



SK chemicals Earnings Release

'21. 4Q

Disclaimer

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

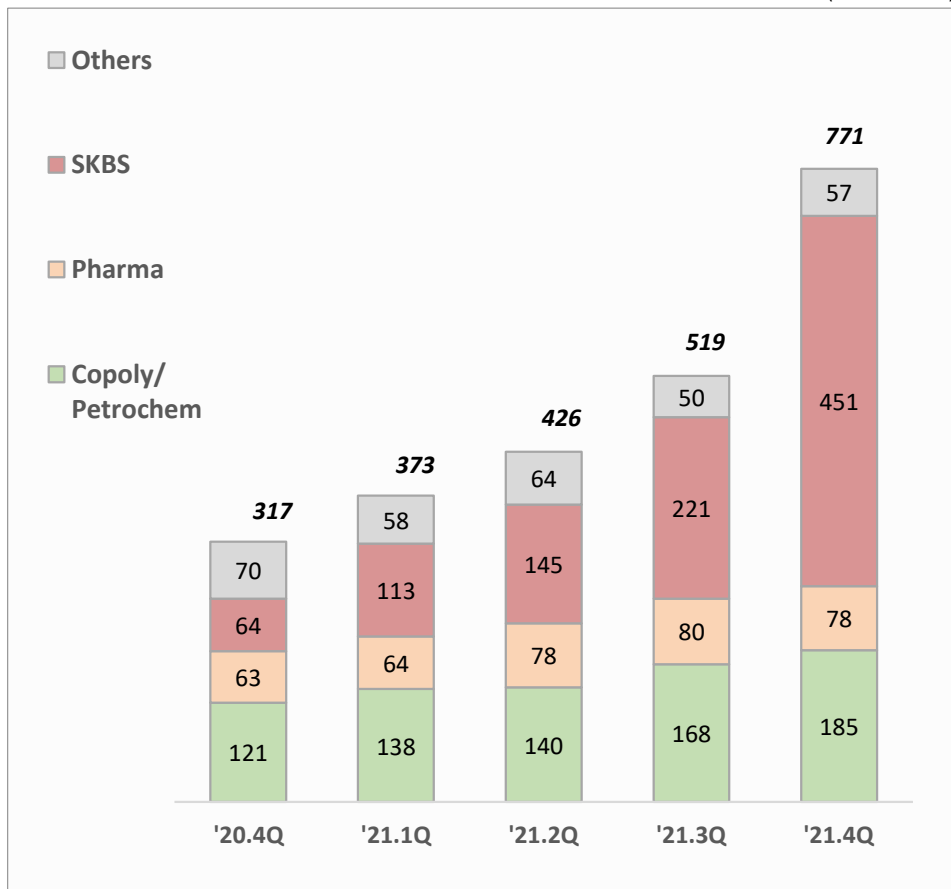
Forecasts and projections contained herein are based on current business environment and management's strategies. Please note it may differ from actual results, due to uncertainties including changes in the future business environment and recalibration of strategies.

I. Performance Review (Consolidated)

- Total sales increased by about +143 % YoY, and operating profit increased by about +547% YoY.
- Achieved the highest quarterly performance with even growth in all business divisions and good performances of Copolyester and SK Bioscience, our two major driver of growth.

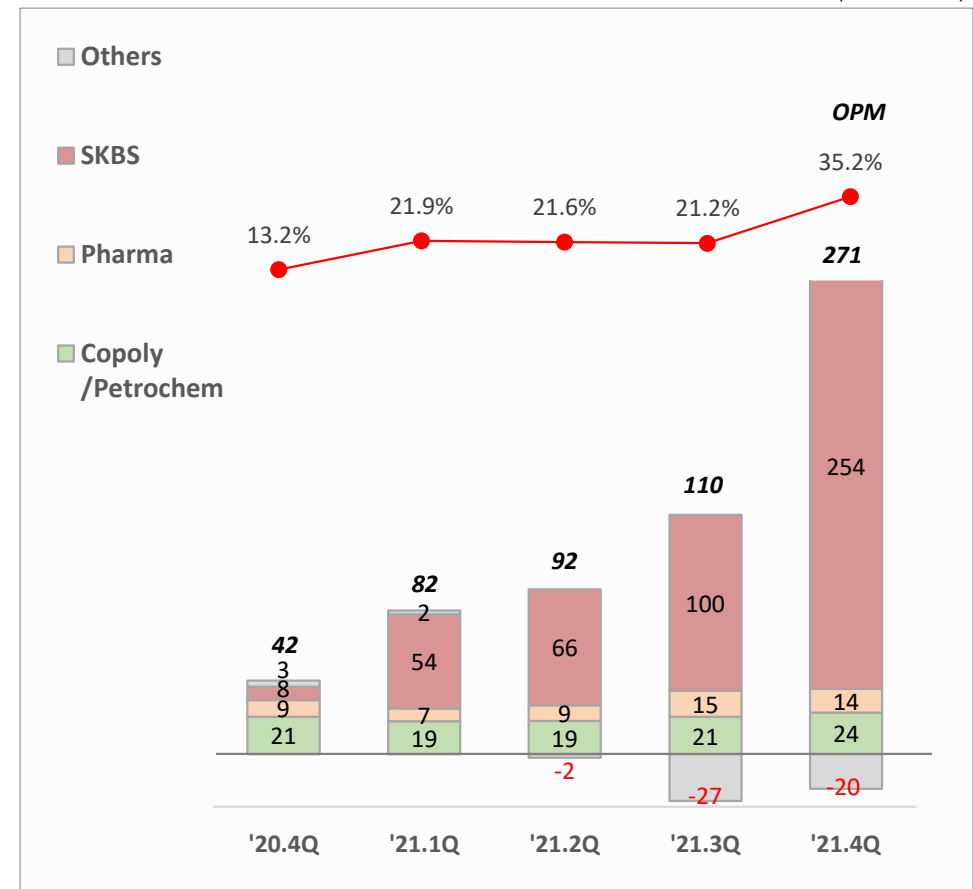
Sales

(Unit : KRW Bn)



