

Earnings Release Q1 2009

Samsung Electronics

April 2009

Disclaimer

This document is provided for the convenience of investors only, before our external audit on Q1 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

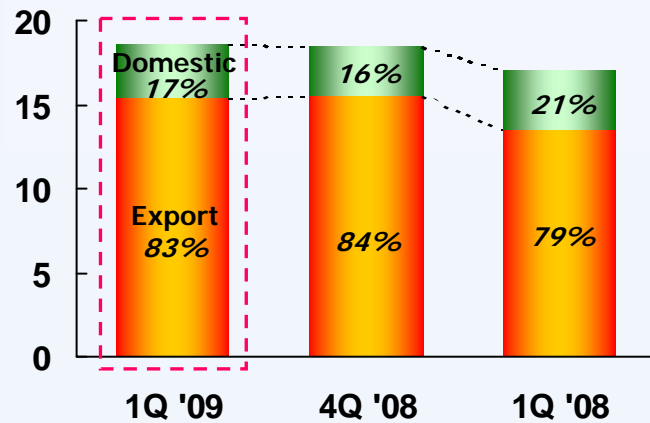
These uncertainties may cause our actual results to be materially different from those expressed in this document.

Sales and Profits

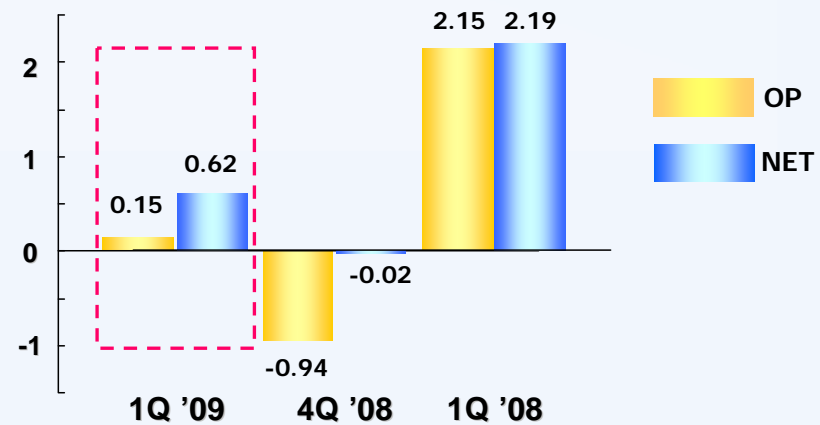
(Unit : Trillion KRW)

	1Q '09	Q-on-Q	4Q '08	1Q '08	Y-on-Y
Sales	18.57	1%	18.45	17.11	9%
Gross Profit	2.98	-15%	3.49	4.69	-36%
<i>(Margin)</i>	<i>(16%)</i>		<i>(19%)</i>	<i>(27%)</i>	
SG&A	<u>2.83</u>	<u>-36%</u>	<u>4.42</u>	<u>2.53</u>	<u>12%</u>
Operating Profit	0.15	-	-0.94	2.15	-93%
<i>(Margin)</i>	<i>(1%)</i>		<i>(-5%)</i>	<i>(13%)</i>	
Non-operating income	<u>0.54</u>	110%	<u>0.25</u>	<u>0.46</u>	16%
Pre-Tax Income	0.68	-	-0.68	2.62	-74%
<i>(Margin)</i>	<i>(4%)</i>		<i>(-4%)</i>	<i>(15%)</i>	
Income Tax	<u>0.06</u>	-	<u>-0.66</u>	<u>0.43</u>	<u>-85%</u>
Net Income	0.62	-	-0.02	2.19	-72%
<i>(Margin)</i>	<i>(3%)</i>		<i>(-0.1%)</i>	<i>(13%)</i>	

Sales



Profits



Financial Position & Cash Flow

Financial Position (B/S)

