

# 4Q 2017 Earnings Results

January 31, 2018

**SAMSUNG**  
**ELECTRO-MECHANICS**



# Earnings Overview

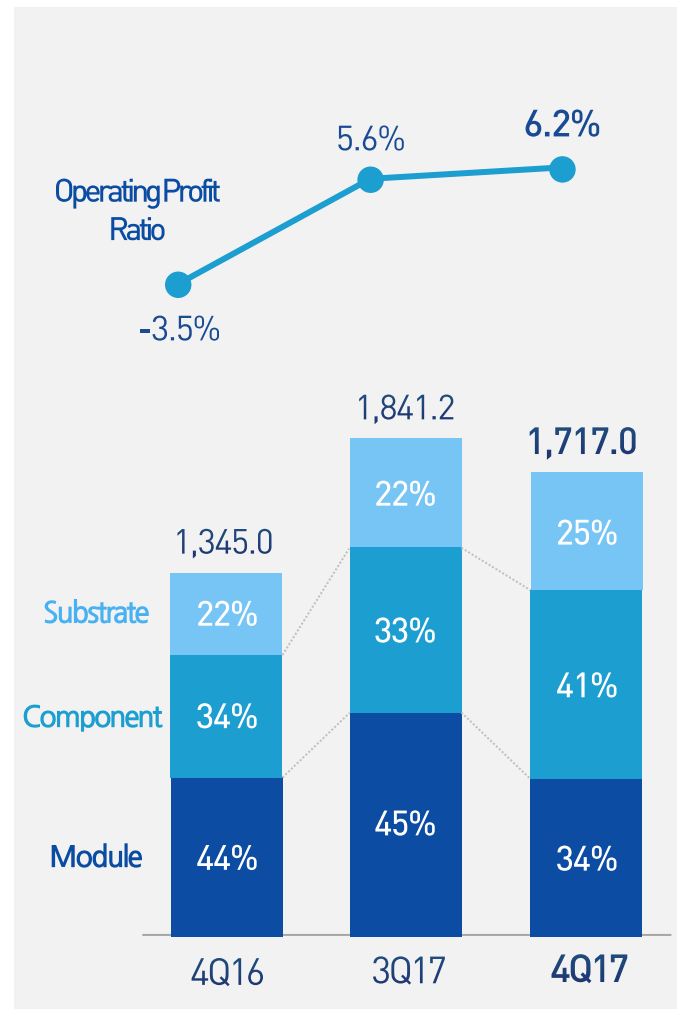
## Income Statement

(Unit : KRW Billion)

	4Q17	3Q17	QoQ	4Q16	YoY
Sales	1,717.0	1,841.2	7%↓	1,345.0	28%↑
Module	580.8	822.0	29%↓	582.0	0.2%↓
Component	696.7	608.0	15%↑	447.7	56%↑
Substrate	434.5	399.6	9%↑	297.9	46%↑
Operating Profit (%)	106.8 (6.2%)	103.2 (5.6%)	3%↑ (0.6%p↑)	-46.5 (-3.5%)	Turned in Black (9.7%p↑)
Pre-tax Profit (%)	79.5 (4.6%)	98.5 (5.3%)	19%↓ (0.7%p↓)	-59.0 (-4.4%)	Turned in Black (9.0%p↑)
Net Income (%)	54.3 (3.2%)	71.9 (3.9%)	24%↓ (0.7%p↓)	-35.3 (-2.6%)	Turned in Black (5.8%p↑)

## Earnings Trend

(Unit : KRW Billion)



