



SEOUL SEMICONDUCTOR

**Company that turns crisis into opportunity
Opportunity knocks on only those who are prepared**

EARNINGS RELEASE

1Q 2019

Apr 29, 2019

All IR information can be downloaded from the internet

- 1) IR Book - Visit Seoul Semiconductor's Website (<http://www.seoulsemicon.com/en/>)
 - Investor > IR Room
- 1) Full Financial Statements
 - Full financial statements can be downloaded from the Dart system (<http://englishdart.fss.or.kr>)
 - XBRL Financial Statements (check menu on the top) > XBRL Search > Enter the company code # (046890)
 - You can also access other material disclosures of Seoul Semiconductor on this site

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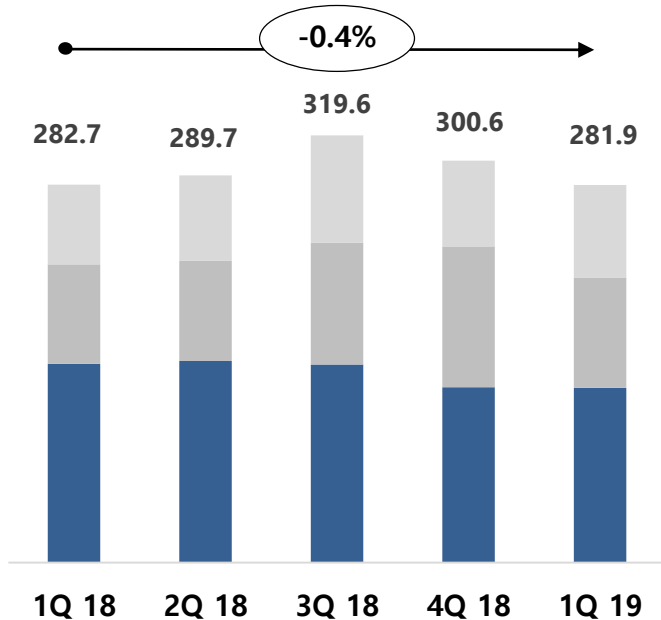
1Q 2019 quarter results

I. 1Q 2019 quarter results _ 1) Sales & earnings

- SSC maintained sales level of 1Q18 while the LED industry on average is expected to record double digit YoY decline
- OP recorded 17.0 bn KrW for 1Q similar to that of last year, and is expected to rebound strongly in 2H19

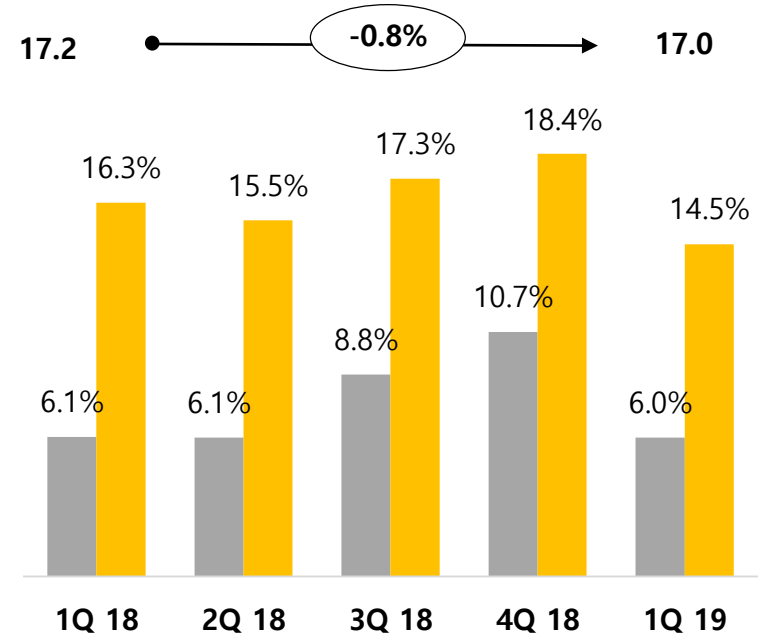
Sales (Bn KrW, %)

- Mobile (Tablet, NBPC, phone & etc.)
- Non-Mobile (TV & monitor)
- General lighting (Incl. automotive)



