

Financial Results for 3Q2020

Investor Relations | Oct 28, 2020



Disclaimer

The financial information of this report is the sales performance based on the consolidated financial statement of K-IFRS.

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.

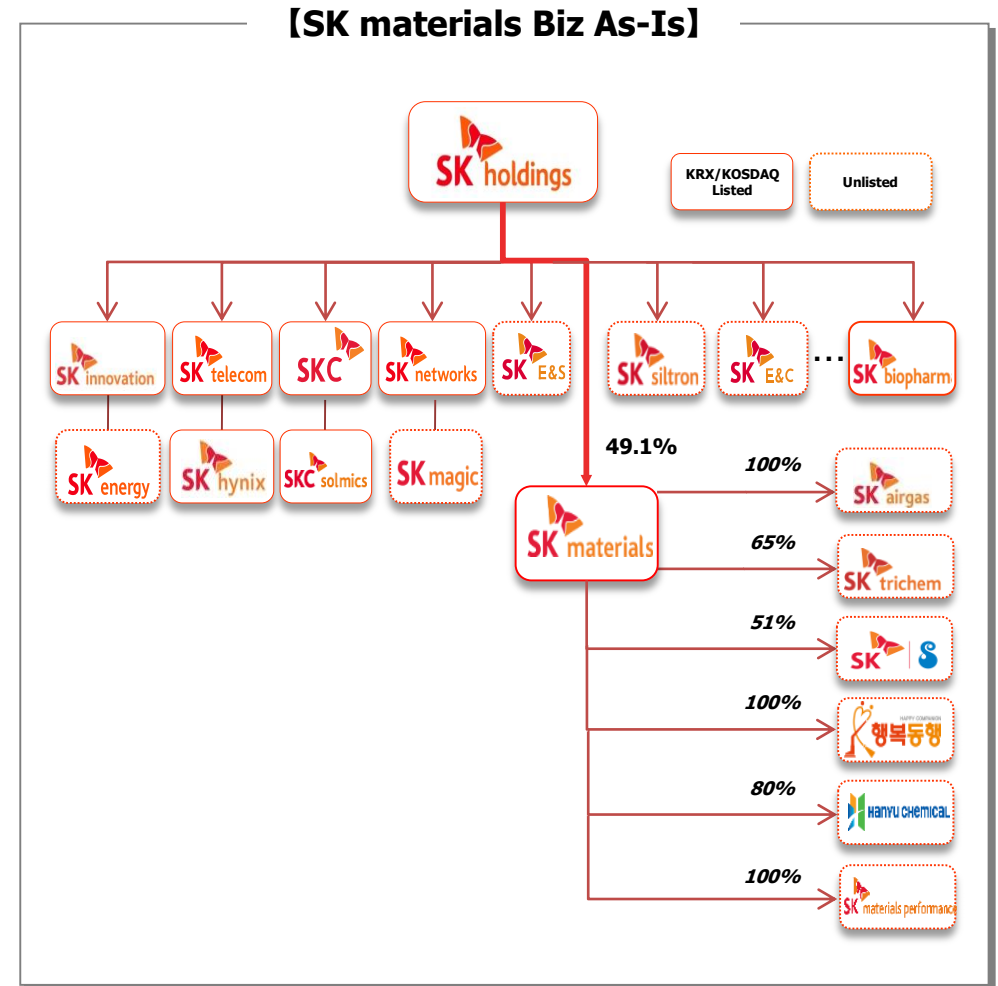
Certain information contained herein may be considered forward-looking in nature, which are based on certain conjectures and expectations of future events that are subject to risks and uncertainties, including comments on trends in the global economy and the duration of such trends, future development 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 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 September 30th, 2020.

