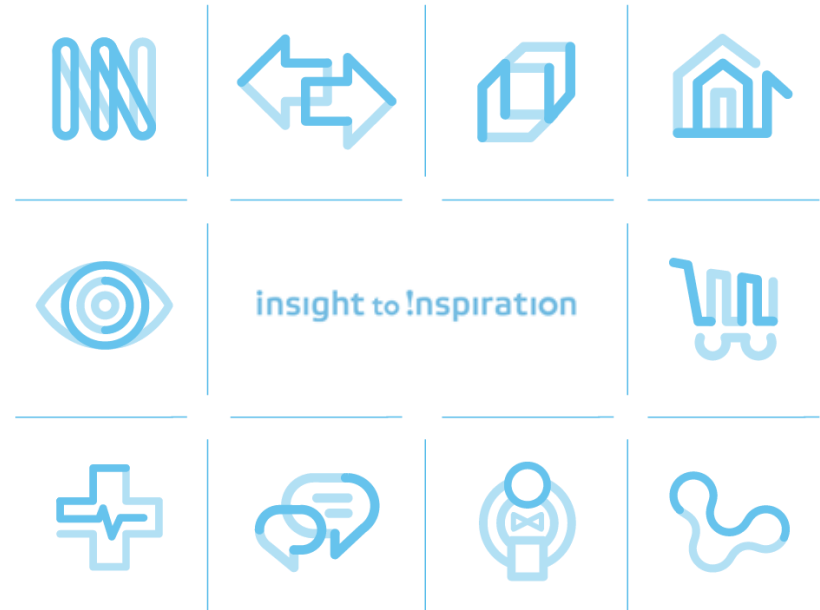


# Samsung SDS 4Q16 Earnings Release

January 2017



# 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 2016 and 4Q16 financial results is 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

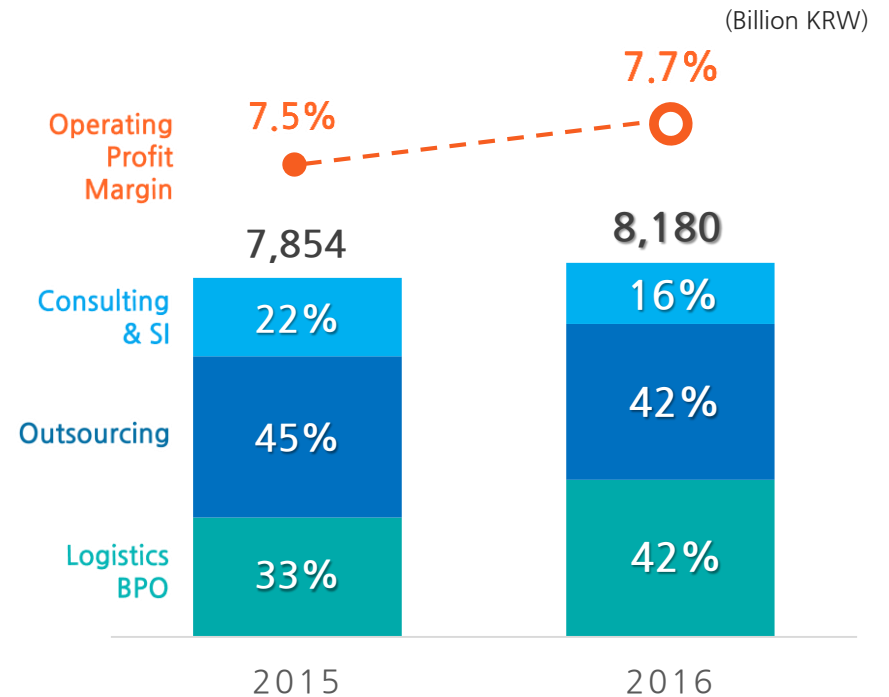
These uncertainties may cause our actual results to be materially different from those expressed in this document.

