

SAMSUNG

SAMSUNG ELECTRONICS

STRATEGIC UPDATE

Enhancing Long-Term Shareholder Value

November 2016



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Our Long-Term Priorities

Develop the most **compelling solutions**

Direct investment resources to the **highest potential** and **timeliest opportunities**

Continue to concentrate on our **core competencies** and **maximize competitiveness**

Be good stewards of capital and **deliver value to our shareholders**

Strategic Business Focus

IT & Mobile

Consumer Electronics

Device Solutions

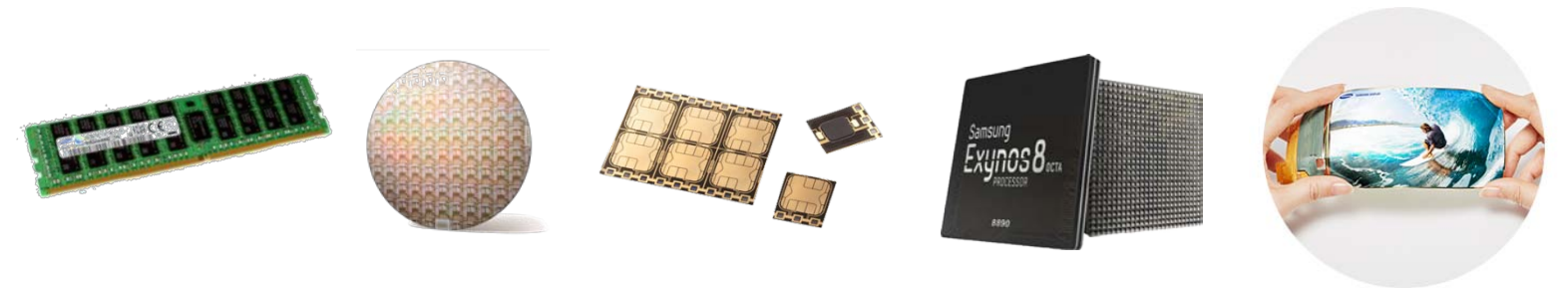
□ Devices and Convergence Solutions

- New growth & value creation
- Next generation technologies including IoT, AR and AI



□ Unrivaled Technology Leadership

- **Semiconductors**: DRAM, V-NAND, S.LSI + Solution
 - Innovation through advanced silicon technology
 - Integrate key components to deliver value-added solutions
- **Flexible OLED**: Create new form-factor with design flexibility



