



**SEOUL SEMICONDUCTOR**

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

## EARNINGS RELEASE

2Q 2020

July 29, 2020

**All IR information can be downloaded from the internet**

**1) IR Presentations**

- Visit Seoul Semiconductor's Website <http://www.seoulsemicon.com/en/>
- IR > IR Presentations

**2) Financial Statements**

- Full financial statements can be downloaded from the Dart system  
<http://englishdart.fss.or.kr> Enter company code 046890 and then press search button
- XBRL Financial Statements (check menu on the top) > XBRL Search > Enter company code 046890
- You can also access other material disclosures of Seoul Semiconductor on this site

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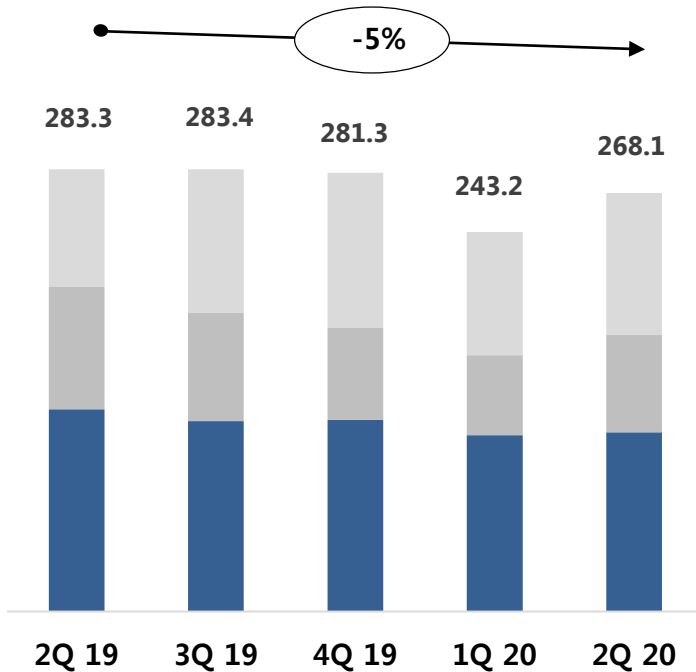
2Q 2020 quarter results

# I. 2Q 2020 quarter results \_ 1) Sales & earnings

- Continuous demand for slim LEDs and Work From Home trend led to increased demand of WICOP
- EBITDA increased 4.8ppt YoY rebounding after two quarters of decline

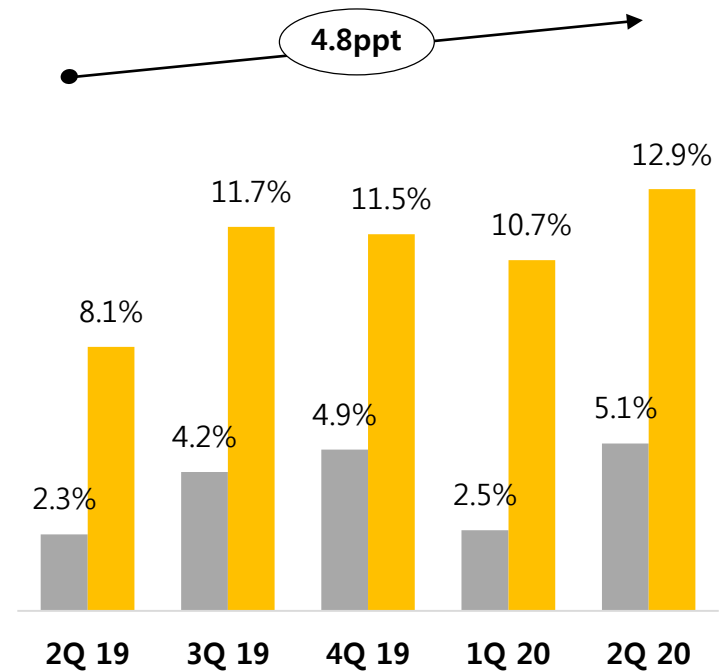
**Sales** (Bn KrW, %)

