

Samsung SDS

2Q 2023 Earnings Release

Jul 27, 2023



Samsung
Cloud Platform

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 2Q23 financial results are 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

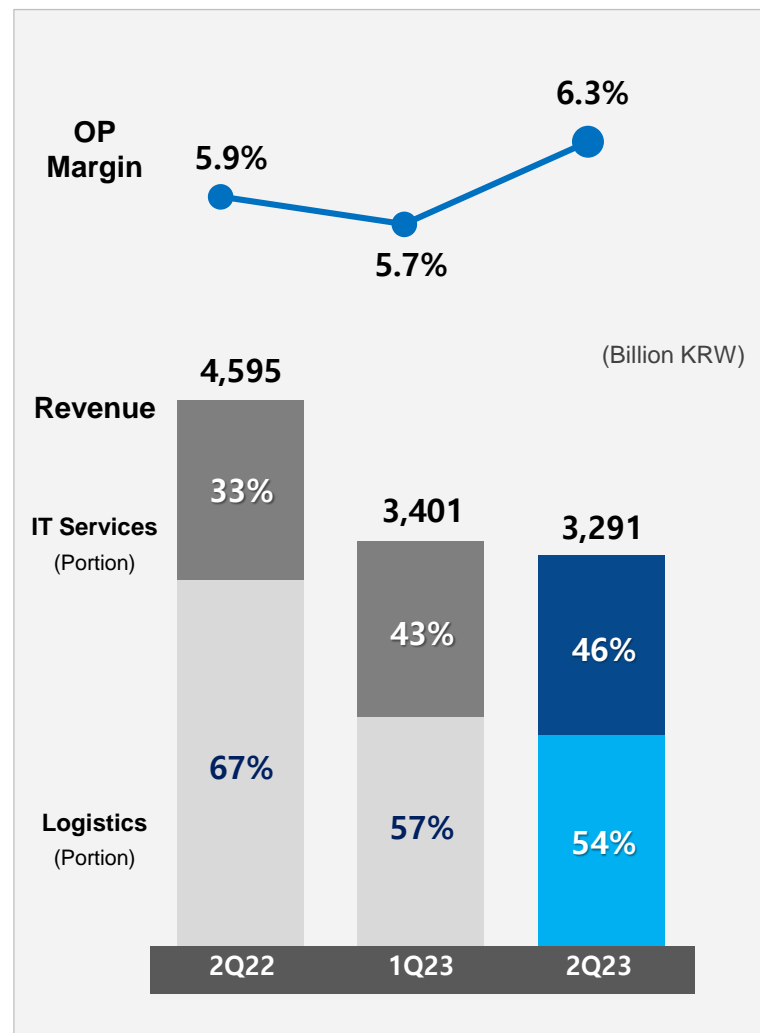
(Billion KRW)

	2Q23	1Q23	QoQ	2Q22	YoY
Revenue	3,291	3,401	-3.2%	4,595	-28.4%
COGS	2,848	2,961	-3.8%	4,077	-30.2%
Gross Profit	443	440	+0.8%	518	-14.4%
Margin(%)	(13.5)	(12.9)	(+0.6%p)	(11.3)	(+2.2%p)
SG&A	237	246	-3.5%	248	-4.4%
Operating Profit	206	194	+6.2%	270	-23.6%
Margin(%)	(6.3)	(5.7)	(+0.6%p)	(5.9)	(+0.4%p)
Non-operating gain & loss	33	90	-63.5%	43	-24.6%
Profit before income tax	239	284	-15.8%	313	-23.7%
Income tax expense	69	76	-9.5%	40	+67.9%
Net Income	170	208	-18.1%	273	-37.4%
Margin(%)	(5.2)	(6.1)	(-0.9%p)	(5.9)	(-0.7%p)
Profit attributable to owners of the parent	173	202	-14.8%	267	-35.4%

2 Earnings by Business Segment

(Billion KRW)

