

Results for the Quarter Ended June 30, 2014

K-IFRS, Non-audited

August 1st, 2014



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Financial Results

◆ Summary of Income Statement (Consolidated)

(KRW bn)	2Q14	2Q13	YoY		2Q14	1Q14	QoQ	
Operating revenue	4,305	4,117	188	4.6%	4,305	4,202	103	2.5%
Operating expenses	3,759	3,572	188	5.3%	3,759	3,950	(190)	-4.8%
Operating income	546	545	1	0.1%	546	252	294	116.4%
<i>Operating margin</i>	<i>12.7%</i>	<i>13.2%</i>	<i>-0.6%p</i>		<i>12.7%</i>	<i>6.0%</i>	<i>6.7%p</i>	
Net profit or loss from non-operating items¹⁾	62	47	14	30.4%	62	80	(18)	-22.8%
Income from continuing operations before income tax	608	593	15	2.5%	608	333	275	82.8%
Consolidated net income	498	468	30	6.4%	498	267	230	86.2%
<i>Net margin</i>	<i>11.6%</i>	<i>11.4%</i>	<i>0.2%p</i>		<i>11.6%</i>	<i>6.4%</i>	<i>5.2%p</i>	
EBITDA²⁾	1,264	1,252	12	0.9%	1,264	956	308	32.2%
<i>EBITDA margin</i>	<i>29.3%</i>	<i>30.4%</i>	<i>-1.1%p</i>		<i>29.3%</i>	<i>22.7%</i>	<i>6.6%p</i>	

1) The equity gains from SK Hynix 2Q14 amounted to KRW 162.4 bn

2) EBITDA = Operating income + Depreciation (including R&D related depreciation)

- SK Telecom ("SKT" or the "Company") operating revenue increased 4.6% YoY and 2.5% QoQ led by the growth of the LTE service and new businesses, PS&Marketing's acquisition of SK Networks' retail business, and the earnings growth of subsidiary companies
- Operating income increased 0.1% YoY as the rise in PS&Marketing's cost of goods sold increased expenses. However, the drop in SKT's marketing expenses increased operating income 116.4% QoQ
- Consolidated net income increased 6.4% YoY due to the 2Q13 base effect, which includes SKT's exchangeable bond valuation loss. The 86.2% QoQ increase was in line with SKT's revenue growth and reduced marketing expenses

Financial Results

◆ Operating Expenses (Consolidated)

(KRW bn)	2Q14	2Q13	YoY		2Q14	1Q14	QoQ	
Labor cost	401	359	42	11.7%	401	429	(28)	-6.5%
Commissions paid	1,364	1,360	4	0.3%	1,364	1,628	(263)	-16.2%
Advertising	100	109	(9)	-8.2%	100	85	15	17.0%
Depreciation ¹⁾	717	706	11	1.6%	717	703	14	2.0%
Network interconnection	281	252	28	11.3%	281	276	5	1.8%
Leased line	54	62	(7)	-12.0%	54	56	(2)	-3.2%
Frequency usage fees	47	55	(8)	-14.7%	47	50	(3)	-6.4%
Cost of goods sold	394	305	89	29.0%	394	336	58	17.4%
Others	401	363	38	10.4%	401	387	14	3.7%
Operating expenses	3,759	3,572	188	5.3%	3,759	3,950	(190)	-4.8%

1) Includes R&D related depreciation

- Labor cost increased 11.7% YoY due to the increase in the number of employees. The base effect of New Year bonuses paid in 1Q14 resulted in a 6.5% QoQ decrease
- Commissions paid increased 0.3% YoY, despite SKT's business suspension in 2Q14, as a result of intensified market competition in 2014. However, it decreased 16.2% QoQ
- Depreciation increased 1.6% YoY and 2.0% QoQ due to the increase in LTE network and spectrum assets
- Cost of goods sold increased 29.0% YoY and 17.4% QoQ in line with the growth of SKT and PS&Marketing's product sales

