



I 4Q 2021 Earnings Release I

2022. 01. 28

Hi!innovation

Disclaimer

This presentation contains forward-looking statements with respect to financial conditions, results of operations and business of SK Innovation, and plans and objectives of the management of SK Innovation.

Statements that are not historical facts, including statements about SK Innovation's beliefs and expectations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of SK Innovation to be materially different from any future results or performance expressed or implied by such forward-looking statements.

Financial results for 4Q '21 are subject to change according to the outside independent auditors' audit.

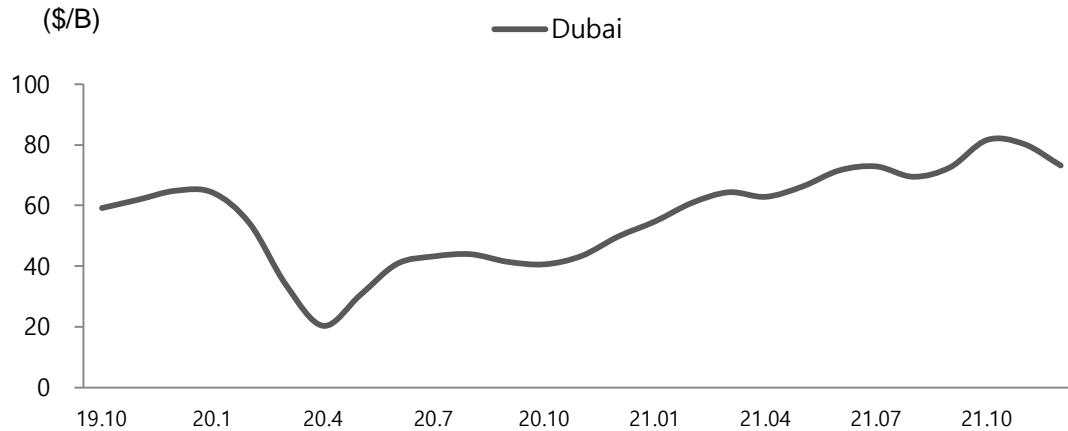
- **4Q 2021 Financial Results**
- **4Q 2021 Business Highlights**
- **Q&A**
- **Appendix**

Sales and Operating Profit

(Unit: KRW in Billion)	4Q21	3Q21	QoQ	2021	2020	YoY
Sales	13,721.3	12,464.4	+1,256.9	46,842.9	34,550.0	+12,292.9
Operating Profit	△47.4	672.6	△720.0	1,765.6	△2,420.3	+4,185.9
EBITDA	362.1	1,059.3	△697.2	3,279.3	△1,220.3	+4,499.6
Non-operating Profit	△47.3	63.5	△110.8	△923.2	△338.1	△585.1
Pre-Tax Income	△94.7	736.1	△830.8	842.4	△2,758.4	+3,600.8

(Unit: KRW in Billion)	2021 4Q	2020	vs 2020
Assets	49,934.6	38,498.1	+11,436.5
- Cash, etc.	7,411.3	4,911.3	+2,500.0
- Tangible/Intangible assets	21,806.6	19,102.1	+2,704.5
Liabilities	30,452.4	23,039.6	+7,412.8
- Debt	15,824.2	13,636.7	+2,187.5
Shareholder's Equity	19,482.2	15,458.5	+4,023.7
Debt/Equity	156%	149%	+7%p
Net Debt	8,412.9	8,725.4	△312.5

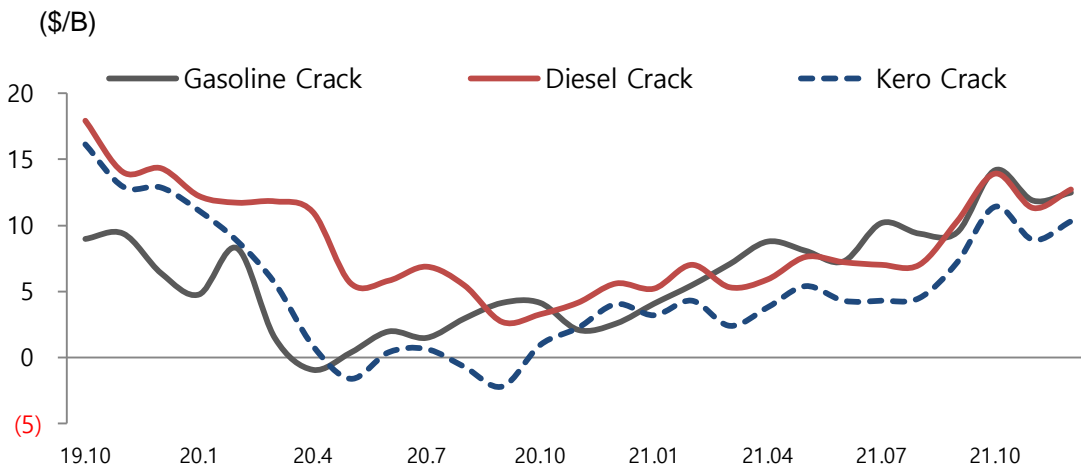
- 4Q 2021 Financial Results
- 4Q 2021 Business Highlights
- Q&A
- Appendix



