



# Investor Presentation

May 2019

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# Corporate Strategy

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- Vision / Strategy / Strengths / Investments
- Shareholder Value
- Social Value & Corporate Governance

# Vision : Investment-driven Holding Company



- SK holdings' competitive and well-diversified portfolio underpins sound financial performance and accelerates growth potential



- Through a systematic approach, we continue to strengthen our portfolio by investing in new areas and developing them into sizable businesses

## Seeding Investment

- Market Sensing
- Partnership

- Seek to secure footholds and gain market insights in new areas with high growth potential through proactive investments
- After an initial investment, additional investments to follow upon market development
- Depending on the size of the business and synergy with the group, some investments to be divested

## Growth Portfolio

- High Growth Potential

- Areas where growth potential has been proved and where SK has the resources and capabilities to build up as core competency
- Aim to evolve into *Core Portfolio* by expanding the scope and size of business

## Core Portfolio

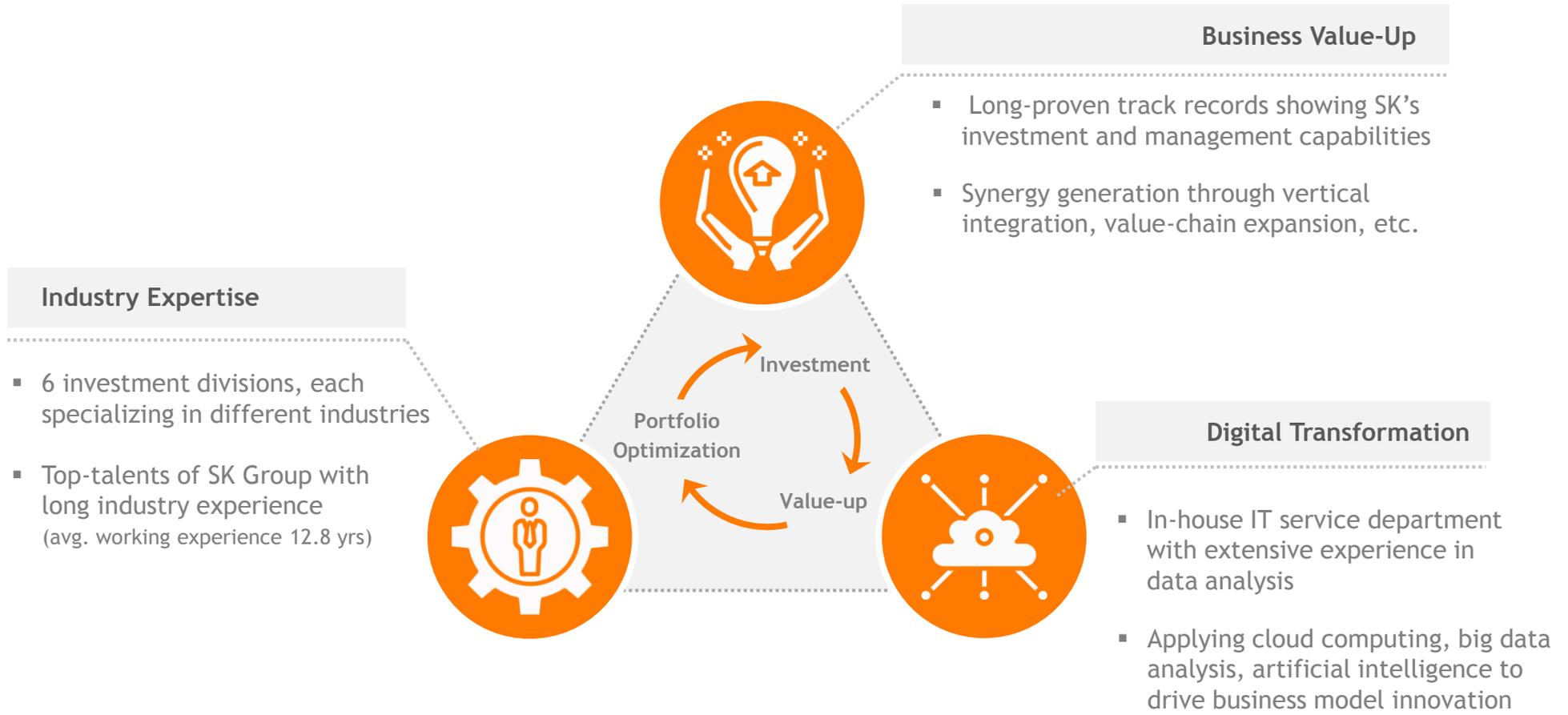
- Biz. Model Innovation
- Stable CF contribution

