



**2022. 1Q Earnings Briefing
- Advanced Material Business**

May 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 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.

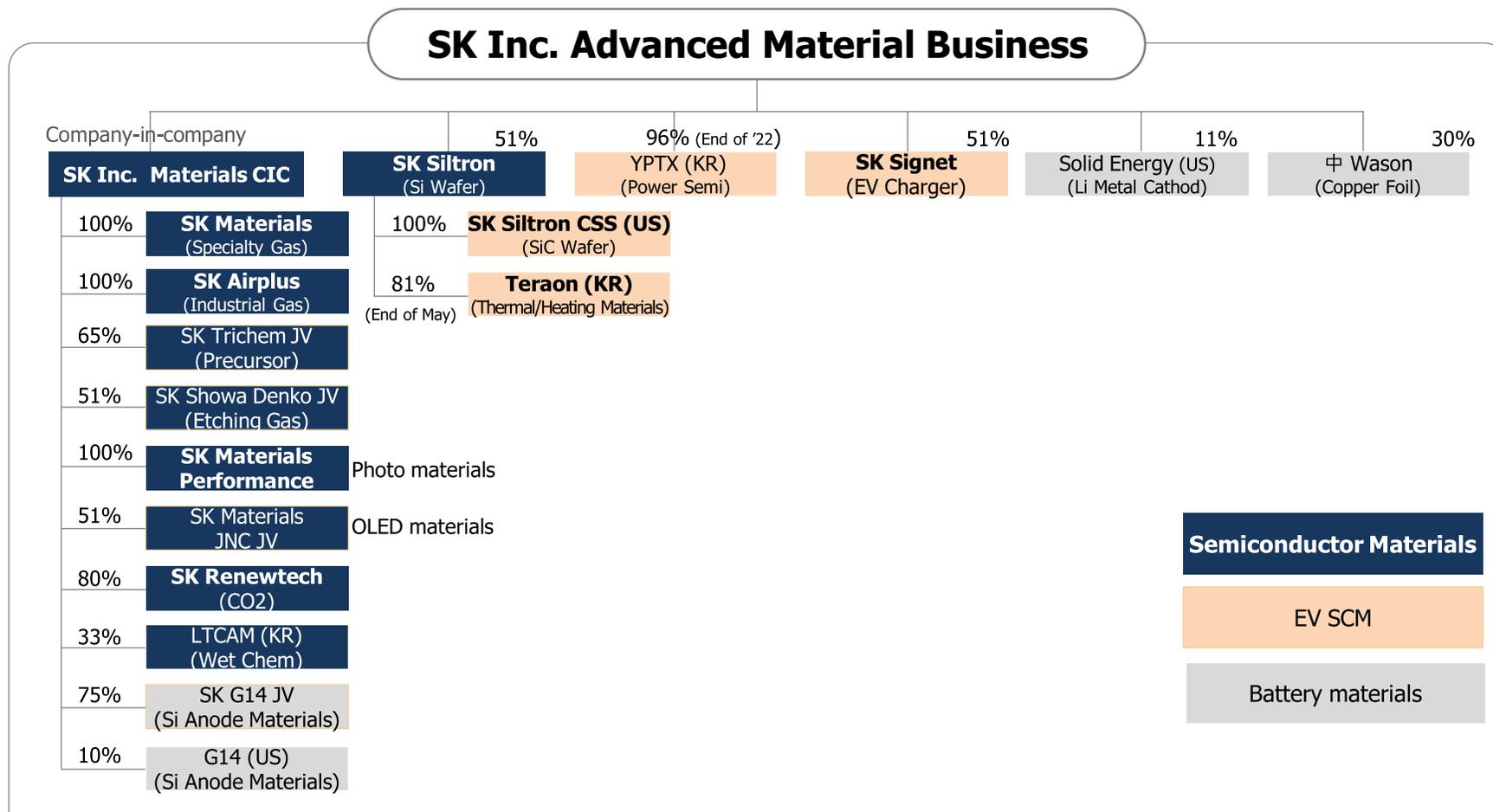
Materials CIC-linked earnings were calculated based on internal standards, which are consolidated SK Siltron earnings to derive the overall earnings of the advanced materials business. Please note that this data has been prepared for investors' understanding and is not audited.

