

# Q2 '14 Earnings Results

July 23, 2014

WRGB OLED



You Dream,  
We Display.



- **This presentation contains forward-looking statements. We may also make written or oral forward-looking statements in our periodic reports to the United States Securities and Exchange Commission and the Korean Financial Supervisory Service, in our annual report to shareholders, in our proxy statements, in our offering circulars and prospectuses, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. 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.**
- **Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to: our highly competitive environment; the cyclical nature of our industry; our ability to introduce new products on a timely basis; our dependence on growth in the demand for our products; our ability to successfully execute our expansion strategy; our dependence on key personnel; and general economic and political conditions, including those related to the TFT-LCD industry; possible disruptions in business activities caused by natural and human-induced disasters, including terrorist activity and armed conflict; and fluctuations in foreign currency exchange rates. Additional information as to these and other factors that may cause actual results to differ materially from our forward-looking statements can be found in our filings with the United States Securities and Exchange Commission.**
- **All financial information contained in this document is based on consolidated K-IFRS.**
- **This presentation also includes information regarding our historical financial performance through Jul 31 2014, and our expectations regarding future performance which is available on our investor relations website at <http://www.lgdisplay.com> under the file name Q2 2014 Earnings Results Presentation.**

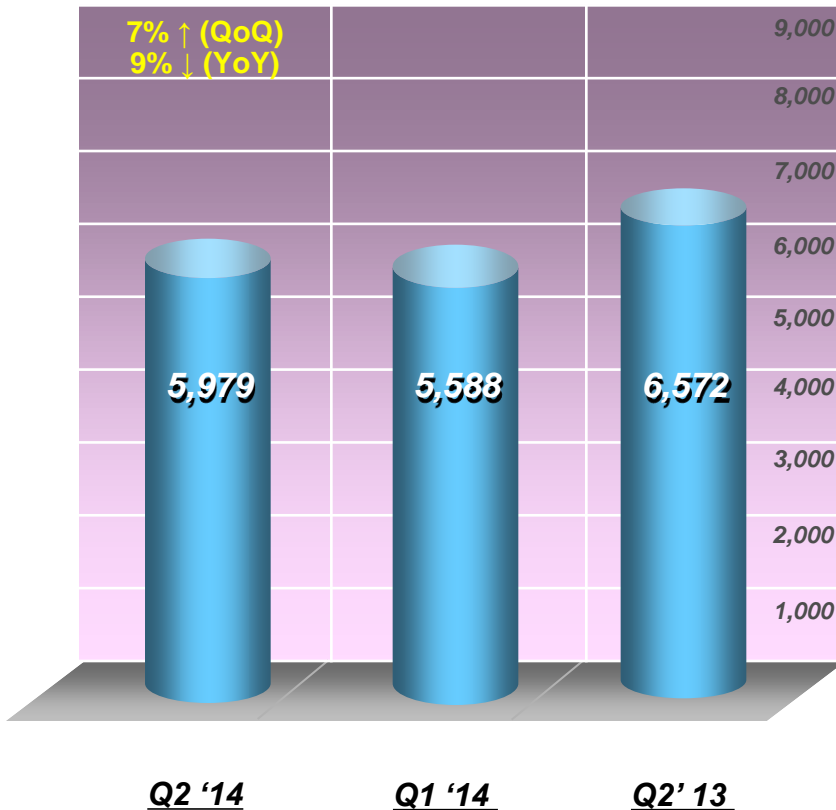
**NOTE:** Beginning with the financial statements for the year ended December 31, 2012, the Company is required to give effect to the amendments to K-IFRS No. 1001, Presentation of Financial Statements, in preparing its financial statements. The Company presents operating profit or loss as an amount of sales less cost of sales and selling and administrative expense including research and development expenses on the face of the statement of comprehensive income. The Company applies the amendment retroactively and reclassifies the statements of comprehensive income for the years ended December 31, 2011.

