

Samsung SDS 4Q 2019 Earnings Release

January 30, 2020



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 audit on our 2019 and 4Q19 financial results are completed. The audit 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:

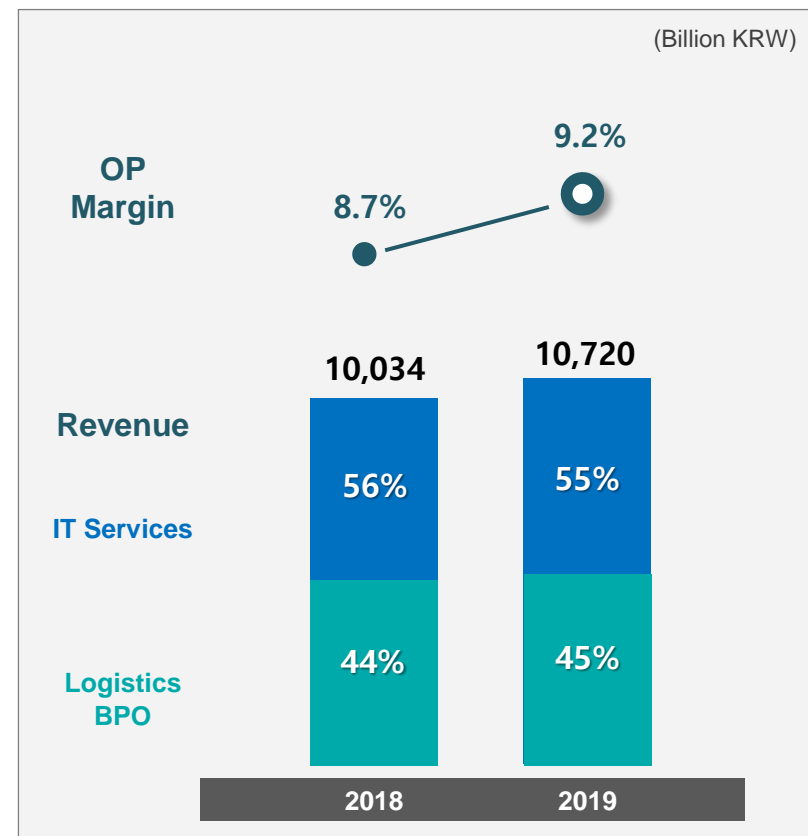
- The behavior of financial markets including fluctuations in exchange rates, interest rates
- Strategic actions including dispositions and acquisitions
- Unanticipated dramatic developments in our major businesses
- Numerous other matters at the national and international levels which could affect our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

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

1 2019 Earnings Overview

- ▶ Revenue of 10,720 billion KRW (YoY +6.8%)
- ▶ Operating profit of 990 billion KRW (YoY +12.8%)
- ▶ Net profit of 750 billion KRW (YoY +17.5%)