1. Status of SK Materials in SK

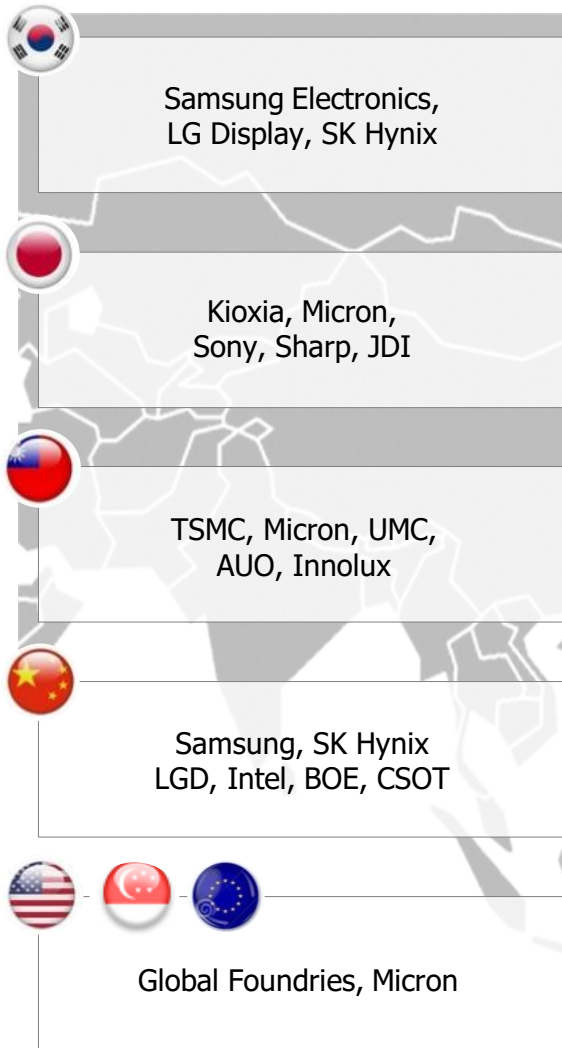
Expanded the business range as well as the successful establishment of the semiconductor material platform after incorporating it into SK Group in 2016

- '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 semiconductor fab on site
 - **Established SK Trichem JV (Japan's Tri-Chemical)**
 - Precursor: Zr·Si·Ti·Hf type products
- '17
 - **Established the SK Showa Denko JV (Japan's Showadenko)**
 - CF-type Etching Gases of CH₃F, C₄F₆, etc.
- '18
 - **Acquired the remaining stocks (20%) of SK Airgas**
 - **Entered into the high-performance Wet Chemical biz**
 - Jointly developed HSP (High Selectivity Phosphoric Acid) with LTCAM
- '19
 - **Acquired Hanyu Chemical (80%)**
 - Supply of High-purity CO₂ for Semiconductor
- '20
 - **Acquired PR business of Kumho Petrochemical and established SK Materials Performance (100%)**
 - Photoresist material and its subsidiary materials



2. Key Clients and Network

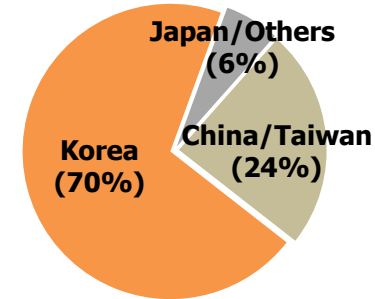
Key Customers



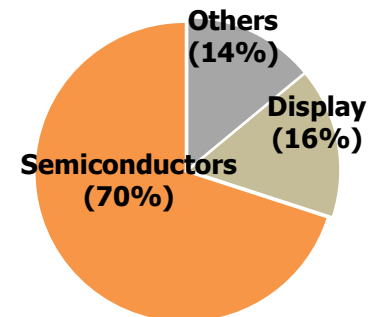
Global Network



Revenue share by regions('20. Sep)



