



# 2021. 4Q Earnings Briefing

March 2022

# DISCLAIMER

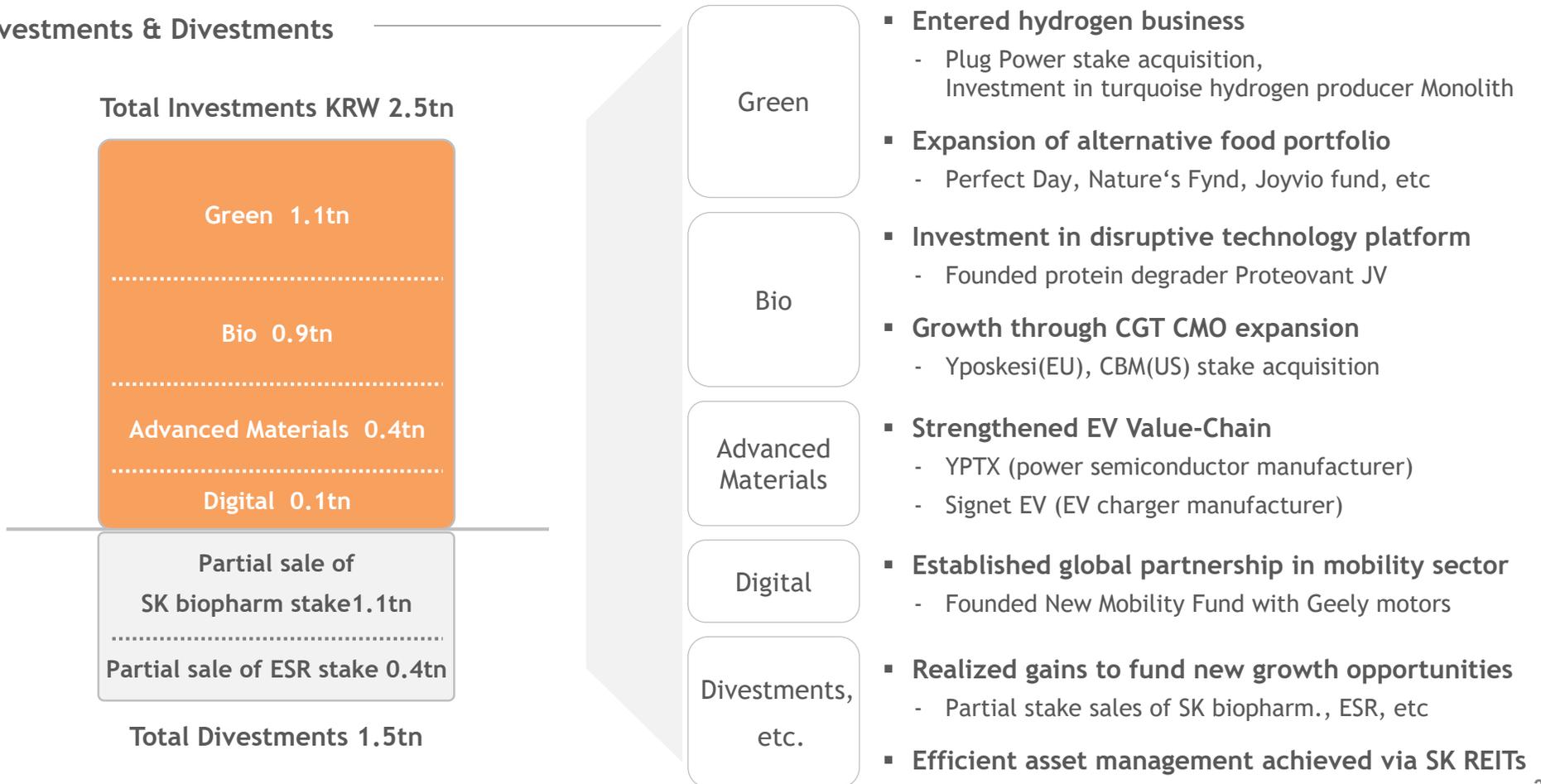
This presentation includes the recent earnings results and business performance of SK Inc. (the “Company”) and its major subsidiaries. It has been prepared for shareholders and investors for information purposes only.

