



SK chemicals Earnings Release

'21. 3Q

Disclaimer

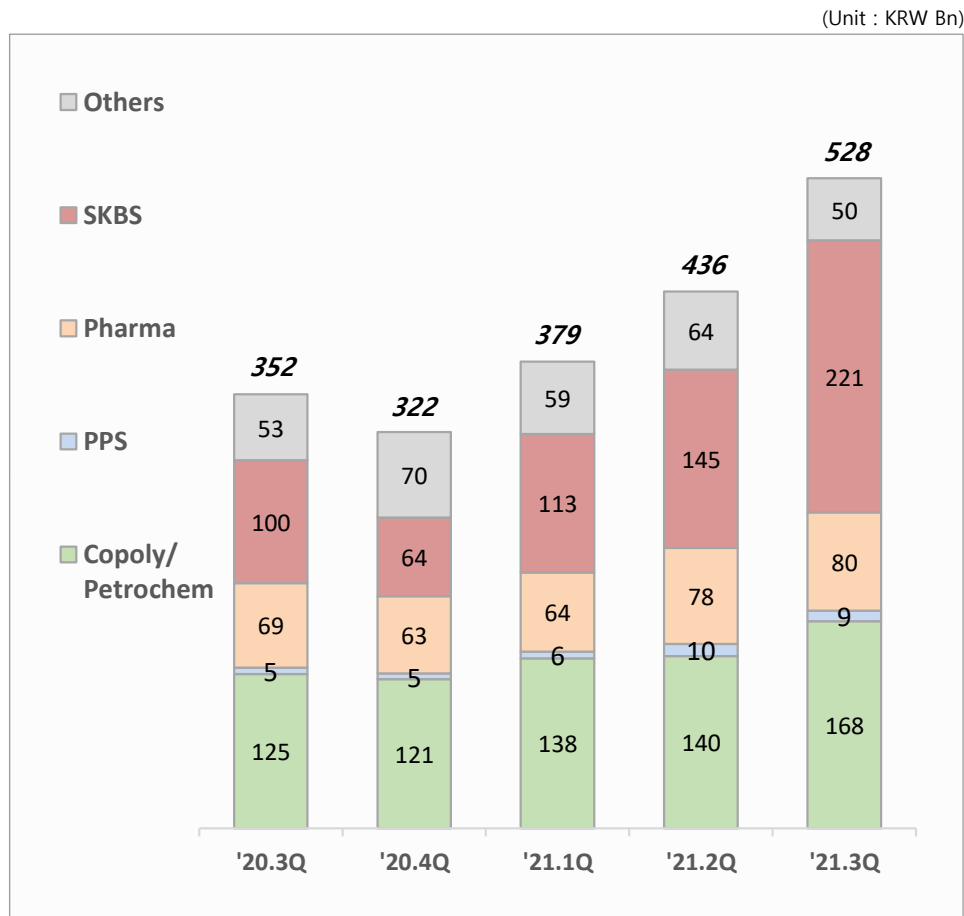
The business results are subject to the K-IFRS(Korea International Financial Reporting Standards) and reported on a consolidated basis.

Forecasts and projections contained herein are based on current business environment and management's strategies. Please note it may differ from actual results, due to uncertainties including changes in the future business environment and recalibration of strategies.

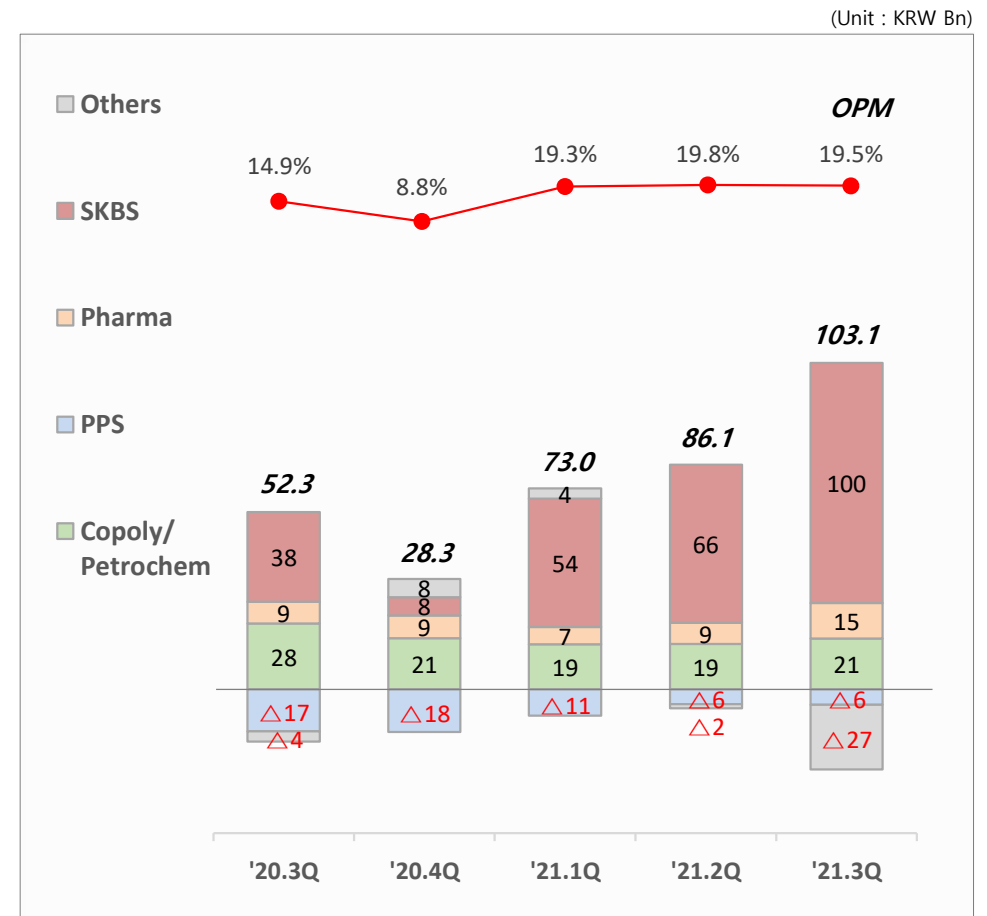
I. Performance Review (Consolidated)

- Total sales increased by about +50 % YoY, and operating profit increased by about +97% YoY.
- Achieved record-high earnings on a quarterly basis owing to even growth in all business divisions and good performances of Copolyester and SK Bioscience, our two major driver of growth.

