

SK Telecom

Results for FY2000

2001. 2.16

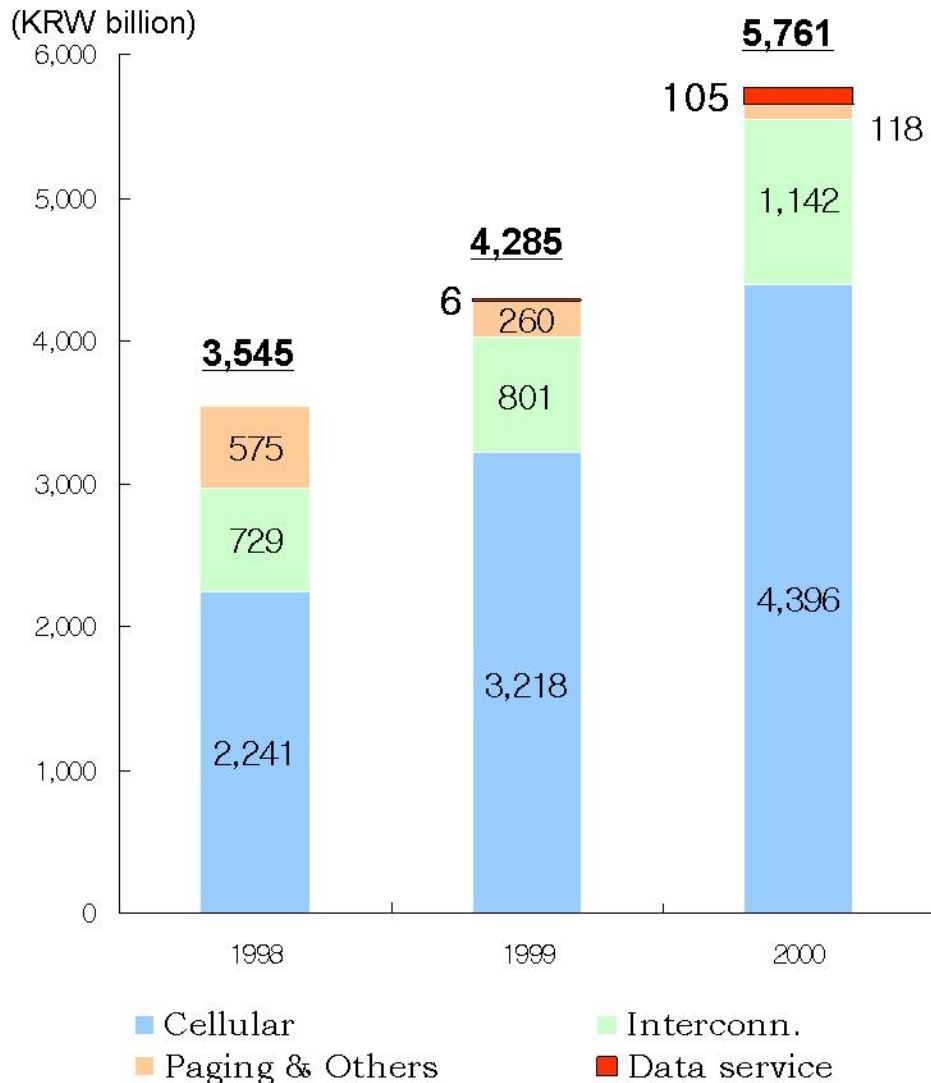
FY2000 Earnings Results

Financial Highlights



(KRW billion)	Jan-Dec 00	Jan-Dec 99	% of Change	4Q 00	3Q 00	% of Change
Revenue	5,761	4,285	34%	1,440	1,433	0.5%
Operating Expenses	4,125	3,996	3%	940	888	6%
Operating Income	1,636	289	466%	500	545	-8%
Non Operating Income	184	429	-57%	67	28	139%
Non Operating Expenses	459	245	87%	175	121	45%
Ordinary Income	1,361	473	188%	393	452	-13%
Income Before Tax	1,361	402	239%	393	452	-13%
Tax	410	97	323%	125	139	-10%
Net Income	951	304	213%	267	313	-15%
EBITDA	2,453	1,221	101%	757	726	4%
* EBITDA: Excluding fx gain or loss and extraordinary gain or loss						
Total Assets	9,054	6,213	46%	9,054	8,686	4%
Cash & M-Securities	1,231	550	124%	1,231	1,076	14%
Total Liabilities	3,088	2,470	25%	3,088	2,893	7%
Interest bearing Debt	1,699	1,479	15%	1,699	1,664	2%
Shareholders' Equity	5,966	3,743	59%	5,966	5,793	3%

Revenue

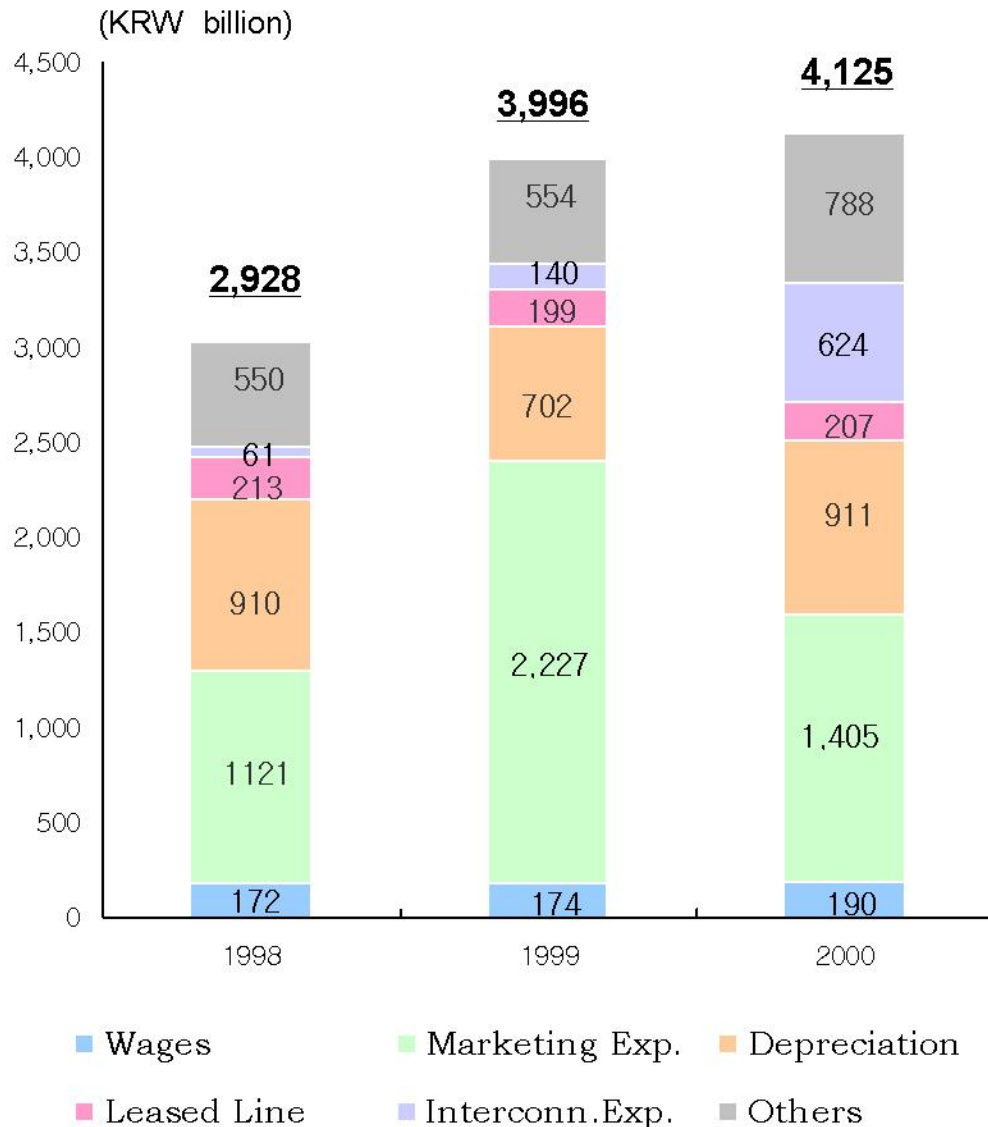


- Cellular revenue for FY2000 increased by 40% over the year.
 - 1) Increased the average number of subscribers (7,830,000 → 11,150,000)
 - 2) Stable ARPU trend : MOU increased from 143 minutes in 1999 to 154 minutes in 2000, which countervailed the reduction of tariff in April, 2000.
 - 3) Growing wireless data sales(₩5.5 bn → ₩104.7 bn)
- Interconnection revenue
 - 1) M-M interconnection revenue increased to ₩352.2bn in 2000.
 - 2) L-M interconnection revenue fell 1% to ₩790 bn in 2000 from ₩801 bn in 1999
- The decline of paging business
 - 1) The cumulative number of subscribers decreased. (1,450,000 → 372,000)
 - 2) Slow down of normal usage rate (82.9 → 75.2%)
- Paging & Other Businesses Revenue Breakdown

(KRW billion)	1998	1999	2000
Paging	559	215	58
Netsgo	13	38	37
Others	3	7	23

- Iridium service ended(March 18, 2000)
Netsgo spined-off(September 1, 2000)

