



2020. 1Q Earnings Briefing

May 2020

DISCLAIMER

This presentation includes the recent earnings results and business performance of SK holdings (the “Company”) and its major subsidiaries, and it has been prepared to serve shareholders and investors’ information purposes only.

The financial information presented herein is based on K-IFRS. As the forward-looking statements herein reflect 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.

1Q20 Business Results : Overall

- 1Q earnings declined as SK innovation posts weaker operating results on historic plunge in oil prices and COVID-19 pandemic

(Unit : Tn. KRW)	Revenue			Operating Income			Pretax Income		
	1Q20	1Q19	YoY	1Q20	1Q19	YoY	1Q20	1Q19	YoY
Consolidated	23.73	25.55	△7.1%	△0.92	1.29	△171.8%	△1.12	1.30	△186.6%
SK innovation	11.16	12.85	△13.1%	△1.78	0.33	△636.5%	△2.05	0.30	△771.7%
SK telecom	4.45	4.33	2.7%	0.30	0.32	△6.3%	0.37	0.47	△20.9%
SK networks	2.87	3.02	△4.9%	0.04	0.03	17.5%	0.01	0.01	62.3%
SKC	0.66	0.60	9.5%	0.03	0.04	△24.2%	0.14	0.03	435.2%
SK E&C	2.26	1.85	22.2%	0.22	0.09	143.0%	0.14	0.07	88.6%
SK E&S	2.02	2.21	△8.7%	0.24	0.29	△18.1%	0.28	0.32	△11.3%
SK materials	0.21	0.18	15.2%	0.05	0.05	△2.5%	0.05	0.05	7.2%
SK siltron	0.41	0.38	6.8%	0.05	0.10	△47.5%	0.06	0.10	△38.6%

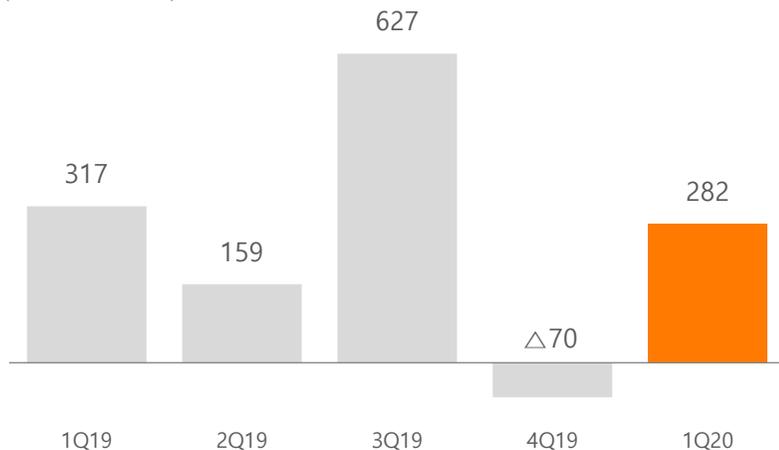
1Q20 Business Results : SK E&S



Earnings softened YoY with lower sales prices after weak oil benchmarks

SK E&S Pretax Income

(Unit : Bn. KRW)



	1Q20	1Q19	YoY	4Q19	QoQ
Revenue	2,020	2,212	Δ192	1,805	+215
Operating Profit	238	290	Δ52	65	+173
Pretax income	282	317	Δ35	Δ70	+352

Highlights

- Income decreased YoY on lower prices**
 - SMP * declined along with lower oil prices (1Q19 : 109.5 → 1Q20 : 83.0 KRW/kWh)
- Income increased QoQ on higher sales volume and absence of one-off losses**
 - QoQ Sales volume of Power and City gas biz. rose by +14% and +23% respectively during winter season
 - Impact from absence of 4Q19 one-off losses (+132bn KRW)
- Enhancing financial stability through deleveraging of non-operating assets**
 - Sales of China Gas Holdings stake (10.25%, April 17th)

* SMP : System Marginal Price

1Q20 Business Results : SK biopharm

SK biopharm to speed up global advance through Cenobamate(Xcopri)'s launch

Current Pipeline

Name	Description	Pre-Clinical	Ph1	Ph2	Ph3	NDA
Cenobamate ¹⁾	Partial Onset Seizures	●	●	●	●	●
	PGTC Seizures	●	●	●	●	
Solriamfetol ²⁾	Sleep Disorder	●	●	●	●	●
Carisbamate	Lennox-Gastaut Syndromes	●	●	●		
Relenopride	Rare Neurological Disease	●	●	●		
SKL13865	ADHD	●	●	●		
SKL20540	Schizophrenia	●	●	●		
SKL-PSY	Bipolar Disorder	●	●	●		
SKL24741	Epilepsy	●	●	●		

