

# Samsung C&T 1Q 2019 Earnings Release

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April 2019

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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 may change during the process.

## 1Q 2019 Earnings Release Summary

- 1Q19 operating profit fell to KRW105.1bn due to one-off losses in the E&C business and worsened performance of Biologics (QoQ decline of KRW137.7bn, YoY decline of KRW104.1bn)
  - E&C: one-off losses due to overseas PJT(Roy Hill/UAE nuclear power plant) arbitration, etc.
  - Biologics: cost increases due to the start of Plant 3's commercial production, etc.
- ※ T&I turned a profit. Sales and operating profit in the Fashion and Resort businesses which see seasonal effects have improved
- New orders recorded KRW1.2tn in Q1. E&C strives to achieve the new orders target(KRW11.7tn) by expanding its core business areas to adjacent countries as well as new products (slow 1<sup>st</sup> Half, strong 2<sup>nd</sup> Half)

### [Key financial indicators]

(KRW)	2017	2018	1Q19
<b>EBITDA</b> <sup>1)</sup>	1.4tn (4.7%) <sup>2)</sup>	2.9tn (9.4%) <sup>3)</sup>	468.8bn (6.4%)
<b>Total debt</b>	6.0tn	4.5tn	4.2tn
<b>Debt/Equity (%)</b>	95%	88%	86%

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

2) EBITDA margin : EBITDA / Sales

3) One-off gains of about KRW1tn were incurred in 2018 from disposal of Seocho office building and call option exercise of Biogen, Hanwha General Chemical's valuation gains

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

(Units: KRW billion)

	1Q19	4Q18	Change		
			1Q18	Change	
Sales	7,357	7,971	(614)	7,476	(119)
E & C	2,918	3,167	(249)	2,995	(77)
T & I	3,271	3,447	(176)	3,329	(58)
Fashion	457	495	(38)	460	(3)
Resort *	586	684	(98)	556	+30
Biologics	125	178	(53)	136	(11)
Gross profit	813	1,012	(199)	928	(115)
SG&A	708	769	(61)	719	(11)
Operating profit	105	243	(138)	209	(104)
E & C	104	168	(64)	158	(54)
T & I	32	(6)	+38	58	(26)
Fashion	7	38	(31)	(0.4)	+7
Resort *	(3)	43	(46)	(8)	+5
Biologics	(35)	0.1	(35)	2	(37)
Non-operating profit	244	553	(309)	355	(111)
Financial profit	(5)	(39)	+34	(19)	+14
Equity method investment	+6	302	(296)	(54)	+60
Pre-tax profit	350	1,059	(709)	491	(141)
Net profit	222	805	(583)	376	(154)
└ Controlling	249	666	(417)	404	(155)

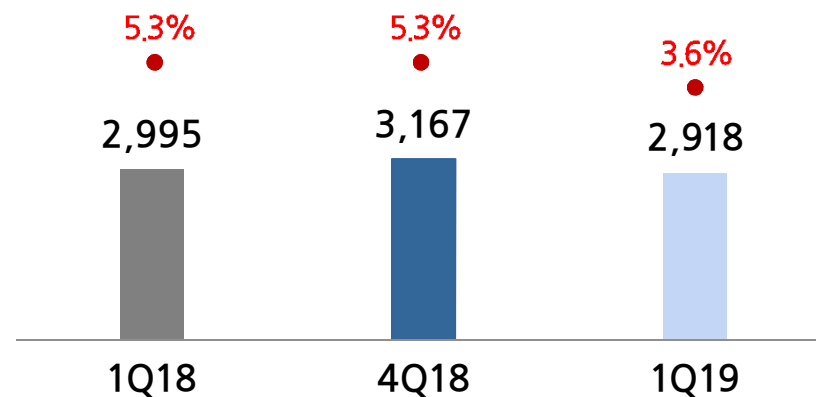
4 \* Resort : Leisure + F&B (Food & Beverage)

## 2. Analysis by Business Group : Engineering & Construction

(Units: KRW billion)

	1Q19	4Q18	Change	1Q18	Change
Sales	2,918	3,167	(249)	2,995	(77)
Building	2,252	2,160	+92	1,771	+481
Infra	405	612	(207)	633	(228)
Plant	211	315	(104)	527	(316)
Domestic	2,120	1,870	+250	1,741	+379
Overseas	798	1,297	(499)	1,254	(456)
Gross profit	241	266	(25)	325	(84)
Operating profit	104	168	(64)	158	(54)

