



2023.3Q

SK Inc. Advanced Materials Business
Earnings Briefing

November 2023

DISCLAIMER

This presentation includes the recent earnings results and business performance of SK Inc. (the “Company”) and its major subsidiaries. It has been prepared for shareholders and investors for information only.

The financial information presented herein is based on K-IFRS. As the forward-looking statements herein reflect the current business environment and the Company’s business strategies, actual developments may differ from those in the statements due to changes in the business environment and Company’s strategies as well as other uncertainties.

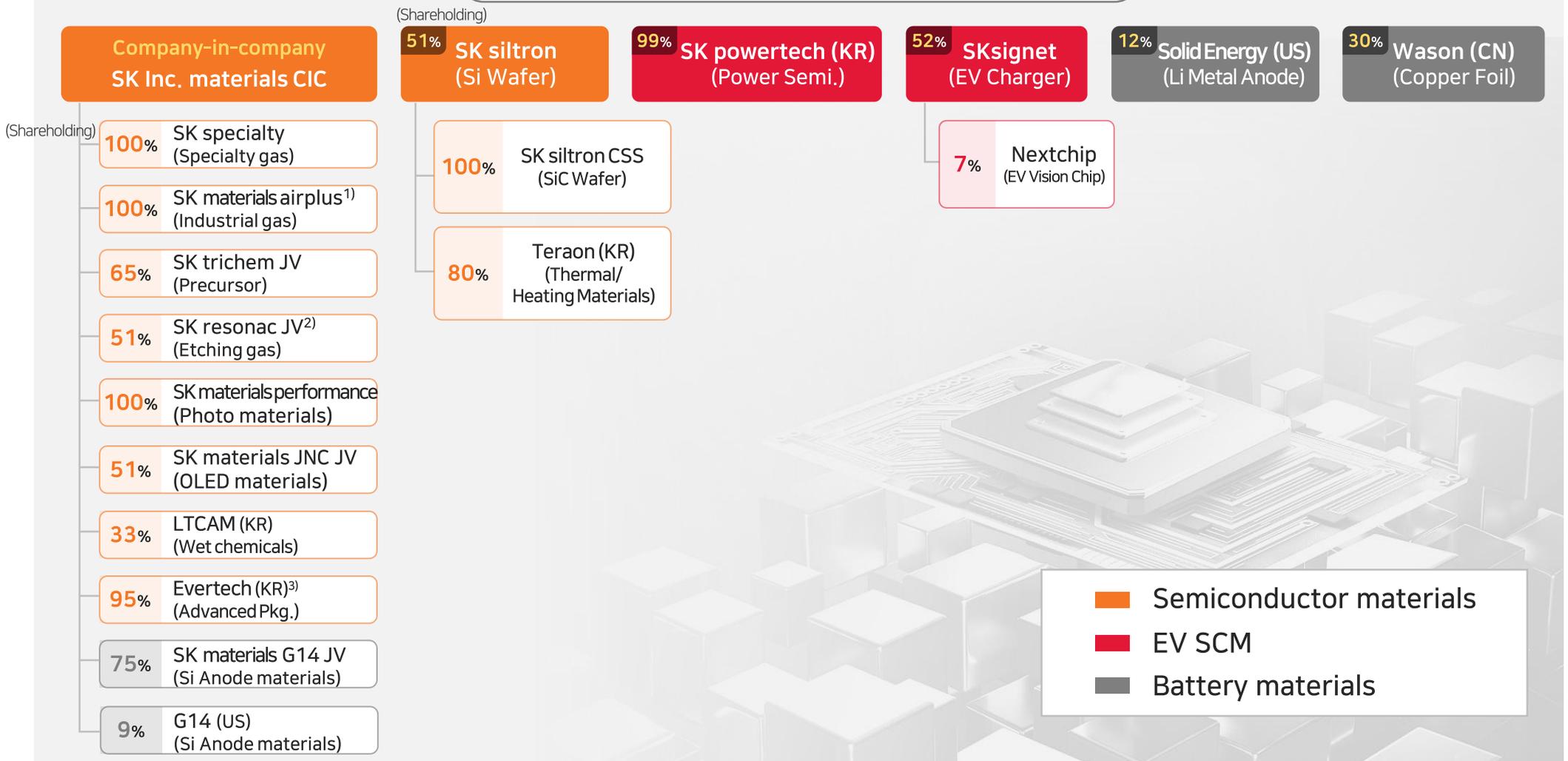
Materials CIC-linked earnings are calculated according to internal standards, and consolidated with SK Siltron earnings to derive the earnings of SK Inc.’s advanced materials business. Please note that this data has been prepared for investors' understanding and is not audited.

