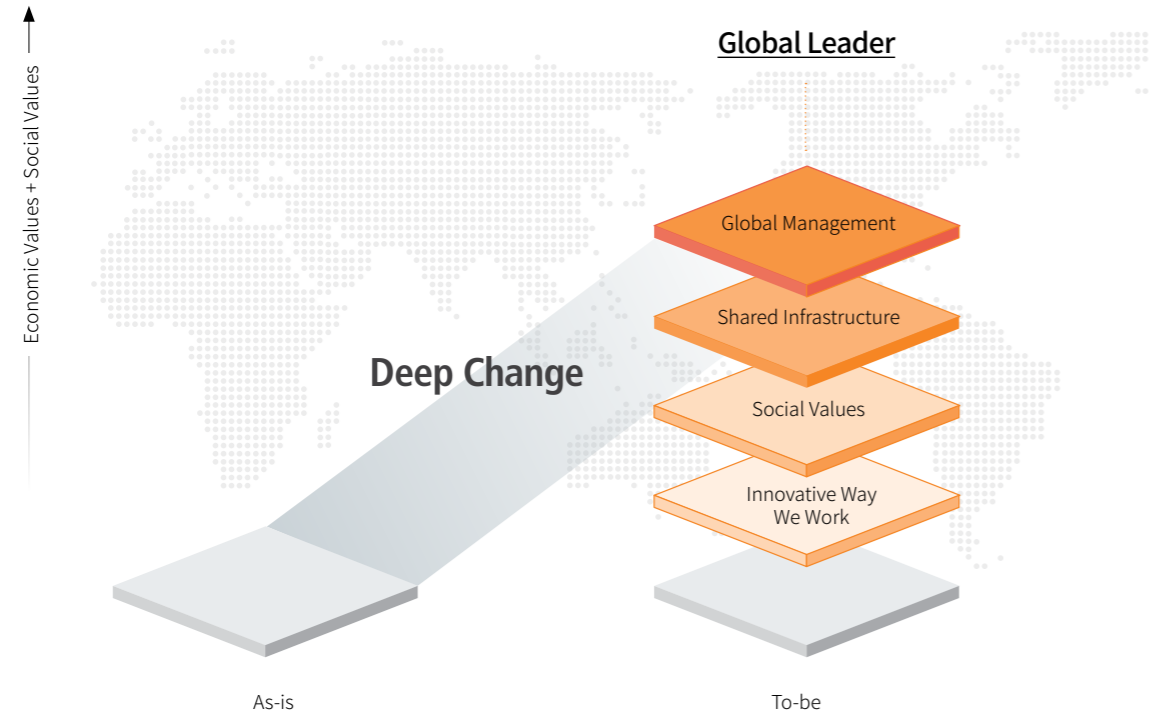
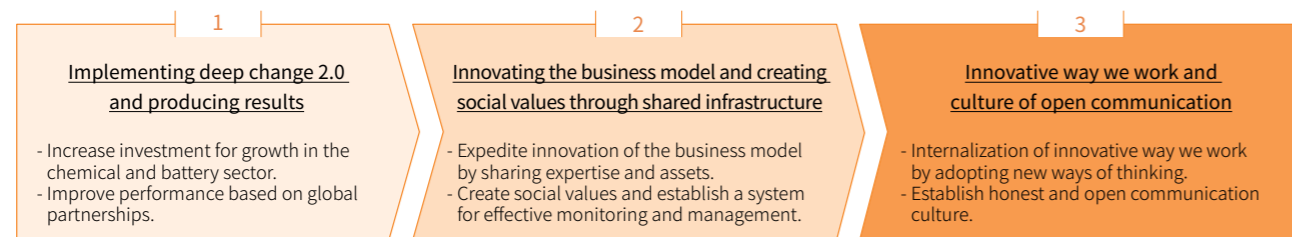


Our Strategy

Accelerating Implementation of Deep Change 2.0

The business environment is growing more uncertain, with the volatility of the Refining and Petrochemical industry increasing and the Fourth Industrial Revolution underway. As a result, it is essential to establish a strategy of focusing our resources on our strengths and to explore and develop new options for growth. To this end, we are working on increasing our corporate values by promoting innovation and strategic investment through global partnerships and M&A.

— Strategy in Place



Deep Change: Challenge conventional practices in terms of business, organization, and culture, and innovate to respond to the changing business environment. This work involves improving the corporate culture (upgrading the management system, innovative way we work, etc.) and improving the efficiency of assets and business structure.



