

# Pantech

## 2Q05 Earnings Release

2005. 7. 28

# Forward-Looking Statements

This document contains forward-looking statements about the company, including descriptions of plans or objectives of its management for future operations, products or services, and forecasts of its revenues, earnings or other measures of economic performance. Forward-looking statements, by their nature, are subject to risks and uncertainties. A number of factors, many of which are beyond the company's control, could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Therefore, forward-looking statements speak only as of the date they are made. The company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made or to reflect the occurrence of unanticipated events.

# Content Overview

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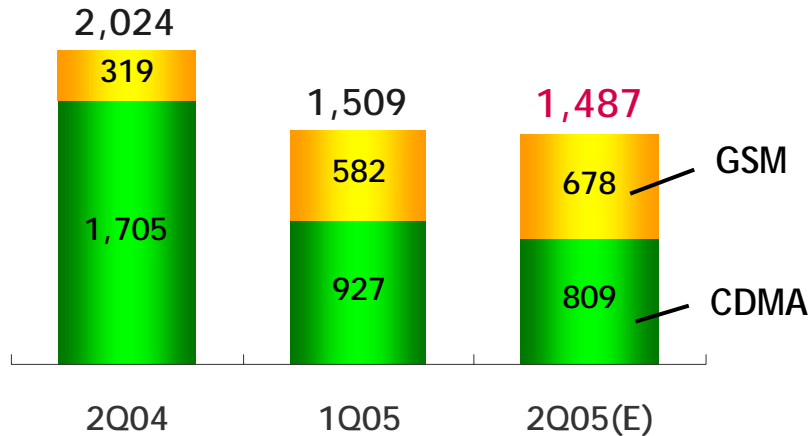
I. 2Q05 Earnings Results

II. Financial Statements

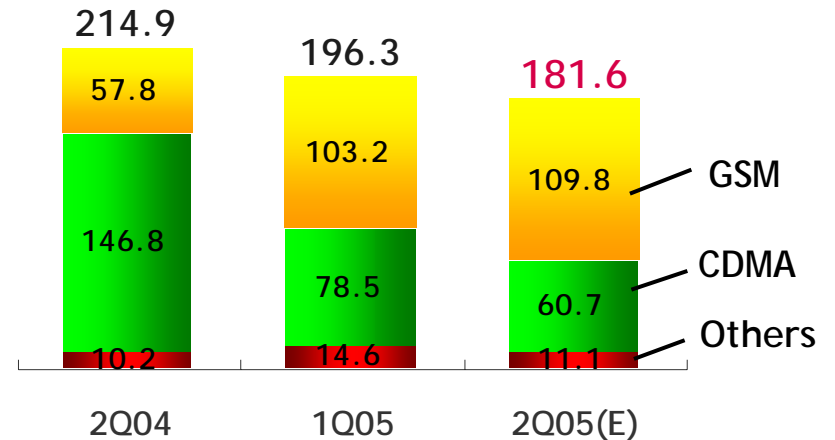
III. 2H05 Outlook

# I - 1. 2Q05 Sales

(Units in k) Shipment



(KRW Bn) Revenue



➤ 2Q Shipment 1,487k, Revenue KRW 181.6Bn

- QoQ: Shipment 1.5% down, Revenue 7.5% down
- YoY: Shipment 26.6% down, Revenue 15.5% down

➤ CDMA ↓

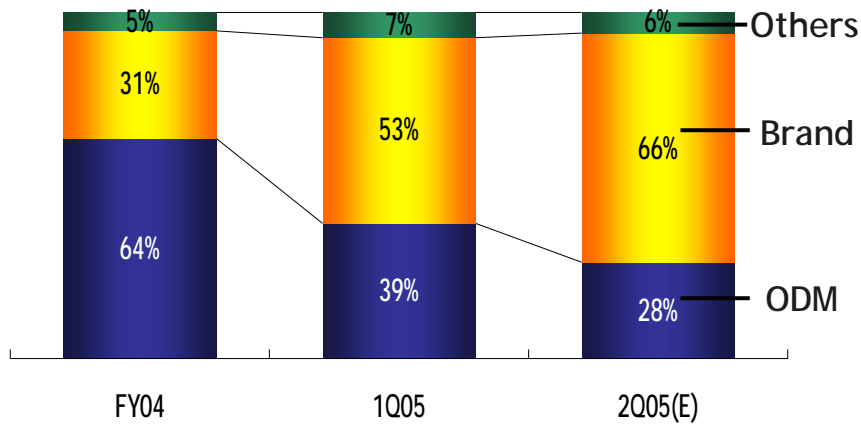
- Motorola sales down due to delay in inventory clearance in Brazil (1Q05 818K → 2Q05 615K)

➤ GSM ↑

- Brand business in China initiated
- Sales in Mexico market turning around
- Severe competition & Major sales from the old models → ASP ↓
- Weak Euro → Revenue ↓