	(Trillion KRW)		
	<u>1Q '09</u>	<u>4Q '08</u>	<u>1Q '08</u>
Assets	74.5	72.5	67.5
Current Assets	19.2	17.8	16.9
<i>Cash *</i>	5.3	6.6	7.2
<i>A/R & Inventories</i>	9.1	6.9	5.9
Non Current Assets	55.3	54.7	50.6
<i>P.P.E.</i>	29.5	31.2	30.7
Liabilities	15.7	14.4	14.4
Debts	0.1	0.1	0.1
Shareholders' Equity	58.8	58.1	53.1
Capital Stock	0.9	0.9	0.9
Retained Earnings	55.3	55.4	52.2
* ROE	4.2%	-0.2%	16.7%

Cash Flow Statement

	(Trillion KRW)	
	<u>1Q '09</u>	<u>4Q '08</u>
Cash* (Beginning of period)	6.65	8.10
Cash flow from Operation	-0.06	0.88
<i>Net profit</i>	0.62	-0.02
<i>Depreciation</i>	1.97	1.97
<i>Others</i>	-2.65	-1.07
Cash flow from Investment	-1.30	-2.34
<i>CAPEX</i>	-0.60	-1.65
Cash flow from Finance	0.02	0.01
<i>Dividend</i>	-	-
<i>Repurchase of shares</i>	-	-
<i>Proceeds from sales of shares under stock option plan</i>	0.02	0.01
Net increase in cash	-1.35	-1.45
Cash* (End of period)	5.30	6.65

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

<Consolidated Sales / Operating Profit>

	<u>Sales</u>			<u>Operating Profit</u>		
	1Q '09	4Q '08	1Q '08	1Q '09	4Q '08	1Q '08
Device Solution	9.34	10.63	10.51	-0.98	-0.93	1.28
<i>(Margin)</i>				<i>(-10%)</i>	<i>(-9%)</i>	<i>(12%)</i>
Semiconductor	5.22	5.35	5.33	-0.67	-0.69	0.20
<i>(Margin)</i>				<i>(-13%)</i>	<i>(-13%)</i>	<i>(4%)</i>
LCD	4.11	5.24	5.15	-0.31	-0.24	1.08
<i>(Margin)</i>				<i>(-8%)</i>	<i>(-5%)</i>	<i>(21%)</i>
Digital Media & Communication	19.99	23.10	16.10	1.50	0.24	1.31
<i>(Margin)</i>				<i>(8%)</i>	<i>(1%)</i>	<i>(8%)</i>
Telecom	9.77	10.32	7.49	1.12	0.14	1.10
<i>(Margin)</i>				<i>(11%)</i>	<i>(1%)</i>	<i>(15%)</i>
Digital Media	10.07	12.62	8.46	0.38	0.10	0.21
<i>(Margin)</i>				<i>(4%)</i>	<i>(1%)</i>	<i>(2%)</i>
Total	28.67	33.00	26.01	0.47	-0.74	2.57
<i>(Margin)</i>				<i>(2%)</i>	<i>(-2%)</i>	<i>(10%)</i>

(Unit : Trillion KRW)

※ The consolidated Sales and OP are provided to enhance the understanding of the investors.

Divisional Performance – Sales

(Unit : Trillion KRW)

	1Q '09	Q-on-Q	4Q '08	1Q '08	Y-on-Y
Device Solution	7.49	-8%	8.16	8.76	-15%
Semiconductor	3.74	-5%	3.92	4.39	-15%
- Memory	2.47	3%	2.39	2.96	-17%
- System LSI	0.65	-30%	0.92	0.70	-8%
LCD	3.75	-11%	4.21	4.34	-14%
Digital Media & Communication	11.08	8%	10.25	8.34	33%
Telecom	8.06	4%	7.73	5.99	34%
- Wireless	6.83	-2%	6.98	5.18	32%
Digital Media	2.93	21%	2.41	2.23	31%
- Appliances	1.31	33%	0.98	0.82	59%
Total	18.57	1%	18.45	17.11	9%

