



# Investor Briefing

**2019. 3Q Results**

(K-IFRS, Non-audited)

SK Telecom

October 31, 2019

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## Consolidated Financial Highlights

(KRW bn)	3Q19	3Q18	YoY	2Q19	QoQ
Operating Revenues	4,561.2	4,186.4	9.0%	4,437.0	2.8%
Operating Expenses	4,259.1	3,882.3	9.7%	4,114.2	3.5%
Operating Income	302.1	304.1	△0.7%	322.8	△6.4%
Net Income	274.4	1,049.8	△73.9%	259.1	5.9%
EBITDA	1,305.0	1,110.9	17.5%	1,294.2	0.8%
EPS (KRW)	3,767	14,555	△74.1%	3,613	4.3%

## Financial Highlights

- Operating Revenue increased by 9.0% YoY and 2.8% QoQ with stronger MNO revenue increase and solid growth in media and security businesses**

  - MNO revenue increased YoY with greater data usage and 5G uptake
  - Media business continued to grow thanks to IPTV subscriber increase net adds 109k and stronger content sales YoY +KRW 41bn
  - Security business revenue grew due to expansion of physical security business as well as increase in information security contracts YoY +KRW 281.9bn
- Increase in operating expenses led to lower MNO operating income, but improved earnings for commerce and security businesses allowed operating income to record a similar level YoY and decrease by 6.4% QoQ**

  - MNO operating income decreased due to higher marketing costs and depreciation costs YoY - KRW 57.8bn
  - Commerce business maintained its stronger earnings trend, recording BEP for three consecutive quarters YoY + KRW 26.9bn
  - Security business contributed to increase in operating income YoY + KRW 49.8bn by maintaining its operating margin 13.5% amidst the revenue growth
- Net income fell by 73.9% YoY due to decrease in equity method income on SK Hynix, but increased by 5.9% QoQ**

  - Equity method income on SK Hynix for Q3 recorded KRW 101.9bn, an 89.6% decrease YoY

## Biz. Highlights

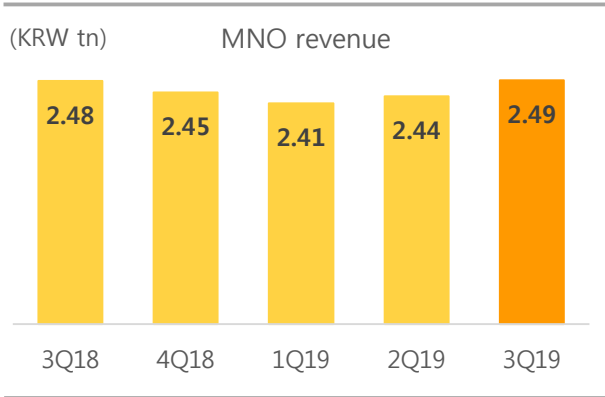
- **Hit the world's first 1-million-5G-subscriber mark (Aug. 21), following the world's first 5G commercial launch**
  - With 3 new 5G devices(Galaxy Note 10, A90, Fold) launched during Q3, a total of 5 devices available for subscription as of September
  - 1.54mn 5G subscribers as of September, 2019
  
- **The first Asian telecom operator to be included in the DJSI World Index for 12 consecutive years – the longest record for any domestic company (Sep. 14)**
  - DJSI evaluates the ability to generate enterprise value in economic/social/environmental terms as well as sustainability of top 2,500 companies with the largest market cap in the S&P Dow Jones Global Indices
  - Top 10% are included in the DJSI World Index
  
- **Launched 'wavve', the new OTT service integrating SKB's 'oksusu' and 'POOQ' of the 3 broadcasters (Sep. 18)**
  - Signed a contract to attract KRW 200 bn in investment for original content production including drama series
  - Targeting 5mn paying subscribers by the end of 2023, thereby leading the Korean OTT industry as well as taking steps to enter the global market
  
- **Launched e-sports company 'SK telecom CS T1' with Comcast (Oct. 8)**
  - SKT made an investment in kind with its e-sports team "T1", and Comcast and others invested USD 41mn to launch the 100-billion-won joint venture ("SK telecom CS T1")
  - SKT holds 55% of 'SK telecom CS T1'
  
- **With innovative efforts to lead 5G service, SKT was ranked No. 1 in KCSI for 22 consecutive years (Oct. 15)**
  - The longest consecutive period for any company regardless of industry to be ranked No.1 on all 3 major customer satisfaction indices (KCSI, NCSI, KS-SQI)
  
- **300-billion-won share swap and strategic partnership formed with Kakao (Oct. 28)**
  - 1.6% (1.27mn shares) of SKT's treasury shares and 2.5% (2.18mn shares) of Kakao's newly issued shares will be swapped
  - Will strengthen growth portfolio through close cooperation between the two companies in MNO · commerce · digital content · future ICT business areas



**MNO revenue, which turned around on QoQ basis in 2Q19, increased on YoY basis as well in 3Q19. This was driven by 5G subscriber growth and data usage increase**

