

1Q 2018 Earnings Results

April 26, 2018

SAMSUNG
ELECTRO-MECHANICS



Earnings Overview

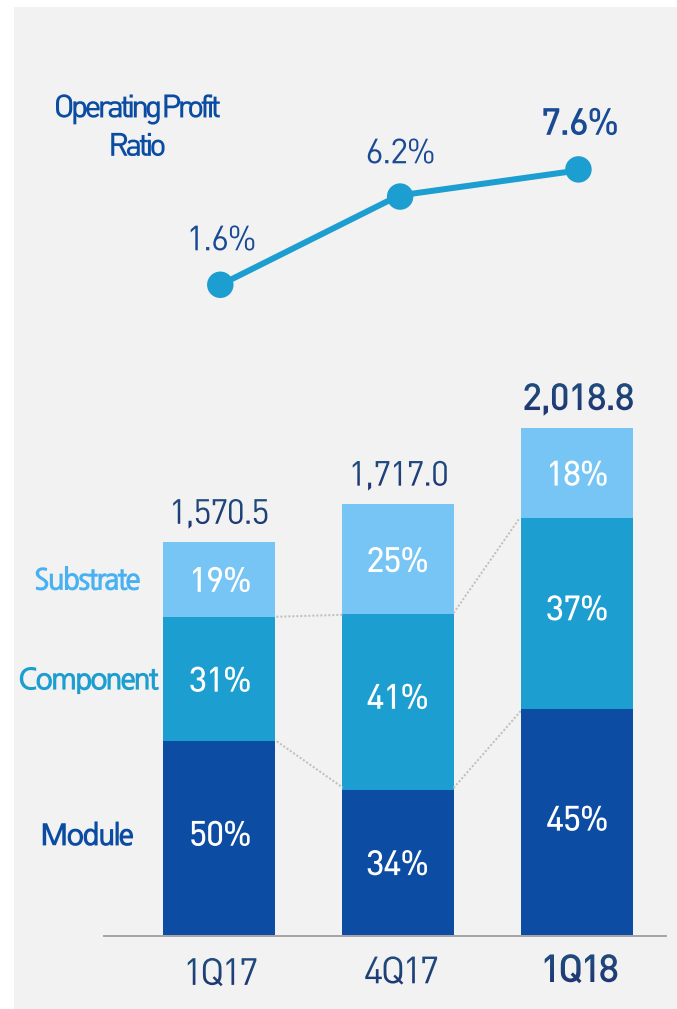
Income Statement

(Unit : KRW Billion)

	1Q18	4Q17	QoQ	1Q17	YoY
Sales	2,018.8	1,717.0	18%↑	1,570.5	29%↑
Module	899.8	580.8	55%↑	773.0	16%↑
Component	753.0	696.7	8%↑	490.4	54%↑
Substrate	357.1	434.5	18%↓	292.5	22%↑
Operating Profit (%)	154.0 (7.6%)	106.8 (6.2%)	44%↑ (1.4%p↑)	25.5 (1.6%)	503%↑ (6.0%p↑)
Pre-tax Profit (%)	152.3 (7.5%)	79.5 (4.6%)	91%↑ (2.9%p↑)	11.5 (0.7%)	1,224%↑ (6.8%p↑)
Net Income (%)	111.2 (5.5%)	54.3 (3.2%)	105%↑ (2.3%p↑)	2.2 (0.1%)	4,979%↑ (5.4%p↑)

Earnings Trend

(Unit : KRW Billion)