Under no circumstances should this material be considered as evidence of legal responsibility for investors' investment results.

Introduction



- Focusing on semiconductor materials, battery materials, and EV SCM – areas of high mid-long-term growth based on demand for high computing chips and EV Megatrend



Financial Highlights



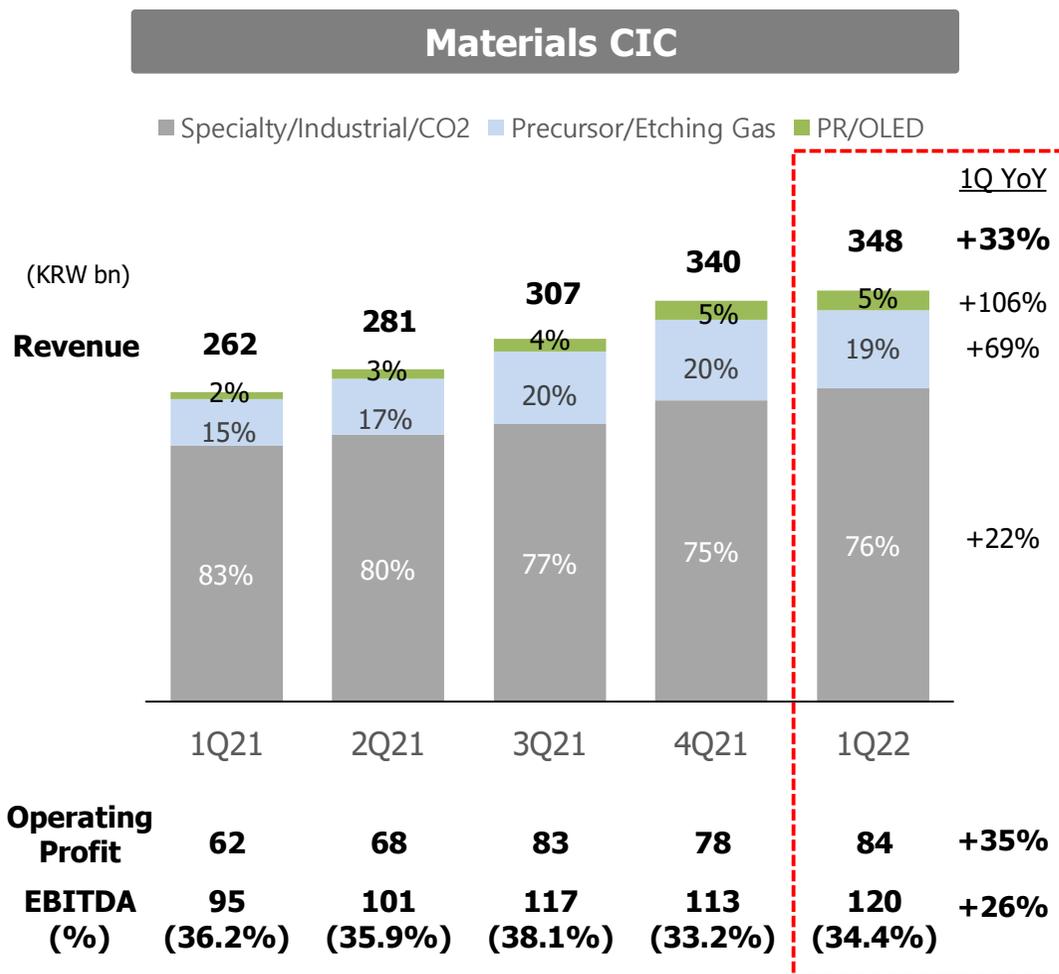
Revenue and operating profit increased by 32% and 81% YoY with strong demand

