

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

1Q '16 Total Results

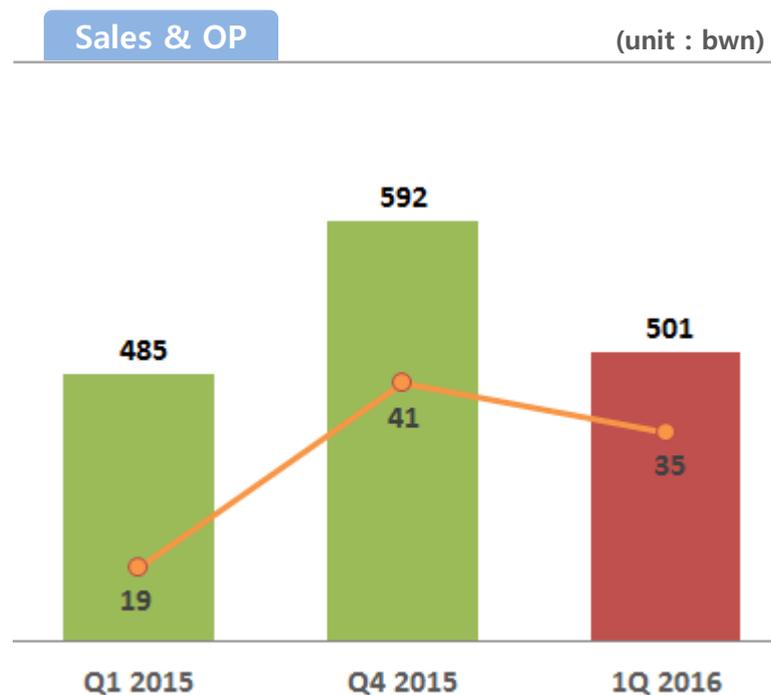
◆ Sales

Y-o-Y 15.5bwn increased(3.2%), Q-o-Q 90.8bwn decreased(Δ 15.3%)

◆ Operating Profit

Y-o-Y 16.2bwn increased(86.6%), Q-o-Q 5.8bwn decreased(Δ 14.2%)

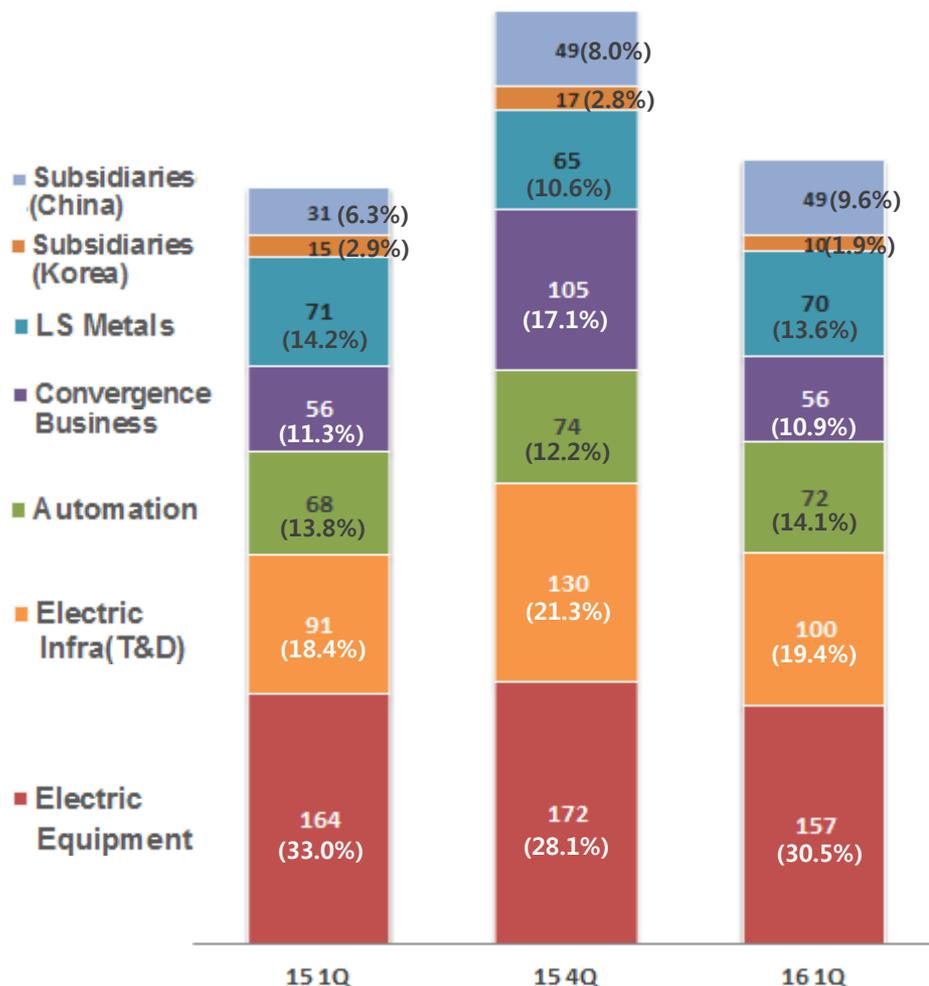
Income Statement			(unit : bwn)		
Segment	Q1 2015	Q4 2015	Q1 2016	Y-o-Y	Q-o-Q
Sales	485	592	501	3.2%	Δ 15.3%
Operating profit	19	41	35	86.6%	Δ 14.2%
Profit before tax	8	30	23	169.3%	Δ 23.2%
Net income	5	24	17	242.6%	Δ 27.0%



