SK innovation

2024 2Q Earnings Release

Green Energy & Materials Company

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 2Q24 are subject to change according to the audit by the external independent auditor.

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Key Business Results

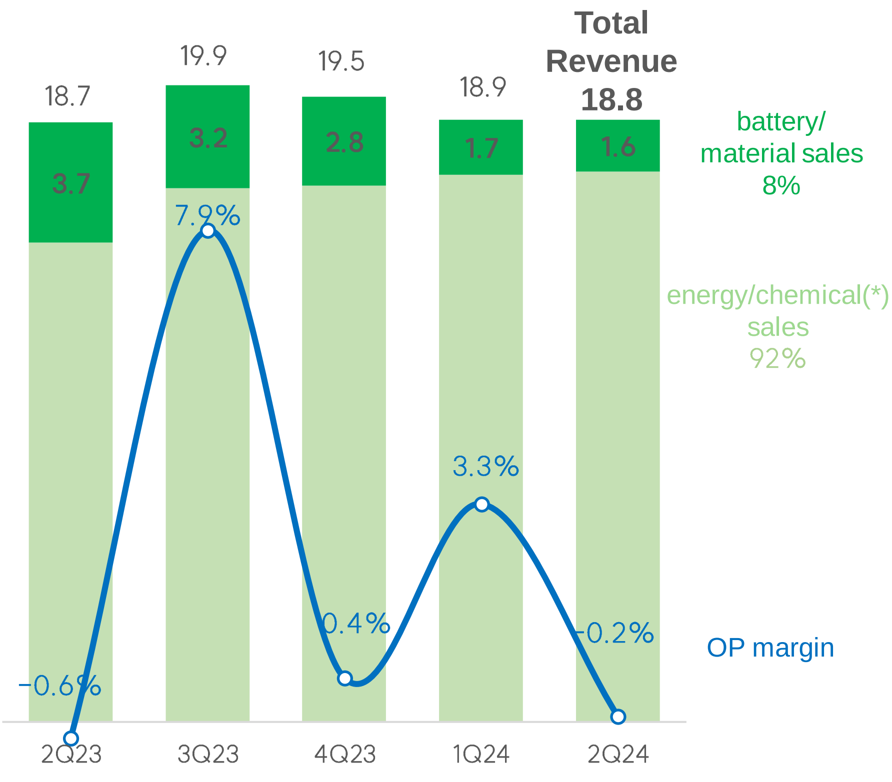
Financial Result

(Unit: KRW in Billion)

Type	1Q24	2Q24	QoQ	2023
Revenue	18,855.1	**18,799.1**	*△56.0*	77,288.5
Operating Profit	624.7	**△45.8**	*△670.5*	1,903.9
EBITDA	1,187.3	**543.9**	*△643.4*	3,933.8
Non-Operating Profit	△606.5	**△481.8**	*+124.7*	△971.7
Profit Before Tax	18.2	**△527.6**	*△545.8*	932.2

Financial Highlights

(Unit: KRW trillion)



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

Key Financial Results

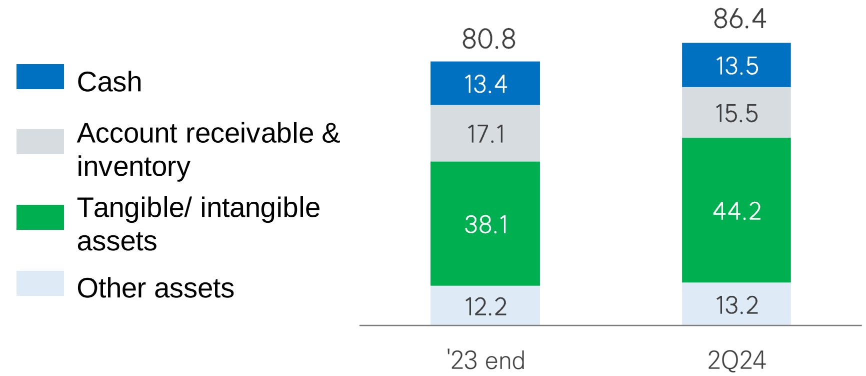
Balance Sheet

(Unit: KRW in Billion)

Type	'23 end	2Q24	vs '23 end
Assets	**80,835.5**	**86,390.1**	***+5,554.6***
- Cash, etc.	13,392.3	13,515.9	*+123.6*
- Account receivable	5,929.4	5,266.2	*△663.2*
- Inventory	11,122.7	10,373.5	*△749.2*
- Tangible and intangible assets	38,145.5	44,293.7	*+6,148.2*
Liabilities	**50,815.5**	**53,288.4**	***+2,472.9***
- Account payable	8,533.9	7,393.1	*△1,140.8*
- Debt	28,958.8	32,550.8	*+3,592.0*
Shareholder's equity	**30,020.0**	**33,101.7**	***+3,081.7***
Debt/Equity	169%	161%	*△8%p*
Net Debt	**15,566.5**	**19,034.9**	***+3,468.4***

