

Samsung SDS 3Q 2020 Earnings Release

October 27, 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 3Q20 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

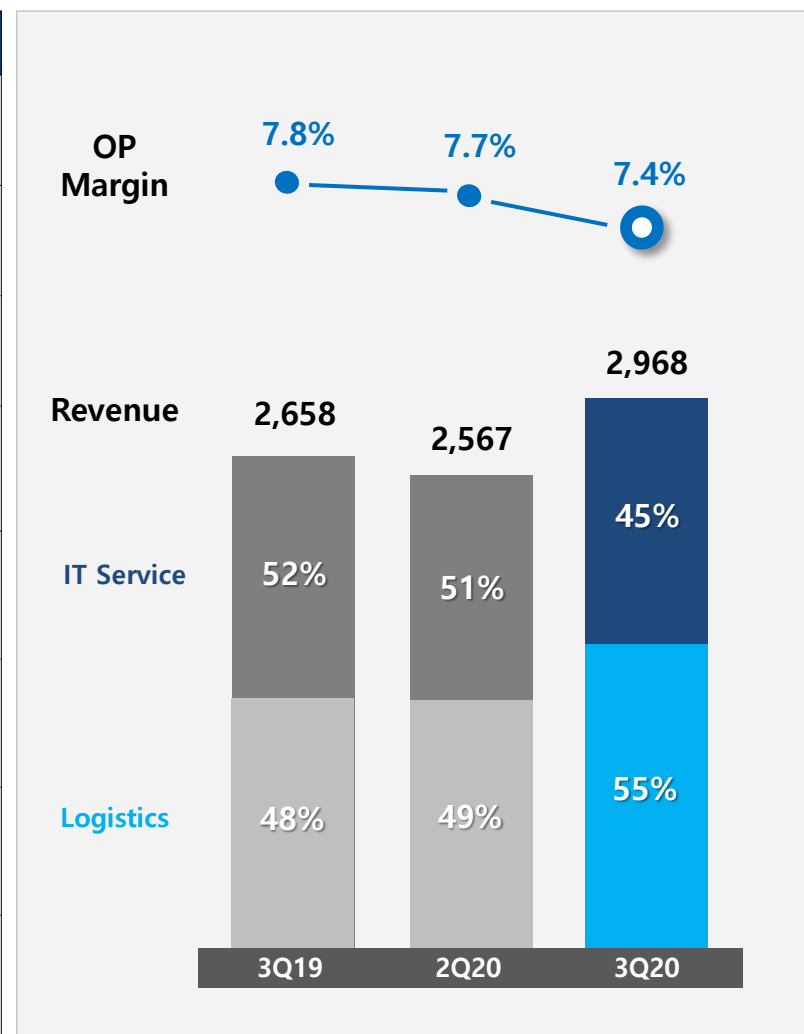
These uncertainties may cause our actual results to be materially different from those expressed in this document.

1 3Q20 Earnings Overview

Income Statement

	3Q20	2Q20	QoQ	3Q19	YoY
Revenue	2,968	2,567	+15.6%	2,658	+11.7%
IT Service	1,335	1,320	+1.1%	1,374	-2.9%
Logistics	1,633	1,247	+31.0%	1,284	+27.2%
Operating profit	220	197	+11.8%	207	+6.4%
(%)	(7.4)	(7.7)	(-0.3)	(7.8)	(-0.4)
IT Service	186	184	+0.8%	180	+3.1%
(%)	(13.9)	(14.0)	(-0.1)	(13.1)	(+0.8)
Logistics	34	13	+173%	27	+29.0%
(%)	(2.1)	(1.0)	(+1.1)	(2.1)	(-)
Pre-tax profit	226	211	+7.1%	219	+2.9%
(%)	(7.6)	(8.2)	(-0.6)	(8.2)	(-0.6)
Net Income	161	146	+10.4%	157	+2.6%
(%)	(5.4)	(5.7)	(-0.3)	(5.9)	(-0.5)

(Billion KRW)

