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4th Quarter of 2014

LG Innotek Earnings

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

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※ Disclaimer

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.

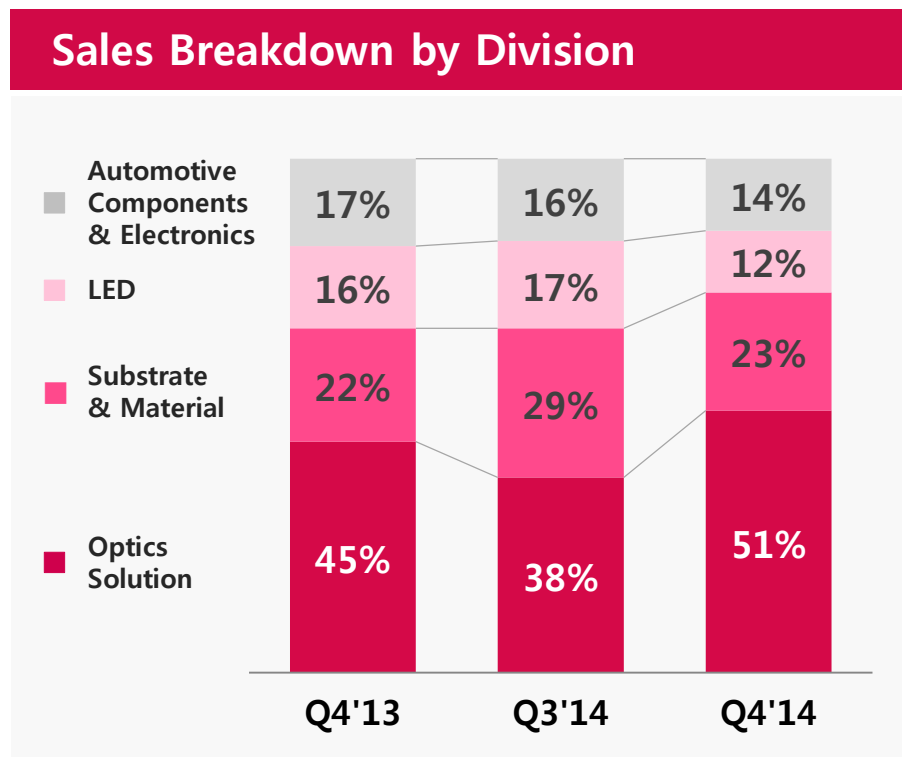
Therefore, all readers should carefully consider these inherent risks and uncertainties when making assumptions, and are cautioned not to place undue reliance on them. Forward-looking statements speak only as of the date they are made, and neither the Company nor any of its members assume any liability to update the information provided herein.

Q4'14 Earnings Results

- Sales KRW 1,815 billion, Operating Income KRW 58 billion
- Optics Solution division posted record sales in the fourth quarter; Automotive Components continued to deliver strong growth

Statement of Income					
(KRW billion)	Q3'14	QoQ	Q4'14	YoY	Q4'13
Sales	1,649.3	+10.0%	1,815.0	+17.6%	1,544.0
Operating income	102.9	-43.6%	58.0	+100.8%	28.9
(%)	6.2%	-3.0%p	3.2%	+1.3%p	1.9%
Income before tax	73.7	-62.4%	27.7	N/A	-4.0
Net income	58.4	N/A	-5.7	N/A	-12.6
EBITDA*	221.8	-40.2	181.5	+28.3	153.3
(%)	13.4%	-3.4%p	10.0%	+0.1%p	9.9%
CAPEX	85.0	+38.6	123.6	+32.2	91.3

