



# Investor Briefing

## 2018. 2Q Results

(K-IFRS, Non-audited)

SK Telecom

2018. 7. 27

## Disclaimer

This presentation contains forward-looking statements with respect to the financial condition, results of operations and business of SK Telecom and its subsidiaries (the "Company", or "SKT") and 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.

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As of January 1, 2018, the Company has adopted IFRS 15, 「Revenue from Contracts with Customers」, by recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings as of January 1, 2018.

As a supplemental discussion of our operating results, this presentation contains unaudited results under the comparative historical accounting method prior to our adoption of IFRS 15.

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## Consolidated Financial Results

(KRW bn)	IFRS 15			Historical Accounting Standards				
	1Q18	2Q18	QoQ	2Q17	1Q18	2Q18	YoY	QoQ
Operating Revenues	4,181.5	<b>4,154.3</b>	△0.7%	4,345.6	4,220.7	<b>4,171.9</b>	△4.0%	△1.2%
Operating Expenses	3,856.1	<b>3,807.4</b>	△1.3%	3,922.3	3,861.2	<b>3,819.2</b>	△2.6%	△1.1%
Operating Income	325.5	<b>346.9</b>	6.6%	423.3	359.5	<b>352.7</b>	△16.7%	△1.9%
Net Income	693.4	<b>914.3</b>	31.9%	620.5	716.6	<b>915.9</b>	47.6%	27.8%
EBITDA	1,149.3	<b>1,153.6</b>	0.4%	1,229.0	1,183.3	<b>1,159.4</b>	△5.7%	△2.0%
EPS (KRW)	9,842	<b>12,863</b>	30.7%	8,731	10,185	<b>12,885</b>	47.6%	26.5%

## Financial Highlights

□ While revenue decreased due to tariff cuts in MNO business, operating income increased by 6.6% QoQ due to 'Customer Value Innovation Program\*' and margin improvement of subsidiaries

- Pursued 'Customer Value Innovation Program' during 2Q, introducing no-contract plan, roaming/membership programs with actual benefits, and providing handset rental program
- As a result, churn rate fell to 1.2%, the lowest since the current competitive landscape was shaped in 2002, and marketing commission fell by 6.7% QoQ (KRW 47.8 billion)
- SK Broadband and SK Planet's operating profit improved QoQ by KRW 8.3 billion and KRW 8.0 billion respectively

□ Due to strong earnings at SK Hynix, consolidated net income increased by 31.9% QoQ and marked record high results

- Equity gains on SK Hynix in 2Q recorded KRW 892.7 billion, accounting for 77% of consolidated pre-tax income
- The value of our stake at SK Hynix stands at KRW 12 trillion – nearly 60% of SKT's market cap

\* Please refer to page 6 for details of 'Customer Value Innovation Program'

## Biz. Highlights

### □ Strengthened IoT/security business through acquisition of ADT Caps in partnership with Macquarie (May 18,2018)

- SKT invested KRW 702 billion to acquire a 55% stake and management rights to Korea's second largest security company, ADT Caps
  - Enterprise value of ADT Caps is KRW 2.97 trillion, 11x EV/EBITDA
- ADT Caps will contribute to financial results of SKT with its stable revenue and profitability
  - Annual revenue growth of 4.1% and operating margin of nearly 20% for the past 3 years
- By utilizing New ICT capabilities, we will expand the business into innovative security services such as intelligent integrated control and unmanned security solutions

### □ Acquired optimal frequency spectrum for stable 5G service (June 18, 2018)

- Acquired 100MHz(10 years) in 3.5GHz band and 800MHz(5 years) in 28GHz band without overheated competition at KRW 1,425.8 billion, the lowest price per unit
- The acquired spectrum is the optimal frequency band for a stable 5G service with greater expandability and no frequency interference

### □ 11st is valued at KRW 2.75 trillion (post-money) and succeeds in attracting an investment of KRW 500 billion, laying the ground towards enhancing its commerce platform (June 19, 2018)

- To receive funding of KRW 500 billion from H&Q Korea and issue redeemable convertible preference shares of the newly spun-off 11st entity
- Acquired resources will be used in developing differentiated shopping experiences and creating a platform embedded with diverse services of the SKT ICT Family
- To fully utilize AI capabilities of SKT, current Head of Service Platform is appointed as CEO of 11st and will perform dual roles

### □ Media business continues to grow with increasing subscribers and greater paid content usage

- Oksusu subscribers exceeded 9 million, and number of monthly users stand at 6.26 million
  - an over 20% annual growth
- IPTV revenue recorded KRW 306 billion, up 25.1% YoY and 6.4% QoQ, mainly due to greater demand on contents

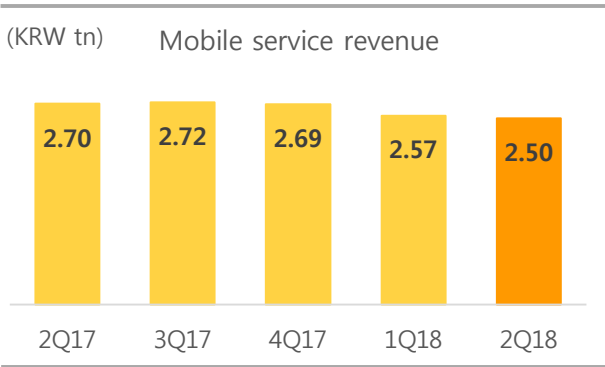


‘Customer Value Innovation Program’, and the marketing activities that offers actual benefits to customers led to the lowest churn rate since the current competitive landscape was shaped in 2002. The number of handset subs continued to increase while marketing expense was reduced for two consecutive quarters

