

Pantech&Curitel

Q3'05 Earnings Release

2005. 11. 9 (Wed.)

Forward-Looking Statements

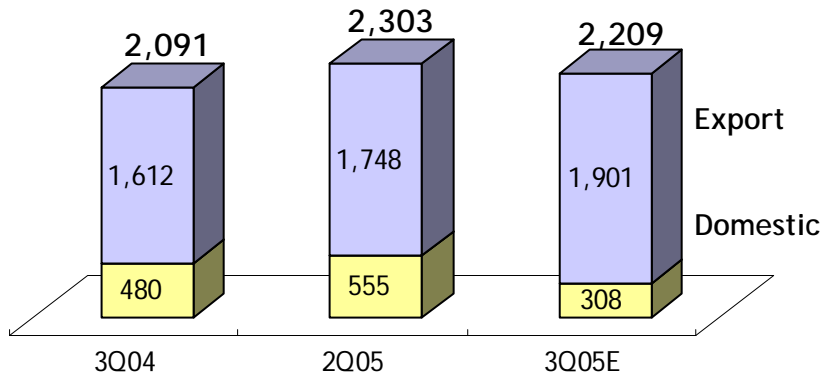
This document contains forward-looking statements about the company, including descriptions of plans or objectives of its management for future operations, products or services, and forecasts of its revenues, earnings or other measures of economic performance. Forward-looking statements, by their nature, 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

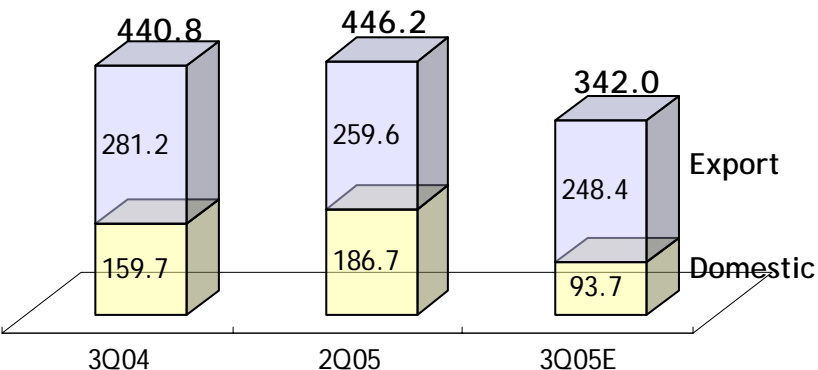
- I. Q3'05 Earnings Results
- II. Q4'05E & New Market Outlook

Q3 Sales Analysis (1)

Shipment (K units)



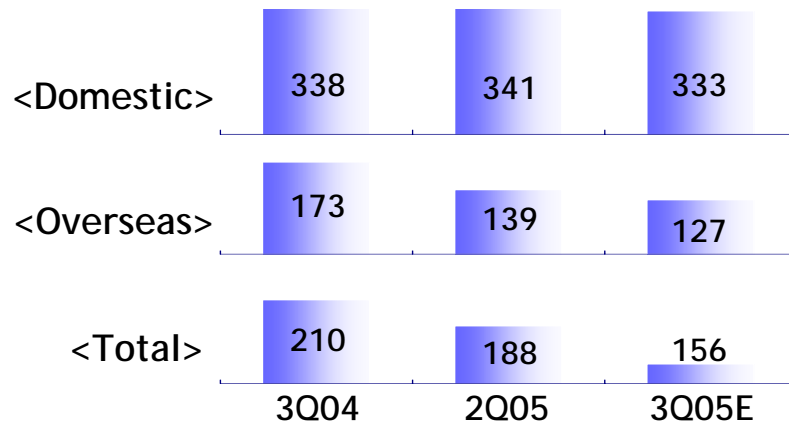
Revenue (KRW Bn)



- Shipment down 4%, Revenue down 23% QoQ
- Overseas: Shipment up 9%, Revenue down 4%
 - ✓ Sales was slower than expected and lowered ASP drew revenue down despite shipment growth QoQ
 - ① Transition from ODM to direct sales in N.America
 - Delay in vendor registration (cleared Sep.28)
 - ② Running old models due to new model delays.
 - ③ Price competition led to ASP erosion
- Domestic: Shipment down 45%, Revenue down 50%
 - ✓ Market demand slightly up QoQ: 3.24 → 3.5(M. unit)
 - Slim & Compact form factors led the trend.
 - ✓ Realigning new product lineups w/ SKYTT for target segmentation.
 - ✓ Targeted new models didn't fit market trends.
 - Launched feature-rich & design differentiated models (T-Slide, Two-way Swing, Real camcorder look phone)
 - But major market trend was "Slim & Compact Size".

