

2023.4Q

EARNINGS BRIEFING

March 2024



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 informational 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 the Company's strategies as well as other uncertainties.

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

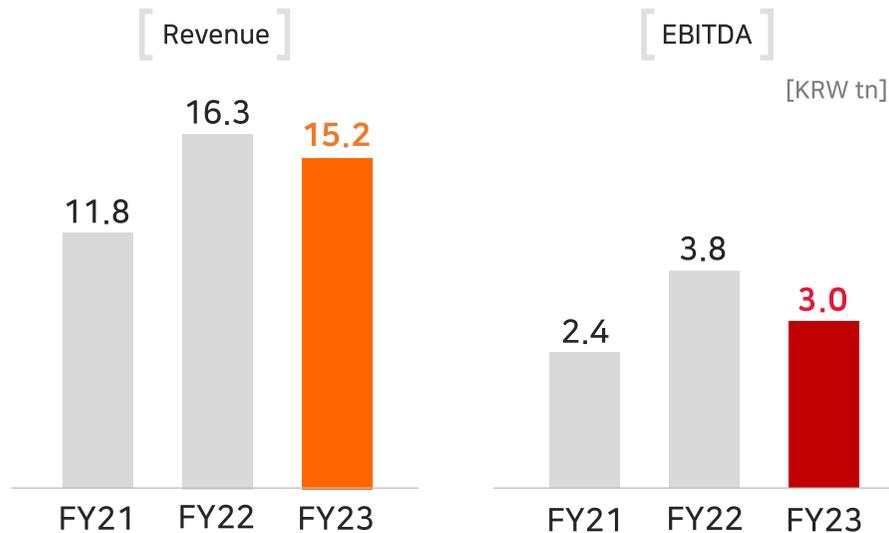


Earnings expected to recover as the chip industry regains momentum and LNG biz grows Efforts to strengthen sustainability to continue with accelerated divestments

Total Earnings of Major Unlisted Subsidiaries

□ **FY23 Revenue Δ 6.8%, EBITDA Δ 23.0% YoY**

- YoY earnings decreased from sluggish chip demand and previous year's high earnings at SK E&S
- FY24 expected to show growth with full-year operations at new SK E&S power plant and improved conditions for advanced materials biz in the 2nd half following recovery in the overall semiconductor industry



Mid-to-Long Term Sustainability

1
Divestments

□ **Divestment of KRW 2.7tn, since '21**

- Divested assets (8): ESR, SKBP, M16, Roivant, Turo, Socar, etc.
- Returns: Combined MOIC 2.8x / IRR 29%

□ **FY24 Divestment Pool eKRW 1.7tn**

2
ESG

□ **Received top ratings from global and domestic ESG rating agencies**

- Agencies have lauded SK Inc.'s investments in innovative technologies, ESG management, board-centered management, and shareholder return policies in general

	Rating ('23)	Note
MSCI	AAA	Also rated AAA in '22
DJSI	World Index	12 consecutive years
KCGS	A+	4 consecutive years

* SK E&S, SK pharmteco, SK siltron, SK materials CIC combined

* Results of SK E&S restated to reflect change in accounting treatment of COFF (Constrained-off energy payment, compensation for reducing planned output)

Earnings decreased from inventory losses caused by weaker energy prices and sluggish semiconductor demand