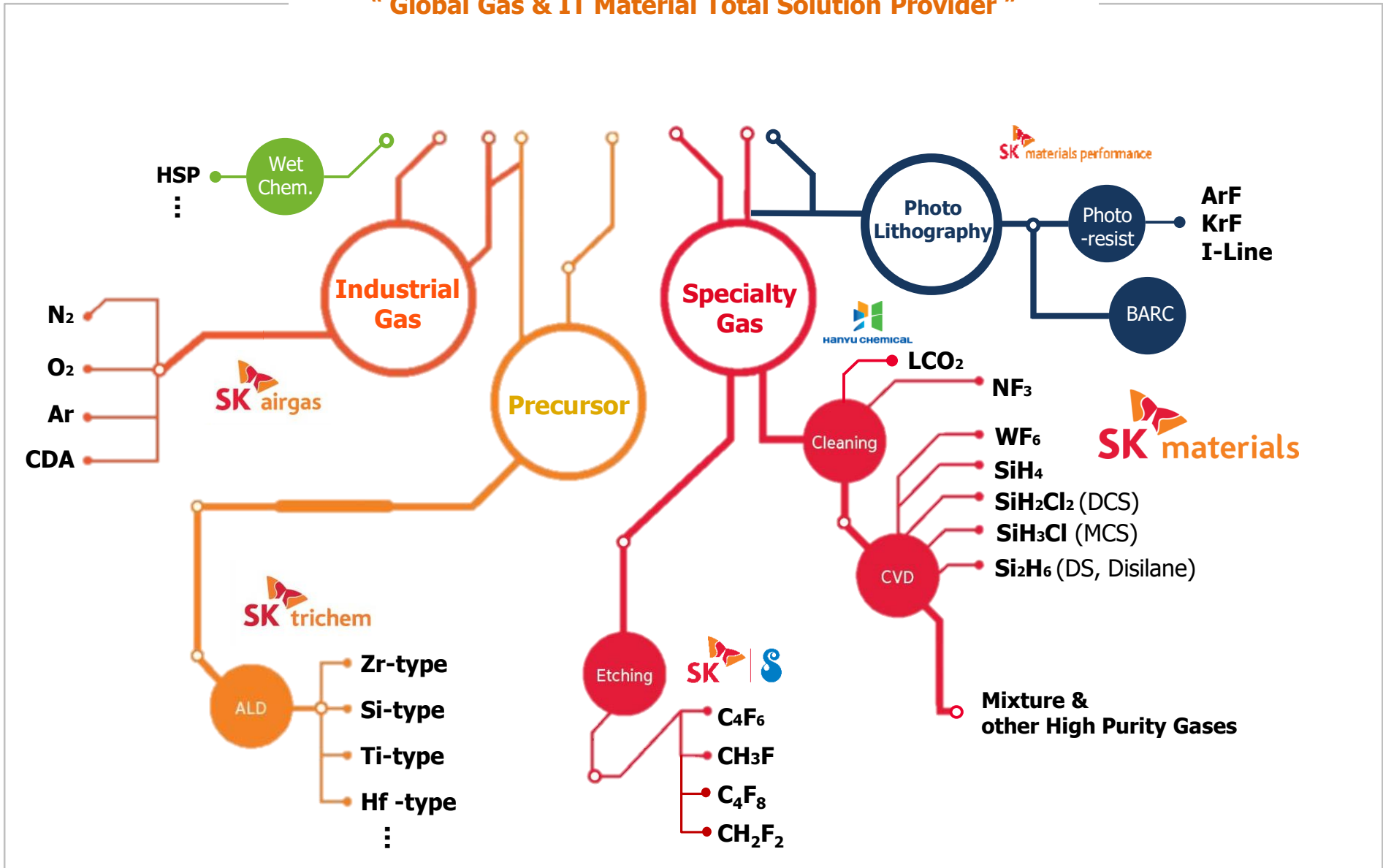
Revenue share by business ('20.Sep)



* Cons. results based on K-IFRS

3. Product Portfolio

“ Global Gas & IT Material Total Solution Provider ”



4. Key Production Facilities Status

Products		Production Capacity (ton/year)		Comments
		'16.12	'20.09	
SK Materials	NF3	8,600	12,100	<ul style="list-style-type: none"> Obtain the technology to increase the production through the improvement of the manufacturing process (applied to some production lines)
	WF6	600	1,500	<ul style="list-style-type: none"> Increase the capacity through the debottlenecking of the manufacturing process
	Si-type	SiH4 2,000 DCS 150 Si2H6 8	2,000 800 14	<ul style="list-style-type: none"> Operate 50% or more of SiH4 manufacturing Increase the sales of high-value added items as DCS, Si2H6 etc.
SK Airgas	Industrial Gas	64,000* <small>* N2 gas (Nm3/h)</small>	231,500*	<ul style="list-style-type: none"> Start a new supply to semi. from Sep. '20 Additional supply to semi. is planned from Q4 '21
SK Trichem	Precursor		Zr-type, Si-type, Ti-type, Hf-type	<ul style="list-style-type: none"> Increase the product line-up (from 5 kinds in 2019 to 10 kinds in 2020)
SK Showa Denko	Etching Gas		CF-type	<ul style="list-style-type: none"> The only production facilities for CH3F in Korea Continuously increasing NAND demand
Hanyu Chemical	LCO2/ Dry Ice		400* <small>* LCO2(ton/day)</small>	<ul style="list-style-type: none"> Increasing demand of CO2 for semiconductor and the dry-ice for fresh-food
SK Materials Performance	Photo Resist		ArF, KrF, I-Line, BARC	<ul style="list-style-type: none"> Acquired the photo business

5. 3Q2020 Earning Results

For the first time in history quarterly operating profit has reached more than 60bn.
 Won due to increased sales of special gases, increased supply of Precursors,
 and new supply of industrial gas for semiconductors.

