

2024 1Q Earnings Release

Green Energy & Materials Company

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Financial results for 1Q '24 are subject to change according to the outside independent auditors' audit.



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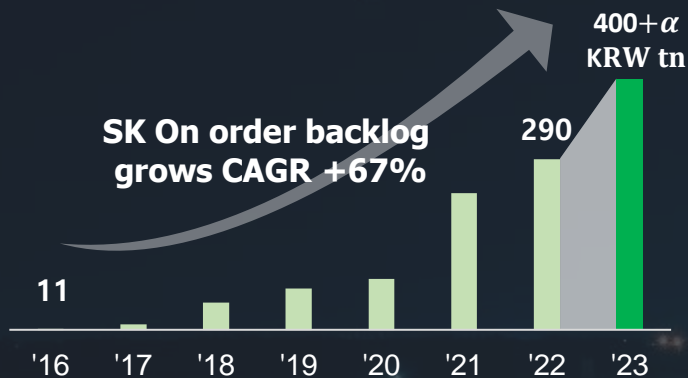
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Highlights



SK On expects higher mid-to-long term utilization rates backed by large orders and optimization of facility operations

- Recently secured large orders amid the chasm^(*) in the EV market
※ Order Backlog: KRW 290tn ('22 end) → KRW 400+α tn ('23 end)
- Measures including line optimization are expected to push up utilization rates of production facilities across the world mid to long term and expand AMPC
- Flexible adjustment of timing for capacity expansions expected to enhance profitability and ensure qualitative growth

(*) Chasm: a temporary stagnation in demand between the early adopter and mainstream markets



Energy & Chemical businesses foresee solid performance to continue

- Operating profit increased across all energy and chemical businesses compared to the previous quarter driven by improved refining margins, inventory gains from rising oil and naphtha prices and increased sales volume
- Solid performance projected in 2Q, backed by sustained global demand buoyed by a strong real economy, the onset of the peak season, and expanded production in Chinese E&P blocks



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Key Business Results

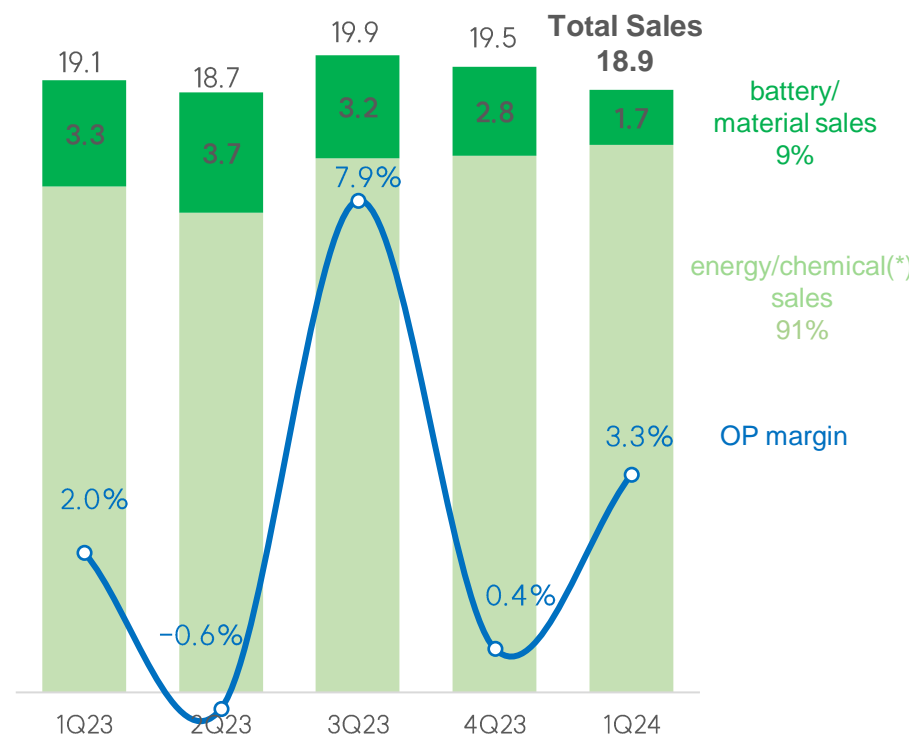
Sales and Operating Profit

(Unit: KRW in Billion)

