

4Q 2019

Financial Performance

2020. 2. 5





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Investor Relations 2020

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I. Earnings

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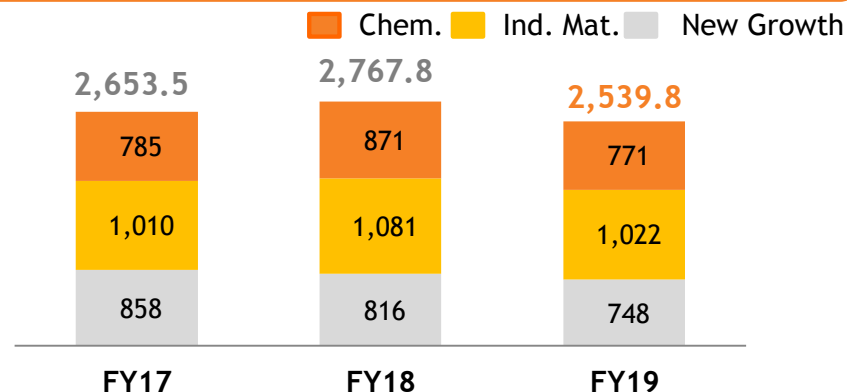
1. 2019 Consolidated Earnings

Consolidated Earnings

(W bn, %)	FY17	FY18	FY19	YoY
Revenue	2,653.5	2,767.8	2,539.8	△8.2%
Operating Profit (%)	175.7 (6.6%)	201.1 (7.3%)	155.1 (6.1%)	△22.9%
Financial Income	180.7	182.1	73.3	△59.7%
Net Profit (Controlling Shares)	110.0	120.6	63.3	△47.5%
EBITDA (%)	298.1 (11.2%)	327.9 (11.8%)	301.3 (11.9%)	△8.1%

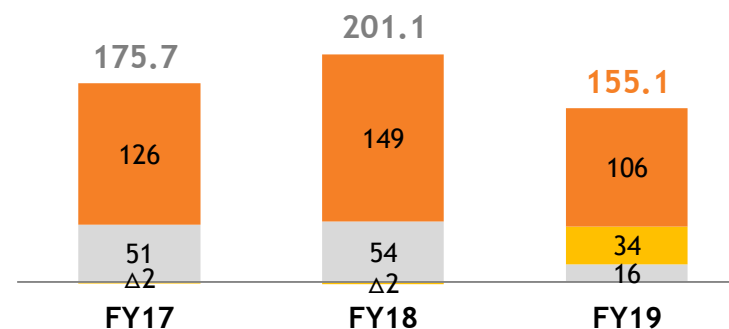
Revenue

(W bn)



Operating Profit

(W bn)



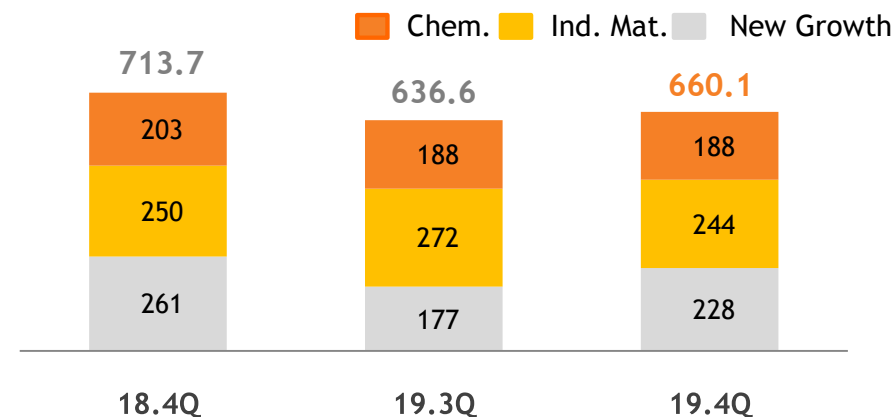
2. 2019 4Q Earnings

Consolidated Earnings

(W bn, %)	18.4Q	19.3Q	19.4Q	YoY	QoQ
Revenue	713.7	636.6	660.1	△7.5%	+3.7%
Operating Profit (%)	52.8 (7.4%)	40.5 (6.4%)	30.1 (4.6%)	△43.0%	△25.7%
Financial Income	12.9	11.0	15.4	+19.4%	+40.0%
Net Profit (Controlling Shares)	0.7	21.6	9.3	+1,228.6%	△56.9%
EBITDA (%)	83.4 (11.7%)	76.6 (12.0%)	69.8 (10.6%)	△16.3%	△8.9%