# Contents

- 1. Q2 '14 Earnings Results**
- 2. Performance Highlights**
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## Revenues

(Unit : KRW B)



## Profits

(Unit : KRW B, %)

	Q2 '14	Q1 '14	Q2 '13	QoQ	YoY
Operating Income	163 3%	94 2%	366 6%	73%	-55%
EBITDA*	1,008 17%	1,015 18%	1,324 20%	-1%	-24%
Income Before Tax	293	29	162	910%	81%
Net Income	256	-82	105	N/A	144%

\* EBITDA = Operating Income + Depreciation + Amortization

## Financial Positions

(Unit : KRW B)

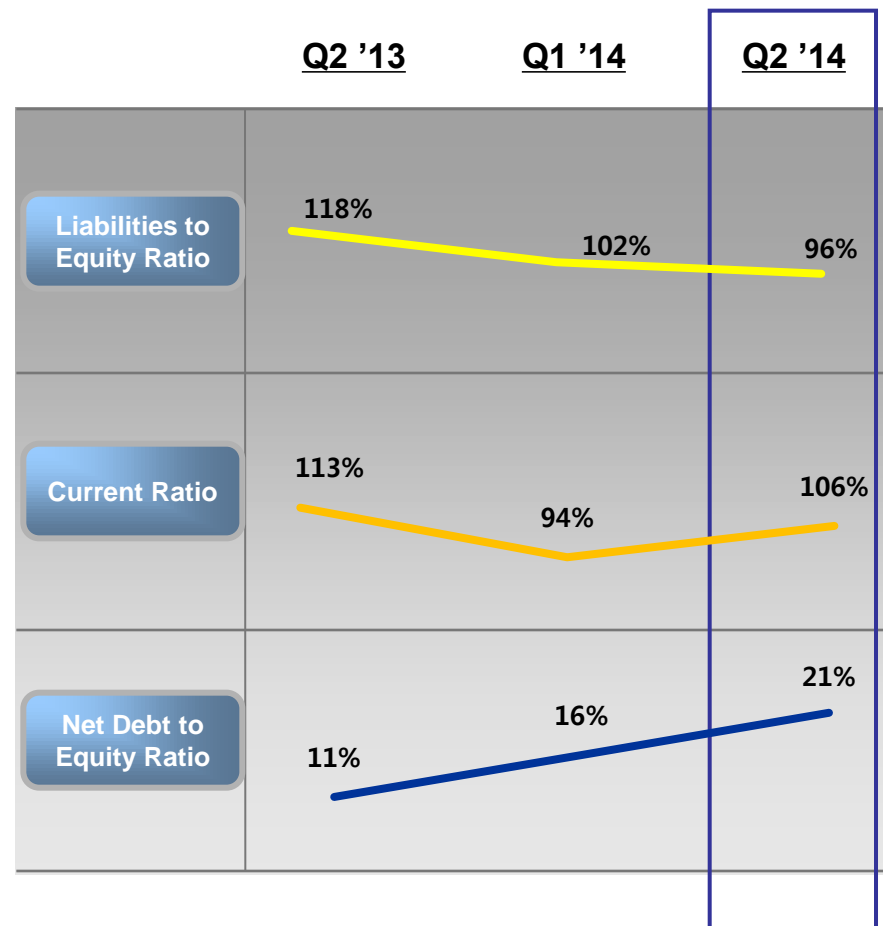
	Q2 '14	Q1 '14	Q2 '13
Assets	21,323	21,599	23,012
Current Assets	7,325	7,316	8,330
Cash*	2,243	2,021	2,973
Inventory	1,984	2,199	2,396
Non-Current Assets	13,998	14,283	14,682
Liabilities	10,417	10,883	12,479
Current Liabilities	6,899	7,794	7,404
Non-Current Liab.	3,518	3,089	5,075
Shareholders' Equity	10,906	10,716	10,533
Debts	4,496	3,765	4,096
Net Debts	2,253	1,744	1,123

\* Cash includes short term financial instruments.

