



SK chemicals Earnings Release

'21. 1Q

Disclaimer

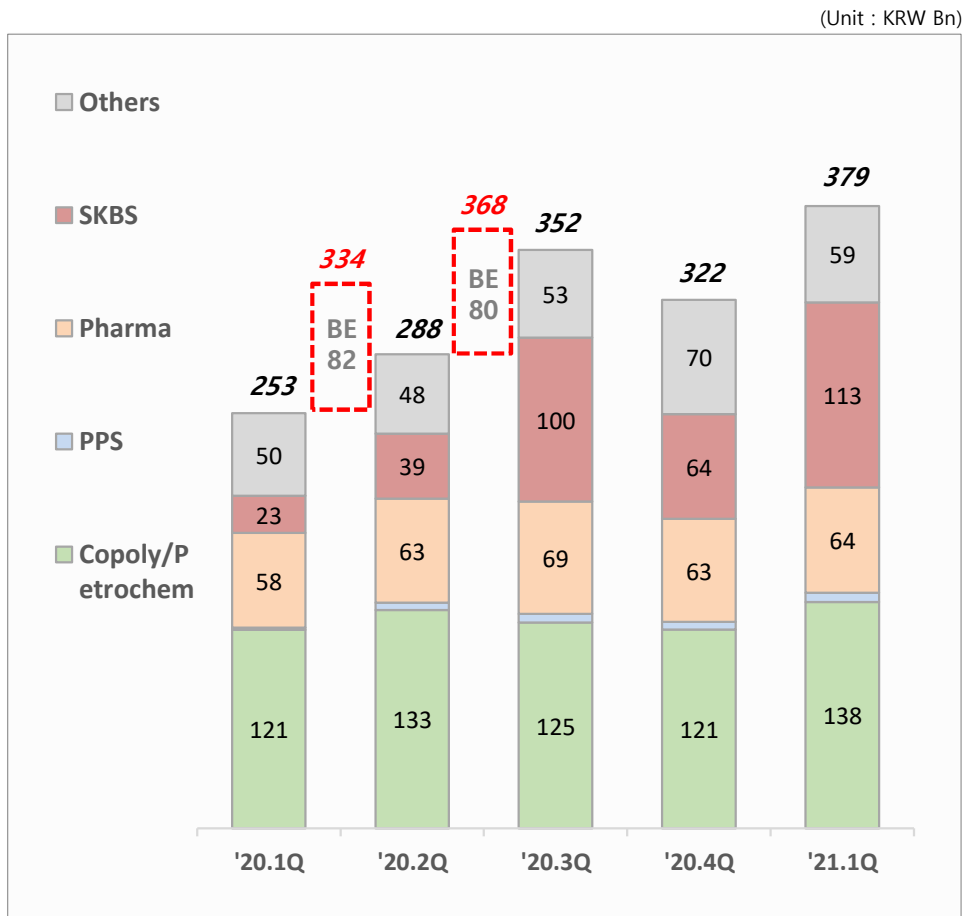
The business results are subject to the K-IFRS(Korea International Financial Reporting Standards) and reported on a consolidated basis.

The forecasts contained herein are based on the Company's current business environment and strategy; and the actual results may differ from those in the forecasts as a result of certain uncertainties, such as changes in the Company's business environment and strategy in the future.

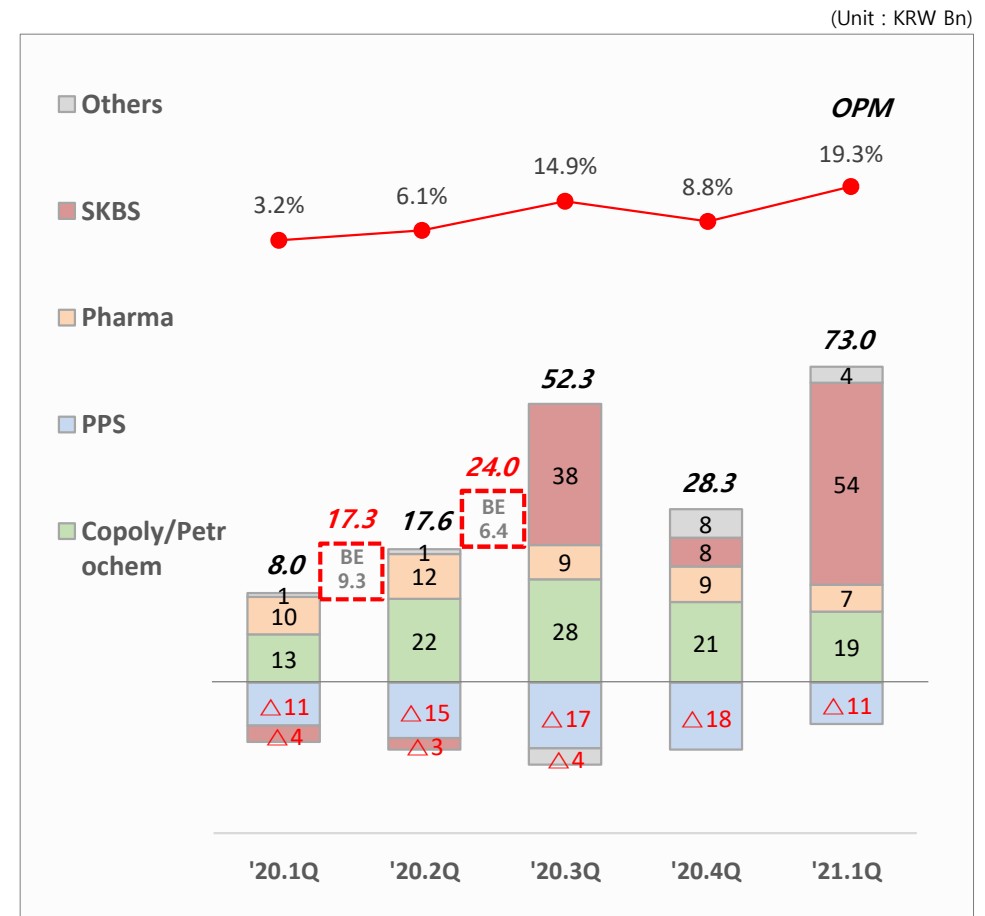
I. Performance Review (Consolidated)

- Total sales increased +50.0%, and operating profit increased +810.6% YoY.
- Record high numbers were achieved, thanks to even growth of all business divisions and good performance of Co-polyester business division and SK Bioscience.