Crude price rose despite the emergence of Omicron fueled by overall strong energy prices including natural gas and coal and expectations on demand recovery with the restoration of pre-pandemic normalcy

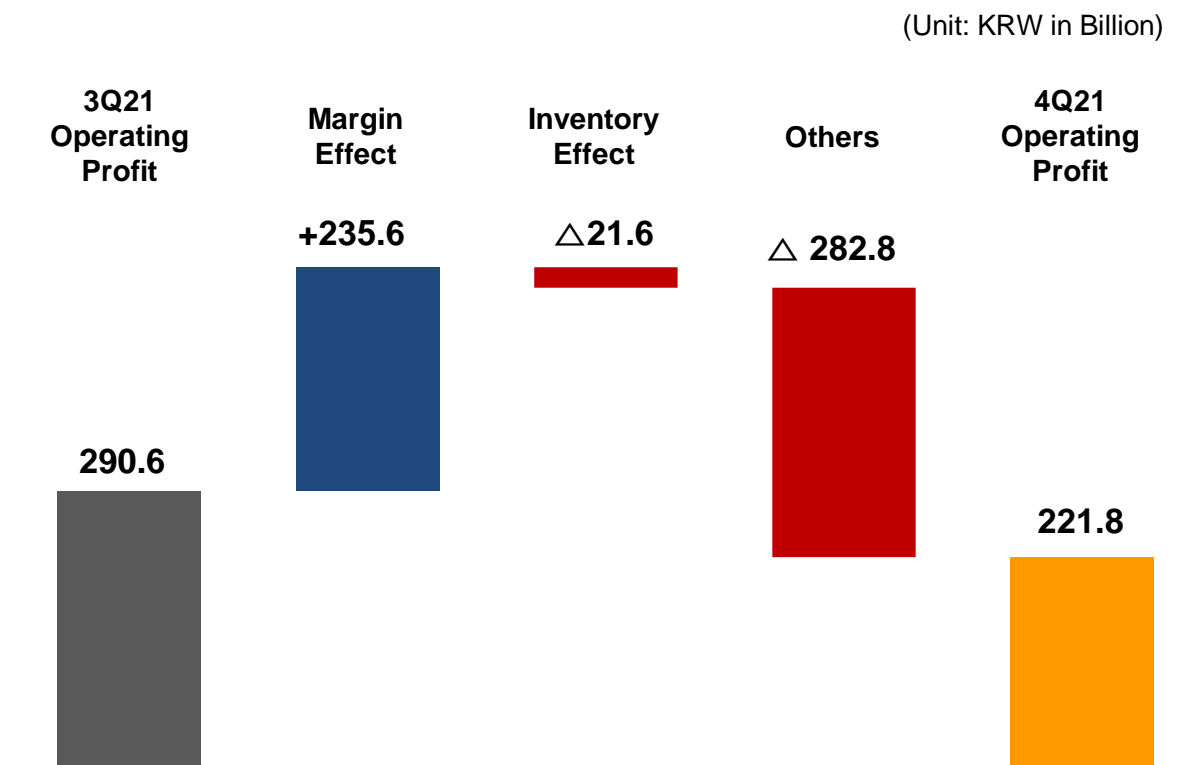
▪ Dubai Oil Trends

Price(\$/B)	3Q21	4Q21	QoQ
Quarter Average	71.7	78.3	+6.6
Last Month of Quarter Average	72.6	73.2	+0.6



Product crack was strong amid low inventory and tight supply due to US refineries' power outages and China's delayed export quota release