Financial Results

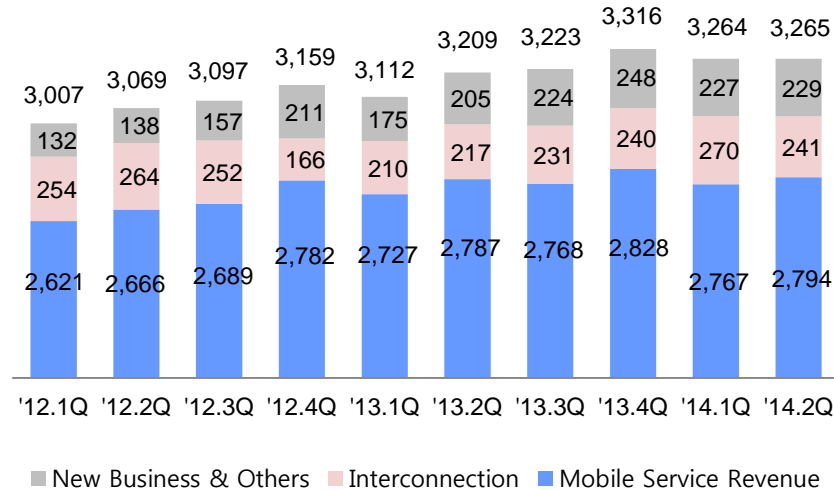
◆ Operating Revenues (Non-consolidated)

(KRW bn)	2Q14	2Q13	YoY		2Q14	1Q14	QoQ	
Total operating revenue	3,265	3,209	56	1.7%	3,265	3,264	1	0.0%
Mobile service revenue	2,794	2,787	6	0.2%	2,794	2,767	27	1.0%
Interconnection revenue	241	217	25	11.4%	241	270	(29)	-10.7%
New business & others ¹⁾	229	205	24	11.9%	229	227	3	1.2%

1) Includes sales from leased line, fixed-line resale, solution and other businesses

[SK Telecom Operating Revenues]

(KRW bn)



- Total operating revenue increased 1.7% YoY led by the growth of the LTE service and increased new business-related sales. The business suspension resulted in a slight QoQ increase
 - Interconnection revenue fell 10.7% QoQ due to the base effect of one-off increase reflected in 1Q14
 - Strong sales of B2B businesses continue to drive contribution ratio of new business & others, despite the impact from the business suspension including handset receivables

[New Business & Others, % of Total Revenue]

Year/Quarter	% of Rev
'11	5.1%
'12	5.2%
'13	6.6%
'14.1Q	6.9%
'14.2Q	7.0%

Operating Results (Non-consolidated)

◆ ARPU

ARPU ¹⁾ (KRW)	2Q14	2Q13	YoY		2Q14	1Q14	QoQ	
Total ARPU	44,217	41,892	2,325	5.5%	44,217	43,737	479	1.1%
Billing ARPU²⁾	36,013	34,012	2,001	5.9%	36,013	35,309	704	2.0%

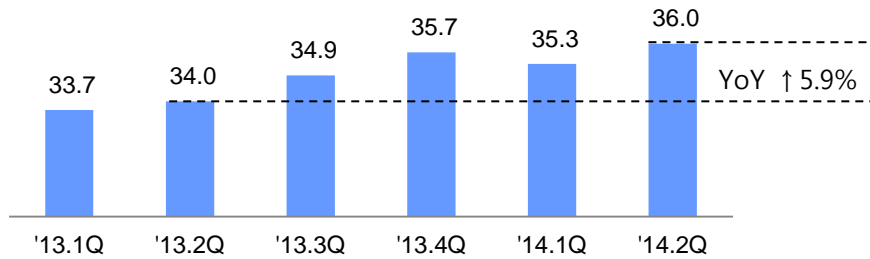
1) Includes SK Planet's earnings / based on SKT subscribers only

2) The billing ARPU excludes sign-up fee from mobile service revenues

- Billing ARPU showed steady growth, increasing 5.9% YoY led by the growth of the LTE service. Sequentially, the billing ARPU rose 2.0% QoQ

Billing ARPU

(KRW '000)



Operating Results (Non-consolidated)