AUTOMOTIVE ELECTRONICS

□ Accelerated Growth in Automotive and Connected Technologies

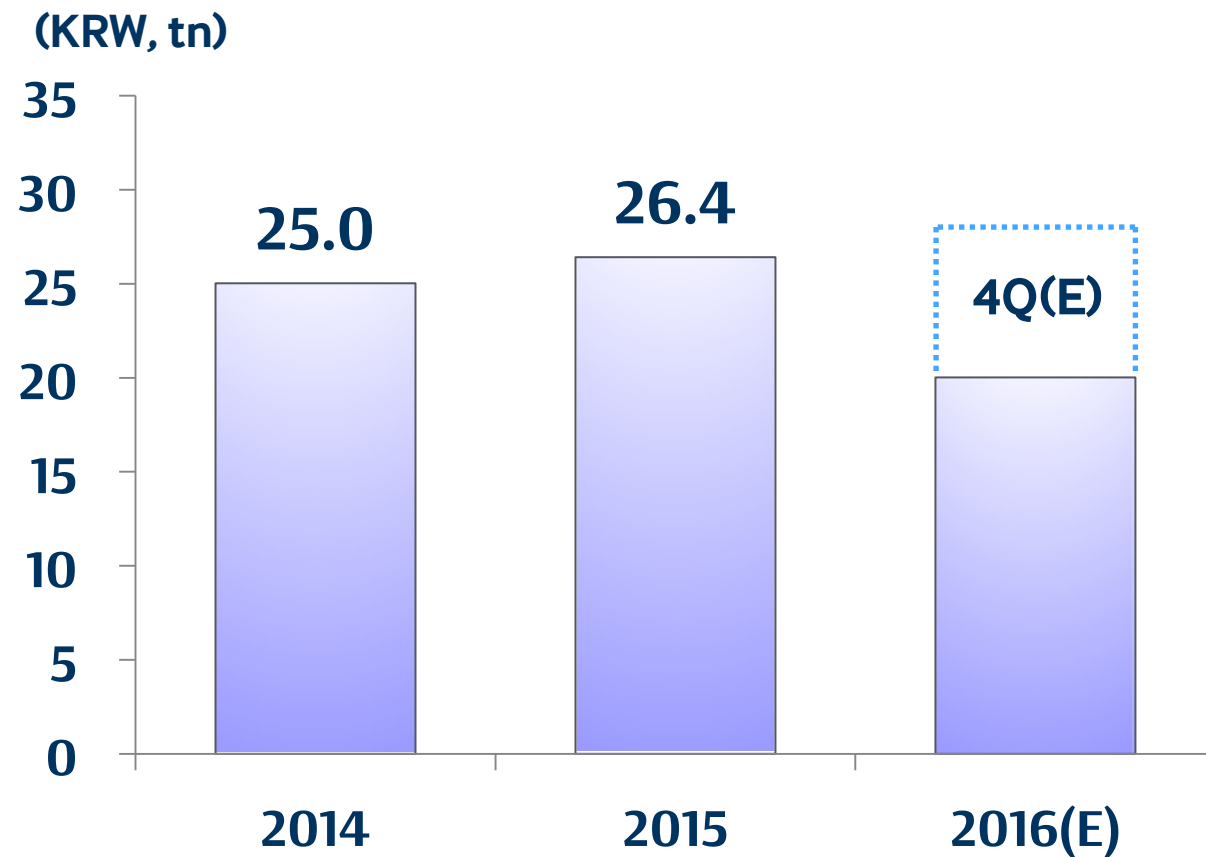
- Integrated Synergy from component capability : SoC, Memory, CIS, OLED, etc.
- Utilize advanced UI/UX , 5G technology, IoT

