

# 1Q14 QUARTERLY EARNINGS

April 25, 2014

SAMSUNG SDI

SAMSUNG

# 1Q14 Quarterly Earnings

[Unit: bn KRW]

Category	1Q14	QoQ	YoY	4Q13	1Q13
Revenue	1,135.7	-5.7%	-6.0%	1,204.8	1,208.2
Small-sized LIB	773.0	+3.2%	+0.1%	749.0	772.0
xEV & ESS LIB	64.0	+30.6%	+300.0%	49.0	16.0
Display	297.0	-26.6%	-24.8%	405.0	395.0
Operating Profit (%)	△38.9 (-3.4%)	+30.0%	-16.8%	△55.6 (-4.6%)	△33.3 (-2.8%)
Pre-tax Profit (%)	55.8 (4.9%)	Turn black	-48.8%	<sup>1)</sup> △248.1 (-20.6%)	109.0 (9.0%)
Net Profit (%)	39.1 (3.4%)	Turn black	-49.7%	△196.0 (-16.7%)	77.7 (6.4%)



1) One-off write down of PDP assets included

※ Net profit excluding minority interests

※ CRT earnings included till 4Q13

# 1Q14 Financial Status

[Unit: bn KRW]

Category	End of 1Q14	QoQ	End of 4Q13	Financial Ratios
<b>Assets</b>	10,634.8	+79.1	10,555.7	<b>Liabilities/Equity</b>
<b>Liabilities</b>	3,047.5	+34.2	3,013.3	40.0%  40.2%
<b>Equity</b>	7,587.3	+44.9	7,542.4	<b>Net debt/Equity</b>
<b>*Cash equiv</b>	657.6	-97.6	755.2	5.7%  6.8%
<b>Debt</b>	1,172.7	-11.5	1,184.2	End of 4Q13                      End of 1Q14

※ Cash equiv including short-term financial instruments

# ANALYSIS & FORECAST

## 1Q14 Analysis

### » Top line growth in 1Q

- SEC's new project supply and upbeat shipment to Chinese customer on better smartphone sales
- Non-IT outperform as power tool, E-bike sales remain strong
- High-end product (ultra wide/high power) sale for each form factor report solid growth



## 2Q14 Forecast

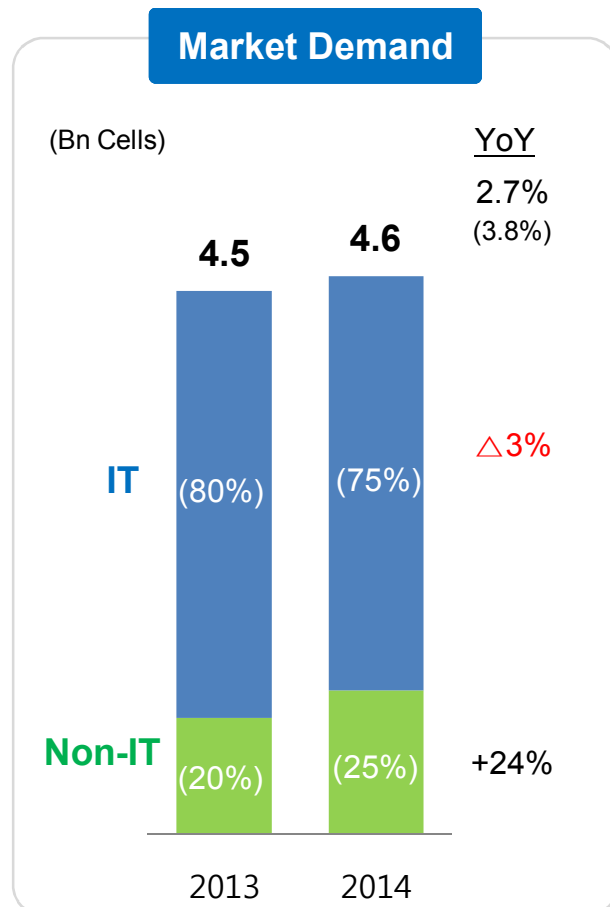
### » 2Q14E LIB demand : 1.12bn cell (+4% QoQ)

