

# SAMSUNG

## The Lee Family Architecture

*A Baratelli Practitioner Case Memo · July 2026*

**The largest inheritance tax event in world history, walked end-to-end.  
The chaebol architecture. Samsung Life Insurance as the structural keystone.**

**Reference structure for multi-generational family control in a high-tax jurisdiction.**

# The Setup in Five Bullets

## SECTION I · EXECUTIVE SUMMARY

Item	The Institute's read
1. Scale	FY2025 revenue KRW 333.6T (~\$255B), operating profit KRW 43.6T (~\$33B). Q4 2025 all-time-high revenue and operating profit. ~40% of KOSPI.
2. The KRW 12T tax event	Lee Kun-hee estate: KRW 26T (~\$20B). Tax bill: KRW 12T (~\$8-11B). Largest inheritance-tax settlement in world history. Completed May 2026.
3. Control preservation	Chairman Lee's stakes emerged INCREASED, not decreased: Samsung Electronics 1.67% (0.70%), C&T 22.01% (17.48%), Life 10.44% (0.06%).
4. Samsung Life as keystone	Samsung Life Insurance owns ~8.5% Samsung Electronics at historical cost. The Korean parallel to Financière Agache in the LVMH architecture.
5. Art collection donation	23,000 works, KRW 3T (~\$2.3B), donated to Korean state under Article 88-2. Tax savings ~KRW 1.5-1.8T. Nine-figure tax tool at practitioner scale.

**Verdict: Samsung is the reference case in high-tax succession. Every serious advisor needs it on the shelf.**

# The Institute's Editorial Position

## SECTION II · WHY SAMSUNG BELONGS ON THIS LIST

**Samsung is the second entry in the Institute's Global Family Champions series, and Samsung Life Insurance is the Korean parallel to Financière Agache — the structural keystone of the Lee family control chain.**

**Three architectural precedents this deck reads alongside:**

- LVMH / Arnault — the French family-champion parallel. Financière Agache = Samsung Life.
- Berkshire Hathaway — century-company philosophy; permanent capital; owner-operator ethos.
- Roche / Hoffmann — foundation-based control structure preserving family voting authority.

**Samsung belongs on this list. The KRW 12 trillion inheritance-tax settlement is the reference case in high-tax succession. This memo is the shelf reference.**

# Scale, in Numbers — FY2025 Headline Financials

## SECTION III · THE SIZE OF THE THING

Line item	FY2025 KRW	USD equivalent
Full-year revenue	KRW 333.6 trillion	~\$255 billion
Full-year operating profit	KRW 43.6 trillion	~\$33 billion
Full-year R&D investment	KRW 37.7 trillion	~\$29 billion (record)
Q4 2025 revenue (all-time high)	KRW 93.8 trillion	~\$71 billion
Q4 2025 operating profit (all-time high)	KRW 20.1 trillion	~\$15 billion
Operating margin (FY)	13.1%	
Share of KOSPI (approx.)	~40%	
Share of Korean exports (Samsung Group)	~30%	

Source: Samsung Electronics FY 2025 Results, January 29, 2026 (Samsung Global Newsroom).

Samsung Electronics is Korea Inc. — systemically important to the KOSPI, to Korean exports, and to Korean industrial policy. Every governance question is a national-policy question.

# Q4 2025 Segments — Device Solutions Carries the Weight

## SECTION III · SEGMENT BREAKDOWN

Segment	Q4 rev KRW T	Q4 rev USD B	Q4 OP KRW T	Op margin
Device Solutions (DS) — semiconductor	44.0	~\$34	16.4	37%
Mobile eXperience + Networks	29.3	~\$22	1.9	6.5%
Visual Display + Digital Appliances	14.8	~\$11	(0.6)	n/m
Samsung Display (SDC)	9.5	~\$7	2.0	21%
Harman (auto + audio)	4.6	~\$3.5	0.3	6.5%
Samsung Electronics consolidated Q4	93.8	~\$71	20.1	21.4%

**Device Solutions (Memory + Foundry + System LSI) is 47% of Q4 revenue and 82% of Q4 operating profit. Memory business set all-time-high records — HBM3E and DDR5 into hyperscaler AI workloads.**

Source: Samsung Electronics Q4 2025 Earnings Presentation, January 29, 2026.

