

# Samsung C&T

## 3Q 2018 Earnings Release

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October 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.

## 3Q 2018 Earnings Release Highlights

- **C&T, quarterly operating profit YoY upward trend continues with stable scale exceeding KRW200bn**
  - '18.1Q KRW209.2bn (2.8%) → '18.2Q KRW378.1bn (4.8%) → '18.3Q KRW273.8bn (3.5%)
  - '17.1Q KRW137.4bn (2.0%) → '17.2Q KRW250.6bn (3.4%) → '17.3Q KRW210.1bn (2.8%)
- **E&C posts YoY operating profits growth, while exceeding 7% for two consecutive quarters**
  - '18.1Q KRW158.2bn (5.3%) → '18.2Q KRW243.3bn (7.8%) → '18.3Q KRW204.0bn (7.2%)
  - '17.1Q KRW90.7bn (3.0%) → '17.2Q KRW147.5bn (5.1%) → '17.3Q KRW96.4bn (3.1%)
- **The accumulated new orders through 3Q are KRW6tn ('18 1H KRW3.7tn, 3Q KRW2.3tn) and E&C group is working to achieve the new order target for 2018 by securing additional high-tech projects and pursuing multiple no-bid contracts for overseas projects**
- **The accumulated operating profit is KRW861.1bn, which is near operating profit for FY '17 (KRW881.3bn)**
  - The accumulated net profit through '18.3Q (KRW939.7bn) exceeds FY '17 consolidated net profit (KRW481.1bn)

### ※ Key financial indicators

- R O E: '16 0.6% / '17 3.1% → '18.3Q (accumulated) 6.4%
  - \* Annualized net profit was used for '18.3Q (accumulated) ROE
- EBITDA: '16 KRW669bn (2.4%) / '17 KRW1.4tn (4.7%) → '18.3Q (accumulated) KRW1.7tn (7.3%)
  - \* EBITDA: Pre-tax profit + Interest expense + Depreciation cost
- Net borrowings: end of 2016 KRW3.4tn / end of 2017 KRW2.9tn → '18.3Q KRW1.8tn
  - \* Net debt: Total debt - C&CE (C&CE: Cash and cashable assets + Short-term financial instruments)

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

(Unit: KRW billion)

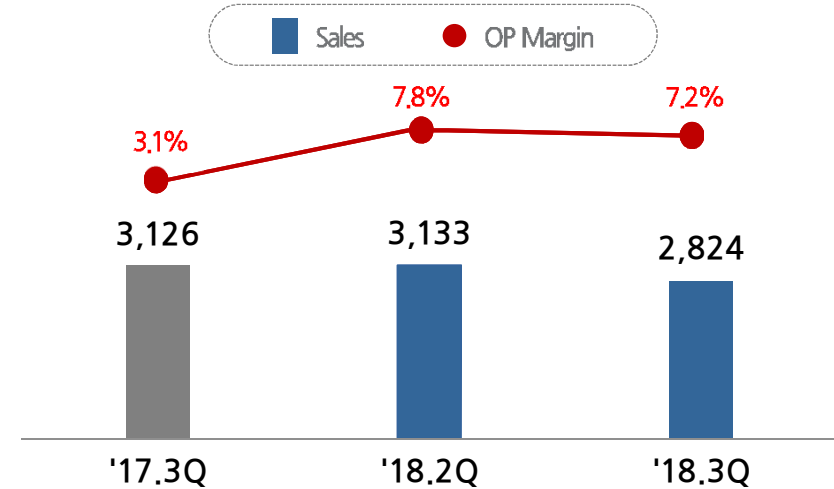
	'18.3Q	'18.2Q	Change	'17.3Q	Change
Sales	7,781	7,928	△147	7,493	+288
E&C	2,824	3,133	△309	3,126	△302
T&I	3,790	3,547	+243	3,195	+595
Fashion	389	416	△27	374	+15
Resort *	677	707	△30	670	+7
Biologics	101	125	△24	128	△27
Operating Profit	274	378	△104	210	+64
E&C	204	243	△39	96	+108
T&I	38	57	△19	44	△6
Fashion	△18	6	△24	△13	△5
Resort *	51	60	△9	74	△23
Biologics	△1	12	△13	9	△10
Pre-tax profit	384	458	△74	166	+218
Net profit	233	343	△110	131	+102
↳ Controlling	281	366	△85	151	+130

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

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

(Unit: KRW billion)

	'18.3Q	'18.2Q	Change	'17.3Q	Change
Sales	2,824	3,133	△309	3,126	△302
Building	1,810	2,063	△253	1,956	△146
Infra	640	592	+48	585	+55
Plant	318	388	△70	513	△195
Domestic	1,583	1,834	△251	1,845	△262
Overseas	1,241	1,299	△58	1,281	△40
Gross profit	330	376	△46	197	+133
Operating profit	204	243	△39	96	+108