Operating Expenses



- Operating expenses increased by 3% to ₩4,125 bn in 2000 from 3,996 bn in 1999.
- Marketing expenses for the FY2000 include:
 - Cellular commission: ₩ 999 billion (including handset subsidies of ₩ 666.8 billion)
 - Paging commission: ₩ 20 billion
 - Retention commission: ₩ 163 billion
 - Netsgo: ₩ 7 billion
 - Advertisement: ₩ 216 billion

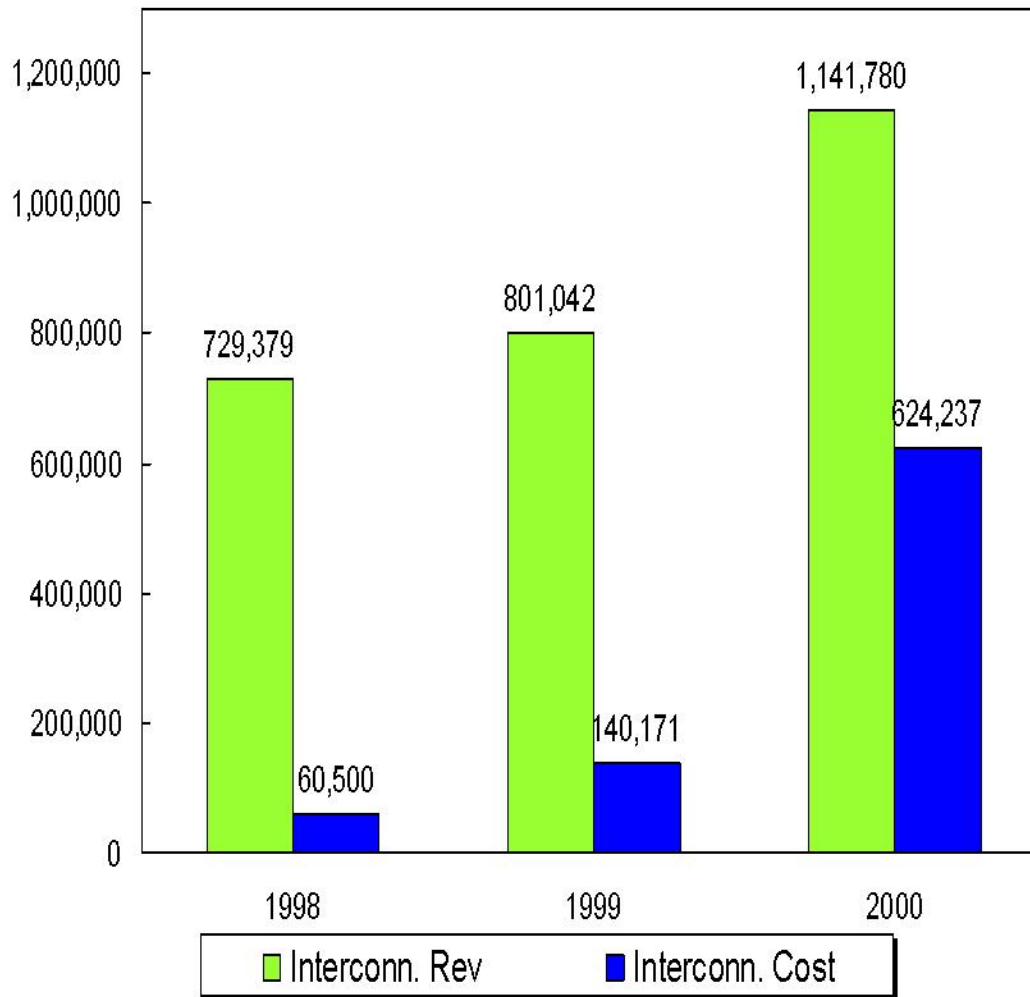
Breakdown of operating expenses by quarter

(KRW Billion)	1Q 00	2Q 00	3Q 00	4Q 00
Wages	52	54	49	35
Marketing Expenses	555	544	135	171
Depreciation	143	238	222	303
Leased Line Exp.	53	62	59	34
Interconnection Exp.	101	154	197	172
Others	186	154	226	225
Total	1,090	1,207	888	940

Interconnection Revenue/Cost



(KRW million)



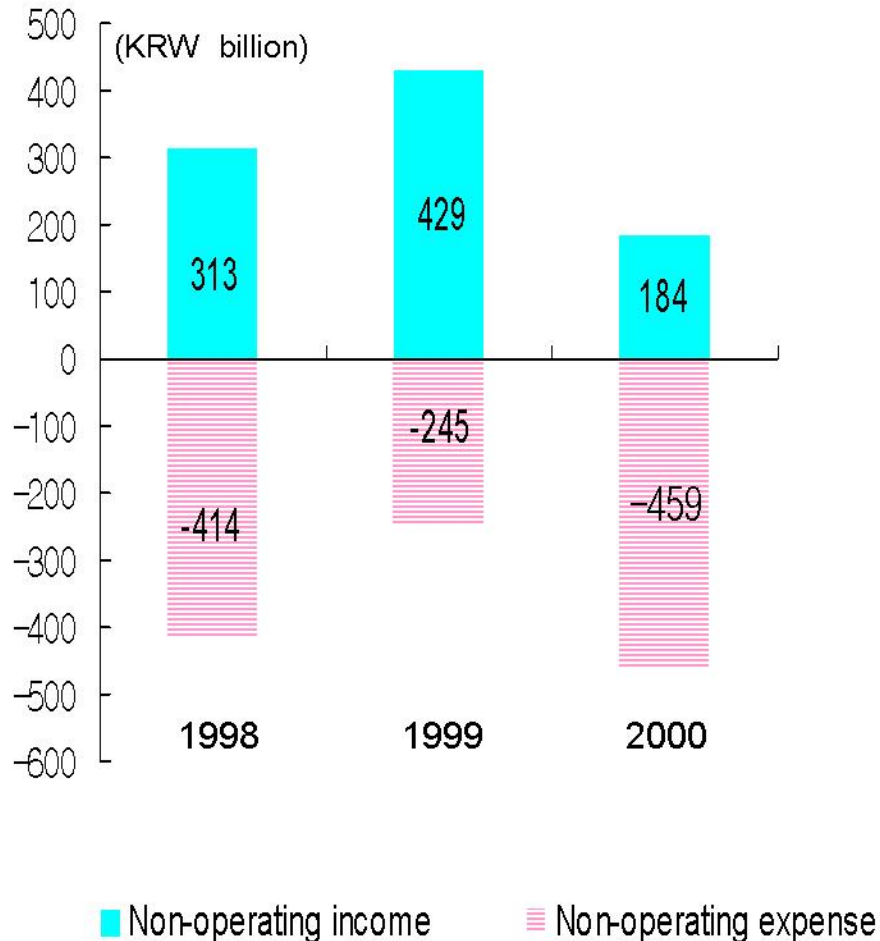
Calculation Formula of Interconn. Fee

(KRW per Min)	2001(E)	2000	1999	1998
L to M	63.59	68.94	100.14	108.0
M to L	16.64	16.62	15.6	15.6
M to M	63.59	68.94	-	-

Breakdown of Interconn. Revenue & Cost

(KRW Billion)	2000	1999	%
Total Interconn. Rev.	1,141,780	801,042	42.5%
L to M Rev.	789,551	801,042	-1.4%
M to M Rev.	352,229	-	-
Total Interconn. Cost	624,237	140,171	345.3%
M to L Cost(*)	215,387	140,171	53.7%
M to M Cost	408,850	-	-
Interconn. Income	517,543	660,871	-21.7%