■ Sales ● OP Margin



- Sales decreased due to infra/plant PJTs nearing completion
- Operating profit decreased due to one-off losses such as overseas project arbitration

### New orders

(Units: KRW billion)

	1Q19 Actual	1Q19 Backlog
Total	1,181	26,161
Building	1,088	13,455
Infra	28	5,118
Plant	38	7,497
Domestic	916	15,490
Overseas	265	10,671

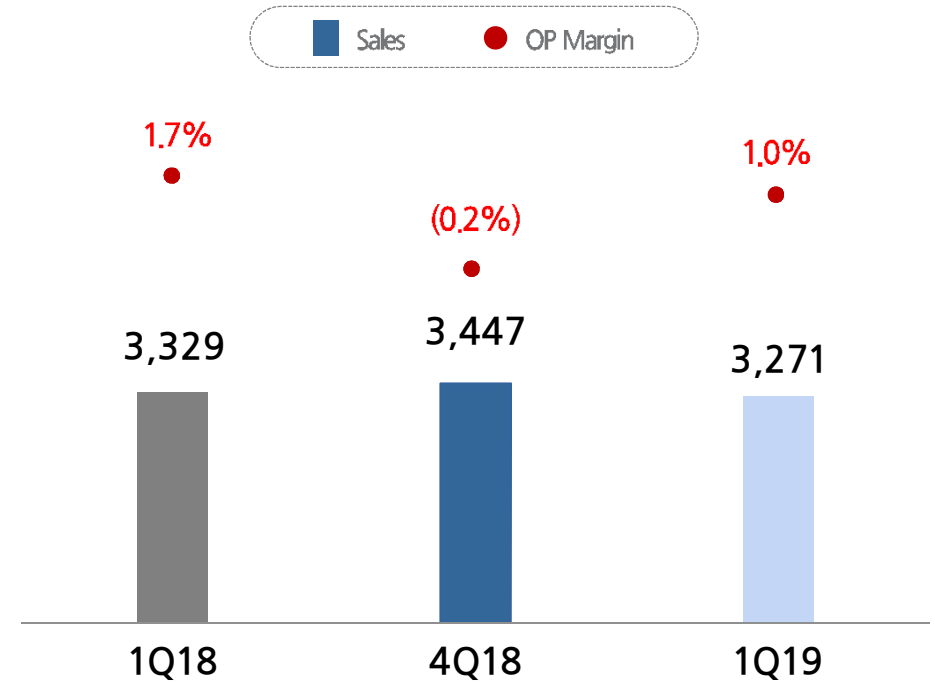
\* New orders in 1Q19: Semiconductor project volume increase (Hwaseong KRW672.1bn, Xian KRW188.1bn), Pangyo Alphadom City KRW22.9bn, etc.

\* New orders total includes figures for Landscaping performance (1Q19 KRW26.9bn / 1Q19 backlog KRW91.3bn)

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

(Units: KRW billion)

	1Q19	4Q18	Change	1Q18	Change
Sales	3,271	3,447	(176)	3,329	(58)
Chemicals	1,175	1,298	(123)	1,008	+167
Steel	1,016	1,016	-	1,045	(29)
Natural resources	858	934	(76)	1,015	(157)
Living industries etc.	222	199	+23	261	(39)
Gross profit	238	270	(32)	249	(11)
Operating profit	32	(6)	+38	58	(26)



- Sales fell due to a decline in major raw material prices
- Operating profit increased QoQ on the back of strong trading performance in materials such as fertilizer and steel

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

### Fashion

(Units: KRW billion)

	1Q19	4Q18	Change	1Q18	Change
Sales	457	495	(38)	460	△3
OP profit	7	38	(31)	(0.4)	+7

