

Samsung SDS

3Q 2023 Earnings Release

Oct 26, 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 3Q23 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)

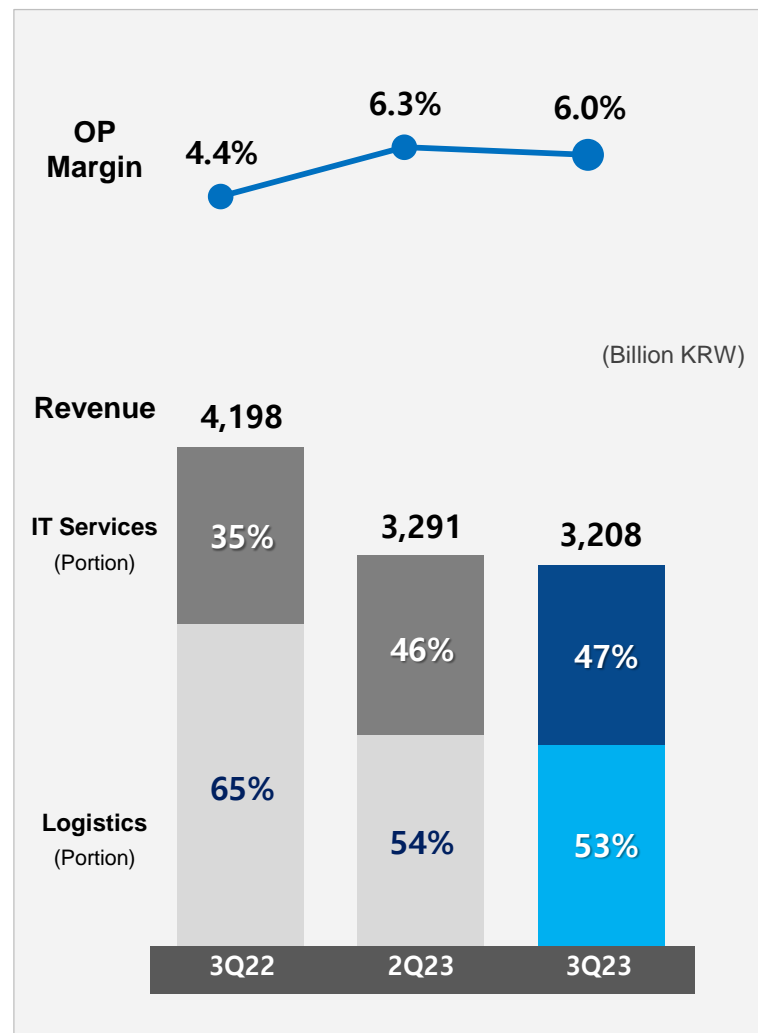
	3Q23	2Q23	QoQ	3Q22	YoY
Revenue	3,208	3,291	-2.5%	4,198	-23.6%
COGS	2,766	2,848	-2.9%	3,751	-26.3%
Gross Profit	442	443	-0.3%	447	-1.1%
Margin(%)	(13.8)	(13.5)	(+0.3%p)	(10.7)	(+3.1%p)
SG&A	249	237	+5.0%	262	-5.0%
Operating Profit	193	206	-6.5%	185	+4.3%
Margin(%)	(6.0)	(6.3)	(-0.3%p)	(4.4)	(+1.6%p)
Non-operating gain & loss	50	33	+52.3%	153	-67.4%
Profit before income tax	243	239	+1.6%	338	-28.1%
Income tax expense	66	69	-3.3%	-63 ¹⁾	-
Net Profit	177	170	+3.6%	401	-55.9%
Margin(%)	(5.5)	(5.2)	(+0.3%p)	(9.5)	(-4.0%p)
Profit attributable to owners of the parent	176	173	+2.2%	391	-54.9%

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

2 Earnings by Business Segment

(Billion KRW)

