



# Driving Innovation Towards a Smarter Life

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Vice chairman & CEO



## **DISCLAIMER**

The materials in this report include forward-looking statements which can generally be identified by phrases such as Samsung Electronics (SEC) or its management "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar implications. Similarly, such statements that describe the company's business strategy, outlook, objectives, plans, intentions or goals are also forward-looking statements. All such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in the presentation files above.

For us, particular uncertainties which could adversely or positively affect our future results include:

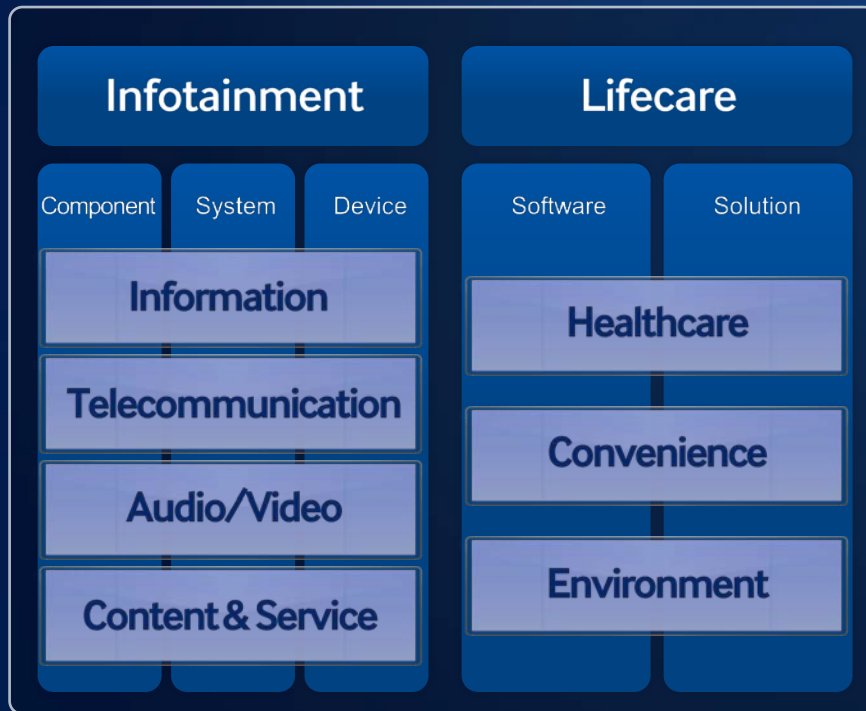
- The behavior of financial markets including fluctuations in exchange rates, interest rates and commodity prices
- Strategic actions including dispositions and acquisitions
- Unanticipated dramatic developments in our major businesses including CE (Consumer Electronics), IM (IT & Mobile communications), DS (Device Solutions)
- Numerous other matters at the national and international levels which could affect our future results

These uncertainties may cause our actual results to be materially different from those expressed in this report.