Source : Unaudited, Company financials

## Financial Ratios

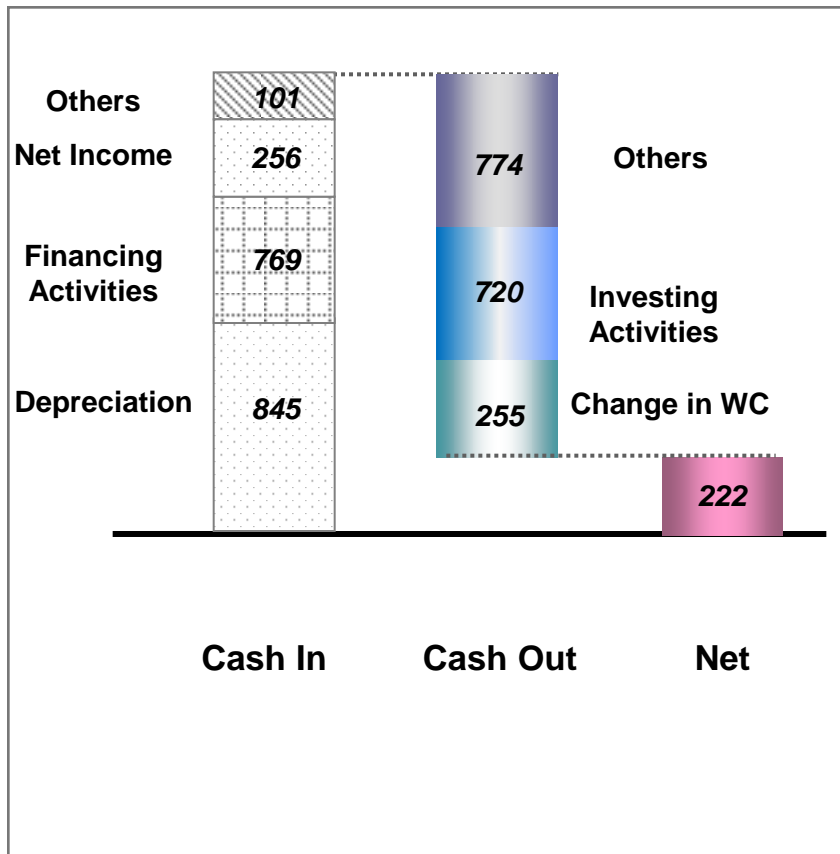
(Unit : %)



K-IFRS (Consolidated)

