

Samsung C&T 2Q 2019 Earnings Release

July 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.

2Q 2019 Earnings Release Summary

- Operating profit in Q2 was KRW 220.7bn, marking a QoQ increase of KRW 115.5bn backed by improved profitability at the E&C Group and the Resort business entering the peak season
- With new orders for 1H recorded at KRW 2.5tn, E&C Group will seek to achieve the annual target (KRW 11.7tn) through winning target projects in core & adjacent markets, expanding into new products, etc.

[Key financial indicators]

(KRW)	2017	2018	1H19
EBITDA ¹⁾	1.4tn (4.7%) ²⁾	2.9tn (9.4%) ³⁾	0.9tn (5.9%)
Total debt	6.0tn	4.5tn	4.1tn
Debt/Equity (%)	95%	88%	80%

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

2) EBITDA margin : EBITDA / Sales

3) One time gain of approx. KRW 1tn from Seocho building sale, Biogen call option, Hanwha General Chemical share valuation profit, etc. realized in 2018

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

(Unit: KRW billion)

	2Q19	1Q19	Change		
			2Q18	Change	
Sales	7,972	7,357	+615	7,928	+44
E & C	3,152	2,918	+234	3,133	+19
T & I	3,565	3,271	+294	3,547	+18
Fashion	416	457	(41)	416	-
Resort	761	586	+175	707	+54
Biologics	78	125	(47)	125	(47)
Gross profit	893	813	+80	1,060	(167)
SG&A	672	708	(36)	682	(10)
Operating profit	221	105	+116	378	(157)
E & C	158	104	+54	243	(85)
T & I	27	32	(5)	57	(30)
Fashion	10	7	+3	6	+4
Resort *	53	(3)	+56	60	(7)
Biologics	(27)	(35)	+8	12	(39)
Non-operating profit	75	244	(169)	103	(28)
Financial profit	(23)	(5)	(18)	6	(29)
Equity method investment	15	6	+9	(40)	+55
Pre-tax profit	287	350	(63)	447	(160)
Net profit	207	222	(15)	332	(125)
└ Controlling	220	249	(29)	361	(141)

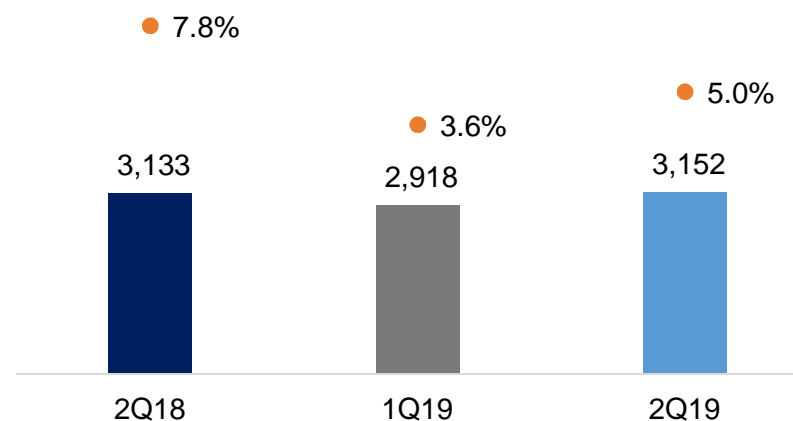
⁴ * Resort : Leisure + F&B (Food & Beverage)

2. Analysis by Business Group : Engineering & Construction

(Unit: KRW billion)

	2Q19	1Q19	Change	2Q18	Change
Sales	3,152	2,918	+234	3,133	+19
Building	2,243	2,252	(9)	2,063	+180
Infra	439	405	+34	592	(153)
Plant	405	211	+194	388	+17
Domestic	2,226	2,120	+106	1,834	+392
Overseas	926	798	+128	1,299	(373)
Gross profit	260	241	+19	376	(116)
Operating profit	158	104	+54	243	(85)

■ Sales ● OP Margin



- Sales marked growth, led by strong performance in plant projects
- Operating profit increased QoQ due to improved sales/reduced SG&A, but decreased YoY due to the base effect of strong performance last year

