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# 1

## COMPANY OVERVIEW

CEO's Message  
Milestones  
SKC Mission/SKC Vision  
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Committed to becoming a world leader in the  
area of advanced materials,

Using high-level technologies and unbeatable  
service to ensure customer satisfaction.

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## Becoming the world's leading specialist in the area of advanced materials

SKC is a member of the SK Group specializing in the production of high-quality industrial materials. The business was founded in 1976, and entered the marketplace the next year. These many decades of experience and expertise help us to improve the quality of life of people everywhere. We are especially proud to have been the very first company in South Korea to develop PET film. We have retained our leading position in the country's film and chemical materials industry through our ongoing commitment to innovation, creativity, and state-of-the-art technologies and a policy of hiring the best and brightest human resources possible.

Now we are primed to move forward toward an even more promising and profitable future. We will expand overseas based on the talents of our human resources and our unequalled ability to develop new and innovative technologies. We will also heighten our competitiveness in the global marketplace by securing future growth engines in a variety of new areas and making improvements to our management infrastructure.

Our overall goal is to use our ongoing commitment to change and innovation to become the world's leading specialist in the production of advanced materials. I look forward to your continuing interest and support.

Thank you.

President and CEO

A handwritten signature in black ink, appearing to read 'Changyoung', written in a cursive style.

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Our forty-year history of challenge and innovation has allowed us to become a world-leading specialist in the production of advanced materials.



**1970**

**Developing advanced technologies**

- 1976 Established as Sunkyong Chemical
- 1977 Became first company in South Korea to develop PET film
- 1978 Built Suwon plant; made first shipments of PET film



**1980**

**Becoming a global player**

- 1980 Became fourth company in the world to develop videotape; built Cheonan plant
- 1985 Established Technology Institute
- 1986 Established SKC America Inc. in New Jersey
- 1987 Changed company name to SKC; established Yukong-Ako Chemical (now SKC's chemical business)



**1990**

**Growth and development**

- 1990 Built joint venture videotape plant in Fujiansheng, China
- 1991 Began commercial production of PO/SM and polyol; opened Advanced Technology R&D Center
- 1994 Increased capacity of PO/SM plant by 125%
- 1997 Made initial public offering; listed on KRX
- 1998 Won grand prize at eleventh World TPM Competition
- 1999 Built PET film plant in state of Georgia, USA



**2000**

**Enhancing market competitiveness**

- 2001 Merged with SK Evertec (now SKC's chemical business)
- 2003 Built joint venture plant in Suzhou, China for converting film
- 2006 Built joint venture plant for industrial film in Anhui Province, China
- 2007 Established SKC Beijing Polyurethane in China and SKC Haas Display Films joint venture company
- 2008 Acquired Solmics (now SKC solmics); built world's first eco-friendly HPPO plant; established SKC KOLON PI joint venture company



**2010**

**Becoming a global specialty materials provider**

- 2010 Established SKW joint venture company
- 2011 Acquired shares in SKC Evonik Peroxide Korea (SEPK); expanded PET optical film line at Suwon plant; established SKC Lighting; built photovoltaic materials plant in Jincheon; built EVA sheet plant for SKC Inc.
- 2012 Built PET plant in Jincheon; established SKC MNT joint venture company
- 2013 Built PET film plant in Jiangsu Province, China
- 2014 Acquired Bioland; signed agreement for PU joint venture company with Mitsui Chemical of Japan

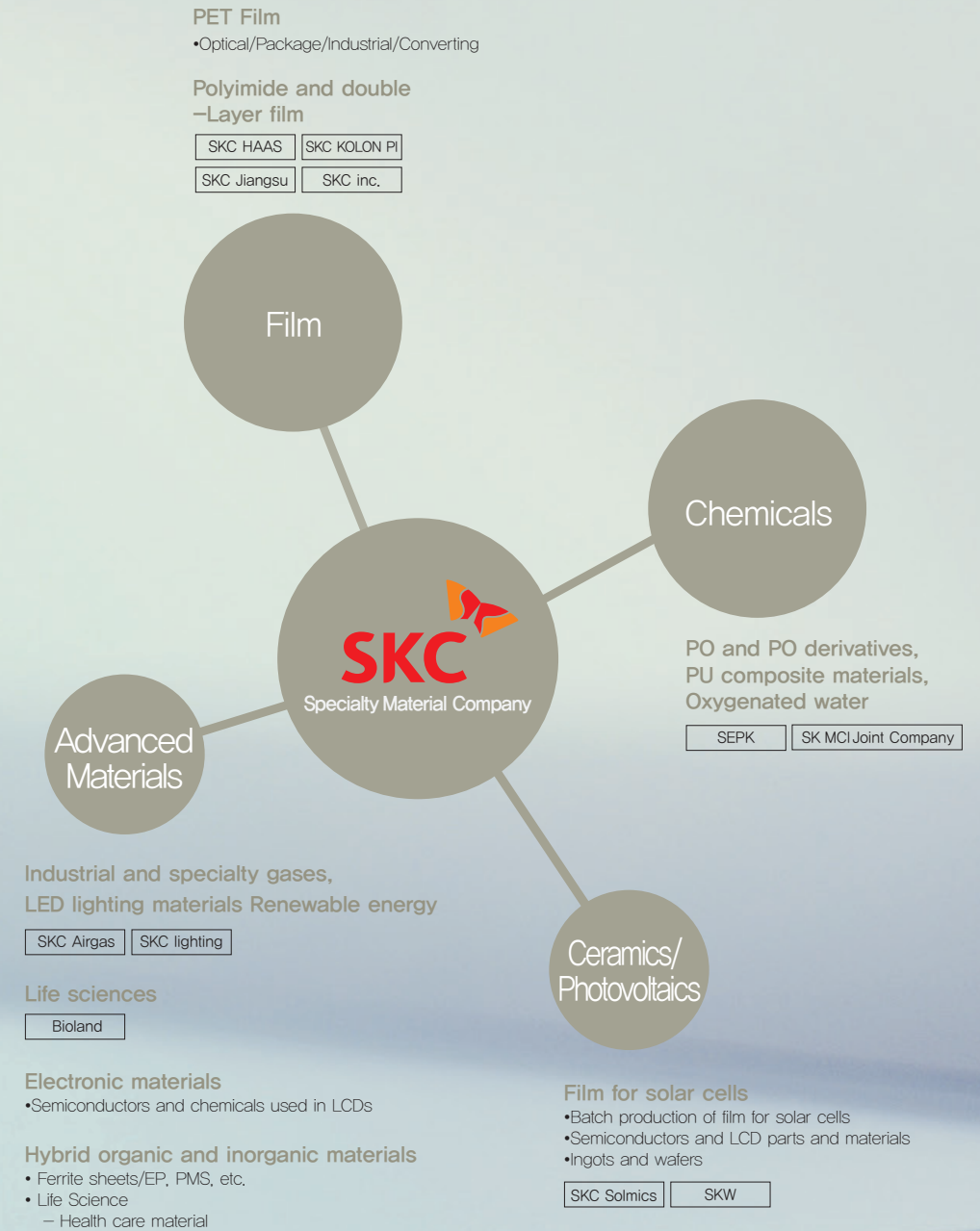
## **Enriching people's lives through advanced-technology R&D and the production of high-function materials**

SK is committed to enriching people's lives by engaging in advanced-technology R&D and hiring the very best and brightest human resources possible. We boast nearly four decades of experience and expertise in the development of new and innovative high value-added materials



Technology that improves people's quality of life  
Thinking that puts the environment first

SKC is dedicated to creating a happier future  
for all.



## New ideas, continuous innovations, and a boundless commitment to customer satisfaction

Much of SKC's reputation as a world leader in the production of chemicals, film, and photovoltaic, IT, electronic, and hybrid organic and inorganic materials is due to its ability to maximize the potential of its human resources. This has especially resulted through its adoption of the "super excellent" management execution methodology, or SUPEX.



# 2

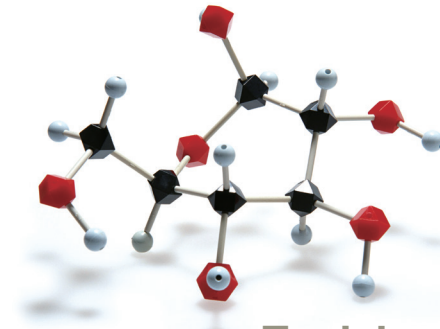
## BUSINESS OVERVIEW

Chemicals  
Film  
Photovoltaic Materials  
Film Processing  
Inorganic Materials  
Advanced Materials



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BUSINESS OVERVIEW

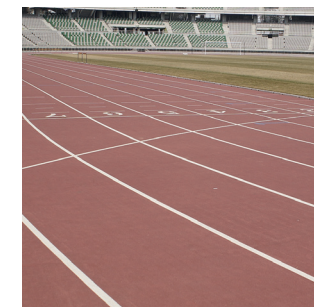
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## Evolving into a global supplier of polyurethane materials

