

Financial Results for 1Q2019

Investor Relations | April 29, 2019



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, 2019.

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I. Business Overview

II. 2019 First-Quarter Results



1. Company Profile

(As of March 2019)



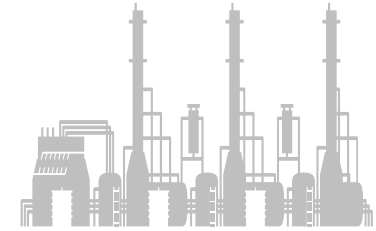
Establishment
1982. 11. 10



Headquarter
Yeong ju, Korea



No. of employees
717 (SK materials, Korea),
1,024 (including employees
in 7 subsidiaries)



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

1,398.4
billion won



Assets
1,398.4 billion won
(Year-End Report 2018)

687.3
billion



Sales
687.3 billion won
(Year-End Report 2018)

182.9
billion



Operation Income
182.9 billion won
(Year-End Report 2018)

7



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

2. Status of SK materials in SK

Expanded the business range as well as the successful establishment of the semiconductor material platform after incorporating it into SK Group in 2016

'16

- **Incorporated into SK Group**
(Change of the Company Name : SK materials)
 - Specialty Gases of NF₃, WF₆, SiH₄, Si₂H₆, etc.
- **Acquired SK Airgas (80%)**
 - Industry gas supply to industry complex in Ulsan and semi-conductor fab on site
- **Established SK trichem JV (Japan's Tri-Chemical)**
 - Precursor: Zr·Si·Ti type products

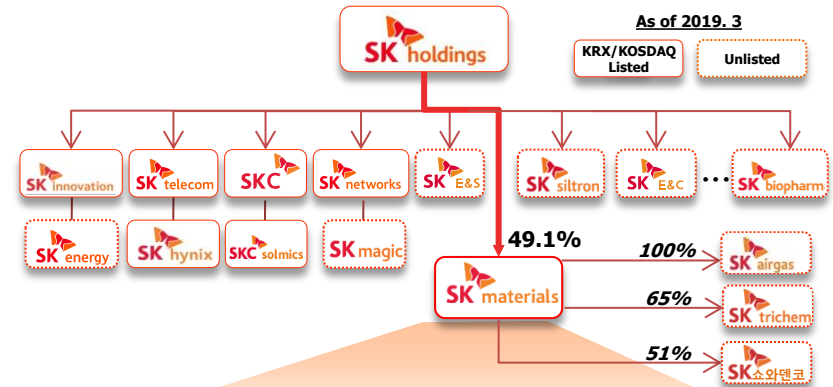
'17

- **Established the SK Showa Denko JV (Japan's Showadenko)**
 - CF-type Etching Gases of CH₃F, C₄F₆, etc.
- **Established business offices in China(Suzhou) and Japan(Osaka)**

'18

- **Acquired the remaining stocks (20%) of SK Airgas**
- **Entered into the high-performance Wet Chemical business**
 - Jointly developed HSP (High Selectivity Phosphoric Acid) with LTCAM

【SK materials Biz As-Is】



	2015	2018
Sales (consolidated)	338 billion won	687.3 billion won
EBITDA (consolidated)	168.4 billion won	277.4 billion won
Customers	30	148
Products	6	36
(Global M/S)		
- NF ₃	40%	43%
- WF ₆	20%	33%

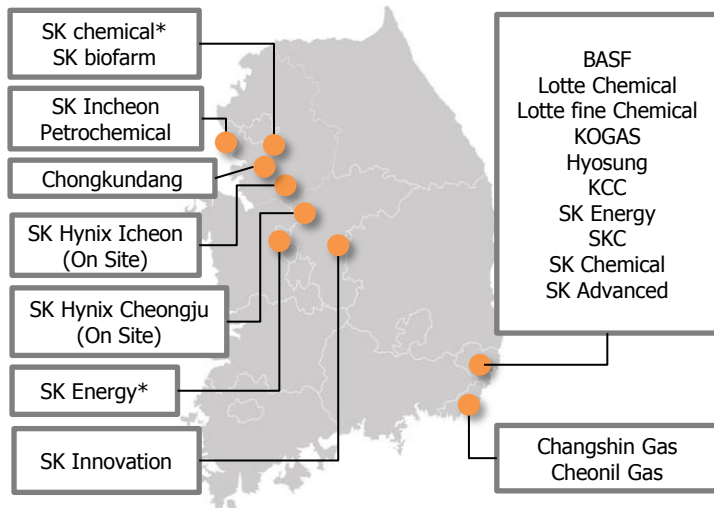
3. Major Subsidiaries



[Company Status]

Key Business	<ul style="list-style-type: none"> Industrial gas production (Oxygen/Nitrogen/Argon, etc.)
Address	<ul style="list-style-type: none"> 619 Yongjam-ro, Nam-gu, Ulsan, Korea
Employees	<ul style="list-style-type: none"> 99 (As of March, 2019)
Shareholders	<ul style="list-style-type: none"> SK materials 100%
Equipment Capacity	<ul style="list-style-type: none"> Nitrogen 202K Nm3/hr, Oxygen, Argon, etc.