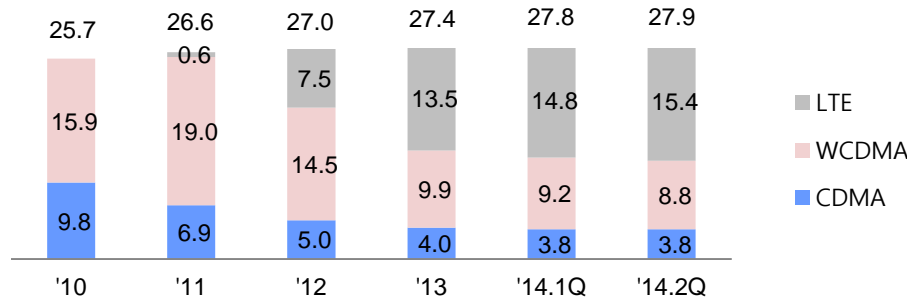
◆ Subscriber Numbers

	2Q14	2Q13	YoY		2Q14	1Q14	QoQ	
Subscribers ('000)	27,889	27,140	750	2.8%	27,889	27,814	76	0.3%
Net adds	76	110	(34)	-31.3%	76	461	(386)	-83.6%
Activations	1,641	1,954	(313)	-16.0%	1,641	2,351	(710)	-30.2%
Deactivations	1,566	1,844	(279)	-15.1%	1,566	1,890	(324)	-17.2%
Monthly churn rate (%)	1.9%	2.3%	-0.4%p		1.9%	2.3%	-0.4%p	
Average subscribers ('000)	27,769	27,079	690	2.5%	27,769	27,526	243	0.9%
Smartphone Subscribers ('000)	18,926	17,296	1,630	9.4%	18,926	18,816	110	0.6%
LTE Subscribers ('000)	15,381	11,020	4,360	39.6%	15,381	14,773	607	4.1%

- The number of LTE subscribers reached 15.4 mn in 2Q14. Over 55% of SKT's subscribers are currently on the LTE service
- The churn rate recorded 1.9%, continuing its general downward trend

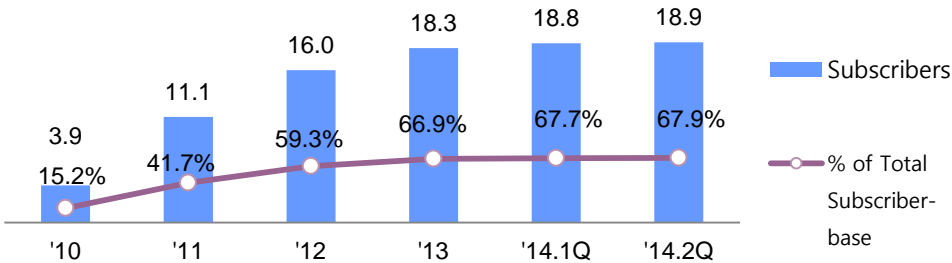
Subscriber by Network

(mn)



Smartphone Subscribers

(mn)



[Monthly Churn Rate Trend]

Year/Quarter	Churn Rate	Year/Quarter	Churn Rate
'06	2.0%	'11	2.7%
'07	2.6%	'12	2.6%
'08	2.7%	'13	2.3%
'09	2.7%	'14.1Q	2.3%
'10	2.7%	'14.2Q	1.9%

Operating Results (Non-consolidated)

◆ Marketing Expenses & Capex

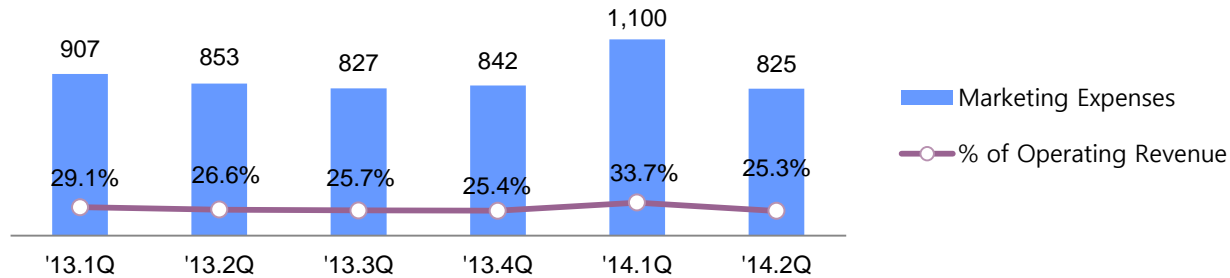
(KRW bn)	2Q14	2Q13	YoY		2Q14	1Q14	QoQ	
Marketing expenses¹⁾	825	853	(28)	-3.3%	825	1,100	(276)	-25.1%
% of operating revenue	25.3%	26.6%	-1.3%p		25.3%	33.7%	-8.5%p	
Capital expenditure	517	293	224	76.2%	517	265	252	95.1%
% of operating revenue	15.8%	9.1%	6.7%p		15.8%	8.1%	7.7%p	

