



Investor Presentation

September 2018

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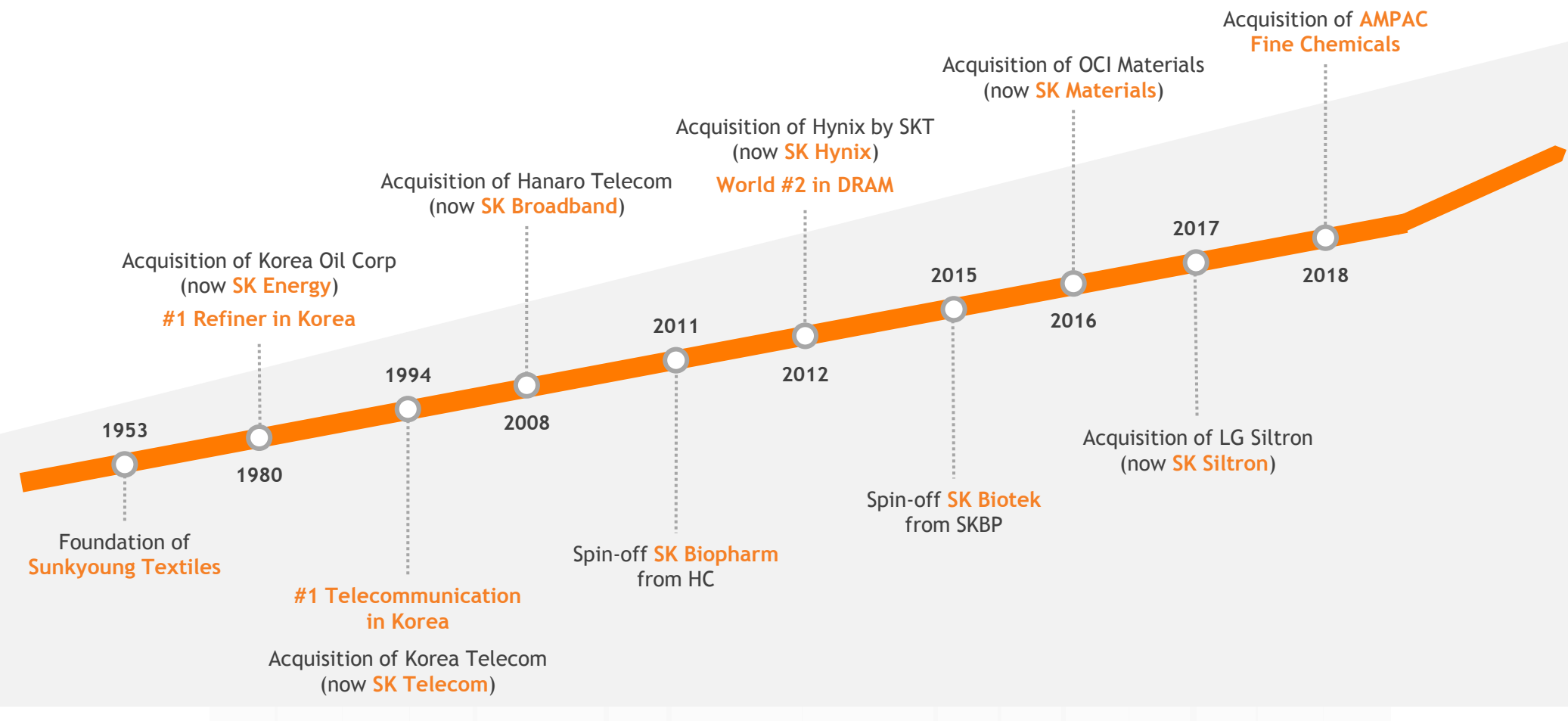
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I. Vision & Growth : Global Top-tier Holding Company