- Sales decreased QoQ mainly due to early recognition of high-tech projects in 2Q (base effect)
- Operating profit decreased QoQ as sales declined, but significantly increased YoY due to improved profitability from domestic and overseas projects

### New orders

(Unit: KRW billion)

	'18.3Q Actual	'18.3Q (accumulated)	'18.3Q Backlog
Total	2,234	5,967	26,868
Building	991	2,936	14,407
Infra	1,147	1,921	5,737
Plant	53	982	6,594
Domestic	926	2,722	15,923
Overseas	1,308	3,245	10,945

※ New orders in 2018.3Q: Australia Westconnex 3a KRW808.2bn, Increased project volume of Pyeongtak semiconductor phase 2 KRW377.1bn, Xian Semiconductor KRW201.3bn

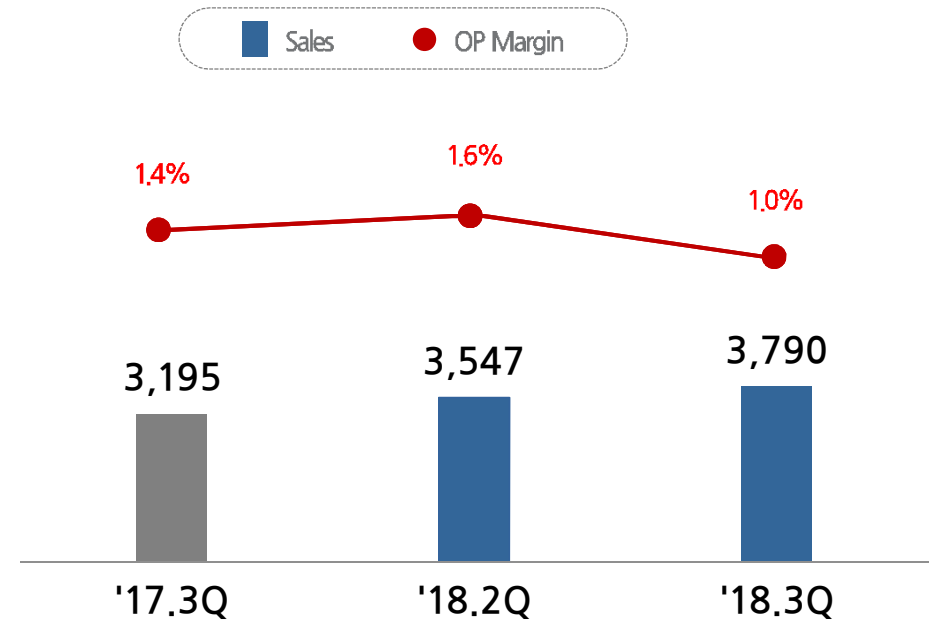
※ New orders total includes figures for Landscaping performance

('18.3Q KRW42.5bn / '18.3Q (accumulated) KRW127.7bn / '18.3Q backlog KRW129.9bn)

## 2. Analysis by Business Group : Trading & Investment

(Unit: KRW billion)

	'18.3Q	'18.2Q	Change	'17.3Q	Change
Sales	3,790	3,547	+243	3,195	+595
Chemicals	1,151	1,143	+8	933	+218
Steel	1,172	1,192	△20	976	+196
Natural resources	1,124	960	+164	871	+253
Living industries etc	343	252	+91	415	△72
Gross profit	279	257	+22	273	+6
Operating profit	38	57	△19	44	△6



- Sales increased YoY in major trading items including chemicals & steel products, and also QoQ thanks to the increase in natural resources trading and peak season for the fabric business in US
- Operating profit declined YoY as profit from the fabric business in the US decreased, and also QoQ due to lower profitability from chemicals products

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

### Fashion

(Unit: KRW billion)

	'18.3Q	'18.2Q	Change	'17.3Q	Change
Sales	389	416	△27	374	+15
OP profit	△18	6	△24	△13	△5

### Resort

(Unit: KRW billion)

