



**2022. 3Q Earnings Briefing
- Advanced Material Business**

Nov. 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.

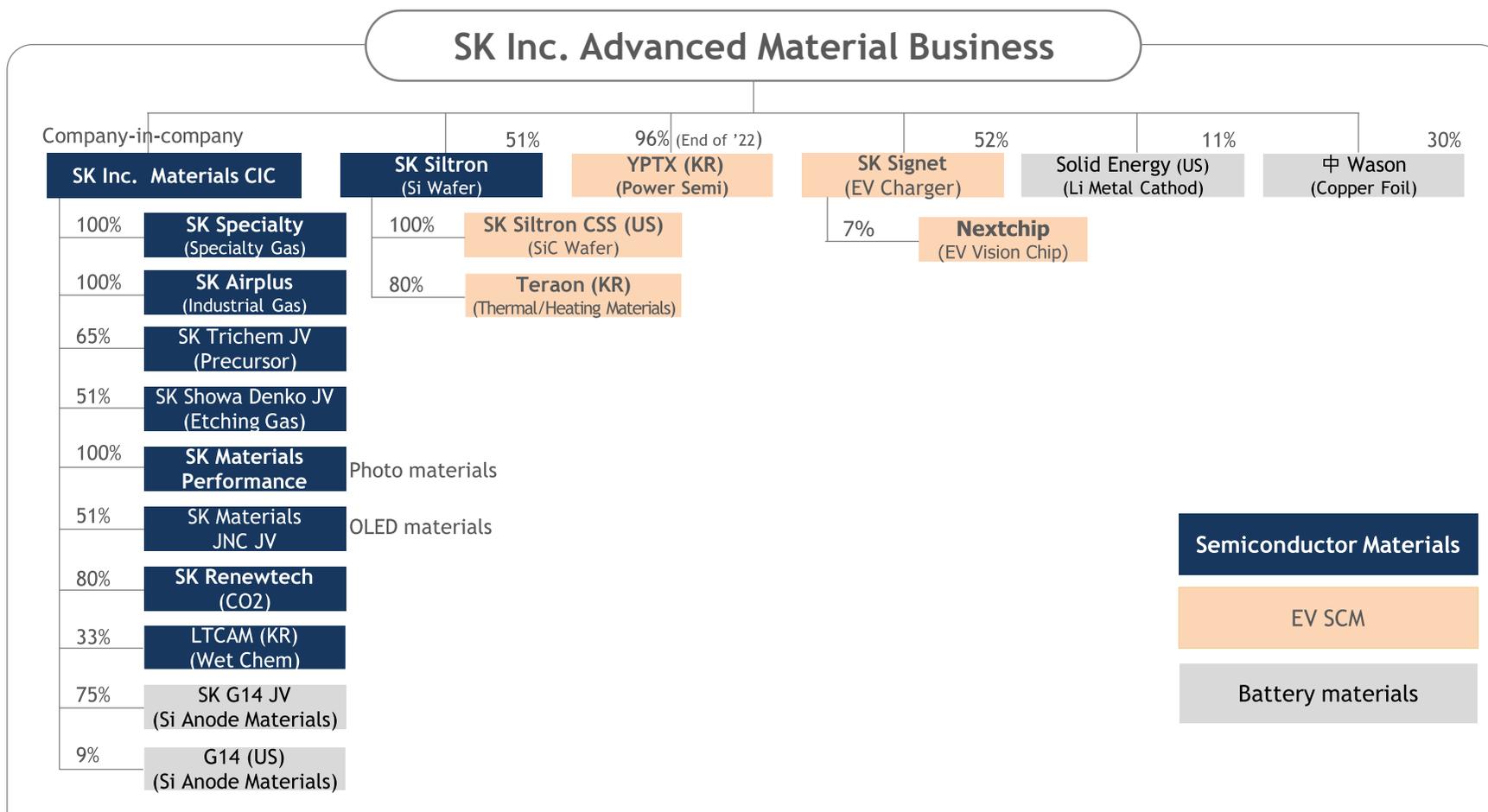
Materials CIC-linked earnings were calculated based on internal standards, which are consolidated SK Siltron earnings to derive the overall earnings of the advanced materials business. Please note that this data has been prepared for investors' understanding and is not audited.

