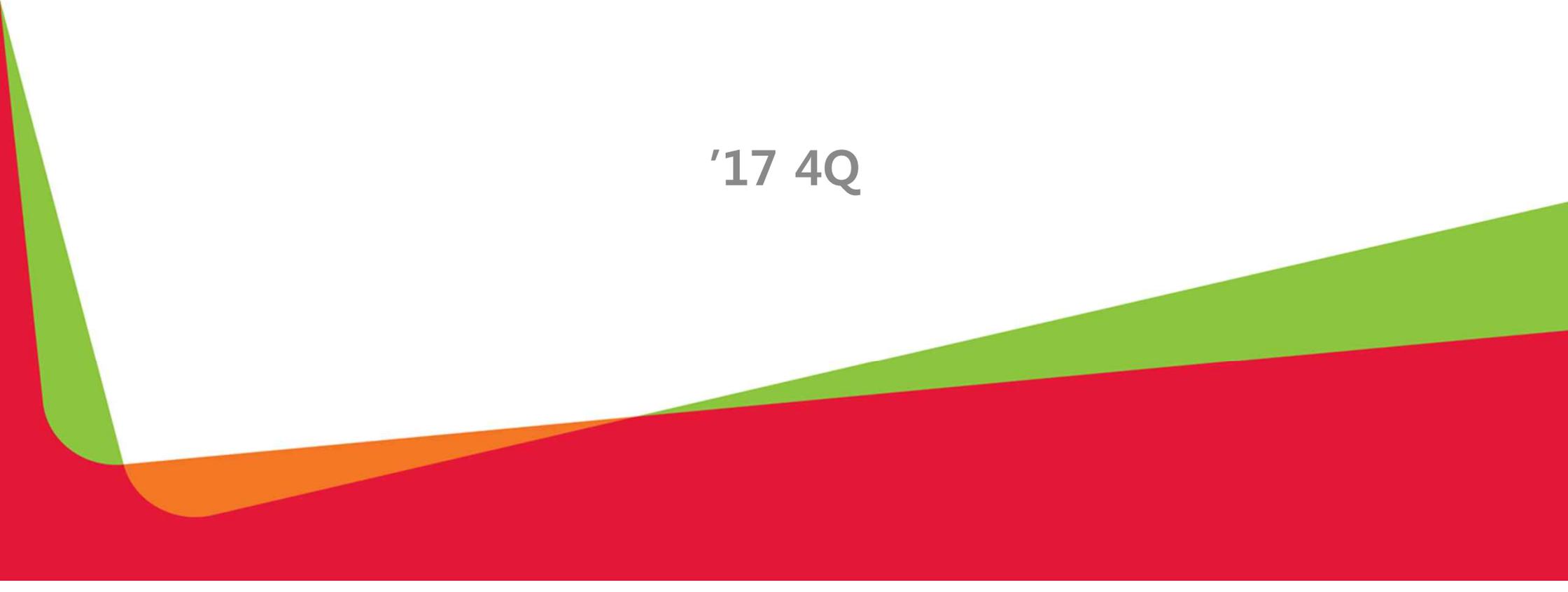


SK Chemicals Investor Relations

'17 4Q

A decorative graphic at the bottom of the slide consists of overlapping, rounded shapes in red, orange, and green. The red shape is the largest and forms the base, with an orange shape overlapping its top edge on the left side, and a green shape overlapping the top edge of the orange shape on the left side. The shapes extend across the width of the slide, tapering off towards the right.

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.

Contents

I. Overview

II. Business Divisions

- Performance Review
- Green Chemicals Biz.
- Life Science Biz.

