

# Financial Results for 2017

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Investor Relations | February 7, 2018

## Disclaimer

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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 December 31<sup>st</sup>, 2017.

# 1. Company Profile

(As of December 2017)



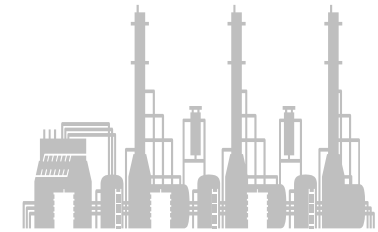
**Establishment**  
1982. 11. 10



**Headquarter**  
Yeong ju, Korea



**No. of employees**  
**674** (SK materials, Korea),  
**884** (including employees  
in 7 subsidiaries)



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

**1,118.0**  
billion won



**Assets**  
1,118.0 billion won

**512.3**  
billion won



**Sales**  
512.3 billion won

**147.7**  
billion won



**Operation Income**  
147.7 billion won

**7**



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

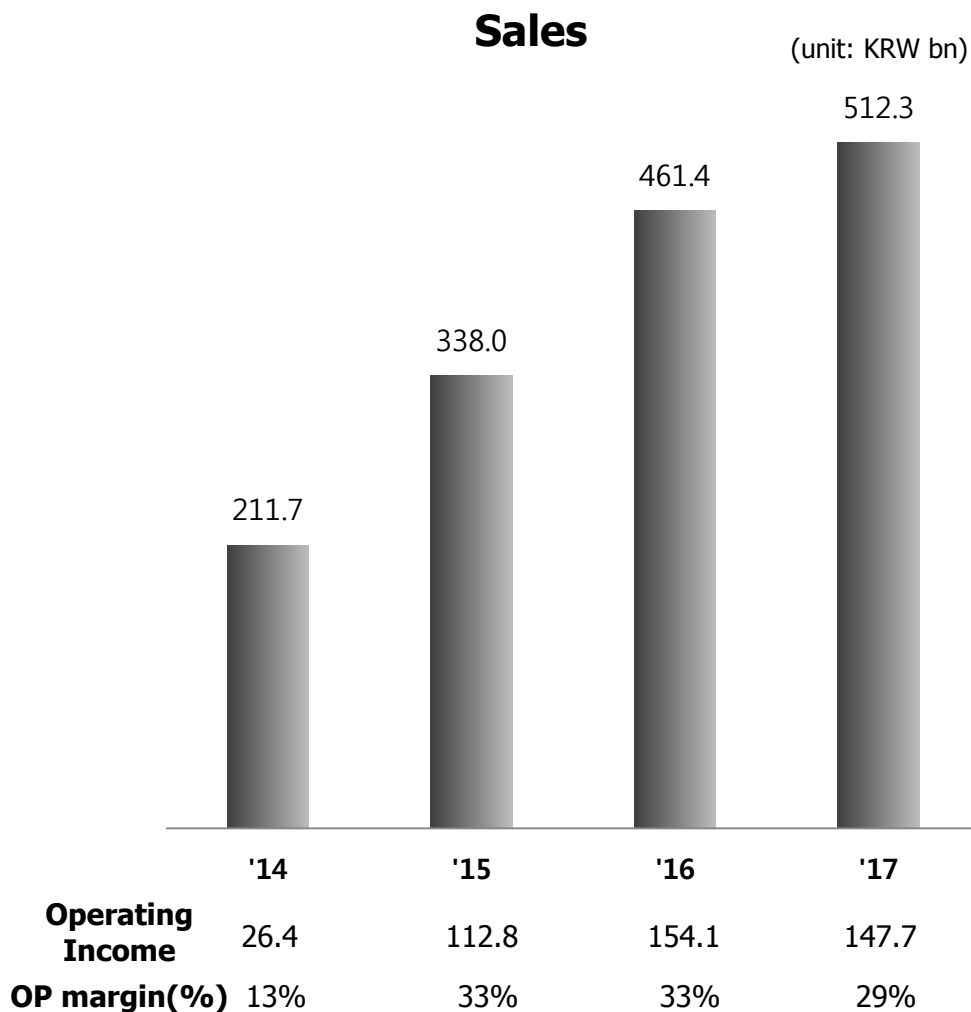
## 2. Key Customers

Out of headquarters in Yeong ju, Korea, company has 4 overseas corporations in China, Taiwan, and Japan and 3 domestic subsidiaries (SK Airgas-SK Trichem-SK Showa Denko)