Profitability (Bn KrW, %)

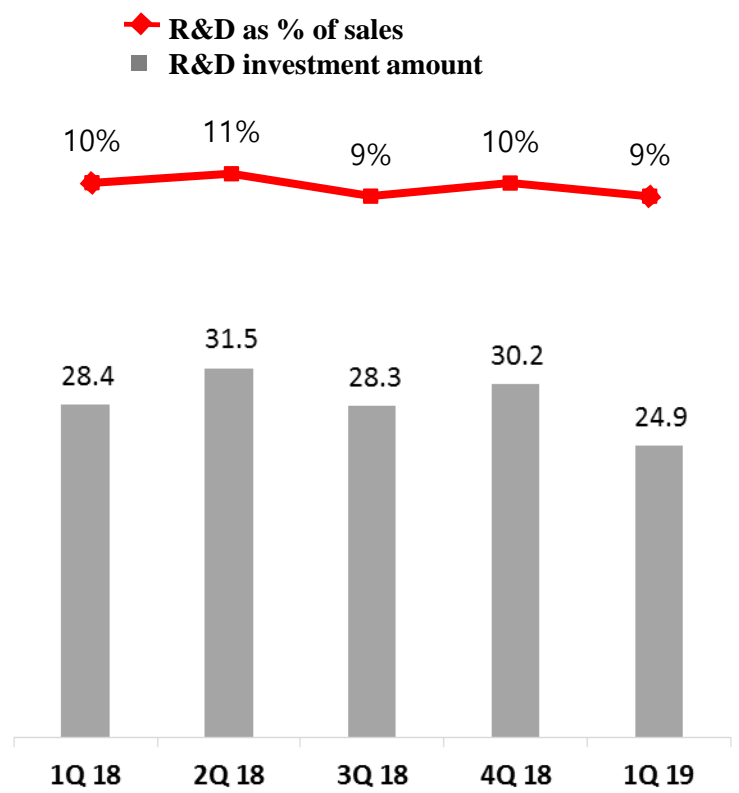
- Operating profit margin
- EBITDA margin



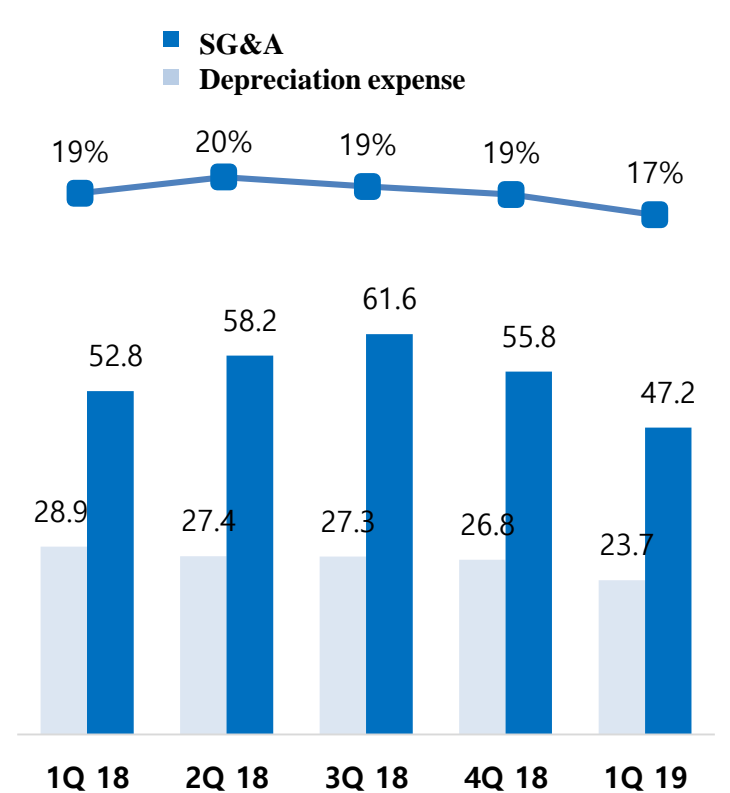
I. 1Q 2019 quarter results _ 2) Investments & expense