1) Xcopri is the brand name of Cenobamate (commercialized in May.20)

2) Sunosi is the brand name of Solriamfetol (commercialized in Jul.19)

Highlights

■ Cenobamate(Xcopri) commercialized in the US

- SK Life Science¹⁾ provides direct sales and marketing
 - 1) SK biopharm's US subsidiary
- Professional sales team in action with 100+ of sales representatives

■ EMA¹⁾ to review MAA²⁾ filing for Cenobamate

1)European Medicines Agency 2)Marketing authorization application

■ Revenue expected to be realized with the commercialization

- ▲ Revenue from Cenobamate in the US
- ▲ Milestones and royalties from Solriamfetol

1Q20 Business Results : SK pharmteco

- SK pharmteco to take off as a global top-tier company with consolidation of global sites

Global Presence (factories)



SK pharmteco

(Bn. KRW)	1Q20	FY19
Revenue	114.5	520.4
Operating Profit	4.8	△17.9
EBITDA margin	21.1%	10.7%

* SK pharmteco was established in Sep.19

Highlights

- Operating profit increased with improvement of manufacturing process
- Primarily focusing on stabilization of consolidated management and synergy enhancement
 - Conducting marketing as a unified entity and enhancing production optimization for each manufacturing plant
 - Pursuing improvements in top-line growth and profitability through advanced technology and normalization of new plants operation

1Q20 Business Results : SK siltron



Displayed growth in revenue with sales volume increase as demand bottoms out

SK siltron OP and Dep. Cost

(Unit : Bn. KRW)



	1Q20	1Q19	YoY	4Q19	QoQ
Revenue	408	382	+26	365	+43
Operating Profit	53	101	△48	51	+2
Pretax Income	60	97	△38	12	+48
EBITDA	123	153	△30	121	+2

Highlights

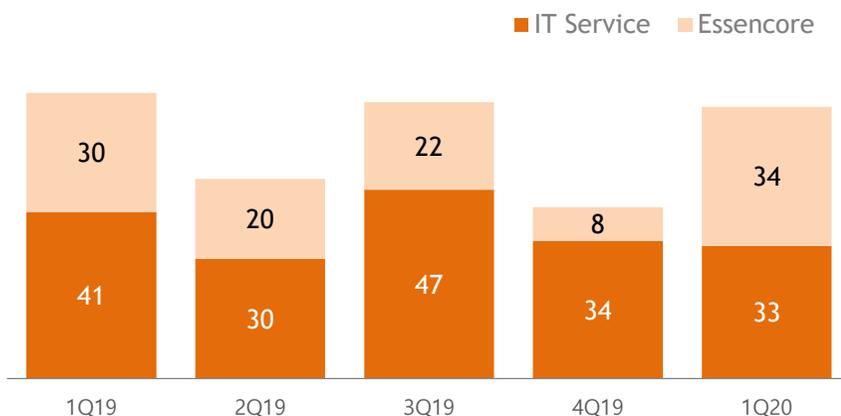
- **Shipments growth amid ASP adjustment led to top-line increase on QoQ, YoY basis**
 - Shipments rose due to demand recovery and customers' build-up of safety inventory
- **2020 earnings expected to show stable trend based on sustained LTA basis**
 - Securing long-term growth driver by enhancing core competitiveness and expansion of premium products mix
 - conservative Capex policy considering uncertain market outlook due to COVID-19

1Q20 Business Results : IT Service (C&C)

- IT Service Biz. expected to show strong YoY growth, Essencore recorded a strong quarter as memory industry bottoms out

IT Service Operating Profit (incl. Essencore)

(Unit : Bn. KRW)



	1Q20	1Q19	YoY	4Q19	QoQ
Revenue	386	389	△3	497	△111
Operating Profit	33	41	△8	34	△1
Pretax Income	30	40	△10	16	+14
Essencore Operating Profit	34	30	+4	8	+26

Highlights

- Earnings remained slow due to costs related to cloud transition project
 - Recognized initial costs in relation with customers' cloud transition projects in 4Q19 and 1Q20
- Essencore OP rose on YoY and QoQ basis due to strong memory price trend
- Earnings to grow as customers' cloud transition projects ramp up
 - Securing sustainable growth driver based on the growing demand for cloud transition and expansion of customer base

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