Revenue (Historical accounting standards)

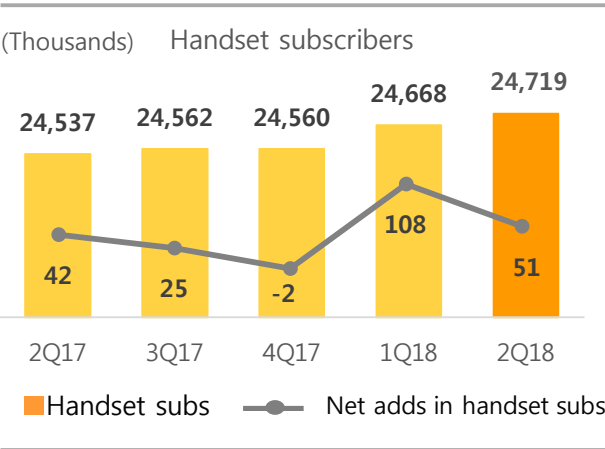
Mobile service revenue recorded KRW 2.50tn, down by 7.4% YoY and 2.8% QoQ.

The QoQ revenue drop was marginal compared to that of last quarter with mitigated negative effects on revenue and increased subscriber net addition



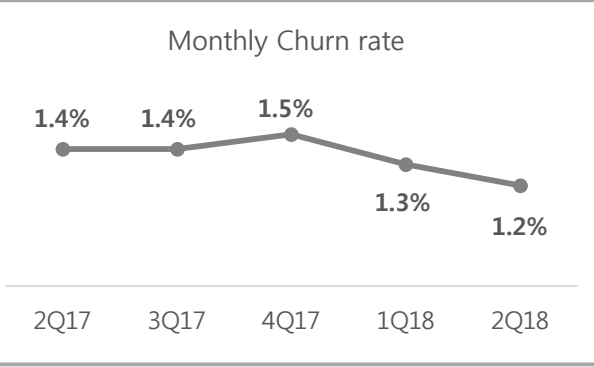
Subscribers

As our marketing activities to acquire new subscribers took effect, handset net adds reached 51K, despite smaller MNP market size



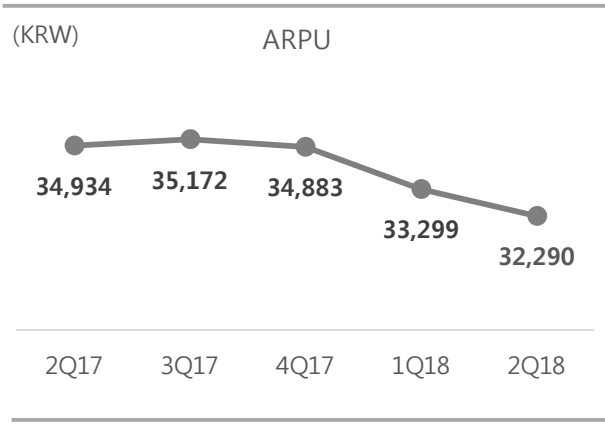
Churn rate

‘Customer Value Innovation Program’ and marketing activities that offers actual benefits to customers led to the lowest churn rate of 1.2% since the current competitive landscape was shaped in 2002



ARPU (Historical accounting standards)

ARPU recorded KRW 32,290, decreased by 7.6% YoY and 3.0% QoQ due to increased selective discount plan subscribers and additional discount for the underprivileged





‘Customer Value Innovation Program’, and the marketing activities that offers actual benefits to customers led to the lowest churn rate since the current competitive landscape shaped in 2002. The number of handset subs continued to increase while marketing expense was reduced by the two consecutive quarters

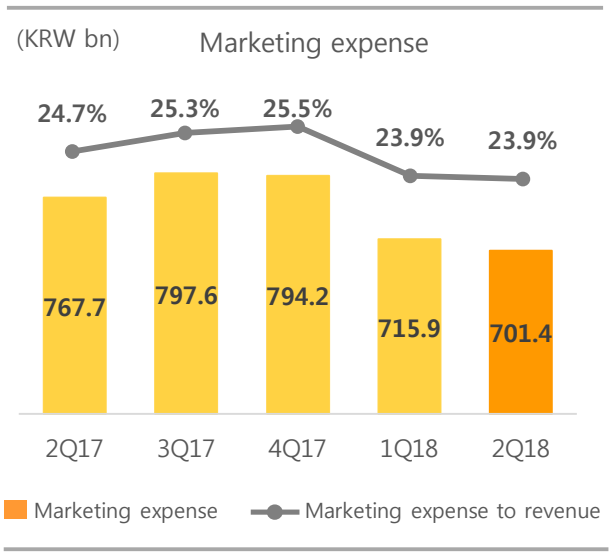
Marketing Expense

(Historical accounting standards)

As the ‘Customer Value Innovation Program’ took effect, marketing expense decreased by two consecutive quarters while the number of handset subscriber net adds was maintained

Marketing expense decreased by 8.6% YoY and 2.0% QoQ and recorded KRW 701.4bn

As a result of efficient marketing activities, marketing expense to operating revenue was maintained at 23.9%



Customer Value Innovation Program

Through a program that offers real customer benefits, the number of inconvenient and unsatisfactory customer experiences have decreased drastically

The overall customer satisfaction level, along with the customer intention to revisit our services, has improved

