

2023.3Q

EARNINGS BRIEFING

November 2023

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 informational purposes only.

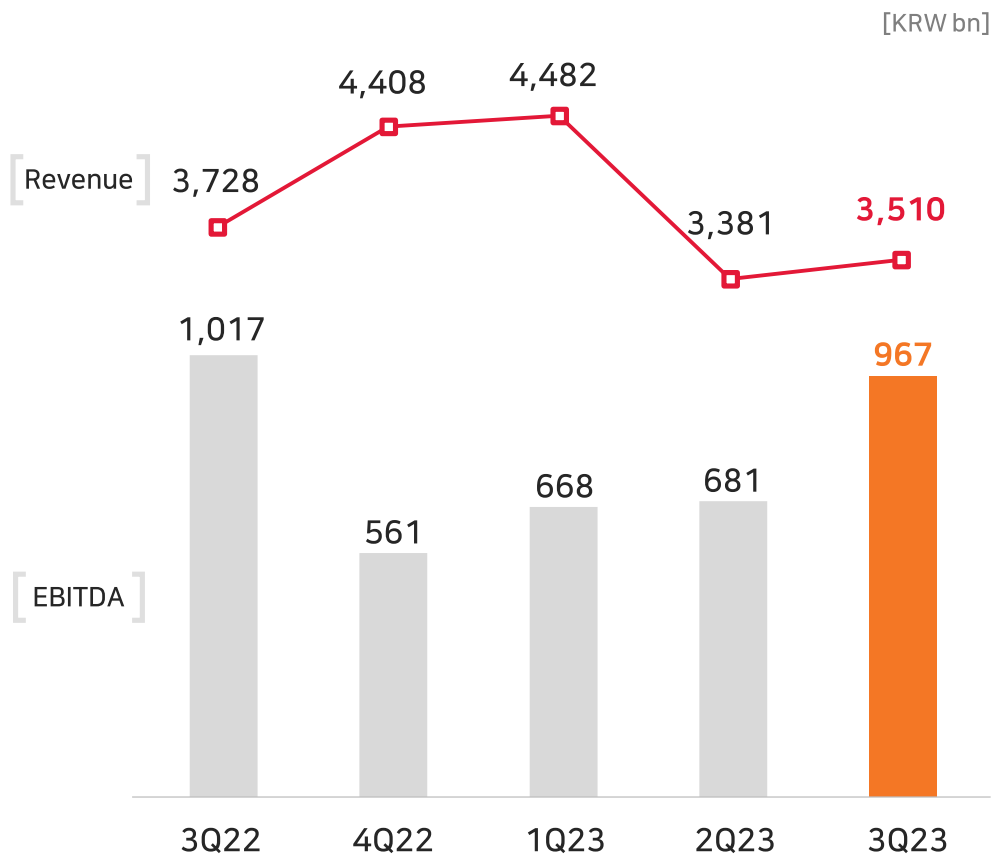
The financial information presented herein is based on K-IFRS. As the forward-looking statements herein reflect the current business environment and the Company's business strategies, actual developments may differ from those in the statements due to changes in the business environment and the Company's strategies as well as other uncertainties.

Under no circumstances should this material be considered as evidence of legal responsibility for investors' investment results.



Growth at SK E&S led to QoQ increase in revenue and EBITDA of major unlisted subsidiaries

Total Earnings of Major Unlisted Subsidiaries



- Revenue +3.8% QoQ, Δ 5.8% YoY
EBITDA +42.0% QoQ, Δ 4.9% YoY

 - Combined EBITDA decreased YoY due to weaker demand in the semiconductor downstream industry, but is showing improvement in recent quarters
- Capacity expansion at SK E&S via new power plant shows tangible results, and sales of next-gen products at SK materials CIC improve profitability

 - LNG powered generation capacity increased by 28% with the commercial operation of Yeosu Plant (July, '23)
 - Growth in sales of next-gen products (i.e. PR, Precursor) boost EBITDA margin at materials CIC (QoQ +5.7%p)
- In 4Q23, expecting further growth as SK E&S enters peak-earning season and advanced materials business recovers as the semi. industry turns around

 - Robust earnings at E&S to continue as the company enters peak-earning season with additional capacity
 - Advanced materials business results to improve from increase in LTA-based sales at siltron, and high value-added product sales at materials CIC

* SK E&S, SK pharmteco, SK siltron, SK materials CIC combined

* Results of SK E&S restated to reflect change in accounting treatment of COFF
(Constrained-off energy payment, compensation for reducing planned output)

