

Results for the Quarter Ended March 31, 2016

K-IFRS, Non-audited

April 28th, 2016



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Table of Contents

Consolidated Results	3
Non-consolidated Results	5
Appendix	7

Consolidated Results

◆ Summary of Income Statement (Consolidated)

(KRW bn)	1Q16	1Q15	YoY		1Q16	4Q15	QoQ	
Operating revenues	4,228	4,240	(12)	-0.3%	4,228	4,379	(151)	-3.4%
Operating expenses	3,826	3,838	(11)	-0.3%	3,826	3,977	(151)	-3.8%
Operating income	402	403	(1)	-0.1%	402	402	0	0.1%
<i>Operating margin</i>	<i>9.5%</i>	<i>9.5%</i>	<i>0.0%p</i>		<i>9.5%</i>	<i>9.2%</i>	<i>0.3%p</i>	
Net profit or loss from non-operating items¹⁾	334	157	177	112.2%	334	3	331	10793.5%
Income from continuing operations before income tax	736	560	176	31.4%	736	405	331	81.8%
Consolidated net income	572	443	130	29.3%	572	293	279	95.0%
<i>Net margin</i>	<i>13.5%</i>	<i>10.4%</i>	<i>3.1%p</i>		<i>13.5%</i>	<i>6.7%</i>	<i>6.8%p</i>	
EBITDA²⁾	1,151	1,132	19	1.7%	1,151	1,172	(21)	-1.8%
<i>EBITDA margin</i>	<i>27.2%</i>	<i>26.7%</i>	<i>0.5%p</i>		<i>27.2%</i>	<i>26.8%</i>	<i>0.5%p</i>	

1) In '16.1Q, equity gains from SK Hynix resulted in KRW 82.2 bn(YoY -173 bn, QoQ -87.1 bn), gains from sale of Loen Entertainment stake resulted in KRW 314.7 bn

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

- Consolidated revenues decreased by 0.3% YoY mainly due to SK Telecom's discontinued sign-up fees, which was partially offset by growth in revenues of subsidiaries including SK Planet and SK Broadband. SK Telecom and subsidiaries including PS&M led consolidated revenues to decline by 3.4% QoQ
- Operating income decreased as a result of rise in costs among subsidiaries including SK Broadband and SK Planet despite SKT's effort to reduce marketing expenses
- Consolidated net income rose due to gains from sale of SK Planet's stake in Loen Entertainment, which was partially offset by decrease in equity gains from SK Hynix

Consolidated Results

◆ Operating Expenses (Consolidated)

(KRW bn)	1Q16	1Q15	YoY		1Q16	4Q15	QoQ	
Labor cost	477	475	2	0.4%	477	448	28	6.3%
Commissions paid	1,323	1,347	(24)	-1.8%	1,323	1,323	0	0.0%
Advertising	88	77	11	13.7%	88	115	(27)	-23.7%
Depreciation ¹⁾	749	729	20	2.7%	749	770	(22)	-2.8%
Network interconnection	264	234	30	12.6%	264	247	16	6.6%
Leased line	54	49	5	9.7%	54	49	5	10.4%
Frequency usage fees	48	54	(6)	-10.7%	48	47	1	1.7%
Cost of goods sold	427	491	(64)	-13.1%	427	538	(111)	-20.6%
Others	397	381	16	4.2%	397	440	(42)	-9.7%
Operating expenses	3,826	3,838	(11)	-0.3%	3,826	3,977	(151)	-3.8%

1) Includes R&D related depreciation

- Commissions paid decreased by 1.8% YoY due to SKT's decrease in marketing expense offset by rise in costs among subsidiaries in its effort to expand growth businesses
- Depreciation increased by 2.7% YoY due to increase in LTE network capex
- Interconnection fee increased by 12.6% driven by the rise in mobile traffic resulting from expansion of unlimited voice plans
- Cost of goods sold declined by 13.1% YoY followed by benign competitive environment and rise in demand for low-end handsets

