

October 2024



SK Inc.
Corporate Value-Up Plan

Disclaimer

This document contains information about the future management performance, financial situation, management goals and plans of SK Inc. (hereinafter referred to as "the Company") and its subsidiaries, based on uncontrollable uncertainties and assumptions about the business environment. If such uncertainties turn out differently than expected or assumptions become inappropriate, the contents of this document may be subject to change. In order to implement certain aspects of the content, it may require review and consultation on specific details, consent from investors, and approval from the board of directors at that time. The contents of this document should not be considered as promises or statements by the Company, and under no circumstances can they be used as legal evidence for investors' investment judgments and their results. The Company hereby informs that it does not assume any obligations or responsibilities regarding this document. Some of the information in this document is based on external sources, and the Company has not independently verified such external sources. Therefore, the Company does not provide any statements and/or guarantees regarding the accuracy or completeness of such external sources, which may contain risks, uncertainties, and may be subject to changes.

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Profile

Company Name

SK Inc.

Date of Establishment

April 13, 1991

HQ Address

26, Jong-ro, Jongno-gu, Seoul

CEO

Tae won Chey, Yong ho Jang

Business Sector

Holding company, SI (System Integration), consulting, and others

Shares Issued

Common shares: 72,502,703
Preferred shares: 566,135

Listed Market

KOSPI (Listed on November 11, 2009)

Market Cap

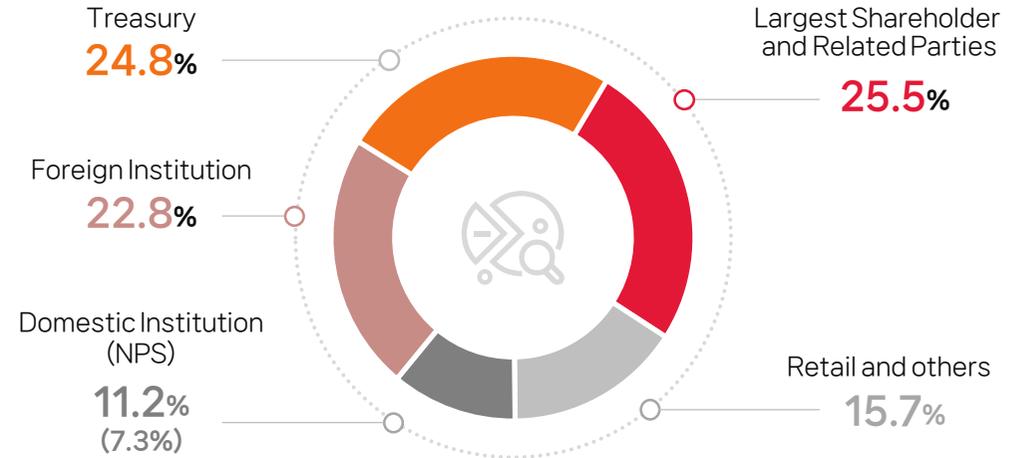
KRW 11.2 trillion (As of September 30, 2024)

Credit Rating

Corporate Bond	KIS	AA+	Aug 16, 2024
	NICE	AA+	Aug 16, 2024
	Korea Ratings	AA+	Aug 19, 2024
CP	KIS	A1	May 20, 2024
	NICE	A1	May 20, 2024
	Korea Ratings	A1	May 20, 2024

Shareholders

(Common shares, as of September 30, 2024)

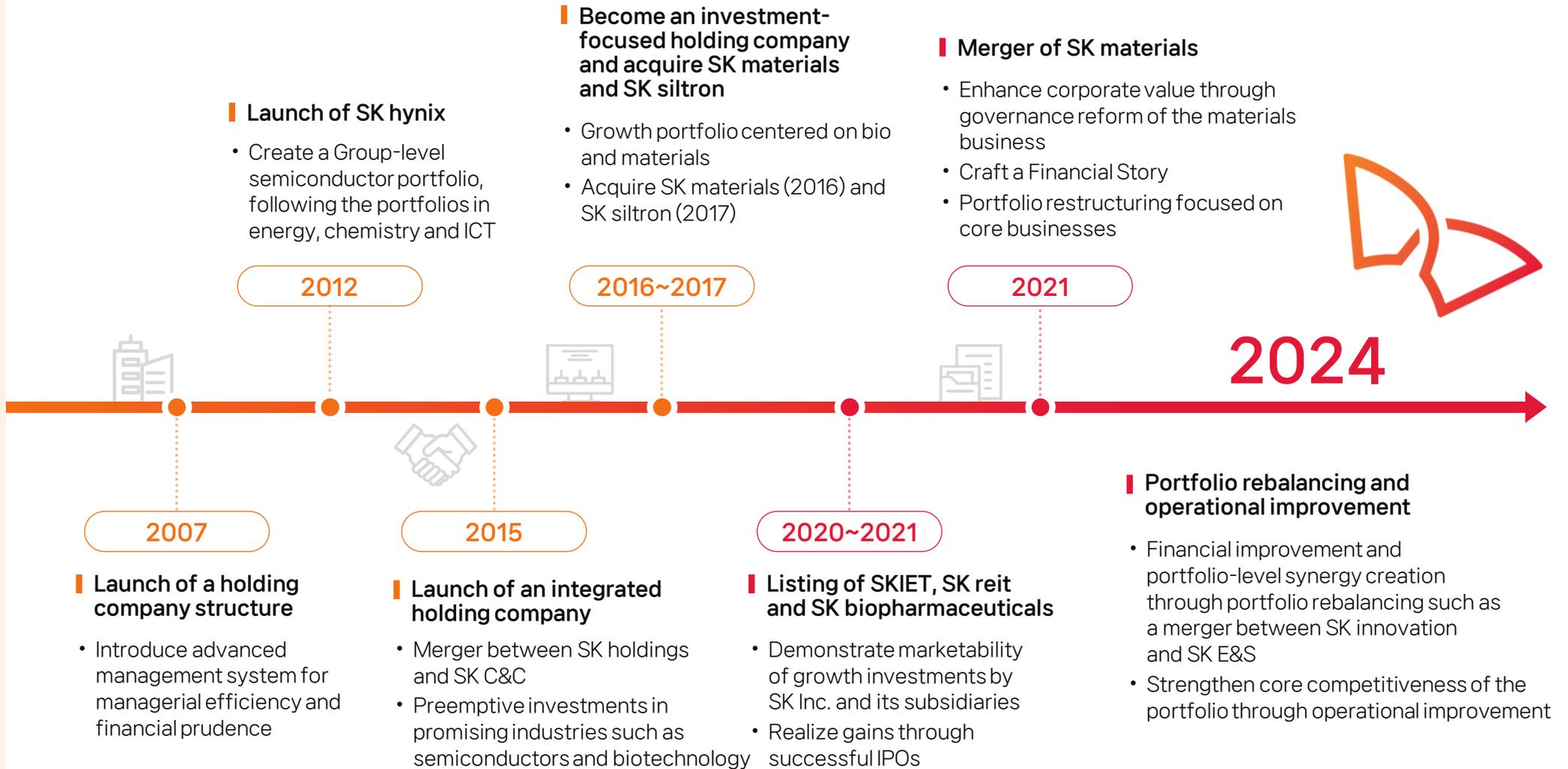


Corporate Structure

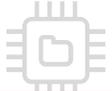
(Major Subsidiaries)



