



# **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.**

# Total Results

# 4Q '15 Total Results

## ◆ Sales

Y-o-Y 24.8bwn decreased( $\Delta 4.0\%$ ), Q-o-Q 18.8bwn increased(3.3%)

## ◆ Operating Profit

Y-o-Y 11.5bwn decreased( $\Delta 22.0\%$ ), Q-o-Q 13.5bwn decreased( $\Delta 24.9\%$ )

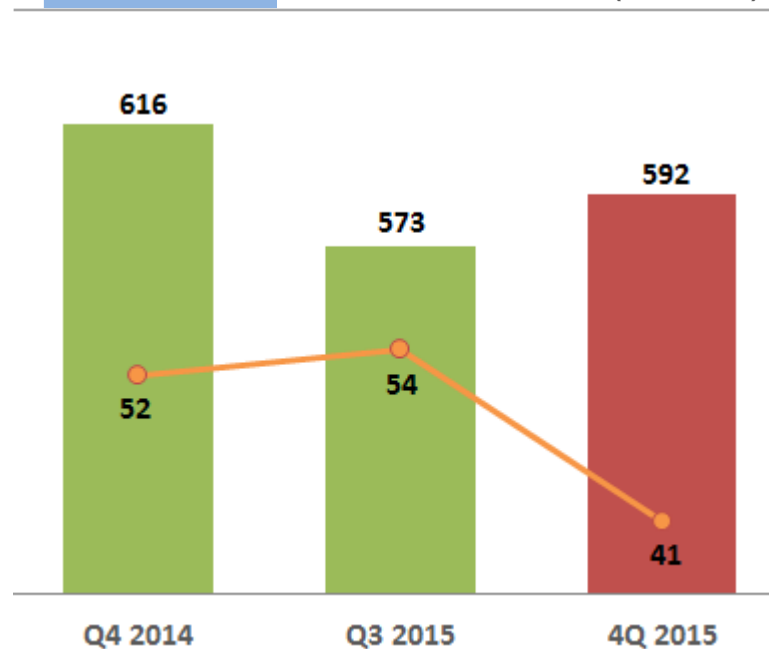
Income Statement

(unit : bwn)

