



# Investor Briefing

SK Planet Restructuring/  
11st External Fundraising

SK Telecom

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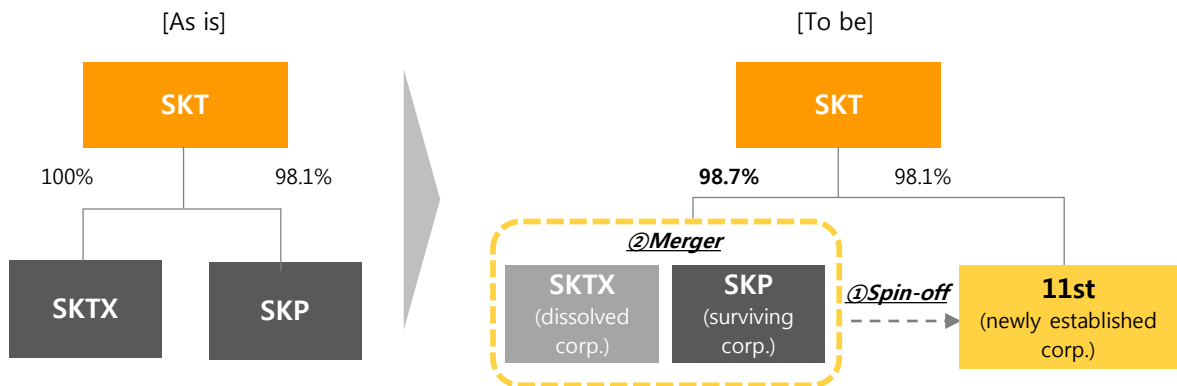
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- **In order to cope with market competition and establish the optimal structure to attract resources, SK Planet plans to spin off open market commerce platform, 11st. After spin-off, SK Planet will merge with SK Techx**
  - 11st, the new company, is expected to attract investments and enhance its industry leadership
  - SK Planet will grow as data and tech. specialized company after the merger with SK Techx capitalizing on their comparable business experiences
  
- **Post spin-off 11st plans to attract investment, amounting KRW 500bn(RCPS) from H&Q Korea, and the implied the value of the company will be KRW 2.25tn(Pre-money)**
  - Pre-money 2.25tn ► Post-money 2.75tn
  - 11st will improve its operational efficiencies, and explore new growth momentum in strategic categories to increase corporate value. The company plans to pursue IPO with its enhanced value
  
- **11st establishes foundation for sustainable growth in e-commerce with agile and flexible strategies in the industry, shifting from fixed to mobile platform**
  - Expect the continuous growth in e-commerce, especially in mobile platform, and the market penetration is projected to reach at 39% in 2022
  - Continues to improve its profitability with data-based marketing capabilities, differentiated from price competition, and efficient allocation of marketing resources
  - 11st plans to expand its business scope to on/off-line connected services and fresh food category through the partnership with BGF

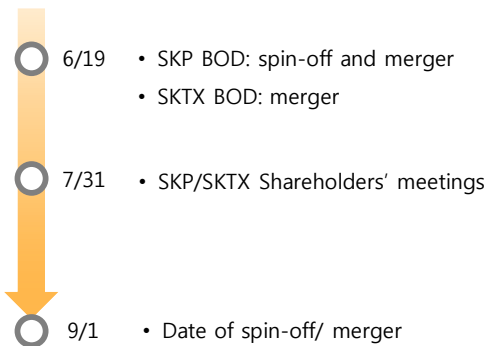
- In order to cope with market competition and establish the optimal structure for external funding, SK Planet(SKP) plans to spin off 11st. The new company is expected to attract investment and enhance its industry leadership
- SKP, post spin-off surviving company, will be positioned as data and tech. specialized company after the merger with SK Techx(SKTX)
  - SKP will enhance its development capabilities utilizing market and customer insights derived from OK cashbag and Syrup service experiences
  - After the merger, the two entities are expected to integrate their comparable knowledges, and improve customer experience with SK ICT

