

Financial Results for 4Q2020

Investor Relations | Jan 25, 2021

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.

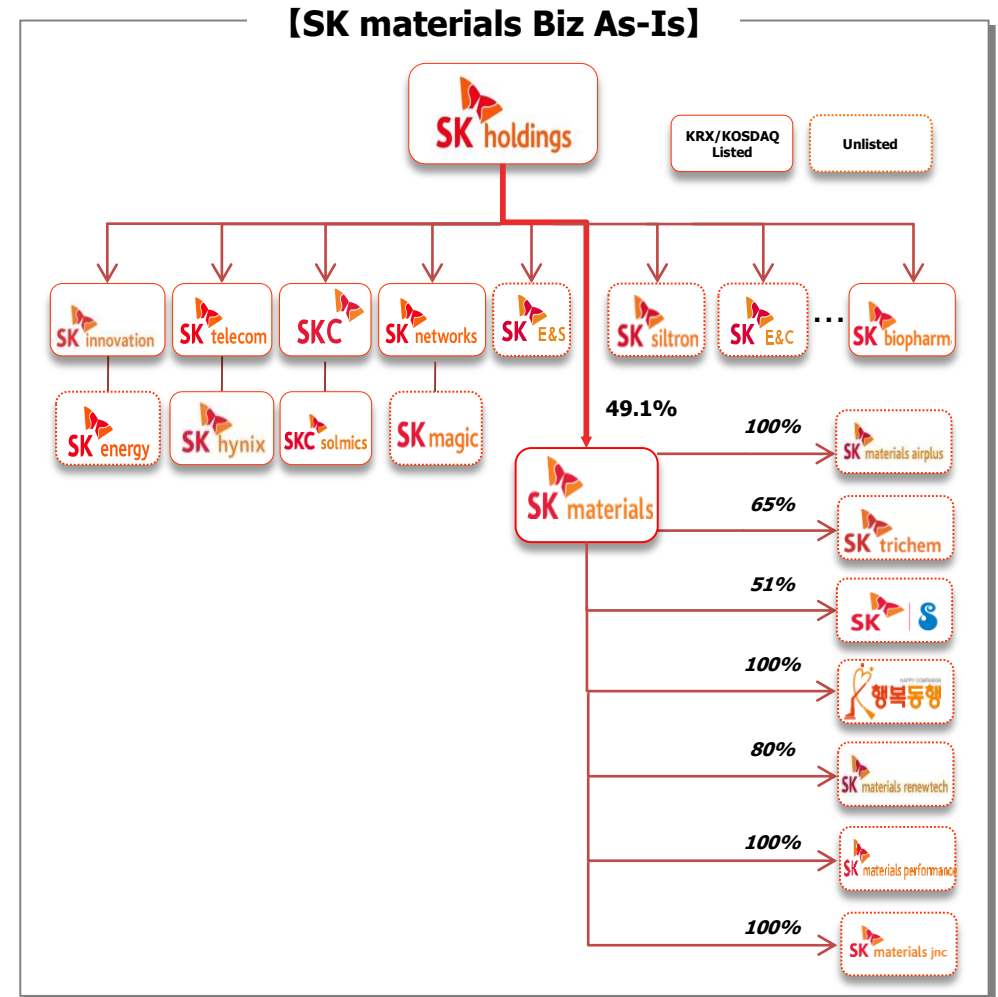
Certain information contained herein may be considered forward-looking in nature, which are based on certain conjectures and expectations of future events that are subject to risks and uncertainties, including comments on trends in the global economy and the duration of such trends, future development 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 December 31th, 2020.

