

【Harman Acquisition Conference Call】

Samsung Electronics

Operator

Hello. We'd like to welcome you to Samsung HARMAN Conference Call. Later on, we will have a question-and-answer session. [Operator Instructions] I will now turn the call over to Mr. David Steel, Executive Vice President and Head of Global Communications for Samsung Electronics. Mr. Steel, please go ahead.

David Steel

Thank you. Welcome to today's call about Samsung's acquisition of HARMAN International Industries. The call will be hosted by Samsung Electronics' President and Chief Strategy Officer, Young Sohn and HARMAN's Chairman, President and CEO, Dinesh Paliwal.

Let us start on slide 2, by noting that this conference call will include certain forward-looking statements as defined under U.S. Security Laws with respect to Samsung's agreement to acquire HARMAN. Any forward-looking statements speaks only as of the date on which such statement is made and neither Samsung nor HARMAN undertakes any obligation to update or revise any forward-looking statement whether as a result of new information, future events, or otherwise. A full declaration regarding forward-looking statements and additional legal information are available at the beginning of the accompanying presentation, and should be read in conjunction with this call.

We really appreciate that all of you could join the call on such short notice. So with that, I'd like to turn it over to our President and Chief Strategy Officer, Young Sohn.

Young Sohn

Good morning. Thank you for joining us. This is very exciting moment for us. Turning to slide 3, let me start by sharing our vision for the future on the connected cars. This is a key focus of Samsung's long-term strategy.

The car of tomorrow will be transformed by smart technology and connectivity, in the same way simple, feature phones have become sophisticated smart devices over the past decade.

Drivers are increasingly demanding a better in-car experience as well as broader range of connected services.

In response, OEMs are looking to accelerate the implementation of smart, integrated technology and services

to meet that demand. We believe this market opportunity will be worth over \$100 billion a year by 2025. We estimate the percentage of connected cars will more than double in the next 10 years to nearly 90%, and electronic content will increase from 29% to 38% of car's value. The potential is clear, but the challenge is how best to enter this market.

We have been studying the automotive market for some time. We conclude that organic growth will not get us where we want to go fast enough. By acquiring HARMAN, which is the market leader, we'll immediately achieve critical mass. Together, we can have OEMs serve their customers even better. As part of Samsung, HARMAN can become a unique Tier 1 player able to deliver end-to-end connected car solutions.

Now, turning to slide 4. I'm very pleased to be sitting alongside Dinesh today. We are excited to tell you why we believe this combination is an ideal fit that will enable us to drive real value for our customers, employees and shareholders.

HARMAN has a track record of innovation, and superb reputation for excellence among its customers. It also has a market-leading technology, iconic audio brands, and a world-class management team. The paralleling of Samsung's mobile technology, semiconductors, and displays will enhance HARMAN's automotive and connected service businesses.

Leveraging HARMAN's position as Tier 1 automotive player will create substantial growth opportunities and deliver benefits for customers. In addition to a big automotive opportunity, we are excited to combine our respective audio and video expertise. This will enable us to enhance offerings for both consumers and professional end-markets.

Long-term relationships are vital to success in the auto business. This is why we are so pleased that Dinesh and his management team will continue to work with us in this business. HARMAN will operate as a wholly-owned subsidiary of Samsung. We expect no change in its headquarters, facilities, workforce or brands.

On slide 5, let me say a few words about Samsung's long-term strategy. We have been focused for some time on this attractive market. Last December, we set up an automotive electronics team to explore opportunities in the automotive, technology space. We have made 15 venture investments in exciting innovative startups. After assessing the market opportunity, we determined that the best way to accelerate our growth was by partnering with a leading Tier 1 player.

HARMAN is a market leader, and also like minded partner. We both see exciting new opportunities in the car, and the potential for seamless, connected lifestyle across automotive, home, mobile and work. This transaction will give us a strong position in a large and rapidly growing market. Together, we can provide full

end-to-end solution for the auto OEMs and consumers.

Our view is that partnering with OEMs is the best way to accelerate deployment of connected technologies. Samsung will not get into business of manufacturing cars.

With that, I'd like to turn it over to Dinesh, who'll introduce you to HARMAN, and share their exciting story. Dinesh?

