

**Earnings Release Q4 2009**

**Samsung Electronics**

**January 2010**

# Disclaimer

**This document is provided for the convenience of investors only, before our external audit on Q4 2009 financial results of our headquarters is completed.**

**The audit outcomes may cause some parts of this document to change.**

**This document contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects", "anticipates", "intends", "plans", "believes", "seeks" or "will ". Forward-looking statements by their nature address matters that are, to different degrees, uncertain.**

**For us, particular uncertainties which could adversely or positively affect our future results include: the behavior of financial markets including fluctuations in exchange rates, interest rates and commodity prices; strategic actions including dispositions and acquisitions; unanticipated dramatic developments in our major businesses including semiconductor, LCD, telecommunication, digital media ; and numerous other matters at the national and international levels which could affect our future results**

**These uncertainties may cause our actual results to be materially different from those expressed in this document.**

# <Consolidated Sales / Operating Profit>

(Unit : Trillion KRW)

	<u>Sales</u>				<u>Operating Profit</u>			
	4Q '09	3Q '09	FY '09	FY '08	4Q '09	3Q '09	FY '09	FY '08
<b>Semiconductor</b>	<b>8.02</b>	<b>7.46</b>	<b>26.85</b>	<b>22.35</b>	<b>1.70</b>	<b>1.15</b>	<b>2.42</b>	<b>0.00</b>
<i>(Margin)</i>					<i>(21%)</i>	<i>(15%)</i>	<i>(9%)</i>	<i>-</i>
<b>LCD</b>	<b>6.34</b>	<b>6.73</b>	<b>22.28</b>	<b>21.52</b>	<b>0.53</b>	<b>1.01</b>	<b>1.38</b>	<b>2.35</b>
<i>(Margin)</i>					<i>(8%)</i>	<i>(15%)</i>	<i>(6%)</i>	<i>(11%)</i>
<b>Telecom</b>	<b>11.57</b>	<b>10.71</b>	<b>42.09</b>	<b>34.57</b>	<b>0.99</b>	<b>1.03</b>	<b>4.13</b>	<b>2.98</b>
<i>(Margin)</i>					<i>(9%)</i>	<i>(10%)</i>	<i>(10%)</i>	<i>(9%)</i>
<b>Digital Media</b>	<b>14.68</b>	<b>12.37</b>	<b>48.89</b>	<b>42.19</b>	<b>0.47</b>	<b>0.94</b>	<b>2.85</b>	<b>0.40</b>
<i>(Margin)</i>					<i>(3%)</i>	<i>(8%)</i>	<i>(6%)</i>	<i>(1%)</i>
<b>Total</b>	<b>39.24</b>	<b>35.87</b>	<b>136.29</b>	<b>118.38</b>	<b>3.70</b>	<b>4.23</b>	<b>10.92</b>	<b>5.71</b>
<i>(Margin)</i>					<i>(9%)</i>	<i>(12%)</i>	<i>(8%)</i>	<i>(5%)</i>

※ Consolidated Income before Tax : **3.61**    **4.62**    **11.90**    **6.14**

# Sales and Profits (Parent Basis)

(Unit : Trillion KRW)

	4Q '09	(%)	Q-on-Q	3Q '09	(%)	FY '09	(%)	Y-on-Y	FY '08	(%)
<b>Sales</b>	<b>25.32</b>		<b>2%</b>	<b>24.86</b>		<b>89.77</b>		<b>23%</b>	<b>72.95</b>	
<b>Gross Profit</b>	<b>7.23</b>	<b>(29%)</b>	<b>8%</b>	<b>6.71</b>	<b>(27%)</b>	<b>21.37</b>	<b>(24%)</b>	<b>22%</b>	<b>17.57</b>	<b>(24%)</b>
SG&A	<u>4.86</u>		<u>23%</u>	<u>3.94</u>		<u>15.02</u>		<u>12%</u>	<u>13.44</u>	
<b>Operating Profit</b>	<b>2.37</b>	<b>(9%)</b>	<b>-14%</b>	<b>2.77</b>	<b>(11%)</b>	<b>6.35</b>	<b>(7%)</b>	<b>54%</b>	<b>4.13</b>	<b>(6%)</b>
Non-operating income	<u>0.99</u>		<u>-34%</u>	<u>1.51</u>		<u>4.49</u>		<u>153%</u>	<u>1.77</u>	
<b>Pre-Tax Income</b>	<b>3.36</b>	<b>(13%)</b>	<b>-21%</b>	<b>4.27</b>	<b>(17%)</b>	<b>10.84</b>	<b>(12%)</b>	<b>83%</b>	<b>5.91</b>	<b>(8%)</b>
Income Tax	<u>0.30</u>		<u>-45%</u>	<u>0.55</u>		<u>1.19</u>		<u>212%</u>	<u>0.38</u>	
<b>Net Income</b>	<b>3.05</b>	<b>(12%)</b>	<b>-18%</b>	<b>3.72</b>	<b>(15%)</b>	<b>9.65</b>	<b>(11%)</b>	<b>75%</b>	<b>5.53</b>	<b>(8%)</b>

