

# Q4'13 Earnings Release

January 24, 2014

SAMSUNG SDI

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**Results are preliminary and unaudited. Therefore, the figures in this material are subject to change during the independent auditing process.**

**Please note that statements that describe the company's business strategy, outlook, plans or objectives are also forward-looking statements.**

**All such forward-looking assumptions and statements involve known and unknown risks, and uncertainties that could cause actual results to be materially different than those expressed in this material.**

# Q4'13/FY'13 Results

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[ Unit : KRW Bn ]

	Q4'13	QoQ	YoY	Q3'13	Q4'12	FY'13	YoY	FY'12
Revenue	<u>1,204.8</u>	-91.8	-209.4	1,296.6	1,414.2	<u>5,016.5</u>	-754.7	5,771.2
Operating Profit (%)	<u>-55.6</u> <u>(-4.6%)</u>	-84.8	-56.3	29.2 (2.3%)	0.7 (0.0%)	<u>-27.4</u> <u>(-0.5%)</u>	-214.3	186.9 (3.2%)
Pre-tax Profit (%)	<sup>1)</sup> <u>-248.1</u> <u>(-20.6%)</u>	-398.9	-304.3	150.8 (11.6%)	56.2 (4.0%)	<u>184.0</u> <u>(3.7%)</u>	-1,845.4	<sup>2)</sup> 2,029.4 (35.2%)
Net Income (%)	<u>-196.0</u> <u>(-16.7%)</u>	-315.8	-251.7	119.8 (9.2%)	55.7 (3.9%)	<u>130.6</u> <u>(2.6%)</u>	-1,340.9	1,471.5 (25.5%)

※ 1) Write-off of PDP Asset Included

2) One-off gain on Disposal of Equity Method Investment Stocks Included

※ Net Profit Excluding Minority Interests

# FY'13 Financial Status

[ Unit : KRW Bn ]

	FY'13	YoY	FY'12	Financial Ratios
Assets	<u>10,555.7</u>	-339.4	10,895.1	<b>Liabilities/Equity</b>
Liabilities	<u>3,013.3</u>	-317.3	3,330.6	44.0% → 40.0%
Equity	<u>7,542.4</u>	-22.1	7,564.5	<b>Net Debt / Equity</b>
Cash Equiv.	<u>755.2</u>	-216.7	971.9	2.1% → 5.7%
Debt	<u>1,184.2</u>	+51.1	1,133.1	FY'12                      FY'13

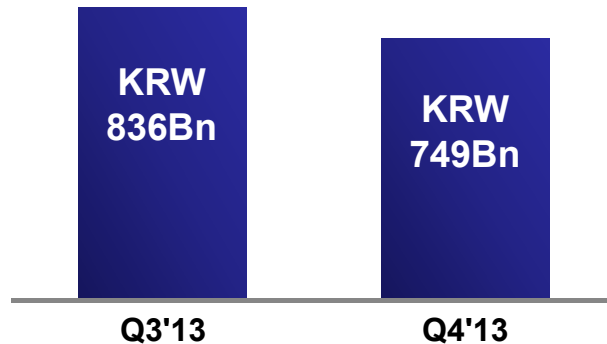
※ Cash Equiv. Including Short-term Financial Instruments

# Results & Market Outlook

# Small-sized LIB - Q4'13 & FY'13 Results

## Q4'13

Revenue

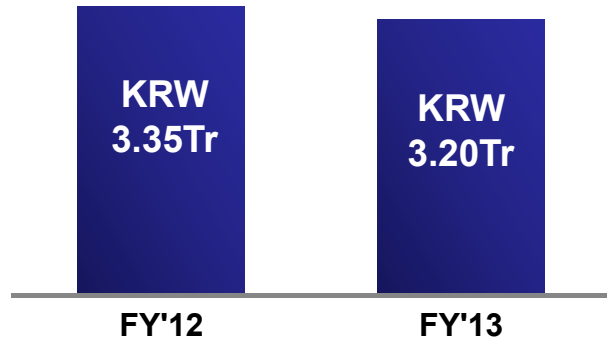


» Q4'13 Revenue : KRW 749Bn

- Decline in Revenue due to Sales Increase of Mid-/Low-end Products of Major Customers
- Decline in Revenue under KRW Appreciation

