

SEMCO 2Q 19 Earnings Results

July 24, 2019



This presentation material is prepared for the convenience of investors, before the external audit on our 2Q 2019 financial results is completed. The audit results may cause some parts of this presentation material to change.

Additionally, Samsung Electro-Mechanics sold the PLP business. All financial data pertaining to the discontinued PLP business have been separated and reflected in “Discontinued Operations”. Previous financial data also reflects the changes for comparison.

Business data contains forward projections from internal market estimates and publicly available sources. Actual business performance may differ from the projections herein, as a result of unexpected changes in the market environment and other conditions.

The financial information in this document is consolidated earnings results based on K-IFRS.

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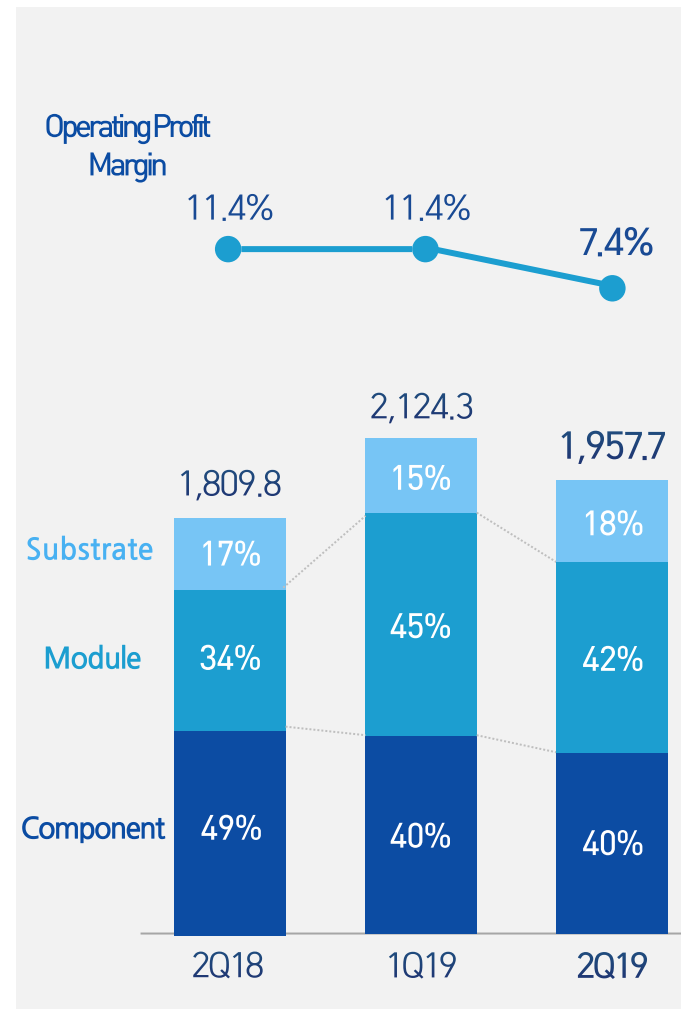
Income Statement

(Unit : KRW Billion)

	2Q19	1Q19	QoQ	2Q18	YoY
Sales	1,957.7	2,124.3	8% ↓	1,809.8	8% ↑
Component	781.6	836.3	7% ↓	868.6	10% ↓
Module	811.2	951.2	15% ↓	611.9	33% ↑
Substrate	346.8	328.9	5% ↑	299.5	16% ↑
Operating Profit (%)	145.2 (7.4%)	242.5 (11.4%)	40% ↓	206.8 (11.4%)	30% ↓
Pre-tax Profit (%)	119.2 (6.1%)	224.2 (10.6%)	47% ↓	181.7 (10.0%)	34% ↓
Discontinued Operations	251.2	-52.3	-	-	-
Net Income (%)	303.6 (15.5%)	129.8 (6.1%)	134% ↑	122.0 (6.7%)	149% ↑

Earnings Trend

(Unit : KRW Billion)



