

LG Display Co., Ltd.  
Form 6-K  
March 30, 2015  
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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16**

**UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of March 2015**

**LG Display Co., Ltd.**

**(Translation of Registrant's name into English)**

**LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721, Republic of Korea**

**(Address of principal executive offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F       Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes       No

**Table of Contents****ANNUAL REPORT**

(From January 1, 2014 to December 31, 2014)

THIS IS A TRANSLATION OF THE ANNUAL REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED AND CERTAIN NUMBERS WERE ROUNDED FOR THE CONVENIENCE OF READERS. REFERENCES TO Q1 , Q2 , Q3 and Q4 OF A FISCAL YEAR ARE REFERENCES TO THE THREE-MONTH PERIODS ENDED MARCH 31, JUNE 30, SEPTEMBER 30 AND DECEMBER 31, RESPECTIVELY, OF SUCH FISCAL YEAR.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. K-IFRS ALSO DIFFERS IN CERTAIN RESPECTS FROM THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES IN THIS DOCUMENT.

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**Table of Contents****1. Company****A. Name and contact information**

The name of our company is EL-GI DISPLAY CHUSIK HOESA, which shall be LG Display Co., Ltd. in English.

Our principal executive office is located at LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721, Republic of Korea, and our telephone number is +82-2-3777-1010. Our website address is <http://www.lgdisplay.com>.

**B. Domestic credit rating**

| Subject instrument | Month of rating | Credit rating <sup>(1)</sup> | Rating agency (Rating range)                 |
|--------------------|-----------------|------------------------------|--|
|                    | February 2010   |                              |  |
|                    | May 2010        |                              |  |
|                    | December 2010   |                              |  |
|                    | August 2011     |                              |  |
|                    | June 2012       | AA-                          | NICE Information Service Co., Ltd. (AAA ~ D) |
|                    | October 2012    |                              |  |
|                    | March 2013      |                              |  |
|                    | June 2013       |                              |  |
|                    | October 2013    |                              |  |
|                    | April 2014      |                              |  |
|                    | September 2014  | AA                           |  |
| Corporate bonds    | February 2010   |                              |  |
|                    | May 2010        |                              |  |
|                    | August 2010     |                              |  |
|                    | February 2011   |                              |  |
|                    | April 2011      |                              |  |
|                    | August 2011     | AA-                          | Korea Investors Service, Inc. (AAA ~ D)      |
|                    | October 2011    |                              |  |
|                    | June 2012       |                              |  |
|                    | October 2012    |                              |  |
|                    | June 2013       |                              |  |
|                    | October 2013    |                              |  |
|                    | March 2014      | AA                           |  |
|                    | August 2010     |                              |  |
|                    | December 2010   | AA-                          | Korea Ratings Corporation (AAA ~ D)          |
|                    | February 2011   |                              |  |
|                    | April 2011      |                              |  |
|                    | July 2011       |                              |  |
|                    | October 2011    |                              |  |

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June 2012  
March 2013  
June 2013

March 2014  
September 2014

AA

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(1) Domestic credit ratings are generally defined to indicate the following:

| Subject    | Credit rating   | Definition   |   |
|------------|-----------------|--|---|
| instrument | AAA             | Strongest capacity for timely repayment.   |   |
|            | AA+/AA/AA-      | Very strong capacity for timely repayment. This capacity may, nevertheless, be slightly inferior than is the case for the highest rating category  |   |
|            | A+/A/A-         | Strong capacity for timely repayment. This capacity may, nevertheless, be more vulnerable to adverse changes in circumstances or in economic conditions than is the case for higher rating categories. |   |
|            | BBB+/BBB/BBB-   | Capacity for timely repayment is adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.  |   |
|            | Corporate bonds | BB+/BB/BB-   | Capacity for timely repayment is currently adequate, but that there are some speculative characteristics that make the repayment uncertain over time. |
|            |                 | B+/B/B-  | Lack of adequate capacity for repayment and speculative characteristics. Interest payment in time of unfavorable economic conditions is uncertain.    |
|            |                 | CCC  | Lack of capacity for even current repayment and high risk of default.   |
|            |                 | CC   | Greater uncertainties than higher ratings.  |
|            | C               | High credit risk and lack of capacity for timely repayment.  |   |
|            | D               | Insolvency.  |   |

### C. Capitalization

(1) Change in capital stock (as of December 31, 2014)

There were no changes to our issued capital stock during the annual reporting period ended December 31, 2014.

(2) Convertible bonds

Not applicable.

D. Voting rights (as of December 31, 2014)

| Description                                      | (Unit: share)                            |
|--|--|
| A. Total number of shares issued: <sup>(1)</sup> | Common shares <sup>(1)</sup> 357,815,700 |



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|   |                  |             |
|---|------------------|-------------|
|   | Preferred shares |             |
| B. Shares without voting rights:  | Common shares    |             |
|   | Preferred shares |             |
| C. Shares subject to restrictions on voting rights pursuant to our articles of incorporation: | Common shares    |             |
|   | Preferred shares |             |
| D. Shares subject to restrictions on voting rights pursuant to regulations:                   | Common shares    |             |
|   | Preferred shares |             |
| E. Shares with restored voting rights:  | Common shares    |             |
|   | Preferred shares |             |
| Total number of issued shares with voting rights  | Common shares    | 357,815,700 |
| (=A B C D + E):   | Preferred shares |             |

(1) Authorized: 500,000,000 shares

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## E. Dividends

Dividends for the three most recent fiscal years

| Description (unit)  | 2014                              | 2013    | 2012    |
|---|-----------------------------------|---------|---------|
| Par value (Won)   | 5,000                             | 5,000   | 5,000   |
| Profit for the year (million Won) <sup>(1)</sup>            | 904,268                           | 426,118 | 233,204 |
| Earnings per share (Won) <sup>(2)</sup>                     | 2,527                             | 1,191   | 652     |
| Total cash dividend amount for the period<br>(million Won)  | 178,908                           |         |         |
| Total stock dividend amount for the period<br>(million Won) |                                   |         |         |
| Cash dividend payout ratio (%)                              | 19.78%                            |         |         |
| Cash dividend yield (%) <sup>(3)</sup>                      | Common shares<br>Preferred shares | 1.47%   |         |
| Stock dividend yield (%)                                    | Common shares<br>Preferred shares |         |         |
| Cash dividend per share (Won)                               | Common shares<br>Preferred shares | 500     |         |
| Stock dividend per share (share)                            | Common shares<br>Preferred shares |         |         |

(1) Based on profit for the year attributable to us as owners of the controlling company.

(2) Earnings per share is based on par value of 5,000 per share and is calculated by dividing net income by weighted average number of common shares.

(3) Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common shares during the one-week period ending two trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.

**2. Business**

## A. Business overview

We were incorporated in February 1985 under the laws of the Republic of Korea. LG Electronics and LG Semicon transferred their respective LCD business to us in 1998, and since then, our business has been focused on the research, development, manufacture and sale of display panels, applying technologies such as TFT-LCD and OLED.

As of December 31, 2014, in Korea we operated TFT-LCD and OLED production facilities and a research center in Paju and TFT-LCD production facilities in Gumi. We have also established subsidiaries in the Americas, Europe and Asia.

As of December 31, 2014, our business consisted of the manufacture and sale of display and display related products utilizing TFT-LCD, OLED and other technologies under a single reporting business segment.

**Table of Contents****2014 consolidated operating results highlights**

| 2014             | (Unit: In billions of Won) |
|------------------|----------------------------|
|                  | Display business           |
| Sales Revenue    | 26,456                     |
| Gross Profit     | 3,788                      |
| Operating Profit | 1,357                      |

**B. Industry****(1) Industry characteristics and growth potential**

TFT-LCD display panels are one of the most widely used type of display panels in flat panel display products, and the entry barriers to manufacture TFT-LCD display panels are relatively high due to the technology and capital intensive nature of the mass manufacturing process that is required to achieve economies of scale, among other factors.

While growth in the market for displays used in notebook computer, monitor and other traditional IT products has stagnated or declined, the market for displays used in smartphone and tablet products in the rapidly evolving IT environment has shown steady growth. The display market for televisions has also shown steady growth mainly due to growing demand from developing countries as well as from consumers in general for larger sized display panels. As for displays used in industrial, automobile and other value added products, we expect to see growth in these markets.

**(2) Cyclicalities**

The display panel business is highly cyclical and sensitive to fluctuations in the general economy. The industry experiences periodic volatility caused by imbalances between supply and demand due to capacity expansion and changing production utilization rates within the industry.

Macroeconomic factors and other causes of business cycles can affect the rate of growth in demand for display panels. Accordingly, if supply exceeds demand, average selling prices of display panels may decrease. Conversely, if growth in demand outpaces growth in supply, average selling prices may increase.

**(3) Market conditions**

Overall, while there have been some variations in rates of production capacity growth among individual display panel manufacturers, display panel manufacturers have generally slowed their respective rates of production capacity growth since 2011 due to a slowdown in growth of the display panel industry.

Most display panel manufacturers are located in Asia.

- a. Korea: LG Display, Samsung Display, Hydis Technologies, etc.
- b. Taiwan: AU Optronics, Innolux, CPT, HannStar, etc.
- c. Japan: Japan Display, Sharp, Panasonic LCD, etc.
- d. China: BOE, CSOT, etc.

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## (4) Market shares

Our worldwide market share of large-sized display panels (i.e., panels that are 9 inches or larger) based on revenue is as follows:

|  | 2014         | 2013         | 2012         |
|--|--------------|--------------|--------------|
| Panels for Televisions <sup>(1)</sup>        | 25.0%        | 24.7%        | 25.2%        |
| Panels for Monitors                          | 32.7%        | 34.0%        | 32.3%        |
| Panels for Notebook Computers <sup>(2)</sup> | 27.5%        | 32.3%        | 32.1%        |
| Panels for Tablet Computers                  | 27.0%        | 32.0%        | 40.3%        |
| <b>Total</b>                                 | <b>26.9%</b> | <b>27.8%</b> | <b>28.4%</b> |

Source: DisplaySearch

- (1) Includes panels for public displays.  
(2) Includes panels for netbooks.

## (5) Competitiveness

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, our relationship with customers, timely investments, adaptable production capabilities, development of new and premium products through technological advances, competitive production costs, success in marketing to our end-brand customers, component and raw material supply costs, foreign exchange rates and general economic and industry conditions.

In order to compete effectively, it is critical to be cost competitive and maintain stable and long-term relationships with customers which will enable us to be profitable even in a buyer's market.

A substantial portion of our sales is attributable to a limited number of end-brand customers and their designated system integrators. The loss of these end-brand customers, as a result of customers entering into strategic supplier arrangements with our competitors or otherwise, would result in reduced sales.

Developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. It is important that we take active measures to protect our intellectual property internationally by obtaining patents and undertaking monitoring activities in our major markets. It is also necessary to recruit and retain experienced key managerial personnel and skilled line operators.

As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing various technologies and products, including display panels with IPS, Advanced In-cell Touch, OLED and other technologies. With respect to TFT-LCD panels, we are leading the market with our differentiated products with IPS technology, such as our slim and light ultra-high definition ( Ultra HD ) television panels and 21:9 screen aspect ratio curved monitors, and have prepared our production facilities to produce touch modules with Advanced In-cell Touch technology. With respect to OLED panels, following our supply of the world's first 55-inch OLED 3D panels for televisions in January 2013, we have supplied curved Ultra HD OLED panels for televisions, curved plastic OLED panels for smartphones, round OLED panels for wearable devices among others and have shown that we are technologically a step ahead of the competition.

Moreover, we entered into long-term sales contracts with major global firms to secure customers and expand partnerships for technology development.

#### C. New businesses

For our continued growth, we are actively exploring and preparing for new business opportunities that may arise in the changing market environment. As such, we are continually reviewing and looking at opportunities in the display and promising new industries.

**Table of Contents****3. Major Products and Raw Materials****A. Major products**

We manufacture TFT-LCD and OLED panels, of which a significant majority is exported overseas.

(Unit: In billions of Won, except percentages)

| Business area | Sales type                  | Items (Market)                           | Usage  | Major trademark | Sales in 2014 (%)      |
|---------------|-----------------------------|--|--|-----------------|------------------------|
| Display       | Product/Service/Other sales | Display panel (Overseas <sup>(1)</sup> ) | Panels for notebook computers, monitors, televisions, smartphones, tablets, etc. | LG Display      | 23,847 (90.1%)         |
|               |                             | Display panel (Korea <sup>(1)</sup> )    |  |                 | 2,609 (9.9%)           |
| <b>Total</b>  |                             |  |  |                 | <b>26,456 (100.0%)</b> |

- Period: January 1, 2014 ~ December 31, 2014.

(1) Based on ship-to-party.

**B. Average selling price trend of major products**

The average selling price of LCD panels per square meter of net display area shipped in the fourth quarter of 2014 increased by approximately 17% from the third quarter of 2014 largely as a result of an increase in demand for larger panels within each product category and an increase in the shipment of new small- to medium-sized products, which together resulted in an improvement in our product mix. There is no assurance that the average selling prices of LCD panels will not fluctuate in the future due to change in market conditions.

(Unit: US\$ / m<sup>2</sup>)

| Description                     | 2014 Q4 | 2014 Q3 | 2014 Q2 | 2014 Q1 |
|---------------------------------|---------|---------|---------|---------|
| Display panel <sup>(1)(2)</sup> | 773     | 658     | 615     | 628     |

(1) Quarterly average selling price per square meter of net display area shipped.

(2) Excludes semi-finished products in the cell process.



