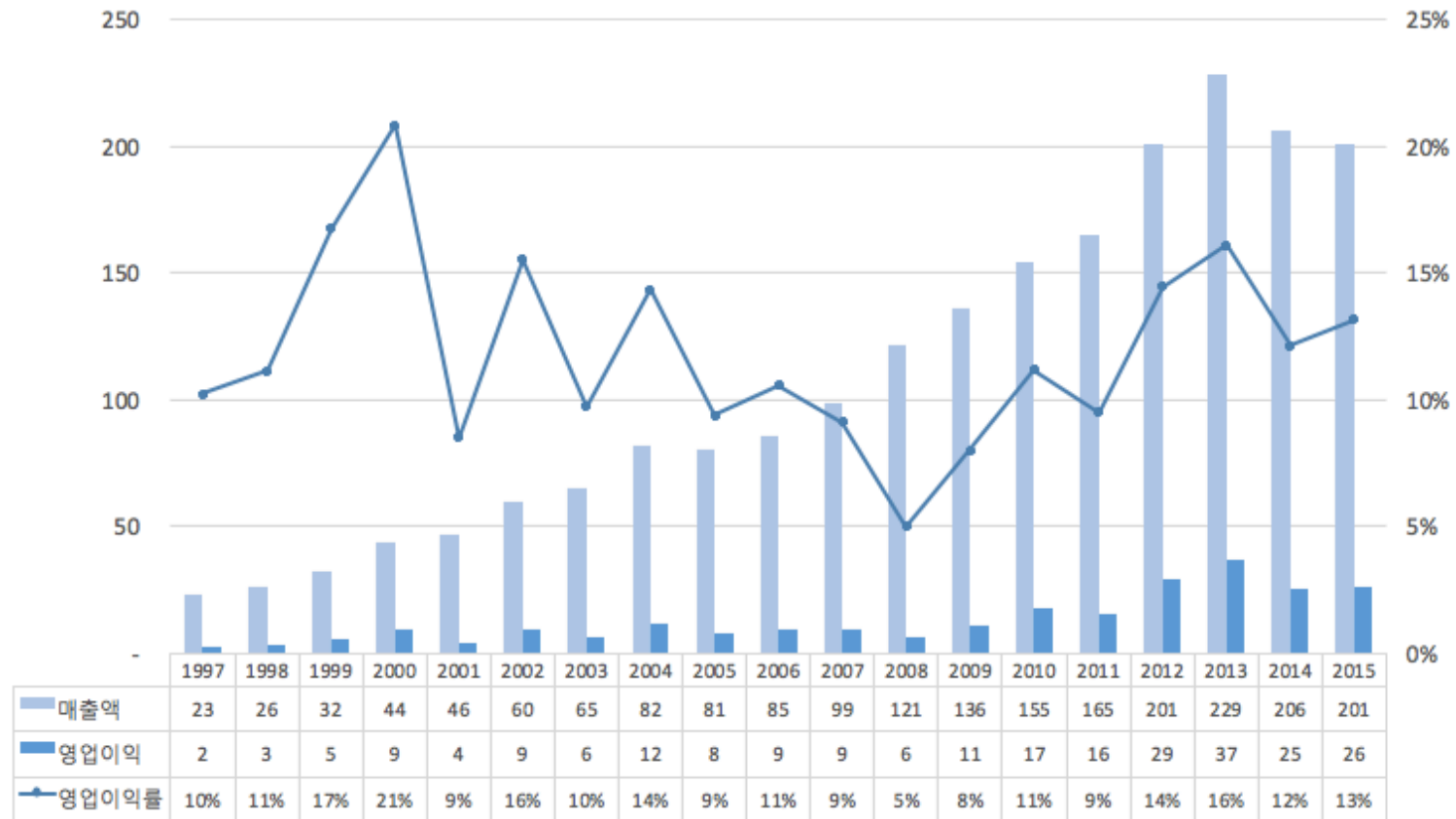


THE GROWTH AND CHALLENGE OF SAMSUNG AND HYUNDAI-KIA: TECHNOLOGY CATCH-UP, QUALITY IMPROVEMENT, AND GLOBALIZATION

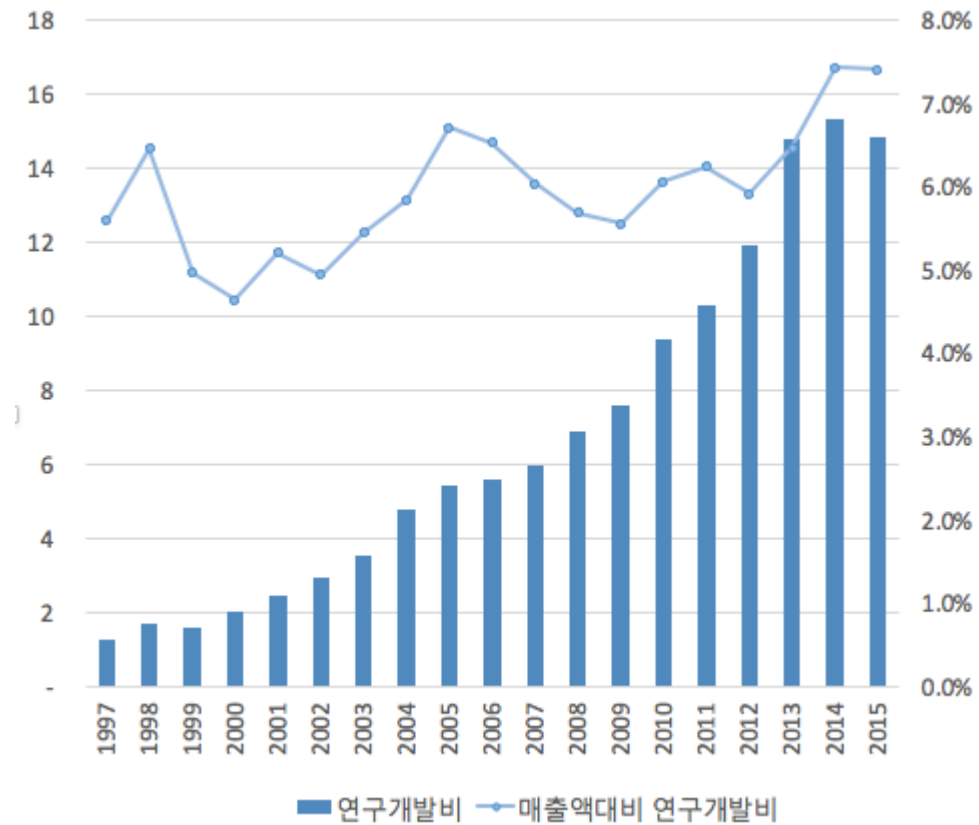
25th May 2017

Dr Nam Lee

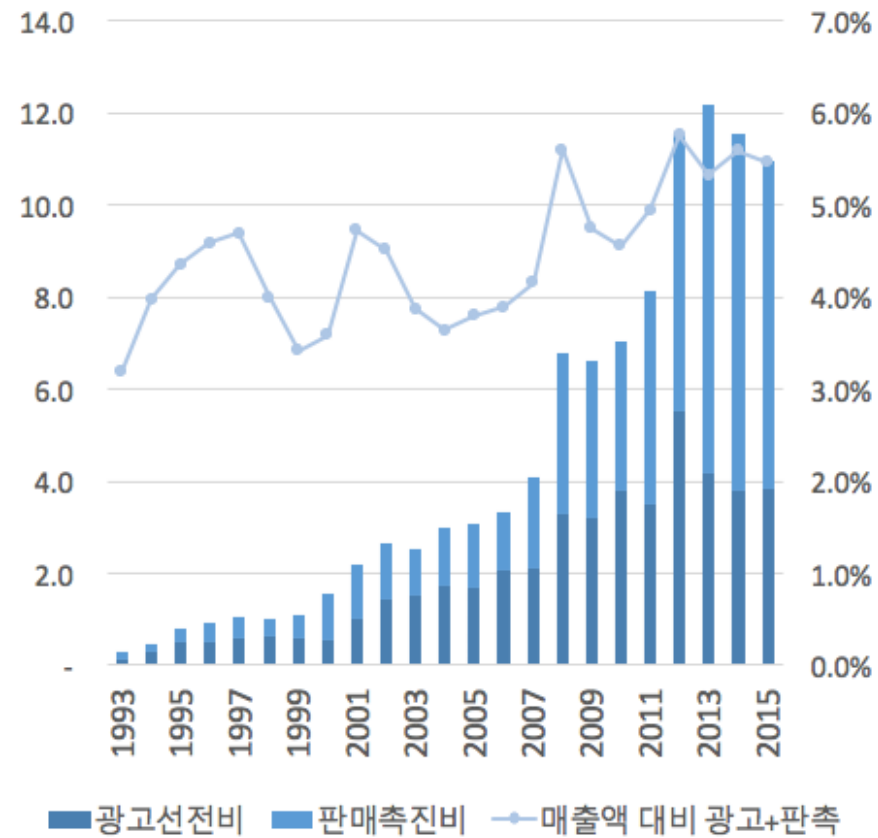