Non-Operating Income/Expenses

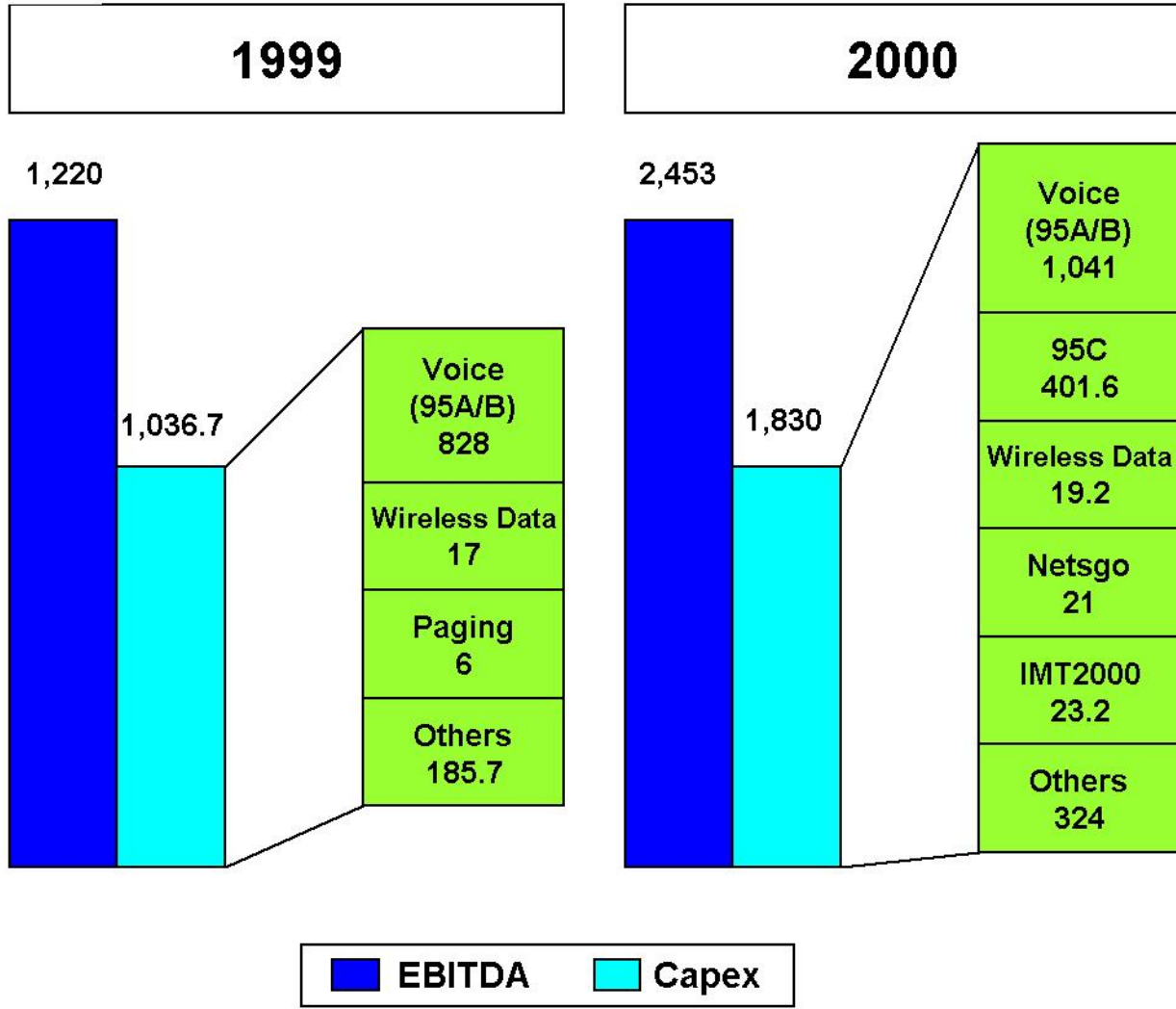


- **Non operating income** decreased by 57% compared with that of 1999, due to the downturn of the interest rate and the decrease of the principal.
- **Non operating expenses** increased by 88% compared with those of 1999, due to ₩159.9 billion of loss from using equity method of accounting, which offset ₩ 14 billion decrease in interest expenses, and due to foreign exchange loss (Foreign exchange rate has been raised from ₩ 1,145.40/USD in 1999 to ₩1,259.70/USD in 2000.)
- **₩ 159.9 billion of Loss from using the equity method of accounting** for the year reflects ₩ 67.4 billion net loss of Shinsegi Telecom, ₩5.3billion net loss of Netsgo, and ₩109.5 billion of goodwill amortization from Shinsegi Telecom, which offset ₩ 17 billion net income from other subsidiaries such as ₩ 4.9 billion from SK Teletech, ₩ 8.2 billion from SK Telink, ₩ 11.6 billion from SK C&C, etc.

EBITDA & Capex



(KRW Billion)



- EBITDA increased 101% in comparison with that of FY1999.

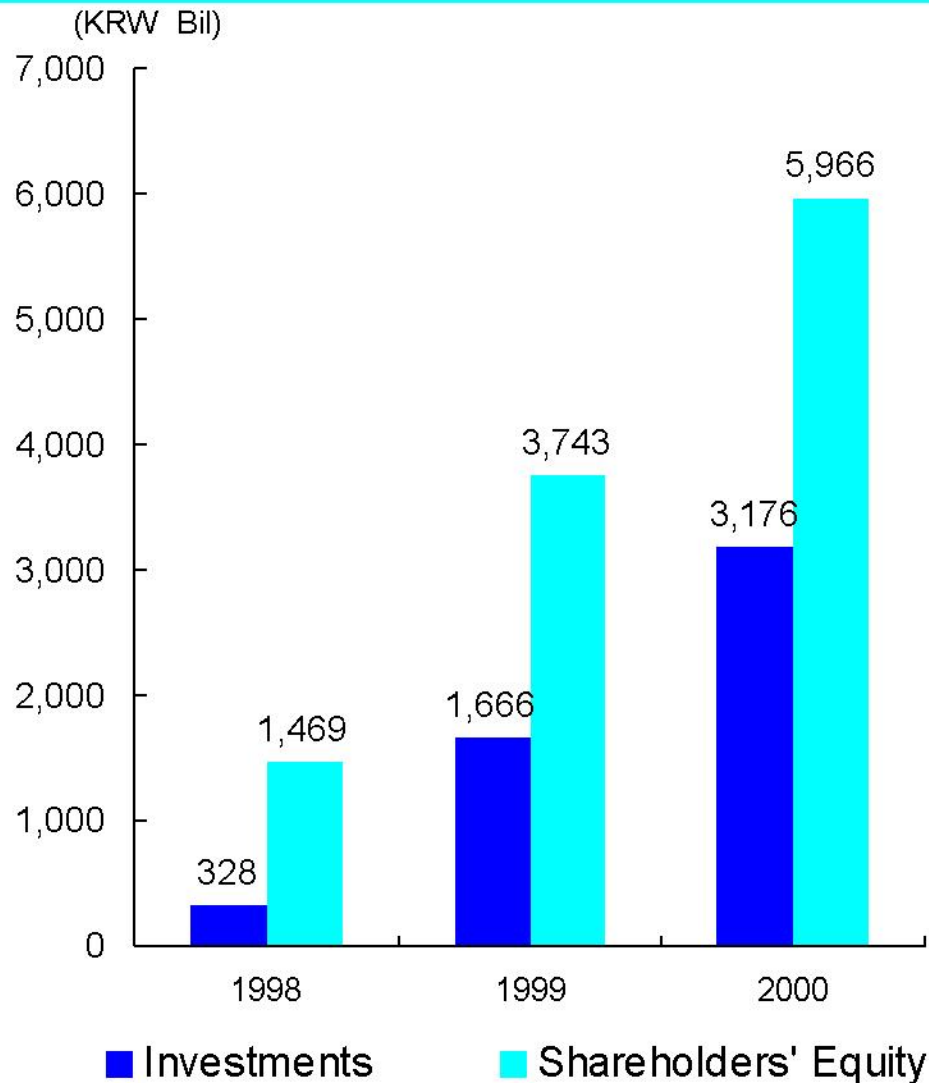
- Capex increased ₩793.3 bn in comparison with that of FY1999 due to
 - 1) the extension of 95A/B-----₩213 bn
 - 2) 95C investment-----₩401.6 bn
 - 3) new building construction---₩ 126 bn
 - 4) others(including IMT2000)---₩52.7 bn

- The difference between the actual and FY2000 Capex plan:

The actual amount of Capex in 2000 increased by ₩380 bn from the Capex plan (₩ 1,450 bn) due to the increase of

- 1) the extension of 95A/B ----₩ 36.5 bn
- 2) 95C investment-----₩ 130 bn
- 3) new building construction---₩ 126 bn
- 4) others(including SK Wyverns)-₩87.5bn

Investments & Shareholders' Equity



- Shareholders' Equity has sharply increased in April, mainly due to the issuance of 6.5% shares of total equity to POSCO in return for 27.7% stake of Shinsegi Telecom.

- 1) Issue price per share : ₩ 286,000

- 2) Number of shares issued : 5,794,920 shares

- Total investment of ₩3,176 billion is summarized as follows

- 1) investments(including stock market stabilization fund)-----₩4 bn

- 2) the equity of subsidiaries & affiliates--₩2,863 bn
: main substance(ratio of shareholding)

- STI(51.2%) ₩2,570.2 bn

- Netsgo(100%) ₩78 bn

- SK Telink(90.8%) ₩17.1 bn

- SK Teletech(61.7%) ₩38.9 bn

- SK C&C(30%) ₩39.8 bn

- SK Capital(99.9%) ₩57.4 bn

- 3) securities investment----- ₩309 bn

- : main substances(ratio of shareholding)