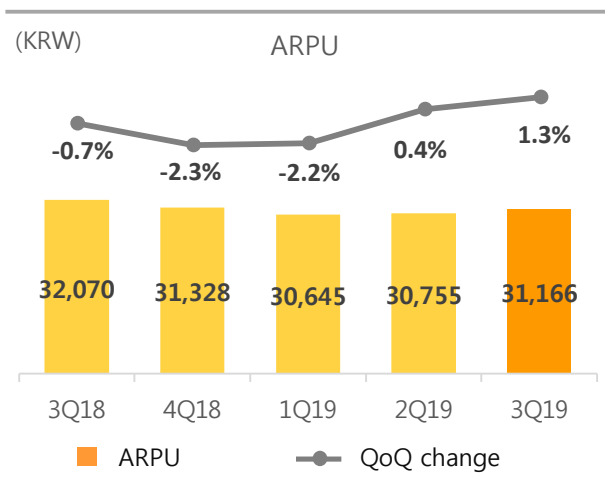
**Revenue**

3Q19 MNO revenue increased 0.1% YoY and 2.1% QoQ to KRW 2.49tn, on the back of data usage increase and 5G subscriber growth



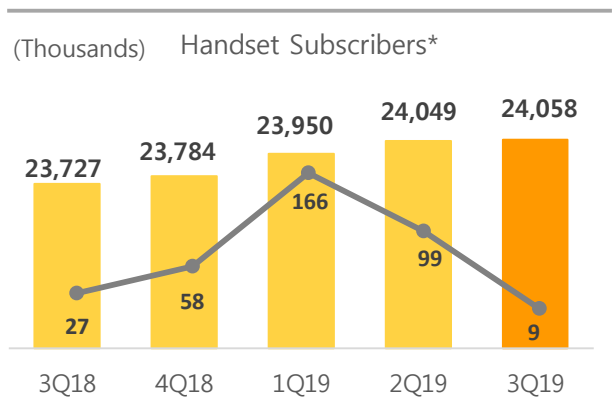
**ARPU**

3Q19 ARPU increased 1.3% QoQ on the back of 5G subscriber increase and higher data usage. Tariff discount impact led to 2.8% YoY decline in ARPU



**Subscribers**

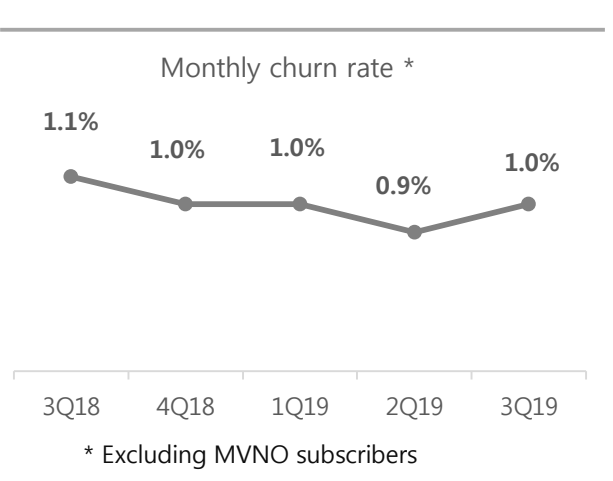
Despite the increase in involuntary deactivations, data-based new subscriber acquisition strategies led to net adds of 9k in 3Q19



Handset subs Net adds in handset subs  
\* Based on Ministry of Science and ICT standards

**Churn rate**

3Q19 churn rate increased QoQ due to increase in involuntary deactivations but declined YoY to 1.0%



\* Excluding MVNO subscribers

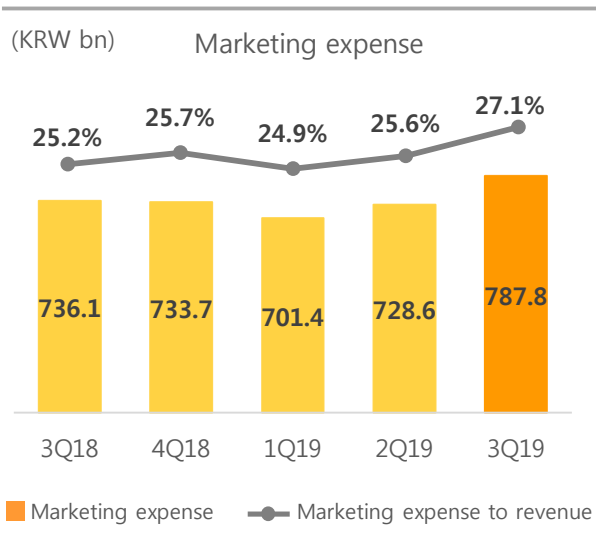


MNO revenue, which turned around on QoQ basis in 2Q19, increased on YoY basis as well in 3Q19. This was driven by 5G subscriber growth and data usage increase

### Marketing expense

3Q19 marketing expense of KRW 787.8bn was up 7.0% YoY and 8.1% QoQ due to the increase in 5G subscribers

3Q19 marketing expense to revenue was 27.1%



### 3Q19 Highlights

#### 5G-based cloud gaming partnership

SKT is an exclusive operating partner of Microsoft’s cloud gaming service in Korea

The two companies started public preview for Project xCloud in Korea in October 2019 for selected SKT subscribers

