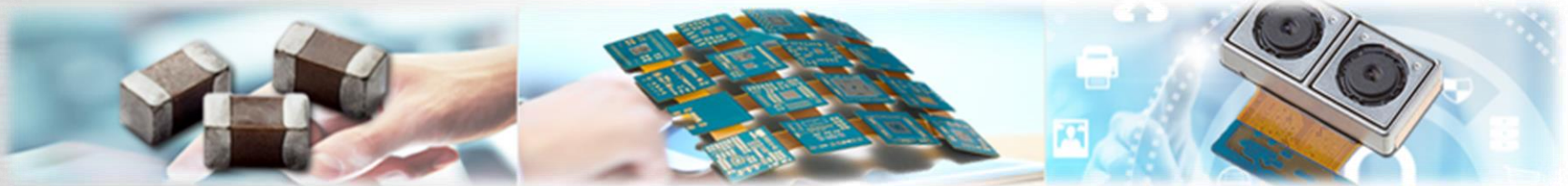


# 2Q 2018 Earnings Results

July 25, 2018



# Earnings Overview

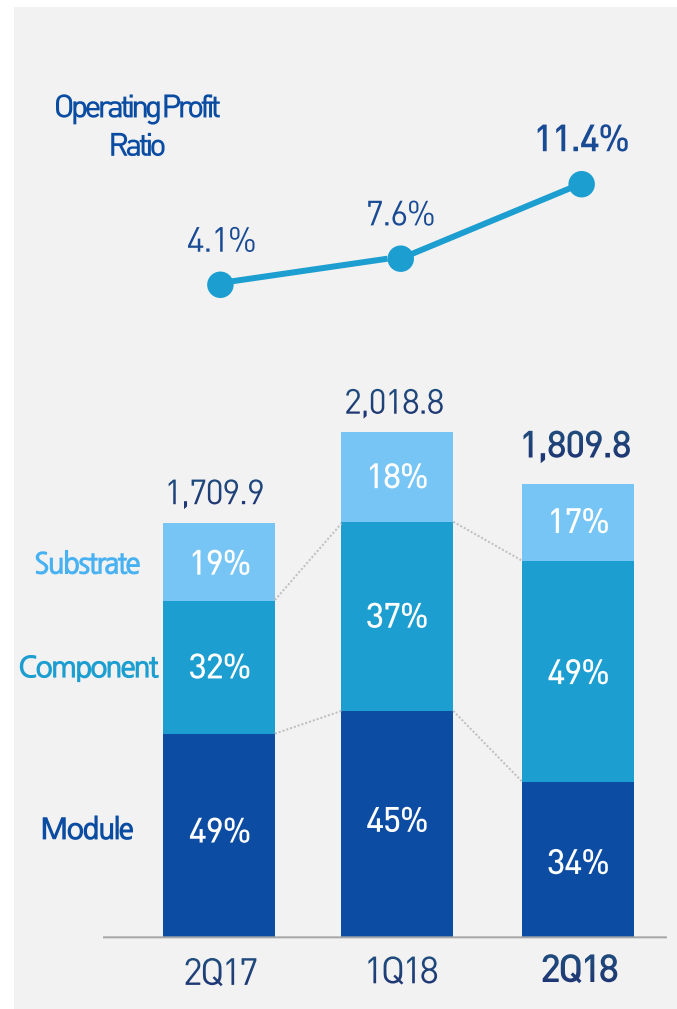
## Income Statement

(Unit : KRW Billion)

	2Q18	1Q18	QoQ	2Q17	YoY
Sales	1,809.8	2,018.8	10%↓	1,709.9	6%↑
Module	611.9	899.8	32%↓	835.5	27%↓
Component	868.6	753.0	15%↑	542.4	60%↑
Substrate	299.5	357.1	16%↓	319.5	6%↓
Operating Profit (%)	206.8 (11.4%)	154.0 (7.6%)	34%↑ (3.8%p↑)	70.7 (4.1%)	193%↑ (7.3%p↑)
Pre-tax Profit (%)	181.7 (10.0%)	152.3 (7.5%)	19%↑ (2.5%p↑)	64.0 (3.7%)	184%↑ (6.3%p↑)
Net Income (%)	122.0 (6.7%)	111.2 (5.5%)	10%↑ (1.2%p↑)	33.3 (1.9%)	266%↑ (4.8%p↑)

