

Financial Results for 1Q2018

Investor Relations | April 23, 2018



Disclaimer

The following earnings statement and the financial, business and other information contained herein are current only of the date hereof and readers are advised that changes in general macroeconomic, business, financial and other conditions may have occurred since such a date and our financial state and results of operations may have been substantially impacted as a result of such occurrences. Certain information contained herein may be considered forward-looking in nature, which are based on certain conjectures and expectations of future events that are subject to risks and uncertainties, including comments on trends in the global economy and the duration of such trends, future development and investment plans including market strategies and business plans. We disclaim any responsibility or obligation to update or disseminate any revisions to any forward-looking statements contained in this document to reflect any changes in conjectures or circumstances.

The actual future results and trends and statements regarding plans or expectations may change due to various factors which the management has not anticipated, including as a result of a further slowdown in global economic growth, further weakening of customer demand for our products and the loss of major customers, pricing pressures, inability to finance certain projects and capital expenditures on appealing terms, or at all, among others.

The financial information contained herein has not been audited. Readers are advised that the actual results may differ as a result of the audit of our financial results for the quarter ended March 31st, 2018.

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I. Introduction

II. 2018 First-Quarter Results

A photograph of an industrial facility, likely a cement plant, with a large black sign in the foreground that reads "SK materials" in gold lettering. The sign features a stylized logo of a person's head and shoulders. In the background, there are large industrial buildings, a tall metal structure, and a white truck. A red curved graphic element is on the left side of the image.

SK materials

1. Company Profile

(As of March 2018)



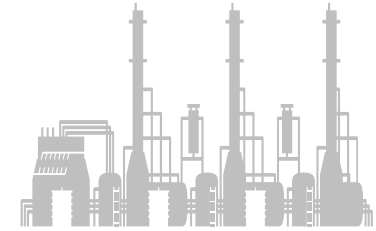
Establishment
November 10, 1982



Headquarter
Yeong ju, Korea



No. of employees
664 (SK materials, Korea),
917 (including employees
in 7 subsidiaries)



Key Business
Specialty gas production
for semiconductor/display
(Global No.1 NF3/WF6,
Global No.2 SiH4)

1,233.6
billion won



Assets
1,233.6 billion won

512.3
billion won



Sales
512.3 billion won
(Year-End Report 2017)

147.7
billion won



Operation Income
147.7 billion won
(Year-End Report 2017)

7



Subsidiaries & Corporation
3 domestic subsidiaries/JV
& 4 overseas corporations

2. History & Key Customers

[History]

- 1982 • Established this Company
- 1999 • Listed on KOSDAQ
- 2001 • Commenced Specialty Gas business
(localized NF3, Completed NF3 Plant No.1)
- 2004 • Completed WF6 Plant No. 1
- 2005 • Completed Si-type Plant NO. 1
- 2011 • Established Foreign Corporation in Taiwan
• Established Foreign Corporation in Japan
- 2012 • Entered into Jiangsu, China
(Completed NF3 Plant in China)
- 2013 • Established Foreign Corporation in Xian, Japan
- 2016 • Incorporated in SK Group
(Changed Coporate Name to SK materials. Co., Ltd.)
Acquired SK airgas
Established SK trichem JV (Japan's Tri-Chemica)
- 2017 • Established SK showa denko JV
(Japan's Showadenko)

[Key Customers]



[Foreign Corporations and Investment Companies]

Type	Corporation	Shareholdings	Remarks
Foreign (4)	Jiangsu	100%	NF3-produced corporation (Capa : 1,500 tons)
	Xian	100%	
	Japan	95%	Sales and distributors
	Taiwan	100%	
Investments (3)	SK airgas	80%	Industrial gas (O2, N2, Ar, etc.)-produced corporation
	SK trichem	65%	Precursor-produced corporation
	SK showa denko	51%	CF-type etching gas-produced corporation

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1. 1Q2018 Financial Results

0.7 billion KRW y-o-y increase of Operating Income that specialty gas's section has kept the solid sales and subsidiaries expend their profits although the market has been difficult of continuous strong won, increased raw materials, etc.

[Consolidated Income Statement]

(unit: KRW bn)

	'18. 1Q (E)				
	'18. 1Q	'17. 4Q	QOQ	'17. 1Q	YOY
Sales	142.7	140.2	+2.5	116.4	+26.3
Operating Income	33.8	36.5	Δ2.7	33.1	+7.0
OP margin (%)	24%	26%	Δ2%p	28%	Δ4%p
Income before Tax	31.3	31.9	Δ6.0	29.9	+1.4
EBITDA	54.4	56.0	Δ1.6	51.6	+2.8
EBITDA(%)	38%	40%	Δ2%p	44%	Δ6%p
Net Income	22.8	27.8	Δ5.0	21.8	+1.0

Note 1) Cons. results based on K-IFRS

2) Not externally audited yet

2. 1Q2018 Financial Performance

(unit: KRW bn)

Title	2015	2016	2017	2018 3末
Total Assets	665.1	903.1	1,118.0	1,233.6
Cash/Short-term financial instrument	41.5	61.3	18.7	27.2
Accounts receivable	53.8	72.1	82.6	92.6
Inventories	58.3	74.3	86.2	93.6
Tangible Assets	480.2	661.5	885.1	986.5
Total liabilities	288.8	466.0	709.9	801.1
Loans payable	192.9	317.4	531.3	615.2
Interest Coverage Ratio	15.7x	15.4x	11.4x	9.1x
Total Shareholders' Equity	376.4	437.1	408.1	432.5
ROE	22.0%	22.0%	25.5%	N/A

