



Samsung SDS

# 3Q17 Earnings Release

2017.10.25



# Disclaimer

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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 3Q17 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

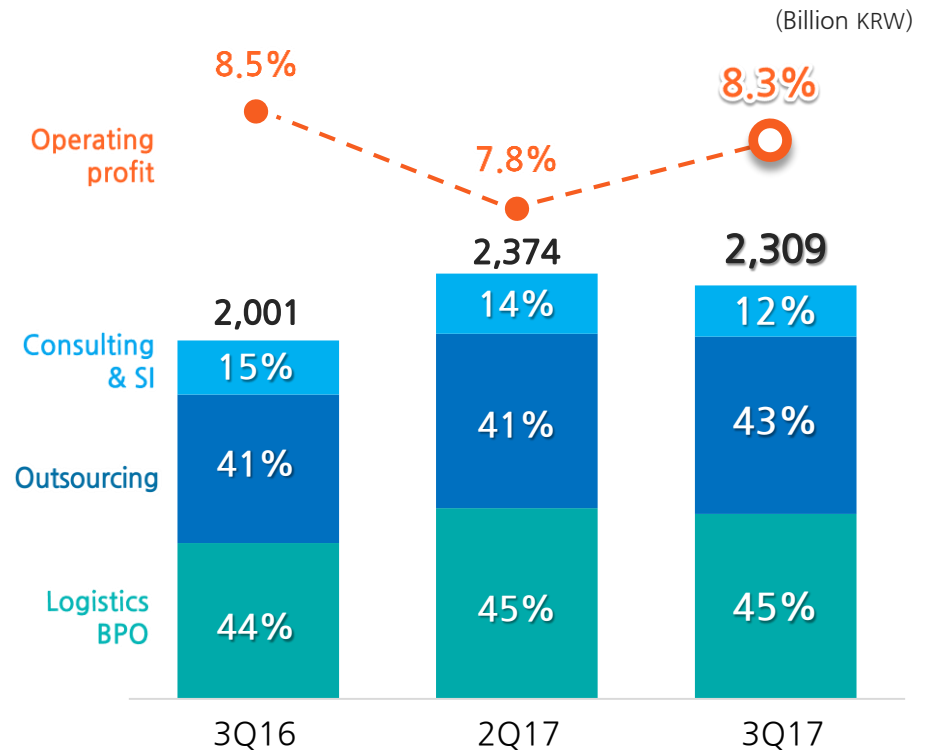
These uncertainties may cause our actual results to be materially different from those expressed in this document.

# 3Q17 Results

- ▶ Revenue of 2,309 billion KRW ( -2.7% QoQ, 15.4% YoY )
- ▶ Operating profit of 192 billion KRW ( 3.5% QoQ, 12.7% YoY )
- ▶ Net profit of 149 billion KRW ( 3.9% QoQ, 35.4% YoY )

(Billion KRW)

	3Q17	2Q17	QoQ	3Q16	YoY
Revenue	2,309	2,374	-2.7%	2,001	+15.4%
Operating profit	192	186	+3.5%	171	+12.7%
(%)	8.3%	7.8%	+0.5%p	8.5%	-0.2%p
Profit before income tax	207	201	+2.7%	160	+29.5%
Net Profit	149	144	+3.9%	110	+35.4%
(%)	6.5%	6.0%	+0.4%p	5.5%	+1.0%p