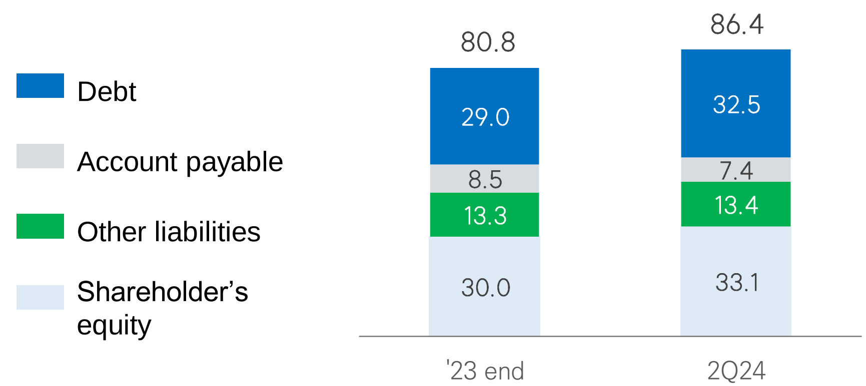
Asset Composition

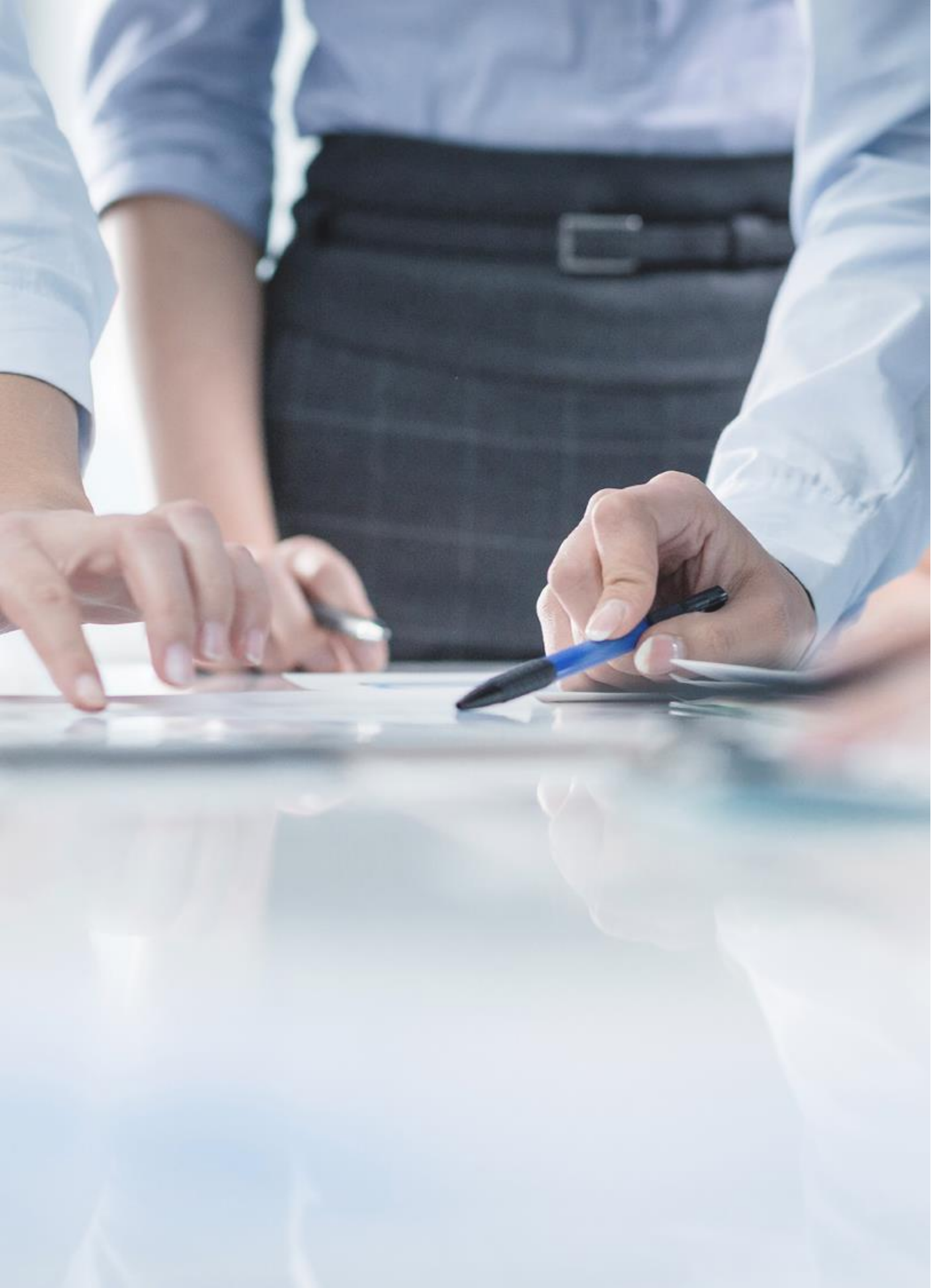
(Unit: KRW trillion)



Liabilities & Equity Composition

(Unit: KRW trillion)





