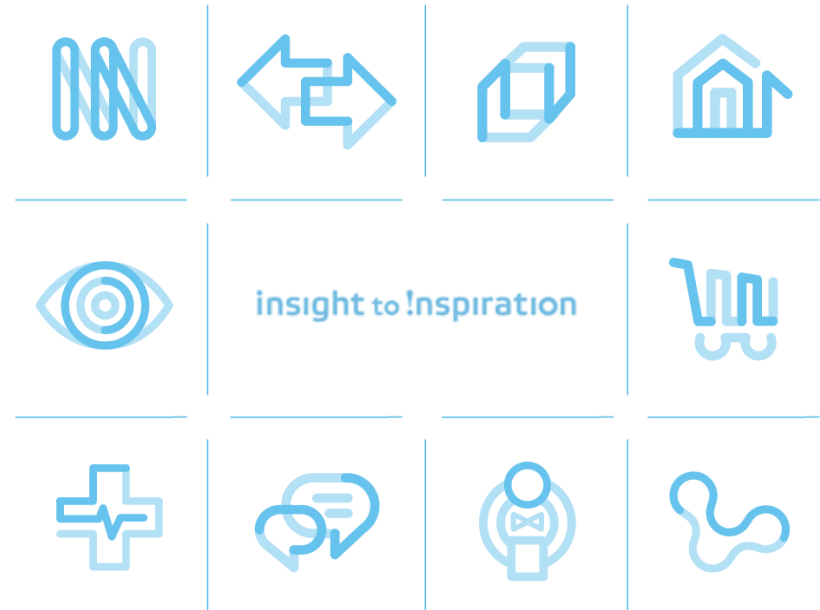


Samsung SDS 3Q16 Earnings Release

October 2016



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 3Q16 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

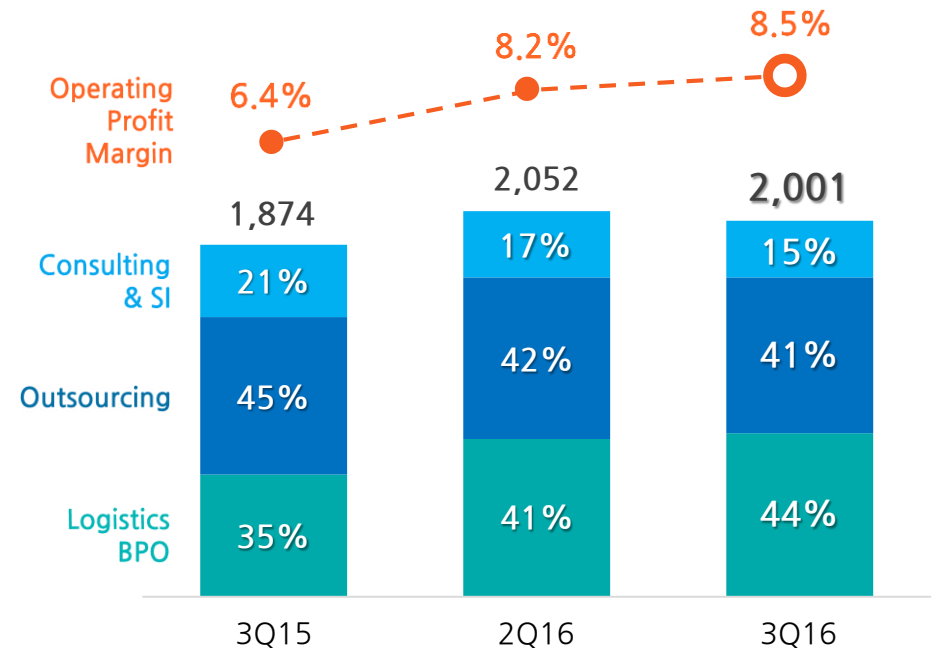
These uncertainties may cause our actual results to be materially different from those expressed in this document.