Sales

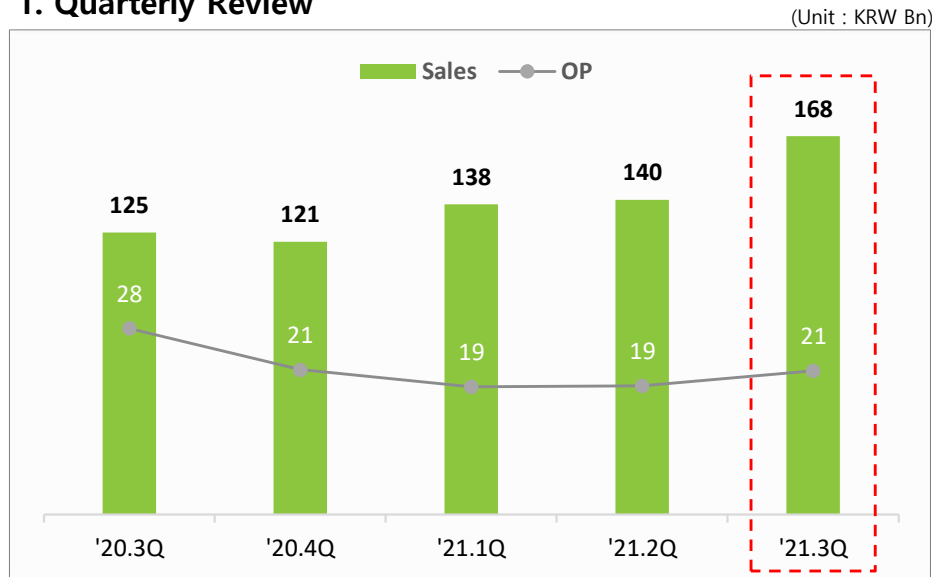


Operating Profit



Performance

1. Quarterly Review



2. PTA/MEG Price Trend



Review / Guidance

• '21.3Q Performance Review

- Sales : + 34% YoY
 - ① Sales rose through the development of new applications, expansion of new customers and full-scale operation of new manufacturing line.
- OP : Δ 23% YoY
 - ① Reduced profits due to increase in prices of raw materials and freight charges.

• '21.4Q Outlook

- A stable growth to be continued

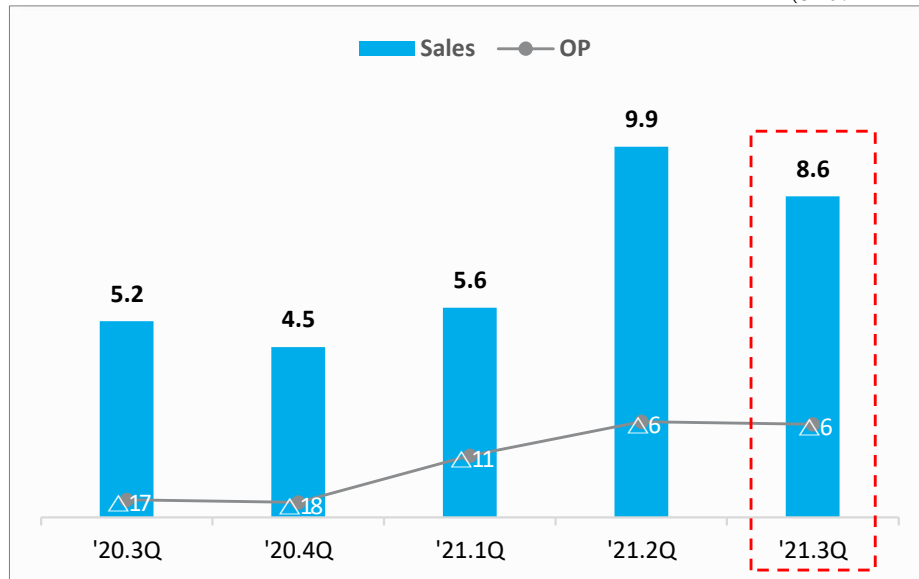
※ Main applications

- Clear Sheet & Film, Food & Cosmetic Container, Electronic Devices, etc.

Performance

1. Quarterly Review

(Unit : KRW Bn)



2. PPS : physical properties & main applications

- Excellent in thermal and chemical resistance
- Good electrical insulating properties
- Applications: Electricity, Automotive, Film etc.

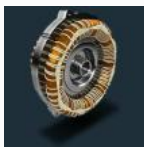
DC- Converter



Inverter



Motor



Capacitor



Review / Guidance

• '21.3Q Performance Review

- Sales : + 64% YoY

- ① Growth in sales with increased demands for high heat-resistant plastics

- OP : deficit YoY

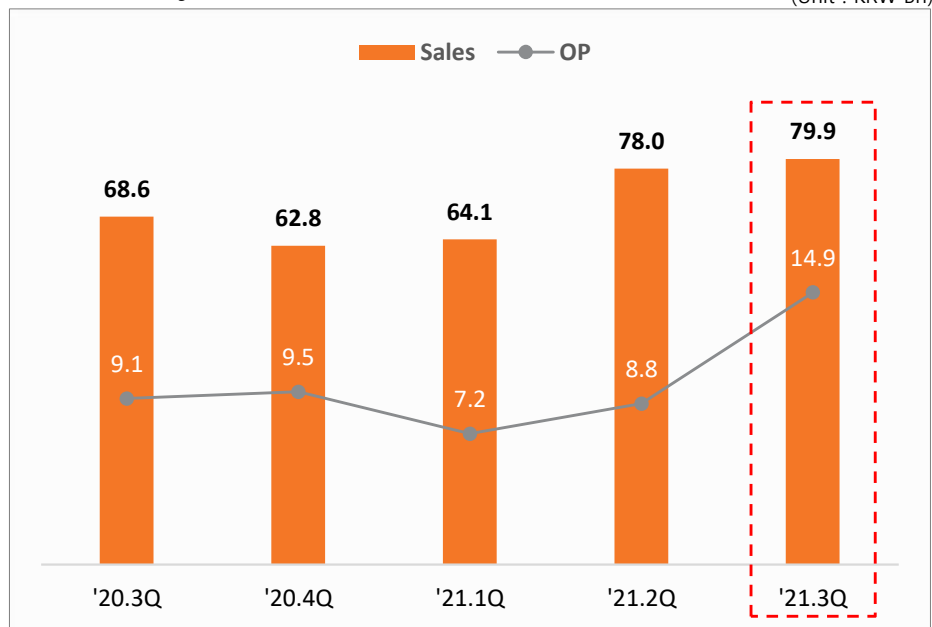
- ① Reduced the range of deficit with increase in sales

• '21.4Q Outlook

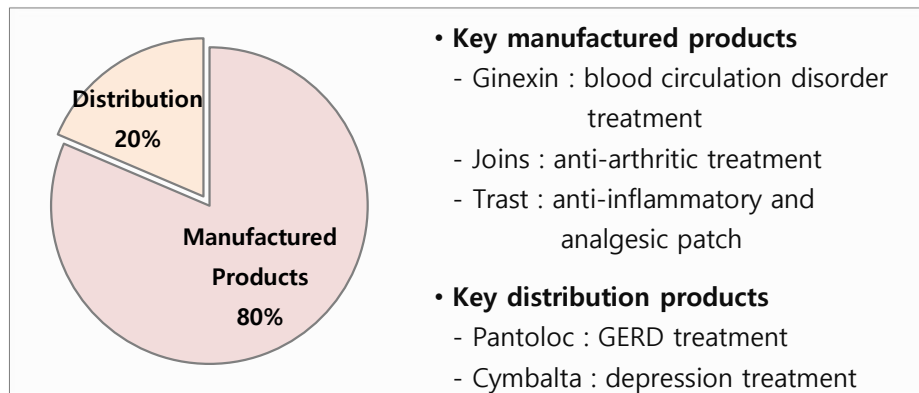
- Sales and profitability to be improved year-on-year