## Net Cash Flow

(Unit : KRW B)



## Cash Flow Statement

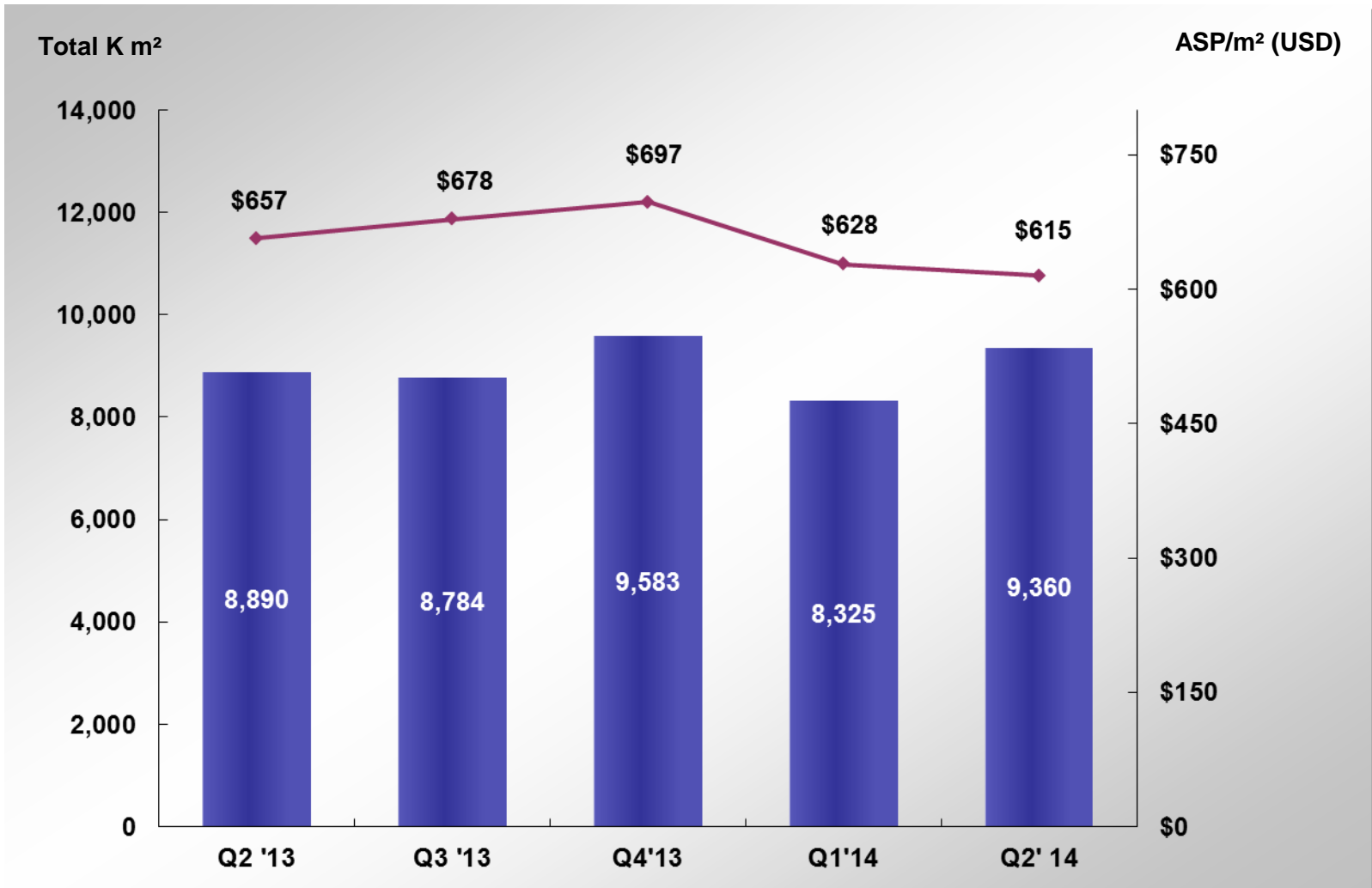
(Unit : KRW B)