[1] No-contract Plan (March 5)

In lieu of contract discounts, points that can be applied toward future device purchases or monthly payments are awarded to lock in customers

[2] Roaming Plan Upgrade (March 22)

Offer 3 free minute and lower data roaming prices

▷ Roaming usage of departing customers has increased (1Q18 19.9% → 2Q18 22.1%)

[3] Membership Program Upgrade (April 2)

Strengthen customer benefit with unlimited membership points and actual benefits (T Day)

[4] T Rental (June 1)

Provide the latest devices through rental service

▷ Rental service usage of on-line subscribers 23%

[5] T Plan (July 18)

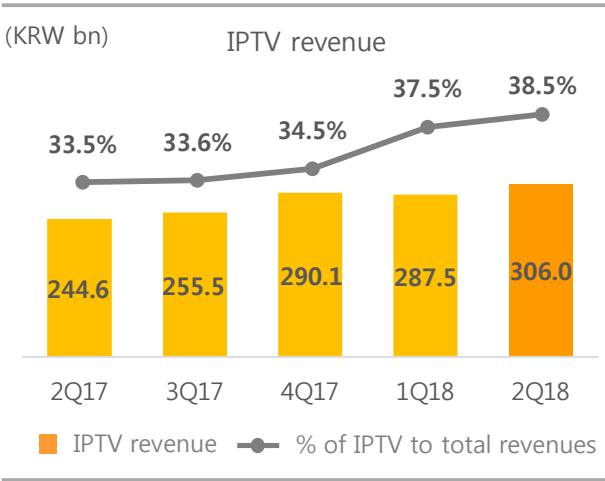
Introduced 5 price plans with bigger data offering which will contribute to the growth of mobile media business



**Steady inflow of premium subscribers and strong demand in paid contents fuel growth trend**  
**Armed with cutting edge technologies and a rich library of contents, oksusu aims to become the core asset of media platform**

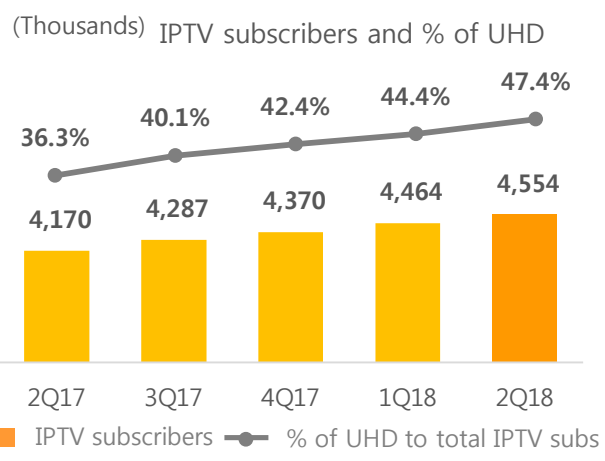
**Revenues** (Historical accounting standards)

IPTV revenue increased by 25.1% YoY and 6.4% QoQ and recorded KRW 306bn, as a result of subscriber growth and strong paid contents sales

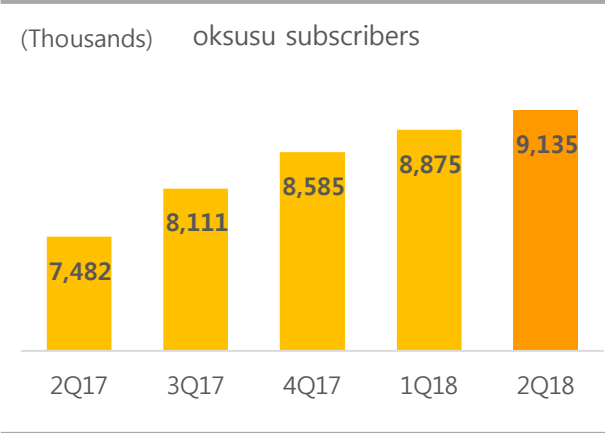


**Subscribers**

With net adds of 91K in 2Q18, total IPTV subscriber number reached 4.55mn  
47.4% of IPTV subscribers are UHD service users classified as premium service users

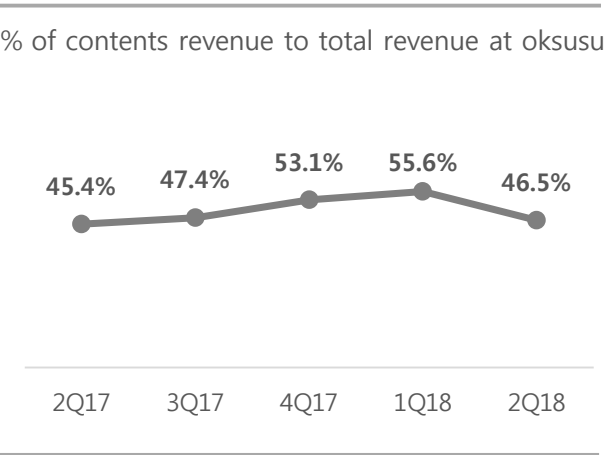


oksusu subscribers increased by 22.1% YoY to 9.14mn and UV recorded 6.26mn, up 23.2% YoY



**Contents**

Strong demand in IPTV contents during 2Q18 led to related revenue increase of 11.2% YoY  
At oksusu, 46.5% of total revenue was from contents revenues, a result of personalization and expansion of contents offerings



