



2020. 2Q Earnings Briefing

August 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.

2Q20 Highlights



SK holdings materialized its growth business model through successful listing of SK biopharm

SK biopharm's successful IPO

1993	2011	2020
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· initiated R&D of novel CNS drugs

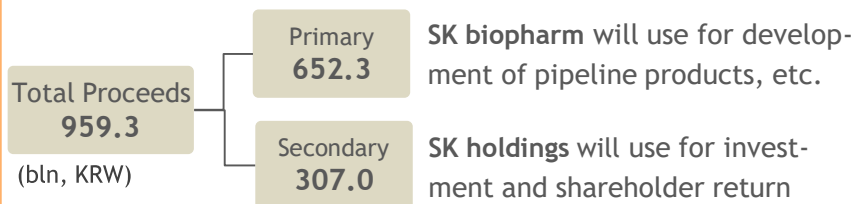
· spun-off from SK holdings

· IPO

SK has invested in and valued-up SK biopharm as an effort to secure growth engine

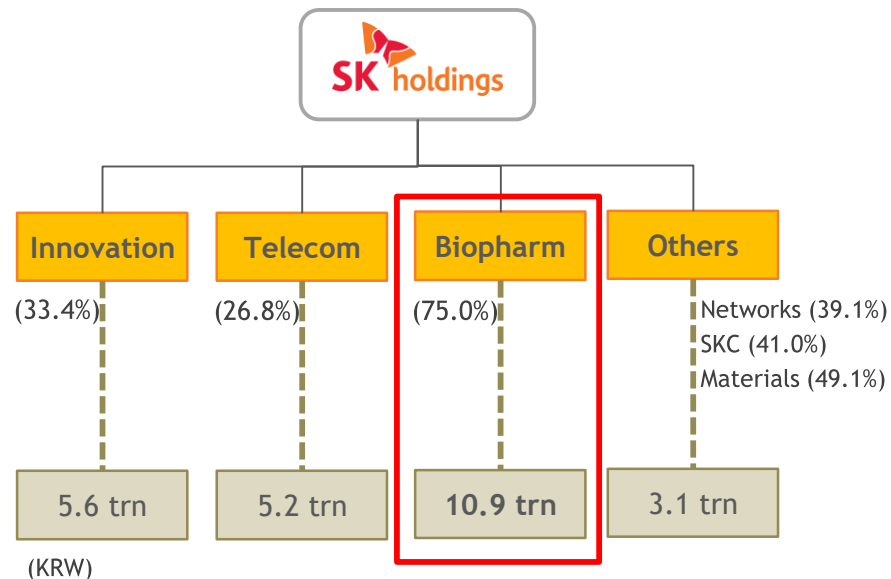
SK biopharmaceuticals

- Jul. '20 Listed on KRX KOSPI market
- Sep. '20 To be included in KOSPI 200



※based on the offering price (KRW 49,000)

Expansion on growth portfolio



Market value of listed subsidiaries of SK holdings (as of Aug.13, 2020)

2Q20 Business Results : Overall

2Q earnings turn to profit, quickly recovering from Covid-19 & oil prices plunge impact in 1Q

(Unit : trn, KRW)	Revenue			Operating Income			Pretax Income		
구 분	2Q20	1Q20	QoQ	2Q20	1Q20	QoQ	2Q20	1Q20	QoQ
Consolidated	18.78	23.72	△20.8%	0.19	△0.92	turnaround	0.38	△1.09	turnaround
SK innovation	7.20	11.16	△35.5%	△0.44	△1.78	+75.3%	△0.48	△2.05	+76.5%
SK telecom	4.60	4.45	+3.4%	0.36	0.30	+19.6%	0.55	0.37	+48.2%
SK networks	2.43	2.87	△15.3%	0.03	0.04	△25.9%	0.01	0.01	+1.1%
SKC	0.66	0.66	△0.2%	0.05	0.03	+65.5%	0.01	0.18	△91.9%
SK E&C	2.24	2.26	△0.7%	0.10	0.22	△52.9%	0.08	0.14	△40.5%
SK E&S	1.14	2.02	△43.7%	0.00	0.24	△98.9%	1.27	0.28	+349.3%
SK materials	0.23	0.21	+7.2%	0.06	0.05	+6.2%	0.05	0.05	△7.2%
SK siltron	0.43	0.41	+4.5%	0.09	0.05	+65.7%	0.07	0.06	+24.4%

