



Samsung SDS

2Q17 Earnings Release

2017. 7. 21



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 2Q17 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

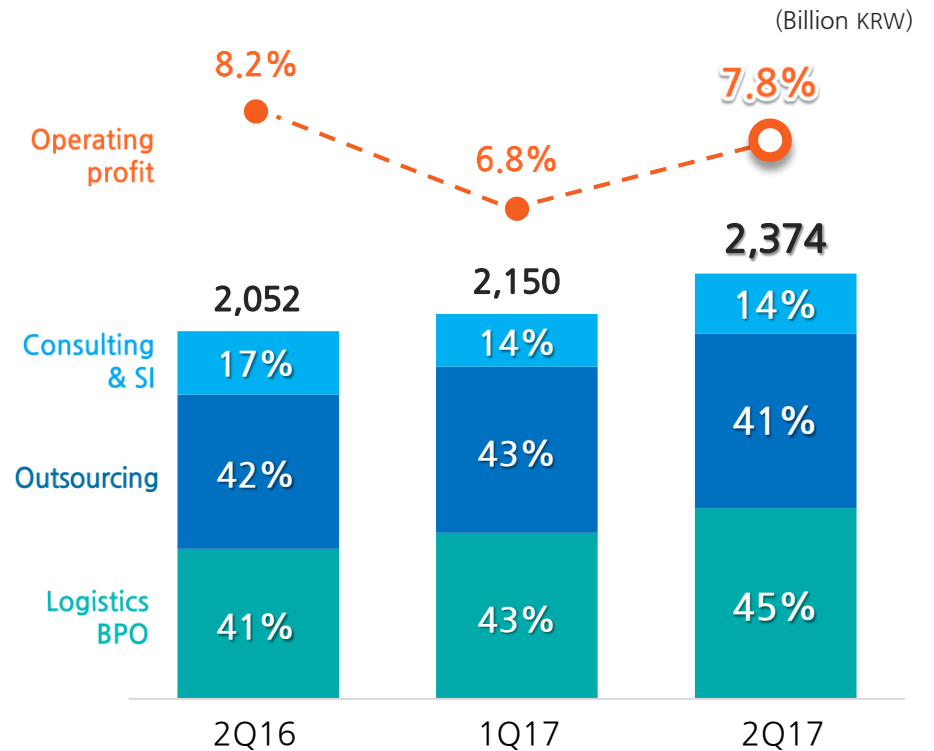
These uncertainties may cause our actual results to be materially different from those expressed in this document.

2Q17 Results

- ▶ Revenue of 2,374 billion KRW (10.4% QoQ, 15.7% YoY)
- ▶ Operating profit of 186 billion KRW (26.4% QoQ, 10.3% YoY)
- ▶ Net profit of 144 billion KRW (58.3% QoQ, 5.4% YoY)

(Billion KRW)

	2Q17	1Q17	QoQ	2Q16	YoY
Revenue	2,374	2,150	+10.4%	2,052	+15.7%
Operating profit	186	147	+26.4%	168	+10.3%
(%)	7.8%	6.8%	+1.0%p	8.2%	-0.4%p
Profit before income tax	201	144	+39.9%	189	+6.1%
Net Profit	144	91	+58.3%	136	+5.4%
(%)	6.0%	4.2%	+1.8%p	6.6%	-0.6%p