# 3. Financial Highlight

## Income Statement



## Financial Performance

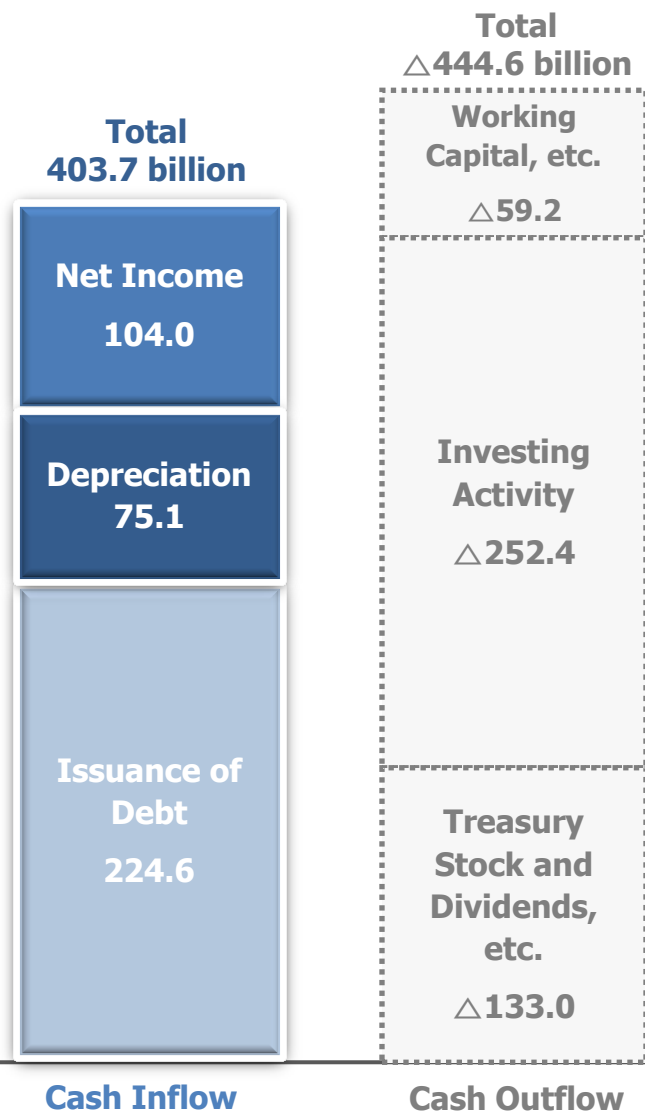
(unit: KRW bn)

	2014	2015	2016	2017
<b>Total Assets</b>	<b>589.8</b>	<b>665.1</b>	<b>903.1</b>	<b>1,118.0</b>
Account Receivables	53.8	64.2	79.0	94.0
Inventories	45.7	58.3	74.3	86.2
Tangible Assets	449.8	480.2	661.5	885.1
<b>Liabilities</b>	<b>266.9</b>	<b>288.8</b>	<b>466</b>	<b>709.9</b>
<b>Shareholders' Equity</b>	<b>322.9</b>	<b>376.3</b>	<b>437.1</b>	<b>408.1</b>
Debts	202.0	151.0	256.0	512.5
Interest Coverage Ratio	2.8x	15.7x	15.4x	11.4x
CAPEX	31.1	88.1	129.4	244.7

Note 1) Cons. results based on K-IFRS

2) Not externally audited yet

## 4. 4Q2017 Cash Flow



(unit: KRW bn)