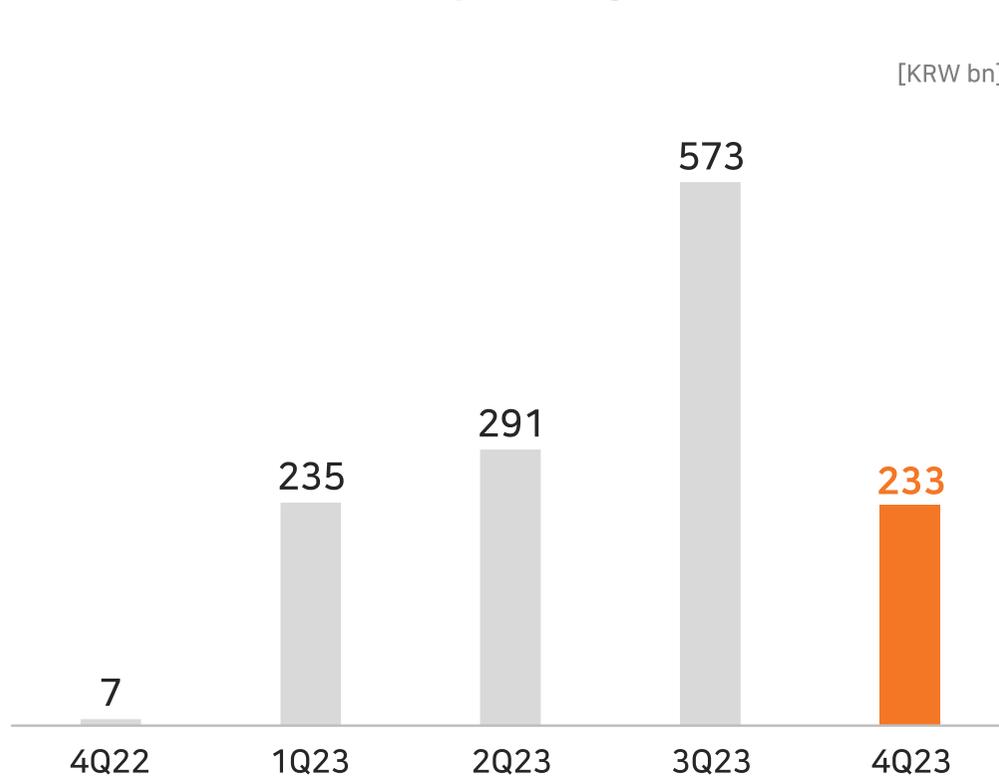
[KRW tn]	Revenue						Operating Profit						Income before Tax					
	1Q23	2Q23	3Q23	4Q23	FY22	FY23	1Q23	2Q23	3Q23	4Q23	FY22	FY23	1Q23	2Q23	3Q23	4Q23	FY22	FY23
Consolidated	32.70	31.92	33.86	32.76	132.08	131.24	1.13	0.70	2.71	0.52	8.00	5.06	0.01	1.11	-0.22	-1.58	5.90	-0.68
Separate	1.64	0.79	0.77	0.94	3.37	4.14	1.12	0.11	0.19	0.13	1.11	1.55	0.99	0.04	-0.23	-0.36	0.45	0.44
SK innovation	19.14	18.73	19.89	19.53	78.06	77.29	0.38	-0.11	1.56	0.07	3.92	1.90	0.16	1.09	-0.26	-0.06	2.86	0.93
SK square	0.01	-0.13	0.04	2.36	2.37	2.28	-0.64	-0.73	-0.56	-0.41	0.02	-2.34	-0.62	-0.54	-0.74	-0.70	0.04	-2.60
SK telecom	4.37	4.31	4.40	4.53	17.30	17.61	0.49	0.46	0.50	0.30	1.61	1.75	0.42	0.40	0.45	0.22	1.24	1.49
SK networks	2.45	2.18	2.28	2.22	9.43	9.13	0.05	0.06	0.05	0.08	0.18	0.24	0.01	0.02	0.02	0.02	0.11	0.07
SKC	0.48	0.45	0.38	0.26	2.39	1.57	-0.03	-0.04	-0.06	-0.09	0.19	-0.22	-0.07 ²⁾	-0.08 ²⁾	-0.09	-0.15	0.19	-0.40
SK ecoplant	1.48	2.45	2.59	2.41	7.55	8.93	0.05	0.13	0.12	-0.12	0.16	0.17	0.06	0.13	0.07	-0.33	0.06	-0.08
SK E&S	3.39	2.37	2.57	2.84	11.54	11.17	0.24	0.29	0.57	0.23	1.71	1.33	0.22	0.53	0.77	-0.02	1.32	1.50
Materials CIC ¹⁾	0.31	0.30	0.29	0.31	1.53	1.21	0.05	0.05	0.06	0.06	0.38	0.22	0.04	0.02	0.05	0.05	0.80	0.16
SK siltron	0.58	0.49	0.47	0.49	2.35	2.03	0.11	0.07	0.04	0.06	0.56	0.28	0.11	0.06	0.03	0.05	0.53	0.25

1) Materials CIC results shown here were prepared internally for the purpose of providing comparability and have not been audited

2) SKC's 1Q23, 2Q23 incomes before tax have not been restated to reflect discontinued operations

