



# 2021. 2Q Earnings Briefing

August 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

## Invested KRW 2.3trn in 1H to strengthen growth momentum in 4 core domains

### Investments & Divestments



Green

- **Entered hydrogen business**
  - Strategic alliance with Plug Power in discussion
- **Strengthened alternative food portfolio**
  - Investment fund MOU with Joyvio and investment in Nature's Fynd

Bio

- **In drug development, invested in disruptive tech platform**
  - Strategic alliance with Roivant in protein degrader
- **In CMO, expanded value chain into biologics**
  - Started the construction of GCT commercial plant

Advanced Materials

- **Invested in EV Value Chain**
  - Acquisition of SIGNET EV and investment in YPTX
  - Solid Energy in an IPO process for NYSE

Digital

- **Established global partnership in mobility sector**
  - Signed an MOU with Geely for New Mobility Fund and potential partnership opportunities

Others

- **Improved group-wide asset efficiency**
  - Set up REITs and commenced IPO process

## 2Q21 Business Results : Overall

- 2Q pretax income increased as SK innovation recorded solid earnings on absence of settlement related costs and SK telecom posted stronger equity method gain

(Unit : trn, KRW)	Revenue			Operating Income			Pretax Income		
	2Q21	1Q21	QoQ	2Q21	1Q21	QoQ	2Q21	1Q21	QoQ
Consolidated	23.41	22.25	+5.2%	1.22	1.54	△21.2%	2.14	0.93	+130.5%
SK (separate)	0.47	0.90	△47.7%	0.02	0.49	△95.6%	△0.00	1.49	TR
SK innovation	11.12	9.24	+20.3%	0.51	0.50	+0.8%	0.65	△0.53	TB
SK telecom	4.82	4.78	+0.8%	0.40	0.39	+2.0%	1.01	0.68	+47.7%
SK networks	2.54	2.75	△7.7%	0.03	0.03	△1.2%	0.05	0.01	+258.5%
SKC	0.83	0.74	+11.1%	0.14	0.08	+60.0%	0.12	0.09	+28.4%
SK E&C	1.83	1.92	△4.4%	0.06	0.11	△44.7%	0.06	0.10	△35.2%
SK E&S	1.50	2.11	△29.0%	0.05	0.26	△79.5%	0.05	0.28	△83.4%
SK materials	0.28	0.26	+7.0%	0.07	0.06	+9.6%	0.12	0.06	+105.5%
SK siltron	0.44	0.42	+4.1%	0.07	0.05	+36.2%	0.06	0.04	+34.6%

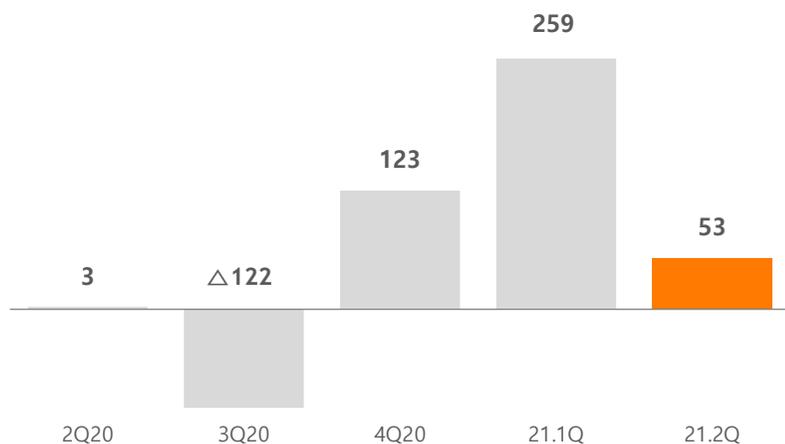
# 2Q21 Business Results : SK E&S



- 2Q operating profit increased YoY on steady recovery in SMP, but decreased QoQ as the business enters slow season

## SK E&S Operating Profit

(Unit : bln, KRW)



