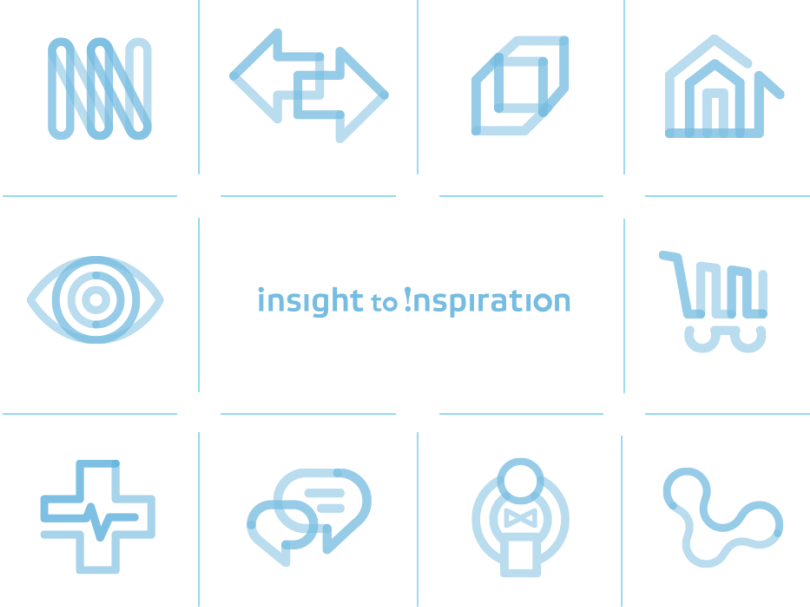


# Samsung SDS 3Q15 Earnings Release

October 2015



# 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 3Q15 financial results is completed. The review outcomes may cause some parts of this document to change.

This document contains “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:

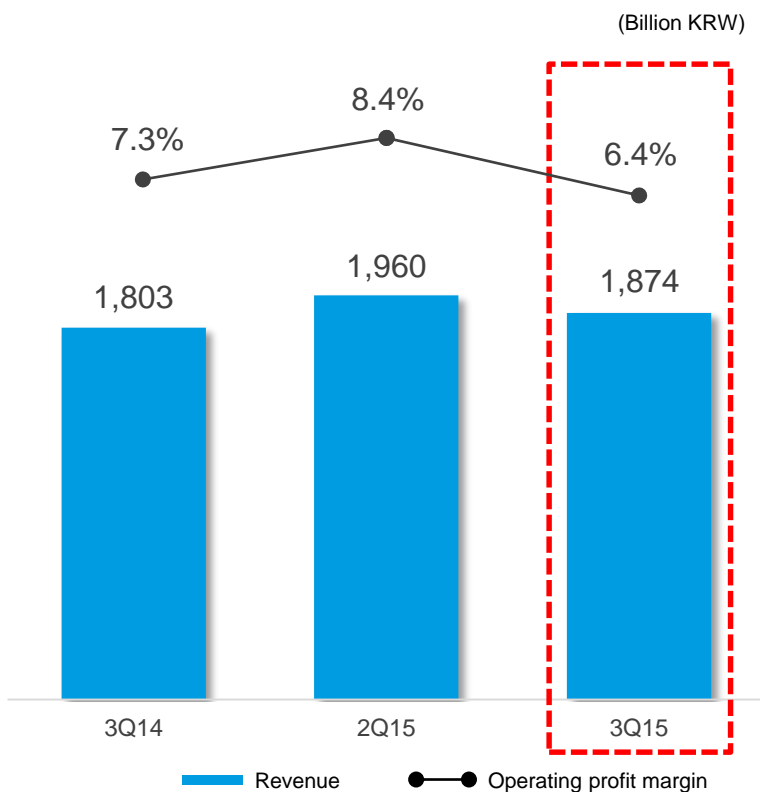
- The behavior of financial markets including fluctuations in exchange rates, interest rates
- Strategic actions including dispositions and acquisitions
- Unanticipated dramatic developments in our major businesses
- Numerous other matters at the national and international levels which could affect our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

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

# 3Q15 Results

Revenue for the quarter was 1,874 billion KRW (-4.4% QoQ) and operating profit was decreased by 26.6% QoQ to 120 billion KRW with 6.4% margin. Net profit was 110 billion KRW (+12.9% QoQ) with 5.8% margin.

