

Samsung SDS 3Q 2019 Earnings Release

October 24, 2019



Disclaimer

The financial information in this document are consolidated earnings results based on K-IFRS.

This document is provided for the convenience of investors only, before the external review on our 3Q19 financial results is completed. The review outcomes may cause some parts of this document to change.

This document may contain “forward-looking statements” – that is, statements related to future, not past, events. In this context, “forward-looking statements” often address our expected future business and financial performance, and often contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks” or “will”.

“Forward-looking statements” by their nature address matters that are, to different degrees, uncertain.

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

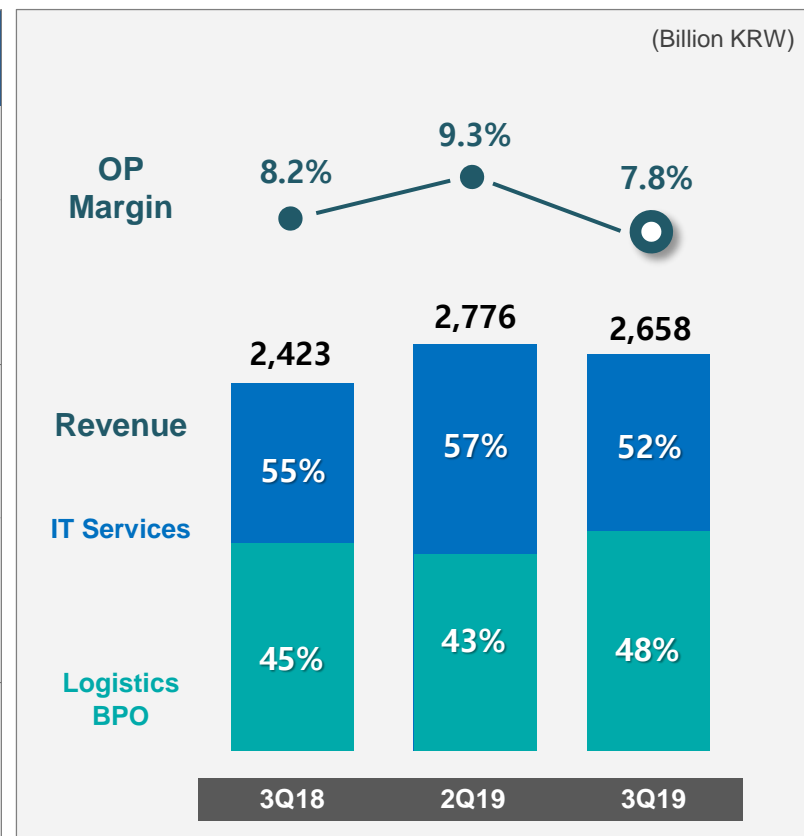
- The behavior of financial markets including fluctuations in exchange rates, interest rates
- Strategic actions including dispositions and acquisitions
- Unanticipated dramatic developments in our major businesses
- Numerous other matters at the national and international levels which could affect our future results