Performance

1. Quarterly Review



2. Sales Composition (2020)



Review / Guidance

• '21.3Q Performance Review

- Sales : + 17% YoY

- ① Sales rose due to the increase in sales volume of existing prescription product and the number of M/A(Marketing Alliance) products

- OP : + 64% YoY

- ① Profits increased with reduced marketing costs and SG&A due to resurgence of the COVID-19

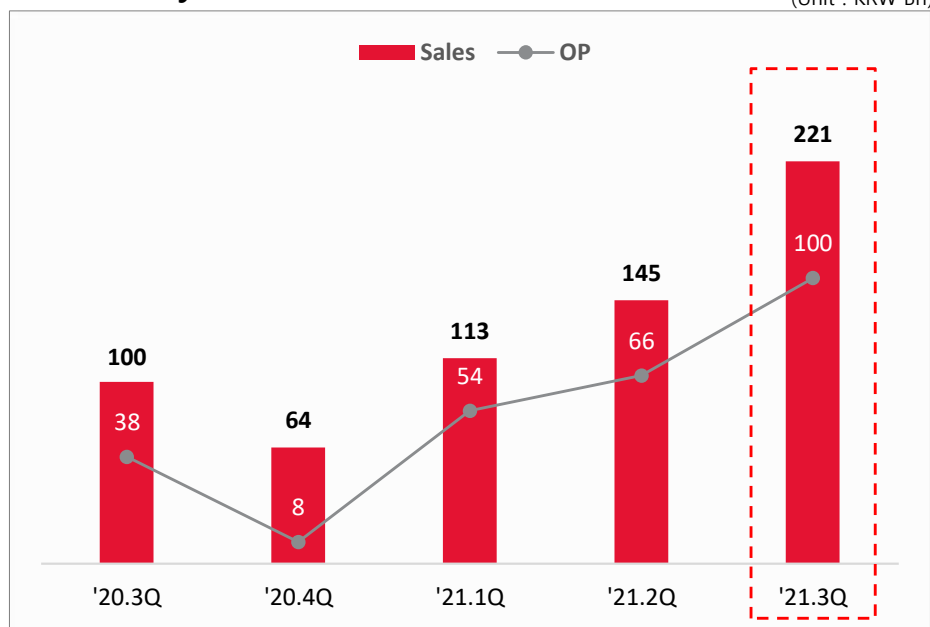
• '21.4Q Outlook

- Growth in sales with a strong demand for existing prescription products and an increase in the number of M/A products to be expected

Performance

Review / Guidance

1. Quarterly Review



2. Major Business Status Updates

• COVID19_GBP510

- Approval of clinical test plan for phase 3 on 8/10
- Analyzing results of phase 2, and the results to be announced
- First administration for phase 3 began on 8/30

• COVID19_CMO,CDMO,L/I

- CMO : Continued production and shipment of AZ's DS/DP
Shipment of the direct contract between Korean government and AZ is completed

• '21.3Q Performance Review

- Sales : + 121% YoY
 - ① Following the 2nd quarter, achieved record-high performance on a quarterly basis with increased sales of DS for COVID19 vaccines
- OP : + 167% YoY
 - ① Performance improvement continued with realizing sales of DS/DP for COVID19 vaccines

• '21.4Q Outlook

- Strong growth to be continued

* DS : Drug Substance / DP : Drug Product

- CDMO : Production of NV vaccines continues
- L/I : Production of NV's DS of 40 mil doses for domestic supply is completed. Discussing sales plans for additional production

• Investment for future growth

- Reinforcement of vaccine business : expand capacity, build an R&PD center, glocalize, and secure tech platform of mRNA
- Expansion of related business area : based on the development/production capability, expand business areas such as Bio CDMO

SK chemicals

Company Introduction

'21. 3Q

A decorative graphic at the bottom of the slide consisting of overlapping green, orange, and red shapes that create a sense of movement and depth.

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I. Overview

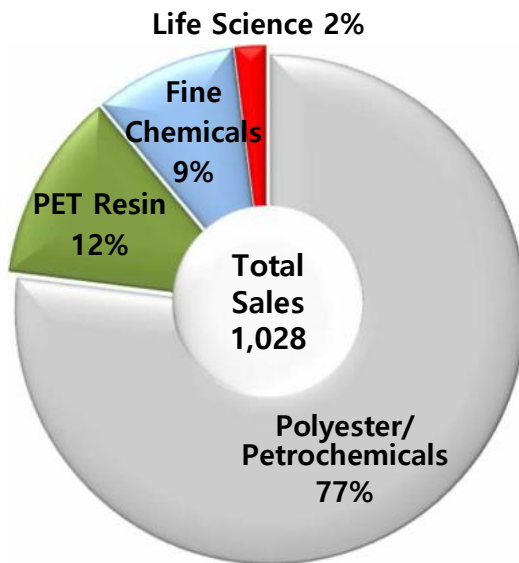


SK Chemicals has grown into a Life Science & Green Chemicals company over the past 10 years through continuous business restructuring and new business discovery.

~ 1999

Polyester & Petrochemicals

(Unit: Bn. KRW)



1999

Portfolio Transformation

Restructuring

- Polyester business spin-off
- Blood products/vaccine business spin-off
 - SK Plasma / SK Bioscience (IPO)
- Reagent business Spin-off

Disposals

- Sold off low-profitable PET business
- Sold off Biodiesel business

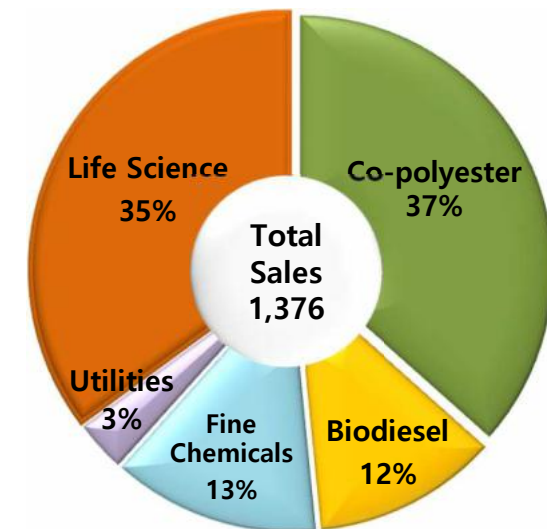
Investments

- Eco-friendly & High-performance
 - Co-polyester / PPS
- First mover to enter the PO3G market in Korea