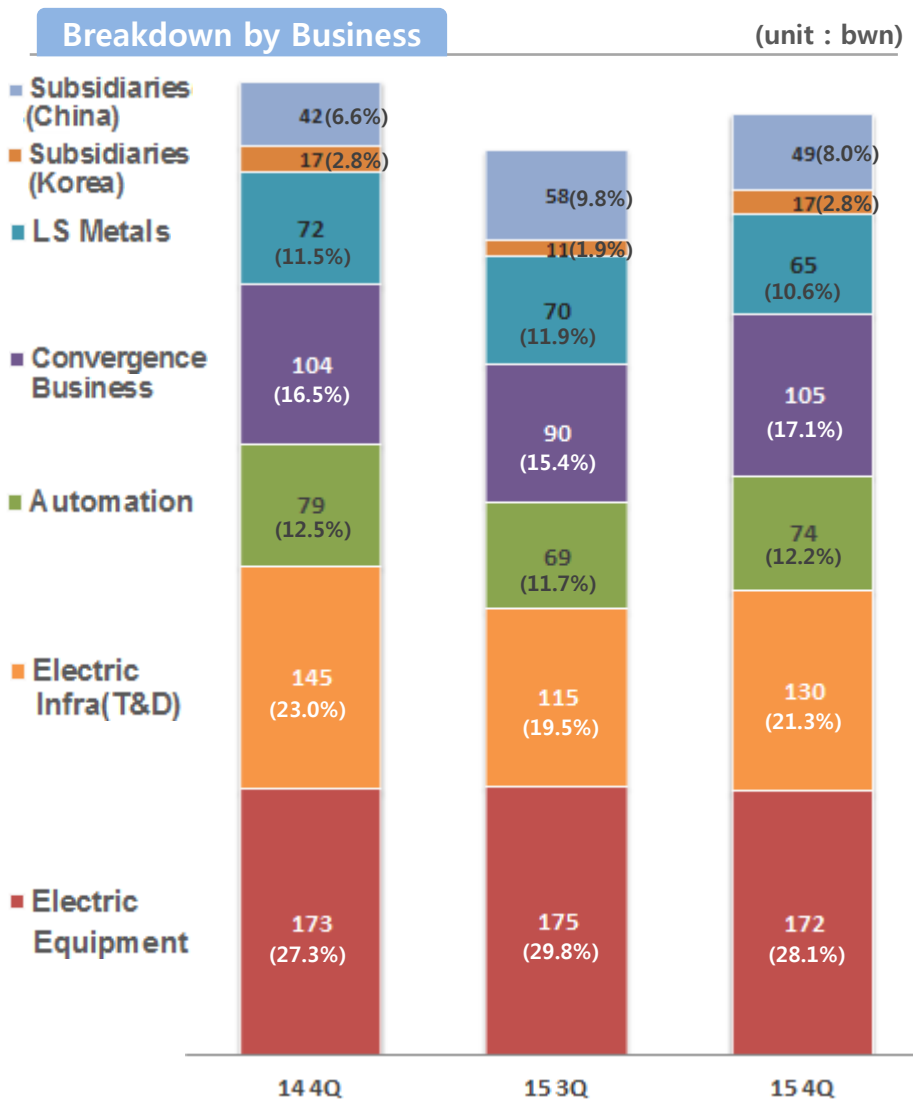
Segment	Q4 2014	Q3 2015	Q4 2015	Y-o-Y	Q-o-Q
Sales	616	573	592	$\Delta 4.0\%$	3.3%
Operating profit	52	54	41	$\Delta 22.0\%$	$\Delta 24.9\%$
Profit before tax	36	35	30	$\Delta 18.0\%$	$\Delta 15.9\%$
Net income	14	15	24	69.1%	62.1%

Sales & OP

(unit : bwn)



# 4Q '15 Sales Breakdown



\* Convergence Business includes Trans SOC, Solar, Smart-Grid and EV components.

\* Sales of subsidiaries are before the consolidated adjustments.

## ◆ Headquarters

- Electric equipment enlarged entry in renewable energy market and continued stable growth in overseas
- Electric infra continued PJT delay in overseas
- Automation sustained demand growth from conglomerates
- Solar power business in Japan showed earnings recovery trend

## ◆ Subsidiaries

- Demand for renewable high-end market increased in Wuxi
- LS Metals earning improved due to continuing cost reduction activities

# 4Q '15 Financial Position

◆ Total assets 2,252bwn (Y-o-Y 42.7bwn decreased, Q-o-Q 45.9bwn increased)

Total liabilities 1,237bwn (Y-o-Y 63.9bwn decreased, Q-o-Q 39.1bwn increased)

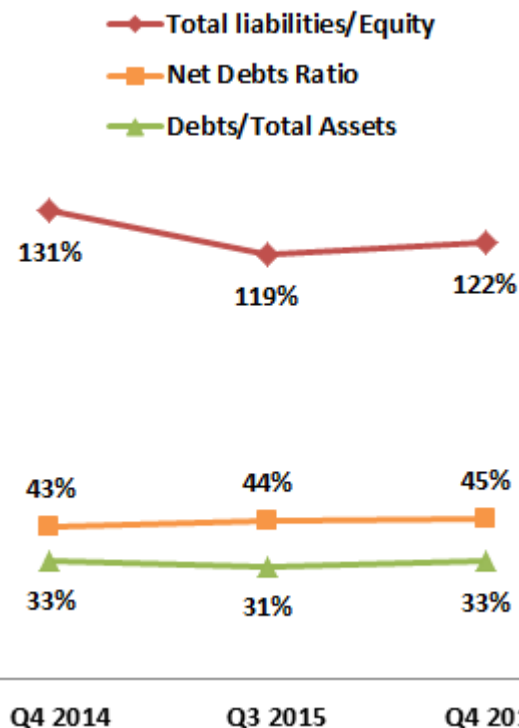
◆ Total liabilities/Equity posted 122%, and other financial ratio maintained healthy favorable status