- Subsidiaries underpinning SK holdings' stable cash flow with a steady stream of dividends
- Self-sustainable growth investments
- Seek to drive up value by generating synergy across affiliates and supporting business model innovation

# Strengths : Why SK Holdings makes better investments



**I** To reassure successful outcomes of our investments, we fully utilize our resource and apply core competencies across the whole cycle



### Business Value-Up

- Long-proven track records showing SK's investment and management capabilities
- Synergy generation through vertical integration, value-chain expansion, etc.

### Industry Expertise

- 6 investment divisions, each specializing in different industries
- Top-talents of SK Group with long industry experience (avg. working experience 12.8 yrs)

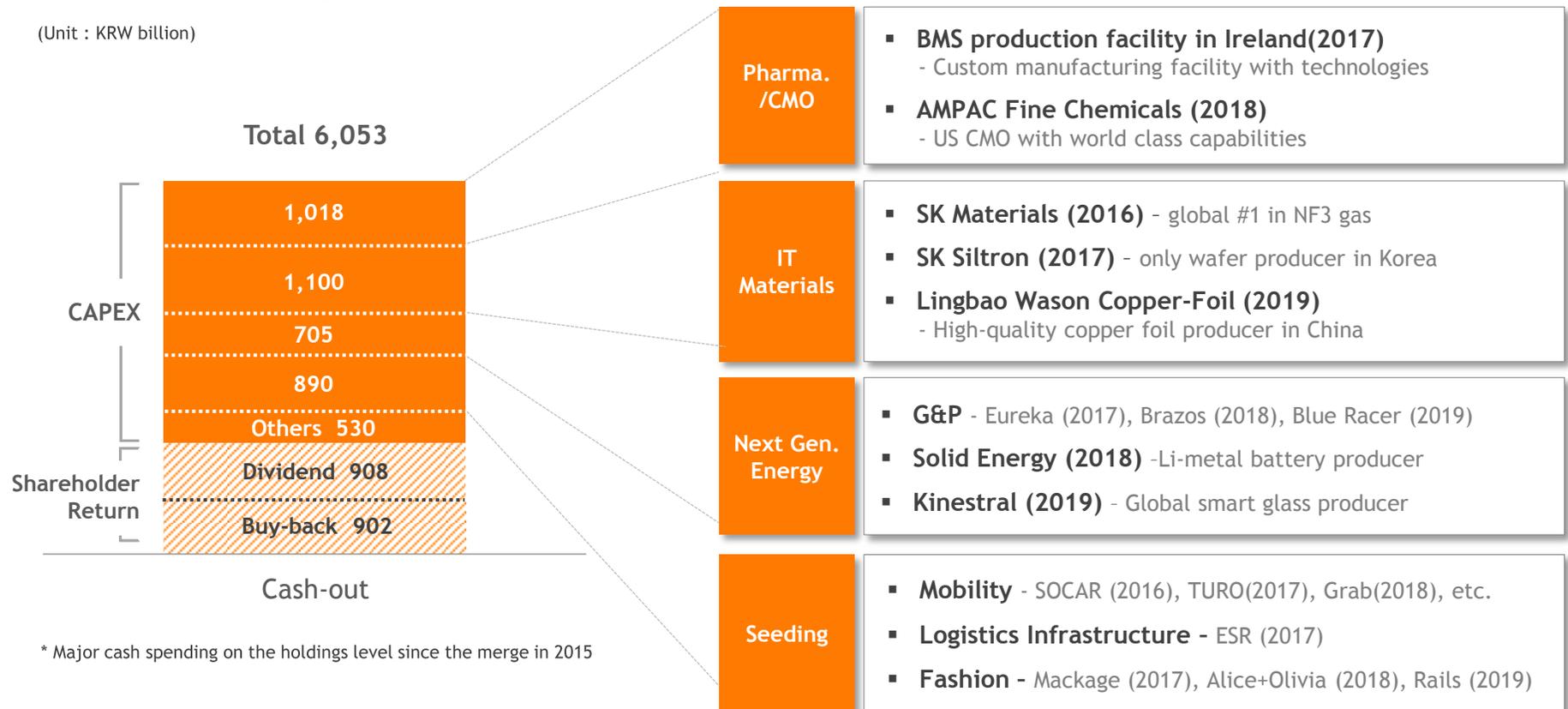
### Digital Transformation

- In-house IT service department with extensive experience in data analysis
- Applying cloud computing, big data analysis, artificial intelligence to drive business model innovation

More than KRW 4 trillion has been successfully invested over the last 4 years to bring SK holdings to the next level

## Major Cash Spending

(Unit : KRW billion)



\* Major cash spending on the holdings level since the merge in 2015