Sales

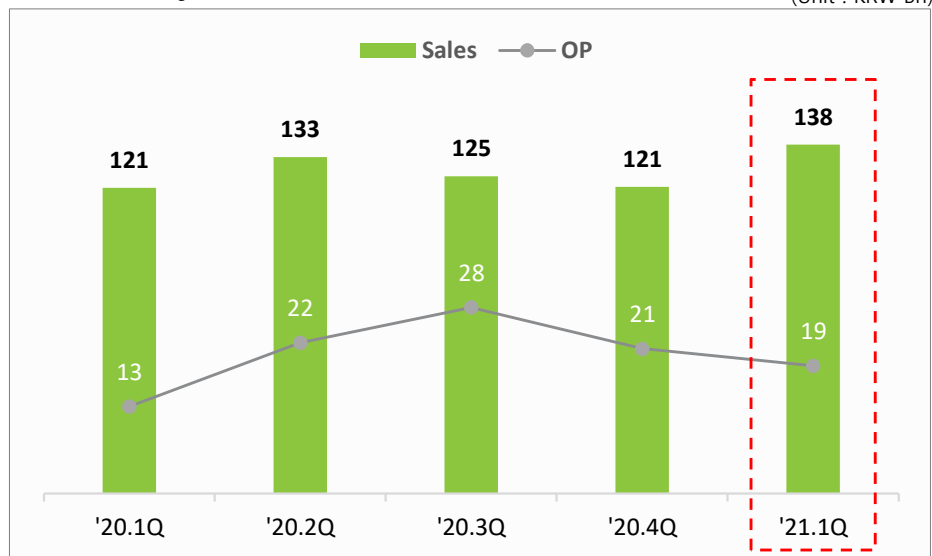


Operating Profit

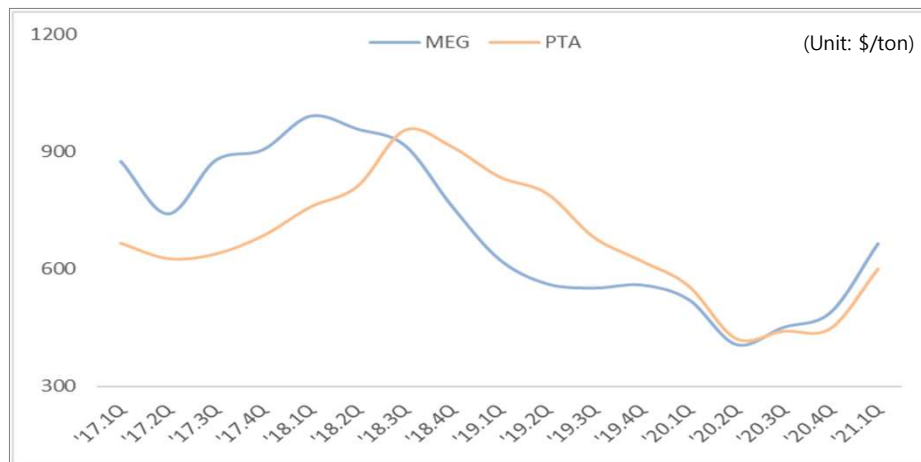


Performance

1. Quarterly Review



2. PTA/MEG Price Trend



Review / Guidance

• '21.1Q Performance Review

- Sales : + 14.1% YoY

- ① Sales volume increased YoY due to continuous development of new applications and expansion of customer base.

- OP : + 46.6% YoY

- ① Despite increase in raw materials prices and freight charges, achieved profit growth YoY thanks to the effect of operating leverage by increased volume.

• '21.2Q Outlook

- Strong demand growth + new production line to start in the 3rd quarter
- Increase in raw materials prices and freight charges may affect the profitability

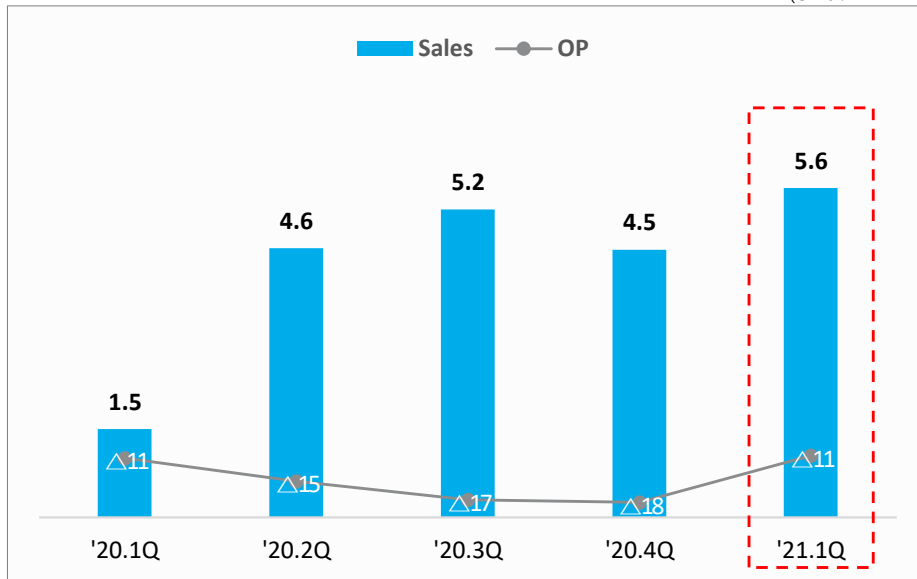
※ Main applications

- 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.