The financial information presented herein is based on K-IFRS. As the forward-looking statements herein reflect the current business environment and the Company’s business strategies, actual developments may differ from those in the statements due to changes in the business environment and Company’s strategies as well as other uncertainties.

# Business Highlights

- Invested KRW 2.5tn in 2021 to develop growth portfolio in the four major segments
- Realized KRW 1.5tn in total divestments, strengthening virtuous investment cycle

## Investments & Divestments



# 4Q21 Business Results : Overall



■ Favorable market conditions for SK innovation and SK E&S led to top-line growth and profit turnaround for FY21

(KRW tn)	Revenue						Operating Profit						Income Before Tax					
	FY20	1Q21	2Q21	3Q21	4Q21	FY21	FY20	1Q21	2Q21	3Q21	4Q21	FY21	FY20	1Q21	2Q21	3Q21	4Q21	FY21
<b>Consolidated</b>	<b>80.82</b>	<b>22.25</b>	<b>23.45</b>	<b>25.56</b>	<b>27.07</b>	<b>98.33</b>	<b>△0.08</b>	<b>1.54</b>	<b>1.21</b>	<b>1.56</b>	<b>0.62</b>	<b>4.94</b>	<b>△0.03</b>	<b>0.93</b>	<b>2.14</b>	<b>1.71</b>	<b>1.24</b>	<b>6.03</b>
SK (standalone)	3.47	0.90	0.47	0.62	0.76	2.75	1.66	0.49	0.02	0.14	0.18	0.83	2.03	1.49	0.00	0.08	0.40	1.96
SK innovation	34.55	9.24	11.12	12.30	14.18	46.84	△2.42	0.50	0.51	0.62	0.13	1.75	△2.76	△0.53	0.65	0.70	0.01	0.83
SK telecom	16.09	4.11	4.13	4.21	4.30	16.75	1.25	0.37	0.40	0.39	0.23	1.39	0.91	0.49	0.58	0.36	0.30	1.72
SK networks	10.63	2.75	2.54	2.82	2.91	11.02	0.12	0.03	0.03	0.05	0.02	0.12	0.11	0.01	0.05	0.04	0.01	0.11
SKC	2.70	0.78	0.83	0.89	0.94	3.40	0.19	0.08	0.14	0.15	0.10	0.46	0.21	0.09	0.12	0.20	0.02	0.43
SK E&C	7.12	1.55	1.48	1.56	1.63	6.22	0.26	0.09	0.02	0.11	△0.08	0.15	0.07	0.08	0.03	0.88	0.01	0.20
SK E&S	5.75	2.11	1.50	1.67	2.58	7.85	0.24	0.26	0.05	0.13	0.17	0.62	1.25	0.28	0.05	0.16	0.18	0.66
SK Inc. Materials CIC*	0.96	0.26	0.28	0.31	0.34	1.19	0.23	0.06	0.07	0.08	0.08	0.29	0.20	0.06	0.12	0.08	0.07	0.33
SK siltron	1.70	0.42	0.44	0.48	0.51	1.85	0.25	0.05	0.07	0.08	0.09	0.28	0.21	0.04	0.06	0.07	0.07	0.24

\* For the purpose of providing comparability, the Materials CIC results shown here were prepared internally and are not audited

