

SEMCO 4Q 19 Earnings Results

Jan 29, 2020



This presentation material is prepared for the convenience of investors, before the external audit on our 4Q 2019 financial results is completed. The audit results may cause some parts of this presentation material to change.

Also, profit and loss items related with the liquidation of the Kunshan subsidiary have been separated from the continuing operation and have been reclassified under the single account of “Discontinued Operations”.

A pro forma income statement of past periods has been provided for the sake of comparison.

Business data contains forward projections from internal market estimates and publicly available sources. Actual business performance may differ from the projections herein, as a result of unexpected changes in the market environment and other conditions.

The financial information in this document is consolidated earnings results based on K-IFRS.

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Income Statement

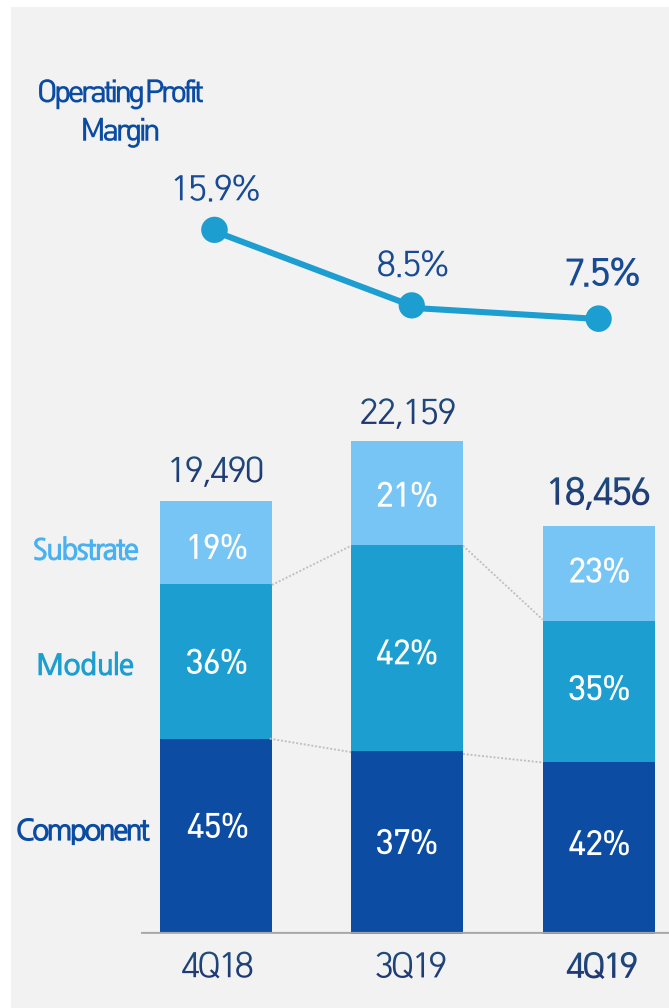
(Unit : KRW Billion)

	4Q19	3Q19	QoQ	4Q18	YoY	2019
Sales	1,845.6	2,215.9	17% ↓	1,949.0	5% ↓	8,040.8
Component	775.0	820.1	5% ↓	880.2	12% ↓	3,219.8
Module	641.8	941.0	32% ↓	706.2	9% ↓	3,350.8
Substrate	428.8	454.8	6% ↓	362.6	18% ↑	1,470.2
Operating Profit (%)	138.7 (7.5%)	189.2 (8.5%)	27% ↓	309.8 (15.9%)	55% ↓	734.0 (9.1%)
Pre-tax Profit (%)	148.7 (8.1%)	175.3 (7.9%)	15% ↓	296.9 (15.2%)	50% ↓	690.6 (8.6%)
Discontinued Operations	-254.2	-13.6	-	-48.9	-	-91.4
Net Income (%)	-22.6 (-1.2%)	103.5 (4.7%)	Turn to Red	185.4 (9.5%)	Turn to Red	514.3 (6.4%)

※ Net income attributable to owners of the parent

Earnings Trend

(Unit : KRW Billion)



