

**Earnings Release Q1 2021**

# **Samsung Electronics**

**April 2021**

# Disclaimer

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

**This document is provided for the convenience of investors only, before the external review on our Q1 2021 financial results is completed. The review outcomes may cause some parts of this document to change.**

**This document contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, "forward-looking statements" often address our expected future business and financial performance, and often contain words such as "expects", "anticipates", "intends", "plans", "believes", "seeks" or "will ". "Forward-looking statements" by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include:**

- The behavior of financial markets including fluctuations in exchange rates, interest rates and commodity prices**
- Strategic actions including dispositions and acquisitions**
- Unanticipated dramatic developments in our major businesses including CE (Consumer Electronics), IM (IT & Mobile communications), DS (Device Solutions)**
- Numerous other matters at the national and international levels which could affect our future results**

**These uncertainties may cause our actual results to be materially different from those expressed in this document.**

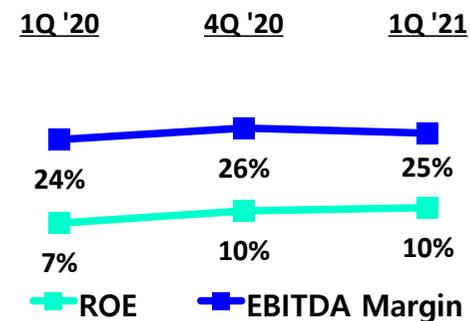
# Income Statement

(Unit: KRW Trillion)

	Q1 '21	% of sales	Q4 '20	% of sales	Q1 '20
<b>Sales</b>	<b>65.39</b>	<b>100.0%</b>	<b>61.55</b>	<b>100.0%</b>	<b>55.33</b>
Cost of Sales	41.50	63.5%	37.80	61.4%	34.81
<b>Gross Profit</b>	<b>23.89</b>	<b>36.5%</b>	<b>23.75</b>	<b>38.6%</b>	<b>20.52</b>
SG&A expenses	14.51	22.2%	14.70	23.9%	14.07
- R&D expenses	5.44	8.3%	5.22	8.5%	5.36
<b>Operating Profit</b>	<b>9.38</b>	<b>14.3%</b>	<b>9.05</b>	<b>14.7%</b>	<b>6.45</b>
Other non-operating income/expense	△0.02	-	△0.34	-	△0.05
Equity method gain/loss	0.15	0.2%	0.13	0.2%	0.06
Finance income/expense	0.24	0.4%	0.14	0.2%	0.30
<b>Profit Before Income Tax</b>	<b>9.75</b>	<b>14.9%</b>	<b>8.97</b>	<b>14.6%</b>	<b>6.76</b>
Income tax	2.61	4.0%	2.37	3.8%	1.87
<b>Net profit</b>	<b>7.14</b>	<b>10.9%</b>	<b>6.61</b>	<b>10.7%</b>	<b>4.88</b>
Profit attributable to owners of the parent	7.09	10.8%	6.45	10.5%	4.89
<b>Basic Earnings Per Share(KRW)</b>	<b>1,044</b>		<b>949</b>		<b>720</b>

## Key Profitability Indicators

	Q1 '21	Q4 '20	Q1 '20
<b>ROE</b>	<b>10%</b>	<b>10%</b>	<b>7%</b>
Profitability (Net profit/Sales)	0.11	0.11	0.09
Asset turnover (Sales/Asset)	0.68	0.67	0.62
Leverage (Asset/Equity)	1.40	1.36	1.34
<b>EBITDA Margin</b>	<b>25%</b>	<b>26%</b>	<b>24%</b>



# Segment Sales & Operating Profit

## Sales

(Unit: KRW Trillion)

		Q1 '21	Q4 '20	Q1 '20	QoQ	YoY
<b>Total</b>		<b>65.39</b>	<b>61.55</b>	<b>55.33</b>	<b>6% ↑</b>	<b>18% ↑</b>
<b>CE</b>		12.99	13.61	10.30	5% ↓	26% ↑
	<b>VD</b>	7.22	8.51	5.65	15% ↓	28% ↑
<b>IM</b>		29.21	22.34	26.00	31% ↑	12% ↑
	<b>Mobile</b>	28.20	21.46	24.95	31% ↑	13% ↑
<b>DS</b>		25.82	27.92	24.13	8% ↓	7% ↑
	<b>Semiconductor</b>	19.01	18.18	17.64	5% ↑	8% ↑
	- Memory	14.43	13.51	13.14	7% ↑	10% ↑
	<b>DP</b>	6.92	9.96	6.59	30% ↓	5% ↑
<b>Harman</b>		<b>2.37</b>	<b>2.92</b>	<b>2.10</b>	<b>19% ↓</b>	<b>13% ↑</b>

