

Samsung C&T 4Q 2021 Earnings Release

January 2022

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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 is subject to change during this process.

4Q 2021 Earnings Release Summary

- In 4Q, C&T recovered from a one-time loss in 3Q, posting an operating profit of 327.2 bn (KRW), up by 186.2 bn QoQ. In FY21, C&T recorded an operating profit of 1.2 tn, up by 338.9 bn YoY, on the back of improved profitability.
- 2022 Guidance (Revenue of 34.9 tn, New orders of 11.7 tn): Even amid the mounting external uncertainties, C&T is maintaining solid growth backed by improved profitability. Regarding new construction orders, C&T continues to secure profitable projects by winning high-tech orders consistently and orders from key markets. Also, it plans to add new construction businesses to its portfolio for diversification.

[Key Financial Indicators]

	2019	2020	2021
EBITDA¹⁾	2.09 tn (6.8%) ²⁾	2.00 tn (6.6%)	3.02 tn (8.8%)
Total Debt	3.42 tn	3.15 tn	2.97 tn
Debt/Equity (%)	72%	65%	66%

1) (Cumulative) EBITDA: pre-tax profit + net interest expense + depreciation and amortization cost

2) EBITDA margin : EBITDA / Sales

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

(KRW billion)

	4Q21	3Q21	Change	4Q20	Change	2021	2020	Change
	Sales	9,765	8,303	+1,462	8,182	+1,583	34,455	30,216
E & C	3,148	2,407	+741	3,111	+37	10,989	11,702	(713)
T & I	4,917	4,363	+554	3,616	+1,301	17,354	13,252	+4,102
Fashion	526	375	+151	470	+56	1,767	1,545	+222
Leisure	142	134	+8	122	+20	517	426	+91
F & B*	588	573	+15	489	+99	2,260	2,127	+133
Biologics**	444	451	(7)	374	+70	1,568	1,164	+404
Gross Profit	1,176	815	+361	915	+261	4,021	3,366	+655
SG&A	849	674	+175	659	+190	2,825	2,509	+316
Operating Profit	327	141	+186	256	+71	1,196	857	+339
E & C	133	(130)	+263	135	(2)	251	531	(280)
T & I	40	82	(42)	12	+28	296	94	+202
Fashion	20	17	+3	9	+11	100	(36)	+136
Leisure	4	0	+4	(4)	+8	(32)	(82)	+50
F & B*	13	16	(3)	23	(10)	89	103	(14)
Biologics**	117	156	(39)	81	+36	492	247	+245
Non-Operating Profit	72	357	(285)	0	+72	1,163	467	+696
Financial Profit	7	16	(9)	(32)	+39	11	(21)	+32
Equity Method Investment	(4)	26	(30)	16	(20)	111	162	(51)
Pre-Tax Profit	402	540	(138)	240	+162	2,481	1,465	+1,016
Net Profit	233	375	(142)	270	(34)	1,829	1,161	+668
└ Controlling	213	294	(81)	234	(21)	1,635	1,036	+599

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

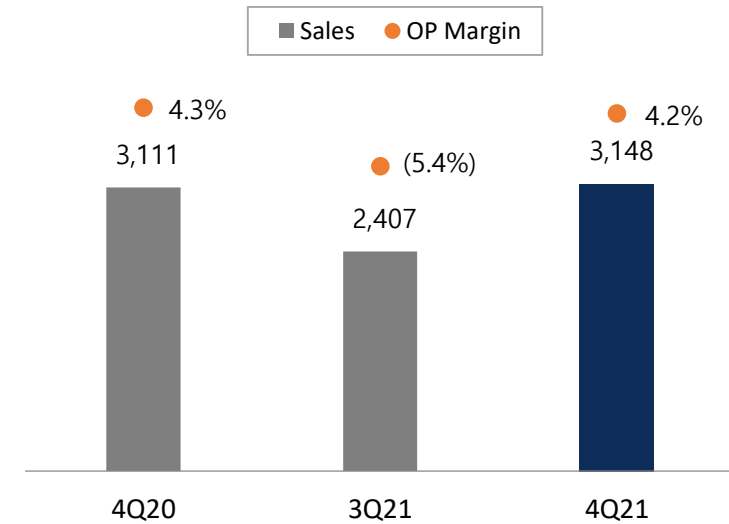
2. Performance by Business Group: Engineering & Construction