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

1 Earnings Overview

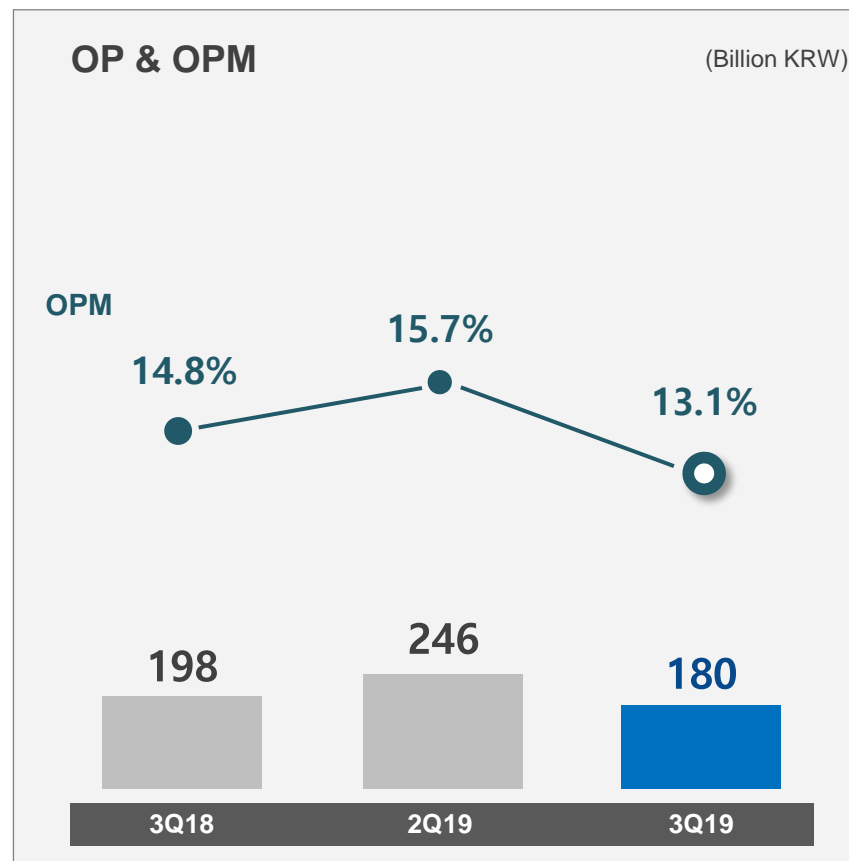
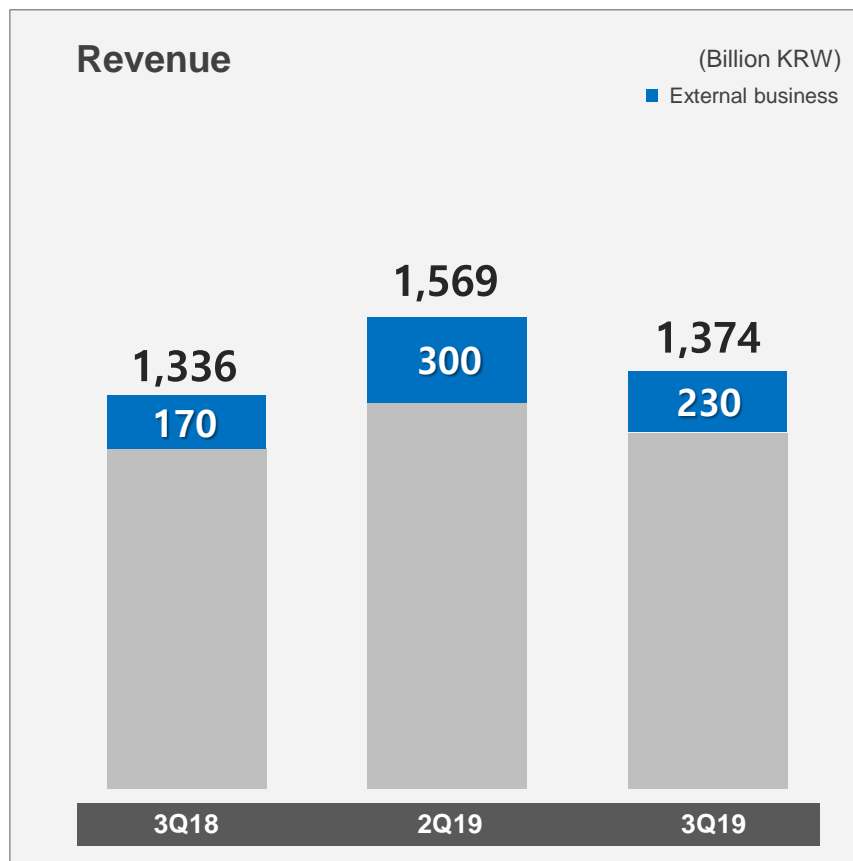
- ▶ Revenue of 2,658 billion KRW (YoY +9.7%)
 - External business 440 billion KRW (YoY 42%)
- ▶ Operating profit of 206 billion KRW (YoY +3.5%)
- ▶ Net profit of 157 billion KRW (YoY +9.8%)

(Billion KRW)	3Q19	2Q19	QoQ	3Q18	YoY
Revenue	2,658	2,776	-4.2%	2,423	+9.7%
IT Services	1,374	1,569	-12.4%	1,336	+2.9%
Logistics BPO	1,284	1,207	+6.4%	1,087	+18.1%
Operating profit	206	259	-20.1%	199	+3.5%
(%)	7.8%	9.3%	-1.5%p	8.2%	-0.4%p
IT Services	180	246	-26.6%	198	-9.1%
Logistics BPO	26	13	+102%	1	+1,903%
Net profit	157	194	-19.0%	143	+9.8%
(%)	5.9%	7.0%	-1.1%p	5.9%	-



