

2016

1Q Earnings Results

April 26, 2016

SAMSUNG
ELECTRO-MECHANICS



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

1Q'16 Results Overview

| Sales |

Increased 242.3bn QoQ (17.8% ↑) and 1.7bn YoY

- Launch of new handset models by strategic customer and greater China sales

| Operating Profit |

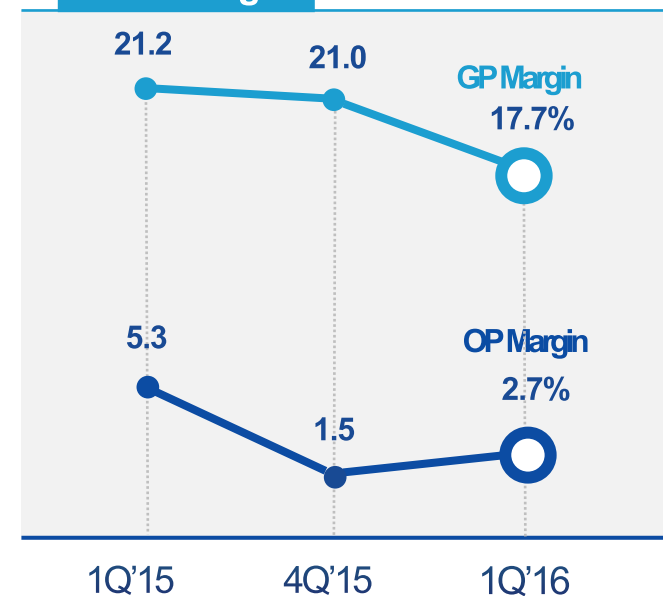
Increased 22.3bn QoQ (108% ↑), but declined 42.2bn YoY

Income Statement

(Billion KRW)					
	1Q'15	4Q'15	1Q'16	QoQ	YoY
Sales	1,602.6	1,362.0	1,604.3	242.3↑	1.7↑
Operating Profit	85.1	20.6	42.9	22.3↑	42.2↓
Pre-tax Profit	76.9	△7.7	45.2	52.9↑	31.7↓
Net Income	36.8	△16.6	31.3	47.9↑	5.5↓

※ Net income attributable to owners of the parent

Profit Margin



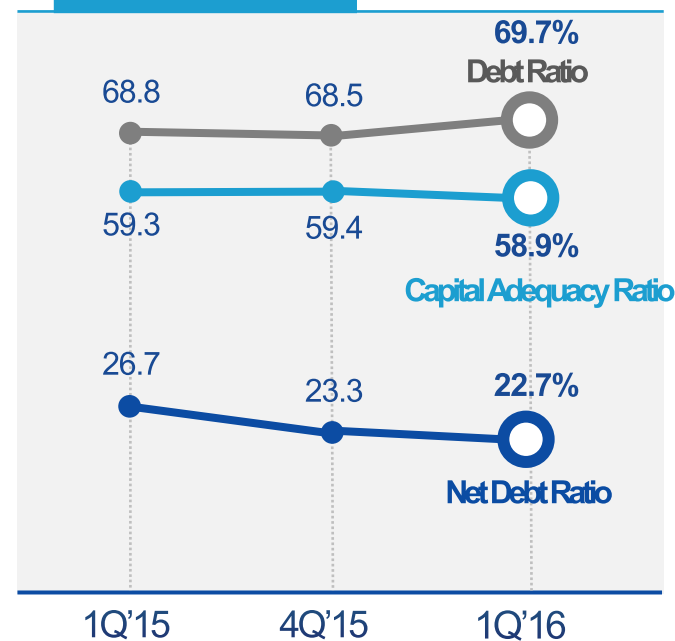
1Q'16 Financial Position

- ◆ Total Assets amounted to 7,341.7bn (QoQ 72.2bn ↑)
Total Liabilities posted at 3,016.1bn (QoQ 62.0bn ↑)
- ◆ Debt Ratio and Capital Adequacy Ratio posted at 70% and 59%, respectively
Maintained a healthy financial structure

Financial Analysis

	(Billion KRW)				
	1Q'15	4Q'15	1Q'16	QoQ	YoY
Total Assets	7,512.9	7,269.5	7,341.7	72.2↑	171.2↓
Current Assets	3,290.4	2,730.0	2,841.0	111.0↑	449.4↓
(Cash *)	(515.2)	(1,035.3)	(1,100.5)	(65.2↑)	(585.3↑)
Total Liabilities	3,061.1	2,954.1	3,016.1	62.0↑	45.0↓
Debts	1,704.9	2,041.6	2,082.1	40.5↑	377.2↑
(Net Debts *)	(1,189.7)	(1,006.3)	(981.6)	(24.7↓)	(208.1↓)
Total Shareholders' Equity	4,451.8	4,315.4	4,325.6	10.2↑	126.2↓

