

Results for the Quarter Ended June 30, 2016

K-IFRS, Non-audited

July 28th, 2016



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Consolidated Results

◆ Summary of Income Statement (Consolidated)

(KRW bn)	2Q16	2Q15	YoY		2Q16	1Q16	QoQ	
Operating revenues	4,267	4,256	12	0.3%	4,267	4,228	39	0.9%
Operating expenses	3,860	3,843	17	0.4%	3,860	3,826	34	0.9%
Operating income	407	413	(6)	-1.3%	407	402	5	1.3%
<i>Operating margin</i>	<i>9.5%</i>	<i>9.7%</i>	<i>-0.2%p</i>		<i>9.5%</i>	<i>9.5%</i>	<i>0.0%p</i>	
Net profit or loss from non-operating items¹⁾	(43)	103	(145)		(43)	334	(377)	
Income from continuing operations before income tax	365	516	(151)	-29.3%	365	736	(371)	-50.4%
Consolidated net income	291	398	(107)	-26.9%	291	572	(281)	-49.2%
<i>Net margin</i>	<i>6.8%</i>	<i>9.3%</i>	<i>-2.5%p</i>		<i>6.8%</i>	<i>13.5%</i>	<i>-6.7%p</i>	
EBITDA²⁾	1,160	1,151	8	0.7%	1,160	1,151	9	0.7%
<i>EBITDA margin</i>	<i>27.2%</i>	<i>27.1%</i>	<i>0.1%p</i>		<i>27.2%</i>	<i>27.2%</i>	<i>0.0%p</i>	

1) In '16.2Q, equity gains from SK Hynix resulted in KRW 50.3 bn(YoY -167.6 bn, QoQ -32 bn),

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

- Consolidated revenues increased 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.
- Operating income decreased as a result of rise in costs among subsidiaries including SK Planet despite SKT's effort to reduce costs
- Consolidated net income fell due to decrease in equity gains from SK Hynix. Gains realized from sale of Loen Entertainment stake in '16'.1Q led consolidated net income to drop QoQ

Consolidated Results

◆ Operating Expenses (Consolidated)

(KRW bn)	2Q16	2Q15	YoY		2Q16	1Q16	QoQ	
Labor cost	466	544	(78)	-14.4%	466	477	(11)	-2.3%
Commissions paid	1,327	1,262	65	5.1%	1,327	1,323	4	0.3%
Advertising	108	120	(12)	-10.3%	108	88	21	23.5%
Depreciation ¹⁾	752	738	14	1.9%	752	749	3	0.4%
Network interconnection	255	240	16	6.5%	255	264	(8)	-3.2%
Leased line	59	51	8	16.5%	59	54	5	9.6%
Frequency usage fees	50	42	7	16.8%	50	48	2	3.5%
Cost of goods sold	452	450	2	0.4%	452	427	25	5.9%
Others	391	395	(4)	-1.0%	391	397	(6)	-1.6%
Operating expenses	3,860	3,843	17	0.4%	3,860	3,826	34	0.9%

1) Includes R&D related depreciation

- Labor cost fell 14.4% YoY mainly due to removed one-off impact from retirement program executed in '15.2Q
- Commissions paid increased by 5.1% YoY due to SKT's decrease in marketing expense, which was offset by rise in costs among subsidiaries in its effort to expand growth businesses
- Depreciation increased by 1.9% YoY due to increase in LTE network capex
- Interconnection fee increased by 6.5% driven by the rise in mobile traffic resulting from expansion of unlimited voice plans

Non-consolidated Results

◆ Operating Revenues (Non-consolidated)

(KRW bn)	2Q16	2Q15	YoY		2Q16	1Q16	QoQ	
Total operating revenues	3,092	3,144	(52)	-1.6%	3,092	3,098	(6)	-0.2%
Mobile service revenue	2,701	2,727	(25)	-0.9%	2,701	2,705	(4)	-0.2%
Interconnection revenue	182	190	(8)	-4.0%	182	190	(8)	-4.0%
Others ¹⁾	208	227	(19)	-8.3%	208	203	5	2.7%

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

- Total operating revenues fell by 1.6% YoY and 0.2% QoQ mainly due to decrease in signup fees
 - Interconnection revenues decreased YoY due to fall in land-to-mobile traffic
 - Other revenues fell YoY and rose QoQ mainly influenced by solution and hardware revenue

◆ ARPU¹⁾

(KRW)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	YoY		QoQ	
Total ARPU ²⁾	43,486	44,071	44,103	44,224	43,715	43,489	(582)	-1.3%	(226)	-0.5%
Billing ARPU ^{2), 3)}	36,319	36,601	36,729	36,680	36,414	36,205	(396)	-1.1%	(209)	-0.6%
ARPU ⁴⁾ Including MVNO	33,556	33,655	33,581	33,379	33,016	32,717	(938)	-2.8%	(299)	-0.9%

