

## **【Samsung Electronics 2025 Q4 Earnings Call】**

Good morning, everyone. Thank you for joining us this morning in Seoul Time. I'm Daniel Oh, Head of Investor Relations at Samsung Electronics. I'm truly grateful to have you with us for our earnings call for the fourth quarter of 2025.

Before we proceed, allow me to address several key administrative and legal points. For your convenience, today's webcast and accompanying slide deck are accessible via our IR website at [www.samsung.com/global/ir](http://www.samsung.com/global/ir). I'd like to note that this call is being recorded, and it will remain available on our website for future reference. We appreciate your engagement and focus as we move through the results, as today's session aims to deliver thorough insights into our financial performance and outlook.

Please be aware that today's discussion may contain forward-looking statements reflecting our present expectations about future developments. Such statements should not be viewed as guarantees of future outcomes. Actual results may vary significantly from these projections due to numerous factors, including but not limited to market dynamics, regulatory changes, and operational environments. We respectfully seek your understanding of these critical considerations as we seek to uphold transparency and accuracy.

I'll begin the discussion today with highlights of our fourth quarter financial performance, followed by EVP Sooncheol Park, our Head of Corporate Management Operations and Chief Financial Officer, with details on our business outlook and shareholder returns. I will then share a brief update on CAPEX and sustainability initiatives.

At that point, our executives will provide in-depth comments on their respective business areas. Following their presentations, we open the call to

analyst questions. This call is expected to last about 1 hour, and we appreciate your time and attention throughout.

Several executives have joined us on the call today. In addition to myself and our CFO, we have with us;

EVP, Jaejune Kim, representing Memory,

Joining the call for the first time, EVP, Jason Shin for System LSI,

For Foundry, EVP, Sukchae Kang;

And returning to the call, EVP, Charles Hur for Samsung Display Corporation,

Also, both joining the call for the first time, EVP, Seong Cho for Mobile eXperience, and, EVP Hun Lee for Visual Display.

Let's begin with our consolidated financial performance for the fourth quarter of 2025.

We delivered our highest quarterly revenue ever at 93.8 trillion won, up by 9% quarter-on-quarter. In the DX Division, revenue declined 8% sequentially due to the fading impact of new smartphone launches and softness in home appliances in the wake of US tariffs. On the other hand, the DS Division showed strength with a sales increase of 33% quarter-on-quarter, driven by expanded sales of HBM and other high-value-added products thanks to stronger market prices. And, memory recorded another new all-time high for quarterly revenue, surpassing the level set one quarter ago.

SG&A expenses were 24.2 trillion won, up by 2.9 trillion won quarter-on-quarter, with SG&A as a percentage of sales rising by 1 percentage point sequentially to 25.8%. R&D investments totaled 10.9 trillion won, up by 2 trillion won quarter-on-quarter and set a full-year record of 37.7 trillion won—a testament to our commitment to investing for the future.

Operating profit also set a new quarterly high of 20.1 trillion won, up 7.9

trillion won from the previous quarter. Operating margin also increased, rising 7.3 percentage points sequentially to 21.4%.

While operating profit in the DX Division declined due to slowdown in the MX and home appliance businesses, the DS Division more than compensated with its significantly stronger quarter-on-quarter performance, driven by robust improvements in memory profitability.

Currency movements also worked in our favor. The sharp appreciation of the US dollar and other major currencies had the positive effect of adding approximately 1.6 trillion won to company-wide operating profit, centered on the component businesses.

More detailed fourth-quarter results of each business will be presented by the executives shortly. Before that, I would like to pass the conference call over to our CFO, Sooncheol Park, who will discuss our outlook.

Thank you Daniel and good morning, everyone.

I'm Sooncheol Park, CFO of Samsung Electronics. I am pleased to continue our update.

We entered 2025 under difficult conditions both at home and abroad, and the first half of the year posed many challenges. Yet, thanks to the trust and support of our shareholders, the second half unfolded as we promised and marked a clear turnaround for the Company. We achieved the highest annual revenue in our history, profit in the fourth quarter also set an all-time high, and our stock price increased sharply. I am deeply grateful to our shareholders for standing with us through the challenges and this turnaround.

The DS Division introduced globally competitive products, including HBM4 and GDDR7; and some customers summed up our achievements with the idea, "Samsung is back" sending a clear signal of the strength behind our differentiated performance. The Foundry business is primed for a major leap forward, supported by its technology and the trust it has earned through

recent deals with leading global clients.

The DX Division added to our technology leadership with Trifold smartphone and Micro RGB TVs while delivering distinct customer experiences powered by advanced AI technologies across the Galaxy ecosystem. We also secured new growth drivers through strategic acquisitions, including FlaktGroup in HVAC, ZF in ADAS, Zealth in digital healthcare, and Masimo's audio business.

Looking ahead to 2026, we expect several risks to persist, including continued global trade barriers and geopolitical uncertainties. To address this, we will remain proactive and stay ahead of external shifts.

The DS Division will continually secure leadership in the AI semiconductor market by drawing on our unique position as the only semiconductor company in the world capable of delivering a true 'one stop solution', including logic, memory, foundry and advanced packaging.