Despite decrease in generation causing drop in operating profit QoQ FY24 to show growth with full-year operation at new plant and expansion of LNG biz

SK E&S Operating Profit



	FY23	FY22	YoY	4Q23	3Q23	QoQ
Revenue	11,167	11,541	Δ3.2%	2,835	2,566	+10.5%
Operating Profit	1,332	1,711	Δ22.2%	233	573	Δ59.3%
EBITDA	1,863	2,225	Δ16.3%	380	711	Δ46.6%

* FY22 results restated to reflect change in accounting treatment of COFF (Constrained-off energy payment, compensation for reducing planned output)

Highlights

□ In 4Q23, weaker SMP, higher fuel cost, and drop in generation led to lower operating profits

- Power generation in 4Q decreased by 21.9% QoQ due to power plant maintenance
- Revenue increased QoQ due to increased city gas demand in winter season

	4Q22	1Q23	2Q23	3Q23	4Q23
SMP (KRW/kWh)	254.1	236.3	151.1	147.1	129.4
Dubai Oil Prices (\$/B)	84.9	84.9	79.0	86.7	83.6

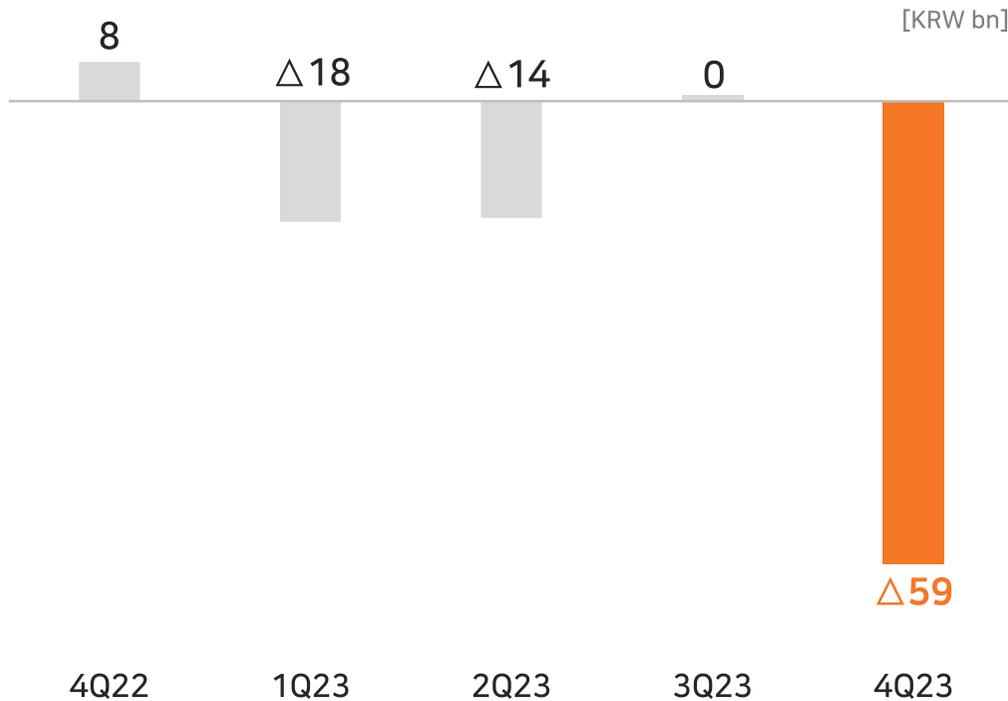
* SMP: System Marginal Price

□ In FY24, full-year results of Yeosu plant and increase in LNG distribution to boost growth

- Generation capacity: 3.9 Gwh (end of '22) → 5.0 Gwh (end of '23)
- Robust increase of LNG supply volume to third-parties

Top-line growth resumed QoQ as small molecule · CGT CDMO revenues improved
 Increase in small molecule orders and CGT production capacity in FY24 to aid earnings

SK pharmteco Operating Profit



	FY23	FY22	YoY	4Q23	3Q23	QoQ
Revenue	806	917	Δ12.1%	218	183	+19.4%
Operating Profit	Δ92	52	N/A	Δ59	0	N/A
EBITDA margin	1.1%	15.8%	Δ14.7%p	Δ16.1%	13.6%	Δ29.7%p

* SK pharmteco results shown here were prepared internally and have not been audited

