

SAMSUNG ELECTRONICS

Earnings Presentation:
2Q 2024 Financial Results

SAMSUNG

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 2Q 2024 financial results is completed.
The Audit 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.

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Earnings Presentation: Speakers



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Memory

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System LSI

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Foundry

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Device Solutions



Device eXperience

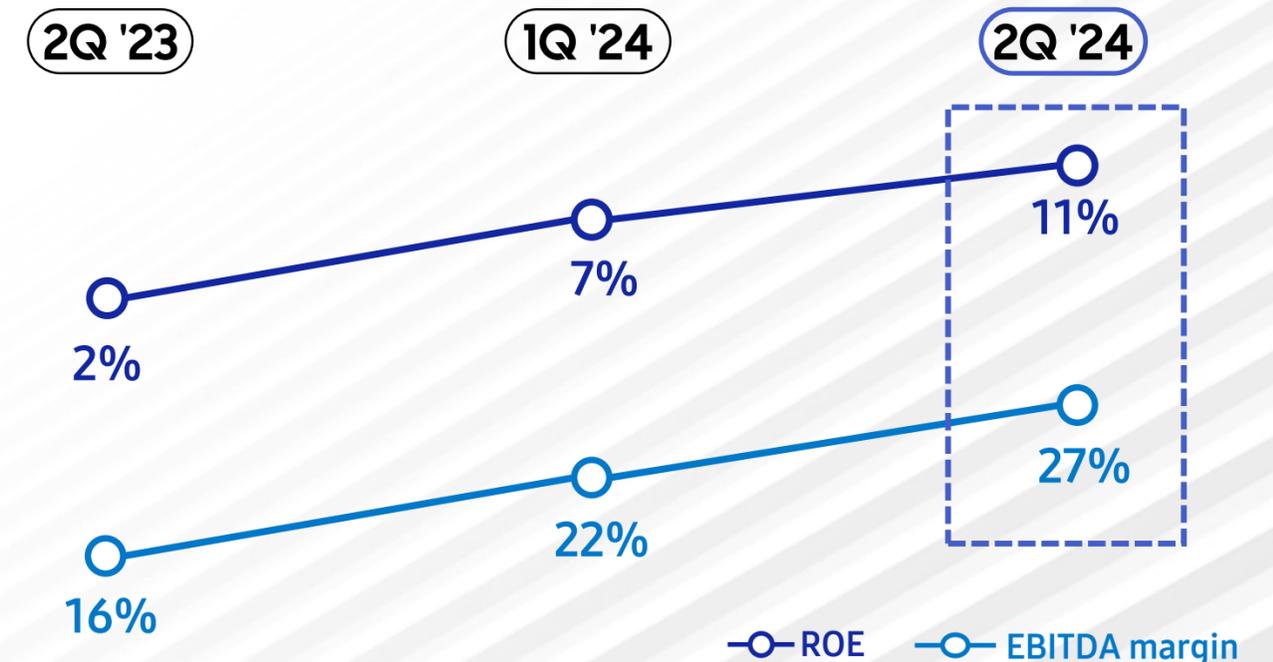
2Q 2024 Results & Financial Data

Based on the consolidated financial statement in 2Q 2024

(Unit: KRW trillion)	2Q23	1Q24	% of sales	2Q24	% of sales
Sales	60.01	71.92	100.0%	74.07	100.0%
Cost of sales	41.65	45.89	63.8%	44.31	59.8%
Gross profit	18.36	26.03	36.2%	29.76	40.2%
SG&A expenses	17.69	19.42	27.0%	19.31	26.1%
R&D expenses	7.20	7.82	10.9%	8.05	10.9%
Operating profit	0.67	6.61	9.2%	10.44	14.1%
Other non-operating income/expenses	0.03	0.06	-	0.07	-
Equity method gain/loss	0.20	0.21	-	0.20	-
Finance income/expenses	0.81	0.82	-	0.88	-
Profit before income tax	1.71	7.71	10.7%	11.60	15.7%
Income tax	(0.01)	0.95	-	1.75	-
Net profit	1.72	6.75	9.4%	9.84	13.3%
Profit attributable to owners of the parent	1.55	6.62	9.2%	9.64	13.0%
Earnings per share (KRW)	228	975		1,419	

Key Profitability Indicators

	2Q23	1Q24	2Q24
ROE	2%	7%	11%
Profitability (net profit/sales)	0.03	0.09	0.13
Asset turnover (sales/asset)	0.54	0.62	0.63
Leverage (asset/equity)	1.26	1.26	1.26
EBITDA margin	16%	22%	27%



Results by Business Segments

Sales

(Unit: KRW trillion)

	2Q23	1Q24	2Q24	QoQ	YoY
Total	60.01	71.92	74.07	3%↑	23%↑
DX	40.21	47.29	42.07	11%↓	5%↑
MX / NW	25.55	33.53	27.38	18%↓	7%↑
MX	24.61	32.79	26.64	19%↓	8%↑
VD / DA	14.39	13.48	14.42	7%↑	0.2%↑
VD	7.25	7.23	7.54	4%↑	4%↑
DS	14.73	23.14	28.56	23%↑	94%↑
Memory	8.97	17.49	21.74	24%↑	142%↑
SDC	6.48	5.39	7.65	42%↑	18%↑
Harman	3.50	3.20	3.62	13%↑	4%↑