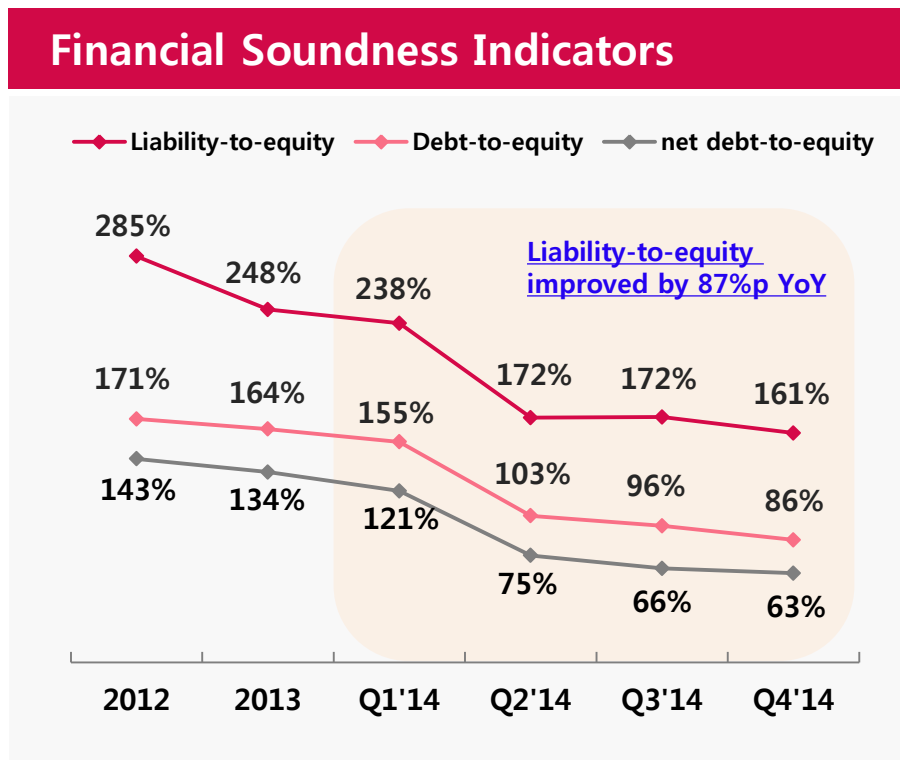
* EBITDA is calculated by taking operating income and adding depreciation & amortization expenses back to it



Q4'14 Financial Position

- Improving trend in main indicators of financial soundness continued through higher earnings and efficient management of debts
 - Liability-to-equity and net debt-to-equity ratios improved by 87%p and 71%p YoY

Statement of Financial Position					
(KRW billion)	Q3'14	QoQ	Q4'14	YoY	Q4'13
Total assets	4,622.5	-4.2%	4,428.8	-3.3%	4,581.3
Current assets	2,248.5	-7.4%	2,082.0	+3.7%	2,006.8
Cash & equivalents	508.8	-22.1%	396.5	-0.8%	399.6
Non-current assets	2,374.0	-1.1%	2,346.7	-8.8%	2,574.4
Total liabilities	2,925.5	-6.6%	2,732.3	-16.3%	3,264.4
Current liabilities	1,705.1	-3.4%	1,646.6	+1.1%	1,629.4
Non-current liabilities	1,220.4	-11.0%	1,085.7	-33.6%	1,635.0
Shareholders' equity	1,697.0	0.0%	1,696.5	+28.8%	1,316.9
Total debt	1,631.0	-10.5%	1,460.3	-32.4%	2,160.3