Financial Status

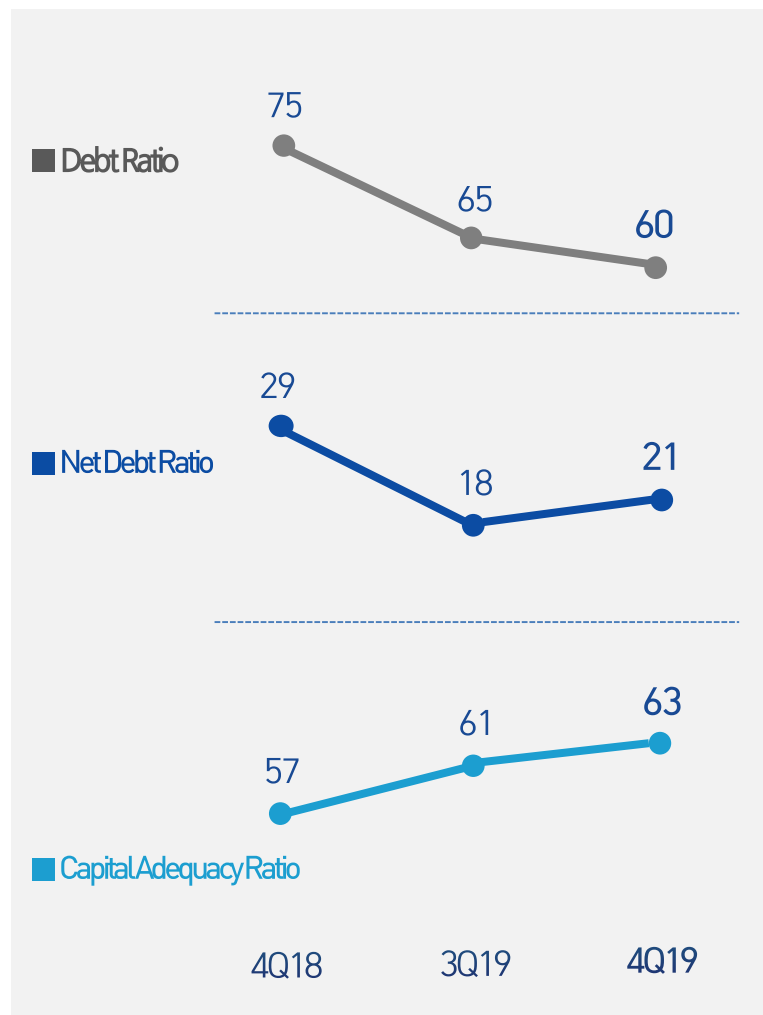
(Unit : KRW Billion)

	4Q19	3Q19	QoQ	4Q18
Assets	8,674.2	9,083.4	5% ↓	8,644.9
Cash	803.8	1,292.7	38% ↓	1,002.4
Account Receivable	976.0	1,202.9	19% ↓	984.7
Inventory	1,271.3	1,186.9	7% ↑	1,115.6
Investment	243.9	216.3	13% ↑	213.3
Tangible	4,514.5	4,591.9	2% ↓	4,558.0
Others	864.7	592.7	46% ↑	770.9
Liabilities	3,244.1	3,570.4	9% ↓	3,698.4
Debts	1,962.8	2,299.9	15% ↓	2,454.1
Equity	5,430.1	5,513.0	2% ↓	4,946.5
Issued Capital	388.0	388.0	-	388.0
Net Debts	1,159.0	1,007.2	15% ↑	1,451.7

※ Cash : Cash and Cash Equivalents

Financial Ratio

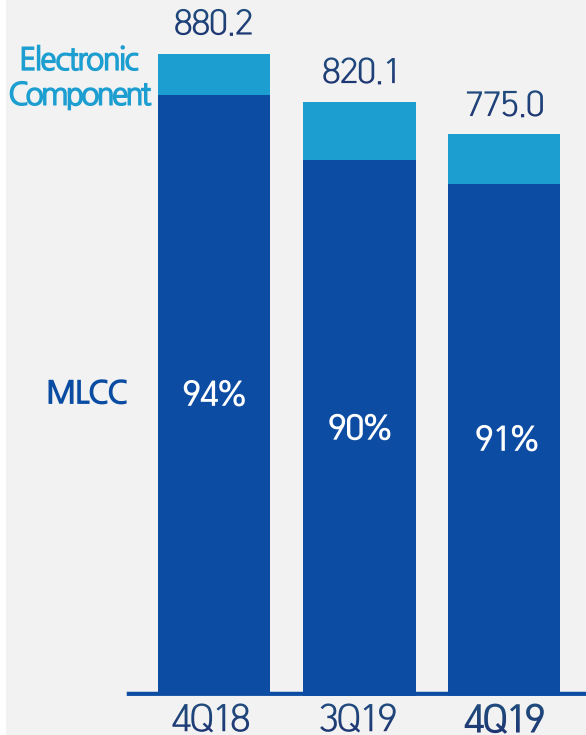
(Unit : %)



