

Financial Results for 2Q2018

Investor Relations | August 7, 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 June 30th, 2018.

Contents

I. Business Overview

II. 2018 Second-Quarter Results



1. Company Profile

(As of June 2018)



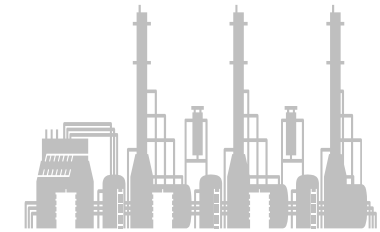
Establishment
1982. 11. 10



Yeong ju
Headquarter
Yeong ju, Korea



No. of employees
650 (SK materials, Korea),
892 (including employees
in 7 subsidiaries)



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

1,317.9
billion won



Assets
1,317.9 billion won

512.3
billion



Sales
512.3 billion won
(Year-End Report 2017)

147.7
billion



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

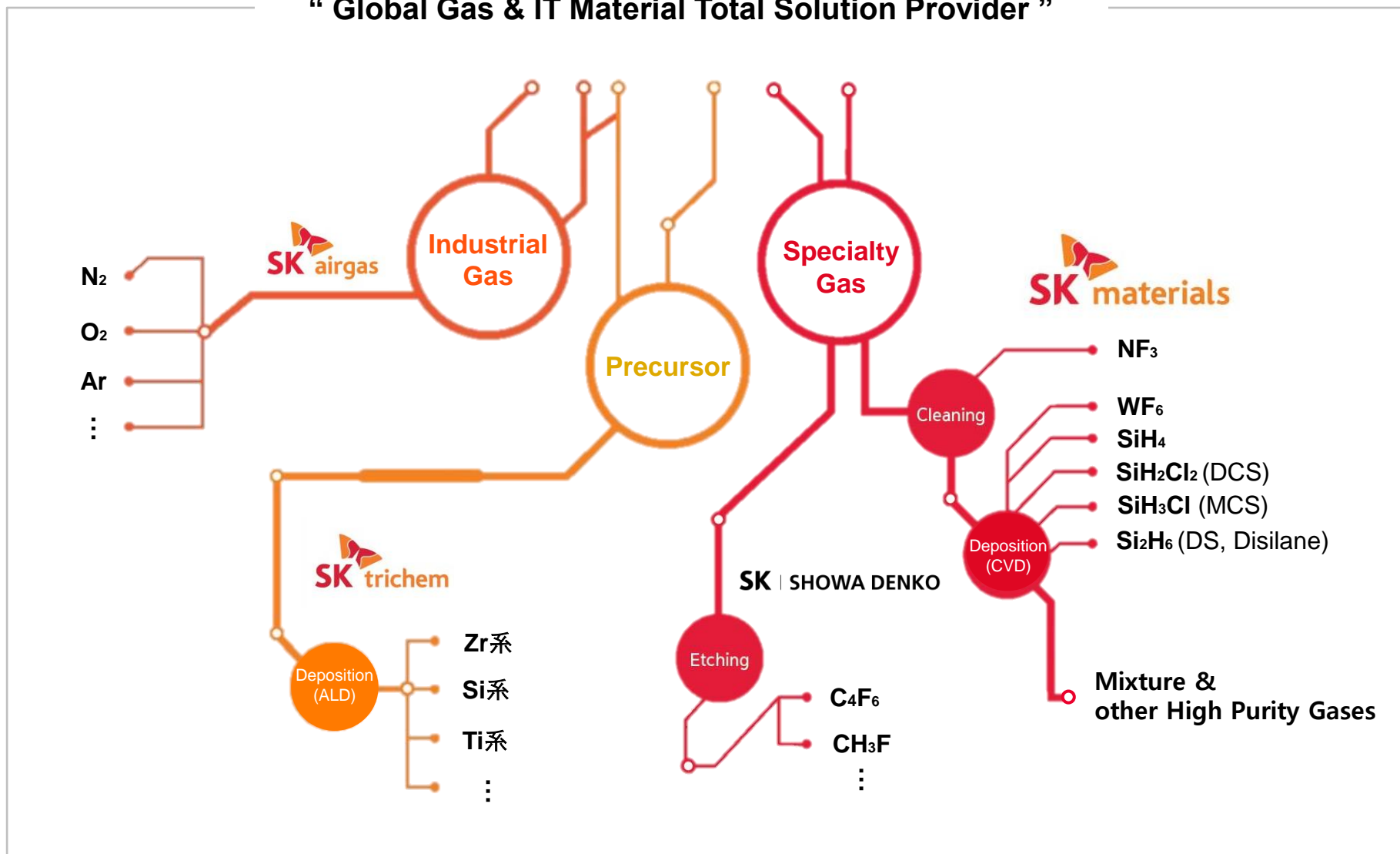
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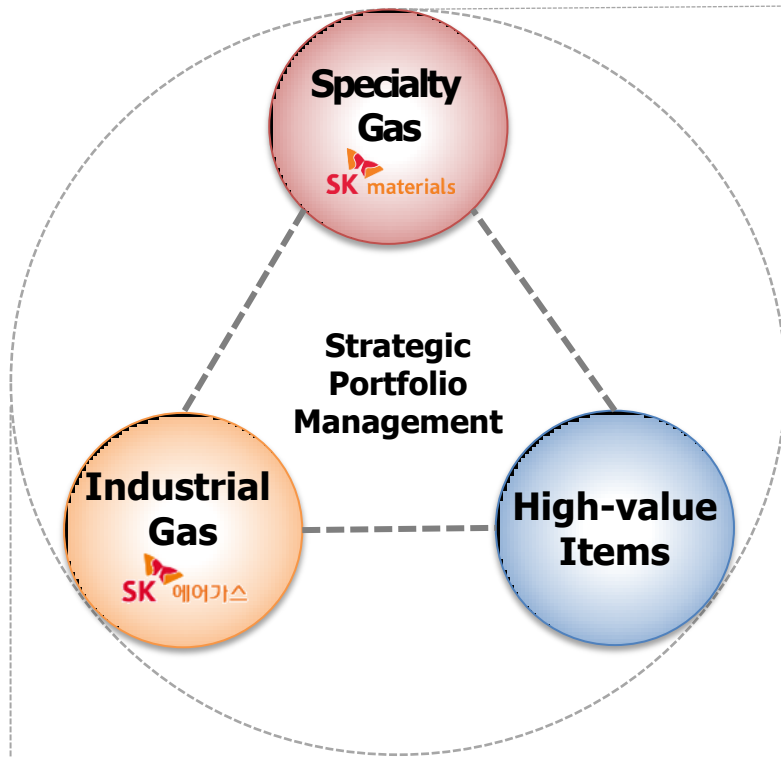
Subsidiaries & Corporation
3 domestic subsidiaries/JV
& 4 overseas corporations