Dinesh C. Paliwal

Thank you, Young, and good morning, everyone. Before I discuss what HARMAN brings to the combination, which is shown on slide 6, let me take a moment to discuss the value of this transaction to all of our constituencies. I would like to say how excited we are about this combination with Samsung, one of the most innovative and admired companies in the world. By joining forces with Samsung, we cement our outstanding track record of delivering compelling value to our shareholders. Value creation is deeply embedded in our culture as evidenced by the results we have achieved. But we cannot stand still. Based on the pace of change in the industry, we need to continue moving quickly to remain the industry leader.

With this transaction, we will deliver significant and immediate value to shareholders, while positioning HARMAN to gain greater scale and resources, and access to Samsung technology to remain the leader and grow our market share in the coming years. This transaction was carefully considered and unanimously approved by HARMAN's board of directors as the best way to maximize value for our shareholders. This transaction delivers significant and immediate value.

At \$112 per share in cash, we are delivering a premium of 28% based on HARMAN's closing price last Friday, and a 37% premium to HARMAN's 30-day volume-weighted average price. This represents a multiple of approximately 10 times over last 12 months' EBITDA, and actually 17 times PE of LTM or even calendar year 2016. There is a very little overlap between our companies, and Samsung has a history of growing and nurturing iconic brands. That's why we expect a smooth path to completion and successful integration thereafter.

Both Samsung and HARMAN believe this transaction is an ideal strategic fit that will maximize our complementary strengths. Samsung's global scale, R&D capabilities, and distribution channels will provide HARMAN the resources to broaden our technology portfolio, expand our reach, and accelerate the introduction of industry-first solutions.

We're also excited about the benefits this transaction will deliver to employees, customers and other

stakeholders. For our talented employees, we expect being part of a larger, more diversified global company. That would create many exciting opportunities. I would like to thank all HARMAN employees for making this transaction possible.

Let me spend a few minutes on HARMAN, and why I'm so excited about our future as part of Samsung. As you all know, HARMAN designs and engineers connected products and solutions for automakers, consumers and enterprise worldwide. This includes connected car systems, audio and visual products, enterprise automation solutions and connected services.

We have grown significantly and now have revenue of \$7 billion and EBITDA of \$866 million on a LTM basis.

Our industry-leading automotive backlog was \$24 billion as of June 30, 2016. Backlog is an indicator of our success, as well as a validation of customer confidence in our innovation pipeline.

Now, turning to slide 7, you can get a good sense of how we are organized, and the relative size of our primary business areas. As you can see, our business is built to deliver connected technologies for consumers, from their homes to their cars, to their offices, and everywhere in between. HARMAN has a core competency in designing sophisticated and highly integrated systems for cars. Samsung has deep knowledge of electronic components, including processors, memory, chips, displays, as well as telecommunications, 5G connectivity and IT system integration.

We are also excited about how all of this can be leveraged with our customers. In addition, our Lifestyle Audio business is a leading provider of technology and premium branded sound solutions. Our Professional Solutions division serves the entertainment and enterprise markets. With this transaction, we will be a comprehensive system provider, offering a complete audio signal chain along with Samsung's unmatched display capabilities.

And finally, on the Connected Services front, our newest division, we are focused on software and services. We see incredible opportunities in IoT for the automotive, consumer and professional markets. Supporting HARMAN's industry-leading solutions is our globally diverse workforce of incredible talent, more than 30,000 professionals around the world. We're fortunate to have such a deep bench of talent across our organization.

Samsung recognizes the strength and will operate our company as a standalone subsidiary, following the close of the transaction. I will continue to lead, and I'm very proud and pleased that I'll be continuing to lead HARMAN along with our existing leadership team and workforce as we also continue to take bold steps and decisive actions to win in the marketplace, and work very closely with colleagues in Samsung.

With that, let me, again, say how excited the entire HARMAN team is to become part of this great Samsung

organization. I look forward to working closely with Samsung to achieve a seamless integration. Looking ahead, the HARMAN team will continue to combine fashion and purpose to deliver smart products, systems, software and services that connect people wherever they are. We're really looking forward to working together, and I know we'll be even more successful together.

I will now turn the call back to Young.