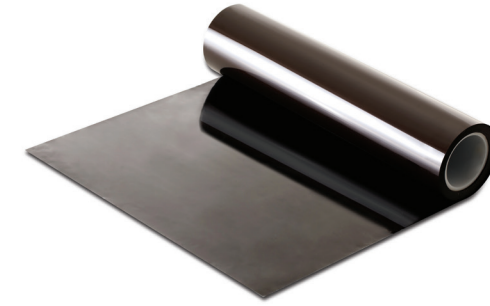
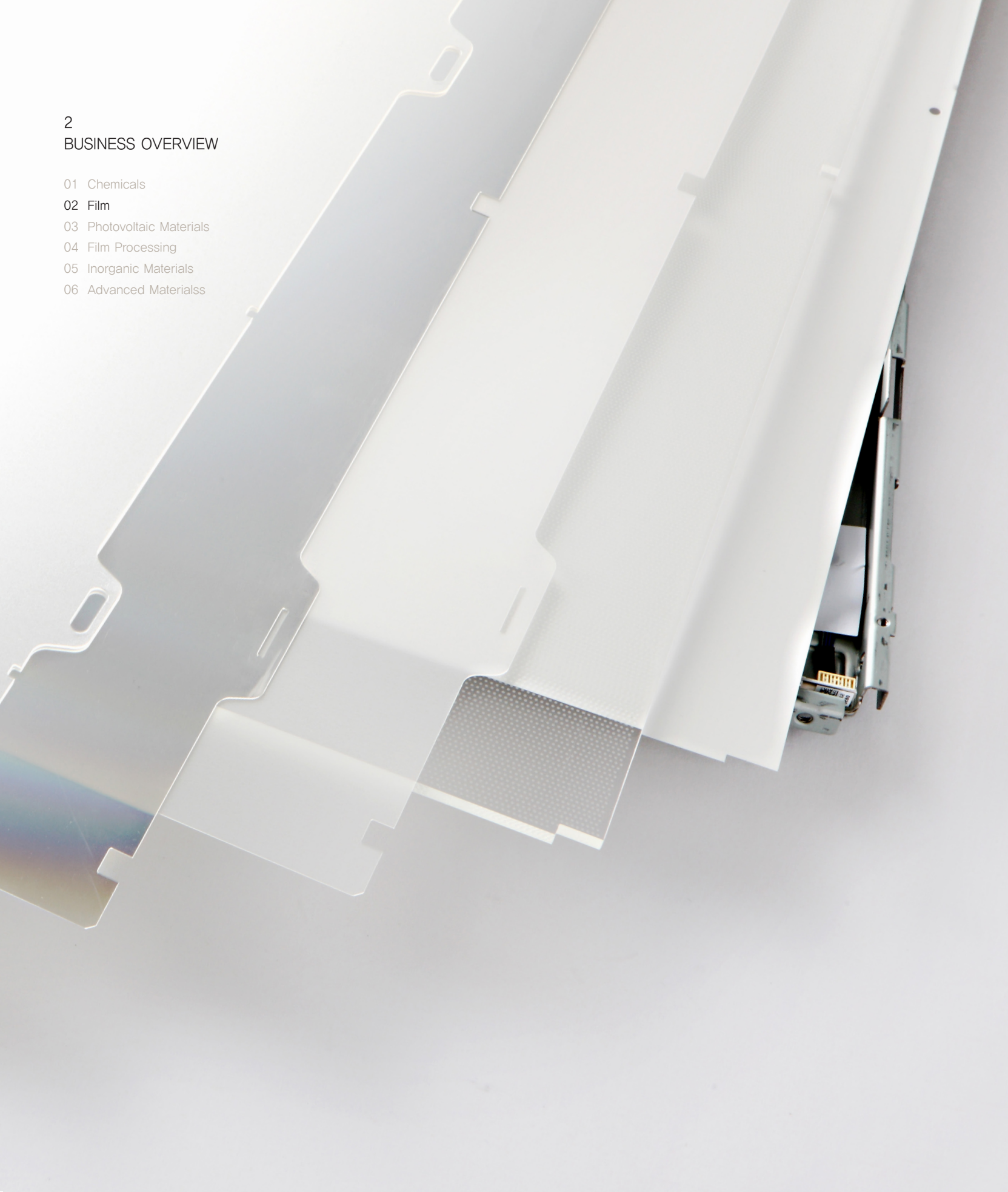
In 1990, SKC became the first company in South Korea to produce propylene oxide, or PO. This allowed us to strengthen the competitiveness of other industries in related fields in our role as a stable supplier of raw materials for PO derivatives, such as polypropylene glycol, propylene glycol, and propylene glycol ether. In 2007, we became the world's first company to adopt the HPPO process, an eco-friendly PO manufacturing method. We have been praised for our outstanding plant operations technologies and our environmentally conscious production methods.

We also supply polyurethane materials to customers in the United States, Europe, and China. In order to better meet increasing demand from our customers, we are focusing our capabilities on the development of high-function products. These include "helper springs" (a polyurethane composite material), adhesives for photovoltaic applications, and eco-friendly products like NVH polyol. We are also expanding our business territories to include high-value, high-function products as part of our goal of becoming the world's leading supplier of polyurethane.



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## Growing into a world-leading film manufacturer

In 1977, SKC became the first company in South Korea to succeed in the development of PET film. Since then, we have launched a series of exciting and innovative new products to enhance the competitiveness of our many satisfied customers.

Much of our success is due to our batch production system, which ranges all the way from PET polymerization to base film and film processing. We produce a variety of PET products, such as optical, package, and industrial film, as well as film for photovoltaic applications. Our nearly four decades of experience and expertise in the field has allowed us to become a world leader in the development of high-function, high value-added products, such as hybrid organic and inorganic materials and non-PET film for mobile applications.

We boast a total production capacity of 250,000 tons at our production bases in South Korea, the United States, and China, and are adding to our overseas capabilities by building a sales network encompassing six marketing bases worldwide, including Europe. Our overall goal is to become a world-leading film manufacturer that always keeps its customers a step ahead of the competition.



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### A total solutions provider in the field of photovoltaic materials

SKC is the world's only batch manufacturer of film for solar cells. It utilizes the core technologies that it has developed over nearly four decades to produce film for solar cells, such as EVA sheets, PET film for PV applications, fluoride film, and back sheets. The addition of solar ingots and wafers produced by SKC Solmics has allowed us to solidify our position as a new powerhouse in the global solar cell market.

Our large infrastructure investments and wide-ranging R&D efforts have allowed us to develop advanced technologies and lead the global photovoltaic materials market. We are a total solutions provider, with production facilities in the United States, China, and other parts of the world.



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## High-function, high value-added processing technologies

SKC's nearly forty years of experience and expertise in the film business have resulted in the development of high-quality, world-class coating technologies. We are able to meet all our customer needs by providing them with a wide range of high-function, advanced technology products. These include hard-coated film for optical and industrial applications, protective film for the screens of mobile devices, and window film for use in automobiles and buildings.

Our window film is renowned for its world-class coating, transparency, and durability. We were awarded a High-efficiency Appliance Certification from the Korea Energy Management Corporation in 2013 for the excellence quality of our products, including such factors as thermal insulation, ultraviolet cut-off, and clear visibility.



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BUSINESS OVERVIEW

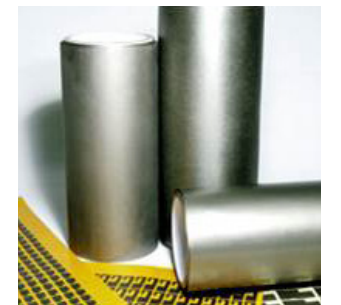
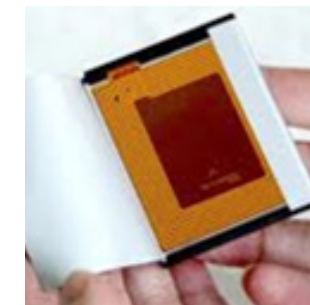
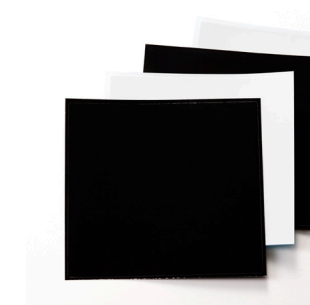
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## Leading the world's advanced materials market

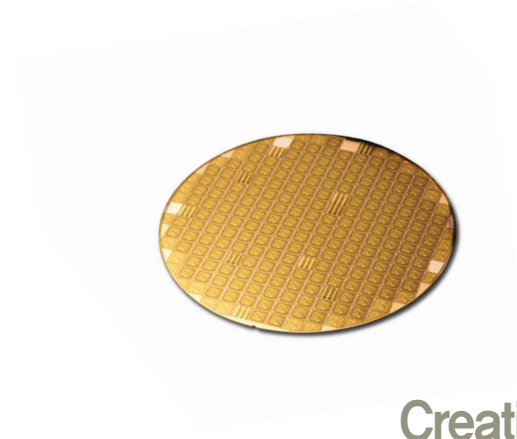
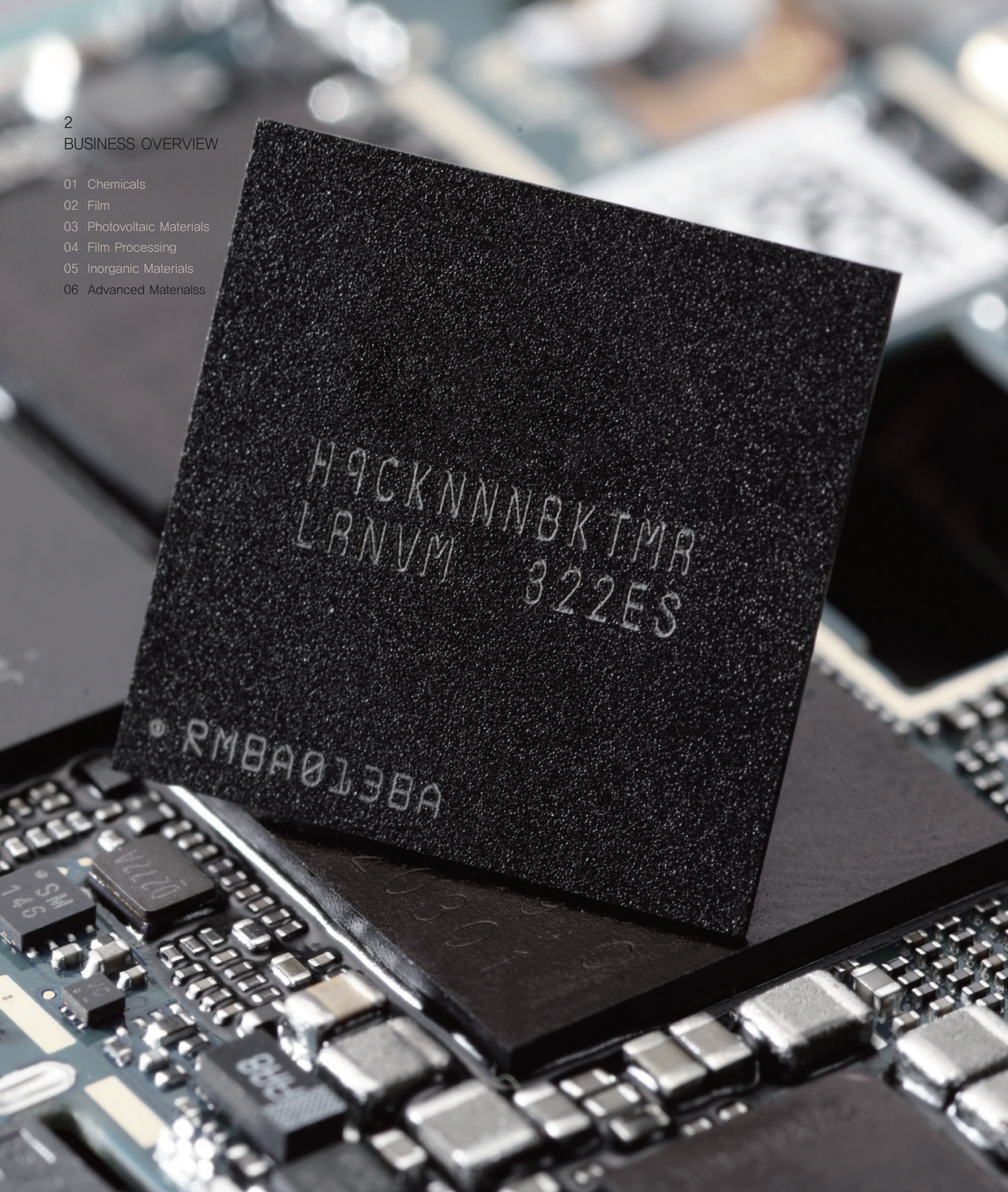
SKC has constantly paved the way for the future advanced materials market. This is particularly true in the field of inorganic materials, which represent a core technology in the eco-friendly, renewable energy, and new IT areas. Our ferrite materials-based magnetic sheets for use at short distances lead the global market with their world-class quality and extreme thinness. We are also broadening our horizons to include IT devices and wireless car charging systems.

