

Samsung SDS 1Q 2019 Earnings Release

2019. 4. 25



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 1Q19 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:

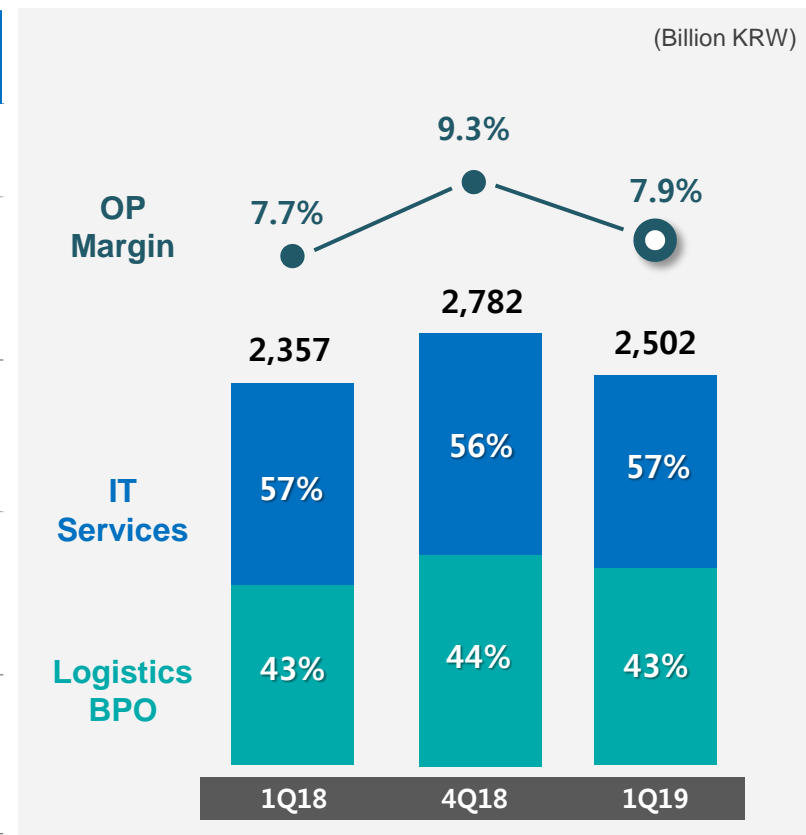
- The behavior of financial markets including fluctuations in exchange rates, interest rates
- Strategic actions including dispositions and acquisitions
- Unanticipated dramatic developments in our major businesses
- Numerous other matters at the national and international levels which could affect our future results

