

# Samsung C&T 2Q 2018 Earnings Release

July 2018

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The figures in this document are consolidated earnings estimates based on K-IFRS.

Please be advised that this document is provided solely for the purpose of investor convenience. It was prepared before the completion of the external auditor's review, and therefore may change during the process.

## 2Q 2018 Earnings Release Highlights

- **Record-high quarterly operating profit (KRW 378.1bn), marking two robust quarters in a row**
  - Operating profit: '17.2Q KRW 250.6bn (3.4%) / '18.1Q 209.2bn (2.8%) → '18.2Q 378.1bn (4.8%)
- **E&C: OPM 7%, T&I: OP KRW 50bn for both 1Q and 2Q**
  - OP (E&C): '17.2Q KRW147.5bn (4.7%) / '18.1Q 158.2bn (5.3%) → '18.2Q 243.3bn (7.8%)
  - OP (T&I) : '17.2Q KRW 46.5bn (1.5%) / '18.1Q 57.7bn (1.7%) → '18.2Q 56.6bn (1.6%)
- **E&C new order intake of KRW 3.7tn (1Q 1.5tn, 2Q 2.2tn) met expected levels for the 1<sup>st</sup> half of 2018. A rapid growth trend is anticipated for the 2<sup>nd</sup> half to meet the annual target by end of the year.**
- **Pre-tax profit continued to be strong on the back of increased operating profit and dividends.**
  - Pre-tax profit : '17.2Q KRW 164.1bn (2.2%) / '18.1Q 478.3bn (6.4%) → '18.2Q 457.9bn (5.8%)

### ※ Key financial indicators

- R O E : '16 0.6% / '17 3.1% → '18.2Q 6.7%
  - \* Annualized net profit was used for '18.2Q ROE.
- EBITDA : '16 KRW 669.0bn (2.4%) / '17 1,390.5bn (4.7%) → '18.1H 1,197.4bn (7.8%)
  - \* EBITDA: Pre-tax profit + Net interest expense + Depreciation cost
- Net debt : end of 2016 KRW 3.4tn / end of 2017 2.9tn → '18.1H 2.2tn
  - \* Net debt : Total debt - C&CE (Cash and cashable assets + Short-term financial instruments)

# 1. Samsung C&T Results (K-IFRS Consolidated)

(Unit: KRW billion)

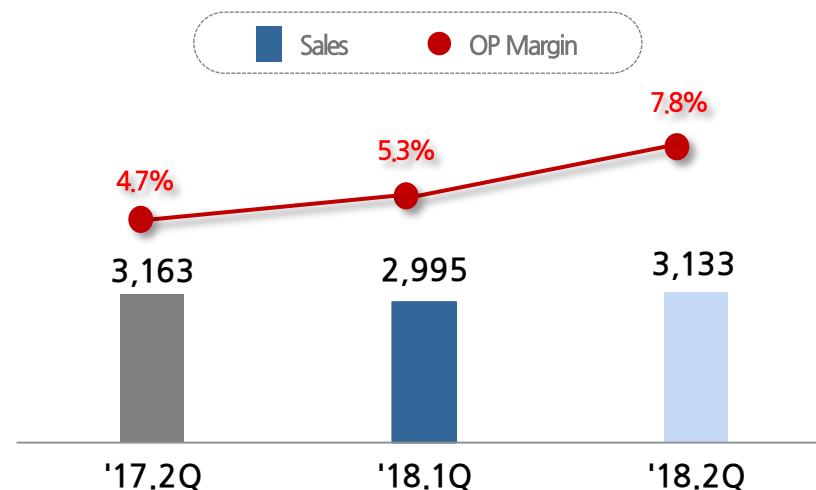
	'18.2Q	'18.1Q	Change	'17.2Q	Change
Sales	7,928	7,476	+452	7,319	+609
E&C	3,133	2,995	+138	3,163	△30
T&I	3,547	3,329	+218	3,004	+543
Fashion	416	460	△44	401	+15
Resort *	707	556	+151	688	+19
Biologics	125	136	△11	63	+62
Operating Profit	378	209	+169	251	+127
E&C	243	158	+85	148	+95
T&I	57	58	△1	46	+11
Fashion	6	△0.4	+6	10	△4
Resort *	60	△8	+68	67	△7
Biologics	12	2	+10	△20	+32
Pre-tax profit	458	478	△20	164	+294
Net profit	343	363	△20	110	+233
↳ Controlling	366	399	△33	119	+247

\* Resort : Leisure + F&B (Food & Beverage)

## 2. Analysis by Business Group : E&C

(Unit: KRW billion)

	'18.2Q	'18.1Q	Change	'17.2Q	Change
Sales	3,133	2,995	+138	3,163	△30
Building	2,063	1,771	+292	1,825	+238
Infra	592	633	△41	684	△92
Plant	388	527	△139	582	△194
Domestic	1,834	1,741	+93	1,642	+192
Overseas	1,299	1,254	+45	1,521	△222
Gross profit	376	325	+51	293	+83
Operating profit	243	158	+85	148	+95



- The 2Q sales, with little change YoY, increased QoQ due to the ahead-of-schedule recognition of High-tech project orders which had been scheduled in the 2nd half.
- The operating profit increased QoQ and YoY due to increased sales and decreased SG&A.

