

SAMSUNG ELECTRONICS

Earnings Presentation:
1Q 2023 Financial Results



DISCLAIMER

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 1Q 2023 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 DX (Digital eXperience), 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.

INDEX

PRESENTER

1Q 2023 RESULTS
& FINANCIAL DATA

PERFORMANCE
BY BUSINESS UNIT

RESULTS &
OUTLOOK

SUSTAINABILITY
UPDATES

APPENDICES

Earnings Presentation

Presenter by Business Unit



Ben Suh, EVP
Investor Relations

Jaejune Kim, EVP
Memory

Hyeokman Kwon, VP
System LSI

Gibong Jeong, EVP
Foundry

Casey Choi, EVP
Samsung Display Corp

Daniel Araujo, VP
Mobile eXperience

KL Roh, VP
Visual Display

SY Kim, VP
Digital Appliances

Device Solutions

Device eXperience

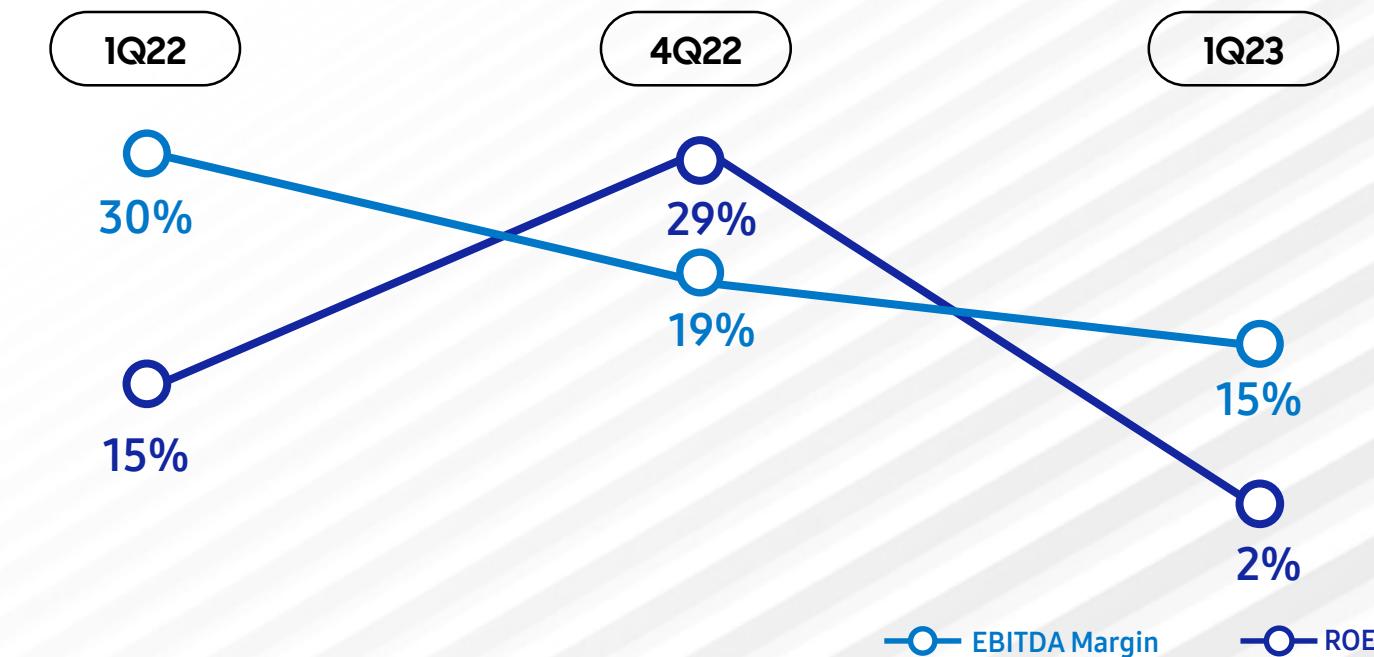
1Q 2023 Result & Financial Data

Based on the consolidated financial statement in 1Q 2023

(Unit: KRW Trillion)	1Q23	% of sales	4Q22	% of sales	1Q22
Sales	63.75	100.0%	70.46	100.0%	77.78
Cost of sales	46.01	72.2%	48.63	69.0%	47.07
Gross Profit	17.74	27.8%	21.84	31.0%	30.71
SG&A expenses	17.10	26.8%	17.53	24.9%	16.59
- R&D expenses	6.58	10.3%	6.47	9.2%	5.92
Operating Profit	0.64	1.0%	4.31	6.1%	14.12
Other non-operating income/expense	0.30	-	0.03	-	0.25
Equity method gain/loss	0.21	-	0.29	-	0.23
Finance income/expense	0.67	-	0.43	-	0.47
Profit Before Income Tax	1.83	2.9%	5.05	7.2%	15.07
Income tax	0.25	-	(18.79)	-	3.75
Net profit	1.57	2.5%	23.84	33.8%	11.32
Profit attributable to owners of the parent	1.40	2.2%	23.50	33.4%	11.13
Earnings Per Share (KRW Won)	206		3,460		1,638

Key Profitability Indicators

	1Q23	4Q22	1Q22
ROE	2%	29%	15%
Profitability (Net profit/sales)	0.02	0.34	0.15
Asset turnover (Sales/asset)	0.57	0.64	0.72
Leverage (Asset/equity)	1.26	1.33	1.40
EBITDA Margin	15%	19%	30%