III. Subsidiaries

IV. Mission & Vision

V. Summary

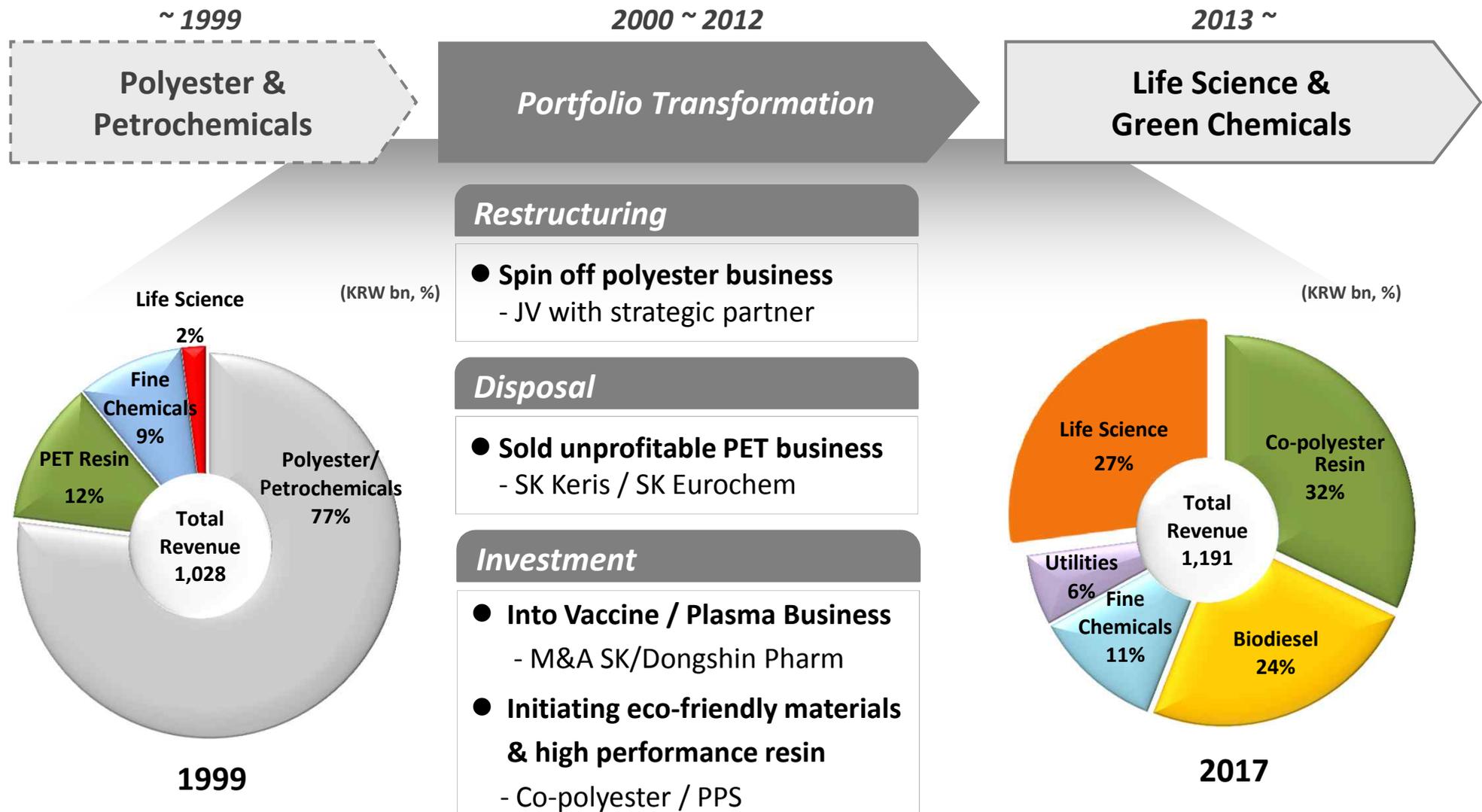
I. Overview



I. Overview

1) Portfolio Transformation

Through continuous change and innovation, SK Chemicals has grown into a Life Science and Green Chemicals company with higher and stable profitability.



I. Overview

2) Restructuring and Investment

Since 2000, SK Chemicals has restructured its business portfolio by selling/spinning off businesses with total sales of 1.7 trillion KRW, and developing new ones with higher growth potential.

Restructuring		
(Unit: KRW bn)		
Biz.	Product	Sales
• Yarn/Cotton('00)	-	337
• Textile('03)	-	62
• Fiber('07)	IDY	16
• Petrochemicals('08)	PTA/DMT	528
• Acetate ('09)	Tow, PU	164
• Keris / Eurochem('10)	PET chip	601
• Utis('10)	Polyurethane	15
Total Sales		1,722

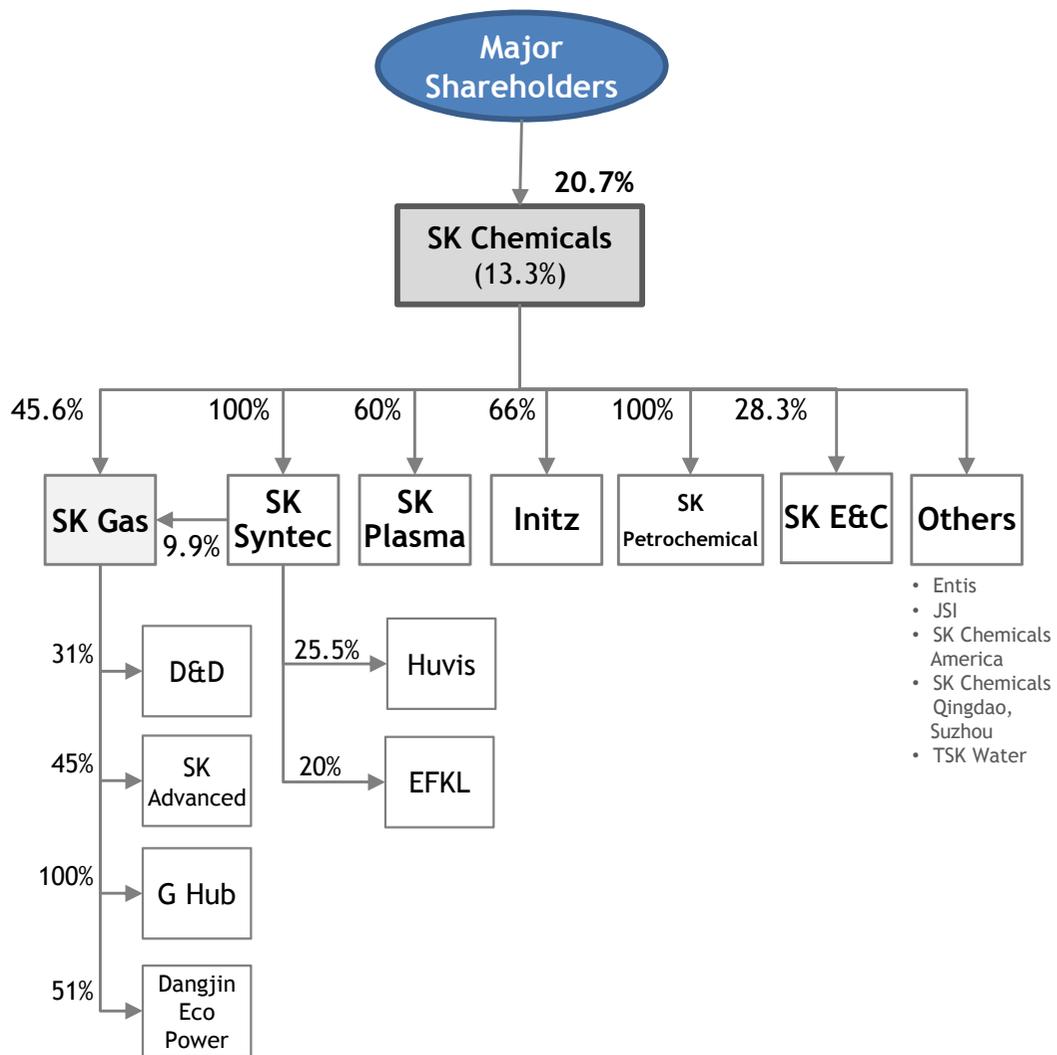
Investment		
(Unit: KRW bn)		
Biz.	Amount	Sales('17)
• Co-polyester	154 ¹⁾	338
- Expansion of Co-polyester		
• Initiate Bio diesel business	31	282
• Accelerate Pharma Business	400	321
- M&A SK / Dongshin Pharm.		
- In-house Vaccine development		
• Initiate PPS business	102 ²⁾	7
Total Amount		654
		948

