

Earning Release 4Q 2004

20 January 2005

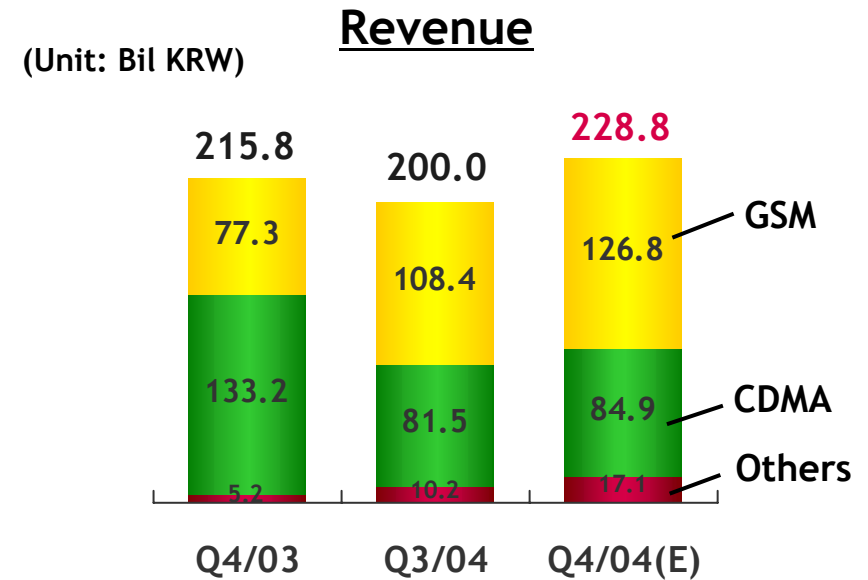
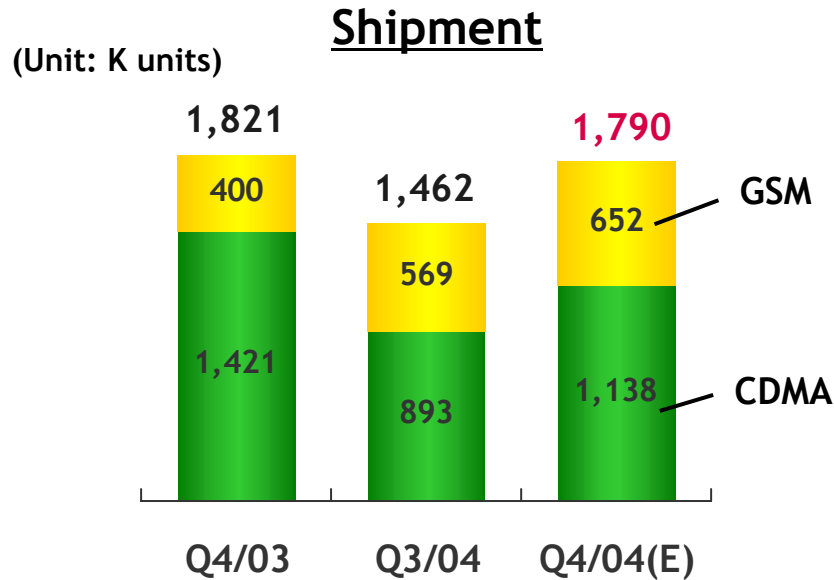
The financial results for 4Q of 2004 have been prepared on an un-audited basis, and may be subject to change during the independent auditing process.

