

The trust and dedication of our customers, shareholders and society drives change and innovation at Samsung Electronics



Vice Chairman & CEO **Oh-Hyun Kwon**



President & CEO **Boo-Keun Yoon**



President & CEO **Jong-Kyun Shin**

Dear Samsung Electronics Stakeholder:

In 2012, the company achieved steady growth thanks to your continued trust and dedication. Despite intensifying competition, we recorded historic sales revenue and operating profit that strengthened our leadership in the global electronics industry. Based on consolidated financial statements, we realized sales revenue of KRW 201 trillion, operating profit of KRW 29 trillion and net income of KRW 24 trillion, double the previous year. We also maintained a robust financial structure, with a 49.1 percent liability ratio and 79.5 percent capital adequacy ratio.

Expanding the market leadership of core businesses

Last year, Samsung Electronics expanded its market leadership in core businesses, including smartphones and TVs. We achieved remarkable results in our mobile business, ranking No. 1 in both sales and market share in smartphones and all mobile phones. In the TV business, we again achieved No. 1 market share, for the seventh year in a row, also earning the highest profitability in the industry. We further strengthened the market power of our Memory business, outpacing competitors with our unmatched technology, dominant cost savings and advanced process technology development. In our developing businesses, OLED greatly improved its profitability, led by differentiated competitiveness. The System LSI business also showed outstanding growth in the mobile device market, led by the AP and CIS sensor segments.

In 2013, we will sharpen our market leadership across core areas and accelerate developing businesses to maintain our strong performance. With our newly reorganized structure of three divisions, we will aggressively respond to rapidly changing business environments as we steer new technology initiatives, pioneer new markets and identify business opportunities.

Securing our core competitiveness and brand momentum

To reinforce competitiveness, Samsung Electronics is focusing on attracting outstanding talent. We are consistently recruiting experts in software and R&D, and nurturing our patent capabilities by collaborating with outside research institutes and partners. That strategy has paid off. In 2012, we registered 5,081 patents in the U.S.

Our differentiated capabilities and technology earned worldwide recognition, including four awards from the European Imaging and Sound Association 2012 (EISA), the most prestigious in the region's video and audio industry, and 27 innovation awards

at CES 2013, the world's largest consumer electronics show. We also advanced high profile and consistent global brand marketing by sponsoring a range of international sports events, including the London 2012 Summer Olympics. As a result of such efforts, we attained the No. 9 ranking on Interbrand's Best 100 Global Brands 2012 list, with an estimated brand value of USD 32.9 billion.

Corporate citizenship that's committed to social improvement

Samsung Electronics is committed to transmitting its positive energy to society and to creating shared social value. We comply with all laws and ethical standards that safeguard markets around the world, including those for fair competition, personal data protection and anti-corruption, even as these turn more rigorous. We are increasing our social responsibility programs. In addition, we are boosting support for our worldwide partner companies to promote their global competitiveness as we expand the win-win partnerships that sustain growth.

The power to keep growing is directly fueled by the trust and dedication of our customers, shareholders and society. Looking ahead in 2013, Samsung Electronics will continue to work toward the change and innovation that inspires the world and shapes new futures.

Thank you.

Vice Chairman & CEO
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