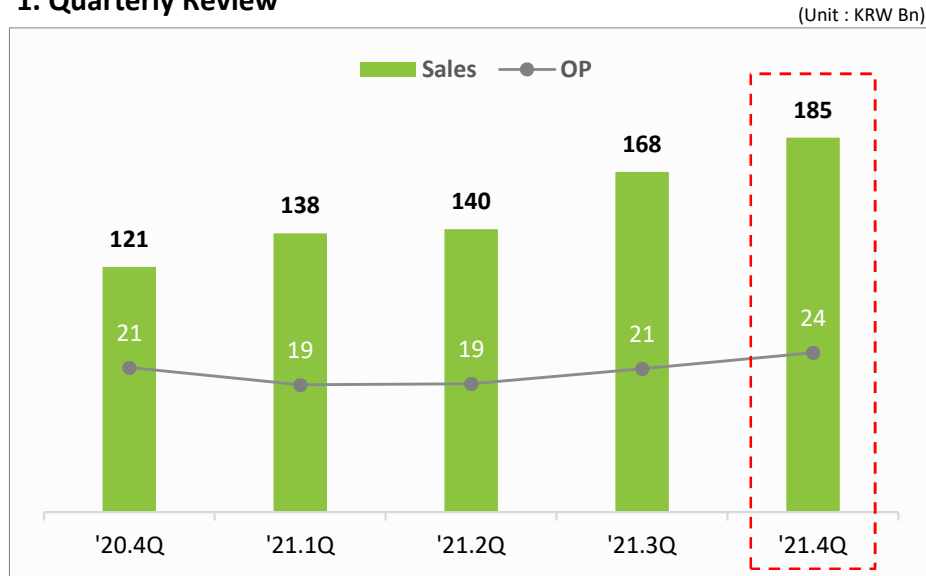
Operating Profit

(Unit : KRW Bn)

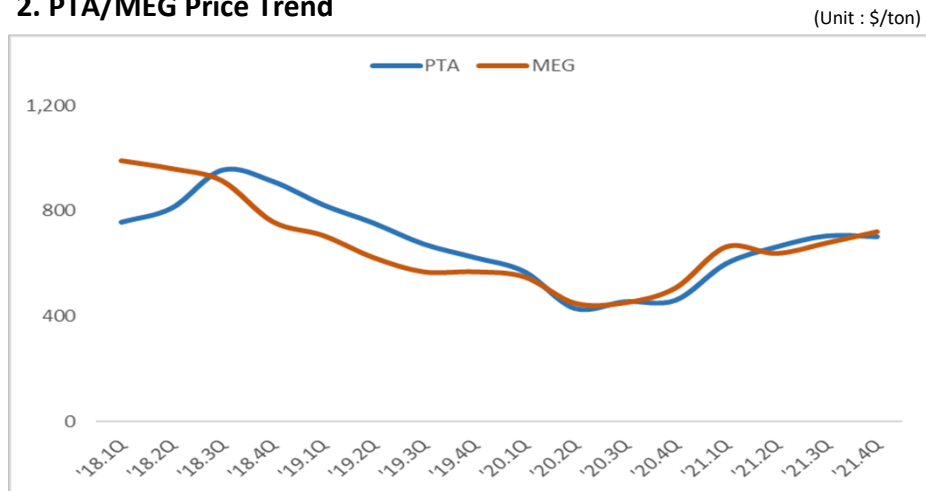


Performance

1. Quarterly Review



2. PTA/MEG Price Trend



Review / Guidance

• '21.4Q Performance Review

- Sales : + 53% YoY

① Sales volume increased due to development of new applications, expansion of customers, and full-fledged operation of new facilities.

- OP : +10% YoY

① Despite the reduction in profits due to the increase in raw materials and freight charges,
 ② Profit increased due to increased sales volume.

• '22. Outlook

- Strong demand is expected to grow continuously.

- Sales Expansion by operating new facilities.

- Improvement on profitability with concentrated product portfolio of high value-added products.

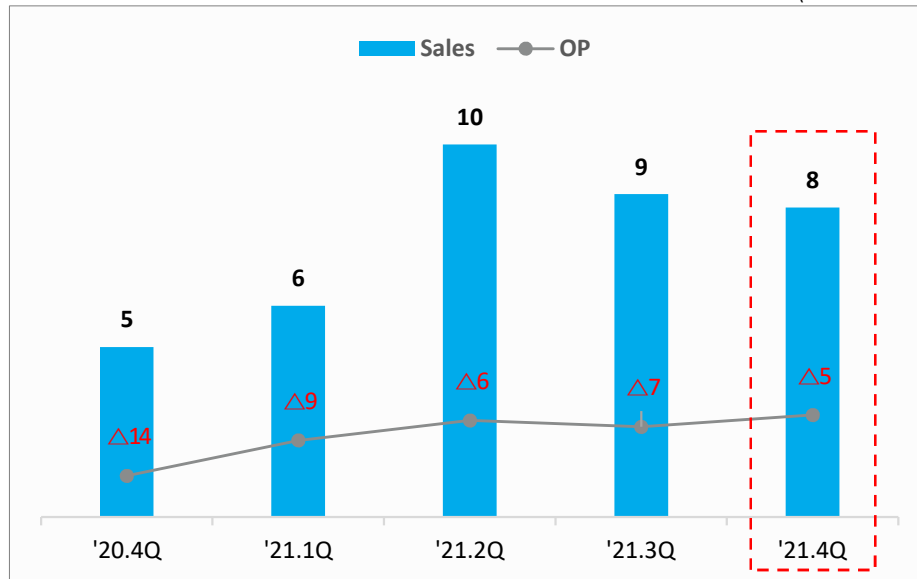
※ Main applications

- 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

• '21.4Q Performance Review

- Sales : + 81% YoY

- ① Sales growth due to increased demand for heat-resistant plastic plastics.

- OP : deficit YoY

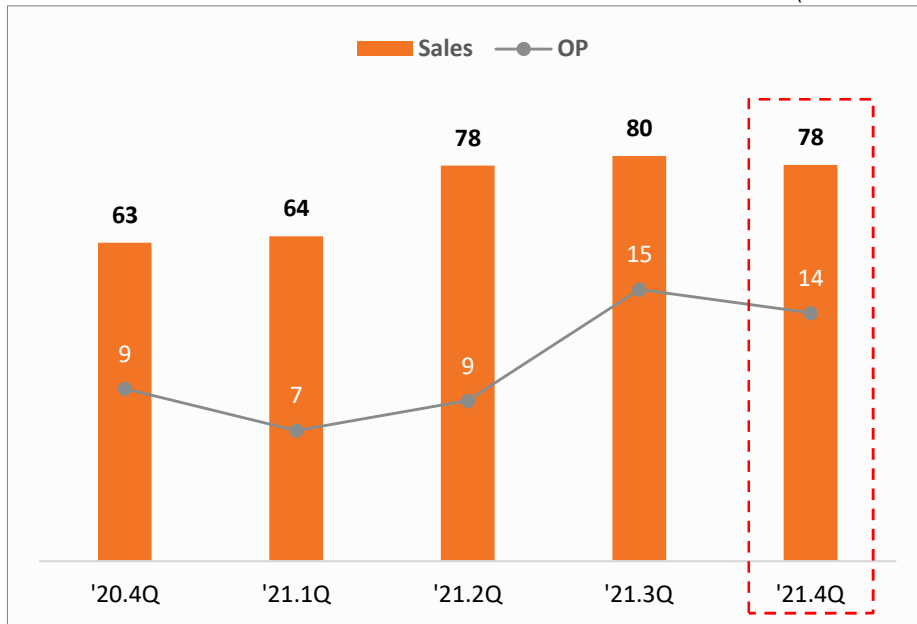
- ① Reduced the range of deficit with increase in sales

※ As of the end of 2021, the sale of the division is completed.