1Q '16 Sales Breakdown

Breakdown by Business

(unit : bwn)



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

* Sales of subsidiaries are before the consolidated adjustments.

◆ Headquarters

- Electric Equipment : Oversea improved profitability due to volume increase and strong dollar
- Electric Infra : Weak domestic, but Iraq improved
- Automation : Continuous performance creation from conglomerate market
- Convergence : Volume increased from Trans S.O.C and Smart energy business

◆ Subsidiaries

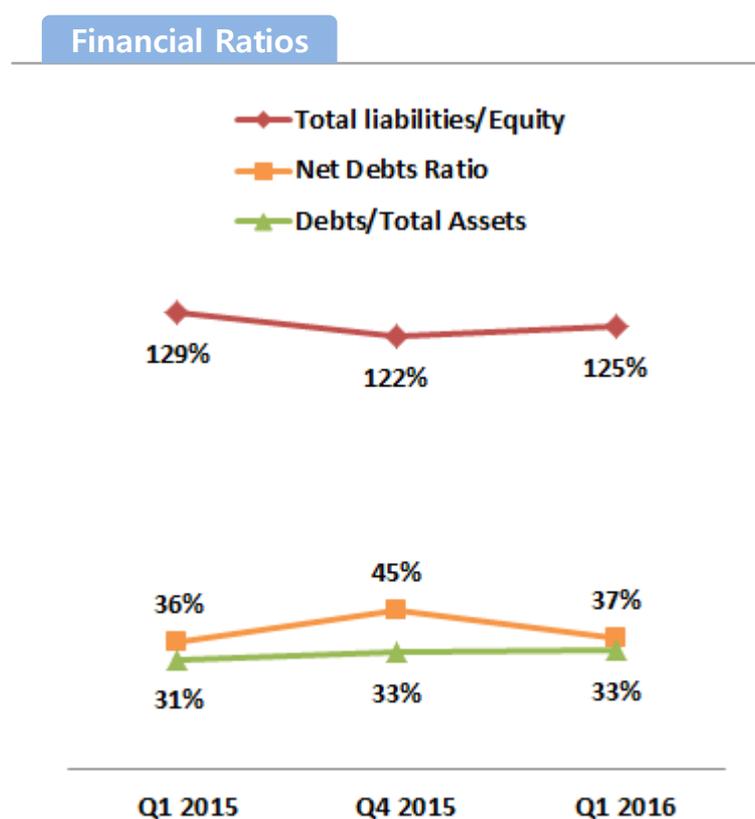
- Wuxi : Sustainable growth from Solar PCU market
- Dalian : Volume increased by PJT from Korean Co.
- LS Metals : Turnaround by production innovation activities and fixed cost reduction