Non-consolidated Results

◆ Operating Revenues (Non-consolidated)

(KRW bn)	1Q16	1Q15	YoY		1Q16	4Q15	QoQ	
Total operating revenues	3,098	3,133	(35)	-1.1%	3,098	3,138	(40)	-1.3%
Mobile service revenue	2,705	2,733	(27)	-1.0%	2,705	2,719	(14)	-0.5%
Interconnection revenue	190	177	13	7.2%	190	194	(4)	-2.2%
Others ¹⁾	203	224	(21)	-9.3%	203	225	(22)	-9.7%

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

- Total operating revenues fell by 1.1% YoY and 1.3% QoQ mainly due to decrease in signup fees
- Interconnection revenues increased YoY due to rise in mobile traffic resulting from expansion of unlimited voice plans and decreased QoQ due to seasonality
- Other revenues fell YoY and QoQ mainly due to decrease in sales of solution and hardware

◆ ARPU¹⁾

(KRW)	1Q15	2Q15	3Q15	4Q15	1Q16	YoY		QoQ	
Total ARPU²⁾	43,486	44,071	44,103	44,224	43,715	228	0.5%	(509)	-1.2%
Billing ARPU^{2), 3)}	36,319	36,601	36,729	36,680	36,414	95	0.3%	(266)	-0.7%
ARPU⁴⁾ Including MVNO	33,556	33,655	33,581	33,379	33,016	(541)	-1.6%	(363)	-1.1%

1) Includes revenues from select businesses of SK Planet

2) From SK Telecom subscribers

3) From SK Telecom mobile service revenues less signup fees

4) Includes MVNO revenues and subscribers

Non-consolidated Results

◆ Marketing Expenses & CAPEX

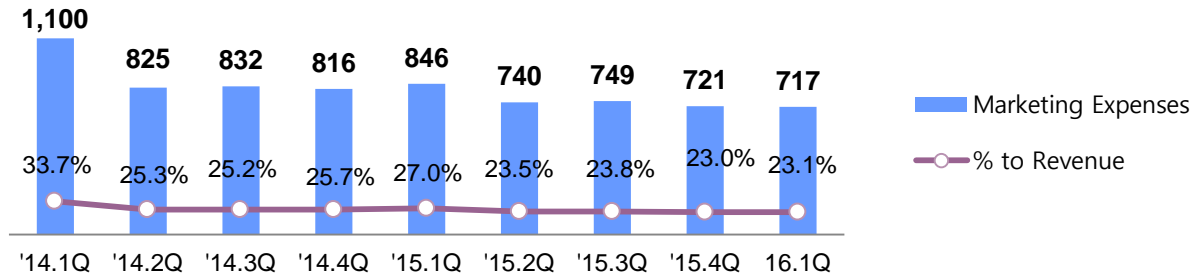
(KRW bn)	1Q16	1Q15	YoY		1Q16	4Q15	QoQ	
Marketing expenses¹⁾	717	846	(129)	-15.3%	717	721	(4)	-0.6%
% of operating revenue	23.1%	27.0%	-3.9%p		23.1%	23.0%	0.2%p	
Capital expenditure	78	319	(241)	-75.5%	78	824	(746)	-90.5%
% of operating revenue	2.5%	10.2%	-7.7%p		2.5%	26.3%	-23.7%p	

- Marketing expenses decreased by 15.3% YoY in line with market stabilization efforts
- Capex decreased both YoY and QoQ

