## SAMSUNG Electronics Announces 2005 Second-Quarter Earnings

# Samsung reports quarterly sales of KRW13.59 trillion, operating income of KRW1.65 trillion and net income of KRW1.7 trillion.

**SEOUL, Korea – July 15, 2005:** Samsung Electronics Co., Ltd. announced its financial results for the second quarter of 2005. The company recorded sales of KRW13.59 trillion, operating income of KRW1.65 trillion, and net income of KRW1.7 trillion, representing a 2% drop, 23% decrease and 13% rise, respectively, from the previous quarter.

Despite a drop in prices of some of its main products, such as memory chips, the company was able to maintain sales of more than KRW13.5 trillion due to the growth of the LCD and Digital Appliance Businesses. While operating profits decreased, net income rose because of gains from Samsung Card's turnaround, which was incorporated through valuation using equity method of accounting.

Sales and operating income of the Semiconductor Business decreased slightly to KRW4.2 trillion and KRW1.1 trillion, respectively, because of a seasonal decline in DRAM and NAND flash memory prices. However the business continued to maintain high margins of over 26%, and the company expects improved performance in the second half with stronger demand for PCs. In addition, a boost in demand for high capacity NAND flash memory is expected with the introduction of new MP3 players and digital cameras with higher pixel counts.

The Telecommunication Network Business posted sales of KRW4.5 trillion and operating income of KRW530 billion, representing a decrease of 8% and 37%, respectively. The drop is attributed to increased marketing spend to counter growing competitiveness. Samsung sold 49 million phones in the first half despite a stagnant domestic market and slow-down in the growth of the overall mobile phone market. The company expects stronger performance in unit sales and ASPs in the third quarter with the launch of new premium products.

The LCD Business reported revenue and operating income figures of KRW2.1 trillion and KRW12.7 billion, respectively. The company expects its performance to improve in the third quarter as demand for LCDs increases. Plans for the full ramp-up of S-LCD's 7 th -generation line are on schedule, which will contribute to the increased sales of 32-inch and larger LCD TV panels.

Digital Media Business sales decreased to KRW1.6 trillion and posted a KRW50.0 billion operating loss because of the seasonal downturn. Sales of its Digital Appliance Business grew 27% to KRW1 trillion and operating income at KRW30.0 billion returned to the black from increased sales of air-conditioners.

Dr. Woosik Chu, Senior Vice President and General Manager of the IR Team, states, "Despite the challenging business environment and depressed market conditions, sales remain at similar levels from the prior quarter and operating profit figures met the market's expectation, demonstrating the inherent strength and competitiveness of Samsung's business model." He add s, "With demand for IT products expected to return and steady growth in our DRAM, NAND Flash, LCD and mobile phone businesses, Samsung Electronics anticipates improvements in both sales and operating profits in the second half of 2005."

Buisness	2Q04	1Q05	2Q05	Growth	
				YoY (%)	QoQ (%)
Semiconductor	4.58	4.48	4.17	(9)	(7)
Memory	3.57	3.54	3.22	(10)	(9)
		1	1		
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#### **Revenue by Business**

System LSI	0.62	0.45	0.45	(28)	1
LCD	2.47	1.90	2.12	(14)	12
Telecommuniction Network	4.94	4.84	4.46	(10)	(8)
Mobile Phone	4.61	4.56	4.19	(9)	(8)
				(0)	(0)
Digital Media	1.99	1.66	1.61	(19)	(3)
Digital Appliance	0.89	0.79	1.00	13	27
Total Revenue	14.98	13.81	13.59	(0)	(2)
	14.90	13.01	15.59	(9)	(2)

### **Operating Profit by Business**

Buisness	2Q04	1Q05	2Q05	Growth	
				YoY (%)	QoQ (%)
				1	
Semiconductor	2.15	1.39	1.10	(49)	(20)
	-				
LCD	0.82	0.02	0.01	(98)	(45)
	-	-			
Telecommuniction Network	0.80	0.84	0.53	(33)	(37)
Digital Media	(0.01)	(0.04)	(0.05)	(707)	(47)
Digital Appliance	(0.01)	(0.01)	0.03	-	-
Total Revenue	3.73	12.15	1.65	(56)	(23)

#### **About Samsung Electronics**

Samsung Electronics Co., Ltd. is a global leader in semiconductor, telecommunication, digital media and digital convergence technologies with 2004 parent company sales of US\$55.2 billion and net income of US\$10.3 billion. Employing approximately 1 1 3,000 people in over 9 0 offices in 48 countries, the company consists of five main business units: Digital Appliance Business, Digital Media Business, LCD Business, Semiconductor Business and Telecommunication Network Business. Recognized as one of the fastest growing brands, Samsung Electronics is the world's largest producer of color monitors, color TVs, memory chips and TFT-LCDs. For more information, please visit www.samsung.com.