

Q3 2015 Results



Disclaimer

This presentation material is prepared for investors' reference, based on data that have not been filed with the financial supervisory commission.

Actual business performance may not necessarily be consistent with the projections herein, as a result of unexpected changes in the market environment and other conditions.

The financial information in this document are consolidated earnings results based on K-IFRS.



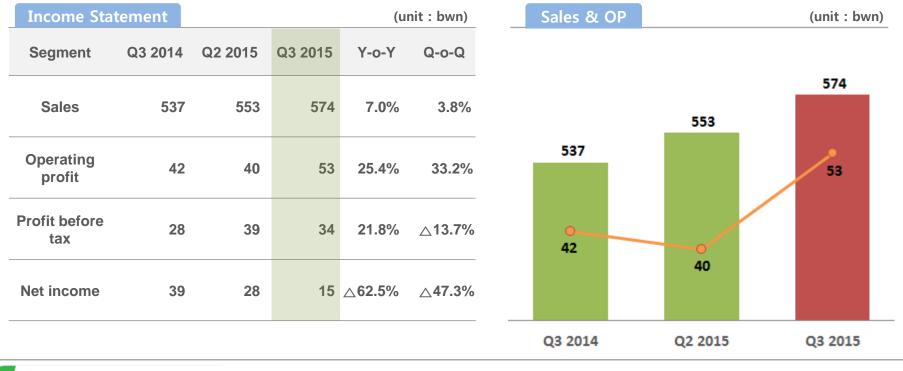
3Q 15 Total Results

Sales

Q-o-Q 20.9bwn Increased(3.8%), Y-o-Y 37.6bwn Increased(7.0%)

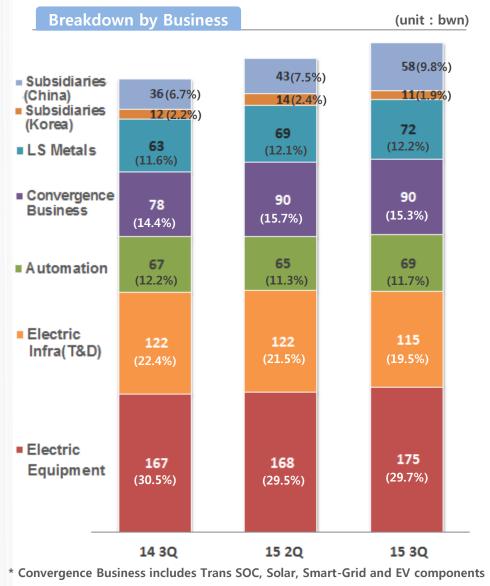
Operating Profit

Q-o-Q 13.2bwn Increased(33.2%), Y-o-Y 10.7bwn Increased(25.4%)





3Q 15 Sales Breakdown



* Sales of subsidiaries are before the consolidated adjustments

Headquarters

- Electric Equipment continued stable growth
- Electric Infra sales recovered by favorable demand in domestic
- Automation sales improved due to favorable demand from major companies
- Smart-grid sales increase led Convergence business sales improvement

Subsidiaries

- Demand for renewable high-end market increased in Wuxi
- Demand for electric infra increased by Korean company in Dalian
- LS Metals & Korean subsidiaries improved slightly



3Q 15 Financial Position

Total Assets 2,206bwn (Q-o-Q 3.7bwn increased, Y-o-Y 2.1bwn increased)
Total Liabilities 1,198bwn (Q-o-Q 14.8bwn decreased, Y-o-Y 21.3bwn decreased)

Total liabilities/Equity posted 119%, and other financial ratio maintained healthy favorable status

	S	Financial Ratio	nit : bwn)	(u			Finacial Statement		
juity	Total liabilities/Ec	-	Q-o-Q	Y-o-Y	Q3 2015	Q2 2015	Q3 2014	Segment	
s	Net Debts Ratio Debts/Total Assets			0%	22,058	22,021	22,037	Total Assets	
			1%	1%	13,287	13,203	13,215	Current Assets	
119%	123%	124%	∆ 21%	∆ 21%	2,444	3,104	3,097	Cash & cash equivalent	
			∆1%	∆ 2%	11,979	12,127	12,192	Total Liabilities	
44%	38%	2794	1%	3%	6,912	6,815	6,698	Debts	
	38%	37%	20%	24%	4,468	3,711	3,601	Net Debts	
31%	31%	30%	2%	2%	10,080	9,894	9,845	Equity	
Q3 2015	Q2 2015	Q3 2014							