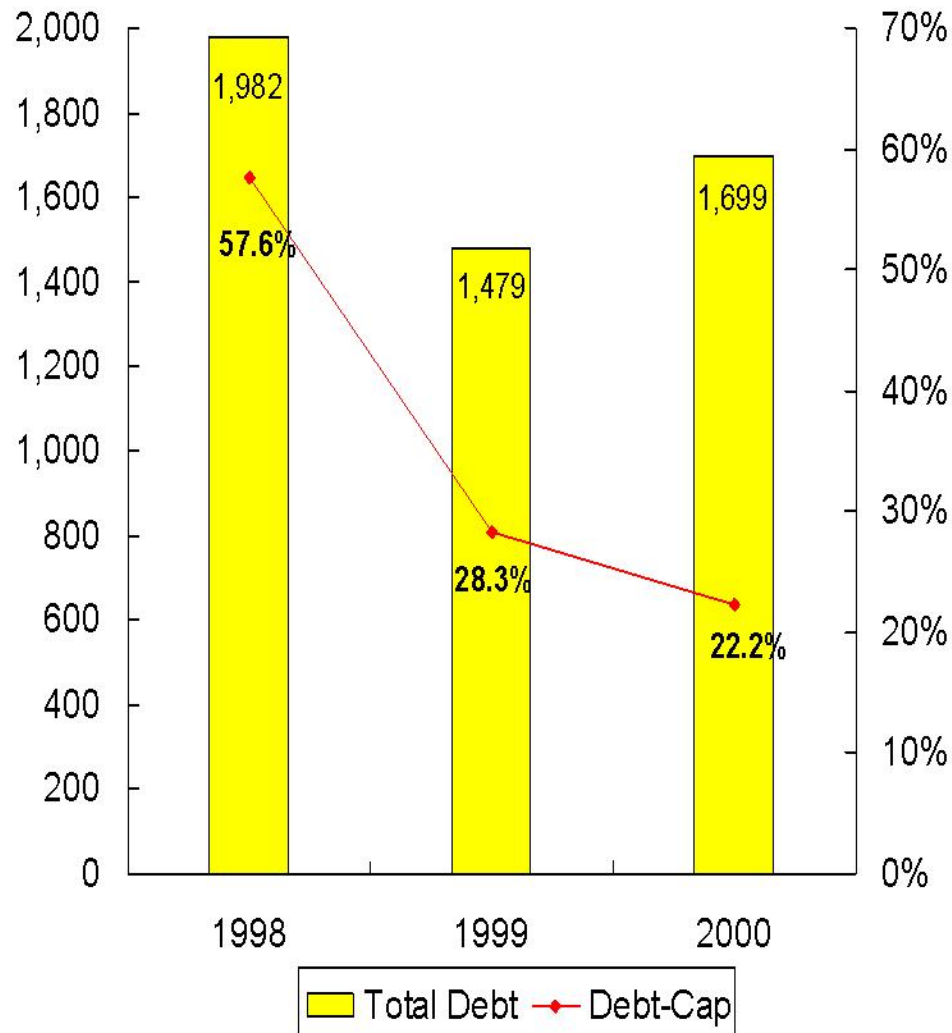
- Powercomm(5%) ₩240.3 bn

- Hanaro Telecom(6.5%) ₩37 bn

Debt Profile



(KRW Billion)

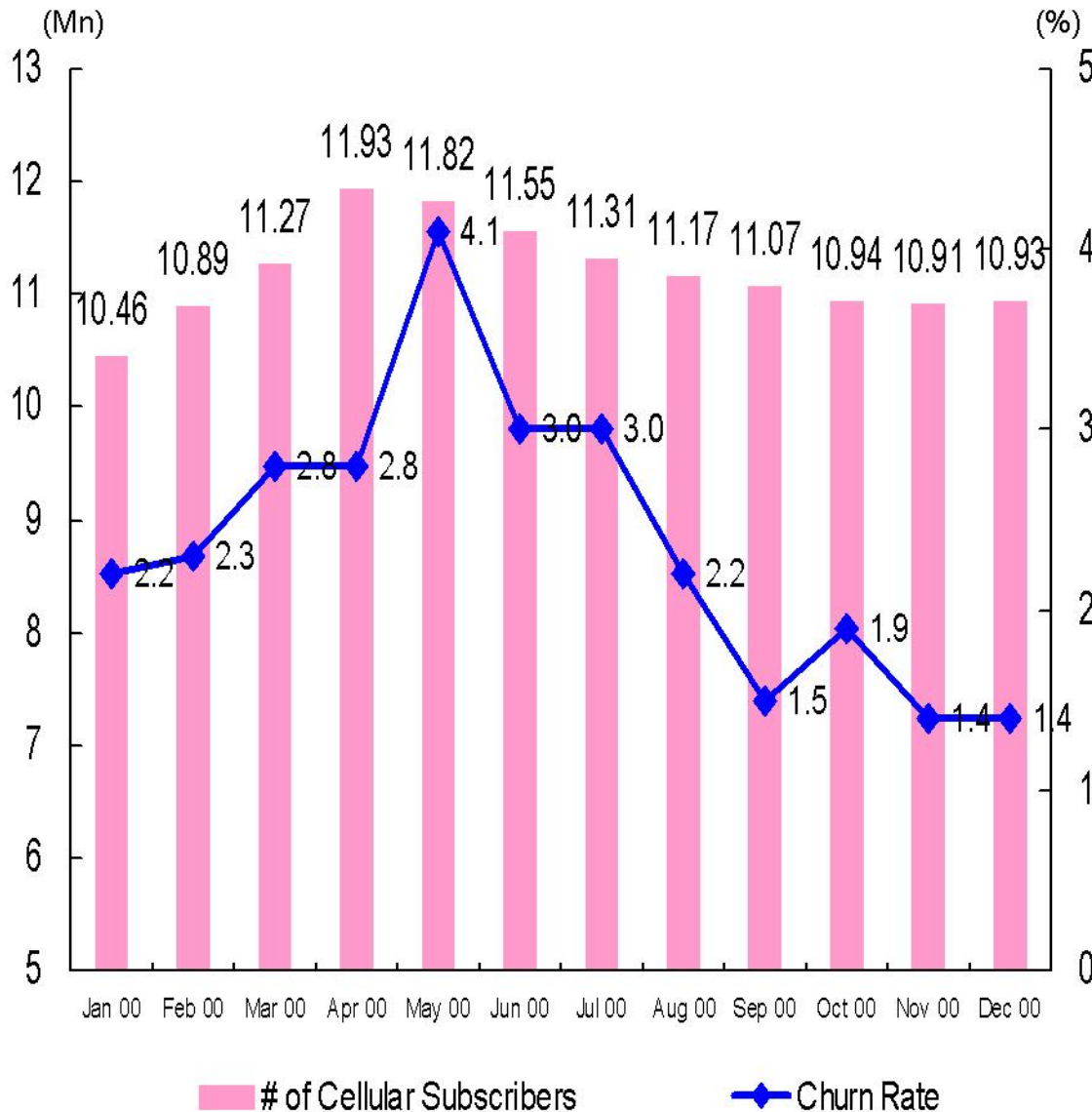


- **The Company's interest bearing debt** increased by 15% due to the issuance of domestic corporate bond.(₩800 bn)
- **Corporate bond worth ₩800 billion** in total with 8% annual Interest rate was issued in August last year , It was made up of ₩150 billion with two-year maturity, ₩ 400 billion with three-year maturity, and ₩250 billion with three-year maturity. The reason for the early financing was to secure funds for POWERCOMM investment and 3G licensing fee.
- **Debt structure** of FY2000 was as follows.

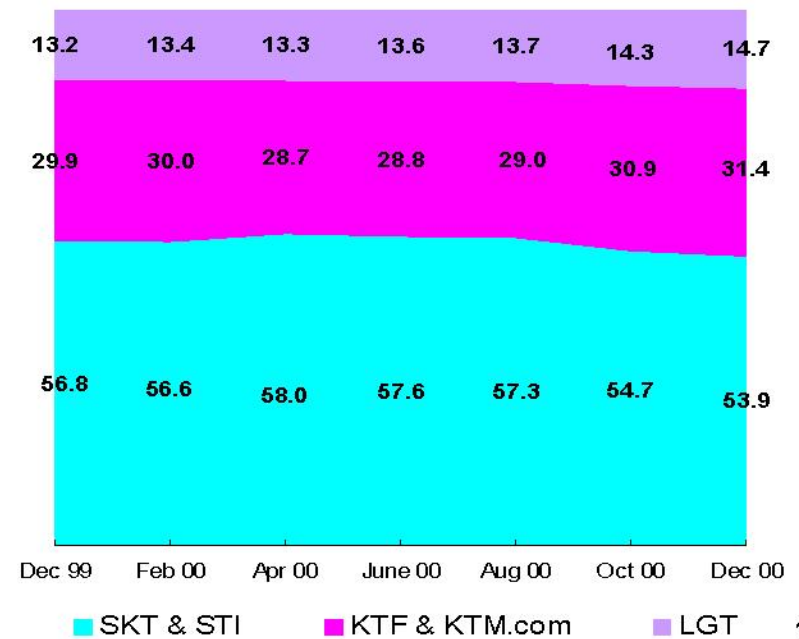
Short term borrowing	10
W Denominated Bank Loan	47
Domestic Bond	1,332
Sub-Total (KRW billion)	1,389
Yankee Bond	200
Bank Loan	46
Sub-Total (US\$ million)	246
Total Debt (KRW billion)	1,699

