

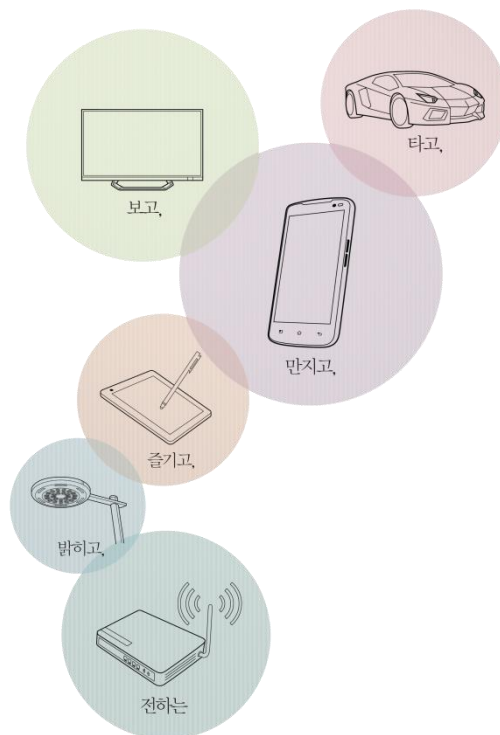
The First Partner

LG Innotek

Q3'13 Earnings Results

October 24, 2013

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II. Business Performance

The financial information contained in this presentation has been prepared in accordance with the 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, neither the Company nor any of its members assume responsibility to update the information provided herein.

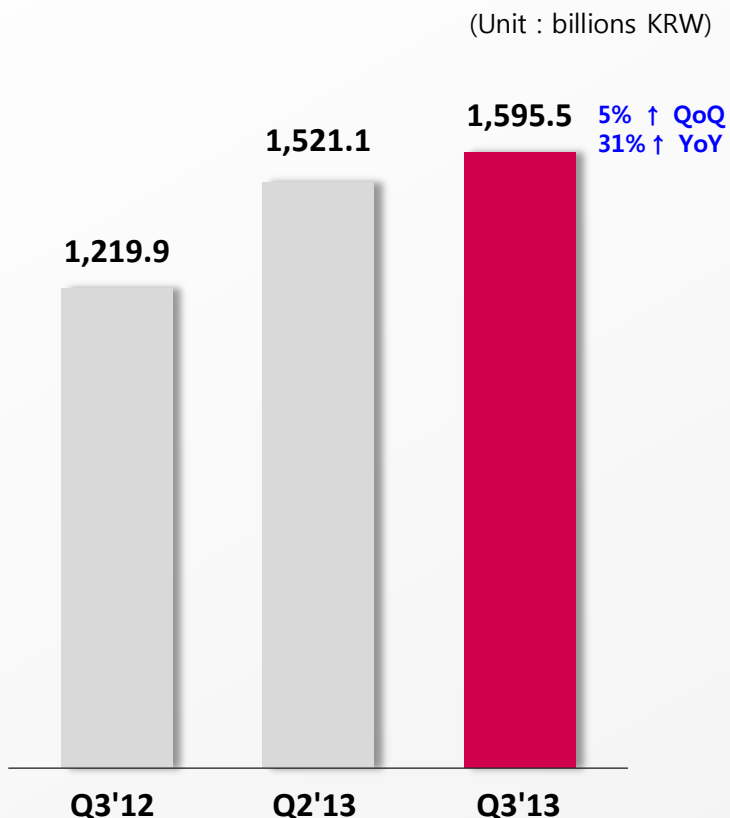
※ Starting with the financial statements for the year ended December 31, 2012, the Company is required to disclose financial statements in accordance with the amendments to K-IFRS No. 1001. Accordingly, the Company now presents operating profit or loss as an amount of sales less cost of sales and selling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

Q3'13 EARNINGS

Sales & Earnings

Q3'13 sales and operating profit increased by 5% and 56% QoQ

■ Sales Trends



■ Earnings Trends

(Unit : billions KRW)

