



Investor Briefing

wavve external funding

SK Telecom

December 12, 2019

Disclaimer

This presentation contains forward-looking statements with respect to the results of operations and business of SK Telecom(the "Company")and its subsidiaries plans and objectives of the management of the Company. The aforementioned forward-looking statements are influenced by unknown risks, uncertainties and other factors which may change the actual results or performance of the Company.

The Company does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this management presentation, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

Therefore, this presentation contained herein should not be utilized for any legal purposes in regards to investors' investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors' reliance on the information contained herein.

This presentation only speaks the information as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events.

Contents

Highlights	3
Funding Summary	4
Snapshot of wavve	5
OTT Market Overview	6
Financial Summary	7

- **SKT and 3 broadcasters integrated their OTT platform, 'oksusu' and 'POOQ' to establish an entity 'Content wavve' with new mobile OTT service 'wavve' (September 18, 2019)**
 - Please refer to the Investor Briefing 'MOU for OTT Partnership with 3 Broadcasters' (January. 3, 2019)
<https://www.sktelecom.com/img/eng/presen/20190107/InvestorBriefingNewOTTPartnershipENG.pdf>

- **wavve attracted external funding of KRW 200bn, and the value of the company is estimated at pre-money KRW 1tn (November 29, 2019)**
 - SKS Mirae Asset Contents Co. Ltd. (SPC) will invest KRW 200bn (CB, 5 year maturity) as a Financial Investor
 - FI can acquire 16.67% stake of the company if the CB is converted into shares

- **The company will invest in contents with new resources to expand premium contents, and enter the global market**
 - Produced original contents 'The Tale of Nokdu', and plans to invest over KRW 300bn in contents by 2023
 - wavve will pursue global partnership with South East Asian OTT players with its competitive K-contents

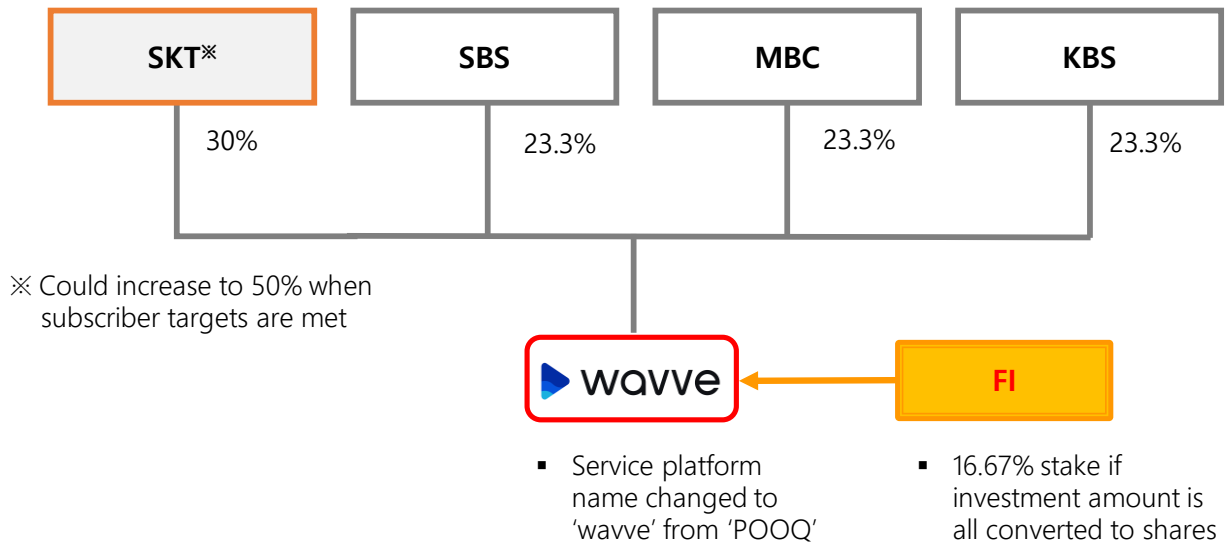
- **The number of paying subscribers are increasing rapidly on the back of co-marketing activities with SKT and differentiated original contents**
 - Paying subscribers and MAU have doubled with the launch of co-marketing program with SKT starting from April 2019
 - Continue to enhance contents power with diverse offerings such as exclusive live broadcasting of [Premier 12] on top of competitive original contents.

