

Samsung SDS

**3Q 2022**

**Earnings Release**

Oct 27, 2022



# 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 3Q22 financial results are completed. The audit 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:

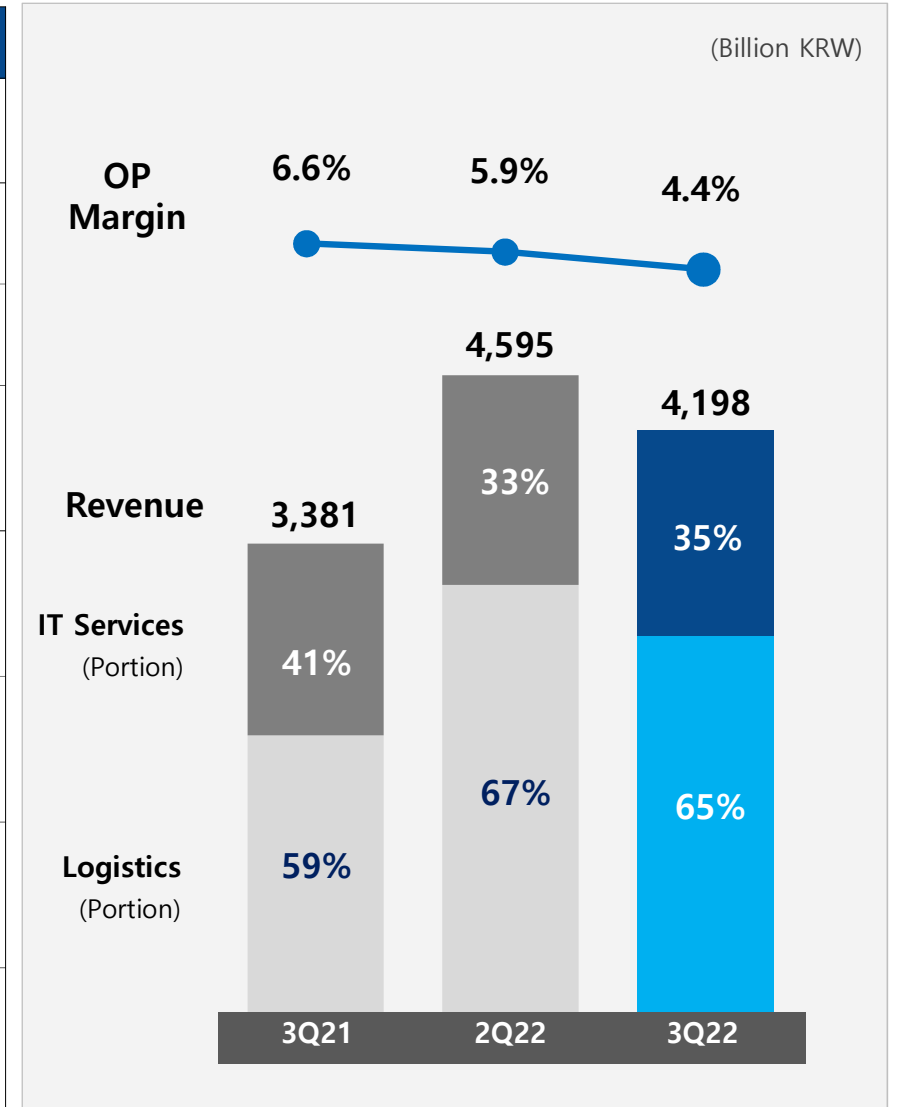
- The behavior of financial markets including fluctuations in exchange rates, interest rates
- Strategic actions including dispositions and acquisitions
- Unanticipated dramatic developments in our major businesses
- Numerous other matters at the national and international levels which could affect our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