- Strong demand from non-IT sector and a major client's strategy to sell affordable smartphone and tablet PCs should show a growth in QoQ
- First-in on new projects, lead innovative products, sales enhancement in high-end products to maximize sales while optimize profits

# Small-sized LIB : Market Trend

※ Robust non-IT growth (+24% YoY) to lead 2014 LIB expansion

→ Lock in Sales/Profitability as non-IT contribute to improve product mix



» Including Tesla, power tool, E-bike in non-IT contribute overall LIB Market Size to Extend

- Demand ratio : IT      FY13 80% → FY14 75%  
    Non-IT FY13 20% → FY14 25%

» Find and penetrate into new highly potential markets and customers in non-IT sector to remain competitive and profitable

- Maintain dominant market share in power tool sector
- Trigger replacement of lead acid/nickel battery into LIB as offer high density/high power leadership
- Pioneer in new market development, enlarge non-IT sales contribution ratio by being an early mover

### 1Q14 Analysis

» **Top line surging**

- 1Q14 revenue 7x YoY, +60% QoQ
- Solid EV sales
  - Europe premium & North American OEM
- Ramping up HEV/PHEV production
  - Luxury European premium OEM

» **Participated Detroit Motor Show in Jan. '14**

- To expose our products and proactively communicate with global OEMs



### 2Q14 Forecast

» **Strong new order flow**

- Fresh projects from current European premium OEM as widens its xEV portfolio
- Early mover in China to lead in market share
- Develop new strategies for new OEMs

» **Expect sales to jump up on thriving xEV sales**

- Europe premium & North American OEMs

» **Placing a high gear in China**

- JV MOU in January, official agreement signed
- Participant of **Beijing Motor Show** in April
  - Penetrate OEMs in China

## 1Q14 Analysis

- » **Residential & Utility sales leap**
  - New residential model launch in JP (Jan. '14)
  - Shipment complete for an utility project
    - 4MWh for US/EU, internally 11MWh
- » **Won new utility project in Europe**
- » **Form ready to enter platform in China & Emerging Market**

