

# Q2'13 Earnings Release

July 26, 2013

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.**

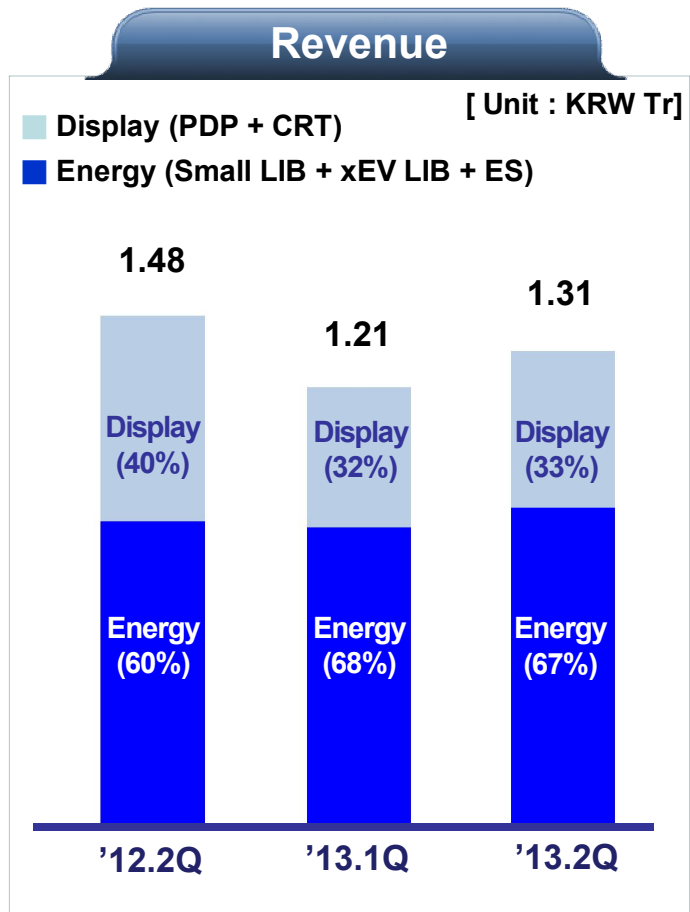
# Q2'13 Results

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[ Unit : KRW Bn ]

	2Q'12	1Q'13	2Q'13	YoY	QoQ
Revenue	1,477.4	1,208.2	<u>1,306.9</u>	-170.5	98.7
Operating Profit (%)	82.6 (5.6%)	-33.3 (-2.8%)	<u>32.3</u> (2.5%)	-50.3	65.6
Pre-tax Profit (%)	166.3 (11.3%)	109.0 (9.0%)	<u>172.4</u> (13.2%)	6.1	63.4
Net Income (%)	105.3 (7.1%)	77.7 (6.4%)	<u>129.2</u> (9.9%)	23.9	51.5

※ Net Profit Excluding Minority Interests  
 ※ xEV LIB Division Consolidated as of 4Q'12