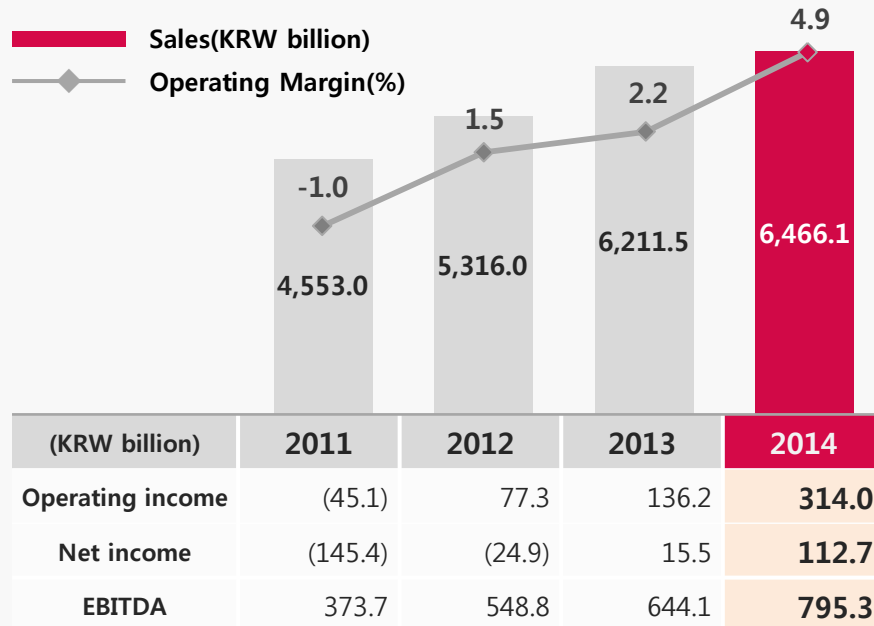


2014 Annual Earnings

- 2014 Sales KRW 6,466.1 billion, Operating Income KRW 314 billion
 - Sales increased 4.1% YoY, Operating income increased 130.6% YoY
- Growth businesses continued to perform strongly

Annual Earnings & Performance from Major Businesses

Annual Earnings



Growth Businesses Performance

(KRW billion)	2013	2014	YoY
Camera Module	2,523.1	2,746.0	9% ↑
Automotive Components	448.5	532.5	19% ↑
Package Substrate	236.1	300.1	27% ↑
Mature Businesses*	622.8	421.7	32% ↓

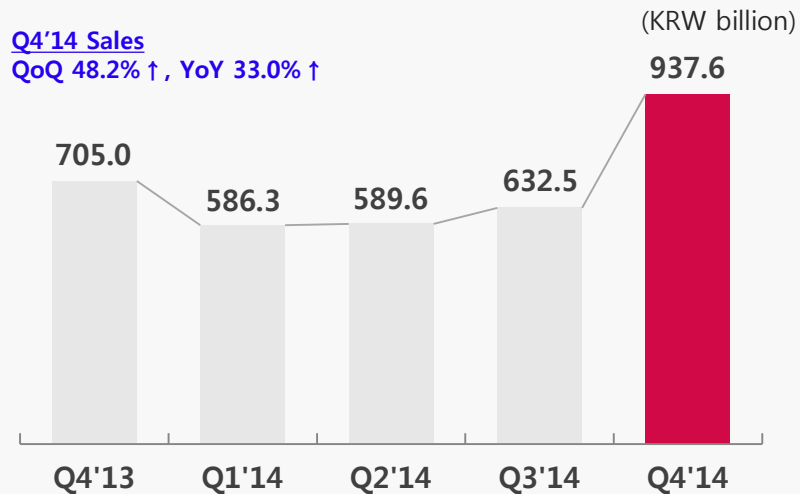
* Includes small motors for handsets, lead frame, display power, etc.

Optics Solution

Results & Outlook

- **Q4'14 Results**
 - Posted quarterly record sales reflecting strong demand from major customers abroad
- **Q1'15 Outlook**
 - Overall demand to decline due to slow seasonality; Demand from the major customer in Korea to improve
 - High resolution · OIS module demand to remain strong; Plans to expand sales to new customers in China

Quarterly Sales Trends



Business Strategies

- **Reinforce customer base**
 - Capture new markets and expand sales to customers in China by promoting OIS technology
- **Expand products into new applications**
 - Introduce camera modules for automotive application, smart appliances, and wearable devices
- **Secure market-leading technologies**

Main Products and Sales Mix

Main Products



13Mp OIS Module



16Mp OIS Module



For Google Glass

Sales Mix by Pixel Size

(%)	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14
8Mp	73%	70%	68%	69%	78%
13Mp & higher	8%	9%	12%	13%	5%
5Mp & lower	19%	21%	21%	18%	17%

Substrate & Material

Results & Outlook

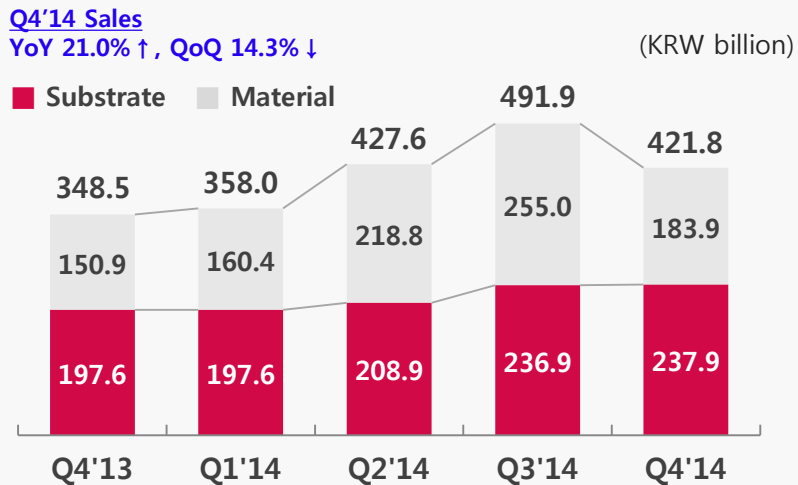
Q4'14 Results

- Sales declined on a quarter-on-quarter basis due to year-end inventory correction and slow seasonality