1) Marketing expenses = marketing related commission + advertising expenses

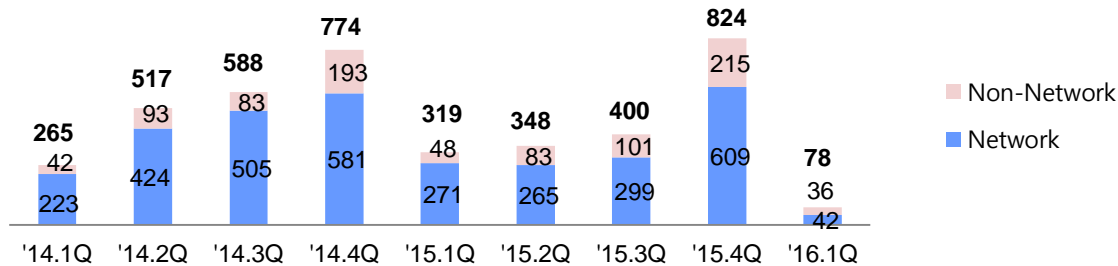
Marketing Expenses

(KRW bn)



CAPEX

(KRW bn)



Appendix

◆ Subscriber Numbers¹⁾

	1Q15	2Q15	3Q15	4Q15	1Q16	YoY		QoQ	
Subscribers ('000) ²⁾	28,026	28,313	28,474	28,626	28,921	895	3.2%	295	1.0%
Net adds	(253)	287	162	152	295	548	Net Gain	143	93.8%
Activations	1,872	1,431	1,373	1,317	1,552	(320)	-17.1%	234	17.8%
Deactivations	2,125	1,145	1,211	1,165	1,257	(868)	-40.8%	92	7.9%
<i>Monthly churn rate (%) ³⁾</i>	<i>2.0%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>1.5%</i>	<i>-0.6%p</i>		<i>0.1%p</i>	
Average subscribers ('000)	28,177	28,178	28,367	28,539	28,756	579	2.1%	217	0.8%
Smartphone Subscribers ('000)	19,753	19,977	20,323	20,622	20,985	1,232	6.2%	362	1.8%
LTE Subscribers ('000)	17,447	17,937	18,465	18,980	19,526	2,079	11.9%	546	2.9%
LTE Penetration	62.3%	63.4%	64.8%	66.3%	67.5%	<i>5.3%p</i>		<i>1.2%p</i>	

1) includes MVNO connections

2) In accordance with MSIP guidelines, other connections such as facility-monitoring lines are excluded

3) '15.1Q churn rate excludes one-off deactivation of long term inactive pre-paid accounts

Appendix

◆ Consolidated Income Statement

(KRW bn)	1Q15	2Q15	3Q15	4Q15	FY15	1Q16
Operating revenues	4,240.3	4,255.7	4,261.4	4,379.3	17,136.7	4,228.5
Operating expenses	3,837.6	3,842.9	3,770.7	3,977.5	15,428.7	3,826.3
Labor cost	475.0	543.9	426.4	448.5	1,893.7	476.9
Commissions paid	1,347.1	1,262.2	1,274.5	1,323.2	5,207.0	1,323.4
Advertising	77.0	120.5	92.9	114.6	405.0	87.5
Depreciation ¹⁾	729.3	738.5	754.6	770.4	2,992.9	748.9
Network interconnection	234.3	239.9	236.0	247.5	957.6	263.9
Leased line	49.4	51.0	50.5	49.1	200.0	54.2
Frequency usage fees	53.6	42.4	46.8	47.1	189.8	47.9
Cost of goods sold	490.9	449.9	477.4	537.6	1,955.9	426.6
Others	381.0	394.7	411.6	439.5	1,626.9	397.1
Operating income	402.6	412.9	490.6	401.9	1,708.0	402.1
<i>EBITDA</i>	1,132.0	1,151.4	1,245.2	1,172.3	4,700.9	1,151.0
<i>EBITDA margin</i>	26.7%	27.1%	29.2%	26.8%	27.4%	27.2%
Net profit or loss from non-operating items	157.4	102.7	64.2	3.1	327.4	334.0
Interest income	12.8	12.4	11.3	9.4	45.9	12.0
Interest expenses	75.5	74.7	73.9	73.6	297.7	72.4
Profit or loss in other non-operating items	220.1	165.0	126.8	67.3	579.1	394.3
Income from continuing operations before tax	560.0	515.6	554.8	404.9	2,035.4	736.1
Consolidated net income	442.7	397.9	381.8	293.5	1,515.9	572.3
Majority interests	444.5	395.8	382.3	296.0	1,518.6	571.8
Minority interests	(1.7)	2.0	(0.5)	(2.6)	(2.7)	0.5
Basic earnings per share(KRW)	6,266	5,266	5,263	4,304	20,988	8,099