Sales, Operating Income, Operating Margin Ratio of Samsung Electronics (Unit in Trillion KRW, 1 trillion KRW = 1 billion USD)



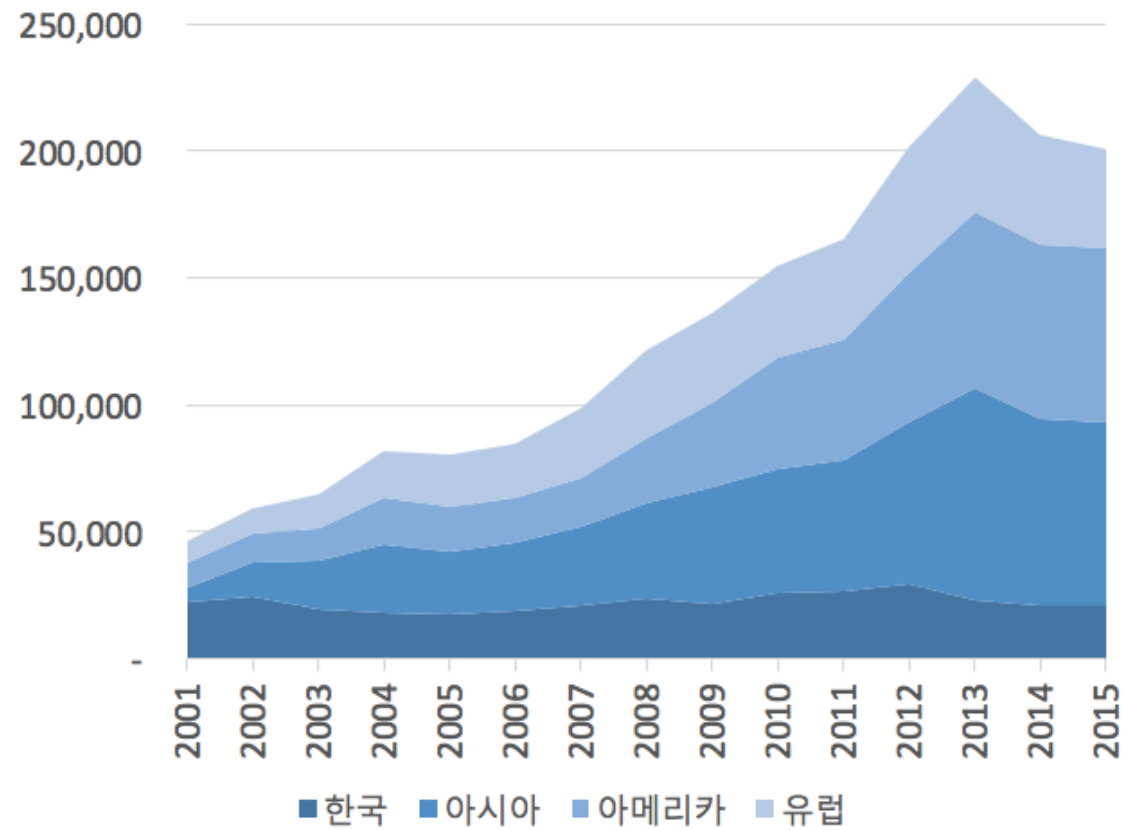
R&D expenditure of Samsung Electronics



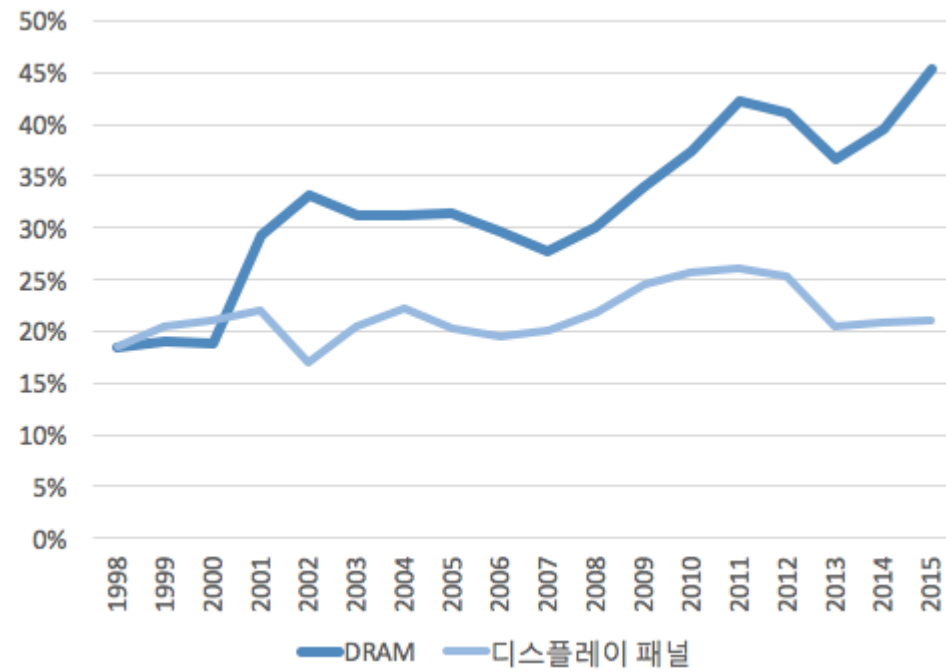
Promotion and Marketing expenses of Samsung Electronics



