

SK Telecom Corporate Value-Up Plan

2024. 10.

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| Contents |

1. Value-Up Summary

2. Company Overview

3. Current Status Analysis

4. Targets

5. Planning

6. IR Activities

7. ESG

Value-Up Summary

| Capital Efficiency |

ROE 10%+

(2026)

Maintain industry-leading
profitability level

AI & O/I* strategies to increase profitability
* Operational Improvement

Improve financial soundness
based on asset efficiency

| Shareholder Return |

**Adjusted*
consolidated profit
50%+**

(FY2024 ~ 2026)

* Based on attribution to controlling shareholders,
excluding one-off, non-recurring profit and loss

Shareholder return based on
total consolidated profit

Share profit from growth by removing the
upper limit on shareholder return

Shareholder return ratio
exceeding the industry average

| AI Vision 2030 |

**Total revenue
KRW 30 trillion
AI portion 35%**

(2030)

Materialize tangible
AI business performances

Secure AI leadership based on
self-reliance and cooperation

Further develop "profit-generating AI"
(AI DC + AI B2B + AI B2C)

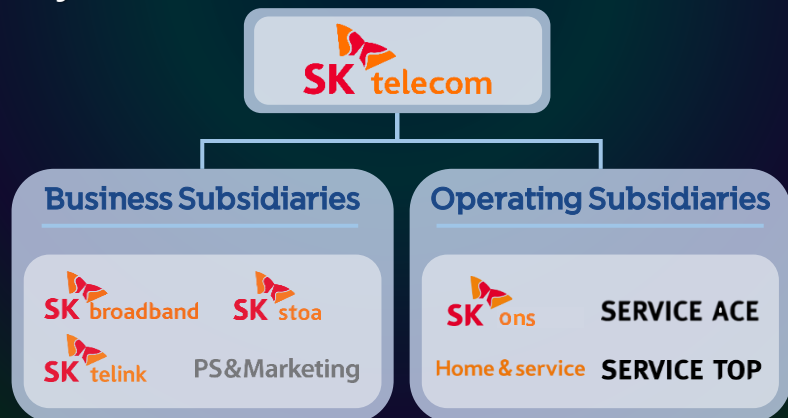
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Please note that the expectations or targets are based on the assumptions and judgments contained in this material. The same applies hereinafter.

Company Overview

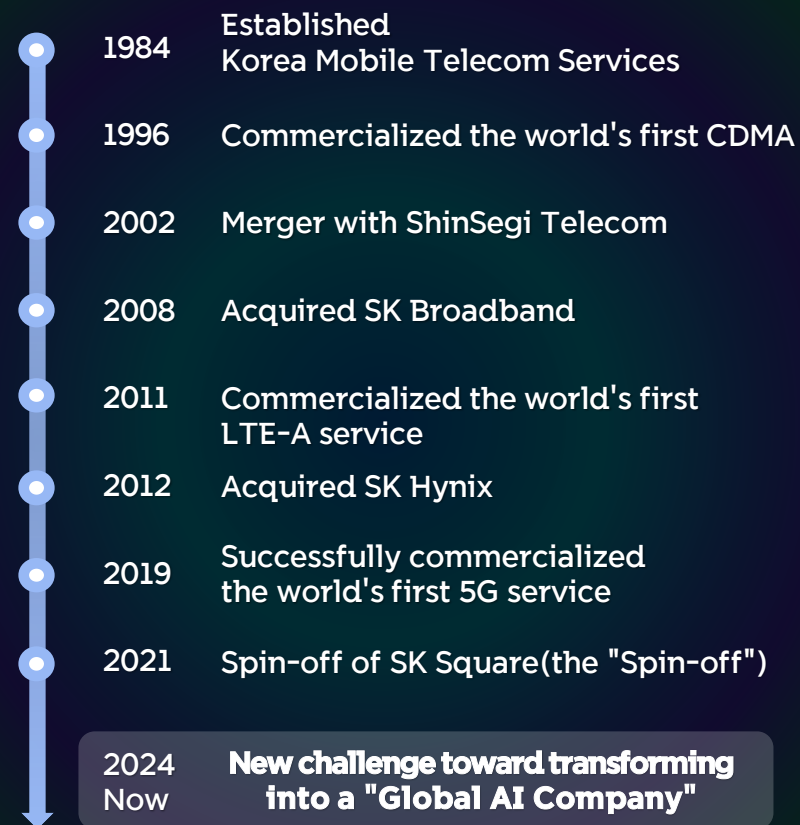
Company Overview

Company Name	SK Telecom Co.,Ltd.
CEO	Young Sang Ryu
Date of Establishment	March 29, 1984
Head Office	65, Eulji-ro, Jung-gu, Seoul
No. of Employees	5,741 (as of June 30, 2024)
Business Area	Wireless and fixed-line telecommunications business, etc.

