

Samsung SDS 1Q 2020 Earnings Release

April 23, 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 review on our 1Q20 financial results are 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 1Q20 Earnings Overview

▶ Revenue of 2,436 billion KRW (YoY -2.7%, QoQ -12.5%)

- IT Service : 1,286 billion KRW (YoY -9.8%, QoQ -14.6%)

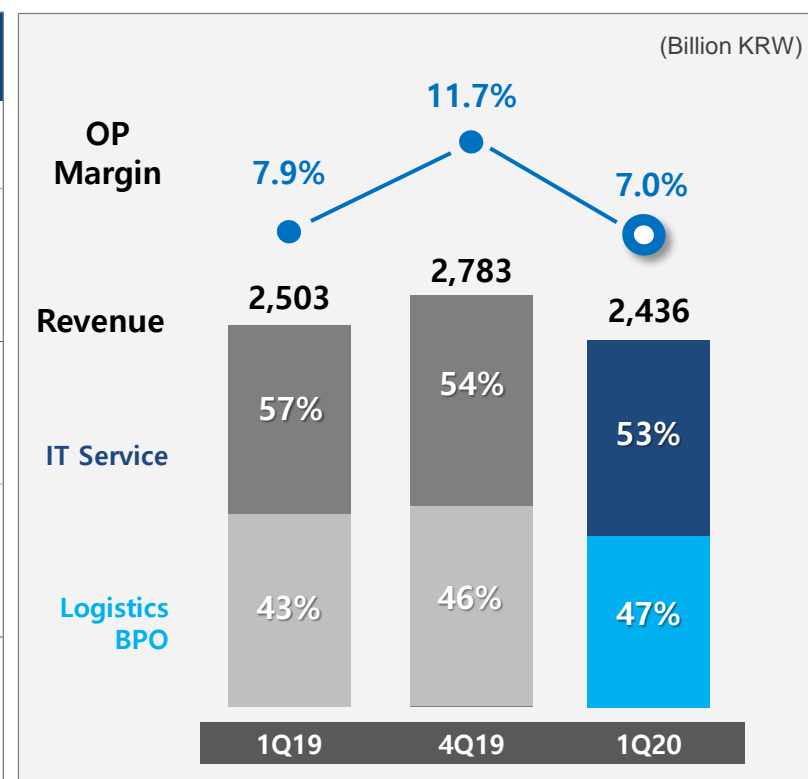
- Logistics : 1,150 billion KRW (YoY +6.8%, QoQ -10.0%)

▶ Operating profit of 171 billion KRW (YoY -13.7%, QoQ -47.5%)

- OPM : 7.0% (YoY -0.9%p, QoQ -4.7%p)