FY2000 Operating Review

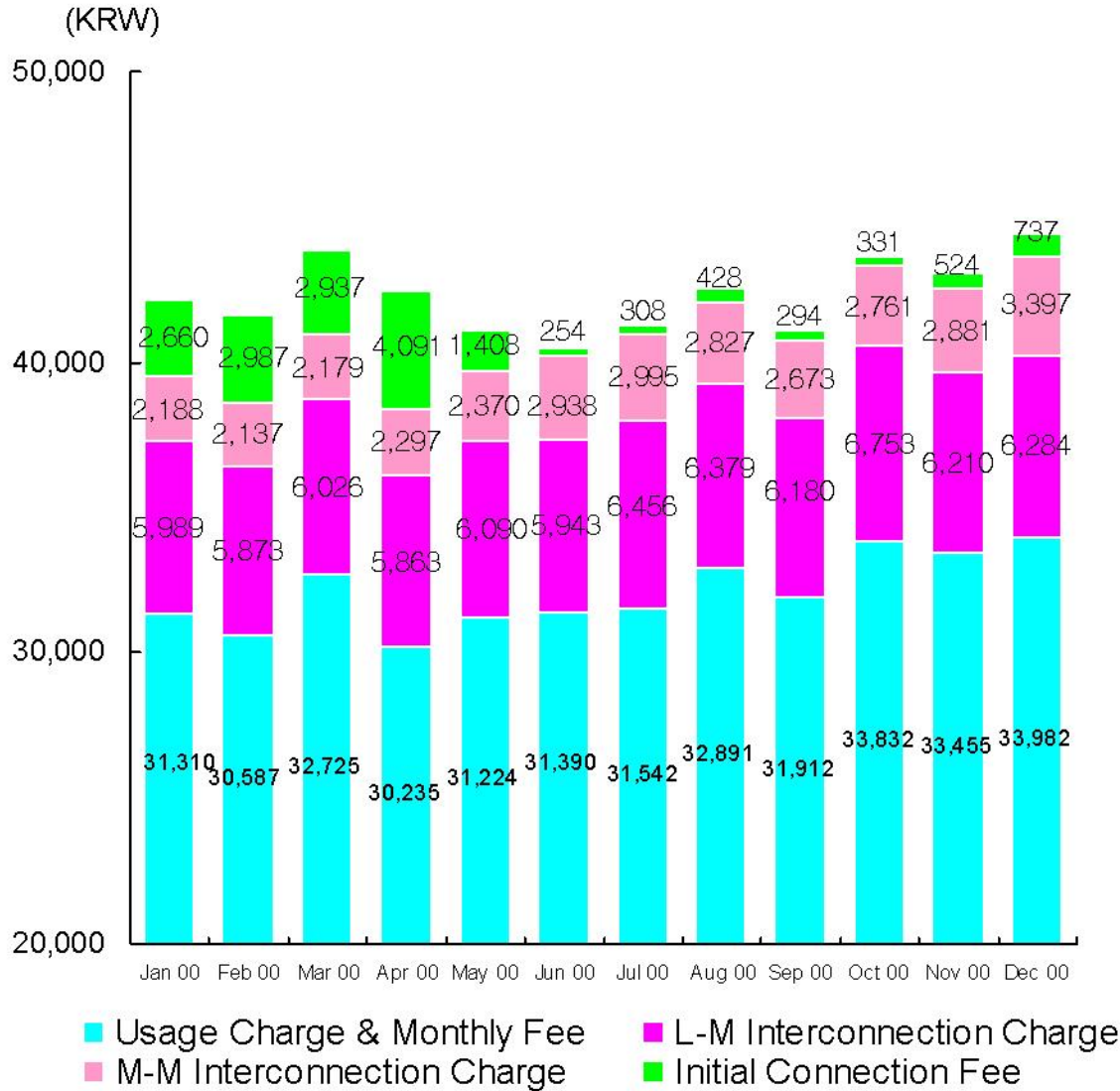
Cellular Subscriber Trend



- As a result of continued efforts to lower our market share, and the ban on cellular handset subsidies since last June, the number of subscribers decreased by 999,000 from May to December, 2000.
- The market share of SKT & STI decreased by 3% from 56.8% to 53.9% over the year.
- As the request for the deadline extension on market share reduction for one more year was disapproved by FTC, we will continue to seek ways to meet the condition by this June.
- A transition of market share(%)



Cellular ARPU Trend

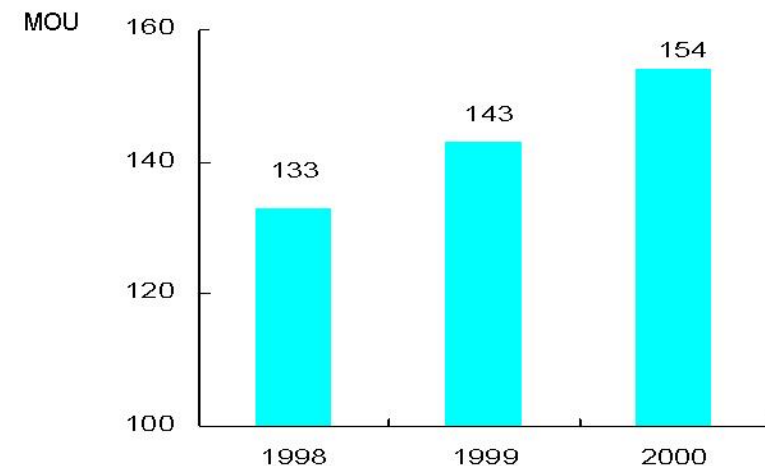


- In spite of the tariff cut, the usage charges have somewhat increased due to the increase of MOU per customer.
(Voice MOU : 143 minute in 1999 → 154 minute in 2000)

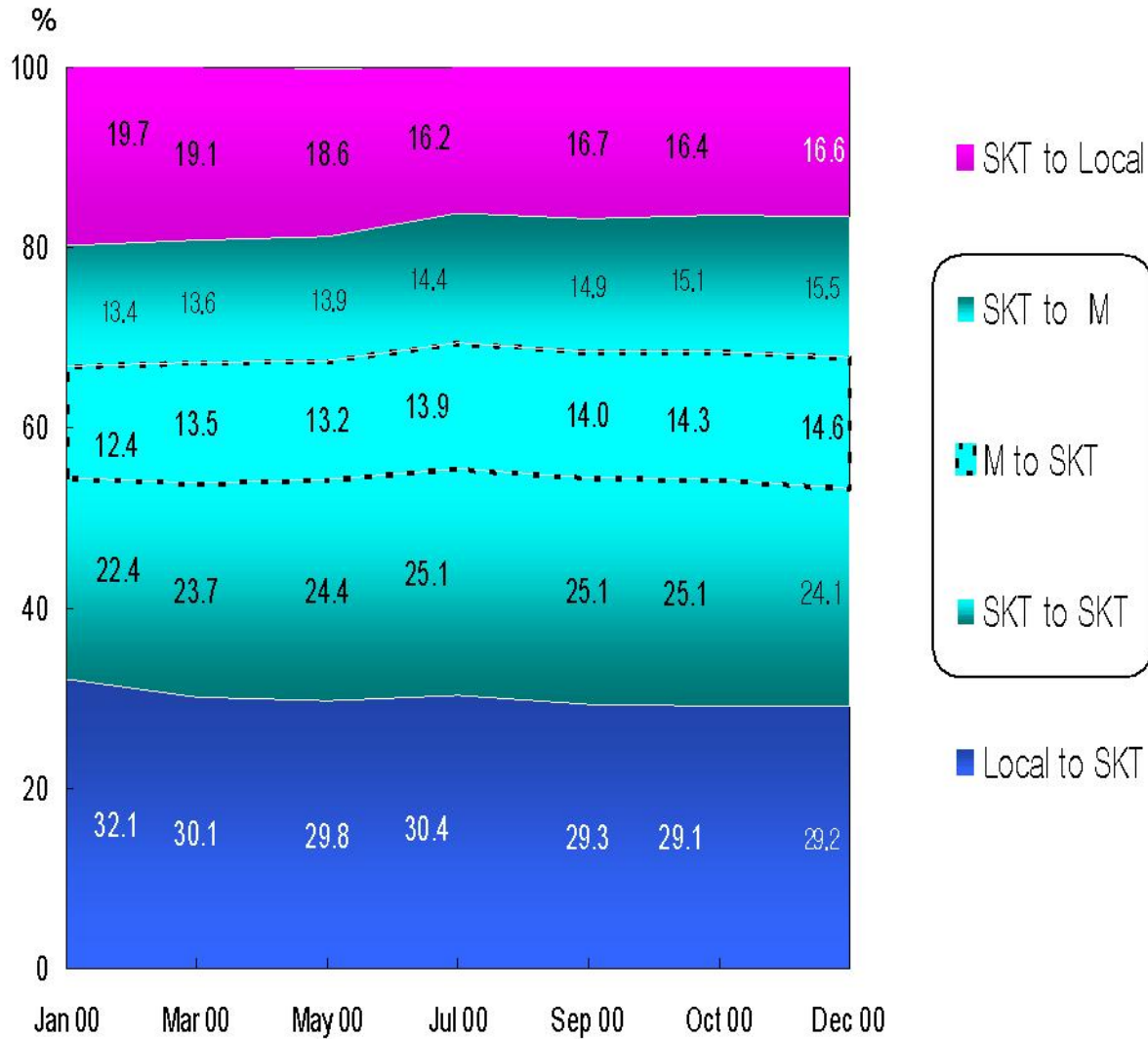
- Tariff (Since April 2000)

		(KRW)	
		'99	'00
Monthly Fee		18,000	16,000
Usage Charges	Regular	26	22
	Discount	18	16
	Midnight	13	11

