

THE ECONOMIC CLUB

OF WASHINGTON, D. C.

**Excerpts from the Signature Event featuring Dr. Oh- Hyun Kwon,
Vice Chairman & CEO, Samsung Electronics CO., LTD.**

October 19, 2017

“In these momentous times, Samsung Electronics will continue to fulfill these societal needs by leveraging our core capabilities. Samsung’s technology leadership in semiconductors and displays will drive innovations in data centers, autonomous vehicles, and industrial IoT. In addition, the company’s ability to integrate hardware platforms with software can deliver value to customers who aspire to change the world. Samsung is ready to shape the future in collaboration with others.

With the arrival of AI, *[Internet of Things]*, cloud and 5G, Samsung Electronics is about to face yet another set of changes ... *[With]* new leadership at Samsung, we’ll continue to make a full effort to achieve our missions, to inspire the world, and create the future. That is why last week I announced early retirement, to give them a chance for the next leadership.”

“I think this topic *[of the advancement in semiconductors]*, growth in technology – I have a background in engineering technology. But whenever time goes by, our engineers have developed quite enormous things. So, when I say, 10 years ago, oh, that’s impossible, they made it. So ... some guys are making unexpected technologies. That’s what we want. I think it’ll help customers and society.”

“I think recently the TV market is shrinking because everybody is watching their smartphone rather than TV. So, I think there may be some change in *[the]* TV market to combine with the new technologies – AI or something like that.”

“I personally worry about *[Kim Jong-un]* because – and Koreans – they worry about him, and the world worries about North Korea’s situation. But the last, more than 50 years, we are always threatened by North Korea.”

“Samsung Electronics’ domestic portion *[of business done in Korea]* is very small, below 10 percent. And the other areas are well-balanced. U.S. may be around 30 percent. And Europe is also below 25, something like that. And China is 30 percent... So, I think it’s a real balance, regional-wise.”

[On the most important new developments in consumer electronics]: “Tough question. If I knew it, I’d do it right now...There *[is room for improvement]* with all electronic devices. I mentioned TV. I think it’s combined AI or IoT, that will provide another value. The *[next two waves I see are related to the smartphone ... Samsung considered a kind of venture into health care]*; another one is the automotive industry. They’re sort of the big thing – big wave ...”

[The biggest challenge while running Samsung has been], the IT industry, more than every other industry, is changing so fast, nobody can *[anticipate]* what’s going *[to happen]* in *[the]* next 10 years. So that means *[we need to think about]* how to prepare our company to sustain – that means the important thing is how to change our corporate culture and the mentality and how to educate the talent. That is ... the focus.”

[On how Samsung found success in Korea among its competitors]: “... In my opinion, it’s our founder. He started his *[trading]* business in the 1930s. He always focused on the talent first. He recruited people and educated *[them]*. ... Secondly, he invested a lot in technology... He provided all kinds of resources and opportunities ... so all the people – employees - worked very hard to achieve some goals. That is why *[his company was different]* in Korea compared to other companies.”

“[Samsung has] two missions. How to survive, because the IT industry is very tough. Second is, how to sustain the company ... So I always think about maybe how to survive *[at the]* top *[of the]* industry, *[and]* how to sustain the industry. But the *[foundation]* is technology.”

“When I joined Samsung, it *[was]* a local company. Nobody *[knew]* Samsung, except in Korea. And we started the semiconductor *[business]* ... I *[led]* it because nobody believed in it. There were some rumors in Korea at the time *[that]* Samsung will collapse pretty soon. But we caught up. ... Now, it is very close to being in the number-one position in the semiconductor *[industry]*. *[Back then,]* I was just starting my career in semiconductors and this year *[Samsung]* becomes number one ... So ... it’s time to retire. I’m quite proud *[to be part of the group that]* ... achieved that kind of position.”