



# 2021. 1Q Earnings Briefing

May 2021

# DISCLAIMER

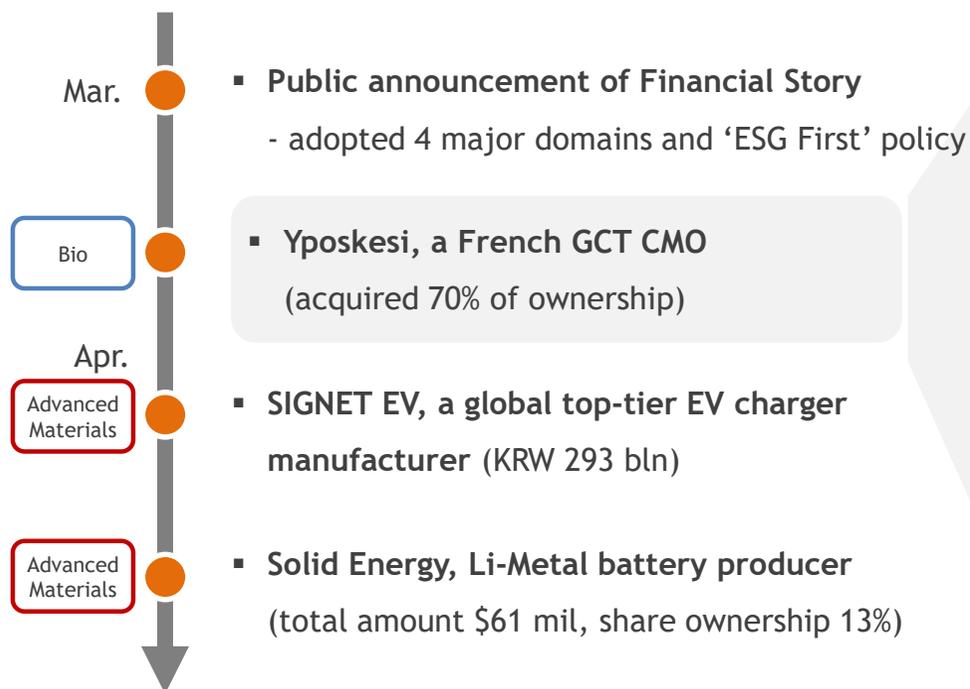
This presentation includes the recent earnings results and business performance of SK inc. (the “Company”) and its major subsidiaries, and it has been prepared to serve shareholders and investors’ information purposes only.

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

- Announced our Financial Story and shared the long-term growth plan with investors, and completed 3 investments into bio and advanced materials areas

## Major Activities



## Acquisition of Yposkesi

- SK pharmteco established global mgmt. system and made itself as top 5 small molecule CMO
  - Revenue rose more than 6 times compared to 2017 and EBITDA margin reached 20% level
- Entered into biologic CMO by acquiring Yposkesi, specialized in GCT CMO in France
  - GCT is in early stage of commercialization, and we plan to accumulate technology and track record in advance
- Plan to secure top 5 CMO position by 2025 through organic/inorganic growth opportunities

# 1Q21 Business Results : Overall

1Q earnings turn to profit backed by solid operating results from SK telecom and SK innovation

