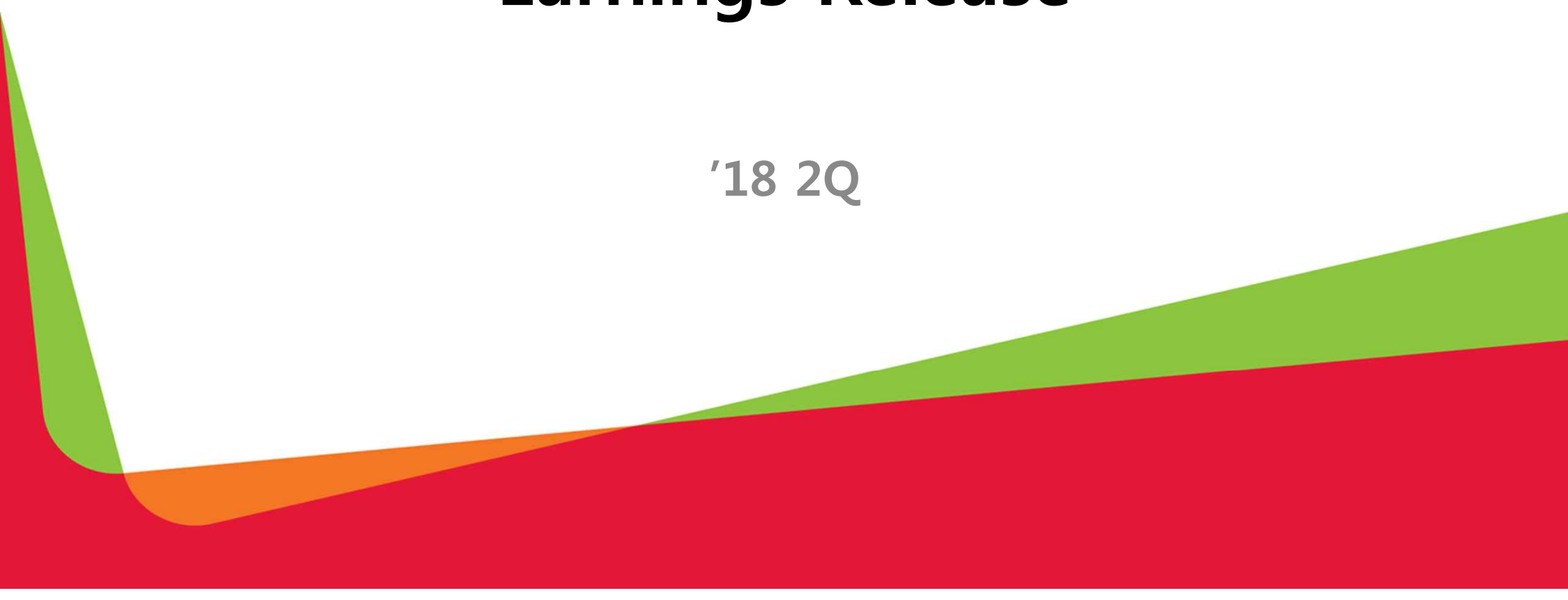


SK Chemicals Earnings Release


'18 2Q



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.



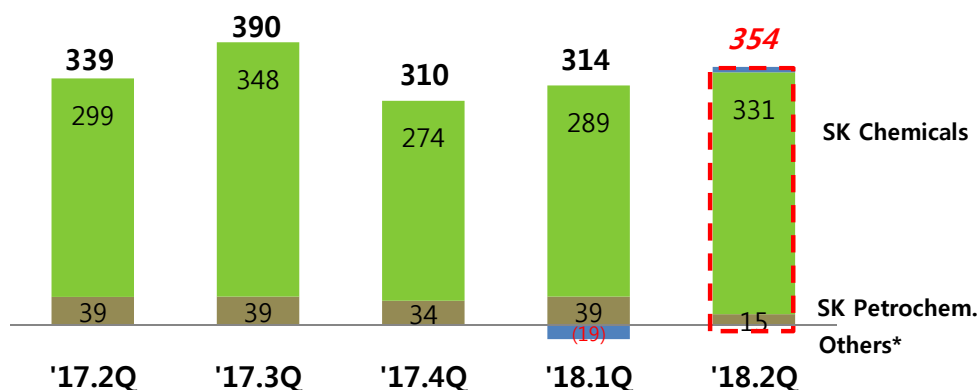
I. Business Divisions

I. Business Divisions

1) Performance Review (Consolidated)

