



SK telecom

**CEO**

**Seminar**

2021

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# Table of Contents

## **1.** SK Telecom Spin-off Overview and Objectives

## **2.** Company Vision and Strategy

### **2.1** AI & Digital Infra Company

### **2.2** Semiconductor & ICT Investment Co.

SK telecom

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**Seminar**

2021

## 1. SK Telecom Spin-off Overview and Objectives



**AI & Digital Infra  
Company**



**“SKT  
Investment Co.”**  
(tentative)

**Semiconductor &  
ICT Investment Co.**

# SK Telecom Spin-off Objectives



**Maximize  
Shareholder Value**

**1**



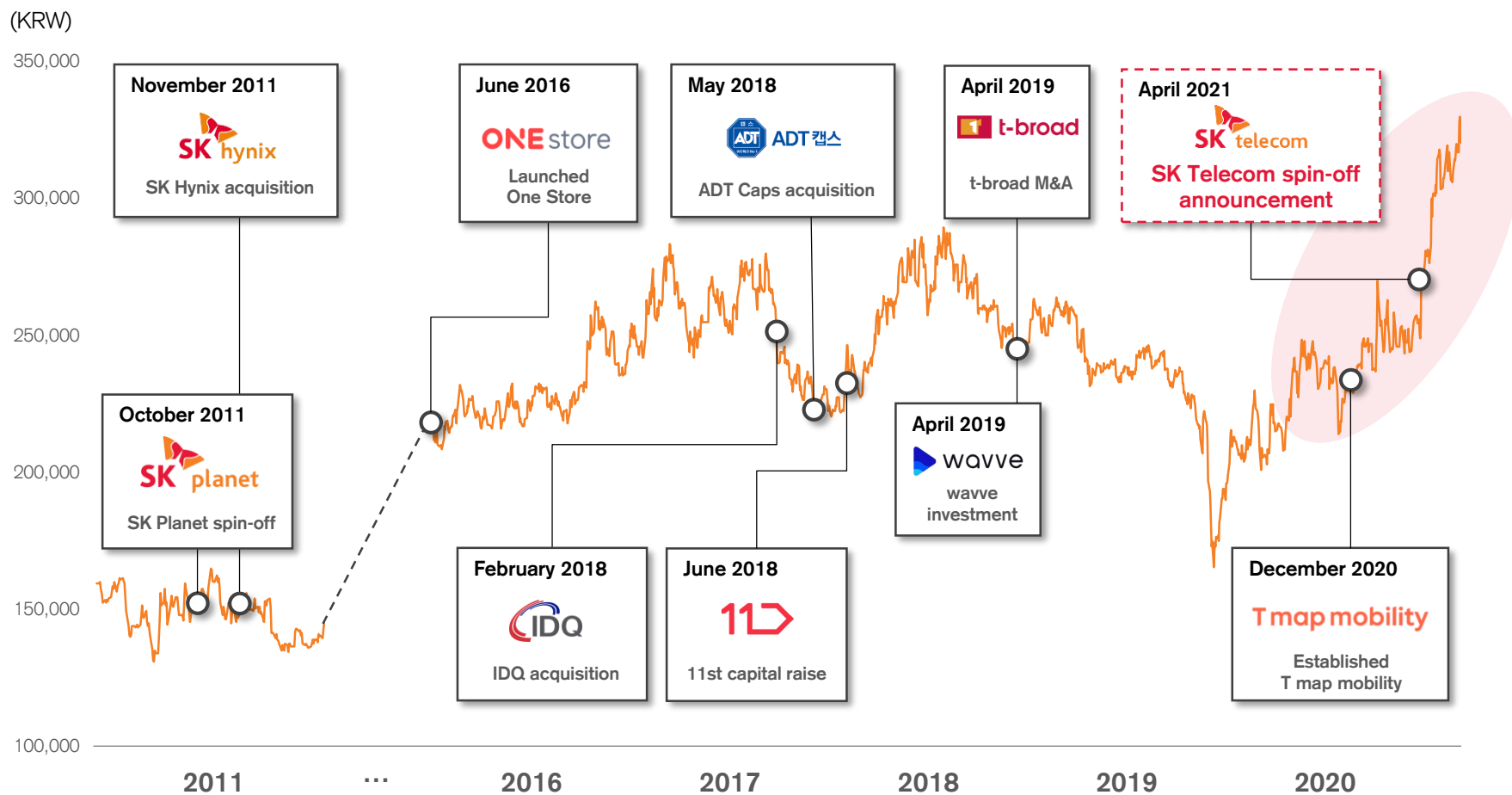
**Value Unlock**

**2**



**Clarity in Corporate Identity**

## Improve shareholder value through spin-off



## Establishment of the MNO business and the creation of a new Semiconductor & ICT Investment Co.





## Clarity in Corporate Identity



AI & Digital Infra Company

Core

5G



Expansion & Growth

AI-based  
Subscription Service



Digital Infra



**SKT**  
**Investment Co.**

Semiconductor & ICT  
Investment Co.



High Tech / Big Tech /  
Deep Tech Portfolio

*“Transforming uncertain future  
into certain growth potential”*



- ✓ Proven Track Record
- ✓ Professional management  
with expertise in ICT  
business / investments

## Improve shareholder value through quarterly dividends & stock split



### Quarterly dividends

Quarterly dividends  
beginning in 2Q21

Improve  
dividend predictability

Improve cash flow for  
shareholders



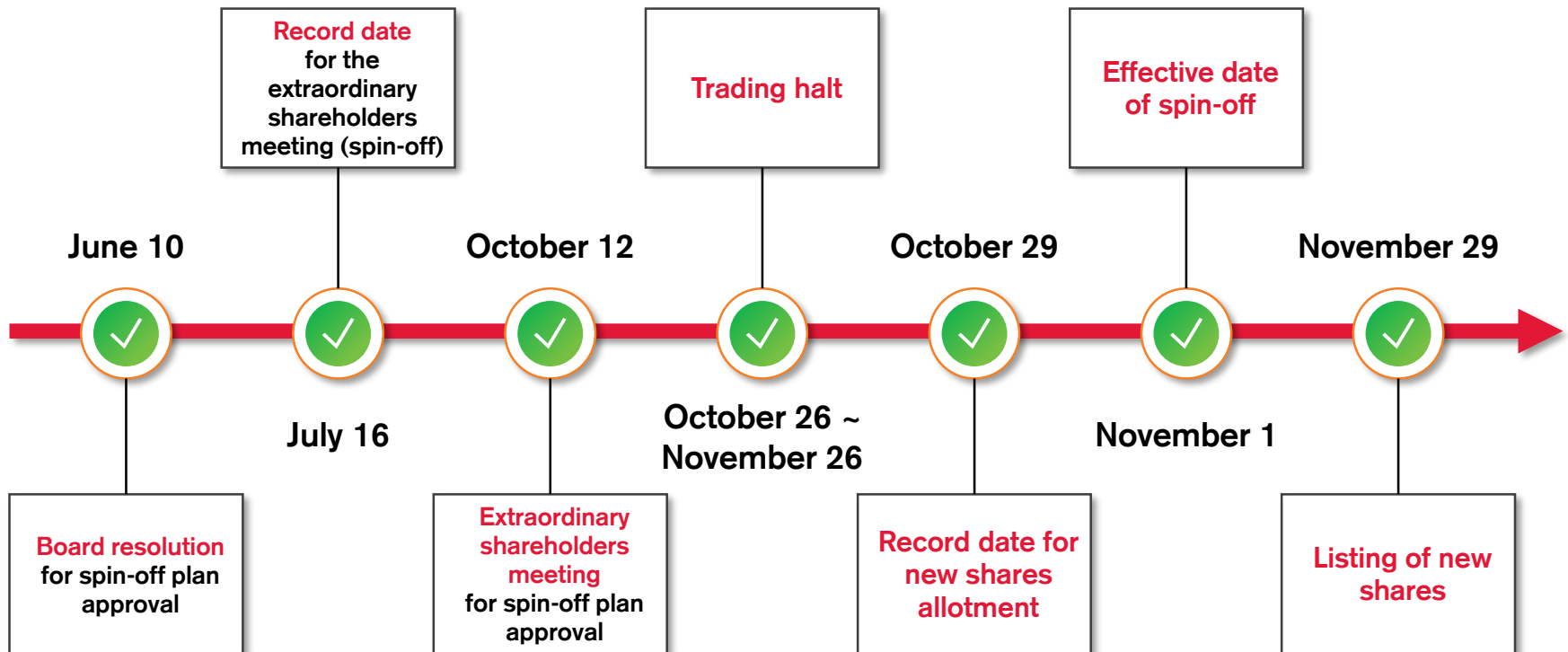
### Stock split

5 : 1 Stock split

Enhance market liquidity

Encourage participation  
from individual investors

## Spin-off & relisting expected to be completed in November 2021



SK telecom

# CEO Seminar 2021

## 2. Company Vision and Strategy

SK telecom

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## 2.1. Company Vision and Strategy

AI & Digital Infra Company

# Vision Framework

## AI & Digital Infra Company

Continue to achieve sustainable & profitable growth through 5G  
Identify new growth drivers in AI / Digital Infra

