

SK chemicals
2024 3Q Earnings Release



We care for the future.
Healthcare, Earthcare

Disclaimer

The financial information in this document are consolidated earnings results based on K-IFRS. (Korea International Financial Reporting Standards)

The performance data for Q3 2024 included in this material has been prepared for the convenience of investors and has not yet been reviewed by an external auditor. Therefore, some of the content may change during the accounting review process.

Additionally, please note that the future outlook included in this material is based on the current business environment and the company's management strategy and may change due to future changes in the business environment and strategy adjustments.



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Earnings Release

Company Highlight
Performance Summary

3Q24 Company Highlight

3Q24 Consolidated	Revenue 426bn KRW ($\Delta 26.7\%$ YoY, $+3.0\%$ QoQ) Operating Profit $\Delta 12$bn KRW (Tuned to Loss YoY, QoQ)	
3Q24 Separate	Revenue 332bn KRW ($+11.3\%$ YoY, $\Delta 3.8\%$ QoQ) Operating Profit 29bn KRW ($+23.6\%$ YoY, $\Delta 5.7\%$ QoQ)	
Business Divisions	Green Chemicals	Copolyester & CHDM/DMT Expanding high-value end-market sales based on quality competitiveness
		Recycle and other business Expanding CR Copoly applications and customers through B/O technology collaboration
	Life Science	Pharma Continuing stable sales of products
		SK bioscience Strengthening vaccine competitiveness by acquiring shares in Fina Biosolutions.

Performance Summary

Consolidated

Revenue 426bn KRW ($\Delta 26.7\%$ YoY, $+3.0\%$ QoQ)

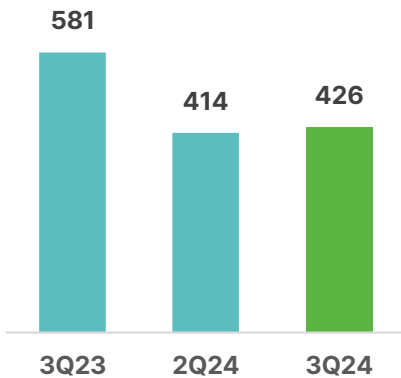
Overall size reduction due to decreased sales in consolidated subsidiaries

Operating Profit $\Delta 12$ bn KRW (Turned to Loss YoY, QoQ)

Turned to deficit due to expanded losses in consolidated subsidiaries

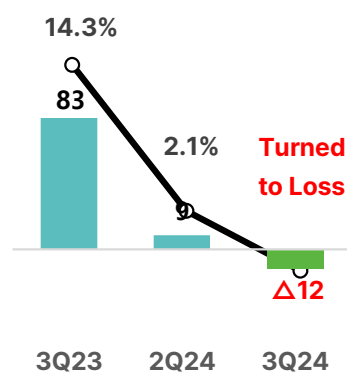
Revenue

(Unit: billion KRW)



Operating Profit and Margin

(Unit: billion KRW)



Separate

Revenue 332bn KRW ($+11.3\%$ YoY, $\Delta 3.8\%$ QoQ)

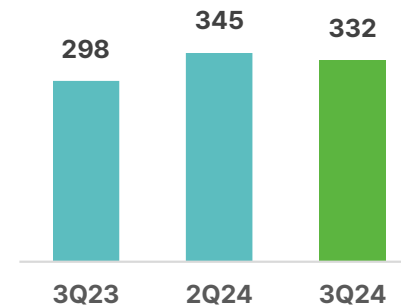
Despite size reduction in Pharma business, overall expansion due to strong performance in core Copolyester business

Operating Profit 29bn KRW ($+23.6\%$ YoY, $\Delta 5.7\%$ QoQ)

Profit scale expansion due to strong performance in Copolyester business

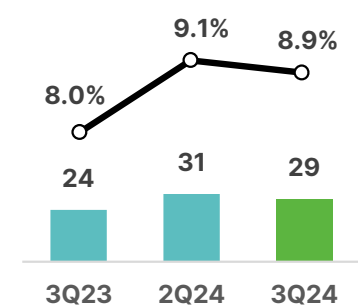
Revenue

(Unit: billion KRW)



Operating Profit and Margin

(Unit: billion KRW)



2 Performance

Performance Trends by Division
Performance by Business Unit



Performance Trends by Division

(Unit: billion KRW)

Division		2022					2023					2024		
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Revenue	Copolyester & CHDM/DMT	202	234	207	208	851	201	212	199	198	809	222	250	229
	Functional Materials	25	23	18	16	81	23	21	18	16	77	17	18	16
	Other	3	8	4	7	21	4	4	4	5	17	5	5	4
	Pharma	77	77	80	80	314	86	86	98	106	376	86	81	84
	Total	306	342	308	310	1,266	314	323	319	325	1,280	330	354	334
Operating Profit	Copolyester & CHDM/DMT	23	33	26	33	115	33	31	17	18	99	21	37	32
	Functional Materials	2	(1)	(1)	(2)	(2)	(0)	(1)	(0)	(1)	(2)	(0.3)	(0.6)	(0.6)
	Other	(10)	(13)	(9)	(5)	(37)	(7)	(8)	(4)	(8)	(27)	(7)	(12)	(5)
	Pharma	9	8	10	7	34	7	5	12	8	32	4	4	5
	Total	24	27	26	33	109	32	27	24	17	101	18	29	31

* Including performance of America/Europe sales subsidiaries

Performance by Business Unit (1)