Q2'14

<b>Cash at the beginning of quarter</b>	<b>2,021</b>
<b>Cash flow from operating activities</b>	<b>72</b>
<i>Net Income</i>	256
<i>Depreciation &amp; Amortization</i>	845
<i>Change in Working Capital</i>	(255)
<i>Others</i>	(774)
<b>Cash flow from investing activities</b>	<b>(720)</b>
<b>Cash flow before financing activities</b>	<b>(648)</b>
<i>Financing activities</i>	769
<i>Others</i>	101
<b>Net change in Cash</b>	<b>222</b>
<b>Cash at the end of quarter</b>	<b>2,243</b>

K-IFRS (Consolidated)

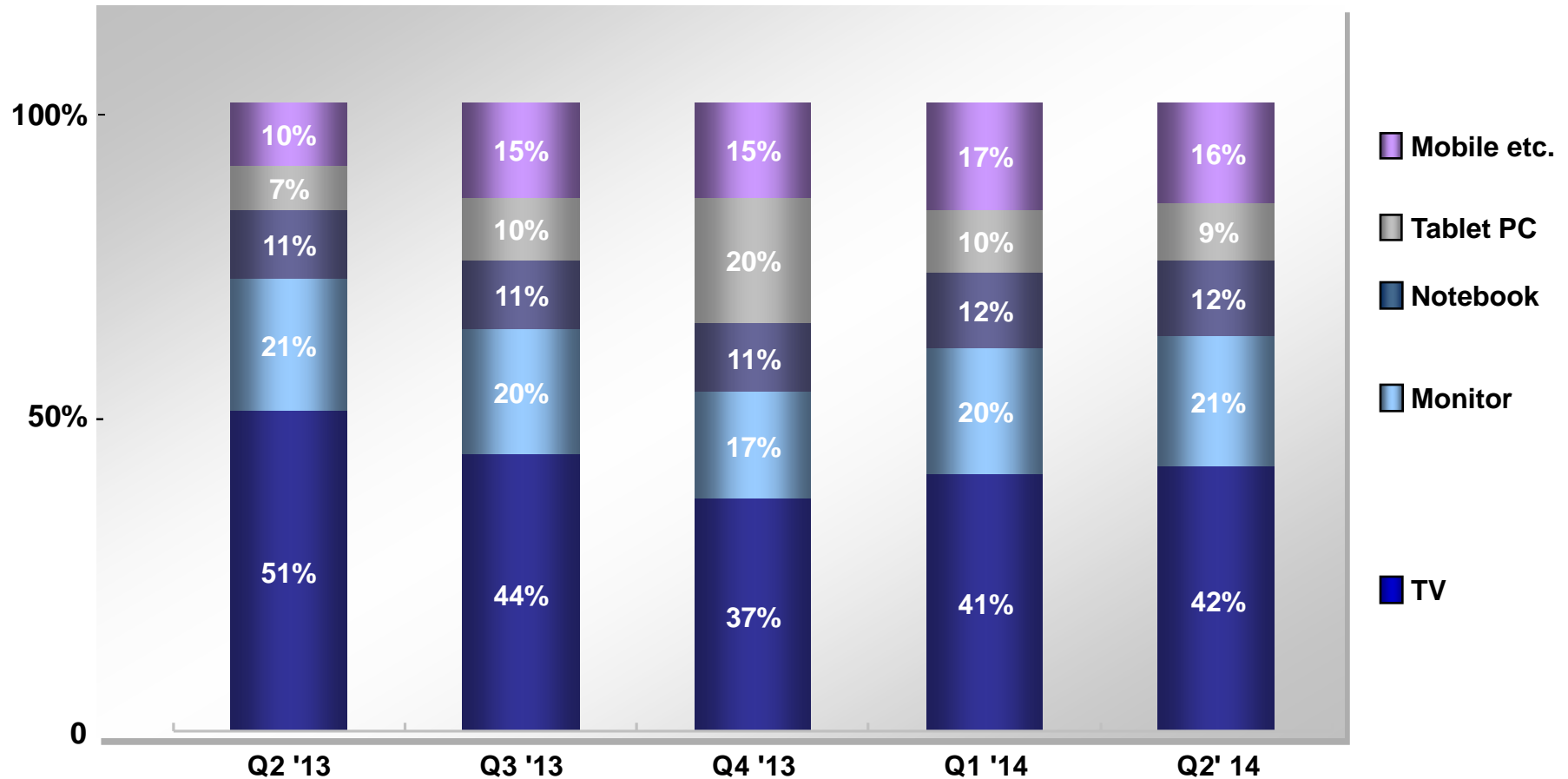
# Shipments and ASP



■ Net Display area shipment in K m<sup>2</sup>  
◆ ASP per m<sup>2</sup> (USD)