### Core Business

#### 1 Telco Biz.

5G Wireless

Home Media

### Expansion & Growth

#### AI-based

#### 2 Subscription Marketing Biz.

#### 3 Metaverse Biz.

#### Digital Infra-based

#### 4 Enterprise Biz.

Cloud

Data Center

Industrial IoT

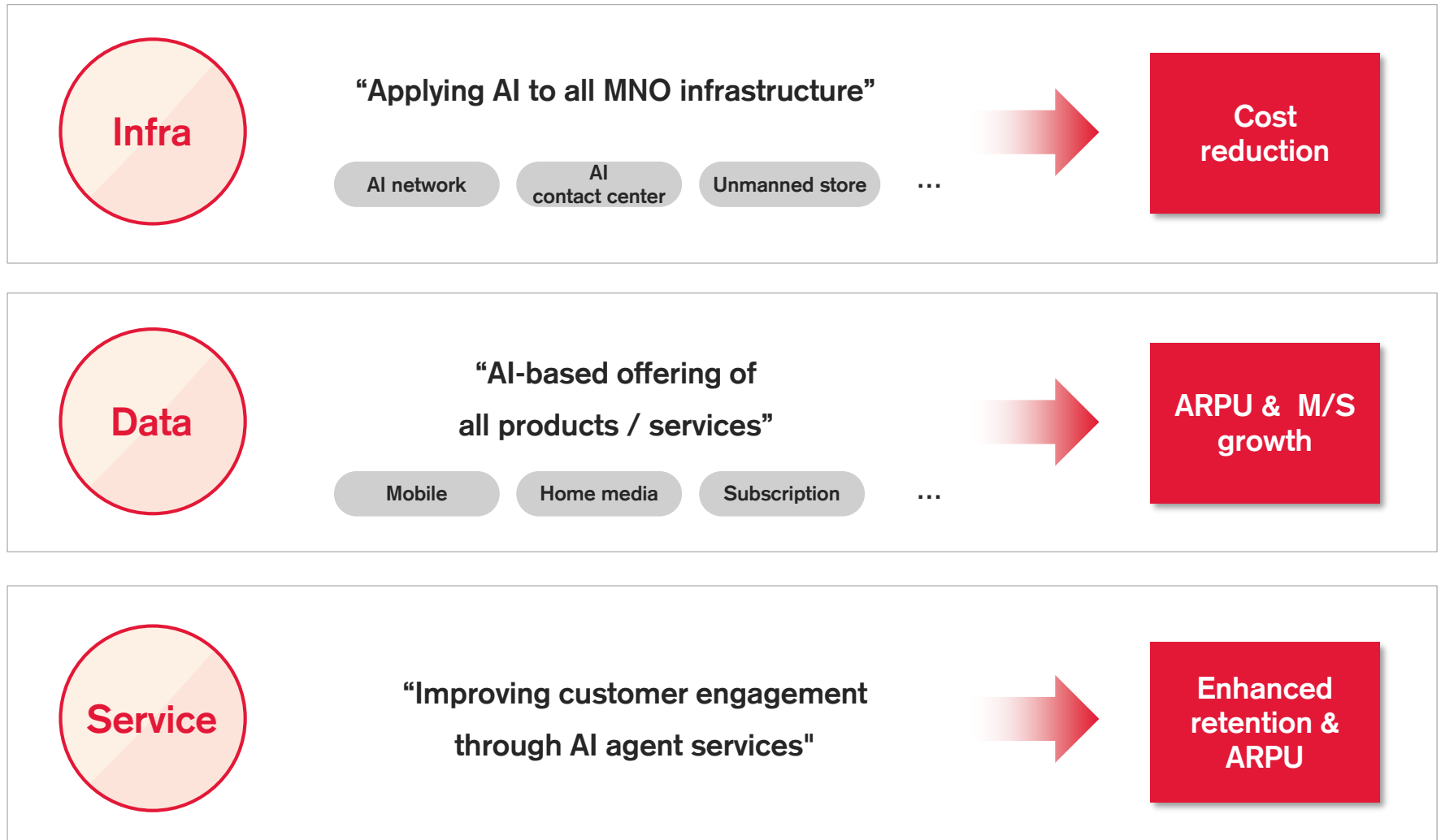
AI transformation

Infra

Data

Service

# AI Transformation



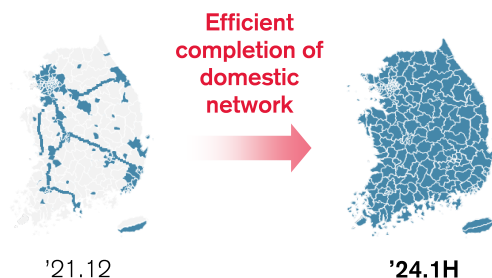
# Telecom Biz – 5G Wireless

Sustain top-line growth through solid 5G user / ARPU growth

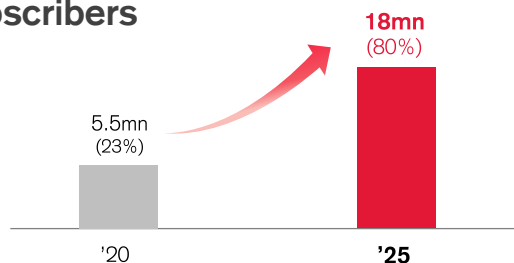
5G User Expansion

Sustain Revenue Growth

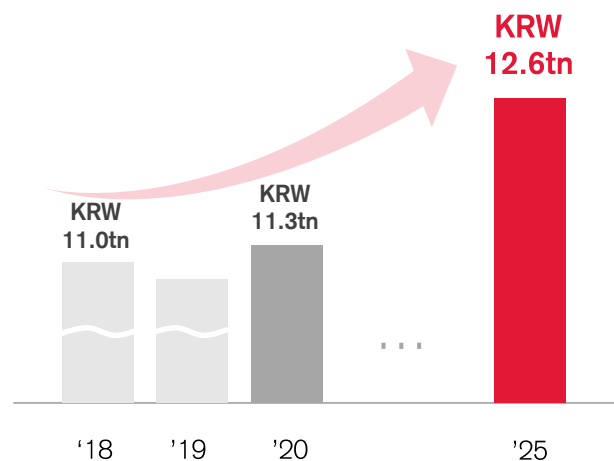
## 5G Coverage



## 5G Subscribers



## Continue wireless revenue growth trend after turnaround in 2020



✓ ARPU : '20 KRW 30,000 → '25 KRW 35,000



# Telecom Biz – 5G Wireless

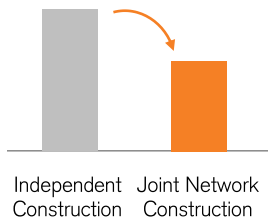
Improve profitability via maximization of network investment efficiency / marketing effectiveness

## 5G Expansion Through Joint Network

### Joint network partnership in suburban areas (SKT/KT/LGU+)

(88% of total area)

#### CapEx optimization

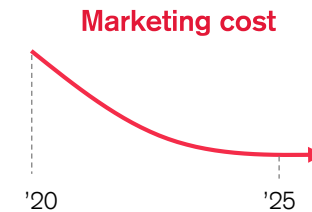


#### OpEx optimization



## Market Stabilization & Retail Innovation

### Accelerate market stabilization trend



### AI & Digital-based logistics innovation

#### Enhancing online stores



30%

#### Modernizing offline stores

**T Factory.** Expansion

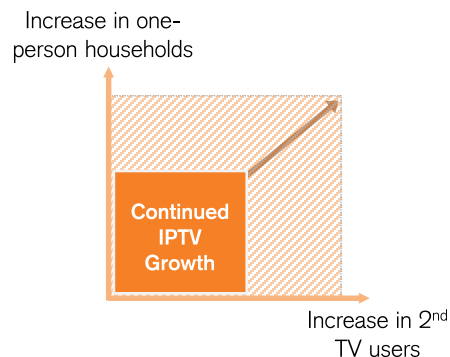
Unmanned Store

# Telecom Biz – Home Media

Continue Home Media business growth through IPTV market & content expansion and new BM

## IPTV Target Market Expansion

“Strategically targeting one-person households / 2nd TV users”



## Enhancing Media Contents

“Content consumption growth via powerful partnerships”

 kakaoM

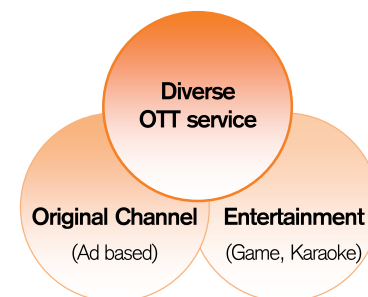
 SM CULTURE & CONTENTS

 wavve

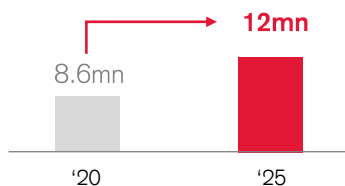
Improved SVOD content offering

## New BM

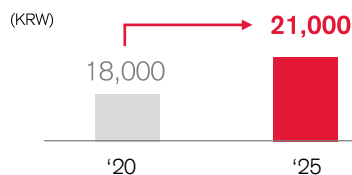
“Provision of OTT aggregator service”