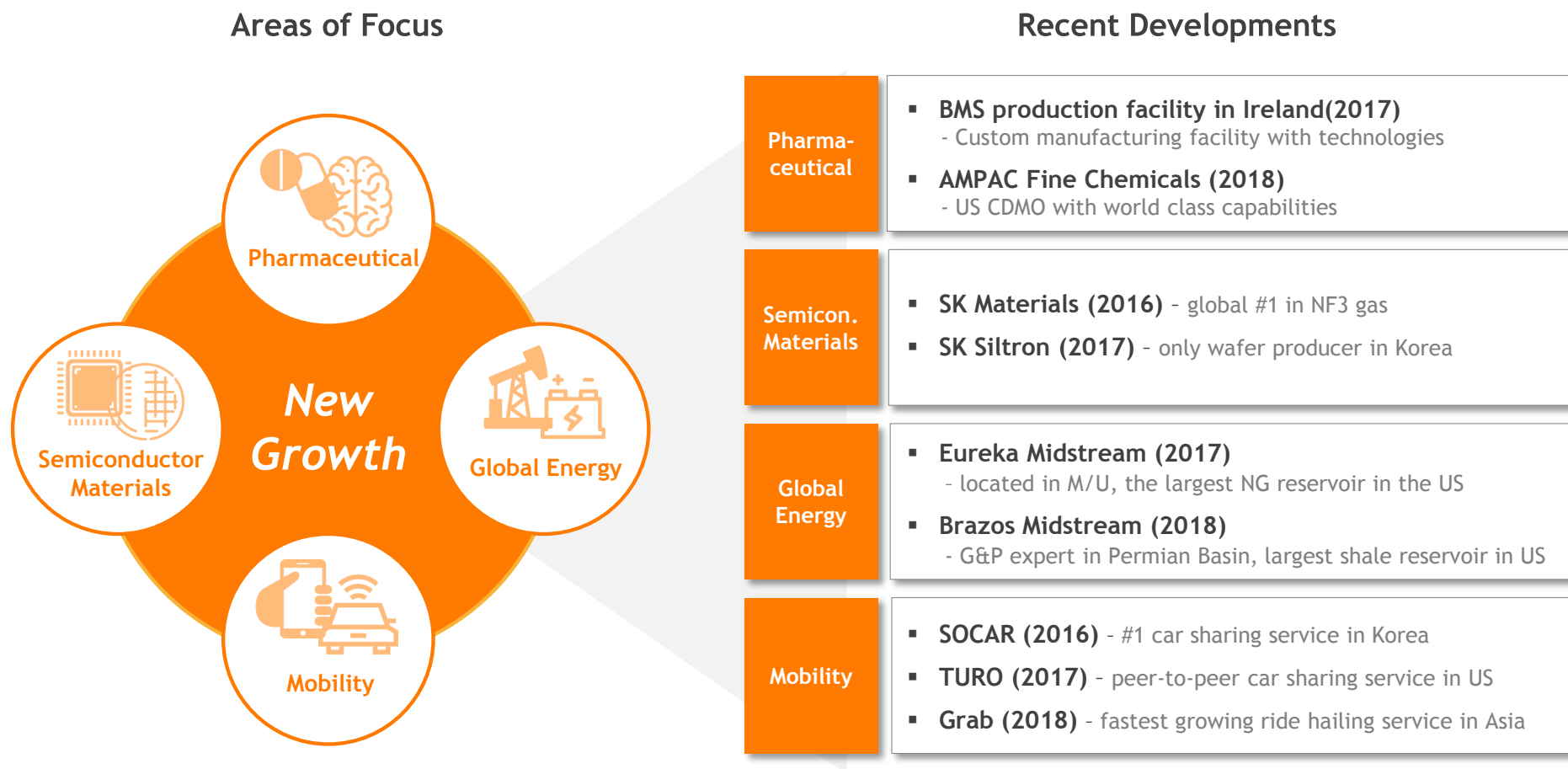
SK Group has a long history of growing through a series of successful acquisitions

- Long-proven track records showing SK's investment and management capabilities



I. Vision & Growth : New Growth Areas

- Seeking additional opportunities by making investments in areas of SK's expertise with high growth potential



II. SK Value Drivers : SK Biopharmaceutical

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

Current Pipeline

	Name	Description	Ph1	Ph2	Ph3	NDA
Epilepsy	Cenobamate	Partial Generalized				
	Carisbamate	Orphan				
Next CNS	Relenopride	Orphan Neurology				
	SKL20540	Schizophrenia				
Sleep	Solriamfetol <i>L/O to Jazz</i>	Sleep Disorder				
Others	Various other Research & Developments in progress					