# Vision 2020

## Inspire the World, Create the Future

### Business portfolio



### Goals

**Revenue goal : \$400B in 2020**

Most Valuable  
Brands

Global  
Top 5

Most Admired  
Company

Global  
Top 10

Most Innovative  
Company

Global  
Top 5

Eco-Friendly  
Company

Global  
Top Tier

**No.1 in IT Industry & Global Top 10**

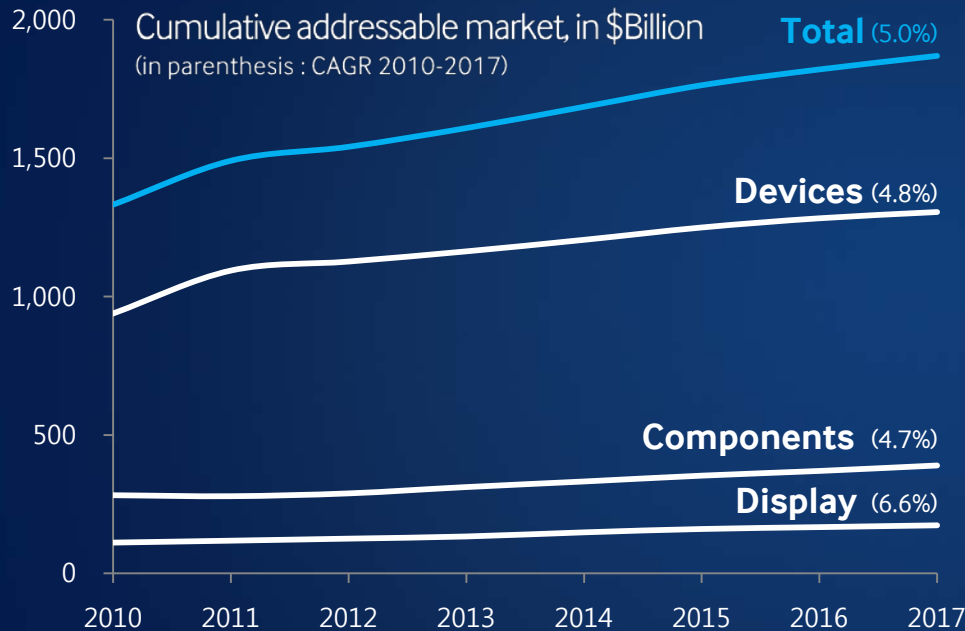
# Vision 2020 – Strategic Pillars

Provide a compelling vision to industry, society and employees



# Vision 2020 – Market Landscape

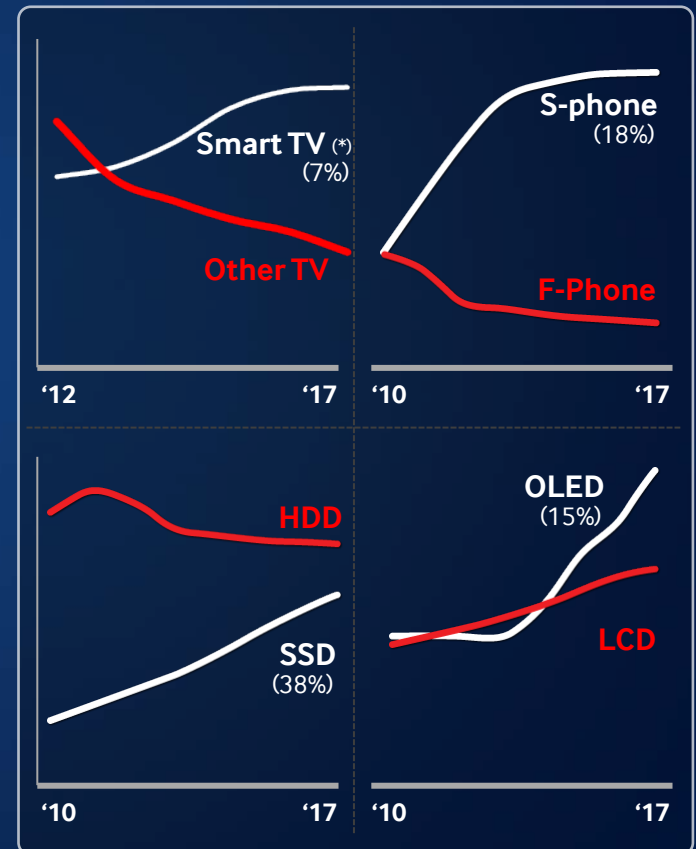
In spite of a sluggish global electronics market, smart devices and components market are growing rapidly...



## Categories

**Devices** : Smart and feature phones, smart TV and other TV, laptops, tablets, medical devices, printers, home appliances, networks, digital cameras

**Components** : memories, SoC, Image sensor, foundries, and LED



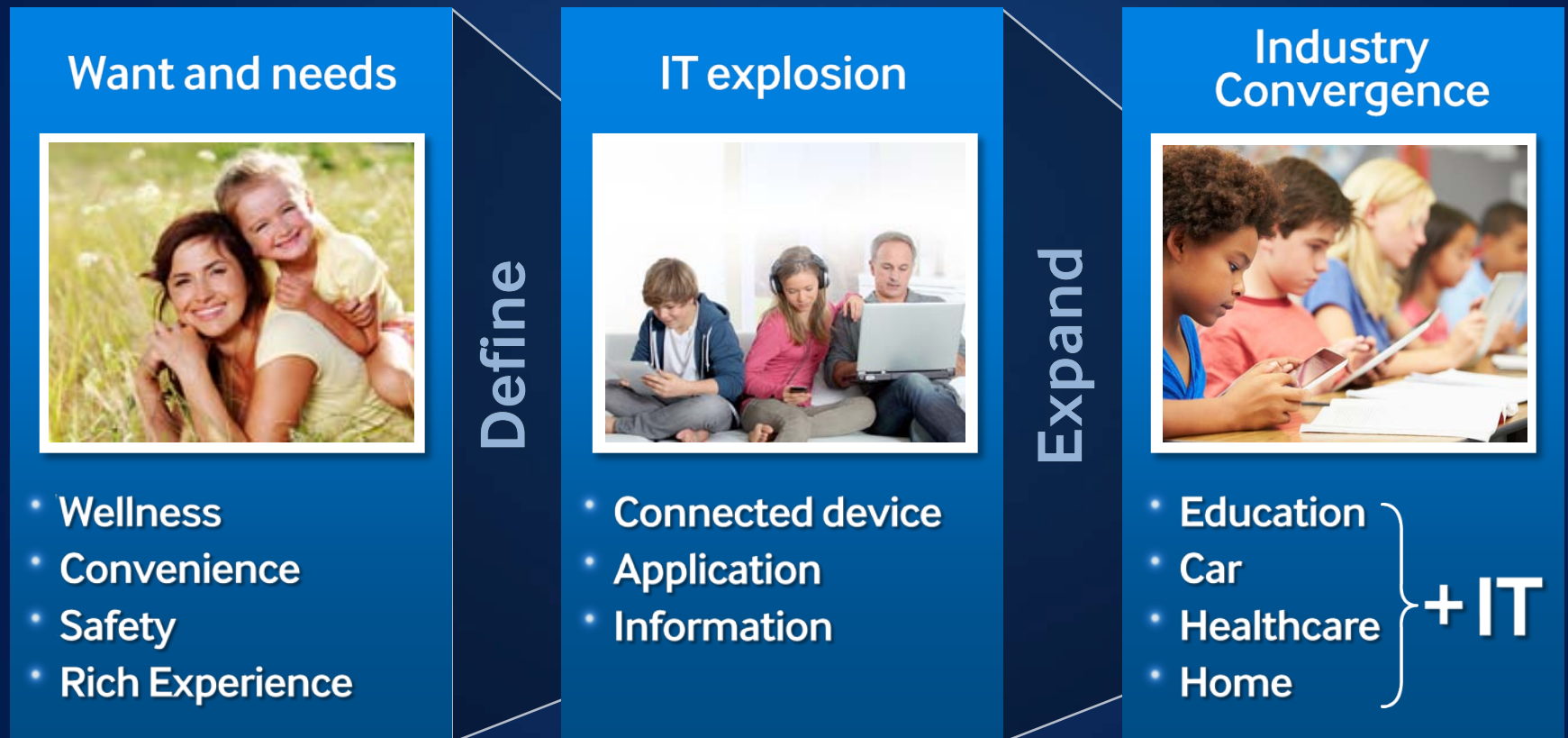
Sources : Display Search, Strategy Analytics, IDC, InMedica, Kalorama, Euromonitor, GfK, iSuppli, Samsung assumption

