

Samsung C&T 4Q 2018 Earnings Release

January 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.

4Q 2018 Earnings Release Highlights

- Operating profit in 4Q18 dropped QoQ due to cost increases in some construction projects and a one-off loss from the T & I Group etc., operating profit for FY18, however, was in excess of KRW 1tn for the first time
 - Operating profit (KRW) : FY17 881.3bn (3.0%) → FY18 1,103.9bn (3.5%)
 - Pre-tax profit (KRW) : FY17 825.0bn (2.8%) → FY18 2,382.8bn (7.6%)

- New orders in FY18 were KRW10.7tn (4Q KRW4.7tn), almost reached the 2018 annual target (KRW11.2tn)

- 2019 annual forecast (Sales KRW31.5tn, New orders KRW11.7tn) : Despite anticipated difficulties in the business environment, maintain steady performance through emphasis on sound management
 - Sales (KRW) : FY17 29.3tn → FY18 31.2tn → FY19 31.5tn (E)
 - New Orders (KRW) : FY17 10.5tn → FY18 10.7tn → FY19 11.7tn (E)

※ Key financial indicators

- R O E (%) : FY16 0.6 → FY17 3.1 → FY18 8.1
- EBITDA (KRW) : FY16 669.0bn (2.4%) → FY17 1.4tn (4.7%) → FY18 2.9tn (9.3%)
- Net borrowings (KRW) : end of 2016 3.4tn → end of 2017 2.9tn → end of 2018 434.5bn

* EBITDA : Pre-tax profit + Interest expense + Depreciation cost

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)

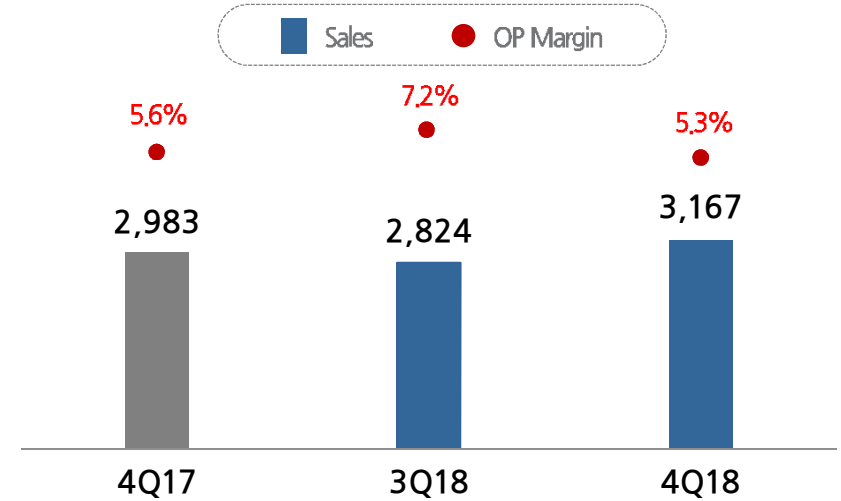
	4Q18	3Q18	Change	4Q17	Change	FY18	FY17	Change
Sales	7,971	7,781	190	7,765	206	31,156	29,279	1,877
E & C	3,167	2,824	343	2,983	184	12,119	11,983	136
T & I	3,447	3,790	(343)	3,487	(40)	14,113	12,555	1,558
Fashion	495	389	106	509	(14)	1,759	1,749	10
Resort *	684	677	7	624	60	2,624	2,532	92
Biologics	178	101	77	162	16	541	460	81
Gross profit	1,012	986	26	985	27	3,985	3,652	333
SG&A	769	712	57	702	67	2,881	2,771	110
Operating Profit	243	274	(31)	283	(40)	1,104	881	223
E & C	168	204	(36)	167	1	773	501	272
T & I	(6)	38	(44)	15	(21)	146	150	(4)
Fashion	38	(18)	56	38	-	25	33	(8)
Resort *	43	51	(8)	27	16	147	180	(33)
Biologics	0.1	(1)	1	36	(36)	13	17	(4)
Non-operating profit	553	140	413	(2)	555	1,151	160	991
Financial profit	(39)	8	(47)	(31)	(8)	(44)	(92)	48
Equity method investment	302	(36)	338	(37)	339	172	(124)	296
Pre-tax profit	1,059	386	673	213	846	2,383	825	1,558
Net profit	805	236	569	52	753	1,748	481	1,267
↳ Controlling	666	282	384	156	510	1,713	640	1,073

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

2. Analysis by Business Group : Engineering & Construction

(Unit: KRW billion)

	4Q18	3Q18	Change	4Q17	Change
Sales	3,167	2,824	343	2,983	184
Building	2,160	1,810	350	1,810	350
Infra	612	640	(28)	652	(40)
Plant	315	318	(3)	443	(128)
Domestic	1,870	1,583	287	1,614	256
Overseas	1,297	1,241	56	1,369	(72)
Gross profit	266	330	(64)	264	2
Operating profit	168	204	(36)	167	1