(KRW bn)	1Q22	4Q21	QoQ	1Q21	YoY
Revenue	904	852	+6%	684	+32%
- Materials CIC	348	340	+2%	262	+33%
- SK Siltron	555	512	+8%	422	+32%
Operating Profit	204	163	+25%	113	+81%
- Materials CIC	84	78	+8%	62	+35%
- SK Siltron	119	85	+40%	51	+133%
EBITDA	339	289	+17%	230	+47%
- Materials CIC	120	113	+6%	95	+26%
- SK Siltron	219	176	+24%	135	+62%
Income Before Tax	188	142	+32%	101	+86%

※ Total revenue/operating profit/EBITDA/income before tax is the sum of Materials CIC and SK Siltron results

1Q22 Business Results : Materials CIC

Achieved record-high quarterly revenue with brisk supply and demand for specialty gas and revenue increase from new high value-added businesses



▪ **'22.1Q, High-growth in revenue/OP driven by rise in shipments and ASP with strong demand**

(Rev +33% YoY, OP +35% YoY)

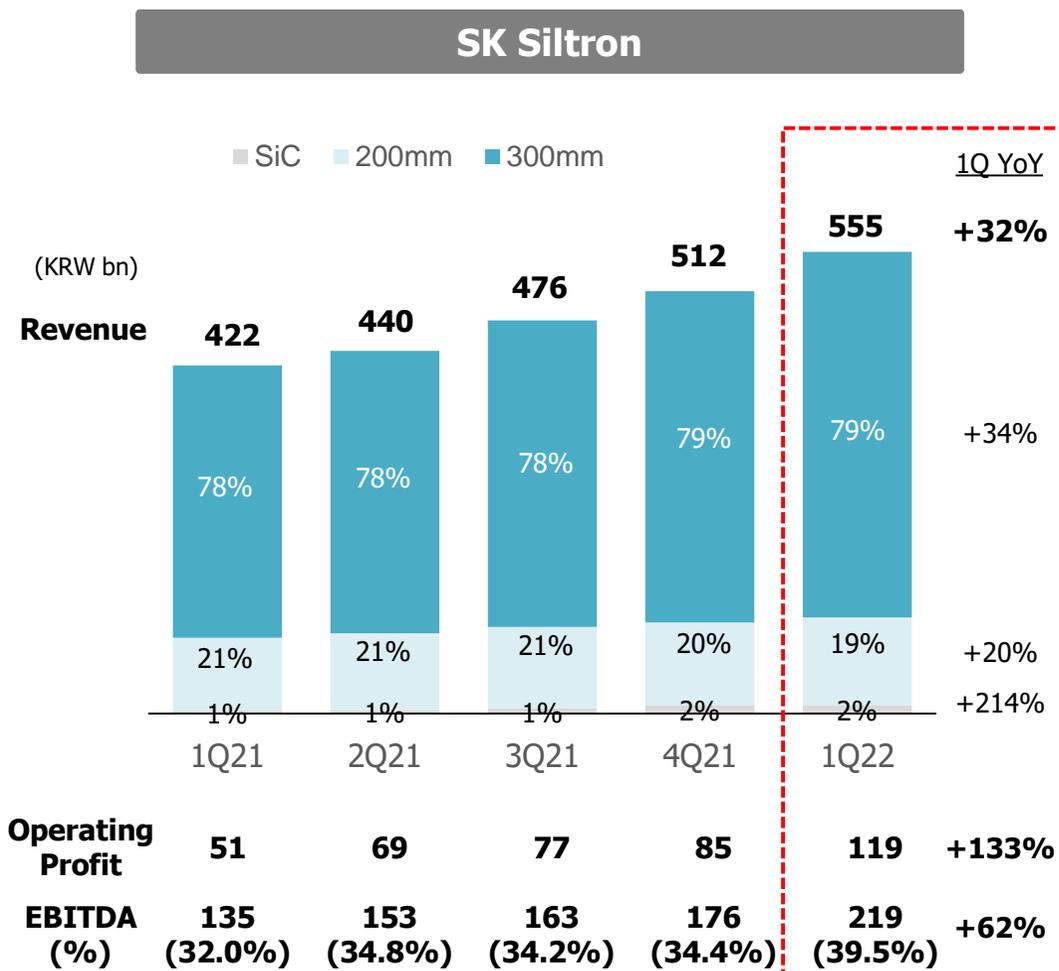
- Specialty gas/Industrial gas : Revenue growth driven by spike in rare gas price and ASP rise of major products due to tight supply
- Precursor/Etching gas : Shipment growth of Next-gen precursor (CpHf) / Etching gas (CH3F) with semiconductor tech migration
- PR : KrF/I-line focused sales to Korean/Chinese customers continue to grow rapidly

