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2Q18 Earnings Release



2018. 7. 27

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 2Q18 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

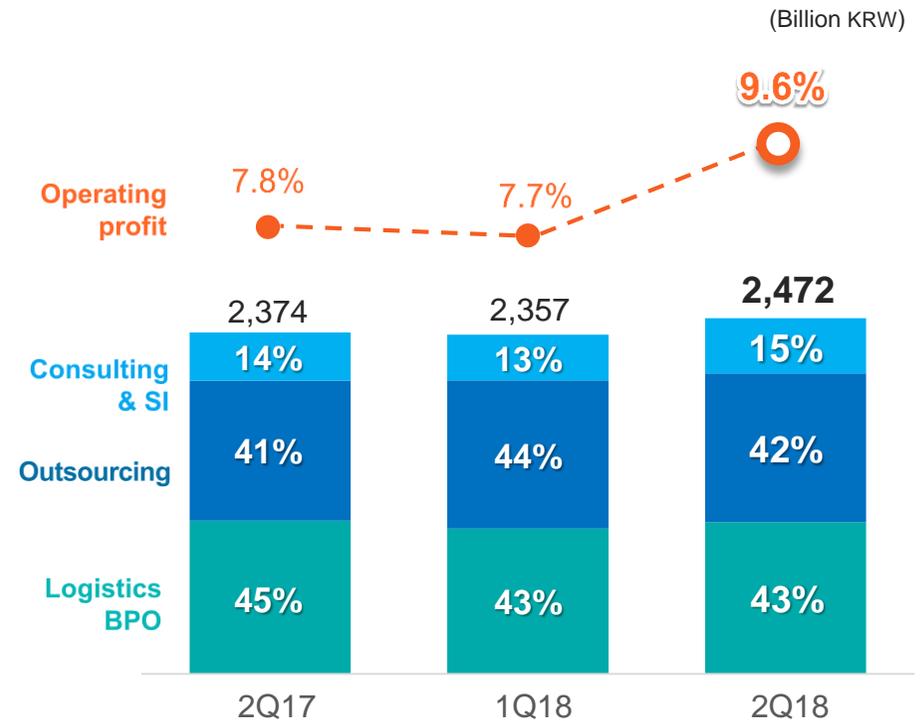
These uncertainties may cause our actual results to be materially different from those expressed in this document.

2Q18 Results

- ▶ Revenue of 2,472 billion KRW (+4.9% QoQ, +4.1% YoY)
- ▶ Operating profit of 238 billion KRW (+30.8% QoQ, +27.9% YoY)
- ▶ Net profit of 187 billion KRW (+42.0% QoQ, +30.2% YoY)

(Billion KRW)

	2Q18	1Q18	QoQ	2Q17	YoY
Revenue	2,472	2,357	+4.9%	2,374	+4.1%
Operating profit	238	182	+30.8%	186	+27.9%
(%)	9.6%	7.7%	+1.9%p	7.8%	+1.8%
Profit before Income tax	271	192	+41.0%	201	+34.7%
Net Profit	187	132	+42.0%	144	+30.2%
(%)	7.6%	5.6%	+2.0%p	6.0%	+1.5%p



2Q18 Results IT Service

▶ Revenue of 1,416 billion KRW (+5.3% QoQ, +8.2% YoY)

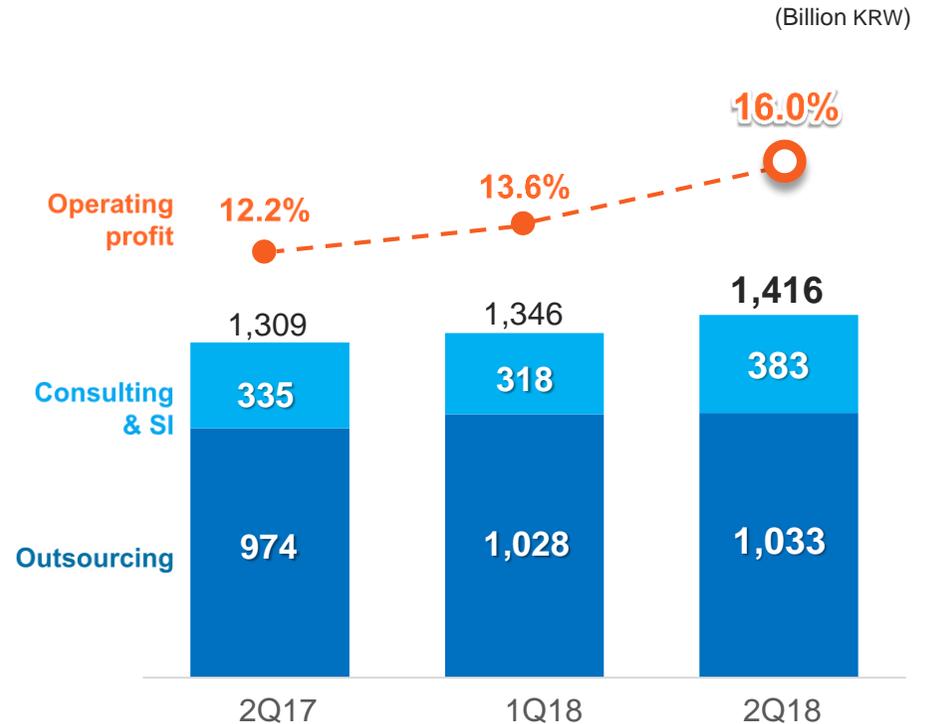
- Expansion of smart factory, solution and ERP business

▶ Operating profit of 227 billion KRW (+24.1% QoQ, +41.8% YoY)

- Operating profit margin of 16.0% (+2.4%p QoQ, +3.8%p YoY)

(Billion KRW)