Expand growth opportunities through constant change and portfolio innovation to enhance corporate value



Medium to long-term investment portfolio management and business development centered around **the four key areas**

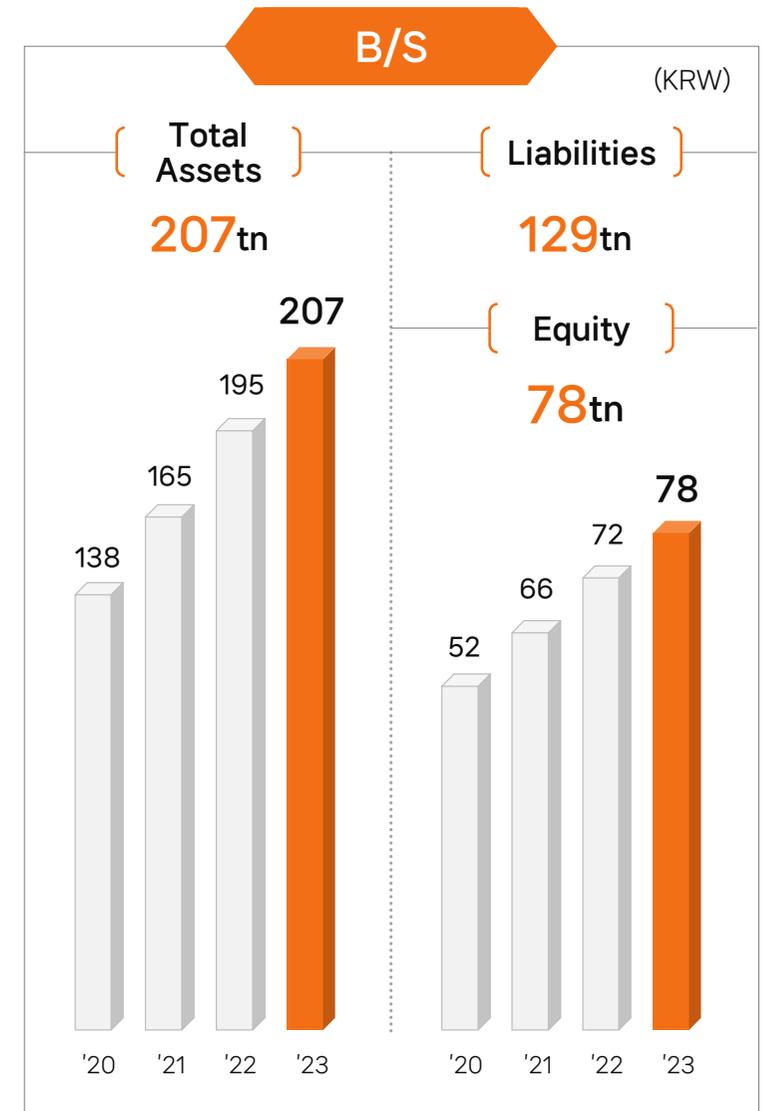
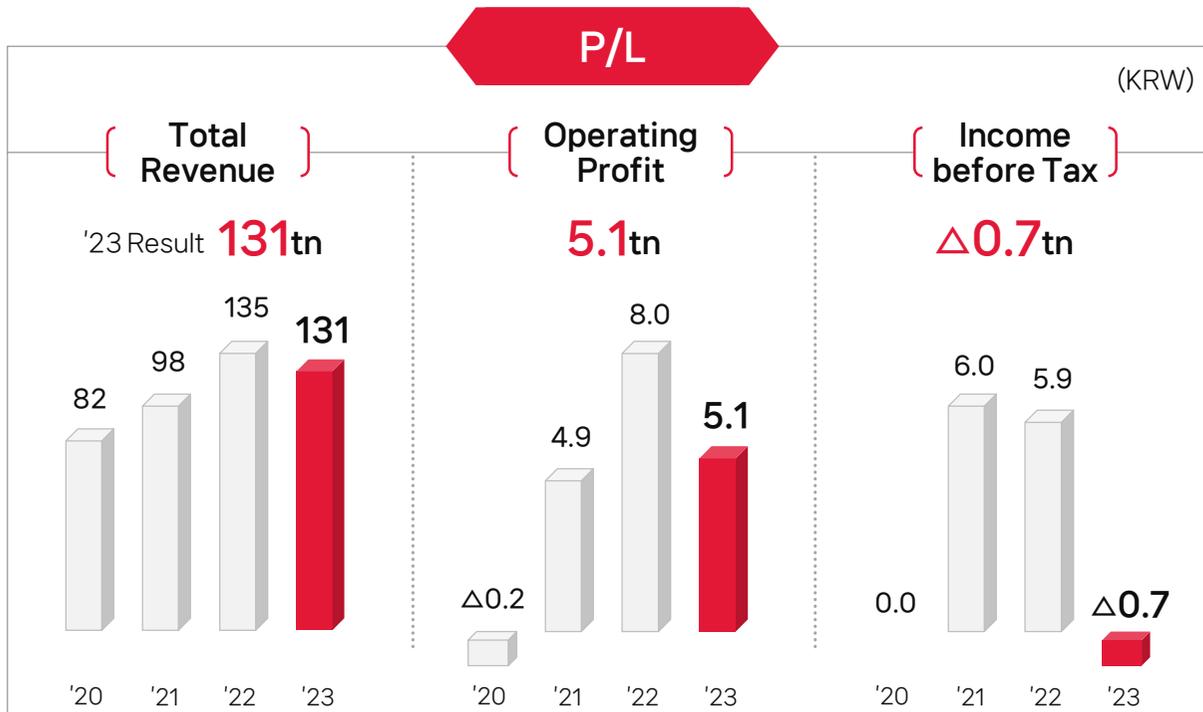
	 Green	 Advanced Materials	 Digital	 Bio
Business	EV battery/Hydrogen/ Renewables/Environmental solutions	High-performance · low- power semiconductors, silicon wafers, specialty gas, copper foil and others	Cutting edge ICT service via wireless/broadband infrastructure enhanced with AI, and AI data center	New drug development centered around epilepsy, And small molecule API/CGT CDMO business
Core Portfolio	<ul style="list-style-type: none"> • SK innovation Energy · chemicals, EV battery • SK E&S¹⁾ LNG, generation, renewables • SK ecoplant Environmental solutions 	<ul style="list-style-type: none"> • SK hynix Semiconductors • SK siltron Si/SiC Wafer • SKC Semiconductor/EV materials • SK specialty Semiconductor materials 	<ul style="list-style-type: none"> • SK telecom Wireless & broadband services, AI • SK square ICT • SK networks AI Infra 	<ul style="list-style-type: none"> • SK biopharm Biotech • SK pharmteco CDMO
Earnings Breakdown²⁾	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Revenue</div> <div style="text-align: center;">49%</div> </div> <hr style="border: 0.5px dashed gray;"/> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Operating Profit</div> <div style="text-align: center;">11%</div> </div>	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Revenue</div> <div style="text-align: center;">32%</div> </div> <hr style="border: 0.5px dashed gray;"/> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Operating Profit</div> <div style="text-align: center;">67%</div> </div>	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Revenue</div> <div style="text-align: center;">17%</div> </div> <hr style="border: 0.5px dashed gray;"/> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Operating Profit</div> <div style="text-align: center;">18%</div> </div>	<div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Revenue</div> <div style="text-align: center;">2%</div> </div> <hr style="border: 0.5px dashed gray;"/> <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> Operating Profit</div> <div style="text-align: center;">4%</div> </div>