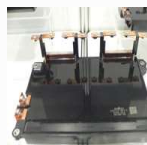
DC- Converter Motor



Inverter



Capacitor



Review / Guidance

• '21.1Q Performance Review

- Sales : + 273.8% YoY

- ① Normalized sales after the relocation of customer's factory site in the 1st quarter of 2020

- OP : deficit

- ① Limited improvements of deficit due to continuous sales of high-cost products

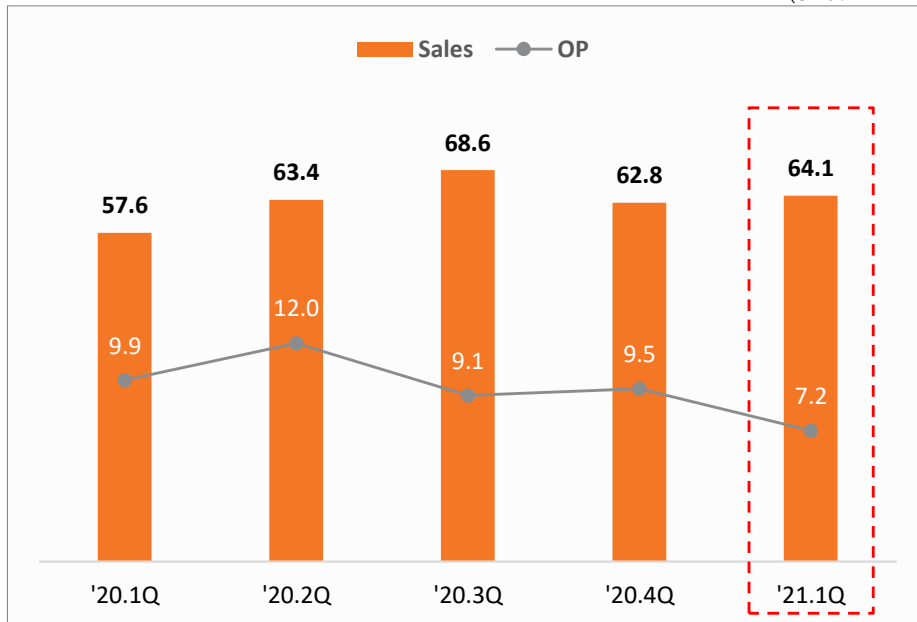
• '21.2Q Outlook

- Increase in sales volume due to strong demand growth
- Sales growth and profitability improvements are expected

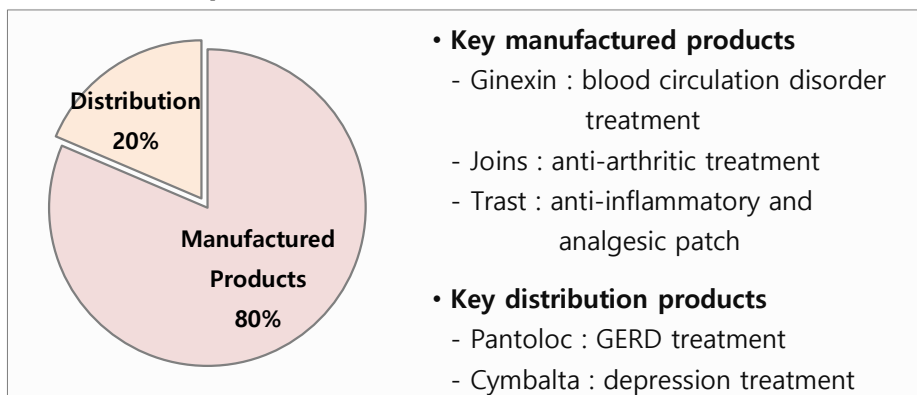
Performance

1. Quarterly Review

(Unit : KRW Bn)



2. Sales Composition (2020)



Review / Guidance

• '21.1Q Performance Review

- Sales : + 10.8% YoY

- ① Steady sales of existing product lines and increase in the number of the new products

- OP : - 27.8% YoY

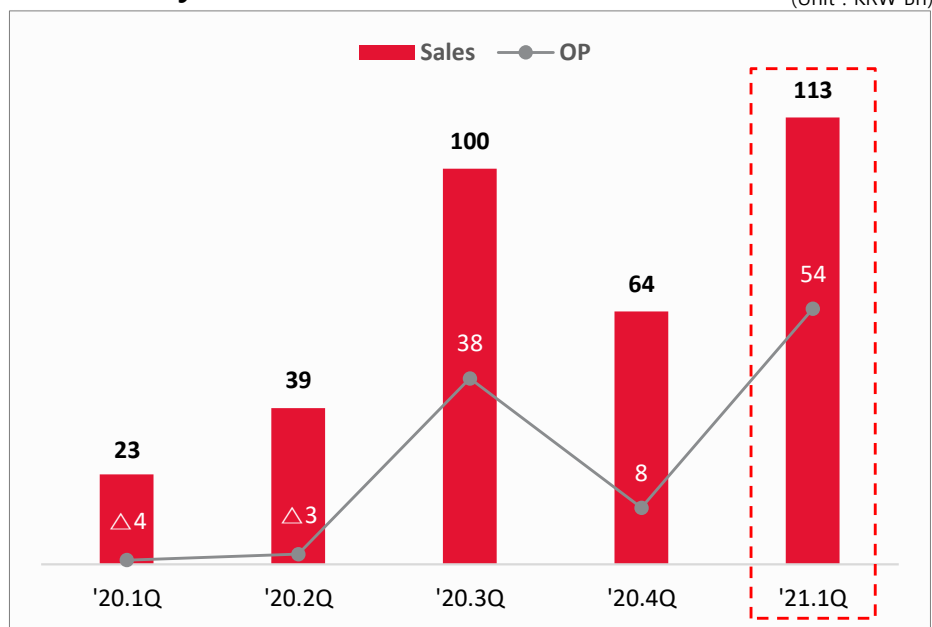
- ① OP decreased YoY due to increase in marketing cost and SG&A

• '21.2Q Outlook

- Strong demand of existing products + increase in the number of the new products.

