

2016 3Q Earnings Results

October 27, 2016

SAMSUNG
ELECTRO-MECHANICS



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The financial information in this document is consolidated earnings results based on K-IFRS.

| Sales |

Decreased 149.1bn QoQ (9.2% ↓) and 142.2bn YoY

- Sales declined on weak demand for strategic customer's flagship models and FX impact

| Operating Profit |

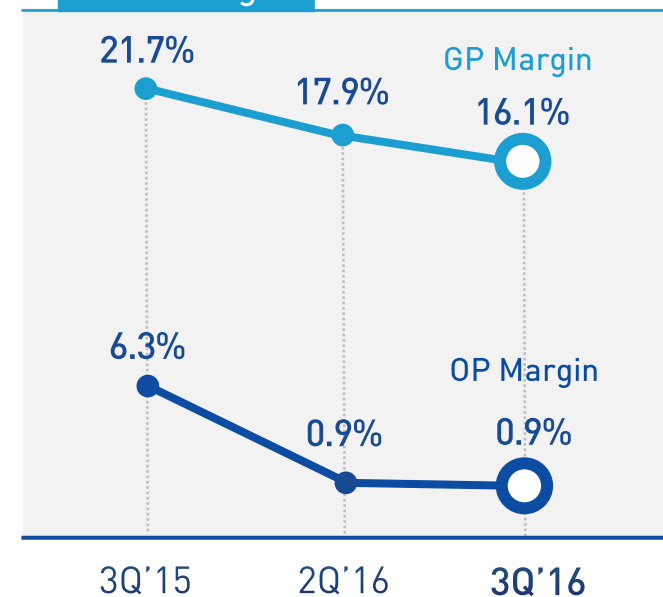
Decreased 2.4bn QoQ (15.8% ↓) and 88.7bn YoY

Income Statement

(Billion KRW)					
	3Q'15	2Q'16	3Q'16	QoQ	YoY
Sales	1,609.5	1,616.4	1,467.3	149.1↓	142.2↓
Operating Profit	101.5	15.2	12.8	2.4↓	88.7↓
Pre-tax Profit	107.1	40.8	5.1	35.7↓	102.0↓
Net Income	△9.1	16.5	2.2	14.3↓	11.3↑

※ Net income attributable to owners of the parent

Profit Margin



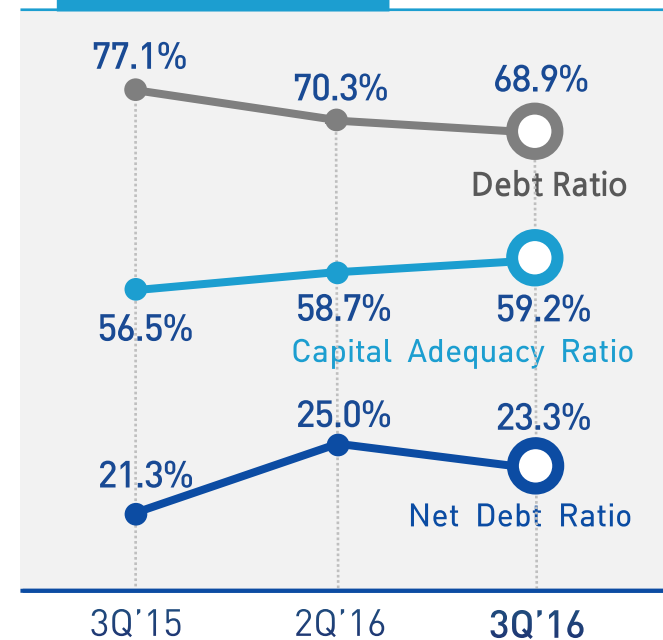
- ◆ Total Assets amounted to 7,325.6bn (QoQ 23.9bn ↑)
Total Liabilities posted at 2,988.6bn (QoQ 24.8bn ↓)
- ◆ Debt Ratio 68.9% and Capital Adequacy Ratio 59.2%,
Maintaining a healthy financial structure

Financial Analysis

	(Billion KRW)				
	3Q'15	2Q'16	3Q'16	QoQ	YoY
Total Assets	7,803.3	7,301.7	7,325.6	23.9↑	477.7↓
Current Assets	3,268.8	2,913.7	2,822.5	91.2↓	446.3↓
(Cash)	(1,241.8)	(1,119.9)	(1,161.7)	(41.8↑)	(80.1↓)
Total Liabilities	3,398.2	3,013.4	2,988.6	24.8↓	409.6↓
Debts	2,179.1	2,190.2	2,172.9	17.3↓	6.2↓
(Net Debts)	(937.3)	(1,070.3)	(1,011.2)	(59.1↓)	(73.9↑)
Total Shareholders' Equity	4,405.1	4,288.3	4,337.0	48.7↑	68.1↓