Note (\*) : CAGR for TVs is 2012 to 2017



# Era of a “Smarter Life”

...these trends are explained by behavioral and industrial shifts, focusing on a “smarter life”

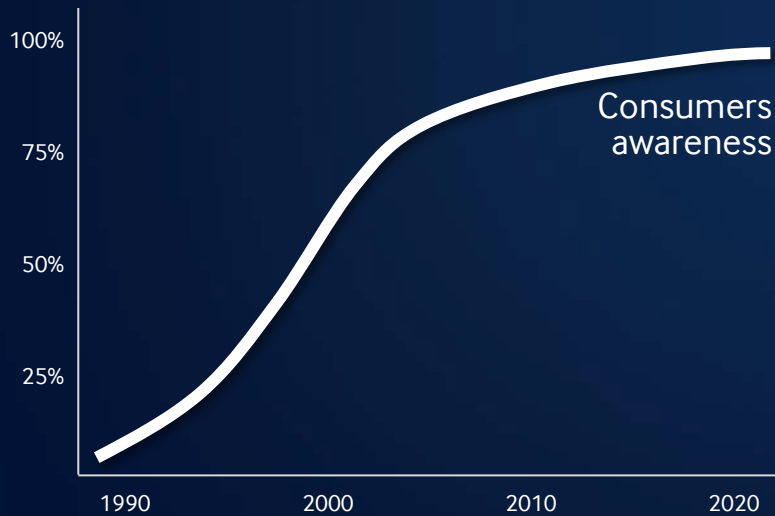


# Era of a “Smarter Life”

Facing a more complex environment, consumers want wellness, security, comfort and convenience and a rich experiences

## Wellness

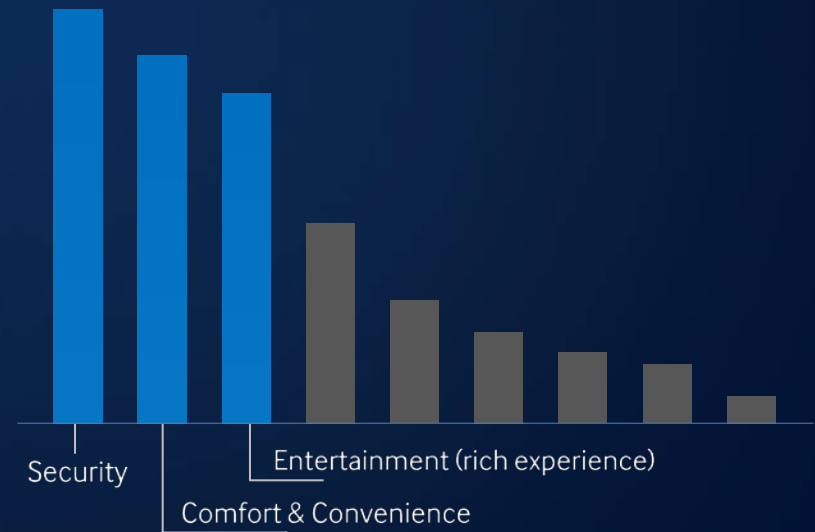
Consumer awareness of the word “Wellness”



Source: SRI International, 2010

## Security & Convenience

Consumer motivation for buying smart home solutions



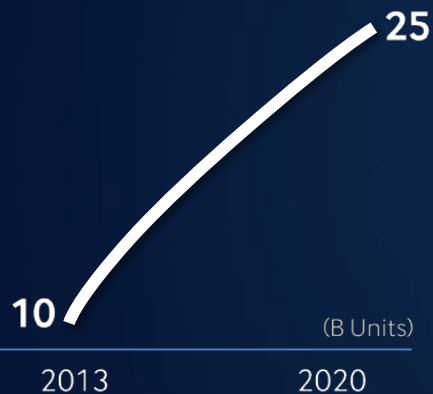
Source: BCG smart home consumer survey, 2013