## Earnings Trend

(Unit : KRW Billion)



# Financial Position

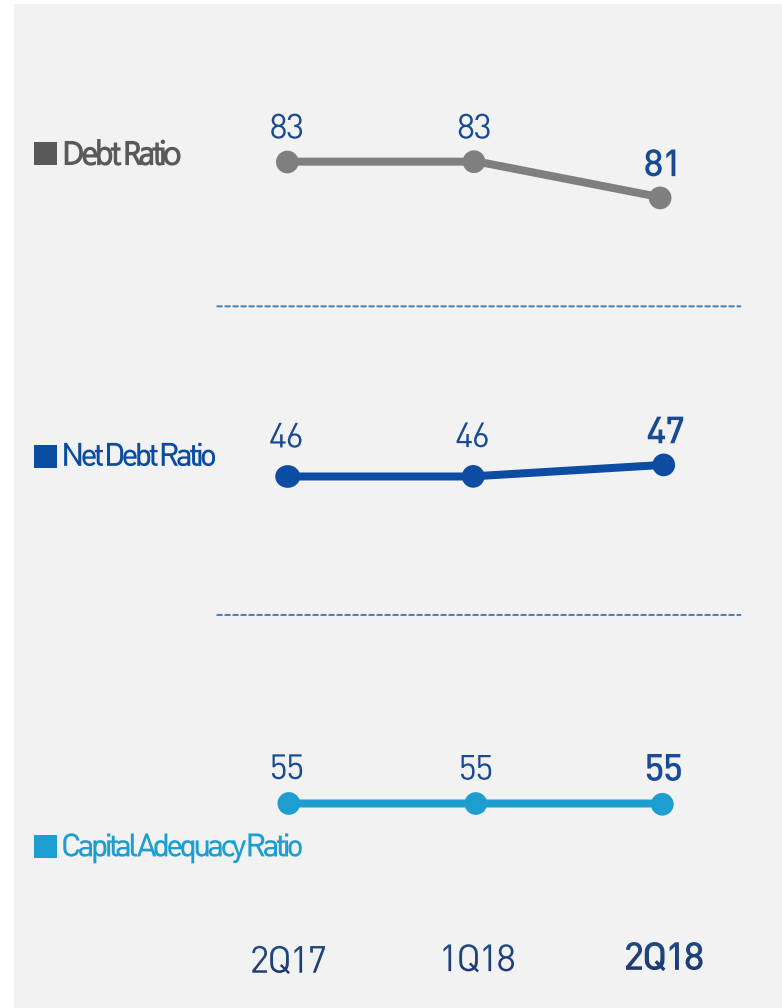
## Financial Status

(Unit : KRW Billion)