1) Total amount including latest expansion
 2) SK Chemicals' share (Total investment ; KRW 230 bn)

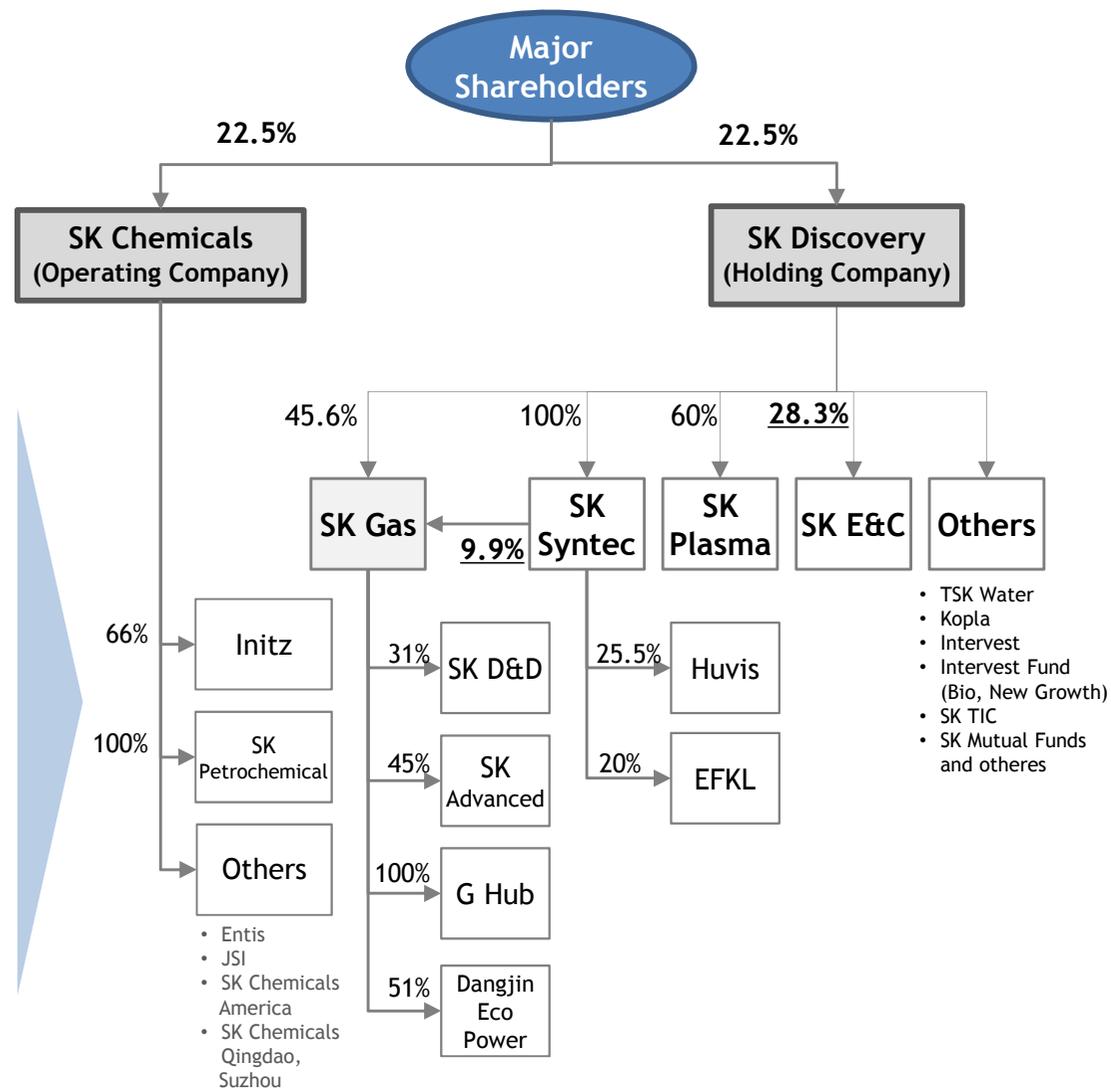
Since the establishment of Sunkyung Textiles in 1969, SK Chemicals has grown through continuous change and innovation into a chemical and life sciences enterprise representing South Korea.