Divisional Performance – Operating Profit

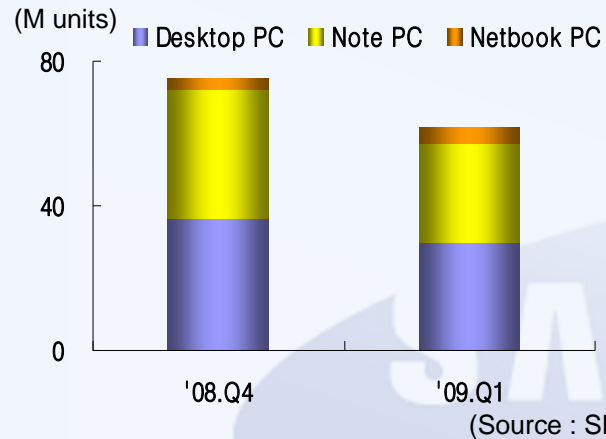
(Unit : Trillion KRW)

	1Q '09	Q-on-Q	4Q '08	1Q '08	Y-on-Y
Device Solution	-0.95	-	-0.91	1.20	-
<i>(Margin)</i>	<i>(-13%)</i>		<i>(-11%)</i>	<i>(14%)</i>	
Semiconductor	-0.65	-	-0.56	0.19	-
<i>(Margin)</i>	<i>(-17%)</i>		<i>(-14%)</i>	<i>(4%)</i>	
LCD	-0.31	-	-0.35	1.01	-
<i>(Margin)</i>	<i>(-8%)</i>		<i>(-8%)</i>	<i>(23%)</i>	
Digital Media & Communication	1.10	-	-0.02	0.97	14%
<i>(Margin)</i>	<i>(10%)</i>		<i>(-0.2%)</i>	<i>(12%)</i>	
Telecom	0.94	509%	0.16	0.93	2%
<i>(Margin)</i>	<i>(12%)</i>		<i>(2%)</i>	<i>(15%)</i>	
Digital Media	0.15	-	-0.17	0.04	304%
<i>(Margin)</i>	<i>(5%)</i>		<i>(-7%)</i>	<i>(2%)</i>	
Total	0.15	-	-0.94	2.15	-93%
<i>(Margin)</i>	<i>(1%)</i>		<i>(-5%)</i>	<i>(13%)</i>	

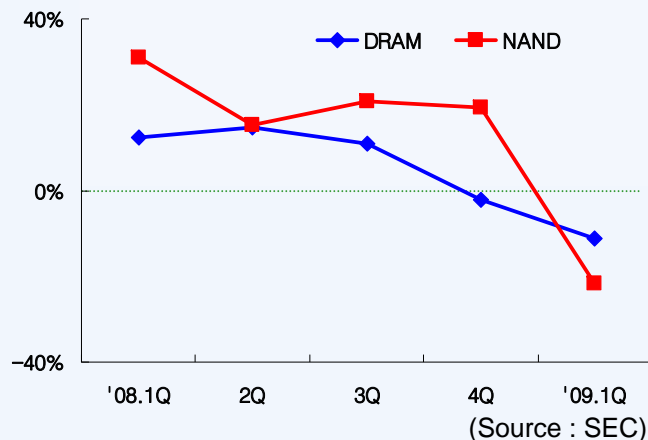
DS: Semiconductor

Q1 Results Analysis

PC Shipment



Industry Supply Growth Trend (QoQ)



Memory

- **DRAM : Price remained stable due to supply reduction amid continuous weak demand**
 - PC shipments declined by mid-10%(QoQ) (historical 1Q avg: -10%)
 - GB/Sys growth slowdown continued : Low single digit % ↑ (QoQ)
 - Supply reduced due to low utilization rate and delayed process migration
- ☞ **SEC : Strengthened cost competitiveness by expanding leading-edge process technology and enhanced leadership in next-generation high-end products (2G DDR2, 1G DDR3)**
- **NAND : Price increased due to sharp supply reduction amid weak seasonality**
 - Weak demand for mobile and consumer products due to seasonality
 - Significant reduction in supply due to cutback in production and delayed process migration
 - Supply reduction outpaced contraction in demand ☞ price increase
- ☞ **SEC : Strengthened product mix**
 - increased high-density embedded products for handsets (e.g. 8/16GB moviNAND)

