

Inside your life !

3rd Quarter of 2014

LG Innotek Earnings

Envisioning a convenient and affluent future for everyone
through innovative and creative technologies

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※ Disclaimer

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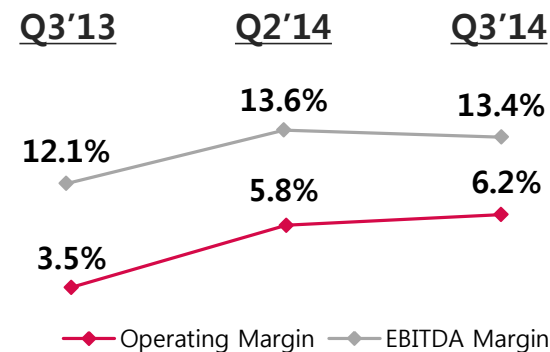
Q3'14 Earnings Results

(Unit : KRW billion)

Quarterly Results	Q2'14	QoQ	Q3'14	YoY	Q3'13
Sales	1,542.9	+6.9%	1,649.3	+3.4%	1,595.5
Operating income	89.9	+14.5%	102.9	+84.6%	55.7
Operating margin(%)	5.8%	+0.4%p	6.2%	+2.7%p	3.5%
Income before tax	55.4	+33.0%	73.7	+155.0%	28.9
Net income	43.6	+33.9%	58.4	+110.4%	27.7
EBITDA*	209.7	+12.0	221.8	+29.1	192.7
EBITDA margin(%)	13.6%	-0.2%p	13.4%	+1.3%p	12.1%
CAPEX	65.1	+20.3	85.3	+46.3	39.0

* EBITDA is calculated by taking operating income and adding depreciation & amortization expenses back to it

Accumulated	Q3'13	Q3'14	YoY
Sales	4,667.6	4,651.1	-0.4%
Operating income	107.3	256.0	+138.6%
Operating margin(%)	2.3%	5.5%	+3.2%p
EBITDA	490.9	613.7	+25.0%
Net income	28.1	118.4	+320.8%



Q3'14 Financial Position

(Unit : KRW Billion)

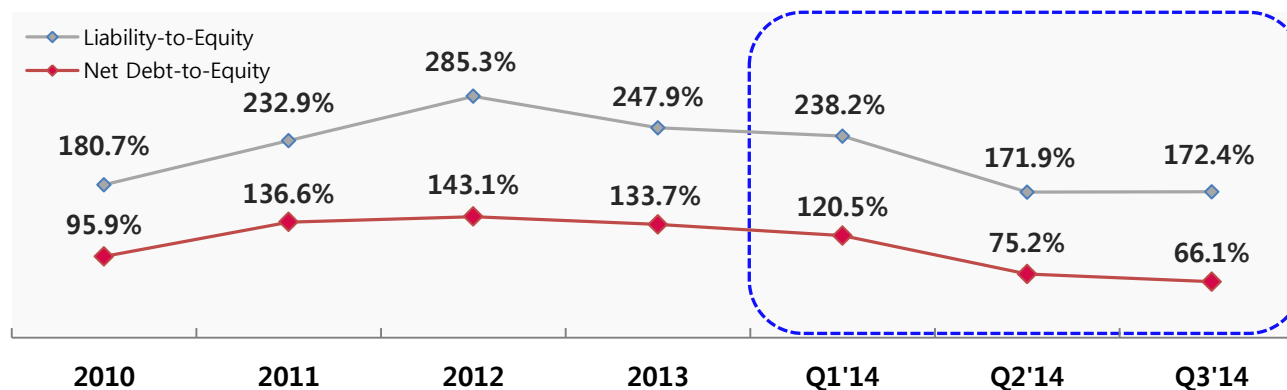
Balance Sheet	Q2'14	QoQ	Q3'14	YoY	Q3'13
Total Assets	4,435.3	+4.2%	4,622.5	-5.8%	4,906.7
Current Assets	2,017.1	+11.5%	2,248.5	-0.9%	2,269.3
Cash & Equivalents	451.8	+12.6%	508.8	+10.7%	459.7
Non-current Assets	2,418.2	-1.8%	2,374.0	-10.0%	2,637.4
Total Liabilities	2,804.2	+4.3%	2,925.5	-18.3%	3,582.7
Current Liabilities	1,586.8	+7.5%	1,705.1	+2.7%	1,660.1
Non-current Liabilities	1,217.4	+0.2%	1,220.4	-36.5%	1,922.5
Shareholders' Equity	1,631.1	+4.0%	1,697.0	+28.2%	1,324.1
Total Debt	1,678.2	-2.8%	1,631.0	-30.5%	2,345.7