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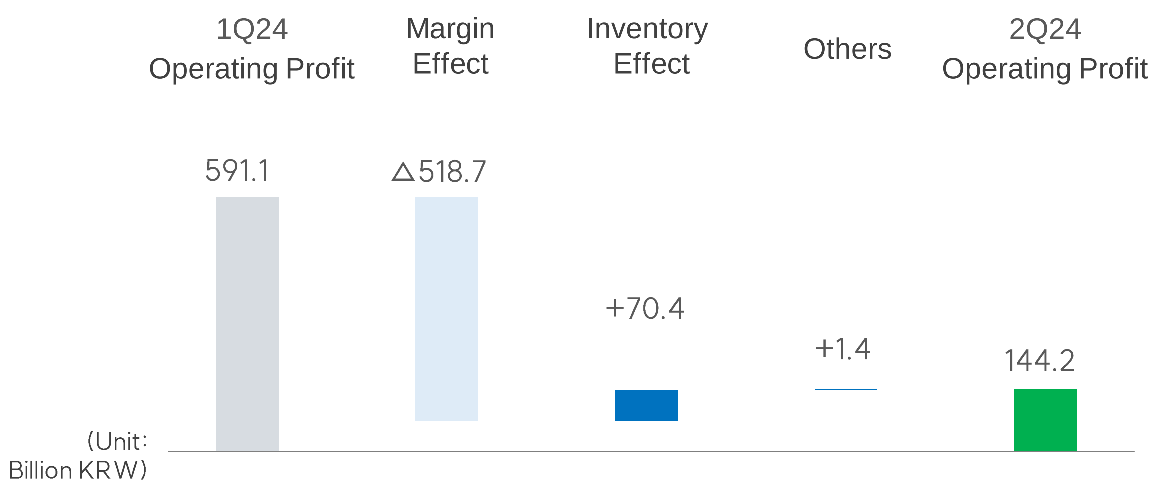
Refining

"Operating profit decreased by KRW 446.9 bn QoQ due to weak refining margins"



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

Oil Price

Oil price($/B)	1Q24	2Q24	QoQ
Quarter Average	81.3	85.3	*+4.0*
Last Month of Quarter Average	84.2	82.5	*△1.7*

Product Crack

Crack($/B)	1Q24	2Q24	QoQ
Gasoline	13.3	8.5	*△4.8*
Diesel	23.1	14.8	*△8.3*
Kerosene	21.1	13.2	*△7.9*

Financial Highlights & Outlook

2Q Financial Highlights

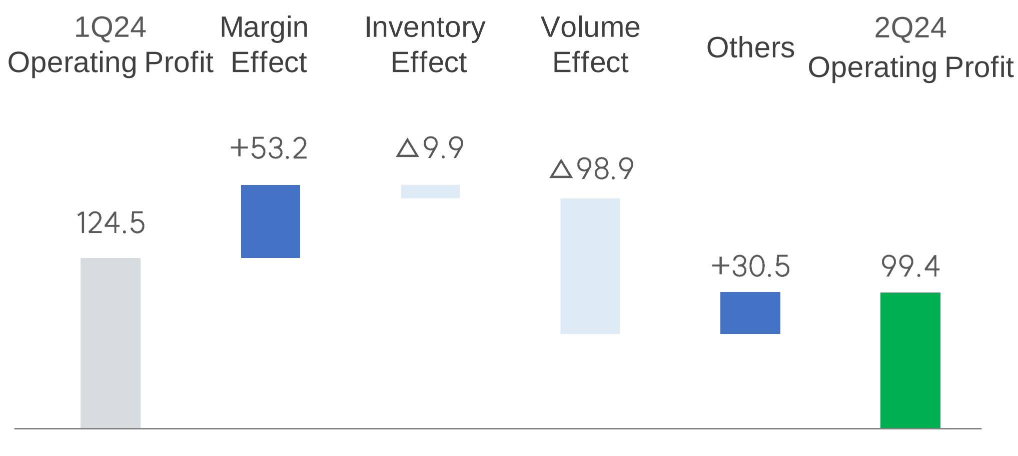
Operating profit dropped QoQ as refining margins fell in the face of deteriorating market conditions amid a tough macroeconomic environment

2H Market Outlook

Although delayed demand recovery from China and emerging markets along with prolonged high interest rates could slowdown the real economy, **strong refining margins are expected** as OPEC+ production cuts buoy oil prices and demand for transportation, cooling, and industrial use picks up as the peak oil demand season begins

Petrochemical

"Operating profit shed KRW 25.1bn due to regular turnaround, etc."



* *Includes SKGC and SK IPC's petrochemical business performance*

Polymer

Spread ($/MT)	1Q24	2Q24	QoQ
PE	261	277	+16
PP	223	255	+32

Aromatic

Spread ($/MT)	1Q24	2Q24	QoQ
PX	341	351	+10
BZ	313	362	+49

Financial Highlights & Outlook

2Q Financial Highlights

Operating profit decreased from the previous quarter despite the rise in spreads due to a decline in sales volume resulting from regular turnaround, etc.