	<b>Sales</b>				<b>Operating Profit</b>			
	4Q '09	3Q '09	FY '09	FY '08	4Q '09	3Q '09	FY '09	FY '08
<b>Semiconductor</b>	<b>6.89</b>	<b>6.11</b>	<b>21.79</b>	<b>17.66</b>	<b>1.56</b>	<b>1.08</b>	<b>2.15</b>	<b>0.13</b>
- Memory	4.37	3.80	13.77	11.58				
<b>L C D</b>	<b>5.72</b>	<b>6.01</b>	<b>20.04</b>	<b>18.07</b>	<b>0.42</b>	<b>0.92</b>	<b>1.23</b>	<b>2.04</b>
<b>Telecom</b>	<b>9.11</b>	<b>9.08</b>	<b>34.30</b>	<b>26.72</b>	<b>0.76</b>	<b>0.70</b>	<b>2.98</b>	<b>2.37</b>
- Wireless	7.27	7.60	28.63	23.70				
<b>Digital Media</b>	<b>3.50</b>	<b>3.54</b>	<b>13.21</b>	<b>9.87</b>	<b>-0.37</b>	<b>0.06</b>	<b>-0.01</b>	<b>-0.39</b>
- Appliances	1.53	1.63	6.09	4.19				

# Cash Flow & Financial Position (Parent Basis)

## Cash Flow Statement

(Trillion KRW)

	<u>4Q '09</u>	<u>FY '09</u>	<u>FY '08</u>
Cash* (Beginning of period)	<b>8.79</b>	<b>6.65</b>	<b>7.81</b>
Cash flow from Operation	<b>6.24</b>	<b>12.74</b>	<b>10.86</b>
<i>Net profit</i>	3.05	9.65	5.53
<i>Depreciation</i>	1.84	7.60	7.62
<i>Others</i>	1.35	-4.51	-2.29
Cash flow from Investment	<b>-2.61</b>	<b>-6.47</b>	<b>-11.01</b>
<i>CAPEX</i>	-2.38	-5.24	-9.49
Cash flow from Finance	<b>0.03</b>	<b>-0.48</b>	<b>-1.01</b>
<i>Dividend</i>	-	-0.81	-1.17
<i>Repurchase of shares</i>	-	-	-
<i>Proceeds from sales of shares under stock option plan</i>	0.03	0.33	0.17
<u>Net increase in cash</u>	<u><b>3.65</b></u>	<u><b>5.79</b></u>	<u><b>-1.16</b></u>
Cash* (End of period)	<b>12.44</b>	<b>12.44</b>	<b>6.65</b>

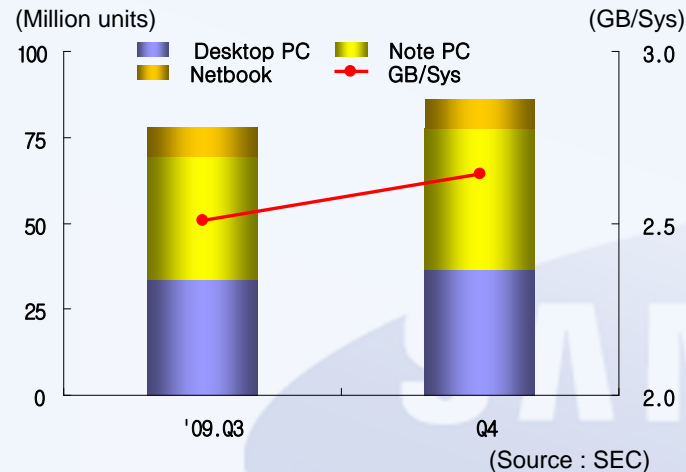
## Financial Position (B/S)

(Trillion KRW)