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)	2Q16	2Q15	YoY		2Q16	1Q16	QoQ	
Marketing expenses¹⁾	721	740	(19)	-2.5%	721	717	4	0.6%
% of operating revenue	23.3%	23.5%	-0.2%p		23.3%	23.1%	0.2%p	
Capital expenditure	234	348	(114)	-32.7%	234	78	156	199.4%
% of operating revenue	7.6%	11.1%	-3.5%p		7.6%	2.5%	5.0%p	

1) Marketing expenses = marketing related commission + advertising expenses

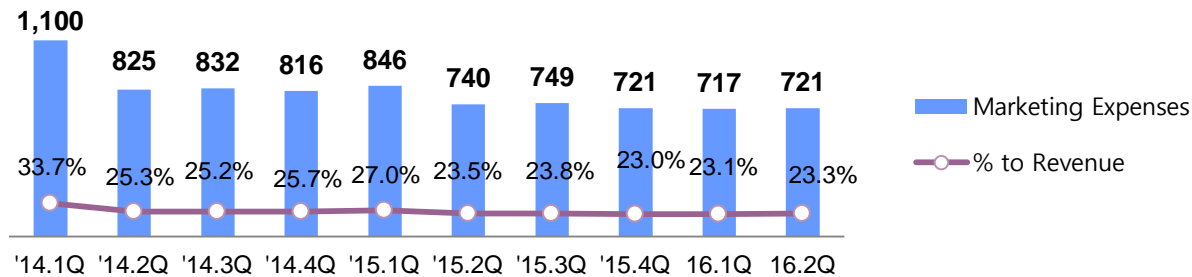
- Marketing expenses decreased by 2.5% YoY in line with market stabilization efforts

- Capex decreased YoY

※ Guidance for FY2016 raised to KRW 2.1tn to accommodate spectrum auction results

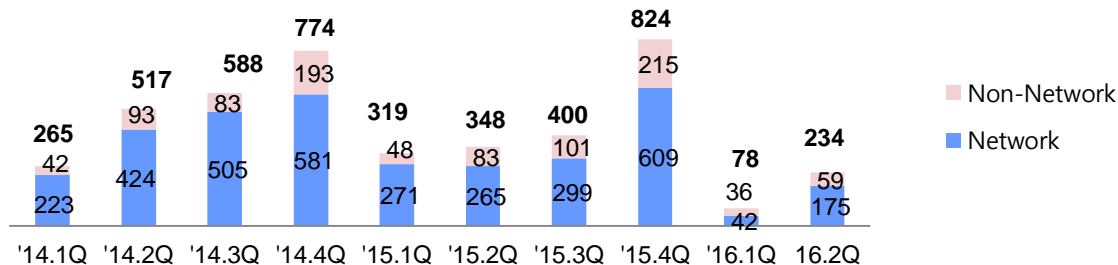
Marketing Expenses

(KRW bn)



CAPEX

(KRW bn)



Appendix

◆ Subscriber Numbers¹⁾

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	YoY		QoQ	
Subscribers ('000) ²⁾	28,026	28,313	28,474	28,626	28,921	29,150	837	3.0%	229	0.8%
Net adds	(253)	287	162	152	295	229	(57)	-20.0%	(65)	-22.2%
Activations	1,872	1,431	1,373	1,317	1,552	1,536	105	7.3%	(16)	-1.0%
Deactivations	2,125	1,145	1,211	1,165	1,257	1,307	162	14.2%	50	4.0%
<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>1.5%</i>	<i>0.1%p</i>		<i>0.0%p</i>	
Average subscribers ('000)	28,177	28,178	28,367	28,539	28,756	29,030	852	3.0%	275	1.0%
Smartphone Subscribers ('000)	19,753	19,977	20,323	20,622	20,985	21,308	1,331	6.7%	324	1.5%
LTE Subscribers ('000)	17,447	17,937	18,465	18,980	19,526	20,028	2,091	11.7%	502	2.6%
LTE Penetration	62.3%	63.4%	64.8%	66.3%	67.5%	68.7%	<i>5.4%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	2Q16
Operating revenues	4,240.3	4,255.7	4,261.4	4,379.3	17,136.7	4,228.5	4,267.3
Operating expenses	3,837.6	3,842.9	3,770.7	3,977.5	15,428.7	3,826.3	3,859.9
Labor cost	475.0	543.9	426.4	448.5	1,893.7	476.9	465.7
Commissions paid	1,347.1	1,262.2	1,274.5	1,323.2	5,207.0	1,323.4	1,327.0
Advertising	77.0	120.5	92.9	114.6	405.0	87.5	108.1
Depreciation ¹⁾	729.3	738.5	754.6	770.4	2,992.9	748.9	752.2
Network interconnection	234.3	239.9	236.0	247.5	957.6	263.9	255.5
Leased line	49.4	51.0	50.5	49.1	200.0	54.2	59.4
Frequency usage fees	53.6	42.4	46.8	47.1	189.8	47.9	49.5
Cost of goods sold	490.9	449.9	477.4	537.6	1,955.9	426.6	451.6
Others	381.0	394.7	411.6	439.5	1,626.9	397.1	390.9
Operating income	402.6	412.9	490.6	401.9	1,708.0	402.1	407.4
<i>EBITDA</i>	1,132.0	1,151.4	1,245.2	1,172.3	4,700.9	1,151.0	1,159.6
<i>EBITDA margin</i>	26.7%	27.1%	29.2%	26.8%	27.4%	27.2%	27.2%
Net profit or loss from non-operating items	157.4	102.7	64.2	3.1	327.4	334.0	(42.6)
Interest income	12.8	12.4	11.3	9.4	45.9	12.0	12.3
Interest expenses	75.5	74.7	73.9	73.6	297.7	72.4	70.0
Profit or loss in other non-operating items	220.1	165.0	126.8	67.3	579.1	394.3	15.1
Income from continuing operations before tax	560.0	515.6	554.8	404.9	2,035.4	736.1	364.8
Consolidated net income	442.7	397.9	381.8	293.5	1,515.9	572.3	291.0
Majority interests	444.5	395.8	382.3	296.0	1,518.6	571.8	290.1
Minority interests	(1.7)	2.0	(0.5)	(2.6)	(2.7)	0.5	0.9
Basic earnings per share(KRW)	6,266	5,266	5,263	4,304	20,988	8,099	3,990