Highlights

□ In 4Q23, revenues increased QoQ from pipeline expansion and from consolidating CBM

- Small molecule revenue growth resumed as production increases for core products (anticancer, diabetes products, etc.)
- CGT biz showed solid growth from consolidation of CBM
- Annual results recorded losses from costs of acquiring CBM

□ In FY24, with increase in orders for small molecule products and growth in demand for CGT CDMO, expecting overall growth and improved profitability

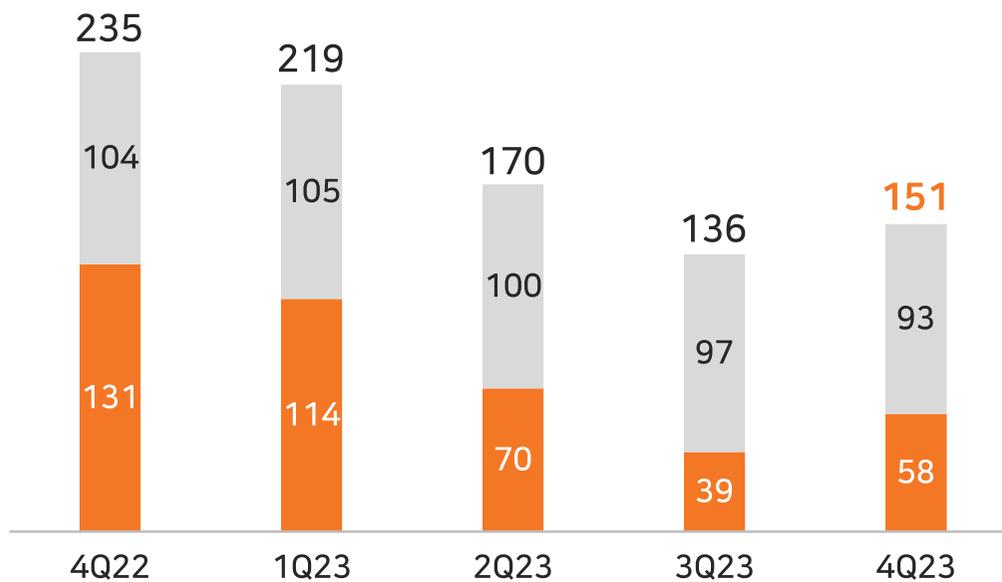
- Small molecule revenue to grow from new orders and increase in clients' order quantities
- Proactive capacity expansion to lead to solid top-line growth for CGT
 - Yposkesi: From expansion of commercial facilities, capacity doubled to 10,000m². Second plant COD in '24
 - CBM: In addition to GMP production facilities for viral vectors, to complete GMP facilities for cell treatment · plasmid in '24 and diversify product offerings

※ US FDA approvals of CGT drugs continue to increase
 ('20: 1 case → '21: 2 cases → '22: 5 cases → '23: 7 cases)

Despite headwinds from industry production cuts, quarterly results showed growth
In FY24, annual results expected to improve from higher LTA-based sales and SiC biz expansion

SK siltron EBITDA

■ Depreciation [KRW bn]
■ Operating Profit



	FY23	FY22	YoY	4Q23	3Q23	QoQ
Revenue	2,026	2,355	Δ14.0%	485	469	+3.5%
Operating Profit	281	565	Δ50.3%	58	39	+48.4%
EBITDA margin	33.3%	40.7%	Δ7.3%p	31.1%	29.0%	+2.1%p