## FY'13

Revenue



» FY'13 Revenue : KRW 3.20Tr

- Despite Increase in Sales Volume, Slight Decline in Revenue due to ASP↓ from Shrinking Premium Segment of S/Phone & Tablet
- Secured First Mover Advantages in P/Tool & New Apps. Markets  
→ Improvement in Customer & Product Portfolio

# Small-sized LIB - '14 Market Outlook

## '14 Set Demand

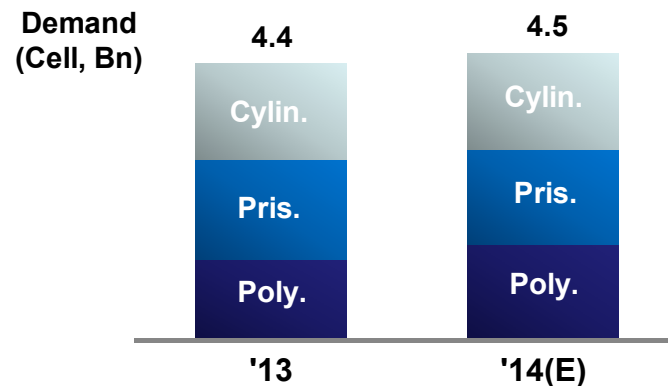
(M Unit)	'13	'14(E)	YoY
S/Phone	970	1,150	19%↑
Tablet	210	270	29%↑
NPC	171	157	8%↓
(LIB)P/Tool	33	38	15%↑
(LIB)E-Bike	3.4	4.1	20%↑

[SDI Marketing]

### » Slow Growth of IT Device Demand, Increase in Adoption of LIB for New Apps

- S/Phone : Growing Demand in Emerging Markets
- Tablet : High Performing of ~8" Products
- NPC : Increase of Hybrid / Slim NPC
- P/Tool : Ni-/Corded → LIB Penetration ↑
- E-Bike : Increase in Adoption of LIB led by EU Market

## '14 LIB Cell Demand



[SDI Marketing]

### » '14 LIB Cell Demand : 4.5Bn (YoY 4%↑)

→ Rapid Growth in Demand of Poly. LIB (YoY 18%),  
exceeding Demand of Cylin./Pris. LIB

- Poly. : Demand↑ of S/Phone in China & Android Tablet
- Pris. : Demand of F/Phone ↓, Slim NPC & S/Phone ↑
- Cylin. : Demand Offset Between NPC and Non-IT Devices



# Small-sized LIB - FY'14 Biz. Strategy

## “Profitability Enhancement by Product-mix Improvement & Cost Competitiveness”

### Leadership in LIB Market for IT Devices

- » Sales Expansion of Poly. LIB
- » Securing M/S No.1 for Major Customers
- » ‘First to Market’ for Wearable Devices

### Biz. Expansion for Non-IT Devices

- » Driving Switch to LIB for Non-LIB Devices
- » The First Entrance in New Device Markets
- » Technology Leadership in High Value-added Product

### Operation Excellence

- » Optimization of Line-Operation
- » Build-up of In-house Supply System for Materials
- Continuous Cost Reduction to Deal with Unfavorable Biz. Environment (incl. FX Risk)