The companies expect to take customers’ mobile gaming experience to the next level by combining SKT’s 5G competitiveness and Microsoft’s strength in cloud and gaming

#### SKT-MS ‘Project xCloud’



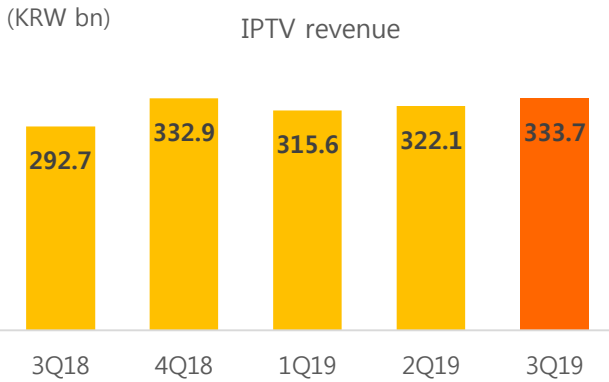
Stream Xbox games to your phone or tablet.  
No waiting for downloads.



**Strengthen media competitiveness through continued growth in IPTV, integrated OTT 'wavve' launch, and planned t-broad M&A**

**Revenue**

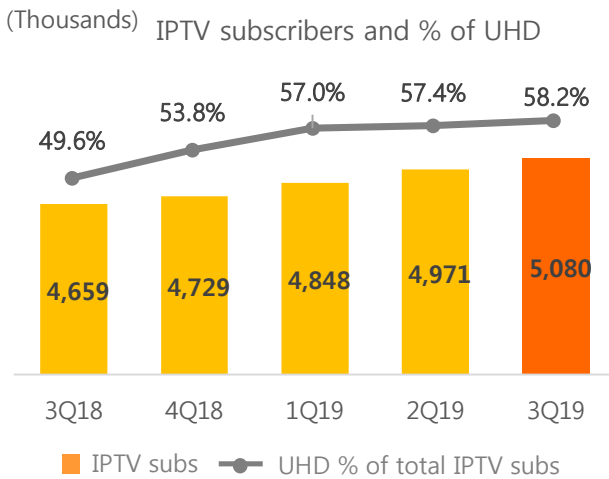
3Q19 IPTV revenue increased 14.0% YoY and 3.6% QoQ to KRW 333.7bn driven by increase in subscribers and contents demand



**Subscribers**

With net adds of 109k in 3Q19, IPTV subscribers reached 5.08mn

UHD subscriber portion continued to increase and reached 58.2% as of September 2019



**3Q19 Highlights**

**[1] t-broad M&A**

Korea Fair Trade Commission's review of SK Broadband and t-broad merger is in process

Expected merger date is March 2020, upon the approvals from the relevant authorities and SK Broadband shareholders meeting

**[2] Integrated OTT**

Integrated OTT brand 'wavve' launched (Sep.18)

Signed contract to secure funding from financial investors and to invest in contents

Targeting to become Korea's signature OTT service with monthly subscription based model offering premium contents and cutting edge media technology experience

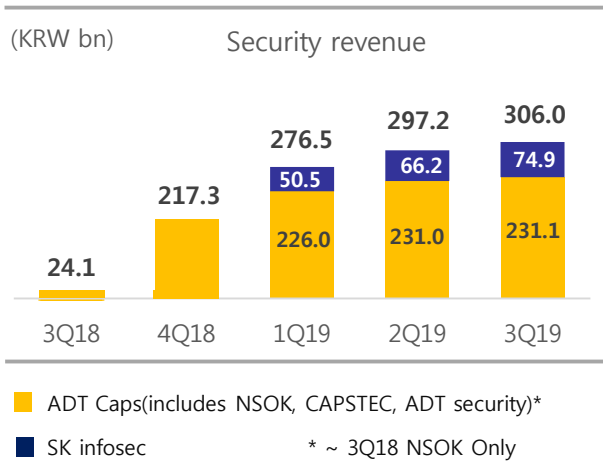




**Security business recorded revenue increase and solid operating income driven by continued growth of SK infosec and ADT Caps**

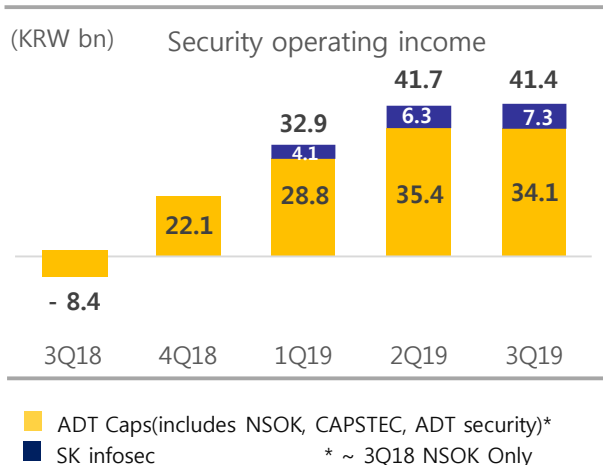
**Revenue**

3Q19 revenue was up 3.0% QoQ on the back of growth of SK infosec and stable revenue of ADT Caps