SKC will also retain its leadership in the eco-friendly inorganic materials market by offering total solutions for advanced materials through the convergence of inorganic materials technologies. We will also soon enter the market for next-generation power semiconductors and wafers for LEDs, based on our state-of-the-art silicon-carbide (SiC) materials technologies.



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## Creating greater values in emerging markets

SKC has responded to the demands of a rapidly changing market by building a fully-optimized R&D system. It is able to create greater values by the constant monitoring of both market situations and technological trends.

We have also developed a wide range of products in the field of electronic materials. These include photo-chemicals, wet chemicals, CMP materials, and precursors, which are core materials for semiconductors. In addition, we are planning to expand into the display materials area by taking advantage of our expertise in semiconductor materials. We have also developed an adhesive for use in photovoltaic panels, utilizing polyurethane convergence technologies from our chemical business and our expertise in solar cell film manufacturing from our film business. The adhesive has been widely recognized for its high quality.



## Using challenge and innovation as tools for increased customer satisfaction.

If you want to be truly innovative, you need to go back to the basics.

SKC is committed to change and innovation as avenues for enhanced customer satisfaction. This commitment is underlined by the company's use of the SUPEX management execution methodology.



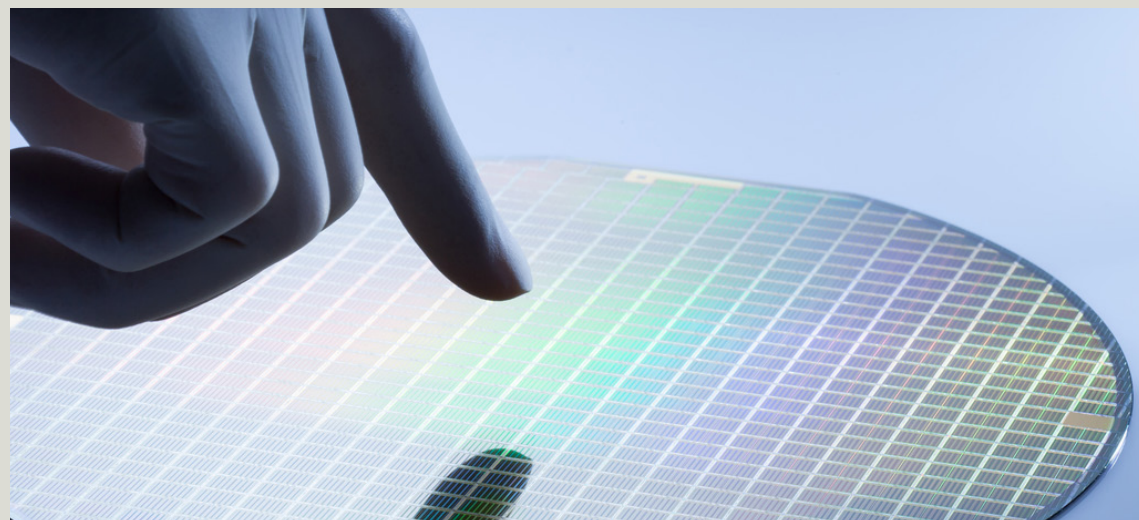
# 3

## SUBSIDIARIES AND INVESTEE COMPANIES

SKC Solmics  
SKC Lighting  
SKC Airgas  
Bioland  
SK Telesys  
SKC KOLON PI  
SKC Haas  
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[www.skcsolmics.com](http://www.skcsolmics.com)

## A global leader in the semiconductor and LCD parts and materials industries

SKC solmics is one of South Korea's leading suppliers of fine ceramics for semiconductors and LCDs. It became a pioneer in the country's ceramics industry by expanding its R&C efforts into the development and processing of fine ceramics. In addition to evolving into a global ceramics provider, it is entering the silicon wafer business.

### Semiconductors and LCD parts and materials

Alumina( $Al_2O_3$ ), Silicon(Si)

Silicon carbide(Si-SiC)

Aluminum nitride(AlN), Quartz( $SiO_2$ )

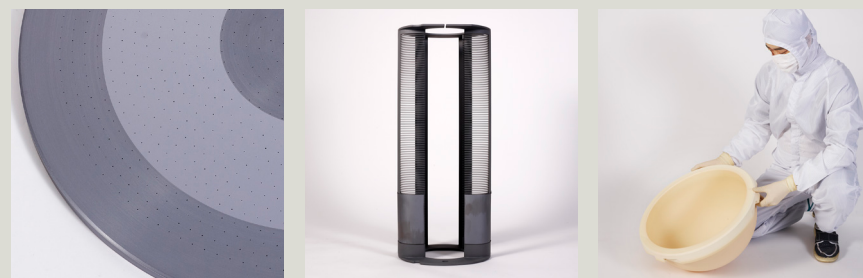
### Precise cleaning

Batch precision cleaning, ranging from the removal of parts to cleaning, inspections, re-mounting, and feeding into the process

### Materials for photovoltaic cells

Silicon ingots (Si ingots)

Silicon wafers (Si wafers)



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[www.skclighting.com](http://www.skclighting.com)

## Offering green solutions through renewable energy

Renowned for its commitment to strict quality control and its outstanding R&D capabilities, SKC lighting is building a new future in the area of "green" businesses through its development of differentiated products, energy-saving solutions, and core materials for LEDs.

### LED lighting

High-ceiling lighting, flame-proof lamps, modules and engines, MR16, PAR30, and LED bar lights

### LED materials

SMPS, heat-resistant materials, lenses

### Ordinary lighting

Ballast, T5, light protectors, waterproof lighting, lamps, etc.

### Energy business

Energy-saving devices and services



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www.skcairgas.co.kr

### A future-oriented global energy brand

SKC airgas was founded as the result of a joint venture agreement between SKC and Taiyo Nippon Sanso Corp., a leading Japanese supplier of industrial gases. The company produces industrial gases, including oxygen, nitrogen, and argon, through a variety of cutting-edge processes. In addition to helping its customers boost their competitiveness, the company is expanding into the area of specialty gases for electrical, electronic, and medical applications. Its overall goal is to grow into a comprehensive, future-oriented producer of industrial gases.

Industrial gases

Oxygen, argon, nitrogen, carbon dioxide, acetylene, hydrogen, ethylene, helium, ammonia, Flamex, neon, Freon, carbon monoxide

Medical gas

Oxygen, argon, nitrogen, carbon dioxide, helium, nitrous oxide, carbon monoxide



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www.biolandkorea.com

### A leading global biotech company

Since its founding in 1995, Bioland has become a recognized leader in South Korea's natural products market. It has also expanded its business interests to include medical supplies and health foods. Since the completion of its Haimen plant in China in 2014, the company has added to its marketing activities, targeting leading global markets such as China. Its ceaseless R&D efforts play a vital role in ensuring a healthier future for everyone by contributing to the production of safer and more effective products.

Ingredients for cosmetics (natural, fermented, and synthesized)

Forty kinds of natural ingredients, including hyaluronic acid  
350 kinds of fermented ingredients, including portulaca extract  
Ten kinds of synthesized ingredients, including arbutin

Drug ingredients

Artemisia herb Ez  
Seven kinds of ingredients for including licorice root for Baekcho syrup  
Two kinds of ingredients for including Amur cork-tree bark for herbal plasters and patches

Health food ingredients

Functional food ingredients (seventeen kinds, including Hovenia dulcis gynophore and red ginseng concentrate powder)  
Ordinary food ingredients (approximately eighty kinds, including soybean extract powder)

Finished and OEM products

Cosmetic facial masks, collagen sponges  
Prozyme meat tenderizer enzyme

Biomedicines

Medical equipment, etc.



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[www.sktelesys.com](http://www.sktelesys.com)

## Connecting people around the world through the magic of advanced technologies

SK telesys provides optimized solutions for telecommunications service providers. It is South Korea's leading company in the field of telecommunications equipment, including repeaters, transmission equipment, WiBro (mobile WiMax), and 4G LTE (the latest type of telecommunications technology). Boasting a full range of telecommunications equipment technologies optimized for both wired and wireless convergence applications, the company has evolved into a recognized leader in the development of innovative communications paradigms.

### Repeaters

CDMA, WCDMA, DUO, Triple, WiBro optical repeaters, WiFi, LTE, satellite DMB

### CPE (Customer Premises Equipment)

Stationary (indoor), stationary (outdoor), and mobile (indoor) transmission equipment

### Transmission equipment

DCS, WDM, MSPP, Microwave

### WiBro systems

RAS (base station), ACR (switch controller), MES (net operation management)

### IP solutions



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[www.skckolonpi.com](http://www.skckolonpi.com)

## Increasing customer satisfaction by creating synergies between SKC and Kolon

In 2008, SKC and KOLON, two leading South Korean makers of electronic materials, joined forces in an effort to make PI films more competitive in the global marketplace. Today, SKC KOLON PI's polyimide films are used in a wide variety of industries and applications, due to their outstanding heat and cold resistance capabilities and their remarkable degree of elasticity. They are used in a number of IT devices and displays, such as mobile phones, tablets, and laptops, as well as by the aerospace and military industries. SKC KOLON PI enhances customers' value based on synergy with companies and also with customers.

### Three-layer FCCL and cover-laying purposes

CTE identical to copper plate(16ppm/°C)  
Luxury goods materials for FPC where dimensional stability is a prime factor

### High-temperature insulation applications

Insulation tape, heat-resistant labels, aerospace applications

### Two-layer FCCLs and semiconductor tapes

PDP/LCD applications



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www.skc-haas.com

## Enhancing customer happiness to become a global market leader

SKC Haas is a global leader in the areas of optical filters and diffuser films for LCDs. Its success springs from its ability to develop new and innovative products with world-class quality, its highly-specialized human resources, and its experience and expertise in global management processes.

Optical film for LCDs  
Diffuser film  
Hybrid optical film  
Symmetric prism film  
Reflectors

Optical filters  
PDPs, LCDs, and glass-free 3D

High-function film  
Silicon release film  
Hard-coated film  
Functional adhesive film

ITO film  
Resistive and capacitive touch-screens  
  
Millbases for color filters  
High-contrast, high-transmittance, black matrix



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## SKC produces a wide range of products for use in the chemical and film sectors.

