



**SAMSUNG SDI Co., Ltd.**

**Reference Material**

**2019 Annual General Meeting of Shareholders**

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## **Notice of 2019 Annual General Meeting of Shareholders**

We sincerely appreciate your attention and continuous support in Samsung SDI Co., Ltd. (hereinafter “Company”). You are cordially invited to attend the 49th Annual General Meeting of Shareholders (hereinafter "AGM") of the Company. The details for the AGM are as follows:

**Date / Time:** 9:00 A.M., March 20, 2019

**Place:** The K Hotel Seoul Convention Center, Crystal ballroom (3<sup>rd</sup> Floor)  
(70, Baume-ro 12-gil, Seocho-gu, Seoul, Korea)

### **Reporting items:**

Audit report

Business report

Report on transaction with related parties

Report of operation status of internal accounting management system

### **Agenda for the Resolution**

Proposal 1. Approval of the 2018 Financial Statements of the Company

Proposal 2. Appointment of Director

Proposal 3. Approval of the Remuneration Limit of the Directors in FY 2019

Proposal 4. Amendment of the Articles of Incorporation

# Proposal 1. Approval of the 2018 Financial Statements of the Company

## Overview

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The Board of Directors (hereinafter "BoD") is seeking your approval of the following financial statements of the Company for FY2018, beginning on January 1, 2018 and ending on December 31, 2018.

- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Separate Statements of Appropriation of Retained Earnings (Parent)

### □ Financial Performance (K-IFRS, consolidated)

(Unit : KRW Billion)

Categories	FY2018	FY2017*	Change
Revenue	9,158.3	6,346.6	44.3%
Operation Profit	715.0	116.9	511.6%
Profit before Tax	1,036.2	824.1	25.7%
Net Profit	745.0	643.2	15.8%
Asset	19,349.7	15,741.7	22.9%
Liabilities	7,124.5	4,289.7	66.1%
Equity	12,225.2	11,452.0	6.8%

\* Reflected the retrospective application of K-IFRS 1115

\*\* Please see Appendix for details

Audited financial statements with the independent auditor's opinion are not available as of February 20, 2019. Audited financial statements will be posted on the homepage after completion of audit.

(URL : <http://www.samsungsdi.com/ir/financial-information/audit-report.html> )

## Shareholder return

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### □ Dividend, Stock Price, Etc.

Categories		2018 (49 <sup>th</sup> ) - Planned -	2017 (48 <sup>th</sup> )
Revenue (Bil. KRW)		9,158.3	6,346.6
Net Profit (Bil. KRW)		745.0	643.2
Dividend per share	Common Stock (KRW)	1,000	1,000
	Preferred Stock (KRW)	1,050	1,050
Dividend ratio	Common Stock (%)	0.5	0.5
	Preferred Stock (%)	1.2	1.2
Total Dividend (Mil. KRW)		66,945	66,945
Year-end Stock Price(KRW)		219,000	204,500

## Proposal 2. Appointment of Director

### Overview

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The BoD is elected by shareholders to oversee the financial soundness and long-term success of the Company's business. The Board serves as the Company's ultimate decision-making body except in matters reserved to or shared with our shareholders.

The Board currently consists of three Executive Directors and four Independent Directors.

The Company seeks to make the following change to the Board.

For the Executive Director, we recommend Mr. Tae Hyuk AHN who is currently serving as the Head of Small-sized Battery Division.

As an expert in quality management and manufacturing technology, the candidate has contributed greatly to the growth of the small-sized battery business since 2017.

We believe that his deep understanding of the company's battery business strategy and his abundant experience would also contribute to effective decision making of BoD.

### Executive Director Nominee

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<b>Mr. Tae Hyuk AHN</b>	- 2017.03~	Executive VP of Battery Business
Birth : Oct 17, 1962	- 2014.12	Executive VP of System LSI
Education :		Manufacturing Center
- Ph.D. from Nagoya University		(Samsung Electronics)
- M.Sc from Hanyang University	- 2012.08	Senior VP of Memory Technology Innovation Team
- B.Cc from Kyungpook University	- 2009.02	Senior VP of Technology Team (Samsung Electronics)

## Board of Directors

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### □ Executive Directors

Current	Tenure	Change	After AGM
Young Hyun JUN Young No KWON Chang Lyong SONG -	'17. 3.24. ~ '20. 3.24. '18. 3.23. ~ '21. 3.23. '16. 3.11. ~ '19. 3.11. -	Resigned <u>Newly nominated</u>	Young Hyun JUN Young No KWON - Tae Hyuk AHN