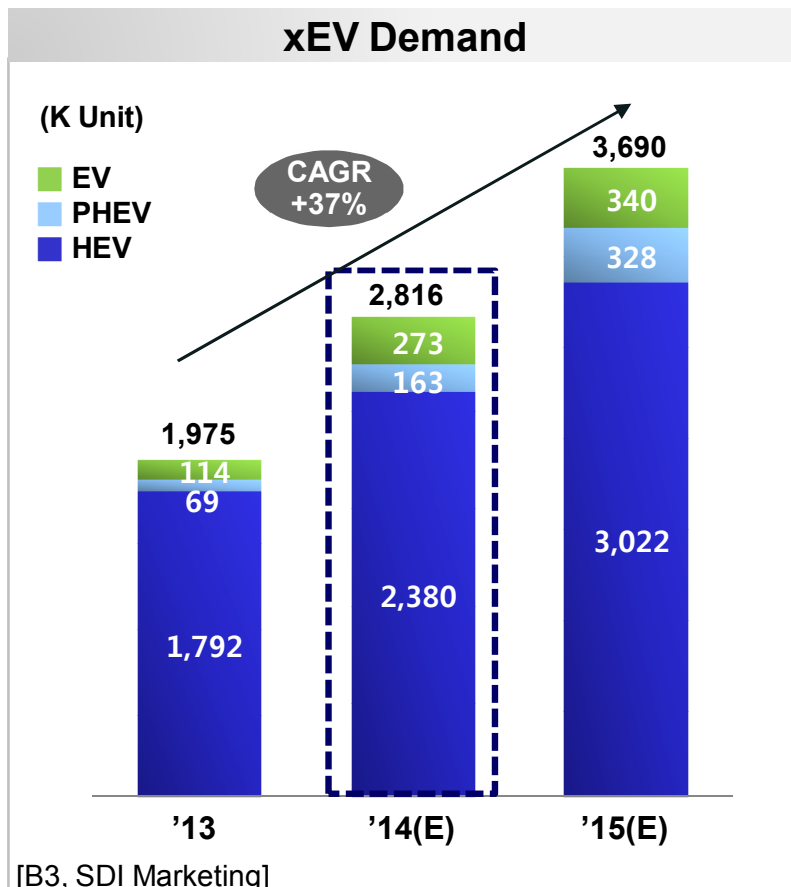
# xEV - FY'13 Achievements & FY'14 Biz. Strategy

FY'13 Achievements	FY'14 Biz. Strategy
<ul style="list-style-type: none"><li>» <b>Start of Mass Production</b><ul style="list-style-type: none"><li>- EV Battery for EU/US OEMs (May'13)</li><li>- Improvement in Module/Pack Biz. Capability</li></ul></li><li>» <b>New Orders for a Leap of Long-term Revenue</b><ul style="list-style-type: none"><li>- xEV PJT for EU/US/CN/TW OEMs<ul style="list-style-type: none"><li>• PHEV Module PJT for EU Premium OEMs and PJT for Chinese Local OEMs</li></ul></li></ul></li><li>» <b>Aggressive Public/Customer Communication Throughout Global Auto-show</b><ul style="list-style-type: none"><li>- IAA (Sep'13) / NAIAS (Jan'14)</li></ul></li><li>» <b>“ISO26262 FSM” Certified</b></li></ul>	<ul style="list-style-type: none"><li>» <b>Order Acquisition &amp; Stable Mass Production/Sales</b><ul style="list-style-type: none"><li>- M/S ↑ in EU/US xEV Market</li><li>- Enter into xEV Market in Chinese</li></ul></li><li>» <b>Technology Leadership</b><ul style="list-style-type: none"><li>- Product Development for Long Driving Distance and Value-added Pack &amp; System</li><li>- Build-up of Global R&amp;D Network</li></ul></li><li>» <b>Innovation in Cost &amp; Product Quality</b><ul style="list-style-type: none"><li>- Manufacturing Cost Reduction and Manufacturing Process Improvement</li><li>- Process Quality Stabilization and Quality Management System Upgrade (ISO26262, ASPICE)</li></ul></li></ul>

# xEV - '14 Market Outlook

» '14 xEV Demand : 2.8M (YoY +43% ↑)

- New PHEV/EV Model Launched by Major EU OEMs (28 Models in '13 → 44 Models in '14)
- Solid Growth in HEV Led by Japanese OEMs



### '14 New Models



**BMW i8**  
(Q2'14)

- Strengthening 'i' Brand in xEV Market with High-end PHEV(i8) Model



**Daimler, S500**  
( '14)

- Jumping into xEV Market with Initial PHEV Model  
→ Additional xEV Model Expected for M, C, E Class