Sales

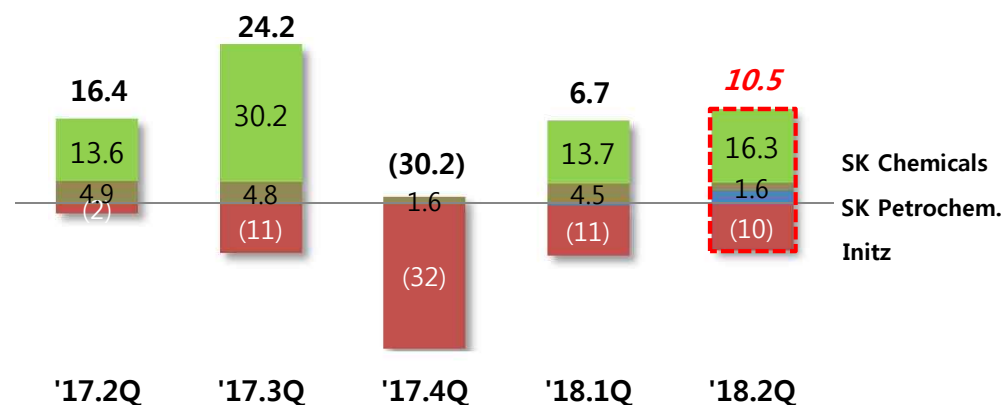
(Unit: KRW bn)



* Intercompany transactions

Operating profit

(Unit: KRW bn)



※ Intercompany transactions have not been eliminated in consolidation before spin-off (2017)

□ Sales

- Overall solid revenue growth across all business segments.
- Sales grew by +4.4% YoY, limited by unfavorable F/X and fall in bio diesel sale price.

□ Operating profit

- SK Chemicals: Increased by +20% YoY, thanks to upfront fee from Sanofi Pasteur and better than expected sales of SKYZoster. Partially supported by merger effect with SK Petrochemical.
- SK Petrochem/Initiz: Petrochem recorded steady profit growth (merger completed in May 1), Initiz recorded similar to last quarter.

(Unit: KRW bn, %)	SK Chemicals	SK Petrochem.*	Initiz	Others	Total
Sales	331.1	15.1	5.6	1.9	353.7
OP	16.3	1.6	△10.3	2.9	10.5
OPM	4.9%	10.7%	△183.7%	-	3.0%
Earnings before taxes	6.4	2.3	△11.8	3.6	0.5
Net profit	10.5	2.1	△9.0	2.8	6.4

* Due to the merger, the following numbers show SK Petrochem.'s 1 month performance (April 2018)