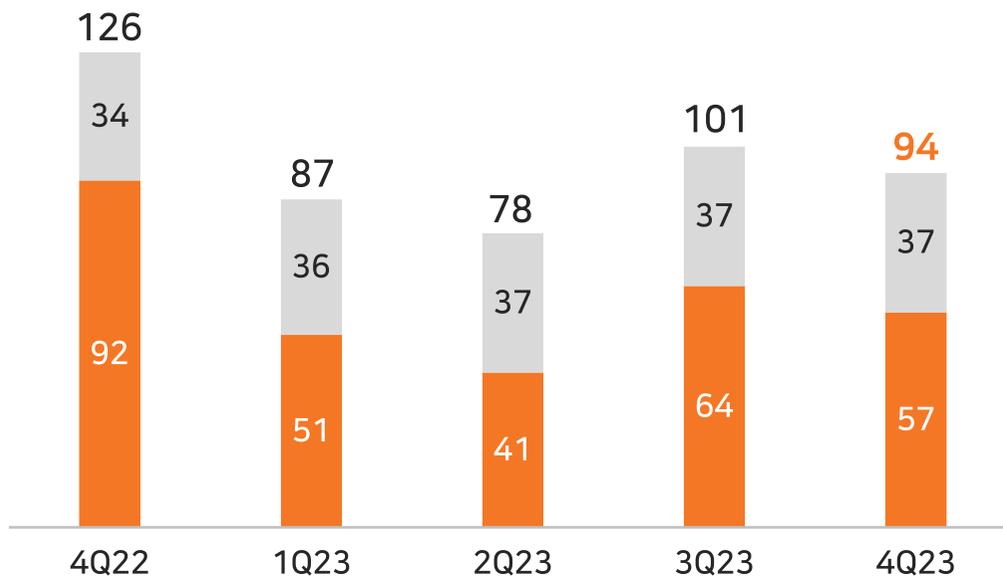
Highlights

- ▣ **In 4Q23, continued to see production cut repercussions, but sales volume increased, resulting in improved quarterly earnings**
 - Growth in 300mm PW sales volume and EPI prices led to growth in revenue and operating profits QoQ
 - SiC biz profitability improved QoQ from sales growth and cost management
- ▣ **In FY24, expecting meaningful growth in wafer sales in 2H, while cost management efforts lead to better profitability YoY**
 - To continue efforts to improve competitiveness via expansion of high-value added portfolio and innovative cost management
 - Expansion schedule of new Gumi plant to adhere to LTA contract volume
- ▣ **SiC Wafer (SK siltron CSS) biz continues to solidify growth momentum with advance in technology and LTA volume increase**
 - FY24 revenue to double from previous year (FY23 revenue USD 59mn)
 - US DOE ATVM Loan of USD 540mn approved (for investment purposes)

Industry sees delay in return to benign cycle, leading to stiff competition and higher costs
 In FY24, market share growth and cost-cutting efforts to lead to improved profitability

SK materials CIC EBITDA

■ Depreciation [KRW bn]
 ■ Operating Profit



	FY23	FY22	YoY	4Q23	3Q23	QoQ
Revenue	1,210	1,530	△20.9%	309	287	+7.9%
Operating Profit	213	379	△43.8%	57	64	△11.3%
EBITDA margin	29.4%	34.1%	△4.6%p	29.1%	35.2%	△6.0%p

Highlights

■ In 4Q23, continued slow demand and rise in costs led to lower profitability QoQ

- Specialty/Industrial gas: increase of market share at clients' and revenue from industrial gas M15 Ph2 improved profitability
- Precursor: DRAM/NAND production cuts led to lower sales of core products
- PR: Revenue growth from increase in new product (PMA*) sales

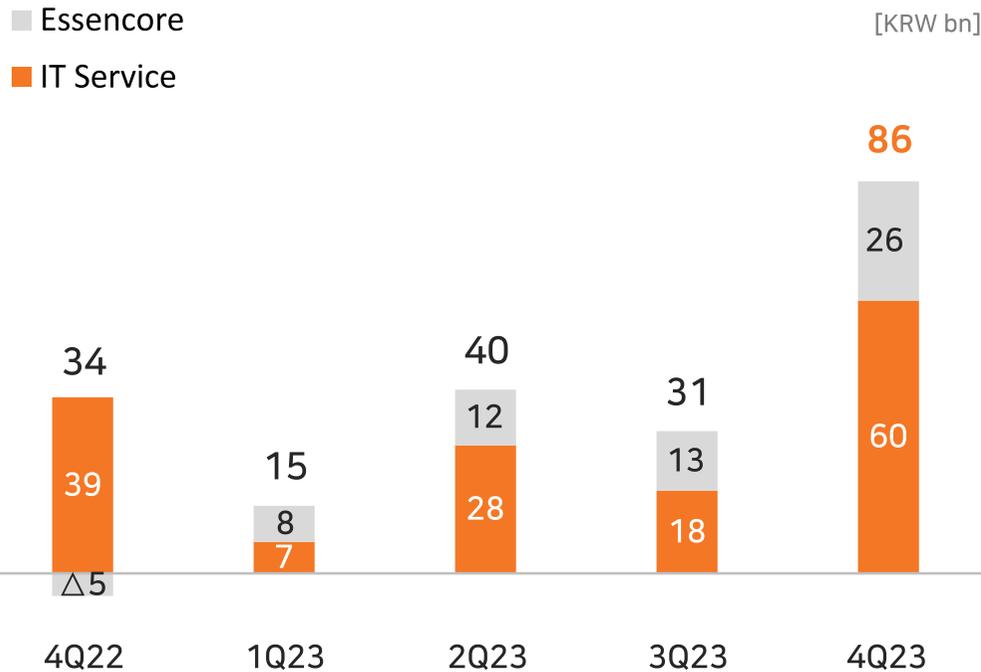
■ In FY24, to recover profitability from gaining M/S at major clients, strengthening high-value added portfolio, and cost-cutting efforts