**VW e-up, e-Golf**  
(1Q'14)

- Launching EV for City Commuters



**Toyota Prius Gen.4**  
(Q4'14)

- Targeting a HEV Market Leader by Fuel Efficiency Improvement(32.6km/ℓ→36km/ℓ) & Price Competitiveness ※ FE : JC08

# ESS - '13 Achievements & '14 Biz. Strategy

## '13 Achievements

### » Full-Scale Growth in New Orders

Seg.	Details
Utility	- WEMAG 5MWh - UKPN 10MWh, etc.
UPS	- Technological Partnership with Schneider
BTS	- 110MWh MOU with ACME (Exclusive Supply of Key Components for BTS & Solar Integrated ESS)
Demo PJT	- Smart Grid Demo PJT with CCET(1MWh) (Demo PJT Subsidized by US DOE)

### » M/S 60%↑ in Japanese Residential Market

- Partnership with Nichicon  
(Kyocera PV Integrated)

### » Operation of Largest ESS in Korea

- Jocheon Substation, 4MW/8MWh

## '14 Biz. Strategy

### » 100% Growth in New Orders

Seg.	Details
Res.	- Focus on Subsidized Market (JP/DE)
Utility	- Maximize Order/Sales on 3 Main Markets · US(CA, Puerto Rico), EU, Domestic
UPS	- Utilize Demo PJT of Affiliates → Global Expansion
BTS	- Focus on Emerging Markets with Weak Power Infrastructure

### » Strengthen Strategic Partnership

- Expand Cooperation with Major Partners
- Enter into New Markets with Partners

### » Obtain Differentiated Technology

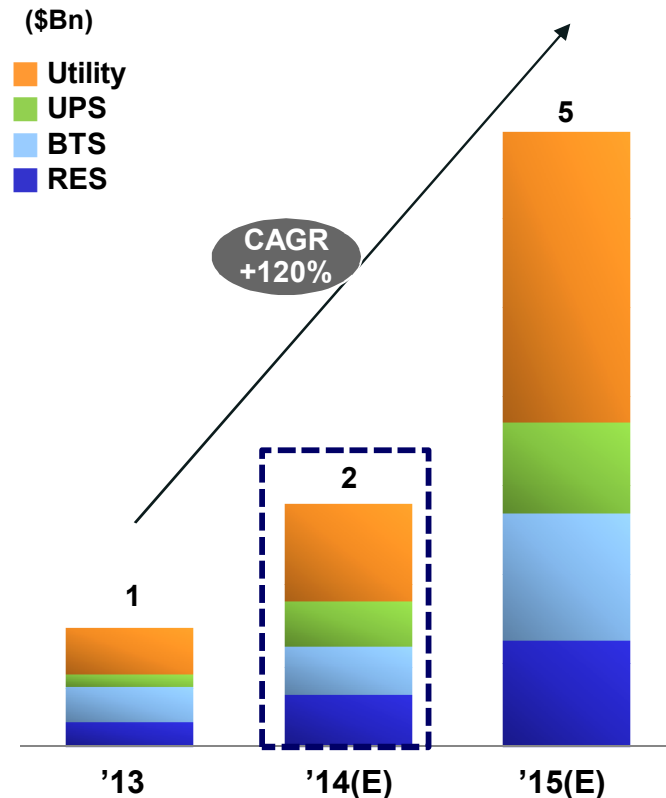
- Introduce Customized Products for Each Market
- High-power/High-capacity Products

### » Secure Profitability

- Reduction in Material Cost

# ESS - '14 Market Outlook

## LIB ESS Market



[Navigant Research, IMS Research, B3, SDI Marketing]

### » Utility

- Government-driven Market Formation & Commercialization
  - ESS Installation↑ by KEPCO & KR Government
  - Obligatory ESS Installment in CA, US
  - Renewable Integrated ESS in Puerto Rico, US