- R&D spending modestly declined post acquisition of technology leadership in 200nm(UV) ~ 1,000nm(IR) + VCSEL last year
- Expense ratio declined modestly due to tighter cost control

R&D investments (Bn KrW, %)

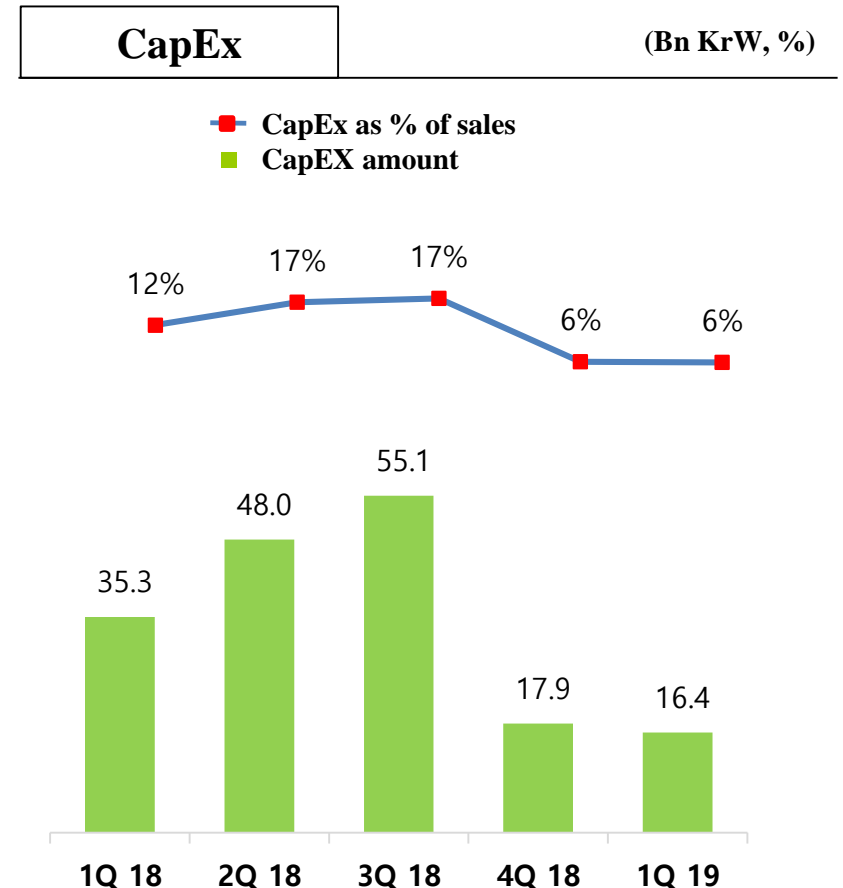
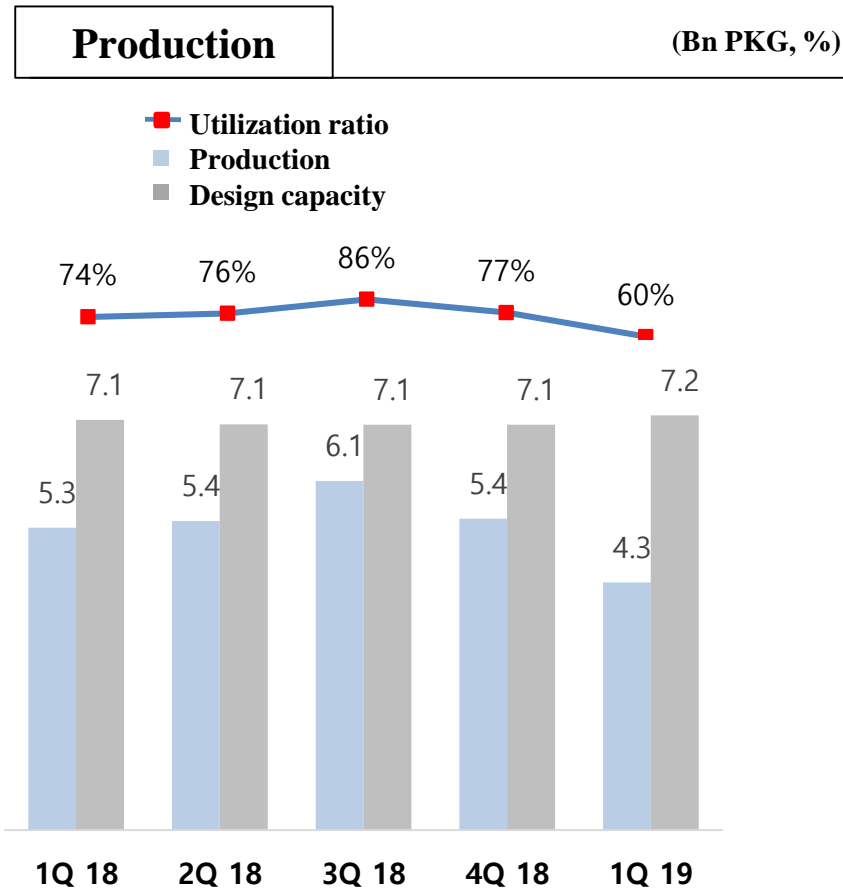


