

SK Telecom Announces 2018 Earnings Results

- Posts revenue of 16.874 trillion, operating income of 1.202 trillion, and net income of KRW 3.132 trillion
- The company's media and security businesses took root as solid growth engine, contributing to a 3.9% revenue growth in Q4 2018 compared to the previous quarter
- Its customer value innovation efforts continued to generate fruitful results: Achieves 185,000 net mobile subscriber additions and record-low churn rate
- "In 2019, SK Telecom will launch 5G service in full swing and make efforts to achieve tangible growth of the New ICT business centered around media, security and commerce"

Seoul, South Korea, January, 31, 2019 - SK Telecom (NYSE:SKM) today announced its earnings for the year 2018 on a K-IFRS 1115 consolidated basis: revenue of KRW 16.874 trillion, operating income of KRW 1.202 trillion, and net income of KRW 3.132 trillion.

SK Telecom's revenue and operating income fell by 3.7% and 21.8%, respectively, compared to the previous year,* due to the rise of selective contract discount plan subscribers throughout the year. The company's eight different measures aimed at enhancing customer value have also affected the earnings decline.

**2017 figures are based on historical accounting standards.*

Net income increased by 17.9% compared to year 2017 due to increased equity method gains backed by record-high performance of SK Hynix.

Driven by the growth of its media and security business, the company's revenue for the fourth quarter grew by 3.9% quarter-on-quarter (QoQ) to KRW 4.352 trillion, heightening expectations for improved performance in 2019.

SK Broadband hit record-high performance in fiscal year 2018, recording annual sales of KRW 3.254 trillion and operating income of KRW 175.6 billion. Compared to the previous year, the number of IPTV subscribers expanded by around 10% to reach 4.73 million and for the first time the UHD (premium service) subscribers exceeded 50% of the total (IPTV) subscriber base.

The performance of ADP Caps was reflected, for the first time, in the fourth quarter of 2018. ADT Caps posted sales of KRW 200.8 billion and operating profit of KRW 28.6 billion in Q4 2018. It is expected that ADT Caps will heavily contribute to SK Telecom's yearly earnings from this fiscal year.

Throughout year 2018, SK Telecom has implemented eight innovative measures – e.g. price plan recommendation, roaming, membership program, T Plan, etc. – to strengthen customer trust and value. As a result, the company has recorded 185,000 net mobile subscriber additions and an all-time low churn rate of 1.22% (0.99% excluding MVNO) for the year. In addition, SK Telecom achieved the feat of ranking first in all three major customer satisfaction surveys in Korea (KCSI, NCSI, KS-SQI) for the longest period among companies of all industries.

Launched in July 2018, T Plan has created a new paradigm for price plans by adopting the concept of ‘data sharing among family members,’ and reached 4.4 million cumulative subscribers as of the end of December 2018. ‘O Plan,’ launched in August 2018 for those aged 24 or below, has surpassed the 500,000 subscriber mark as of December-end 2018.

In 2019, SK Telecom plans to drive earnings growth by launching 5G service in full swing and strengthening its New ICT Business such as media, security and commerce.

The company plans to expand its 5G service centered around the Seoul metropolitan area and major cities in Korea in time for the launch of 5G smartphones. SK Telecom is set to provide a safe and differentiated 5G network based on its AI-based network operations technology and world-class quantum cryptography technology.

SK Telecom’s MNO Business will continue to introduce unique and innovative programs to further solidify customer trust and aims to achieve revenue growth from the second half of this year.

Media Business will merge ‘oksusu’ and ‘POOQ,’ and shape the integrated service into a global OTT platform, while also making inroads into the U.S. next-generation broadcasting solutions market under partnership with Sinclair Broadcast Group.

Security Business has secured an integrated service system ranging from physical security to information security with the completion of the merger between ADT Caps and NSOK, and the acquisition of SK Infosec. SK Telecom plans to provide new security services for homes and parking lots in 2019.

Commerce Business has laid groundwork for growth as 11st successfully attracted KRW 500 billion in investment last year. 11st aims to reach the break-even point this year by offering

AI/Data-based services to customers.

“SK Telecom has established the basic framework for its four main business areas, MNO, media, security and commerce, by successfully reorganizing the New ICT business portfolio last year,” said Yoon Poong-Young, Chief Financial Officer of SK Telecom. “Based on unmatched competitiveness in 5G, SK Telecom will make all-out efforts to achieve tangible growth in New ICT Business in 2019.”

► **< Attachment 1 > Summary of Consolidated Income Statement**

< Attachment 2 > Summary of Non-Consolidated Income Statement

< Attachment 1 > Summary of Consolidated Income Statement (Unit: KRW billion)

Type	2018	2017	Change	Q4 2018	Q3 2018	Change
Revenue	16,874	17,520	-3.7%	4,352	4,186	3.9%
Operating Income	1,202	1,537	-21.8%	225	304	-25.9%
Net Income	3,132	2,658	17.9%	475	1,050	-54.8%

※ Figures for 2018 are based on K-IFRS 15

< Attachment 2 > Summary of Non-Consolidated Income Statement (Unit: KRW billion)

Type	2018	2017	Change	4Q 2018	3Q 2018	Change
Revenue	11,716	12,468	-6.1%	2,848	2,926	-2.6%
Operating Income	1,308	1,698	-23.0%	259	311	-16.5%
Net Income	934	1,331	-29.8%	166	183	-9.2%

※ Figures for 2018 are based on K-IFRS 15

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About SK Telecom

Established in 1984, SK Telecom is the largest mobile operator in Korea by both revenue and number of subscribers. As of December 2017, the company holds around 50 percent of the market, with 30.2 million mobile subscribers including 22.87 million LTE subscribers. It has reached KRW 17.520 trillion in revenue in 2017. SK Telecom has led the advancement of mobile technologies ranging from 2G to 4G, and is currently setting important milestones in its journey to 5G. The company is not only leading innovation in the field of mobile network, but also providing IoT, media, home and platform services. SK Telecom is determined to play a significant role in the Fourth Industrial Revolution by achieving innovations and promoting shared growth with other players in the industry.