Operating Profit

(Unit: KRW trillion)

	2Q23	1Q24	2Q24	QoQ	YoY
Total	0.67	6.61	10.44	3.84	9.78
DX	3.83	4.07	2.72	(1.35)	(1.11)
MX / NW	3.04	3.51	2.23	(1.28)	(0.81)
VD / DA	0.74	0.53	0.49	(0.04)	(0.25)
DS	(4.36)	1.91	6.45	4.54	10.81
SDC	0.84	0.34	1.01	0.67	0.17
Harman	0.25	0.24	0.32	0.08	0.07

※ Sales and operating profit of each business stated above reflect the organizational structure as of December 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.

Memory

2Q24 Results

Memory

Market: The expansion of AI investments by hyperscaler customers resulted in robust demand for not only HBM, but also conventional DRAM and SSD.

SEC: Sales growth of HBM, DDR5, and other high-value-added products for AI, combined with overall price improvements, contributed to a significant increase in quarterly earnings compared to the previous quarter.

We extended our leadership in DDR5 through the sales of our mass produced 128GB product based on 1b nanometer 32Gb DDR5 technology, which we were first to develop.

2H24 Outlook

Memory

Market: We expect the demand from server AI to stay strong across server products such as HBM, DDR5, and SSD, due to continued investments in AI.

The ramping of HBM and server DRAM production and sales is likely to further constrain conventional bit supply in both DRAM and NAND.

SEC: We will expand our sales of high-value-added products for AI, including HBM3E and high-density server modules based on our 1b nano 32Gb DDR5 technology.

We will solidify our leadership in the QLC market by optimizing the QLC lineup for all applications, including server, PC, and mobile, and expanding our sales of SSD for AI servers.

S.LSI/Foundry

2Q24 Results

S.LSI

SEC: Earnings improved thanks to increased supply of SoCs, image sensors, and DDIs for major customer's flagship products, which drove 1H revenue to grow 50% YoY and set a new all-time high for the period.

Foundry

SEC: We achieved sequential earnings growth thanks to a demand recovery for major applications.

We doubled our customer base of AI and HPC customers compared to last year thanks to new orders for sub-5nm technology.

With development and distribution of the 2nm GAA process development kit, or PDK, we will support our customers to move forward with product designs as a part of our preparations to mass produce 2nm technology in 2025.

2H24 Outlook

S.LSI

SEC: We will focus on the stable supply of Exynos-2500 and expand the application of 200-megapixel image sensors in smartphone cameras from wide to telephoto.

We plan to supply DDI products for a US customer's new models in the second half and start the mass production of new server PMIC products in the fourth quarter.

Foundry

Market: We expect the overall Foundry market to grow, with particular growth from advanced technologies, thanks to rebounding mobile demand and surging AI/HPC demand.

SEC: For 2024, we expect our revenue growth to outpace the market level thanks to the full-scale mass production of second-generation 3nm GAA technology in sub-5nm advanced technology.

We will expand our order intake for AI and HPC applications, targeting a fourfold increase in our customer base and a ninefold increase in sales by 2028 from the levels in 2023.

SDC

2Q24 Results

Mobile

SEC: We improved our performance QoQ thanks to strong flagship demand from major customers, the timely supply of new products, and increased sales of rigid panels. Moreover, we established a stable supply system for IT products and promptly addressed customer needs.

Large

SEC: We expanded sales of new high-resolution, high-refresh rate panels for the gaming monitor market. Sales remained steady thanks to increased demand for OLED panels in the premium TV market.

2H24 Outlook

Mobile

Market: Although we expect sales to improve thanks to the launches of new smartphone models by major customers and replacement demand sparked by AI smartphones, competition among panel manufacturers is likely to intensify.

SEC: We have established a steady supply of new products featuring improved power consumption, luminance, thickness, and durability. We expect to improve sales and profitability by leveraging the improvements in our quality assurance and productivity.

Large

SEC: We aim to improve sales by focusing production on high-margin QD-OLED panels and by offering a more comprehensive range of monitor products.

MX/NW

2Q24 Results

MX

Market: Smartphone demand decreased sequentially in the seasonally weak quarter, particularly in the premium segment.

SEC: We recorded a decline in sales largely due to the base effect of launches of new models in the first quarter. However, the S24 series continued to see strong sales and achieved double-digit growth YoY in both shipments and revenue for 2Q and 1H.

Profitability declined slightly in the quarter from rising prices of key components, but we kept it in the double digits for 1H despite persistent pressure.

NW

SEC: The Networks business achieved similar sales compared to the previous quarter.

2H24 Outlook

MX

Market: In smartphones, we expect the premium segment to grow, but the mass segment is likely to slow. We also expect to see growth in ecosystem products, including tablets, watches, and TWS.

