

Samsung SDS 2Q 2019 Earnings Release

July 24, 2019



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 2Q19 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:

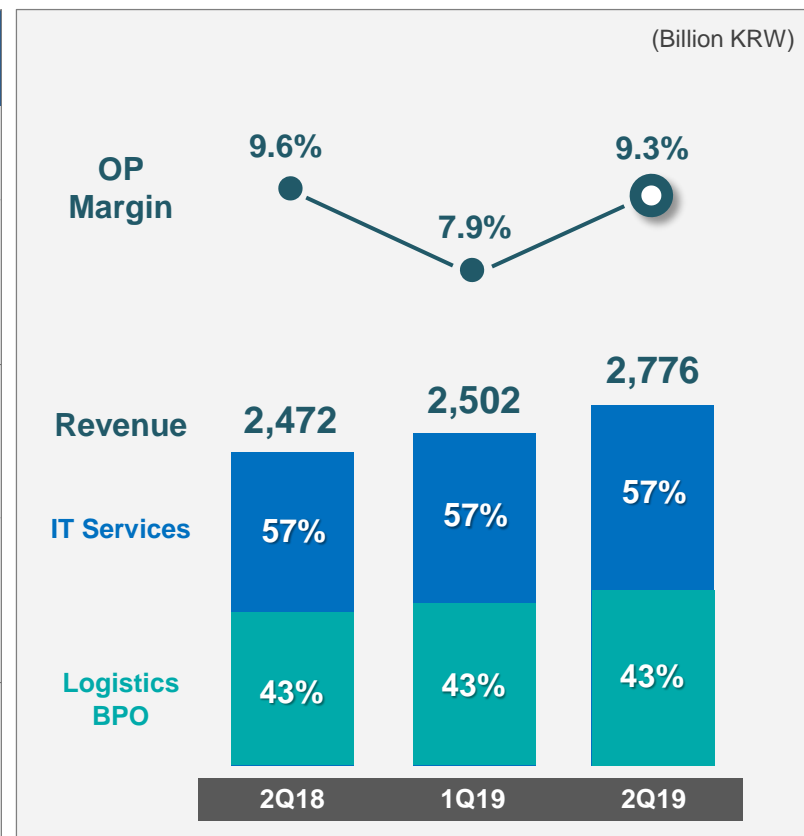
- The behavior of financial markets including fluctuations in exchange rates, interest rates
- Strategic actions including dispositions and acquisitions
- Unanticipated dramatic developments in our major businesses
- Numerous other matters at the national and international levels which could affect our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