In memory, we will regain our core technology leadership; and in Foundry, we will turn expanded order opportunities secured through advanced process maturity into tangible results. For S.LSI, we aim to transform the business by reinforcing our core strengths. We will also drive innovation by applying AI solutions optimized for semiconductors and capture new opportunities with enhanced customer-centric products.

The DX Division will expand AI-driven products and consistently integrate our AI technologies across all of the DX Division's device, feature and service ecosystem, while providing the best AI experience to our customers. Through this, we aim to become the leader in the era of AI transformation.

To maintain our competitive advantage, we will secure our position by leveraging our distinctive products, diversifying our supply chain and optimizing global operations to address issues such as component costs and global tariff risks. Furthermore, we will continue to invest in future growth engines—including HVAC, automotive electronics, medical technology, and

robotics—to secure technology leadership in the years ahead.

Company-wide, we will strengthen our processes and improve cost efficiency by promoting AI-driven innovation and adopting digital twin technologies. Also, we will strive to make this a year in which we deliver tangible progress in our humanoid robotics business as part of our preparations for the future.

Next, our outlook for the first quarter of 2026.

In the semiconductor industry, we expect structural growth opportunities to increase, driven by AI and server demand. In response, we will maintain our focus on profitability while monitoring macro uncertainties, including tariff impacts.

For the DS Division, in memory, we believe market conditions will remain favorable, driven by AI demand and industry-wide supply constraints; and we expect to sustain our strong performance by focusing sales on server DRAM, eSSDs, and other high-value-added products, supported by our technology leadership.

In Foundry, although results may decline somewhat due to seasonal effects, we will preserve our growth momentum by advancing process maturity and securing new orders from major customers.

In S.LSI, while there are concerns regarding customer's cost burdens, we will seek to maximize sales of new and high-value-added products.

For the DX Division, the MX business will reinforce its leadership in the AI smartphone market by delivering AI experiences that enhance everyday life, supported by the launch of new models. While headwinds from rising component costs are expected to persist across the industry, we aim to secure profitability through improved supply stability and resource efficiency initiatives. In the VD and home appliance businesses, amid likely continued challenges, such as intensifying competition and tariffs, we will expand our

presence in the high-value-added product market by delivering hyper-personalized customer experiences powered by enhanced AI technology.

Moving on to shareholder returns, the Board of Directors today approved a year-end per-share dividend of 566 Korean won for common stock and 567 Korean won for preferred stock.

Under our shareholder return policy for 2024 to 2026, we committed to regular quarterly dividends of 2.45 trillion won for an annual payout of 9.8 trillion won.

Last year, the government introduced a separate taxation scheme for dividend income from high-dividend companies, aiming to increase dividends and vitalize the capital markets. To meet the requirements for 2025, the Board resolved to declare an additional dividend of 1.3 trillion won.

The 4Q distribution is scheduled for payment in April, following final approval at the AGM in March.

Thank you.

This is Daniel here again, and now I'll provide a brief update on CAPEX.

In the fourth quarter of 2025, capex rose by 11.2 trillion won from the previous quarter to 20.4 trillion won, with 19 trillion won allocated to the DS Division and 0.7 trillion won to the Display business.

For the full-year, total capex was 52.7 trillion won, down 1 trillion won from a year earlier. Of the total, the DS Division accounted for 47.5 trillion won, while the Display business represented 2.8 trillion won.

In the memory business, investments increased both quarter-on-quarter and year-on-year as we transition to advanced processes to expand sales of high value-added products such as HBM.

In the Foundry business, capex was up from the previous quarter, driven by increased investments in the US Taylor fab. For the full year, capex declined as

we maintained a conservative investment approach overall.

In the Display business, capex decreased both in the fourth quarter and on a full-year basis following the completion of the 8.6 generation line.

For 2026, although detailed investment plans are still being finalized, we expect memory capex to increase, considering the market outlook.

Next, I would like to highlight our sustainability performance.

We're proud to be the first in the industry to develop and deploy a helium reuse system for semiconductor manufacturing. Helium is essential to the manufacturing process, and this system, which has been applied to select production lines, enables us to recover and purify helium for redeployment, cutting annual consumption by approximately 4.7 tons and achieving a reuse rate of around 19%. This initiative not only helps stabilize the procurement of helium, which has a high import dependency, it also enhances resource circularity in our semiconductor manufacturing process.

In addition, to verify the energy-saving impacts of the SmartThings' AI energy saving mode, we partnered with Carbon Trust, a global carbon footprint verification organization, to conduct a year-long measurement of actual energy consumption across approximately 187,000 high-efficiency washing machines in 126 countries.

The results confirmed energy savings of around 5.02 GWh (Gigawatt-hour)—equivalent to around 30% of the total energy consumption. To put that in perspective, this is enough electricity to power 14,000 households in Seoul during the summer season.

We remain committed to strengthening our sustainability practices and delivering measurable impacts.

Now, let's hear from the executives for detailed commentary on their

respective business units' fourth quarter performance and outlook. First up is Jaejune Kim, EVP of the Memory Business.

Good morning, this is Jaejune Kim from Memory Global Sales & Marketing.

In the memory market in the fourth quarter, demand for servers increased continuously and significantly exceeded industry supply, driven by hyperscalers' expanded CAPEX in the race to establish early dominance in the AI market. In addition, for mobile and PC, the supply-demand situation remained tight as the industry's supply response focusing on servers combined with seasonal demand effects.

