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," "foresees," "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
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
- TV: 7.2
- Refrigerator: 14.0
- Washer: 15.9

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

The First Purchase

Additional Purchase

Full Package
Consumer Electronics

Experience Samsung Brand Everywhere!

- **Kitchen**
- **Living Room**
- **Portable**
- **Laundry Room**
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

- Analog Switch-off
- Pull-in Effect

$67B

‘06 ‘07 ‘08 ‘09 ‘10 ‘11 ‘12 ‘13 ‘14 ‘15 ‘16

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

UHD TV Market Ready to Explode

※ Source: Display Search

1.2M Units

5x

‘13

‘14

5.6

‘15

11.1

‘16

17.1
Fast Growing Premium Segment

- 60" FPTV
- 9.1M in '16 (40%)
- 6.7M in '13 (28%)
- 4.8M in '13 (72%)
- 1.9M in '16 (60%)

Emerging: 3.6M
Developed: 5.5M

Source: Display Search (Unit)
Business Opportunity - TV

Fast Growing Premium Segment

Smart TV

Emerging
Developed

Source: Display Search (Unit)

※ 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

※ Source: Euromonitor, GfK, BSRIA, Internal Analysis
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:
  - ‘10: 25%
  - ‘13: 33%
  - ‘15: 47%

**Large Capacity**
- ‘10: 4%
- ‘13: 15%
- Future: 26%

**Energy Efficiency**
- ‘10: 20%
- ‘13: 57%
- ‘15: 70%

* REF priced over $2,000 (USA)
* Washer over 8kg (Germany)
* Inverter A/C (China)

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

Europe

Asia

America
Tremendous Addressable Opportunities

B2B
Content/Software
Solution

Total Market
$370B

Our Sales
Addressable Market
+α
2. CE Strategy
Samsung TV Seized the Initiative

1940 Black&White TV

1970 Color TV

2006 Digital TV
Leading the Industry Trend

2006  Bordeaux

2009  LED TV

2011  Smart TV

2012  Smart Interaction
OLED TV

- Unparalleled Picture Quality
- Curved Design
Global No.1 for 8 Consecutive Years

- '06: 11%
- '08: 13%
- '10: 19%
- '12: 31%
- '13.1H: 31%

Company A: 18%
Company B: 8%

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
  - ‘09: 23%
  - ‘10: 26
  - ‘11: 38
  - ‘12: 37
  - ‘13: 28

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

Market Share of $2,000 ↑

- Company B
  - ‘09: 18%
  - ‘10: 17
  - ‘11: 37
  - ‘12: 48
  - ‘13: 12

Source: GfK, NPD (Revenue) ‘13.3Q Cumulative
## The Most Preferred TV Brand

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### 2008

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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

Size Leadership

Highest Picture Quality

Multiple Form Factors
Reinforce Our Core Competencies

2014

Innovative Design

Various Line-ups

Cutting-edge Technology
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)
Home Appliances
Home Appliances Industry is ...

**Analog**
- Mobile: Replacement Cycle 1.8 years

**Local Preference**
- Europe
- Asia
- America

**Heavy Investment**
- TV: x2 Investment
- Refrigerator
Slow Moving Industry

Few Technology Breakthrough in the past

Refrigerator

Washer

Air-conditioner
Time to Change
the Market Paradigm
A Quantum Leap through Innovation

Disruptive Innovation

Beyond Comparison

Take the Initiative
Samsung’s Product Innovation
Refrigerator

Create a New Premium Category

1990 Side-by-side
1990 French-door
2003 T-type
2012 Food Showcase
2013 Future REF
2014~ New!
Capacity Innovation

Bigger Capacity

Same Frame, More Space

T-type

T9000
Smart Storage Solution

Unorganized

Food Showcase

Incase

Showcase
New Embedded Feature

Sparkling Refrigerator

sodastream
Washing Machine

Lead the Green Technology Paradigm

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
Design Innovation

Q9000

Spring Air-purifier

Summer Cooling

Fall Virus Doctor

Winter Humidifier

Turbo Jet Cooling

Slim Design

55%
Easy Installation

Energy Leadership with Inverter Technology

Largest Capacity

Unlimited Applications

Shopping Mall (Hungary)
Stadium (Germany)
Airport (China)
Resort (Turkey)
Office Building (Qatar)
Vacuum Cleaner

Create Cutting-edge Products

Canister/Upright

Motion Sync Design
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
Deliver the Premium Kitchen Package

New Cooking Experience

- Dual Cook
- Oil-free Fry
Establishing a Global Business Foundation

7 manufacturing sites in 2008 → 12 manufacturing sites in 2013
Discovering Deep Local Insights

5 Lifestyle Research Lab
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”

Side-by-side

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French Door

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Sparkling REF

Picked as Spotlight

Excellent Grade

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

Top Ranked for 5-Consecutive Year

Washer

Samsung 822
Company A 818
B 808
C 783

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

Samsung's Disruptive Innovation

Innovation to Influence People's Lifestyle!
3. Samsung CE Vision
Highlight of Samsung CE
Samsung CE Vision

Sustainable Growth

Global No.1

Disruptive Innovator

Product Leadership

Design Superiority

Marketing Excellence
Thank you