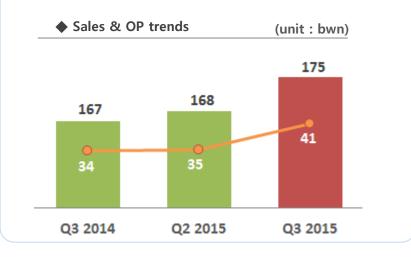


Business Results & Outlook

Electric Equipment

3Q 15 Results

- Sales Q-o-Q 4% increased, Y-o-Y 5% increased
- OP Q-o-Q 19% increased, Y-o-Y 20% increased
- Volume increased in Saudi-Arabia
- Expansion SE Asia market by participating direct PJT
- Profitability improved by exchange rate and decline of law material price



4Q 15 Outlook

[Market]

- Favorable demand in renewable energy market
- Risk to volatility of exchange rate in emerging countries

[LSIS]

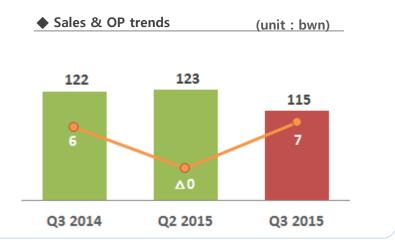
- Participate renewable energy PJT (Spain, Japan)
- Volume increase in SE Asia by site direct sales (Completion of establishment new branch in Indonesia & Vietnam)
- Keep supplying VCB for Saudi-Aradia PJT



Electric Infra(T&D)

3Q 15 Results

- ♦ Sales Q-o-Q 6% decreased, Y-o-Y 6% decreased
- ♦ OP Q-o-Q 5,597% increased, Y-o-Y 12% increased
 - Volume increased in domestic market due to facility investment & Capex increase by Kepco
 - Weak revenue continued, but entered new market (Ghana)



4Q 15 Outlook

[Market]

- Expect Infra investment in developing countries
- Favorable demand in domestic by private market

[LSIS]

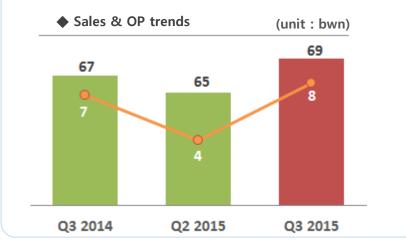
- Oversea sales increase due to new PJT order from Iraq(Bismayah PJT)
- Region diversification with entering new countries (Ecuador, Sri-Lanka)
- Resume participating tender from public market due to the expiration date of the tender restriction



Automation

3Q 15 Results

- ♦ Sales Q-o-Q 7% increased, Y-o-Y 3% increased
- ♦ OP Q-o-Q 111% increased, Y-o-Y 13% increased
- Favorable demand from major companies
- Profitability improved due to operation in distribution efficiency



4Q 15 Outlook

[Market]

- Stable demand increase from major companies
- Smart factory market expansion by government policy
- Expect withdraw Iran Sanction prohibition

[LSIS]

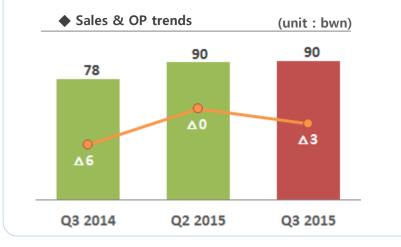
- Continue performance improvement due to the completion of operation in distribution efficiency
- Enhance participation in Smart factory market (Secure technology, find new business model with making MOU agreement)
- Prepare for withdraw Iran Sanction prohibition