1. Status of SK Materials in SK

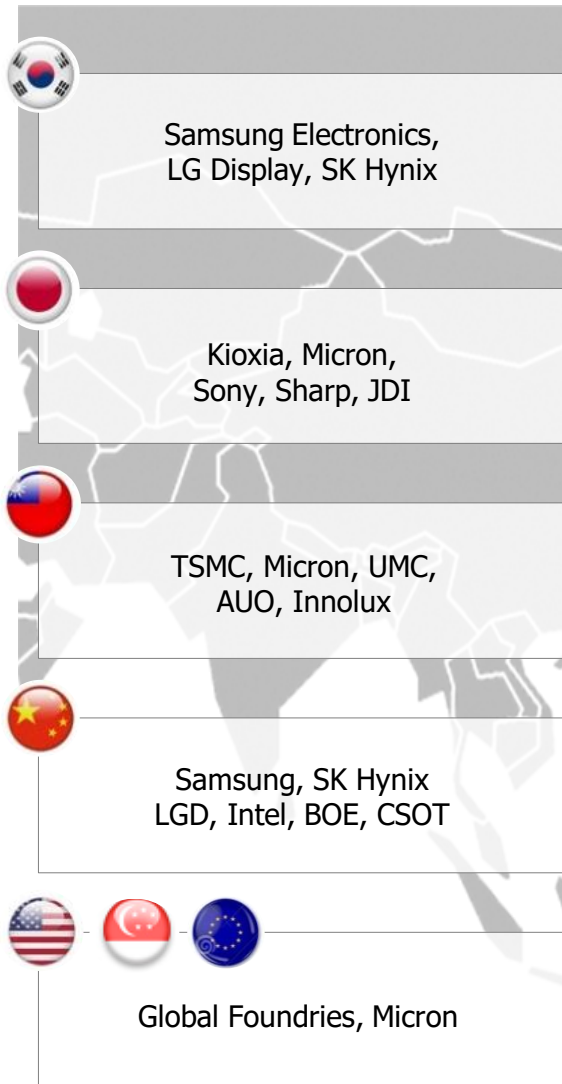
Expanded the business range by successfully establishing the semi-conductor material platform after being incorporated into SK Group in 2016

- '16
 - **Incorporated into SK Group**
 - Specialty Gases of NF₃, WF₆, SiH₄, Si₂H₆, etc.
 - **Acquired SK Materials Airplus* (80%)**
 - Industry gas supply to industry complex in Ulsan and semi-conductor fab on site
 - (*Changed company name, SK Airgas → SK Materials Airplus)
 - **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 SK Materials Renewtech (80%)**
 - Supply of High-purity CO₂ for Semiconductor
 - (*Changed company name, Hanyu Chemical → SK Materials Renewtech)
- '20
 - **Acquired PR business of Kumho Petrochemical and established SK Materials Performace (100%)**
 - Photoresist material and its subsidiary materials
 - **Established SK Materials JNC (Japan's JNC)**
 - OLED materials of Blue Dopant, etc.



2. Key Clients and Network

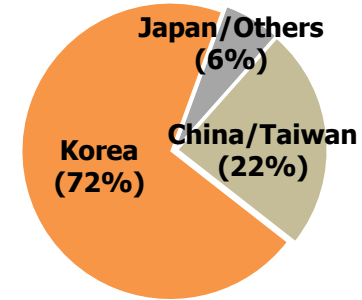
Key Customers



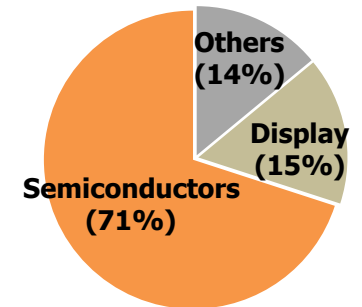
Global Network



Revenue share by regions('20. Dec)