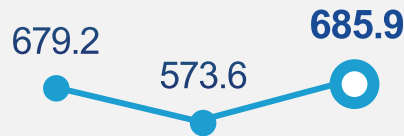
Financial Ratios



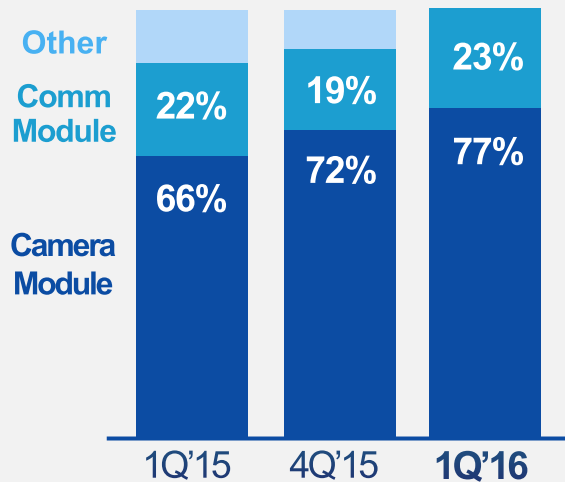
※ Cash = Cash + Deposit, Net Debts = Debts - Cash

Quarterly Performance

(Billion KRW)



Sales Portion



Camera Module

◆ 1Q'16 Results

- Sales growth on supply for strategic customer new handset models
- Greater support for China handsets (high resolution/functionality)

◆ Outlook and Strategy

- Increase China sales with introduction of Dual Camera
- Auto : Expand product line-up and customer engagement

Communication Module

◆ 1Q'16 Results

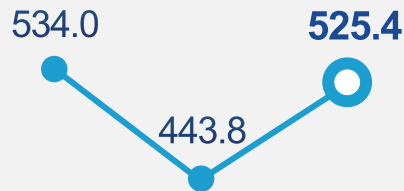
- WiFi and WPT sales growth on strategic customer new handset release
- Sales growth from expanded adoption of WPT and Cellular FEM in mid-end handsets

◆ Outlook and Strategy

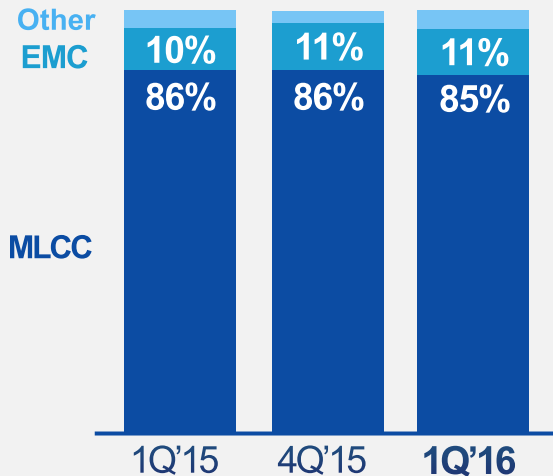
- Maintain WPT leadership in flagship products
- Expand Cellular FEM product line-up

Quarterly Performance

(Billion KRW)



Sales Portion



MLCC

◆ 1Q'16 Results

- Sales of small-sized, high capacitance and solution MLCC to strategic customer normalized
- High-reliability MLCC for Auto/Industrial use increased significantly

◆ Outlook and Strategy

- Expand product line-ups and customer engagement for high-end IT and Auto/Industrial passive electronic components
- Improve China sales mix and stabilize production at new facilities

EMC

◆ 1Q'16 Results

- Thin-film power inductor sales to strategic customer increased

◆ Outlook and Strategy

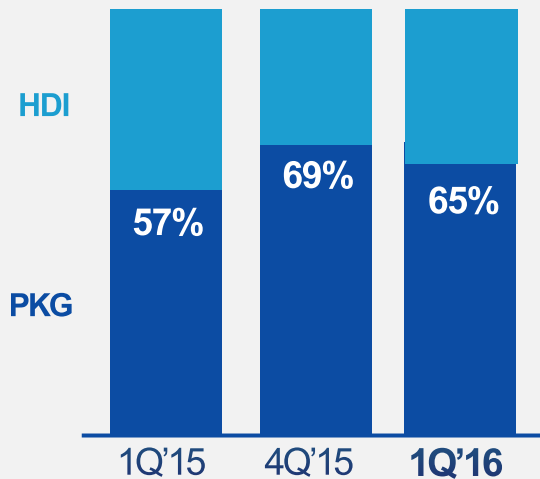
- Diversify power inductor sales leveraging differentiated cost and performance
- Expand product line-up to include small-sized, high frequency inductor, and noise attenuating filters