Major Subsidiaries

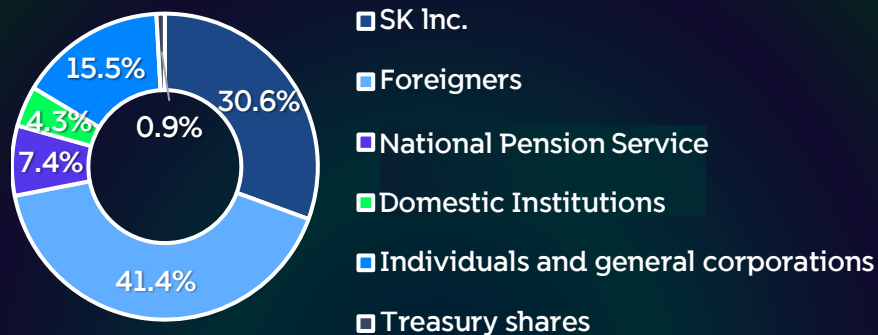


History



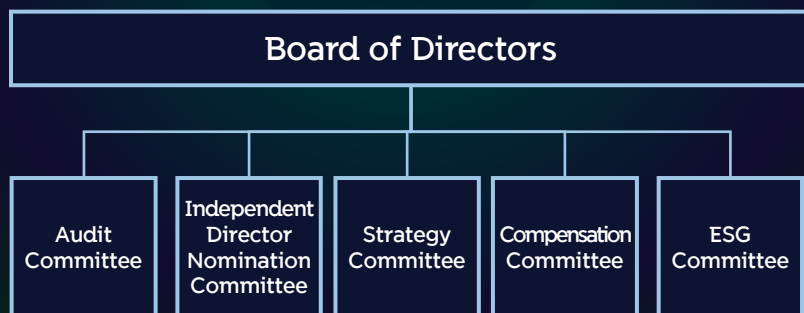
Company Overview

Composition of Shareholders(as of June 2024)



Composition of Board of Directors

(5 outside, 3 inside, and 1 non-executive directors)



Key Performance

Unit : KRW

	2023	1H 2024
Operating revenue	17.6 trillion	8.9 trillion
Operating profit	1.8 trillion	1.0 trillion
EBITDA	5.5 trillion	2.9 trillion
Profit	1.1 trillion	0.7 trillion
Dividend per share	3,540	1,660

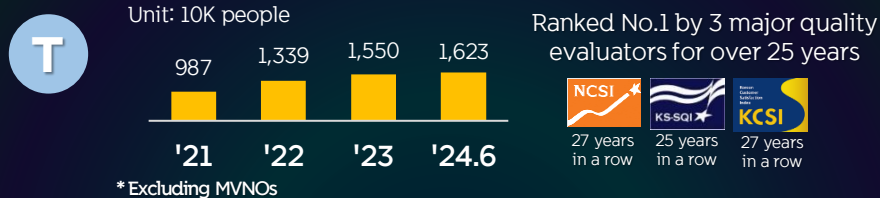
Credit Ratings

Domestic		Overseas	
Korea Investors Service	AAA	Moody's	A3
Korea Ratings	AAA	S&P	A-
Nice Investors Service	AAA	Fitch	A-

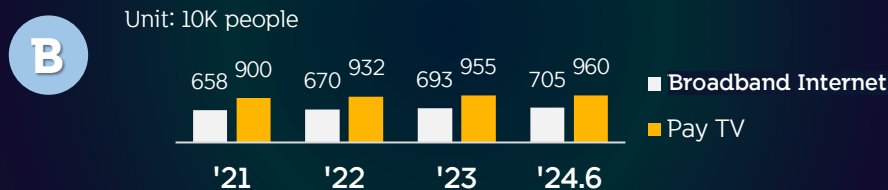
Company Overview – Business Status

Stable Telecommunications Business based on Top Quality

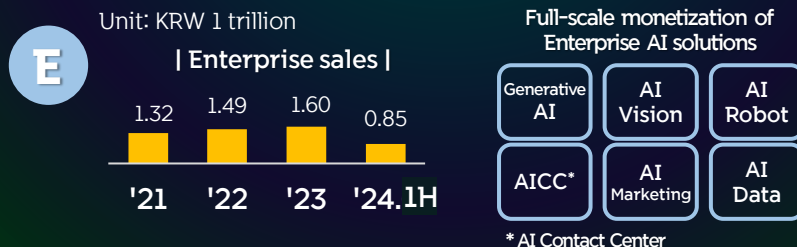
- Market leader in 5G subscribers*(M/S 48%)



- Continued Net Increase in Broadband Internet and Pay TV Subscribers



- Stable Growth of Enterprise Business and AI Transition



Transforming into a "Global AI Company" with Future Growth Engines

- Formation of Global Telco AI Alliance and Securing AI Leadership

1.3 billion subscribers in 50 countries



- Development of the World's First Telco LLM based on Self-reliance and Cooperation