2013 ~

Green Chemicals & Life Science

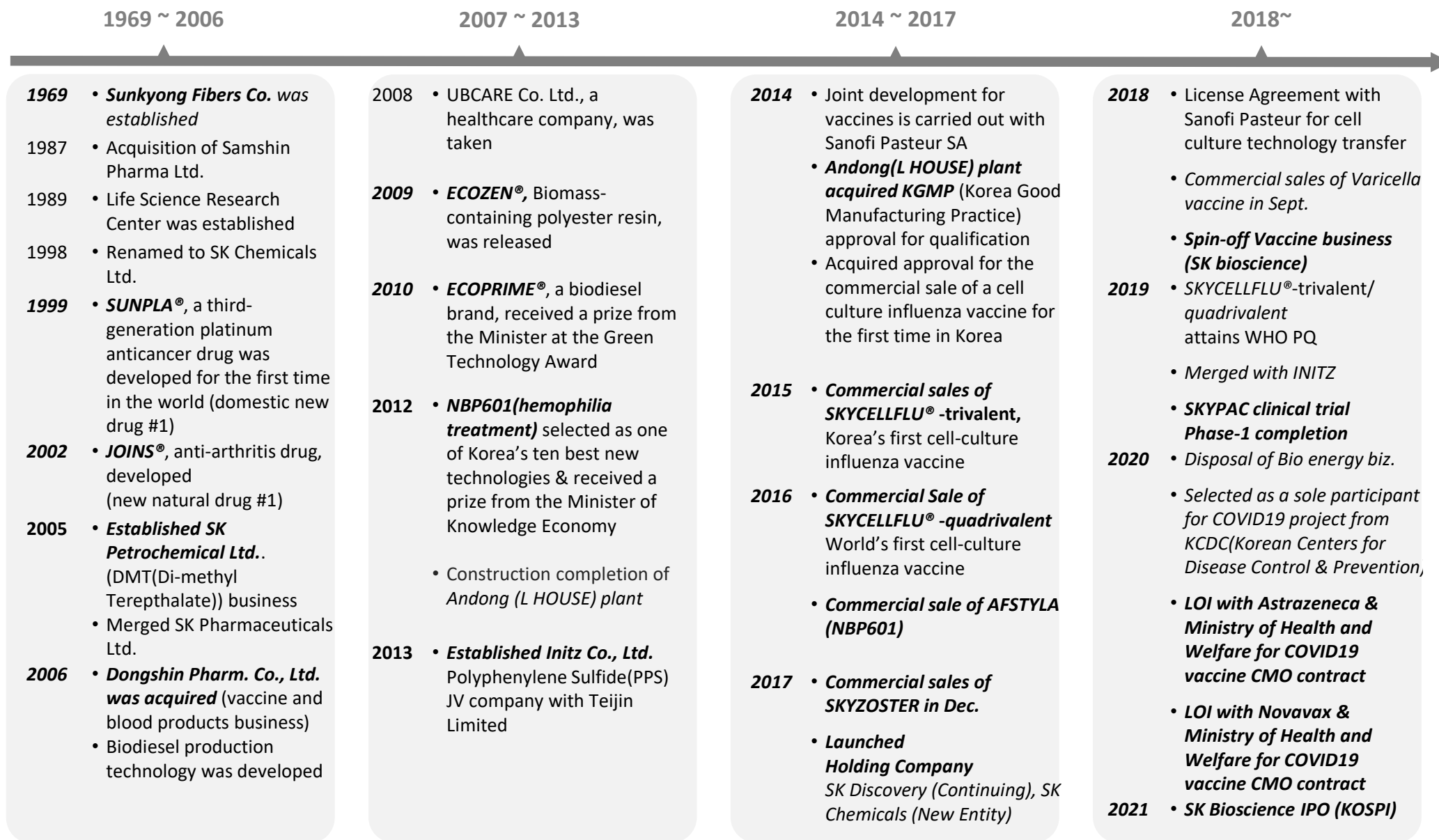
(Unit: Bn. KRW)



