

2016 4Q Earnings Results

January 25, 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)

	4Q'16	'3Q'16	QoQ	4Q'15	YoY	FY 16	FY 15	YoY
Sales	1,345.0	1,467.3	122.3↓	1,362.0	17.0↓	6,033.0	6,176.2	143.2↓
Cost of Sales	1,127.9	1,231.0	103.1↓	1,076.1	51.8↑	5,006.3	4,864.7	141.6↑
Gross Profit	217.1	236.3	19.2↓	285.9	68.8↓	1,026.7	1,311.5	284.8↓
SG&A	263.6	223.5	40.1↑	265.3	1.7↓	1,002.3	1,010.2	7.9↓
Operating Profit	-46.5	12.8	-	20.6	-	24.4	301.3	276.9↓
Pre-tax Profit	-59.0	5.1	-	-7.7	-	32.1	366.8	334.7↓
Profit from Discontinued Operations	-	-	-	-34.7	34.7↑	-	-301.5	301.5↑
Net Income	-35.3	2.2	-	-16.6	-	14.7	11.2	3.5↑
Gross Profit Ratio	16.1%	16.1%	-	21.0%	4.9%p↓	17.0%	21.2%	4.2%p↓
Operating Profit Ratio	-3.5%	0.9%	4.4%p↓	1.5%	5.0%p↓	0.4%	4.9%	4.5%p↓
Net Income Ratio	-2.6%	0.1%	2.7%p↓	-1.2%	1.4%p↓	0.2%	0.2%	-

※ Net income attributable to owners of the parent

Financial Position

Financial Analysis

(Billion KRW)

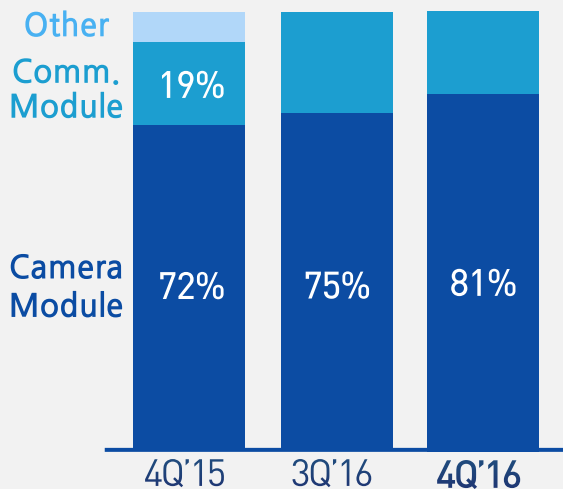
	4Q'16	3Q'16	QoQ	4Q'15	YoY
Total Assets	7,662.6	7,325.6	337.0↑	7,269.5	393.1↑
Current Assets	2,812.4	2,822.5	10.1↓	2,730.0	82.4↑
Quick Assets	1,985.2	2,139.3	154.1↓	2,047.0	61.8↓
Cash	1,065.8	1,161.7	95.9↓	1,085.3	19.5↓
Inventory Assets	827.2	683.2	144.0↑	679.0	148.2↑
Non-Current Assets	4,850.2	4,503.1	347.1↑	4,539.5	310.7↑
Investments	795.1	877.4	82.3↓	845.7	50.6↓
Tangible Assets	3,714.4	3,324.6	389.8↑	3,298.4	416.0↑
Total Liabilities	3,325.0	2,988.6	336.4↑	2,954.1	370.9↑
Debts	2,443.6	2,172.9	270.7↑	2,041.6	402.0↑
Net Debts	1,377.8	1,011.2	366.6↑	956.3	421.5↑
Total Equity	4,337.6	4,337.0	0.6↑	4,315.4	22.2↑
Current Ratio	137.7%	157.5%	19.8%p↓	154.4%	16.7%p↓
Capital Adequacy Ratio	56.6%	59.2%	2.6%p↓	59.4%	2.8%p↓
Debt Ratio	76.7%	68.9%	7.8%p↑	68.5%	8.2%p↑
Net Debt Ratio	31.8%	23.3%	8.5%p↑	22.2%	9.6%p↑

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

Quarterly Performance (Billion KRW)



Sales Portion



Camera Module

◆ 4Q'16 Results

- Increased supply to China handsets and automotive customers
- Sales decreased on weak demand for strategic customer

◆ Outlook and Strategy

- Dominate China dual camera market in advance and expand sales to Chinese major customers
- Timely approvals for strategic customers' new models and expand product line-ups for auto