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

1 Earnings Overview

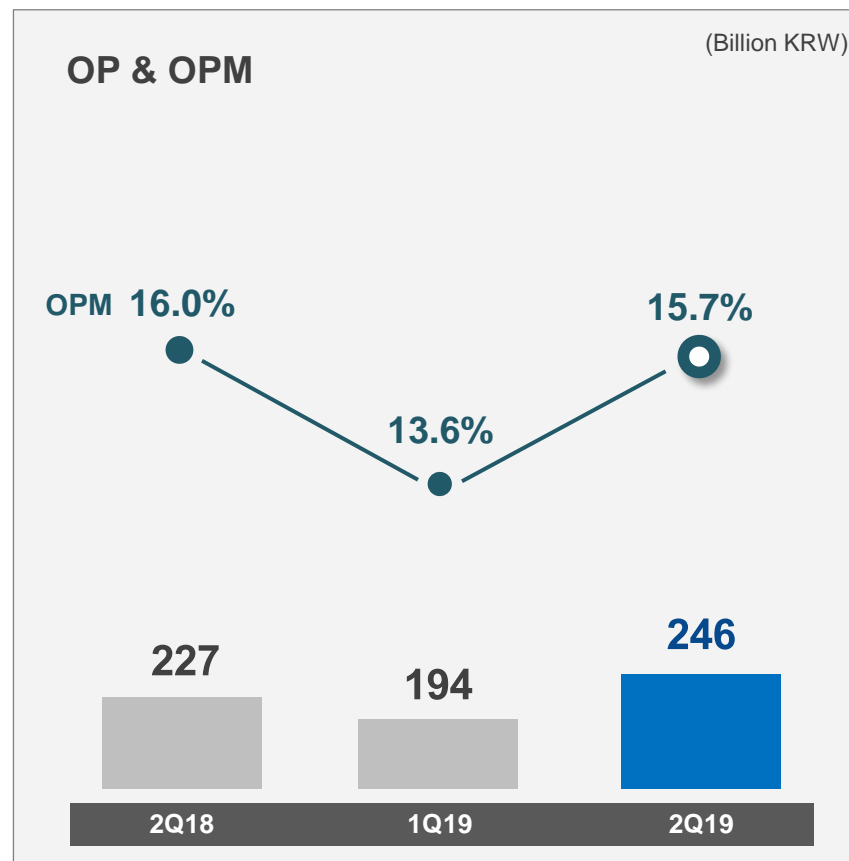
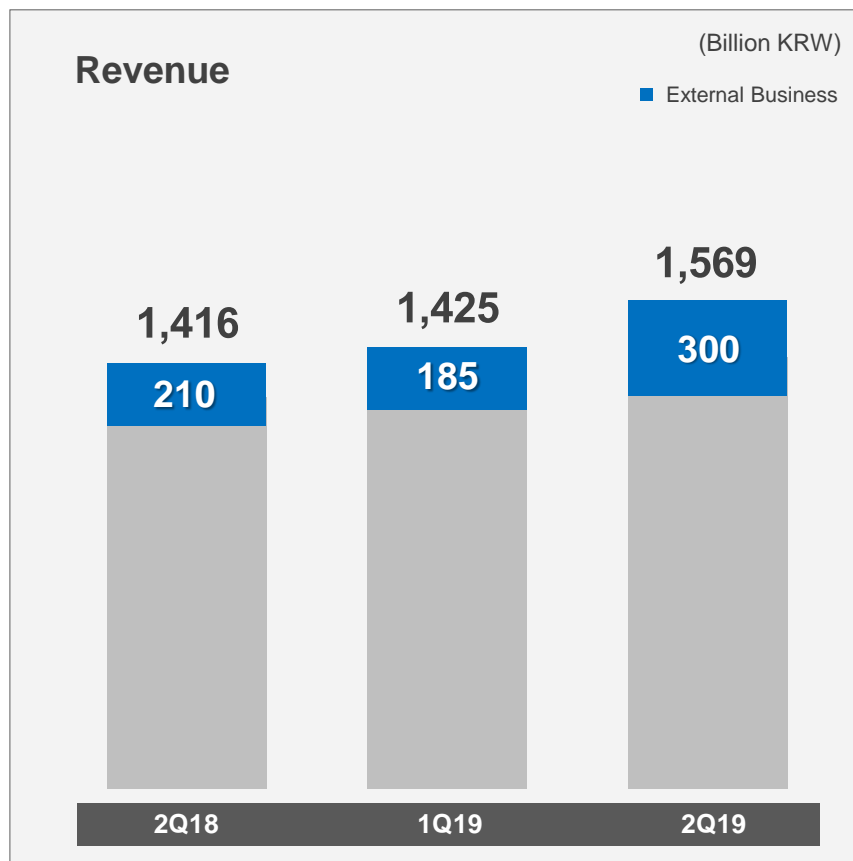
- ▶ Revenue of 2,776 billion KRW (QoQ +10.9%, YoY +12.3%)
 - External business 500 billion KRW (QoQ +47%, YoY +41%)
- ▶ Operating profit of 259 billion KRW (QoQ +30.3%, YoY +8.9%)
- ▶ Net profit of 194 billion KRW (QoQ +37.3%, YoY +3.6%)

(Billion KRW)	2Q19	1Q19	QoQ	2Q18	YoY
Revenue	2,776	2,502	+10.9%	2,472	+12.3%
IT Services	1,569	1,425	+10.1%	1,416	+10.8%
Logistics BPO	1,207	1,077	+12.0%	1,056	+14.3%
Operating profit	259	198	+30.3%	237	+8.9%
(%)	9.3%	7.9%	+1.4%p	9.6%	-0.3%p
IT Services	246	194	+26.5%	227	+8.2%
Logistics BPO	13	4	+197%	10	+22.3%
Net profit	194	141	+37.3%	187	+3.6%
(%)	7.0%	5.6%	+1.4%p	7.6%	-0.6%p