- Reliable shareholder return scheme which shares both the proceeds from stable dividend income and capital gain from successful investments

## Dividend Policy

### Ordinary Dividend

#### Core Portfolio

Over 30% of dividend received



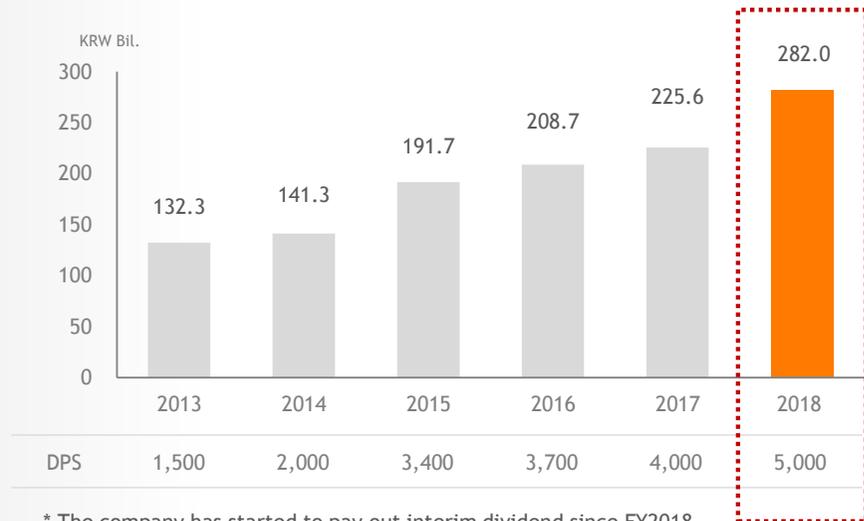
### Special Dividend

#### Growth & Seeding

Share successful outcome of investments

- To return a significant portion of dividend received from subsidiaries to shareholders
- To share outcomes of successful investments with our shareholders

## 【 Dividend History 】 - Total Dividend Payout



## Pursuing social value creation as a new management objective and strengthening transparency in governance

### Social Value

- Delivering both economic and social values by setting social value creation as a major business objective



### Corporate Governance

- Implementing various methods to protect and enhance shareholder value

- Established the Governance Committee within BOD consists solely of independent directors
- Separated roles of CEO and the board chair
- Improved shareholder accessibility and engagement
- Adopted the corporate governance charter
- Included in DJSI (Dow Jones Sustainability Index) World, Asia-Pacific and Korea since 2012

