DEEP CHANGE
DEEP CHANGE

The relentless pursuit of change and innovation for greater happiness
SK pursues change and innovation with the ultimate goal of bringing greater happiness across society.
For over half a century since the foundation, SK has generated meaningful outcomes, overcoming numerous crises and challenges; and by doing so we have grown and evolved so much.
Each of SK’s affiliates has successfully built the foundation for sustainable growth in the areas of energy and chemicals, ICT and semiconductor, and logistics and service. They have also secured partnerships with global leading companies and communicated with the local communities in which they operate, thus growing themselves into a company equipped with global competitiveness.

SK aims to take another big leap forward, instead of resting on its achievement. With the advancement of digital technology, humanity is facing dramatic changes. Companies can maintain their vitality only by responding to such changes and seeking a value-creating innovation. It means that in order to build trust and sustain growth, companies in this era are required to create not only economic value but also various values that customers and society need.

SK seeks to grow further based on customer and social trust. We will do so by embracing “Deep Change” which pursues economic and social value at the same time.

As the first step towards innovating our business model, SK will adopt “DBL(Double Bottom Line)” which measures and manages social value alongside economic value. Moreover, we will share our tangible and intangible assets with external stakeholders to create greater social value.

We will not only build a platform to foster sustainable social enterprises but also expand investment to nurture specialists in this field.

To ensure that these efforts lead to tangible outcomes, all members of SK will bring innovation to ways of working, not simply adhering to existing standards or practices of conduct.

We believe that all these SK’s new efforts will bring about fundamental innovation to the industrial ecosystem and pave the way for more mature and advanced society.

We believe that such a fundamental change is the best way to practice SK’s unique management philosophy and corporate culture, “SKMS(SK Management System),” as this embodies SK’s philosophy of creating value for customers, members, and shareholders; playing a key role in social and economic development; and bringing happiness to all through our continuous pursuit of innovation.

Dear Stakeholders,
Together with more customers, partners, and communities, SK aims to pave new paths with the level of innovation required in the new era.
We would like to invite your interest and support for SK’s pursuit to greater happiness and brighter future for all.
Thank you.

Chey, Tae-won
Chairman, SK Group
SK, which has continued to grow with our relentless pursuit of new markets, proposes a brighter tomorrow. By embracing Deep Change, SK will go beyond winning the competition in the existing markets and create new markets that fit for the new era.
The current global management environment is changing rapidly. The latest wave of change is weeding out industries that have lasted for hundreds of years while giving rise to new business models at a fast pace. SK will stay ahead of these changes through consistent innovation of our business models and the creation of optimal and efficient asset structures. Our employees will also contribute to the happiness of all stakeholders by innovating ways of working through the spirit of “Pae-gi.”

SK has been providing the best products, services, and technologies that are recognized in the world, not just in South Korea. However, under the new market order, we need ideas and action that can help us achieve more. This is why SK aims to innovate our business model as our first step towards pursuing Deep Change. To this end, SK has incorporated the creation of social value into our corporate function. SK implements various measures to introduce “DBL (Double Bottom Line),” which measures and manages economic and social value, and to create a social enterprise ecosystem. SK will also share our tangible and intangible assets to innovate our business model and present new possibilities by building global bases.
In the 70 years since the inception, SK has raised our enterprise value by taking on challenge and pursuing innovation. SK has also become a representative company of not only South Korea but also throughout the world, recognized for setting “happiness” as its main corporate value. Our affiliates have maintained stability and growth, taking an “independent yet united” approach; they have independently developed their own capabilities, reflecting the current situation and business structures, while improving synergy together. SK is committed to value creation for the happiness of all of our stakeholders by leading the global growth in the field of energy and chemicals; driving technological innovation in the field of ICT and semiconductor; and enriching lives in the logistics, service and bio sector.

South Korea
Group
Overview

www.sk.co.kr

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SK AT A GLANCE.

SK GROUP
OVERVIEW

www.sk.co.kr

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Energy and Chemicals

2018 Sales: USD 65 billion
We continue to evolve in global energy and chemical markets, securing competitiveness through the development of innovative technologies in the field of energy and chemicals, including petroleum and petroleum products, as well as innovative technologies including EV batteries, new and renewable energy, eco-friendly materials, chemicals, and bio/pharmaceuticals.

ICT and Semiconductor

2018 Sales: USD 55 billion
We have maintained our market leadership in the rapidly changing ICT and semiconductor area including platforms, convergence, and online and off-line services. Based on our assets and competencies in telecommunication services and solutions, as well as the semiconductor business, we will further enhance the value of our customers.

Logistics, Service, and Bio

2018 Sales: USD 22 billion
We are opening a new world through the transformation of our business structure and the implementation of creative ideas and advanced technologies. Our innovations are accelerated in areas such as logistics and retail, life infrastructures, hotel services, construction, finance, and development and manufacture of pharmaceutical products.
## Financial Highlights

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<td><strong>Total Sales</strong></td>
<td>143</td>
<td>125</td>
<td>108</td>
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<tr>
<td><strong>Market Capitalization</strong></td>
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<td>115.0</td>
<td>81.8</td>
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<tr>
<td><strong>Operating Income</strong></td>
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<td>9.0</td>
<td>9.9</td>
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<tr>
<td><strong>Investment</strong></td>
<td>29.4</td>
<td>17.4</td>
<td>12.9</td>
<td>13.0</td>
<td>13.9</td>
</tr>
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**GOVERNANCE.**

SK enhances the value of its stakeholders by promoting greater transparency in corporate governance and efficiency in management. We have created a responsible management system through the establishment of an independent, autonomous management system and a reasonable collaboration system for our affiliates. We are strengthening our future competitiveness through the establishment of a decision-making system that matches the characteristics of each business unit and efficient utilization of our management resources.

**SUPEX COUNCIL.**

SUPEX Council is the supreme management consultation body of the SK Group. Based on the agreement for the implementation of the cooperation plan (“Agreement”) signed by major SK affiliates, SK is promoting their participation and cooperation. SK’s affiliates continue to lead the company’s sustainable and stable growth through the effective practice of their “Independent Yet United” capabilities. The SUPEX Council is comprised of SK’s 16 affiliates (as of January 2019), whom signed the Agreement. Each CEO of the affiliates attends the monthly SUPEX Council meeting to discuss various areas of cooperation. Under the SUPEX Council, we have seven specialized committees for each business area to promote collective intelligence and greater cooperation among the affiliates, thereby strengthening our abilities to execute “collective intelligence and cooperation among the affiliates,” thereby enhancing the ability to execute the SK Group’s “Independent Yet United” spirit.

- **Strategy Committee:** The committee establishes group-wide strategies and supports its implementation. Moreover, the committee explores the group-wide growth opportunities and success in areas of investment and implementation.
- **Energy Chemicals Committee:** The committee supports the development and implementation of new growth engines for SK’s energy and chemical businesses, promotes group-wide cohesion of R&D capabilities, and supports the growth and development of the affiliates.
- **ICT Committee:** The committee supports the development and implementation of new growth engines for the ICT business of SK, discusses key agendas for ICT-related R&D, and supports the recruitment and development of technicians.
- **Global Growth Committee:** The committee reviews, discusses, and supports group-wide global growth strategies and business opportunities. Moreover, the committee promotes close partnerships with SK’s global business partners.
- **Communication Committee:** The committee maintains smooth communication among SK’s internal and external stakeholders.
- **Human Resource Promotion Committee:** The committee concentrates on the exploration and promotion of future SK executives under SKM’s the foundation of SK’s corporate culture.
- **SV(Social Value) Committee:** The committee builds a base to create group-wide social values and concentrates on mutual growth with business partners to create and share sustainable happiness.

[Diagram of SUPEX Council with committees and their roles]

* Based on 16 member companies of the SUPEX Council
The SK Management System (SKMS), established in 1979, defines SK’s governing philosophy and methodology, which are embodied in its management approach. SKMS has provided a foundation for SK’s corporate culture through the consensus of all SK People. SK’s sustained growth and consistent development to date can be largely attributed to its SKMS-based management activities and the establishment of its corporate culture. All SK People voluntarily and willingly practice the SKMS. As a result, they contribute to corporate growth and development while achieving their own happiness at the same time.

SK MANAGEMENT SYSTEM

SUPEX Quest

In order to be a happier company, SK aims for the SUPEX, or Super Excellent Levels. This is the highest goal that any person can reach, and we continuously strive to achieve these levels.

Pae-gi

“Pae-gi” refers to a state where the brain is voluntarily and willingly engaged. People with “Pae-gi” take on and achieve higher goals, strive to develop required capabilities, and produce better performance through teamwork. SK attaches great importance to encouraging “Pae-gi,” while creating the best possible environment so that they can demonstrate their capabilities to the maximum.

Happiness of Stakeholders

SK believes that its mission is to create greater happiness for its numerous stakeholders. The ultimate goal that we pursue is being happy by making those around us happy.

Voluntary and Willing Brain Engagement (VWBE)

SK is fully aware that its employes are the focus of the management and the pursuit of SUPEX can only be realized when employees give their best. We believe that this will be attained by our employees engaging in the “Voluntary & Willingly Brain Engagement (VWBE)” strategy.

SK People

Create Corporate Value

Invest

Create social and economic value

Trust and support business activities

Support through trust and patronage

Provide customer satisfaction

Corporate Enterprise

Customers

Shareholders

Community

Provide customer satisfaction

Invest

Create social and economic value

Trust and support business activities

Support through trust and patronage

Create Corporate Value

SK People

A sense of achievement and growth in work. Contribute to corporate growth.

Voluntary and Willingly Brain Engagement (VWBE)

SK is fully aware that its employees are the focus of the management and the pursuit of SUPEX can only be realized when employees give their best. We believe that this will be attained by our employees engaging in the “Voluntary & Willingly Brain Engagement (VWBE)” strategy.
1950
Developed the nation’s first polyester film.

1960
Established Sunkyong Chemicals (Yukong).

1970
Acquired Korea Oil Corporation (Yokong).

1980
SK became South Korea’s fifth-largest company by acquiring Korea Oil Corporation (currently SK innovation).

1990
Completed Vertical Integration from Oil to Textiles.

2000
Begun the First Commercial Synchronization 2G Service in the World.

2010
Launched SK China.

MILESTONES

1950
Established Sunkyong Textiles. SK’s history began with the establishment of Sunkyong Textiles amidst the ruins of the Korean War.

1959
Launched the first rayon thread to export.

1960
SK established South Korea’s position as a textile exporting country by becoming the first to export rayon thread to Hong Kong.

1962
Completed a polyester factory and began production.

1963
Established SKMS. SK laid the groundwork for its management through a systemic establishment of its unique SKMS management system.

1964
Established Yung Kong Gas. SK expanded its energy business territory through the establishment of Yung Kong Gas (currently SK gas) and commencing with the construction of an LPG storage terminal in Ulsan.

1965
Completed vertical integration from Oil to Textiles.

1970
Launched a Holding Company System. SK enhanced South Korea’s position as a textile exporting country by becoming the first to establish a holding company in Korea.

1977
Developed the nation’s first polyester film.

1980
SK became South Korea’s fifth-largest company by acquiring Korea Oil Corporation (currently SK innovation).

1990
Completed Vertical Integration from Oil to Textiles.

1991
Completed Vertical Integration from Oil to Textiles.

1998
SK adopted “Wings of Happiness” as the New CI, which embodies its governing philosophy and desires to become a global company.

2000
SK revised the SK Management System.

2010
Launched SK China.

2010
Launched SK innovation.

2015
SK holdings Become an Integrated Holding Company by Merging with SK C&C.

2016
SK innovation, Secured Right to Operate an Oil Field in the US.

2017
SK hynix built M14, the world’s largest-scale Fab, and plans to continue augmenting its total semiconductor edge, aiming to achieve world’s highest level memory semiconductor production.

2018
SK Networks acquired ADT CAPS, a physical security firm.

2019
SK hynix completed preparations to lead the global memory market by completing the construction of the M5 production line for cutting the world’s most competitive technologies.

2020
SK innovation acquired Youniq, a leading manufacturer of semiconductor materials, thus securing the foundation for growth in the semiconductor materials business as one of the new growth engines.

2021
SK hynix received a “no resources oil-producing country” award.

2022
SK innovation completed its M5 production line and embarked on the launch of SK incheon petrochemical.

The MILESTONES of SK Textiles as shown above illustrate its journey from a small textile company to becoming a global company. SK’s commitment to innovation and sustainable development has propelled it to the forefront of the global market, demonstrating its ability to adapt and evolve in response to changing market conditions.
SK pursues Global Partnering in key regions to build mutual trust and long-term relationship with our partners to maximize synergy.
GLOBAL PRESENCE.

As of end of 2018, SK’s global assets and sales amounted to USD 32 billion and USD 82 billion respectively. With our 271 global networks, SK will leverage advanced technologies and services as well as localization strategies to take ourselves closer to customers around the world.
In 1953, SK was launched as a small textile factory in Suwon, South Korea, and entered the export business in 1962 by shipping rayon textiles to Hong Kong. Since then, we have achieved impressive results on the world stage through overseas expansion and establishment of global businesses that span nations and industries.