Expense (Bn KrW, %)



I. 1Q 2019 quarter results _ 3) Production & CapEx

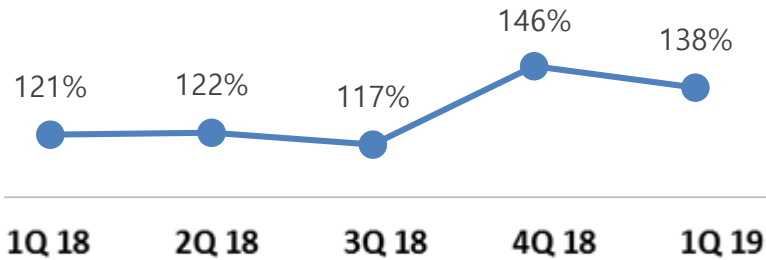
- Utilization temporarily declined on effort to diversify production, but expected to strongly rebound in 2H
- SSC continues to shift focus to production of higher margin products & applications and allocate investments to lower cost OEMs in order to secure double digit profit growth



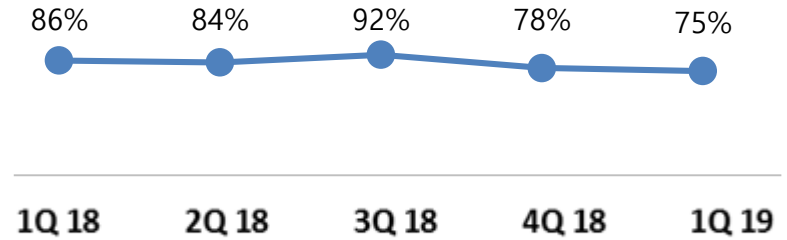
I. 1Q 2019 quarter results _ 4) Balance sheet

- D/E ratio declined slightly while maintaining over 100% current ratio reflecting healthy balance sheet
- Inventory T/O days continues to maintain healthy levels

