



# Investor Briefing

**2019. 1Q Results**

(K-IFRS, Non-audited)

SK Telecom

May 7, 2019

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## Consolidated Financial Highlights

(KRW bn)	1Q19	1Q18	YoY	4Q18	QoQ
Operating Revenues	4,334.9	4,181.5	3.7%	4,351.7	△0.4%
Operating Expenses	4,012.3	3,856.1	4.1%	4,126.4	△2.8%
Operating Income	322.6	325.5	△0.9%	225.3	43.2%
Net Income	373.6	693.4	△46.1%	474.5	△21.3%
EBITDA	1,254.7	1,149.3	9.2%	1,071.5	17.1%
EPS (KRW)	5,276	9,842	△46.4%	6,815	△22.6%

## Financial Highlights

### □ Revenue increased by 3.7% YoY due to narrowed MNO revenue decline and recognition of security business revenue

- MNO business revenue recorded continued effect of tariff cut, but solid growth in handset subscriber base and data demand led to slower revenue decline
- In security business, revenue was increased due to the consolidation of ADT Caps and SK Infosec KRW 253.1bn YoY
- IPTV led solid profit growth for media business KRW 47.9bn YoY, commerce business continues to grow thanks to stronger competitiveness of T commerce business KRW 15bn YoY

### □ Operating income similar to that of previous year thanks to MNO revenue decline offset by greater marketing cost efficiency KRW -36.9bn YoY and improved earnings of subsidiaries such as 11st reaching BEP

- 11st reached quarterly BEP for the first time since ecommerce business began in full scale
- Security business maintained high level of operating margin 11.9% along with quantitative growth, thereby contributing to consolidated earnings KRW 33bn YoY

### □ Consolidated net income decreased by 46.1% YoY and 21.3% QoQ due to lower equity method income on SK Hynix

## Biz. Highlights

### □ **Ranked no.1 in NSCI(Nation Customer Satisfaction Index) for 22 consecutive years(March 11)**

- Positive responses from customers rose from 56.4% in 1H of 2018 to 73.5% in 2H
- Through efforts such as the launch of 'baro' price plan <sup>April 2019</sup> which can be used anywhere around the world, we will continue customer value innovation efforts in 2019 to secure foundation for future growth

### □ **Opened the age of Hyper innovation with world's first 5G subscriber(April 3)**

- Introduced differentiated 5G service with the nation's highest speed at 2.7Gbps, quantum-cryptography-based network security, AI-based network operation technology and partnerships with Top Tier players <sup>Riot Games, Hatch, etc.</sup>

### □ **Signed agreement for integrated OTT service with three terrestrial broadcasters(April 5)**

- 'oksusu' and 'POOQ' currently operated by the three terrestrial broadcasters, schedules to launch new integrated OTT in Q3
- Through cutting-edge technology and premium content offering, the new OTT service will become the most popular OTT service for paying customers in Korea

### □ **Acquired digital advertising company Incross to prepare for advertising market of the 5G era and strengthen synergy with media/commerce businesses(April 11)**

- Decided to acquire 34.6% of Incross shares at KRW 53.5bn to be the largest shareholder of the company
- Our data/tech capabilities to be utilized to strengthen digital marketing competitiveness and seek global opportunities

## Biz. Highlights

### □ Strengthened media business competitiveness through M&A of nation's 2<sup>nd</sup> largest MSO, Tbroad (April 26)

- SK Broadband and Tbroad will be merged – SKT to hold 74.4% of the merged entity
- Based on building a media platform with nearly 8 million pay-tv subscribers, we look forward to securing content competitiveness through economy of scale and improving profitability through eased competition

### □ Forged partnerships at home and abroad to strengthen media competitiveness

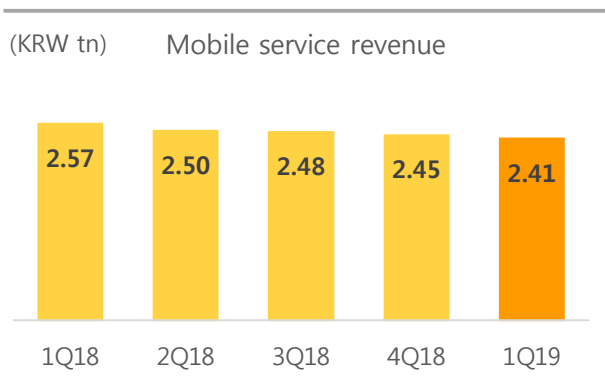
- Strategic partnership with Comcast group on establishing a global eSports company <sup>Feb. 24</sup>, SKT' T1 would be the core of the JV, of which Comcast will be the 2<sup>nd</sup> largest shareholder, and pursue comprehensive cooperation in media business
- Signed MOU for 5G-based new media business development with three terrestrial broadcasters and will cooperate on 5G-based live broadcasting system, digital ad business, holograms, and other next-generation media production business