Under no circumstances should this material be considered as evidence of legal responsibility to investors’ investment results.



As demand from high performance computing chips and the EV megatrend increase, focusing on industries with strong mid- to long-term growth potentials - semiconductor materials, battery materials and EV SCM

SK Inc. Advanced Materials Business



1) Merged with SK materials renewtech on April '23

2) Formerly 'SK showa denko JV'

3) Acquired as of May '23

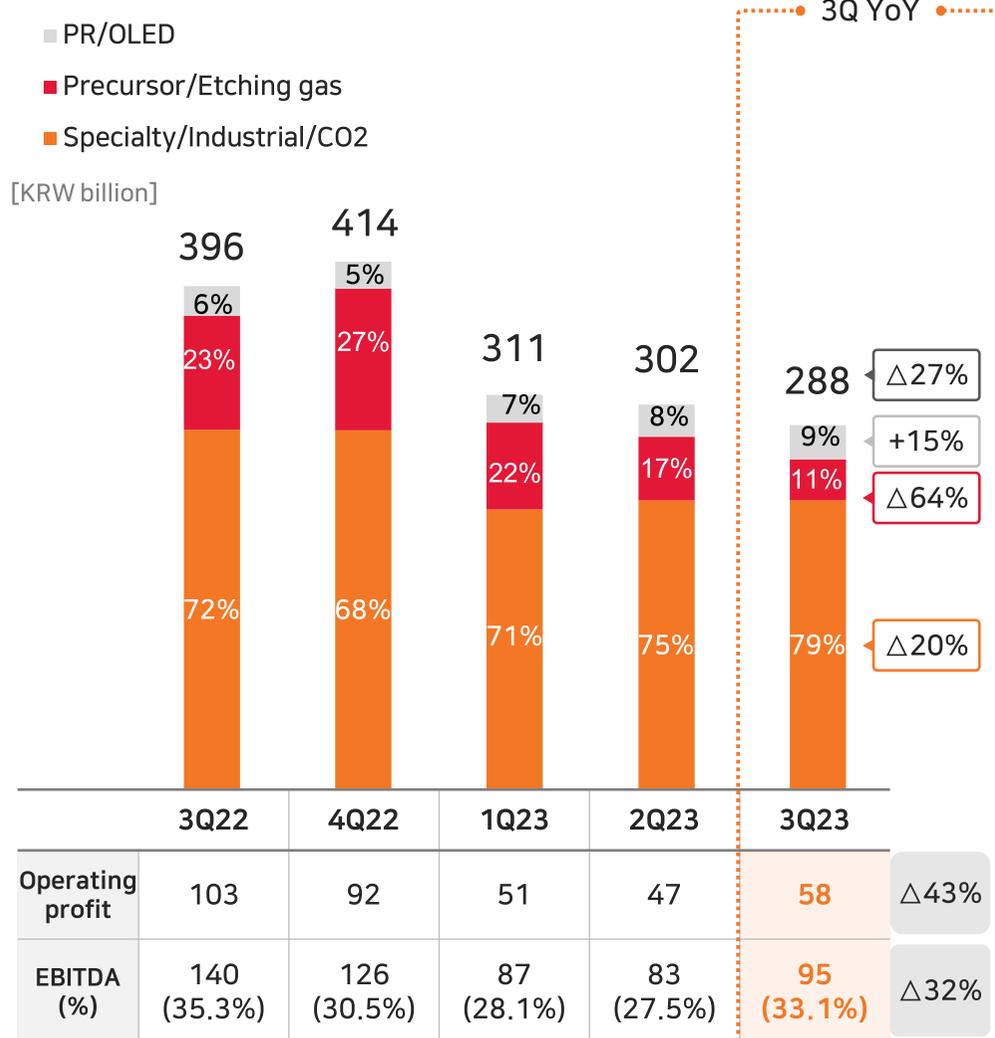
Revenue and EBITDA decreased by 26% and 41% YoY respectively
due to delayed recovery of semiconductor/display industry