# The Korean Context — Chaebol, Korea Inc., and 60% Inheritance Tax

## SECTION IV · THE FRAME EVERY NON-KOREAN READER NEEDS

### 1. Samsung is a chaebol.

Family-controlled Korean industrial conglomerate. Insurance-holding-industrial cross-shareholding.

*No clean Western analog.*

### 2. Samsung Electronics is Korea Inc.

~40% of KOSPI by market cap. ~30% of Korean exports via Samsung Group. Semiconductor exports are Korea's single largest goods category. When Samsung has a bad quarter, the Korean equity market has a bad quarter.

### 3. Korean inheritance tax runs 50-60% at the top.

Progressive 10-50% + 20% controlling-shareholder surcharge = 60% effective on transfers of controlling stakes.

Only Japan approaches this rate structure. Compare France (Pacte Dutreil ~75% relief), US 40% flat, India 0%.

**That 60% top marginal rate is what made the Lee family's KRW 12 trillion tax bill so large — and what made the family's response architecturally interesting.**

# Peer Valuation — The Persistent Conglomerate Discount

## SECTION V · HOW THE MARKET PRICES SAMSUNG

Company	Primary business	EV/EBITDA fwd	P/E fwd
Samsung Electronics	Memory + foundry + mobile + display	~5-7x	~11-14x
TSMC	Foundry (pure play)	~14-18x	~22-28x
SK Hynix	Memory (DRAM + NAND)	~5-7x	~10-13x
Micron	Memory (DRAM + NAND)	~5-7x	~11-14x
Apple	Consumer devices + services	~20-25x	~28-34x
LG Display	Displays (OLED + LCD)	~4-6x	n/m

**SOTP at pure-play peer multiples produces intrinsic value 30-60% above consolidated trading value.**

**That gap is the conglomerate discount — the price the market charges for durability of Lee family control.**

*Illustrative mid-2026 approximation. Not investment advice.*

# The Semiconductor Cycle — Memory / Foundry / System LSI

## SECTION VI · WHERE THE EARNINGS COME FROM

### Memory (DRAM + NAND) — the earnings engine.

World's largest DRAM and NAND producer for ~three decades. Structurally cyclical. 2024-2026 cycle driven by HBM (high-bandwidth memory) at 5-8x per-bit price premium over commodity DRAM. 2026 strategy: reestablish leadership with HBM4 at industry-leading 11.7 Gbps performance.

### Foundry — the strategic growth vehicle.

TSMC dominates at ~60% share; Samsung Foundry ~10-15% at leading edge. Q4 2025 commenced mass production of first-generation 2nm; began shipments of 4nm HBM base-die products. Closing the gap.

### System LSI — the technology-adjacency portfolio.

Exynos SoCs largely captive to Samsung Mobile. Image sensors compete with Sony in duopoly. New 200MP and 50MP big-pixel products; leadership through Nanoprism light-sensitivity technology.

**The multi-year thesis: HBM4 leadership + 2nm foundry share gains + stable System LSI.**

**Bear case: memory cycle turns, HBM4 execution misses, foundry share stalls.**

# Manufacturing Footprint — Korea, Vietnam, Texas, Xi'an

## SECTION VII · COUNTRY-OF-ORIGIN ARCHITECTURE

Country	Role	Assets
Korea	Leading-edge, technology-sensitive	Memory (Pyeongtaek, Hwaseong, Giheung); Foundry (Pyeongtaek); Display (Asan)
Vietnam	Smartphone assembly + volume	Bac Ninh + Thai Nguyen produce ~50% of global Samsung smartphones
Texas (USA)	US-market foundry	Taylor, TX foundry (\$17B, CHIPS Act +\$6.4B); high-volume ramp 2026
China	Legacy NAND	Xi'an fab: ~40% of Samsung NAND. VEU exemption preserves capacity.
India	Domestic-market assembly	Noida, Chennai smartphones + appliances
Other	Assembly + packaging	Brazil, Poland, Vietnam supplementary sites

**The inversion of LVMH: production dispersed for cost + market access, not concentrated for brand equity.**

Taylor Texas is the US-market strategic hedge. Xi'an is the preserved-capacity story under US export controls.

