

2017 2Q Earnings Results

July 21, 2017

SAMSUNG
ELECTRO-MECHANICS



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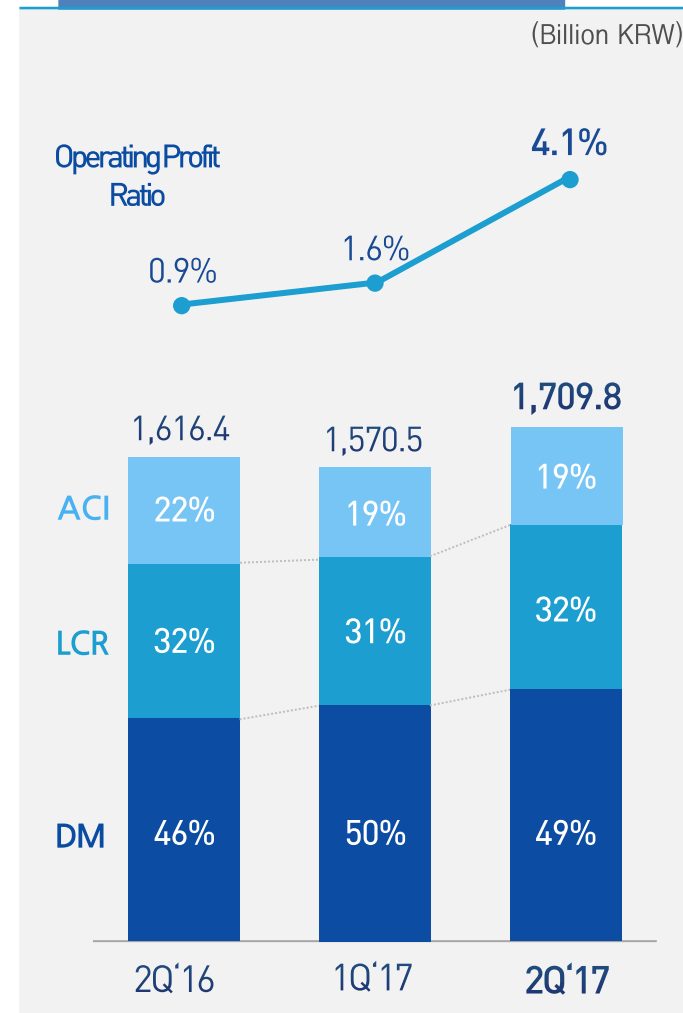
The financial information in this document is consolidated earnings results based on K-IFRS.

Earnings Overview

Income Statement

(Billion KRW)	2Q'17	1Q'17	QoQ	2Q'16	YoY
Sales	1,709.8	1,570.5	139.3↑	1,616.4	93.4↑
Cost of Sales	1,373.0	1,304.3	68.7↑	1,327.8	45.2↑
Gross Profit	336.8	266.2	70.6↑	288.6	48.2↑
SG&A	266.1	240.7	25.4↑	273.4	7.3↓
Operating Profit	70.7	25.5	45.2↑	15.2	55.5↑
Pre-tax Profit	64.0	11.5	52.5↑	40.8	23.2↑
Net Income	33.3	2.2	31.1↑	16.5	16.8↑
Gross Profit Ratio	19.7%	17.0%	2.7%p↑	17.9%	1.8%p↑
Operating Profit Ratio	4.1%	1.6%	2.5%p↑	0.9%	3.2%p↑
Net Income Ratio	1.9%	0.1%	1.8%p↑	1.0%	0.9%p↑