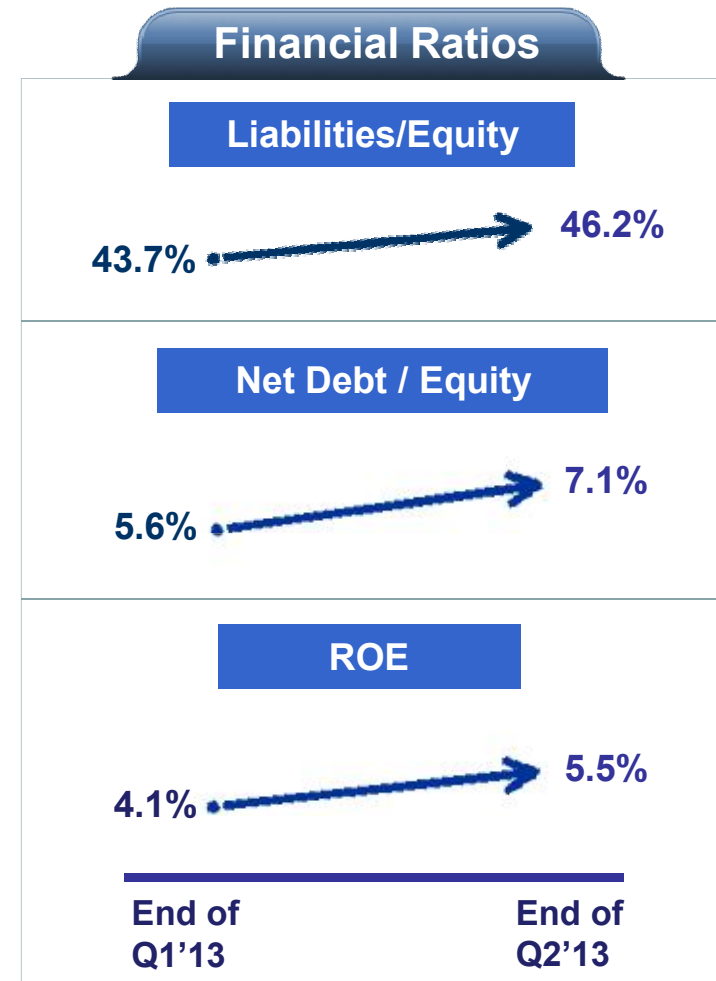


※ ES : Energy Solution(ESS+PV)

# Q2'13 Financial Status

[ Unit : KRW Bn ]

	End of Q1'13	End of Q2'13	QoQ
Assets	10,897.4	<u>11,001.1</u>	103.7
Liabilities	3,316.4	<u>3,476.7</u>	160.3
Equity	7,581.0	<u>7,524.4</u>	-56.6
Cash Equiv.	751.5	<u>933.1</u>	181.6
Debt	1,179.0	<u>1,468.3</u>	289.3



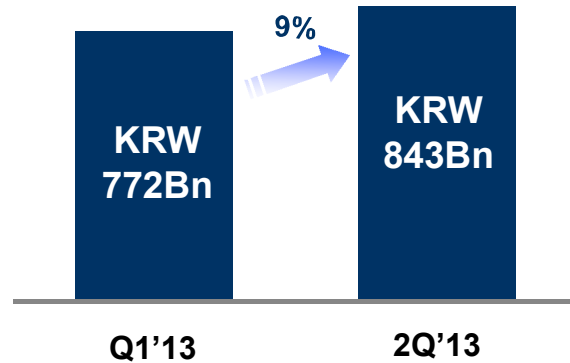
※ Cash Equiv. Includes Short-term Financial Instruments

# Results & Market Outlook

# Small-sized LIB - Q2 Results & 2H Market Outlook

## Q2'13 Results

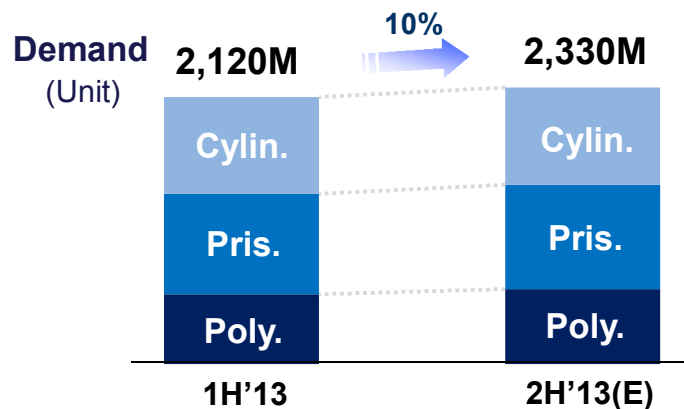
Revenue



» **Q2'13 Revenue : KRW 843Bn (QoQ 9%↑)**

- Revenue↑ driven by High-capacity Pri. LIB for S/Phone, Despite Sluggish IT Demand
- Strong Sales Volume of Cylin. LIB for New Applications Including P/Tool & E-Bike
  - New Apps. Comprising over 60% of Cylin. LIB Sales
- Improved Profitability Led by Sales Expansion of High Value-added Products

## 2H'13 LIB Cell Market



» **2H'13 LIB Cell Demand : 2,330M (HoH 10%↑)**

- Cylin. : Adoption of LIB ↑ for P/Tool by Major Customers
- Pris. : Demand of High-capacity Cells ↑ for S/Phone
- Poly. : Demand ↑ by Launch of New Tablet PCs

