

# Earnings Release 4Q 2003

January 30, 2004



This report includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. The actual results may differ materially from those expressed or implied by these forward-looking statements.

Also the financial results for 2003 have been prepared on an un-audited basis, and may be subject to change during the independent auditing process.



# Table of Contents

- I. 2003 Sales Performance Review**
- II. Sales Performance in 4Q 2003 by Markets**
- III. Financial Information**
- IV. Business Plan for 2004**



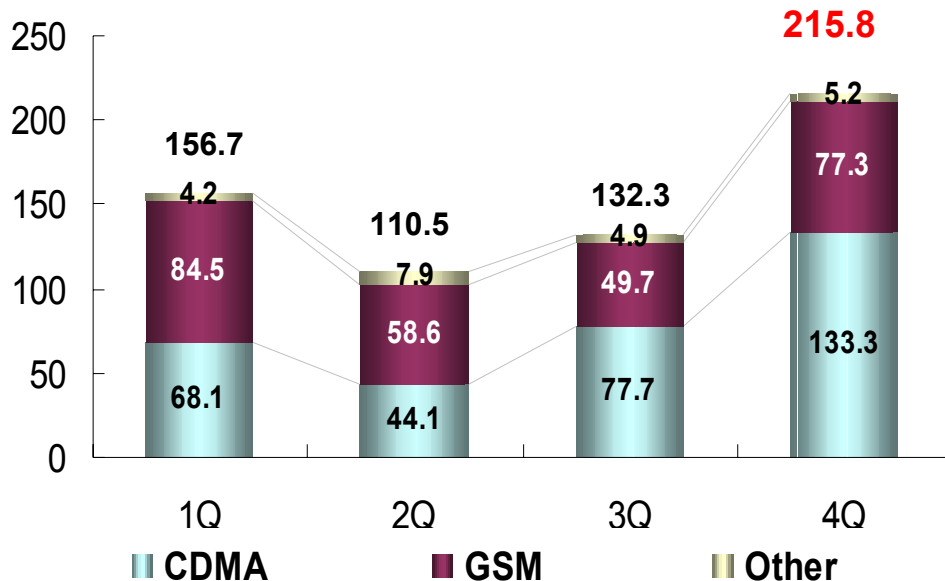
# I - 1. 2003 Sales Performance - Quarterly

## ❑ 4Q 2003 Sales Result - Sales 215.8 Billion Kwon, Shipment 1,821K Units

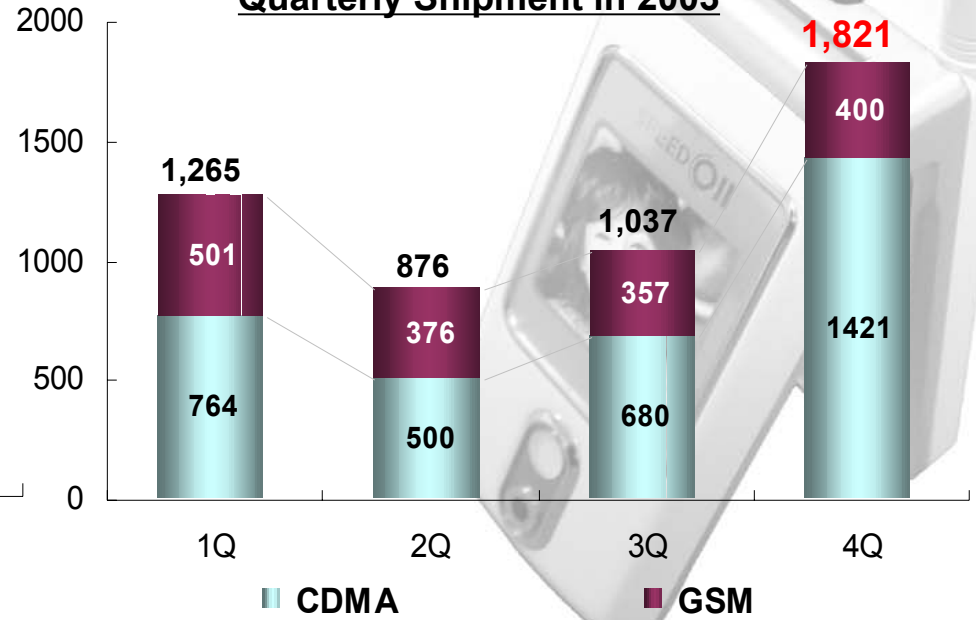
(YoY Growth - Sales 18% ↑, Shipment 28% ↑, QoQ Growth - Sales 63% ↑, Shipment 76% ↑)