1) Includes R&D related depreciation

Appendix

◆ SK Telecom Non-consolidated Income Statement

(KRW bn)	1Q15	2Q15	3Q15	4Q15	FY15	1Q16
Operating revenues	3,133.5	3,143.8	3,141.8	3,138.0	12,557.0	3,098.3
Operating expenses	2,725.6	2,747.7	2,675.6	2,749.3	10,898.2	2,668.4
Labor cost	176.6	257.3	133.1	147.9	714.9	178.0
Commissions paid	1,339.8	1,220.4	1,257.0	1,265.3	5,082.5	1,213.3
Marketing commissions	812.9	681.1	707.4	677.4	2,878.9	689.5
Other commissions	526.9	539.3	549.6	587.9	2,203.7	523.7
Advertising	32.6	58.4	41.2	43.5	175.8	27.1
Depreciation ¹⁾	552.8	561.1	575.4	590.5	2,279.9	570.8
Network interconnection	169.9	182.4	179.4	189.1	720.9	193.3
Leased line	42.6	43.0	41.6	41.0	168.2	40.8
Frequency usage fees	53.6	42.4	46.8	47.1	189.8	47.9
Others	357.6	382.6	401.0	425.0	1,566.2	397.4
Operating income	407.8	396.1	466.2	388.7	1,658.8	429.9
<i>EBITDA</i>	960.7	957.2	1,041.6	979.1	3,938.7	1,000.6
<i>EBITDA margin</i>	30.7%	30.4%	33.2%	31.2%	31.4%	32.3%
Net profit or loss from non-operating items	(29.1)	(76.7)	24.6	(108.2)	(189.3)	35.8
Interest income	5.7	5.5	4.8	4.6	20.6	6.4
Interest expenses	61.2	59.9	60.1	60.3	241.6	59.5
Net profit or loss from other non-operating items	26.5	(22.3)	80.0	(52.5)	31.7	88.9
Income from continuing operations before tax	378.8	319.4	490.8	280.5	1,469.4	465.7
Net income	295.8	232.0	361.6	217.4	1,106.8	382.2

1) Includes R&D related depreciation

Appendix

◆ Consolidated Balance Sheet

(KRW bn)	1Q15	2Q15	3Q15	4Q15	1Q16
Total assets	27,824.4	28,041.5	28,558.7	28,581.4	28,490.4
Current assets	5,228.5	5,180.5	5,573.2	5,160.2	5,805.8
Cash and marketable securities ¹⁾	1,264.4	1,335.2	1,643.5	1,505.0	1,621.6
Accounts receivable	3,045.5	3,140.6	3,281.2	3,018.6	3,522.7
Short-term loans	78.2	32.2	40.2	53.9	66.2
Inventories	295.0	282.9	272.0	273.6	278.4
Other current assets	545.3	389.6	336.3	309.2	317.0
Non-current assets	22,595.9	22,861.0	22,985.5	23,421.1	22,684.6
Property & equipment	10,420.0	10,268.6	10,185.7	10,386.3	9,931.6
Intangible assets	4,304.8	4,228.8	4,131.9	4,213.4	4,094.8
Investment assets	7,226.1	7,731.7	7,917.2	8,114.1	8,007.4
Other non-current assets	645.0	631.8	750.7	707.3	650.9
Total liabilities	12,747.3	12,723.9	12,924.9	13,207.3	13,375.2
Current liabilities	5,323.7	5,308.4	5,233.8	5,256.5	5,355.1
Short-term borrowings	392.4	939.3	395.0	260.0	84.9
Accounts payable	1,579.8	1,584.7	1,633.4	1,985.8	1,775.4
Current portion of long-term debt	675.7	671.5	850.7	823.8	652.2
Other current liabilities	2,675.9	2,112.8	2,354.7	2,186.9	2,842.6
Non-current liabilities	7,423.5	7,415.5	7,691.1	7,950.8	8,020.1
Bonds payable & long-term borrowings	6,042.3	6,019.1	6,303.7	6,560.7	6,776.1
Long-term payables - other	566.4	577.4	579.9	581.7	468.7
Post-employment benefit obligation	127.8	121.7	143.3	98.9	134.7
Other non-current liabilities	687.1	697.3	664.2	709.5	640.6
Total shareholders' equity	15,077.2	15,317.6	15,633.8	15,374.1	15,115.2
Capital stock	44.6	44.6	44.6	44.6	44.6
Capital surplus	3,323.2	3,348.1	3,327.1	3,319.5	3,313.6
Retained earnings	14,029.7	14,421.0	14,727.0	15,007.6	14,941.4
Capital adjustments	(3,045.5)	(2,685.6)	(2,650.8)	(3,130.0)	(3,118.3)
Other comprehensive income/loss ²⁾	(6.5)	59.4	55.7	9.3	(180.5)
Minority interests	731.6	130.1	130.2	123.0	114.3

