It is not intended that this presentation contains forward-looking statements. If statements contained anywhere in this presentation, including statements regarding events and financial trends that may affect future operating results, financial position and cash flows, may be found to constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, other U.S. federal or other securities laws, all such statements are based on assumptions and estimates by Samsung Electronics and are subject to risks and uncertainties. You can identify these forward-looking statements by the use of words like "strategy," "expects," "plans," "believes," "may," "will," "estimates," "intends," "should," "anticipates," "projects," "goals," "targets" and other words of similar meaning or the negative or other variations of those terms. You can also identify them by the fact that they do not relate strictly to historical or current facts. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results and performance of Samsung Electronics or its affiliates to differ materially from any future results or performance expressed or implied in the forward-looking statements. These risks, uncertainties and other factors include, among others: general economic and business conditions in Korea, Europe, the U.S., China (or any market where Samsung Electronics or its affiliates derive a significant portion of their income); currency exchange and interest rate fluctuations; government, statutory, regulatory or administrative initiatives affecting Samsung Electronics or its affiliates; changes in business strategy, practices or customer relationships; and other factors that may be referred to the presentation.
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

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

Consumer Electronics

- Unrivaled Technology Leadership
  - Semiconductors: DRAM, V-NAND, SLSI + Solution
    - Innovation through advanced silicon technology
    - Integrate key components to deliver value-added solutions
  - Flexible OLED: Create new form-factor with design flexibility

Device Solutions

- 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

Automotive Electronics
Delivering Strong Results

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

Dividends Per Share

Price Performance

Allocate 50% 2016 FCF for shareholder returns

2016 dividends per share is expected to increase by 36%

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

- Board Independence
- Information Technology
- Legal
- Finance
- Public Health
- Public Affairs/CSR
- Global C-Suite / Board Experience

Strong  Targeting Improvement
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

- Management Committee: *(3:0)*
  - Executive: 3
  - Independent: 0
- Audit Committee: *(0:3)*
- Independent Director Recommendation Committee: *(1:3)*
- Related Party Transactions Committee: *(0:3)*
- Compensation Committee: *(0:3)*
- Governance Committee: *(0:5)*

*Committee is comprised of all independent directors
Committee is not comprised of all independent directors