- TV & MNT
- Others (TBPC, NBPC, Phone & etc.)
- General lighting (Incl. automotive)



**Profitability** (Bn KrW, %)

- Operating profit margin
- EBITDA margin

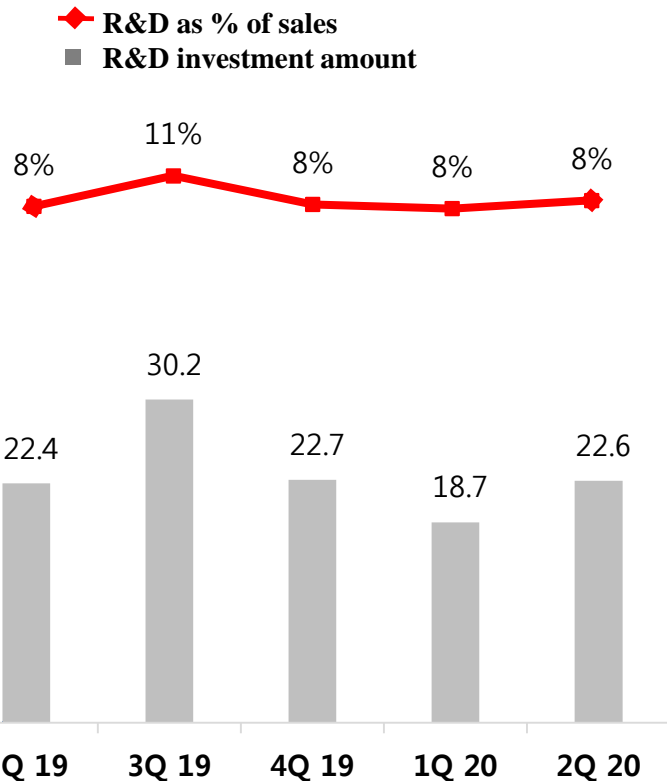


# I. 2Q 2020 quarter results \_ 2) Investments & expense

- If R&D spending is lowered to competitor level, SSC can generate above double digit margins
- SG&A maintains steady pace at 17% and still generate profits even when manufacturing in Korea

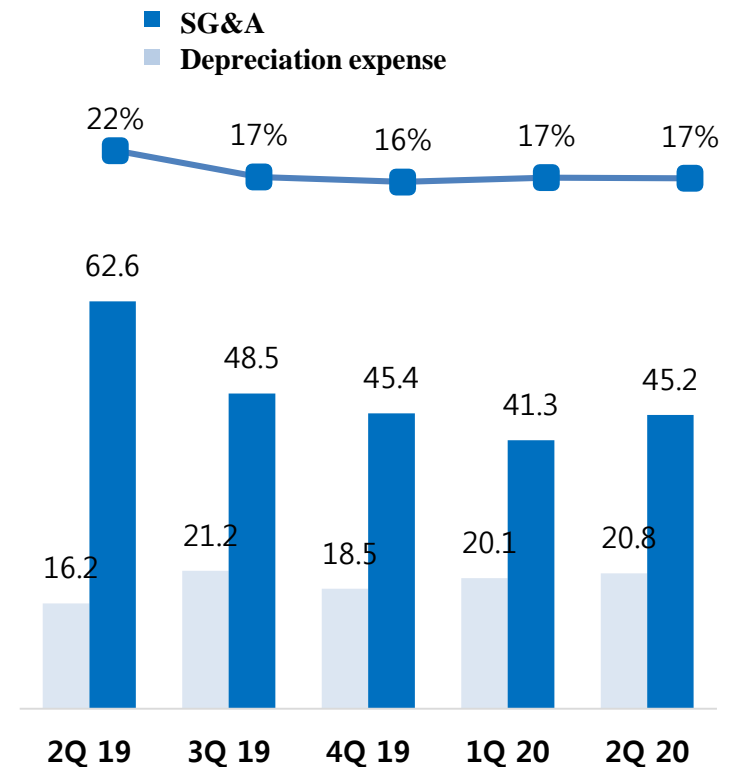
## R&D investments

(Bn KrW, %)



