



# 2020. 3Q Earnings Briefing

November 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.

# 3Q20 Highlights



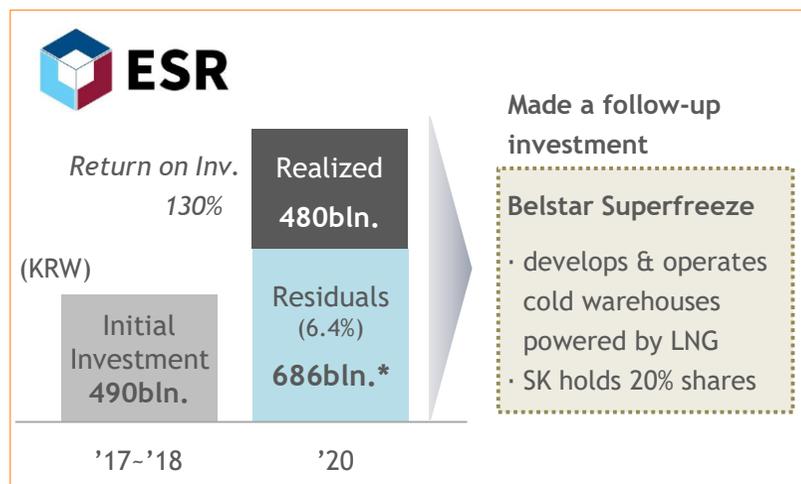
## Added another successful investment track record through sales of ESR shares and new investment in CDG (Chindata Group)

### Exit

- Invested in ESR - a global logistics company - in '17 (total amount of investment 490 bln. KRW)
- ESR listed on Hong Kong Stock Exchange in '19
- Sold 4.6% shares in Sep. '20

### Investment

- Invested in CDG, a global datacenter operator, in Aug. '20, with KTCU<sup>1)</sup> (total amount of investment \$300mil.)  
1)The Korean Teachers' Credit Union
- CDG listed on Nasdaq in Sep. '20
- CDG Share price jumps 11% in Nov. '20 from its IPO price of \$13.5 (SK holds 7.6% shares)



(\*) As of Nov.13

<b>Overview</b>	• a hyperscale datacenter(DC) solution provider in Asia Pacific emerging markets
<b>Growth</b>	• Hyperscale DC market in China expected to show 29% CAGR until '24, thanks to strong demands from IT giants (source: Frost&Sullivan, IDC)
<b>Strength</b>	• Securing big IT clients such as ByteDance • Close proximity to tier-1 cities and end-users

# 3Q20 Business Results : Overall



- SK innovation and successful investment return from the sale of ESR shares drove better consolidated quarterly profit

(Unit : trn, KRW)	Revenue			Operating Income			Pretax Income		
	3Q20	2Q20	QoQ	3Q20	2Q20	QoQ	3Q20	2Q20	QoQ
Consolidated	19.96	18.78	6.3%	0.46	0.19	144.2%	0.92	0.38	142.6%
SK innovation	8.42	7.20	16.9%	△0.03	△0.44	93.4%	0.01	△0.48	turnaround
SK telecom	4.73	4.60	2.8%	0.36	0.36	0.4%	0.52	0.55	△4.8%
SK networks	2.56	2.43	5.2%	0.04	0.03	45.6%	0.01	0.01	17.0%
SKC	0.68	0.65	3.7%	0.05	0.05	5.2%	0.02	0.01	43.2%
SK E&C	2.09	2.24	△6.6%	0.07	0.10	△32.8%	0.15	0.08	77.1%
SK E&S	1.03	1.14	△9.6%	△0.12	0.00	turned negative	△0.07	1.28	turned negative
SK materials	0.25	0.23	8.5%	0.06	0.06	10.7%	0.05	0.05	3.7%
SK siltron	0.44	0.43	3.1%	0.08	0.09	△14.3%	0.06	0.07	△14.4%