Before spin-off



After spin-off



※ Based on financial results for '17. 1Q

II. Business Divisions



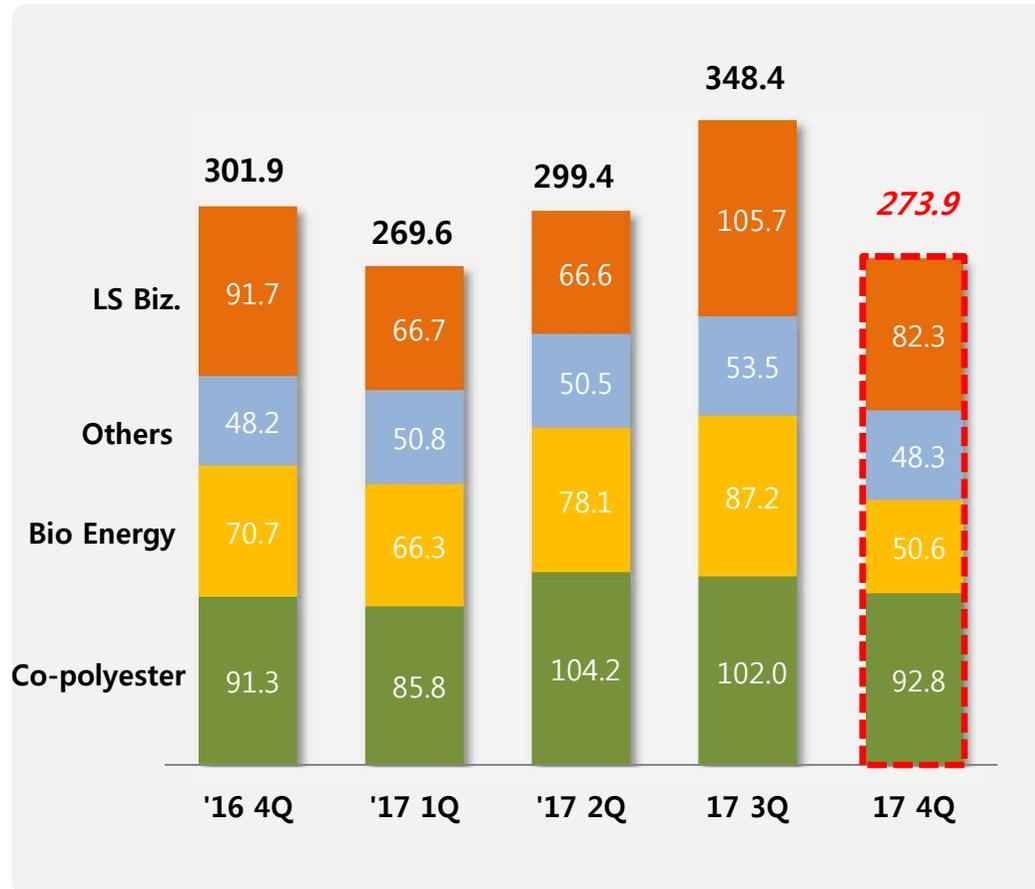
II. Business Divisions

1) Performance Review (Non-consolidated)

- Sales totaled KRW 273.9 billion, a decrease of 9% YoY, due to year-end seasonality, termination of Gardasil distribution contract, fall in bio heavy oil sales and exchange rate
- Recorded BEP level of OP, as a result from sales decrease and exchange rate, increase in costs (incentives and others)

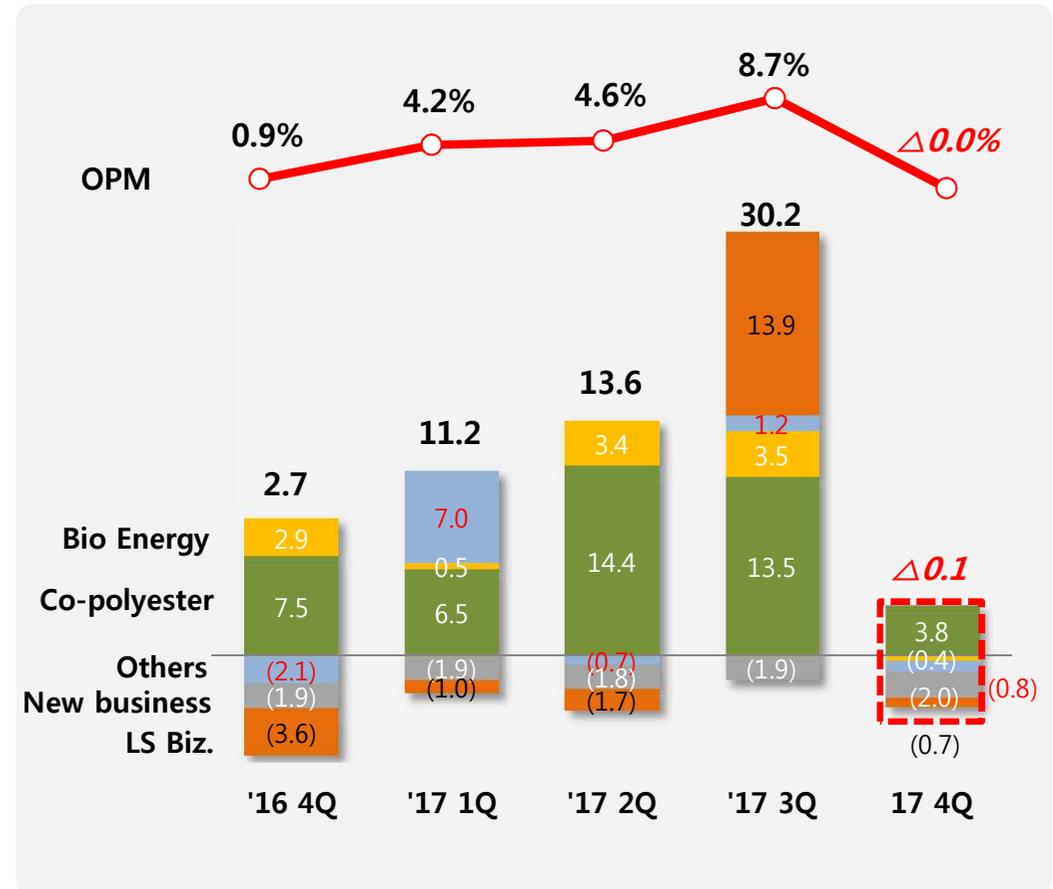
□ Sales

(Unit: KRW bn)