System LSI

- Sales declined due to weak demand for set products and inventory adjustments

DS: Semiconductor

Business Outlook

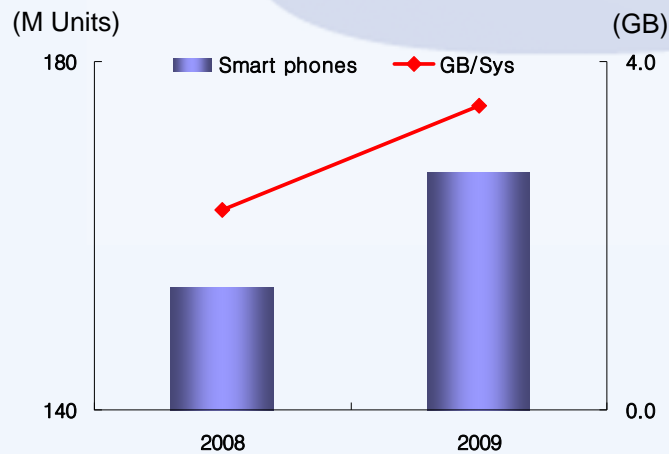
DDR3 Adoption Forecast

	Q1'09	Q2	Q3	Q4
% of DDR3 in DDR	10%	20%	30%	40%
% of DDR3 for servers	10%	40%	60%	75%

※ Industry base

(Source : Gartner, SEC)

NAND in Smart phones



(Source : SEC)

Market

▪ DRAM

- PC shipment to increase slightly (Low single % ↑, QoQ) following significant reduction in Q1
 - Typical weak seasonality (Historical 2Q PC shipment average: -2%)
 - Low GB/Sys growth to continue (Mid-single % ↑, QoQ)
- DDR3 for server applications to increase: 10%(1Q) → 40%(2Q)
- Supply growth to be limited due to lack of investment capability

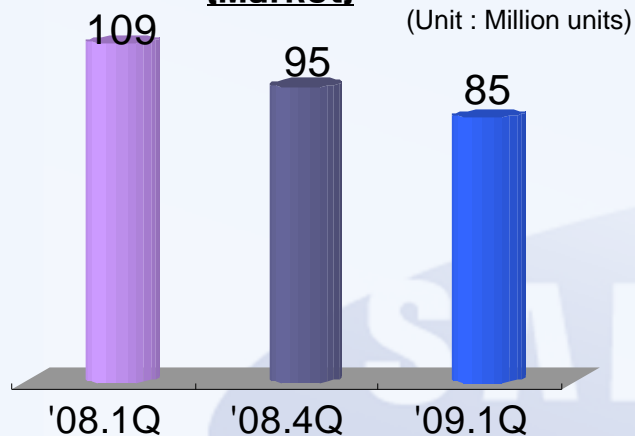
▪ NAND

- Demand to show marginal recovery
 - Expect new consumer product launches and demand for high-density products for smart phones to increase
- Supply to marginally increase due to rise in price
 - Recovering industry utilization rate could lead to pricing pressure

Samsung

- DRAM : Widen gap in cost competitiveness, and enhance next-generation & premium products
- NAND : Strengthen embedded & bundle products, and increase portion of high-density product sales
- S. LSI : Expect gradual recovery as set makers increase orders following inventory adjustment

Large panel shipment (Market)



(Source : DisplaySearch, '09.Mar)

Panel ASP (Market)

(Unit : US\$, %)

ASP	'08.Q4	'09.Q1	G/R
Note PC	\$59	\$50	-17%
Monitor	\$76	\$68	-10%
TV	\$274	\$228	-17%