# Growth Portfolios

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- **Biopharmaceutical**
- **CMO** (Contract Manufacturing Organization)
- **IT Materials**
- **LNG Value-chain**

- Striving to become a global leading pharmaceutical company through successful product launch and pipeline expansion

## Current Pipeline

(As of March 2019)

Project	Indication	Ph1	Ph2	Ph3	NDA
Cenobamate	Partial Generalized				
Carisbamate	Lenox Gastaut Syndrome				
Solriamfetol	Sleep Disorder	 <small>L/O to Jazz Pharmaceuticals</small>			
Relenopride	Rare Neurological Disease				
SKL13865	ADHD				
SKL20540	Schizophrenia				
YKP10461	Parkinson's Disease				
SKL-PSY	Bipolar Disorder	 <small>L/O to PKU Healthcare</small>			

\* Solriamfetol(Sunosi™), licensed-out to Jazz Pharmaceuticals, was approved by FDA for Excessive Daytime Sleepiness Associated with Narcolepsy or Obstructive Sleep Apnea.

## Outlook & Strategy

- Emerging global CNS Leader**
  - SKBP targets CNS and anti-cancer treatments where current therapies fall short and high unmet need still exists
  - 8 innovative compounds in the CNS area under clinical development
- Major developments with lead pipelines**
  - FDA accepted NDA submission for Cenobamate and the approval is expected in Nov., 2019
  - Solriamfetol was approved by FDA for sleep disorder in March 2019
- Tailored commercialization strategies for each key geographical segment**
  - Direct sales of Cenobamate in the US market through qualified in-house sales team
  - Licensed-out Cenobamate's European rights to Arvelle Therapeutics

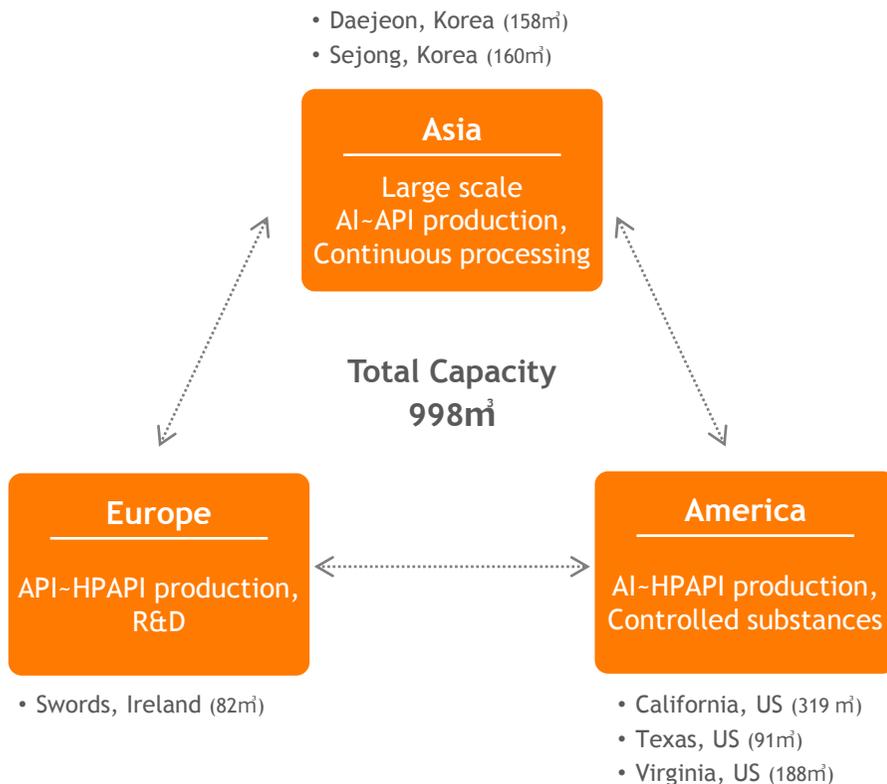
\* CNS : Central Nervous System

# Growth Portfolio : CMO Business



- Pursuing organic and inorganic plans to strengthen global presence and become a global top-tier CMO player