2. Product Portfolio

“ Global Gas & IT Material Total Solution Provider ”



3. SK materials at present



Specialty Gas

- **NF3/WF6** : securing global presence for no.1 in the market by quickly grasping major clients' demand through proactive capacity increase in Korea & China
- **Si系** : increasing M/S in large clients & introducing more high-value products(SiH4, Si2H6, DCS, MCS) by taking advantage of Korea's only production facility

Industrial Gas

- **Building on-site capability** for semiconductor & display
- **Advancing into the global market** including China

High-value Items

- **Developing new biz. w/ high added-value through JV**
- Precursor, CF-type etching gas
- **Product Portfolio Upgrade by Entering New High-Value Biz**

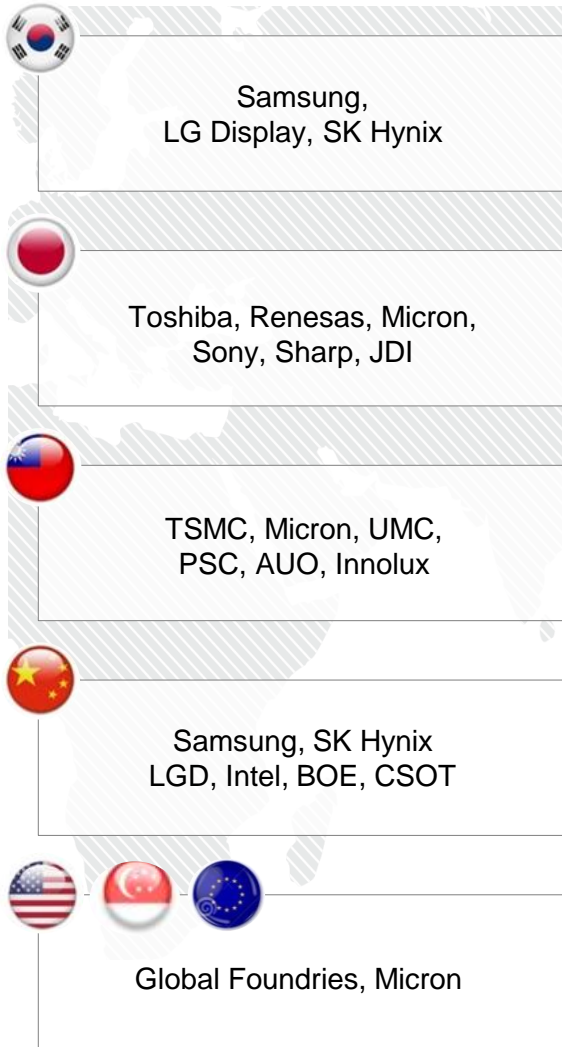
※ Production capacity

(unit : MT/Yr)

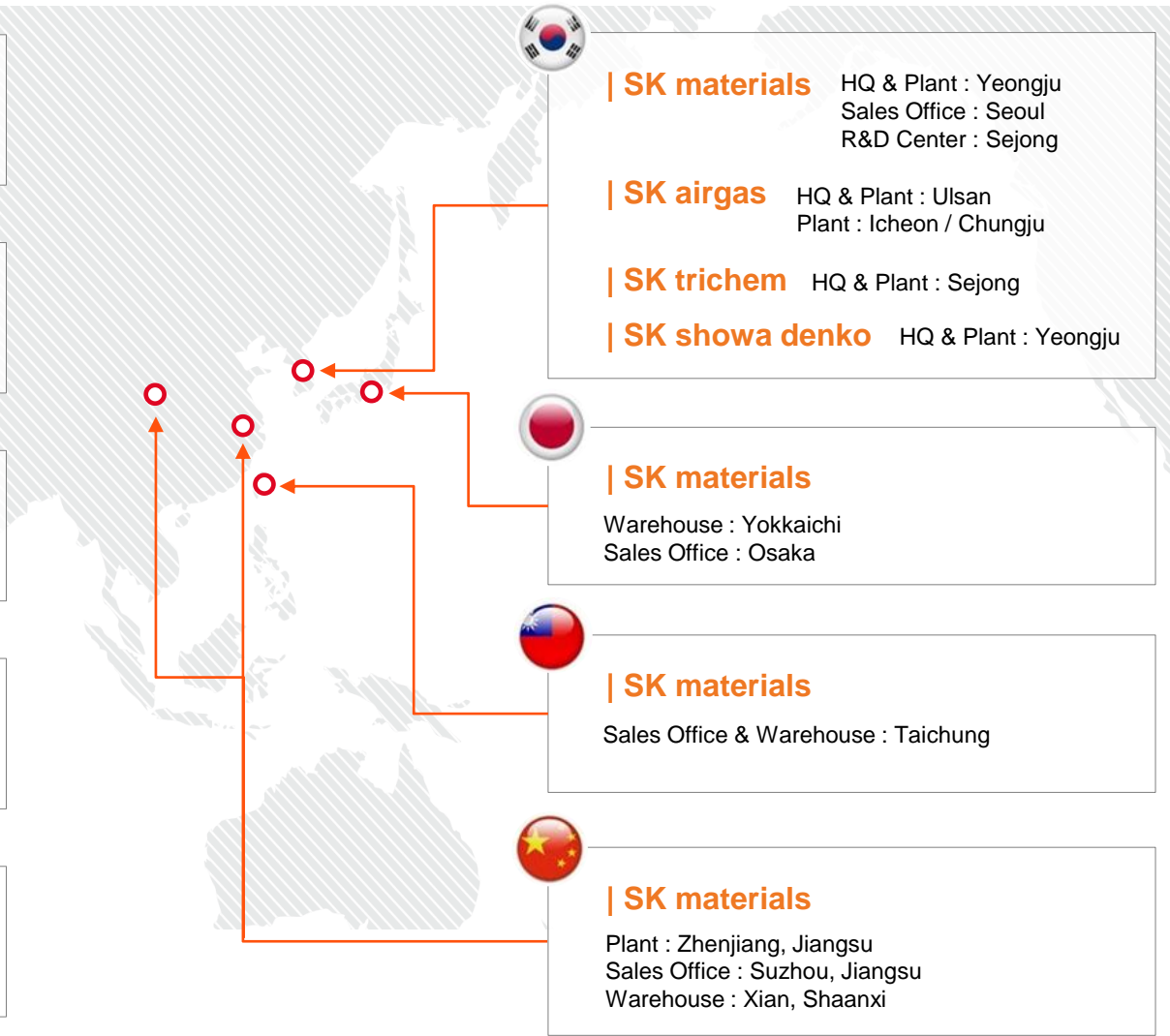
	2016末	2017末	2018 6末
NF3	8,600	10,600	10,600
WF6	600	1,200	1,200
SiH4	2,000	2,000	2,000
DCS	150	300	300