# 2016 Results

- ▶ Revenue of 8,180 billion KRW, increased by 4.2% YoY
- ▶ Operating profit of 627 billion KRW, increased by 6.6% YoY
- ▶ Operating profit margin of 7.7%, increased by 0.2%p YoY

(Billion KRW)

	2015	2016	YoY
Revenue	7,854	8,180	+4.2%
Operating profit	588	627	+6.6%
(%)	7.5%	7.7%	+0.2%p
Profit before income tax	649	752	+15.8%
Net profit	470	514	+9.5%
(%)	6.0%	6.3%	+0.3%p



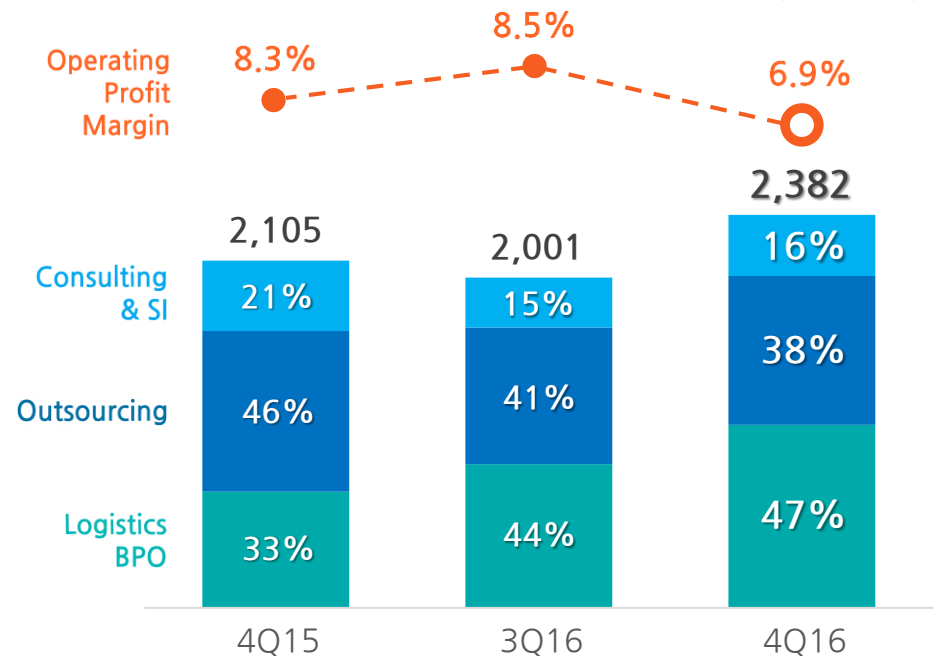
# 4Q16 Results

- ▶ Revenue of 2,382 billion KRW, increased by 19% QoQ and by 13.2% YoY
- ▶ Operating profit of 164 billion KRW, down by 4.1 QoQ and by 5.9% YoY
- ▶ Operating profit margin of 6.9%, down by 1.7%p QoQ and by 1.4%p YoY

(Billion KRW)

	4Q16	3Q16	QoQ	4Q15	YoY
Revenue	2,382	2,001	+19.0%	2,105	+13.2%
Operating profit	164	171	-4.1%	174	-5.9%
(%)	6.9%	8.5%	-1.7%p	8.3%	-1.4%p
Profit before income tax	214	160	+34.3%	175	+22.6%
Net profit	132	110	+19.9%	141	-6.6%
(%)	5.5%	5.5%	-	6.7%	-1.2%p

(Billion KRW)



