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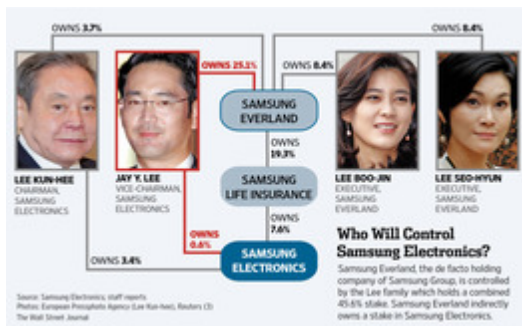
Samsung's Holding Company to Go Public, Easing Succession Process

Samsung Everland's IPO Is Seen as Key to Power Transfer Within Conglomerate's Founding Lee Family

By MIN-JEONG LEE

June 2, 2014 9:48 p.m. ET

SEOUL—Samsung Everland Inc., the de facto holding company of South Korea's largest conglomerate, Samsung Group, is planning to list by the first quarter of 2015, in a move widely seen as key to a transfer of power within Samsung's founding Lee family.



Samsung Chairman Lee Kun-Hee, his son and two daughters own a combined 45.6% in Samsung Everland, a company with a complex portfolio of holdings in other Samsung Group affiliates. One of the most important of those holdings is a 7.6% stake—through another affiliate—in Samsung Electronics Co., the world's biggest smartphone and TV maker, and the jewel of the Samsung Group.

Although it is still unclear what the Lee family members will do with their holdings in Samsung Everland, analysts say that the younger Lees could use proceeds from share sales following the initial public offering to buy stakes in other group companies, in order to consolidate their control over pieces of the conglomerate.

They could also use the money to help pay a tax of up to 50% levied on assets they inherit from the elder Mr. Lee, who has been hospitalized since early May when he underwent surgery after a heart attack. The elder Mr. Lee has control over more than 70 Samsung affiliates through a complex web of cross-shareholdings, including a 3.7% stake in Samsung Everland.

Samsung Everland, which operates an amusement park and runs a fashion business, said in a statement that the IPO would help the company raise capital to expand overseas. The company and Samsung Group declined to comment on how the IPO would affect the succession of power at the conglomerate.

Mr. Lee's son, Jay Y. Lee, who is currently vice chairman of Samsung Electronics without an operational title, is the largest shareholder of Samsung Everland with a 25.1% stake as of the end March. Mr. Lee's two daughters each hold an 8.4% stake in Samsung Everland.



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News of the Samsung Everland IPO has intensified speculation among analysts and Samsung-watchers that the conglomerate is preparing for a shuffling of assets to shift power to a new generation of family leadership. Though Samsung says the elder Mr. Lee has regained consciousness, it is unclear whether he can still be involved in key group decisions.

In early May, the group's information technology unit, Samsung SDS Co., also said it plans to go public in what could be one of the biggest share sales in South Korea this year.

How best to pass the elder Mr. Lee's holdings to his children has been a thorny subject for the Lee family. Kiwoom Securities analyst Park Joong-sun estimates that Mr. Lee's children could be liable for up to 6 trillion won (\$5.86 billion) in inheritance tax on the transfer of his shares in just three companies: the 3.4% stake in Samsung Electronics, a 20.8% stake in Samsung Life and a 1.4% stake in Samsung C&T Corp.

It is unclear how much the Samsung Everland IPO could raise, though brokers estimate each share could be worth at least 2 million won. In the most recent deal involving Samsung Everland stock, in 2011, the company's shares were sold at 1.82 million won each, giving Samsung Everland a valuation of 4.55 trillion won based on 2.5 million shares outstanding.

Samsung Everland plans to hire bankers within the month and plans to list in Seoul by the first quarter of 2015 at the latest, a company spokesman said Tuesday.

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