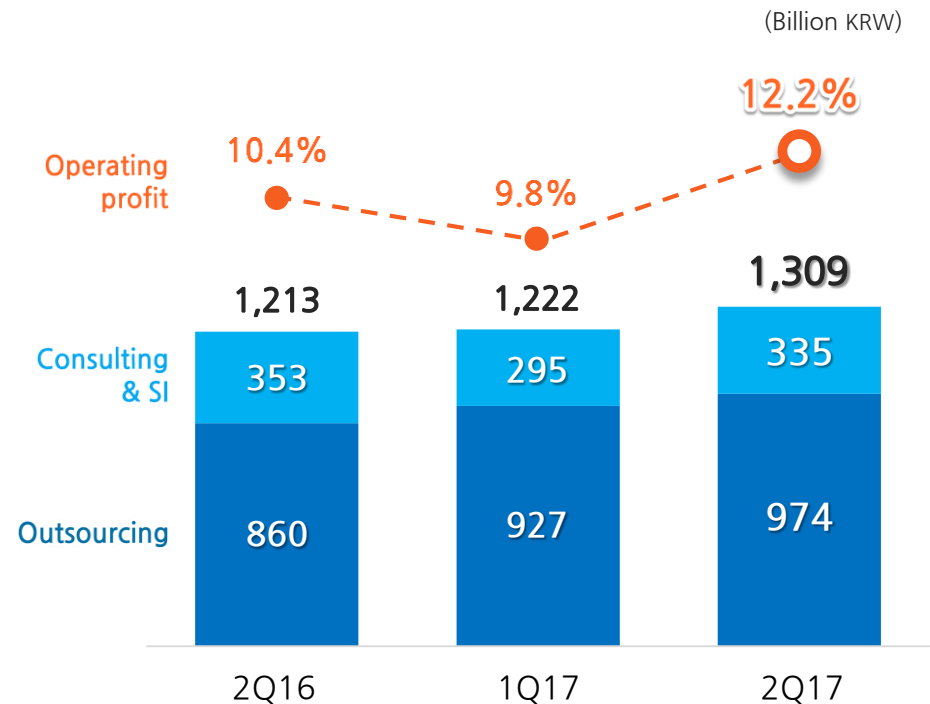


2Q17 Results IT Services

- ▶ Revenue of 1,309 billion KRW (7.2% QoQ, 7.9% YoY)
 - Revenue increased due to expansion of solution business
- ▶ Operating profit margin of 12.2% (2.4%p QoQ, 1.8%p YoY)

(Billion KRW)

	2Q17	1Q17	QoQ	2Q16	YoY
Revenue	1,309	1,222	+7.2%	1,213	+7.9%
Consulting & SI	335	295	+13.9%	353	-5.1%
Outsourcing	974	927	+5.0%	860	+13.2%
Operating profit	160	120	+33.6%	127	+26.2%
(%)	12.2%	9.8%	+2.4%p	10.4%	+1.8%p



2Q17 Results Logistics BPO

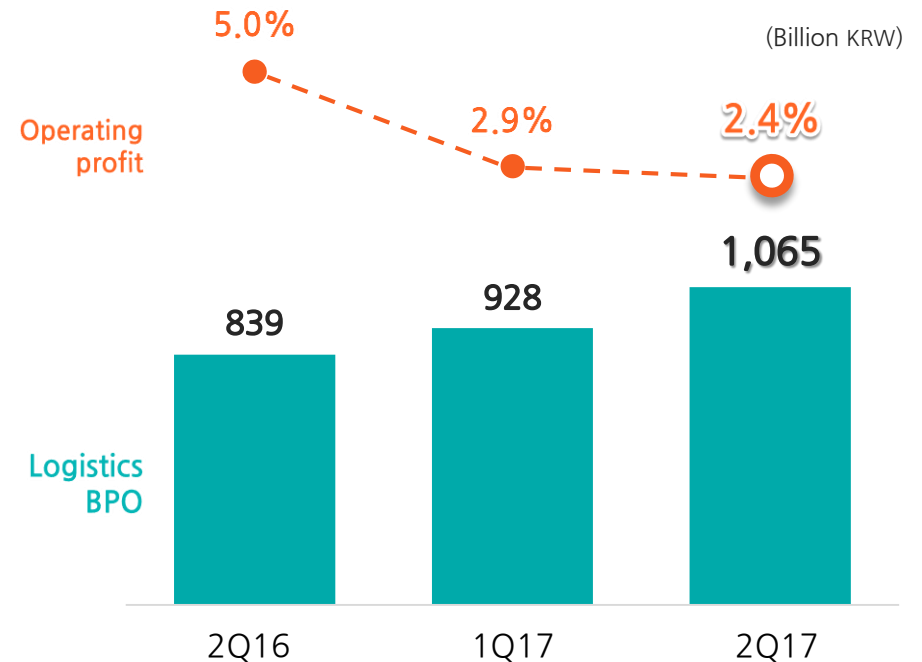
▶ Revenue of 1,065 billion KRW (14.8% QoQ, 27% YoY)