	2Q18	1Q18	QoQ	2Q17	YoY
Revenue	1,416	1,346	+5.3%	1,309	+8.2%
Consulting & SI	383	318	+20.8%	335	+14.3%
Outsourcing	1,033	1,028	+0.5%	974	+6.1%
Operating profit	227	183	+24.1%	160	+41.8%
(%)	16.0%	13.6%	+2.4%p	12.2%	+3.8%p

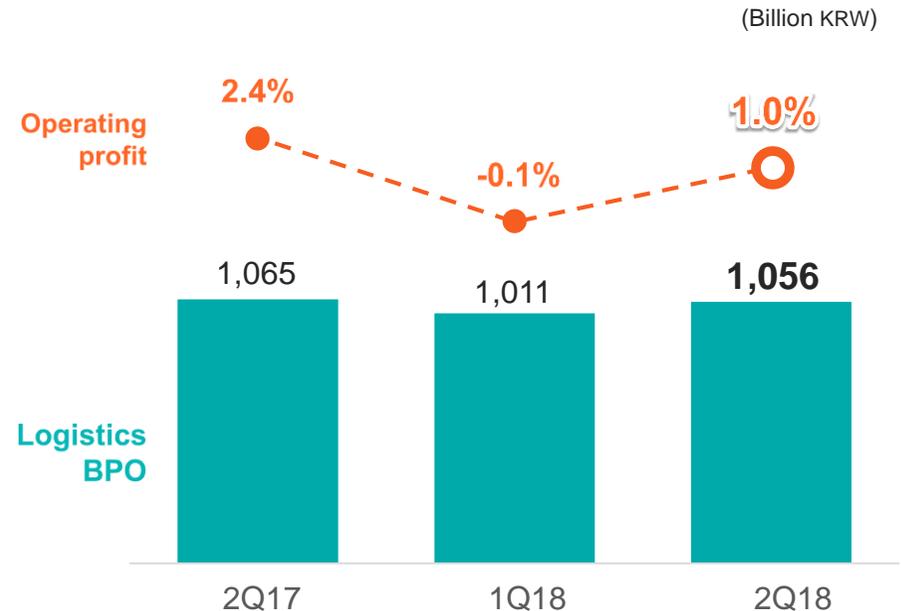


2Q18 Results **Logistics BPO**

- ▶ **Revenue of 1,056 billion KRW (+4.4% QoQ, -0.9% YoY)**
 - Increase in trading volume of IT products and expansion of external customer business
- ▶ **Operating profit of 11 billion KRW**
 - Operating profit margin of 1.0% (+1.1%p QoQ, -1.4%p YoY)

(Billion KRW)

	2Q18	1Q18	QoQ	2Q17	YoY
Revenue	1,056	1,011	+4.4%	1,065	-0.9%
Operating profit	11	-1	TB	26	-58.3%
(%)	1.0%	-0.1%	+1.1%p	2.4%	-1.4%p



Income Statement

(Billion KRW)	2017					2018	
	1Q	2Q	3Q	4Q		1Q	2Q
Revenue	2,150	2,374	2,309	2,467	9,299	2,357	2,472
COGS	1,810	1,990	1,929	2,076	7,804	1,972	2,032
Gross profit	340	384	380	391	1,495	385	440
Margin (%)	15.8%	16.2%	16.4%	15.9%	16.1%	16.3%	17.8%
SG&A	193	198	187	184	763	203	202
Operating profit	147	186	192	207	732	182	238
Margin (%)	6.8%	7.8%	8.3%	8.4%	7.9%	7.7%	9.6%
Non-operating gain & loss	-3	15	14	-6	20	10	33
Profit before income tax	144	201	207	200	752	192	271
Income tax expense	53	58	58	42	210	61	84
Net profit	91	143	149	159	542	132	187
Margin (%)	4.2%	6.0%	6.5%	6.4%	5.8%	5.6%	7.6%

Revenue & Operating Profit by Business Segment

(Billion KRW)	2017					2018	
	1Q	2Q	3Q	4Q		1Q	2Q
Revenue	2,150	2,374	2,309	2,467	9,299	2,357	2,472
IT Services	1,222	1,309	1,275	1,323	5,130	1,346	1,416
- Consulting&SI	295	335	287	327	1,244	318	383
- Outsourcing	927	974	988	996	3,886	1,028	1,033
Logistics BPO	928	1,065	1,033	1,143	4,169	1,011	1,056
Operating profit	147	186	192	207	732	182	238
IT Services	120	160	181	198	659	183	227
Logistics BPO	27	26	11	9	73	-1	11
Operating profit margin	6.8%	7.8%	8.3%	8.4%	7.9%	7.7%	9.6%
IT Services	9.8%	12.2%	14.2%	15.0%	12.8%	13.6%	16.0%
Logistics BPO	2.9%	2.4%	1.1%	0.8%	1.7%	-0.1%	1.0%

Statement of Financial Position

(Billion KRW)	2014	2015	2016	2017	1Q18	2Q18
Asset	5,546	6,332	6,842	7,278	7,476	7,623
Current assets	3,228	3,845	4,548	5,118	5,373	5,520
Non-current assets	2,318	2,487	2,294	2,160	2,103	2,103
Liabilities	1,332	1,555	1,551	1,558	1,766	1,715
Current liabilities	1,118	1,390	1,347	1,325	1,527	1,437
Non-current liabilities	214	165	204	233	239	278
Equity	4,214	4,777	5,291	5,720	5,710	5,908
Common Stock	39	39	39	39	39	39
Cash & cash equivalents*	1,651	1,951	2,456	2,925	3,236	3,361
Debts & borrowings	20	11	7	1	3	3
Depreciation & amortization	397	390	365	333	79	77
CAPEX	407	467	182	186	31	42

* Including short-term financial instruments

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