# Era of a “Smarter Life”

The IT industry will expand dramatically, thereby answering consumers expectations

## IT explosion

### Device (Connected devices)



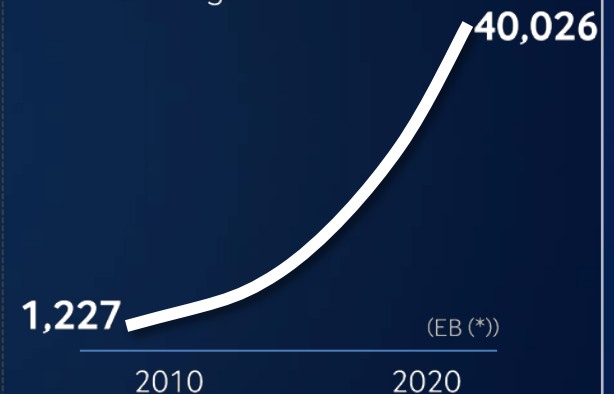
Source : Machina Research, 2013

### Application (Apps downloaded)



Source : Gartner, 2013

### Information (Digital Universe)



Source : IDC and EMC, 2012

Note (\*) : EB refers to Exabytes (1 EB ~ 1,000,000,000 GB)



# Era of a “Smarter Life”

The convergence of consumers needs with CE and IT technology will transform many industries



convenience

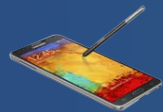


wellness



Safety

CE



IT



Samsung  
Knôx



Smart healthcare



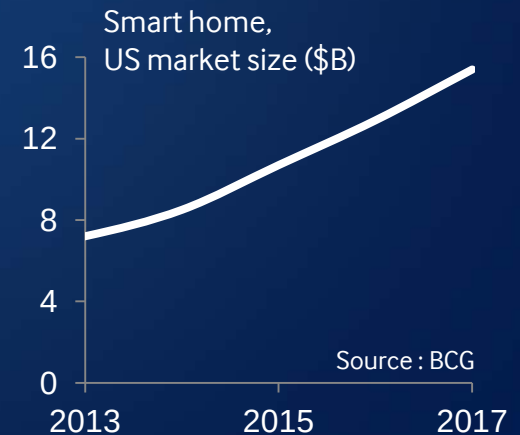
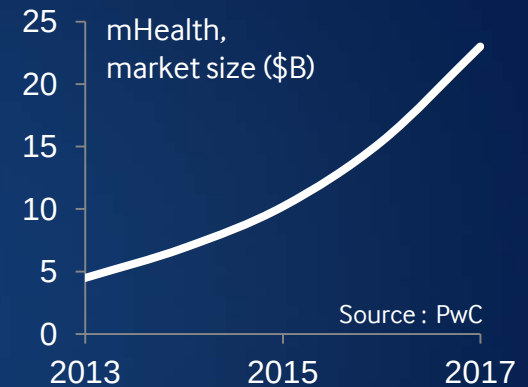
Smart office



Smart home



Smart car



# Era of a “Smarter Life”

These phenomena would not be possible without  
new types of components

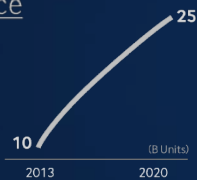
## People want more



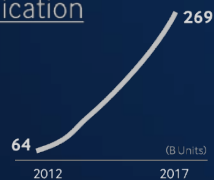
- Wellness
- Convenience
- Safety
- Rich Experience