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)	1Q15	2Q15	3Q15	4Q15	1Q16
Total assets	22,464.6	22,863.4	23,144.7	23,146.9	23,120.0
Current assets	2,854.1	2,685.9	3,133.1	2,713.5	3,144.4
Cash and marketable securities ¹⁾	496.3	508.7	736.8	598.2	593.1
Accounts receivable	1,858.7	1,897.0	2,100.5	1,793.5	2,222.8
Short-term loans	70.6	21.8	31.8	47.7	59.1
Inventories	25.7	34.4	38.9	46.0	43.7
Other current assets	402.7	224.0	225.0	228.1	225.7
Non-current assets	19,610.5	20,177.6	20,011.6	20,433.4	19,975.5
Property & equipment	7,555.2	7,423.3	7,308.4	7,442.3	7,038.7
Intangible assets	3,149.5	3,062.1	2,977.1	3,072.3	2,974.6
Investment assets	8,606.6	9,405.6	9,333.3	9,547.1	9,634.2
Other non-current assets	299.2	286.6	392.9	371.7	328.0
Total liabilities	9,240.2	9,057.1	9,100.2	9,367.5	9,565.1
Current liabilities	3,558.3	3,456.0	3,355.4	3,491.3	3,466.9
Short-term borrowings	250.0	770.0	260.0	230.0	-
Accounts payable	1,073.7	1,064.3	1,051.4	1,299.1	1,168.1
Current portion of long-term debt	400.5	401.3	602.6	712.8	438.2
Other current liabilities	1,834.1	1,220.5	1,441.4	1,249.4	1,860.6
Non-current liabilities	5,681.8	5,601.0	5,744.8	5,876.2	6,098.2
Bonds payable & long-term borrowings	4,769.5	4,762.2	4,967.0	5,106.0	5,431.7
Long-term payables	542.1	545.0	548.0	551.0	438.5
Post-employment benefit obligation	28.3	12.9	23.8	4.0	22.5
Other non-current liabilities	341.9	281.0	206.0	215.2	205.5
Total shareholders' equity	13,224.4	13,806.4	14,044.6	13,779.5	13,554.8
Capital stock	44.6	44.6	44.6	44.6	44.6
Capital surplus	3,319.4	3,344.2	3,357.8	3,357.8	3,357.8
Retained earnings	12,694.7	12,917.8	13,204.2	13,418.6	13,158.4
Capital adjustments	(2,885.5)	(2,498.2)	(2,498.2)	(2,988.4)	(2,988.4)
Other comprehensive income/loss ²⁾	51.2	(2.1)	(63.9)	(53.2)	(17.7)

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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