Young Sohn

Thank you, Dinesh. As you can see on slide 8, Samsung is a leader in connected devices, core technology and innovation, and HARMAN is a leader in branded audio technology, and **has deep relationships** in the automobile industry. As the largest maker of consumer electronics, mobile and core technologies such as display and semiconductors, we bring powerful assets that can drive convergence of consumer in auto technologies and services. Together, we can grow bigger and faster than either of us could have done on our own. The auto industry has long lead times, and HARMAN's backlog is \$24 billion, which gives excellent visibility into their performance.

Let me give you some more specifics on growth opportunities in slide 9. Our vision of the connected car of the future includes a seamless user experience, with multiple display screens, enhanced entertainment systems, high-speed 5G connectivity, and artificial intelligence that one day will lead to driver-less cars. Through the combination of Samsung and HARMAN, **we will be positioned to** address the four major trends that are transforming now to industry; autonomous, connected, electric and user experience.

While automotive electronics and the connected car are major drivers for our partnership, there are real opportunities in the home, offices, major public venues, and personal devices. Importantly, we will be able to leverage our display and core technologies to enhance HARMAN's audio businesses. Both companies can also leverage their combined strong consumer and professional channels, and we believe there are significant opportunities here.

Let me tell you about summary of the transaction in slide 10. And as Dinesh described, this is a compelling opportunity for both shareholders. This transaction brings significant growth opportunity for us, and immediately accretive to our earnings. We expect the transaction to close in mid-2017. Both Samsung and HARMAN are confident that we will obtain all necessary regulatory approvals in a timely manner.

On slide 11, let me show you the strong support this transaction is already receiving from leading automotive executives. Both Ricky Hudi, formerly of Audi, and Steve Girsky, formerly of GM, believe making HARMAN part of Samsung will create a new kind of Tier 1 player. Their comments are on this slide.

In summary, we are very excited about this transaction and look forward to working together with Dinesh and entire HARMAN team in the years ahead. As we have discussed, this transaction is about growth. And with HARMAN, we have found perfect partner to establish a significant presence in a rapidly transforming market. With that, Dinesh and I will now take questions. Operator, please open the lines for questions.

Q&A

Operator

Thank you. [Operator Instructions] Our first question comes from the line of Do-Hoon Lee of CIMB Securities.

<Q - Do-Hoon Lee>: Hi. Congratulations on the deal. I'm sure that both Samsung and HARMAN should have very exciting opportunities ahead. My question is about synergies for Samsung Electronics' existing business from the deal. Not just regarding your consumer electronics like mobile and TV, but also more specifically in terms of the impact on Samsung's component businesses. Can we expect this deal to expedite Samsung's television process to get into a global to OEM vendor list. In other words, when can we expect auto application can be more noticeable and meaningful within Samsung's component business revenue and earnings?

<A - Young Sohn>: Great question. I think that one of the reasons why we made this announcement is that automotive industry has a different life cycle than consumer electronic products. And having a tremendous relationship that HARMAN has built, over time, will help us to learn, help us to build the relationship, help us create design wins that will help our component business, as well as really core technologies that are acquired. I mentioned about major trends around autonomous, connected, electric car, user experience. This is all new area that are happening in front of us. And only when you work together with someone like HARMAN that has – that understands industry with the core technologies that we're investing, we believe we can create better solutions. And as you know, the life cycle of this business is not a short-term, it typically takes several years designing products. So, my expectation is that somewhere in few years out, you will see exciting design wins based on our technology that can change the experience for consumer base.

<Q - Do-Hoon Lee>: Thank you.

Operator

Our next question comes from the line of Peter Yu of BNP.

<Q - Peter Yu>: Yes. Hi. Thanks for getting my question. So, it looks like this acquisition is Samsung's effort to get into this automotive technology market, and maybe use HARMAN as a springboard to get into the other

parts of the auto or parts business. So, when you look at it, what would be the range of business scope on top of the HARMAN business that HARMAN used to do? Will you be getting into just kind of sensors or computing boards for the autonomous driving car? And you mentioned electrification of cars, does that mean that you will get into the powertrains and auto auxiliaries as well? So, I just want to get your long-term strategy in this automotive businesses.