**Table of Contents****C. Major raw materials**

Prices of major raw materials depend on fluctuations in supply and demand in the market as well as on change in size and quantity of raw materials due to the increased production of large-sized panels.

| (Unit: In billions of Won, except percentages) |               |           |                             |                     |           |
|--|---------------|-----------|-----------------------------|---------------------|-----------|
| Business area                                  | Purchase type | Items     | Usage                       | Cost <sup>(1)</sup> | Ratio (%) |
| Display  | Raw materials | Glass     | Display panel manufacturing | 1,812               | 11.96%    |
|  |               | Backlight |                             | 3,379               | 22.32%    |
|  |               | Polarizer |                             | 2,506               | 16.55%    |
|  |               | Others    |                             | 7,446               | 49.17%    |
| Total  |               |           |                             | 15,143              | 100.0%    |

- Period: January 1, 2014 ~ December 31, 2014.

(1) Based on total cost for purchase of raw materials which includes manufacturing and development costs, etc.

**4. Production and Equipment****A. Production capacity and output****(1) Production capacity**

The table below sets forth the production capacity of our Gumi, Paju and Guangzhou facilities in the periods indicated.

| (Unit: 1,000 glass sheets) |               |                        |                     |                     |                     |
|----------------------------|---------------|------------------------|---------------------|---------------------|---------------------|
| Business area              | Items         | Location of facilities | 2014 <sup>(1)</sup> | 2013 <sup>(1)</sup> | 2012 <sup>(1)</sup> |
| Display                    | Display panel | Gumi, Paju, Guangzhou  | 9,573               | 8,562               | 9,195               |

(1) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the year multiplied by the number of months in a year (i.e., 12 months).

**(2) Production output**

The table below sets forth the production output of our Gumi, Paju and Guangzhou facilities in the periods indicated.

| Business area | Items         | Location of facilities   | (Unit: 1,000 glass sheets) |       |       |
|---------------|---------------|--------------------------|----------------------------|-------|-------|
|               |               |                          | 2014                       | 2013  | 2012  |
| Display       | Display panel | Gumi, Paju,<br>Guangzhou | 8,425                      | 7,670 | 7,853 |

- Based on glass input substrate size for eighth generation glass sheets.

#### B. Production performance and utilization ratio

| Production facilities | (Unit: Hours, except percentages)  |                                 |                           |
|-----------------------|------------------------------------|---------------------------------|---------------------------|
|                       | Available working hours<br>in 2014 | Actual working hours in<br>2014 | Average utilization ratio |
| Gumi                  | 8,760 <sup>(1)</sup>               | 8,744 <sup>(1)</sup>            |                           |
|                       | (365 days) <sup>(2)</sup>          | (364.3 days) <sup>(2)</sup>     | 99.8%                     |
| Paju                  | 8,760 <sup>(1)</sup>               | 8,760 <sup>(1)</sup>            |                           |
|                       | (365 days) <sup>(2)</sup>          | (365.0 days) <sup>(2)</sup>     | 100.0%                    |
| Guangzhou             | 5,952 <sup>(1)</sup>               | 5,952 <sup>(1)</sup>            |                           |
|                       | (248 days) <sup>(2)</sup>          | (248.0 days) <sup>(2)</sup>     | 100.0%                    |

(1) Based on the assumption that all 24 hours in a day have been fully utilized.

(2) Number of days is calculated by averaging the number of working days for each facility.

**Table of Contents****C. Investment plan**

In 2014, our total capital expenditures on a cash out basis was 3 trillion. In 2015, we currently expect that our total capital expenditures on a cash out basis will be similar to that of 2014 in anticipation of funding the production of future display products and leading the market for OLED panels, as well as investing in our production facilities to respond to increases in demand for large-sized panels. Such amount is subject to change depending on business conditions and market environment

**5. Sales****A. Sales performance**

| Business area | Sales types    | Items (Market)          | (Unit: In billions of Won) |        |        |
|---------------|----------------|-------------------------|----------------------------|--------|--------|
|               |                |                         | 2014                       | 2013   | 2012   |
| Display       | Products, etc. | Overseas <sup>(1)</sup> | 23,847                     | 24,341 | 27,280 |
|               |                | Korea <sup>(1)</sup>    | 2,609                      | 2,692  | 2,150  |
|               |                | Total                   | 26,456                     | 27,033 | 29,430 |

(1) Based on ship-to-party.

**B. Sales route and sales method****(1) Sales organization**

As of December 31, 2014, each of our television, IT/mobile and OLED businesses had individual sales and customer support functions.

Sales subsidiaries in the United States, Germany, Japan, Taiwan, China and Singapore perform sales activities and provide local technical support to customers.

**(2) Sales route**

Sales of our products take place through one of the following two routes:

LG Display HQ and overseas manufacturing subsidiaries g Overseas sales subsidiaries (USA/Germany/Japan/Taiwan/China/Singapore), etc. g System integrators and end-brand customers g End

users

LG Display HQ and overseas manufacturing subsidiaries g System integrators and end-brand customers g  
End users

(3) Sales methods and sales terms

Direct sales and sales through overseas subsidiaries, etc. Sales terms are subject to change depending on the fluctuation in the supply and demand of LCD panels.

(4) Sales strategy

As part of our sales strategy, we have secured stable sales to major personal computer manufacturers and leading consumer electronics manufacturers globally, strengthened sales of high-resolution, IPS, narrow bezel and other high-end display panels in the tablet, notebook computer and monitor markets, led the television market with our OLED and other market leading television panels and increased the proportion of sales of our differentiated television panels, such as our Ultra HD and large television panels, in our product mix.

In the smartphone, industrial products (including aviation and medical equipment) and automobile displays segment, we have continued to build a strong and diversified business portfolio by expanding our business with customers with a global reach on the strength of our differentiated products applying IPS, plastic OLED, high-resolution and other technologies.

(5) Purchase orders

Customers generally place purchase orders with us one month prior to delivery. Our customary practice for procuring orders from our customers and delivering our products to such customers is as follows:

Receive order from customer (overseas sales subsidiaries, etc.) g Headquarter is notified g Manufacture product g Ship product (overseas sales subsidiaries, etc.) g Sell product (overseas sales subsidiaries, etc.)

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### **6. Market Risks and Risk Management**

#### **A. Market risks**

The display industry continues to experience continued declines in the average selling prices of TFT-LCD and OLED panels irrespective of cyclical fluctuations in the industry, and our margins would be adversely impacted if prices decrease faster than we are able to reduce our costs.

The display industry is highly competitive. We have experienced pressure on the prices and margins of our major products due largely to additional industry capacity from panel manufacturers in Korea, Taiwan, China and Japan coupled with changes in the production mix of such manufacturers. Our main competitors in the industry include Samsung Display, AU Optronics, Innolux, Sharp, BOE, CSOT, Japan Display, CPT, HannStar, Panasonic LCD and Hydis Technologies.

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, performance and reliability, timely investments, adaptable production capabilities, utilization of differentiated technologies in product development, success or failure of our end-brand customers in marketing their brands and products, component and raw material supply costs, and general economic and industry conditions. We cannot provide assurance that we will be able to compete successfully with our competitors on these fronts and, as a result, we may be unable to sustain our current market position.

Our results of operations are subject to exchange rate fluctuations. To the extent that we incur costs in one currency and generate sales in a different currency, our profit margins may be affected by changes in the exchange rates between the two currencies. Our sales of display panels are denominated mainly in U.S. dollars, whereas our purchases of raw materials are denominated mainly in Korean Won, U.S. dollars and Japanese Yen. To ensure stable management, we take every precaution in our foreign currency risk management to minimize the risk of foreign currency fluctuations on our foreign currency denominated assets and liabilities.

#### **B. Risk management**

As the average selling prices of TFT-LCD and OLED panels can continue to decline over time irrespective of industry-wide cyclical fluctuations, we may find it hard to manage risks associated with certain factors that are outside our control. However, we counteract such declines in average selling prices by increasing the proportion of high value added panels in our product mix while also implementing various cost reduction measures. In addition, in order to manage our risk against foreign currency fluctuations, we continually monitor our currency position and risk, and when needed, we may from time to time enter into cross-currency interest rate swap contracts and foreign currency forward contracts. As of December 31, 2014, we had not entered into any such contract for currency related derivative products.

### **7. Derivative Contracts**

#### **A. Currency risks**

We are exposed to currency risks on sales, purchases and borrowings that are denominated in currencies other than in Won, our functional currency. These currencies are primarily the U.S. dollar, the Japanese Yen and the Chinese Yuan.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by our underlying operations, primarily in Won and the U.S. dollar.

In respect of other monetary assets and liabilities denominated in foreign currencies, we ensure that our net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term imbalances.

B. Interest rate risks

Our exposure to interest rate risks relates primarily to our floating rate long term loan obligations. We have established and are managing interest rate risk policies to minimize uncertainty and costs associated with interest rate fluctuations by monitoring cyclical interest rate fluctuations and enacting countermeasures.

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Our material contracts, other than contracts entered into in the ordinary course of business, are set forth below:

| Type of agreement                     | Name of party                                | Term            | Content  |
|---------------------------------------|--|-----------------|--|
| Technology licensing agreement        | Semiconductor                                | October 2005 ~  | Patent licensing of LCD and OLED related technology  |
|                                       | Energy Laboratory Fergason Patent Properties | October 2007 ~  | Patent licensing of LCD driving technology           |
|                                       | Hewlett-Packard                              | January 2011 ~  | Patent licensing of semi-conductor device technology |
| Technology licensing/supply agreement | Chunghwa Picture Tubes                       | November 2007 ~ | Patent cross-licensing of LCD technology             |
|                                       | HannStar Display Corporation                 | November 2009 ~ | Patent cross-licensing of LCD technology             |
|                                       | AU Optonics Corporation                      | August 2011~    | Patent cross-licensing of LCD technology             |
|                                       | Innolux Corporation                          | July 2012 ~     | Patent cross-licensing of LCD technology, etc.       |

**9. Research & Development**

## A. Summary of R&amp;D-related expenditures

| (Unit: In millions of Won, except percentages)   |                                      |                  |                  |                  |
|--|--------------------------------------|------------------|------------------|------------------|
| Items  |                                      | 2014             | 2013             | 2012             |
| Material Cost  |                                      | 762,008          | 586,901          | 494,422          |
| Labor Cost   |                                      | 542,857          | 500,705          | 412,805          |
| Depreciation Expense   |                                      | 249,306          | 319,854          | 259,467          |
| Others   |                                      | 233,422          | 267,320          | 206,093          |
| <b>Total R&amp;D-Related Expenditures</b>  |                                      | <b>1,787,593</b> | <b>1,674,780</b> | <b>1,372,787</b> |
| Accounting Treatment <sup>(1)</sup>  | Selling & Administrative Expenses    | 1,164,294        | 1,095,727        | 785,111          |
|  | Manufacturing Cost                   | 356,218          | 456,818          | 389,451          |
|  | Development Cost (Intangible Assets) | 267,081          | 122,235          | 198,225          |
| <b>R&amp;D-Related Expenditures / Revenue Ratio</b><br>(Total R&D-Related Expenditures ÷ Revenue for |                                      | <b>6.8%</b>      | <b>6.2%</b>      | <b>4.7%</b>      |

the period × 100)

- (1) For accounting purposes, R&D-related expenditures are recognized in accordance with our financial statements.

B. R&D achievements

*Achievements in 2012*

- (1) Introduction of the world's first 13.3-inch high definition plus ( HD+ ) AH-IPS notebook product

Development of the world's first 13.3-inch HD+ model applying AH-IPS technology

- (2) Development and introduction of a 14.0-inch HD product with the world's lowest (at the time) rate of logic circuit energy consumption (0.4W)

Application of DRD Z-inversion, HVDD and low voltage process

Application of high intensity LED (2.3cd) and Vcut light guiding plate

Increase in battery life due to reduced logic circuit energy consumption



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- (3) Introduction of a 14.0-inch HD+ notebook product with a high color reproduction rate

Development of a 14.0-inch HD+ 72% color reproduction rate model

Development of a slim model applying 0.3 mm glass etching

- (4) Introduction of a 15.6-inch full high-definition ( FHD ) glasses-free 3D notebook product

Development of the first notebook product applying switchable barrier type 3D technology that does not require the use of glasses

- (5) Development of the world's first 23-inch FHD monitor product applying AH-IPS 4Mask technology

Increased display panel luminance by application of AH-IPS technology (20% more luminance compared to display panels applying conventional IPS technology)

Simplified panel production process by application of AH-IPS 4Mask technology

30% reduction in energy consumption resulting from increased efficiency of LED and circuit components

Increased productivity in the manufacture of circuit and mechanical components resulting from increased standardization

- (6) Development of TN monitor products (20-inch HD+, 21.5-inch FHD and 23-inch FHD) applying new LED

20% reduction in energy consumption resulting from increased efficiency of LED and circuit components (based on 23W power consumption models)

Increased productivity in the manufacture of circuit and mechanical components resulting from increased standardization

- (7) Development of products with new edge backlight unit (32-inch, 37-inch and 42-inch FHD)

Vertical 2Bar LED backlight unit g Vertical 1Bar LED backlight unit

Reduced energy consumption by 25% resulting from a reduction in the number of LED integrated (based on 32-inch display panel)

- (8) Development of 42-inch FHD product with new direct backlight unit

Development of LED Lens through the improvement of LED Beam spread angle (72ea based on 42-inch display panel)

Same thickness as conventional edge LED lighting lamp (35.5 mm)

- (9) Development of products with the world's narrowest bezels of 3.5 mm (47-inch and 55-inch FHD)

Narrow set design possible using 3.5 mm bezel

- (10) Development of the world's first panel products without borders on three sides (32-inch, 42-inch, 47-inch and 55-inch FHD)

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides

- (11) Development of monitor products without borders on three sides (21.5-inch, 23-inch and 27-inch FHD)

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides, and application of double-sided adhesive to secure the position of the panel and backlight

Used double guide panels to reduce light leakage issues in IPS panels

- (12) Development of 12.5-inch HD AH-IPS slim and light notebook display panels

Achieved thickness of 2.85t

Reduced the number of LEDs required by using high intensity LEDs (2.5cd)