### □ Independent Directors

Current	Tenure	Change	After AGM
Sung Jae KIM Serck Joo HONG Ran Do KIM Jai Hie KIM	'17. 3.24. ~ '20. 3.24. '17. 3.24. ~ '20. 3.24. '17. 3.24. ~ '20. 3.24. '17. 3.24. ~ '20. 3.24.	- - - -	Sung Jae KIM Serck Joo HONG Ran Do KIM Jai Hie KIM

# Proposal 3. Approval of the Remuneration Limit of the Directors in FY 2019

## Overview

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The BoD is seeking your approval of the total remuneration limit for the fiscal year 2019.

- Total Remuneration Limit: 19.0 billion won

## Compensation Committee

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The Compensation Committee is established and operated under the BoD and deliberate of the ceiling of director compensation to ensure the transparency regarding compensations of directors. The Compensation Committee consists of two outside directors and one executive director and Chairman of the committee is appointed by a resolution of the committee among two outside directors.

## FY 2019 Remuneration (To Be Approved)

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Categories	2019 (50 <sup>th</sup> ) - Planned -	2018 (49 <sup>th</sup> )
<b>The number of Directors (Independent Directors)</b>	7 (4)	7 (4)
<b>Remuneration Ceiling (KRW Billion)</b>	19.0	19.0

\* Remuneration Ceiling is calculated under the assumption that all the Directors resign and receive severance pay all at the same time.

\*\* Independent Directors do not receive severance pay or incentives.



# Agenda 4. Amendment of the Articles of Incorporation

## Overview

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In light of an enforcement of Electronic Securities System (hereinafter “Ordinance”), the Company decided to add to this year’s AGM agenda the task of revising the Articles of Incorporation in order to reflect the Ordinance.

## More Details

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Under the new enforcement of the Ordinance to take effect on September 16, 2019, the issuance, registration and trading of securities will be made on an electronic basis without physical certificates by Financial Services Commission. The relevant provisions of the Articles of Incorporation should be revised to reflect these changes.

Stocks and bonds of the Company will be subject to mandatory application of the Ordinance, and will be converted into electronic securities after September 16, 2019.

The Ordinance requires the Company to revise the relevant provisions of the Articles of Incorporation to introduce electronic registration of securities and bonds.

※ Relevant provisions: Article 8, 8-2, 9, 9-2, 13-2, Addendum

## Amendments to the Articles of Incorporation

### □ Comparison between Old and Revised Provisions

Old	Revised (2019)
<p><b>Article 8.(Types of Shares and Shares Certificates)</b></p> <p>⑦ Share certificates of the Company shall be issued in 8 denominations of one, five, ten, fifty, one hundred, five hundred, one thousand and ten thousand share(s) per certificate.</p>	<p><b>Article 8. (Types of Shares)</b></p> <p>⑦ &lt; Deleted March 20, 2019&gt;</p> <p>&lt;Amended, March 20, 2019&gt;</p>
	<p><b>Article 8-2. (Electronic Registration of the Rights to be Indicated on Shares or Subscription Right Certificates)</b></p> <p>Instead of issuing shares certificates or subscription right certificates, the company shall electronically register the rights to be indicated on shares or certificates of preemptive right to new stocks on the electronic register of the electronic registry</p> <p>. &lt; Established, March 20, 2019 &gt;</p>
<p><b>Article 9. (Transfer Agent)</b></p> <p>③ The Company shall keep the shareholders registry or a duplicate thereof at the office of the transfer agent and allow the transfer agent to handle <u>(i) transfer operations, (ii) the registry with regard to the addition or cancellation of a pledge, (iii) the indication or cancellation of trusted property, (iv) the issuance of share certificates, (v) the receipt of reports filed and (vi) other business-related matters thereto.</u></p>	<p><b>Article 9. (Transfer Agent)</b></p> <p>③ The Company shall keep the shareholders' registry or a duplicate thereof at the office of the transfer agent and allow the transfer agent to handle <u>shares' electronic register, shareholders' registry, and other shares-related matters thereto.</u></p> <p>&lt; Amended, March 20, 2019 &gt;</p>
<p><b>Article 9-2. (Shareholders' Name, Address, and Report of Seals and Signatures)</b></p> <p>① All shareholders and registered pledges shall report their names, address, seals and signatures to the transfer agent mentioned in Article 9.</p> <p>② Any shareholder or registered pledge who resides overseas shall report to the transfer agent name of representative and a location in the Republic of Korea where notifications can be received.</p> <p>③ All shareholders and registered pledges shall report to the transfer agent any changes in regard to Clauses 1 and 2 above.</p>	<p>&lt; Deleted March 20, 2019&gt;</p>