## Expense

(Bn KrW, %)

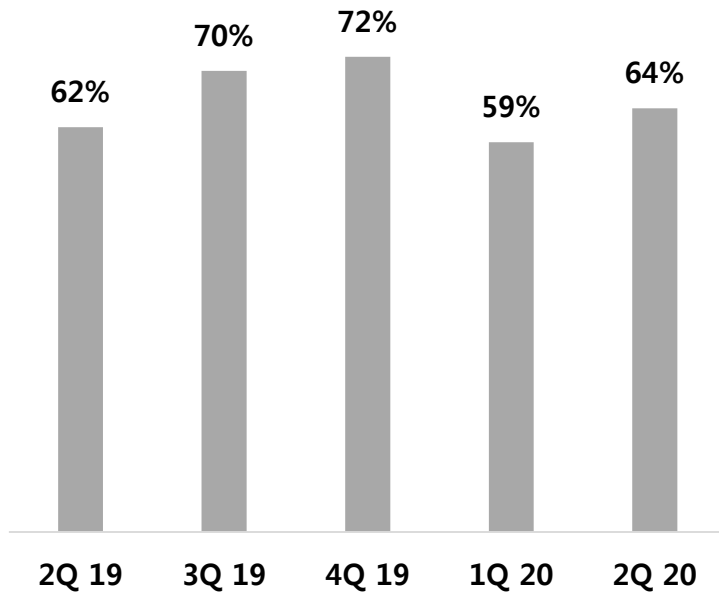


# I. 2Q 2020 quarter results \_ 3) Production & CapEx

- Expect sales to elevate as customers channel more sales orders to SSC due to our capability to provide stable supply of patent guaranteed products
- Vietnam plant expected to further contribute to sales and profits as it enters stabilization phase

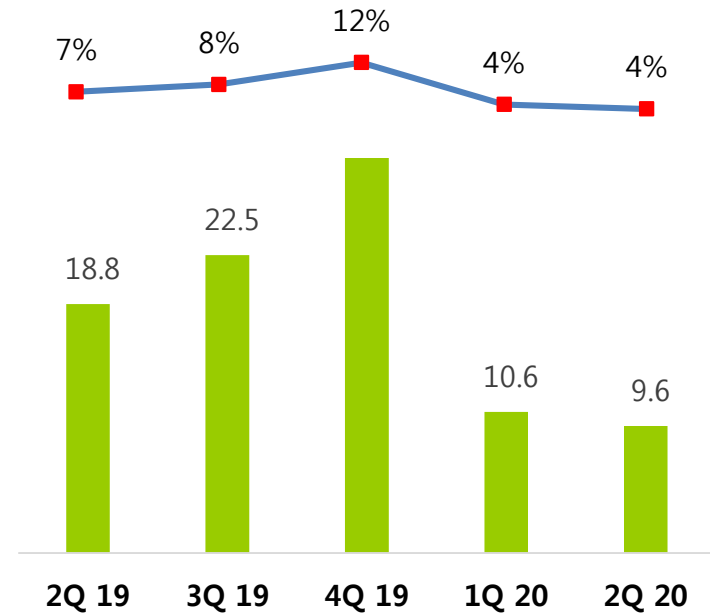
**Production** (%)

■ Utilization ratio



**CapEx** (Bn KrW, %)

■ CapEx as % of sales  
■ CapEx amount



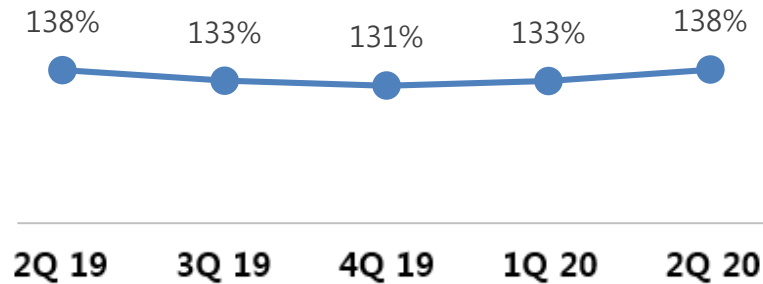
\* Based on monthly average capacity & production, and can be different from quarter end figures