- Total ARPU decreased, Voice MOU increased

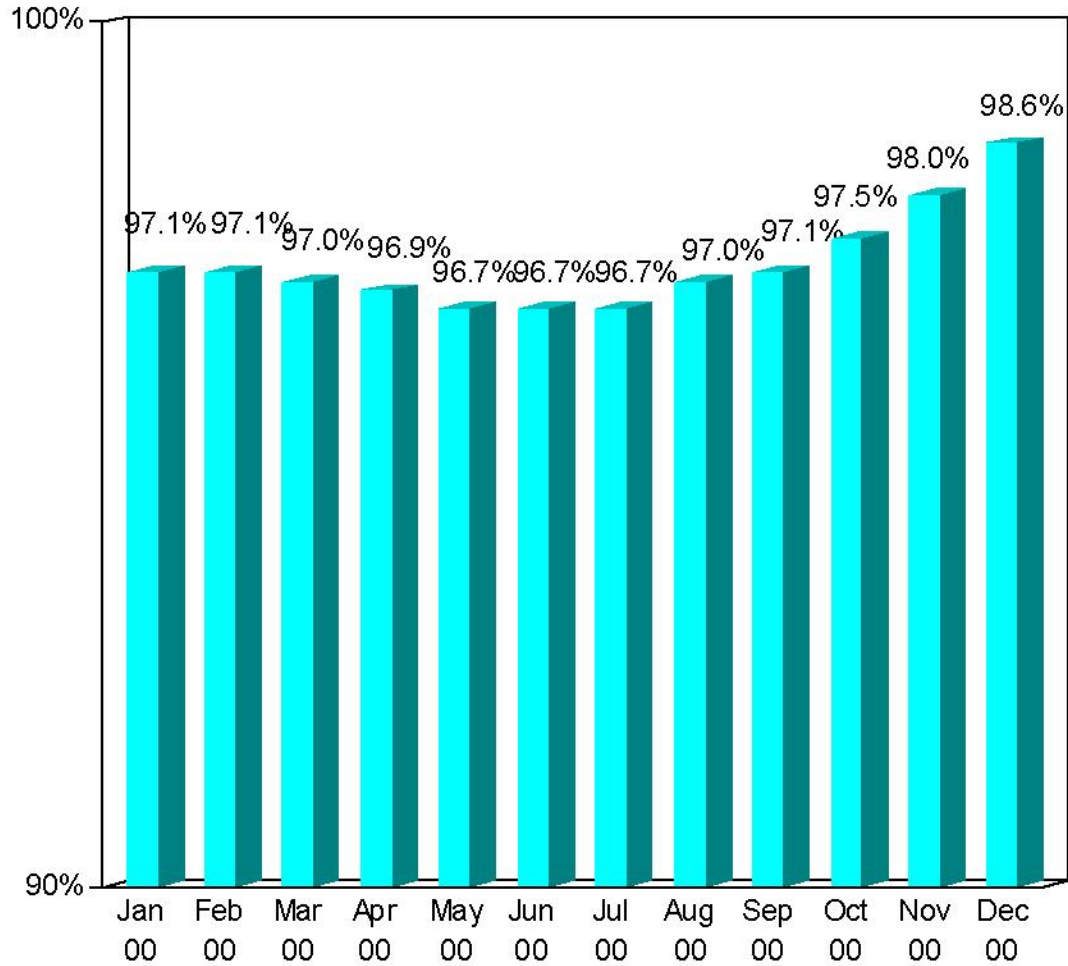


Call Traffic Trend



■ Call traffic volume related with wired line service continues to decline.

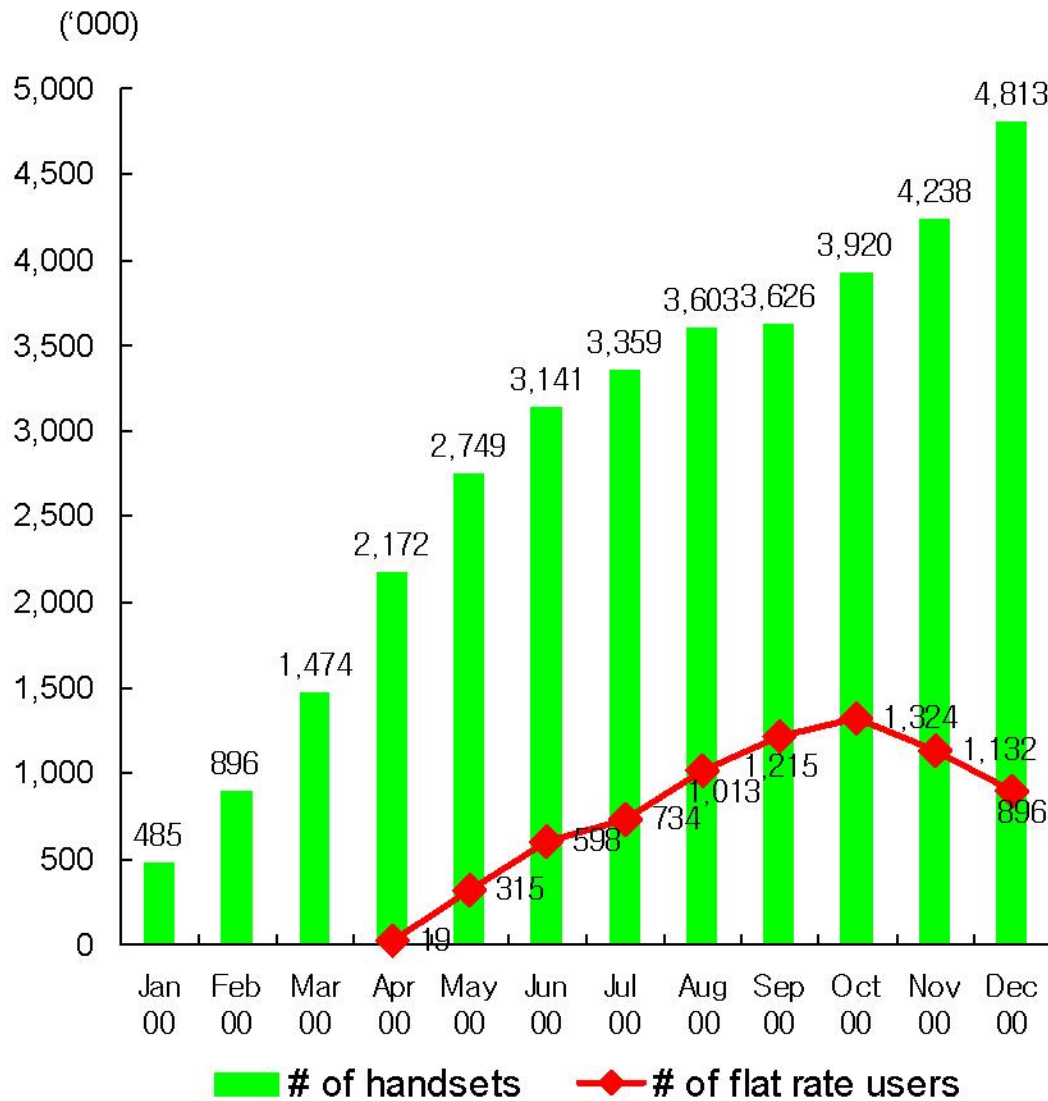
Collection Rate



- Decrease in the number of marginal subscribers attributed to gradual increase of collection rate.
- Collection rate continued to grow after the third quarter.
- As a result, the average collection rate for the year was around 97%.

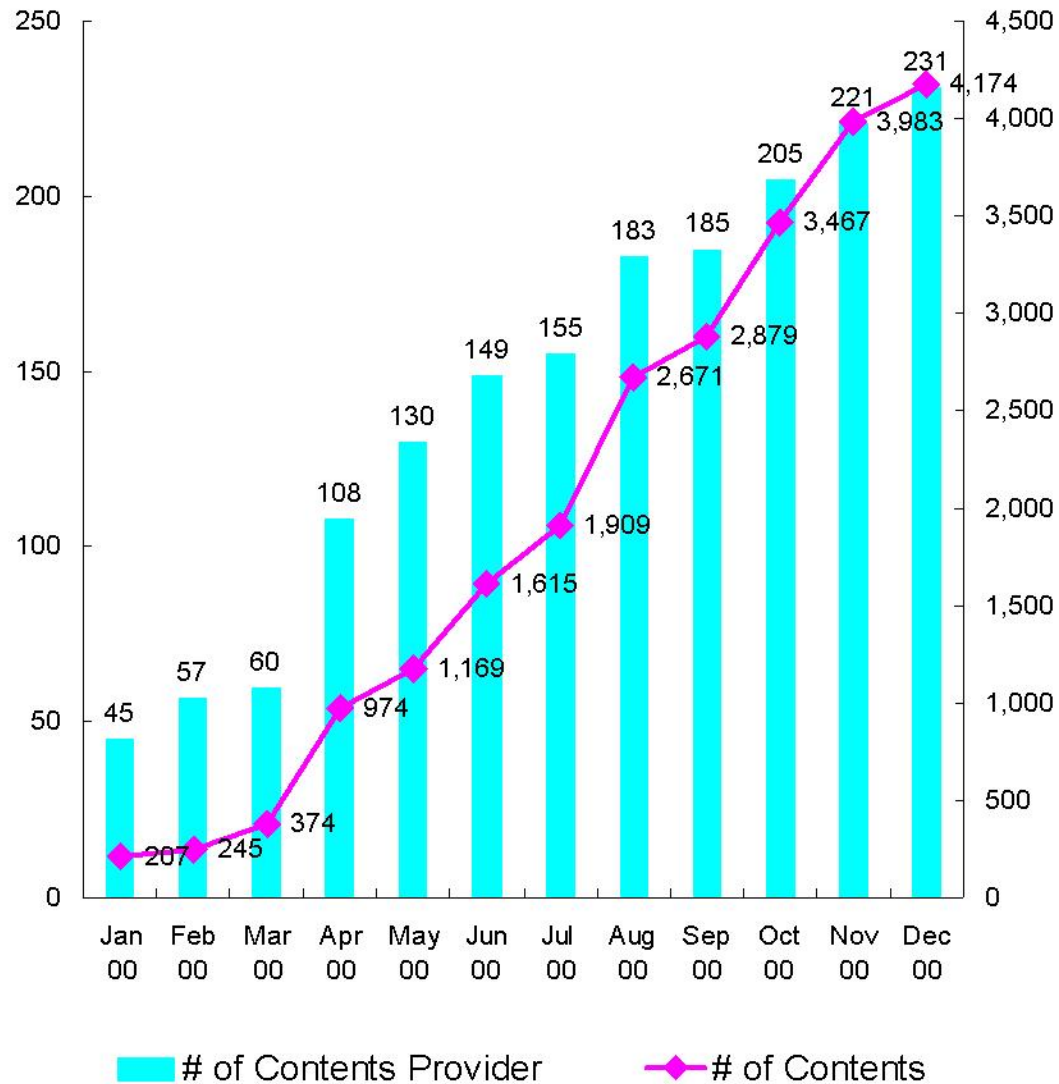
* Collection rates represent the percentage of billing amount collected within 2 months after the billing date

