

SK Telecom Announces 1Q 2019 Earnings Results

- Posts revenue of KRW 4.335 trillion, operating income of KRW 322.6 billion and net income of KRW 373.6 billion
 - Revenue posted a 3.7% year-on-year gain as the rate of MNO revenue decline slowed down and security business sustained solid growth in the first quarter
 - Expects to improve earnings through balanced growth of its four business areas, namely MNO, media, security and commerce
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Seoul, Korea, May 7, 2019 - SK Telecom (NYSE:SKM) today announced its earnings for the first quarter of 2019 on a K-IFRS 1115 consolidated basis: revenue of KRW 4.335 trillion, operating income of KRW 322.6 billion, and net income of KRW 373.6 billion.

SK Telecom's revenue increased by 3.7% and operating income fell by 0.9% compared to the same period last year. As the decreased revenue in mobile communications business has been offset by improved efficiency of marketing expenses and performance of subsidiaries, the revenue posted a year-on-year(YoY) increase, while the operating income remained similar to last year.

On a quarter-on-quarter(QoQ) basis, the revenue fell by 0.4% due to seasonality - i.e. the annual earnings of its enterprise business are generally reflected in the fourth quarter of 2018. The operating income posted a QoQ gain of 43.2% as a one-off expense has been reflected as loss in the Q4 2018 income statement and performance of the newly acquired security subsidiary SK Infosec has been added to SK Telecom's Q1 2019 earnings.

Net income decreased by 46.1% YoY and 21.3% QoQ due to a decline in equity method gains from SK Hynix affected by the sluggish semiconductor market.

SK Telecom explained that the reduced impact of the rise in the number of selective contract discount plan subscribers and the plan's increased discount rate on revenue decline, coupled with improved performance of its subsidiaries, which includes the growth of ADT Caps and SK Infosec as well as reaching of the quarterly break-even point by 11st, had positive effects on the first quarter earnings.



SK Telecom has been continuously implementing diverse measures aimed at innovating customer value such as selective contract discount plan, roaming services (T Roaming) and price plans (T Plan). The company said that the revenue decline began slowing down from the first quarter and the earnings will gradually improve with the spread of 5G service.

Since announcing the beginning of the Age of Hyper-Innovation by launching the world's first 5G service based on smartphones on April 3, 2019, SK Telecom has been focusing on offering differentiated 5G services and content based on its advanced network security and operation technologies, as well as close partnerships with ICT companies throughout the globe, while also promoting early stabilization of the 5G network. Building on its 5G infrastructure, the company plans to seek diverse business opportunities in the areas of media, security and commerce.

Media business is keen to develop new opportunities in 5G-based media in collaboration with many broadcasting companies to increase IPTV subscribers, expand mobile OTT business and secure new content and services. In addition, the company expects to create new business models and synergies by combining its existing service platforms with the capabilities of the newly acquired digital advertisement firm Incross.

Security business is projected to develop a new market by introducing innovative security services that integrate SK Telecom's ICT with industry-leading security technologies of ADT Caps and SK Infosec, the companies that have recently joined the SK ICT Family*.

**SK ICT Family refers to ICT companies under SK Group including SK Telecom and its subsidiaries.*

In Commerce business, 11st has reached its quarterly break-even point as it carried out a healthy growth strategy, refraining from exhaustive competition in terms of price and delivery. Plans are underway to improve both profitability and growth of the commerce business through collaboration between 11st and the newly acquired subsidiary SK Stoa, the operator of T Commerce Channel.

"SK Telecom will continue to improve its earnings performance and secure a solid basis to grow into New ICT company by achieving balanced growth of its four main business areas and developing new business opportunities in areas such as AI, IoT, big data and mobility," said Yoon Poong-young, Chief Financial Officer of SK Telecom.

▶ **< Attachment 1 > Summary of Consolidated Income Statement**
< Attachment 2 > Summary of Non-Consolidated Income Statement

※ The conference call in regard to SK Telecom's 1Q 2019 earnings results can be heard via SK Telecom's webpage on Tuesday, May 7, from 3:00 PM Seoul Time.

Link: http://cc.onoffjoin.com/webcast/skt/skt2019Q1_en.php

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

Type	1Q 2019	1Q 2018	Change(YoY)	4Q 2018	Change(QoQ)
Revenue	4,334.9	4,181.5	3.7%	4,351.7	-0.4%
Operating Income	322.6	325.5	-0.9%	225.3	43.2%
Net Income	373.6	693.4	-46.1%	474.5	-21.3%

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

Type	1Q 2019	1Q 2018	Change(YoY)	4Q 2018	Change(QoQ)
Revenue	2,812.2	2,988.5	-5.9%	2,849.7	-1.3%
Operating Income	305.7	369.3	-17.2%	259.3	17.9%
Net Income	644.0	364.4	76.7%	166.4	287.1%

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About SK Telecom

SK Telecom is the largest mobile operator in Korea with nearly 50 percent of the market share. As the pioneer of all generations of mobile networks, the company has commercialized the fifth generation (5G) network on December 1, 2018 and announced the first 5G smartphone subscribers on April 3, 2019. With its world's best 5G, SK Telecom is set to realize the Age of Hyper-Innovation by transforming the way customers work, live and play.

Building on its strength in mobile services, the company is also creating unprecedented value in diverse ICT-related markets including media, security and commerce.