<A - Young Sohn>: Great. Good question. I just to make sure **this very** clear. We did not make this announcement to get into more traditional businesses. We are really excited about where the car of the future is going. And I made a comment about how we used to have the feature phones that was you can get the calls from and you can send the calls, but today's smartphone is a part of you. It has a presence. It has all your data. It is an information in your fingertips. And I think that **tomorrow's** car will have similar kind of opportunities where your information will be seamlessly connected. Your experience be much different. And I think that as an IT company, we are very excited where this new direction is. I don't think we will be interested in traditional powertrains or body part or car seats and things like that. This is all about new user experience where technology and connectivity matters.

<Q - Peter Yu>: I see. Thank you.

Operator

Our next question comes from the line of David Lim of Wells Fargo Securities.

<Q - David H. Lim>: Hi. Can you hear me?

<A - Young Sohn>: Yeah. Thank you.

<Q - David H. Lim>: Well, congratulations, and also, in Korean, chuka hamnida. Simply a question that I wanted to ask is what is Samsung's vision in autonomous and how would you leverage artificial intelligence in HARMAN's, well, I guess now at Samsung's, iOnRoad technology for the autonomous vehicle as well as active safety? Thank you.

<A - Young Sohn>: So, I am going to have Dinesh talk about his technology, but I'll just add a comment about your comments around the importance of AI, importance of connectivity, and also just importance of autonomous direction, this direction is going. I don't know when autonomous car will be on the road. But we know there are many degree of autonomous, semi-autonomous, safety. These are all very critical items. So, having right sensors, having the right algorithm, they can be able to diffuse different information that are coming from sensors. And then, having a connectivity, they can enable to have that information, connected to

the cloud and then being able to analyze them to provide better insight. These are all very critical parts of enablement that actually HARMAN already have many parts of that they bring. So, what I'd like to do is that's the goal where we're going, but I'm going to have Dinesh articulate some of the investments, some of the work they've been doing, Dinesh?

<A - Dinesh C. Paliwal>: I think it's a great question, and, actually, it speaks for this integration of Samsung – HARMAN into Samsung. If you think about what we have been doing and winning pretty decisively with such large backlog of pipeline, we are an industry leader in compute platform and telematics and application development on top of that. And we have done that very well across German industry, American, Asian industry. On top of that, we have been building a world-class telematics with gateway approach. Recently, industry-first award was won in Germany. And we have been investing heavily in over-the-air update technology, cyber security. In fact NHTSA just recently, as we announced in our earnings call, announced among all the cyber security technologies worldwide, HARMAN was ranked number one, world-class. So, if you think about L2/L3, you need compute platform. You need sensor fusion. You need distributed intelligence instead of 80, 90 ECUs, maybe 20 to 25 powerful ECUs. So, Samsung's competence will – absolutely will be at play with processors, with memory. And then you talk about massive display technology. I mean, you will need lot of displays, unique contextual user interface. Again, that's Samsung's competence. So, if you see, this is highly complementary. There's hardly any overlap. What we do, what they bring to the game. In addition, Young has mentioned investing in some 15 start-ups for ADAS and sensor fusion. Now, you have it. Now, you have the smarts and the automated parts of the car, which is where we want to focus. I like the analogy we don't want to follow the path. We want to be where the path is going to be, and that's where we want to be, as a big strong Tier 1 of smarts.

<Q - David H. Lim>: Great. Thank you.

<A - Dinesh C. Paliwal>: You're welcome.

Operator

Our next question comes from the line of Daniel Kim of Macquarie.

<Q - Daniel Kim>: Thanks for taking my question. This is Daniel Kim, Macquarie Korea. HARMAN has been on quite a roll, having just delivered another strong quarter result. So, I'm wondering are you concerned whether your shareholders will view this price as appropriate or inadequate? Thank you.

<A - Dinesh C. Paliwal>: Well, this transaction delivers a compelling and immediate value for HARMAN shareholders. \$112 per share in cash, that represent, 28% on the last Friday's closing, and 37% premium to 30-

day volume average price. And as I said earlier in my comments that that represents 17 times PE multiple of this last 12 months also for this calendar year. So, we feel very good about it, and its instant value creation as it is a all-cash transaction. So it's a great thing. And also from the – when we go one step beyond, our shareholders – our employees are also shareholders. And for that, 30,000 people is a synergy all across the world, with Samsung technology and people. So, I feel for shareholders' point of view, our board of directors has always encouraged management team to maximize the value. And we have delivered, including as you said first quarter, and the value Samsung's transaction represent is a very healthy margin. 26:52

<Q - Daniel Kim>: Great. Thank you.