Communication Module

◆ 4Q'16 Results

- WiFi module and WPT sales decreased to strategic customer

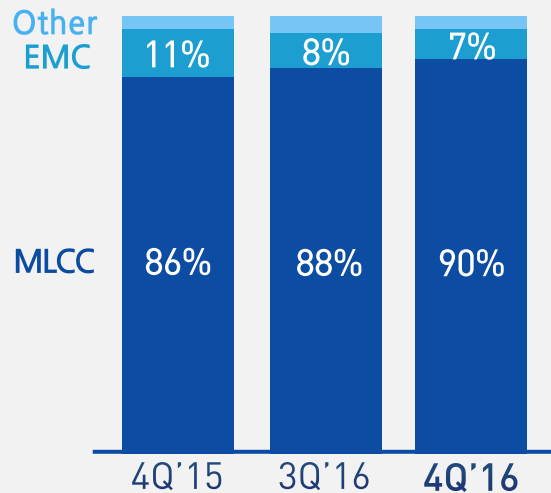
◆ Outlook and Strategy

- Secure advanced technology for next generation WiFi
- Expand WPT supply models to strategic customer

Quarterly Performance (Billion KRW)



Sales Portion



MLCC

◆ 4Q'16 Results

- Increased sales of MLCC for Chinese mobile customers
- Sales decreased on weak demand for strategic customer

◆ Outlook and Strategy

- Increase supply for overseas customers with new factories
- Strengthen Industrial/Auto line-ups and customer base

EMC

◆ 4Q'16 Results

- Power Inductor sales declined on strategic customer

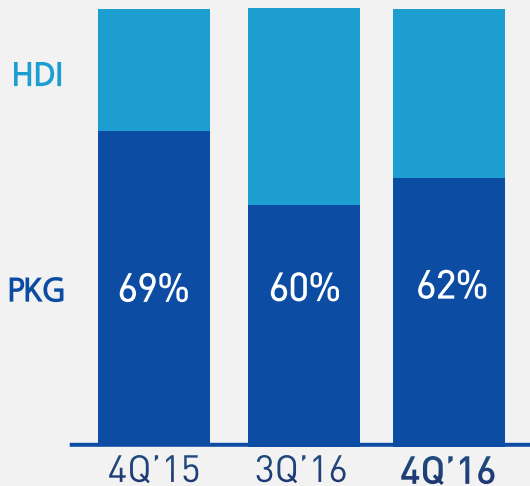
◆ Outlook and Strategy

- Diversify customers with function & cost competitiveness
- Release High-frequency inductor and expand line-ups

Quarterly Performance (Billion KRW)



Sales Portion



PKG

◆ 4Q'16 Results

- FCBGA sales declined on overseas customer's inventory adjustment
- BGA sales for memory grew on semiconductor demand increase

◆ Outlook and Strategy

- Strengthen customer engagement for high-valued memory substrate and intensify supply capacity
- Maintain 1st vendor position based on differentiated technology

HDI

◆ 4Q'16 Results

- Mainboard sales decreased to strategic customer

◆ Outlook and Strategy

- Stabilize manufacturing at overseas facilities to increase cost competitiveness and shipment to strategic customer
- Expand sales for RF-PCB and develop High-valued HDI

A1. Income Statement

	(Billion KRW)		
	FY 16	FY 15	YoY
Sales	6,033.0	6,176.2	143.2↓
Cost of Sales	5,006.3	4,864.7	141.6↑
Gross Profit (%)	1,026.7 (17.0%)	1,311.5 (21.2%)	284.8↓ (4.2%p↓)
SG&A	1,002.3	1,010.2	7.9↓
Operating Profit (%)	24.4 (0.4%)	301.3 (4.9%)	276.9↓ (4.5%p↓)
Non-operating Loss	-7.7	-65.5	57.8↑
Pre-tax Profit (%)	32.1 (0.5%)	366.8 (5.9%)	334.7↓ (5.4%p↓)
Income Tax	9.2	44.6	35.4↓
Profit from Discontinued Operations	-	-301.5	301.5↑
Non-controlling interests Profit	8.2	9.5	1.3↓
Net Income (%)	14.7 (0.2%)	11.2 (0.2%)	3.5↑ (-)

※ Net income attributable to owners of the parent

A2. Cash Flow

(Billion KRW)

	4Q'16	3Q'16	4Q'15
Cash at the beginning of period	991.7	919.9	1,241.8
Cash flow from operating activities	117.4	297.6	28.0
Net Income	-36.9	3.9	-17.5
Depreciation	143.9	141.6	38.6
Cash flow from investing activities	-479.4	-254.7	-58.9
Increase in tangible assets	-354.5	-285.9	-60.4
Cash flow from financing activities	139.3	53.1	-106.2
Increase/Decrease in debt	151.2	67.4	-91.0
Net changes in cash	-195.9	71.8	-206.5
Cash at the end of period	795.8	991.7	1,035.2