- (13) The world's first GF2 Touch Tablet Product Development (10.1WXGA LCM + Touch)

Touch Concept: GF2, Touch IC In-House

Reduced cost by applying TMIC

Reduced power consumption by applying 6 in 1 (Buck version) PMIC

Reduced cost and power consumption by applying AH-IPS + DRD-Z

Reduced cost by applying Taper LGP

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- (14) Development of Automotive 9.2WV product that applies wide temperature AH5-IPS technology

For use in Center Information Displays and Rear Seat Entertainment Displays mounted on a mass produced passenger car

Wide temperature materials/components used and AH5-IPS technology applied

- (15) Application and introduction of the world's first large multi-model on a glass ( MMG ) type product (60-inch FHD and 32-inch HD)

Increased glass efficiency by successfully applying large MMG technology for the first time in the industry

Developed three sided and six sided chamfers for eighth generation 60-inch FHD panels and 32-inch HD panels, respectively

- (16) Development of the world's first 84-inch Ultra HD display panel product

a-Si based 1G 1D Ultra HD panel with steady charging

Developed extra-large edge LED with rigid heat resistant structure

- (17) Development of 2000 nit bright public display panel for outdoor use (47-inch FHD)

Use of optimal-temperature panel prevents any blackening effect when exposed to direct sunlight

Use of quarter-wave plate (applying FPR technology) allows viewers wearing polarized sunglasses to view the public display panel with ease

Applied heat resistant structure without heat sink

Improved bright room contrast ratio by applying Shine Out ARC POL technology

- (18) Development of seam (AtA) 5.6 mm super-narrow bezel ( SNB ) public display panel (55-inch FHD)

Bezel thickness minimized (2.9 mm for pad, 1.6 mm for non-pad)

Developed SNB structure technology

(19) Development of 47-inch and 55-inch display panel products applying vertical 1Bar structure

Our first 47-inch and 55-inch display panel products applying vertical 1Bar LED backlight units

Reduced number of LEDs needed, resulting in reduced energy consumption (for example, energy consumption for the 47-inch display panel was reduced from 65.5W to 55.8W)

(20) Development of the world's first 29-inch 21:9 ratio three-side borderless monitor product

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides

Double-sided adhesive used to secure the position of the panel and backlight

Double guide panels used to resolve light leakage issues in IPS panels

(21) Development of the world's first 12.9-inch high-resolution slim AH-IPS display panel

Ultra-high resolution WQSXGA+ (239 PPI)

Achieved 400 nit brightness by improving panel luminance and applying high intensity LED PKG and new 1Bar structure

Developed 2.95 mm slim model through glass etching and application of rigid PCB

(22) Development of the world's first ultra-slim all-in-one product applying G2 Touch technology (4.67WXGA)

320 PPI high resolution AH-IPS display panel

Ultra-slim LCM by applying G2 Touch and OCR Direct Bonding technologies

(23) Development of the world's first TV product applying DRD technology (32-inch, 37-inch HD)

Simplified circuit structure for HD TV by applying DRD technology (source driver integrated circuits ( D-IC ) reduced from 4ea g 2ea)

(24) Development of customer co-designed TV (32-inch to 55-inch FHD)

Co-designed TV model that integrates LCM and the front cover in a single body

Differentiated set bezel design

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(25) Development of the world's first borderless TV product with 7.8 mm bezel (47-inch FHD)

Borderless on the top and left/right sides with a borderless like bottom design

(26) Development of the world's largest, at the time, 55-inch FHD OLED TV product

Utilizes WRGB OLED technology with a thickness of 4.45 mm

(27) Development of the first touch notebook product with direct bonding of touch screen module ( TSM ) (12.5-inch FHD)

Applied direct bonding between LCM and TSM to reduce thickness (4.8 mm)

Direct bonding multi-sourcing in response to customer demand

(28) Development of 23.8-inch desktop monitor product

Developed new display panel size for desktop monitor products

Narrower bezels (8 mm for the top and left/right sides) compared to conventional bezels

(29) Development of the world's first clear borderless (borderless on all four sides) monitor product (27-inch FHD)

Applied Narrow Bezel Vertical LED Structure technology by changing the LED backlight structure

Developed even black matrix structure on all four sides

*Achievements in 2013*

(1) Developed 19.5-inch desktop monitor product

Developed new display panel size for desktop monitor products

Increased yield of glass panel area per glass substrate by cutting glass substrates at 19.5 inches

- (2) Developed 11.6-inch Tab Book product applying GF2 touch technology

Applied GF2 direct bonding process

- (3) Developed 5.0-inch and 5.5-inch high resolution (over 400 PPI) smartphone products applying AH-IPS technology

Luminance increased by 10% compared to conventional panels (5.0-inch FHD panel has 403 PPI and 5.5-inch FHD panel has 440 PPI)

Developed new source D-IC to drive 4 lanes of MIPI with speeds of up to 1 Gbps per lane

- (4) Developed the world's first 60-inch three-side borderless product

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides with a borderless like bottom design

- (5) Developed the world's first 47-inch and 55-inch FHD TV product with 2.3 mm narrow bezels

Achieved optimal slim design by minimizing bezel width to 2.3 mm

- (6) Developed 55-inch and 65-inch Ultra HD products with narrow bezels

Ultra HD (55-inch model has 80 PPI and 65-inch model has 68 PPI)

Achieved high transmittance panel by applying 1 Gate 1 Data structure

Achieved narrow bezels (55-inch model has 6.9 mm and 65-inch has 7.5 mm) by optimizing panel and mechanical design

- (7) Developed 42-inch, 47-inch and 55-inch FHD three-side borderless products with direct backlight units

Borderless design made possible by removing the forward-facing case top, resulting in zero bezel on three sides



- (8) Developed 5-inch HD smartphone product utilizing oxide cell technology

Reduced energy consumption and achieved narrower bezels by using indium gallium zinc oxide (IGZO) cell technology (energy consumption reduced by 26.7% and bezel size reduced by 23.0% compared to products utilizing conventional silicon (a-Si) cell technology)

- (9) Developed FHD a-Si AH-IPS technology for use in smartphone products (more than 400 PPI)

Improved structure and technology compared to conventional FHD panels (luminance increased by 30%, achieved 443 PPI in 5.0-inch FHD panel)

Developed new D-IC and IC bonding materials and processes

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(10) Developed new line of 19.5-inch HD+ monitor products with IPS technology

Developed new line of display panels for desktop monitor products

Increased yield of glass panel area per glass substrate by cutting glass substrates at 19.5 inches

(11) Developed 19.5-inch HD+ ultra-light monitor product

The world's lightest (at the time) 19.5-inch HD+ IPS monitor product with slim concept design

Reduced weight by 55% from 1520g to 830g and thickness from 7.6t to 5.4t compared to a conventional 19.5-inch HD+ IPS monitor product

(12) Developed the world's first borderless monitor product with 3.5 mm narrow bezel (23.8-inch FHD)

Developed 23.8-inch FHD Neo Blade1 monitor product with the world's narrowest (at the time) bezel (3.5 mm)

(13) Introduced 9.2-inch WXGA high resolution / high luminance automotive display product

The first automotive display product to apply EPI interface (800Mbps high speed transmission with Real 8it)

High luminance (800 nit) and high color gamut (70%)

Developed T-con with improved reliability and resolution

(14) Developed 49-inch FHD four sided borderless like product

Achieved narrow borders by applying 4.9 mm GIP technology and developed a new PSJ mechanical structure

Developed new resin technology to apply to the bottom base decoration

(15) Developed 55-inch FHD wide color gamut ( WCG ) LCM product

Achieved life like colors with WCG by combining panel and optical technologies

Developed differentiated case top set design

(16) Developed our first 60-inch FHD product

Achieved narrow panel bezel size (7.8 mm)

New size in our product lineup

(17) Developed the world's first 23.8-inch Ultra HD monitor product

The world's first Ultra HD AH-IPS monitor product (23.8-inch Ultra HD: 185 ppi)

Applied PAC panel technology and developed Ultra HD T-con/D-IC driver

Developed high luminance dual LED array structure

(18) Expanded product lineup of 21:9 screen aspect ratio monitors

Expanded product lineup of 21:9 screen aspect ratio monitors to include 25-inch, 29-inch and 34-inch monitors

Borderless on three sides by removing case top

(19) Developed the world's first 13.3-inch FHD notebook model with 1.9 mm narrow bezel

Development slim notebook design by utilizing panel GLA structure and minimizing bezel size to 1.9 mm

Achieved slim (3.0 mm) and ultra-light (230 g) LCM by utilizing 0.25 mm glass PPP LGP technology

(20) Developed our first quad HD ( QHD ) notebook model (13.3-inch, 222 ppi / 14.0-inch / 210 ppi)

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Increased transmittance rate by utilizing 3<sup>rd</sup> metal, coop CS, red eye 12 um technology and improving aperture ratio

Achieved slim (2.6 mm) and ultra-light (235 g) LCM by utilizing 0.3 mm glass PPP LGP technology

(21) Introduced product applying PPP LGP to maximize light collimation

Developed PPP technology for light collimation (improved luminance by 44% compared to conventional panels) for a more energy efficient panel model

Used 2 sheet structure to reduce thickness

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- (22) Developed 12.3-inch FHD full cluster automotive product

The world's first full cluster product to apply IPS technology

Ultra-high luminance (800 nit) and high color gamut (85%). High color PR and developed RG LED for high light collimation

Applied the highest resolution (1920 x 720), at the time, for clusters

- (23) Developed 5.5-inch QHD LTPS smartphone panel applying AH-IPS technology with the world's highest resolution, at the time, for smartphone panels (more than 500 ppi)

Designed and developed QHD, the world's highest resolution, at the time, for smartphone panels (538 ppi)

The world's first QHD module applying 1 chip D-IC driver

*Achievements in 2014*

- (1) Developed the world's first green plus structure television panel products (42-inch, 49-inch and 55-inch Ultra HD)

Added white pixels to increase transmittance by 55% compared to conventional display panels

Developed energy conservation technology for Ultra HD products

- (2) Developed the world's narrowest, at the time, bezel (BtB 3.5 mm) videowall product (55-inch FHD)

The world's narrowest, at the time, bezel (BtB 3.5 mm) videowall product

Reduced panel PAD parts and minimized bezel size

- (3) Developed our first 79-inch Ultra HD product

New size in our product lineup

Achieved narrow bezel (On 9.9 mm) and slim depth (13.9 mm)

- (4) Developed the world's first 4-sided borderless like product (49-inch, 55-inch and 60-inch FHD)

Removed front case top and narrowed gap between the panel and front deco cabinet (set side reduced from 2.0 mm to 0.5 mm)

- (5) Developed the world's first a-Si AF-IPS 5Mask panel product for smartphones (5.0 WVGA)

Reduced production cost and simplified manufacturing process by reducing the number of mask steps from 6 to 5

Same level of performance as 6Mask panels

- (6) Developed the world's first LTPS AH-IPS photo alignment and negative LC panel product for smartphones (5.0-inch FHD)

LTPS AH-IPS photo alignment and negative LC panel product for smartphones developed in March 2014

Improved luminance and contrast ratio through improvement in panel transmittance (450 nit to 515 nit; 1,000:1 to 1500:1).

- (7) Developed the world's first 23.8-inch FHD ultra slim and light monitor product

Achieved ultra-light design (reduced LCM weight from 2,270g to 1,280g compared to conventional LCMs)

Achieved ultra slim design by using slim component parts (7.6t reduced to 5.5t)

- (8) Developed LTPS AH-IPS QHD smartphone product (5.5-inch QHD, 538 ppi, LG Electronics G3 model smartphone)

LTPS AH-IPS QHD smartphone product developed in April 2014

Width of panel bezel: 0.95 mm (L/R); luminance: 500 nit; G1F Touch Direct Bonded LCM

- (9) Developed our first curved Ultra HD product (65-inch and 55-inch Ultra HD)

The curved LCM retains the same panel transmissivity as a conventional flat LCM through application of BM-less COT structure with a double pigment lamination

Realized curved LCM technology by applying Frame (Horizontal / Vertical / Center) Structure and Curved C/T & Guide Panel Technologies

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(10) Developed the world's first 6-inch plastic OLED product

Developed the world's first curved display with a curvature radius ( R ) of 700

Precursor to the development of future bendable, foldable and rollable display products

(11) Developed the world's first 34-inch curved monitor product (3,800R)

Launched the world's first blade type 21:9 screen aspect ratio 34-inch wide QHD 3,800R curved monitor product and created a new market and standard for curved monitor products

Achieved curvature of 3,800R by using annealing process and setting up assembly equipment utilizing 0.4t glass for curved panels and pol edge type curved backlight

(12) Developed the world's first AH-IPS FHD GIP/DRD product (15.6-inch notebook product)

The world's first AH-IPS FHD (more than 142 ppi) GIP/DRD product developed in September 2014

Increased cost competitiveness by developing GIP/DRD technology

(13) Developed the world's first Advanced In-cell Touch LTPS smartphone product (4.5-inch HD product)

Completed development of an AH-IPS LTPS product applying LG Display's own in-cell touch technology, which utilizes the AH-IPS Vcom electrodes in an all point sensing self-capacitive manner in July 2014 (450 nit luminance; L/R panel bezel of 1.00 mm; module thickness of 2.28 mm)

Simplified SCM and provided a cost competitive and differentiated valued product with touch functionality

(14) Developed the world's first Advanced In-cell Touch a-Si smartphone product (4.5-inch WVGA product)

Completed development of an AH-IPS a-Si product applying LG Display's own in-cell touch technology, which utilizes the AH-IPS Vcom electrodes in an all point sensing self-capacitive manner in August 2014 (450 nit luminance; L/R panel bezel of 1.35 mm; module thickness of 2.6 mm)



Simplified SCM and provided a cost competitive and differentiated valued product with touch functionality

(15) Developed the world's first Ultra HD+ curved (6,000R) product (105-inch Ultra HD)

The world's first large 105-inch 21:9 screen aspect ratio Ultra HD curved (6,000R) display product

(16) Developed our first 98-inch Ultra HD product

Our new line of 98-inch Ultra HD products

Achieved ultra-high definition through utilizing the direct BLU local dimming and FCIC circuit compensation algorithm.