While tariff discount impact led to mobile service revenue and ARPU decline, 'Customer Value Innovation Program' and data-based marketing strategies drove growth in handset subscribers and lower marketing expense

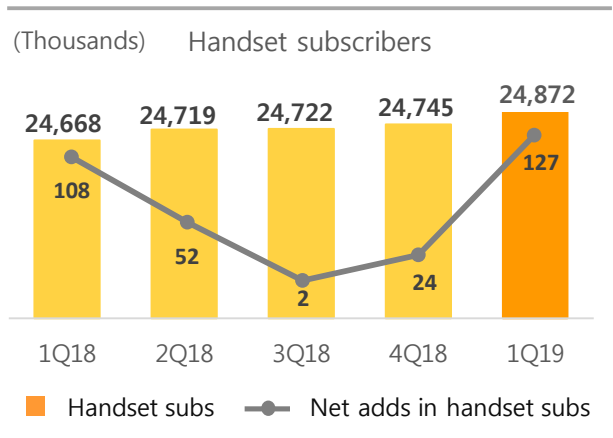
### Revenue

1Q19 mobile service revenue was down 6.1% YoY and 1.5% QoQ, due to selective tariff discount and provisions for the disadvantaged



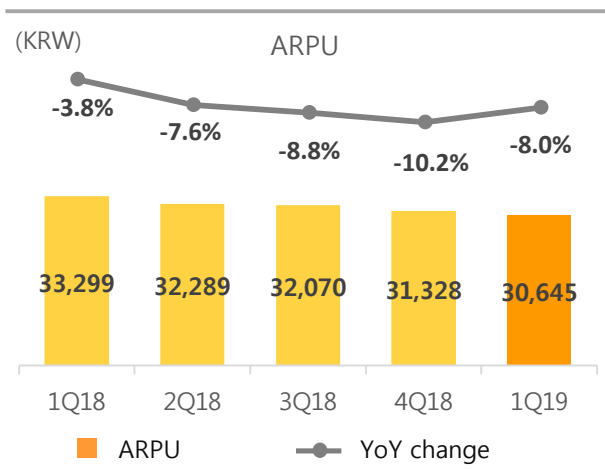
### Subscribers

Data-based new subscriber acquisition strategies and 'Customer Value Innovation Program' led to net adds of 127k



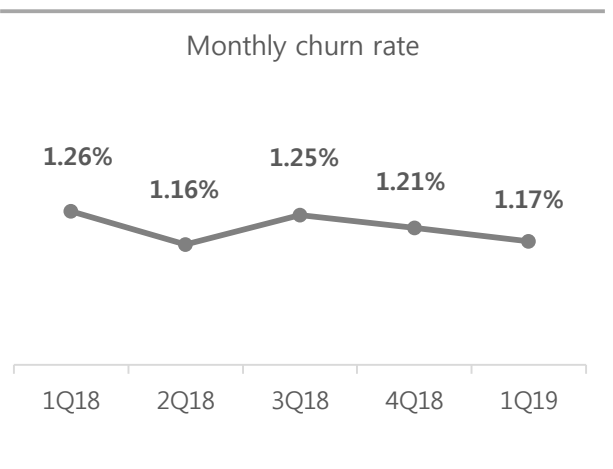
### ARPU

Tariff discount impact led to 1Q19 ARPU decline of 8.0% YoY to KRW30,645



### Churn rate

'Customer Value Innovation Program' and stable market competition led to stable churn rate of 1.17% in 1Q19



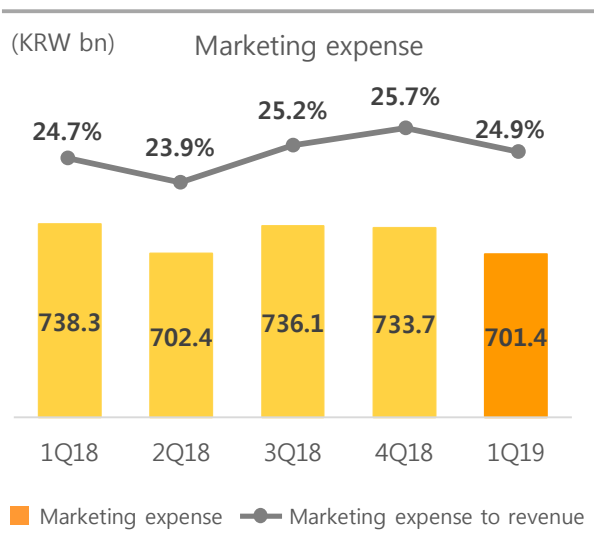


**While tariff discount impact led to mobile service revenue and ARPU decline, 'Customer Value Innovation Program' and data-based marketing strategies drove growth in handset subscribers and lower marketing expense**

