

Samsung C&T

3Q 2019 Earnings Release

October 2019

(Contents)

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.

3Q 2019 Earnings Release Summary

- ☐ 3Q19 operating profit was KRW 216.4bn, a QoQ decrease by KRW 4.3bn, due to a drop in revenue at E&C Group, Fashion Group entering the off-season, etc.
- ☐ Cumulative 3Q new orders were KRW 4.4tn, with 3Q new orders—consisting of Bangladesh Meghnaghat power plant, high-tech projects, etc.—accounting for KRW 1.9tn. E&C will seek to meet its annual target by building on market/product diversification efforts in 4Q to win new orders in high-tech, combined cycle power, solar, etc.

[Key Financial Indicators]

(KRW)	2017	2018	3Q19
EBITDA ¹⁾	1.4tn (4.7%) ²⁾	2.9tn (9.4%) ³⁾	1.5tn (6.4%)
Total debt	6.0tn	4.5tn	3.7tn
Debt/Equity (%)	95%	88%	75%

1) EBITDA : Pre-tax profit + Interest expense + Depreciation cost

2) EBITDA margin : EBITDA / Sales

3) One time gain of approx. KRW 1tn realized in 2018 from Seocho building sale, Biogen call option, Hanwha General Chemical share valuation profit, etc.

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

(KRW billion)

	3Q19	2Q19	Change	3Q18	Change
Sales	7,735	7,972	(237)	7,781	(46)
E & C	2,846	3,152	(306)	2,824	+22
T & I	3,585	3,565	+20	3,790	(205)
Fashion	375	416	(41)	389	(14)
Leisure	187	224	(37)	197	(10)
F & B*	557	537	+20	480	+77
Biologics**	185	78	+107	101	+84
Gross profit	939	893	+46	986	(47)
SG&A	723	672	+51	712	+11
Operating profit	216	221	(5)	274	(58)
E & C	142	158	(16)	204	(62)
T & I	27	27	-	38	(11)
Fashion	(15)	10	(25)	(18)	+3
Leisure	28	22	+6	34	(6)
F & B*	22	31	(9)	17	+5
Biologics**	12	(27)	+39	(1)	+13
Non-operating profit	140	75	+65	140	-
Financial profit	5	(23)	+28	8	(3)
Equity method investment	30	15	+15	(36)	+66
Pre-tax profit	391	287	+104	386	+5
Net profit	265	207	+58	236	+29
└ Controlling	247	220	+27	282	(35)

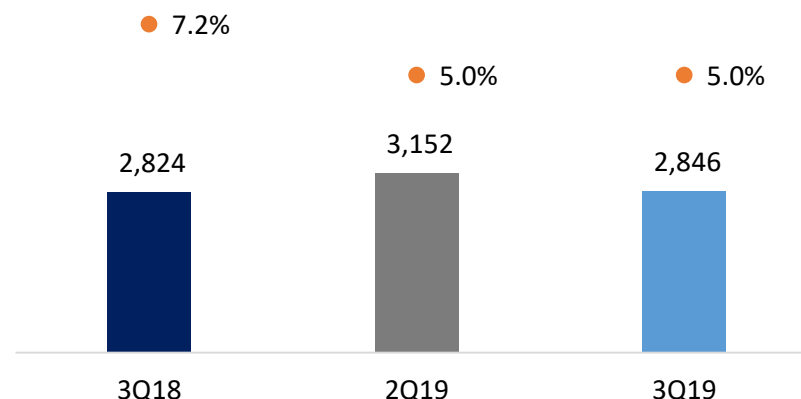
⁴ * Welstory : 100% Subsidiary, ** BioLogics : 43.4% Subsidiary

2. Analysis by Business Group : Engineering & Construction

(KRW billion)

	3Q19	2Q19	Change	3Q18	Change
Sales	2,846	3,152	(306)	2,824	+22
Building	1,807	2,243	(436)	1,810	(3)
Infra	540	439	+101	640	(100)
Plant	441	405	+36	318	+123
Domestic	1,847	2,200	(353)	1,583	+264
Overseas	999	952	+47	1,241	(242)
Gross profit	272	260	+12	330	(58)
Operating profit	142	158	(16)	204	(62)