	Q2'13	QoQ	Q3'13	YoY	Q3'12
Operating Profit	35.7	56.2%	55.7	110.7%	26.5
(%)	2.3%	+1.2%p	3.5%	+1.3%p	2.2%
EBITDA	164.6	+31.9	196.5	+50.7	145.8
(%)	10.8%	+1.5%p	12.3%	+0.3%p	12.0%
Income before tax	6.8	323.4%	28.9	681.7%	3.7
Net Profit	6.9	302.2%	27.7	673.1%	3.6
CAPEX	79.6	-40.6	39.0	-169.4	208.5

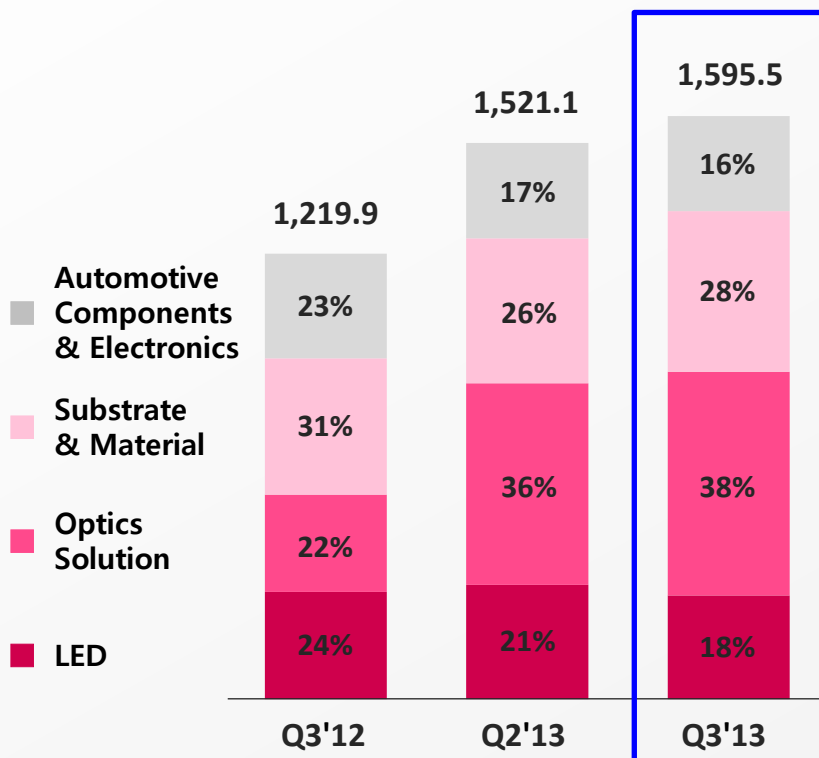
* K-IFRS(Consolidated basis)

Sales Breakdown

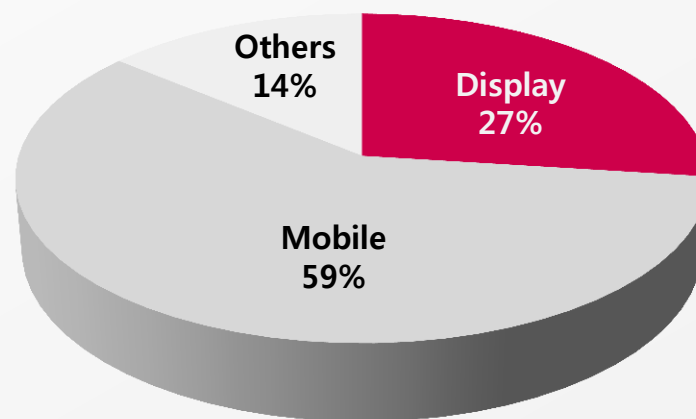
Mobile components performed strongly, mainly the camera module, package substrate, and touch window businesses

Sales by Division

(Unit : billions KRW)