SK has helped South Korea become an oil producer, despite having no natural reserves. In the mid-1980s, we were the first in the country to be making inroads into China through our globalization strategy. Today, we export our innovative life science technologies and EV batteries around the world, thus receiving worldwide attention. We are also resuming our global management by building relationships with our partner companies in the film and chemical sectors. In the areas of information and telecommunication, we have introduced ICT and platform services, in addition to communication services, and secured a base in China for the manufacture of semiconductors, thus accelerating our global growth. By winning and completing petrochemical and power generation facility projects overseas, we are spurring our construction business overseas. We promise the prosperity and happiness of our customers all over the world with our “Pae-gi” and passion, which go beyond the borders of Asia, Americas, Europe, Africa, and the Middle East.

The most distinct feature of “SK Globalization” is “Global Partnering.” SK’s Global Partnering does not just seek physical value from the combined strengths of the partners, nor simply pursue only short-term profits. We find ways to establish long-lasting relationships with our partners to obtain high-performance levels. Our approach includes: “localization,” or cooperating with partners and growing with local communities from a long-term perspective; “Independent Yet United,” or advancing into areas together through the cooperation with partners where we can enhance synergies; and “Social Value,” or growing together with society. Ultimately, all of the following philosophies and efforts are combined to bear stable results for SK’s Global Partnering:

SK is establishing itself as a company most sought after by global companies and a collaborator that was with the world’s top players. We will continue to make efforts to become true to our partner companies.

GLOBAL PARTNERING.
In 2017, SK holdings has invested in “ESR (E-Shang Redwood Group),” China’s second largest logistics infrastructure provider, to meet the e-commerce demand in the country. Based on this, SK holdings plans to expand into global markets, including Southeast Asia.

Since 2015, SK innovation has secured the right to operate a block in the South China Sea and participated in the oil exploration project. In 2017, the Company produced crude oil sufficient to amount to a maximum of 1,750 barrels per day during the trial production period in the 17/03 block of the South China Sea, confirming the presence of oil reserves. SK innovation plans to reaffirm the reserve and commercial viability of the 17/03 block through further evaluation. In addition, the Company intends to take this block as the base for building an oil production platform in the South China Sea.

SK energy, led by “SK Asphalt (Shanghai) Co., Ltd.,” has concentrated its asphalt research and marketing competencies to maximize synergy effects and advanced into the Chinese asphalt market. SK energy has incorporated Asphalt and Road Research Institute in Beijing into SK Asphalt (Shanghai) and supplied customised asphalts from its two production bases including Ningbo and Changxing. As a result, it recorded exports of 12.1 million tons to China in 2017, holding the top spot on market share for imported asphalts.

SK global chemical established “Simospec-SK (Wuhan) Petrochemical” in Wuhan, China, with Simospec, China’s largest state-run petroleum company, which is equipped with the NCC (Nippon Cracking Center) facilities. The joint venture provided a meaningful foothold for SK global chemical to enter the local petrochemical market by producing 2.5 million tons of petroleum products including ethylene, polyethylene, and polypropylene annually. With additional investment, the Company plans to produce 3 million tons of chemical products by 2020.

SK lubricants sells lubricant and base oil products through its Chinese regional headquarters in Beijing and produces lubricant products for the local market through its plant in Tianjin since 2012. In line with the growth of the market for premium base oil, the Company is committed to customer satisfaction to earn trust in the Chinese market, through the establishment of a local base oil supply network in the country’s four major areas.

In 2014, SK incheon petrochem set up a PX (Paraxylene) production facility, an ultra-light oil based facility geared to produce high-value-added products, to grow and develop into a competitive company in a rapidly changing global business environment. SK incheon petrochem is expanding its presence in the global markets, including China and Northeast Asia, through the production and export of petroleum and petrochemical products.

SK chemicals produces composite and high-functional materials such as prepreg, pans, and adhesive resins through its subsidiaries in Suzhou and Qingdao, China. In addition, the Company sells copolyesters, an eco-friendly plastic, promoting through marketing offices in China and Japan. The business is newly showing notable growth in China.
SK gas continuously pursues LPG and relevant business opportunities in China through its Shanghai branch.

SKC entered the Chinese market by establishing a videotape joint venture plant in Fujian province in 1990 before Korea entered into diplomatic relations with China. In 2013, SKC built a PET film factory with an annual production capacity of 33,000 tons in Nantong, Jiangsu province near Shanghai, which is the center of economy and trade in the Grand China Region. The factory produces high-performance heat shrinkable, optical PET film, and industrial PET film. In 2015, the Company established MCNS, a joint venture with Mitsui Chemicals, a Japanese chemical company, to pursue the polyurethane business. MCNS has been supplying high-quality polyurethane products through its three polyurethane factories, including one in Beijing since 1997.

SK E&S participates in the management of “China Gas Holdings,” China’s largest privately-operated city gas supplier, as its major shareholder following an equity investment in 2007. The Company established China Gas-SK E&S LNG Trading, an LNG trading joint venture with China Gas Holdings, and is seeking LNG sales business opportunities in China. SK E&S will not only expand its LNG business in China but also respond flexibly to rapidly changing energy demand.

SK biopharmaceuticals is building global new drug development foundations, ranging from research and clinical development to business development and commercialization in South Korea, China, and the United States. In China, it is developing business opportunities and establishing partnerships through its local subsidiary, SK biopharm Tech (Shanghai).

The semiconductor module subsidiary of SK holdings C&C, Essencore, is growing in the global memory semiconductor module market through its multi-item production system. It has also secured a global distribution network for its premium semiconductor product brand, “KLEVV,” plus a wide range of semiconductor modules and chips including DRAM, modules, micro SDCs, and USB drives for laptops and smartphones.

SK telecom provides ICT-based convergence healthcare services. It established “SK-VISTA International Healthcare Center” in Shenzhen, China to offer innovative medical services such as telemedicine and health and disease management. It also opened “Wuxi International Medical Center,” which operates telemedicine solution for the mobile clinic sponsored by SK hynix in Wuxi. SK planet aims to become a leader in the local mobile gift certificate market in Japan, based on its experience and expertise in operating relevant services in South Korea.

In 2011, SK materials established a NF3 production subsidiary (current annual production: 1,500 tons) in Zhenjiang, Jiangsu Province. In 2013, the Company established an additional sales subsidiary in Xian, Shanxi Province to strengthen its influence in the Chinese market and build foundations for global growth. Also, with the Company’s sales subsidiaries in Taiwan and Japan, SK materials is further strengthening its Asian-based dominance in the global semiconductor gas materials market.

SK E&C won a contract to construct the entire section of the Yau Ma Tai Road in the Central Kowloon Route in Hong Kong. Based on its experience in tunnel and bridge construction, SK E&C has been recognized for its differentiated technology competitiveness through innovative and specialized design proposals that can minimize traffic congestion in the city and secure construction safety.
SK continues to tap the Southeast Asian and Australian markets through diverse businesses such as resource development, energy, trading, commerce platforms, and construction.

In line with the expansion of the global mobility market, SK holdings has launched a joint venture, SOCAR Malaysia, with SOCAR, South Korea’s largest car-sharing company in 2018 and is also expanding its global business by investing in Grab, a leading player in Southeast Asia.

SK innovation has been engaged in the commercial production of crude oil since 2003 after acquiring the exploration rights for the development of the 15-1 block in Vietnam in 1998. In September 2014, the Company succeeded in exploring the oil field of Su Tu Nau.

SK trading international is growing as a market leading oil and petroleum trading company, based on the profound market presence it has secured in Asia.

SK chemical has partnered with “Just Oil & Grain,” the largest trading company of palm products to set up “ST Green Energy Pte. Ltd.” in Singapore to pursue the trading of palm oil, which is a raw material for polyurethane. In 2018, another raw material plant (System House) was established near Chennai.

SK E&S has set up “PT. SK E&S Nusantara” in Indonesia to pursue new and renewable energy generation business including small hydro power, photovoltaic power, and geothermal power. In 2012, the Company has acquired a 27.5% stake in Calidra-Barras offshore gas field in Australia so participate in the gas field development business. The Company is currently assessing the reserves with an additional evaluation drilling and is planning to commence commercial production in 2023.

SK E&C is participating in the construction of the first petrochemical complex in Vietnam after winning an order to construct an ethylene plant in the Long Son Petrochemical Complex. The Company is recognized for its competitiveness in the oil refining and petrochemical plant segments by winning this ethylene plant construction project following another one to construct the largest refinery plant (Nghi Son Refinery Plant) in Vietnam. It has also won an order jointly with a local company to modernize a state-owned oil refinery in Balikpapan, Indonesia, paving the way for future orders for oil refining and petrochemical businesses.

MCNS, a polyurethane JV between SKC and Mitsui Chemicals Japan, is operating a biopolyol plant in Gujarat, India, which is a raw material for polyurethane. In 2018, another raw material plant (System House) was established near Chennai.

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SK is creating value chains for petroleum, a traditional resource, as well as nontraditional resources such as shale gas. We are also successfully engaged in new biomedicines, commerce platforms, and plant construction.

3. NORTH & SOUTH AMERICA

SK holds is expanding its global energy business by investing in G&P (Gathering & Processing) companies such as Eureka, Brazons, and Blue Racer Midstream, which are growing fast in the North American shale gas market. The Company has made a full-fledged entry into the United States, the world’s largest market for bio/pharmaceuticals, through the acquisition of AMPAC, a leading pharmaceutical firm. It is expanding its role as a global investor in various fields such as Kinesea, the leading Smart glass manufacturer; to make a full-fledged entry into the Smart glass market; TURQ, the leading car-sharing company in the US; Mackage, a premium down brand in Canada; and Alice+Olivia, a famous apparel brand in the US.

SK innovation secured the sole operating rights of the US shale producing field for the first time as a Korean firm by purchasing oil producing fields in the Grant and Garfield Counties of Oklahoma, USA, in 2014. As a result, the long-term project that has long been pursued, which is one of the oil-producing countries and the epicenter of the shale revolution, has come to a fruitful end. Using this as a foothold, the Company also actively participates in the exploration of nontraditional resources, including shale gas and oil. In 2019, the Company commenced the construction of an EV battery plant in Georgia, US. The Company expects the Plant to become an important bridgehead in the U.S. market, one of the biggest battlegrounds in the global EV industry.

SK global chemical acquired the Dow Chemical Company’s EAA (ethylene acrylic acid) and PVDC (polyvinylidene chloride) businesses in 2017. These products are used as functional adhesive resins (tie layer) and barrier layers, and are produced in Freeport, Texas and Midland, Michigan.

SK lubricants entered the US base oil market in the mid-2000s with its premium base oil brand YUBASE. Today, the Company is dealing with major global companies based on its stable supply and excellent quality competitiveness. Tightening environmental regulations and a trend toward low viscosity, following OEM-led fuel efficiency improvement, are leading to increased demand for high-quality lubricant base oil. Accordingly, SK lubricants is reinforcing the position of YUBASE as the world’s best in the lubricant base oil market by broadening its supply network across the US and South America. SK lubricants has supplied automatic transmission fluid to GM since 2009, as well as engine oil since 2013. SK lubricants’ technology...
proven by supplying to GM, reinforces its advance into the global engine oil market. Since August 2013, it has supplied gearbox oil to the Model S, a premium electric vehicle made by Tesla. Recently, it also agreed to supply the same product to the Model 3, thus consolidating its position in the global market.

Aligned with changes in the global petroleum market dynamics led by the US, SK trading international is trading feedstock with the US crudes with the sound foundation it has built.

SK chemicals, which agreed on the supply of and joint marketing for super engineering plastics polyphenylene sulfide (PPS) with A. Schulman, a global chemicals company, plans to continue with the expansion of market shares in the Americas and Europe. In addition, “NBP601“ (named as “AFSTYLA”), a new biomedicine for hemophilia treatment, is a new drug developed by CSL, an Australian pharmaceutical company that imported the technology of SK chemicals in 2009. NBP601, which was approved by the US FDA in May 2016, for the first time among new biomedicines developed with South Korean technologies, has proven the world-class technology of SK chemicals.

SK gas established “SK gas USA, Inc.”, in January 2015, to invigorate its shale gas trading business in North America, while continuously reviewing new business opportunities in the region.

SKC established “SKC Inc.”, in Covington, Georgia, in 1999, to produce PET film with advanced technologies and expertise, helping enhance competitiveness among its global customers. It set up a polyurethane raw material factory (System House) for MCNS within the same plant to supply high-quality PU raw materials to customers in the region. In 2016, SKC completed another polyurethane plant (System House) in Mexico with an annual production capacity of 20,000 tons and has begun full-scale commercial production.

SK E&S launched the joint development of a shale gas field with the Continental Resources of the US, becoming a truly global LNG provider with its shale gas field.