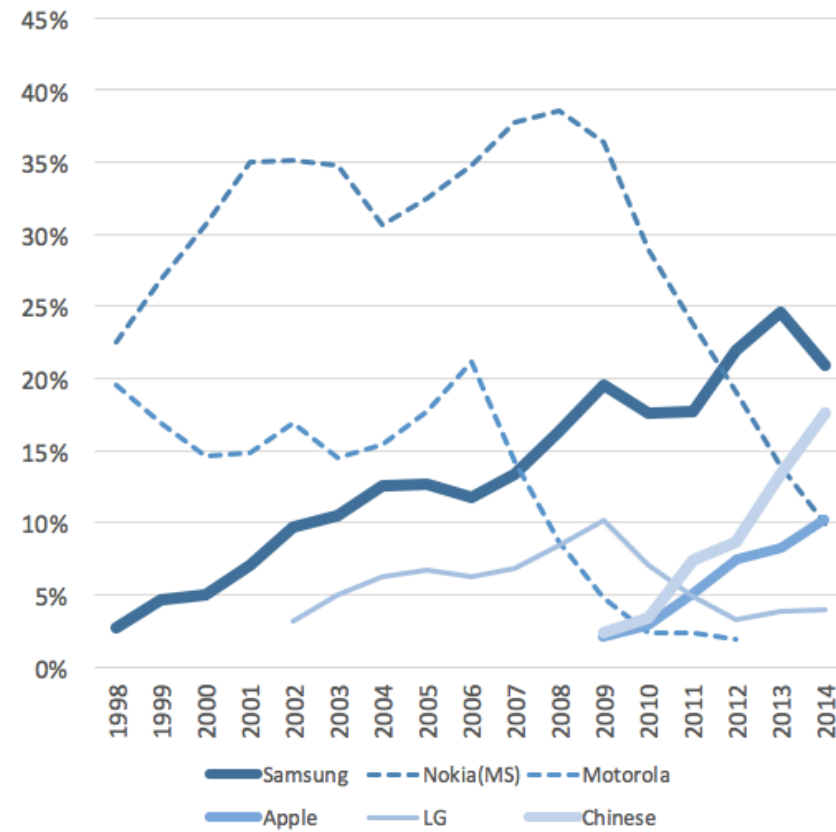
Sales by region of Samsung Electronics



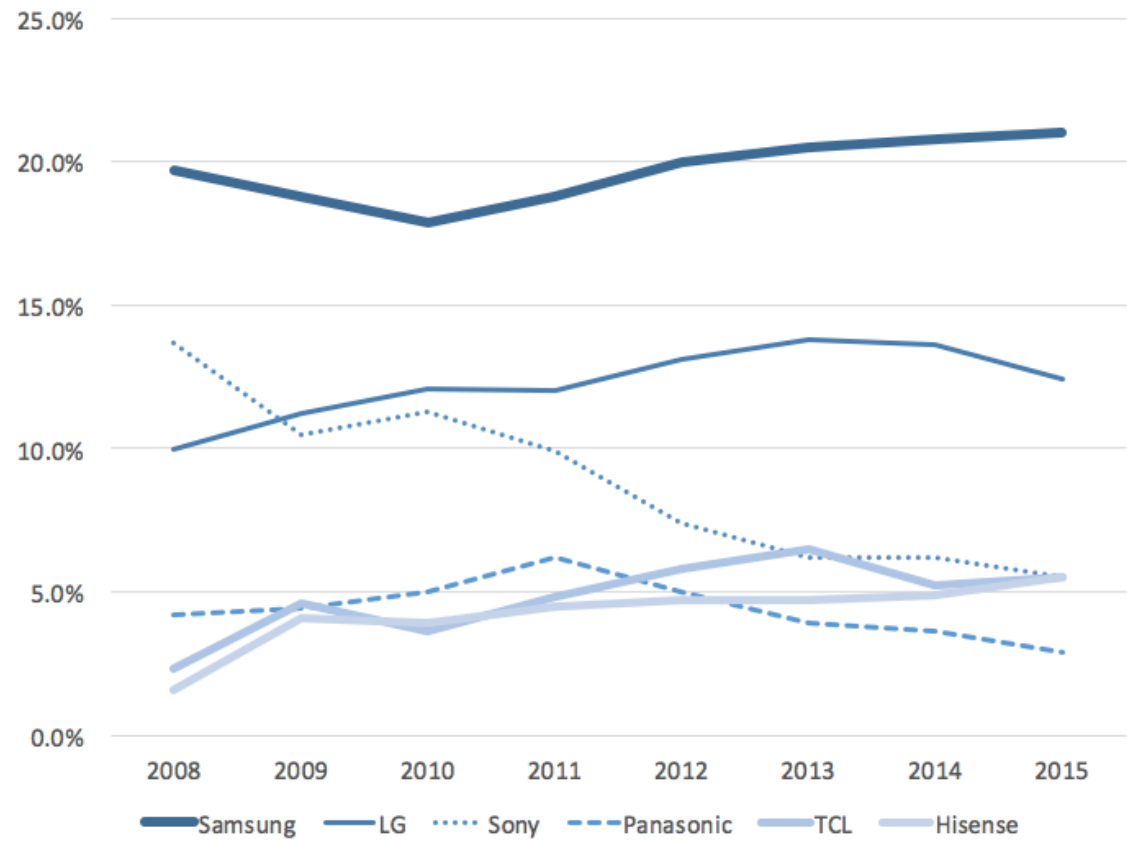
Worldwide M/S of D-ram and Display panel