1) To be merged with SK innovation as of November 1, 2024

2) As % of combined earnings of consolidated SK Inc. and SK hynix (As of June 30, 2024)

Financial Highlights

Growth in revenue and assets from expansion of semiconductor and green business;
Decrease in income before tax due to volatility in energy · chemical and chip industries



Major subsidiaries' income before tax

(KRW tn)	'20	'21	'22	'23
SK Innovation	Δ2.8	0.8	2.9	0.9
SK Telecom	0.9	1.7	1.2	1.5
SK E&S	1.3	0.7	1.3	1.5
SK Square	-	0.4	0.0	Δ2.6

※ From consolidated SK Inc. financial statements

Grow into a **sustainable company** through solid and systematic ESG management

Environmental

Efforts for 2040 RE100 & Net-zero

- Accelerated transition to renewables based on the RE100 roadmap : Captive generation, green premium, PPA*
* Power Purchase Agreement
- Build systems and improve operational structures for systematic management and analysis of net-zero related data

Expand green investments & biz.

- Expand eco-friendly portfolio (30% of cumulative investments through 2023)
- Strict management based on the Green Taxonomy

Social

Social value creation

- Presidential citation for gender equality, organized by Ministry of Employment and Labor, in hiring female employees
- The Ministry of Health and Welfare award for SIAT* for young people with disabilities
* Smart IT Advanced Training

Human rights-based approach

- Set human rights-centered management policy and detailed guidelines
- 1st company to receive an independent certification of the Human Rights Management System

Governance

Board-led management

- Announce the corporate governance charter to boost transparency
- Guarantee independence, diversity, and expertise of the Board

Risk management framework

- Develop a risk management framework based on ISO 31000 and verify its adequacy
- Establish a preemptive response system to identify potential risks in advance

Major recognition



AAA rating
Global Top 7%



1st in the Industrial Conglomerates category
DJSI World listed for 12 consecutive years



Integrated A+ rating



1st in holding co. category
5 consecutive years



Communication Awards
Sole platinum win/ Double gold wins

Pursue globally acclaimed governance through board-led accountable stewardship

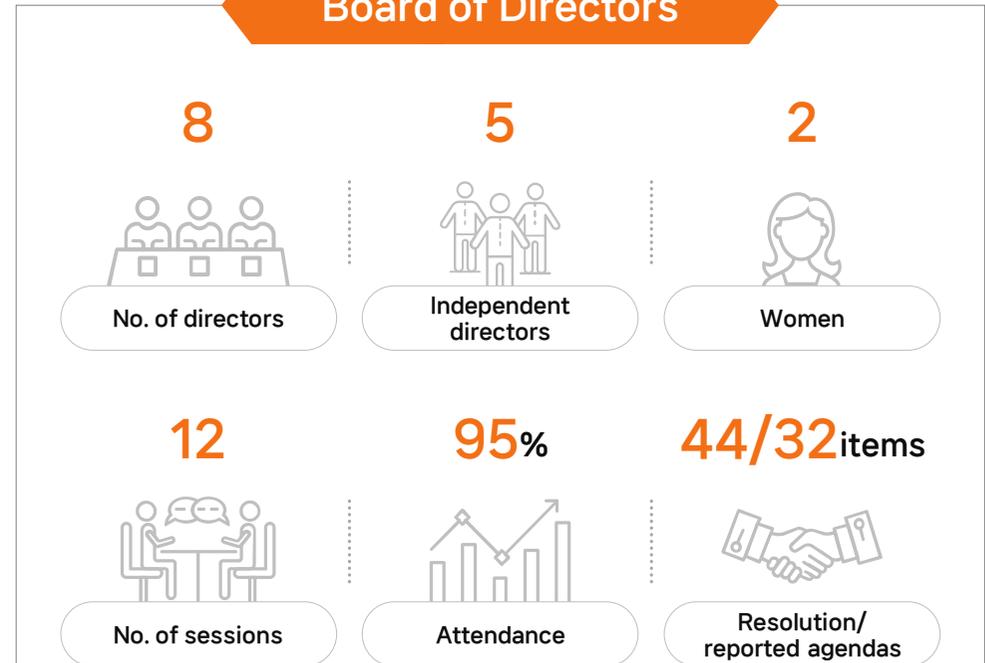
Governance Structure



Efforts for shareholder friendly management

- AGM notice disclosed 3 weeks prior to the scheduled date to secure review process of AGM agendas
- Protection of shareholder voting rights, facilitation of electronic voting
- Medium-to long-term shareholder return policy instated to increase shareholder value

