

# Samsung SDS 4Q 2020 Earnings Release

January 28, 2021



# 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 4Q20 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

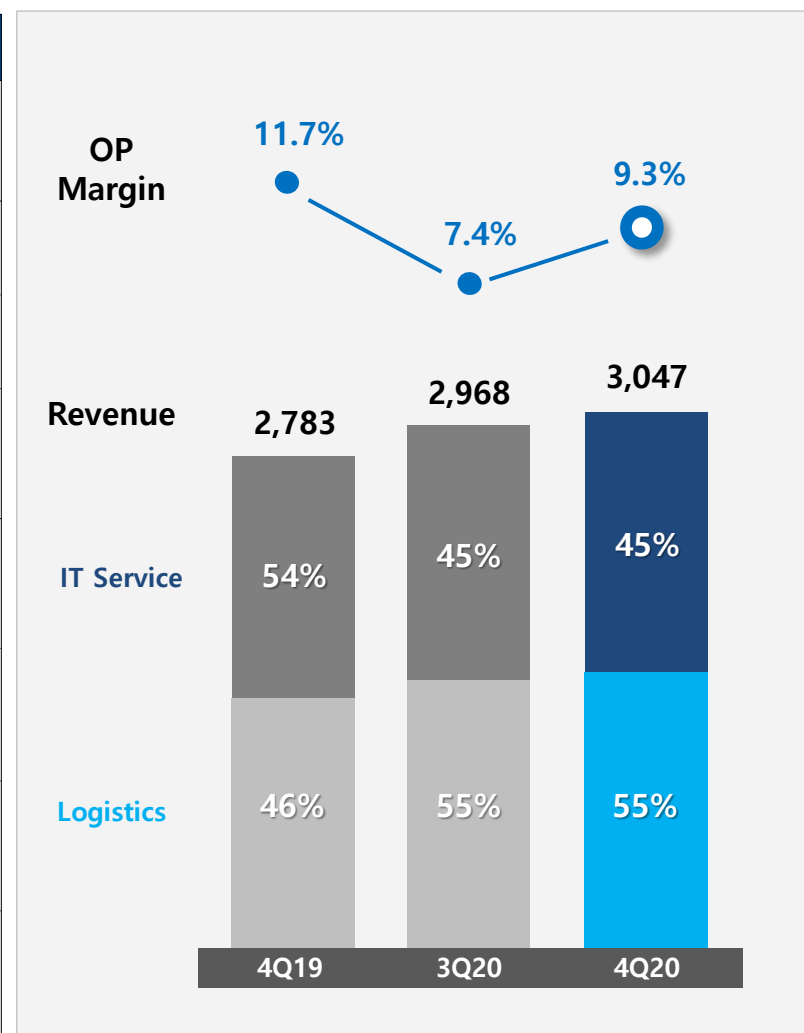
These uncertainties may cause our actual results to be materially different from those expressed in this document.

# 1 4Q20 Earnings Overview

## Income Statement

	4Q20	3Q20	QoQ	4Q19	YoY
<b>Revenue</b>	<b>3,047</b>	<b>2,968</b>	<b>+2.6%</b>	<b>2,783</b>	<b>+9.5%</b>
IT Service	1,374	1,335	+3.0%	1,505	-8.7%
Logistics	1,673	1,634	+2.4%	1,278	+30.9%
<b>Operating profit</b>	<b>284</b>	<b>220</b>	<b>+29.1%</b>	<b>326</b>	<b>-13.0%</b>
(%)	(9.3)	(7.4)	(+1.9)	(11.7)	(-2.4)
IT Service	252	186	+35.8%	298	-15.4%
(%)	(18.4)	(13.9)	(+4.5)	(19.8)	(-1.4)
Logistics	32	34	-7.5%	28	+12.5%
(%)	(1.9)	(2.1)	(-0.2)	(2.2)	(-0.3)
<b>Pre-tax profit</b>	<b>248</b>	<b>226</b>	<b>+9.8%</b>	<b>318</b>	<b>-22.2%</b>
(%)	(8.1)	(7.6)	(+0.5)	(11.4)	(-3.3)
<b>Net Income</b>	<b>176</b>	<b>161</b>	<b>+9.6%</b>	<b>259</b>	<b>-31.8%</b>
(%)	(5.8)	(5.4)	(+0.4)	(9.3)	(-3.5)

(Billion KRW)