Original Language	Revised Language(2019)
	<p><b>Article 13-2 (Electronic Registration of the Rights to be indicated on Bonds or Subscription Warrants)</b></p> <p>Instead of issuing bonds certificates or subscription warrants, the company shall electronically register the rights to be indicated on bonds or subscription warrants on the electronic register of the electronic registry.</p> <p>&lt; Established, March 20, 2019 &gt;</p>
	<p><b>ADDENDUM</b></p> <p>These Articles of Incorporation shall become effective as of March 20, 2019; provided, however, that the amended portions of Article 8, Article 8-2, Article 9, Article 9-2, and Article 13-2 <b>shall become effective as of September 16, 2019, on which 「ACT ON ELECTRONIC REGISTRATION OF STOCKS, BONDS, ETC.」 becomes effective.</b></p>

## Appendix. Financial Statements of FY 2018

### BALANCE SHEET

December 31, 2018 and 2017

(Consolidated)

Unit: Korean Won (In Millions of)

DESCRIPTION	Dec. 31, 2018	Dec. 31, 2017*
<b>TOTAL ASSETS</b>	<b>19,349,721</b>	<b>15,741,705</b>
1. Current Assets	5,519,342	3,584,576
2. Non-current Assets	13,830,379	12,157,129
<b>TOTAL LIABILITIES</b>	<b>7,124,502</b>	<b>4,289,705</b>
1. Current Liabilities	4,012,823	2,664,061
2. Long-term Liabilities	3,111,679	1,625,644
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>12,225,219</b>	<b>11,452,000</b>
1. Capital Stock	356,712	356,712
2. Capital Surplus	5,037,937	5,042,698
3. Other Capital	(345,132)	(345,132)
4. Accumulated Other Comprehensive Income	271,990	602,437
5. Retained Earnings	6,612,516	5,600,587
6. Non-Controlling Interests	291,196	194,698
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>19,349,721</b>	<b>15,741,705</b>

\* Reflected the retrospective application of K-IFRS 1115

# INCOME STATEMENT

For the Years Ended December 31, 2018 and 2017

(Consolidated)

Unit: Korean Won (In Millions of)

DESCRIPTION	2018 (Jan.1~Dec.31)	2017* (Jan.1~Dec.31)
<b>1. Revenue</b>	<b>9,158,272</b>	<b>6,346,606</b>
2. Cost of Sales	(7,118,188)	(5,180,761)
<b>3. Gross Profit</b>	<b>2,040,084</b>	<b>1,165,845</b>
4. Selling, General & Administrative Expenses	(1,325,113)	(1,048,950)
<b>5. Operating Profit</b>	<b>714,971</b>	<b>116,895</b>
6. Other Income	129,512	196,226
7. Other Expenses	(193,471)	(183,023)
8. Financial Income	381,755	250,012
9. Financial Expenses	(338,715)	(251,450)
10. Equity Method Earning	342,182	695,405
<b>11. Income Before Income Tax</b>	<b>1,036,234</b>	<b>824,065</b>
12. Income Tax	291,185	180,871
<b>13. Net Income</b>	<b>745,049</b>	<b>643,194</b>

\* Reflected the retrospective application of K-IFRS 1115

## Changes in Equity

For the Years Ended December 31, 2018 and 2017

(Consolidated)

Unit: Korean Won (In Millions of)