※ Cash = Cash + Deposit, Net Debts = Debts - Cash

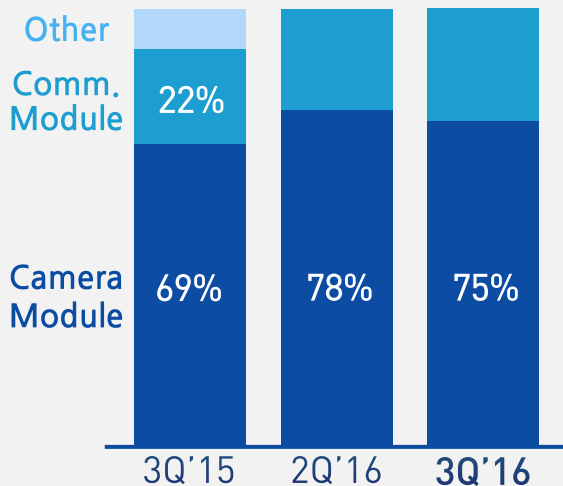
Financial Ratios



Quarterly Performance (Billion KRW)



Sales Portion



Camera Module

◆ 3Q'16 Results

- Sales decreased for strategic customer's flagship models
- Started shipment of dual camera to Chinese major customer

◆ Outlook and Strategy

- Diversify customer base with differentiated dual camera
- Increase supply to Chinese customers' flagship models

Communication Module

◆ 3Q'16 Results

- WiFi sales declined on weak demand for flagship models to strategic customer

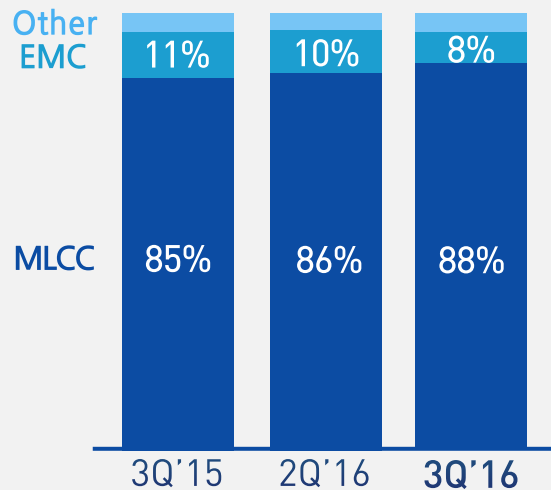
◆ Outlook and Strategy

- Increase WiFi sales for strategic customer's flagship models
- Expand WPT applications with high speed charging and magnetic resonance technologies

Quarterly Performance (Billion KRW)



Sales Portion



MLCC

◆ 3Q'16 Results

- Sales decreased on weak demand for strategic customer
- Increased sales of MLCC for Chinese mobile customers

◆ Outlook and Strategy

- Expand Industrial/Auto sales with high-reliability MLCC
- Strengthen competitiveness using new efficient overseas facility

EMC

◆ 3Q'16 Results

- Thin Film PI sales declined on strategic customer's flagship models

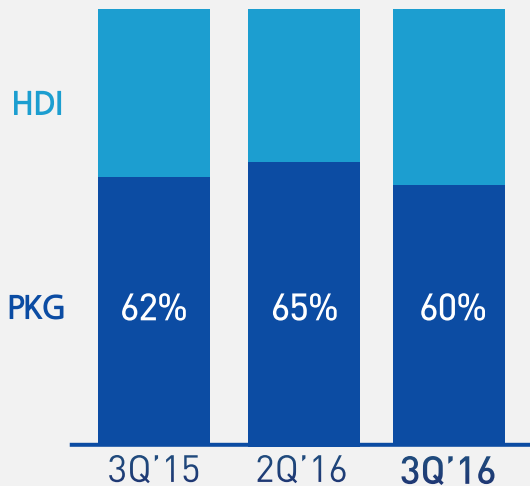
◆ Outlook and Strategy

- Increase sales of small-sized, high efficiency power inductor
- Expand product line-ups to high frequency inductor, beads, etc.

