Pantech&Curitel
1Q05 Earnings Release

2005. 4. 20

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.

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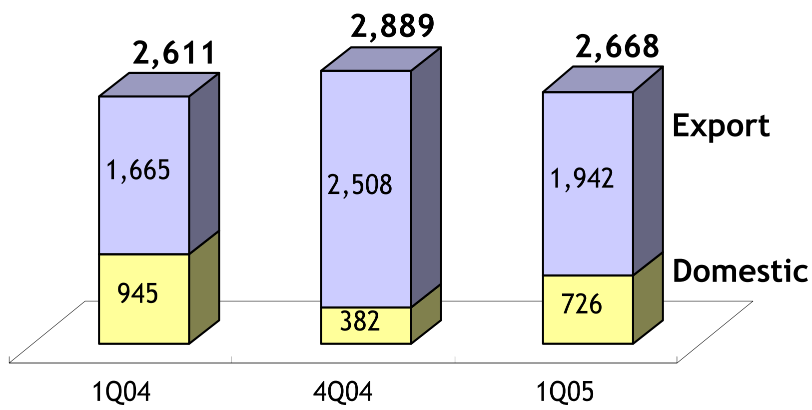
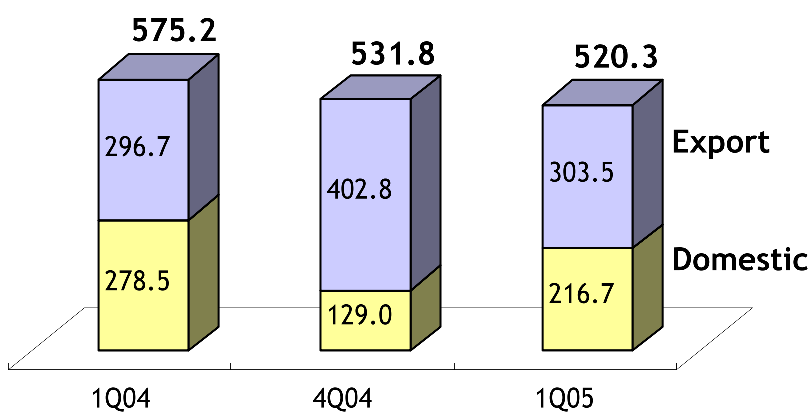
I. 1Q05 Earnings Results

1Q Sales Analysis (1)

Shipment (k)



Revenue (KRW Bn)



❖ Quarter-on-Quarter Comparison

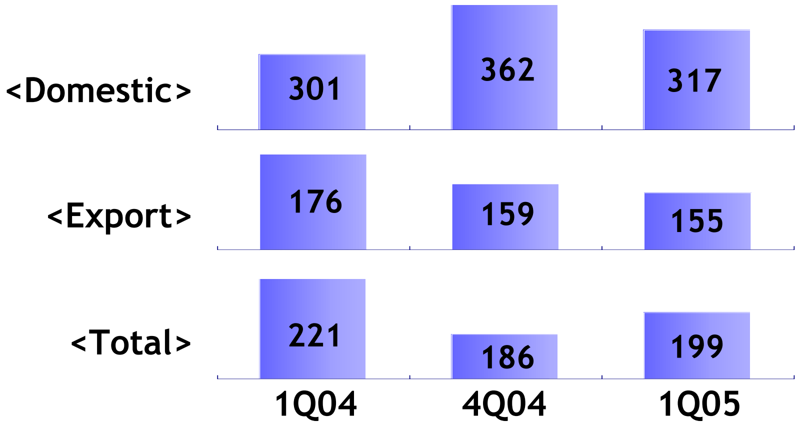
- Shipment 7.7% ↓, Revenue 2.2% ↓
  - ✓ ***Domestic: Shipment 90.1% ↑, Revenue 68.0% ↑***
    - ⇒ Market Climbed back to 4M thanks to Full-scale MNP
    - ⇒ ***Strengthened Brand Equity → Upsurge in M/S***
      (4Q04: 14.6% → ***1Q05: 18.3%***)
  - ✓ Export: Shipment 22.6% ↓, Revenue 24.6% ↓
    - ⇒ ***Tight Control on Inventory*** → Sales ↓
    - ⇒ However, ***1Q05 Sales Up from 1Q04, 2Q04, 3Q04***