# Financial Position

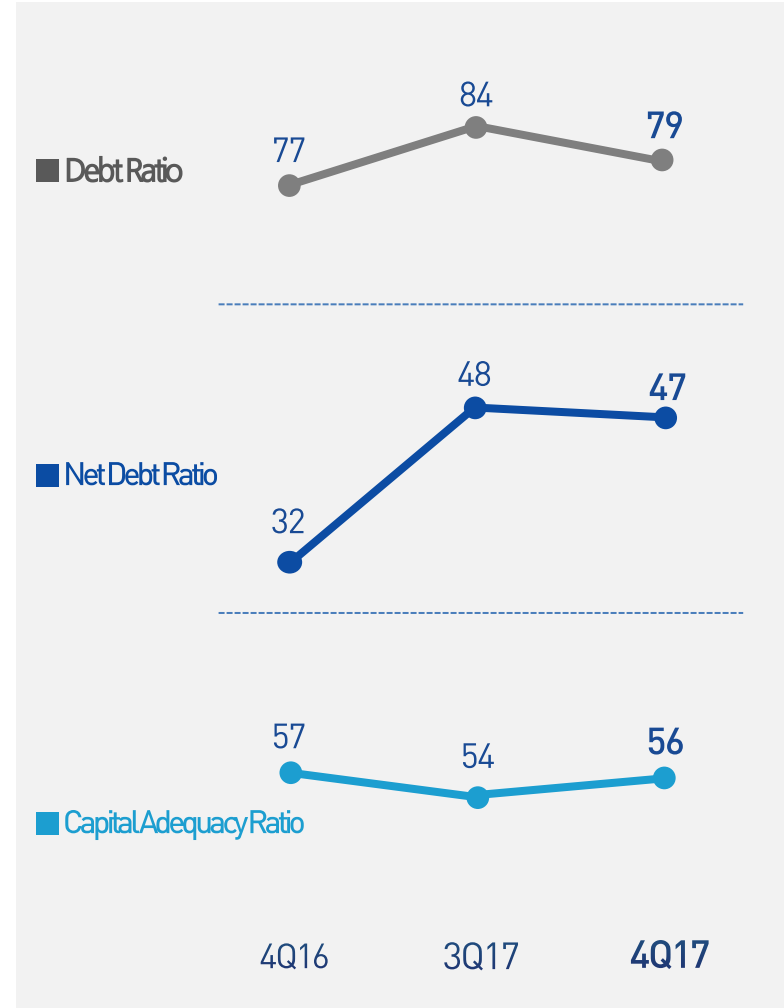
## Financial Status

(Unit : KRW Billion)

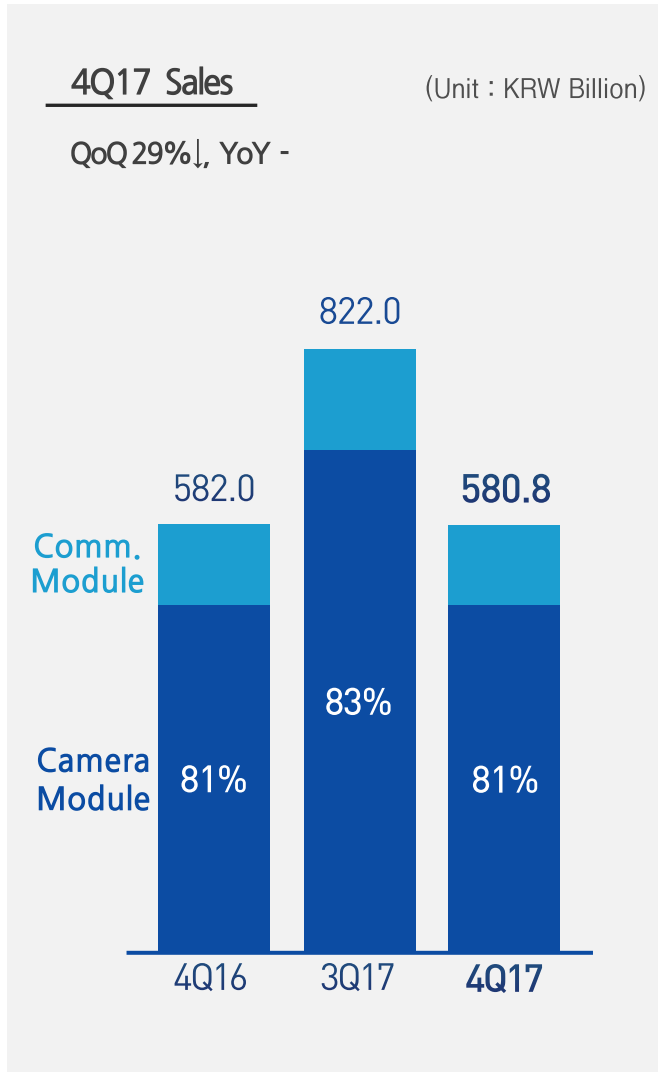
	4Q17	3Q17	QoQ	4Q16
<b>Assets</b>	7,767.4	8,185.5	5%↓	7,662.6
<b>Current</b>	2,478.8	2,774.9	11%↓	2,812.4
Cash equivalents	524.6	719.8	27%↓	1,065.8
Inventory	918.9	836.2	10%↑	827.2
<b>Non-Current</b>	5,288.6	5,410.6	2%↓	4,850.2
Tangible	4,154.7	4,233.8	2%↓	3,714.4
<b>Liabilities</b>	3,435.9	3,727.1	8%↓	3,325.0
<b>Debts</b>	2,568.9	2,859.1	10%↓	2,443.6
(Net Debts)	(2,044.3)	(2,139.3)	(4%↓)	1,377.8
<b>Equity</b>	4,331.5	4,458.4	3%↓	4,337.6

## Financial Ratios

(Unit : %)