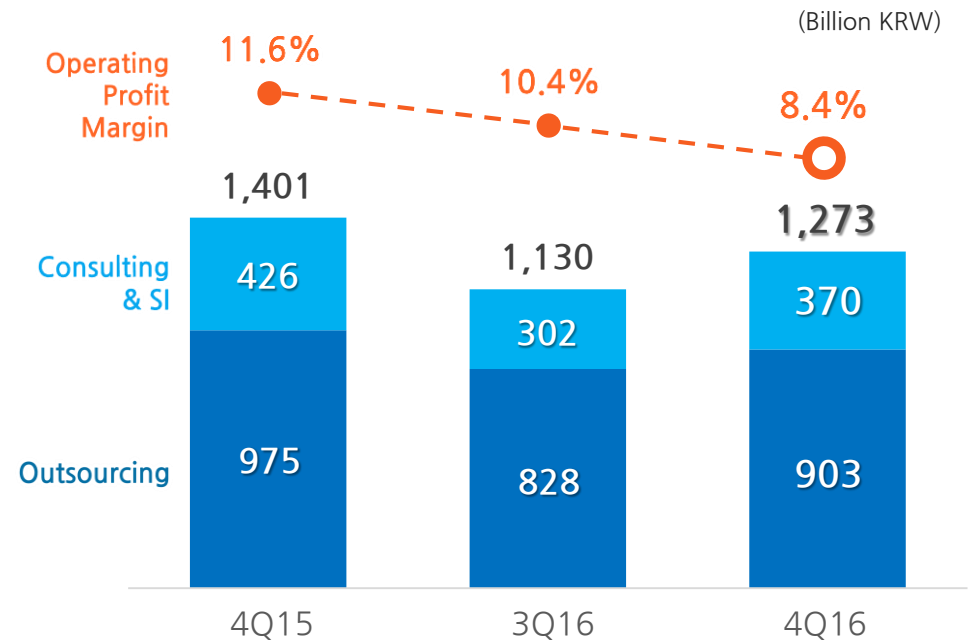
# 4Q16 Results IT Services

▶ Revenue of 1,273 billion KRW, up by 12.6% QoQ

- Consulting & SI revenue increased by 22.5% due to improvement of clients' IT spending and solution business
- Outsourcing revenue increased by 9% due to IT infrastructure set up and cloud business growth

▶ Operating profit of 108 billion KRW, Operating profit margin of 8.4%

	(Billion KRW)				
	4Q16	3Q16	QoQ	4Q15	YoY
<b>Revenue</b>	<b>1,273</b>	<b>1,130</b>	+12.6%	<b>1,401</b>	-9.1%
Consulting & SI	370	302	+22.5%	426	-13.1%
Outsourcing	903	828	+9.0%	975	-7.4%
<b>Operating profit</b>	<b>108</b>	<b>117</b>	-8.3%	<b>162</b>	-33.8%
(%)	<b>8.4%</b>	<b>10.4%</b>	-1.9%p	<b>11.6%</b>	-3.1%p

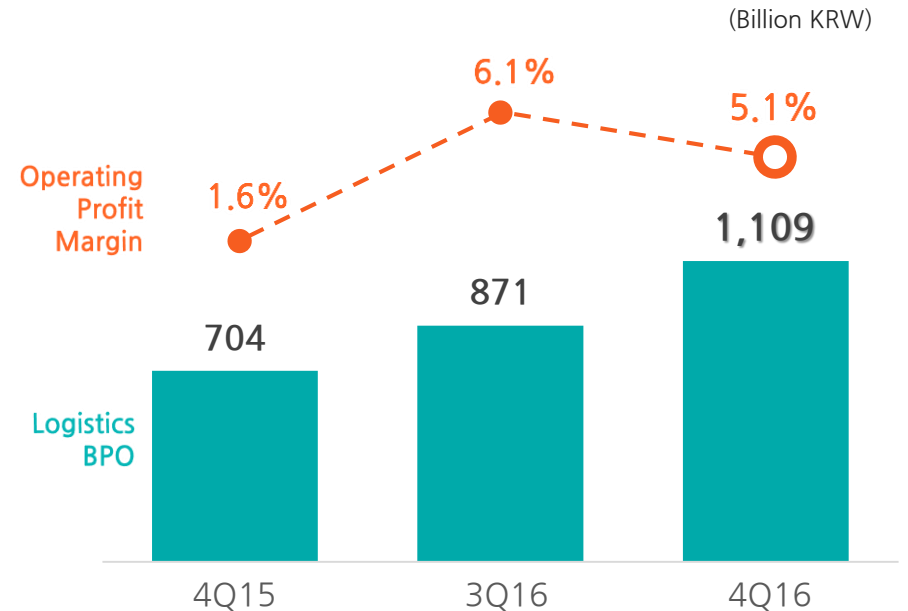


# 4Q16 Results Logistics BPO

- ▶ **Revenue of 1,109 billion KRW, up by 27.4% QoQ**
  - Revenue increased due to trading volume in peak season and expansion of sales logistics services
  
- ▶ **Operating profit of 56 billion KRW, Operating profit margin of 5.1%**
  - Operating profit increased by 5%, reflecting increased air trading volume and cost reduction

(Billion KRW)