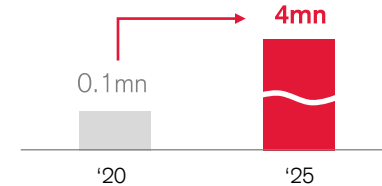
### Home Media subscribers



### Home Media ARPU



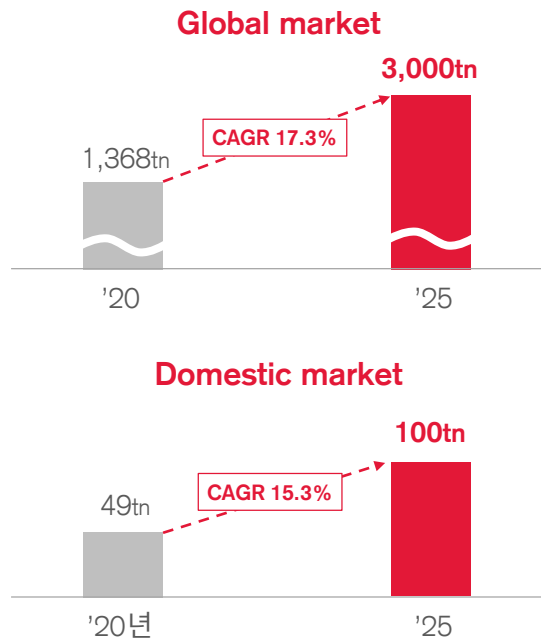
### New service subscribers



# Subscription Marketing Biz – Why Subscription?

‘Subscription market’ is a market best-suited for SKT

## Rapidly Growing Subscription Market



## SKT's Subscription DNA



**Marketing**

20mn (10tn+) annual

**Subscription  
product sales**

**Successful  
experience**  
in wave, FLO, etc.



**Engagement**

Subscription experience  
offered in

**3,500 stores**

**Online POC**  
with 50mn MAU



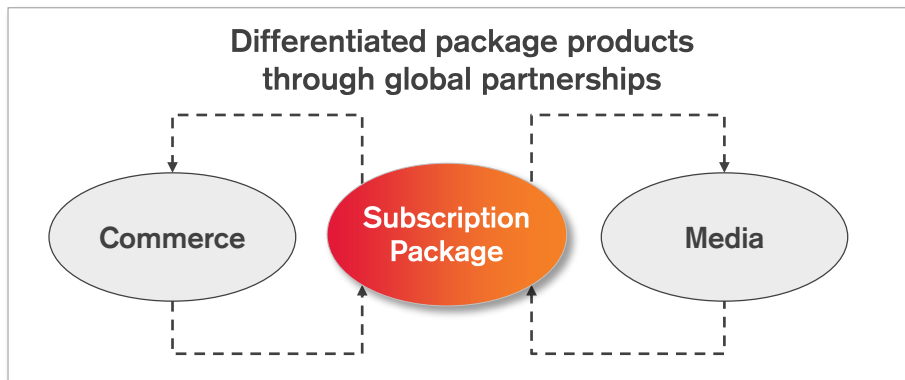
**Infra**

**Billing  
system**

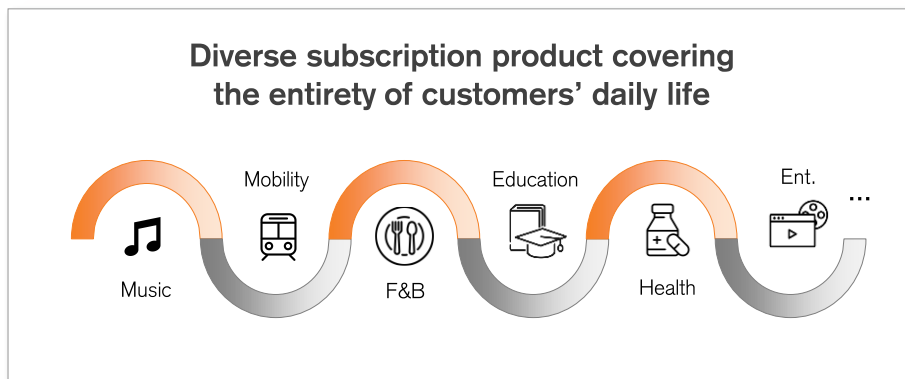
Retainable  
**Customer care /  
data**

# Subscription Marketing Biz – Subscription Products

Using subscription packages as an anchor to provide diverse products covering the entire daily life of customers



Product expansion / coordination



## Subscription Packages

- ✓ Huge shopping benefits
- ✓ Media / cloud services, etc.

## Diverse Subscription Products

- ✓ Providing the largest line-up of subscription products through a wide range of partnerships

# Subscription Marketing Biz – BM / Marketing

## Deployment of nationwide full-range subscription marketing

### Customer and BM Expansion

“Focused on SKT’s 25mn customers and phone/internet bills”

- ✓ Targeting all 50mn citizens of Korea
- ✓ BM : subscription product R/S
  - expansion of certification / payment / data, etc.
- ✓ Value expansion opportunity through GMV growth

### Marketing Optimized for Subscription Biz.

Subscription Marketing Platform

- ✓ Using T Membership as subscription marketing PoC
- ✓ Linking ICT Family online channel to subscription marketing PoC

Subscription-dedicated Channels

- ✓ Operating channels dedicated to subscription trial / customer service

Store	Consultant	Contact Center
1,000+	1,000+	10,000 Professionals

AI / DT-based Offering

- ✓ AI / DT-based recommended offering throughout entire subscription cycle



# Subscription Marketing Biz – Objectives & KPI Targets

**On- / off-line subscription commerce platform / 36mn+ users & KRW 8tn GMV TAM M/S 20% in '25**

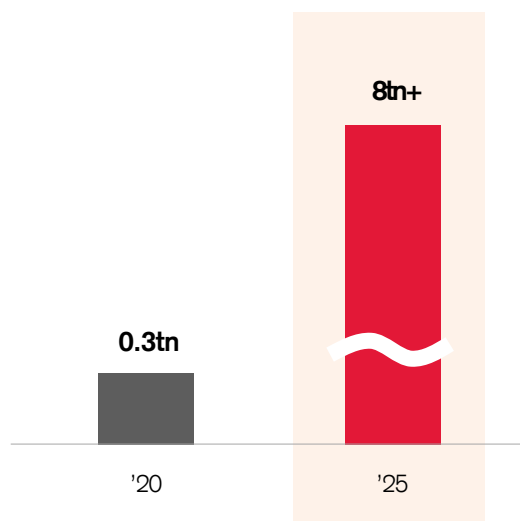
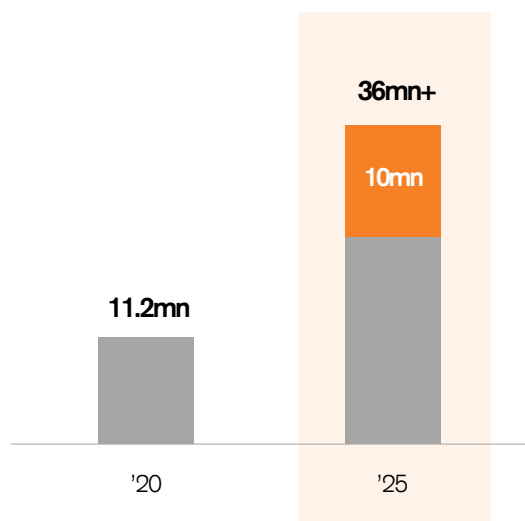
(Driving growth of related businesses & spearheading AI transformation)

## Number of Subscribers

## Annual GMV

## Additional Effect

Package subscribers  
Other subscribers



Driving growth of certification /  
payment / data businesses

Win-win growth with  
strategic partners in  
e-commerce, media, etc.