Financial Position

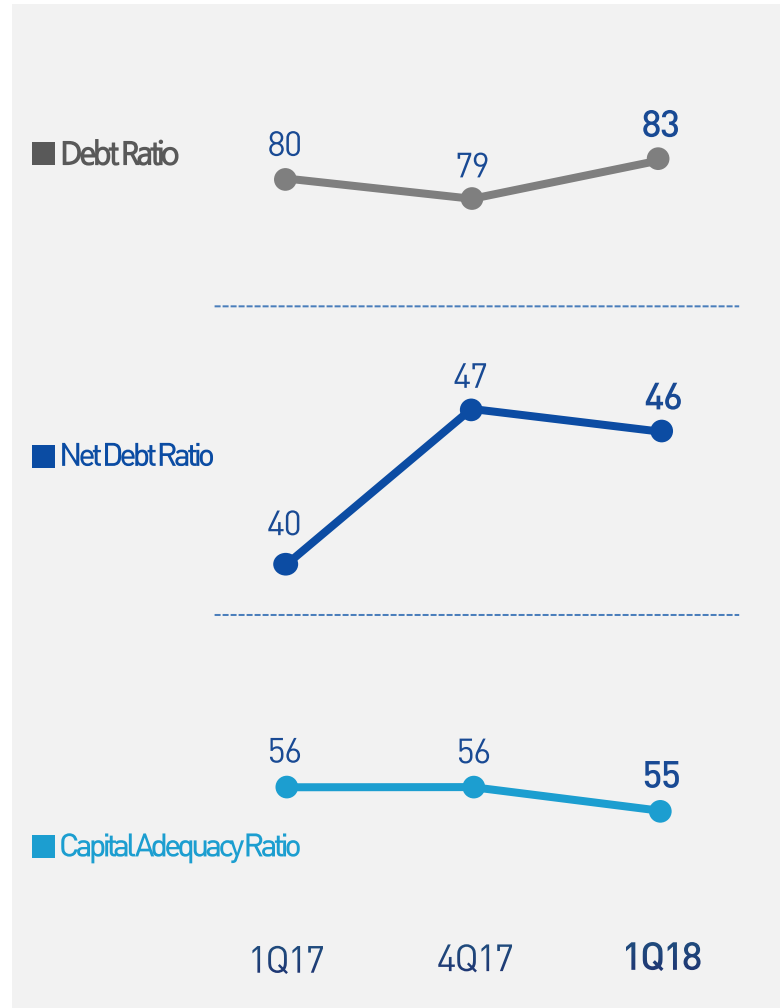
Financial Status

(Unit : KRW Billion)

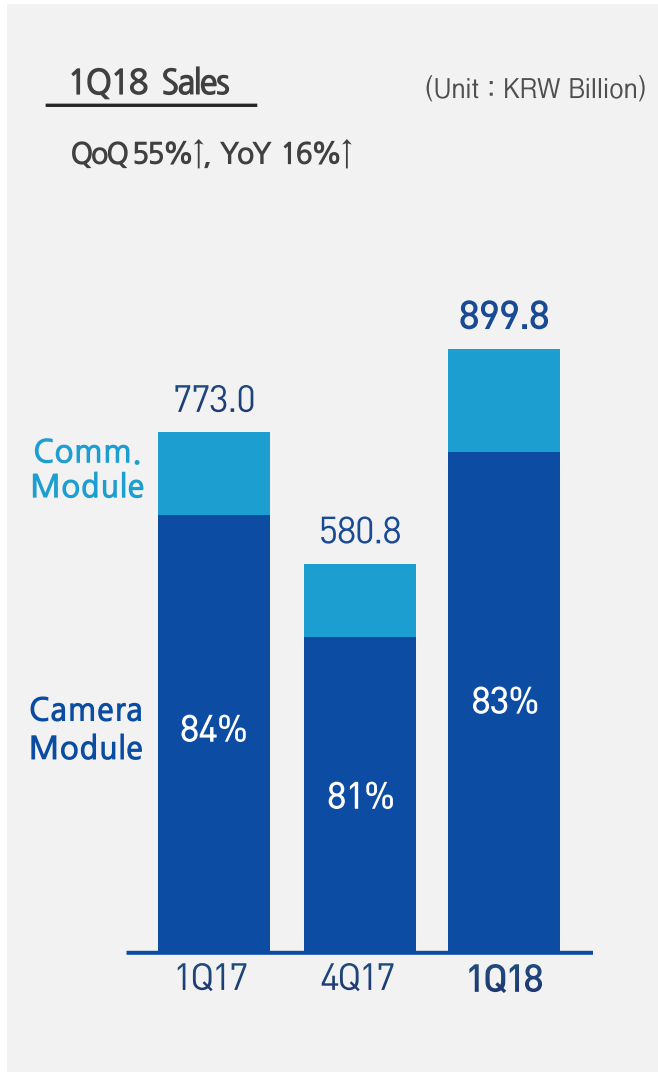
	1Q18	4Q17	QoQ	1Q17
Assets	8,224.8	7,767.4	6%↑	7,671.2
Current	2,789.2	2,478.8	13%↑	2,723.5
Cash equivalents	611.9	524.6	17%↑	786.2
Inventory	924.9	918.9	1%↑	827.9
Non-Current	5,435.6	5,288.6	3%↑	4,947.7
Tangible	4,251.7	4,154.7	2%↑	3,809.6
Liabilities	3,733.1	3,435.9	9%↑	3,410.4
Debts	2,689.1	2,568.9	5%↑	2,506.1
(Net Debts)	(2,077.2)	(2,044.3)	(2%↑)	(1,719.9)
Equity	4,491.7	4,331.5	4%↑	4,260.8