Green Chemicals – Copolyester & CHDM/DMT

3Q24 Performance

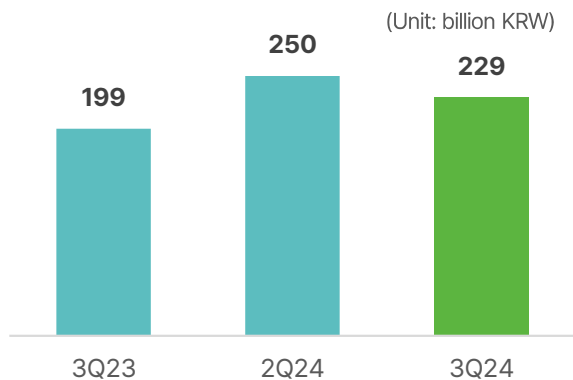
Revenue **229bn KRW** (+15.3% YoY, Δ 8.3% QoQ)
Sales growth through continuous application development and customer expansion

Operating Profit **32bn KRW** (+81.3% YoY, Δ 14.8% QoQ)
Profit scale expansion and profitability improvement through increased sales volume and high-value product sales

4Q24 Outlook

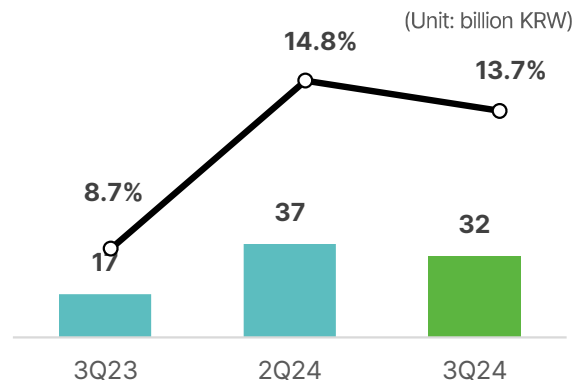
High-Value Portfolio Expansion vs. Economic recovery slowdown

Revenue

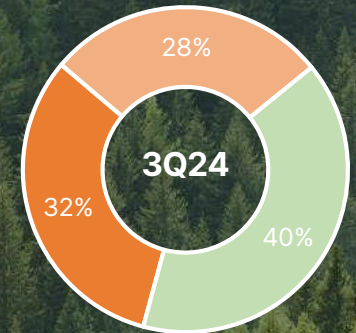


* Including performance of America/Europe copolyester sales subsidiaries

Operating Profit and Margin

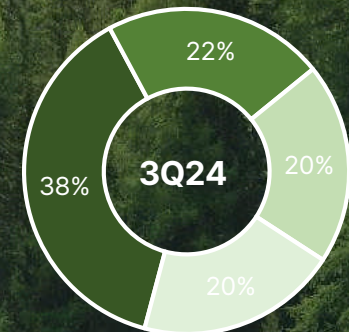


Sales Volume Proportion by Application



■ Cosmetics ■ HA/HHA ■ Sheets/film/etc

Sales Volume Proportion by Region



■ China ■ EU/America
■ Korea ■ Japan etc.

* Data above only refers to Copolyester sales

Performance by Business Unit (2)

Life Science - Pharma

3Q24 Performance

Revenue **84bn KRW** ($\Delta 13.8\%$ YoY, $+4.6\%$ QoQ)

Overall size reduction due to decreased sales

Operating Profit **5bn KRW** ($\Delta 54.1\%$ YoY, $+39.0\%$ QoQ)

Profit scale reduction due to sales contraction and price cuts

4Q24 Outlook

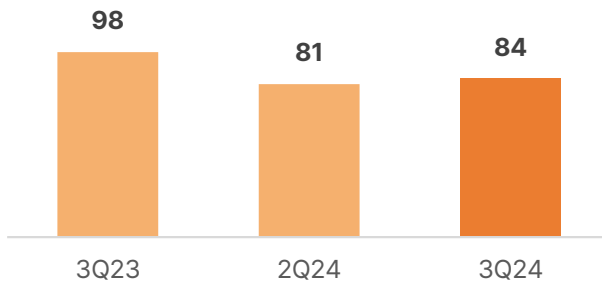
Expansion of existing product sales

vs.

Continued Uncertainty of External Factors

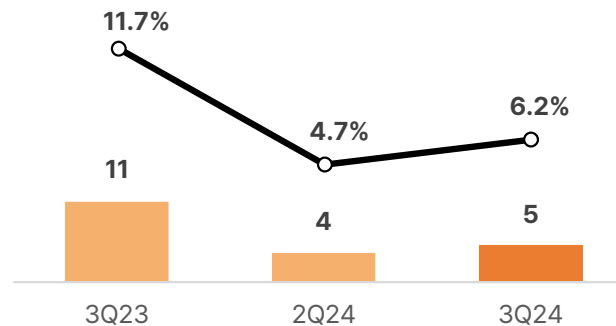
Revenue

(Unit: billion KRW)

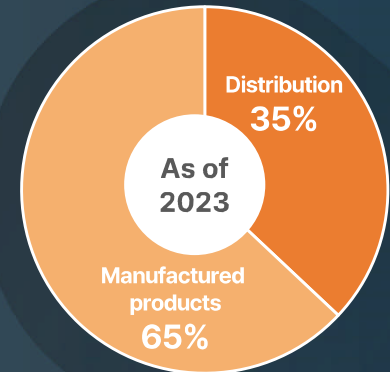


Operating Profit and Margin

(Unit: billion KRW)



Revenue Proportion



Main Products



Joins

Natural product based anti-arthritic treatment



Ginexin

blood circulation disorder treatment & Cognitive enhancer



Rivastigmine patch

Anti-dementia treatment patch



Performance by Business Unit (3)

Life Science - SK bioscience

3Q24 Performance

Revenue **62bn KRW** ($\Delta 73.4\%$ YoY, $+130.2\%$ QoQ)

