

The First Partner

LG Innotek

Q2'13 Earnings Results

July 24, 2013

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The financial information contained in this presentation has been prepared in accordance with K-IFRS standards. The presentation also contains forward-looking statements that are based on the Company's current plans and projections. Investors are urged to consider these inherent risks and uncertainties when making assumptions, and are cautioned not to place undue reliance on them. Forward-looking statements speak only as of the date they are made and accordingly, neither the Company nor its members assume any responsibility to update the information provided herein.

※ Of note, beginning with the financial statements for the year ended December 31, 2012, the Company is required to disclose financial statements in accordance with the amendments to the K-IFRS No. 1001. Accordingly, the Company now presents operating profit or loss as an amount of sales less cost of sales and selling & administrative expense on the statement of comprehensive income. The Company applied the amendments retroactively and reclassified the statements of comprehensive income.

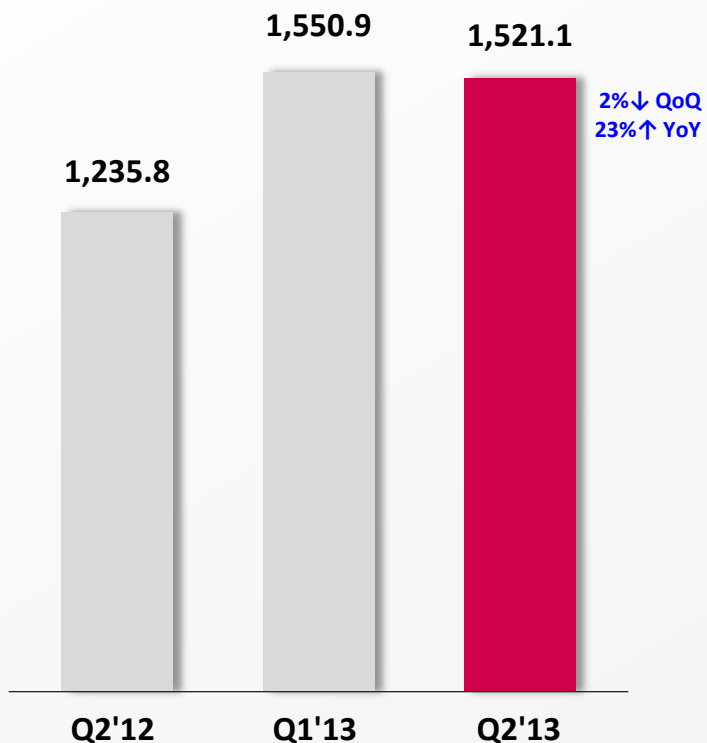
Q2'13 EARNINGS



Sales & Earnings

■ Total Sales

(Unit : in billion KRW)



■ Earnings Trends

(Unit : in billion KRW)

	Q1'13	QoQ	Q2'13	YoY	Q2'12
Operating Income	15.8	125.4%	35.7	110.6%	16.9
(%)	1.0%	+1.3%p	2.3%	+1.0%p	1.4%
EBITDA	142.2	+22.4	164.6	+34.6	130.1
(%)	9.2%	+1.7%p	10.8%	+0.3%p	10.5%
Income before tax	-9.8	N/A	6.8	N/A	-7.9
Net Income	-6.5	N/A	6.9	54.1%	4.5
CAPEX	69.0	+10.6	79.6	-91.5	171.2

* K-IFRS(Consolidated)

Financial Positions

■ Summary of Financial Positions

(Unit : in billion KRW)