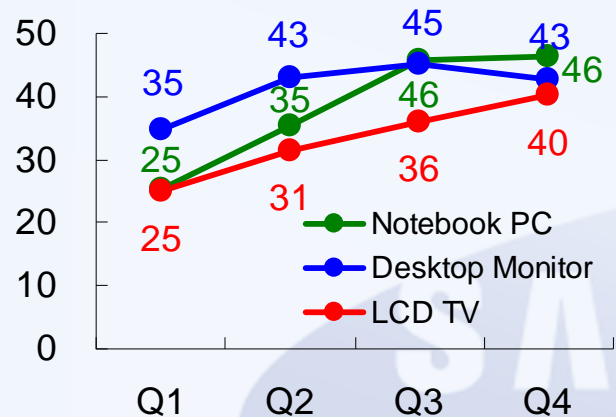
(Source : DisplaySearch, '09.Mar)

Large size panels

- **Panel demand declined QoQ due to continuous economic downturn and weak seasonality**
 - '08.4Q : 95 million units → '09.1Q : 85 million units (11% ↓ QoQ)
 - 22% ↓ YoY
- **Market blended ASP declined by 12% QoQ**
 - IT : Monitor panel price increased slightly from January
Notebook PC panel price stabilized from end of January
 - TV : Small size (32" ↓) panel price increased while large panel (40"+) price decreased
- **SEC : Panel shipment increased approximately 10% QoQ despite contraction in market demand**
 - IT : Despite weak PC demand, shipment increased as premium product sales picked up and set makers' demand increased due to inventory restocking
 - 16:9, LED, High-resolution & Large size panel (20"+)
 - TV : Strong sales continued due to healthy demand in the US market and China's government subsidy program
 - Premium products (Slim LED, 40"+)

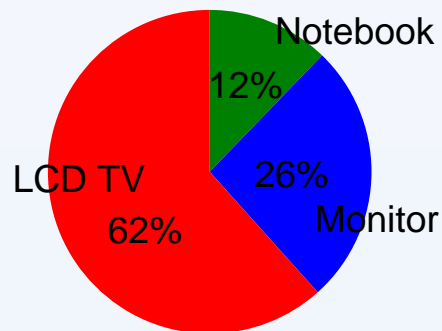
2009 Panel Demand Outlook

(Unit : million units)



(Source : DisplaySearch, '09.Mar)

2009 Area Breakdown (Market)



(Source : DisplaySearch, '09.Mar)

Market

- **Expect demand increase in Q2**

- IT : Expect demand to increase due to inventory restocking and 16:9 products
- TV : Demand to increase in emerging market led by China (24% ↑ QoQ)

☞ **Weak set product sales and increase in industry utilization could lead to pricing pressure**

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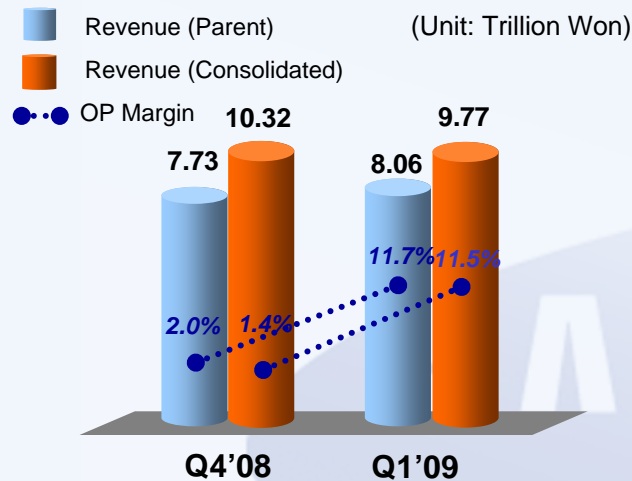
- **SEC to increase market dominance by strengthening partnerships with major customers and expanding customer base**

- IT : **Expand premium product line-up and increase sales for the mini-notebook PC market**
 - 16:9, LED, Low-power, High-resolution
- TV : **Differentiating products & enhancing market dominance**
 - Continue to strengthen market leadership through successful ramp-up of the 8-2 line
 - Continue product differentiation strategies focusing on 240Hz, Slim, Edge LED, etc.

