



## **Samsung Electronics Announces Comprehensive Roadmap to Enhance Long-Term Shareholder Value Creation**

- *Builds on actions announced in October 2015 to increase shareholder returns based on the long-term success of the Company*
- *Commits to allocate 50% of free cash flow to shareholder returns in both 2016 and 2017 and to increase 2016 dividends per share by 36% YoY*
- *Expands buyback program for share repurchase and cancellation starting in January 2017*
- *Appropriate net cash balance set at KRW 65-70 trillion, to be reviewed every three years, with any excess to be returned to shareholders*
- *At least one new, international, independent Board member with global C-suite experience to be nominated for election at March 2017 annual shareholder meeting*
- *Work under way with outside advisors to review optimal corporate structure*

**SEOUL, Korea, November 29, 2016** – Samsung Electronics announced on November 29 a detailed roadmap of actions with the objective of enhancing the Company's long-term, sustainable value creation for shareholders.

Under the roadmap, which builds on the shareholder return program announced in October 2015, Samsung Electronics will further enhance its shareholder returns policy, capital management and the operation of the Board of Directors while also ensuring that the Company can continue to direct the required investment resources to compelling opportunities and to nurturing future growth drivers to the benefit of all of its stakeholders.

"We are committed to enhancing sustainable long-term value for our shareholders and to remaining good stewards of capital," said Dr. Oh-Hyun Kwon, Vice Chairman and CEO of Samsung Electronics. "Today's announcement extends the actions we initiated last year and represents the next phase in the evolution of our shareholder policy and governance."

The details of the roadmap are as follows:

### **Enhancements to the Shareholder Return Program**

Following the introduction of the three-year shareholder return initiative in 2015 that was well received by the market, Samsung Electronics today announced five further enhancements to its shareholder return program.

- For 2016 and 2017, the Company will allocate 50 percent of free cash flow ("FCF") to shareholder returns, which is at the top of the 30-50 percent range announced in 2015.
- The Company will increase total dividends in 2016 by 30 percent compared with 2015, bringing the annual dividend amount to 4 trillion won. Taking into account the recent share buybacks and cancellations, this will result in a 36 percent rise in 2016 dividends per share, to 28,500 won.
- The remaining portion of 50 percent of FCF after the dividend payouts, plus 0.8 trillion won from 2015, will be used to repurchase shares starting at the end of January 2017. The repurchased shares will be cancelled.
- Samsung Electronics will initiate quarterly dividend payments starting in April 2017.
- The Company will seek to further enhance its capital allocation policy to improve shareholder returns beyond 2017.

These actions represent a significant improvement in the Company's dividend yield as well as a substantial expansion to its repurchase program.

### **Capital Management and Cash Position Review**

Samsung Electronics has a proven track record of successful long-term capital management, which has enabled the Company to seize compelling opportunities, withstand challenges and pursue strategic goals throughout all economic cycles.

The Company has concluded that achieving these business objectives on a sustained basis will require maintaining a net cash balance of 65 to 70 trillion Korean won, based on its historical and expected capital expenditures, working capital requirements, M&As and other financing needs.

Going forward, the Company plans to review its cash position every three years in light of business and economic developments and return any excess cash beyond the target balance to shareholders. This new policy will enable Samsung Electronics to increase shareholder returns on a continuing basis while maintaining the financial flexibility to execute its long-term business strategy and seize attractive opportunities as they arise.

### **New Board Members and Governance Committee**

In recognition of the ever more global nature of Samsung Electronics business, the Company's Board of Directors is pursuing plans to invite new independent board members with international corporate experience. With the help of outside advisors, the Board is in the process of identifying a number of highly qualified candidates and plans to nominate at least one new Board member with robust global C-Suite experience for approval at the next annual shareholder meeting in March 2017.

The Board aims to further strengthen corporate governance procedures by creating a new Governance Committee, comprised solely of independent board members. The Committee

will address Board decisions and proposals linked to enhancing shareholder value. It will also assume the responsibilities of the current Corporate Social Responsibility Committee.

The Board believes that these changes and ongoing efforts to enhance the diversity and breadth of experience on the Board will further strengthen Samsung Electronics' governance structures and its commitment to shareholders.

### **Corporate Structure**

Samsung Electronics has taken steps to simplify its business to concentrate on core capabilities in the past several years and the Company continues to review opportunities to optimize long-term value. This includes the possibility of creating a holding company structure and the potential benefits and feasibility of listing the Company's shares on additional international exchanges.

As determining the optimal structure is a highly complex undertaking involving important strategic, operational, legal, regulatory and financial considerations, the Company has retained external advisors to conduct a thorough review of the optimal corporate structure. The review does not indicate the management or the Board's intention one way or another. The process is expected to require at least 6 months and Samsung Electronics will make a decision only after the review is complete.

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### **About Samsung Electronics Co., Ltd.**

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