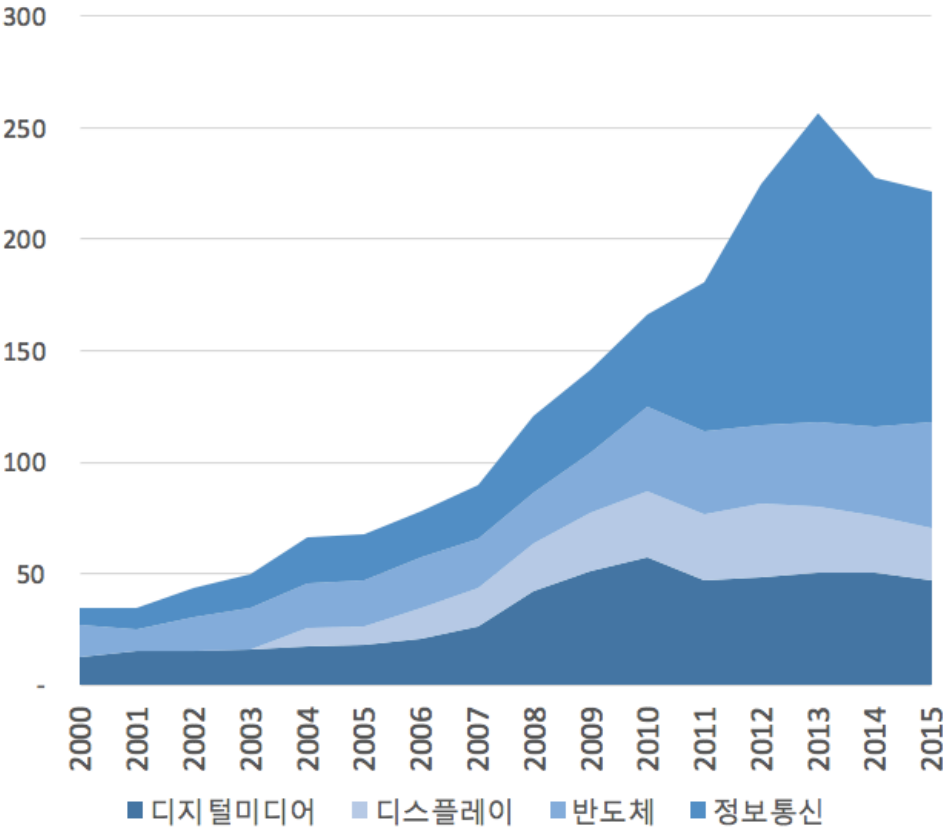
Worldwide M/S of mobile phone sold (Chinese M/S includes ZTE, Huawei, TCL, Lenovo and Xiaomi)