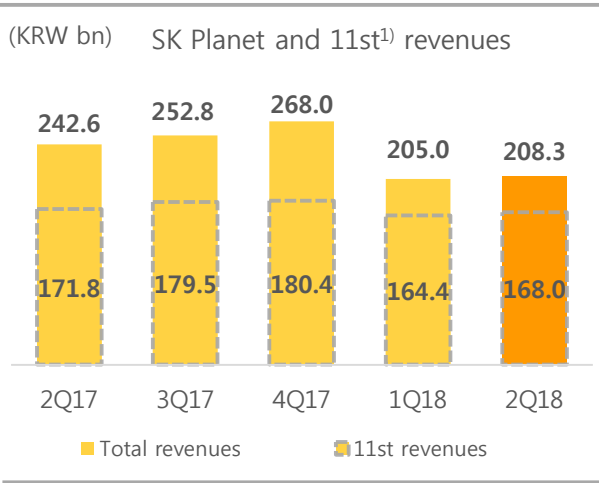


11st continues to improve margins, and plans to focus on developing a more sophisticated commerce platform going forward

Revenues

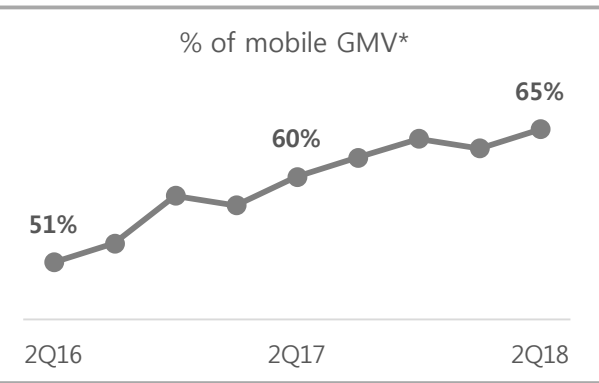
SK Planet revenues decreased by KRW 34.3bn YoY and recorded KRW 208.3bn, mostly due to change in accounting treatment of OK Cashbag

In comparison to the previous quarter, revenues improved by KRW 3.3bn as a result of growth at 11st



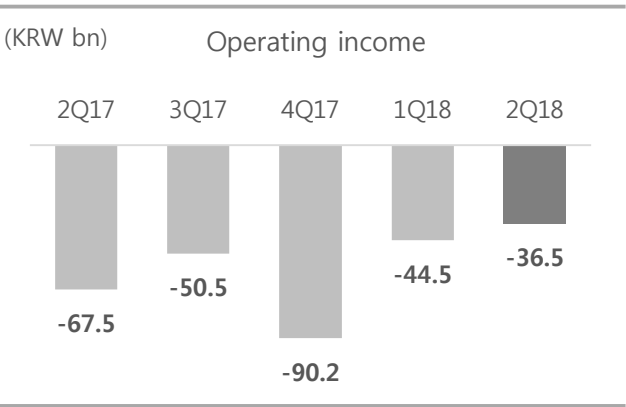
1) Revenues from 11st, Gifticon, and Scinic businesses

Percentage of mobile GMV reached 65% from stronger mobile-focused marketing and limited-time deals



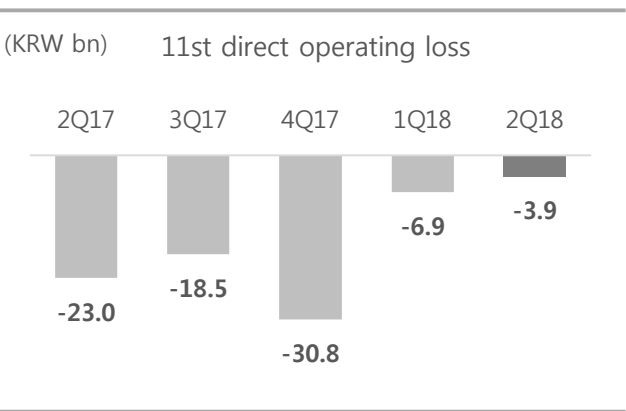
Operating Income

Operating loss improved by KRW 31bn YoY and KRW 8bn QoQ, and recorded KRW 36.5bn as a result of cost control at 11st and other businesses



Continued to improve profitability through implementing data-based marketing strategies and reducing dependency on price comparison search engines

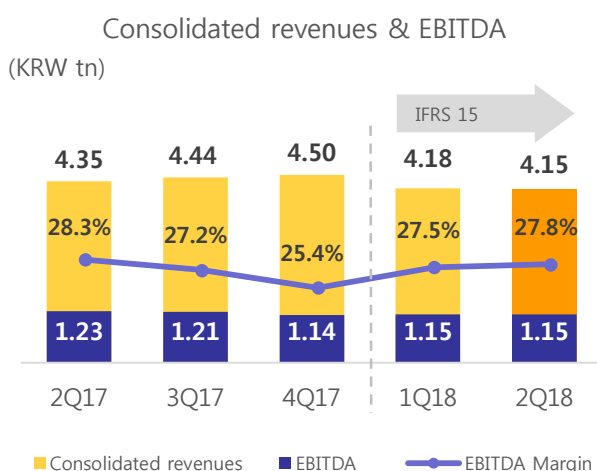
2Q18 direct operating loss narrowed to KRW 3.9bn, near break-even point