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

# 1 3Q22 Earnings Overview

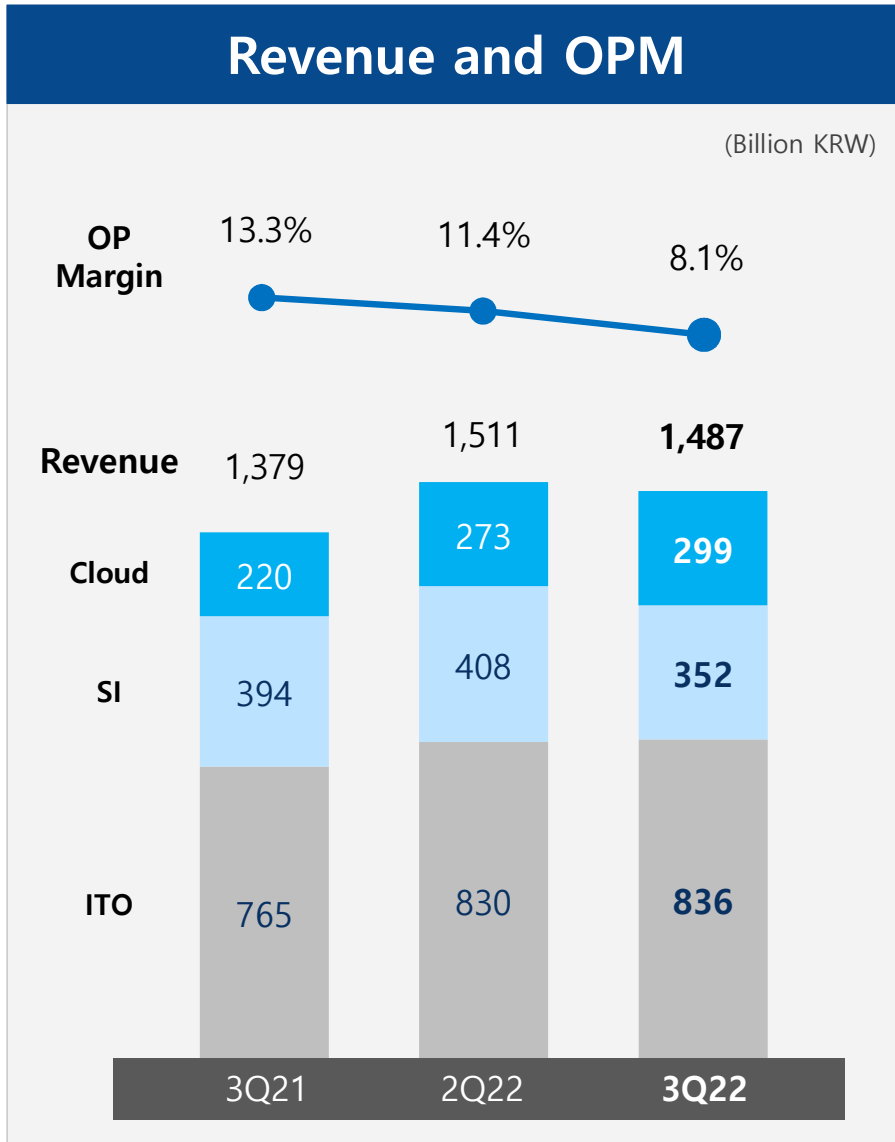
## Income Statement

	3Q22	2Q22	QoQ	3Q21	YoY
<b>Revenue</b>	<b>4,198</b>	<b>4,595</b>	<b>-8.6%</b>	<b>3,381</b>	<b>+24.2%</b>
IT Services	1,487	1,511	-1.6%	1,379	+7.8%
Logistics	2,711	3,084	-12.1%	2,002	+35.4%
<b>Operating profit</b>	<b>185</b>	<b>270</b>	<b>-31.5%</b>	<b>222</b>	<b>-16.7%</b>
(%)	(4.4)	(5.9)	(-1.5)	(6.6)	(-2.2)
IT Services	120	172	-30.5%	183	-34.6%
(%)	(8.1)	(11.4)	(-3.3)	(13.3)	(-5.2)
Logistics	65	98	-33.2%	39	+67.3%
(%)	(2.4)	(3.2)	(-0.8)	(1.9)	(+0.5)
<b>Pre-tax profit</b>	<b>338</b>	<b>313</b>	<b>+7.8%</b>	<b>247</b>	<b>+36.9%</b>
(%)	(8.1)	(6.8)	(+1.3)	(7.3)	(+0.8)
<b>Net Income*</b>	<b>401*</b>	<b>273</b>	<b>+47.0%</b>	<b>199</b>	<b>+101.0%</b>
(%)	(9.5)	(5.9)	(+3.6)	(5.9)	(+3.6)