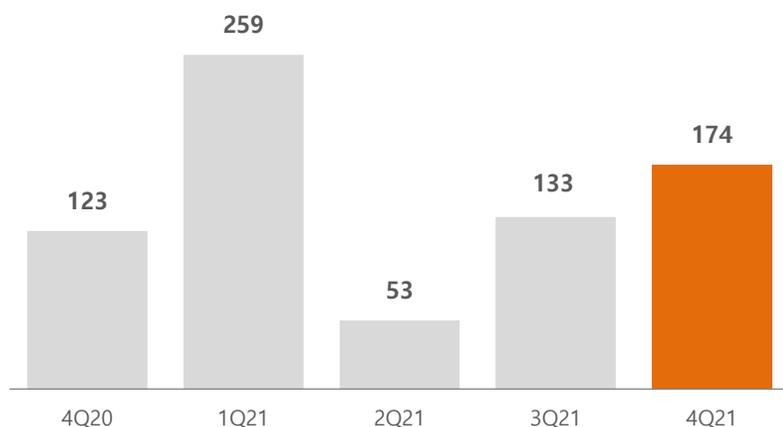
# 4Q21 Business Results : SK E&S



- The rise in oil and energy prices led to both revenue and profit growth in 4Q and FY21

## SK E&S Operating Profit

(KRW bn)



(KRW bn)	FY21	FY20	YoY	4Q21	3Q21	QoQ
Revenue	7,855	5,750	+36.6%	2,575	1,668	+54.4%
Operating Profit	619	241	+156.9%	174	133	+30.8%
Income before tax	663	1,248	△46.9%	181	161	+12.4%

## Highlights

- Operating profit increased QoQ from stronger SMP and natural gas prices

Average	4Q20	1Q21	2Q21	3Q21	4Q21
SMP (₩/kWh)	55.6	76.5	79.2	92.9	125.5
JCC (\$/B)	43.8	55.9	67.0	73.1	80.4

- Posted record high profit in FY21
  - Income before tax decreased YoY due to absence of one-off gains from CGH stake sale
- Favorable business environment expected to continue in FY22 as oil and natural gas prices remain robust
  - '22 SMP YTD average 178KRW/kWh (as of March 18)

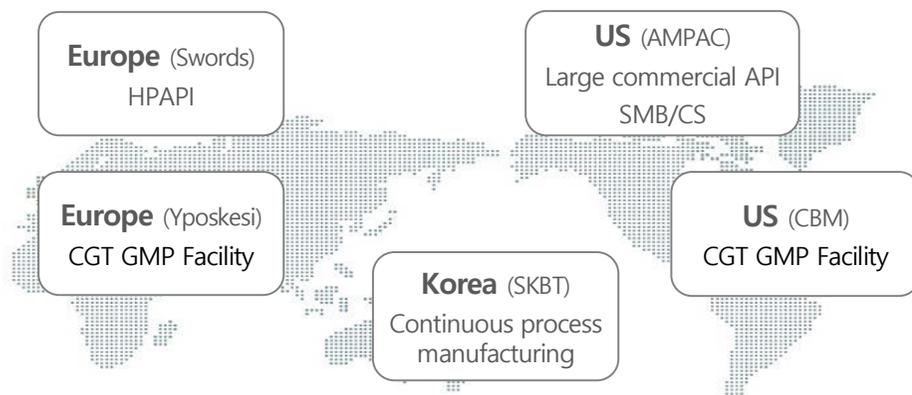
\* SMP : System Marginal Price

\*\* JCC : Japan Customs-cleared Crude oil price

# 4Q21 Business Results : SK pharmteco

- Small molecule CMO revenue continued double-digit growth in FY21  
CGT CMO expected to contribute towards top-line growth in FY22

## CMO Global Presence



HPAPI: Highly potent active pharmaceutical ingredients

SMB: Simulated moving bed

(KRW bn)	FY21	FY20	YoY	4Q21	3Q21	QoQ
Revenue	775	651	+19.1%	231	211	+9.5%
Operating Profit	29	45	△35.6%	14	11	+27.3%
EBITDA margin	14.4%	18.7%	△4.3%p	15.8%	16.1%	△0.3%p

## Highlights

- Revenue and profit both grew QoQ from increase in sales volume and improved productivity
  - Sales growth in core products that treat cancer, diabetes, and infectious diseases
- Small molecule CMO EBITDA margin on par with previous year
  - Growth achieved amidst supply chain issues
  - Pursuing operational excellency to maintain both growth and profitability
- Operating profit decreased YoY due to consolidation of Yposkesi
  - Profits expected to improve with opening of new manufacturing facility
- US CGT CMO market expansion via investment in Center for Breakthrough Medicines(CBM)