Sales decrease due to the termination of one-time settlement of the Novavax contract

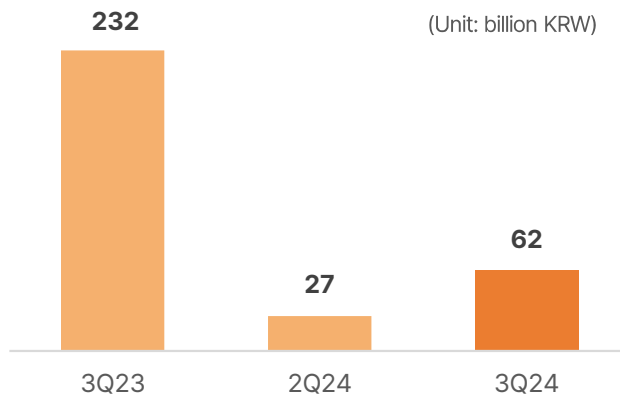
Operating Profit **$\Delta 40$ bn KRW** (Turned to Loss YoY, Loss Continued QoQ)

Deficit expansion due to sales decrease

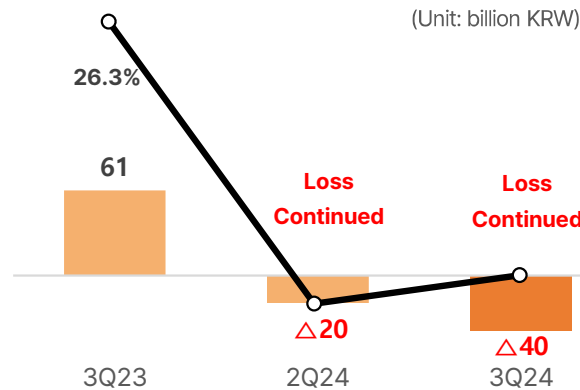
4Q24 Outlook

Expansion of varicella vaccine exports and increased supply of Novavax COVID-19 vaccine

Revenue



Operating Profit and Margin



Overview

SKYVAX

- Expanding global reach through partnership
- SKYCellflu: Secured product approval in Indonesia
- SKYVaricella: Expanding exports to PAHO
- SKYZoster: Continuous demand based on price competitiveness and vaccination convenience

Vaccine distribution

- Expanded sales of Sanofi vaccines
- Novavax COVID-19 Vaccine sales

Acquisition of FinaBio shares.

- Company with core new technology in conjugate vaccines, expected to strengthen vaccine competitiveness.

PCV21 (pneumococcal vaccine).

- Planning to conduct Phase 3 trials for first-in-class product in pediatric PCV market.

Business Update



Key Application Cases of Recycled Materials

Continuous development of recycled applications and customer expansion through technology collaboration with brand owners.

	Client	Application	Discussion/ Commercialization
CR-Copolyester (ECOTRIA CR)	Woosung Platech	Cosmetic package	Jun 2021
	YONWOO ¹⁾	Cosmetic package	Mar 2023
	COSMAX ¹⁾	Cosmetic package	Apr 2023
	KNK	Toothbrush	Apr 2023
	Estee Lauder ¹⁾	Cosmetic package	Oct 2023
	Pacur	Medical packaging	Feb 2024
	Toly	Cosmetic package	Oct 2024
CR-PET (SKYPET CR)	SAMDASOO	Water bottle	Jan 2022
	ART IMPACT- PROJECT 1907	Fiber	Mar 2023
	Ottugi	Sauce bottle	Jun 2023
	Sonopress	LP	Oct 2023
	Hyosung Advanced Materials / Hankook Tire	Tirecord and Tire	Mar 2024
	Kooksoondang Brewery ¹⁾	Beverage Container	Jul 2024

TOLY ECOTRIA CLARO 70%

- After CR 50% in 2023, development of CR 70% containers was completed and planned for product application

* **TOLY** : Luxury Cosmetic Package Company

* **ECOTRIA CLARO**

: Enables complete circular system with recycled and recyclable materials.



1) MOU signed
- Ongoing validation and other processes with various brand owners beyond the major cases mentioned above

New Growth Driver– SKMU Combined Heat and Power Generation (CHP) Plant

Securing competitiveness in the utility business through subsidiary's new power facility expansion,

Business

▪ Business Overview

- Converting to LNG, establishing eco-friendly district energy system
- Stable industrial power and steam supply within the area

▪ CAPEX : Approximately 620 Billion KRW

▪ Expected Benefits

- Eco-friendly energy transition reflecting carbon-neutral policies.
- Strengthening utility business capabilities.

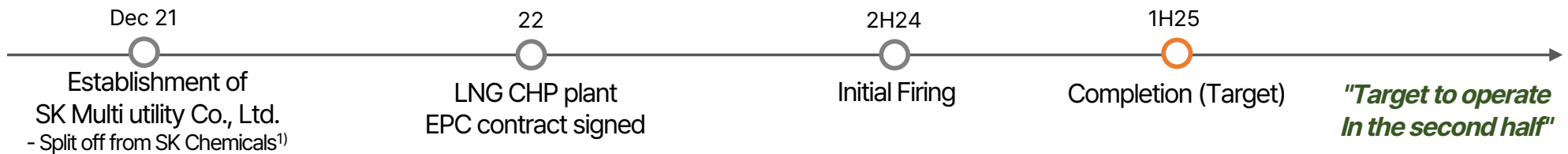
▪ Facility Production Capacity

(Existing) Steam : 490t/h , Electricity : 27MW

(New) Steam : 240t/h , Electricity : 300MW



△ Rendering of the new LNG cogeneration plant



1) 100% ownership as of 1/1/2024

3 Appendix



Financial Statements

Key Financial Information

Governance and Shareholders

Shareholder Returns

Financial Statements (Consolidated)

