

2016 2Q Earnings Results

July 22, 2016

SAMSUNG
ELECTRO-MECHANICS



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

| Sales |

Increased 12.1bn QoQ (0.8% ↑) and 14.3bn YoY

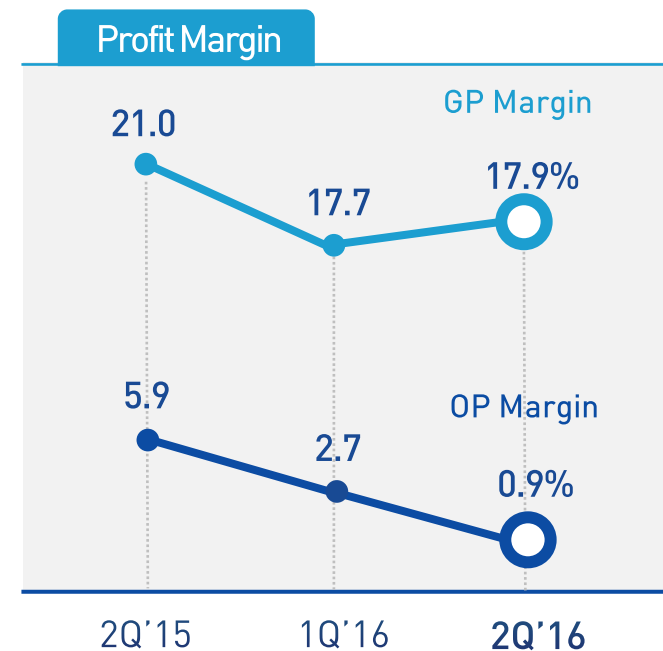
- Sales for strategic customer's flagship model increased and high resolution camera module sales for Chinese customers increased

| Operating Profit |

Decreased 27.7bn QoQ (64.6% ↓) and 78.9bn YoY

Income Statement					
	(Billion KRW)				
	2Q'15	1Q'16	2Q'16	QoQ	YoY
Sales	1,602.1	1,604.3	1,616.4	12.1 ↑	14.3 ↑
Operating Profit	94.1	42.9	15.2	27.7 ↓	78.9 ↓
Pre-tax Profit	190.5	45.2	40.8	4.4 ↓	149.7 ↓
Net Income	0.2	31.3	16.5	14.8 ↓	16.3 ↑

※ Net income attributable to owners of the parent

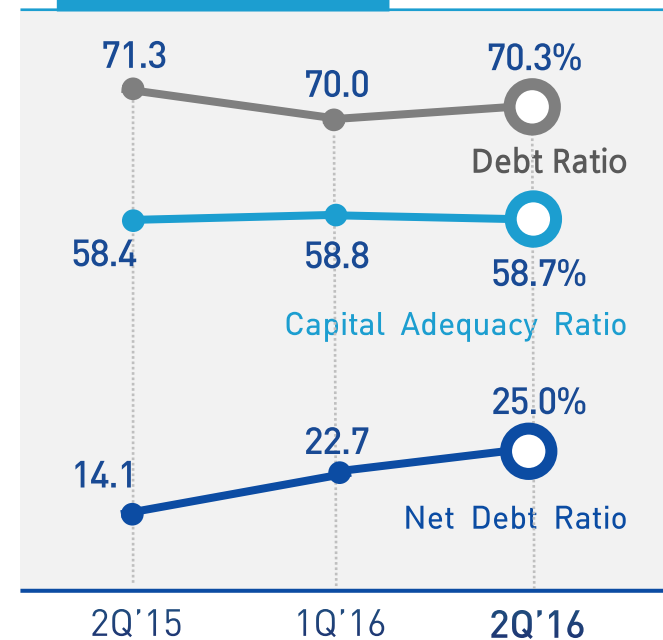


- ◆ Total Assets amounted to 7,301.7bn (QoQ 52.2bn ↓)
Total Liabilities posted at 3,013.4bn (QoQ 14.9bn ↓)
- ◆ Debt Ratio 70.3% and Capital Adequacy Ratio 58.7%,
Maintaining a healthy financial structure

Financial Analysis

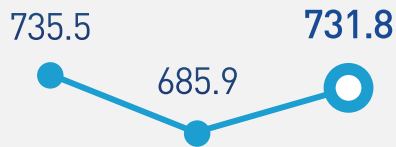
	(Billion KRW)				
	2Q'15	1Q'16	2Q'16	QoQ	YoY
Total Assets	7,690.9	7,353.9	7,301.7	52.2 ↓	389.2 ↓
Current Assets	3,225.9	2,847.1	2,913.7	66.6 ↑	312.2 ↓
(Cash)	(1,282.4)	(1,100.5)	(1,119.9)	(19.4 ↑)	(162.5 ↓)
Total Liabilities	3,201.2	3,028.3	3,013.4	14.9 ↓	187.8 ↓
Debts	1,915.3	2,082.1	2,190.2	108.1 ↑	274.9 ↑
(Net Debts)	(632.9)	(981.6)	(1,070.3)	(88.7 ↑)	(437.4 ↑)
Total Shareholders' Equity	4,489.7	4,325.6	4,288.3	37.3 ↓	201.4 ↓