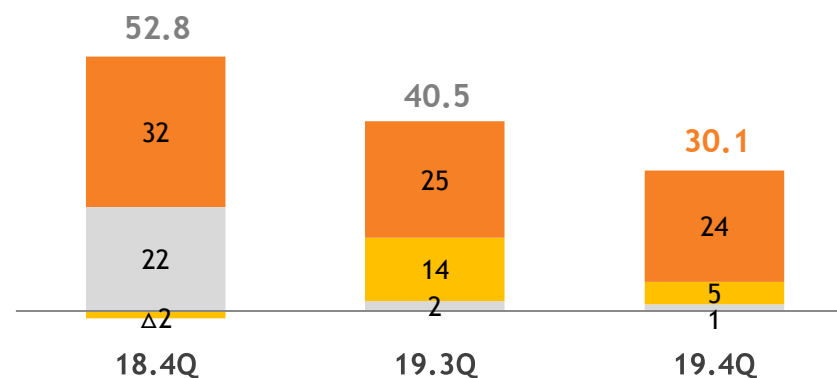
Revenue

(W bn)



Operating Profit

(W bn)



3. Consolidated Financial Position

Consolidated Balance Sheet

(W bn)	FY18	FY19	Chg.
Assets	3,833.1	3,981.2	+148.1
Cash & CE	160.4	80.0	△80.4
Liabilities	2,138.3	2,242.9	+104.6
Net Debt	1,275.5	1,572.3	+296.8
Equity	1,694.8	1,738.3	+43.5
Issued Capital	187.7	187.7	-
Retained Earnings	1,325.4	1,354.5	+29.1

Key Financial Indicators

(W bn)	FY17	FY18	FY19
Gearing Ratio	130.1%	126.2%	129.0%
Debt-to-Asset	36.8%	37.5%	41.5%
Interest Coverage Ratio	3.8x	3.9x	2.7x
Credit Rating	A0	A+	A+
ESG Rating (Sustainability Index)	B+	B+	A

4. KCFT (1) 2019 Earnings

Earnings			
(W bn, %)	FY18 (18.03~18.12)	FY19	YoY
Revenue	253.6	323.4	+28%
Operating Profit (%)	37.6 (14.8%)	62.8 (19.4%)	+67%
Financial Income	29.2	46.1	+58%
Net Profit	25.3	32.5	+28%
EBITDA (%)	57.7 (22.8%)	89.3 (27.6%)	+55%

Result / Outlook

2019 Result

- **Battery Foil**
 - Volume growth from major customer drive revenues despite industry demand slowdown (ESS fire, Chinese subsidiary cuts, etc.)
 - profitability improve on product mix enhancement and FX
- **FCCL**
 - Profitability improve on mobile FCCL demand growth and FX

2020 1Q Outlook

- **Battery Foil**
 - Product mix enhancement to continue on downstream expansion and premium product demand growth
 - Start pre-production of new capacity(line 4, 10K) and initiate certification
 - Proceed with additional line5 expansion(10K, 3Q FY21 PP target)
- **FCCL**
 - FCCL demand growth on high-resolution/large-screen TV
 - Profitability to remain stable on new capacity and contract volume

4. KCFT (2) Core Competitiveness

KCFT's advanced Battery Foil technology offers differentiated customer value

KCFT's KEY Technologies



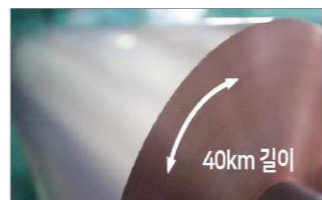
Thinnest

- ◆ **World No.1**
5 μ m, 4.5 μ m production
- ◆ **World 1st**
4 μ m development & pre-production



Longest

- ◆ **World No.1**
(19) 40km Winding
(20) 70km long production planned for line4



Widest

- ◆ **World No.1**
Produce world's widest role: 1,452mm



Enhance Customer Value

■ Higher battery capacity on enhanced energy density

- Thinner foils for high loading electrode
- Weight reduction through thinner foils

■ Profitability enhancement

- Productivity enhancement through reduction in roll change lead-times
- Production cost reduction through reduction in roll change related costs