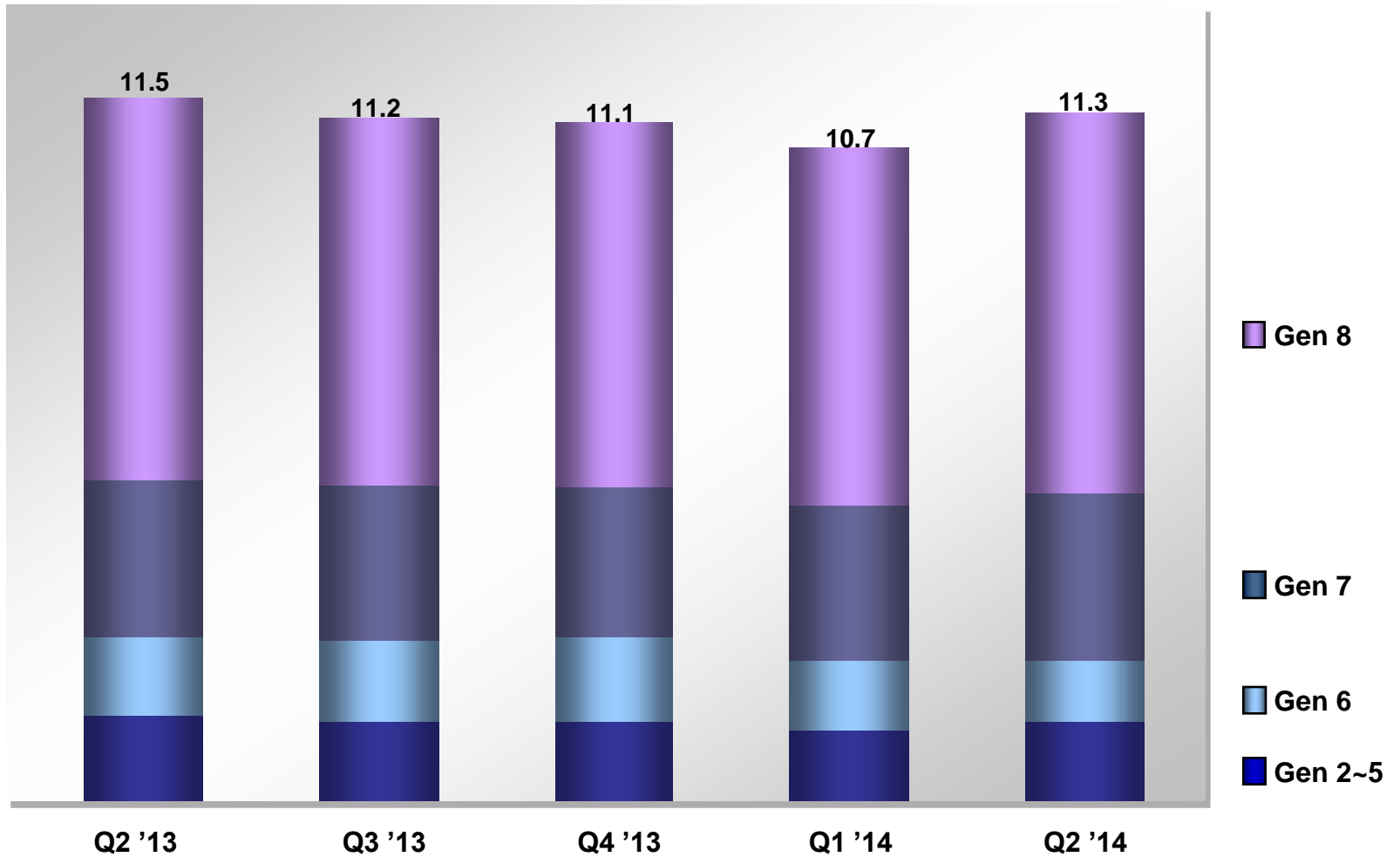
Source: Company financials

# Revenue: Product Mix



Source: Company financials (KRW)

Quarterly producible capacity by area (M m<sup>2</sup>)



Source: Company financials

## Q3 '14

- ▶ **Total Shipment in m<sup>2</sup> (QoQ)**
  - Mid single digit % ↑
  
- ▶ **ASP**
  - ASP incline to continue

# Appendix

# IFRS Statements of Income



Unit: KRW Bn

Accounts	Q1'11	Q2'11	Q3'11	Q4'11	2011	Q1'12	Q2'12	Q3'12	Q4'12	2012	Q1'13	Q2'13	Q3'13	Q4'13	2013	Q1' 14	Q2' 14
Revenue	5,366	6,047	6,269	6,610	24,291	6,184	6,910	7,593	8,743	29,430	6,803	6,572	6,579	7,079	27,033	5,588	5,979
COGS	5,133	5,596	6,088	6,265	23,081	5,856	6,140	6,792	7,637	26,425	6,099	5,607	5,591	6,228	23,525	4,924	5,270
Gross Profit	233	451	180	345	1,210	328	770	801	1,106	3,005	704	965	988	851	3,508	664	709
Operating Income	-255	-78	-276	-155	-764	-211	239	297	587	912	151	366	389	257	1,163	94	163
EBITDA	561	816	567	794	2,738	779	1,304	1,485	1,814	5,382	1,269	1,324	1,281	1,124	4,998	1,015	1,008
Income before tax	-202	-51	-695	-133	-1,081	-197	-78	230	503	458	41	162	402	225	830	29	293
Net Income	-115	21	-688	-6	-788	-129	-112	158	319	236	3	105	240	71	419	-82	256
EPS (Unit: KRW)	-323	60	-1,921	-17	-2,202	-361	-314	442	892	661	10	293	671	198	1,171	-229	716
<b>Margins (%)</b>																	
Gross Margin	4.3	7.5	2.9	5.2	5.0	5.3	11.1	10.5	12.7	10.2	10.3	14.7	15.0	12.0	13.0	11.9	11.9
Operating Margin	-4.8	-1.3	-4.4	-2.3	-3.1	-3.4	3.5	3.9	6.7	3.1	2.2	5.6	5.9	3.6	4.3	1.7	2.7
EBITDA Margin	10.5	13.5	9.0	12.0	11.2	12.6	18.9	19.6	20.7	18.3	18.7	20.1	19.5	15.9	18.5	18.2	16.9

Source: Unaudited, Company financials

K-IFRS (Consolidated)

Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding.