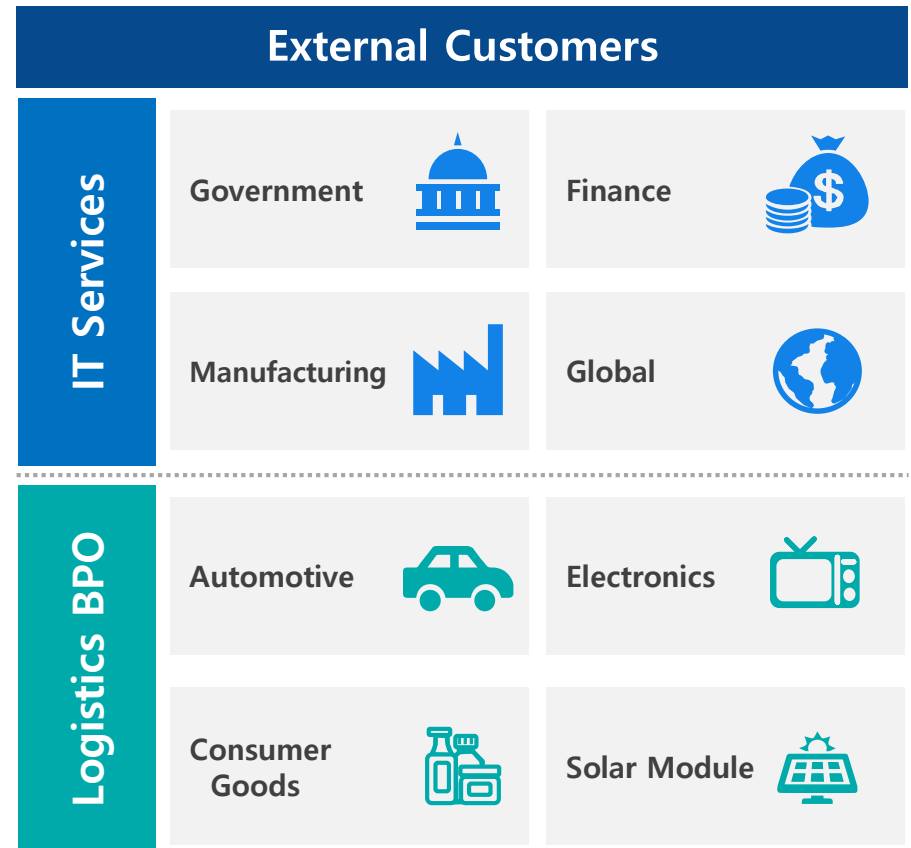
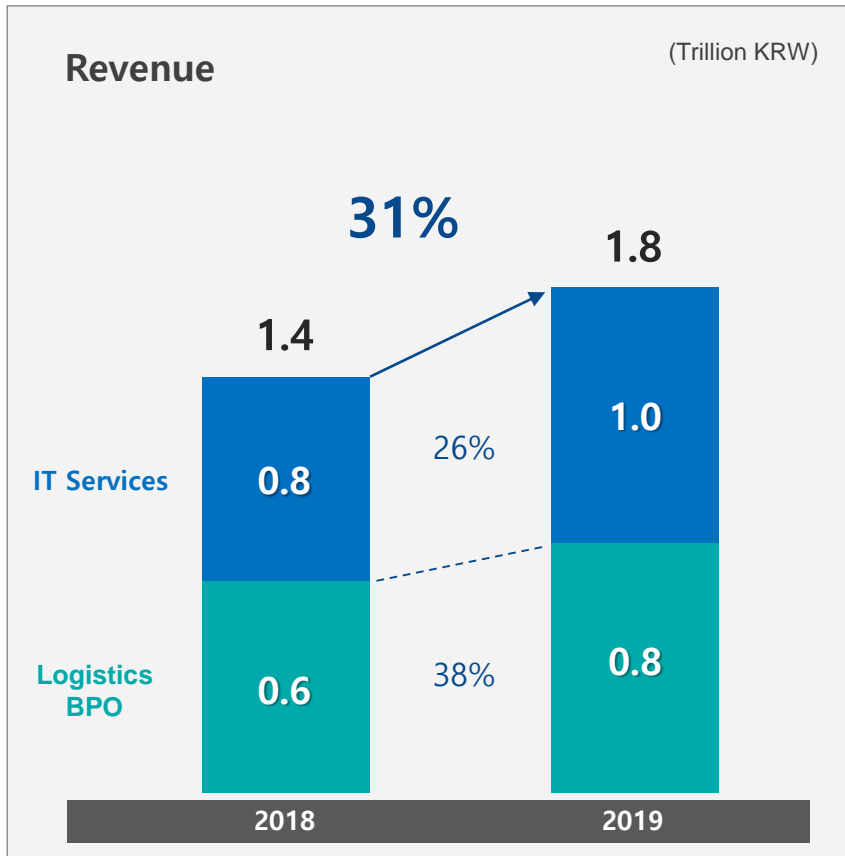
(Billion KRW)	2019	2018	YoY
Revenue	10,720	10,034	+6.8%
IT Services	5,873	5,657	+3.8%
Logistics BPO	4,847	4,377	+10.7%
Operating profit	990	877	+12.8%
(%)	9.2%	8.7%	+0.5%p
IT Services	918	853	+7.6%
Logistics BPO	72	24	+199%
Net profit	750	639	+17.5%
(%)	7.0%	6.4%	+0.6%p



2 2019 External Business

▶ External business 1.8 Trillion KRW (YoY +31%)

