



Samsung Electronics Reports Third Quarter Results

***Samsung Electronics reports operating profit of KRW 16.68 trillion
and net profit of KRW 2.19 trillion***

SEOUL, Korea - October 12, 2007: Samsung Electronics Co., Ltd. today announced record revenue of 16.68 trillion won for the third quarter of 2007 ended September 30, 2007. Operating profit and a net income for the quarter were 2.07 trillion won and 2.19 trillion won on a parent basis. Operating profit on a consolidated basis reached 2.74 trillion won, a 93% increase over the last quarter.

Record quarterly sales in the telecommunication handset business, coupled with a strong performance by the Semiconductor Business despite challenging market conditions, fueled the company's overall performance. The LCD and Digital Media Businesses also maintained leadership positions in advance of significant growth expected in the traditionally strong holiday season.

"During the third quarter, all businesses of the company including Semiconductor demonstrated solid performances on the foundations of their product and cost competitiveness," said Dr. Woosik Chu, executive vice president and head of Samsung Electronics' investor relations team. "Our results demonstrate strong fundamentals throughout the company, with earnings expected to continue trending upward as the fourth quarter brings greater demand for mobile phones and LCD TVs."

Semiconductor Rally

Operating profit of the Semiconductor Business reached 920 billion won on revenue of 5.01 trillion won in the third quarter. Operating profit of the Business on a consolidated basis more than doubled, or posted 860 billion won.

In the DRAM business, product differentiation and cost competitiveness were the main drivers of solid performance in the midst of unfavorable conditions for the quarter. The proportion of high value-add products such as mobile DRAM, Graphic DDR, and

SDRAM increased and products with 80nm and 68nm technology reached about 60% of overall production. Prices of NAND flash continued to be strong in the third quarter following the introduction of new products that require larger memory, such as mobile phones targeting music fans and personal multimedia players (PMP). The launch of 51 nm NAND flash chips strengthened cost competitiveness and enabled the business to maintain high profits. To further strengthen its position in the memory chip market, Samsung has decided to invest an additional 1.4 trillion won for capacity expansion.

Both DRAM and NAND flash business are expected to grow consistent with the high-demand season beginning in the fourth quarter. Significant cost reductions achieved by accelerating mass production of 68nm DRAM and increasing volume of 51nm NAND flash chips through productivity improvements will also provide competitive advantages. The fourth quarter result of System LSI (non-memory chips) business is expected to improve as demand for Display Driver ICs (DDI) increases for large-screen TVs and high-resolution CMOS Image Sensors (CIS).

Handset Sales Booming

The Telecommunication Network Business posted an operating profit of 590 billion won on the quarterly revenue of record-high 5.08 trillion won. On a consolidated basis, operating profits showed a steady performance of 880 billion won, an 87% increase over the last quarter.

Robust sales of premium phones, including the "Ultra Edition," and a solid performance in emerging markets helped boost sales to a record of 42.6 million units for a single quarter. This strong performance led the accumulated unit sales of the company to more than 115 million units, exceeding last year's total of 114 million units. The average sales price for the third quarter increased to \$151 from \$148 for the second quarter with the operating margin of the business reaching 12%, an increase of 4% point over the second quarter.

The company will actively respond to the growth of the 3G market by launching more phones supporting WCDMA and HSDPA standards. In addition, the company's various premium phones such as Armani phones, B&O phones II, 5M-pixel camera phones and touch screen phones will continue to position Samsung at the forefront of the multimedia market. Annual sales of mobile phones are projected to reach 157 million

units if fourth quarter results equal those of the third quarter, which in turn will solidify Samsung's position as the world's second-largest mobile phone provider.

LCD and Digital Media Look Ahead

The LCD Business posted revenues of 4.2 trillion won, with operating profit of 670 billion won. Despite depreciation occasioned by the start of 8G line of the company's S-LCD joint venture, operating margins for the LCD Business posted 17%, an increase of 8% point.

Sales of 40-inch or larger sized panels hit the mark of 230 million units, demonstrating Samsung's global leadership in the large screen TV market. In the fourth quarter of 2007, the company plans to further strengthen its position in the 46-inch or larger sized panel market by accelerating operation of its 8G line and maximizing cost effectiveness.

The Digital Media Business posted an operating loss of 120 billion won on revenue of 1.48 trillion won, on a parent basis. However, its operating profit on a consolidated basis reached 240 billion won. The robust sales of "Bordeaux Plus" LCD TVs, reaching over two million units for 6 months after its launch, are regarded as a main contributor of this result.

The Digital Media Business is expected to maintain its top position in the Flat Panel TV market in the fourth quarter of high-demand season thanks to the solid sales performance of new TV models launched in the previous quarter.

The Digital Appliance Division posted revenue of 930 billion won and an operating loss of 60 billion won. On a consolidated basis, operating profit reached 100 billion won, putting it at a profit for the third consecutive quarter.

"The company will maintain its momentum as the fourth quarter, a high-volume season, arrives and steady demand for major products like memory chips, mobile phones, LCD panels and TVs continues to grow," Dr. Chu said. "When new growth engines such as the printer business and System LSI truly engage, coupled with our current businesses remaining competitive, Samsung will be ideally positioned for maximum strength and profit."

Revenue by Business

(in trillion won, parent basis)

<u>Business</u>	<u>3Q06</u>	<u>2Q07</u>	<u>3Q07</u>	<u>Growth</u>	
				YoY	QoQ
Semiconductor	4.91	4.26	5.01	2%	18%
<i>Memory</i>	3.64	3.08	3.58	(2%)	16%
<i>System LSI</i>	0.59	0.65	0.74	25%	14%
LCD	3.00	3.34	4.02	34%	20%
Telecommunication Network	4.71	4.50	5.08	8%	13%
<i>Mobile Phone</i>	4.45	4.23	4.80	8%	13%
Digital Media	1.64	1.45	1.48	(9%)	2%
Digital Appliance	0.83	0.95	0.93	12%	(2%)
Total Revenue	15.22	14.63	16.68	10%	14%

Operating Profit by Business

(in trillion won, parent basis)

<u>Business</u>	<u>3Q06</u>	<u>2Q07</u>	<u>3Q07</u>	<u>Growth</u>	
				YoY	QoQ
Semiconductor	1.27	0.33	0.92	(28%)	181%
LCD	0.16	0.29	0.67	317%	131%
Telecommunication Network	0.52	0.35	0.59	13%	67%
Digital Media	(0.10)	(0.06)	(0.12)	-	-
Digital Appliance	(0.01)	-	(0.006)	-	-
Total Operating Profit	1.85	0.91	2.07	12%	127%

Consolidated basis Operating Profit by Business

(in trillion won)

<u>Business</u>	<u>3Q06</u>	<u>2Q07</u>	<u>3Q07</u>
Semiconductor	1.38	0.34	0.86
LCD	0.20	0.31	0.72
Telecommunication Network	0.53	0.37	0.88
Digital Media	0.18	0.23	0.24
Digital Appliance	(0.02)	0.07	0.04

About Samsung Electronics

Samsung Electronics Co., Ltd. is a global leader in semiconductor, telecommunication, digital media and digital convergence technologies with 2006 parent company sales of US\$63.4 billion and net income of US\$8.5 billion. Employing approximately 138,000 people in 124 offices in 56 countries, the company consists of five main business units: Digital Media Business, LCD Business, Semiconductor Business, Telecommunication Network Business and Digital Appliance Business. Recognized as one of the fastest growing global brands, Samsung Electronics is a leading producer of digital TVs, memory chips, mobile phones and TFT-LCDs. For more information, please visit www.samsung.com.

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