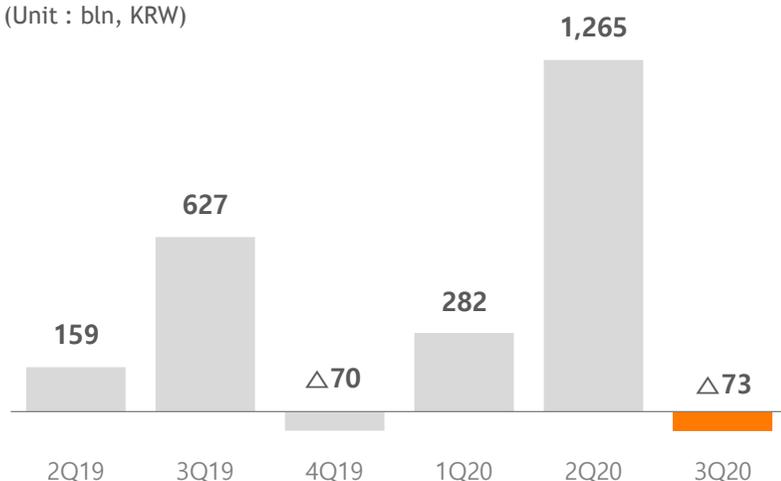
# 3Q20 Business Results : SK E&S



Earnings decreased YoY, QoQ with further drop in SMP and absence of one-off gains related to CGH stake sales

## SK E&S Pretax Income

(Unit : bln, KRW)



	3Q20	3Q19	YoY	2Q20	QoQ
Revenue	1,027	1,225	Δ198	1,137	Δ110
Operating Profit	Δ122	91	Δ213	3	Δ125
Pretax income	Δ73	627	Δ700	1,265	Δ1,338

## Highlights

- **SMP remained weak after a sharp drop in oil prices during 1H20**

- Further correction in SMP on lower oil prices with a time lag of 1-2 quarters

Avg.	3Q19	4Q19	1Q20	2Q20	3Q20
SMP(₩/kWh)	81.4	84.7	83.0.	71.9	62.9
Dubai Oil Price (\$/B)	61.2	62.0	50.6	30.6	42.9

- **Pretax earnings decreased YoY, QoQ in absence of gains from CGH stake sales**

- CGH-related gains :

3Q19 - 0.55 trn. KRW, 2Q20 - 1.19 trn. KRW

※ 2Q20 CGH equity-method gain : 77.4 bln. KRW

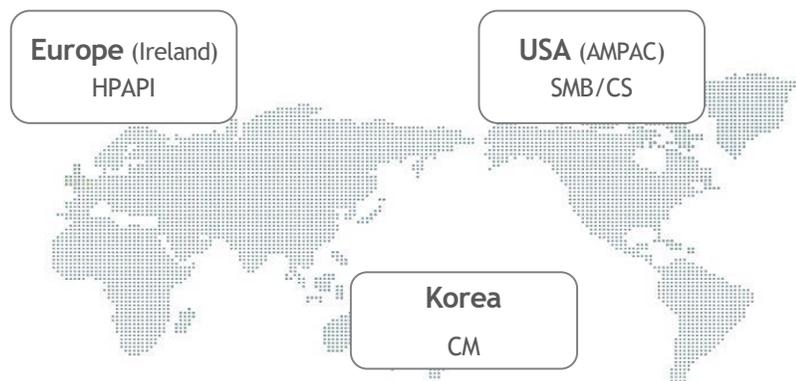
- **Earnings to bottom-out as LNG demand improves with strong seasonality**

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

# 3Q20 Business Results : SK pharmteco

## Expecting growth in annual revenue and profit in '20 despite temporary decline in 3Q

### Global Presence



### SK pharmteco

(Unit : bln, KRW)	3Q20	2Q20	QoQ	FY19
Revenue	155	187	△32	520
Operating Profit	△3	22	△25	△18
EBITDA margin	10.5%	22.1%		10.7%

\* SK pharmteco was established in Sep. '19

### Highlights

- Operating results declined temporarily due to adjustment in production schedule
  - Double-digit growth target for revenue in '20 remains valid with constant annual production contracts
  - ※Cumulated 3Q revenue, KRW 460bln. (FY19 520 bln.)
- SK's specialized technology in production remains the core competencies to grow as a top-tier CMO company