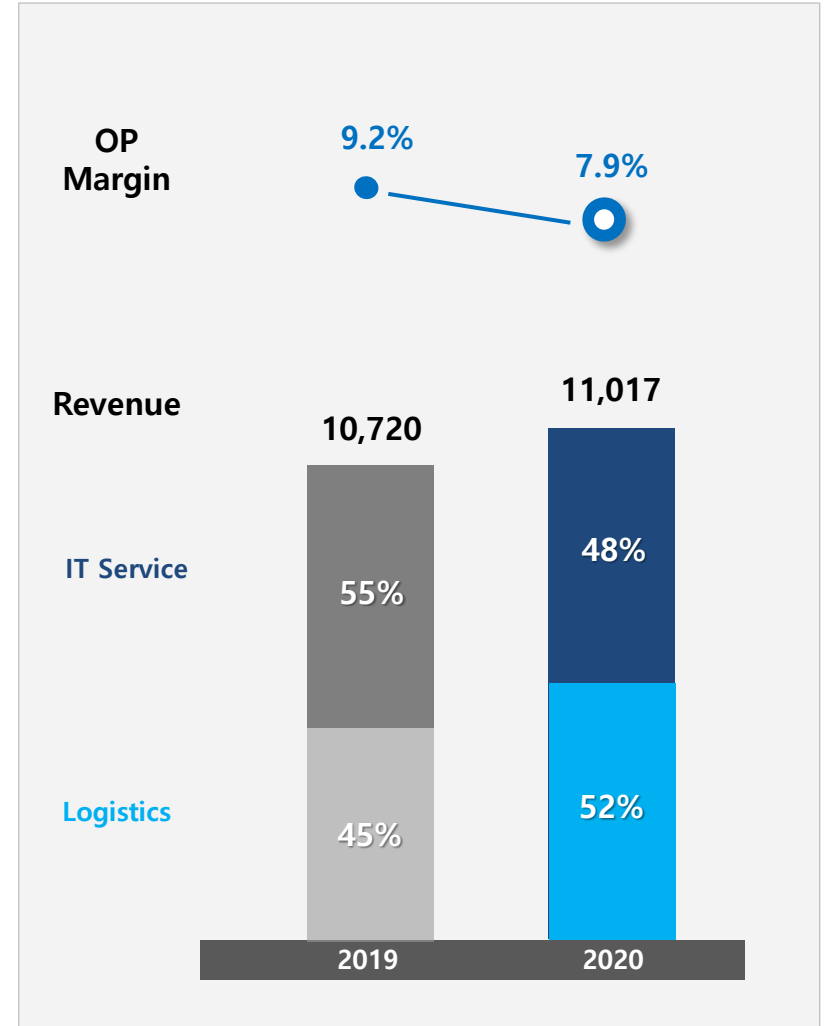


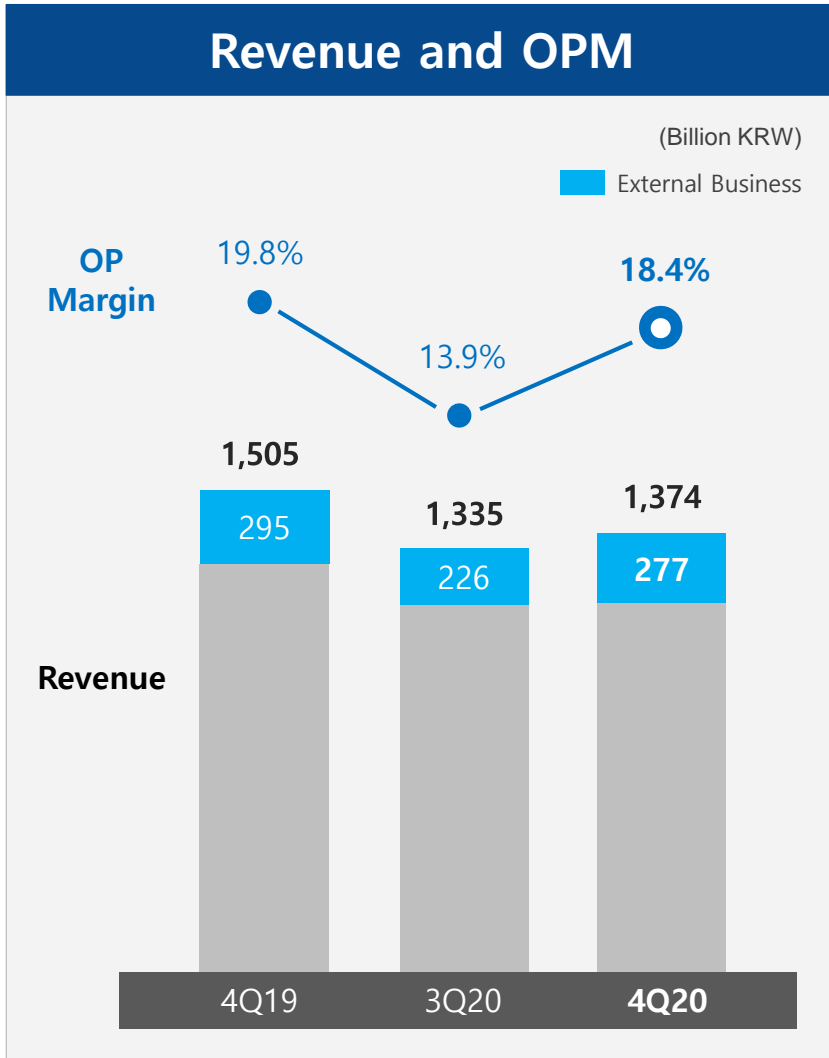
## 2 2020 Earnings Overview

### Income Statement

	2020	2019	YoY
<b>Revenue</b>	<b>11,017</b>	<b>10,720</b>	<b>+2.8%</b>
IT Service	5,314	5,873	-9.5%
Logistics	5,703	4,847	+17.7%
<b>Operating profit</b>	<b>872</b>	<b>990</b>	<b>-12.0%</b>
(%)	(7.9)	(9.2)	(-1.3)
IT Service	779	918	-15.2%
(%)	(14.7)	(15.6)	(-0.9)
Logistics	93	72	+29.1%
(%)	(1.6)	(1.5)	(+0.1)
<b>Pre-tax profit</b>	<b>886</b>	<b>1,036</b>	<b>-14.5%</b>
(%)	(8.0)	(9.7)	(-1.7)
<b>Net Income</b>	<b>453</b>	<b>750</b>	<b>-39.6%</b>
(%)	(4.1)	(7.0)	(-2.9)

(Billion KRW)





### ▶ 4Q20 Business (Revenue : 1,374 billion, OPM 18.4%)

- Cloud : Cloud migration reference in finance industry
- ERP : Auto/Chemical/Heavy Industries expansion through affiliates experience
- Smart Factory : Orders from COVID beneficiary industries
- Solution : Growing untact solutions, weaker offline retail solutions

### ▶ 2020 Business (Revenue : 5,314 billion, OPM 14.7%)

- Resumed IT investment in 2H, after delays in 1H
- Stronger external cloud services in manufacturing/finance
- Increased consulting/implementation in ERP/SCM

\* ERP (Enterprise Resource Planning)

\* SCM (Supply Chain Management)

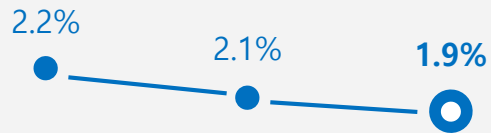
## 4 Logistics

### Revenue and OPM

(Billion KRW)

External Business

OP  
Margin



Revenue

1,278  
210

1,634  
248

1,672  
278

4Q19

3Q20

4Q20

#### ▶ 4Q20 Business (Revenue : 1,672 billion, OPM 1.9%)

- High Air/Ocean freight charge continued
- Strong trading volume due to year-end shopping season