\* Corporate tax expense deduction (KRW 164 Bn) due to the winning of the case with NTS

## 2 IT Services



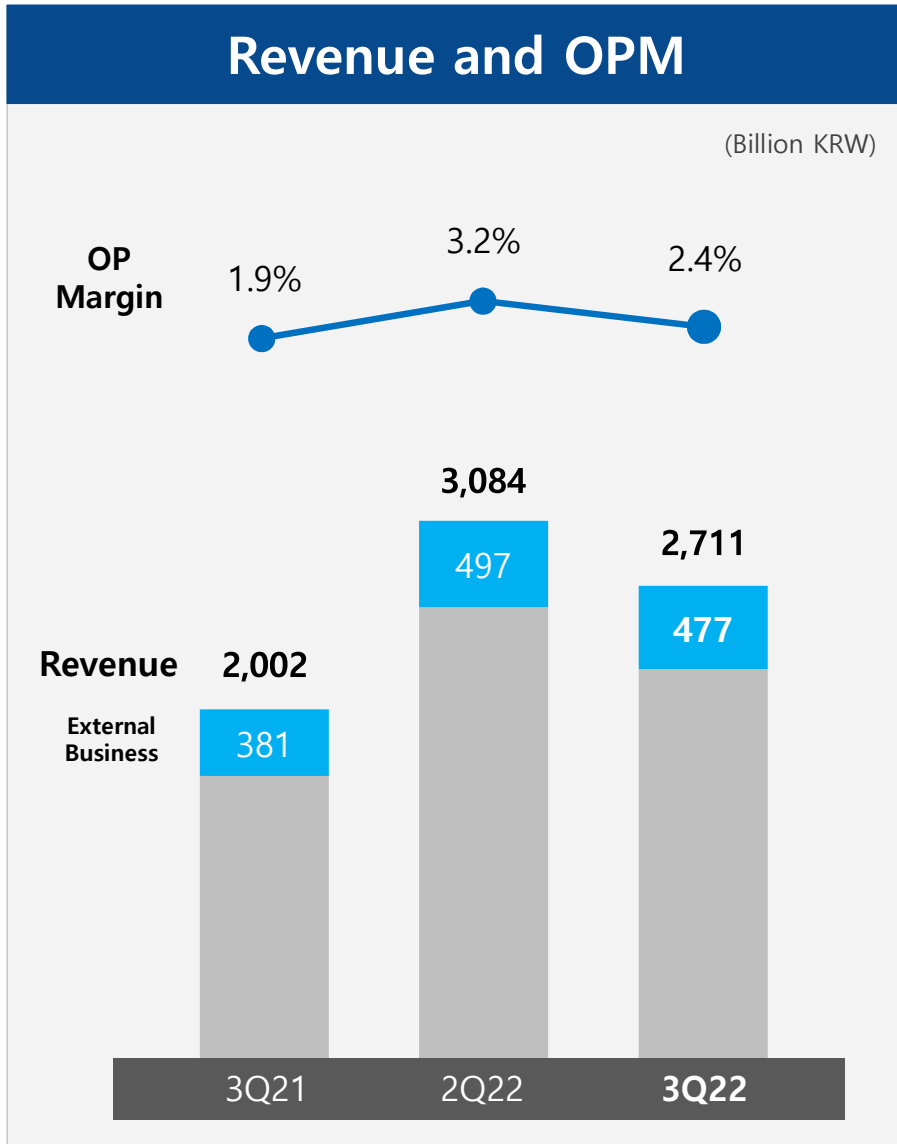
### ▶ Cloud

- **CSP** : Cloud services in Financial/Public sectors,  
Cloud Service Provider  
**HPC service expansion**  
High Performance Computing
- **MSP** : Cloud implementation in Cosmetics/Education,  
Managed Service Provider  
**Specialties in App modernization**
- **SaaS** : SCM consulting in Manufacturing sector,  
Software as a Service, Supply Chain Management  
**HRM implementation in Airline company**  
Human Resources Management

### ▶ SI / ITO

- **Revenue decline** : Customers' IT spending delays,  
 Divesting Home IoT business
- **ERP** : External business expansion to  
Enterprise Resource Planning  
**Construction/Manufacturing/Chemical industries**
- **MES** : Overseas business expansion to  
Manufacturing Execution System  
**the current customers' global factories**

# 3 Logistics



## ▶ Market Condition

- Trade volume : Decreased due to global economic recession
- Freight charge : Price down due to supply chain recovery and supply capacity increase

## ▶ External business

- Business expansion : Overseas inland trucking and Warehouse operation
- New business : Facilities relocation and Logistics service in Pharma/Bio

## ▶ Digital Forwarding (Cello Square)

- Customer expansion : Auto parts/Solar modules /Consumer goods