## Consolidated Results

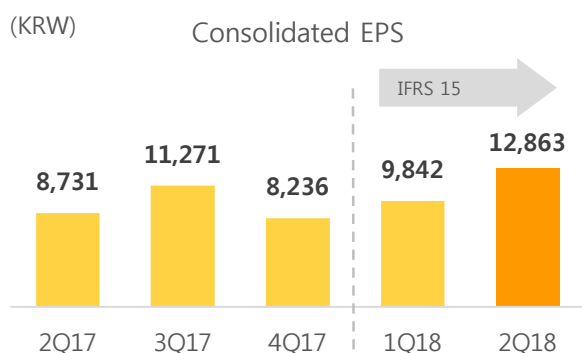
Consolidated revenues were affected by a decline in mobile service revenues on QoQ basis, but growth at subsidiaries including SK Broadband mitigated the decrease

Consolidated EBITDA increased QoQ even as revenues fell, in line with lower marketing commissions and margin improvement at subsidiaries



Consolidated EPS rose both YoY and QoQ as a result of increase in equity gains from SK Hynix

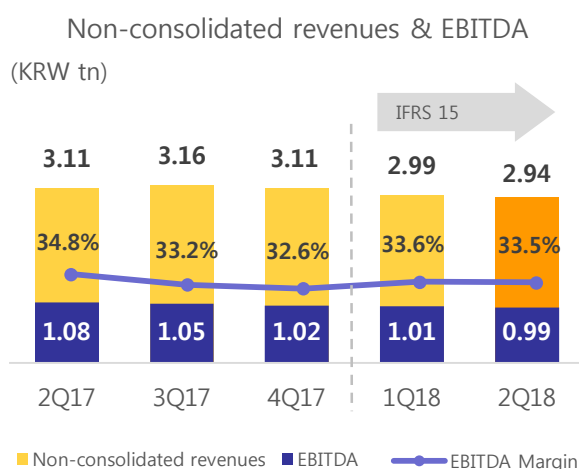
2Q18 SK Hynix equity gains: KRW 892.7bn



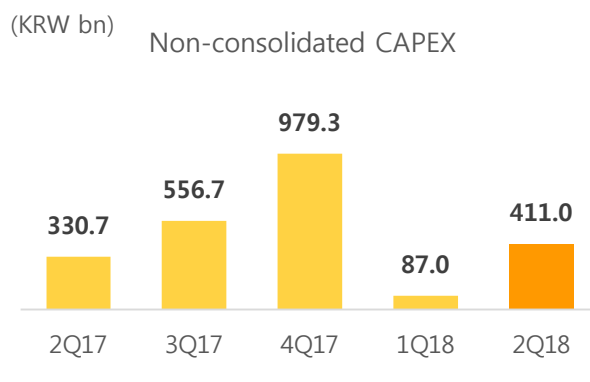
## SKT Non-consolidated Results

Non-consolidated revenues decreased QoQ due to selective tariff discount and service outage reimbursements, but growth at B2B solutions business mitigated the negative effect

Non-consolidated EBITDA Margin remained stable QoQ as a result of lower mobile service marketing spend



Of the KRW 2.1tn annual non-consolidated CAPEX budget for 2018, cumulative CAPEX spend as of 2Q recorded KRW 498bn



## Introduction

From January 1, 2018, SK Telecom has adopted the new accounting standard for revenue from contracts with customers, or IFRS 15

Prior period financials are not restated according to IFRS 15, but for contracts not completed at the adoption of IFRS 15, the transactions are retroactively reflected in the retained earnings of January 1, 2018

## Key Concepts

### Consideration paid to customers

Certain considerations paid to customers which were previously expensed as occurred, are accounted for as sales discounts under IFRS 15

### Costs to acquire customers

Costs to acquire customers, such as marketing expense, were previously expensed as occurred. Under IFRS 15, the costs are capitalized and amortized over the expected subscription period

### Combined contracts

For contracts where the device and the mobile service are sold by the same entity, the combined revenue is reallocated according to the standalone sales price of each performance obligation

## Effects on Consolidated Financials

(KRW bn)	2Q18 (IFRS 15)	Adj.	2Q18 (Historical)
<b>Operating Revenues</b>	<b>4,154.3</b>	<b>17.6</b>	<b>4,171.9</b>
<b>Operating Expenses</b>	<b>3,807.4</b>	<b>11.8</b>	<b>3,819.2</b>
Labor cost	535.6	(0.4)	535.2
Commissions	1,216.9	(0.2)	1,216.7
Advertising	110.5	12.4	122.9
<b>Operating Income</b>	<b>346.9</b>	<b>5.8</b>	<b>352.7</b>
<b>Income Before Tax</b>	<b>1,163.0</b>	<b>5.8</b>	<b>1,168.8</b>
<b>Income Tax</b>	<b>248.7</b>	<b>4.2</b>	<b>252.9</b>
<b>Net Income</b>	<b>914.3</b>	<b>1.6</b>	<b>915.9</b>

### Operating Revenues

Consolidated operating revenues decrease by KRW 17.6bn, as a result of certain previously expensed items being accounted for as sales discounts

Revenue reallocation from combined contracts also had a negative impact

### Operating Expenses

Labor cost increase by KRW 0.4bn from amortizing prior period customer acquisition costs

Commissions increase by KRW 0.2bn from capitalizing customer acquisition costs and accounting changes for consideration paid to customers

IFRS 15 adjustment for 2Q is smaller than 1Q as expected subscription period is increased to reflect the lower churn rate

Advertising decrease by KRW 12.4bn as certain previously expensed items are recognized as sales discounts