■ Productivity enhancement and CAPEX reduction

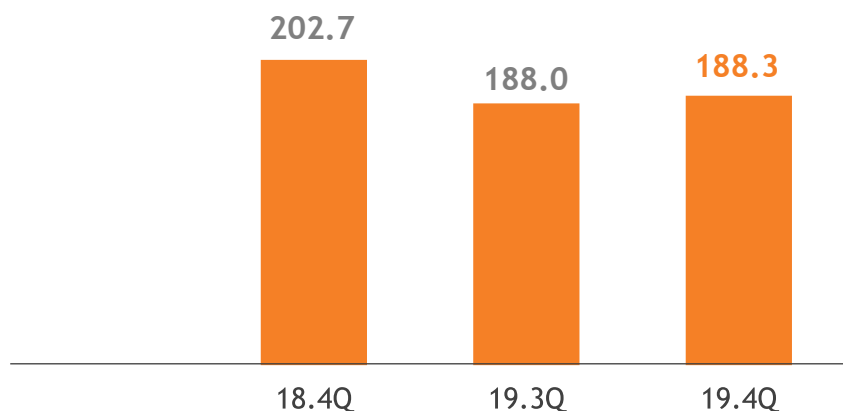
- Productivity enhancement from wider rolls
- Lower coating equipment related CAPEX

5. Results and Outlook by Business (1) Chemical

Revenue / Profit

(W bn)

Revenue



Operating Profit

OP	32.2	24.8	23.8
OP Margin	15.9%	13.2%	12.6%

Results / Outlook

2019 4Q Results

- Continued global macro slowdown (Auto, construction, furniture, etc.)
- PO makers continue PG production shift on polyol demand slowdown
- Higher raw material cost on abnormal Asia C3 pricing and higher seasonal heating demand

2020 1Q Outlook

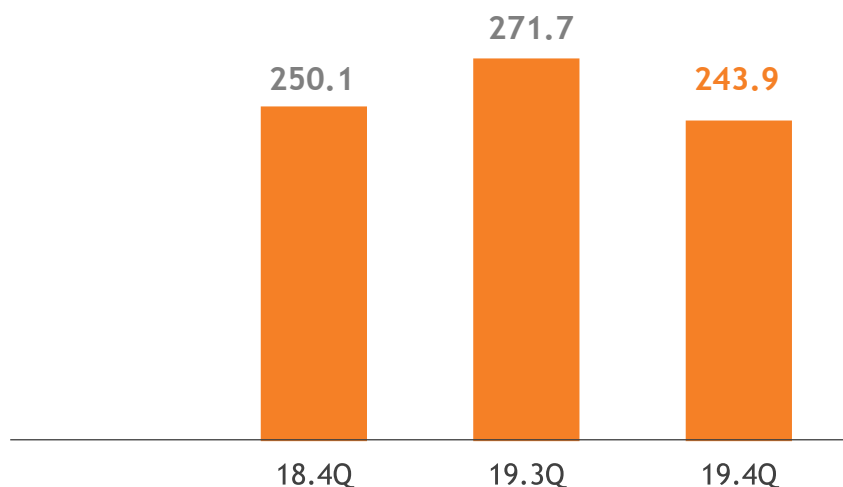
- Firmer Asia PO/POD pricing expected
 - Maintenance shut-down of major regional PO makers(8 makers) post Feb.
- Regional C3 price stabilization
- Continued demand uncertainty (trade de-escalation vs Corona Virus impact)

5. Results and Outlook by Business (2) Industry Material

Revenue / Profit

(W bn)

Revenue



Operating Profit

OP	△1.6	13.5	4.9
OP Margin	-	5.0%	2.0%

Results / Outlook

2019 4Q Result

- Substantial YoY earnings recovery despite weak seasonality
 - Stable raw material pricing and specialty product mix enhancement
- Expanded Eco-friendly specialty product certification/application
 - Continued certification of Eco-Label, PLA application expansion
- Portfolio enhancement of global cons. subsidiaries