'17. 1. 1 ~ '17. 12. 31	Amount	Note
Beginning Cash Balance	60.3	
<b>Cash Flows from Operating Activity</b>	<b>119.9</b>	
Net Income	104	
Depreciation, Depletion & Amortization	75.1	
Working Capital, etc.	△59.2	Accounts Payable
<b>Cash Flows from Investing Activity</b>	<b>△252.4</b>	
Capital Expenditures on Fixed Assets	△243.9	
Others	△8.5	
<b>Cash Flows from Financing Activity</b>	<b>91.6</b>	
Dividends Paid	△38.2	KRW 3,550 per share
Purchase of Common Stock	△94.8	
Issuance of Debt	219.4	Proceeds from Corporate Bonds (KRW 150billion)
Others	5.2	Issuance of Additional Stocks for Subsidiaries
Net Change in Cash	△41.6	Includes Foreign Currency Translation △0.7bn
<b>Ending Cash Balance</b>	<b>18.7</b>	

Note 1) Cons. results based on K-IFRS

2) Not externally audited yet

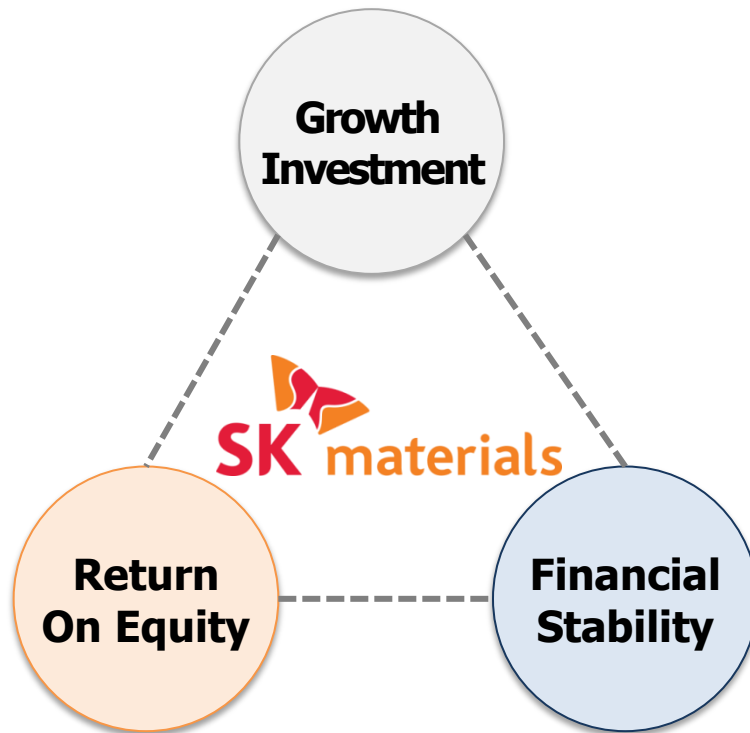
## 5. Key Production Facility/ Project Status

	Capacity of Key Facilities (unit : MT)			Ongoing Project
	2016-end	2017-end	2018-end	
NF3	8,600	10,600	11,600	<ul style="list-style-type: none"> <li>❑ <b>CAPA expansion based on major clients' long-term sales contract under way</b> - 1,000ton additional expansion under way (2017 Global M/S No.1)</li> </ul>
WF6	600	1,200	1,200	<ul style="list-style-type: none"> <li>❑ <b>3D NAND demand increase &amp; CAPA expansion based on long-term sales contract</b> - 600ton additional expansion completion (2017 Global M/S No.1)</li> </ul>
SiH4	2,000	2,000	2,000	<ul style="list-style-type: none"> <li>❑ <b>Si-type : Demand increase for display &amp; continuous sales growth under way</b></li> <li>❑ <b>Si2H6 : Facility expansion with high end products &amp; sales growth under way</b></li> </ul>
SK Airgas	64,000* <small>*based on N2 (Nm3/h)</small>	134,000	254,000	<ul style="list-style-type: none"> <li>❑ <b>Major supplier in Ulsan Petrochemical Complex</b></li> <li>❑ <b>On-site order for semiconductor/new supply (2018)</b></li> <li>❑ <b>Advancing into China market</b> (Bidding has been tried in 2017)</li> </ul>
SK Trichem		Zr-type	Zr-type Si-type	<ul style="list-style-type: none"> <li>❑ <b>Zr-type Precursor mass production expansion ('18.1Q)</b></li> <li>❑ <b>Si-type Precursor quality certification completion &amp; begin mass production supply ('18.2Q)</b></li> </ul>
SK Showa Denko		20ton(CH3F)	20ton(CH3F) 20ton(C4F6)	<ul style="list-style-type: none"> <li>❑ <b>CH3F single-largest factory in the world construction completion (2017-end) &amp; begin production</b></li> <li>❑ <b>C4F6 factory construction &amp; product sales expansion ('18.2Q)</b></li> </ul>