# IFRS Statements of Financial Position



Unit: KRW Bn

Accounts	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	Q1' 14	Q2' 14
<b>Assets</b>	<b>24,325</b>	<b>24,670</b>	<b>24,774</b>	<b>25,163</b>	<b>24,532</b>	<b>25,543</b>	<b>25,317</b>	<b>24,455</b>	<b>24,086</b>	<b>23,012</b>	<b>22,346</b>	<b>21,715</b>	<b>21,599</b>	<b>21,323</b>
A/R	2,449	2,262	2,432	2,740	2,275	2,605	2,892	3,334	2,958	2,587	2,609	3,129	2,574	2,525
Cash*	3,012	2,364	2,032	2,333	2,393	2,655	2,500	2,654	3,097	2,973	2,647	2,323	2,021	2,243
Inventory	2,505	2,822	2,369	2,317	2,198	2,569	2,747	2,390	2,529	2,396	2,417	1,933	2,199	1,984
<b>Liabilities</b>	<b>13,570</b>	<b>13,894</b>	<b>14,591</b>	<b>15,032</b>	<b>14,533</b>	<b>15,647</b>	<b>15,340</b>	<b>14,215</b>	<b>13,741</b>	<b>12,479</b>	<b>11,693</b>	<b>10,918</b>	<b>10,883</b>	<b>10,417</b>
A/P	3,003	2,882	2,888	3,783	3,845	4,137	4,537	4,147	4,126	3,613	3,146	3,000	2,965	2,450
Short-term debts	2,110	1,775	1,133	888	1,787	1,467	1,407	1,015	825	503	663	908	1,299	1,452
Long-term debts	2,495	2,864	3,482	3,722	3,467	3,290	3,247	3,441	3,896	3,593	3,345	2,995	2,467	3,044
<b>Shareholders' Equity</b>	<b>10,755</b>	<b>10,776</b>	<b>10,183</b>	<b>10,131</b>	<b>9,999</b>	<b>9,896</b>	<b>9,977</b>	<b>10,240</b>	<b>10,345</b>	<b>10,533</b>	<b>10,653</b>	<b>10,797</b>	<b>10,716</b>	<b>10,906</b>
<b>BPS (Unit: KRW)</b>	<b>30,056</b>	<b>30,115</b>	<b>28,458</b>	<b>28,314</b>	<b>27,944</b>	<b>27,657</b>	<b>27,883</b>	<b>28,618</b>	<b>28,912</b>	<b>29,437</b>	<b>29,772</b>	<b>30,175</b>	<b>29,948</b>	<b>30,480</b>
<b>Net debt to equity ratio (%)</b>	<b>14.8</b>	<b>21.1</b>	<b>25.4</b>	<b>22.5</b>	<b>28.6</b>	<b>21.2</b>	<b>21.6</b>	<b>17.6</b>	<b>15.7</b>	<b>10.7</b>	<b>12.8</b>	<b>14.6</b>	<b>16.3</b>	<b>20.7</b>

Source: Unaudited, Company financials

K-IFRS (Consolidated)

\* Cash includes short term financial instruments.

Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding.

