

The First Partner

LG Innotek

2Q12 Earnings Results

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I . 2Q12 Earnings

II. Business Results

LG Innotek adopted International Financial Reporting Standards(IFRS) on January 1, 2010, and 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. Shareholders and potential investors are urged to consider these risks and uncertainties, and are cautioned not to place undue reliance on these 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.

LG Innotek

2Q12 EARNINGS



Statement of Income

[KRW billion]

	1Q12	QoQ	2Q12	YoY	2Q11
Sales	1,234.0	0.1%	1,235.8	5.3%	1,173.0
Operating Profit	23.9	-20.2%	19.0	222.0%	5.9
(%)	1.9%	-0.4%p	1.5%	+1.0%p	0.5%
Income before Taxes	0.0	N/A	-8.0	N/A	-15.2
(%)	0.0%	-0.6%p	-0.6%	+0.7%p	-1.3%
Net Profit	-2.4	N/A	4.5	N/A	-7.0
(%)	-0.2%	+0.6%p	0.4%	+1.0%p	-0.6%
EBITDA	135.1	-2.9	132.2	+22.5	109.7
(%)	10.9%	-0.2%p	10.7%	+1.3%p	9.4%
CAPEX	45.3	+120.5	165.8	+14.8	151.0

※ based on consolidated IFRS

Statement of Financial Position

[KRW billion]

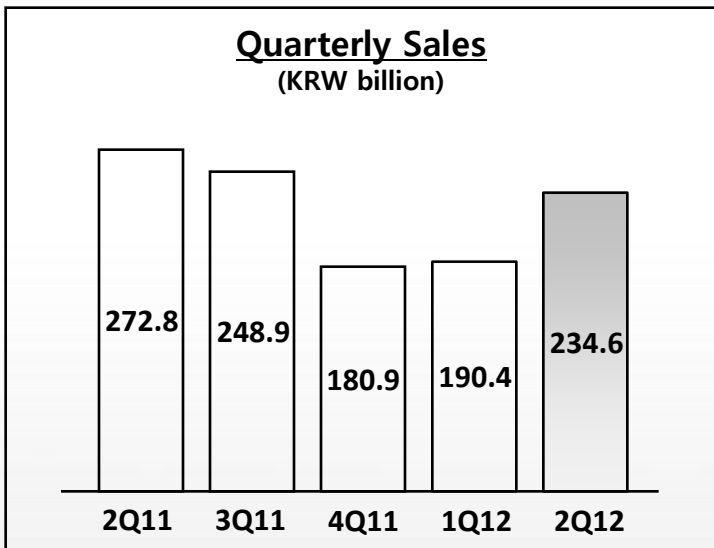
	1Q12	QoQ	2Q12	YoY	2Q11
Total Assets	4,397.2	5.1%	4,619.3	6.3%	4,345.3
Current Assets	1,788.4	7.4%	1,921.5	21.4%	1,583.2
Cash & Cash Equivalents	475.7	15.9%	551.2	150.3%	220.2
Non-current Assets	2,608.8	3.4%	2,697.8	-2.3%	2,762.1
Total Liabilities	3,076.8	7.0%	3,292.9	13.4%	2,903.6
Current Liabilities	1,445.6	27.4%	1,841.5	60.6%	1,146.4
Non-current Liabilities	1,631.2	-11.0%	1,451.3	-17.4%	1,757.3
(Total Borrowings)	2,276.9	-1.6%	2,240.6	4.6%	2,142.1
Total Shareholders' Equity	1,320.3	0.5%	1,326.4	-8.0%	1,441.7
Capital Stock	100.8	0.0%	100.8	0.0%	100.8
Liability-to-Equity	233.0%	+15.2%p	248.2%	+46.8%p	201.4%
Net Debt-to-Equity	136.4%	-9.1%p	127.4%	-6.0%p	133.3%