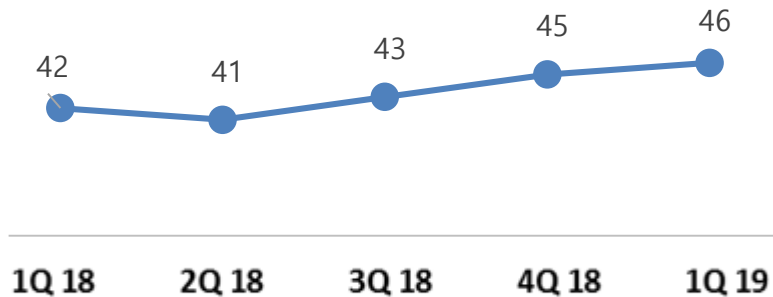
Current ratio



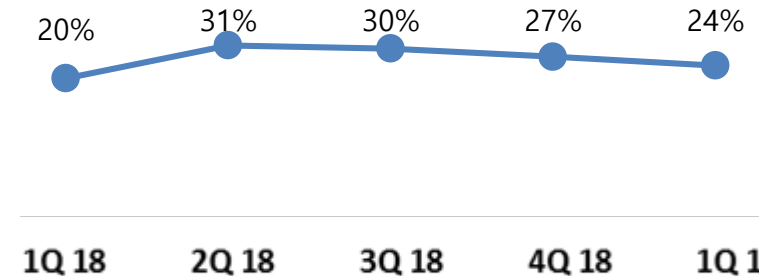
Debt to equity



Inventory T/O



Net debt ratio

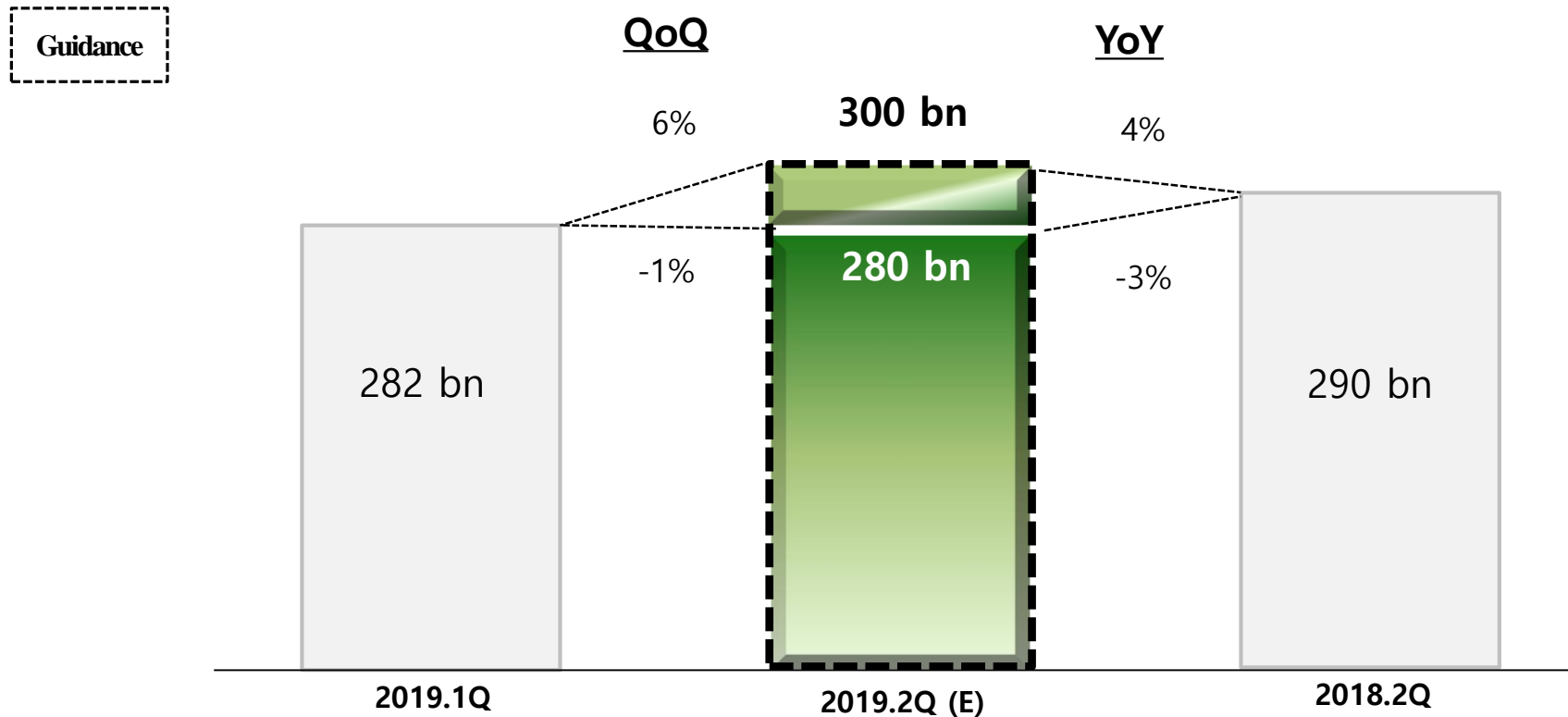




2Q 2019 guidance

II. 2Q 2019 guidance

- Expect 2Q sales to be in the range of 280 ~ 300 bn KrW, a -3% to 4% YoY change





APPENDIX

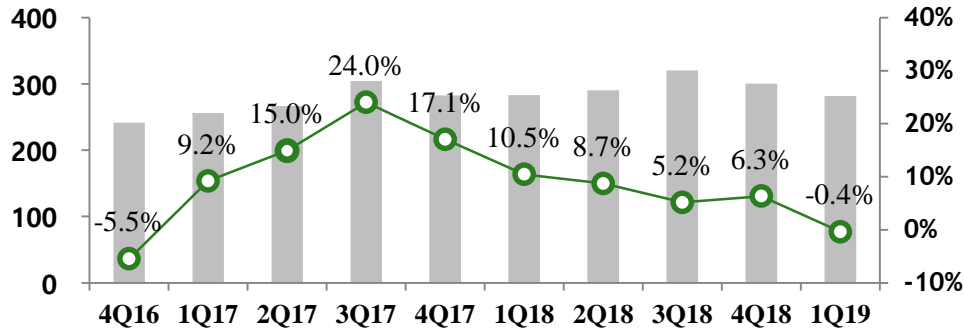
III. Appendix _ 1) Condensed financials

| (Bn KrW) | 2019.Q1 | 2018.Q4 | 2018.Q3 | 2018.Q2 | 2018.Q1 | 2017.Q4 | 2017.Q3 | 2017.Q2 | 2017.Q1 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| [Income Statement] | | | | | | | | | | | | | | |
| Sales | 281.9 | 300.6 | 320.3 | 290.3 | 283.0 | 282.7 | 304.5 | 267.0 | 256.2 | 1,194.2 | 1,110.4 | 953.8 | 1,011.2 | 939.3 |
| COGS | 217.7 | 212.8 | 230.6 | 214.5 | 213.0 | 211.7 | 225.5 | 201.3 | 187.6 | 871.0 | 826.1 | 720.1 | 773.0 | 749.6 |
| COGS (%) | 77% | 71% | 72% | 74% | 75% | 75% | 74% | 75% | 73% | 73% | 74% | 75% | 76% | 80% |
| Gross Profit | 64.2 | 87.8 | 89.7 | 75.8 | 70.0 | 71.1 | 79.0 | 65.6 | 68.6 | 323.2 | 284.3 | 233.7 | 238.2 | 189.7 |
| Gross Profit (%) | 22.8% | 29.2% | 28.0% | 26.1% | 24.7% | 25.2% | 25.9% | 24.6% | 26.8% | 27.1% | 25.6% | 24.5% | 23.6% | 20% |
| SG&A | 47.2 | 51.6 | 61.6 | 58.2 | 52.8 | 50.9 | 48.4 | 41.6 | 45.2 | 186.1 | 186.1 | 176.2 | 192.6 | 187.1 |
| Operating Profit | 17.0 | 32.0 | 28.1 | 17.6 | 17.2 | 20.2 | 30.6 | 24.1 | 23.4 | 94.9 | 98.3 | 57.5 | 45.6 | 2.6 |
| Operating Profit (%) | 6.0% | 10.7% | 8.8% | 6.0% | 6.1% | 7.1% | 10.0% | 9.0% | 9.1% | 7.9% | 8.8% | 6.0% | 4.5% | 0% |