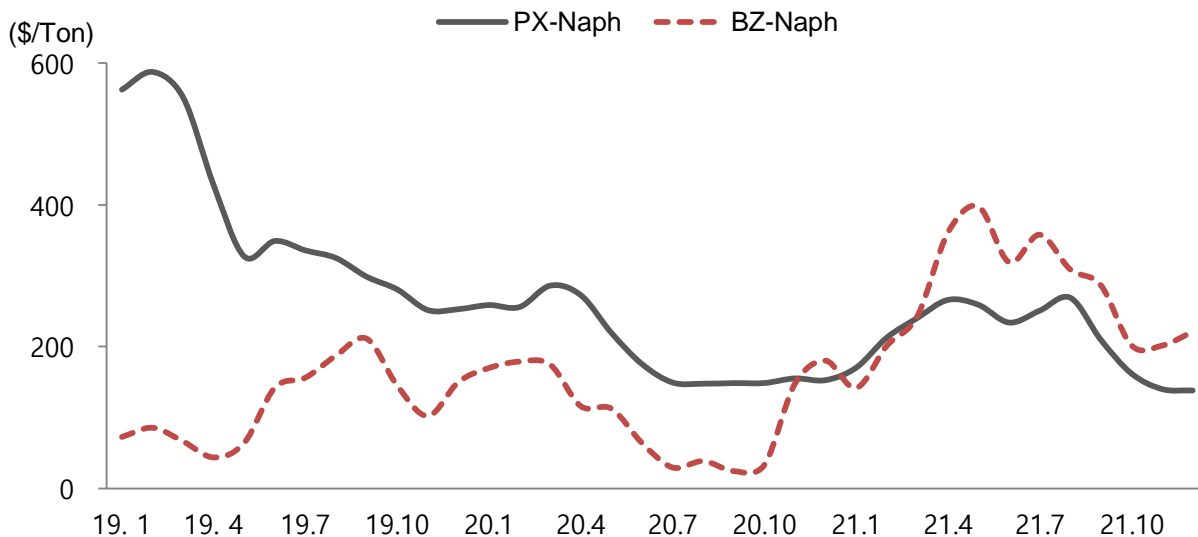
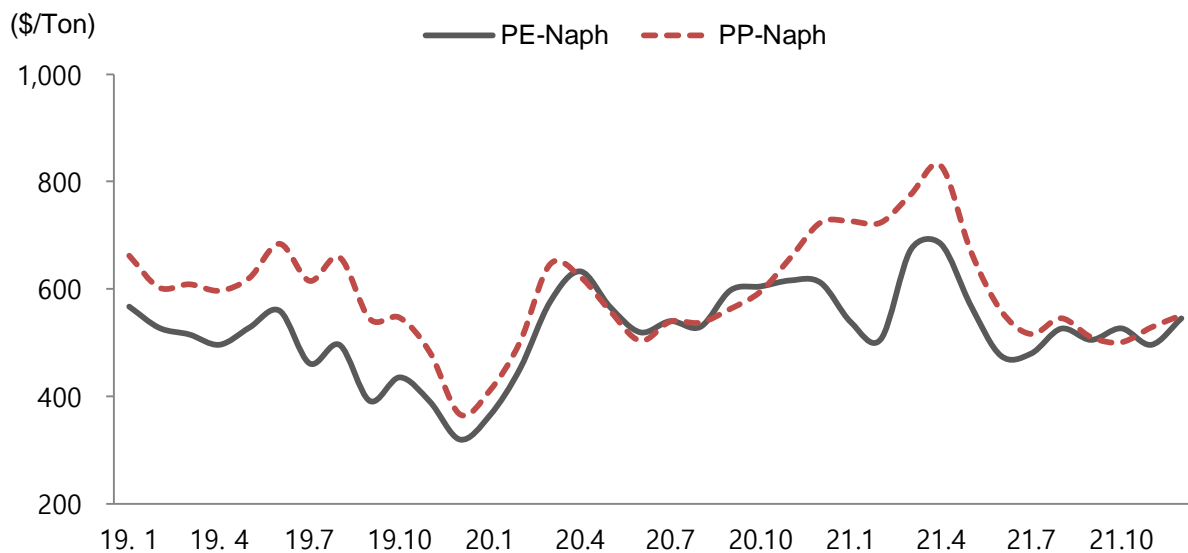
Crack(\$/B)	3Q21	4Q21	QoQ
Gasoline	9.7	12.9	+3.2
Diesel	8.1	12.6	+4.5
Kerosene	5.4	10.2	+4.8



4Q operating profit fell despite improved market conditions including rising oil prices and strong crack of key products due to a rise in one-off expenses and decline in inventory related gains resulting from a fall in year-end oil price

2022 refining margin is projected to stay flat as COVID 19 surge tapers off and demand bounces back to normal, pushing refineries to ramp up run rates