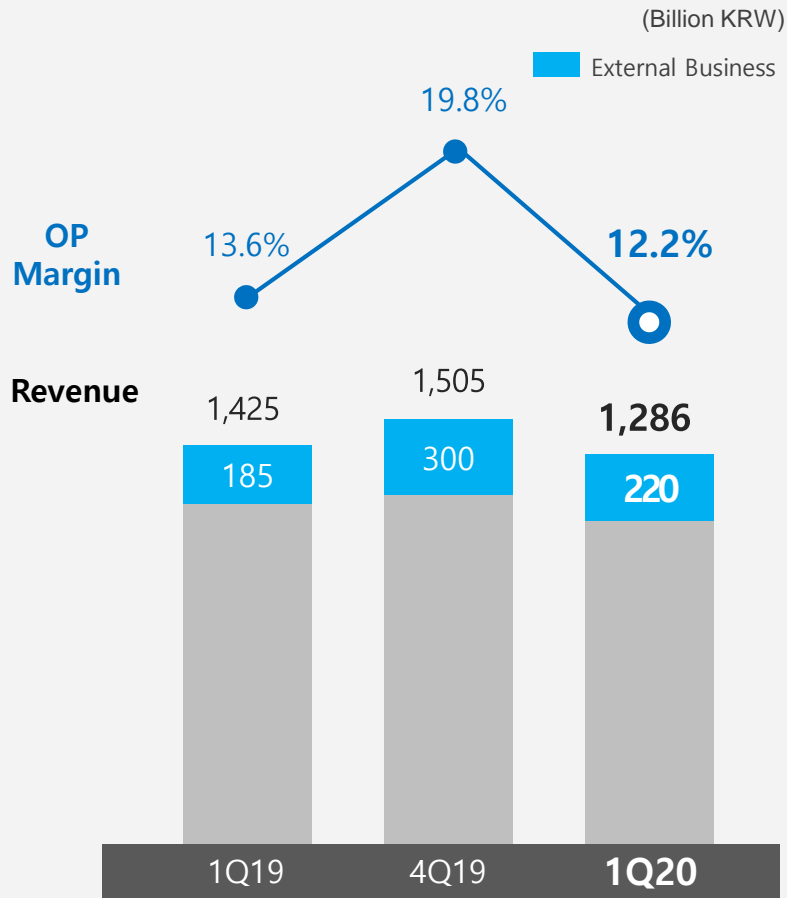
▶ Net loss* of 30 billion KRW

(Billion KRW)	1Q20	4Q19	QoQ	1Q19	YoY
Revenue	2,436	2,783	-12.5%	2,503	-2.7%
IT Services	1,286	1,505	-14.6%	1,425	-9.8%
Logistics BPO	1,150	1,278	-10.0%	1,078	+6.8%
Operating profit	171	326	-47.5%	199	-13.7%
(%)	7.0%	11.7%	-4.7%p	7.9%	-0.9%p
IT Services	156	298	-47.5%	194	-19.4%
Logistics BPO	15	28	-47.2%	5	+240%
Net profit*	-30	259	TR	141	TR
(%)	-	9.3%	-	5.6%	-



* Corporate tax 164 billion KRW paid due to merger goodwill

Revenue and OPM



▶ 1Q Results (Revenue : 1,286 billion, OP Margin: 12.2%)

- Revenue reduced by 10% YoY due to project delays by COVID-19
- External Business : Revenue increased by 20% YoY
 - Improved sales in public/finance/manufacturing
- IT Strategic Business : Revenue reduced by 6% YoY
 - Delays in Samsung affiliates' projects including intelligent factory

▶ 2Q Outlook

- Market Outlook : IT investments will be delayed
 - Factories shutdown and weaker demand by COVID-19
- Strategy : Cloud implementation & migration, Solution business

▶ 2020 Outlook

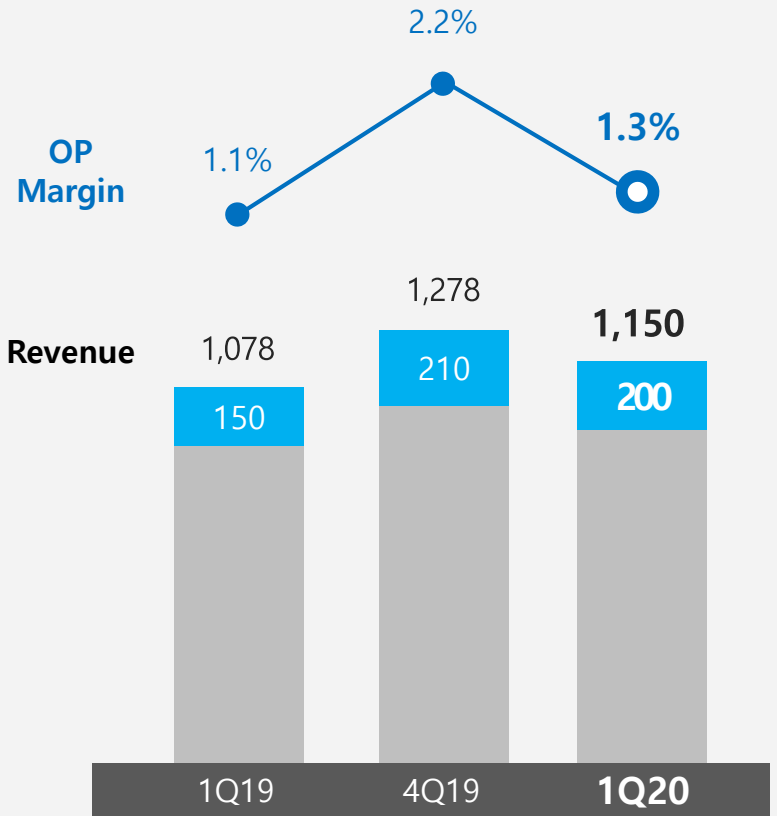
- Market Outlook : Delayed projects will resume
 - IT spending and digital transformation recover
- Strategy : Intelligent manufacturing, cloud, ERP, RPA

