



Samsung SDS

4Q 2023 Earnings Release

Jan 25, 2024

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Samsung
Cloud Platform

SAMSUNG SDS

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 audit on our 4Q23 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. The uncertainties may cause our actual results to be materially different from those expressed in this document.

1 Earnings Overview

Quarterly

Annual

(Billion KRW)

	4Q23	3Q23	QoQ	4Q22	YoY	2023	2022	YoY
Revenue	3,377	3,208	+5.3%	4,250	-20.5%	13,277	17,235	-23.0%
COGS	2,906	2,766	+5.1%	3,806	-23.6%	11,481	15,334	-25.1%
Gross Profit	471	442	+6.5%	444	+5.9%	1,796	1,901	-5.5%
Margin (%)	(13.9)	(13.8)	(+0.1%p)	(10.5)	(+3.4%p)	(13.5)	(11.0)	(+2.5%p)
SG&A	256	249	+2.9%	257	-0.3%	988	984	+0.3%
Operating Profit	215	193	+11.1%	188	+14.4%	808	916	-11.8%
Margin (%)	(6.4)	(6.0)	(+0.4%p)	(4.4)	(+2.0%p)	(6.1)	(5.3)	(+0.8%p)
Non-operating gain & loss	5	50	-90.4%	-0.4	-	177	216	-17.9%
Profit before income tax	219	243	-9.7%	187	+17.2%	986	1,132	-12.9%
Income tax expense	73	66	+10.4%	-65 ¹⁾	-	284	2	+13,644%
Net Income	146	177	-17.3%	252	-42.1%	701	1,130	-37.9%
Margin (%)	(4.3)	(5.5)	(-1.2%p)	(5.9)	(-1.6%p)	(5.3)	(6.6)	(-1.3%p)
Profit attributable to owners of the parent	142	176	-19.6%	244	-41.8%	693	1,100	-36.9%

¹⁾ Corporate tax expense deduction due to reduction of deferred tax liabilities appropriation related to subsidiaries

2 Earnings by Business Segment

Quarterly

Annual

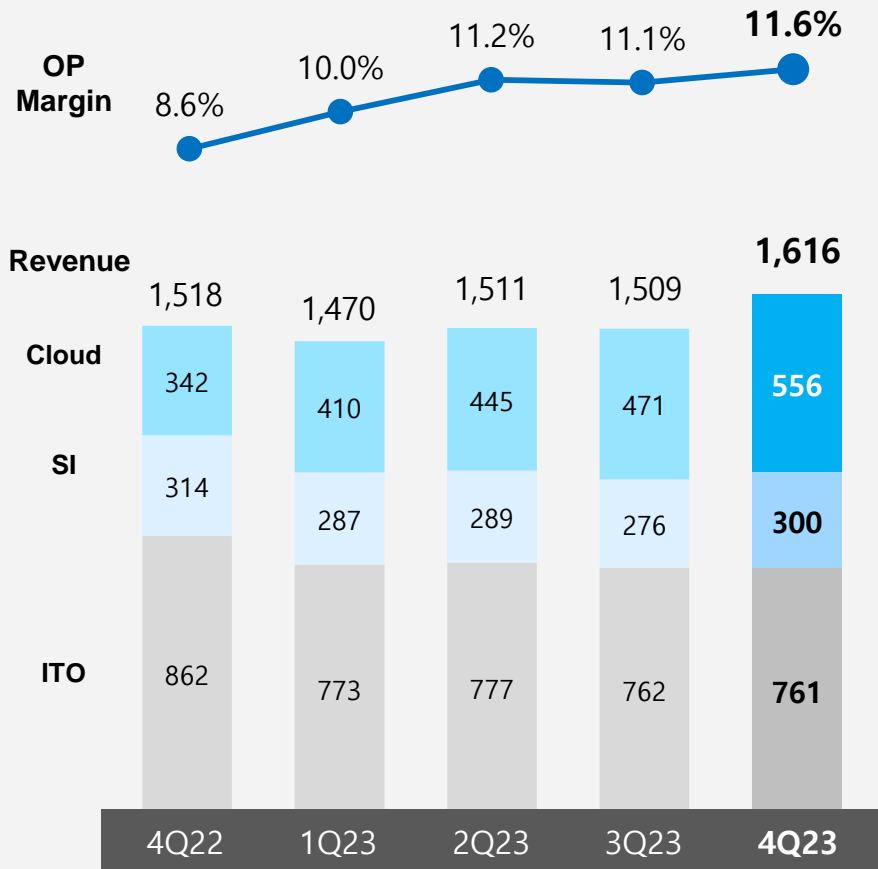
(Billion KRW)