	<u>FY '09</u>	<u>3Q '09</u>	<u>FY '08</u>
Assets	<b>86.0</b>	<b>80.8</b>	<b>72.5</b>
Current Assets	<b>27.2</b>	<b>24.7</b>	<b>17.8</b>
<i>Cash*</i>	12.4	8.8	6.6
<i>AVR &amp; Inventories</i>	9.9	11.3	6.9
Non Current Assets	<b>58.9</b>	<b>56.1</b>	<b>54.7</b>
<i>P.P.E.</i>	28.5	28.0	31.2
Liabilities	<b>19.2</b>	<b>16.8</b>	<b>14.4</b>
<i>Debts</i>	0.1	0.1	0.1
Shareholders' Equity	<b>66.8</b>	<b>63.9</b>	<b>58.1</b>
<i>Capital Stock</i>	0.9	0.9	0.9
<i>Retained Earnings</i>	64.3	61.2	55.4
ROE	<b>15.4%</b>	<b>23.9%</b>	<b>10.1%</b>

\* Cash = Cash + Cash equivalent + Short-term financial instruments  
+ Marketable securities

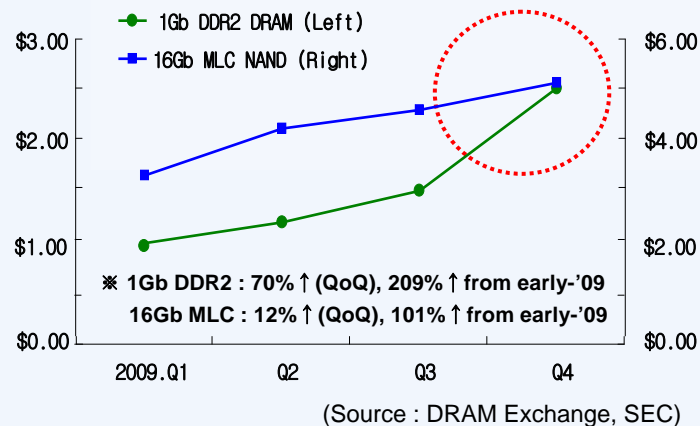
### PC Shipment



### Memory

- **DRAM : Price increase continued led by strong seasonal demand**
  - Better-than-expected PC shipment due to seasonal effects
  - Spot price increased 30% QoQ (1G DDR3), 70% QoQ (1G DDR2)
  - ☞ **Improved cost-competitiveness via migration to 5X/4Xnm and strengthened leadership by driving high-density DDR3**
- **NAND : Demand for high-density embedded products remained strong**
  - Strong demand for high-density(16GB/32GB) embedded products (e.g. smart phones)
  - Demand for low-density products in China turned weak
  - ☞ **Improved cost-competitiveness via migration to 3Xnm and enhanced profitability via increasing portion of embedded products**

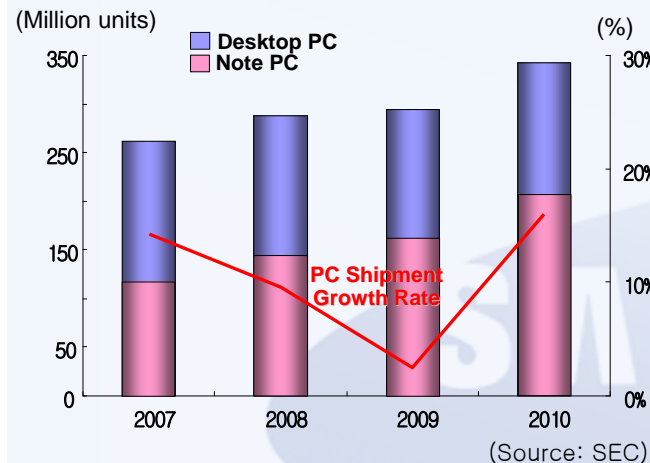
### Memory Spot Price Trend



### System LSI

- **Maintained revenue growth led by strong sales in Home& Media segment products**

