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1Q18 Earnings Release



2018. 4. 30

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 1Q18 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

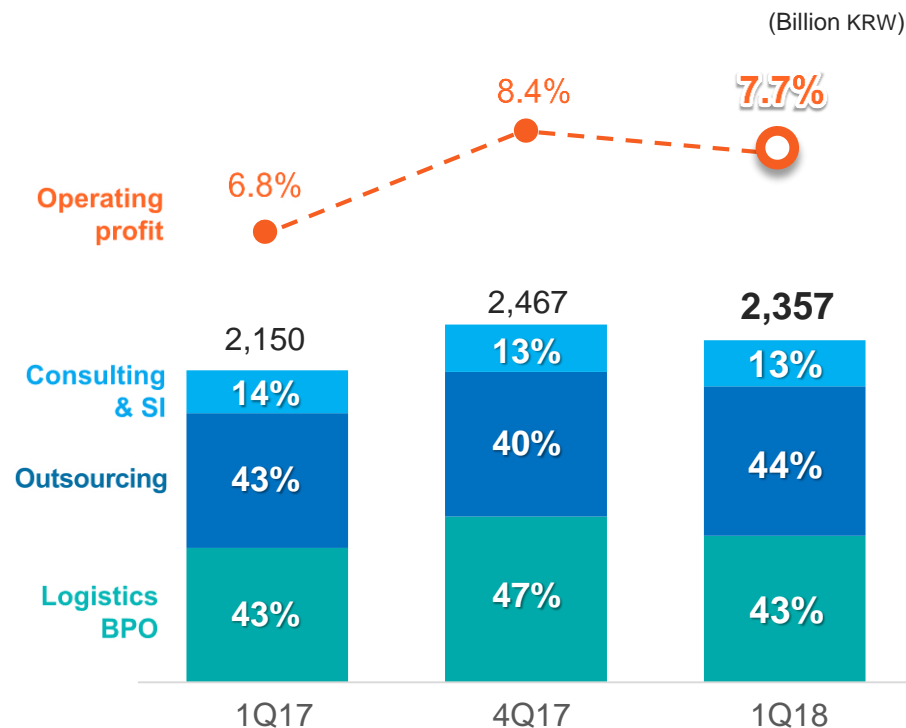
These uncertainties may cause our actual results to be materially different from those expressed in this document.

1Q18 Results

- ▶ Revenue of 2,357 billion KRW increased by 9.6% YoY
- ▶ Operating profit of 182 billion KRW increased by 23.7% YoY
- ▶ Net profit of 132 billion KRW increased by 45.2% YoY

(Billion KRW)

	1Q18	4Q17	QoQ	1Q17	YoY
Revenue	2,357	2,467	-4.4%	2,150	+9.6%
Operating profit	182	207	-12.0%	147	+23.7%
(%)	7.7%	8.4%	-0.7%p	6.8%	+0.9%
Profit before Income tax	192	200	-4.0%	144	+33.6%
Net Profit	132	159	-17.0%	91	+45.2%
(%)	5.6%	6.4%	-0.8%p	4.2%	+1.4%p



1Q18 Results IT Service

▶ Revenue of 1,346 billion KRW up by 10.2% YoY

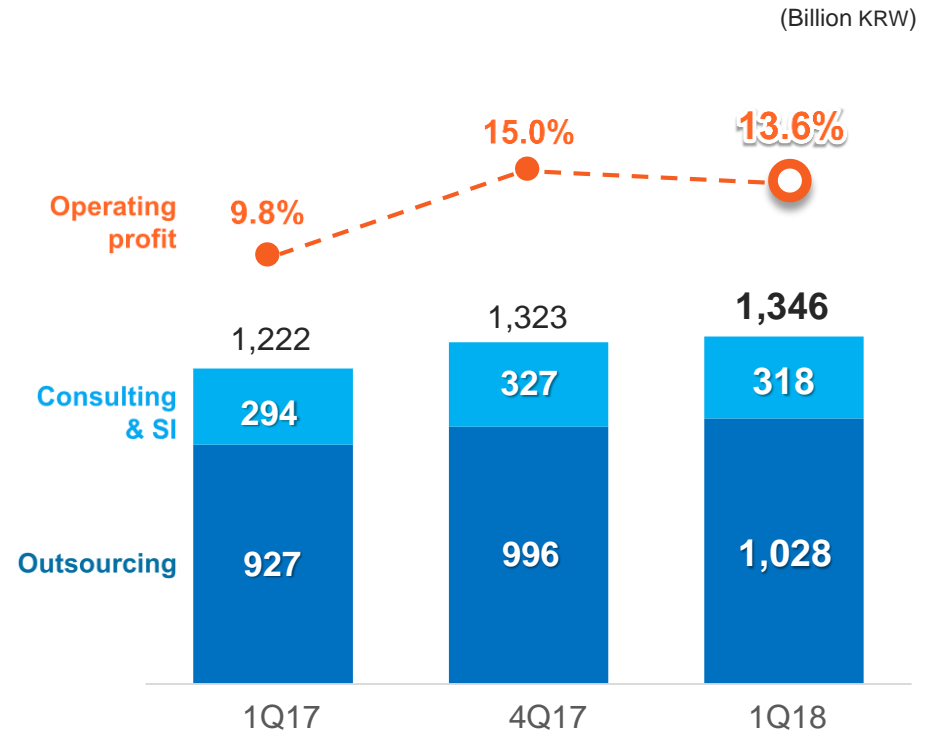
- Revenue increased due to expansion of cloud service and smart factory