### » UPS

- Economic Feasibility of LIB (vs. Lead-Acid)
  - LIB Adoption ↑ in UPS Industry (Schneider, Fuji)

### » BTS

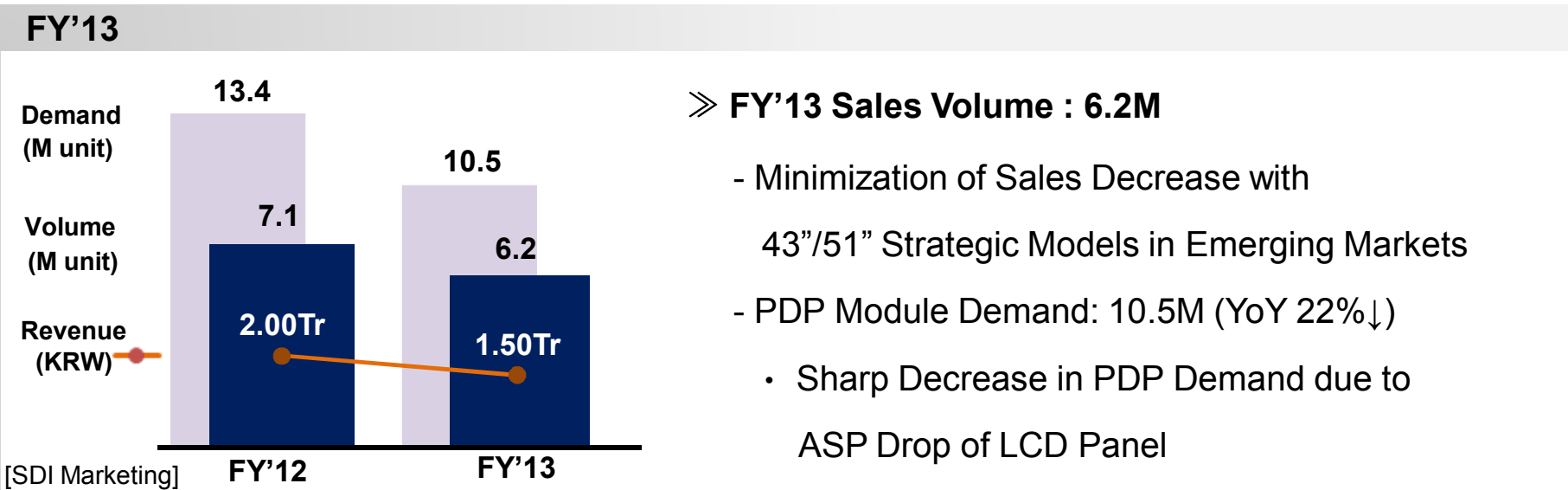
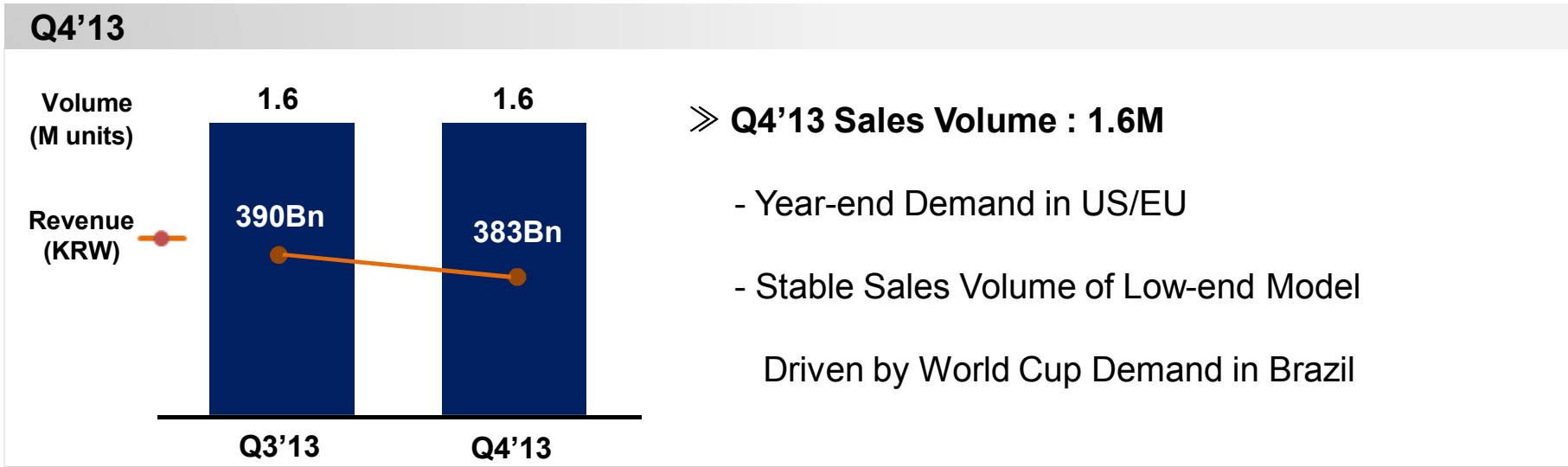
- LIB ESS Demand ↑ for More Off-grid BTS, Required Longer Usage Time (LIB Adopted by ZTE, Huawei)