Type	4Q23	1Q24	QoQ	2023
Sales	19,529.3	18,855.1	△674.2	77,288.5
Operating Profit	72.6	624.7	+552.1	1,903.9
EBITDA	604.4	1,187.3	+582.9	3,933.8
Non-Operating Profit	△125.1	△606.5	△481.4	△971.7
Pre-Tax Income	△52.5	18.2	+70.7	932.2

Financial Highlights

(Unit: KRW trillion)



(*) SKE, SKTI, SKET, SKIPC, SKGC, SKEN, SKEO, SKI Staff

Key Financial Results

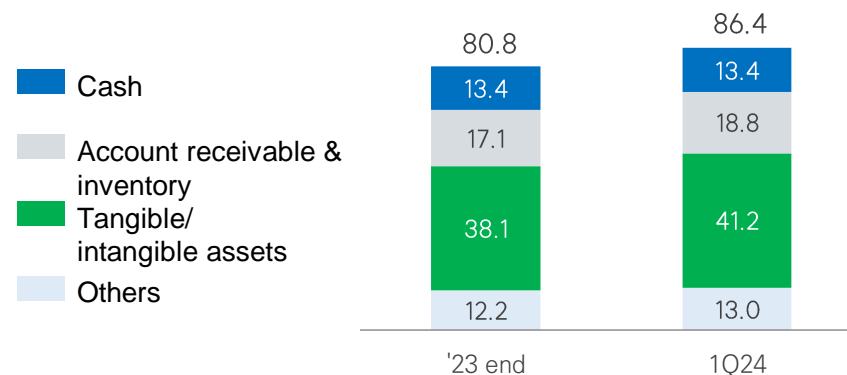
Balance Sheet

(Unit: KRW in Billion)

Type	'23 end	1Q24	vs '23
Assets	80,835.5	86,384.1	+5,548.6
- Cash, etc	13,392.3	13,350.0	△ 42.3
- Account receivable	5,929.4	6,521.4	+592.0
- Inventory	11,122.7	12,235.1	+1,112.4
- Tangible/ intangible assets	38,145.5	41,213.4	+3,067.9
Liabilities	50,815.5	55,061.8	+4,246.3
- Account payable	8,533.9	10,037.7	+1,503.8
- Debt	28,958.8	31,924.4	+2,965.6
Shareholder's equity	30,020.0	31,322.3	+1,302.3
Debt/Equity	169%	176%	+7%p
Net Debt	15,566.5	18,574.4	+3,007.9

Asset Makeup

(Unit: KRW trillion)



Liabilities & Equity Makeup

(Unit: KRW trillion)