1Q '16 Financial Position

- ◆ Total assets 2,253bwn (Y-o-Y 58.2bwn increased, Q-o-Q 1.2bwn increased)
Total liabilities 1,251bwn (Y-o-Y 16.3bwn increased, Q-o-Q 13.6bwn increased)

- ◆ Total liabilities/Equity posted 125%, and other financial ratio maintained healthy favorable status

Financial Statement			(unit : bwn)		
Segment	Q1 2015	Q4 2015	Q1 2016	Y-o-Y	Q-o-Q
Total Assets	2,195	2,252	2,253	3%	0%
Current Assets	1,301	1,394	1,409	8%	1%
Cash & cash equivalent	329	286	385	17%	34%
Total Liabilities	1,234	1,237	1,251	1%	1%
Debts	673	740	753	12%	2%
Net Debts	344	454	369	7%	△19%
Equity	960	1,015	1,002	5%	△1%



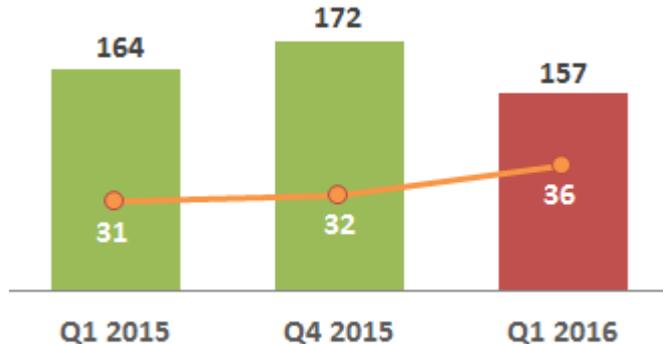
Business Results & Outlook

Electric Equipment

1Q '16 Results

- ◆ Sales Y-o-Y 4.2% decreased, Q-o-Q 8.8% decreased
- ◆ OP Y-o-Y 15.0% increased, Q-o-Q 11.5% increased
 - Sales decreased due to economic recession
 - Improved profitability due to effects of exchange rate changes
 - Enlarged entry in renewable energy market and continued stable growth in Vietnam

◆ 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]

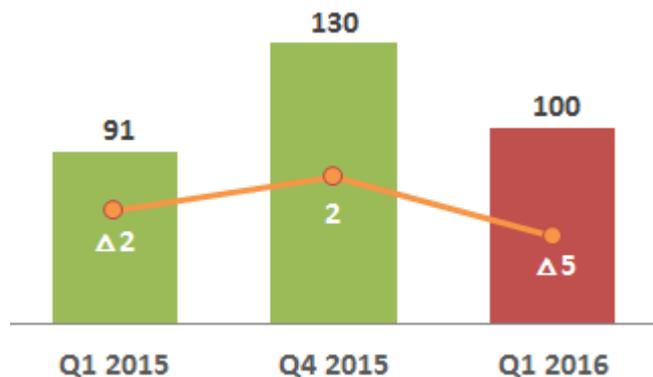
- Demand response in renewable energy market (Developing large capacity DC product)
- Respond to favorable construction market in Vietnam and international fund utilization
- Respond to favorable demand in Retrofit market

Electric Infra(T&D)

1Q '16 Results

- ◆ Sales Y-o-Y 9.3% increased, Q-o-Q 23.3% decreased
- ◆ OP Y-o-Y continuous loss, Q-o-Q deficit conversion
 - Weak domestic due to lack of backlog on the impact of bidding restriction by disposition of collusion
 - Oversea improved from Iraq region

◆ Sales & OP trends (unit : bwn)



'16 Outlook

[Market]

- Infra investment decreased by global recession
- Favorable demand from domestic market
- New PJT from HVDC business

[LSIS]

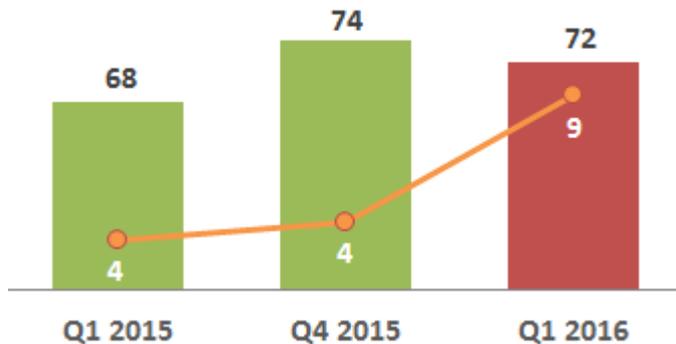
- Continuous revenue recognition from Iraq
- Respond to favorable demand from domestic
- HVDC revenue recognition & prepare for new HVDC PJT