**Operating income**

3Q19 operating income recorded similar level as 2Q19. The adverse impact from accounting standard changes in ADT Caps was offset by increased operating income of SK infosec



**3Q19 Highlights**

**[1] ADT Caps security service over movable property (Oct. 1)**

Offered the security service specialized on movable property as more movable properties are used as collaterals\*

The service provides real time monitoring system to identify transfer or extort of the properties, applying IoT devices

The initial subscribers include B2B customers, such as financial institutions

\* SMEs offers machinery or facilities as collateral

**[2] 'Secudium IoT' service of SK infosec for smart industrial complex (Sep. 5)**

Signed a MOU with 'Korea Industrial Complex Corporation(KICC)' for trial shared service offered in industrial complex

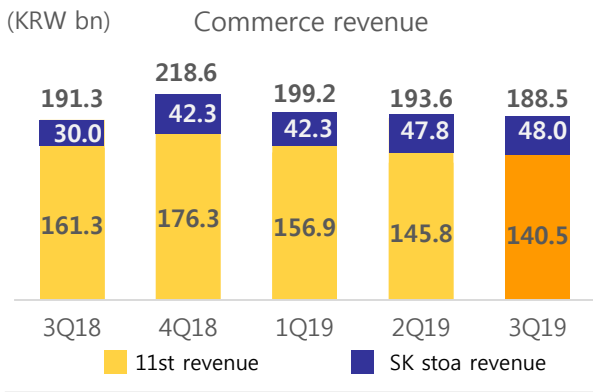
'Secudium IoT', a convergence security solution, will facilitate the convergence security service and expand subscriber base with comprehensive offering from cyber security to safety control



**11st accomplished surplus for 3 consecutive quarters while SK stoa achieved growth in terms of both revenue and profit**

**Revenue**

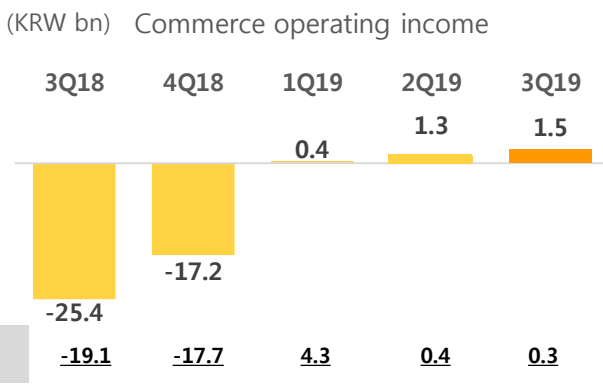
The decrement of Commerce revenue in 3Q19 narrowed thanks to increased revenue of SK stoa (+60% YoY) despite the decrease in 11st revenue due to reduction of direct sales



\* Sum of earnings from 11st & SK stoa.  
Pro Forma applied for earnings before split of 11st in '18.9.1.

**Operating income**

Due to continuous quarterly BEP of 11st and increase in operating income of SK stoa, operating income of Commerce improved by KRW 26.9bn YoY, achieving surplus for 3 consecutive quarters



\* Sum of earnings from 11st & SK stoa.  
Pro Forma applied for earnings before split of 11st in '18.9.1.

**3Q19 Highlights**

**[1] Enhanced payment convenience centered by SK pay**

Expected to improve customer's shopping experience and loyalty as well as the increase in purchase items and amount by enhancing payment convenience

Introduced point system and restructured customer grade system<sup>(April)</sup>

Launched SK pay<sup>(July)</sup> and 11st-Shinhan credit card program<sup>(July)</sup>

**[2] Improved marketing efficiency**

Induce repeated purchase and improve cost efficiency through reducing coupon and strengthening the benefits of SK pay point

Improved cost efficiency by supporting seller's voluntary promotion

Strengthened direct visits and vitalized trade volume through promotion activities such as Monthly 11<sup>th</sup> day, etc.

**[3] Expanded customer base of SK stoa**

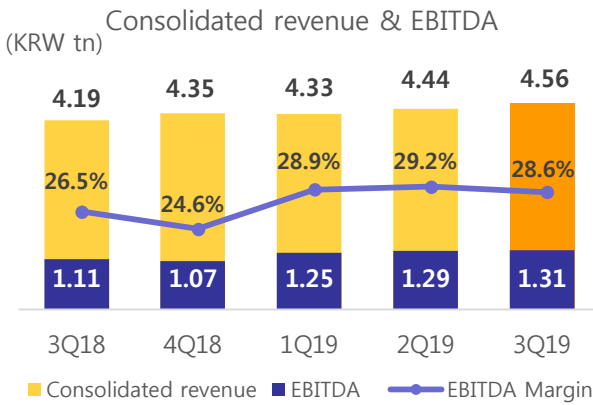
SK stoa enlarged its customer base by launching PC mall<sup>(July)</sup> on top of expansion on service coverage and prime channels

Accelerated growth expected through expansion of products as well as differentiated interactive service based on TV · mobile · PC

## Consolidated results

3Q19 revenue increased by 9.0% YoY and 2.8% QoQ due to the continuous growth from MNO, Media, Security