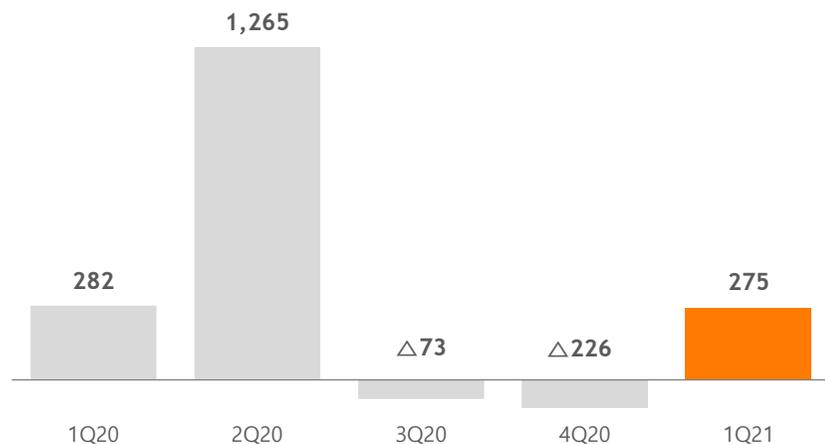
(Unit : trn, KRW)	Revenue			Operating Income			Pretax Income		
	1Q21	1Q20	YoY	1Q21	1Q20	YoY	1Q21	1Q20	YoY
Consolidated	22.25	23.47	△5.2%	1.54	△0.97	turnaround	0.93	△1.13	turnaround
SK (separate)	0.90	1.45	△37.9%	0.49	1.05	△53.5%	1.49	1.00	+48.1%
SK innovation	9.24	11.05	△16.4%	0.50	△1.82	turnaround	△0.53	△2.09	-
SK telecom	4.78	4.45	+7.4%	0.39	0.30	+29.0%	0.68	0.37	+85.7%
SK networks	2.75	2.87	△4.2%	0.03	0.04	△35.4%	0.01	0.01	+58.0%
SKC	0.78	0.63	+23.6%	0.08	0.03	+175.4%	0.09	0.18	△48.7%
SK E&C	1.92	2.14	△10.6%	0.11	0.21	△48.5%	0.10	0.13	△24.6%
SK E&S	2.11	2.02	+4.6%	0.26	0.24	+9.0%	0.28	0.28	△2.2%
SK materials	0.26	0.21	+23.2%	0.06	0.05	+17.0%	0.06	0.05	+14.2%
SK siltron	0.42	0.41	+3.6%	0.05	0.05	△4.9%	0.04	0.06	△28.9%

# 1Q21 Business Results : SK E&S

1Q earnings increased QoQ on recovering LNG business and sales growth in city gas

## SK E&S Pretax Income

(Unit : bln, KRW)



	1Q21	1Q20	YoY	4Q20	QoQ
Revenue	2,112	2,020	+4.6%	1,566	+34.9%
Operating Profit	259	238	+9.0%	123	+111.4%
Pretax income	275	282	Δ2.2%	Δ226	TB

## Highlights

- LNG & Power generation business improved on higher oil & gas prices**
  - SMP rebounded from 2H20 bottom (QoQ +38%, YoY -8%)
  - US-subsiary earnings improved on stronger gas prices
- City gas sales increased on lower temperature during winter season**
  - Sales volume growth (QoQ +26%, YoY +8%)
- 2Q SMP to extend recovery on rising energy benchmark prices**

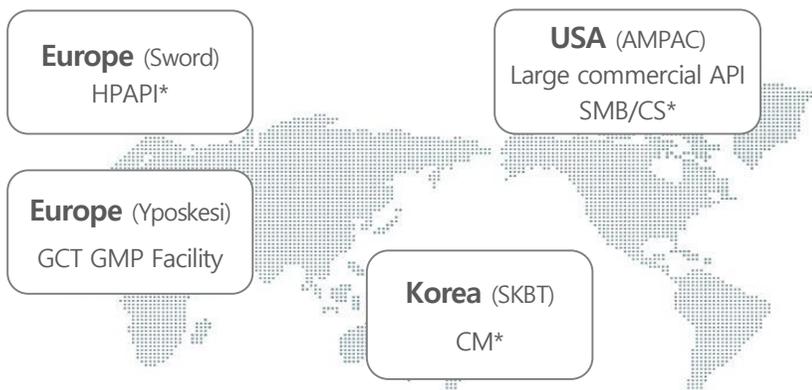
Avg.	20.1Q	20.2Q	20.3Q	20.4Q	21.1Q
SMP (₩/kWh)	83.0	71.9	62.9	55.6	76.5
Dubai Oil (\$/B)	50.6	30.6	42.9	43.9	60.1

