

Samsung C&T 4Q 2022 Earnings Release

February 2023

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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 external auditor's review, and therefore is subject to change during this process.

4Q 2022 Earnings Release Summary

- In 4Q, C&T posted 10.6 tn (+0.9 tn YoY) in sales and 634.2 bn (+307 bn YoY) in operating profit, maintaining a solid earnings momentum backed by competitiveness of each business group even amid global economic slowdown. In FY22, C&T delivered improved earnings than in FY21, recording 43.2 tn (+8.7 tn YoY) in sales and 2.5 tn (+1.3 tn YoY) in operating profit.
- 2023 Guidance (Revenue of 40.4 tn, New orders of 13.8 tn) : The sales revenue for 2023 is expected to decline slightly due to sluggish economy, but C&T will maintain its stable profitability momentum on the back of diversified business portfolio and improved fundamentals. The base effect of last year's strong high-tech orders remains, but C&T plans to expand the market for its core business such as EPC and also improve the visibility of new business orders.

[Key Financial Indicators]

	2020	2021	2022
EBITDA¹⁾	1.37 tn (4.5%) ²⁾	1.71 tn (5.0%)	3.16 tn (7.3%)
Total Debt	3.15 tn	2.97 tn	5.62 tn
Debt/Equity (%)	65%	66%	85%

1) (Cumulative) EBITDA : Operating profit + depreciation and amortization cost

2) EBITDA margin : EBITDA / Sales

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

(KRW billion)

	4Q22	3Q22	Change	4Q21	Change	2022	2021	Change
	Sales	10,648	11,256	(608)	9,765	+883	43,162	34,455
E & C	4,031	4,189	(158)	3,148	+883	14,598	10,989	+3,609
T & I	4,226	4,796	(570)	4,917	(691)	20,218	17,354	+2,864
Fashion	542	471	+71	526	+16	2,001	1,767	+234
Leisure	223	227	(4)	142	+81	757	517	+240
F & B*	660	703	(43)	588	+72	2,587	2,260	+327
Biologics**	966	870	+96	444	+522	3,001	1,568	+1,433
Gross Profit	1,645	1,744	(99)	1,176	+469	6,039	4,021	+2,018
SG&A	1,011	947	+64	849	+162	3,511	2,825	+686
Operating Profit	634	797	(163)	327	+307	2,528	1,196	+1,332
E & C	241	324	(83)	133	+108	875	251	+624
T & I	18	59	(41)	40	(22)	397	296	+101
Fashion	48	29	+19	20	+28	180	100	+80
Leisure	11	48	(37)	4	+7	57	(32)	+88
F & B*	1	24	(23)	13	(12)	73	89	(16)
Bio**	315	313	+2	117	+198	947	492	+455
Non-Operating Profit	8	175	(167)	72	(64)	750	1,163	(413)
Financial Profit	55	(115)	+170	7	+48	(86)	11	(97)
Equity Method Investment	21	17	+4	(4)	+25	143	111	+32
Pre-tax Profit	718	874	(156)	402	+316	3,335	2,481	+854
Net Profit	666	597	+69	233	+433	2,545	1,829	+716
└ Controlling	473	495	(22)	213	+260	2,044	1,635	+409

* F&B(Welstory) : 100% Subsidiary, ** Bio(Biologics) : 43.06% Subsidiary

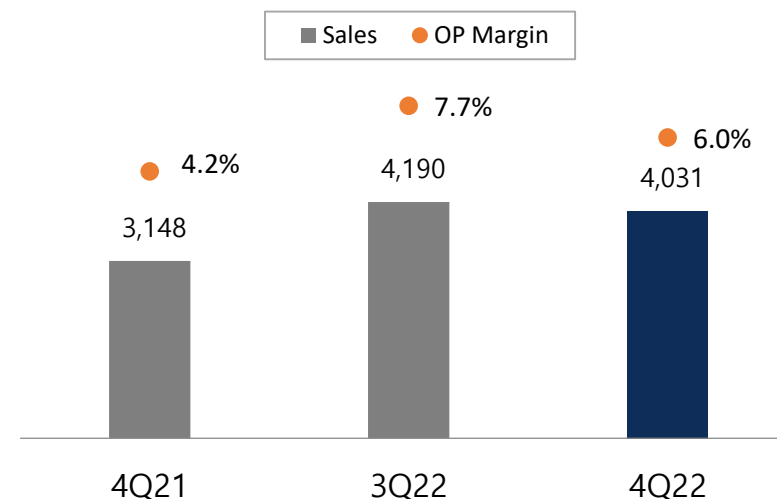
2. Performance by Business Group: Engineering & Construction