3Q19 EBITDA increased by 17.5% YoY and 0.8% QoQ due to revenue increase from Security and Media as well as profit improvement of Commerce

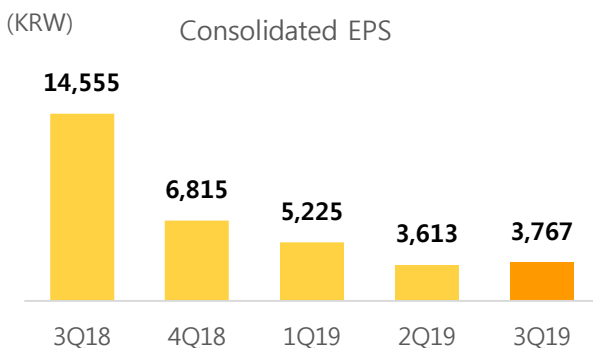


## EPS

Consolidated EPS decreased by 74.1% YoY due to reduced equity method income from SK Hynix

Equity method income from SK Hynix (KRW bn)

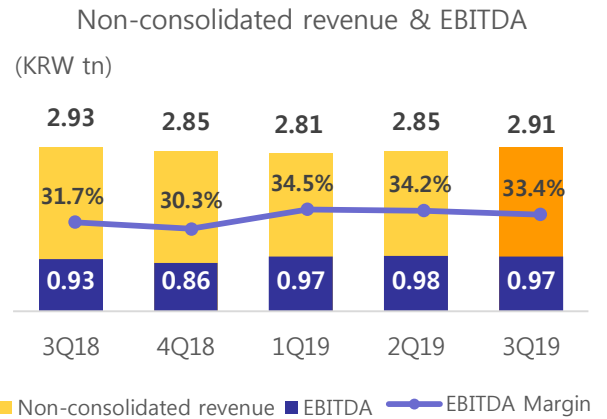
3Q18	4Q18	1Q19	2Q19	3Q19
981.0	722.0	232.1	110.9	101.9



## SKT non-consolidated results

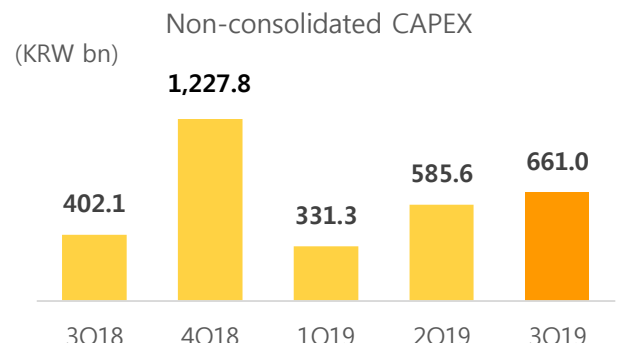
3Q19 revenue increased by 2.2% QoQ due to increase in 5G subscribers and data consumption. However the revenue showed slight decrease in YoY due to reduction of interconnection revenue

3Q19 EBITDA increased by 5.0% YoY and recorded similar level as 2Q19 due to reduction of other operating expenses despite the increase in 5G related marketing expense



## SKT non-consolidated CAPEX

3Q19 CAPEX recorded KRW 661bn, increased YoY due to investments in 5G coverage expansion



### ◆ Consolidated Income Statement

(KRW bn)	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19
<b>Operating revenue</b>	4,181.5	4,154.3	4,186.4	4,351.7	16,874.0	4,334.9	4,437.0	4,561.2
<b>Operating expenses</b>	3,856.1	3,807.4	3,882.3	4,126.4	15,672.2	4,012.3	4,114.2	4,259.1
Labor cost	550.0	535.6	538.5	664.6	2,288.7	691.0	699.3	699.4
Commissions paid	1,262.1	1,216.9	1,266.1	1,257.5	5,002.6	1,273.7	1,256.3	1,302.7
Advertising	100.1	110.5	119.9	138.0	468.5	85.8	104.7	111.2
Depreciation <sup>1)</sup>	823.8	806.7	806.8	846.2	3,283.5	932.1	971.4	1,002.9
Network interconnection	215.0	218.8	212.2	162.4	808.4	189.4	187.7	183.9
Leased line	41.8	40.4	41.0	34.8	158.1	37.5	35.4	32.6
Frequency usage fees	38.8	36.1	38.6	38.2	151.7	33.3	30.8	34.5
Cost of goods sold	410.9	399.0	418.3	568.0	1,796.1	377.2	440.1	499.4
Others	413.6	443.4	440.9	416.5	1,714.4	392.3	388.5	392.5
<b>Operating income</b>	<b>325.5</b>	<b>346.9</b>	<b>304.1</b>	<b>225.3</b>	<b>1,201.8</b>	<b>322.6</b>	<b>322.8</b>	<b>302.1</b>
<i>EBITDA</i>	1,149.3	1,153.6	1,110.9	1,071.5	4,485.3	1,254.7	1,294.2	1,305.0
<i>EBITDA margin</i>	27.5%	27.8%	26.5%	24.6%	26.6%	28.9%	29.2%	28.6%
<b>Net profit or loss from non-operating items</b>	<b>581.5</b>	<b>816.1</b>	<b>997.8</b>	<b>378.7</b>	<b>2,774.2</b>	<b>145.2</b>	<b>30.4</b>	<b>47.3</b>
Equity gains or losses	626.6	915.6	992.4	736.2	3,270.9	223.3	136.1	121.3
<b>Income from continuing operations before tax</b>	<b>907.0</b>	<b>1,163.0</b>	<b>1,301.9</b>	<b>604.0</b>	<b>3,976.0</b>	<b>467.8</b>	<b>353.2</b>	<b>349.4</b>
<b>Consolidated net income</b>	<b>693.4</b>	<b>914.3</b>	<b>1,049.8</b>	<b>474.5</b>	<b>3,132.0</b>	<b>373.6</b>	<b>259.1</b>	<b>274.4</b>
Majority interests	695.0	916.7	1,031.4	484.9	3,127.9	379.2	263.4	274.4
Minority interests	(1.6)	(2.4)	18.4	(10.4)	4.1	(5.6)	(4.3)	-
<b>Basic earnings per share(KRW)</b>	<b>9,842</b>	<b>12,863</b>	<b>14,555</b>	<b>6,815</b>	<b>44,075</b>	<b>5,225</b>	<b>3,613</b>	<b>3,767</b>

