

36th
ANNUAL
GENERAL
MEETING

Letter to Shareholders

Dear Shareholders,

It has been three years since I was appointed as CEO in 2017.

In these three years, we have not only built the foundation for the turnaround of our MNO business, but have also fostered our development in media, security and commerce to establish four core business portfolio. With 11st turning profitable, the acquisitions of ADT Caps and SK infosec, the no.2 domestic physical security business and no.1 information security company, respectively, as well as the takeover of the no.2 cable TV provider, t-broad, and the launch of the mobile media service, 'wavve', we have achieved outstanding results.

In 2019, we reached a significant milestone in recording the highest revenue since our company's inception. In particular, the revenue share of our non-MNO business increased from 31% in 2018 to 36% in 2019, and we were able to turn our non-MNO business operating profit into a surplus for the first time, thus contributing to our consolidated operating profit.

Having only had domestic recognition for a time, our achievements and status as a global company now are exciting. The global ICT industry is one that cannot be surmounted by any one business - even SK Telecom. Beyond simple co-operation, hyper-collaboration with industry leaders is now a requisite for continued success.

In addition to pursuing economic performance, our company is one that strives to create social value. Business must be viewed from a long-term perspective, as it is possible to achieve sustainable growth by doing so. In this respect, we have made large, systematic strides towards sustainability by reviewing ways of measuring social value, and our success in this area has been recognized by the globally respected DJSI World. We are the only company to have been featured on the index every year since 2008, which can be seen as an achievement in itself.

In 2020, we can say that we are proud of our transformation from an MNO business to a New ICT business, with a business portfolio characterized by mutual synergy.

Through this letter, we hope to outline our performance and strategy in greater detail.

Performance by Business Area MNO, Turnaround

The technological, competitive and regulatory environment facing MNO companies are tougher than ever. Within this environment, we believe that the core of our business is not short-term competition or profit, but rather change that is recognized by stakeholders, including our customers. With the realization that existing practices and methods of communicating with our stakeholders would be obstacles to the growth of MNO business, we have already begun the process of change.

Taking our overseas roaming service as an example, in 2017, an inspection of state administration by the National Assembly determined that roaming fees were too expensive. Although we suffered short-term losses, we were ultimately able to revitalize our roaming service and raise revenues by removing fees for short phone calls and making innovative improvements to call quality.

Then in 2018, we strived to renew ourselves as a company loved by its customers. With the implementation of customer value innovation programs, our MNO business returned to growth in 2019. After our earnest communication, the government shifted its focus from lowering rates to supporting the rollout of 5G, and our MNO business' quarterly revenue recovered to an upwards trend from a low in the first quarter of 2019.

With the support of our customers, we have also focused on scientific marketing as an MNO integrated with data and AI. Our marketing process has consequently dramatically shortened, with a significant increase in productivity. Moving forward, we plan to continue enhancing our business operations by combining data and AI.

On April 3rd of 2019, with the start of 5G subscriber sign-ups, our company reached another milestone as the first company in the world to welcome the 5G era. We were the first company in Korea to reach over two million 5G subscribers in just 9 months and were able to lay the foundations for new growth and global co-operation through our leading 5G technology and services. We are also currently collaborating with Microsoft to develop a 5G-based cloud gaming business model, and are expecting this service to launch later this year.

[Results of Key Customer Satisfaction Surveys]

| Index | Organization | Details |
|--|---|----------------------------------|
| KCSI (Korean Customer Satisfaction Index) | Korea Management Association Consulting | No.1 for 22 consecutive years |
| NCSI (National Customer Satisfaction Index) | Korea Productivity Center | No.1 for 22 consecutive years |
| KS-SQI (Korean Standard-Service Quality Index) | Korean Standards Association | No.1 for 20 consecutive years |

Media, Creating an Unparalleled TV Platform

Our media business recorded over 10% growth in IPTV in 2019, with SK Broadband's revenue reaching an all-time high. Moreover, we expect the merger between t-broad and SK Broadband, signed in April of last year, to be completed in 2020. Subsequently, SK Broadband will become a top tier comprehensive media provider, with 8 million subscribers.

By launching 'wavve', the number 1 domestically-developed media contents service, in collaboration with KBS, MBC and SBS, we have cemented our position in the media market. Now, we have secured a 10 million subscriber base as a foundation to make bold investments and strengthen the competitiveness of our content - one of the most important factors in the media industry.

In terms of both pay-TV and OTT, our media business has received industry recognition for high corporate values. SK Broadband's merger with t-broad has seen its value recognized at 3.6 trillion, with 'wavve' receiving a KRW 1 trillion valuation last December and successfully attracting KRW 200 billion of investment. Considering the percentage of shares we own, this brings the combined value of our media business to KRW 4 trillion.