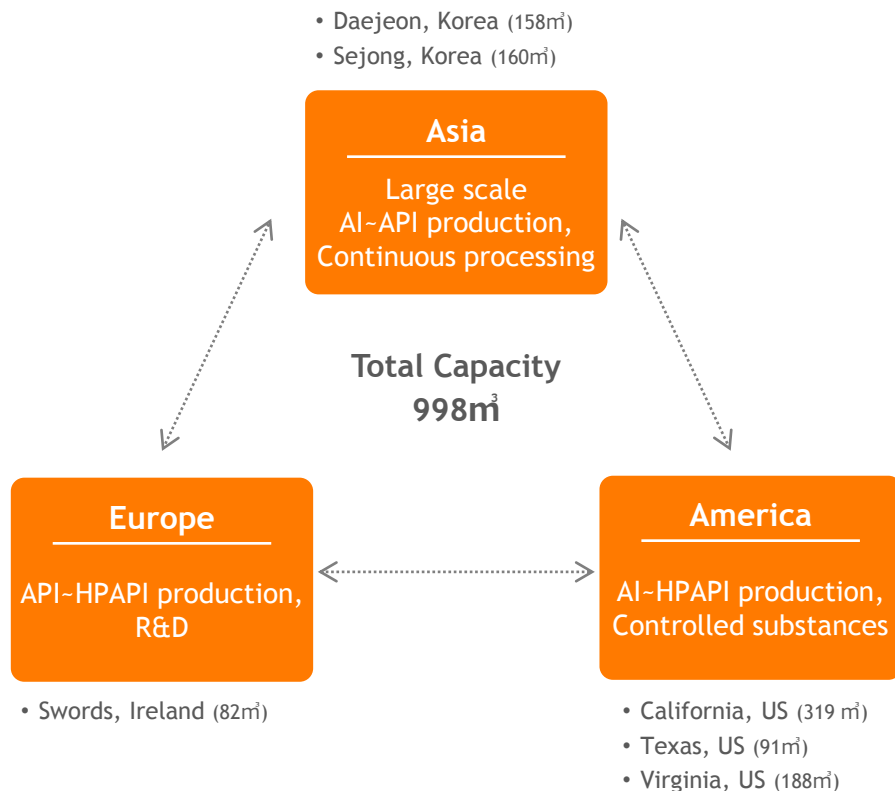
Outlooks & Strategy

- Successful launch of lead drug candidates**
 - A commercial launch of Cenobamate in the US market by 2020 to fulfill high unmet needs of epilepsy patients
 - Royalty and milestone payments from SKL-N05 expected from 2019
- Emerging global CNS Leader**
 - Building on Cenobamate's success in CNS, pursuing expansions to other areas in neurology, psychiatry, and oncology
 - Market expansion from the US to Europe and Asia
- Pipeline Expansion and Enterprise Value**
 - Organic and inorganic approaches to broaden pipeline considering various options for financing and IPO

II. SK Value Drivers : CDMO Business

- Pursuing organic and inorganic expansion plans to strengthen global presence and become a global top-tier CDMO**

Global Production Facilities



Outlooks & Strategy

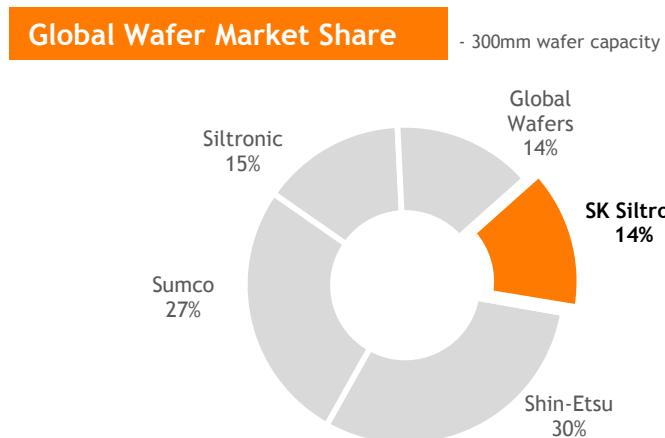
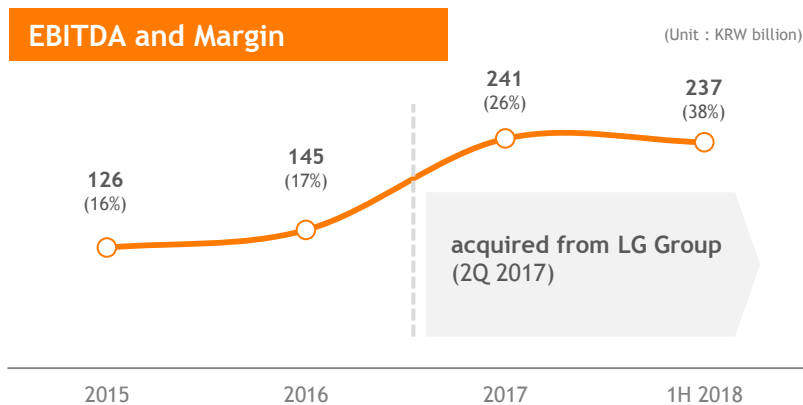
- Organic expansion plans to achieve economies of scale**
 - CDMO capacity to reach 1,558m³ by 2020, placing SK as one of the global leader in CDMO
- Inorganic approaches to complement existing business and technology portfolio and fully expand to cover the whole value-chain**
 - Plans to acquire key technologies to step into preclinical development stages of the value-chain
- Enhance efficiency through adopting leading manufacturing processes and regional optimization**
 - Widening global market coverage through regional diversification and optimization of production sites