4. Key Customers & Global Network

Key Customers



Global Network



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I. Business Overview

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1. 2Q2018 Financial Results

The highest ever result in a quarter is achieved that the subsidiary accelerates its growth & development and the specialty gas section leads the steady sales.

[Consolidated Income Statement]

(unit: KRW bn)

	'18. 2Q (E)				
	'18. 2Q	'18. 1Q	QOQ	'17. 2Q	YOY
Sales	157.5	142.3	+15.2	124.2	+33.3
Operating Income	40.8	33.8	+7.0	37.8	+3.0
OP margin (%)	26%	24%	+2%p	30%	Δ4%p
Income before Tax	36.1	31.3	+4.8	34.9	+1.2
EBITDA	63.7	54.3	+9.4	56.5	+7.2
EBITDA(%)	40%	38%	+2%p	45%	Δ5%p
Net Income	26.2	22.8	+3.4	26.4	Δ0.2

Note 1) Cons. results based on K-IFRS

2) Not externally audited yet

2. 2Q2018 Financial Performance

(unit: KRW bn)

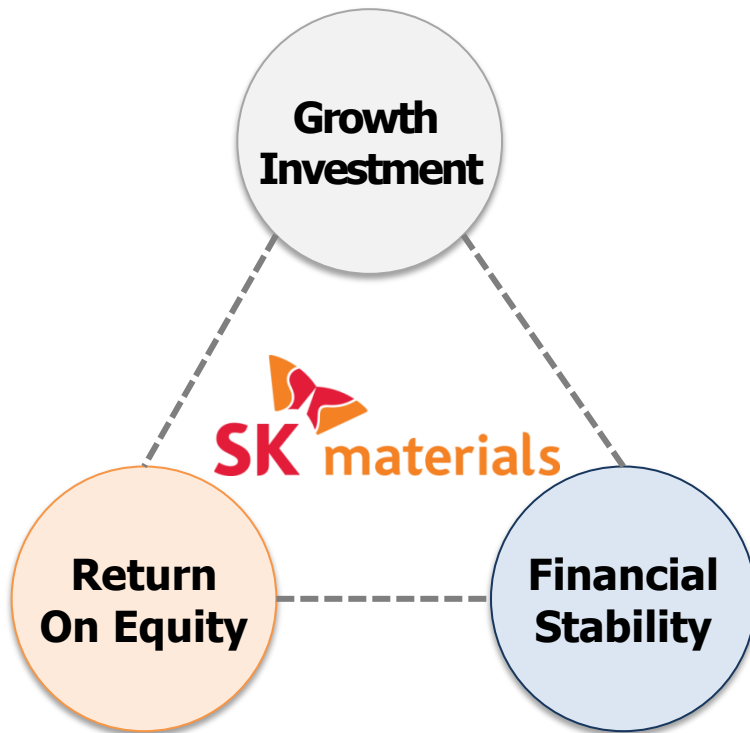
Title	2015	2016	2017	2018 6末
Total Assets	665.1	903.1	1,118.0	1,317.9
Cash/Short-term financial instrument	41.5	61.3	18.7	20.6
Accounts receivable	53.8	72.1	82.6	94.4
Inventories	58.3	74.3	86.2	106.7
Tangible Assets	480.2	661.5	885.1	1,058.5
Total liabilities	288.8	466.0	709.9	915.9
Loans payable	192.9	317.4	531.3	738.6
Interest Coverage Ratio	15.7x	15.4x	11.4x	8.6x
Total Shareholders' Equity	376.4	437.1	408.1	402.1
ROE	22.0%	22.0%	25.5%	N/A