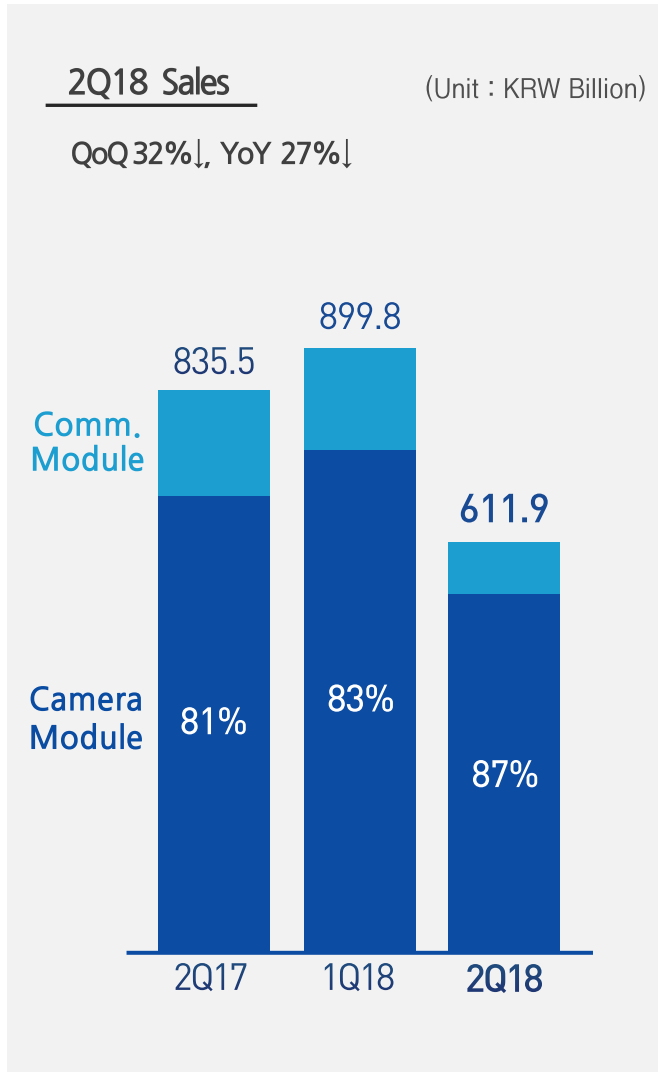
	2Q18	1Q18	QoQ	2Q17
<b>Assets</b>	8,230.0	8,224.8	0.1%↑	8,052.4
<b>Current</b>	2,736.9	2,789.2	2%↓	2,789.8
Cash equivalents	533.2	611.9	13%↓	742.9
Inventory	995.0	902.4	10%↑	860.6
<b>Non-Current</b>	5,493.1	5,435.6	1%↑	5,262.6
Tangible	4,408.3	4,251.7	4%↑	4,038.3
<b>Liabilities</b>	3,687.0	3,733.1	1%↓	3,644.6
<b>Debts</b>	2,649.2	2,689.1	1%↓	2,754.2
(Net Debts)	(2,116.0)	(2,077.2)	(2%↑)	(2,011.3)
<b>Equity</b>	4,543.0	4,491.7	1%↑	4,407.8

## Financial Ratios

(Unit : %)