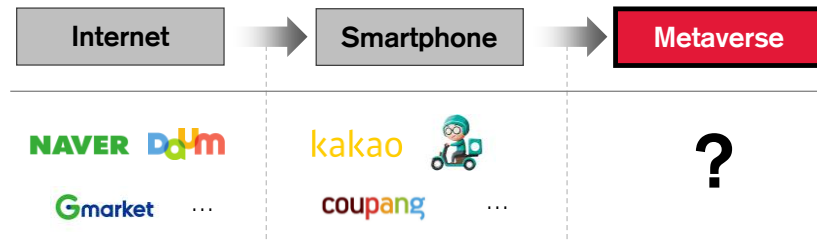
AI transformation acceleration  
by improving data competitiveness

# Metaverse Biz

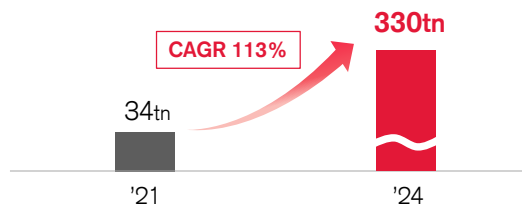
## The era of Metaverse set to revolutionize businesses

### Metaverse, the Land of Opportunities

Metaverse is set to bring major changes to daily life and industries, which will lead to new business opportunities



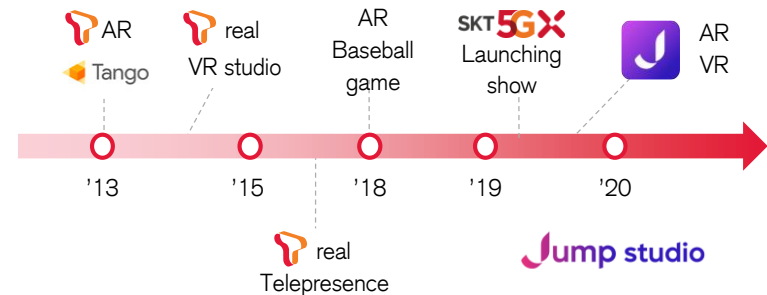
- ✓ Global Metaverse market is expected to grow at a CAGR of 100%+



Source: Statista

### SKT is Metaverse-ready

MR tech, cumulated since 2013, based  
MR service / contents business leader



- ✓ Number of domestic / international Metaverse – related IPRs : 158

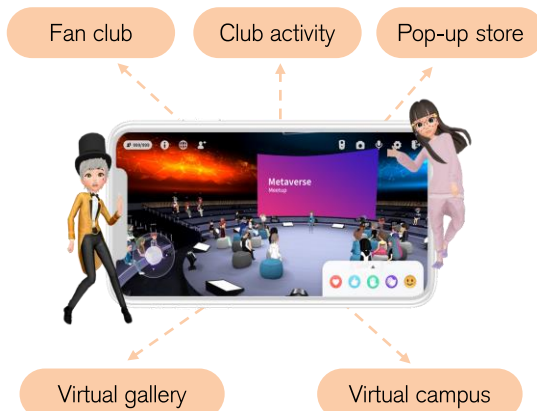
AR/VR   Immersive rendering   Object/space recognition   ...

# Metaverse Biz

Evolving into a leading social Metaverse platform beginning with the virtual meetup

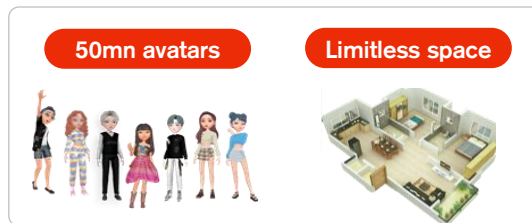
## Social Metaverse

Enhancing the social community features of the virtual meetup service



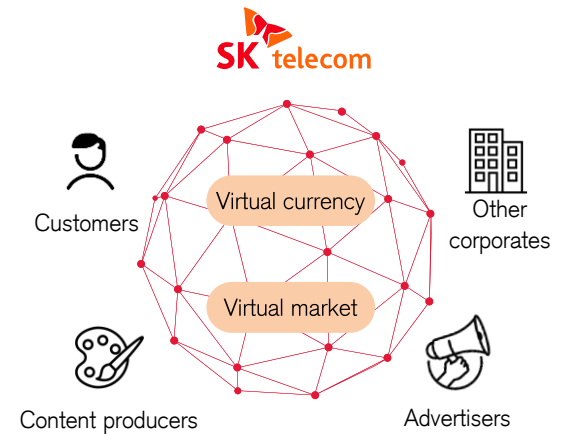
## Avatar / Space Platform

Improving content offering via an open platform that allows the participation of external partners



## Virtual Economy

Invigorating internal economy system and linking with real-world economy



Social Metaverse platform for all users



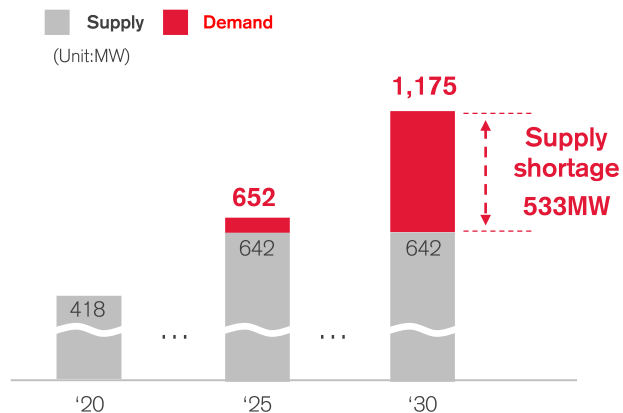
# Enterprise Biz – Data Center

## Becoming a leading domestic player through data center scale-up

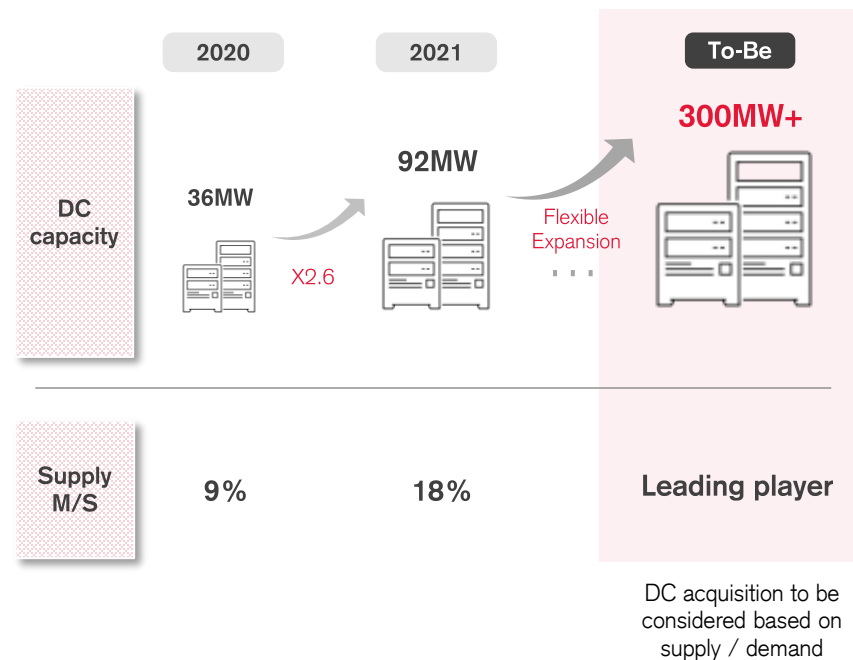
### Market Opportunity

“Domestic DC supply shortage expected due to explosive market growth<sup>(1)</sup>”

#### Domestic DC supply / demand trend



### DC Scale-Up



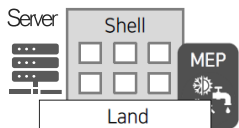
# Enterprise Biz – Data Center

Enhancing profitability and enabling additional growth of DC business through BM / global expansion

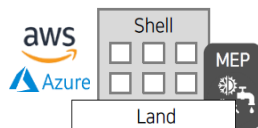
## BM Expansion

Continuous growth of current data center BM is a given

### Co-location



### Built-to-suit



### New high value-adding BM

#### MEC-linked

Integrated MEC construction within DC

#### Server-as-a-Service

Server construction / lease for CSP customers  
(Turning CapEx into OpEx)

#### MMR<sup>(1)</sup> platform

Integrated service including CSP / ISP / submarine cable, etc.

Example

## Global Expansion

Partnership with Hyperscalers



### Securing regional DCs



Utilizing CSPs as anchor tenants

### Targeting edge DCs



Minimizing urban latency

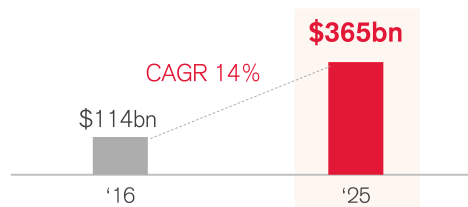
Example

# Enterprise Biz – Cloud

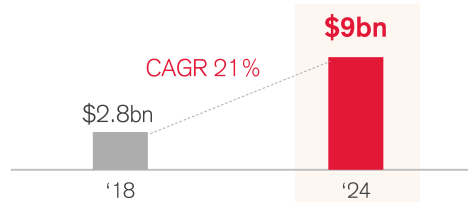
Targeting the rapidly-growing cloud market through 5G MEC and global partnerships

## Cloud Market

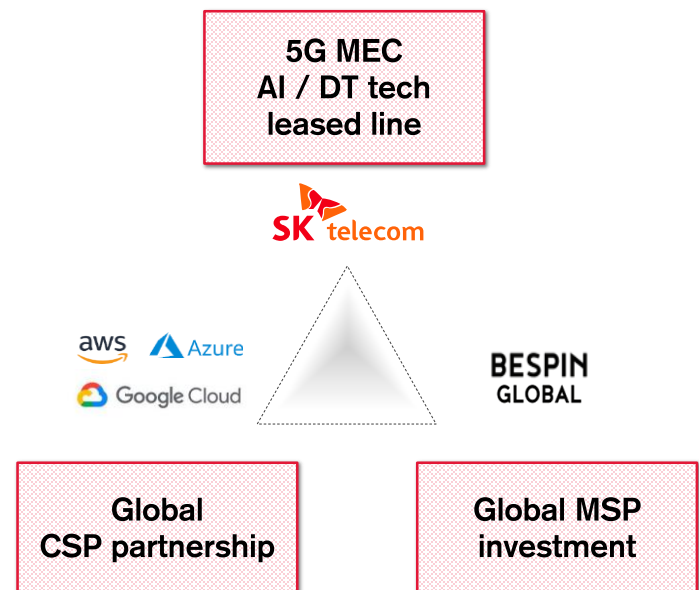
Global public cloud market is growing at 14% CAGR