2020 1Q Outlook

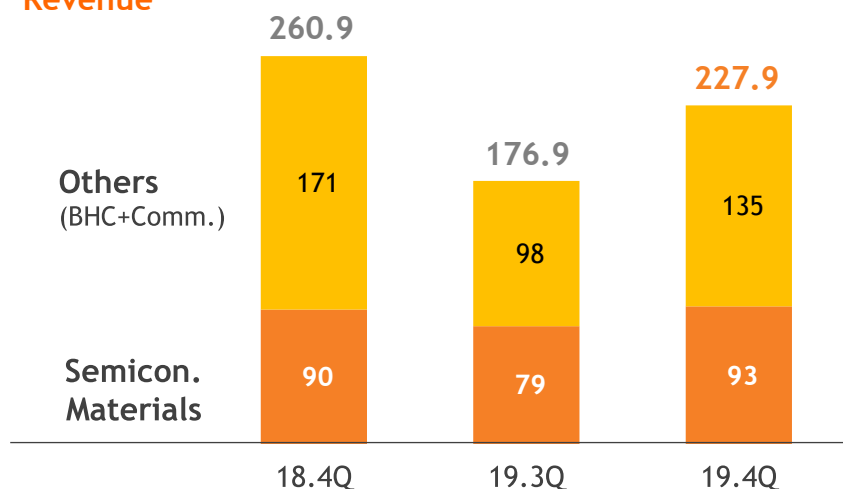
- Favorable raw material pricing expected
- Continued specialty product mix enhancement
 - Eco-friendly & Mobility/Mobile Specialty products
- Expand SKC ht&m joint marketing & processing synergy

5. Results and Outlook by Business (3) New Biz.

Revenue / Profit

(W bn)

Revenue



Operating Profit

Total	22.2	2.2	1.4
Semicon. Mat.	9.4	△3.3	△4.0
Others (BHC+Comm.)	12.8	5.5	5.4

Results / Outlook

2019 4Q Results

- **Semicon. Materials**
 - Revenue recovery despite downstream slowdown (QoQ +17%)
 - CMP pad revenue expansion (QoQ +36%) and initiation of China Wet Chem. sales
- **Comm. Equipment**
 - 5G CAPEX ramp-up delayed
- **BHC Materials**
 - Earnings expansion on cosmetic peak seasonality

2020 1Q Outlook

- **Semicon. Materials**
 - Earnings recovery expected post 2Q on downstream demand recovery
 - Continued CMP pad revenue and China Wet Chem. Sales item expansion
- **Comm. Equipment**
 - Low seasonality amid growing 5G CAPEX ramp-up
- **BHC Materials**
 - Continued peak seasonality amid demand concerns from Corona Virus

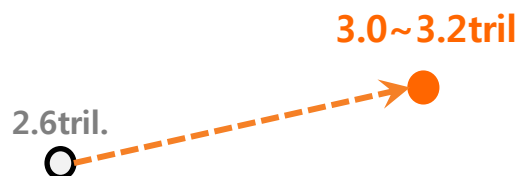
6. 2020 Guidance

Earnings momentum expected driven by addition of Copper Foil Biz. and recovery of existing biz.

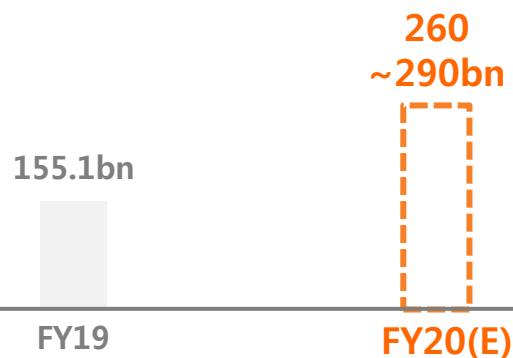
Guidance : Earnings Expansion

(Won)