Under the low inventory levels and supply constraints, we expanded HBM sales and concentrated on improving profitability by addressing the demand for high value-added products for servers such as high-density DDR5, LPDDR5x, and server SSDs. As a result, in the fourth quarter, our sales for both DRAM and NAND matched the initial Bit Growth guidance, and, combined with the overall market price increase, our QoQ performance improved by more than it did in the previous quarter.

Now, let's move on to the outlook for the first quarter.

In the first quarter, we expect the market will remain robust following the previous quarter, as AI applications continue to drive the overall market. Thus, we plan to keep our product mix focused on high value-added products for AI. However, considering the significantly low inventory levels, we expect that QoQ DRAM bit shipment growth will be limited to the low-single digits. For NAND, we expect bit shipments to increase by mid-single-digit percentage due to the base effect from the low bit shipment in the last quarter.

Lastly, let me talk about the outlook for 2026.

We anticipate that the demand for AI applications will remain strong this year. In particular, the high-performance HBM4 market should dramatically arise, and the high-density trend for server DRAM is likely to keep expanding.

For NAND, we expect demand growth for high-performance TLC products to accelerate with the introduction of PCIe Gen6 SSD, which is Key Value SSD for AI inference. However, in the case of mobile and PC applications, we need to monitor potential decline in set shipments, resulting from increased end-product prices and reduced content-per-box driven by BOM cost pressure from rising memory market price.

In an environment of rapidly growing demand focusing on AI, we aim to lead the AI era with our product competitiveness in 2026.

For DRAM, targeting on GPU and ASIC that will be newly introduced in the AI market, we will proactively address customer demand by expanding supply of our HBM4 with competitive performance in a timely manner. In the meantime, we plan to continue increasing the portion of AI-related products such as high-density DDR5, SOCAMM2, GDDR7 and so on.

For NAND, we plan to focus on the demand expansion for high-density TLC-based Gen5 SSDs, in conjunction with the strong demand for Key Value SSD for AI. In addition, while PCIe Gen6 server market is projected to rapidly expand in the second half with the introduction of new GPU platforms, we will lead the market from the initial stage with our V9-based high-performance product.

Thank you.

Good morning. This is Jason Shin from the System LSI Business.

In the fourth quarter, the smartphone market continued a gradual recovery despite ongoing U.S.–China trade uncertainties and persistent regional geopolitical tensions. While demand in the premium segment remained resilient, shipment volumes in the mid- to low-end segment declined, resulting in a differentiated pace of recovery across segments.

Our earnings declined due to seasonal demand fluctuations among major customers and adjustments to new product launch schedules. Image sensor revenue, however, grew on the back of expanding sales of the 200-megapixel and 50-megapixel big-pixel products launched in the second half last year. In particular, we strengthened our technology leadership through the industry's first 200-megapixel image sensor featuring 0.5-micrometer pixels.

In the first quarter, external uncertainties are expected to persist, while rising prices of key components are increasing cost burdens for smartphone OEMs. As a result, shipment growth is likely to slow, particularly in the mid- to low-end segment. However, demand for high-value products is expected to remain relatively solid, supported by the launch of new premium smartphones. We plan to focus on improving earnings by ramping up stable supply of new SoC products and expanding our line-up of 200-megapixel image sensors, while further strengthening our portfolio of high-value products.

Looking ahead to 2026, overall smartphone demand is expected to soften, while growth opportunities should continue to be concentrated in the premium segment. With the expansion of on-device AI, performance enhancement and differentiated user experience are becoming key competitive factors across devices, and demand for related semiconductors is expected to continue to increase.

In SoC, we will focus on improving earnings by expanding sales based on differentiated performance and stable yields, while also exploring new opportunities in the custom SoC business. In image sensors, we will continue to strengthen our competitiveness in fine-pixel technology and sustain our technology leadership through Nano-Prism technology, which enhances light sensitivity.

Thank you.

Hello everyone. This is Suk Chae Kang from the Foundry Business.

In the fourth quarter, strong demand from AI and HPC applications continued to drive growth in advanced nodes. Meanwhile, mature nodes sustained growth, supported by demand stemming from China's localization strategy, even as non-AI and consumer segments remained stagnant, and price competition intensified.

We began ramping up mass production of our first-generation 2nm products and initiated shipments of 4nm HBM base-die products. Revenue increased quarter-on-quarter, driven mainly by strong demand from U.S. and Chinese customers. However, earnings improvement was limited due to the recognition of provisions.

For the 2nm GAA process, we focused on process stabilization while developing next generation processes on schedule. In packaging, we continued to strengthen our advanced packaging competitiveness by establishing 3D Hybrid Copper Bonding(HCB) technology for advanced nodes.

Looking ahead to the first quarter, seasonal demand softening is expected. However, the overall market is projected to continue growing, supported by price increases in advanced nodes. We expect our revenue to decline quarter-on-quarter due to seasonally weaker customer demand.

For 2nm, we expect our first-generation mass production to further stabilize, and we are working to secure manufacturability and develop design infrastructure for the second-generation process, targeting its mass production in the second half of the year. In addition, we are focusing on expanding specialty processes, including 4nm RF, 8nm eMRAM for automotive applications, and 14nm RF mmWave, to enhance our technological competitiveness.