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 31% and 62% YoY despite weak market condition

(KRW bn)	3Q22	2Q22	QoQ	3Q21	YoY
Revenue	1,026	968	<i>+6%</i>	783	<i>+31%</i>
- Materials CIC	396	371	<i>+7%</i>	307	<i>+29%</i>
- SK Siltron	630	597	<i>+5%</i>	476	<i>+32%</i>
Operating Profit	259	258	<i>+1%</i>	160	<i>+62%</i>
- Materials CIC	103	99	<i>+4%</i>	83	<i>+25%</i>
- SK Siltron	156	159	<i>-1%</i>	77	<i>+103%</i>
EBITDA	391	388	<i>+1%</i>	280	<i>+39%</i>
- Materials CIC	140	135	<i>+4%</i>	117	<i>+19%</i>
- SK Siltron	251	253	<i>-1%</i>	163	<i>+54%</i>
Income Before Tax	250	243	<i>+3%</i>	186	<i>+68%</i>

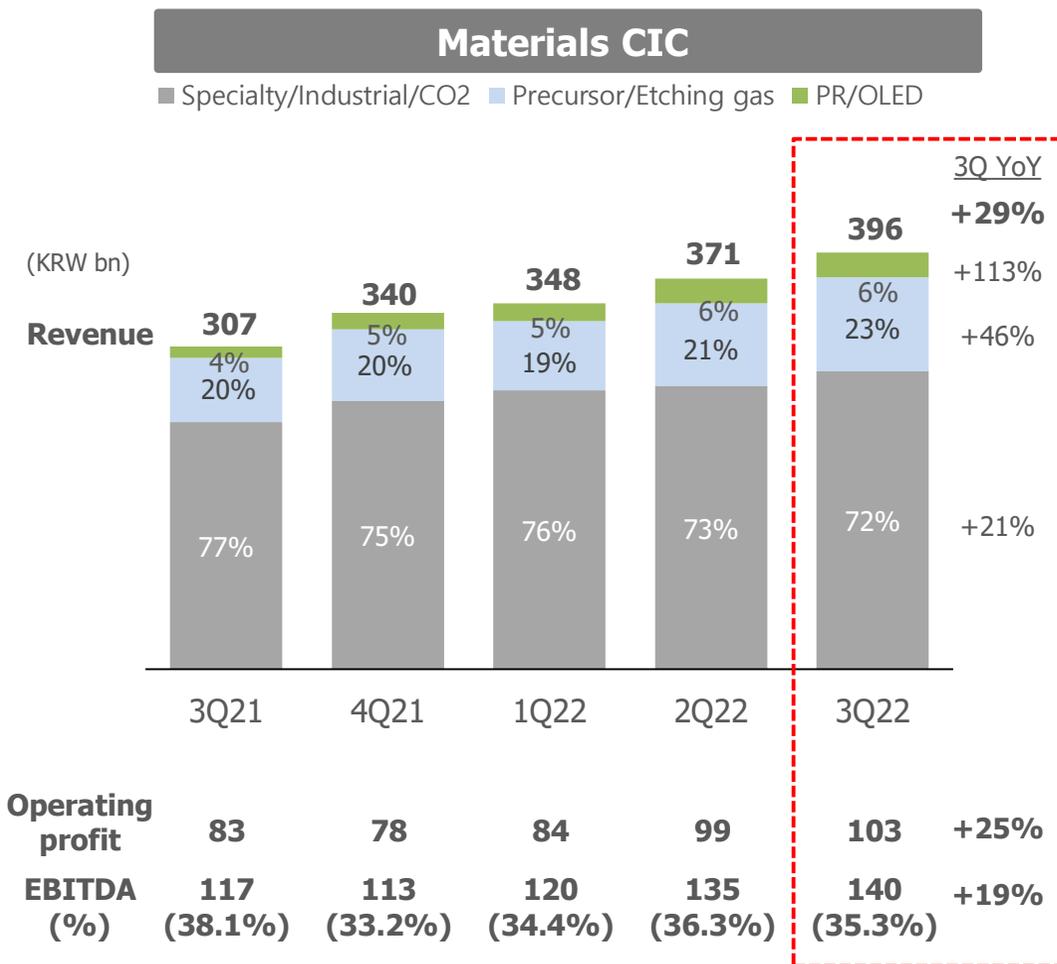
※ Total revenue/operating profit/EBITDA/income before tax is the sum of Materials CIC and SK Siltron results