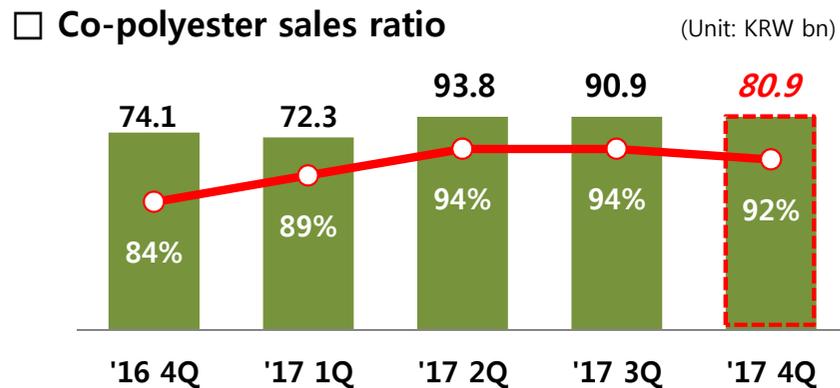
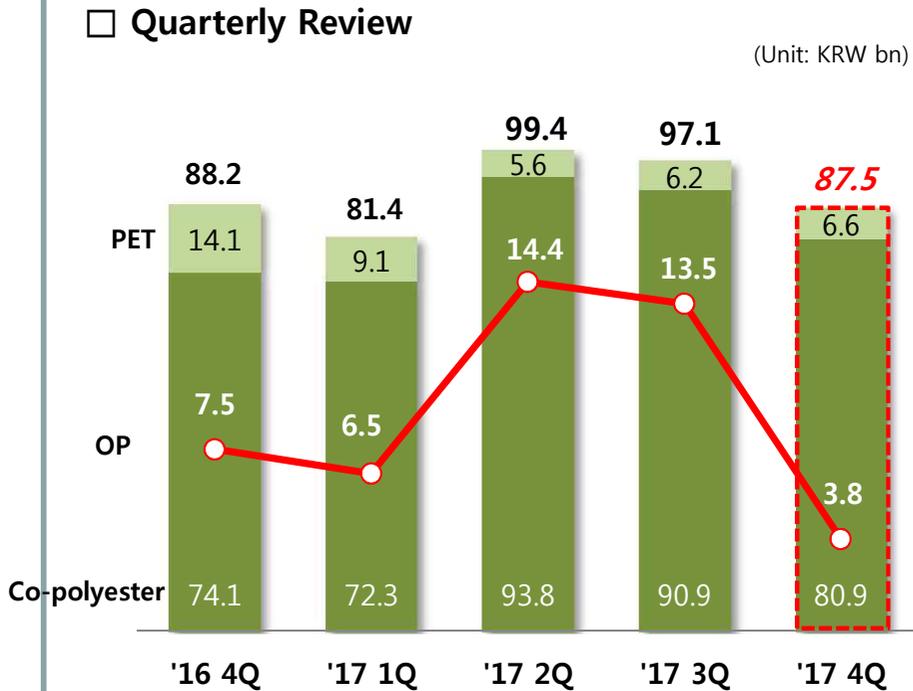


□ Operating Profit

(Unit: KRW bn)



Performance



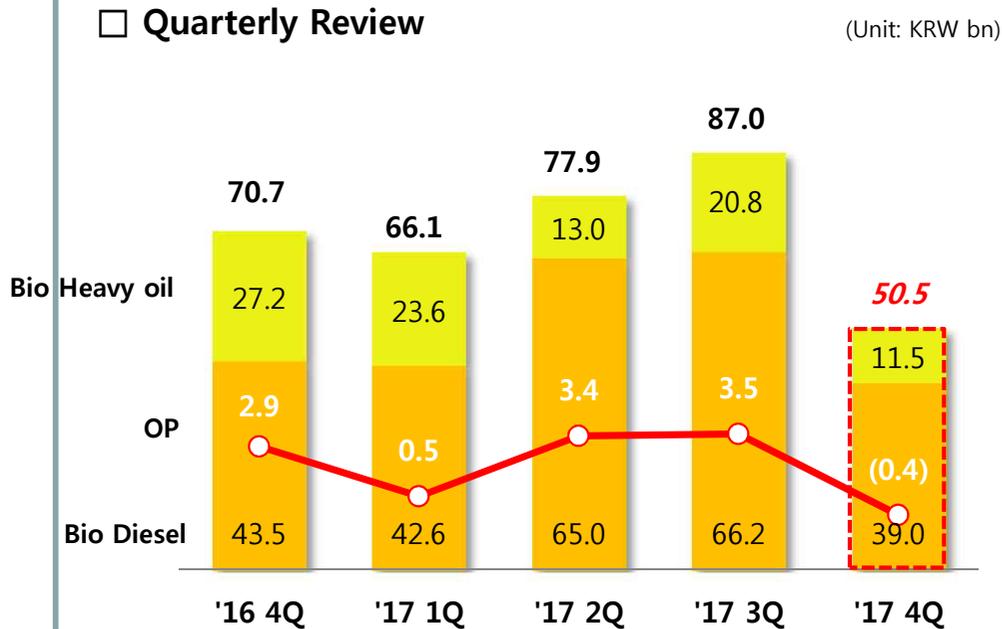
Review/Guidance

- '17 4Q
 - Co-polyester sales increased by 9% YoY
 - Sales growth slowed in 4Q, due to inventory adjustments of customers and F/X rate (Δ 11% YoY)
 - Temporary drop in operating profit, due to increased sales of off-grade inventories and incentive payments
 - Solid demand from China (Cosmetic containers) and Europe (Special film)
- '18 1Q Outlook
 - More than double digit % increase in co-polyester sales
 - Solid profit growth
 - Unfavorable F/X rate and raw material prices persist

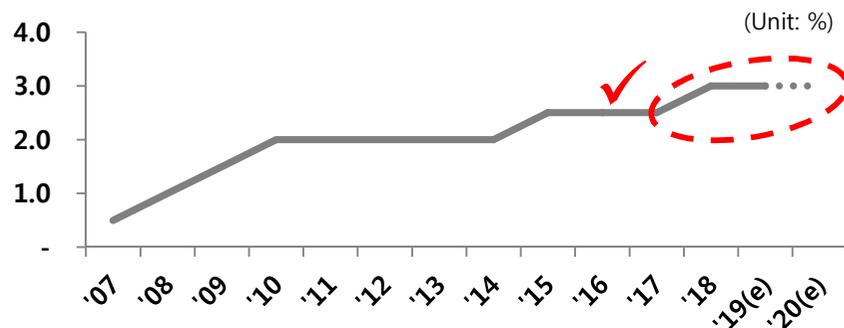
※ Application

- Food / Cosmetic Container, Electronic devices, etc.