Balance Sheet

(Unit: billion KRW)

Items	2023	3Q24
Current assets	2,204	2,457
- Current account	1,828	2,039
- Inventory	377	418
Non-current assets	1,954	2,201
- Investment in affiliated companies and joint ventures	10	10
- Tangible property	1,602	1,867
- Intangible property	54	60
- Other Non-current assets	288	264
Total assets	4,159	4,658
Current liabilities	830	916
Non-current liabilities	653	1,026
Total liabilities	1,483	1,943
Equity attributable to the parent company	2,119	2,153
- Capital stock	99	99
- Consolidated capital surplus	1,212	1,212
- Consolidated other components of equity	△22	(22)
- Accumulated other comprehensive income	△37	9
- Consolidated earned surplus	867	855
Non-controlling interest	557	562
Total equity	2,676	2,715
Total liabilities and equity	4,159	4,658

Income Statement

(Unit: billion KRW)

Items	3Q23	4Q23	1Q24	2Q24	3Q24
Revenue	581	432	381	414	426
- Cost of Revenue	396	332	296	299	332
- Gross profit from Revenue	185	100	85	115	95
- Revenue and administrative expenses	102	95	97	106	107
Operating profits	83	5	△13	9	-12
- Other non-operating income	3	2	5	6	1
- Other non-operating expense	0.8	23	8	7	4
- Financial income	22	21	21	20	23
- Financial expense	30	14	16	20	23
- Share of profits	△0.4	△2	0	△0.4	△0.4
Earnings before interest and taxes	77	△11	△11	8	-16
- Income tax expense	15	0.1	△3	3	△5
Consolidated net income	63	△11	△8	5	△11
- Equity attributable to the parent company	47	△12	△4	9	△4
- Non-controlling interest	16	1	△4	△4	△7

Financial Statements (Separate)

Balance Sheet

(Unit: billion KRW)

Items	2023	3Q24
Current assets	673	812
- Current account	441	559
- Inventory	232	253
Non-current assets	1,283	1,294
- Investment in affiliated companies and joint ventures	444	444
- Tangible property	693	708
- Intangible property	30	31
- Other Non-current assets	115	110
Total assets	1,956	2,106
Current liabilities	653	708
Non-current liabilities	179	236
Total liabilities	832	944
Capital	99	99
Capital surplus	158	158
Other components of equity	△13	△13
Earned surplus	880	917
Total equity	1,124	1,161
Total liabilities and equity	1,956	2,106

Income Statement

(Unit: billion KRW)

Items	3Q23	4Q23	1Q24	2Q24	3Q24
Revenue*	298	323	317	345	332
- Cost of Revenue	226	254	246	257	251
- Gross profit from Revenue	71	68	71	88	81
- Revenue and administrative expenses	48	52	53	57	52
Operating profits*	24	16	19	31	30
- Other non-operating income	2	17	2	10	0.4
- Other non-operating expense	4	25	7	4	3
- Financial income	7	10	11	12	8
- Financial expense	11	12	12	16	16
Earnings before interest and taxes*	18	7	13	33	19
- Income tax expense	4	△0.1	3	8	4
Net income	14	7	9	26	15

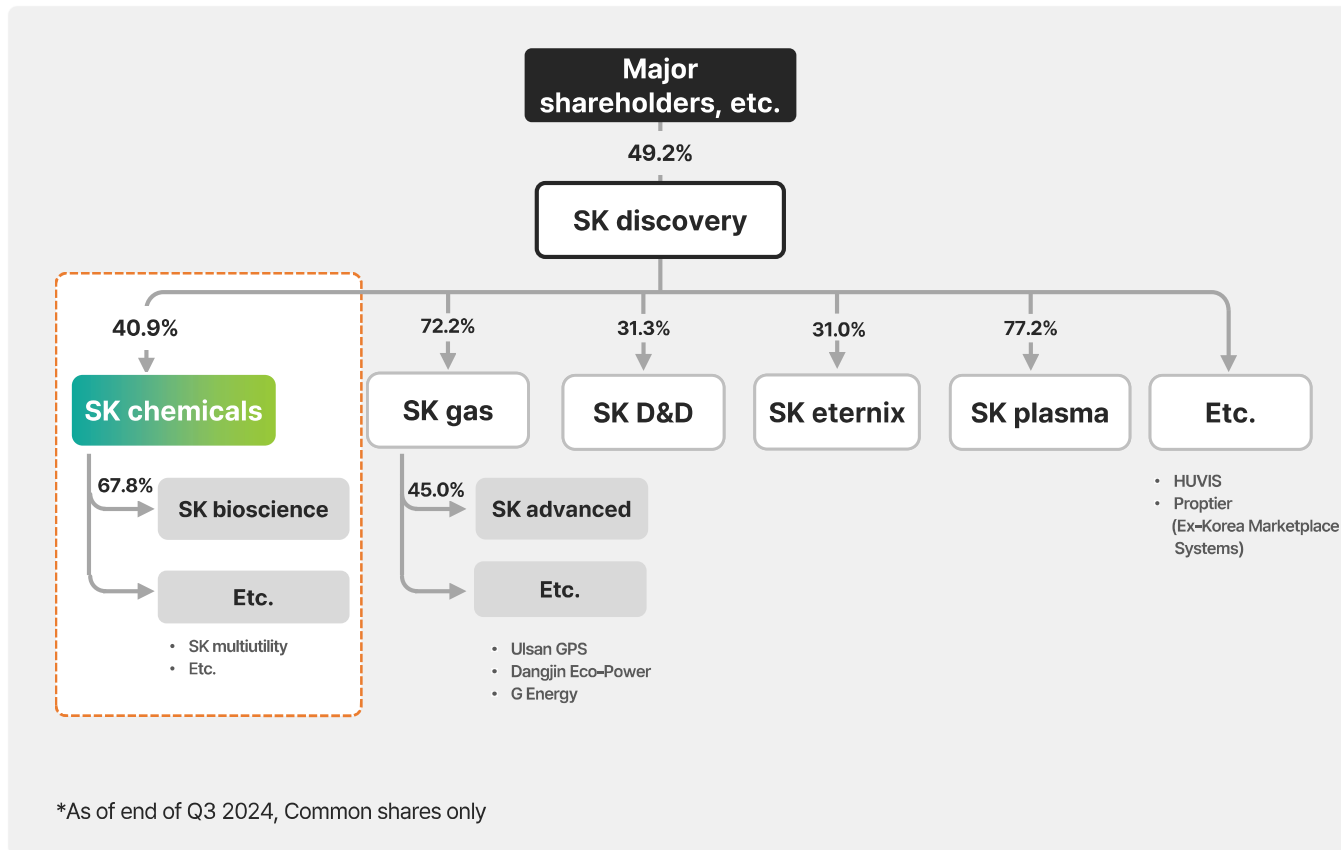
Key Financial Information (Separate)