Revenue



Operating Profit

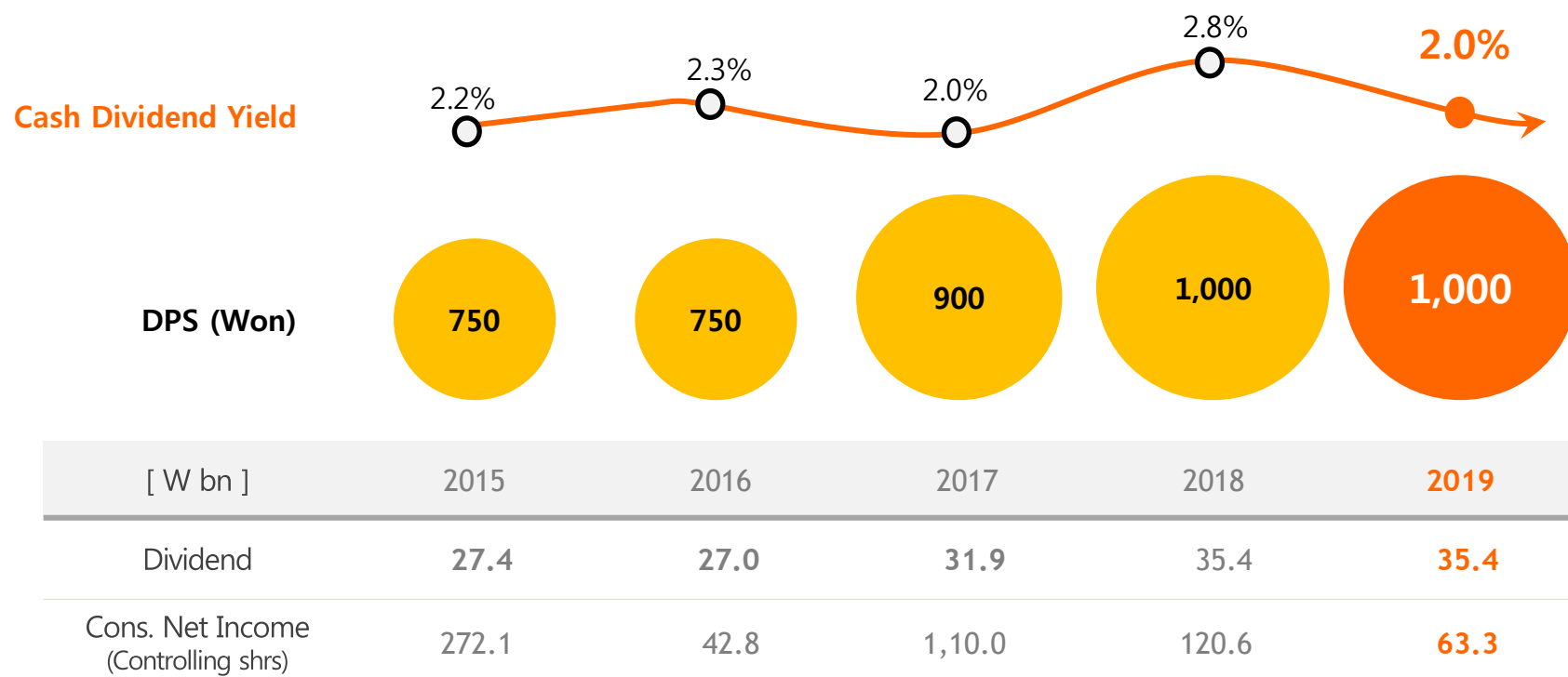


Outlook by Division

- **KCFT**
 - Continued growth on downstream expansion, specialty product mix enhancement, ramp-up of line4, etc.
- **Industry Materials**
 - Continued earnings recovery driven by specialty product mix enhancement and synergy with coating, amid favorable raw material pricing environment
- **New Biz.**
 - Setting the basis for earnings maximization by driving increased utilization of pre-expanded capacity and product portfolio expansion amid expected industry recovery
- **Chemical**
 - PO/POD earnings recovery driven by tighter regional supply dynamics, stabilizing raw material price and product/customer mix enhancement

7. Dividend Proposal

Maintaining proactive shareholder return policy on successful business model change