* CDMO : Contract Development and Manufacturing Organization

II. SK Value Drivers : SK Siltron

- Dramatic market upturn since the acquisition to continue on strong semiconductor demands**

Overview



Outlooks & Strategy

- Growing demands for wafers of all diameters supported by robust demands for semiconductor
- Wafer price recovery to continue on supply shortage
 - Wafer inventory levels of clients remain tight
 - Capacity expansion limited due to difficulties of procuring equipment
- Strengthening competitiveness through debottlenecking and product mix improvement

II. SK Value Drivers : SK E&S

Evolving into a Global LNG provider through the completion of global value chain integration

LNG Value Chain Integration

UP STREAM	Long-term Contracts  • Tangguh, Indonesia • Gorgon, Australia	Production  • Woodford Shale JV (US) • Caldita-Barossa (Australia)
	Liquefaction Terminal  • Freeport Project (TX) - 2.2mtpa from 2020	Regasification Terminal  • 2 terminals in Korea (Boryeong, Gwangyang)
MID STREAM	Power Generation  • Total 3.7 GW • 2 LNG / 2 CHP plants	City Gas  • 7 city gas providers • 25% of domestic M/S

Outlooks & Strategy

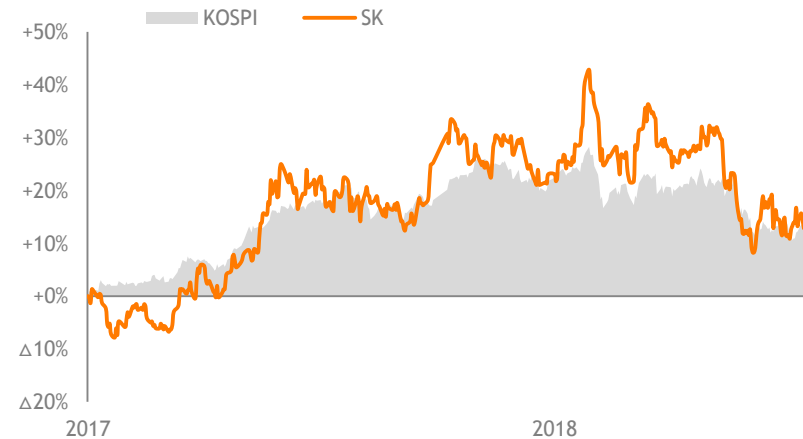
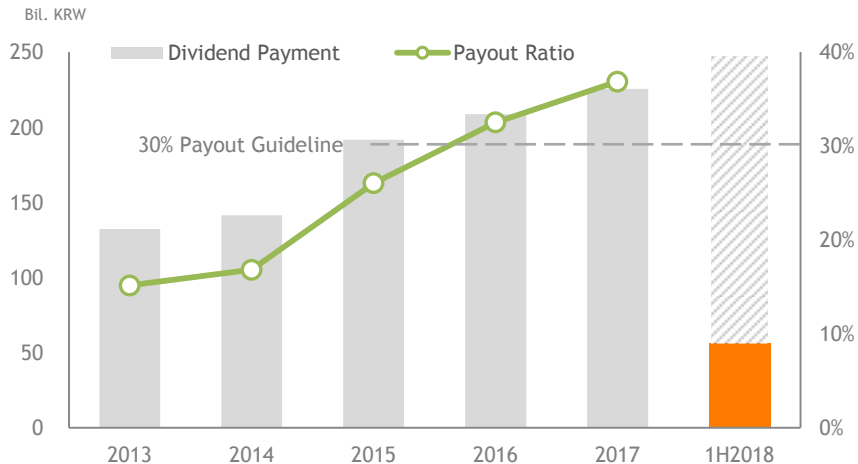
- **Gov't commitment to clean energy sources leads to a structural growth**
 - LNG is the most affordable source of clean energy at the moment
 - LNG power plants gain competitiveness supported by environment-friendly policies
- **Leveraging on LNG sourcing experience and expertise to become a global 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

