

Samsung C&T 1Q 2018 Earnings Release

April 2018

1. Samsung C&T results
 2. Analysis by business group
- Appendix. Financial statement key highlights



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.

1Q 2018 Earnings Release Highlights

- E&C and T&I Business Groups generated strong performances in 1Q18 and operating profit have exceeded KRW200 billion
 - E&C Business Group recorded improved YoY sales and profit by maintaining strong performance from High-Tech PJTs while improving profitability for both domestic & overseas projects (GPM 10.9%, OPM 5.3%)
 - T&I Business Group improved in both QoQ & YoY performances through strong showing from key trading items buoyed by favorable commodity prices
- E&C new order in 1Q is KRW1.5 trillion, which is in line with internal expectation, and new order intake is expected to incrementally rise from 2Q to meet the annual target by end of the year (slow 1st Half, strong 2nd Half)
- Pre-tax and net profits increased QoQ due to increased dividend income and upcoming quarterly dividend income is expected to steadily rise, thus exceeding annual dividend income YoY
 - Pre-tax Profit : '17.4Q KRW213.0bn (2.7%) → '18.1Q KRW478.3bn (6.4%) (+KRW265.3bn, 3.7%p↑)
 - Net Profit : '17.4Q KRW52.4bn (0.7%) → '18.1Q KRW363.1bn (4.9%) (+KRW310.7bn, 4.2%p↑)
 - EBITDA : '17.4Q KRW353.9bn (4.6%) → '18.1Q KRW652.7bn (8.7%) (+KRW298.8bn, 4.1%p↑)
 - ※ EBITDA : Net profit + Corporate tax + Interest expense + Depreciation cost
- Continued improvement in financial soundness: Net Debt (KRW3.0tn → 2.5), Debt/Equity Ratio (95% → 94), as well as improved cash flow

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

(Unit: KRW billion)

	'18.1Q	'17.4Q	Change	'17.1Q	Change
Sales	7,476	7,765	△289	6,702	+774
E&C	2,995	2,983	+12	2,711	+284
T&I	3,329	3,487	△158	2,869	+460
Fashion	460	509	△49	465	△5
Resort *	556	624	△68	550	+6
Biologics	136	162	△26	107	+29
Operating Profit	209	283	△74	137	+72
E&C	158	167	△9	91	+67
T&I	58	15	+43	44	+15
Fashion	△0.4	38	△38	△1	+1
Resort *	△8	27	△35	12	△20
Biologics	2	36	△34	△8	+10
Pre-tax profit	478	213	+265	282	+196
Net profit	363	52	+311	188	+175
└ Controlling	399	156	+243	214	+185

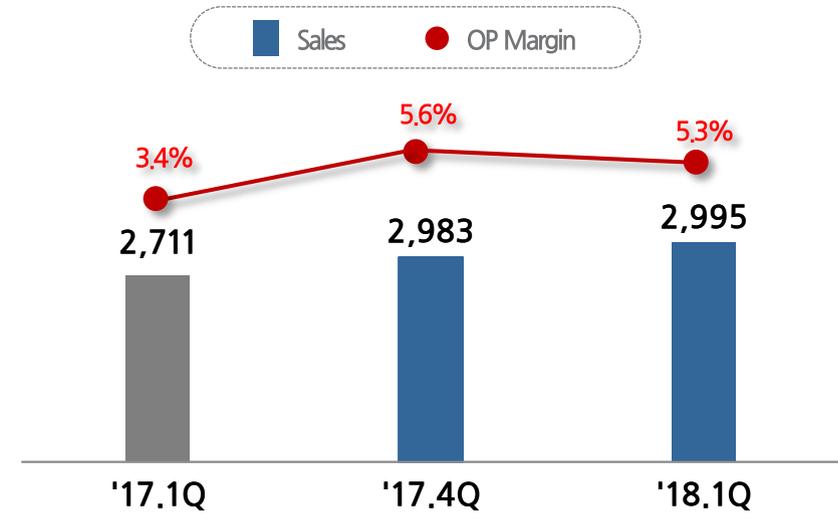
* Resort : Leisure + F&B (Food & Beverage)

※ Above data is derived from applying Provision 1109 of K-IFRS, 'Financial Product'. Above 1st quarter earnings is based on accounting principle adopting Provision 1115 of K-IFRS, and it is not retroactive to previous quarter nor the same quarter of last year.