For more detailed information about our products, please visit our website at ([www.skc.kr](http://www.skc.kr))

<b>PO/PGE/HPEC</b>	PO / PGE / HPEC					
<b>PG</b>	PGUSP / PGF / PGI / DPGFG / DPG / TPG					
<b>POLYOL</b>	SLAB	· Base Polyol · Polymer Polyol · Polymeric Polyol · Visco Elastic · Flame Lamination · Flame Retardant	MOLD	· BASE · System	CASE	· DIOL · TRIOL · Specialty
	RIGID	· Base · System				
<b>Specialty Pu</b>	Helper spring	· For automobiles	Rail Pad	· For rail transportation		
<b>PET film</b>	For display	· Optical film · Reflective film · Protective film for polarizing plates	For packaging	· Thermal contraction film · Barrier film(PVDC) · Twist film	Industrial uses	· In-mold film · Dope-dyeing film · Heat-treated film · Silicon release film · Flame-resistant film · LIB separators
	For graphics	· Super-clear film · Highly-clear film · Non-clear film	For electrical insulation	· Film for condensers · Film for thermal transfer ribbons · Film for electrical insulation	Biodegradable film	· For snack-packing · For special papers · For flexible packing · For envelopes
<b>Photovoltaic materials</b>	Polyester film for photovoltaic applications / PVDF film / EVA sheets / Back-sheets					
<b>Converting film</b>	Window Film	· In automobiles · In architecture	Protection Film	· Anti-fingerprint protection · Clear · Anti-Glare	Hard Coating Film	· IML · For IT and industrial users
<b>Inorganic and advanced materials</b>	Ferrite Sheet	· For NFC and wireless charging	Electronic materials	· Photo Chemical · Wet Chemical · CMP Pad · Precursor	Photovoltaic adhesives	

## Opening doors to the world through change and growth

SKC is singularly adept at uncovering people's hidden talents. This is part of its "tree-ring management" technique, which encourages new beginnings and constant growth in the same way that trees grow new rings.



### SUSTAINABILITY

Corporate Culture  
Social Contributions  
R&D  
SK-Manship

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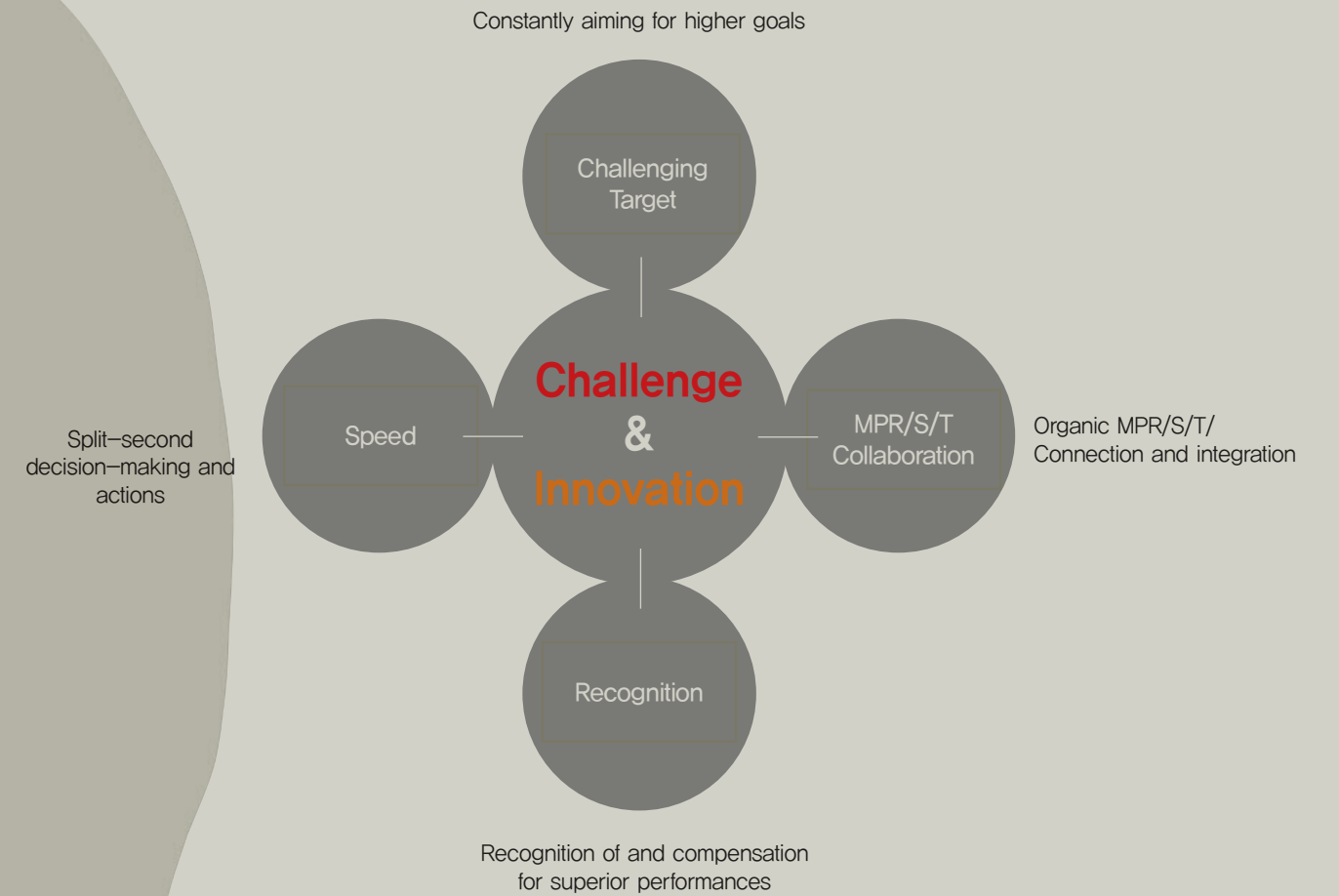
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## The SK Management System

SKC is raising its level of business management skills to increase its competitive edge in an era of total globalization. It is based on the SK Management System, or SKMS, the Group's business management system.

In order to become a world leader in its various fields of operation, SKC reaches for ever-higher goals, producing challenge-based results by making organic connections between organizations, demanding split-second decision-making and actions, and awarding its employees for their progress and performance in terms of both innovation and creativity.

## SKC management = SUPEX Pursuit



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## At SKC, we grow as a team

SKC achieves its community outreach goals by establishing partnerships with its friends and neighbors everywhere.

We organized a Volunteer Group in 2004, and all of our employees participate in various types of community service work. Many of our social contribution activities are carried out in collaboration with NOGs and local communities and governments.



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## Developing high value-added advanced materials

SKC made a massive contribution to South Korea's level of technological independence by launching a domestically-based PET film technology to replace the nation's former need for overseas assistance. Since then, we have also seized the initiative in such areas as electronics, media, and polyurethane.

Now we are broadening our horizons to include hybrid organic and inorganic materials, engineering plastics, and polyurethane composite materials. This is being done by focusing our highly-advanced R&D capabilities on such areas as nano-dispersing and coating technologies. We are also preparing for the future by creating new values through our "open innovation" program.



### Major Achievements of SKC's Advanced Technology R&D Center

- First company in South Korea to produce heat shrink film for use in packaging
- First company in South Korea to produce colored millbase for TFT-LCDs
- Commercialized use of polyimide (PI) film
- Produced micro-lens film (MLF), a high-function optical film used as a core material for LCDs
- Built low-monomer polyol (LMP) mass production system
- Developed rigid polyol technology

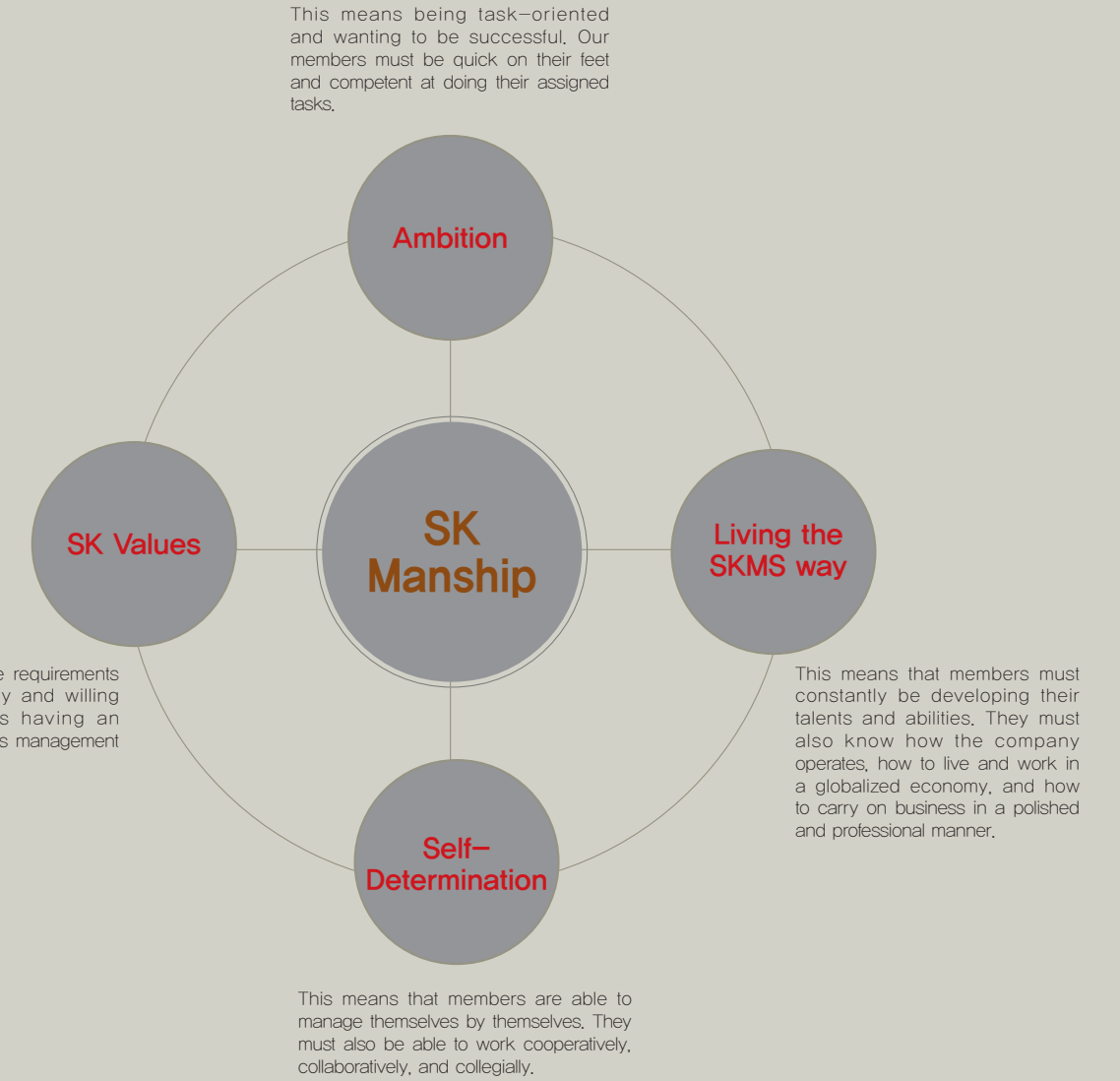


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## Paying attention to the invisible power in people

SKC believes that people are the very core of its operations. We hire the best and brightest human resources from around the world, giving them all the support and time they need to develop their highest-possible levels of competitiveness. We call the various qualities that all our workers must exhibit “SK-Manship.”