- **wavve plans to reach 5million paying subscribers, and KRW 500bn revenue by 2023 to solidify its position as leading OTT service provider in domestic market, and will enhance its corporate value through IPO**

Deal structure and terms

- KRW 200bn raised, SKS Mirae Asset Contents Co. Ltd. (SPC) to participate
- The investment is in the form of convertible bonds so there is no change in shareholding structure. One of the conditions is to IPO within 5 years

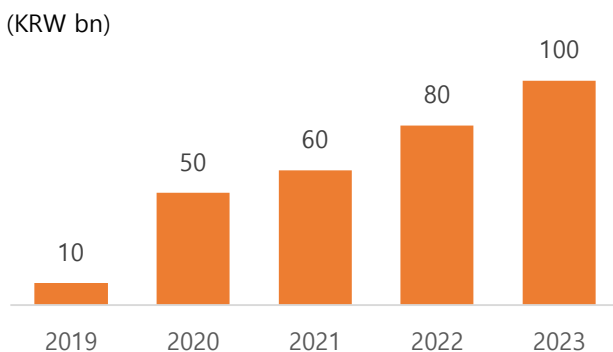
wave shareholding structure



Utilize the funding amount to strengthen contents competitiveness

- Invest KRW 300bn in contents by 2023 (funding amount plus reinvestment of content revenue)
- Continue to strengthen contents competitiveness: First wave original content [The Tale of Nokdu], Introduce US contents such as [Manifest/Siren/The First] for the first time in Korea, Exclusive broadcasting of [Premier 12]
- Offer over 80 live channels (including three broadcasters channels and comprehensive program channels), and over 220,000 VOD

Original contents investment plan



Contents competitiveness

[The Tale of Nokdu]



- 100% investment
- Secure global distribution rights (including Korea)
- Highest viewership among programs aired in same time slot

[WBS Premier 12]



- Exclusive online broadcasting
- Position as platform with strong sports content
- Record-high live viewers

□ Business model

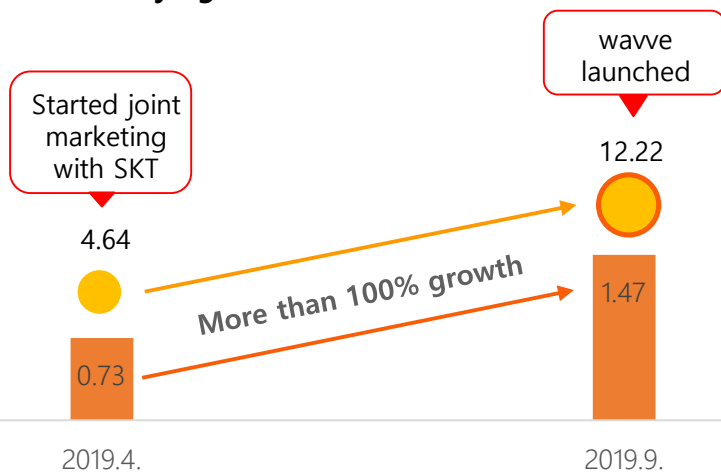
- Subscription VOD model. Enhance user benefits by providing more contents and simplifying price plans (three plans based on video quality, device type and number of simultaneous users)

	Basic	Standard	Premium
Monthly fee	KRW7,900	KRW10,900	KRW13,900
Simultaneous users	1	2	4
Video quality	HD	FHD	UHD included
Type of device	Mobile + PC	N-screen	N-screen

□ Subscribers and MAU

- Subscribers and MAU continuing to increase since the start of joint marketing with SKT (joint promotions and link to SKT's tariff plans)

Paying subscribers and MAU trend



Co-marketing with SKT

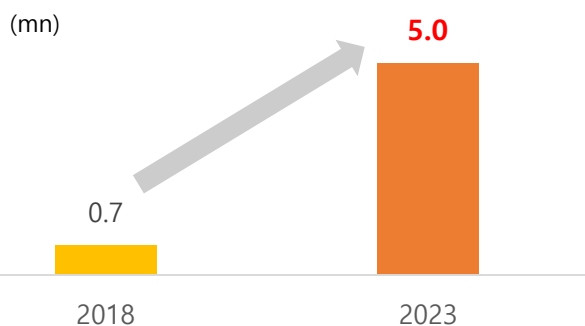
- 1 Provide 'wavve contents pack' (KRW7,900/month) as benefit to subscribers using high-end 5G tariff plans
- 2 'wavve and data' plan offering contents + mobile data (1GB/day)
- 3 KRW100/month promotion for 'wavve contents pack' (KRW7,900/month)

■ Paying subscribers (mn) ● Monthly Average User (mn)