❖ Year-on-Year Comparison

- Shipment 2.2% ↑, Revenue 9.6% ↓
  - ✓ ***Export: Shipment 16.6% ↑, Revenue 2.3% ↑***
    - ⇒ ***Improvement in Product Mix***
    - ⇒ Increase in Shipment to every N.A. Carrier
  - ✓ Domestic: Shipment 23.2% ↓, Revenue 22.2% ↓
    - ⇒ Market: 33% Shrunk from 6M (1Q04) to 4M (1Q05)
    - ⇒ Strategically Responded to Diminishing Market → M/S ↑
      (1Q04 M/S 15.8% → 1Q05 18.3%)

1Q Sales Analysis (2)

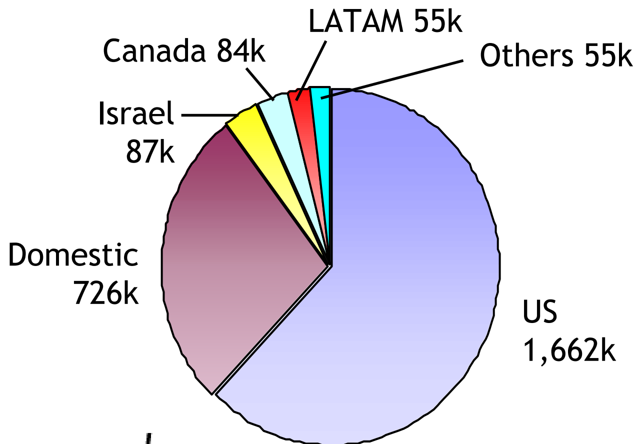
ASP (KRW k)



Shipment (k)

	1Q04	4Q04	1Q05
CDMA	2,561	2,807	2,647
Domestic	945	382	726
the Americas	1,356	2,261	1,800
Others	260	164	121
GSM	8	12	2
CDMA450	23	41	18
WLL	20	29	2
Total	2,611	2,889	2,668

Top "5" Countries



- ASP Up QoQ
  - ✓ Strong Domestic Sales → Total ASP 7% ↑
  - ✓ Domestic: ***<u>MNP-oriented Strategy of Targeting Low-end & Clearing Inventory → ASP 12% Down QoQ</u>***
  - ✓ ***<u>Export: ASP Up on a US Dollar Base</u>***
    ⇒ ***<u>$150.95(1Q04) → $146.19(4Q04) → $151.16(1Q05)</u>***
- Dependence on US and Domestic: 90% of Total Sales
  - ✓ Market Diversification from 2Q05
    ⇒ ***<u>Europe</u>***: Initial ***<u>UMTS</u>*** shipping from 3Q or 4Q
    ⇒ Inroad into ***<u>India & Brazil</u>***: From 2Q or 3Q

* FXN: 1Q04(KRW1,168.87/$), 4Q04(KRW 1,085.79/$), 1Q05(KRW 1,023.03/$)

1Q P/L Summary

(KRW Bn, %)	1Q04	4Q04	1Q05E	QoQ	YoY
Revenue	575.2	531.8	520.3	-2.2%	-9.6%
Gross Profit	104.6(18.2%)	94.6(17.8%)	101.7*(19.5%)*	7.4%	-2.8%
Operating Profit	27.0(4.7%)	4.9(0.9%)	16.6*(3.2%)*	*241.9%*	-38.5%
Recurring Profit	17.8(3.1%)	-0.2(0.0%)	7.1*(1.4%)*	-	-60.0%
Net Profit	16.1(2.8%)	6.7(1.3%)	9.2*(1.8%)*	38.0%	-42.5%

- GP Margin: 170 Basis Points Up QoQ
  - Improvement in Cost Structure due to Increase in ASP
  - ***Strong Sales from Top "6" Profit-contributors**** (63% of total shipment) → Margin Improvement
- OP Margin: 230 basis points Up QoQ
  - Domestic: ***Healthy, Efficient Marketing Spending***
    - ⇒ Marketing Expense: 8% of total Domestic Revenue (KRW 17Bn), compared to over 10% in 4Q04
  - Export: Over 5% OP margin Sustained
  - ***Revenue and OP Up by KRW 18Bn and 6Bn, respectively, based on 4Q FXN (KRW 1,085.79 vs. $1)***
    - ⇒ OP margin based on 4Q FXN: 3.2% → ***4.2%***

* Top "6" Profit-contributors shown on the slide #4

* FXN: 1Q04(KRW1,168.87/$), 4Q04(KRW 1,085.79/$), 1Q05(KRW 1,023.03/$)

