

# 4Q 2016 Earning Release

2 Feb, 2017



 **LG International**

This company has adopted its financial statements under Korean International Financial Reporting Standards(K-IFRS).

This IR presentation has been prepared based on internally audited figures and final figures may change due to the results of independent auditors' review.

# 4Q '16 Results

(KRW Bn)	4Q '15	YoY	4Q '16	QoQ	3Q '16
<b>Sales</b>	3,759.0	Δ15.8%	3,163.9	+7.5%	2,941.9
<b>Operating Profit</b>	0.6	+8,381.1%	51.5	+138.1%	21.6
<b>Adjusted Operating Profit<sup>1)</sup></b>	40.3	+23.8%	49.9	+137.2%	21.0
<b>Profit Before Tax</b>	Δ278.6	-	27.4	+120.8%	12.4
<b>Net Profit</b>	Δ237.2	-	10.9	+13.9%	9.6

1) Operating Profit + Gain(loss) on valuation of commodity futures/swaps/options and settlement of commodity futures/swaps/options

# '16 Annual Results

(KRW Bn)	'15	'16	YoY
Sales	13,224.5	11,966.7	Δ9.5%
Operating Profit	81.7	174.1	+113.1%
Adjusted Operating Profit <sup>1)</sup>	156.9	181.6	+15.8%
Profit Before Tax	Δ215.2	133.2	-
Net Profit	Δ217.1	84.8	-

1) Operating Profit + Gain(loss) on valuation of commodity futures/swaps/options and settlement of commodity futures/swaps/options

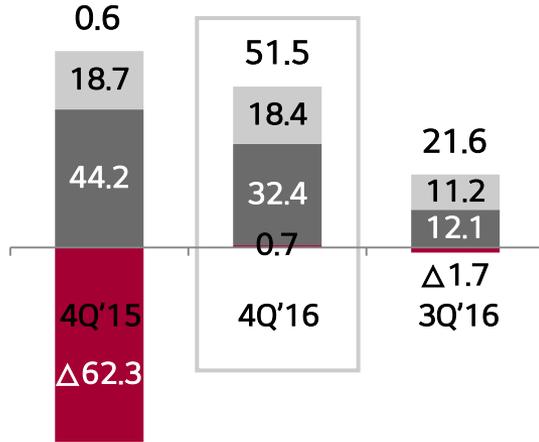
# 4Q '16 Results

# Operating Profit/Profit Before Tax

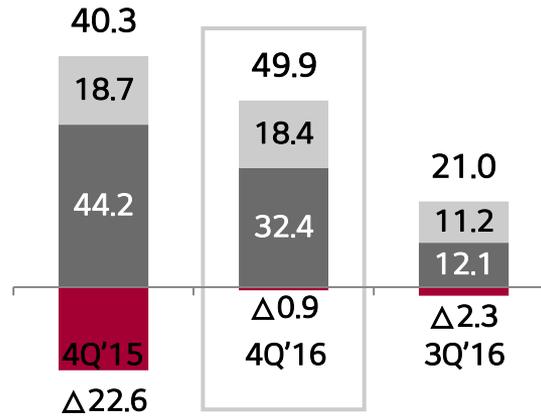
Resources    Infra & Industrial    Logistics

(KRW Bn)

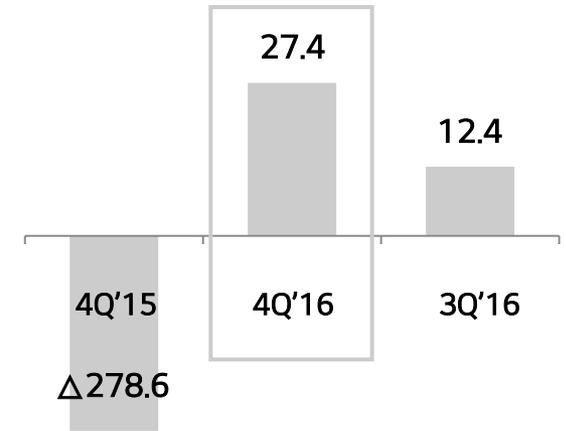
## Operating Profit



## Adjusted Operating Profit



## Profit Before Tax



### Adjusted Operating Profit

[YoY +9.6]

- Resources
  - Strong coal price
  - Stable LME market environment
- Infra & Industrial
  - Decrease profit in project management

[QoQ +28.9]

- Resources
  - Strong coal price
- Infra & Industrial
  - favorable forex effects on IT trading
  - Increase profit in project management
- Logistics
  - Strong seasonality
  - Volume growth in W&D