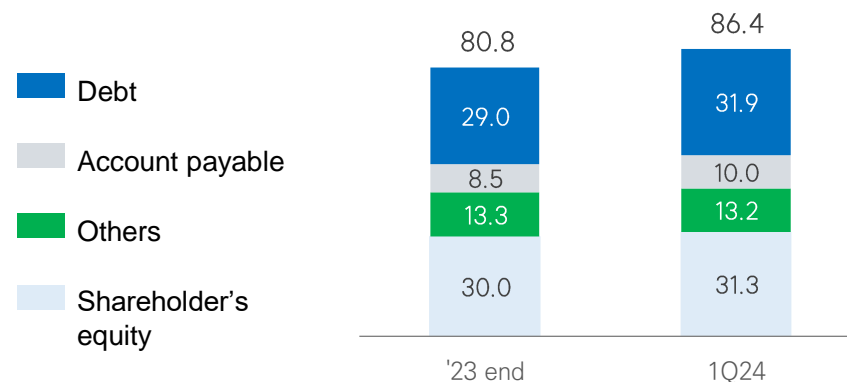




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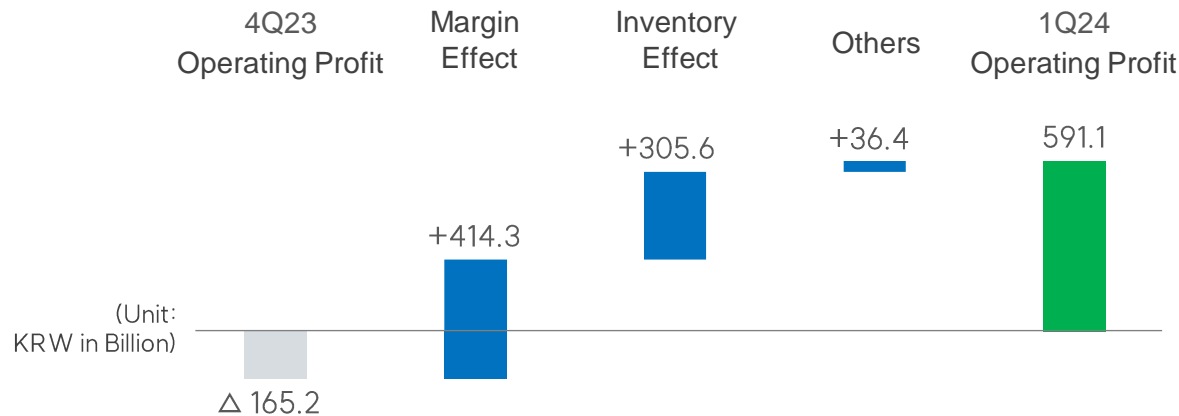
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Refining

“Operating profit increased due to strong refining margins and inventory gains backed by rising oil prices”



* Includes SKE, SKTI, SKET and SKIPC's refinery business

Oil Price

Oil price(\$/B)	4Q23	1Q24	QoQ
Quarter Average	83.6	81.3	△2.3
Last Month of Quarter Average	77.3	84.2	+6.9

Product Crack

Crack(\$/B)	4Q23	1Q24	QoQ
Gasoline	7.6	13.3	+5.7
Diesel	24.4	23.1	△1.3
Kerosene	23.6	21.1	△2.5

Financial Highlights & Outlook



1Q Financial Highlights

Operating profit increased QoQ driven by significant inventory gains and strong refining margins resulting from rising oil prices, along with OPEC+ production cuts agreements and OSP reductions

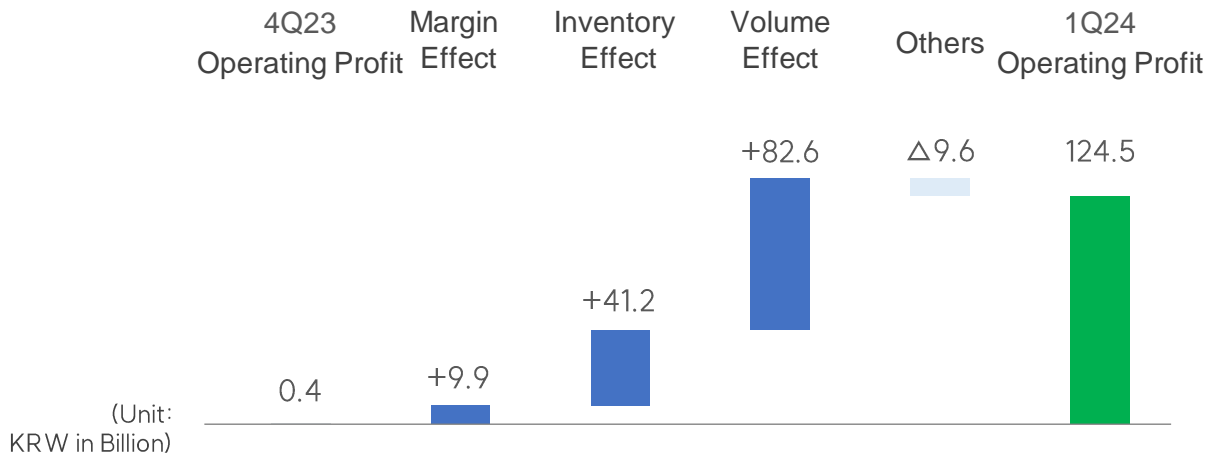


2Q Market Outlook

Solid refining margins projected to continue despite the US Fed's high interest rate policy and oil rallies dampening petroleum demand as demand is expected to stay firm due to strong real economy as well as anticipation for improved demand in emerging markets and sustained low OSP levels

Petrochemical

“Operating profit jumped KRW 124.1bn due to the completion of TAs, etc.”