□ Solutions + Strong Brands + R&D + Global Tier 1 Supplier

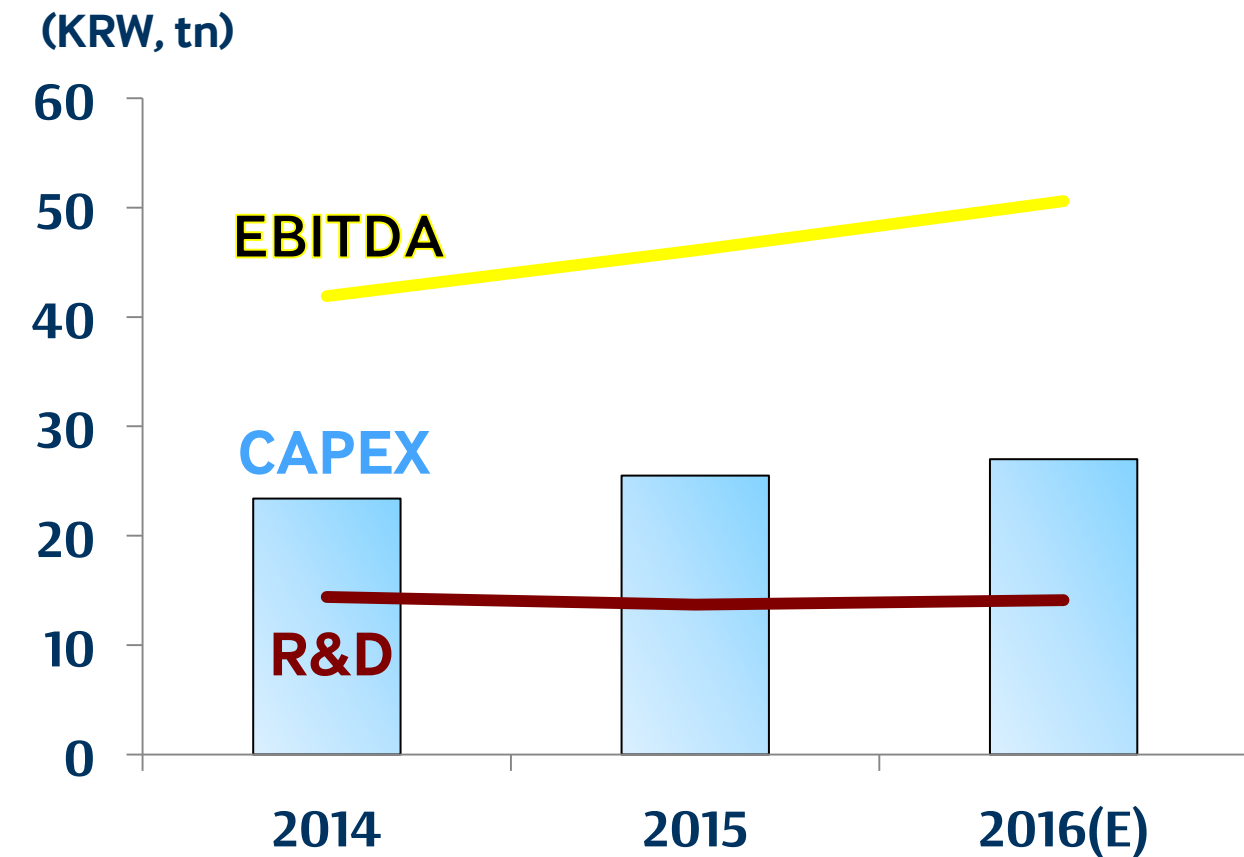


Delivering Strong Results

Operating Profit



EBITDA/CAPEX/R&D



The current BOD and management team have a track record of delivering solid operating performance

Actions to Enhance Shareholder Return

1 Allocate **50%** of **2016** and **2017 FCF** for shareholder returns

2 Increase dividends

- ※ Increase 2016 total dividends by **30% to 4.0 trillion won**
- ※ 2016 dividends per share is expected to increase by **36% to 28,500 won**