### » Residential

- Growth Promoted by Continued Subsidy in JP/DE & Rising Electricity Price

# References

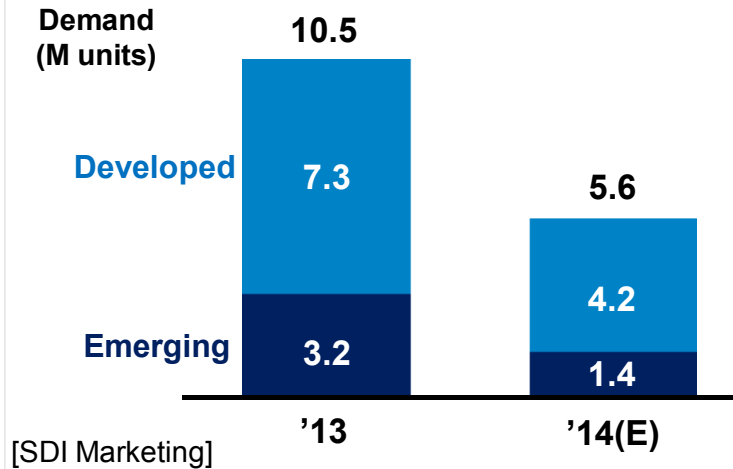
# ※ PDP - Q4'13 & FY'13 Results



[SDI Marketing]

# ※ PDP - '14 Market Outlook

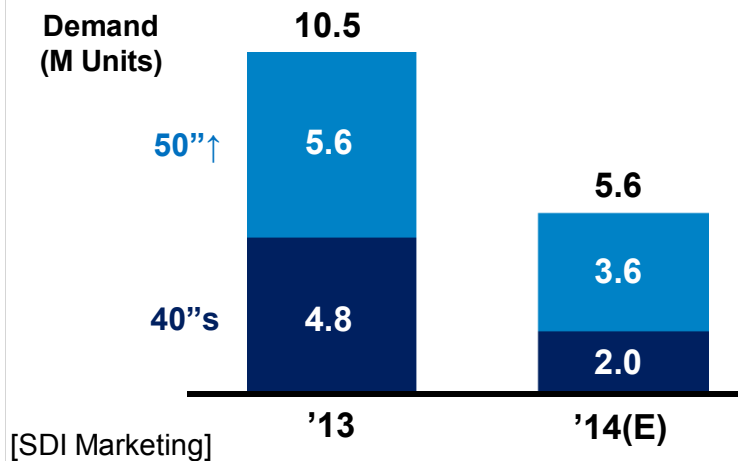
## '14 PDP TV Market



» '14 PDP TV Demand : 5.6M (YoY 47%↓)

- Developed Markets 56%↓ / Emerging Markets 43%↓
- Completion of Conversion to LED TV in FPTV Market (97% in '14)
- Discontinuation of PDP TV Business by Set Makers