\* SMP : System Marginal Price

# 1Q21 Business Results : SK pharmteco

Revenue grew more than 20% YoY thanks to increased long-term contracts

## Global Presence



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

## Highlights

- Revenue grew by 25.6% YoY with increased offerings mainly from major customers
  - Strategic partnership led to long-term contracts
- Operating profit decreased temporarily due to the delay of production and delivery schedule
- Securing mid/long term growth opportunity through Biologic CMO acquisition(Yposkesi)

(Unit: bln, KRW)	1Q21	1Q20	YoY	4Q20	QoQ
Revenue	144	115	+25.6%	194	△25.8%
Operating Profit	△0.3	5	TR	21	TR
EBITDA	18	24	△25.6%	40	△54.7%

# 1Q21 Business Results : SK siltron

## EBITDA increased QoQ, YoY on strong demand and ASP increase

### SK siltron OP and EBITDA

(Unit : bln, KRW)



	1Q21	1Q20	YoY	4Q20	QoQ
Revenue	422	408	+3.6%	428	△1.4%
Operating Profit	51	53	△4.6%	33	+55.8%
EBITDA	135	123	+9.1%	127	+5.8%

### Highlights

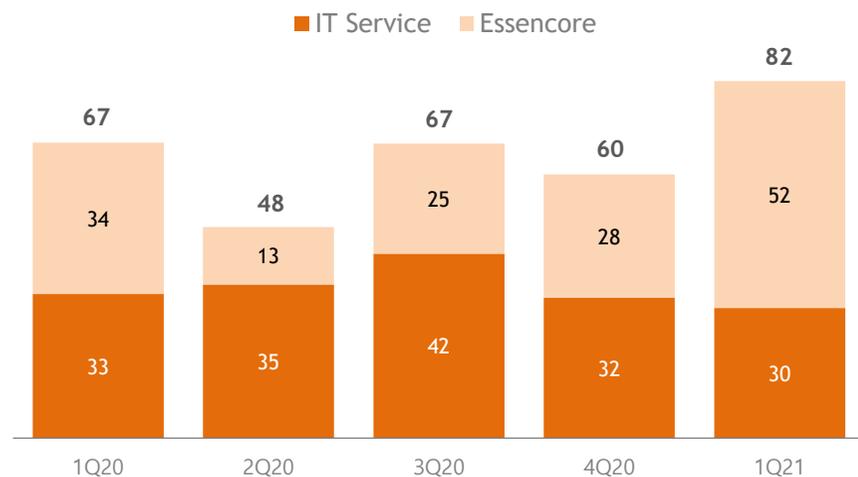
- EBITDA rose QoQ, YoY due to favorable ASP for 300mm and higher logic product sales**
  - OP increased QoQ due to absence of one-off depreciation costs in spite of strong KRW trend
- Expecting earnings growth based on robust demand for premium products**
  - Global chip shortage and robust demand for premium products to lead 2021 earnings growth
  - Capex aligned with demand and flexible LTA mgmt. to maximize future profitability

# 1Q21 Business Results : IT Service (C&C)

- IT Service posted top-line growth along with cloud biz. expansion, Essencore earnings increased on the back of strong memory price

## IT Service Operating Profit (incl. Essencore)

(Unit : bln, KRW)



	1Q21	1Q20	YoY	4Q20	QoQ
Revenue	392	387	+1.4%	482	△18.6%
Operating Profit	30	33	△10.0%	32	△7.5%
Pretax Income	28	30	△8.9%	22	+25.0%
Essencore Operating Profit	52	34	+50.0%	28	+84.3%

## Highlights

- Revenue expanded YoY on strong demand for cloud transformation
  - Revenue increased YoY owing to cloud expansion, but decreased QoQ with completion of major projects at the year-end
  - OP decreased YoY on higher labor costs
- Cloud & Platform biz. expected to show extended growth
  - Revenue growth for Cloud biz. (YoY +13.6%)
- Essencore's performance improved on higher sales volume and stronger ASP led by favorable market condition
  - Increased revenue for Essencore's house brand Klevv (YoY +39.8%)

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