SK biopharmaceuticals is pushing for the development and commercialization of innovative drugs, targeting the global market. To this end, the Company’s US subsidiary, “SK Life Science Inc.”, has built an organization and is developing its human resources to carry out clinical development and commercialization. The Company has already achieved remarkable results; it has developed “Cenobamate,” a new epilepsy drug currently under the US FDA’s review for market approval (NDA). Once approved, the Company will sell Cenobamate through LSI in the US. It will be the first case for a domestic pharmaceutical company to discover candidate materials for new drugs without exporting technology and independently conduct research, clinical, NDA, and sales of new innovative medicines. Following the market approval by the US FDA, the Company is preparing for the launch of Solriamfetol (registered as Sunosi™ for the US market), a self-developed treatment for sleep disorders, under the partnership with Jazz Pharmaceuticals for commercialization in the US market. It marks the first case where a new CNS drug developed by a Korean company is approved by the US FDA.

SK obiotech generates about 65% of its sales from the US. Equipped with the US FDA-inspected production facilities, it is recognized for its excellent quality control competency, while maintaining strategic partnerships by communicating and offering optimized processes to global pharmaceutical firms of the US. The Company is operating a marketing subsidiary, “SK obiotech USA”, in New Jersey.

SK E&C, as a sole awardee, has completed the world’s largest-scale oil sands plant project for Fort Hills Energy in Canada and succeeded in the first crude oil production together with the project owner, Suncor Energy. SK E&C has carried out EPC (detailed design, procurement, and construction management) as well as basic design (FEED), and has been recognized as the best performing company by carrying out the transportation of the largest scale of plant parts overseas in South Korea’s construction history and performing the project with local vendors. Based on this project, SK E&C plans to develop more active marketing activities in Canada, which is the largest producer of oil sands.
4. EUROPE

SK is gaining a foothold for growth with a long-term perspective by building partnerships with global companies in Europe.

SK innovation is building Europe’s first proprietary plant in Komárom, Hungary. The plant is expected to be completed in the second half of 2019, will begin mass production from early 2020, and produce 7.5 GWh of EV battery in 2022 when the entire production line is completed. In particular, the batteries produced at the Hungary plant are the third-generation EV batteries with a travel distance of 500 km on a single charge. SK innovation has established a bridgehead in the European market as an EV battery manufacturer with the best technology in the world.

SK lubricants built a joint venture base oil plant with Repsol of Spain, a global energy company, and began its commercial operations there in September 2014. The plant has a production capacity of 13,300 barrels a day, allowing SK lubricants to emerge as one of the world’s top 3 lubricant base oil companies. In 2010 and 2013, SK lubricants’ ZIC lubricant brand was named as the best lubricant among imported engine oil products in Russia by Za Ruleum. It also earned the best national brand title in Russia in the engine oil segment in 2017, providing momentum for its advance into the global market. Za Ruleum is the country’s leading automotive magazine.

SK trading international is enhancing its trading competitiveness in Europe with focusing on high-demand petroleum products in the North Sea and Asia oil market.

SK chemicals signed an agreement for the joint development and sales of next-generation pneumococcal conjugate vaccines with Sanofi Pasteur, a global leader in vaccination. In addition, SK chemicals established a subsidiary in Germany in 2016 to increase its European market share for copolyester, an eco-friendly plastic.

SK biotek is recognized for its excellent quality control competency while maintaining strategic partnerships by communicating and offering optimized processes to the global pharmaceutical firms of Europe. Currently, approximately 30% of its sales are generated in Europe, and the Company plans to make a full-scale expansion of its European market share based on its factory in Swords (SK biotek Ireland).

Breaking away from the typical competition method in open bids, SK E&C is developing a new order-winning model by transferring and providing successful completion and operation experiences of the Ulsan PDH project to project owners. The Company expects that the model will pave the way for other projects and become a bridgehead to advance into the European market.
SK strives for business diversification by entering the areas of ICT and commerce platforms, along with energy and construction projects.

SK innovation is carrying out exploration and production (E&P) and LNG exploration projects in the Middle East and Africa, including Yemen and Libya.

SK telecom has successfully installed a hospital information system (HIS) at the Ministry of National Guard-Health Affairs (MNG-HA) in Saudi Arabia. It established a joint venture with Seoul National University Hospital, MNG-HA, and ezCaretech, the HIS developer, to expand its HIS business in the Middle East.

SK planet’s “n11.com” online open market is the largest online shopping mall in Turkey with 15 million registered members and 120,000 registered sellers. Since its launch in 2013, “n11.com” has focused on building an ecosystem where the entrepreneurs, sellers, and consumers can enjoy a win-win situation through the Company’s differentiated strategy, including the operation of a 24-hr customer service center and the seller-activation policy based on its four local offices. Backed by these efforts, “n11.com” grew into Turkey’s leading e-commerce market within four years of operation. “n11.com” will continue to create a new online shopping culture in Turkey by introducing innovative services related to merchandise, payment, settlement, and shipping.

SK E&C has completed a submarine tunnel construction in Turkey, a historic feat as the tunnel links Asia and Europe. The Eurasian Submarine Tunnel is the world’s first vehicle-specific, double-deck tunnel that passes through the seabed of the Bosporus Strait with a total length of 14.6km including 5.4km of submarine tunnels. In addition, the Company is performing the Canakkale BOT Project where the world’s longest suspension bridge across the Dardanelles Strait in Turkey would be built. SK E&C is performing everything, from construction to financing, and post-construction operations, and is recognized for its high technology and development capabilities in the global market.

The Eurasian Submarine Tunnel and Canakkale Bridge projects have been completed, showcasing SK E&C’s capability to undertake complex construction projects.

SK E&C Turkey Eurasia Tunnel

SK planet Office in Turkey
NEW GROWTH ENGINES

HOLDING COMPANY

By merging with SK C&C in August 2015, SK holdings obtained a transparent and stable governance, and strengthened SK Group’s competitiveness by improving shareholders’ value, financial stability and international creditworthiness.

In particular, the combination of SK holdings’ portfolio management capabilities and SK C&C’s ICT-based business capabilities has become a foundation for further strengthened competitiveness. The creation of synergies between the operational holding company and its affiliates, efficient management, as well as rapid decision-making systems will provide greater opportunities and possibilities.

We are also increasing our future value through intensive group-wide investment in new growth areas, including bio/pharmaceuticals, semiconductor materials, energy gathering and processing (G&P), logistics infrastructure, ICT and mobility services, and digital transformation.

Bio/Pharmaceuticals

Our drug development business began in 1993, and since 2008, SK has made an intensive investment in new growth engines, including bio and pharmaceutical businesses. In particular, SK’s performance in the development of new drugs in the central nervous system field has proved its reliability in the global market and is accelerating growth. SK will be a global, fully integrated pharmaceutical company (FPCO), integrating all value chains from drug development to production and marketing.

Logistics Infrastructure

In 2017 and 2018, we strengthened our position as a global investor by investing in ESR (E-Shang Redwood Group), the No.2 logistics operation platform in Asia, in line with the growth of the e-commerce market in Asia, including China.

Semiconductor Materials

We are working with our affiliates to achieve vertical integration in semiconductor materials. We are also expanding global partnerships through our Group network, maintaining long-term relationships with global semiconductor material companies. SK aims to be the top in the global semiconductor materials market.

Information and Communications Technology (ICT) Service

Through long-term business execution across all industries, including telecommunications, finance, manufacturing, and services, we have accumulated core competencies such as leading IT service technology capabilities, strategic partnerships with blue-chip customers, and strong brand awareness. We are also expanding our Global Mobility Portfolio based on SOCAR, the nation’s No.1 car sharing company.

Digital Transformation

The Company is leading the innovation of customer value in various industries through the provision of “Aibril,” an artificial intelligence, and big data solution and services. “Cloud Z” supports the game companies to enter the global market, and the Company provides hybrid multi-Cloud services suitable to the customers’ needs. Through these efforts, the Company facilitates the data-based digitalization and secures its position as a national leader in digital innovation.

G&P (Gathering & Processing)

By linking with the Group’s LNG business and with the growth of the North American shale gas industry, we will continue to invest in G&P assets, which are expected to achieve high growth and high profitability, to secure stable profits in the global energy sector.
Energy and Chemicals

We are innovating our business model with eco-friendly, high value-added technological competitiveness, and aggressive investment.

EV Battery

SK innovation

SK innovation’s electric vehicle battery is improving its business value continuously by securing technological competitiveness and innovating cost competitiveness. Based on its unique, high-energy density and output technology, the Company supplies EV battery products to Hyundai motor and KIA motors and Daimler in Germany and maintains a partnership with BAIC Motor, a leader of the electric vehicle market in China. In response to market growth, the Company is continuing to expand its local production facilities. In March 2018, the Company started construction of a 7.5 GWh-scale plant in Komárom, Hungary, their production base in Europe. The Company plans to expand its market share in global markets, such as the US and China, through ongoing marketing activities.

Nexlene

SK global chemical

Nexlene is a high-performance polyethylene, developed with the SK global chemical’s technology. Nexlene has improved the monopolistic structure of global companies and proclaimed its world-class competitiveness as a premium product that provides stronger resistance to shocks than existing general-purpose polyethylenes, plus enhanced transparency, sanitation, and workability. SK global chemical established a joint venture, named Sabic SK Nexlene Company (SSNC), in 2015 with SABIC, a global petrochemical company, and SSNC completed the construction of a commercialization factory in Ulsan. SK global chemical is considering further business expansion.

EAA - PVDC

SK global chemical

EAA (ethylene acrylic acid) and PVDC (polyvinylidene chloride) are the core materials of multilayer packaging film, which are expected to grow steadily with its high demand in China, and emerging countries become barriers in the market as there is a small number of suppliers. In 2017, SK global chemical acquired the EAA and PVDC businesses of the Dow Chemical Company, a US chemical company, making it one step closer to becoming a global packaging company.
SKC makes eco-friendly, high-value-added products such as PLA film, Eco-Label, and Co-PET. SKC’s PLA Film is the world’s first biodegradable film commercialized for food packaging. It is an eco-friendly material made of natural ingredients extracted from corn, and is 100% biodegradable underground. Eco-label is a product that can dramatically improve the recycling process of PET bottles and increase recycling rates. It allows the complete recycling from the PET bottle to the label in the recycling process by leaving the label on but only washing out the washable ink. Co-PET is an eco-friendly, durable, and easily moldable product that is used as a decoration sheet for various objects, including furniture. Co-PET, when used in furniture, is a more eco-friendly material than PVC, producing less volatile organic compounds and thus harmless to the human body.
SKC’s electronic chemical materials, which have been developed with the Company’s high-purity raw materials composition and refining technologies, include various product groups such as CMP materials, which is the core material for semiconductors and wet chemicals. Also, the Company will advance into the wafer sector for the next-generation power semiconductors and RF based on its silicon carbide (SiC) material technology. To become a global top-tier in high value-added chemical materials, SKC is accelerating the development of eco-friendly, high value-added materials and global expansion.

SK E&S has completed the vertical integration of the value chain, from LNG exploration to transportation. In 2012, the Company invested in Caditta-Barossa Offshore Gas Field in Australia and is assessing the gas deposits. In 2013, the Company secured infrastructures for importing shale gas by closing a deal for the use of LNG facilities with Freeport LNG of the US and completed building a LNG carrier for the transport of LNG from Freeport. In 2014, the Company secured 38 million tons of LNG for the next 20 years through the joint shale gas development with Continental Resources of the US. In addition, the Company started commercial operation of Boryeong LNG Terminal, an LNG storage and regasification terminal in partnership with GS Group.

SK gas has laid the groundwork for its gas chemical business through its PDH (propane dehydrogenation) business that produces propylene with LPG as a raw material. After signing a PDH process technology agreement with LUMMUS of the US, which holds the worldwide patent on gas chemical processes, the Company set up a PDH factory in 2014, which was completed in April 2016. The PDH plant is in stable operation, achieving 100% operation ratio in a short period. In addition to its world’s largest LPG storage facility in Ulsan, SK gas is efficiently using its affiliates’ resources, including piers and utilities generating synergies among SK companies, and optimizing investment in and operation of the PDH business.

SK biotek has achieved the mass production of antibiotics, anticancer drugs, and antiviral agents by applying continuous processing technology. It is such a highly complex technology that few CMOs in the world have successfully implemented on a commercial scale. The technology is not only safer to control high-risk reactions, but also saves energy cost and reduces side reactions, enabling the steady production of high-quality pharmaceutical ingredients, and minimizes waste when compared to the traditional batch processes. SK biotek’s continuous processing technology has been approved by the US FDA in 2014 and recognized for its technological capabilities. The continuous processing technology is in greater need as it improves the quality and reliability of pharmaceuticals; is recommended by the FDA; reduces costs; and improves profitability. SK biotek will continue to tap the global market through the full-fledged development of continuous technology platforms, including diversification of continuous project developments with global pharmaceutical companies.
ICT and Semiconductor

We are changing the future of humanity with world-class technologies and new ideas.