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

Content

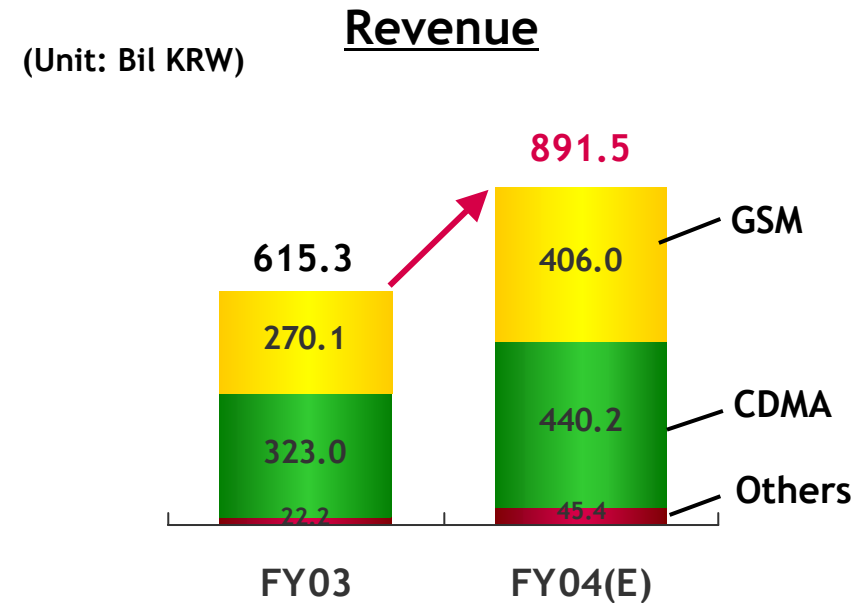
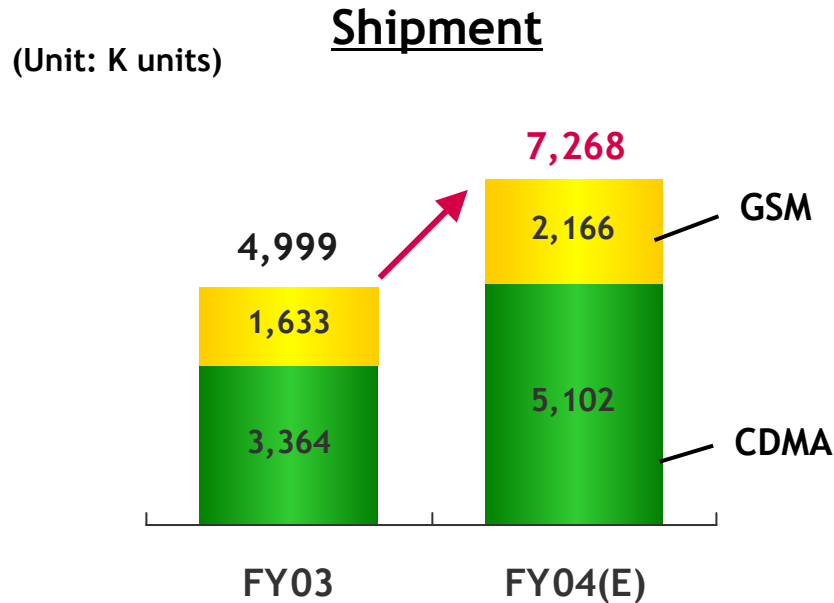
- I. Sales Performance in 4Q 2004 and FY2004**
- II. Financial Summary**
- III. Business Plan in 2005**