Edge computing will show similar if not stronger growth



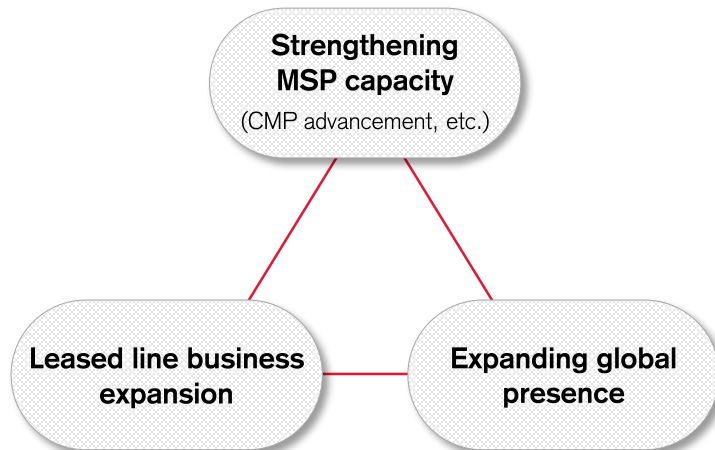
「 SKT has ample growth potential in cloud business through global partnerships 」



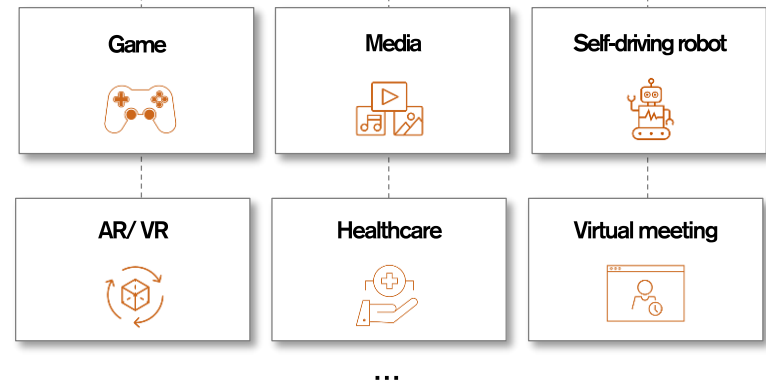
# Enterprise Biz – Cloud

## Expanding MSP business into 5G MEC-based services

### MSP business expansion through synergies with strategic partner



### 5G MEC-based service expansion

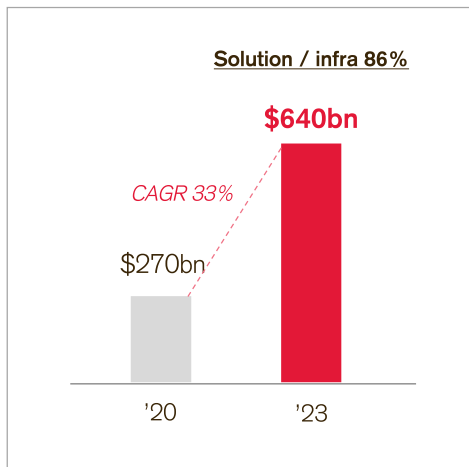


# Enterprise Biz – Industrial IoT

## Vertical business expansion based on “big reference” from smart factory

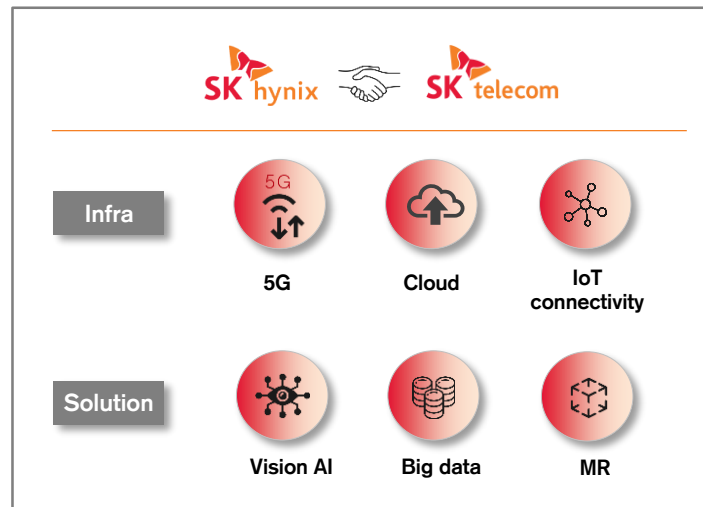
Rapidly growing  
industrial IoT market

- ✓ Explosive growth driven by AI-based solution and infrastructure



Building a world-class smart factory and expanding into other industries by applying SKT's tech and assets to SK Hynix

### Securing “big reference”



Commercialization of all major  
module solutions

Manufacturing

Security

Finance

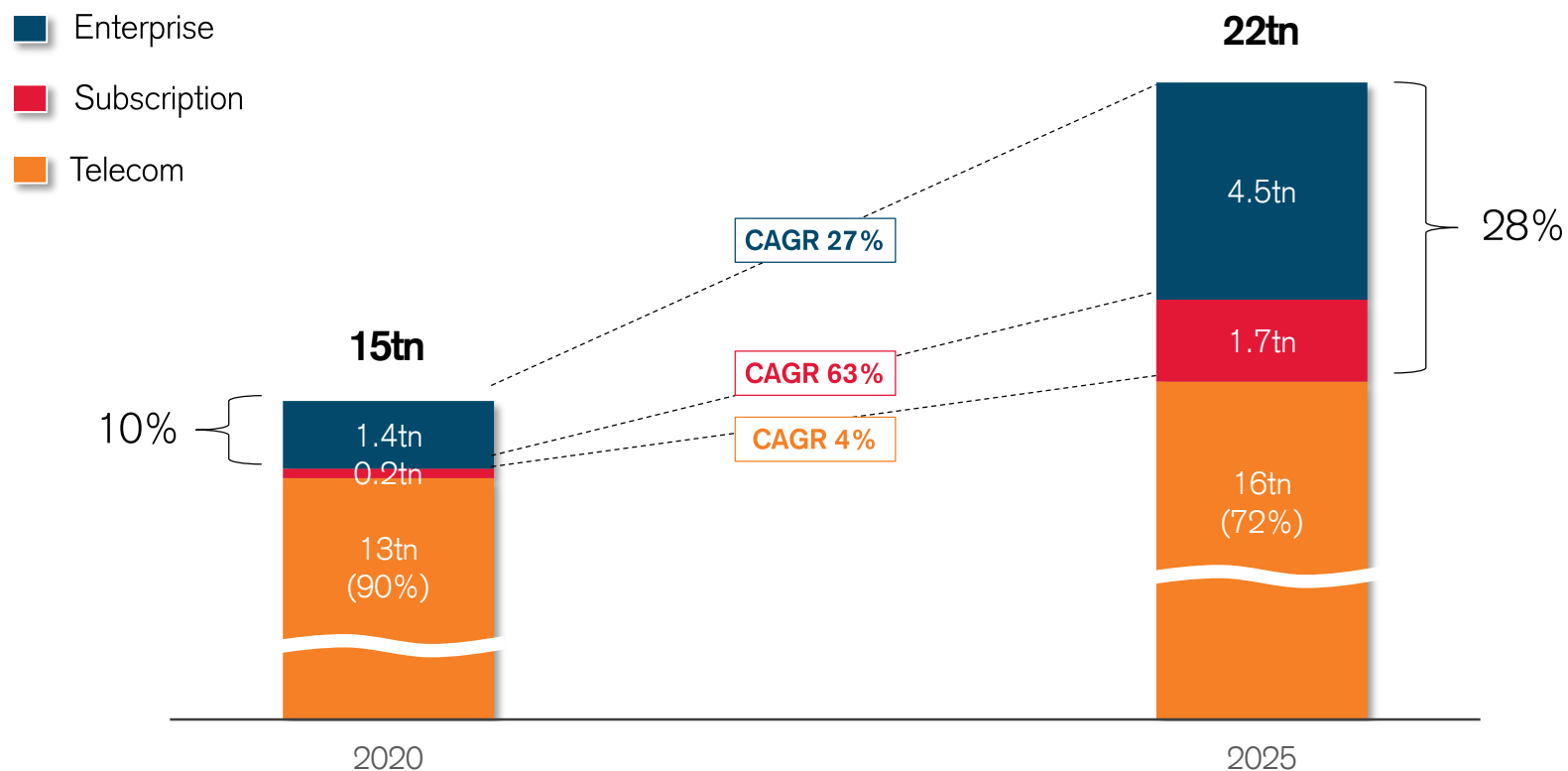
Retail

Hospital

...