Q3'13 Sales by Application



* Display : LED BLU, Power, Tuner, Tape Substrate, Photomask
 Mobile : Camera Module, Touch Window, HDI, Substrate
 Others : LED Lighting, Automotive, Wireless, Motor, Lead Frame, etc.
 ** Q2'13 Sales Mix : Display 31% / Mobile 55% / Others 14%

Financial Positions

■ Summary of Financial Positions

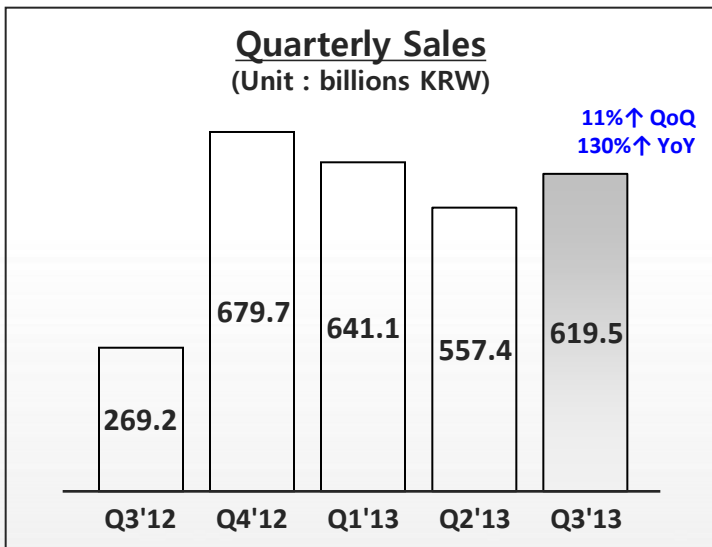
(Unit : billions KRW)

	Q2'13	QoQ	Q3'13	YoY	Q3'12
Assets	4,759.2	3.1%	4,906.7	1.0%	4,858.7
Current Assets	2,011.5	12.8%	2,269.3	9.7%	2,068.1
Cash & Equivalents	351.8	30.7%	459.7	3.9%	442.4
Non-current Assets	2,747.7	-4.0%	2,637.4	-5.5%	2,790.6
Liabilities	3,467.6	3.3%	3,582.7	1.1%	3,544.2
Current Liabilities	1,813.6	-8.5%	1,660.1	-19.1%	2,051.8
Non-current Liabilities	1,654.0	16.2%	1,922.5	28.8%	1,492.4
Shareholders' Equity	1,291.6	2.5%	1,324.1	0.7%	1,314.5
Total Borrowings	2,160.4	8.6%	2,345.7	8.0%	2,172.3
Liability-to-Equity	268.5%	+2.1%p	270.6%	+1.0%p	269.6%
Net Debt-to-Equity	140.0%	+2.4%p	142.4%	+10.8%p	131.6%

* K-IFRS (Consolidated basis)