| Pre-tax Profit | 20.6 | 21.4 | 21.1 | 20.7 | 15.1 | - 0.1 | 30.4 | 29.7 | 10.5 | 78.4 | 70.5 | 49.6 | 37.0 | - 13.2 |
| Net Profit | 13.6 | 24.2 | 13.7 | 13.5 | 11.3 | - 5.1 | 21.9 | 23.8 | 5.8 | 62.6 | 46.4 | 37.5 | 26.8 | 0.7 |
| [Balance Sheet] | | | | | | | | | | | | | | |
| Total Assets | 1,271.7 | 1,293.8 | 1,349.9 | 1,277.5 | 1,262.5 | 1,227.3 | 1,249.1 | 1,157.1 | 1,084.2 | 1,293.8 | 1,227.3 | 1,090.6 | 1,136.0 | 1,180.3 |
| Current Assets | 574.7 | 601.6 | 649.4 | 582.4 | 574.5 | 575.5 | 609.7 | 549.7 | 480.3 | 601.6 | 575.5 | 503.7 | 500.3 | 503.9 |
| Cash and Equivalents | 39.5 | 36.8 | 33.2 | 38.1 | 42.8 | 77.7 | 61.5 | 67.9 | 53.2 | 36.8 | 77.7 | 61.2 | 105.4 | 105.8 |
| Inventory | 133.3 | 155.2 | 143.4 | 128.8 | 135.5 | 137.5 | 128.5 | 114.7 | 113.1 | 155.2 | 137.5 | 108.5 | 107.0 | 127.8 |
| Non-current Assets | 697.1 | 692.2 | 700.5 | 695.2 | 687.5 | 651.9 | 639.4 | 607.3 | 603.9 | 692.2 | 651.9 | 586.9 | 635.8 | 676.4 |
| Total Liabilities | 546.3 | 568.5 | 647.7 | 584.1 | 584.7 | 551.4 | 561.5 | 486.5 | 438.3 | 568.5 | 551.4 | 438.7 | 511.0 | 570.6 |
| Current Liabilities | 416.5 | 412.7 | 553.2 | 478.6 | 475.3 | 435.5 | 459.6 | 448.9 | 397.3 | 412.7 | 435.5 | 396.2 | 405.8 | 463.0 |
| Non-Current Liabilities | 129.9 | 155.8 | 94.5 | 105.5 | 109.5 | 116.0 | 101.8 | 37.6 | 41.0 | 155.8 | 116.0 | 42.5 | 105.3 | 107.6 |
| Total Equity | 725.4 | 725.3 | 702.1 | 693.4 | 677.8 | 675.9 | 687.6 | 670.5 | 645.9 | 725.3 | 675.9 | 651.9 | 625.0 | 609.7 |