Operator

Our next question comes from the line of Marcus Shin of Goldman Sachs.

<Q - Marcus Shin>: Hi. Thank you for taking my questions. This is Marcus Shin. I'm from Goldman Sachs. As you mentioned, Samsung will likely pay around 37% premium to HARMAN's 30-day volume weighted average price, which could potentially raise concern on overpricing issue from some investors from Samsung's perspective, especially taking into account the fact that global auto part companies are currently trading at around 5 to 6 times EBITDA range for the next 12-months. So can you potentially walk me through how you come up with your pricing, if possible?

<A - Dinesh C. Paliwal>: Let me start, and then I'm sure my colleague, Young, would have something to say. So, when you say auto parts, there's a whole spectrum. We take great pride in saying we are unique. Our offerings are highly software, algorithm-driven, cloud-based analytics, data analytics. I know there is an importance for all kind of real estates in the car, whether the seats and HVAC and powertrain, lot of metal, lot of other things, but we are high value end provider, and that's the reason why we have such rich order backlog. And, in fact, we are the highest quartile profit margin company. So, for that, our multiples are, we think, very good, in line with the HARMAN shareholders' expectation, and we are pleased with the outcome.

<A - Young Sohn>: Yeah. I would echo that. I think that parts maker is a very general way of looking at the industry. If you look at HARMAN as a system company, system company with software, system company with architecture, system company with a large number of software teams that enable the kind of service that Dinesh mentioned. So, I'm really happy that we actually had the deal where we can be able to meet their requirements, but yet being able to execute where we can to be able to create this transaction.

<Q - Marcus Shin>: Okay. That's very helpful. Thank you.

<A - Young Sohn>: Thank you.

Operator

Our next question comes from the line of Brian Johnson of Barclays.

<Q - Brian A. Johnson>: Good morning and good evening...

<A - Dinesh C. Paliwal>: Good morning, Brian.

<Q - Brian A. Johnson>: ...from where you are. Yeah. I just want to understand sort of thinking long term strategic –well, one quick housekeeping point, which is, will this require vote of Samsung shareholders? The more interesting strategic question is, how do you think this changes the competition for infotainment and electronics content in the car? And if we kind of think of a car circa 2020, 2021, what are the type of solutions that you think that two of you together can deliver? And then what do you think that means for the more automotive silo Tier 1 competitors?

<A - Young Sohn>: Okay. So, let me answer the comments around the first question. And then maybe Dinesh can also add a comment around the feature of car as well. So, for the Samsung decision-making, our board of directors unanimously approved this deal last night. So, I'm very pleased to communicate that decision to you, and it does not require vote of shareholders.

<A - Dinesh C. Paliwal>: So Brian, let me tell you, that's a passionate topic for me. You heard me talk about, look, this industry has been on a fast-pace transformation. 10 years ago, there were 250,000 lines of code, and now we are shipping 13 million lines of code. A lot more than the Dreamliner aeroplane. And we're not stopping here. The industry is pushing the envelope, which means the transformation of whole electronic architecture, the instrument cluster, which is where Samsung brings in strong competence, the displays, the artificial intelligence, the sensor fusion. So, that's where the content is going as you heard from Young, from low 30s to high 30s or low – actually high 20s to low 30s content per car. So, nearly one-third of the car value will come from software and electronics and contents like between Samsung and HARMAN we will have. So, that's very exciting, and the pie is expanding. I think from where I see industry is and where we stand together, this is a big move. This will shape the industry. This is a massive scale gain for HARMAN, highly complementary. And this will put pressure on the way industry is organized right now for the traditional Tier 1s to stay afloat and to compete and to be able to supply L2 and L3-type of car architecture. Either they have to invest heavily, which is a long-term organically, or they have to partner with someone. And Brian, you have also heard me say for the last two years I've been saying, HARMAN is fantastic, very successful, but to be able to play big in L2, L3 and L4, we need to partner. We have mentioned, we have already strong partner with Google, Apple,

Microsoft, but this is a dream come true, because it's so complementary and we'll be able to create proof-of-concept for the next designers to show them that what is possible. So, I think that's to be asked. Cars in 2020 would have some of the, hopefully some design wins, which will be jointly done by Samsung-HARMAN architecture.