	4Q23	3Q23	QoQ	4Q22	YoY	2023	2022	YoY
Revenue	3,377	3,208	+5.3%	4,250	-20.5%	13,277	17,235	-23.0%
IT Services	1,616	1,509	+7.1%	1,518	+6.5%	6,106	5,968	+2.3%
Cloud	556	471	+18.0%	342	+62.6%	1,881	1,163	+61.8%
SI	300	276	+8.6%	314	-4.6%	1,151	1,484	-22.4%
ITO	761	763	-0.3%	862	-11.7%	3,074	3,322	-7.5%
Logistics	1,761	1,699	+3.7%	2,732	-35.5%	7,171	11,267	-36.4%
Operating profit	215	193	+11.1%	188	+14.4%	808	916	-11.8%
(%)	(6.4)	(6.0)	(+0.4%p)	(4.4)	(+2.0%p)	(6.1)	(5.3)	(+0.8%p)
IT Services	187	167	+11.8%	131	+43.4%	670	632	+6.1%
(%)	(11.6)	(11.1)	(+0.5%p)	(8.6)	(+3.0%p)	(11.0)	(10.6)	(+0.4%p)
Logistics	27	26	+6.7%	57	-52.0%	138	284	-51.4%
(%)	(1.6)	(1.5)	(+0.1%p)	(2.1)	(-0.5%p)	(1.9)	(2.5)	(-0.6%p)

3 IT Services

Revenue and OPM

(Billion KRW)



[IT Services]

- Revenue : 1,616 Bn KRW (QoQ +7.1%, YoY +6.5%)

▶ Cloud

- Revenue : 556 Bn KRW (QoQ +18%, YoY +63%)
- CSP : HPC cloud service expansion
New business revenue increase
- MSP : Cloud migration/implementation
in Manufacturing/Financial/Public sectors

▶ SI

- Revenue : 300 Bn KRW (QoQ +8.6%, YoY -4.6%)
- Next generation system expansion (ERP, MES)

▶ ITO

- Revenue : 761 Bn KRW (QoQ -0.3%, YoY -12%)

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

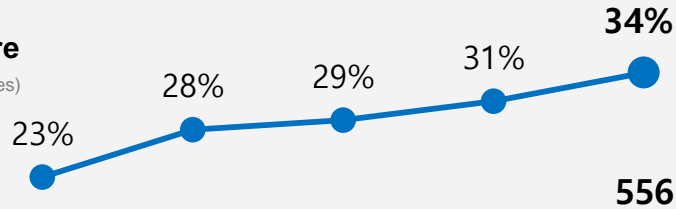
4 IT Services - Cloud

Revenue and Cloud share

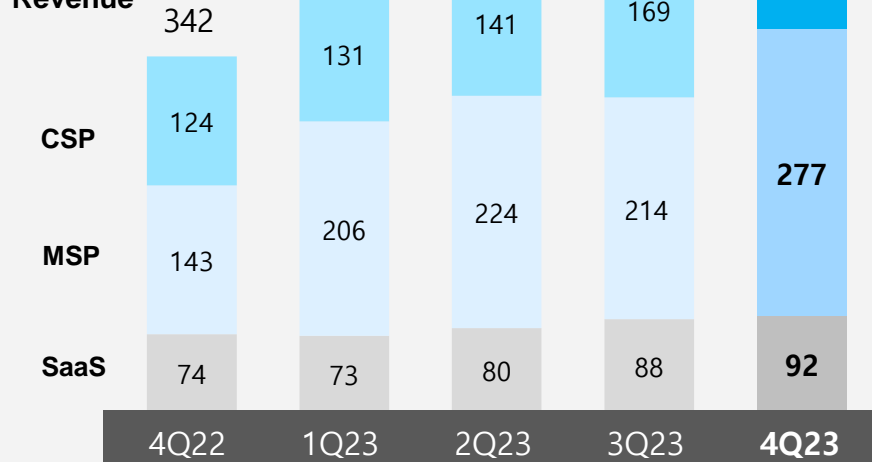
(Billion KRW)

Cloud share

(Cloud / IT Services)



Revenue



[Cloud]

