



Samsung SDS

1Q17 Earnings Release

2017. 4. 27



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 1Q17 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

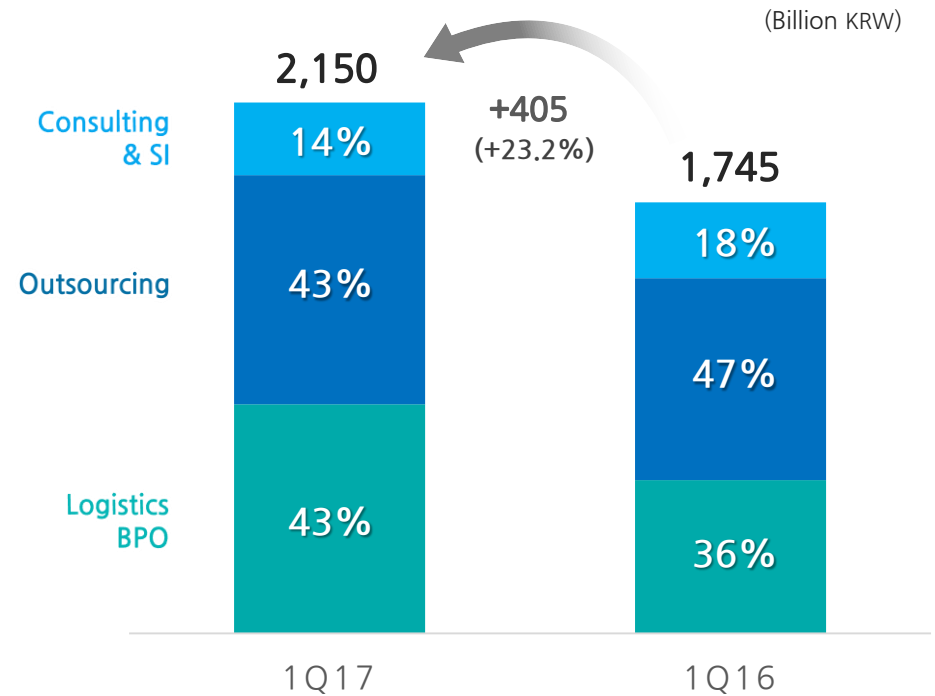
These uncertainties may cause our actual results to be materially different from those expressed in this document.

1Q17 Results

- ▶ Revenue of 2,150 billion KRW, increased by 23.2% YoY
- ▶ Operating profit of 147 billion KRW, increased by 18% YoY

(Billion KRW)

| | 1Q17 | 1Q16 | YoY | 4Q16 | QoQ |
|--------------------------|-------|-------|--------|-------|--------|
| Revenue | 2,150 | 1,745 | +23.2% | 2,382 | -9.8% |
| Operating profit | 147 | 124 | +18.0% | 164 | -10.2% |
| (%) | 6.8% | 7.1% | -0.3%p | 6.8% | - |
| Profit before income tax | 144 | 188 | -23.6% | 214 | -32.8% |
| Net Profit | 91 | 136 | -33.4% | 132 | -31.3% |
| (%) | 4.2% | 7.8% | -3.6%p | 5.5% | -1.3%p |

