



CEO Letter To Shareholders

제38기 정기주주총회 | 38th Annual General Meeting



Dear Shareholders,
This is Young Sang Ryu,
President & CEO of SK Telecom

The COVID-19 pandemic that started in 2020 posed grave challenges
to our economy and society as well as our daily lives.

Amid the unprecedented crisis,
SK Telecom implemented the biggest transformation in the company's history
with a spin-off and embraced a new identity on November 1st, 2021, opening an era of SKT 2.0.

With that, I would like to report to the shareholders
the business highlights of 2021 and future direction of SK Telecom.

Strong earnings and growth momentum proven in 2021

SK Telecom has further solidified its 5G leadership amid a massive transformation galvanized by the spin-off.

Globally, 176 telecom companies provide 5G services but their 5G penetration rate is less than 10%. As the world's first company to commercialize 5G, SK Telecom has acquired more than 10 million 5G subscribers, accounting for 43% of the total subscribers. Pay-tv subscribers centered on IPTV continued to increase, reaching 9 million at the end of last year.

Boosted by strong competitiveness in Fixed and Mobile, revenue in 2021 recorded KRW 16 trillion 738.6 billion, up 4.1%; operating income KRW 1 trillion 387.2 billion, up 11.1%; and net income KRW 2 trillion 419 billion, up 61.2% YoY.

We also continued to build growth momentum.

Launched in July, 'ifland' offers fun and effective virtual spaces where people can 'meet' online. The platform has been recognized as an innovative metaverse platform with more than 1.25 million MAU and more than 1,500 requests for partnerships.

SK Telecom also launched 'T Universe' in September, which among our growth businesses has the potential to be parlayed into early financial results. Through its sophisticated billing system and diverse online and offline points of connection with customers, the differentiated infrastructure of 'T Universe' has raised user satisfaction, thereby producing tangible result including a GMV of KRW 350 billion in the first year.

SK Telecom's business re-defined

Last year, I met with many shareholders to listen to their thoughts about the company, which gave me insight about the future of the new SK Telecom. We would like to transform the company's business and operational structure in 2022, which marks a new starting line.

SK Telecom 2.0 aspires to be an AI-based service company.

To achieve this vision, we have re-organized our business into five business groups: (1) Mobile and Fixed, a core and fundamental business of SK Telecom, and four businesses with high growth potential, which are (2) Media, (3) Enterprise, (4) Service (AIVERSE), and (5) Connected Intelligence, to execute strategies optimized for each business group.

Moving beyond managing the existing businesses and the growth businesses separately, we will pool all the resources, including human resources, and optimally distribute them for customers, services, and technology, the three core pillars of business management, in a 5 by 3 metrics management structure.

Starting with UAM (Urban Air Mobility), we will continue to explore new business opportunities for the next decade including autonomous driving and robotics. I have been contemplating what SK Telecom can add to the value of connectivity. In the next decade, we expect that telecommunications will continue to evolve, and that new devices which transcend the smartphone will be created thanks to developments in AI, robotics and mobility.

SKT 2.0 will become a Connected Intelligence provider that adds connectivity and intelligence to future AI-based devices.

ESG structure established for sustainable growth

As the only telecom company in Korea to join RE100, SK Telecom has been implementing eco-friendly business practices utilizing ICT as a leader in greenhouse gas emissions reduction and resources saving. They include reducing electricity consumption through the integration of 3G and LTE network equipment (single LAN technology), developing and introducing highly efficient telecom equipment, developing highly functional AI semiconductor, signing a green premium agreement, and carrying out a Happy Habit project to reduce single-use plastics. Through these efforts, SK Telecom aims to achieve net zero before 2050.

SK Telecom's ICT technology has helped strengthen the social safety net. For instance, to address the problems of an aging society, 12,000 senior citizens have received care through the AI Care Service as of November 2021. AI-based NUGU Care Call and NUGU Vaccine Care Call reduced the burden of disease control and prevention work by 85%, thus contributing to the containment of Covid-19. "Good Shuttle Mobility", which aids people with disabilities, is an example of a "barrier free" service. Also, digital education programs strengthened the digital capabilities of socially vulnerable groups and helped reduced digital gap.

In terms of governance, SK Telecom improved its Board composition and operation. Specifically, through deliberation and proactivity, the Board aims to enhance corporate value based on the principles of transparency, expertise and independence. Last year, the Board's role and organization expanded with respect to the Strategy Committee, Compensation Committee, and ESG Committee.

SK Telecom has created differentiated value in each domain of ESG by utilizing its ICT technology and infrastructure and contributed to creating a sustainable society through collaboration with various stakeholders. In recognition of these efforts and achievements, SK Telecom received high scores in all areas of ESG in 2021 in the Korean Government Awards for Merits in Sustainable Management and was accredited with the Presidential Citation in the comprehensive ESG category, which is the highest award.

A new start for SK 2.0

Dear Shareholders,

The external circumstances surrounding us may still be challenging this year. The impact of the pandemic, global fiscal tightening, and the situation in Ukraine on the economy is extremely difficult to predict. Internally, we have an important mission to properly build a new SK Telecom.

However, we have a successful history of being at the forefront of technological developments and transforming our business fundamentals despite numerous challenges. Based on this strength, the management and employees of SK Telecom are confident that we can lead changes in the market in a rapidly changing environment, build trust and affection of our stakeholders, and lead new growth.

We are also committed to enhancing shareholder value. Last year, SK Telecom implemented a series of shareholder friendly policies, including quarterly dividend, cancellation of treasury shares worth KRW 2.7 trillion, and a 5:1 stock split to increase the accessibility of shareholders. We will continue to pursue shareholder-friendly policies.

We kindly ask for your continued support as SK Telecom moves toward a new era.

Young Sang Ryu
President & CEO, SK Telecom