## '14 PDP Module Market



» '14 PDP Module Demand : 5.6M (YoY 47%↓)

» **Conservative Management Regarding Current Market Situation**

- Major Module Makers Expected to Discontinue PDP Business in '14
- Difficulties in SCM due to Decrease in Demand/ Withdrawal for Business of Competitors



# ※ Income Statement - IFRS (Consolidated)

[ Unit : KRW Bn ]

	Q4'12	FY'12	Q3'13	Q4'13	FY'13
Revenue	1,414.2	5,771.2	1,296.6	1,204.8	5,016.5
COGS	1,198.8	4,863.3	1,088.7	1,026.7	4,260.0
Gross Profit (%)	215.4 (15.2%)	907.8 (15.7%)	207.9 (16.0%)	178.1 (14.8%)	756.5 (15.1%)
Operating Profit (%)	0.7 (0.0%)	186.9 (3.2%)	29.2 (2.3%)	-55.6 (-4.6%)	-27.4 (-0.5%)
Non-operating Income	55.5	1,842.5	121.6	-192.5	211.4
Pre-tax Profit (%)	56.2 (4.0%)	2,029.4 (35.2%)	150.8 (11.6%)	-248.1 (-20.6%)	184.0 (3.7%)
Tax Expenses	10.3	542.6	25.8	-57.9	36.1
Minority Interests	-9.8	15.3	5.2	5.8	17.3
Net Income (%)	55.7 (3.9%)	1,471.5 (25.5%)	119.8 (9.2%)	-196.0 (-16.3%)	130.6 (2.6%)
Depreciation & Amortization	99.1	443.6	109.0	113.2	430.6
CAPEX	144.7	405.8	110.4	129.4	654.5

※ Net Profit Excluding Minority Interests

※ xEV LIB Division Consolidated Since Q4'12

# ※ Balance Sheet - IFRS (Consolidated)

[ Unit : KRW Bn ]

	End of FY'12	End of Q1'13	End of Q2'13	End of Q3'13	End of FY'13
<b>Asset</b>	<b>10,895.1</b>	<b>10,897.4</b>	<b>11,001.1</b>	<b>10,847.4</b>	<b>10,555.7</b>
<b>Current Assets</b>	<b>2,414.9</b>	<b>2,316.6</b>	<b>2,523.0</b>	<b>2,153.5</b>	<b>2,063.2</b>
Quick Assets	1,856.4	1,719.4	1,926.0	1,629.0	1,537.4
Inventories	558.5	597.2	597.0	524.5	525.8
<b>Non-current Assets</b>	<b>8,480.2</b>	<b>8,580.8</b>	<b>8,478.1</b>	<b>8,693.9</b>	<b>8,492.5</b>
Investment Assets	6,022.1	6,091.1	5,933.6	6,190.8	6,355.3
Property & Equipment	1,971.1	2,109.9	2,172.7	2,136.6	1,788.0
Intangible Assets	171.0	171.3	166.8	168.5	167.1
Others	316.0	208.5	205.0	198.0	182.1
<b>Liabilities</b>	<b>3,330.6</b>	<b>3,316.4</b>	<b>3,476.7</b>	<b>3,200.7</b>	<b>3,013.3</b>
<b>Current Liabilities</b>	<b>2,004.0</b>	<b>2,062.2</b>	<b>1,949.4</b>	<b>1,624.0</b>	<b>1,527.0</b>
<b>Non-current Liabilities</b>	<b>1,326.6</b>	<b>1,254.2</b>	<b>1,527.3</b>	<b>1,576.7</b>	<b>1,486.3</b>
<b>Shareholders' Equity</b>	<b>7,564.5</b>	<b>7,581.0</b>	<b>7,524.4</b>	<b>7,646.7</b>	<b>7,542.4</b>
<b>Capital Stock</b>	<b>240.7</b>	<b>240.7</b>	<b>240.7</b>	<b>240.7</b>	<b>240.7</b>