

Exhibit 18

Samsung Electronics

BUY Semiconductor

Price (Jul. 29) W844,000
Target Price W1,190,000
% Variance 41.0%

Bloomberg Code 005930 KS
Reuters Code 005930.KS

Transitioning to a mobile powerhouse

2Q11 operating profit increases 27.3% QoQ to W3.75tr

Smartphone sales jumped 52.3% QoQ to 19mn units in 2Q11 amid declining market share of competitors including Nokia and RIM. Operating profit increased 27.3% QoQ to W3.75tr on smartphone and non-memory sales growth.

3Q11 earnings will be led by mobile communications

Smartphone sales are estimated to rise 23.7% QoQ to 24mn units in 3Q11, leading overall earnings growth. Despite sluggish semiconductor earnings, 3Q11 operating profit should edge up 3.1% QoQ to W3.87tr on solid mobile sales.

Samsung Electronics is shifting toward mobile operations such as smartphones. The company is reducing dependence on PCs and TVs, both maturing industries, while sharpening its focus on the mobile sets sector, which is in the early stages of growth. We retain our BUY rating on Samsung Electronics for a target price of W1,190,000. A key point is how the company fares in competition with Apple in the smartphone market from 3Q11 onwards.

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Year to Dec.	Sales (W bn)	OP (W bn)	Operating Margin (%)	NP (W bn)	EPS (won)	PER (x)	EV/EBITDA (x)	PBR (x)	ROE (%)
2009	136,323.7	10,932.9	8.0	9,572.2	56,263	15.0	5.5	2.1	15.0
2010	154,607.7	17,357.5	11.2	15,884.3	93,364	9.0	4.6	1.7	20.7
2011F	160,957.5	14,667.1	9.1	13,988.9	82,223	10.3	4.3	1.5	15.4
2012F	173,612.1	17,417.3	10.0	15,978.7	93,919	9.0	3.6	1.3	15.3
2013F	191,402.2	19,456.9	10.2	17,671.9	103,871	8.1	3.0	1.1	14.7

Note: K-GAAP to 2009, K-IFRS-based from 2010

Valuation

- Retain BUY for a target price of W1,190,000
- Competitive mobile operations including smartphones
- Competition with Apple in September will be a key determinant of share performance

Retain BUY for a target price of W1,190,000

We retain our BUY rating on Samsung Electronics for a target price of W1,190,000 (2012F BPS of W657,367 and five-year average P/B of 1.8x). The current share price represents 2011F P/B of 1.5x and 2012F P/B of 1.3x. The stock looks undervalued in view of the five-year average P/B of 1.8x.

Mobile competitiveness is now the yardstick for valuing Samsung Electronics

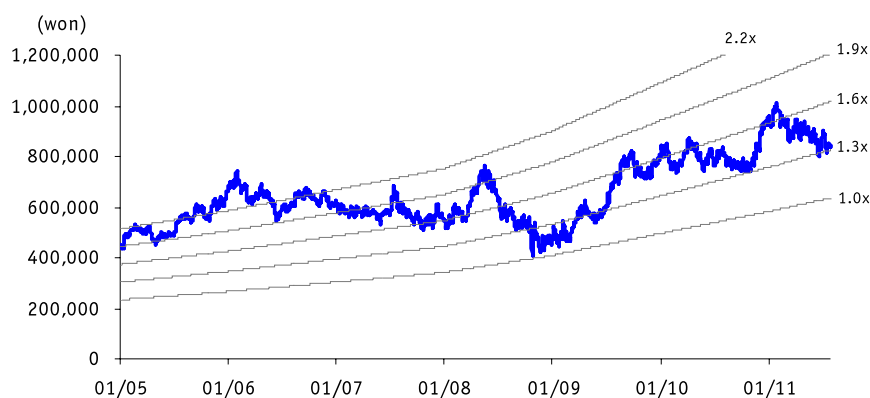
Samsung Electronics will have to prove its smartphone competitiveness even after Apple launches its new product to sustain an upward trend in share price. Macroeconomic indicators of major countries also need to improve. Competitiveness in mobile sets, such as smartphones and tablet PCs, is now regarded as the yardstick for valuing Samsung Electronics instead of components like semiconductor chips.

Comparison of handset manufacturers' valuation consensus

Company	Market cap. (US\$ bn)	2011F (x)				2012F (x)			
		PER	PBR	EV/EBITDA	ROE (%)	PER	PBR	EV/EBITDA	ROE (%)
Apple	369.4	14.6	5.1	9.3	39.3	12.5	3.7	7.7	32.1
SEC	118.3	10.3	1.5	4.3	15.4	9.0	1.3	3.6	15.3
HTC	27.4	11.7	7.1	9.1	75.0	9.8	5.5	7.6	64.6
Nokia	21.6	28.4	1.2	8.2	0.6	17.5	1.2	6.1	2.7
RIM	14.0	4.2	1.7	2.1	40.0	5.1	1.2	2.5	27.3
LGE	11.3	12.6	1.0	11.1	7.7	6.6	0.9	7.4	15.3
Motorola Mobility Holdings	7.2	37.3	1.4	8.2	2.4	16.0	1.3	4.9	6.5

Source: Bloomberg, Shinhan Investment Corp.

Samsung Electronics' P/B band



Source: QuantiWise, Shinhan Investment Corp.