



Samsung Securities Co., Ltd.

Samsung Group Conference

Aug 2017
Investor Relations

Samsung Securities



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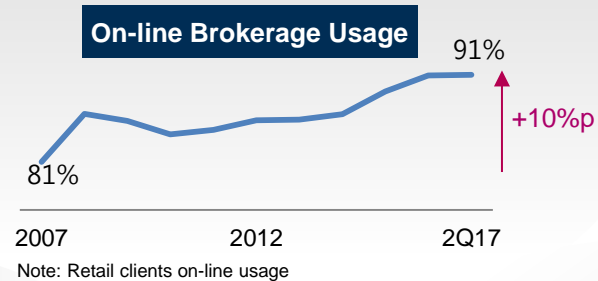
Current Business Environment
Re-creating Samsung Securities
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Current Business Environment

Structural changes in the Korean securities market continue

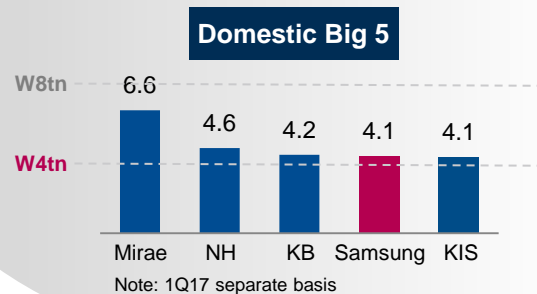
Digitalization

- Introduction of Robo-advisory, AI, Blockchain
- Over 90% of retail clients use on-line channels



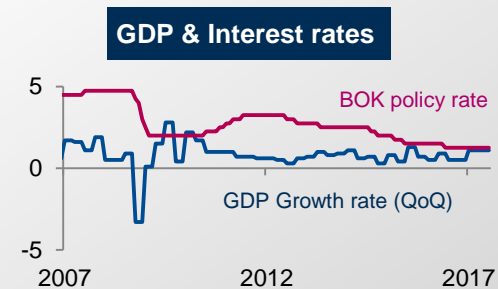
Mega IB

- New regulations and incentives to raise capital
- Firms raise capital through M&A and right issues