Financial Ratio

End of Sept. 2014

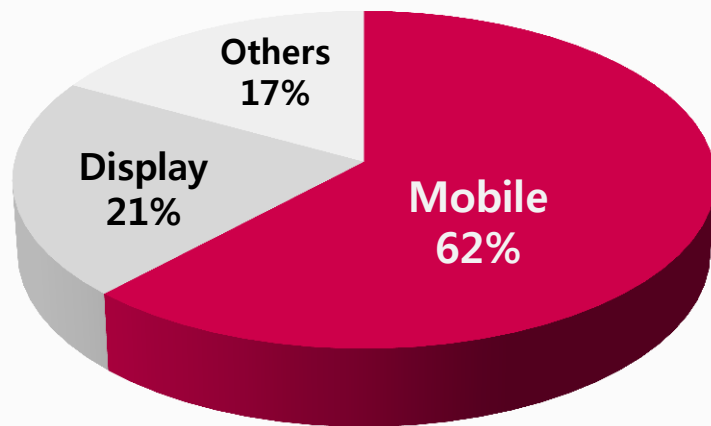
■ **Liability-to-Equity 172.4%**
- QoQ +0.5%p, YoY -98.2%p

■ **Net Debt-to-Equity 66.1%**
- QoQ -9.1%p, YoY -76.3%p



Sales Breakdown

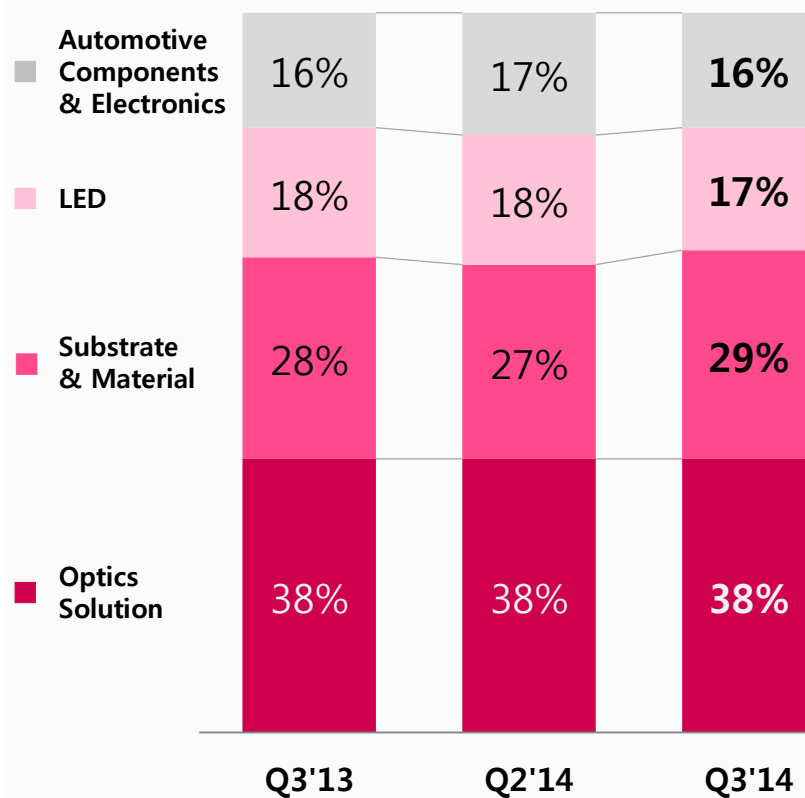
Sales by Application



* Others : Automotive, LED Lighting, Wireless, Etc.