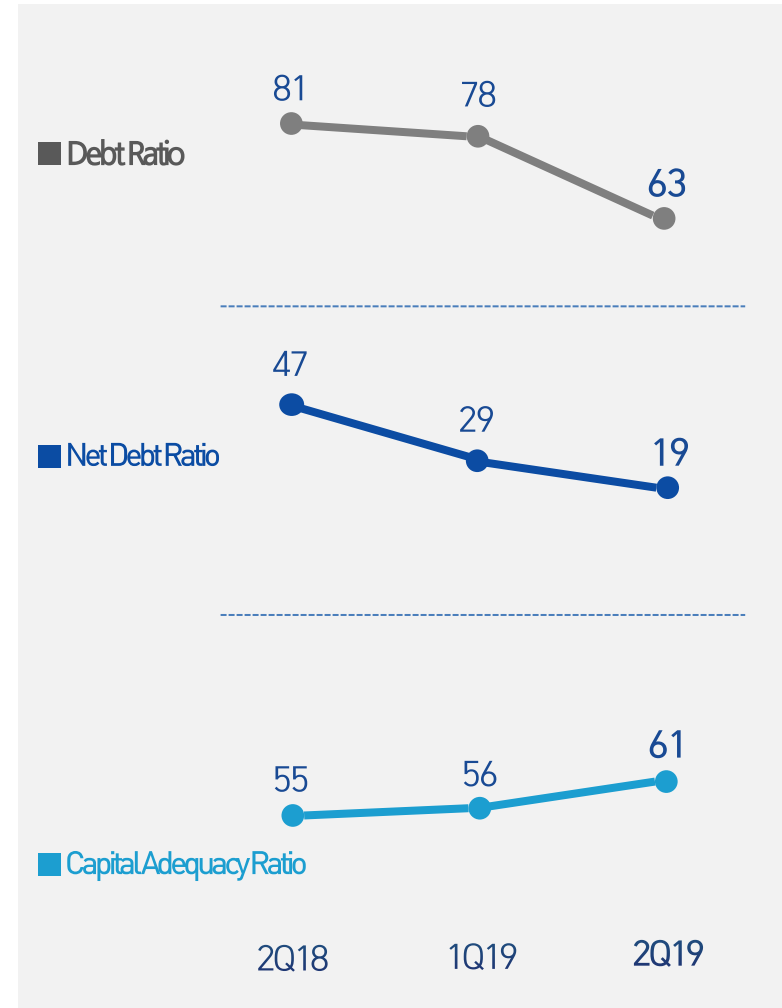
Financial Status

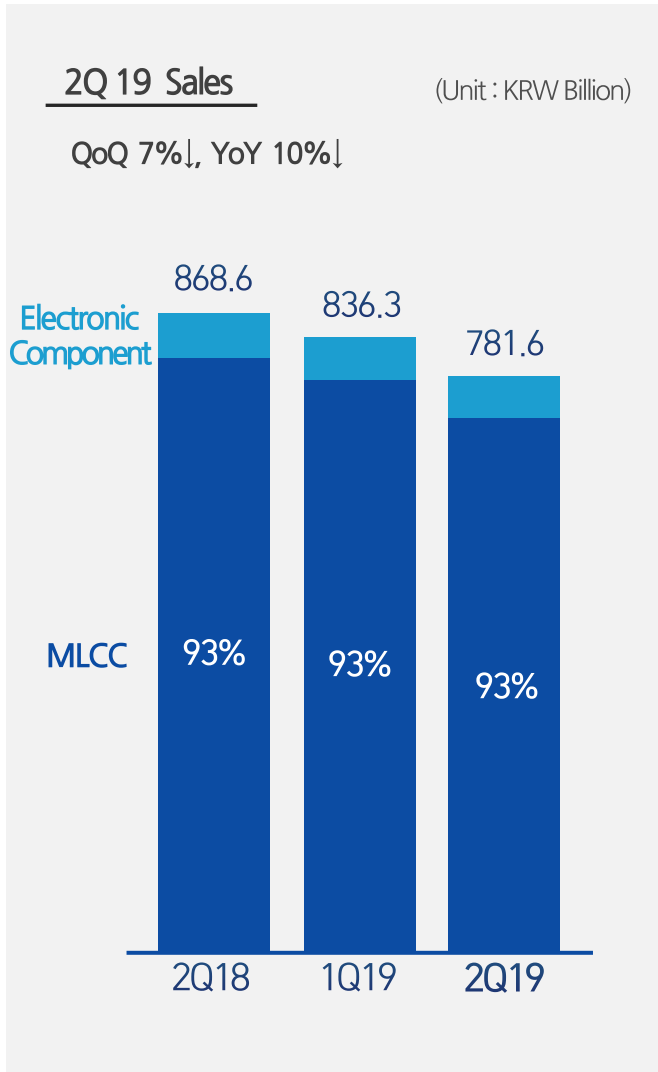
(Unit : KRW Billion)

