

Results for the Quarter Ended June 30, 2015

K-IFRS, Non-audited

July 30th, 2015



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Consolidated Results

◆ Summary of Income Statement (Consolidated)

(KRW bn)	2Q15	2Q14	YoY		2Q15	1Q15	QoQ	
Operating revenues	4,256	4,305	(50)	-1.2%	4,256	4,240	15	0.4%
Operating expenses	3,843	3,759	84	2.2%	3,843	3,838	5	0.1%
Operating income	413	546	(133)	-24.4%	413	403	10	2.5%
<i>Operating margin</i>	<i>9.7%</i>	<i>12.7%</i>	<i>-3.0%p</i>		<i>9.7%</i>	<i>9.5%</i>	<i>0.2%p</i>	
Net profit or loss from non-operating items¹⁾	103	62	41	65.9%	103	157	(55)	-34.7%
Income from continuing operations before income tax	516	608	(92)	-15.2%	516	560	(44)	-7.9%
Consolidated net income	398	498	(100)	-20.0%	398	443	(45)	-10.1%
<i>Net margin</i>	<i>9.3%</i>	<i>11.6%</i>	<i>-2.2%p</i>		<i>9.3%</i>	<i>10.4%</i>	<i>-1.1%p</i>	
EBITDA²⁾	1,151	1,264	(112)	-8.9%	1,151	1,132	19	1.7%
<i>EBITDA margin</i>	<i>27.1%</i>	<i>29.3%</i>	<i>-2.3%p</i>		<i>27.1%</i>	<i>26.7%</i>	<i>0.4%p</i>	

1) The equity gains from SK Hynix amounted to KRW 217.9 bn in 2Q15

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

- Despite increase in revenues from SK Planet and SK Broadband, consolidated revenues fell by 1.2% YoY due to drop in interconnection revenues and sign-up fees. Decreasing sign-up fees had less effect QoQ, and revenues saw a 0.4% growth driven by improved results of subsidiaries.
- Operating income decreased by 24.4% YoY as revenues fell and the retirement program related one-off labor cost was posted in Q2. Sequentially, the one-off labor cost was offset by lower marketing expenses, and operating profits grew by 2.5%.
- Net income fell by 20.0% YoY due to decrease in revenues and operating profits. Sequential decline of 10.1% in net income was driven by lower equity gains from SK Hynix.

Consolidated Results

◆ Operating Expenses (Consolidated)

(KRW bn)	2Q15	2Q14	YoY		2Q15	1Q15	QoQ	
Labor cost	544	401	143	35.6%	544	475	69	14.5%
Commissions paid	1,262	1,364	(102)	-7.5%	1,262	1,347	(85)	-6.3%
Advertising	120	100	21	20.6%	120	77	43	56.5%
Depreciation ¹⁾	738	717	21	2.9%	738	729	9	1.3%
Network interconnection	240	281	(41)	-14.6%	240	234	6	2.4%
Leased line	51	54	(3)	-5.9%	51	49	2	3.2%
Frequency usage fees	42	47	(5)	-9.7%	42	54	(11)	-20.9%
Cost of goods sold	450	394	56	14.2%	450	491	(41)	-8.4%
Others	395	401	(6)	-1.5%	395	381	14	3.6%
Operating expenses	3,843	3,759	84	2.2%	3,843	3,838	5	0.1%

1) Includes R&D related depreciation

- Labor cost increased by 35.6% YoY due to the one-off retirement program cost. Effect of the one-off cost was mitigated due to bonuses paid out in the previous quarter, and labor cost increased by 14.5% QoQ.
- Drop in marketing expenses led to decrease of commissions paid by 7.5% YoY and 6.3% QoQ .
- Depreciation increased 2.9% YoY and 1.3% QoQ from increase in LTE network capex and amortization of spectrum assets.
- Interconnection expenses decreased 14.6% YoY as a result of lower interconnection rates, but increased by 2.4% QoQ driven by greater call volume.
- Cost of goods sold increased 14.2% YoY due to stronger handset sales at PS& Marketing and aggressive 11st promotions at SK Planet. Weaker handset sales at PS&Marketing during Q2 resulted in a QoQ 8.4% decline in cost of goods sold.