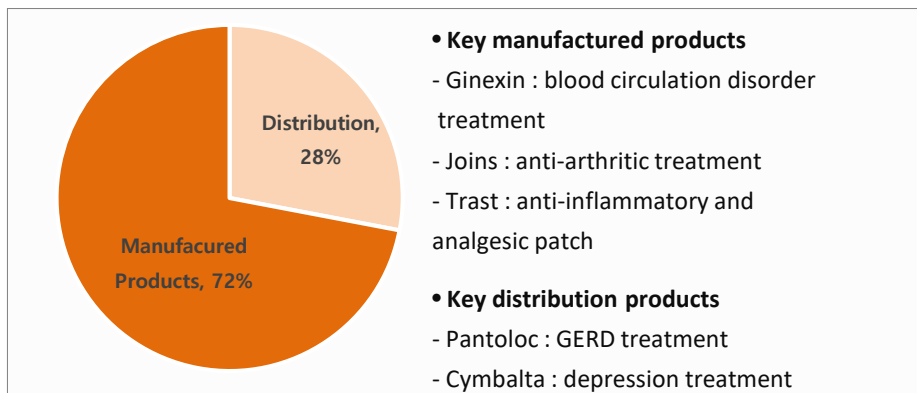
Performance

1. Quarterly Review

(Unit : KRW Bn)



2. Sales Composition (2020)



Review / Guidance

• '21.4Q Performance Review

- Sales : + 24% YoY

① Sales rose due to solid sales of the top major product lines and increased M/A(Marketing Alliance) products.

- OP : + 44% YoY

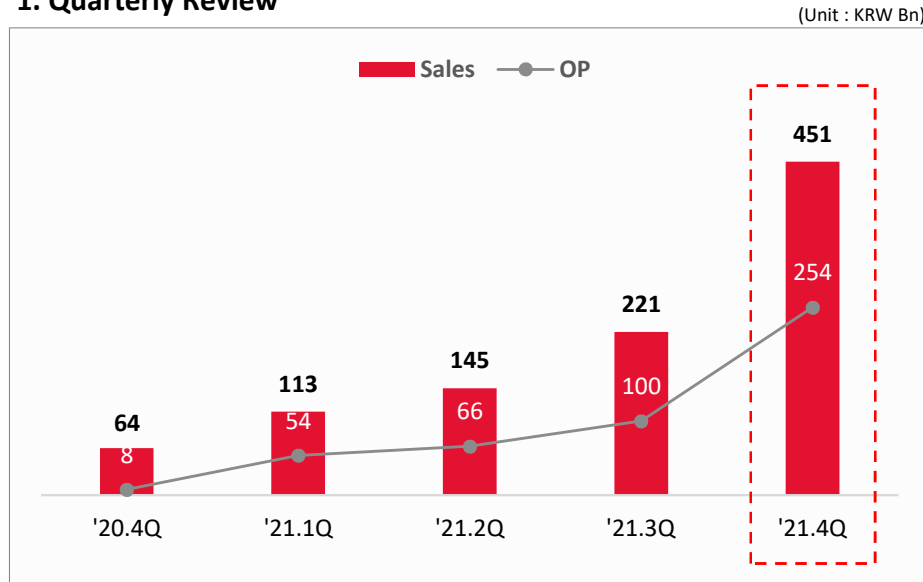
① Profits increased with expanded sales volume,
 ② Efficient execution of marketing cost

• '22. Outlook

-Expectations for sales expansion due to the steady sales of existing prescription products and the growth of M/A products

Performance

1. Quarterly Review



2. Business Updates

- **COVID19_GBP510**

- Phase 3 interim data release and filing/approval(1H22)
- Concurrent filing/approval of primary dose with homo/hetero booster shot
- Proving efficacy against Omicron
- Preparing for clinical trials for children/adolescents and pregnant women

- **COVID19 Variant Vaccine(Omicron Variant)**

- Clinical trials for Omicron vaccine set for review in close future and response future variants under development

- **Development Plan for COVID19 + Flu Combo (Clinical trials EOY 2022)**

Review / Guidance

- **'21.4Q Performance Review**

- Sales : + 607% YoY

- ① Achieved record-high quarterly and full-year financial result, majorly driven by revenues from CMO DS manufacturing

- OP : + 3,217% YoY

- ① Increase in Novavax License-in DS revenue

- ② Realization of Novavax/AZ COVID19 vaccine DS CMO manufacturing revenue

- **'22. Outlook**

- Strong growth to be continued.

* DS : Drug Substance / DP : Drug Product

- **Pan-Sarbecovirus Vaccine – Significance**

- Initial research funding from CEPI \$50M (clinical phase 1/2)

- **Road-Map for new businesses**

- Strengthening the vaccine business: Expanding product Portfolio, Globalization, Capability, and Securing a new technology platform
- Promote new projects including CGT CDMO.