Automation

1Q '16 Results

- ◆ Sales Y-o-Y 5.9% increased, Q-o-Q 2.7% decreased
- ◆ OP Y-o-Y 140.2% increased, Q-o-Q 104.5% increased
- Continuous performance creation from conglomerate market
- Profitability improved due to distributor's stock decline

◆ Sales & OP trends (unit : bwn)



'16 Outlook

[Market]

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

[LSIS]

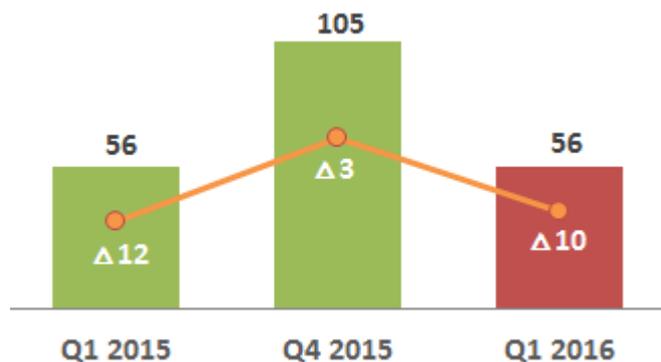
- Strengthen direct sales activities to conglomerates
- Enhance participation in Smart factory market (Develop Smart-station and apply pilot application on LSIS's factory)
- Oversea performance improve through concentration on Vietnam as a focal point

Convergence Business

1Q '16 Results

- ◆ Sales Y-o-Y 0.2% increased, Q-o-Q 46.6% decreased
- ◆ OP Y-o-Y continuous loss, Q-o-Q continuous loss
 - Trans S.O.C profitability decreased by product mix
 - New Mega-Solar order from Japan(April)
 - Revenue recognition expanded from Iraq Smart-grid

◆ Sales & OP trends (unit : bwn)



'16 Outlook

[Market]

- New policy on ESS from Korean government (New guidance for using ESS as an emergency electric power source, Introduction private rate on ESS users, Allowed power broker business etc)
- Global Market expansion in photovoltaic market

[LSIS]

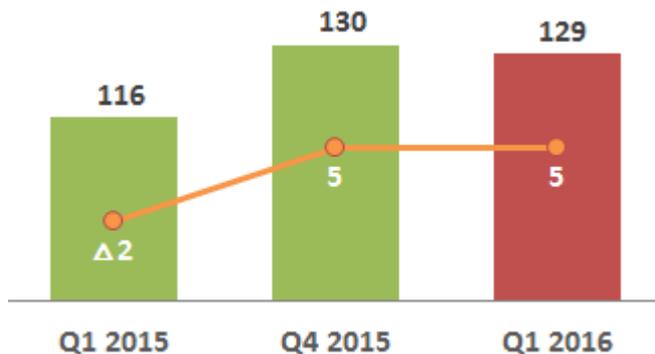
- Find convergence business model in renewable energy market
- New order from emergency power market for ESS
- Expanding Solar power turn-key PJT utilizing LSIS electric power solution
- Prepare for 3rd year Kepco FR PJT
- Railway system expecting new PJT orders from (SE Asia)

Subsidiaries

1Q '16 Results

- ◆ Sales Y-o-Y 10.9% increased, Q-o-Q 1.0% decreased
- ◆ OP Y-o-Y turnaround, Q-o-Q 2.0% increased
- Revenue growth from renewable energy market in China
- LS Metals turnaround 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)
- Energy infra PJT profitability decreased due to oil price drop

[LSIS]

- Expecting sustainable performance improvement due to favorable demand in Wind force & Solar system business in Wuxi
- Performance improvement in Dalian due to order from local PJT
- LS Metals expects turn around