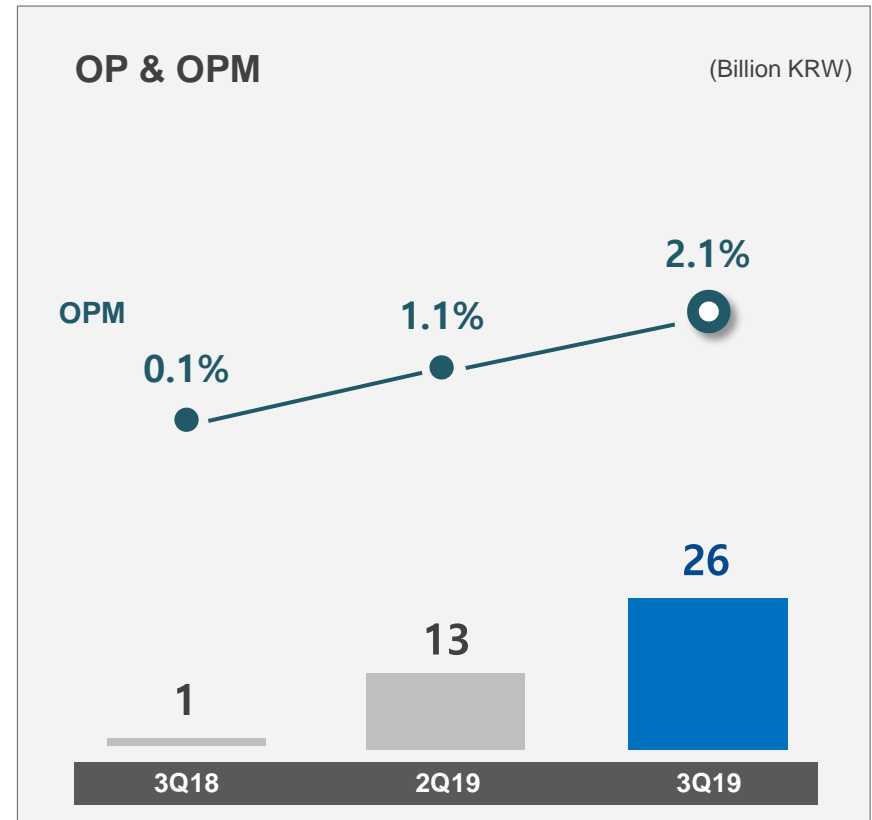
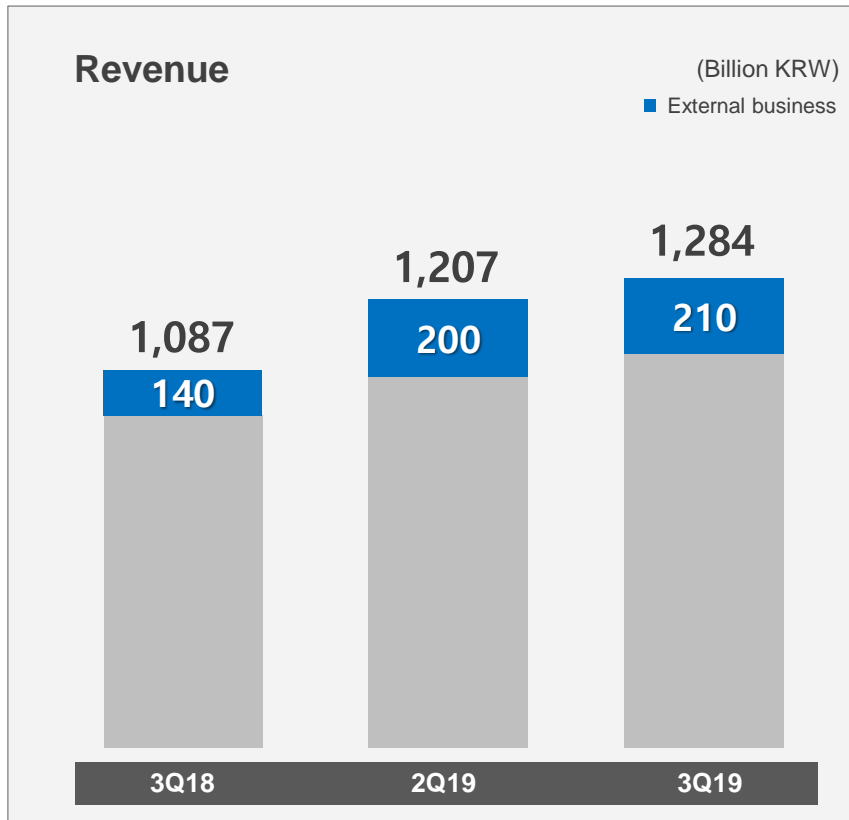
2 IT Services

