

1Q 2020 Financial Performance

2020. 5. 7





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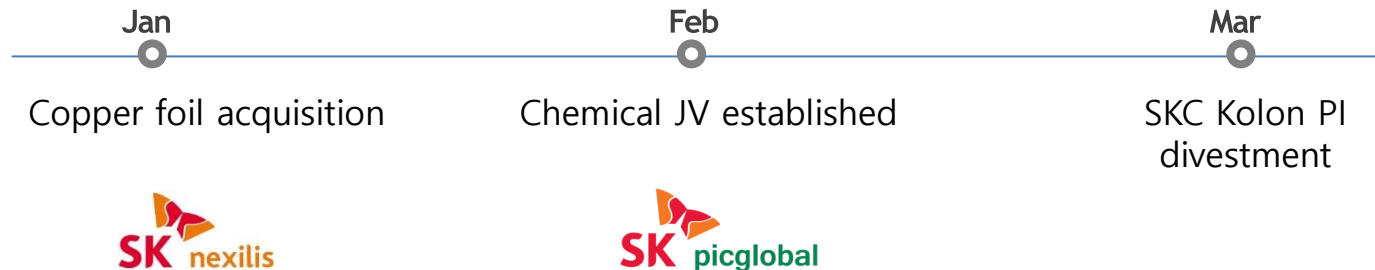


I. Financial Performance

1. Summary
2. 1Q Consolidated Earnings
3. 1Q Consolidated Financial Position
4. Results and Outlook by Business

1. Summary

- Secured future growth driver and enhanced business model through completion of 1st stage BM change despite macro uncertainties (COVID-19, US-China trade dispute, drop in oil price, etc.)



- Despite enhanced earnings fundamental, 1Q 2020 operating profit showed temporary weakness driven by impact from one-off items (expense related to BM change and impact from COVID-19)

1Q OP	1Q One-off impact (*)	OP estimate excluding one-off impact
27.4bn	25.0~30.0bn	52.4~57.4bn

* Deal related one-off expense, impact of COVID-19

- Increase in net income and equity driven by stake sale in chemical JV(49%) and SKC Kolon PI (27%)

2. 1Q Consolidated Earnings

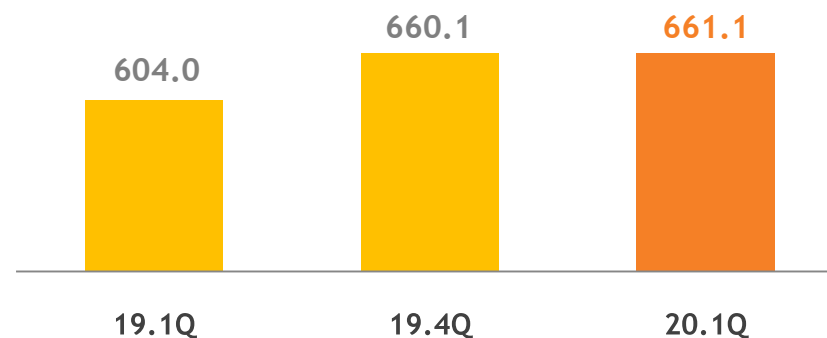
BM Change (Copper-foil acquisition, Chem. JV established, PI film biz. divestment) **completion & one-off expense**

Consolidated Earnings

(W bn)	19.1Q	19.4Q	20.1Q	YoY	QoQ
Revenue	604.0	660.1	661.1	+9.5%	+0.2%
Operating Profit (%)	36.2 (6.0%)	30.1 (4.6%)	27.4 (4.1%)	△24.3%	△9.0%
Interest Expense	13.8	14.2	27.7	+100.7%	+95.1%
Net Profit (Controlling Shares)	19.1	5.7	79.2	+314.7%	+1,289.5%
EBITDA (%)	70.6 (11.7%)	69.8 (10.6%)	79.7 (12.1%)	+12.9%	+14.2%