# 1. Module Solution ※ Formerly DM



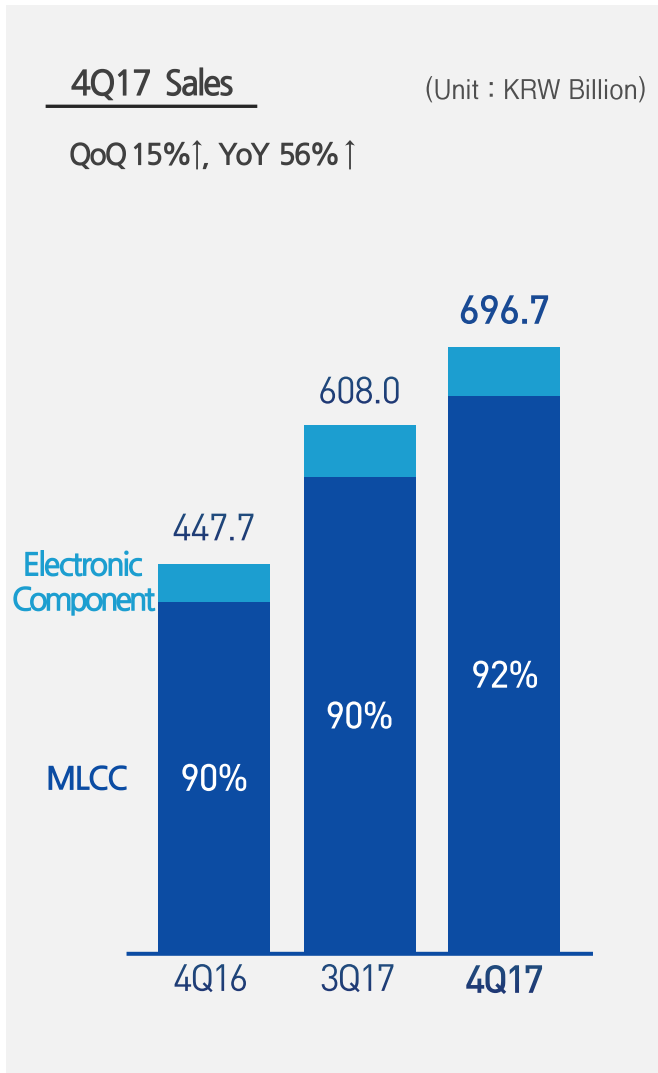
## Q417 Results

- **Revenue decrease QoQ due to seasonality**
  - Camera module supply decreased due to strategic customer's inventory adjustment
  - Sale decline on weak demand to Chinese customers' flagship
- **Revenue of automotive camera modules increased**
  - Increased supply by actively responding to customer needs

## '18 Market and Business Outlook

- **Growth in smartphone & automotive high-end cameras**
  - Growth in demand for new feature dual cameras
    - Greater sales by increase supply to major customers' flagship and dual cameras adoption in mass smartphones
  - Strong growth in automotive cameras for ADAS and autonomous driving
    - Differentiated products through deployment of technology acquired for mobile applications

## 2. Component Solution ※ Formerly LCR



### Q417 Results

- **Increased revenue from IT high-end MLCC**
  - Improved product mix with small · high capacitance MLCCs
- **Sales increase for industrial · auto high reliability products**
  - Increased sales to network equipment, server & global automotive Tier-1

### '18 Market and Business Outlook

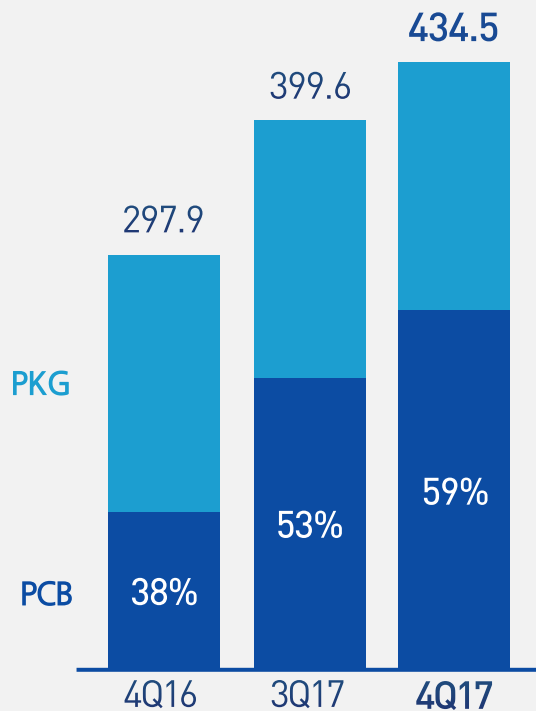
- **Increase in demand from IT, industrial · auto applications**
  - MLCC demand driven by higher end-device specifications to support AI and VR
    - Develop differentiated new products for IT applications and improve profitability with better high-end MLCC
  - Strong growth in auto · industrial applications driven by autonomous driving, EV and industrial devices
    - Strengthen high temperature / voltage product line-up
  - Demand increase for small · high-efficiency components