Performance

1. Quarterly Review



2. Major Business Status Updates

- License-in contracts with Novavax & Supply contracts with the government in Feb. 2021.
- SKYPAC : Favorable progress of global clinical phase 2
- Smooth implementation of public offering funds
 - Capa.-up, mRNA Platform, M&A, Bio CMO business preparation, Globalization, etc.

Review / Guidance

• '21.1Q Performance Review

- Sales : + 397.4% YoY
- OP : Turnaround
 - ① COVID-19 vaccine CMO business to start making numbers in earnest

• '21.2Q Outlook

- Possibilities of changes depending on whether sales of vaccine to the government based on License-in contracts with Novavax can be reflected on numbers.
However, sales and OP are expected to meet at least those of 1st quarter.
- In case above numbers are realized, massive growth of sales and profits can be expected.

SK chemicals

Company Introduction

'21. 1Q



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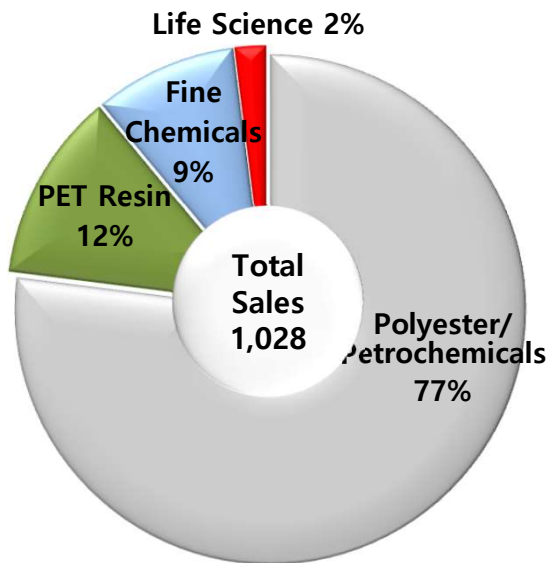
I. Overview



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



1999

Portfolio Transformation

Restructuring

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

Disposals

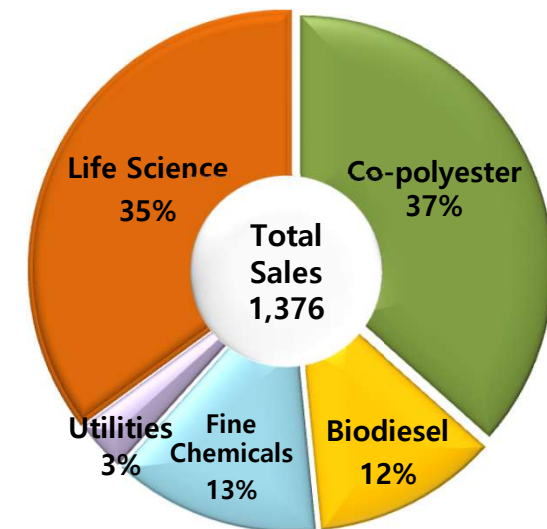
- Sold off low-profitable PET business
- Sold off Biodiesel business