Low Growth & Low Interest

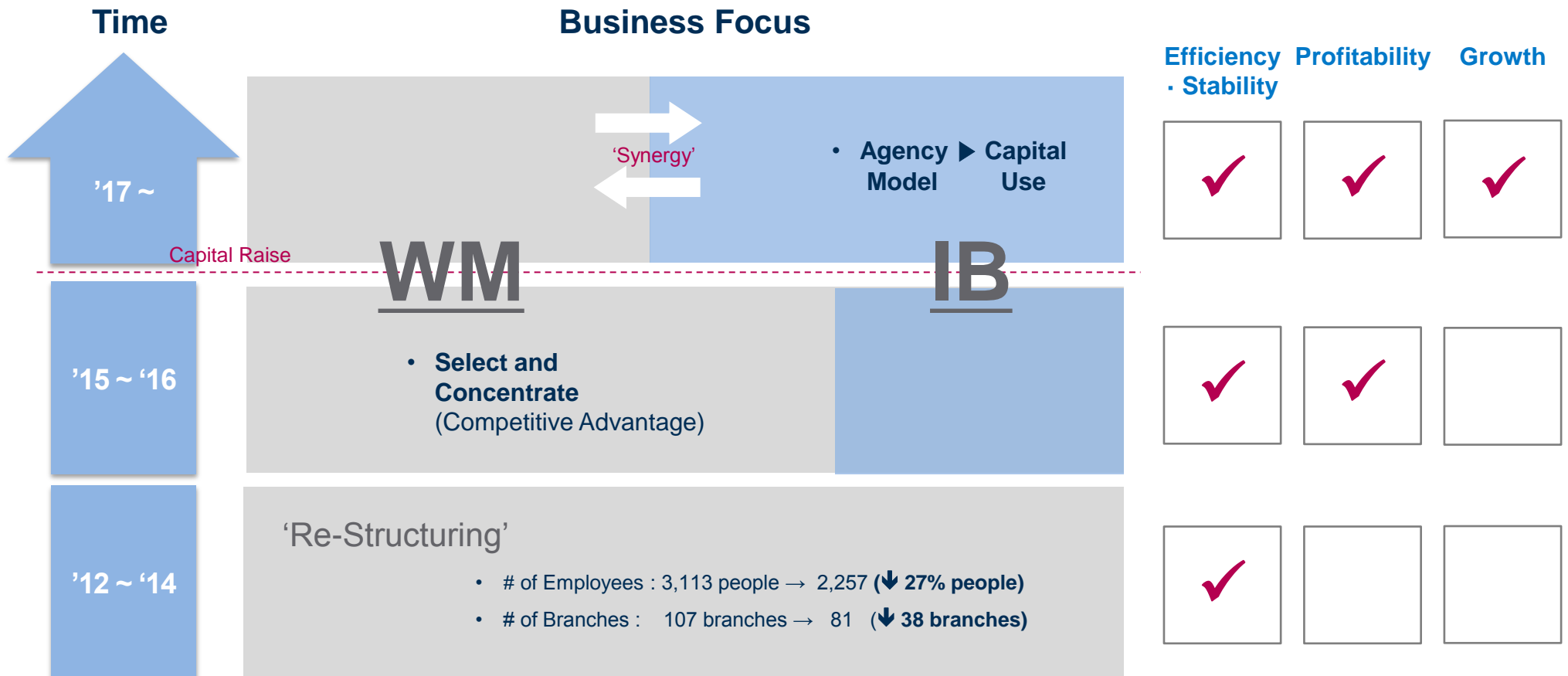
- Aging population with less disposable income
- Low interest rates continue despite US rate hikes



Re-creating Samsung Securities

Journey toward a world class wealth manager with investment banking capabilities

[Strategic Focus in Each Period]



Current Progress - WM

Gain retail market dominance through various channel innovation and solution enhancement

WM & SNI

▶ Open Mega Financial Centers

- * Gangnam, Gangbuk, Samsung
- Cover both corp. and retail clients
- Provide informative seminars
- Strengthen 'Team Approach' sales

▶ Enhance Global Asset Allocation Capabilities

- Citic ('15), KGI ('16), HSC ('17)

Smart

▶ Strong Drive on Non Face-to-Face Accounts

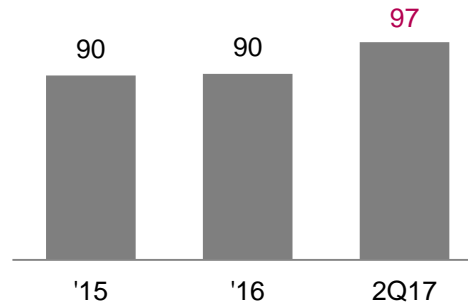
- Target 20~30's prospective mass affluent clients

▶ Explore Partnership with Tech-based Firms

- Dunamu, Toss, DAYLI Financial Group

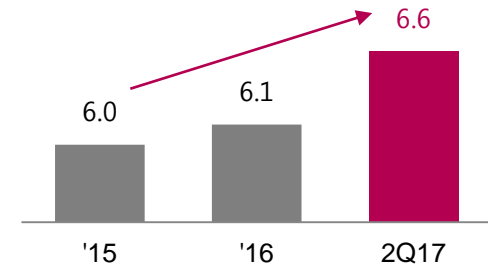
[# of HNWI Clients]

('000 person)



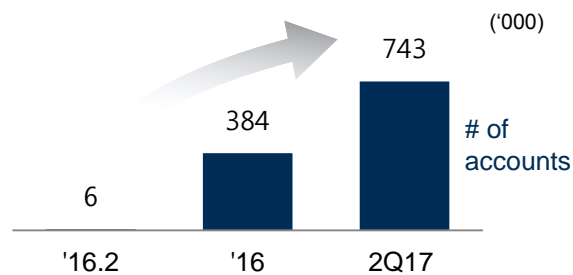
[Brokerage M/S]