Revenue and operating profit increased and income before taxes turned a profit, benefiting from favorable global energy market conditions

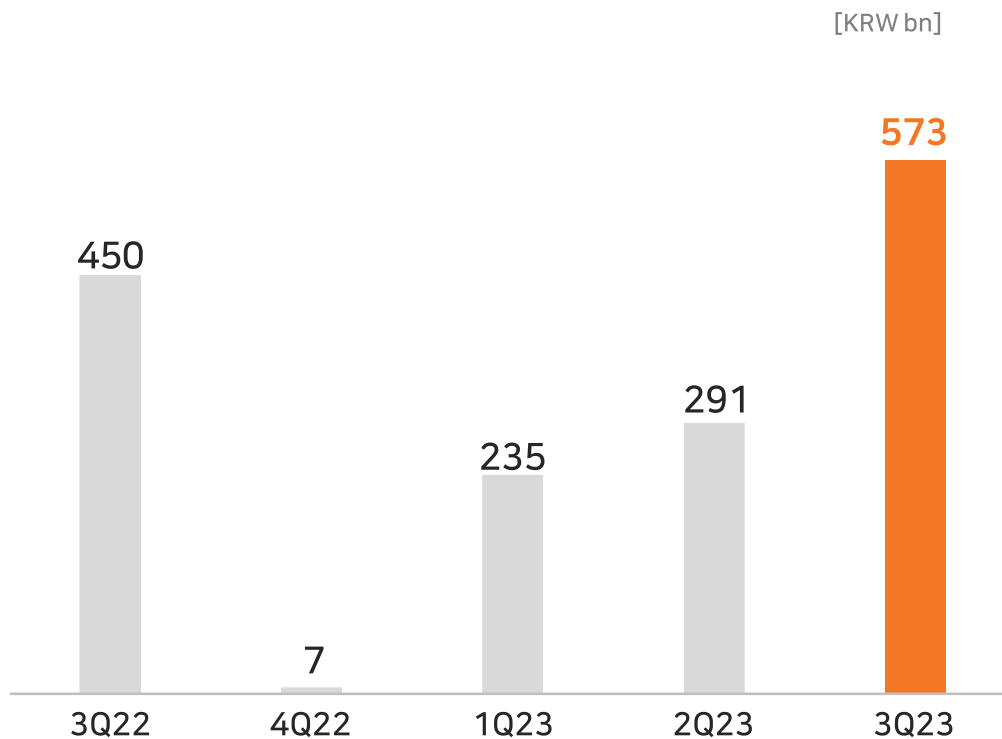
[KRW tn]	Revenue			Operating Profit			Income before Tax		
	3Q23	2Q23	QoQ	3Q23	2Q23	QoQ	3Q23	2Q23	QoQ
Consolidated	33.86	31.92	+6.08%	2.71	0.70	+290.16%	1.11	Δ0.22	N/A
Separate	0.77	0.79	Δ3.17%	0.19	0.11	+74.91%	0.04	Δ0.23	N/A
SK innovation	19.89	18.73	+6.20%	1.56	Δ0.11	N/A	1.09	Δ0.26	N/A
SK square	0.04	Δ0.13	N/A	Δ0.56	Δ0.73	N/A	Δ0.54	Δ0.74	N/A
SK telecom	4.40	4.31	+2.23%	0.49	0.46	+5.35%	0.40	0.45	Δ11.07%
SK networks	2.28	2.18	+4.83%	0.05	0.06	Δ15.17%	0.02	0.02	Δ32.90%
SKC	0.55	0.63	Δ11.31%	Δ0.04	Δ0.04	N/A	Δ0.08	Δ0.08	N/A
SK ecoplant	2.59	2.45	+5.49%	0.12	0.13	Δ6.50%	0.07	0.13	Δ48.22%
SK E&S	2.57	2.37	+8.18%	0.57	0.29	+96.65%	0.53	0.77	Δ30.96%
Materials CIC*	0.29	0.30	Δ4.67%	0.06	0.05	+25.59%	0.05	0.02	+95.36%
SK siltron	0.47	0.49	Δ4.76%	0.04	0.07	Δ44.51%	0.03	0.06	Δ46.96%

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LNG value chain showed structural earnings growth, driven by commercial operation of new power plant and enhanced cost-competitiveness