### Profit Before Tax

[YoY +306.0]

- Adjusted Operating Profit +9.6
- One-off losses in 2015

[QoQ +15.0]

- Adjusted Operating Profit +28.9
- Exchange losses

\* W&D: Warehousing & Distribution

# '16 Results

## Operating Profit/Profit Before Tax

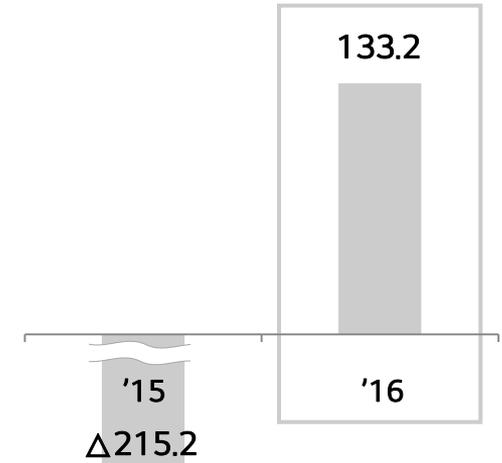
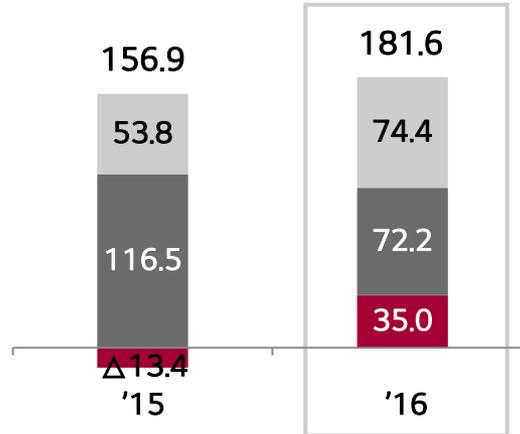
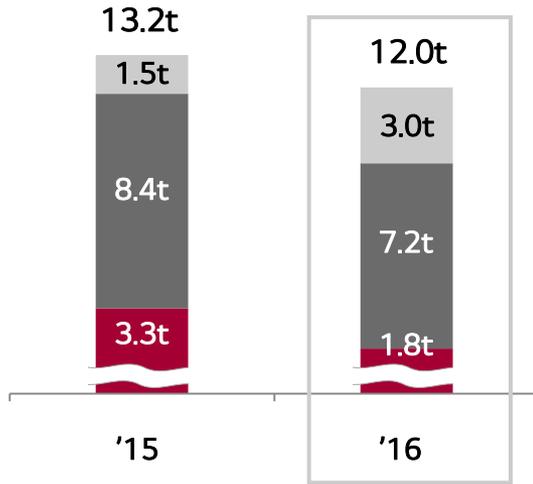
■ Resources 
 ■ Infra & Industrial 
 ■ Logistics

(KRW Bn)

### Sales

### Adjusted Operating Profit

### Profit Before Tax



#### □ Sales Δ 1.2 trillion

- Resources Δ 1.5t
  - Decrease volume in metal trading
- Infra & Industrial Δ 1.2t
  - Weak panel price
- Logistics +1.5t
  - Recognize full-year earnings

#### □ Adjusted Operating Profit +24.7

- Resources +48.4
  - Stable LME market environment
  - CPO production increase and strong price
- Infra & Industrial Δ 44.3
  - Weak panel price
  - Sale of CER\* in 2015
- Logistics +20.6
  - Recognize full-year earnings