Establishing battery production facilities in Hungary (Expected to be completed by 2020)

— Creating Growth Engine and Strengthening Existing Businesses in the Global Market

Increasing Investment for the Next Generation Growth Engine in the Global Market

At SK innovation, all employees are working on innovating the company's portfolio to build a foundation for global expansion and secure new growth engines for the future. In response to the growth of the electric vehicle market, we are focusing our resources on building a business hub in Europe. In 2017, we built new production facilities in Hungary and expanded the battery production line in Seosan, as well as the production line for battery separators in Jeungpeyong. In the E&P business, we acquired Longfellow, a U.S.A. shale company, in 2018, to support global growth centered on North America, Southeast Asia, and China, while expanding our presence in the U.S.A. market.

SK global chemical acquired the EAA and PVDC business sectors of Dow-DuPont, a global chemical company, in 2017. In order to build a strong foundation for growth, we are going to focus on securing high-value-added products and growth in the Chinese market through M&A.

Strengthening Business Competitiveness and Values

In response to the increasingly strict global regulatory requirements and to strengthen our business competitiveness, we decided to invest in a VRDS (Vacuum Residue Desulfurization Unit) and acquire the petroleum product wholesale business of SK networks to improve our domestic distribution and marketing performance in 2017.

In addition, we are enhancing the competitive advantages of Ulsan CLX and SK incheon petrochem, while SK lubricants is strengthening its global leadership based on partnerships and competitive products in the premium base oil and lubricant markets.

Our Strategy

Optimization

As a leader in the energy and petrochemical industries, we are committed to maximizing the value of our raw materials and products, as well as the synergistic effect of our businesses, to improve our corporate values based on our superior business expertise, data, and optimization capability. Furthermore, by integrating our capability with ICT technology to systemize our optimization process, we are able to make decisions in all areas of our value chain in a more scientific and efficient way. This will help us continue to enhance our corporate value and innovate our profit structure.

— Optimization-Based Value Management

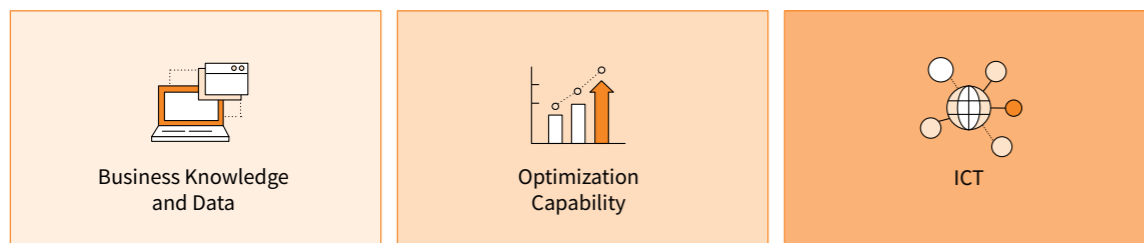
As a leader in the energy industry for more than 50 years, we have accumulated extensive knowledge and data on various areas, ranging from crude oil and energy refining processes to market information and a deep understanding of the global business environment. Since 2012, we have established business units dedicated to optimization in order to create a more advanced optimization system. This system includes technology capable of systematically managing and analyzing data, developing mathematical algorithms and engaging in modeling to further evolve the company's optimization capability. By combining all of our expertise, we are able to more accurately assess the inherent value of raw materials and products that are appropriate for our business model. Through this process, we can more easily identify opportunities and risks associated with changes to our business environment and take necessary measures to maximize our corporate value.

— Enhancing Corporate Value by Spreading Value Management

As we are expanding our presence in the global market, it is more important than ever for us to improve the efficiency of our decision-making process. To this end, we are strengthening our value management process by integrating our business expertise, data, optimization process, and ICT. We are in the process of upgrading our optimization-based value management in all our business areas to create synergy throughout our decision-making process. We will continue to enhance our corporate value by upgrading the optimization system and taking advantage of it to innovate our profit structure.