(17) Developed four sided product with even bezels (5.9 mm) for commercial use (42-inch, 49-inch and 55-inch FHD product)

Developed our first 4 sided even bezel product (off bezel: 5.9 mm)

Reduced panel PAD and lower bezel thickness

Improved PAC transmittance and after image reliability

(18) Developed our first 60-inch Ultra HD product

Our new line of 60-inch Ultra HD products

Achieved narrow panel bezel of 7.8 mm

(19) Developed the world's first circular plastic OLED product (1.3 F)

Developed the world's first circular plastic OLED product in September 2014

Developed ultrathin display module of 559 um (without cover window)

Lowered power consumption by developing Power Save Mode algorithm

Display can be turned on without powering the P-IC

(20) Developed the world's first four sided borderless OLED television product (55-inch)

Product developed using the world's first four sided borderless technology utilizing reverse tab bonding manufacturing process in September 2014

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(21) Developed the world's first ultra-slim OLED television products (49-inch, 55-inch and 65-inch Ultra HD)

Achieved LCM thickness of 7.5 mm

Reduced thickness by combining exterior set with LCM parts (B/cover, M/cabinet)

(22) Developed the world's first 1:1 screen aspect ratio New Platform Monitor (26.5-inch; 1920 x 1920 resolution)

Creation of new market through the development of new 1:1 screen aspect ratio platform display

Development of high resolution display with four sided even bezels (on bezel: 8 mm)

(23) Development of 14-inch FHD notebook product with three sided even bezels (3.9 mm)

World's first notebook panel with three sided narrow bezels (top and side bezels: 3.9 mm)

Reduced GIP area by 50% compared to conventional GIP area

(24) Development of 12.3-inch new display size UXGA tablet product

Developed new display panel size for tablet products: 12.3-inch UXGA (4:3 screen aspect ratio)

Increased yield of glass panel area per glass substrate by cutting glass substrates at 12.3 inches

**10. Intellectual Property**

As of December 31, 2014, our cumulative patent portfolio (including patents that have already expired) included a total of 26,518 patents, consisting of 13,164 in Korea and 13,354 in other countries.

**11. Environmental and Safety Matters**

We are subject to a variety of environmental laws and regulations, and we may be subject to fines or restrictions that could cause our operations to be interrupted. Our manufacturing processes generate worksite waste, including water and air pollutants, at various stages in the manufacturing process, and we are subject to relevant laws and regulations in each area of the environment, including with respect to the treatment of chemical by-products. We have installed various types of anti-pollution equipment, consistent with environmental standards, for the treatment of chemical

waste and equipment for the recycling of treated waste water at our various facilities. However, we cannot provide assurance that environmental claims will not be brought against us or that the local or national governments will not take steps toward adopting more stringent environmental standards. Any failure on our part to comply with any present or future environmental regulations could result in the assessment of damages or imposition of fines against us, suspension of production or a cessation of operations. In addition, environmental regulations could require us to acquire costly equipment or to incur other significant compliance expenses that may materially and negatively affect our financial condition and results of operations.

In accordance with the Framework Act on Low Carbon, Green Growth, we implemented the greenhouse gas emission and energy consumption target system from 2012 to 2014. Starting from 2015, we plan on implementing the greenhouse gas trading system, under which we will be responsible to meet our emission targets based on the emission credits allocated to us by the Ministry of Environment of the Korean government. As a result, we may need to invest in additional equipment and there may be other costs associated with meeting reduction targets, which may have a negative effect on our profitability or production activities. As a designated company subject to greenhouse gas emission targets under the Framework Act on Low Carbon, Green Growth, if we fail to meet a reduction target and are unable to comply with the government's subsequent enforcement notice relating to such failure, we may be subject to fines. Furthermore, as a designated company subject to the Act on Allocation and Trading of Greenhouse Gas Emissions, if do not have enough emission credits, we may be required to purchase additional credits or be subject to fines.

In connection with the greenhouse gas emission and energy reduction target system, we submitted a statement of our domestic emissions and energy usage for the 2013 to the Korean government (i.e., the Ministry of Environment and the Ministry of Trade, Industry & Energy) in March 2014 after it was certified by Lloyd's Register Quality Assurance, a government-designated certification agency. The table below sets forth yearly levels of our greenhouse gases emissions and energy usage in the statement submitted to the Korean government:

|                  | (Unit: thousand tonnes of CO <sub>2</sub> equivalent; Tetra Joules) |        |        |
|------------------|---|--------|--------|
| Category         | 2013  | 2012   | 2011   |
| Greenhouse gases | 6,922   | 6,161  | 5,928  |
| Energy           | 61,092  | 61,169 | 53,223 |

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Operations at our manufacturing plants are subject to regulation and periodic scheduled and unscheduled on-site inspections by the Ministry of Environment and local environmental protection authorities. We believe that we have adopted adequate anti-pollution measures and have minimized our impact on the environment by improving existing and developing new technologies for the effective maintenance of environmental protection standards consistent with local industry practice. In addition, we have continually monitored, and we believe that we are in compliance in all material respects with, the applicable environmental laws and regulations in Korea. Expenditures related to such compliance may be substantial. Such expenditures are generally included in capital expenditures. As required by Korean law, we employ licensed environmental specialists to manage our air pollution, toxic materials and waste water. In February 2013, to reduce costs and ensure safe water quality, we entered into a contract with a specialist company to operate our waste water treatment facilities. We currently have ISO 14001 certifications with respect to the environmental record for P1 through P98, our OLED production facility in Gumi, Korea, our Gumi module production plant and our Paju module production plant, as well as our module production plants in Nanjing, Yantai and Guangzhou, China.

In addition, with respect to P1 through P98 and our module production plants in Gumi and Paju, we received certification from BSI Group Korea in November 2011 and ISO 5001 certification in December 2013 for our green management system. In August 2014, GP1, our newest eighth-generation panel fabrication facility located in Guangzhou, China, was the first electronics plant in China to receive the Green Plant designation under China's Green China Policy, in addition to receiving ISO 50001, ISO 14001, OHSAS 18001, ISO 9001, GB/T 26125, PAS 2050 and ISO 14064-1 certifications. Furthermore, with respect to our production facilities in Gumi, we have been certified by the Ministry of Environment as a Green Company for P1 and our Gumi module production plant since 1997, P2 and P3 since 2006 and P4, P5 and P6 since 2008. Also, we received certification to self-inspect designated waste products with respect to our Paju plant by the Ministry of Environment in 2011, which was recertified in 2013. In addition, in recognition of our efforts to reduce greenhouse gas emissions, we were awarded a commendation from the Minister of Environment in the efforts against climate change category in the 2013 Green Management Awards, which was jointly hosted by the Ministry of Environment and the Ministry of Trade, Industry & Energy. In recognition of our efforts to improve recycling and reduce waste, we received a citation for being a leading recycling company by the Prime Minister of Korea.

We also have an internal monitoring system to control the use of hazardous substances in the manufacture of our products as we are committed to compliance with all applicable environmental laws and regulations, including European Union Restriction of Hazardous Substances (RoHS) Directive 2011/65/EU, and restricts the use of certain hazardous substances in the manufacture of electrical and electronic equipment.

In addition, as part of our commitment to use environment-friendly raw materials, we have implemented a green purchasing system that prevents the introduction of hazardous materials at the purchasing stage. The green purchasing system has been a key component in our efforts to comply with RoHS and other applicable environmental laws and regulation.

In October 2005, we became the first display panel company to receive accreditation as an International Accredited Testing Laboratory by the Korea Laboratory Accreditation Scheme, which is operated by the Korean Ministry of Trade, Industry & Energy. In September 2006, we received international accreditation from TUV SUD, EU's German accreditation agency, as a RoHS testing laboratory. Our efforts to keep pace with the increasingly stringent accreditation standards and to receive and maintain such accreditations are part of our on-going efforts to systematically monitor environmentally controlled substances in our component parts inventory. Moreover, we participated in reforming IEC 62321, an international testing standard published by the International Electrotechnical Commission and used by RoHS, and the commission adopted our halogen-free combustion ion chromatography method in as IEC 62321-3-2, which was published in June 2013.

In February 2015, we were issued a corrective order and assessed a fine of 276 million, which we subsequently followed and paid, respectively, for violating the Occupational Health and Safety Act in connection with an accidental nitrogen gas exposure at one of our production facilities in Paju, Korea in January 2015. To prevent such accidents happening again in the future, we have strengthened our safety standards and management and employee education.

**Table of Contents****12. Financial Information**

## A. Financial highlights (Based on consolidated K-IFRS)

(Unit: In millions of Won)

| Description                               | As of December 31, 2011 | As of December 31, 2011 | As of December 31, 2012 |
|---|-------------------------|-------------------------|-------------------------|
| Current assets                            | 9,240,629               | 7,731,788               | 8,914,685               |
| Quick assets                              | 6,486,531               | 5,798,547               | 6,524,678               |
| Inventories                               | 2,754,098               | 1,933,241               | 2,390,007               |
| Non-current assets                        | 13,726,394              | 13,983,496              | 15,540,826              |
| Investments in equity accounted investees | 407,644                 | 406,536                 | 402,158                 |
| Property, plant and equipment, net        | 11,402,866              | 11,808,334              | 13,107,511              |
| Intangible assets                         | 576,670                 | 468,185                 | 497,602                 |
| Other non-current assets                  | 1,339,214               | 1,300,441               | 1,533,555               |
| <b>Total assets</b>                       | <b>22,967,023</b>       | <b>21,715,284</b>       | <b>24,455,511</b>       |
| Current liabilities                       | 7,549,556               | 6,788,919               | 9,206,158               |
| Non-current liabilities                   | 3,634,057               | 4,128,945               | 5,009,173               |
| <b>Total liabilities</b>                  | <b>11,183,613</b>       | <b>10,917,864</b>       | <b>14,215,331</b>       |
| Share capital                             | 1,789,079               | 1,789,079               | 1,789,079               |
| Share premium                             | 2,251,113               | 2,251,113               | 2,251,113               |
| Reserves                                  | (63,843)                | (91,674)                | (69,370)                |
| Retained earnings                         | 7,455,063               | 6,662,655               | 6,238,989               |
| Non-controlling interest                  | 351,998                 | 186,247                 | 30,369                  |
| <b>Total equity</b>                       | <b>11,783,410</b>       | <b>10,797,420</b>       | <b>10,240,180</b>       |

(Unit: In millions of Won, except for per share data and number of consolidated entities)

| Description                                 | For the year ended December 31, 2011 | For the year ended December 31, 2011 | For the year ended December 31, 2012 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| Revenue                                     | 26,455,529                           | 27,033,035                           | 29,429,668                           |
| Operating profit                            | 1,357,255                            | 1,163,314                            | 912,368                              |
| Operating profit from continuing operations | 917,404                              | 418,973                              | 236,345                              |
| Profit for the period                       | 917,404                              | 418,973                              | 236,345                              |
| Profit (loss) attributable to:              |                                      |                                      |                                      |
| Owners of the Company                       | 904,268                              | 426,118                              | 233,204                              |
| Non-controlling interest                    | 13,136                               | (7,145)                              | 3,141                                |
| Basic earnings per share                    | 2,527                                | 1,191                                | 652                                  |
| Diluted earnings per share                  | 2,527                                | 1,191                                | 652                                  |
| Number of consolidated entities             | 18                                   | 18                                   | 20                                   |

## B. Financial highlights (Based on separate K-IFRS)

(Unit: In millions of Won)

| Description                        | As of December 31, 2011 | As of December 31, 2011 | As of December 31, 2012 |
|------------------------------------|-------------------------|-------------------------|-------------------------|
| Current assets                     | 8,291,088               | 6,877,367               | 8,432,253               |
| Quick assets                       | 6,244,413               | 5,290,725               | 6,484,308               |
| Inventories                        | 2,046,675               | 1,586,642               | 1,947,945               |
| Non-current assets                 | 12,720,749              | 13,767,226              | 15,369,335              |
| Investments                        | 2,301,881               | 1,820,806               | 1,468,778               |
| Property, plant and equipment, net | 8,700,301               | 10,294,740              | 12,004,435              |
| Intangible assets                  | 548,078                 | 461,620                 | 488,663                 |
| Other non-current assets           | 1,170,489               | 1,190,060               | 1,407,459               |
| <b>Total assets</b>                | <b>21,011,837</b>       | <b>20,644,593</b>       | <b>23,801,588</b>       |
| Current liabilities                | 7,550,330               | 6,754,175               | 9,132,943               |
| Non-current liabilities            | 2,837,432               | 4,127,993               | 5,007,525               |
| <b>Total liabilities</b>           | <b>10,387,762</b>       | <b>10,882,168</b>       | <b>14,140,468</b>       |
| Share capital                      | 1,789,079               | 1,789,079               | 1,789,079               |
| Share premium                      | 2,251,113               | 2,251,113               | 2,251,113               |
| Reserves                           | 276                     | (305)                   | (893)                   |
| Retained earnings                  | 6,583,607               | 5,722,538               | 5,621,821               |
| <b>Total equity</b>                | <b>10,624,075</b>       | <b>9,762,425</b>        | <b>9,661,120</b>        |