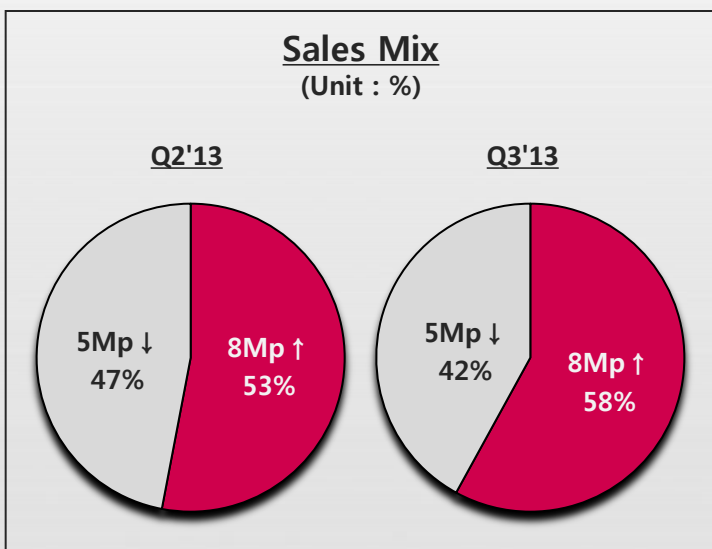
BUSINESS PERFORMANCE

Optics Solution



Q3'13 Results

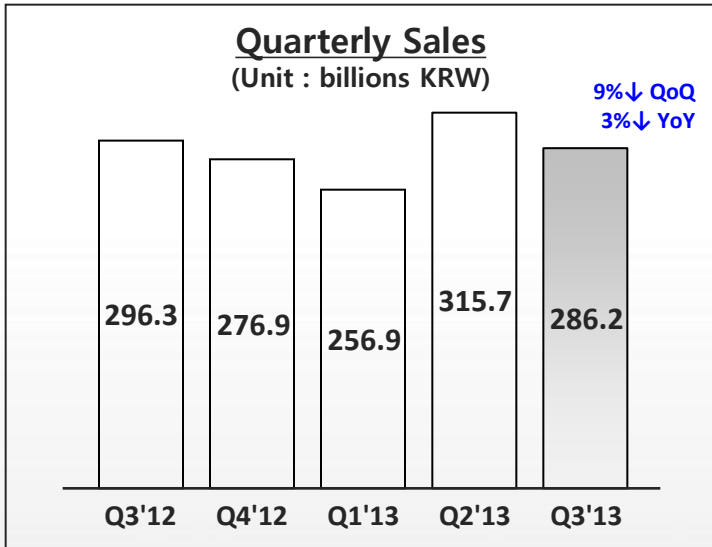
- ❖ Sales : Sales increased from the previous quarter, backed by new product launches by major customers. Sales contribution from high-end camera modules continued to grow
- ❖ Earnings : Stable profits maintained through improved model mix, despite the continued pricing pressure from customers



Q4'13 Outlook

- ❖ Outlook : Sales to grow in Q4'13 based on the increasing demand from major customers for new products
- ❖ Plan : Maintain optimal capacity in response to increasing demand for new products, while improving yield and productivity for higher profitability

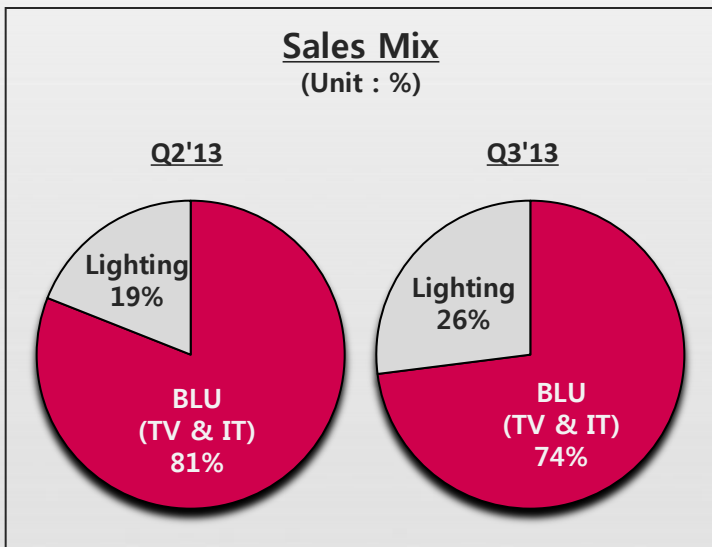
※ Sales mix by pixel size (8Mp and higher vs. 5Mp and lower)



Q3'13 Results

- ❖ **Sales : Sales declined on quarter due to slow demand for TVs and a weaker model mix**
 - BLU : Demand for display products remained weak QoQ 17% ↓
 - Lighting : Sales to major customers continued to grow QoQ 23% ↑

- ❖ **Earnings : Remained flat from the previous quarter through continued cost innovation and productivity improvement, despite the drop in sales**