On the order front, we will continue to expand orders, focusing on HPC and

mobile customers.

For 2026, as policy support for the global semiconductor industry continues to expand, we expect ongoing supply chain restructuring driven by increased domestic production and persistent geopolitical risks. With the full-scale entry into mass production of 3nm and 2nm processes, demand for advanced nodes is expected to remain robust, led in particular by AI and HPC applications. In contrast, mature nodes are projected to face intensifying competition due to continued capacity expansion, especially in China.

Based on solid demand from AI and HPC applications, we plan to broaden our customer base and target double-digit year-on-year revenue growth, centered on advanced nodes, along with continued improvement in earnings. In the second half, we will begin mass production of new products based on the second-generation 2nm process, and prepare performance- and power-optimized 4nm process for mass production. Through these efforts, we will continue to stabilize advanced nodes and strengthen our technological competitiveness.

In addition, Taylor Fab in the U.S. is under construction as planned, aiming for a timely commencement of operations this year.

Finally, to meet the high-performance, low-power, and high-bandwidth requirements of advanced nodes, we will continuously strengthen our business competitiveness by delivering optimized solutions that integrate logic, memory, and advanced packaging technologies.

Thank you.

Good morning, This is Charles Hur from Samsung Display. I will now brief you on our results for the fourth quarter of 2025.

For the mobile display business, we achieved solid results driven by sales increase of high-end smartphones and our stable supply competitiveness. In addition, IT and Auto performance increased quarter-on-quarter, which contributed to earnings growth.

For the large display business, revenue increased compared to the previous quarter, supported by market demand during the year-end peak season and improvements in productivity and product mix.

Next, let me share the outlook for the first quarter of 2026.

For the mobile display business, even though overall smartphone demand is likely to be weak due to seasonality and memory supply and price impacts, we will increase sales through the timely development and supply to support our major customers' new flagship smartphones.

For the large display business, while overall market demand is expected to decrease, demand for QD-OLED is likely to be relatively stable. We will actively respond to new product launches and keep expanding sales.

Next, I will share the outlook for 2026.

In 2026, price pressure on non-memory components is expected to intensify due to memory supply and price issues.

We will maintain profitability by expanding high-value-added products and retaining our leadership in the smartphone market with differentiated technologies. Also, we will drive revenue growth through mass production of 8.6G IT OLED, while expanding sales of non-smartphone products.

For large displays, demand for high-performance products is expected to keep rising in the premium TV and monitor market.

We will maintain our premium market leadership by focusing on new high-brightness products for the TV market and continue to expand monitor sales based on differentiated performance advantages.

Thank you.

Hi everyone, this is Seong Cho from the MX Strategic Marketing.

Let me share our Q4 results as well as our future outlook.

The smartphone market rebounded in Q4, driven by the year-end peak season effect, with global demand increasing, particularly for premium products, compared to the previous quarter.

For the MX Business, Q4 saw smartphone shipments of 60 million units, tablet shipments of 6 million units, and a smartphone ASP of \$244.

Due to the fading effect of new model launches and lower flagship smartphone sales, both revenue and profit declined compared to the prior quarter.

However, year-on-year, quarterly smartphone sales increased, resulting in revenue growth.

On an annual basis, we achieved steady growth in both unit volume and sales for flagship smartphones. Notably, the strong growth of our foldable series, combined with stable sales performance of the A-series and ecosystem products, enabled us to deliver double-digit profitability for the full year.

Next let me share the outlook for Q1.

Overall smartphone demand will decrease quarter-on-quarter due to seasonality trends. In the MX business, we expect to see an increase in smartphone shipments and ASP due to the launch of new models, while tablet shipments should stay similar sequentially. We plan to drive sales growth focused on flagship models with the launch of the Galaxy S26. We will actively promote agentic AI experiences and enhanced competitiveness of our products, while strengthening collaboration with partners to continue leading the AI smartphone market.

However, as cost pressures of key components increase across the industry, we will ensure stable supply through strategic partnerships with major suppliers,

and continue to drive resource efficiencies to minimize profit erosion risks.

Next, I'll share our outlook for 2026.

The smartphone market is projected to experience modest revenue growth while volumes are expected to remain flat. However, given the heightened volatility in industry conditions including fluctuations in memory supply, market forecasts may be subject to further adjustment.

For ecosystem products, while tablets are experiencing a slowdown in replacement demand, the Notebook PC segment is expected to expand due to growth of AI PCs and Windows 10 replacement demand. Additionally, the watch and TWS markets are projected to grow, as interest in health and fitness rises, together with the expansion of AI features.

MX will maintain our strategy focused on expanding flagship sales by delivering AI experiences that provide real benefits in daily life from the customer's perspective, along with innovations in slimmer form factors and lightweight design.

The S26 series, scheduled for release in the first half of 2026, will revolutionize the user experience with a user-centric next-generation AI experience, a 2nd generation custom AP, and stronger performance including new camera sensors. Leveraging these strengths, we will innovate the user experience and drive sales expansion.

For foldable devices, we plan to strengthen our product lineup and continue form factor innovations such as the TriFold, launched in December 2025, to deliver new user experiences, in order to expand our customer base.