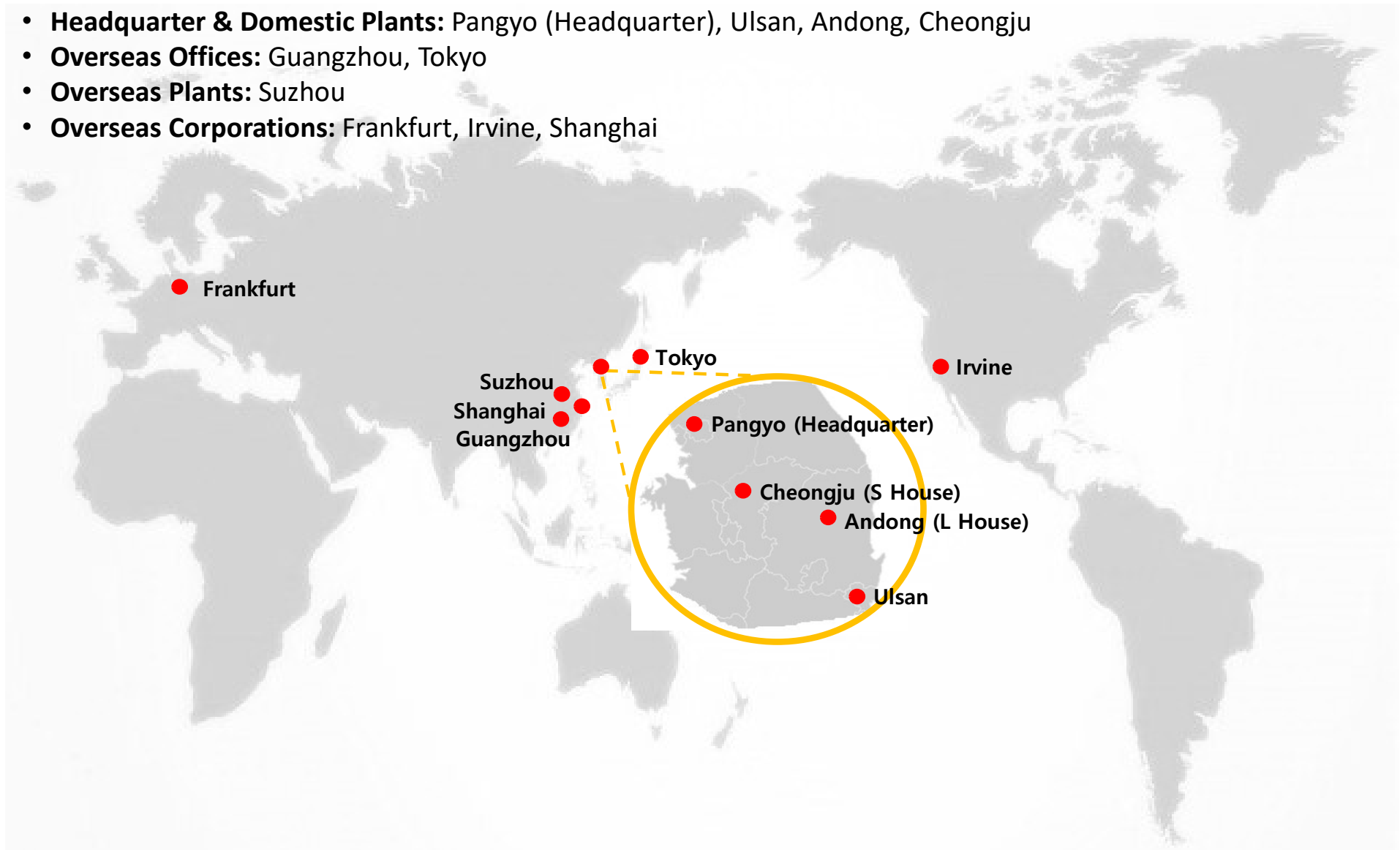
2020

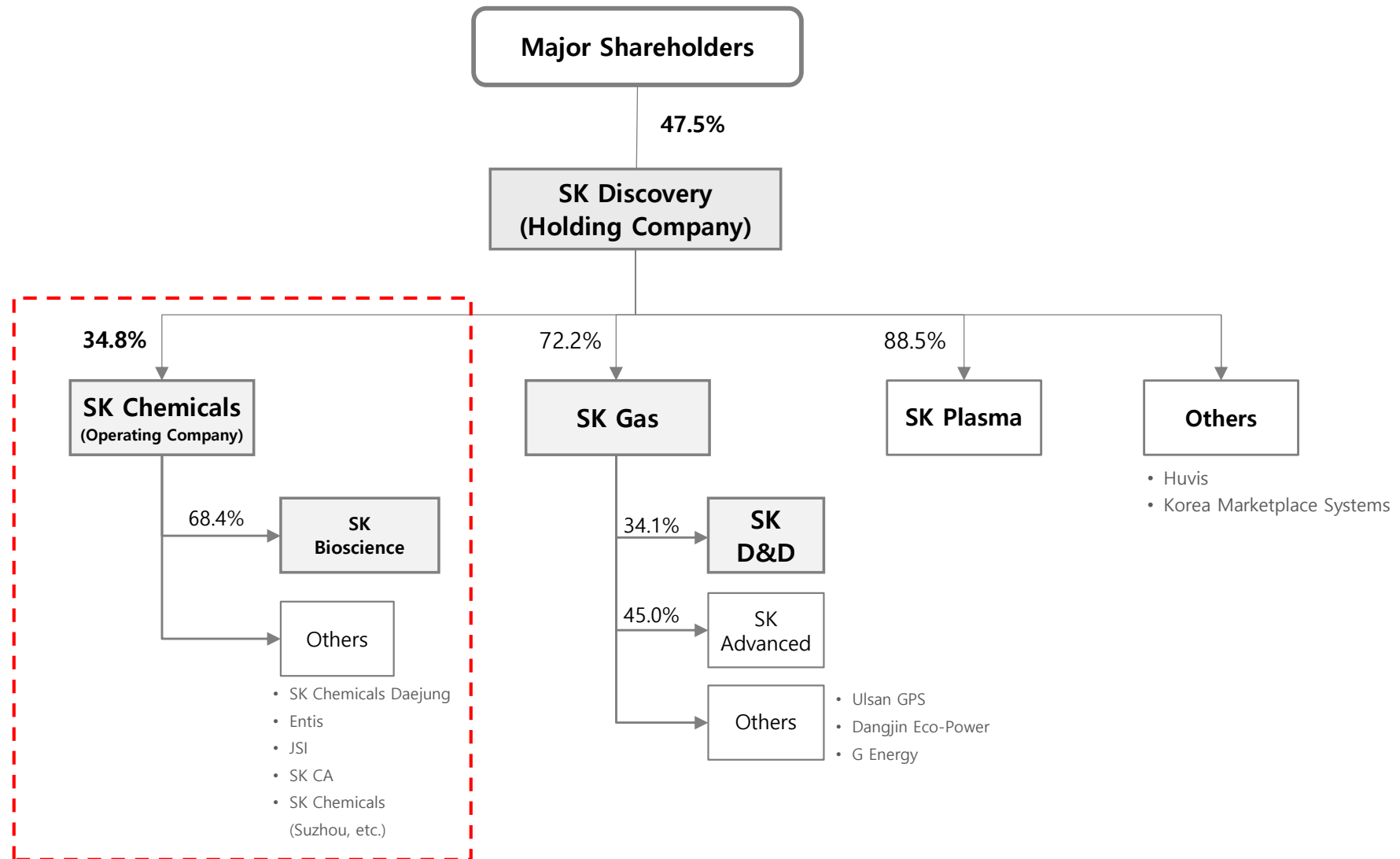
* Consolidated

Since the establishment of Sunkyung Textiles in 1969, SK Chemicals has reorganized its business structure into two major areas : Green Chemicals & Life Science, leading to changes and innovations in the domestic chemical and bioscience sectors.



- **Headquarter & Domestic Plants:** Pangyo (Headquarter), Ulsan, Andong, Cheongju
- **Overseas Offices:** Guangzhou, Tokyo
- **Overseas Plants:** Suzhou
- **Overseas Corporations:** Frankfurt, Irvine, Shanghai





* Based on common stock in 3Q21

II. Business Division



II. Business Divisions – Green Chemicals(GC) Biz.

Co-polyester

[Summary]

- High-functional resin that competes with PC, PVC, etc.
- Only two global co-polyester manufacturers

[Features]

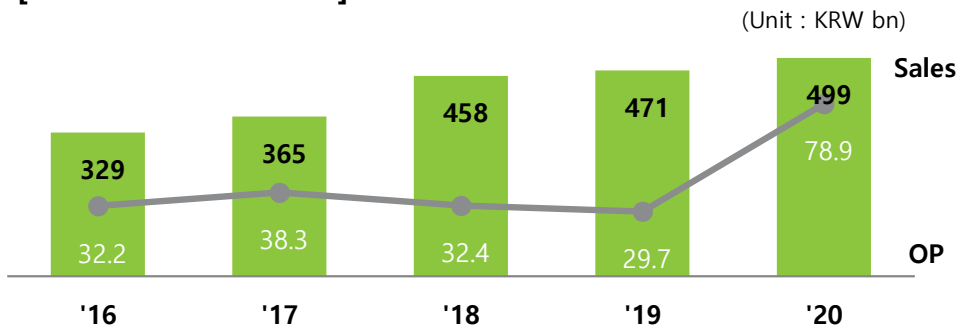
- Bio-based materials without BPA
- High printability, chemical resistance, and fire retardant
- High transparency and glossiness