(KRW billion)	3Q23	2Q23	QoQ	3Q22	YoY
Revenue	756	794	△5%	1,026	△26%
• SK materials CIC	288	302	△5%	396	△27%
• SK siltron	469	492	△5%	630	△26%
Operating Profit	97	117	△17%	259	△62%
• SK materials CIC	58	47	+26%	103	△43%
• SK siltron	39	70	△45%	156	△75%
EBITDA	231	253	△9%	391	△41%
• SK materials CIC	95	83	+15%	140	△32%
• SK siltron	136	170	△20%	251	△46%
Income Before Tax	78	83	△6%	250	△69%

※ The total revenue/operating profit/EBITDA/income before tax shown above are the sums of SK materials CIC and SK siltron results.

Despite weak downstream demand, profitability improved QoQ from cost management and growth in sales of next-gen products

SK materials CIC Earnings



Highlights

□ **3Q23, Earnings improved QoQ from increase in sales of PR/new products and effective cost management**

- Specialty/Industrial gas: Low utilization rates of clients led to drop in shipment, but efficient cost management improved profitability
- PR: Increase in sales of high-value added products such as KrF Thick PR to Korean/Chinese customers aided overall growth

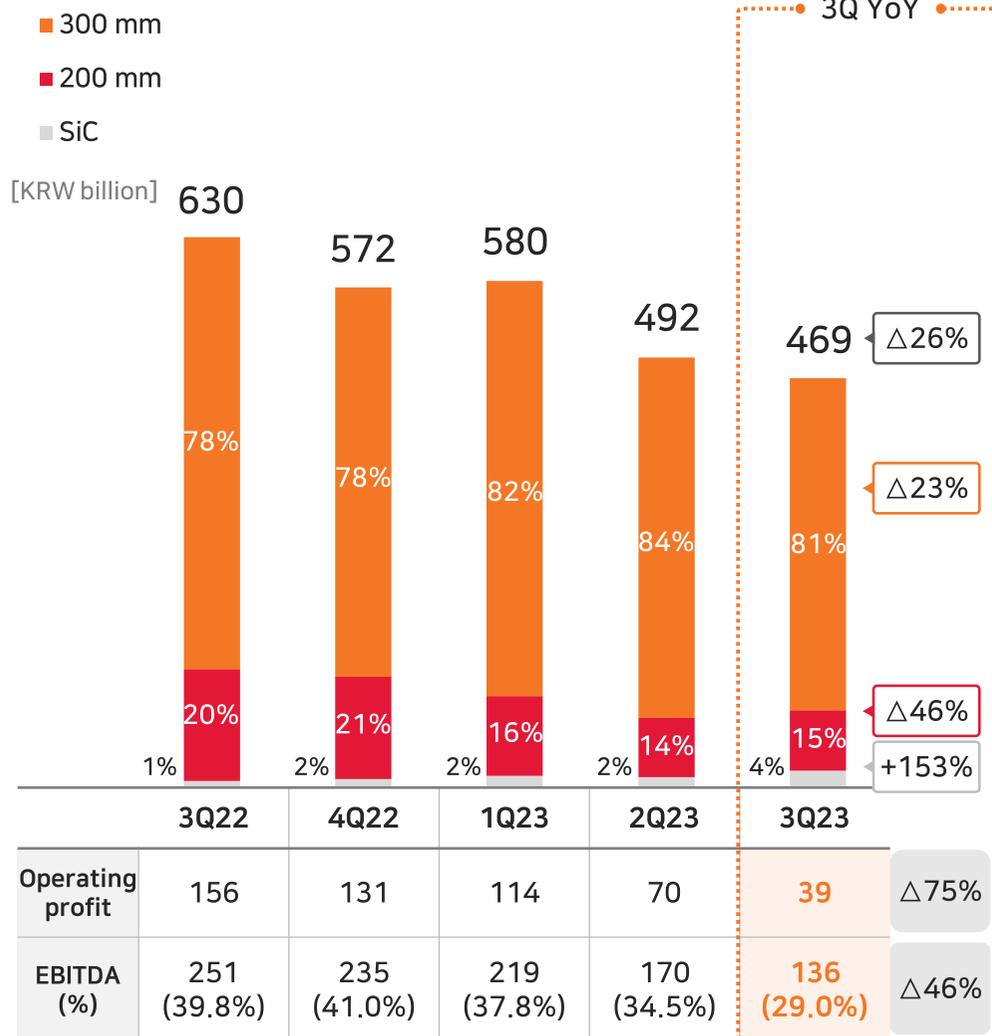
□ **4Q23, Special gas shipment expected to improve with recovery in utilization rates of DRAM manufacturers. Revenue from new products such as Advanced PKG for HBM, to enhance earnings going forward**