Leading Fourth Industrial Revolution by commercializing 5G

SK telecom

SK telecom is preparing for the 5G era by expanding technology investments and strengthening global partnership, in preparation of the world’s first commercialization in 2019. The Company is building unrivaled competitiveness to lead the 5G era by securing distinguished technology such as network operating technology, next-generation technology-based network solutions and quantum cryptography communication, and is leading the standardization process through partnerships with various global players. In February 2018, SK telecom acquired the Swiss Company, IDQ, which holds the original patent for quantum cryptography and laid the groundwork for the global security market. On the other hand, in the 5G spectrum auction in June 2018, the Company has secured the largest amount of spectrum as an optimal bandwidth which is helpful in providing secure service while making it easy to expand the frequency band. By doing so, SK telecom is ready for the world’s first commercialization of the 5G network that provides the best quality.

Authentic innovation in customer value and upgrading growth business models

SK telecom

SK telecom is strengthening its products and services based on the data analysis of customers in its MNO business, and upgrading business models such as media, IoT, etc. The Company used the detailed analysis of the voice of the customers and is implementing a “customer value innovation program” that improves the penalty system and reforms roaming charges and memberships, launching smart phone rental services, and reforming data rates. Through this, the Company is strengthening its platform services with the mobile media platform “okiwa” in the media business. In the IoT area, the Company has built the global ecosystem that can respond to demands from outside partners by completing LTE Cat.M1, the nationwide network in April 2018. On the other hand, SK telecom has signed a contract to acquire ADT CAPS in order to secure a new growth in the security business where global ICT companies are in a rush to enter in May 2018.

Securing leadership by expanding AI platforms

SK telecom

SK telecom has launched South Korea’s first voice recognition AI speaker, “NUGU” in 2016. The Company has diversified the platform lineup such as NUGU mini, NUGU Candle, NUGU Button and linked kids Smart Watch JQON to NUGU service. In addition, the number of users of speech recognition services expanded the and with “T map x NUGU” and set-top box “Btv x NUGU” in 2017. Through this, SK telecom has diversified customer experience to car life, kids and home industries, and enlarged the data storage. The Company provides contents based on accumulated data through the expansion of services to the living area such as Car-Mobile-Home. Through an AI virtuous cycle strategy, it aims to more users, and secure leadership as the top AI platform operator in South Korea.

96-layer 4D NAND Flash

SK hynix

SK hynix developed the world’s first 96-layer 512Gbit TLC 4D NAND Flash in October 2018 and will start mass production in 2019. In particular, the Company applied the PUC (Peri under Cell) technology to the CTF (Charge Trap Flash)-based 4D NAND for the first time in the industry, reaching the top level of both performance and productivity in the industry. The “CTF-based 4D NAND Flash” technology, completed with the Company’s differentiated technology provides 20% and 25% improvement in write and read performance, respectively, over 72-layer products, and also improves power efficiency by 150%. 1Tbit (T erabit) TLC and 1Tbit QLC (Quad Level Cell) products that are based on the 96-layer 4D NAND will be available in 2019.
SK profile

**Happiness**

**Challenge**

**Deep Change**

**Shift**

**SK profile**

**HAPPINESS**

**DEEP CHANGE**

**SHIFT**

**CHALLENGE**

**SK Profile**

### Second-generation 10nm-class DDR4 DRAM

**SK hynix**

In November 2018, SK hynix developed an 8Gbit (gigabit) DDR4 DRAM using its second-generation 10-nanometer-class fine process technology. In comparison with the previous generation, the productivity of the product increased by 20% and the power consumption reduced by more than 15%. It is needed as a product that has the highest power efficiency in the industry to meet the performance and capacity required by customers. With its planning to apply its second-generation 10nm-class fine process technology to a variety of applications including mobile markets.

### AI & Big Data-based Search & Recommendation Technology

**11street co.,ltd**

11street Co., Ltd., a leading E-commerce company that operates the open market “11street” is leading a new shopping paradigm with AI and big data-based search and recommendation technologies. The commerce search technology developed independently by the Company helps the user recognize and purchase products conveniently by providing personalized search results. It also introduces the most suitable product by reflecting individual shopping needs in real time and optimizing the latest recommendation algorithms used by Amazon and Netflix to match the data and user of “11street”. In the future, the Company will continue to realize the “Zero Efforts Commerce,” which minimizes customers’ shopping efforts by applying innovative technologies at all stages of shopping.

### IoT Solution and Electronic Materials

**SK telesys**

SK telesys has developed and supplies low-power IoT base station (LoRa) equipment to SK telecom to enable the provision of low-power IoT services. It also supplies Mobile Router (“Pocket-Fi”), which is open to every SK telecom customer to use LTE WiFi. The Company is advancing IT materials required for the building of a new ecosystem for the IT industry by supplying chemical materials, testers that automatically sort and inspect finished semiconductors, and other components needed for the fabrication of semiconductor and display.

### Data-Driven Value Creator

**SK planet**

SK planet is a leading “Data & Tech” company creating data-driven value. The Company creates new experiences and values through the virtuous circle structure consisting of (1) ICT solutions that lead innovation in various fields such as media and IoT; (2) services that provide useful shopping experiences to consumers such as “OK Cashbag” and “Syrup Wallet”; (3) marketing solutions that maximize effectiveness and efficiency of corporate marketing; and (4) data solutions that provide differentiated value by collecting and analyzing 130 million service data that represent the SK Group.

### Emerging as an Integrated Media & Home Service Business

**SK broadband**

SK broadband, which opened the era of the world’s first ADSL (High-Speed Internet) service and the first (pre) IPTV service in South Korea, is changing customer needs for content consumption and moves to the bigger world beyond communications and media. With SK telecom opening the 5G era, the Company will join forces with the ICT family to become an integrated media and home company by expanding IPTV services into integrated home products that combine AI, security, and IoT, providing convenient experiences to its customers.

As a company that emphasizes customer happiness firstly, SK broadband is committed to pursuing constant innovation to bring new experiences to its customers.

### Emerging as a New ICT Convergence Security Business

**ADT caps**

ADT CAPS is planning earnestly to generate synergy by introducing new ICT technologies such as SK telecom’s 5G, AI IoT big data and video security technologies into its physical security business. The Company will not only implement new business by optimizing its physical security business and expanding services to the caring sector but also contribute to the creation of jobs of new concepts and development of the ecosystem of the security industry.

### Total Solution Provider for the Semiconductor Materials Industry

**SK materials**

SK materials contributes to the development of the semiconductor industry through the punctual delivery of materials for semiconductors, such as specialty gases, industrial gases, and precursors, to global semiconductor customers like Samsung Electronics and SK hynix. We strive to become a global top tier ‘Gas & IT Materials Total Solution Provider’ by enhancing our quality and cost leadership through constant process innovation while delivering integrated logistics service and gas facility operation services.

### Best-in-class Semiconductor Wafers

**SK siltron**

SK siltron contributes to the development of the semiconductor industry through timely delivery and supply of the best-in-class wafers for D (a) DRAM, ≥96-layer 3D NAND, and ≤10nm Logic devices through close cooperation with global semiconductor customers such as Samsung Electronics and Intel.

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Logistics and Service

We are creating a happier life for our customers through a solution that reflects the changes in life and the industry.

Customer Value Explorer

**SK networks**

Through the acquisition of SK magic and Aj rent-a-car, SK networks is evolving into a leader in the shared economy. SK networks provides differentiated value and customer satisfaction by strengthening its competitiveness in businesses such as global trading, ICT device distribution, total mobility services, hotels, and manufacturing and rental of home appliances. The company will move forward to become a global company that provides the best products and services to customers anytime and anywhere.

**Differentiated Competitiveness in the Development of Open Global Businesses and Underground Spaces**

SK E&C

SK E&C has completed and operates the world’s first submarine road tunnel, “Eurasia Submarine Tunnel,” linking Asia and continental Europe. The Eurasia Submarine Tunnel has been constructed as a safe tunnel that can withstand a 7.5-magnitude earthquake despite extreme site conditions where the company had to deal with a maximum water depth of 106 m and water pressure 11 times stronger than the atmospheric pressure. With this achievement, SK E&C has been recognized for its outstanding competitiveness in the construction and environmental engineering and positioned itself as a leader in the global development-type business, winning various awards, including the “2017 Global Road Project,” “2016 Global Best Project” in the bridge/tunnel category, and “2015 Sustainable Management” in the Social and Environmental Best Practice.
SK has taken "happiness of all stakeholders" as the ultimate value to pursue since our inception. By seeking both social and economic values, SK is striving to grow together with the community and create greater happiness.
We will make **tomorrow happier** by including social value in our corporate vision and goals.

Beyond the traditional passive method known as “social responsibility,” we aggressively contribute to the sustainable growth of the company and society through the creation of social value. SK, by creating social value, will foster business innovation that would ensure coexistence and happiness of all members of our society. We will take into account social value in all production and distribution processes of products and services to earn trust from stakeholders.

In addition, while pursuing innovation in solving social problems, we will create new value without destroying the existing market order. We will make tomorrow happier through “win-win” instead of “competition,” and “change” instead of “destruction.”
In 2005, SK, in an effort to grow together with our partners, introduced “Happy Partner Management.” In 2008, we established the Win-Win Management Committee, the first of our kind in South Korea, to make sure that “growing together” to be valued across all affiliates. Our effort to cherish this culture has continued by the Social Contribution Committee of the SUPEX Council. We support our business partners in strengthening their competitiveness in various areas including training, capital, technologies, and overseas expansion.

**Empowerment through educational support**
SK helps its business partners to develop talented personnel through systematic educational programs, based on the governing philosophy that “People are the competitiveness of a company.” Since 2006, the SK Corporate Partnership Academy has contributed to developing the capabilities of their employees through the Corporate Partnership CEO Seminar, Corporate Partnership MBA, and Corporate Partnership e-Learning.

**Providing technological support to strengthen core competence**
SK is increasing various assistance programs to help its partners strengthen their technological competitiveness. We encourage cost saving and technological innovation at these companies by participating in joint technology development, offering equipment and IP required for the development, as well as supporting the Technology Escrow Program to protect the partners’ core technologies.

**Providing financial support for stability management**
SK provides financial support to its partners to ensure stable business operations. Since 2009, we have worked with financial institutions to operate the SK Corporate Partnership Fund, with a total worth of USD 109.1 million. By expanding the fund’s volume by more than four times to USD 454.4 million as of 2019, we have helped – and is continuing to help - our partners to solve financial problems by offering low-interest loans.

**Increasing support for overseas expansion**
SK supports its business partners who are expanding overseas to strengthen their global capabilities. Our affiliates are successfully carrying out overseas projects by jointly entering into overseas markets with their experienced partners.

**Enhancing communication with partners**
SK operates various types of exchange programs for regular communications between its affiliates and partners.
First, SK stipulates a mission of “creating social value” in SKMS, the management philosophy of the SK Group. It also added an initiative expressed as “Growth, together with the society, by contributing to the economic development and creating social value.” Based on such philosophy SK’s major affiliates began the Double Bottom Line (DBL) initiative, wherein both economic and social values created by SK can be measured, breaking away from the traditional Single Bottom Line principle which exclusively focuses on economic value.

The starting point for DBL is to establish and reach a consensus on a measurement system for social value created by SK. Unlike economic value, there is no standardized or unified method to measure social value yet. With this in mind, SK has been leading the way in measuring social value created by companies along with academics, social enterprise ecosystem sites, and policy institutions for many years. In 2018, 17 SK affiliates measured the social value they created. SK is constantly improving its measurement methodology.

Through social value measurement and performance analysis, SK expects that it would be able to grasp the expanded roles and value-providing elements of companies that they have overlooked. Based on the results, SK will communicate with various stakeholders about the social value that SK is pursuing as well as monitor, improve, and supplement the achievement. SK believes that joint development of both economic and social values will be a role of companies, which meets the need of the time, an innovation in business models, and a way to promote sustained growth.

SK is seeking to partner with a variety of stakeholders to create greater social value, as well as to find more efficient and innovative ways. In particular, we hope to attract participation, support, and collaboration with more companies, governments, NPOs, and the public, not only at the national but also at the global level. SK hopes to actively work and cooperate with various advisors from global partners in creating social value, always keeping itself open to all organizations that want to be a partner with SK.
SK shares our tangible and intangible assets with internal and external stakeholders, making them available to as many people as possible. Sharing infrastructure can lead to economic value creation and increased value for society as a whole, as well as innovation in the business model.

We process and convert our tangible assets (such as plants, production facilities, and logistics) and intangible assets (such as technical knowledge and patents) into a form that can be shared with external parties, adding new value on an ongoing basis to our existing assets by building a reasonable trade system.

Through the “Gas Station Imagination Project,” which marked the start of the shared infrastructure in 2018, SK introduced a new delivery service called HomePick by sharing its gas stations with startups. In less than a year, 150,000 customers used HomePick and 440 new jobs were created. It was possible because the gas station was converted to a shared infrastructure, with proximity to residential and commercial spaces and resident workforce from a mere place of fueling, car washing, and maintenance.