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

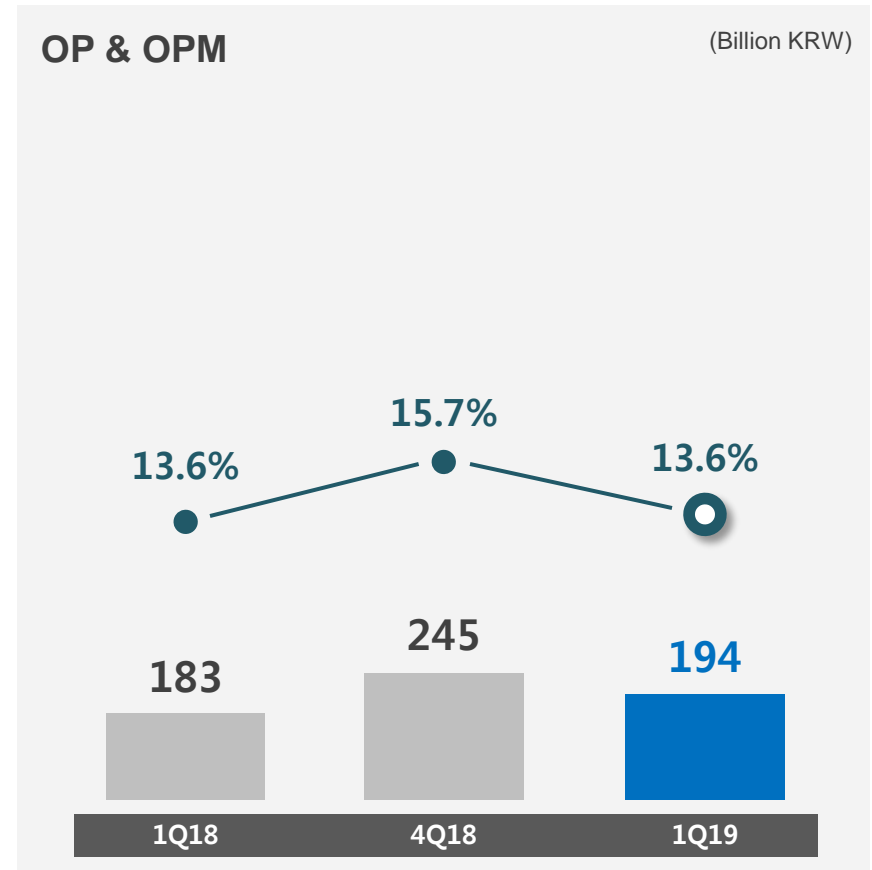
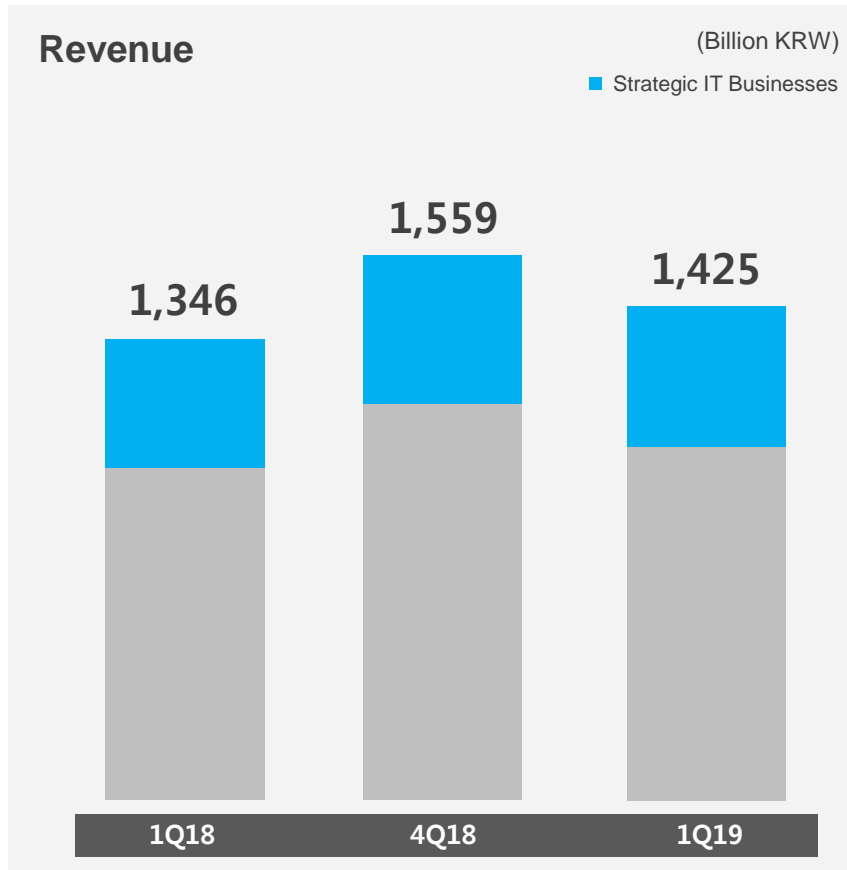
1 1Q Earnings Overview

- ▶ Revenue of 2,502 billion KRW (YoY +6.2%)
- ▶ Operating profit of 198 billion KRW (YoY +9.2%)
- ▶ Net profit of 141 billion KRW (YoY +7.1%)