Additionally, we plan to drive growth across all segments by expanding into new regions and channels, as well as upselling based on stronger products, to solidify our leadership in volume.

In ecosystem products, we aim to increase premium product sales with superior products and more advanced and intuitive Galaxy AI features.

In particular, we will continue to enhance Health AI experiences in our watches, and further expand our TWS lineup in order to create new demand.

For XR, we plan to deliver rich, immersive multimodal AI experiences through diverse form factors such as next-generation AR glasses.

2026 is expected to be a challenging year due to rising cost pressures across the industry. Nevertheless, we will maintain our focus on expanding flagship-led sales powered by AI leadership, and pursue cost-efficiency initiatives across all processes to secure profitability.

Thank you.

Hello, everyone. I'm Hun Lee, head of the Global Sales and Marketing Team of Visual Display.

I will briefly explain the market situations and share our results in the fourth quarter of 2025.

In the fourth quarter, TV market demand increased compared to the previous quarter mainly due to year-end peak seasonality, but it decreased modestly year-on-year because of continuous stagnant global TV markets.

We improved results compared to the previous quarter by expanding volume and sales during the year-end season, which was driven by strong sales of premium Neo QLED and OLED products, as well as diversifying the volume-generating lineup of QLED and 75" above Big TVs to counter competitors' aggressive pricing strategies.

Next, I will review the outlook for 2026.

As for TV market demand in the first quarter of this year, it is expected to remain flat versus last year due to slowing down demand after the year-end peak season and growing internal and external uncertainties.

Nevertheless, demand for high-value-added products such as Super Big TVs, QLED, and OLED models is expected to show decent growth.

In line with this, we will focus on promoting differentiated value of our AI TVs by strengthening communication of "Vision AI Companion" which was introduced at CES, while focusing on enhancing sales and securing profitability by launching new models in 2026 including Super Big Micro RGB TV and maximizing marketing buzz.

The TV market in 2026 is forecasted to record a modest growth in the first half thanks to impacts of global sports events like the Winter Olympics and the

World Cup. Moreover, QLED, OLED, and 75" above Big TVs will be the key drivers of continuous growth, which will also contribute to increasing our sales portion of premium products.

Especially, we will drive sales growth by targeting replacement demand driven by these global sports events and leveraging our 2026 new lineup including Micro RGB and OLED.

At the same time, we will continuously strengthen growth momentum and improve profitability by further expanding advertising service business, supported by enhanced OS competitiveness.

More specifically, we will improve targeting advertising together with performance-based advertising.

This is the end of my speech and thank you for your undivided attention.  
Thank you.

That completes our presentation on the fourth quarter performance of 2025 and now we will move to the Q&A session, which will be conducted in Korean. Questions regarding company-wide matters will be addressed by our CFO Sooncheol Park, and questions for the other business segments will be answered by the relevant business representatives.

\* Q&A

[SK Kim, Daiwa]

Q. I have two questions. First for Memory regarding fourth quarter performance. It seems Memory has achieved very solid performance in the fourth quarter. Could you provide more color on DRAM and NAND bit growth and also the rise in ASP? I'd appreciate more details.

Second question has to do with MX. Could you also elaborate on your smartphone sales performance for Samsung Electronics overall for full year 2025? Also, as we expect changes to the business environment going forward, could you take us through some key strategic initiatives for 2026?

- Let me take your question regarding fourth quarter performance for Memory. In the fourth quarter, AI-related demand, particularly from hyperscalers, came through even stronger. And with the spread of agentic AI, inference workloads expanded significantly, leading to a significant surge in demand not only for AI servers, but for conventional server applications as well. As a result, DRAM demand was strong and robust, driven by HBM and high-density DDR5, LPDDR5X for server. Meanwhile, in NAND, we saw a rapid rise in demand for SSDs, optimized for AI-inference workloads, especially for key-value data processing. Also, as supply conditions worsened for nearline HDDs, we also saw a rising replacement demand for QLC SSDs.

For mobile and PC applications, with the industry continuing to prioritize server shipments, supply constraints have become even tighter, prompting concerns among customers about possible memory shortage, leading to disruption in their end products. And they are now actively securing supply. With AI server applications driving the overall market, in Q4, we responded proactively to HBM demand while directing supply primarily to the higher-margin server segment. As a result, bit shipments achieved a new record high, consistent with our bit growth guidance from the previous quarter. And driven by higher overall market pricing and our product mix centered toward high-value-added server products, DRAM ASP increased by about 40% quarter-on-quarter.

For NAND, bit growth, well, due to the high base effect from strong bit shipments in the third quarter, low inventory levels, and also bit loss from migration of legacy processes to advanced nodes, including the discontinuation of planar NAND products, NAND bit growth inevitably declined quarter-on-quarter. But this was already factored into our bit growth guidance from the previous quarter. That being said, working within the limits of our available capacity, we focused on expanding higher-margin server SSD sales, and the server sales mix as a percentage of total sales increased by about 10 percentage points, Q-on-Q, in line with our guidance.

For NAND ASP, certain factors made the increase in blended ASP per bit appear somewhat muted, including a higher mix of QLC sales and the phase-out of planar NAND. However, driven by a server-focused product mix, the overall rise in market pricing, NAND ASP increased by a mid 20% quarter-on-quarter.

