Samsung CE Strategy
- Sustainable Growth and Value Creation -

Nov 2013
DISCLAIMER

The materials in this report include forward-looking statements which can generally be identified by phrases such as Samsung Electronics (SEC) or its management "believes," "expects," "anticipates," "foressees," "forecasts," "estimates" or other words or phrases of similar implications. Similarly, such statements that describe the company’s business strategy, outlook, objectives, plans, intentions or goals are also forward-looking statements. All such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in the presentation files above.

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 CE (Consumer Electronics), IM (IT & Mobile communications), DS (Device Solutions)
- 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 report.
Agenda

1. Business Opportunity
2. CE Strategy
3. Samsung CE Vision
Consumer Electronics

Closely Tied to People’s Daily Lives
Imagine Your Home Without CE Products
Brand Reliability Comes First

Product Replacement Cycle

- Mobile: 1.8 years
- Note PC: 5.0 years
- TV: 7.2 years
- Refrigerator: 14.0 years
- Washer: 15.9 years

※ Source: IMS Research (USA), Internal Analysis
Potential to Lock-in Customers

The First Purchase

Additional Purchase

Full Package
Experience Samsung Brand Everywhere!

Kitchen

Living Room

Laundry Room

Portable
1. Business Opportunity
Key Questions

01 Is TV biz able to generate sustainable growth?

02 Can HA biz turn into the Samsung’s next driver?
Business Opportunity - TV

TV Demand Growing Consistently

*$ Source: Display Search FPTV (Revenue)
Business Opportunity - TV

UHD TV Market Ready to Explode

※ Source: Display Search

- '13: 1.2M Units
- '14: 5x increase to 5.6 units
- '15: 11.1 units
- '16: 17.1 units

Full Line-up
Business Opportunity - TV

Fast Growing Premium Segment

60” ↑ FPTV

Emerging

Developed

Source: Display Search (Unit)

'13

4.8M (72%)

1.9M (28%)

6.7M

'16

3.6M (40%)

5.5M (60%)

9.1M
**Business Opportunity - TV**

Fast Growing Premium Segment

**Smart TV**

- **2013**
  - Emerging: 25M (34%)
  - Developed: 48M (66%)
  - Total: 73M

- **2016**
  - Emerging: 32M (30%)
  - Developed: 75M (70%)
  - Total: 107M

※ Source: Display Search (Unit)
Emerging Market, Driving New Momentum

Analog Switch-off Plan for Over 15 Countries

Source: Display Search FPTV (Revenue)
Business Opportunity - HA

Continuously Growing Market

CAGR 5.0%

Source: Euromonitor, GfK, BSRIA, Internal Analysis

* $188B

*264

*306

*06 07 08 09 10 11 12 13 14 15 16
Business Opportunity - HA

Increasing Appetite for Value-added Products

Better Quality of Life

Growing Desire for Premium Product

Increasing Average Price
Increasing Appetite for Value-added Products

**High End**
- Market Portion: 25% in '10, 33% in '13, 47% in '15

**Large Capacity**
- 4% in '10, 15% in '13, 26% in Future

**Energy Efficiency**
- 20% in '10, 57% in '13, 70% in '15

* Source: Traqline, GfK, JARN, Internal Analysis (Revenue)
Fragmented Market with Regional Players

Europe
Asia
America
Tremendous Addressable Opportunities

- B2B
- Content/Software
- Solution

Total Market

Addressable Market

Our Sales

+$\alpha$

$370B$
2. CE Strategy
Samsung TV Seized the Initiative

- 1940: Black & White TV
- 1970: Color TV
- 2006: Digital TV
CE Strategy - TV

Leading the Industry Trend

- 2006 Bordeaux
- 2009 LED TV
- 2011 Smart TV
- 2012 Smart Interaction
UHD TV

World’s Largest

Timeless Design
Evolutionary TV

Evolution Kit
Global No.1 for 8 Consecutive Years

Source: GfK, NPD (Revenue)
No.1 Market Share on Key Regions

- **Europe**: 38%
- **Asia Pacific**: 21%
- **M. East & Africa**: 36%
- **N. America**: 29%
- **L. America**: 30%

※ Source: GfK, NPD (Revenue) ‘13.1H
Leading the Premium Market

Market Share of 60”
- Company A: 23%, 26%, 38%, 37%, 28%
- Company B: 18%, 17%, 12%

Source: GfK, NPD (Revenue) ‘13.3Q Cumulative

Market Share of $2,000
- Company A: 28%
- Company B: 18%, 18%, 17%, 12%
### The Most Preferred TV Brand

#### 2006

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#### 2008

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#### 2013

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<td>4</td>
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※ Source: Internal Analysis, TNS
Recent Challenges Surrounding TV Business

- Major TV Competitors
- 2nd-Tier TV Set Makers
- IT Companies with New Devices
Lead the UHD Category

Highest Picture Quality

Size Leadership

Multiple Form Factors
Reinforce Our Core Competencies

- Cutting-edge Technology
- Innovative Design
- Various Line-ups

CE Strategy - TV
Bring New Experience

Easier & Faster User Interface

Differentiated Content & Service
Provide Best Shopper Experiences

Story Zone
(In-store Display)

Culture Marketing
(France Nuit Blanche Festival)
Fully Prepared for Any Challenges
Home Appliances
Home Appliances Industry is ... 