	2Q19	1Q19	QoQ	2Q18
Assets	8,776.4	9,000.5	2% ↓	8,230.0
Current	3,837.6	3,687.1	4% ↑	2,736.9
Cash Equivalents	1,166.1	1,143.7	2% ↑	533.2
Inventory	1,227.4	1,124.2	9% ↑	995.0
Non-Current	4,938.8	5,313.4	7% ↓	5,493.1
Tangible	4,448.5	4,740.4	6% ↓	4,408.3
Liabilities	3,391.5	3,943.2	14% ↓	3,687.0
Debts	2,162.5	2,608.3	17% ↓	2,649.2
Net Debts	996.4	1,464.6	32% ↓	2,116.0
Equity	5,384.9	5,057.3	6% ↑	4,543.0

Financial Ratio

(Unit : %)



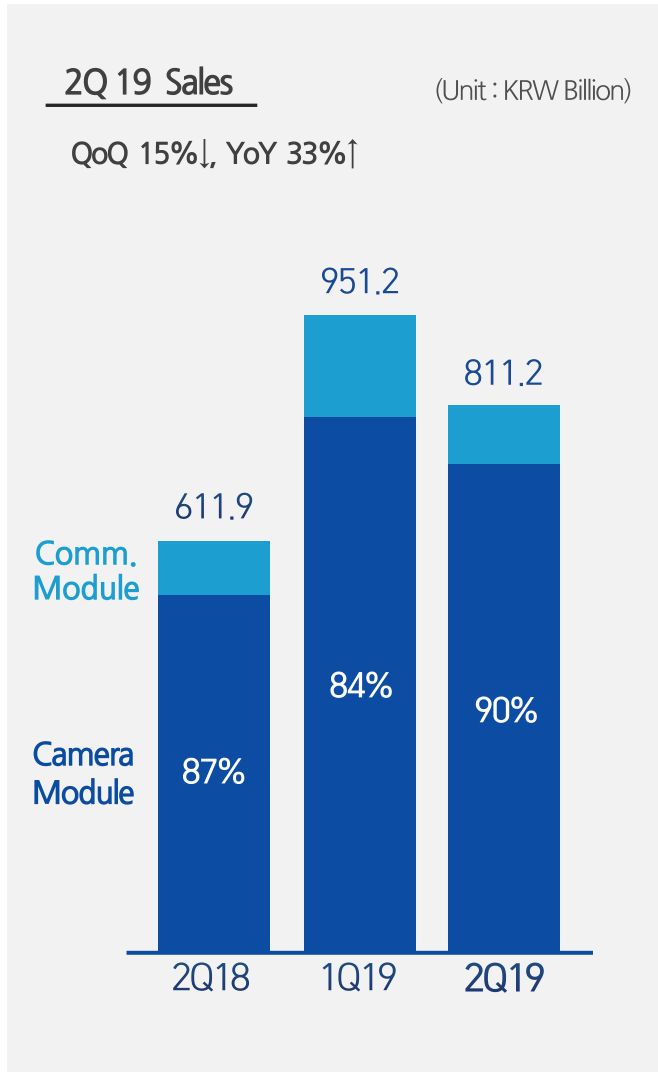


2Q 19 Results

- **Decreased revenue due to demand slowdown and market inventory digestion delay**
 - Decreased revenue of IT mid/low-end & Industrial MLCC
- **Increased revenue of Automotive MLCC**
 - Increased supply of large-size/high-capacitance MLCC to Tier-1 customers

