

**To the Shareholders of Samsung C&T,**

I sincerely thank you for your continued support towards Samsung C&T, and I would like to wish you and your family a prosperous year.

In 2017 the global economy saw steady growth spearheaded by the recovery of consumer spending in advanced economies which in turn led to increased global trade volumes. The domestic economy shared this global trend with growth led by a sharp increase in IT industry exports.

Together with improved market conditions and dedication from all of our employees, Samsung C&T has achieved substantial increase in earnings in comparison to last year.

First, a brief review of our performance in 2017.

In 2017, all four business groups: Trading & Investment(T&I), Engineering and Construction(E&C), Fashion and Resort, executed a strict workout regime improving cost management and liquefying under performing assets under the profit based refocus.

As a result, we achieved an annual turnover of 29.3 trillion won and operating profit of 881.3 billion won, a sixfold increase from the previous year.

The performance of the T&I Group largely improved due to increased volume of key trading products as part of our market expansion strategy, along with a rebound in global commodity prices. Additionally, the operation of the renewable power cluster in Canada is continuously contributing to T&I Group's stable profit generation.

Through the 'Right Market, Right Product' strategy, the E&C Group has achieved a substantial increase in profit levels largely due to continued profit-oriented project management. Overseas projects in the high-tech and infrastructure business in particular, led the boost in profits through preemptive risk management and tighter schedule management.

For the the Fashion Group, despite the slight decrease in year-over-year sales due to a stagnating domestic market and abnormal weather conditions, have been able to turn a profit through efficient management. We have also solidified our growth platform by improving the competitiveness of key products and expanding online distribution channel .

The Resort Group continued its growth buoyed by domestic economy recovery and its diversified entertainment contents such as ‘Virtual Reality’ in the theme park rides using state-of-the-art information technology. F&B maintained stable earnings flow based on strong domestic market presence and is continuously attempting to expand into overseas markets such as China and Vietnam.

**Dear Shareholders,**

2018 will be a year of global economic recovery and we expect both advanced and emerging market countries to continue steady growth. However, we are also faced with uncertainties in the business environment such as increased volatility in the financial markets due to the hiking US interest rates, the rise of trade protectionism, and tighter austerity measures in advanced economies.

**This year, our company will focus on generating stable profits while solidifying our basis for growth.**

First of all, the T&I Group will expand its global market share by increasing trading volumes of chemicals and steel items with core competency. We will also strengthen our competitiveness as a project organizer in the new renewable energy and infrastucure sectors to sustain our stable growth curve.

The E&C Group will expand new quality orders through differentiated competitiveness in our main business sectors. We will also achieve ‘Profitable Growth’ by improving cost efficiency and productivity through continuous innovation at project sites.

The E&C Group will also incorporate ‘Safety First’ as our operational mandate and assimilate compliance as part of our essential corporate culture, creating a culture of mutual respect and co-exsistance with our business partners.

The Fashion Group will improve raw material and cost competitiveness by re-organizing the supply chain and solidify our leading position in the domestic market while increasing profitability by differentiating premium brands such as Galaxy, Beanpole and Kuho. We will also focus on strengthening the business platform by expanding our online distribution/sales channels and product line-up.

The Resort Group will continue to diversify contents of the theme park and improve operational efficiency to sustain growth. F&B will continue to improve competitiveness and profitability in the domestic market, while expanding overseas catering and food distribution businesses in China and Vietnam.

**We will continue to focus on raising corporate governance to a global standard and enhancing shareholder value.**

In January 2018, we announced a three year forward dividend policy, for 2017 to 2019, to improve the visibility of dividend payout and enhance shareholder value. We have decided that this year's dividends per share will be 2,000 KRW, a substantial increase from 550 KRW per share in 2016. We will continue to listen to our shareholders' opinions in order to render shareholder return policies that caters to increasing shareholders' value.

Also, we are striving to establish a Board of Directors-oriented governance structure by continuously fostering ways to improve the expertise and diversity of the Board, benchmarking model practices of globally renowned firms, and implementing them in steps.

First of all, we have separated the roles of chairman of the board and the CEO of the company. To improve the expertise and diversity of the board, we are scouting global management professionals as independent director. We anticipate that the newly appointed independent director will contribute immensely to the company by bringing many years of experience as top management of a global firm, as well as advising on corporate governance issues to the board.

Furthermore, we will execute our plans to invite an additional global management professional and a female independent director to the board in a coming year, to further enhance the expertise and diversity of the board. Through such activities, we pledge to continue our efforts for increasing our shareholders' value as we go forward.

**Dear Shareholders,**

We are expecting another year of uncertainty and a diverse set of challenges ahead of us. However, all of us at the company will dedicate our best to enhance shareholder value by committing to sound management and stable profit generation by building a platform for sustainable growth.

We look forward to your continued support.

Sincerely,

Chi H. Choi

President & CEO

Samsung C&T Corporation