1) Marketing expenses = marketing related commission + advertising expense

- Marketing expenses decreased 3.3% YoY and 25.1% QoQ due to the business suspension
- Capex deployment has been executed within 2014 guidance

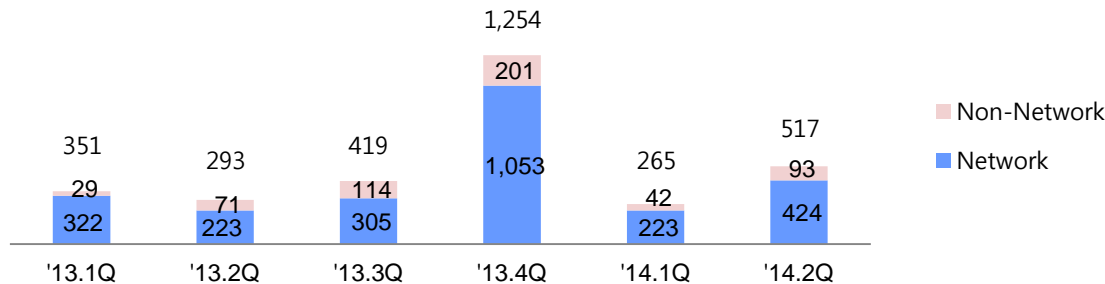
Marketing Expenses

(KRW bn)



Capex

(KRW bn)



Appendix

◆ Consolidated Income Statement

(KRW bn)	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14
Operating revenue	4,065.7	4,117.0	4,124.6	4,294.8	16,602.1	4,201.9	4,305.4
Operating expenses	3,661.1	3,571.5	3,573.2	3,785.1	14,590.9	3,949.5	3,759.3
Labor cost	444.0	359.2	363.2	395.0	1,561.4	429.1	401.1
Commissions paid	1,422.9	1,360.2	1,349.6	1,366.1	5,498.7	1,627.6	1,364.3
Advertising	63.4	108.8	91.6	130.3	394.1	85.3	99.9
Depreciation ¹⁾	679.0	706.3	706.4	728.1	2,819.8	703.2	717.4
Network interconnection	252.5	252.3	264.9	274.0	1,043.7	275.8	280.7
Leased line	63.4	61.6	62.0	55.4	242.3	56.0	54.2
Frequency usage fees	50.2	55.0	51.7	49.6	206.5	50.2	47.0
Cost of goods sold	318.8	305.3	306.3	369.9	1,300.4	335.7	394.0
Others	366.9	362.9	377.4	416.9	1,524.1	386.5	400.6
Operating income	404.5	545.4	551.4	509.7	2,011.1	252.4	546.1
<i>EBITDA</i>	1,083.5	1,251.7	1,257.9	1,237.8	4,830.9	955.6	1,263.5
<i>EBITDA margin</i>	26.7%	30.4%	30.5%	28.8%	29.1%	22.7%	29.3%
Net profit or loss from non-operating items	15.4	47.5	(121.7)	(125.2)	(184.0)	80.2	61.9
Interest income	17.0	15.9	14.9	17.9	65.6	15.5	14.3
Interest expenses	89.2	83.0	78.7	81.0	331.8	78.6	82.6
Profit or loss in other non-operating items	87.6	114.6	(57.9)	(62.1)	82.3	143.3	130.2
Income from continuing operations before tax	420.0	592.9	429.7	384.5	1,827.1	332.6	608.0
Income(Loss) from discontinued operations²⁾	6.0	5.9	171.9	(0.5)	183.2	-	-
Consolidated net income	345.9	467.7	502.2	293.7	1,609.5	267.3	497.6
Majority interests	354.2	466.6	504.0	314.1	1,639.0	269.8	498.5
Minority interests	(8.2)	1.1	(1.8)	(20.5)	(29.4)	(2.5)	(0.9)
Basic earnings per share(KRW)	5,081	6,663	7,086	4,388	23,211	3,804	6,909

1) Includes R&D related depreciation

2) Income(loss) from discontinued operations: Income or loss on discontinuation of Loen Entertainment