Analog

14.0

Replacement Cycle
1.8 years

Mobile Refrigerator

Local Preference

Europe

Asia

America

Heavy Investment

x2 Investment

TV Refrigerator
Slow Moving Industry

Few Technology Breakthrough in the past

Refrigerator  Washer  Air-conditioner
Time to Change

the Market Paradigm
Innovate the Marketplace

Boost up Customer Desire

14.0 years  15.9

Refrigerator  Washer

Enlarge Market Size

Demand

+ α

Samsung’s Innovative Products
A Quantum Leap through Innovation

Disruptive Innovation

Take the Initiative

Beyond Comparison
Samsung’s Product Innovation
Refrigerator

Create a New Premium Category

- 1990: Side-by-side
- 2003: French-door
- 2012: T-type
- 2013: Food Showcase
- 2014+: Future REF

New!
Capacity Innovation

Bigger Capacity

Same Frame, More Space

T-type

T9000
Smart Storage Solution

Unorganized Food Showcase

Incase

Food Showcase

Showcase
New Embedded Feature

Sparkling Refrigerator
Lead the Green Technology Paradigm

Washing Machine

Performance

Energy

Water

Upgrade

saving

saving
Washing Machine

Lead the Green Technology Paradigm

- **Eco Bubble**
  - Up to 70% Less Energy

- **Air Speed Dry**
  - No Water Consumption
    - (Conventional 52L)

- **New Concept, New Design**
Air-conditioner

Provide Total Air Solutions

Commercial

Residential

Cooling/Heating

Indoor Air Quality
Unlimited Applications

Easy Installation

Energy Leadership
with Inverter Technology

Largest Capacity

Shopping Mall (Hungary)

Stadium (Germany)

Airport (China)

Resort (Turkey)

Office Building (Qatar)
Vacuum Cleaner

Create Cutting-edge Products
Vacuum Cleaner

Create Cutting-edge Products

Robot Cleaner

IT Technologies
- Remote Control

Sensors
- Visionary Mapping

Mechanics
- Pop-out Brush
Kitchen Appliances

Deliver the Premium Kitchen Package

**Large Market Potential**

Total Market

$70B

(Refrigerator $80B)

**Core of a Premium Brand**

Built-in Package

Premium Home Appliances
Kitchen Appliances

Deliver the Premium Kitchen Package

New Cooking Experience

Dual Cook
Oil-free Fry

Oven
Hood
Microwave Oven
Cooktop
Dish Washer
Establishing a Global Business Foundation

- **CE Strategy - HA**

- **Manufacturing Sites**
  - 7 manufacturing sites in 2008
  - 12 manufacturing sites in 2013

- Countries: Poland, China, Brazil, Korea, India, Mexico, Vietnam, Russia, Malaysia, Thailand, and +α
Discovering Deep Local Insights

Lifestyle Research Lab

Locations:
- London
- Beijing
- New Delhi
- Singapore
- San Jose
Premium Marketing to Raise Value

Collaboration Marketing
(with Furniture Company)

Club des Chefs
Premium Marketing to Raise Value

Opened Samsung Home Innovation space at Harrods, which is the Future of Retail (Sep ‘13)
Excellent Reviews across the World

“Best of the year 2013”

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand 1</th>
<th>Brand 2</th>
<th>Brand 3</th>
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<tbody>
<tr>
<td>Side-by-side</td>
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<td>B</td>
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<tr>
<td>French Door</td>
<td>Samsung</td>
<td>Company A</td>
<td>B</td>
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<tr>
<td>Sparkling REF</td>
<td></td>
<td></td>
<td>Picked as Spotlight</td>
</tr>
<tr>
<td>Dryer (Electric/Gas)</td>
<td></td>
<td></td>
<td>Excellent Grade</td>
</tr>
</tbody>
</table>

1 Samsung 76
2 Company A 75
3 B 74
1 Samsung 84
2 Company A 83
2 B 83

※ Source: Consumer Report (Nov 2013)
Excellent Reviews across the World

Top Ranked for 5-Consecutive Year

Washer

Samsung

Company A

B

C

822

818

808

783

※ Source: J.D.Power 2013 Laundry Appliances Satisfaction Study (Aug 2013)
HA Business will Jump Up to No.1

Performance

Speed of Innovation

Innovation to Influence People’s Lifestyle!

Samsung’s Disruptive Innovation
3. Samsung CE Vision
Samsung CE Vision

Sustainable Growth

Global No.1

Disruptive Innovator

Product Leadership

Design Superiority

Marketing Excellence
Thank you