- Sales increased QoQ on the back of smooth progress of high-tech projects and completion of housing projects
- Operating profit dropped QoQ due to cost increases in some projects

New orders

(Unit: KRW billion)

	4Q18 Actual	4Q18 (accumulated)	4Q18 Backlog
Total	4,701	10,668	27,949
Building	2,732	5,668	14,740
Infra	510	2,430	5,408
Plant	1,435	2,417	7,706
Domestic	2,917	5,639	16,772
Overseas	1,784	5,029	11,177

※ New orders in 4Q18: Asia, power plant PJTs KRW1,435.0bn, Pyeongtak 2 KRW1,534.4bn, Saudi Arabia, Increased project volume of Riyadh metro PJT KRW253.4bn, etc.

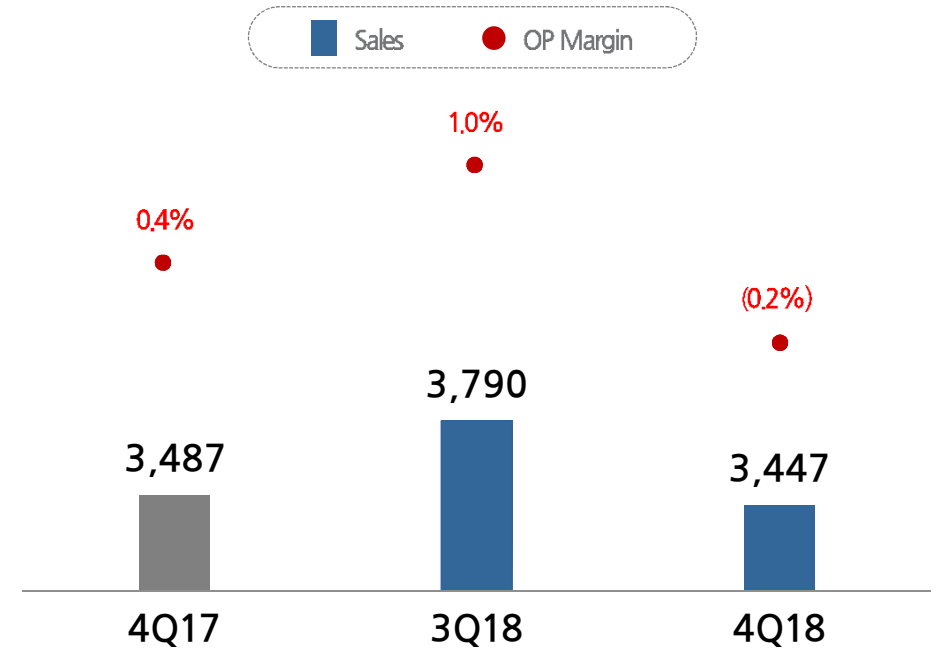
※ New orders total includes figures for Landscaping performance

(*4Q18 KRW25.9bn / 4Q18 (accumulated) KRW153.6bn / 4Q18 backlog KRW95.2bn)

2. Analysis by Business Group : Trading & Investment

(Unit: KRW billion)

	4Q18	3Q18	Change	4Q17	Change
Sales	3,447	3,790	(343)	3,487	(40)
Chemicals	1,298	1,151	147	990	308
Steel	1,016	1,172	(156)	968	48
Natural resources	934	1,124	(190)	1,151	(217)
Living industries etc	199	343	(144)	378	(179)
Gross profit	270	279	(9)	232	38
Operating profit	(6)	38	(44)	15	(21)



- Sales fell QoQ due to a decrease in trading volumes of items such as steel and copper, and a drop in commodity prices
- Operating profit decreased due to a one-off loss from an overseas organizing project

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

Fashion

(Unit: KRW billion)

	4Q18	3Q18	Change	4Q17	Change
Sales	495	389	106	509	(14)
OP profit	38	(18)	56	38	-

