

Financial Results for 4Q2018

Investor Relations | January 30, 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 December 31st, 2018.

Contents

I. Business Overview

II. 2018 Fourth-Quarter Results



1. Company Profile

(As of December 2018)



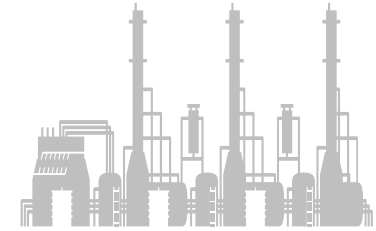
Establishment
1982. 11. 10



Headquarter
Yeong ju, Korea



No. of employees
700 (SK materials, Korea),
983 (including employees
in 7 subsidiaries)



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

1,397.6
billion won



Assets
1,397.6 billion won

687.3
billion won



Sales
687.3 billion won

182.9
billion won



Operation Income
182.9 billion won

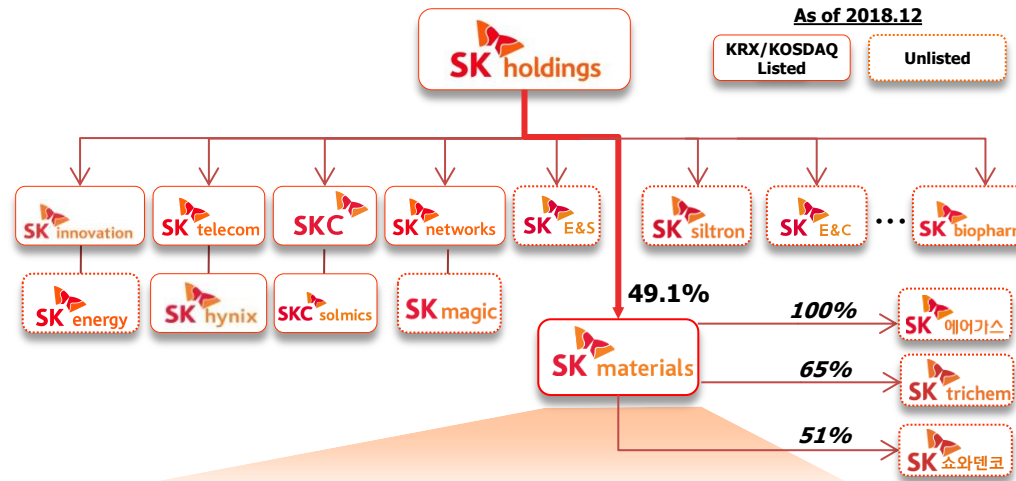
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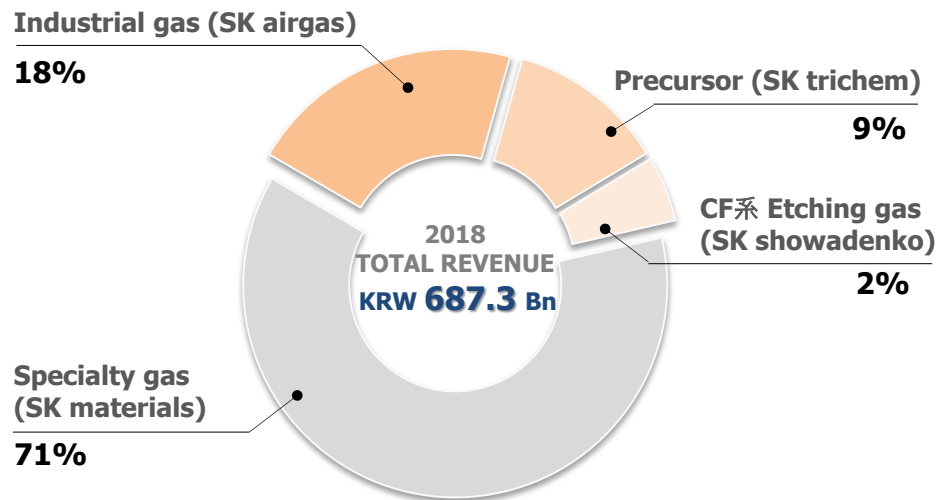
Subsidiaries & Corporation
3 domestic subsidiaries/JV
& 4 overseas corporations

2. Status of SK materials in SK

SK Group Governance Structure



Business Portfolio & Performance



Key Customers & Global Network



Contents

I. Business Overview

II. 2018 Fourth-Quarter Results



1. 4Q2018 Financial Results

The continuation of the highest sales record during the booming period of sales performance including the expansion of specialty gas sales and the growth of subsidiary performances.