Appendix

◆ SK Telecom Non-consolidated Income Statement

(KRW bn)	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14
Operating revenue	3,112.1	3,209.1	3,222.9	3,316.3	12,860.4	3,263.7	3,264.6
Operating expenses	2,692.0	2,676.8	2,685.7	2,836.2	10,890.7	3,012.4	2,736.9
Labor cost	205.3	135.7	134.3	149.1	624.3	171.2	153.0
Commissions paid	1,364.1	1,296.9	1,295.5	1,351.9	5,308.4	1,584.0	1,299.4
Marketing commissions	871.8	777.4	768.7	773.0	3,190.9	1,061.0	767.6
Other commissions	492.3	519.5	526.8	578.9	2,117.5	522.9	531.8
Advertising	34.7	75.4	58.2	69.0	237.3	39.4	57.1
Depreciation ¹⁾	503.6	531.9	528.1	551.9	2,115.5	536.5	547.1
Network interconnection	176.4	184.6	197.7	211.4	770.1	214.9	219.9
Leased line	53.8	51.6	51.0	49.3	205.7	46.7	45.5
Frequency usage fees	50.2	55.0	51.7	49.6	206.5	50.2	47.0
Others	303.9	345.7	369.1	404.0	1,422.8	369.6	368.0
Operating income	420.1	532.2	537.2	480.1	1,969.7	251.3	527.7
<i>EBITDA</i>	923.7	1,064.1	1,065.3	1,032.1	4,085.2	787.8	1,074.7
<i>EBITDA margin</i>	29.7%	33.2%	33.1%	31.1%	31.8%	24.1%	32.9%
Net profit or loss from non-operating items	(39.9)	(135.3)	(321.0)	(252.7)	(748.9)	(55.3)	(83.2)
Interest income	8.4	8.0	7.6	8.2	32.3	6.8	6.0
Interest expenses	72.8	69.5	65.6	65.5	273.5	63.9	68.5
Net profit or loss from other non-operating items	24.5	(73.8)	(262.9)	(195.4)	(507.7)	1.7	(20.8)
Income from continuing operations before tax	380.2	396.9	216.2	227.5	1,220.8	195.9	444.4
Net income	302.2	313.4	126.1	168.4	910.2	153.5	363.4

1) Includes R&D related depreciation

Appendix

◆ Consolidated Balance Sheet

(KRW bn)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
Total assets	25,408.8	25,436.4	25,933.5	26,576.5	26,067.2	27,027.6
Current assets	5,081.7	5,230.7	5,381.6	5,123.4	4,781.8	5,592.6
Cash and marketable securities ¹⁾	1,493.0	1,693.5	1,937.0	1,765.1	1,384.1	1,652.0
Accounts receivable	2,920.7	2,936.1	2,911.3	2,900.9	2,886.8	3,230.6
Short-term loans	93.3	77.9	76.1	79.4	86.8	83.0
Inventories	205.1	179.6	176.2	177.1	189.4	399.9
Other current assets	369.6	343.6	281.1	200.9	234.7	227.2
Non-current assets	20,327.2	20,205.7	20,551.8	21,453.1	21,285.4	21,435.0
Property & equipment	9,604.1	9,402.7	9,404.3	10,212.4	9,982.9	10,073.2
Intangible assets	4,389.9	4,303.5	4,440.8	4,484.0	4,387.1	4,317.7
Investment assets	5,808.6	6,025.4	6,244.5	6,302.0	6,439.5	6,534.9
Other non-current assets	524.5	474.2	462.3	454.7	475.9	509.3
Total liabilities	13,041.1	12,060.0	12,150.5	12,410.0	12,242.3	12,824.5
Current liabilities	6,287.1	5,688.5	5,653.3	6,069.2	6,283.3	6,162.7
Short-term borrowings	160.0	60.5	80.5	260.0	766.0	869.5
Accounts payable	1,966.5	1,703.5	1,416.1	2,190.8	1,288.9	1,595.0
Current portion of long-term debt	910.3	1,553.1	1,691.1	1,269.0	1,152.4	1,143.7
Other current liabilities	3,250.4	2,371.4	2,465.6	2,349.4	3,076.0	2,554.4
Non-current liabilities	6,754.0	6,371.5	6,497.2	6,340.7	5,958.9	6,661.8
Bonds payable & long-term borrowings	5,750.3	5,431.6	5,180.1	5,010.4	4,748.1	5,251.9
Long-term payables - other	565.6	558.1	835.4	838.6	657.2	660.8
Post-employment benefit obligation	102.3	119.8	137.5	74.2	99.0	125.8
Other non-current liabilities	335.8	262.0	344.1	417.6	454.5	623.3
Total shareholders' equity	12,367.7	13,376.5	13,783.0	14,166.6	13,825.0	14,203.2
Capital stock	44.6	44.6	44.6	44.6	44.6	44.6
Capital surplus	2,924.8	3,323.4	3,323.4	3,323.4	3,323.4	3,323.4
Retained earnings	11,890.3	12,353.4	12,785.1	13,102.5	12,772.6	13,254.6
Capital adjustments	(3,276.8)	(3,101.5)	(3,087.0)	(3,005.8)	(3,006.0)	(3,034.6)
Other comprehensive income/loss ²⁾	2.2	(27.5)	(18.2)	(12.3)	(21.1)	(94.1)
Minority interests	782.6	784.1	735.1	714.2	711.5	709.3