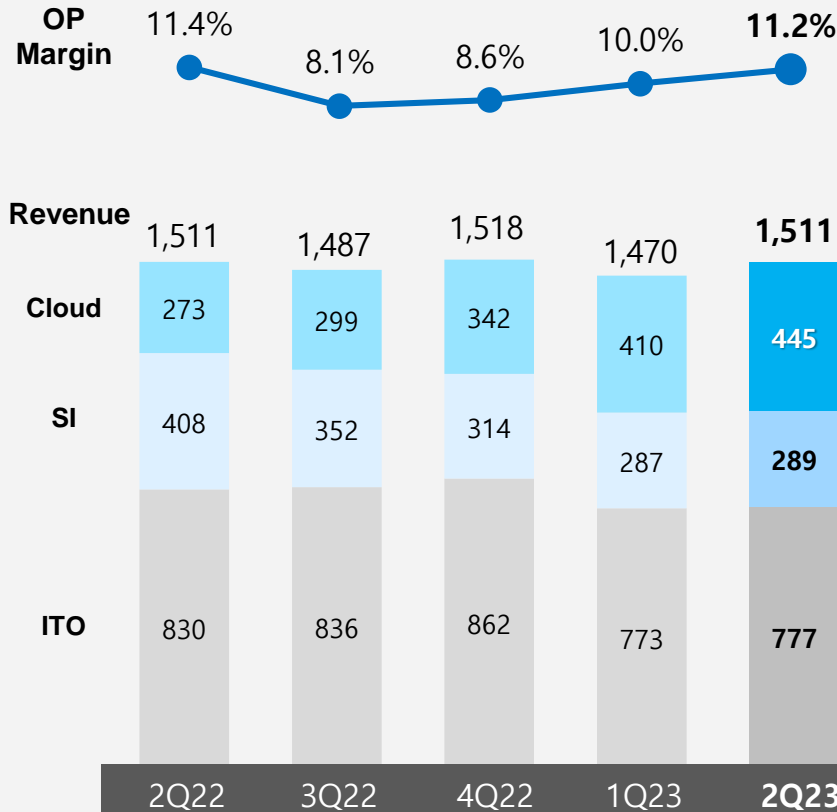
	2Q23	1Q23	QoQ	2Q22	YoY
Revenue	3,291	3,401	-3.2%	4,595	-28.4%
IT Services	1,511	1,470	+2.8%	1,511	-0.02%
Cloud	445	410	+8.4%	273	+63.0%
SI	289	287	+0.6%	408	-29.3%
ITO	777	773	+0.6%	830	-6.3%
Logistics	1,780	1,931	-7.8%	3,084	-42.3%
Operating profit	206	194	+6.2%	270	-23.6%
(%)	(6.3)	(5.7)	(+0.6%p)	(5.9)	(+0.4%p)
IT Services	169	147	+15.0%	172	-2.1%
(%)	(11.2)	(10.0)	(+1.2%p)	(11.4)	(-0.2%p)
Logistics	37	47	-20.8%	98	-61.4%
(%)	(2.1)	(2.5)	(-0.4%p)	(3.2)	(-1.1%p)



3 IT Services

Revenue and OPM

(Billion KRW)



> Cloud

- Revenue : 445 Bn KRW (QoQ +8%, YoY +63%)
- CSP : SCP service's overseas coverage expanded, HPC cloud service increased
- MSP : Cloud transition/implementation in external market, Large-scale public project contract conclusion

> SI

- Revenue : 289 Bn KRW (QoQ +1%, YoY -29%)
- ERP : Next gen. ERP implementation and consulting projects
- Factory Solution : Expansion to global production lines of Battery, Materials • Component sectors