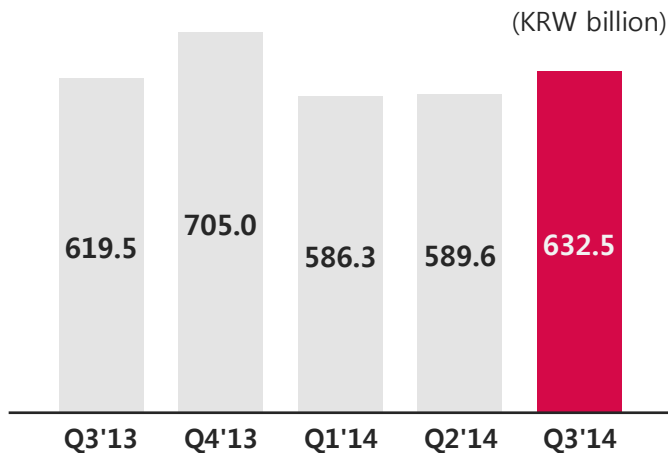
** Q2'14 Mix : Mobile 59%, Display 23%, Others 18%

Sales by Business



Optics Solution

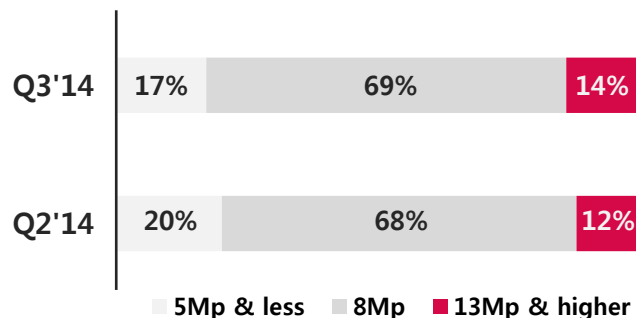
Quarterly Sales



[Q3'14 Results]

- **Sales : QoQ 7% ↑ , YoY 2% ↑**
 - Increase in demand from the main customer abroad accompanying new smartphone launches
 - Increase in sales to the main customer in Korea following the global launch of its flagship smartphone
- **Earnings : Maintained stable profitability**
 - Expanded high resolution · OIS camera module sales
 - Continued productivity improvement and cost innovation

Sales Mix by Pixel Size

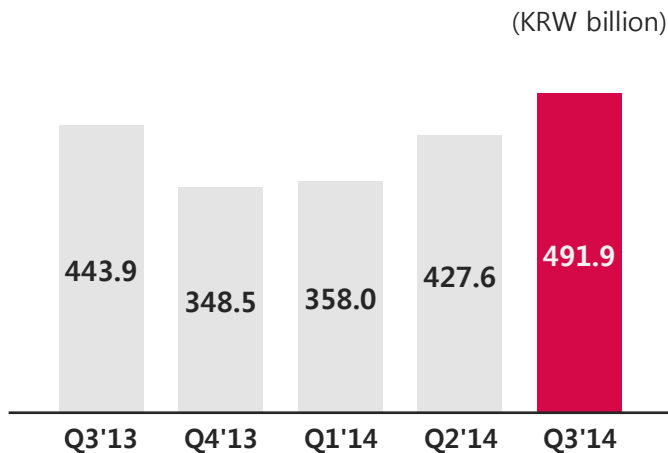


[Q4'14 Forecast]

- **Outlook : Increase in sales**
 - Significant increase in demand from the main customer abroad
 - Decrease in sales to the main customer in Korea due to slow seasonality and year-end inventory correction
- **Plan : Full-scale production / Stable profitability**
 - Start full-scale production of new products
 - Improve product yields and continue cost reduction

Substrate & Material

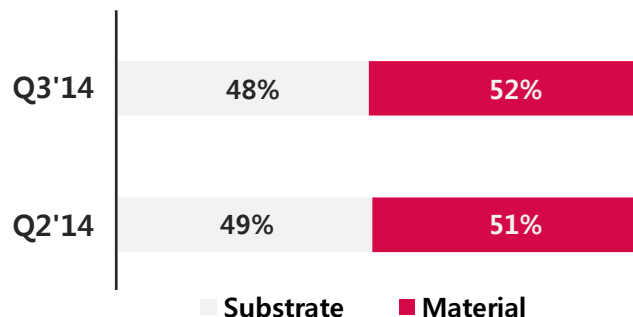
Quarterly Sales



[Q3'14 Results]