4Q19 Sales

(Unit : KRW Billion)

QoQ 5%↓, YoY 12%↓



2019 Q4 Results

- Revenue decreased due to year-end inventory adjustment
 - Increased supply of MLCC to global IT customers as well as Industrial/Automotive applications
 - Decreased demand from strategic customer's flagship model

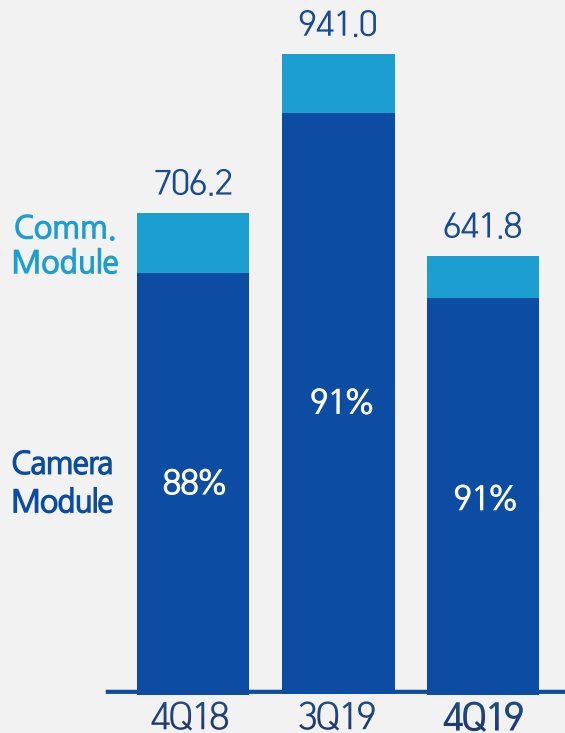
2020 Market Outlook and Strategy

- IT/Industrial demand to increase due to drop in market inventory and 5G roll out
 - Increased supply in mobile high-end and Network/Server applications
- Automotive market to maintain mid/long-term growth momentum driven by ADAS, xEV
 - Expand high-reliability line-up and strengthen supply capability
 - Continue to increase Tier-1 sales and diversify customer base

4Q19 Sales

(Unit : KRW Billion)

QoQ 32%↓, YoY 9%↓



2019 Q4 Results

- Decreased revenue due to strategic customer's seasonality
 - Decreased supply in flagship camera and comm. module
- Increased supply in high-spec camera for Chinese customers
 - Increased supply of 100 M class product, started supply of optical 5x zoom to new customer

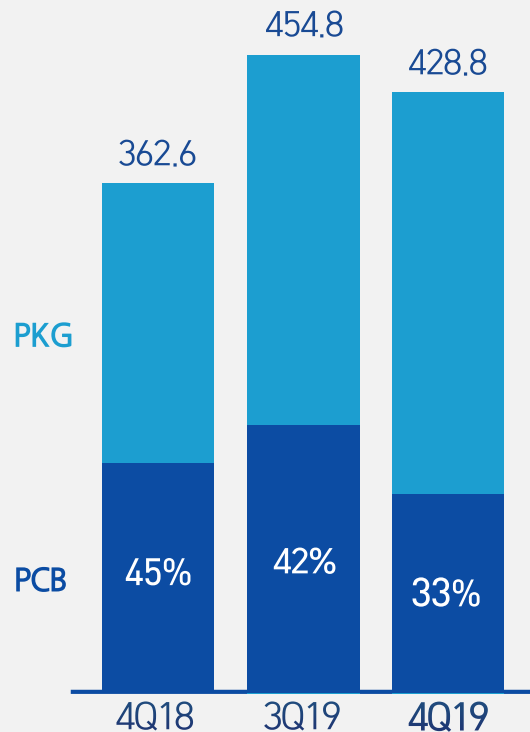
2020 Market Outlook and Strategy

- Increase in demand of high-performance camera module as a point of handset differentiation
 - Strengthen line-up for folded zoom and high-pixel, continue to diversify customer base
- Next generation comm. module market to expand
 - Develop new spec. WiFi and secure high performance 5G antenna technology