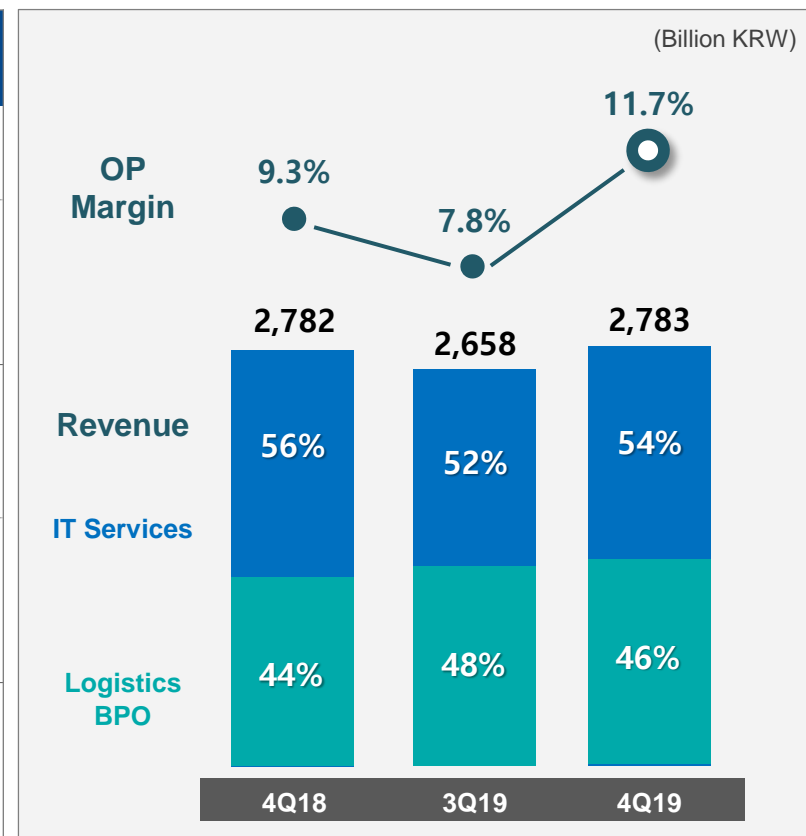
- Revenue Share : 2018 14% → 2019 17%
- Expand customers with industry expertise and global networks



3 4Q19 Earnings Overview

- ▶ Revenue of 2,783 billion KRW (YoY +0.02%, QoQ +4.7%)
 - External business 510 billion KRW (YoY +27%, QoQ +15%)
- ▶ Operating profit of 326 billion KRW (YoY +26%, QoQ +58%)
- ▶ Net profit of 259 billion KRW (YoY +46%, QoQ +65%)