1) Includes R&D related depreciation

### ◆ Non-consolidated Income Statement

(KRW bn)	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19
<b>Operating revenue</b>	2,988.5	2,941.8	2,925.6	2,849.7	11,705.6	2,812.2	2,847.7	2,911.5
Mobile service revenue	2,568.9	2,497.7	2,484.6	2,448.6	9,999.8	2,412.7	2,435.8	2,486.4
Interconnection	150.9	156.1	155.9	102.5	565.3	127.4	132.3	126.4
Others	268.8	288.0	285.1	298.6	1,140.5	272.1	279.7	298.8
<b>Operating expenses</b>	<b>2,619.3</b>	<b>2,573.6</b>	<b>2,614.9</b>	<b>2,590.4</b>	<b>10,398.1</b>	<b>2,506.5</b>	<b>2,572.5</b>	<b>2,658.8</b>
Labor cost	175.0	158.7	174.8	176.3	684.8	190.1	194.0	194.5
Commissions paid	1,132.9	1,085.5	1,112.7	1,123.6	4,454.8	1,076.5	1,089.0	1,156.4
Marketing commissions	712.3	664.5	692.4	672.3	2,741.5	680.3	692.0	751.7
Other commissions	420.7	421.0	420.3	451.2	1,713.3	396.2	397.0	404.6
Advertising	26.0	38.0	43.7	61.4	169.0	21.1	36.6	36.0
Depreciation <sup>1)</sup>	636.2	617.2	615.7	604.4	2,473.5	664.7	699.9	719.6
Network interconnection	162.6	167.0	162.3	114.5	606.5	140.4	141.8	137.5
Leased line	31.7	32.2	31.6	29.5	125.0	18.9	20.7	20.3
Frequency usage fees	38.8	36.1	38.6	38.2	151.7	33.3	30.8	34.5
Others	416.0	438.9	435.5	442.5	1,733.0	361.6	359.7	360.0
<b>Operating income</b>	<b>369.3</b>	<b>368.2</b>	<b>310.6</b>	<b>259.3</b>	<b>1,307.5</b>	<b>305.7</b>	<b>275.2</b>	<b>252.8</b>
<i>EBITDA</i>	1,005.4	985.4	926.3	863.7	3,781.0	970.4	975.1	972.4
<i>EBITDA margin</i>	33.6%	33.5%	31.7%	30.3%	32.3%	34.5%	34.2%	33.4%
<b>Net profit or loss from non-operating items</b>	<b>108.2</b>	<b>(72.3)</b>	<b>(60.7)</b>	<b>(61.4)</b>	<b>(86.2)</b>	<b>455.9</b>	<b>(57.6)</b>	<b>(49.8)</b>
<b>Income from continuing operations before tax</b>	<b>477.5</b>	<b>295.9</b>	<b>249.9</b>	<b>197.9</b>	<b>1,221.2</b>	<b>761.6</b>	<b>217.6</b>	<b>203.0</b>
<b>Net income</b>	<b>364.4</b>	<b>219.8</b>	<b>183.3</b>	<b>166.4</b>	<b>933.9</b>	<b>644.0</b>	<b>162.0</b>	<b>161.1</b>