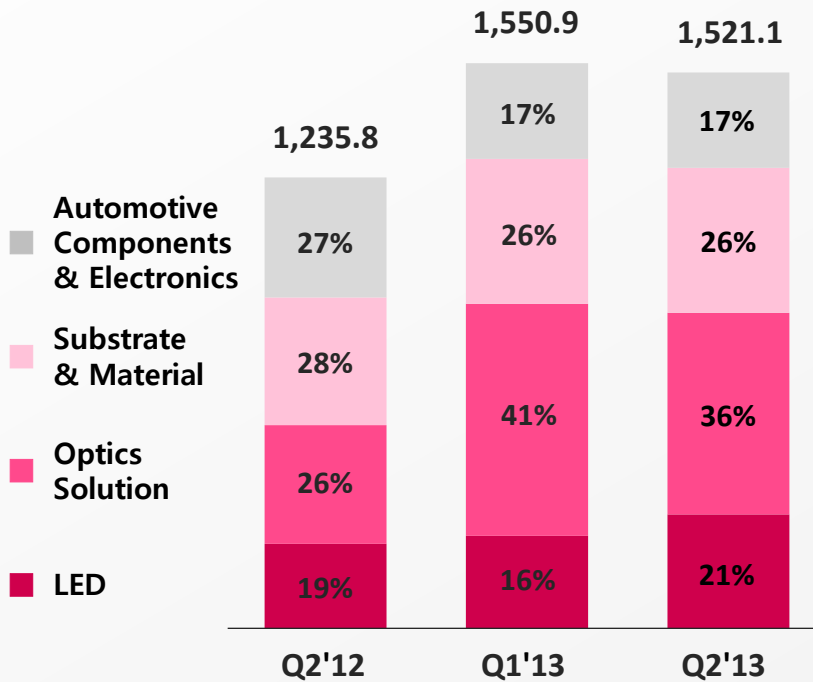
	Q1'13	QoQ	Q2'13	YoY	Q2'12
Assets	5,008.8	-5.0%	4,759.2	3.0%	4,619.3
Current Assets	2,222.9	-9.5%	2,011.5	4.7%	1,921.5
Cash & Equivalents	397.7	-11.5%	351.8	-36.2%	551.2
Non-current Assets	2,785.9	-1.4%	2,747.7	1.8%	2,697.8
Liabilities	3,743.6	-7.4%	3,467.6	5.3%	3,292.9
Current Liabilities	2,095.6	-13.5%	1,813.6	-1.5%	1,841.5
Non-current Liabilities	1,648.0	0.4%	1,654.0	14.0%	1,451.3
Shareholders' Equity	1,265.2	2.1%	1,291.6	-2.6%	1,326.4
Total Borrowings	2,302.6	-6.2%	2,160.4	-3.6%	2,240.6
Liability-to-Equity	295.9%	-27.4%p	268.5%	+20.2%p	248.2%
Net Debt-to-Equity	150.6%	-10.5%p	140.0%	+12.7%p	127.4%

* K-IFRS (Consolidated)

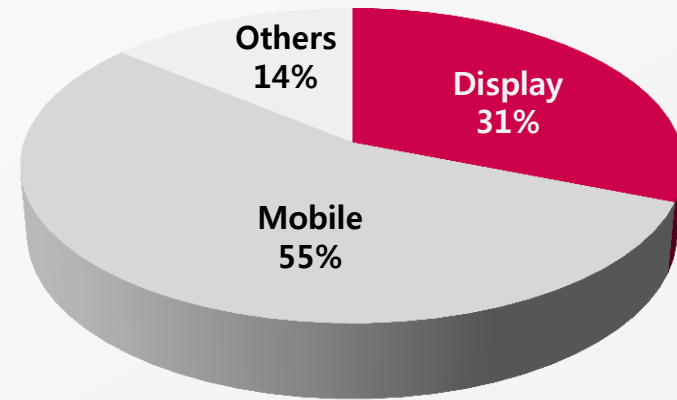
Sales Breakdown

Sales Breakdown by Division

(Unit : in billion KRW)



Q2'13 Sales Breakdown by Application

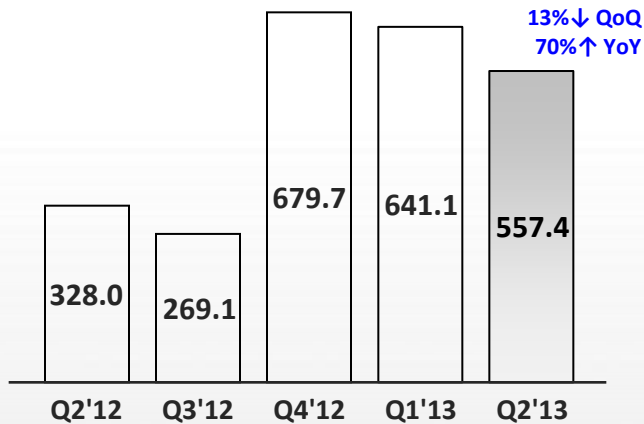


* Display : LED BLU, Power, Tuner, Photomask, Tape Substrate
 Mobile : Camera Module, Touch Window, PCB, Package
 Others : LED Lighting, Automotive, Wireless, Motor, Lead Frame
 ** Q1'13 Sales Mix : Display 28% / Mobile 59% / Others 13%