## Revenue & Operating Profit Margin

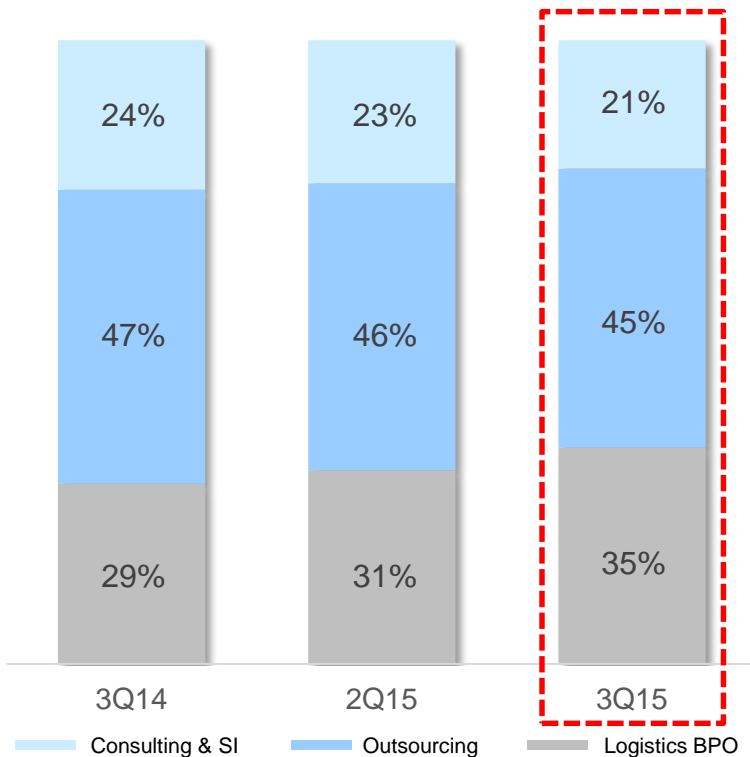


(Billion KRW)	3Q15	2Q15	QoQ	3Q14	YoY
<b>Revenue</b>	<b>1,874</b>	<b>1,960</b>	<b>-4.4%</b>	<b>1,803</b>	<b>+4.0%</b>
Gross profit	302	336	-10.3%	307	-1.8%
Gross profit margin	16.1%	17.1%	-1.0p	17.0%	-0.9p
<b>Operating profit</b>	<b>120</b>	<b>164</b>	<b>-26.6%</b>	<b>131</b>	<b>-8.6%</b>
Operating profit margin	6.4%	8.4%	-2.0p	7.3%	-0.9p
Profit before income tax	152	181	-15.8%	146	+4.5%
<b>Net profit</b>	<b>110</b>	<b>126</b>	<b>12.9%</b>	<b>97</b>	<b>+12.5%</b>
Net profit margin	5.8%	6.4%	-0.6p	5.4%	+0.4p
Profit attributable to owners of the Company	100	119	-16.0%	91	+10.1%
Margin	5.4%	6.1%	-0.7p	5.1%	+0.3p

# Revenue by Business Segment

- IT Services revenue was decreased by 9.4% QoQ due to completion of major projects. The revenue was decreased by 4.5% YoY under the influence of withdrawal from public & financial sectors business and downturn in sales of network building business.
- Logistics BPO revenue was increased by 6.7% QoQ, and by 24.8% YoY due to increase of logistics trading volume and extension of business.

Revenue Proportion



(Billion KRW)	3Q15	2Q15	QoQ	3Q14	YoY
<b>Revenue</b>	<b>1,874</b>	<b>1,960</b>	<b>-4.4%</b>	<b>1,803</b>	<b>+4.0%</b>
IT Services	1,224	1,351	-9.4%	1,282	-4.5%
- Consulting & SI	385	450	-14.3%	432	-10.8%
- Outsourcing	839	901	-6.9%	850	-1.3%
Logistics BPO	650	609	+6.7%	521	+24.8%
<b>Operating profit</b>	<b>120</b>	<b>164</b>	<b>-26.6%</b>	<b>131</b>	<b>-8.6%</b>
IT Services	106	157	-32.5%	125	-15.8%
Logistics BPO	14	7	+114.9%	6	+152.6%
<b>Operating profit margin</b>	<b>6.4%</b>	<b>8.4%</b>	<b>-2.0p</b>	<b>7.3%</b>	<b>-0.9p</b>
IT Services	8.7%	11.6%	-2.9p	9.8%	-1.1p
Logistics BPO	2.2%	1.1%	+1.1p	1.1%	+1.1p