1) Includes R&D related depreciation

### ◆ Consolidated Balance Sheet

(KRW bn)	12-31-17	3-31-18	6-30-18	9-30-18	12-31-18	3-31-19	6-30-19	9-30-19
<b>Total assets</b>	<b>33,428.7</b>	<b>36,134.4</b>	<b>36,336.8</b>	<b>38,186.5</b>	<b>42,369.1</b>	<b>43,346.5</b>	<b>42,590.6</b>	<b>43,983.8</b>
<b>Current assets</b>	<b>6,201.8</b>	<b>8,471.3</b>	<b>7,814.3</b>	<b>9,025.6</b>	<b>7,958.8</b>	<b>8,348.7</b>	<b>7,586.0</b>	<b>8,086.1</b>
Cash and short-term financial instruments <sup>1)</sup>	2,171.5	2,482.2	2,287.5	3,108.6	2,589.6	2,783.0	2,199.8	2,118.7
Accounts receivable	3,386.8	3,601.2	3,085.0	3,580.7	2,946.5	3,256.0	3,065.1	3,236.6
Other current assets	643.4	2,387.9	2,441.8	2,336.3	2,422.7	2,309.7	2,321.1	2,730.8
<b>Non-current assets</b>	<b>27,226.9</b>	<b>27,663.1</b>	<b>28,522.5</b>	<b>29,160.9</b>	<b>34,410.3</b>	<b>34,997.7</b>	<b>35,004.6</b>	<b>35,897.7</b>
PP&E and intangible assets	15,646.9	15,018.8	14,830.8	14,628.3	19,170.4	19,457.4	19,386.2	19,463.2
Investment assets	10,426.7	11,161.9	12,070.9	12,838.4	13,477.7	13,718.0	13,689.1	13,943.9
Other non-current assets	1,153.3	1,482.4	1,620.8	1,694.2	1,762.2	1,822.3	1,929.3	2,490.6
<b>Total liabilities</b>	<b>15,399.5</b>	<b>16,146.6</b>	<b>15,428.0</b>	<b>16,015.7</b>	<b>20,019.9</b>	<b>21,227.4</b>	<b>20,160.8</b>	<b>21,327.1</b>
<b>Current liabilities</b>	<b>7,109.1</b>	<b>6,883.7</b>	<b>5,759.3</b>	<b>5,889.8</b>	<b>6,847.6</b>	<b>7,921.6</b>	<b>6,940.8</b>	<b>7,367.2</b>
Short-term borrowings	130.0	30.0	45.9	53.1	80.0	80.0	50.0	50.0
Accounts payable	2,438.3	1,743.5	1,805.3	1,735.8	2,477.1	2,435.2	2,342.2	2,581.3
Other current liabilities	4,540.8	5,110.2	3,908.1	4,100.9	4,290.5	5,406.4	4,548.6	4,735.9
<b>Non-current liabilities</b>	<b>8,290.4</b>	<b>9,262.9</b>	<b>9,668.7</b>	<b>10,125.9</b>	<b>13,172.3</b>	<b>13,305.8</b>	<b>13,219.9</b>	<b>13,960.0</b>
Bonds payable & long-term borrowings	5,808.1	6,332.9	6,604.0	6,883.3	8,587.6	8,717.8	8,611.8	9,147.0
Deferred tax liabilities	978.7	1,685.0	1,812.6	1,966.1	2,269.8	2,283.2	2,309.2	2,451.4
Other non-current liabilities	1,503.6	1,245.0	1,252.1	1,276.5	2,314.9	2,304.8	2,298.9	2,361.6
<b>Total shareholders' equity</b>	<b>18,029.2</b>	<b>19,987.8</b>	<b>20,908.8</b>	<b>22,170.8</b>	<b>22,349.3</b>	<b>22,119.1</b>	<b>22,429.8</b>	<b>22,656.6</b>
Common stock and additional paid in capital	240.9	241.4	234.2	551.7	699.8	690.8	699.6	695.8
Retained earnings	17,835.9	19,842.4	20,754.7	21,696.9	22,144.5	21,835.8	22,125.7	22,327.7
Other comprehensive income/loss	(234.7)	(292.8)	(283.9)	(356.1)	(373.4)	(285.0)	(297.2)	(274.9)
Minority interests	187.1	196.8	203.8	278.3	(121.6)	(122.5)	(98.3)	(92.0)