Includes SKGC and SK IPC's petrochemical business performance

Polymer

Spread (\$/MT)	4Q23	1Q24	QoQ
PE	277	261	△16
PP	233	223	△10

Aromatic

Spread (\$/MT)	4Q23	1Q24	QoQ
PX	356	341	△15
BZ	230	313	+83

Financial Highlights & Outlook



1Q Financial Highlights

Operating profit rose QoQ prompted by increased volume following the completion of TAs, margin expansion from improved BZ spread, and inventory gains from rising naphtha prices



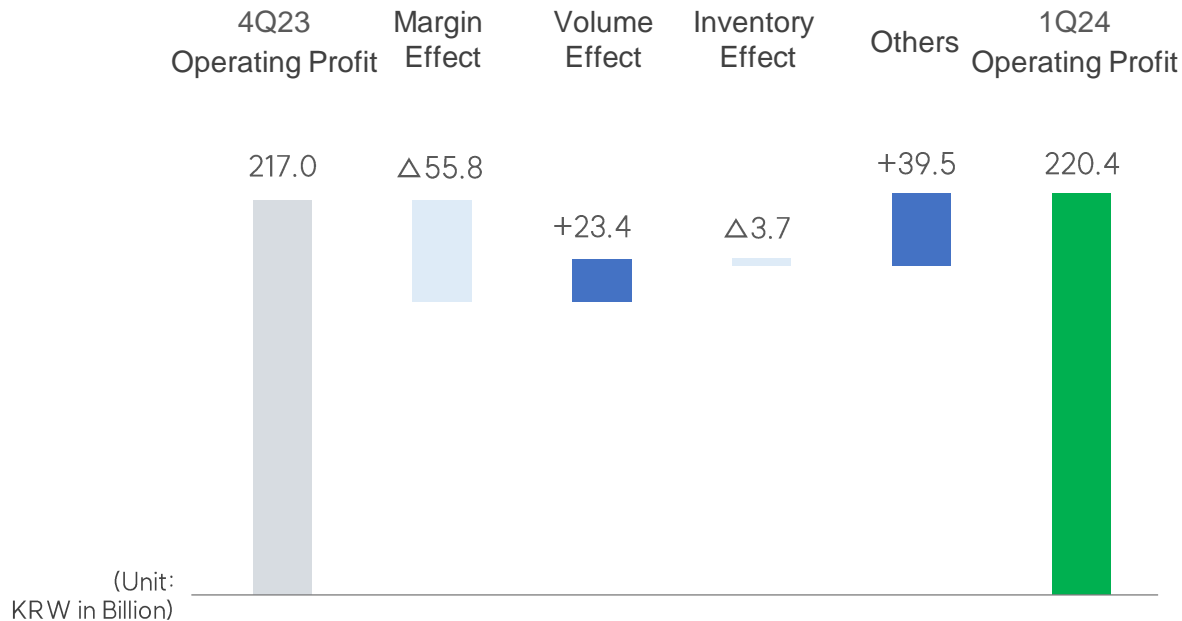
2Q Market Outlook

[Polymer] **Spread projected to remain flat** as demand improves buoyed by the Chinese government's policy to prop up domestic consumption

[Aromatic] **Gradual spread improvement anticipated** as summer gasoline blending needs and new PTA capacity additions shore up demand

Lubricants

"Operating profit increased KRW 3.4bn due to volume effects, etc."