Board of Directors



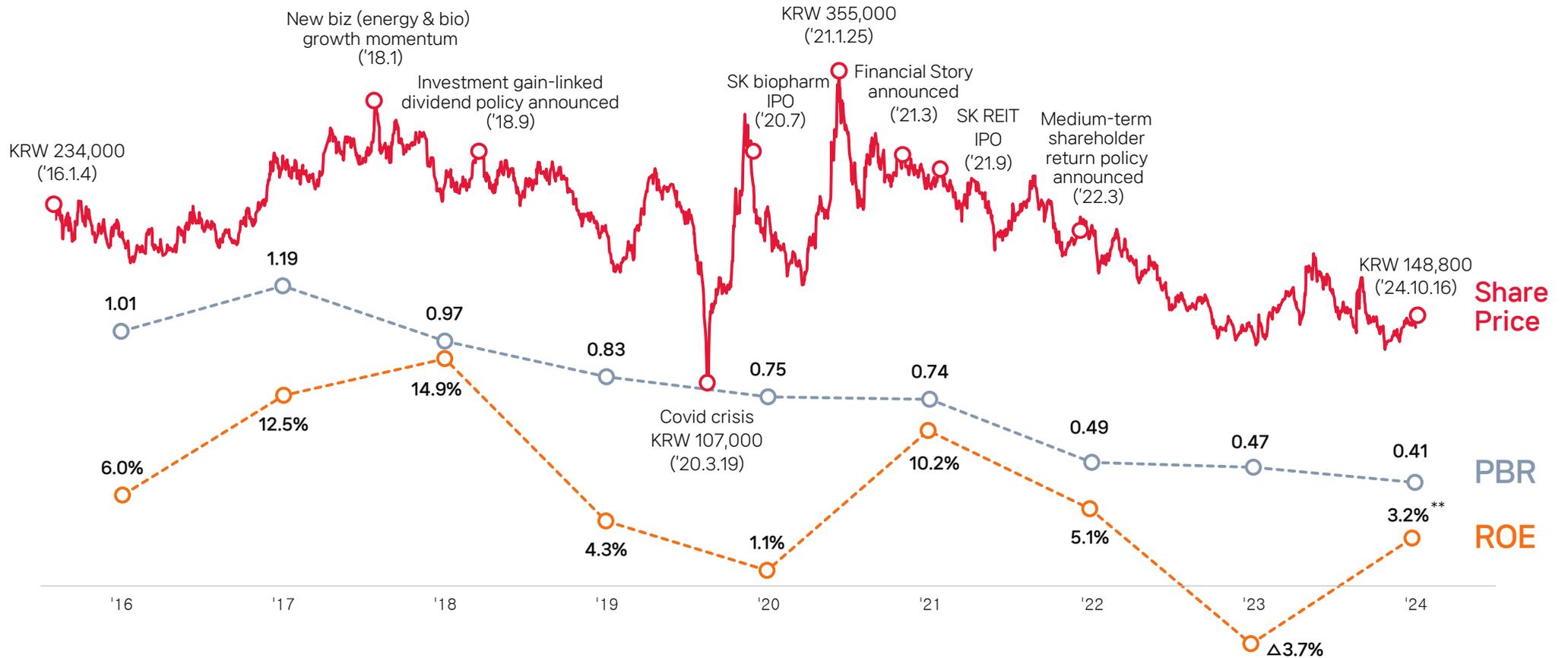
* Data for no. of sessions, attendance and no. of resolution/reported agendas from '23

Efforts for Board Independence / Expertise / Diversity

- Independence: Appointed independent directors as chairman of the board and committee chairs
- Expertise: BSM (Board Skill Matrix) centered assessment, independent director training sessions (5 in '22/2 in '23)
- Diversity: Appointed 2 female independent directors; or 25% of total number of directors

Volatile ROE patterns amid semiconductor, battery value chain, and AI business expansion have contributed to fluctuations in share price and PBR

Share Price, PBR, ROE Trend

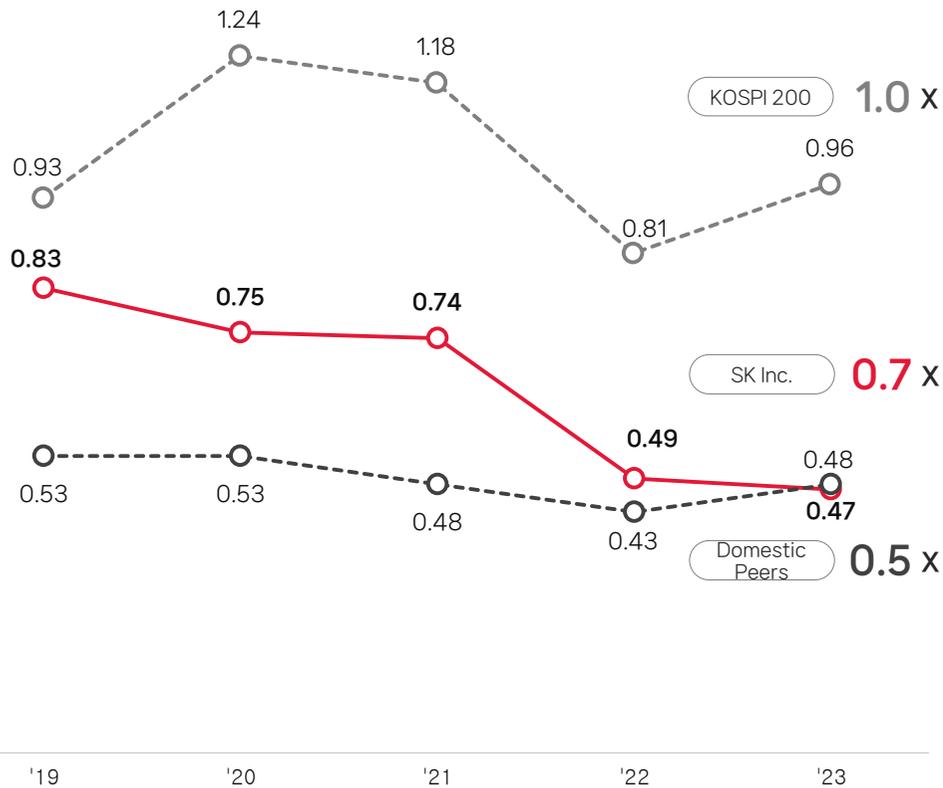


※ PBR : SK Inc. year-end share price ÷ average SK Inc. shareholders' equity*
 ROE : SK Inc. net income attributable to controlling interest ÷ average SK Inc. shareholders' equity*
 (*sum of average annual SK Inc. shareholders' equity at the beginning & end of the year divided by 2)

** ROE for '24 annualized from 1H results

• PBR Analysis •

[5-yr average]



5-year average PBR is higher than domestic holding company peers, but is lower than the KOSPI 200 due to holding company discount and other factors