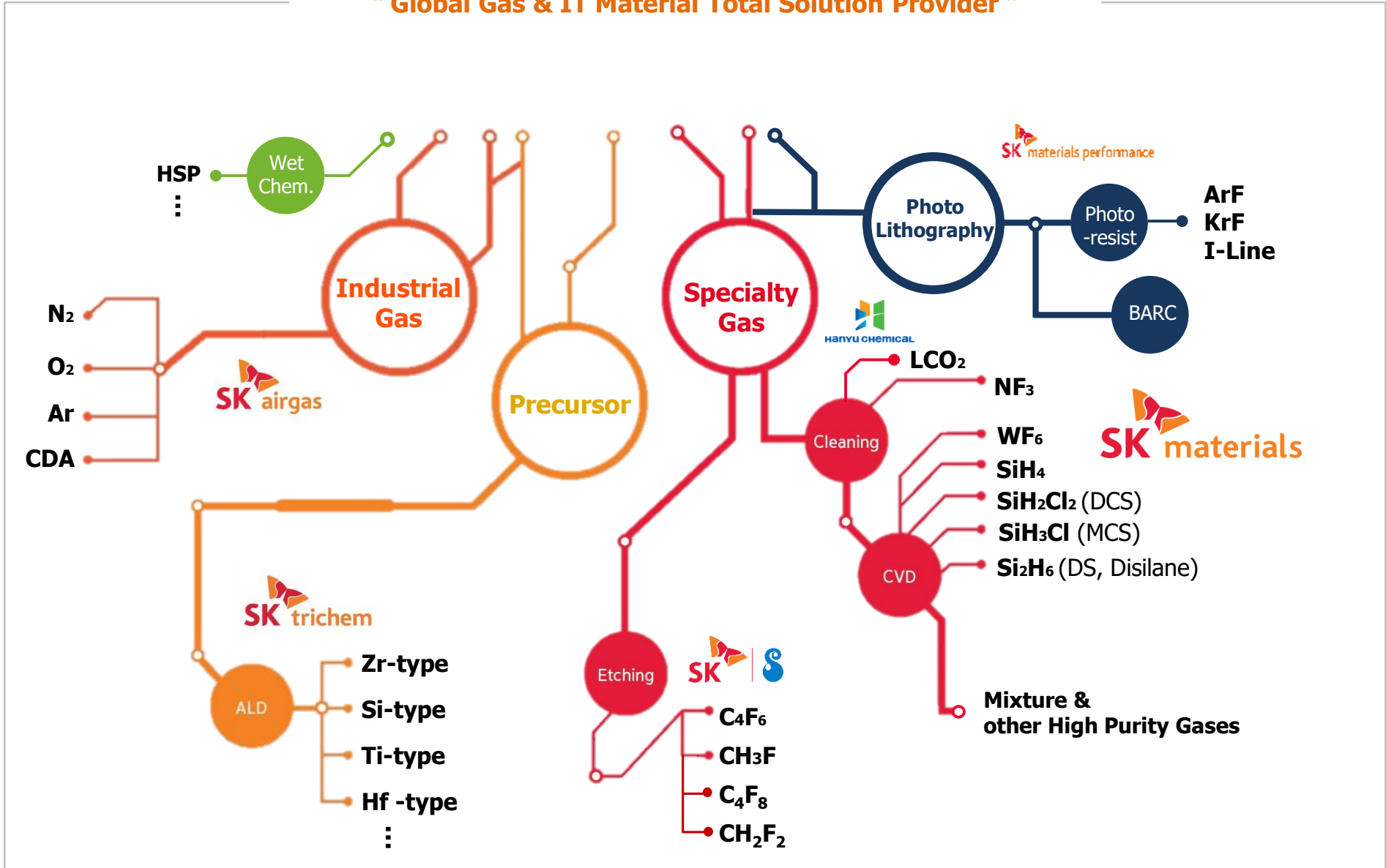
Revenue share by business ('20. Dec)



* 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	'20.12	
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 Materials Airplus	Industrial Gas	64,000* <small>* N2 gas (Nm3/h)</small>	313,500*	<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 NAND demand is continuously increasing
SK Materials Renewtech	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. 4Q2020 Earning Results

The quarterly and annual sales growth is continuing, due to the expansion of specialty gas volume and the increase of industrial gas revenue for semiconductors in line with the continuous uptrend in downstream industries

[Consolidated Income Statement]

(unit: KRW bn)