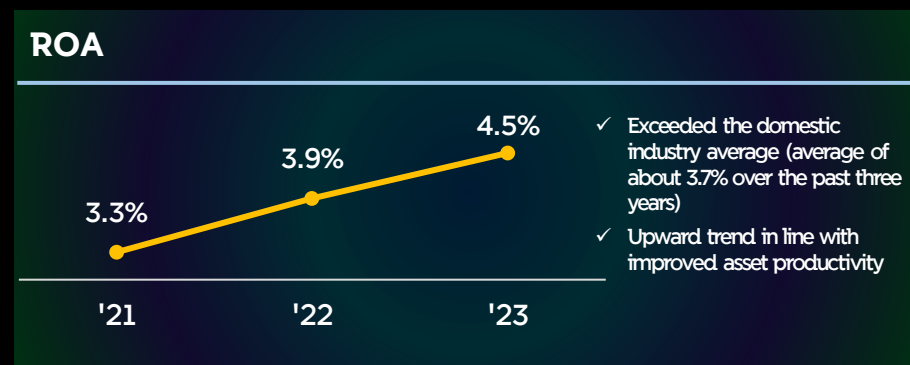
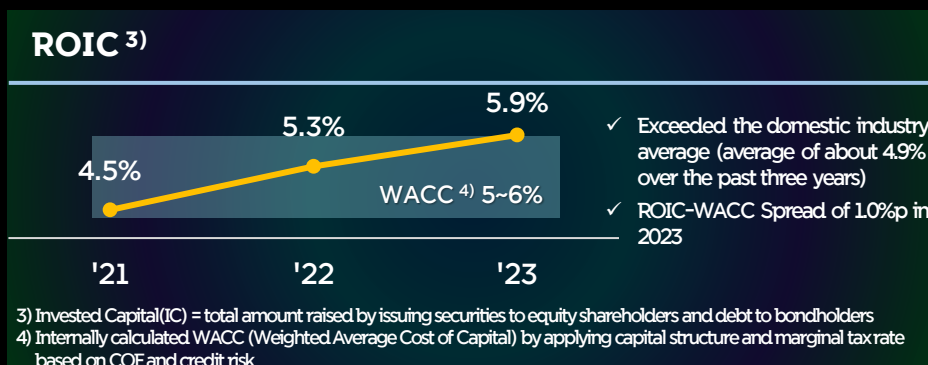
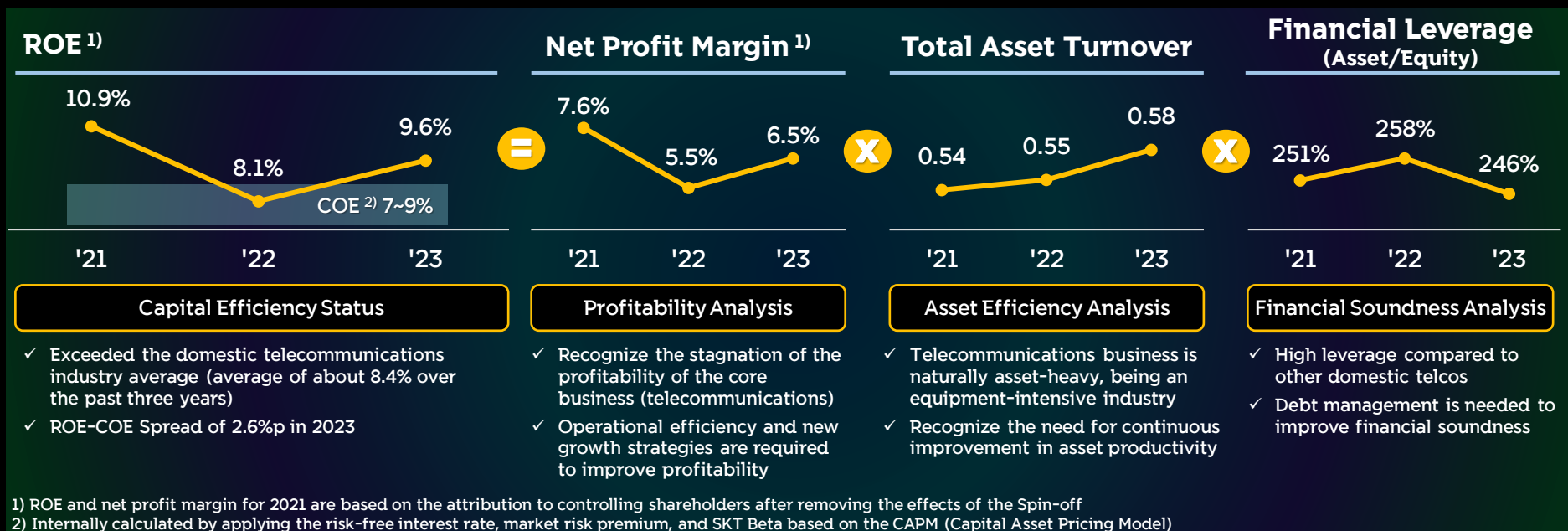
- Securing AI Technology/Service Capabilities through Strategic Investment and Alliance

Cumulative Equity Investments in AI
KRW 500 billion

18 Promising AI startups*
join K-AI Alliance

* Moloco, Allganize, etc.

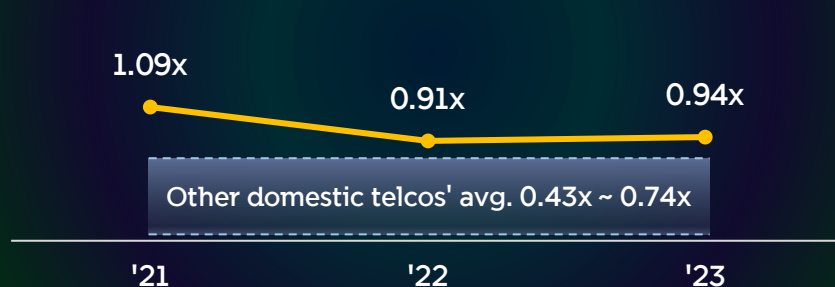
Current Status Analysis – Capital Efficiency