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(Unit: In millions of Won, except for per share data)

| Description                                 | For the year<br>ended<br>December 31, 2014 | For the year<br>ended<br>December 31, 2013 | For the year<br>ended<br>December 31, 2012 |
|---|--|--|--|
| Revenue                                     | 25,383,670                                 | 25,854,183                                 | 28,672,355                                 |
| Operating profit                            | 984,790                                    | 753,550                                    | 626,478                                    |
| Operating profit from continuing operations | 973,118                                    | 99,672                                     | 28,549                                     |
| Profit for the period                       | 973,118                                    | 99,672                                     | 28,549                                     |
| Basic earnings per share                    | 2,720                                      | 279  | 80   |
| Diluted earnings per share                  | 2,720                                      | 279  | 80   |

## C. Consolidated subsidiaries (as of December 31, 2014)

| Company Interest                        | Primary Business               | Location  | Equity |
|---|--------------------------------|-----------|--------|
| LG Display America, Inc.                | Sales                          | U.S.A.    | 100%   |
| LG Display Germany GmbH                 | Sales                          | Germany   | 100%   |
| LG Display Japan Co., Ltd.              | Sales                          | Japan     | 100%   |
| LG Display Taiwan Co., Ltd.             | Sales                          | Taiwan    | 100%   |
| LG Display Nanjing Co., Ltd.            | Manufacturing and sales        | China     | 100%   |
| LG Display Shanghai Co., Ltd.           | Sales                          | China     | 100%   |
| LG Display Poland Sp. zo.o.             | Manufacturing and sales        | Poland    | 100%   |
| LG Display Guangzhou Co., Ltd.          | Manufacturing and sales        | China     | 100%   |
| LG Display Shenzhen Co., Ltd.           | Sales                          | China     | 100%   |
| LG Display Singapore Pte. Ltd.          | Sales                          | Singapore | 100%   |
| L&T Display Technology (Xiamen) Limited | Manufacturing                  | China     | 51%    |
| L&T Display Technology (Fujian) Limited | Manufacturing                  | China     | 51%    |
| LG Display Yantai Co., Ltd.             | Manufacturing and sales        | China     | 100%   |
| LG Display (China) Co., Ltd.            | Manufacturing and sales        | China     | 70%    |
| LG Display U.S.A. Inc.                  | Manufacturing and sales        | U.S.A.    | 100%   |
| Nanumnuri Co., Ltd.                     | Workplace services             | Korea     | 100%   |
| Unified Innovative Technology, LLC      | Managing intellectual property | U.S.A.    | 100%   |
| MMT (Money Market Trust)                | Money market trust             | Korea     | 100%   |

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## D. Status of equity investments (as of December 31, 2014)

| Company  | Investment Amount | Investment Date    | Initial Equity | Equity Interest |
|--|-------------------|--------------------|----------------|-----------------|
| LG Display America, Inc.                             | US\$ 411,000,000  | September 24, 1999 |                | 100%            |
| LG Display Germany GmbH                              | EUR 960,000       | November 5, 1999   |                | 100%            |
| LG Display Japan Co., Ltd.                           | ¥ 95,000,000      | October 12, 1999   |                | 100%            |
| LG Display Taiwan Co., Ltd.                          | NT\$ 115,500,000  | May 19, 2000       |                | 100%            |
| LG Display Nanjing Co., Ltd. <sup>(1)</sup>          | CNY 2,936,759,345 | July 15, 2002      |                | 100%            |
| LG Display Shanghai Co., Ltd.                        | CNY 4,138,650     | January 16, 2003   |                | 100%            |
| LG Display Poland Sp. z o.o. <sup>(2)</sup>          | PLN 511,071,000   | September 6, 2005  |                | 100%            |
| LG Display Guangzhou Co., Ltd. <sup>(3)</sup>        | CNY 1,654,693,079 | August 7, 2006     |                | 100%            |
| LG Display Shenzhen Co., Ltd.                        | CNY 3,775,250     | August 28, 2007    |                | 100%            |
| LG Display Singapore Pte. Ltd.                       | SGD 1,400,000     | January 12, 2009   |                | 100%            |
| L&T Display Technology (Xiamen) Limited              | CNY 41,785,824    | January 5, 2010    |                | 51%             |
| L&T Display Technology (Fujian) Limited              | CNY 59,197,026    | January 5, 2010    |                | 51%             |
| LG Display Yantai Co., Ltd.                          | CNY 955,915,000   | April 19, 2010     |                | 100%            |
| LG Display U.S.A. Inc.                               | US\$ 10,920,000   | December 8, 2011   |                | 100%            |
| Nanumnuri Co., Ltd.                                  | 800,000,000       | March 19, 2012     |                | 100%            |
| LG Display (China) Co., Ltd.                         | CNY 4,254,002,206 | December 27, 2012  |                | 70%             |
| Unified Innovative Technology, LLC                   | US\$ 9,000,000    | March 21, 2014     |                | 100%            |
| MMT (Money Market Trust)                             | 18,100,000,000    | June 11, 2007      |                | 100%            |
| Suzhou Raken Technology Co., Ltd.                    | CNY 637,079,715   | October 7, 2008    |                | 51%             |
| Paju Electric Glass Co., Ltd.                        | 33,648,000,000    | March 25, 2005     |                | 40%             |
| TLI Co., Ltd.  | 14,073,806,250    | May 16, 2008       |                | 10%             |
| AVACO Co., Ltd.                                      | 6,172,728,120     | June 9, 2008       |                | 16%             |
| New Optics Ltd.                                      | 12,199,600,000    | July 30, 2008      |                | 46%             |
| LIG ADP Co., Ltd.                                    | 6,330,000,000     | February 24, 2009  |                | 13%             |
| Wooree E&L Co., Ltd. (formerly Wooree LED Co., Ltd.) | 11,900,000,000    | May 22, 2009       |                | 21%             |
| Global OLED Technology LLC                           | US\$ 45,170,000   | December 23, 2009  |                | 33%             |
| LB Gemini New Growth Fund No. 16 <sup>(4)</sup>      | 14,064,704,518    | December 7, 2009   |                | 31%             |
| Can Yang Investment Ltd.                             | CNY 93,740,124    | January 27, 2010   |                | 9%              |
| YAS Co., Ltd.  | 10,000,000,000    | September 16, 2010 |                | 19%             |
| Narae Nanotech Corporation                           | 30,000,000,000    | April 22, 2011     |                | 23%             |
| Avatec Co., Ltd.                                     | 10,600,000,000    | December 6, 2011   |                | 16%             |
| Glonix Co., Ltd.                                     | 2,000,000,000     | April 10, 2012     |                | 20%             |

Changes since September 30, 2014:

- (1) In December 2014, we invested CNY103 million in LG Display Nanjing Co., Ltd. The investment did not affect our percentage interest.
- (2) In November 2014, Toshiba Corporation exercised its put option on its 20% equity interest in LG Display Poland Sp. Zo.o., and we acquired the 20% equity interest for EUR27 million. Accordingly, our percentage interest increased to 100%.
- (3) In December 2014, we invested US\$108 million in LG Display Guangzhou Co., Ltd. The investment did not affect our percentage interest.
- (4) In December 2014, we received a distribution of 3,646 million as return of principal from our investments in LB Gemini New Growth Fund No. 16. The distribution did not affect our percentage interest.

In December 2014, we sold our entire equity interest in LG Display Reynosa S.A. de C.V. for US\$6 million.

### 13. Audit Information

#### A. Audit service

| Description                 | (Unit: In millions of Won, hours) |                              |                              |
|-----------------------------|-----------------------------------|------------------------------|------------------------------|
|                             | 2014                              | 2013                         | 2012                         |
| Auditor                     | KPMG Samjong                      | KPMG Samjong                 | KPMG Samjong                 |
| Activity                    | Audit by independent auditor      | Audit by independent auditor | Audit by independent auditor |
| Compensation <sup>(1)</sup> | 910 (326) <sup>(2)</sup>          | 910 (325) <sup>(2)</sup>     | 850 (285) <sup>(2)</sup>     |
| Time required               | 16,380                            | 16,202                       | 16,792                       |

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- (1) Compensation amount is the contracted amount for the full fiscal year.  
 (2) Compensation amount in ( ) is for Form 20-F filing and SOX 404 audit.

## B. Non-audit service

| Fiscal year | Contract date | Service description  | (Unit: In millions of Won) |              |
|-------------|---------------|--|----------------------------|--------------|
|             |               |  | Service period             | Compensation |
| 2013        | July 29, 2013 | Advisory services in establishing a compliance system in connection with our disclosure obligations under the U.S. Securities and Exchange commission's conflict mineral rule. | July 2013 to October 2013  | 126          |

**14. Management's Discussion and Analysis of Financial Condition and Results of Operations**

## A. Risk relating to forward-looking statements

This annual report contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect our current views as of the date of this report with respect to future events and are not a guarantee of future performance or results. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control. We have no obligation to update or correct the forward-looking statements contained in these materials subsequent to the date hereof. All forward-looking statements attributable to us in this report are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

## B. Overview

In 2014, while increased competition and volatility in foreign exchange rates presented risks to our business, the migration in demand for larger sized television panels contributed to the general stabilization of the average selling price of LCD panels per square meter of net display area shipped. Even in the midst of intense competition, our profits increased in 2014 compared to 2013 due to our market leading technologies and differentiated products. We increased our profitability by increasing the proportion of market leading differentiated products, such as Ultra HD television panels with M+ technology, desktop monitor panels with IPS technology, high definition mobile panels and other differentiated display panels. We are also preparing for our future by strengthening our OLED panel business, which are the next generation display products.

With respect to each of our business areas:

*Television.* In line with an increase in market demand for larger sized television panels with higher resolutions, the proportion of our large-sized television panels sold in our product mix increased in 2014 compared to 2013. We were also able to increase our market share in the Ultra HD television panel market with sales of our Ultra HD television panels with IPS, copper line, M+ and other competitive technologies.

*IT/Mobile.* We strengthened our profitability in this business area with our panels with IPS technology. We strengthened our product lineup by increasing the proportion of differentiated products, such as desktop and notebook panels with IPS technology, 21:9 screen aspect ratio curved desktop monitor panels, large-sized Quad HD smartphone panels with narrow bezels and other premium display panels.

*OLED.* We strengthened our foundations in this business area by diversifying our products and customer base. We improved our capabilities to mass produce large-sized OLED television panels by improving production yields and increasing production capacity. We are also leading the market for new and differentiated OLED panels for small-sized products with our OLED panels for wearable devices and curved OLED smartphone panels. We plan to gradually expand and advance our OLED business by creating a separate division for our OLED business.

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As a result of these accomplishments, we were able to record an annual revenue of 26,456 billion and an operating profit of 1,357 billion for the year ended 2014.

### C. Financial condition and results of operations

#### (1) Results of operations

In 2014, the proportion of differentiated products in our product mix, such as our television, IT and mobile display panels utilizing IPS, copper line, M+, Advanced In-cell Touch, FPR 3D and other differentiated technologies, continued to increase. In addition, with respect to OLED technology, which is the next generation in display panel technology, we were a step ahead of our competition with our technology and production know-how and were the first to introduce 65-inch and 77-inch Ultra HD OLED television panels to the market. As for small-sized OLED panels, we were also able to introduce smartphone and wearable panels based on our plastic OLED technology and are quickly preparing ourselves for the future markets for OLED panels.

Even though the market for display panels is shifting toward display panels in open cell form (i.e., without a backlight unit), we were able to limit the impact of this trend through increased sales of differentiated products, and as a result, our revenue only decreased by 2% from 27,033 billion in 2013 to 26,456 billion in 2014. However, our operating profit increased by 17% from 1,163 billion in 2013 to 1,357 billion in 2014, and profit for the year increased by 119% from 419 billion in 2013 to 917 billion in 2014 mainly due to our efforts to increase the proportion of high value added, technologically competitive products in our product mix and decrease costs.

| Description                       | (Unit: In millions of Won) |              |           |
|-----------------------------------|----------------------------|--------------|-----------|
|                                   | 2014                       | 2013         | Changes   |
| Revenue                           | 26,455,529                 | 27,033,035   | (577,506) |
| Cost of sales                     | (22,667,134)               | (23,524,851) | 857,717   |
| Gross profit                      | 3,788,395                  | 3,508,184    | 280,211   |
| Selling expenses                  | (746,686)                  | (731,521)    | (15,165)  |
| Administrative expenses           | (520,160)                  | (517,622)    | (2,538)   |
| Research and development expenses | (1,164,294)                | (1,095,727)  | (68,567)  |
| Operating profit                  | 1,357,255                  | 1,163,314    | 193,941   |
| Finance income                    | 105,443                    | 185,011      | (79,568)  |
| Finance costs                     | (215,536)                  | (381,851)    | 166,315   |
| Other non-operating income        | 1,071,903                  | 1,108,754    | (36,851)  |
| Other non-operating expenses      | (1,095,071)                | (1,268,588)  | 173,517   |
| Equity income on investment, net  | 17,963                     | 23,665       | (5,702)   |
| Profit before income tax          | 1,241,957                  | 830,305      | 411,652   |
| Income tax expense                | 324,553                    | 411,332      | (86,779)  |
| Profit for the period             | 917,404                    | 418,973      | 498,431   |

#### (a) Selected financial ratios

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| Ratios   | Calculation   | 2014<br>Ratio | 2013<br>Ratio | Percentage<br>Point Change |
|--|---|---------------|---------------|----------------------------|
| Current ratio                                      | (current assets ÷ current liabilities) x 100              | 122.4%        | 113.9%        | 8.5%                       |
| Debt to equity ratio                               | (total liabilities ÷ total equity) x 100                  | 94.9%         | 101.1%        | (6.2)%                     |
| Operating margin                                   | (results from operating activities ÷ revenue) x 100       | 5.1%          | 4.3%          | 0.8%                       |
| Net margin   | (profit for the period ÷ revenue) x 100                   | 3.5%          | 1.5%          | 2.0%                       |
| Return on assets                                   | (profit for the period ÷ total assets) x 100              | 4.0%          | 1.9%          | 2.1%                       |
| Return on equity                                   | (profit for the period ÷ total equity) x 100              | 7.8%          | 3.9%          | 3.9%                       |
| Net cash from operating activities to assets ratio | (net cash from operating activities ÷ total assets) x 100 | 12.5%         | 16.5%         | (4.0)%                     |

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| Ratios                  | Calculation   | 2014 Ratio |
|-------------------------|---|------------|
| Revenue growth          | $(\text{current year revenue} \div \text{prior year revenue}) \times 100 - 1$   | (2.1)%     |
| Operating profit growth | $(\text{current year results from operating activities} \div \text{prior year results from operating activities}) \times 100 - 1$ | 16.7%      |
| Net profit growth       | $(\text{current year profit} \div \text{prior year profit}) \times 100 - 1$   | 119.0%     |
| Total assets growth     | $(\text{current year end total assets} \div \text{prior year end total assets}) \times 100 - 1$                                   | 5.8%       |
| Asset turnover          | $\text{Revenue} \div ((\text{total assets at beginning of year} + \text{total assets at end of year}) \div 2)$                    | 1.2        |

## (b) Revenue and cost of sales

Our cost of sales as a percentage of revenue decreased by 1.3 percentage points from 87.0% in 2013 to 85.7% in 2014 primarily due to our continued efforts to reduce costs and increase the proportion of high value added products, which tend to command higher margins, in our product mix.