III. Appendix _ 2) Quarterly financial ratios

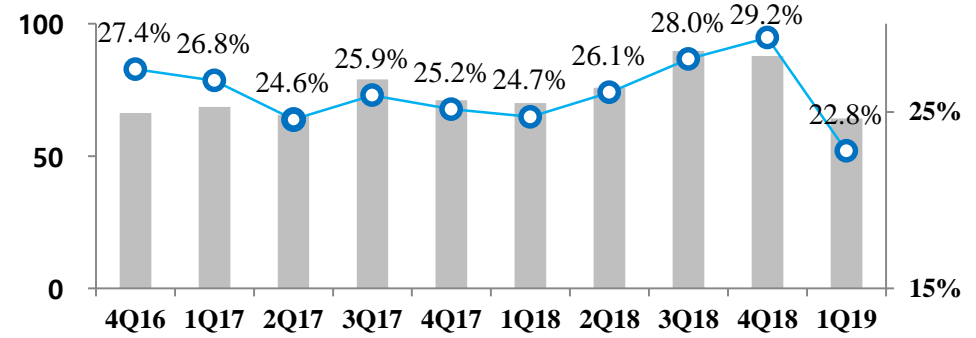
Sales & YoY change

(Krw bn)



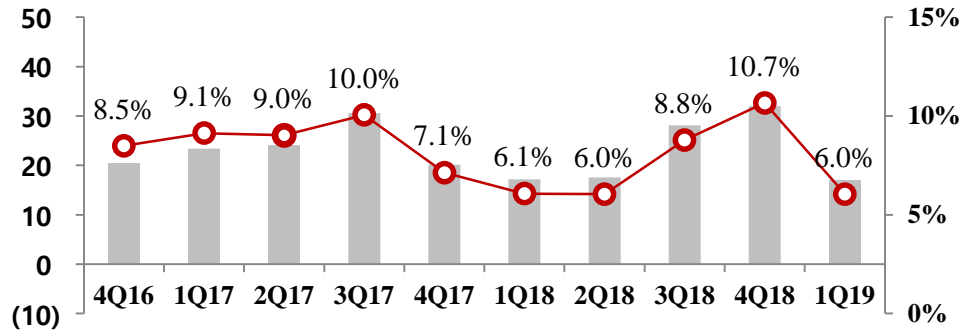
Gross profit

(Krw bn)



Operating profit

(Krw bn)



Net profit

(Krw bn)