(%)



[Non Face-to-Face Accounts]

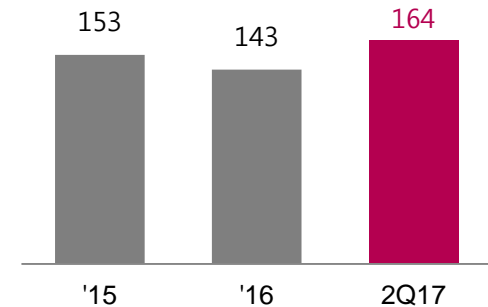
10% 17% 23% M/S



* Started in Feb, 2016

[Client Assets]

(Wtn)



* Including WM corp. clients

Current Progress – IB, Sales & Trading

Strategically hire key personnel and diversify product line-up

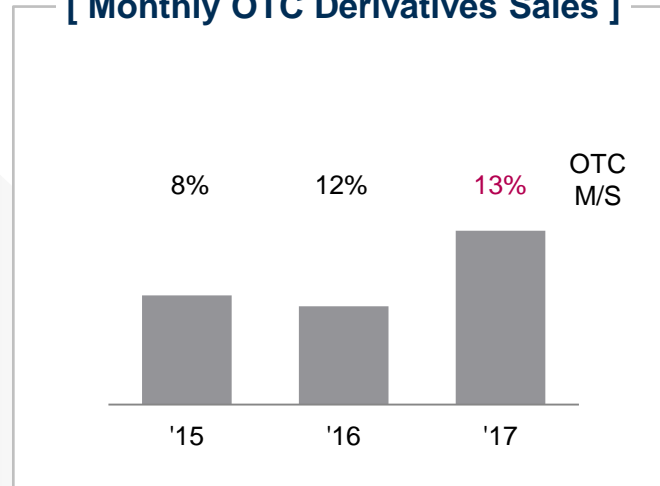
Sales & Trading

- ▶ Hire Key Talents to Enhance Trading Capabilities
 - Bond traders etc. (+3 traders)

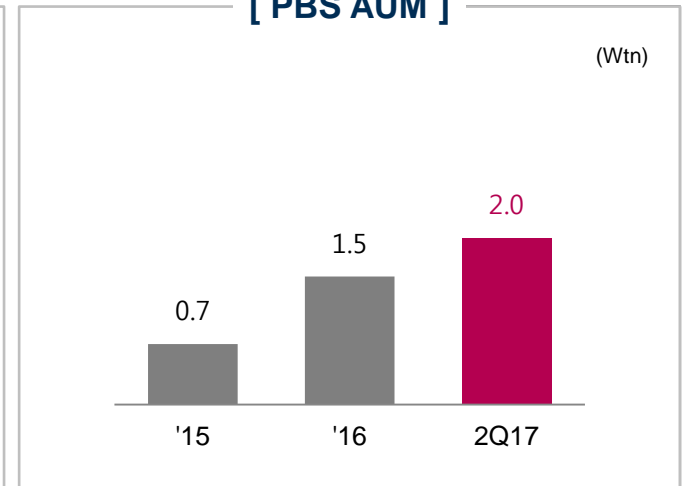
Investment Banking

- ▶ Add new IPO Team and Expand Sector Coverage
- ▶ Create Competitive IB Unit
 - IB Headcount +15 (currently 102)
- ▶ Introduce wide range of AI Products
 - Structured Products, Acquisition Financing, Air-craft Financing etc.
 - * BBAM alliance

[Monthly OTC Derivatives Sales]