3 Repurchase shares

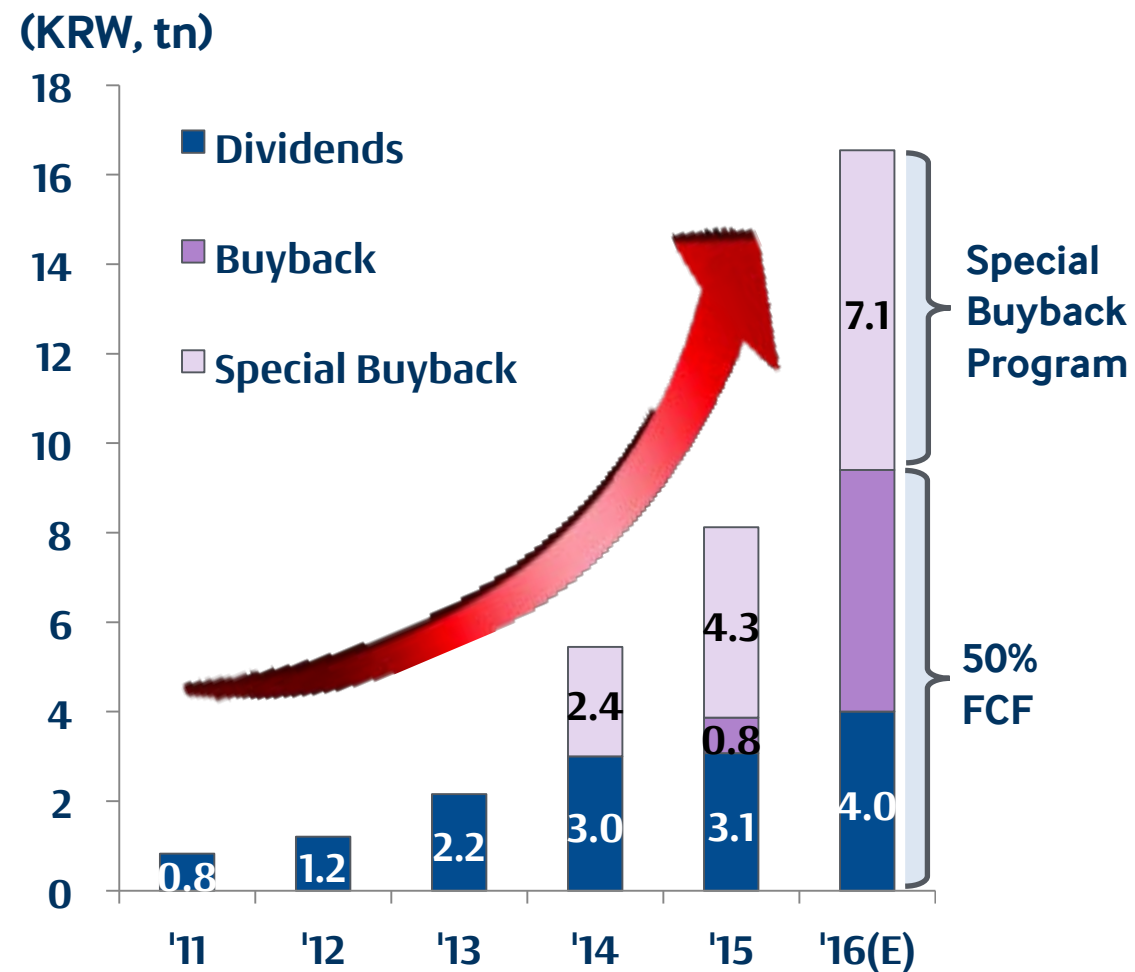
- ※ Utilize remaining amount of the **50% of 2016 FCF** after the dividend payouts + unexecuted **0.8 trillion won** from **2015 FCF** allocation
- ※ Cancel repurchased shares

4 Initiate **quarterly dividend payments** starting Q1 2017

5 Seek to **further enhance capital allocation** policy beyond 2017

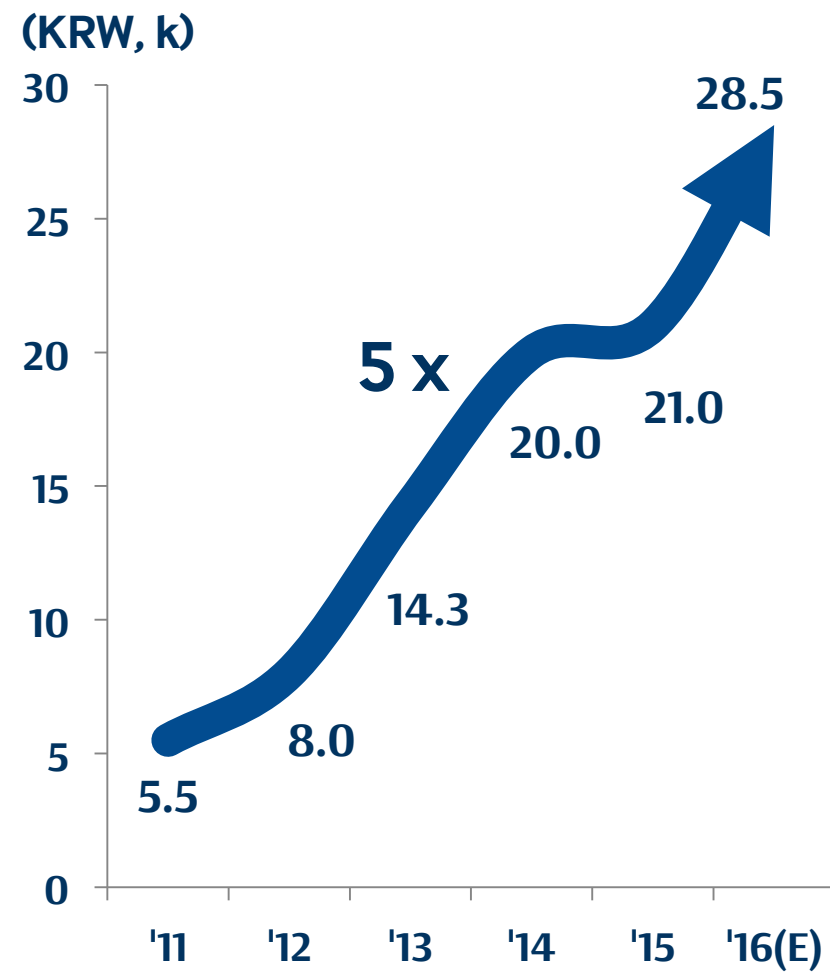
Track Record of Successful Capital Management