In conclusion, amid a favorable market environment driven by AI, Memory delivered a record high quarterly performance in Q4. In 2026, as we address unprecedented AI-driven demand, we intend to continue to deliver results that meet market expectations.

- Let me take your question about MX.

The company has consistently maintained strong leadership in smartphone volume. And for the fourth quarter of 2025, as well as for the full year, smartphone shipments increased year-over-year and outperformed the market. Furthermore, at this inflection point driven by AI, what matters most is providing better experiences to consumers and leading the direction of the market.

In 2026, amid significant industry changes due to rising component prices, we will leverage our AI technology leadership and stable supply chain to expand sales of new flagship models.

In the first quarter, following the successful launch of the S26 series, we will drive revenue growth through sustained sales of foldables, which are showing strong sales momentum, as well as previous and FE models. In the second half, we plan to launch a new foldable product with enhanced competitiveness to pursue further growth. As for the A-series, we will accelerate efforts to discover new business opportunities in growth markets and also create conditions where consumers can purchase our devices more easily. And through the broader application of competitive AI features and Knox security solutions, we'll drive volume expansion.

[Peter Lee, Citi]

Q. I have some questions about HBM. It seems that we've been hearing quite a lot of good news recently about HBM4 performance from Samsung. Could you provide us an update on the status of your customer qualifications for HBM4 and your development plans for HBM4E, also an update on advanced packaging technology? Also, your outlook for expected HBM sales for 2026 as well?

- Let me comment on our HBM business.

First, for HBM4, with the goal of strengthening the fundamental competitiveness of our technology, we have set our performance target high above JEDEC standards from the outset of development. And even as major customers have been raising their performance requirements, we supplied sample shipments last year with no redesign required and have now entered the final phase of qualifications. Everything is proceeding smoothly.

We are receiving positive customer feedback on the competitive performance of HBM4. Based on this input, we've already commenced production, and HBM4 is now in stable, full-scale production as scheduled, including HBM4 with 11.7 Gbps pin-speed, the highest performance Bin pursuant to customer requirement, and shipments will start in February as well.

Next, for HBM4E, we are planning to start sampling of standard products for customers sometime around the middle part of this year, whereas custom HBM products based on HBM4E core dies will follow in the second half of the year as we plan to roll out first wafer runs using a cross-project, horizontal roll-out approach to meet customer timelines. Regarding your question on HBM packaging and technology, I am aware that there is a lot of market interest toward our 16-high stacking or HCB, hybrid copper bonding technology. For the HBM3E or HBM4 16-stack product, customer demand is quite limited at this time, and since we'll be doing sampling of HBM4E 12-high product of equivalent density around mid-year, we have concluded that it will not be necessary to do mass-level commercialization of previous generation HBM3E or HBM4 16-high products.

That being said, because we've already secured technology for TC-NCF based 16-layer HBM packaging at mass-production-ready level, even if there are changes to customer requirements, we do not foresee any issues in terms of providing a timely response.

For HCB, the next generation advanced stacking technology, we have shipped samples based on HBM4 last quarter and have begun technical discussions and will be proceeding with partial commercialization of select products at the HBM4E stage. We will continue to reinforce the competitiveness of our product, focusing on the high-end part of the HBM market where supply shortage is expected for differentiation. For HBM4E and custom HBM, building on the stability of our established 1C nanometer process, we'll continue to maintain our position as a technology leader.

Next, regarding our 2026 HBM sales outlook, all production-ready capacity is currently fully booked with customer POs, and we expect 2026 HBM sales to improve substantially, increasing by more than threefold year-on-year. One thing of note is that despite our efforts to ramp up supply, major customer demand for HBM in 2026 still exceeds available supply from us. So, for volumes in 2027 and beyond, major customers are seeking to finalize supply discussions as soon as possible to secure a supply. And so in the short term, we'll be focusing on expanding capacity to respond to increased demand for HBM3E, while also carrying out proactive investments to secure 1C nano capacity for HBM4 and 4E at the same time, and so that we can continue to scale up our HBM supply capabilities amid the surge in AI demand.

[Jay Kwon, J.P Morgan]

Q. I will also ask two questions, one on Memory, and then Display in this order. It seems, first for Memory, AI demand has been growing faster than the pace of capacity expansions by memory suppliers, and market supply shortages appear to be deepening. So could you explain more about your business operations and directions for 2026, including your plans for portfolio mix. For Display, in 2026, how do you think the rise in memory prices will be impacting displays overall, and what are your expectations for full year performance as well?

- Let me take the first question on our 2026 business operations for Memory. Yes, so demand has been rising sharply across AI applications, whereas the expansion of supply capacity remains constrained within the memory sector. We expect a significant shortage of supply relative to demand to continue across all product categories, whether it is HBM, conventional DRAM, or NAND, with tight undersupply conditions expected for the time being. We've already been receiving requests from large customers, including GPU or ASIC customers, and hyperscalers projected to experience a steep rise in demand for multi-year supply contracts.

Given these market demand trends driven by AI servers, we believe that for DRAM, the product portfolio will have to be adjusted with a greater focus around HBM and server DDR for AI applications. Also, when considering that price increases have varied across different products used in AI server applications, we may need to focus our product mix more on server DDR over HBM in the short term from a profitability perspective.