# 1. Module Solution



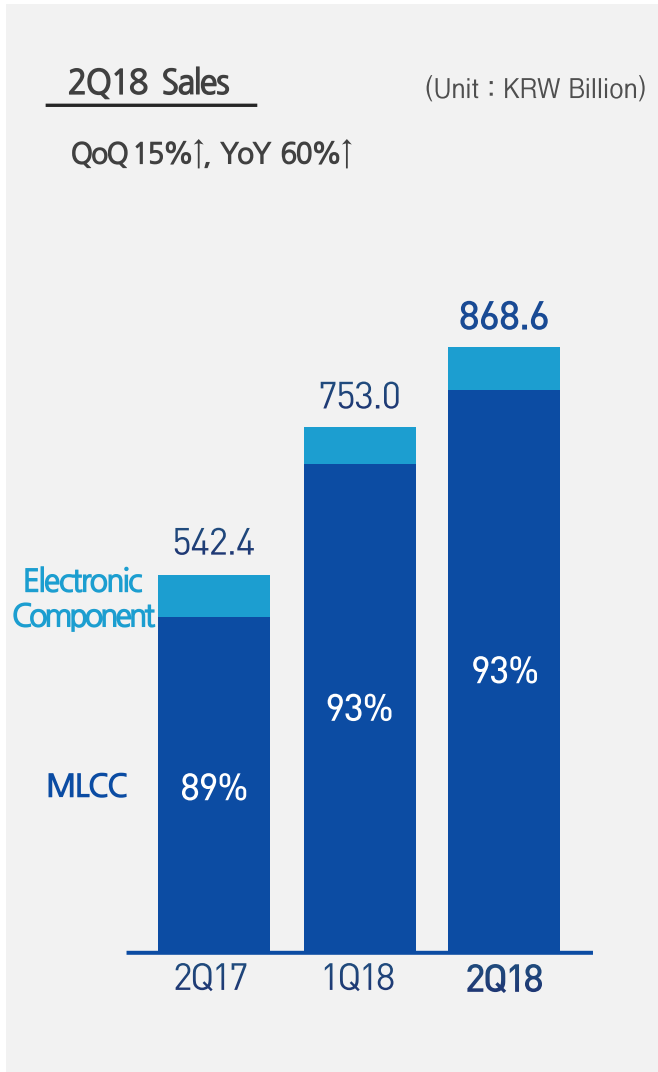
## Q2 18 Results

- **Decreased set demand from strategic customer**
  - Impact from decreased demand of flagship model market
- **Started Mass production of new models for major Chinese customers**
  - Increased supply of high-end dual camera

## H2 Outlook and Strategy

- **Adoption of high spec camera accelerates to differentiate S/P**
  - Focus on early development and supply of next generation products (e.g. high pixel, triple)
- **Demand expected from next generation communication modules**
  - Conversion of demand to high-end WiFi for new spec.

# 2. Component Solution



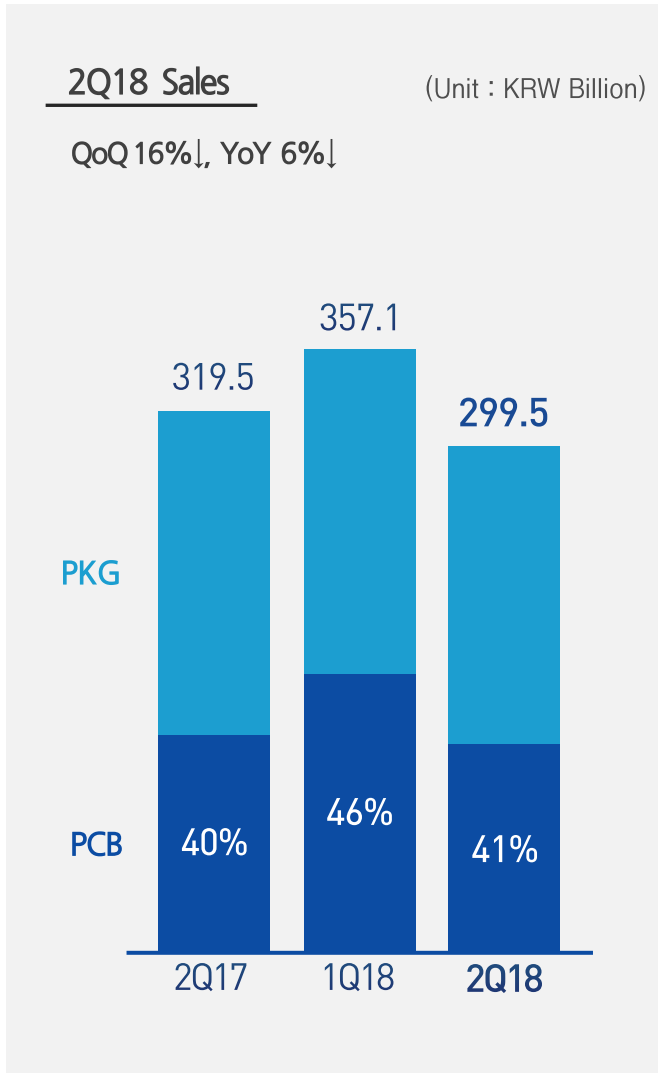
## Q2 18 Results

- **Revenue growth from high-end MLCC for IT applications**
  - Increase in high-capacitance MLCC to overseas customers
- **Increased supply of high-reliability MLCC for industrial and automotive applications**
  - Increase in network base station, automotive Tier-1 sales

## H2 Outlook and Strategy

- **Increase in component demand from high-end IT and automotive**
  - High-end MLCC content increasing in high-end sets
    - Increase sales of differentiated, small-size and high-capacitance MLCC
  - Strong demand from automotive to continue with accelerated electrification
    - Expand line-up of high-reliability automotive MLCC

# 3. Substrate Solution



## Q2 18 Results

- Revenue decreased due to weak set demand from major customers
  - Supply of HDI for flagship and RFPCB for OLED decreased
  - Weak package substrates demand for PC CPU and mobile AP