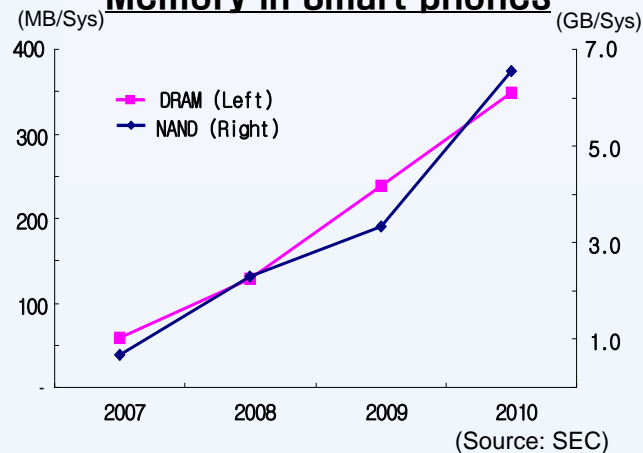
### PC Shipment Trend



### Market

- **DRAM**
  - Expect demand to remain strong throughout 2010 with increased adoption of Window7 and Corporate PC replacement demand in 2H
  - Q1: Expect demand from PC OEMs to remain strong despite seasonality
- **NAND**
  - Expect strong demand from smart phones and new application products with limited increase in supply
  - Q1: Expect demand to be stronger than typical Q1 due to Chinese New Year holidays

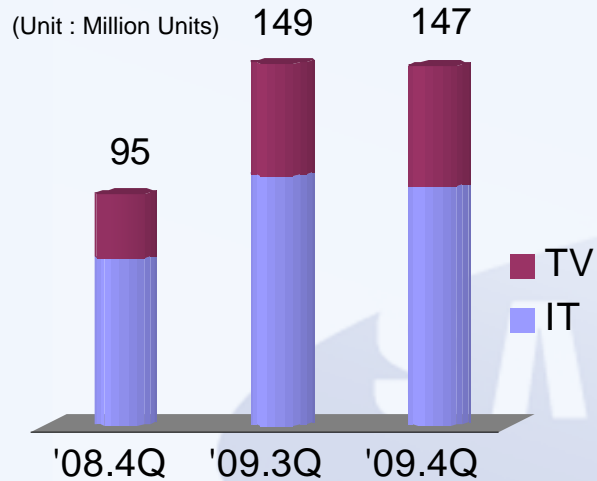
### Memory in Smart phones



### Samsung

- **Memory : Expand market dominance and improve profitability via widening technology gap**
  - **DRAM** : Improve cost-competitiveness via expanding 4Xnm portion & introducing 3Xnm processes and expand stable profit-base via differentiated products
  - **NAND** : Expand 3Xnm process and differentiated products (e.g. moviNAND/SSD)
- **S. LSI: Expect all business segments to improve**
  - Strengthen Mobile AP for smart phones and expand Foundry business customers

### Large Panel Shipment (Market)



(Source : DisplaySearch, '09.4Q)

### Panel ASP (Market)

(Unit : US\$, %)

ASP	'09.3Q	'09.4Q	G/R
Note PC	62	57	-7%
Monitor	89	83	-7%
TV	250	241	-4%

(Source : DisplaySearch, '09.4Q)

### Market

- Strong set sales in China and developed markets resulted panel inventory reduction
- Limited supply due to glass shortage
  - Stable supply and demand
  - Shipment : Q3 149 → Q4 147 mil units (-1% QoQ, 55% YoY)
  - TV : Robust panel demand amid Chinese New Year holiday season
  - IT : Notebook - Stable panel demand following robust set sales
  - Monitor - Weak demand due to inventory adjustment by set manufacturers

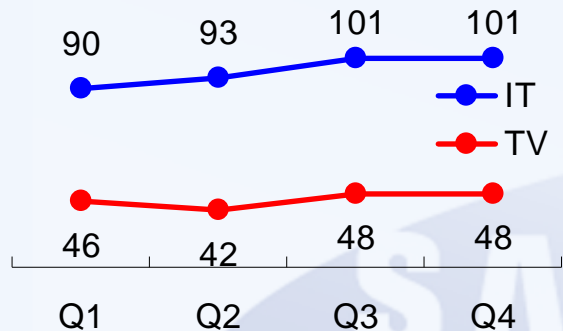
### Samsung

- Shipment remained flat QoQ due to strong notebook and TV panel sales
  - TV : Strong demand driven by set makers' robust sales and Chinese New Year holiday
    - ☞ Increased sales of premium products (e.g. 40"+, LED, 240Hz)
  - IT : Increase in notebook panel sales led by economic recovery and launch of Windows7
    - ☞ 16:9, LED panels, etc.