# IFRS Statements of Cash Flow



Unit: KRW Bn

Accounts	Q1 '11	Q2 '11	Q3 '11	Q4 '11	2011	Q1 '12	Q2 '12	Q3 '12	Q4 '12	2012	Q1 '13	Q2'13	Q3 '13	Q4'13	2013	Q1' 14	Q2' 14
<b>Net Income</b>	<b>-115</b>	<b>21</b>	<b>-688</b>	<b>-6</b>	<b>-788</b>	<b>-129</b>	<b>-112</b>	<b>158</b>	<b>319</b>	<b>236</b>	<b>3</b>	<b>105</b>	<b>239</b>	<b>71</b>	<b>419</b>	<b>-82</b>	<b>256</b>
Depreciation & Amortization	816	894	948	994	3,651	990	1,065	1,188	1,227	4,470	1,118	959	892	867	3,835	921	845
Working Capital*	302	-250	289	638	979	70	-409	-177	-589	-1,105	217	-10	-509	-183	-485	255	-255
Others	-189	-152	318	-160	-182	-275	1,299	5	-73	956	-101	278	-205	-163	-191	-179	-774
<b>Cash flow from Operating Activities</b>	<b>814</b>	<b>513</b>	<b>867</b>	<b>1,466</b>	<b>3,660</b>	<b>656</b>	<b>1,843</b>	<b>1,174</b>	<b>884</b>	<b>4,557</b>	<b>1,237</b>	<b>1,332</b>	<b>417</b>	<b>592</b>	<b>3,578</b>	<b>915</b>	<b>72</b>
Cash flow from Investing Activities**	-991	-1,021	-947	-1,223	-4,182	-1,273	-1,052	-1,260	-603	-4,188	-1,056	-826	-711	-924	-3,517	-1,088	-720
<b>Net Cash flow before Financing Activities</b>	<b>-177</b>	<b>-508</b>	<b>-80</b>	<b>243</b>	<b>-522</b>	<b>-617</b>	<b>791</b>	<b>-86</b>	<b>281</b>	<b>369</b>	<b>181</b>	<b>506</b>	<b>-294</b>	<b>-332</b>	<b>61</b>	<b>-173</b>	<b>-648</b>
Financing Activities	52	36	-252	58	-106	677	-529	-69	-140	-61	210	-630	-32	-99	-551	-155	769
Dividends	0	-179	0	0	-179	0	0	0	0	0	0	0	0	0	0	0	0
Change in non-controlling interest ***	3	3	0	0	6	0	0	0	13	13	52	0	0	108	160	25	101
<b>Net Change in cash</b>	<b>-122</b>	<b>-648</b>	<b>-332</b>	<b>301</b>	<b>-801</b>	<b>60</b>	<b>262</b>	<b>-155</b>	<b>154</b>	<b>321</b>	<b>443</b>	<b>-124</b>	<b>-326</b>	<b>-323</b>	<b>-330</b>	<b>-303</b>	<b>222</b>

Source: Unaudited, Company financials

K-IFRS (Consolidated)

\* Working Capital consists of net change in AR, Inventory, AP and F/X effect

\*\* Cash flow from Investing Activities exclude increase (decrease) of short term financial instruments.

\*\*\* Equity investments from other companies

Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding.

# EBITDA Calculation



Unit: KRW Bn

Account	Q1'11	Q2'11	Q3'11	Q4'11	2011	Q1'12	Q2'12	Q3'12	Q4'12	2012	Q1'13	Q2'13	Q3'13	Q4'13	2013	Q1' 14	Q2' 14
1. Operating Income	-255	-78	-276	-155	-764	-211	239	297	587	912	151	366	389	257	1,163	94	163
2. Depreciation																	
3. Amortization	764	836	885	929	3,414	927	1,001	1,117	1,152	4,197	1,050	896	837	816	3,599	864	786
<b>EBITDA (1+2+3)</b>	52	58	63	65	238	63	64	71	75	273	68	62	55	51	236	57	59
1. Operating Income	561	816	672	839	2,888	779	1,304	1,485	1,814	5,382	1,269	1,324	1,281	1,124	4,998	1,015	1,008

Source: Unaudited, Company financials

K-IFRS (Consolidated)

**We add depreciation and amortization expense to operating income to calculate EBITDA. It is a key financial measure used by our senior management to internally evaluate the performance of our business and for other required or discretionary purposes.**

**We believe that the presentation of EBITDA will enhance an investor's understanding of our operating performance as we believe it is commonly reported and widely used by analysts and investors in our industry. It also provides useful information for comparison on a more comparable basis of our operating performance and those of our competitors, who follow different accounting policies.**

**EBITDA is not a measure defined by GAAP. Our calculation of EBITDA may not be consistent with other similarly titled measures reported by other companies.**

Any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding.