

2023.1Q

EARNINGS BRIEFING

May 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.

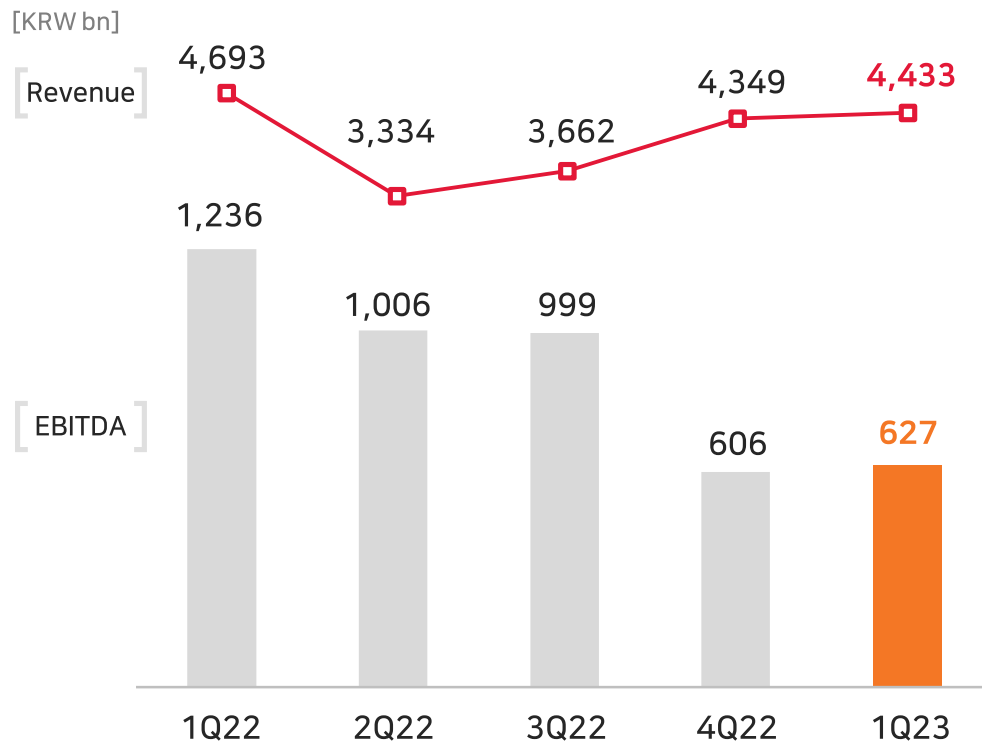
Under no circumstances should this material be considered as evidence of legal responsibility for investors' investment results.



Earnings of major unlisted subsidiaries increased despite industry downturn, while higher dividend income and divestment gains reinforced financial stability

Total Earnings of Major Unlisted Subsidiaries

- Combined revenue +1.9% QoQ, Δ 5.5% YoY, EBITDA +3.4% QoQ, Δ 49.3% YoY
 - Results affected by SMP cap and sluggish earnings of Advanced Materials businesses

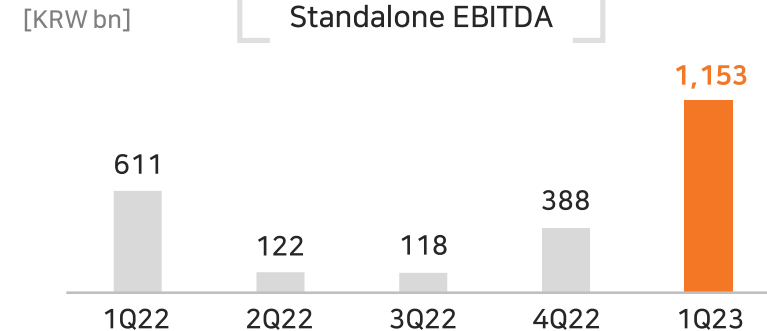


Financial Stability

1 Standalone results

1Q23 EBITDA growth from increased dividend income

- Dividend income KRW 1.1tn (+90.0% YoY)
 - Dividend hike at SK E&S and special dividend from M16 asset sales



2 Divestment

Accelerating virtuous investment cycle via portfolio divestment

- Sale of stake in US car-sharing platform company Turo
 - KRW 88.1bn, MOIC 2.1x
- To further utilize divestment candidate pool worth KRW 2tn

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

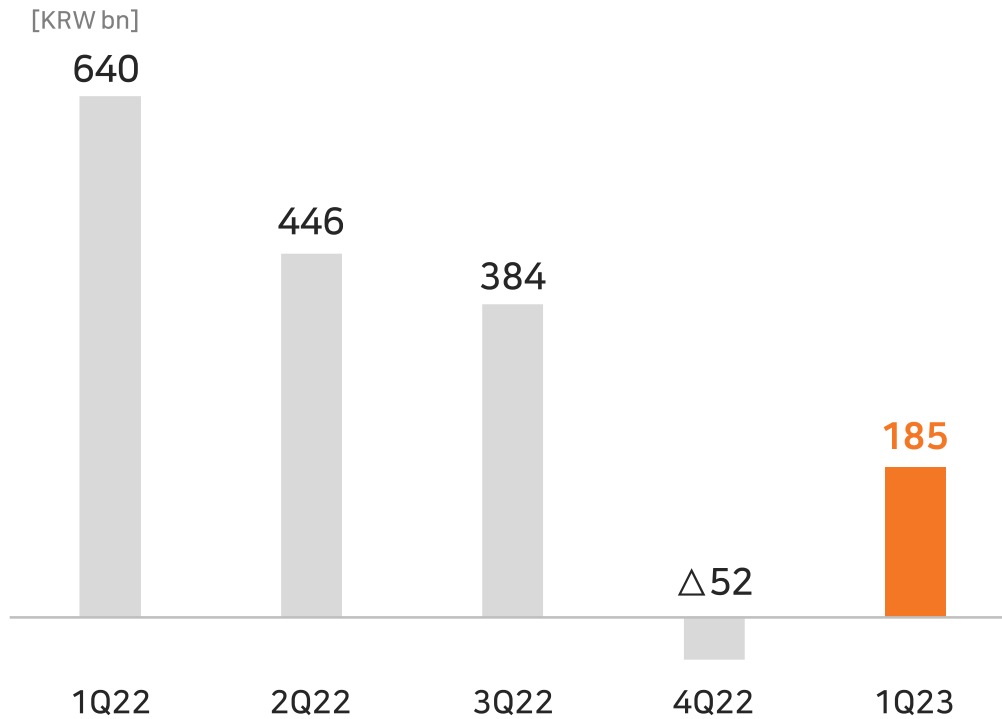
**Despite top-line growth YoY,
lower global energy prices and downturn in semiconductor industry led to lower profits**

[KRW tn]	Revenue			Operating Profit			Income before Tax		
	1Q23	1Q22	YoY	1Q23	1Q22	YoY	1Q23	1Q22	YoY
Consolidated	32.70	30.03	8.89%	1.13	2.99	△62.23%	0.01	3.26	△99.55%
Separate	1.64	1.05	56.27%	1.12	0.58	92.91%	0.99	0.80	24.39%
SK innovation	19.14	16.26	17.72%	0.38	1.65	△77.26%	0.16	1.38	△88.64%
SK square	0.01	0.92	△98.79%	△0.64	0.35	N/A	△0.62	0.41	N/A
SK telecom	4.37	4.28	2.22%	0.49	0.43	14.43%	0.42	0.33	28.72%
SK networks	2.45	2.50	△2.04%	0.05	0.04	22.63%	0.01	0.04	△72.49%
SKC	0.67	0.78	△14.75%	△0.02	0.11	N/A	△0.07	0.09	N/A
SK ecoplant	1.48	1.27	16.12%	0.05	0.05	3.90%	0.06	0.06	△5.14%
SK E&S	3.34	3.56	△6.16%	0.18	0.64	△71.11%	0.22	0.69	△68.89%
Materials CIC*	0.31	0.35	△10.82%	0.05	0.08	△39.10%	0.04	0.08	△54.43%
SK siltron	0.58	0.56	4.39%	0.11	0.12	△4.44%	0.11	0.11	△2.44%

* Materials CIC results shown here were prepared internally for the purpose of providing comparability and have not been audited.

Recorded quarterly profits from increase in power generation and cost-cutting efforts

SK E&S Operating Profit



	1Q23	1Q22	YoY	4Q22	QoQ
Revenue	3,345	3,564	Δ6.2%	3,114	+7.4%
Operating Profit	185	640	Δ71.1%	Δ52	N/A
EBITDA	312	860	Δ63.7%	218	+43.3%

Highlights

1Q23 recorded profits from seasonality and restart of LNG shipment from Freeport

- 1Q23 generation +41% QoQ, Δ22% YoY
- SMP cap price applied in the first two months of 1Q23 (avg. 160.9 KRW/kWh)

	1Q22	2Q22	3Q22	4Q22	1Q23
SMP (KRW/kWh)	181.0	156.5	193.7	254.1	236.3
Dubai Oil Prices (\$/B)	93.4	107.9	97.0	84.9	84.9

* SMP: System Marginal Price

** SMP cap price: 4Q22 217.6 KRW/kWh, 1Q23 179.8 KRW/kWh

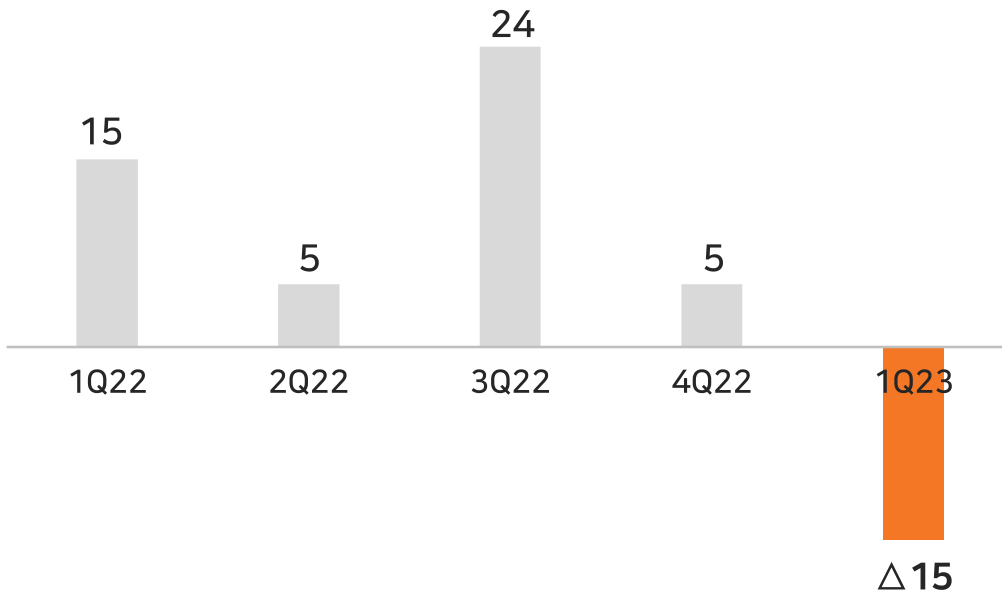
Expecting stable earnings with low-cost Freeport LNG supply back on track and new power plant operations

- Yeosu LNG power plant to begin commercial operations in 3Q23 (1,000MW)

Expanding product portfolio and manufacturing capacity to overcome decline in demand of COVID products

SK pharmteco Operating Profit

[KRW bn]



	1Q23	1Q22	YoY	4Q22	QoQ
Revenue	197	226	Δ12.8%	249	Δ20.9%
Operating Profit	Δ15	15	N/A	5	N/A
EBITDA margin	4.6%	16.3%	Δ11.7%p	11.0%	Δ6.4%p

Highlights

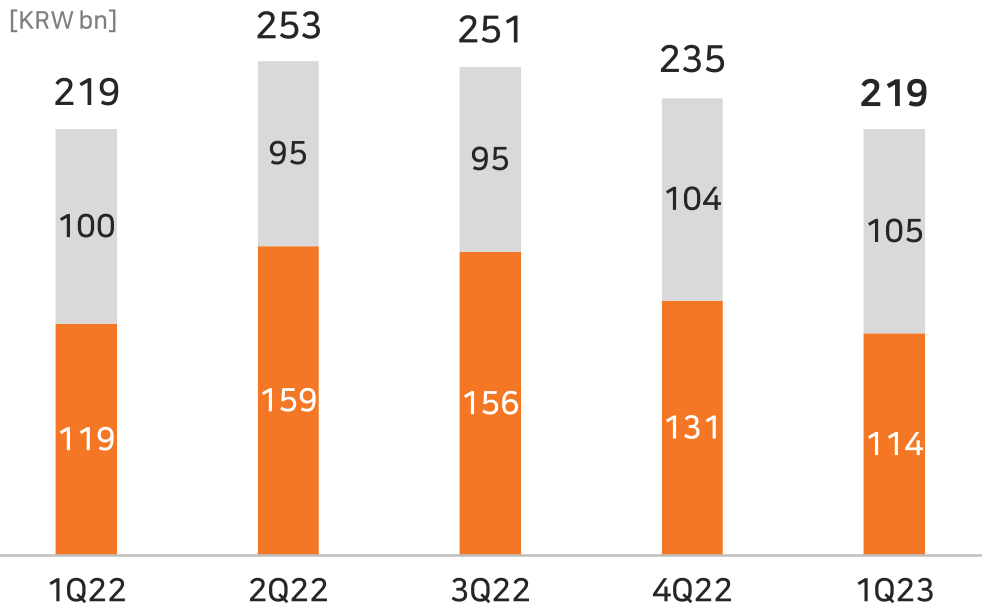
- 1Q23 recorded losses from decline in COVID demand at major pharmas**
 - Global CDMOs temporarily experiencing lower utilization rates with the end of the pandemic period boom
- Diversification efforts in product offerings leading to increase in core product orders**
- Improving efficiency at existing sites and expanding capacity in line with regional demands**
 - Expansions ongoing at sites including BT KR M4 (100m³, operations to begin in 2H23), US and Europe
- With growth returning to global CGT clinical pipelines, demands for CGT CDMO to grow**
 - In 2022 FDA approved 5 CGT products, highest number in recent years

* SK pharmteco results shown here were prepared internally and have not been audited

Revenue continued to grow even with weaker wafer demand, but profits declined due to higher costs

SK siltron EBITDA

■ Depreciation
■ Operating Profit



	1Q23	1Q22	YoY	4Q22	QoQ
Revenue	580	555	+4.4%	572	+1.3%
Operating Profit	114	119	△4.4%	131	△12.8%
EBITDA margin	37.8%	39.5%	△1.7%p	41.0%	△3.3%p

Highlights

□ Despite industry downturn in 1Q23, revenue increased from LTA-based sales and higher ASP

| Revenue +4% YoY, EBITDA Flat YoY

- 300mm/200mm ASP increased slightly YoY
- Cost increase in electricity, materials led to lower margins

□ Lower utilization rates of clients will lead to decline in demand in 2Q23; revenue from LTAs to help maintain profitability

□ Constraints in expanding production capacity will lead to tight supply of Si-wafers in the long run

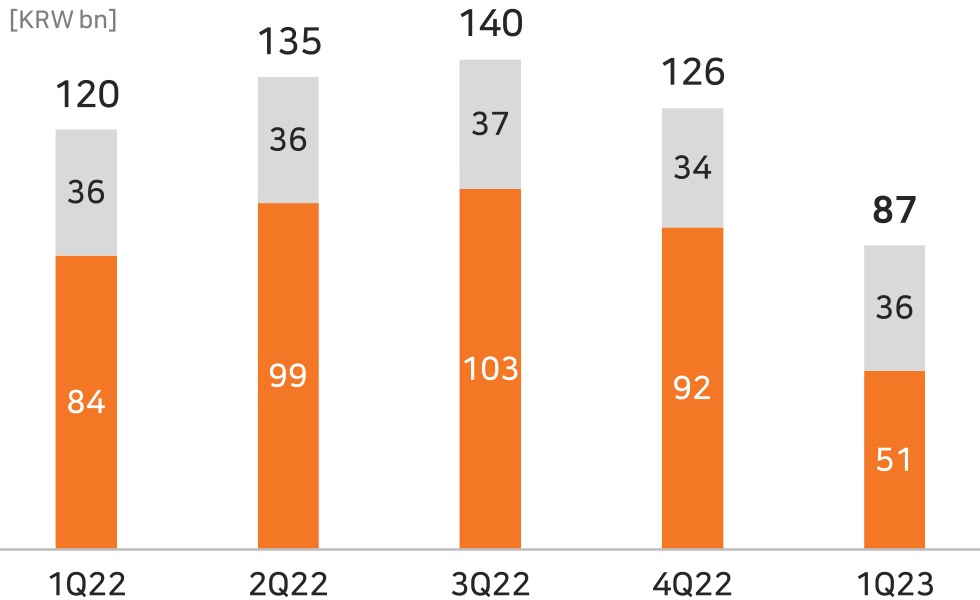
□ Michigan based new SiC wafer plant in full operation, expecting solid demand-based revenue growth

- 1Q23 revenue +44% YoY, '23 year-end capacity growth 100% YoY

Despite increase in sales of high value-added products, earnings decreased YoY due to slow demand in specialty gases

SK materials CIC EBITDA

■ Depreciation
■ Operating Profit



	1Q23	1Q22	YoY	4Q22	QoQ
Revenue	311	348	△10.8%	415	△25.1%
Operating Profit	51	84	△39.1%	92	△44.4%
EBITDA margin	28.1%	34.4%	△6.3%p	30.5%	△2.4%p

Highlights

□ **1Q23 specialty gas revenues affected by decline in client utilization rates, but growth continues for sales of high value-added products**

| Revenue △10.8% YoY, EBITDA △27.5% YoY

- Specialty/Industrial gas: Lower utilization rate at chipmakers/display and asset sale of M16 led to decline in revenue
- Precursor: Next-gen precursor(CpHf*) sales hiked from tech migration
- PR: Sejong plant operations (2Q22) led to increase in sales of KrF Thick PR for 3D NAND

□ **Slow demand to continue in 2Q23, focusing on growing M/S and launching of new high-value added products to maintain profitability**

- Specialty/Industrial gas: M/S growth from LTAs and cost competitiveness
- Precursor : Growth led by increase in CpHf* sales and customer base
- Etching gas: New products (HBr*, 3Q22) to receive early qualification (3Q23), expecting significant revenue growth

□ **Expecting specialty gas industry to recover in 2H23 as customer inventory level and AI/server demand return to favorable conditions**