#### □ Profit Before Tax +348.4

- Adjusted Operating Profit +24.7
- One-off losses in 2015

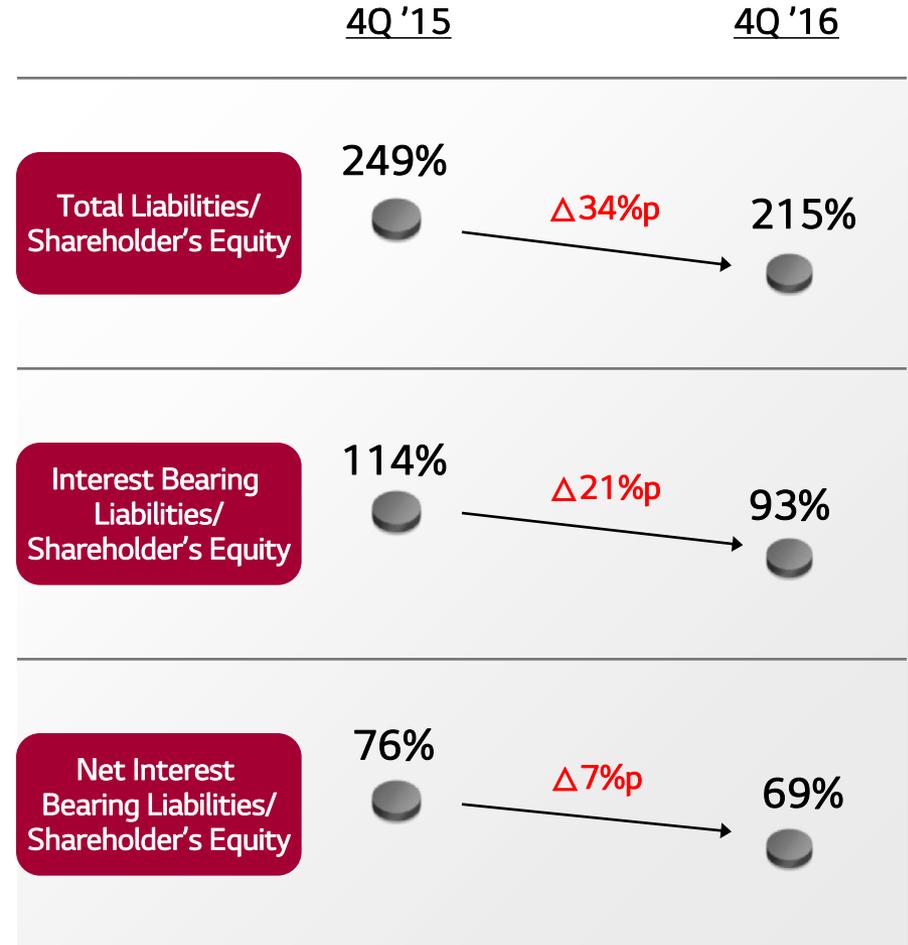
\* CER: Certified Emission Reductions

# Financial Highlights

## Financial Positions

(Unit: KRW Bn)	4Q '15	4Q '16
<b>Assets</b>	<b>5,383.5</b>	<b>5,177.3</b>
Cash & Cash Equivalents	528.9	311.2
Trade Receivables	1,431.7	1,387.3
Inventories	724.3	517.3
Investments/Intangible Assets	1,655.3	1,609.5
Others	1,043.3	1,352.0
<b>Liabilities</b>	<b>3,840.2</b>	<b>3,531.9</b>
Trade Payables	1,549.6	1,383.4
Borrowings	1,757.7	1,528.0
Others	532.9	620.5
<b>Shareholders' Equity</b>	<b>1,543.3</b>	<b>1,645.4</b>
Capital Stock	193.8	193.8
Surplus, etc.	1,349.5	1,451.6
Net Borrowings <sup>1)</sup>	1,173.6	1,135.9

## Financial Ratio



1) Net Borrowings = Borrowings - (Cash & Cash Equivalents + Short term financial instrument)

# Balance Sheet (K-IFRS Consolidated)

(KRW Bn)