## Financial Statement

(unit : bwn)

Segment	Q4 2014	Q3 2015	Q4 2015	Y-o-Y	Q-o-Q
Total Assets	2,294	2,206	2,252	△2%	2%
Current Assets	1,403	1,329	1,394	△1%	5%
Cash & cash equivalent	332	244	286	△14%	17%
Total Liabilities	1,301	1,198	1,237	△5%	3%
Debts	756	691	740	△2%	7%
Net Debts	424	447	454	7%	2%
Equity	994	1,008	1,015	2%	1%

## Financial Ratios



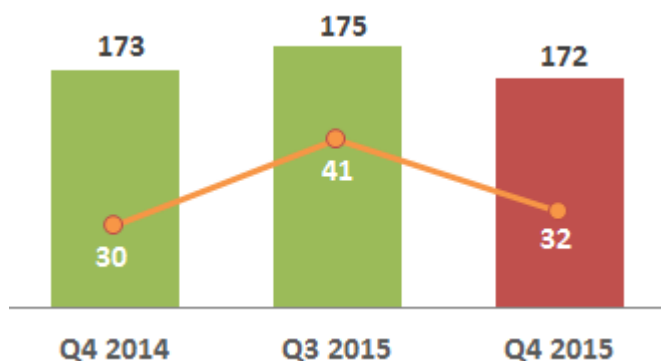
# Business Results & Outlook

# Electric Equipment

## 4Q '15 Results

- ◆ Sales Y-o-Y 0.5% decreased, Q-o-Q 1.8% decreased
- ◆ OP Y-o-Y 6.3% increased, Q-o-Q 21.6% decreased
  - Sales decreased due to emerging economic recession
  - Profitability improved Y-o-Y due to strong dollar and low commodity prices
  - Enlarged entry in renewable energy market and continued stable growth in overseas

◆ Sales & OP trends (unit : bwn)



## '16 Outlook

### [ Market ]

- Sustained favorable demand in renewable energy market
- Volume decrease risk exists due to global recession
- Favorable demand in Retrofit market

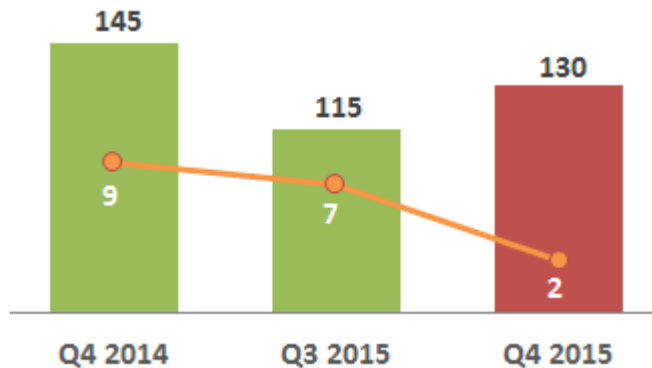
### [ LSIS ]

- Demand response in renewable energy market (Developing large capacity DC product)
- Strengthen direct sales activities in SE Asia (Completed additional sales network deployment in Indonesia and Vietnam)
- Respond to favorable demand in Retrofit market

## 4Q '15 Results

- ◆ Sales Y-o-Y 10.3% decreased, Q-o-Q 13.6% increased
- ◆ OP Y-o-Y 80.2% decreased, Q-o-Q 76.1% decreased
- Sales decreased Y-o-Y due to public bid limit
- Sales in Iraq showed gradual increase

◆ Sales & OP trends (unit : bwn)