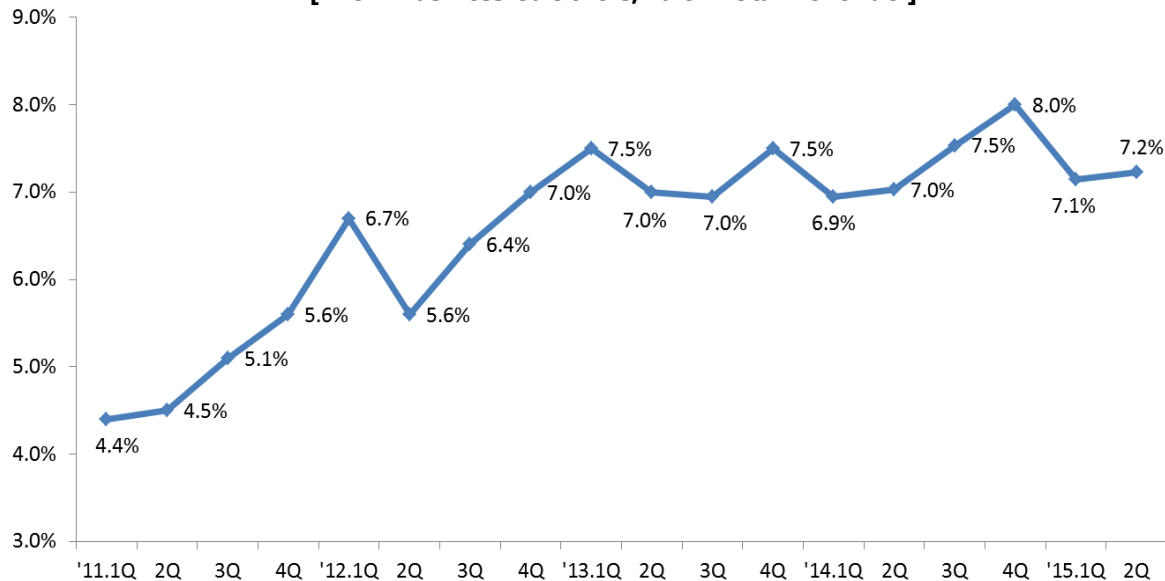
Non-consolidated Results

◆ Operating Revenues (Non-consolidated)

(KRW bn)	2Q15	2Q14	YoY		2Q15	1Q15	QoQ
Total operating revenues	3,144	3,265	(121) -3.7%		3,144	3,133	10 0.3%
Mobile service revenue	2,727	2,794	(67) -2.4%		2,727	2,733	(6) -0.2%
Interconnection revenue	190	241	(52) -21.4%		190	177	13 7.2%
New business & others ¹⁾	227	229	(2) -1.0%		227	224	3 1.5%

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

[New Business & Others, % of Total Revenue]



- Total operating revenues fell by 3.7% YoY due to decrease in interconnection revenues
 - Mobile service revenues fell by 2.4%; primarily from dwindling contribution of signup fees
 - Interconnection revenues dropped 21.4% with lower interconnection rates
 - Revenues from new business & others fell by 1.0% due to weak hardware/accessory sales
- Total operating revenues increased 0.3% QoQ from higher interconnection revenues and stronger new business performances.
 - Interconnection revenues grew by 7.2%
 - New business and others, including B2B solutions business, performed better than the prior quarter by 1.5%

Non-consolidated Results

◆ Marketing Expenses & Capex

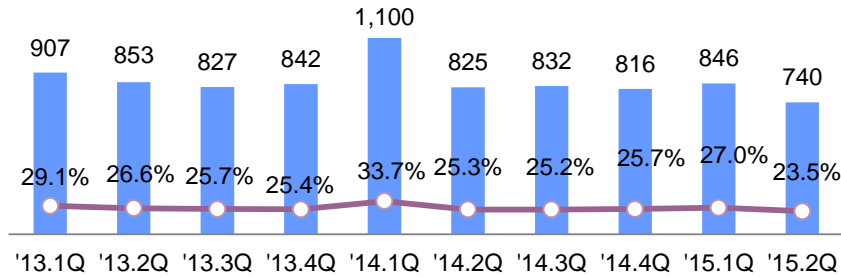
(KRW bn)	2Q15	2Q14	YoY		2Q15	1Q15	QoQ	
Marketing expenses¹⁾	740	825	(85)	-10.3%	740	846	(106)	-12.5%
% of operating revenue	23.5%	25.3%	-1.7%p		23.5%	27.0%	-3.5%p	
Capital expenditure	348	517	(169)	-32.7%	348	319	29	9.0%
% of operating revenue	11.1%	15.8%	-4.8%p		11.1%	10.2%	0.9%p	

1) Marketing expenses = marketing related commission + advertising expense

- Marketing expenses decreased 10.3% YoY and 12.5% QoQ respectively mainly due to the reduced volatility with regard to overheated market competition during 2Q15
- Capex decreased YoY and increased QoQ, in line with overall investment plans