- **Next generation pneumococcal vaccine**

- Phase II study is underway, scheduled to enter phase III in 2023



SK chemicals Company Introduction

'21. 4Q

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I. Overview



I. Overview

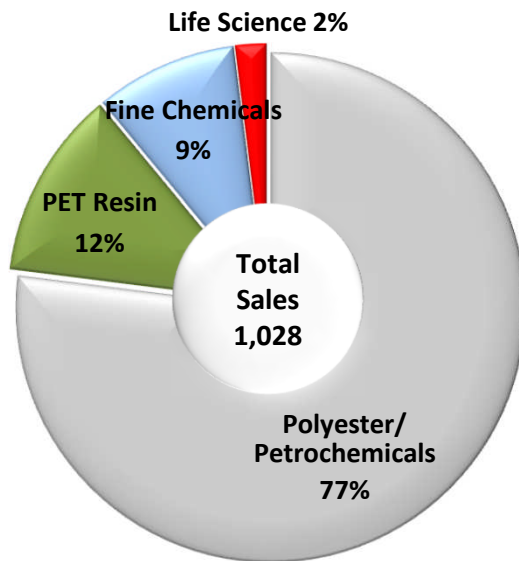
Portfolio Transformation

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



(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

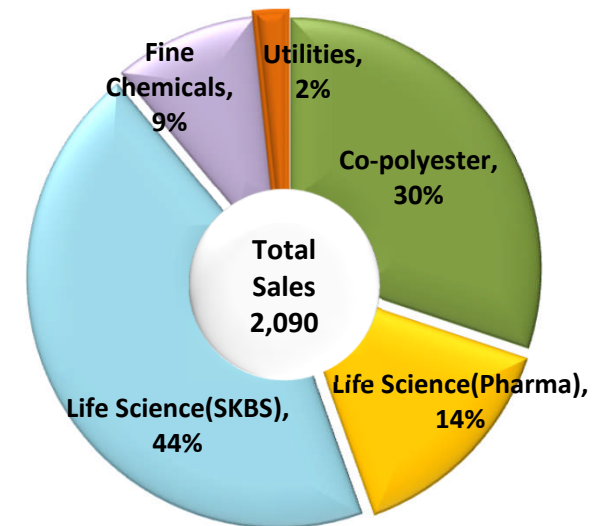
Investments

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

2013 ~



(Unit: Bn. KRW)