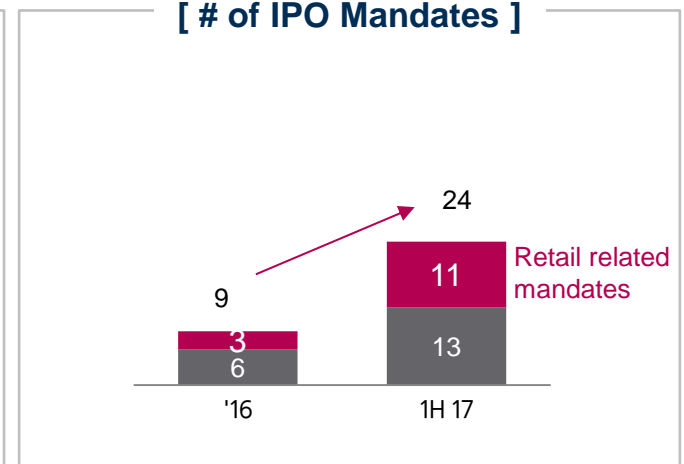
[PBS AUM]



[Major Deals in 1H 17]



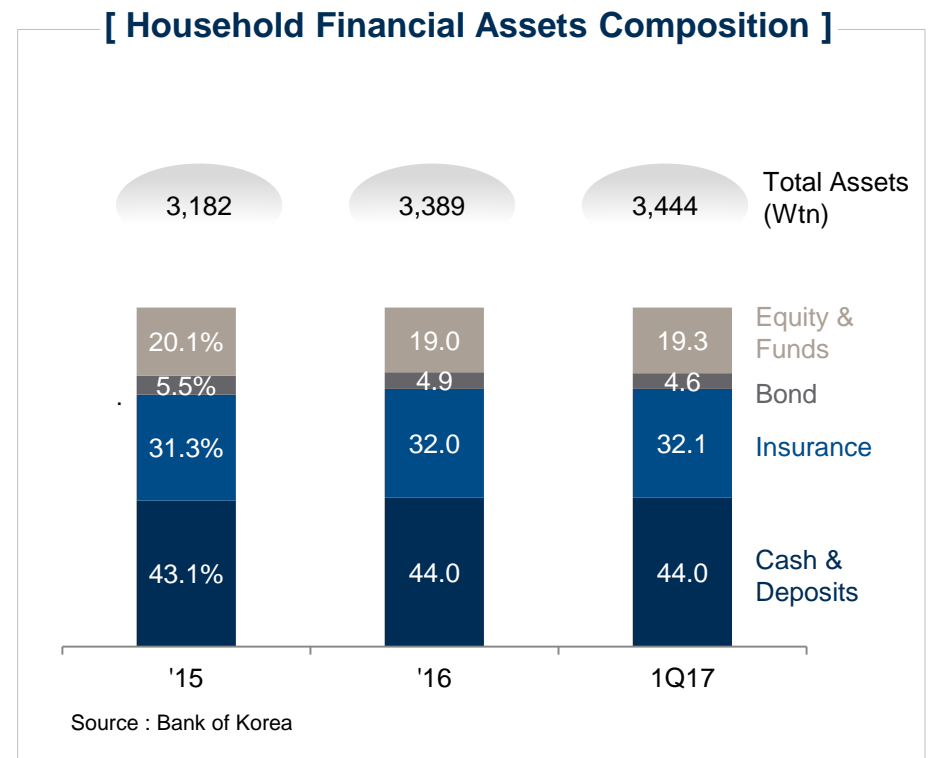
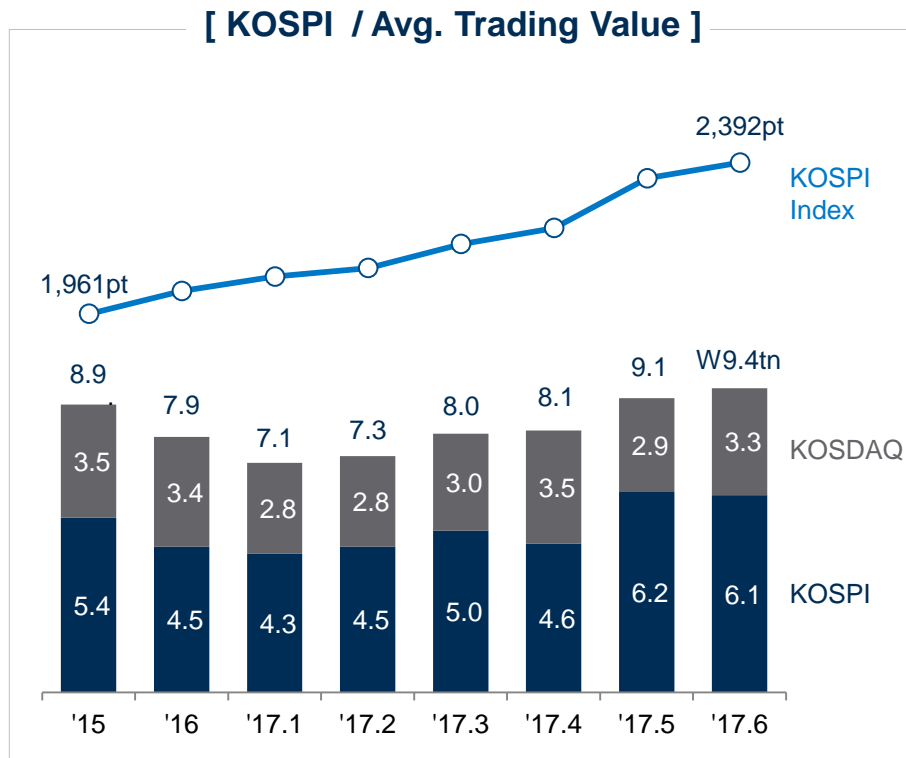
[# of IPO Mandates]