Performance



Mixing Ratio Trend



Review/Guidance

- **'17 4Q**
 - Biodiesel sales decreased by 29% YoY, as a result of winter seasonality(off season) and decrease in heavy oil sales
 - Unfavorable exchange rate and cost burden from lower sales
- **'18 1Q Outlook**
 - Earnings expected to improve with increased mix ratio
 - Full effects of increased mix ratio will take place from 2Q onwards
 - Continuous efforts to improve cost competitiveness by developing low cost raw materials

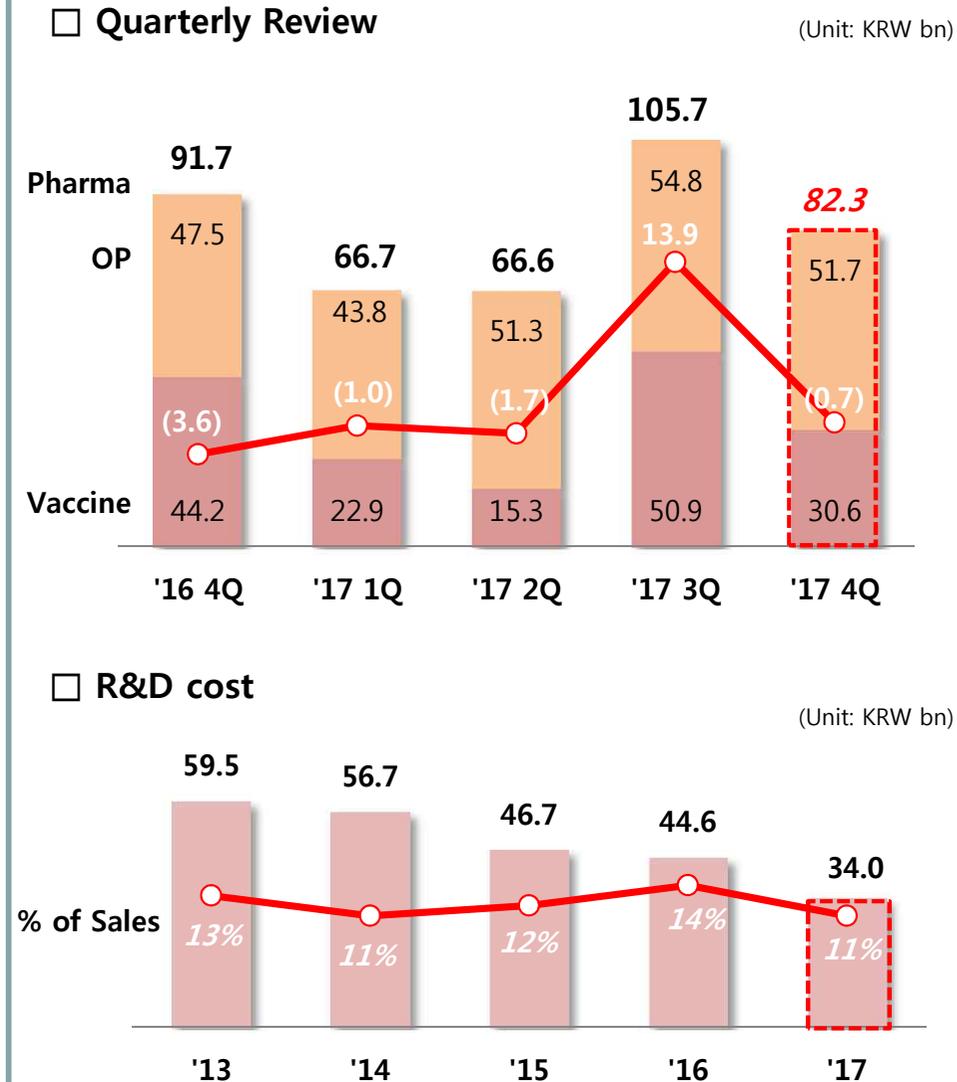
※ **The mix ratio is set to increase from 2018**

- Current 2.5% → 3.0%

II. Business Divisions_LS Biz.

1) Pharma / Vaccine

Performance



Review/Guidance

- '17 4Q
 - Sales decreased due to negative impact from termination of Gardasil distribution contract
 - Operating loss reduced despite of sales decrease, supported by cost savings and increased Pharma sales
 - Sale of Zoster Vaccine 'SKYZOSTER' have started from Dec. 2017
- '18 1Q Outlook
 - 'SKYZOSTER' is expected to contribute largely to performance of LS biz.
 - A big jump in earnings with upfront fee of technology transfer(cell culture technology)
 - An increase in running royalty payments from CSL for the sales of AFSTYLA(NBP601)

II. Business Divisions_LS Biz.

2) Herpes Zoster Vaccine (SKYZOSTER)

□ About Herpes Zoster (Shingles)

• What is Herpes Zoster (Shingles)?

- Herpes Zoster is a viral disease due to a reactivation of varicella zoster virus (VZV) within a person's body.^[1] Chickenpox is caused by the initial infection with the same varicella zoster virus, but once chickenpox has resolved, the virus may remain inactive in nerve cells.^[1]
- The number of new cases per year ranges from 1.2–3.4 per 1,000 person-years among healthy individuals to 3.9–11.8 per 1,000 person-years among those older than 65 years of age of the US population^[2]

[1] Hamborsky J (2015). *Epidemiology and Prevention of Vaccine-Preventable Diseases* (13 ed.). Washington D.C. Public Health Foundation. pp. 353–74. Archived from the original on 2017-01-20.

[2] Dworkin RH, Johnson RW, Breuer J, et al. (2007). "Recommendations for the management of herpes zoster". *Clin. Infect. Dis.* 44 Suppl 1: S1–26.