Security, A New Avenue of Growth

After acquiring NSOK in 2014, we developed it as a security business that synergizes with mobile communication. However, the scale and profitability of this endeavor was somewhat disappointing, and it was insufficient to act as a pillar of growth for our company.

Then, in 2018, we acquired ADT Caps, the second-largest security provider in the industry, and completed its merger with NSOK. As a result, we have been able to develop security into one of our four major business areas. We also acquired SK infosec, the top information security provider in the industry, at the end of 2018.

Consequently, we have been able to overcome market competition and using our capabilities in physical security, information security and ICT, we are pioneering the field of convergence security and creating new markets to explore. By combining SK Telecom's expertise in technology and distribution to launch new services such as home security and unmanned parking, our security business has recorded double-digit growth in sales and operating profit.

Commerce, Achieving BEP

Our commerce business was recording continuous losses in the face of fierce market competition from numerous large companies, and the predominant opinion was that it would be impossible to achieve both scale and profitability with so many domestic competitors.

Nevertheless, in 2018, we decided to spin-off 11st from SK Planet and streamline it as an e-commerce platform, focusing on differentiated and effective customer-oriented service that provides an optimized e-commerce experience. Consequently, we achieved an operating profit surplus in 2019, recording a KRW 70 billion improvement in profitability compared to the previous year.

Meanwhile, SK stoa has leveraged growth in diverse areas such as TV, mobile and PC to become the second-ranked T-commerce business in the industry and contribute to our revenue growth in the commerce area.

Financial Performance and Dividends

In 2019, we recorded a record-high revenue of KRW 17.74 trillion, representing a 5.2% increase year-on-year. In our MNO business, revenue decline was minimized thanks to an increase in 5G subscribers, and the growth in new businesses, such as media and security, also contributed to an increase in consolidated revenue.

Although operating profit fell due to marketing costs and an increase in depreciation associated with the commercialization of 5G, we were able to significantly increase profits in our New ICT portfolio through the integration of ADT Caps and SK infosec in our security business, and positive profit of commerce business.

In terms of dividends, the Board of Directors has decided to maintain KRW 10,000 per share. SK Telecom will continue to maintain our principle balancing shareholder returns with the pursuit of growth, and will strive to share the benefits of our growth and changes with our shareholder.

[Financial Performance and Dividends]

(Consolidated, KRW billion)

| Metric | 2018 | 2019 | YoY |
|--------------------------|----------|----------|--------|
| Revenue | 16,874.0 | 17,743.7 | 5.2% |
| MNO | 11,705.6 | 11,416.2 | Δ2.5% |
| New Biz | 4,217.5 | 5,126.6 | 21.6% |
| Operating Profit | 1,201.8 | 1,110.0 | Δ7.6% |
| EBITDA | 4,485.3 | 5,045.2 | 12.5% |
| Net Profit | 3,132.0 | 861.9 | Δ72.5% |
| Dividend per Share (KRW) | 10,000 | 10,000 | - |
| Payout Ratio* | 77% | 74% | Δ3%p |

*Non-consolidated

'Hyper-Collaboration' with Leading Domestic and Foreign Businesses

Beyond domestic telecommunication, our company is now recognized, by both domestic and international businesses, as having the fundamental capabilities to collaborate comprehensively in the ICT field.

In 2019, our MNO business focused on establishing strategic partnerships at home and abroad to create synergy in diverse areas including media and gaming sectors.

For example, we collaborated with Comcast to launch an e-Sports joint venture company, based on our T1 e-Sports team. Comcast participated as the second-largest shareholder, and promoted comprehensive collaboration in the media industry. Through this collaboration, T1 was reborn as a subsidiary worth KRW 110 billion.

Moreover, we have entered a strategic partnership with Microsoft in the cloud gaming sector, centered on 5G technology, and are implementing business with Amazon Web Services in the MEC (Mobile Edge Computing) sector to secure both a new B2B growth engine and a bridge-head to enter the global market.

In Korea, we have also engaged in a share swap with Kakao, valued at around KRW 300 billion, and expect this partnership will contribute to pioneer and change the paradigm of competition and collaboration in the domestic ICT ecosystem.

We are now creating an environment for 'Hyper-Collaboration' that will enable us to accelerate further and faster than ever before.