(bln, KRW)	2Q21	2Q20	YoY	1Q21	QoQ
Revenue	1,499	1,137	+31.9%	2,112	Δ29.0%
Operating Profit	53	3	+1,946.4%	259	Δ79.5%
Pretax income	46	1,265	Δ96.4%	275	Δ83.4%

## Highlights

- Sales of city gas declined due to weak seasonality**
  - City gas sales volume change QoQ Δ49%, YoY +4%
- SMP remained solid driven by strong recovery in oil prices**
  - '21.2Q SMP QoQ +3%, YoY +10%

Average	20.2Q	20.3Q	20.4Q	21.1Q	21.2Q
SMP (₩/kWh)	71.9	62.9	55.6	76.5	79.2
Dubai Oil (\$/B)	30.6	42.9	43.9	60.1	67.0

- Sales prices expected to further improve as 2H SMP begins to take off**
  - SMP 95.3 KRW/kWh as of August 11, 2021

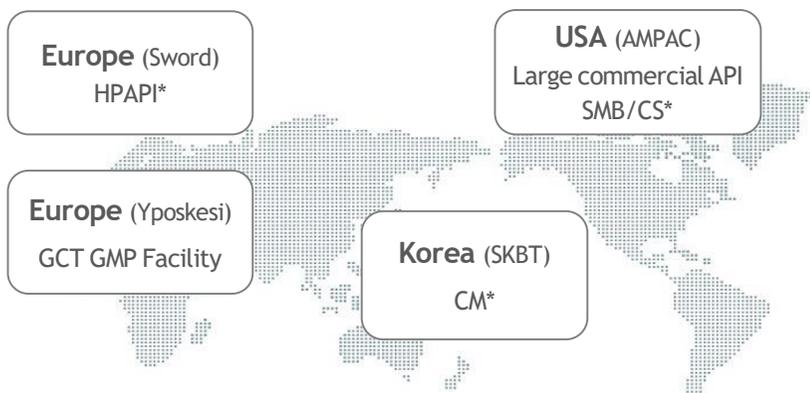
\* SMP : System Marginal Price

# 2Q21 Business Results : SK pharmteco



Continued revenue growth owing to a production increase in chemical CMO, operating profit decreased YoY after the reflection of GCT business results

## Global Presence



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

## Highlights

- Revenue grew both QoQ and YoY as orders increased from major customers**
  - Continued sales volume increase in 2H to lead to YoY revenue growth
- Chemical CMO's profitability remained flat, but the reflection of Yposkesi led to a decrease in OP on YoY basis**
  - Around 20% EBITDA margin being sustained for chemical CMO excluding recently acquired Yposkesi
- Continue to expand along the value chain and enhance operational excellence**
  - Optimizing global manufacturing operations by leveraging long-term contracts
  - Seeking additional M&A opportunities in DP and GCT area

(bln, KRW)	2Q21	2Q20	YoY	1Q21	QoQ
Revenue	199	187	+6.2%	144	+38.4%
Operating Profit	4	22	△81.0%	△0.3	TB
EBITDA	25	41	△40.6%	18	+36.1%

# 2Q21 Business Results : SK siltron

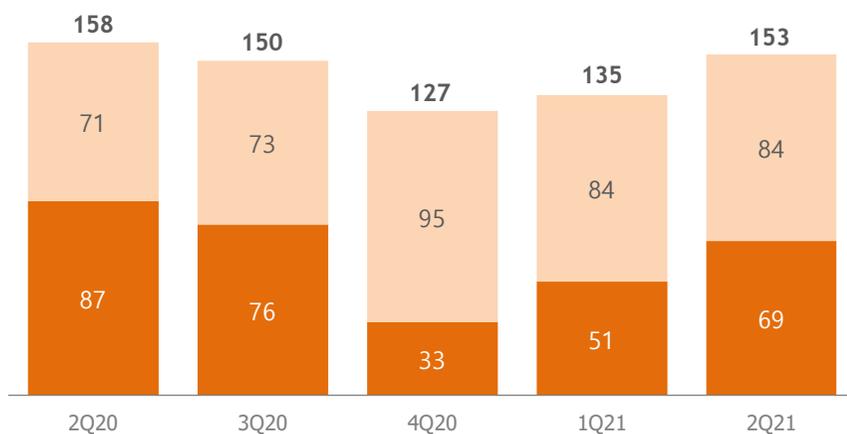


- Posted record-high quarterly revenue based on strong ASP trend and sales volume increase with favorable supply-demand condition