(Unit: billion KRW)

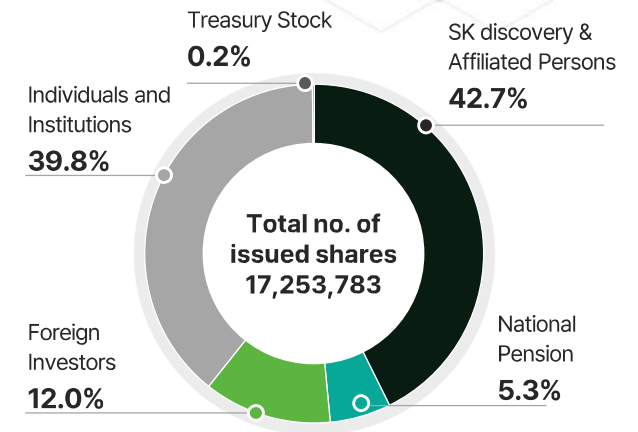
	2022					2023					2024		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Cash and Cash Equivalents	106	114	109	119	119	326	222	215	245	245	250	407	341
Net Debt	129	295	296	317	317	387	412	393	360	360	423	414	397
CAPEX	15	28	16	25	84	81	24	23	31	159	21	22	16
Debt Ratio	67.0%	61.8%	64.9%	61.7%	61.7%	82.9%	71.5%	69.9%	74.0%	74.0%	76.4%	90.3%	81.3%
Current Ratio	141.3%	119.4%	120.3%	120.6%	120.6%	128.9%	133.6%	125.7%	103.1%	103.1%	91.5%	112.0%	114.7%
EBITDA	40	36	48	39	163	39	34	38	31	141	33	46	44
EBITDA (%)	13.0%	10.6%	15.6%	12.6%	12.9%	12.6%	10.4%	11.8%	9.4%	11.0%	10.0%	13.2%	13.3%
ROE	2.1%	1.3%	2.3%	0.5%	-	1.5%	0.4%	1.2%	0.6%	-	0.8%	2.2%	1.3%