Financial Ratios

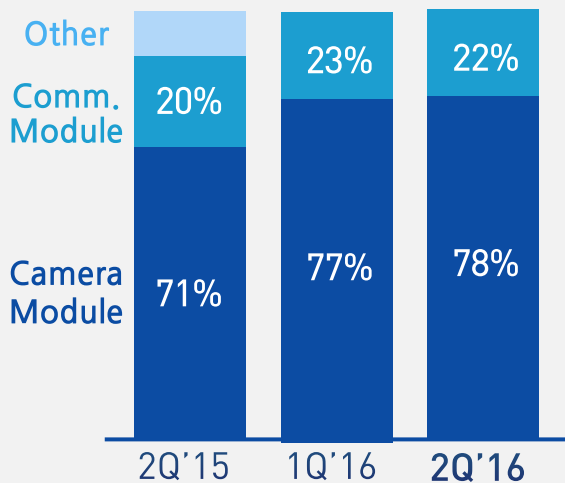


※ Cash = Cash + Deposit, Net Debts = Debts - Cash

Quarterly Performance (Billion KRW)



Sales Portion



Camera Module

◆ 2Q'16 Results

- China sales growth on supply for high resolution modules
- Sales increased for strategic customer flagship models

◆ Outlook and Strategy

- Increase sales to Chinese Tier-1 customers
- Expand differentiated product (Dual camera, etc.)

Communication Module

◆ 2Q'16 Results

- WiFi sales growth on demand from new flagship model

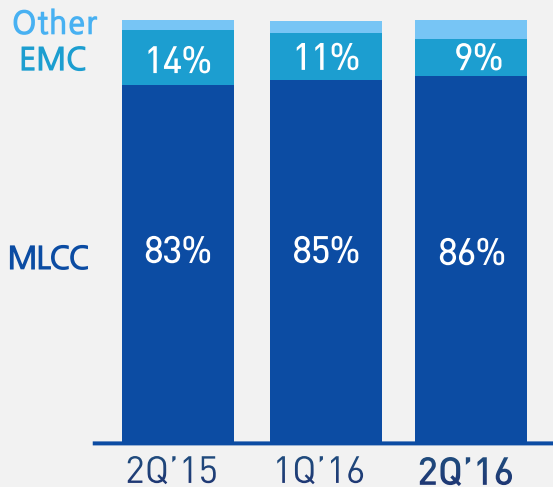
◆ Outlook and Strategy

- Secure advanced technology with resonance type WPT
- Diversify WiFi customer base with technology differentiation

Quarterly Performance (Billion KRW)



Sales Portion



MLCC

◆ 2Q'16 Results

- Sales declined on overseas customer's inventory correction
- Expanded sales portion of MLCC for Industrial/Automotive use

◆ Outlook and Strategy

- Expand sales for overseas customer's new flagship models
- Strengthen competitiveness using efficient facilities in Philippine

EMC

◆ 2Q'16 Results

- Thin Film PI sales declined on strategic customer's legacy model inventory adjustment

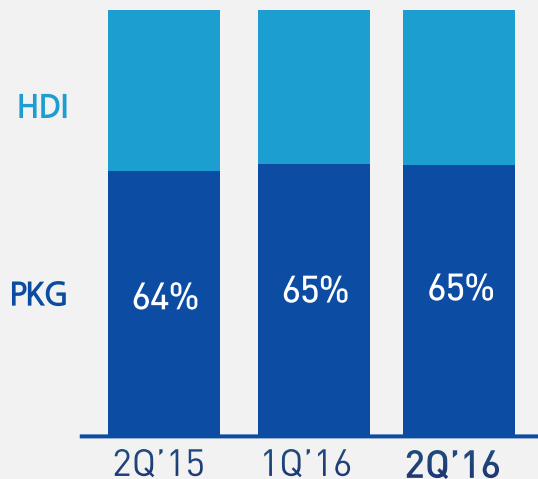
◆ Outlook and Strategy

- Increase sales of small-sized, highly efficient power inductor
- Expand product line-ups into high frequency inductor and CMF

Quarterly Performance (Billion KRW)



Sales Portion



PKG

- ◆ **2Q'16 Results**
 - BGA sales for memory and overseas customer's AP increased due to M/S expansion
 - FCBGA sales decreased on weak PC demand
- ◆ **Outlook and Strategy**
 - Increase M/S of slim BGA substrate for mobile memory market
 - Expand sales portion of high-end for next CPU generation

