



# 2020. 4Q Earnings Briefing

March 2021

# 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.

# Business Highlights



**The first Korean company to join RE100 global initiative, strengthening growth portfolio through investments into four key areas**

## RE100 Membership

- **SK holdings and SK affiliates officially joined RE100 initiative on Dec. 4<sup>th</sup>, 2020**
  - SK holdings, SK telecom, SK hynix, SKC, SK materials, SK siltron
- **Execution plan to be submitted by Nov. '21**
  - Members are obliged to submit an execution plan within the first year of entry
  - Reviewing various options, investments into renewable-based power generation, utilization of Green Premium plan from KEPCO

## New Investments

- **Investing into 4 key business areas**
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- '20. Dec. ▪ **Strategic investment in protein degrader in cooperation with Roivant (\$200M)**
  - '21. Jan. ▪ **Plug Power, a leading hydrogen player (SK holdings and E&S jointly invested \$1.6B)**
  - Jan. ▪ **YES POWERTECHNIX, a power semiconductor company (KRW 26.8B)**
  - Mar. ▪ **New Mobility Fund with China's Zhejiang Geely Holding Group (total amount \$300M, SK committed \$30M)**

# 4Q20 Business Results : Overall



- Pretax income turned to loss due to sluggish results at SK innovation and E&S, and one-off expenses from SK E&C

(Unit :trn. KRW)	Revenue						Operating Profit						Pretax Income					
	FY19	1Q20	2Q20	3Q20	4Q20	FY20	FY19	1Q20	2Q20	3Q20	4Q20	FY20	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Consolidated	97.81	23.73	18.78	20.00	19.31	81.82	3.74	△0.92	0.19	0.45	0.12	△0.16	2.84	△1.12	0.38	0.92	△0.21	△0.03
SK (separate)	3.25	1.44	0.50	0.99	0.54	3.47	1.48	1.05	0.04	0.53	0.04	1.66	1.55	1.00	0.25	0.75	0.03	2.03
SK innovation	49.31	11.16	7.20	8.42	7.38	34.16	1.11	△1.78	△0.44	△0.03	△0.32	△2.57	0.50	△2.05	△0.48	0.01	△0.35	△2.87
SK telecom	17.74	4.45	4.60	4.73	4.84	18.62	1.11	0.30	0.36	0.36	0.33	1.35	1.16	0.37	0.55	0.52	0.44	1.88
SK networks	13.05	2.87	2.43	2.56	2.76	10.63	0.11	0.04	0.03	0.04	0.01	0.12	0.00	0.01	0.01	0.01	0.08	0.11
SKC	2.36	0.66	0.66	0.72	0.66	2.70	0.14	0.03	0.05	0.06	0.05	0.19	0.06	0.14	0.01	0.02	0.04	0.21
SK E&C	8.96	2.26	2.24	2.09	1.68	8.27	0.42	0.22	0.10	0.07	△0.06	0.33	0.25	0.14	0.08	0.15	△0.23	0.14
SK E&S	6.56	2.02	1.14	1.03	1.56	5.75	0.53	0.24	0.00	△0.12	0.12	0.24	1.04	0.28	1.27	△0.07	△0.23	1.25
SK materials	0.77	0.21	0.23	0.25	0.26	0.95	0.21	0.05	0.06	0.06	0.06	0.23	0.18	0.05	0.05	0.05	0.05	0.20
SK siltron	1.54	0.41	0.43	0.44	0.43	1.70	0.33	0.05	0.09	0.08	0.03	0.25	0.27	0.06	0.07	0.06	0.01	0.20

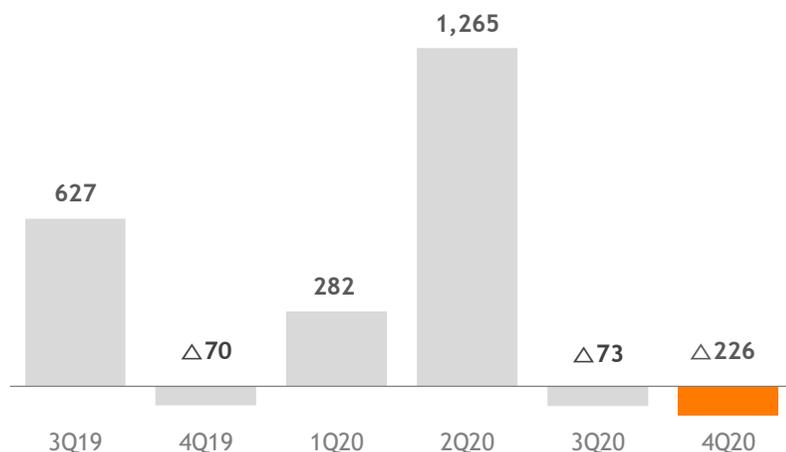
# 4Q20 Business Results : SK E&S



## 4Q pretax income decreased owing to one-off expenses despite rise in sales volume

### SK E&S Pretax Income

(Unit : bln, KRW)



	FY20	FY19	YoY	4Q20	3Q20	QoQ
Revenue	5,750	6,562	△12.4%	1,566	1,027	+52.4%
Operating Profit	241	526	△54.1%	123	△122	TB
Pretax income	1,248	1,033	+20.7%	△226	△73	NA

### Highlights

- 4Q OP improved on sales volume increase during winter season, while pretax income decreased on impairment losses
  - Impairment losses from US assets △229bln KRW (remaining BV. 456 bln KRW)
  - Power & sales volume increased by +18% and +92% respectively on T/A termination and demand pick-up
- FY20 pretax earnings increased by 20.7% on CGH stake sales
  - CGH-related gains : FY19 0.55 tn. vs. FY20 1.19 tn.
- FY21 expected to show gradual improvement with recovering SMP