Financial Highlights & Outlook



1Q Financial Highlights

Operating profit increased QoQ driven by factors such as steady demand and volume effects despite a dip in base oil margins

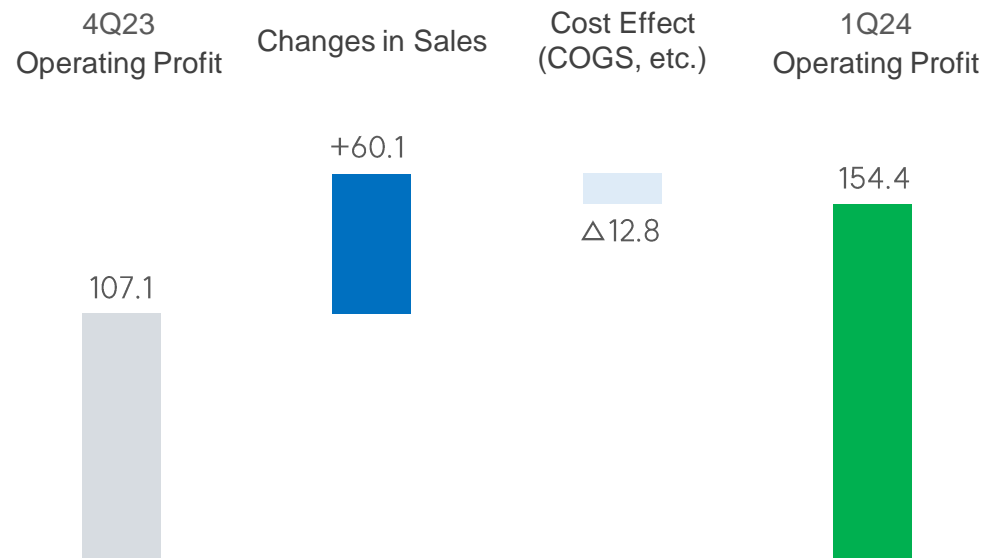


2Q Market Outlook

Profitability expected to be sustained as demand picks up with the onset of the peak season

E&P Business

“Operating profit rose KRW 47.3bn bolstered by increased sales volume and composite selling prices”



Benchmark

Type	4Q23	1Q24	QoQ
Brent (\$/B)	84.0	83.2	△0.8
WTI (\$/B)	78.4	77.1	△1.3
NBP(\$/mmbtu)	13.4	8.6	△4.8

* NBP: National Balancing Point

Financial Highlights & Outlook



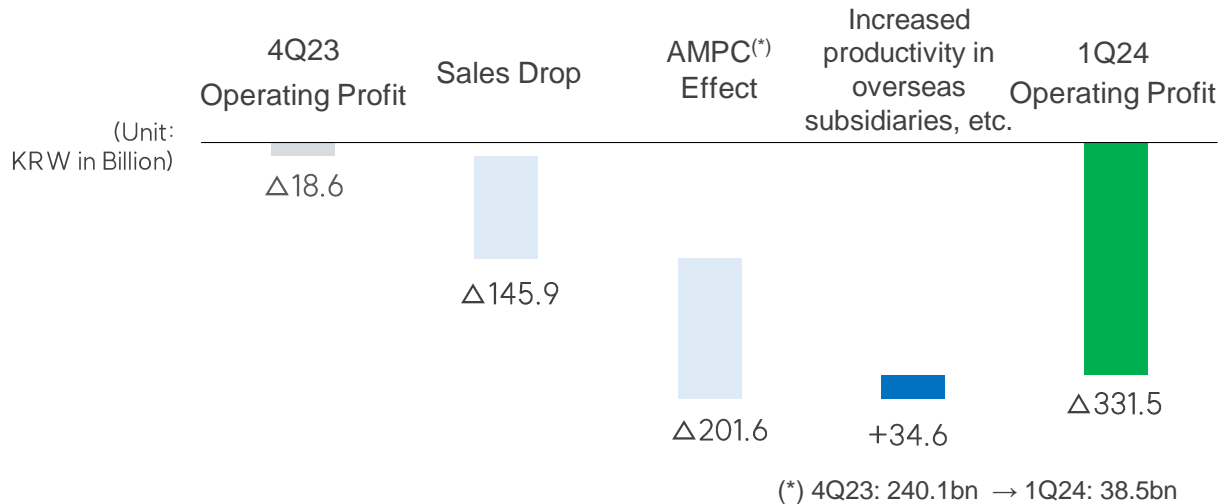
1Q Financial Highlights

Sales and operating profit increased QoQ driven by increased sales volume from expanded production in the new Chinese oil block and a rise in composite selling prices due to an increase in oil ratio