### Marketing expense

1Q19 marketing expense was down 5.0% YoY and 4.4% QoQ to KRW701.4bn driven by market stabilization efforts and data-based marketing strategies

1Q19 marketing expense to revenue was 24.9%



### 5G key services

Target key life segments (sports, game, K-pop, culture, education) in media and game

[Media]

For pro baseball broadcasting, provide low-latency service, wide-view service as well as Social VR service\*

\*Users can watch a baseball game together in a virtual space

Will increase library of contents including movies and TV programs that will be offered through 5G Max, UHD and multi-view

Provide service for users seeking cultural experience, so that the users can experience exhibitions and global cities at home through VR

[Game]

Provide exclusive VR, AR contents for LoL(League of Legends) Champions Korea

Provide 5 VR games including world #1 VR game 'Gunjack'

Exclusively provide 5 or more streaming games through cooperation with Hatch



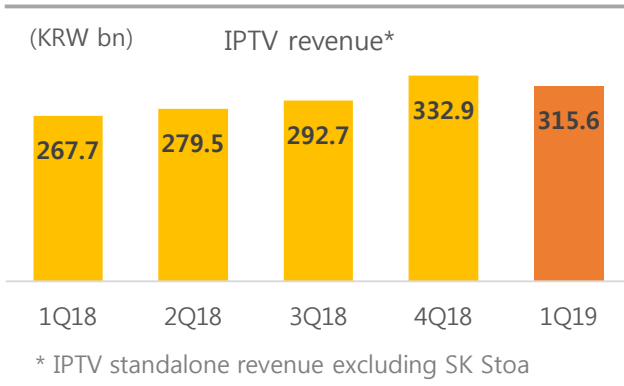


**High-quality growth continued with increase in IPTV premium subscribers and content demand**

**Mobile OTT oksusu subscriber and content revenue increased through strengthened contents competitiveness**

**Revenue**

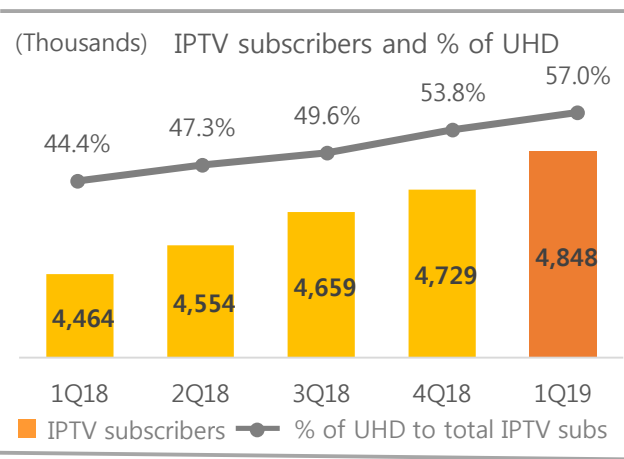
1Q19 IPTV revenue increased 17.9% YoY as a result of growth in subscriber base and paid contents demand. 1Q19 IPTV revenue declined 5.2% QoQ because home shopping commission increase was reflected retroactively in 4Q18



**Subscribers**

With net adds of 119k in 1Q19, IPTV subscribers reached 4.85mn

The subscriber portion of UHD-the premium service continued to increase and recorded 57.0% by the end of March 2019



**Growth Strategy**

Take leadership in the media market and maximize synergies through focus on strengthening of core competencies and proactive moves

**[1] Form a media platform with about 8mn subscribers through M&A with Tbroad**

Drive qualitative growth by reaching a scale that is large enough to produce & consume original contents

**[2] Through the launch of integrated OTT, target to become #1 in Korea**

Expect synergy benefits from mobile experience capabilities of SKT and content producing capabilities of terrestrial broadcasters

**[3] Strengthen contents through global and local partnerships**

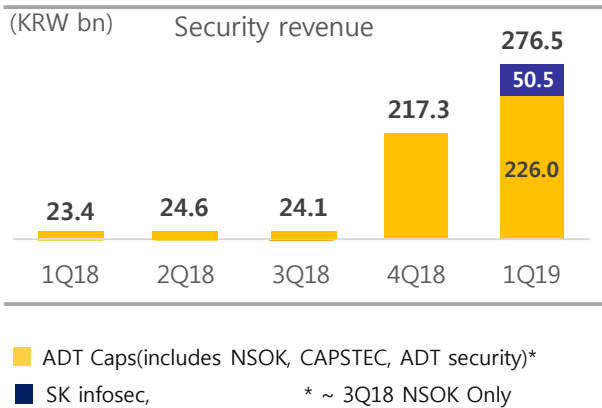
Strengthen K-contents competitiveness by receiving external funding and investing in original contents. Expand overseas through global partnership



**Security business to record revenue growth driven by SK ICT family synergies, expansion of new services such as parking service and home security products, and consolidation of SK infosec starting from 1Q19**