- Expansion of service countries for external customers

#### ▶ 2020 Business (Revenue : 5,703 billion, OPM 1.6%)

- Stronger TV/Home appliance trading volume and freight charge
- Expanded external business in Hi-Tech/Auto logistics

## [Appendix 1] Income Statement

(Billion KRW)	2019						2020				
	1Q	2Q	3Q	4Q	1Q		2Q	3Q	4Q		
<b>Revenue</b>	<b>2,502</b>	<b>2,776</b>	<b>2,658</b>	<b>2,783</b>	<b>10,720</b>	<b>2,436</b>	<b>2,567</b>	<b>2,968</b>	<b>3,047</b>	<b>11,017</b>	
COGS	2,101	2,307	2,234	2,284	8,926	2,053	2,159	2,556	2,560	9,327	
<b>Gross profit</b>	<b>401</b>	<b>469</b>	<b>424</b>	<b>499</b>	<b>1,794</b>	<b>383</b>	<b>407</b>	<b>412</b>	<b>487</b>	<b>1,690</b>	
Margin (%)	16.0%	16.9%	15.9%	17.9%	16.7%	15.7%	15.9%	13.9%	16.0%	15.3%	
SG&A	203	210	218	173	804	212	211	192	203	818	
<b>Operating profit</b>	<b>198</b>	<b>259</b>	<b>206</b>	<b>326</b>	<b>990</b>	<b>171</b>	<b>197</b>	<b>220</b>	<b>284</b>	<b>872</b>	
Margin (%)	7.9%	9.3%	7.8%	11.7%	9.2%	7.0%	7.7%	7.4%	9.3%	7.9%	
Non-operating gain & loss	17	25	13	- 8	46	32	14	6	-36	14	
<b>Profit before income tax</b>	<b>215</b>	<b>284</b>	<b>219</b>	<b>318</b>	<b>1,036</b>	<b>203</b>	<b>211</b>	<b>226</b>	<b>248</b>	<b>886</b>	
Income tax expense	74	90	62	59	286	233	65	65	71	433	
<b>Net Income</b>	<b>141</b>	<b>194</b>	<b>157</b>	<b>259</b>	<b>750</b>	<b>-30</b>	<b>146</b>	<b>161</b>	<b>177</b>	<b>453</b>	
Margin (%)	5.6%	7.0%	5.9%	9.3%	7.0%	-1.2%	5.7%	5.4%	5.8%	4.1%	
<b>Profit Attributable to owners of the parent</b>	<b>140</b>	<b>190</b>	<b>154</b>	<b>252</b>	<b>737</b>	<b>-30</b>	<b>144</b>	<b>157</b>	<b>172</b>	<b>444</b>	