[Key Customers]



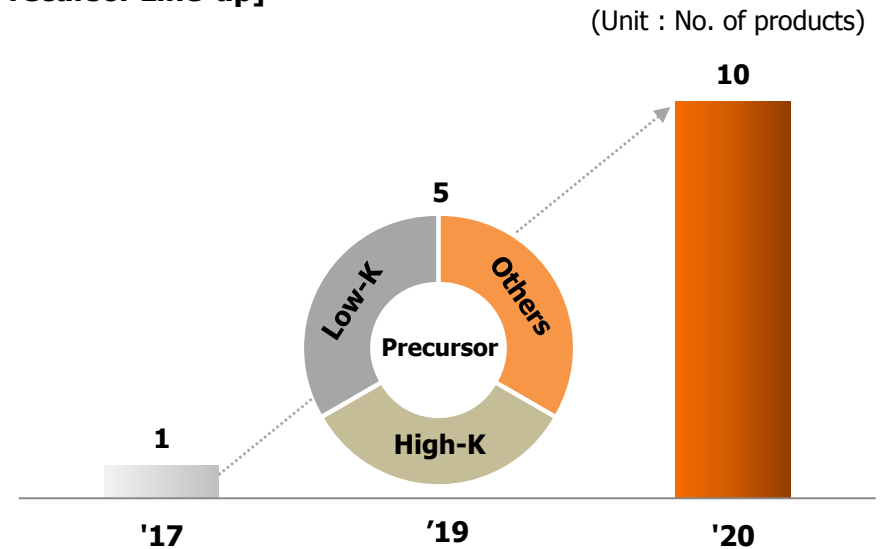
* Separated factory



[Company Status]

Key Business	<ul style="list-style-type: none"> Precursor production
Address	<ul style="list-style-type: none"> 110-5, Myeonghaksandan-ro, Yeondong-myeon, Sejong-si, Korea
Employees	<ul style="list-style-type: none"> 97 (As of March, 2019)
Shareholders	<ul style="list-style-type: none"> SK materials 65%, Tri-Chemical(Japan) 35%
Products	<ul style="list-style-type: none"> Zr·Si·Ti type Precursors (DRAM/NAND)

[Precursor Line-up]



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1. Earning Results Q1 2019

Even amid the severe market status affected by the lower demand of the front industry (semi-conductor/display) and the slow season, etc., the solid sales of specialty gases and the sustained growth of subsidiaries have greatly contributed to a y-o-y increase in operating profit (+20.7 billion won).

[Consolidated Income Statement]

(unit: KRW bn)

	'19. 1Q (E)				
	'19. 1Q	'18. 4Q	QOQ	'18. 1Q	YOY
Sales	184.2	201.5	Δ17.2	142.3	+41.9
Operating Income	54.5	57.1	Δ2.6	33.8	+20.7
OP margin (%)	30%	28%	+2%p	24%	+6%p
Income before Tax	47.4	48.3	Δ0.9	31.3	+16.1
EBITDA	81.7	83.4	Δ1.7	54.3	+27.4
EBITDA(%)	44%	41%	+3%p	38%	+6%p
Net Income	35.6	35.8	Δ0.2	22.8	+12.8

Note 1) Cons. results based on K-IFRS
2) Not externally audited yet

2. 1Q2019 Financial Performance

(unit: KRW bn)

Title	2016	2017	2018	2019 3末
Total Assets	903.1	1,118	1,398.4	1,446.5
Cash/Short-term financial instrument	61.3	18.7	16.1	20.5
Accounts receivable	72.1	82.6	123.4	121.7
Inventories	74.3	86.2	111.8	135.9
Tangible Assets	661.5	885.1	1,106.1	1,111.5
Total liabilities	466.0	709.9	995.1	1,037.6
Loans payable	317.4	531.3	846.4	852.9
Interest Coverage Ratio	15.4x	11.4x	8.6X	7.7X
Total Shareholders' Equity	437.1	408.1	403.3	408.9
ROE	25.3%	25.5%	30.6%	N/A