HDI

- ◆ **2Q'16 Results**
 - Mainboard sales increased on mid/low-end demand growth
 - FPCB sales decreased on weak tablet PC demand
- ◆ **Outlook and Strategy**
 - Expand overseas production portion for cost competitiveness
 - Strengthen design-in activities with differentiated technology

A1. Income Statement

	(Billion KRW)				
	2Q'15	1Q'16	2Q'16	QoQ	YoY
Sales	1,602.1	1,604.3	1,616.4	12.1 ↑	14.3 ↑
Cost of Sales	1,266.0	1,319.6	1,327.8	8.2 ↑	61.8 ↑
Gross Profit	336.1	284.7	288.6	3.9 ↑	47.5 ↓
(%)	(21.0%)	(17.7%)	(17.9%)	(0.2%p ↑)	(3.1%p ↓)
SG&A	242.0	241.8	273.4	31.6 ↑	31.4 ↑
Operating Profit	94.1	42.9	15.2	27.7 ↓	78.9 ↓
(%)	(5.9%)	(2.7%)	(0.9%)	(1.8%p ↓)	(5.0%p ↓)
Non-operating Loss	△96.4	△2.3	△25.6	23.3 ↓	70.8 ↑
Pre-tax Profit	190.5	45.2	40.8	4.4 ↓	149.7 ↓
(%)	(11.9%)	(2.8%)	(2.5%)	(0.3%p ↓)	(9.4%p ↓)
Income Tax	32.6	8.6	21.4	12.8 ↑	11.2 ↓
Profit from Discontinued Operations	△154.2	-	-	-	154.2 ↑
Non-controlling interests Profit	3.5	5.3	2.9	2.4 ↓	0.6 ↓
Net Income	0.2	31.3	16.5	14.8 ↓	16.3 ↑
(%)	(0.0%)	(2.0%)	(1.0%)	(1.0%p ↓)	(1.0%p ↑)
EBITDA margin	21.1%	13.3%	12.9%	0.4%p ↓	8.2%p ↓
R O E	16.7%	4.2%	3.8%	0.4%p ↓	12.9%p ↓

A2. Statement of Financial Position

(Billion KRW)

	2Q'15	1Q'16	2Q'16	QoQ	YoY
Total Assets	7,690.9	7,353.9	7,301.7	52.2↓	389.2↓
Current Assets	3,225.9	2,847.1	2,913.7	66.6↑	312.2↓
Quick Assets	2,408.0	2,136.7	2,216.0	79.3↑	192.0↓
Cash	1,282.4	1,100.5	1,119.9	19.4↑	162.5↓
Inventory Assets	790.1	710.4	697.7	12.7↓	92.4↓
Assets classified as held for sale	27.8	-	-	-	27.8↓
Non-Current Assets	4,465.0	4,506.8	4,388.0	118.8↓	77.0↓
Investments	1,063.5	855.4	739.2	116.2↓	324.3↓
Tangible Assets	3,109.1	3,256.6	3,301.9	45.3↑	192.8↑
Others	292.4	394.8	346.9	47.9↓	54.5↑
Total Liabilities	3,201.2	3,028.3	3,013.4	14.9↓	187.8↓
Current Liabilities	1,746.7	1,835.0	1,821.8	13.2↓	75.1↑
Non-Current Liabilities	1,454.5	1,193.3	1,191.6	1.7↓	262.9↓
Total Equity	4,489.7	4,325.6	4,288.3	37.3↓	201.4↓
Current Ratio	184.7%	155.2%	159.9%	4.7%p↑	24.8%p↓
Capital Adequacy Ratio	58.4%	58.8%	58.7%	0.1%p↓	0.3%p↑
Debt Ratio	71.3%	70.0%	70.3%	0.3%p↑	1.0%p↓
Net Debt Ratio	14.1%	22.7%	25.0%	2.3%p↑	10.9%p↑

A3. Cash Flow

(Billion KRW)					
	2Q'15	1Q'16	2Q'16	QoQ	YoY
Cash and Cash Equivalent, Beginning of the Period	1,165.2	1,085.3	1,100.5	15.2↑	64.7↓
Cash Flow from Operating	253.6	145.0	143.5	1.5↓	110.1↓
Cash Flow from Investing	346.8	170.3	232.1	61.8↑	114.7↓
CAPEX	217.6	169.4	229.7	60.3↑	12.1↑
Others	129.2	0.9	2.4	1.5↑	126.8↓
Free Cash Flow	△93.2	△25.3	△88.6	63.3↓	4.6↑
Cash Flow from Financing	210.4	40.5	108.1	67.6↑	102.3↓
Cash and Cash Equivalent, End of the Period	1,282.4	1,100.5	1,120.0	19.5↑	162.4↓