* Includes SKE, SKTI and SKIPC's refinery business



Polymer

- **PE** : China's coal based PE run rate cut tightened supply while new capacity came online at the same time. Spread inched up backed by a bullish year-end demand
- **PP** : Spread remained flat despite China's robust restocking due to increased supply from new capacity additions in the region

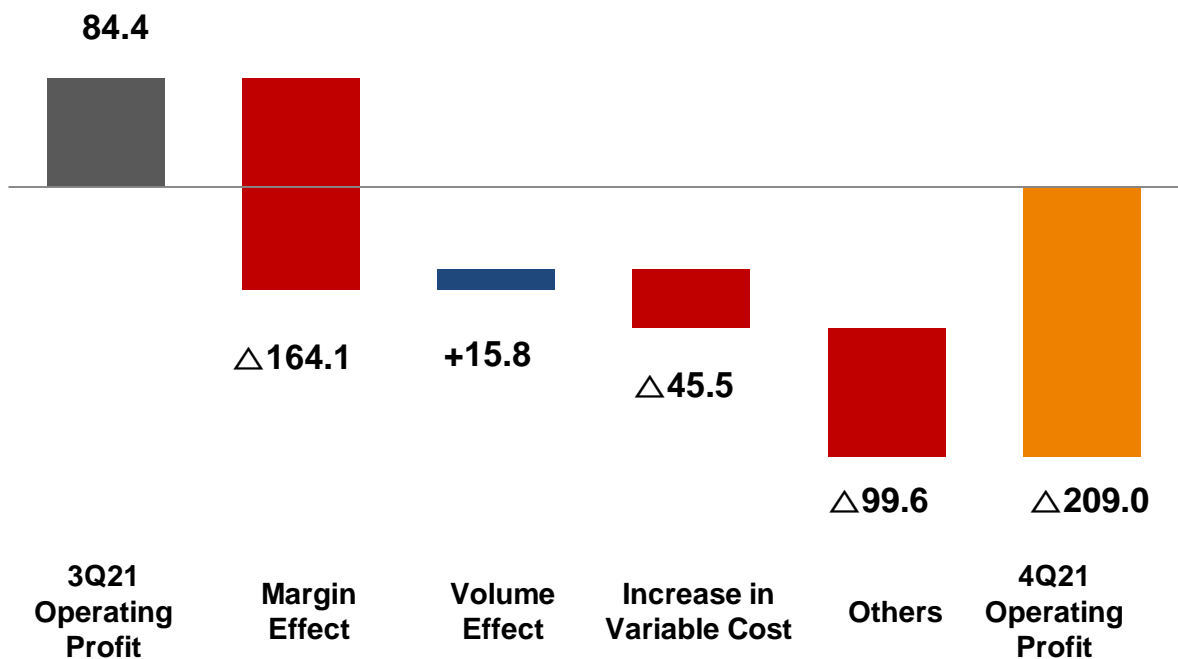
Spread (\$/MT)	3Q21	4Q21	QoQ
PE	504	523	+19
PP	524	527	+3

Aromatic

- **PX/BZ** : Spread narrowed as D/S run rate recovery from the impact, caused by China's tightened energy consumption policy in September, was delayed, leading to bearish demand

Spread (\$/MT)	3Q21	4Q21	QoQ
PX	243	147	△96
BZ	318	208	△110

(Unit: KRW in Billion)



* Includes SKGC and SKIPC's petrochemical business

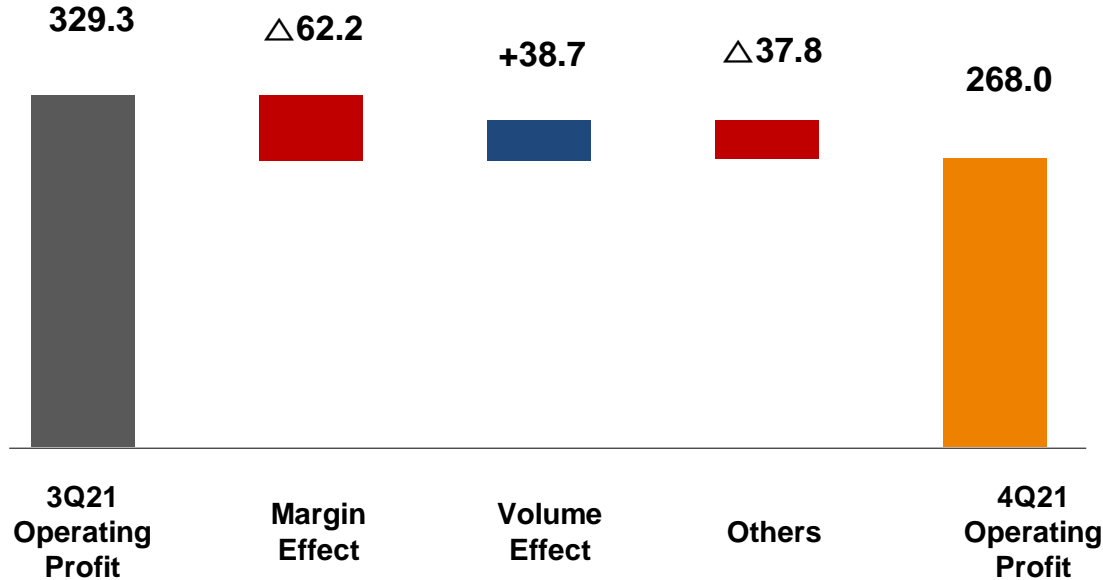
4Q saw operating loss as margin dipped weighed down by declining aromatics spread and variable costs went up