# Five-Year Cash Flow — Enormous OCF, Enormous Capex

## SECTION VIII · THE CASH ENGINE

Fiscal year	OCF KRW T	USD B	Capex	FCF KRW T	USD B	Net cash
FY2022	62.2	~\$47	(53.1)	9.1	~\$7	(3.7)
FY2023	44.1	~\$34	(53.9)	(9.8)	(~\$7.5)	(19.6)
FY2024	65.7	~\$50	(48.9)	16.8	~\$13	4.0
FY2025 actual	78.5	~\$60	(52.0)	26.5	~\$20	13.7
FY2026e	85.0	~\$65	(55.0)	30.0	~\$23	17.2
Five-year total	335.5	~\$256	(262.9)	72.6	~\$55	+11.6

*KRW trillions. FY2025 record FCF (KRW 26.5T / ~\$20B) after Q4 memory windfall.*

**Samsung reinvests ~two-thirds of OCF into capex. Net cash position ~KRW 100T at year-end FY2025 — the through-cycle capex-continuation reserve that lets Samsung invest through downturns.**

# Three Generations of Chaebol Builders

## SECTION IX · THE LEE FAMILY BIOGRAPHY

Principal	Life dates	Control period	The strategic posture
Lee Byung-chul (founder)	1910-1987	1938-1987 (49 yrs)	Founded Samsung Trading Co., Daegu, 1938. Diversified Korean industrialization.
Lee Kun-hee (transformer)	1942-2020	1987-2020 (33 yrs)	1993 Frankfurt Declaration. Global quality reset. Memory + Mobile leadership. Heart attack 2014.
Lee Jae-yong (current)	1968-	2014-present (12+ yrs)	Operational head from 2014. Formal Chairman Oct 2022 after Aug 2022 pardon. Third generation.

### Frankfurt Declaration, June 1993:

*"Change everything except your wife and children."*

*Kun-hee's cultural intervention that positioned Samsung to leapfrog Japanese consumer-electronics competitors through the late 1990s and 2000s.*

# The KRW 12 Trillion Inheritance-Tax Event

## SECTION X · THE LARGEST IN WORLD HISTORY

Item	Value
Lee Kun-hee estate value	KRW 26 trillion (~\$20B)
Total inheritance-tax bill	KRW 12 trillion (~\$8-11B)
Payment period	April 2021 through May 2026 (six annual installments)
Payment completed	May 2026
Art donation to Korean state	23,000 works, ~KRW 3 trillion, under Article 88-2
Estimated tax savings from art donation	KRW 1.5-1.8 trillion
Share of Korea's total 2024 inheritance-tax revenue	~50% (Samsung family alone)

**How the family kept control: dividends + personal loans + targeted non-core share sales.**

**Chairman Lee's stakes emerged INCREASED, not decreased, across every core entity.**

Entity	Pre-inheritance	Post-inheritance
Samsung Electronics common	0.70%	1.67%
Samsung C&T	17.48%	22.01%
Samsung Life Insurance	0.06%	10.44%

## THE MONEY SHOT

# Chairman Lee's Stakes After the KRW 12T Tax Bill

*He paid the largest inheritance tax bill in world history and emerged with STRONGER control positions.*

# 1.67%

**Samsung Electronics**

*up from 0.70% (+0.97 pp)*

# 22.01%

**Samsung C&T**

*up from 17.48% (+4.53 pp)*

# 10.44%

**Samsung Life Insurance**

*up from 0.06% (+10.38 pp)*

*Financed by Samsung Electronics dividends + personal loans + targeted sales of non-core Samsung SDS and Samsung Life shares.*

*Chairman Lee's direct Samsung Electronics stake was NOT significantly reduced during the six-year installment plan.*

**This is the case's single most consequential data point. Source: Samsung Group ownership disclosures; Korea Herald May 2026.**

# The Chaebol Cross-Shareholding Structure

## SECTION XI · THE CIRCULAR OWNERSHIP PATTERN

### The circular chain:

Lee family (~22%) → Samsung C&T

Samsung C&T (~19.1%) → Samsung Life Insurance

Samsung Life Insurance (~8.5%) → Samsung Electronics

*Samsung Electronics + subsidiaries → Samsung C&T (closes the loop)*

This circular pattern lets the Lee family exercise voting control materially in excess of direct economic interest. It is what Korean regulators call the “control-versus-cash-flow-rights wedge.”