- Specialty/Industrial gas: Revenue/profit to improve from full-scale production of industrial gas at M15
- Precursor: Profitability to improve via operation of new synthesis facility for next-gen high-K material (CpHf*)
- Advanced PKG: Upon completing qualification processes, new products such as Flux* to generate additional earnings

* CpHf: used for the most advanced DRAM capacitor, Flux: removes surface oxide of metal packaging balls

Despite delaying industry recovery due to production cut at clients, to maintain profitability via increasing LTAs sales and expanding the SiC wafer business

SK siltron Earnings



Highlights

- ▣ **3Q23, Despite maintaining prices based on LTAs, sales and profitability decreased due to delayed recovery of downstream demand and increase in costs**
 - 300mm wafer shipment decreased by 20% YoY
 - Cost increase due to rise in utility costs (electricity cost, etc.)

- ▣ **4Q23, To maintain profitability via efficient cost management and LTAs despite weak demand**
 - Clients' wafer inventory volume on a decreasing trend

- ▣ **SiC wafer (SK siltron CSS, USA) anticipating significant sales growth from capacity expansion and improved growing process**
 - 4Q23 Production capacity and productivity: 100+% YoY

Strengthening global partnerships in SiC power semiconductor business and expanding Advanced PKG materials portfolio

SiC Power Semi. Global Partnership

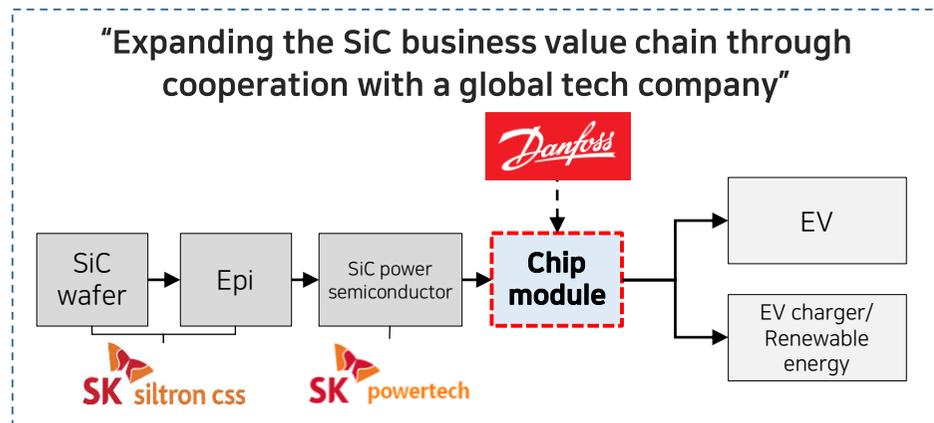
- As demand for high-capacity, high-efficiency power semiconductors grow, needs for high-performance SiC modules also becomes increasingly important at EV/renewable energy clients

- Market for EV SiC modules*: '22 \$0.2B → '30 \$8.3B (CAGR +51%)

* Source: Omdia Automotive and SK estimates

- Signed an MOU on SiC power semi cooperation with Danfoss, a global technology leader (Oct.'23)

- Main agenda: Joint development and supply cooperation on SiC modules for Tier-1 Asia EV / renewable energy customers
- [SK] SiC wafer/chip ↔ [Danfoss] SiC module, inverter and converter



Advanced PKG Materials Business

- Expecting rapid growth in the Advanced PKG market as performance-enhancing processes such as Chip-to-Chip Stacking/Multi-Chip PKG are introduced

- Adv. PKG market: '22 \$31B → '27 \$52B (CAGR +11%)

- Acquired Evertech, a Korean next-gen PKG tech company, and is increasing high-value added product offerings (May '23)