## SK-Manship consists of four elements.



SUPEX\*  
(Super + Excellent)  
This refers to the highest level that anyone can achieve in continuously realizing SKC's enterprise values in a rapidly changing business environment.

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SK Group at a Glance  
SKC Global Network

SK Co., Ltd.  
www.sk.com



•Energy & Chemicals



SKC  
www.skc.kr



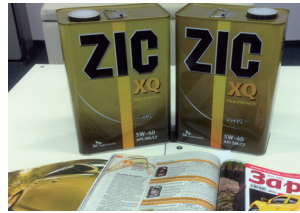
SK Innovation  
www.skinnovation.com



SK Energy  
www.skenergy.com



SK Global Chemical  
www.skglobalchemical.com



SK Lubricants  
www.sklubricants.com



SK Chemical  
www.skchemicals.com



SK Incheon PetroChem  
www.skincheonpetrochem.com



SK Incheon PetroChem



SK E&S  
www.skens.com



SK Gas  
www.skgas.co.kr

•IT & Semiconductors



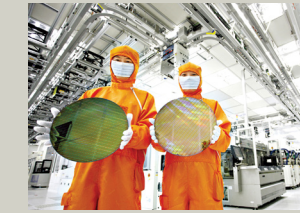
SK Telecom  
www.sktelecom.com



SK C&C  
www.skcc.com



SK planet  
www.skplanet.com



SK Hynix  
www.skhynix.com



SK Broadband  
www.skbroadband.com



SK Telink  
www.sktelink.com



SK Communications  
www.skcommunications.com

•Marketing, Logistics & Service



SK Networks  
www.sknetworks.com



SK E&C  
www.skec.co.kr



SK Shipping  
www.skshipping.com



SK Securities  
www.sks.co.kr

- 01 Corporate Culture
- 02 Social Contributions
- 03 R&D
- 04 SK-Manship
- SK Group at a Glance
- SKC Global Network

SKC has established overseas branches, localized production facilities, and customer service systems to lay the foundation for its continuing and sustainable growth. Our efforts to open new overseas markets through technology development and integrated marketing processes allow us to maximize our communications potential and effects. Our main goal is to offer customers everywhere the widest possible range of cutting-edge materials as the world's recognized leader in the field of advanced materials.



**EUROPE/AMERICA**

SKC Inc.  
SKC Inc. Co., Ltd  
SKC Drive, Covington, GA 30014, USA  
Tel. 1-678-342-1000

SKC Europe  
SKC Europe GmbH.  
Hahnstrasse 70, 60528 Frankfurt am Main, Germany  
Tel. 49-69-6690-130

SKC Europe PU  
SKC Europe pu. sp. z o. o  
UL. Strefowa 16, 58-200, Dzierzoniow, Poland  
Tel. 48-71-734-53-96

**Asia/Pacific**

SKC Jiangsu  
SKC (Jiangsu) Hightech Plastics Co., Ltd.  
No. 5 Jiang He Road, Nantong Economic & Technological Development Area, Nantong City Jiangsu Province, China  
Tel. 86-0513-8916-9735

SKC Beijing PU  
SKC (Beijing) Polyurethane Co., Ltd.  
No.10 of Changjin-lu, Xichengezhuang-cun, Zhaoquanying-zhen, Shunyi-qu, Beijing, China  
Tel. 86-10-6044-4005 (8003)

SKC Shanghai  
SKC (Shanghai) International Trading Co.,Ltd  
Room No. 2313, International Trade Center, 2201, West Yan'an Road, Shanghai 200336, China  
Tel. 86-21-6270-2866

SKC ACME  
SKC ACME Specialty Film (Huizhou) Co., Ltd  
Tangxia Xinxu Tocon Huiyang City  
Guangdmg, China  
Tel. 86-752-353-1899

SKC Shanghai(Guangzhou Branch)  
SKC (Shanghai)International Trading Co., Ltd(Guangzhou Branch)  
Room 1911, CITIC PLAZA, 233 Tianhe N. Road, Guangzhou City 510613, China  
Tel. 86-20-3877-1140

SKC Japan  
SKC Japan Office  
CJ Building 8FL, 2-7-4, Nishi-Shinbashi, Minato-ku, Tokyo 105-0003, Japan  
Tel. 81-3-3591-6325

SKC Taiwan  
SKC Taiwan Office  
13F., No.337, Fusing N. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)  
Tel. 886-2-2712-2266

Bioland Haimen  
Bioland Haimen Plant  
No.1, Tianmuhu Road, Linjiang New District, Haimen City, Jiangsu Province  
Tel. 86-513-68050519

**Local**

Head Office  
Kyobo Tower, 465, Gangnam-daero, Seocho-gu, Seoul, Korea  
Tel. 82-2-3787-1234

Factory in Suwon  
84, Jangan-ro 309 beon-gil, Jangan-gu, Suwon-si, Gyeonggi-do, Korea  
Tel. 82-31-250-7114

Factory in Ulsan  
255, Yongjam-ro, Nam-gu, Ulsan, Korea  
Tel. 82-52-278-5151~2

Factory in Jincheon  
Gwanghyewon-myeon, Jincheon-gun, Chungcheongbuk-do, Korea  
Tel. 82-43-539-4545

Central Research Institute for Advanced Technology  
102, Jeongja-ro, Jangan-gu, Suwon-si, Gyeonggi-do, Korea  
Tel. 82-31-240-0114

**SKC Subsidiaries**

SKCSolmics  
1043, Gyeonggi-daero, Pyeongtaek-si, Gyeonggi-do, Korea  
Tel. 82-31-660-8400

SKC Lighting  
48, Dolma-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea  
Tel. 82-31-711-0174

SKC Airgas  
255, Yongjam-ro, Nam-gu, Ulsan, Korea  
Tel. 82-70-7437-1500

SKW  
27, Godeung 1-gil, Iwol-myeon, Jincheon-gun, Chungcheongbuk-do, Korea  
Tel. 82-70-7467-1000

Bioland  
59, Songjeongni 2-gil, Byeongcheon-myeon, Dongnam-gu, Cheonan-si, Chungcheongnam-do, Korea  
Tel. 82-41-550-7700

SK Telesys  
51, Eulji-ro, Jung-gu, Seoul, Korea  
Tel. 82-70-7403-2063

**SKC Investment Companies**

SKC Haas Display Films  
112, Seonggeo-gil, Seonggeo-eup, Seobuk-gu, Cheonan-si, Chungcheongnam-do, Korea  
Tel. 82-2-2222-6700

SKC KOLON PI  
55, Pyeongchon-daero 212beon-gil, Dongan-gu, Anyang-si, Gyeonggi-do, Korea  
Tel. 82-31-436-8600

SKCMNT  
16, Gwahaksaneop 1-ro, Oksan-myeon, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do, Korea  
Tel. 82-43-710-1100



## Global Green Company

As a Leader in the Global Era, SKC is here to Provide a Plentiful and Clean World.

# 5

## Board of Directors & Financial Information

Better Company Image  
Board of Directors  
Financial Section

## Better Company Image

SKC is striving to advance to become a “global specialty material company” by enhancing its Core Biz. competitiveness and by continuously expanding its Specialty Biz.

### SKC Biz.Strategy



Chemical Material	PO	PG, Polyol	Specialty PU & C.A.S.E.* Industrial/Specialty Gas
Film Material	PET Chip	PET Film, New Type Film, PI Film	Processed Film, Film for LCD
New Material			Semiconductor Material (Equipment & Parts, Chemical) Inorganic Material (Ceramic Parts) Health Care (Natural Material)
Major Strategies	<ul style="list-style-type: none"> <li>Diversifying investments to reduce risk</li> <li>Operation Improvement</li> </ul>	<ul style="list-style-type: none"> <li>Establishing strategic alliance to improve competitiveness</li> <li>Enhancing product mix</li> </ul>	<ul style="list-style-type: none"> <li>Own R&amp;D and investment</li> <li>Securing technology through strategic alliance</li> <li>Improving competitiveness by M&amp;A</li> </ul>

\*C.A.S.E  
C-Coating  
A-Adhesive  
S-Sealant  
E-Elastomer

## Global Leader in Technology-Based Specialty Materials

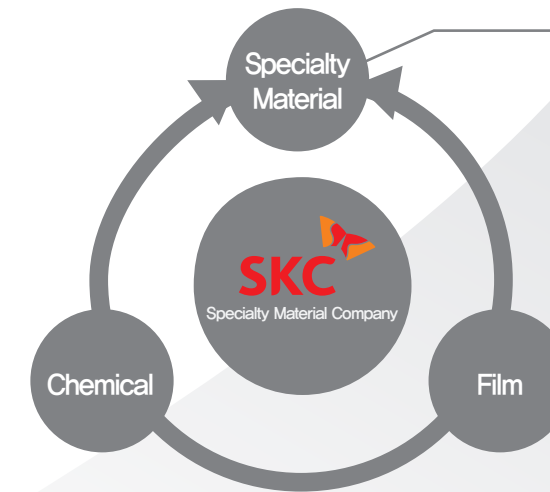
**2016 ~ 2018**

Advancing to become a Specialty Material Company

· Estimated Proportion of Specialty (by 2018)



- PU Composite/New Film
- Inorganic/Organic-inorganic Composite
- Health Care (Natural Material)
- Electronic Material/Special Gas



**By 2015**

Strengthening Core Biz competitiveness &  
Strengthening foundation to expand Specialty Biz

· Proportion of Specialty (as of 2014)



## Board of Directors

SKC's Board of Directors is composed of Directors including the CEO, Other Non-executive Directors who are also directors of the holding company, and Outside Directors who are experts in their sector. They strengthen our global competitiveness and carry out responsible management. The Board, understanding the core of management, faithfully carries out its role and fulfils its responsibilities.