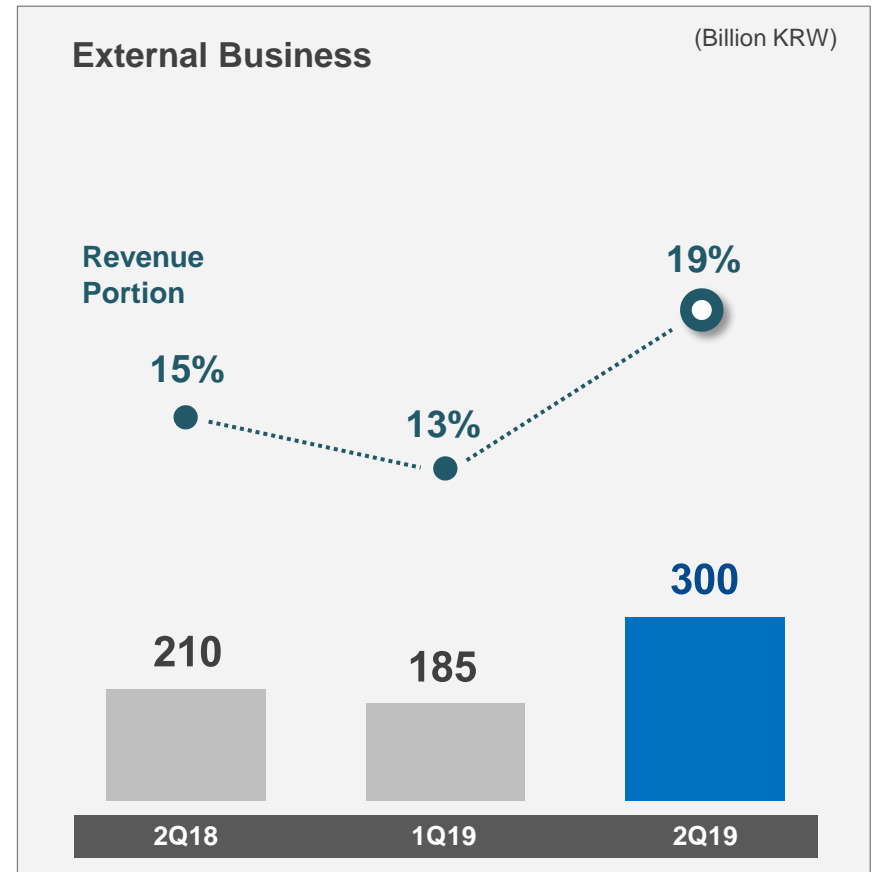
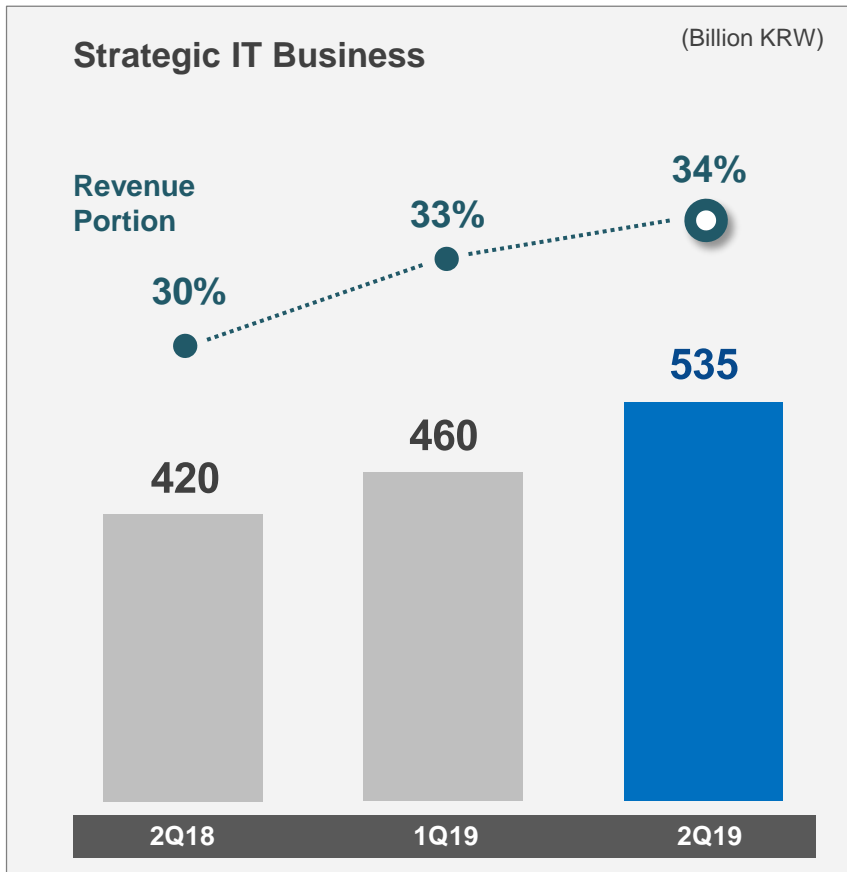
2 IT Services