## SK Planet Restructuring



※ The shareholding ratios are current estimates and subject to changes

### Major events



#### ① Spin-off

	11st (newly established corp.)	SKP (surviving corp.)
Business	<b>Commerce business:</b> 11st, 11PAY, Gifticon, Scinic(cosmetics)etc.	<b>Non-commerce business:</b> OK cashbag, Syrup, SK M&S and other investments
Method	horizontal spin-off	
Ratio	0.1434419	0.8565581

#### ② Merger

	SKP (surviving corp.)	SKTX (dissolved corp.)
Business	OK cashbag, Syrup, B2B S/W etc.	
Method	SKP merges SKTX	
Ratio	1	3.0504171

- **Post spin-off 11st plans to attract investment, amounting KRW 500bn(RCPS<sup>1</sup>) from H&Q Korea, and the implied value of the company will be KRW2.25tn (Pre-money)**

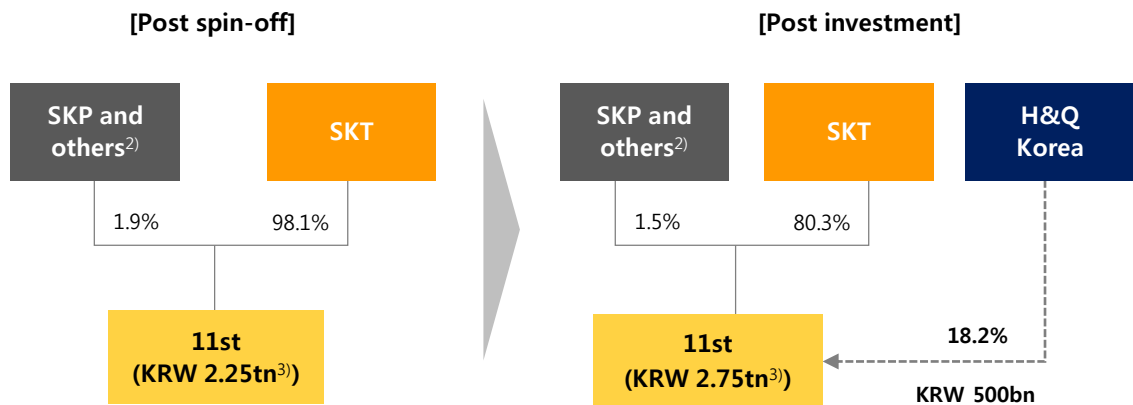
- Pre-money KRW 2.25tn ► Post-money KRW 2.75tn

1) Redeemable Convertible Preference Shares (RCPS): convertible to ordinary shares(after 6months), and redeemable(after 5 years)

- **11st will strengthen its competitive edge in commerce area utilizing the capital injection, and contribute to value enhancement of SK ICT**

- 11st will improve its operational efficiencies, and explore new growth momentum with strategic categories to enhance corporate value.
- The newly established company will pursue IPO with its enhanced value.

## 11st External Fundraising



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2) SKP treasury shares and employee stock ownership