SK is also converting its telecom service shops into a shared infrastructure following the success of its gas stations. Since 2018, the Company has developed a “happy community” business that utilizes the telecom service shops to educate elderly customers on how to use smartphone applications such as finance, payment, and reservations, thereby contributing to the creation of social value.

SK Group continues to take the challenge to become “New SK” by creating new economic and social values through the infra-sharing of its tangible and intangible assets. SK Group is opening the door so that more stakeholders can participate in SK’s shared infrastructure.
SK is looking for ways to cooperate with experts in the area of social value creation. Social enterprises are companies that make money while solving social problems. SK is committed to nurturing talent who can bring innovation to society, creating a financial ecosystem and strengthening the competitiveness of social enterprises. This is to ensure the continuous inflow of talent and capital to the social enterprise ecosystem.

In 2013, SK developed a two-year “Social Entrepreneurship MBA” program with Korea Advanced Institute of Science & Technology (KAIST). This program nurtures talent equipped with the kind of qualities that society requires.

Every year, the “Social Entrepreneurship MBA” program selects 20 potential social entrepreneurs to develop social problem-solving skills, management skills and a sense of responsibility. Students will go through eight stages of learning, including developing missions and business models, validating solutions, products, services and survivability. They are encouraged to establish a social enterprise before finishing the course.

As of 2019, the Program has produced 87 social entrepreneurs, and 93% of the students successfully started their own businesses after completing the course. These social entrepreneurs are paving the way for transformation in South Korea. At the same time, young people are strongly motivated by them to start their own social enterprise without the fear of failure.

“Social Entrepreneurship MBA” program acted as a catalyst, and in fact, since the launch of the Program, eight universities have also launched similar programs to nurture social entrepreneurs.

With IBK Securities in 2017, SK has launched the first private equity investment trust fund for social enterprises (the “Fund”) with USD 10.0 million under the capital market laws. The Fund, which is formed by a consortium of private companies, commercial banks, and public financial institutions, targets companies with a proven growth potential of social and economic value through the SPC (Social Progress Credit) project. Also, for the first time among financial instruments, the Fund measures the social value of the investee and compulsorily specifies the result thereof in the asset management report for investors.

The Fund does not just pursue investment purposes. The primary goal of the Fund is to identify and invest in social enterprises with high growth potential; encourages the participating financial institutions to use their resources to support the growth of social enterprises; and to create a record of successful recovery (Exit Record), thereby creating market confidence for the social enterprise ecosystem.

In 2018, SK launched the second private equity investment trust fund for social enterprises with USD 18.2 million in conjunction with Shinhan Financial Group, with increased fund size and participants. Happynarae of SK and Shinhan Investment Corp., Shinhan Bank, Shinhan Life, Shinhan Capital, and Shinhan Dream Foundation of Shinhan Financial Group participated in the investment.

SK will play the catalytic role so that more mainstream financial institutions could develop investment products and invest in social enterprises.
Happy Alliance

Happy Alliance, launched by SK in 2016, is South Korea’s largest social contribution platform, working together with stakeholders, including companies and the public, to impressively solve social issues.

Happy Alliance, participated by 48 companies and 70,000 general supporters as of end of 2018, is leading the way in improving childhood nutrition, closing the gap in education, and improving life quality of the disabled children by pooling the resources and activities of the participants.

The key goal of Happy Alliance is to dramatically improve issues associated with children for their happiness. It wishes to grow as a platform that would be able to address more diversified social issues.

Happynarae

Happynarae, a social enterprise established by SK, returns all its profit back to the society to vitalize the social enterprise ecosystem. Most social enterprises in South Korea are exposed to various types of difficulties such as poor distribution channels, lack of product competitiveness, poor financial conditions, and lack of human resources. Happynarae is conducting support projects that focus on the needs of social enterprises to address such difficulties.

As a result of having been the “channel” for connecting social enterprise partners and commercial companies through the “Social Enterprise Priority Purchasing” campaign since 2012, the cumulative amount of “Social Enterprise Priority Purchasing” posted USD 109.1 million as of 2018.

Happynarae is also carrying out various activities to strengthen the fundamental competitiveness of social enterprises, including 1) “product competitiveness enhancement business” to support product design improvement and quality certification of social enterprises and 2) “capacity-building education” provided to employees of social enterprises. The amount that Happynarae has returned to the society to revitalize the social enterprise ecosystem exceeded USD 27.3 million as of 2018. The growth of social enterprises means the creation of greater social value. As a social enterprise for social enterprises, Happynarae plans to create greater happiness.

To integrate a social enterprise ecosystem, it is vital to establish a circulatory system wherein social value created by social enterprises are justly recognized in the market, is given proper credit and compensation in the mainstream capital market, and attracts further investment. If there is a market system that economically compensates social value created by social enterprises, social enterprises will have a new cash inflow, and the structure of the enterprise will be more attractive to investors.

It has been three years since we launched the “Social Progress Credit” project to implement these ideas into reality. SPC is a cash incentive that measures the monetary value created by a social enterprise, giving compensation in proportion to the created value. Over 130 social enterprises participated in the project, have created a total social value of USD 56.3 million, and received an incentive of USD 13.6 million upon conversion of such value into the monetary term.

On the evaluation of a variety of positive changes from the companies involved in the project over the past three years, we can confirm that social and economic values are not in conflict: 70% of the companies participated in the project, and both experienced increased social and economic values compared to the previous year. The effect of financial incentives was also apparent: with only 25% of the budget, the government would have provided to generate the same level of social performance; also, the social performance of 75% of the participating social enterprises improved compared to the previous year.

Thanks to these positive changes, social interest in the measurement of social value has significantly increased. Research on social value measurement and the reflection of social value in financial statements has also begun through public and mainstream financial institutions.
SK affiliates implement SKMS under an autonomous and responsible management system, in accordance with the surrounding management environment. All SK members will make efforts to grow in a rapidly changing global business environment and strive to increase the happiness of our stakeholders.
AFFILIATES.

As of March 2019, SK has a total of 107 domestic subsidiaries, including SK holdings, an integrated holding company, and 16 members of the SUPEX Council.

SK's affiliates continue sustainable stability and growth in the areas of energy and chemicals; ICT and semiconductor; and logistics and service.

<table>
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<th>SK holdings</th>
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<td>SK biopharmaceuticals</td>
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| SK DSD |  |
| BJH Development |  |
| D&D Investment |  |
| R&D Investment |  |
| SK abatement |  |
| Changi Eco Power |  |

- 107 affiliates in South Korea, based on the “SK holdings 2019 Quarterly Report” in the Data Analysis, Retrieval, and Transfer (DART) System of the Financial Supervisory Service  
- List order: Based on 16 member companies of the SUPEX Council
SK holdings is continuously committed to innovation in ensuring the happiness of its shareholders and customers by improving its governance structure and securing new growth engines following a merger with SK C&C in August 2015.

SK holdings continues to enhance its portfolio value by executing long-term strategic investments with a number of its competitive subsidiaries in various business areas, including energy and chemicals, ICT and semiconductor, and logistics and services. In addition, SK holdings is concentrating on reinforcing its growth foundations based on financial stability while raising its enterprise value by investing in new future growth businesses.

SK holdings C&C has long been engaged in the various businesses, including telecommunications, finance, manufacturing, and services. These sectors have allowed the company to build up its core competencies, including superior IT service technologies, strategic partnerships with quality customer companies, and strong brand awareness. Since announcing its transformation into a “data service company” in 2016, the company has been leading the digitalization of core technologies, including “Aibril,” an artificial intelligence, cloud, and big data, and has led innovation in customer value in various industries with “Aibril” and big-data solutions and services. Also, the Company’s “Cloud Z” supports game companies to enter overseas markets and delivers hybrid and multi-cloud services to customers’ needs. By doing so, the Company creates data-based digitalization tailored to the customer’s industry and is securing its position as a “leader in digital innovation” in South Korea.

In 2018, SK holdings achieved excellent financial performance, including the sales of USD 92.2 billion and an operating profit of USD 4.3 billion (based on consolidated financial statements) as an integrated holding company. It also won recognition in sustainable management: included in the Dow Jones Sustainability Index World Sector for the sixth consecutive year ranking in the top 10%, and received an “A+” rating in the Environment, Social, and Governance (ESG) evaluation by the Corporate Governance Service. Following its inauguration as an integrated holding company, SK holdings created a “governance committee” under its board of directors to revamp transparent management and to protect the rights and interests of its shareholders. It is also unfolding a shareholder-friendly policy by expanding the payout ratio progressively.

The company’s long-term goal is to achieve USD 181.8 billion in sales by 2020 by fostering new growth areas: biopharmaceuticals, semiconductor materials, G&P (Gathering & Processing), logistics infrastructure, IT services, and ICT convergence. In addition, SK holdings will continue to practice “SKMS,” SK’s unique value and corporate culture, and enhance the value of the SK Brand, which forms the company’s key intangible asset.

Going forward, SK holdings will rely on creativity and innovation in its continued efforts to achieve growth and create value in the rapidly changing global business environment.
SK innovation was the first in the country to secure an overseas oil field after a successful exploration from the Marib oil field in the north of Yemen. The Company succeeded in its subsequent E&P projects, with countries such as Vietnam and Peru contributing to securing energy sources and promoting the economic growth of South Korea, which has a few natural resources.

In 2014, the Company entered the US E&P market, which is home to the global E&P business, and purchased and began to operate an oil field. The Company is expanding into the nontraditional resource development projects by acquiring all of the stakes in a US shale company in 2018.

SK innovation’s batteries and information and electronic materials businesses are growing steadily, which are the next-generation growth engines. SK innovation is creating new synergies among its businesses using cutting-edge technologies by manufacturing from a separator, which is a core material for batteries, to finished products.

SK innovation’s electric vehicle battery business has been recognized for its technologies and mass production system after signing supply contracts with global carmakers. The Company began mass production of medium and large sized, pouch-type NCM-811 batteries and started the securing of global production bases in various places, including Changzhou (China), Komarom (Hungary), and Georgia (USA). Through the continuous innovation, the Company will become a leading player in the EV battery market.

In particular, for the information and electronics material business, the Company has established a management system in April 2019 in an effort to strengthen its business expertise and created a new subsidiary, SK IE technology, by spinning off its Material Business Division. With lithium-ion battery separator (LiBS) business and the expansion of foldable and rollable markets, the Company plans to become a powerhouse in the material industry through the Flexible Cover Window (FCW) business.

SK innovation builds its competitiveness in existing businesses through innovation in technologies and business models, and creates future growth drivers based on technologies accumulated in the past 50 years. Through these efforts, SK innovation will grow into a global energy and chemical company.

SK energy is the parent company of business subsidiaries, including SK energy, SK chemicals, SK lubricants, SK incheon petrochem, and SK trading international. SK innovation engages in diverse areas of business, including exploration and production (E&P), batteries, and electronic materials.

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SK energy is South Korea’s representative energy company that has been contributing to the national economic growth, centering on production, export, and sales of petroleum products since 1962, when it started as South Korea’s first oil refinery by the name “Korea Oil Corporation.”

Through its Ulsan Complex, which can process 840 thousand barrels of crude oil a day, SK energy is supplying petroleum products locally and abroad. It is also working to improve the speed and flexibility of its company-wide value chain operations to proactively cope with expanding volatility in the prices of oil and petroleum products.

With global top-tier facilities and operational competitiveness, SK energy is helping the oil industry to become one of the nation’s largest export industries by exporting more than 50% of its oil products. The export of petroleum products has steadily increased and it has become a representative export item of South Korea.
SK energy has established its firm leading position in the local market share for petroleum products by providing the industry’s first membership service at about 3,400 SK gas stations nationwide, and is actively engaged in customer service activities.

Its differentiated customer services are delivered through strengthened quality that guarantees programs that will raise users’ trust in products, and through the EnClean bonus card, the 3,000-point privilege event, affiliated credit card service for discounts at gas stations, and the “Ntrack” business that offers total solutions to cargo truck drivers.

As a result, the Company has been highly ranked in the nation’s major customer satisfaction and brand power index surveys. This includes SK EnClean, the Korea’s first petroleum product brand, ranking first in the National Brand Competitiveness Index survey by the Korea Management Association for 21 consecutive years.

Instead of resting as the nation’s number one player, SK energy is active in the world stage by drawing on its technical innovations, optimized facility operation capabilities, and marketing ability it has achieved while it leads the refinery industry for more than 50 years in South Korea.

SK global chemical

SK global chemical has been leading the development of the chemical industry in South Korea through ongoing facility investment, R&D, and technological improvement. It supplies a wide range of products, from raw and supplementary materials for household items to advanced materials for automobiles, electric appliances, and communications devices. To maximize its future intrinsic value, the Company is also strengthening performance and high value-added product businesses. Moreover, it is dedicated to realizing sustained growth in the global market that centers around China.