※ based on consolidated IFRS

BUSINESS RESULTS



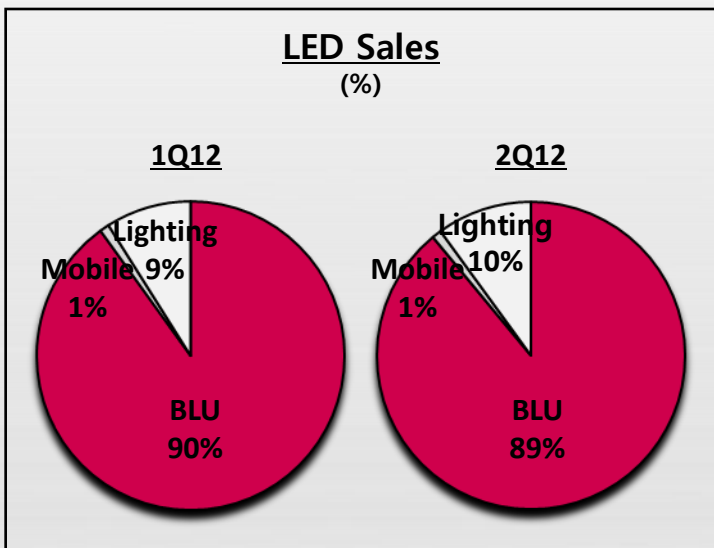
LED



2Q12 Results

- ❖ **Sales : Up 23% QoQ driven by higher demand for new TV models and steady growth of the general lighting sales (YoY 14% ↓)**
 - BLU : Up 22% QoQ backed by higher demand for new models
 - Lighting : Up 35% QoQ by expanding PKG product lineup
 - Mobile : Up 46% QoQ due to the growth in new model sales

- ❖ **Profitability : Improved from the previous quarter due to better product mix and increased cost competitiveness**

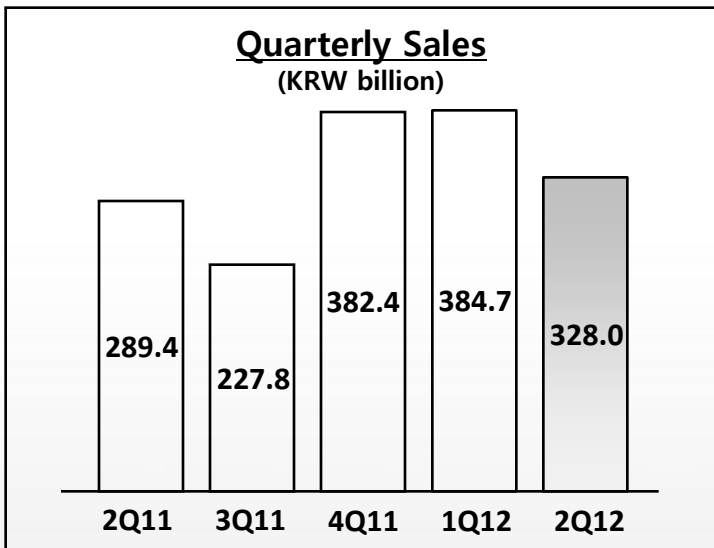


3Q12 Outlook

- ❖ **Outlook : BLU application sales to grow backed by higher demand for new models from major customers; General lighting sales to continue to grow**

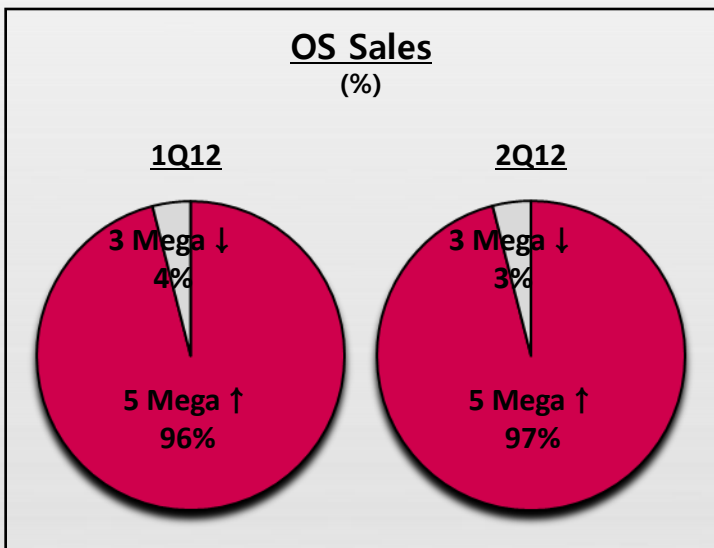
- ❖ **Strategy : Win new models & expand general lighting sales**
 - BLU : Supply new models and increase non-LG sales
 - Lighting : Continue to expand sales by supplying high power PKGs