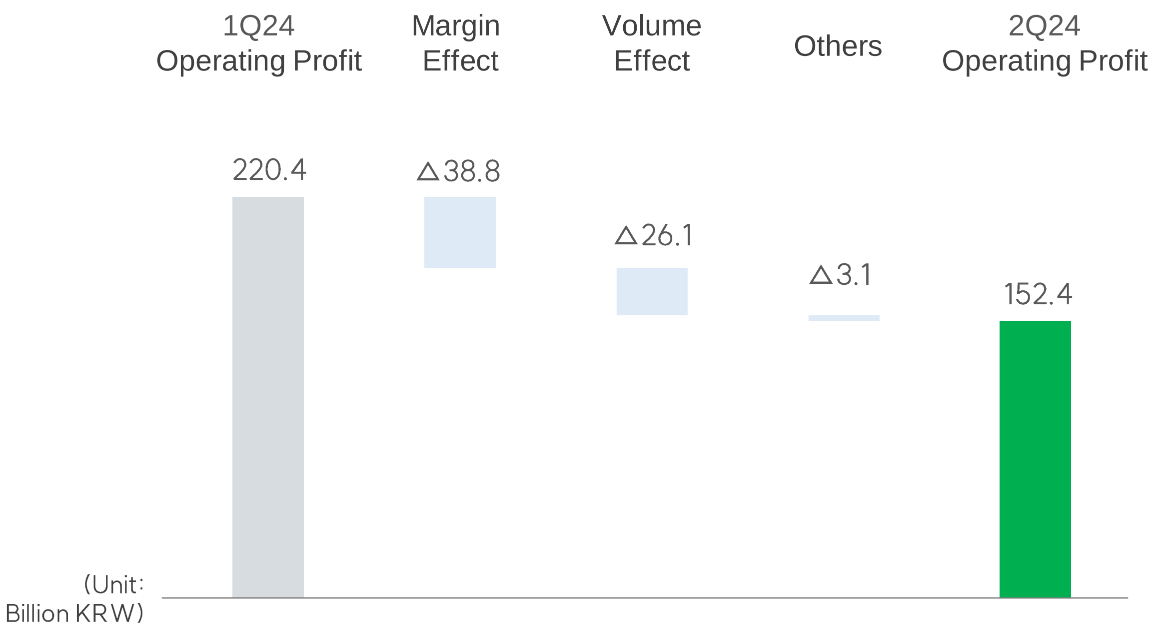
2H Market Outlook

[Polymer] **Spreads are expected to remain steady** despite rising raw material prices, as demand rebounds backed by the Chinese government's pump-priming measures

[Aromatic] **Spreads are projected to edge up** as supply-demand conditions improve due to increased inventory buildup for winter clothing demand

Lubricants

"Operating profit fell by 68bn due to a decline in sales volume, etc."



Financial Highlights & Outlook

2Q Financial Highlights

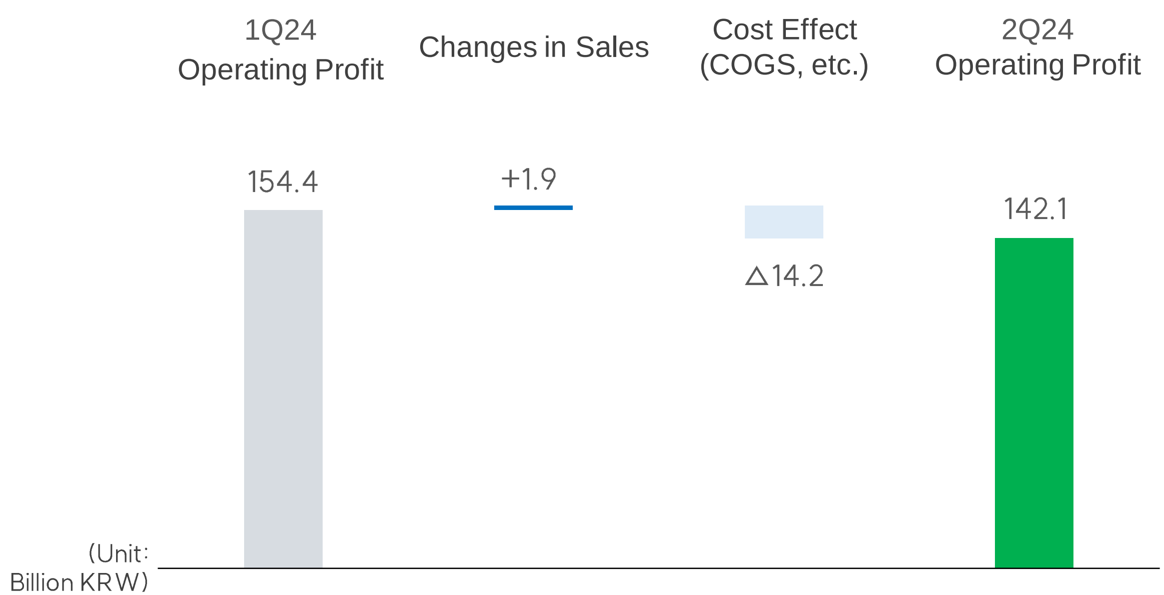
Operating profit decreased QoQ due to temporary bearish demand from faltering demand in China, along with retreating oil prices and indicators

2H Market Outlook

Profitability is expected to improve as temporary demand weaknesses gradually ease

E&P Business

"Operating profit declined by 12.3bn QoQ due to higher COGS"



Benchmark

Type	1Q24	2Q24	QoQ
Brent ($/B)	83.2	84.9	*+1.7*
WTI ($/B)	77.1	80.7	*+3.7*
NBP($/mmbtu)	8.6	9.7	*+1.1*