Performance by Business Unit

Sales

(Unit: KRW Trillion)

	1Q23	4Q22	1Q22	QoQ	YoY
Total	63.75	70.46	77.78	10%↓	18%↓
DX	46.22	42.71	48.07	8%↑	4%↓
VD / DA	14.08	15.58	15.47	10%↓	9%↓
VD	7.43	9.16	8.72	19%↓	15%↓
MX / Networks	31.82	26.90	32.37	18%↑	2%↓
MX	30.74	25.28	31.23	22%↑	2%↓
DS	13.73	20.07	26.87	32%↓	49%↓
Memory	8.92	12.14	20.09	27%↓	56%↓
SDC	6.61	9.31	7.97	29%↓	17%↓
Harman	3.17	3.94	2.67	20%↓	19%↑

Operating Profit

(Unit: KRW Trillion)

	1Q23	4Q22	1Q22	QoQ	YoY
Total	0.64	4.31	14.12	(3.67)	(13.48)
DX	4.21	1.64	4.56	2.57	(0.35)
VD / DA	0.19	(0.06)	0.80	0.26	(0.61)
MX / Networks	3.94	1.70	3.82	2.24	0.12
DS	(4.58)	0.27	8.45	(4.85)	(13.03)
SDC	0.78	1.82	1.09	(1.05)	(0.32)
Harman	0.13	0.37	0.10	(0.24)	0.03

※ 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.

※ The DX Division provides earnings call materials based on the business structure before the reorganization to prevent confusion and to improve understanding among investors.

※ DX: Device eXperience, MX: Mobile eXperience, DS: Device Solutions

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

Results & Outlook | Memory

1Q23 Results

Memory	Results fell significantly q-o-q due to continued price declines and an increased valuation loss, which newly included DRAM, amid weakening sentiment and continued impacts of inventory adjustments by customers caused by prolonged external uncertainties.
DRAM	Preemptively responded to demand centering on high-density products, which was boosted by strong sales of new smartphones by major mobile customers. Prices fell less than the market forecast on sales centering on high value-added products, but bit growth could not meet guidance.
NAND	We exceeded bit growth guidance by actively responding to high-density demand—e.g., 512GB and above for mobile and 1TB and above for PC.