- CDMA shipment increase by higher shipment volume for Motorola and demand growth of new models for domestic market
- ASP increase in GSM shipment due to Chinese product line change to higher end and new launch in emerging market

(Unit: Bn Kwon) Quarterly Sales in 2003



(Unit: K) Quarterly Shipment in 2003



# I - 2. 2003 Sales Performance - Yearly

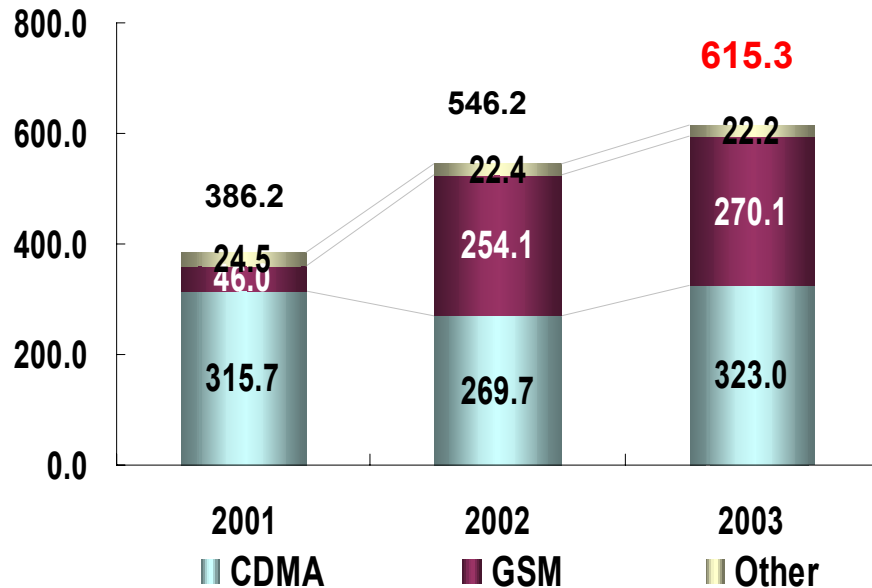
## □ FY 2003 Sales Result – 615.3 Billion Kwon, 4,999 K units

(YoY Growth – Sales 13% ↑, Shipment 13% ↑)

- Business slowdown in 1<sup>st</sup> half due to Chinese market fierce competition, SARS breakout, Price pressure in CDMA market, B/W inventory clearance
- Sales recovered in 2<sup>nd</sup> half by aggressive new model launch and market diversification

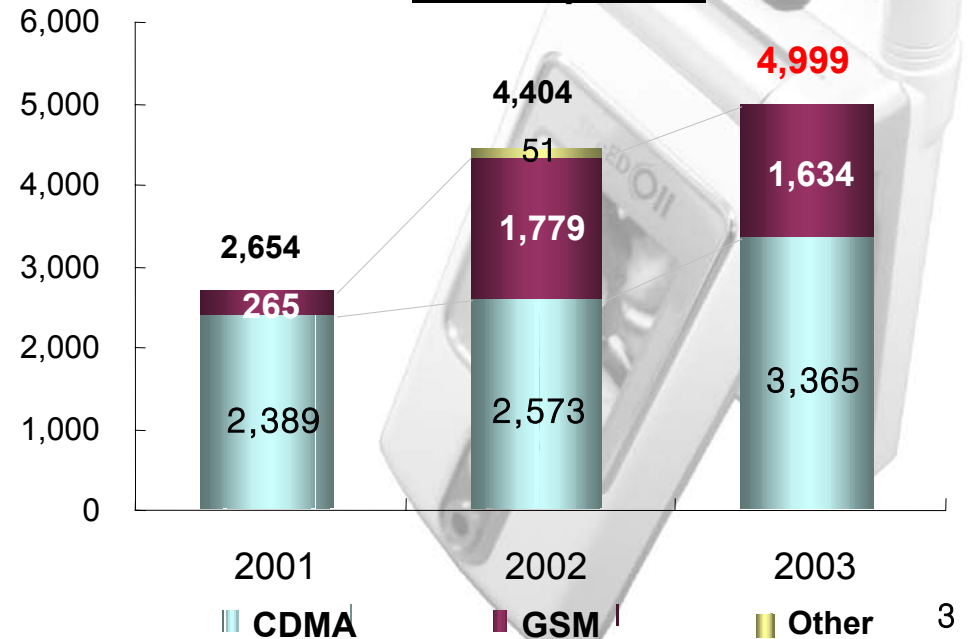
(Unit: Bn Kwon)