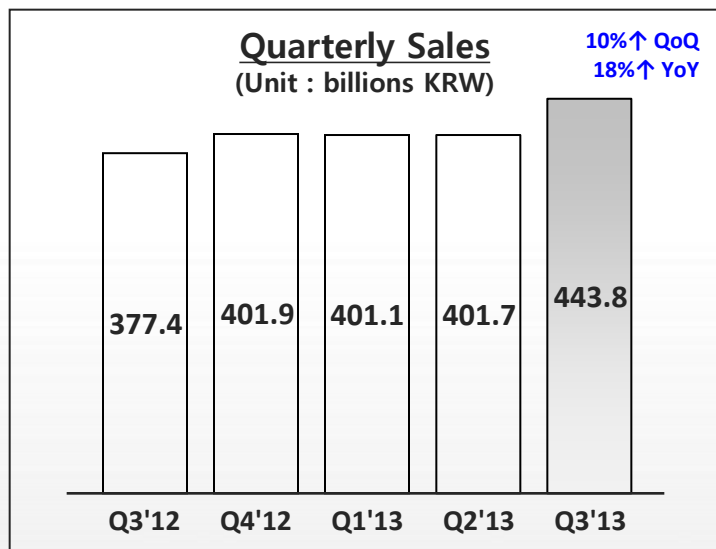


Q4'13 Outlook

- ❖ **Outlook : BLU business to remain slow due to weak demand, but LED lighting sales to continue to grow based on steady demand from major customers**

- ❖ **Plan : Improve profit structure and focus on expanding sales**
 - BLU : Supply new models to overseas customers and expand IT sales
 - Lighting : Increase the production of high power LED packages
 - Further improve productivity and continue cost innovation

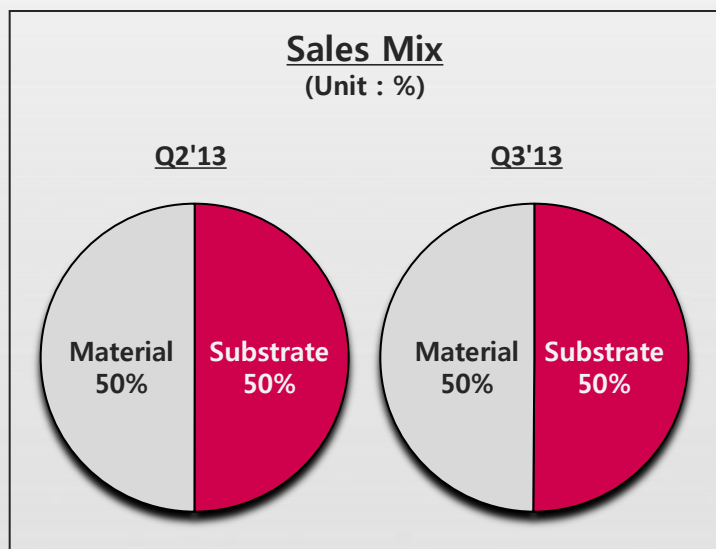
Substrate & Material



Q3'13 Results

- ❖ **Sales** : Sales increased on quarter by expanding the supplies of new products, mainly package substrates and touch windows
 - Substrate : PKG continued to grow, HDI sales rebounded QoQ 11% ↑
 - Material : Supplies of high-end touch windows grew QoQ 10% ↑

- ❖ **Earnings** : Increased from the previous quarter by expanding the production of high-end products and improving the earnings of the substrate business



Q4'13 Outlook

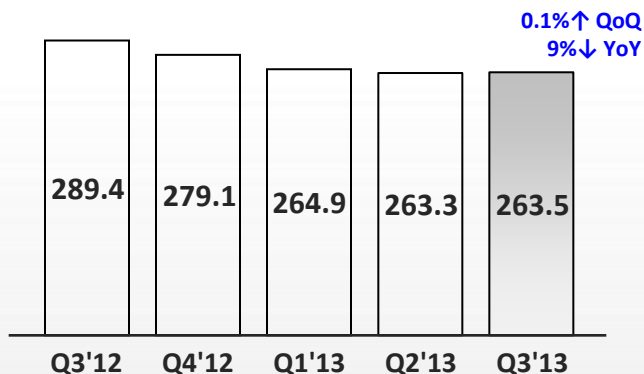
- ❖ **Outlook** : Demand for display and semiconductor components expected to be slow due to weak seasonality and year-end inventory adjustments by customers

