

SEMCO 4Q18 Earnings Results

January 29, 2019



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Earnings Overview

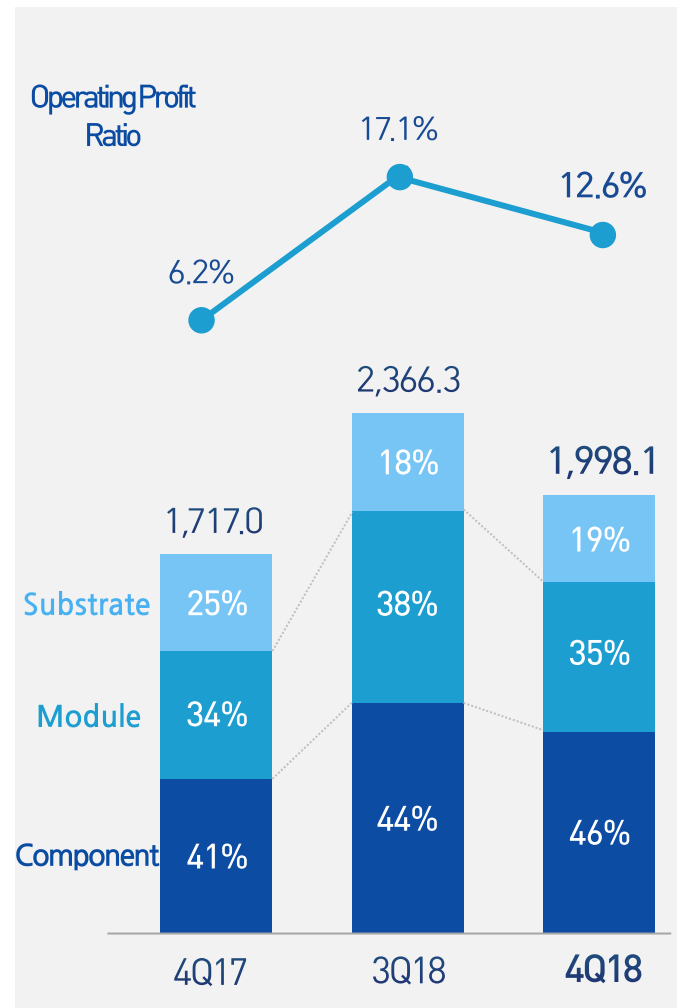
Income Statement

(Unit : KRW Billion)

	4Q18	3Q18	QoQ	4Q17	YoY	2018
Sales	1,998.1	2,366.3	16% ↓	1,717.0	16% ↑	8,193.0
Component	896.1	1,026.8	13% ↓	696.7	29% ↑	3,544.4
Module	687.3	885.1	22% ↓	580.8	18% ↑	3,084.1
Substrate	381.8	432.4	12% ↓	434.5	12% ↓	1,470.8
Operating Profit (%)	252.3 (12.6%)	405.0 (17.1%)	38% ↓	106.8 (6.2%)	136% ↑	1,018.1 (12.4%)
Pre-tax Profit (%)	237.7 (11.9%)	368.7 (15.6%)	36% ↓	79.5 (4.6%)	199% ↑	940.4 (11.5%)
Net Income (%)	185.3 (9.3%)	237.7 (10.0%)	22% ↓	54.3 (3.2%)	241% ↑	656.2 (8.0%)

Earnings Trend

(Unit : KRW Billion)