Marketing Expenses

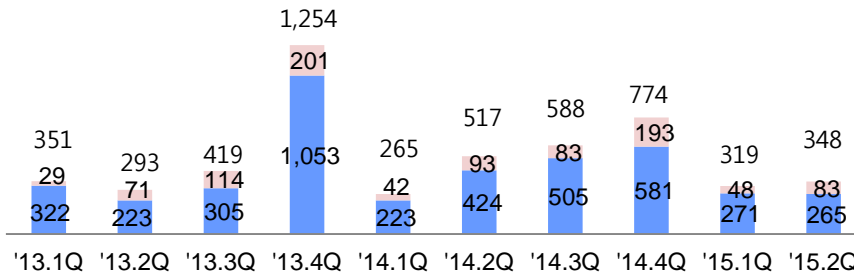
(KRW bn)



- Marketing Expenses
- % of Operating Revenue

Capex

(KRW bn)



- Non-Network
- Network

Appendix

◆ Subscriber Numbers

	1Q14	2Q14	3Q14	4Q14	1Q15 ¹⁾	2Q15 ¹⁾	YoY		QoQ	
Subscribers ('000)	27,814	27,889	28,403	28,613	28,375	28,664	775	2.8%	289	1.0%
Net adds	461	76	514	210	(238)	289	213	280.0%	526	-
Activations	2,351	1,641	2,218	1,624	1,872	1,431	(210)	-12.8%	(441)	-23.5%
Deactivations	1,890	1,566	1,705	1,414	2,109	1,142	(424)	-27.0%	(967)	-45.8%
Monthly churn rate (%) ²⁾	2.3%	1.9%	2.0%	1.7%	2.0%	1.3%	-0.6%p		-0.7%p	
Average subscribers ('000)	27,526	27,769	28,146	28,482	28,522	28,529	760	2.7%	7	0.0%
Smartphone Subscribers ('000)	18,816	18,926	19,325	19,495	19,753	19,977	1,051	5.6%	224	1.1%
LTE Subscribers ('000) ³⁾	14,773	15,381	16,212	16,737	17,447	17,937	2,556	16.6%	490	2.8%
LTE Penetration	53.1%	55.2%	57.1%	58.5%	61.5%	62.6%	7.4%p		1.1%p	

1) Numbers for 2015 reflect MSIP's new subscriber counting logics

2) '15.1Q churn rate excludes one-off deactivation of long term inactive pre-paid accounts

3) LTE subscribers include MVNO

◆ ARPU 1)

(KRW)	1Q14	2Q14	3Q14	4Q14	1Q15 ²⁾	2Q15 ²⁾	YoY		QoQ	
Total ARPU	43,737	44,217	44,892	43,645	43,484	44,071	(146)	-0.3%	587	1.3%
Billing ARPU ³⁾	35,309	36,013	36,417	36,673	36,317	36,601	588	1.6%	284	0.8%

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

2) Numbers for 2015 reflect MSIP's new subscriber counting logics

3) Billing ARPU excludes signup fees from mobile service revenues

Appendix

◆ Consolidated Income Statement

(KRW bn)	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15
Operating revenues	4,201.9	4,305.4	4,367.5	4,289.0	17,163.8	4,240.3	4,255.7
Operating expenses	3,949.5	3,759.3	3,830.9	3,799.0	15,338.7	3,837.6	3,842.9
Labor cost	429.1	401.1	411.2	418.3	1,659.8	475.0	543.9
Commissions paid	1,627.6	1,364.3	1,326.7	1,374.0	5,692.7	1,347.1	1,262.2
Advertising	85.3	99.9	104.8	125.8	415.9	77.0	120.5
Depreciation ¹⁾	703.2	717.4	721.0	749.9	2,891.6	729.3	738.5
Network interconnection	275.8	280.7	286.3	154.5	997.3	234.3	239.9
Leased line	56.0	54.2	53.2	47.5	210.9	49.4	51.0
Frequency usage fees	50.2	47.0	48.6	42.4	188.1	53.6	42.4
Cost of goods sold	335.7	394.0	474.1	476.4	1,680.1	490.9	449.9
Others	386.5	400.6	405.0	410.1	1,602.3	381.0	394.7
Operating income	252.4	546.1	536.6	490.1	1,825.1	402.6	412.9
<i>EBITDA</i>	955.6	1,263.5	1,257.6	1,240.0	4,716.7	1,132.0	1,151.4
<i>EBITDA margin</i>	22.7%	29.3%	28.8%	28.9%	27.5%	26.7%	27.1%
Net profit or loss from non-operating items	80.2	61.9	129.2	157.4	428.7	157.4	102.7
Interest income	15.5	14.3	15.5	14.7	60.0	12.8	12.4
Interest expenses	78.6	82.6	82.2	79.7	323.1	75.5	74.7
Profit or loss in other non-operating items	143.3	130.2	195.8	222.5	691.9	220.1	165.0
Income from continuing operations before tax	332.6	608.0	665.8	647.5	2,253.8	560.0	515.6
Consolidated net income	267.3	497.6	531.0	503.4	1,799.3	442.7	397.9
Majority interests	269.8	498.5	531.5	501.3	1,801.2	444.5	395.8
Minority interests	(2.5)	(0.9)	(0.5)	2.1	(1.9)	(1.7)	2.0
Basic earnings per share(KRW)	3,804	6,909	7,493	6,948	25,154	6,266	5,266