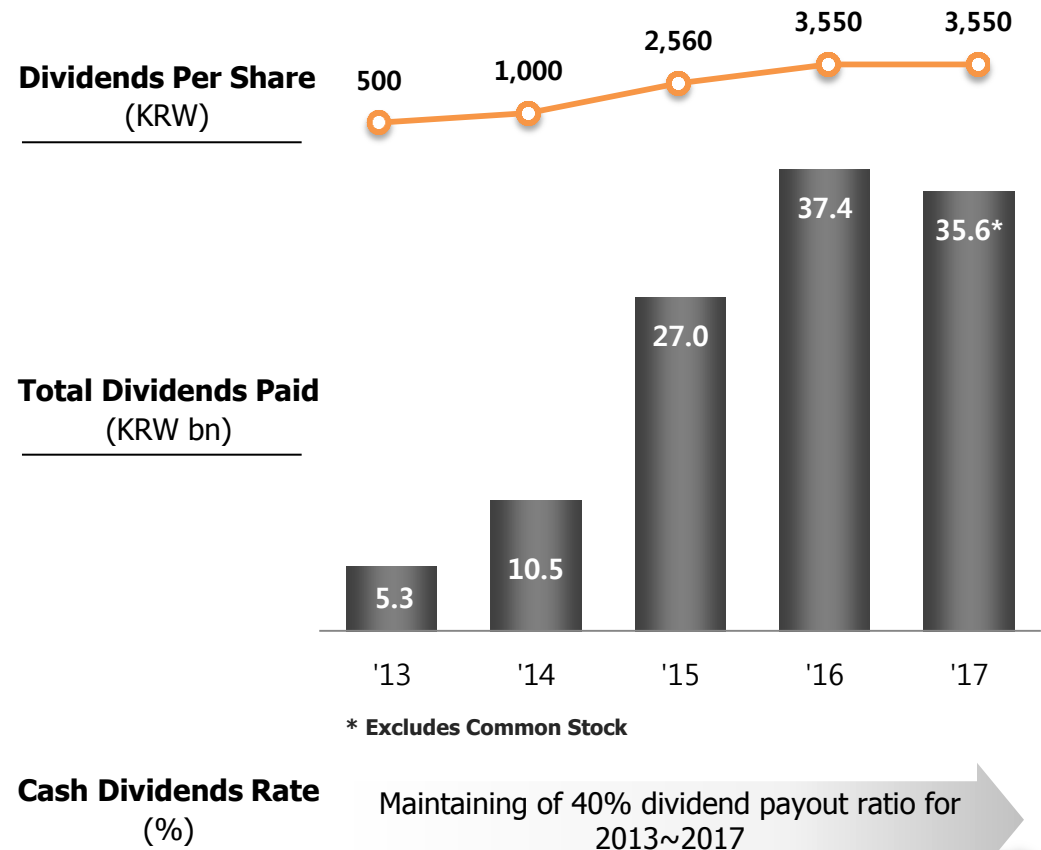
# [Ref.] Increase in Shareholder Value

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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