Quarterly Performance (Billion KRW)



Sales Portion



PKG

◆ 3Q'16 Results

- FCCSP sales declined on overseas customer's weak demand
- FCBGA sales increased on solid demand of thin-core substrate

◆ Outlook and Strategy

- Increase M/S in substrate for AP with low cost solutions
- Expand supply of thin-core substrate and timely approvals for next generation CPUs

HDI

◆ 3Q'16 Results

- Mainboard Sales decreased to strategic customer
- Sales increased of high-valued FPCB for overseas customer

◆ Outlook and Strategy

- Increase sales on cost competitiveness with higher manufacturing portion at overseas site

A1. Income Statement

(Billion KRW)

	3Q'15	2Q'16	3Q'16	QoQ	YoY
Sales	1,609.5	1,616.4	1,467.3	149.1↓	142.2↓
Cost of Sales	1,260.0	1,327.8	1,231.0	96.8↓	29.0↓
Gross Profit (%)	349.5 (21.7%)	288.6 (17.9%)	236.3 (16.1%)	52.3↓ (1.8%p↓)	113.2↓ (5.6%p↓)
SG&A	248.0	273.4	223.5	49.9↓	24.5↓
Operating Profit (%)	101.5 (6.3%)	15.2 (0.9%)	12.8 (0.9%)	2.4↓ (0.1%p↓)	88.7↓ (5.4%p↓)
Non-operating Loss	△5.6	△25.6	7.7	33.3↑	13.3↑
Pre-tax Profit (%)	107.1 (6.7%)	40.8 (2.5%)	5.1 (0.3%)	35.7↓ (2.2%p↓)	102.0↓ (6.3%p↓)
Income Tax	21.1	21.4	1.2	20.2↓	19.9↓
Profit from Discontinued Operations	△93.2	-	-	-	93.2↑
Non-controlling interests Profit	1.9	2.9	1.7	1.2↓	0.2↓
Net Income (%)	△9.1 (△0.6%)	16.5 (1.0%)	2.2 (0.1%)	14.3↓ (0.9%p↓)	11.3↑ (0.7%p↑)
EBITDA margin	15.9%	12.9%	11.2%	1.7%p↓	4.7%p↓
R O E	9.5%	3.8%	0.5%	3.3%p↓	9.0%p↓

A2. Statement of Financial Position

(Billion KRW)

	3Q'15	2Q'16	3Q'16	QoQ	YoY
Total Assets	7,803.3	7,301.7	7,325.6	23.9↑	477.7↓
Current Assets	3,268.8	2,913.7	2,822.5	91.2↓	446.3↓
Quick Assets	2,533.9	2,216.0	2,139.3	76.7↓	394.6↓
Cash	1,241.8	1,119.9	1,161.7	41.8↑	80.1↓
Inventory Assets	708.9	697.7	683.2	14.5↓	25.7↓
Assets classified as held for sale	25.9	-	-	-	25.9↓
Non-Current Assets	4,534.5	4,388.0	4,503.1	115.1↑	31.4↓
Investments	881.5	739.2	877.4	138.2↑	4.1↓
Tangible Assets	3,301.8	3,301.9	3,324.6	22.7↑	22.8↑
Others	351.2	346.9	301.1	45.8↓	50.1↓
Total Liabilities	3,398.2	3,013.4	2,988.6	24.8↓	409.6↓
Current Liabilities	1,806.5	1,821.8	1,791.7	30.1↓	14.8↓
Non-Current Liabilities	1,591.7	1,191.6	1,196.9	5.3↑	394.8↓
Total Equity	4,405.1	4,288.3	4,337.0	48.7↑	68.1↓
Current Ratio	180.9%	159.9%	157.5%	2.4%p↓	23.4%p↓
Capital Adequacy Ratio	56.5%	58.7%	59.2%	0.5%p↑	2.7%p↑
Debt Ratio	77.1%	70.3%	68.9%	1.4%p↓	8.2%p↓
Net Debt Ratio	21.3%	25.0%	23.3%	1.6%p↓	2.0%p↑

A3. Cash Flow

		(Billion KRW)				
		3Q'15	2Q'16	3Q'16	QoQ	YoY
Cash and Cash Equivalent, Beginning of the Period		1,282.4	1,100.5	1,120.0	19.5↑	162.4↓
Cash Flow from Operating		109.1	143.5	309.4	165.9↑	200.3↑
Cash Flow from Investing		363.5	232.1	250.4	18.3↑	113.1↓
	CAPEX	347.6	229.7	240.0	10.3↑	107.6↓
	Others	15.9	2.4	10.4	8.0↑	5.5↓
Free Cash Flow		△254.4	△88.6	59.0	147.6↑	313.4↑
Cash Flow from Financing		263.8	108.1	△17.3	125.4↓	281.1↓
Cash and Cash Equivalent, End of the Period		1,291.8	1,120.0	1,161.7	41.7↑	130.1↓