1) Includes R&D related depreciation

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

Appendix

◆ SK Telecom Non-consolidated Income Statement

(KRW bn)	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15
Operating revenues	3,263.7	3,264.6	3,303.6	3,180.7	13,012.6	3,133.5	3,143.8
Operating expenses	3,012.4	2,736.9	2,797.9	2,728.2	11,275.5	2,725.6	2,747.7
Labor cost	171.2	153.0	138.8	147.5	610.5	176.6	257.3
Commissions paid	1,584.0	1,299.4	1,336.5	1,349.6	5,569.4	1,339.8	1,220.4
Marketing commissions	1,061.0	767.6	772.5	758.3	3,359.5	812.9	681.1
Other commissions	522.9	531.8	564.0	591.2	2,209.9	526.9	539.3
Advertising	39.4	57.1	59.4	57.6	213.6	32.6	58.4
Depreciation ¹⁾	536.5	547.1	549.3	575.9	2,208.7	552.8	561.1
Network interconnection	214.9	219.9	226.6	110.5	771.8	169.9	182.4
Leased line	46.7	45.5	45.6	44.6	182.4	42.6	43.0
Frequency usage fees	50.2	47.0	48.6	42.4	188.1	53.6	42.4
Others	369.6	368.0	393.3	400.1	1,530.9	357.6	382.6
Operating income	251.3	527.7	505.7	452.5	1,737.2	407.8	396.1
<i>EBITDA</i>	787.8	1,074.7	1,055.0	1,028.3	3,945.9	960.7	957.2
<i>EBITDA margin</i>	24.1%	32.9%	31.9%	32.3%	30.3%	30.7%	30.4%
Net profit or loss from non-operating items	(55.3)	(83.2)	(131.3)	(145.5)	(415.4)	(29.1)	(76.7)
Interest income	6.8	6.0	6.3	5.9	25.0	5.7	5.5
Interest expenses	63.9	68.5	67.2	64.9	264.4	61.2	59.9
Net profit or loss from other non-operating items	1.7	(20.8)	(70.4)	(86.5)	(176.0)	26.5	(22.3)
Income from continuing operations before tax	195.9	444.4	374.4	306.9	1,321.8	378.8	319.4
Net income	153.5	363.4	293.3	218.4	1,028.5	295.8	232.0