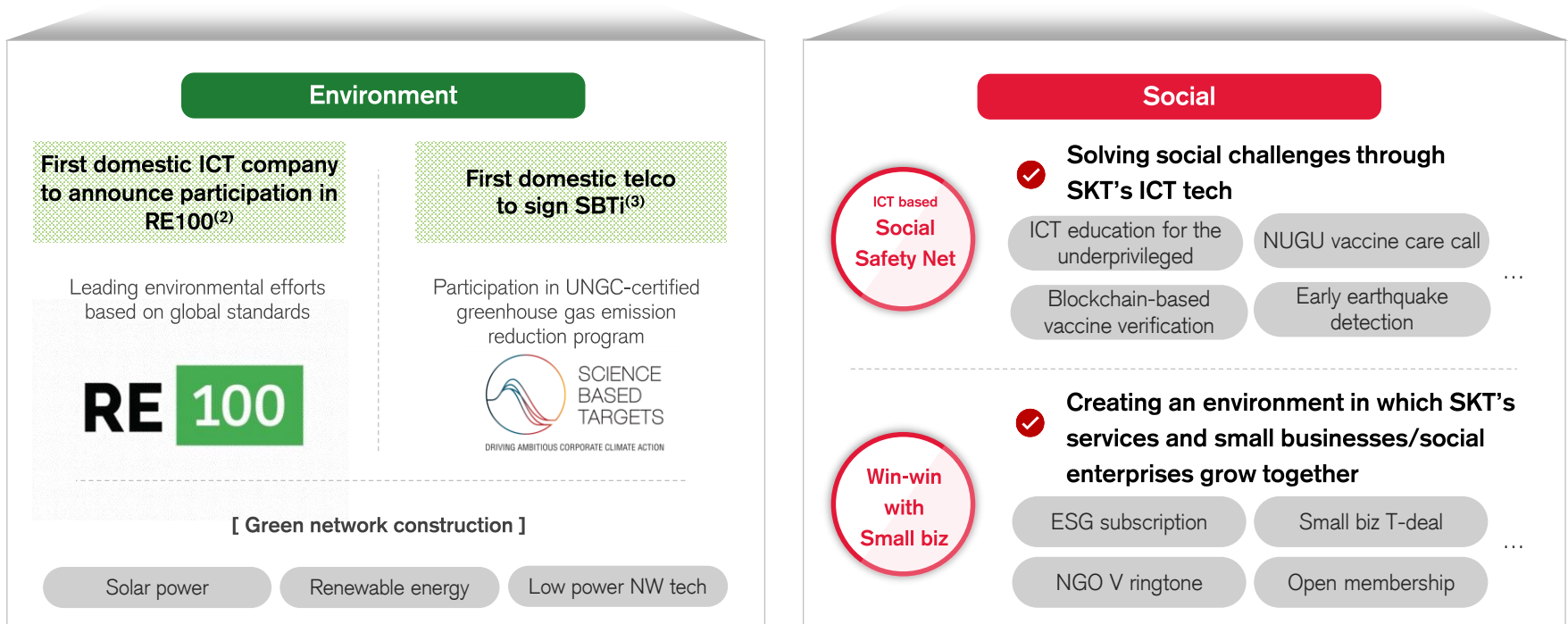
# Financial Targets

Targeting '25 revenue of KRW 22tn through all-rounded growth in Telecom, Subscription, and Enterprise businesses



# ESG Management

## Social contribution through participating in global ESG initiatives and providing global leading ICT tech and services



Notes: (1) Based on SK Group's internal calculation methodology  
(2) Global energy conversion campaign in which each corporate promises 100% conversion to renewable energy by 2050 (300 major corporates worldwide currently participating / as of May 2021)  
(3) Science-Based Target Initiative : In relation to the Paris Agreement, as part of the UN Global Compact activities, global companies voluntarily participate in setting/implementing greenhouse gas reduction goals

# Dividend

**Maintain a shareholder-friendly dividend policy  
based on strong operating income and cash flow growth**

## Solid Growth

Operating  
income



Cash flow

- CapEx / OpEx optimization (joint network, reduced marketing cost, etc.)
- Focus on profitability and expand into telecom related businesses

## Shareholder-friendly Dividend Policy

### EBITDA – CapEx Increase

(KRW)

1.8tn

'20

'25

- ✓ Dividend payout to at least maintain '20 level regardless of the spin-off
- ✓ Quarterly dividends beginning in 2Q21
  - 1Q dividend will be paid retroactively in 4Q
- ✓ Policy that links performance to shareholder value



SK telecom

**CEO**

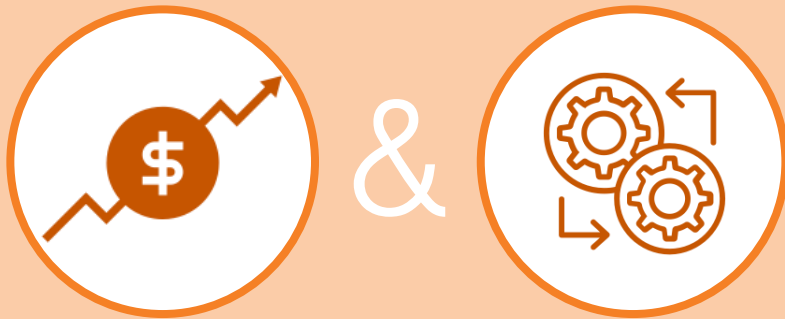
**Seminar**

2021

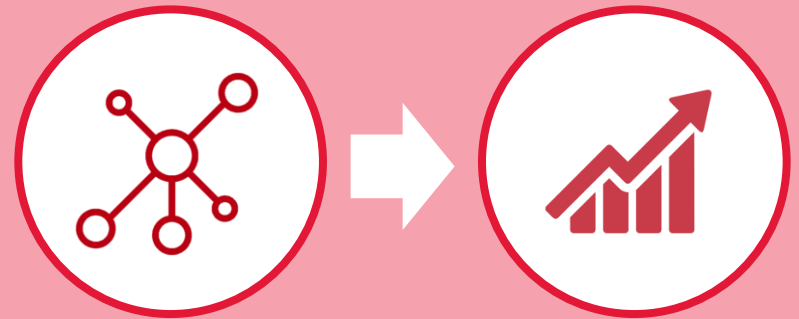
## **2.2. Company Vision and Strategy**

Semiconductor & ICT Investment Co.

# SKT Investment Co.



Take on the role of an  
**“Investing Producer”**  
as a Semiconductor & ICT  
investment company



**Create shareholder value  
by expanding NAV**  
through investing in disruptive technology  
and building an ecosystem

## Investment portfolio focused on High Tech, Big Tech, Deep Tech

### Current investment portfolio

#### High Tech

(Semiconductor)



#### Big Tech

(Life platform)

ONEstore



Tmap  
mobility



FLO

#### Deep Tech

(Global ICT)

نانوX  
X-RAY REIMAGINED



FADU

BERTIS

KRAFTON

# Net Asset Value KRW 26tn<sup>(1)</sup>

# Investment Areas – High Tech (Semiconductor)

Invest in next-generation semiconductor technologies and build a semiconductor ecosystem

## Investment Area



- ✓ Evolve into a semiconductor total solution provider
- ✓ Continue investments according to R&D roadmap
- ✓ Expand current memory business and explore new business opportunities

### SKT Investment Co.

#### Invest in alternative next-generation technology

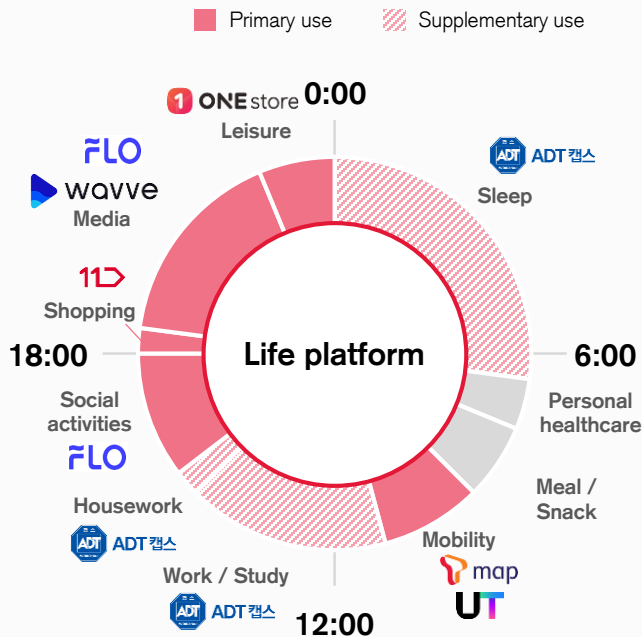
- ✓ Find early stage semiconductor investment opportunities with high growth potential

#### Build an ecosystem

- ✓ Invest in businesses within the semiconductor value chain that are complementary to SK Hynix

# Investment Areas – Big Tech (Life Platform)

Establish a “Life Platform” through expanding coverage on customers’ everyday lives