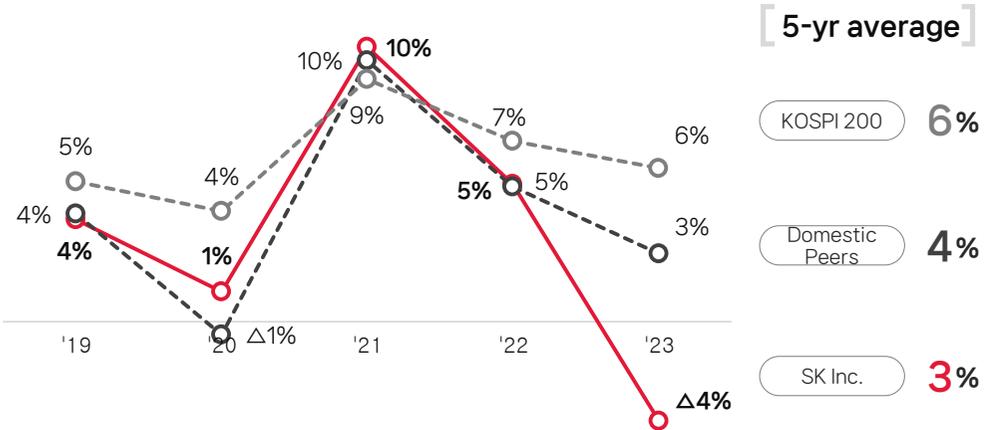
BPS has been growing since 2019, but share price is undervalued at 0.5-0.8x BPS resulting in gradual decline in PBR

	'19	'20	'21	'22	'23
Closing Share Price (KRW 10k)	26.2	24.1	25.1	18.9	17.8
BPS* (KRW 10k)	31.5	32.3	34.1	38.4	38.2
- Average SK Inc. shareholders' equity (KRW tn)	16.7	17.1	19.3	21.4	21.2
PBR (x)	0.83	0.75	0.74	0.49	0.47

※ Domestic peers: POSCO Holdings, Samsung C&T, LG, LS, GS, CJ, Doosan, Lotte, Hanwha
 Source : KOSPI 200 PBR - Korean Statistical Information Service (KOSIS), Domestic peer PBR - Bloomberg

* Per share amount of average SK Inc. shareholders' equity (sum of SK Inc. shareholders' equity at the beginning & end of the year divided by 2)

ROE Analysis



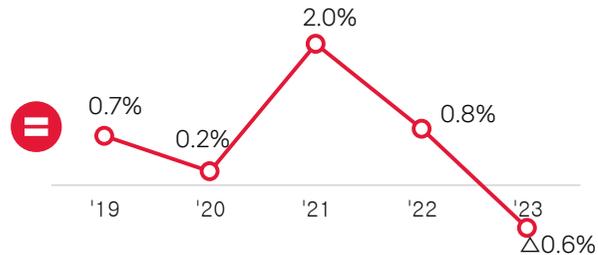
ROE reached 10% in 2021 but **turned negative in 2023**. The 5-year average is 3%, which is lower than domestic holding company peers and KOSPI 200 companies

Decline in ROE for two years caused by **high earnings volatility** due to the cyclical nature of core businesses such as semiconductor and petrochemicals and **delay in earnings visibility for battery and other growth businesses**

※ Domestic peers: POSCO Holdings, Samsung C&T, LG, LS, GS, CJ, Doosan, Lotte, Hanwha
Source : KOSPI 200 & Domestic peer PBR - Bloomberg

Return on Sales

Net profit attributable to controlling shareholders/Sales



Need to improve profitability through operational efficiency and portfolio rebalancing

Asset Turnover Ratio

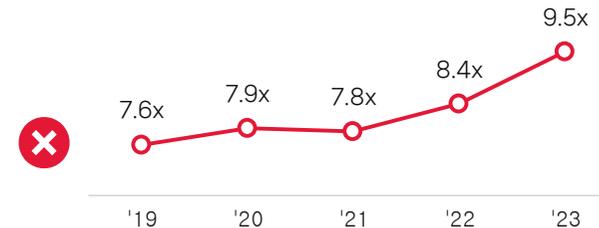
Sales/Total Assets



Need to keep enhancing asset efficiency in proportion to asset growth through growth investments

Leverage Ratio

Total Assets/Controlling Equity

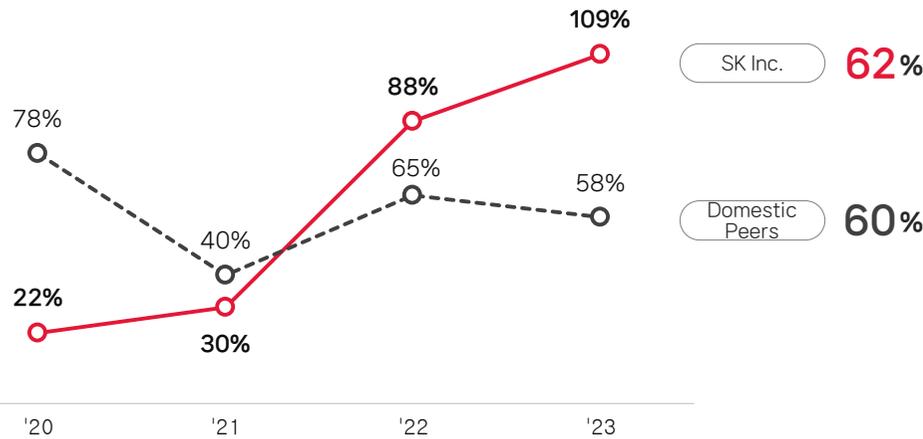


Trend of increased leverage

Shareholder Return Analysis

Shareholder Return Analysis

Based on standalone net profit



Standalone net income is influenced by the size of realized gains from portfolio investments, and despite short-term profit volatility*, **shareholder return continues to grow through active measures focused on building market trust and enhancing shareholder value**

* SK Inc. standalone net profit: 1.7tn in 2020, 1.5tn in 2021, 0.5tn in 2022, and 0.4tn in 2023