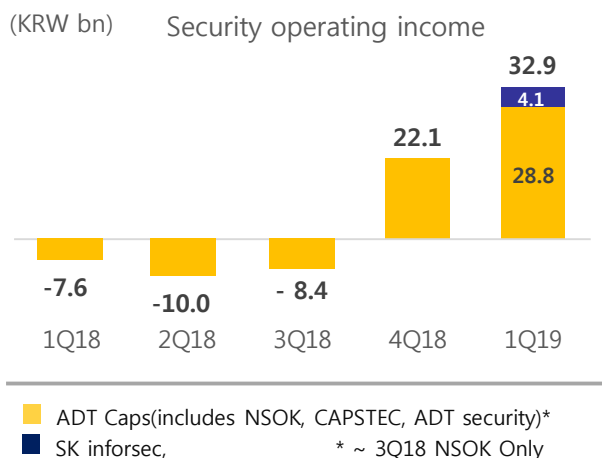
**Revenue**

1Q19 revenue was up 27.2% QoQ on the back of growth of ADT Caps subscribers and new businesses. The SK infosec revenue is also reflected starting from 1Q19



**Operating income**

1Q19 operating income was up 48.9% OoQ due to improved operational efficiencies after NSOK merger and SK infosec consolidation



**Growth Strategy**

Positioning as leading company in security market based on synergies from SK ICT Family while expanding its business beyond physical security to safety, care, and convergence security

**[1] Enhance the business presence**

Enhance product and sales power utilizing SK ICT Family capabilities such as SKT-SKB distribution channel and ICT related integrated package offering

**[2] New business models**

Develop new business models such as customer friendly home security products, and New ICT based parking services etc.

**[3] Physical information security synergy**

Create synergies with SK infosec such as security and information products cross-selling, design of convergent products, and joint bidding

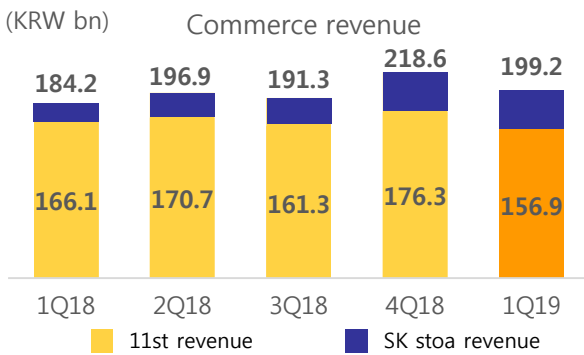


**Commerce business recorded solid external growth and quarterly BEP on operating level through profitability improvement from 11st and growth potential of SK stoa**

**Revenue**

1Q19 revenue of KRW 199.2bn was up 8.1% YoY driven by the growth of SK stoa

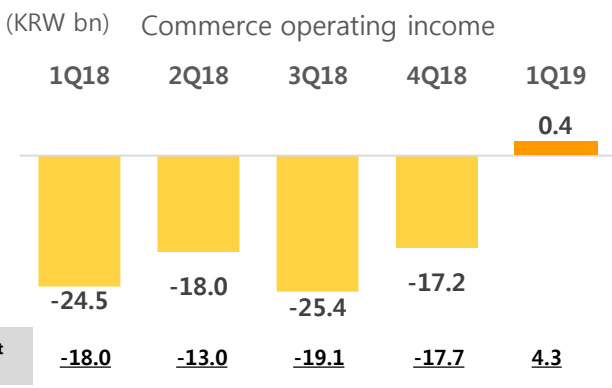
However, the revenue decrease by 8.9% QoQ due to base effect from seasonality in 4Q18



\* Sum of earnings from 11st & SK Stoa.  
Pro Forma applied for earnings before split of 11st in '18.9.1

**Operating income**

'19.1Q quarterly operating income turned black and improved by KRW 24.9bn YoY and KRW 17.6bn QoQ, due to the achievement of BEP from 11st and the growth of SK stoa



\* Sum of earnings from 11st & SK Stoa.  
Pro Forma applied for earnings before split of 11st in '18.9.1

**Growth Strategy**

Aiming for healthy growth and profitability improvement through differentiation strategy

**[1] Strengthen direct visit through transition into commerce portal**

Promote revisit and repurchase experience by improving entertainment/information/participation features of 11st

- Easier access through social network login
- UI/UX improvements including product review and alarm functions

**[2] Monthly 11<sup>th</sup> day promotion**

Increase incoming customers and GMV through providing market place with new theme in every 11<sup>th</sup> of the month

Daily GMV of Monthly 11<sup>th</sup> day on Feb & Mar recorded KRW 60bn~65bn (2<sup>nd</sup> or 3<sup>rd</sup> highest daily GMV in company's history)