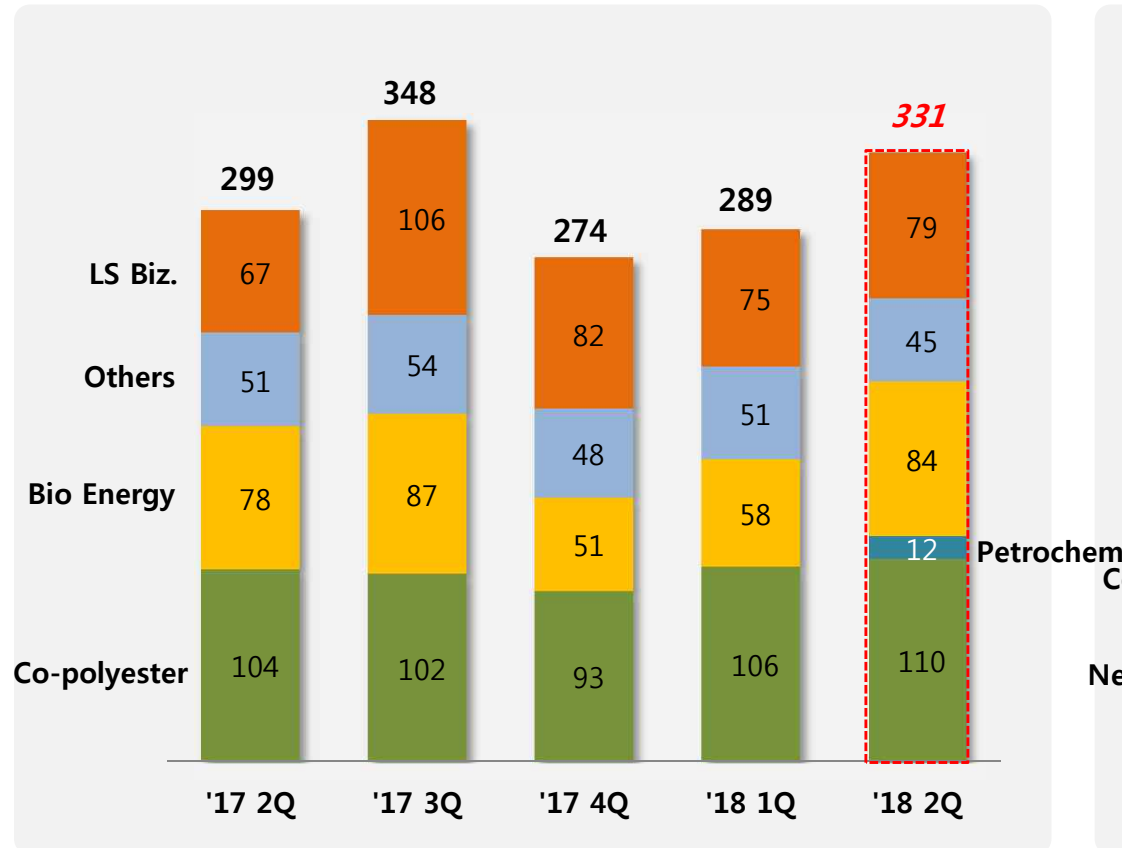
I. Business Divisions

2) Performance Review (Non-consolidated)

- Sales totaled 331 bil. KRW, operating profit totaled 16.3 bil. KRW an increase of 20% YoY
- Despite of decrease in co-polyester profit due to unfavorable market condition (raw material, F/X), non-consolidated result showed solid growth due to strong performance from LS biz. and Bio Energy biz.