(Unit: In millions of Won, except percentages)

| Description                            | 2014       | 2013       | Changes   |            |
|--|------------|------------|-----------|------------|
|  |            |            | Amount    | Percentage |
| Revenue                                | 26,455,529 | 27,033,035 | (577,506) | (2.1)%     |
| Cost of sales                          | 22,667,134 | 23,524,851 | (857,717) | (3.6)%     |
| Gross profit                           | 3,788,395  | 3,508,184  | 280,211   | 8.0%       |
| Cost of sales as a percentage of sales | 85.7%      | 87.0%      |           |            |

## (c) Sales by category

Revenue attributable to sales of panels for mobile applications and others as a percentage of total revenue increased by 6.1 percentage points in 2014 compared to 2013 due to an increase in demand for larger high resolution smartphone panels during the same period. Partly as a result of the increase in revenue attributable to sale of panels for mobile applications and others, revenue attributable to sale of panels for televisions as a percentage of total revenue decreased.

| Categories                                | 2014  | 2013  | Difference |
|---|-------|-------|------------|
| Panels for televisions                    | 39.4% | 43.6% | (4.2)%     |
| Panels for desktop monitors               | 17.6% | 19.4% | (1.8)%     |
| Panels for notebook computers             | 10.1% | 10.4% | (0.3)%     |
| Panels for tablet computers               | 13.4% | 13.2% | 0.2%       |
| Panels for mobile applications and others | 19.5% | 13.4% | 6.1%       |



(d) Production capacity

Our annual production capacity increased by 4% in 2014 compared to 2013, in large part due to the commencement of mass production at GP1 in China, which was built in anticipation of an increase in demand for larger display panels.

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## (2) Financial condition

Our current assets increased by 1,509 billion from 7,732 billion as of December 31, 2013 to 9,241 billion as of December 31, 2014, and our non-current assets decreased by 257 billion from 13,983 billion as of December 31, 2013 to 13,726 billion as of December 31, 2014. Our current liabilities increased by 761 billion from 6,789 billion as of December 31, 2013 to 7,550 billion as of December 31, 2014, and our non-current liabilities decreased by 495 billion from 4,129 billion as of December 31, 2013 to 3,634 billion as of December 31, 2014. Our total equity increased by 986 billion from 10,797 billion as of December 31, 2013 to 11,783 billion as of December 31, 2014.

| Description                         | (Unit: In millions of Won) |                   |                  |
|-------------------------------------|----------------------------|-------------------|------------------|
|                                     | 2014                       | 2013              | Changes          |
| Current assets                      | 9,240,629                  | 7,731,788         | 1,508,841        |
| Non-current assets                  | 13,726,394                 | 13,983,496        | (257,102)        |
| <b>Total assets</b>                 | <b>22,967,023</b>          | <b>21,715,284</b> | <b>1,251,739</b> |
| Current liabilities                 | 7,549,556                  | 6,788,919         | 760,637          |
| Non-current liabilities             | 3,634,057                  | 4,128,945         | (494,888)        |
| <b>Total liabilities</b>            | <b>11,183,613</b>          | <b>10,917,864</b> | <b>265,749</b>   |
| Share capital                       | 1,789,079                  | 1,789,079         |                  |
| Share premium                       | 2,251,113                  | 2,251,113         |                  |
| Reserves                            | (63,843)                   | (91,674)          | 27,831           |
| Retained earnings                   | 7,455,063                  | 6,662,655         | 792,408          |
| Non-controlling interest            | 351,998                    | 186,247           | 165,751          |
| <b>Total equity</b>                 | <b>11,783,410</b>          | <b>10,797,420</b> | <b>985,990</b>   |
| <b>Total liabilities and equity</b> | <b>22,967,023</b>          | <b>21,715,284</b> | <b>1,251,739</b> |

Due in part to an increase in the proportion of our large-sized, high value added panels in our product mix in 2014 compared to 2013, our inventory increased by 821 billion from 1,933 billion in December 31, 2013 to 2,754 billion December 31, 2014.

Net trade accounts and notes receivable as of December 31, 2014 was 3,445 billion, an increase of 316 billion from net trade accounts and notes receivable as of December 31, 2013. Trade accounts and notes receivable amounting to approximately 1,690 billion (US\$1,537 million) and approximately 1,105 billion (US\$1,048 million) were sold to financial institutions, but are current and outstanding, as of December 31, 2014 and 2013, respectively.

The book value of our total tangible assets as of December 31, 2014 was 11,403 billion, a decrease of 406 billion from the book value of our total tangible assets as of December 31, 2013. The decrease was primarily due to completion of depreciation of certain of our production facilities, such as the second expansion to our P8 fabrication facility, which outpaced increases resulting from investments in production facilities.

Trade accounts and notes payable as of December 31, 2014 was 3,392 billion, an increase of 392 billion from trade accounts and notes payable as of December 31, 2013. The increase was primarily due to an increase in the production

of large-sized and high value added display panels, which tend to entail more expensive component and raw material costs, in 2014 compared to 2013.

Other accounts payable as of December 31, 2014 was 1,508 billion, an increase of 538 billion from other accounts payable as of December 31, 2013. The decrease was primarily due to the accounts payable in connection with the construction of GP1 in 2014.

(3) Liquidity and capital resources

In 2014, our net cash from operating activities amounted to 2,865 billion, our net cash provided by financing activities, including the incurrence of short- and long-term borrowings as well as the issuance of corporate debentures, amounted to 405 billion, and our net cash used in investing activities, including the acquisition of tangible assets and our acquisition of investments in equity accounted investees, amounted to 3,451 billion.

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In 2014, our capital expenditures on a cash out basis was 3 trillion, which was used primarily to fund the expansion of our OLED and LTPS-based panel production capacities for larger panels and panels for small- to medium-sized devices, as well as to fund the construction of GP1 in anticipation of increasing demand from China.

| Description   | (Unit: In millions of Won) |             |           |
|---|----------------------------|-------------|-----------|
|   | 2014                       | 2013        | Changes   |
| Results from operating activities                   | 1,357,255                  | 1,163,314   | 193,941   |
| Net cash provided by operating activities           | 2,864,521                  | 3,584,773   | (720,252) |
| Net cash provided by (used in) financing activities | 404,659                    | (390,984)   | 795,643   |
| Net cash used in investing activities               | (3,451,279)                | (4,504,321) | 1,053,042 |
| Cash and cash equivalents at December 31,           | 889,839                    | 1,021,870   | (132,031) |

**15. Board of Directors****A. Members of the board of directors**

As of December 31, 2014 our board of directors consist of two non-outside directors, one non-standing director and four outside directors.

| (As of December 31, 2014)  |  |                                    |
|----------------------------|--|------------------------------------|
| Name                       | Position   | Primary responsibility             |
| Yu Sig Kang <sup>(1)</sup> | Director (non-standing)  | Chairman of the board of directors |
| Sang Beom Han              | Representative Director (non-outside), Chief Executive Officer and President | Overall head of management         |
| Sangdon Kim                | Director (non-outside), Chief Financial Officer and Senior Vice President    | Overall head of finances           |
| Tae Sik Ahn <sup>(2)</sup> | Outside Director   | Related to the overall management  |
| Jin Jang                   | Outside Director   | Related to the overall management  |
| Dongil Kwon                | Outside Director   | Related to the overall management  |
| Joon Park                  | Outside Director   | Related to the overall management  |

(1) Yu Sig Kang is also a registered executive of LG Electronics.

(2) Tae Sik Ahn stepped down as an outside director on January 15, 2015 before the end of his term.

| (As of the date of this report) |  |                                    |
|---------------------------------|--|------------------------------------|
| Name                            | Position   | Primary responsibility             |
| Yu Sig Kang <sup>(1)</sup>      | Director (non-standing)  | Chairman of the board of directors |
| Sang Beom Han <sup>(2)</sup>    | Representative Director (non-outside), Chief Executive Officer and President | Overall head of management         |
| Sangdon Kim                     | Director (non-outside), Chief Financial Officer and Senior Vice President    | Overall head of finances           |

|                               |                  |                                   |
|-------------------------------|------------------|-----------------------------------|
| Jin Jang                      | Outside Director | Related to the overall management |
| Dongil Kwon <sup>(3)</sup>    | Outside Director | Related to the overall management |
| Joon Park                     | Outside Director | Related to the overall management |
| Sung-Sik Hwang <sup>(4)</sup> | Outside Director | Related to the overall management |

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- (1) Yu Sig Kang is also a registered executive of LG Electronics.
- (2) Sang Beom Han was reappointed for another term as a non-outside director at the annual general meeting of shareholders held on March 13, 2015.
- (3) Dongil Kwon was reappointed for another term as a non-outside director at the annual general meeting of shareholders held on March 13, 2015.
- (4) Sung-Sik Hwang was appointed as an outside director by the courts on January 22, 2015. Mr. Hwang was reappointed for a full term at the annual general meeting of shareholders held on March 13, 2015.

**B. Committees of the board of directors**

As of December 31, 2014, we have the following committees that serve under our board of directors: Audit Committee, Outside Director Nomination Committee and Management Committee.

|                                       |   |   | (As of December 31, 2014) |
|---------------------------------------|---|---|---------------------------|
| Committee                             | Composition                                     | Member  |                           |
| Audit Committee                       | 3 outside directors                             | Tae Sik Ahn <sup>(1)</sup> , Joon Park, Jin Jang      |                           |
| Outside Director Nomination Committee | 1 non-standing director and 2 outside directors | Yu Sig Kang, Tae Sik Ahn <sup>(1)</sup> , Dongil Kwon |                           |
| Management Committee                  | 2 non-outside directors                         | Sang Beom Han, Sangdon Kim                            |                           |

- (1) Tae Sik Ahn stepped down as a member of the audit committee and the outside director nomination committee of the board of directors on January 15, 2015 before the end of his term.

|                                       |   |   | (As of the date of this report) |
|---------------------------------------|---|---|---------------------------------|
| Committee                             | Composition                                     | Member  |                                 |
| Audit Committee                       | 3 outside directors                             | Joon Park, Jin Jang, Sung-Sik Hwang <sup>(1)</sup>              |                                 |
| Outside Director Nomination Committee | 1 non-standing director and 2 outside directors | Yu Sig Kang, Jin Jang <sup>(2)</sup> , Joon Park <sup>(2)</sup> |                                 |
| Management Committee                  | 2 non-outside directors                         | Sang Beom Han, Sangdon Kim                                      |                                 |

- (1) Sung-Sik Hwang was appointed as member of the audit committee of the board of directors by the courts on January 22, 2015. Mr. Hwang was reappointed for a full term at the annual general meeting of shareholders held on March 13, 2015.
- (2) Jin Jang and Joon Park were appointed as members of the outside director nomination committee of the board of directors by the board of directors on January 27, 2015.

**C. Independence of directors**

Directors are appointed in accordance with the procedures of the Commercial Act and other relevant laws and regulations. Our board of directors is independent as four out of the seven directors that comprise the board are outside directors. Outside directors candidates are nominated for appointment at a shareholders meeting after undergoing rigorous review by the Outside Director Nomination Committee.

All of our current outside directors were nominated by the Outside Director Nomination Committee, and all of our current non-outside directors were nominated by the board of directors.

**Table of Contents****16. Information Regarding Shares**

## A. Total number of shares

- (1) Total number of shares authorized to be issued (as of December 31, 2014): 500,000,000 shares.
- (2) Total shares issued and outstanding (as of December 31, 2014): 357,815,700 shares.

## B. Shareholder list

- (1) Largest shareholder and related parties as of December 31, 2014:

| Name           | Relationship        | Number of shares of common stock | Equity interest |
|----------------|---------------------|----------------------------------|-----------------|
| LG Electronics | Largest Shareholder | 135,625,000                      | 37.9%           |
| Sang Beom Han  | Related Party       | 5,014                            | 0.0%            |

- (2) Shareholders who are known to us to own 5% or more of our shares as of December 31, 2014:

| Beneficial owner                        | Number of shares of common stock | Equity interest |
|---|----------------------------------|-----------------|
| LG Electronics                          | 135,625,000                      | 37.9%           |
| National Pension Service <sup>(1)</sup> | 36,344,223                       | 10.16%          |

- (1) On February 24, 2015, the National Pension Service disclosed that it held 35,749,428 shares of our common stock equating to a 9.99% equity interest in us.