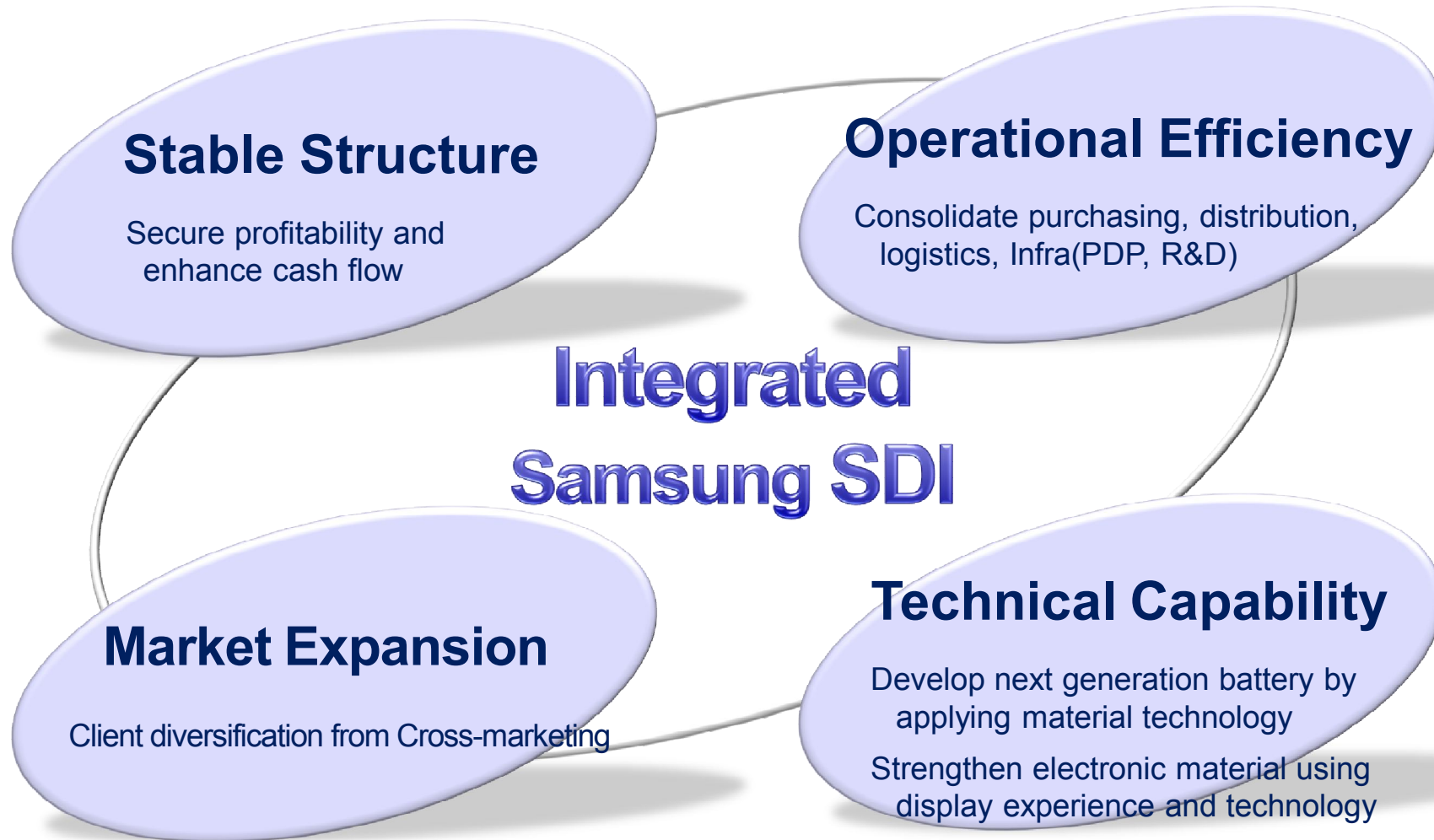


## 2Q14 Forecast

- » **Expect ESS Market to Revive**
  - Residential: LIB-ESS subsidy to resume in JP
  - Utility: Projects in US/EU/JP to vitalize
- » **New orders and revenue rising**
  - Target key PVs in JP and utility in US/EU/JP
  - Supply UPS to Samsung affiliates & 11MWh to UKPN
- » **New product launch at Intersolar 2014 (June)**
  - Enlarge public relations as target EU market
- » **Frost & Sullivan, Best Practice Award (May)**
  - Successful installation of large utility ESS in EU



# INTEGRATION EFFECT



## 1. A Top Tier in auto parts sector as centralize resources & capital

### » SDI's Auto battery + Cheil's Chemical → promote Auto parts/Material business

- SDI > Develop high energy capacity auto LIB & invest in production lines
- Cheil > Develop Chemical into producing high value-added super structural materials for auto

### » Seek Auto solutions business as combine the competencies of SDI's LIB & Cheil's Material

ex) high energy capacity battery pack + super structural materials for auto body to offer  
「Solution for better driving range」

## 2. Integration of technologies in Battery/Display + cutting-edge expertise in materials

### » Boost LIB competitiveness by amplifying capabilities in four basic core materials

- SDI > Lead R&D of LIB utilizing advanced material/cell technology
- Cheil > Magnify variety of expertise in organic materials, electronic materials processing, film coating, etc.

### » Uplift Cheil's Display material to be a Global no.1 with SDI's Display skill/expertise

- Extend SDI's PDP resources, processing know-how, diverse inorganic capability, OLED development/industry knowledge

### » Build up next generation Material/Parts business

- SDI's "Flexible battery" + Cheil's "Flexible core materials (transparent film, pouch, etc) "

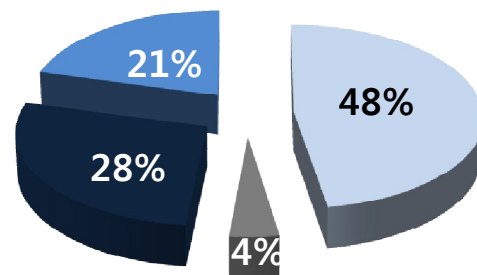
## WORLD'S BEST MATERIAL-ENERGY TOTAL SOLUTION COMPANY AS COMBINE CAPABILITY IN MATERIAL-PART-SYSTEM