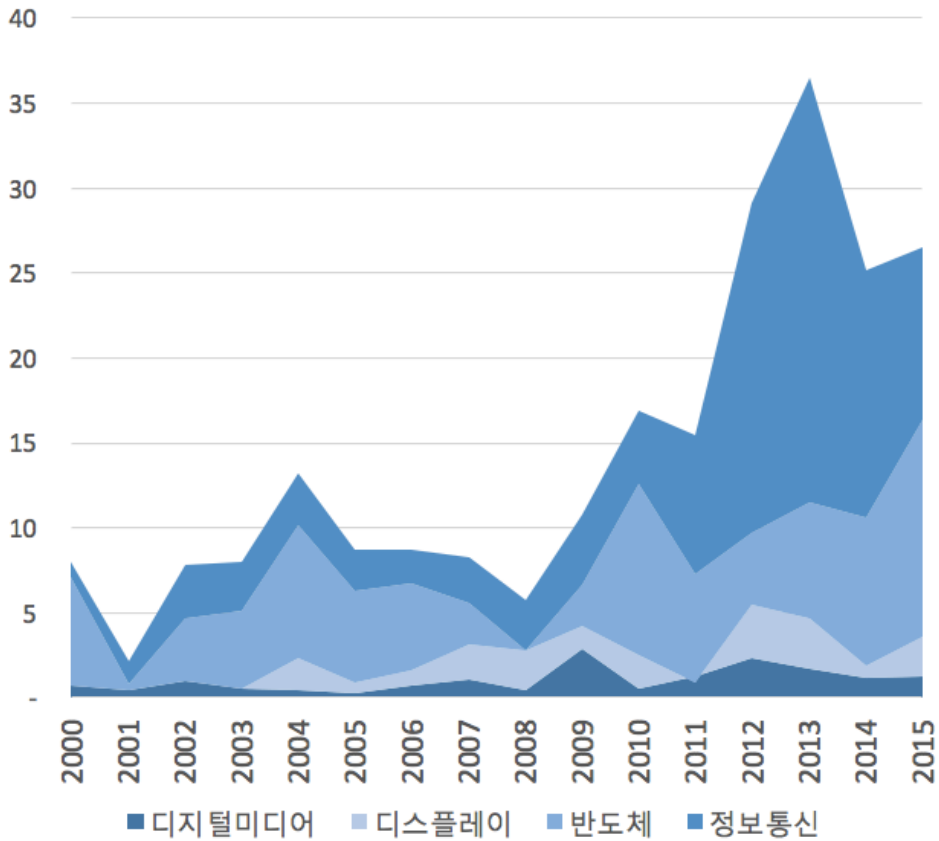
Worldwide M/S of LCD TV sold



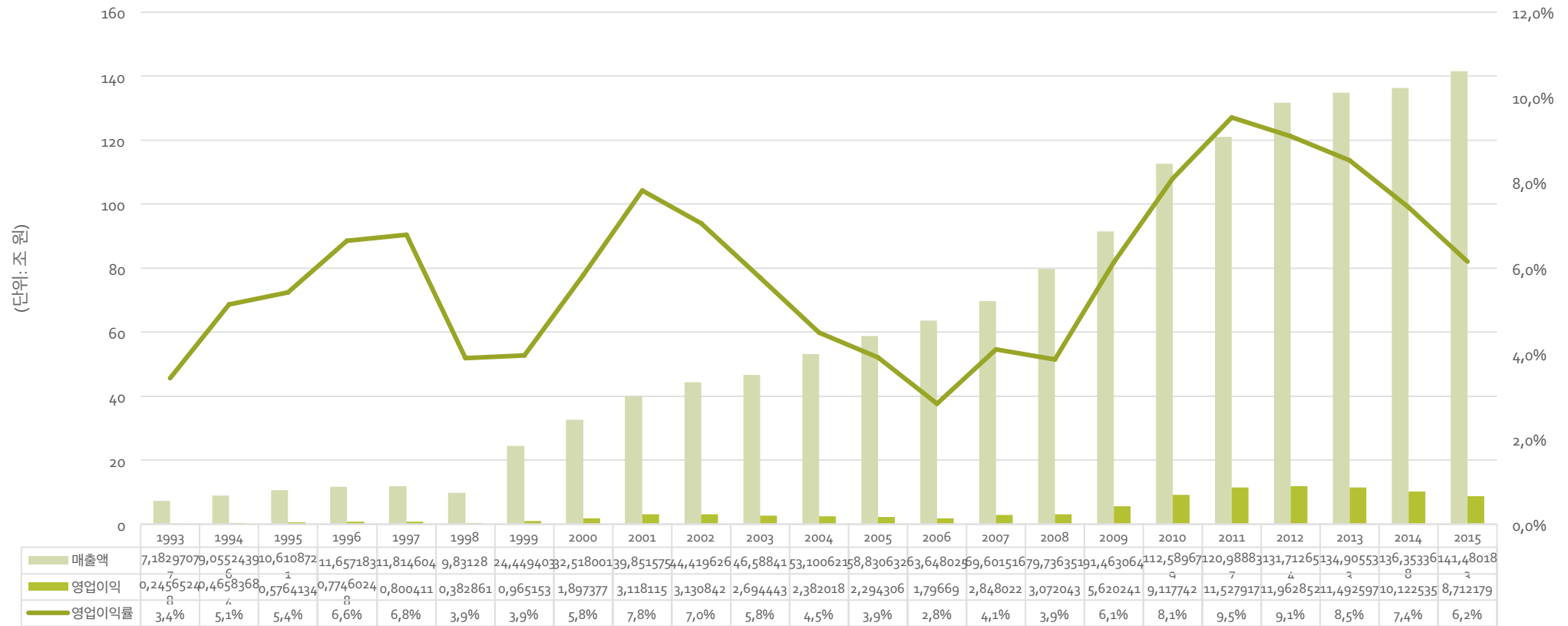
Sales by Business Units



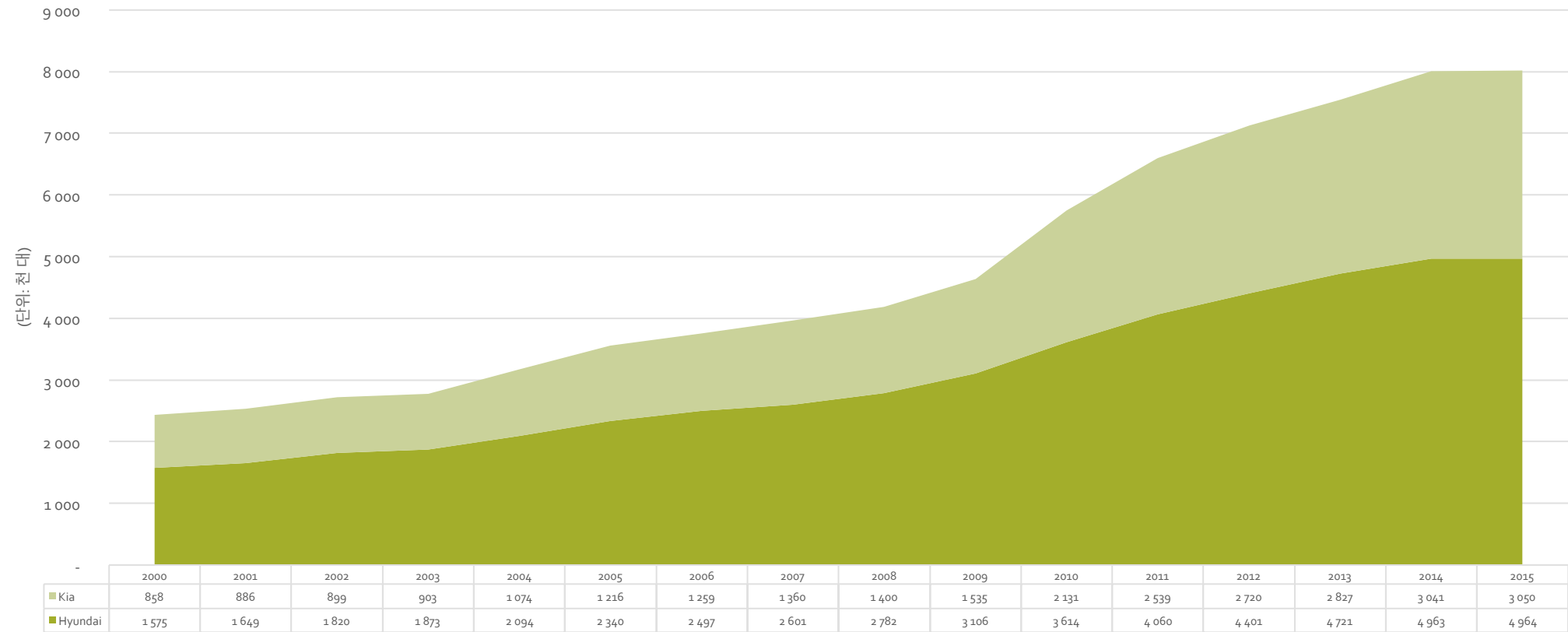
Operating Income by Business Units



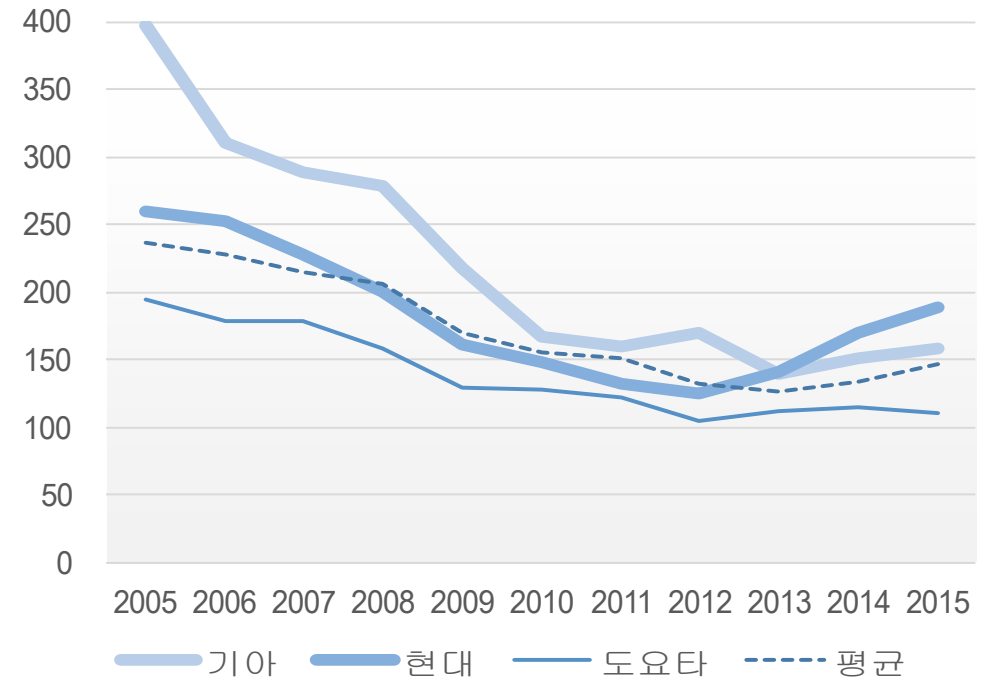
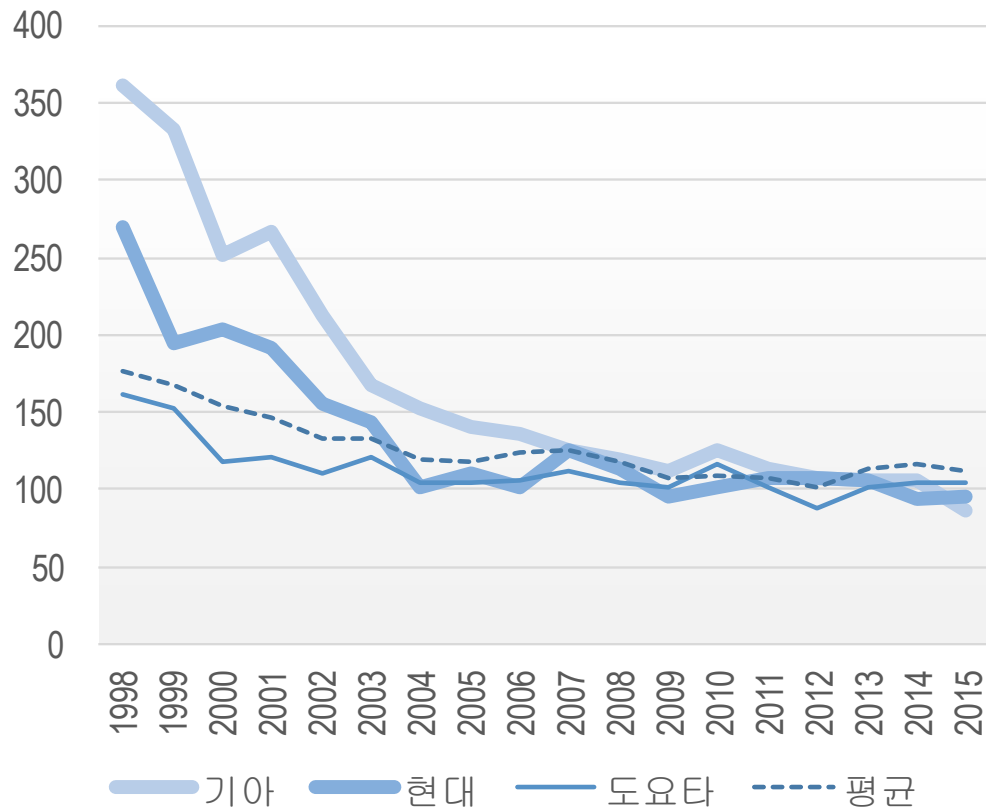
Sales, Operating Income and Operating Margin Ratio of Hyundai-Kia (Units in Trillion KRW)