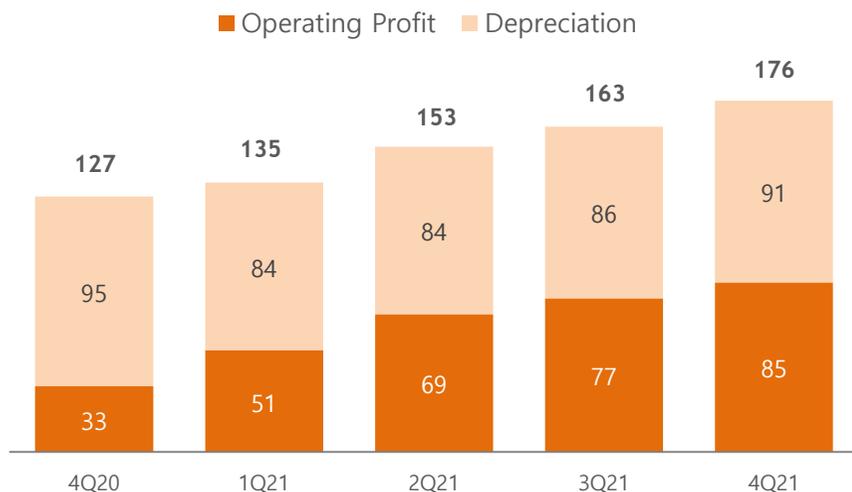
# 4Q21 Business Results : SK siltron



Quarterly revenue continues to surpass previous levels as both shipments and ASP increases

## SK siltron OP and EBITDA

(KRW bn)



(KRW bn)	FY21	F20	YoY	4Q21	3Q21	QoQ
Revenue	1,850	1,701	+8.8%	512	476	+7.6%
Operating Profit	282	249	+13.2%	85	77	+10.4%
EBITDA margin	33.9%	32.8%	+1.0%p	34.4%	34.2%	+0.2%p

## Highlights

- Benefiting from stronger demand in the Asian market and rise in ASP, both revenue and profit increased QoQ
- Demand from logic industry capacity expansion and memory technology conversion to boost growth in FY22
  - Wafer shortage to lead to higher ASP
- Undergoing 300mm wafer capacity expansion to meet demand (KRW 1tn in '22-'24)
- SiC revenue to increase due to 1) EV market growth, 2) passing the qualification of a large client, and 3) stronger high-end MOSFET wafer demand

# 4Q21 Business Results : Materials CIC

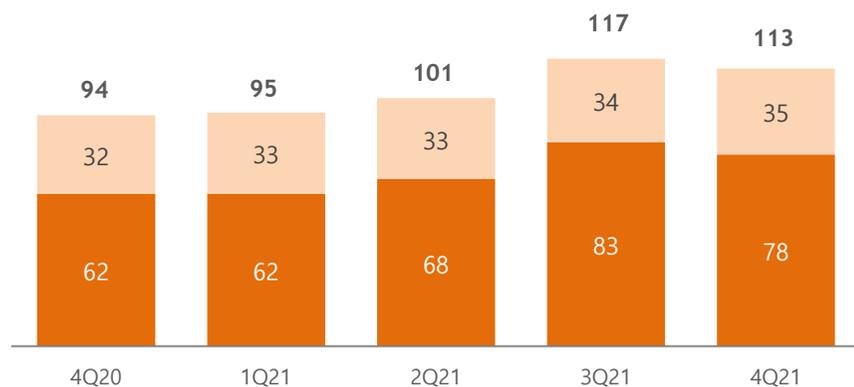


- FY21 revenue surpassed KRW 1tn, boosted by strong growth in demand and improvements in production efficiency

## Materials CIC OP and EBITDA

(KRW bn)