[Consolidated Income Statement]

(unit: KRW bn)

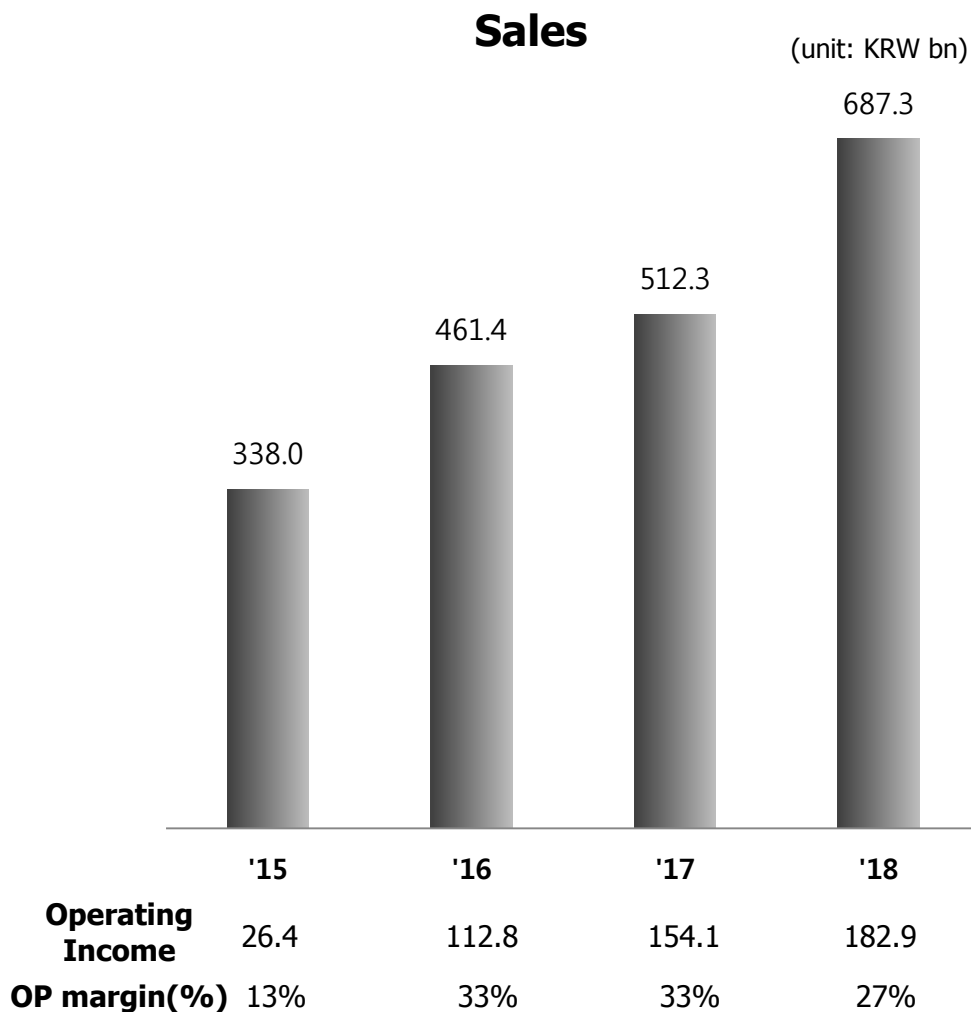
	'18. 4Q (E)				
	'18. 4Q	'18. 3Q	QOQ	'17. 4Q	YOY
Sales	201.5	186.0	+15.5	140.2	+61.3
Operating Income	57.1	51.2	+5.9	36.5	+20.6
OP margin (%)	28%	28%	-	26%	+2%p
Income before Tax	48.0	43.9	+4.1	31.9	+16.1
EBITDA	83.6	75.8	+7.8	56.0	+27.6
EBITDA(%)	41%	41%	-	40%	+1%p
Net Income	36.4	38.5	Δ2.1	27.8	+8.6