SK global chemical’s olefin business, which opened the NCC (Naphtha Cracking Center) for the first time in South Korea in 1972, laid the foundations for local basic petrochemical business. The Company’s Olefins Division produces basic petrochemicals, such as propylene and butadiene, as well as ethylene known as the “rice of the industry.” These products are essential materials for the production of various chemicals, and SK global chemical has played a pivotal role in the development of the local chemical industry.

Through continuous investments in the Aromatics Division which produces benzene, toluene, and xylene, which are used as raw materials in areas such as consumer plastic products and textiles, the Company has the nation’s largest and the world’s sixth production capacity of para-xylene.

At the same time, SK global chemical is expanding into Packaging and Automotive businesses and is preparing to grow into a total solution provider that offers high value-added chemicals.

To this end, the Company established TS&D (Technical Service & Development) in Shanghai, China, in 2012, and acquired businesses such as ethylene acid (EA) and polyethylene chloride (PVDC), to strengthen its competitiveness in the global market. SK global chemical will continue to explore and promote various growth bases through M&A and partnering with global petrochemical companies to create sustainable value and secure technological competitiveness.

Since 1968, SK lubricants has been the leader in South Korea’s lubricants market, specializing in lubricants and base oils. It became a subsidiary of SK innovation in 2009.

In 1995, SK lubricants succeeded in developing and commercializing the Group II base oil manufacturing process with independent technologies, predicting the growth of the high performance and eco-friendly lubricants with improved fuel efficiency. In 2008, the Company made a new leap forward by constructing and operating a base oil plant in Indonesia. In 2012, SK lubricants established a joint venture with Repsol, a multination energy company and built a Group III base oil plant that began its commercial operations in Spain in September 2014. Currently, SK lubricants’ market share in the Group III base oil market is estimated to be about 35%, and the Company is working to establish itself as a leader in the base oil market by making preemptive investments and securing production capacity.

As the top lubricants brand in South Korea, SK lubricants’ signature brand, ZIC, has ranked first in the Korea Brand Power Index (KBPI) survey for 21 consecutive years. Moreover, the brand has won the Global Green Management Excellence Award and received the highest-grade certifications from the world’s top two quality evaluation agencies: American Petroleum Institute (API) and International Lubricants Standard and Approval Committee (ILSAC), thus confirming its excellence in quality worldwide. In 2015, it carried out a lineup overhaul and product performance improvements to create the new ZIC, marking the product’s 20th anniversary and further enhancing its market competitiveness.

The Company’s ZIC lubricant, developed using the global No.1 brand YUBASE, is used in the products of global carmakers, including GM, Renault Nissan, and Hyundai-Kia, winning SK lubricants worldwide recognition for its technology. Having obtained quality certificates from renowned car brands, including Mercedes-Benz, Porsche, BMW, and Volkswagen, ZIC enjoys the confidence of drivers in over 40 countries in varying climates around the world including Russia and the Middle East, which is renowned for its hot sand. In addition, the Company was the first in the domestic energy industry to build an independent lubricants blending plant abroad (Tianjin, China), and strives to grow ZIC into a global brand through an exhaustive localization strategy. It is also solidifying its marketing network by increasing its sales volume in Russia, Southeast and Southwest Asia, as well as expanding the original equipment manufacturing (OEM) segment.

Going forward, SK lubricants will continue with its innovation and growth to be a “Global Top Tier Lubricants Player,” based on its specialized technological competitiveness, global networking capabilities, and enhanced brand power.
Established as the nation’s third refinery in 1969, SK incheon petrochem laid the foundation for national and regional economic development. Since its acquisition by SK innovation in 2006, the Company has steadily increased its competitiveness. In July 2013, the Company was newly launched as SK incheon petrochem.

Located in Incheon, a gateway to South Korea and one of the three largest cities of the country, SK incheon petrochem plays a vital role in the supply of energy to the Seoul Metropolitan area. The Company is expanding its position in the global market by taking geographical advantages for exports to China and Northeast Asia.

The Company diversified its business areas to include high-value-added products by investing USD 1.5 billion in an advanced production facility. The facility, which produces paraxylene, a raw material for PET bottles and synthetic fibers, opened in July 2014. The Company is growing into one of the most productive companies in South Korea by making quick and flexible decisions, diversifying raw materials, and maximizing synergy between oil refining and chemical processes.

SK incheon petrochem places its top priority on “Safety, Health, Environment Management” to pursue zero accidents and the eco-friendly seasoned management. To this end, the Company aims to be a company that is trusted by the local community and an assuring workplace to its members by establishing and operating safety and health management standards above the statutory level. The Company has invested around USD 272.7 million won in safety, health, and environment since 2006 to create a safe and pleasant workplace to grow into a company that is trusted by stakeholders and developed with the local community.

SK incheon petrochem aims to create happiness for its stakeholders as part of its corporate management and aims to enhance the value and pride of its members through the creation of social value as well as economic value, and establish itself as a “loved company” with trust and support from society.

The Company signed a regional win-win agreement by which it has provided about USD 28.1 million based on consolidated financial statements, which has continued since 2000, and the realization of the performance of new high-value-added businesses. The launch of SK discovery is because of the improvement of the SK chemical’s business portfolio, the improvement of the SK gas’s business portfolio, and the improvement of the SK trading’s business portfolio.

SK discovery is a holding company of SK chemicals and SK gas. In 2017, SK chemicals was officially launched as an operating company to focus on chemicals and pharmaceutical businesses while SK discovery manages subsidiaries as a holding company after an equity spinoff of SK chemicals. As a result, each company is maximizing its own expertise and managerial efficiency.

Following the reorganization into the holding company structure, SK discovery currently manages several subsidiaries, including SK chemicals, which provides eco-friendly materials and total health-care solutions; SK gas, which provides total solution for eco-friendly energy; SK plasmal, which produces and supplies plasma products; The Company also manages several grandon companies, including SK bioscience, which produces vaccines; and SK D&D, which develops real estate and new renewable energy.

The launch of SK discovery is because of the improvement of the SK chemical’s business portfolio, which has continued since 2000, and the realization of the performance of new high-value-added businesses. SK discovery is expected to enhance shareholder value by strengthening the transparency and profitability of corporate management and expanding responsible management.

SK discovery plans to grow as a global holding company that is focused on future business through the separation of investment from business operation.
SK chemicals was founded as “Sunkyong Fibers” in 1969 and has since grown into South Korea’s leading chemical and life science company through ongoing change and innovation. Based on its Chemicals, Green Chemicals, and Pharmaceutical and Life Science Businesses, the Company has selected eco-friendly materials and health-care areas to be fostered as next-generation businesses while striving to strengthen its capacity.

The Green Chemicals Business is recognized as the leading local player in the eco-friendly materials, bio, and energy sectors, based on its unrivaled technological competence in the development of eco-friendly, transparent, and heat resistant copolyester; bio diesel; and bio heavy oil (its eco-friendly “ECOZEN” and “SKYGREEN” copolymers obtained the highest Gold Level certification from the Cradle-to-Cradle Products Innovation Institute (C2CPII) of the United States. It is also dedicated to creating future values through R&D efforts in the rapidly growing advanced materials sector to encompass engineering plastic and carbon materials.

SK chemicals established a subsidiary, INITZ, for the full-fledged launch of the PPS (Polyphenylene Sulfide) business. SK chemicals was the first in the world to succeed in developing “ECOTRAN,” a PPS which does not contain chlorine, with its technology. In 2015, the Company signed a supply contract with A. Schulman, a global chemical company. Currently, the Company produces “ECOTRAN” from its large-scale facility in Ulsan with an annual production capacity of 12,000 tons.

The Life Science Business is evolving into a global life sciences player; addressing disease prevention and treatment through R&D and investment in the pharmaceutical, vaccine, and plasma areas. SK chemicals established SK bioscience, which specializes in vaccines, in 2018 upon selecting the vaccine industry as its future growth engine. It is investing heavily in R&D of its vaccine and is recognized for its excellent R&D capabilities. The Company is conducting joint R&D with Sanofi Pasteur; a global vaccine company, and released Korea’s first cell culture-based flu vaccine, the world’s second shingles vaccine, and Korea’s second chickenpox vaccine in a row. In 2018, the Company signed an agreement to transfer its high-efficiency influenza vaccine production technology to Sanofi Pasteur. In addition, the Company is conducting joint R&D with Sanofi Pasteur, a global vaccine company, and its future growth engine. It is investing heavily in R&D of its vaccine and is recognized for its excellent R&D capabilities.

Going forward, SK chemicals will revamp its marketing efforts for eco-friendly materials, and will expand its super engineering plastic, PPS, biomaterials, and energy businesses. In addition, it will strengthen its mid- to long-term growth engines, with a focus on biomaterials, by reinforcing its premium vaccine and biomedicine businesses.

*Polyphenylene sulfide (PPS): A super engineering plastic to replace metals. It boasts a high resistance to heat, enduring temperatures of 200°C to 250°C. Its resistance to chemicals is so high that no solvent can melt it in temperatures below 200°C.*
SKC has contributed to strengthen the competitiveness of its customers in South Korea and other countries around the world through high change spirit and continuous innovation since its foundation in 1976. With the goal to become a “Global Specialty Marketer combining market insight with technology in creative fashion,” SKC has been recognized for its excellence in technologies and products. The Company is cementing its leadership in the materials industry, including chemicals and films, with a focus on the manufacturing of advanced materials, including high-value polyurethane materials and films for displays.

In 1990, SKC became the first company in South Korea to produce safe propylene oxide (PO) and propylene glycol (PG). It allowed SKC to strengthen the industry’s competitiveness locally and abroad. By implementing an eco-friendly process known as “HPPO” for its PO production in 2008, SKC has pursued management that considers not only product quality but also the environment. Based on accumulated research and development capabilities and expertise, the Company is launching eco-friendly products in succession and expanding its business area to include high-performance and high-value-added polyurethane composites such as “Jounce Bumper.” In addition, the Company has established a polyurethane joint venture with Mitsubishi Chemicals of Japan to produce polyol and isocyanate, which are core materials of polyurethane.

In 1977, SKC became the first company in South Korea to succeed in the development of polyester (PET) film. Since then, the Company’s Film Business Unit has produced various PET products, including high-value film for displays and packaging, and industrial, models, and window films. The Company is equipped with a batch production system, which ranges all the way from PET polymerization to base film, film processing, and quality control. Also, the Company is focusing on eco-friendly, high-value-added products such as biodegradable film (PLA), Eco-Label, and Co-PET. SKC is manufacturing various types of films for solar cells, such as EVA and PEI bags, back sheets, PET films for back sheets, and PVDF (polyvinylidenefluoride) films. Through these activities, the Company is solidifying its dominant position in the PV market while serving as a total solutions provider.

SKC is aimed to move toward an even more promising and profitable future. It is carrying out new businesses, based on the qualitative growth of its existing main chemical and film businesses. These businesses involve electronic materials (such as semiconductor chemicals, semiconductor ceramics), high-value-added and high-performance polyurethane composite materials, and beauty and health-care (BHC) materials.

SKC is engaged in the entire range of LNG value chain, including natural gas filled development, transportation, power generation, and city gas businesses. It is also pursuing renewable energy projects and energy solution projects to develop future energy.

SK & E&S is the first South Korean private company that has completed a value chain for the LNG business. In the upstream sector, SK & E&S began direct importation of LNG in 2006 for the first time for a private firm. Since then the Company has secured many gas fields, including those in Indonesia, Australia, and the United States. In the midstream sector, it successfully laid the foundation for the import and resale of North American shale gas by securing the right to use the liquefaction facilities of Freeport LNG Terminal in the U.S. and built LNG vessels to transport shale gas therefrom for domestic sales or export. The Company is now operating the LNG Terminal in Boryeong with GS Group, which was jointly built with GS Group to store the imported LNG as a liquid and to repackage it. In the downstream sector, the Company is tasked with the stable supply of electricity and gas in South Korea through its LNG power generation, combined heat and power plants, and city gas businesses. SK & E&S operates its Gwangyang LNG Power Plant, Paju LNG Power Plant, Wiryung CHP, and Haman CHP in the city gas sector. The Company has the largest market share with its seven subsidiaries covering eight regions nationwide.

SK & E&S is preparing for paradigm shifts in future energy—it will continue to expand its 100MW-scale renewable energy business and enter the offshore wind power business in addition to the existing solar and onshore wind power businesses. The Company will also strive to create social value through the eco-friendly energy business by discovering various new and renewable energy sources such as the Energy Storage System (ESS) and fuel cells. In particular, as a leading eco-friendly energy company representing SK Group, SK & E&S is developing large-scale renewable energy projects in the U.S. and Southeast Asia based on its global partnership in renewable energy. It will also accelerate the energy solution business, by which the Company delivers the right type of energy to the customers whenever they want by predicting that energy will be combined with digital in the future.

The Company’s LNG business is not restricted to the domestic market. Based on its ongoing partnership with China Gas Holdings (CGH), China’s largest private city gas company, the Company is seeking out LNG business opportunities in China and is pursuing LNG sourcing and infrastructure projects around the world, including in Southeast Asia and Latin America.