- ❖ **Plan** : Win new customers and expand contribution from high-end products for the HDI business; Gain market share for high-end products for the PKG business; Efficiently manage resources and win additional customers for the touch window business

※ Substrate : HDI, PKG, etc. / Material : Photomask, TW, etc.

Automotive Components & Electronics

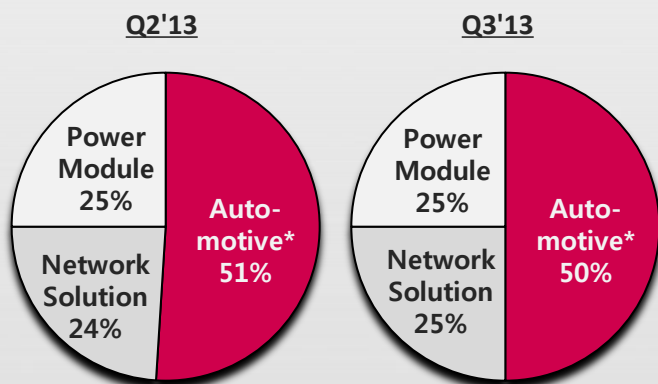
Quarterly Sales
(Unit : billions KRW)



Q3'13 Results

- ❖ Sales : Sales remained flat on quarter. Automotive sensor sales declined, but the sales of automotive motors & wireless products, tuners, and new businesses such as LED lighting power grew
- ❖ Earnings : Increased from the previous quarter by staving off pricing pressure, improving productivity, and through continued cost innovation efforts

Sales Mix
(Unit : %)



Q4'13 Outlook

- ❖ Outlook : Display sales to decline due to year-end inventory adjustments, but automotive sales to remain flat based on increasing orders from customers, despite the weak seasonality
- ❖ Plan : Resource reallocation to expand new businesses for the display products; Winning additional orders for new automotive components (LEDs, camera modules, wireless modules, etc.); Continuing cost innovation and productivity improvement

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

Appendix. Financial Summary (K-IFRS)

Statement of Income

(Unit : billions KRW)

Type	2011					2012					2013		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
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	1,595.5
Operating Profit	-7.7	11.6	-14.4	-34.6	-45.1	27.6	16.9	26.5	6.3	77.2	15.8	35.7	55.7
OPM (%)	-0.7%	1.0%	-1.4%	-2.9%	-1.0%	2.2%	1.4%	2.2%	0.4%	1.5%	1.0%	2.3%	3.5%
Income before tax	-26.7	-15.2	-43.3	-89.3	-174.5	0	-7.9	3.7	-13.4	-17.6	-9.8	6.8	28.9
Net Profit	-9.5	-7.0	-35.6	-93.3	-145.4	-2.4	4.5	3.6	-30.6	-25.0	-6.5	6.9	27.7

Statement of Financial Position

Type	2011				2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
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	4,906.7
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	2,269.3
Cash & Equivalents	240.7	220.2	230.9	435.6	475.7	551.2	442.4	352.8	397.7	351.8	459.7
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	2,637.4
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	3,582.7
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	1,660.1
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	1,922.5
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	1,324.1
Capital Stock	100.7	100.8	100.8	100.8	100.8	100.8	100.9	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	2,345.7
Liability-to-Equity	198.6%	201.4%	208.5%	232.9%	233.0%	248.2%	269.6%	285.3%	295.9%	268.5%	270.6%
Net Debt-to-Equity	123.6%	133.3%	139.0%	136.6%	136.4%	127.4%	131.6%	143.1%	150.6%	140.0%	142.4%