Governance and Shareholders

Governance



Shareholder Composition

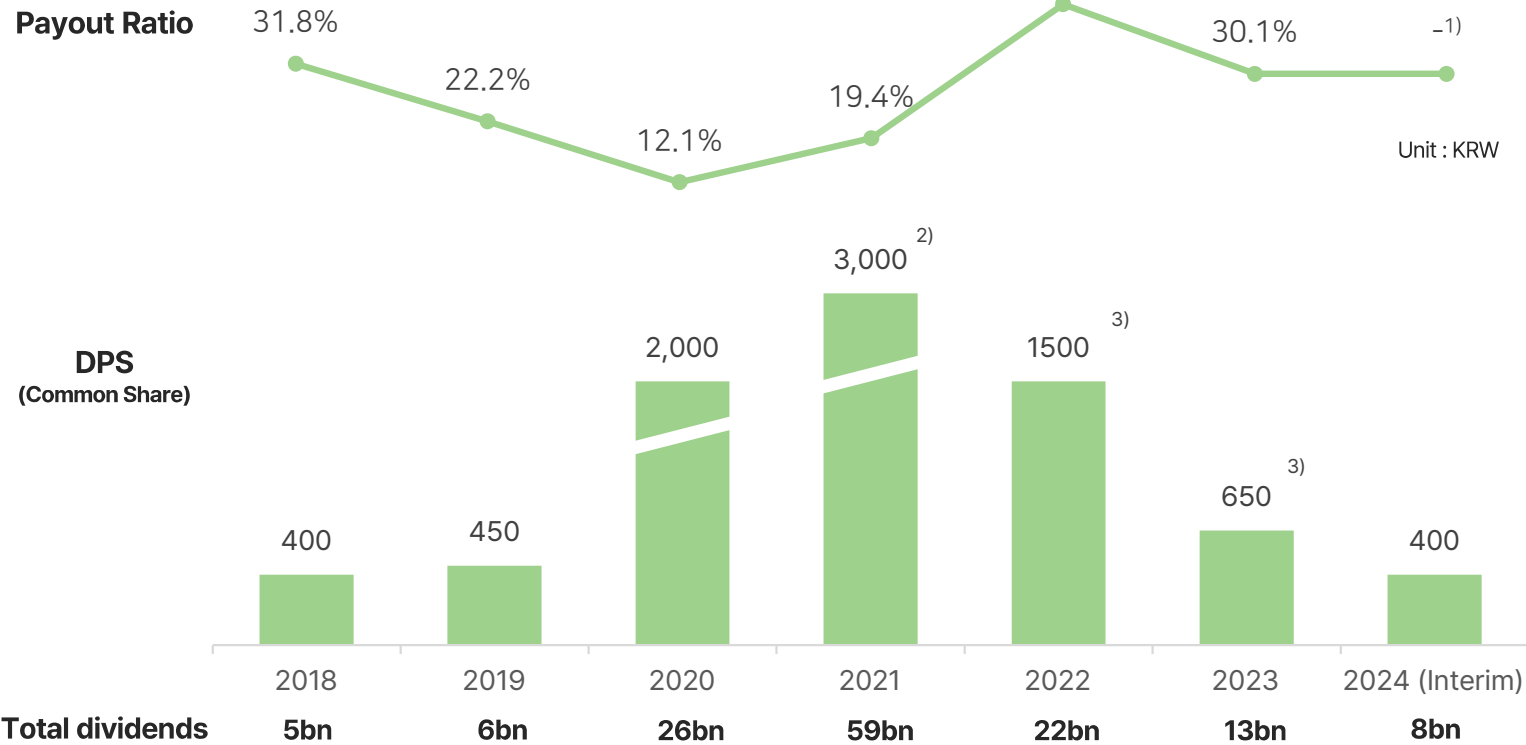


Shareholders Category	No. Shares
SK discovery & Affiliated Persons	7,361,072
National Pension	907,747
Foreign Investors	2,062,973
Individuals and Institutions	6,891,134
Treasury Stock	30,857
Total no. of issued shares	17,253,783

*As of end of Q3 2024, Common shares only

Shareholder Returns

Dividend



- 1) The payout ratio for the interim dividend has not been separately stated due to undecided annual profitability
 2) The amount includes special dividends, with a dividend of 4,500 KRW per share based on the pre-bonus issue in 2021
 3) Includes interim dividends (interim dividends implemented from 2022)

Others

Jun 2017 Retirement of Stock¹⁾

Oct 2021 Announced dividend policy²⁾

Nov 2021 50% capital increase without consideration

Mar 2022 Announced Buy-back of Stock (50 Bn KRW)

Oct 2022 Retirement of Stock (50 Bn KRW)³⁾

- 1) Retired 1,939,120 common shares (7.9% of the total issued shares)
 2) Total dividend amount determined at a payout ratio of approximately 30% (based on separate net income excluding non-recurring gains and losses)
 3) Retired 389,489 common shares

4 Business Introduction

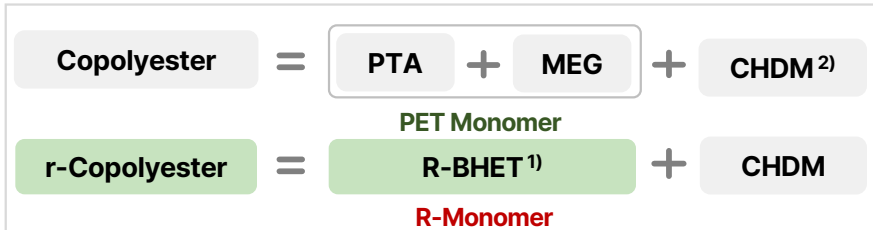
Green Chemicals
Life Science
Global Network



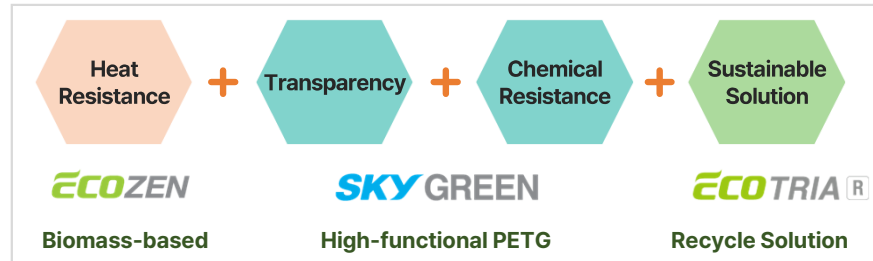
Business Introduction Green Chemicals - Copolyester

Business Introduction

- Functional PETG replaces PC, PMMA, PVC
- Production Process



- Key Products and Applicability



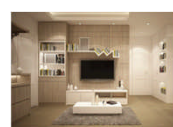
Cosmetics



HHG



HA



Interior
Sheets



Packaging etc.

Core Strategy

- Virgin : Stable profit through high-value goods/portfolio improvement
- Recycle : Establishing entry barriers through market preemption and property standardization

Core Tasks and Strategy

Preempting CR Copolyester Market

- Expanding Recycle sales by cooperating with Global B/O
- Early customer commitments through MOUs, etc.