Investments

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

2013 ~

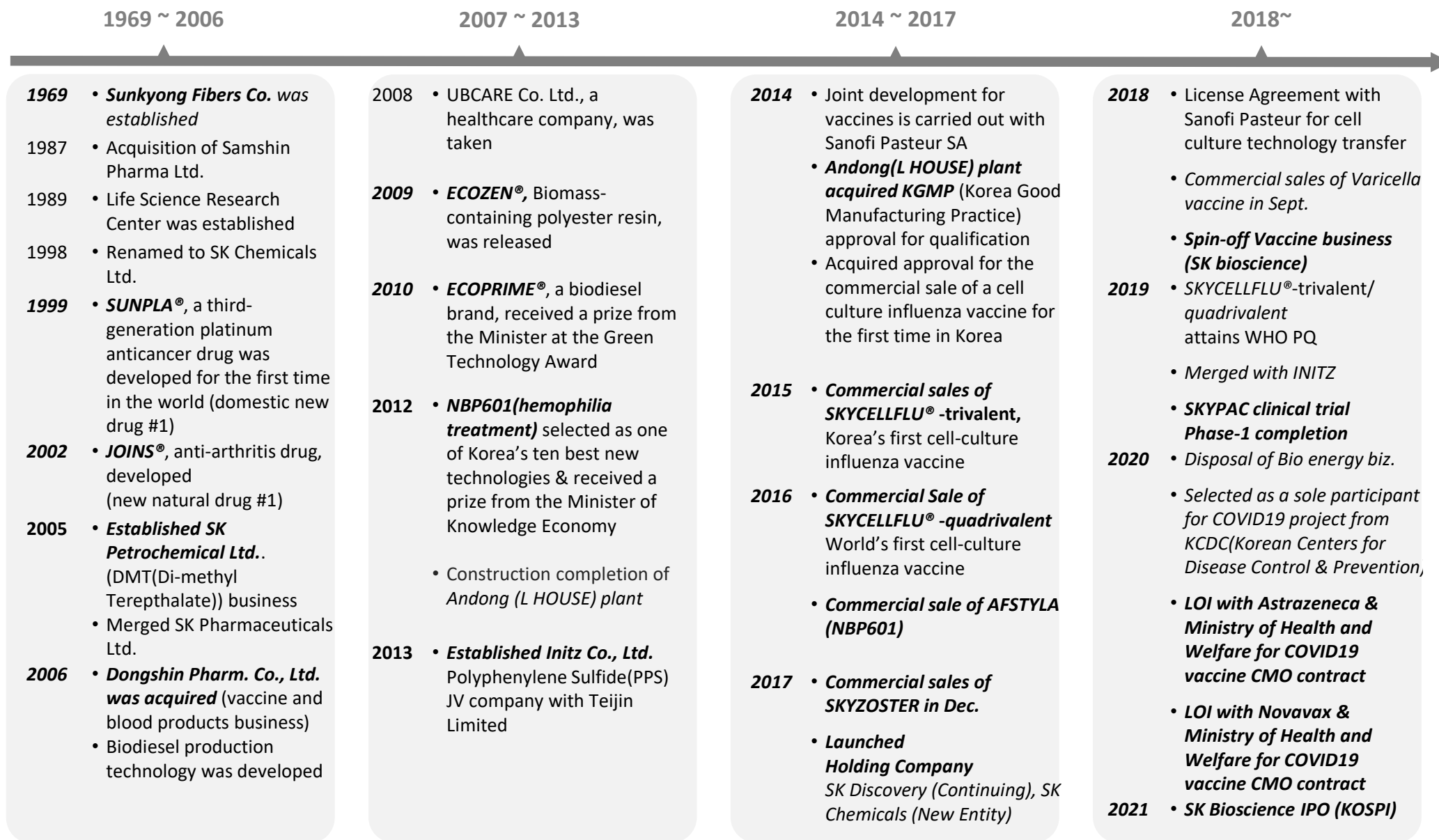
Green Chemicals & Life Science



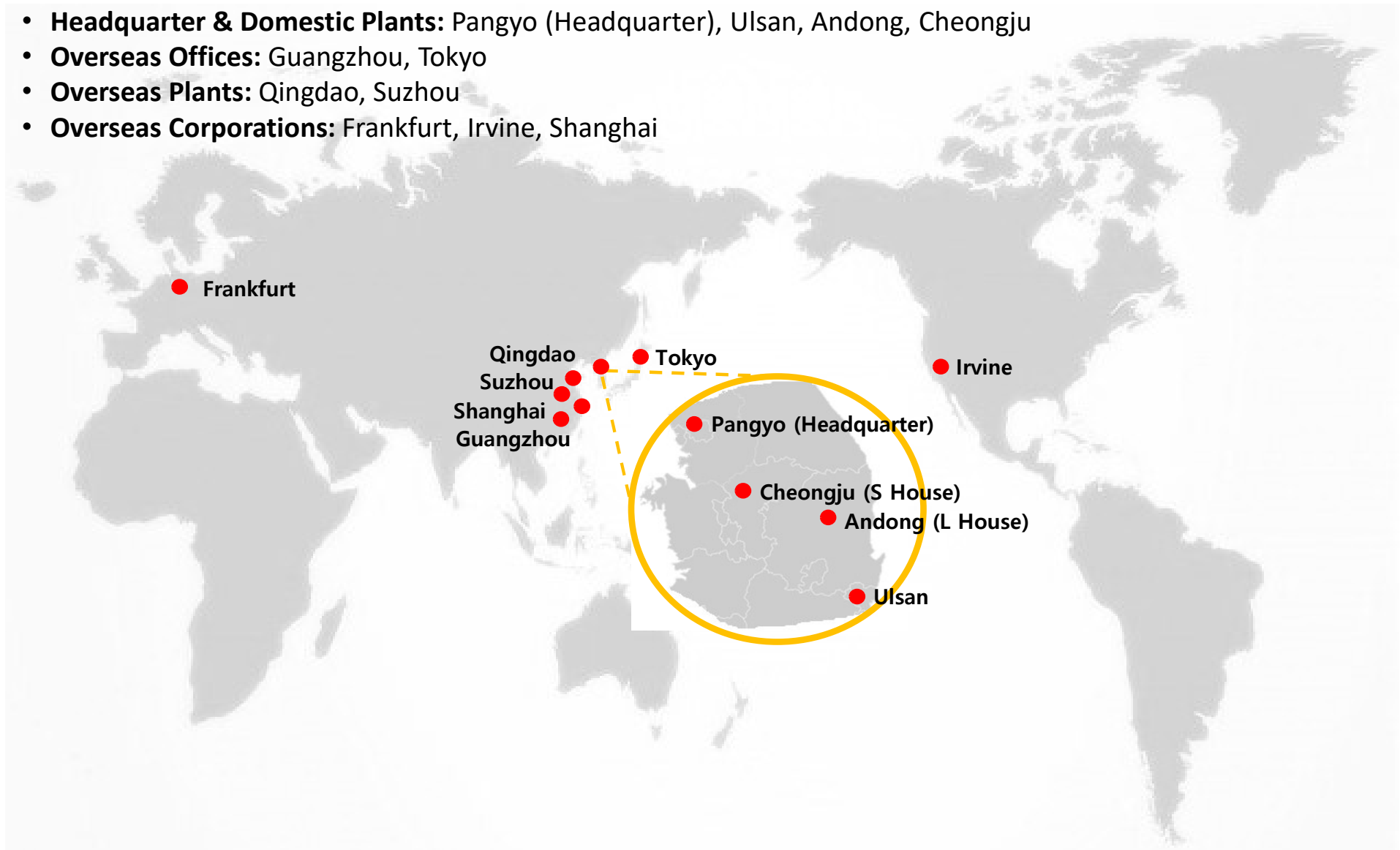
2020

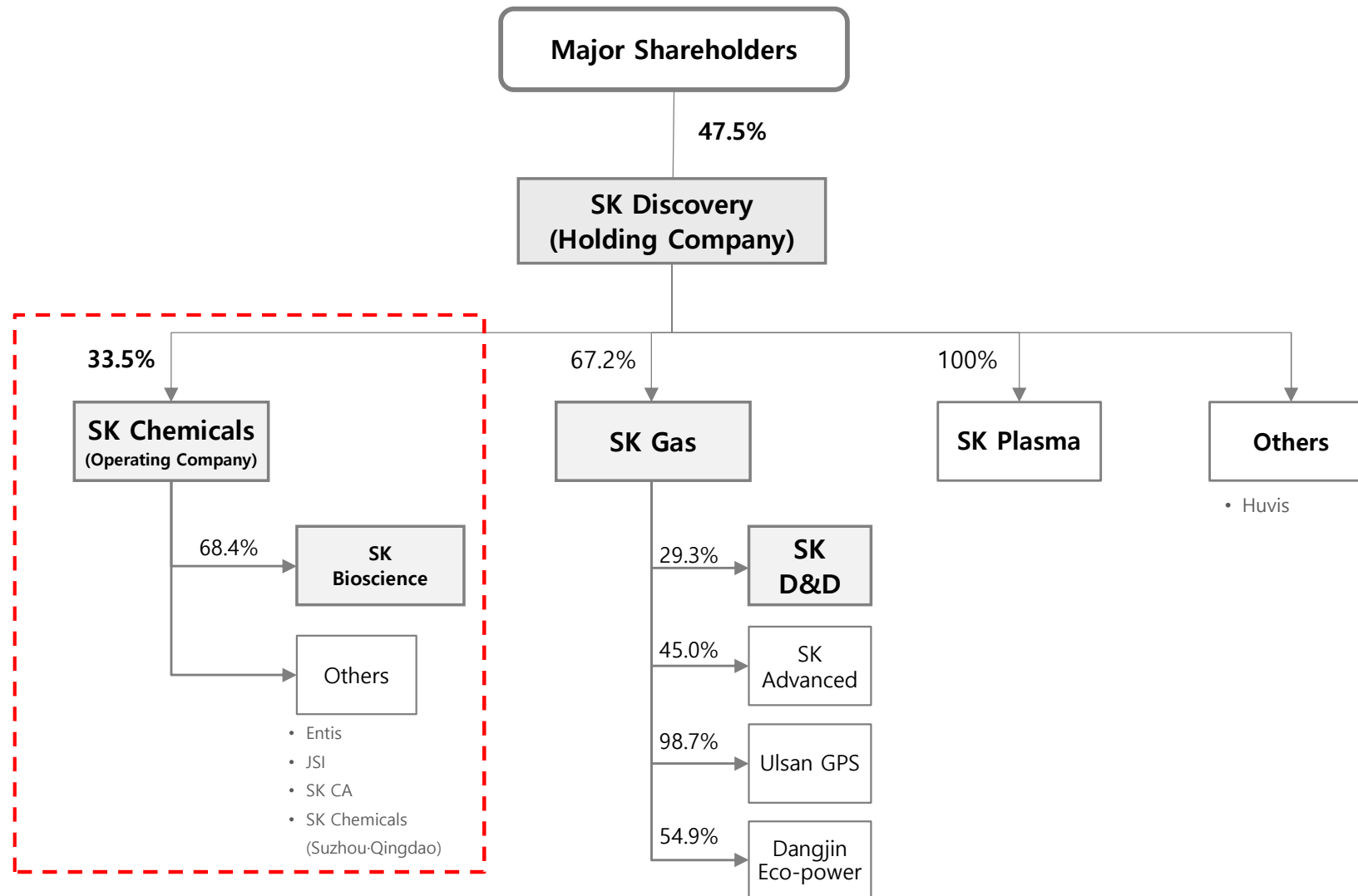
* Consolidated

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:** Qingdao, Suzhou
- **Overseas Corporations:** Frankfurt, Irvine, Shanghai





* Based on common shares in 1Q

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]

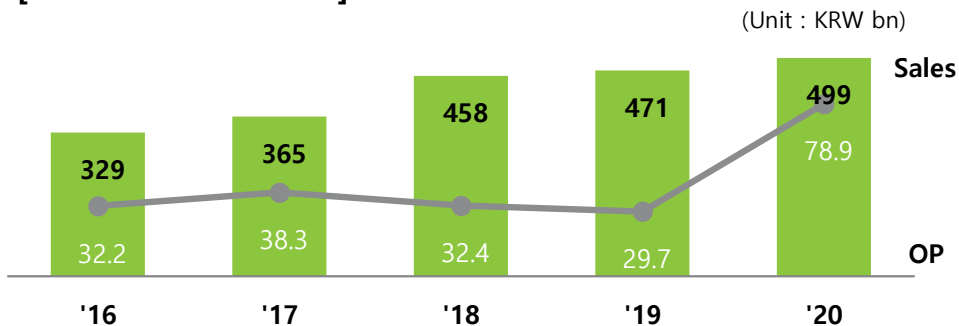