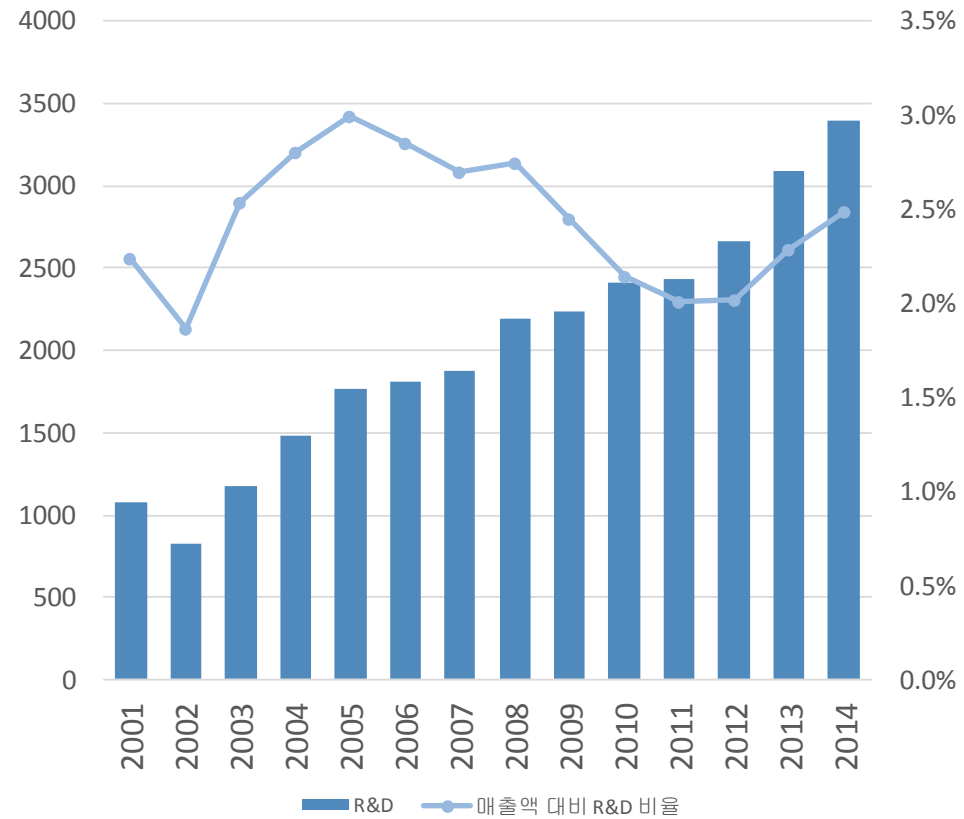
Sales volume by Hyundai-Kia (units in thousands)



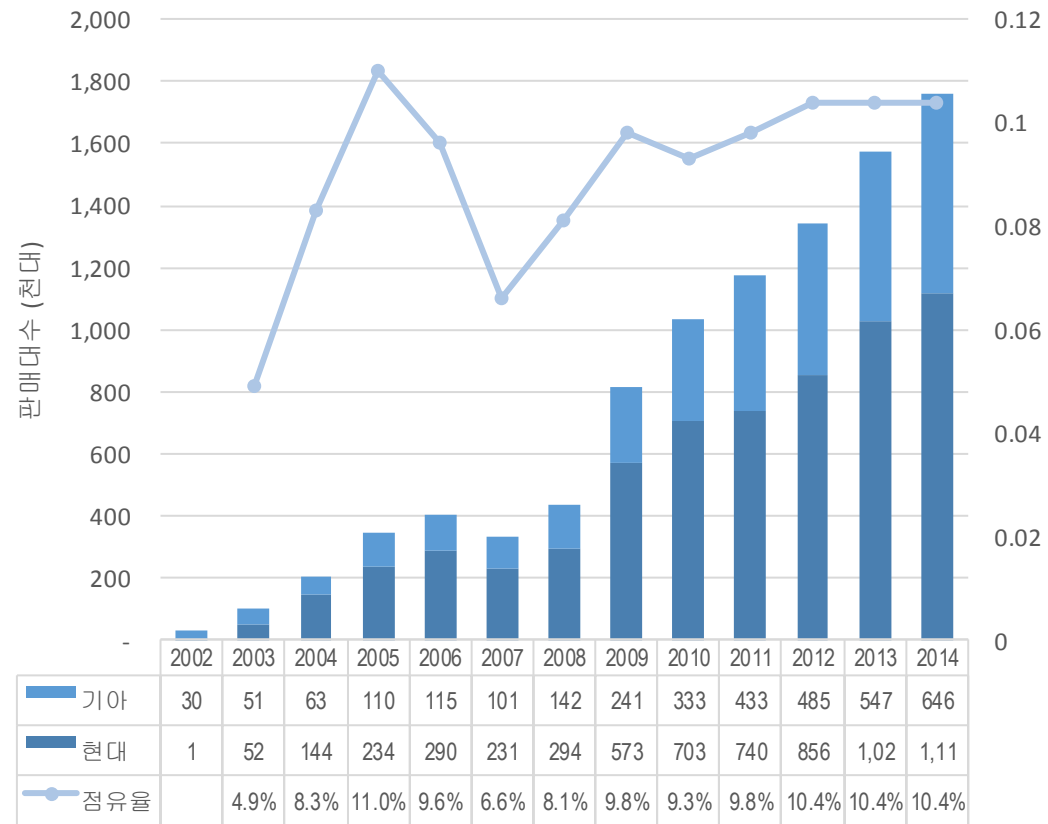
IQS by J.D.Power (No. of issues experienced within the first 90 days of new-vehicle ownership.)
VDS by J.D. Power(No. of issues reported by original owners of 3-year-old vehicles)