Items	2015				2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Assets</b>	<b>5,148.3</b>	<b>5,963.1</b>	<b>6,317.3</b>	<b>5,383.5</b>	<b>5,196.6</b>	<b>5,205.1</b>	<b>5,150.6</b>	<b>5,177.3</b>
<b>Current Assets</b>	<b>3,087.0</b>	<b>3,634.6</b>	<b>3,846.7</b>	<b>3,074.1</b>	<b>2,822.3</b>	<b>2,725.7</b>	<b>2,751.6</b>	<b>2,672.0</b>
Cash & Cash Equivalents	341.3	456.8	483.2	528.9	430.3	466.7	342.3	311.2
Trade Receivables	1,083.7	1,330.2	1,620.8	1,431.7	1,441.3	1,335.1	1,408.0	1,387.3
Inventories	1,332.9	1,376.3	1,205.5	724.3	622.0	679.3	600.7	517.3
Other Current Assets	329.1	471.3	537.2	389.2	328.7	244.6	400.6	456.2
<b>Non-Current Assets</b>	<b>2,061.3</b>	<b>2,328.5</b>	<b>2,470.6</b>	<b>2,309.3</b>	<b>2,374.2</b>	<b>2,479.4</b>	<b>2,399.0</b>	<b>2,505.3</b>
Tangible Assets	144.1	264.8	361.6	387.6	536.4	546.8	533.4	551.7
Investments	936.4	903.1	911.4	665.3	658.0	703.7	664.2	664.3
Intangible Assets	795.1	970.8	1,002.7	990.1	906.4	928.6	898.6	945.3
Other Non-Current Assets	185.7	189.8	194.9	266.3	273.4	300.3	302.8	344.0
<b>Liabilities</b>	<b>3,590.9</b>	<b>4,200.9</b>	<b>4,521.5</b>	<b>3,840.2</b>	<b>3,595.1</b>	<b>3,574.1</b>	<b>3,589.8</b>	<b>3,531.9</b>
<b>Current Liabilities</b>	<b>2,657.7</b>	<b>3,028.4</b>	<b>3,289.0</b>	<b>2,589.1</b>	<b>2,468.5</b>	<b>2,204.6</b>	<b>2,190.4</b>	<b>2,098.3</b>
Short-term Borrowings	1,580.1	1,723.4	1,880.6	1,549.6	1,472.3	1,474.9	1,460.8	1,383.4
Trade Payables	674.4	741.4	726.9	423.5	357.2	269.3	212.3	197.2
Current Portion of Bonds and Long-Term Borrowings	220.7	215.5	270.4	222.4	227.2	77.9	34.2	34.1
Other Current Liabilities	182.5	348.1	411.1	393.6	411.8	382.5	483.1	483.6
<b>Non-Current Liabilities</b>	<b>933.2</b>	<b>1,172.5</b>	<b>1,232.5</b>	<b>1,251.1</b>	<b>1,126.6</b>	<b>1,369.5</b>	<b>1,399.4</b>	<b>1,433.6</b>
Bonds Payables	89.7	309.0	328.7	309.1	309.2	309.2	428.8	428.9
Long-term Borrowings	724.7	730.4	765.2	802.7	675.4	915.9	826.8	867.7
Other Non-Current Liabilities	118.8	133.1	138.6	139.3	142.0	144.4	143.8	137.0
<b>Equity</b>	<b>1,557.4</b>	<b>1,762.2</b>	<b>1,795.8</b>	<b>1,543.3</b>	<b>1,601.5</b>	<b>1,631.0</b>	<b>1,560.8</b>	<b>1,645.4</b>

# Income Statement (K-IFRS Consolidated)

(KRW Bn)

Items	2015					2016				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,644.9	3,202.9	3,617.7	3,759.0	13,224.5	3,015.3	2,845.6	2,941.9	3,163.9	11,966.7
Cost of Sales	2,557.9	3,071.2	3,458.6	3,623.0	12,710.7	2,829.0	2,647.5	2,777.6	2,966.7	11,220.8
Gross Profit	87.0	131.7	159.1	136.0	513.7	186.3	198.1	164.3	197.2	745.9
SG&A Expenses	66.1	101.4	129.2	135.4	432.1	141.7	141.7	142.6	145.7	571.8
Operating Profit	20.9	30.3	29.9	0.6	81.7	44.6	56.4	21.6	51.5	174.1
Adjusted Operating Profit	34.5	38.9	43.2	40.3	156.9	55.5	55.1	21.0	49.9	181.6
Non-Operating Profit	2.2	(1.6)	(18.3)	(279.2)	(296.9)	6.7	(14.3)	(9.2)	(24.1)	(40.9)
Finance Income/Costs	(7.3)	(10.6)	(18.5)	(10.7)	(47.0)	(8.7)	(8.0)	(8.0)	(5.9)	(30.6)
Gain(loss) of Equity Method	(3.5)	(2.0)	(12.2)	(203.4)	(221.1)	(0.4)	8.9	0.8	(6.4)	3.0
Other Income and Expenses	13.0	11.0	12.4	(65.2)	(28.8)	15.8	(15.2)	(2.0)	(11.8)	(13.3)
Profit Before Tax	23.2	28.7	11.5	(278.6)	(215.2)	51.3	42.0	12.4	27.4	133.2
Income Tax	9.9	22.3	11.0	(41.4)	1.9	17.7	11.4	2.8	16.5	48.4
Net Income	13.2	6.4	0.5	(237.2)	(217.1)	33.6	30.6	9.6	10.9	84.8
Owners of the Parent	12.1	(0.4)	(6.8)	(240.4)	(235.4)	23.7	24.0	5.7	4.8	58.2
Non-Controlling Interests	1.1	6.8	7.3	3.2	18.3	9.9	6.6	3.9	6.1	26.6