	Avg.	1H20	3Q20	4Q20	Jan.'21	Feb.'21
SMP(₩/kWh)		77.5	62.9	55.6	70.5	75.3
Dubai Oil (\$/B)		40.7	42.9	43.9	54.8	60.9

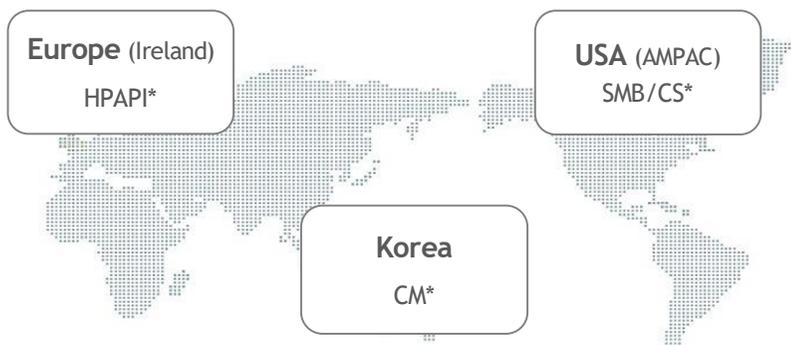
\* CGH : China Gas Holdings, SMP : System Marginal Price

# 4Q20 Business Results : SK pharmteco



**FY20 revenue increased 25% YoY on the back of growing demand, expecting double-digit top-line growth in FY21**

## Global Presence



\* HAAP: Highly Potent – Active Pharmaceutical Ingredients  
 SMB: Simulated Moving Bed  
 CS: Controlled Substances, CM: Continuous Manufacturing

## Highlights

- Achieved quarterly record-high sales in 4Q**
  - Double-digit margin with increased production
- Customers & products diversification led to top-line & profitability improvement in FY20**
  - Increased backlog from big pharmaceutical companies
  - Advanced production lines led to OP margin growth
  - Execution of integrated operation(USA-Korea-Europe)
- Expecting double-digit growth in FY21 due to strengthening strategic alliance and high-margin product sales**
  - Expanding value-chains including DP(Drug Product) and Biologics CMO(Gene therapy)

(Unit: bln, KRW )	FY20	FY19	YoY	4Q20	3Q20	QoQ
Revenue	651	520	+25.1%	194	155	+24.6%
Operating Profit	45	△18	TB	21	△3	TB
EBITDA margin	18.7%	10.7%	+8.0%p	20.5%	10.5%	+10.0%p

# 4Q20 Business Results : SK siltron

- Recorded double-digit growth in revenue for 3 consecutive years based on demand recovery and sales expansion of premium products

## SK siltron OP and EBITDA

(Unit : bln, KRW)



	FY20	FY19	YoY	4Q20	3Q20	QoQ
Revenue	1,701	1,543	+10.2%	428	439	△2.5%
Operating Profit	249	332	△24.8%	33	76	△57.5%
EBITDA	559	571	△2.2%	127	150	△15.0%

## Highlights

- 4Q ASP rebounded on robust demand, while strong KRW had negative impact on revenue

- OP decreased QoQ, YoY due to increase in one-off depreciation cost

*\* upgrading costs for a number of equipment and SiC PPA*

- FY20 revenue displayed double-digit growth on 300mm sales increase
- Expecting business upcycle in FY21 backed by robust demand and disciplined capacity expansion

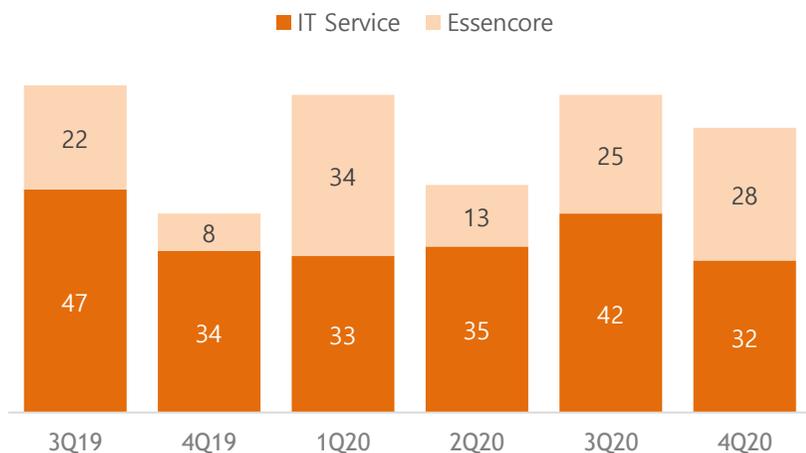
# 4Q20 Business Results : IT Service (C&C)



IT Service revenue increased along with year-end project completion, strong demand for memory semiconductor led to Essencore's earning improvement

## IT Service Operating Profit (incl. Essencore)

(Unit : bln, KRW)



	FY20	FY19	YoY	4Q20	3Q20	QoQ
Revenue	1,756	1,721	+2.0%	482	450	+7.1%
Operating Profit	142	152	△6.6%	32	42	△23.8%
Pretax Income	110	126	△12.7%	22	30	△26.7%
Essencore Operating Profit	101	84	+20.2%	28	25	+12.0%

## Highlights

- Revenue increased YoY with new cloud projects**
  - FY20 OP decreased YoY due to increase in expenses related to R&D and etc.
- Revenue growth expected in FY21 with cloud transition projects and expansion of platform business**
  - Expansion of subscription BM in AI/Data domains
- Strong demand for memory related products to lead positive business outlook for Essencore in FY21**

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