SK E&S Operating Profit



	3Q23	3Q22	YoY	2Q23	QoQ
Revenue	2,566	2,485	+3.3%	2,372	+8.2%
Operating Profit	573	450	+27.4%	291	+96.6%
EBITDA	711	574	+23.9%	418	+69.9%

Highlights

Revenue and OP rose YoY & QoQ, led by higher generation volume with the start of Yeosu plant and improved cost-competitiveness

- 3Q23 generation volume increased (+17.3% QoQ, +64.9% YoY)
- 3Q23 Yeosu power plant utilization rate : 81.2%

	3Q22	4Q22	1Q23	2Q23	3Q23
SMP (KRW/kWh)	193.7	254.1	236.3	151.1	147.1
Dubai Oil Prices (\$/B)	97.0	84.9	84.9	79.0	86.7

* SMP : System Marginal Price

Earnings to be supported by robust energy prices and normalization of Freeport LNG import

- SMP to remain elevated due to ongoing geopolitical tensions

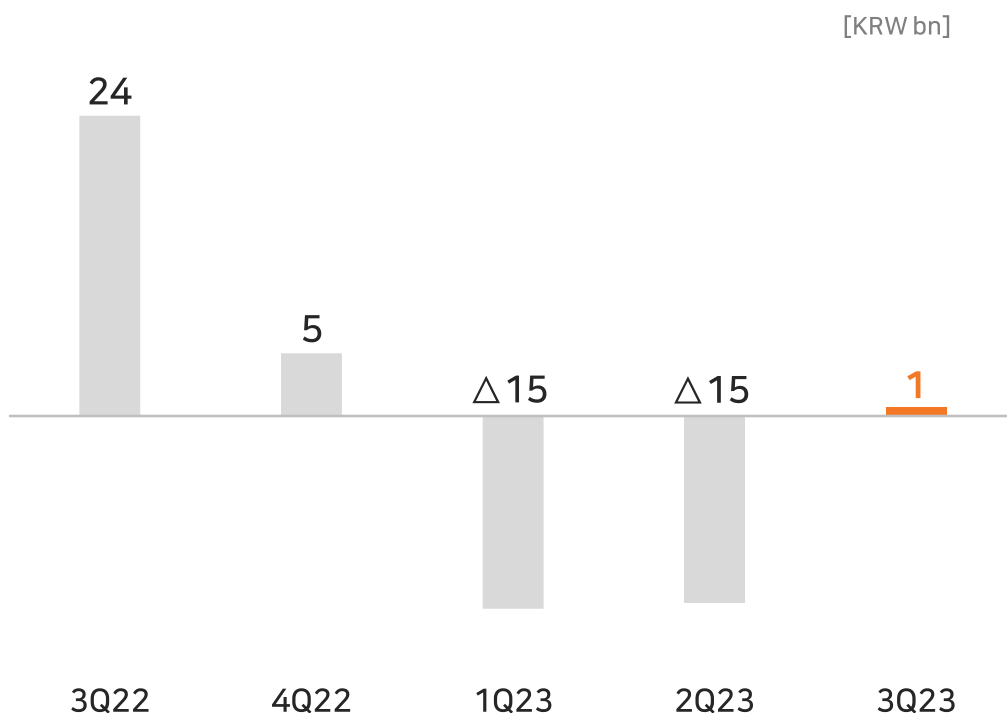
Commercial operation of new liquid hydrogen plant to begin in Dec. '23

- Aim to preoccupy domestic market with 30,000 tpa capacity

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Profitability improved QoQ even as small molecule CDMO business continued to be sluggish, efforts to secure additional contracts ongoing

SK pharmteco Operating Profit



	3Q23	3Q22	YoY	2Q23	QoQ
Revenue	187	217	Δ13.8%	214	Δ12.6%
Operating Profit	1	24	Δ95.8%	Δ15	N/A
EBITDA margin	13.6%	23.9%	Δ10.3%p	4.9%	+8.7%p