1) Includes R&D related depreciation

Appendix

◆ Consolidated Balance Sheet

(KRW bn)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
Total assets	26,067.2	27,027.6	27,685.0	27,941.2	27,824.4	28,041.5
Current assets	4,781.8	5,592.6	5,740.2	5,083.1	5,228.5	5,180.5
Cash and marketable securities ¹⁾	1,384.1	1,652.0	1,665.3	1,297.5	1,264.4	1,335.2
Accounts receivable	2,886.8	3,230.6	3,515.3	3,082.7	3,045.5	3,140.6
Short-term loans	86.8	83.0	79.1	74.5	78.2	32.2
Inventories	189.4	399.9	236.8	267.7	295.0	282.9
Other current assets	234.7	227.2	243.7	360.8	545.3	389.6
Non-current assets	21,285.4	21,435.0	21,944.8	22,858.1	22,595.9	22,861.0
Property & equipment	9,982.9	10,073.2	10,232.7	10,582.7	10,420.0	10,268.6
Intangible assets	4,387.1	4,317.7	4,238.3	4,401.6	4,304.8	4,228.8
Investment assets	6,439.5	6,534.9	6,941.7	7,255.0	7,226.1	7,731.7
Other non-current assets	475.9	509.3	532.2	618.8	645.0	631.8
Total liabilities	12,242.3	12,824.5	12,940.9	12,693.0	12,747.3	12,723.9
Current liabilities	6,283.3	6,162.7	6,063.2	5,420.3	5,323.7	5,308.4
Short-term borrowings	766.0	869.5	787.4	366.6	392.4	939.3
Accounts payable	1,288.9	1,595.0	1,619.6	1,757.0	1,579.8	1,584.7
Current portion of long-term debt	1,152.4	1,143.7	1,162.5	784.4	675.7	671.5
Other current liabilities	3,076.0	2,554.4	2,493.7	2,512.2	2,675.9	2,112.8
Non-current liabilities	5,958.9	6,661.8	6,877.7	7,272.7	7,423.5	7,415.5
Bonds payable & long-term borrowings	4,748.1	5,251.9	5,355.8	5,798.9	6,042.3	6,019.1
Long-term payables - other	657.2	660.8	681.1	684.6	566.4	577.4
Post-employment benefit obligation	99.0	125.8	154.9	91.6	127.8	121.7
Other non-current liabilities	454.6	623.3	686.0	697.6	687.1	697.3
Total shareholders' equity	13,825.0	14,203.2	14,744.1	15,248.3	15,077.2	15,317.6
Capital stock	44.6	44.6	44.6	44.6	44.6	44.6
Capital surplus	3,323.4	3,323.4	3,323.4	3,323.4	3,323.2	3,348.1
Retained earnings	12,772.6	13,254.6	13,716.4	14,188.6	14,029.7	14,421.0
Capital adjustments	(3,006.0)	(3,034.6)	(3,034.6)	(3,045.4)	(3,045.5)	(2,685.6)
Other comprehensive income/loss ²⁾	(21.1)	(94.1)	(25.0)	(4.5)	(6.5)	59.4
Minority interests	711.5	709.3	719.3	741.5	731.6	130.1

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

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)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
Total assets	22,256.0	22,494.0	22,829.6	22,712.5	22,464.6	22,863.4
Current assets	2,563.8	2,755.0	2,941.3	2,689.9	2,854.1	2,685.9
Cash and marketable securities ¹⁾	489.7	568.2	592.8	541.3	496.3	508.7
Accounts receivable	1,802.5	1,936.1	2,099.3	1,865.3	1,858.7	1,897.0
Short-term loans	80.1	75.7	72.3	68.0	70.6	21.8
Inventories	30.3	22.2	16.5	23.7	25.7	34.4
Other current assets	161.2	152.8	160.5	191.6	402.7	224.0
Non-current assets	19,692.2	19,739.0	19,888.3	20,022.5	19,610.5	20,177.6
Property & equipment	7,282.2	7,318.7	7,442.8	7,705.9	7,555.2	7,423.3
Intangible assets	3,459.3	3,374.1	3,288.2	3,234.4	3,149.5	3,062.1
Investment assets	8,688.4	8,794.1	8,896.3	8,790.6	8,606.6	9,405.6
Other non-current assets	262.3	252.1	260.9	291.6	299.2	286.6
Total liabilities	9,424.0	9,343.7	9,428.9	9,170.2	9,240.2	9,057.1
Current liabilities	4,511.9	4,110.6	4,135.9	3,378.0	3,558.3	3,456.0
Short-term borrowings	400.0	700.0	600.0	200.0	250.0	770.0
Accounts payable	977.5	847.1	1,017.0	1,174.4	1,073.7	1,064.3
Current portion of long-term debt	917.3	902.7	915.2	401.3	400.5	401.3
Other current liabilities	2,217.1	1,660.9	1,603.7	1,602.4	1,834.1	1,220.5
Non-current liabilities	4,912.0	5,233.1	5,293.0	5,792.2	5,681.8	5,601.0
Bonds payable & long-term borrowings	3,945.3	4,138.5	4,174.6	4,735.3	4,769.5	4,762.2
Long-term payables	646.6	650.0	653.5	657.0	542.1	545.0
Post-employment benefit obligation	29.3	42.2	48.8	15.6	28.3	12.9
Other non-current liabilities	290.8	402.4	416.1	384.4	341.9	281.0
Total shareholders' equity	12,832.0	13,150.3	13,400.7	13,542.2	13,224.4	13,806.4
Capital stock	44.6	44.6	44.6	44.6	44.6	44.6
Capital surplus	3,319.4	3,319.4	3,319.4	3,319.4	3,319.4	3,344.2
Retained earnings	12,220.2	12,568.7	12,793.1	12,996.8	12,694.7	12,917.8
Capital adjustments	(2,885.5)	(2,885.5)	(2,885.5)	(2,885.5)	(2,885.5)	(2,498.2)
Other comprehensive income/loss ²⁾	133.3	103.1	129.0	66.9	51.2	(2.1)

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

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

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