- **Sales : QoQ 15% ↑ , YoY 11% ↑**
 - Mobile : Increase in sales thanks to new product launches along with higher demand from new customers abroad
 - Display : Decrease in sales due to weak demand in the TV market
 - ※ Mobile : Touch Window, HDI, Package Substrate
 - Display : Photomask, Tape Substrate
- **Earnings : Maintained stable profitability**
 - Continued customer diversification and cost reduction activities

Sales Mix by Segment



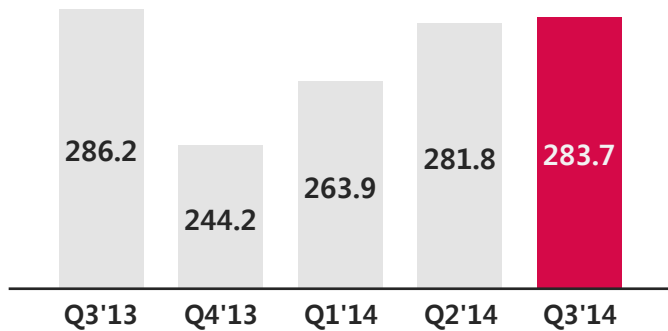
※ Substrate : HDI, Packaging Products
 Material : Touch Window, Photomask, Etc.

[Q4'14 Forecast]

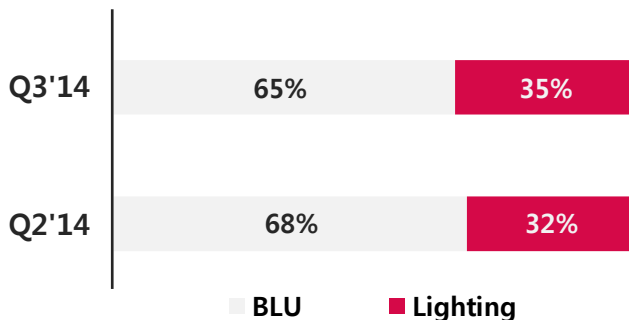
- **Outlook : Decrease in sales**
 - Mobile : Decrease in sales due to year-end inventory correction across major products
 - Display : Demand to remain slow in the TV business
- **Plan : Customer diversification / Cost innovation**
 - Expand global customer base in the mobile business
 - Improve resource input efficiency and continue cost reduction

Quarterly Sales

(KRW billion)



Sales Mix by Segment



[Q3'14 Results]

■ Sales : QoQ 1% ↑ , YoY 1% ↓

- Lighting : Increase in sales accompanying the continued growth of the LED lighting market along with higher demand from major customers
- BLU : Decrease in sales due to slow demand in the TV · IT market

■ Earnings : Improvement in profitability

- Expanded the sales of premium products such as high power LED packages for general lighting application

[Q4'14 Forecast]

■ Outlook : Decrease in sales

- Decrease in sales due to weak seasonality and year-end inventory correction

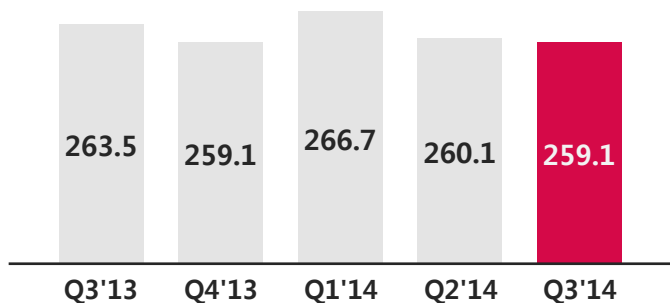
■ Plan : Sales mix improvement / Cost innovation

- Continue to win new projects in the high power LED business
- Improve overall productivity and continue cost reduction