Current Status Analysis – Market Evaluation

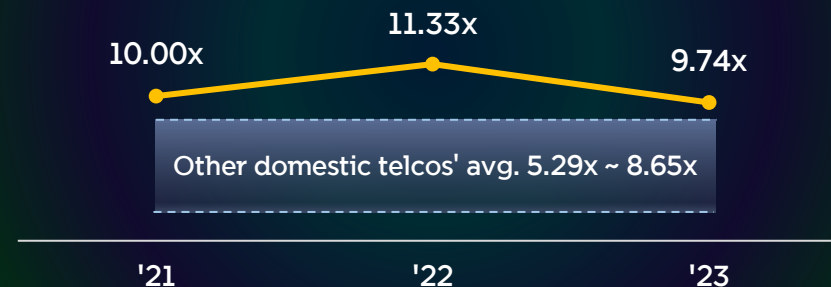
PBR

- ✓ PBR is close to 1, above the average of other domestic telcos
- ✓ Despite ROE improvement since 2022, PBR has been stagnant at around 0.9x, due to the decline in PER



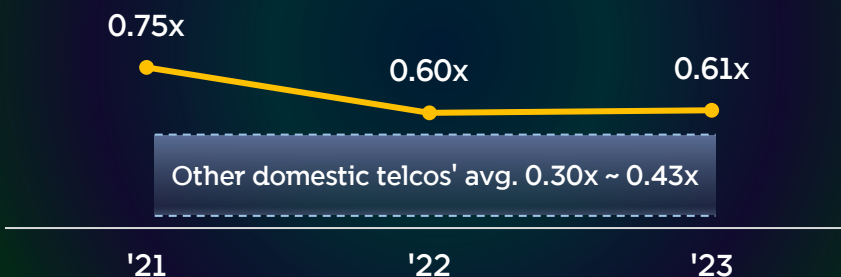
PER

- ✓ Above the average of other domestic telcos, yet has been declining since 2022 amidst the overall undervaluation of the Korean stock market
- ✓ Need to improve PER through operational efficiency (increasing profitability)



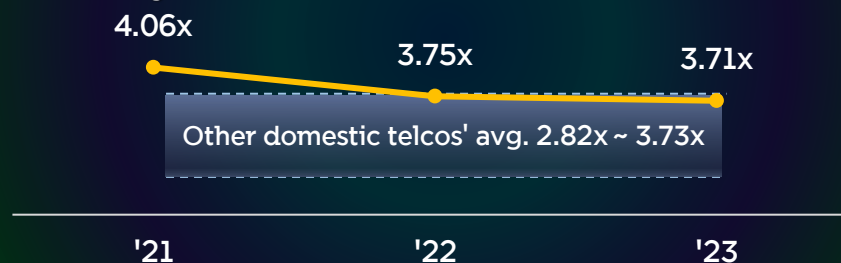
PSR

- ✓ While exceeding those of other domestic telcos, the multiples fall short of 2021 level despite continued sales growth
- ✓ Need to improve PSR by materializing future growth potential



EV/EBITDA

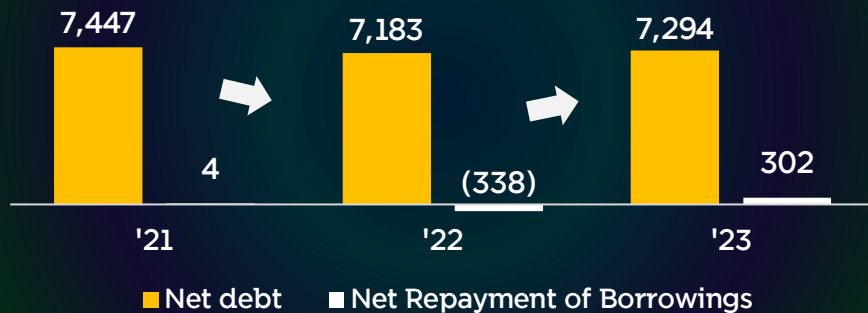
- ✓ While we have exceeded the average of other domestic telcos, the multiple of the telecommunications industry is generally low
- ✓ Need to improve market evaluation by applying separate multiple to our new growth businesses



Current Status Analysis – Financial Soundness

Net Debt & Net Repayment of Borrowings

Unit: KRW billion

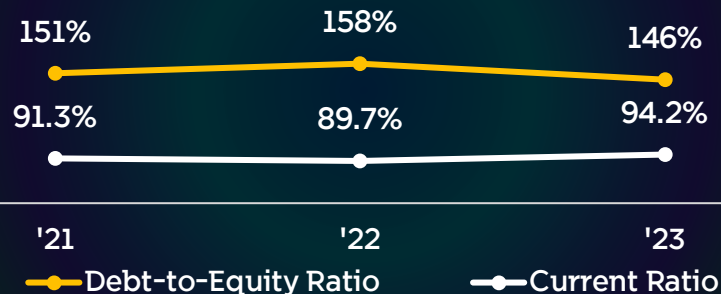


Net debt/EBITDA Multiple



Debt-to-Equity Ratio ¹⁾ & Current Ratio ²⁾

1) Debt ratio = Total liabilities/Total equity
2) Current ratio = Current assets/Current liabilities