New Orders

(Units: KRW billion)

	2Q19 Actual	1H19 Actual	1H19 Backlog
Total	1,278	2,459	23,890
Building	914	2,002	12,096
Infra	64	92	4,773
Plant	265	303	6,944
Domestic	662	1,578	13,865
Overseas	616	881	10,025

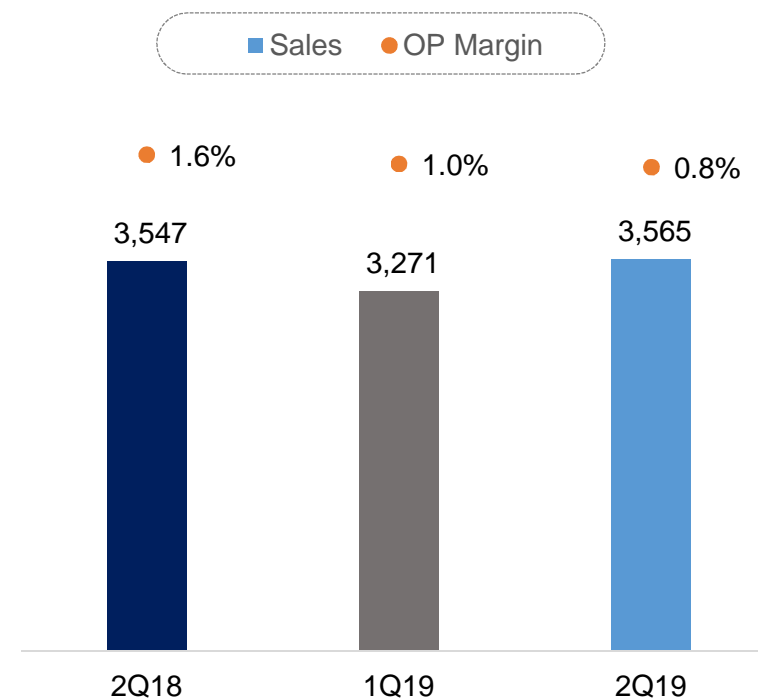
※ New orders in 2Q19: Malaysia Podium building KRW 205bn, India display line KRW 168bn, Vietnam Thi Vai LNG terminal KRW 126bn, etc.

※ Total new orders includes orders for landscaping (1H19 KRW 62bn / 1H19 backlog KRW 77bn)

2. Analysis by Business Group : Trading & Investment

(Unit: KRW billion)

	2Q19	1Q19	Change	2Q18	Change
Sales	3,565	3,271	+294	3,547	+18
Chemicals & Industrial Materials	1,135	1,175	(40)	1,143	(8)
Steel	1,100	1,016	+84	1,192	(92)
Energy & Metal	1,112	858	+254	960	+152
Living Industrial etc.	218	222	(4)	252	(34)
Gross profit	238	238	-	257	(19)
Operating profit	27	32	(5)	57	(30)



- Sales grew on the back of increased volume in natural resources trading
- Operating profit fell, largely due to weak commodities prices

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

Fashion

(Unit: KRW billion)

	2Q19	1Q19	Change	2Q18	Change
Sales	416	457	(41)	416	-
OP profit	10	7	+3	6	+4

Resort

(Units: KRW billion)

	2Q19	1Q19	Change	2Q18	Change
Sales	761	586	+175	707	+54
Leisure	224	103	+121	216	+8
F & B	537	483	+54	491	+46
OP profit	53	(3)	+56	60	(7)
Leisure	22	(25)	+47	23	(1)
F & B	31	22	+9	37	(6)