Optics Solution



2Q12 Results

- ❖ Sales : Down 15% QoQ on weaker demand and inventory adjustments (YoY 13% ↑)
- ❖ Profitability : Declined from the previous quarter due to pricing pressure and weaker volume

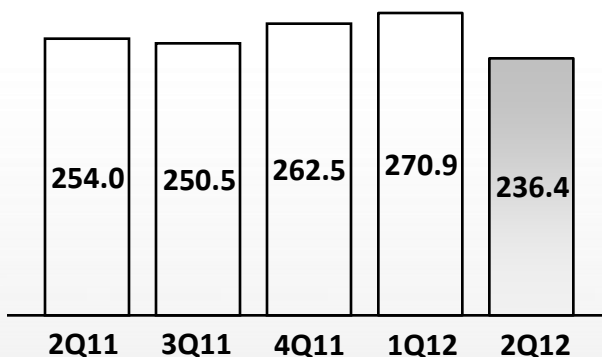


3Q12 Outlook

- ❖ Outlook : Sales to grow by starting the production for the major customers' new models
- ❖ Strategy : Increase new model sales and reinforce partnership with major customers

Display & Network

Quarterly Sales
(KRW billion)

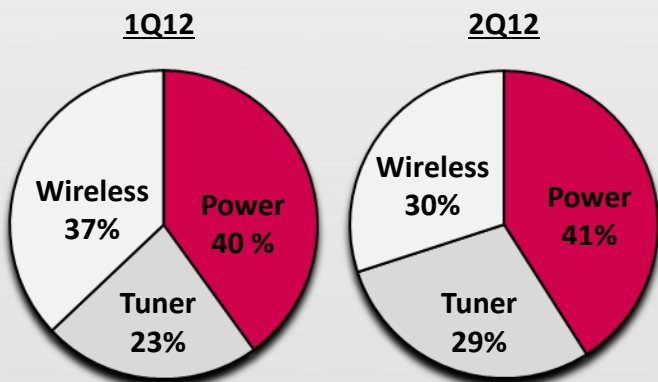


2Q12 Results

- ❖ **Sales : Down 13% QoQ due to weak sales in the Power and Wireless businesses (YoY 7% ↓)**
 - Power : Down 11% QoQ on weaker sales of major products
 - Tuner : Up 10% QoQ by increasing sales to major customers
 - Wireless : Down 29% QoQ on falling sales to the major customer in the U.S.

- ❖ **Profitability : Improved from the previous quarter through a better cost structure and improved management of raw materials**

DN Sales
(%)