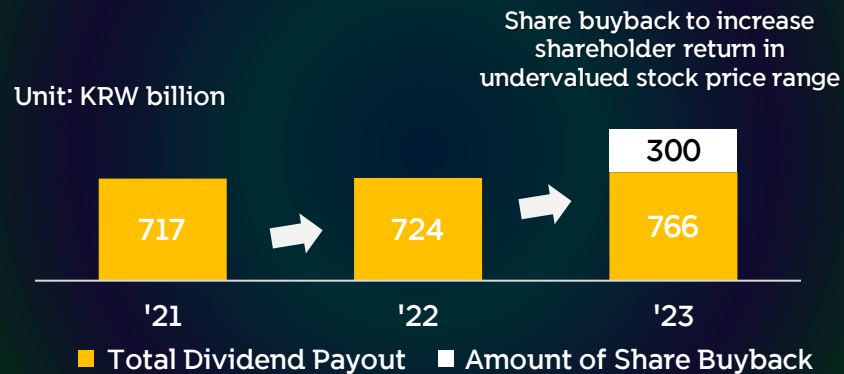
Financial Soundness Analysis

- ✓ The net increase in borrowings between 2021 and 2023 is approximately KRW 32 billion, while maintaining the net debt level at approximately KRW 7~7.5 trillion
- ✓ Net debt decreased to KRW 7.1 trillion as of June 30, 2024
- ✓ As a result of repayment of borrowings in 2023, debt-to-equity ratio decreased, current ratio increased, and net debt/EBITDA multiple decreased
- ✓ In order to maintain sustainable high profitability, financial soundness is continually monitored from various perspectives and managed at a stable level within the business strategy

※ Net debt and repayment of borrowings exclude lease liabilities

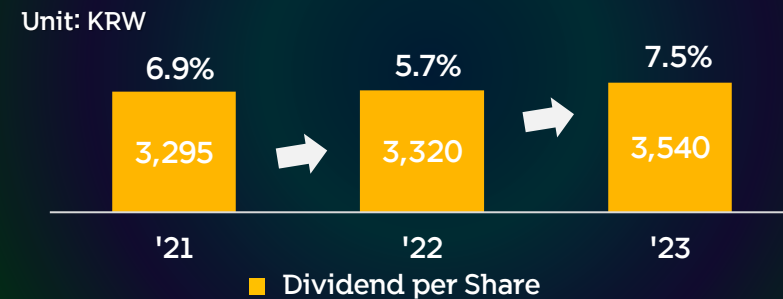
Current Status Analysis – Shareholder Return

Scale of Shareholder Return

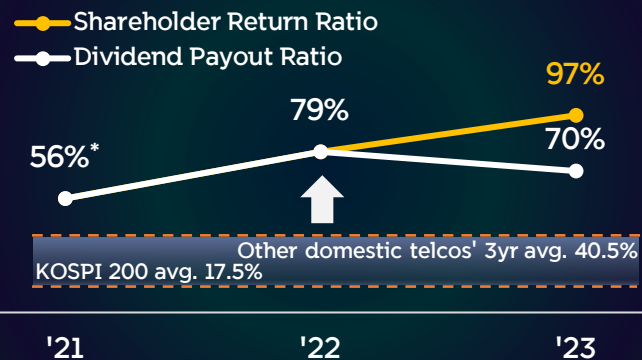


Dividend Per Share & Dividend Yield Ratio*

* Dividend yield ratio = Annual dividend/Opening price of the year



Shareholder Return Ratio & Dividend Payout Ratio



* Excludes profit from discontinued operations relating to the Spin-off

Shareholder Return Analysis

- ✓ Implemented shareholder return of over KRW 1 trillion including share buyback in 2023
- ✓ Continual efforts to increase total shareholder return and dividend per share
- ✓ Superior shareholder return payout ratio compared to those of the average of KOSPI 200 and other domestic telcos
- ✓ Growing importance in maintaining stable policies amid the trend of increasing shareholder return scale

Targets

Analysis Result

Profitability of the telecommunications business is stable, but stagnant

Importance of increasing efficiency of heavy asset in the industry

Need to establish a strategy to secure future new growth engines

Improving financial soundness through management of financial leverage

Maintaining a stable shareholder return scale and actively striving for enhancement

"Strengthening the efficiency of stable telecommunications business and pursuing the optimal balance between future growth and shareholder return"

Targets

| Capital Efficiency |

ROE 10%+

(2026)

| Shareholder Return |

Adjusted consolidated profit 50%+

(FY2024 ~ 2026)

| AI Vision 2030 |

**Total revenue KRW 30 trillion
AI portion 35% (2030)**

Rationale

- ✓ Set ROE, which is a key index of capital efficiency from the investor's perspective, as target
- ✓ Aim to improve quality of ROE through securing new growth engines and enhancing asset productivity/financial soundness
- ✓ Maintain surpassing COE(7~9%) level and make efforts to expand the spread(ROE-COE)

- ✓ Strategic shareholder return amidst strengthening core competitiveness of telecommunications business and materialization of new business growth
- ✓ Share the performance of subsidiaries through shareholder return policy on a consolidated basis
- ✓ Set a symbolic bottom line of 50% based on analysis of past shareholder return ratio

- ✓ Overcome stagnation in the industry through business reform and discovering new growth engines
- ✓ Materialize "profit-generating AI (DC, B2B, B2C)"
- ✓ Set a vision for Global AI Company and present specific goals