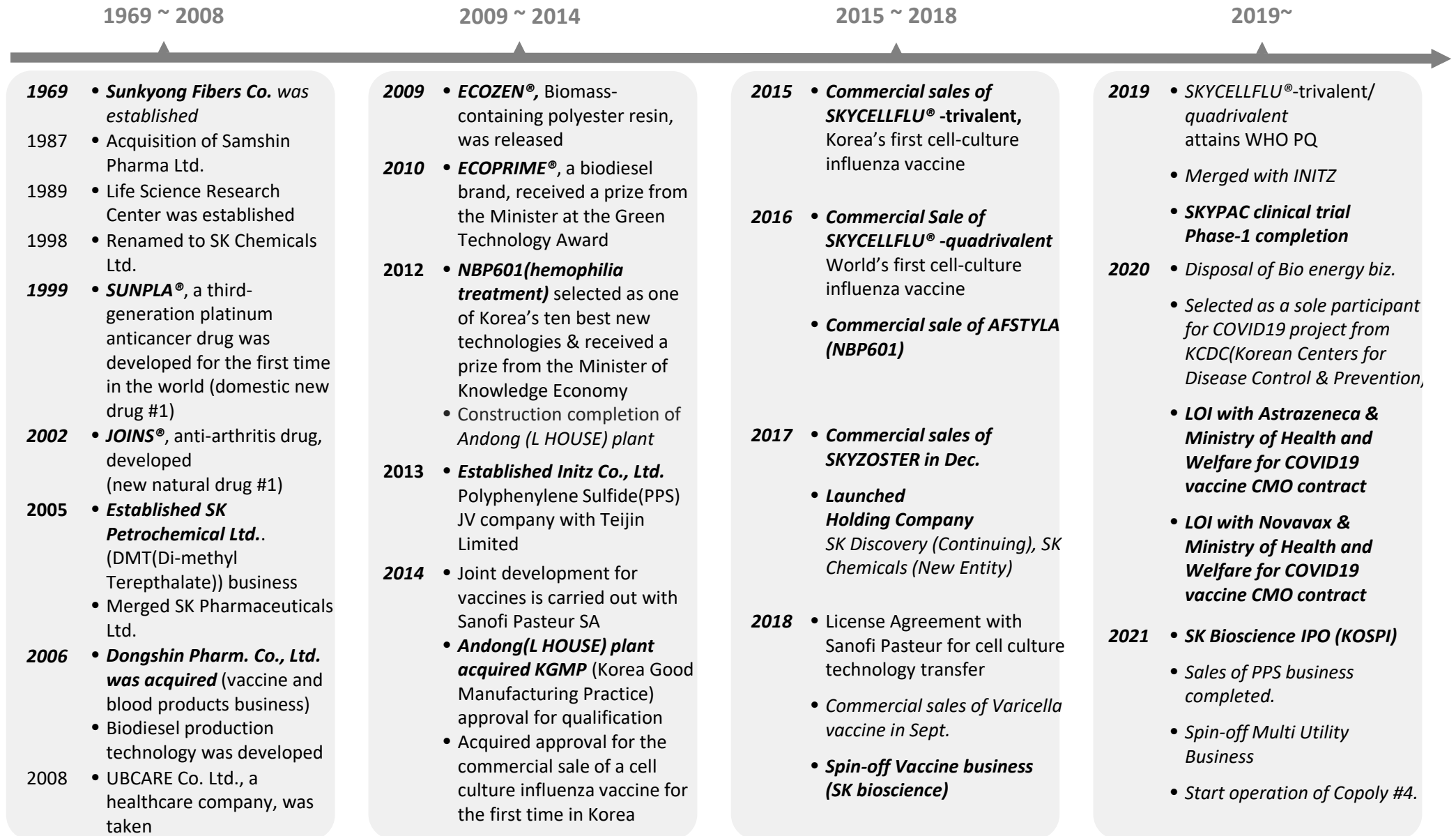
2021

* Consolidated

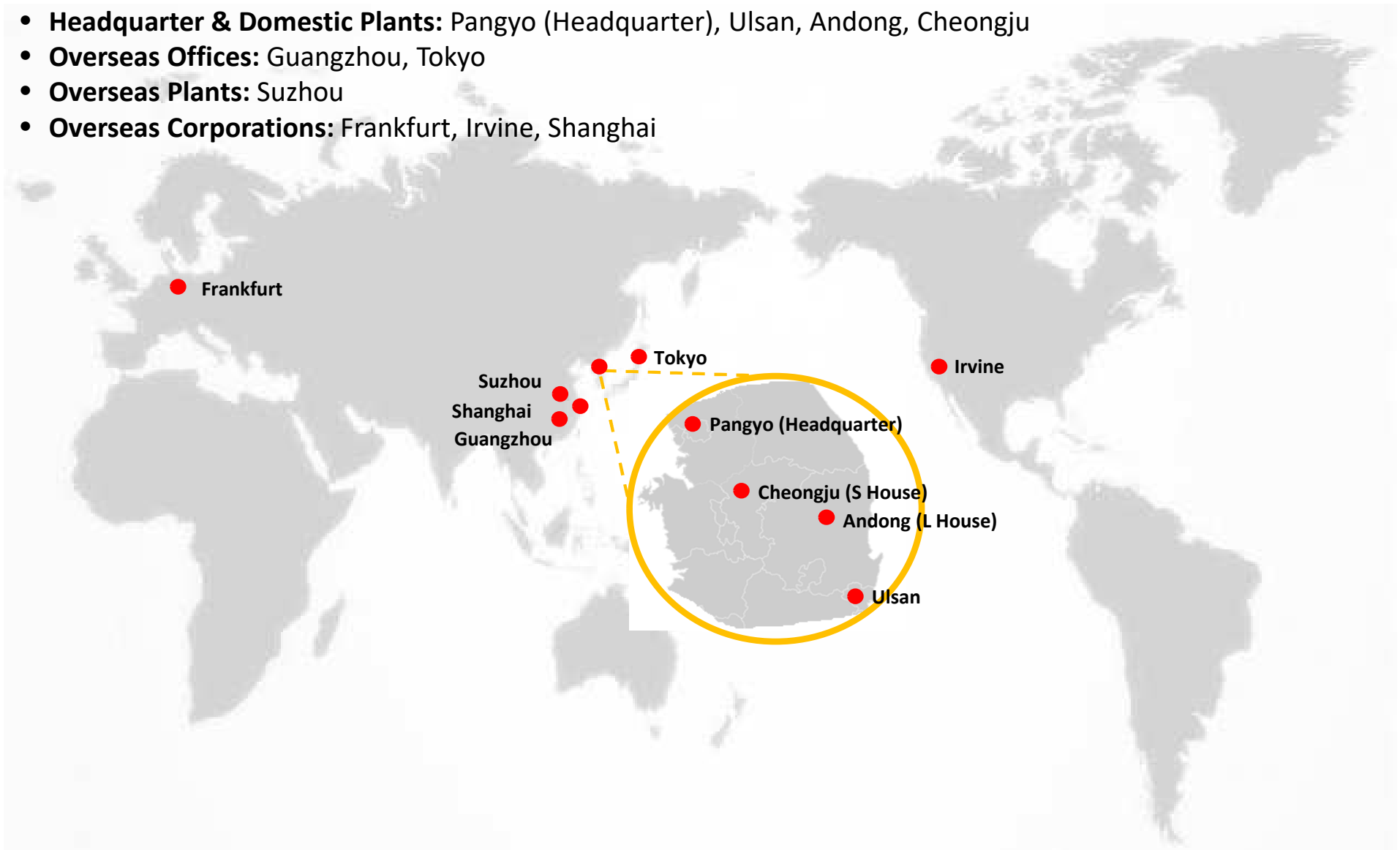
I. Overview

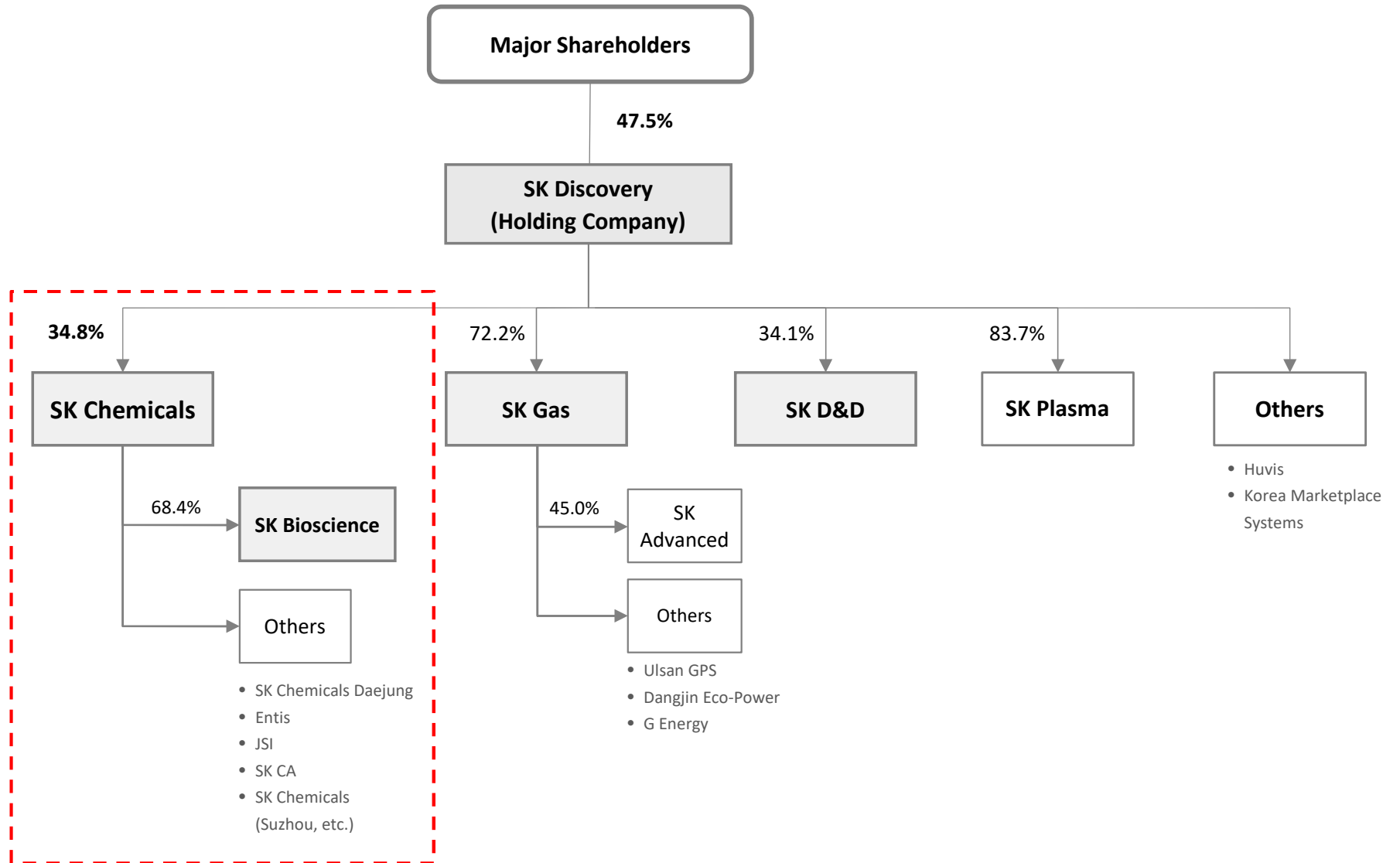
History

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 4Q21

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

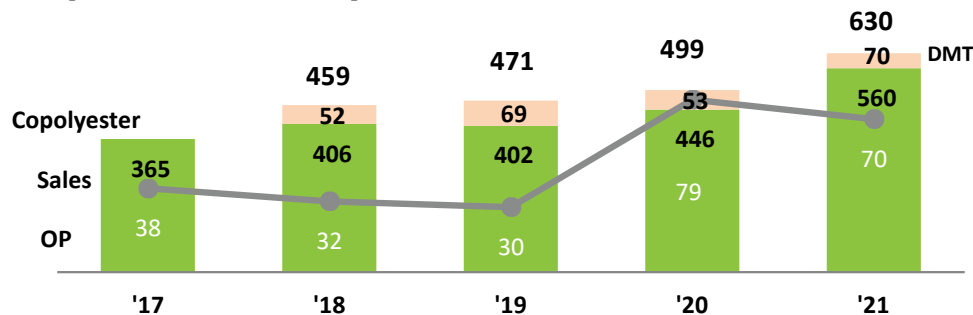
[Applications]

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



[Performance Review]

(Unit : KRW bn)



※ SK Petrochemical was merged in May 2018

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)

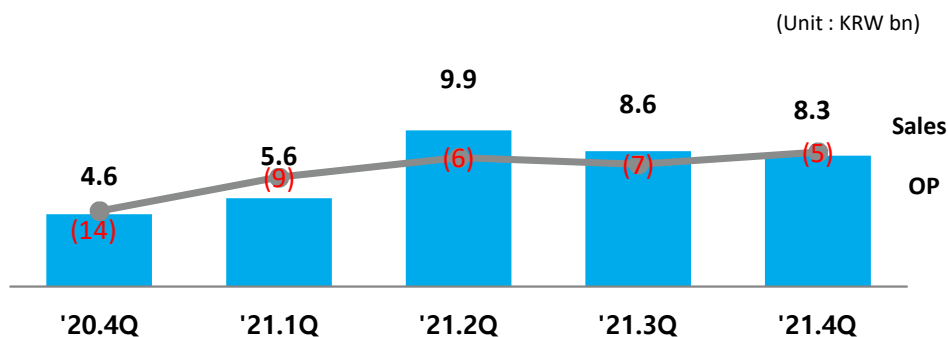
[Features]

- 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

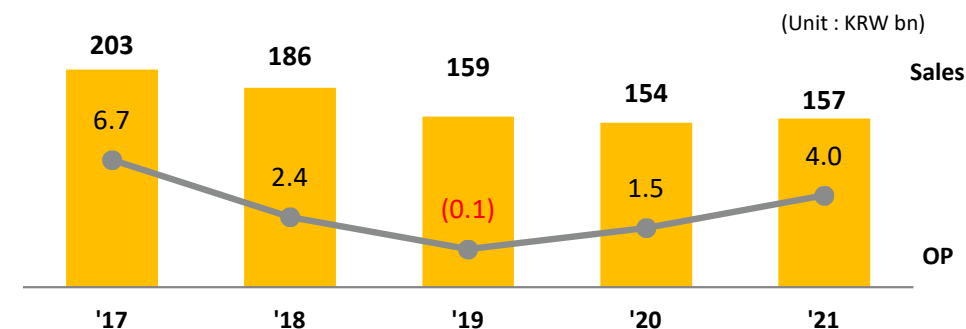