Q3 Sales Analysis (2)

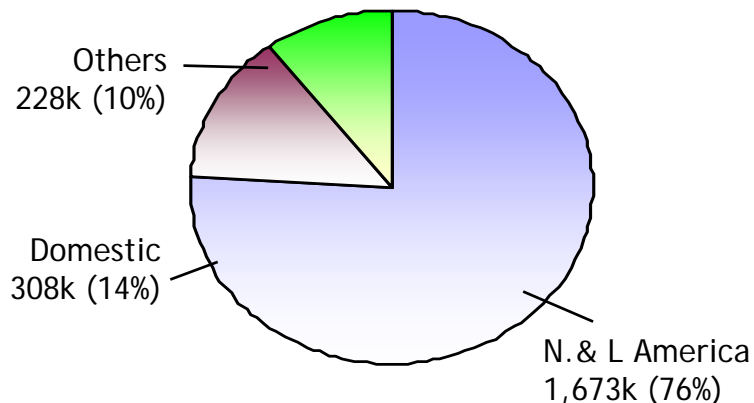
ASP (K KRW)



Shipment (K units)

	3Q04	2Q05	3Q05E
CDMA	2,034	2,243	2,156
Domestic	480	555	308
N.&L. America	1,428	1,552	1,673
Others	126	136	175
GSM	19	16	14
CDMA450	14	24	36
WLL	24	20	3
Total	2,091	2,303	2,209

Sales Breakdown(Unit)



• ASP Down by 17% QoQ

- ✓ Fall in domestic sales contributed to a drop in ASP.
(Change in domestic sales: 42% in 2Q → 28% in 3Q)

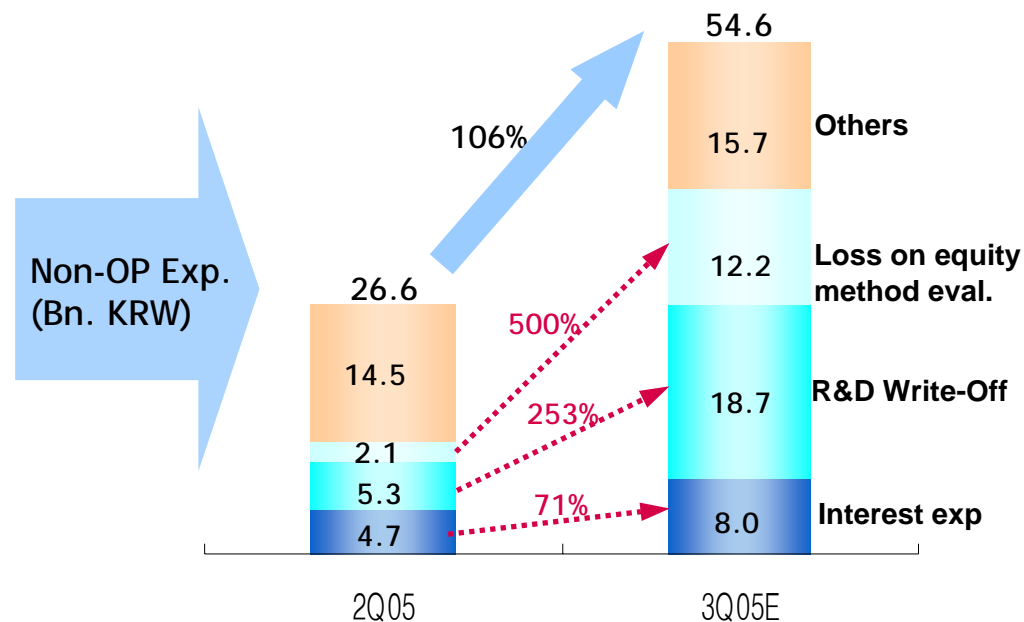
• Market Analysis

- ✓ Domestic: ASP Down by 2.3% QoQ
 - New models faced downward price competition w/ rivals.
- Overseas: ASP Down by 8.6% QoQ
 - New model delays led to price cut in old models.
- ✓ Slow EV-DO shipment to N.A.