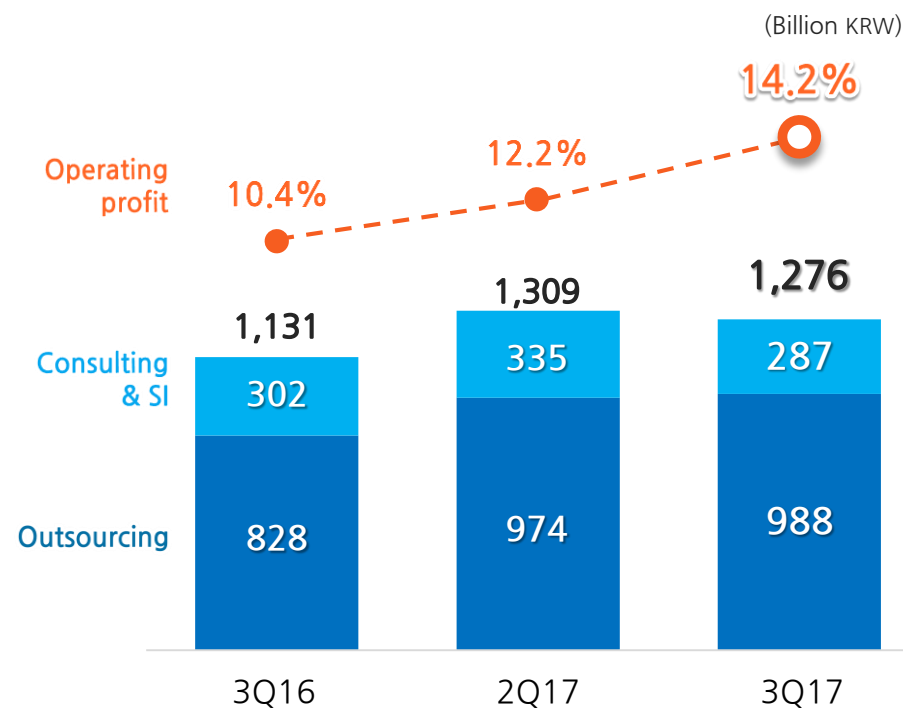


# 3Q17 Results IT Services

- ▶ Revenue of 1,276 billion KRW ( -2.5% QoQ, 12.8% YoY )
  - Outsourcing revenue increased due to expansion of cloud service
- ▶ Operating profit margin of 14.2% ( 2.0%p QoQ, 3.8%p YoY )

(Billion KRW)

	3Q17	2Q17	QoQ	3Q16	YoY
<b>Revenue</b>	<b>1,276</b>	<b>1,309</b>	-2.5%	<b>1,131</b>	+12.8%
Consulting & SI	287	335	-14.4%	302	-5.0%
Outsourcing	988	974	+1.5%	828	+19.3%
<b>Operating profit</b>	<b>181</b>	<b>160</b>	+13.3%	<b>117</b>	+54.6%
(%)	14.2%	12.2%	+2.0%p	10.4%	+3.8%p

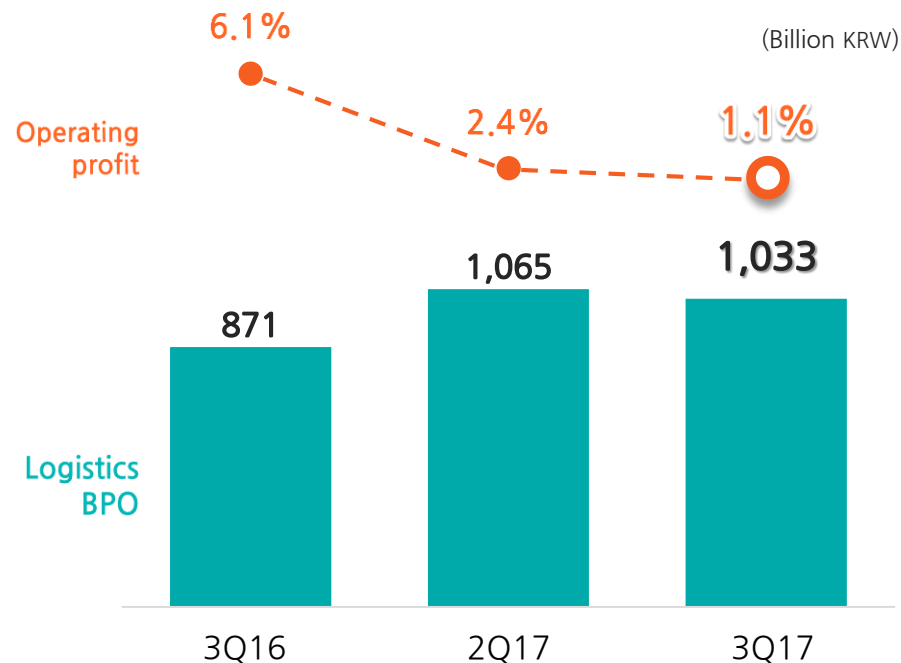


# 3Q17 Results Logistics BPO

- ▶ Revenue of 1,033 billion KRW ( -3.0% QoQ, 18.7% YoY )
  - Expansion of both logistics service in Europe and external customer business
- ▶ Operating profit margin of 1.1% ( -1.4%p QoQ, -5.1%p YoY )

(Billion KRW)

	3Q17	2Q17	QoQ	3Q16	YoY
Revenue	1,033	1,065	-3.0%	871	+18.7%
Operating profit	11	26	-57.4%	53	-79.4%
(%)	1.1%	2.4%	-1.4%p	6.1%	-5.1%p