[Consolidated Income Statement]

(unit: KRW bn)

	'20. 3Q (E)				
	'20. 3Q	'20.2Q	QoQ	'19.3Q	YoY
Sales	246.7	227.5	+19.2	202.0	+44.7
Gross Profit	90.5	84.1	+6.4	78.2	+12.3
<i>Gross margin (%)</i>	37%	37%	-	39%	△2%p
Operating Income	62.5	56.6	+5.9	56.1	+6.4
<i>OP margin (%)</i>	25%	25%	-	28%	△3%p
Income before Tax	48.9	47.3	+1.6	49.7	△8
EBITDA	92.8	87.7	+5.1	84.5	+8.3
<i>EBITDA (%)</i>	38%	39%	△1%p	42%	△4%p
Net Income	36.9	39.1	△2.2	39.6	△2.7

Note 1) Cons. results based on K-IFRS

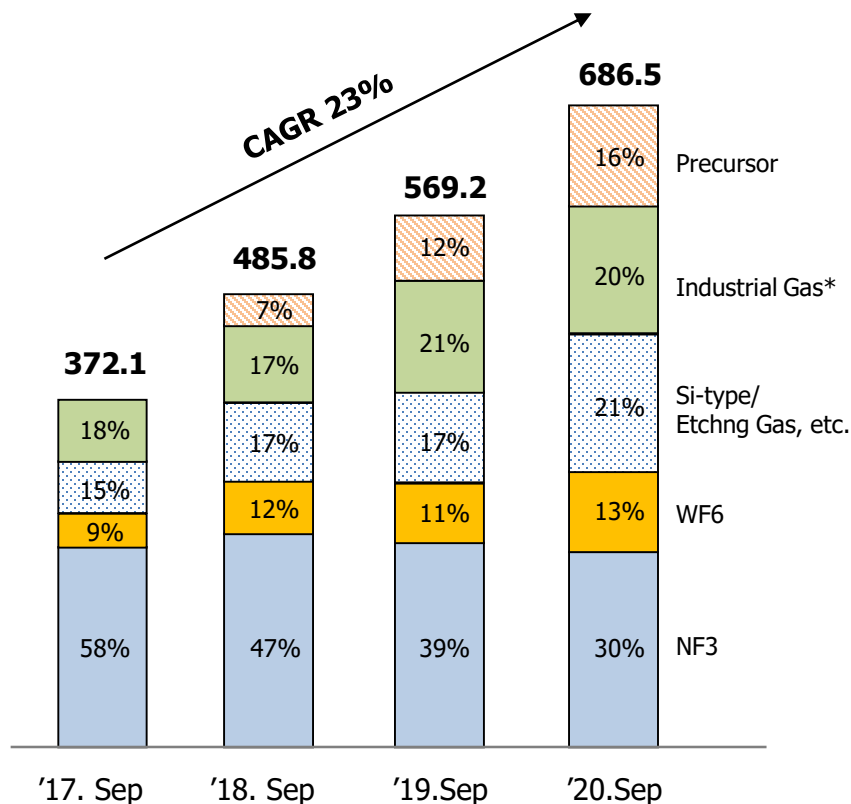
2) Not externally audited yet

6. Financial Highlight

[Sales Rev. by Business]

*Jan. ~ Sep. accumulation

(unit: KRW bn)



OP	111.1	125.8	165.7	172.2
EBITDA	166.9	194.0	248.5	264.7

* Hanyu Chemical Included

[Financial Performance]

(unit: KRW bn)

Title	2017	2018	2019	2020.09
Total Assets	1,118.0	1,398.4	1,615.8	1,959.6
Cash and Cash Equivalents	18.7	16.1	39.8	93.5
Accounts Receivable	82.6	123.4	102.3	137.4
Inventories	86.2	111.8	150.1	155.8
Tangible Assets	885.1	1,106.1	1,231.8	1,429.6
Total Liabilities	709.9	995.1	1,095.5	1,491.4
Loans Payable	531.3	846.4	895.9	1,280.0
Total Shareholders' Equity	408.1	403.3	520.3	468.2
Net Debt	512.6	830.3	856.1	1,186.5