Convergence Business

3Q 15 Results

- ♦ Sales Q-o-Q 1% increased, Y-o-Y 15% increased
- OP Q-o-Q 1,343% decreased, Y-o-Y 55% increased
- Continued revenue recognition in Trans SOC PJT
- Revenue from new Solar PJT in Japan
- Continued FR PJT from Kepco



4Q 15 Outlook

[Market]

- Expect market expansion in Micro-grid and ESS
- Expect expansion in convergence of ICT and energy industry

[LSIS]

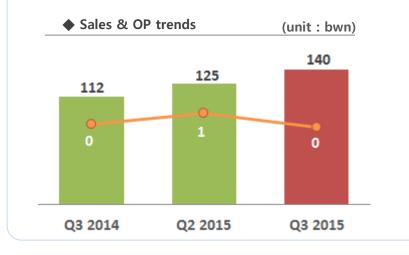
- Continue Kepco FR PJT/Seoul nat'l univ. Campus micro-grid PJT/Energy self-reliance Island (Duk-Juk island) PJT
- Acquisition UL certification in USA for ESS business
- Find convergence business model in renewable energy market (LSIS-KT MOU agreement)
- Enter SE Asia Micro-grid market(Indonesia, Malaysia, Philippines)
- Expect new Solar PJT from Japan



Subsidiaries

3Q 15 Results

- ◆ Sales Q-o-Q 12% increased, Y-o-Y 25% increased
- ♦ OP Q-o-Q 100% decreased, Y-o-Y 100% decreased
- Renewable energy devices sales growth in China
- Electric Infra PJT by Korean co. increased in China
- One-time allowance for bad debts from LS Metals



4Q 15 Outlook

[Market]

- Investment in renewable energy market continue to grow in China
- Favorable cooper pipe demand by seasonality

[LSIS]

- Expect performance improvement due to favorable demand in Wind force & Solar system business
- Enhance Infra system business by alliance with Chinese local player
- LS Metals profitability improve by cost structure TFT activity



(unit : bwn)

Segment	'14.3Q	'15.2Q	'15.3Q	QoQ	ΥοΥ
Sales	537	553	574	4%	7%
Costs of Sales	∆434	∆444	∆455	2%	5%
Gross Profit	103	109	120	10%	16%
(%)	(19%)	(20%)	(21%)	-	-
SG&A	∆61	∆6 9	∆67	∆4%	10%
Operating Profit	42	40	53	33%	25%
(%)	(8%)	(7%)	(9%)	-	-
Non-OP and Loss	∆ 14	∆0	△19	4,520%	33%
Profit befroe tax	28	39	34	∆14%	22%
Corporation tax	14	∆ 11	∆4	∆63%	∆129%
Net Income	39	28	15	∆47%	∆62%
(%)	(7%)	(5%)	(3%)	_	_
EBITDA Margin	8%	12%	11%	-	-



Appendix 1-2) Statement of Financial position

						(unit : bwn
		'14.3Q	'15.2Q	'15.3Q	QoQ	YoY
Tota	al Assets	2,204	2,202	2,206	0%	0%
	Current Assets	1,322	1,320	1,329	1%	1%
	Cash&Cash Equivalents	310	310	244	∆21%	∆21%
	Inventories	180	169	167	∆1%	∆7%
	Other Current Assets	832	841	917	9%	10%
	Non-Current Assets	882	882	877	∆1%	∆1%
	Tangible Assets	662	667	662	∆1%	∆ 0%
	Intangible Assets	146	140	139	∆1%	∆ 5%
	Other Non-Current Assets	74	74	76	2%	3%
Tot	al Liabilities	1,219	1,213	1,198	∆1%	∆ 2%
	Current Liabilities	689	577	664	15%	∆4%
	Short-term borrowings	200	100	225	125%	12%
	Non-Current Liabilities	530	636	534	∆16%	1%
	Long-term borrowings	470	582	467	∆20%	∆1%
Eqι	uity	985	989	1,008	2%	2%
		· · · ·			s.	
	Current Ratio	192%	229%	200%	∆29%p	8 %r
	Equity/Total Assets	45%	45%	46%	1%p	1%
	Total Liabilities/Equity	124%	123%	119%	∆4%p	∆5%
	Net debts Ratio	37%	38%	44%	7%p	8%