• Global Market

- Global Sales \$685M in 2016¹⁾
- Zoster Vaccine: 'ZOSTAVAX' developed by Merck in 2006 is the only zoster vaccine currently approved for human use
- No. of domestic patients in 2016: 691,339 ²⁾

1) Datamonitor

2) Health Insurance Review & Assessment Service



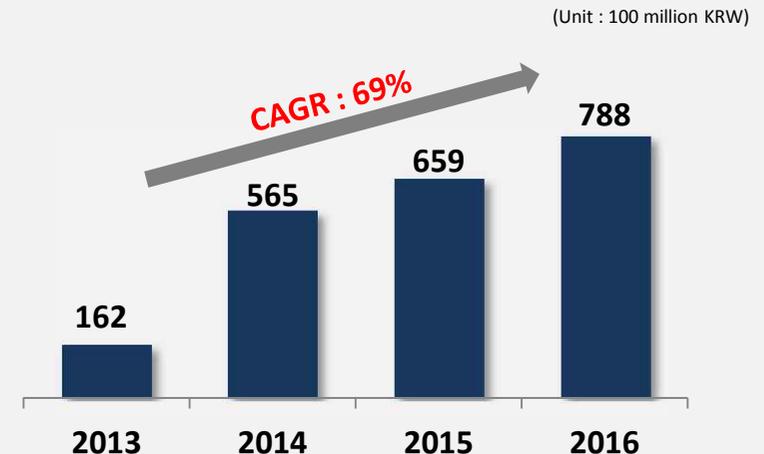
* Picture: The blistering Shingles rash on face, body

□ SK Chemicals' Zoster Vaccine

- Indications: Indicated for prevention of zoster (shingles) in individuals 50 years of age and older
- Dosage: Given as a single dose by injection under the skin
- Dosage Forms: Single dose vial (reconstituted to a suspension)

- ✓ **Developed the world's second, Korea's first Zoster vaccine**
- ✓ **Successful commercialization of our premium vaccine within this year**
- ✓ **Act as a catalyst that can accelerate Vaccine business earnings turnaround**

※ Domestic market size for Zoster Vaccine



ref. IMS Health Korea

II. Business Divisions_LS Biz.

3) Hemophilia Therapy(NBP601)

□ NBP601

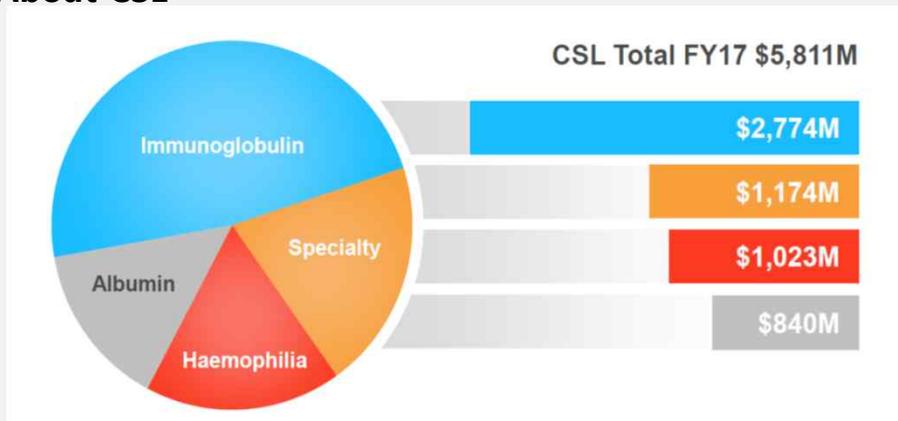
• Overview

- The First and Only Recombinant Factor VIII Single Chain Therapy for Hemophilia A
- Long-lasting protection (twice weekly prophylaxis)

• License Out

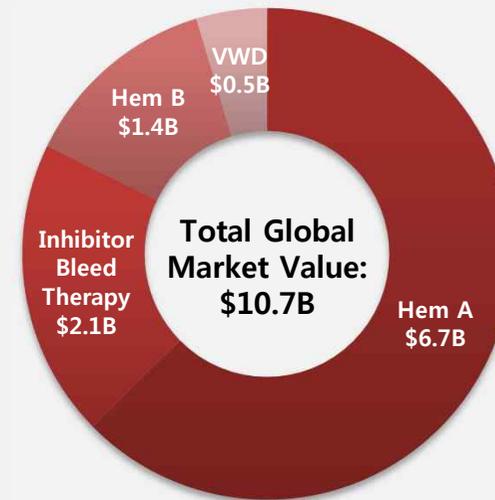
- Licensed out to CSL in 2009 at preclinical stage and accomplished global clinical test
- Adult and pediatric indications approved in the US in May 2016, approved by the EU EMA in Jan. 2017, being reviewed by regulatory agencies in other markets around the world, including Switzerland and Australia
- Running Royalty expected in 2017

• About CSL



(Ref : CSL Presentation)

□ Hemophilia Global Market



(Ref : CSL Presentation)

※ Market shifting to 4th generation product

Product name	Stage	Maker
AFSTYLA(NBP601)	Approved	CSL Behring
Eloctate	Approved	Bioverativ
N8-GP	Clinical II/III	Novo Nordisk
Adynovate	Approved	Shire
BAY 94-9027	Clinical I	Bayer

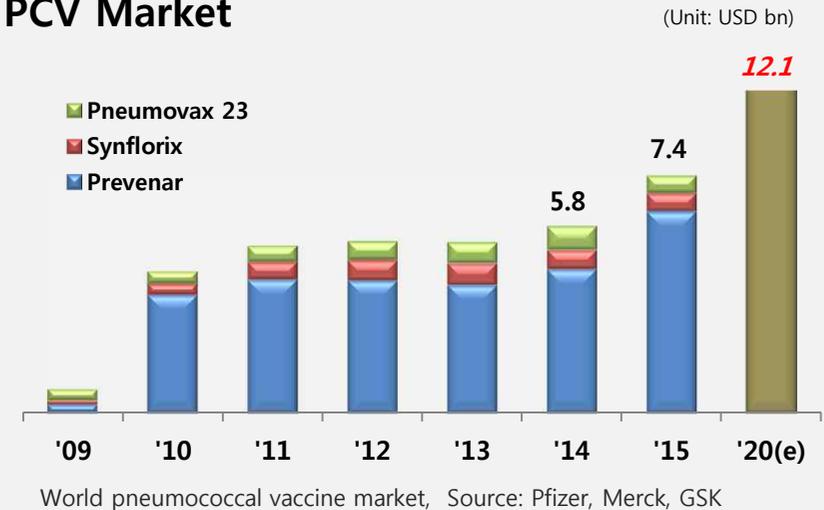
□ Collaboration with Sanofi Pasteur



- Strategic business alliance for co-development of "Best in Class" pneumococcal vaccine
- **Collaboration** on R&D, Clinical, Production, Commercialization
- **Production** in An-dong vaccine facility in Korea for global distribution