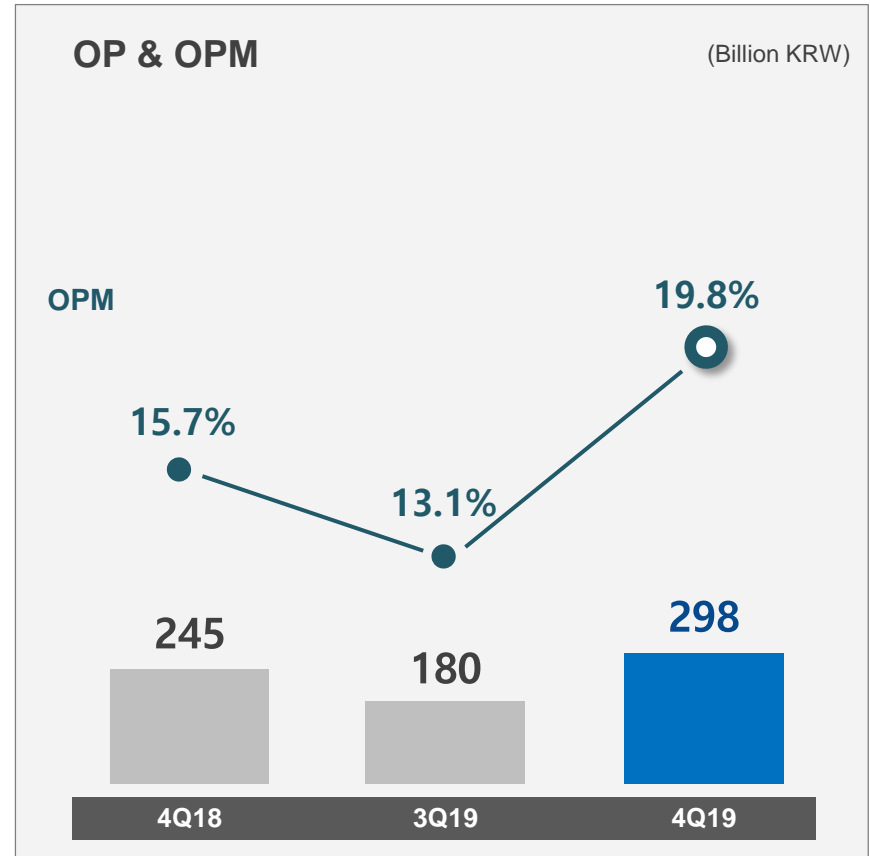
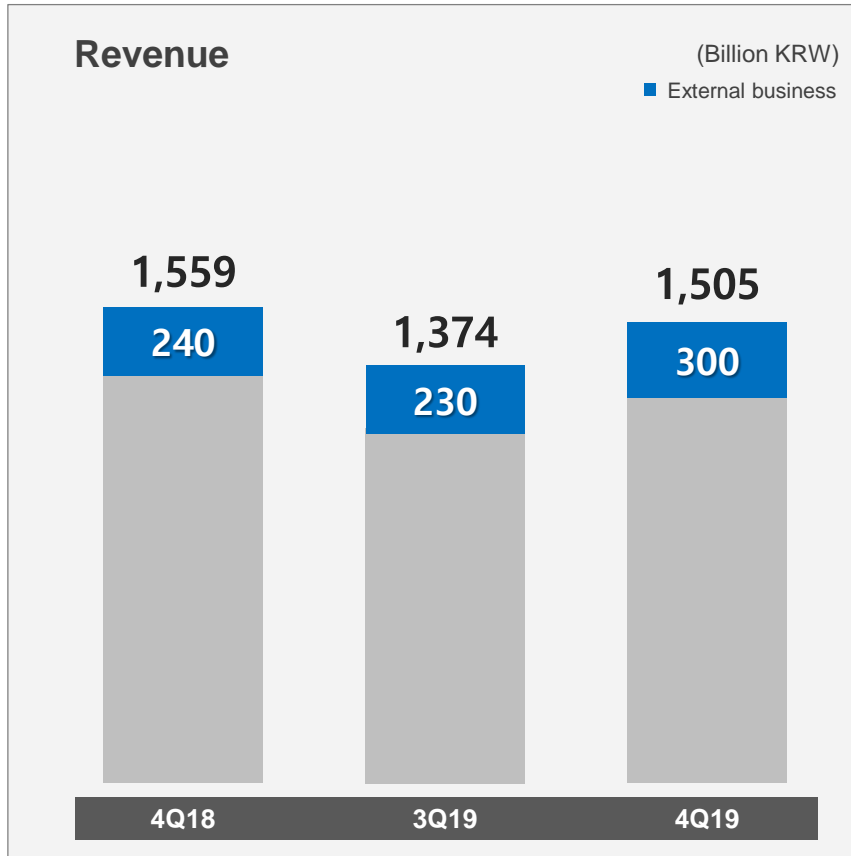
(Billion KRW)	4Q19	3Q19	QoQ	4Q18	YoY
Revenue	2,783	2,658	+4.7%	2,782	+0.02%
IT Services	1,505	1,374	+9.5%	1,559	-3.5%
Logistics BPO	1,278	1,284	-0.5%	1,223	+4.5%
Operating profit	326	206	+58%	258	+26%
(%)	11.7%	7.8%	+3.9%p	9.3%	+2.4%p
IT Services	298	180	+66%	245	+22%
Logistics BPO	28	26	+6.2%	13	+115%
Net profit	259	157	+65%	177	+46%
(%)	9.3%	5.9%	+3.4%p	6.4%	+2.9%p