(KRW billion)

	4Q21	3Q21	Change	4Q20	Change
Sales	3,148	2,407	+741	3,111	+37
Building	2,086	1,654	+432	1,939	+147
Civil	375	263	+112	299	+76
Plant	620	429	+191	753	(133)
Domestic	2,122	1,625	+497	2,101	+21
Overseas	1,026	782	+244	1,010	+16
Gross Profit	326	22	+304	271	+55
Operating Profit	133	(130)	+263	135	(2)

※ Total sales include figures falling under Other Sales

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- Revenue and OP increased QoQ thanks to smooth progress in construction sites at home and abroad, including high-tech projects

New Orders

(KRW billion)

	4Q21	2021 (YTD)	2021 Backlog
Total	4,279	13,032	25,290
Building	1,444	6,829	13,012
Civil	130	1,137	2,481
Plant	2,630	4,913	9,629
Domestic	1,327	5,460	10,537
Overseas	2,952	7,572	14,753

※ Major Projects: UAE HVDC 2,600 bn, Qatar LNG 2,449 bn, Pyeongtaek FAB 3 1,952 bn, Taiwan Int'l Airport 1,192 bn, etc.

※ Total & Domestic include landscape of Resort : New Orders 153 bn, Backlog 168 bn

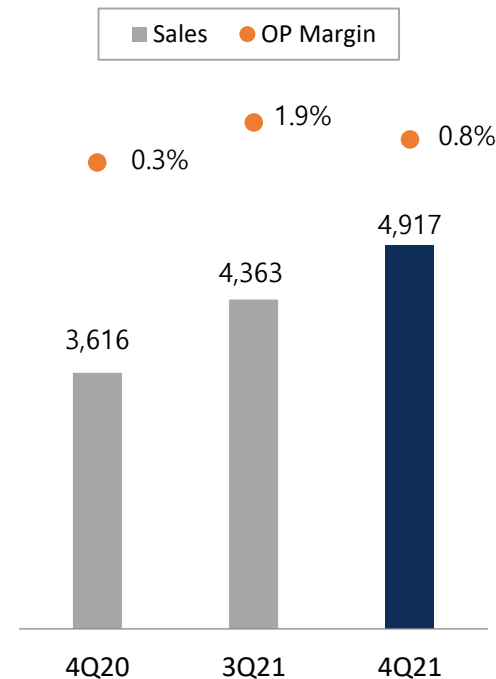
2. Performance by Business Group: Trading & Investment, Fashion

Trading & Investment

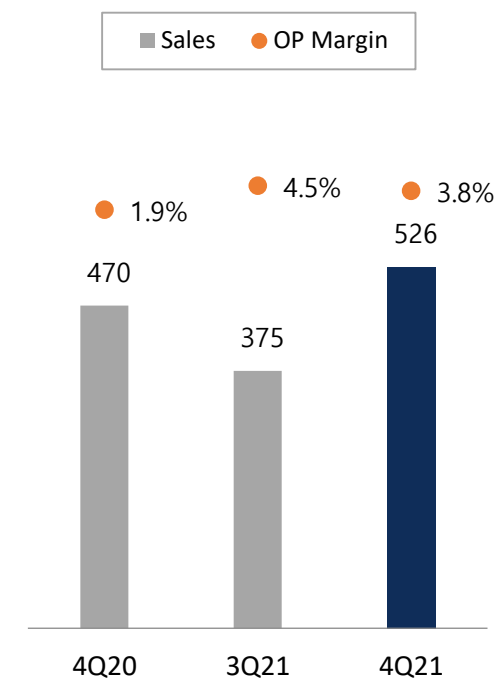
(KRW billion)

	4Q21	3Q21	Change	4Q20	Change
Sales	4,917	4,363	+554	3,616	+1,301
Chemicals	1,798	1,351	+447	936	+862
Steel	1,408	1,319	+89	902	+506
Energy	131	120	+11	122	+9
Materials, etc.	1,580	1,573	+7	1,656	(76)
Gross Profit	222	261	(39)	154	+68
Operating Profit	40	82	(42)	12	+28

Trading & Investment



Fashion



Fashion

(KRW billion)

	4Q21	3Q21	Change	4Q20	Change
Sales	526	375	+151	470	+56
Operating Profit	20	17	+3	9	+11

- OP dropped QoQ due to year-end decline in trading volume and increased business costs associated with logistics fee, etc.