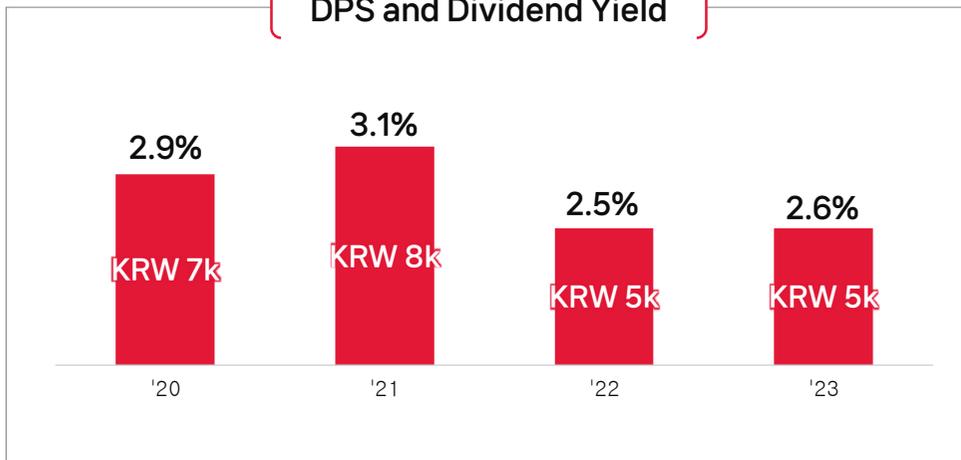
Special dividend paid to share profit from IPO of SK biopharm in 2021 and sale of ESR in 2022

Based on the medium-term shareholder return policy, **share buy-back and cancellation worth 1%+ of market cap each year since 2022, with annual shareholder return exceeding KRW 0.4tn**

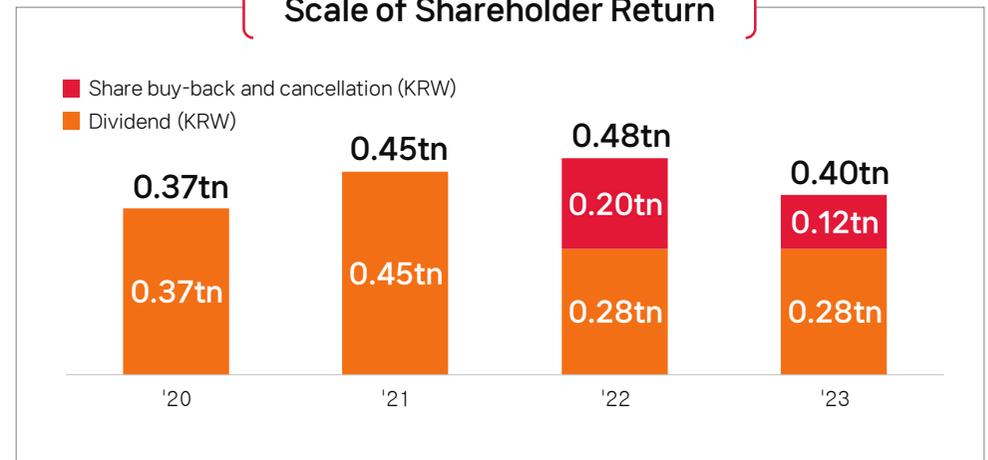
※ Domestic peers: POSCO Holdings, Samsung C&T, LG, LS, GS, CJ, Doosan, Lotte, Hanwha

Source: Disclosure

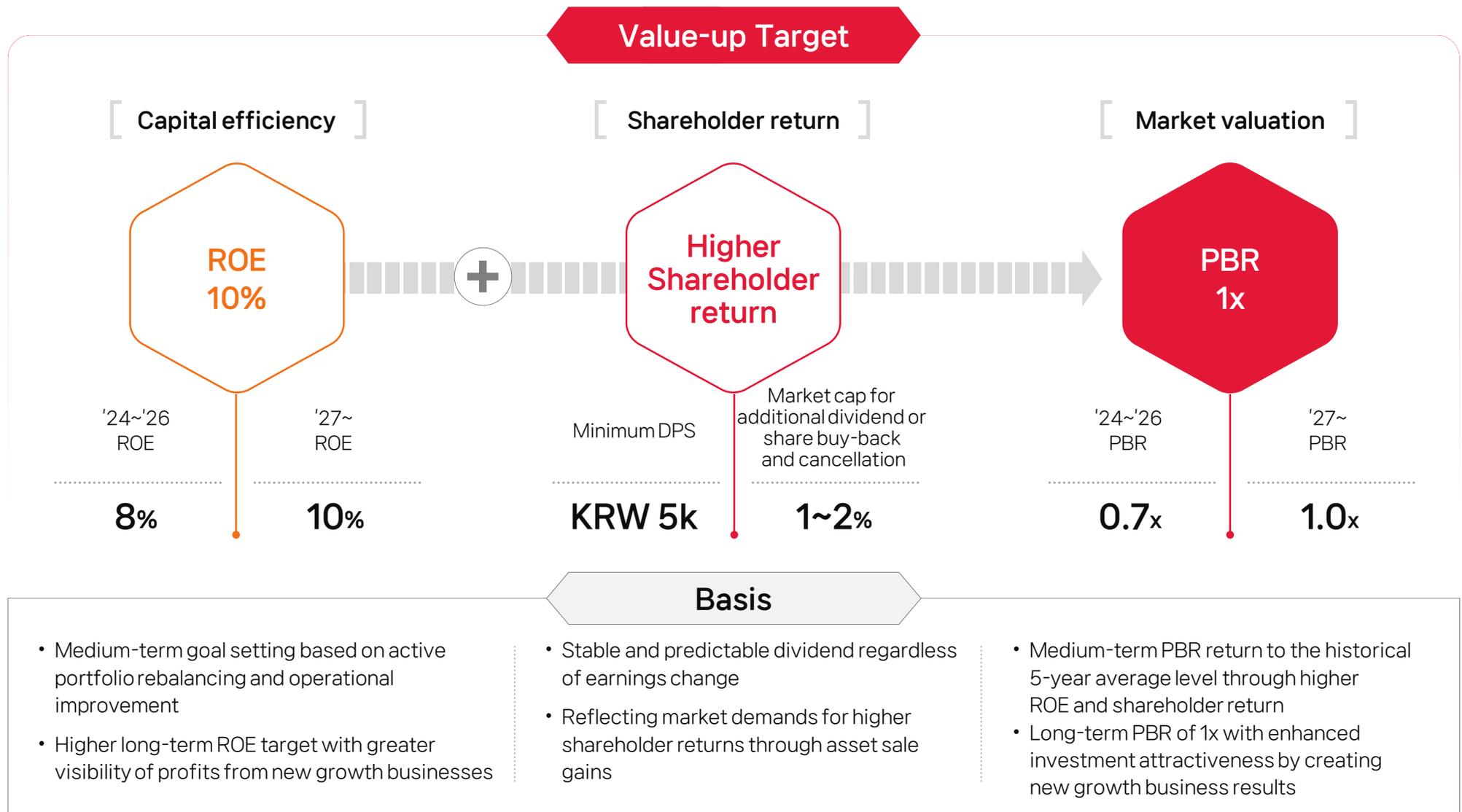
DPS and Dividend Yield



Scale of Shareholder Return



Enhance PBR through ROE improvement and higher shareholder return



- Direction of ROE improvement •

Strengthen fundamental competitiveness through portfolio value growth and financial stability to improve corporate value