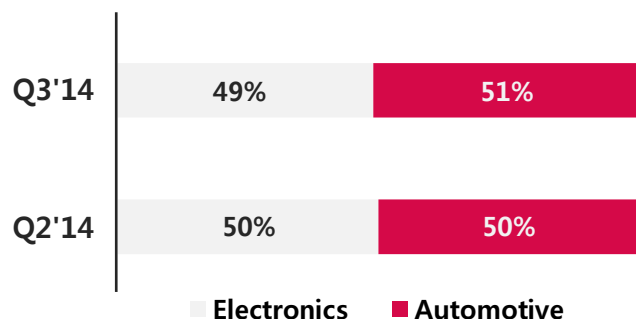
Automotive Components & Electronics

Quarterly Sales

(KRW billion)



Sales Mix by Segment



[Q3'14 Results]

- **Sales : QoQ 0.4% ↓ , YoY 2% ↓**
 - Auto. : Increase in sales backed by increasing application of in-vehicle communication modules in the U.S. and by expanding the production of new products
 - Electronics : Decrease in sales due to weaker demand
- **Earnings : Decline in profitability**
 - Declined due to decrease in sales and pricing pressure

[Q4'14 Forecast]

- **Outlook : Decrease in sales**
 - Auto. : Increase in sales expected from the motor business and from new products, including camera modules and LEDs
 - Electronics : Decrease in sales due to year-end inventory correction
- **Plan : Customer diversification/ Market-leading products**
 - Win new projects and customers in the automotive business
 - Improve productivity and continue cost innovation activities

Appendix. Financial Summary

■ Statement of Income

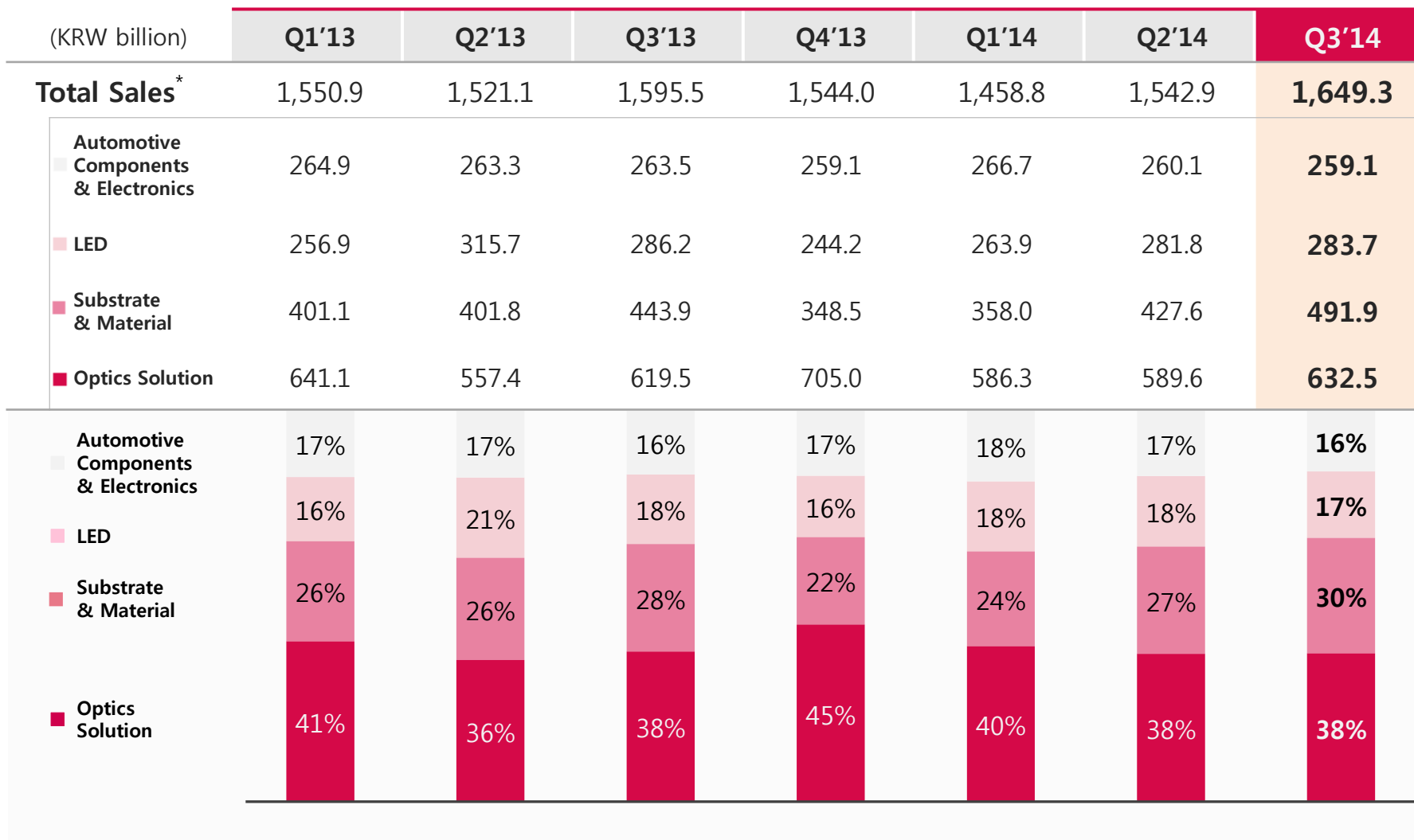
(Unit : KRW billion)