RESULTS BY BUSINESS

Optics Solution

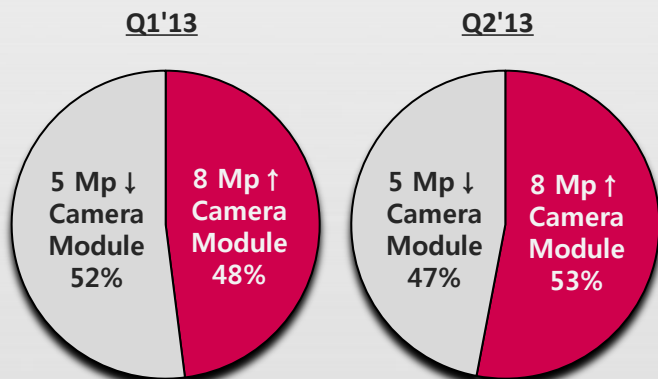
Quarterly Sales
(Unit : in billion KRW)



Q2'13 Results

- ❖ Sales : Orders from the main customer remained slow ahead of new product launches, whereas the demand from the captive and overseas customers remained stable
- ❖ Earnings : Declined on quarter reflecting slow demand and continued pricing pressure

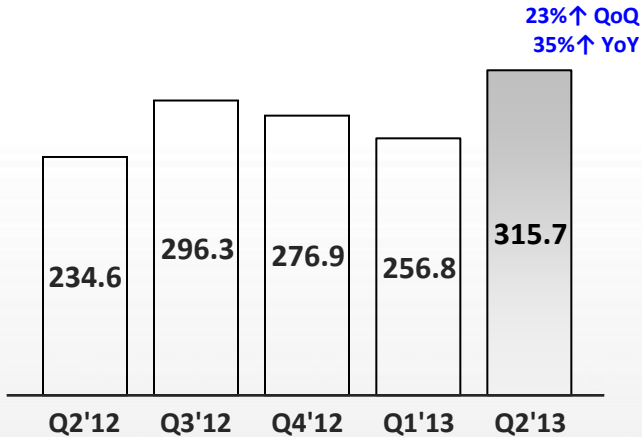
Sales Mix
(Unit : %)



Q3'13 Outlook

- ❖ Outlook : Demand from major customers to pick up with new product launches; sales expected to gain momentum
- ❖ Plan : Continue to improve the yield and productivity of newly introduced products

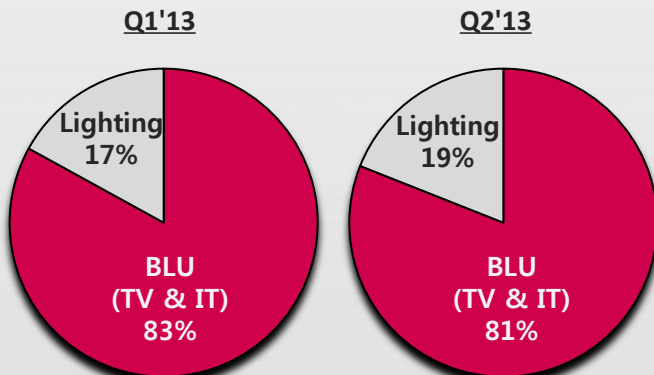
Quarterly Sales
(Unit : in billion KRW)



Q2'13 Results

- ❖ **Sales : Up 23% QoQ, reflecting higher demand and increased sales to overseas customers**
 - BLU : Up 20% QoQ on the back of strong demand from overseas customers for new TV models, and higher sales of IT-related products (monitors & notebooks)
 - Lighting : Up 34% QoQ; PKG sales remained strong and monthly sales reached KRW 20 bln
- ❖ **Earnings : Improved on quarter due to higher sales and continued cost reduction**