▶ Operating profit of 183 billion KRW

- Operating profit margin increased reflecting revenue growth and cost reduction

(Billion KRW)

	1Q18	4Q17	QoQ	1Q17	YoY
Revenue	1,346	1,323	+1.7%	1,222	+10.2%
Consulting & SI	318	327	-2.9%	294	+7.8%
Outsourcing	1,028	996	+3.2%	927	+10.9%
Operating profit	183	198	-7.6%	120	+52.7%
(%)	13.6%	15.0%	-1.4%p	9.8%	+3.8%p



1Q18 Results **Logistics BPO**

▶ **Revenue of 1,011 billion KRW up by 9.0% YoY**

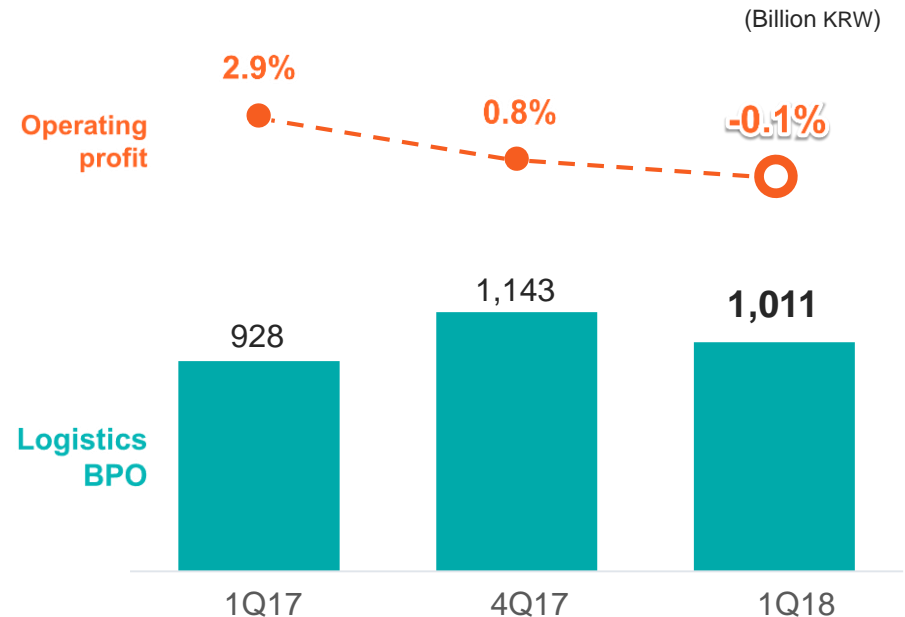
- Revenue increased due to expansion of sales logistics and external customer business

▶ **Operating profit turned to loss of 1 billion KRW**

- Operating profit decreased due to one-off expense

(Billion KRW)

	1Q18	4Q17	QoQ	1Q17	YoY
Revenue	1,011	1,143	-11.6%	928	+9.0%
Operating profit	-1	9	TR	27	TR
(%)	-0.1%	0.8%	-0.9%p	2.9%	-3.0%p



Income Statement

(Billion KRW)	2017					1Q18
	1Q	2Q	3Q	4Q		
Revenue	2,150	2,374	2,309	2,467	9,299	2,357
COGS	1,810	1,990	1,929	2,076	7,804	1,972
Gross profit	340	384	380	391	1,495	385
Margin (%)	15.8%	16.2%	16.4%	15.9%	16.1%	16.3%
SG&A	193	198	187	184	763	203
Operating profit	147	186	192	207	732	182
Margin (%)	6.8%	7.8%	8.3%	8.4%	7.9%	7.7%
Non-operating gain & loss	-3	15	14	-6	20	10
Profit before income tax	144	201	207	200	752	192
Income tax expense	53	58	58	42	210	61
Net profit	91	143	149	159	542	132
Margin (%)	4.2%	6.0%	6.5%	6.4%	5.8%	5.6%

Revenue & Operating Profit by Business Segment

(Billion KRW)	2017					1Q18
	1Q	2Q	3Q	4Q		
Revenue	2,150	2,374	2,309	2,467	9,299	2,357
IT Services	1,222	1,309	1,275	1,323	5,130	1,346
- Consulting&SI	295	335	287	327	1,244	318
- Outsourcing	927	974	988	996	3,886	1,028
Logistics BPO	928	1,065	1,033	1,143	4,169	1,011
Operating profit	147	186	192	207	732	182
IT Services	120	160	181	198	659	183
Logistics BPO	27	26	11	9	73	-1
Operating profit margin	6.8%	7.8%	8.3%	8.4%	7.9%	7.7%
IT Services	9.8%	12.2%	14.2%	15.0%	12.8%	13.6%
Logistics BPO	2.9%	2.4%	1.1%	0.8%	1.7%	-0.1%

Statement of Financial Position

(Billion KRW)	2014	2015	2016	2017	1Q18
Asset	5,546	6,332	6,842	7,278	7,476
Current assets	3,228	3,845	4,548	5,118	5,373
Non-current assets	2,318	2,487	2,294	2,160	2,103
Liabilities	1,332	1,555	1,551	1,558	1,766
Current liabilities	1,118	1,390	1,347	1,325	1,527
Non-current liabilities	214	165	204	233	239
Equity	4,214	4,777	5,291	5,720	5,710
Common Stock	39	39	39	39	39
Cash & cash equivalents*	1,651	1,951	2,456	2,925	3,236
Debts & borrowings	20	11	7	1	3
Depreciation & amortization	397	390	365	333	79
CAPEX	407	467	182	186	31

* Including short-term financial instruments

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