Top "6" Profit-contributors

Model	PH-L4000V
Market	Domestic
Spec.	2M CCD, 262k TFT LCD, MP3, Auto focus, MSM6100
1Q Sales	15k
Up-to-date Sales	15k

Model	P1
Market	Domestic
Spec.	2M CCD, 262k TFT LCD, MP3, MSM6100
1Q Sales	27k
Up-to-date Sales	91k

Model	PH-S4000
Market	Domestic
Spec.	330k CMOS, 262k TFT LCD, MP3, MSM6100
1Q Sales	48k
Up-to-date Sales	53k

Model	TX-115C
Market	the Americas
Spec.	330k CMOS, 65k CSTN, MSM6050
1Q Sales	1,381k
Up-to-date Sales	3,167k

Model	PH-K2500V
Market	Domestic
Spec.	1.3M CMOS, 262k TFT LCD, MP3, MSM6500
1Q Sales	39k
Up-to-date Sales	39k

Model	TX-160C
Market	the Americas
Spec.	1.3M CMOS, 260k TFT LCD, MP3, MSM6500
1Q Sales	159k
Up-to-date Sales	159k

1Q B/S Summary

(KRW Bn, %)	Q4'04	Q1'05E	QoQ
Total Assets	810.1	860.5	6.2%
Current Assets	501.3	547.9	9.3%
(Cash & cash equiv.)	(73.8)	(43.5)	-41.1%
Fixed Assets	308.8	312.6	1.2%
Total Liabilities	525.4	560.9	6.7%
Current Liabilities	441.6	470.0	6.4%
(ST Debt)	(153.9)	(185.5)	20.6%
LT Liabilities	83.8	90.9	8.5%
(LT Debt)	(19.1)	(18.6)	-2.9%
(Bonds)	(59.8)	(59.8)	0.0%
Total SE	284.7	299.6	5.2%
(Treasury Stock)	(-24.5)	(-24.4)	-0.4%
Debt-to-Equity	184.5%	187.2%	-
Financial Debt/Total Assets	29.0%	30.9%	-

2Q05 Outlook

2Q Outlook

Domestic Biz

- Domestic Market expected to Slow Down in 2Q
  - ✓ MNP Effect to be Gradually Diminished → Market Demand ↓
  - ✓ Carriers' Intention to Reduce Inventory → Handset Purchasing from Domestic Carriers ↓
- 2Q Strategy: "Time-to-Market" of New Products & Effective Inventory Management
  - ✓ APS ↑ due to various "New" products such as PH-S6000, PT-S100, PT-K1000, and PT-L1100
  - ✓ ***PH-L4000V***(Camcorder phone): Voted #1 for the Best Handset in Korea (4. 4 ~ 4. 17)
  - ✓ Tight Control on Inventory Clearance Expenses (7% of Domestic Revenue)

"PH-L4000V"

Overseas Biz

- N.A. Carriers' Promotions to Boost up the Market
  - ✓ N.A. Carriers' "Active" Promotions to Scoop the Market Demand
  - ✓ Co-promotion with the Carriers on TX-160C: Volume/Margin Contribution
  - ✓ New Products to be Launched: TX-130C, TX-170S, TX-180C
- Making Inroad into Indian Market
  - ✓ Currently Negotiating with Major CDMA Carriers such as TATA and Reliance
  - ✓ Initial Shipment expected from late 2Q or early 3Q

New Products

- PT-L1000
- ✓ 1.3M Camera, 260K TFT
- ✓ MP3, MPEG4, FM Radio

- PT-S/F100
- ✓ 1.3M Camera with A/F, 260K TFT
- ✓ MP3, MPEG4, FM Radio

- PH-S6000
- ✓ 1.3M Camera, 260K TFT
- ✓ Bluetooth, 3D Game, MP3,

- PH-S7000V (EV-DO)
- ✓ 330K Camera, 260K TFT
- ✓ MP3, 3D Game

"Domestic"

"Overseas"

- TX-170S(Sliding Style)
- ✓ 330K Camera, 65K STN
- ✓ MMS, BREW, JAVA, WAP2.0

- TX-180C(Wide LCD, Slim)
- ✓ 330K Camera, 262K TFT
- ✓ MMS, BREW, JAVA, WAP2.0

- TX-200 (High-end EV-DO)
- ✓ 2M Camera with A/F, 260K QVGA
- ✓ MP3, VOD, MMS, BREW, JAVA

- TX-215C
- ✓ 330K Camera, 65K STN
- ✓ MMS, BREW, JAVA, WAP2.0

Thank You!!!

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