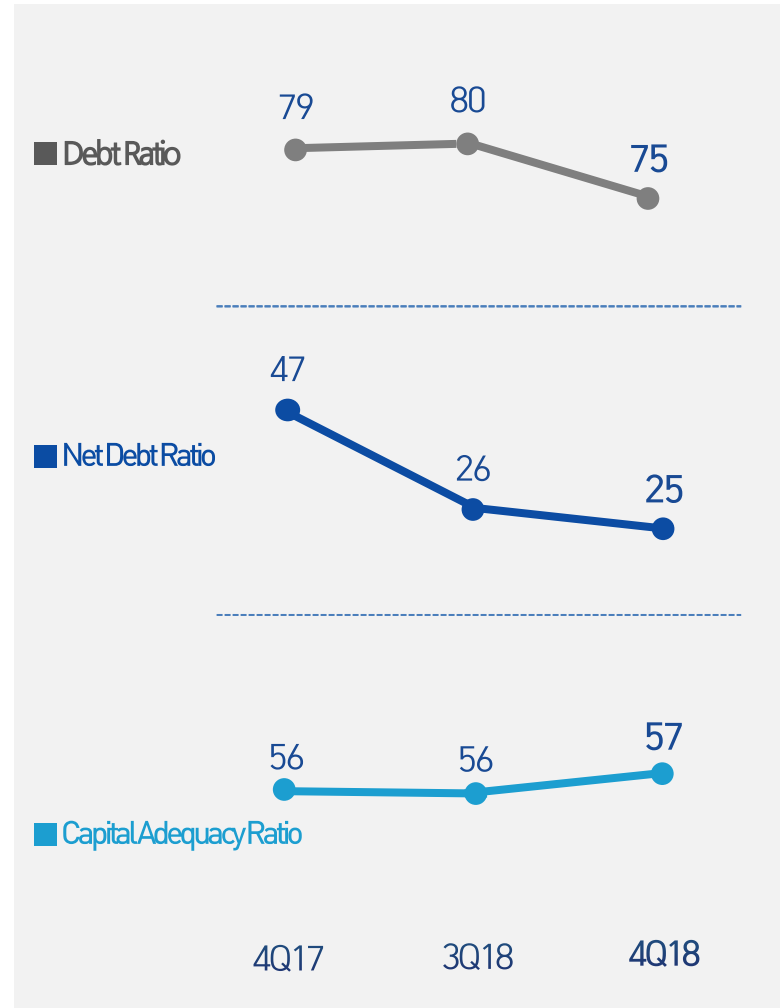
Financial Status

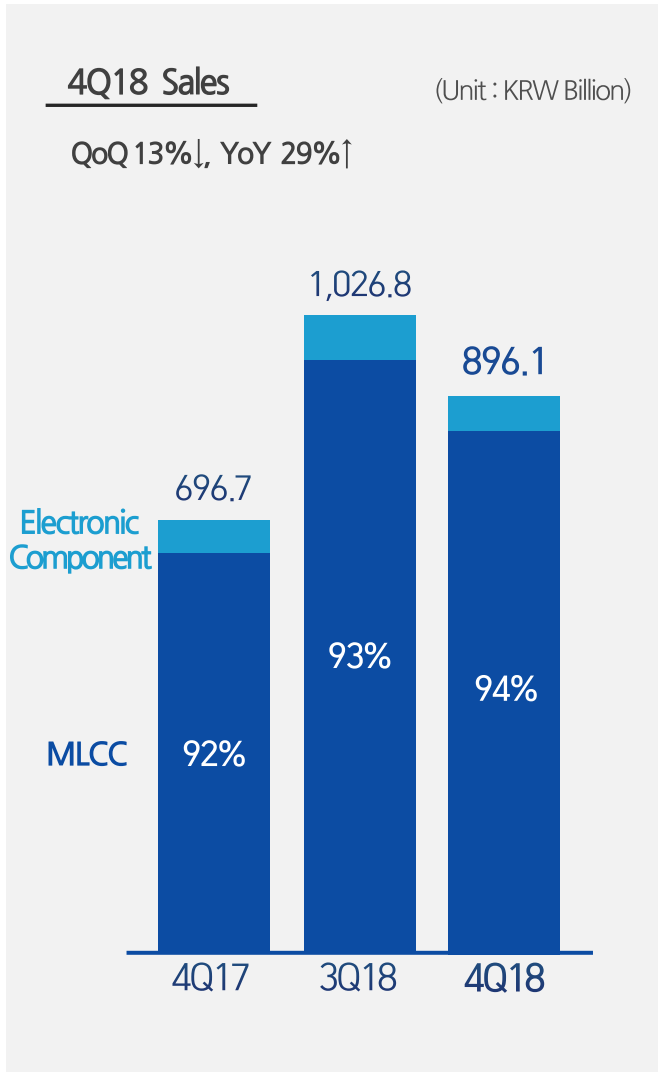
(Unit : KRW Billion)

