Wireless Market Trends
Achievements
Samsung showed big growth
Sales & Revenue

1998
7.5M units
U$ 2.2 bil.

1999
17M units
U$ 4.1 bil.

2000
22M units
U$ 4.7 bil.

2001
29M units
U$ 5.5 bil.

Export
Domestic

### Samsung As a Fastest Growing Brand

**2001:** 42\textsuperscript{nd} 6.4 bil  →  **2002:** 34\textsuperscript{th} 8.3 bil

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Value</th>
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<tr>
<td>1</td>
<td>Coca-Cola</td>
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<tr>
<td>3</td>
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<td>SAP</td>
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<td>66</td>
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<td>Siemens</td>
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< Source: Interbrand >

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<td>74</td>
<td>Motorola</td>
<td>3.4</td>
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< Source: Interbrand >
Revenue Breakdown

Year: 2000

- Device Solution Network: 38%
- Digital Media Network: 31%
- Telecommunication Network: 22%
- Digital Appliance Network: 9%

Year: 2001

- Device Solution Network: 27%
- Digital Media Network: 34%
- Telecommunication Network: 28%
- Digital Appliance Network: 11%
Samsung’s Strength
Samsung Strength

Technology Leadership
- First in the Market
- Watch Phone, TV Phone, Dual Screen Phone, Camera Phone CDMA2000 1X, PDA Phone.

Unique Design
- Slimmer, Lighter, Smaller
- Satisfying Sophisticated Market Need

In-house Synergy
- Leading the Digital Convergence Revolution
- Memory, System LSI, TFT-LCD Optical Component .....

Marketing Excellency
- Enhance brand image
- CRM
- Sports Marketing

Top Quality Control
- 6 Sigma Program
- Quality control (TL 9000)
1. Technology Leadership

Watch Phone (1999.12)  
TV Phone (2000.01)  
Dual Screen Phone (2000.03)  
Camera Phone (2000.07)  
Cdma2000 1x (2000.12)  
Palm Powered Phone (2001.09)
2. Unique Design

- Slimmer
- Lighter
- Smaller

Leading Edge Technology

Satisfying Sophisticated Market Needs

Flip & Bar  Folder  Advanced
3. Top Quality Control

- Successful Top Quality Control Based On 6 Sigma Program
- “Repair Report” in CONNECT Magazine in Germany

“... Products in the below list are not credible because of their frequent troubles in average, **but Samsung products are exceptional**”

“... Samsung mobile phones’ average repair rate is 10 times lower than that of NOKIA...”
4. Marketing Excellency (Consistent Marketing Strategy)

- Focus on mid/high-end product for Pursuit Premium Brand
- Products developed to meet various consumer's needs

The market can be divided into six distinctive lifestyle segments:

- **Fashion**
  - Culture
  - Style & Elegance
  - Aesthetics
  - Latest trends in technology

- **Business**
  - Information at your fingertips
  - Efficiency
  - Organization

- **Techie**
  - Technology for technology's sake
  - Technological innovation
  - Gadgets

- **Laggard**
  - Gadgets

- **Utilitarian**
  - Ubiquitous access
5. In-house Synergy

Leading the Digital Convergence Revolution

- Core Components (Memory, LCD, LSI, Chips, etc.)
- Consumer Electronics (A/V, Computer, etc.)
- Telecom N/W and S/W Center → Digital Convergence Solution

Home Network
- DTV
- Home Gateway
- Home Server
- DVDP

Mobile Network
- HHP
- N/B PC
- Digital Audio
- Wireless PDA

Office Network
- Display
- IP Terminal
- Printer
- PC

Core Components
- Memory
- System LSI
- TFT - LCD
- Wireless
- Precision Mechatronics
- Optical Component
Market Forecast
Global Handset Shipments

2002 415 M → 2003 435 M (5%↑)

Because:

1. Service Carriers Low Level Investment in New Services
2. On-Going World-Wide Economic Recession
3. Absences of Major Replacement Demand Drivers Differentiation

* There are Still Remain Downward in Size of the Market

2.5G (GPRS, 1X / EV-DO)

- Increase in Multimedia Phones (Color, Camera etc.)
Regional Market Trends

Domestic

- Boosting Demand on Color, Mobile Internet, Camera Phones
  . Color Device Sales will be Dominant in the Market in 2003
  . EV-DO will be Genuine Driver to Increase the Data Services

Overseas

Western Europe
Market will be Driven By Replacement Demand
  . Penetration : 2001: 70% ➔ 2002: 76% ➔ 2003 : 79% (Gartner Estimate)
  . Increase Demand on High-end, High Functional Up-Market
  . GPRS, MMS, Color, Camera etc.

North America
Rising Competition Between CDMA & GSM Operators
  . TDMA Operators’ System Transition to GSM / GPRS / EDGE
  . CDMA Operators’ System Up-grade to CDMA 1X

Emerging Market
Keep High Growth in 2003 (India - CDMA, China – 1X, GPRS)
  . Market will be Driven By Low-end Product
Future Applications – Demand Driver

<table>
<thead>
<tr>
<th>Color</th>
<th>Increase in Color Device Shipments</th>
<th>Replacement Demand Driver</th>
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<tbody>
<tr>
<td>Camera</td>
<td>Increase in Camera Device Shipments</td>
<td>Intensify MMS Functionality</td>
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Source: Samsung Estimate
Strategic Direction & Vision
Leading Color / Camera
- Intensify Product Differentiation (Functionality)
- Increase Mid / High-end Market Volume
- Maintain High Operating Profit Margin

Leading Position in Emerging Market
- China, Russia, Indonesia etc.
- Keep Price Competitive Advantages in the Market

Leading Position in Multimedia Devices
- Strategic Co-operation with C/P, Solution Makers etc.
- World Best, Leading Product: Color, Polyphonic, GPS, VOD e.t.c.

→ Keep High ASP and Profit Margin

- **TFT Color LCD**
  - 65K
  - 40 Poly
  - WAP1.2

- **GPRS / Color**
  - 65K UFB-LCD
  - 40 Poly
  - WAP1.2
  - Java, EMS
  - IrDA

- **Built-in Camera**
  - TFT-LCD
  - 40 Poly
  - WAP2.0
  - Java, MMS
  - Digital Camera

- **Multimedia**
  - 65K, TFT-LCD
  - 40 Poly
  - WAP2.0
  - MMS, IrDA
  - Digital Camera
Mobile Multimedia Leader & Premium Brand

Operator
Growing revenue
Increasing air time

End User
Enhancing perceived value

Technology Leadership
Design Leadership
Mobile Contents Service

Global Operation Capability