<Q - **Brian A. Johnson**>: Okay. Thank you.

<A - **Dinesh C. Paliwal**>: You're welcome.

Operator

Our next question comes from the line of Peter Lee of NH Investment & Securities.

<Q - **Peter Lee**>: Thank you for taking my question. This is Peter Lee from NH. Samsung and HARMAN combination looks good. But could you explain why this acquisition is good for HARMAN employees and HARMAN customers? Thank you.

<A - **Dinesh C. Paliwal**>: Well, that's a great one, because that was one of the most exciting elements when we learn from Young and Samsung team, that they really expressed tremendous respect and value for our technology, our brands and our employees and the management. As Young said, and I'm so proud actually to say I will continue in my role and my entire management team is delighted to be part of going forward because some of the exciting things will happen together. And all our employees are also being assured that this transaction is not about cost-cutting as many transactions bring. This one is about positive synergies from Samsung-rich scale of R&D innovation. In fact, those are the things that will accelerate what HARMAN has been trying to do. So there's a lot of synergy here. And for a HARMAN employee, as I said, Samsung is a great, global, highly-diversified company. It actually offers lot many more personal and professional growth opportunities for HARMAN employees unlike in HARMAN. So, all in all, it's a slam dunk.

<A - **Young Sohn**>: So, I am going to just add a comment why I think that this **creates** really exciting opportunity for Samsung and HARMAN together. And this has a lot to do with the fact, as you know, Samsung has been investing very heavily in the area of mobility, connectivity, semiconductors and display, but we have not been playing in the auto market. By moving, by working together, we have an opportunity to please our customers and being able to make our expansion of technology base to enable our customers, our employees interactive and bigger way than can do it alone.

<A - **Dinesh C. Paliwal**>: I'm glad, Young, you mentioned that, very powerfully, statements. But I would also add to that, customers. That's why we are here together. This integration, this acquisition is all about our

customers and our shareholders. We need to create value for our shareholders, and we need to show value to our customers. So, if you look at our customers, Samsung is not new to automotive industry. They have been the largest supplier of memory, and a lot of other electronic components, and HARMAN is very well-known. So, I think our customers do expect greater integration of sensor, software, algorithms, end-to-end service delivery, data analytics capability, cloud-based applications. These are not the competencies car industry has, and that's why the Bay Area companies have expressed interest. Sometimes, they underestimate the complexity of the industry, and they're saying, we're going to get into car making. Unlike that, Samsung has made a bold statement, we're not getting into car making, yet we're going to supply the very high-end electronics and system architecture and design and end-to-end software analytics. I think it's something what car industry has been asking for.

<Q - Peter Lee>: Okay. Thank you.

Operator

Our next question comes from the line of Adam Jonas of Morgan Stanley.

<Q - Adam Michael Jonas>: Hi. Dinesh and team, congratulations.

<A - Dinesh C. Paliwal>: Hi, Adam. Good morning. Thank you.

<Q - Adam Michael Jonas>: You got it. So, just a simple question. Was this a competitive process for you as you were exploring strategic opportunities? And, if you're able to give any color around that that would be helpful for HARMAN shareholders. Thank you.

<A - Dinesh C. Paliwal>: So, Adam, I always start, that one is very simple. We are in the industry, and I say we are in the know. We are tightly working with the think tanks of German, Asian, and American car industry, and we partner with pretty much everybody. Google is a big partner, Apple is a partner, we work with Microsoft, bringing their productivity suite in the car first time, and of course, all the silicon manufacturers. We have worked with Samsung too. So when we looked at what would make the best combination, this was a great choice for Samsung to look at HARMAN and for us to look at Samsung, and that's prompted – and this was a very fast process. The discussion has started summer, and here we are.

<Q - Adam Michael Jonas>: Thank you.

Operator

Our next question comes from the line of Joseph Spak of RBC Capital Markets.