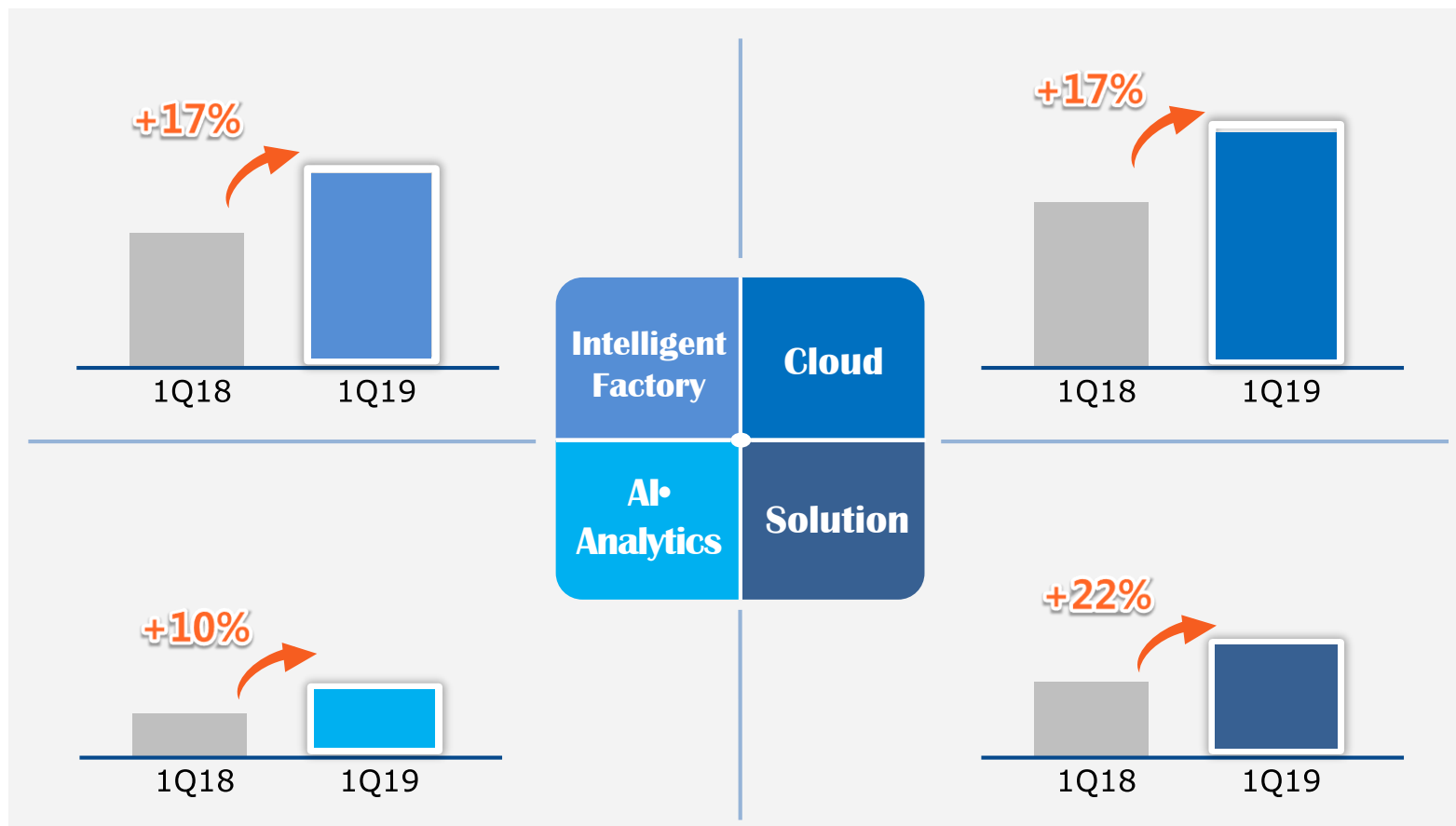
(Billion KRW)	1Q19	4Q18	QoQ	1Q18	YoY
Revenue	2,502	2,782	-10.1%	2,357	+6.2%
IT Services	1,425	1,559	-8.6%	1,346	+5.9%
Logistics BPO	1,077	1,223	-11.9%	1,011	+6.6%
Operating profit	198	258	-23.2%	182	+9.2%
(%)	7.9%	9.3%	-1.4%p	7.7%	+0.2%p
IT Services	194	245	-20.8%	183	+6.2%
Logistics BPO	4	13	-66.6%	-1	TB
Net profit	141	177	-20.5%	132	+7.1%
(%)	5.6%	6.4%	-0.8%p	5.6%	-