3Q16 Results

- ▶ Revenue of 2,001 billion KRW, down by 2.5% QoQ and up by 6.8% YoY
- ▶ Operating profit of 171 billion KRW, up by 1.3 QoQ and by 41.9% YoY
- ▶ Operating profit margin of 8.5%, up by 0.3%p QoQ and by 2.1%p YoY

(Billion KRW)

	3Q16	2Q16	QoQ	3Q15	YoY
Revenue	2,001	2,052	-2.5%	1,874	+6.8%
Operating profit	171	168	+1.3%	120	+41.9%
(%)	8.5%	8.2%	+0.3%p	6.4%	+2.1%p
Profit before income tax	160	190	-15.9%	152	+4.6%
Net profit	110	136	-19.2%	110	+0.5%
(%)	5.5%	6.6%	-1.1%p	5.8%	-0.3%p



3Q16 Results IT Services

▶ **Revenue of 1,130 billion KRW, down by 6.8% QoQ**

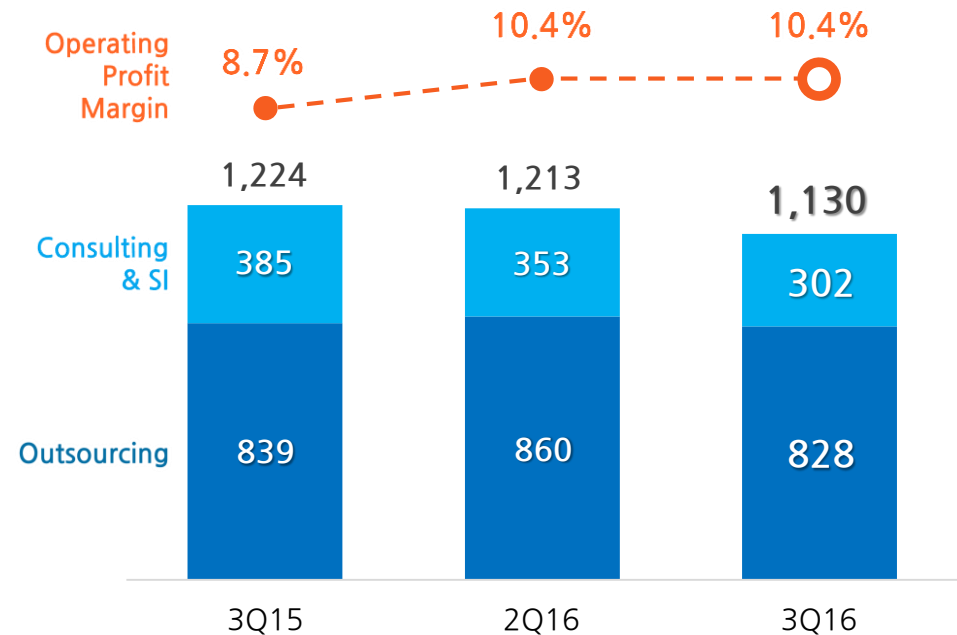
- Consulting & SI revenue decreased by 14.4% due to reduced IT spending of clients and downturn in network expansion
- Outsourcing revenue decreased by 3.7% due to delay in IT infrastructure set up

▶ **Operating profit of 117 billion KRW, Operating profit margin of 10.4%**

- Operating profit decreased by 7.5% due to a revenue decrease

(Billion KRW)

	3Q16	2Q16	QoQ	3Q15	YoY
Revenue	1,130	1,213	-6.8%	1,224	-7.6%
Consulting & SI	302	353	-14.4%	385	-21.5%
Outsourcing	828	860	-3.7%	839	-1.3%
Operating profit	117	127	-7.5%	106	+10.7%
(%)	10.4%	10.4%	-	8.7%	+1.7%p