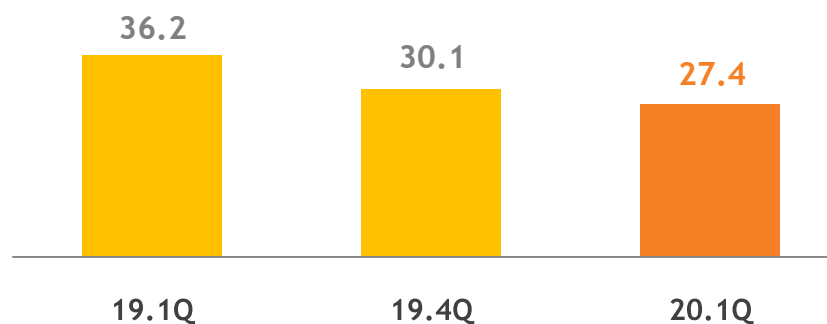
Revenue

(W bn)



Operating Profit

(W bn)



3. 1Q Consolidated Financial Position

Asset/Liability increase on BM Change and preemptive liquidity management in response to COVID-19

Consolidated Balance Sheet

(W bn)	FY19	20.1Q	Chg.
Assets	3,973.0	5,759.6	+1,786.6
Cash & CE	80.0	454.2	+374.2
Tangible/Intangible Assets	2,370.6	3,754.4	+1,383.8
Liabilities	2,246.6	3,546.3	+1,299.7
Net Debt	1,572.3	2,159.4	+587.1
Equity	1,726.4	2,213.3	+486.9

Key Drivers

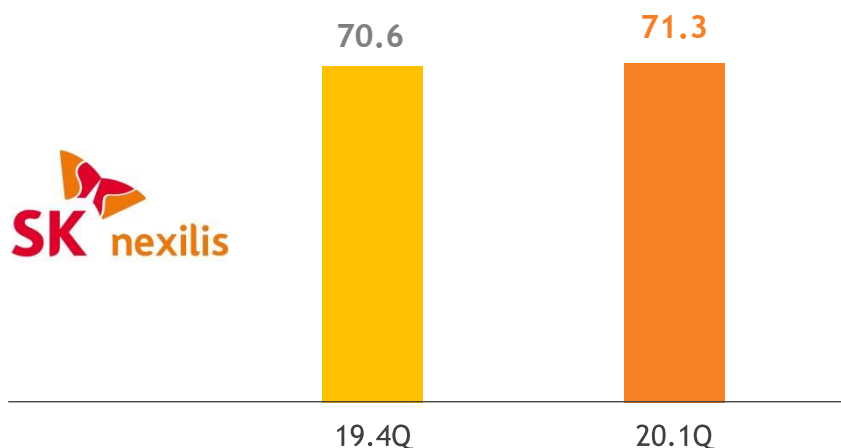
- ❑ **Cash Increase (+0.4tn)**
 - Preemptive liquidity management in response to COVID-19
 - * Debt maturity within the year approx. 130bn
- ❑ **Tangible/Intangible Asset Increase (+1.4tn)**
 - SK nexilis acquisition (1.2tn)
- ❑ **Equity Increase (+0.5tn)**
 - Asset reevaluation from Chem. JV stake sale
 - Gains from SKC Kolon PI stake sale

4. Results and Outlook by Business (1) Mobility Material

Revenue / Profit

(W bn)

Revenue



Operating Profit

OP	7.4	6.7
OPM(%)	10.0	9.4

Results / Outlook

2020 1Q Result

- Recorded highest monthly battery foil sales volume in March driven by production normalization and EV market expansion (regulation driven EV volume growth in especially in EU markets)
- Overall sales volume & margins impacted by labor issue & COVID-19
- Ended as of Jan. end. OP loss vs. plan estimated around 10bn