I - 1. Sales Performance - Quarterly Comparison



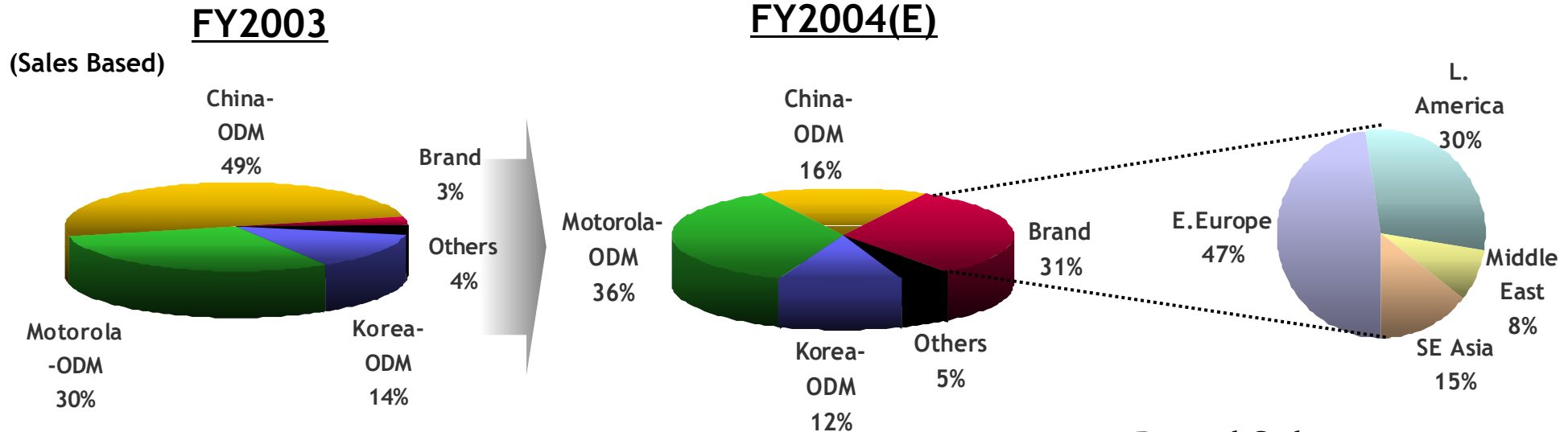
- **4Q04 Sales: 1,790 K units, 228.8 Bil KRW**
 - Shipment: YoY 1.7% ↓, QoQ 22.4% ↑
 - Revenue: YoY 6.0% ↑, QoQ 14.4% ↓
- **Brand Sales Increased to 122 Bil KRW by Large Line-up & Aggressive Marketing**
(Brand Sales Trends - 12 Bil KRW in Q4/03 → 87.6 Bil KRW in Q3/04 → 122 Bil KRW in Q4/04)
- **Motorola Sales Increased by 39% thanks to Strong Sales of C215 Model.**
- **Domestic Sales Decreased by 85% due to Market Slowdown.**
- **China Sales Decreased by 74% due to Lower Margin in ODM Business.**

I - 2. Sales Performance - Yearly Comparison



- **FY2004 Sales: Shipment 7,268 K Units (YoY 45.4%↑) , Revenue 891.5 Bil KRW (YoY 44.9% ↑)**
- **Jump in Brand Sales by YoY 1,406%**
(18.5Bil KRW in FY 2003 → 278.7 Bil KRW in FY 2004)
- **Increase in Domestic Sales by 26% due to Product Mix Upgrade**
- **Rise in Motorola Sales by 72%**
- **Balanced Sales Structure between CDMA and GSM (CDMA:GSM = 52:48 Sales based)**

I - 3. Sales Analysis by Markets



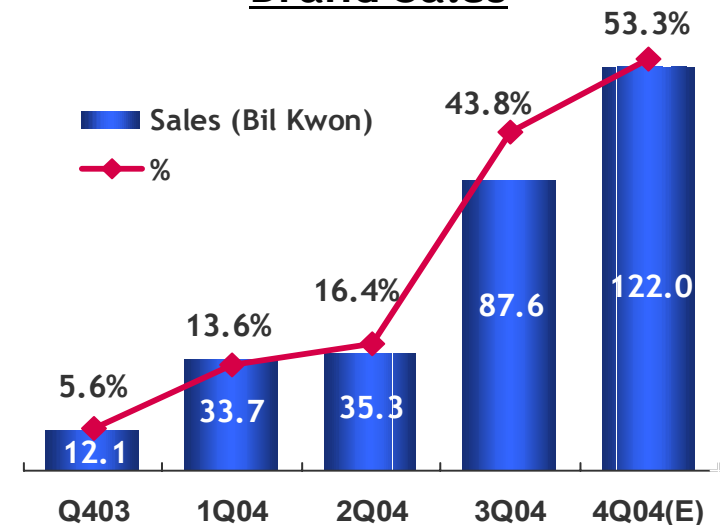
➤ Balanced Sales Structure Achieved by Market Diversification