High-Value Portfolio Expansion

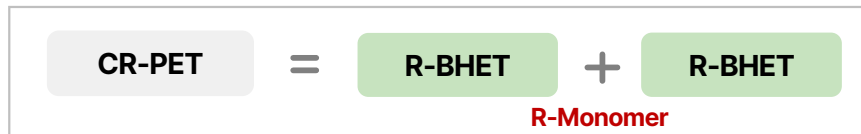
- Targeting High-Value Markets Based on Quality Competency
 - Expanding sales in high-value end-markets (cosmetics/HHG/HA)
 - Leading standardization by securing cosmetics B/O
 - Expanding sales through new applications, replacing other materials
- Expanding Strategic Products/Markets Based on Optimized Facilities
 - Shortening the expansion period of heat-resistant copolyester through early establishment³⁾ of dedicated facilities
 - Accelerating M/S expansion through property enhancement and application expansion

1) R-BHET : Recycled bis-(2-hydroxyethyl) terephthalate 2) CHDM : Cyclohexanedimethanol 3) Investment in Modifying Existing Facilities

Business Introduction Green Chemicals - Recycle

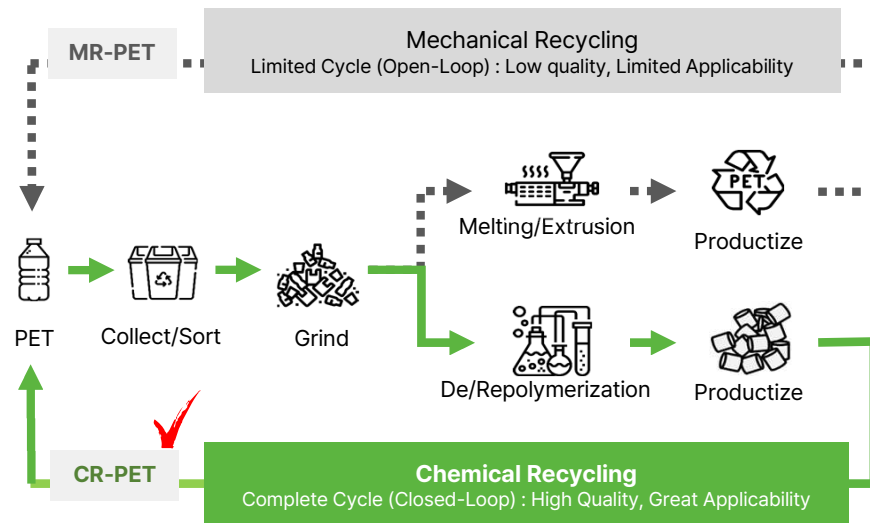
Business Introduction

Production Process



Mechanical Recycling vs. Chemical Recycling Comparison

Choosing Chemical Recycling Method Enables Closed Loop and Sustainability



Core Strategy

- Securing competency as the 1st to commercialize CR-PET in 2023
- Leading the CR-PET market through quality and cost competency

Core Tasks and Strategy

Vertical Integration of Raw Material Supply: Feedstock Innovation

- Internalizing key recycled raw materials (R-BHET) SK Shantou
- Expanding W-PET value chain through extended partnerships

Stabilization of SK Shantou and Advancing of HTR Technology

- Price and quality competitiveness of recycled products and expanding R-BHET production capacity
- Purification process improvement → washing process Normalization → HTR Conversion

Securing Cost Competitiveness at the Level of MR-PET

- Reduction in production costs: Alleviating customer price resistance and promoting market development

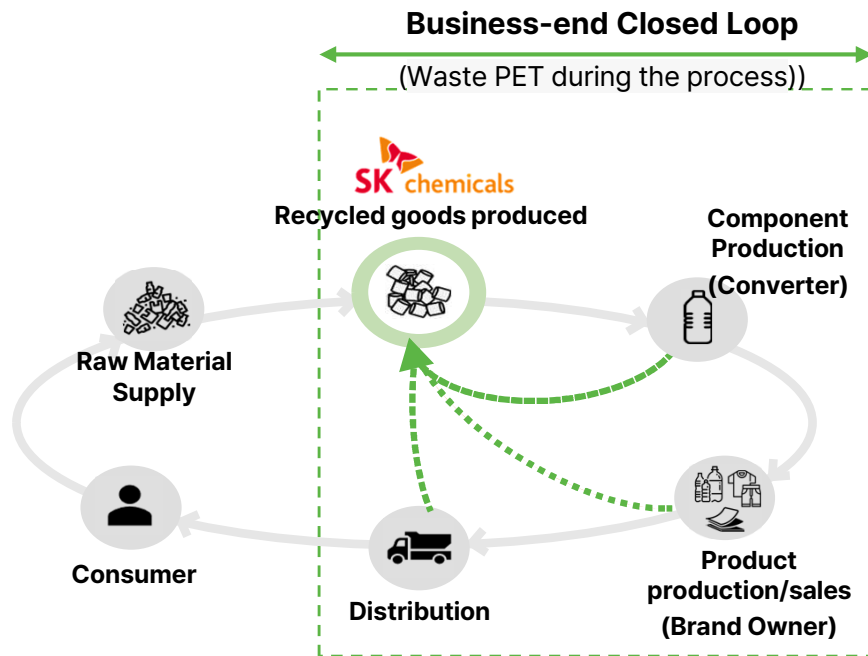
Strategic Expansion of CR-PET Sales

- Securing opportunities in the high-value CR-PET market and mass market based on cost competitiveness

Business Introduction **Green Chemicals - Circular**

Business Introduction

- Providing a Closed Loop Solution for Recycling Waste PET Generated During Customers' Production Processes
- Circular Solution



Core Strategy

- Recycling market is expected to form across various industries due to recycling regulations



EEE
WEEE¹⁾

- Obligated to **recover and recycle 55-80% of production volume**
- Need to establish a **closed loop for consumables generated during the process**



Automotive
ELV²⁾

- Obligation to use **easily disassembled designs and recyclable/reusable materials, with 25% of materials from end-of-life vehicles by 2030**
- **Need to establish a closed loop** for waste obtained from end-of-life vehicles