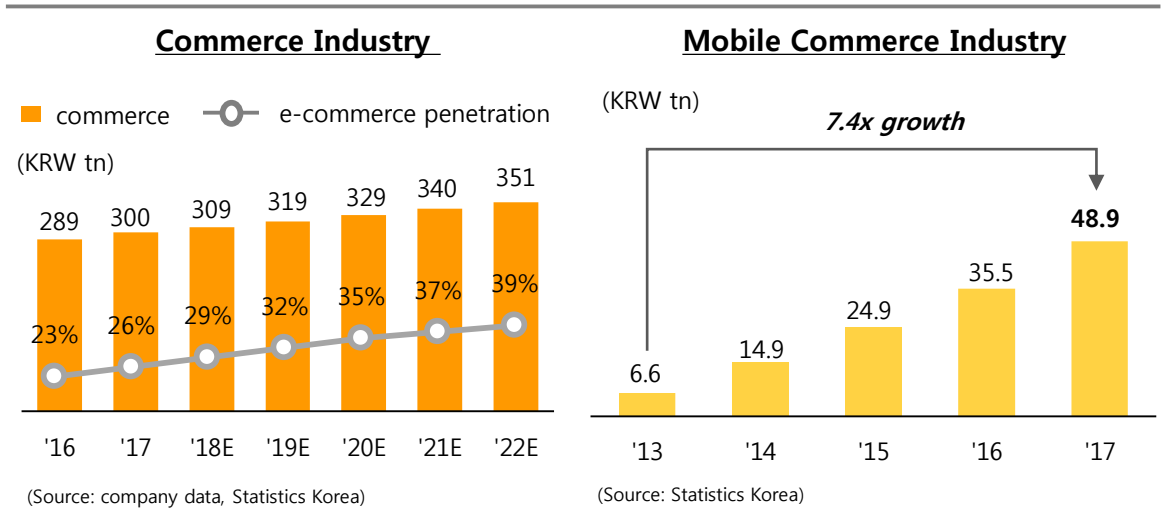
3) Equity Value

### H&Q KOREA

- Since its establishment of Seoul office in 1998, H&Q Korea, a 1<sup>st</sup> generation PEF with 20 year experience, has managed multiple funds participated by major domestic pension funds
- Demonstrated proven investment track record with diversified portfolio including Shinhan Investment, KS Net, Mando, Himart , Job Korea, Ildong Pharmaceutical, Playtime and CJ Healthcare etc.

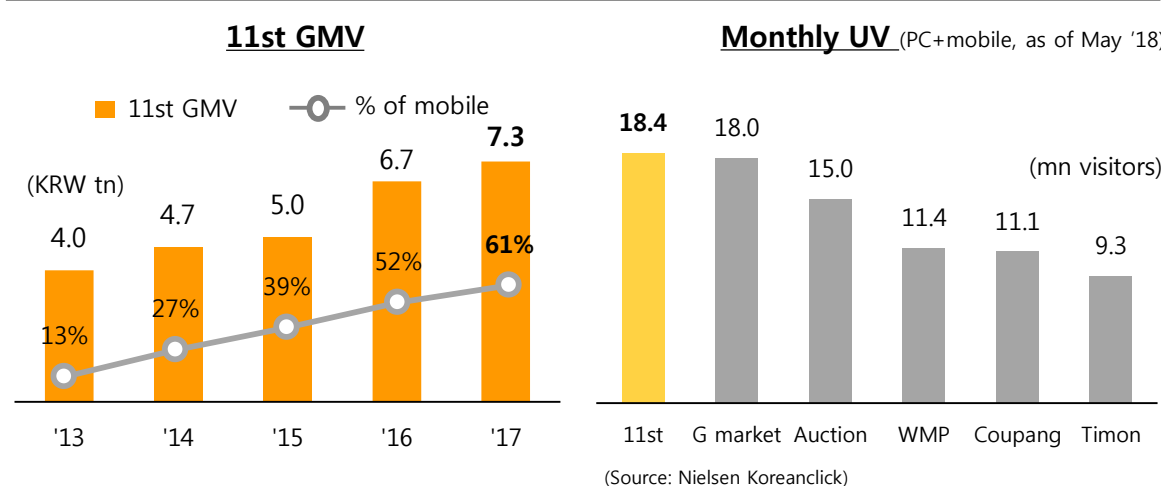
□ **E-commerce industry, especially mobile area, continues to grow despite the slow down in retail industry**

- Expect continued growth in e-commerce considering its convenience especially in mobile platform, and extended products offerings such as intangible goods and fresh foods
- Mobile commerce, for example, has recorded remarkable growth since 2013(7.4X growth), leading the industry