» Target FY20 Revenue Of W29tn

» Solid Company structure In FY20 as Battery 50%, System 6%, Chemical 24%, EM 20%

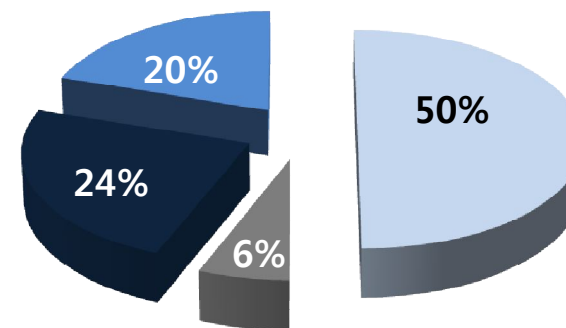
Revenue

[ W17tn ]

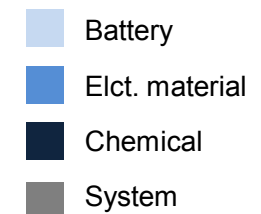


FY17

[ W29tn ]

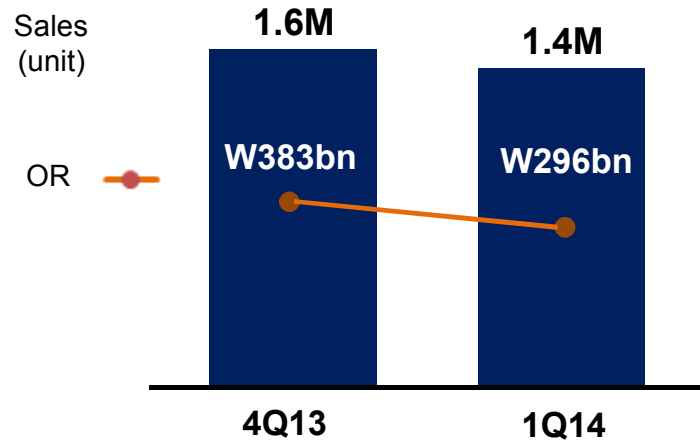


FY20



# Appendix

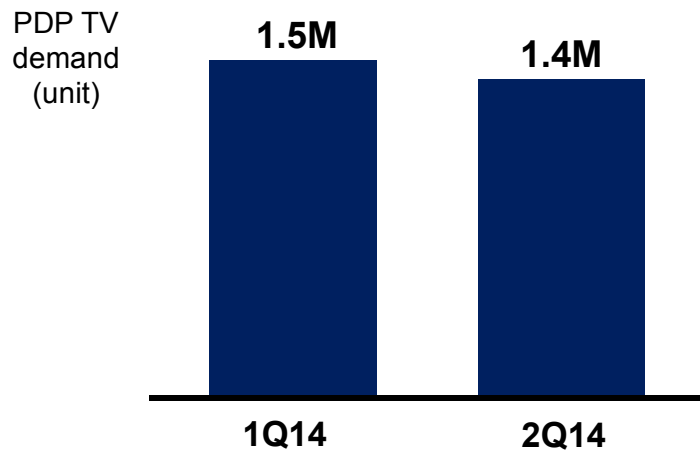
### 1Q14 Analysis



» 1Q14 sales : 1.4M units

- Reverse growth as LED, UHD penetration rate inflates in advanced countries (-43% QoQ)
- Minimize sales backdrop as maximize Brazil World Cup event and expand in Emerging markets

### 2Q14 Forecasts



» 2Q14 demand : PDP TV 1.4M, module 1.4M

- Shift possible demand from 2H14 to 1H14 on World Cup event
- Respond conservatively on possible demand plunge

# ※ Income Statement (K-IFRS)

[ Unit: bn KRW ]