- Specialty/Industrial gas: Despite growing competition, to improve profitability by gaining M/S at existing clients, signing new clients and also from full-operation of industrial gas facility M15 Ph2
- Precursor/Etching gas: Next-gen High-K material (CpHf*) synthesizing facility to begin operations, and mass-production of next-gen etching gas (HBr*) to generate revenue and improve profitability
- PR: Expansion of product portfolio and clients to increase sales of core products (ArF, KrF)

* PMA: semiconductor thinner material (for PR planarization)
 CpHf: used for the most advanced DRAM capacitor
 HBr : precise vertical etching gas for 3D NAND and logic

Posted record-high quarterly earnings from Smart Factory-led IT services growth
In FY24, while strengthening legacy biz, also to expand overall and improve profitability

IT Services Operating Profit | Incl. Essencore



	FY23	FY22	YoY	4Q23	3Q23	QoQ
Revenue	2,416	2,056	+17.5%	801	522	+53.3%
Operating Profit	114	90	+26.4%	60	18	+231.7%
Income before Tax	87	25	+241.5%	50	16	+209.4%
Essencore Operating Profit	59	68	Δ12.9%	26	13	+100.0%

* IT Services (C&C) results shown here were prepared internally and have not been audited

Highlights

□ In 4Q23, revenue and profitability increased from steady growth and margin improvement in IT services projects

- Smart Factory, public/finance sector projects produce record-high quarterly earnings
- Operating margin improved with the completion of low-margin projects and other effective cost-cutting efforts
 - OPM: '21: +6.4% → '22: +4.4% → 4Q23: +7.6%

□ Essencore earnings recovered in line with memory spot market rebound

- Turned a profit YoY as spot memory price rebound leads to increase in ASP

□ In FY24, IT services including cloud, Smart Factory to continue growth and support solid earnings increase