YoY Sales



(Unit: K)

YoY Shipments



## II. Sales Performance in 4Q 2003 by Markets

### America

- Shipment increase to more than 1 Million due to demand growth in Latin America
- New model planned to launch in US in March

### China

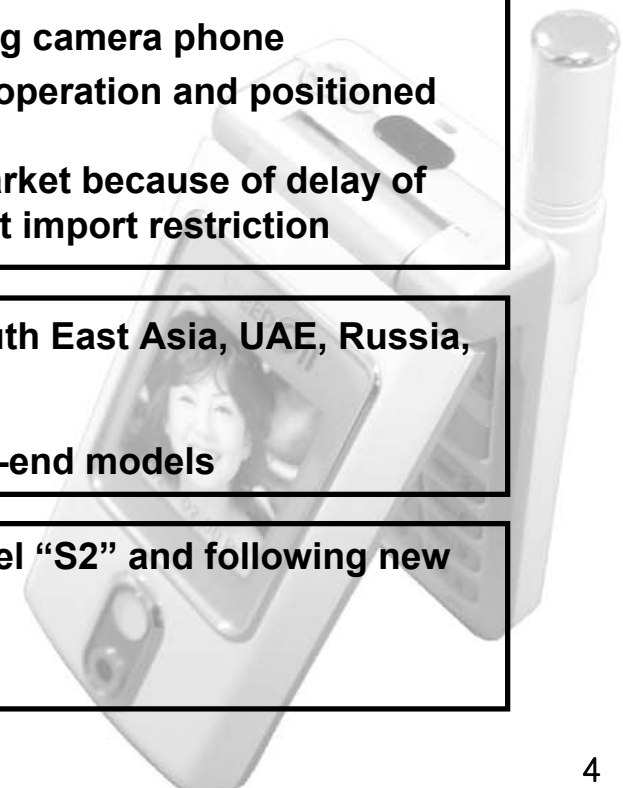
- ASP increase by higher model shipment including camera phone
- Develop stronger partnership with Daxian by JV operation and positioned Daxian as major CDMA customer
- Maintain conservative standpoint for Chinese market because of delay of CDMA network upgrade and Chinese government import restriction

### Emerging Market

- Launch products by own brand "Pantech" in South East Asia, UAE, Russia, and Mexico from November
- Try out to develop higher brand image with high-end models

### Korea

- Increase shipment by demand growth of hit model "S2" and following new camera phone model
- Develop high end business