## IT explosion

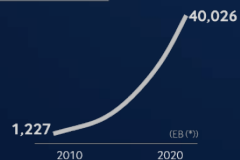
### Device



### Application



### Information



## Industry Convergence

### N-screen



### Smart city



### Smart home

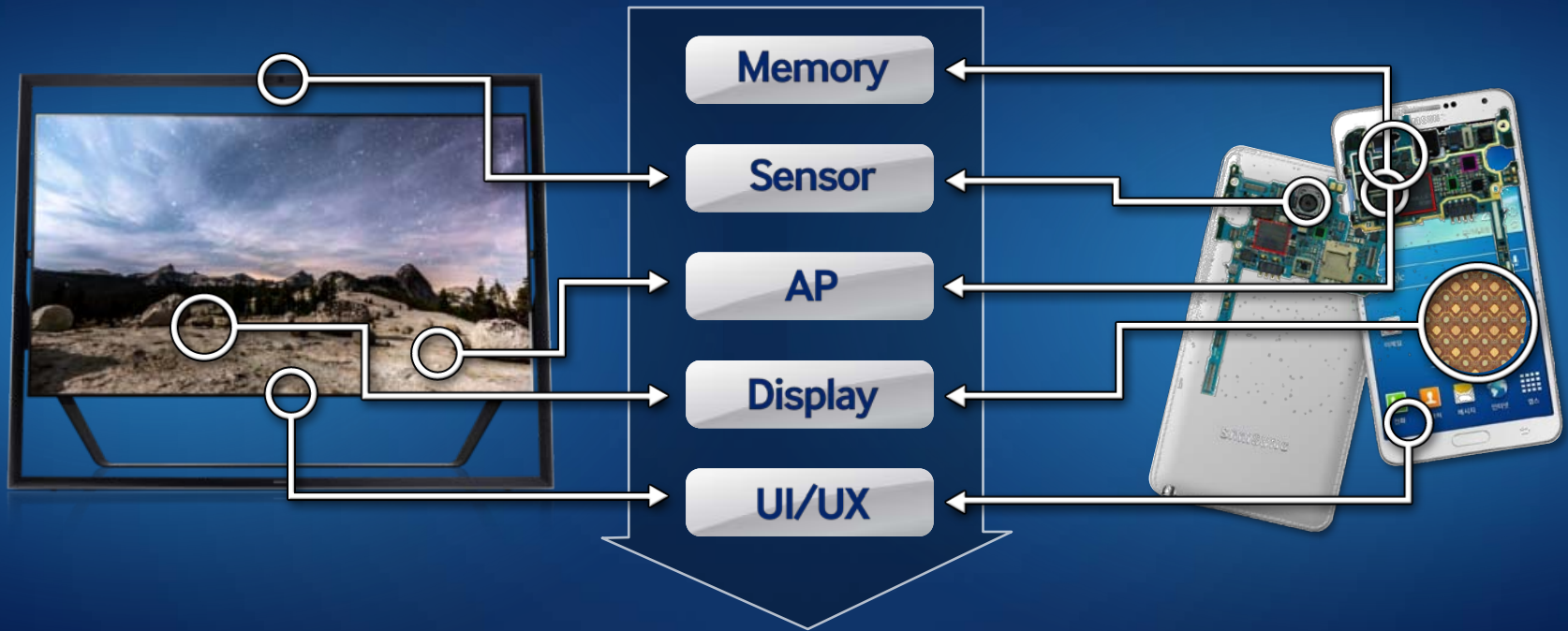


## Required technology

- Enhanced computing power
- Higher storage capacity
- Less power consumption
- Simpler UI