- Timely Product Introduction & Client Relationship Development Mainly in Russia and Mexico
- Market Risk Management for Chinese ODM Business

➤ Building Up Branded Business for Long-term Growth

- Organized Product Road-map, Promotion & Customer Support for Brand Business

Brand Sales



II - 1. P/L Summary – Quarterly Comparison

(Unit : Bil KRW, %)

	Q4'03	Q3'04	Q4'04(E)	YoY	QoQ
Sales	215.8	200.0	228.8	6.0%	14.4%
Gross Profit	38.0 (17.6%)	43.9 (21.9%)	48.2 (21.1%)	26.9%	9.9%
SG&A	19.7 (9.1%)	24.6 (12.3%)	35.4 (15.5%)	79.5%	43.8%
Operating Profit	18.3 (8.5%)	19.2 (9.6%)	12.8 (5.6%)	-29.9%	-33.4%
Net Non-Operating Expense	27.3 (12.7%)	12.0 (6.0%)	10.8 (4.7%)	-60.4%	-10.5%
Recurring Profit	-9.0 (-4.2%)	7.2 (3.6%)	2.0 (0.9%)	NA	-71.8%
Net Profit	-8.2 (-3.8%)	6.3 (3.1%)	1.7 (0.7%)	NA	-73.0%
EBITDA*	25.9 (12.0%)	28.3 (14.2%)	21.7 (9.5%)	-16.3%	-23.3%

- Gross Profit 48.2 Bil KRW(21.1%), Operating Profit 12.8 Bil KRW (5.6%)
- Operating Profit Decreased due to Seasonal Marketing Cost Increase & Royalty Payment Increase
 - R&D Write-down 8.5 Bill KRW (9.9 Bill KRW in 3Q)

* EBITDA in this slide is quarterly based.

II - 2. P/L Summary - Yearly Comparison

(Unit: Bill KRW, %)

	FY2003	FY2004(E)	YoY
Sales	615.3	891.5	44.9%
Cost of Good Sold	52.9 (86.1%)	73.0 (81.9%)	37.7%
Gross Profit	85.4 (13.9%)	161.6 (18.1%)	89.2%
SG&A	67.4 (10.9%)	103.2 (11.6%)	53.1%
Operating Profit	18.0 (2.9%)	58.4 (6.5%)	224.0%
Net Non-Operating Expense	43.2 (-7.1%)	37.8 (4.2%)	-12.4%
Recurring Profit	-25.2 (-4.1%)	20.6 (2.3%)	NA
Net Profit	-18.3 (-3.0%)	18.6 (2.1%)	NA
EBITDA*	46.3 (7.5%)	92.6 (10.4%)	99.9%
ROE*	-13.7%	14.0%	

➤ **Gross Profit 89.2% Up, Operating Profit 224% Up**

- **Margin Structure Improved by Market Risk Management and Brand Sales Increase**