* NBP: National Balancing Point

Financial Highlights & Outlook

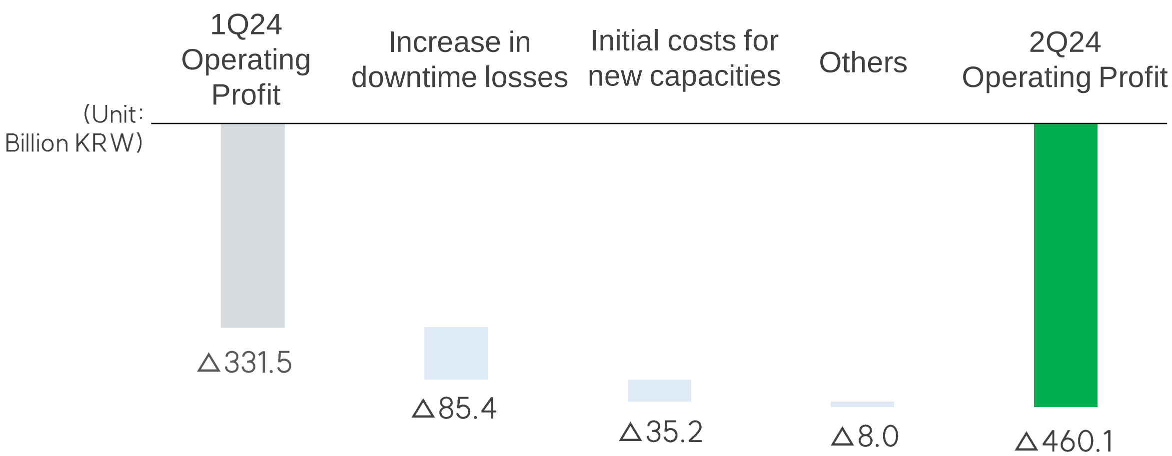
2Q Financial Highlights

Operating profit edged lower QoQ despite increased sales volume, due to higher COGS

(Unit: Bn KRW, 1K bbl)	1Q24	2Q24
Sales	370.1	371.9
Sales volume	6,455	6,494
% of Oil	45%	44%

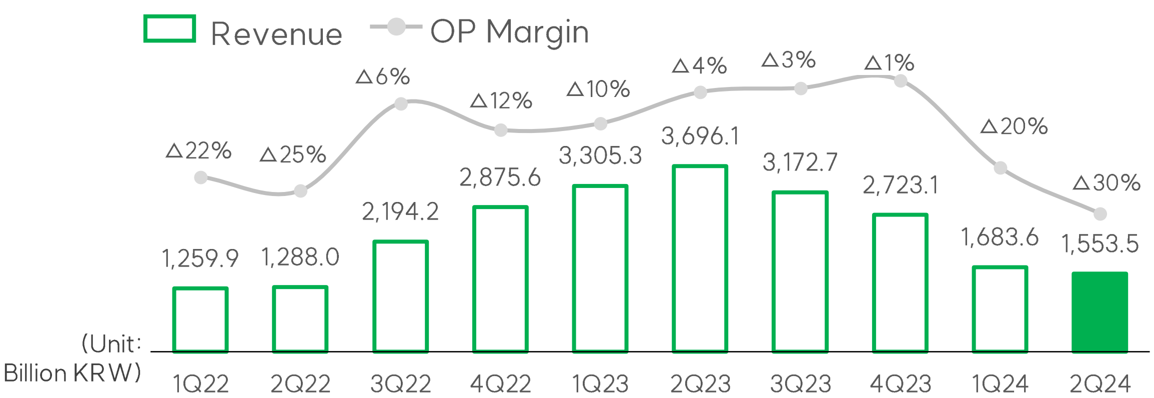
Battery Business

"Operating loss widened due to decreased utilization of existing capacities and the start up of new capacities"



AMPC*: 1Q24: 38.5bn → 2Q24: 111.9bn

Performance Trend



Financial Highlights & Outlook

2Q Financial Highlights

Despite the increase in AMPC backed by the recovery of sales volume in the US, the quarterly operating loss worsened due to **decreased in utilization rate and the impact of initial ramp up costs for the new facility in Hungary**