	FY2012					FY2013					FY2014		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
Sales	1,234.0	1,235.8	1,219.9	1,626.3	5,316.0	1,550.9	1,521.1	1,595.5	1,544.0	6,211.5	1,458.8	1,542.9	1,649.3
Operating income	27.6	16.9	26.5	6.3	77.3	15.8	35.7	55.7	28.9	136.2	63.1	89.9	102.9
Operating margin(%)	2.2%	1.4%	2.2%	0.4%	1.5%	1.0%	2.3%	3.5%	1.9%	2.2%	4.3%	5.8%	6.2%
Income before tax	0.1	-7.9	3.7	-13.3	-17.5	-9.8	6.8	28.9	-4.0	22.0	34.7	55.4	73.7
Net income	-24	4.5	3.6	-30.6	-24.9	-6.5	6.9	27.7	-12.6	15.5	16.4	43.6	58.4

■ Statement of Financial Position

	2012년				2013년				2014년		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total Assets	4,397.2	4,619.3	4,858.7	4,886.3	5,008.8	4,759.2	4,906.7	4,581.3	4,536.4	4,435.3	4,622.5
Current Assets	1,788.4	1,921.5	2,068.1	2,073.0	2,222.9	2,011.5	2,269.3	2,006.8	2,051.7	2,017.1	2,248.5
Cash & Equivalents	475.7	551.2	442.4	352.8	397.7	351.8	459.7	399.6	457.2	451.8	508.8
Non-current Assets	2,608.8	2,697.8	2,790.6	2,813.3	2,785.9	2,747.7	2,637.4	2,574.4	2,484.7	2,418.2	2,374.0
Total Liabilities	3,076.8	3,292.9	3,544.2	3,618.0	3,743.6	3,467.6	3,582.7	3,264.4	3,195.1	2,804.2	2,925.5
Current Liabilities	1,445.6	1,841.5	2,051.8	2,009.2	2,095.6	1,813.6	1,660.1	1,629.4	1,709.9	1,586.8	1,705.1
Non-current Liabilities	1,631.2	1,451.3	1,492.4	1,608.8	1,648.0	1,654.0	1,922.5	1,635.0	1,485.2	1,217.4	1,220.4
Shareholders' Equity	1,320.3	1,326.4	1,314.5	1,268.3	1,265.2	1,291.6	1,324.1	1,316.9	1,341.3	1,631.1	1,697.0
Capital Stock	100.8	100.8	100.9	100.9	100.9	100.9	100.9	100.9	101.4	118.3	118.3
Total Debt	2,276.9	2,240.6	2,172.3	2,167.7	2,302.6	2,160.4	2,345.7	2,160.3	2,073.1	1,678.2	1,631.0
Liability-to-Equity	233.0%	248.2%	269.6%	285.3%	295.9%	268.5%	270.6%	247.9%	238.2%	171.9%	172.4%
Net Debt-to-Equity	136.4%	127.4%	131.6%	143.1%	150.6%	140.0%	142.4%	133.7%	120.5%	75.2%	66.1%

Appendix. Sales Trends by Business



* Inter-business sales across the business units are deducted when calculating total sales