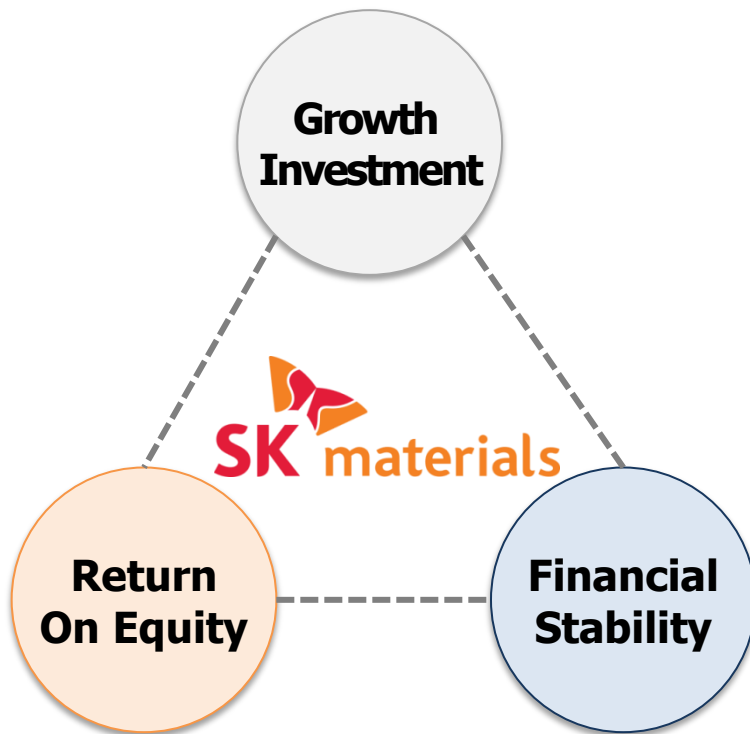
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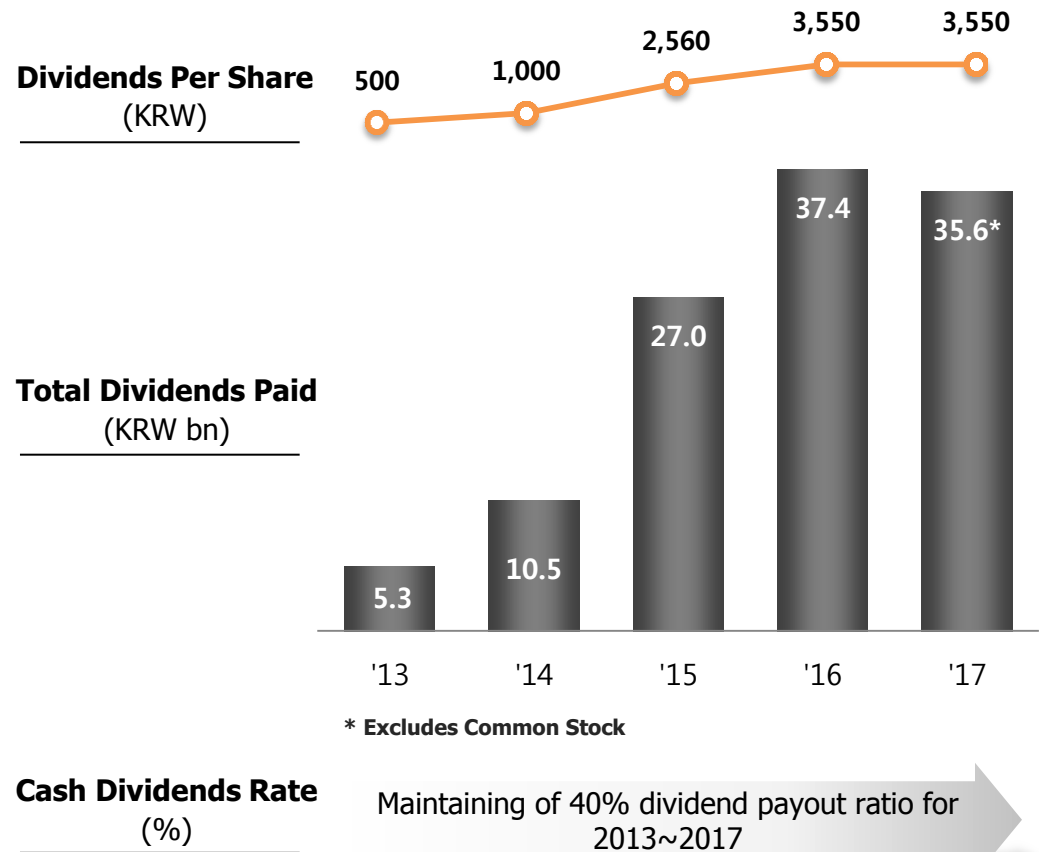
[Ref.] Increase in Shareholder Value

Considering shareholder value as top priority, efficient enforcement of investment and national highest level return policy on shareholders will be continued.

Fundamental Principles



Yearly Dividend scale



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