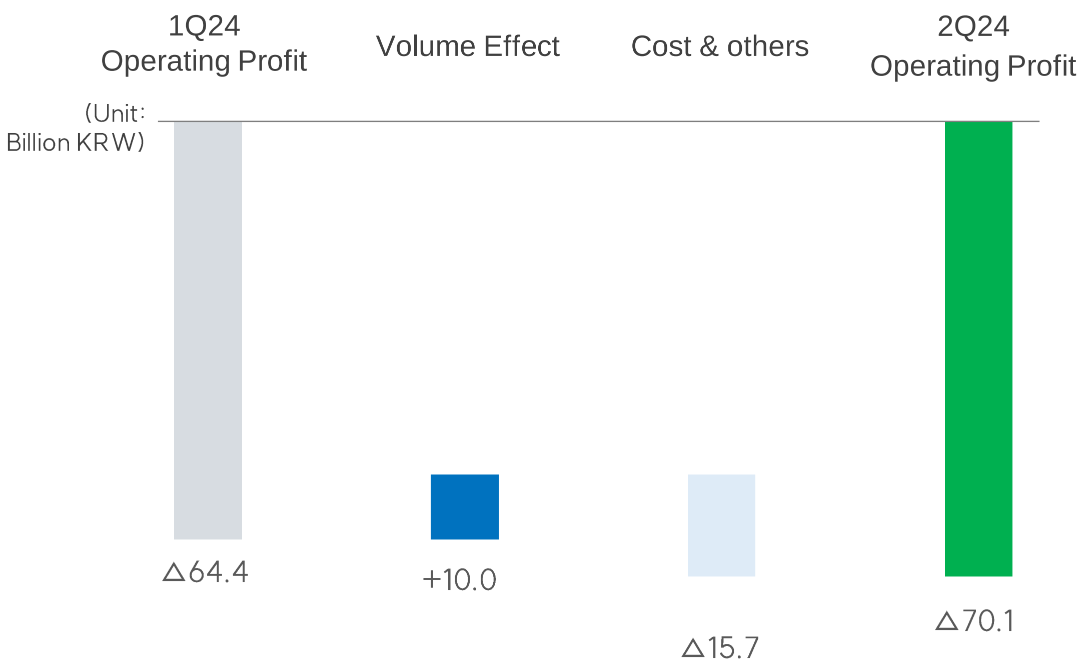
2H Market Outlook

2H '24 will likely see an increase in EV and battery demand driven by expansion of new vehicle line-ups, interest rate cuts, and lower battery prices driven by decreased metal costs.
Operating profit in Q4 is expected to reach BEP propelled by demand recovery and cost reduction initiatives

*AMPC: Advanced Manufacturing Production Credit

SKIET

"Deficit widened despite the increased sales volume due to inventory-related losses"



Financial Highlights & Outlook

2Q Financial Highlights

Despite increased sales volume to major clients, **the deficit widened due to inventory-related losses**

2H Market Outlook

Sales volume is expected to pick up in 2H with **the commencement of shipments to new customers in North America**

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Value-up via Integrated Synergies

The merged entity will achieve an EBITDA of KRW 2.2tn +α by 2030 by securing growth via enhancing the profitability of existing businesses and pursuing new ventures

Oil & Gas Business

0.5 tn + α

Enhance profitability through integrated management of assets and capabilities

E&P → Trading → Production/ Sales

Upgrade E&P and Trading competitiveness
+ 0.1 tn

Strengthen LNG buying/ selling competitiveness and energy marketing
+ 0.4 tn

Electrification Business

1.7 tn + α

Drive growth by combining various products and services

Power Generation + Thermal Management + Storage + Operation

Expand the customer base by offering products and services in packages
+ 1.6 tn

Expand business regions by consolidating global capabilities
+ 0.1 tn

Value-up via Integrated Synergies(details)

Upgrade E&P and Trading competitiveness + 0.1 tn

[E&P]

- Reduce operating costs and increase profitability by integrating E&P capabilities and infrastructure
  - Leverage the combined networks of both companies to seize greater opportunities for high-profit E&P projects

[Trading]

- Save costs by utilizing shared transportation infrastructure, such as terminals and fuel bunkering facilities

Strengthen LNG buying/selling competitiveness and energy marketing + 0.4 tn

- Enhance LNG selling and purchasing competitiveness by increasing captive volumes
  (E&S) Expand LNG sales, (SKI) Secure stable LNG volume
- Improve profitability by integrating existing energy retail networks
  (e.g.) Apply the oil+hydrogen+electricity sales model to SKE's NTH operations

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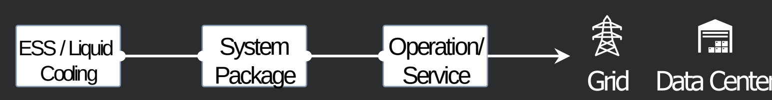
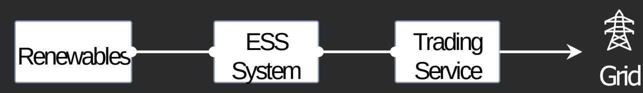
Expand the customer base by offering products and services in packages + 1.6 tn

- Offer integrated services to global grid operators and data centers through a packaged solution combining thermal management+ESS+operational services