Q1'15 Outlook

- Global smartphone growth continues to slowdown; Demand for low-cost phones to grow as an alternative
- Plans to expand sales for new mobile devices, such as wearable devices and Tablet PCs

Quarterly Sales Trends



※ Substrate : PKG, HDI, Tape Substrate, etc. / Material : Photomask, Touch Window

Business Strategies

Expand into non-mobile applications

- HDI : Expand into auto., IoT, industrial/medical fields
- Touch Window : Produce large-size IT products, automotive and commercial products

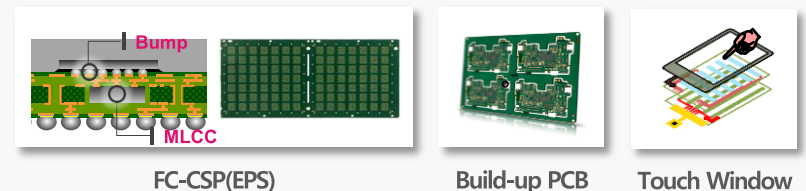
Increase sales to new customers

- Package : Increase sales to customers in Korea/China
- HDI : Expand sales for Tablet PCs, Wearable, etc.

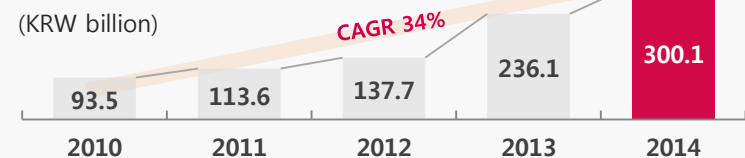
Develop new items in the material business

Main Products and Package Sales Trends

Main Products



Package Sales



Automotive Components & Electronics

Results & Outlook

Q4'14 Results

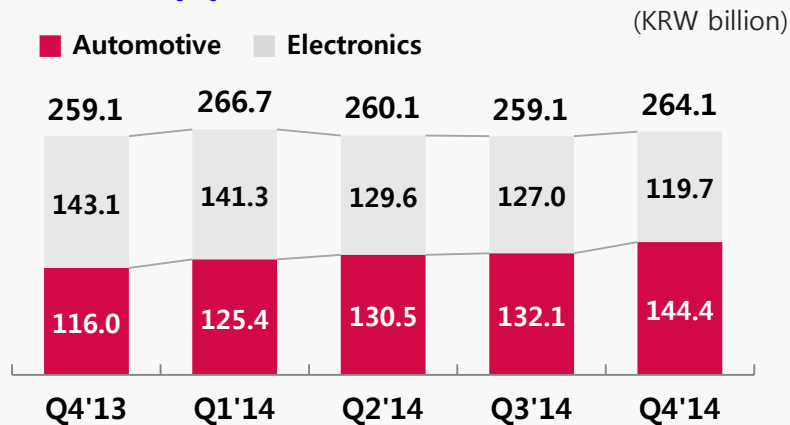
- Automotive sales went up backed by increasing application of in-vehicle communication modules in the U.S. and by expanding new product sales
 ※ New orders KRW 1.5 trln & backlog KRW 4.3 trln in 2014

Q1'15 Outlook

- The convergence of the automotive and IT to accelerate; IoT market to continue to expand
- Plans to expand new product sales

Quarterly Sales Trends

Q4'14 Automotive Sales
 YoY 24.5% ↑, QoQ 9.3% ↑



Business Strategies

Strengthen Market Position

- Camera/in-vehicle communication module : Expand orders from major customers abroad
- LED : Expand orders and start LED headlamp business