Appendix 1-1) Income Statement

(unit : bwn)

Segment	'15.1Q	'15.4Q	'16.1Q	QoQ	YoY
Sales	485	592	501	△15.3%	3.2%
Costs of Sales	398	476	399	△16.0%	0.4%
Gross Profit	87	115	101	△12.7%	16.0%
(%)	(18.0%)	(19.5%)	(20.2%)	-	-
SG&A	69	75	67	△11.8%	△3.1%
Operating Profit	19	41	35	△14.3%	86.6%
(%)	(3.9%)	(6.9%)	(7.0%)	-	-
Non-OP and Loss	△10	△11	△12	△9.6%	△18.4%
Profit before tax	8	30	23	△23.3%	170.2%
Net Income	5	24	17	△26.8%	251.0%
(%)	(1.0%)	(4.0%)	(3.4%)	-	-
EBITDA Margin	7.6%	9.5%	10.0%	-	-

Appendix 1-2) Statement of Financial position

(unit : bwn)

Segment	'14.4Q	'15.3Q	'15.4Q	QoQ	YoY
Total Assets	2,195	2,252	2,253	0%	3%
Current Assets	1,301	1,394	1,409	1%	8%
Cash&Cash Equivalents	329	286	384	34%	17%
Inventories	156	162	170	5%	9%
Other Current Assets	816	947	855	△10%	5%
Non-Current Assets	894	857	844	△2%	△6%
Tangible Assets	676	644	630	△2%	△7%
Intangible Assets	138	138	136	△2%	△2%
Other Non-Current Assets	80	76	78	3%	△2%
Total Liabilities	1,234	1,237	1,251	1%	1%
Current Liabilities	668	618	660	7%	△1%
Short-term borrowings	151	168	202	20%	34%
Non-Current Liabilities	566	619	591	△5%	4%
Long-term borrowings	522	572	552	△4%	6%
Equity	960	1,015	1,002	△1%	5%

Current Ratio	195%	226%	213%	△12%p	19%p
Equity/Total Assets	44%	45%	44%	△1%p	1%p
Total Liabilities/Equity	129%	122%	125%	3%p	△4%p
Net debts Ratio	36%	45%	37%	△8%p	1%p

Appendix 1-3) Statements of Cash Flows

(unit : bwn)

Segment	'15.1Q	'16.1Q	YoY
Cash and cash equivalents at the beginning of year	332	286	△46
Cash Flows From Operating Activities	110	123	13
Cash Flows From Investing Activities	△30	△38	△8
Capex	△22	△13	9
R&D	△4	△4	0
Others	△4	△22	△18
Cash Flows From Financing Activities	△83	14	97
Effect of exchange rate changes on cash and cash equivalents	△0	△0	0
Cash and cash equivalents at the end of year	329	385	56

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!

LSpartnership[®]



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



- 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



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



- 2010**
- Jan. LS Power Semitech 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 39th 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 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

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. The first callout on the left shows a stack of PLC (Programmable Logic Controller) units. The second callout shows a collection of AC Drive units. The third callout shows three HMI (Human-Machine Interface) touchscreens displaying various data and control interfaces. The fourth callout on the right shows a Servo motor and its corresponding drive unit.