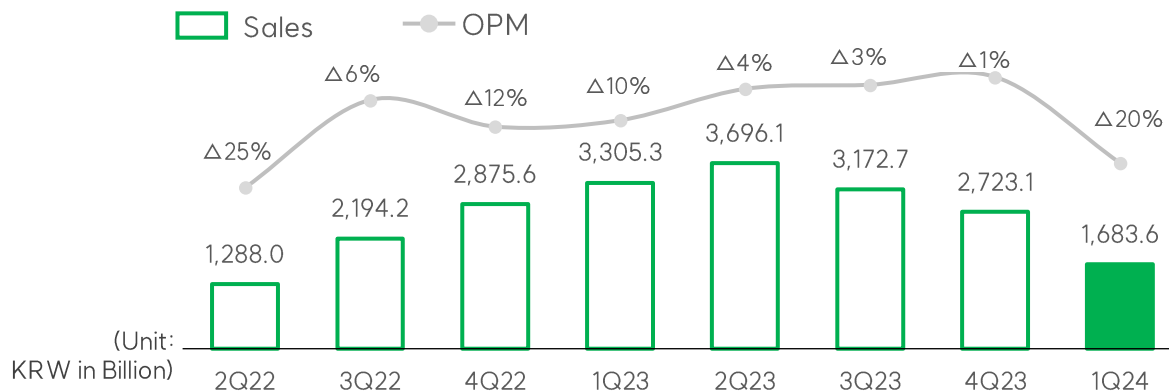
(Unit: KRW Bn, 1K bbl)	4Q23	1Q24
Sales	310.0	370.1
Sales volume	6,160	6,594
% of Oil	36%	41%

Battery Business

“Operating loss widened compared to the previous quarter due to decreased sales and AMPC”



Performance Trend



Financial Highlights & Outlook



1Q Financial Highlights

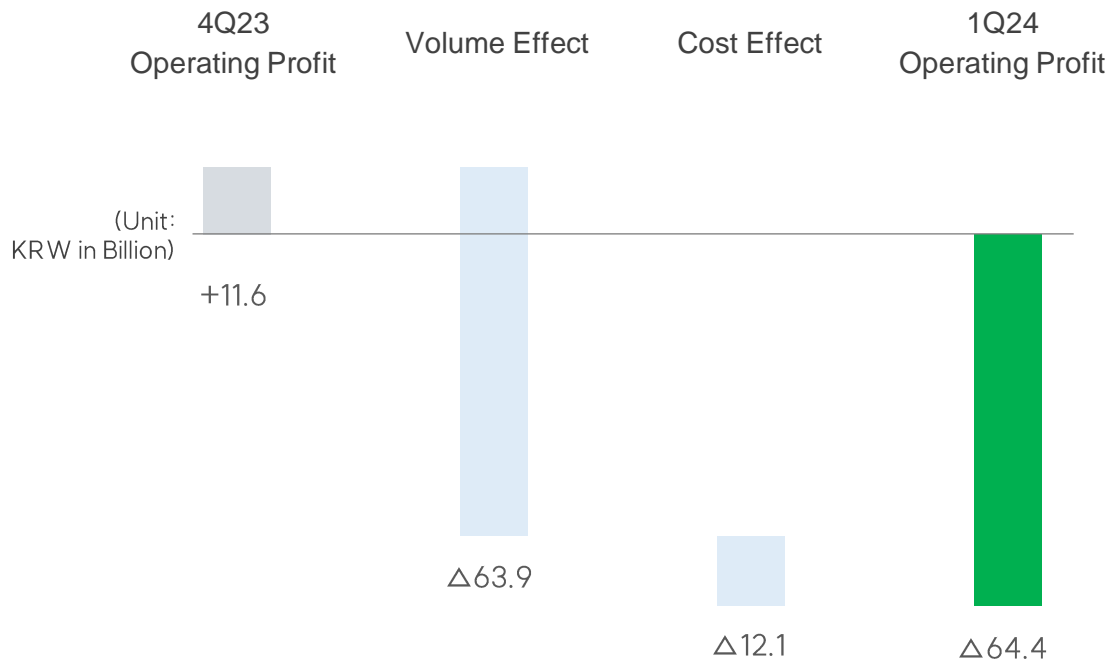
Declines in prices and sales volume attributed to customer inventory adjustments **weighed on sales revenue and operating losses compared to the previous quarter**