[Applications]

- Food/Cosmetic Containers
- Special/Shrink Films
- Electronics & Home appliances, and others



[Performance Review]



Bio-Recycle Solution

[Summary]

- Entering new businesses of eco-friendly & biomaterials
- Investments focused on Green-Portfolio

[Recycle Solution]

- 'Ecotria CR' with Chemical Recycle Technology to be released within 2021
- Expansion of SPS line-up through application of Recycle Solution to 50% of Copolyester sales by 2025

[Biopolymer]

- Commercialization of PO3G for the first time in Korea
- Various applications such as spandex, 3D printing, TPU/PU, etc. with high elasticity and wear resistance
- 40% reduction effect of greenhouse gas generation compared to that of polyols



[Status]

- Facility reinforcement and commercialization preparations are afoot to launch 'Ecotria CR' by the 4th quarter of 2021
- Completion of PO3G production facilities by 2021. Target to start commercial productions by the 1st quarter of 2022

II. Business Divisions – Green Chemicals(GC) Biz.

PPS

[Summary]

- ☐ Development and commercialization of the world's first chlorine-free PPS production method
- ☐ Minimize outgas and impurities with the production method which does not generate by-products (NaCl)

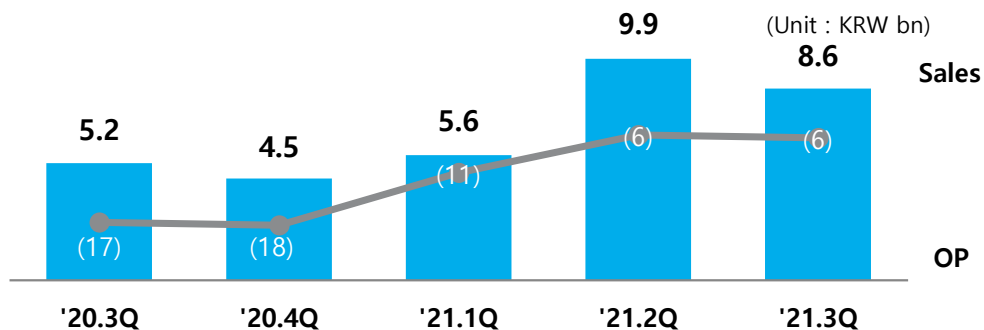
[Features]

- ☐ Super engineering plastics for replacing metals
- ☐ High heat/chemical resistance and fire retardant + excellent electrical insulating properties

[Applications]

- ☐ Electrical/electronic components for automobiles
- ☐ High growth in the lightweight vehicle market

[Performance Review]



Other Businesses

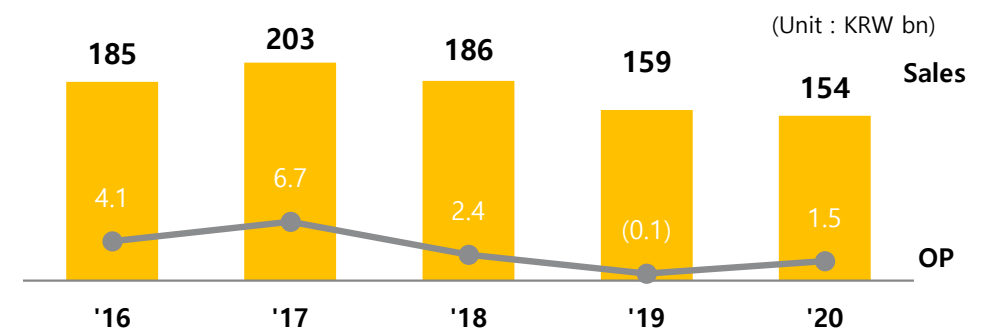
[Other Businesses]

- ☐ SKYBON : Thermal resin used as a binder and adhesive
- ☐ EP : Engineering plastics for various purposes
- ☐ Utility : Supply steam, electricity, etc. to companies in Ulsan

[Overseas Production/Sales Corporation]

- ☐ SK Chemicals Suzhou : Manufactures SKYBON products
- ☐ SK Chemicals Shanghai : Co-polyester sales office
- ☐ SK Chemicals America : Co-polyester sales office

[Performance Review]



II. Business Divisions – Life Science(LS) Biz.

Pharmaceuticals

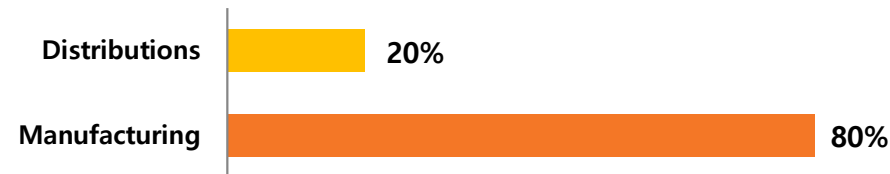
[Summary]

- Manufactures & distributes chemicals drugs
- Focus areas : cardio-vascular system, musculoskeletal system, urinary system, nervous system

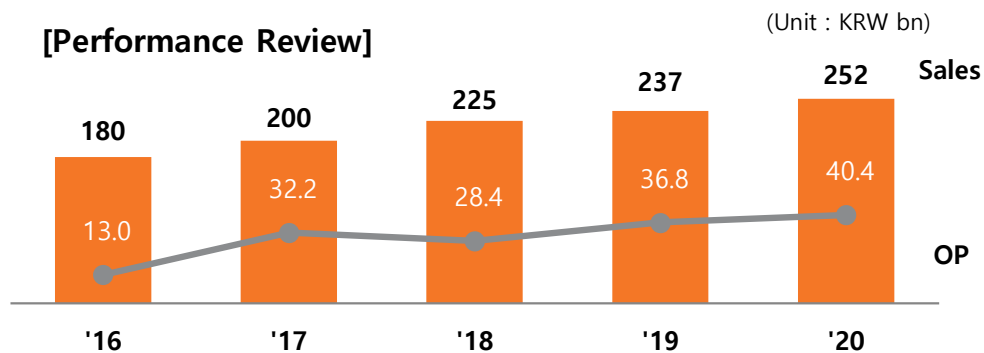
[Key Products]

- Ginexin : No.1 drug in domestic market for improving blood circulations
- Joins : Korea's 1st herbal medicinal products for arthritis
- Trast : Word's 1st patch formulation for arthritis

[Manufacturing & Distributions] (2020)



[Performance Review]



SK Bioscience

[Summary]

- In-house R&D from 2006, leading premium vaccine market
- Enhancing corporate value to advance to the global leader
 - Spin-off vaccine business in July 2018 ► SK Bioscience