- Revenue : 556 Bn KRW (QoQ +18%, YoY +63%)
- Cloud revenue share : 34% of IT Services revenue

➤ CSP

- Revenue : 187 Bn KRW (QoQ +11%, YoY +51%)
- HPC cloud service expansion
- New business revenue increase (GPU, Cloud Network)

➤ MSP

- Revenue : 277 Bn KRW (QoQ +30%, YoY +93%)
- Cloud migration/implementation in Manufacturing/Financial/Public sectors

➤ SaaS

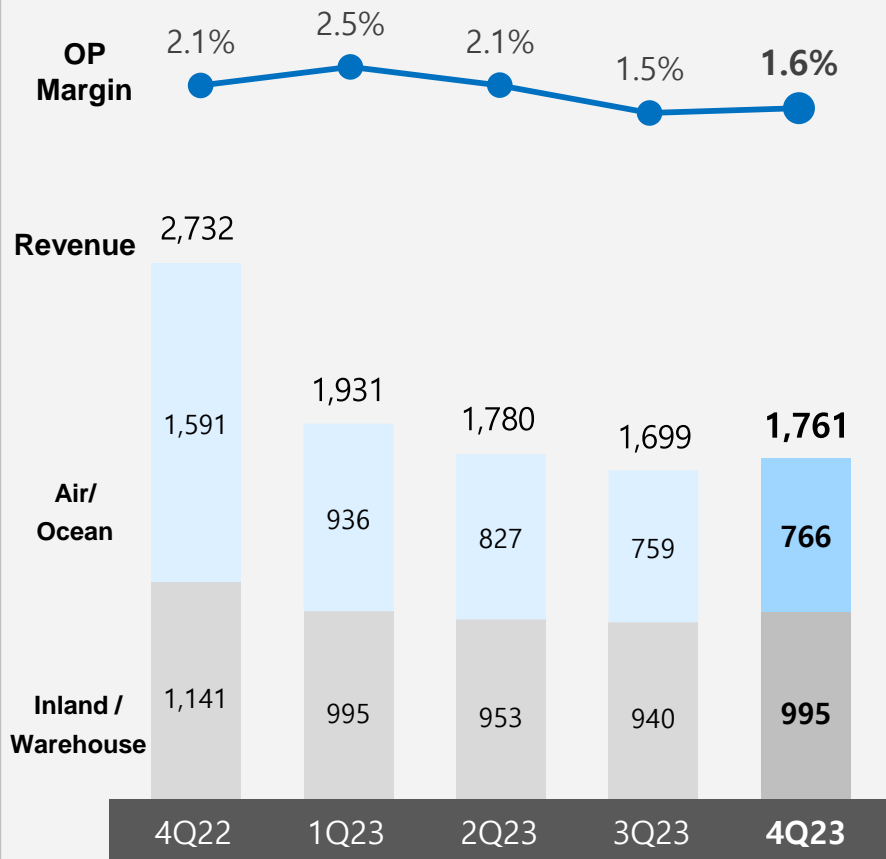
- Revenue : 92 Bn KRW (QoQ +3.7%, YoY +24%)

CSP : Cloud Service Provider, MSP : Managed Service Provider
 SaaS : Software as a Service, HPC : High Performance Computing
 GPU : Graphics Processing Unit

5 Logistics

Revenue and OPM

(Billion KRW)



[Logistics]

- Revenue : 1,761 Bn KRW (QoQ +3.7%, YoY -36%)

▶ Air / Ocean transport

- Revenue : 766 Bn KRW (QoQ +0.9%, YoY -52%)
- Air/Ocean freight charge rebound

▶ Inland transport / Warehouse operation

- Revenue : 995 Bn KRW (QoQ +5.8%, YoY -13%)
- Freight volume increase with seasonality

▶ Cello Square

- Revenue : 241 Bn KRW (QoQ +59%, YoY +152%)
- Membership : 11,100 companies

[Appendix 1] Income Statement

SAMSUNG SDS

(Billion KRW)