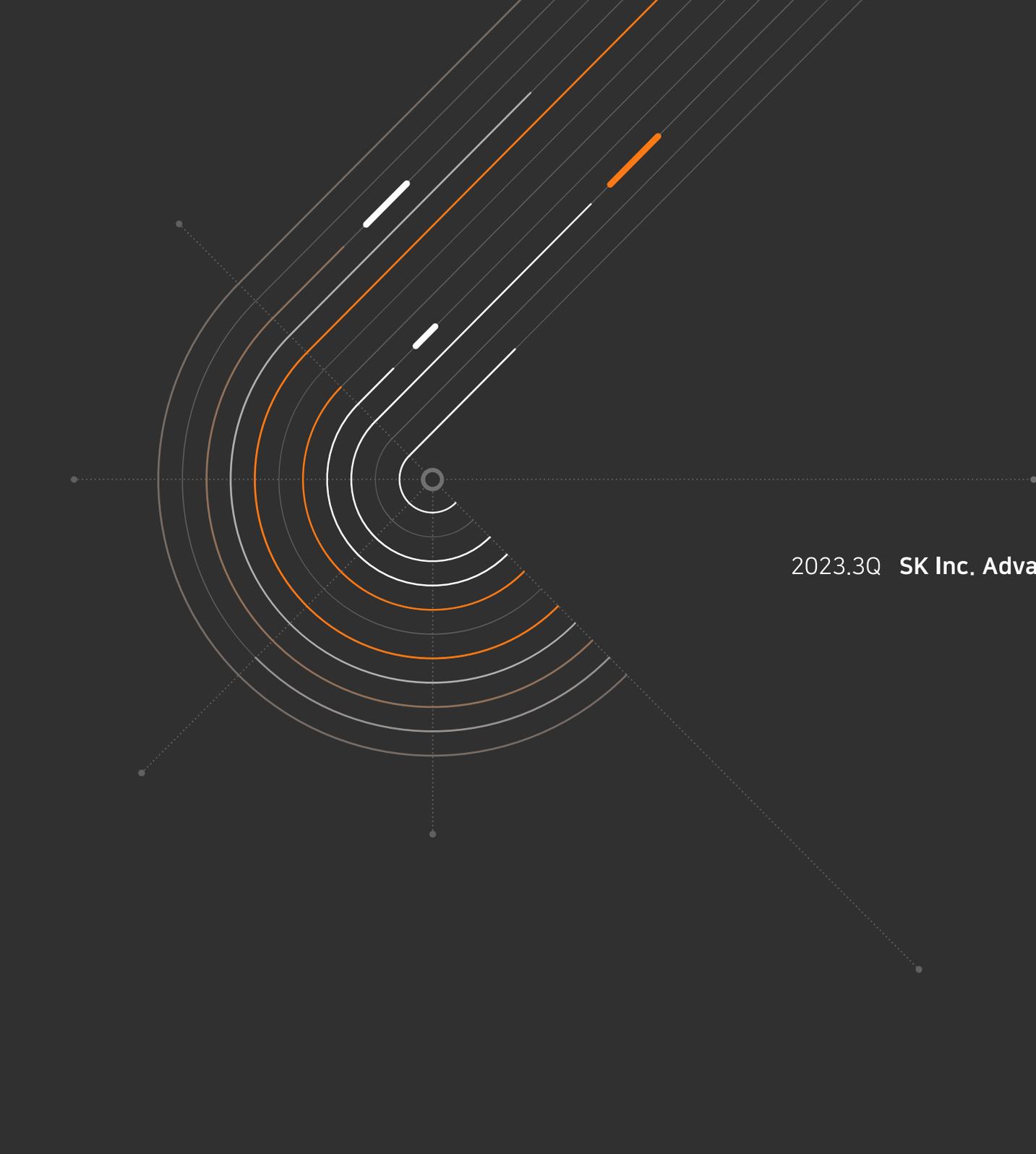
- Flux, to start supplying domestic semi customers upon completion of qualification process (3Q23)
- To internalize core PKG material technology via joint product development with customers and JV/M&A with tech companies

"Leading SK Group's Advanced PKG business by expanding the portfolio of PKG/substrate process materials"

Target Product	Flux	Next-gen encapsulation/TIM*	Insulation for substrates	Special adhesive for Adv.PKG
Market Size in '27 (CAGR)	\$0.2B (10%)	\$5.4B (11%)	\$6.9B (10%)	\$0.2B (15%)

* Flux: removes surface oxide of metal packaging balls

TIM (Thermal Interface Material): high heat dissipation material for semiconductors and batteries



THANK YOU

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