2020 2Q Outlook

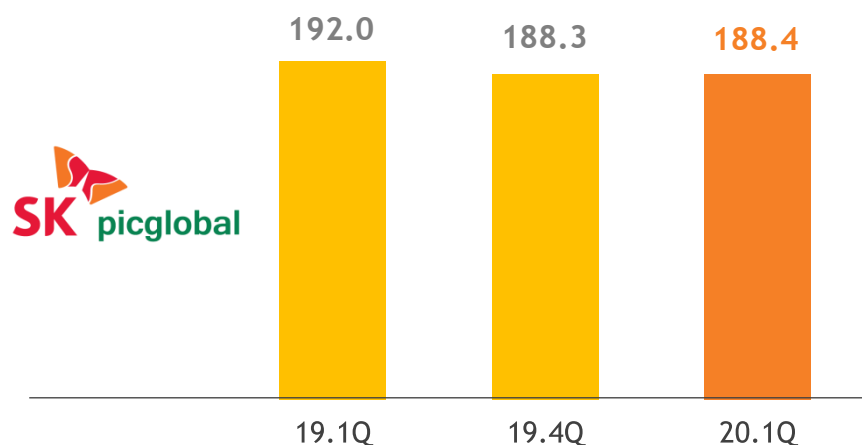
- Battery foil revenue and profitability to expand QoQ driven by production normalization and commercial operation of line4
- However, demand could be impacted from client utilization adjustment due to COVID-19(vs. initial business plan)
- Capacity expansion plan to be finalized within the year

4. Results and Outlook by Business (2) Chemical

Revenue / Profit

(W bn)

Revenue



Operating Profit

OP	27.1	23.8	17.5
OPM(%)	14.1	12.6	9.3

Results / Outlook

2020 1Q Results

- Maintained PO domestic sales and PG demand increased related sanitizers, despite COVID 19
- Monitoring opportunities within client markets
→ develop niche Market and increase sales
- One-off expense due to JV establishment (approx. 5.6bn)

2020 2Q Outlook

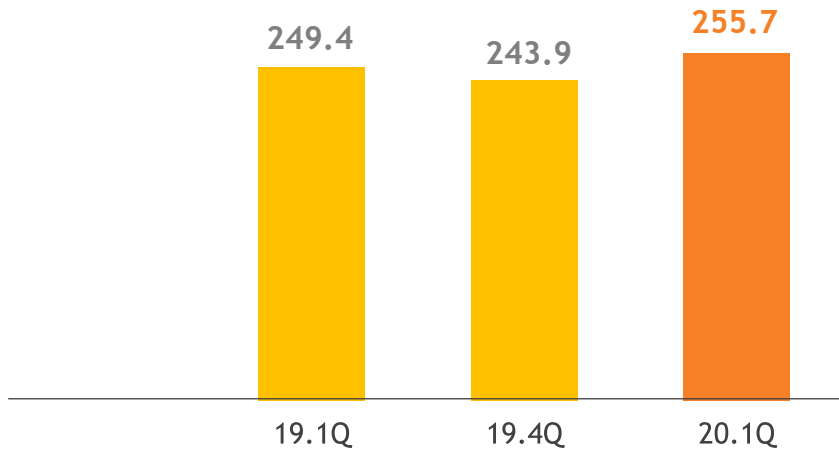
- Heightened demand uncertainty on full-scale COVID-19 impact
 - Spreads expected narrow on lowered Polyol demand(domestic/regional)
- Anticipating increase in PG demand driven by sanitizers and personal care product demand
 - Increasing post COVID-19 PG Application & clients

4. Results and Outlook by Business (3) Industry Material

Revenue / Profit

(W bn)

Revenue



Operating Profit

OP	3.6	4.9	8.5
OPM(%)	1.4	2.0	3.3

Results / Outlook

2020 1Q Results

- Revenue / Profit increase YoY despite COVID-19 impact
 - Limited demand impact on inventory stocking(Mobile application etc.), lowered raw material price
- Production and sample testing of foldable display PI films
 - Product certification on-going for panel makers