2022 Outlook

Polymer,
Spread projected to trend weak to flat due to oversupply propelled by new capacities rolled out in 2021 and additional capacities slated for 2022

Aromatic,
Downstream capacity additions forecasted to prop up demand but spread improvement expected to be limited due to additional supply

(Unit: KRW in Billion)



Operating profit dropped QoQ despite higher sales volume as rising costs and declining selling prices pressured down margin

2022 Lubricants Outlook

Spread expected to be adjusted as petroleum products crack improves and global base oil supply returns to normalcy easing tight supply

(Unit: KRW in Billion, MBOE/D)

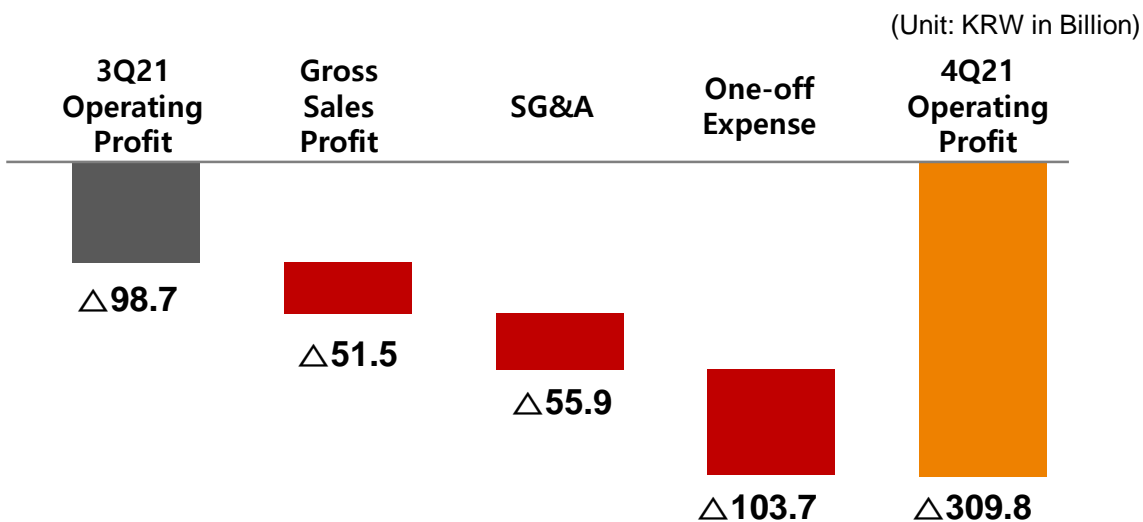
	3Q21	4Q21
Sales	192.5	346.9
Average Daily Production	46.0	52.6
% of Oil	37%	30%

Sales and operating profit increased backed by a rise in oil/gas prices and sales volume