**[3] Rapid growth of SK stoa through synergies with SKT Family**

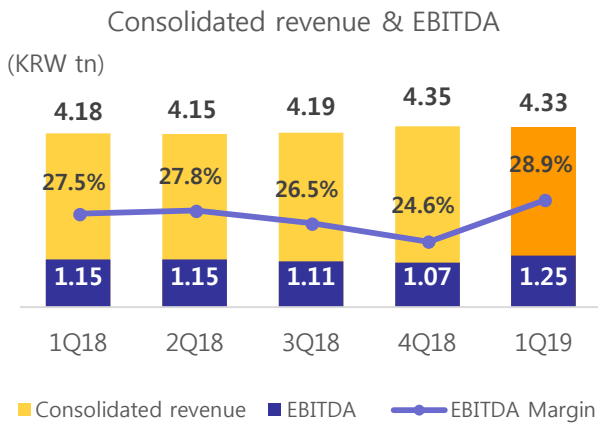
SK stoa's '16~'18 revenue grew CAGR 138%

Expected to maintain fast growth rate and to reach BEP in '19 through synergies such as utilizing oksusu platform and cross-selling with 11st

## Consolidated results

1Q19 revenue increased by 3.7% YoY due to the growth of new businesses-media/security/commerce

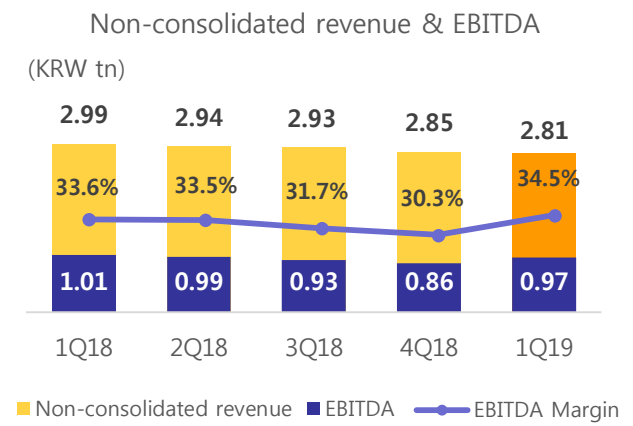
1Q19 EBITDA increased by 9.2% YoY and 17.1% QoQ due to profit improvement mainly driven by better performance in commerce business



## SKT non-consolidated results

1Q19 revenue decreased by 5.9% YoY due to price discount and reduced interconnection fee

1Q19 EBITDA decreased by 3.5% but increased by 12.4% QoQ thanks to the efforts to efficiently manage marketing costs and other expenses

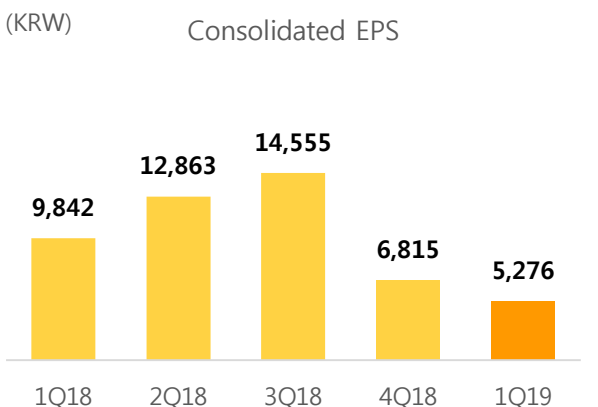


## EPS

Consolidated EPS decreased by 46.4% YoY due to reduced equity method income from SK Hynix

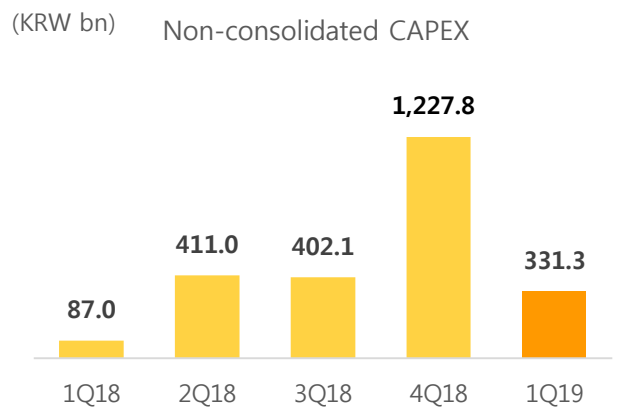
Equity method income from SK Hynix (KRW bn)

1Q18	2Q18	3Q18	4Q18	1Q19
642.4	892.7	981.0	722.0	232.1



## SKT non-consolidated CAPEX

1Q19 CAPEX recorded KRW 331.3bn, increased in YoY due to the investment on 5G commercialization