**17. Directors and Employees**

## A. Directors

- (1) Remuneration for directors in 2014

| Classification        | No. of directors | (Unit: person, in millions of Won) |   |
|-----------------------|------------------|------------------------------------|---|
|                       |                  | Amount paid <sup>(2)</sup>         | Per capita average remuneration paid <sup>(4)</sup> |
| Non-outside directors | 3                | 1,907 <sup>(3)</sup>               | 636   |



|   |   |       |    |
|---|---|-------|----|
| Outside directors who are not audit committee members | 1 | 66    | 66 |
| Outside directors who are audit committee members     | 3 | 198   | 66 |
| Total   | 7 | 2,171 |    |

- (1) Number of directors as at December 31, 2014.
- (2) Amount paid is calculated on the basis of amount of cash actually paid.
- (3) Among the non-outside directors, Yu Sig Kang does not receive any remuneration.
- (4) Per capita average remuneration paid is calculated by dividing total amount paid by the average number of directors for the year ended December 31, 2014.

(2) Remuneration for individual directors and audit committee members

Individual amount of remuneration paid in 2014

| (Unit: in millions of Won) |           |                    |                               |
|----------------------------|-----------|--------------------|-------------------------------|
|                            |           |                    | Payment not included in total |
| Name                       | Position  | Total remuneration | remuneration                  |
| Sang Beom Han              | President | 1,408              |                               |

Method of calculation

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|               |   |
|---------------|---|
| Name          | Method of calculation   |
| Sang Beom Han | <u>Total annual remuneration</u>  |
|               | 1,408 million (consisting of 1,046 million in salary and 362 million in bonus).   |
|               | <u>Salary</u>   |
|               | Annual salary is set in accordance with the executive compensation regulations established by the board of directors.   |
|               | Annual salary is equally divided and paid on a monthly basis.   |
|               | <u>Bonus</u>  |
|               | Bonus is awarded by the board of directors based on performance and evaluation standards derived from the special bonus provisions of the executive compensation regulations.   |
|               | Bonus in the range of 0 to 150% of annual salary may be awarded by evaluating the previous year's performance through certain financial indicators, such as revenue and operating profit, and non-financial indicators, such as meeting our medium- to long-term expectations, leadership and other contributions.          |
|               | Financial indicators: For the year ended December 31, 2013, revenue was 27,033 billion and EBITDA <sup>(1)</sup> was 4,998 billion, which was a 1% improvement in the EBITDA to revenue ratio compared to the previous year's EBITDA to revenue ratio.  |
|               | Non-financial indicators: We were the first to introduce OLED television panels and secure a competitive advantage, we improved our product mix by increasing the proportion of high value added products, we improved production efficiency and restructured our LCD business and Mr. Han showed leadership in leading us. |

(1) In this report under K-IFRS, EBITDA is defined as operating profit plus depreciation and amortization expenses.

(3) Stock options  
Not applicable.

**B. Employees**

As of December 31, 2014, we had 32,434 employees (excluding our executive officers). On average, our male employees have served 7.1 years and our female employees have served 5.2 years. The total amount of salary paid to our employees for the year ended December 31, 2014 based on income tax statements submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act was 1,429,189 million for our male employees and 399,702 million for our female employees. The following table provides details of our employees as of December 31, 2014

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(Unit: person, in millions of Won, year)

|              | Number of employees <sup>(1)</sup> | Total salary in 2014 <sup>(2) (3) (4)</sup> | Total salary per capita <sup>(5)</sup> | Average years of service |
|--------------|------------------------------------|---|--|--------------------------|
| Male         | 23,356                             | 1,429,189                                   | 60.7                                   | 7.1                      |
| Female       | 9,078                              | 399,702                                     | 42.6                                   | 5.2                      |
| <b>Total</b> | <b>32,434</b>                      | <b>1,828,891</b>                            | <b>55.5</b>                            | <b>6.6</b>               |

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- (1) Includes part-time employees.
- (2) Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees for the year ended December 31, 2014 was 342,989 million and the per capita welfare benefit provided was 10.4 million.
- (3) Based on income tax statements, which are submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act.
- (4) Includes incentive payments to employees who have transferred from our affiliated companies.
- (5) Calculated using the average number of employees (male: 23,545, female: 9,379) for the year ended December 31, 2014.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

**For the Years Ended December 31, 2014 and  
2013**

(With Independent Auditors' Report Thereon)

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**Independent Auditors Report**

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

We have audited the accompanying consolidated financial statements of LG Display Co., Ltd. and its subsidiaries (the Group ) which comprise the consolidated statements of financial position of the Group as of December 31, 2014 and 2013, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

***Management s Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ( K-IFRS ), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

***Auditors Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with K-IFRS.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to the following:

As discussed in note 20 to the consolidated financial statements, the Group has been or is named as defendants in a number of individual lawsuits and class actions in the United States and Canada, respectively, in connection with alleged antitrust violations concerning the sale of LCD panels. The Group estimated and recognized losses related to these alleged violations. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Group.



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***Other Matters***

The accompanying consolidated financial statements of the Group as of December 31, 2013 and for the year then ended were audited by us in accordance with the previous auditing standards generally accepted in the Republic of Korea.

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

/s/ KPMG Samjong Accounting Corp.  
Seoul, Korea  
February 17, 2015

This report is effective as of February 17, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Financial Position**

As of December 31, 2014 and 2013

| <i>(In millions of won)</i>               | <b>Note</b>   | <b>December 31,<br/>2014</b> | <b>December 31,<br/>2013</b> |
|---|---------------|------------------------------|------------------------------|
| <b>Assets</b>                             |               |                              |                              |
| Cash and cash equivalents                 | 6, 13         | 889,839                      | 1,021,870                    |
| Deposits in banks                         | 6, 13         | 1,526,482                    | 1,301,539                    |
| Trade accounts and notes receivable, net  | 7, 13, 19, 22 | 3,444,477                    | 3,128,626                    |
| Other accounts receivable, net            | 7, 13         | 119,478                      | 89,545                       |
| Other current financial assets            | 9, 13         | 3,250                        | 919                          |
| Inventories                               | 8             | 2,754,098                    | 1,933,241                    |
| Prepaid income taxes                      |               | 6,340                        | 4,066                        |
| Other current assets                      | 7             | 496,665                      | 251,982                      |
| <b>Total current assets</b>               |               | <b>9,240,629</b>             | <b>7,731,788</b>             |
| Deposits in banks                         | 6,13          | 8,427                        | 13                           |
| Investments in equity accounted investees | 10            | 407,644                      | 406,536                      |
| Other non-current financial assets        | 9,13          | 33,611                       | 46,246                       |
| Property, plant and equipment, net        | 11,23         | 11,402,866                   | 11,808,334                   |
| Intangible assets, net                    | 12,23         | 576,670                      | 468,185                      |
| Deferred tax assets                       | 29            | 1,036,507                    | 1,037,000                    |
| Other non-current assets                  | 7             | 260,669                      | 217,182                      |
| <b>Total non-current assets</b>           |               | <b>13,726,394</b>            | <b>13,983,496</b>            |
| <b>Total assets</b>                       |               | <b>22,967,023</b>            | <b>21,715,284</b>            |
| <b>Liabilities</b>                        |               |                              |                              |
| Trade accounts and notes payable          | 13, 22        | 3,391,635                    | 2,999,522                    |
| Current financial liabilities             | 13, 14        | 967,909                      | 907,942                      |
| Other accounts payable                    | 13            | 1,508,158                    | 1,454,339                    |
| Accrued expenses                          |               | 740,492                      | 491,236                      |
| Income tax payable                        |               | 227,714                      | 46,777                       |
| Provisions                                | 18            | 193,884                      | 200,731                      |
| Advances received                         | 19            | 488,379                      | 656,775                      |
| Other current liabilities                 | 18            | 31,385                       | 31,597                       |
| <b>Total current liabilities</b>          |               | <b>7,549,556</b>             | <b>6,788,919</b>             |
| Non-current financial liabilities         | 13, 14        | 3,279,477                    | 2,994,837                    |
| Non-current provisions                    | 18            | 8,014                        | 5,005                        |

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|   |    |            |            |
|---|----|------------|------------|
| Defined benefit liabilities, net                                      | 17 | 324,180    | 319,087    |
| Long-term advances received   | 19 |            | 427,397    |
| Deferred tax liabilities  | 29 | 245        | 119        |
| Other non-current liabilities   | 18 | 22,141     | 382,500    |
| <b>Total non-current liabilities</b>                                  |    | 3,634,057  | 4,128,945  |
| <b>Total liabilities</b>  |    | 11,183,613 | 10,917,864 |
| <b>Equity</b>   |    |            |            |
| Share capital   | 21 | 1,789,079  | 1,789,079  |
| Share premium   |    | 2,251,113  | 2,251,113  |
| Reserves  | 21 | (63,843)   | (91,674)   |
| Retained earnings   |    | 7,455,063  | 6,662,655  |
| <b>Total equity attributable to owners of the Controlling Company</b> |    | 11,431,412 | 10,611,173 |
| <b>Non-controlling interests</b>                                      |    | 351,998    | 186,247    |
| <b>Total equity</b>   |    | 11,783,410 | 10,797,420 |
| <b>Total liabilities and equity</b>                                   |    | 22,967,023 | 21,715,284 |

*See accompanying notes to the consolidated financial statements.*

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## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2014 and 2013

*(In millions of won, except earnings per share)*

|   | <b>Note</b> | <b>2014</b>      | <b>2013</b>      |
|---|-------------|------------------|------------------|
| Revenue   | 22, 23, 24  | 26,455,529       | 27,033,035       |
| Cost of sales   | 8, 22       | (22,667,134)     | (23,524,851)     |
| <b>Gross profit</b>   |             | <b>3,788,395</b> | <b>3,508,184</b> |
| Selling expenses  | 16          | (746,686)        | (731,521)        |
| Administrative expenses   | 16          | (520,160)        | (517,622)        |
| Research and development expenses                               |             | (1,164,294)      | (1,095,727)      |
| <b>Operating profit</b>   |             | <b>1,357,255</b> | <b>1,163,314</b> |
| Finance income  | 27          | 105,443          | 185,011          |
| Finance costs   | 27          | (215,536)        | (381,851)        |
| Other non-operating income                                      | 25          | 1,071,903        | 1,108,754        |
| Other non-operating expenses                                    | 25          | (1,095,071)      | (1,268,588)      |
| Equity in income of equity accounted investees, net             |             | 17,963           | 23,665           |
| <b>Profit before income tax</b>                                 |             | <b>1,241,957</b> | <b>830,305</b>   |
| Income tax expense  | 28          | (324,553)        | (411,332)        |
| <b>Profit for the year</b>                                      |             | <b>917,404</b>   | <b>418,973</b>   |
| <b>Other comprehensive income (loss)</b>                        |             |                  |                  |
| <b>Items that will never be reclassified to profit or loss</b>  |             |                  |                  |
| Remeasurements of net defined benefit liabilities               | 17,28       | (147,633)        | 998              |
| Related income tax  | 17,28       | 35,773           | (334)            |
|   |             | (111,860)        | 664              |
| <b>Items that are or may be reclassified to profit or loss</b>  |             |                  |                  |
| Net change in fair value of available-for-sale financial assets | 27,28       | 982              | 826              |
| Foreign currency translation differences for foreign operations | 27,28       | 37,739           | (22,100)         |
| Share of loss from sale of treasury stocks by associates        | 28          | (1,360)          | (802)            |
| Related income tax  | 28          | (119)            | (225)            |
|   |             | 37,242           | (22,301)         |
| <b>Other comprehensive loss for the year, net of income tax</b> |             | <b>(74,618)</b>  | <b>(21,637)</b>  |

|   |    |         |         |
|---|----|---------|---------|
| <b>Total comprehensive income for the year</b>            |    | 842,786 | 397,336 |
| <b>Profit (loss) attributable to:</b>                     |    |         |         |
| Owners of the Controlling Company                         |    | 904,268 | 426,118 |
| Non-controlling interests                                 |    | 13,136  | (7,145) |
| <b>Profit for the year</b>                                |    | 917,404 | 418,973 |
| <b>Total comprehensive income (loss) attributable to:</b> |    |         |         |
| Owners of the Controlling Company                         |    | 820,239 | 404,478 |
| Non-controlling interests                                 |    | 22,547  | (7,142) |
| <b>Total comprehensive income for the year</b>            |    | 842,786 | 397,336 |
| <b>Earnings per share (In won)</b>                        |    |         |         |
| Basic earnings per share                                  | 30 | 2,527   | 1,191   |
| Diluted earnings per share                                | 30 | 2,527   | 1,191   |