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14
<b>Operating Revenue</b>	1,208.2	1,306.9	1,296.6	1,204.8	5,016.5	1,135.7
<b>COGS</b>	1,054.6	1,090.0	1,088.7	1,026.7	4,260.0	999.9
<b>Gross Profit (%)</b>	153.6 (12.7%)	216.9 (16.6%)	207.9 (16.0%)	178.1 (14.8%)	756.5 (15.1%)	135.8 (12.0%)
<b>Operating Profit (%)</b>	-33.3 (-2.8%)	32.3 (2.5%)	29.2 (2.3%)	-55.6 (-4.6%)	-27.4 (-0.5%)	-38.9 (-3.4%)
<b>Non-operating Profit</b>	142.3	140.1	121.6	-192.5	211.4	94.7
<b>Pre-tax Profit (%)</b>	109.0 (9.0%)	172.4 (13.2%)	150.8 (11.6%)	-248.1 (-20.6%)	184.0 (3.7%)	55.8 (4.9%)
<b>Corporate Tax</b>	28.4	39.8	25.8	-57.9	36.1	14.9
<b>Minority Interests</b>	2.9	3.4	5.2	5.8	17.3	1.8
<b>Net Profit (%)</b>	77.7 (6.4%)	129.2 (9.9%)	119.8 (9.2%)	-196.0 (-16.3%)	130.6 (2.6%)	39.1 (3.4%)
<b>Depreciation</b>	101.9	106.5	109.0	113.2	430.6	98.3
<b>CAPEX</b>	232.0	187.7	110.4	129.4	654.5	67.5

※ Net profit excluding minority interests



# ※ Balance Sheet (K-IFRS)

[ Unit: bn KRW ]

	1Q13	2Q13	3Q13	FY13	1Q14
<b>Total Assets</b>	<b>10,897.4</b>	<b>11,001.1</b>	<b>10,847.4</b>	<b>10,555.7</b>	<b>10,634.8</b>
<b>Current Assets</b>	<b>2,316.6</b>	<b>2,523.0</b>	<b>2,153.5</b>	<b>2,063.2</b>	<b>1,955.3</b>
<b>Quick Assets</b>	<b>1,719.4</b>	<b>1,926.0</b>	<b>1,629.0</b>	<b>1,537.4</b>	<b>1,456.0</b>
<b>Inventory</b>	<b>597.2</b>	<b>597.0</b>	<b>524.5</b>	<b>525.8</b>	<b>499.2</b>
<b>Non-current Assets</b>	<b>8,580.8</b>	<b>8,478.1</b>	<b>8,693.9</b>	<b>8,492.5</b>	<b>8,679.5</b>
<b>Investment Assets</b>	<b>6,091.1</b>	<b>5,933.6</b>	<b>6,190.8</b>	<b>6,355.3</b>	<b>6,553.8</b>
<b>Tangible Assets</b>	<b>2,109.9</b>	<b>2,172.7</b>	<b>2,136.6</b>	<b>1,788.0</b>	<b>1,772.2</b>
<b>Intangible Assets</b>	<b>171.3</b>	<b>166.8</b>	<b>168.5</b>	<b>167.1</b>	<b>168.1</b>
<b>Other Assets</b>	<b>208.5</b>	<b>205.0</b>	<b>198.0</b>	<b>182.1</b>	<b>185.4</b>
<b>Liabilities</b>	<b>3,316.4</b>	<b>3,476.7</b>	<b>3,200.7</b>	<b>3,013.3</b>	<b>3,047.5</b>
<b>Current Liabilities</b>	<b>2,062.2</b>	<b>1,949.4</b>	<b>1,624.0</b>	<b>1,527.0</b>	<b>1,506.5</b>
<b>Non-current Liabilities</b>	<b>1,254.2</b>	<b>1,527.3</b>	<b>1,576.7</b>	<b>1,486.3</b>	<b>1,541.0</b>
<b>Shareholders' Equity</b>	<b>7,581.0</b>	<b>7,524.4</b>	<b>7,646.7</b>	<b>7,542.4</b>	<b>7,587.3</b>
<b>Paid-in Capital</b>	<b>240.7</b>	<b>240.7</b>	<b>240.7</b>	<b>240.7</b>	<b>240.7</b>