- ▶ Revenue of 1,569 billion KRW (QoQ +10.1%, YoY +10.8%)
 - Revenue growth was driven by strategic business and external business
- ▶ Operating profit of 246 billion KRW (QoQ +26.5%, YoY +8.2%), OPM 15.7%



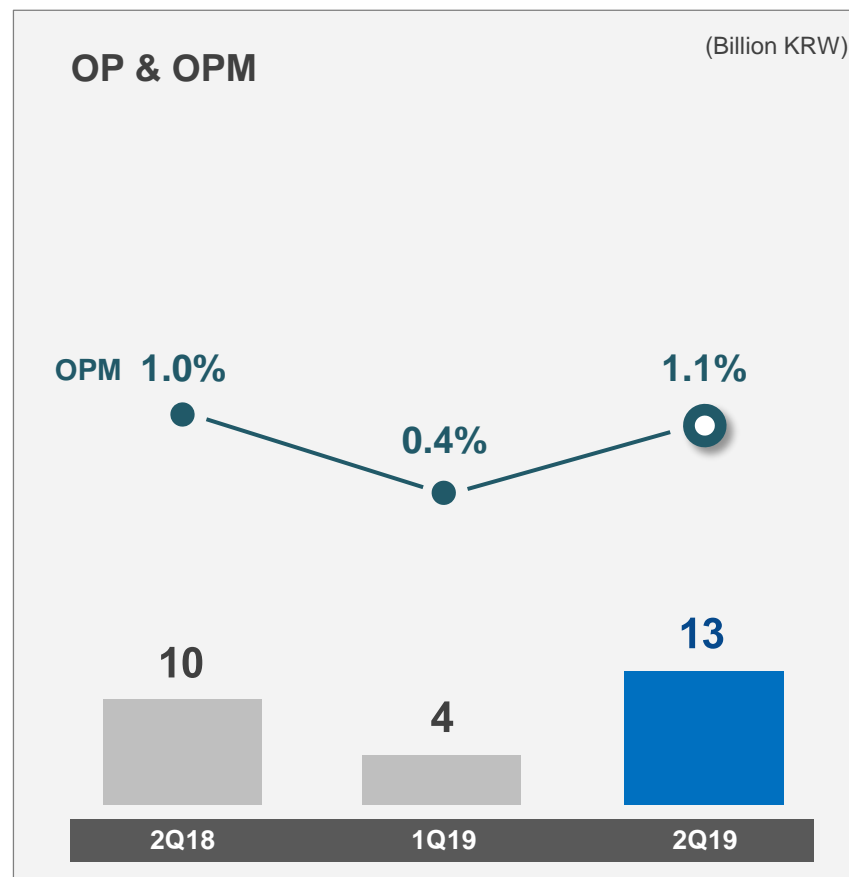
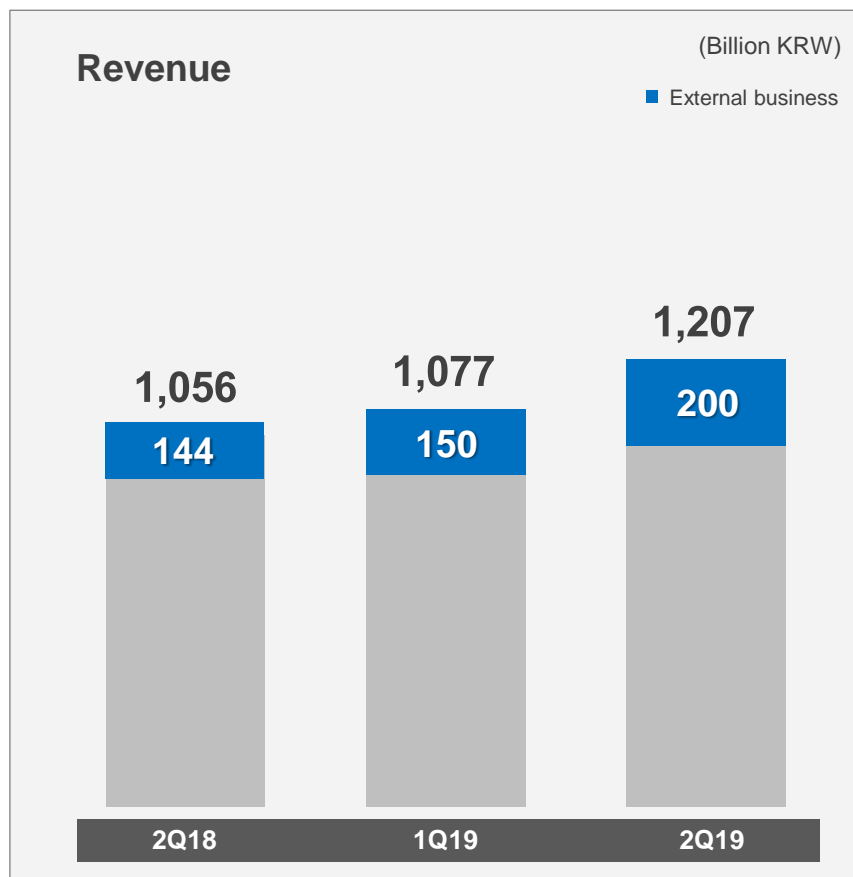
3 IT Services _ Strategic & External Business