1) Includes R&D related depreciation

Appendix

◆ SK Telecom Non-consolidated Income Statement

(KRW bn)	1Q15	2Q15	3Q15	4Q15	FY15	1Q16	2Q16
Operating revenues	3,133.5	3,143.8	3,141.8	3,138.0	12,557.0	3,098.3	3,092.0
Operating expenses	2,725.6	2,747.7	2,675.6	2,749.3	10,898.2	2,668.4	2,613.8
Labor cost	176.6	257.3	133.1	147.9	714.9	178.0	170.3
Commissions paid	1,339.8	1,220.4	1,257.0	1,265.3	5,082.5	1,213.3	1,131.5
Marketing commissions	812.9	681.1	707.4	677.4	2,878.9	689.5	672.3
Other commissions	526.9	539.3	549.6	587.9	2,203.7	523.7	459.2
Advertising	32.6	58.4	41.2	43.5	175.8	27.1	48.5
Depreciation ¹⁾	552.8	561.1	575.4	590.5	2,279.9	570.8	576.0
Network interconnection	169.9	182.4	179.4	189.1	720.9	193.3	189.2
Leased line	42.6	43.0	41.6	41.0	168.2	40.8	42.4
Frequency usage fees	53.6	42.4	46.8	47.1	189.8	47.9	49.5
Others	357.6	382.6	401.0	425.0	1,566.2	397.4	406.3
Operating income	407.8	396.1	466.2	388.7	1,658.8	429.9	478.2
<i>EBITDA</i>	960.7	957.2	1,041.6	979.1	3,938.7	1,000.6	1,054.2
<i>EBITDA margin</i>	30.7%	30.4%	33.2%	31.2%	31.4%	32.3%	34.1%
Net profit or loss from non-operating items	(29.1)	(76.7)	24.6	(108.2)	(189.3)	35.8	(97.8)
Interest income	5.7	5.5	4.8	4.6	20.6	6.4	5.8
Interest expenses	61.2	59.9	60.1	60.3	241.6	59.5	57.2
Net profit or loss from other non-operating items	26.5	(22.3)	80.0	(52.5)	31.7	88.9	(46.4)
Income from continuing operations before tax	378.8	319.4	490.8	280.5	1,469.4	465.7	380.5
Net income	295.8	232.0	361.6	217.4	1,106.8	382.2	284.1