Highlights

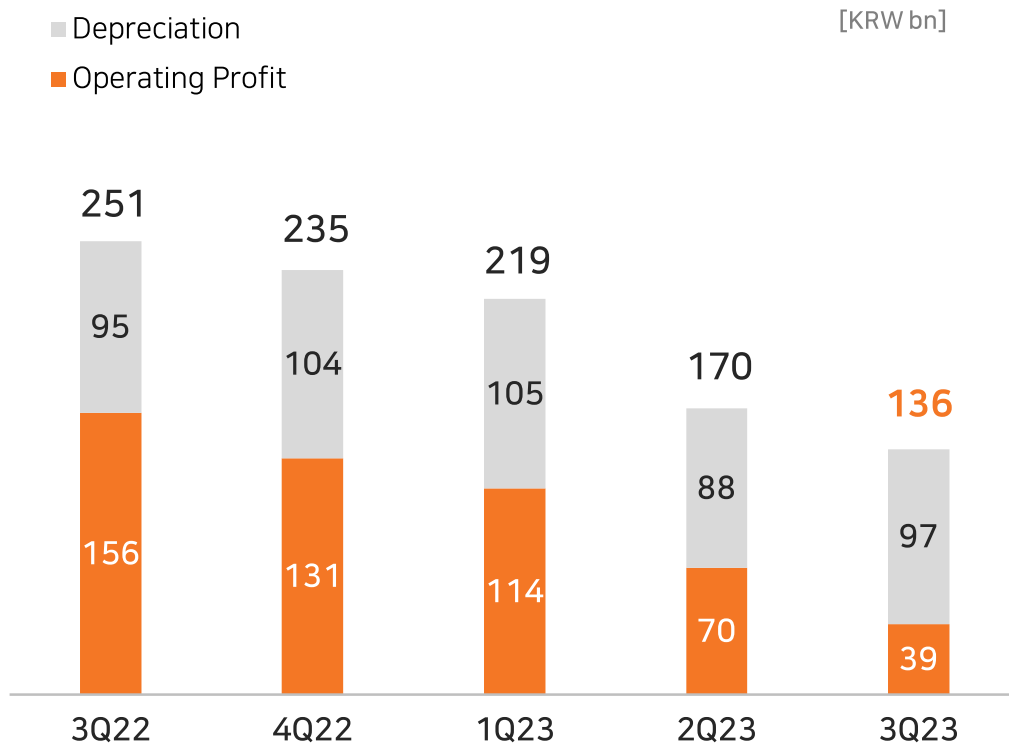
- ▣ **Increase in Yposkesi revenues improve overall profitability as small molecule CDMO results remained weak**
 - Enhanced productivity at SKBT (KR, IE) lowered costs, mitigating the impact of decrease in covid product revenue
- ▣ **Garnered external funding for future growth**
 - External funding to aid in strengthening CGT CDMO business and integrating US and European operations
 - To initiate investments in high-growth modalities (i.e. ADC, oligo)
- ▣ **Acquired controlling interest of CBM: Synergies from Yposkesi & CBM to enhance the value of CGT business**
 - Exercised call option to acquire additional stake and became the majority shareholder of CBM (as of end of 3Q23)
 - Able to provide comprehensive services including process development, manufacturing, and fully integrated testing and analytics
 - With GMP* facilities located in both US and Europe, able to meet clients' requirements that differ by region and stage (clinical trial/commercial)

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* GMP: Good manufacturing practice, system for ensuring that products are consistently produced and controlled according to quality standards

Despite continued decrease in wafer input volume at chipmakers, to maintain profitability via growth of LTAs sales and SiC wafer business expansion