Quarterly Performance

(Billion KRW)



Sales Portion



PKG

◆ 1Q'16 Results

- FCCSP sales decline on weak demand for overseas customer handsets
- FCBGA sales growth on solid demand for new CPU platform and digital TVs

◆ Outlook and Strategy

- Expand sales for flagship models and strengthen design-in activities leveraging differentiated technologies
- Timely approvals for next generation CPUs and stabilize manufacturing of thin-core substrates

HDI

◆ 1Q'16 Results

- Mainboard sales increase on strategic customer's new model launch
- Sales increase on stabilization of new overseas manufacturing facility

◆ Outlook and Strategy

- Increase manufacturing at overseas facilities to improve cost competitiveness
- New sales with introduction of differentiated products for China and diversification into new applications

A1. Income Statement

(Billion KRW)

	1Q'15	4Q'15	1Q'16	QoQ	YoY
Sales	1,602.6	1,362.0	1,604.3	242.3↑	1.7↑
Cost of Sales	1,262.6	1,076.1	1,319.6	243.5↑	57.0↑
Gross Profit (%)	340.0 (21.2%)	285.9 (21.0%)	284.7 (17.7%)	1.2↓ (3.3%p↓)	55.3↓ (3.5%p↓)
SG&A	254.9	265.3	241.8	23.5↓	13.1↓
Operating Profit (%)	85.1 (5.3%)	20.6 (1.5%)	42.9 (2.7%)	22.3↑ (1.2%p↑)	42.2↓ (2.6%p↓)
Non-operating Profit and Loss	8.2	28.3	△2.3	30.6↓	10.5↓
Pre-tax Profit (%)	76.9 (4.8%)	△7.7 (△0.6%)	45.2 (2.8%)	52.9↑ (3.4%p↑)	31.7↓ (2.0%p↓)
Income Tax	15.9	△25.0	8.6	33.6↑	7.3↓
Non-controlling Interests	4.9	△0.8	5.3	6.1 ↑	0.4↑
Net Income (%)	36.8 (2.3%)	△16.6 (△1.2%)	31.3 (2.0%)	47.9↑ (3.2%p↑)	5.5↓ (0.3%p↓)

A2. Statement of Financial Position

(Billion KRW)

	1Q'15	4Q'15	1Q'16	QoQ	YoY
Total Assets	7,512.9	7,269.5	7,341.7	72.2↑	171.2↓
Current Assets	3,290.4	2,730.0	2,841.0	111.0↑	449.4↓
Quick Assets	2,315.8	2,047.0	2,130.7	83.7↑	185.1↓
Cash	515.2	1,035.3	1,100.5	65.2↑	585.3↑
Inventory Assets	803.5	679.0	710.3	31.3↑	93.2↓
Discontinued Operations	171.1	4.0	-	4.0↓	171.1↓
Non-Current Assets	4,222.5	4,539.5	4,500.7	38.8↓	278.2↑
Investments	926.2	845.8	855.5	9.7↑	70.7↓
Tangible Assets	3,030.3	3,298.4	3,256.6	41.8↓	226.3↑
Others	266.0	395.3	388.6	6.7↓	122.6↑
Total Liabilities	3,061.1	2,954.1	3,016.1	62.0 ↑	45.0↓
Current Liabilities	2,093.1	1,768.3	1,773.6	5.3↑	319.5↓
Non-Current Liabilities	968.0	1,185.8	1,242.5	56.7↑	274.5↑
Total Equity	4,451.8	4,315.4	4,325.6	10.2 ↑	126.2↓
Current Ratio	157.2%	154.4%	160.2%	5.8%p↑	3.0%p↑
Capital Adequacy Ratio	59.3%	59.4%	58.9%	0.5%p↓	0.4%p↓
Debt Ratio	68.8%	68.5%	69.7%	1.2%p↑	0.9%p↑
Net Debt Ratio	26.7%	23.3%	22.7%	0.6%p↓	4.0%p↓

A3. Cash Flow

(Billion KRW)

	1Q'15	4Q'15	1Q'16	QoQ	YoY
Cash Flow from Operations	1,438.0	1,291.8	1,085.3	206.5↓	352.7↓
Current Account Balance	169.2	286.4	145.0	141.4↓	24.2↓
Investment Activities	433.8	355.4	170.3	185.1↓	263.5↓
CAPEX	221.1	277.4	169.4	108.0↓	51.7↓
Other	212.7	78.0	0.9	77.1↓	211.8↓
Free Cash Flow	△264.6	△69.0	△25.3	43.7↑	239.3↑
Financing Activities	△8.2	△137.5	40.5	178.0↑	48.7↑
Cash and Cash Equivalents	1,165.2	1,085.3	1,100.5	15.2↑	64.7↓