▪ **'22.2Q, Profit to grow with expanding shipment across all products in a favorable environment including customers' new fab ramp-up**

- Specialty gas/Industrial gas : Shipment/ASP growth of major products to continue due to strong demand for Semi/OLED
- Precursor/Etching gas : Shipment of core products to grow led by expanded CH3F capacity (operated in Oct. '21)
- PR : Profit to grow led by initial shipments of new high value-added product (SOC) and rise in shipments of KrF for 3D NAND
- CO2 : Shipment to grow with new products for semi and D/I peak season

1Q22 Business Results : SK Siltron

Achieved record-high quarterly revenue and operating profit with productivity improvement and ASP increase



- **1Q22, Rapid growth in revenue and OP with ASP rise led by robust demand and limited wafer supply**

- Revenue +32%, Operating Profit +133% YoY

- **2Q22, Earnings rise to continue backed by boosted production and price hikes from tight supply**

- Tight supply/demand to remain due to delayed semiconductor tech migration and limited rise in wafer supply

- **SiC Wafer (SK Siltron CSS), Rapid increase in revenue YoY with growing shipments of SiC MOSFET Wafer and high-value added Epi Wafer**

- 1Q Revenue +214% YoY

- Will continue to solidify global market presence via productivity improvement/shipment expansion, etc.

Investment Highlights - ① SiC Wafer

Productivity/quality improvement and investment in preemptive expansion based on LTA

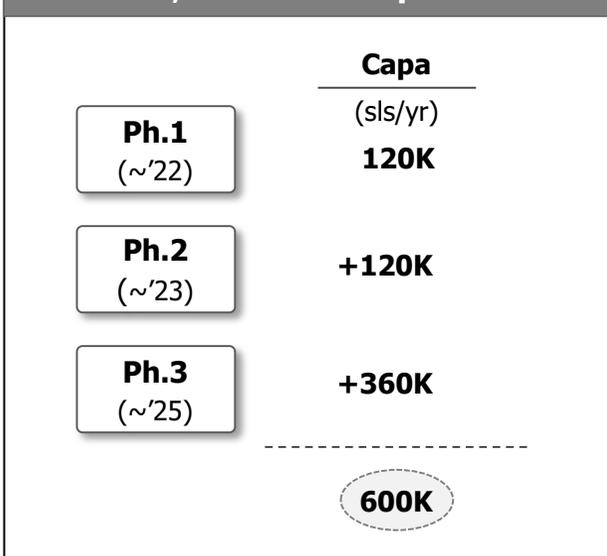
Rationale for Expansion

- ❑ **Demand to rapidly grow as EV SiC Chip (high-efficiency/high-power) adopted in earnest**
 - Market Size '21 \$0.5B → '25 \$1.7B(CAGR +35%)
- ❑ **Tight mid-to-long term wafer supply/ demand due to high tech. barrier***
 - * 4 EV 150mm WF suppliers (Wolfspeed/II-VI/Rohm/SK)
- ❑ **Synergy with current Si Wafer business**
 - Transferring Siltron MP capability, joint marketing for semi customers, etc.