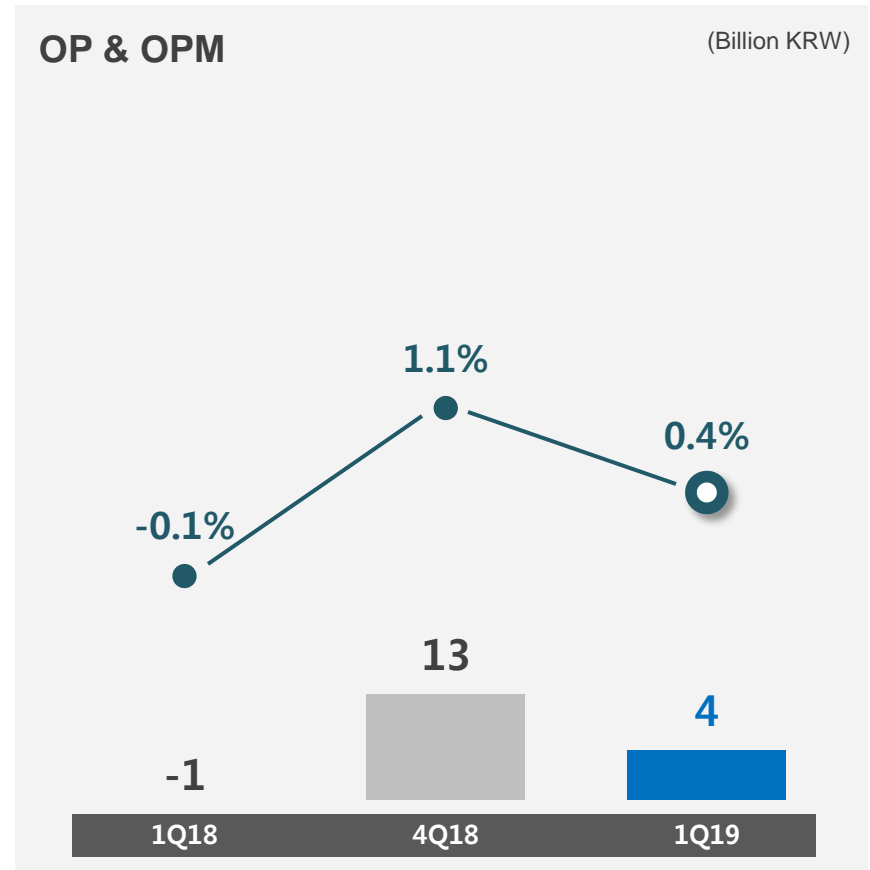
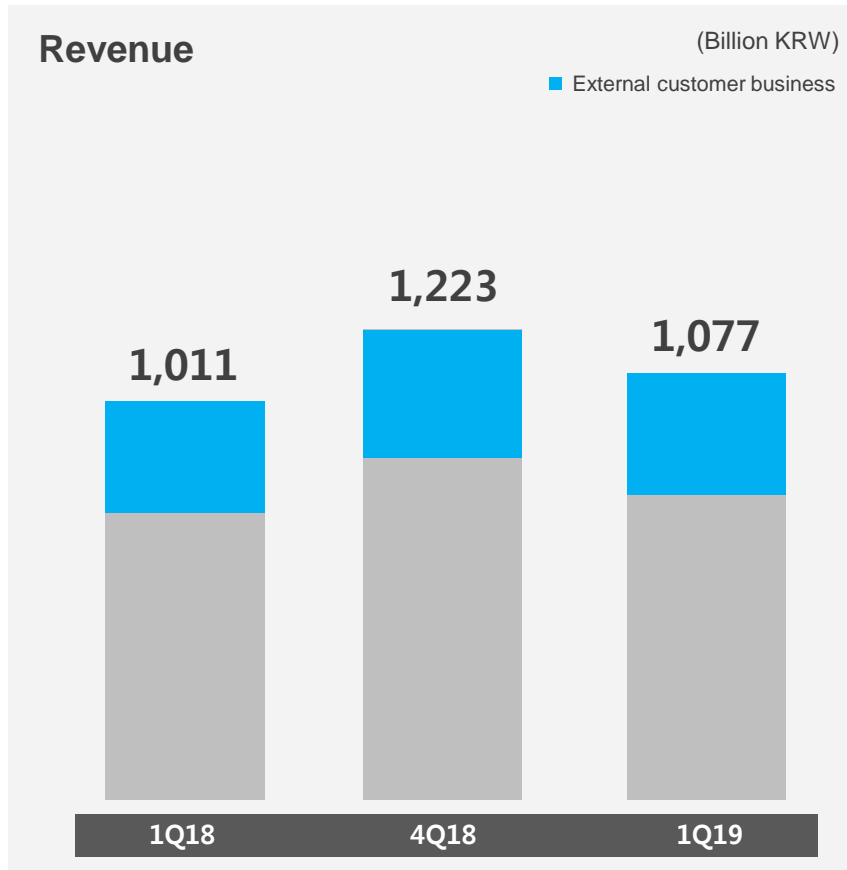
- ▶ **Revenue of 1,425 billion KRW (YoY +5.9%)**
 - Revenue growth driven by strategic IT businesses
- ▶ **Operating profit of 194 billion KRW (YoY +6.2%), OPM of 13.6%**