Resort

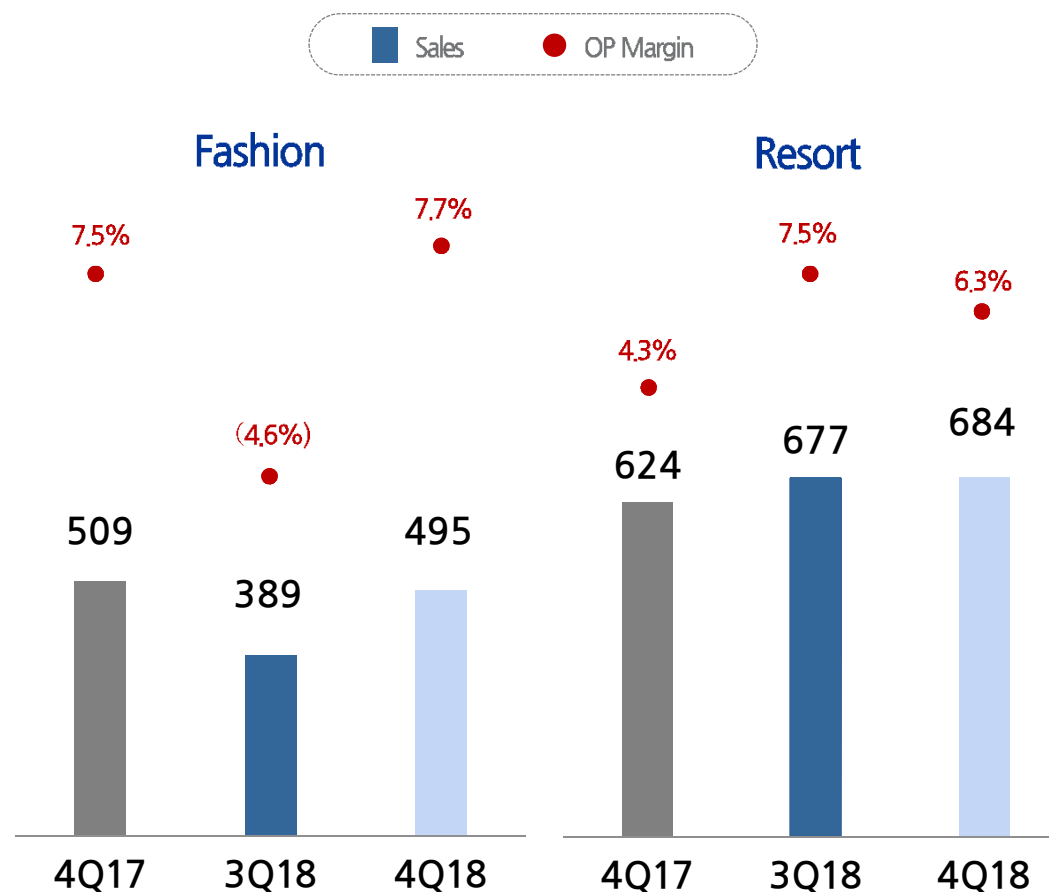
(Unit: KRW billion)

	4Q18	3Q18	Change	4Q17	Change
Sales	684	677	7	624	60
Leisure	181	197	(16)	157	24
F & B	503	480	23	467	36
OP profit	43	51	(8)	27	16
Leisure	8	34	(26)	6	2
F & B	35	17	18	21	14

Biologics

(Unit: KRW billion)

	4Q18	3Q18	Change	4Q17	Change
Sales	178	101	77	162	16
OP profit	0.1	(1)	1	36	(36)



- Fashion Group's sales and operating profit grew QoQ as the industry entered the peak season
- Resort Group's sales and operating profit fell QoQ with the leisure industry being in the slow season. F&B, however, recorded growth both in sales and OP as a result of more business days in the quarter

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

(Unit: KRW billion)

	End of 2018	3Q18	End of 2017		
			Change	Change	
Assets	42,407	46,110	(3,703)	49,049	(6,642)
Current	13,671	12,044	1,627	12,249	1,422
└ C&CE*	4,082	2,996	1,086	3,094	988
Non current	28,736	34,066	(5,330)	36,800	(8,064)
Liabilities	19,858	21,903	(2,045)	23,898	(4,040)
Current	13,017	13,680	(663)	14,458	(1,441)
Non current	6,841	8,223	(1,382)	9,440	(2,599)
※ Total debt	4,517	4,843	(326)	6,034	(1,517)
Equity	22,549	24,207	(1,658)	25,151	(2,602)
Controlling	19,947	21,744	(1,797)	22,557	(2,610)
Non controlling	2,602	2,463	139	2,594	8
Debt/Equity (%)	88%	91%	(3%p)	95%	(7%p)

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

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

(Unit: KRW billion)

	End of 2018	End of 2017	4Q18	3Q18
Cash (Beginning of period)	2,993	2,699	2,538	2,917
Cash flows from operating activities	1,644	1,312	704	(246)
Net profit	1,748	481	809	233
Working capital increase/decrease	(452)	(157)	263	(670)
Others	348	988	(368)	191
Cash flows from investing activities	141	280	(48)	691
New investment	(624)	(1,009)	(212)	(98)
Disposal & others	765	1,289	164	789
Cash flows from financing activities	(1,875)	(1,298)	(291)	(824)
Repayment of borrowings at both HQ and subsidiaries	(1,544)	(1,020)	(308)	(773)
Others	(331)	(278)	17	(51)
Increase in cash	(90)	294	365	(379)
Cash (End of period)	2,903	2,993	2,903	2,538