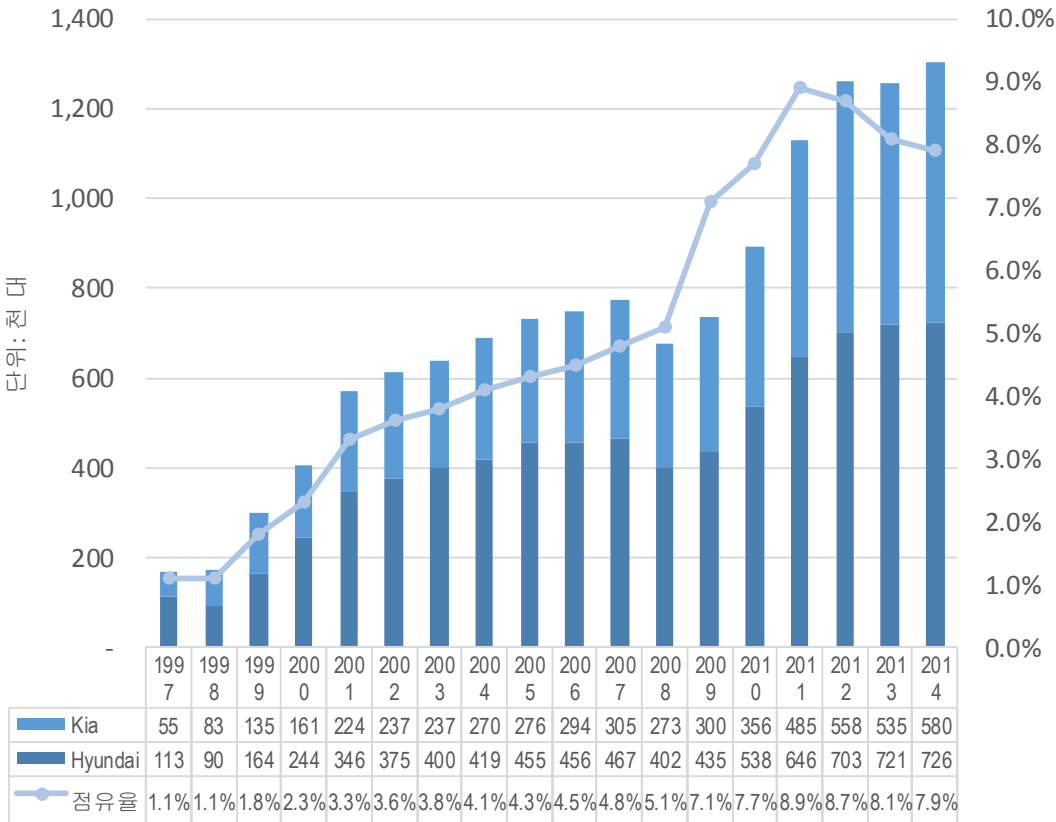
R&D expenditures of Hyundai-Kia (Units in 1 billion KRW, equivalent to approximately 1 million USD)



Sales and M/S in China (units in thousands and %)

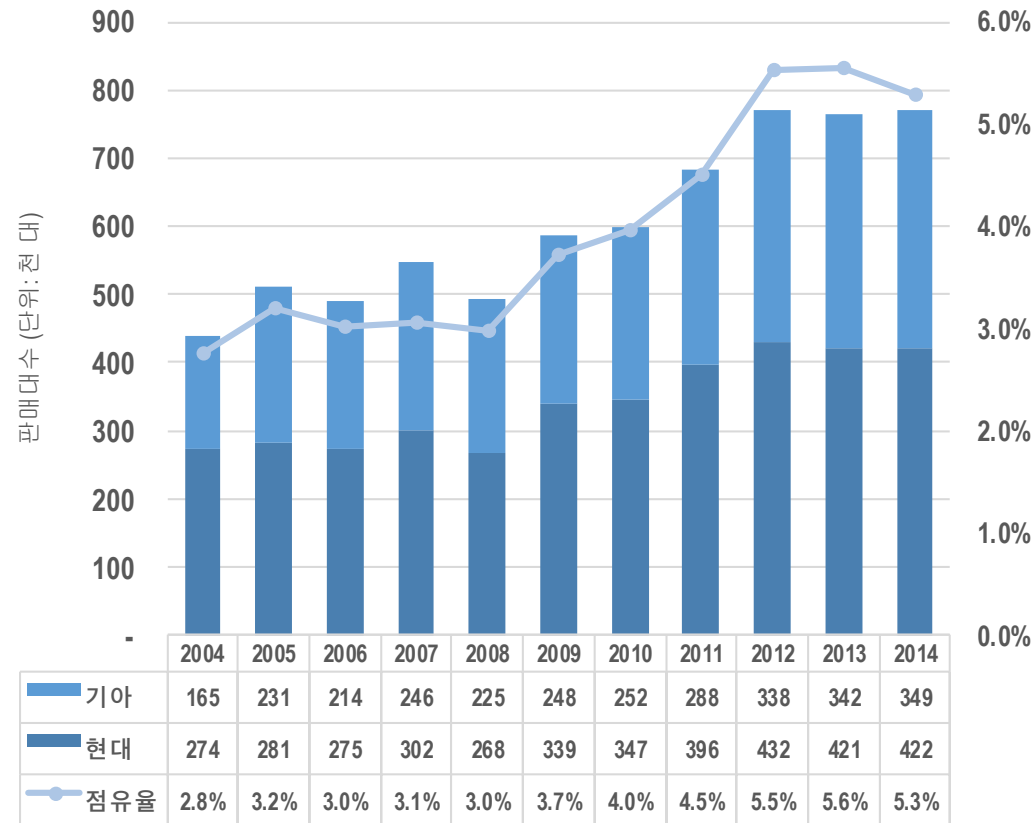


Sales and M/S in the U.S.A. (units in thousands and %)