[Other Businesses]

- 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

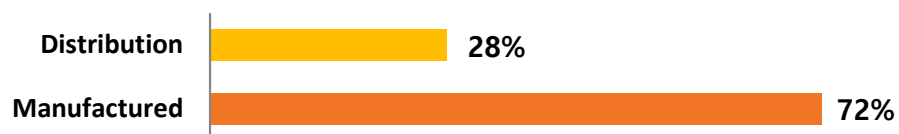
[Summary]

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

[Key Products]

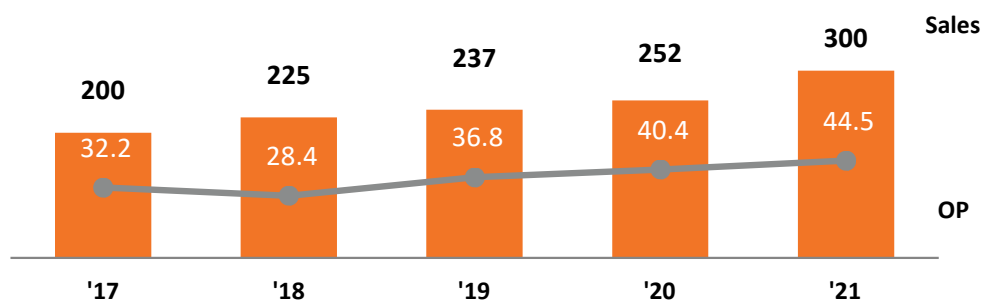
- Ginexin : No.1 drug in domestic market for improving blood circulations
- Joins : Korea's 1st herbal medicinal products for arthritis
- Trast : Word's 1st patch formulation for arthritis

[Manufacturing & Distributions] (2021)



[Performance Review]

(Unit : KRW bn)



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

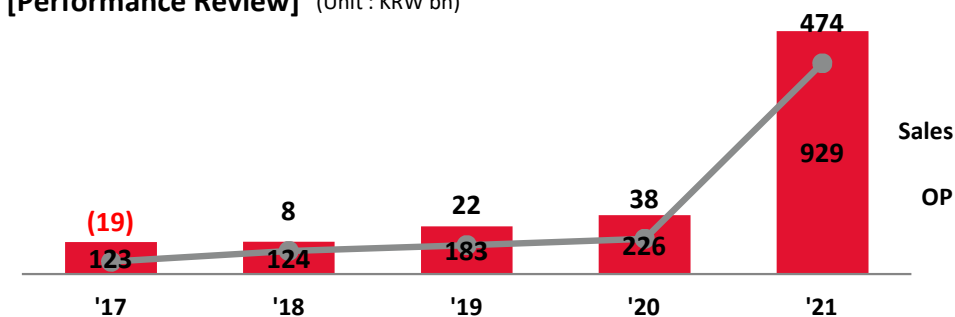
[Key Products]

- 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] (Unit : KRW bn)