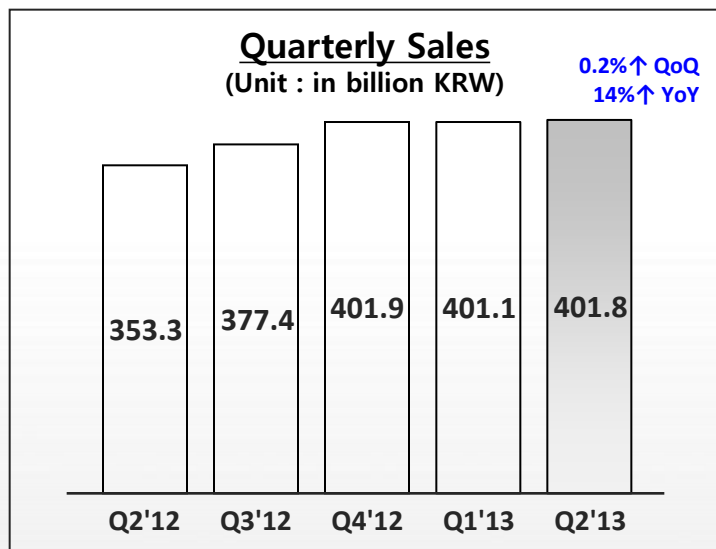
Sales Mix
(Unit : %)



Q3'13 Outlook

- ❖ **Outlook : BLU sales to show limited growth, but lighting sales to remain strong on steady demand from major customers**
- ❖ **Plan : Further increase lighting sales and improve profitability**
 - BLU : Gain market share in major TV customers and increase IT sales
 - Lighting : Increase sales contribution of high-efficiency packages
 - Stabilize overseas operation and continue cost reduction efforts

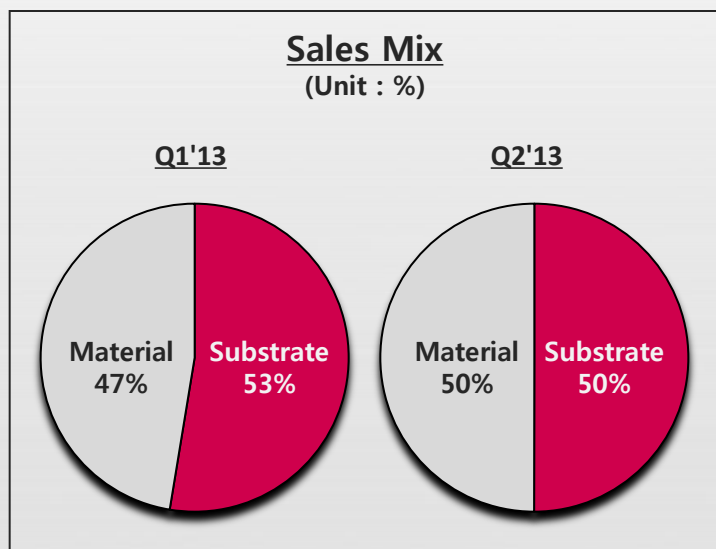
Substrate & Material



Q2'13 Results

- ❖ **Sales : HDI sales continued to decline, but overall sales remained flat QoQ due to strong demand for PKG and Touch Window**
 - Substrate : Down 5% QoQ; PKG business reported strong growth, but HDI sales continued to decline by double-digit percent
 - Material : Up 6% QoQ; Demand remained strong for major products; Touch Window business was able to increase sales to non-affiliates

- ❖ **Earnings : Improved on quarter with higher profitability and better productivity in the PKG business**



Q3'13 Outlook

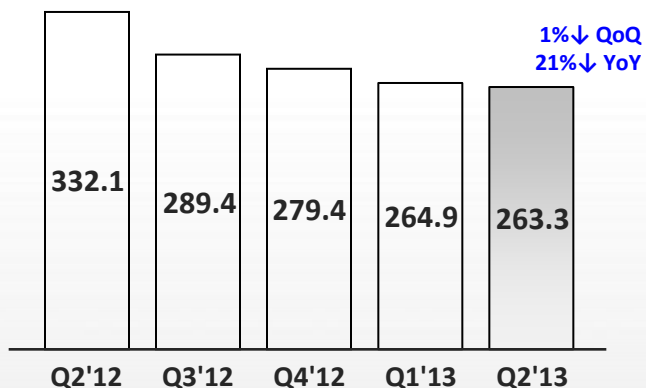
- ❖ **Outlook : HDI sales to recover on the back of new model introduction; PKG business to continue to post strong growth, TW sales to benefit from the introduction of new G2 models**

- ❖ **Plan : Continue improving HDI and PKG profitability; Enhance productivity for new G2 models**

* Substrate : HDI, PKG, TS, LF / Material : PM, TW, etc.