Shareholder Returns



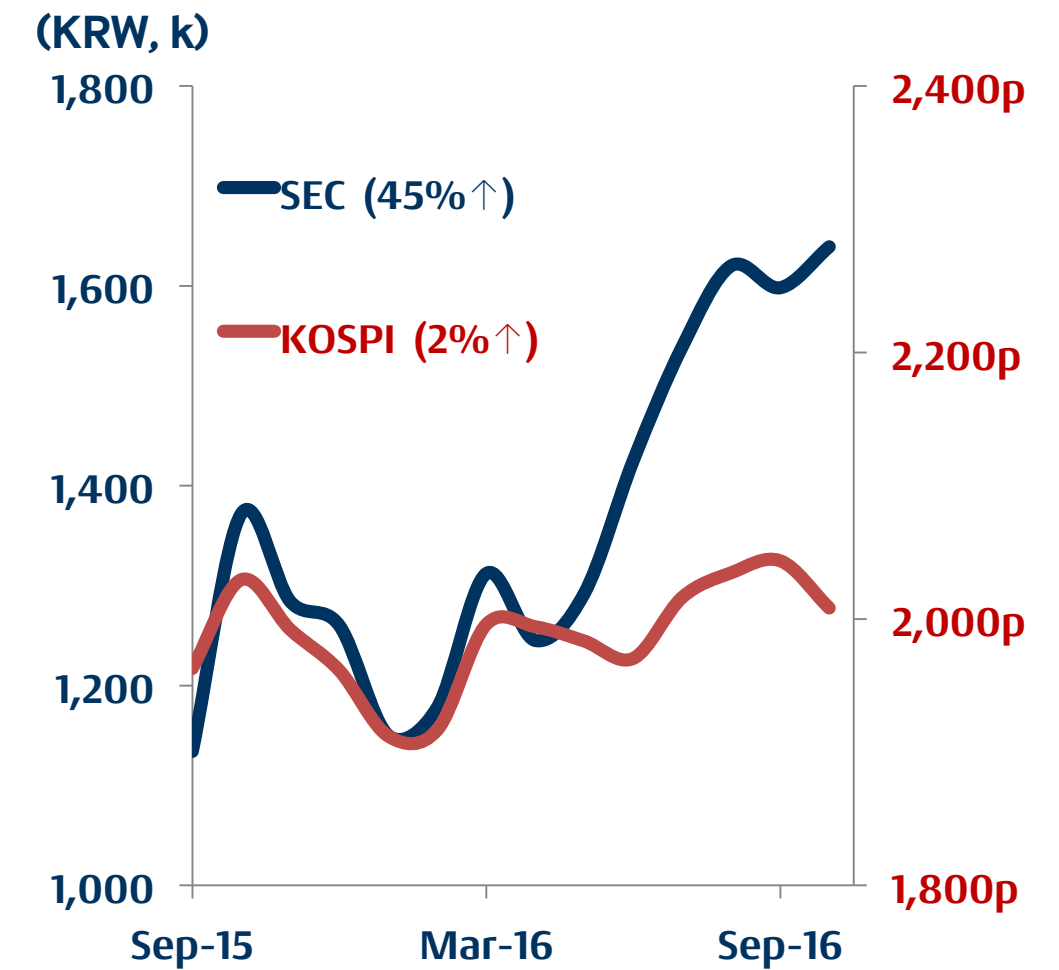
□ Allocate 50% 2016 FCF for shareholder returns