### Resort

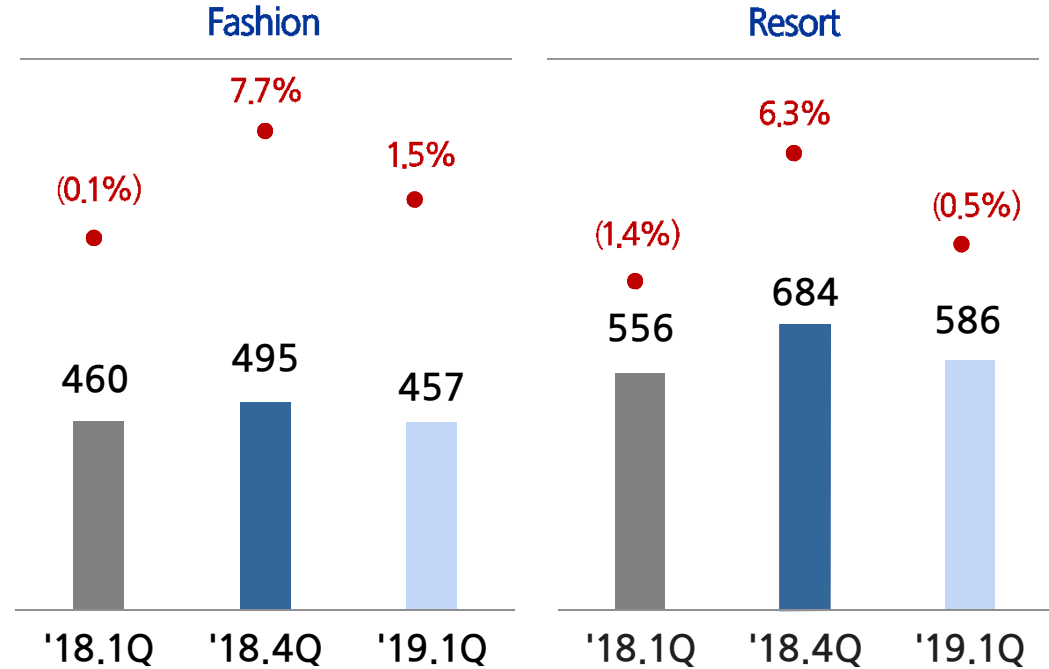
(Units: KRW billion)

	1Q19	4Q18	Change	1Q18	Change
Sales	586	684	(98)	556	+30
Leisure	103	181	(78)	96	+7
F & B	483	503	(20)	460	+23
OP profit	(3)	43	(46)	(8)	+5
Leisure	(25)	8	(33)	(25)	-
F & B	22	35	(13)	17	+5

### Biologics

(Units: KRW billion)

	1Q19	4Q18	Change	1Q18	Change
Sales	125	178	(53)	136	(11)
OP profit	(35)	0.1	(35)	2	(37)



- The Fashion business' operating profit fell QoQ due to seasonality, but improved YoY on the back of strong performance of imported brands and 8Seconds
- The Leisure business marked a decline in operating profit QoQ with the industry experiencing an off-season in Q1
- The F&B business recorded a decrease in operating profit QoQ as a result of less business days with the New Year holidays in the quarter, but marked an increase YoY

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

(Units: KRW billion)

	1Q19	End of 2018	End of 2017		
			Change	Change	
<b>Assets</b>	44,813	42,407	+2,406	49,049	(4,236)
Current	13,395	13,671	(276)	12,249	+1,146
└ C&CE* *	3,564	4,082	(518)	3,094	+470
Non current	31,418	28,736	+2,682	36,800	(5,382)
<b>Liabilities</b>	20,697	19,858	+839	23,898	(3,201)
Current	12,855	13,017	(162)	14,458	(1,603)
Non current	7,842	6,841	+1,001	9,440	(1,598)
※ Total debt	4,199	4,517	(318)	6,034	(1,835)
<b>Equity</b>	24,116	22,549	+1,567	25,151	(1,035)
Controlling	21,540	19,947	+1,593	22,557	(1,017)
Non controlling	2,576	2,602	(26)	2,594	(18)
<b>Debt/Equity (%)</b>	86%	88%	(2%p)	95%	(9%p)

\* C&CE : Cash and cash equivalents + Short-term financial instruments



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

(Units: KRW billion)

	1Q19	2018	2017
Cash (Beginning of period)	2,903	2,993	2,699
Cash flows from operating activities	(87)	+1,678	+1,312
Net profit	+222	+1,748	+481
Working capital increase/decrease	(300)	(469)	(157)
Others	(9)	+399	+988
Cash flows from investing activities	(15)	+168	+280
New investment	(536)	(1,914)	(1,009)
Disposal & others	+521	+2,082	+1,289
Cash flows from financing activities	(332)	(1,936)	(1,298)
Repayment of borrowings at both HQ and subsidiaries	(345)	(1,545)	(1,020)
Others	+13	(391)	(278)
Increase in cash	(434)	(90)	+294
Cash (End of period)	2,469	2,903	2,993

