Business Results

July 28, 2015

LG Life Sciences

Disclaimer

This IR Presentation contains forward-looking statements that are based on management's expectations, estimates, projections and assumptions.

Actual results may differ from those we project and may be affected by the business environment, government regulation and legislation, financial market movement, or other factors. All forward-looking statements speak only as of the date of this report. The company does not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report. The Company has adopted its financial statements under International Financial Reporting Standards (IFRS) in 2010.

LG Life Sciences

Summary of Business Results

(KRW bn)

	1Q 2015	2Q 2015	Change (QoQ)	2Q 2014	Change (YoY)
Sales	**84**	**104**	**↑ 24%**	**99**	**↑5%**
Pharma	75	89	↑18%	85	↑5%
FineChem	9	15	↑72%	14	↑6%
Operating Profit	**△4**	**3**	**Turned a profit**	**△1**	**Turned a profit**
R&D Expense[1)]	**15**	**16**	**↑ 6%**	**15**	**↑ 1%**
EBITDA	**4**	**13**	**↑223%**	**8**	**↑68%**
EBITDA+R&D	**19**	**29**	**↑ 52%**	**23**	**↑23%**
(%)	23%	28%		23%	

1) Expense in SG&A

[2Q 2015 Results]

○ **Sales KRW 104bn (+ KRW 5bn, ↑5% YoY)**

- Constant increase in sales of core products 'Zemiglo' franchise (Diabetes), 'Yvoire' (Aesthetic Filler), etc.

○ **Operating Profit KRW 3bn (Turned a profit)**

- Improvement in products mix, Decrease in SG&A Expense, KRW depreciation

LG Life Sciences

Financial Highlights

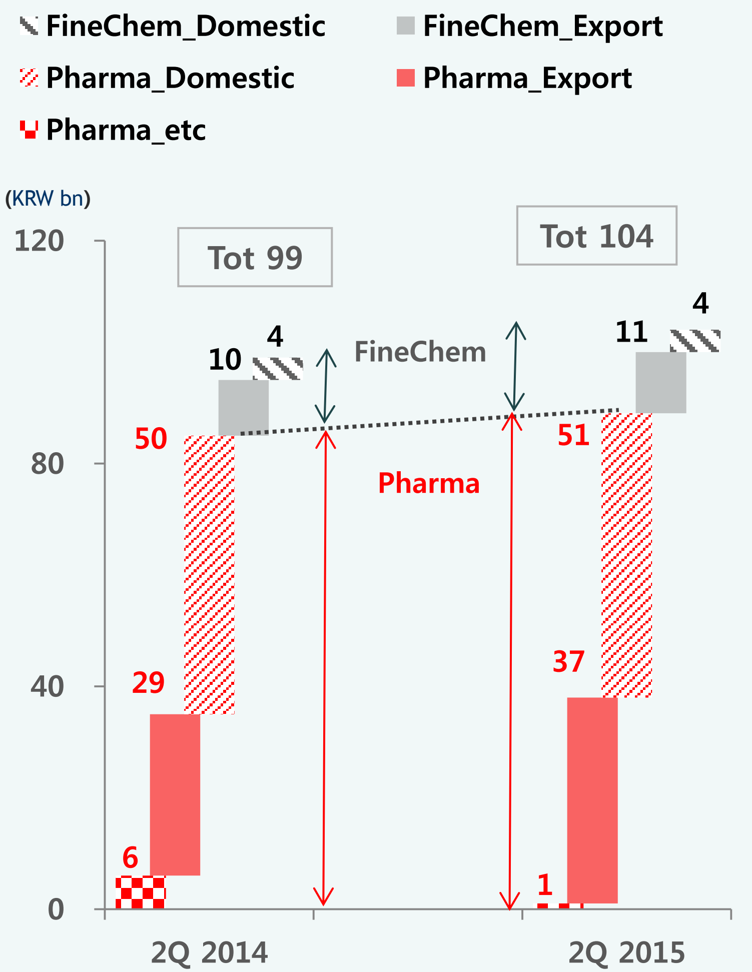
(KRW bn)	2015. 1Q	2015. 2Q	2014. 2Q	Change (YoY)
Sales	84	104	99	↑ 5.0%
Cost of sales	45	52	50	↑ 3.4%
SG&A	43	48	49	↓ 2.0%
Excluding R&D	28	32	34	↓ 3.6%
As % of sales	*33.8%*	*31.3%*	*34.0%*	
Operating Profit	△4	3	△1	**Turned a profit**
OPM		*3.3%*		
Income before taxes	△6	1	△3	**Turned a profit**
Net Profit	△5	1	△2	**Turned a profit**
NPM		*0.8%*		

	2015. 1Q	2015. 2Q	2014. 2Q
Assets	647	670	623
Liabilities	403	425	378
Total Shareholders' Equity	244	245	245

LG Life Sciences

Analysis of Results

Sales Breakdown



Review

- **Sales KRW 104bn, YoY ↑5% (+KRW 5bn)**
  - **Pharma Division: KRW 89bn, YoY ↑5% (+ KRW 4bn)**
    - Domestic, +1bn : Zemiglo& Zemimet (+3bn)
    - Exports, +8bn : Yvoire (+4bn), Boostin (+1bn), Espogen (+1bn)
    - Others, - 5bn (Milestone)
  - **FineChem Division: KRW 15bn, YoY ↑6% (+ KRW 1bn)**
- **OP KRW 3bn, Turned a profit**
  - Improvement of profitability thanks to sales increase and lucrative products mix despite an absence of milestone
  - A reduction in SG&A
  - Benefits from KRW deterioration
- **NI KRW 1bn, Turned a profit**

LG Life Sciences

Key Products Sales

(Unit: KRW bn)			'15. 1Q	'15. 2Q	'14. 2Q	FY14	FY13
Biologics	hGH	Utropin, etc	8	10	9	41	49
	Arthritis	Hyruan, SYNOVIAN, etc.	8	8	7	29	26
	Anemia	Espogen	5	5	6	22	24
	Fertility	Folitrope, etc.	5	6	6	25	25
	Veterinary Medicine	Boostin	7	9	7	28	27
	Aesthetic Filler	Yvoire	6	9	4	21	12
Vaccine	Vaccine	Euvax B, Euhib, Flu etc.	5	5	8	41	32
Metabolic Diseases	Diabetes	Zemiglo, Zemimet	5	6	3	14	6

LG Life Sciences

Thank You

LG Life Sciences