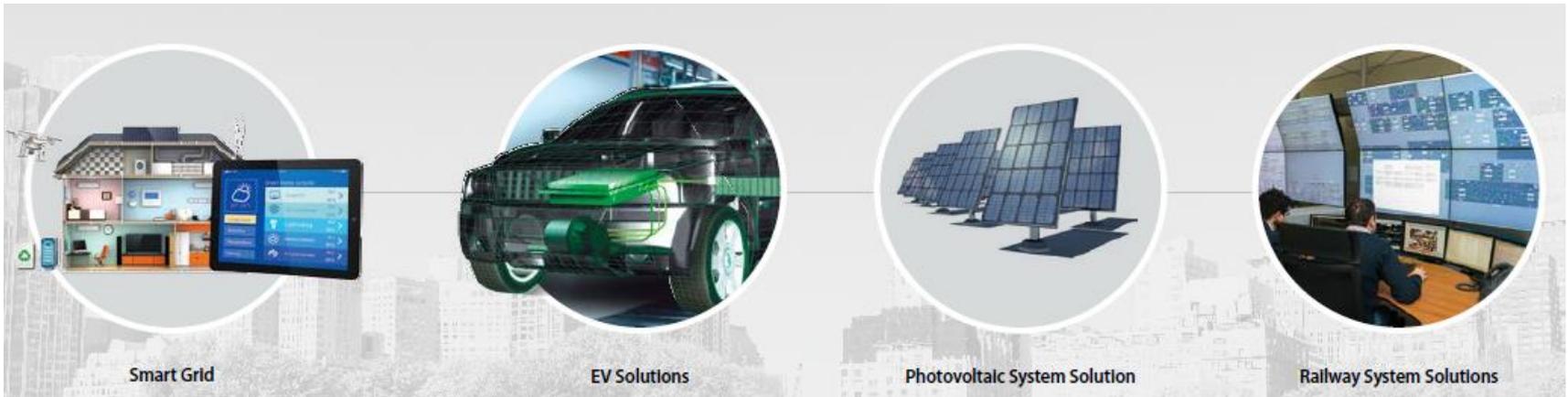
PLC
A universal controller that is programmed to operate machinery in a set sequence and conditions which has a wide range of applications from large-scale automation equipment at factories and plants to car-wash machines, golf ranges and general usages

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. The first callout on the left shows a Smart Grid interface with a house and a tablet displaying energy data. The second callout shows a green EV (Electric Vehicle) with a battery pack highlighted. The third callout shows a Photovoltaic System Solution with solar panels. The fourth callout on the right shows Railway System Solutions with a control room operator at a desk with multiple monitors.

Smart Grid

EV Solutions

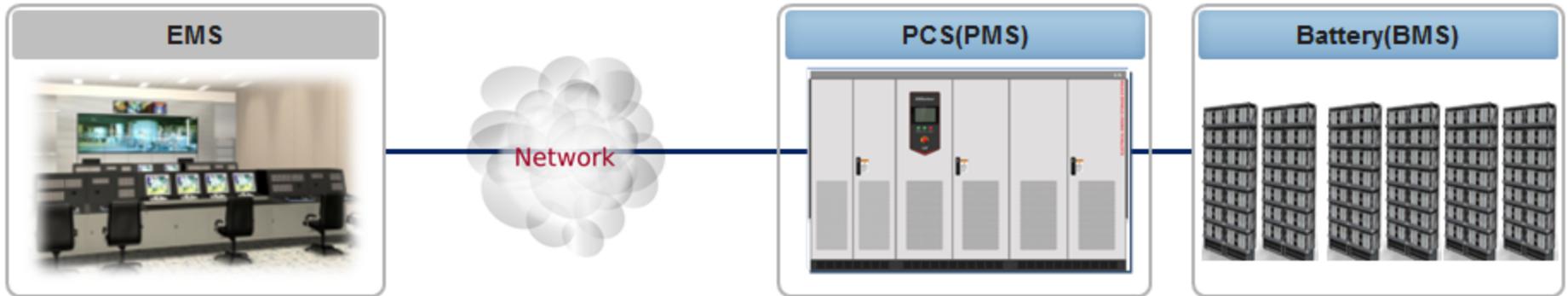
Photovoltaic System Solution

Railway System Solutions

Appendix 4) ESS Applications

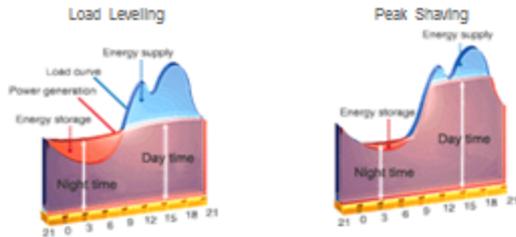
ESS(Energy Storage System) includes PCS(Power Conversion System) and battery, and make an efficient way of use electricity power

Concept of ESS



Function of ESS

➤ Peak Shaving, Load Leveling



➤ Renewable Energy Smoothing



➤ Frequency Regulation



• EMS : Energy Management System

• PCS : Power Conditioning System

• PMS : Power Management System

• BMS : Battery Management System