

Pantech

Earning Release 1Q 2004

29 April 2004

The financial results for 1Q of 2004 have been prepared on an un-audited basis, and may be subject to change during the independent auditing process.

Furthermore, forward-looking statements in this documents are subject to known and unknown risks and uncertainties that may cause actual results to differ from those stated or implied by such statements.

Contents

1. Q1/FY04 Overview

2. Sales Performance

3. Financial Summary

4. Q2/FY04 Outlook

Attached: Balance Sheet Summary

Q1/FY04 Overview

- **Record High Quarterly Sales**

- Sales Revenue \$215M: CDMA \$110M, GSM \$98M, Others \$7M
- Unit Sales 1,991K: CDMA 1,366K, GSM 625K

- **Significant Sales Growth in Emerging Markets**

- Strong Marketing Activities Mainly in East South Asia and Russia
- Expand to 14% of Total Sales Supplying Mid-high End Products

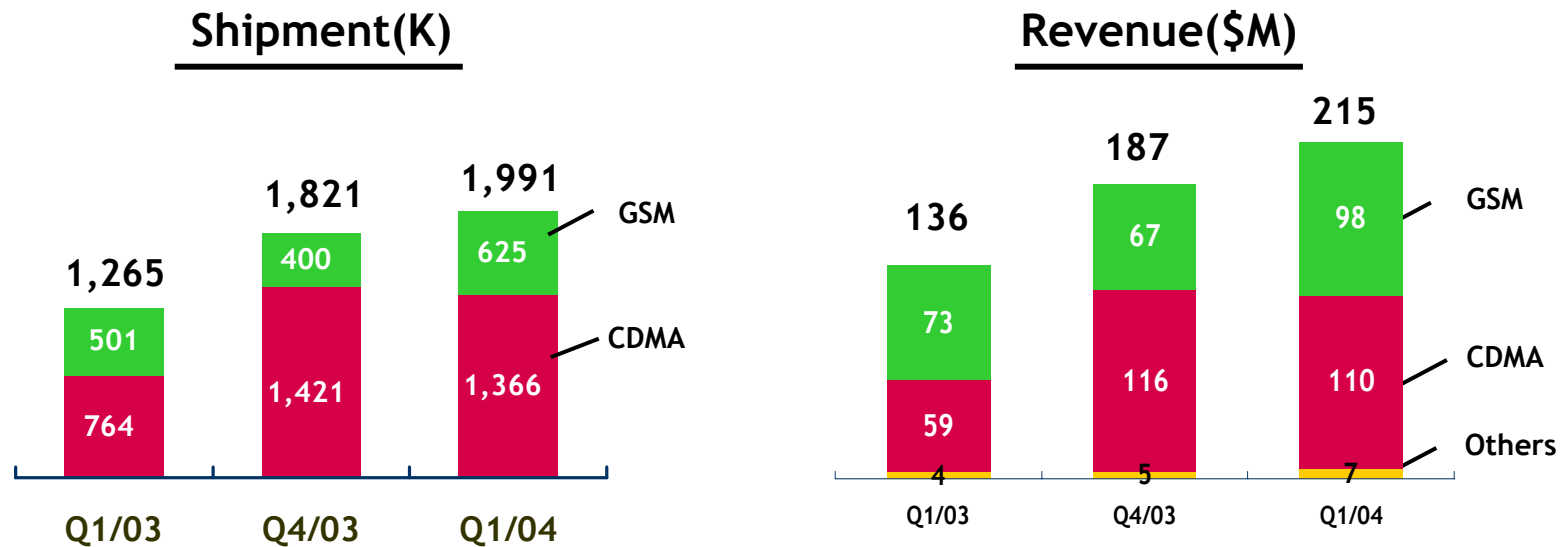
- **Supply Large Volume to Motorola, Consistent Sales Increase in Domestic Market**

- Achieve More Than 1Million Units to Motorola
- Favorable Market Response for Domestic Camera Models

- **Cost Competitiveness through Unification of Production Facilities of Affiliated Company**

* FXN: \$1 = 1,153.60KRW (as of 2004/03/31 - BOK (Bank Of Korea))