■ Operating Profit ■ Depreciation



(KRW bn)	FY21	F20	YoY	4Q21	3Q21	QoQ
Revenue	1,189	955	+24.5%	340	307	+10.7%
Operating Profit	291	234	+24.4%	78	83	△6.0%
EBITDA margin	35.9%	37.6%	△1.7%p	33.3%	38.2%	△4.9%p

## Highlights

- Strong specialty gas market and overall revenue growth across product portfolio led to increase in profit by 24% YoY
  - Specialty gas : Sales increased via timely capacity expansion
  - Industrial gas : Captive customer ramps-up new Fab
  - Precursor/Etching gas : Shipment growth in core products (CpHf/CH3F)
  - LCO2 : Sales growth in high value-added products (Semi, D/I)
  - PR : Product/customer expansion led to turnaround in profits

FY21 (KRW bn)	S/gas (Materials)	I/gas (Airplus)	Precursor (Trichem)	E/gas (Showadenko)	LCO2 (Renewtech)	PR (Performance)	OLED (JNC)	Total
REV	657	243	157	59	33	32	9	1,189
YoY	+16%	+38%	+4%	+146%	+26%	+119%	N/A	+25%

- Existing business expected to be strong in FY22 in line with higher demand
- Efforts to establish new growth engine will continue in FY22

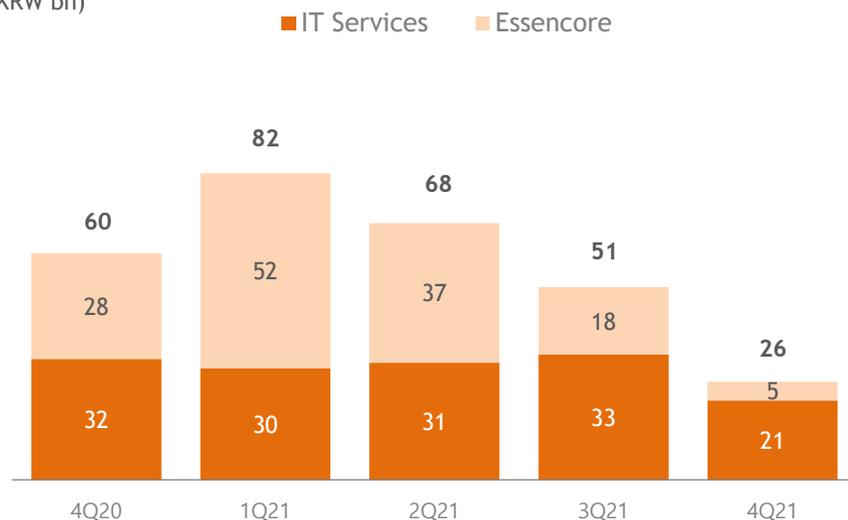
\* For the purpose of providing comparability, the Materials CIC results shown here were prepared internally and are not audited

# 4Q21 Business Results : IT Services (C&C)

- FY21 revenue increased from higher demand in cloud services  
Deferred projects to resume in FY22 and contribute to top-line growth

## IT Services Operating Profit (incl. Essencore)

(KRW bn)



(KRW bn)	FY21	F20	YoY	4Q21	3Q21	QoQ
Revenue	1,790	1,756	+1.9%	522	456	+14.5%
Operating Profit	115	140	△17.9%	21	33	△36.4%
Income before tax	105	124	△15.8%	18	32	△43.8%
Essencore Operating Profit	112	104	+7.5%	5	18	△72.2%

## Highlights

- Cloud projects contributing to top-line growth as legacy projects dwindle in size
  - Portion of cloud-based project revenue increased by 8%p YoY
- Essencore profit increased YoY despite weaker memory spot prices in 4Q
  - 4Q profit margins fell due to lower spot prices
- FY22 will see continued growth in cloud projects and improved memory market conditions
  - IT service projects put on hold due to the pandemic to be restarted
  - Memory spot prices expected to recover in FY22

\* The IT services results shown here were prepared internally and are not audited

End of Document