II . Appendix

1. Quarterly Earnings Trend
2. Consolidated Financial Statements
3. Consolidated Cash Flow and Debt

1. Quarterly Earnings Trend

(W bn)		17.1Q	17.2Q	17.3Q	17.4Q	18.1Q	18.2Q	18.3Q	18.4Q	19.1Q	19.2Q	19.3Q	19.4Q
Company Total	Rev.	587.0	615.1	740.8	710.6	638.7	726.0	689.4	713.7	604.1	639.0	636.6	660.1
	OP	37.8	44.2	48.2	45.5	41.2	53.1	54.0	52.8	36.2	48.3	40.5	30.1
1. Chem.	Rev.	198.4	191.8	202.0	193.1	210.2	229.3	228.6	202.7	192.0	202.3	188.0	188.3
	OP	31.8	32.9	33.1	28.5	36.8	40.7	39.7	32.2	27.1	29.8	24.8	23.8
2. Industry Mat.	Rev.	225.2	221.4	305.3	257.9	273.5	290.5	266.7	253.3	249.4	256.5	271.7	243.9
	OP	△1.4	2.5	1.7	△4.5	△4.0	2.0	1.6	△1.6	3.6	11.8	13.5	4.9
1) SKC	Rev.	152.8	147.0	152.9	127.0	1,31.5	131.9	133.0	127.1	130.4	126.8	1,20.3	105.2
	OP	4.1	9.7	8.8	0.7	△2.0	0.2	△1.9	△7.0	△5.2	4.2	5.3	2.7
2) SKC inc.	Rev.	75.9	77.6	89.1	73.7	73.6	85.2	54.9	48.1	45.6	47.0	45.7	39.9
	OP	△6.7	△6.6	△6.6	△8.4	△3.2	△2.5	△2.0	△0.3	0.7	1.3	1.0	△0.1
3) SKC jiangsu	Rev.	21.0	20.6	23.9	22.8	21.5	23.7	24.5	25.1	22.7	27.7	27.7	24.9
	OP	△0.1	0.2	1.3	0.7	0.2	0.3	△0.2	0.4	0.4	1.3	2.4	2.1
4) SKC ht&m	Rev.	-	-	78.2	73.1	80.0	86.2	94.5	86.4	87.3	86.9	104.0	100.7
	OP	-	-	△0.4	1.7	2.3	5.0	6.0	5.9	8.2	5.8	5.9	4.3
5) Cons. Adj.	Rev.	△24.5	△23.8	△38.8	△38.7	△33.1	△36.5	△40.2	△33.4	△36.6	△31.9	△26.0	△26.8
	OP	1.3	△0.8	△1.4	0.8	△1.3	△1.0	△0.3	△0.6	△0.5	△0.8	△1.1	△4.1
3. New Biz	Rev.	163.4	201.9	233.5	259.6	155.0	206.2	194.1	257.7	162.7	180.2	176.9	227.9
	OP	7.4	8.8	13.4	21.5	8.4	10.4	12.7	22.2	5.5	6.7	2.2	1.4
1) Semicon. Mat.	Rev.	57.5	67.2	73.4	70.0	70.8	81.5	76.8	87.0	81.1	78.8	79.3	92.5
	OP	2.5	4.7	6.4	5.5	3.7	4.9	4.4	9.4	1.8	0.7	△3.3	△4.0
2) BHC Mat.	Rev.	105.9	134.7	160.1	189.6	84.2	124.7	117.3	170.7	81.6	101.4	97.6	135.4
	OP	4.9	4.1	7.0	16.0	4.7	5.5	8.3	12.8	3.7	6.0	5.5	5.4

2. Consolidated Financial Statements

Balance Sheet			Income Statement					
(W bn)	FY18	FY19	(W bn)	18.4Q	19.3Q	19.4Q	FY18	FY19
Assets	3,833.1	3,981.2	Revenue	713.7	636.6	660.1	2,767.8	2,539.8
Current assets	910.1	992.7						
Non-current assets	2,923.0	2,988.5	Operating profit	52.8	40.5	30.1	201.1	155.1
Liabilities	2,138.3	2,242.9	Equity method gain	△5.1	1.3	△5.6	62.9	△1.3
Current liabilities	1,081.5	1,043.3						
Non-current liabilities	1,056.8	1,199.6	Other income	△21.1	△0.1	△16.5	△28.6	△27.6
Equity	1,694.8	1,738.3	Financial income	△12.9	△11.0	△15.4	△53.6	△52.9
Equity attributable to parent	1,532.7	1,571.2	Pre-tax profit	14.0	30.7	△7.4	182.1	73.3
Issued capital	187.7	187.7	Net Profit	7.9	22.6	10.5	141.0	71.1
Capital surplus	140.3	140.8	Net Profit (Controlling shrs)	0.7	21.6	9.3	120.6	63.3
Capital adjustments	△108.2	△108.2						
Accumulated other comprehensive income	△12.5	△3.6						
Retained earnings	1,325.4	1,354.5						
Non-controlling interests	162.1	167.1						

3. Consolidated Cash Flow and Debt

Cash Flow

(W bn)	FY18	FY19
Beginning Cash	176.0	160.4
CF from Operation	231.6	35.8
Operating Profit	201.1	155.1
Depreciation	126.8	143.3
Chg. in WC & others	△96.3	△262.6
CF from Investing	△212.7	△272.6
Acquisition of Subsidiaries	△9.5	-
Chg. In FA & others	△203.2	△272.6
CF from Finance	△34.8	165.9
Net Borrowing	0.6	204.6
Dividend & others	△35.4	△38.7
Others	0.3	△9.5
Ending Cash	160.4	80.0

Debt Profile

(W bn)	FY18	FY19	Chg.
ST Debt	247.3	331.4	+84.1
LT Debt	1,188.6	1,320.9	+132.3
Cash	160.4	80.0	△80.4
Net Debt	1,275.5	1,572.3	+296.8

※ Parent Basis

(W bn)	FY18	FY19	Chg.
ST Debt	3.1	104.5	+101.4
LT Debt	767.1	778.2	+11.1
Cash	21.2	8.8	△12.4
Net Debt	749.0	873.9	+124.9

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