- Bio-based materials without BPA
- High printability, chemical resistance, and fire retardant
- High transparency and glossiness

[Applications]

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



[Performance Review]



Bio-Recycle Solution

[Summary]

- Entering new businesses of eco-friendly & bio materials
- 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 3rd 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)

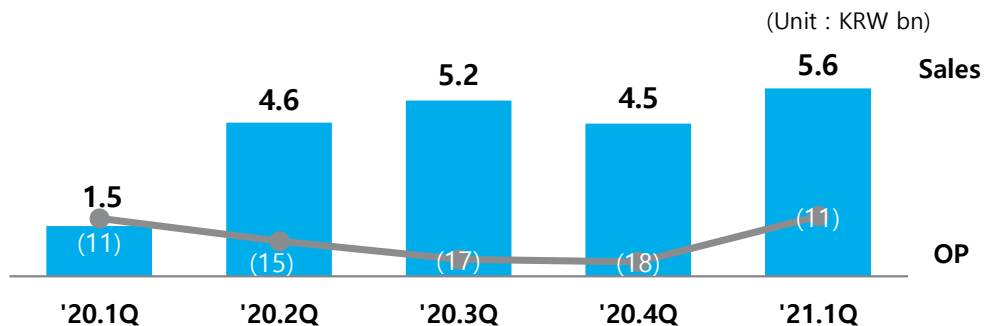
[Features]