\* Preliminary figures are updated with actual figures post earnings release

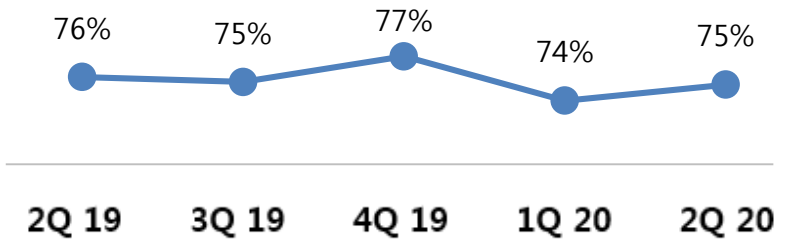
# I. 2Q 2020 quarter results \_ 4) Balance sheet

- D/E ratio and net debt ratio remains unchanged while maintaining over 100% current ratio reflecting healthy balance sheet
- Inventory T/O days increased slightly to secure safety stocks, but still much lower than industry peers

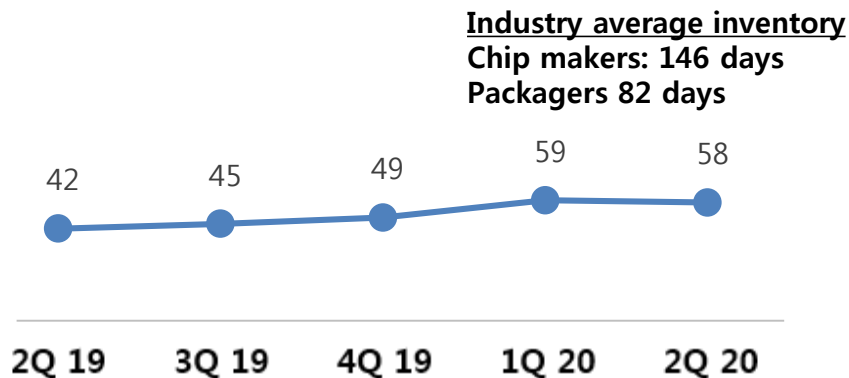
**Current ratio**



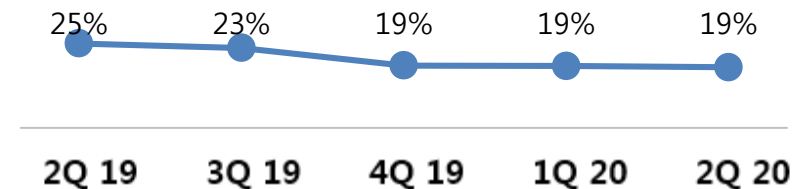