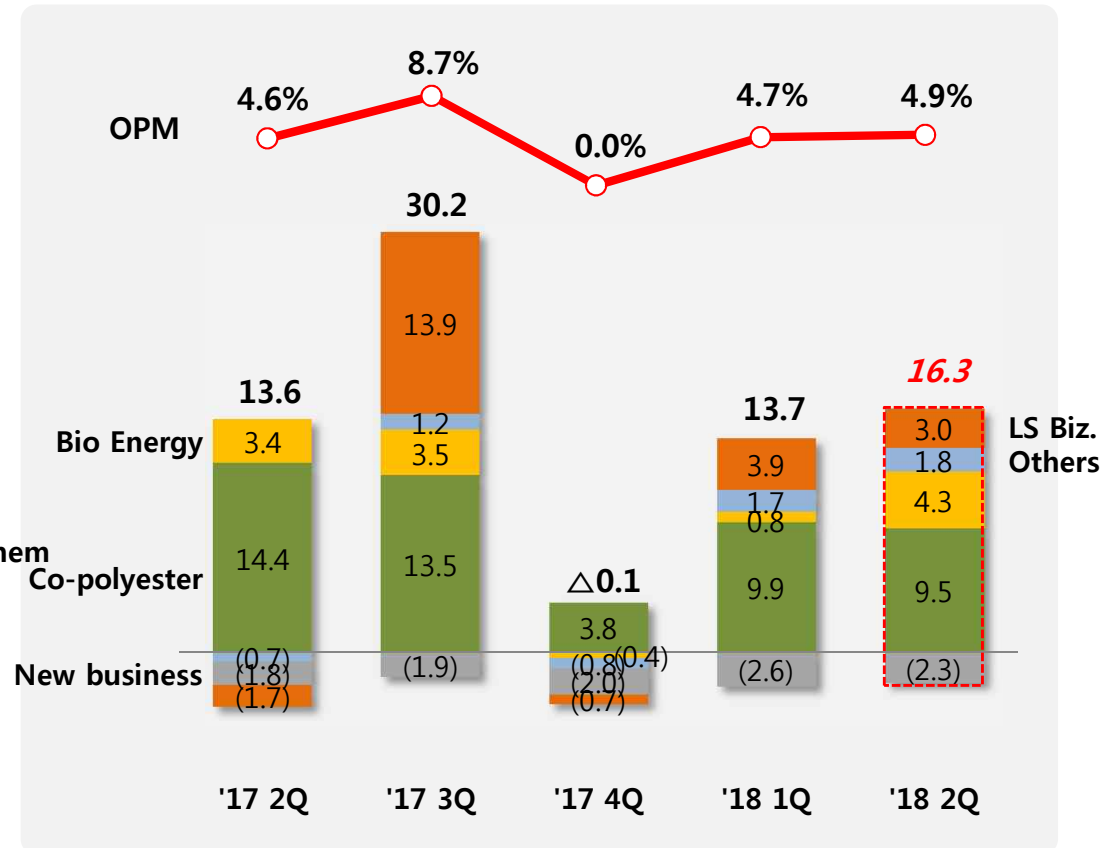
□ Sales

(Unit: KRW bn)



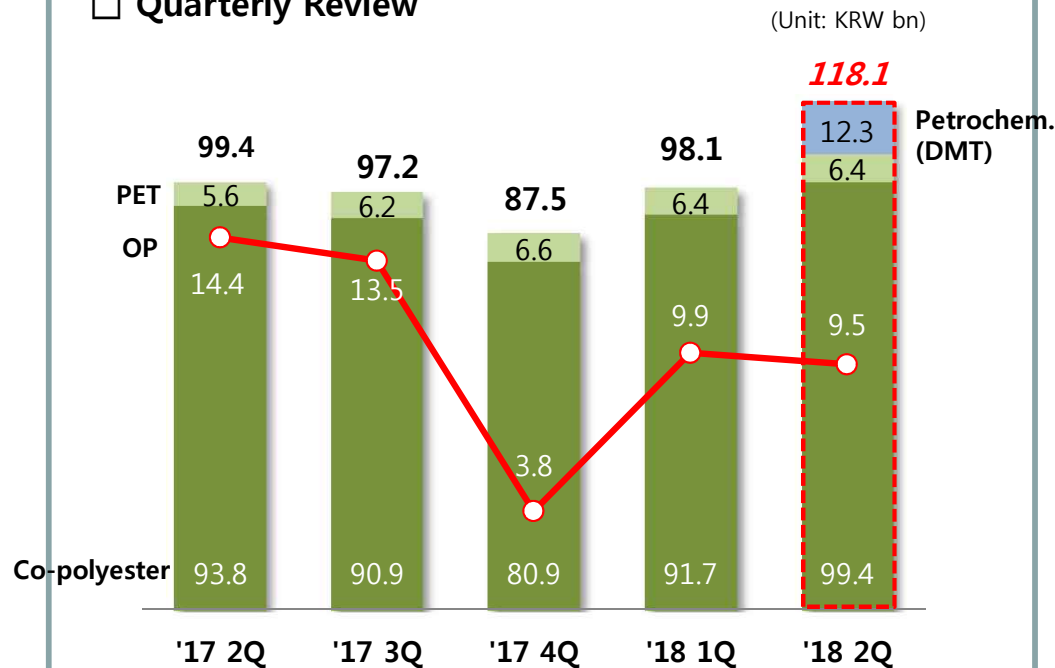
□ Operating Profit

(Unit: KRW bn)