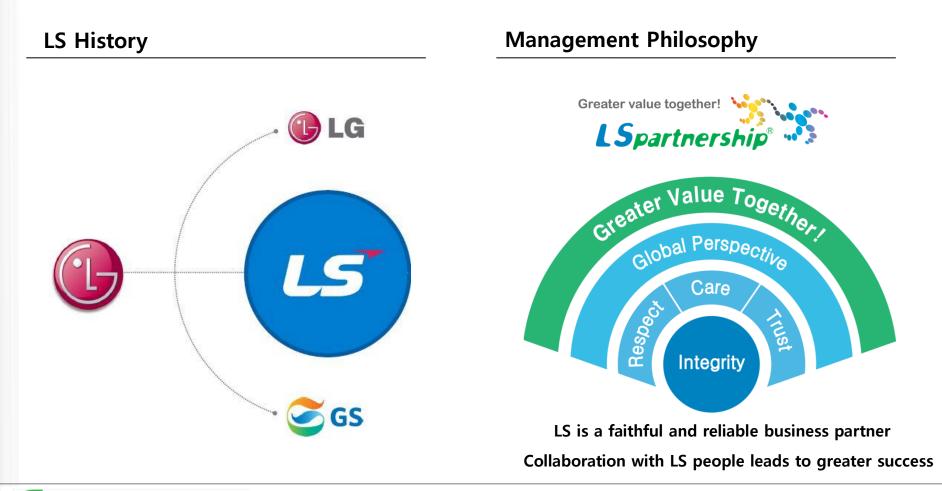
Appendix 1-3) Statements of Cash Flows

	(unit : bv		
	'14.09	'14.12	'15.09
Cash and cash equivalents at the beginning of year	191	191	332
Cash Flows From Operating Activities	197	163	90
Cash Flows From Investing Activities	∆35	∆65	∆ 80
Сарех	∆44	∆69	∆51
R&D	△14	∆15	∆10
Others	23	20	∆18
Cash Flows From Financing Activities	∆43	43	∆98
Cash and cash equivalents at the end of year	310	332	244



Growing into a World's Best from the Nation's First!

Leading company in the industrial electric, electronics, materials and energy field following its separation from LG in 2003

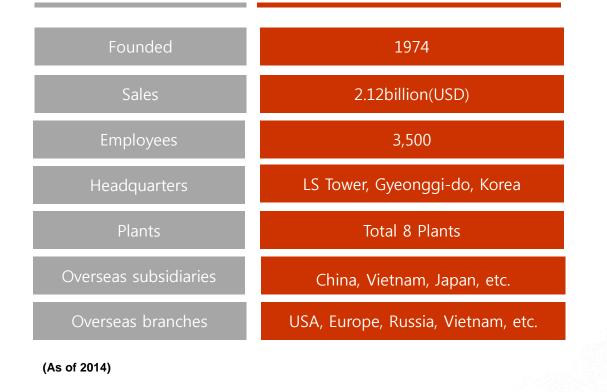






Leader in Power Solutions, Automation & Green Business

The Leading Company in the Power Distribution & Automation Industry The first to build a Smart Grid, Green Village and Green Factory





LSIS

2) LSIS

Appendix 2) LSIS Company Introduction

1. A History of Challenging the Future (1970's ~ 2007)

1970's '74 Jul. Established Goldstar Instrument & Electrical Co., Ltd

1980's '87 Mar. Established Goldstar Industrial Systems Co., Ltd.