**Debt to equity**



**Inventory T/O**



**Net debt ratio**



\* Industry average: As of 1Q20



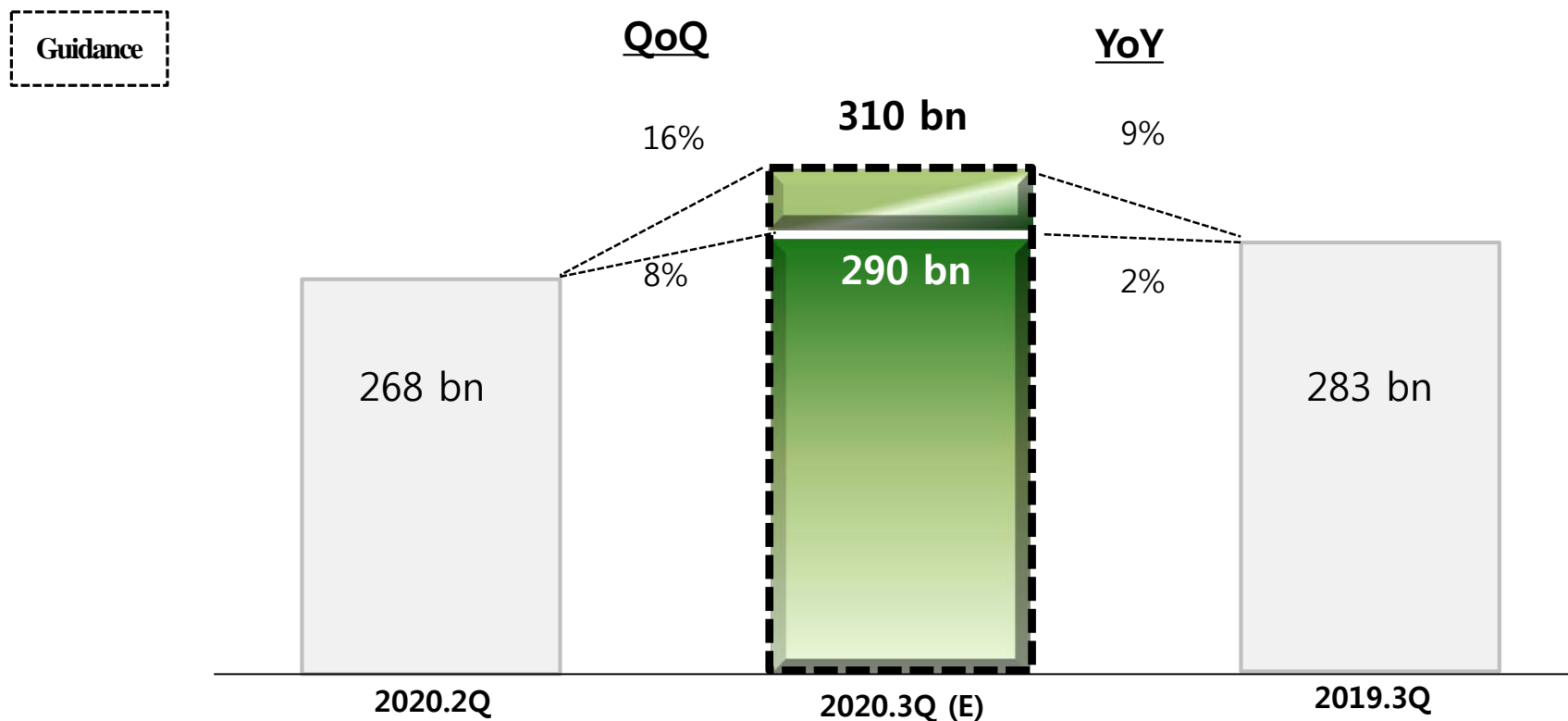
**II**

**3Q 2020 guidance**

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## II. 3Q 2020 guidance

- Expect 3Q sales to grow 8~16% QoQ and 2~9% YoY



**III**

**APPENDIX**

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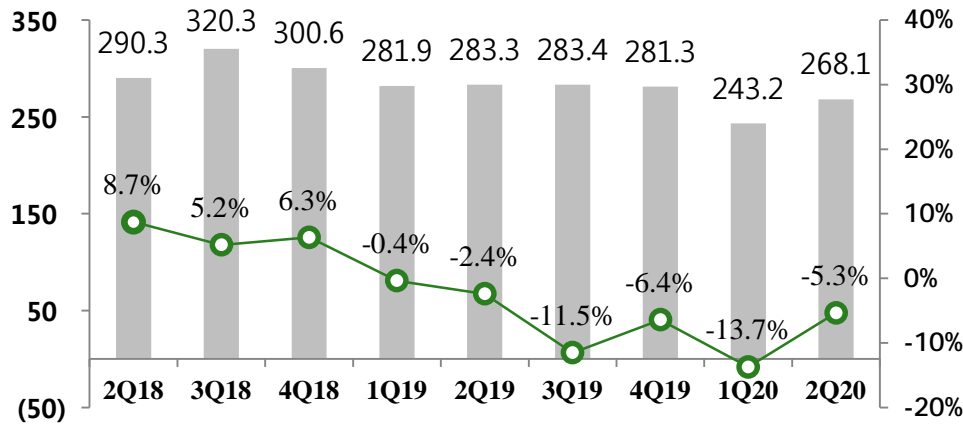
### III. Appendix \_ 1) Condensed financials