- ▶ Revenue of 1,374 billion KRW (YoY +2.9%)
 - External business 230 billion KRW (YoY +35%)
- ▶ Operating profit of 180 billion KRW (YoY -9.1%), OPM 13.1%
- ▶ Q4 Upside : External business expansion, Customer's IT investment increase

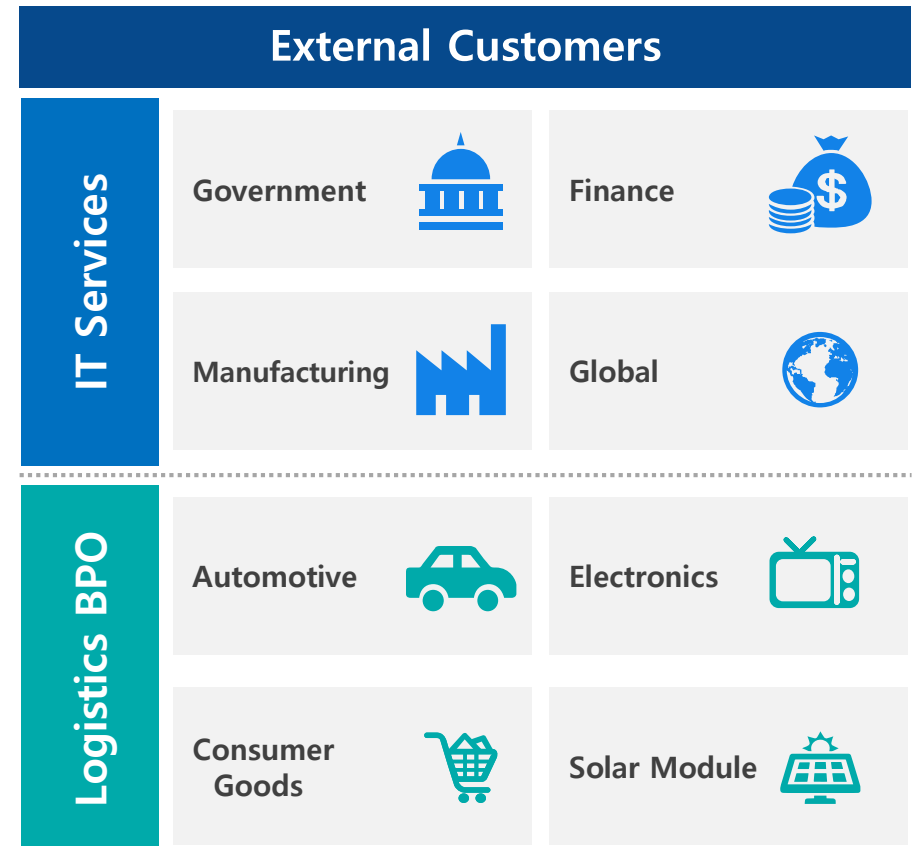
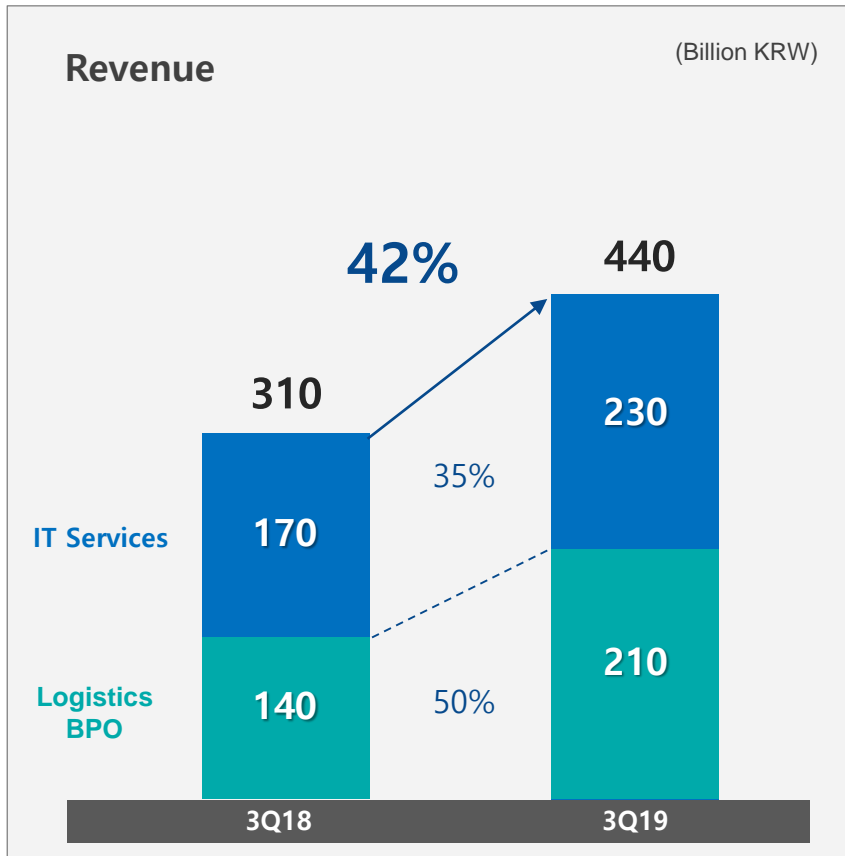