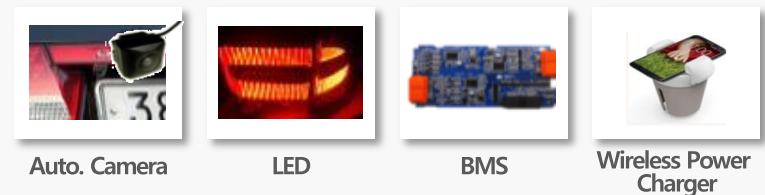
Foster future growth businesses

- Apply mobile touch technologies into auto.
- Expand orders for wireless power chargers and thermoelectric module businesses

Reinforce global competitiveness

New Products and Order Trends

Major New Products



Automotive Order Trends



Results & Outlook

Q4'14 Results

- Sales declined on a quarter-on-quarter basis due to slow seasonality and continued pricing pressure

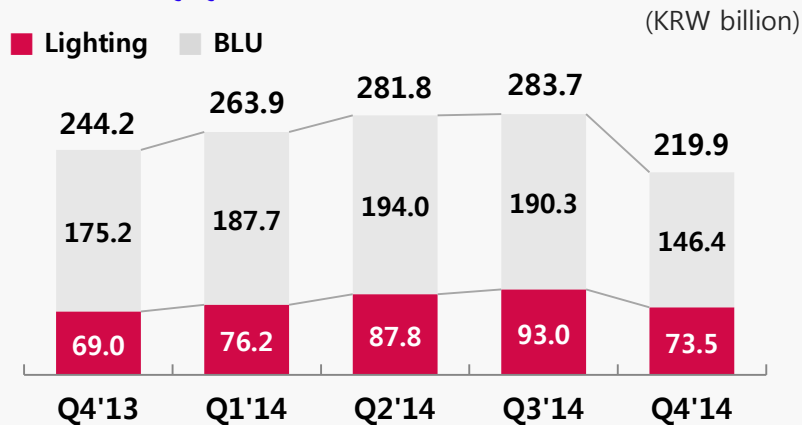
Q1'15 Outlook

- BLU : Increase mobile product sales to overseas
- Lighting : LED lighting demand to recover and grow

Quarterly Sales Trends

Q4'14 LED Sales

YoY 9.9% ↓, QoQ 22.5% ↓



Business Strategies

Expand high power LED sales

- Increase high power LED sales to strategic customers
- Expand camera flash, auto., and UV LED sales

Improve profitability of major products

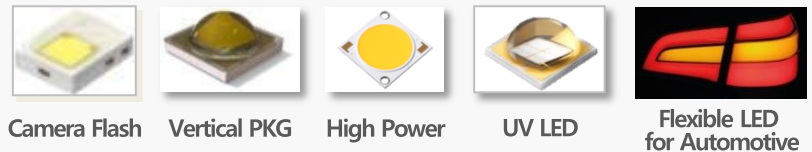
- Improve luminous efficacy and overall performance

Efficient management of resources

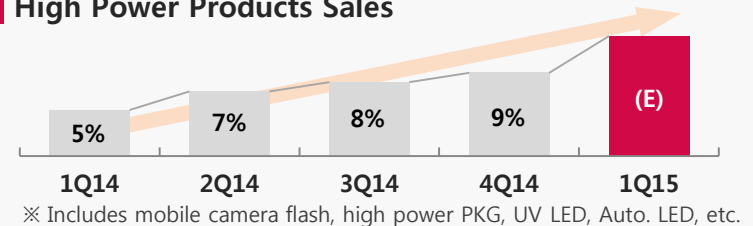
- Continue internal cost innovation activities

LED High Power Products and Sales Trends

LED High Power Products



High Power Products Sales



Appendix. Financial Summary

■ Statement of Income

(Unit : KRW billion)