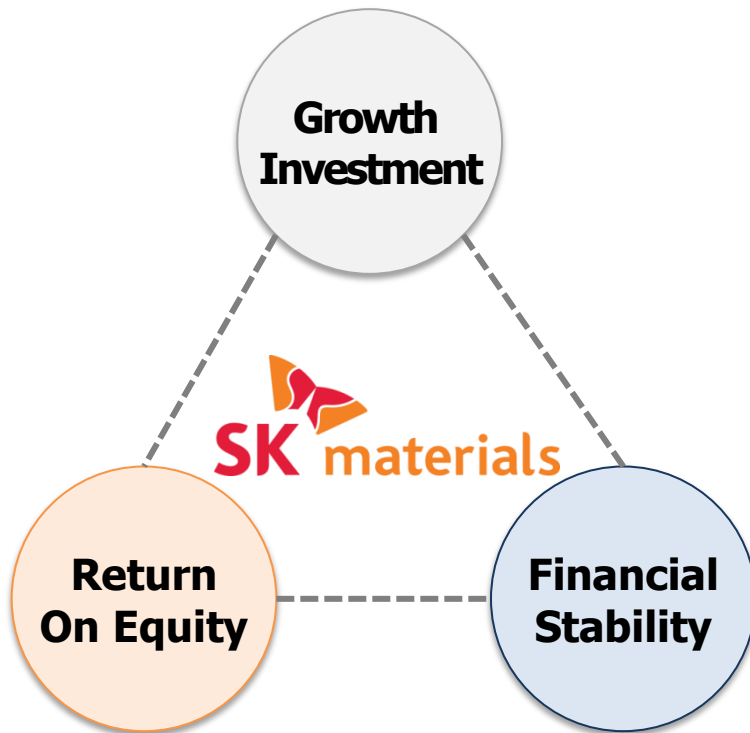
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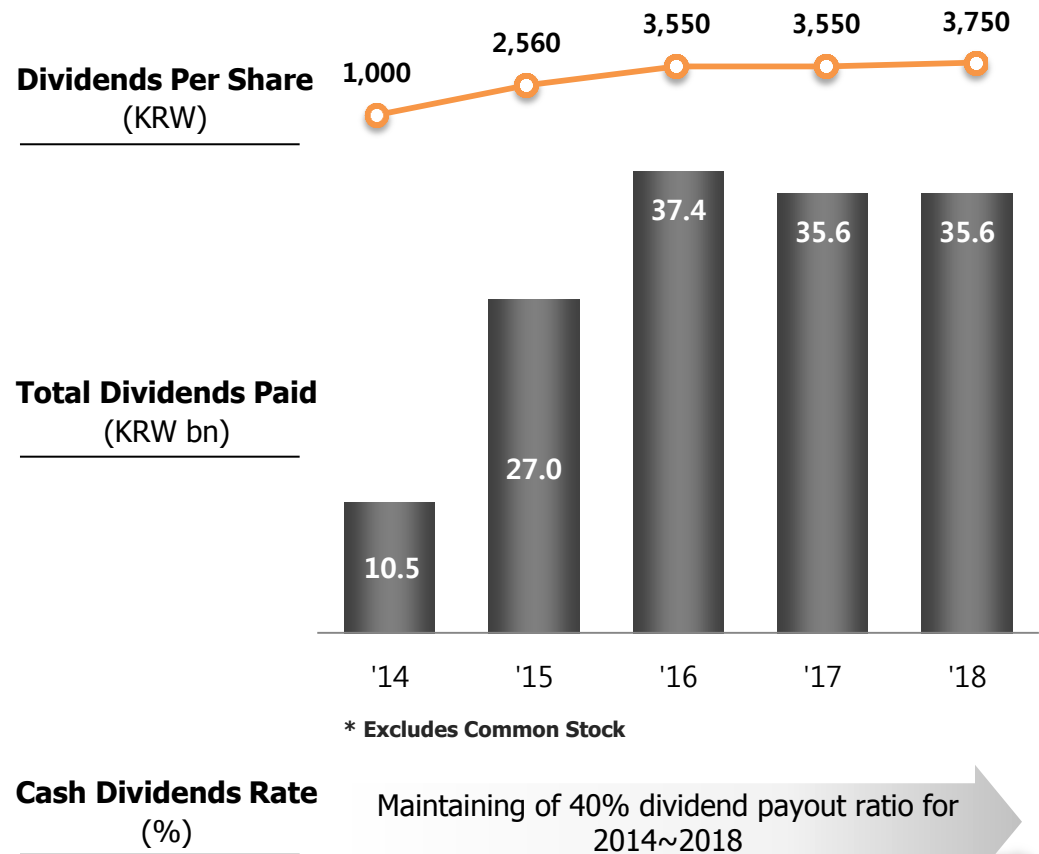
[Ref.] Increase in Shareholder Value

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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