## Outgrowth Opportunities

OTT	wavve	Increasing overseas demand for K-Contents
Commerce	11D	Establish market leadership on direct international orders, enhance logistics capabilities, etc.
Mobility	map UT	Expand B2C / B2B services through utilizing T map's user traffic
Contents distribution	ONE store	Secure large players, expand story contents business, etc.
Security	ADT 캠프	Online & offline convergence security solution
Music	FLO	Expand audio platform and contents partnerships

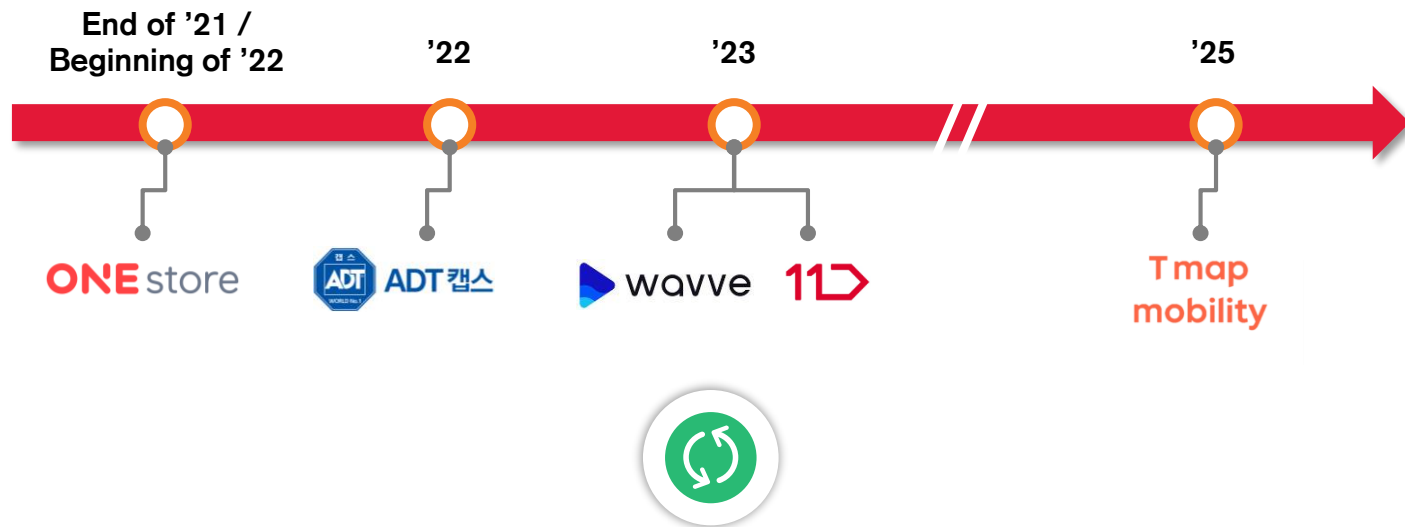


Find further opportunities in bolt-on / JV / new investments

# Planned IPO & After

Establish a flexible plan for harvesting value, including the IPOs of five subsidiaries in '21~'25

## 【 IPO Timeline 】



- ✓ Maintain our portfolio in & out investment philosophy
- ✓ Invest in bolt-on opportunities and create synergies among portfolio companies
- ✓ Enable flexible value harvesting

# Portfolio : One Store

Leading domestic app store with additional growth opportunities through securing popular games and expanding story contents business, among others

## Key Achievements ('18~'21)

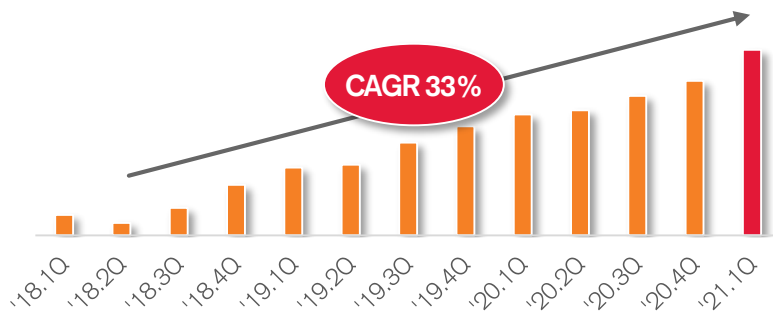
### Key Indices

**M/S**  
9% > 15%

**MAU**  
3.2X

**ARPPU**  
2.1X

11 consecutive quarters of GMV growth (2.4x)

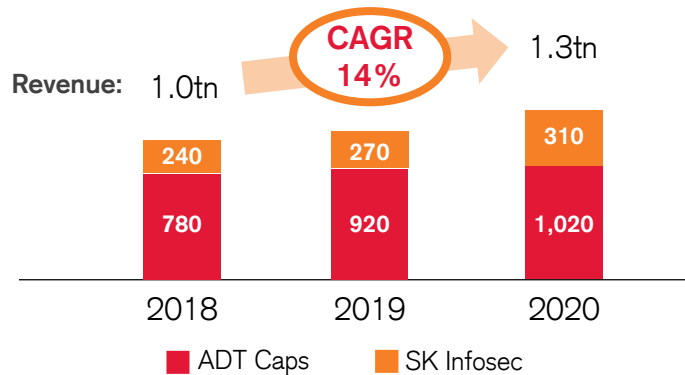


## Additional Growth Plans

- ✓ **Expand app store M/S by securing large players**
  - Market aggressively to secure top game publishers
  - Improve procurement of major contents / media apps
- ✓ **Expand story contents business**
  - Grow user base through synergies with SKT's MNO business
  - Expand value chain through acquiring IPs / establishing studio
- ✓ **Global expansion**
  - Enter global markets through multi-national telecom companies

# Portfolio : ADT Caps

Continue double digit growth through delivering care and convergence security services



## 1 Safety & Care

- Unmanned Solution** ✓ Respond to contactless trends through unmanned parking / stores, etc.
- Home Solution** ✓ Expand into new businesses such as door guards
- Home Care**
  - ✓ Senior care
  - ✓ Differentiated service through sterilization care

*"Expanding BM by redefining the industry"*

## 2 Cloud Safety

- Cloud security** ✓ Strengthen partnerships with global CSPs and obtain security solutions
- Convergence security** ✓ AI based access control + energy management + remote control + information security
- Global expansion** ✓ Expand into global markets through collaborations with local partners (China, Vietnam, etc.)



# Portfolio : 11st

Transform into a top-tier e-commerce player through strategic partnership with Amazon

## Business Partnership with Amazon



amazon



Utilize Amazon's global product sourcing capabilities



Expand customer base for direct international orders



Differentiated product offerings

Cross-border e-commerce leader

## Strengthen 11st's Capabilities



### Strengthen Logistics Capability

- ✓ Shorten delivery time through partnerships / collaborations
- ✓ Expand investment in delivery / logistics startups



### Expand Subscription Services

- ✓ Planning to launch a new subscription service that links T Membership and shopping benefits



Further opportunities from applying Amazon's know-how, as well as additional potential partnerships

# Portfolio : wavve

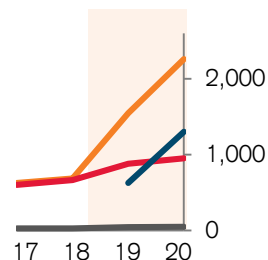
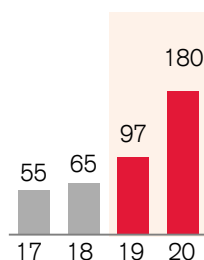
## Global No.1 K-OTT through competitive content offerings

### # of Subscribers

Improved MNO marketing synergy and top-line / subscribers after the launch of the joint venture

Revenue  
(KRW bn)

Paid Subscribers<sup>(1)</sup>  
('000 subscribers)



— Paid subscribers — B2C  
— B2B — Linked to SKT MNO

### Content

Expanded exclusive supply of cable content and wavve original content

wavve content strategy

Secure exclusive content

“Strengthen exclusive contents”

Expand investments in / production of original contents

- Established 『Studio wavve』 ('21.5)
- Started production of 『Tracer』
- Expanded co-investment with global OTTs

### Global Expansion

Acquire global vehicle and establish strategic partnerships with global OTTs

Enter markets with strong preference for K-content

Reduce procurement cost  
Global subscribers growth



- ['22] Establish foundation for services in the Americas
- ['23~] Expand into Japan and Asia markets
- Strengthen mutual PIP strategy with global OTTs

Self-sustainability through subscriber & revenue growth

Improve content offering by investing KRW 1tn over the next 5 years

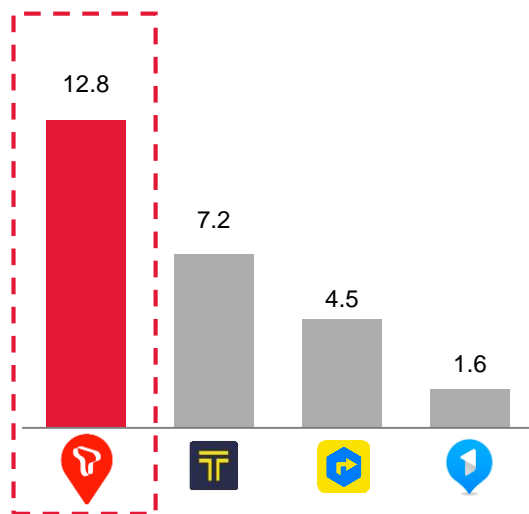
Secure global presence and achieve economics of scale

# Portfolio : T Map Mobility

Expand dominance in the mobility business through T map's market-leading user traffic

## No.1 Mobility Platform

Comparison of domestic mobility service MAUs  
(as of April 2021; mn users)



### T map Life Platform

- Top 2 player in the e-hailing market
- Lifestyle mobility membership (parking, car wash, etc.)