- 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

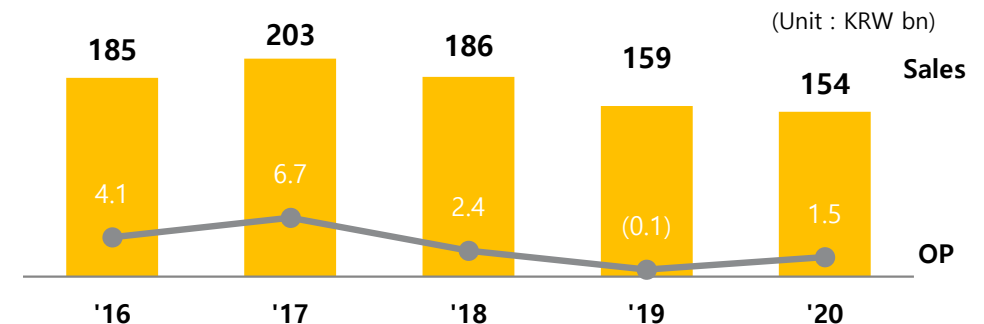
[Other Businesses]

- SKYBON : Thermal resin used as a binder and adhesive
- Prepreg : Sheet-type intermediate materials made by adding epoxy resin to carbon fibers
- 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 Qingdao : Manufactures Prepreg 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

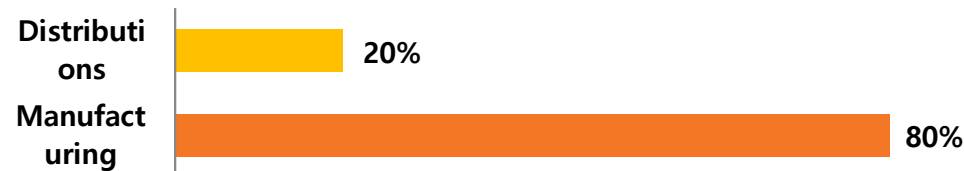
[Summary]

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

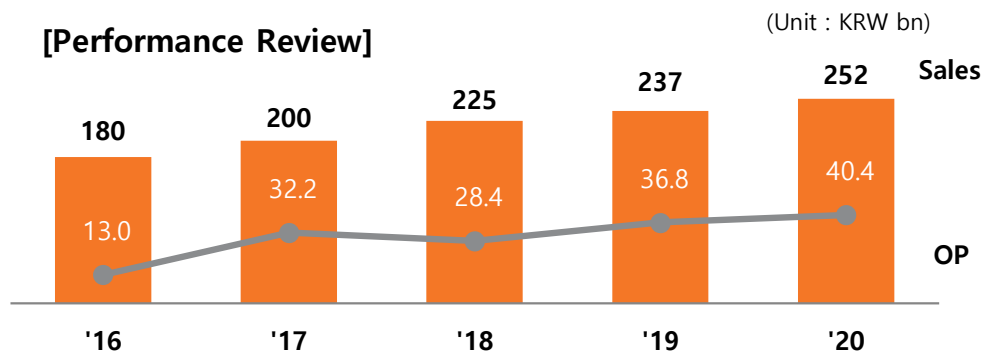
[Key Products]

- 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

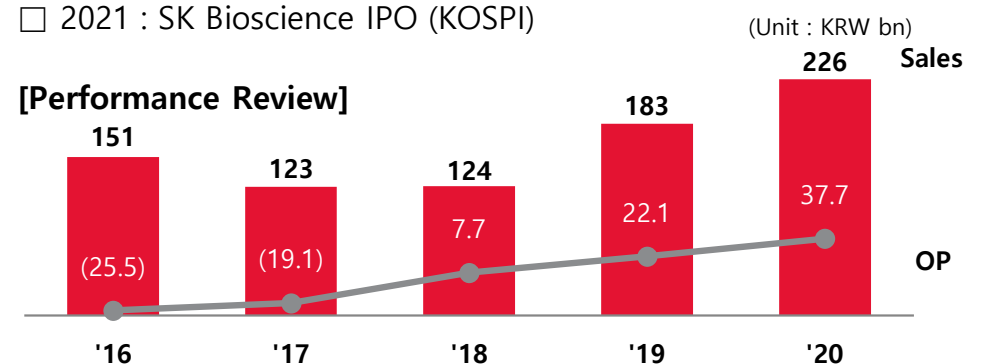
[Key Products]