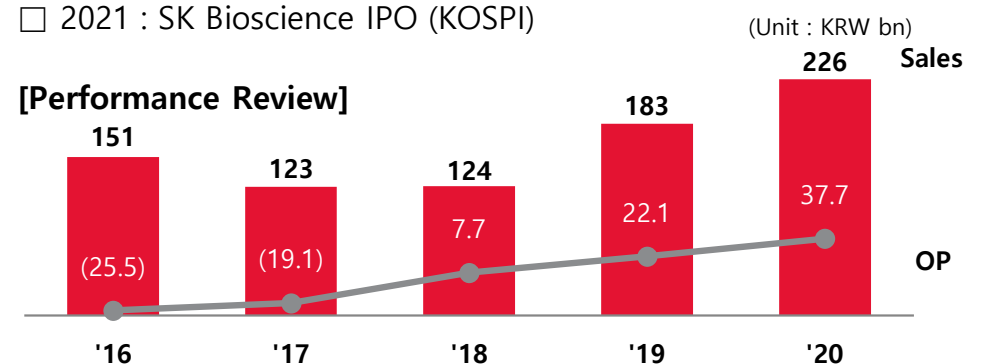
[Key Products]

- SKY CELLFLU(tri, quadri), SKY ZOSTER, SKY VARICELLA

[Key Achievements]

- 2014 : Joint development of a next-gen pneumococcal vaccine(SKYPAC) with Sanofi Pasteur
- 2015 : Korea 1st cell-cultured trivalent influenza vaccine
- 2016 : World 1st cell-cultured quadrivalent influenza vaccine
- 2020 : Initiated development of COVID-19 vaccine, CMO/CDMO contracts
- 2021 : SK Bioscience IPO (KOSPI)

[Performance Review]



III. Summary

1) Past Years

2000 ~

Restructuring & Investments

- '00 : Established HUVIS (Polyester Fiber)
- '02 : Released Korea's 1st herbal medicinal drug 'Joins'
- '05 : M&A SK Pharm / Spin-off SK Petrochemicals
- '06 : M&A Dongshin Pharm
- '08 : Initiated development of Pneumococcal vaccine (SKYPAC)

2009~

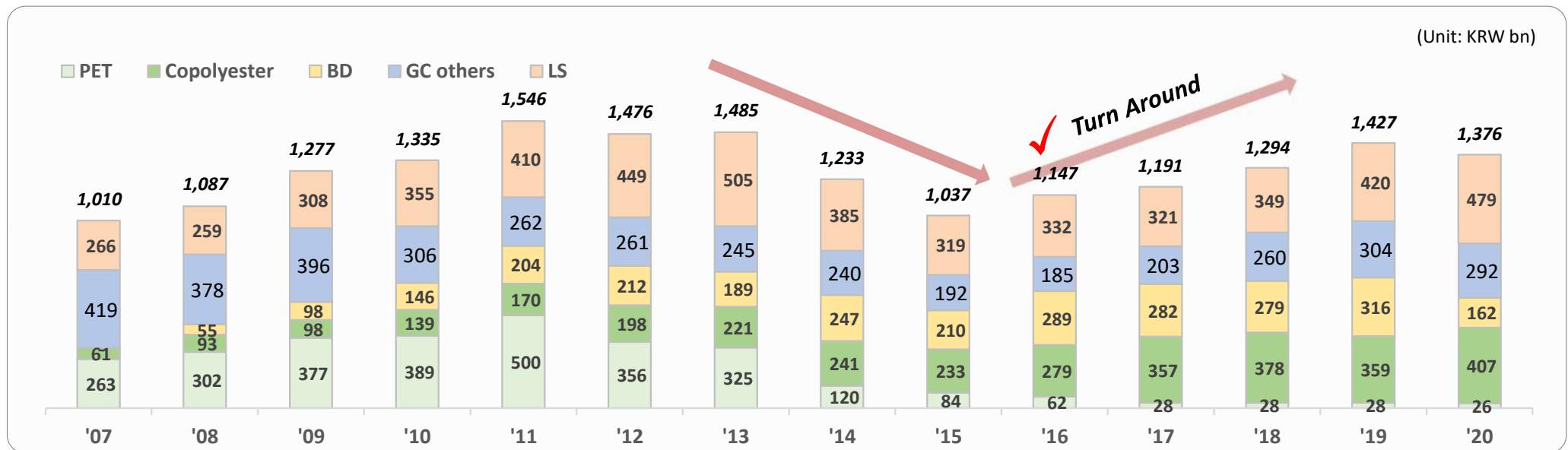
Accelerating Investments

- '09 : Developed Copolyester 'ECOZEN' NBP601 L/O (to CLS)
- '11 : Released the world's 1st film-typed erectile dysfunction drug 'MVIXX-S'
- '12 : Co-polyester extension Completion of L-House (vaccine factory)
- '13 : Established Initiz (joint venture w/ Teijin)
- '14 : L-House KGMP acquisition Joint development of next-gen Pneumococcal vaccine (w/ Sanofi)

2015~

Realization of Investments

- '15 : Released Korea's 1st cell-cultured influenza vaccine Spin-off blood products biz. (SK Plasma)
- '16 : Released world's 1st cell-cultured quadrivalent influenza vaccine
- '17 : Released Shingles vaccine (SKYZOSTER)
- '18 : Spin-off vaccine biz. (SK Bioscience) M&A SK Petrochemicals
- '20 : Initiated investments in PO3G biz. COVID-19 vaccine, CMO/CDMO contracts
- '21 : SK Bioscience IPO (KOSPI) COVID-19 vaccine technology transfer Domestic supply contracts



IV. Dividend Policy

SK chemicals has been gradually expanding dividends since its split-up in 2017 and it aims to enhance the predictability of shareholder returns through the announcement of mid-term dividend policies.

Dividend history for past 3 years

(Unit: KRW bn)

		'18	'19	'20
Operating Profit		55.7	52.5	48.4
Net Profit		16.6	27.1	215.7
EPS (unit: KRW)	common stock	400	450	2,000
	preferred stock	450	500	2,050
No. of stocks for dividends (unit : 1,000 stocks)	common stock	11,568	11,730	11,729
	preferred stock	1,457	1,457	1,314
Total amount of cash dividends		5.3	6.0	26.2
Dividend propensity		31.83%	22.17%	12.12%
Dividend yield		0.56%	0.73%	0.53%

Dividend policy for shareholders

- ❖ **Determine the total dividend amount at the 30% level of the propensity to dividend
(based on separate net income excluding non-recurring profit and loss)**
- ❖ **Plans to pay an interim dividend from 2022**
- ❖ **Period and point of time of review**
 - In order to improve investors' predictability, the policy duration was set to 3 years, and this policy will be reviewed after 3 years to reflect changes in environment.

V. Appendix

1) Financial Statements (Consolidated)

Balance Sheet

[Unit : KRW 100 Mil.]