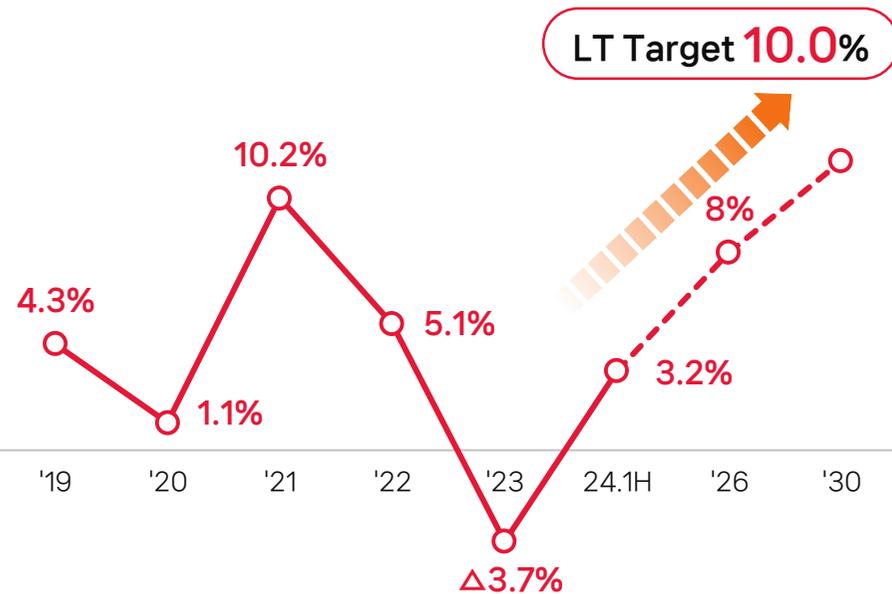
Secure resources for new growth investments*
to improve profitability of the portfolio and generate future earnings

* Invest in future growth domains such as AI (Chip/Infra/Service) and integrated energy solutions

SK Inc. to improve profitability through **Operational Improvement (O/I)** and **stronger execution power at the Group level**

Improve profitability of SK Inc.

Long-term ROE target of 10% or more



Direction of O/I



Improve profitability through BM innovation of subsidiaries



Secure fundamental competitiveness with O/I activities across the entire process*, including product and technology differentiation and process innovation

* R&D, production, quality, procurement, risk mgmt., etc.



SK Inc. to strengthen execution power through support for subsidiaries' O/I activities and regular monitoring



Plan and execute Group-level O/I activities by mobilizing Groupwide resources



Reduce the number of subsidiaries for optimal span of control

Synergy creation among subsidiaries through portfolio rebalancing and portfolio optimization through sale of non-core assets

Portfolio Consolidation

Portfolio Divestiture

- 01 | Internalize high quality assets and maximize synergy for future growth business

- 02 | Enhance operational efficiency and utilize capabilities effectively by reducing investment overlaps among subsidiaries

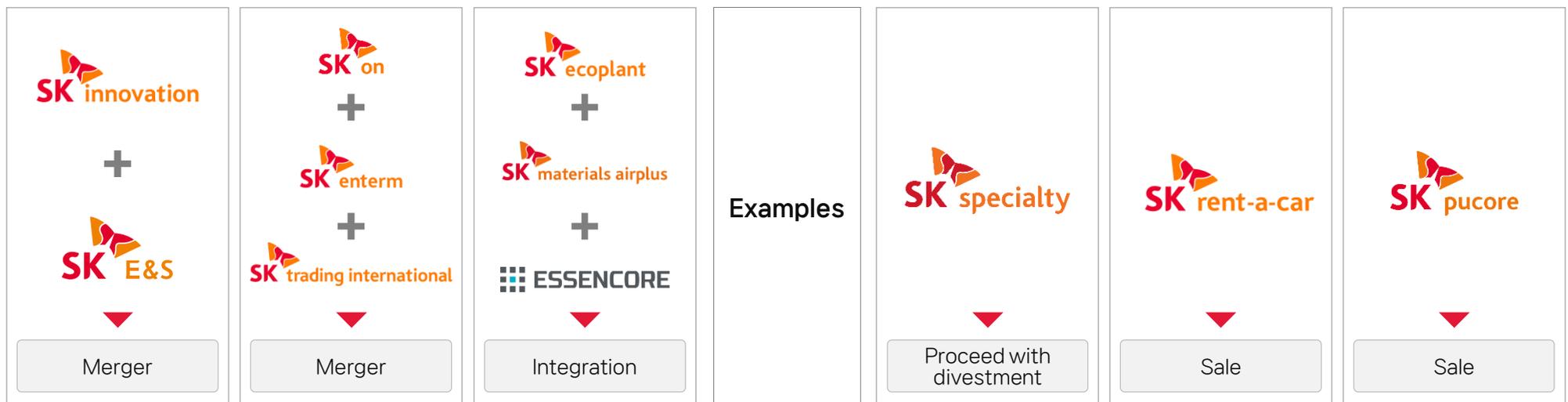
- 01 | Realize gains from the portfolios that have achieved high value

- 02 | Portfolio focus and concentration to nurture future growth businesses
→ Liquidation of non-core assets

- 03 | Sale of inefficient assets with low profitability whose value is not likely to increase soon

Direction

Examples



A significant reduction in debt to strengthen the financial structure and secure resources for future growth investments

Direction

Debt increased due to growth investments in advanced materials, green, bio, and digital, but