# I - 2. Performance by market segments

## Revenue Breakdown



➤ Brand sales as % of total revenue: 66%

### ➔ Latin America

- Mexico: Upward trend in shipment since the local office incorporation on March
- Brazil: Successful Entry into major carriers

### ➔ E. Europe

- Sales down due to the Delays in product launches and Weak Euro

### ➔ China

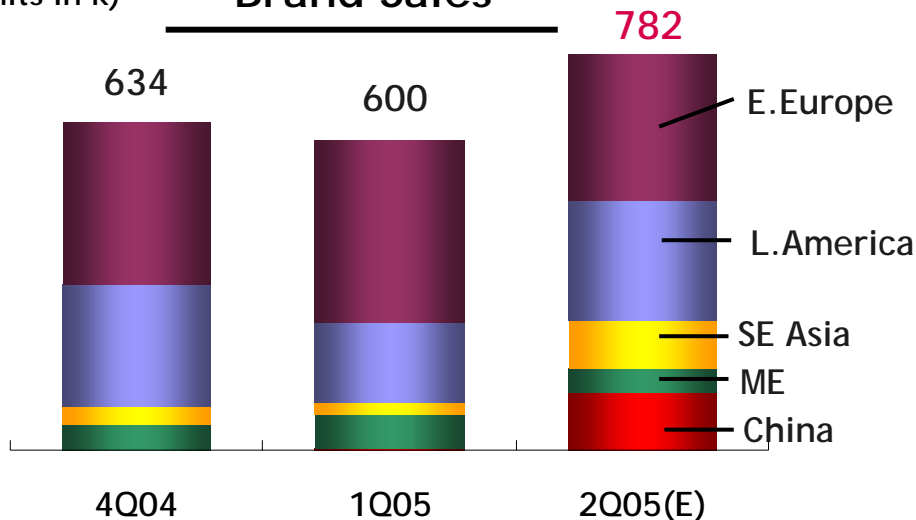
- Starting to ship 6 models after acquiring GSM license
- Sales infra(major & small distributors) in place

### ➤ ODM business

- Motorola: Channel inventory issue, ASP down due to old models
- Domestic: Flat QoQ

(Units in k)

## Brand Sales



## II - 1. P&L Summary

(KRW Bn, %)	2Q'04	1Q'05	2Q'05(E)	YoY	QoQ
Revenue	214.9	196.3	181.6	-15.5%	-7.5%
GP	36.5 (17.0%)	37.4 (19.1%)	37.1 (20.4%)	1.5%	-0.9%
SG&A	22.1 (10.3%)	29.3 (14.9%)	31.7 (17.5%)	43.7%	8.3%
OP	14.5 (6.7%)	8.1 (4.1%)	5.4 (3.0%)	-62.8%	-33.9%
Net non-op. exp.	8.1 (3.8%)	6.6 (3.4%)	19.7 (10.9%)	144.9%	198.3%
RP	6.4 (3.0%)	1.5 (0.8%)	-14.4 (-7.9%)	NA	NA
NI	5.8 (2.7%)	1.2 (0.6%)	-9.6 (-5.3%)	NA	NA
EBITDA	23.7 (11.0%)	15.4 (7.9%)	13.4 (-12.8%)		

➤ Gross margin: 1.3%P improved thanks to sales portion of brand business ↑

➤ Operating & Recurring P&L

- Advertising & Promotion expenses ↑ for active brand business

- Intangible impairment costs of KRW 14.7Bn

## II - 2. B/S Summary

(KRW Bn, %)

	4Q'04	1Q'05	2Q'05(E)
Total Assets	480.8	472.6	511.5
Current Assets	278.9	268.3	300.4
(Cash & cash equiv.)	(43.4)	(9.6)	(25.4)
Fixed Assets	201.9	204.3	211.0
Total Liabilities	336.4	325.8	373.7
Current Liabilities	255.6	243.8	256.5
(ST Debt)	(119.1)	(121.9)	(122.1)
(LT Portion)	(19.6)	(14.1)	(18.2)
LT Liabilities	80.8	82.0	117.3
(Bonds)	(53.9)	(54.0)	(103.9)
(LT Debt)	(17.3)	(16.6)	(1.3)
Total SE	144.4	146.8	137.7
Paid-in Capital	12.5	12.5	12.5
Debt-to-equity	232.9%	221.9%	271.3%
Financial debt / Total Assets	43.7%	43.7%	48.0%

# III. 2H05 Outlook

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- ※ Launch of new, branded products → Sales/Margin improvements
- ※ Resource allocation centered on 4 strategic markets

- Sales agreement in sizeable volume with the carriers in LATAM
- Strengthened marketing programs toward Russia
- Enforcement of channel infra in China
- Entry into North American market
- Expansion of domestic business into PCS market in Korea