## '16 Outlook

### [ Market ]

- Increase infra investment in SE Asia using AIIB funds, but global economic recession risk exists
- Kepco announced transmission equipment investment increase by 12% Y-o-Y

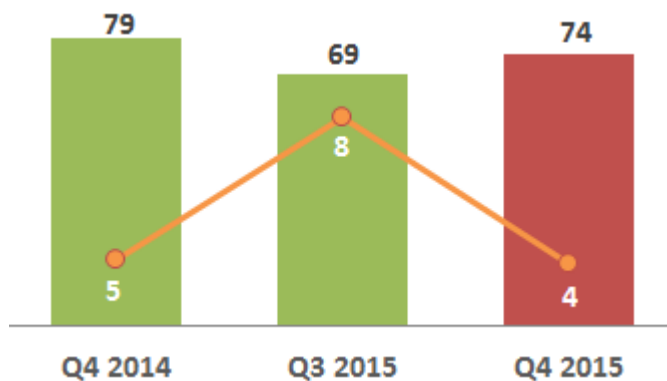
### [ LSIS ]

- Expecting performance improvement in Iraq by revenue recognition from new PJT(Bismayah)
- Region diversification with entering new countries (Egypt and Bangladesh etc.)
- Expecting HVDC business expansion

## 4Q '15 Results

- ◆ Sales Y-o-Y 5.7% decreased, Q-o-Q 7.7% increased
- ◆ OP Y-o-Y 2.2% decreased, Q-o-Q 42.9% decreased
- Revenue expansion targeting conglomerate
- Profitability decreased due to product mix

◆ Sales & OP trends (unit : bwn)



## '16 Outlook

### [ Market ]

- Stable demand increase from major companies
- Smart factory market expansion by government policy

### [ LSIS ]

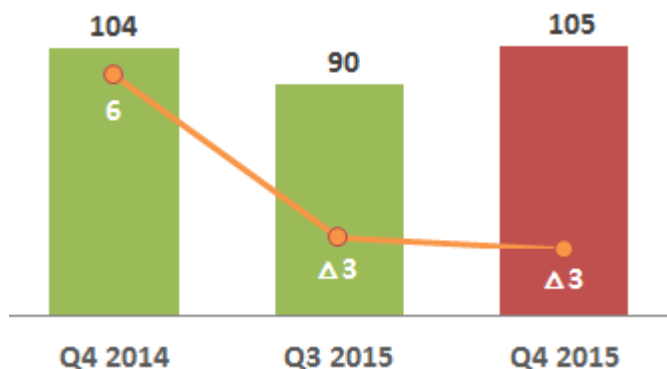
- Strengthen direct sales activities to conglomerates (SK Hynix, Samsung Electronics etc.)
- Enhance participation in Smart factory market (Secure technology, find new business model with making MOU agreement, starting pilot PJT)
- Looking forward market expansion by new sales network deployment in Italy

# Convergence Business

## 4Q '15 Results

- ◆ Sales Y-o-Y 0.6% increased, Q-o-Q 15.9% increased
- ◆ OP Y-o-Y 152.4% decreased, Q-o-Q 22.2% decreased
  - Railway system signed new orders from Thailand
  - Solar power sales in Japan showed gradual increase

◆ Sales & OP trends (unit : bwn)



## '16 Outlook

### [ Market ]

- Expecting new government policy according to COP21 in Paris Agreement (Korea announced 37% reduction on greenhouse gases by 2030)
- Expecting legislation on New Energy special law
- Market expansion in floating solar power