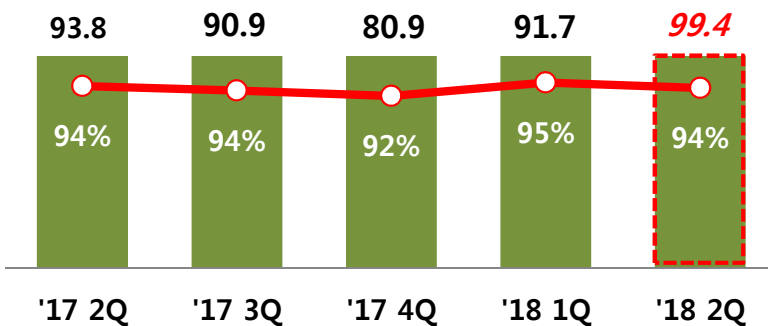
Performance

Quarterly Review



Co-polyester sales ratio

(Unit: KRW bn)



Review/Guidance

• '18 2Q Performance Review

- Co-polyester sales increased by +6% YoY
- Due to unfavorable market condition (F/X, raw material), as well as high base effect from last year, OP decreased by $\Delta 34\%$ YoY

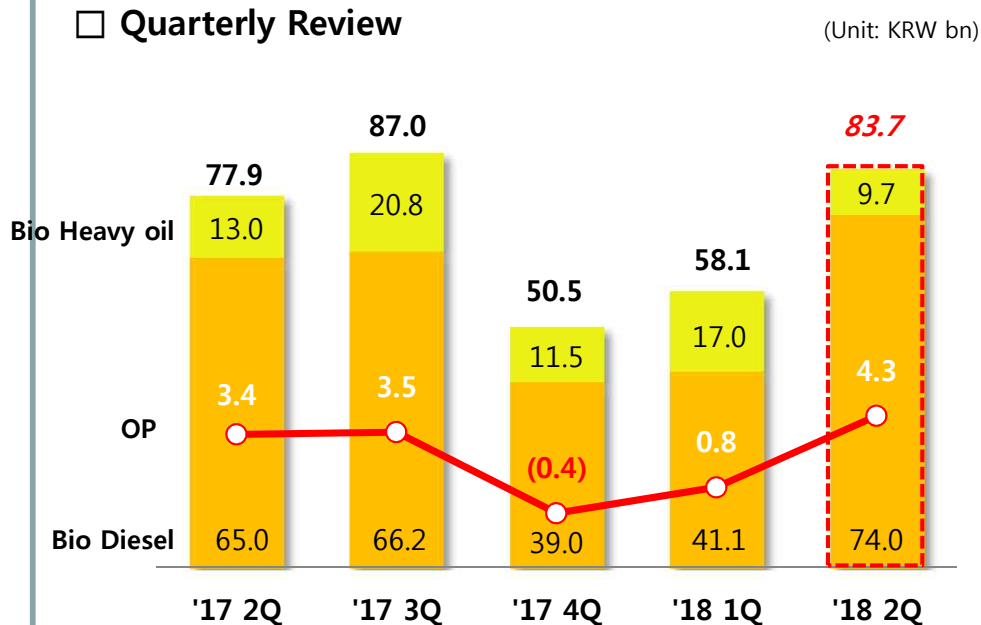
• '18 3Q Outlook

- Higher raw material cost burden vs. raise in product price and F/X relief.
- Solid demand expected to continue

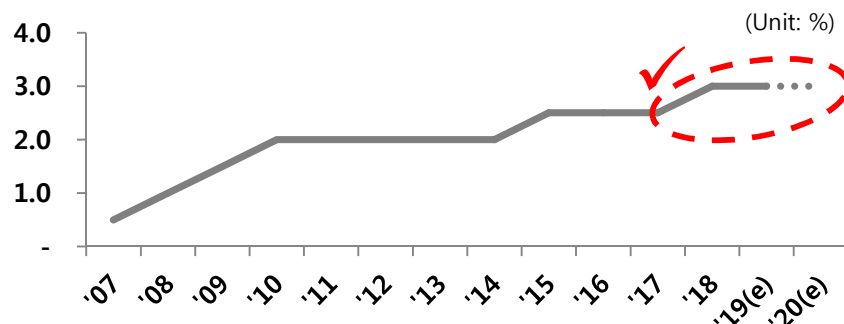
※ Application

- Food / Cosmetic Container, Electronic devices, etc.