### ◆ Consolidated Income Statement

\*Impact of IFRS 15

(KRW bn)	2Q17	3Q17	4Q17	2017	1Q18	2Q18	Adj.*	2Q18 (Historical)
<b>Operating revenues</b>	<b>4,345.6</b>	<b>4,442.7</b>	<b>4,497.3</b>	<b>17,520.0</b>	<b>4,181.5</b>	<b>4,154.3</b>	<b>17.6</b>	<b>4,171.9</b>
<b>Operating expenses</b>	<b>3,922.3</b>	<b>4,050.3</b>	<b>4,186.9</b>	<b>15,983.4</b>	<b>3,856.1</b>	<b>3,807.4</b>	<b>11.8</b>	<b>3,819.2</b>
Labor cost	465.1	509.5	528.7	1,966.2	550.0	535.6	(0.4)	535.2
Commissions	1,367.3	1,372.8	1,382.9	5,486.3	1,262.1	1,216.9	(0.2)	1,216.7
Advertising	123.4	128.4	185.5	522.8	100.1	110.5	12.4	122.9
Depreciation <sup>1)</sup>	805.8	816.6	831.9	3,247.0	823.8	806.7	-	806.7
Interconnection	213.0	224.1	216.8	875.0	215.0	218.8	-	218.8
Leased line	49.9	47.6	45.6	192.0	41.8	40.4	-	40.4
Frequency usage	33.5	39.0	38.8	150.3	38.8	36.1	-	36.1
Cost of goods sold	445.4	477.9	561.0	1,886.5	410.9	399.0	-	399.0
Others	418.9	434.4	395.6	1,657.4	413.6	443.4	-	443.4
<b>Operating income</b>	<b>423.3</b>	<b>392.4</b>	<b>310.4</b>	<b>1,536.6</b>	<b>325.5</b>	<b>346.9</b>	<b>5.8</b>	<b>352.7</b>
EBITDA	1,229.0	1,209.0	1,142.4	4,783.6	1,149.3	1,153.6	5.8	1,159.4
EBITDA margin	28.3%	27.2%	25.4%	27.3%	27.5%	27.8%	-	27.8%
<b>Net profit or loss from non-operating items</b>	<b>325.2</b>	<b>611.6</b>	<b>616.1</b>	<b>1,866.6</b>	<b>581.5</b>	<b>816.1</b>	-	<b>816.1</b>
Equity gains	498.3	689.5	678.0	2,245.7	626.6	925.7	-	925.7
<b>Income before taxes</b>	<b>748.4</b>	<b>1,004.1</b>	<b>926.6</b>	<b>3,403.2</b>	<b>907.0</b>	<b>1,163.0</b>	<b>5.8</b>	<b>1,168.8</b>
<b>Net income</b>	<b>620.5</b>	<b>793.0</b>	<b>660.6</b>	<b>2,657.6</b>	<b>693.4</b>	<b>914.3</b>	<b>1.6</b>	<b>915.9</b>
Majority interest	624.9	795.8	590.0	2,599.8	695.0	916.7	1.5	918.2
Noncontrolling interest	(4.4)	(2.9)	70.7	57.8	(1.6)	(2.4)	0.1	(2.3)
<b>Basic EPS(KRW)</b>	<b>8,731</b>	<b>11,271</b>	<b>8,236</b>	<b>36,582</b>	<b>9,842</b>	<b>12,863</b>	<b>22</b>	<b>12,885</b>

### ◆ Non-consolidated Income Statement

\*Impact of IFRS 15

(KRW bn)	2Q17	3Q17	4Q17	2017	1Q18	2Q18	Adj.*	2Q18 (Historical)
<b>Operating revenues</b>	<b>3,109.6</b>	<b>3,156.5</b>	<b>3,113.9</b>	<b>12,468.0</b>	<b>2,988.5</b>	<b>2,941.8</b>	<b>(1.8)</b>	<b>2,940.0</b>
Mobile service <sup>2)</sup>	2,697.7	2,717.1	2,691.7	10,768.8	2,568.9	2,497.7	0.1	2,497.8
Interconnection	144.7	150.2	156.7	624.3	150.9	156.1	-	156.1
Others <sup>2)</sup>	267.2	289.2	265.6	1,075.0	268.8	288.0	(1.9)	286.1
<b>Operating expenses</b>	<b>2,647.3</b>	<b>2,735.9</b>	<b>2,738.6</b>	<b>10,770.3</b>	<b>2,619.3</b>	<b>2,573.6</b>	<b>(1.0)</b>	<b>2,572.6</b>
Labor cost	151.9	152.6	163.5	624.9	175.0	158.7	-	158.7
Commissions	1,196.6	1,242.5	1,227.8	4,864.5	1,132.9	1,085.5	(1.0)	1,084.5
Marketing	727.0	760.1	744.5	2,968.6	712.3	664.5	(1.0)	663.5
Others	469.6	482.4	483.4	1,895.8	420.7	421.0	-	421.0
Advertising	40.7	37.5	49.7	150.4	26.0	38.0	-	38.0
Depreciation <sup>2)</sup>	620.5	628.6	640.6	2,503.5	636.2	617.2	-	617.2
Interconnection	152.2	161.7	158.0	628.6	162.6	167.0	-	167.0
Leased line	37.4	34.7	31.0	140.1	31.7	32.2	-	32.2
Frequency usage	33.5	39.0	38.8	150.3	38.8	36.1	-	36.1
Others	414.4	439.2	429.2	1,708.1	416.0	438.9	-	438.9
<b>Operating income</b>	<b>462.3</b>	<b>420.7</b>	<b>375.3</b>	<b>1,697.7</b>	<b>369.3</b>	<b>368.2</b>	<b>(0.8)</b>	<b>367.4</b>
EBITDA	1,082.9	1,049.3	1,015.9	4,201.2	1,005.4	985.4	(0.8)	984.6
EBITDA margin	34.8%	33.2%	32.6%	33.7%	33.6%	33.5%	-	33.5%
<b>Net profit or loss from non-operating items</b>	<b>(89.0)</b>	<b>143.5</b>	<b>(198.6)</b>	<b>(93.9)</b>	<b>108.2</b>	<b>(72.3)</b>	-	<b>(72.3)</b>
<b>Income before tax</b>	<b>373.3</b>	<b>564.2</b>	<b>176.6</b>	<b>1,603.8</b>	<b>477.5</b>	<b>295.9</b>	<b>(0.8)</b>	<b>295.1</b>
<b>Net income</b>	<b>314.1</b>	<b>478.7</b>	<b>150.1</b>	<b>1,331.1</b>	<b>364.4</b>	<b>219.8</b>	<b>(0.6)</b>	<b>219.2</b>