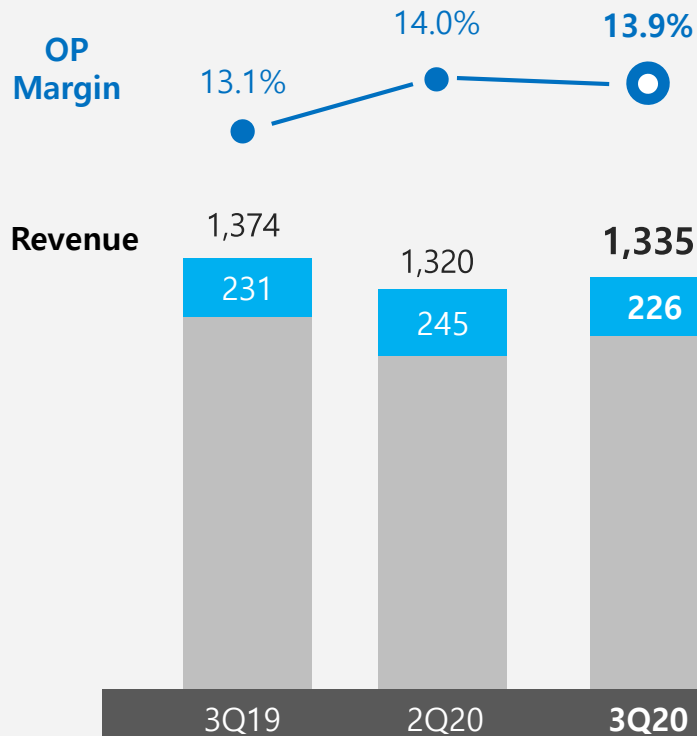


2 IT Services

Revenue and OPM

(Billion KRW)

External Business



▶ Cloud

- Cloud migration continued and consumption increased
- Cloud services in finance expand (eg. hybrid cloud implementation)

▶ Smart Factory • ERP

- Smart Factory : CAPEX resumed after delays from 1H20
 - CAPEX in semiconductor and component
- ERP : External business expands through Next-ERP experience

▶ Solution • AI/Analytics

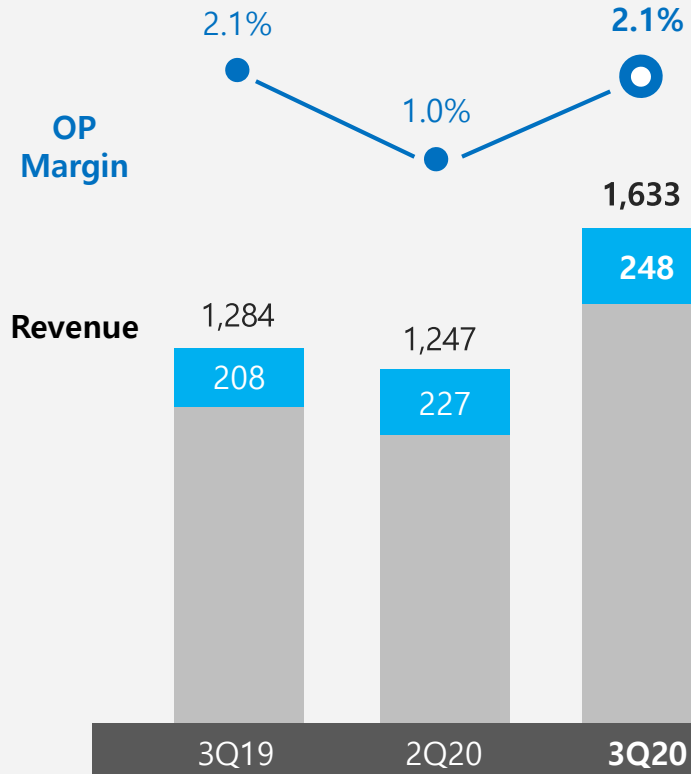
- Solution : Brity works (collaboration solution)
 - Work-from-home and video conferencing drive untact business
- AI/Analytics : Brightics AI, Brity RPA