Planning

| Capital Efficiency |

ROE 10%+

| Shareholder Return |

**Adjusted
consolidated profit
50%+**

| AI Vision 2030 |

**Total revenue
KRW 30 trillion
AI portion 35%**

Plan 1. Improve capital efficiency

- ✓ Strengthen the fundamental competitiveness of core businesses through operational improvement
- ✓ Focus on two portfolios: telecommunications and AI
- ✓ Improve productivity through paradigm shift

Plan 3. Enhance financial soundness

- ✓ Pursue active repayment of borrowings between 2024 and 2026
- ✓ Review securitization of non-core/inefficient assets
- ✓ Promote robust and sustainable ROE enhancement based on debt-to-equity ratio reduction/asset turnover improvement

Plan 2. AI-centered new growth engine

- ✓ Set AI VISION 2030
- ✓ Develop AI Pyramid strategy and monetization plan
- ✓ Expand cooperation in AI businesses and continue investments

Plan 4. Stable shareholder return

- ✓ Actively reflect shareholders' demand to remove the upper limit on dividend payout
- ✓ Promote a stable, predictable, and sustainable shareholder return policy

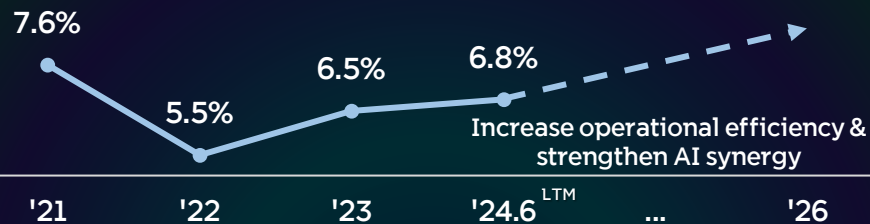


Planning - Capital Efficiency (Fundamental Competitiveness)

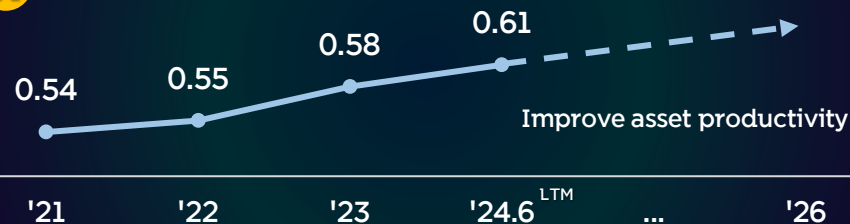
ROE Breakdown



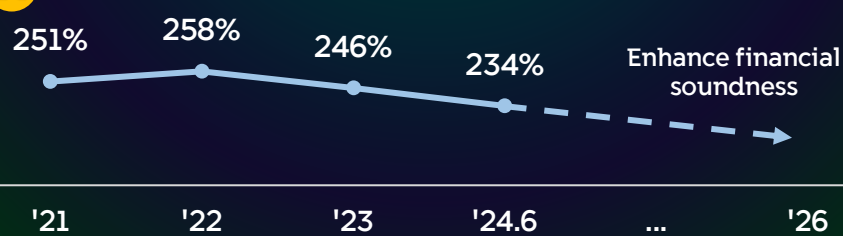
Net Profit Margin



Total Asset Turnover



Financial Leverage (Asset/Equity)



O/I (Operational Improvement) Strategy for Enhancing Capital Efficiency

- ✓ Business reform of the telecommunications business through operational reinforcement and improvement
- ✓ Strengthen the synergy between the telecommunications business and the growth of new businesses
- ✓ Review the necessity of holding investment stakes and dispose non-core/low-efficiency assets
- ✓ Optimize operating costs for tangible and intangible assets and actively review securitization
- ✓ Reserve capacities and consider repayment of borrowings for future growth engines
- ✓ Implement a strategy to minimize operating cash outflow based on asset efficiency

Pursue qualitative and quantitative improvement of ROE by enhancing fundamental competitiveness

Planning - New Growth Engines (AI Business System)



Formation of GTAA

Global Telco AI Alliance

- Secured 1.3 billion subscriber base in 50 countries*
- Cooperate with 4 major global telcos
- Plan to continuously expand member companies
- Plan to co-develop and advance Telco LLM

Strategic Investment

Secure AI technology/service capabilities

- Executed strategic equity investment in AI of KRW 500 billion* on a cumulative basis
- Plan to continue investment in AI
- Strategic investment in progress at each Pyramid level

K-AI Alliance

Collaboration with promising AI startups

- Secured 18 promising startup members*
- Plan to continuously expand the Korean AI ecosystem
- Plan to expand customer gateways through AI business cooperation

* Number of subscribers/investment amount/number of member companies as of June 30, 2024

Planning – New Growth Engines (Profit-generating AI)

AI Pyramid 1st level – AI infra

AI DC

Demand continues to exceed supply*

- ✓ 80% of DCs are leased out before construction is completed
- ✓ Lowest vacancy rate to date (2.8%)

* CBRE report : North America Data Center Trends H1 2024

Need for a new type of DC with a completely different structure

- ✓ Strong AI computing power
- ✓ Require massive electricity and cooling solutions