Performance



□ Mixing Ratio Trend



Review/Guidance

• '18 2Q Performance Review

- Sales increased +14% YoY, due to increase in mix ratio (Q: +26% ↑)
- Operating profit increased +26% YoY, primarily as a result of improved spread margin and increased sales volume

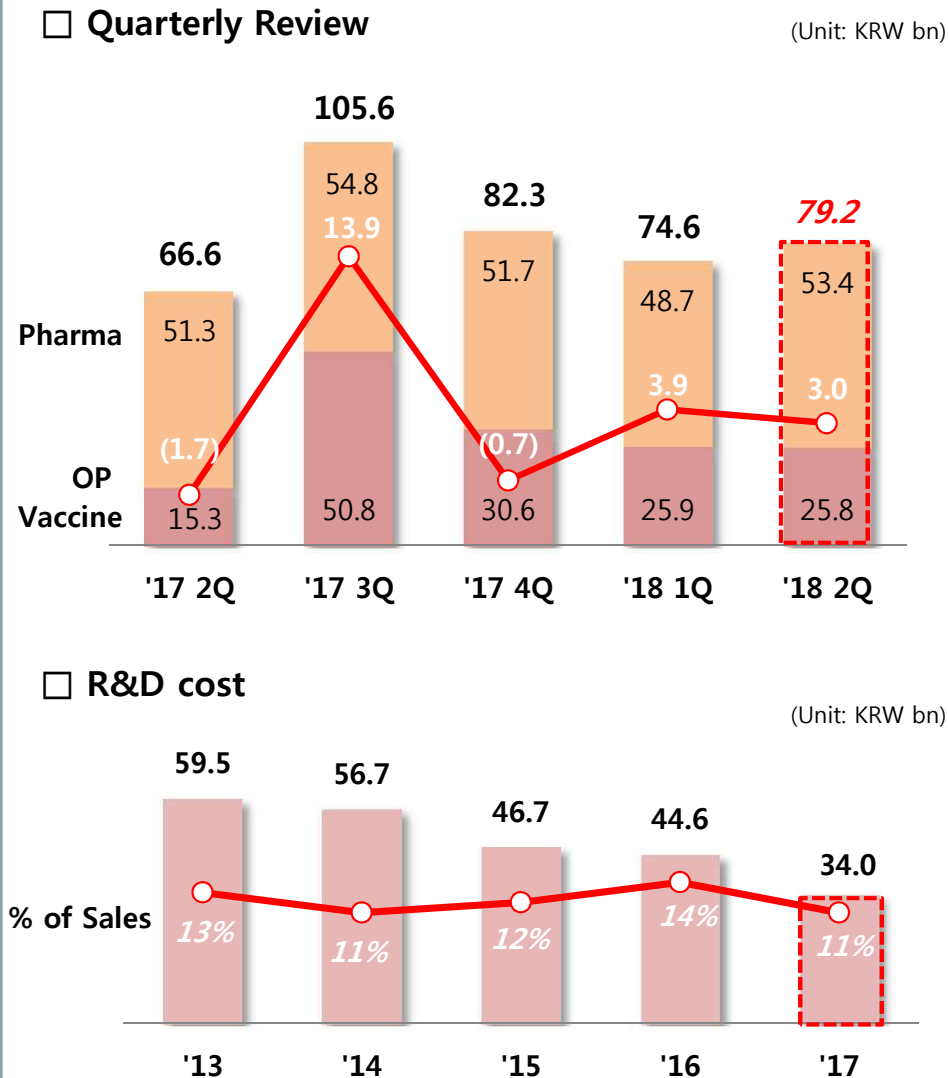
• '18 3Q Outlook

- High season demand expected to continue
- Improved spread margin expected to continue

※ The mix ratio increase in 2018

- Before 2.5% → Current 3.0%

Performance



Review/Guidance

• '18 2Q Performance Review

- Sales increased +19% YoY, OP is in the black two consecutive quarters.
- Pharma/Vaccine both showed robust growth.
- Strong sales in SKYZoster vs. increase in return on flu vaccine sold in previous year.
- Upfront fee from Sanofi Pasteur (transfer of cell culture technology) continues