SK & E&S is committed to taking challenges and innovation on a global scale to achieve its vision to be a “Global Clean Energy & Solution Provider.” Through various LNG-based businesses and expansion of renewable energy businesses for the future, the Company will tackle the global climate change crisis and actively solve social issues to become an eco-friendly energy company that cares for the future.
SK biopharmaceuticals achieved steady performance since the commencement of R&D of new drugs in 1993 as part of its search for the next-generation growth engine of SK Group. Beginning with the acquisition of the US FDA approval for clinical test to a new candidate drug substance in 1996 for the first time among those developed exclusively with South Korean technologies, the Company has focused its investment in developing drugs with high demand. In addition to the core projects that are likely to obtain pre-market approval or have already obtained the approval following late-phase global clinical research, the Company concentrates its R&D on new drugs that hold high potential, such as those acting on the central nervous system and anti-cancer drugs.

The Company has already achieved remarkable results, especially in the field of the central nervous system, thanks to its ceaseless R&D efforts: (1) It is the first South Korean pharmaceutical company to independently carry out the entire process from the discovery of Canodermate, a new candidate drug substance for epilepsy, to global clinical trial and the application for FDA approval; (2) the conclusion of a USD 500 million worth technology export contract for the commercialization of Canodermate in Europe; and (3) the acquisition of market approval from the US FDA approval for Sakranfeed, a treatment for sleeping disorders, of which SK biopharmaceuticals had discovered and developed the substance and exported the underlying technology.

Meanwhile, SK biopharmaceuticals entered into the chemotherapeutic business in December 2016 with a joint research agreement with Samsung Seoul Hospital for the development of brain tumor medicines. The Company’s outstanding R&D capabilities are expected to enable the development of new drugs that exceed the limits of existing anticancer drugs.

The Company also continues to take challenges to develop and commercialize new drugs in the global arena with its Korean, US, and Chinese subsidiaries. It is currently developing new drug candidates, led by its R&D institute in Pergo Techno Valley. The Company’s subsidiary in New Jersey, USA, SK Life Science is directly engaged in global clinical research and marketing. Also, the Company subsidiary in China, SK Bio-PharmTech in Shanghai, is aiming to secure strategic alliance opportunities for new drug development. With the following networks, the Company aims to become a Fully Integrated Pharma Company (FIPCO) with all value chains, including development, production, and sales of new drugs through the achievement of commercialization of new drugs in the global market.

SK biotek

Incorporated into SK holdings in 2016, the Company has been leading the bio and medicine businesses, which are the key growth engines for the Group.

Based on SK Group’s ability to manufacture petroleum and chemical products, SK biotek started its business in 1999 and has built a business model that supplies raw materials and medicinal intermediates to global pharmaceutical companies, contributing to more than 90% of the Company’s total sales. An organization performing R&D, production, quality control, and supporting activities was established within Daedeok Research Complex based on the Company’s differentiated continuous processing technology for production and facilities. The continuous processing is a highly complex core technology of the Company which facilitates the production through automated unit operations under constant process flows. SK biotek has successfully implemented the technology in commercial scale for its production of pharmaceutical products for the first time in the world proving its technological competitiveness. Currently, SK biotek uses this technology to produce diabetes drugs, antitumor drugs, and antiviral agents. In 2017, the Company has completed the plant expansion to produce 160,000 L of pharmaceutical products in the Sejong Myeonghak Industrial Complex and started commercial production to pursue sustainable growth. Through proactive expansion, the Company will have the largest production capacity of 800,000 tons in South Korea in 2020.

SK biotek’s production facilities have passed the on-site inspection of the US FDA and the Ministry of Health, Labor and Welfare of Japan, and have been recognized for their excellent quality control capability. Based on its technology and stable quality system, SK biotek is meeting the stringent quality standards of global pharmaceutical companies in Europe and North America and is strengthening their trust. The Company is entering into strategic partnerships with major customers whereby it proposes to streamline their processes that subsequently led to purchase orders for high-value-added products of the Company.

Moreover, the Company acquired the raw material production facility of Bristol-Myers Squibb (BMS) in Swords, Ireland, in 2017. With this, the Company has established a production and sales base in Europe that divides the global pharmaceutical market with North America. It has concluded long-term supply contracts with global pharmaceutical companies, including BMS and AstraZeneca, and retained outstanding local facilities and professional human resources to secure a foothold for growth.

SK biotek aims to be a global top-tier pharmaceutical company to achieve this, SK biotek will expand its value chain to include finished products in addition to APIs, it will also strengthen its presence in the global market through the acquisition of global CMOs and major pharmaceutical companies to enable it to maximize synergies with their technologies and operational experience.
SK telecom is striving to become a new ICT leader to bring about changes of the future, to go beyond South Korea’s No.1 telecommunications company. While renewing the new ICT strategy centered on mobile communication, media, IoT, and the 5G and AI-based service platform, the Company has succeeded in demonstrating the world’s first 5G data communication network based on international standards and strengthened its network leadership. In addition, while strengthening its products and services based on the data analysis of customers in its MNO business, SK telecom has enhanced its business models in areas such as media, IoT, and AI though collaborations with external partners to create a growth ecosystem which will provide joint growth for everyone.

It has achieved impressive outcomes in its overall management activities. The Company has kept its top placement in the most reputable customer satisfaction surveys in South Korea: the National Customer Service Index (NCSI) survey by the Korea Productivity Center for 22 consecutive years (as of 2019), the Korea Customer Satisfaction Index (KCSI) survey by the Korea Management Association Consultants (KMAC) for 21 consecutive years (as of 2018), and the Korea Service Quality Index (KS-SQI) survey by the Korean Standards Association for 19 straight years (as of 2018). Moreover, the Company was the first Asian telecommunications company to be included in the Dow Jones Sustainability Indices (DJSI) World Index for the tenth consecutive year, and has achieved the highest possible grade, “Excellent” in the Win-Win Index for the sixth consecutive year (as of 2018).

SK telecom is expanding its businesses by strengthening new ICT infrastructure including, 5G and AI and is creating an innovative business model that creates social values through the shared infrastructure by supporting start-ups and providing public safety solutions.

SK telecom, the “New ICT Company” representing South Korea, has been leading the revolution in mobile communications. Beginning with the first-generation analog cellular communication business in 1984, the Company has advanced to be the world’s first to commercialize the second-generation CDMA, the nation’s first to commercialize the third-generation ECDMA and the fourth-generation LET, and is now striving to build a 5G ecosystem as a global ICT leader.

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SK telecom, which has been making efforts to prioritize contributing to the national economy through innovation of new ICT technology and continuously innovate customer value, will further strengthen its position as a true ICT leader providing customers with new value in various areas by overcoming existing limitations, including media, security, and commerce, as well as mobile communications, based on 5G in the “hyper” era represented by “hyper-convergence,” “hyper-connectivity,” and “hyperintelligence.”
SK hynix, established in 1983, is a semiconductor company that manufactures system semiconductors such as CIS (CMOS Image Sensor), focusing on memory semiconductors such as DRAM and NAND flash, which are essential for major product groups in the era of the Fourth Industrial Revolution.

As demand for high-performance, high-capacity server DRAMs and NAND flashes continues to surge amid the favorable market conditions, SK hynix has responded actively to the high value-added memory market and solidified its position as a leader in memory semiconductors. In particular, SK hynix, which has been the global growth axis of the SK Group through its sales from overseas markets, is boldly moving toward its goal to become the “Best Memory-based Semiconductor Solution Company” based on its original competitiveness and differentiated technologies.

SK hynix has achieved record-high business performance in 2018 for the second year in a row. The Company recorded an annual sales of USD 36.8 billion, operating profit of USD 18.9 billion (OP margin of 52%), and a net profit of USD 14.1 billion (38% net profit), thanks to the Company’s active response to demand for high-value-added products in the memory chip market, which grew around data centers and high-performance mobile devices in 2018.

SK hynix, which has been at its best since its inception, plans and executes various activities focusing on the semiconductor ecosystem and the local community to pursue both economic and social values simultaneously. The Company will visualize and enhance the fruits of social value that it has promoted, by revitalizing the local economy, expanding its business model based on shared infrastructure, implementing the sustainable management strategy system, and encouraging the participation of members.

SK hynix introduced a new slogan, “We Do Technology,” to celebrate its 35th anniversary in October 2018. The slogan is a compressed representation of the Company’s identity as “the center of advanced technologies, making a better world.” As the slogan implies, SK hynix will strengthen its competitive edge through bold investments in the whirlpool of the ever-changing semiconductor market environment and competitive structure, thus further enhancing its position as a leading player in the future memory market.
11street co., ltd

Majors Businesses
E-commerce

www.11stcorp.com
Seoul Square, 416-H Hangdong-dong, Jung-gu, Seoul
02-6119-011

11Street Co., Ltd. is an e-commerce company that was spun off from SK planet in 2018 as an independent corporation. The company, which is operating Korea’s flagship open market, “11Street,” strives to transform into a true “commerce portal” through drastic changes and innovations. The mission of the “commerce portal” is to be the gateway to shopping, providing everything related to shopping, such as information acquisition, product search, and purchase.

The company, which entered the e-commerce market as a traditional open market in February 2008, has grown into the most advanced open market, providing the consumers with the pleasure and excitement of shopping and the sellers with success and rewarding. It has a system that enables the purchase of quality products online and on mobile at low prices, and the company plans to provide the best service to both sellers and buyers through continuous service improvement and innovation in AI and big data technologies that enhance customer confidence.

11Street Co., Ltd. operates “11Pay,” which provides a more convenient and secure access to 11Street. 11Pay, which is Korea’s first web-based simple payment service, is the country’s only simple payment service that allows the payment on all operating systems and browsers without the installation of a separate ActiveX or security programs. In addition, 11Street Co., Ltd. strives to provide more differentiated products and services to customers by operating “Gifticon,” the nation’s first mobile voucher service and “Scinic,” a high-quality but reasonable skincare brand.

11Street Co., Ltd., which has grown beyond the “Fast Follower” stage to the industry’s leading “First Mover,” will continue to capture growth opportunities and lead the market.

SK broadband

Since its inception in 1997, SK broadband had commercialized ADSL for the first time worldwide and provided the first high-speed wireless Internet service in South Korea. Currently, SK broadband provides IPTV, T Commerce, high-speed Internet, telephone, and corporate ICT services, based on its leading technologies and services.

In the high-speed Internet industry, SK broadband sustains growth by improving quality satisfaction through ongoing customer-centered management activities. Home & Service Co., Ltd., a subsidiary specializing in stable Internet and high-quality IPTV services, plans to grow into a total home service hub that provides new-growth services such as home-based rental, security, and IoT and enhances its service quality. The company will expand its IPTV service into an integrated home product that combines AI security and IoT to provide a convenient experience to its customers.

Korea’s representative IPTV Btv is providing a new and enjoyable experience in our daily lives. The company leads changes by expanding its business area through the development of (1) personalized services based on data analysis along with customized content; (2) AI-converged security and commerce; and (3) IoT. Through Btv, which ranks No. 1 in the country, the company not only provides differentiated value to customers’ lives but also plans and produces original contents and provides competitive media services.

In the corporate service area, the company continues to create differentiated value in B2B in its entirety by balancing growth and revenue while concentrating capabilities on its key businesses. It continues to grow with comprehensive communication services, including the Internet, dedicated lines, corporate phones, and IDC, while pioneering the ICT solutions market through video security and cloud PCs. As for the platform businesses, including managed IoT service, it is expanding its business by securing customer needs-based growth references and new business models. Also, the company enhances its position beyond the domestic market into the global market by diversifying its business to include the next-generation IDC and international submarine cable.

In the T Commerce area, the company is securing a new growth engine through its subsidiary SK stoa. SK stoa is providing win-win growth opportunities to social enterprises and small and medium-sized business partners while delivering its customers with unique shopping experiences, with voice search and customized purchase recommendation services. Also, it is creating new opportunities with data-based targeting advertisement service.

SK broadband has been continuously recognized for its customer-centered management activities by winning prizes in national customer satisfaction index surveys in the high-speed Internet and IPTV categories and strives to reward customers for their trust and support by establishing a culture that generates social value as well as transparent, ethical management.

As a company that “puts customer happiness first,” SK broadband will continue to innovate bringing new experiences to its customers.
SK telesys began constructing basic communications infrastructures in 1997, and since then has grown into the nation’s top telecommunication equipment company leading the technology-based business solutions, including 4G LTE-based repeaters, transmission equipment, Wireless Fidelity (WiFi), and ultra-small cell base station “Fenno Cell.”

SK telesys is developing core solutions, such as 35GHz Active RF Relay, 28GHz Active Outdoor RF Relay, and LoRa base station, as a leader in Telco infrastructure construction that responds to the upcoming 5G and IoT era. In addition, the Company diversified its business portfolio by accomplishing the business of electronic materials/equipment parts that supplies chemical materials and semiconductor test equipment and parts required for semiconductor production processes. It is always searching for new materials and components in the semiconductor field that can create high value.