## Operating Profit

(Unit: KRW Trillion)

		Q1 '21	Q4 '20	Q1 '20	QoQ	YoY
<b>Total</b>		<b>9.38</b>	<b>9.05</b>	<b>6.45</b>	<b>0.34</b>	<b>2.94</b>
<b>CE</b>		1.12	0.82	0.45	0.30	0.66
<b>IM</b>		4.39	2.42	2.65	1.97	1.74
<b>DS</b>		3.75	5.63	3.72	△1.88	0.03
	<b>Semiconductor</b>	3.37	3.85	3.99	△0.48	△0.63
	<b>DP</b>	0.36	1.75	△0.29	△1.39	0.65
<b>Harman</b>		<b>0.11</b>	<b>0.18</b>	<b>△0.19</b>	<b>△0.07</b>	<b>0.30</b>

※ CE : Consumer Electronics, IM : IT & Mobile communications, DS : Device Solutions, DP : Display Panel

※ Sales and operating profit of each business stated above reflect the organizational structure as of 2021, and the sales of business units include intersegment sales.

※ Harman's sales and operating profit figures are based on Samsung Electronics' fiscal year, and acquisition related expenses are reflected.

# Q1 Results and Outlook by Business Unit

## Semiconductor

### [Q1 '21 Results]

- Memory Despite higher-than-expected shipments backed by strong demand from PC and mobile, profit decreased slightly Q-Q due to initial costs associated with advanced process migration and a continued downward trend in NAND prices
  - DRAM Actively addressed growing PC/consumer demand as well as solid mobile demand
  - NAND Actively addressed demand from client/server SSD and mobile
- S.LSI/Foundry Earnings declined due to a disruption of production at the Austin fab in the US

### [Q2 '21 Outlook]

- Memory Profit to improve significantly amid favorable business conditions, which include strong demand mainly for server/PC
  - DRAM Enhance market competitiveness via ramp up of 15-nano process
  - NAND Accelerate migration, mainly for the industry's only single-stack based 6th-generation 512Gb V-NAND and actively address an increase in demand for high-capacity products of 8TB or more
- S.LSI Focus on achieving solid results by using flexible product-mix adjustments and pricing policies
- Foundry Austin fab to fully normalize, and earnings to improve by flexibly managing our product mix and using pricing strategies to secure future investment resources

### [2H '21 Outlook]

- Memory Overall demand for server/mobile/PC, etc., to stay solid  
Accelerate migration to 15-nano DRAM and 6th-generation V-NAND while strengthening technology competitiveness by applying EUV to 14-nano DRAM based on cutting-edge technology
- S.LSI Maximize capability to supply chips by strengthening cooperation with the in-house and outsourced foundries
- Foundry Full operation of Pyeongtaek Line 2  
Strive to expand global customer base and diversify within applications such as HPC/network/auto, and others

## D P

### [Q1 '21 Results]

- Mobile Earnings declined Q-Q due to weak smartphone demand from major customers but improved Y-Y as OLED adoption expanded from flagship to entry-level models
- Large Falling revenue led to another loss as we restructure our LCD business

### [Q2 '21 Outlook]

- Mobile Sales to decline Q-Q due to continued impacts of weak seasonality from 1Q and also latent demand for new smartphone models scheduled for release in the 3rd quarter
- Large Continue to change business structure to QD-display products

### [2H '21 Outlook]

- Mobile Supply major customers in a timely manner for launches of new products  
Further differentiate products to increase OLED adoption and expand areas of application, including notebook PCs
- Large Establish foundation for QD-display to set new standard in premium TV and monitor markets

# Q1 Results and Outlook by Business Unit

## I M

### [Q1 '21 Results]

- Mobile Revenue and profitability grew significantly Q-Q backed by: increased sales of flagship models as Galaxy S21 has been well received by consumers; increased sales of mass-market models equipped with price competitiveness and strong features; growing contributions from Device Eco system products including tablets/PCs/wearables
- N/W Revenue improved Q-Q led by performances in North America and Japan, and profitability remained solid

### [Q2 '21 Outlook]

- Mobile Sales of newly-introduced A Series to accelerate and sales of tablets and wearables to be solid, but weakening new product effects for flagship models and short supply of some components may lead to a decline in revenue  
Work to minimize impacts of component issue via supply rebalancing based on our global SCM capabilities and secure solid profitability
- N/W Address expanding 5G commercialization in Korea and continue roll outs in North America, Southwest Asia, etc.