	4Q18	3Q18	QoQ	4Q17
Assets	8,644.9	8,613.2	0.4% ↑	7,767.4
Current	3,525.3	3,670.6	4% ↓	2,478.8
Cash Equivalents	1,202.4	1,268.6	5% ↓	524.6
Inventory	1,115.6	996.8	12% ↑	918.9
Non-Current	5,119.6	4,942.6	4% ↑	5,288.6
Tangible	4,558.0	4,406.0	3% ↑	4,154.7
Liabilities	3,698.4	3,832.1	3% ↓	3,435.9
Debts	2,454.1	2,516.1	2% ↓	2,568.9
Net Debts	1,251.7	1,247.5	0.3% ↑	2,044.3
Equity	4,946.5	4,781.1	3% ↑	4,331.5

Financial Ratios

(Unit : %)





Q4 18 Results

- **Decreased sales due to less demand from IT customers**
 - Decreased revenues in PC and mobile L/E applications
- **Increased supply of Auto/Industrial MLCC**
 - Increased sale to auto Tier-1 & network/high reliability MLCC

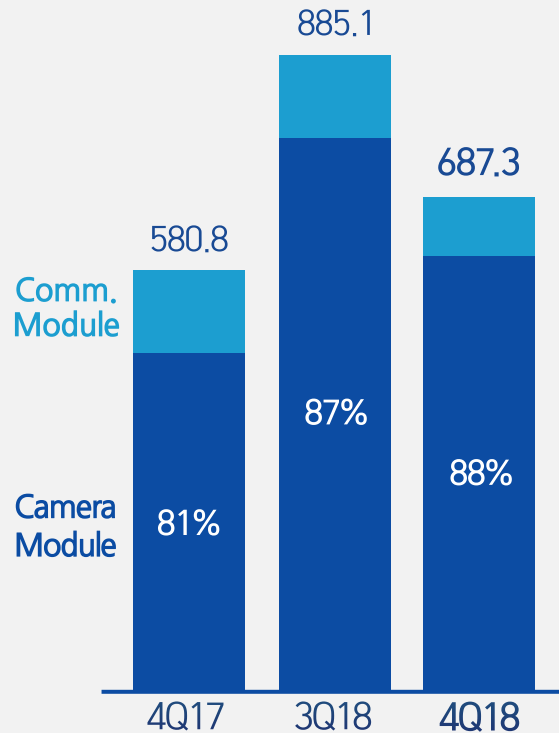
'19 Market Outlook and Strategy

- **Increase demand for IT H/E and Auto/Industrial MLCC**
 - Supply situation to ease with increased supply of IT Commodity, For IT H/E, new demand created by high performance; 5G, AI
 - Increase supply of differentiated new products (small-sized & ultra high-capacitance)
 - Shortage to continue for Auto/Industrial high reliability MLCC
 - Expand high-temp, high voltage line-up & supply to Tier-1
 - Convert IT capacity to Auto/Industrial

4Q18 Sales

(Unit : KRW Billion)

QoQ 22%↓, YoY 18%↑



Q4 18 Results

- Decreased revenue due to S/P seasonality
 - Decreased supply of camera and comm. module for flagship
- Started mass production of H/E products for strategic customer's new model
 - Supply of high-spec multi-camera, new spec of WiFi module

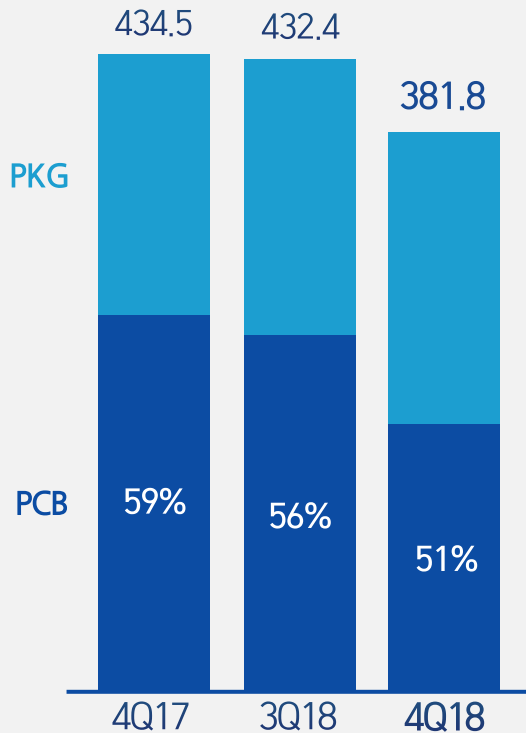
'19 Market Outlook and Strategy

- Increase demand for multi & ultra-high resolution camera module
 - Increase technology leadership and share of H/E modules based on core components differentiation
- Opening of 5G communication module market
 - Gain clear leadership in 5G antenna module market by developing core fundamental technology