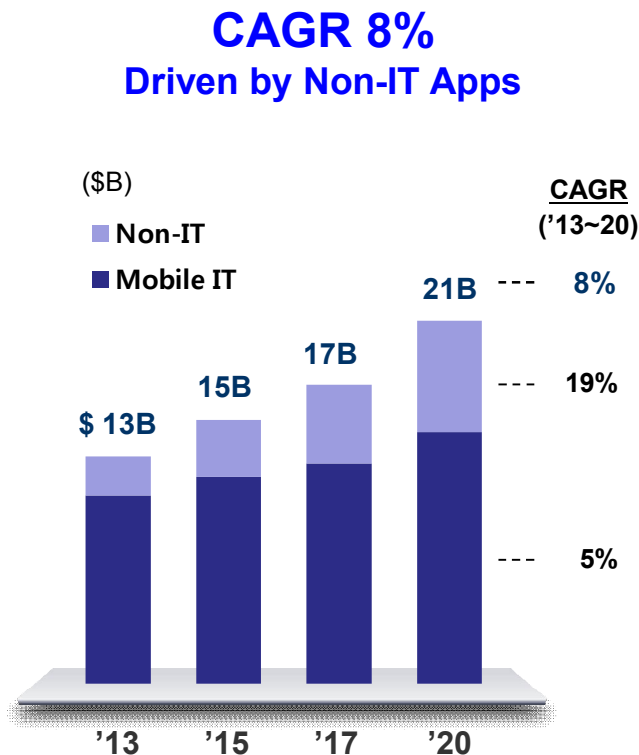
» **Continuous Leading Industry by Out-growing Market Demand**

[SDI Marketing]

# Small-sized LIB - Long-term Market Outlook

## » Continuous Demand Growth for Mobile IT Device, LIB Demand Growth Driven by Non-IT Applications

- LIB for Non-IT Applications : 17% ('13) → 31% ('20)



[SDI Marketing]

### Mobile IT

#### » Spread of Big Data & Cloud Computing

- Increase of Connected Device Enabling AOAC (Always On, Always Connected)

#### » Growth in Wearable Device Market as a Companion Device to Existing IT Devices

- Smart watch/glass, Health care, etc.

→ Flexibility & Lightweighting of Battery Needed

### Non-IT

#### » No Emission · Low-noise · Lightweighting

- Increasing Needs for Environment-friendly · High-efficiency of Non-IT Applications such as P/Tool, G/Tool, E-Bike, etc.

→ Fast Switch to LIB



# Small-sized LIB - Long-term Biz. Strategies

## *Beyond No.1 through Sustainable Growth*

### Leadership in Mobile IT Market



- » No.1 Supplier for Major Customers
- » Customer Diversification Focused on Poly. LIB
- » Preoccupancy of New Form-factor Device Market

### Preempting Future Growth Market



- » Early Entry into New Apps. Market
- » Aggressive Targeting for Chinese & Fast-growing Emerging Market
- » 'First to Market' for Wearable Devices

### First to Market, Best in Class



- » Leadership in High-capacity/power LIB
- » Intensive R&D of Preceding Platform & Standardization of Next Gen. Batteries