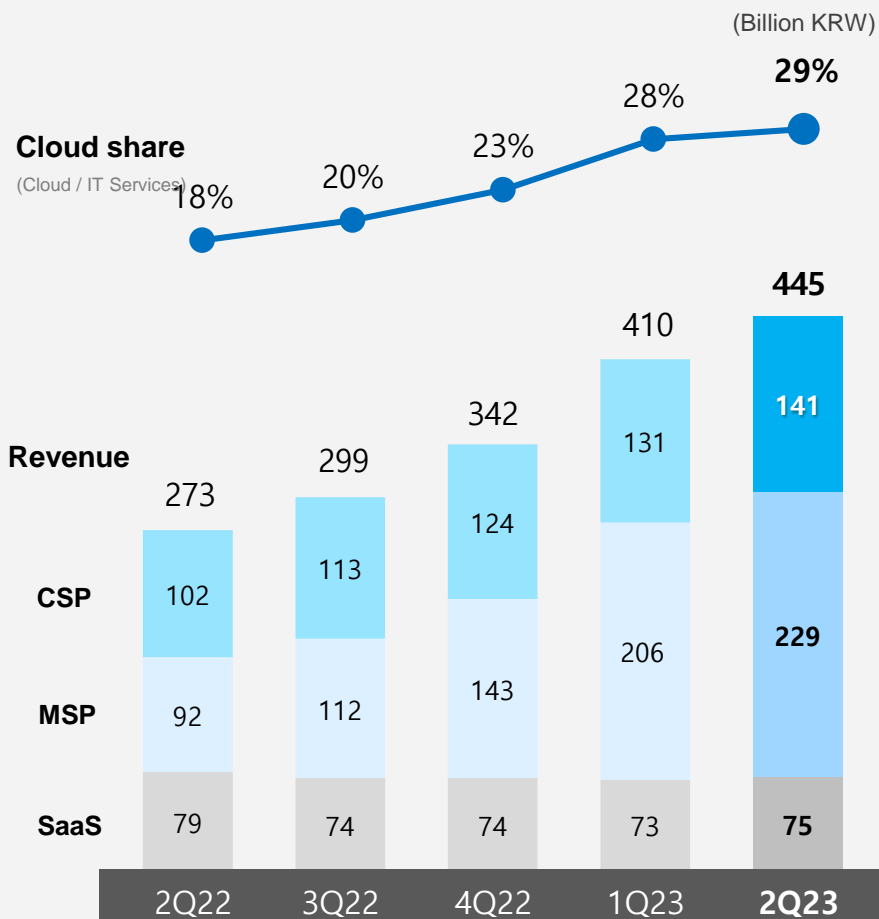
> ITO

- Revenue : 777 Bn KRW (QoQ +1%, YoY -6%)

SI : System Integration, ITO : IT Outsourcing
 CSP : Cloud Service Provider, MSP : Managed Service Provider, SCP : Samsung Cloud Platform
 HPC : High Performance Computing, ERP : Enterprise Resource Planning

4 IT Services - Cloud

Revenue and Cloud share



> CSP

- Revenue : 141 Bn KRW (QoQ +8%, YoY +38%)
- SCP service launched in 4 Regions overseas
- HPC cloud revenue of Dongtan DC increased

> MSP

- Revenue : 229 Bn KRW (QoQ +11%, YoY +148%)
- External revenue growth in Public/Financial/Service sectors
- KCS(Korea Customs Service)'s Cloud transition project contract conclusion