- 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~

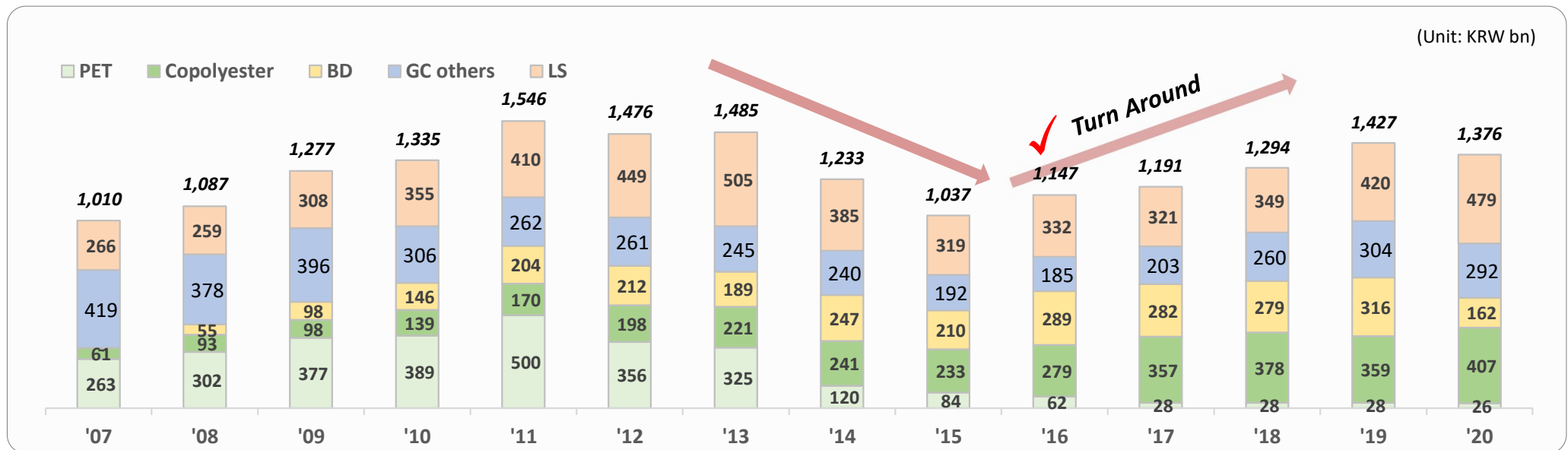
Accelerating Investments

- '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 Initz (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. Shareholder Returns

SK chemicals has been gradually expanding dividends since its split-up in 2017 and will race to return profits from corporate growth to shareholders based on its improved profitability in a long term.

Dividend history for past 3 years

(Unit: KRW bn)

		'18	'19	'20
Operating Profit		55.7	91.6	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	6.01	26.2
Dividend propensity		31.83%	22.18%	12.13%
Dividend yield		0.56%	0.73%	0.53%

Divident policy for shareholders

- ❖ SK chemical has been expanding dividends following the increase of net profit in the last three years and aims to pay dividends above the market average rate of return in the long term.
- ❖ The basic policy of shareholder returns of SK chemicals is to expand dividends in line with the increase in corporate profits and share the fruits of growth with shareholders.

V. Appendix

1) Financial Statements (Consolidated)

Balance Sheet

[Unit : KRW Mil.]

	'20Y	'21Y
Current assets	923,286	2,471,185
Cash and cash equivalents	86,764	111,438
Short-term financial instruments	339,928	1,769,702
Trade and other receivables	233,193	294,612
Inventories	252,930	257,250
Other current assets	10,471	38,182
Non-current assets	1,196,681	1,221,631
Property, plant and equipment	1,070,000	1,071,489
Intangible assets	36,956	41,526
Investments in associates and joint ventures	9,104	7,277
Other non-current assets	80,621	101,338
Total assets	2,119,967	3,692,815
Current liabilities	645,679	918,437
Trade and other payables	232,022	289,220
Short-term borrowings	107,637	10,507
Current long term liabilities	96,947	165,871
Other current liabilities	209,073	452,840
Non-current liabilities	515,355	420,472
Bond	460,481	392,080
Long-term borrowings	31,135	0
Other non-current liabilities	23,739	28,392
Total liabilities	1,161,034	1,338,910
Equity attributable to the parent company	952,878	1,939,733
Capital stock	66,000	66,000
Capital surplus	264,315	1,225,409
Other components of equity	△ 18,118	△ 18,036
Accumulated other comprehensive Income(loss)	△ 2,624	△ 481
Earned surplus	643,305	666,841
Non-controlling interest	6,055	414,172
Total equity	958,933	2,353,906
Total liabilities and equity	2,119,967	3,692,815

Income Statement

[Unit : KRW Mil.]

	'21.1Q	'21Y
Sales	378,767	378,767
Cost of sales	233,574	233,574
Gross profit	145,193	145,193
Selling, general and administrative expenses	72,192	72,192
Operating profit	73,001	73,001
Other non-operating income	485	485
Other non-operating expense	4,889	4,889
Financial income	19,003	19,003
Financial expense	17,489	17,489
Share of profit of associates and joint ventures	686	686
Earnings before interest and taxes	70,798	70,798
Income tax expense	20,295	20,295
Net profit (loss) for the continuing operating quarter	50,503	50,503
Net income for discontinued operating quarter	-	-
Consolidated quarterly net income	50,503	50,503
Equity attributable to the parent company	49,687	49,687
Non-controlling interest	816	816

V. Appendix

2) Financial Statements

Balance Sheet

[Unit : KRW Mil.]

	'20Y	'21Y
Current assets	542,387	961,590
Cash and cash equivalents	36,666	46,976
Short-term financial instruments	145,209	491,902
Trade and other receivables	201,600	263,735
Inventories	152,018	152,586
Other current assets	6,893	6,390
Non-current assets	1,202,198	1,174,082
Property, plant and equipment	878,396	876,461
Intangible assets	18,815	23,239
Investments in associates and joint ventures	253,297	222,464
Other non-current assets	51,690	51,918
Total assets	1,744,585	2,135,672
Current liabilities	461,441	585,740
Trade and other payables	190,846	252,719
Short-term borrowings	106,637	9,307
Current long term liabilities	85,953	154,874
Other current liabilities	78,004	168,840
Non-current liabilities	398,071	326,041
Bond	380,008	310,222
Long-term borrowings	9,375	0
Other non-current liabilities	8,688	15,818
Total liabilities	861,511	911,780
Capital stock	66,000	66,000
Capital surplus	188,347	188,347
Other components of equity	△ 9,117	△ 9,035
Earned surplus	639,843	978,579
Total equity	885,073	1,223,892
Total liabilities and equity	1,744,585	2,135,672

Income Statement

[Unit : KRW Mil.]

	'21.1Q	'21Y
Sales	251,277	251,277
Cost of sales	192,199	192,199
Gross profit	59,078	59,078
Selling, general and administrative expenses	44,470	44,470
Operating profit	14,607	14,607
Other non-operating income	468,957	468,957
Other non-operating expense	4,131	4,131
Financial income	19,865	19,865
Financial expense	12,065	12,065
Earnings before interest and taxes	487,235	487,235
Income tax expense	122,348	122,348
Net profit (loss) for the continuing operating quarter	364,887	364,887
Net income for discontinued operating quarter	-	-
Quarterly net income	364,887	364,887

End of Documents