2H Outlook and Strategy

- **Expecting seasonal demand recovery of IT SET and continuous inventory digestion of MLCC industry**
 - Focus on accelerating inventory digestion & expanding M/S of mid/low-end MLCC, increasing supply of high-end products
- **Demand for high reliability Automotive MLCC continue**
 - Strengthen high reliability product line up and expand supply focusing on Tier-1 customers



2Q 19 Results

- **Decreased revenue due to seasonality of strategic customer**
 - Decreased supply of camera & comm. module for flagship smartphone
- **Supplied new camera module to Chinese major customers**
 - Started mass production of 5x optical zoom camera, expanded supply of high pixel multi-camera

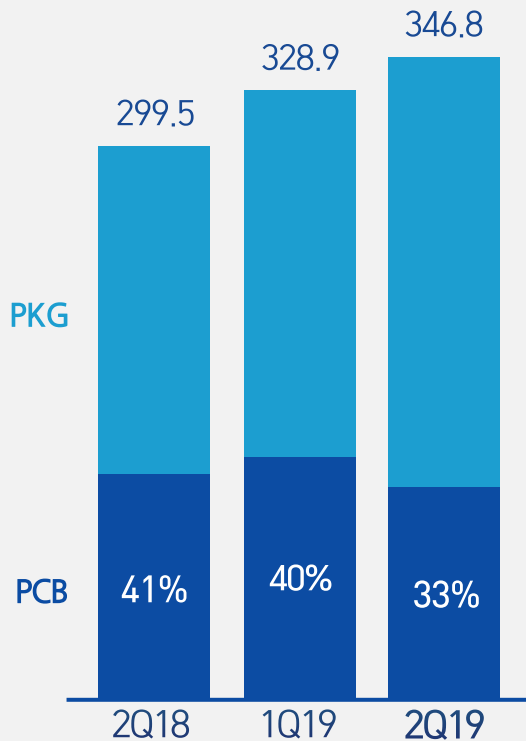
2H Outlook and Strategy

- **High-spec camera for smartphone differentiation continue**
 - Strengthen core components differentiation
 - Lead new technologies of high pixel cam. & above 5x zoom
- **Expecting gradual growth of 5G comm. module market**
 - Secure market leadership in advance by developing ultra-small/high-performance ant. module

2Q 19 Sales

(Unit : KRW Billion)

QoQ 5%↑, YoY 16%↑



2Q 19 Results

- **PKG** : Increased revenue for PC CPU and Mobile AP
 - Expanded M/S of FCBGA for thin-core CPU and increased supply of FCCSP for strategic customer
- **PCB** : Decreased revenue on sluggish SET demand of major customers
 - Decreased supply of HDI & RFPCB(OLED) for flagship smartphones

2H Outlook and Strategy

- **Growing demand of high-end PKG substrates for 5G/GPU/Auto**
 - Expand sales of new products with differentiated technologies such as multi layer stacking & fine patterning
- **Higher demand for OLED display by new flagship from major customers**
 - Maintain higher supply position for overseas customers and diversify customer base

Income Statement

(Unit : KRW Billion)	2Q19	1Q19	QoQ	2Q18	YoY
Sales	1,957.7	2,124.3	8% ↓	1,809.8	8% ↑
Cost of Sales	1,465.6	1,550.0	5% ↓	1,284.5	14% ↑
Gross Profit (%)	492.1 (25.1%)	574.3 (27.0%)	14% ↓ (1.9%p ↓)	525.3 (29.0%)	6% ↓ (3.9%p ↓)
SG&A	346.9	331.8	5% ↑	318.5	9% ↑
Operating Profit (%)	145.2 (7.4%)	242.5 (11.4%)	40% ↓ (4.0%p ↓)	206.8 (11.4%)	30% ↓ (4.0%p ↓)
Non-operating Loss	-26.0	-18.3	42% ↑	-25.1	4% ↑
Pre-tax Profit (%)	119.2 (6.1%)	224.2 (10.6%)	47% ↓ (4.5%p ↓)	181.7 (10.0%)	34% ↓ (3.9%p ↓)
Income Tax	63.7	38.8	64% ↑	50.3	27% ↑
Non-controlling interests Profit	3.1	3.3	6% ↓	9.4	67% ↓
Continuing Operations	52.4	182.1	71% ↓	122.0	57% ↓
Discontinued Operations	251.2	-52.3	-	-	-
Net Income (%)	303.6 (15.5%)	129.8 (6.1%)	134% ↑ (9.4%p ↑)	122.0 (6.7%)	149% ↑ (8.8%p ↑)