• '18 3Q Outlook

- Peak season for flu vaccine + solid sale of SKYZoster
- Running royalty payments from CSL for the sales of AFSTYLA

※ Spin-off vaccine business on July, 1st 2018

→ 'SK bioscience Co.,Ltd.' (to be reported on consolidated basis from 3Q18 onwards)

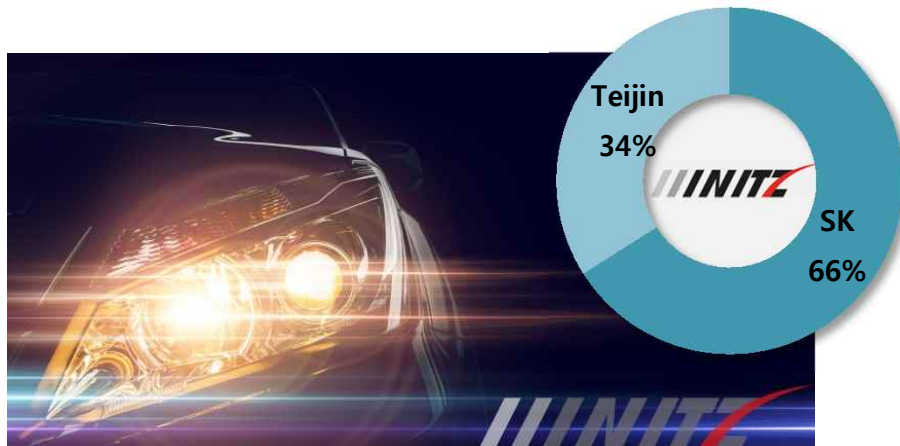
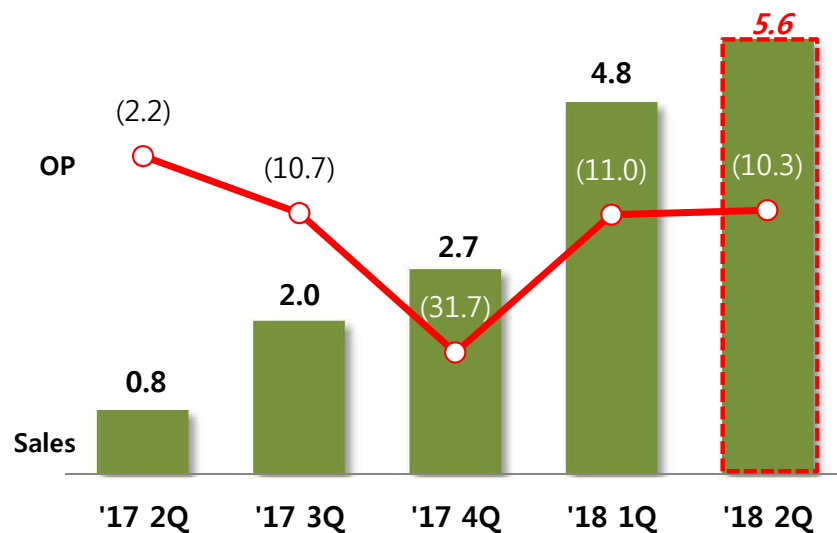
II. Subsidiaries



Performance

Quarterly Review

(Unit: KRW bn)