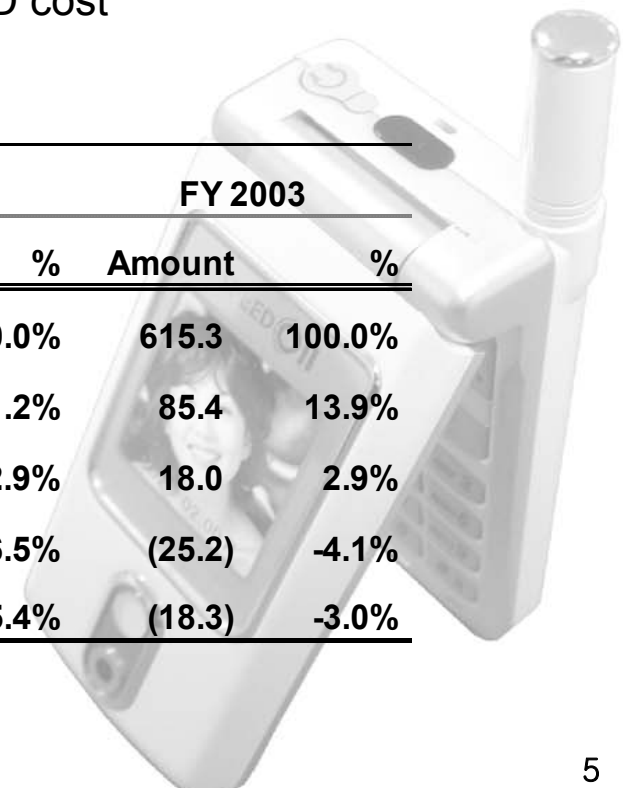


# III - 1. Profit & Loss

## □ FY2003 operating margin 2.9% : Operating profit improved in 4Q

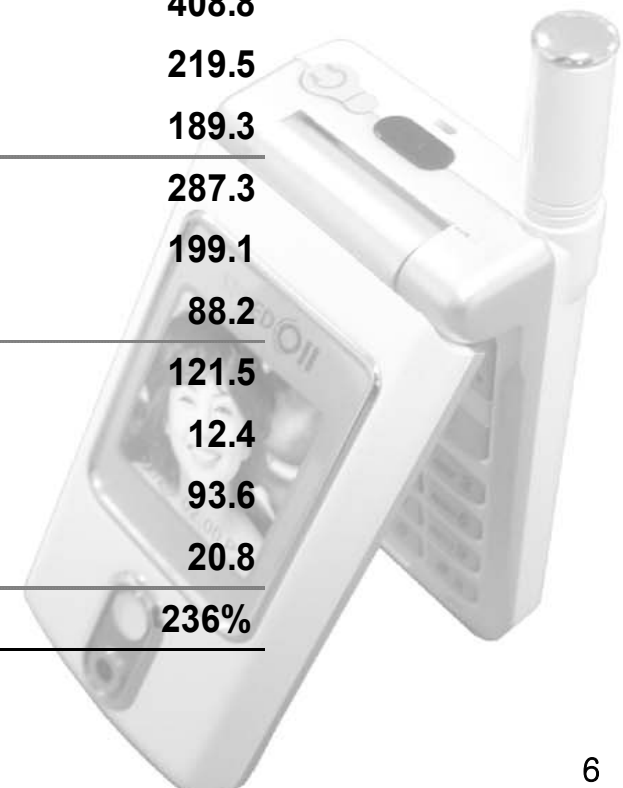
- Operating profit improved due to ASP increase of GSM shipment in Chinese and Emerging market
- Maintain the sound financial structure by recognizing non-operating expense especially losses on valuation of inventories & impairment of R&D cost

(Unit: Bn Kwon)	3Q 2003		4Q 2003		FY 2002		FY 2003	
	Amount	%	Amount	%	Amount	%	Amount	%
Sales Revenue	132.3	100.0%	215.8	100.0%	546.2	100.0%	615.3	100.0%
Gross Profit	5.9	4.5%	38.0	17.6%	115.8	21.2%	85.4	13.9%
Operating Profit	(12.2)	-9.2%	18.3	8.5%	70.2	12.9%	18.0	2.9%
Recurring Profit	(18.8)	-14.2%	(9.0)	-4.2%	35.6	6.5%	(25.2)	-4.1%
Net Profit	(12.7)	-9.6%	(8.2)	-3.8%	29.4	5.4%	(18.3)	-3.0%



## III - 2. Balance Sheet

(Unit: Bn Kwon)	FY 2002	3Q 2003	FY 2003
<b>Asset</b>	<b>278.8</b>	<b>400.4</b>	<b>408.8</b>
Current Asset	128.4	207.4	219.5
Non-Current Asset	150.4	193.0	189.3
<b>Liability</b>	<b>137.5</b>	<b>268.2</b>	<b>287.3</b>
Current Liability	103.8	224.4	199.1
Non-Current Liability	33.7	43.8	88.2
<b>Equity</b>	<b>141.3</b>	<b>132.2</b>	<b>121.5</b>
Capital Stock	12.4	12.4	12.4
Capital Surplus	91.0	91.8	93.6
Retained Earnings	40.3	28.9	20.8
<b>Debt-to-Equity Ratio</b>	<b>97%</b>	<b>203%</b>	<b>236%</b>





# IV - 1. 2004 Business Plan

- Profit-oriented management
- Global coverage expansion from market diversity
- Brand business development
- Maximize synergy effect with Curitel co.

- FY Sales revenue: 1,052 Bn Kwon
- FY Sales units: 6,945K units
- Capex: 41 Bn Kwon
- R&D Investment: 89 Bn Kwon  
(8.5% out of Sales revenue)

## IV - 2. 2004 Business Plan by Markets

### America

- Start launch of color phones
- ASP Increase by higher end shipment, mainly color phone

### China

- Maintain conservative insight toward Chinese market
- Examining various business model → coping flexibly with the market/clients situation
- Develop the corresponding system against Chinese government import restriction through Chinese branch offices and JV with Daxian

### Emerging Market

- Expand emerging markets and increase shipment in existing market
- Activate marketing activity and supply product line-up

### Korea

- Strengthen the strategic relationship with Curitel, co.
- Aggressive launch focusing on strategic models