- Membership : 2Q 1,500+ → 3Q 2,500+

# [Appendix 1] Income Statement

(Billion KRW)

	2021					2022		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q
<b>Revenue</b>	<b>3,061</b>	<b>3,251</b>	<b>3,381</b>	<b>3,937</b>	<b>13,630</b>	<b>4,192</b>	<b>4,595</b>	<b>4,198</b>
COGS	2,632	2,810	2,950	3,554	11,947	3,700	4,077	3,751
<b>Gross Profit</b>	<b>429</b>	<b>441</b>	<b>431</b>	<b>382</b>	<b>1,683</b>	<b>491</b>	<b>518</b>	<b>447</b>
Margin (%)	14.0%	13.6%	12.8%	9.7%	12.3%	11.7%	11.3%	10.7%
SG&A	212	216	209	238	875	217	248	262
<b>Operating Profit</b>	<b>217</b>	<b>225</b>	<b>222</b>	<b>144</b>	<b>808</b>	<b>274</b>	<b>270</b>	<b>185</b>
Margin (%)	7.1%	6.9%	6.6%	3.7%	5.9%	6.5%	5.9%	4.4%
Non-operating gain & loss	10	4	25	10	49	20	43	153
<b>Profit before income tax</b>	<b>227</b>	<b>229</b>	<b>247</b>	<b>155</b>	<b>858</b>	<b>294</b>	<b>313</b>	<b>338</b>
Income tax expense*	68	64	48	44	224	90	40	-63*
<b>Net Income</b>	<b>159</b>	<b>165</b>	<b>199</b>	<b>111</b>	<b>633</b>	<b>204</b>	<b>273</b>	<b>401</b>
Margin (%)	5.2%	5.1%	5.9%	2.8%	4.6%	4.9%	5.9%	9.5%
<b>Profit attributable to owners of the parent</b>	<b>156</b>	<b>159</b>	<b>193</b>	<b>103</b>	<b>611</b>	<b>198</b>	<b>267</b>	<b>391</b>

\* Corporate tax expense deduction (KRW 164 Bn) due to the winning of the case with NTS

## [Appendix 2] Revenue & Operating Profit by Business Segment

(Billion KRW)