## H2 Outlook and Strategy

- Circuit board demand to increase with launch of new models by customers
  - Growth in supply of high-end SLP and RFPCB for OLED
- Demand for next generation high-end package substrates to increase
  - Secure leading technology for AI, automotive, 5G

# Appendix



# A1. Income Statement

(Unit : KRW Billion)	2Q18	1Q18	QoQ	2Q17	YoY
<b>Sales</b>	1,809.8	2,018.8	10%↓	1,709.9	6%↑
<b>Cost of Sales</b>	1,284.5	1,546.7	17%↓	1,373.1	6%↓
<b>Gross Profit</b> (%)	525.3 (29.0%)	472.1 (23.4%)	11%↑ (5.6%p↑)	336.8 (19.7%)	56%↑ (9.3%p↑)
<b>SG&amp;A</b>	318.5	318.1	0.1%↑	266.1	20%↑
<b>Operating Profit</b> (%)	206.8 (11.4%)	154.0 (7.6%)	34%↑ (3.8%p↑)	70.7 (4.1%)	193%↑ (7.3%p↑)
<b>Non-operating Loss</b>	25.1	1.7	1,376%↑	6.7	275%↑
<b>Pre-tax Profit</b> (%)	181.7 (10.0%)	152.3 (7.5%)	19%↑ (2.5%p↑)	64.0 (3.7%)	184%↑ (6.3%p↑)
<b>Income Tax</b>	50.3	36.5	38%↑	26.2	92%↑
<b>Non-controlling interests Profit</b>	9.4	4.6	104%↑	4.5	109%↑
<b>Net Income</b> (%)	122.0 (6.7%)	111.2 (5.5%)	10%↑ (1.2%p↑)	33.3 (1.9%)	266%↑ (4.8%p↑)



# A2. Financial Status

(Unit : KRW Billion)	2Q18	1Q18	QoQ	2Q17	YoY
<b>Assets</b>	8,230.0	8,224.8	0.1%↑	8,052.4	2%↑
<b>Current</b>	2,736.9	2,789.2	2%↓	2,789.8	2%↓
<b>Quick</b>	1,728.6	1,864.3	7%↓	1,929.2	10%↓
Cash equivalents	533.2	611.9	13%↓	742.9	28%↓
Inventory	995.0	902.4	10%↑	860.6	16%↑
<b>Non-Current</b>	5,493.1	5,435.6	1%↑	5,262.6	4%↑
Investment	782.5	878.7	11%↓	932.2	16%↓
Tangible	4,408.3	4,251.7	4%↑	4,038.3	9%↑
<b>Liabilities</b>	3,687.0	3,733.1	1%↓	3,644.6	1%↑
Debts	2,649.2	2,689.1	1%↓	2,754.2	4%↓
(Net Debts)	(2,116.0)	(2,077.2)	(2%↑)	(2,011.3)	(5%↑)
<b>Equity</b>	4,543.0	4,491.7	1%↑	4,407.8	3%↑
<b>Current Ratio</b>	98%	101%	3%p↓	99%	1%p↓
<b>Debt Ratio</b>	81%	83%	2%p↓	83%	2%p↓
<b>Net Debt Ratio</b>	47%	46%	1%p↑	46%	1%p↑
<b>Capital Adequacy Ratio</b>	55%	55%	-	55%	-

# A3. Cash Flow

(Unit : KRW Billion)	2Q18	1Q18	2Q17
Cash at the beginning of period	531.9	444.6	506.2
Cash flows from operating activities	384.4	213.0	176.6
Net Income	131.3	115.8	37.9
Depreciation	169.6	159.2	162.4
Cash flows used in investing activities	-151.8	-281.8	-218.5
Increase in tangible assets	-220.3	-282.9	-392.8
Cash flows from financing activities	-133.3	99.9	158.4
Increase/Decrease in debt	-54.4	120.2	219.1
Foreign exchange difference	-98.0	56.2	10.2
Net changes in cash	1.3	87.3	126.7
Cash at the end of period	533.2	531.9	632.9