2020 2Q Outlook

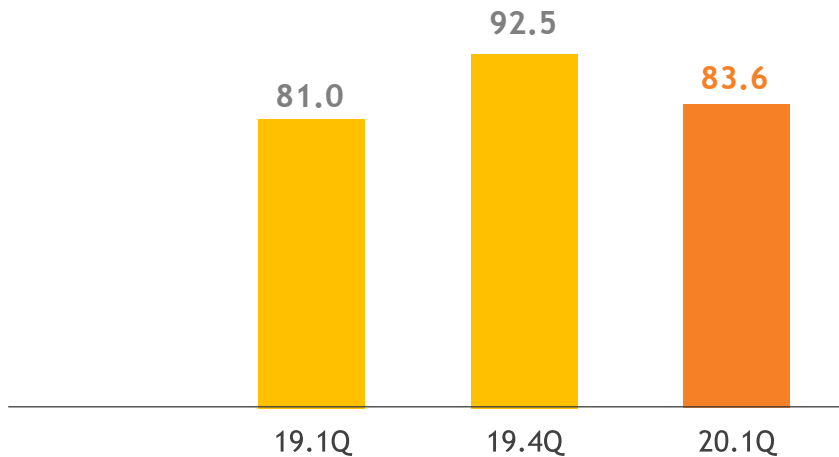
- Heightened demand uncertainty on full-scale COVID-19 impact
 - Cancellation of sporting events(Olympics etc.) to impact display demand
- Positive tailwind from low raw material pricing(PTA, MEG) to continue

4. Results and Outlook by Business (4) Semicon. Material

Revenue / Profit

(단위 : 억원)

Revenue



Operating Profit

OP	1.8	△4.0	1.1
OPM(%)	2.2	n.a.	1.3

Results / Outlook

2020 1Q Results

- CMP PAD topline growth continued
- Profit recovery of ceramic parts driven by client inventory build-up and CAPEX

2020 2Q Outlook

- New product certification for CMP PAD/Slurry
(1 item respectively, 3Q commercialization)
- Continued client CAPEX to drive stable ceramic parts demand
- Initiation of semicon. material capacity expansion
- Initiation of test trials of blank mask

II . Appendix

1. Quarterly Earnings Trend
2. Consolidated Financial Statements

1. Quarterly Trend

(W bn)		19.1Q	19.2Q	19.3Q	19.4Q	20.1Q
SKC	Revenue	604.0	639.0	636.6	660.1	661.1
	OP	36.2	48.3	40.5	30.1	27.4
Mobility Mat. (*)	Revenue				71.0	71.3
	OP				7.4	6.7
Chem.	Revenue	192.0	202.3	188.0	188.3	188.4
	OP	27.1	29.8	24.8	23.8	17.5
Industry Mat.	Revenue	249.4	256.5	271.7	243.9	255.7
	OP	3.6	11.8	13.5	4.9	8.5
Semicon. Mat.	Revenue	81.0	78.8	79.3	92.5	83.6
	OP	1.8	0.7	△3.3	△4.0	1.1
Others (BHC, Telco-equip., consolidate adjustments)	Revenue	81.6	101.4	97.6	135.4	62.1
	OP	3.7	6.0	5.5	5.4	△6.4

* Part of SKC earnings from 1Q 2020 (4Q 2019 earnings for reference only)

2. Consolidated Financial Statement

Balance Sheet

(W bn)	FY19	20.1Q
Assets	3,973.0	5,759.6
Current Assets	992.7	1,411.4
Cash & CE	80.0	454.2
Non-current Assets	2,980.3	4,348.2
Tangible/Intangible Assets	2,370.6	3,754.4
Liabilities	2,246.6	3,546.3
Current liabilities	1,043.1	1,801.2
Non-current liabilities	1,203.5	1,745.1
Equity	1,726.4	2,213.3
Equity attributable to parent	1,559.3	1,981.3
Issued Capital	187.7	187.7
Non-controlling Interest	167.1	232.0

Income Statement

(W bn)	19.1Q	19.4Q	20.1Q
Revenue	604.0	660.1	661.1
Operating profit	36.2	30.1	27.4
Equity method gain	5.4	△5.6	△6.6
Other income	△1.6	△16.5	158.3
Financial income	△13.6	△15.4	△37.9
Pre-tax profit	26.4	△7.4	141.2
Net Profit	23.0	6.8	86.1
Net Profit (Controlling shrs)	19.1	5.7	79.2

GLOBAL
SPECIALTY
MARKETER



THANK YOU!



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