Engineering & Construction

(KRW billion)

	4Q22	3Q22	Change	4Q21	Change	2022
Sales	4,031	4,189	(158)	3,148	+883	14,598
Building	3,028	3,078	(50)	2,086	+942	10,700
Civil	285	230	+55	375	(90)	982
Plant	620	768	(148)	620	-	2,569
Domestic	2,355	2,569	(214)	2,122	+233	9,337
Overseas	1,676	1,620	+56	1,026	+650	5,261
Gross Profit	462	513	(51)	326	+136	1,643
Operating Profit	241	324	(83)	133	+108	875

※ Total sales include figures falling under Other Sales



- Earnings slightly declined QoQ due to the base effect of progress in high-tech construction and one-off gains in 3Q22.

√ New Orders

(KRW billion)

	4Q22	'22 Cumulative	End of '22 Backlog
Total	3,404	16,968	27,653
Building	3,162	13,972	15,463
Civil	85	1,159	3,031
Plant	96	1,681	9,015
Domestic	2,797	11,470	12,116
Overseas	607	5,498	15,537

※ Major Projects in 4Q22: Samsung Life Seosomun Bldg. 0.7 tn, Pangyo Sampyeong-dong Bldg. 0.4 tn, Malaysia TI FAB 0.3 tn, Jongno Sajik 2 0.2 tn, etc.

※ Total & Domestic include landscape orders of Leisure ('22 Cumulative Orders 156 bn, Backlog 144 bn)

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

Trading & Investment

(KRW billion)

	4Q22	3Q22	Change	4Q21	Change	2022
Sales	4,226	4,796	(570)	4,917	(691)	20,218
Chemicals	1,792	1,801	(9)	1,798	(6)	7,862
Steel	1,208	1,558	(350)	1,408	(200)	6,075
Energy	85	91	(6)	131	(46)	387
Materials	1,141	1,346	(205)	1,580	(439)	5,894
Gross Profit	234	297	(63)	222	+12	1,189
Operating Profit	18	59	(41)	40	(22)	397

※ \$5 mn gain from the sale of US solar power development assets in 4Q
(2022 cumulative: \$48 mn)

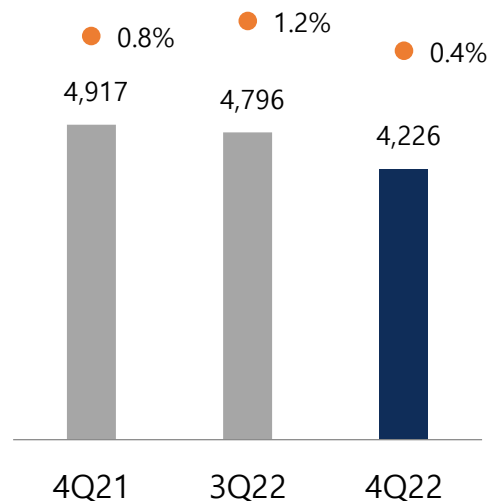
Fashion

(KRW billion)

	4Q22	3Q22	Change	4Q21	Change	2022
Sales	542	471	+71	526	+16	2,001
Operating Profit	48	29	+19	20	+28	180

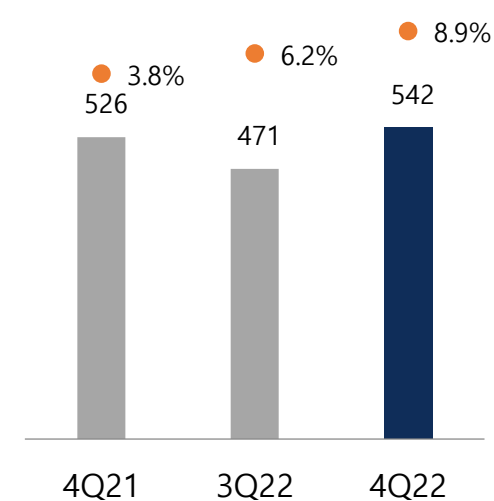
Trading & Investment

■ Sales ● OP Margin



Fashion

■ Sales ● OP Margin



- On top of the global economic slowdown and the year-end drop in trading volume, increased expenses related to logistics cost, etc. contributed to decrease in earnings

- Amid seasonal peak, sales and OP increased on the back of the growth of online sales, imported brands, 8seconds, etc.