SK telesys is dedicated to delivering reliable quality and services to customers, based on its best in-class competencies and competitiveness. Its goal is to grow into a total solution provider by building a diverse business portfolio.

SK telink began its resale business in 1998, providing an international phone call service “00700.” It is the nation’s major mobile carrier, offering a wide range of wired and wireless communication services including Mobile Virtual Network Operator (MVNO) service, satellite communication, universal area code service, and Internet calls.

The Company's “00700” is firmly established as Korea’s representative international call brand and the Company is opening an era of smart and substantial mobile value consumption through the economy “SK 7mobile” service. Also, in the corporate service business, the Company is recognized by its customers as a happy partner for a successful business with the ICT solution that covers both wired and wireless communication along with a variety of additional services.

Instead of resting on its achievement, SK telink, as a “value creator,” is leading the way in changes and innovation, by increasing corporate value through offering new values based on expedited innovation capacity and digitalization.

The existing MVNO service will accelerate digitalization that provides customers a new digital experience while building an innovative open platform that enables transactions of used terminals to improve their profitability and growth as well as promoting resource recycling and environmental protection. In the IoT business, the Company will focus on developing solutions to tackle fine dust to address the inconvenience of people’s lives.

In addition, the Company will discover new business models and effectively carry out “Digital Transformation” by promoting communication and cooperation among its members, horizontal organizational structure, self-directed work performance, and culture allowing mistakes, ultimately to be a trusted company that contributes to the happiness of all stakeholders.

SK Profile

DEEP CHANGE
SHIFT
CHALLENGE
HAPPINESS

SK telesys

Major Businesses
LTE Repeaters and Transmission Equipment, IoT, Construction and Maintenance of Communication Networks and Lines, Semiconductor Materials (Electronics Materials) and Backend Process Testers and Parts

www.sktelesys.com
Gyeonggi Building 9, Namdaemun-ro 10-gil, Jung-gu, Seoul
02-2128-1899

2018 Sales
USD 504.7 million

SK telink

Major Businesses
International Calls, MVNO, Distribution of Used Terminals, IoT, Satellite Communication, Universal Area Code Service, B2B Service (including Internet Telephone)

www.sktdlink.com
SK Namsan Green Building, 14 Tongmyong-ro (Namdo-eup), Jung-gu, Seoul
02-2128-1899

2018 Sales
USD 338.5 million

ADT CAPS is Korea’s first security company established in 1971 in the name of “Korea Security Corporation.” The Company leads the security industry of Korea with state-of-the-art systems and customized services.

ADT CAPS became a new affiliate of SK telecom in October 2018 and has entered a new era since it merged with NSOK, a physical security company, in 2018. It is expected to become a new leader in the next generation security market by pioneering the convergence of advanced security expertise and advanced ICT technologies.

The Company provides an integrated security solution to customers’ diverse needs, including parcel security, CCTV security, access control, information security, integrated security for medium and large buildings, and security guard services. It protects customers’ safety and property 24/7 with more than 100 branches and sales offices across the country and about 2,000 patrol security staff.

In particular, ADT CAPS continues to strive to enhance the quality of its security services with quick dispatch and one-stop same-day AS, which are critical to the selection of a security service, and actively pursues R&D activities to innovate security products through its security technology research institute. As a result, ADT CAPS has been recognized publicly as Korea’s leading security brand by ranking first in the Korea First Brand Award for five consecutive years in the unmanned security service category and the Korea Customer Surprise Brand Index for six consecutive years, and the nomination as one of the Top 100 Brands of Korea for three consecutive years.

The Company also actively participates in CSR activities to protect the local community and city safety in various areas. Through close cooperation with local governments and police, it helps maintain public order in the local community and develop safety campaigns for those who are vulnerable to crimes such as women, children, and youths. The “Blue Smile” volunteer group of the Company, which consists of the Company’s executives and employees nationwide, contributes to the regional development and urban peace through various volunteering activities, including services for the disabled, meals for the elderly living alone, the “Lending a Helping Hand to Farmers,” Kniches and briquettes sharing, and blood donation. In recognition of these efforts, ADT CAPS won the ‘Korea Crime Prevention Award’ which began in 2016 by the National Police Agency, for three consecutive years in the corporate social responsibility category.

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SK materials

Major Businesses
Special Gas and Materials for Semiconductors and Displays
www.sk-materials.com
59-33 Gaekeungdong-dane,Yeongju-si,
Gyeongsangbuk-do
054-630-8114

Newly launched as a member of SK Group in February 2016, SK materials is a global leader in the industry of special gases and materials for semiconductors and displays, including “semiconductor materials,” one of the Group’s top five new growth engines.

As a result of carrying out constant R&D since its foundation in 1982, the Company became the first in South Korea to localize special gas, NF3 (nitrogen trifluoride), in 2001. NF3 is used for cleaning chambers by removing residues in the manufacturing processes of semiconductors, displays, and solar cells. SK materials ranks first in the global market, maintaining more than 40% of the global market share. Also, SK materials has differentiated competitive edge in the special gas industry, ranking first and second, respectively, in the global production of tungsten hexafluoride (WF6) and monosilane (SiH4). Other products include SiH2Cl2 (dichlorosilane) and SiH2=H=SiH2 (disilane).

In addition to its head office and plants in Yeongju, Gyeongsangbuk-do Province, SK materials also established four overseas subsidiaries: in Taiwan and Japan in 2010; Zhejiang, Jiangsu, China in 2011; and in Xian, Shaanxi Province, China in 2013. In particular, the manufacturing subsidiary established in Zhejiang has an annual production capacity of 1,500 tons of trifluoride and serves as an outpost for China’s market dominance. The subsidiaries in Taiwan, Japan, and Xian (China) are leading the expansion of the global market as a sales subsidiary.

SK materials is expanding its market share by responding to customer needs in the growing industrial gas market through the acquisition of SK argus, a company that specializes in industrial gases such as oxygen and nitrogen in 2016. The Company’s subsidiaries, SK emission and SK shows device, are expanding into the precursor and etching gas markets, which are growing in demand due to the refinement processes of semiconductors and the proliferation of 3D NAND flash.

As a result, SK materials achieved record-high earnings in 2018 with sales of USD 624.6 million. With the incorporation in the SK Group, the Company is maximizing the value of its stakeholders, including customers and shareholders, by creating more diverse synergies and providing differentiated customer service.

SK materials will continue to strengthen its competitiveness in quality and cost through continuous process innovation in the rapidly changing global semiconductor and display markets, and actively invest in research and development of new products to grow into the world’s best “Gas & IT Materials Total Solution Provider.”

SK siltron

Major Businesses
Manufacturing and Sales of Silicon Wafers
www.sk-siltron.com
SK siltron, 51 Imsu-ro, Gimpo-si, Gyeonggi-do
054-470-6499

Established in 1983, SK siltron manufactures “Silicon Wafer,” key raw material for semiconductors, and supplies it to global semiconductor leaders such as Samsung Electronics, SK hynix, Toshiba, Intel, and TSMC.

Silicon wafers are sliced from the single-crystal silicon ingot that are grown with a specific orientation after melting highly pure polycrystalline silicon. In particular, it posted a record-high growth rate of more than 40% year-on-year in 2018 (based on consolidated financial statements).

In the future, core applications of the Fourth Industrial Revolution, such as the IoT, big data, artificial intelligence, and autonomous mobile vehicles, will be commercialized along with traditional mobile devices. As a result, connectivity between electronic devices will be maximized, and data traffic will be dramatically increased. Therefore, the wafer market, which has a strong correlation with the semiconductor industry, is expected to maintain stable growth.

The wafer industry has been reorganized with five major companies from 25 or more in the late 1990s as a result of the technology shift toward larger wafer diameters and the difference in the ability of wafer companies to cope with fluctuations in the semiconductor industry. SK siltron exports 48% of its total production to countries all over the world. In 2017, it took a global market share of 14% for its 300-mm wafer.

To become a top-tier company in the global wafer industry, SK siltron cooperates with customers in the development of wafers used in the most advanced semiconductors and uses a technology developed through regular quality and technology exchange meetings in the improvement of its process capabilities. Moreover, it has formed strategic partnerships with equipment manufacturers to improve the performance of its major equipment and accelerate yield and quality. The Company is also strengthening its cost competitiveness by securing efficiency in production lines and reducing material costs.

SK siltron will strive to satisfy customers with its continuous technology development and will grow into a “Global Top Tier Wafer Company” by pursuing “SUPEX.”
In the global trading area, the Company trades industrial goods such as chemical, steel, automotive, and coal with diverse and differentiated competitiveness, including excellent global sourcing capabilities, superior intelligence power, and strategic networking based on its global business experience of more than 50 years. Based on its global foothold, the Company is focusing on core items securing a stable revenue structure through strategic partnerships with key suppliers around the world. The Company plans to expand its business area in the respective industry by building a robust business platform for each business and strengthening its full-fledged partnership with its global key customers.

In the ICT device distribution area, the Company strengthens its position as the nation’s No. 1 mobile phone distributor by selling 7 million mobile phones annually through its nation’s largest mobile phone sales network and customer service contacts. Also, the Company continues to expand its product portfolio to induce tablet PCs smart home related IoT devices, and ICT accessories. Through the services of its subsidiary, SK networks, the Company provides various services, including operation of the networks of SK telecom and SK broadband and distribution of communication system equipment.

Since its launch in 2009, SK rent-a-car has been growing at an annual average rate of 20 percent through its differentiated ‘Total Car Life Service’ and business models combining digital technology. Further, by acquiring AJ rent-a-car, the Company secured a brand position that represents South Korea in both scale and service.

In the retail energy area, the Company sells oil products that assure high quality to customers through more than 350 direct networks. It is also leading the way in providing differentiated customer value by delivering various distribution services through the diversification of gas stations and introducing mobility integrated membership, “Most.”

Speedmate, which began with car maintenance and emergency roadside service (ERS), has become the No. 1 brand in the industry, is evolving into the “Car Aftermarket No. 1 brand” through business expansions including tire distribution, imported car maintenance, and parts businesses. SK networks will establish a platform that encompasses online and offline to enhance its customers’ mobility further and continue to discover business models that lead in times of change.

Walkerhill Hotel & Resort is the leader of Korea’s hotel industry, providing the best experience for business travel as well as relaxation amidst nature and culture in downtown districts. The Company’s hotel and resort service business, including Grand Walkerhill Seoul, Vista Walkerhill Seoul, Douglas House, Incheon Airport Transit Hotel, Premium Lounge, and “Charability,” the nation’s representative capsule hotel, offers a variety of different concepts to create synergy in harmony. SK pins, located in Jeju Island, which became Korea’s first golf course nominated as one of the Top 100 Golf Courses of the World, offers premium recreational facilities, including golf courses, Podo Hotel, and Biotopia. The Company will keep up with its customers’ new needs and add true value as a recreational complex.

SK networks hopes to achieve future growth based on its strong roots of value innovation for its customers, shareholders, and members of society. It will combine its internal stability and growth to create unique customer value and social value and achieve a grand vision to become a global leader.
SK magic began as a premium kitchen appliances company by introducing gas ovens in the South Korean market in 1985, and has since expanded its business to include gas and electric cookers, dishwashers, water purifiers, air cleaners, and bidets. With the kitchen and home appliances business as grounds for its stability, it is proactively fostering the home appliances rental service with a focus on hot and cold water dispensers as an axis for future growth.

SK magic’s home appliance business has stable brand power, ranking first in the Korea Brand Power Index (K-BPI) survey for 17 consecutive years in the dishwasher category and 12 years in the oven category. It is solidifying its status as its main items, including gas cookers, electric cookers, microwave ovens, and dishwashers, are securing the top market share.

It is also leading the kitchen appliance market by presenting it with innovative products, flexibly responding to the changing distribution environment, and aggressively targeting the built-in market based mainly on its successful launch of the smart “Super Cook” gas cookers with IoT features, and its innovative products such as “Hybrid Electric Cookers” that combine the induction and the hybrid methods.

The Company’s rental business is rapidly growing, converting the local water purifier rental market into that of a direct water type that does not use a water tank. Since the launch of the world’s first water purifier that can extract cold water as well as hot water in 2015, the Company continues to develop innovative functions such as UV disinfection, children-exclusive buttons, stainless steel direct water pipes and direct water ice making, therefore leading the local water purifier market. Based on the leadership of the direct-water type water purifier, it is successfully expanding the product portfolio to include air purifiers and bidets. Notably, the Company is actively responding to the fast-growing air purifier market, with various product lineups that realize innovative functions that utilize AI and IoT.

In 2019, SK magic, a life technology brand for health and happiness, is actively promoting global market penetration by exporting its rental business model as well as the products by using the overseas base of SK networks. Moreover, it is planning to offer new services by combining SK magic’s products with SK telecom’s smart home platform.
SK networks

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