### Operation Excellence

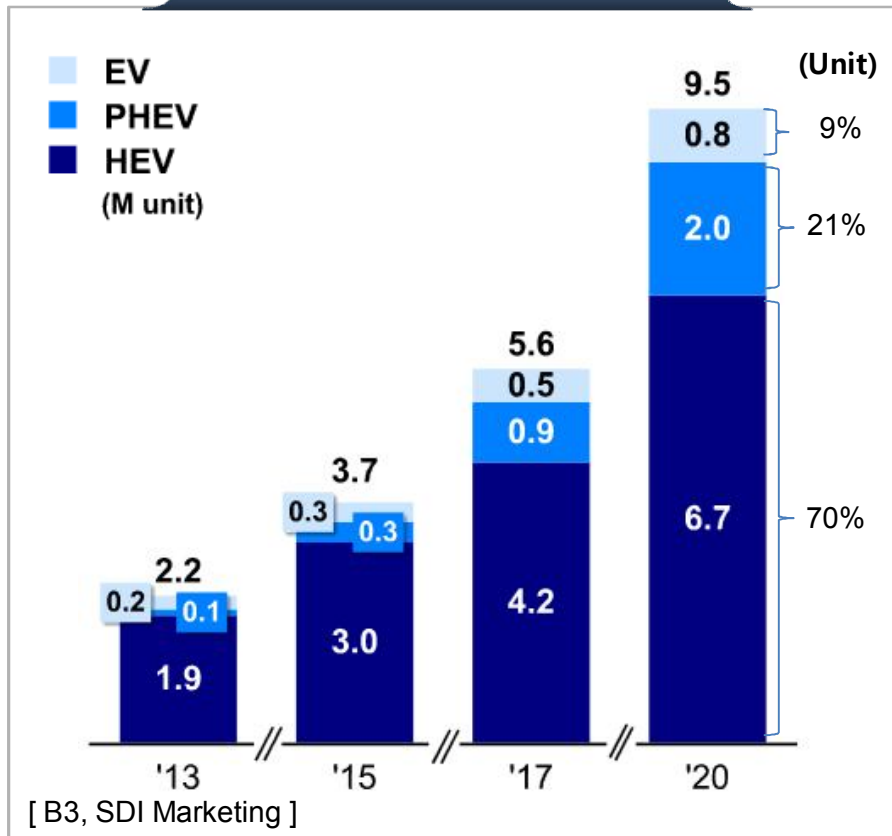


- » Innovation in Manufacturing Technology & the World's Best Product Quality
- » Strengthening Global Operating System & Localization of Overseas Biz.

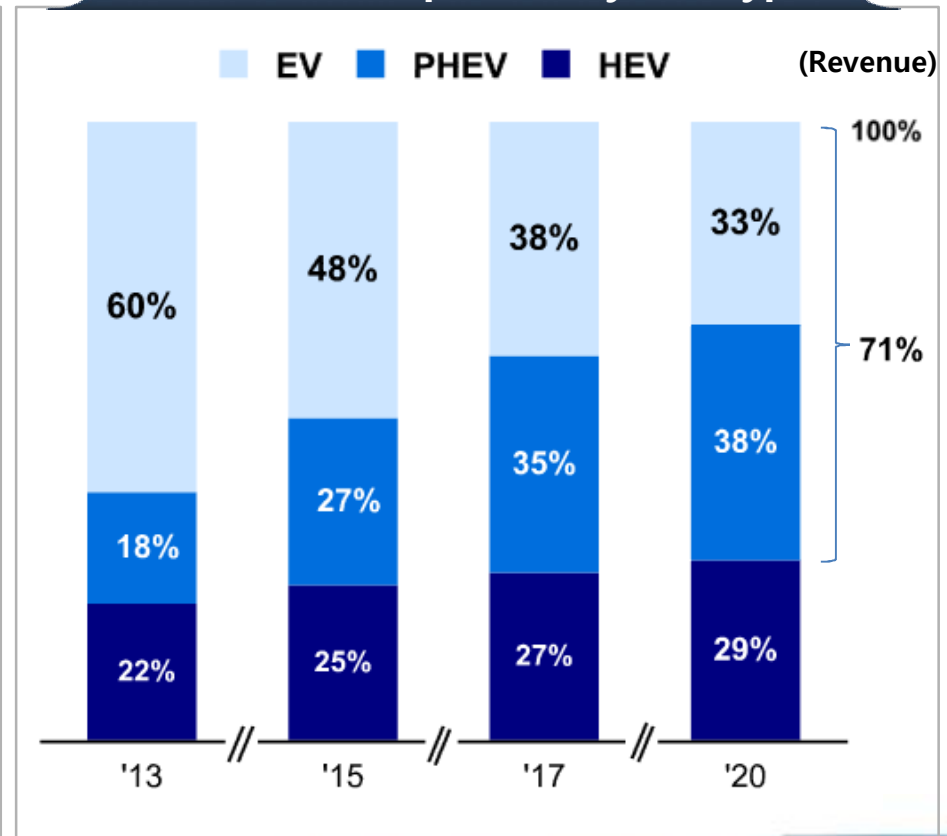
# xEV - Long-term Market Outlook

- » xEV Market for '20 (Volume) : 9.5M
  - Solid Demand for HEV, Surging Demand for PHEV from '17
- » Growth in LIB Market for xEV Driven by PHEV/EV (Revenue)
  - PHEV 38%, EV 33%, HEV 29% by '20

**xEV Market**



**LIB Market Composition by xEV Types**



# xEV LIB - Long-term Biz. Strategies

## Cost Competitiveness

- » **Innovation in Material Cost Structure**
  - Total Compatibility ↑ between Cell&Module
  - Vertical Integration with Samsung Affiliates
- » **Manufacturing Competitiveness**
  - Productivity/Quality↑ in Manufacturing Process
  - Early Ramp-up of New Production Lines

## Securing Orders for Stable Biz.

- » **Exceeding Original Order Target**
- » **Strategic Partnership with Major OEMs**
- » **Pioneering and Discovering New Apps**

## Efficient Investment/Utilization

- » **Early Biz. Site Securing to Preempt Chinese Market**
- » **Strong Market Sensing to Reduce Biz. Risk**
- » **Build-up of Market Database in Advance**