Note 1) Cons. results based on K-IFRS

2) Not externally audited yet

3. Financial Highlight

Income Statement



Financial Performance

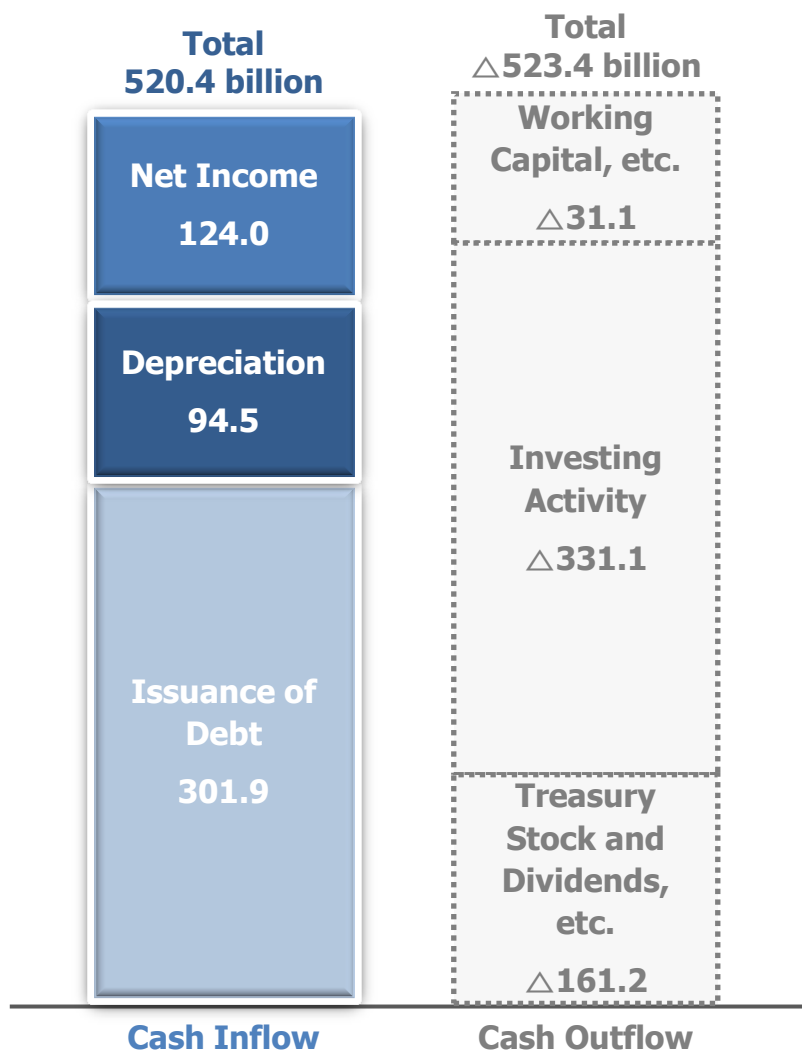
(unit: KRW bn)

	2015	2016	2017	2018
Total Assets	665.1	903.1	1,118.0	1,397.6
Account Receivables	53.8	72.1	82.6	123.2
Inventories	58.3	74.3	86.2	111.7
Tangible Assets	480.2	661.5	885.1	1,106.1
Liabilities	288.8	466.0	709.9	993.7
Shareholders' Equity	376.3	437.1	408.1	403.9
Debts	151.0	256.0	512.5	819.3
Interest Coverage Ratio	15.7x	15.4x	11.4x	8.6x

Note 1) Cons. results based on K-IFRS

2) Acquisition of Common Stock : KRW 1.4bn('16), 94.8bn('17), 93.7bn('18)

3. 4Q2018 Cash Flow



(unit: KRW bn)