	'20. 4Q (E)				
	'20. 4Q	'20.3Q	QoQ	'19.4Q	YoY
Sales	268.5	246.7	+21.8	203.0	+65.5
Gross Profit	97.4	90.5	+6.9	78.7	+18.7
<i>Gross margin (%)</i>	36%	37%	$\Delta 1\%p$	39%	$\Delta 3\%p$
Operating Income	61.7	62.5	$\Delta 0.8$	49.1	+12.6
<i>OP margin (%)</i>	23%	25%	$\Delta 2\%p$	24%	$\Delta 1\%p$
Income before Tax	55.2	48.9	+6.3	38.1	+17.1
EBITDA	96.5	90.7	+5.8	80.0	+16.5
<i>EBITDA (%)</i>	36%	37%	$\Delta 1\%p$	39%	$\Delta 3\%p$
Net Income	42.1	37.5	+4.6	28.6	+13.5

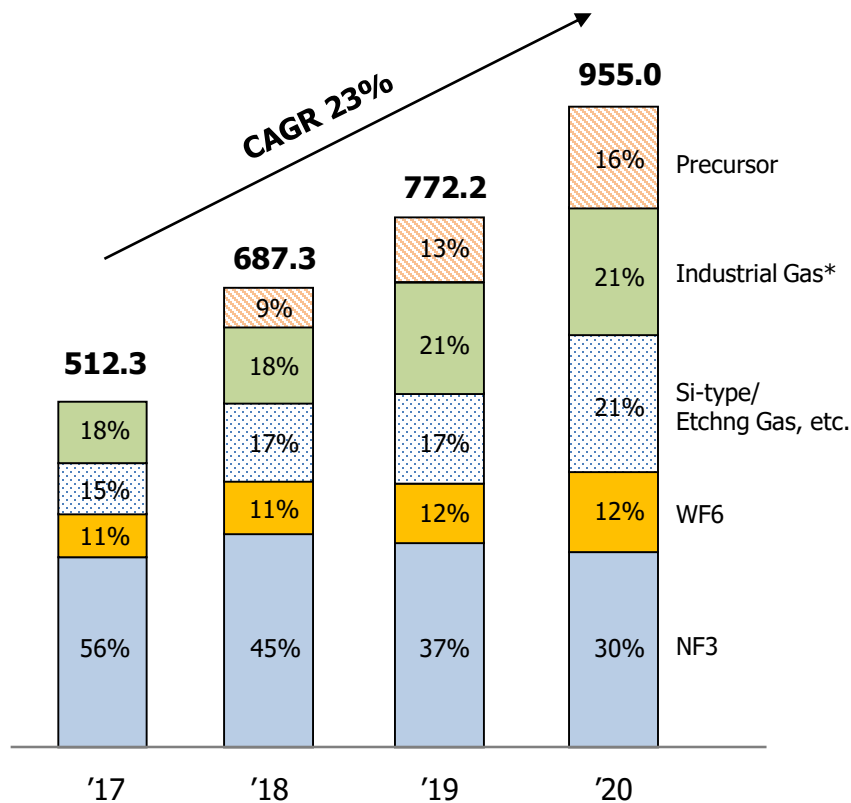
Note 1) Cons. results based on K-IFRS

2) Not externally audited yet

6. Financial Highlight

[Sales Rev. by Business]

(unit: KRW bn)



OP	147.7	182.9	214.8	233.9
EBITDA	222.8	277.4	328.6	359.2

* SK materials renewtech Included

[Financial Performance]

(unit: KRW bn)

Title	2017	2018	2019	2020
Total Assets	1,118.0	1,398.4	1,615.8	2,037.0
Cash and Cash Equivalents	18.7	16.1	39.8	109.5
Accounts Receivable	82.6	123.4	102.3	126.3
Inventories	86.2	111.8	150.1	152.3
Tangible Assets	885.1	1,106.1	1,231.8	1,503.6
Total Liabilities	709.9	995.1	1,095.5	1,527.7
Loans Payable	531.3	846.4	895.9	1,310.1
Total Shareholders' Equity	408.1	403.3	520.3	509.3
Net Debt	512.6	830.3	856.1	1,200.6