Future Value-Up Plan

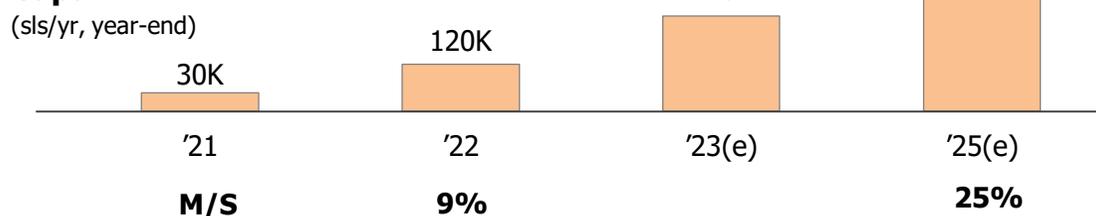
- ❑ **Productivity/quality improvement based on Siltron Wafer MP tech**
 - Productivity/Grower: '20 100 → '22.1Q 200
 - Crystal Defect: '20 100 → '22.1Q 40
 - * Index for '20 = 100
- ❑ **Preemptive expansion based on LTA with large customers**
 - Order intake equivalent to 80% or higher production capa for '23
- ❑ **200mm Wafer Early MP ('23)**

SK Siltron, SiC Wafer Expansion Plan



Target Revenue

Capa (sls/yr, year-end)



< SiC Wafer >



<New Fab (Bay City, Michigan, US)>



Investment Highlights - ② SiC Power Semiconductor

To grow into a leading SiC power semiconductor player by promoting value-up after acquiring YPTX

【 YPTX Acquisition 】

- **Total Amount : KRW 120 bn**
 - Stock acquisition KRW 56 bn, Capital increase KRW 64 bn*
 - * Stock acquisition and capital increase are executed in annual installments within 2022
- **Shareholding : Curr. 35% → Aft. 96%**

Investment Rationale

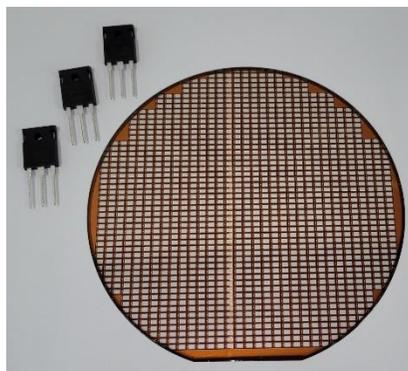
- ❑ **Si → SiC transition of EV power semi. chip**
 - SiC power semi market size: \$1.3B ('22) → \$14.8B ('30) (CAGR 35%)
- ❑ **Korea's only 150mm SiC power semi. design/mfg. company**
 - Secured SiC MOSFET design/mfg. technology and large customers
- ❑ **Synergy with SK's semiconductor and SiC Wafer business**

Value-up Strategy

- ❑ **Reinforcing mfg./tech. competitiveness**
 - Co-R&D with large customers, etc.
- ❑ **Customer and capacity expansion centering on Siltron SiC Wafer**
- ❑ **High-value added product portfolio via JV with global tech companies** (GaN Chip, etc.)



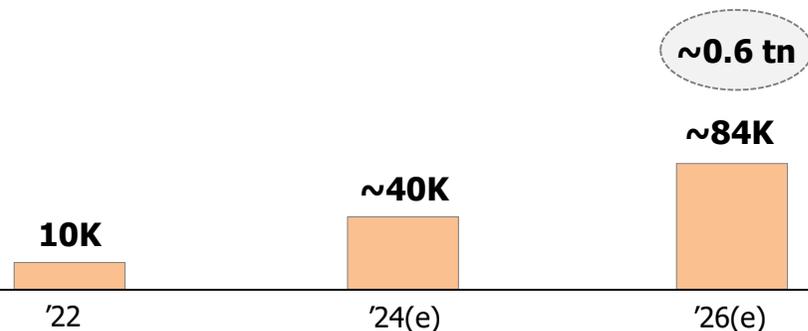
< SiC Power Semiconductor (MOSFET) >



Target Revenue

Capa

(sls/yr, year-end)



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