- Revenue increased reflecting expansion of sales logistics service in Europe and external customer business

▶ Operating profit margin of 2.4% (-0.5%p QoQ, -2.6%p YoY)

(Billion KRW)

	2Q17	1Q17	QoQ	2Q16	YoY
Revenue	1,065	928	+14.8%	839	+27.0%
Operating profit	26	27	-5.4%	42	-38.1%
(%)	2.4%	2.9%	-0.5%p	5.0%	-2.6%p



Income Statement

(Billion KRW)	2016					2017	
	1Q	2Q	3Q	4Q		1Q	2Q
Revenue	1,745	2,052	2,001	2,382	8,180	2,150	2,374
COGS	1,430	1,689	1,641	2,002	6,762	1,810	1,990
Gross profit	315	363	360	380	1,418	340	384
Margin (%)	18.1%	17.7%	18.0%	15.9%	17.3%	15.8%	16.2%
SG&A	191	195	190	216	791	193	198
Operating profit	124	168	170	164	627	147	186
Margin (%)	7.1%	8.2%	8.5%	6.8%	7.7%	6.8%	7.8%
Non-operating gain & loss	64	21	-11	50	125	-3	15
Profit before income tax	188	189	159	214	752	144	201
Income tax expense	52	54	49	82	238	53	58
Net profit	136	136	110	132	514	91	143
Margin (%)	7.8%	6.6%	5.5%	5.5%	6.3%	4.2%	6.0%

Revenue & Operating Profit by Business Segment

(Billion KRW)	2016					1Q17	
	1Q	2Q	3Q	4Q		1Q	2Q
Revenue	1,745	2,052	2,001	2,382	8,180	2,150	2,374
IT Services	1,125	1,213	1,131	1,273	4,742	1,222	1,309
- Consulting&SI	307	353	302	370	1,332	295	335
- Outsourcing	818	860	828	903	3,410	927	974
Logistics BPO	620	839	871	1,109	3,438	928	1,065
Operating profit	124	168	170	164	627	147	186
IT Services	102	127	117	108	454	120	160
Logistics BPO	22	41	53	56	173	27	26
Operating profit margin	7.1%	8.2%	8.5%	6.8%	7.7%	6.8%	7.8%
IT Services	9.1%	10.4%	10.4%	8.4%	9.6%	9.8%	12.2%
Logistics BPO	3.6%	5.0%	6.1%	5.1%	5.0%	2.9%	2.4%

Statement of Financial Position

(Billion KRW)	2013	2014	2015	2016	1Q17	2Q17
Asset	5,300	5,546	6,332	6,842	6,760	7,081
Current assets	2,929	3,228	3,845	4,548	4,570	4,903
Non-current assets	2,371	2,318	2,487	2,294	2,206	2,178
Liabilities	1,417	1,332	1,555	1,551	1,525	1,659
Current liabilities	1,220	1,118	1,390	1,347	1,302	1,402
Non-current liabilities	197	214	165	204	223	257
Equity	3,883	4,214	4,777	5,291	525	542
Common Stock	39	39	39	39	39	39
Cash & cash equivalents*	1,071	1,651	1,951	2,456	2,423	2,551
Debts & borrowings	53	20	11	7	1	1
Depreciation & amortization	364	397	390	365	85	84
CAPEX	302	407	467	182	21	51

* Including short-term financial instruments

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