3 Logistics BPO

Revenue and OPM

(Billion KRW)

External Business



▶ 1Q Results (Revenue : 1,150 billion, OP Margin: 1.3%)

- Revenue increased by 7% YoY due to expansion of new customers and service area
- 1Q Trading volume was stable despite COVID-19

▶ 2Q Outlook

- Market Outlook : Trading volume will reduce
 - logistics disorder and factories shutdown by COVID-19
- Strategy : Urgent shipment and new customer expansion

▶ 2020 Outlook

- Market Outlook : Trading volume will gradually recover as COVID-19 risk is relieved
- Strategy : Securing capacity in warehouse and global logistics, External revenue expansion

[Appendix 1] Income Statement

(Billion KRW)	2019					2020
	1Q	2Q	3Q	4Q		1Q
Revenue	2,502	2,776	2,658	2,783	10,720	2,436
COGS	2,101	2,307	2,234	2,284	8,926	2,053
Gross profit	401	469	424	499	1,794	383
Margin (%)	16.0%	16.9%	15.9%	17.9%	16.7%	15.7%
SG&A	203	210	218	173	804	212
Operating profit	198	259	206	326	990	171
Margin (%)	7.9%	9.3%	7.8%	11.7%	9.2%	7.0%
Non-operating gain & loss	17	25	13	- 8	46	32
Profit before income tax	215	284	219	318	1,036	203
Income tax expense	74	90	62	59	286	233
Net profit	141	194	157	259	750	-30
Margin (%)	5.6%	7.0%	5.9%	9.3%	7.0%	-

[Appendix 2] Revenue & Operating Profit by Business Segment

(Billion KRW)	2019					2020
	1Q	2Q	3Q	4Q		1Q
Revenue	2,502	2,776	2,658	2,783	10,720	2,436
IT Services	1,425	1,569	1,374	1,505	5,873	1,286
- Business Solution	343	411	345	420	1,519	320
- Cloud & ITO	1,082	1,158	1,029	1,085	4,354	966
Logistics BPO	1,077	1,207	1,284	1,278	4,847	1,150
Operating profit	198	259	206	326	990	171
IT Services	194	246	180	298	918	156
Logistics BPO	4	13	26	28	72	15
Operating profit margin	7.9%	9.3%	7.8%	11.7%	9.2%	7.0%
IT Services	13.6%	15.7%	13.1%	19.8%	15.6%	12.2%
Logistics BPO	0.4%	1.1%	2.1%	2.2%	1.5%	1.3%

[Appendix 3] Statement of Financial Position

(Billion KRW)	2016	2017	2018	2019	1Q20
Asset	6,842	7,278	8,014	9,021	8,979
Current assets	4,548	5,118	5,882	6,384	6,364
Non-current assets	2,294	2,160	2,132	2,637	2,615
Liabilities	1,551	1,558	1,865	2,296	2,447
Current liabilities	1,347	1,325	1,575	1,698	1,834
Non-current liabilities	204	233	290	598	613
Equity	5,291	5,720	6,149	6,725	6,532
Common stock	39	39	39	39	39
Cash & cash equivalents	2,456	2,925	3,672	3,831	4,020
Debts & borrowings	7	1	1	1	1
CAPEX	224	186	276	372	53
Depreciation & amortization	365	333	308	441	114
DPS(KRW)	750	2,000	2,000	2,400	-
Payout ratio	12.5%	29.2%	24.6%	25.2%	-

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