	4Q16	3Q16	QoQ	4Q15	YoY
Revenue	1,109	871	+27.4%	704	+57.6%
Operating profit	56	54	+5.0%	12	+383%
(%)	5.1%	6.1%	-1.1%p	1.6%	+3.4%p



# Income Statement

(Billion KRW)	2015	2016				
		1Q	2Q	3Q	4Q	
Revenue	7,854	1,745	2,052	2,001	2,382	8,180
COGS	6,561	1,430	1,689	1,641	2,002	6,762
<b>Gross profit</b>	<b>1,293</b>	<b>315</b>	<b>363</b>	<b>360</b>	<b>380</b>	<b>1,418</b>
Margin (%)	16.5%	18.1%	17.7%	18.0%	15.9%	17.3%
SG&A	704	190	195	190	216	791
<b>Operating profit</b>	<b>588</b>	<b>125</b>	<b>168</b>	<b>171</b>	<b>164</b>	<b>627</b>
Margin (%)	7.5%	7.1%	8.2%	8.5%	6.9%	7.7%
Non-operating gain & loss	61	63	21	-11	50	125
<b>Profit before income tax</b>	<b>649</b>	<b>188</b>	<b>190</b>	<b>160</b>	<b>214</b>	<b>752</b>
Income tax expense	179	52	54	50	82	238
<b>Net profit</b>	<b>470</b>	<b>136</b>	<b>136</b>	<b>110</b>	<b>132</b>	<b>514</b>
Margin (%)	6.0%	7.8%	6.6%	5.5%	5.5%	6.3%

# Revenue & Operating Profit by Business Segment

(Billion KRW)	2015	2016					
		1Q	2Q	3Q	4Q		
<b>Revenue</b>	<b>7,854</b>	<b>1,745</b>	<b>2,052</b>	<b>2,001</b>	<b>2,382</b>	<b>8,180</b>	
IT Services	5,248	1,125	1,213	1,130	1,273	4,742	
- Consulting & SI	1,716	307	353	302	370	1,332	
- Outsourcing	3,532	818	860	828	903	3,410	
Logistics BPO	2,606	620	839	871	1,109	3,438	
<b>Operating profit</b>	<b>588</b>	<b>125</b>	<b>168</b>	<b>171</b>	<b>164</b>	<b>627</b>	
IT Services	545	102	127	117	108	454	
Logistics BPO	43	22	42	54	56	173	
<b>Operating margin rate</b>	<b>7.5%</b>	<b>7.1%</b>	<b>8.2%</b>	<b>8.5%</b>	<b>6.9%</b>	<b>7.7%</b>	
IT Services	10.4%	9.1%	10.4%	10.4%	8.4%	9.6%	
Logistics BPO	1.6%	3.6%	5.0%	6.1%	5.1%	5.0%	



# Statement of Financial Position

(Billion KRW)	2013	2014	2015	2016
<b>Assets</b>	<b>5,300</b>	<b>5,546</b>	<b>6,332</b>	<b>6,842</b>
Current assets	2,929	3,228	3,845	4,548
Non-current assets	2,371	2,318	2,487	2,294
<b>Liabilities</b>	<b>1,417</b>	<b>1,332</b>	<b>1,555</b>	<b>1,551</b>
Current liabilities	1,220	1,118	1,390	1,347
Non-current liabilities	197	214	165	204
<b>Equity</b>	<b>3,883</b>	<b>4,214</b>	<b>4,777</b>	<b>5,291</b>
Common stock	39	39	39	39
<b>Cash &amp; cash equivalents*</b>	<b>1,071</b>	<b>1,651</b>	<b>1,951</b>	<b>2,456</b>
<b>Debts &amp; borrowings</b>	<b>53</b>	<b>20</b>	<b>11</b>	<b>7</b>
<b>Depreciation &amp; amortization</b>	<b>364</b>	<b>397</b>	<b>390</b>	<b>365</b>
<b>CAPEX</b>	<b>302</b>	<b>407</b>	<b>467</b>	<b>182</b>

\* Including short-term financial instruments

insight to!nspiration



SAMSUNG SDS

[www.samsungsds.com](http://www.samsungsds.com)

Copyright © 2017 Samsung SDS Co., Ltd. All rights reserved.