□ **11st will solidify its leadership in commerce platform**

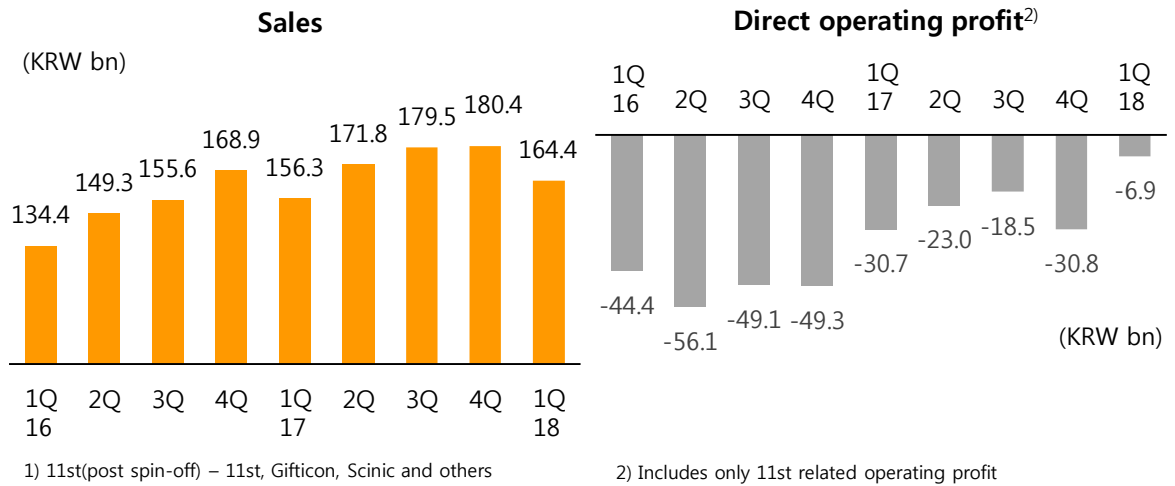
- Record growth rate of 16% YoY(GMV<sup>1</sup>, since 2013) with agile and flexible strategies in the industry, shifting to mobile platform
- 1) Gross Merchandise Volume
- 11st to secure leadership in the commerce platform business capitalizing on differentiated services of SK ICT such as OK cashbag and T membership



**Build the foundation for sustainable growth with efficient marketing activities**

- Pursue sustainable growth, differentiated from destructive price competition
- Continues to improve its profitability with efficient allocation of marketing resources, and data-based marketing capabilities

**Financials of 11st<sup>1)</sup>**

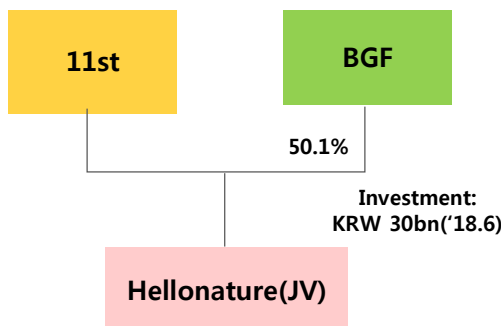


**Partnership with BGF<sup>3)</sup> will create synergies in on/off-line connected services**

- 11st to introduce services encompassing on/off-line services, connecting the No.1 e-commerce platform and leading distribution channel of BGF
- Develop the fresh food category through partnership with Hellonature(JV) to explore growth momentum in the vertical chain

3) SK Telecom-BGF entered into a strategic alliance ('18. 6. 4.)

**Strategic alliance with BGF**



- BGF holds stakes in "BGF retail". " BGF retail" owns CU, No 1. domestic convenience store in terms of number of stores
- BGF leads the domestic convenience store industry, expanding the number of stores since 1990

*"Lead the premium fresh food industry"*



(as of March 31, 2018)

(KRW bn)	Pre Spin-off	Post Spin-off	
		SK Planet (surviving corp.)	11st (newly established)
Total Assets			
Cash and marketable securities	6.7	2.3	4.4
Short-term financial instruments	272.7	62.0	210.7
Account receivable	53.4	25.7	27.7
Short-term loans	3.5	1.2	2.3
Account receivable-others	241.6	1.5	240.1
Other current assets	33.3	16.5	16.8
Investments	405.1	405.1	-
Other non-current assets	402.5	321.7	80.8
	1,418.8	836.0	582.8
Total Liabilities			
Account payable	156.0	38.8	117.2
Advances received	19.0	14.7	4.3
Deposit	336.0	0.6	335.4
Accrued expenses	56.4	25.9	30.5
Prepaid income	156.3	156.3	-
Other current liabilities	71.9	71.9	-
Long term borrowings	30.0	30.0	-
Other non-current liabilities	18.6	6.2	12.4
	844.3	344.4	499.9
Total shareholders' equity			
Capital stock	29.2	25.0	4.2
Additional paid in capital	1,227.2	1,148.5	78.7
Retained earnings	(678.4)	(678.4)	-
Others	(3.5)	(3.5)	-
	574.6	491.7	82.9

※ The pro forma financial statements are non-audited and subject to changes