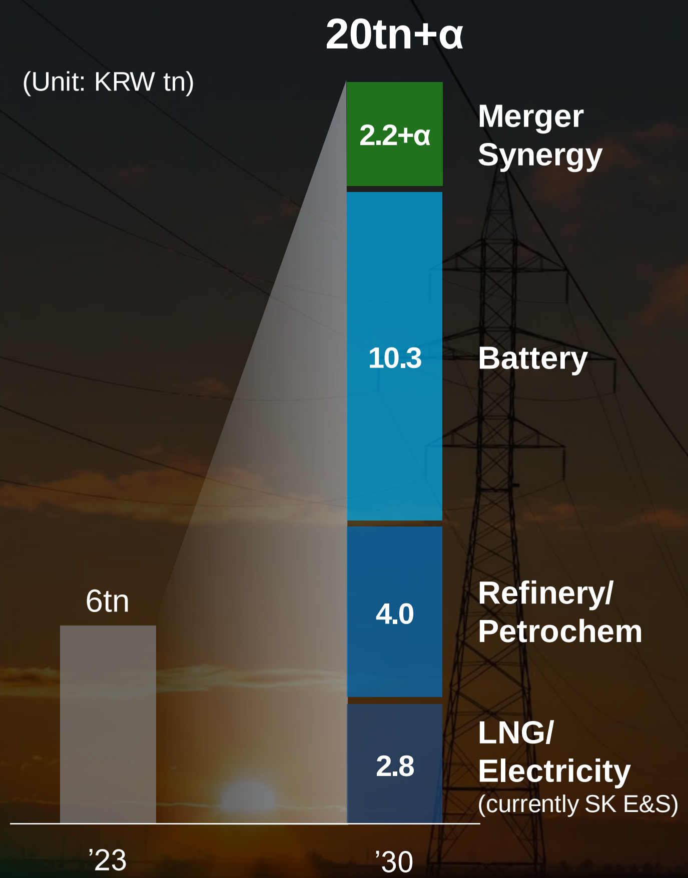
Expand business regions by consolidating global capabilities + 0.1 tn

- Expand the global market for power trading services based on ESS
  - Leverage both companies' presence in the US and Europe to promote the power trading business



SK Innovation's 2030 EBITDA Target

The merged entity will achieve an EBITDA of KRW 20 tn+α by 2030 by generating synergies through the merger with SK E&S



[Refinery/Gas Business Synergy : 0.5tn + α]

- Enhance efficiency by integrating E&P and trading capabilities, and scale up the business by expanding LNG captive volumes

[Electrification Business Synergy : 1.7tn + α]

- Expand the customer base and global market by offering energy solution packages to address power demand

[EV Battery Business Growth : 10.3tn [1]]

- SK On's EBITDA estimated considering global mid-to-long term EV penetration growth ('25: 14.1% → '28: 27.0% → '30: 36.4%) [2], and key OEM's EV M/S and customer diversification
- Premised on receiving IRA AMPC benefits for US site sales (~'29:100% → '30:75%)

[Maintain Existing Refinery/Petrochemical Business Profitability : 4.0tn]

- Sustain robust profitability by securing fundamental competitive advantages through operational improvements
  (Refinery 2.1tn[3], Lubricants 1.0tn, Petrochem 0.5tn, Separator 0.3tn, etc.)

[Expand LNG/Electricity Business & Grow New Businesses Including Renewables/ H2 : 2.8tn]

- Secure global LNG demand sources, undertake new district energy projects, and expand renewable energy operations (1GW → 6GW), etc.
  (LNG/Electricity 1.7tn, Renewables 0.5tn, Power Solution 0.3tn, Hydrogen 0.3tn, etc.)

1. Includes EBITDA generated through enhanced raw material sourcing competitiveness following SKO-SKTI-SKET merger
2. Based on LMC Automotive '24.2Q
3. Includes Refinery, E&P, and Trading Businesses

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Business Performance (Excluding intercompany transactions)

(Unit: KRW Billion)

Type	Revenue			Operating Profit		
	1Q24	2Q24	QoQ	1Q24	2Q24	QoQ
Refining[1]	12,854.8	**13,164.0**	*+309.2*	591.1	**144.2**	*△446.9*
Petrochem[2]	2,759.0	**2,594.0**	*△165.0*	124.5	**99.4**	*△25.1*
Lubricants	1,137.3	**1,062.5**	*△74.8*	220.4	**152.4**	*△68.0*
E&P	370.1	**371.9**	*+1.8*	154.4	**142.1**	*△12.3*
Battery	1,683.6	**1,553.5**	*△130.1*	△331.5	**△460.1**	*△128.6*
I/E Materials[3]	31.7	**43.6**	*+11.9*	△64.4	**△70.1**	*△5.7*
Others[4]	18.6	**9.7**	*△9.0*	△69.8	**△53.7**	*+16.1*
Total	**18,855.1**	**18,799.2**	***△56.0***	**624.7**	**△45.8**	***△670.5***

1) Refining : SKE, SKTI, SKET, SKIPC, SKEO
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, etc.

Utilization- Refining/Petrochem Plants

Plant Utilization Trend

	Type	2022	2023	1Q24	2Q24
Refineries	CDU	77%	82%	85%	81%
	- Ulsan	83%	82%	85%	78%
	- Incheon	59%	82%	84%	89%
	HOU	85%	83%	87%	67%
	#1 RFCC	90%	87%	103%	105%
	#2 RFCC	89%	102%	103%	105%

	Type	2023	2023	1Q24	2Q24
Petrochem	NCC	84%	44%	102%	**87%**
	PE	70%	35%	88%	**88%**
	PP	82%	67%	93%	**95%**
	PX(Ulsan)	75%	70%	77%	**53%**
	PX (Incheon)	93%	96%	96%	**91%**