Financial Ratios

(Unit : %)



1. Module Solution



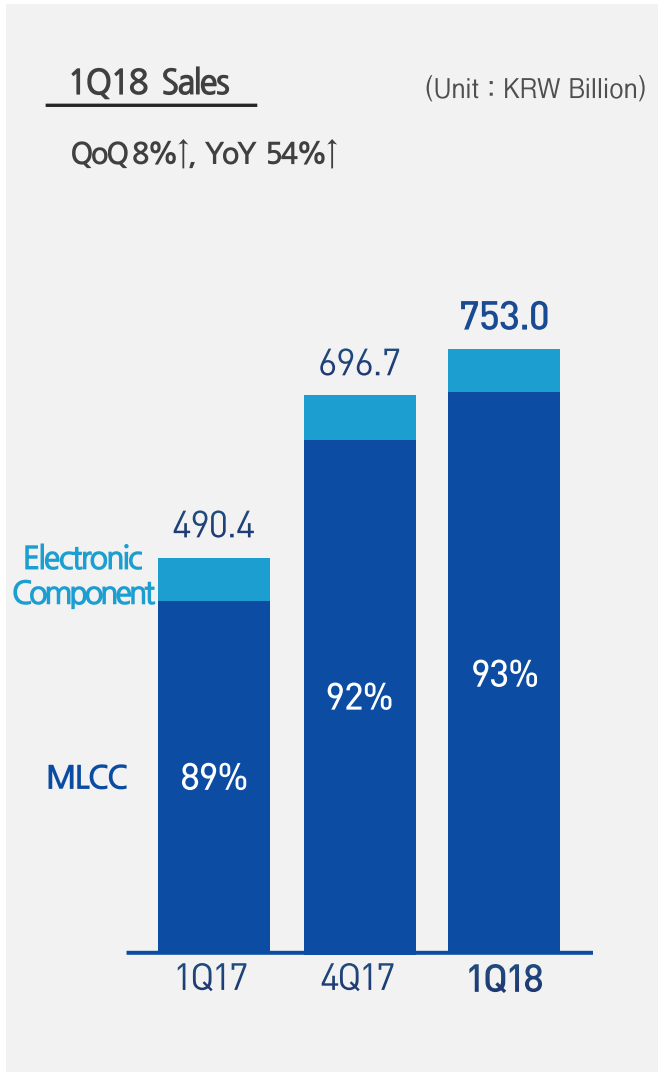
Q1 18 Results

- **Revenue growth to strategic customer's new flagship model**
 - Increased supply of high-spec camera modules (variable aperture, F#1.5 lens)
- **Strengthen new revenue base in automotive camera**
 - Diversification with supply to new customers

Q2 Outlook and Strategy

- **Decreased camera module supply due to seasonality**
 - Increase supply of new OIS - dual camera module to China
- **Growth in automotive camera market driven by autonomous driving and ADAS, etc.**
 - Secure differentiated solutions by leveraging core technologies of IT applications

2. Component Solution



Q1 18 Results

■ Revenue growth for mobile H/E, industrial /automotive

- Sales of IT high-end MLCC increases
 - Small-size/high-capacitance MLCC sales increasing
- Industrial/automotive high-reliability MLCC supply remains strong
 - For Network base stations, automotive Tier-1 sales increasing

Q2 Outlook and Strategy

■ Demand remains strong for mobile and automotive

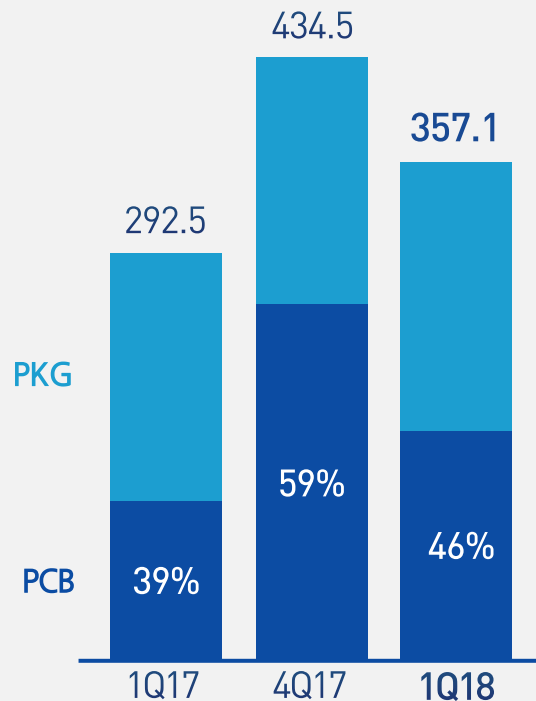
- Adoption of high-end components increasing with enhanced end-device performance
 - Increase sales of ultra-small, high capacitance products
- Electronic content in automobiles increasing
 - Expand line-up of automotive MLCC meeting stricter quality and reliability requirements