Dividends Per Share



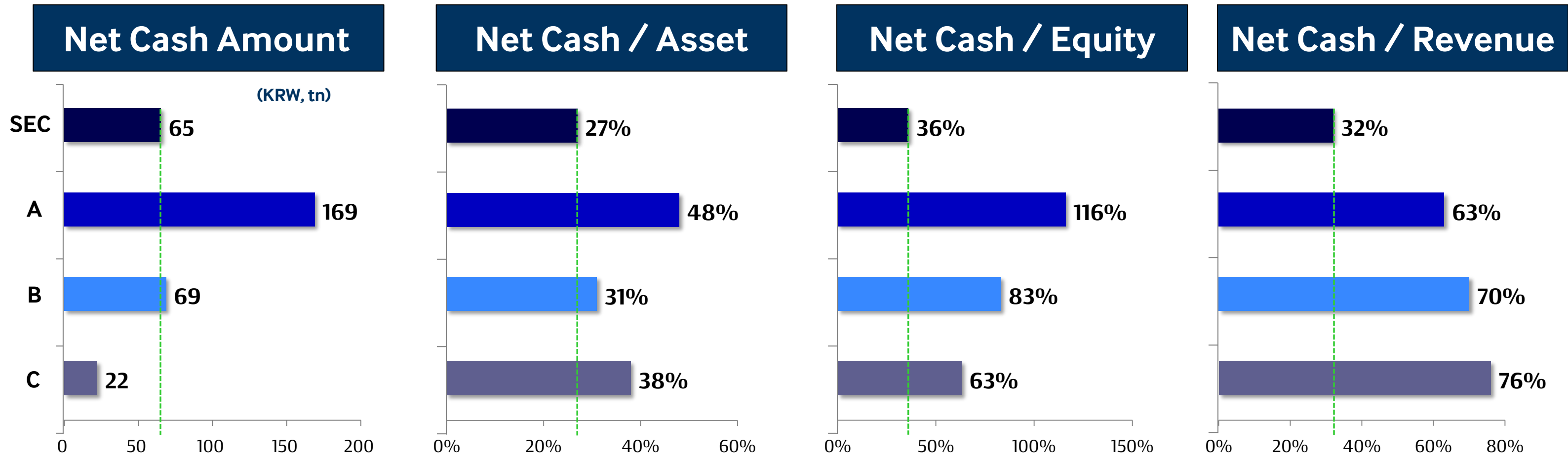
□ 2016 dividends per share is expected to increase by 36%

Price Performance



□ SEC outperformed KOSPI

Cash Position Benchmarking



Objectives :

- Maintain a net cash balance of 65 to 70 trillion won going forward, in line with global peers
- Review cash position every 3 years to address business and economic developments and return excess cash beyond the net cash target to shareholders
- Continue to balance the principles of investment for long-term growth and sustainable shareholder value creation

All figures as of June 2016

A, B and C represent global technology companies that, like SEC, require significant investment in capex and R&D to fund future growth

Governance: Board Composition

- Wide range of business experience, including strong foundation in technology and innovation
- Track record of delivering exceptional value for shareholders
- Actions to improve shareholder returns

※ New developments :

- Invite new members with international corporate experience
- One independent director with robust global c-suite/board experience by 2017 AGM

Current Board Composition



■ Strong

■ Targeting Improvement

Governance: Strengthen Procedures and Oversight

Create a new Governance Committee comprised of independent directors

- Address Board decisions and proposals that are linked to enhancing shareholder value
- Provide stronger Board communications with shareholders
- Governance Committee will assume the duties of the Corporate Social Responsibility (CSR) Committee

Current Committee Membership