1) Depreciation and amortization includes R&D related depreciation

2) Revenues from direct carrier billing and verification reclassified from mobile service revenues to other revenues (historical data within this presentation restated)

### ◆ Consolidated Balance Sheet

(KRW bn)	6-30-17	9-30-17	12-31-17	Adj.*	1-1-18	*Impact of IFRS 15	
						3-31-18	6-30-18
<b>Total assets</b>	<b>30,777.8</b>	<b>31,923.8</b>	<b>33,428.7</b>	<b>2,523.0</b>	<b>35,951.7</b>	<b>36,134.4</b>	<b>36,336.8</b>
<b>Current assets</b>	<b>5,792.6</b>	<b>6,008.3</b>	<b>6,201.8</b>	<b>1,804.1</b>	<b>8,005.9</b>	<b>8,471.3</b>	<b>7,814.3</b>
Cash and marketable securities <sup>1)</sup>	1,925.7	2,111.5	2,171.5	-	2,171.5	2,482.2	2,287.5
Accounts receivable	3,212.7	3,132.9	3,386.8	(4.3)	3,382.5	3,601.2	3,085.0
Other current assets	654.2	763.9	643.4	1,808.4	2,451.8	2,387.9	2,441.8
<b>Non-current assets</b>	<b>24,985.2</b>	<b>25,915.5</b>	<b>27,226.9</b>	<b>718.9</b>	<b>27,945.8</b>	<b>27,663.1</b>	<b>28,522.5</b>
PP&E, Intangible assets	15,256.5	15,209.5	15,646.9	-	15,646.9	15,018.8	14,830.8
Investments	8,963.0	9,802.0	10,426.7	-	10,426.7	11,161.9	12,070.9
Other non-current assets	765.6	904.1	1,153.3	718.9	1,872.2	1,482.4	1,620.8
<b>Total liabilities</b>	<b>14,102.6</b>	<b>14,447.7</b>	<b>15,399.5</b>	<b>622.9</b>	<b>16,022.4</b>	<b>16,146.6</b>	<b>15,428.0</b>
<b>Current liabilities</b>	<b>6,088.4</b>	<b>6,387.7</b>	<b>7,109.1</b>	<b>12.5</b>	<b>7,121.6</b>	<b>6,883.7</b>	<b>5,759.3</b>
Short-term borrowings	30.0	80.0	130.0	-	130.0	30.0	45.9
Accounts payable	1,555.6	1,709.5	2,438.3	-	2,438.3	2,068.9	1,805.6
Other current liabilities	4,502.8	4,598.2	4,540.8	12.5	4,553.3	4,784.8	3,907.8
<b>Non-current liabilities</b>	<b>8,014.1</b>	<b>8,060.0</b>	<b>8,290.4</b>	<b>610.4</b>	<b>8,900.8</b>	<b>9,262.9</b>	<b>9,668.7</b>
Bonds payable and long-term borrowings	5,884.3	5,800.5	5,808.1	-	5,808.1	6,332.9	6,604.0
Deferred tax liabilities	612.1	719.5	978.7	599.3	1,578.0	1,685.0	1,812.6
Other non-current liabilities	1,517.7	1,540.0	1,503.6	11.1	1,514.7	1,244.9	1,252.1
<b>Total shareholders' equity</b>	<b>16,675.2</b>	<b>17,476.1</b>	<b>18,029.2</b>	<b>1,900.0</b>	<b>19,929.2</b>	<b>19,987.8</b>	<b>20,908.8</b>
Common stock and additional paid in capital	236.7	241.1	240.9	-	240.9	241.5	234.2
Retained earnings	16,513.4	17,242.4	17,835.9	1,900.0	19,736.0	19,842.4	20,754.7
Other comprehensive income/loss <sup>2)</sup>	(176.6)	(144.0)	(234.7)	-	(234.7)	(292.8)	(283.9)
Noncontrolling interests	101.8	136.6	187.1	-	187.1	196.8	203.8