Automotive Components & Electronics

Quarterly Sales
(Unit : in billion KRW)

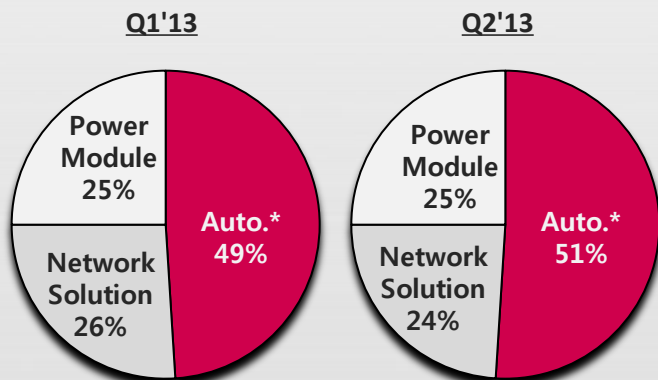


Q2'13 Results

- ❖ Sales : Power and Network Solution sales posted a decline due to weaker demand, but Automotive business continued to show steady growth by introducing new products
 - Power/Network Solution(NS) : Demand from major affiliates declined
 - Automotive : Posted steady growth by securing new orders

- ❖ Earnings : Declined on quarter due to slow demand from affiliates

Sales Mix
(Unit : %)



Q3'13 Outlook

- ❖ Outlook : Expect a slight upside coming from the Power and Network Solution businesses with increased shipments

- ❖ Plan : Expand new product sales for the Power and Network Solution businesses; continue cost reduction efforts and further enhance productivity

* Auto : Automotive motors, sensors, wireless, BMS, etc.

Appendix. Financial Summary

Statement of Income

(Unit : in billion KRW)

Account	2011					2012					2013	
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2
Sales	1,099.3	1,173.0	1,067.1	1,213.6	4,553.0	1,234.0	1,235.8	1,219.9	1,626.3	5,316.0	1,550.9	1,521.1
Operating Income	-7.7	11.6	-14.4	-34.6	-45.1	27.6	16.9	26.4	6.3	77.2	15.8	35.7
Operating Margin (%)	-0.7%	1.0%	-1.4%	-2.9%	-1.0%	2.2%	1.4%	2.2%	0.4%	1.5%	1.0%	2.3%
Income before tax	-26.7	-15.2	-43.3	-89.3	-174.5	0.0	-7.9	3.7	-13.3	-17.6	-9.8	6.8
Net Income	-9.5	-7.0	-35.6	-93.3	-145.4	-2.4	4.5	3.6	-30.6	-25.0	-6.5	6.9

Statement of Financial Position

Account	2011				2012				2013	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Assets	4,331.1	4,345.3	4,407.4	4,410.0	4,397.2	4,619.3	4,858.7	4,886.3	5,008.8	4,759.2
Current Assets	1,622.6	1,583.2	1,629.5	1,729.1	1,788.4	1,921.5	2,068.1	2,073.0	2,222.9	2,011.5
Cash & Cash Equivalents	240.7	220.2	230.9	435.6	475.7	551.2	442.4	352.8	397.7	351.8
Non-current Assets	2,708.5	2,762.1	2,777.9	2,680.9	2,608.8	2,697.8	2,790.6	2,813.3	2,785.9	2,747.7
Liabilities	2,880.8	2,903.6	2,979.0	3,085.1	3,076.8	3,292.9	3,544.2	3,618.0	3,743.6	3,467.6
Current Liabilities	1,141.7	1,146.4	1,293.0	1,473.8	1,445.6	1,841.5	2,051.8	2,009.2	2,095.6	1,813.6
Non-current Liabilities	1,739.1	1,757.3	1,686.0	1,611.3	1,631.2	1,451.3	1,492.4	1,608.8	1,648.0	1,654.0
Shareholders' Equity	1,450.3	1,441.7	1,428.4	1,324.8	1,320.3	1,326.4	1,314.5	1,268.3	1,265.2	1,291.6
Capital Stock	100.7	100.8	100.8	100.8	100.8	100.8	100.9	100.9	100.9	100.9
Total Borrowings	2,032.6	2,142.1	2,216.4	2,244.8	2,276.9	2,240.6	2,172.3	2,167.7	2,302.6	2,160.4
Liability-to-Equity	198.6%	201.4%	208.5%	232.9%	233.0%	248.2%	269.6%	285.3%	295.9%	268.5%
Net Debt-to-Equity	123.6%	133.3%	139.0%	136.6%	136.4%	127.4%	131.6%	143.1%	150.6%	140.0%