- Amid wintertime seasonal peak, sales and OP increased QoQ backed by the growth of imported brands and online sales channels

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

Leisure

(KRW billion)

	4Q21	3Q21	Change	4Q20	Change
Sales	142	134	+8	122	+20
Operating Profit	4	0	+4	(4)	+8

F&B

(KRW billion)

	4Q21	3Q21	Change	4Q20	Change
Sales	588	573	+15	489	+99
Operating Profit	13	16	(3)	23	(10)

* Welstory : 100% Subsidiary

Bio

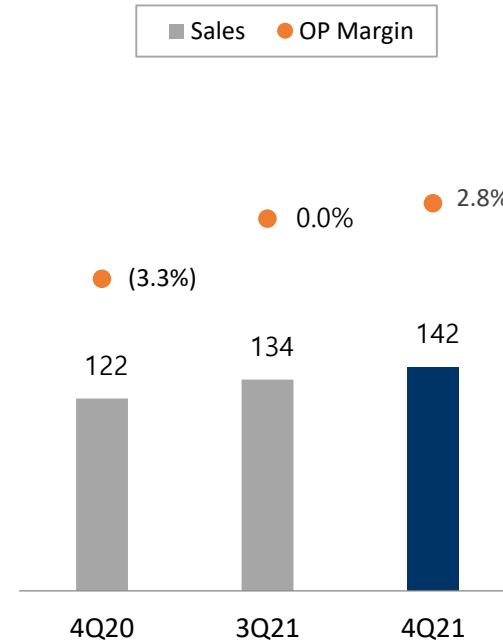
(KRW billion)

	4Q21	3Q21	Change	4Q20	Change
Sales	444	451	(7)	374	+70
Operating Profit	117	156	(39)	81	+36