4Q18 Sales

(Unit : KRW Billion)

QoQ 12%↓, YoY 12%↓



Q4 18 Results

- Revenue decreased due to weak set demand
 - Supply of RF-PCB decreased due to weak S/P sales by major customers
 - Decrease of PKG substrate sales on shortage of PC CPU

'19 Market Outlook and Strategy

- Demand for H/E PKG to increase driven by 5G, AI and autonomous driving
 - Technology differentiation for 5G antenna substrates and multi-layer/large body
- Increase OLED adoption by Chinese S/P customers
 - Diversify customer based to minimize seasonality of RF-PCB

Income Statement

(Unit : KRW Billion)	4Q18	3Q18	QoQ	4Q17	YoY
Sales	1,998.1	2,366.3	16%↓	1,717.0	16%↑
Cost of Sales	1,373.2	1,601.1	14%↓	1,285.8	7%↑
Gross Profit (%)	624.9 (31.3%)	765.2 (32.3%)	18%↓ (1.0%p↓)	431.2 (25.1%)	45%↑ (6.2%p↑)
SG&A	372.6	360.2	3%↑	324.4	15%↑
Operating Profit (%)	252.3 (12.6%)	405.0 (17.1%)	38%↓ (4.5%p↓)	106.8 (6.2%)	136%↑ (6.4%p↑)
Non-operating Loss	14.6	36.3	60%↓	27.3	47%↓
Pre-tax Profit (%)	237.7 (11.9%)	368.7 (15.6%)	36%↓ (3.7%p↓)	79.5 (4.6%)	199%↑ (7.3%p↑)
Income Tax	46.1	122.5	62%↓	19.1	141%↑
Non-controlling interests Profit	6.3	8.5	26%↓	6.1	3%↑
Net Income (%)	185.3 (9.3%)	237.7 (10.0%)	22%↓ (0.7%p↓)	54.3 (3.2%)	241%↑ (6.1%p↑)

Financial Status

(Unit : KRW Billion)	4Q18	3Q18	QoQ	4Q17	YoY
Assets	8,644.9	8,613.2	0.4%↑	7,767.4	11%↑
Current	3,525.3	3,670.6	4%↓	2,478.8	42%↑
Quick	2,398.8	2,661.0	10%↓	1,559.9	54%↑
Cash equivalents	1,202.4	1,268.6	5%↓	524.6	129%↑
Inventory	1,115.6	996.8	12%↑	918.9	21%↑
Non-Current	5,119.6	4,942.6	4%↑	5,288.6	3%↓
Investment	213.3	216.1	1%↓	781.0	73%↓
Tangible	4,558.0	4,406.0	3%↑	4,154.7	10%↑
Liabilities	3,698.4	3,832.1	3%↓	3,435.9	8%↑
Debts	2,454.1	2,516.1	2%↓	2,568.9	4%↓
Net Debts	1,251.7	1,247.5	0.3%↑	2,044.3	39%↓
Equity	4,946.5	4,781.1	3%↑	4,331.5	14%↑
Current Ratio	140%	133%	7%p↑	101%	39%p↑
Debt Ratio	75%	80%	5%p↓	79%	4%p↓
Net Debt Ratio	25%	26%	1%p↓	47%	22%p↓
Capital Adequacy Ratio	57%	56%	1%p↑	56%	1%p↑

Cash Flow

(Unit : KRW Billion)	4Q18	3Q18	4Q17
Cash at the beginning of period	1,268.6	533.2	639.8
Cash flows from operating activities	395.5	565.8	295.6
Net Income	191.7	246.2	60.5
Depreciation	193.4	188.6	161.3
Cash flows used in investing activities	-577.2	312.7	-296.1
Increase in tangible assets	-377.4	-293.7	-312.7
Cash flows from financing activities	-154.1	-48.3	-178.2
Increase/Decrease in debt	-130.3	-21.6	-158.3
Foreign exchange difference	69.6	-94.8	-16.5
Net changes in cash	-266.2	735.4	-195.2
Cash at the end of period	1,002.4	1,268.6	444.6