## Advanced Module/Pack Technology

- » **Build-up of References throughout PJTs with OEMs**
- » **Driving PJTs of Pack R&D with Major OEMs**
- » **Innovation in Module/Pack/Platform Tech.**

# ESS - Long-term Market Outlook

## ESS Market

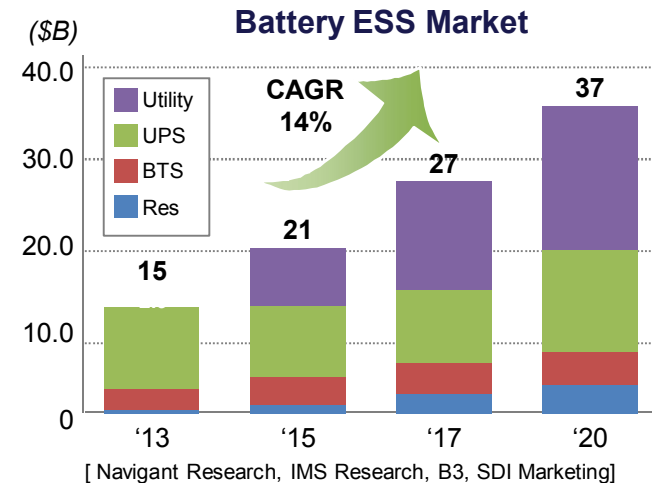
### » Demo-PJTs for Utility ESS

- Global Trend of Supports and Subsidies for ESS PJT ('14, Mandatory Installation of ESS in CA, US / '13, Subsidies in Germany)

### » Differentiated Regional Markets by ESS Applications

- RES (Japan/EU) , BTS (India), UPS (Korea), Utility (US/China)
- LIB-ESS Market Led by Asia except Utility Usage

※ **BTS** : Base Transceiver Station



## Why SDI?

### » Advantages of LIB vs. Other Technologies

- High Performances in Energy Density, Life Time & Efficiency

### » Preoccupancy of ESS Market based on Competitiveness of Small-sized LIB

- Assuring Safety with the Best Quality
  - Zero Accident for the Past 10Yrs
  - Global Validations (VDE/CE/JET)

	LIB	Lead-Acid	Ni-Cd	NaS	Flow
Energy Density (Wh/kg)	150 ~ 250	30 ~ 50	40 ~ 60	125 ~ 150	60 ~ 80
Round Trip Efficiency(%)	95	60 ~ 70	60 ~ 80	75 ~ 85	70 ~ 75
Life Time(Yrs)	10 ~ 15	3 ~ 6	10 ~ 15	10 ~ 15	5 ~ 10
Eco-Friendliness	O	X (Pb)	X (Cd)	X (S)	X (Va Br)

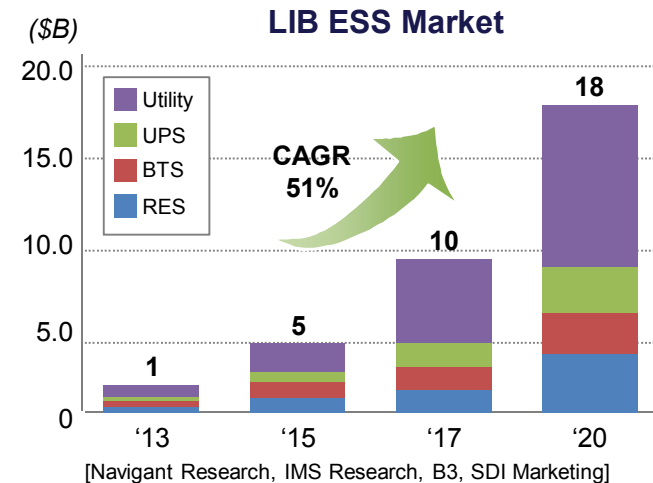
[JRC (2011), Naish et al. (2008), Institute for Energy and Transport (2011), Zach et al. (2012)]