### New orders

(Unit: KRW billion)

	'18.2Q Actual	'18.1H Actual	'18.1H Backlog
Total	2,263	3,733	27,764
Building	1,100	1,945	15,602
Infra	572	774	5,179
Plant	546	929	6,855
Domestic	899	1,796	16,951
Overseas	1,364	1,937	10,813

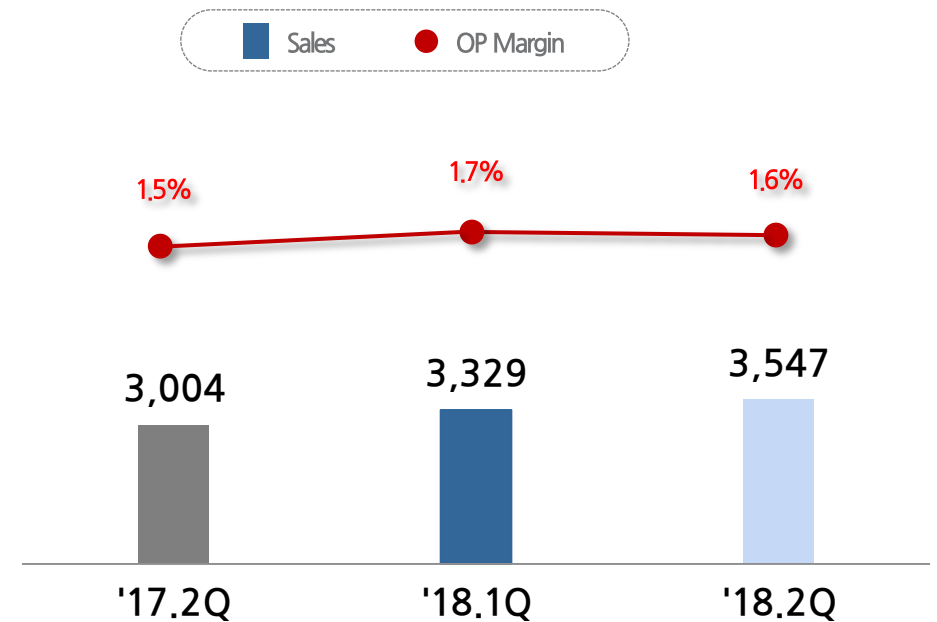
※ New orders in 2018.2Q: Singapore N107 484.2bn, Increased project volume of Asan Display PJT 226.4bn, Xian Semiconductor 147.2bn

※ New orders total includes figures for Landscaping performance ('18.2Q 45.2bn '18.1H 85.2bn '18.1H backlog 127.5bn)

## 2. Analysis by Business Group : T&I

(Unit: KRW billion)

	'18.2Q	'18.1Q	Change	'17.2Q	Change
Sales	3,547	3,329	+218	3,004	+543
Chemicals	1,143	998	+145	957	+186
Steel	1,192	1,045	+147	1,027	+165
Natural resources	960	1,015	△55	701	+259
Living industries etc	252	271	△19	319	△67
Gross profit	257	249	+8	244	+13
Operating profit	57	58	△1	46	+11



- Sales increased both QoQ and YoY in our key trading areas due to increased global trading volume, as well as increase in commodity and oil prices.
- Operating profit increased YoY based on increased prices of trading items and larger trading volume. Despite the decrease of non-recurring profits, total trading sales showed little change QoQ.

## 2. Analysis by Business Group : Fashion, Resort & Biologics

### Fashion

(Unit: KRW billion)

	'18.2Q	'18.1Q	Change	'17.2Q	Change
Sales	416	460	△44	401	+15
OP profit	6	△0.4	+6	10	△4