### ◆ Consolidated Income Statement

(KRW bn)	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19
<b>Operating revenue</b>	<b>17,520.0</b>	<b>4,181.5</b>	<b>4,154.3</b>	<b>4,186.4</b>	<b>4,351.7</b>	<b>16,874.0</b>	<b>4,334.9</b>
<b>Operating expenses</b>	<b>15,983.4</b>	<b>3,856.1</b>	<b>3,807.4</b>	<b>3,882.3</b>	<b>4,126.4</b>	<b>15,672.2</b>	<b>4,012.3</b>
Labor cost	1,966.2	550.0	535.6	538.5	664.6	2,288.7	691.0
Commissions paid	5,486.3	1,262.1	1,216.9	1,266.1	1,257.5	5,002.6	1,273.7
Advertising	522.8	100.1	110.5	119.9	138.0	468.5	85.8
Depreciation <sup>1)</sup>	3,247.0	823.8	806.7	806.8	846.2	3,283.5	932.1
Network interconnection	875.0	215.0	218.8	212.2	162.4	808.4	189.4
Leased line	192.0	41.8	40.4	41.0	34.8	158.1	37.5
Frequency usage fees	150.3	38.8	36.1	38.6	38.2	151.7	33.3
Cost of goods sold	1,886.5	410.9	399.0	418.3	568.0	1,796.1	377.2
Others	1,657.4	413.6	443.4	440.9	416.5	1,714.4	392.3
<b>Operating income</b>	<b>1,536.6</b>	<b>325.5</b>	<b>346.9</b>	<b>304.1</b>	<b>225.3</b>	<b>1,201.8</b>	<b>322.6</b>
<i>EBITDA</i>	4,783.6	1,149.3	1,153.6	1,110.9	1,071.5	4,485.3	1,254.7
<i>EBITDA margin</i>	27.3%	27.5%	27.8%	26.5%	24.6%	26.6%	28.9%
<b>Net profit or loss from non-operating items</b>	<b>1,866.6</b>	<b>581.5</b>	<b>816.1</b>	<b>997.8</b>	<b>378.7</b>	<b>2,774.2</b>	<b>145.2</b>
Equity gains or losses	2,245.7	626.6	915.6	992.4	736.2	3,270.9	223.3
<b>Income from continuing operations before tax</b>	<b>3,403.2</b>	<b>907.0</b>	<b>1,163.0</b>	<b>1,301.9</b>	<b>604.0</b>	<b>3,976.0</b>	<b>467.8</b>
<b>Consolidated net income</b>	<b>2,657.6</b>	<b>693.4</b>	<b>914.3</b>	<b>1,049.8</b>	<b>474.5</b>	<b>3,132.0</b>	<b>373.6</b>
Majority interests	2,599.8	695.0	916.7	1,031.4	484.9	3,127.9	379.2
Minority interests	57.8	(1.6)	(2.4)	18.4	(10.4)	4.1	(5.6)
<b>Basic earnings per share(KRW)</b>	<b>36,582</b>	<b>9,842</b>	<b>12,863</b>	<b>14,555</b>	<b>6,815</b>	<b>44,075</b>	<b>5,276</b>

1) Includes R&D related depreciation

### ◆ Non-consolidated Income Statement

(KRW bn)	2017	1Q18	2Q18	3Q18	4Q18	2018	1Q19
<b>Operating revenue</b>	<b>12,468.0</b>	<b>2,988.5</b>	<b>2,941.8</b>	<b>2,925.6</b>	<b>2,849.7</b>	<b>11,705.6</b>	<b>2,812.2</b>
Mobile service revenue	10,768.8	2,568.9	2,497.7	2,484.6	2,448.6	9,999.8	2,412.7
Interconnection	624.3	150.9	156.1	155.9	102.5	565.3	127.4
Others	1,075.0	268.8	288.0	285.1	298.6	1,140.5	272.1
<b>Operating expenses</b>	<b>10,770.3</b>	<b>2,619.3</b>	<b>2,573.6</b>	<b>2,614.9</b>	<b>2,590.4</b>	<b>10,398.1</b>	<b>2,506.5</b>
Labor cost	624.9	175.0	158.7	174.8	176.3	684.8	190.1
Commissions paid	4,864.5	1,132.9	1,085.5	1,112.7	1,123.6	4,454.8	1,076.5
Marketing commissions	2,968.6	712.3	664.5	692.4	672.3	2,741.5	680.3
Other commissions	1,895.8	420.7	421.0	420.3	451.2	1,713.3	396.2
Advertising	150.4	26.0	38.0	43.7	61.4	169.0	21.1
Depreciation <sup>1)</sup>	2,503.5	636.2	617.2	615.7	604.4	2,473.5	664.7
Network interconnection	628.6	162.6	167.0	162.3	114.5	606.5	140.4
Leased line	140.1	31.7	32.2	31.6	29.5	125.0	18.9
Frequency usage fees	150.3	38.8	36.1	38.6	38.2	151.7	33.3
Others	1,708.1	416.0	438.9	435.5	442.5	1,733.0	361.6
<b>Operating income</b>	<b>1,697.7</b>	<b>369.3</b>	<b>368.2</b>	<b>310.6</b>	<b>259.3</b>	<b>1,307.5</b>	<b>305.7</b>
<i>EBITDA</i>	4,201.2	1,005.4	985.4	926.3	863.7	3,781.0	970.4
<i>EBITDA margin</i>	33.7%	33.6%	33.5%	31.7%	30.3%	32.3%	34.5%
<b>Net profit or loss from non-operating items</b>	<b>(93.9)</b>	<b>108.2</b>	<b>(72.3)</b>	<b>(60.7)</b>	<b>(61.4)</b>	<b>(86.2)</b>	<b>455.9</b>
<b>Income from continuing operations before tax</b>	<b>1,603.8</b>	<b>477.5</b>	<b>295.9</b>	<b>249.9</b>	<b>197.9</b>	<b>1,221.2</b>	<b>761.6</b>
<b>Net income</b>	<b>1,331.1</b>	<b>364.4</b>	<b>219.8</b>	<b>183.3</b>	<b>166.4</b>	<b>933.9</b>	<b>644.0</b>