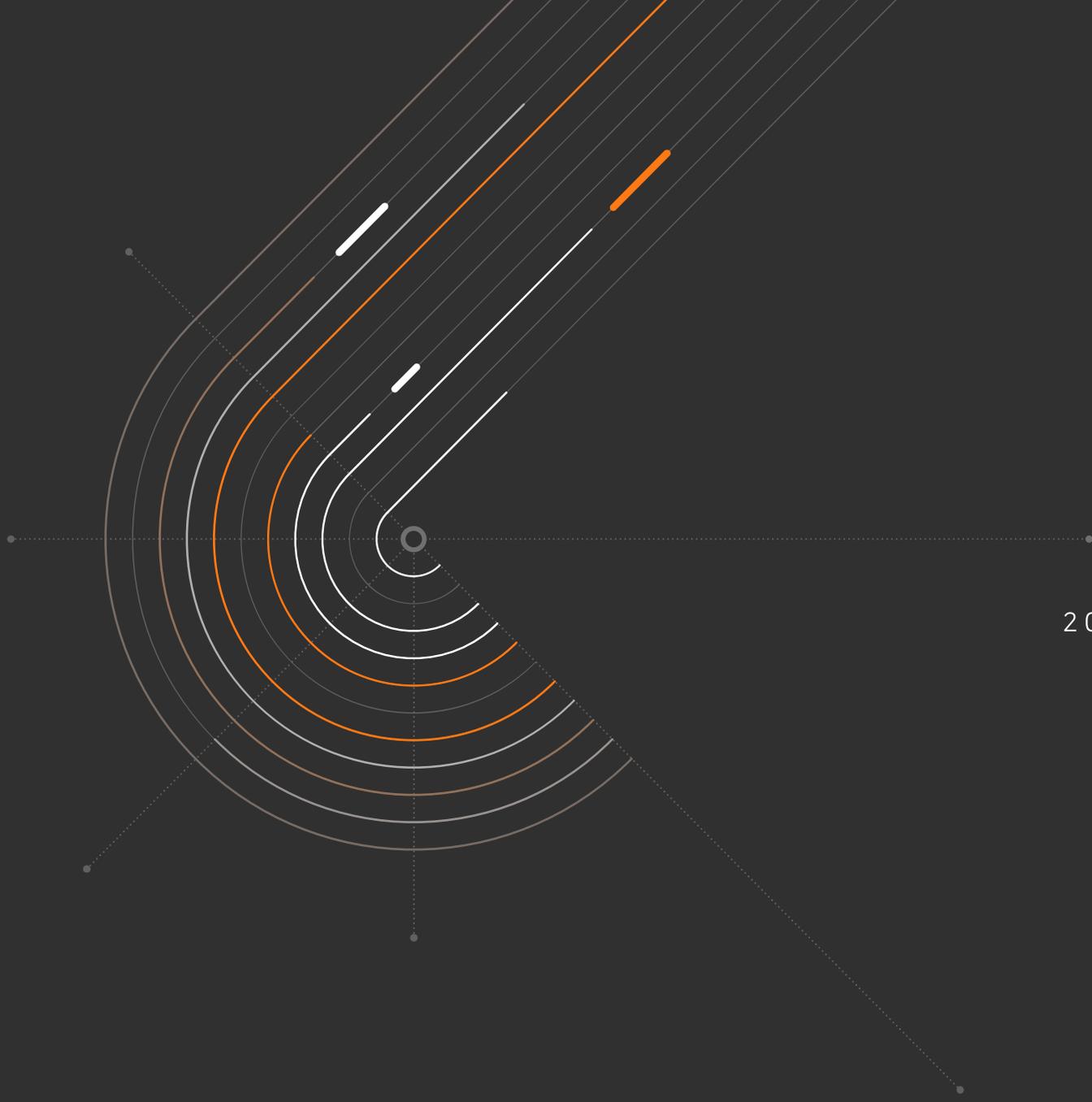
- To procure new projects, orders and expand global biz to maintain top-line growth
- Profitability improvement measures such as per person productivity enhancement, cost-management to boost OPM

Quarterly Results of SK materials CIC, SK siltron, SK E&S

[KRW bn, %]		1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	2Q23	3Q23	4Q23	FY23
SK materials CIC	Revenue	262	280	307	340	1,189	348	371	396	414	1,530	311	303	287	309	1,210
	Operating Profit	62	68	83	78	291	84	99	103	92	379	51	41	64	57	213
	EBITDA	95	101	117	113	427	120	135	140	126	521	87	78	101	90	356
	<i>EBITDA Margin</i>	36%	36%	38%	33%	36%	34%	36%	35%	30%	34%	28%	26%	35%	29%	29%
SK siltron	Revenue	422	440	476	512	1,850	555	597	630	572	2,355	580	492	469	485	2,026
	Operating Profit	51	69	77	85	282	119	159	156	131	565	114	70	39	58	281
	EBITDA	135	153	163	176	626	219	253	251	235	958	219	170	136	151	676
	<i>EBITDA Margin</i>	32%	35%	34%	34%	34%	39%	42%	40%	41%	41%	38%	35%	29%	31%	33%
SK E&S	Revenue	2,134	1,518	1,688	2,619	7,960	3,683	2,200	2,485	3,173	11,541	3,394	2,372	2,566	2,835	11,167
	Operating Profit	281	72	154	217	724	759	495	450	7	1,711	235	291	573	233	1,331
	EBITDA	375	180	308	374	1,238	873	605	574	173	2,225	353	418	711	380	1,863
	<i>EBITDA Margin</i>	18%	12%	18%	14%	16%	24%	28%	23%	5%	19%	10%	18%	28%	13%	17%

* Materials CIC results shown here were prepared internally for the purpose of providing comparability and have not been audited.

* Results of SK E&S restated to reflect change in accounting treatment of COFF (Constrained-off energy payment, compensation for reducing planned output)



THANK YOU

2023.4Q EARNINGS BRIEFING