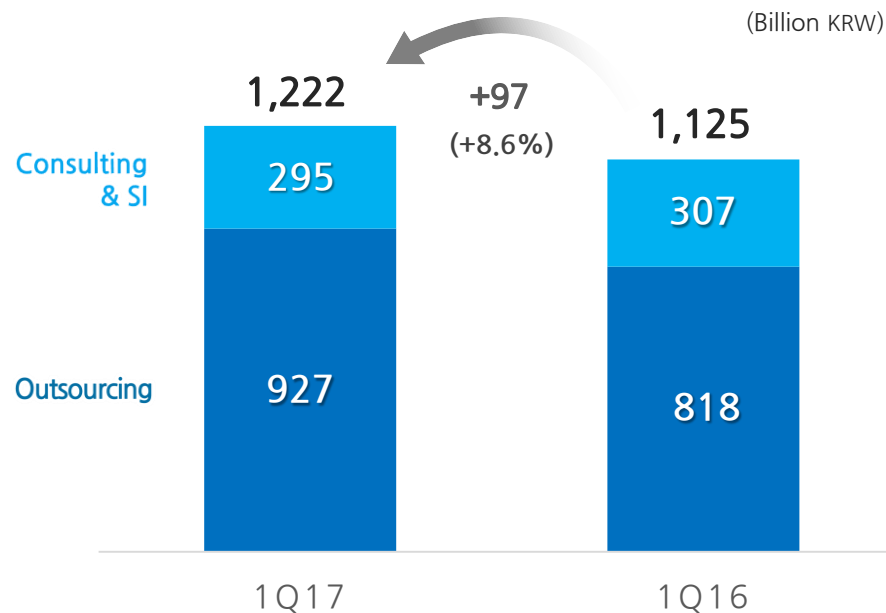


1Q17 Results IT Services

- ▶ Revenue of 1,222 billion KRW, up by 8.6% YoY
 - Revenue increased due to expansion of infrastructure service and growth in solution, cloud business
- ▶ Operating profit of 120 billion KRW, increased by 17.2% YoY
 - Operating profit increased reflecting revenue growth

(Billion KRW)

| | 1Q17 | 1Q16 | YoY | 4Q16 | QoQ |
|-------------------------|--------------|--------------|---------------|--------------|---------------|
| Revenue | 1,222 | 1,125 | +8.6% | 1,273 | -4.0% |
| Consulting & SI | 295 | 307 | -4.0% | 370 | -20.5% |
| Outsourcing | 927 | 818 | +13.3% | 903 | +2.7% |
| Operating profit | 120 | 102 | +17.2% | 108 | +11.5% |
| (%) | 9.8% | 9.1% | +0.7%p | 8.4% | +1.4%p |



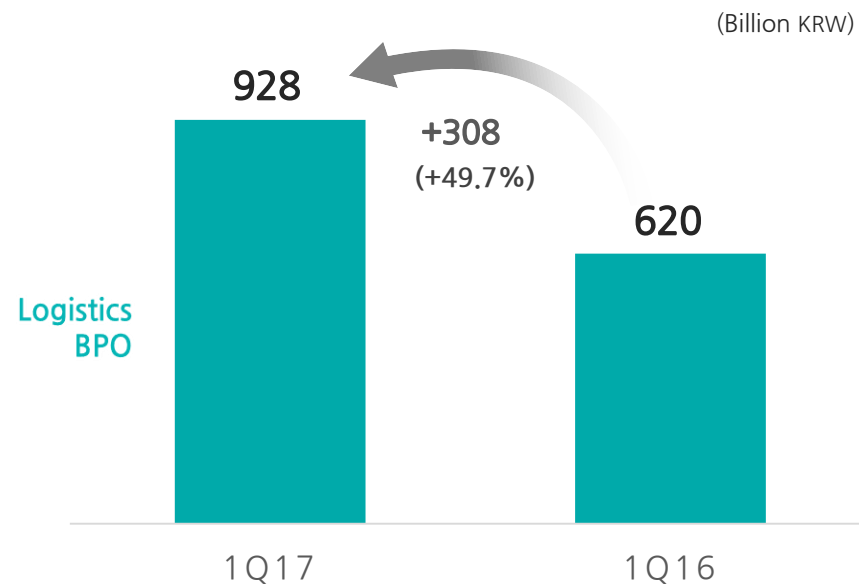
1Q17 Results Logistics BPO

- ▶ **Revenue of 928 billion KRW, up by 49.7% YoY**
 - Revenue increased due to expansion of sales logistics service and external customer business

- ▶ **Operating profit of 27 billion KRW, increased by 21.9%**
 - Operating profit increased reflecting revenue growth from expansion of new businesses