2Q23 Outlook

Memory	A demand recovery is likely to be limited by conservative investments, mainly from hyperscalers, and continued inventory adjustments by customers. In mobile/PC, however, price elasticity should keep the high-density trend intact, while customer inventories of components and finished goods should be at healthy levels. Consumer sentiment trends require monitoring along with their effects on set demand amid macro factors.
DRAM	Actively address demand for LPDDR5x in high-end mobile products and prepare for expected demand for DDR5 and high density modules led by the launch of new CPUs for servers and increased demand for AI.
NAND	Meet demand for high-density products via cost competitiveness while responding to customer needs for high-density storage by creating a mobile QLC market.

2H23 Outlook

Memory	Demand is expected to gradually recover in 2H amid projections that customer inventory levels will have declined. For mobile and PC, set build demand is expected to improve with the launch of new smartphones and PC promotions; and the shift towards high-density trends based on price elasticity is likely to continue. For server, content-per-box is projected to grow as the transition to high-core CPUs will accelerate. With the commitment to stay on top of demand for high-capacity server/mobile products, we will focus on customer needs by creating a mobile QLC NAND market and expanding the portion of cutting-edge nodes such as V7 and V8. We will continue to increase the infrastructure and R&D portions of investment to secure mid- to long-term competitiveness.
---------------	---

Results & Outlook | S.LSI/Foundry

1Q23 Results

S.LSI Earnings fell sharply due to a sharp drop in demand for SoCs, sensors, DDIs, etc., caused by sluggish demand amid weak seasonality from major applications.
Sales of mobile SoCs increased thanks to volume-zone models, and we have been working to expand into new applications by launching U100—an ultra wide band-based short-range wireless communication semiconductor.

Foundry Earnings declined significantly as demand contracted and orders decreased due to high inventory levels at customers.
We are mass producing the 1st gen 3-nano process with stable yields, and, based on this experience, we are developing the 2nd gen process to secure even greater mass production capabilities.

2Q23 Outlook

S.LSI Potential for a slight Q-Q earnings recovery as there is some visibility regarding declines in customer inventories.
Expand strategic partnerships with AMD in graphics IP to enhance GPU competitiveness of mobile SoCs and focus on commercializing a non-terrestrial networks modem.

Foundry Earnings to improve slightly thanks to a rebound in demand based on the gradual reductions in customer inventory levels.
Basic infrastructure of 2nm designs has recently shown meaningful silicon results, and the development progress is on track. Also, we secured the foundation to support future products for generative AI by completing the development of 8X HBM3 2.5D package technology, a high-density memory integration technology.

2H23 Outlook

S.LSI Overall mobile demand is likely to recover on the back of normalizing customer inventories and a revitalization of the domestic market in China.
For mobile SoCs, push to re-enter the flagship market; and expand into new business areas, including supplying chips for our customer's commercialization of fingerprint-authentication credit cards with enhanced security.

Foundry We expect the market to recover around HPC/automotives and our earnings to rebound accordingly, in line with our investment strategy that focuses on advanced nodes.
Based on the stable development of the 2nd gen 3nm process, we will expand new customer orders and strengthen our technical leadership by smoothly advancing the development of 2nm.
Lay the foundation for sustainable growth by evolving specialty and mature processes to expand within various applications such as mobile, automotives, HPC, and IoT.

Results & Outlook | SDC

1Q23 Results

Mobile Market demand continued to contract due to persistent inflation and high interest rates, but we fortified our market leadership thanks to strong sales of flagship products and dominance in the premium segment.

Large Solidified our position in the premium market on the back of a full-fledged launch of new QD-OLED products by our major customer and through diversification of product sizes and other specifications.

2Q23 Outlook

Mobile Conditions remain challenging due to effects of weak seasonality, but we will pursue supply continuity by completing technology development in accordance with new product launches scheduled for 2H by major customers.

Large Demand likely to be weak due to the economic slowdown and effects of the endemic, but sales should grow as new products for 2023 rollout in earnest.