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

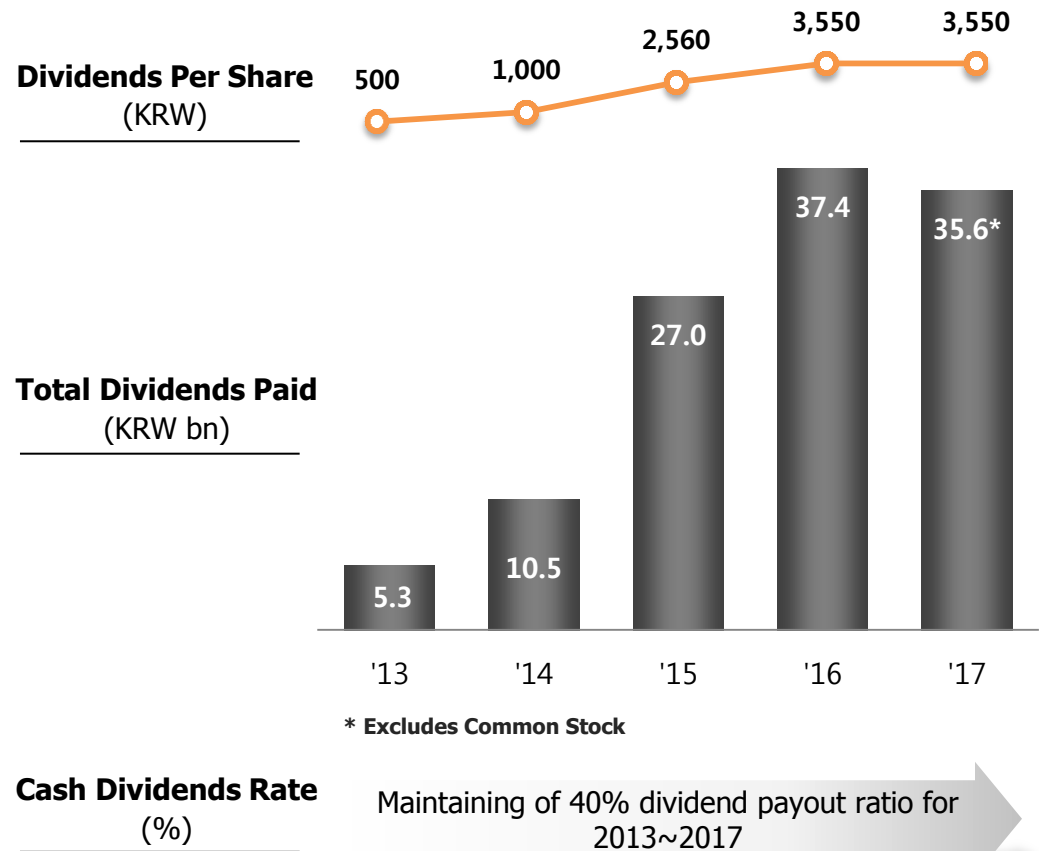
[Ref.] Increase in Shareholder Value

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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