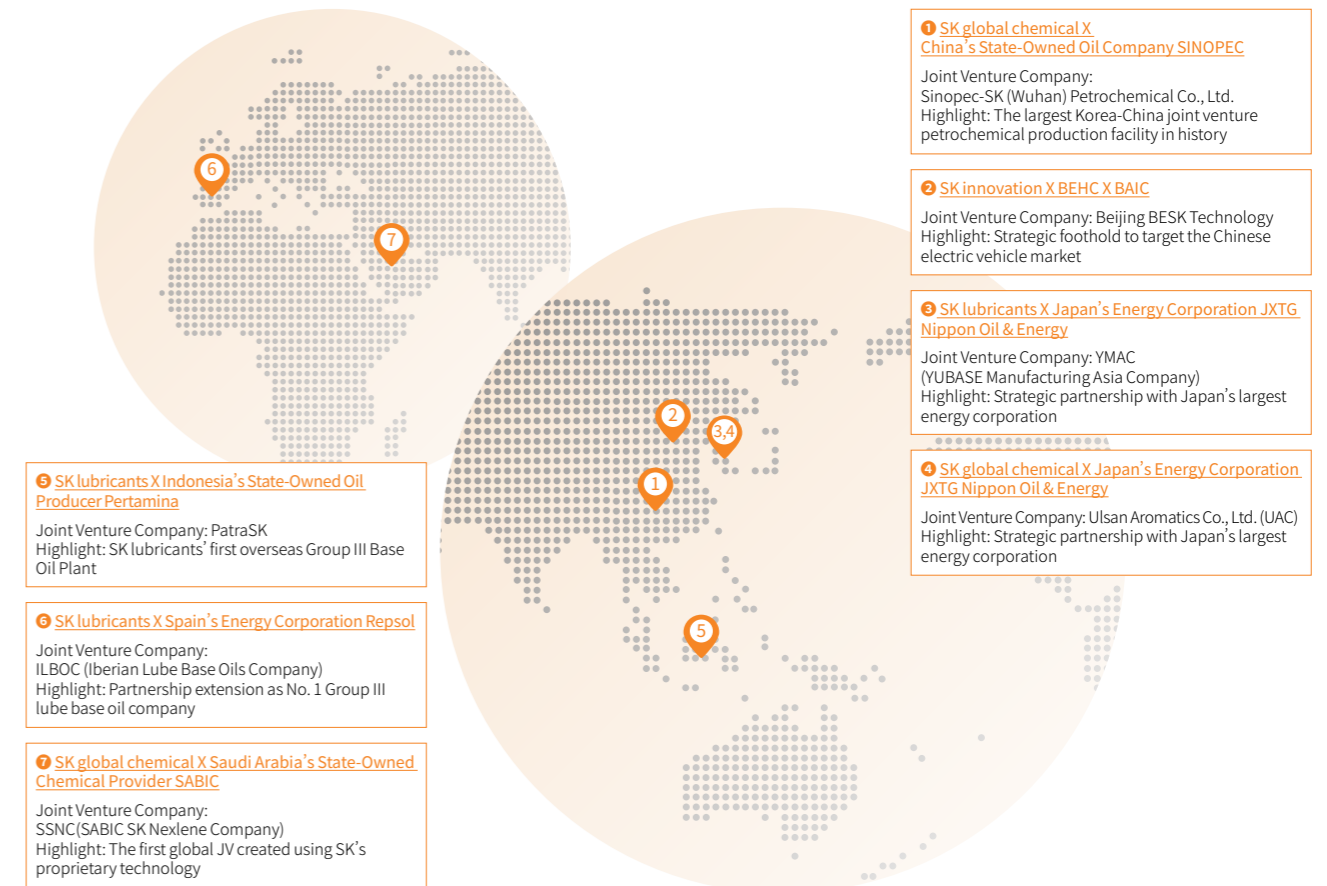
Optimization-based Value Management

Optimization System



Global Partnership

SK innovation maintains strategic partnerships with global leading companies in each industry for mutual growth. As we learn expertise from them to make our businesses more successful, we strive to enhance our competitiveness in the global market. We will continue to build partnerships with top companies around the world and maximize our potential for growth.



Global Business Sites

Crude oil production block Peru, Vietnam, U.S.A., Libya	SK energy Subsidiaries in China and Singapore
Crude oil exploration block China, Vietnam, Australia	SK global chemical Subsidiaries in China, Singapore, Japan, and U.S.A., and branch offices in Dubai and Germany
LNG projects Yemen, Peru, Oman, Qatar	SK lubricants Subsidiaries in the USA, China, India, Russia, Japan, Netherlands, Indonesia, and Spain, and branch offices in the UK and China
Seosan Plant Lithium-ion battery production lines	SK incheon petrochem Refinery and petrochemical plant
Jeungpyeong, Cheongju Plant LiBS and FCCL production lines	SK trading international Subsidiaries in the Singapore, UK, U.S.A., and branch office in Dubai
Ulsan Complex Refinery plant, middle distillates crackers plant, petrochemical plant, polymer plant, lube base oil and lubricant plant	
Technology Innovation Center Daejeon R&D Center	