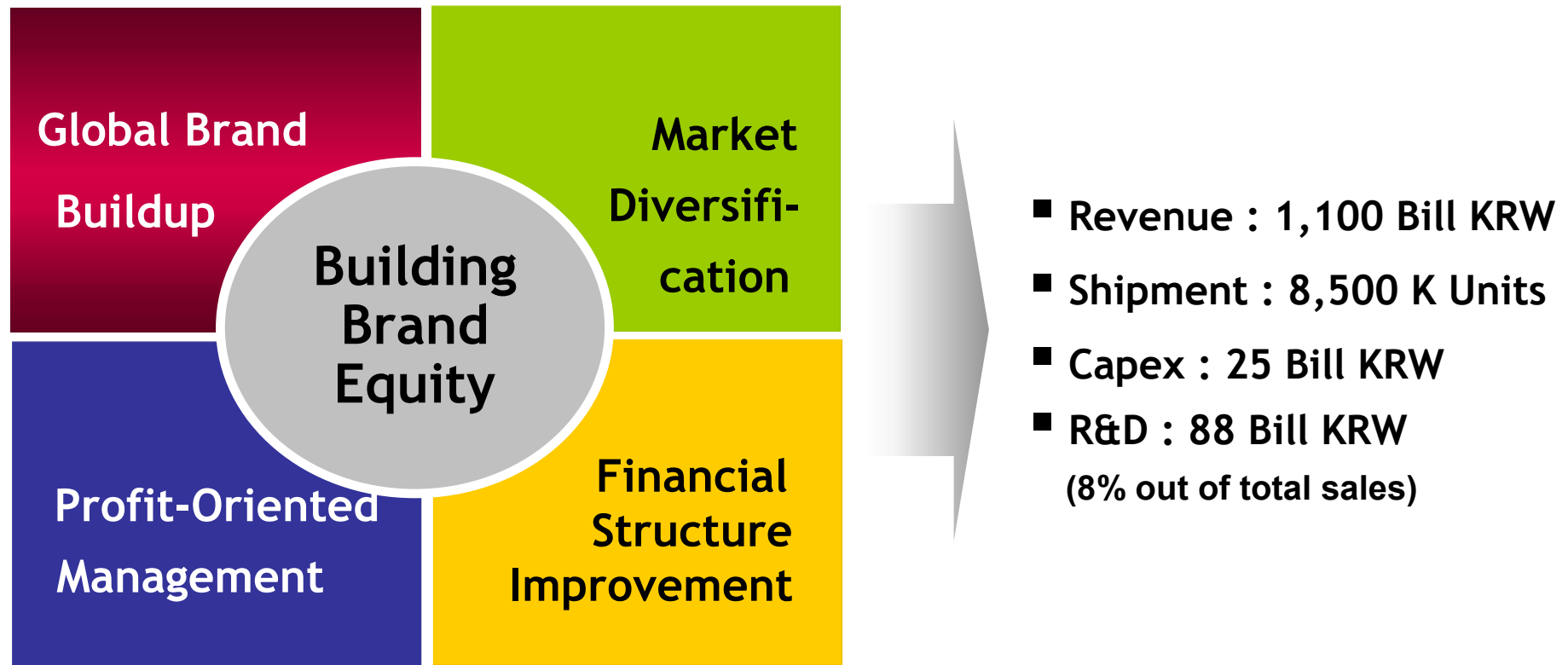
* EBITDA & ROE in this slide are annualized.

II - 3. B/S Summary

(Unit : Bill KRW, %)	Q4'03	Q3'04	Q4'04(E)
Total Asset	4,179	5,059	4,808
Current Asset	2,286	2,969	2,789
(Cash & Cash Equivalents)	(72)	(291)	(434)
Fixed Asset	1,893	2,090	2,019
Total Liabilities	2,964	3,637	3,364
Current Liabilities	2,081	2,637	2,556
(ST Debt)	(453)	(974)	(1,191)
(Current Portion of LT Liabilities)	(392)	(200)	(196)
Long-term Liabilities	882	1,000	808
(Bonds Payables)	(344)	(391)	(539)
(Convertible Bonds)	(277)	(274)	0
(LT Debt)	(223)	(185)	(173)
Total SE	1,215	1,422	1,444
Capital Stock	124	125	125
Debt to Equity Ratio	138.9%	142.3%	145.4%
Current Ratio	109.8%	112.6%	109.1%

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

III - 1. Mission for 2005



III - 2. Management Assignment in 2005

**Stable Growth
in Russia &
Mexico**

**Soft Landing in
Brazil & China**

**Successful
Entrance in
N. America and
W. Europe**

**Minimize
Financial Risk**

**Maximize
R&D Efficiency**

**Cost-Efficient
Procurement**