Q3 P&L Summary

(Unit: KRW Bn, %)	3Q04	2Q05	3Q05E	QoQ(%)
Revenue	440.8	446.2	342.0	-23.4%
Gross Profit	85.8(19.5%)	102.4(22.9%)	68.5(<u>20.0%</u>)	-33.1%
Operating Profit	9.2(2.1%)	11.8(2.7%)	-26.0(<u>-7.6%</u>)	N/A
Recurring Profit	2.6(0.6%)	-5.3(-1.2%)	-71.4(<u>-20.9%</u>)	N/A
Net Profit	7.7(1.8%)	1.5(0.3%)	-53.4(<u>-15.6%</u>)	N/A

- OP: SG&A went up to 27.6% by 7.3% QoQ
 - ✓ Slowdown in Revenue
 - ✓ Marketing exp. Up:
 - Domestic: Subsidy-backed sales promotion for zero year-end inventory (New lineup for 2006).
 - Overseas: Marketing activities in rise.
- Non-OP Exp.: Up by 106% QoQ
 - ✓ R&D Write-Off ↑: More models went to end of life for new model's launch in 4Q
 - ✓ Interest exp. ↑: Bond financing for SKYTT acquisition.
 - ✓ Loss on Equity method: Mainly amortization of good will from the acquisition.



Q3 B/S Summary

(Unit: KRW Bn, %)	<u>FY04</u>	<u>2Q05</u>	<u>3Q05E</u>
Total Assets	810.1	945.0	1,068.9
Current Assets	501.3	601.3	453.0
(Cash & Cash Equip.)	(73.8)	(134.1)	(22.7)
Fixed Assets	308.8	343.7	615.9
Total Liabilities	525.4	649.8	813.7
Current Liabilities	441.6	387.6	439.1
(ST Debt)	(153.9)	(130.7)	(190.4)
Fixed Liabilities	83.8	262.1	374.6
(LT Debt)	(19.1)	(6.0)	(11.4)
(Bond)	(59.8)	(249.0)	(352.5)
Total SE	284.7	295.3	255.3
(Treasury Stock)	(-24.5)	(-24.3)	(-24.3)
Liabilities to Equity	184.5%	220.1%	316.8%
Debt to Total Assets	29.0%	41.0%	52.1%

Q4'05E Forecast

Domestic

- Sales expected to go up QoQ thanks to seasonality & new models' launching
 - ✓ Modifying of target segment and product roadmap in progress.
 - ✓ Continuing of subsidy-backed promotion for year-end clearance sales.
 - Outmoded models to be terminated by the end of 2005
 - ✓ Selected few new launches in Q4'05
 - Hygienic(far infrared germ-free) phone, Terrestrial DMB phone, Bluetooth/3D Sound phone

Overseas

- Sales expected to go up QoQ thanks to new market entry, new models' launching, and seasonality
 - N. America
 - ✓ Direct sales sales to major carriers(including 2nd tier carriers)
 - ✓ New camera phone(PN-215)'s sales expected to pick up.
 - ✓ 4Q seasonality to be in effect.
 - New Markets
 - ✓ Started shipment to TATA in India (Sep.05).
 - ✓ Shipment to Japan's 2nd largest carrier, KDDI scheduled in Nov.05
 - ✓ WCDMA shipment to TIM in Italy scheduled in Nov.05.

Strategic & New Markets

Direct Sales in N. America.



- Vendor registration for Verizon(Sep.05)
- Business expansion with other carriers
- Starting shipment to VIVO in Brazil(Nov.05)

※ PN-215 Mid Tier Camera phone(Sep.05)

India



- Started shipment to TATA (Sep.05)
- Biz. talks with reliance to supply in 2005
- Volume oriented strategy

※ PA-711 Slim CDMA(Sep.05)

Western Europe



- Initiating WCDMA shipment to W. Europe(Nov.05)
- Strengthening operation in W.Europe HQ
- Continuous discussion with major carriers for 2006

※ GU-1100, 3G WCDMA Phone(Nov.05)

Japan



- Initiating CDMA shipment to KDDI in Japan (Nov.05)
- High ASP & Profitability Strategy
- Under discussion for 2006 business

※ A1405PT, CDMA Phone(Nov.05)

Upside Potential

2006

THANK YOU!!

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