Financial Status

(Unit : KRW Billion)	2Q19	1Q19	QoQ	2Q18	YoY
Assets	8,776.4	9,000.5	2% ↓	8,230.0	7% ↑
Current	3,837.6	3,687.1	4% ↑	2,736.9	40% ↑
Quick	2,588.3	2,542.4	2% ↑	1,728.6	50% ↑
Cash equivalents	1,166.0	1,143.7	2% ↑	533.2	119% ↑
Inventory	1,227.4	1,124.2	9% ↑	995.0	23% ↑
Non-Current	4,938.8	5,313.4	7% ↓	5,493.1	10% ↓
Investment	218.7	223.7	2% ↓	782.5	72% ↓
Tangible	4,448.5	4,740.4	6% ↓	4,408.3	1% ↑
Liabilities	3,391.5	3,943.2	14% ↓	3,687.0	8% ↓
Debts	2,162.4	2,608.3	17% ↓	2,649.2	18% ↓
Net Debts	996.4	1,464.6	32% ↓	2,116.0	53% ↓
Equity	5,384.9	5,057.3	6% ↑	4,543.0	19% ↑
Current Ratio	174%	140%	34%p ↑	98%	76%p ↑
Debt Ratio	63%	78%	15%p ↓	81%	18%p ↓
Net Debt Ratio	19%	29%	10%p ↓	47%	28%p ↓
Capital Adequacy Ratio	61%	56%	5%p ↑	55%	6%p ↑

Cash Flow

(Unit : KRW Billion)	2Q19	1Q19	2Q18
Cash at the beginning of period	1,143.7	1,002.4	531.9
Cash flows from operating activities	9.8	195.4	384.4
Net Income	306.7	133.0	131.3
Depreciation	211.9	203.2	169.6
Cash flows used in investing activities	368.1	-174.0	-151.8
Increase in tangible assets	-224.1	-373.3	-220.3
Cash flows from financing activities	-538.1	95.9	-133.3
Increase/Decrease in debt	-435.8	124.1	-54.4
Foreign exchange difference	-17.5	24.0	-98.0
Net changes in cash	-177.7	141.3	1.3
Cash at the end of period	966.0	1,143.7	533.2

(Reference) Income Statement

※ Historical and comparative data prepared in accordance with K-IFRS Article 1105

(Unit : KRW Billion)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Sales	2,018.8	1,809.8	2,361.2	1,992.7	8,182.5	2,124.3
Cost of Sales	1,546.7	1,284.5	1,563.0	1,330.5	5,724.7	1,550.0
Gross Profit (%)	472.1 (23.4%)	525.3 (29.0%)	798.2 (33.8%)	662.2 (33.2%)	2,457.8 (30.0%)	574.3 (27.0%)
SG&A	318.1	318.5	353.7	369.2	1,359.5	331.8
Operating Profit (%)	154.0 (7.6%)	206.8 (11.4%)	444.5 (18.8%)	293.0 (14.7%)	1,098.3 (13.4%)	242.5 (11.4%)
Non-operating Loss	-1.7	-25.1	-36.3	-14.5	-77.7	-18.3
Pre-tax Profit (%)	152.3 (7.5%)	181.7 (10.0%)	408.2 (17.3%)	278.5 (14.0%)	1,020.6 (12.5%)	224.2 (10.6%)
Income Tax	36.5	50.3	122.5	46.1	255.4	38.8
Non-controlling interests Profit	4.6	9.4	8.5	6.3	28.8	3.3
Continuing Operations	111.2	122.0	277.2	226.1	736.4	182.1
Discontinued Operations	-	-	-39.5	-40.7	-80.2	-52.3
Net Income (%)	111.2 (5.5%)	122.0 (6.7%)	2,377 (10.1%)	185.4 (9.3%)	656.2 (8.0%)	129.8 (6.1%)

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