4Q19 Sales

(Unit : KRW Billion)

QoQ 6%↓, YoY 18%↑



2019 Q4 Results

- **PKG: Increased revenue from antenna & CPU/GPU applications**
 - Started full-scale supply of 5G antenna SiP substrates
 - Increased supply of FCBGA for new customer's CPU/GPU
- **PCB: Decreased revenue of RFPCB due to weak set demand**
 - Decreased OLED RFPCB supply to overseas customer

2020 Market Outlook and Strategy

- **Increase to value-added PKG demand driven by 5G/Network**
 - Active response to market demand with capacity increase
- **Improve profitability of RFPCB by diversifying product and customer base**
 - Expand RFPCB line-up for OLED and wearable application

Income Statement

(Unit : KRW Billion)	4Q19	3Q19	QoQ	4Q18	YoY
Sales	1,845.6	2,215.9	17% ↓	1,949.0	5% ↓
Cost of Sales	1,406.4	1,677.2	16% ↓	1,277.0	10% ↑
Gross Profit (%)	439.2 (23.8%)	538.7 (24.3%)	18% ↓ (0.5%p ↓)	672.0 (34.5%)	35% ↓ (10.7%p ↓)
SG&A	300.5	349.5	14% ↓	362.2	17% ↓
Operating Profit (%)	138.7 (7.5%)	189.2 (8.5%)	27% ↓ (1.0%p ↓)	309.8 (15.9%)	55% ↓ (8.4%p ↓)
Non-operating income/expense	10.0	-13.9	172% ↓	-12.9	178% ↓
Pre-tax Profit (%)	148.7 (8.1%)	175.3 (7.9%)	15% ↓ (0.2%p ↑)	296.9 (15.2%)	50% ↓ (7.1%p ↓)
Income Tax	-84.3	52.3	261% ↓	56.3	250% ↓
Discontinued Operations	-254.2	-13.6	-	-48.9	-
Net Income (%)	-22.6 (-1.2%)	103.5 (4.7%)	Turn to Red (5.9%p ↓)	185.4 (9.5%)	Turn to Red (10.7%p ↓)

※ Net income attributable to owners of the parent

Financial Status

(Unit : KRW Billion)	4Q19	3Q19	QoQ	4Q18	YoY
Assets	8,674.2	9,083.4	5% ↓	8,644.9	0.3% ↑
Current	3,507.5	3,947.6	11% ↓	3,525.3	1% ↓
Cash	803.8	1,292.7	38% ↓	1,002.4	20% ↓
Account Receivable	976.0	1,202.9	19% ↓	984.7	1% ↓
Inventory	1,271.3	1,186.9	7% ↑	1,115.6	14% ↑
Others	456.4	265.1	72% ↑	422.6	8% ↑
Non-current	5,166.7	5,135.8	1% ↑	5,119.6	1% ↑
Investment	243.9	216.3	13% ↑	213.3	14% ↑
Tangible	4,514.5	4,591.9	2% ↓	4,558.0	1% ↓
Intangible	141.2	74.0	91% ↑	162.5	13% ↓
Others	267.1	253.6	5% ↑	185.8	44% ↑
Liabilities	3,244.1	3,570.4	9% ↓	3,698.4	12% ↓
Current	1,850.4	2,205.3	16% ↓	2,509.6	26% ↓
Non-current	1,393.7	1,365.1	2% ↑	1,188.8	17% ↑
Equity	5,430.1	5,513.0	2% ↓	4,946.5	10% ↑
Issued Capital	388.0	388.0	-	388.0	-