2H17 Market Environment

Favorable Market conditions to continue

- ▶ We expect the bull market to continue and household financial assets to grow amid stable political environment and global economic recovery



Business Strategy - WM / SNI / Smart

Expand client base by winning new customers through product and distribution differentiation

WM / SNI

▶ Re-Create off-line channels

- Scale down and use space effectively
- Improve layout of strategic branches
 → Apply Mega Financial Center type
* 7 branches including Yeouido



▶ Increase Fee Based Revenue

- UMA, Pensions, Thematic funds
* The 4th Industrial Revolution
- B2B Solutions (ABL Trust)

▶ Enhance Synergy with IB



Smart

▶ Increase Exposure Using New Media

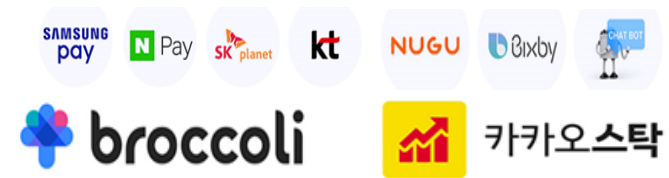
- SNS/ Portal
- Viral marketing, On-line cartoons etc.

▶ Innovate Contents and Delivery

- Tailored to Mobile/Online channels (Simple + Easy)
- Curate investment information for each customer
- Renew digital channels
* Mobile homepage, Smartphone Application

▶ Strengthen Alliance Network

- AI based interactive system



Business Strategy - Sales & Trading / IB

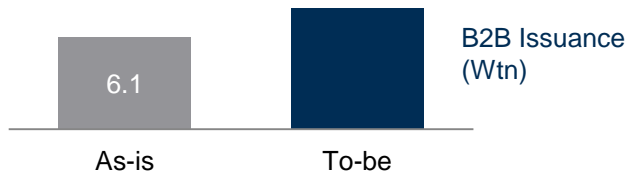
Enhance product supply and capital utilization to strengthen synergy with WM

Sales & Trading

▶ Increase Supply of External Products

- # OTC derivatives B2B counterparties : 3 → 10
- Improve trading book management