	2022					2023				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Revenue	4,192	4,595	4,198	4,250	17,235	3,401	3,291	3,208	3,377	13,277
COGS	3,700	4,077	3,751	3,806	15,334	2,961	2,848	2,766	2,906	11,481
Gross Profit	491	518	447	444	1,901	440	443	442	471	1,796
Margin (%)	11.7%	11.3%	10.7%	10.5%	11.0%	12.9%	13.5%	13.8%	13.9%	13.5%
SG&A	217	248	262	257	984	246	237	249	256	988
Operating Profit	274	270	185	188	916	194	206	193	215	808
Margin (%)	6.5%	5.9%	4.4%	4.4%	5.3%	5.7%	6.3%	6.0%	6.4%	6.1%
Non-operating gain & loss	20	43	153	-0.4	216	90	33	50	5	177
Profit before income tax	294	313	338	187	1,132	284	239	243	219	986
Income tax expense	90	40	-63 ¹⁾	-65 ²⁾	2	76	69	66	73	284
Net Income	204	273	401	252	1,130	208	170	177	146	701
Margin (%)	4.9%	5.9%	9.5%	5.9%	6.6%	6.1%	5.2%	5.5%	4.3%	5.3%
Profit attributable to owners of the parent	198	267	391	244	1,100	202	173	176	142	693

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)

	2022					2023				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Revenue	4,192	4,595	4,198	4,250	17,235	3,401	3,291	3,208	3,377	13,277
IT Services	1,453	1,511	1,487	1,518	5,968	1,470	1,511	1,509	1,616	6,106
Cloud	249	273	299	342	1,163	410	445	471	556	1,881
SI	410	408	352	314	1,484	287	289	276	300	1,151
ITO	794	830	836	862	3,322	773	777	762	761	3,074
Logistics	2,739	3,084	2,711	2,732	11,267	1,931	1,780	1,699	1,761	7,171
Operating Profit	274	270	185	188	916	194	206	193	215	808
IT Services	209	172	120	131	632	147	169	167	187	670
Logistics	65	98	65	57	284	47	37	26	27	138
OP Margin	6.5%	5.9%	4.4%	4.4%	5.3%	5.7%	6.3%	6.0%	6.4%	6.1%
IT Services	14.4%	11.4%	8.1%	8.6%	10.6%	10.0%	11.2%	11.1%	11.6%	11.0%
Logistics	2.4%	3.2%	2.4%	2.1%	2.5%	2.5%	2.1%	1.5%	1.6%	1.9%

[Appendix 3] Statement of Financial Position

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(Billion KRW)

	2020	2021	2022	2023			
				1Q	2Q	3Q	4Q
Asset	9,155	10,517	11,952	12,033	11,952	12,119	12,321
Current assets	6,581	7,576	8,006	8,077	7,873	8,084	8,160
Cash ¹⁾	4,194	4,591	5,030	5,101	4,946	5,141	5,491
A/R	1,510	1,919	1,652	1,620	1,576	1,480	1,482
Non-current assets	2,574	2,941	3,947	3,956	4,079	4,035	4,161
Tangible assets	1,116	1,179	1,520	1,542	1,578	1,581	1,654
Intangible assets	737	715	713	705	829	824	819
Liabilities	2,296	3,074	3,485	3,512	3,206	3,185	3,345
Current liabilities	1,721	2,370	2,493	2,522	2,210	2,213	2,392
A/P	574	822	676	573	548	498	693
Accrued expenses	541	815	1,029	908	904	896	805
Debts & Borrowings	1	1	-	-	-	-	-
Non-current liabilities	575	703	992	990	996	972	954
Equity	6,859	7,444	8,467	8,521	8,746	8,933	8,976
Capital stock	39	39	39	39	39	39	39

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

[Appendix 4] Investments & Dividends

(Billion KRW)

	2022					2023				
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
Cash¹⁾	4,855	5,004	5,289	5,030	5,030	5,101	4,946	5,141	5,491	5,491
CAPEX	86	169	208	207	671	109	79	100	216	503
D & A²⁾	76	77	80	91	324	95	97	99	105	395
EBITDA	374	397	417	297	1,484	384	350	352	333	1,419
EBITDA Margin (%)	8.9%	8.6%	9.9%	7.0%	8.6%	11.3%	10.6%	11.0%	9.9%	10.7%
EPS(KRW)	2,554	3,455	5,056	3,153	14,218	2,618	2,232	2,281	1,835	8,965
Excl. one-off factors ³⁾			2,938	1,618	10,565					
ROE (%)	10.9%	14.3%	19.8%	11.9%	14.2%	9.8%	8.3%	8.3%	6.6%	8.2%
DPS(KRW)	-	-	-	-	3,200	-	-	-	-	2,700
Payout ratio (%)	-	-	-	-	22.5%	-	-	-	-	30.1%
Excl. one-off factors ³⁾					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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