1) Includes R&D related depreciation

### ◆ Consolidated Balance Sheet

(KRW bn)	12-31-17	Adj.*	1-1-18	3-31-18	6-30-18	9-30-18	*Impact of IFRS 15	
							12-31-18	3-31-19
<b>Total assets</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>38,186.5</b>	<b>42,369.1</b>	<b>43,346.5</b>
<b>Current assets</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>	<b>9,025.6</b>	<b>7,958.8</b>	<b>8,348.7</b>
Cash and short-term financial instruments <sup>1)</sup>	2,171.5	-	2,171.5	2,482.2	2,287.5	3,108.6	2,589.6	2,783.0
Accounts receivable	3,386.8	(4.3)	3,382.5	3,601.2	3,085.0	3,580.7	2,946.5	3,256.0
Other current assets	643.4	1,808.4	2,451.8	2,387.9	2,441.8	2,336.3	2,422.7	2,309.7
<b>Non-current assets</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>	<b>29,160.9</b>	<b>34,410.3</b>	<b>34,997.7</b>
PP&E and intangible assets	15,646.9	-	15,646.9	15,018.8	14,830.8	14,628.3	19,170.4	19,457.4
Investment assets	10,426.7	-	10,426.7	11,161.9	12,070.9	12,838.4	13,477.7	13,718.0
Other non-current assets	1,153.3	718.9	1,872.2	1,482.4	1,620.8	1,694.2	1,762.2	1,822.3
<b>Total liabilities</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>16,015.7</b>	<b>20,019.9</b>	<b>21,227.4</b>
<b>Current liabilities</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>	<b>5,889.8</b>	<b>6,847.6</b>	<b>7,921.6</b>
Short-term borrowings	130.0	-	130.0	30.0	45.9	53.1	80.0	80.0
Accounts payable	2,438.3	-	2,438.3	1,743.5	1,805.3	1,735.8	2,477.1	2,435.2
Other current liabilities	4,540.8	12.5	4,553.3	5,110.2	3,908.1	4,100.9	4,290.5	5,406.4
<b>Non-current liabilities</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>	<b>10,125.9</b>	<b>13,172.3</b>	<b>13,305.8</b>
Bonds payable & long-term borrowings	5,808.1	-	5,808.1	6,332.9	6,604.0	6,883.3	8,587.6	8,717.8
Deferred tax liabilities	978.7	599.3	1,578.0	1,685.0	1,812.6	1,966.1	2,269.8	2,283.2
Other non-current liabilities	1,503.6	11.1	1,514.7	1,245.0	1,252.1	1,276.5	2,314.9	2,304.8
<b>Total shareholders' equity</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>	<b>22,170.8</b>	<b>22,349.3</b>	<b>22,119.1</b>
Common stock and additional paid in capital	240.9	-	240.9	241.4	234.2	551.7	699.8	690.8
Retained earnings	17,835.9	1,900.0	19,736.0	19,842.4	20,754.7	21,696.9	22,144.5	21,835.8
Other comprehensive income/loss	(234.7)	-	(234.7)	(292.8)	(283.9)	(356.1)	(373.4)	(285.0)
Minority interests	187.1	-	187.1	196.8	203.8	278.3	(121.6)	(122.5)