B2B OTC Derivatives



▶ Strengthen Foreign Bond Supply

- Brazilian, Korean paper
- Foreign Government and Corporate bonds
- * Saudi Arabia * GE, Apple, HSBC

▶ Capitalize PI to Support Sales

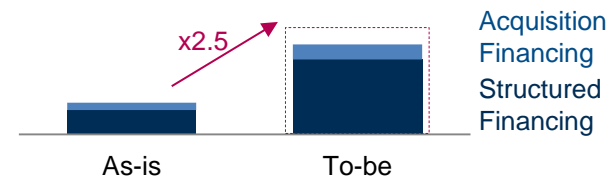
- Invest in PEF, Mezzanine etc.

IB

▶ Actively Use Capital to Support Deals

- Engage in Bridge loans and structured financing deals

IB Book

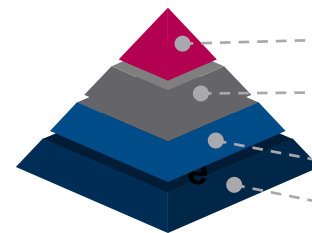


▶ Strengthen Alternative Investments

- Expand global aircraft and real estate investment

▶ Gain Momentum on Synergy with WM

- IPO * The 4th Industrial Revolution



517 Target corporates

Exclude corporates with weak growth momentum

Operating profit 5bn ↑

Operating margin 3% ↑

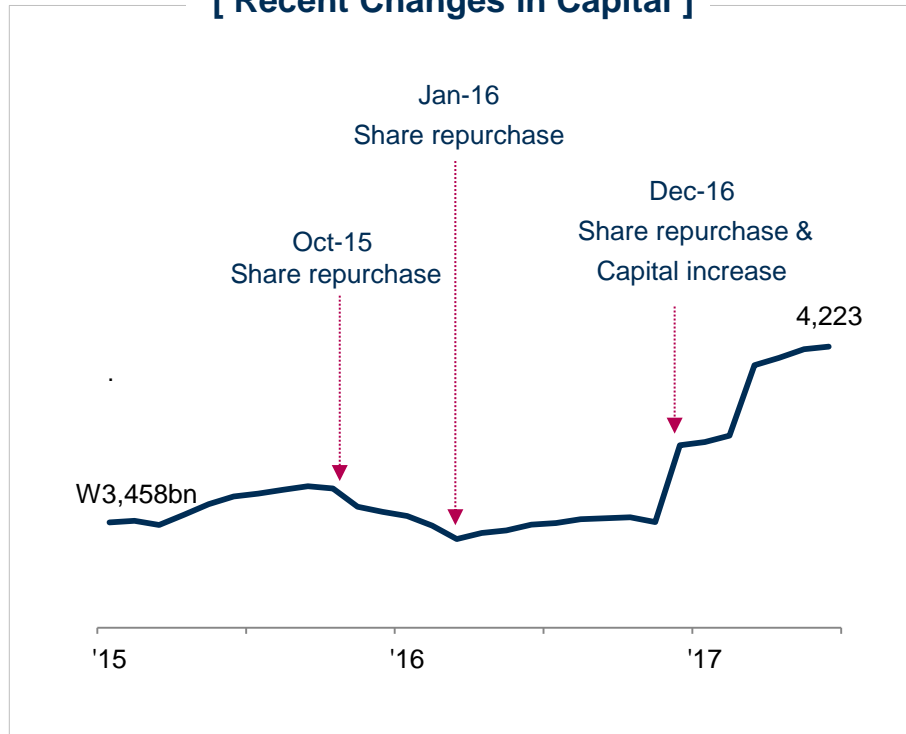
Corporations with external audit

Capital Policy

We plan to maintain a shareholder-friendly capital return policy

- ▶ We will increase capital utilization and protect shareholder value

[Recent Changes in Capital]



[Dividend Payout Ratio]