2007 Feb. Opened Marketing Subsidiary in Dubai

2005 Mar. Renamed from LG to LS Industrial Systems Sep. Constructed the Electric & Automation equipment factory in Wuxi, China







2003 Nov. Disaffiliated from LG Group, joined LS Group

2001 Jun. Constructed Dalian factory

2000 Sep. Established high-voltage testing agency

1990's '94 Jul. Listed Goldstar Industrial Systems on the Korea Stock Exchange '95 Feb. Renamed from Goldstar to LG Industrial Systems (LGIS)

- '95 Sep. LGIS merged Goldstar I&E & Goldstar Mechanical & Electrical
- '99 Apr. LGIS merged LG Metal
- '99 Aug. Sold copper smelting, Vending Machine, Elevator & Escalator unit

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Appendix 2) LSIS Company Introduction

2. Shifting the strategy to growth paradigm (2007 ~ 2012)

- May. completed a EV Relay factory in Cheongju, Korea 2012 Jun. Awarded the Best Korean Company Grand Award 2008 Apr. Relocated its headquarters to Anyang LS Tower Dec. Selected as one of the Top 100 Global Innovators Sep. Received the Korea Best Company Award by Thompson Reuters (Electricity & Cable industry category) Dec. US and Chinese patent acquired for smart meter technology Oct. LS Industrial Systems(currently LSIS) **Opened R&D Center in Shanghai, China** Oct. Completed the Busan HVDC Plant 2011 STELL 신유공사 기공식 Nov. Included in the Fortune Korea's 500 Fastest Growing Companies Nov. Selected as one of the Top 100 Global Innovators by Thompson Reuters 2009 Mar. Published the Green Business Vision Oct. Share in Mecapion acquired Oct. European sales corporation established LS산전 HVDC 부산공장 준공식 2010
 - Jan. LS Power Semithech J/V established
 - Feb. LS Sauter established
 - Apr. LS Metal spun off from LSIS and newly established LS Metal
 - Apr. Construction of Busan plant completed
 - May. LS Hogae Electric established in China
 - May. LS Industrial Systems(currently LSIS) got the largest number of Green Certification as the first company in Korea
 - Jul. LS Industrial Systems(currently LSIS) opened R&D Center in Beijing, China

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3. Challenging for the future of Smart Energy (2013 ~ 2015)

2015 Jan. Declared value-based management Mar. Newly constructed R&D campus in Anyang

2013 Apr. Awarded the Great Place to Work Award for 2 consecutive years

- May. MOU with China's Dongfang Group for developing green automobile parts
- May. Concluded contract for the transfer of HVDC technology, and partnered with KAPES and Alstom
- Jun. Awarded the Best Korean Company Grand Award
- Oct. Selected as one of the Top 100 Global Innovators by Thompson Reuters
- Nov. Awarded the 39th Korea National Quality Grand Award
- Dec. Won the 500 million Trade Tower Award







2014 Jan. Launched new strategic automation product lines for A&D

- May. LSIS Vice Chairman Ja-kyun Koo Received Gold Tower Order of Industrial Service Merit
- May. Won the World's Largest Order for Smart Grid Project in Iraq
- Jun. Awarded the Best Korean Company Grand Award for 7 consecutive years
- Jul. Marked the 40th anniversary of the foundation
- Sep. Ranked number one in the Korean Standard Quality Excellence Index for 2 consecutive years
- Nov. Selected as one of the Top 100 Global Innovators by Thompson Reuters

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Appendix 2) LSIS Company Introduction

We guarantee all our customers a safe and affluent life and a happy future by supplying them with convenient smart energy.



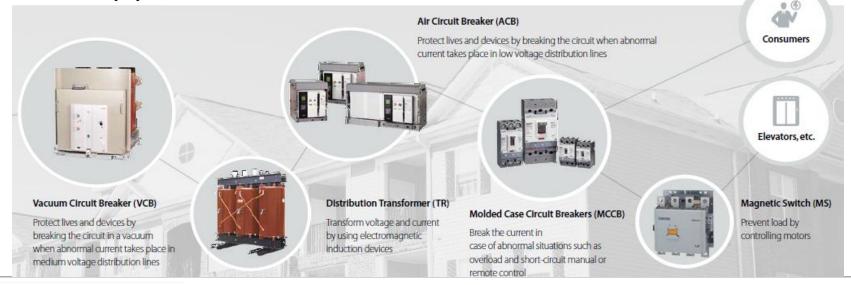
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Appendix 3) Business Introduction



Electric Equipment



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Appendix 3) Business Introduction

Automation



♦Smart Green Business