3 Logistics BPO

- ▶ Revenue of 1,284 billion KRW (YoY +18.1%)
 - External business 210 billion KRW (YoY +50%)
- ▶ Operating profit of 26 billion KRW (YoY +1,900%), OPM 2.1%
 - Logistics cost reduction and operation efficiency improved OPM
- ▶ Q4 Upside : Seasonal logistics volume increase, External business expansion



- ▶ External business 440 billion KRW (YoY +42%)
 - IT Services 230 billion KRW (YoY +35%)
 - Logistics BPO 210 billion KRW (YoY +50%)



[Appendix 1] Income Statement

(Billion KRW)	2018					2019		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q
Revenue	2,357	2,472	2,423	2,782	10,034	2,502	2,776	2,658
COGS	1,972	2,032	2,033	2,333	8,370	2,101	2,307	2,234
Gross profit	385	440	390	449	1,664	401	469	424
Margin (%)	16.3%	17.8%	16.1%	16.1%	16.6%	16.0%	16.9%	15.9%
SG&A	203	202	191	190	787	203	210	218
Operating profit	182	238	199	258	877	198	259	206
Margin (%)	7.7%	9.6%	8.2%	9.3%	8.7%	7.9%	9.3%	7.8%
Non-operating gain & loss	10	33	22	14	79	17	25	13
Profit before income tax	192	271	221	272	957	215	284	219
Income tax expense	61	84	78	95	318	74	90	62
Net profit	132	187	143	177	639	141	194	157
Margin (%)	5.6%	7.6%	5.9%	6.4%	6.4%	5.6%	7.0%	5.9%

[Appendix 2] Revenue & Operating Profit by Business Segment

(Billion KRW)	2018					2019		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q
Revenue	2,357	2,472	2,423	2,782	10,034	2,502	2,776	2,658
IT Services	1,346	1,416	1,336	1,559	5,657	1,425	1,569	1,374
- Business Solution	318	383	332	449	1,482	343	411	345
- Cloud & ITO	1,028	1,033	1,004	1,110	4,175	1,082	1,158	1,029
Logistics BPO	1,011	1,056	1,087	1,223	4,377	1,077	1,207	1,284
Operating profit	182	238	199	258	877	198	259	206
IT Services	183	227	198	245	853	194	246	180
Logistics BPO	-1	11	1	13	24	4	13	26
Operating profit margin	7.7%	9.6%	8.2%	9.3%	8.7%	7.9%	9.3%	7.8%
IT Services	13.6%	16.0%	14.8%	15.7%	15.1%	13.6%	15.7%	13.1%
Logistics BPO	-0.1%	1.0%	0.1%	1.1%	0.5%	0.4%	1.1%	2.1%

[Appendix 3] Statement of Financial Position

(Billion KRW)	2015	2016	2017	2018	1Q19	2Q19	3Q19
Asset	6,332	6,842	7,278	8,014	8,634	8,801	8,987
Current assets	3,845	4,548	5,118	5,882	6,029	6,144	6,362
Non-current assets	2,487	2,294	2,160	2,132	2,605	2,657	2,625
Liabilities	1,555	1,551	1,558	1,865	2,470	2,431	2,431
Current liabilities	1,390	1,347	1,325	1,575	1,829	1,767	1,775
Non-current liabilities	165	204	233	290	641	664	656
Equity	4,777	5,291	5,720	6,149	6,163	6,370	6,556
Common Stock	39	39	39	39	39	39	39

Cash & cash equivalents	1,951	2,456	2,925	3,672	3,632	3,587	3,736
Debts & borrowings	11	7	1	1	1	1	1
Depreciation & amortization	390	365	333	308	97	98	104
CAPEX	504	224	203	245	88	109	95
DPS(KRW)	500	750	2,000	2,000	-	-	-

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