3 Logistics

Revenue and OPM

(Billion KRW)

External Business



▶ Trading volume and freight charge

- Trading volume increased due to higher TV and home appliances demand
 - Sales of TV, Home appliance, handset in North America/Europe increased
- Seasonal shipment increased before year-end shopping season
- Strong air/ocean freight charge with express air delivery services

▶ External business

- Expansion of service areas in core industries (Hi-Tech, Auto parts)
- Business expansion in e-Commerce, Cold Chain through IT

[Appendix 1] Income Statement

(Billion KRW)	2019					2020		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q
Revenue	2,502	2,776	2,658	2,783	10,720	2,436	2,567	2,968
COGS	2,101	2,307	2,234	2,284	8,926	2,053	2,159	2,556
Gross profit	401	469	424	499	1,794	383	407	412
Margin (%)	16.0%	16.9%	15.9%	17.9%	16.7%	15.7%	15.9%	13.9%
SG&A	203	210	218	173	804	212	211	192
Operating profit	198	259	206	326	990	171	197	220
Margin (%)	7.9%	9.3%	7.8%	11.7%	9.2%	7.0%	7.7%	7.4%
Non-operating gain & loss	17	25	13	- 8	46	32	14	6
Profit before income tax	215	284	219	318	1,036	203	211	226
Income tax expense	74	90	62	59	286	233	65	65
Net Income	141	194	157	259	750	-30	146	161
Margin (%)	5.6%	7.0%	5.9%	9.3%	7.0%	-1.2%	5.7%	5.4%
Profit Attributable to owners of the parent	140	190	154	252	737	-4	144	157

[Appendix 2] Revenue & Operating Profit by Business Segment

(Billion KRW)	2019					2020		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q
Revenue	2,502	2,776	2,658	2,783	10,720	2,436	2,567	2,968
IT Services	1,425	1,569	1,374	1,505	5,873	1,286	1,320	1,335
- Business Solution	343	411	335	429	1,519	320	340	356
- Cloud & ITO	1,082	1,158	1,039	1,076	4,354	966	980	979
Logistics	1,077	1,207	1,284	1,278	4,847	1,150	1,247	1,633
Operating profit	198	259	206	326	990	171	197	220
IT Services	194	246	180	298	918	156	184	186
Logistics	4	13	26	28	72	15	13	34
Operating profit margin	7.9%	9.3%	7.8%	11.7%	9.2%	7.0%	7.7%	7.4%
IT Services	13.6%	15.7%	13.1%	19.8%	15.6%	12.2%	14.0%	13.9%
Logistics	0.4%	1.1%	2.1%	2.2%	1.5%	1.3%	1.0%	2.1%

[Appendix 3] Statement of Financial Position

(Billion KRW)	2016	2017	2018	2019	1Q20	2Q20	3Q20
Asset	6,842	7,278	8,014	9,021	8,979	8,998	9,208
Current assets	4,548	5,118	5,882	6,384	6,364	6,375	6,644
Non-current assets	2,294	2,160	2,132	2,637	2,615	2,623	2,564
Liabilities	1,551	1,558	1,865	2,296	2,447	2,338	2,408
Current liabilities	1,347	1,325	1,575	1,698	1,834	1,755	1,847
Non-current liabilities	204	233	290	598	613	583	561
Equity	5,291	5,720	6,149	6,725	6,532	6,660	6,800
Common stock	39	39	39	39	39	39	39
Cash & cash equivalents	2,456	2,925	3,672	3,831	4,020	4,046	4,063
Debts & borrowings	4	1	1	1	1	1	1
CAPEX	224	186	276	372	53	76	63
Depreciation & amortization	365	333	308	441	114	115	111
EPS(KRW)	5,995	6,853	8,134	9,517	-	-	-
ROE(%)	9.2%	9.6%	10.6%	11.4%	-	-	-
DPS(KRW)	750	2,000	2,000	2,400	-	-	-
Payout ratio	12.5%	29.2%	24.6%	25.2%	-	-	-

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