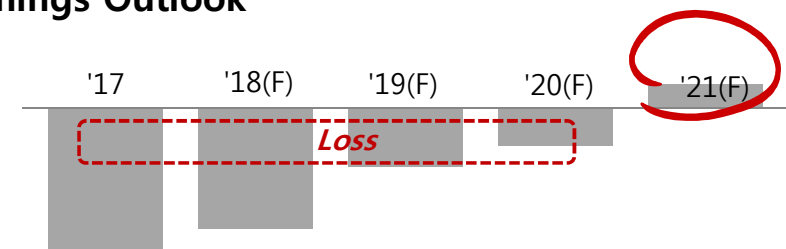


Initz

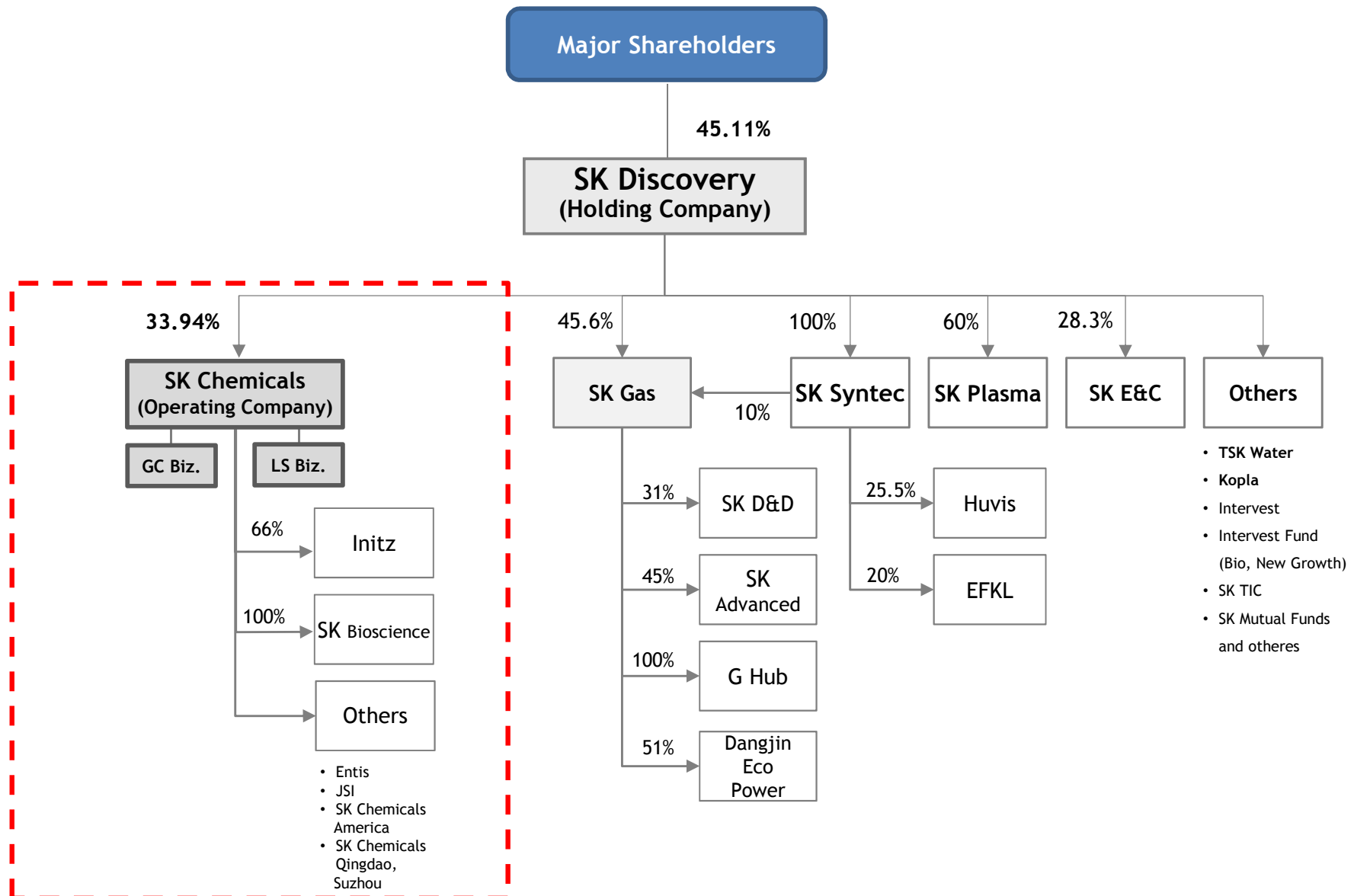
• '18 2Q Performance Review

- Developed and began sale on automotive Head Lamps application(Hyundai Mobis)
- Sales increased in China and started first sale in India
- CAPEX to optimize cost and process stabilization
- Focus on improving OCF and production process

• Earnings Outlook



- Financial turnaround after reaching the lowest point in year 2017 → BEP expected in year 2021



Note: % of holdings for common stocks

End of Documents