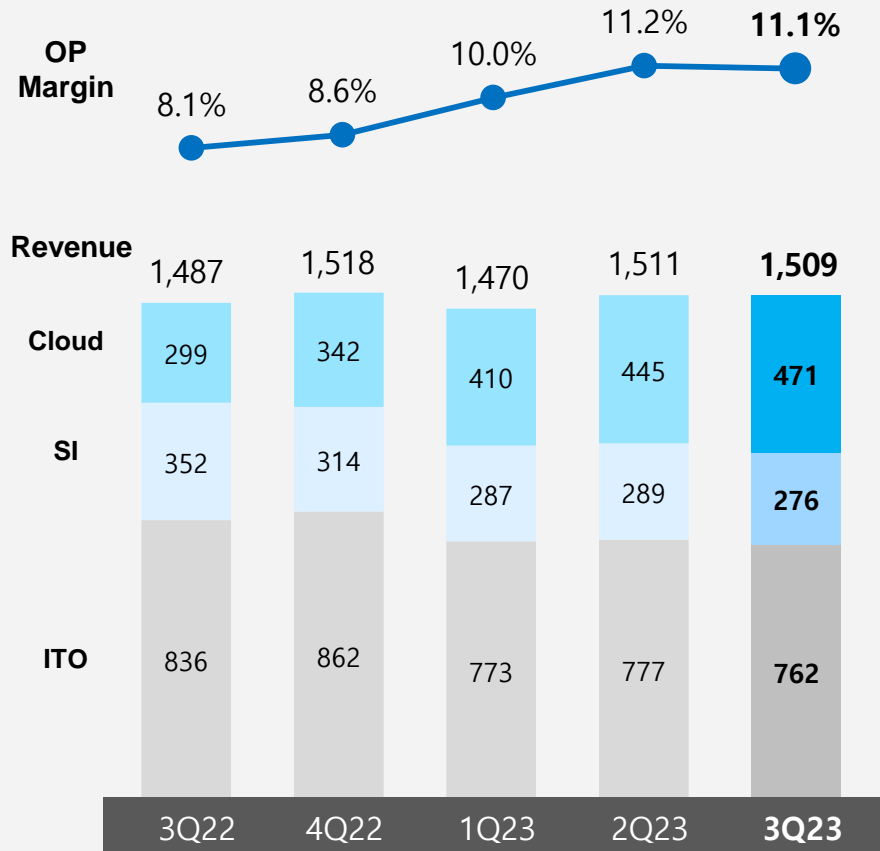
	3Q23	2Q23	QoQ	3Q22	YoY
Revenue	3,208	3,291	-2.5%	4,198	-23.6%
IT Services	1,509	1,511	-0.1%	1,487	+1.5%
Cloud	471	445	+5.9%	299	+57.3%
SI	276	289	-4.4%	352	-21.5%
ITO	763	777	-1.9%	836	-8.8%
Logistics	1,699	1,780	-4.6%	2,711	-37.3%
Operating profit	193	206	-6.5%	185	+4.3%
(%)	(6.0)	(6.3)	(-0.3%p)	(4.4)	(+1.6%p)
IT Services	167	169	-0.7%	120	+39.8%
(%)	(11.1)	(11.2)	(-0.1%p)	(8.1)	(+3.0%p)
Logistics	26	37	-32.1%	65	-60.8%
(%)	(1.5)	(2.1)	(-0.6%p)	(2.4)	(-0.9%p)



3 IT Services

Revenue and OPM

(Billion KRW)



> Cloud

- Revenue : 471 Bn KRW (QoQ +6%, YoY +57%)
- CSP : Expansion in cloud services (HPC, Cloud Network)
- MSP : Cloud implementation in Financial sector

> SI

- Revenue : 276 Bn KRW (QoQ -4%, YoY -22%)
- ERP : Next gen. ERP in Manufacturing, Parts sectors
- Factory Solution : Overseas business in Semiconductor, Solar industries

> ITO

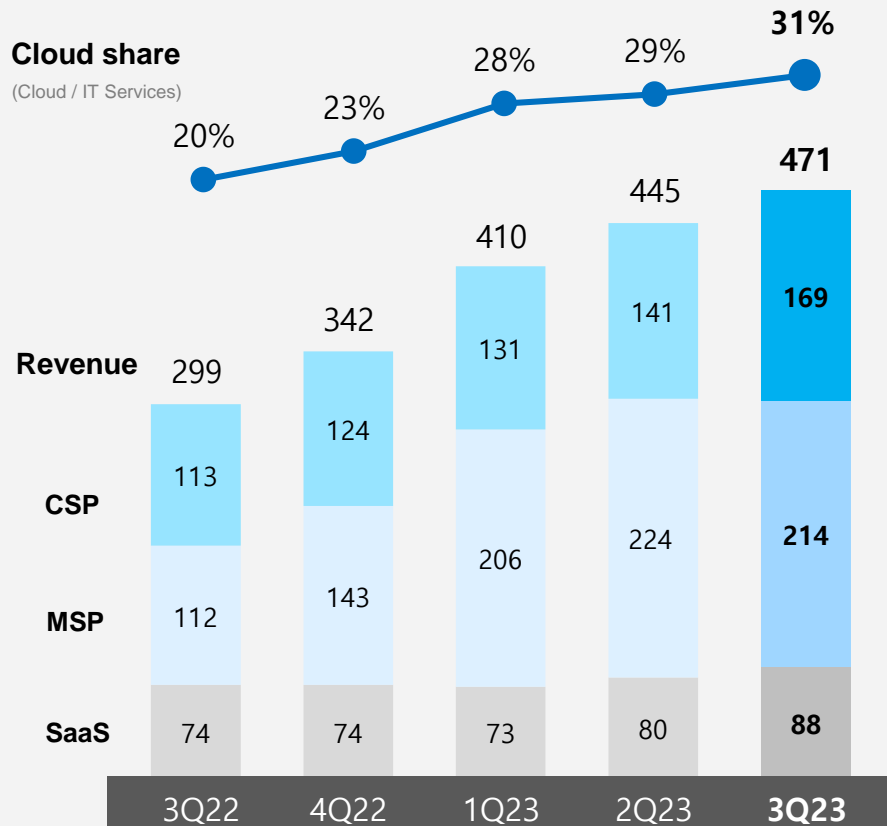
- Revenue : 762 Bn KRW (QoQ -2%, YoY -9%)