# ESS - Long-term Market Outlook & Biz. Strategies

## LIB ESS Market

### » LIB Accounting for 48% of Battery ESS Market for Long-term

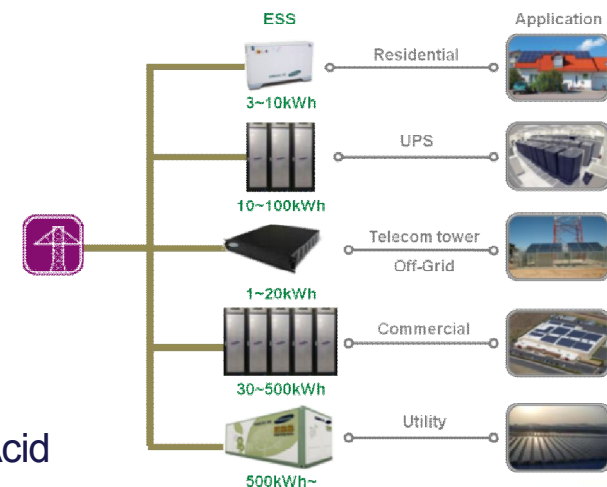
- Rapid Penetration of LIB into RES/BTS Market
  - RES (Japan/EU), BTS (India/SE Asia)
- Growth in Utility Market Throughout Demo PJTs with Competition against Other Technologies
  - Connection between ESS and Renewable/Off-grid in Islands
- UPS Mainly Applied for Mega IDCs (Internet Data Center)



## Biz. Strategies

### » Sales Expansion of All Applications

- RES : Focusing on Commoditization to Grow Market Size
- Utility: Targeting System Market Throughout Channel Expansion via Global Partnership
- UPS : Sales Growth Focused on Mega IDCs (Shinhan Bank)
- BTS : Targeting New Markets by Achieving Lower TCO than Lead-Acid



# Overall Company Outlook

# 2H'13 Outlook

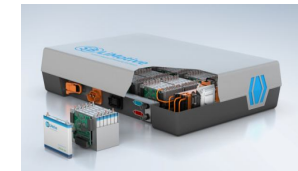
- ✓ **Small-sized LIB**
  - Leading New Applications with Customer Diversification
  - Sales Growth of High Value-added Products for Premium S/Phones and Tablet PCs



- ✓ **xEV LIB**
  - Increase in Sales due to Mass Production for EV/PHEV
  - Exceeded Original Order Target in 1H, Securing More Orders in 2H



- ✓ **ESS**
  - Beginning Demo PJTs of Utility ESS
  - Intensive Dominance in Japanese RES Market
  - Turning a Profit by Year-end

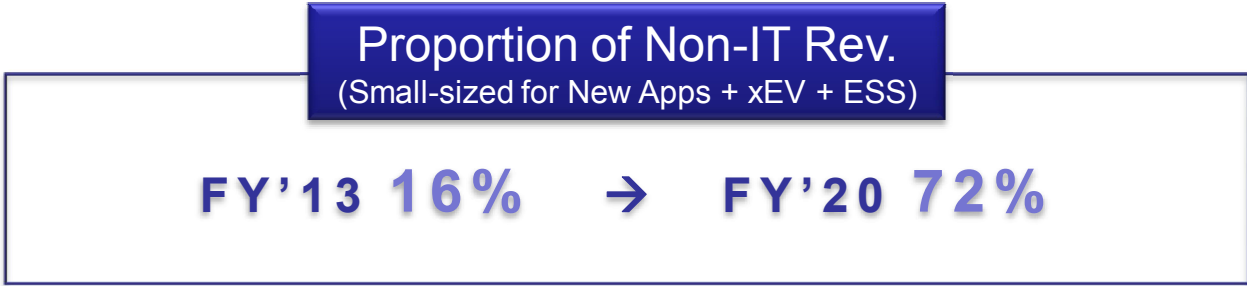
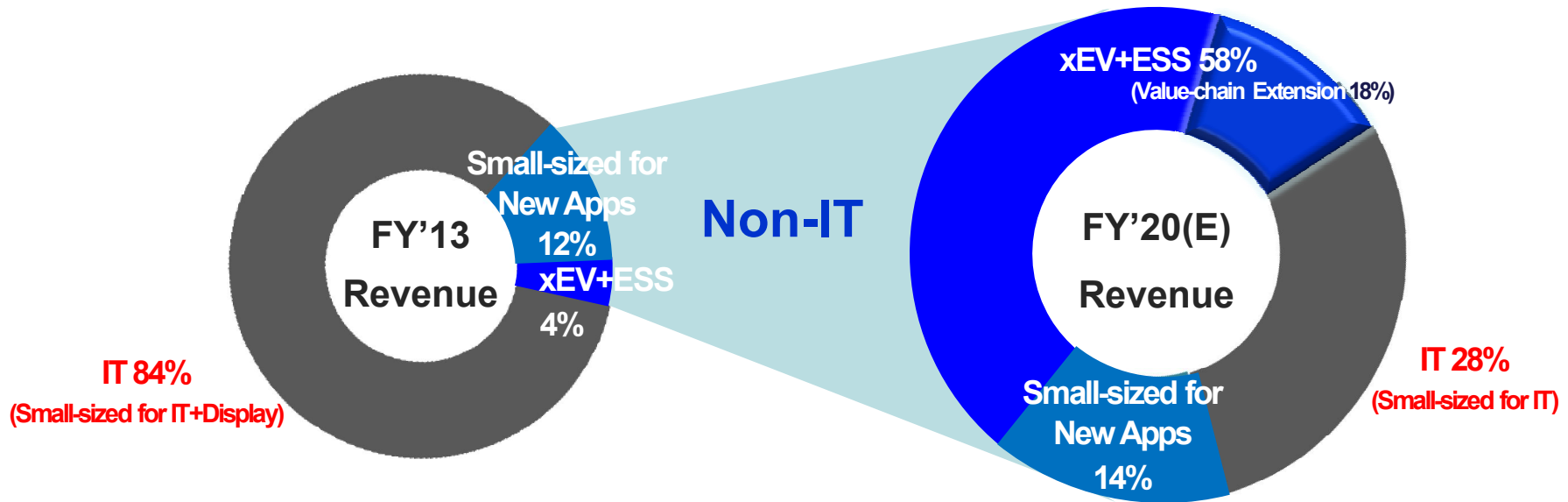