SK siltron EBITDA



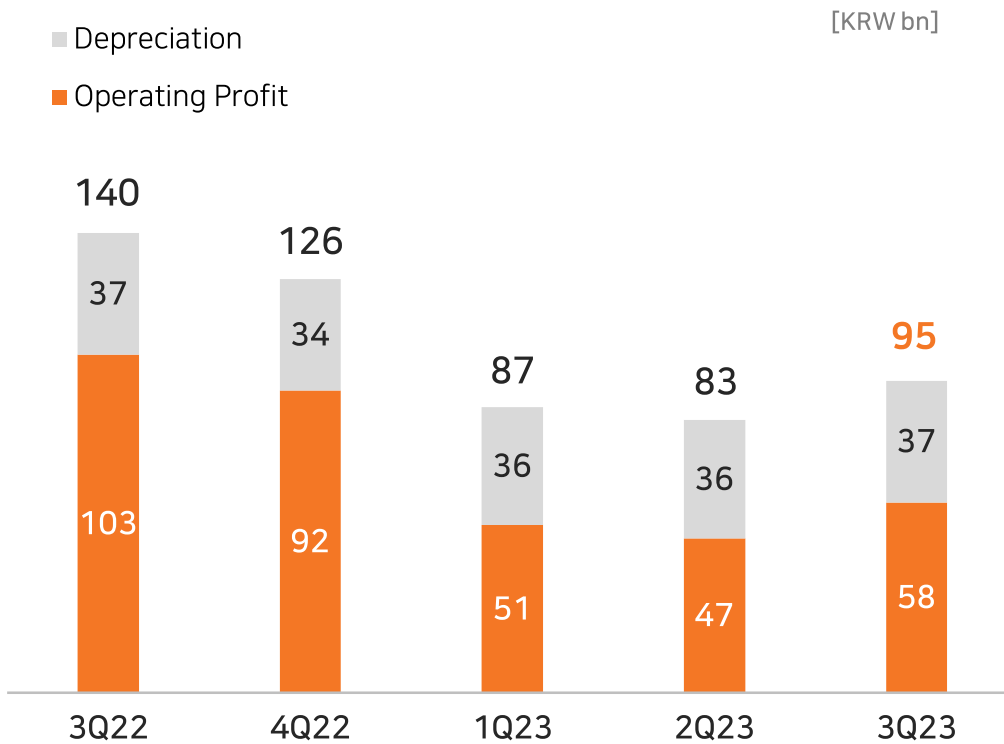
	3Q23	3Q22	YoY	2Q23	QoQ
Revenue	469	630	△25.6%	492	△4.8%
Operating Profit	39	156	△75.1%	70	△44.5%
EBITDA margin	29.0%	39.8%	△10.8%p	34.5%	△5.5%p

Highlights

- ▣ **3Q23, despite maintaining prices based on LTAs, revenue and profits fell due to decrease in wafer shipment and spot market slowdown**
 - 300mm wafer shipment decreased by 20% YoY
 - Cost increased due to rise in utility costs (electricity cost, etc.)
- ▣ **4Q23, with production cuts by chipmakers continuing to affect the industry, to maintain profitability via efficient cost management and LTAs**
 - Clients' wafer inventory levels* expected to peak-out in 2H23
 - * Includes raw wafer, work-in-progress and finished products
- ▣ **SiC Wafer (SK siltron CSS, USA) anticipating significant revenue growth via capacity expansion and improvement in growing process**
 - In '23, revenue expected to grow by 100+% YoY (\$29M in '22)

Despite weak downstream demand continued, profitability improved QoQ via gradual recovery in DRAM demands and sales expansion of next-gen products

SK materials CIC EBITDA



	3Q23	3Q22	YoY	2Q23	QoQ
Revenue	288	396	△27.3%	302	△4.7%
Operating Profit	58	103	△43.3%	47	+25.6%
EBITDA margin	33.1%	35.3%	△2.2%p	27.4%	+5.7%p

Highlights

3Q23, profitability improved QoQ benefiting from increase in sales of new products and effective cost management

- Specialty/Industrial gas: Decline in client utilization rates led to decrease in sales, whereas profitability improved via efficient cost management
- PR : Increase in sales of high value-added products such as KrF PR for 3D NAND and new products such as PMA* led to overall growth

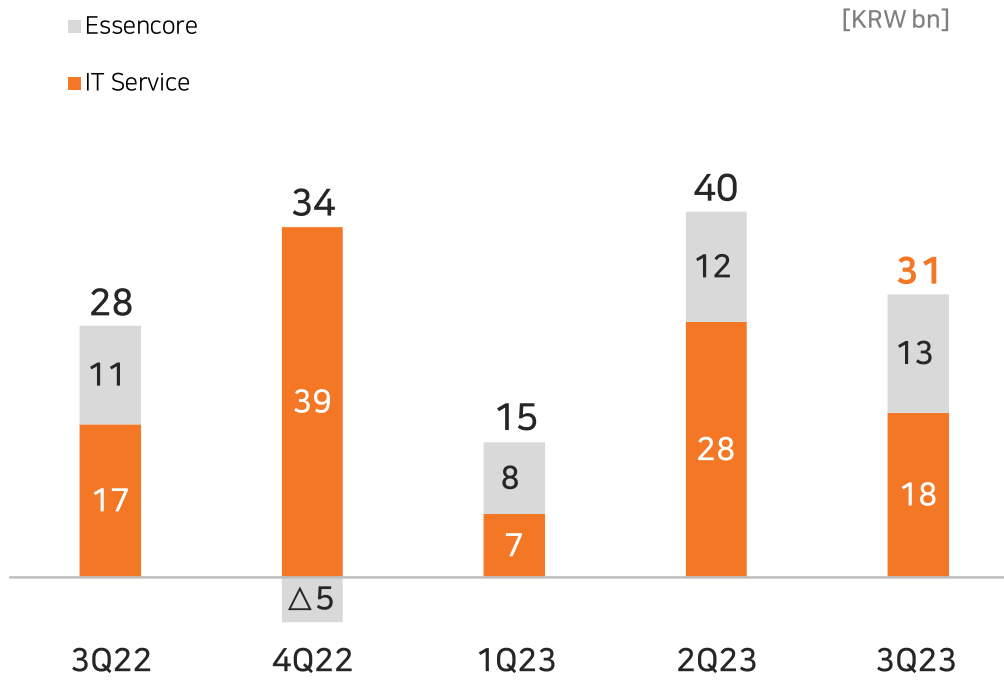
4Q23, sales from new high value-added products to increase earnings going forward while gradual recovery in market expected