However, to support the long-term health and sustainable growth of AI demand, we intend to maintain flexibility and provide a more balanced product mix between HBM and server DDR, rather than disproportionately favoring any single product category. Also, in the non-server segment, with profitability in mind, we will focus supply on high-performance, high-capacity products in each segment to serve the high-value and high-end market.

For NAND similar to DRAM, we continue to see strong demand from AI servers. We expect a particularly sharp rise in demand for TLC-based PCIe Gen 6 SSDs, especially for key-value SSD applications.

So our market strategy will focus on TLC product category, which provides differentiated performance expected to deliver higher margins to solidify our leadership in the server SSD market and steadily grow server SSDs as a share of total NAND revenue. Now, due to limited cleanroom availability, supply growth

is expected to be constrained in 2026 and 2027, and we expect supply shortages to continue. We have been receiving requests from customers for multiyear supply commitments, which we intend to respond to selectively to hedge investment risk, while internally leveraging cleanroom space that we have already secured through preemptive investments to expand supply.

- Let me take your question about Display.

Amid stagnation in the smartphone market and rising competition among panel makers, along with other challenging business conditions, we are strengthening our leadership while delivering robust performance. In 2026, due to demand uncertainty in the smartphone market stemming from rising memory prices and increased pricing pressure on panels, we expect the year to be more challenging than any previous year.

Thus, we will significantly boost cost competitiveness through measures such as productivity improvements and will continually develop differentiated technologies to reinforce product competitiveness, thereby maintaining a stable revenue. Also, through the mass production at the 8.6 generation IT OLED line slated to commence this year, we expect to lead the expansion of OLED adoption in the IT market and contribute to revenue growth. Despite changes in the external environment, we'll maintain a stable profit structure to further solidify the foundation for continuous revenue growth.

[Sunwoo Kim, Meritz Securities]

Q. I would like to ask about your Capex for 2026. So, like you have said, there is a supply shortage and you're expecting strong AI-related demand to persist in the long term. So, then, what is the direction for your Capex investments for Memory this year?

- Let me cover the Memory Capex question.

We do expect AI-related demand to continue. And as we explained last quarter, we are planning a meaningful increase in our Capex versus last year. Up to now, we have been making preemptive investments over time and have secured a new fab and cleanroom space in advance. And the additional Capex will go towards supporting the utilization of the available space. This can help us build up more supply in the short term, help us build a more competitive position within the industry.

Going forward, we will continue the strategy of preemptive investments. In particular, as we position ourselves for a potential long-term rise in AI-driven demand, our basic approach is to continue to invest, make advanced investments in new fab space and cleanrooms. As we monitor demand trends, we may determine that capacity expansion as needed at some point, which we'll be able to execute the investment quickly.

The increased Capex amount budgeted for this year, like I said, will go toward preemptively securing new fab space and cleanrooms. This will help strengthen our future supply capacity while allowing us to hedge against market volatility risk.

In addition, we have also been investing in our next-gen semiconductor R&D complex, NRD-K. NRD-K is an independent, self-sustaining research complex where foundational technological research and product development can be carried out in one place, offering access to advanced infrastructure. NRD-K Phase 1 started operating in Q2 of last year, and we'll continue to expand the complex to solidify our development capabilities in advanced processes.

Thanks to our efforts over the past year to regain technology leadership, we believe we have largely been able to secure product competitiveness. Now, building on this, we're actively expanding our advanced node mix in the rapidly growing AI application market. Securing high-performance, high-density products is critical, and to meet these market demands, advanced processes

will become increasingly important for both DRAM and NAND. So, in response, this year, we'll focus on accelerating the buildup of advanced process capacity, the 1C nanometer process for DRAM and V9 for NAND.

[Nicolas Gaudois, UBS]

Q. I have two questions. First one is on Foundry. Could you update us on the progress for 2 nano and 1.4 nano nodes in particular, and whether you expect further major customer wins after the Tesla order last summer? And if so, in which segments those will be, between mobile and HPC-AI? Also, could you comment on your progress for your Memory, Foundry advanced packaging turnkey strategy?

Then, a second question relates to consumer electronics. Similar to what we discussed in mobile earlier, the consumer electronics and TV business is facing intense competition, top line margin pressure, perhaps components going forward by memory shortages, limiting potentially the sets units. How do you see demand in the year ahead, and what could actually Samsung do to overcome those challenges?

- Let me answer your question on Foundry.

First, regarding the 2 nanometer process, second generation, well, development is proceeding smoothly. We've been hitting our yield and performance targets, and are on track to start 2 nano mass production in the second half of the year. We're working closely with key customers on PPA assessments and test chip collaboration in parallel for product design, so technology validation is moving along as planned ahead of mass production.

The 1.4 nano process is also under development, where we're hitting major milestones as planned with the goal of starting mass production in 2029. We're planning to distribute the PDK version 1.0 in the second half of next year, and with the release, we plan to initiate customer designs and ramp up early

ecosystem development. Based on the progress achieved on our advanced node developments, we are now in talks with mobile and HPC customers about product or commercial business collaboration.