- ✓ **PDP**
  - Sales Expansion of Differentiated Models for EMs
  - Synergy throughout Co-operation with SEC



# Long-term Company Outlook

## IT-oriented Biz. → Expansion in New Biz. Areas



※ Small-sized for IT = LIB for HHP/NPC/Tablet PC

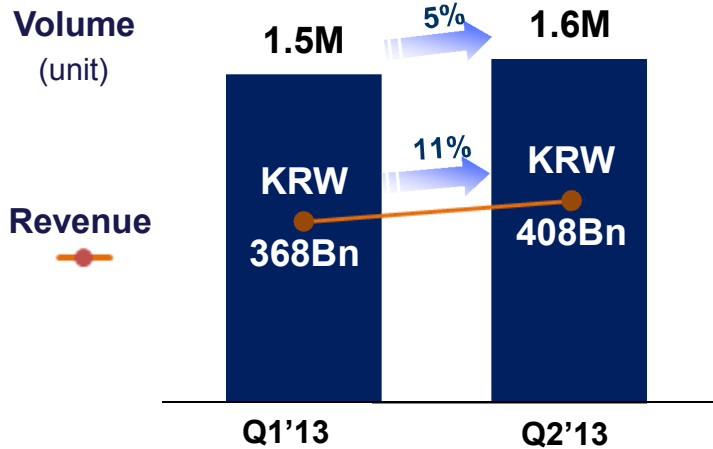


# References

- ※ PDP - Q2 Results & 2H Market Outlook
- ※ Income Statement
- ※ Statement of Financial Position

# ※ PDP - Q2 Results & 2H Market Outlook

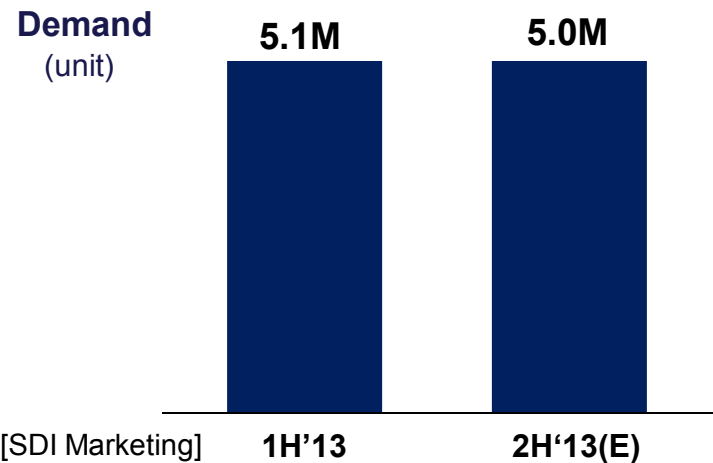
## Q2'13 Results



» Q2'13 Volume : 1.6M (QoQ 5%↑)

- Sales Expansion Outperforming the Market
  - PDP Module Demand 2.6M → 2.5M (QoQ 7%↓)
- Solid Sales of 43"ED in EMs (Middle East/South America)
- Successful Marketing & Sales Expansion of 60" in US/CN