# Income Statement

(Billion KRW)	2016					2017		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q
<b>Revenue</b>	<b>1,745</b>	<b>2,052</b>	<b>2,001</b>	<b>2,382</b>	<b>8,180</b>	<b>2,150</b>	2,374	<b>2,309</b>
COGS	1,430	1,689	1,641	2,002	6,762	1,810	1,990	1,929
<b>Gross profit</b>	<b>315</b>	<b>363</b>	<b>360</b>	<b>380</b>	<b>1,418</b>	<b>340</b>	384	<b>380</b>
Margin (%)	18.1%	17.7%	18.0%	15.9%	17.3%	15.8%	16.2%	16.4%
SG&A	191	195	190	216	791	193	198	187
<b>Operating profit</b>	<b>124</b>	<b>168</b>	<b>170</b>	<b>164</b>	<b>627</b>	<b>147</b>	186	<b>192</b>
Margin (%)	7.1%	8.2%	8.5%	6.8%	7.7%	6.8%	7.8%	8.3%
Non-operating gain & loss	64	21	-11	50	125	-3	15	14
<b>Profit before income tax</b>	<b>188</b>	<b>189</b>	<b>159</b>	<b>214</b>	<b>752</b>	<b>144</b>	201	<b>207</b>
Income tax expense	52	54	49	82	238	53	58	58
<b>Net profit</b>	<b>136</b>	<b>136</b>	<b>110</b>	<b>132</b>	<b>514</b>	<b>91</b>	143	<b>149</b>
Margin (%)	7.8%	6.6%	5.5%	5.5%	6.3%	4.2%	6.0%	6.5%

# Revenue & Operating Profit by Business Segment

(Billion KRW)	2016					2017		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q
<b>Revenue</b>	<b>1,745</b>	<b>2,052</b>	<b>2,001</b>	<b>2,382</b>	<b>8,180</b>	<b>2,150</b>	<b>2,374</b>	<b>2,309</b>
IT Services	1,125	1,213	1,131	1,273	4,742	1,222	1,309	1,276
- Consulting&SI	307	353	302	370	1,332	295	335	287
- Outsourcing	818	860	828	903	3,410	927	974	988
Logistics BPO	620	839	871	1,109	3,438	928	1,065	1,033
<b>Operating profit</b>	<b>124</b>	<b>168</b>	<b>170</b>	<b>164</b>	<b>627</b>	<b>147</b>	<b>186</b>	<b>192</b>
IT Services	102	127	117	108	454	120	160	181
Logistics BPO	22	41	53	56	173	27	26	11
<b>Operating profit margin</b>	<b>7.1%</b>	<b>8.2%</b>	<b>8.5%</b>	<b>6.8%</b>	<b>7.7%</b>	<b>6.8%</b>	<b>7.8%</b>	<b>8.3%</b>
IT Services	9.1%	10.4%	10.4%	8.4%	9.6%	9.8%	12.2%	14.2%
Logistics BPO	3.6%	5.0%	6.1%	5.1%	5.0%	2.9%	2.4%	1.1%

# Statement of Financial Position

(Billion KRW)	2013	2014	2015	2016	1Q17	2Q17	3Q17
<b>Asset</b>	<b>5,300</b>	<b>5,546</b>	<b>6,332</b>	<b>6,842</b>	<b>6,760</b>	<b>7,081</b>	<b>7,253</b>
Current assets	2,929	3,228	3,845	4,548	4,570	4,903	5,090
Non-current assets	2,371	2,318	2,487	2,294	2,206	2,178	2,162
<b>Liabilities</b>	<b>1,417</b>	<b>1,332</b>	<b>1,555</b>	<b>1,551</b>	<b>1,525</b>	<b>1,659</b>	<b>1,661</b>
Current liabilities	1,220	1,118	1,390	1,347	1,302	1,402	1,372
Non-current liabilities	197	214	165	204	223	257	288
<b>Equity</b>	<b>3,883</b>	<b>4,214</b>	<b>4,777</b>	<b>5,291</b>	<b>5,251</b>	<b>5,423</b>	<b>5,592</b>
Common Stock	39	39	39	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>2,423</b>	<b>2,551</b>	<b>2,767</b>
<b>Debts &amp; borrowings</b>	<b>53</b>	<b>20</b>	<b>11</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Depreciation &amp; amortization</b>	<b>364</b>	<b>397</b>	<b>390</b>	<b>365</b>	<b>85</b>	<b>84</b>	<b>82</b>
<b>CAPEX</b>	<b>302</b>	<b>407</b>	<b>467</b>	<b>182</b>	<b>21</b>	<b>51</b>	<b>55</b>

\* Including short-term financial instruments



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