### [ LSIS ]

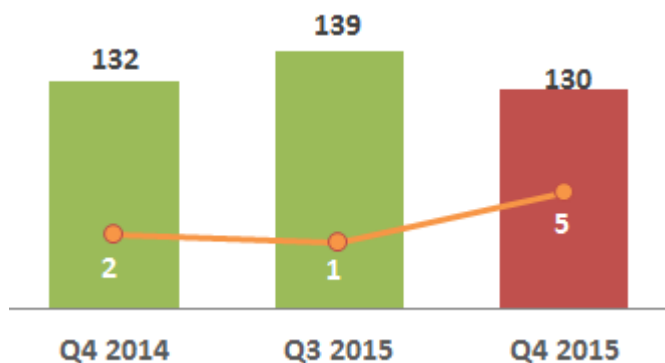
- Find convergence business model in renewable energy market
- Enter SE Asia Micro-grid market (Indonesia, Malaysia, Philippines)
- Expanding Solar power turn-key PJT utilizing LSIS electric power solution
- Railway system expecting new PJT orders from SE Asia

# Subsidiaries

## 4Q '15 Results

- ◆ Sales Y-o-Y 1.3% decreased, Q-o-Q 6.3% decreased
- ◆ OP Y-o-Y 177.8% increased, Q-o-Q 316.7% increased
  - Revenue growth from renewable energy market in China
  - LS Metals earning improved due to continuing cost reduction activities

◆ Sales & OP trends (unit : bwn)



## '16 Outlook

### [ Market ]

- Expecting investment expansion in Chinese renewable energy market  
(Investment expansion in Solar & wind power according to Paris Agreement)
- Risk on PJT delay according to oil price drop

### [ LSIS ]

- Expecting sustainable performance improvement due to favorable demand in Wind force & Solar system business in Wuxi
- LS Metals expects turn around

# Appendix 1-1) Income Statement

(unit : bwn)

Segment	'14.4Q	'15.3Q	'15.4Q	QoQ	YoY
Sales	616	573	592	3.3%	△4.0%
Costs of Sales	495	452	475	5.2%	△3.9%
Gross Profit	122	121	116	△3.7%	△4.4%
(%)	(19.7%)	(21.1%)	(19.6%)	-	-
SG&A	70	67	76	13.5%	8.6%
Operating Profit	52	54	41	△24.9%	△21.9%
(%)	(8.5%)	(9.5%)	(6.9%)	-	-
Non-OP and Loss	△16	△19	△11	41.4%	30.4%
Profit befroe tax	36	35	30	△15.9%	△18.0%
Net Income	14	15	24	61.7%	68.7%
(%)	(2.3%)	(2.5%)	(4.0%)	-	-
EBITDA Margin	10.4%	11.0%	9.5%	-	-

# Appendix 1-2) Statement of Financial position

(unit : bwn)

Segment	'14.4Q	'15.3Q	'15.4Q	QoQ	YoY
<b>Total Assets</b>	2,294	2,206	2,252	2%	△2%
<b>Current Assets</b>	1,403	1,329	1,394	5%	△1%
Cash&Cash Equivalents	332	244	286	17%	△14%
Inventories	168	167	162	△3%	△4%
Other Current Assets	903	917	947	3%	5%
<b>Non-Current Assets</b>	891	877	857	△2%	△4%
Tangible Assets	678	662	644	△3%	△5%
Intangible Assets	138	139	138	△1%	△0%
Other Non-Current Assets	75	76	76	△1%	1%
<b>Total Liabilities</b>	1,301	1,198	1,237	3%	△5%
<b>Current Liabilities</b>	737	664	618	△7%	△16%
Short-term borrowings	234	225	168	△25%	△28%
<b>Non-Current Liabilities</b>	563	534	619	16%	10%
Long-term borrowings	523	467	572	23%	9%
<b>Equity</b>	993	1,008	1,015	1%	2%
<b>Current Ratio</b>	190%	200%	226%	25%p	35%p
<b>Equity/Total Assets</b>	43%	46%	45%	△1%p	2%p
<b>Total Liabilities/Equity</b>	131%	119%	122%	3%p	△9%p
<b>Net debts Ratio</b>	43%	44%	45%	0%p	2%p