	'20Y	'21Y end of 3Q
Current assets	9,233	25,942
Cash and cash equivalents	868	2,025
Short-term financial instruments	3,399	15,087
Trade and other receivables	2,332	4,320
Inventories	2,529	3,715
Other current assets	105	796
Non-current assets	11,967	11,621
Property, plant and equipment	10,700	9,847
Intangible assets	370	451
Investments in associates and joint ventures	91	83
Other non-current assets	806	1,240
Total assets	21,200	37,563
Current liabilities	6,457	9,617
Trade and other payables	2,320	3,947
Short-term borrowings	1,076	117
Current long term liabilities	969	1,279
Other current liabilities	2,091	4,274
Non-current liabilities	5,154	3,696
Bond	4,605	3,459
Long-term borrowings	311	-
Other non-current liabilities	237	237
Total liabilities	11,610	13,312
Equity attributable to the parent company	9,529	19,693
Capital stock	660	661
Capital surplus	2,643	12,263
Other components of equity	△181	△182
Accumulated other comprehensive Income(loss)	△26	33
Earned surplus	6,433	6,919
Non-controlling interest	61	4,558
Total equity	9,589	24,250
Total liabilities and equity	21,200	37,563

Income Statement

[Unit : KRW 100 Mil.]

	'21.1Q	'21.2Q	'21.3Q	'21Y 3Q (accrued)
Sales	3,788	4,357	5,275	13,419
Cost of sales	2,336	2,771	3,280	8,386
Gross profit	1,452	1,586	1,995	5,033
Selling, general and administrative expenses	722	725	964	2,411
Operating profit	730	861	1,031	2,622
Other non-operating income	5	57	71	133
Other non-operating expense	49	25	1,098	1,172
Financial income	190	56	233	478
Financial expense	175	62	266	503
Share of profits	7	6	3	16
Earnings before interest and taxes	708	893	△26	1,575
Income tax expense	203	200	2	405
Consolidated quarterly net income	505	693	△29	1,170
Equity attributable to the parent company	497	523	△273	747
Non-controlling interest	8	170	244	423

V. Appendix

2) Financial Statements

Balance Sheet

[Unit : KRW 100 Mil.]

	'20Y	'21Y end of 3Q
Current assets	5,424	8,932
Cash and cash equivalents	367	896
Short-term financial instruments	1,452	2,604
Trade and other receivables	2,016	2,947
Inventories	1,520	2,021
Other current assets	69	464
Non-current assets	12,022	10,932
Property, plant and equipment	8,784	7,720
Intangible assets	188	263
Investments in associates and joint ventures	2,533	2,144
Other non-current assets	517	805
Total assets	17,446	19,863
Current liabilities	4,614	5,004
Trade and other payables	1,908	2,930
Short-term borrowings	1,066	-
Current long term liabilities	860	799
Other current liabilities	780	1,274
Non-current liabilities	3,981	3,251
Bond	3,800	3,104
Long-term borrowings	94	-
Other non-current liabilities	87	147
Total liabilities	8,595	8,255
Capital stock	660	661
Capital surplus	1,883	1,892
Other components of equity	△91	△92
Earned surplus	6,398	9,148
Total equity	8,851	11,608
Total liabilities and equity	17,446	19,863

Income Statement

[Unit : KRW 100 Mil.]

	'21.1Q	'21.2Q	'21.3Q	'21Y 3Q (accrued)
Sales	2,513	2,729	2,980	8,221
Cost of sales	1,922	2,094	2,380	6,396
Gross profit	591	635	599	1,825
Selling, general and administrative expenses	445	470	492	1,407
Operating profit	146	164	107	418
Other non-operating income	4,690	17	58	4,764
Other non-operating expense	41	24	1,093	1,158
Financial income	199	37	142	378
Financial expense	121	44	132	297
Earnings before interest and taxes	4,872	150	△917	4,105
Income tax expense	1,223	56	△185	1,094
Quarterly net income	3,649	94	△732	3,011

End of Documents





Multi-Utility

"Need to prepare an action plan for reducing greenhouse gas and improving operational efficiency"

Purpose

- Background
 - ❖ Active response to strengthened government policy of carbon-neutral
 - ✓ 100% replacement of coal, the fuel of cogeneration facilities, with LNG
 - ❖ Increasing the need for replacement due to aged generation facilities
 - ✓ Replacement of old facilities for coal power generation



Coal-based
Cogeneration



LNG-based
Cogeneration

Financial Information

- Surviving company after split-off (SK Chemicals)

[Unit : 100 Mil KRW]

Financial status after split-off (As of June 30, 2021)	Assets	20,341
	Liabilities	8,000
	Equity	12,340
	Capital	661
Sales of surviving business division (2020)		8,838

- Newly incorporated company by split-off (SK Multiutility (tentative))

[Unit : 100 Mil KRW]

Financial status at time of incorporation (As of June 30, 2021)	Assets	1,715
	Liabilities	143
	Equity	1,572
	Capital	50
Sales of newly established division (2020)		373

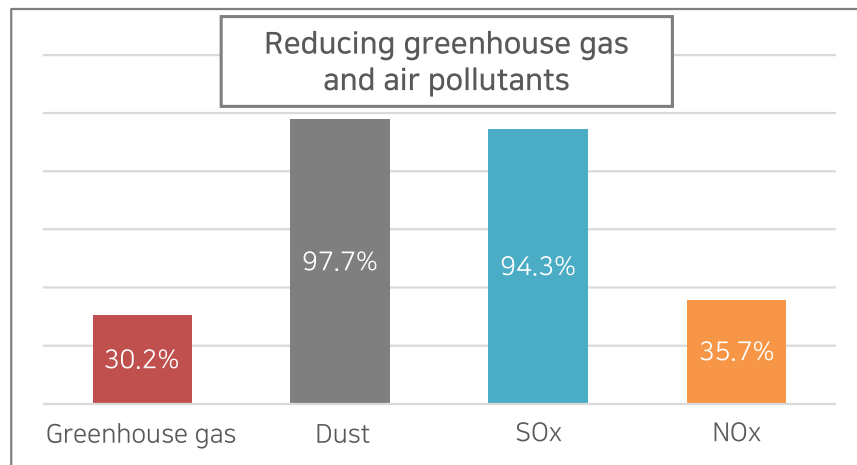
"Contribute to the continuous development of the environment, industry, and region"

Expected Impacts

● Environmental Benefits

"30% reduction in greenhouse gas
(effect of fuel conversion)"

- ❖ Reduce environmental load by improving atmosphere environment and reducing greenhouse gas
 - ✓ Reduce greenhouse gas 30.2%, dust 97.3%, SOx 94.3%, and NOx 35.7% with fuel conversion (based on the current energy mix)



* Source : Environmental Economics Association

● Benefits from Avoiding Power Transmission and Distribution

"Restraining the construction of additional power transmission and distribution facilities"

- ❖ Cogeneration can achieve additional economic effects by restraining the construction of additional power transmission and distribution facilities through construction near the demand area.
 - ✓ Through the introduction of distributed power, power transmission facility benefits, power distribution facility benefits, power transmission loss benefits, and power transmission congestion benefits can be achieved in terms of aversion costs.