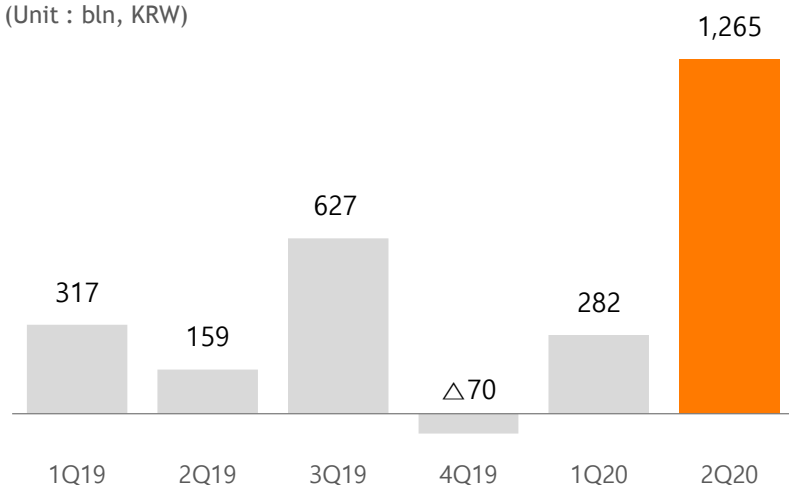
2Q20 Business Results : SK E&S



- OP decreased YoY on lower SMP, while pretax income jumped on gain from the stake sale

SK E&S Pretax Income

(Unit : bln, KRW)



	2Q20	2Q19	YoY	1Q20	QoQ
Revenue	1,137	1,320	Δ183	2,020	Δ883
Operating Profit	3	79	Δ76	238	Δ235
Pretax income	1,265	159	+1,106	282	+983

Highlights

- OP decreased YoY on lower power generation volume after planned maintenance and weak SMP**
 - Power generation volume decreased Δ28.0% YoY
 - SMP declined by Δ14 KRW/kWh YoY ('19.2Q : 85.9 KRW → '20.2Q : 71.9 KRW)
- City gas sales volume decreased YoY owing to higher temperature**
 - City gas sales volume down by Δ6.7% YoY
- Pretax income surged on sale of China Gas Holdings stake**
 - Sold 10.25% stake for 1.8 trn. KRW (Apr. '20)
 - Gain on disposal 1.0 trn. KRW

* SMP : System Marginal Price

2Q20 Business Results : SK pharmteco



Recorded growth in revenue and profit, demonstrating its capabilities and experience in API production

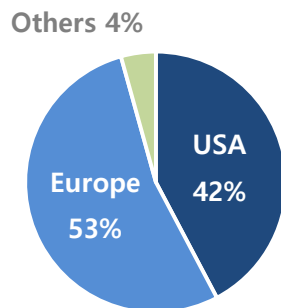
Global Presence

Global Plants (6 sites, 970m³)



Revenue by region

(accumulated 1H20)



SK pharmteco

(Unit : bln, KRW)	2Q20	1Q20	QoQ	FY19
Revenue	187	114	73	520
Operating Profit	22	5	17	△18
EBITDA margin	22.1%	21.1%		10.7%

* SK pharmteco was established in Sep. '19

Highlights

- Continued revenue growth and strong profit margin
 - Added new contracts and increased production
 - Targeting double-digit growth in revenue for 2020
- AMPAC¹⁾, named as a key manufacturer of APIs for critical medicines from HHS²⁾ (May '20)
 - AMPAC-manufactured APIs will be used to produce medicines to treat Covid-19 patients and to fill the SAPIR³⁾ for future use

1) The U.S. subsidiary of SK pharmteco
 2) The U.S. Department of Health and Human Services
 3) API stockpile called the Strategic Active Pharmaceutical Ingredient Reserve