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

4 IT Services - Cloud

Revenue and Cloud share

(Billion KRW)



> CSP

- Revenue : 169 Bn KRW (QoQ +20%, YoY +49%)
- HPC (High Performance Computing) service expansion
- Cloud Network (Cloud WAN/Cloud LAN) revenue started

> MSP

- Revenue : 214 Bn KRW (QoQ -4%, YoY +91%)
- Cloud implementation in Financial sector
- App Modernization and SaaS implementation in Airline sector

> SaaS

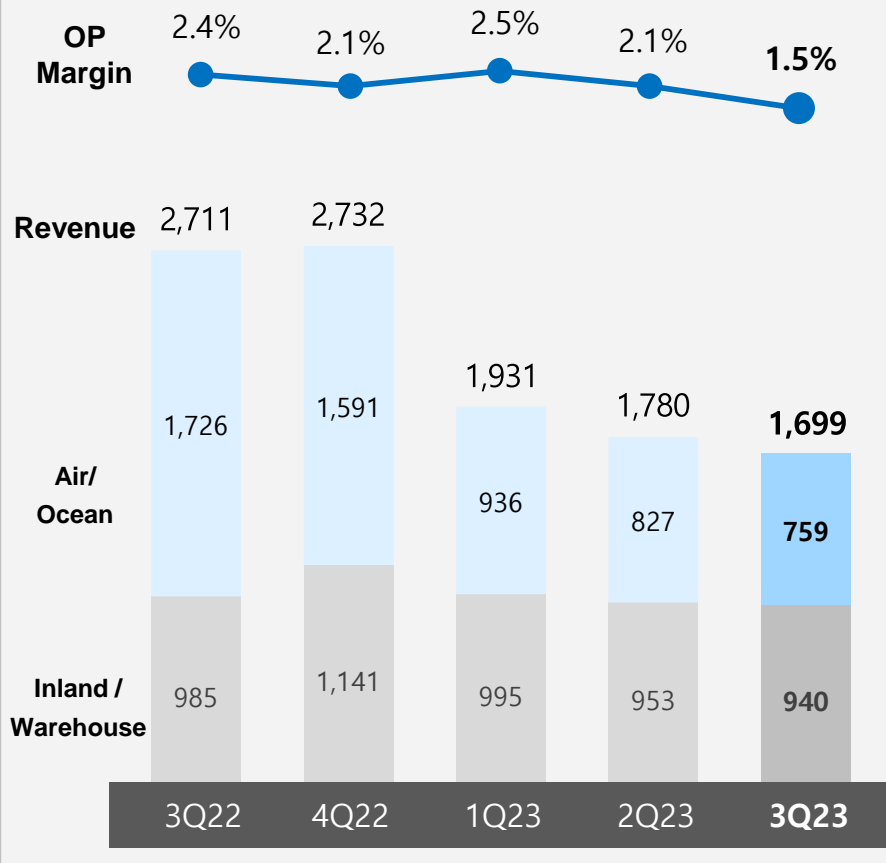
- Revenue : 88 Bn KRW (QoQ +10%, YoY +19%)
- SRM revenue of EMRO, new subsidiary company, included

SRM : Supplier Relationship Management

5 Logistics

Revenue and OPM

(Billion KRW)



Logistics Revenue

- Revenue : 1,699 Bn KRW (QoQ -5%, YoY -37%)
- Freight charge decline and global economic downturn

Air / Ocean transport

- Revenue : 759 Bn KRW (QoQ -8%, YoY -56%)
- Freight charge decline due to oversupply of transportation capacity

Inland transport / Warehouse operation

- Revenue : 940 Bn KRW (QoQ -1%, YoY -5%)
- Freight volume decreased, new orders increased

Cello Square

- Revenue : 151 Bn KRW (QoQ +33%, YoY +139%)
- Membership : 9,600 companies
- Global revenue increased in China, Southeast Asia, etc.