## SK siltron OP and EBITDA

(Unit : bln, KRW)

Operating Profit Dep. Cost



(bln, KRW)	2Q21	2Q20	YoY	1Q21	QoQ
Revenue	440	426	+3.2%	422	+4.1%
Operating Profit	69	87	△20.9%	51	+36.2%
EBITDA	153	158	△3.6%	135	+13.4%

## Highlights

- Strong ASP trend continued for logic, memory experienced volume growth on contract renewals with customers
  - Robust demand led to QoQ earnings growth for all products, but SiC related costs dragged down YoY profitability
- Continue to strengthen growth momentum with favorable demand outlook for 2H
  - Strong earnings expected due to secular growth in logic demand and disciplined capex among suppliers
  - Securing growth driver by expanding logic sales, increasing capex for R&D, and mass production of SiC

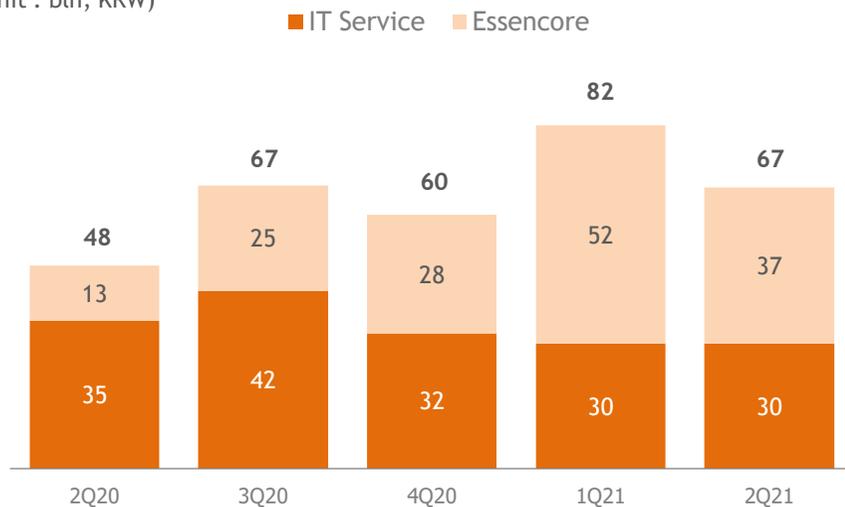
# 2Q21 Business Results : IT Service (C&C)



## Earnings remained stable as revenue for cloud business expanded

### IT Service Operating Profit (incl. Essencore)

(Unit : bln, KRW)



(bln, KRW)	2Q21	2Q20	YoY	1Q21	QoQ
Revenue	421	439	△4.2%	392	+7.2%
Operating Profit	31	35	△11.7%	30	+4.4%
Pretax Income	28	28	△1.4%	28	+0.4%
Essencore Operating Profit	37	13	+186.2%	52	△27.9%

### Highlights

- Cloud revenue increased 90% YoY, on track to meet the annual target**
  - Revenue and OP increased QoQ supported by cloud business expansion, but declined YoY after the completion of major projects
- Top-line growth expected in 2H based on Cloud biz. expansion and new orders in 1H**
  - 1H orders from banking & financial services : YoY +146%
- Essencore's revenue grew on higher sales of in-house brand, but OP declined QoQ after weaker memory spot prices**
  - Increased sales volume for in-house brand, Klevv, led to revenue growth of QoQ 5.8%, YoY 52.1%

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