# Appendix 1-3) Statements of Cash Flows

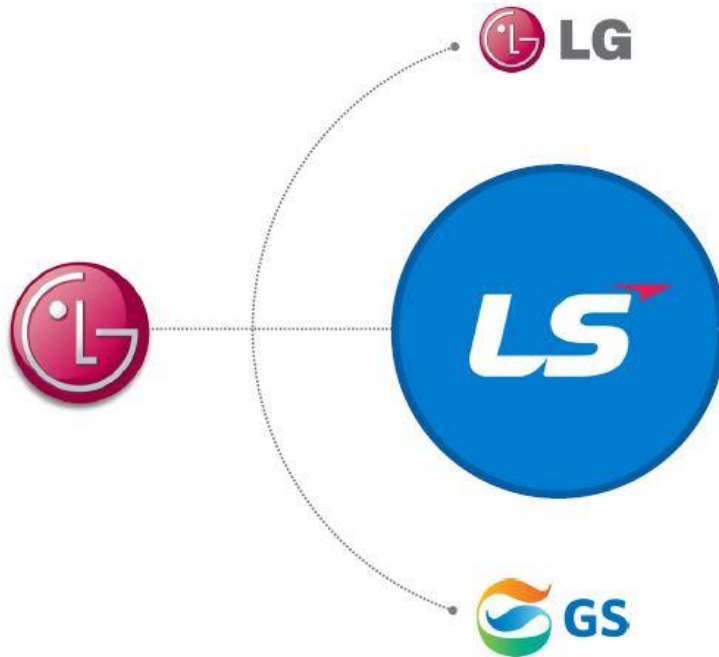
(unit : bwn)

Segment		'14.12	'15.09	YoY
Cash and cash equivalents at the beginning of year		191	332	141
Cash Flows From Operating Activities		163	100	△62
Cash Flows From Investing Activities		△65	△96	△31
	Capex	△69	△59	9
	R&D	△15	△14	1
	Others	20	△23	△42
Cash Flows From Financing Activities		43	△51	△93
Cash and cash equivalents at the end of year		332	286	△46

## 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

### LS History



### Management Philosophy

Greater value together!

**LS**partnership®



LS is a faithful and reliable business partner

Collaboration with LS people leads to greater success

### 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

Founded	1974
Sales	2.12billion(USD)
Employees	3,500
Headquarters	LS Tower, Gyeonggi-do, Korea
Plants	Total 8 Plants
Overseas subsidiaries	China, Vietnam, Japan, etc.
Overseas branches	USA, Europe, Russia, Vietnam, etc.

(As of 2014)



### 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

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

- 2008**
- Apr. Relocated its headquarters to Anyang LS Tower
  - Sep. Received the Korea Best Company Award (Electricity & Cable industry category)
  - Oct. LS Industrial Systems(currently LSIS) Opened R&D Center in Shanghai, China



- 2009**
- Mar. Published the Green Business Vision
  - Oct. Share in Mecapion acquired
  - Oct. European sales corporation established

- 2012**
- May. completed a EV Relay factory in Cheongju, Korea
  - Jun. Awarded the Best Korean Company Grand Award
  - Dec. Selected as one of the Top 100 Global Innovators by Thompson Reuters
  - Dec. US and Chinese patent acquired for smart meter technology

- 2011**
- Oct. Completed the Busan HVDC Plant
  - Nov. Included in the Fortune Korea's 500 Fastest Growing Companies
  - Nov. Selected as one of the Top 100 Global Innovators by Thompson Reuters



- 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

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

- 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 39<sup>th</sup> Korea National Quality Grand Award
  - Dec. Won the 500 million Trade Tower Award

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



- 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 40<sup>th</sup> 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

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

### Mission

**FUTURING SMART ENERGY**

### Vision 2020



### Strategy

- Boosting Our Market Position as a Power Solutions Provider
- Leading New Markets through Convergence and Combination
- Expansion of Global Markets
- Securing Operational Excellence

### Core Value



Collaboration

Execution

Creativity

Integrity

# Appendix 3) Business Introduction

## ◆Electric Infra



## ◆Electric Equipment



# Appendix 3) Business Introduction

## ◆Automation



The Automation section features four circular callouts, each containing an image of a different product. The background is a grayscale image of industrial machinery. The products are: PLC (Programmable Logic Controller), AC Drive, HMI (Human Machine Interface), and Servo. Each product is accompanied by a brief description of its function.