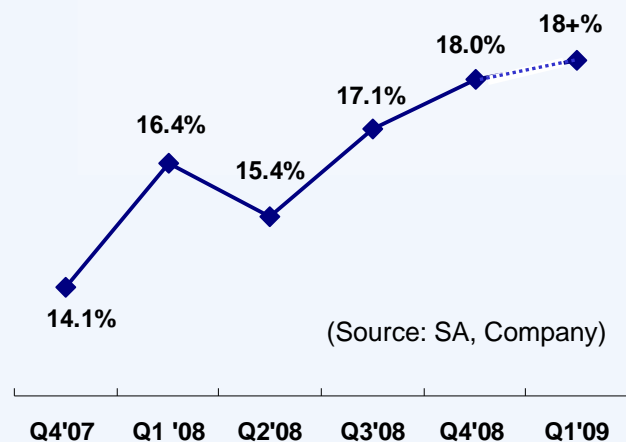
DMC: Telecommunication

Q1 Results Analysis

Revenue & OP Margin



M/S Trends



Handsets

• Shipment : Flat YoY (YoY 1%↓)

- Outperformed market growth → Expect steady M/S growth
- Global market contraction due to economic slowdown and low seasonality
- Enhanced line-up in each segment & active joint marketing with carriers
- Touch-phone (F480), Messaging-phone (A767), Emerging market targeted phones (E250, J700)
- US : Co-promotion with carriers, China : Channel expansion

• ASP : Marginal increase (QoQ 2%↑)

- Improved product mix due to the increase of mid & high-end sales

☞ **OP margin increased significantly through product mix improvement and cost-cutting efforts**

Network

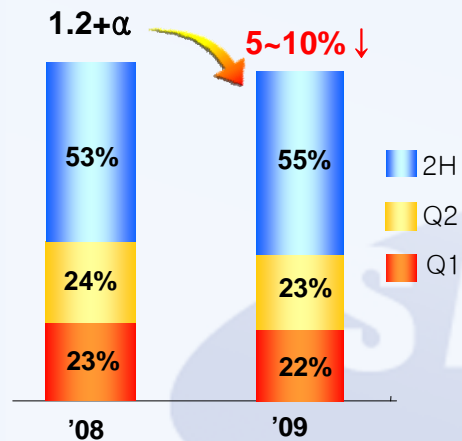
- **Steady sales increase of domestic WCDMA business & Mobile WiMAX business (US, Russia)**

DMC: Telecommunication

Business Outlook

Handset market

(Unit: Billion units)



(Source: SA, Analyst reports)

'09 1H Flagship models



Market

- **Q2 Demand : Flat or marginal increase QoQ**
 - EU : Demand slowdown to continue due to weak consumer confidence
 - Emerging market : Weak demand growth due to credit issue & new subscriber growth slowdown
 - Smartphone / Touchphone / China's 3G markets to grow slightly
 - Expect increased new model launches and intensified price competition

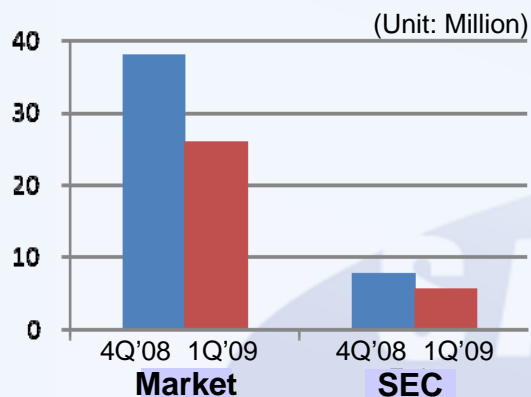
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- **Shipment : Expect to outperform market growth**
 - Enhance high-end line-up : Touch / Smart phone
 - Ultra Touch, i8910 HD, Android Phone
 - Improve emerging market line-up & distribution channels
 - Enhance sales activity targeting China's 3G market and strengthen joint promotion with carriers in US, EU, etc.
- **Continue to enhance operation efficiency and cost cutting efforts**
- **Networks : Mobile WiMAX service to expand in Japan & US**

DMC: Digital Media

1Q Result Analysis

FPTV Growth (QoQ)