Continuous Manufacturing

Controlled Substances

Highly Potent - Active  
Pharmaceutical Ingredients

Simulated Moving Bed

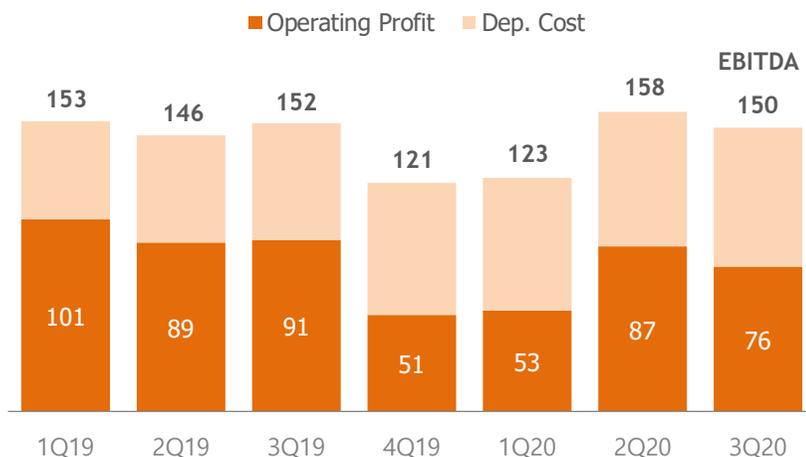
# 3Q20 Business Results : SK siltron



Posted record-high quarterly revenue based on strong shipments of major products

## SK siltron OP and EBITDA

(Unit : bln, KRW)



	3Q20	3Q19	YoY	2Q20	QoQ
Revenue	439	407	+32	426	+13
Operating Profit	76	91	△14	87	△11
Pretax Income	64	85	△21	74	△11
EBITDA	150	152	△2	158	△9

## Highlights

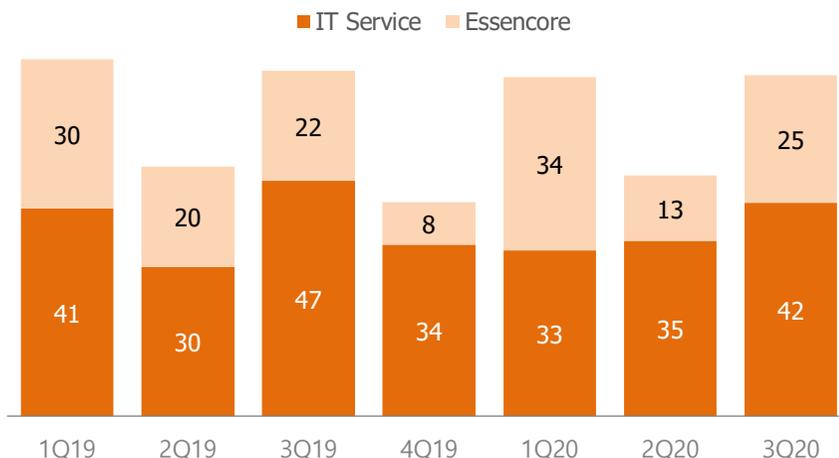
- Stabilized ASP and increased shipments led to QoQ, YoY revenue growth**
  - OP negatively affected due to strong KRW trend, one-off labor cost(QoQ), and higher depreciation cost(YoY)
- Demand outlook still uncertain, but stable biz. results expected based on gradual recovery in demand**
  - In addition to solid demand for logic products, memory industry is expected to bottom out in 2021
  - Strengthen financial stability based on stable earnings from LTAs and capex in-line with demand

# 3Q20 Business Results : IT Service (C&C)

Delivered top-line growth due to second-half seasonality and expansion of its cloud biz.

## IT Service Operating Profit (incl. Essencore)

(Unit : bln, KRW)



	3Q20	3Q19	YoY	2Q20	QoQ
Revenue	450	430	+20	439	+11
Operating Profit	42	47	△5	35	+7
Pretax Income	30	43	△13	28	+2
Essencore Operating Profit	25	22	+3	13	+12

## Highlights

- Increase in customers' project completion and incremental cloud biz led to revenue growth**
  - OP increased QoQ due to seasonality, but In-house cloud service development cost and customers' conservative capex led to YoY decrease
- Top line growth to continue in 4Q based on year-end seasonality and incremental earnings from cloud biz.**
- Essencore's OP increased due to favorable spot price trend of memory products**

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