# Era of a “Smarter Life”

Components play a key role in development of smart devices

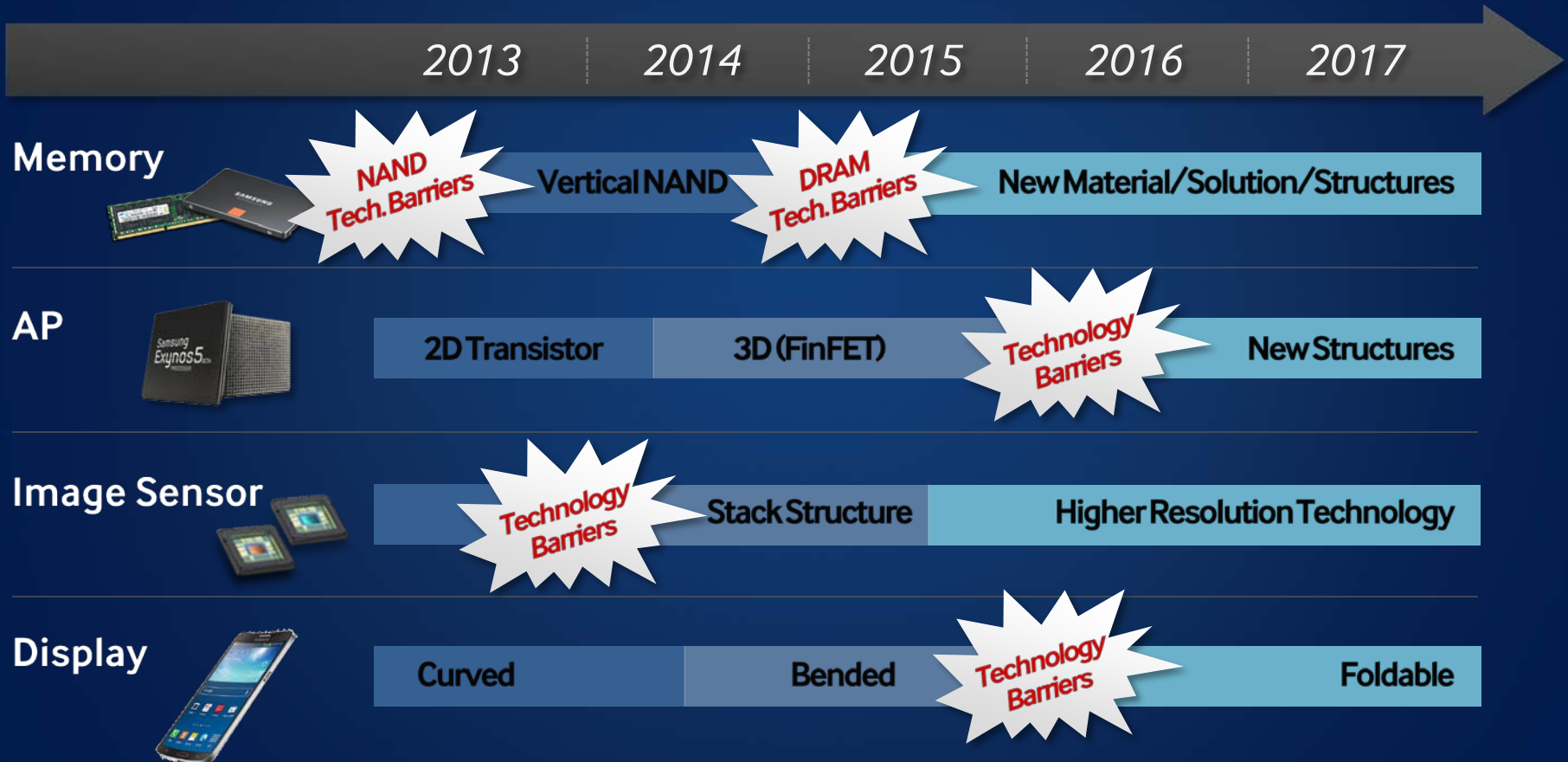


**Differentiable for**

low power, high performance, Innovative form factors  
larger size, higher resolution, smart interfaces

# Samsung Components – Enabling a Smarter Life

Build devices with high performance & low power consumption



\* Time of Technology Development

# Samsung Devices for a Smarter Life – TV

Deliver an immersive experience with smart TVs & new form factors

## Smart TV (Rich experience)



- Intuitive UX/UI
- Differentiated content & service

## New form factor (Reality)



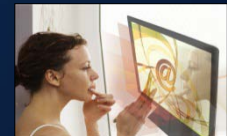
UHD(\*) TV



Curved TV



Smart Wall



Smart Mirror

- Larger screens, 4K resolution
- Smart evolution

Note (\*) UHD (Ultra High definition)



# Samsung Devices for a Smarter Life – Mobiles

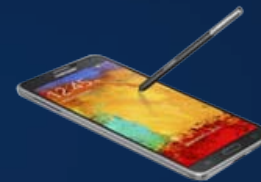
Empower users to truly experience, enjoy and fulfill their busy life

## N-service (Simple, Convenience)



- Higher connectivity between devices
- Always on anywhere, anytime

## Life companion (Convenience, Well-being)



*Phablet (Note 3)*



*Curved*



*Wearables*



*Flexible*



*Foldable*

- Create new categories
- Brand-new way to stay connected



# Samsung Devices for a Smarter Life – Appliances

Provide comfort & convenience with stylish design and eco-tech.

## Comfort with eco-friendly technology



- Energy-efficient and water-saving
- Innovative digital features

## Smart kitchen solution for convenience



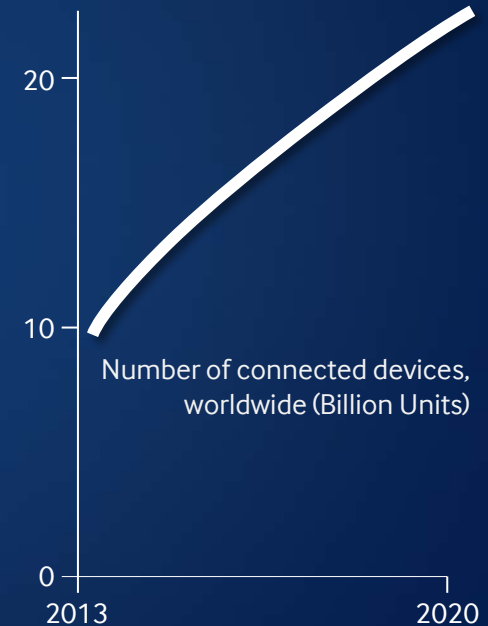
- Smart functions for cooking experience
- Collaboration with top chefs

# Samsung Smart Solutions – Multimedia Services

Pump up Samsung devices with powerful services



## Connected devices



Source : Machina research, 2013

# Samsung Smart Solutions – Smart Home

Connect home devices for greater peace of mind

## People's needs & Samsung's competence

### People want more



- Wellness
- Convenience
- Safety
- Rich Experience

### Samsung's Disruption



- Home control solution
- Smarter appliances
- Smart lighting
- TV + wireless speaker sys.

## Smart Home

### Security



### Energy saving



### Home fitness & healthcare



### Home theater



# Samsung Smart Solutions – Medical Devices

Develop innovative and advanced medical devices

## Market needs & Samsung's competence

### Pain point in the market



- Analog
- Hard to use
- Low resolution
- Bulky

### Samsung's Disruption



Biologics Bioepis Medical Center

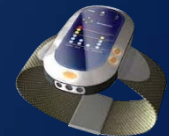
- IT/CE capabilities
- Components technology
- Samsung group synergies