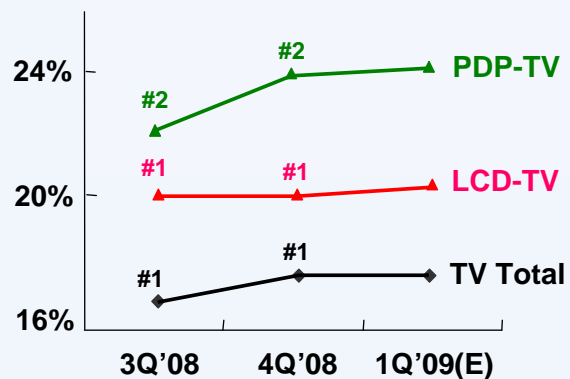


Digital Media

※ Including Overseas Sales

- DM Consolidated Revenue decreased 20% QoQ (19%↑ YoY) due to weak seasonality & sales decline in CE products
- FPTV: Global demand decreased by 30's%QoQ (10%↑ YoY) while SEC shipments decreased 20's%QoQ (20%↑ YoY)
 - Successful launching of new products (LED-TVs, New LCD-TVs)
 - ※ Strengths of LED-TV: Superior image quality, slimness & eco-friendliness
- Monitor sales outperformed the market → Expect additional M/S gain and strengthen the leadership in the 20"+ monitor seg.
 - SEC 1Q sales portion of 20"+ monitor seg.: high-20% vs. mid-20%(Mkt)
- Appliances revenue declined by low single-digit QoQ due to the economic slowdown but increased by low teens YoY
 - Steady gain in M/S led by strong sales in 3-door refrigerators and drum washing machines

TV Market Share



(Source : DisplaySearch, '09.Mar)

DMC: Digital Media

Business Outlook

TV Market Forecast

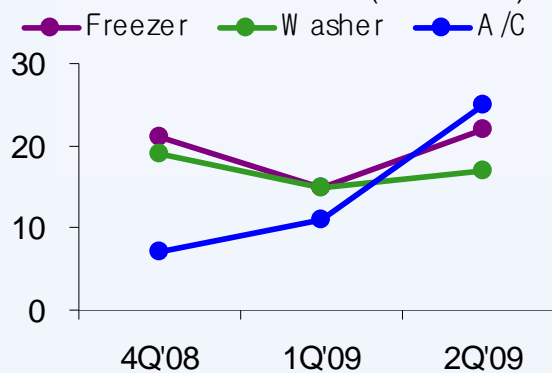
(Unit: Million)

	Q4'08	Q1'09		Q2'09	
			QoQ		QoQ
CRT	19.6	17.8	-9%	15.5	-13%
LCD	33.4	23.1	-31%	25.4	10%
PDP	4.4	2.8	-37%	3.2	15%
DLP	0.1	0.0	-64%	0.0	-36%
Total	57.6	43.7	-24%	44.2	1%

(Source: DisplaySearch '09.Mar)

Appliances Market Forecast

(Unit: Million)



(AHAM, GFK, SEC Estimates)

Market

- **Flat panel TV: Market demand to increase by 10%+ QoQ**
 - launching of digital broadcasting in the US, attractive price range, and lower FPTV household penetration
 - Emerging market growth to lead the global market growth (50% ↑ YoY)
- **Appliances : Expect QoQ demand growth due to the strong seasonality**

Samsung

- **FPTV : Samsung to outperform the market growth ; Increase profitability & M/S by expanding differentiated products**
 - Increase sales of LED and LCD-TVs introduced in 1Q and expand LED-TV product line-up in 2Q
 - Improve cost competitiveness by strengthening SCM
 - Reduction in lead-time & quick response to changes in the market
- **Appliances: Continue to launch new differentiated products and focus on high premium products**
 - Introduce premium products for the advanced market and energy saving products for the emerging market

[Appendix 1] Proforma Balance Sheet (Parent Basis)

(Unit : 100 Million, KRW)