III. Summary

1) Past Years

2000 ~

2009~

2015~

Restructuring & Investments

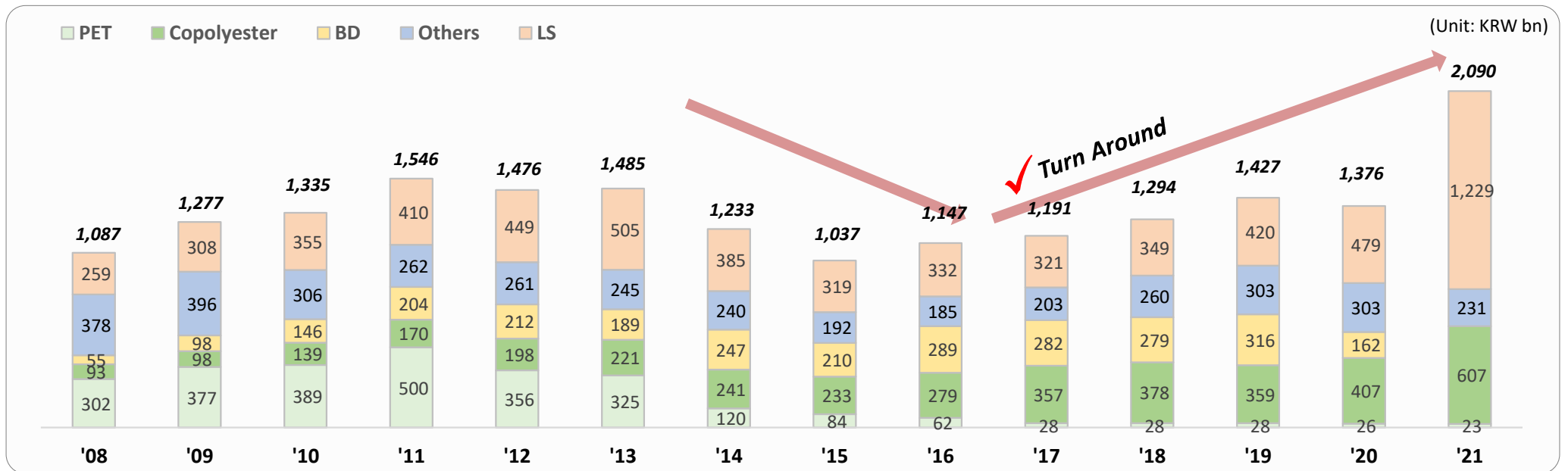
- '00 : Established HUVIS (Polyester Fiber)
- '02 : Released Korea's 1st herbal medicinal drug 'Joins'
- '05 : M&A SK Pharm / Spin-off SK Petrochemicals
- '06 : M&A Dongshin Pharm
- '08 : Initiated development of Pneumococcal vaccine (SKYPAC)

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 Initz (joint venture w/ Teijin)
- '14 : L-House KGMP acquisition Joint development of next-gen Pneumococcal vaccine (w/ Sanofi)

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)

		'19	'20	'21
Operating Profit		52.5	48.4	82.3
Net Profit		27.1	215.7	302.5
EPS (unit: KRW)	common stock	450	2,000	300
	preferred stock	500	2,050	305
No. of stocks for dividends (unit : 1,000 stocks)	common stock	11,730	11,729	1759
	preferred stock	1,457	1,314	196.7
Total amount of cash dividends		6.0	26.2	58.8
Dividend propensity		22.17%	12.12%	19.43%
Dividend yield		0.73%	0.53%	1.96%

※ Dividends for fiscal year 2021 will be finalized after approval by the 5th annual shareholders' meeting.

Dividend policy for shareholders

1. Basic direction

The company seeks to enhance the predictability of the investors' shareholder return by specifying the shareholder return policy.

2. Dividend policy

- Determine the total amount of dividends at the level of 30% of the dividend payout ratio (based on the separate net income for the current term).
- Planned to implement interim dividend payment from 2022.
- Period and point of time of re-review

To enhance predictability for investors, the policy duration has been set to 3 years, and this policy will be reviewed after the same period to reflect any changes in the environment.

V. Appendix

1) Financial Statements (Consolidated)

Balance Sheet

[Unit : KRW 100 Mil.]

	'20Y	'21Y
[Current assets]	9,233	27,841
Current account	6,704	24,348
Inventory	2,529	3,493
[Noncurrent assets]	11,967	11,716
Investment in affiliated companies and joint ventures	91	163
Tangible property	10,700	9,992
Intangible property	370	444
Other noncurrent assets	806	1,116
Total assets	21,200	39,556
[Current liabilities]	6,457	10,866
[Noncurrent liabilities]	5,154	3,022
Total liabilities	11,610	13,889
[Equity attributable to the parent company]	9,529	20,535
Capital stock	660	987
Consolidated capital surplus	2,643	11,928
Consolidated other components of equity	-181	-213
Accumulated other comprehensive Income(loss)	-26	29
Consolidated earned surplus	6,433	7,805
[Non-controlling interest]	61	5,132
Total equity	9,589	25,667
Total liabilities and equity	21,200	39,556

Income Statement

[Unit : KRW 100 Mil.]

	'21.1Q	'21.2Q	'21.3Q	'21.4Q	'21Y
Sales	3,730	4,264	5,190	7,713	20,896
Cost of sales	2,214	2,644	3,150	4,075	12,083
Gross profit from sales	1,516	1,621	2,040	3,637	8,814
Sales and administrative expenses	697	701	940	923	3,262
Operating profit	818	919	1,100	2,714	5,552
Other non-operating income	4	57	70	143	274
Other non-operating expense	49	21	64	309	442
Financial income	190	56	233	148	626
Financial expense	164	52	255	169	640
Share of profits	7	6	3	0	16
Earnings before interest and taxes	807	964	1,087	2,527	5,386
Income tax expense	227	217	272	964	1,680
Consolidated net income	580	747	816	1,563	3,706
Equity attributable to the parent company	572	577	571	980	2,700
Non-controlling interest	8	170	244	583	1,006

※ The income statement excludes profits and losses from the discontinued business.

Balance Sheet

[Unit : KRW 100 Mil.]