Sales Performance - Sales

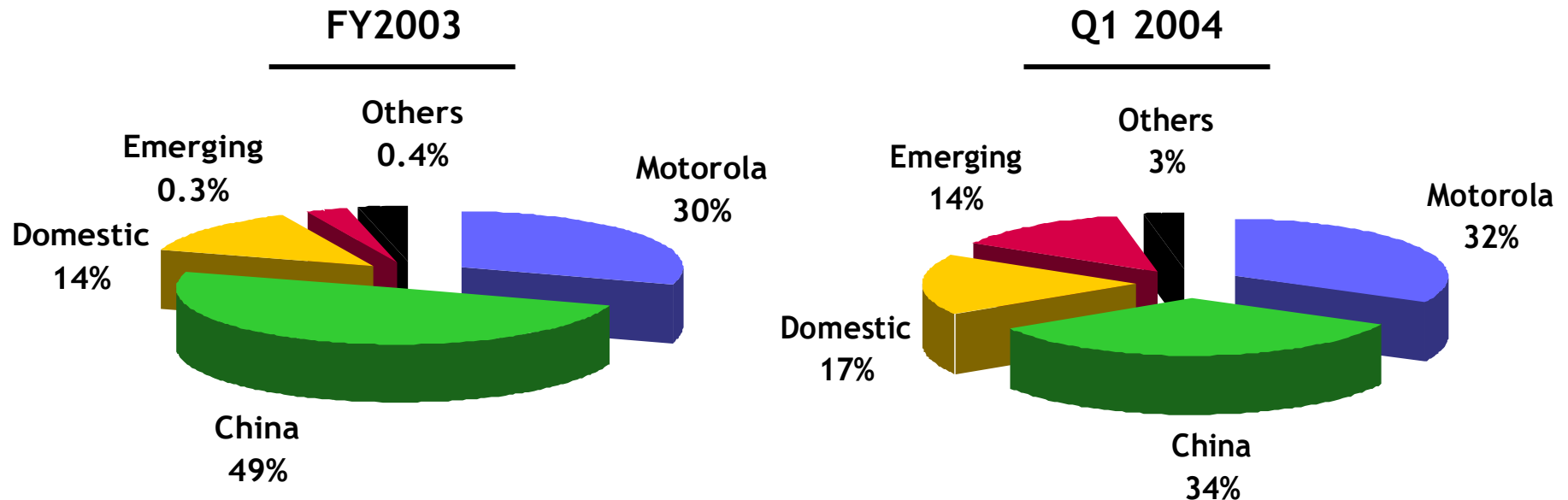


- Sales \$215 Million: 58.1%↑ YoY, 14.9%↑ QoQ.
- Shipment 1.99 Million Units: 57.4%↑ YoY, 9.3%↑ QoQ.
 - Continued Supplying more than 1 Million Units to Motorola.
 - Consistent Sales Increase in Domestic Market (1Q/03 60K → 4Q/03 148K → 1Q/04 160K)
 - Strong Growth in GSM thanks to Emerging Markets Sales Growth (Emerging Market 4Q/03 47K → 1Q/04 124K)

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Sales Performance - Market Mix

(Based on Sales Revenue)



- **Emerging Market:** Focusing on Mid-high Products to Enhance Brand Awareness
Sales Amount Increase more than Volume Increase (FY2003 0.3% → Q1/2004 14%)
- **Domestic Market:** Increase Portion of High End Products, mainly Camera Phones
(FY2003 14% → Q1/2004 17%)
- **Chinese Market:** Conservatively Maintain Supply (FY2003 49% → Q1/2004 34%)

Income Statement

(Unit: \$M, %)	Q1/03	Q4/03	Q1/04	YoY	QoQ
Sales	136	187	215	58.1%	14.9%
Gross Profit	22(16.3%)	33(17.6%)	29(13.3%)	28.7%	-13.4%
Operating Profit	8(5.9%)	16(8.5%)	10(4.8%)	29.1%	-35.0%
Recurring Profit	5(3.5%)	-8(-4.2%)	4(2.0%)	-9.6%	NA
Net Profit	4(2.6%)	-7(-3.8%)	4(1.9%)	19.4%	NA

- **Operating Profit \$10 Million: 29.1%↑ YoY, 35%↓ QoQ**

- Increase of Old Models Shipment due to a Few New Models Launched in 1Q
(1Q/04 New Model: 3 - Motorola 2, Chinese 1)
- Increase in SG&A Expense due to Marketing Activities in Emerging Markets

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Q2/FY04 Outlook

- **Launching New Models**

- **Domestic: Highly Featured Models including MP3 Functioned 2M Pixel Camera Phone and Kids Phone**
- **Export: Launching simultaneously Both Strategic Mid-Low Phone and Camera Embedded High End Phone**

- **2Q Expectation**

- **CDMA: Continues to Secure Supply to Motorola and Domestic Market**
- **GSM: Increase Sales in Emerging Market by Introducing Various New Models**
- **Chinese Market: Maintain the Supply Conservatively Focusing on Profitability**

Attached. Balance Sheet Summary

(Unit: \$M, %)	Q4/03	Q1/04	Net Chg.
Assets	362	396	+ 34
Current	198	229	+ 31
Fixed	164	167	+ 3
Liabilities	257	286	+ 30
Current	180	209	+ 28
Long-term	76	78	+ 2
SE	105	110	+ 5
Paid-in	11	11	0
D/E Ratio*	138.9%	150.2%	+ 11.3%P
ROE*	-13.72%	15.54%*	+ 29.26%P

* D/E Ratio = Interest Bearing Debt / Shareholders Equity x 100

* ROE is simply computed based on quarter earnings times 4 divided by SE. (No Seasonality Effects Applied)

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