Monumental event which reflects the global competitiveness of the technology & Infrastructure of SK Chemicals

□ PCV Market



□ A constantly growing market

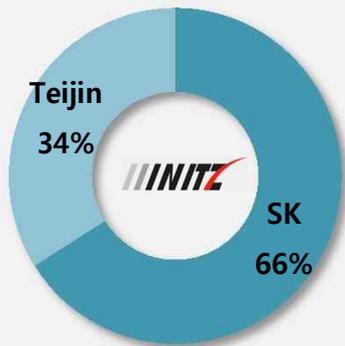
- Market demand is boosted by aging population and expected to grow to \$12.1B by 2020
- Considering the Prevenar case, we expect meaningful market share after launching SKYPAC

A quantum jump & opportunity to become a global vaccine company

III. Subsidiary



□ Governance Structure



- JV for PPS production
- Capacity: 12,000 ton/year
- Stock Capitalization
 - SK : 62 bn KRW
 - Teijin : 45bn KRW
- Commercial production started in 1Q17.

□ Polyphenylene Sulfide (PPS)

- Excellence in thermal and chemical resistance
- Good electrical insulating properties
- Dimensional stability to 260°C
- Automotive lightweight materials
- Competitiveness cost + Eco-friendly process
 - **Cost 25% ↓, Non-Chlorine process**
- Securing stable sales market through "Pre-marketing"

□ Applications

Electricity

- CD/DVD Pick up, Bobbin, Connectors

Automotive

- Pump impeller, Generator parts, etc
- **Weight lightening trend in automotive industry**

Film

- Bag filter, High-performance fiber



IV. Summary



IV. Summary

1) Past Five Years

2000 ~

2008 ~

2015~

Restructuring & Investment

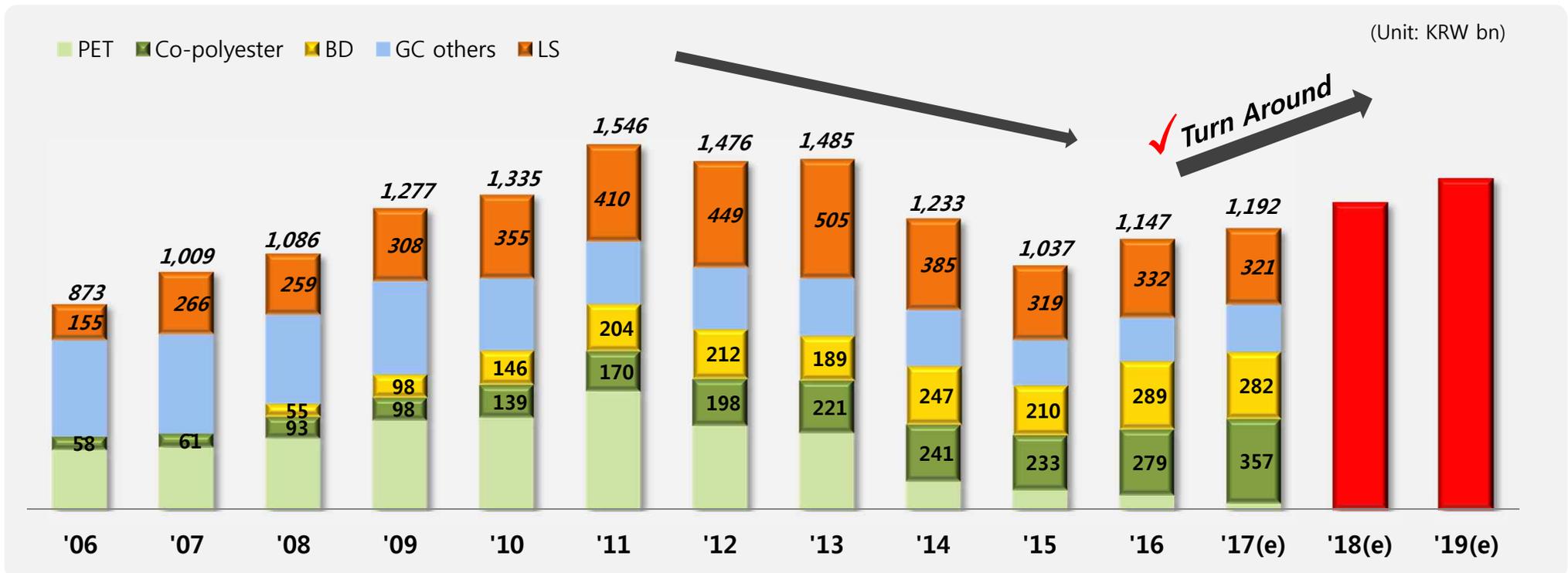
- '00 : Established HUVIS(Spin off of polyester business)
- '05 : M&A SK/Dongshin Pharm
Spin off of SK Petrochemicals
- '08 : Sold off SK Petrochemicals

Accelerating Investment

- '08 : Initiating Vaccine development/
Bio diesel business
- '09 : NBP601 L/O (to CSL)
- '12 : Co-polyester capacity increasing
- '14 : L House acquired KGMP(Korea
Good Manufacturing Practice)

Realization of Investment

- '14 : Next PCV collaboration (w/ Sanofi)
- '15 : Cell flu trivalent (Korea 1st)
- '16 : Cell flu quadrivalent (World's 1st)
The US FDA approval of NBP601
- '17 : Zoster (World's 2nd)



End of Documents