(Bn KrW)	2020.Q2	2020.Q1	2019.Q4	2019.Q3	2019.Q2	2019.Q1	2018.Q4	2018.Q3	2018.Q2	2018.Q1	2019	2018	2017	2016	2015
<b>[Income Statement]</b>															
<b>Sales</b>	<b>268.1</b>	<b>243.2</b>	<b>281.3</b>	<b>283.4</b>	<b>283.3</b>	<b>281.9</b>	<b>300.6</b>	<b>320.3</b>	<b>290.3</b>	<b>283.0</b>	<b>1,129.9</b>	<b>1,194.2</b>	<b>1,110.4</b>	<b>953.8</b>	<b>1,011.2</b>
COGS	209.2	195.9	222.0	222.9	214.0	217.3	212.8	230.6	214.5	213.0	876.2	871.0	826.1	720.1	773.0
COGS (%)	78%	81%	79%	79%	76%	77%	71%	72%	74%	75%	78%	73%	74%	75%	76%
Gross Profit	58.9	47.3	59.3	60.5	69.3	64.6	87.8	89.7	75.8	70.0	253.7	323.2	284.3	233.7	238.2
Gross Profit (%)	22.0%	19.4%	21.1%	21.3%	24.5%	22.9%	29.2%	28.0%	26.1%	24.7%	22.5%	27.1%	25.6%	24.5%	23.6%
SG&A	45.2	41.3	45.4	48.5	62.6	47.6	55.8	61.6	58.2	52.8	204.1	228.3	186.1	176.2	192.6
SG&A Ratio	16.8%	17.0%	16.1%	17.1%	22.1%	16.9%	18.6%	19.2%	20.1%	18.7%	18.1%	19.1%	16.8%	18.5%	19.0%
<b>Operating Profit</b>	<b>13.7</b>	<b>6.0</b>	<b>13.9</b>	<b>12.0</b>	<b>6.6</b>	<b>17.1</b>	<b>32.0</b>	<b>28.1</b>	<b>17.6</b>	<b>17.2</b>	<b>49.5</b>	<b>94.9</b>	<b>98.3</b>	<b>57.5</b>	<b>45.6</b>
Operating Profit (%)	5.1%	2.5%	4.9%	4.2%	2.3%	6.0%	10.7%	8.8%	6.0%	6.1%	4.4%	7.9%	8.8%	6.0%	4.5%
Pre-tax Profit	13.4	10.1	0.2	19.6	9.0	18.9	21.4	21.1	20.7	15.1	47.7	78.4	70.5	49.6	37.0
Net Profit	9.2	6.1	1.5	15.6	6.9	11.8	24.2	13.7	13.5	11.3	35.8	62.6	46.4	37.5	26.8
<b>[Balance Sheet]</b>															
<b>Total Assets</b>	<b>1,365.6</b>	<b>1,325.0</b>	<b>1,322.1</b>	<b>1,311.4</b>	<b>1,305.2</b>	<b>1,271.1</b>	<b>1,293.8</b>	<b>1,349.9</b>	<b>1,277.5</b>	<b>1,262.5</b>	<b>1,322.1</b>	<b>1,293.8</b>	<b>1,227.3</b>	<b>1,090.6</b>	<b>1,136.0</b>
Current Assets	653.3	610.1	619.1	592.2	598.4	573.3	601.6	649.4	582.4	574.5	619.1	601.6	575.5	503.7	500.3
Cash and Equivalents	70.1	64.6	72.4	43.1	40.1	32.2	36.8	33.2	38.1	42.8	72.4	36.8	77.7	61.2	105.4
Inventory	179.0	164.7	154.3	150.3	133.4	132.2	155.2	143.4	128.8	135.5	154.3	155.2	137.5	108.5	107.0
Non-current Assets	712.3	714.9	703.0	719.2	706.8	697.8	692.2	700.5	695.2	687.5	703.0	692.2	651.9	586.9	635.8
<b>Total Liabilities</b>	<b>585.0</b>	<b>561.8</b>	<b>576.4</b>	<b>562.8</b>	<b>573.9</b>	<b>547.2</b>	<b>568.5</b>	<b>647.7</b>	<b>584.1</b>	<b>584.7</b>	<b>576.4</b>	<b>568.5</b>	<b>551.4</b>	<b>438.7</b>	<b>511.0</b>
Current Liabilities	474.3	458.9	472.8	445.2	435.1	408.8	412.7	553.2	478.6	475.3	472.8	412.7	435.5	396.2	405.8
Non-Current Liabilities	110.7	102.9	103.6	117.6	138.8	138.4	155.8	94.5	105.5	109.5	103.6	155.8	116.0	42.5	105.3
<b>Total Equity</b>	<b>780.6</b>	<b>763.2</b>	<b>745.7</b>	<b>748.6</b>	<b>731.3</b>	<b>724.0</b>	<b>725.3</b>	<b>702.1</b>	<b>693.4</b>	<b>677.8</b>	<b>745.7</b>	<b>725.3</b>	<b>675.9</b>	<b>651.9</b>	<b>625.0</b>