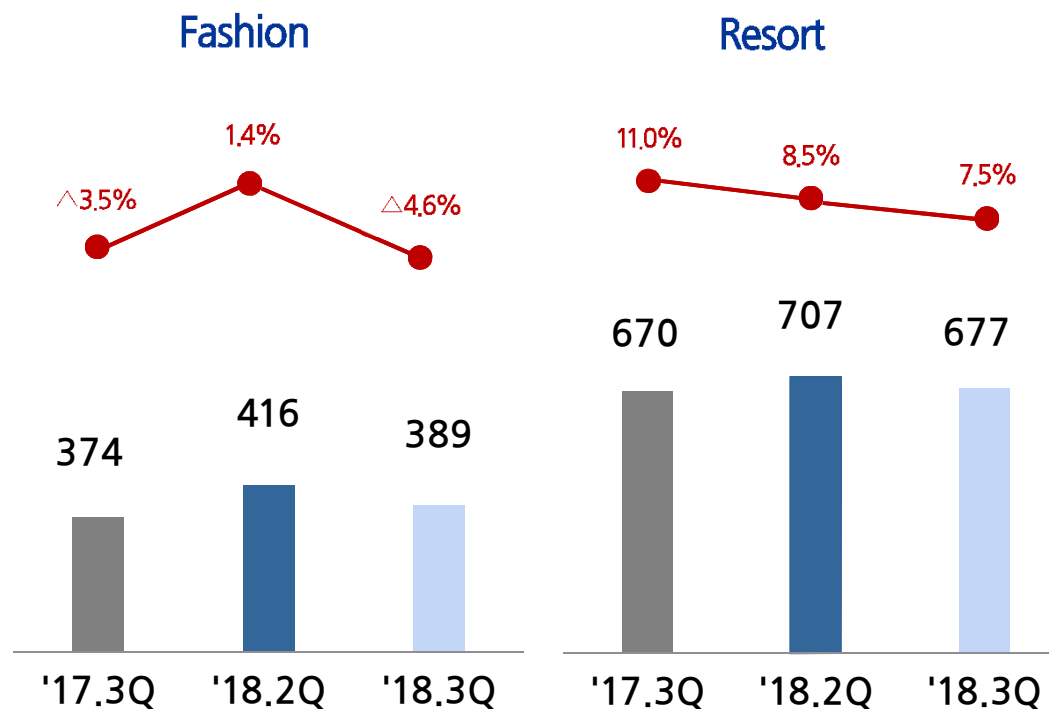
	'18.3Q	'18.2Q	Change	'17.3Q	Change
Sales	677	707	△30	670	+7
Leisure	197	216	△19	198	△1
F & B	480	491	△11	472	+8
OP profit	51	60	△9	74	△23
Leisure	34	23	+11	47	△13
F & B	17	37	△20	27	△10

### Biologics

(Unit: KRW billion)

	'18.3Q	'18.2Q	Change	'17.3Q	Change
Sales	101	125	△24	128	△27
OP profit	△1	12	△13	9	△10

■ Sales ● OP Margin



- Fashion sales increased YoY but both sales and operating profit decreased QoQ due to off season effects
- Resort sales and operating profit decreased QoQ due to extreme summer heatwaves, slower demand in landscaping and fewer working days of cafeterias and restaurants
- Bio sales and operating profit decreased QoQ mainly due to lower utilization rate for both Plant 1 & 2 as some products transferred from Plant 1 to Plant 2

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

(Unit: KRW billion)

	'18.3Q	'18.2Q	'17.3Q		
			Change	Change	
Sales	7,781	7,928	△147	7,493	+288
Gross profit	986	1,060	△74	860	+126
SG&A	712	682	+30	650	+62
Operating profit	274	378	△104	210	+64
Non-operating profit	140	103	+37	9	+131
Financial profit	8	6	+2	△29	+37
Equity method investment	△38	△29	△9	△24	△14
Pre-tax profit	384	458	△74	166	+218
Net profit	233	343	△110	131	+102
↳ Controlling	281	366	△85	151	+130



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

(Unit: KRW billion)

	'18.3Q	'18.2Q	Change	End of 2017
<b>Assets</b>	45,997	46,385	△388	49,049
Current	12,045	12,090	△45	12,249
└ C&CE*	2,996	3,406	△410	3,094
Non current	33,952	34,295	△343	36,800
<b>Liabilities</b>	21,903	22,745	△842	23,898
Current	13,680	14,420	△740	14,458
Non current	8,223	8,325	△102	9,440
※ Total debt	4,843	5,592	△749	6,034
<b>Equity</b>	24,094	23,640	+454	25,151
Controlling	21,695	21,189	+506	22,557
Non controlling	2,399	2,451	△52	2,594
<b>Debt/Equity (%)</b>	91%	96%	△5%p	95%

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

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

(Unit: KRW billion)

	'18.3Q	'18.2Q	End of 2017
Cash(Beginning of period)	2,917	3,032	2,699
Cash flows from operating activities	△246	+698	+1,312
Net profit	+233	+343	+481
Working capital increase/decrease	△611	△224	△157
Others	+132	+579	+988
Cash flows from investing activities	+693	△579	+280
New investment	△84	△531	△1,009
Disposal & others	+777	△48	+1,289
Cash flows from financing activities	△826	△234	△1,298
Repayment of borrowings at both HQ and subsidiaries	△773	+65	△1,020
Others	△53	△299	△278
Increase in cash	△379	△115	+294
Cash(End of period)	2,538	2,917	2,993