2. Analysis by Business Group : E&C

(Unit: KRW billion)

	'18.1Q	'17.4Q	Change	'17.1Q	Change
Sales	2,995	2,983	+12	2,711	+284
Building	1,771	1,810	△39	1,315	+456
Infra	633	652	△19	599	+34
Plant	527	443	+84	741	△214
Domestic	1,741	1,614	+127	1,184	+557
Overseas	1,254	1,369	△115	1,527	△273
Gross profit	325	264	+61	247	+78
Operating profit	158	167	△9	91	+67



- Sales improved YoY with strong results from plant division due to the progress of Gangneung Anin Coal Power PJT
- Operating profit slightly decreased QoQ due to incentive payout, but increased YoY as a result of High-Tech PJTs performance and increased profitability of domestic/overseas projects

New orders

(Unit: KRW billion)

	'18.1Q Actual	'18.1Q Backlog
Total	1,470	28,885
Building	845	17,019
Infra	202	5,051
Plant	383	6,713
Domestic	897	18,217
Overseas	573	10,668

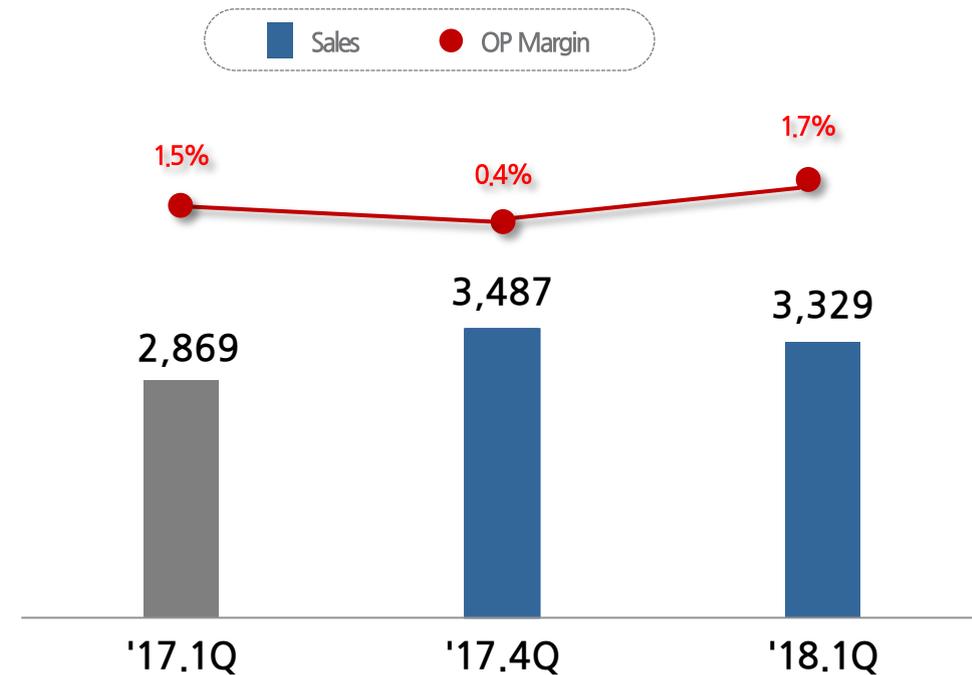
※ New orders in 2018.1Q: Pyeongtaek semiconductor finishing works W443.2bn, UAE Nuclear power PJT increase W170.5bn, Indonesia Jawa1 increase W138.9bn etc.