UT



### T map AUTO

- Strengthen In-Vehicle Portal competitiveness
- Differentiated services tailored to EVs



### Mobility On Demand

- Expand into chauffeur service
- Enter freight forwarding platform market (acquired YLP in April 2021)



### Mobility as a Service

- Transition into All-in-One Mobility
- Pursue MaaS business



# Investment Areas – Deep Tech (Global ICT)

Invest in high growth, innovative technology based on deep expertise in technology



## Quantum Cryptography

Security technology superseding the limits of current technology



Quantum Cryptography

Investment date	2018
Investment size	KRW 105.1bn



## Future Media / Metaverse

Grow the next leading business that will shape future media trends



Future Contents  
(Interactive Media)

Investment date	2009
Investment size	KRW 5.9bn
Current value	KRW 500bn



## Next Generation Semiconductor

Strong semiconductor demand arising from the transition from analog to digital



SSD Controller

Investment date	2016
Investment size	KRW 3bn
Current value	KRW 12.5bn



## Digital Healthcare

Major improvements in accuracy for detection and diagnosis of medical conditions



Digital X-Ray

Investment date	2020
Investment size	US\$23mn
Current value	US\$77mn (as of 6/11)



Early Diagnosis

Investment date	2021
Investment size	KRW 15bn



## Other Deep Tech

Seek new investment opportunities once certain growth potential is becoming realized

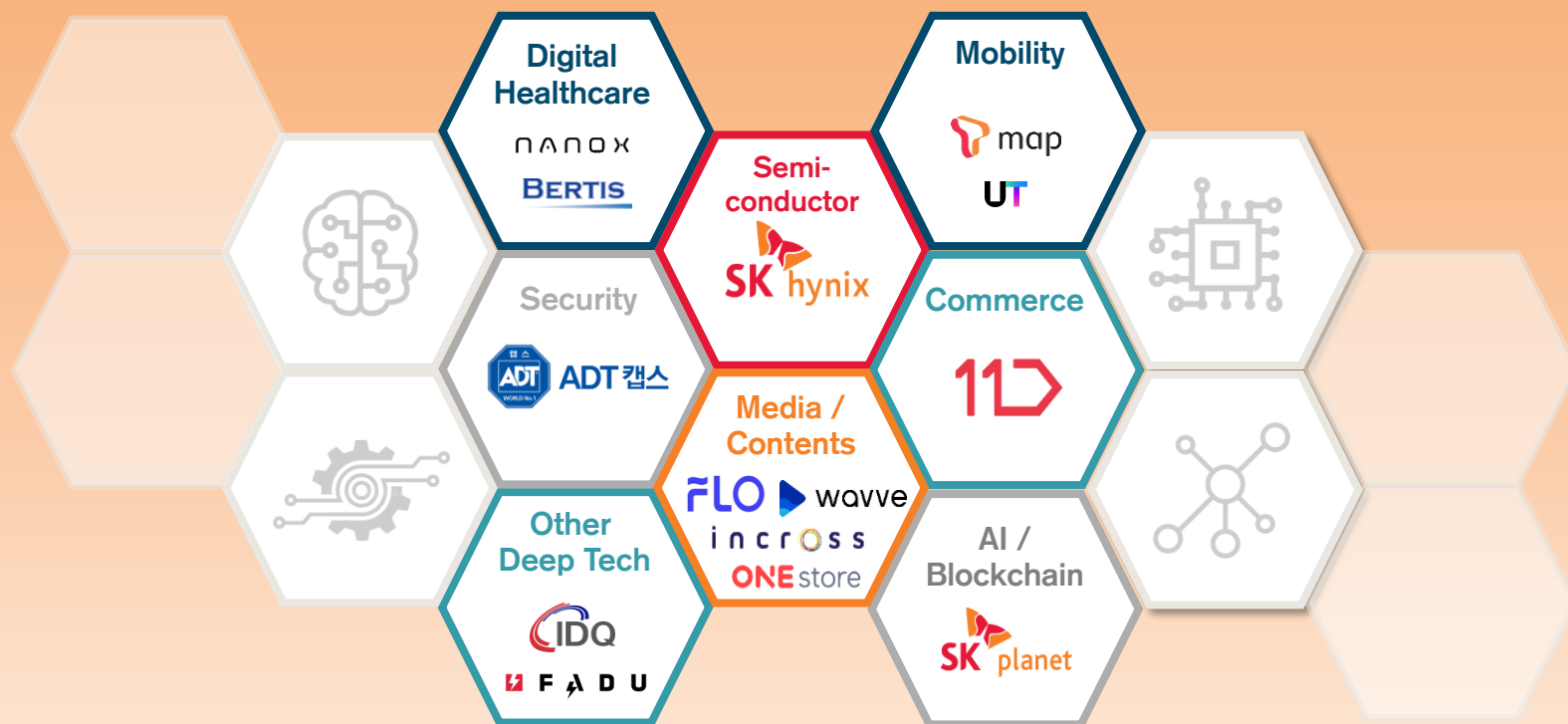


Blockchain

# Investment Scope

Fully cover exponential growth opportunities in the ICT sector

## SKT Investment Co.



# Financing Plan

Flexible financing plan according to emerging financing needs for new investments



**Value Harvest**

**~KRW 1tn**



**Subsidiary Dividends**

**~KRW 1tn**



**Debt Financing**

**~KRW 1tn**



**Fund / Co-investment**

**~KRW 2tn**

**~KRW 5tn funds available within the next 3 years**

# Investment Strategy

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**Identify and invest in assets with exponential growth potential  
and create differentiated value through producing**

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## **“Investing Producer”**

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### **Separation of management and ownership**



- Flexible investment scope that extends further into non-synergetic areas
- “In & Out” portfolio management focused on maximizing investment returns, unrestrained by maintaining a controlling interest in the company

### **Completion of Ecosystem**



- Ecosystem play that is structurally bound for success
- Establish a next-generation ecosystem by leveraging experience as a strategic investor

### **Management Team of Industry Practitioners**



- Management team of industry practitioners with over 20 years of experience
- Operate and improve management system that enables entrepreneurship

# Track Record & Philosophy

Target rapid NAV growth based on a proven track record of investing ability

“Investment track record comparable to global top-tier investors”

Investment Portfolio IRR<sup>(1)</sup> ~19%

2011

 (KRW 3.4tn)

 (KRW 1.2tn)

2021

 (KRW 19.4tn)





 (KRW 5.5tn)





⋮

## One & Only Investment Philosophy: “Target Rapid NAV Growth”

- Management of existing portfolio
  - Regular portfolio review committee meetings
- Incorporation of new investments into portfolio
  - Review expected IRR as top priority

## Multi-dimensional investment & growth plan

- Unparalleled in-house deal team
  - **Build:** Establish innovative business model
  - **Buy:** Extensive M&A & PMI capabilities
  - **Borrow:** Capital raising activities based on a clear equity story



# Industry Practitioners

**Professional management team with  
significant growth / incubation experience in the ICT industry**

## SKT Investment Co.

**Professional management team that has led SKT's business and investments, and possesses a strong track record in the semiconductor and ICT industries**



**Jung Ho Park**

**ICT Biz Dev.**  
(33 yrs)

Led ICT business development activities including the acquisition of SK Hynix, KIOXIA, ADT Caps, as well as capital raises in ICT businesses



**Poong Young Yoon**

**Telecom & IT**  
(23 yrs)

Led the acquisition of SK Hynix, spin-off & funding of 11st, and the launching of wavve



**Jongwon Noh**

**Semi. & ICT**  
(19 yrs)

Led the acquisition of SK Hynix, as well as KIOXIA and Intel deals



**Seok Joon Huh**

**Private Equity**  
(24 yrs)

Significant private equity experience in Standard Chartered, CVC, among others



**Jae Seung Song**

**IB & Biz Dev.**  
(17 yrs)

Investment banking experience in PwC and Goldman Sachs, as well as business development experience

## Major Subsidiaries

**Management team consisting of best practitioners in the business to lead further growth through successful IPOs**



**Jinhyo Park**

Former SKT CTO  
**ICT tech expert**



**Sangho Lee**

AI & **UI/UX expert**



**Jong Ho Lee**

25 yrs experience in  
**Mobility Biz**



**Jaehwan Lee**

**Media & contents**  
New Biz expert



**Taehyun Lee**

**National broadcasting contents** production expert

# Next 5 Years

Target annual NAV growth of 30% through active investments and portfolio growth

Net Asset Value (Post spin-off)

(KRW)