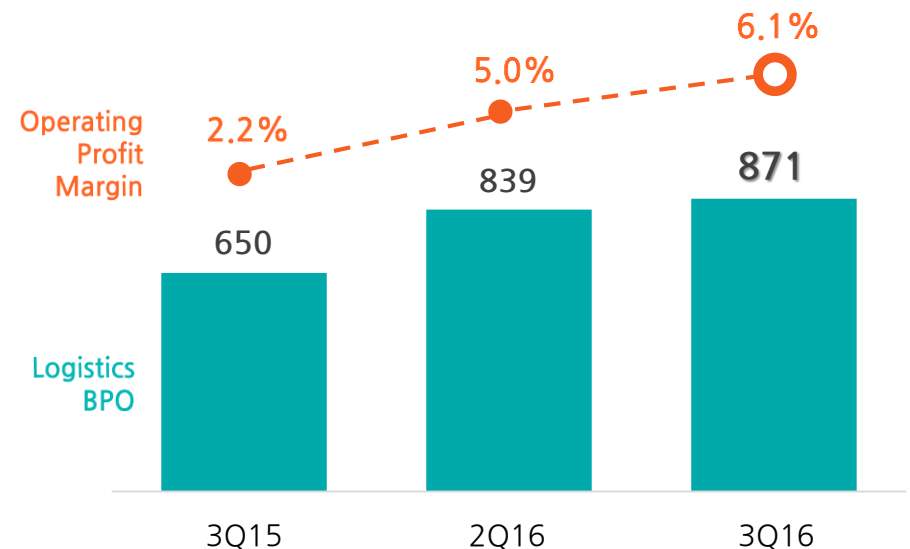


3Q16 Results Logistics BPO

- ▶ Revenue of 871 billion KRW, up by 3.8% QoQ
 - Revenue increased due to increase in trading volume and expansion of sales logistics services
- ▶ Operating profit of 54 billion KRW, Operating profit margin of 6.1%
 - Operating profit increased by 28.3%, reflecting increased air trading volume and cost reduction

(Billion KRW)

	3Q16	2Q16	QoQ	3Q15	YoY
Revenue	871	839	+3.8%	650	+34.0%
Operating profit	54	42	+28.3%	14	+272%
(%)	6.1%	5.0%	+1.1%p	2.2%	+3.9%p



Income Statement

(Billion KRW)	2015					2016		
	1Q	2Q	3Q	4Q	FY15	1Q	2Q	3Q
Revenue	1,916	1,960	1,874	2,105	7,854	1,745	2,052	2,001
COGS	1,620	1,623	1,572	1,746	6,561	1,430	1,689	1,641
Gross profit	296	336	302	359	1,293	315	363	360
Margin (%)	15.5%	17.1%	16.1%	17.1%	16.5%	18.1%	17.7%	18.0%
SG&A	166	172	181	185	704	190	195	190
Operating profit	130	164	120	174	588	125	168	171
Margin (%)	6.8%	8.4%	6.4%	8.3%	7.5%	7.1%	8.2%	8.5%
Non-operating gain & loss	11	17	32	1	61	63	21	-11
Profit before income tax	141	181	152	175	649	188	190	160
Income tax expense	48	55	43	33	179	52	54	50
Net profit	93	126	110	141	470	136	136	110
Margin (%)	4.9%	6.4%	5.8%	6.7%	6.0%	7.8%	6.6%	5.5%

Revenue & Operating Profit by Business Segment

(Billion KRW)	2015					2016		
	1Q	2Q	3Q	4Q	FY15	1Q	2Q	3Q
Revenue	1,916	1,960	1,874	2,105	7,854	1,745	2,052	2,001
IT Services	1,272	1,351	1,224	1,401	5,248	1,125	1,213	1,130
- Consulting & SI	455	450	385	426	1,716	307	353	302
- Outsourcing	817	901	839	975	3,532	818	860	828
Logistics BPO	644	609	650	704	2,606	620	839	871
Operating profit	130	164	120	174	588	125	168	171
IT Services	120	157	106	162	545	102	127	117
Logistics BPO	10	7	14	12	43	22	42	54
Operating margin rate	6.8%	8.4%	6.4%	8.3%	7.5%	7.1%	8.2%	8.5%
IT Services	9.5%	11.6%	8.7%	11.6%	10.4%	9.1%	10.4%	10.4%
Logistics BPO	1.6%	1.1%	2.2%	1.6%	1.6%	3.6%	5.0%	6.1%

Statement of Financial Position

(Billion KRW)	2013	2014	2015	1Q16	2Q16	3Q16
Assets	5,300	5,546	6,332	6,245	6,435	6,557
Current assets	2,929	3,228	3,845	3,870	4,130	4,283
Non-current assets	2,371	2,318	2,487	2,375	2,305	2,274
Liabilities	1,417	1,332	1,555	1,380	1,440	1,503
Current liabilities	1,220	1,118	1,390	1,190	1,217	1,244
Non-current liabilities	197	214	165	190	223	259
Equity	3,883	4,214	4,777	4,865	4,995	5,054
Common stock	39	39	39	39	39	39
Cash & cash equivalents*	1,071	1,651	1,951	1,929	2,149	2,181
Debts & borrowings	53	20	11	11	20	28
Depreciation & amortization	364	397	390	92	92	91
CAPEX	302	407	467	48	36	61

* Including short-term financial instruments

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