	2021					2022		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q
<b>Revenue</b>	<b>3,061</b>	<b>3,251</b>	<b>3,381</b>	<b>3,937</b>	<b>13,630</b>	<b>4,192</b>	<b>4,595</b>	<b>4,198</b>
IT Services	1,368	1,392	1,379	1,498	5,637	1,453	1,511	1,487
SI	427	413	394	455	1,688	410	408	352
ITO	727	765	765	820	3,078	794	830	836
Cloud	214	214	220	223	871	249	273	299
Logistics	1,693	1,859	2,002	2,439	7,993	2,739	3,084	2,711
<b>Operating Profit</b>	<b>217</b>	<b>225</b>	<b>222</b>	<b>144</b>	<b>808</b>	<b>274</b>	<b>270</b>	<b>185</b>
IT Services	185	189	183	108	664	209	172	120
Logistics	32	36	39	37	144	65	98	65
<b>OP Margin</b>	<b>7.1%</b>	<b>6.9%</b>	<b>6.6%</b>	<b>3.7%</b>	<b>5.9%</b>	<b>6.5%</b>	<b>5.9%</b>	<b>4.4%</b>
IT Services	13.5%	13.6%	13.3%	7.2%	11.8%	14.4%	11.4%	8.1%
Logistics	1.9%	1.9%	1.9%	1.5%	1.8%	2.4%	3.2%	2.4%

## [Appendix 3] Statement of Financial Position

(Billion KRW)

	2017	2018	2019	2020	2021	1Q22	2Q22	3Q22
<b>Asset</b>	<b>7,278</b>	<b>8,014</b>	<b>9,021</b>	<b>9,155</b>	<b>10,517</b>	<b>10,835</b>	<b>11,370</b>	<b>12,259</b>
Current assets	5,118	5,882	6,383	6,581	7,576	7,922	8,118	8,709
Non-current assets	2,160	2,132	2,637	2,574	2,941	2,914	3,252	3,550
<b>Liabilities</b>	<b>1,558</b>	<b>1,865</b>	<b>2,296</b>	<b>2,296</b>	<b>3,074</b>	<b>3,334</b>	<b>3,528</b>	<b>3,851</b>
Current liabilities	1,325	1,575	1,698	1,721	2,370	2,633	2,649	2,776
Non-current liabilities	233	290	598	575	703	701	879	1,075
<b>Equity</b>	<b>5,719</b>	<b>6,149</b>	<b>6,725</b>	<b>6,859</b>	<b>7,444</b>	<b>7,501</b>	<b>7,842</b>	<b>8,408</b>
Capital stock	39	39	39	39	39	39	39	39
<b>Cash &amp; Cash equivalents</b>	<b>2,925</b>	<b>3,672</b>	<b>3,831</b>	<b>4,194</b>	<b>4,591</b>	<b>4,855</b>	<b>5,004</b>	<b>5,289</b>
<b>Debts &amp; Borrowings</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>CAPEX</b>	<b>186</b>	<b>276</b>	<b>378</b>	<b>275</b>	<b>325</b>	<b>86</b>	<b>169</b>	<b>208</b>
<b>D &amp; A</b>	<b>333</b>	<b>308</b>	<b>441</b>	<b>451</b>	<b>442</b>	<b>117</b>	<b>124</b>	<b>131</b>
<b>EPS(KRW)</b>	<b>6,856</b>	<b>8,137</b>	<b>9,521</b>	<b>5,733</b>	<b>7,901</b>	<b>2,554</b>	<b>3,455</b>	<b>5,056</b>
<b>ROE</b>	<b>9.8%</b>	<b>10.8%</b>	<b>11.7%</b>	<b>6.7%</b>	<b>8.9%</b>	<b>10.9%</b>	<b>14.2%</b>	<b>19.7%</b>
<b>DPS(KRW)</b>	<b>2,000</b>	<b>2,000</b>	<b>2,400</b>	<b>2,400</b>	<b>2,400</b>	<b>-</b>	<b>-</b>	<b>-</b>
Payout ratio	29.2%	24.6%	25.2%	41.9%	30.4%	-	-	-



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