Quarterly Earnings Trend



※ Net income attributable to owners of the parent

Financial Analysis

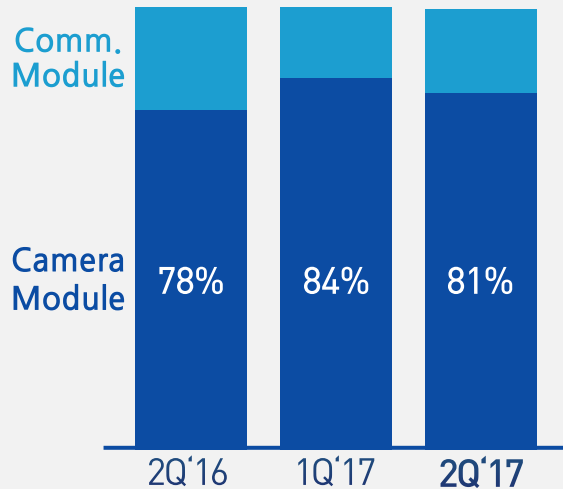
(Billion KRW)	2Q'17	1Q'17	QoQ	2Q'16	YoY
Total Assets	8,052.4	7,671.2	381.2↑	7,301.7	750.7↑
Current Assets	2,789.8	2,723.5	66.3↑	2,913.7	123.9↓
Quick Assets	1,929.2	1,895.6	33.6↑	2,216.0	286.8↓
Cash	742.9	786.2	43.3↓	1,119.9	377.0↓
Inventory Assets	860.6	827.9	32.7↑	697.7	162.9↑
Non-Current Assets	5,262.6	4,947.7	314.9↑	4,388.0	874.6↑
Investments	932.3	822.5	109.8↑	739.2	193.1↑
Tangible Assets	4,038.3	3,809.6	228.7↑	3,301.9	736.4↑
Total Liabilities	3,644.6	3,410.4	234.2↑	3,013.4	631.2↑
Debts	2,754.2	2,506.1	248.1↑	2,190.2	564.0↑
Net Debts	2,011.3	1,719.9	291.4↑	1,070.3	941.0↑
Total Equity	4,407.8	4,260.8	147.0↑	4,288.3	119.5↑
Current Ratio	99.0%	117.8%	18.8%p↓	159.9%	60.9%p↓
Capital Adequacy Ratio	54.7%	55.5%	0.8%p↓	58.7%	4.0%p↓
Debt Ratio	82.7%	80.0%	2.7%p↑	70.3%	12.4%p↑
Net Debt Ratio	45.6%	40.4%	5.2%p↑	25.0%	20.6%p↑

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

Quarterly Performance (Billion KRW)



Sales Portion



Camera Module

◆ 2Q'17 Results

- Increased supply for strategic customer's flagship model
- Sales grew with new dual cam for Chinese major customer

◆ Outlook and Strategy

- Secure competitive advantage of dual cam based on internalized core components
- Expand automotive camera module product line-up

Communication Module

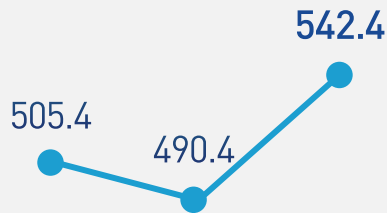
◆ 2Q'17 Results

- WiFi, WPT sales grew on strategic customer's flagship model

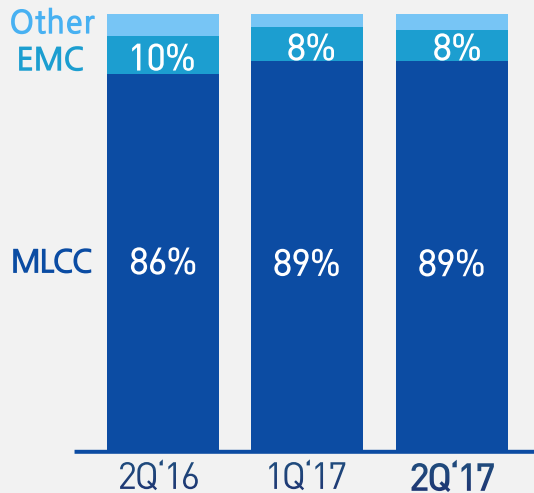
◆ Outlook and Strategy

- Expand supply of WPT for the next flagship model
- Secure fundamental technology for next-gen Comm. Module

Quarterly Performance (Billion KRW)



Sales Portion



MLCC

◆ 2Q'17 Results

- Demand for high capacitance/solution MLCC increased from strategic customer's flagship model
- Expanded sales to Chinese mobile customers by gaining M/S

◆ Outlook and Strategy

- Increase industrial/auto sales by reinforcing design-in activities
- Strengthen responsiveness of overseas plants to increasing market demand for high-end MLCC