	Capital stock	Capital surplus	Other capital	Accumulated other comprehensive income	Retained earnings	Non- controlling interests	Total equity
<b>Balance at January 1, 2017</b>	<b>356,712</b>	<b>5,031,244</b>	<b>(251,530)</b>	<b>590,987</b>	<b>4,994,717</b>	<b>241,979</b>	<b>10,964,110</b>
<b>Comprehensive income</b>							
Profit for the year	-	-	-		657,236	(14,042)	643,194
Remeasurement of net defined benefit	-	-	-		16,421		16,421
Changes in fair values of available-for-sale financial assets	-	-	-	131,893		83	131,976
Change in equity of equity-accounted investees	-	-	-	(1,284)			(1,284)
Change in gain (loss) on translation of foreign operations	-	-	-	(119,161)		(34,107)	(153,268)
<b>Total comprehensive income (loss)</b>				<b>11,448</b>	<b>673,657</b>	<b>(48,066)</b>	<b>637,039</b>
<b>Transactions with shareholders directly recognized in equity</b>							
Dividends					(67,788)	(2,240)	(70,027)
Capital contribution from non-controlling interests						3,095	3,095
Capital reduction to non-controlling interests						(4)	(4)
Liquidation of subsidiary						(49)	(49)
Acquisition of non-controlling interest		(14)				(16)	(30)
Acquisition of treasury stock			(94,057)				(94,057)
Disposal of treasury stock		121	455				576
Others		11,347					11,347
<b>Balance at December 31, 2017</b>	<b>356,712</b>	<b>5,042,698</b>	<b>(345,132)</b>	<b>602,436</b>	<b>5,600,587</b>	<b>194,698</b>	<b>11,451,999</b>

(Consolidated)

Unit: Korean Won (In Millions of)

	Capital stock	Capital surplus	Other capital	Accumulated other comprehensive income	Retained earnings	Non- controlling interests	Total equity
<b>Balance at January 1, 2018 (Revised)</b>	<b>356,712</b>	<b>5,042,698</b>	<b>(345,132)</b>	<b>202,172</b>	<b>6,000,851</b>	<b>194,698</b>	<b>11,451,999</b>
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	701,166	43,883	745,049
Remeasurement of net defined benefit	-	-	-	-	(22,557)	-	(22,557)
Change in gain(loss) on derivatives	-	-	-	(19,440)	-	-	(19,440)
Changes in fair values of available-for-sale financial assets	-	-	-	58,580	-	-	58,580
Change in equity of equity-accounted investees	-	-	-	(5,586)	-	-	(5,586)
Change in gain (loss) on translation of foreign operations	-	-	-	36,263	-	4,018	40,280
<b>Total comprehensive income (loss)</b>				<b>69,817</b>	<b>678,610</b>	<b>47,900</b>	<b>796,328</b>
<b>Transactions with shareholders directly recognized in equity</b>							
Dividends					(66,945)	(4,782)	(71,727)
Capital contribution from non-controlling interests						56,322	56,322
Capital reduction to non-controlling interests						(108)	(108)
Acquisition of non-controlling interest		(3,155)				(2,834)	(5,989)
Others		(1,606)					(1,606)
<b>Balance at December 31, 2018</b>	<b>356,712</b>	<b>5,037,937</b>	<b>(345,132)</b>	<b>271,990</b>	<b>6,612,516</b>	<b>291,196</b>	<b>12,225,219</b>

\* Reflected the retrospective application of K-IFRS 1115

# CASH FLOW STATEMENT

For the Years Ended December 31, 2018 and 2017

(Consolidated)

Unit: Korean Won (In Millions of)

DESCRIPTION	2018 (Jan.1~Dec.31)	2017 (Jan.1~Dec.31)
<b>Cash flows from operating activities</b>	<b>260,610</b>	<b>(250,114)</b>
Cash provided by operating activities	395,567	(169,525)
Net income	745,049	643,194
Adjustments	629,720	28,551
Changes in assets and liabilities	(979,202)	(841,269)
Interest received	17,250	24,796
Interest paid	(48,904)	(17,222)
Dividends received	25,533	7,793
Income taxes paid	(128,836)	(95,956)
<b>Cash flows from investing activities</b>	<b>(1,704,729)</b>	<b>89,325</b>
Proceeds from investing activities	621,977	1,097,627
Cash out from investing activities	(2,326,707)	(1,008,302)
<b>Cash flows from financing activities</b>	<b>1,756,126</b>	<b>353,393</b>
Proceeds from financing activities	2,517,655	910,115
Cash out from financing activities	(761,529)	(556,722)
<b>Net increase (decrease) in cash and Cash equivalents</b>	<b>312,006</b>	<b>192,603</b>
Cash and cash equivalents at January 1	1,209,016	1,011,702
Effect of exchange rate fluctuations on cash held	(4,437)	4,710
<b>Cash and cash equivalents at December 31</b>	<b>1,516,586</b>	<b>1,209,016</b>