### Cho Dae-sik

(Other Non-executive Director, Chairman of the Board)  
Present CEO of SK Holdings  
Present CEO of SK pharmaceuticals  
Present Chairman of the Board of Directors of SK China  
Present Inside Director of SK Telecom  
SK, Head of Finance Team & Head of "Autonomous Responsibility Management Support" Team



### Jeong Ki-bong

(Inside Director)  
Present CEO of SKC  
SKC, Head of Chemical Division (Vice President)  
SKC, Head of Chemical Division (Senior Managing Director)



### Cho Kyoung-mok

(Other Non-executive Director)  
Present Head of Finance Division of SK Holdings  
SK Telecom, Head of Finance Group  
SK Holdings, Head of Finance Team



### Lee Seong-jun

(Outside Director-Chairman of Auditors' Committee)  
Former CEO of Korea Infra Asset Management  
Korea Development Bank, Head of Global Finance Team  
Korea Development Bank, Head of Finance Management Team



### Jeong Han-mo

(Outside Director)  
Present Professor at Ulsan University, Chemistry Department  
Ulsan University, Dean of Postgraduate School  
Vice President of the Korea Polyurethane Society



### Kim Seong-su

(Outside Director)  
Present Professor at Kyunghee University, Chemical Engineering Department  
Kyunghee University, Dean of Engineering Faculty  
Director of the Polymer Society of Korea



### Seo Seok-ho

(Outside Director)  
Present Partner of Kim & Chang  
Attorney at Law belonging to the Korean Bar Association  
Law Firm Barun, Partner



### Kim Dae-soon

(Outside Director)  
Present Professor at Yonsei Law School  
Yonsei University, Law Department, Professor  
Yonsei University, Law Department, Associate Professor

## Activities of the Board in 2014

February	March	August	October	December
<ul style="list-style-type: none"> <li>- Approval of financial statements and business reports for FY 2013</li> <li>- Approval of transactions between the largest shareholder or affiliated persons and the company</li> <li>- Approval of contract for cathode material research service for 2014.</li> </ul>	<ul style="list-style-type: none"> <li>- Regular General shareholders' meeting for FY 2013</li> <li>- Approval of issuance of non-warranty bonds in public offerings</li> <li>- Borrowing for long-term R&amp;D</li> <li>- Appointment of representative director</li> <li>- Appointment of member(s) for the committee for recommendation of outside director candidates</li> </ul>	<ul style="list-style-type: none"> <li>- Approval of purchasing liability insurance for directors</li> </ul>	<ul style="list-style-type: none"> <li>- Approval of issuance of non-warranty bonds in public</li> <li>- Approval of payment guarantee for SKC Inc.</li> <li>- Approval of purchasing Bioland Co., Ltd.'s stock(s)</li> <li>- Approval of selling SKC Kolon PI Co., Ltd.'s stock(s)</li> <li>- Approval of changes in selling SKC Kolon PI Co., Ltd. (Nov)</li> </ul>	<ul style="list-style-type: none"> <li>- Approval of establishment a joint venture company for PU business</li> <li>- Approval of entering into a license agreement for SK brand</li> <li>- Approval of sale of land rented out to SKC AirGas</li> </ul>

## Resolutions by the Board

### ► Matters relevant to general shareholders' meeting

1. Convening general shareholders' meeting
2. Approval of business reports
3. Approval of financial statements
4. Review and decision of the agenda for the meeting

### ► Board's Resolutions under the law

1. Appointment and dismissal of representative director
2. Matters relevant to additional position of director as the board member of another company
3. Approval of transactions between directors and major shareholders, and the company.
4. Appointment and dismissal of general manager
5. Capitalization of surplus reserve
6. Issuance of bonds
7. Matters relevant to revaluation of assets
8. Matters relevant to directors' use of business opportunities
9. Establishment and amendment of compliance standards
10. Appointment and dismissal of compliance officer
11. Approval of transactions between the largest shareholder or affiliated persons, and the company
12. Matters relevant to the establishment and organization of a committee for the recommendation of outside director candidates

### ► Board's resolutions according to the Articles of Association

1. Installation, transfer, or dissolution of an office or a branch
2. Dividend rates and duration of the classes of shares
3. Issuance of new stocks
4. Approval and revocation of stock options according to applicable laws

5. Request for compensation for failing to pay up shares
6. Appointment of transfer agents
7. Decisions on closure and dates for a list of stockholders
8. Issuance of convertible bonds and bonds with warrant
9. Decisions on the number/qualifications/tenure of outside directors
10. Appointment of representative directors and directors
11. Division of duties for co-representative directors and directors
12. Major decisions on the company's operations
  - A. Investment/extension/dissolution which accounts for 20/100 or more of the capital
  - B. Credit agreement which accounts for more than 10/100 of the capital (with the exception of a short-term (1 year or shorter) agreement)
  - C. Debt guarantee for a third party which accounts for 10/100 or more of the capital
  - D. Loan contracts
  - E. Offering or disposition of collateral with major assets of the company which accounts for 10/100 or more of the capital (based on the book value)
  - F. Investment of 10/100 or more of the capital (based on the value of KRW) for a third party
  - G. Revision or termination of these regulations
  - H. Delegation to the board by the general meeting of stockholders
13. Redemption for executives from liabilities and purchase of liability insurance for directors
14. Other matters delegated to the board by other representative directors
15. Establishment and revision of the company management system in order to pursue the business policies
16. Decisions on amount, type and duration (1 year or shorter) of a bond/bonds in the case where the representative director is delegated to issue the bond(s).

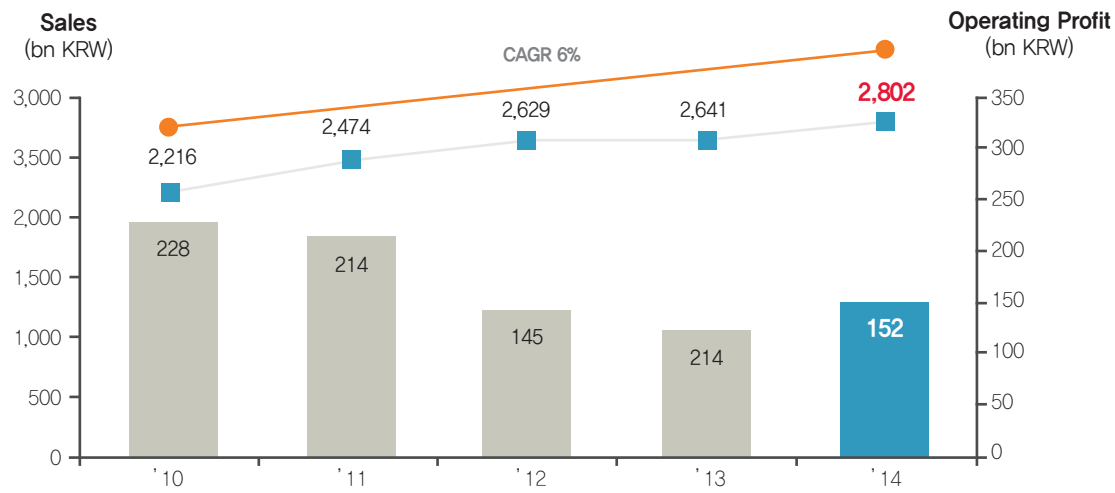
# Financial Section

## Financial Highlight

### Entire Company

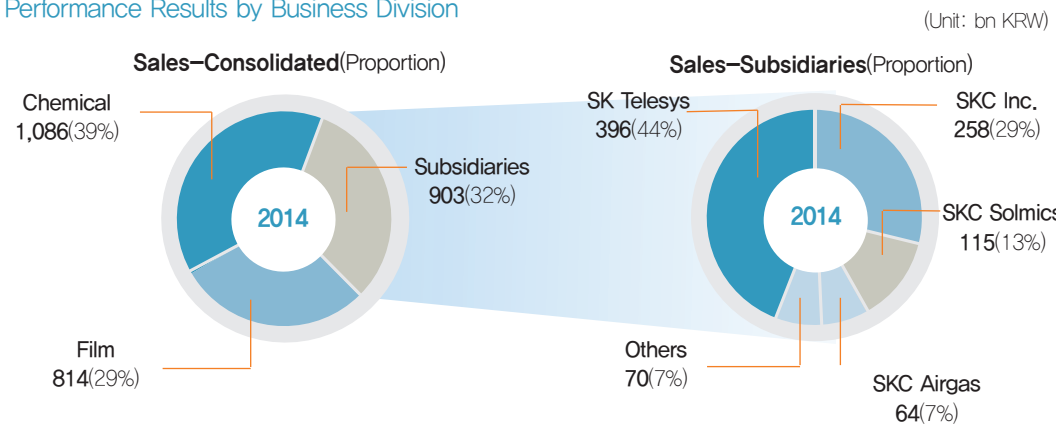
In 2014, SKC recorded consolidated sales of 2.8 trillion KRW.

Although the business environment has deteriorated as a result of the global recession, SKC has achieved a consolidated operating profit of 150 billion KRW by increasing profit from its chemical business through the improvement of Product & Location Mix technology, and by seeking management efficiency in its consolidated subsidiaries to make a turnaround for better performance.



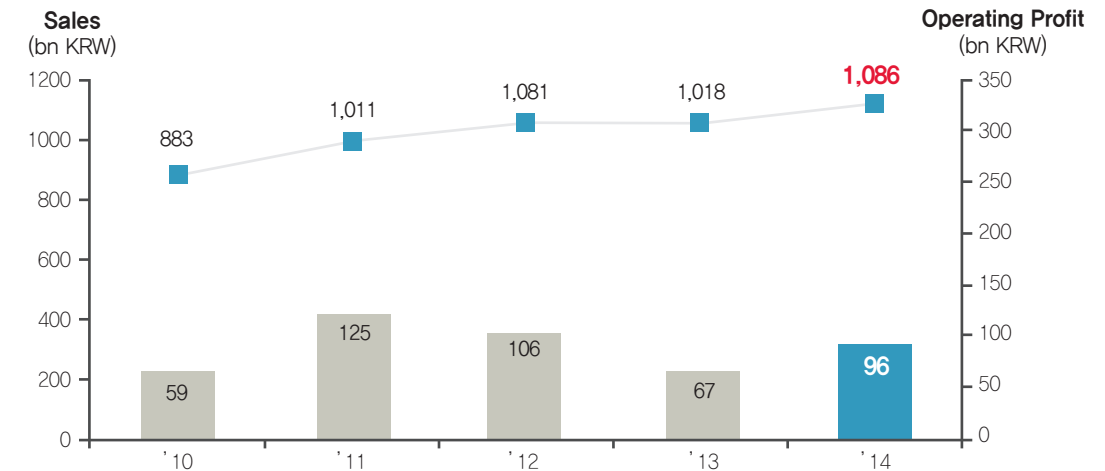
※Our company presents FY2015 Guidance as below:  
Sales 2.8–2.9 trillion KRW, Debt–Equity ratio 140–150%, capital investment 110–120 billion KRW