Plant Regular TA Plans

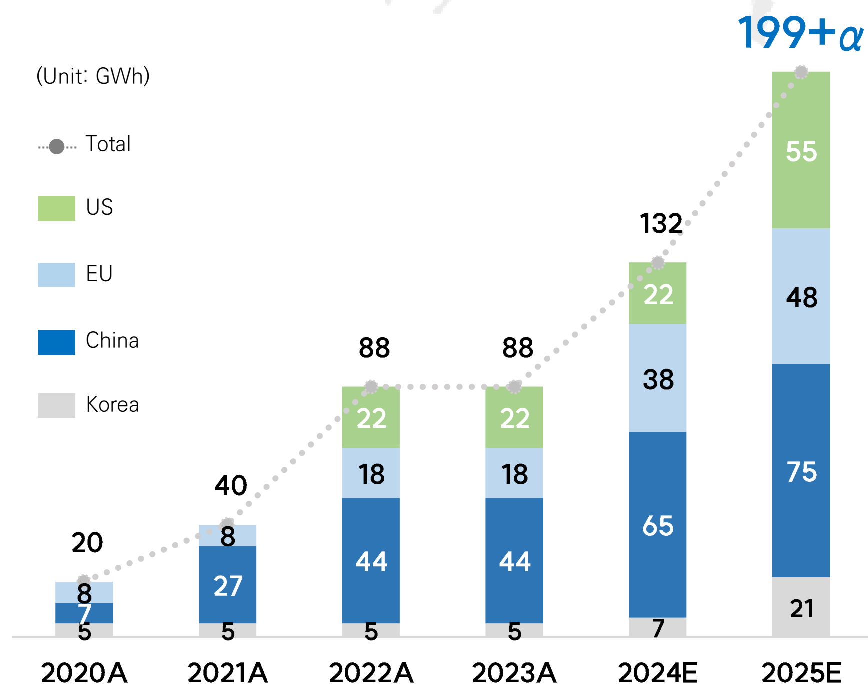
Plant	Process	2Q24	3Q24
Refineries (Ulsan)	CDU	#4 CDU	-
	HOU	#1 VRDS #2 VRDS UC #1 RHDS	-
	FCC	-	-
Refineries (Incheon)	CDU	-	-

Plant	Process	2Q24	3Q24
Petrochem (Ulsan)	NCC	-	-
	PX	#2 PX	-
Petrochem (Incheon)	PX	-	-

Battery Capacity

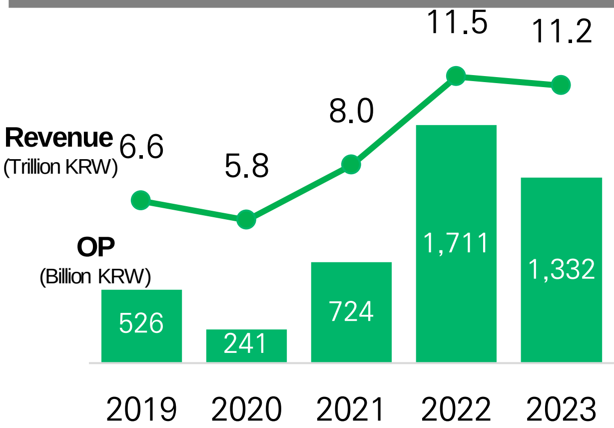
'24 Planned Site | Existing site

Region	Plant	Max. Capa. (GWh)	Commercial Production
Korea	**Korea Plant** (Seosan Bld1&2)	7.0	3Q18
	Korea Plant (Seosan Bld 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	2Q24
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 Building 1+2 (Yancheng)	27.0	1Q21
	SKOY (Yancheng)	33.0	2024



Target Companies for Merger

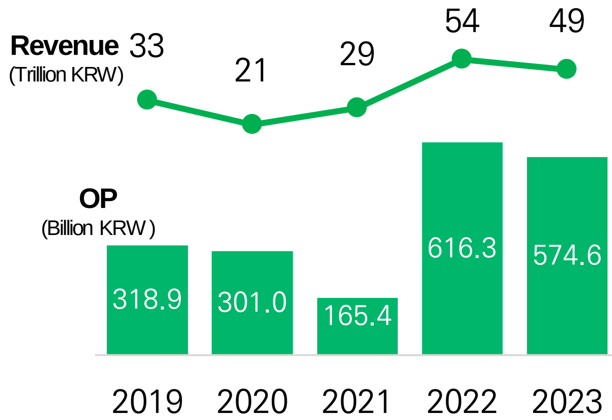
SK E&S



Korea's largest private LNG company

- Maintains a business portfolio encompassing the entire range of LNG upstream, midstream, and downstream operations
- Focuses on hydrogen, CCS, ESS, and **renewable energy businesses** to transition into a market leader in the renewable energy sector

SK trading international



Korea's one and only Global Oil Trading Co.

- Imports crude oil and exports petrochemical products for SK Innovation affiliates
- **Emerged as a global trading company** by conducting local crude oil and refinery product trading operations in key locations such as London, Singapore, and Houston

SK enterm

Type	As of '24.1Q
Revenue (Billion KRW)	64.4
OP (Billion KRW)	11.9
No. of Tanks	140
Tank Capacity(1,000bbl)	34,241

Korea's largest commercial tank terminal

- Stores and transports crude oil, refinery products, and petrochemical products while operating tanks and nearby port facilities based in Ulsan
- Established to **enhance the profitability of the tank terminal business** by expanding the customer base (spun off from SK Energy in January 2024)