	'20Y	'21Y
[Current assets]	5,424	8,504
Current account	3,904	6,737
Inventory	1,520	1,767
[Non-current assets]	12,022	11,368
Investments in associates and joint ventures	51	132
Subsidiary investment	2,482	3,693
Tangible property	8,784	6,635
Intangible property	188	256
Other non-current assets	517	652
Total assets	17,446	19,872
[Current liabilities]	4,614	6,084
[Noncurrent liabilities]	3,981	2,232
Total liabilities	8,595	8,316
[Capital]	660	987
[Capital surplus]	1,883	1,560
[Other components of equity]	-91	-123
[Retained Earnings]	6,398	9,133
Total equity	8,851	11,556
Total liabilities and equity	17,446	19,872

Income Statement

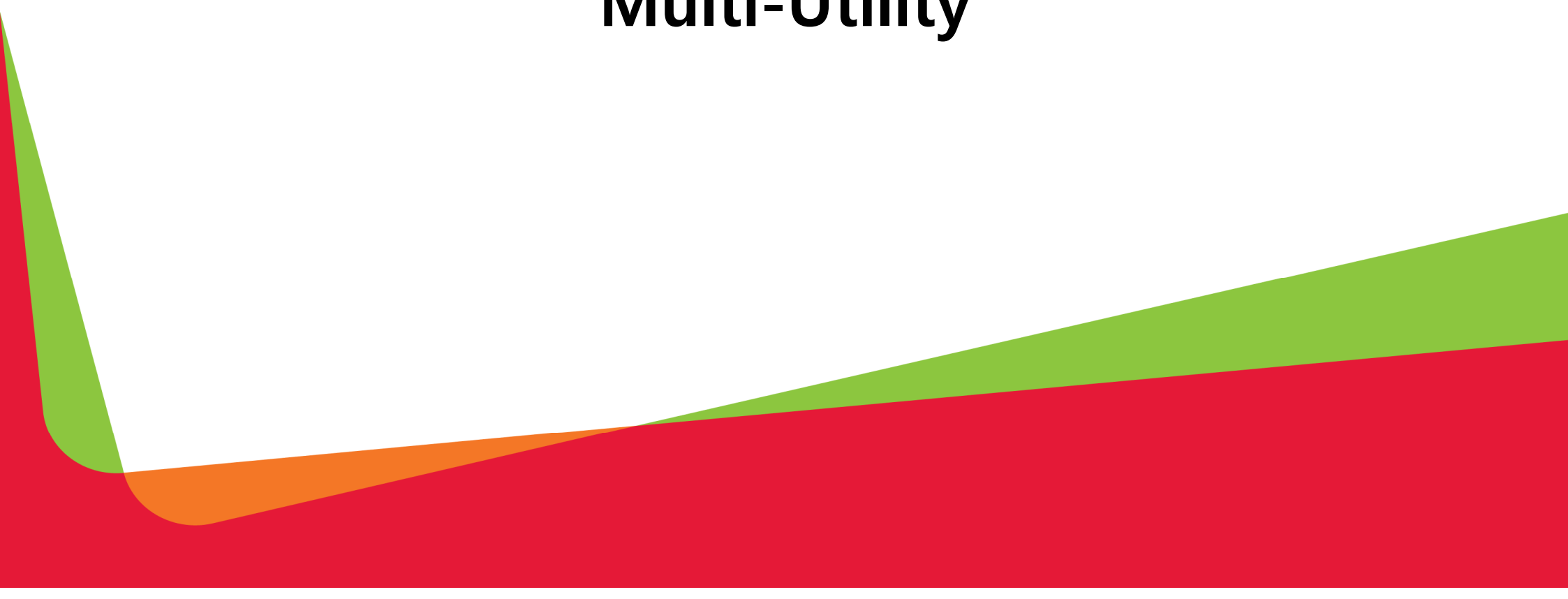
[Unit : KRW 100 Mil.]

	'21.1Q	'21.2Q	'21.3Q	'21.4Q	'21Y
Sales	2,456	2,630	2,894	2,954	10,934
Cost of sales	1,801	1,959	2,249	2,282	8,291
Gross profit	655	671	645	672	2,643
Sales and administrative expenses	420	447	469	484	1,820
Operating profit	235	224	176	189	823
Other non-operating income	4,689	16	58	126	4,889
Other non-operating expense	41	20	58	295	415
Financial income	199	37	142	56	434
Financial expense	110	34	122	57	322
Share of profits	0	0	0	0	0
Earnings before interest and taxes	4,972	222	197	19	5,409
Income tax expense	1,247	74	84	-41	1,364
Net income	3,724	148	112	60	4,045

※ The income statement excludes profits and losses from the discontinued business.

End of Documents

Multi-Utility

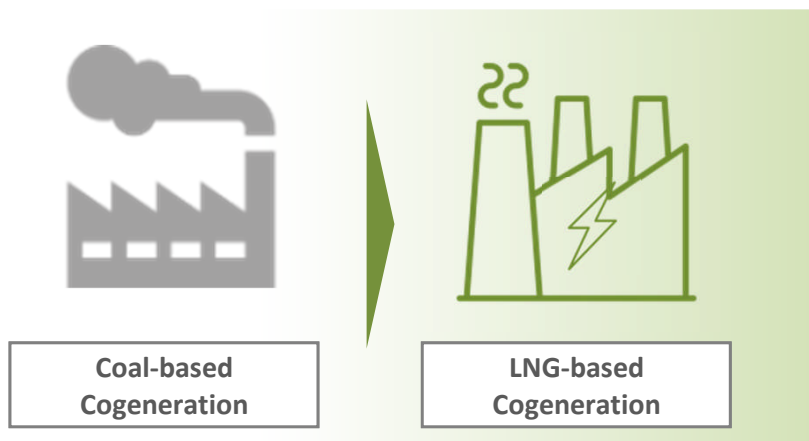


“Need to prepare an action plan for reducing greenhouse gas and improving operational efficiency”

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



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

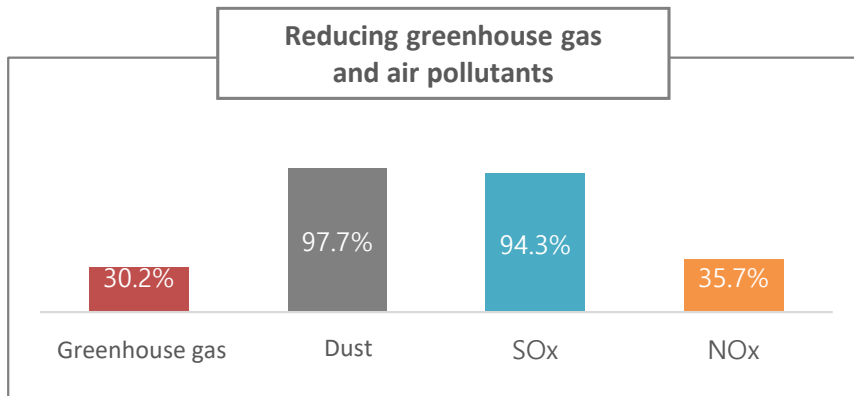
“Contribute to the continuous development of the environment, industry, and region”

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.