※ New orders total includes figures for Landscaping(2018.1Q performance W40.0bn / backlog W101.6bn)

2. Analysis by Business Group : T&I

(Unit: KRW billion)

	'18.1Q	'17.4Q	Change	'17.1Q	Change
Sales	3,329	3,487	△158	2,869	+460
Chemicals	998	990	+8	981	+17
Steel	1,045	968	+77	964	+81
Natural resources	1,015	1,151	△136	589	+426
Living industries etc	271	378	△107	335	△64
Gross profit	249	232	+17	258	△9
Operating profit	58	15	+43	43	+14



-Sales decreased QoQ due to seasonal downturn of US textile infra business, but increased YoY as most trading divisions showing strong sales buoyed by rising commodity prices

-Operating profit increased based on strong trading performance and receipt of project organizing fee

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

Fashion

(Unit: KRW billion)

	'18.1Q	'17.4Q	Change	'17.1Q	Change
Sales	460	509	△49	465	△5
OP profit	△0.4	38	△38	△1	+1

Resort

(Unit: KRW billion)

	'18.1Q	'17.4Q	Change	'17.1Q	Change
Sales	556	624	△68	550	+6
Leisure	96	157	△61	103	△7
F & B	460	467	△7	447	+13
OP profit	△8	27	△35	12	△20
Leisure	△25	6	△31	△19	△6
F & B	17	21	△4	31	△14

Biologics

(Unit: KRW billion)

	'18.1Q	'17.4Q	Change	'17.1Q	Change
Sales	136	162	△26	107	+29
OP profit	2	36	△34	△8	+10



-Fashion sales decreased QoQ due to discounted sales of F/W items, resulting in marginal deficit for the quarter

-Resort sales decreased QoQ due to winter low-season for leisure and low profit business sites for F&B. Operating profit decreased QoQ due to fall in leisure sales and increased cost for F&B

-Bio sales and operating profit decreased QoQ due to fall in plant utilization

Appendix 1. Income Statement (K-IFRS Consolidated)

(Unit: KRW billion)

	'18.1Q	'17.4Q	Change	'17.1Q	Change
Sales	7,476	7,765	△289	6,702	+774
Gross profit	928	985	△57	877	+51
SG&A	719	702	+17	740	△21
Operating profit	209	283	△74	137	+72
Non-operating profit	355	△2	+357	195	+160
Financial profit	△19	△31	+12	△11	△8
Equity method investment	△66	△37	△29	△39	△27
Pre-tax profit	478	213	+265	282	+196
Net profit	363	52	+311	188	+175
└ Controlling	399	156	+243	214	+185

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

(Unit: KRW billion)

	'18.1Q	End of 2017	Change	End of 2016
Assets	48,285	49,049	△764	44,459
Current	11,811	12,249	△438	13,338
└ C&CE	3,032	2,993	+39	2,699
Non current	36,474	36,800	△326	31,121
Liabilities	23,396	23,898	△502	23,353
Current	14,223	14,458	△235	14,705
Non current	9,173	9,440	△267	8,648
* Total debt	5,512	6,034	△522	7,130
Equity	24,889	25,151	△262	21,106
Controlling	22,421	22,557	△136	18,302
Non controlling	2,468	2,594	△126	2,804
Debt/Equity (%)	94%	95%	△1%p	111%

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

(Unit: KRW billion)

	'18.1Q	End of 2017
Cash(Beginning of period)	2,993	2,699
Cash flows from operating activities	+483	+1,312
Net profit	+363	+481
Working capital increase/decrease	+172	△157
Others	△52	+988
Cash flows from investing activities	+83	+280
New investment	△173	△1,009
Disposal & others	+256	+1,289
Cash flows from financing activities	△527	△1,298
Debt repayment	△529	△1,020
Others	+2	△278
Increase in cash	+39	+336
Cash(End of period)	3,032	2,993