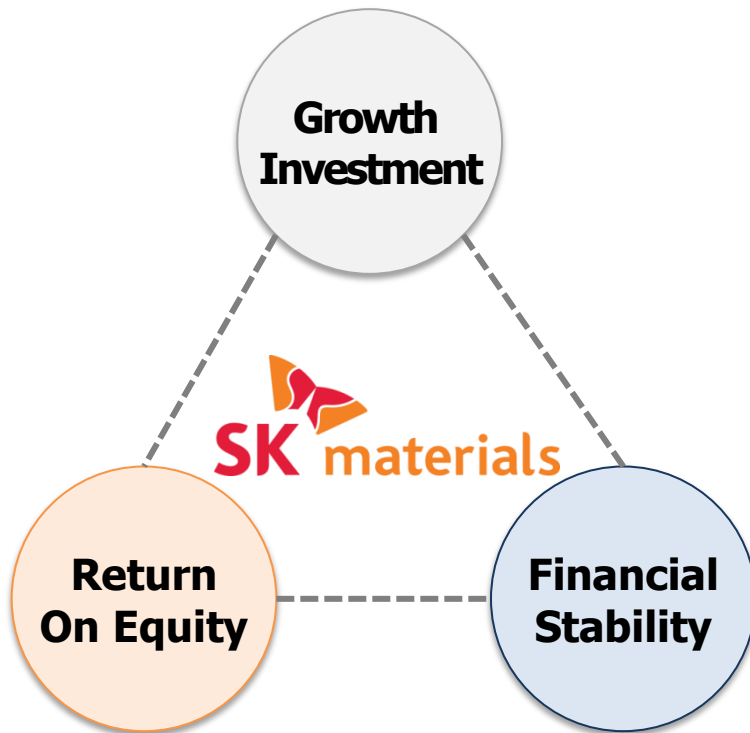
'18. 1. 1 ~ '18. 12. 31	Amount	Note
Beginning Cash Balance	18.7	
Cash Flows from Operating Activity	187.4	
Net Income	124.0	
Depreciation, Depletion & Amortization	94.5	
Working Capital, etc.	Δ31.1	Accounts Payable
Cash Flows from Investing Activity	Δ331.1	
Capital Expenditures on Fixed Assets	Δ321.8	
Others	Δ9.3	
Cash Flows from Financing Activity	140.7	
Dividends Paid	Δ36.5	KRW 3,550 per share
Purchase of Common Stock	Δ93.8	
Issuance of Debt	301.9	Proceeds from Corporate Bonds (KRW 140billion)
Others	Δ30.9	Acquisition of the remaining minority stake in SK airgas
Net Change in Cash	Δ2.6	Includes Foreign Currency Translation +0.5
Beginning Cash Balance	16.1	

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

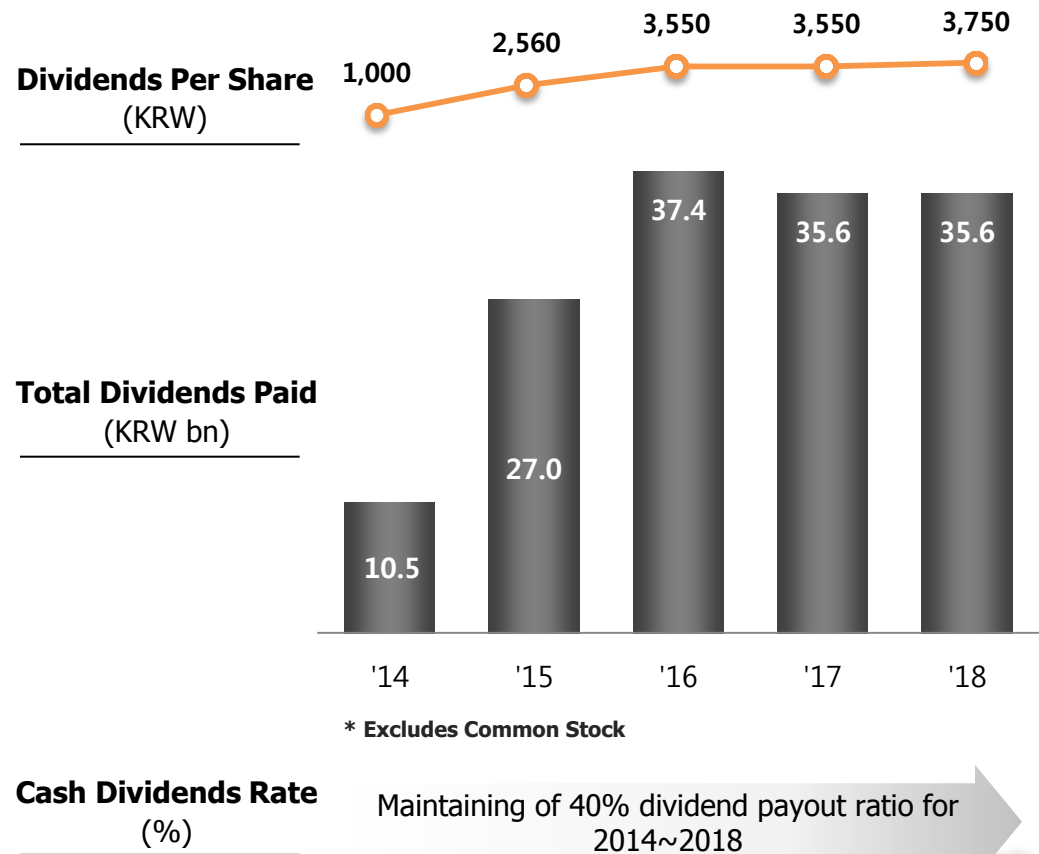
[Ref.] Increase in Shareholder Value

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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