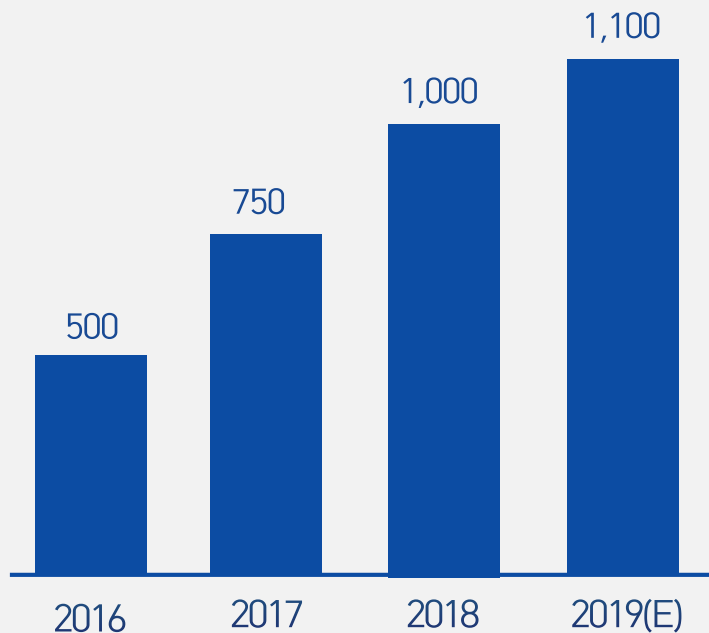
※ Cash : Cash and Cash Equivalents

Cash Flow

(Unit : KRW Billion)	4Q19	3Q19	4Q18
Cash at the beginning of period	1,292.7	966.0	1,268.6
Cash flows from operating activities	431.8	404.2	395.5
Net Income	-21.1	109.4	191.7
Depreciation	211.3	202.7	193.4
Cash flows used in investing activities	-596.8	-167.2	-577.2
Increase in tangible assets	-557.6	-368.4	-377.4
Cash flows from financing activities	-335.6	-5.4	-154.1
Increase/Decrease in debt	-287.0	34.5	-130.3
Foreign exchange difference	11.7	95.1	69.6
Net changes in cash	-488.9	326.7	-266.2
Cash at the end of period	803.8	1,292.7	1,002.4

Dividend per Share
(based on common share)

(Unit : KRW)



- Year-end dividend determined based on 2019 business results
 - KRW 1,100 per common share (1,150 for preferred)
 - Despite decrease in net income, dividend amount has been increased YoY to strengthen shareholder return
- Enhancement of shareholder return policy in the future
 - Gradual increase in dividend per share since 2017
 - Plan to continue strengthening shareholder return with appropriate dividend while focusing on enhancing enterprise value through investment and sustainable growth

※ Subject to change depending on external audit results and approval by the General Meeting of Shareholders

(Reference) Income Statement

※ Historical and comparative data prepared in accordance with K-IFRS Article 1105

(Unit : KRW Billion)	2018	1Q19	2Q19	3Q19	4Q19	2019
Sales	8,002.0	2,062.3	1,917.0	2,215.9	1,845.6	8,040.8
Cost of Sales	5,514.6	1,494.0	1,412.4	1,677.2	1,406.4	5,990.0
Gross Profit (%)	2,487.4 (31.1%)	568.3 (27.6%)	504.6 (26.3%)	538.7 (24.3%)	439.2 (23.8%)	2,050.8 (25.5%)
SG&A	1,337.5	326.0	340.8	349.5	300.5	1,316.8
Operating Profit (%)	1,149.9 (14.4%)	242.3 (11.7%)	163.8 (8.5%)	189.2 (8.5%)	138.7 (7.5%)	734.0 (9.1%)
Non-operating income/expense	-64.7	-16.8	-22.7	-13.9	10.0	-43.4
Pre-tax Profit (%)	1,085.2 (13.6%)	225.5 (10.9%)	141.1 (7.4%)	175.3 (7.9%)	148.7 (8.1%)	690.6 (8.6%)
Income Tax	280.4	46.1	57.0	52.3	-84.3	71.1
Discontinued Operations	-119.8	-46.3	222.7	-13.6	-254.2	-91.4
Net Income (%)	656.2 (8.2%)	129.8 (6.3%)	303.6 (15.8%)	103.5 (4.7%)	-22.6 (-1.2%)	514.3 (6.4%)

※ Net income attributable to owners of the parent