1) Cash & marketable securities includes cash & cash equivalent, marketable securities & short-term financial

2) Other comprehensive income/loss include gains or losses on valuation of investment securities and derivatives

Appendix

◆ SK Telecom Non-consolidated Balance Sheet

(KRW bn)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
Total assets	22,391.5	22,147.4	22,416.2	22,827.4	22,256.0	22,494.0
Current assets	2,765.8	2,809.9	2,956.8	2,817.8	2,563.8	2,755.0
Cash and marketable securities ¹⁾	631.3	659.3	754.5	669.5	489.7	568.2
Accounts receivable	1,871.4	1,909.1	1,964.2	1,901.6	1,802.5	1,936.1
Short-term loans	84.7	68.4	68.5	72.2	80.1	75.7
Inventories	10.5	10.4	12.2	24.6	30.3	22.2
Other current assets	168.0	162.7	157.5	149.9	161.2	152.8
Non-current assets	19,625.7	19,337.5	19,459.4	20,009.6	19,692.2	19,739.0
Property & equipment	7,043.8	6,866.0	6,818.4	7,460.0	7,282.2	7,318.7
Intangible assets	3,419.4	3,351.2	3,506.7	3,545.4	3,459.3	3,374.1
Investment assets	8,810.6	8,786.2	8,831.7	8,747.4	8,688.4	8,794.1
Other non-current assets	351.9	334.1	302.6	256.9	262.3	252.1
Total liabilities	10,326.9	9,284.3	9,386.5	9,512.0	9,424.0	9,343.7
Current liabilities	4,591.6	3,656.0	3,600.7	4,288.1	4,512.0	4,110.6
Short-term borrowings	40.0	-	-	260.0	400.0	700.0
Accounts payable	1,430.3	1,107.0	923.2	1,656.7	977.5	847.1
Current portion of long-term debt	710.4	1,062.9	1,101.6	829.5	917.3	902.7
Other current liabilities	2,410.9	1,486.2	1,575.9	1,541.9	2,217.1	1,660.9
Non-current liabilities	5,735.3	5,628.4	5,785.8	5,223.9	4,912.0	5,233.1
Bonds payable & long-term borrowings	4,764.4	4,729.5	4,579.8	4,099.9	3,945.3	4,138.5
Long-term payables	555.4	547.4	824.5	828.7	646.6	650.0
Post-employment benefit obligation	42.0	49.5	56.0	22.9	29.3	42.2
Other non-current liabilities	373.5	302.0	325.4	272.4	290.8	402.4
Total shareholders' equity	12,064.7	12,863.1	13,029.8	13,315.4	12,832.0	13,150.3
Capital stock	44.6	44.6	44.6	44.6	44.6	44.6
Capital surplus	2,920.9	3,319.4	3,319.4	3,319.4	3,319.4	3,319.4
Retained earnings	12,128.4	12,437.8	12,491.3	12,665.7	12,220.3	12,568.7
Capital adjustments	(3,157.1)	(2,981.0)	(2,966.5)	(2,885.5)	(2,885.5)	(2,885.5)
Other comprehensive income/loss ²⁾	127.8	42.3	140.9	171.2	133.3	103.1

1) Cash & marketable securities includes cash & cash equivalent, marketable securities and short-term financial instruments

2) Other comprehensive income/loss includes gains or losses on valuation of investment securities and derivatives

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