### 2010 Large Panel Demand (Market)

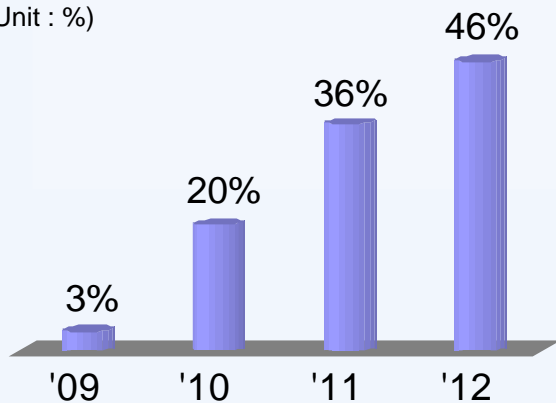
(Unit : Million units)



(Source : DisplaySearch, 4Q)

### LED TV Penetration in LCD TV Market

(Unit : %)



(Source : DisplaySearch, 4Q)

### Market

- **Expect strong demand in 2010 due to economic recovery, emerging market growth, and major sporting events**

- ☞ Risk of oversupply in 2H with supply increase

- **Expect strong demand in Q1 despite seasonality**

- TV : Expect strong demand due to Chinese New Year holiday, sporting events, and low panel inventory
- IT : Robust monitor panel demand due to inventory restocking and new model launches

### Samsung

- **TV : Expand sales of differentiated products to strengthen market dominance**

- Expand sales of new models for 2010 and differentiated products (2 Edge LED, 240Hz and slim products)
- Continue to strengthen strategic partnerships with captive and Chinese customers

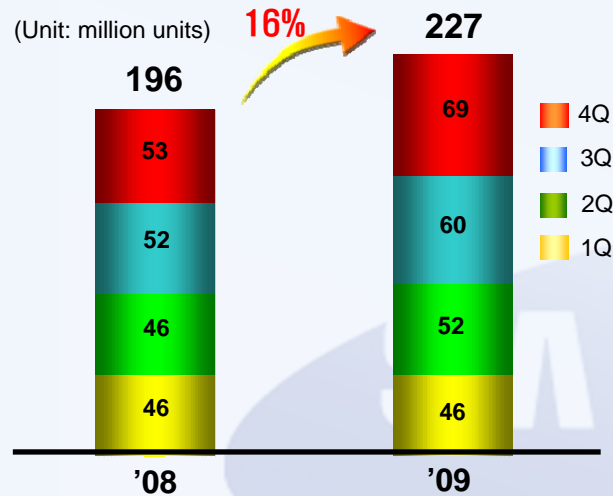
- **IT : Value-added & profitable product-mix and strengthen cooperation with major customers**

- 16:9, LED and low-power products

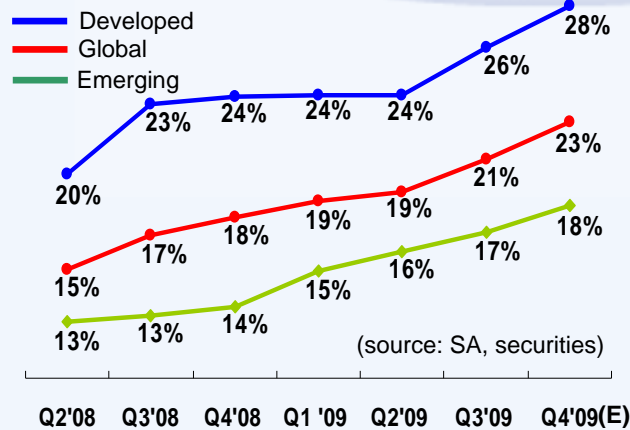
# Telecommunication

## Q4 Results

### Shipment Trends



### M/S Trends



### Handset

- **Shipment : 68.8 mil units (QoQ 14%↑, YoY 31%↑)**
  - Developed market
    - Enhanced line-up of smartphones (Omnia2) and touchphones (Corby)
    - Strengthened joint-promotion with carriers
  - Emerging market : Strong sales due to increased localized models and diversified distribution channel
- ☞ **'09 shipment : 16% YoY growth despite demand decline**
  - **Global M/S expected to exceed 20%**

- **ASP : \$115 (QoQ 4%↓)**
  - Intensified price competition and increase of mid-end segment
- ☞ **Achieved solid OP margin due to strong sales of high/mid-end phones and enhanced cost competitiveness**
  - **Maintained double-digit OP margin in '09**