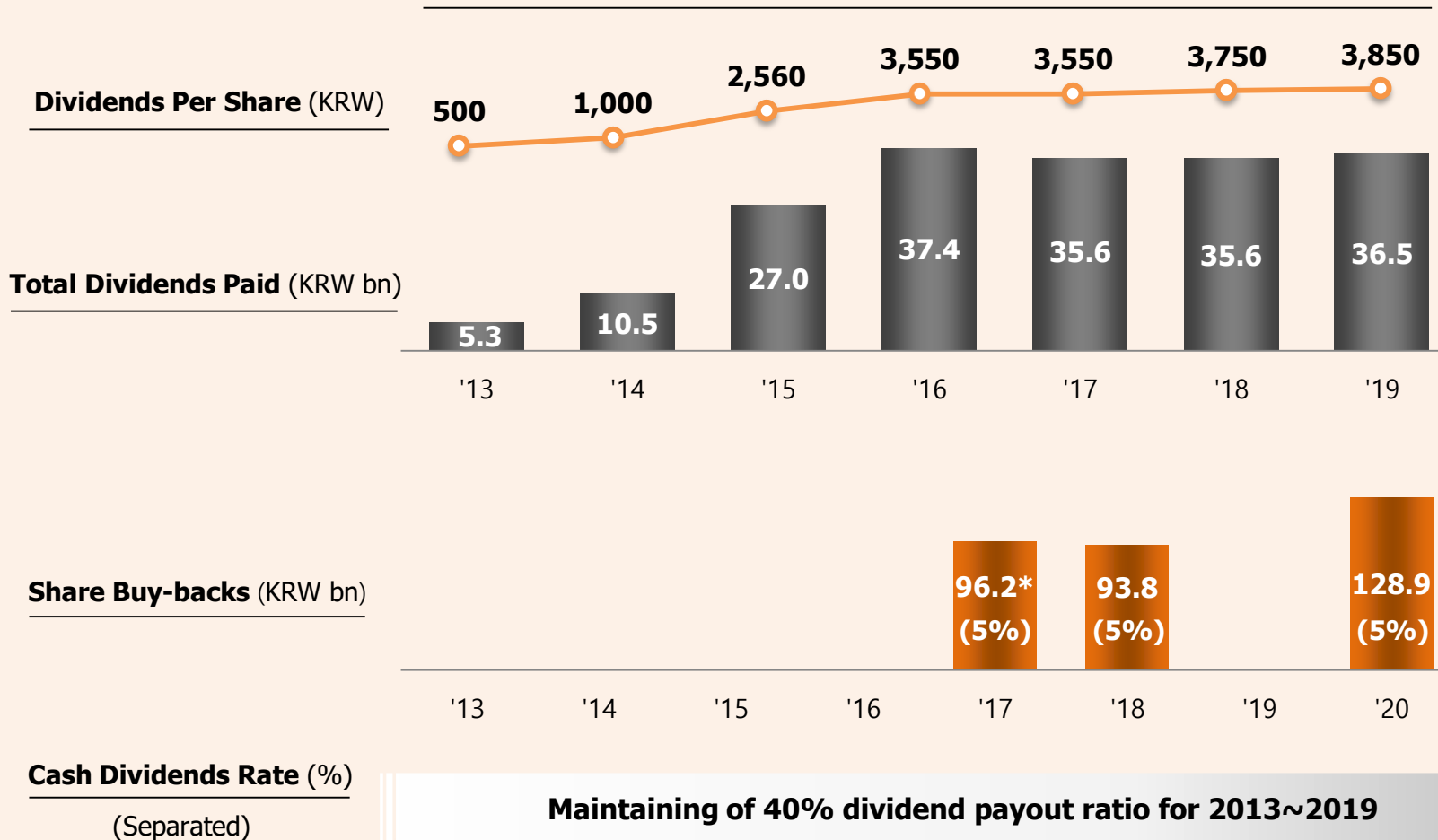
Note 1) Cons. results based on K-IFRS

2) Purchase of Treasury Stocks : KRW 1.4bn('16), 94.8bn('17), 93.8bn('18), 128.9bn('20)

[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

Yearly Dividend scale



* '16 Treasury Stocks Included