4 IT Services

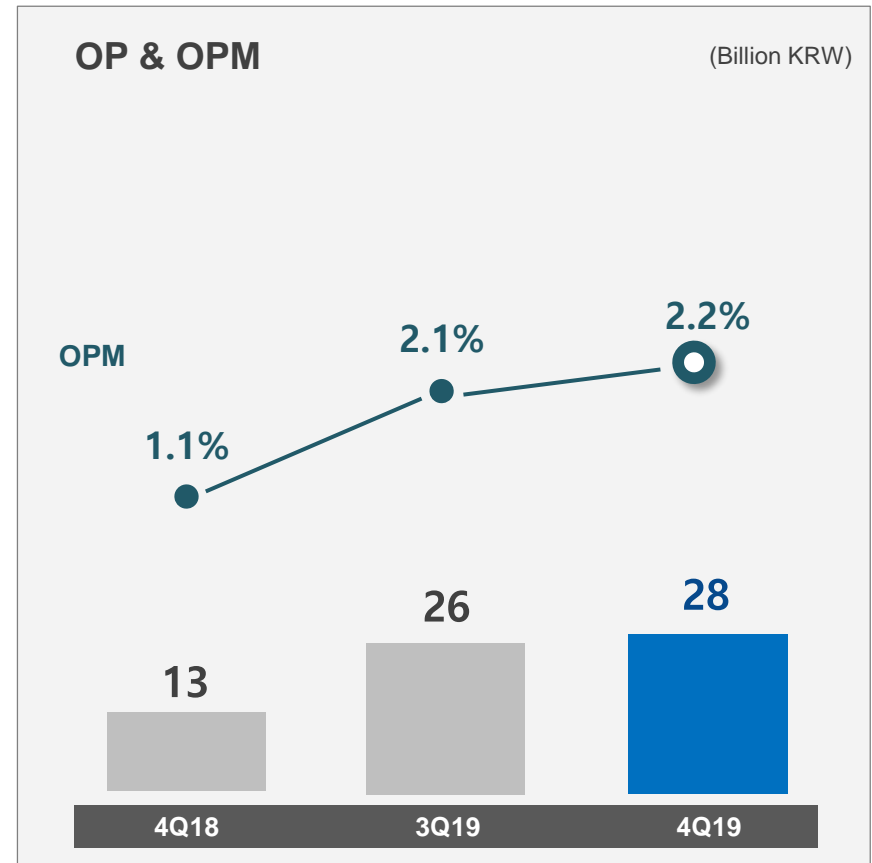
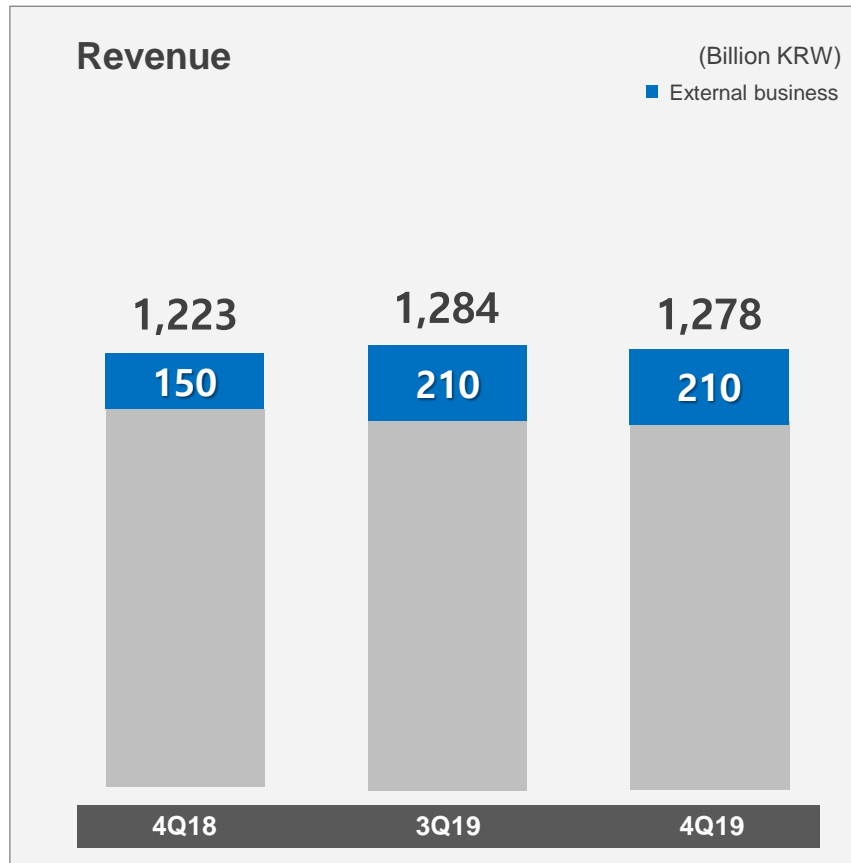
- ▶ **Revenue of 1,505 billion KRW (YoY -3.5%, QoQ +9.5%)**
 - External business 300 billion KRW (YoY +21%, QoQ +28%)
- ▶ **Operating profit of 298 billion KRW (YoY +22%, QoQ +65%), OPM 19.8%**
 - Cost reduction(RPA, GDC, etc) and better project margin improved OPM