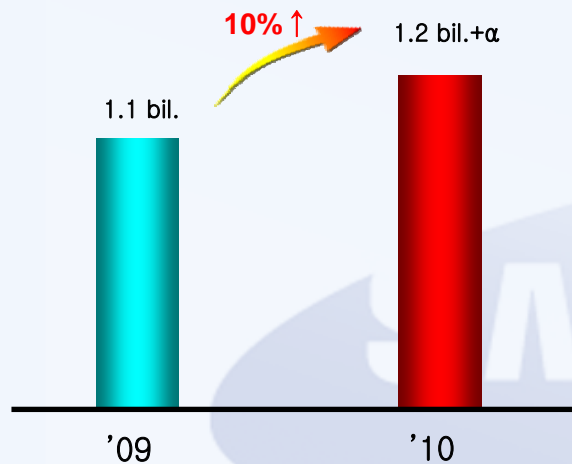
### Network

- **Maintained strong sales due to the expansion of overseas M-WiMAX and domestic WCDMA business**

# Telecommunication

## Business Outlook

### Handset Market



### Touch / Smartphone



### Market

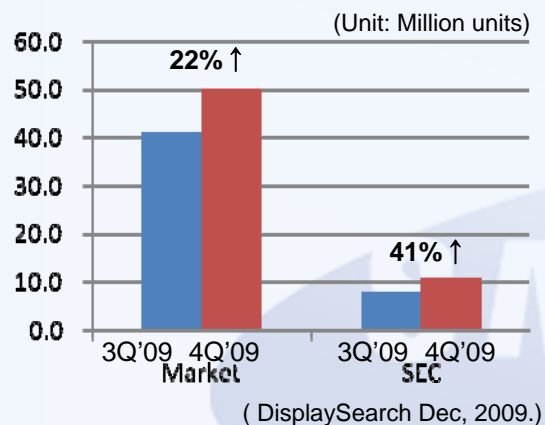
- '10 demand : Expect approx. 10% ↑ (YoY)
  - Market to recover due to economic recovery and improved consumer sentiment
  - Developed market : Smartphone demand to increase sharply
  - Emerging market : China 3G and replacement demand in other regions to expand
  - New model launches and price competition to increase in smartphone and full-touchphone segment
- Q1 demand to decline due to seasonal weakness

### Samsung

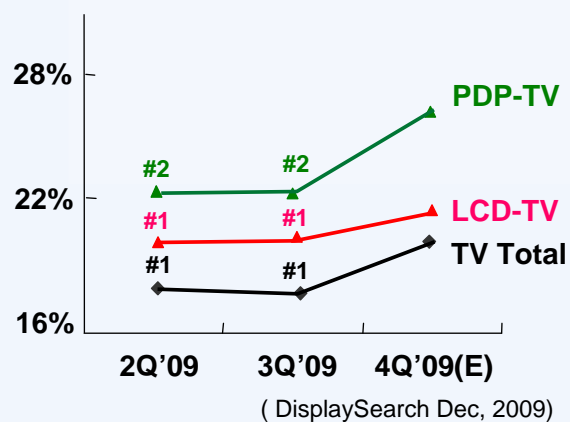
- '10 Shipments : Outperform market growth
  - Diversify touch/AMOLED phones and strategic models for emerging markets
  - Expand smartphone line up : Multi OS (WM, Android, LiMo, bada) & broad price range
- Strengthen carrier cooperation (development/promotion) and channel coverage
- Enhance cost efficiency
  - ☞ Target : Global M/S ↑ and Double-digit OP margin
- Network : Expand M-WiMAX business and establish stable LTE business foundation

### TV / Monitor

#### FPTV Market



#### FPTV Market Share



- **FPTV Shipment : 10.9 million units (QoQ 41% ↑, YoY 41% ↑)**

- LCD TV shipments continued to outperform the market growth
  - ※ 2009 LED TV shipments : 2.5M units
- Developed market : Strong sales of LED-TV and 40"+ LCD-TV
- Emerging market : Increased sales in BRICs

☞ **Expanded market dominance via strong product sales**

**Profitability decreased due to increased marketing expense and price competition**

- **Monitor : Maintained #1 market share through strengthened market leadership in 22"+ large-sized segment**

### Appliances

- **Revenue improved driven by strong sales in refrigerator & W/M, despite weak seasonal demand for air-conditioners**

- Premium refrigerator and drum washing machine sales continued to increase in U.S.