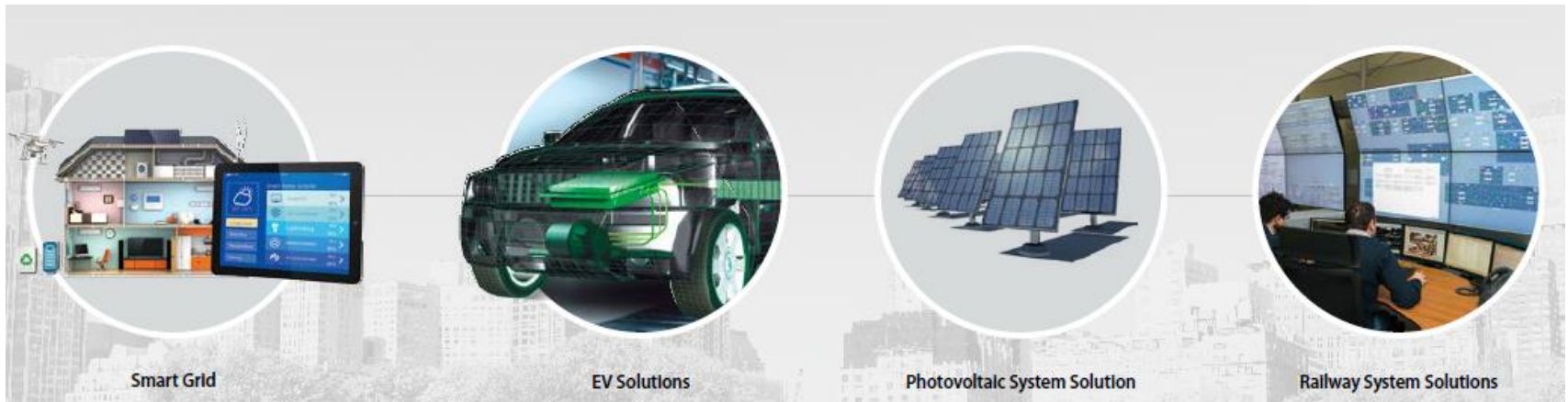
**PLC**  
A universal controller that is programmed to operate machinery in a set sequence and conditions which has a wide range of applications from large-scale automation equipment at factories and plants to car-wash machines, golf ranges and general usages

**AC Drive**  
A control device that saves energy consumption by controlling motor through power supply frequency variation

**HMI**  
Allow users to easily check the status of various production equipment through the touch screen and to take necessary measures immediately

**Servo**  
A device to help users precisely control when manipulating equipment location required by the system and operating specific speed and torque (Servo Motor/Servo Drive)

## ◆Smart Green Business



The Smart Green Business section features four circular callouts, each containing an image of a different solution. The background is a grayscale image of a city skyline. The solutions are: Smart Grid, EV Solutions, Photovoltaic System Solution, and Railway System Solutions. Each solution is accompanied by a brief description of its function.

**Smart Grid**  
A smart grid is a modern electrical grid that uses digital communication technology to monitor and manage the flow of electricity from generation to distribution.

**EV Solutions**  
Electric vehicle (EV) solutions include charging infrastructure, fleet management, and vehicle-to-grid (V2G) technology.

**Photovoltaic System Solution**  
Photovoltaic (PV) systems convert solar energy into electricity using solar panels.

**Railway System Solutions**  
Railway system solutions include signaling, train control, and passenger information systems.