- Special/Industrial gas: Revenue/profit to improve via full scale production of industrial gas at M15 and expansion of client base with silane gas for solar power
- PR/Precursor: Profitability to improve via increased sales of next-gen products (KrF PR, PMA etc.) and operation of new synthesis facility for next-gen high-K material (CpHf*)
- Advanced PKG: Upon completing qualification processes, new products such as Flux* to generate additional earnings

* PMA: semiconductor thinner material (for PR planarization)
CpHf: used for the most advanced DRAM capacitor
Flux: removes surface oxide of metal packaging balls

Smart Factory revenues on a steady rising trajectory, while efforts to increase exposure in financial & public domains accelerate

IT Services Operating Profit | Incl. Essencore



	3Q23	3Q22	YoY	2Q23	QoQ
Revenue	522	513	+1.8%	631	△17.3%
Operating Profit	18	17	+5.9%	28	△35.7%
Income before Tax	16	13	+23.1%	8	+100.0%
Essencore Operating Profit	13	11	+18.2%	12	+8.3%

* IT Services (C&C) results shown here were prepared internally and have not been audited

Highlights

Smart factory and cloud business show steady growth

- 3Q23 results improved YoY with newly generated revenue from smart factory project and removal of previous year's low-margin projects

Ongoing next-gen IT system projects at major financial institutions

- NH Bank: Data collection/analysis/application system development & data-based business innovation support (completed in 3Q23)
- Hana Bank: Personalized marketing platform development, cloud-based digital infrastructure deployment ongoing
- National Pension Service: Overhaul of outdated system to provide reliable pension services and manage data

Utilizing track-record to secure projects from financial & public institutions

Essencore earnings improve as revenue from Klevv see significant increase (QoQ +288%)

- Following the increase in sales volume in 2Q23, sales prices rose in 3Q23 (QoQ, DRAM +3.3%, NAND +6.7%)

Quarterly Results of SK materials CIC*, SK siltron, SK E&S

[KRW bn, %]		3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	2Q23	3Q23
SK materials CIC*	Revenue	247	268	955	262	280	307	340	1,189	348	371	396	414	1,530	311	302	288
	Operating Profit	62	62	234	62	68	83	78	291	84	99	103	92	379	51	47	58
	EBITDA	93	94	359	95	101	117	113	427	120	135	140	126	521	87	83	95
	<i>EBITDA Margin</i>	38%	35%	38%	36%	36%	38%	33%	36%	34%	36%	35%	30%	34%	28%	27%	33%
SK siltron	Revenue	439	428	1,701	422	440	476	512	1,850	555	597	630	572	2,355	580	492	469
	Operating Profit	76	33	249	51	69	77	85	282	119	159	156	131	565	114	70	39
	EBITDA	150	127	559	135	153	163	176	626	219	253	251	235	958	219	170	136
	<i>EBITDA Margin</i>	34%	30%	33%	32%	35%	34%	34%	34%	39%	42%	40%	41%	41%	38%	35%	29%
SK E&S	Revenue	1,035	1,578	5,799	2,134	1,518	1,688	2,619	7,960	3,683	2,200	2,485	3,173	11,541	3,394	2,372	2,566
	Operating Profit	△114	134	291	281	72	154	217	724	759	495	450	7	1,711	235	291	573
	EBITDA	△17	240	691	375	180	308	374	1,238	873	605	574	173	2,225	353	418	711
	<i>EBITDA Margin</i>	△2%	15%	12%	18%	12%	18%	14%	16%	24%	28%	23%	5%	19%	10%	18%	28%

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THANK YOU

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