(Billion KRW)

| | 1Q17 | 1Q16 | YoY | 4Q16 | QoQ |
|-------------------------|------------|------------|--------|--------------|--------|
| Revenue | 928 | 620 | +49.7% | 1,109 | -16.3% |
| Operating profit | 27 | 22 | +21.9% | 56 | -51.6% |
| (%) | 2.9% | 3.6% | -0.7%p | 5.1% | -2.1%p |



Income Statement

| (Billion KRW) | 2016 | | | | | 1Q17 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | | |
| Revenue | 1,745 | 2,052 | 2,001 | 2,382 | 8,180 | 2,150 |
| COGS | 1,430 | 1,689 | 1,641 | 2,002 | 6,762 | 1,810 |
| Gross profit | 315 | 363 | 360 | 380 | 1,418 | 340 |
| Margin (%) | 18.1% | 17.7% | 18.0% | 15.9% | 17.3% | 15.8% |
| SG&A | 191 | 195 | 190 | 216 | 791 | 193 |
| Operating profit | 124 | 168 | 170 | 164 | 627 | 147 |
| Margin (%) | 7.1% | 8.2% | 8.5% | 6.8% | 7.7% | 6.8% |
| Non-operating gain & loss | 64 | 21 | -11 | 50 | 125 | -3 |
| Profit before income tax | 188 | 189 | 159 | 214 | 752 | 144 |
| Income tax expense | 52 | 54 | 49 | 82 | 238 | 53 |
| Net profit | 136 | 136 | 110 | 132 | 514 | 91 |
| Margin (%) | 7.8% | 6.6% | 5.5% | 5.5% | 6.3% | 4.2% |

Revenue & Operating Profit by Business Segment

| (Billion KRW) | 2016 | | | | | 1Q17 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | | |
| Revenue | 1,745 | 2,052 | 2,001 | 2,382 | 8,180 | 2,150 |
| IT Services | 1,125 | 1,213 | 1,131 | 1,273 | 4,742 | 1,222 |
| - Consulting&SI | 307 | 353 | 302 | 370 | 1,332 | 295 |
| - Outsourcing | 818 | 860 | 828 | 903 | 3,410 | 927 |
| Logistics BPO | 620 | 839 | 871 | 1,109 | 3,438 | 928 |
| Operating profit | 124 | 168 | 170 | 164 | 627 | 147 |
| IT Services | 102 | 127 | 117 | 108 | 454 | 120 |
| Logistics BPO | 22 | 41 | 53 | 56 | 173 | 27 |
| Operating profit margin | 7.1% | 8.2% | 8.5% | 6.8% | 7.7% | 6.8% |
| IT Services | 9.1% | 10.4% | 10.4% | 8.4% | 9.6% | 9.8% |
| Logistics BPO | 3.6% | 5.0% | 6.1% | 5.1% | 5.0% | 2.9% |

Statement of Financial Position

| (Billion KRW) | 2013 | 2014 | 2015 | 2016 | 1Q17 |
|--|--------------|--------------|--------------|--------------|--------------|
| Asset | 5,300 | 5,546 | 6,332 | 6,842 | 6,760 |
| Current assets | 2,929 | 3,228 | 3,845 | 4,548 | 4,570 |
| Non-current assets | 2,371 | 2,318 | 2,487 | 2,294 | 2,206 |
| Liabilities | 1,417 | 1,332 | 1,555 | 1,551 | 1,525 |
| Current liabilities | 1,220 | 1,118 | 1,390 | 1,347 | 1,302 |
| Non-current liabilities | 197 | 214 | 165 | 204 | 223 |
| Equity | 3,883 | 4,214 | 4,777 | 5,291 | 525 |
| Common Stock | 39 | 39 | 39 | 39 | 39 |
| Cash & cash equivalents* | 1,071 | 1,651 | 1,951 | 2,456 | 2,423 |
| Debts & borrowings | 53 | 20 | 11 | 7 | 1 |
| Depreciation & amortization | 364 | 397 | 390 | 365 | 85 |
| CAPEX | 302 | 407 | 467 | 182 | 21 |

* Including short-term financial instruments

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