* RPA : Robotic Process Automation, GDC : Global Delivery Center



5 Logistics BPO

- ▶ Revenue of 1,278 billion KRW (YoY +4.5%, QoQ -0.5%)
 - External business 210 billion KRW (YoY +38%, QoQ +1%)
- ▶ Operating profit of 28 billion KRW (YoY +115%, QoQ +6.2%), OPM 2.2%
 - Logistics cost reduction and operation efficiency improved OPM



[Appendix 1] Income Statement

(Billion KRW)	2018					2019				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Revenue	2,357	2,472	2,423	2,782	10,034	2,502	2,776	2,658	2,783	10,720
COGS	1,972	2,032	2,033	2,333	8,370	2,101	2,307	2,234	2,284	8,926
Gross profit	385	440	390	449	1,664	401	469	424	499	1,794
Margin (%)	16.3%	17.8%	16.1%	16.1%	16.6%	16.0%	16.9%	15.9%	17.9%	16.7%
SG&A	203	202	191	190	787	203	210	218	173	804
Operating profit	182	238	199	258	877	198	259	206	326	990
Margin (%)	7.7%	9.6%	8.2%	9.3%	8.7%	7.9%	9.3%	7.8%	11.7%	9.2%
Non-operating gain & loss	10	33	22	14	79	17	25	13	- 8	46
Profit before income tax	192	271	221	272	957	215	284	219	318	1,036
Income tax expense	61	84	78	95	318	74	90	62	59	286
Net profit	132	187	143	177	639	141	194	157	259	750
Margin (%)	5.6%	7.6%	5.9%	6.4%	6.4%	5.6%	7.0%	5.9%	9.3%	7.0%

[Appendix 2] Revenue & Operating Profit by Business Segment

(Billion KRW)	2018					2019				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Revenue	2,357	2,472	2,423	2,782	10,034	2,502	2,776	2,658	2,783	10,720
IT Services	1,346	1,416	1,336	1,559	5,657	1,425	1,569	1,374	1,505	5,873
- Business Solution	318	383	332	449	1,482	343	411	345	420	1,519
- Cloud & ITO	1,028	1,033	1,004	1,110	4,175	1,082	1,158	1,029	1,085	4,354
Logistics BPO	1,011	1,056	1,087	1,223	4,377	1,077	1,207	1,284	1,278	4,847
Operating profit	182	238	199	258	877	198	259	206	326	990
IT Services	183	227	198	245	853	194	246	180	298	918
Logistics BPO	-1	11	1	13	24	4	13	26	28	72
Operating profit margin	7.7%	9.6%	8.2%	9.3%	8.7%	7.9%	9.3%	7.8%	11.7%	9.2%
IT Services	13.6%	16.0%	14.8%	15.7%	15.1%	13.6%	15.7%	13.1%	19.8%	15.6%
Logistics BPO	-0.1%	1.0%	0.1%	1.1%	0.5%	0.4%	1.1%	2.1%	2.2%	1.5%

[Appendix 3] Statement of Financial Position

(Billion KRW)	2015	2016	2017	2018	2019
Asset	6,332	6,842	7,278	8,014	9,021
Current assets	3,845	4,548	5,118	5,882	6,384
Non-current assets	2,487	2,294	2,160	2,132	2,637
Liabilities	1,555	1,551	1,558	1,865	2,296
Current liabilities	1,390	1,347	1,325	1,575	1,698
Non-current liabilities	165	204	233	290	598
Equity	4,777	5,291	5,720	6,149	6,725
Common stock	39	39	39	39	39
Cash & cash equivalents	1,951	2,456	2,925	3,672	3,831
Debts & borrowings	11	7	1	1	1
CAPEX	504	224	203	245	371
Depreciation & amortization	390	365	333	308	405
DPS(KRW)	500	750	2,000	2,000	2,400
Payout ratio	8.8%	12.5%	29.2%	24.6%	25.2%

SAMSUNG SDS

Realize your vision

www.samsungds.com