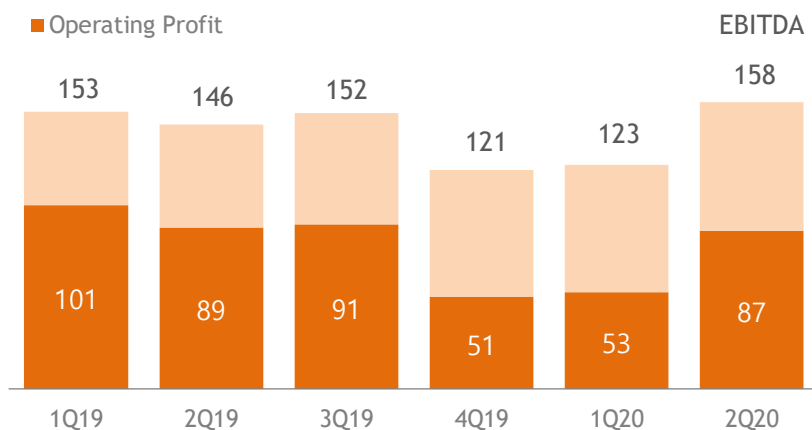
2Q20 Business Results : SK siltron



Posted record-high quarterly revenue and EBITDA based on shipment increase, despite delay in demand recovery

SK siltron OP and EBITDA

(Unit : bln, KRW)



	2Q20	2Q19	YoY	1Q20	QoQ
Revenue	426	390	+36	408	+18
Operating Profit	87	89	△2	53	+34
Pretax Income	74	84	△10	60	+15
EBITDA	158	146	+13	123	+35

Highlights

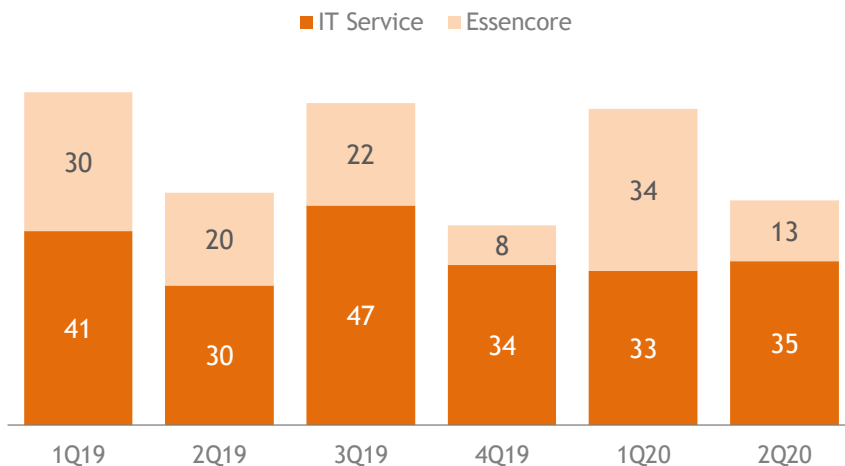
- Shipment increase and relatively stable ASP trend led to QoQ YoY revenue growth**
 - OP Margin back up to > 20% level from 2 consecutive quarters of suppressed margin
- 2H expected to show stable earnings with gradual demand recovery**
 - 300mm demand expected to be sustained as memory downturn bottoms-out and logic shows stable trend
 - 200mm demand remains relatively uncertain, but impact on earnings to be limited as it accounts for smaller portion of total revenue

2Q20 Business Results : IT Service (C&C)

IT Service Biz. expected to show robust YoY growth as cloud business strengthens

IT Service Operating Profit (incl. Essencore)

(Unit : bln, KRW)



	2Q20	2Q19	YoY	1Q20	QoQ
Revenue	439	406	+33	386	+53
Operating Profit	35	30	+5	33	+2
Pretax Income	28	27	+1	30	△2
Essencore Operating Profit	13	20	△7	34	△22

Highlights

- Revenue and OP expanded QoQ and YoY with an increase in new IT projects**
 - Cloud system related costs limited OP increase
- Earnings growth to continue in 2H as revenue from cloud projects increases**
 - Securing sustainable growth momentum based on the growing demand for cloud transition and expansion of customer base
- Essencore OP decreased QoQ and YoY due to weak memory price trend**

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