### [2H '21 Outlook]

- Mobile Work to achieve solid profits by: strengthen leadership in premium segment by sustaining sales momentum of Galaxy S series and by popularizing the foldable category; maximizing sales of our new, competitive 5G models for the mass market; and driving full-fledged growth of the Device Ecosystem, which includes tablets/PCs/wearables
- N/W Remain active in 5G commercialization in Korea and overseas, while continuing to seek new business opportunities

## C E

### [Q1 '21 Results]

- TV Proactively addressed market demand using global SCM capabilities and achieved revenue growth Y-Y by expanding sales of premium products  
Newly-launched Neo QLED models delivered strong sales at the early stage and garnered praise from the market
- DA Revenue improved Q-Q and Y-Y led by increasing sales of premium products, such as Bespoke and Grande AI appliances, and through efficient operations via modularization

### [Q2 '21 Outlook]

- TV Capture demand induced by sporting events by focusing on sales of new/premium products such as Neo QLED TVs  
Strengthen leadership with launch of MicroLED TVs for home
- DA Expand global launches of Bespoke products  
Achieve growth throughout lineup by increasing sales based on new products customized to emerging markets and by popularizing our differentiated Windfree air conditioners

### [2H '21 Outlook]

- TV Keep monitoring market conditions and preemptively address shifts in the market  
Strengthen premium leadership and continue sustainable growth by expanding sales of Lifestyle products designed to satisfy the diverse needs of our consumers, and high-value-added products such as MicroLED TVs, Neo QLED TVs, etc.
- DA Keep gaining growth momentum with innovative products as well as New Life products and by fostering growing channels

## [Appendix 1] Financial Position

(Unit : KRW Billion)

	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
<b>Assets</b>	<b>392,826.3</b>	<b>378,235.7</b>	<b>357,457.5</b>
- Cash *	131,865.0	124,727.0	113,196.4
- A/R	33,962.1	30,965.1	36,388.6
- Inventories	30,620.0	32,043.1	28,454.9
- Investments	25,175.7	25,265.2	18,650.2
- PP&E	132,747.7	128,952.9	121,678.0
- Intangible Assets	18,386.7	18,468.5	20,912.4
- Other Assets	20,069.1	17,813.9	18,177.0
<b>Total Assets</b>	<b>392,826.3</b>	<b>378,235.7</b>	<b>357,457.5</b>
<b>Liabilities</b>	<b>118,557.7</b>	<b>102,287.7</b>	<b>91,069.8</b>
- Debts	19,972.8	20,217.4	15,665.2
- Trade Accounts and N/P	11,133.6	9,739.2	10,722.5
- Other Accounts and N/P & Accrued Expenses	49,025.4	36,229.3	31,431.4
- Current income tax liabilities	4,457.6	4,430.3	2,608.4
- Unearned Revenue & Other Advances	1,785.5	2,119.9	1,825.7
- Other Liabilities	32,182.8	29,551.6	28,816.6
<b>Shareholders' Equity</b>	<b>274,268.6</b>	<b>275,948.0</b>	<b>266,387.7</b>
- Capital Stock	897.5	897.5	897.5
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>392,826.3</b>	<b>378,235.7</b>	<b>357,457.5</b>

\* Cash = Cash and Cash equivalents, Short-term financial instruments, Short-term financial assets at amortized cost, Long-term time deposits, etc.

	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
Current ratio *	232%	262%	288%
Liability/Equity	43%	37%	34%
Debt/Equity	7%	7%	6%
Net debt/Equity	△41%	△38%	△37%

\* Current ratio = Current assets/Current liabilities

## [Appendix 2] Cash Flow

(Unit : KRW Trillion)

	Q1 '21	Q4 '20	Q1 '20
<b>Cash (Beginning of period) *</b>	<b>124.73</b>	<b>117.91</b>	<b>112.15</b>
Cash flows from operating activities	13.80	24.51	11.83
Net profit	7.14	6.61	4.88
Depreciation	7.15	7.08	6.59
Cash flows from investing activities	△8.05	△11.60	△9.36
Purchases of PP&E	△10.00	△10.61	△8.56
Cash flows from financing activities	△0.59	△1.99	△2.97
Increase in debts	△0.59	0.46	△2.97
Acquisition of treasury stock	-	-	-
Payment of dividends	△0.00	△2.46	△0.01
Increase in cash	7.14	6.82	1.05
<b>Cash (End of period) *</b>	<b>131.87</b>	<b>124.73</b>	<b>113.20</b>

\* Cash = Cash and Cash equivalents, Short-term financial instruments, Short-term financial assets at amortized cost, Long-term time deposits, etc.

### Current State of Net Cash (Net Cash = Cash\* - Debts)

(Unit : KRW Trillion)

	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
<b>Net Cash</b>	<b>111.89</b>	<b>104.51</b>	<b>97.53</b>

\* Cash = Cash and Cash equivalents, Short-term financial instruments, Short-term financial assets at amortized cost, Long-term time deposits, etc.