<Q - **Joseph Spak**>: Thanks and congrats, everyone. I think, in the world of technology, the idea of co-competition and frenemies, as Dinesh has put it in prior calls, is a little bit more commonplace. But as we enter this new world in automotive where there are clear ambitions from other players, I was wondering if you can just get a view as to how you're thinking about this web which seems like it could get increasingly tangled. Thanks.

<A - **Dinesh C. Paliwal**>: It is, and I think it's a good thing for the industry because I continue to believe – I don't know there is any single Tier 1 who has the total solution unless they get out of their comfort zone and say we're going to either collaborate or get into the scale, that's what just happened here. That's what excites me because, come on, we have to put customer first, and I think we're going to bring a lot more. And, again, we are not saying we have all the solutions of tomorrow, but we're not stopping here like, in HARMAN's case, over the last seven years, Joe, you've seen we have made quite a few bolt-on technology acquisitions from Redbend, for OTA, for TowerSec, for cyber security, iOnRoad, for ADAS Solutions, Symphony Teleca for data analytics and cloud-based applications, and so has Samsung. They have been very strategically making investments in start-ups and also in artificial intelligence companies, speech company. So, I think if you see the DNA of these two companies, very similar, very innovative, very fast-track. And this collaboration will actually expedite more collaboration, more co-competition, more frenemies. I mean, we will compete and there are friends and there are enemies sometimes. They compete. They cooperate. So, I'm going to have Young to comment on that because he comes from this industry.

<A - **Young Sohn**>: Well, I think that the reality is that no one company can provide full spectrum of solution for your customer need. We must work with our partners, sometimes competitors, to create a platform that can be able to accelerate deployment of technologies. So, I think it **seems normal**, especially Samsung, where we have whole bunch of relationship from components to subsystems and system level. And I think that you will see our approach always has been what is good for customers, how we can accelerate technology, and being able to drive that as a way to bring solutions to customers rather than trying to close the architecture, close the platforms. Open platform is really our mantra.

Operator

Thank you, ladies and gentlemen. We have time for one last question. Our final question will come from the line of Matt Stover of SIG.

<Q - **Matthew Stover**>: Thank you very much. Can you hear me?

<A - **Dinesh C. Paliwal**>: Hey, Matt. How are you?

<Q - Matthew Stover>: I'm very well. This is from the perspective of Samsung. And I'm wondering when you looked at the spectrum of electronic and engineering capability within the HARMAN platform, what it is that was most appealing to you in terms of product area where you saw an opportunity in the market, and you saw a need that was satisfied by the HARMAN portfolio? Thank you very much.

<A - Young Sohn>: Thank you. I think that's a really good question. Obviously, when we look at the companies, there are many things that we like, the history of innovation, and then we spend a lot of time on automotive, but I will let you start with the iconic technology innovation that started in audio area for 70 years. It's a company that has built a technology that are highly complementary with our video technologies. Combination of video and audio, we think we can build a very good business there as well. But in automotive, in particular, it's going through major changes, and I mentioned about the comparison of feature phone, smartphone, and I think a lot of technologies that we've been working together as we are looking at it, HARMAN has the capability to integrate it. Capability to work with customers. Capability to create a platform that can integrate a complete platform system with integration of different software and the cloud solutions. So, I think that HARMAN has been investing in this area for several years, and they've been evolving. And we like what we see in terms of the number one connected car technology company, cloud capability, telematics capabilities, over-the-air update, and very proven security features. These are very critical things that will help us build the platform that can move us much faster into this market than doing it alone.

<Q - Matthew Stover>: Thank you.

Operator

And that was our final question. I'll now turn the floor back over to management for any additional or closing remarks.

Young Sohn

Well, I really thank you, all of you joining us. I hope you have a better understanding of this important announcement that we made. We are very excited about this transaction, and we look forward to hearing from you more.

Dinesh C. Paliwal

And very quickly, my last remark is for HARMAN shareholders. My management team and I feel very proud for all these years of value creation. And this transaction really shows what this company is worth, 37% weighted average for 30 days, and 28% on last Friday's closing price, and 17 times PE multiple. We're very happy it's all cash transactions, so it's a good value for our shareholders and our board of directors unanimously approved

that.

Operator

Ladies and gentlemen, thank you for participating in today's call. This concludes the program. You all may now disconnect.