2Q Market Outlook

Gradual **shipment increase** anticipated through customer inventory buildup demand and optimized line operations. **Profitability expected to improve** via flexible adjustment of the timing for capacity expansion

“Incurred operating losses due to a drop in sales volume and reduced utilization rates”



Financial Highlights & Outlook



1Q Financial Highlights

Decline in sales to customers coupled with increased fixed costs due to decreased utilization rates **pushed operating profitability into negative territory**



2Q Market Outlook

Increased demand from key customers expected **prop up sales volume and profits**



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Business Performance (Excluding intercompany transactions)

(Unit: KRW Billion)

Type	Sales			Operating Profit		
	4Q23	1Q24	QoQ	4Q23	1Q24	QoQ
Refining ¹⁾	12,878.0	12,854.8	△23.2	△165.2	591.1	+756.3
Petrochem ²⁾	2,452.0	2,759.0	+307.0	0.4	124.5	+124.1
Lubricants	1,094.2	1,137.3	+43.1	217.0	220.4	+3.4
E&P	310.0	370.1	+60.1	107.1	154.4	+47.3
Battery	2,723.1	1,683.6	△1,039.5	△18.6	△331.5	△312.9
I/E Materials ³⁾	50.0	31.7	△18.3	11.6	△64.4	△76.0
Others ⁴⁾	22.0	18.6	△3.4	△79.7	△69.8	9.9
Total	19,529.3	18,855.1	△674.2	72.6	624.7	+552.1

1) Refining : SKE, SKTI, SKET and SKIPC's refining businesses

2) Petrochem : SKGC, SKIPC's petrochemical businesses

3) I/E Materials : Reflects SKI's financial data excluding internal transactions and thus differs from SKIET's performance

4) Others : Staff

Utilization- Refining/Petrochem Plants

Plant Utilization Trend

Refineries	Type	2022	2023	4Q23	1Q24
	CDU	77%	82%	85%	85%
	- ULSAN	83%	82%	85%	85%
	-INCEHON	59%	82%	84%	88%
	HOU	85%	83%	87%	73%
	#1 RFCC	90%	87%	103%	103%
	#2 RFCC	89%	102%	103%	103%

Petrochem	Type	2022	2023	4Q23	1Q24
	NCC	89%	84%	44%	102%
	PE	66%	70%	35%	88%
	PP	85%	82%	67%	93%
	PX(ULSAN)	86%	75%	70%	77%
	PX(INCHEON)	70%	93%	96%	96%

Plant Regular TA Plans

Plant	Process	1Q24	2Q24
Refineries (Ulsan)	CDU	#5 CDU	#4 CDU
	HOU	#1 VRDS	#1 RHDS
		#2 VRDS	
		UC	
Refineries (Incheon)	FCC	-	-
	CDU	-	-

Plant	Process	1Q24	2Q24
Petrochem (Ulsan)	NCC	-	-
	PX	-	#2 PX
Petrochem (Incheon)	PX	-	-

Battery Capacity

		'24 Planned Site	Existing site
Region	Plant	Max. Capa. (GWh)	Commercial Production
Korea	Korea Plant (Seosan 1/2)	7.0	3Q18
	Korea Plant (Seosan 3)	14.0	2025
Europe	Hungary Plant No. 1 (Komarom)	7.5	1Q20
	Hungary Plant No. 2 (Komarom)	10.0	1Q22
	Hungary Plant No. 3 (Ivancsa)	30.0	2024
US	US Plant No.1 (Georgia)	10.0	1Q22
	US Plant No.2 (Georgia)	12.0	4Q22
	BlueOvalSK (Kentucky/Tennessee)	127.0	2025
	HMG North America JV (Georgia)	35.0	2025
China	BEST JV (Changzhou)	7.5	2Q20
	EUE JV (Huizhou)	10.0	1Q21
	SKOJ JV Bld 1+2 (Yancheng)	27.0	1Q21
	SKOY (Yancheng)	33.0	2024