## Global Production Facilities



## Outlook & Strategy

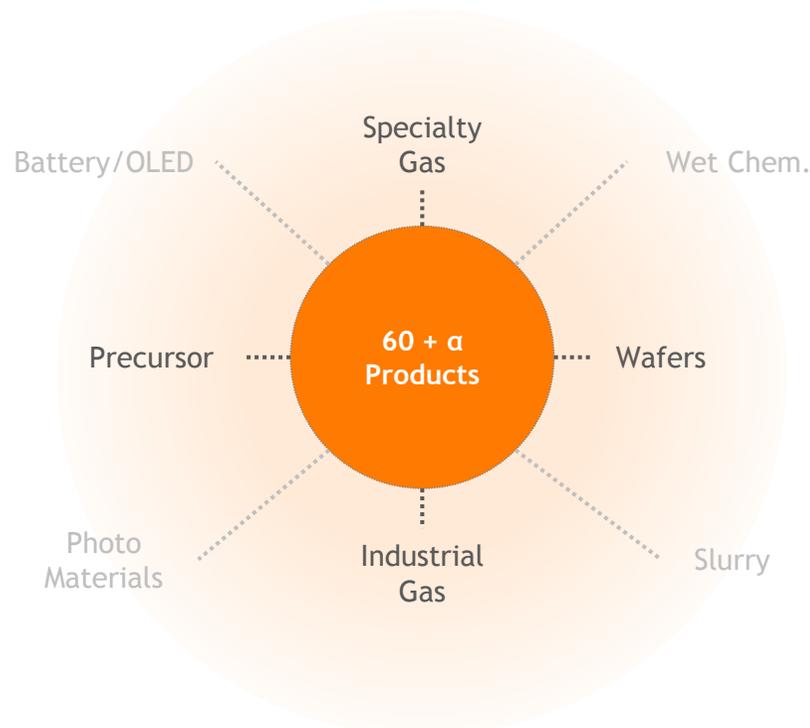
- Growth potential from changing dynamics in the pharma and CMO industry
- Enhance efficiency through adopting leading manufacturing processes and regional optimization
  - Expanding global market coverage through regional diversification and optimization of production sites
- Inorganic approaches to complement existing business and technology portfolio and fully expand to cover the whole value-chain

\* CMO : Contract Manufacturing Organization

- Expanding product offerings beyond the semiconductor material to become total solution provider for gas and IT materials