	1Q '09 (A)	4Q '08 (B)	1Q '08 (C)	Q-on-Q (A - B)	Y-on-Y (A - C)
Current Assets	192,139	177,908	169,111	14,231	23,028
– Cash & Cash Equivalents	47,250	56,665	61,758	–9,415	–14,508
– Marketable Securities	5,769	9,821	10,239	–4,052	–4,470
– A/R	52,106	30,898	23,640	21,208	28,466
– Inventories	38,926	38,178	35,681	748	3,245
– Other Current Asset	48,088	42,346	37,793	5,742	10,295
Non Current Assets	552,787	547,284	506,387	5,503	46,400
– Investment	239,537	216,531	182,791	23,007	56,746
– PPE	295,471	312,498	307,000	–17,027	–11,529
– Intangible Assets	6,631	6,531	5,756	100	875
– Other Non Current Asset	11,149	11,725	10,840	–576	309
Total Assets	744,926	725,192	675,497	19,734	69,429
Liabilities	156,567	144,057	144,055	12,510	12,512
– Debts	1,252	1,142	939	110	313
– Trade Accounts and N/P	40,086	23,881	26,432	16,205	13,654
– Other Accounts and N/P	26,042	37,874	31,225	–11,832	–5,183
– Accrued Expenses	37,754	38,367	32,807	–3,941	4,947
– Income Tax Payable	1,901	4,124	7,499	–2,223	–5,598
– Other Liabilities	49,532	35,341	45,153	14,191	4,378
Shareholders' Equity	588,360	581,135	531,442	7,225	56,918
– Capital Stock	8,975	8,975	8,975	0	0
– Capital Surplus	66,182	65,896	65,482	286	700
– Capital Adjustments	–85,662	–85,970	–87,342	308	1,680
– Accumulated Other Comprehensive Income	45,866	38,074	22,816	7,792	23,050
– Retained Earnings	552,998	554,161	521,511	–1,163	31,487
Total Liabilities & Shareholder's Equity	744,926	725,192	675,497	19,734	69,429

[Appendix 2] Proforma Income Statement (Parent Basis)

(Unit : 100 Million, KRW)

	1Q '09 (A)		4Q '08 (B)		1Q '08 (C)		Q-on-Q	Y-on-Y
		%		%		%	(A - B)	(A - C)
Sales	185,662	100%	184,504	100%	171,073	100%	1,158	14,589
– Domestic	31,017	16.7%	29,637	16.1%	35,967	21.0%	1,380	-4,950
– Export	154,645	83.3%	154,867	83.9%	135,107	79.0%	-222	19,538
Cost of Sales	155,899	84.0%	149,650	81.1%	124,203	72.6%	6,249	31,696
Gross Profit	29,763	16.0%	34,853	18.9%	46,870	27.4%	-5,090	-17,107
SG&A	28,287	15.2%	44,224	24.0%	25,330	14.8%	-15,937	2,957
– Wages & Fee	4,049	2.2%	5,488	3.0%	3,894	2.3%	-1,439	155
– Marketing Expenses	6,683	3.6%	19,481	10.6%	6,376	3.7%	-12,798	307
– R&D / Royalty Expenses	11,118	6.0%	12,135	6.6%	9,593	5.6%	-1,018	1,524
Operating Profits	1,476	0.8%	-9,371	-5.1%	21,540	12.6%	10,847	-20,064
Non OP Income & Expenses	5,351	2.9%	2,545	1.4%	4,617	2.7%	2,805	735
– F/X Gain (or Loss)	1,735	0.9%	-1,134	-0.6%	-1,190	-0.7%	2,868	2,925
– Gain (or Loss) on Foreign Currency Translation	-2,733	-1.5%	-26	0.0%	-1,242	-0.7%	-2,707	-1,491
– Gain (or Loss) on Equity Investment	4,355	2.3%	3,015	1.6%	5,184	3.0%	1,340	-829
Income before Income Taxes	6,827	3.7%	-6,826	-3.7%	26,157	15.3%	13,653	-19,330
– Income Taxes	635	0.3%	-6,604	-3.6%	4,281	2.5%	7,239	-3,646
Net Income	6,192	3.3%	-222	-0.1%	21,876	12.8%	6,414	-15,684