1) Includes R&D related depreciation

Appendix

◆ Consolidated Balance Sheet

(KRW bn)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
Total assets	27,824.4	28,041.5	28,558.7	28,581.4	28,490.4	28,529.4
Current assets	5,228.5	5,180.5	5,573.2	5,160.2	5,805.8	6,118.6
Cash and marketable securities ¹⁾	1,264.4	1,335.2	1,643.5	1,505.0	1,621.6	1,983.9
Accounts receivable	3,045.5	3,140.6	3,281.2	3,018.6	3,522.7	3,473.4
Short-term loans	78.2	32.2	40.2	53.9	66.2	66.2
Inventories	295.0	282.9	272.0	273.6	278.4	270.9
Other current assets	545.3	389.6	336.3	309.2	317.0	324.2
Non-current assets	22,595.9	22,861.0	22,985.5	23,421.1	22,684.6	22,410.8
Property & equipment	10,420.0	10,268.6	10,185.7	10,386.3	9,931.6	9,724.3
Intangible assets	4,304.8	4,228.8	4,131.9	4,213.4	4,094.8	3,982.3
Investment assets	7,226.1	7,731.7	7,917.2	8,114.1	8,007.4	7,986.4
Other non-current assets	645.0	631.8	750.7	707.3	650.9	717.9
Total liabilities	12,747.3	12,723.9	12,924.9	13,207.3	13,375.2	13,161.9
Current liabilities	5,323.7	5,308.4	5,233.8	5,256.5	5,355.1	5,220.0
Short-term borrowings	392.4	939.3	395.0	260.0	84.9	85.0
Accounts payable	1,579.8	1,584.7	1,633.4	1,985.8	1,775.4	1,734.0
Current portion of long-term debt	675.7	671.5	850.7	823.8	652.2	1,012.2
Other current liabilities	2,675.9	2,112.8	2,354.7	2,186.9	2,842.6	2,388.8
Non-current liabilities	7,423.5	7,415.5	7,691.1	7,950.8	8,020.1	7,941.9
Bonds payable & long-term borrowings	6,042.3	6,019.1	6,303.7	6,560.7	6,776.1	6,672.0
Long-term payables - other	566.4	577.4	579.9	581.7	468.7	470.5
Post-employment benefit obligation	127.8	121.7	143.3	98.9	134.7	149.4
Other non-current liabilities	687.1	697.3	664.2	709.5	640.6	650.0
Total shareholders' equity	15,077.2	15,317.6	15,633.8	15,374.1	15,115.2	15,367.5
Capital stock	44.6	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	3,324.7
Retained earnings	14,029.7	14,421.0	14,727.0	15,007.6	14,941.4	15,214.2
Capital adjustments	(3,045.5)	(2,685.6)	(2,650.8)	(3,130.0)	(3,118.3)	(3,133.0)
Other comprehensive income/loss ²⁾	(6.5)	59.4	55.7	9.3	(180.5)	(232.4)
Minority interests	731.6	130.1	130.2	123.0	114.3	149.4

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	2Q16
Total assets	22,464.6	22,863.4	23,144.7	23,146.9	23,120.0	23,181.8
Current assets	2,854.1	2,685.9	3,133.1	2,713.5	3,144.4	3,560.0
Cash and marketable securities ¹⁾	496.3	508.7	736.8	598.2	593.1	1,028.7
Accounts receivable	1,858.7	1,897.0	2,100.5	1,793.5	2,222.8	2,218.4
Short-term loans	70.6	21.8	31.8	47.7	59.1	59.0
Inventories	25.7	34.4	38.9	46.0	43.7	36.5
Other current assets	402.7	224.0	225.0	228.1	225.7	217.4
Non-current assets	19,610.5	20,177.6	20,011.6	20,433.4	19,975.5	19,621.8
Property & equipment	7,555.2	7,423.3	7,308.4	7,442.3	7,038.7	6,802.1
Intangible assets	3,149.5	3,062.1	2,977.1	3,072.3	2,974.6	2,891.6
Investment assets	8,606.6	9,405.6	9,333.3	9,547.1	9,634.2	9,525.7
Other non-current assets	299.2	286.6	392.9	371.7	328.0	402.5
Total liabilities	9,240.2	9,057.1	9,100.2	9,367.5	9,565.1	9,379.0
Current liabilities	3,558.3	3,456.0	3,355.4	3,491.3	3,466.9	3,370.8
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	1,277.0
Current portion of long-term debt	400.5	401.3	602.6	712.8	438.2	795.2
Other current liabilities	1,834.1	1,220.5	1,441.4	1,249.4	1,860.6	1,298.5
Non-current liabilities	5,681.8	5,601.0	5,744.8	5,876.2	6,098.2	6,008.2
Bonds payable & long-term borrowings	4,769.5	4,762.2	4,967.0	5,106.0	5,431.7	5,348.6
Long-term payables	542.1	545.0	548.0	551.0	438.5	440.8
Post-employment benefit obligation	28.3	12.9	23.8	4.0	22.5	23.8
Other non-current liabilities	341.9	281.0	206.0	215.2	205.5	195.0
Total shareholders' equity	13,224.4	13,806.4	14,044.6	13,779.5	13,554.8	13,802.8
Capital stock	44.6	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	3,357.8
Retained earnings	12,694.7	12,917.8	13,204.2	13,418.6	13,158.4	13,432.0
Capital adjustments	(2,885.5)	(2,498.2)	(2,498.2)	(2,988.4)	(2,988.4)	(2,986.3)
Other comprehensive income/loss ²⁾	51.2	(2.1)	(63.9)	(53.2)	(17.7)	(45.3)

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

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