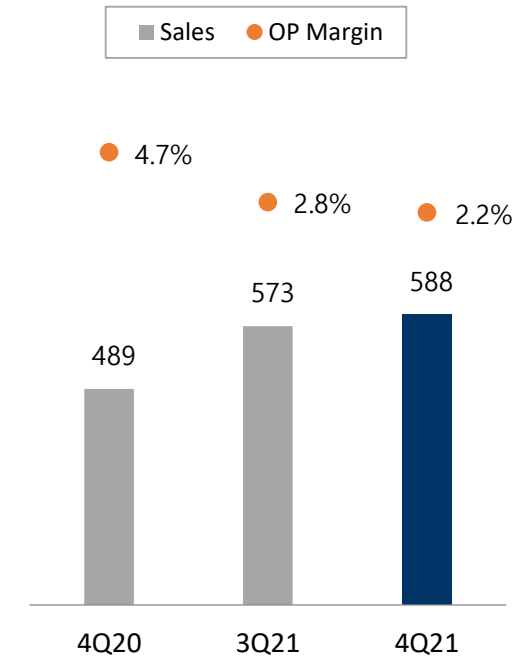
* Biologics: 43.4% Subsidiary

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Leisure

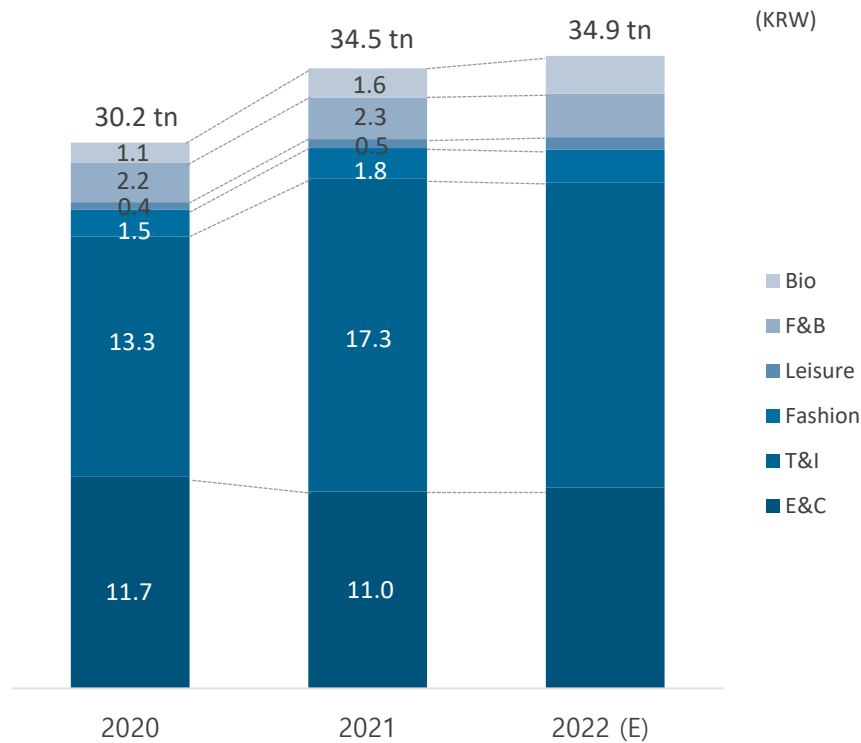


F&B

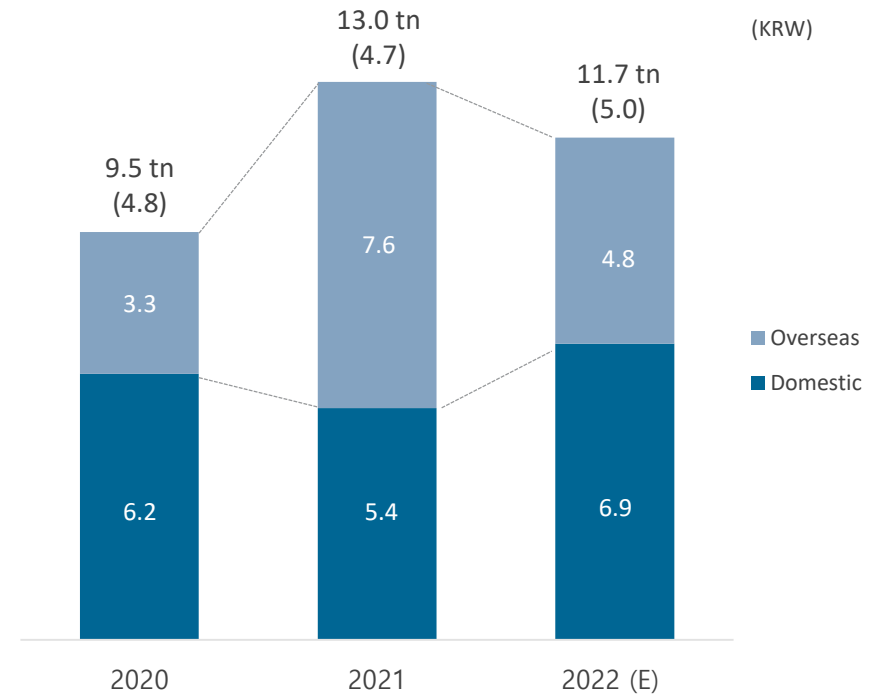


- Leisure's profitability stays on the course of recovery with the continuing impact of the pandemic
- F&B's OP declined QoQ due to year-end cost increase

Revenue



New Orders



* Including landscape of Resort (around 0.2 tn annually)

** (): High-tech orders at home and abroad

- In 2022, C&T is expected to maintain stable growth driven by strong profitability. C&T aims to boost profitability higher YoY on the improved business fundamentals

- Domestic: High-tech and housing orders are expected to increase YoY. C&T also plans to seek more data center and mixed-development orders in 2022
- Overseas: C&T plans to diversify its portfolio by winning new orders such as U.S. chip factories, power plants and renewables in the Middle East and South East Asia, etc.

3. 2022 Outlook

E&C

- The construction industry at home and abroad is expected to grow YoY backed by increasing demand from emerging nations and more orders from the public sector
- Plans to diversify its portfolio beyond high-tech, housing, and orders from key markets to mixed development, renewables, etc.
- Aims to secure new business opportunities by increasing investment in SMR and build a new growth engine by developing new businesses such as energy solutions, smart city, etc.