Fashion
ESPR³⁾

- Obligation for manufacturers to comply with **eco-design** considering environmental impact and disclose fuel usage during the manufacturing process
- Need to establish a closed loop, **prohibiting the disposal of unsold inventory** by 2030

... and many other industry needs

1) Waste of Electrical & Electronic Equipment: EU directive on the manufacture/use/disposal of electrical/electronic equipment

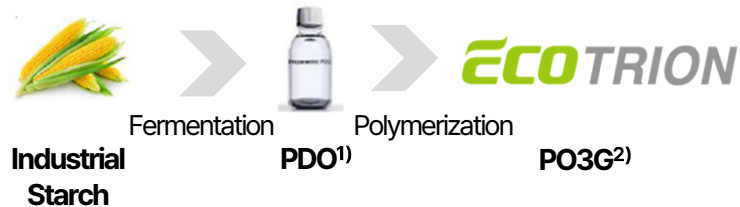
2) End of Life Vehicles Regulation: EU regulation on the recycling/reuse of end-of-life vehicles

3) Eco-design for Sustainable Products Regulation: EU regulation for eco-design of sustainable products

Business Introduction **Green Chemicals – Other Business**

BIO Materials

- 100% Eco-Friendly⁴⁾ BIO Material high-Performance Bio-Polyol that Replaces Polyurethane Uses That Are Difficult to Recycle
- Targeting eco-friendly needs by increasing applicability and cost competitiveness

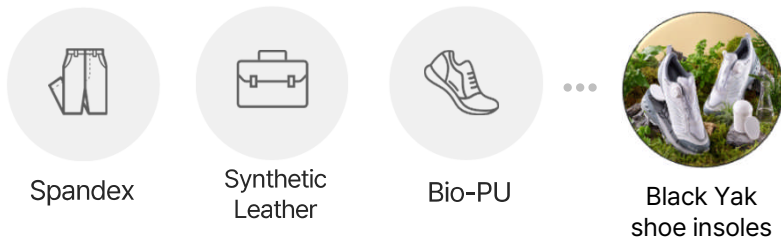


High elastic recovery,
wear resistance,
high flexibility

Lower CO₂ Emissions
Compared to
PTMEG⁵⁾

Commercialized in
February 2022 CAPA:
5,000 Tons/yr

Key Markets and Commercialization Examples



Functional Materials

- Polyester-based adhesives and coatings (BON) and TPEE(PEL)
- Eco-friendly needs in various areas: Increased demand for chemical resistance and conversion to recycled products

Product Introduction and Applicability

SKY BON

SKY PEL

- Polyester-based adhesives and coatings
- Can Coating, Pre-coated metal, Hotmelt, Industrial adhesives, etc.
- TPEE³⁾
- Cable Jacket, Industrial tubes, Duct Mesh Chair Monofilament, etc.



1) PDO : Propanediol 2) PO3G : Poly Oxytrimethylene Glycol 3) TPEE: thermoplastic polyester elastomer 4) Eco-friendly refers to products made from biomass
5) Using Bio-Derived Raw Materials that Reduce Greenhouse Gas Emissions by Approximately 40% Compared to Conventional Petrochemical-Based PTMEG

Business Introduction Life Science - Pharma

Business Introduction

- Competitive product portfolio in botanical and synthetic drug market
- Possesses top-level marketing and partnership capabilities domestically

Main Products

Ginexin-F



ginkgo leaf blood circulation and cognitive function enhancer

Joins



Natural arthritis treatment

Trast



Patch-type arthritis treatment

Mvix S



World's first film-type erectile dysfunction treatment

Rivastigmine Patch



Patch-type dementia treatment

Core Strategy

Continuous business expansion through securing growth drivers based on competency

Mid-term Key Tasks

Strengthening marketing alliance competitiveness

Natural pharmaceutical Product value-up

Expanding Global C(D)MO

Securing R&D growth drivers

Implementation Strategy

Strengthening strategic partnership and operation optimization

Diversifying raw material sourcing and expanding sales

Exploring new Countries for New CMO opportunities

Expanding to new pipelines and accelerating open Innovation



Exploring New Biz Model

Global Network

● HQ(1) ● Domestic Plants(3) ● Overseas Offices (2) ● Overseas Plants (3) ● Overseas Corporations(4)



Ulsan Plant



Certification ISO 14001(Environment) / ISO 45001 (Safety and Health) / ISO 9001(Quality)

Construction Sept 1989 PTA / DMT Plant completion
Jan 2001 CHDM / PETG Plant completion
Feb 2022 PO3G Plant completion

Products Copolyester resin, DMT etc.

Production Capacity 450K tons Annually ^{1) 2)}

Cheongju Plant (S HOUSE)



Certification K GMP/ EU GMP(Solid tablets, patches)

Construction July 2009 Cheongju plant acquisition
July 2012 Production building completion
Mar 2014 Patch building reconstruction

Products Solid tablets and patches

Production Capacity 760 mil. solid tablets, 66 mil. patch pouches annually

SK Shantou



Certification 2019 r-BHET , CR-PET Plant takeover (Shuye)
Mar 2023 Acquisition of Tangible Assets (Shuye)

Construction r-BHET , CR-PET etc.

Production Capacity r-BHET : 70K tons / CR-PET 50K tons Annually

Andong Plant (L HOUSE)



Certification MFDS & EU GMP Certification

Construction Dec 2012 Construction Completed

Products Flu vaccine, varicella/herpes zoster vaccine, COVID vaccine (CMO/CDMO)

Production Capacity Approximately 500 mil. doses annually based on finished products

1) Reflecting operation of new production facility*(#4) from 15th Jun 2021

2) PETG, CHDM, DMT total capacity