# Income Statement

(Billion KRW)	2014					2015		
	1Q	2Q	3Q	4Q	FY14	1Q	2Q	3Q
<b>Revenue</b>	<b>1,867</b>	<b>2,059</b>	<b>1,803</b>	<b>2,169</b>	<b>7,898</b>	<b>1,916</b>	<b>1,960</b>	<b>1,874</b>
COGS	1,582	1,725	1,496	1,803	6,605	1,620	1,623	1,572
<b>Gross profit</b>	<b>285</b>	<b>335</b>	<b>307</b>	<b>366</b>	<b>1,293</b>	<b>296</b>	<b>336</b>	<b>302</b>
Gross profit margin	15.3%	16.2%	17.0%	16.9%	16.4%	15.5%	17.1%	16.1%
SG&A	182	162	176	179	699	166	172	181
<b>Operating profit</b>	<b>102</b>	<b>173</b>	<b>131</b>	<b>187</b>	<b>593</b>	<b>130</b>	<b>164</b>	<b>120</b>
Operating profit margin	5.5%	8.4%	7.3%	8.6%	7.5%	6.8%	8.4%	6.4%
Non-operating gain & loss	13	19	15	-3	44	11	17	32
<b>Profit before income tax</b>	<b>115</b>	<b>191</b>	<b>146</b>	<b>184</b>	<b>637</b>	<b>141</b>	<b>181</b>	<b>152</b>
Income tax expense	39	66	49	49	203	48	55	43
<b>Net profit</b>	<b>76</b>	<b>126</b>	<b>97</b>	<b>135</b>	<b>434</b>	<b>93</b>	<b>126</b>	<b>110</b>
Net profit margin	4.1%	6.1%	5.4%	6.2%	5.5%	4.9%	6.4%	5.8%
<b>Profit attributable to owners of the Company</b>	<b>72</b>	<b>120</b>	<b>91</b>	<b>130</b>	<b>413</b>	<b>88</b>	<b>119</b>	<b>100</b>
Margin	3.9%	5.8%	5.1%	6.0%	5.2%	4.6%	6.1%	5.4%

# Revenue & Operating Profit by Business Segment

(Billion KRW)	2014					2015		
	1Q	2Q	3Q	4Q	FY14	1Q	2Q	3Q
<b>Revenue</b>	<b>1,867</b>	<b>2,059</b>	<b>1,803</b>	<b>2,169</b>	<b>7,898</b>	<b>1,916</b>	<b>1,960</b>	<b>1,874</b>
IT Services	1,382	1,430	1,282	1,400	5,494	1,272	1,351	1,224
- Consulting & SI	572	589	432	543	2,136	455	450	385
- Outsourcing	810	841	850	857	3,358	817	901	839
Logistics BPO	485	629	521	769	2,404	644	609	650
<b>Operating profit</b>	<b>102</b>	<b>173</b>	<b>131</b>	<b>187</b>	<b>593</b>	<b>130</b>	<b>164</b>	<b>120</b>
IT Services	96	157	125	168	546	120	157	106
Logistics BPO	6	16	6	19	47	10	7	14
<b>Operating profit margin</b>	<b>5.5%</b>	<b>8.4%</b>	<b>7.3%</b>	<b>8.6%</b>	<b>7.5%</b>	<b>6.8%</b>	<b>8.4%</b>	<b>6.4%</b>
IT Services	6.9%	11.0%	9.8%	12.0%	9.9%	9.5%	11.6%	8.7%
Logistics BPO	1.3%	2.5%	1.1%	2.5%	2.0%	1.6%	1.1%	2.2%

# Statement of Financial Position

(Billion KRW)	2012	2013	2014	1Q15	2Q15	3Q15
<b>Assets</b>	<b>4,465</b>	<b>5,300</b>	<b>5,546</b>	<b>5,746</b>	<b>5,886</b>	<b>6,096</b>
Current assets	2,283	2,929	3,228	3,426	3,474	3,613
Cash and cash equivalents	815	1,071	1,651	1,586	1,675	1,795
Trade receivables	858	1,095	884	894	900	888
Other current assets	610	763	693	946	899	930
Non-current assets	2,182	2,371	2,318	2,320	2,412	2,483
Investments in associates	164	140	65	65	65	64
Property, plant & equipment	1,000	1,059	1,138	1,155	1,240	1,237
Intangible assets	907	1,057	1,010	1,005	1,011	1,085
Other non-current assets	111	115	106	95	96	96
<b>Liabilities</b>	<b>1,220</b>	<b>1,417</b>	<b>1,332</b>	<b>1,490</b>	<b>1,495</b>	<b>1,537</b>
Debts & borrowings	41	53	20	20	18	14
Trade payables	383	384	362	364	386	328
Other payables & accrued expenses	396	446	447	461	523	570
Advance received & withholdings	196	281	199	272	208	216
Other liabilities	204	253	304	373	360	409
<b>Equity</b>	<b>3,245</b>	<b>3,883</b>	<b>4,214</b>	<b>4,256</b>	<b>4,391</b>	<b>4,559</b>
Common stock	36	39	39	39	39	39
Retained earnings	2,362	2,656	3,050	3,100	3,219	3,319
Share premium & other reserves	847	1,188	1,125	1,117	1,133	1,201

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