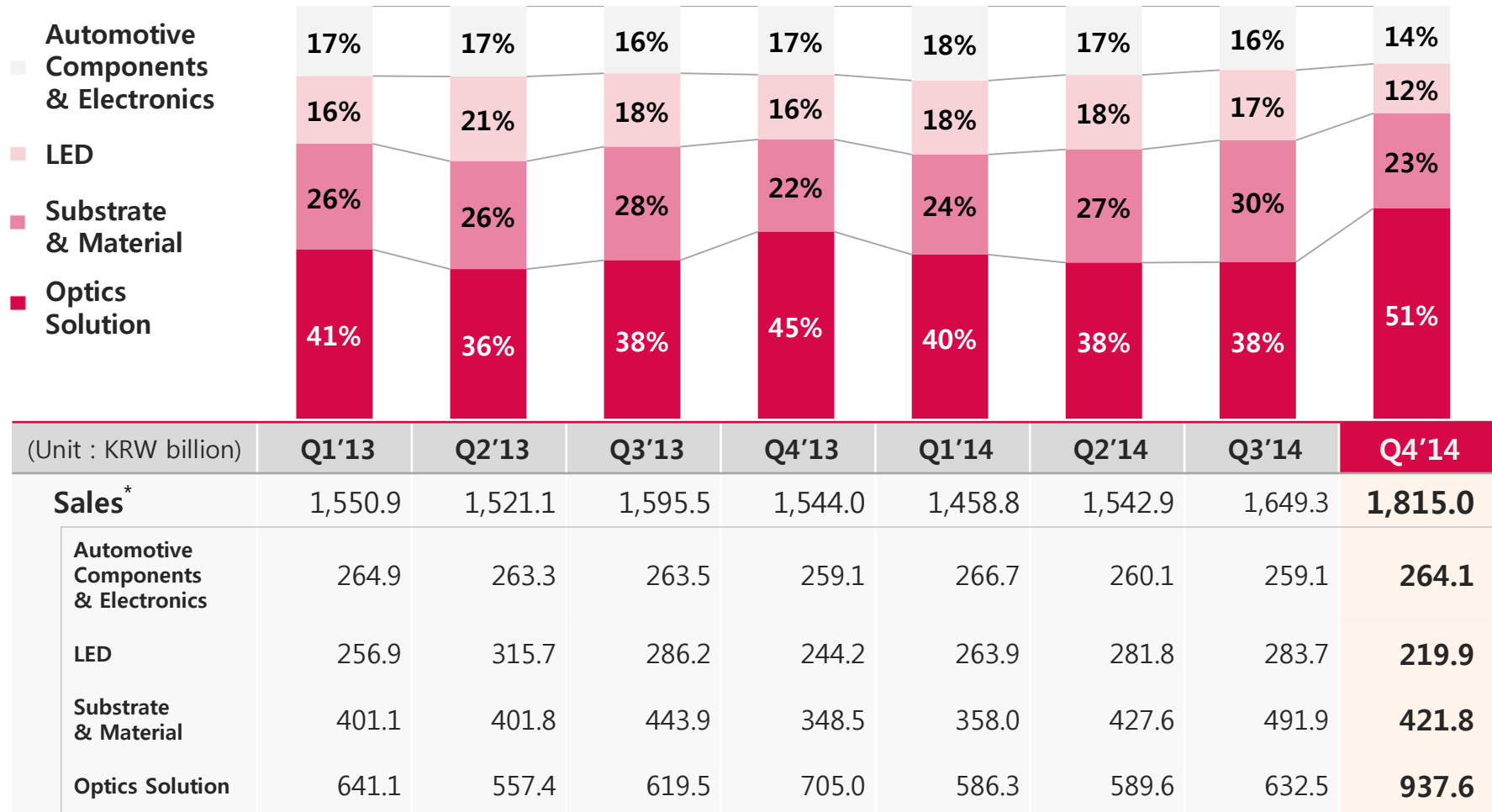
Category	2012					2013					2014				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Sales	1,234.0	1,235.8	1,219.9	1,626.3	5,316.0	1,550.9	1,521.1	1,595.5	1,544.0	6,211.5	1,458.8	1,542.9	1,649.3	1,815.0	6,466.1
Operating income	27.6	16.9	26.5	6.3	77.3	15.8	35.7	55.7	28.9	136.2	63.1	89.9	102.9	58.0	314.0
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%	3.2%	4.9%
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	27.7	191.6
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	-5.7	112.7

■ Statement of Financial Position

Category	2012				2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
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	4,428.8
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	2,082.0
Cash & Equivalents	475.7	551.2	442.4	352.8	397.7	351.8	459.7	399.6	457.2	451.8	508.8	396.5
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	2,346.7
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	2,732.3
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	1,646.6
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	1,085.7
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	1,696.5
Capital Stock	100.8	100.8	100.9	100.9	100.9	100.9	100.9	100.9	101.4	118.3	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	1,460.3
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%	161.1%
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%	62.7%

Appendix. Sales by Business

Sales Trends by Business



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