## Healthcare innovation

- Optimized size
- High performance
- High resolution
- 3D image
- Portable



Hi-resolution image



Wearable bio-sensors



Portable device

# Samsung Smart Solutions – Enterprise Solutions

Offer holistic solutions to enterprise customers

## B2B portfolio

### Enterprise devices



Mobile



NPC



PRT



LFD



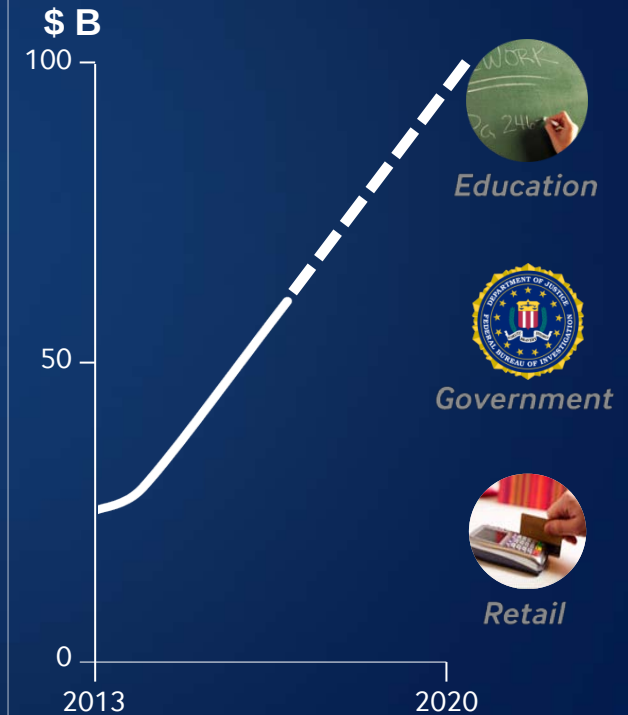
N/W

### Enterprise solutions



Security, Wireless Contents mgmt, Connectivity, etc.

## Targets

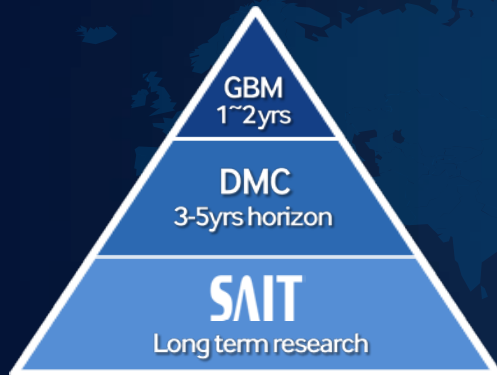




# Our Core Competencies – R&D

Prepare the future with great capabilities

## R&D Organization



## R&D Role

Securing  
core technology

Leveraging  
R&D resources

Supporting  
local business

## Advanced R&D

- Next generation telecommunication
- Smart home solution
- Holographic display
- Next generation memory based on new material (resistive RAM, magnetic RAM)

:

## Number of patents, 2012



30,641



102,995

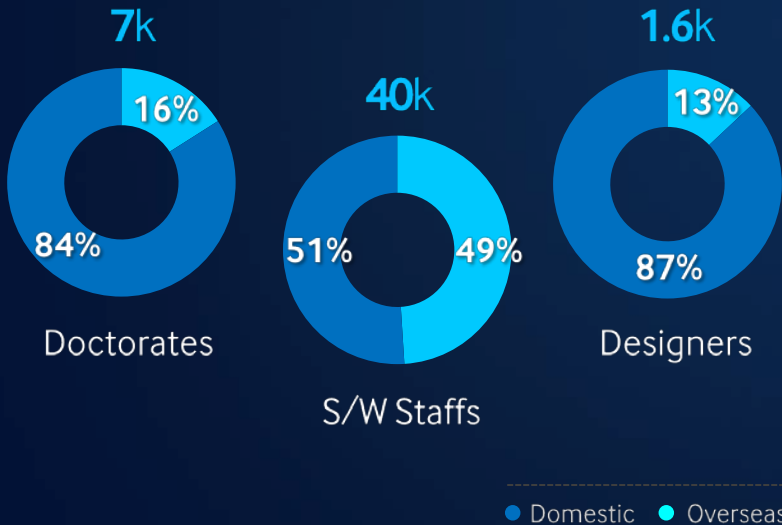
Source: USPTO, Based on registration

# Our Core Competencies – Human Resources

Create the future with global talents  
and a creative organization

## Global talents

326k employees worldwide



## 34 R&D Centers and 5 PIT (Product Innovation Team)

- Identify growth engines for the future
- Conceptualize product features and designs