Why SKT can excel in AI DC well



Know-how in operating 100MW capacity DC domestically



Possess nationwide base stations that can be utilized as AI infrastructure



Building AI DC solution through SK Group synergy & global anchor

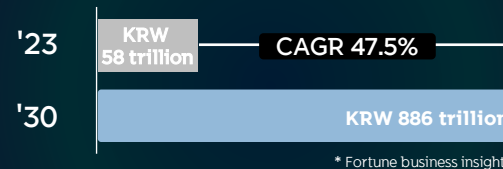
AI Pyramid 2nd level – AIX

AI B2B

Market is leaping from cloud to AI stage

- ✓ B2B growth is expected due to the growing use of AI by domestic companies
- ✓ External solutions are continually expanding

Market Size of Generative AI for Global Enterprises |



SKT's AI B2B Market Growth Strategy

Self-reliance and Cooperation



Group Synergy (Enterprise AIX TF)



Discover grand use cases and lead to contracts



AI Pyramid 3rd level – AI service

AI B2C

Transforming business models

Platform Service

Advertising BM

AI Service

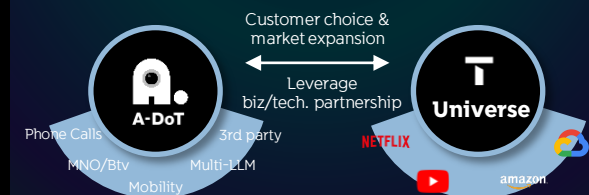
Subscription BM

AI infra cost requires revenue beyond advertising BM
Opportunity factor for telcos with subscription BM

SKT's AI B2C Diversification Strategy

AI personal agent for everyday life

Subscription marketplace

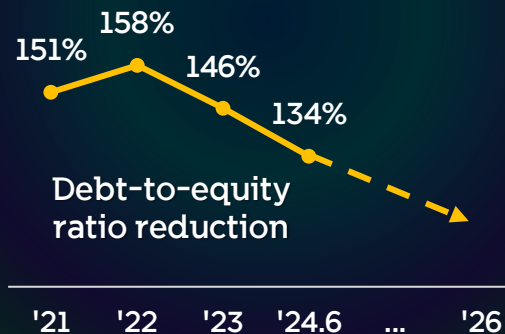


Global Personal AI Agent (GPAA)
Beta service planned for the end of 2024

Planning – Financial Soundness

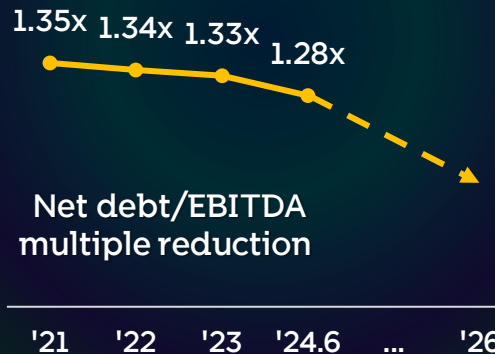
| Debt-to-Equity Ratio Reduction |

- ✓ Plan to actively repay borrowing until 2026
- ✓ Reserve capacities for future growth under O/I strategy
- ✓ Plan to gradually reduce debt-to-equity ratio by 2026 (134% as of June 30, 2024)



| Net debt/EBITDA Reduction |

- ✓ Net debt reduction plan through active repayment of borrowings
- ✓ Net debt/EBITDA to be gradually reduced by 2026 (1.28x as of June 30, 2024)



※ Net debt is based on the exclusion of lease liabilities

| Expected Results |

Reduced interest burden and improved financial structure

Reserve capacity for long-term growth investment

Improved return on capital/asset efficiency

Business reform to a Global AI Company

Planning – Shareholder Return

New Shareholder Return Policy (FY2024 ~ 2026)

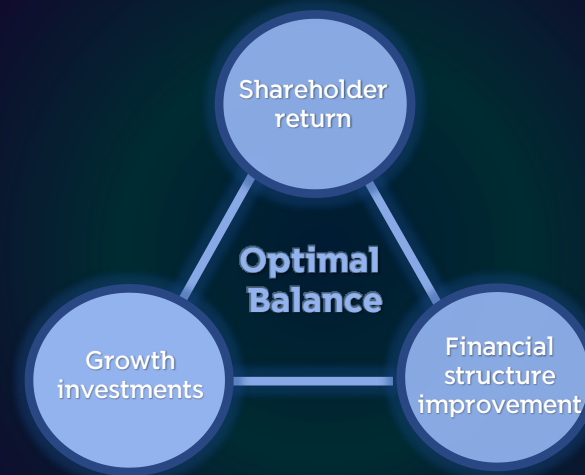
"At least 50% of the adjusted profit on a consolidated basis for shareholder return"

- ✓ Reflects performance of subsidiaries and growth investments on a consolidated basis
- ✓ Excludes consolidated one-off, non-recurring profit and loss
- ✓ Removes the upper limit on shareholder return
- ✓ Includes cash dividends and share buyback and cancellation
- ✓ Continue quarterly dividends