2. Performance by Business Group: Leisure, F&B, Bio

Leisure

(KRW billion)

	4Q22	3Q22	Change	4Q21	Change	2022
Sales	223	227	(4)	142	+81	757
Operating Profit	11	48	(37)	4	+7	56

F&B

(KRW billion)

	4Q22	3Q22	Change	4Q21	Change	2022
Sales	660	703	(43)	588	+72	2,587
Operating Profit	1	24	(23)	13	(12)	73

* Welstory: 100% Subsidiary

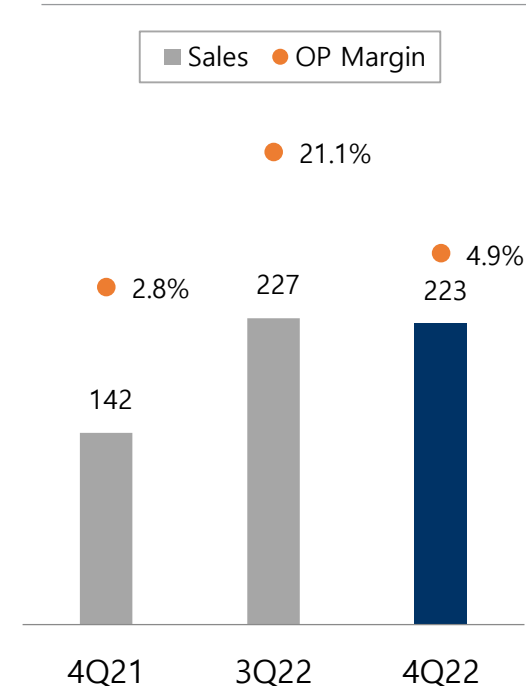
Bio

(KRW billion)

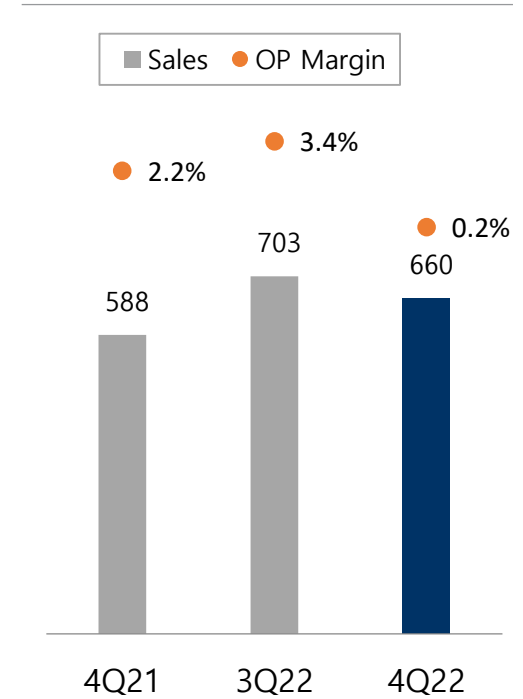
	4Q22	3Q22	Change	4Q21	Change	2022
Sales	966	870	+96	444	+522	3,001
Operating Profit	315	313	+2	117	+198	947