*See accompanying notes to the consolidated financial statements.*

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Changes in Equity**

For the years ended December 31, 2014 and 2013

| <i>(In millions of won)</i>   | Attributable to owners of the Controlling Company |   |                       |                        |                      |                              |         | Total<br>equity |
|---|---|---|-----------------------|------------------------|----------------------|------------------------------|---------|-----------------|
|   | Share<br>capital                                  | Share treasury stock<br>premium by associates | Fair value<br>reserve | Translation<br>reserve | Retained<br>earnings | Non-controlling<br>interests |         |                 |
| <b>Balances at<br/>January 1, 2013</b>  | 1,789,079   | 2,251,113                                     | 548                   | (66)                   | (69,852)             | 6,238,989                    | 30,369  | 10,240,180      |
| <b>Total<br/>comprehensive<br/>income (loss) for<br/>the year</b>                       |   |   |                       |                        |                      |                              |         |                 |
| Profit (loss) for the<br>year   |   |   |                       |                        |                      | 426,118                      | (7,145) | 418,973         |
| <b>Other<br/>comprehensive<br/>income (loss)</b>  |   |   |                       |                        |                      |                              |         |                 |
| Net change in fair<br>value of<br>available-for-sale<br>financial assets, net<br>of tax |   |   |                       |                        | 638                  |                              |         | 638             |
| Foreign currency<br>translation<br>differences for<br>foreign operations,<br>net of tax |   |   |                       |                        | (22,140)             |                              | 3       | (22,137)        |
| Remeasurements of<br>net defined benefit<br>liabilities, net of tax                     |   |   |                       |                        |                      | 664                          |         | 664             |
| Share of loss from<br>sale of treasury<br>stocks by<br>associates, net of<br>tax        |   |   | (802)                 |                        |                      |                              |         | (802)           |
| <b>Total other<br/>comprehensive<br/>income (loss)</b>                                  |   |   | (802)                 | 638                    | (22,140)             | 664                          | 3       | (21,637)        |

|   |           |           |          |           |          |           |         |            |
|---|-----------|-----------|----------|-----------|----------|-----------|---------|------------|
| Total comprehensive income (loss) for the year                              | (802)     | 638       | (22,140) | 426,782   | (7,142)  | 397,336   |         |            |
| <b>Transaction with owners, recognized directly in equity</b>               |           |           |          |           |          |           |         |            |
| Capital contribution from non-controlling interests, and others             |           |           |          | (3,116)   | 163,020  | 159,904   |         |            |
| <b>Balances at December 31, 2013</b>  |           |           |          |           |          |           |         |            |
|   | 1,789,079 | 2,251,113 | (254)    | 572       | (91,992) | 6,662,655 | 186,247 | 10,797,420 |
| <b>Balances at January 1, 2014</b>  |           |           |          |           |          |           |         |            |
|   | 1,789,079 | 2,251,113 | (254)    | 572       | (91,992) | 6,662,655 | 186,247 | 10,797,420 |
| <b>Total comprehensive income (loss) for the year</b>                       |           |           |          |           |          |           |         |            |
| Profit for the year   |           |           |          |           |          | 904,268   | 13,136  | 917,404    |
| <b>Other comprehensive income (loss)</b>                                    |           |           |          |           |          |           |         |            |
| Net change in fair value of available-for-sale financial assets, net of tax |           |           | 796      |           |          |           |         | 796        |
| Foreign currency translation differences for foreign operations, net of tax |           |           |          |           | 28,395   |           | 9,411   | 37,806     |
| Remeasurements of net defined benefit liabilities, net of tax               |           |           |          |           |          | (111,860) |         | (111,860)  |
| Share of loss from sale of treasury stocks by associates, net of tax        | (1,360)   |           |          |           |          |           |         | (1,360)    |
|   | (1,360)   | 796       | 28,395   | (111,860) | 9,411    | (74,618)  |         |            |

Total other  
comprehensive  
income (loss)

|   |         |     |        |         |        |         |
|---|---------|-----|--------|---------|--------|---------|
| Total<br>comprehensive<br>income (loss) for<br>the year | (1,360) | 796 | 28,395 | 792,408 | 22,547 | 842,786 |
|---|---------|-----|--------|---------|--------|---------|

**Transaction with  
owners,  
recognized  
directly in equity**

|  |  |  |  |  |         |         |
|--|--|--|--|--|---------|---------|
| Decrease of share<br>interest in<br>non-controlling<br>interests |  |  |  |  | (2,955) | (2,955) |
| Capital contribution<br>from<br>non-controlling<br>interests     |  |  |  |  | 146,159 | 146,159 |

**Balances at  
December 31,  
2014**

|  |           |           |         |       |          |           |         |            |
|--|-----------|-----------|---------|-------|----------|-----------|---------|------------|
|  | 1,789,079 | 2,251,113 | (1,614) | 1,368 | (63,597) | 7,455,063 | 351,998 | 11,783,410 |
|--|-----------|-----------|---------|-------|----------|-----------|---------|------------|

*See accompanying notes to the consolidated financial statements.*



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## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows**

For the years ended December 31, 2014 and 2013

| <i>(In millions of won)</i>                                | <b>Note</b> | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|-------------|
| <b>Cash flows from operating activities:</b>               |             |             |             |
| Profit for the year  |             | 917,404     | 418,973     |
| <b>Adjustments for:</b>                                    |             |             |             |
| Income tax expense   | 28          | 324,553     | 411,332     |
| Depreciation   | 11, 15      | 3,222,085   | 3,598,472   |
| Amortization of intangible assets                          | 12, 15      | 270,226     | 236,046     |
| Gain on foreign currency translation                       |             | (63,626)    | (76,111)    |
| Loss on foreign currency translation                       |             | 89,453      | 55,870      |
| Expenses related to defined benefit plans                  | 17, 26      | 196,756     | 159,453     |
| Gain on disposal of property, plant and equipment          |             | (8,989)     | (9,620)     |
| Loss on disposal of property, plant and equipment          |             | 2,173       | 1,639       |
| Impairment loss on property, plant and equipment           |             | 8,097       | 853         |
| Loss on disposal of intangible assets                      |             | 672         | 452         |
| Impairment loss on intangible assets                       |             | 492         | 1,661       |
| Reversal of impairment loss on intangible assets           |             |             | (296)       |
| Finance income   |             | (55,655)    | (52,862)    |
| Finance costs  |             | 148,129     | 163,183     |
| Equity in income of equity method accounted investees, net | 10          | (17,963)    | (23,665)    |
| Other income   |             | (14,508)    | (412)       |
| Other expenses   |             | 277,128     | 351,953     |
|  |             | 4,379,023   | 4,817,948   |
| Change in trade accounts and notes receivable              |             | (921,433)   | (251,752)   |
| Change in other accounts receivable                        |             | (14,195)    | 133,734     |
| Change in other current assets                             |             | (219,599)   | 89,456      |
| Change in inventories                                      |             | (823,497)   | 456,766     |
| Change in other non-current assets                         |             | (93,987)    | (120,054)   |
| Change in trade accounts and notes payable                 |             | 390,046     | (1,110,098) |
| Change in other accounts payable                           |             | (229,679)   | (289,441)   |
| Change in accrued expenses                                 |             | 245,373     | 68,162      |
| Change in other current liabilities                        |             | (18,242)    | (7,846)     |
| Change in other non-current liabilities                    |             | 18,248      | 9,808       |
| Change in provisions                                       |             | (187,021)   | (315,266)   |
| Change in defined benefit liabilities, net                 |             | (339,482)   | (19,627)    |
|  |             | (2,193,468) | (1,356,158) |
| Cash generated from operating activities                   |             | 3,102,959   | 3,880,763   |

|  |                  |                  |
|--|------------------|------------------|
| Income taxes paid                                | (110,720)        | (159,286)        |
| Interests received                               | 39,452           | 36,686           |
| Interests paid                                   | (167,170)        | (173,390)        |
| <b>Net cash provided by operating activities</b> | <b>2,864,521</b> | <b>3,584,773</b> |

*See accompanying notes to the consolidated financial statements.*

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows, Continued**

For the years ended December 31, 2014 and 2013

| <i>(In millions of won)</i>  | <b>Note</b> | <b>2014</b>        | <b>2013</b>        |
|--|-------------|--------------------|--------------------|
| <b>Cash flows from investing activities:</b>                           |             |                    |                    |
| Dividends received   |             | 1,340              | 14,582             |
| Proceeds from withdrawal of deposits in banks                          |             | 1,651,176          | 1,657,082          |
| Increase in deposits in banks  |             | (1,884,533)        | (2,644,204)        |
| Acquisition of investments in equity accounted investees               |             | (324)              | (18,744)           |
| Proceeds from disposal of investments in equity accounted investees    |             | 8,832              | 5,023              |
| Acquisition of property, plant and equipment                           |             | (2,982,549)        | (3,473,059)        |
| Proceeds from disposal of property, plant and equipment                |             | 39,647             | 39,838             |
| Acquisition of intangible assets                                       |             | (353,298)          | (184,754)          |
| Proceeds from disposal of intangible assets                            |             |                    | 1,902              |
| Government grants received   |             | 49,424             | 59,629             |
| Proceeds from collection of short-term loans                           |             | 8                  | 2                  |
| Proceeds from disposal of other financial assets                       |             | 82                 |                    |
| Acquisition of other non-current financial assets                      |             | (5,129)            | (5,410)            |
| Proceeds from disposal of other non-current financial assets           |             | 15,500             | 43,792             |
| Net cash inflow from disposal of subsidiaries, net of cash transferred |             | 8,545              |                    |
| <b>Net cash used in investing activities</b>                           |             | <b>(3,451,279)</b> | <b>(4,504,321)</b> |
| <b>Cash flows from financing activities:</b>                           |             |                    |                    |
| Proceeds from short-term borrowings                                    |             | 219,839            | 1,430,041          |
| Repayments of short-term borrowings                                    |             | (14,747)           | (1,444,717)        |
| Proceeds from issuance of debentures                                   |             | 597,563            | 587,603            |
| Proceeds from long-term debt   |             | 846,759            | 372,785            |
| Repayments of long-term debt   |             | (503,618)          | (301,229)          |
| Repayments of current portion of long-term debt and debentures         |             | (887,296)          | (1,195,340)        |
| Capital contribution from non-controlling interests                    |             | 146,159            | 159,873            |
| <b>Net cash provided by (used in) financing activities</b>             |             | <b>404,659</b>     | <b>(390,984)</b>   |
| <b>Net decrease in cash and cash equivalents</b>                       |             | <b>(182,099)</b>   | <b>(1,310,532)</b> |
| Cash and cash equivalents at January 1                                 |             | 1,021,870          | 2,338,661          |
| Effect of exchange rate fluctuations on cash held                      |             | 50,068             | (6,259)            |
| <b>Cash and cash equivalents at December 31</b>                        |             | <b>889,839</b>     | <b>1,021,870</b>   |

*See accompanying notes to the consolidated financial statements.*

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1. Reporting Entity

(a) Description of the Controlling Company

LG Display Co., Ltd. (the Controlling Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor Liquid Crystal Display ( TFT-LCD ) related business to the Controlling Company. The main business of the Controlling Company and its subsidiaries is to manufacture and sell TFT-LCD panels. The Controlling Company is a stock company ( Jusikhoesa ) domiciled in the Republic of Korea with its address at 128, Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. ( Philips ) entered into a joint venture agreement. Pursuant to the agreement, the Controlling Company changed its name to LG.Philips LCD Co., Ltd. However, in February 2008, the Controlling Company changed its name to LG Display Co., Ltd. considering the decrease of Philips' s share interest in the Controlling Company and the possibility of its business expansion to other display products including Organic Light Emitting Diode ( OLED ) and Flexible Display products. As of December 31, 2014, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company' s common stock.

As of December 31, 2014, the Controlling Company has TFT-LCD manufacturing plants, an OLED manufacturing plant and a Research & Development Center in Paju and TFT-LCD manufacturing plants in Gumi. The Controlling Company has overseas subsidiaries located in North America, Europe and Asia.

The Controlling Company' s common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2014, there are 357,815,700 shares of common stock outstanding. The Controlling Company' s common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares ( ADSs ) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2014, there are 22,485,216 ADSs outstanding.

**Table of Contents**1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of December 31, 2014*(In millions)*

| <b>Subsidiaries</b>                     | <b>Location</b>   | <b>Percentage of ownership</b> | <b>Fiscal year end</b> | <b>Date of incorporation</b> | <b>Business</b>                         | <b>Capital stocks</b> |
|---|-------------------|--------------------------------|------------------------|------------------------------|---|-----------------------|
| LG Display America, Inc. (*1)           | San Jose, U.S.A.  | 100%                           | December 31            | September 24, 1999           | Sell TFT-LCD products                   | USD 411               |
| LG Display Japan Co., Ltd.              | Tokyo, Japan      | 100%                           | December 31            | October 12, 1999             | Sell TFT-LCD Products                   | JPY 95                |
| LG Display Germany GmbH                 | Ratingen, Germany | 100%                           | December 31            | November 5, 1999             | Sell TFT-LCD products                   | EUR 1                 |
| LG Display Taiwan Co., Ltd.             | Taipei, Taiwan    | 100%                           | December 31            | April 12, 1999               | Sell TFT-LCD products                   | NTD 116               |
| LG Display Nanjing Co., Ltd. (*2)       | Nanjing, China    | 100%                           | December 31            | July 15, 2002                | Manufacture and sell TFT-LCD products   | CNY 2,937             |
| LG Display Shanghai Co., Ltd.           | Shanghai, China   | 100%                           | December 31            | January 16, 2003             | Sell TFT-LCD products                   | CNY 4                 |
| LG Display Poland Sp. z o.o. (*3)       | Wroclaw, Poland   | 100%                           | December 31            | September 6, 2005            | Manufacture and sell TFT-LCD products   | PLN 511               |
| LG Display Guangzhou Co., Ltd. (*4)     | Guangzhou, China  | 100%                           | December 31            | June 30, 2006                | Manufacture and sell TFT-LCD products   | CNY 1,655             |
| LG Display Shenzhen Co., Ltd.           | Shenzhen, China   | 100%                           | December 31            | August 28, 2007              | Sell TFT-LCD products                   | CNY 4                 |
| LG Display Singapore Pte. Ltd.          | Singapore         | 100%                           | December 31            | January 12, 2009             | Sell TFT-LCD products                   | SGD 1.4               |
| L&T Display Technology (Xiamen) Limited | Xiamen, China     | 51%                            | December 31            | January 5, 2010              | Manufacture LCD module and TV sets      | CNY 82                |
| L&T Display Technology (Fujian) Limited | Fujian, China     | 51%                            | December 31            | January 5, 2010              | Manufacture LCD module and monitor sets | CNY 116               |
| LG Display Yantai Co., Ltd. (*5)        | Yantai, China     | 100%                           | December 31            | April 19, 2010               | Manufacture and sell TFT-LCD products   | CNY 956               |

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1. Reporting Entity, Continued

(b) Consolidated Subsidiaries as of December 31, 2014, Continued

*(In millions)*