n.TOP Performance



- The number of deployed handsets came to 4,813,000 as of December 31 and those using the service with flat rate plan were at 896,000, about 18.6% of the total number of handsets deployed.
- The competitive edge of n.TOP can be summarized as follows. 1) The purchasing power of n.TOP subscribers is higher than others. 2) better-positioned for securing superior contents providers with 9:1 revenue sharing scheme and the largest subscriber base resulting in more favorable business model.
- The number of subscribers to flat rate plan has decreased from 1,324,000 to 896,000 since October 2000, due to 1) involuntary deactivation of the new subscribers who were automatically signed up to n.Top flat rate plan by retail outlets 2) voluntary deactivation of the subscribers who have never used the plan since last September.

n.TOP Performance-continued



- A total of 2,879 contents were being provided by 185 contents providers as of September 30 and a total of 4,174 contents by 231 providers as of December 31
- As of February 2001, the first two handset models based on CDMA 1x network have been introduced and multimedia handset(Samsung) will be deployed by early March.
- Packet-based tariff plan will be adopted after getting approval from MIC.

Shinsegi Telecom (STI)

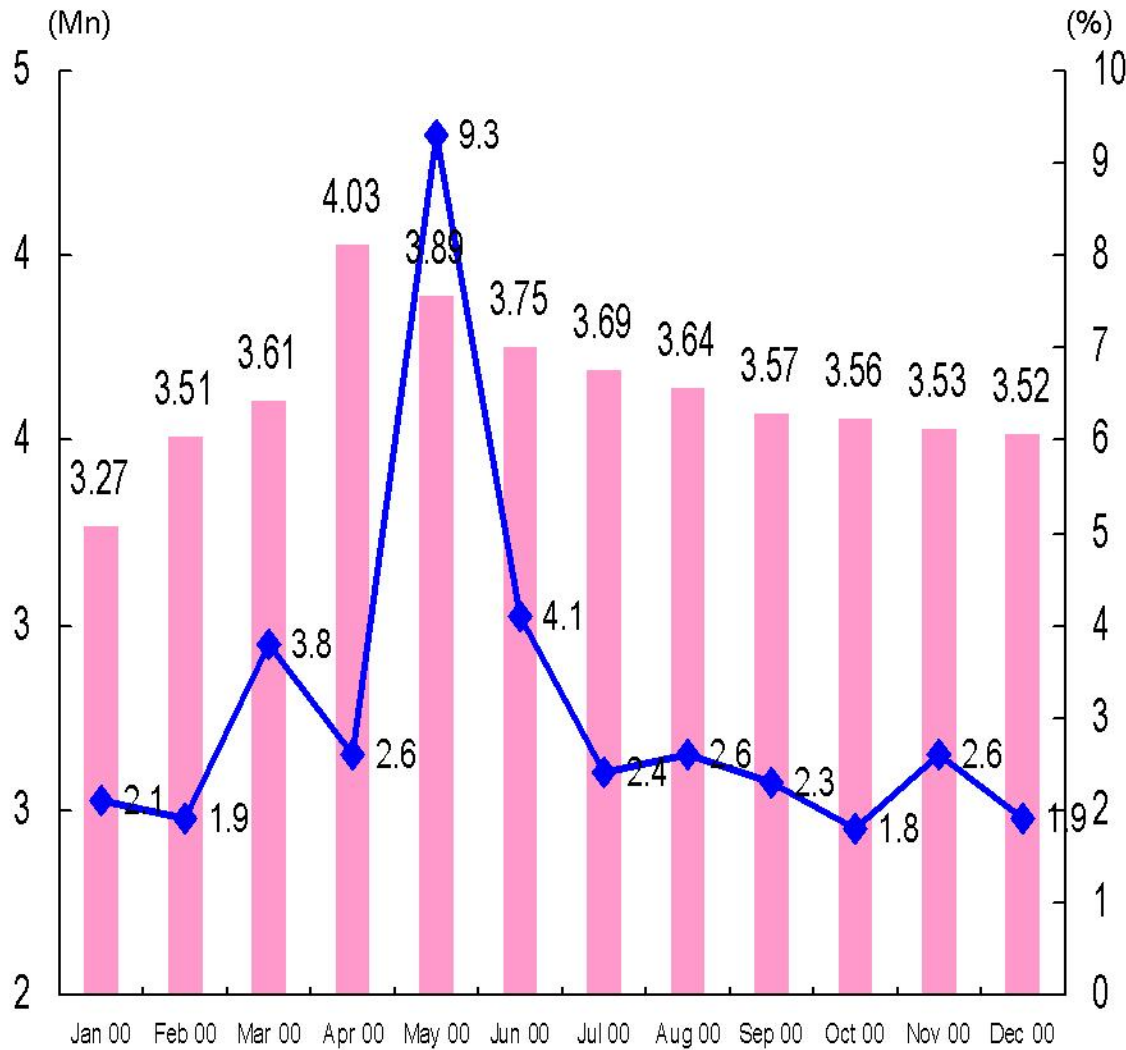
Financial Highlights - ST



(KRW Billion)	Jan-Dec 00	Jan-Dec 99	% Change
Revenue	2,054	1,860	10%
Operating Expenses	1,879	1,765	7%
Operating Income	175	95	84%
Non Operating Income	40	52	-22%
Non Operating Expenses	155	139	12%
Ordinary Income	59	7	701%
Income Before Tax	60	8	659%
Tax	20	3	648%
Net Income	40	5	665%
EBITDA	461	117	293%

(KRW Billion)	Dec 31. 00	Dec 31. 99	% Change
Total Assets	2,183	2,167	0.7%
Cash & M-Securities	36	40	-28%
Total Liabilities	1,821	1,846	-1%
Interest bearing Debt	1,272	1,312	-3%
Shareholders' Equity	361	321	13%