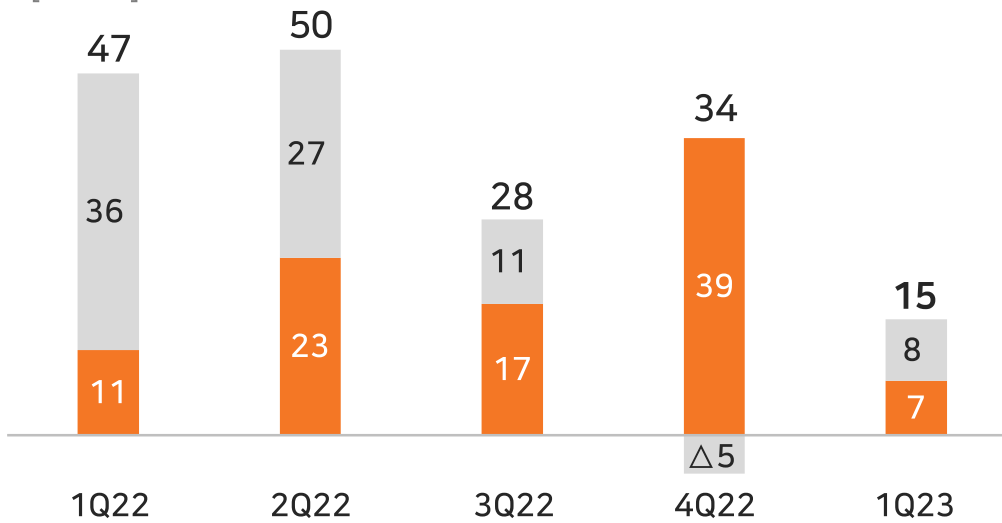
*CpHf: used for the most advanced DRAM Capacitor, HBr: etching gas for 3D NAND/logic

Developing new business models as cloud business maintains growth

IT Services Operating Profit | Incl. Essencore

■ Essencore
■ IT Service

[KRW bn]



	1Q23	1Q22	YoY	4Q22	QoQ
Revenue	462	412	+12.1%	632	Δ26.9%
Operating Profit	7	11	Δ36.4%	39	Δ82.1%
Income before Tax	13	14	Δ7.1%	4	+225.0%
Essencore Operating Profit	8	36	Δ77.8%	Δ5	N/A

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

Highlights

1Q23 revenues increased YoY from growth in cloud and digital factory businesses

| Revenue +12.1% YoY

- Operating profit continues to be affected by increased labor cost

Developing tailored projects for B2B clients by cooperating with tech companies

- Developing hyper-scale AI services for banking, public and enterprise sectors with Naver Cloud
- Cooperating with Salesforce Korea to develop industry-specific digital IT service models based on SaaS

Essencore turns profits by improving product mix

- DRAM (Δ18.7% QoQ), NAND (Δ4.7% QoQ) ASP continued to weaken; but 1Q23 earnings recorded profits from increased sales in high value-added products

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

[KRW bn, %]		1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22	1Q23
SK materials CIC*	Revenue	212	227	247	268	955	262	280	307	340	1,189	348	371	396	414	1,530	311
	Operating Profit	53	57	62	62	234	62	68	83	78	291	84	99	103	92	379	51
	EBITDA	84	88	93	94	359	95	101	117	113	427	120	135	140	126	521	87
	<i>EBITDA Margin</i>	40%	39%	38%	35%	38%	36%	36%	38%	33%	36%	34%	36%	35%	30%	34%	28%
SK siltron	Revenue	408	426	439	428	1,701	422	440	476	512	1,850	555	597	630	572	2,355	580
	Operating Profit	53	87	76	33	249	51	69	77	85	282	119	159	156	131	565	114
	EBITDA	123	158	150	127	559	135	153	163	176	626	219	253	251	235	958	219
	<i>EBITDA Margin</i>	30%	37%	34%	30%	33%	32%	35%	34%	34%	34%	39%	42%	40%	41%	41%	38%
SK E&S	Revenue	2,020	1,137	1,027	1,566	5,750	2,112	1,499	1,668	2,575	7,855	3,564	2,151	2,419	3,114	11,249	3,345
	Operating Profit	238	3	△122	123	241	259	53	133	174	619	640	446	384	△52	1,419	185
	EBITDA	347	105	△25	265	691	367	172	300	399	1,238	860	590	556	218	2,224	312
	<i>EBITDA Margin</i>	17%	9%	△3%	17%	12%	17%	12%	18%	15%	16%	24%	27%	23%	7%	20%	9%

* Materials CIC results shown here were prepared internally for the purpose of providing comparability and have not been audited.



THANK YOU

2023.1Q EARNINGS BRIEFING