1) Includes cash & cash equivalents and short-term financial instruments

### ◆ Non-consolidated Balance Sheet

(KRW bn)	12-31-17	3-31-18	6-30-18	9-30-18	12-31-18	3-31-19	6-30-19	9-30-19
<b>Total assets</b>	<b>25,557.5</b>	<b>27,787.3</b>	<b>26,997.5</b>	<b>27,065.1</b>	<b>28,848.0</b>	<b>29,719.4</b>	<b>29,059.6</b>	<b>29,933.4</b>
<b>Current assets</b>	<b>3,768.1</b>	<b>6,087.1</b>	<b>5,343.9</b>	<b>5,517.4</b>	<b>4,679.4</b>	<b>5,170.5</b>	<b>4,600.2</b>	<b>4,754.6</b>
Cash and short-term financial instruments <sup>1)</sup>	974.6	1,380.6	1,135.2	1,137.4	976.8	994.0	817.4	427.1
Accounts receivable	2,523.7	2,769.3	2,250.7	2,490.6	1,872.7	2,376.6	1,921.7	2,097.0
Other current assets	269.8	1,937.2	1,958.0	1,889.4	1,829.9	1,799.9	1,861.1	2,230.5
<b>Non-current assets</b>	<b>21,789.4</b>	<b>21,700.2</b>	<b>21,653.6</b>	<b>21,547.7</b>	<b>24,168.6</b>	<b>24,549.0</b>	<b>24,459.4</b>	<b>25,178.8</b>
PP&E and intangible assets	11,318.9	10,774.5	10,555.5	10,344.6	12,260.6	12,448.1	12,381.4	12,423.4
Investment assets	9,877.3	9,884.4	9,916.4	9,940.8	10,600.0	10,780.8	10,638.2	10,767.4
Other non-current assets	593.2	1,041.3	1,181.7	1,262.3	1,308.0	1,320.1	1,439.8	1,988.0
<b>Total liabilities</b>	<b>10,550.1</b>	<b>11,371.9</b>	<b>10,390.3</b>	<b>10,353.3</b>	<b>11,960.5</b>	<b>12,855.3</b>	<b>12,033.2</b>	<b>12,817.3</b>
<b>Current liabilities</b>	<b>4,767.4</b>	<b>4,840.6</b>	<b>3,420.6</b>	<b>3,300.8</b>	<b>4,178.1</b>	<b>5,153.3</b>	<b>4,419.4</b>	<b>4,645.3</b>
Accounts payable	1,867.0	1,381.4	1,410.4	1,238.7	1,782.3	1,798.4	1,725.0	1,867.8
Other current liabilities	2,900.4	3,459.2	2,010.2	2,062.1	2,395.8	3,354.9	2,694.4	2,777.4
<b>Non-current liabilities</b>	<b>5,782.7</b>	<b>6,531.3</b>	<b>6,969.7</b>	<b>7,052.5</b>	<b>7,782.5</b>	<b>7,702.1</b>	<b>7,613.9</b>	<b>8,172.0</b>
Bonds payable & long-term borrowings	4,377.3	4,802.8	5,293.7	5,412.8	5,254.6	5,337.1	5,227.1	5,667.2
Long-term payables	1,328.6	1,036.4	1,040.8	1,045.2	1,939.1	1,527.6	1,533.2	1,538.9
Other non-current liabilities	76.8	692.1	635.2	594.5	588.8	837.4	853.6	965.9
<b>Total shareholders' equity</b>	<b>15,007.4</b>	<b>16,415.4</b>	<b>16,607.2</b>	<b>16,711.8</b>	<b>16,887.5</b>	<b>16,864.1</b>	<b>17,026.3</b>	<b>17,116.1</b>
Common stock and additional paid in capital	416.5	416.7	415.6	415.7	460.0	460.1	460.1	460.2
Retained earnings	14,512.6	16,008.0	16,224.0	16,317.3	16,467.8	16,433.1	16,622.2	16,708.1
Other comprehensive income/loss	78.3	(9.3)	(32.4)	(21.2)	(40.3)	(29.1)	(56.0)	(52.2)

1) Includes cash & cash equivalents and short-term financial instruments

## ◆ Subscribers

(Thousands)	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	YoY	QoQ
MNO subscribers <sup>1)</sup>	26,753	26,880	27,221	27,277	27,382	27,529	27,649	28,142	3.2%	1.8%
Net adds	5	127	341	56	105	148	120	493	774.3%	310.2%
Activations	1,102	1,017	1,154	933	964	948	893	1,329	42.4%	48.9%
Deactivations	1,097	889	813	877	859	800	773	837	-4.6%	8.3%
<i>Monthly Churn</i>	<i>1.4%</i>	<i>1.1%</i>	<i>1.0%</i>	<i>1.1%</i>	<i>1.0%</i>	<i>1.0%</i>	<i>0.9%</i>	<i>1.0%</i>	<i>-0.1%p</i>	<i>0.1%p</i>
Handset subs	23,487	23,625	23,699	23,727	23,784	23,950	24,049	24,058	1.4%	0.0%
LTE subs	22,347	22,859	23,432	23,827	24,205	24,578	24,374	24,114	1.2%	-1.1%
5G subs							530	1,537		189.7%
Total mobile subs <sup>2)</sup>	30,195	30,349	30,719	30,771	30,882	31,009	31,019	31,268	1.6%	0.8%
High speed internet	5,233	5,277	5,318	5,368	5,405	5,458	5,514	5,566	3.7%	0.9%
IPTV subs	4,370	4,464	4,554	4,659	4,729	4,848	4,971	5,083	9.1%	2.3%

1) Excludes MVNO & other connections

2) Includes MVNO connections, excludes other connections

## ◆ ARPU

(KRW)	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	YoY	QoQ
ARPU <sup>1)</sup>	34,883	33,299	32,289	32,070	31,328	30,645	30,755	31,166	-2.8%	1.3%
ARPU including MVNO	31,014	29,586	28,652	28,454	27,782	27,232	27,403	27,952	-1.8%	2.0%

1) Calculation of SKT MNO revenue (2G/3G/LTE/5G and IoT):

- Includes revenue from voice/data service (excludes activation fees and interconnection revenue), and revenue from additional service
- Reflected revenue discount (discounts from contract and product bundling)
- Excludes MVNO related revenue

Calculation of SKT mobile subscribers (2G/3G/LTE/5G and IoT)

- Based on MSIT subscriber statistics (average number of billed connections for the quarter)

ARPU from 2018 and onward is based on IFRS15.