III. Shareholder Value

Management focus on creating long-term shareholder value

Dividend Policy

- Will share outcomes of successful investments with our shareholders
- To return a significant portion of dividend received from subsidiaries to shareholders (over 30% payout)
- Strengthening shareholder return by paying interim dividend for the first time in 2018



IV. Social Value & Governance

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



Governance Committee within BOD comprised only independent directors



Improving shareholder accessibility and convenience



Adoption of corporate governance charter



Included in DJSI (Dow Jones Sustainability Index) World, Asia-Pacific and Korea since 2012

[Appendix] Financial Highlights - Consolidated

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

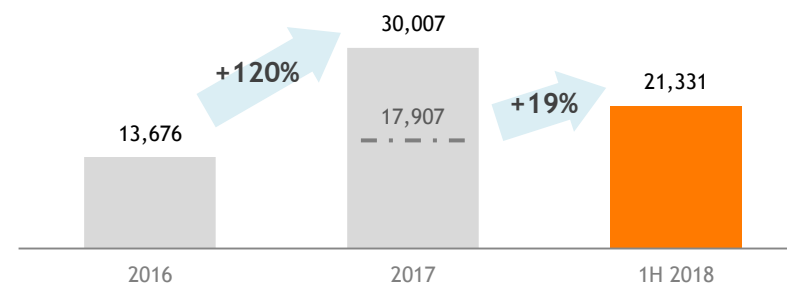
Financial Performance

(Unit : KRW billion)

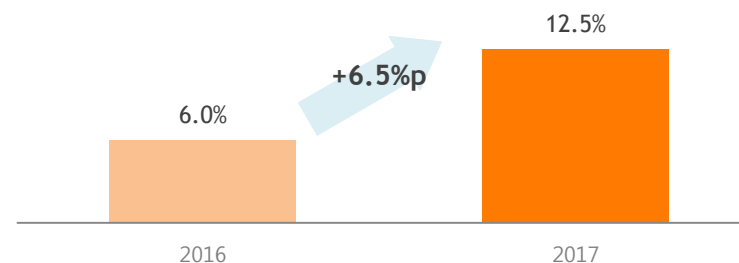
	2016	2017 (YoY)	1H18 (YoY)
Revenue	82,730	93,296 (+13%)	49,847 (+12%)
Operating Profit	5,281	5,861 (+11%)	3,215 (+15%)
Pretax Profit (Continuing operation)	4,390	7,442 (+70%)	4,193 (+15%)
Net Profit	2,822	5,066 (+80%)	3,140 (+15%)
- Attributable to Shareholders	766	1,677 (+120%)	1,193 (+19%)

Earnings per Share

(Unit : KRW per share)



Return on Equity



[Appendix] Financial Highlights - Affiliate P&L

(Unit : KRW billion)

	Ownership %	Revenue			Operating Profit			Pre-tax Profit			NP attributable to Shareholders		
		2016	2017	1H2018	2016	2017	1H2018	2016	2017	1H2018	2016	2017	1H2018
SK Holdings	-	82,730	93,296	49,847	5,281	5,861	3,215	4,390	7,442	4,194	766	1,677	1,193
Innovation	33.4%	39,521	46,261	25,604	3,228	3,234	1,563	2,423	3,235	1,417	1,671	2,104	958
Telecom	25.2%	17,092	17,520	8,336	1,496	1,531	668	2,096	3,403	2,070	1,676	2,600	1,612
Networks	39.1%	12,905	15,202	6,910	155	143	46	71	63	6	-82	33	1
SKC	41.0%	2,379	2,654	1,365	154	176	94	124	181	112	43	110	80
E&C	44.5%	8,583	7,316	3,567	31	182	207	-37	256	172	-36	131	79
E&S	90.0%	4,045	5,535	3,432	155	356	358	254	464	400	172	350	294
Materials	49.1%	398	512	300	131	148	75	118	135	67	86	102	46
Siltron	51.0%	836	933	622	34	133	178	9	117	173	7	95	137

[Appendix] SK at a Glance

SK Holdings Structure

• Owner & Related Parties	30.9%
• Treasury Stocks	20.7%
• National Pension Service	8.4%

* As of June 30, 2018