■ Sales ■ OP Margin



- Revenue decreased due to completion/near completion of building PJTs, etc.
- Operating profit fell QoQ due to increase in SG&A

New Orders

(KRW billion)

	3Q19 Actual	3Q19 (Cum.)	3Q19 Backlog
Total	1,935	4,393	23,062
Building	1,125	3,126	11,413
Infra	25	117	4,337
Plant	754	1,057	7,233
Domestic	1,090	2,667	13,096
Overseas	845	1,726	9,966

※ 3Q19 new orders : Meghnaghat Combined Cycle Power Plant in Bangladesh (731.6bn), Asan Display 8lines (558.5bn), Pyeongtaek semiconductor phase 2 (300bn), etc.

※ Total new orders includes orders for landscaping (3Q19 KRW 93bn / 3Q19 backlog KRW 79bn)

2. Analysis by Business Group : Trading & Investment, Fashion

Trading & Investment

(KRW billion)

	3Q19	2Q19	Change	3Q18	Change
Sales	3,585	3,565	+20	3,790	(205)
Chemicals & Industrial Materials	1,129	1,137	(8)	1,151	(22)
Steel	1,062	1,098	(36)	1,172	(110)
Energy & Metal	1,106	1,112	(6)	1,124	(18)
Living Industrial etc.	288	218	+70	343	(55)
Gross profit	274	238	+36	279	(5)
Operating profit	27	27	-	38	(11)

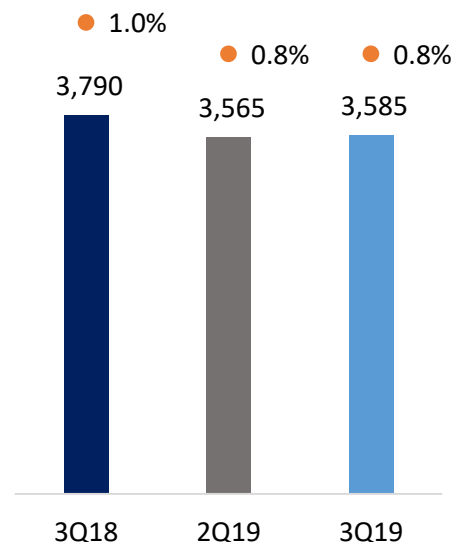
Fashion

(KRW billion)

	3Q19	2Q19	Change	3Q18	Change
Sales	375	416	(41)	389	(14)
OP profit	(15)	10	(25)	(18)	+3

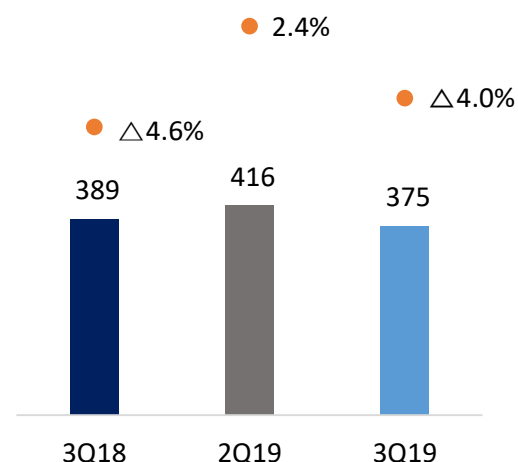
Trading & Investment

■ Sales ■ OP Margin



Fashion

■ Sales ■ OP Margin



- **Trading & Investment:** Amid continued uncertainty in the global trading environment, sales and operating profit marked slight QoQ growth as palm oil production and textile infrastructure business entered their respective peak seasons
- **Fashion:** Operating profit fell QoQ due to seasonality, but recorded slight growth in YoY terms on the back of strong performance in womenswear, etc.