Actively reduce debt since 2024



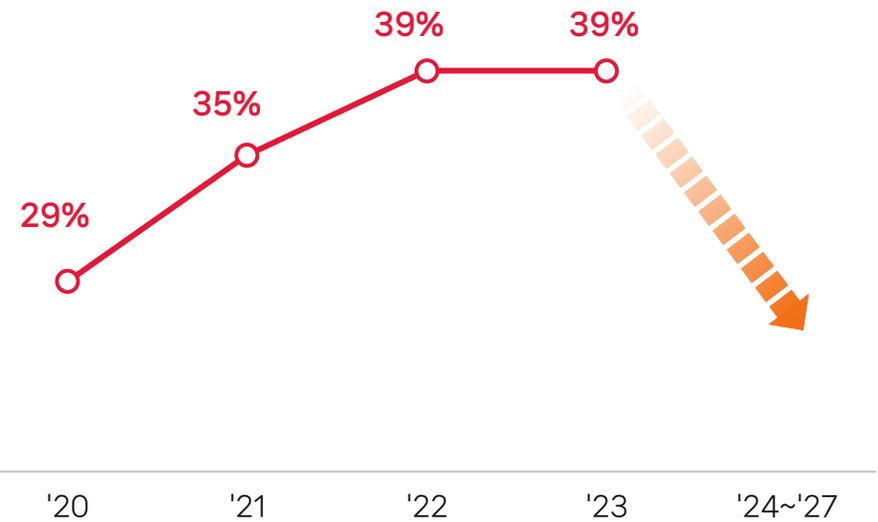
To reduce financing cost and improve the financial structure



To secure resources to identify and invest in future growth domains

Improve the financial structure

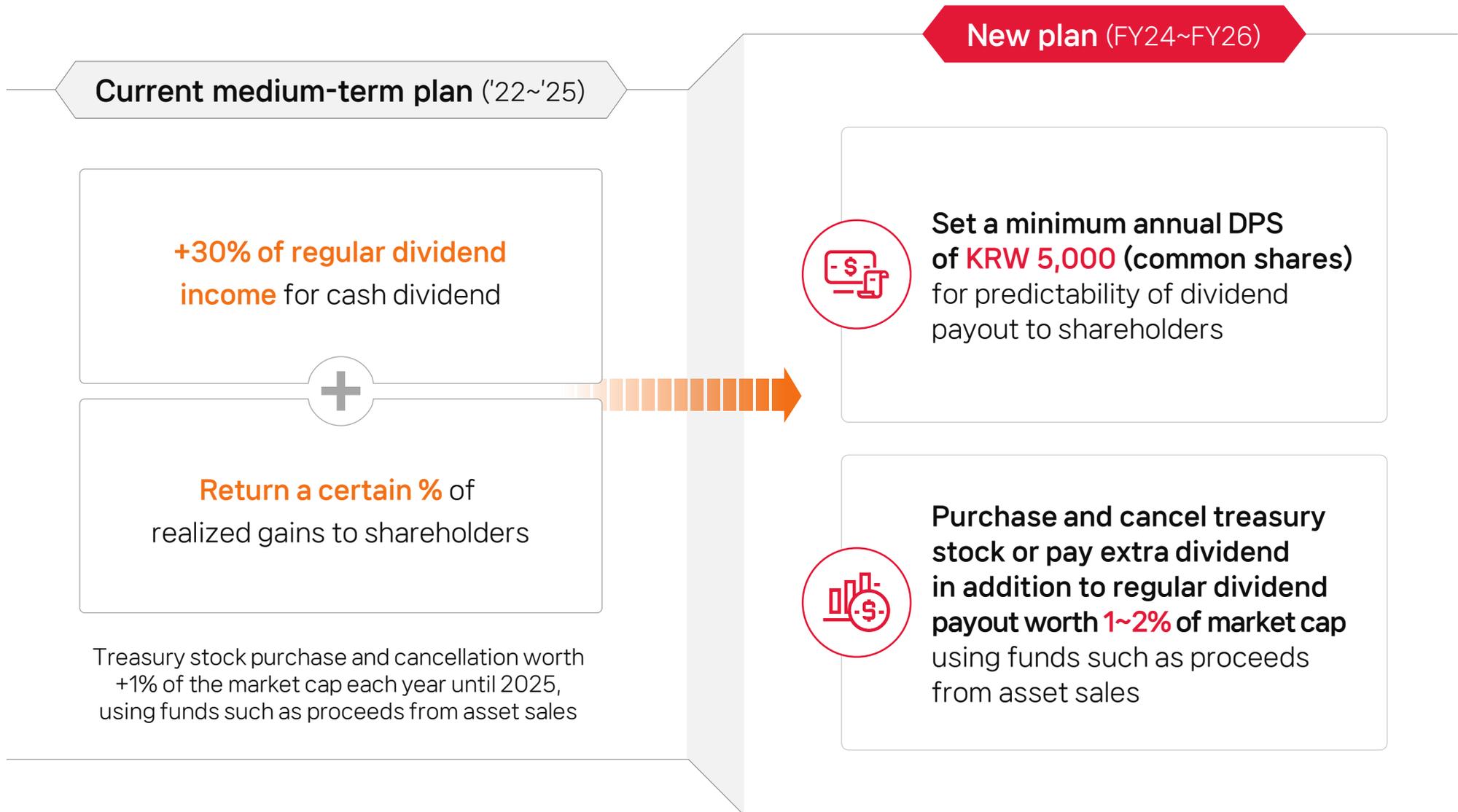
[Reduce net debt dependence*]



* SK Inc. standalone (lease liabilities included)

Increase Shareholder Return

Gradual increase in shareholder return to stable, consistent, and predictable levels in line with shareholders' expectations



Increase trust through two-way communication with the market and transparent disclosures

Investor Communication

AGM

- Electronic voting, open AGM, presentation on the status and strategies

Regular and frequent IR activities

- Annual and quarterly earnings (Provision of diverse content through Korean and English webpages and YouTube)
- Domestic and overseas NDR and conferences, 1:1 meetings, expanded coverage of domestic and overseas securities firms
- Business briefings, investor meetings, visits to major business sites
- A Board member in charge of comm. with shareholders (one of the outside directors)
- Address inquiries of retail investors, meetings with minority shareholders, and FAQ page on the IR website

Disclosure

- FSS, KRX, FTC disclosures, corporate governance reporting, and disclosure of medium- to long-term shareholder return plans

ESG Communication

- ▮ Pursue sustainable mgmt. **based on SKMS* principles**, and apply ESG lens for investment and portfolio management

* SKMS (SK Management System)

- ▮ **Issue Sustainability Report**

(Web Reporting : <https://esg.sk-inc.com>)

- ▮ **Constant comm.** with ESG Funds and rating agencies

Shareholder Communication Enhancement

01

▶ Mgmt.-led comm. w/ the market ◀

- More IR events led by the mgmt. for analysts and investors
- Improve the processes for Board deliberation on feedback from investors

02

▶ More engagement w/ investors ◀

- Identify new investors and expand the pool of long-term investors
- Improve shareholder comm. on major mgmt. decisions including AGM agenda

03

▶ Better accessibility to content ◀

- Expand disclosure content related to the Value-Up Program
- Offer more content in English