* Biologics: 43.06% Subsidiary

Leisure

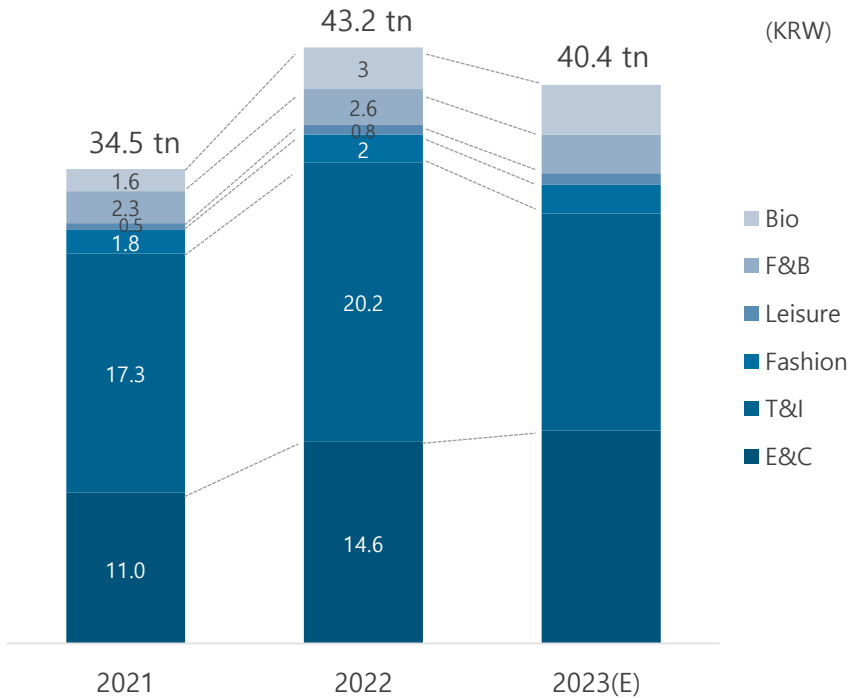


F&B



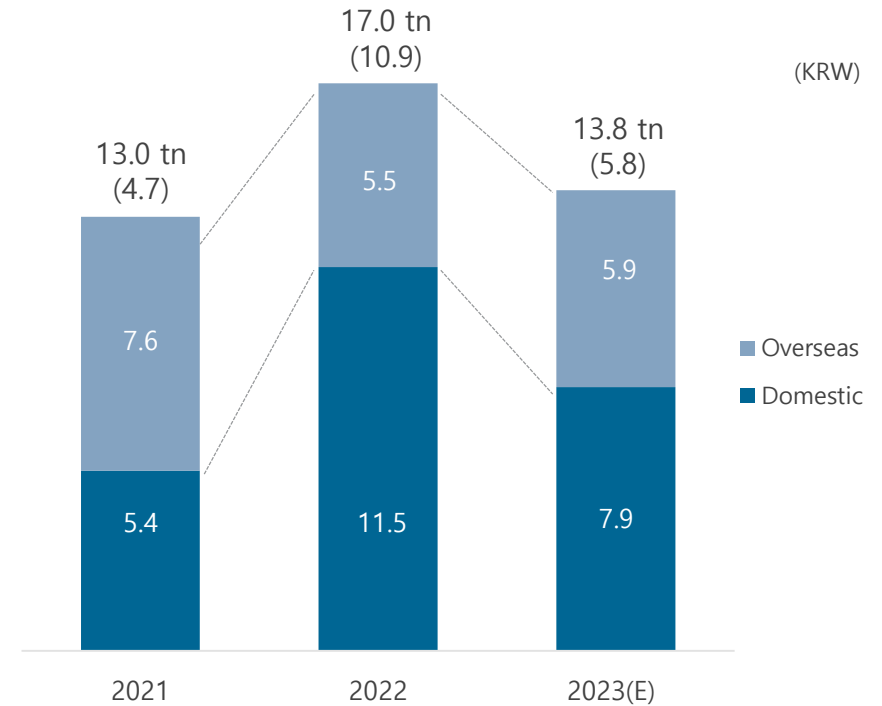
- Driven by the growth of park group visitors and the landscape construction business, earnings improved YoY for overall Leisure business operations
- Operating profit decreased YoY due to the increase in expenses, including the rise of food cost

Revenue



- In 2023, total sales revenue is expected to decrease YoY due to the gloomy outlook for global economy, but C&T will maintain its stable earnings momentum backed by diversified business portfolio and improved business fundamentals

New Orders



* Including landscape of Resort (around 0.2 tn annually)

** (): Domestic and overseas high-tech orders

- (Domestic) New orders decreased because of the base effect from early high-tech orders made in 2022. C&T plans to scale up its housing business of reconstruction and remodeling in prime location etc.
- (Overseas) C&T seeks to win more orders for strategic business such as energy, smart city, and infrastructure in its major markets including the Middle East and Southeast Asia

3. 2023 Outlook

E&C

- E&C Group will continue its stable earnings momentum as construction for the orders made last year begins in earnest
- E&C is focusing on advancing its core business operations (e.g. airport, infrastructure, power plant, housing) by strengthening business competitiveness and achieving localization in core markets
- E&C seeks to achieve highly profitable business structure by building a business portfolio that includes new business such as eco-friendly energy, smart city, and home platform, etc.