## Roadmap

### Total Solution Provider for Gas & IT Materials

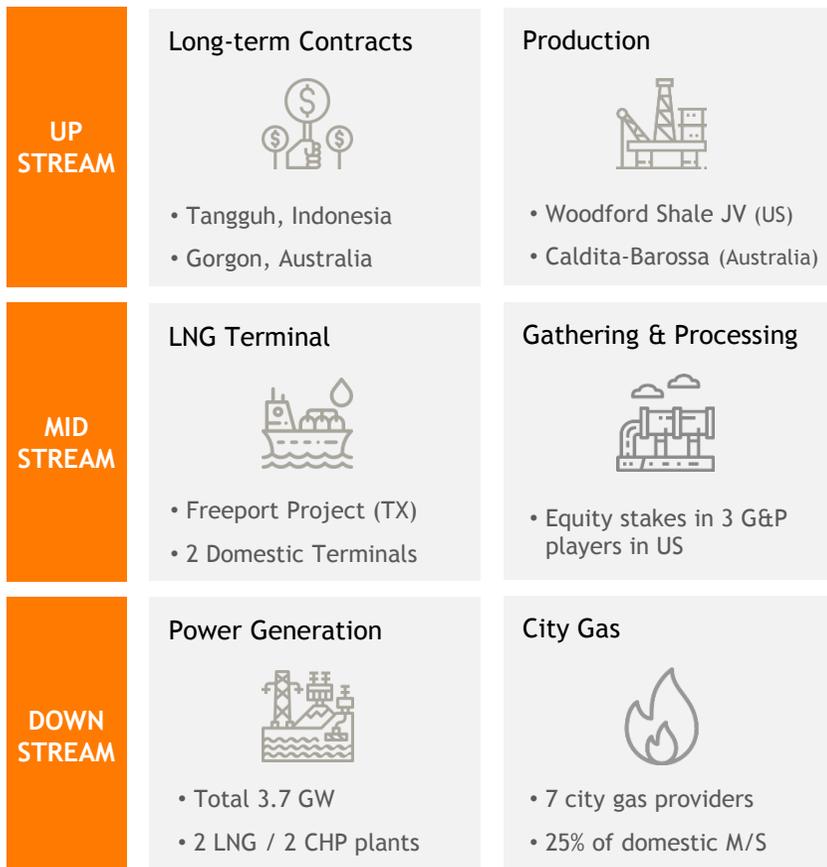


## Outlook & Strategy

- Demand for gas and IT materials to strengthen on technology development**
  - NF3 usage per area to increase as memory players move to higher tech. node and adoption rate for OLED display rises
    - \* NF3 usage per area : 2D → 3D NAND 2x more
  - Long-term contracts with chipset makers to provide protection for wafer price volatility
- Strengthening market leadership through preemptive capacity expansion**
- Promoting diversification of high-growth and high-profit portfolio**
  - High functionality wet chem., photo material, battery materials, etc.

## Completing the global integration of LNG value chain to grow into a global clean energy and solution provider

### LNG Value Chain Integration



### Outlook & Strategy

- The global transition to a low-carbon economy to support structural growth of LNG**
  - Environment-friendly policies to boost the demand for LNG in the power mix  
(CAGR of 10.1% for global LNG demands from 2018 to 2020)
- Leveraging on LNG sourcing experience and expertise to become a global LNG provider**
  - A growing LNG demand in SE Asia and China opens up additional opportunities for global expansions
  - Accelerating LNG value chain expansion through regional demand aggregation and global LNG sourcing
- G&P players to benefit on continued increase of US natural gas production**
  - Acquired stakes of 3 G&P companies in NG rich Marcellus/ Utica and Permian region

\* G&P : Gathering and Processing

# Appendix

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- Financial Highlights
- Shareholding Structure

- Profit continue to show robust upward trend due to a strong financial performance from competitive portfolios

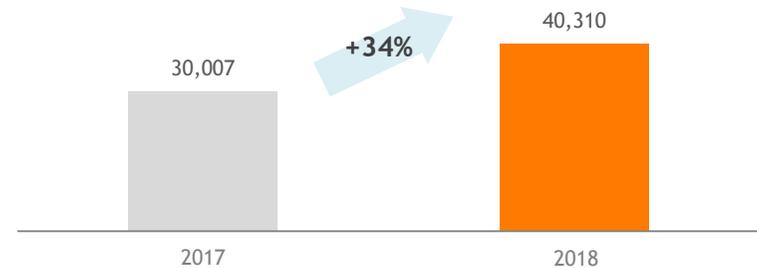
## Financial Performance

(Unit : KRW billion)

	2017	2018	1Q19(E)
<b>Revenue</b> (YoY)	90,613	101,502 (+12%)	25,549
<b>Operating Profit</b> (YoY)	5,745	4,688 (△18%)	1,285
<b>Pretax Profit</b> (YoY) (Continuing operation)	7,443	7,528 (+1%)	1,297
<b>Net Profit</b> (YoY)	5,066	6,151 (+21%)	981
<b>- Attributable to Shareholders</b> (YoY)	1,677	2,253 (+34%)	460

## Earnings per Share

(Unit : KRW per share)