### TV Market Forecast

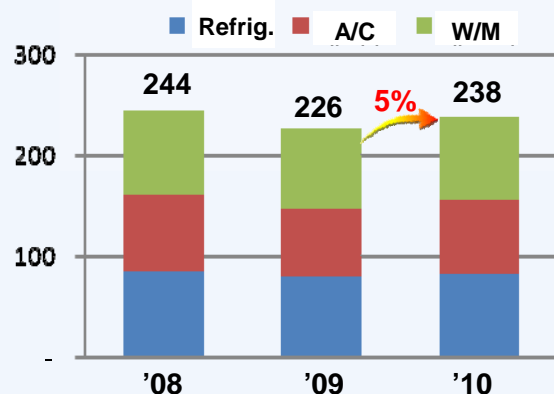
(Unit: Million units)

	3Q'09	4Q'09		1Q'10	
			QoQ		QoQ
CRT	13.7	11.3	-18%	8.5	-25%
<b>LCD</b>	<b>37.5</b>	<b>45.5</b>	<b>21%</b>	<b>36.6</b>	<b>-20%</b>
<b>PDP</b>	<b>3.6</b>	<b>4.5</b>	<b>24%</b>	<b>3.0</b>	<b>-32%</b>
<b>Total</b>	<b>54.9</b>	<b>61.3</b>	<b>12%</b>	<b>48.1</b>	<b>-22%</b>

(DisplaySearch Dec 2009)

### Appliances Market Forecast

(Unit: Million units)



(AHAM, GFK, SEC estimates)

### Market

- **FPTV : Annual demand to continue to grow (low-20% YoY), Q1 demand to decline due to seasonality**
  - Demand drivers : emerging market demand & declining LED TV price
  - LED TV segment to increase : 3% (2009) → 15% (2010)
  - Emerging market growth (38% YoY) to outpace developed markets (7% YoY)
  - Expect China holidays, the Winter Olympics to increase demand in Q1
- **Appliances : Expect demand to increase with anticipated economy recovery**

### Samsung

- **TV : Outperform the market growth**  
→ **Strengthen leadership**
  - Widen customer base via expansion of LED TV line-ups
  - LED TV shipment target in 2010 : 10 million units
  - Improve cost-competitiveness through enhanced SCM and economies of scale
- **Appliances : Strengthen leadership in premium market by expanding product line-up**
  - Continue to launch differentiated products (e.g. energy-saving products)

# [Appendix 1] Proforma Balance Sheet (Parent Basis)

(Unit : 100 Million, KRW)

	4Q '09 (A)	3Q '09 (B)	4Q '08 (C)	Q-on-Q (A - B)	Y-on-Y (A - C)
<b>Current Assets</b>	<b>271,732</b>	<b>247,051</b>	<b>177,908</b>	<b>24,681</b>	<b>93,824</b>
– Cash & Cash Equivalents	103,391	80,358	56,665	23,033	46,726
– Marketable Securities	21,044	7,561	9,821	13,483	11,223
– A/R	62,913	72,496	30,898	-9,583	32,015
– Inventories	36,336	40,436	38,178	-4,100	-1,842
– Other Current Asset	48,048	46,200	42,346	1,847	5,702
<b>Non Current Assets</b>	<b>588,510</b>	<b>560,558</b>	<b>547,284</b>	<b>27,952</b>	<b>41,226</b>
– Investment	266,241	258,061	216,531	8,180	49,711
– PPE	285,024	279,961	312,498	5,063	-27,474
– Intangible Assets	6,404	6,475	6,531	-71	-127
– Other Non Current Asset	30,841	16,061	11,724	14,779	19,115
<b>Total Assets</b>	<b>860,242</b>	<b>807,610</b>	<b>725,192</b>	<b>52,632</b>	<b>135,050</b>
<b>Liabilities</b>	<b>191,995</b>	<b>168,204</b>	<b>144,057</b>	<b>23,791</b>	<b>47,938</b>
– Debts	1,006	1,082	1,142	-76	-136
– Trade Accounts and N/P	47,853	46,772	23,881	1,081	23,972
– Other Accounts and N/P	45,959	33,455	37,874	12,504	8,085
– Accrued Expenses	50,060	44,451	38,367	5,609	8,365
– Income Tax Payable	6,259	4,193	4,124	2,066	2,135
– Other Liabilities	40,858	38,251	38,669	2,608	5,517
<b>Shareholders' Equity</b>	<b>668,247</b>	<b>639,406</b>	<b>581,135</b>	<b>28,841</b>	<b>87,112</b>
– Capital Stock	8,975	8,975	8,975	0	0
– Capital Surplus	66,519	65,813	65,896	706	623
– Capital Adjustments	-82,557	-82,749	-85,970	192	3,413
– Accumulated Other Comprehensive Income	32,744	35,338	38,074	-2,594	-5,330
– Retained Earnings	642,566	612,029	554,161	30,537	88,405
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>860,242</b>	<b>807,610</b>	<b>725,192</b>	<b>52,632</b>	<b>135,050</b>

