

Dear shareholder,

I sincerely thank you for your continued support towards Samsung C&T, and I would like to wish you all the best in 2017.

2016 was a year of uncertainty for the world with events such as the US interest rate hike and Brexit disrupting economies around the world; resulting in a radically different business landscape that was difficult to navigate.

Despite these challenges, Samsung C&T has been preparing for the future by focusing on strengthening fundamentals and establishing a platform for growth.

First, let me start with an overview of our performance in 2016.

Although we started the year by posting losses in the first quarter due to difficulties in our overseas projects, we were able to turn the company around in the second quarter and generate profit by improving cost efficiency; achieving tighter cost management and selling off underperforming assets.

We earned 139.5 billion won in operating profit on a revenue of 28 trillion won.

The global decline in commodity prices and low trading volume in several items presented headwinds for the Trading and Investment Group but we still achieved profit growth through the earnings of the project organizing business such as the renewable energy project in Canada and the continuous efforts to streamline low profit assets and trading items.

After a thorough review of on-going projects, the Engineering and Construction Group started 2016 by conservatively reflecting all foreseeable risk, which resulted in a first quarter net loss. However, we have been generating sound profit since the second quarter, buoyed by the strong performance of existing projects and efforts to pursue quality new projects.

Despite weaker domestic demand, the Fashion Group achieved revenue growth year-over-year, in addition to raising cost efficiencies to improve business fundamentals.

Furthermore, 8seconds has set the framework for overseas expansion by opening its first flagship store in Shanghai, China.

The Resort Group focused on diversifying its theme park content and improving operational efficiencies to sustain growth despite softening domestic consumer sentiment. The F&B business expanded into China and Vietnam, leveraging its competitive strengths in the domestic market.

Dear shareholder,

The business environment in 2017 is likely to be full of even greater uncertainty due to factors such as rising trade protectionism, US leadership transition, China's economic slowdown, as well as recent political and economic turmoil in Korea.

Samsung C&T will strive to overcome these challenges by focusing on profit generation.

The Trading and Investment Group will maintain its strategy of 'select and focus' with the goal of becoming a top tier trader on the global market. The trading business will expand its market footprint and increase market competitiveness for items such as chemicals and steel, while the organizing business will actively participate in projects that we can successfully deliver, such as power and industrial plants.

The Engineering and Construction Group will strive to achieve profitable growth by winning quality new orders through the 'right market, right product' strategy. In addition to strengthening our competitive advantage in high-rise and infrastructure in Asia and the Middle East, we continue to develop potential opportunities in new markets to expand our foundation for growth. We will strengthen risk management and execution capabilities throughout all phases of the project lifecycle to improve predictability and create stable profit.

The Fashion Group will continually adjust its product mix to reflect the latest market trends and improve efficiencies. It will solidify its lead in the Korean market by differentiating premium brand products such as Galaxy and Beanpole. The Fashion Group will also strive to develop future business by collaborating with the Trading Group on overseas expansion for brands like 8seconds and KUHO, as well as improving product competitiveness.

The Resort Group will integrate IT technology and cultural items into the existing theme park content to provide differentiated services. F&B will continue to improve profitability in the domestic business, while expanding its catering and food distribution business in China and Vietnam.

We will continue to focus on enhancing shareholder value

We established a governance committee consisting solely of independent directors and external experts to create greater transparency in our governance system. In addition, we also selected a shareholder's advocate to listen to investors and improve communication, as well as adopt a corporate governance charter that reflects our commitment to protection of shareholder rights and fulfilling social responsibilities.

Although our 2016 fiscal year performance failed to meet market expectations, we have increased our dividend payment by 10% to 550 won for common shares and 600 won for preferred shares. In 2017, we will achieve better performance and do our utmost to further enhance shareholder return.

Dear shareholders,

2017 will be another challenging and tumultuous year, but our employees remain steadfast in our commitment to sound management and stable profit creation, and we will put forth our utmost efforts to enhance shareholder value by solidifying a platform for sustainable growth.

We look forward to your continued support.

Sincerely,



Chi H. Choi

President & CEO

Samsung C&T Corporation