### Korean regulatory pressure since 2013:

- KFTC prohibits new cross-shareholdings within large business groups (existing ones grandfathered).
- FSC has proposed forcing insurance companies to hold industrial-company stakes at market value.
- If enforced, Samsung Life would have to reduce its ~8.5% Samsung Electronics stake.

**Historical-acquisition-cost accounting remains in force as of publication. This is the specific regulatory question every practitioner reader should watch closely.**

# Samsung Life Insurance as the Structural Keystone

## SECTION XII · THE KOREAN PARALLEL TO FINANCIÈRE AGACHE

Every family-controlled global champion has a specific intermediate holding entity through which the family exerts control across the operating vehicle.

Champion	Family keystone entity	Held at
LVMH / Arnault	Financière Agache SA (French SA since 2018)	Christian Dior SE 97% → LVMH 41% economic / 57% voting
Roche / Hoffmann-Oeri	Hoffmann-Oeri Family Trust + related foundations	Voting-share pool ~50%+ Roche voting rights
Berkshire / Buffett	Class A + personal ownership (not intermediate)	Buffett personally + Susan Buffett Foundation
Samsung / Lee	Samsung Life Insurance	~8.5% Samsung Electronics at historical cost

Samsung Life's ~8.5% Samsung Electronics stake sits on the balance sheet at historical acquisition cost — acquired decades ago at a fraction of current market value. The specific Korean insurance accounting rule that permits this treatment is the specific regulatory pressure point.

**If the FSC ever forces market-value accounting, the entire Lee family control architecture must be restructured. This is the single most important structural question in the case.**

# Bear Cases and Risks

## SECTION XIII · WHAT COULD GO WRONG

Risk dimension	Specific concern	Institute note
Memory cycle	HBM demand plateau or reversal	Q4 2025 all-time-high could mark cycle peak. HBM4 execution risk vs. SK Hynix.
Foundry execution	2nm ramp misses yield or timing	Foundry share loss to TSMC continues. Taylor ramp delays.
Regulatory (cross-holding)	Samsung Life forced-sale scenario	Korean insurance market-value accounting rule change forces reduction of 8.5% Samsung Electronics stake.
Geopolitical (China)	Xi'an NAND VEU exemption reversed	US-China export-control policy shift strands ~40% of NAND capacity.
Succession (4th gen)	Lee family cohesion weakens	Fourth-generation family principals not yet visible in senior operating roles.

**Samsung Life forced-sale is the single most important structural risk.**

**Fourth-generation succession is the longest-dated. Both deserve continuous monitoring.**

# The Institute's Editorial Position

## SECTION XIV · CLOSING

### **Samsung is the second entry in the Institute's Global Family Champions series.**

Three practitioner arguments this case makes and defends:

1. The Lee family's KRW 12 trillion inheritance-tax response is the reference case in high-tax succession.

*Every advisor working in Korea, Japan, or any high-marginal-rate jurisdiction needs it on the shelf.*

2. Samsung Life Insurance is the Korean parallel to Financière Agache in the LVMH architecture.

*The intermediate insurance-holding-industrial keystone through which family control flows.*

3. The Article 88-2 art donation is the specific nine-figure tax-optimization tool with no Western analog.

*KRW 3T (~\$2.3B) donation, KRW 1.5-1.8T (~\$1.1-1.4B) tax savings, plus soft-power currency.*

### **The Institute does not editorialize on Korean political questions.**

The 2015 Samsung C&T merger, the 2016-2022 legal history, and the August 2022 pardon are reported as facts sourced to Korean court filings and Ministry of Justice press releases. Not for us to comment.

**Companion assets: [Samsung\\_Lee\\_Model.xlsx \(11 tabs\)](#) · [Baratelli\\_Samsung\\_Case.pdf \(~30pp\)](#) · [Baratelli\\_Samsung\\_Combined.pdf](#)**

**The Baratelli Institute · July 5, 2026 · Baratelli Practitioner Case Memo series.**