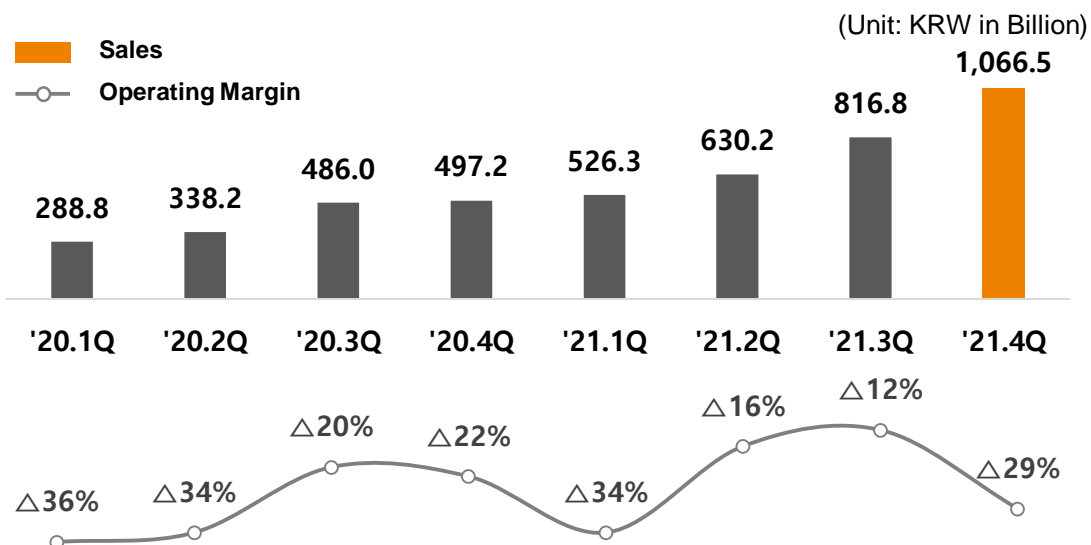
(Unit: KRW in Billion)



Benchmark	3Q21	4Q21	QoQ
Brent (\$/B)	73.5	79.7	+6.2
WTI (\$/B)	70.5	77.3	+6.8
HH (\$/mmbtu)	4.4	4.8	+0.4



[Note] Performance Trend



► Operating loss widened despite enhanced run rates and sales of Chinese plants that commenced commercial production in 2021 due to initial fixed costs, higher SG&A including R&D expenses, and one-off expense.

► Global Capacity Additions

▪ Hungary

- No.1: '19.4Q completed construction, '20.1Q started commercial production
- No.2: '19.1Q commenced construction, '22.1Q commercial production planned
- No.3: '21.3Q commenced construction, '24.1Q commercial production planned

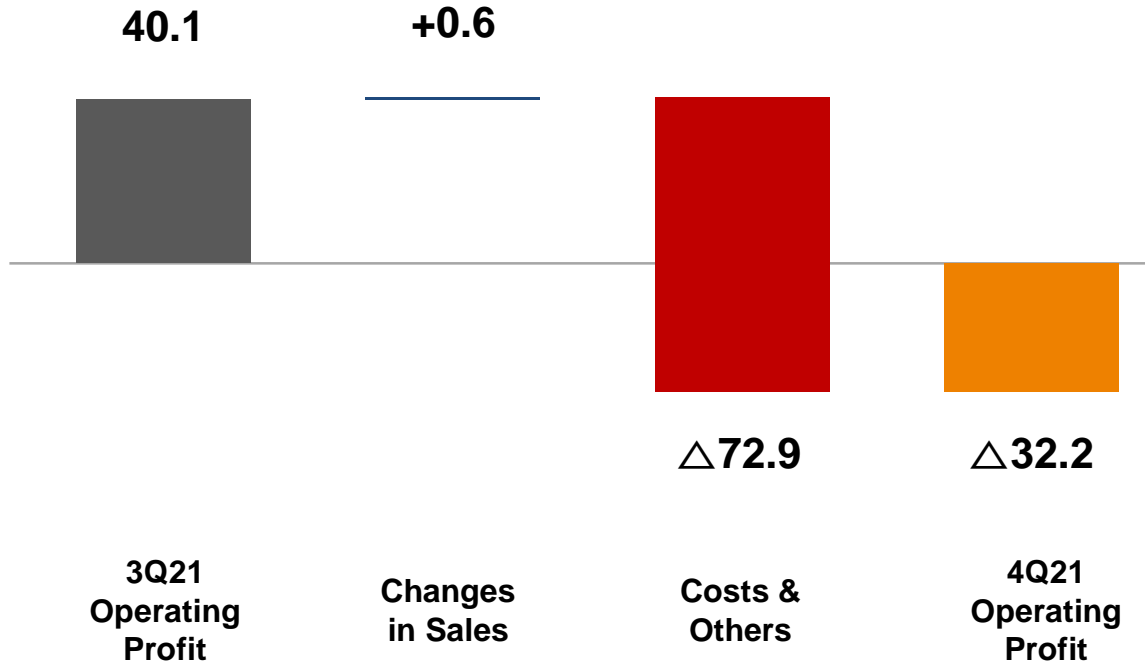
▪ China

- BEST(Changzhou): '19.4Q completed construction, '20.2Q started commercial production
- EUE(Huizhou): '19.2Q commenced construction, '21.1Q started commercial production
- SKOJ(Yancheng): '19.3Q commenced construction '21.1Q started commercial production
- SKOY(Yancheng): '21.4Q commenced construction, '24.2Q commercial production planned