SEC: We plan to drive revenue growth by expanding sales of flagship smartphones and ecosystem products. In foldables, we will enhance the durability, battery life, and camera and promote the Galaxy AI experience, thus solidifying our global leadership. The S24 series will maintain its growth momentum on the back of sustained marketing efforts. We will provide the Galaxy AI experience in tablets, starting with the Tab S9 series, and continue the momentum in premium sales.

In wearables, we target the super-premium segment with the release of Watch Ultra; and offer innovations in TWS and advanced health experiences with the Galaxy Ring. Overall, we will strive to secure solid profitability through optimizing product specifications, including component communization and standardization, and pursuing operational efficiencies.

NW

SEC: We expect earnings in the second half to improve H-H thanks to growing sales in major domestic and overseas markets. We aim to enhance our hardware competitiveness by upgrading 5G core chips while continuously reinforcing S/W based technology leadership with vRAN/ORAN.

VD/DA/Harman

2Q24 Results

VD

Market: Overall market demand grew YoY especially in advanced countries, and also increased slightly QoQ, mainly due to global sporting events.

SEC: Profitability decreased YoY due to increased costs related to panel prices and intensified market competition. Backed by differentiated launches of new models in 2024, we solidified our leadership in the premium market by focusing on strategic products such as Neo QLED/OLED/Lifestyle.

DA

SEC: We continued on a recovery path with the successful launches of new BESPOKE AI products and expanded sales of air conditioners during peak seasonality.

Harman

SEC: Harman improved its performance thanks to sales growth of consumer audio products centered on portables/TWS and improved cost efficiencies.

2H24 Outlook

VD

Market: We expect the overall market to recover further with growing demand for QLED, OLED and big TVs.

SEC: We will capture peak season demand especially for premium/big TVs, and lead market growth by promoting our differentiated competitiveness in AI/security/design/SmartThings/etc.

In addition, we will reinforce growth momentum by strengthening our service platform.

DA

SEC: We will expand the global distribution of new BESPOKE AI products and provide enhanced security and voice-controlled user experiences to secure our position in the AI home appliance market and expand sales of premium products. Moreover, we will continue to improve our business structure by accelerating B2B revenue growth, focusing on air conditioners.

Harman

SEC: For automotive, we will seek order growth in new fields such as displays. In consumer audio, we plan to extend our market leadership by enhancing lineup and featuring differentiated products.

Appendix 1: Financial Position (Summary)

(Unit: KRW billion)	30.Jun.23	31.Mar.24	30.Jun.24
Assets	448,000.6	470,899.8	485,757.7
Cash ※	97,125.2	97,392.8	100,795.5
A/R	36,104.1	41,145.4	43,660.9
Inventories	55,504.8	53,347.7	55,566.6
Investments	30,460.8	28,184.0	28,614.3
PP&E	177,869.9	191,155.6	194,449.8
Intangible assets	23,430.2	23,246.6	23,623.3
Other assets	27,505.6	36,427.7	39,047.3
Total assets	448,000.6	470,899.8	485,757.7
Liabilities	89,024.9	98,983.7	102,231.0
Debts	9,139.1	15,504.2	16,481.4
Trade accounts and N/P	11,744.0	12,419.1	13,113.3
Other accounts and N/P & accrued expenses	40,422.4	41,886.0	41,612.1
Current income tax liabilities	2,601.6	4,172.8	5,103.2
Unearned revenue & other advances	1,922.5	2,629.8	2,362.5
Other liabilities	23,195.3	22,371.8	23,558.5
Shareholders' equity	358,975.6	371,916.1	383,526.7
Capital stock	897.5	897.5	897.5
Total liability & Shareholders' equity	448,000.6	470,899.8	485,757.7

	30.Jun.23	31.Mar.24	30.Jun.24
Current ratio*	288%	255%	258%
Liability/equity	25%	27%	27%
Debt/equity	3%	4%	4%
Net debt/equity	(25%)	(22%)	(22%)

※ Current ratio = current assets/current liabilities

※ Cash = Cash and Cash equivalents Short-term financial instruments Short-term financial assets at amortized cost etc.

Appendix 2: Cash Flow (Summary)

(Unit: KRW trillion)	2Q23	1Q24	2Q24
Cash (beginning of period) *	108.18	92.41	97.39
Cash flows from operating activities	8.17	11.87	16.90
Net profit	1.72	6.75	9.84
Depreciation	8.77	9.23	9.38
Cash flows from investing activities	(13.14)	(10.68)	(11.51)
Purchase of PP&E	(16.13)	(13.42)	(11.94)
Cash flows from financing activities	(5.78)	1.26	(4.10)
Increase in debts	(0.88)	2.27	0.87
Acquisition of treasury stock	-	-	-
Payment of dividends	(4.91)	(1.01)	(4.96)
Increase in cash	(11.06)	4.99	3.40
Cash (end of period) *	97.13	97.39	100.80

* Cash = Cash and cash equivalents short-term financial instruments short-term financial assets at amortized cost etc.

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

(Unit: KRW trillion)	30.Jun.23	31.Mar.24	30.Jun.24
Net Cash	87.99	81.89	84.31

* Cash = Cash and cash equivalents short-term financial instruments short-term financial assets at amortized cost etc.

Thank you

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