3Q22 Business Results: Materials CIC



Earnings continued to increase with favorable FX, solid sales of specialty gas based on LTA* and sales growth of high value-added products(next-gen precursor/photo), despite weak market conditions

*Long-term Agreement



▪ **'22.3Q, Continued growth in Rev/OP driven by stable sales of specialty gas based on LTA and strong sales of new next-gen products** (Revenue +29% YoY, EBITDA +19% YoY)

- Specialty gas/Industrial gas: Continued solid earnings with new Fab Ramp-up of semiconductor companies and LTA sales

- Precursor/Etching gas: Sales remained robust of next-gen precursor (CpHf*), and increased for next-gen etching gas (CH3F*) as a result of higher utilization rate of the new plant

- Photo : Continued profit growth with sales increase of KrF Thick PR for 3D NAND throughout the operation of new plant in Sejong (Apr. 2022)

▪ **'22.4Q, Despite sluggish demand, earnings expected to be solid with sales based on LTA and new value-added products**

- Specialty gas: Solid performance of NF3/WF6 based on LTA/cost competitiveness

- Photo/Precursor: Growth to continue with the expansion of new value-added products (SOC*, etc.) and customer expansion for next-gen precursor (CpHf*)

- CO2 : Sales to grow with completion of new customer qualification for supercritical CO2 for semiconductor cleaning