# Future Aspiration – Open Innovation & Acquisitions

Foster a rich ecosystem of partners, leverage inorganic growth

## Open Innovation

### OIC locations



Shared technology roadmap  
Smooth integration within Samsung ecosystems

### Purpose

Fund  
Start-ups

Accelerate  
Ideas

Create  
Partnerships

## Acquisitions

Strategic for  
new business

Opportunistic for  
current business



MEDISON mspot  
NeuroLogica

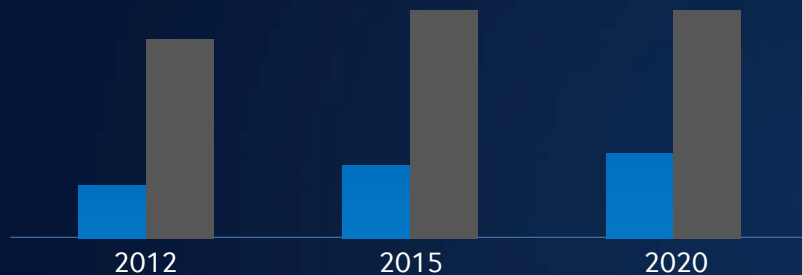


# Growth target by categories

We will continue to outpace the market growth

## Smartphone, TV

TAM (\*): 1.3%



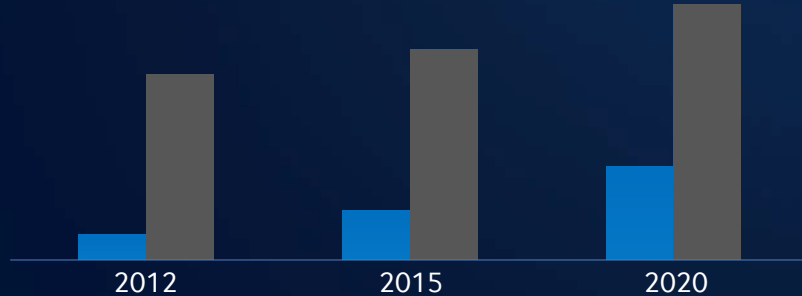
## Appliances, Printers, LED, Medical equipment

TAM : 4.9%



## Memory, SoC, Image sensor

TAM : 4.2%



## Displays

TAM : 6.0%

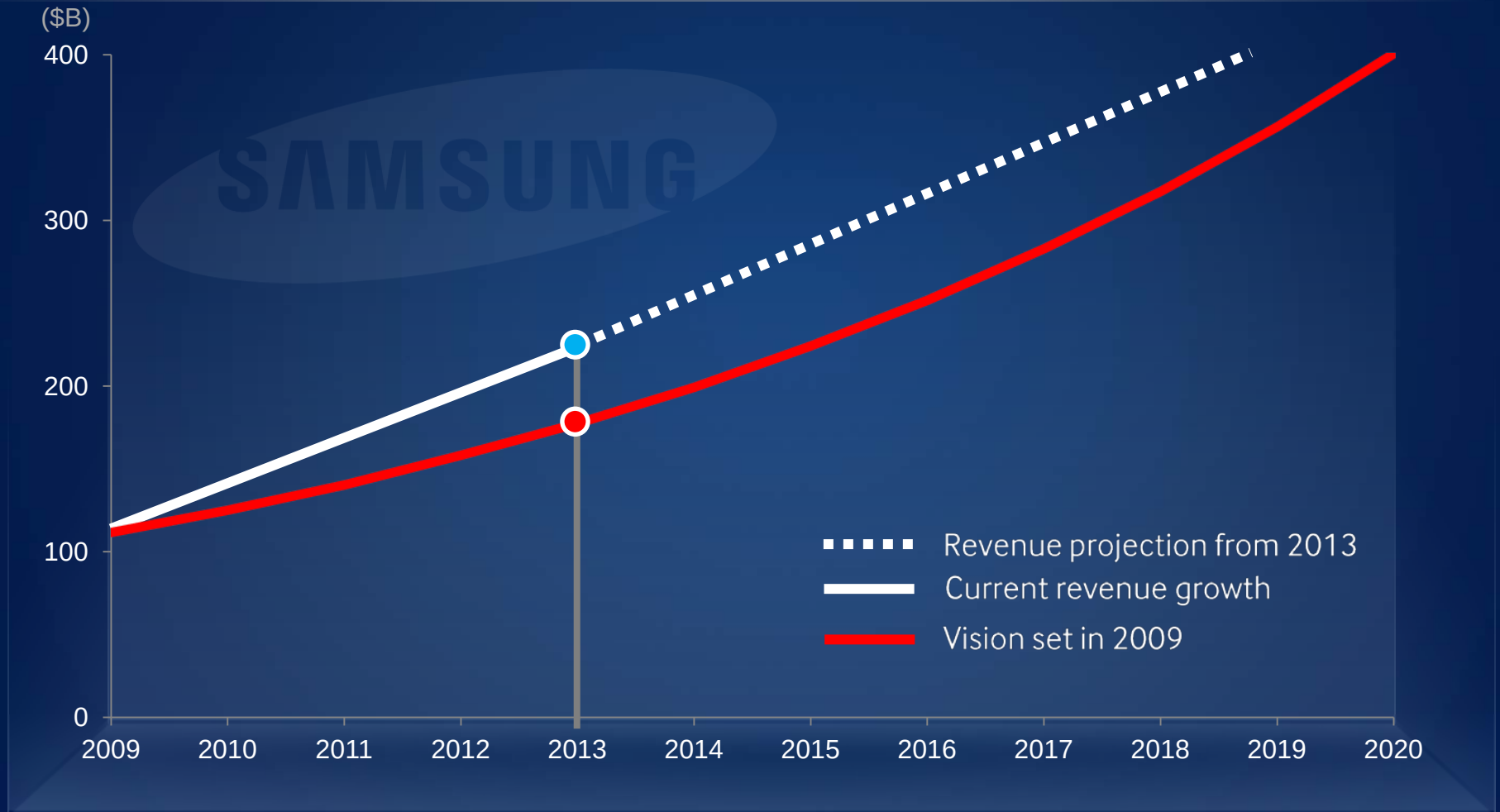


Note : (\*) CAGR are from 2012 to 2020

Sources : Display Search, Strategy Analytics, IDC, InMedica, Kalorama, Euromonitor, GFK, iSuppli

# Conclude

## Going above and beyond







# End of Document



# Q&A