> SaaS

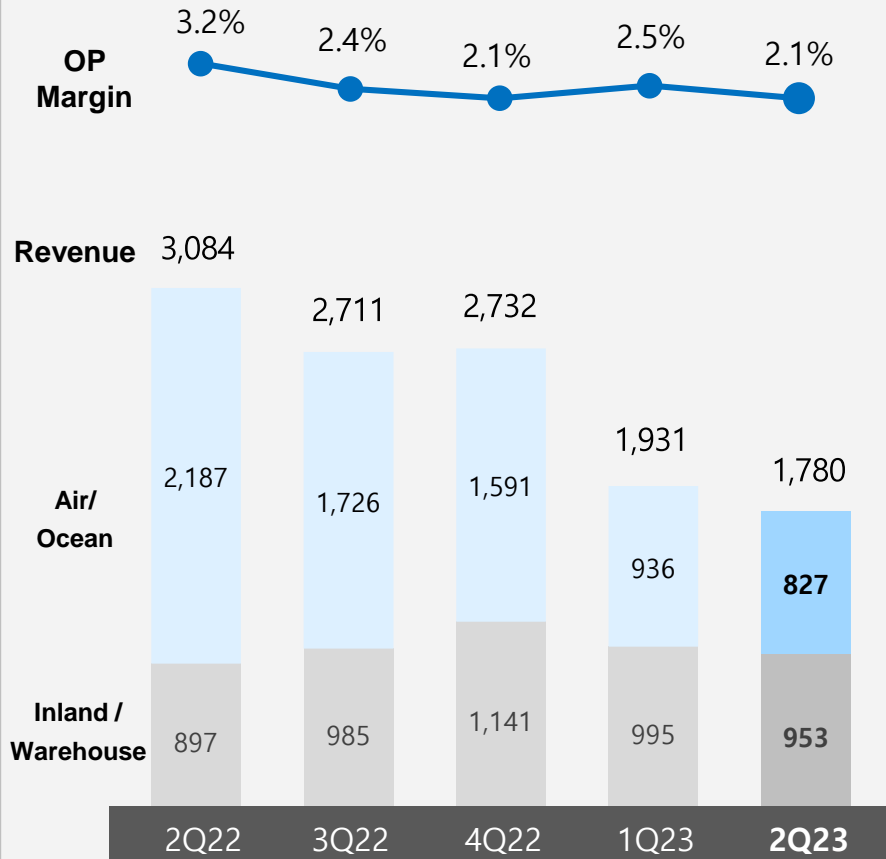
- Revenue : 75 Bn KRW (QoQ +3%, YoY -5%)
- EMM solution's global sales increased

SCP : Samsung Cloud Platform, SaaS : Software as a Service, EMM : Enterprise Mobility Management

5 Logistics

Revenue and OPM

(Billion KRW)



➤ Logistics Revenue

- Revenue : 1,780 Bn KRW (QoQ -8%, YoY -42%)
- Decreased in both global trade volume and freight charge

➤ Air / Ocean transport

- Revenue : 827 Bn KRW (QoQ -12%, YoY -62%)
- Air transport revenue declined due to decrease in both freight charge and trade volume

➤ Inland transport / Warehouse operation

- Revenue : 953 Bn KRW (QoQ -4%, YoY +6%)
- Inland transport revenue declined, Warehouse operation revenue increased

➤ Cello Square

- Revenue : 114 Bn KRW, Membership : 7,300
- Pilot service for current customers in 9 countries

[Appendix 1] Income Statement

SAMSUNG SDS

(Billion KRW)

	2021	2022				2023		
		1Q	2Q	3Q	4Q	1Q	2Q	
Revenue	13,630	4,192	4,595	4,198	4,250	17,235	3,401	3,291
COGS	11,947	3,700	4,077	3,751	3,806	15,334	2,961	2,848
Gross Profit	1,683	491	518	447	444	1,901	440	443
Margin (%)	12.3%	11.7%	11.3%	10.7%	10.5%	11.0%	12.9%	13.5%
SG&A	875	217	248	262	257	984	246	237
Operating Profit	808	274	270	185	188	916	194	206
Margin (%)	5.9%	6.5%	5.9%	4.4%	4.4%	5.3%	5.7%	6.3%
Non-operating gain & loss	49	20	43	153	-0.4	216	90	33
Profit before income tax	858	294	313	338	187	1,132	284	239
Income tax expense	224	90	40	-63 ¹⁾	-65 ²⁾	2	76	69
Net Income	633	204	273	401	252	1,130	208	170
Margin (%)	4.6%	4.9%	5.9%	9.5%	5.9%	6.6%	6.1%	5.2%
Profit attributable to owners of the parent	611	198	267	391	244	1,100	202	173

¹⁾ Corporate tax expense deduction (KRW 164 Bn) due to the winning of the case with NTS

²⁾ Corporate tax expense deduction due to reduction of deferred tax liabilities appropriation related to subsidiaries