2. Analysis by Business Group : Leisure, F&B , Biologics

Leisure

(KRW billion)

	3Q19	2Q19	Change	3Q18	Change
Sales	187	224	(37)	197	(10)
OP profit	28	22	+6	34	(6)

F&B

(KRW billion)

	3Q19	2Q19	Change	3Q18	Change
Sales	557	537	+20	480	+77
OP profit	22	31	(9)	17	+5

* Welstory : 100% Subsidiary

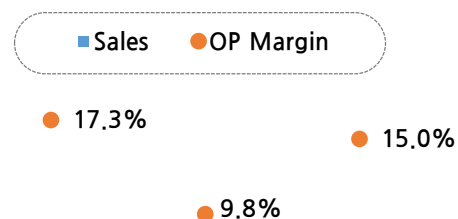
BioLogics

(KRW billion)

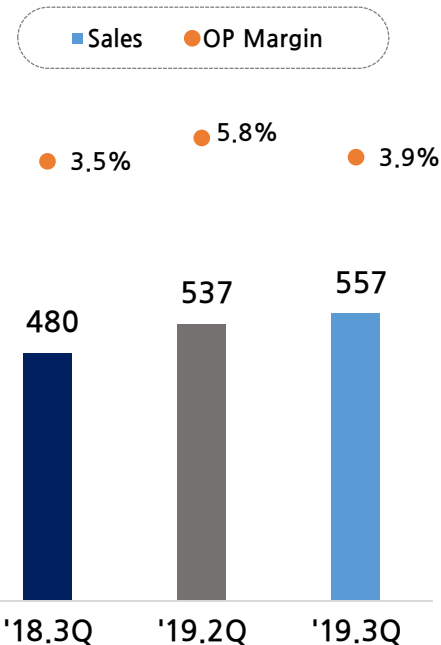
	3Q19	2Q19	Change	3Q18	Change
Sales	185	78	+107	101	+84
OP profit	12	(27)	+39	(1)	+13

* BioLogics : 43.4% Subsidiary

Leisure



F&B



- **Leisure:** Sales marked a QoQ decline due to decreased volume in landscaping, etc., while operating profit marked growth from a summertime boost in visitors to Caribbean Bay, etc.
- **F&B:** Sales grew QoQ, driven by an increase in food material sales, etc., while operating profit fell due to increased costs, etc.

Appendix 1. Statement of Financial Position (K-IFRS Consolidated)

(KRW billion)

	3Q19	2Q19	Change	End of 2018	Change
Assets	43,348	44,459	(1,111)	42,407	+941
Current	11,702	12,557	(855)	13,671	(1,969)
└ C&CE*	2,818	2,895	(77)	4,082	(1,264)
Non current	31,646	31,902	(256)	28,736	+2,910
Liabilities	18,520	19,796	(1,276)	19,858	(1,338)
Current	10,819	11,880	(1,061)	13,017	(2,198)
Non current	7,701	7,916	(215)	6,841	+860
※ Total debt	3,715	4,061	(346)	4,517	(802)
Equity	24,828	24,663	+165	22,549	+2,279
Controlling	22,244	22,100	+144	19,947	+2,297
Non controlling	2,584	2,563	+21	2,602	(18)
Debt/Equity (%)	75%	80%	(5%p)	88%	(13%p)

* C&CE : Cash and cash equivalents + Short-term financial instruments, etc.

Appendix 2. Statement of Cash Flow (K-IFRS Consolidated)

(KRW billion)

	3Q19	2Q19	2018
Cash (Beginning of period)	1,941	2,469	2,993
Cash flows from operating activities	+279	(137)	+1,678
Net profit	+265	+207	+1,748
Working capital increase/decrease	(233)	(293)	(469)
Others	+247	(51)	+399
Cash flows from investing activities	+311	+104	+168
New investment	(413)	(476)	(1,914)
Disposal & others	+724	+580	+2,082
Cash flows from financing activities	(492)	(495)	(1,936)
Repayment of borrowings at both HQ and subsidiaries	(401)	(163)	(1,545)
Others	(91)	(332)	(391)
Increase in cash	+98	(528)	(90)
Cash (End of period)	2,039	1,941	2,903