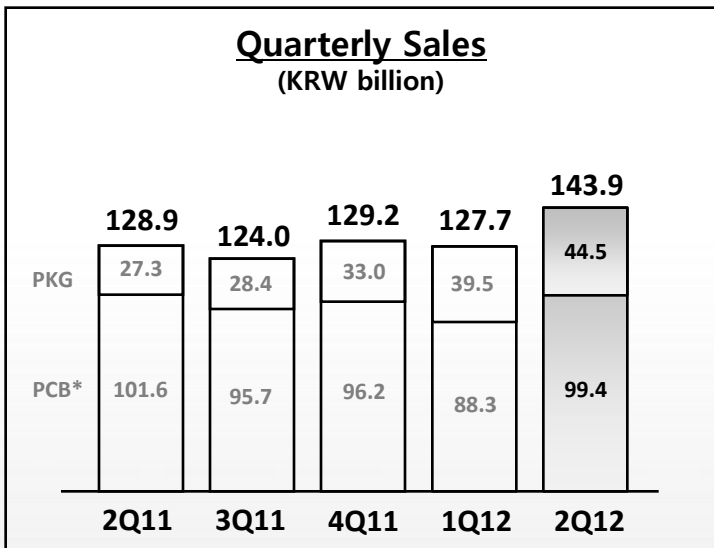


3Q12 Outlook

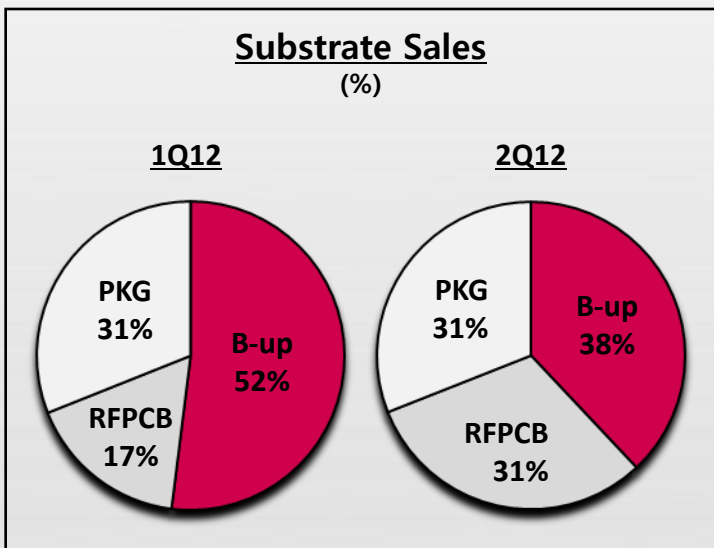
- ❖ **Outlook : Power and Wireless sales to continue to decline**

- ❖ **Strategy : Expand new model sales and continue cost reduction activities**

Substrate(PCB, PKG)



* PCB : Includes B-up and RFPCB



2Q12 Results

- ❖ **Sales : Up 13% QoQ backed by the continuous growth of the RFPCB and PKG businesses (YoY 12% ↑)**
 - B-up : Down 18% QoQ on weaker demand from major customers
 - RFPCB : Up 103% QoQ driven by higher demand for new products
 - PKG : Up 13% QoQ by increasing sales of high-end products

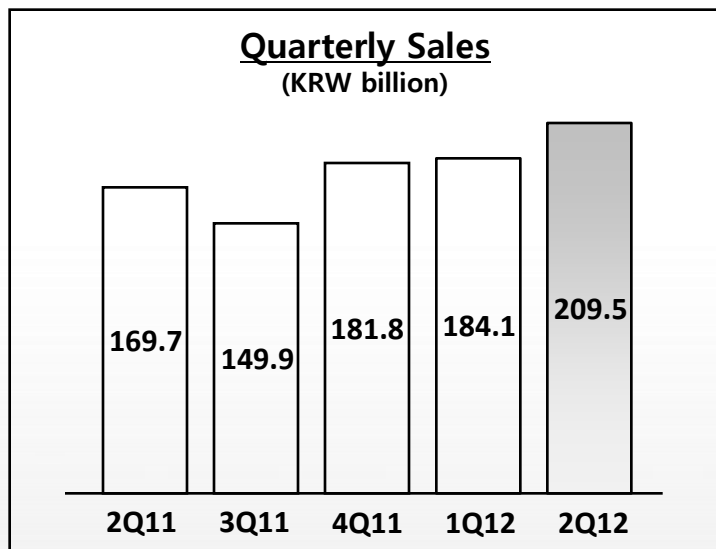
- ❖ **Profitability : Improved from the previous quarter on increased sales of high value-added products and cost reduction efforts**

3Q12 Outlook

- ❖ **Outlook : Sales to grow driven by higher demand for new models from major customers**

- ❖ **Strategy : Increase the production of high value-added products**
 - B-up : Stabilize the production of new models
 - RFPCB : Win new products and applications
 - PKG : Increase the production of high value-added products

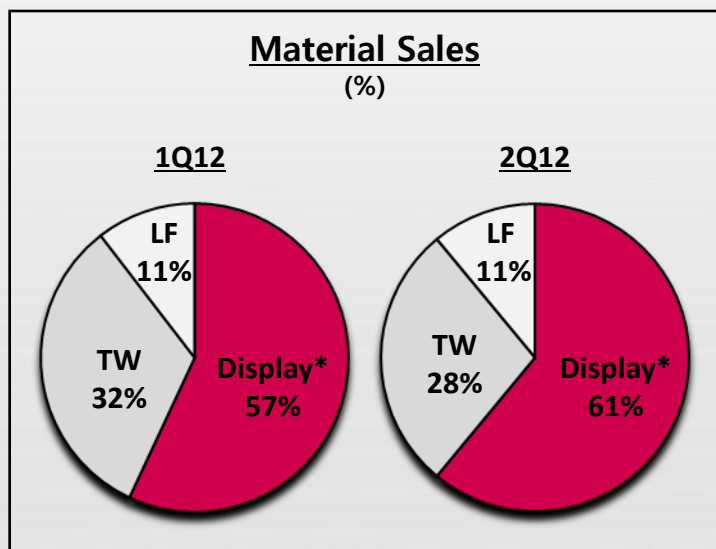
Material(TS, PM, TW, LF)