# III. Appendix \_ 2) Quarterly financial ratios

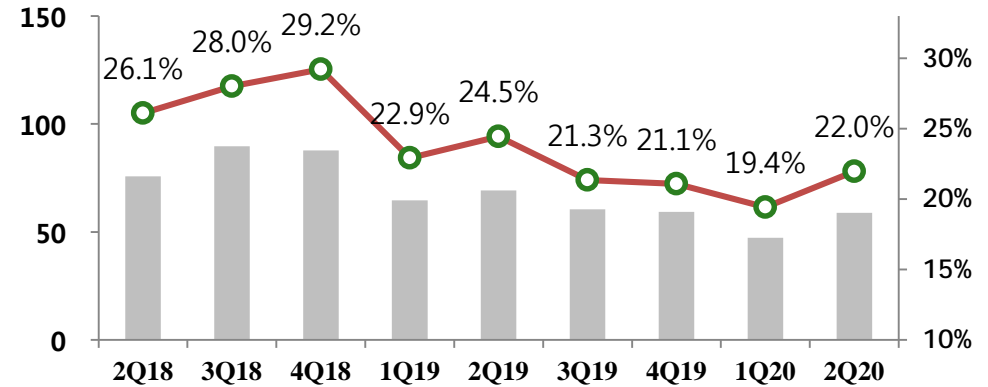
**Sales & YoY change**

(KrW bn)



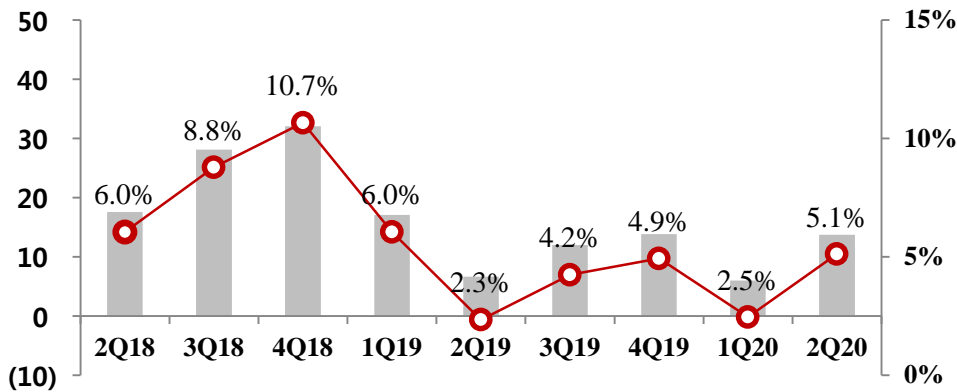
**Gross profit**

(KrW bn)



**Operating profit**

(KrW bn)



**Net profit**

(KrW bn)