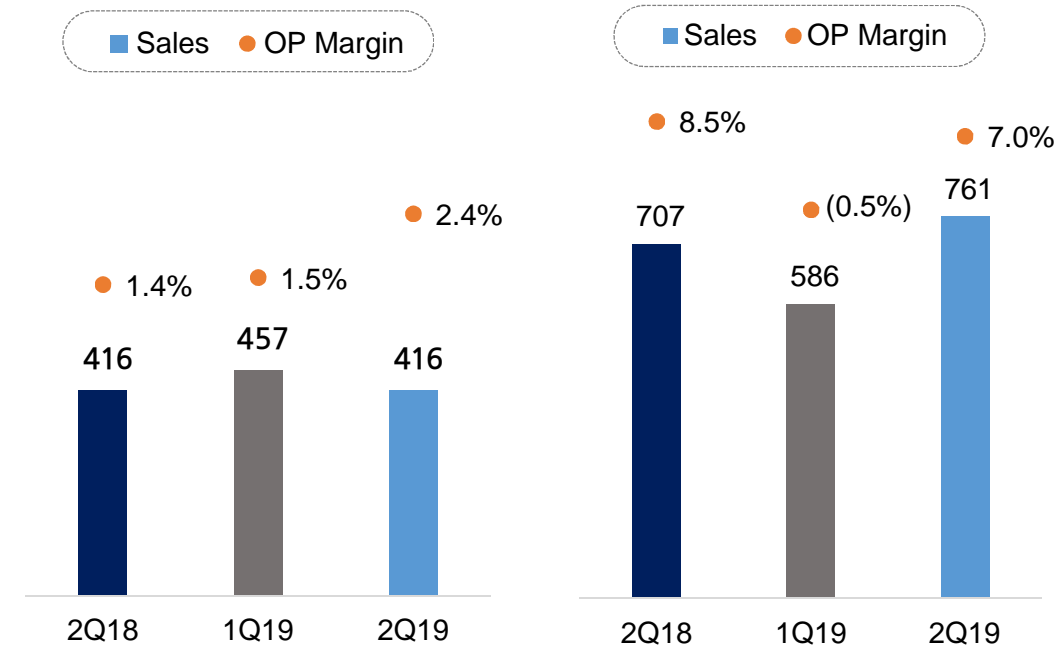
BioLogics

(Units: KRW billion)

	2Q19	1Q19	Change	2Q18	Change
Sales	78	125	(47)	125	(47)
OP profit	(27)	(35)	+8	12	(39)

Fashion

Resort



- Fashion's operating profit grew in both QoQ and YoY terms, with the QoQ increase attributed to seasonality (S/S season) and YoY to efficiency improvement measures
- Leisure's operating profit increased QoQ as the industry entered the peak season in Q2
- F&B's operating profit grew QoQ due to increased business days in Q2, but fell YoY from increased costs

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

(Unit: KRW billion)

	2Q19	1Q19	End of 2018		
			Change	Change	
Assets	44,459	44,813	(354)	42,407	+2,052
Current	12,557	13,395	(838)	13,671	(1,114)
└ C&CE*	2,895	3,564	(669)	4,082	(1,187)
Non current	31,902	31,418	+484	28,736	+3,166
Liabilities	19,796	20,697	(901)	19,858	(62)
Current	11,880	12,855	(975)	13,017	(1,137)
Non current	7,916	7,842	+74	6,841	+1,075
※ Total debt	4,061	4,199	(138)	4,517	(456)
Equity	24,663	24,116	+547	22,549	+2,114
Controlling	22,100	21,540	+560	19,947	+2,153
Non controlling	2,563	2,576	(13)	2,602	(39)
Debt/Equity (%)	80%	86%	(6%p)	88%	(8%p)

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

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

(Unit: KRW billion)

	2Q19	1Q19	2018
Cash (Beginning of period)	2,469	2,903	2,993
Cash flows from operating activities	(137)	(69)	+1,678
Net profit	+207	+222	+1,748
Working capital increase/decrease	(293)	(330)	(469)
Others	(51)	+39	+399
Cash flows from investing activities	+104	(12)	+168
New investment	(476)	(532)	(1,914)
Disposal & others	+580	+520	+2,082
Cash flows from financing activities	(495)	(353)	(1,936)
Repayment of borrowings at both HQ and subsidiaries	(163)	(345)	(1,545)
Others	(332)	(8)	(391)
Increase in cash	(528)	(434)	(90)
Cash (End of period)	1,941	2,469	2,903



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