2Q12 Results

- ❖ **Sales : Up 14% QoQ backed by higher demand for display products and Lead Frame (YoY 23% ↑)**
 - Display : Up 21% QoQ backed by the recovery in the display industry
 - Touch Window : Down 2% QoQ as the demand remained flat
 - Lead Frame : Up 23% QoQ due to seasonal strength

- ❖ **Profitability : Maintained profitability despite high pricing pressure by continuing cost reduction activities**



3Q12 Outlook

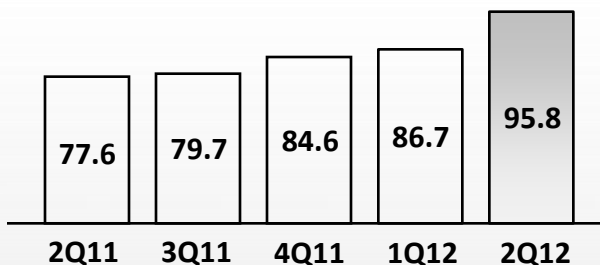
- ❖ **Outlook : Touch Window sales to grow by supplying new models; Display and other sales to decline**

- ❖ **Strategy : Increase new model sales and continue cost reduction**
 - Touch Window : Start the production of new models for major customers
 - Display & Others : Continue cost reduction efforts

* Display : Includes Tape Substrate, Photomask, and others

AM(Auto., Motor)

Quarterly Sales
(KRW billion)

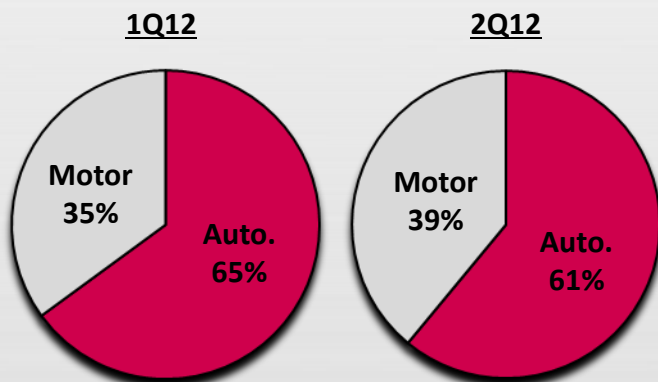


2Q12 Results

- ❖ **Sales : Up 10% QoQ due to the recovery in motor sales and steady growth of the Automotive business (YoY 23% ↑)**
 - Motor : Up 22% QoQ driven by higher demand for ODD motors
 - Automotive : Up 4% QoQ; continued to achieve steady growth

- ❖ **Profitability : Declined from the previous quarter due to price cut**

AM Sales
(%)



3Q12 Outlook

- ❖ **Outlook : Motor sales to decline on falling demand from major customers; Automotive sales to decline due to slow demand from the global economic downturn**

- ❖ **Strategy : Improve cost competitiveness and stabilize production**
 - Motor : Continue to strengthen cost competitiveness
 - Automotive : Stabilize the production of export models

Appendix. Financial Summary

Statement of Income (KRW billion)	2009				2010				2011				2012	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
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	1,235.8
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	19.0
(%)	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%	1.5%
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	-8.0
(%)	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%	-0.6%
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	4.5
(%)	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%	0.4%

Statement of Financial Position (KRW billion)	2009				2010				2011				2012	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
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	4,619.3
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	1,921.5
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	551.2
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	2,697.8
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	3,292.9
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	1,841.5
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	1,451.3
(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	2,240.6
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	1,326.4
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	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%	248.2%
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%	127.4%

* Adopted International Financial Reporting Standards(IFRS) on January 1, 2010. The 2009 financial results are based on K-GAAP.