- ▶ **Strategic IT businesses(YoY +17%) are key drivers of IT service revenue growth**
 - Intelligent Factory business (+17%), Cloud (+17%), Solution (+22%)



- ▶ **Revenue of 1,077 billion KRW (YoY +6.6%)**
 - IT products sales increase and external business expansion
- ▶ **Operating profit of 4 billion KRW, OPM of 0.4%**



[Appendix 1] Income Statement

(Billion KRW)	2018					2019
	1Q	2Q	3Q	4Q		1Q
Revenue	2,357	2,472	2,423	2,782	10,034	2,502
COGS	1,972	2,032	2,023	2,333	8,370	2,101
Gross profit	385	440	390	449	1,664	401
Margin (%)	16.3%	17.8%	16.1%	16.1%	16.6%	16.0%
SG&A	203	202	191	190	787	203
Operating profit	182	238	199	258	877	198
Margin (%)	7.7%	9.6%	8.2%	9.3%	8.7%	7.9%
Non-operating gain & loss	10	33	22	14	79	17
Profit before income tax	192	271	221	272	957	215
Income tax expense	61	84	78	95	318	74
Net profit	132	187	143	177	639	141
Margin (%)	5.6%	7.6%	5.9%	6.4%	6.4%	5.6%

[Appendix 2] Revenue & Operating Profit by Business Segment

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(Billion KRW)	2018					2019
	1Q	2Q	3Q	4Q		1Q
Revenue	2,357	2,472	2,423	2,782	10,034	2,502
IT Services	1,346	1,416	1,336	1,559	5,657	1,425
- Business Solution	318	383	332	449	1,482	343
- Cloud & ITO	1,028	1,033	1,004	1,110	4,175	1,082
Logistics BPO	1,011	1,056	1,087	1,223	4,377	1,077
Operating profit	182	238	199	258	877	198
IT Services	183	227	198	245	853	194
Logistics BPO	-1	11	1	13	24	4
Operating profit margin	7.7%	9.6%	8.2%	9.3%	8.7%	7.9%
IT Services	13.6%	16.0%	14.8%	15.7%	15.1%	13.6%
Logistics BPO	-0.1%	1.0%	0.1%	1.1%	0.5%	0.4%

[Appendix 3] Statement of Financial Position

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(Billion KRW)	2015	2016	2017	2018	1Q19
Asset	6,332	6,842	7,278	8,014	8,634
Current assets	3,845	4,548	5,118	5,882	6,029
Non-current assets	2,487	2,294	2,160	2,132	2,605
Liabilities	1,555	1,551	1,558	1,865	2,470
Current liabilities	1,390	1,347	1,325	1,575	1,829
Non-current liabilities	165	204	233	290	641
Equity	4,777	5,291	5,720	6,149	6,163
Common Stock	39	39	39	39	39
Cash & cash equivalents*	1,951	2,456	2,925	3,672	3,632
Debts & borrowings	11	7	1	1	1
Depreciation & amortization	390	365	333	308	97
CAPEX	504	224	203	245	90

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