* CpHf : Deposition gas for the most advanced DRAM Capacitor

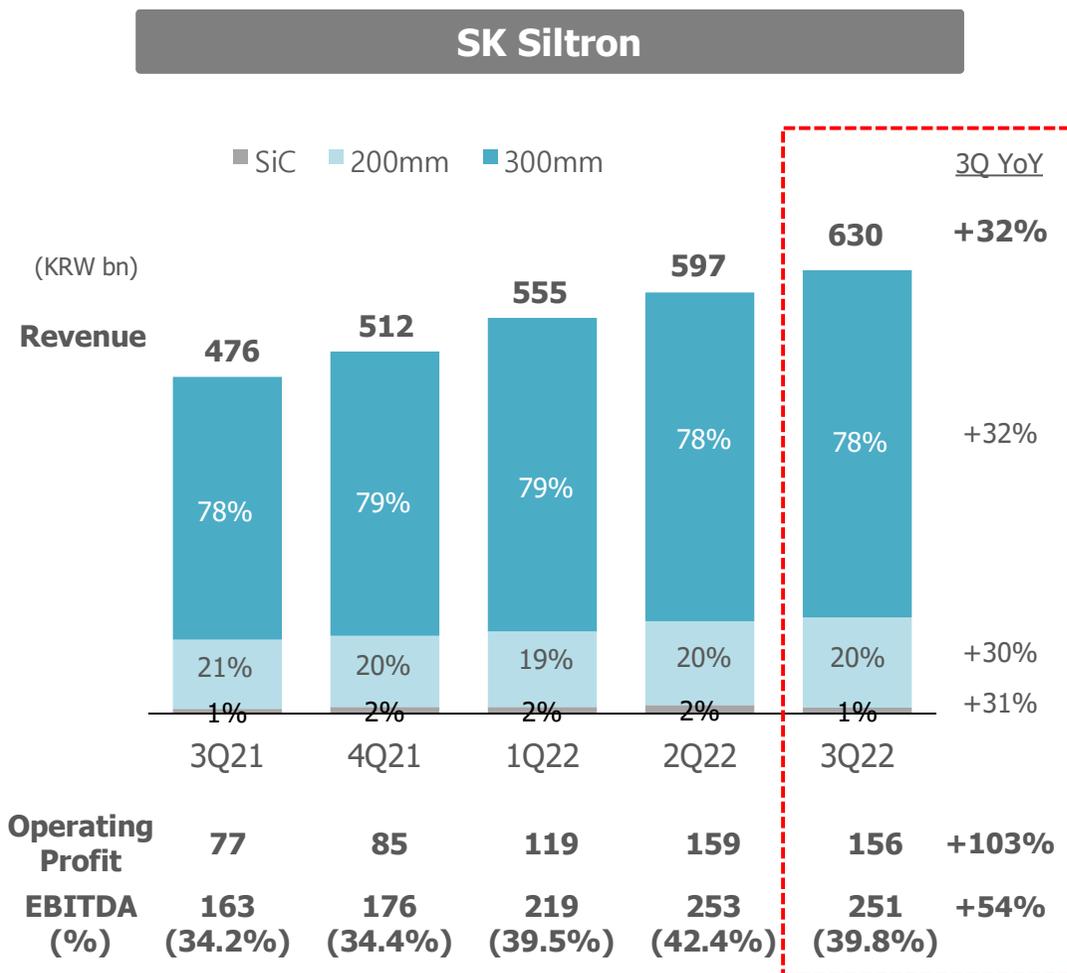
CH3F : Nitride etching gas for 3D NAND

SOC : Replenish etching resistance / improve pattern accuracy of PR

3Q22 Business Results: SK Siltron



Despite the sluggish demand from the downstream market, revenue increased with favorable FX and price conditions



- **'22.3Q, Continued solid earnings with exchange rate impact and high portion of LTA despite sluggish semi. industry**
(Revenue +32% YoY, EBITDA +54% YoY)
- **'22.4Q, Growth to slow due to weak semiconductor demand despite solid wafer price caused by limited supply**
- Slower demand expected especially for 300mm EPI and 200mm products
- **SiC Wafer(SK Siltron CSS), Significant top-line growth expected in 4Q with the start of operation of new plant in Michigan, U.S. (Sep. 2022) (3Q cumulative +120% YoY)**
- SiC Wafer Capa. : 30K/yr as of 2021 Y/E → 120K/yr as of 2022 Y/E (+300%)

Investment Highlights - Preemptive Response to Downturn in Semi. Market

- Secure stable growth and profitability with expansion of LTA and high value-added products as well as preemptive asset securitization in response to downturn in the semiconductor market

1 Strengthen profit stability

- Strengthened cost competitiveness including productivity improvement and expanded LTA portion with large key customers
- Capacity expansion based on LTA underway

Product	Investment/period
300mm Si Wafer	KRW 2.3 tn (by 2026, in stages)
SiC Wafer	\$640M (by 2025, in stages)

2 Expansion of High value-added portfolio

- Upon business downturn, accelerate qualification of key materials and customer expansion based on customers' need for diversification

Ex) Photo (EUV PR, SOC), etching gas (HBr*), Precursor (CpHf), Packaging materials (Thermal resistance/Heating material), etc.

- Accelerate localization through collaboration with overseas technology companies

Ex) GaN Epi, CIS Photo, Si-C anode materials, High-Ni cathode materials, etc.

3 Strengthen Asset light Biz Model structure

- Maintain stable financial structure and high ROIC based on preemptive asset securitization

- Closed M16 equipment asset sales deal (Oct. 2022)

2023~2025 Financial Target

"To achieve high growth & profits in the long run through preemptive investment in next gen materials and synergy creation"

- Revenue (CAGR) > 20%
- EBITDA Margin > 40%
- ROIC > 15%

* HBr : Si membrane etching gas for high-layer 3D NAND

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