## [Appendix 2] Proforma Income Statement (Parent Basis)

(Unit : 100 Million, KRW)

	FY '09		4Q '09		3Q '09		FY '08		FY '09 Y-on-Y (A - D)	4Q '09 Q-on-Q (B - C)
	(A)	%	(B)	%	(C)	%	(D)	%		
<b>Sales</b>	<b>897,728</b>	<b>100%</b>	<b>253,249</b>	<b>100%</b>	<b>248,620</b>	<b>100%</b>	<b>729,530</b>	<b>100%</b>	<b>168,198</b>	<b>4,629</b>
- Domestic	149,739	16.7%	38,436	15.2%	40,779	16.4%	135,567	18.6%	14,172	-2,343
- Export	747,989	83.3%	214,813	84.8%	207,841	83.6%	593,963	81.4%	154,026	6,972
<b>Cost of Sales</b>	<b>684,025</b>	<b>76.2%</b>	<b>180,989</b>	<b>71.5%</b>	<b>181,561</b>	<b>73.0%</b>	<b>553,806</b>	<b>75.9%</b>	<b>130,219</b>	<b>-572</b>
<b>Gross Profit</b>	<b>213,703</b>	<b>23.8%</b>	<b>72,261</b>	<b>28.5%</b>	<b>67,059</b>	<b>27.0%</b>	<b>175,724</b>	<b>24.1%</b>	<b>37,979</b>	<b>5,202</b>
<b>SG&amp;A</b>	<b>150,218</b>	<b>16.7%</b>	<b>48,562</b>	<b>19.2%</b>	<b>39,385</b>	<b>15.8%</b>	<b>134,383</b>	<b>18.4%</b>	<b>15,835</b>	<b>9,177</b>
- Wages & Fee	18,920	2.1%	5,137	2.0%	5,716	2.3%	18,526	2.5%	394	-579
- Marketing Expenses	56,422	6.3%	22,351	8.8%	13,933	5.6%	47,106	6.5%	9,316	8,418
- R&D / Royalty Expenses	46,749	5.2%	12,660	5.0%	12,424	5.0%	43,084	5.9%	3,664	236
<b>Operating Profits</b>	<b>63,485</b>	<b>7.1%</b>	<b>23,699</b>	<b>9.4%</b>	<b>27,674</b>	<b>11.1%</b>	<b>41,341</b>	<b>5.7%</b>	<b>22,144</b>	<b>-3,975</b>
<b>Non OP Income &amp; Expenses</b>	<b>44,920</b>	<b>5.0%</b>	<b>9,886</b>	<b>3.9%</b>	<b>15,056</b>	<b>6.1%</b>	<b>17,742</b>	<b>2.4%</b>	<b>27,178</b>	<b>-5,170</b>
- F/X Gain (or Loss)	-5,620	-0.6%	-1,710	-0.7%	-1,468	-0.6%	-1,523	-0.2%	-4,097	-242
- Gain (or Loss) on Foreign Currency Translation	2,808	0.3%	364	0.1%	1,644	0.7%	-3,537	-0.5%	6,345	-1,280
- Gain (or Loss) on Equity Investment	47,351	5.3%	13,854	5.5%	14,644	5.9%	17,922	2.5%	29,429	-790
<b>Income before Income Taxes</b>	<b>108,405</b>	<b>12.1%</b>	<b>33,585</b>	<b>13.3%</b>	<b>42,730</b>	<b>17.2%</b>	<b>59,082</b>	<b>8.1%</b>	<b>49,323</b>	<b>-9,145</b>
- Income Taxes	11,910	1.3%	3,048	1.2%	5,499	2.2%	3,823	0.5%	8,087	-2,451
<b>Net Income</b>	<b>96,495</b>	<b>10.7%</b>	<b>30,537</b>	<b>12.1%</b>	<b>37,231</b>	<b>15.0%</b>	<b>55,259</b>	<b>7.6%</b>	<b>41,236</b>	<b>-6,694</b>