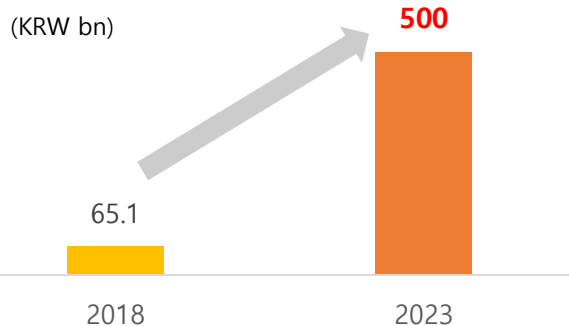
□ Subscriber and revenue targets

- 5.0mn paying subscribers and KRW 500bn revenue by 2023

Paying subscriber target



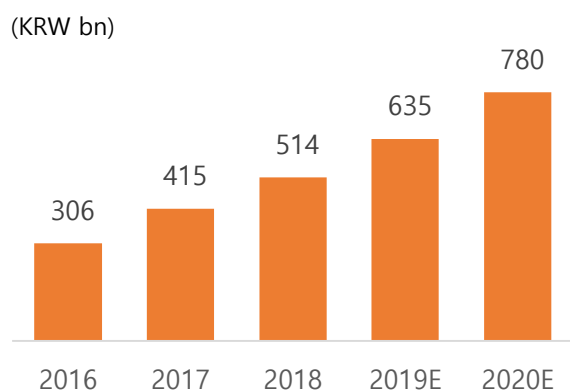
Revenue target



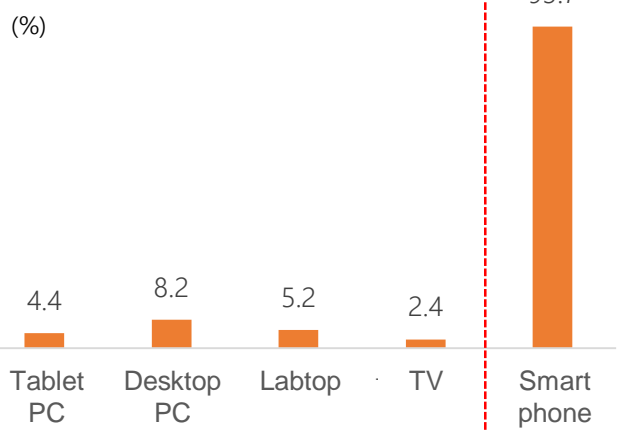
□ OTT market outlook

- OTT market is expected to substitute traditional media and show continuous growth
- Transition of consuming behavior of media contents to OTT is expected to lead mobile data consumption

Revenue of domestic OTT market



Domestic OTT consumption



※ Source: Korea Communication Commission (2018)

□ OTT players

- Domestic OTT to supplement IPTV and grow based on content diversification

	wave	seezn	U+ Mobile tv	Netflix	Tving	Watcha Play
Operation	SK Telecom+ 3 broadcasters	KT	LGU+	Netflix	CJ E&M	Watcha
Core Contents	Live TV: 3 broadcasters & comprehensive program channels Contents: Sports & 5G specialized contents	Live TV: Comprehensive program channels Contents: Movies and VOD/ Discovery channel	VODs of movie and 3 broadcasters	Exclusive original contents	Contents of CJ E&M, JTBC	Japanese contents including drama and animation
Live TV	○	○	X	X	○	X
Feature	SKT-bundled products and integrated marketing	Provides telco bundled products	Provides telco bundled products	Acquired Studio Dragon stake and partnering with JTBC to strengthen K- Contents	Similar to Netflix	Recommendation based on viewer ratings, limited multi login
Monthly Subscription	KRW 7,900	KRW 5,500	KRW 3,300	KRW 9,500	KRW 5,900	KRW 7,900

□ Financial Statement of 'Content wave'

- Summary of Balance Sheet

(KRW bn)	FY2016	FY2017	FY2018
Current assets	12.1	21.6	27.4
Non-current assets	4.5	3.9	5.7
Total assets	16.6	25.5	33.1
Current liabilities	7.3	12.5	21.0
Non-current liabilities	1.9	2.4	0.6
Total liabilities	9.2	14.9	21.6
Common stock	10.0	12.7	12.7
Total shareholder's equity	7.4	10.5	11.4

- Summary of Income Statement

(KRW bn)	FY2016	FY2017	FY2018
Sales	39.5	55.1	65.1
Gross profit	0.2	2.8	3.2
Operating income	△1.0	0.6	1.3
Non-operating income	0.2	0.1	0.3
Non-operating expense	0.2	0.3	0.5
Income from continuing operations before tax	△1.0	0.4	1.1
Corporate tax	△0.2	0.1	0.2
Net income	△0.8	0.3	0.9

※ Financial statements from former Integrated platform of 3 broadcasters