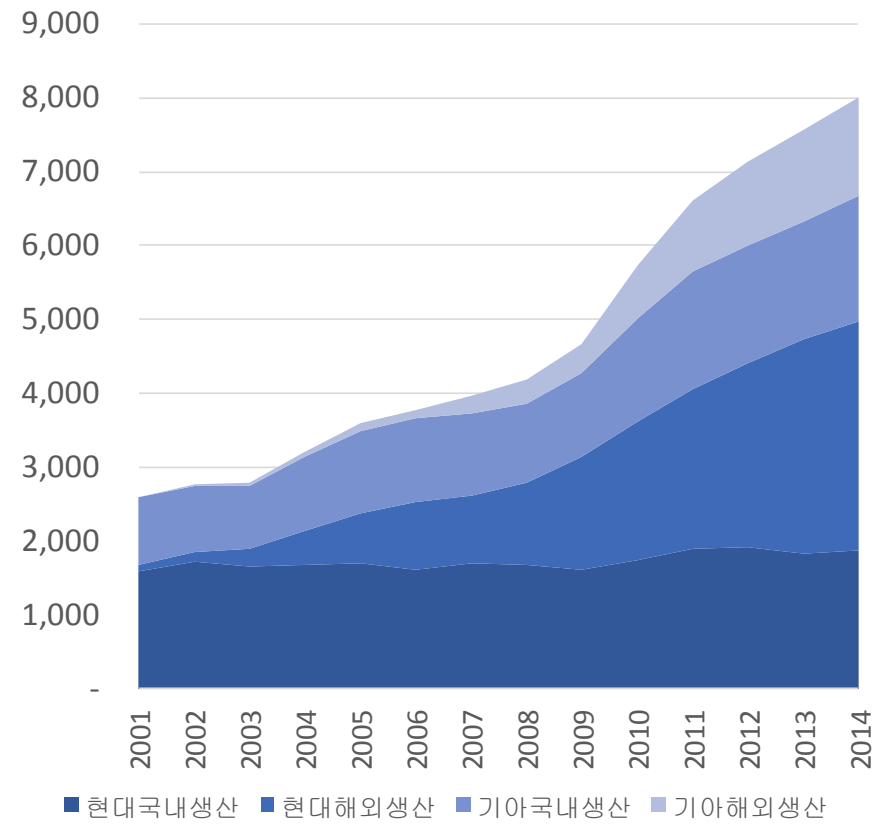


Sales and M/S in Europe (units in thousands and %)

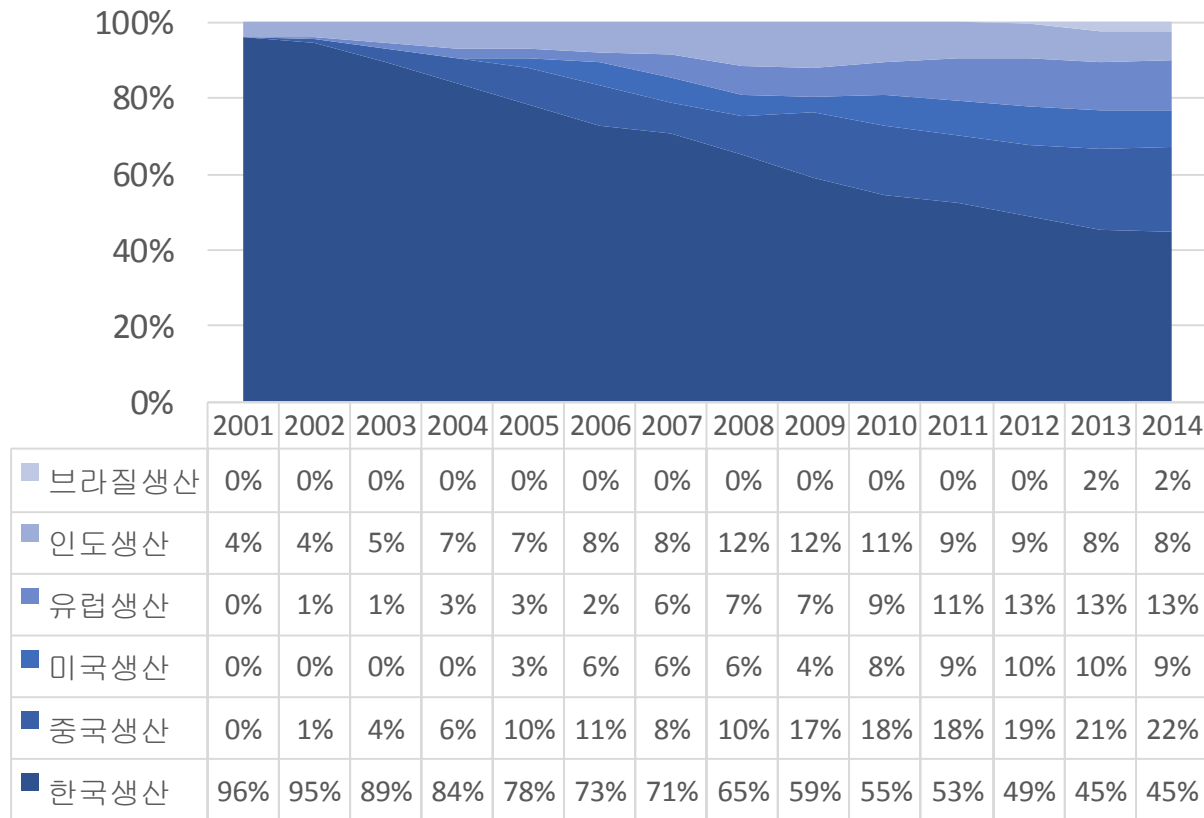
Note: 28 EU member countries excluding 5 small nations while including non-EU countries such as Norway and Switzerland



Domestic and Overseas Production volume



Production Volume by region (including Russia and Turkey)



Driving force of Samsung's growth

- Strong leadership: TV, semiconductor
- Long-term perspective and aggressive technology development (and marketing)
- Organizational learning: mobile phone, display
- Corporate culture: speedy execution
- Globalization
- Investment in supply chain management

Competitive advantages of Samsung: 3As

- **Agility:** responding quickly to sudden changes in supply or demand
- **Adaptability:** changing the supply chain in accordance with the structural changes in the market over time
- **Alignment:** matching the interests of the companies in the supply chain to reconcile supply chain optimization and profit maximization

Limitation and Challenge

- Hindsight of *chaebol* system: AST, passenger cars
- Management style: Samsung Way?
- Growing gap between vulnerable ownership structure and existing management style
- Corporate governance to replace?