[Appendix 2] Revenue & Operating Profit by Business Segment

SAMSUNG SDS

(Billion KRW)

	2021	2022					2023	
		1Q	2Q	3Q	4Q		1Q	2Q
Revenue	13,630	4,192	4,595	4,198	4,250	17,235	3,401	3,291
IT Services	5,637	1,453	1,511	1,487	1,518	5,968	1,470	1,511
Cloud	871	249	273	299	342	1,163	410	445
SI	1,641	410	408	352	314	1,484	287	289
ITO	3,125	794	830	836	862	3,322	773	777
Logistics	7,993	2,739	3,084	2,711	2,732	11,267	1,931	1,780
Operating Profit	808	274	270	185	188	916	194	206
IT Services	664	209	172	120	131	632	147	169
Logistics	144	65	98	65	57	284	47	37
OP Margin	5.9%	6.5%	5.9%	4.4%	4.4%	5.3%	5.7%	6.3%
IT Services	11.8%	14.4%	11.4%	8.1%	8.6%	10.6%	10.0%	11.2%
Logistics	1.8%	2.4%	3.2%	2.4%	2.1%	2.5%	2.5%	2.1%

[Appendix 3] Statement of Financial Position

SAMSUNG SDS

(Billion KRW)

	2019	2020	2021	2022	1Q23	2Q23
Asset	9,021	9,155	10,517	11,952	12,033	11,952
Current assets	6,383	6,581	7,576	8,006	8,077	7,873
Cash ¹⁾	3,831	4,194	4,591	5,030	5,101	4,946
A/R	1,440	1,510	1,919	1,652	1,620	1,576
Non-current assets	2,637	2,574	2,941	3,947	3,956	4,079
Tangible assets	1,108	1,116	1,179	1,520	1,542	1,578
Intangible assets	790	737	715	713	705	829
Liabilities	2,296	2,296	3,074	3,485	3,512	3,206
Current liabilities	1,698	1,721	2,370	2,493	2,522	2,210
A/P	545	574	822	676	573	548
Accrued expenses	572	541	815	1,029	908	904
Depts & Borrowings	1	1	1	-	-	-
Non-current liabilities	598	575	703	992	990	996
Equity	6,725	6,859	7,444	8,467	8,521	8,746
Capital stock	39	39	39	39	39	39

¹⁾ Cash and Cash equivalents, Short-term financial instruments, etc.

[Appendix 4] Investments & Dividends

SAMSUNG SDS

(Billion KRW)

	2021	2022					2023	
		1Q	2Q	3Q	4Q	1Q	2Q	
Cash ¹⁾	4,591	4,855	5,004	5,289	5,030	5,030	5,101	4,946
CAPEX	324	86	169	208	207	671	109	79
D & A ²⁾	292	76	77	80	91	324	95	97
EBITDA	1,167	374	397	417	297	1,484	384	350
EBITDA Margin (%)	8.6%	8.9%	8.6%	9.9%	7.0%	8.6%	11.3%	10.6%
EPS(KRW)	7,901	2,554	3,455	5,056	3,153	14,218	2,618	2,232
Excl. one-off factors ³⁾	7,901	2,554	3,455	2,938	1,618	10,565	2,618	2,232
ROE (%)	8.9%	10.9%	14.2%	19.7%	12.0%	14.2%	9.8%	7.9%
DPS(KRW)	2,400	-	-	-	-	3,200	-	-
Payout ratio (%)	30.4%	-	-	-	-	22.5%	-	-
Excl. one-off factors ³⁾	30.4%	-	-	-	-	30.3%	-	-

¹⁾ Cash and Cash equivalents, Short-term financial instruments, etc.

²⁾ Depreciation expense of Lease assets is excluded.

³⁾ In 2022, Corporate tax expense deduction (KRW 164 Bn) due to the winning of second trial with NTS,

Corporate tax expense deduction due to reduction of deferred tax liabilities appropriation related to subsidiaries

SAMSUNG SDS

www.samsungsds.com