2H23 Outlook

Mobile While concerns over the economic downturn coexist with hopes for improving market conditions in China, we will maintain our leading position by leveraging our differentiated technology in customers' new offerings and ramp up sales by enhancing the performance of foldable products in the relatively solid high-end smartphone market. Starting this year, we are pushing to scale up the OLED market and steadfastly increase the OLED share in the laptop, tablet, and automotive markets via our recently announced investment in IT OLED lines and recreate the success we have achieved in the smartphone market.

Large Despite a likely weakness in demand due to prolonged economic uncertainties, further strengthen our presence in the premium market via full-fledged launches of new QD-OLED products; and by offering a wider range of sizes, supplying rollouts in an increasing number of countries, and diversifying our customer base.

Results & Outlook | MX/NW

1Q23 Results

MX The premium market grew in terms of both volume and value even amid weak smartphone demand caused by lingering macro uncertainties.

Sales grew and profitability recovered to reach double-digits on the back of strong sales of new premium models, centering on S23 Ultra, and efforts to enhance operational efficiencies.

NW Revenue decreased due to weakness in major overseas markets such as North America and Southwest Asia.

2Q23 Outlook

MX Demand to recover in the low-to-mid segment; and the overall smartphone market to increase slightly in volume but decline in value Q-Q.

Continue to generate steady sales of the S23 Series and re-boost the marketing of foldables. For the A Series, drive sales expansion via sell-out programs centering on new products that deliver a stronger premium experience through upgrades to key specifications.

Maintain double-digit profitability through ongoing efforts toward efficient management of product lineups and upselling strategies.

NW Keep solidifying the business foundation, particularly in Korea and North America, while exploring new business opportunities.

2H23 Outlook

MX The smartphone market is forecast to grow both volume and value—especially in the premium market—on a recovery of purchasing power. The tablet and wearable markets are expected to stay mostly flat as growth momentum slows.

Leverage our strengths—foldable models featuring differentiated, refined user experiences; and our close, cooperative relationships with partners—to boost foldable sales right from launch and further fortify our leadership in the global foldable smartphone market.

Expand overall share of the smartphone market by collaborating closely with our partners for the A Series and by sustaining marketing campaigns for the S23 Series.

For tablets and wearables, highlight our premium ecosystem experience via a joint Unpacked event; and secure solid profitability by enhancing operational efficiencies.

NW Pursue revenue growth through major overseas contracts by promptly addressing customer needs and winning new orders, all while reinforcing our technology leadership in 5G core chips and vRAN.

Results & Outlook | VD/DA

1Q23 Results

- VD** Market demand contracted as we exited end-year peak seasonality and felt continued effects of the global economic downturn. Improved profitability by focusing on sales of high-value-added products, such as Neo QLED, OLED, and ultra-large screen models, and by reducing overall costs, including material costs.
- DA** Reported similar earnings sequentially due to still-sluggish demand and continued cost burdens.

2Q23 Outlook

- VD** Negative growth in the TV market is expected to decelerate, while demand for premium products is likely to keep growing. Focus on improving profitability by expanding sales of premium products through differentiated launches of new models, by optimizing operations, and by sustaining cost management.
- DA** Increase sales centering on air conditioners as we enter a seasonal upcycle, and focus on securing profitability via cost efficiency and sales centering on high-value products, such as BESPOKE.

2H23 Outlook

- VD** Demand is likely to recover with the arrival of peak seasonality, but uncertainties in the external environment are expected to continue and competition to intensify. Actively capitalize on sales opportunities especially for premium products during peak season by bolstering differentiated promotional activities centering on strategic products and by satisfying the needs of consumer via our Lifestyle offerings. Expand the 98" and Micro LED lineups from our leadership position in the premium/ultra-large screen TV market while securing new growth engines by diversifying sales channels.
- DA** Boost product competitiveness via SmartThings while pursuing growth by further promoting package sales during strong seasonality.