### Resort

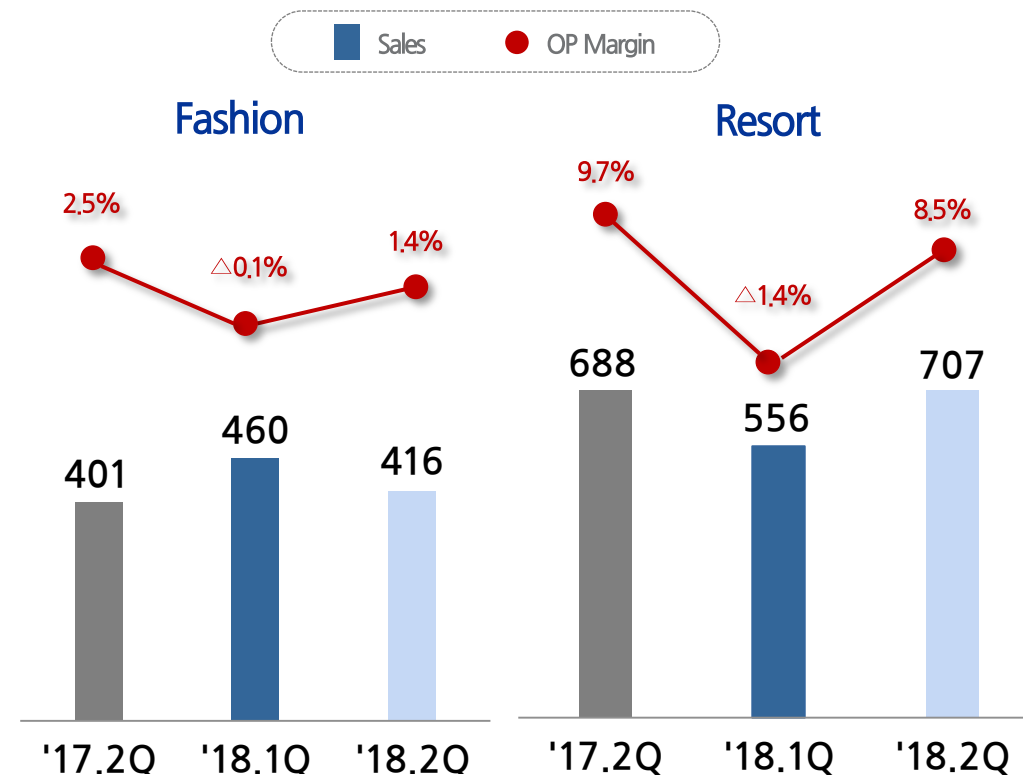
(Unit: KRW billion)

	'18.2Q	'18.1Q	Change	'17.2Q	Change
Sales	707	556	+151	688	+19
Leisure	216	96	+120	232	△16
F & B	491	460	+31	456	+35
OP profit	60	△8	+68	67	△7
Leisure	23	△25	+48	29	△6
F & B	37	17	+20	38	△1

### Biologics

(Unit: KRW billion)

	'18.2Q	'18.1Q	Change	'17.2Q	Change
Sales	125	136	△11	63	+62
OP profit	12	2	+10	△20	+32



- Sales of the Fashion group decreased QoQ due to reduced per-item price as the S/S season began. The operating profit, meanwhile, has increased QoQ due to decreased SG&A.
- Sales and operating profit of the Resort group increased QoQ due to the increases in the number of visitors, and working days of cafeterias as the peak season is approaching.
- Biologics sales fell due to the lower utilization rate of the Plant no.1 of which production volume is being transferred to the Plant no.2. Meanwhile, the operating profit increased due to larger production at the Plant no.2.

# Appendix 1. Income Statement (K-IFRS Consolidated)

(Unit: KRW billion)

	'18.2Q	'18.1Q	Change	'17.2Q	Change
Sales	7,928	7,476	+452	7,319	+609
Gross profit	1,060	928	+132	930	+130
SG&A	682	719	△37	679	+3
Operating profit	378	209	+169	251	+127
Non-operating profit	103	355	△252	△41	+144
Financial profit	6	△19	+25	△21	+27
Equity method investment	△29	△66	+36	△25	△4
Pre-tax profit	458	478	△20	164	+294
Net profit	343	363	△20	110	+233
└ Controlling	366	399	△33	119	+247



## Appendix 2. Statement of Financial Position (K-IFRS Consolidated)

(Unit: KRW billion)

	'18.2Q	'18.1Q	Change	End of 2017
<b>Assets</b>	46,385	48,285	△1,900	49,049
Current	12,090	11,811	+279	12,249
└ C&CE*	3,406	3,126	+280	3,094
Non current	34,295	36,474	△2,179	36,800
<b>Liabilities</b>	22,745	23,396	△651	23,898
Current	14,420	14,223	+197	14,458
Non current	8,325	9,173	△848	9,440
※ Total debt	5,592	5,512	+80	6,034
<b>Equity</b>	23,640	24,889	△1,249	25,151
Controlling	21,189	22,421	△1,232	22,557
Non controlling	2,451	2,468	△17	2,594
<b>Debt/Equity (%)</b>	96%	94%	+2%p	95%

\* C&CE : Cash and cashable assets + Short-term financial instruments

# Appendix 3. Statement of Cash Flow (K-IFRS Consolidated)

(Unit: KRW billion)

	'18.2Q	'18.1Q	End of 2017
Cash(Beginning of period)	3,032	2,993	2,699
Cash flows from operating activities	+707	+489	+1,312
Net profit	+343	+363	+481
Working capital increase/decrease	△228	+179	△157
Others	+592	△53	+988
Cash flows from investing activities	△578	+76	+280
New investment	△140	△173	△1,009
Disposal & others	△438	+249	+1,289
Cash flows from financing activities	△244	△526	△1,298
Repayment of borrowings at both HQ and subsidiaries	+66	△529	△1,020
Others	△310	+3	△278
Increase in cash	△115	+39	+294
Cash(End of period)	2,917	3,032	2,993