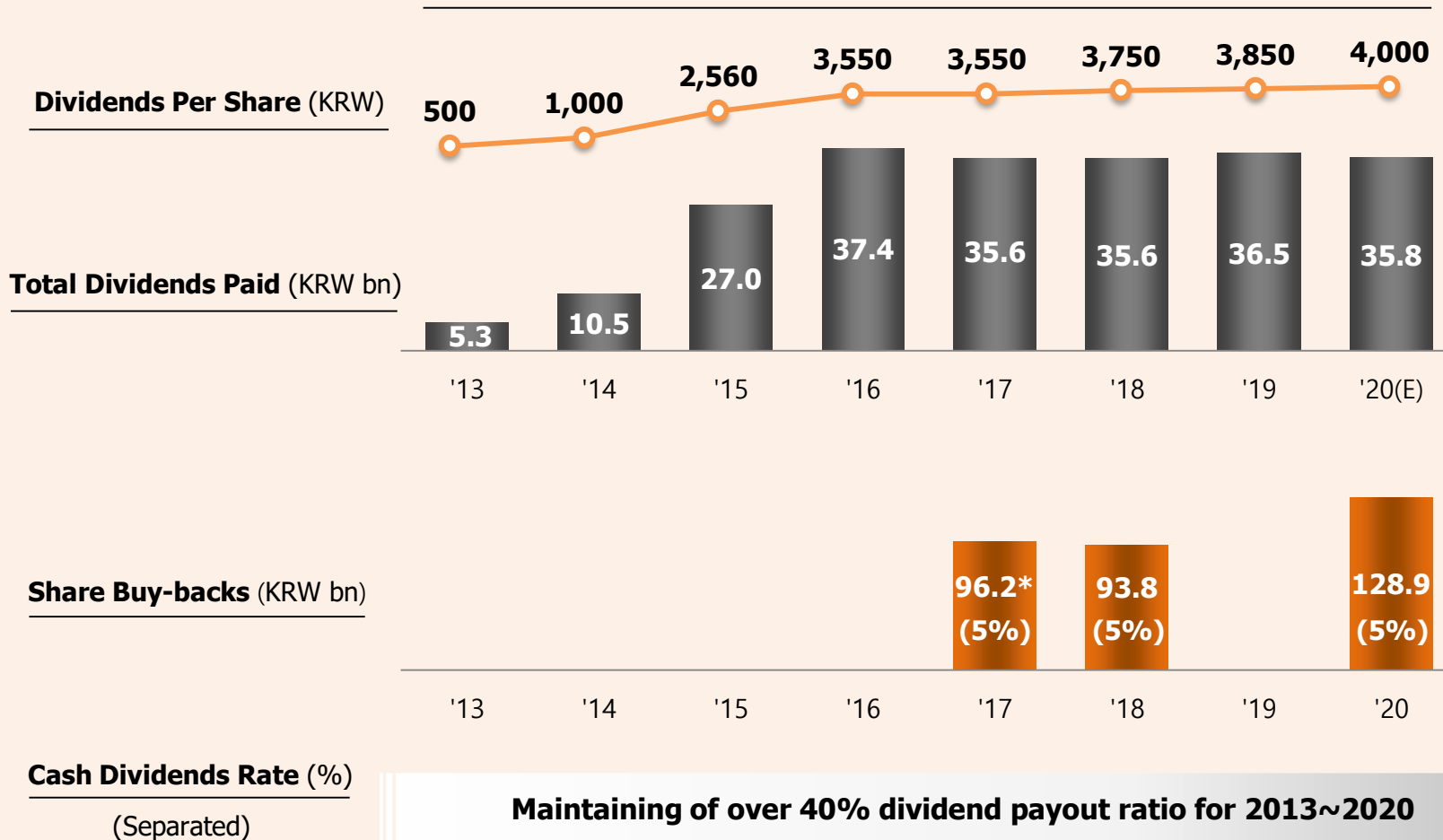
Note 1) Cons. results based on K-IFRS

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