Since the Tesla award, we have been engaged in active discussions with large-scale customers from the U.S. and China, and most notably, we are expecting this year's 2 nano project awards to increase by 130% year-on-year, driven by HPC and AI applications. We are the only company in the world offering a fully integrated one-stop solution, spanning semiconductor design, foundry, memory, and advanced packaging altogether.

We are actively developing and working with partners on the mass production of a range of HBM products, leveraging our one-stop solutions for 3D stacking of base dies, built-on logic process technology and core dies built on memory process technology. We are in talks with numerous customers seeking our one-stop solution for both product and commercialization opportunities, and so we expect this kind of turnkey business model to deliver tangible results in the mid to long term.

- I will take the question on VD.

In a very challenging environment marked by prolonged stagnation in the TV market and intensifying competition, we'll secure new growth drivers through next-gen devices and expand our service business, which is expected to keep growing fast. Based on our premium technological capabilities, we will continue to strengthen differentiated product competitiveness to maintain brand advantages in the premium markets. We plan to introduce new micro-RGB models ranging from 55 to 130 inches to preempt customer demand and establish a new mainstream category. Also, through the introduction of a differentiated Vision AI companion, we plan to expand AI experiences that consumers realize in their daily lives.

Furthermore, we will enhance lineup efficiency, strengthen purchasing competitiveness, and improve process efficiency using AI to lift overall profitability. Second, we will proactively address the market trend towards service businesses. In the global ad-based free streaming service market, Samsung TV Plus is garnering the most attention, and Samsung Art Store has solidified its position in the TV art market. We will further sophisticate these services and strengthen partnerships with diverse content providers to differentiate our offerings and drive revenue growth.

[Simon Woo, Bank of America]

Q. I have two questions. First, when will the company cancel the treasury shares it currently holds, and could you please explain the scale of shareholder return resources generated in 2025? And the second question is that what impact does rising semiconductor costs have on the mobile business, and what are your corresponding strategies?

- I will take the question on the shareholder return policy.

First, with respect to the treasury shares, the Board will decide the cancellation schedule and make a public disclosure in the first quarter of 2026. In addition, with the 2025 results in the books, the company's free cash flow was approximately KRW36.5 trillion and 50% of free cash flow, which is the basis for shareholder returns, is around KRW18.3 trillion. Based on this, the company plans to provide KRW9.8 trillion in regular dividends for 2025 and KRW1.3 trillion in additional dividends. In addition, out of the KRW8.2 trillion worth of shares acquired in 2025, excluding those reserved for employees, KRW6.6 trillion worth will be canceled to faithfully implement the shareholder return policy.

- We'll move on to the MX question, and I will answer this.

As memory demand for AI server has expanded, memory supply shortages for

mobile devices and sharp price increases started materializing in the fourth quarter of 2025. Therefore, we expect a challenging business environment in 2026. However, since this is an industry-wide issue, our competitors will also face the same environment. Based on a stable component supply through strategic partnerships with key suppliers, we plan to respond proactively and flexibly to changes in the market and competition landscape, while promoting resource efficiency activities across the entire process, thus minimizing risks of profit decrease through strategic measures.

[Young-ho Ryu, NH Investment&Securities]

Q. I have a question on System LSI and then on your shareholder returns. So for System LSI, I think it was mentioned that the rise in memory prices are placing added cost pressure for device makers in mobile and PC. So what is the impact from System LSI's perspective and how will you respond? And 2026 is the final year of your 2024 to 2026 shareholder return policy cycle. So I know this is still early on in the new year, but have you been examining the new direction for your next cycle and can you explain more about the additional dividend payout that was mentioned earlier?

- Let me answer your question on System LSI.

So as you have noted, rising memory chip prices have been weighing on mobile set makers, driving up BOM costs. Based on our analysis of the smartphone market, while the mid to low-tier segments are experiencing significant pressure on costs, in contrast, flagship and premium segments, the device makers are expected to differentiate through on-device AI and camera performance, and as a result, we anticipate sustained demand for high-performance SOCs and sensors to continue. We will leverage our new flagship SOC and 200-megapixel image sensor products to support our customers' differentiation strategies and plan on expanding supply to flagship and premium segments.

- I'll answer the question on the company-wide matters.

First of all, we are faithfully implementing the current three-year shareholder return policy. And when it comes to a new shareholder return policy, management and the Board believe enhancing shareholder value is a top priority and are actively reviewing a new active shareholder return policy based on sustainable growth. We will provide updates when the direction of the new policy is finalized.

The regular dividend is KRW370 per common share and KRW371 per preferred share. And the additional dividend is KRW196 per share for both common and preferred shares. In order to increase dividends and vitalize the capital markets, the government introduced a separate taxation scheme for dividend income from high-dividend companies. To meet the requirements, a company must maintain a dividend payout ratio of at least 25% and increase its total dividend amount by at least 10% compared to the previous year.

The company decided to join the government initiative aimed at promoting cash dividends and stimulating both the domestic stock market and real economy while meeting market expectations and offering potential tax benefits for shareholders, and accordingly, resolved to pay additional dividends.

Thank you for the answer. I'd like to thank everybody who shared their valuable opinion.

That completes our conference call for this quarter. We wish all of you and those close to you stay strong and in good health.

We thank everyone for your participation today. Thank you.