EMC

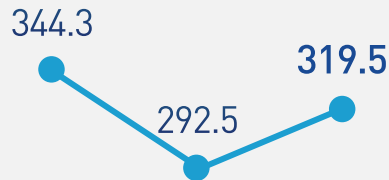
◆ 2Q'17 Results

- PI sales grew to strategic customer's flagship model

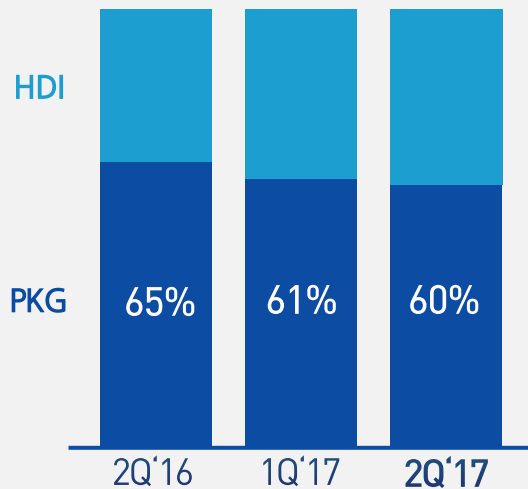
◆ Outlook and Strategy

- Diversify customer base and EMC product line-up

Quarterly Performance (Billion KRW)



Sales Portion



PKG

◆ 2Q'17 Results

- FCCSP sales grew on increased supply to strategic customer
- FCBGA sales increased for new CPU platform

◆ Outlook and Strategy

- Enhance design-in activities for SiP leveraging differentiated technologies and lead time competitiveness
- Expand supply of high-end FCCSP to major customer

HDI

◆ 2Q'17 Results

- Mainboard & RF-PCB sales increased to strategic customer

◆ Outlook and Strategy

- Increase sales by starting mass production of RF-PCB for OLED
- Expand supply of value-added HDI board and build a mass production line for next-gen high-density HDI

A1. Income Statement

(Billion KRW)

	'17.2Q	'17.1Q	QoQ	'16.2Q	YoY
Sales	1,709.8	1,570.5	139.3↑	1,616.4	93.4↑
Cost of Sales	1,373.0	1,304.3	68.7↑	1,327.8	45.2↑
Gross Profit (%)	336.8 (19.7%)	266.2 (17.0%)	70.6↑ (2.7%p↑)	288.6 (17.9%)	48.2↑ (1.8%p↑)
SG&A	266.1	240.7	25.4↑	273.4	7.3↓
Operating Profit (%)	70.7 (4.1%)	25.5 (1.6%)	45.2↑ (2.5%p↑)	15.2 (0.9%)	55.5↑ (3.2%p↑)
Non-operating Loss	6.7	14.0	7.3↓	-25.6	32.3↑
Pre-tax Profit (%)	64.0 (3.7%)	11.5 (0.7%)	52.5↑ (3.0%p↑)	40.8 (2.5%)	23.2↑ (1.2%p↑)
Income Tax	26.2	7.1	19.1↑	21.4	4.8↑
Non-controlling interests Profit	4.5	2.2	2.3↑	2.9	1.6↑
Net Income (%)	33.3 (1.9%)	2.2 (0.1%)	31.1↑ (1.8%p↑)	16.5 (1.0%)	16.8↑ (0.9%p↑)

※ Net income attributable to owners of the parent

A2. Cash Flow

(Billion KRW)

	'17.2Q	'17.1Q	'16.2Q
Cash at the beginning of period	506.2	795.8	1,100.5
Cash flows from operating activities	176.7	-2.1	180.2
Net Income	37.9	42.2	19.4
Depreciation	162.4	144.8	150.3
Cash flows used in investing activities	-218.6	-437.0	-374.8
Increase in tangible assets	-392.8	-430.4	-183.0
Cash flows from financing activities	166.7	141.7	48.7
Increase/Decrease in debt	219.1	158.0	98.1
Foreign exchange difference	1.9	7.8	-34.6
Net changes in cash	126.7	-289.6	-180.6
Cash at the end of period	632.9	506.2	919.9