## Return on Equity



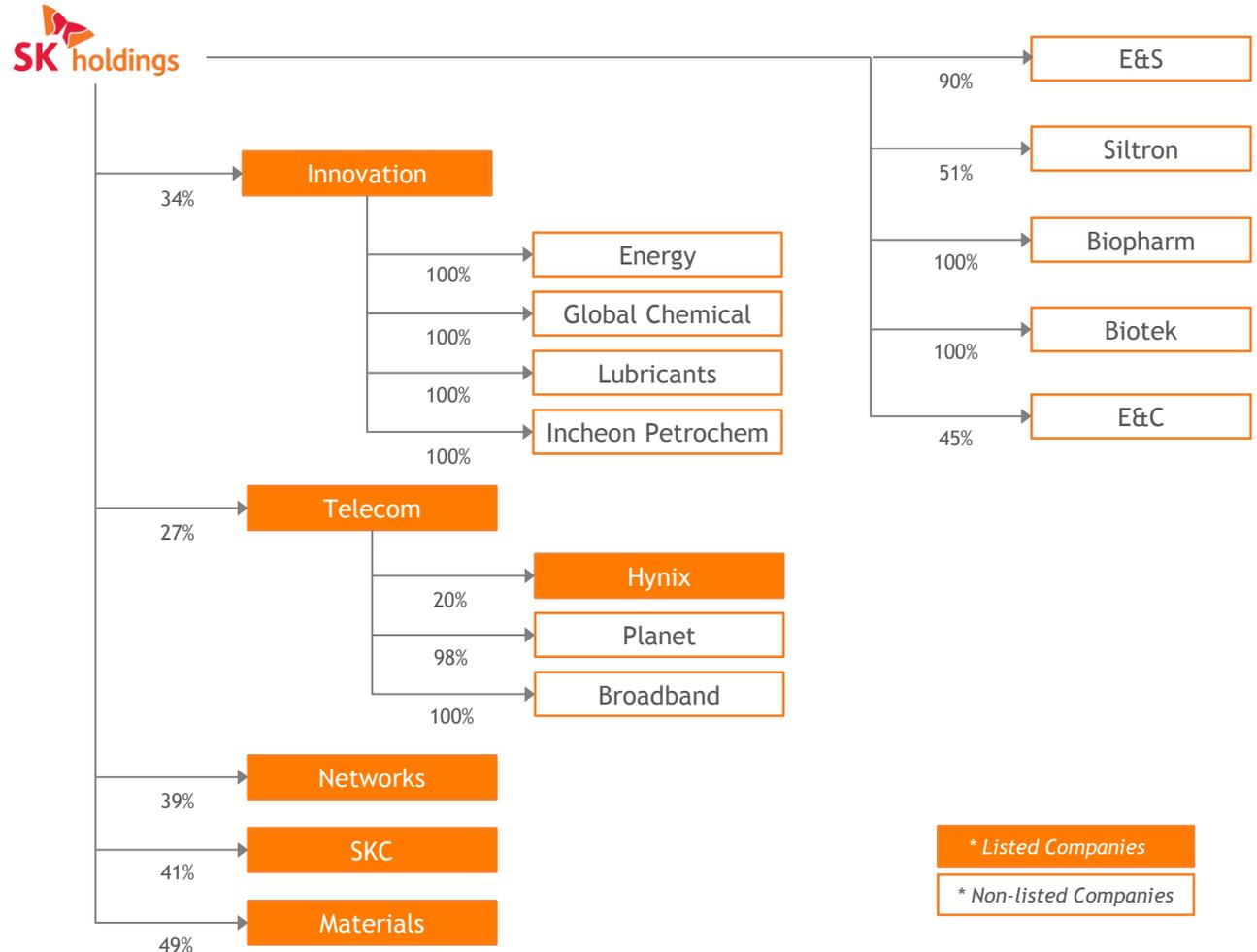
# [Appendix] SK at a Glance



## SK Holdings Structure

• Owner & Related Parties	30.9%
• Treasury Stocks	20.7%
• National Pension Service	8.3%

\* As of December 31, 2018



\* Listed Companies  
 \* Non-listed Companies