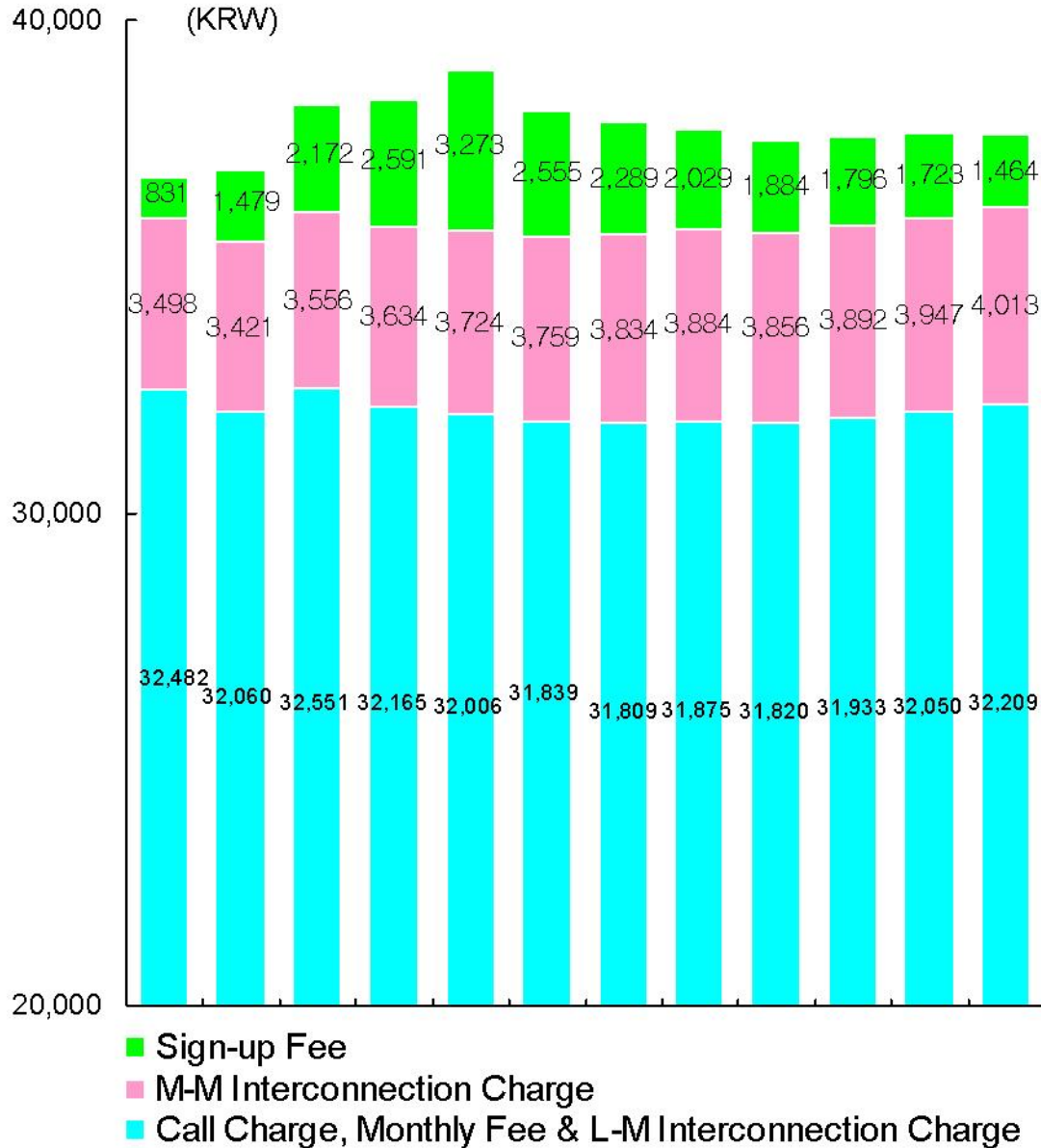
Cellular Subscriber Trend - STI



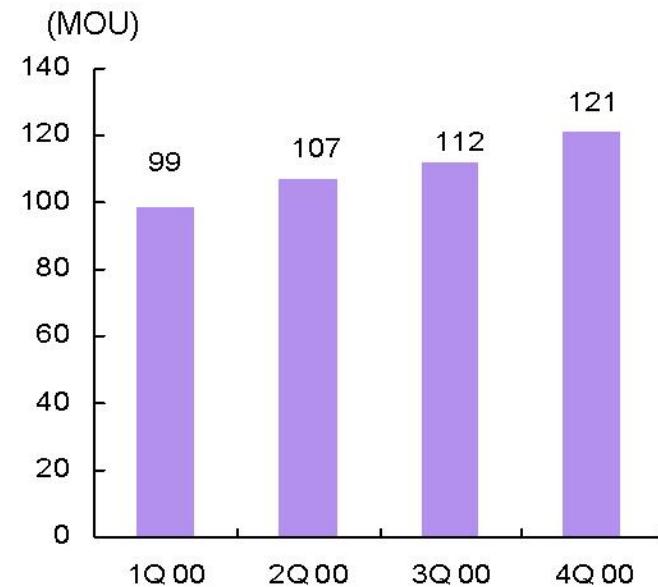
- Due to efforts to meet market share reduction requirements imposed by the FTC and ban on handset subsidies, STI's subscriber decreased by 545,000 since May of 2000.
- Market share (in 2000)
13.5% in Jan. → 13.1% in Dec.
- Churn rate in May peaked due to subscribers' final attempt to get migration subsidy.

■ # of Cellular Subscribers ◆ Churn Rate

Cellular ARPU Trend - STI



- ARPU (Initial commission excluded) seen stable
- MOU sharply increased in December due to efforts to churn marginal subscribers out



Management Outcome in FY2000 - STI



■ Fortifying core competencies

- Better Quality of Call : Launched IS-95A Dual Roaming Service (1,181 Local Areas)
- Strong Brand Power: Conducted roaming with SKT (2.8million subscribers)
Increased wireless data sales (KRW 5bn)

■ Building Blocks for the Future

- IMT2000 license: Made 5% stake investment in SKT IMT Consortium
- Wireless Data : 1,101 I-touch Contents
- Investment in Network Improvement: CDMA 2000 1x roaming service,
International Automatic Roaming Service
(Japan, Australia, etc)

■ Improving Financial Structure

- CP Credit Rate Rise: BBB-(Jan.) → A-(Nov.) : NICE, KMCC
* NICE(National Information &Credit Evaluation Inc.)
KMCC(Korea Management Consulting &Credit Rating Corporation)

SK Teletech

Financial Highlights - SK Teletech



<i>(KRW Million)</i>	2000	Increase	1999
Income Statement			
Revenue	258,059	120%	117,135
Cost of Sales	214,620	125%	95,417
Gross Profit on Sales	43,439	100%	21,718
Operating Expenses	31,312	86%	16,851
Operating Income	12,127	149%	4,867
Non Operating Expenses/Income	(1,372)	-	1,426
Ordinary Income	10,755	71%	6,293
Tax	2,632	71%	1,534
Net Income	8,123	71%	4,758
Balance Sheet			
Total Assets	122,894		101,552
Total Liabilities	59,738		46,402
Total Shareholders' Equity	63,156		55,150

Management Outcome in FY2000 - SK Teletech



- Revenue of SK Teletech increased by 120% : '99. 117 bn → '00. 258 bn KRW
- “SKY” handset manufactured and sold by SK Teletech was awarded the “ Excellent Product” by the Korea Efficiency Association.
In light of customer satisfaction and brand preference, “SKY” is setting excellent standard.
- SK Teletech has developed and manufactured handsets for CDMA2000 in July last year for the first time in the world and continued to provide new models with innovative features such as WAP, dual LCD, and 4 chord melody.
- Since November of 2000 SK Teletech has been providing handsets for STI subscribers
- SK Teletech is expected to export its handsets this February.
- SK Teletech has won ISO 9001 Certification.

SK Telink

Financial Highlights - SK Telink



(KRW Millions)

2000

Increase

1999

Income Statement

Revenue	58,611	44%	40,659
Operating Expenses	45,687	30%	35,163
Operating Income(Loss)	12,924	135%	5,496
Non Operating Income(Loss)	(150)	-149%	307
Ordinary Income	12,774	120%	5,803
Tax	3,773		1,742
Net Income	9,001	122%	4,061

Balance Sheet

Total Assets	45,037		22,109
Total Liabilities	26,203		14,427
Total Shareholders' Equity	18,834		7,682

SK Telink



- SK Telink, an affiliate of SKT, provides mobile phone users with direct access to international calls, pre and post paid calling card services, and bundling services including local, long distance, international, fax, and mobile calls for corporate customers.
- Recorded outgoing calls of 100 million minutes and total call volume of 150 million minutes in 2000.
- Plans to launch voice and data services over the internet protocol this year.
- Established in 1999, SK Telink America, Inc. has been served as a pathfinder to global market.

Appendix

I. Cellular Revenue Breakdown



(KRW million)	2000	1999	1998
Total Cellular Sales (exclud.Interconn.)	4,501,003	3,224,303	2,241,075
Initial Connection Fee	187,865	219,915	140,835
Monthly Payment	2,034,246	1,446,185	1,013,306
Usage Charges	2,702,651	1,781,030	1,105,783
Value-Added Service & Others	88,836	27,378	9,596
Sales Discount	(512,595)	(250,205)	(27,799)
Interconnection	1,141,780	801,042	729,379
Mobile - Mobile	352,229	-	-
Land - Mobile	789,551(*)	801,042	729,379

II. Marketing Expenses Breakdown



(KRW million)	2000	1999	1998
Marketing Expenses	1,404,860	2,227,226	1,121,458
Cellular Initial Commission	92,931	157,185	71,897
Cellular Monthly Commission	239,492	153,417	109,745
Cellular handset subsidy Total	666,845	1,572,979	728,334
<i>Cellular handset subsidy</i>	665,593	1,434,263	675,581
<i>A-D Migration</i>	1,252	138,716	52,753
Paging Initial Commission	916	2,801	3,957
Paging Monthly Commission	6,311	21,909	53,600
Paging handset subsidy	12,693	26,652	42,327
Netsgo Commission	6,593	2,528	1,354
Advertisement	216,171	170,329	110,245
Retention Commission	162,908	119,426	-

III. Ratio Analysis



	2000	1999	1998
Liability-Equity Ratio	51.8%	66.0%	176%
Debt-Equity Ratio	28.5%	39.5%	134%
Net Debt - Equity Ratio	7.8%	24.8%	55%
Long-term Debt-Equity Ratio	18.4%	23.1%	94%
Debt-Cap Ratio	22.2%	28.3%	58%
Net Debt-Cap Ratio	6.1%	17.8%	36%
ROA	10.5%	4.9%	4%
ROE	15.9%	8.1%	10%
Current Ratio	118.9%	111.6%	116%
EBITDA Interest Coverage	21.1	9.8	6.0
EBIT Interest Coverage	12.9	4.1	1.9

IV. Selected Operating Data



	2000	1999	1998
Number of employees	4,672	6,692	5,445
IS-95A/B Subscriber Capacity('000)	19,600	13,055	9,687
IS-95C Subscriber Capacity('000)	2,500	-	-
Analog Cell Site	-	1,057	1,317
IS-95A/B Cell Site	3,841	3,027	2,323
IS-95C Cell Site	635	-	-
Fiber Optic Transmitter	37,322	23,158	3,152