Fashion

- Despite the possibility of business slowing down due to declining consumer sentiment, Fashion Group will maintain its solid earnings by providing compelling online services and strengthening product competitiveness
- Imported brands will make a continued effort to increase market presence on the back of active marketing activity for new promising brands and strengthened select shop platform competitiveness
- Online sales will focus on providing unique content such as newly emerging brands that appeal to Millennials and Generation Z
- Fashion will strive to enhance the product value of private brands and achieve business efficiency

T&I

- The sluggish economy is expected to continue along with global financial tightening, yet T&I Group will maintain its annual profitability level backed by improved fundamentals
- Establish the 'select and focus' strategy for business areas that will drive sustainable growth
- (Trading) Build a stable revenue stream by focusing on key clients
- (Business operation) Enhance profitability by improving business efficiency and expanding high value-added products
- (Business development) Expand the pipeline of solar power development business within the US and further into Australia and develop ESS business

Leisure

- Leisure will improve its profitability by further developing compelling and interactive content while focusing on increasing the earnings by attracting more visitors during weekdays/off-peak seasons

F&B

- F&B will secure additional non-affiliate food service clients and improve business efficiency, as well as continuing to enhance its performance by expanding food distribution business

3. 2023 Outlook

Investment

- Continue the investment in securing new future growth engines in eco-friendly energy and bio/healthcare industry
- Expand the investment to establish a business foundation and achieve results in eco-friendly energy sector such as solar PV, hydrogen, recycling, etc.
- For its bio business, C&T seeks to increase CDMO capacity, expand value chain, and seize new business opportunities through investing in promising companies in healthcare industry

ESG

- Improve the operation of each ESG area and strengthen the monitoring of ESG fulfillment and communication among stakeholders
- Based on 2050 net-zero roadmap published in Nov 2022, C&T will strive to reduce GHG emissions and expand the use of renewable energy
- Strengthen the role of ESG committee in business performance and risk management
- Enhance the level of non-financial information disclosure and application of external ESG ratings

Dividend

- 2022 DPS: C&T plans to pay out KRW 2,300 per common share and KRW 2,350 per preferred share
- Considering overall factors such as cash flow, C&T pays out 60-70% of dividend income from group affiliates in accordance with the Company's 3-year shareholder return policy (2020-2022)

< Latest 3-year Dividend Payout Trend >

	2020	2021	2022
DPS (Common)	KRW 2,300	KRW 4,200	KRW 2,300
Total Dividend	KRW 379.4bn	KRW 692.8bn	KRW 376.4bn

* Dividend payout increased YoY in 2021 as special dividend from Samsung Electronics was included in the dividend pool

- ※ Cancellation of outstanding treasury shares (approx. 1.3mn shares)
- Enhancing the shareholder value through early cancellation of outstanding treasury shares obtained according to the dissenting shareholders' exercise of appraisal rights

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

(KRW billion)

	End of 2022	3Q22	Change		
			3Q22	End of 2021	
Assets	58,981	58,149	+832	55,245	+3,736
Current	20,313	20,950	(637)	15,144	+5,169
└ C&CE*	6,829	6,317	+512	4,092	+2,737
Non-current	38,668	37,199	+1,469	40,101	(1,433)
Liabilities	27,017	27,532	(515)	21,893	+5,124
Current	16,413	16,120	+293	11,675	+4,738
Non-current	10,604	11,412	(808)	10,218	+386
※ Total debt	5,615	5,840	(225)	2,973	+2,642
Equity	31,964	30,617	+1,347	33,352	(1,388)
Controlling	26,681	25,526	+1,155	30,405	(3,724)
Non-controlling	5,283	5,091	+192	2,947	+2,336
Debt/Equity (%)	85%	90%	(5%p)	66%	+19%p

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

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

(KRW billion)

	2022	2021	4Q22	3Q22
Cash (Beginning of period)	2,255	2,402	3,115	2,087
Cash flows from operating activities	+2,627	+1,196	1,274	+1,526
Net profit	+2,545	+1,829	+666	+597
Changes in operating assets and liabilities	(565)	(1,414)	+511	+550
Others	+647	+781	+97	+379
Cash flows from investing activities	(3,201)	(804)	+208	+53
Changes in tangible/intangible assets	(1,206)	(541)	(332)	(321)
Changes in equities	(977)	+315	(20)	+227
Others	(1,018)	(578)	+560	+147
Cash flows from financing activities	+2,519	(539)	(397)	(551)
Changes in borrowings	+1,654	(182)	(97)	(600)
Others	+865	(357)	(300)	+49
Increase in cash	1,945	(147)	+1,085	+1,028
Cash (End of period)	4,200	2,255	4,200	3,115