Capital Allocation Strategy

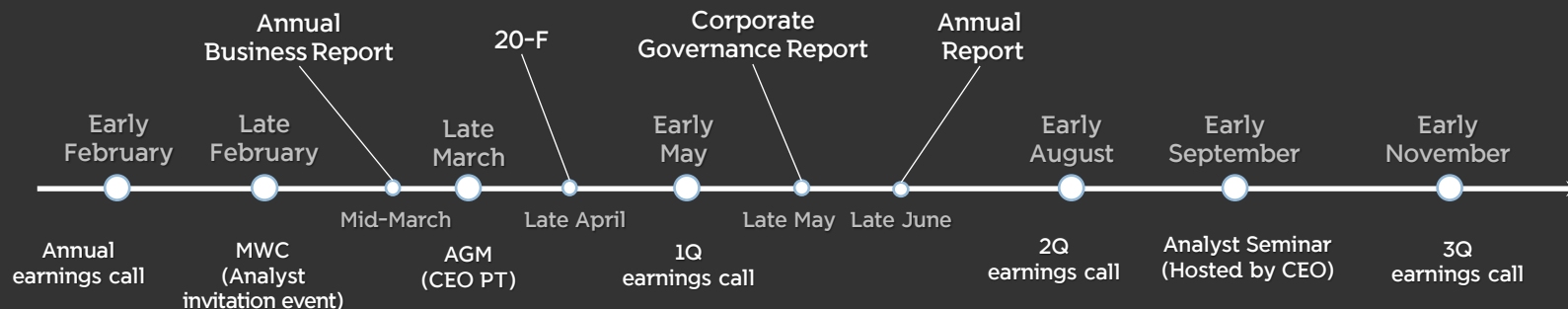
"Utilize additional FCF generated through performance improvement and O/I in a balanced manner for shareholder return, growth investments, and financial structure improvement"



- ① Operation of a stable and sustainable shareholder return policy
- ② Focus growth investment on synergy creation areas centered on AI
- ③ Improvement of financial structure soundness through disposal of non-core/unoperated assets

IR Activities

| Key Annual IR Schedule |



| Continuous IR Activities |

Diversification of communication channels/methods

- ✓ CEO presentation in AGM
- ✓ Publication of annual report and corporate governance report
- ✓ Regular/periodical/Fair Trade Commission disclosure
- ✓ Periodic growth seminars

Institutional/Foreign Investors

- ✓ Domestic and global NDR after quarterly earnings call
- ✓ Regularly conduct IR activities for analysts
- ✓ Expand coverage by domestic and international securities firms
- ✓ Disclosure filings in English for overseas investors (Forms 20-F, 6-K, etc.)

Individual Investors

- ✓ Active response to investor inquiries
- ✓ YouTube IR Talk service
- ✓ Online live broadcast of AGM
- ✓ Operation of dividend inquiry system

ESG

Direction

Pursue expanded social impact and sustainable growth through AI-driven ESG management optimized for AI Company

Key Activities

Environmental

Realize a Sustainable Future

- ✓ Implement strategies to achieve Net Zero
(Reducing greenhouse gas emissions, raising RE100 compliance rate, discovering overseas reduction projects)
- ✓ Eco-friendly Platform(Happy Habit)
- ✓ Strengthen infrastructure and operating system for circular economy

[Environmental Management Initiatives]

- Preemptive response to climate change
- Advancement of environmental management system
- Creation of eco-friendly green culture

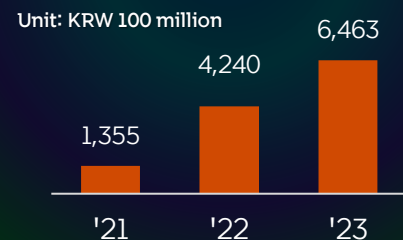
2050
Net Zero

Social

Create Social Value*

- ✓ Solve social problems based on AI through barrier-free AI, AI care, etc.
- ✓ Strengthen personal data protection, mutual growth, human rights management, safety and health, etc.

[Social Value of Products/Services]



* 2024 SKT Sustainability Report

Governance

Strengthen Governance Structure

- ✓ Advance board-centric management activities
- ✓ Compliance rate of core governance indicators: 86.7%*

(Avg. is 63% for companies with assets of 2 trillion KRW or more, and 83% for other domestic telcos)

[AI Governance]

- ✓ Established basic AI principles, 'T.H.E. AI' and decision-making process
- ✓ Acquisition of ISO/IEC 42001 certification



* Based on 2023 Corporate Governance Report

Market Recognition



Included in DJSI World Index for 15 years



MSCI ESG Evaluation AA Rating



CDP A rating (top 1.5% globally)



A-grade in the KCGS assessment



Ranked 15th in WBA's 200 global advanced ICT companies



Presidential Commendation for Sustainable Management

Glossary

Term	Definition
5G	5th Generation
AGM	Annual General Meeting of Shareholders
AICC	AI Contact Center
AIX	AI Transformation
avg	Average
B2B	Business-to-Business
B2C	Business-to-Consumer
CDMA	Code Division Multiple Access
COE	Cost of Equity
DC	Data Center
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
EV	Enterprise Value
FCF	Free Cash Flow
GPAA	Global Personal AI Agent
IEC	International Electrotechnical Commission

Term	Definition
ISO	International Organization for Standardization
LLM	Large Language Model
LTE-A	Long Term Evolution-Advanced
M/S	Market Share
MVNO	Mobile Virtual Network Operator
MWC	Mobile World Congress
O/I	Operational Improvement
PBR	Price-to-Book Ratio
PER	Price-to-Earnings Ratio
PSR	Price-to-Sales Ratio
RE100	Renewable Electricity 100%
ROA	Return on Assets
ROE	Return on Equity
ROIC	Return on Invested Capital
WACC	Weighted Average Cost of Capital