3. Substrate Solution

1Q18 Sales

(Unit : KRW Billion)

QoQ 18%↓, YoY 22%↑



Q1 18 Results

- Sales decreased on weak demand of RFPCB for displays
 - OLED RFPCB supply decreased on weak smartphone demand
- Mobile AP substrates sales increasing
 - Sales of high-end FCCSP increasing with launch of new model

Q2 Outlook and Strategy

- Decreased demand from overseas customer to continue
 - Sales of RFPCB for existing OLED model to remain weak
 - Prepare to expand market share for new model in 2nd half with stronger development and quality competitiveness
- Demand for package substrates for new applications expected to increase
 - Expand presence in new markets such as automotive, network and block chain, etc.

A1. Income Statement

(Unit : KRW Billion)	1Q18	4Q17	QoQ	1Q17	YoY
Sales	2,018.8	1,717.0	18% ↑	1,570.5	29% ↑
Cost of Sales	1,546.7	1,285.8	20% ↑	1,304.3	19% ↑
Gross Profit (%)	472.1 (23.4%)	431.2 (25.1%)	9% ↑ (1.7%p ↓)	266.2 (17.0%)	77% ↑ (6.4%p ↑)
SG&A	318.1	324.4	2% ↓	240.7	32% ↑
Operating Profit (%)	154.0 (7.6%)	106.8 (6.2%)	44% ↑ (1.4%p ↑)	25.5 (1.6%)	503% ↑ (6.0%p ↑)
Non-operating Loss	1.7	27.3	94% ↓	14.0	88% ↓
Pre-tax Profit (%)	152.3 (7.5%)	79.5 (4.6%)	91% ↑ (2.9%p ↑)	11.5 (0.7%)	1,224% ↑ (6.8%p ↑)
Income Tax	36.5	19.1	91% ↑	7.1	414% ↑
Non-controlling interests Profit	4.6	6.1	25% ↓	2.2	109% ↑
Net Income (%)	111.2 (5.5%)	54.3 (3.2%)	105% ↑ (2.3%p ↑)	2.2 (0.1%)	4,979% ↑ (5.4%p ↑)

A2. Financial Status

(Unit : KRW Billion)	1Q18	4Q17	QoQ	1Q17	YoY
Assets	8,224.8	7,767.4	6%↑	7,671.2	7%↑
Current	2,789.2	2,478.8	13%↑	2,723.5	2%↑
Quick	1,864.3	1,559.9	20%↑	1,895.6	2%↓
Cash equivalents	611.9	524.6	17%↑	786.2	22%↓
Inventory	924.9	918.9	1%↑	827.9	12%↑
Non-Current	5,435.6	5,288.6	3%↑	4,947.7	10%↑
Investment	878.7	781.0	13%↑	822.5	7%↑
Tangible	4,251.7	4,154.7	2%↑	3,809.6	12%↑
Liabilities	3,733.1	3,435.9	9%↑	3,410.4	9%↑
Debts	2,689.1	2,568.9	5%↑	2,506.1	7%↑
(Net Debts)	(2,077.2)	(2,044.3)	(2%↑)	(1,719.9)	(21%↑)
Equity	4,491.7	4,331.5	4%↑	4,260.8	5%↑
Current Ratio	101%	101%	-	118%	17%p↓
Debt Ratio	83%	79%	4%p↑	80%	3%p↑
Net Debt Ratio	46%	47%	1%p↓	40%	6%p↑
Capital Adequacy Ratio	55%	56%	1%p↓	56%	1%p↓

A3. Cash Flow

(Unit : KRW Billion)	1Q18	4Q17	1Q17
Cash at the beginning of period	444.6	639.8	795.8
Cash flows from operating activities	213.0	295.6	-2.1
Net Income	115.8	60.5	42.2
Depreciation	159.2	161.3	144.8
Cash flows used in investing activities	-281.8	-296.1	-436.9
Increase in tangible assets	-282.9	-312.7	-430.4
Cash flows from financing activities	99.9	-178.2	141.7
Increase/Decrease in debt	120.2	-158.3	158.0
Foreign exchange difference	56.2	-16.5	7.7
Net changes in cash	87.3	-195.2	-289.6
Cash at the end of period	531.9	444.6	506.2