▪ US

- No.1: '19.1Q commenced construction, '22.1Q commercial production planned
- No.2: '20.3Q commenced construction, '23.1Q commercial production planned
- BlueOvalSK: '22.2Q commence construction, '25.1Q commercial production planned

(Unit: KRW in Billion)



▶ **Operating profit declined QoQ and posted a loss as costs increased including new plant initial running costs while semiconductor shortages stifled downstream industries**

▶ **LiBS Capacity Addition Roadmap**

- Korea (520 MM m²)
- China (670 MM m²)
 - Phase 1 (340 MM m²): Nov.'20 commenced production
 - Phase 2 (170 MM m²): Apr. '21 commenced production
 - Phase 3 (170 MM m²): 1Q'22 production planned
- Poland (1,540 MM m²)
 - Phase 1 (340 MM m²): Oct. '21 commenced production
 - Phase 2 (340 MM m²): 1Q'23 production planned
 - Phase 3 (430 MM m²): 4Q'23 production planned
 - Phase 4 (430 MM m²): 2Q'24 production planned

- 4Q 2021 Financial Results
- 4Q 2021 Business Highlights
- Q&A
- Appendix

- 4Q 2021 Financial Results
- 4Q 2021 Business Highlights
- Q&A
- Appendix

1. Business Performance (Excluding intercompany transactions)

(Unit: KRW in Billion)	Refining ¹⁾	Petrochem ²⁾	Lubricants	E&P	Battery	I/E Materials ³⁾	Others ⁴⁾	4Q21
Sales	8,598.0	2,574.3	1,039.7	346.9	1,066.5	71.2	24.7	13,721.3
Operating Profit	221.8	△209.0	268.0	111.9	△309.8	△32.2	△98.1	△47.4
Non-Operating Profit	△39.1	+20.5	△26.1	+27.1	△6.3	△5.9	△17.5	△47.3
Pre-Tax Income	182.7	△188.5	241.9	139.0	△316.1	△38.1	△115.6	△94.7

1) Refining : SKE, SKTI, 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

2. Utilization-Refining/Petrochemical Plants

➤ Refineries

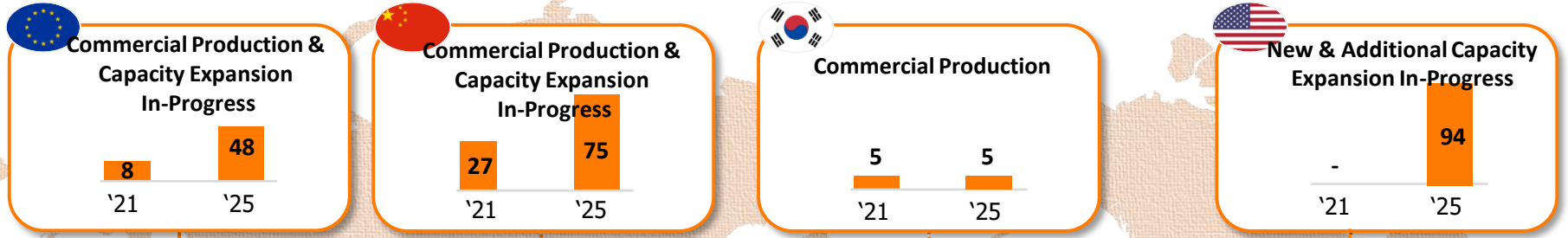
TYPES	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
CDU	88%	88%	92%	92%	95%	88%	90%	79%	89%	77%	72%	61%	63%	66%	68%	68%
ULSAN	89%	88%	94%	91%	95%	90%	94%	89%	92%	77%	76%	65%	67%	64%	68%	69%
INCHEON	86%	87%	88%	90%	87%	84%	78%	50%	80%	76%	60%	47%	53%	69%	69%	65%
HOU	81%	85%	100%	100%	93%	96%	101%	101%	90%	84%	84%	86%	70%	69%	81%	85%
#1 RFCC	100%	100%	100%	100%	100%	83%	100%	100%	91%	42%	67%	76%	76%	79%	90%	98%
#2 RFCC	100%	100%	100%	100%	100%	101%	100%	56%	95%	96%	86%	64%	84%	102%	90%	81%