# 3. Substrate Solution ※ Formerly ACI

## 4Q17 Sales

(Unit : KRW Billion)

QoQ 9%↑, YoY 46%↑



## Q417 Results

- **Revenue growth from RFPCB for displays**
  - Revenue growth from increased demand for RFPCB for OLED from overseas customer
- **Supply of substrate decrease due to seasonality**
  - Revenue for mobile AP decreases but supply for memory chips increase

## '18 Market and Business Outlook

- **Demand increase driven by high-end circuit boards growth**
  - RFPCB demand growth with more OLED adopted
  - More demand for main boards using micro circuit technology (SLP)
  - Expand substrate for new applications such as auto, 5G
- ▶ Strengthen R&D and manufacturing competitiveness to meet market demand

# A1. Income Statement

(Unit : KRW Billion)	4Q17	3Q17	QoQ	4Q16	YoY
<b>Sales</b>	1,717.0	1,841.2	7%↓	1,345.0	28%↑
<b>Cost of Sales</b>	1,285.8	1,467.0	12%↓	1,127.9	14%↑
<b>Gross Profit</b> (%)	431.2 (25.1%)	374.2 (20.3%)	15%↑ (4.8%p↑)	217.1 (16.1%)	99%↑ (9.0%p↑)
<b>SG&amp;A</b>	324.4	271.0	20%↑	263.6	23%↑
<b>Operating Profit</b> (%)	106.8 (6.2%)	103.2 (5.6%)	3%↑ (0.6%p↑)	-46.5 (-3.5%)	Turned to Black (9.7%p↑)
<b>Non-operating Loss</b>	27.3	4.7	481%↑	12.5	118%↑
<b>Pre-tax Profit</b> (%)	79.5 (4.6%)	98.5 (5.3%)	19%↓ (0.7%p↓)	-59.0 (-4.4%)	Turned to Black (9.0%p↑)
<b>Income Tax</b>	19.1	23.9	20%↓	-22.0	-
<b>Non-controlling interests Profit</b>	6.1	2.7	126%↑	-1.7	Turned to Black
<b>Net Income</b> (%)	54.3 (3.2%)	71.9 (3.9%)	24%↓ (0.7%p↓)	-35.3 (-2.6%)	Turned to Black (5.8%p↑)

# A2. Financial Status

(Unit : KRW Billion)	4Q17	3Q17	QoQ	4Q16	YoY
<b>Assets</b>	7,767.4	8,185.5	5%↓	7,662.6	1%↑
<b>Current</b>	2,478.8	2,774.9	11%↓	2,812.4	12%↓
<b>Quick</b>	1,559.9	1,938.7	20%↓	1,985.2	21%↓
Cash equivalents	524.6	719.8	27%↓	1,065.8	51%↓
Inventory	918.9	836.2	10%↑	827.2	11%↑
<b>Non-Current</b>	5,288.6	5,410.6	2%↓	4,850.2	9%↑
Investment	781.0	875.3	11%↓	795.1	2%↓
Tangible	4,154.7	4,233.8	2%↓	3,714.4	12%↑
<b>Liabilities</b>	3,435.9	3,727.1	8%↓	3,325.0	3%↑
Debts	2,568.9	2,859.1	10%↓	2,443.6	5%↑
(Net Debts)	(2,044.3)	(2,139.3)	(4%↓)	(1,377.8)	(48%↑)
<b>Equity</b>	4,331.5	4,458.4	3%↓	4,337.6	0.1%↓
<b>Current Ratio</b>	101%	91%	10%p↑	138%	37%p↓
<b>Debt Ratio</b>	79%	84%	5%p↓	77%	2%p↑
<b>Net Debt Ratio</b>	47%	48%	1%p↓	32%	15%p↑
<b>Capital Adequacy Ratio</b>	56%	54%	2%p↑	57%	1%p↓



# A3. Cash Flow

(Unit : KRW Billion)	4Q17	3Q17	4Q16
Cash at the beginning of period	639.8	632.9	991.7
Cash flows from operating activities	295.6	247.5	117.4
Net Income	60.5	74.5	-36.9
Depreciation	161.3	142.5	143.9
Cash flows used in investing activities	-296.1	-280.7	-479.4
Increase in tangible assets	-312.7	-316.0	-354.5
Cash flows from financing activities	-178.2	65.8	139.3
Increase/Decrease in debt	-158.3	91.0	151.2
Foreign exchange difference	-16.5	-25.7	26.8
Net changes in cash	-195.2	6.9	-195.9
Cash at the end of period	444.6	639.8	795.8