Sustainability Updates

Continued efforts for Everyday Sustainability

- SEC increased adoption of recycled materials in Galaxy S23 Series (discarded fishing nets, plastic bottles, plastic waste, etc.).
- We enhanced the energy efficiency of key components used in our large digital appliance models, which contributed to 75% of our new models in Korea achieving top energy efficiency ratings.
- Following a successful release in Europe, we introduced the microplastic reduction cycle in the Korean market. The BESPOKE Grande AI model, developed in collaboration with Patagonia, can reduce microplastic release by up to 60% versus a regular cycle.

Hwaseong Campus receives Certified Platinum status by AWS¹⁾ for water resource management

- The first recognition of Certified Platinum status—AWS's highest certification level—in Korea.
- The award recognizes the outstanding water management system at our semiconductor sites.

Samsung's Global Human Rights Principles

- SEC announced Samsung's Global Human Rights Principles—a policy based on international standards, such as the UNGPs²⁾.
- This announcement forms part of Samsung's ongoing efforts to respect and promote the labor and human rights of employees at SEC and its partners in all aspects of our business.
- The Principles comprehensively encompass all of Samsung's pre-existing policies related to human rights such as our Child Labor Prohibition Policy, Anti-Discrimination and Harassment Policy, etc.

Global top 10 for the 3rd consecutive year in DIB³⁾

- SEC ranked 7th in the 2023 DIB as measured by the WBA⁴⁾, a global alliance for sustainability management, achieving the highest ranking among Asian companies.
- We garnered special recognition for our efforts to support open source, lead standardization in the industry, and foster an ecosystem for tech startups.

1) Alliance for Water Stewardship

2) The UN Guiding Principles on Business and Human Rights

3) Digital Inclusion Benchmark; evaluated 200 companies

4) World Benchmark Alliance

Appendix 1

Financial Position

(Unit : KRW Billion)	31.Mar.23	31.Dec.22	31.Mar.22
Assets	4,540,918	4,484,245	4,393,270
Cash *	1,081,829	1,152,279	1,258,896
A/R	366,322	357,216	444,650
Inventories	544,196	521,879	475,907
Investments	332,317	316,339	280,904
PP&E	1,718,575	1,680,454	1,496,180
Intangible assets	236,177	202,178	200,107
Other assets	261,502	253,900	236,626
Total Assets	4,540,918	4,484,245	4,393,270
Liabilities	942,924	936,749	1,240,360
Debts	99,420	103,333	180,504
Trade accounts and N/P	123,435	106,447	151,339
Other accounts and N/P & accrued Expenses	437,097	468,039	434,019
Current income tax liabilities	33,579	42,504	71,938
Unearned revenue & other advances	20,986	26,131	23,931
Other liabilities	228,407	190,295	378,629
Shareholders' Equity	3,597,994	3,547,496	3,152,909
Capital stock	8,975	8,975	8,975
Total Liabilities & Shareholder's Equity	4,540,918	4,484,245	4,393,270

	31.Mar.23	31.Dec.22	31.Mar.22
Current ratio *	282%	279%	257%
Liability/equity	26%	26%	39%
Debt/equity	3%	3%	6%
Net debt/equity	(27%)	(30%)	(34%)

* Current ratio = Current assets/Current liabilities

Appendix 2

Cash Flow

(Unit: KRW Trillion)

	1Q23	4Q22	1Q22
Cash (Beginning of period) *	115.23	128.82	124.21
Cash flows from operating activities	6.29	18.61	10.45
Net profit	1.57	23.84	11.32
Depreciation	8.80	8.84	9.01
Cash flows from investing activities	(14.73)	(17.58)	(9.65)
Purchases of PP&E	(13.24)	(16.96)	(8.71)
Cash flows from financing activities	(0.98)	(4.71)	(0.50)
Increase in debts	(0.98)	(2.25)	(0.49)
Acquisition of treasury stock	-	-	-
Payment of dividends	(0.00)	(2.46)	(0.00)
Increase in cash	(7.05)	(13.59)	1.68
Cash (End of period) *	108.18	115.23	125.89

* 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)

	31.Mar.23	31.Dec.22	31.Mar.22
Net Cash	98.24	104.89	107.84

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



Thank you

SAMSUNG