## [Appendix 2] Revenue & Operating Profit by Business Segment

(Billion KRW)	2019					2020				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
<b>Revenue</b>	<b>2,502</b>	<b>2,776</b>	<b>2,658</b>	<b>2,783</b>	<b>10,720</b>	<b>2,436</b>	<b>2,567</b>	<b>2,968</b>	<b>3,047</b>	<b>11,017</b>
IT Services	1,425	1,569	1,374	1,505	5,873	1,286	1,320	1,335	1,374	5,314
- Business Solution	343	411	335	429	1,519	320	340	356	357	1,372
- Cloud & ITO	1,082	1,158	1,039	1,076	4,354	966	980	979	1,017	3,942
Logistics	1,077	1,207	1,284	1,278	4,847	1,150	1,247	1,633	1,673	5,703
<b>Operating profit</b>	<b>198</b>	<b>259</b>	<b>206</b>	<b>326</b>	<b>990</b>	<b>171</b>	<b>197</b>	<b>220</b>	<b>284</b>	<b>872</b>
IT Services	194	246	180	298	918	156	184	186	252	779
Logistics	4	13	26	28	72	15	13	34	32	93
<b>Operating profit margin</b>	<b>7.9%</b>	<b>9.3%</b>	<b>7.8%</b>	<b>11.7%</b>	<b>9.2%</b>	<b>7.0%</b>	<b>7.7%</b>	<b>7.4%</b>	<b>9.3%</b>	<b>7.9%</b>
IT Services	13.6%	15.7%	13.1%	19.8%	15.6%	12.2%	14.0%	13.9%	18.4%	14.7%
Logistics	0.4%	1.1%	2.1%	2.2%	1.5%	1.3%	1.0%	2.1%	1.9%	1.6%



## [Appendix 3] Statement of Financial Position

(Billion KRW)	2016	2017	2018	2019	2020
<b>Asset</b>	<b>6,842</b>	<b>7,278</b>	<b>8,014</b>	<b>9,021</b>	<b>9,155</b>
Current assets	4,548	5,118	5,882	6,384	6,581
Non-current assets	2,294	2,160	2,132	2,637	2,574
<b>Liabilities</b>	<b>1,551</b>	<b>1,558</b>	<b>1,865</b>	<b>2,296</b>	<b>2,296</b>
Current liabilities	1,347	1,325	1,575	1,698	1,721
Non-current liabilities	204	233	290	598	575
<b>Equity</b>	<b>5,291</b>	<b>5,720</b>	<b>6,149</b>	<b>6,725</b>	<b>6,859</b>
Common stock	39	39	39	39	39
<b>Cash &amp; cash equivalents</b>	<b>2,456</b>	<b>2,925</b>	<b>3,672</b>	<b>3,831</b>	<b>4,194</b>
<b>Debts &amp; borrowings</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>CAPEX</b>	<b>224</b>	<b>186</b>	<b>276</b>	<b>379</b>	<b>275</b>
<b>Depreciation &amp; amortization</b>	<b>365</b>	<b>333</b>	<b>308</b>	<b>441</b>	<b>451</b>
<b>EPS(KRW)</b>	<b>5,995</b>	<b>6,854</b>	<b>8,134</b>	<b>9,517</b>	<b>5,732</b>
<b>ROE(%)</b>	<b>9.2%</b>	<b>9.6%</b>	<b>10.6%</b>	<b>11.4%</b>	<b>6.5%</b>
<b>DPS(KRW)</b>	<b>750</b>	<b>2,000</b>	<b>2,000</b>	<b>2,400</b>	<b>2,400</b>
Payout ratio	12.5%	29.2%	24.6%	25.2%	41.9%

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