### Performance Results by Business Division



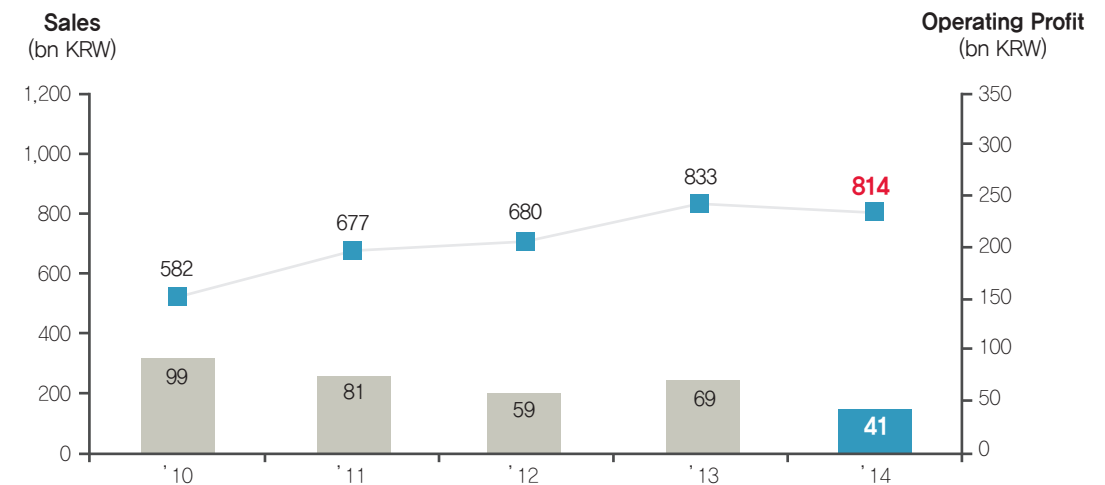
### Chemical Division

The Chemical Division recorded 1.1 trillion KRW in sales with a 6.6% year-on-year growth, and operating profit was 96 billion KRW with a 44% year-on-year growth (as per non-consolidated basis). This growth is attributable to optimization of Location Mix, sales extension of high-value products, and a friendly environment for the business. In the forthcoming 2015, we will continue to try to respond to changes in the market and to expand our market share in the industry.



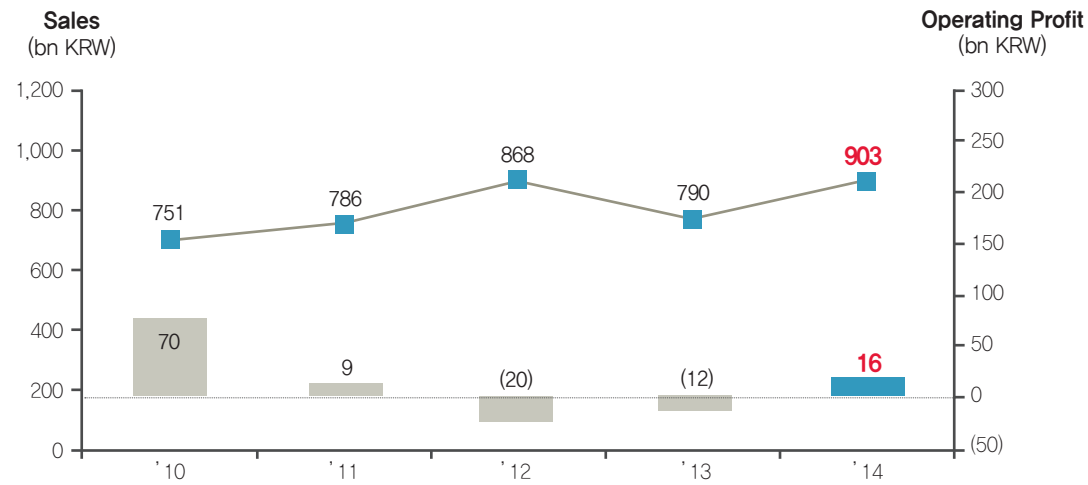
### Film Division

Sales by the Film Division decreased to 0.8 trillion KRW, showing a 2.3% year-on-year decrease, and operating profit was 40.8 billion KRW, a 41% year-on-year decrease. However, our film business appears to be relatively competitive enough to secure an operating profit ratio of 5% even though the business environment has deteriorated due to increased competitiveness in the front industry. Although it is expected that difficulties will continue in 2015, we will focus on enhancing profitability, improving the product portfolio, and increasing the efficiency of managing facilities and manufacturing.



### Subsidiaries (Consolidated subsidiaries)

Sales from the subsidiaries increased to 0.9 trillion KRW with 14% year-on-year growth, and turned to a profit mainly because SKC Solmic's operating profit increased by over 20 billion KRW. In addition, at the end of 2014, we took over Bioland Co., Ltd, which specializes in natural materials (for cosmetics and pharmaceuticals), in order to gain growth power and to seek stable profit. We will try our best to maximize our long-term business profit by securing the financial stability of the subsidiaries and by managing any risks posed by their business activities.

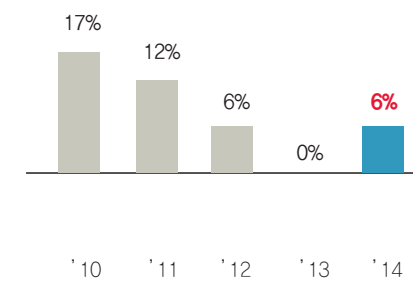


It is also expected that the business environment will be still challenging in 2015 due to continued slow development and increased competitiveness in the global market. However, by making quality growth and strengthening our risk management system, we will endeavour to step up to become a "Global Leader in technology-based specialty materials" which is our long-term vision.

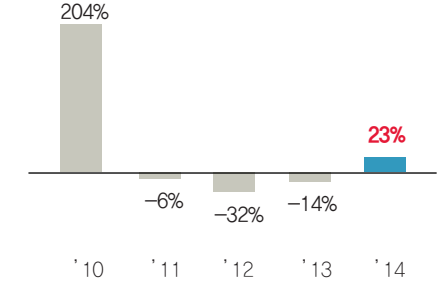
## Major Financial Indexes

### Growth

Sales Growth Ratio (Unit: %)

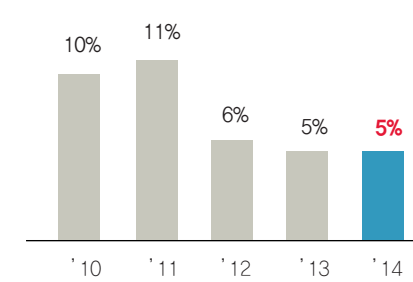


Operating Profit Growth Ratio (Unit: %)

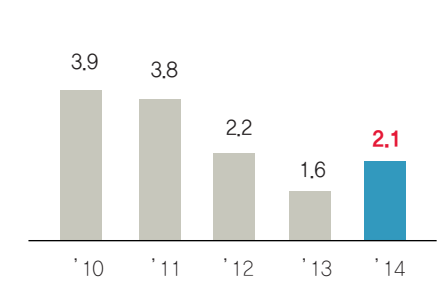


### Profitability

Return of Equity (Unit: %)

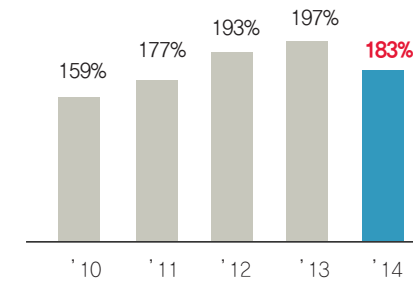


Interest Coverage Ratio (Unit: Times)

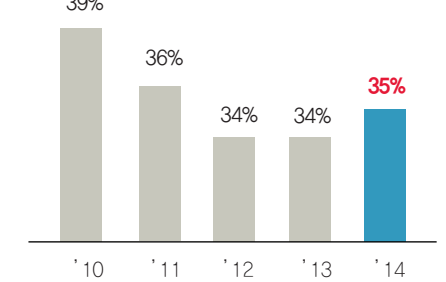


### Stability

Debt-to-Equity Ratio (Unit: %)

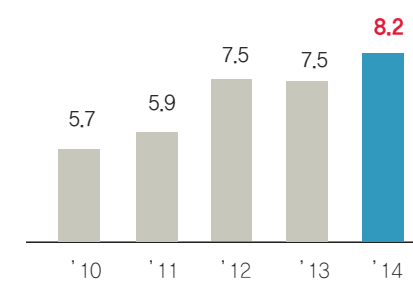


BIS Ratio (Unit: %)

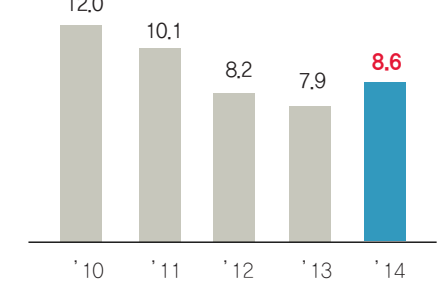


### Activity

Receivable Turnover Ratio (Unit: Times)



Inventory Turnover Ratio (Unit: Times)



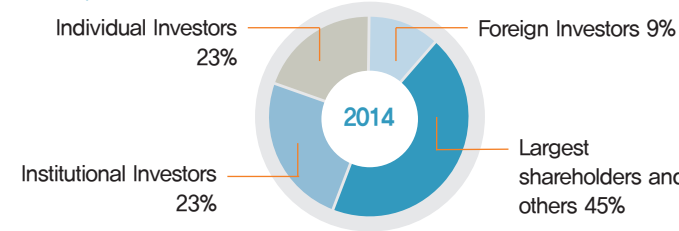
## SKC Stock Information

### Basic Information (as of 31 December 2014)

SKC has been listed on the KOSPI from 18 July, 1997 and is currently classified as a Chemical Manufacturer.

Code (KOSPI)	Number of Issued Shares	Number of Shareholders	Settlement of Accounts	General Shareholders' Meeting	Payment of Dividends <sup>5</sup>
A011790	36,348	22,826	31 Dec 2014	20 Mar 2015	15 Apr 2015

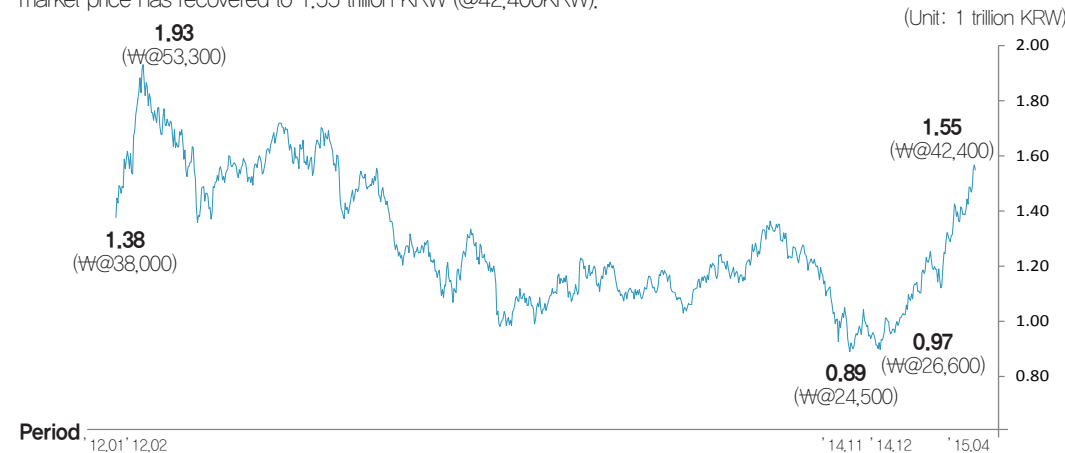
### Composition of Shareholders



Major Shareholders	Inclusions	Shareholding ratio
Largest Shareholders	SK Holdings	42.3%
	Treasury Stock	0.8%
Institutional Investors	National Pension	12.2%

### Total Amount of Market Price

An increase after continued decrease until November 2014 due to the global recession. As of April 2015, the market price has recovered to 1.55 trillion KRW (@42,400KRW).