- ▶ **Strategic Business Revenue 535 billion KRW (QoQ +15%, YoY +27%)**
 - Cloud service sales increase, Solution & AI/Analytics business expansion
- ▶ **External Business Revenue 300 billion KRW (QoQ +61%, YoY +44%)**
 - New external customer base expansion



4 Logistics BPO

- ▶ Revenue of 1,207 billion KRW (QoQ +12.0%, YoY +14.3%)
 - External business 200 billion KRW (QoQ +31%, YoY +37%)
- ▶ Operating profit of 13 billion KRW (QoQ +197%, YoY +22.3%), OPM 1.1%



[Appendix 1] Income Statement

(Billion KRW)	2018					2019	
	1Q	2Q	3Q	4Q		1Q	2Q
Revenue	2,357	2,472	2,423	2,782	10,034	2,502	2,776
COGS	1,972	2,032	2,023	2,333	8,370	2,101	2,307
Gross profit	385	440	390	449	1,664	401	469
Margin (%)	16.3%	17.8%	16.1%	16.1%	16.6%	16.0%	16.9%
SG&A	203	202	191	190	787	203	210
Operating profit	182	238	199	258	877	198	259
Margin (%)	7.7%	9.6%	8.2%	9.3%	8.7%	7.9%	9.3%
Non-operating gain & loss	10	33	22	14	79	17	25
Profit before income tax	192	271	221	272	957	215	284
Income tax expense	61	84	78	95	318	74	90
Net profit	132	187	143	177	639	141	194
Margin (%)	5.6%	7.6%	5.9%	6.4%	6.4%	5.6%	7.0%

[Appendix 2] Revenue & Operating Profit by Business Segment

(Billion KRW)	2018					2019	
	1Q	2Q	3Q	4Q		1Q	2Q
Revenue	2,357	2,472	2,423	2,782	10,034	2,502	2,776
IT Services	1,346	1,416	1,336	1,559	5,657	1,425	1,569
- Business Solution	318	383	332	449	1,482	343	411
- Cloud & ITO	1,028	1,033	1,004	1,110	4,175	1,082	1,158
Logistics BPO	1,011	1,056	1,087	1,223	4,377	1,077	1,207
Operating profit	182	238	199	258	877	198	259
IT Services	183	227	198	245	853	194	246
Logistics BPO	-1	11	1	13	24	4	13
Operating profit margin	7.7%	9.6%	8.2%	9.3%	8.7%	7.9%	9.3%
IT Services	13.6%	16.0%	14.8%	15.7%	15.1%	13.6%	15.7%
Logistics BPO	-0.1%	1.0%	0.1%	1.1%	0.5%	0.4%	1.1%

[Appendix 3] Statement of Financial Position

(Billion KRW)	2015	2016	2017	2018	1Q19	2Q19
Asset	6,332	6,842	7,278	8,014	8,634	8,801
Current assets	3,845	4,548	5,118	5,882	6,029	6,144
Non-current assets	2,487	2,294	2,160	2,132	2,605	2,657
Liabilities	1,555	1,551	1,558	1,865	2,470	2,431
Current liabilities	1,390	1,347	1,325	1,575	1,829	1,767
Non-current liabilities	165	204	233	290	641	664
Equity	4,777	5,291	5,720	6,149	6,163	6,370
Common Stock	39	39	39	39	39	39

Cash & cash equivalents	1,951	2,456	2,925	3,672	3,632	3,587
Debts & borrowings	11	7	1	1	1	1
Depreciation & amortization	390	365	333	308	97	98
CAPEX	504	224	203	245	90	107

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