[Appendix 1] Income Statement

SAMSUNG SDS

(Billion KRW)

	2021	2022					2023		
		1Q	2Q	3Q	4Q		1Q	2Q	3Q
Revenue	13,630	4,192	4,595	4,198	4,250	17,235	3,401	3,291	3,208
COGS	11,947	3,700	4,077	3,751	3,806	15,334	2,961	2,848	2,766
Gross Profit	1,683	491	518	447	444	1,901	440	443	442
Margin (%)	12.3%	11.7%	11.3%	10.7%	10.5%	11.0%	12.9%	13.5%	13.8%
SG&A	875	217	248	262	257	984	246	237	249
Operating Profit	808	274	270	185	188	916	194	206	193
Margin (%)	5.9%	6.5%	5.9%	4.4%	4.4%	5.3%	5.7%	6.3%	6.0%
Non-operating gain & loss	49	20	43	153	-0.4	216	90	33	50
Profit before income tax	858	294	313	338	187	1,132	284	239	243
Income tax expense	224	90	40	-63 ¹⁾	-65 ²⁾	2	76	69	66
Net Profit	633	204	273	401	252	1,130	208	170	177
Margin (%)	4.6%	4.9%	5.9%	9.5%	5.9%	6.6%	6.1%	5.2%	5.5%
Profit attributable to owners of the parent	611	198	267	391	244	1,100	202	173	176

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	3Q	
Revenue	13,630	4,192	4,595	4,198	4,250	17,235	3,401	3,291	3,208
IT Services	5,637	1,453	1,511	1,487	1,518	5,968	1,470	1,511	1,509
Cloud	871	249	273	299	342	1,163	410	445	471
SI	1,641	410	408	352	314	1,484	287	289	276
ITO	3,125	794	830	836	862	3,322	773	777	762
Logistics	7,993	2,739	3,084	2,711	2,732	11,267	1,931	1,780	1,699
Operating Profit	808	274	270	185	188	916	194	206	193
IT Services	664	209	172	120	131	632	147	169	167
Logistics	144	65	98	65	57	284	47	37	26
OP Margin	5.9%	6.5%	5.9%	4.4%	4.4%	5.3%	5.7%	6.3%	6.0%
IT Services	11.8%	14.4%	11.4%	8.1%	8.6%	10.6%	10.0%	11.2%	11.1%
Logistics	1.8%	2.4%	3.2%	2.4%	2.1%	2.5%	2.5%	2.1%	1.5%

[Appendix 3] Statement of Financial Position

SAMSUNG SDS

(Billion KRW)

	2019	2020	2021	2022	1Q23	2Q23	3Q23
Asset	9,021	9,155	10,517	11,952	12,033	11,952	12,119
Current assets	6,383	6,581	7,576	8,006	8,077	7,873	8,084
Cash ¹⁾	3,831	4,194	4,591	5,030	5,101	4,946	5,141
A/R	1,440	1,510	1,919	1,652	1,620	1,576	1,480
Non-current assets	2,637	2,574	2,941	3,947	3,956	4,079	4,035
Tangible assets	1,108	1,116	1,179	1,520	1,542	1,578	1,581
Intangible assets	790	737	715	713	705	829	824
Liabilities	2,296	2,296	3,074	3,485	3,512	3,206	3,185
Current liabilities	1,698	1,721	2,370	2,493	2,522	2,210	2,213
A/P	545	574	822	676	573	548	498
Accrued expenses	572	541	815	1,029	908	904	896
Depts & Borrowings	1	1	1	-	-	-	-
Non-current liabilities	598	575	703	992	990	996	972
Equity	6,725	6,859	7,444	8,467	8,521	8,746	8,933
Capital stock	39	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	3Q
Cash¹⁾	4,591	4,855	5,004	5,289	5,030	5,030	5,101	4,946	5,141
CAPEX	324	86	169	208	207	671	109	79	100
D & A²⁾	292	76	77	80	91	324	95	97	99
EBITDA	1,167	374	397	417	297	1,484	384	350	352
EBITDA Margin (%)	8.6%	8.9%	8.6%	9.9%	7.0%	8.6%	11.3%	10.6%	11.0%
EPS(KRW)	7,901	2,554	3,455	5,056	3,153	14,218	2,618	2,232	2,281
Excl. one-off factors ³⁾				2,938	1,618	10,565			
ROE (%)	8.9%	10.9%	14.2%	19.7%	12.0%	14.2%	9.8%	7.9%	8.0%
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 3Q22, Corporate tax expense deduction (KRW 164 Bn) due to the winning of second trial with NTS

In 4Q22, Corporate tax expense deduction due to reduction of deferred tax liabilities appropriation related to subsidiaries

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