1) Includes cash & cash equivalents and short-term financial instruments

### ◆ Non-consolidated Balance Sheet

(KRW bn)	12-31-17	Adj.*	1-1-18	3-31-18	6-30-18	9-30-18	*Impact of IFRS 15	
							12-31-18	3-31-19
<b>Total assets</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>27,065.1</b>	<b>28,848.0</b>	<b>29,719.4</b>
<b>Current assets</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>	<b>5,517.4</b>	<b>4,679.4</b>	<b>5,170.5</b>
Cash and short-term financial instruments <sup>1)</sup>	974.6	-	974.6	1,380.6	1,135.2	1,137.4	976.8	994.0
Accounts receivable	2,523.7	-	2,523.7	2,769.3	2,250.7	2,490.6	1,872.7	2,376.6
Other current assets	269.8	1,711.4	1,981.2	1,937.2	1,958.0	1,889.4	1,829.9	1,799.9
<b>Non-current assets</b>	<b>21,789.4</b>	<b>613.8</b>	<b>22,403.2</b>	<b>21,700.2</b>	<b>21,653.6</b>	<b>21,547.7</b>	<b>24,168.6</b>	<b>24,549.0</b>
PP&E and intangible assets	11,318.9	-	11,318.9	10,774.5	10,555.5	10,344.6	12,260.6	12,448.1
Investment assets	9,877.3	-	9,877.3	9,884.4	9,916.4	9,940.8	10,600.0	10,780.8
Other non-current assets	593.2	613.8	1,207.0	1,041.3	1,181.7	1,262.3	1,308.0	1,320.1
<b>Total liabilities</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>10,353.3</b>	<b>11,960.5</b>	<b>12,855.3</b>
<b>Current liabilities</b>	<b>4,767.4</b>	<b>-</b>	<b>4,767.4</b>	<b>4,840.6</b>	<b>3,420.6</b>	<b>3,300.8</b>	<b>4,178.1</b>	<b>5,153.3</b>
Accounts payable	1,867.0	-	1,867.0	1,381.4	1,410.4	1,238.7	1,782.3	1,798.4
Other current liabilities	2,900.4	-	2,900.4	3,459.2	2,010.2	2,062.1	2,395.8	3,354.9
<b>Non-current liabilities</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>	<b>7,052.5</b>	<b>7,782.5</b>	<b>7,702.1</b>
Bonds payable & long-term borrowings	4,377.3	-	4,377.3	4,802.8	5,293.7	5,412.8	5,254.6	5,337.1
Long-term payables	1,328.6	-	1,328.6	1,036.4	1,040.8	1,045.2	1,939.1	1,527.6
Other non-current liabilities	76.8	601.2	678.0	692.1	635.2	594.5	588.8	837.4
<b>Total shareholders' equity</b>	<b>15,007.4</b>	<b>1,724.0</b>	<b>16,731.4</b>	<b>16,415.4</b>	<b>16,607.2</b>	<b>16,711.8</b>	<b>16,887.5</b>	<b>16,864.1</b>
Common stock and additional paid in capital	416.5	-	416.5	416.7	415.6	415.7	460.0	460.1
Retained earnings	14,512.6	1,724.0	16,236.5	16,008.0	16,224.0	16,317.3	16,467.8	16,433.1
Other comprehensive income/loss	78.3	-	78.3	(9.3)	(32.4)	(21.2)	(40.3)	(29.1)

1) Includes cash & cash equivalents and short-term financial instruments

### ◆ Subscribers

(Thousands)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	YoY	QoQ
Subscribers <sup>1)</sup>	29,833	29,993	30,156	30,195	30,349	30,719	30,771	30,882	31,009	2.2%	0.4%
Net adds	238	160	163	39	155	370	52	112	127	-18.1%	13.4%
Activations	1,583	1,385	1,462	1,391	1,299	1,434	1,209	1,235	1,211	-6.8%	-1.9%
Deactivations	1,345	1,225	1,299	1,352	1,144	1,063	1,156	1,123	1,084	-5.2%	-3.5%
<i>Monthly Churn</i>	<i>1.5%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>1.5%</i>	<i>1.3%</i>	<i>1.2%</i>	<i>1.3%</i>	<i>1.2%</i>	<i>1.2%</i>	<i>-0.1%p</i>	<i>-0.0%p</i>
Smartphone Subs	27,382	27,473	27,554	27,557	27,667	27,720	27,702	27,716	27,813	0.5%	0.3%
LTE Subs <sup>1)</sup>	21,650	22,071	22,569	22,865	23,401	23,993	24,391	24,796	25,186	7.6%	1.6%
High speed internet	5,103	5,137	5,196	5,233	5,277	5,318	5,368	5,405	5,458	3.4%	1.0%
IPTV <sup>2)</sup>	4,073	4,170	4,287	4,370	4,464	4,554	4,659	4,729	4,848	8.6%	2.5%

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	3Q18	4Q18	1Q19	YoY	QoQ
ARPU <sup>1)</sup>	34,615	34,934	35,172	34,883	33,299	32,289	32,070	31,328	30,645	-8.0%	-2.2%
ARPU including MVNO	31,039	31,260	31,371	31,014	29,586	28,652	28,454	27,782	27,290	-7.8%	-1.8%

1) Calculation of 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.

Calculation of SK Telecom mobile subscribers (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.