## 2H'13 PDP Module Market



» 2H'13 Demand : PDP TV 5.0M, Module 5.0M

- Stagnant Market with a Similar Leveled Demand as 1H

» EMs and Profitability Focused Sales Operation

- Limited Market Growth even during the Peak Season due to Sharp Decline in Developed Markets
- Aggressive Marketing with Differentiated Models in EMs

## ※ Income Statement (K-IFRS)

[ Unit : KRW Bn ]

	Q2'12	Q3'12	Q4'12	FY'12	Q1'13	Q2'13
Revenue	1,477.4	1,502.9	1,414.2	5,771.2	1,208.2	1,306.9
COGS	1,221.3	1,248.1	1,198.8	4,863.3	1,054.6	1,090.0
Gross Profit (%)	256.1 (17.3%)	254.8 (17.0%)	215.4 (15.2%)	907.8 (15.7%)	153.6 (12.7%)	216.9 (16.6%)
Operating Profit (%)	82.6 (5.6%)	86.7 (5.8%)	0.7 (0.0%)	186.9 (3.2%)	-33.3 (-2.8%)	32.3 (2.5%)
Non-Operating Income	83.7	1,555.0	55.5	1,842.5	142.3	140.1
Pre-tax Profit (%)	166.3 (11.3%)	1,641.7 (109.2%)	56.2 (4.0%)	2,029.4 (35.2%)	109.0 (9.0%)	172.4 (13.2%)
Tax Expenses	50.2	435.7	10.3	542.6	28.4	39.8
Minority Interests	10.8	7.5	-9.8	15.3	2.9	3.4
Net Income (%)	105.3 (7.1%)	1,198.5 (79.7%)	55.7 (3.9%)	1,471.5 (25.5%)	77.7 (6.4%)	129.2 (9.9%)
Depreciation & Amortization	121.5	106.0	99.1	443.6	101.9	106.5
CAPEX	81.4	66.0	144.7	405.8	232.0	187.7

※ Net Profit Excluding Minority Interests

※ xEV LIB Division Consolidated as of 4Q'12

# ※ Statement of Financial Position (K-IFRS)

[ Unit: KRW Bn ]

	End of Q2'12	End of Q3'12	End of FY'12	End of Q1'13	End of Q2'13
<b>Assets</b>	<b>8,589.6</b>	<b>10,578.0</b>	<b>10,895.1</b>	<b>10,897.4</b>	<b>11,001.1</b>
<b>Current Assets</b>	<b>2,353.9</b>	<b>2,521.2</b>	<b>2,414.9</b>	<b>2,316.6</b>	<b>2,523.0</b>
<b>Quick Assets</b>	<b>1,716.6</b>	<b>1,880.2</b>	<b>1,856.4</b>	<b>1,719.4</b>	<b>1,926.0</b>
<b>Inventories</b>	<b>637.3</b>	<b>641.0</b>	<b>558.5</b>	<b>597.2</b>	<b>597.0</b>
<b>Non-current Assets</b>	<b>6,235.7</b>	<b>8,056.8</b>	<b>8,480.2</b>	<b>8,580.8</b>	<b>8,478.1</b>
<b>Investment Assets</b>	<b>4,107.3</b>	<b>6,041.6</b>	<b>6,022.1</b>	<b>6,091.1</b>	<b>5,933.6</b>
<b>Property &amp; Equipment</b>	<b>1,785.3</b>	<b>1,673.6</b>	<b>1,971.1</b>	<b>2,109.9</b>	<b>2,172.7</b>
<b>Intangible Assets</b>	<b>138.4</b>	<b>131.2</b>	<b>171.0</b>	<b>171.3</b>	<b>166.8</b>
<b>Others</b>	<b>204.7</b>	<b>210.4</b>	<b>316.0</b>	<b>208.5</b>	<b>205.0</b>
<b>Liabilities</b>	<b>2,167.2</b>	<b>2,903.4</b>	<b>3,330.6</b>	<b>3,316.4</b>	<b>3,476.7</b>
<b>Current Liabilities</b>	<b>1,650.0</b>	<b>1,626.2</b>	<b>2,004.0</b>	<b>2,062.2</b>	<b>1,949.4</b>
<b>Non-current Liabilities</b>	<b>517.2</b>	<b>1,277.2</b>	<b>1,326.6</b>	<b>1,254.2</b>	<b>1,527.3</b>
<b>Shareholders' Equity</b>	<b>6,422.4</b>	<b>7,674.6</b>	<b>7,564.5</b>	<b>7,581.0</b>	<b>7,524.4</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>