Fashion

- The domestic fashion industry is expected to be driven by the growth of offline channels as the consumer sentiment improves even under the lingering impact of the pandemic
- Plans to increase the inventory and distribution channel for popular imported brands and boost its competitive edge by adding rising brands, while scrapping less-profitable brands
- Aims to strengthen its competitiveness by diversifying its online SSF Shop contents and services

T&I

- The global trading volume is expected to recover gradually in 2022, while risks such as U.S.-China tensions, global supply chain disruption, etc. still remain
- Plans to expand its business by actively meeting the needs of key clients of its core operations, such as steel, fertilizer, living industrial, etc.
- Aims to build a foundation for a stable revenue stream by improving operation at key business sites, such as steel precision mill, etc.
- Plans to upscale its green business including U.S. solar power plant development and make tangible outcomes of hydrogen, e-Commerce businesses, etc.

Leisure

- Plans to enhance customer experience with the application of digital technologies and normalize B2B business operations
- Aims to diversify products and services that are digitally driven and meet customer needs

F&B

- Aims to diversify revenue stream by expanding client pool and strengthen competitiveness by diversifying products in line with changing consumption patterns

Investment

- With an aim to secure a new growth engine, C&T is actively seeking to expand its bio business and seize new business opportunities through its CVC investment in life science
- Each business group plans to make tangible outcomes of eco-friendly and digital businesses by expanding investment

ESG

- C&T will continue its corporate-wide ESG efforts for sustainable growth
 - Continue with ESG-focused management by developing a net-zero roadmap, minimizing safety incidents, upholding basic human rights of workers
- In 2021, C&T acquired an overall "A" in MSCI ESG Ratings, a notch higher than the previous year

Dividend

- 2021 DPS: C&T plans to pay out KRW 4,200 per common share and KRW 4,250 per preferred share
- According to 3-year dividend policy (2020-2022), C&T pays out around 60-70% of its dividend income from group affiliates
- Dividend payout increased YoY as special dividend from Samsung Electronics was included in the dividend pool

< Latest 3-year Dividend Payout Trend >

	2019	2020	2021
DPS (Common)	KRW 2,000	KRW 2,300	KRW 4,200
Total Dividend	KRW 329.9 bn	KRW 379.4 bn	KRW 692.8 bn
Payout Ratio	31.4%	36.6%	42.4%

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

(KRW billion)

	2021 Year-end	3Q21	2020 Year-end		
			Change	Change	
Assets	55,245	53,863	+1,382	54,332	+913
Current	15,144	14,756	+388	12,901	+2,243
└ C&CE*	4,092	4,194	(102)	3,555	+537
Non-current	40,101	39,107	+994	41,431	(1,330)
Liabilities	21,893	21,284	+609	21,386	+507
Current	11,675	11,227	+448	10,888	+787
Non-current	10,218	10,057	+161	10,498	(280)
※ Total debt	2,973	3,018	(45)	3,146	(173)
Equity	33,352	32,579	+773	32,946	+406
Controlling	30,405	29,648	+757	30,198	+207
Non-controlling	2,947	2,931	+16	2,748	+199
Debt/Equity (%)	66%	65%	+1%p	65%	+1%p

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

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

(KRW billion)

	2021	2020	4Q21	3Q21
Cash (Beginning of period)	2,402	2,704	2,411	2,488
Cash flows from operating activities	+1,233	+1,268	+139	(56)
Net profit	+1,829	+1,161	+233	+375
Changes in operating assets and liabilities	(1,375)	(620)	(407)	(445)
Others	+779	+727	+313	+14
Cash flows from investing activities	(841)	(848)	(281)	(585)
Changes in tangible/intangible assets	(582)	(278)	(172)	(124)
Changes in equities	+318	+13	(17)	+308
Others	(577)	(583)	(92)	(769)
Cash flows from financing activities	(539)	(722)	(14)	+564
Changes in borrowings	(185)	(202)	(10)	+555
Others	(354)	(520)	(4)	+9
Increase in cash	(147)	(302)	(156)	(77)
Cash (End of period)	2,255	2,402	2,255	2,411

