.2	1,314.8	1,345.1	1,471.4	1,782.1	1,452.2	1,213.9	1,141.7	1,146.4	1,293.0	1,473.8	1,445.6
Non-current Liabilities	166.4	180.7	474.8	583.8	759.5	876.4	1,076.5	1,441.6	1,739.1	1,757.3	1,686.0	1,611.3	1,631.2
(Total Borrowings)	306.7	300.9	822.3	979.2	1,147.8	1,294.7	1,353.7	1,648.8	2,032.6	2,142.1	2,216.4	2,244.8	2,276.9
Total Shareholders' Equity	494.1	514.1	896.2	875.0	951.9	1,426.2	1,478.2	1,470.0	1,450.3	1,441.7	1,428.4	1,324.8	1,320.3
Capital Stock	60.1	60.1	85.7	85.7	85.8	100.3	100.6	100.6	100.7	100.8	100.8	100.8	100.8
Liability-to-Equity	156.4%	169.4%	199.7%	220.7%	234.4%	186.4%	171.1%	180.7%	198.6%	201.4%	208.5%	232.9%	233.0%
Net Debt-to-Equity	30.3%	33.9%	64.0%	77.2%	95.4%	46.1%	75.0%	95.9%	123.6%	133.3%	139.0%	136.6%	136.4%

※ LG Innotek adopted International Financial Reporting Standards(IFRS) as of January 1, 2010. The results of 2009 are based on K-GAAP.