[Key Partnerships]

| Period | |
|-----------|--|
| Feb. '19 | MOU signed with Singtel for collaboration in gaming and e-Sports |
| Jun. '19 | Agreed to Establish a joint venture with Deutsche Telekom to develop key 5G technologies |
| Sept. '19 | Progress on 5G-based cloud gaming joint venture with Microsoft |
| Oct. '19 | Establishment of 'SK Telekom CS T1', an e-Sports joint venture with Comcast |
| Oct. '19 | Share swap and strategic partnership established with Kakao |
| Dec. '19 | Progress in global 5G mobile edge computing (MEC) business with Amazon Web Services |
| Jan. '20 | Joint venture with Sinclair, launching 'cast.era' and a U.S. ATSC 3.0 broadcast business |
| Mar. '20 | Contract signed to establish a gaming platform joint venture with Singtel and AIS |

Social Value

SK Telecom pursued a 'double bottom line' as a key pillar of management performance in 2019, focusing not only on economic value but also on creating social value through our business operations. In doing so, we strive for management that enables long-term, sustainable growth alongside society. The social value of environmental, social and governance (ESG) factors is managed as an index of corporate management performance, and this is ultimately reflected in our decision-making.

In partnership with social enterprises and local governments, we also launched the 'Happy Community Artificial Intelligence Care' service in 2019, which uses AI and data analysis capabilities to help address social issues concerning elderly people - such as loneliness, safety and dementia. The GSM Association has recognized that our Happiness Project can contribute towards resolving social issues.

This year, our company will emphasize the continuous pursuit of happiness for all our members, and revise our articles of incorporation to include a statement outlining our contribution to long-term shareholder value and the happiness of all stakeholders. The pursuit of social value will be embedded in the articles of incorporation that form the basis of our company's management and vision.

Moving forwards, we will continue to build long-term trust with our customers and stakeholders and strive to realize improvements in sustainable future corporate values.

2020, New ICT Leader

In 2020, our four key businesses that have been developing thus far will firmly establish their market leadership and business synergy. This is the year in which we will become a leading player in each sector that we operate in.

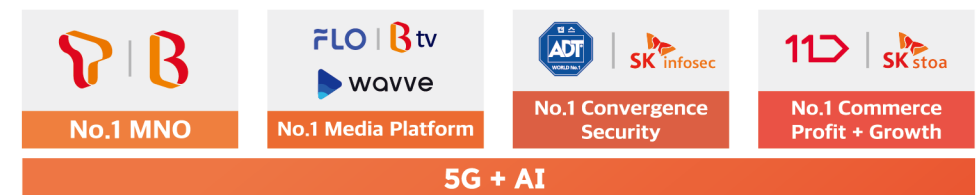
Through innovation in 5G services, we will continue the upwards trend in MNO revenue that we realized last year and strengthen our position at the forefront of this industry. Through quality and leadership in our 5G services, we plan to collaborate even further with global businesses to develop new products and services - such as cloud gaming, hands-on experience services, and e-sports - in order to grow as a company and create new and exciting stories of partnership.

Our media business will also make efforts to secure a competitive advantage in the marketplace by completing its merger with t-broad, leveraging a base of 10 million subscribers to strengthen the competitiveness of its content through the expansion of partnerships home and abroad, and original content production. With these efforts, we aim to achieve recognition in the global market.

Meanwhile, our security business will pursue value creation through the expansion of ICT-based business models and synergy. We will continue to explore new avenues of growth by driving greater synergy in the SK ICT family, strengthening our global portfolio, and increasing our competitiveness in the new business areas that we have strengths in, such as technology-based convergence security and cloud security.

In the commerce sector, 11st reached BEP last year despite fierce competition in the marketplace and will now focus on establishing partnerships with key domestic and international businesses. Through its distinguished ICT capabilities, 11st will strengthen its position in the e-commerce industry. In addition, by leveraging synergy with our media business, SK stoa will accelerate its growth to become the number one player in the T-commerce industry.

| ICT Portfolio



Respected Shareholders,

Over these past three years, our company has successfully completed its transformation from South Korea's representative telecommunications company to the nation's leading 'New ICT Company.' In 2020, we must now strengthen the performance of the ICT portfolio that we pioneered for our survival and future growth. We therefore stand at a crucial juncture, where we will start afresh for our values to win recognition in the domestic and global marketplaces.

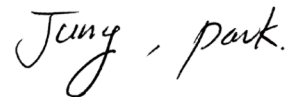
To this end, our company was restructured this year into a Dual Operating System, in which our New ICT portfolio, which has a unique business environment and characteristics, can make optimized, independent decisions.

Through this new management system, our New ICT businesses will use their scale and market competitiveness to not only strengthen our internal stability, but also proactively seek ways of maximizing corporate value.

Dear Shareholders,

We are continuing to make strategic and bold changes to become a socially respected and widely loved 'Global New ICT Company', as recognized by all our customers, partners and shareholders. We look forward to your continued trust and support in these times of great opportunity and challenges.

March 2020



Jung Ho Park | **President and CEO, SK Telecom**



SK telecom