### Dividends

We try to pay stable dividends continuously, and our payout record for the last 3 years is as follows:

Classification	2012	2013	2014
Par value per share (KRW)	5,000	5,000	5,000
Consolidated net profit for the year (KRW 1million)	66,023	56,770	69,493
<b>Net profit per share (KRW)</b>	<b>1,838</b>	<b>1,580</b>	<b>1,931</b>
Total dividends (KRW 1 million)	17,963	17,963	19,832
<b>(Consolidated) Dividend payout ratio (%)</b>	<b>27.2</b>	<b>31.6</b>	<b>28.5</b>
Dividend profit ratio (%)	1.2	1.6	2.0
Dividend <b>per share (KRW)</b>	<b>500</b>	<b>500</b>	<b>550</b>

## Auditor's Report

### Samjong KPMG LLC Independent Auditor's Report

To the Board of Directors and Shareholders  
SKC Co., Ltd.

12 March 2015

We have audited the accompanying consolidated financial statements of SKC Co., Ltd. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2014 and 2013, the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Korean International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SKC Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013 and of its financial performance and its cash flows for the years ended in accordance with the Korean International Financial Reporting Standards.

#### Other Matters

The accompanying consolidated financial statements of SKC Co., Ltd. for the year ended December 31, 2013 were audited by us in accordance with the previous auditing standards.

Gangnam Finance Center 10th Floor, 156 Teheran-ro Gangnam-gu, Seoul, Korea  
Representative Director, KPMG Samjong Accounting Corp. **Kim Kyo-tae**



This report is effective as of March 12, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

## Consolidated Statement of Financial Position

### SKC Co., Ltd. & Its Subsidiaries

(Unit: 1m KRW)

Title of Account	FY2014	FY2013
<b>Assets</b>		
<b>Non-current assets</b>	<b>2,745,925</b>	<b>2,780,361</b>
Property, plant and equipment	2,213,109	2,196,917
Intangible assets	174,746	119,417
Investment in associates & joint ventures	174,765	245,160
Investment properties	110,657	115,060
Other non-current assets	72,649	103,805
<b>Current assets</b>	<b>940,826</b>	<b>805,439</b>
Assets held for sale	184,111	
Trade receivables	298,797	381,610
Inventories	325,591	324,534
Other current assets	132,327	99,296
<b>Total assets</b>	<b>3,686,751</b>	<b>3,585,800</b>
<b>Equity</b>		
<b>Equity attributable to owners of the Controlling Company</b>	<b>1,217,315</b>	<b>1,182,986</b>
Equity capital	181,738	181,075
Consolidated capital surplus	157,136	154,534
Retained earnings	884,147	851,401
Others	(5,705)	(4,025)
<b>Non-controlling interests</b>	<b>83,690</b>	<b>22,468</b>
<b>Total equity</b>	<b>1,301,005</b>	<b>1,205,454</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>	<b>1,053,167</b>	<b>1,243,793</b>
Long-term borrowings and bonds	891,790	1,102,775
Other non-current liabilities	161,377	141,018
<b>Current liabilities</b>	<b>1,332,579</b>	<b>1,136,553</b>
Short-term borrowings and current portion of long-term debt	817,834	606,559
Trade payables	289,857	393,284
Debt held for sale	30,719	
Other current liabilities	194,169	136,710
<b>Total liabilities</b>	<b>2,385,746</b>	<b>2,380,346</b>
<b>Total equity and liabilities</b>	<b>3,686,751</b>	<b>3,585,800</b>

## Consolidated Statement of Comprehensive Income

### SKC Co., Ltd. & Its Subsidiaries

(Unit: 1m KRW)

Title of Account	FY2014	FY2013
Revenue	2,802,235	2,641,403
Cost of sales	2,361,292	2,231,553
Gross profit	440,943	409,851
Selling general and administrative expenses	288,566	285,848
<b>Operating income</b>	<b>152,378</b>	<b>124,003</b>
Share of profit of equity-accounted investees, net	(6,075)	7,423
Other income	40,082	12,355
Other expenses	43,486	15,219
Net finance costs	71,036	80,591
Income before income tax	71,863	47,971
Income tax expenses	28,555	22,233
<b>Net income</b>	<b>43,308</b>	<b>25,738</b>
Other comprehensive loss, net of income tax	(20,381)	(2,298)
<b>Total comprehensive income</b>	<b>22,927</b>	<b>23,440</b>
Net income (loss) attributable to		
<b>Owners of the Controlling Company</b>	<b>69,493</b>	<b>56,770</b>
Non-controlling interest	(26,185)	(31,032)
Total comprehensive income (loss) attributable to		
Owners of the Controlling Company	49,029	53,293
Non-controlling interest	(26,101)	(29,853)
Earnings per share		
Basic earnings per share/KRW	1,931	1,580
Diluted earnings per share/KRW	1,931	1,580

## Consolidated Statement of Changes in Equity

### SKC Co., Ltd. & Its Subsidiaries

(Unit: 1m KRW)

Title of Account	Owning company's controlling interests equity					Non-controlling interests equity	Total Equity	
	Equity capital	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings			
1 Jan 2013 (Capital stock at the beginning of the year)	181,075	158,406	(1,795)	6,169	807,704	40,066	1,191,626	
Changes in Equity	Net income				56,770	(31,032)	25,738	
	Net changes in fair value of available-for-sale financial assets, net of tax			(5,334)		(42)	(5,292)	
	Capital adjustments arising from equity-accounted investees, net of tax			(1,546)		1	(1,545)	
	Foreign operation currency translation differences, net of tax			(1,486)		(270)	(1,216)	
	Remeasurements of defined benefit plans of associates, net of tax					1,477	1,477	
	Remeasurement of defined benefit plans, net of tax					3,446	844	4,290
	Dividends					(17,963)	(17,963)	
	Capital increase of subsidiaries		(3,202)				15,066	11,863
	Acquisition of shares of subsidiaries		(2,023)				(2,926)	(4,949)
	Issuance of bonds with warrants		2,131				313	2,445
Others		(778)		(33)	(32)	(175)	(1,018)	
31 Dec., 2013 (Capital stock at the ending of the year)	181,075	154,534	(1,795)	(2,230)	851,401	22,468	1,205,454	
1 Jan., 2014 (Capital stock at the beginning of the year)	181,075	154,534	(1,795)	(2,230)	851,401	22,468	1,205,454	
Changes in Equity	Net income				69,493	(26,185)	43,308	
	Net changes in fair value of available-for-sale financial assets, net of tax			(5,877)		44	(5,833)	
	Foreign operation currency translation differences, net of tax				3,927	658	4,585	
	Remeasurement of defined benefit plans, net of tax					(18,743)	(652)	(19,395)
	Dividends					(17,963)	(17,963)	
	Exercising pre-emptive right for subscription of new shares	662	3,364				651	4,677
	Changes in ownership in subsidiaries						86,280	86,280
Others		(762)		269	(41)	425	(108)	
31 Dec., 2014 (Capital stock at the end of the year)	181,738	157,136	(1,795)	(3,911)	884,147	83,690	1,301,005	

## Consolidated Statement of Cash Flows

### SKC Co., Ltd. & Its Subsidiaries

(Unit: 1m KRW)

Title of Account	FY2014	FY2013
I. Cash flows from operating activities	189,539	149,922
Net income	43,308	25,738
Noncash expenses (Revenue) adjustment	245,523	230,878
Depreciation(Tangible/Intangible)	136,827	121,139
Interest expenses	72,432	76,703
Income tax expenses	28,555	22,233
Shares of loss of equity-accounted investees	19,261	8,860
Accrual for retirement and severance benefits	18,885	18,622
Shares of profit of equity-accounted investees	(13,186)	(16,283)
Gains on disposal of available-for-sale financial assets	(25,755)	(1,085)
Others	8,505	688
Changes in Assets and liabilities from operating activities	(39,281)	(2,874)
Trade receivables	287,767	93,503
Other receivables	(15,017)	2,434
Prepaid expenses	(12,966)	971
Inventories	(10,488)	34,301
Other long-term receivables	(11,796)	240
Long-term prepaid expenses	17,041	275
Trade payables	(305,292)	(133,993)
Other payables	19,796	17,136
Accrued expenses	11,292	(5,098)
Plan assets	(25,182)	(12,835)
Long-term other payables	11,478	(63)
Defined benefit obligations	(10,807)	(6,665)
Others	4,893	6,920
Dividends received	14,213	12,863
Interest received	979	884
Interest paid	(67,329)	(71,384)
Income taxes paid	(11,368)	(46,183)
Income taxes refunded	3,495	1

## Consolidated Statement of Cash Flows

01 Better Company Image

02 Board of Directors

03 Financial Section

### SKC Co., Ltd. & Its Subsidiaries

(Unit: 1m KRW)

Title of Account	FY2014	FY2013
<b>II. Cash flows from investing activities</b>	<b>(84,421)</b>	<b>(242,790)</b>
Proceeds from sale of investments in associates	61,478	2,479
Decrease in short-term financial instruments	20,657	1,925
Increase in construction in progress	(128,895)	(224,412)
Purchase of subsidiaries	(19,390)	
Increase in research and development expenses	(10,596)	(11,948)
Increase in short-term financial instruments	(7,833)	(9,459)
Others	159	(1,375)
<b>III. Cash flows from financing activities</b>	<b>(76,762)</b>	<b>66,182</b>
Exercising pre-emptive right for subscription of new shares	4,598	
Proceeds from short-term borrowings	2,113,386	2,360,795
Issuance of bonds	129,321	416,052
Proceeds from long-term borrowings	35,096	204,295
Proceeds from capital contributions from non-controlling interests		21,575
Repayments of short-term borrowings	(1,994,604)	(2,571,755)
Repayments of current portion of long-term debts	(346,595)	(346,816)
Dividends paid	(17,963)	(17,963)
<b>Net decrease in cash and cash equivalents</b>	<b>28,356</b>	<b>(26,685)</b>
Cash and cash equivalents at the beginning of the year	<b>22,592</b>	<b>49,534</b>
Effects of exchange rate fluctuations on cash held	<b>682</b>	<b>(256)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>51,631</b>	<b>22,592</b>