고려대학교
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Samsung Electronics:
Financial Structure and Shareholder Returns



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Business Finance Team 4

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(English translation prepared for portfolio presentation.)

1. Analysis of Samsung Electronics' Financial Structure

We analysed Samsung Electronics' total assets, liabilities, and equity using the consolidated financial statements in its 2026 semi-annual report, the most recent periodic disclosure available through the Financial Supervisory Service's DART system. The figures are therefore based on the company's financial position as of June 30, 2026.

To ensure consistency with the financial-statement date, we also calculated market capitalisation as of June 30, 2026. Samsung Electronics' common shares closed at KRW 334,000 on that date, according to the Korea Exchange (KRX). Multiplying this price by 5,846,278,608 listed common shares resulted in an estimated market capitalisation of approximately **KRW 1,952.66 trillion.**

<table>
<tr><th>Debit</th><th>Credit</th></tr>
<tr><td rowspan="2">Total Assets:
Approx. KRW 759.48tn</td><td>Total Liabilities:
Approx. KRW 180.17tn</td></tr>
<tr><td>Total Equity:
Approx. KRW 579.31tn</td></tr>
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We also applied the basic balance-sheet relationship learned in the Chapter 2 pre-class video lecture, the accounting equation (Assets = Liabilities + Equity), to the actual figures. By adding liabilities of KRW 180.17 trillion and equity of KRW 579.31 trillion, we directly confirmed that the total was approximately KRW 759.48 trillion, matching total assets.

※ Why Are Book Equity and Market Capitalisation Different?

As the professor emphasised in the Chapter 2 pre-class video lecture and as explained on page 28 of the textbook, total equity in the financial statements represents the accounting book value of net assets, calculated by subtracting liabilities from assets. Market capitalisation, on the other hand, represents the market value of equity as assessed by investors in the stock market.

In fact, Samsung Electronics' total equity was approximately KRW 579 trillion, while its market capitalisation was approximately KRW 1,953 trillion, resulting in a difference of approximately KRW 1,373 trillion. We considered this difference to reflect not only the technology and brand value that Samsung Electronics has accumulated to date, but also market expectations regarding the future outlook of the semiconductor industry and the company's growth potential. Ultimately, equity in the financial statements represents net assets recognised under accounting standards, whereas market capitalisation also reflects the market's assessment of the company's future profitability and growth potential, which is why the two amounts differ.

2. Analysis of the Preferred-Share Repurchase and Cancellation Proposal

After reading the Yonhap News article, we found that Life Asset Management had proposed that Samsung Electronics use approximately KRW 63 trillion of its remaining

shareholder-return resources to repurchase and cancel preferred shares rather than using the entire amount for cash dividends. At first, we thought this was simply an argument for additional share repurchases, but as we examined the proposal more closely, we became more interested in why preferred shares, rather than common shares, had been selected.

According to the article, as of September 9, Samsung Electronics' preferred shares were trading at a price approximately 26.7% lower than its common shares. When we calculated this ourselves, we found that the amount required to purchase one common share could purchase approximately 1.36 preferred shares. In other words, even with the same amount of funds, repurchasing preferred shares would allow the company to cancel a larger number of shares, so we believed that the way shareholder-return resources are used can produce different results.

Another point that stood out in the article was the ownership issue involving Samsung Life Insurance and Samsung Fire & Marine Insurance. Together, the two companies hold approximately 10% of Samsung Electronics' common shares. If common shares are cancelled, the total number of common shares outstanding decreases, which could instead increase the ownership percentage of the two companies. Preferred shares, however, do not carry voting rights and therefore are not directly connected to this concern. After considering this point, we concluded that the reason for choosing preferred shares in this proposal was not simply that they were cheaper. It could also be viewed as an approach that took Samsung Electronics' current ownership structure into account.

We also considered the difference between cash dividends and share cancellation. Dividends are a way of distributing cash to shareholders, whereas cancellation actually reduces the number of shares outstanding. Therefore, if the company generates the same level of earnings afterwards, measures such as earnings per share or dividends per share may also change. Taking these factors together, we did not conclude that preferred-share cancellation is always superior to dividends. Rather, we considered it a potentially more effective option in Samsung Electronics' current situation, where the discount on preferred shares is substantial and the cancellation of common shares is also connected to ownership-related issues.

3. Foreign Ownership Analysis and Discussion

To determine the actual level of foreign ownership in Samsung Electronics, we used Korea Exchange (KRX) data to review the year-end foreign ownership ratio of Samsung Electronics' common shares and organised the figures for the most recent five years.

Period	Foreign Ownership Ratio
End of 2021	51%
End of 2022	49%
End of 2023	53%
End of 2024	49%
End of 2025	51.2%

Comparing the figures over the past five years, we found that Samsung Electronics' foreign ownership ratio had not fluctuated as widely as we had expected. Between 2021 and 2025, the

lowest level was 49% and the highest was 53%, with the ratio moving slightly above and below the 50% level in almost every year. In other words, foreign investors consistently held approximately half of Samsung Electronics' common shares over the past five years. However, we confirmed that the foreign ownership ratio had declined to approximately 46% by the end of the second quarter of 2026.

※ If Foreign Ownership Exceeds 50%, Can Samsung Electronics Be Considered a Foreign Company?

At first, we wondered whether a company could be considered foreign if foreign investors owned more than half of its shares. However, after directly reviewing the relevant laws, we concluded that the nationality of shareholders and the nationality of the company itself are separate issues. We examined this from three perspectives: place of incorporation and location of the head office, place of effective management, and taxation.

The first criterion is where the company was incorporated. When we reviewed Article 171 of the Commercial Act, we found that a company's address is determined by the location of its head office, while Article 172 provides that a company is established through registration at the location of its head office. Samsung Electronics was incorporated in the Republic of Korea and its head office is also located domestically. Therefore, we confirmed that even if foreign investors own a large proportion of Samsung Electronics' shares, the company's place of incorporation itself does not move abroad.

The second criterion is where the company is actually managed. We also reviewed the Corporate Income Tax Act and found that a corporation is regarded as a domestic corporation if its head office or principal office is located in Korea, or if its place of effective management is located in Korea. From this provision, we concluded that when determining a company's nationality, where actual management and decision-making take place is a more important criterion than who owns the shares.

The third criterion is the scope of taxation. Under the Corporate Income Tax Act, domestic and foreign corporations are also subject to different scopes of taxation. Domestic corporations are taxed on income earned both inside and outside Korea, whereas foreign corporations are mainly taxed on income generated within Korea. After reviewing this point as well, we concluded that a foreign ownership ratio of 50% is an indicator of Samsung Electronics' ownership structure, but that this figure alone is not sufficient to classify Samsung Electronics as a foreign company.

References

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- Samsung Electronics Investor Relations, share information and shareholder composition data
- Yonhap News, "Life Asset Management Proposes Preferred-Share Repurchase and Cancellation to Samsung Electronics," September 15, 2026
- Korean Law Information Center, 「Commercial Act」, 「Corporate Income Tax Act」