

## SK Telecom Announces 2017 2Q Earnings Results

- Posts revenue of KRW 4.346 trillion, operating income of KRW 423.3 billion, and net income of KRW 620.5 billion affected by improved performance of its main subsidiaries
- SK Broadband achieved record-high quarterly earnings and SK Planet reported a decrease in operating loss
- Plans to sustain growth by connecting its AI platform to key businesses including mobile network operation, media, IoT and commerce, to provide customized services based on big data analysis

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※ All business performance figures are based on Korean International Financial Reporting Standards (K-IFRS).

**Seoul, Korea, July 27, 2017** – SK Telecom (NYSE:SKM) today announced its earnings on a K-IFRS consolidated basis for the second quarter of 2017: revenue of KRW 4.346 trillion, operating income of KRW 423.3 billion and net income of KRW 620.5 billion.

Compared to the same period last year, the revenue and operating income for the second quarter increased by 1.8% and 3.9%, respectively, owing to the improved performance of its subsidiaries including SK Broadband and SK Planet. The net income grew 113.2% year-on-year (YoY) due to factors including increased equity method gain from SK Hynix.

Meanwhile, the operating income on a non-consolidated basis dropped 3.3% YoY to KRW 462.3 billion affected by increased marketing expenses and expanded depreciation costs from the 2.6 GHz frequency band it acquired last year. Despite revenue-decreasing factors, including the increased number of subscribers who choose contract-based mobile fee discounts, the non-consolidated revenue edged up slightly compared to the same period last year to KRW 3.110 trillion backed by the growth of mobile data usage per user and increased sales from new business areas including IoT solutions.

SK Telecom's consolidated subsidiaries have posted improved results in the second quarter of 2017.

SK Broadband's revenue increased by 1.9% YoY to KRW 730.1 billion as the number of its UHD set-top box subscribers surpassed 1.5 million and more customers purchased paid

content. SK Broadband also reported a record-high quarterly operating income of KRW 31.6 billion in the second quarter of 2017.

Moreover, for the second quarter, SK Planet posted sales of KRW 274.0 billion, up 5.4% from the same period last year backed by the growth of its e-commerce platform, 11st. In addition, through efficient management of marketing expenses, including the provision of customized coupons, SK Planet has reduced its operating loss by KRW 35.1 billion compared to the same period last year. SK Hynix contributed to the growth of the consolidated net income by posting best-ever financial results.

Based on its unmatched position as the nation's top mobile telecommunications company, SK Telecom is determined to evolve into a global leading ICT company by promoting media and IoT business areas.

To this end, the company plans to connect its artificial intelligence (AI) platform to other services, including mobile telecommunications, media, commerce and T Map (mobile navigation service), to secure differentiated big data, with which it can develop/provide customized products and services.

Moreover, SK Telecom is securing competitiveness in 5G as a means to strengthen its network infrastructure. In June 2017, it has successfully demonstrated 5G communications using the 3.5GHz band for the first time in Korea, and it has received four prestigious awards (e.g. GTB Awards, Telecom Asia Awards, TechXLR8 Awards and GSMA Asia Mobile Awards) in just the first half of this year for its efforts to develop and verify key 5G technologies so as to achieve early commercialization of 5G.

The company also plans to develop mutually beneficial business models with diverse partners. In particular, under the strategic partnership with SM Entertainment, SK Telecom expects to create new and innovative business models by combining its ICT with SM's strength in content business.

"Despite the challenges in the mobile telecommunications market, SK Telecom posted improved results due to the strengthened performance of its main subsidiaries," said Ryu Young-sang, CFO of SK Telecom. "SK Telecom will become a global leading ICT company by achieving meaningful growth in media and IoT, while maintaining leadership in the mobile network operations business."