➤ Petrochemical Plants

TYPES	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
NCC	100%	100%	100%	100%	100%	100%	100%	100%	100%	99%	100%	57%	97%	100%	98%	99%
PE	95%	97%	97%	100%	100%	97%	97%	100%	99%	97%	99%	69%	98%	97%	99%	99%
PP	99%	100%	100%	100%	100%	99%	100%	100%	99%	100%	99%	72%	100%	99%	100%	100%
PX(ULSAN)	103%	86%	101%	103%	102%	102%	101%	97%	92%	98%	91%	93%	89%	78%	91%	98%
PX(INCHEON)	110%	110%	110%	110%	106%	109%	104%	99%	108%	99%	95%	75%	82%	93%	95%	90%

3. Battery Capacity

(단위: GWh)



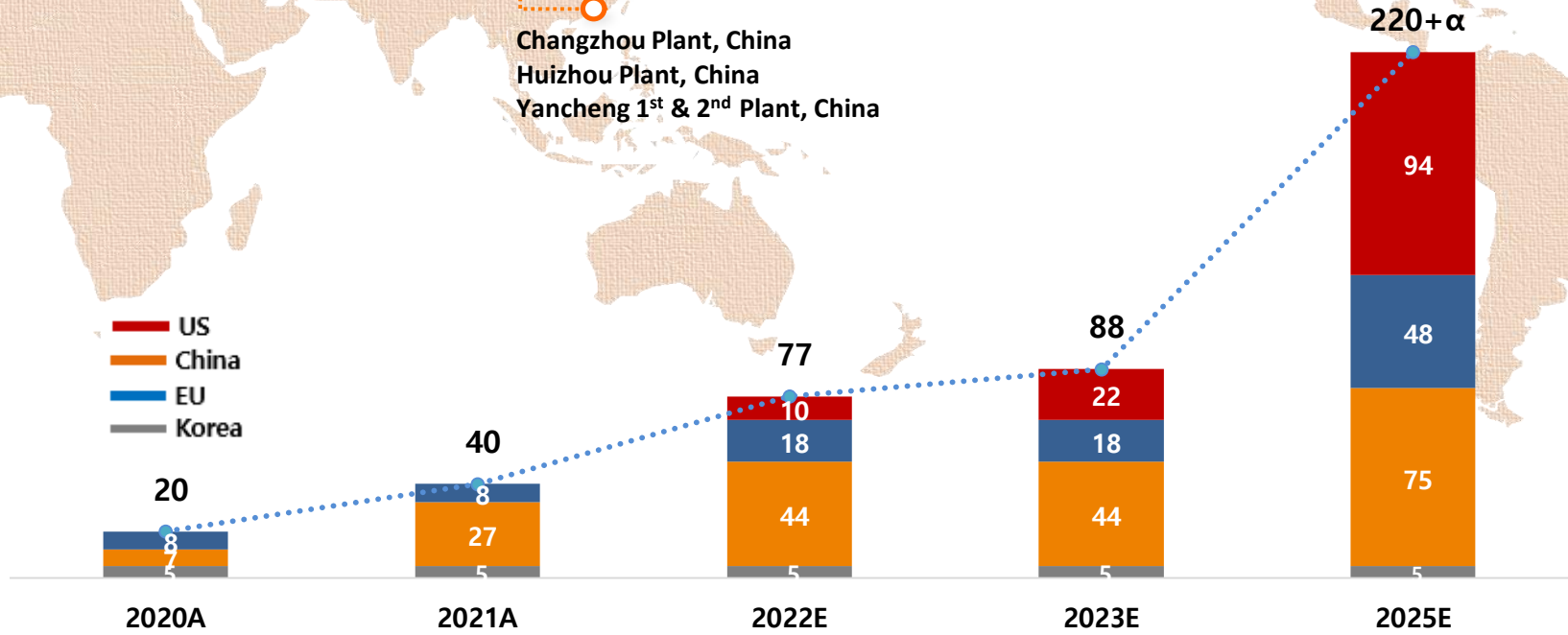
Komarom Plant, Hungary
Ivanca Plant, Hungary

Seoul Head Quarter, Korea
Seosan Plant, Korea
Daejeon R&D Center, Korea

Georgia Plant, USA
Kentucky Plant, USA
Tennessee Plant, USA

Changzhou Plant, China
Huizhou Plant, China
Yancheng 1st & 2nd Plant, China

US
China
EU
Korea



4. LiBS Capacity

(Unit: 100 Million m²)