### ◆ Non-consolidated Balance Sheet

(KRW bn)	6-30-17	9-30-17	12-31-17	Adj.*	1-1-18	*Impact of IFRS 15	
						3-31-18	6-30-18
<b>Total assets</b>	<b>24,405.4</b>	<b>24,985.9</b>	<b>25,557.5</b>	<b>2,325.2</b>	<b>27,882.7</b>	<b>27,787.3</b>	<b>26,997.5</b>
<b>Current assets</b>	<b>3,458.0</b>	<b>3,630.4</b>	<b>3,768.1</b>	<b>1,711.4</b>	<b>5,479.5</b>	<b>6,087.1</b>	<b>5,343.9</b>
Cash and marketable securities <sup>1)</sup>	829.6	995.9	974.6	-	974.6	1,380.6	1,135.2
Accounts receivable	2,343.3	2,339.6	2,523.7	-	2,523.7	2,769.3	2,250.7
Other current assets	285.1	294.9	269.8	1,711.4	1,981.2	1,937.2	1,958.0
<b>Non-current assets</b>	<b>20,947.4</b>	<b>21,355.5</b>	<b>21,789.4</b>	<b>613.8</b>	<b>22,403.2</b>	<b>21,700.3</b>	<b>21,653.6</b>
PP&E, Intangible assets	11,088.2	11,005.1	11,318.9	-	11,318.9	10,774.5	10,555.5
Investments	9,451.6	9,789.5	9,877.3	-	9,877.3	9,884.4	9,916.4
Other non-current assets	407.7	560.9	593.2	613.8	1,207.0	1,041.3	1,181.7
<b>Total liabilities</b>	<b>9,991.2</b>	<b>10,161.2</b>	<b>10,550.1</b>	<b>601.2</b>	<b>11,151.3</b>	<b>11,371.9</b>	<b>10,390.3</b>
<b>Current liabilities</b>	<b>4,284.6</b>	<b>4,526.5</b>	<b>4,767.4</b>	-	<b>4,767.4</b>	<b>4,840.6</b>	<b>3,420.6</b>
Accounts payable	1,132.5	1,324.0	1,867.0	-	1,867.0	1,085.4	1,413.5
Other current liabilities	3,152.2	3,202.5	2,900.4	-	2,900.4	3,755.2	2,007.1
<b>Non-current liabilities</b>	<b>5,706.6</b>	<b>5,634.7</b>	<b>5,782.7</b>	<b>601.2</b>	<b>6,383.9</b>	<b>6,531.3</b>	<b>6,969.7</b>
Bonds payable and long-term borrowings	4,323.4	4,239.4	4,377.3	-	4,377.3	4,802.8	5,293.7
Long-term payables	1,317.3	1,322.9	1,328.6	-	1,328.6	1,036.4	1,040.8
Other non-current liabilities	65.9	72.4	76.8	601.2	678.0	692.1	635.2
<b>Total shareholders' equity</b>	<b>14,414.2</b>	<b>14,824.8</b>	<b>15,007.4</b>	<b>1,724.0</b>	<b>16,731.4</b>	<b>16,415.5</b>	<b>16,607.2</b>
Common stock and additional paid in capital	416.3	416.4	416.5	-	416.5	416.7	415.6
Retained earnings	13,954.6	14,365.5	14,512.6	1,724.0	16,236.5	16,008.0	16,224.0
Other comprehensive income/loss <sup>2)</sup>	43.4	42.9	78.3	-	78.3	(9.3)	(32.4)

1) Cash and marketable securities includes cash & cash equivalents, marketable securities & short-term financial instruments  
2) Other comprehensive income/loss include gains or losses on valuation of investment securities and derivatives

### ◆ Subscribers

(Thousands)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	YoY	QoQ
Subscribers <sup>1)</sup>	29,833	29,993	30,156	30,195	30,349	30,719	2.4%	1.2%
Net adds	238	160	163	39	155	370	131.5%	138.9%
Activations	1,583	1,385	1,462	1,391	1,299	1,434	3.6%	10.4%
Deactivations	1,345	1,225	1,299	1,352	1,144	1,063	-13.2%	-7.0%
Monthly Churn	1.5%	1.4%	1.4%	1.5%	1.3%	1.2%	-0.2%p	-0.1%p
Smartphone Subs	22,181	22,424	22,735	22,985	23,386	23,705	5.7%	1.4%
LTE Subs <sup>1)</sup>	21,650	22,071	22,569	22,865	23,401	23,993	8.7%	2.5%
LTE Penetration	72.6%	73.6%	74.8%	75.7%	77.1%	78.1%	4.5%p	1.0%p

High speed internet	5,310	5,344	5,403	5,439	5,484	5,524	3.4%	0.7%
IPTV <sup>2)</sup>	4,073	4,170	4,287	4,370	4,464	4,554	9.2%	2.0%

1) Includes MVNO connections, excludes other connections such as facility-monitoring lines

2) Restated subscriber count including VoD users effective as of 2Q17 (historical data restated)

### ◆ ARPU

(KRW)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	YoY	QoQ
ARPU <sup>1)</sup>	34,615	34,934	35,172	34,883	33,299	32,289	-7.6%	-3.0%
ARPU including MVNO	31,039	31,260	31,371	31,014	29,586	28,652	-8.3%	-3.2%

1) Calculated from SK Telecom mobile service revenue (2G/3G/LTE and IoT) : Includes voice, data, and other revenue  
(Excludes activation fee and interconnection revenue).  
Net of sales discount from contract and bundling, etc. Excludes MVNO related revenue.

Calculated from SK Telecom mobile service revenue (2G/3G/LTE and IoT) : From MSIT subscriber statistics  
(average number of billed connections for the quarter)

2018 ARPU: IFRS 15 accounting standards

※ Revenues from direct carrier billing and verification are reclassified from mobile service revenues to other revenues.  
Historical data within this presentation is restated accordingly.